

PHOTOCURE ASA

DEN STORE SELSKAPSKVELDEN

6 JUNE 2017

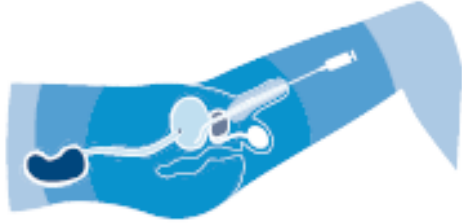
KJETIL HESTDAL, MD, PRESIDENT & CEO



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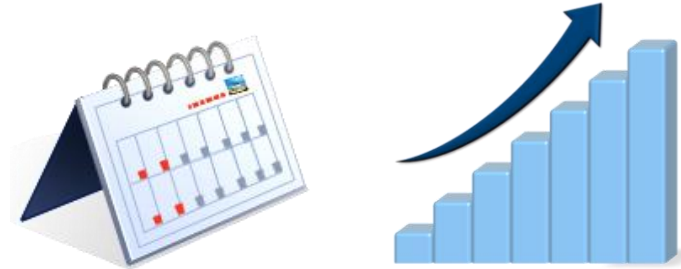
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PHOTOCURE – INVESTMENT HIGHLIGHTS



Commercial-stage company focused on Urology

- Hexvix®/Cysview® for improved detection and management of bladder cancer
 - Improved detection, reduced disease recurrence and progression rates with cost benefits
 - ~ MNOK 240 global in market sales (LTM); Profitable commercial franchise with EBITDA margin of 14% (1Q2017)
- Specialist salesforce established in US and Nordic region and in collaborations with partners in other territories
 - Ipsen (EU), Juno Pharmaceuticals (Australia/New Zealand), BioSyent Pharma (Canada)



Value building opportunities towards 2020

- Large untapped potential for Hexvix/Cysview in existing and new market segments/territories
 - New clinical data in Flex scope/surveillance use with potential label extension in the US; clarity on reimbursement in US
 - Investing in the US marketing and sales; Target of quadrupling US revenues by 2020
 - Growth strategy fully funded; Cash of MNOK 155 at end of 1Q2017

Hexvix/Cysview



THE CURRENT STATE OF BLADDER CANCER

Bladder Cancer is 5th most common cancer type

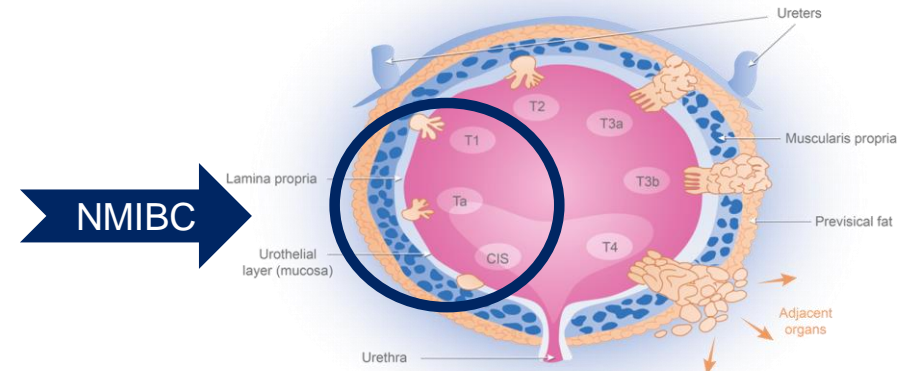
- Most expensive cancer: \$96-187K/patient¹
- > 200,000 new patients annually
- 75% of patients diagnosed with NMIBC²
- > 16,000 will die from bladder cancer in US in 2016³

Key therapeutic aim is to avoid progression from NMIBC to muscle invasive disease

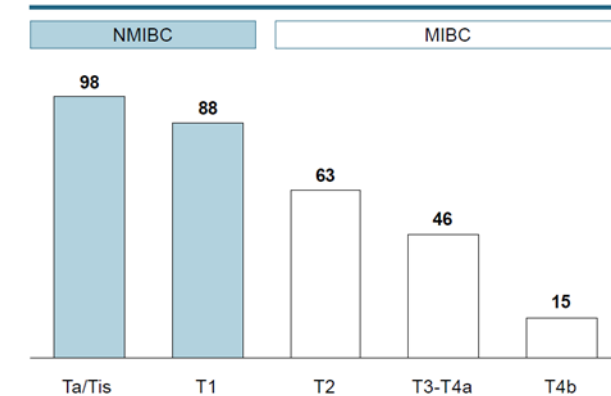
- ~ 6 million cystoscopies for initial screening annually worldwide
- ~ 600,000 surgical procedures (TURBs⁴) annually worldwide
- 10% – 30% progression rate

