

PHOTOCURE ASA BUILDING A SPECIALTY PHARMA COMPANY

RESULTS OF THIRD QUARTER AND
FIRST NINE MONTHS 2016

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DELIVERING ON KEY OBJECTIVES

KEY OBJECTIVES

3Q/YTD2016 KEY ACHIEVEMENTS

- Increase Hexvix/Cysview global in-market unit sales growth rate

- Hexvix/Cysview global in-market volume increased YoY 5% year to date
- Cysview in-market volume increased YoY 37% in third quarter and 27% year to date
- Hexvix/Cysview in-market value increased YoY 16% to NOK 181 million year to date
- Marketing authorization obtained in Australia
- Three new independent publications in the third quarter on the long term benefits of BLC with Hexvix/Cysview

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- Finalize recruitment and reporting of clinical results of Hexvix/Cysview phase 3 market expansion study in 2017

- Strong patient enrollment in third quarter
- Lower total project costs than originally planned

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- Secure Partnership for further development and commercialization of Visonac and Cevira reflecting the product potential

- Discussions ongoing with potential partners

Commercial Update

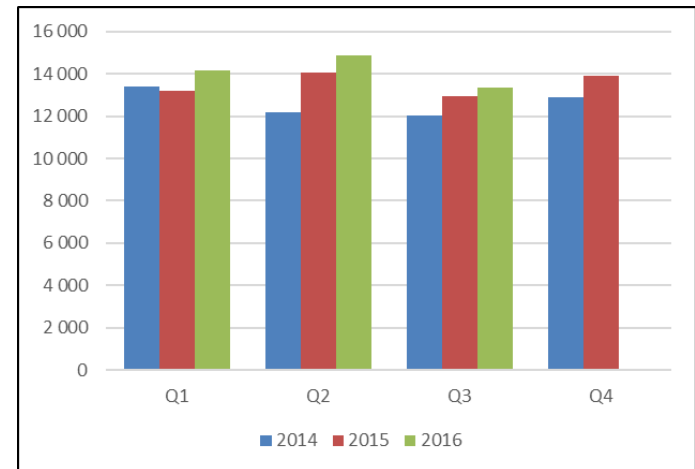


HEXVIX/CYSVIEW

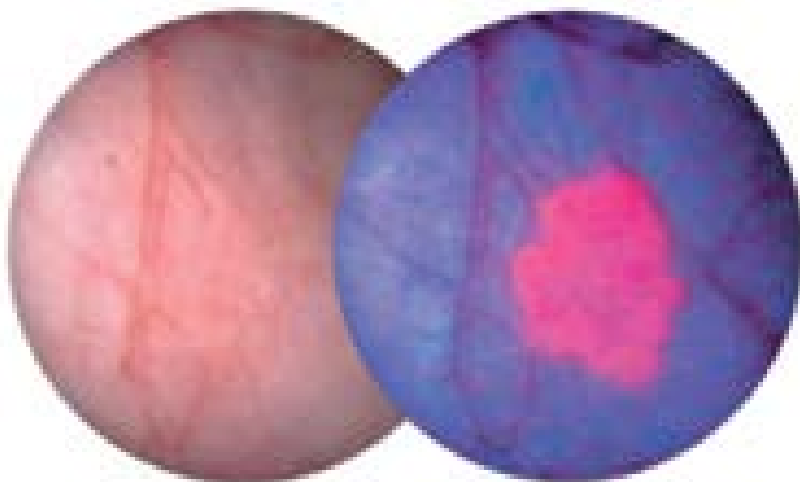
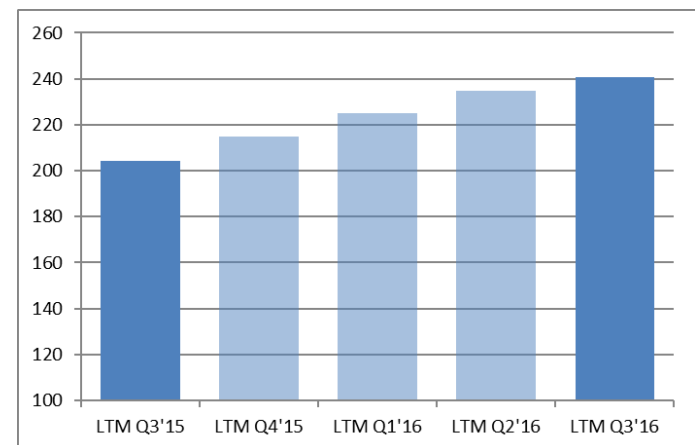
A SIGNIFICANT GLOBAL SPECIALTY BRAND

