

PHOTOCURE ASA BUILDING A SPECIALTY PHARMA COMPANY

RESULTS OF THIRD QUARTER AND
FIRST NINE MONTHS 2014

6 NOVEMBER 2014

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HIGHLIGHTS THIRD QUARTER 2014

- Total sales revenues of Hexvix/Cysview increased 34% in third quarter and 26% year to date to NOK 67.2 million (NOK 53.4 million)
 - Hexvix/Cysview global in-market sales value YTD increased 23% to NOK 131 million
- Hexvix/Cysview franchise profitable YTD after six consecutive quarters with improved results
- USD 5 million (NOK 30.8 million) payment received from Salix for termination of the global Lumacan license
- Third quarter operating profit from continued operations at NOK 23.8 million (loss of NOK 14.9 million) and YTD profit at NOK 4.4 million, an improvement of NOK 56.9 million from previous year
- Cash and cash equivalents of NOK 167 million as of 30 September 2014
- Publication of expert consensus on optimal the use of Cysview in Nature Reviews Urology

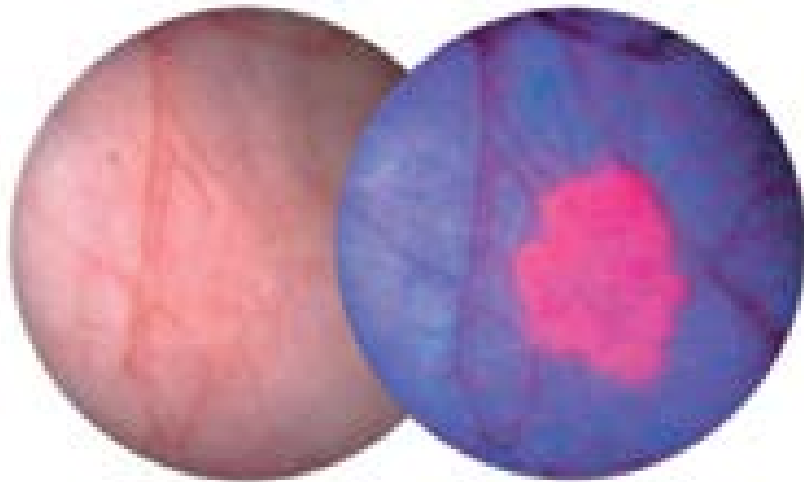
Commercial Update



HEXVIX/CYSVIEW

STRONG GROWTH IN ALL MARKETS

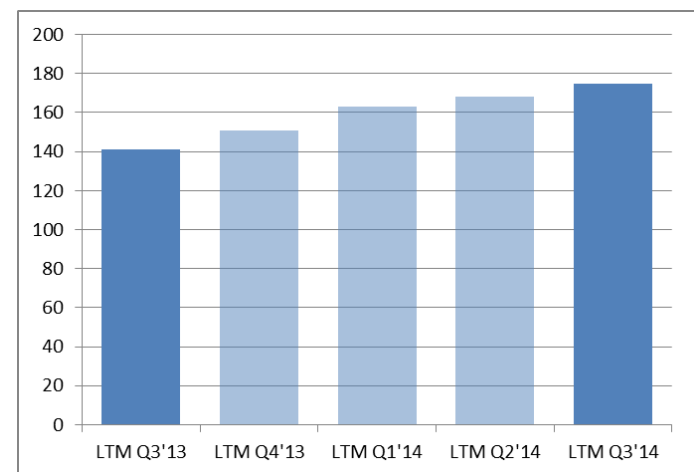
- Hexvix/Cysview global in-market volume growth YOY 12% in the quarter and 13% YTD
- Value of in-market sales of Hexvix/Cysview increased YOY 19% in the quarter and 23% YTD
- Overall franchise has attained profitability



Global in-market unit sales (by Q)



Global in-market value NOK mill (LTM)