Regular ongoing surveillance required

- Recommend follow up cystoscopies every 3-9 months
- >2M follow up surveillance cystoscopies annually worldwide



5-year relative survival rate¹⁾ [%]



IMPROVING BLADDER CANCER MANAGEMENT



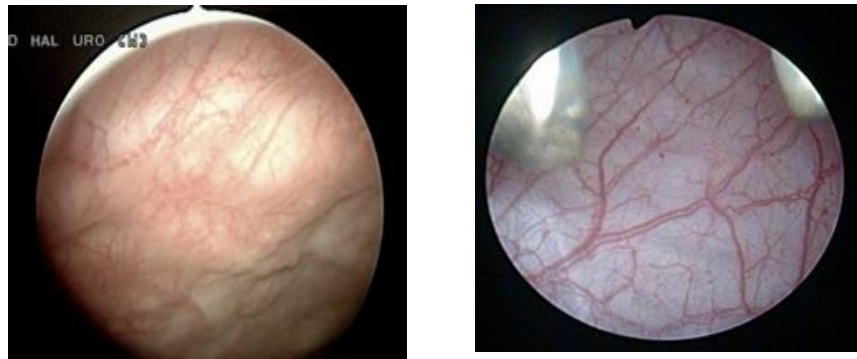
BLC with Hexvix (EU) / Cysview (US) for improved detection and management of bladder cancer

- Hexvix/Cysview is a colorless contrast solution that is used with a blue-light cystoscope
- First approved drug-device procedure; launched in US in 2012
- Currently used in operating room setting with rigid scope (TURBT)

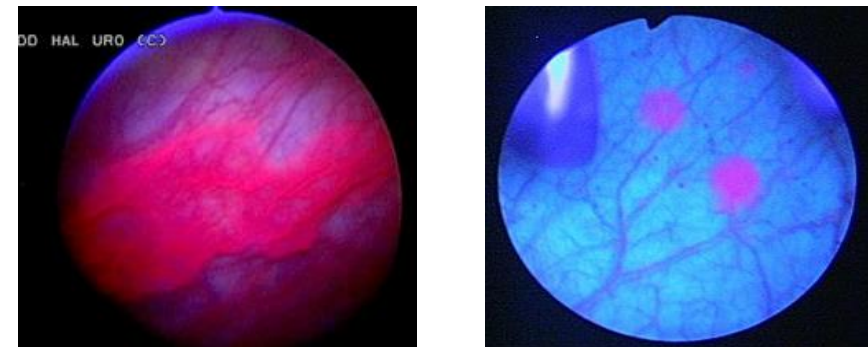
Utilizes the body's own biology to detect malignant cells

- Hexvix/Cysview contains precursors which are converted inside the cell to form an endogenous photoactive entity (PpIX)
- The solution is administered into the bladder directly and accumulates in cancerous cells, which then fluoresce red when blue-light is shone upon them

View of Bladder with use of WLC



Same view using BLC with Hexvix/Cysview



INCLUSION IN NATIONAL GUIDELINES



Transforming Clinical Practice

- US Guidelines: Use of Blue Light Cystoscopy with Hexvix/Cysview receives *highest level of recommendation* in the new AUA/SUO bladder cancer guideline
 - Recommended based on the large body of evidence supporting both increased detection and reduced recurrence of non-muscle invasive bladder cancer
- Included in European and National Guidelines in several EU countries
 - Strong recommendation recently received within French National Guidelines for Blue Light Cystoscopy with Hexvix
 - EAU altered guidelines to include the use of Hexvix as a preferential diagnosis procedure
 - NICE recommended the use of cystoscopies and that photodynamic diagnosis should be offered to patients
- Recommended use in 50-70% of TURBT procedures¹

American Urological Association
Advancing Urology™

ABOUT US EDUCATION RESEARCH ADVOCACY INTERNATIONAL PRACTICE RESOURCES

EDUCATION > Guidelines & Policies > Guidelines > Non-Muscle Invasive Bladder Cancer

Guidelines

AUA University
All your educational needs, all in one place!
Now, enhanced access and resources just for AUA members. [Learn More](#)