- Value of in-market sales of Hexvix/Cysview in the quarter increased YoY 12% to NOK 57 million. Year to date at NOK 181 million (+16%)
- Hexvix/Cysview global in-market volume increased YoY 3% in the quarter and 5% year to date
- Overall franchise EBITDA year to date at NOK 19.3 million, EBITDA margin of 18%

Global in-market unit sales (by Q)

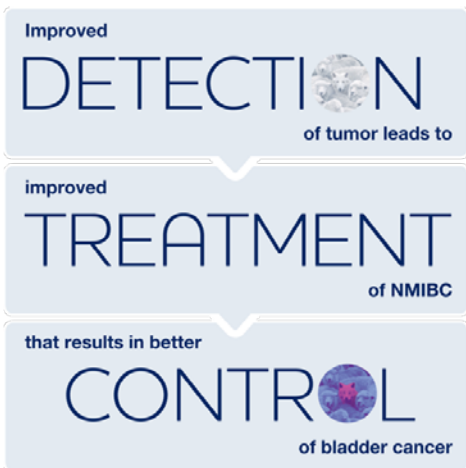


Global in-market value NOK mill (LTM)



HEXVIX/CYSVIEW PROVIDES SIGNIFICANT CLINICAL BENEFITS

- New publications show that Blue Light Cystoscopy with Hexvix/Cysview significantly improves detection of bladder cancer, reduces progression of bladder cancer and can be used repeatedly
 - Significantly reduces progression of bladder cancer (*Gakis et al, August*)
 - Repeated use of Blue Light Cystoscopy with Hexvix/Cysview do not increase the frequency of adverse events (*Lane et al, September*)
 - Using Blue Light Cystoscopy with Hexvix/Cysview in German clinical practice increase the detection of bladder cancer lesions (*Back et al, August*)



BLC with Hexvix® offers optimal diagnosis of NMIBC from the start:¹²

- BLC with Hexvix® improves detection of both primary and recurrent lesions across all risk groups
- BLC with Hexvix® identifies more lesions, including CIS, that are not seen using WLC alone

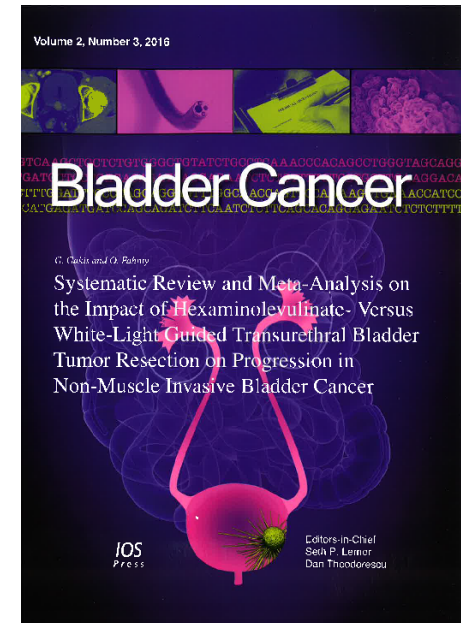


By improving detection vs WLC, Hexvix® helps improve the quality of TURBT and ensures that patients are offered more optimal management:¹⁸

- Detection of additional lesions can significantly affect management plans
- Improved TURBT reduces the need for subsequent TURBTs and hospitalization



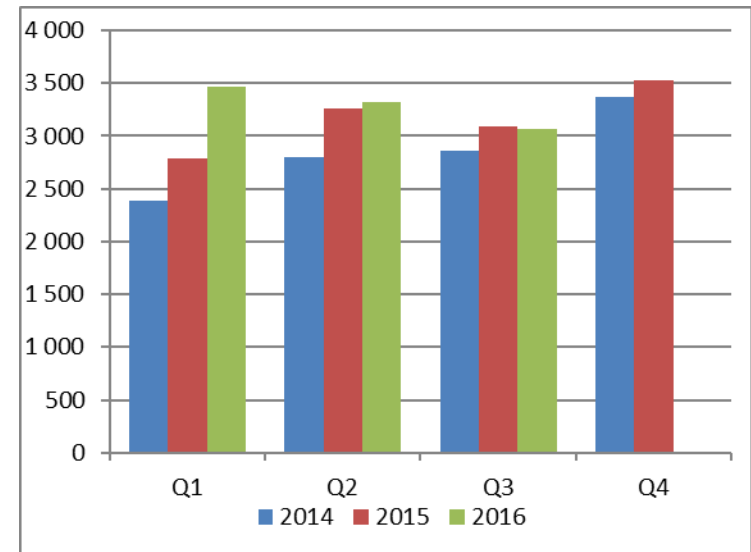
Improved resection and optimal management allow patients to stay recurrence free for longer,¹² with improved QALYs and reduced costs vs WLC over the lifetime management of a patient¹⁸