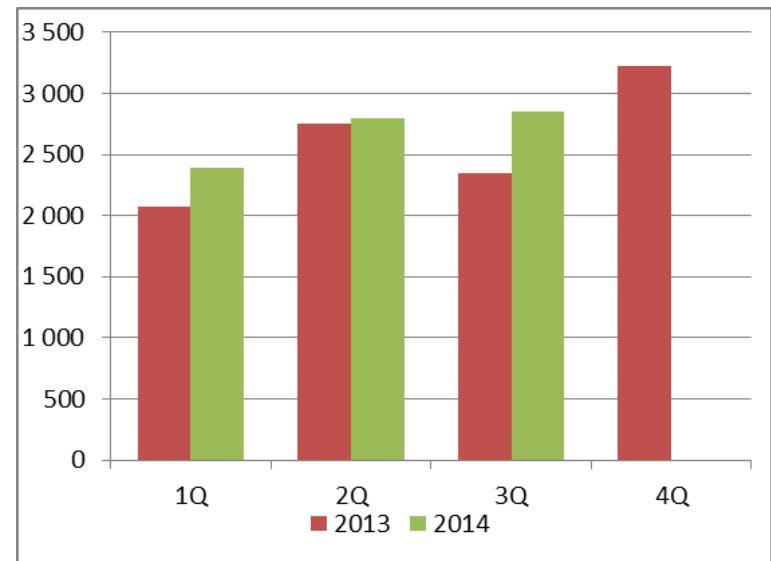


HEXVIX/CYSVIEW

SOLID PERFORMANCE IN NORDICS

- Photocure own sales revenues in the US and Nordics increased 33% in 3Q to NOK 11.1 million and 23% YTD to NOK 31.0 million
- Key drivers include strong customer demand and price increases
- Nordic revenue in 3Q increased 21%. YTD revenue growth of 17%
 - In-market volume growth of 11% in 3Q and 7% YTD
 - Double digit in-market volume growth in Sweden
 - Increasing both number and productivity of blue light cystoscopes
- Price increase in Norway effective in May

Own Hexvix/Cysview in-market unit sales
Nordic and US



HEXVIX/CYSVIEW INCREASED MOMENTUM IN US

- US 3Q revenue growth of 63%, YTD revenue growth of 44%
- Key drivers include volume growth of 60% in 3Q and 32% YTD, price increases and FX
- Despite limited 2014 CMS reimbursement policy, Blue Light Cystoscope placements increased to 49 in 3Q, compared to 36 at YE 2013
- Expert consensus on optimal use of Cysview published in *Nature Reviews in Urology*
- Continued progress towards securing sustainable reimbursement
 - Broad bi-partisan support for legislation introduced to US Congress to provide separate payment to hospitals for Cysview in June
 - CMS expected to announce outcome on Cysview separate code application in 4Q, no immediate effect on current reimbursement Cysview anticipated

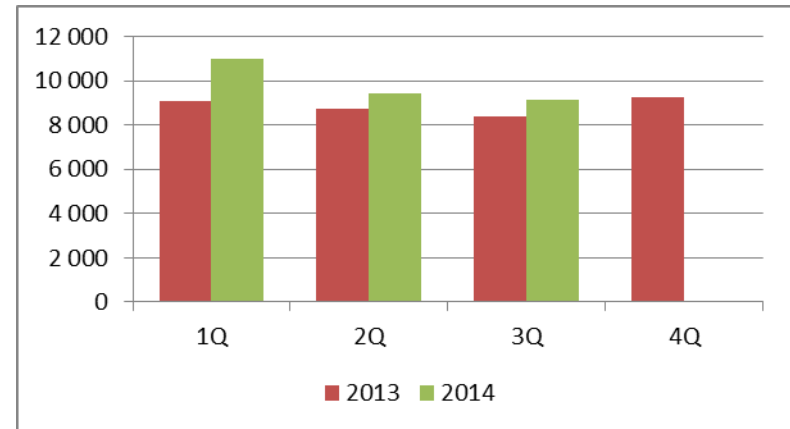


HEXVIX/CYSVIEW

IPSEN STRONG PERFORMANCE IN EUROPE

- Partner revenue increased 34% in 3Q to NOK 13.0 million, YTD growth increased 28% to NOK 36.2 million
- Strong customer demand with end user volume growth of 13% YTD
- Growth driven mainly by sales in France, Italy and Austria
- Price increase in Germany effective in April