NON-MUSCLE INVASIVE BLADDER CANCER

[Download the unabridged version of this guideline \[pdf\]](#)

[Download Non-Muscle Invasive Bladder Cancer Treatment Algorithm \[pdf\]](#)

DIAGNOSIS AND TREATMENT OF NON-MUSCLE INVASIVE BLADDER CANCER: AUA/SUO GUIDELINE

Sam S. Chang, MD, MBA; Stephen A. Boorjian, MD; Robert Daneshmand, MD; Badrinath R. Konety, MD, FACS, MChad R. Ritch, MD, MBA; John D. Seigne, MD; Eila Curran, M. McKiernan, MD

Purpose
The survival rate for the majority of patients with non-muscle-invasive bladder cancer (NMIBC) is generally favorable; however, the rates of recurrence and progression (MIBC) are important surrogate endpoints for overall

Membership Events Education Guidelines Sections Research

EAU GUIDELINES ON NON-MUSCLE INVASIVE (Ta, T1, CIS) BLADDER CANCER

(Limited text update March 2016)

M. Babjuk (Chair), A. Böhle, M. Burger, E. Compérat, E. Kaasinen, J. Palou, B.W.G. van Rhijn, M. Roupřet, S. Shariat, R. Sylvester, R. Zigeuner
Guidelines Associates: O. Capoun, D. Cohen, V. Hernández, V. Soukup

Eur Urol 2011 Apr;59(4):584-94
Eur Urol 2013 Oct;64(4):639-53

Introduction
The EAU Working Group has published guidelines on Non-muscle-invasive bladder cancer (NMIBC). It comprises Ta and T1 tumours as well as carcinoma in situ (CIS).

Staging and classification systems
The TNM Classification of Malignant Tumours, 7th Edn., 2009 will apply (Table 1).

Table 1: TNM Classification 2009

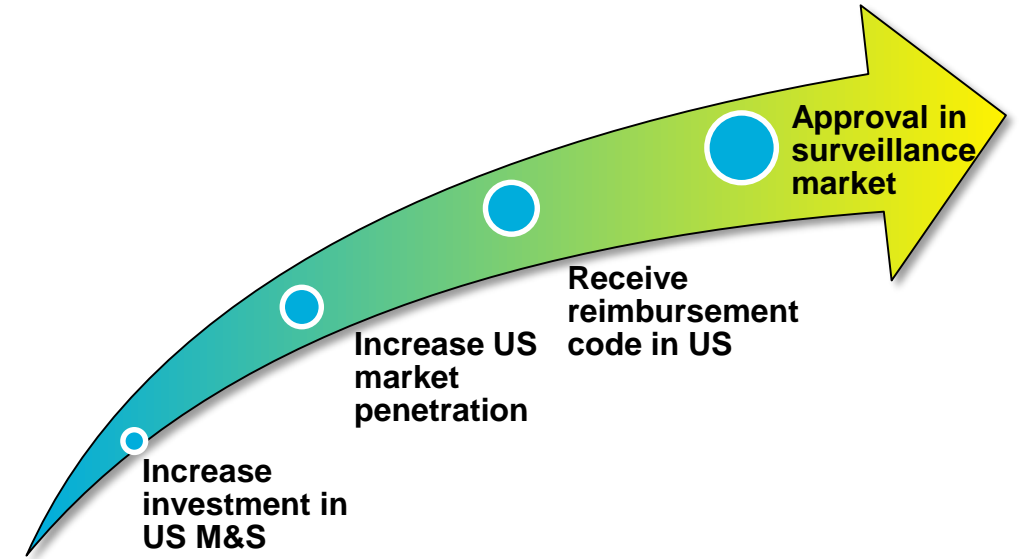
T - Primary tumour	
TX	Primary tumour cannot be assessed
T0	No evidence of primary tumour

1) Babjuk et al., Guidelines on non-muscle-invasive bladder cancer (Ta, T1 and CIS). EAU, 2014.