HEXVIX/CYSVIEW PERFORMANCE IN NORDICS AND USA

- Photocure own sales revenue in the US and Nordics increased YoY 22% in the quarter and 23% year to date to NOK 51.9 million
- US revenue increased YoY 46% in the quarter and 43% year to date
 - Driven by YoY in-market volume growth of 37% in third quarter and 27% year to date
 - Permanent Blue Light Cystoscope placements of 81 at the end of the quarter (2015 year end 65)
 - The bill to provide separate and additional payments to hospitals has gained significant support and a possible resolution may occur in November or December
- Nordic revenue increased YoY 7% in the quarter and 12% year to date
 - In-market volume growth of 1% year to date with a decrease (14%) in the quarter compared to last year
 - In-market volume growth in Sweden 11% year to date

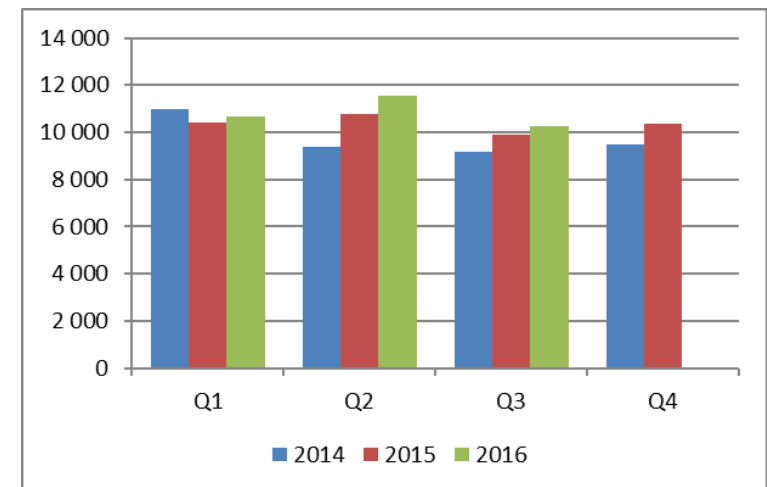
Own Hexvix/Cysview in-market unit sales
Nordic and US



HEXVIX/CYSVIEW PARTNER PROGRESS

- Partner revenue increased YoY 12% in the quarter and 17% year to date to NOK 47.5 million
- End user YoY volume growth 4% in the quarter and 5% year to date
- New territories & partners
 - BioSyent Pharma in Canada
 - Commercial sale behind expectations due to timing of outplacement of scopes
 - Juno Pharmaceuticals in Australia and New Zealand
 - MAA approved in Australia, Milestone received of EUR 0.25 million