Hexvix Partner Unit Sales Per Quarter






Pipeline Update



CREATING VALUE

DIVERSE PRODUCT PORTFOLIO

	Technology	Indication	Phase 1	Phase 2	Phase 3	Status
Lumacan®	PDD	Detection of colorectal cancer				License agreement with Salix terminated
Visonac®	PDT	Treatment of moderate to severe acne				Positive Phase 2b results SPA and PIP approved Exploring partnerships
Cevira®	PDT	Treatment of precursors of cervical cancer				Positive Phase 2b results In discussion with Health Authorities on phase 3 program Exploring partnerships

VISONAC PHASE 3 READY ASSET

- High unmet need for novel treatments for moderate/severe acne
 - 1st Photodynamic treatment for inflammatory acne
 - Broad geographic fit
- Positive Phase 2b results
 - Significant reduction in inflammatory lesions
 - Overall improvement in acne severity
 - Well tolerated regimen
- Phase 3 Ready
 - SPA (US) and PIP (EU) agreed for global registration program
 - Development and regulatory risks significantly reduced
- High level of interest from potential partners for development and commercialization

Baseline



Week 12
6 weeks after last treatment



CEVIRA A MAJOR OPPORTUNITY

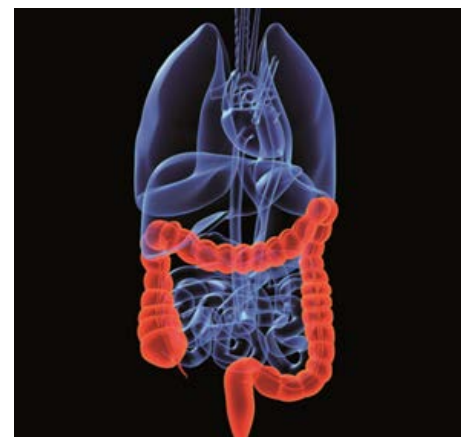
- Breakthrough single use and fully integrated drug-device technology to satisfy high need for novel therapies to treat global epidemic of HPV/CIN populations
- Results of the Phase 2b trial are significant
 - Significant overall response in patients with CIN 2
 - High clearance of highly oncogenic HPV
 - Excellent tolerability and high physician & patient acceptance
- Continuing progress to determining next steps in development
 - Confirmed readiness for Phase 3 with major EU regulators in CIN 2 patient population
 - Planning discussions with FDA following successful completion of requested re-analysis in women with HSIL (CIN2/CIN3)
- Continued discussions with potential partners for development and commercialization

Cevira®



DETERMINING OPTIMAL LUMACAN STRATEGY

- Global development and commercialization rights licensed to Salix in October 2010
 - Received upfront and development payments of \$8.5M to date
- Following the proposed merger agreement between Salix and Cosmo Pharmaceuticals SpA Photocure and Salix agreed to terminate the license
 - Salix paid PHO \$5M
 - All rights and IP revert to PHO
- Comprehensive evaluation of clinical data, competitive landscape, pricing and reimbursement scenarios ongoing to determine optimal way forward



Financials



HEXVIX/CYSVIEW - CONTINUED GROWTH THIRD QUARTER 2014

- Revenue from own sales of Hexvix/
Cysview increased 33% in 3Q and 23%
YTD
 - Nordic 3Q revenue growth of 21%, YTD
growth of 17%.
 - US revenue increased 63% in 3Q and
44% YTD
- Partner 3Q revenue increased 34% in 3Q
and 28% YTD
 - In-market volume growth of 13% YTD
- Total in market sales value increased 19%
in 3Q and 23% YTD
 - LTM value NOK 175 million compared to
NOK 151 million at year end

<i>SALES - MNOK</i>	Q3 '14	YTD '14
Hexvix own sales	11,1	31,0
<i>YoY growth</i>	33 %	23 %
Hexvix partner sales	13,0	36,2
<i>YoY growth</i>	34 %	28 %
Total Photocure	24,1	67,2
<i>YoY growth</i>	34 %	26 %
Revenue in-market (*)	42,1	131,0
<i>YoY growth</i>	19 %	23 %
Units in-market (*)	12 016	37 611
<i>YoY growth</i>	12 %	13 %