Q1 HEXVIX/CYSVIEW USA DEVELOPMENT

- Photocure own sales revenue in the US in 1Q increased 32%
 - Driven by YoY in-market volume growth of 28% in first quarter
- Permanent Blue Light Cystoscope placements of 89 at the end of quarter, increase of 6 since end of 2016
 - Current hospital base includes major high volume hospitals
 - BLCC is available in approximately 70% of all the National Comprehensive Cancer Network (NCCN) member institutions
- Initiated our US strategic investment plan which includes doubling our sales organization and increased marketing activities
- Continued efforts to obtain reimbursement, with preparations ongoing for introduction of a new bill

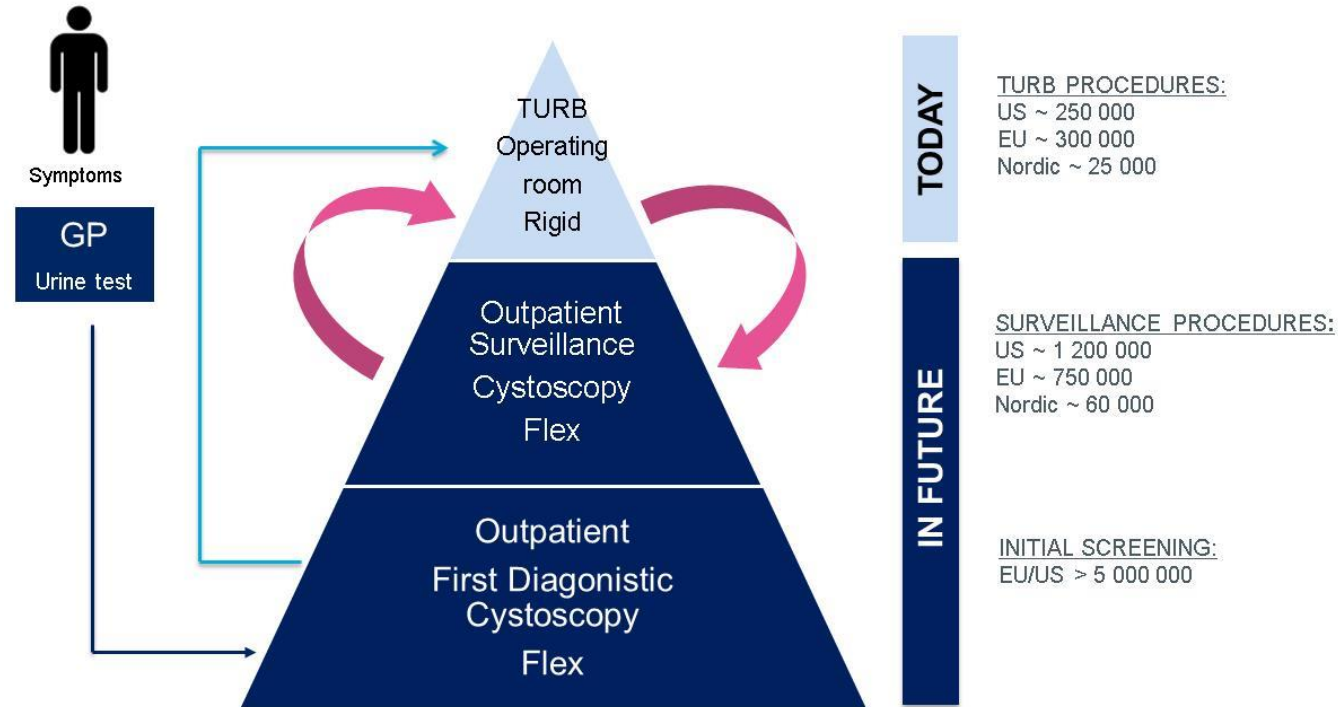


Maximizing the US Cysview opportunity is essential to Photocure's strategy to create a Specialty Pharmaceutical Company in Urology

EXPANDING INTO THE SURVEILLANCE SEGMENT

Surveillance following initial diagnosis represents a significant growth opportunity of 2-3 times current TURB segment