Hexvix Partner Unit Sales Per Quarter



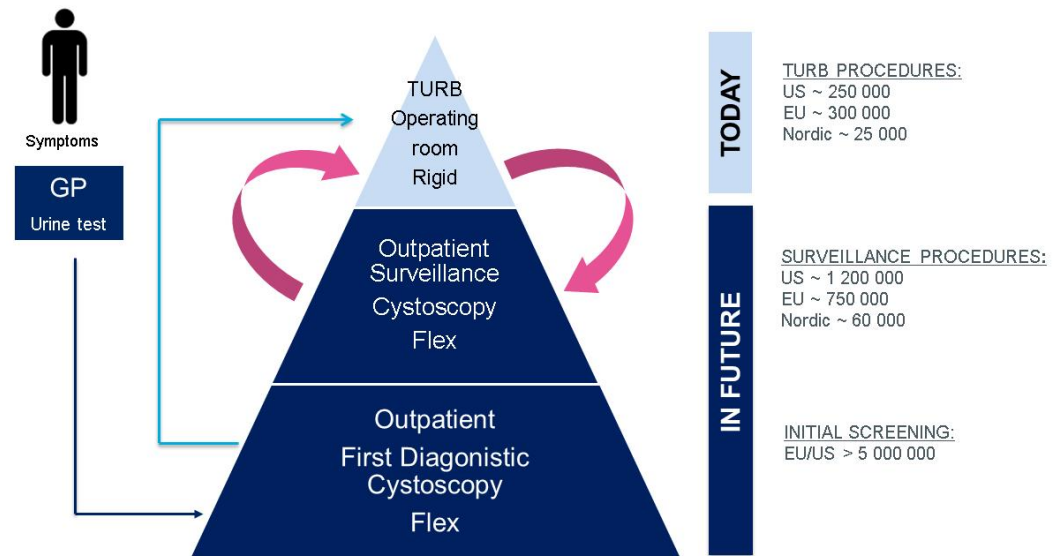
Pipeline Update



HEXVIX/CYSVIEW EXPANDING INTO THE SURVEILLANCE SEGMENT

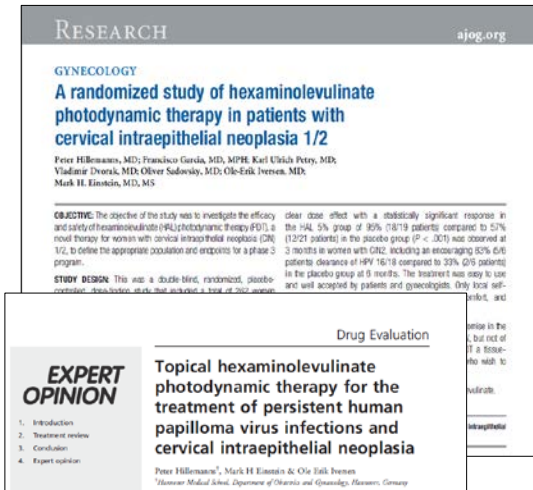
- Surveillance following initial diagnosis represents a significant growth opportunity with a total market size 2-3 times current TURB segment
- Patient enrollment in Hexvix/Cysview Phase 3 market expansion trial continued to be strong in third quarter
 - Expect lower than planned total study cost
 - Study results expected in 2017
 - Secured alignment with FDA on study design necessary to obtain label extension

Global Cystoscopy Market Consists of Three Distinct Market Segments



CEVIRA & VISONAC PHASE 3 READY PRODUCTS WITH SIGNIFICANT SALES POTENTIAL

- Cevira - Breakthrough single use and fully integrated drug-device technology to satisfy high need for novel non-surgical therapies to treat global epidemic of HPV/HSIL populations
- Visonac – Novel topical non-antibiotic/non-isotretinoin treatment to satisfy high unmet medical need among patients with inflammatory, severe acne (IGA 4)
- Cevira and Visonac both phase 3 ready with Special Protocol Agreement on phase 3 program with FDA
- Cevira and Visonac both addressing large patient populations with significant unmet medical needs
 - Cevira with blockbuster sales potential based on premium pricing opportunity in large patients populations
- Cevira and Visonac have granted patents with extensive patent life and additional patent applications can provide additional extension
- Ongoing discussions and due diligence with potential partners for development and commercialization



Financials



SEGMENTS

THIRD QUARTER 2016

Commercial franchise:

- Hexvix/Cysview total revenue growing YoY 17% in the quarter and year to date 20% (in constant FX: 13%)
- Total revenues negatively impacted by API revenues and milestone revenues
- Increased operating expenses; sales & marketing in US and investigator initiated trials to support surveillance-market in Nordics
- EBITDA margin at 18% year to date

Development portfolio:

- Activities related to regulatory work and intellectual property. Cysview post marketing commitment phase 3 capitalized

<i>MNOK</i>	<u>Q3 '16</u>	<u>YTD '16</u>	<u>YTD '15</u>
<u>Commercial Franchise</u>			
Nordic revenues	8.7	29.4	26.4
US revenues	7.8	22.4	15.7
Partner revenues	15.1	47.5	40.5
Hexvix / Cysview	31.6	99.4	82.6
API revenues	0.0	0.0	6.5
Signing fee & milestones	3.6	6.2	11.1
Total revenues	35.2	105.5	100.2
Cost of goods sold	-2.2	-6.6	-6.2
Gross profit	33.1	98.9	94.0
Operating expenses	-25.0	-79.6	-69.8
EBITDA	8.0	19.3	24.2
<u>Development Portfolio</u>			
Operating expenses	-9.7	-27.0	-33.5
EBITDA	-9.7	-27.0	-33.5
<u>Total</u>			
EBITDA	-1.6	-7.7	-9.3