(*) Calculated in-market sales

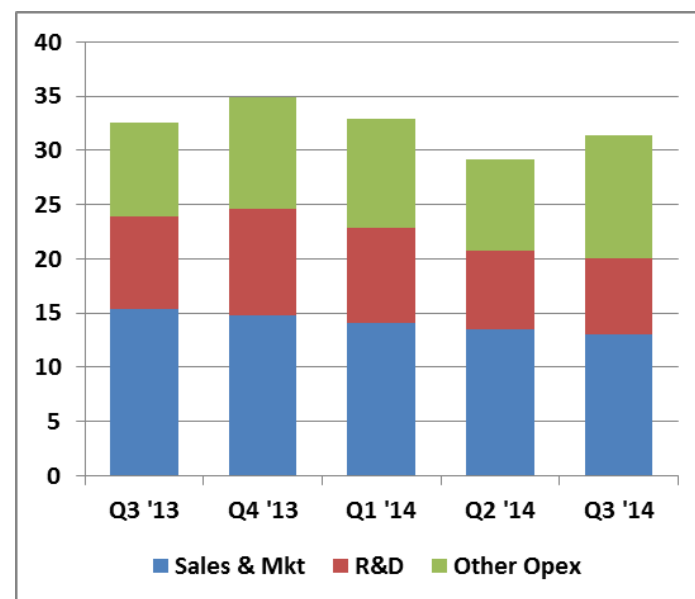
OPERATING EXPENSES

THIRD QUARTER 2014

- Total Opex at NOK 31.4 million in 3Q. YTD at NOK 93.4 million, a reduction of 11%
- R&D expenses at NOK 7.0 million in 3Q
 - YTD main activity re-analysis of the Phase 2b Cevira data
- 3Q S&M expenses at NOK 13.1 million, reduction of 15%
 - Reduced spending related to commercial activities in the US awaiting outcome on reimbursement
- 3Q Other Opex increased NOK 2.6 million
 - Activity related, including increased investment to secure uninterrupted supply of Hexvix/Cysview globally

MNOK

	Q3 '14	YTD '14
Research & Development	7,0	23,0
<i>YoY growth</i>	-18 %	-5 %
Sales & Marketing	13,1	40,6
<i>YoY growth</i>	-15 %	-24 %
Other Opex	11,3	29,8
<i>YoY growth</i>	31 %	10 %
Operating expenses	31,4	93,4
<i>YoY growth</i>	-4 %	-11 %



PROFIT & LOSS

THIRD QUARTER 2014

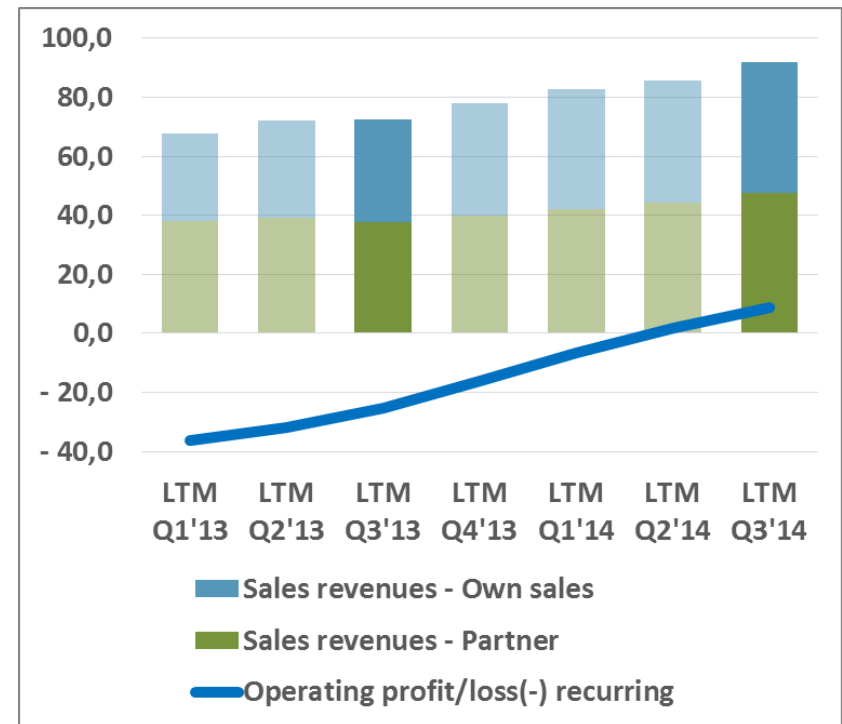
<i>MNOK</i>	Q3 '14	Q3 '13	YTD '14	YTD '13
Hexvix / Cysview revenues	24,1	18,0	67,2	53,4
Other sales revenues	0,8	0,1	1,6	0,7
Signing fee and milestones	31,9	1,1	34,2	3,2
Total revenues	56,8	19,2	103,0	57,3
Gross profit	55,2	17,7	97,8	52,4
Operating expenses	-31,4	-32,6	-93,4	-104,9
Operating profit/loss(-) recurring	23,8	-14,9	4,4	-52,5
- Excluding Salix termination fee	-6,9	-14,9	-26,4	-52,5
Net profit/loss(-)	24,2	-13,2	6,9	-49,8