Global Cystoscopy Market Consists of Three Distinct Market Segments

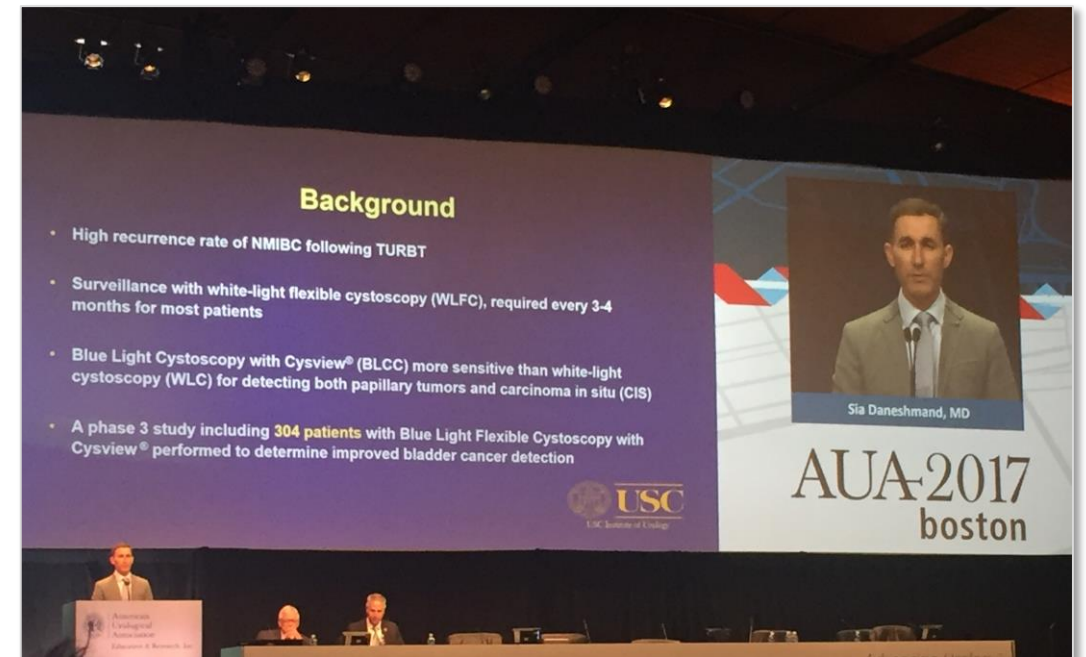


HEXVIX/CYSVIEW PHASE 3 SURVEILLANCE STUDY SHOWED SIGNIFICANT CLINICAL BENEFITS

Phase 3 Surveillance Study Conclusions

- BLFCC significantly improves the detection of patients with recurrent bladder cancer (21.5%, $p < 0.0001$)
- BLCC significantly improves the detection of patients with CIS (34.6%, $p < 0.0001$)
- Tumor detection was improved in 46.2% of patients who underwent repeat BLCC
- Repeat use of BLCC is safe
- Patients found it worthwhile to undergo BLFCC (92.7%) and BLCC (87.0%) and would recommend it to others
- BLFCC should be used for patients in surveillance of their bladder cancer recurrence and for management in the OR
- Planned to file supplemental NDA for BLFC with Cysview to FDA by end of 2017

Late-Breaking Presentation at AUA

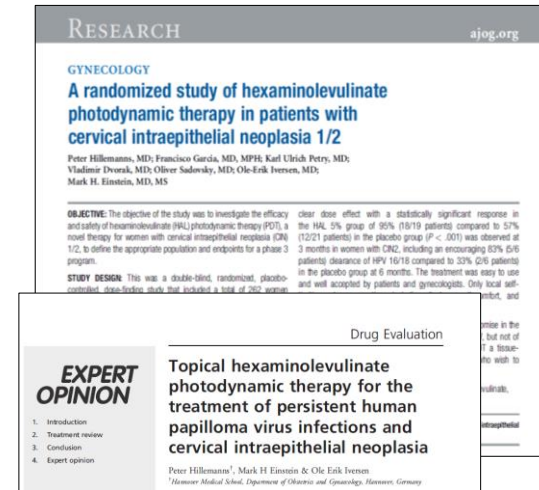


Non-Urology opportunities
Cevira/Visonac



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
- PHO reviewing possible strategic alternatives for Cevira and Visonac



STRONG US GROWTH TOWARDS 2020

KEY OBJECTIVES

- Increase Hexvix/Cysview global in-market unit sales
- Increase growth of Cysview in the US based on an increased investment in the US commercial operations
- Obtain regulatory approval for market expansion of Cysview into surveillance market

1Q KEY ACHIEVEMENTS

- Hexvix/Cysview global in-market volume increased YoY 10% in first quarter
- In the US Cysview in-market volume increased YoY 28% in first quarter
- Continued to build awareness of BLC with Cysview among urologist and patients
- Increase in activities in accordance with US strategic investment plan
- Patient enrollment finished January
- Strong clinical data presented at Late Breaking Plenary Session at AUA in May
- On track to submit supplement NDA to FDA later in 2017

SEGMENT PERFORMANCE

FIRST QUARTER 2017

Commercial franchise:

- Hexvix/Cysview total revenue increasing YoY 9% in the quarter, negatively impacted by FX movements. Revenue increase in constant currencies 14%
- First quarter total revenues negatively impacted by milestone revenues
- Increased operating expenses driven by sales & marketing in US
- EBITDA margin at 14% for the quarter

Development portfolio:

- Activities related to regulatory work and intellectual property. Cysview post marketing commitment phase 3 capitalized
- One-off items: Write down of Nedax lamp inventory and components

<i>MNOK</i>	<u>Q1 '17</u>	<u>Q1 '16</u>
<u>Commercial Franchise</u>		
Nordic revenues	9.7	10.1
US revenues	10.0	7.6
Partner revenues	16.7	15.8
Hexvix / Cysview	36.5	33.5
API revenues	0.0	0.0
Signing fee & milestones	0.0	1.3
Total revenues	36.5	34.9
Cost of goods sold	-2.9	-2.4
Gross profit	33.7	32.5
Operating expenses	-28.7	-27.2
EBITDA recurring	4.9	5.3
<u>Development Portfolio</u>		
Operating expenses	-9.2	-9.1
EBITDA recurring	-9.2	-9.1
<u>Total</u>		
EBITDA recurring	-4.2	-3.7
One-Off items	-4.0	0.0
EBITDA	-8.2	-3.7

CONSOLIDATED INCOME STATEMENT

FIRST QUARTER 2017

- Total revenue increase YoY 5% first quarter.
 - Negatively impacted by milestone revenues
- Operating expenses increase 5% YoY first quarter
 - R&D reduction 10%
 - Sales & marketing increase 9%, driven by US investments
 - Other Opex increase 3%
- Recurring EBITDA at NOK -4.2 million for the first quarter
- One-off items
 - Write down of Nedax lamp inventory and components

<i>MNOK</i>	Q1 '17	Q1 '16
Hexvix / Cysview revenues	36.5	33.5
Signing fees and milestones	-	1.3
Total revenues	36.5	34.9
Gross profit	33.7	32.5
Research & Development	-4.5	-5.0
Sales & Marketing	-22.0	-20.1
Other Opex	-11.5	-11.1
Operating expenses	-37.9	-36.2
EBITDA recurring	-4.2	-3.7
One-Off items	-4.0	-
EBITDA	-8.2	-3.7
Depreciation & Amortization	-2.2	-1.1
EBIT	-10.4	-4.9
Net financial items	1.1	0.5
Profit/loss(-) before tax	-9.3	-4.4
Tax expenses	2.4	3.6
Net profit/loss(-)	-6.9	-0.7

CASH FLOW

FIRST QUARTER 2017

- Cash flow from operations first quarter NOK -10.8 million (Q1 2016 NOK -9.3 million)
 - Working capital impact NOK -3.7 million
- Cash flow from investments first quarter NOK -3.0 million (Q1 2016 NOK -5.1 million)
 - Includes investments of NOK 4.0 million in development expenses
- Net cash flow first quarter NOK -13.8 million (Q1 2016 NOK -13.4 million)
- Quarter end cash balance at NOK 155.5 million

<i>MNOK</i>	Q1 '17	Q1 '16
Cash flow from:		
- Operations	-10.8	-9.3
- Investments	-3.0	-5.1
- Financing	0.0	1.0
Net change in cash	-13.8	-13.4
Ending cash balance	155.5	120.6

BALANCE SHEET PER 31 MARCH 2017

- Non current assets include NOK 29.9 million in investments in tangible and intangible assets and deferred tax asset of NOK 48.4 million
- No interest bearing debt
- Shareholder's equity of NOK 245.9 million. Equity ratio of 88%
- Photocure held 809 own shares at end of the quarter

<i>MNOK</i>	31.03 2017	31.12 2016	31.03 2016
Non-current assets	78.3	74.1	54.6
Inventory & receivables	44.4	43.0	74.2
Cash & equivalents	155.5	169.2	120.6
Total assets	278.1	286.3	249.5
Shareholders equity	245.9	251.9	213.5
Long term liabilities	4.0	3.8	4.2
Current liabilities	28.3	30.6	31.8
Total equity & liabilities	278.1	286.3	249.5
Equity ratio	88 %	88 %	86 %

CONTACT INFORMATION



Kjetil Hestdal
President & CEO
Kh@photocure.com

Erik Dahl
Chief Financial Officer
Ed@photocure.com