PROFIT & LOSS

THIRD QUARTER 2016

- Total revenue increase YoY 5% year to date
 - Negatively impacted by sales of API and reduced milestone revenues
- Operating expenses increase YoY 3% year to date
 - R&D reduction 40%
 - Sales & marketing increase 13%
 - Other Opex increase 15%
- EBITDA at NOK -1.6 million for the quarter, NOK -7,7 million year to date
- EBIT impacted by amortization of phase 3 Cysview
- Tax net income (non-cash) year to date driven by change in transfer pricing method

<i>MNOK</i>	<u>Q3 '16</u>	<u>YTD '16</u>	<u>YTD '15</u>
Hexvix / Cysview revenues	31.6	99.4	82.6
Other sales revenues (API)	-0.0	-0.0	6.5
Signing fees and milestones	3.6	6.2	11.1
Total revenues	35.2	105.5	100.2
Cost of goods sold	-2.2	-6.6	-6.2
Gross profit	33.1	98.9	94.0
Research & Development	-3.9	-12.2	-20.5
Sales & Marketing	-19.1	-59.2	-52.4
Other Opex	-11.6	-35.2	-30.5
Operating expenses	-34.7	-106.6	-103.4
EBITDA	-1.6	-7.7	-9.4
Depreciation & Amortization	-1.6	-4.8	-2.4
EBIT	-3.2	-12.5	-11.8
Net financial items excl PCI	-0.0	1.2	4.5
Profit/loss(-) before PCI & Tax	-3.3	-11.3	-7.3
Impairment loss shares PCI	-	-	-7.7
Tax expenses	3.3	28.7	-11.8
Net profit/loss(-)	0.1	17.5	-26.7

CASH FLOW

THIRD QUARTER 2016

<i>MNOK</i>	<u>Q3 '16</u>	<u>YTD '16</u>	<u>YTD '15</u>
Cash flow from:			
- Operations	-8.6	-30.7	-19.2
- Investments	-2.9	-11.1	-9.0
- Financing	1.0	1.7	2.4
Net change in cash	-10.5	-40.1	-25.8
Ending cash balance	93.9	93.9	139.5

- Year to date cash flow from operations at NOK -30.7 million (prior year NOK -19.2 million)
 - Change in working capital NOK -22.9 million (prior year NOK -9,6 million) year to date. Increased outflow driven by reduced payables
- Year to date cash flow from investments NOK -11.1 million, includes investments of NOK 10.8 million in development expenses mainly related to the initiation of the phase 3 post-marketing commitment trial for Cysview
- Quarter end cash balance at NOK 93.9 million
 - Payment from Galderma 2016.12.31 of EUR 4.0 million

BALANCE SHEET

PER 30 SEPTEMBER 2016

- Non current assets include NOK 22.5 million in investments in tangible and intangible assets, NOK 7.4 million in shares in PCI Biotech and deferred tax asset of NOK 52.2 million
- Current assets include NOK 35.1 million in remaining settlement for sale of Metvix, due 31.12.2016
- No interest bearing debt
- Shareholder's equity of NOK 234.1 million. Equity ratio of 91%
- Photocure held 809 own shares at end of the quarter

<i>MNOK</i>	30.09	31.12
	2016	2015
Non-current assets	82.0	43.6
Inventory & receivables	81.4	70.4
Cash & equivalents	93.9	134.0
Total assets	257.3	248.1
Shareholders equity	234.1	210.1
Long term liabilities	3.4	4.0
Current liabilities	19.8	34.0
Total equity & liabilities	257.3	248.1
Equity ratio	91%	85%

Outlook



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- Hexvix/Cysview in-market value increased YoY 16% to NOK 181 million year to date
- Hexvix/Cysview global in-market volume increased YoY 5% year to date; we expect full year growth to be approximately 5% impacted by lower growth in mature European markets
- Cysview in-market volume increased YoY 37% in third quarter and 27% year to date
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