- 3Q operating profit at NOK 23.8 million, YTD at NOK 4.4 million
 - Improvement excl. Salix payment of NOK 8.0 million in 3Q and NOK 26.1 million YTD
- Hexvix/Cysview commercial activities profitable in 3Q and YTD

HEXVIX/CYSVIEW FRANCHISE THIRD QUARTER 2014

- LTM (last twelve months) 3Q 2014 operating result for commercial activities at NOK +8.7 million compared to NOK -25.4 million LTM 3Q 2013
- Six consecutive quarters with result improvements, driven by both revenue increases as well as cost reductions
 - YTD improvements of NOK 24.8 million to profitability of NOK 6.6 million

Hexvix Sales & Opr Result LTM (NOK mill)



All numbers as per quarterly segment report
Includes all commercial activities, excluding milestone revenue
Costs excludes all R&D
Costs includes allocation of G&A

CASH FLOW

THIRD QUARTER 2014

<i>MNOK</i>	Q3 '14	Q3 '13	YTD '14	YTD '13
Cash flow from:				
- Operations	25,2	-17,7	-3,2	-82,0
- Investments	0,9	1,0	2,8	3,6
- Financing activities	0,0	0,5	0,0	-42,3
Net change in cash	26,1	-16,3	-0,4	-120,6
Ending cash balance	166,8	182,2	166,8	182,2

- 3Q 2014 cash flow from operations NOK 25.2 million
- Quarter end cash balance at NOK 166.8 million
- Guidance Year End cash balance increased to the range of NOK 145 -155 million, including the termination fee from Salix and excluding any milestone payments

BALANCE SHEET

PER 30 SEPTEMBER 2014

- Non current assets includes NOK 31.9 million in shares in PCI Biotech and deferred tax asset of NOK 49.1 million
- No interest bearing debt
- Shareholder's equity of NOK 277.3 million
- Equity ratio of 91%
- Photocure held 72,976 own shares at quarter end

<i>MNOK</i>	30.09 2014	31.12 2013
Non-current assets	106,5	104,8
Inventory & receivables	31,7	29,7
Cash & equivalents	166,9	167,3
Total assets	305,1	301,7
Shareholders equity	277,3	269,1
Long term liabilities	2,8	2,3
Current liabilities	25,0	30,3
Total equity & liabilities	305,1	301,7
Equity ratio	91 %	89 %

Summary and Outlook



GOOD PROGRESS MADE TOWARDS 2014 GOALS

KEY 2014 OBJECTIVES	YTD ACHIEVEMENTS
Hexvix/Cysview global in-market unit sales growth of $\geq 10\%$	YTD growth 13%
Obtain sustainable reimbursement solution in US	Bill with strong bipartisan support introduced to US Congress
Secure partnership for development and commercialization of Visonac	Established high interest with key dermatology players
Secure regulatory pathway on Cevira clinical development to progress partner discussions	<p>Positive Scientific Advice meetings with key EU regulators on Cevira phase 3 program</p> <p>Re-analysis of Cevira data completed, Planning FDA discussion</p>
End of year cash reserve of NOK 145-155 million including termination payment, excluding milestone payments	Cash of NOK 167 million at end of 3Q