

PHOTOCURE ASA

RESULTS FOR THIRD QUARTER
AND FIRST NINE MONTHS 2017

8 NOVEMBER 2017

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DELIVERING ON KEY OBJECTIVES

Increase growth of Cysview in US based on increased investment in US commercial operation

- US sales revenue up 45% YoY in 3Q and 44% YTD, driven by in-market volume increase in 3Q of 39% and 35% YTD
- Improved CMS reimbursement for Blue Light Cystoscopy (BLC) with Cysview for use in hospital outpatient departments, from January 2018
- US marketing and sales activities on track

Increase Hexvix / Cysview global in-market unit sales

- In-market volume in own markets increased YoY 17 % in 3Q, while partner unit sales declined 1% to an overall YoY 3% increase in 3Q
- In-market unit sales increased 4% YTD

Obtain regulatory approval for market expansion of Cysview into surveillance market

- Supplemental NDA filed in August for Blue Light Flexible Cystoscopy (BLFC) with Cysview
- In October, FDA accepted the supplemental NDA for Cysview on a priority review with expected decision H1 2018

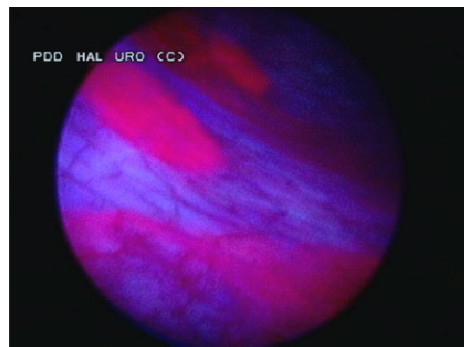
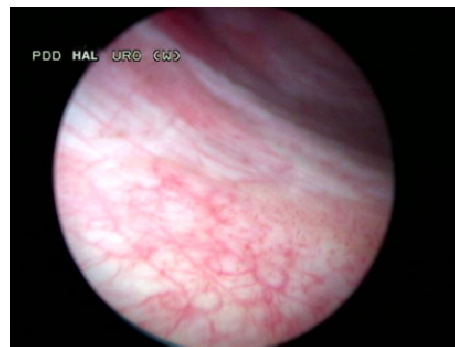
Hexvix/Cysview Update



HEXVIX/CYSVIEW

A SIGNIFICANT GLOBAL SPECIALTY BRAND

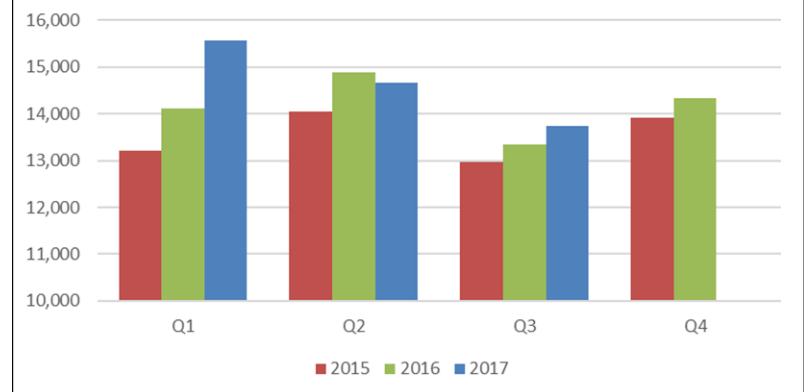
- Value of in-market sales of Hexvix/Cysview in the third quarter increased 8% YoY to NOK 61 million and 7% YTD to NOK 193 million
- Hexvix/Cysview global in-market volume increased YoY 3% in the third quarter, with own unit sales increase of 17% while partner unit sales Ipsen declined 1%
- Overall franchise EBITDA YTD amounted to NOK 9.4 million with a corresponding EBITDA margin of 8%



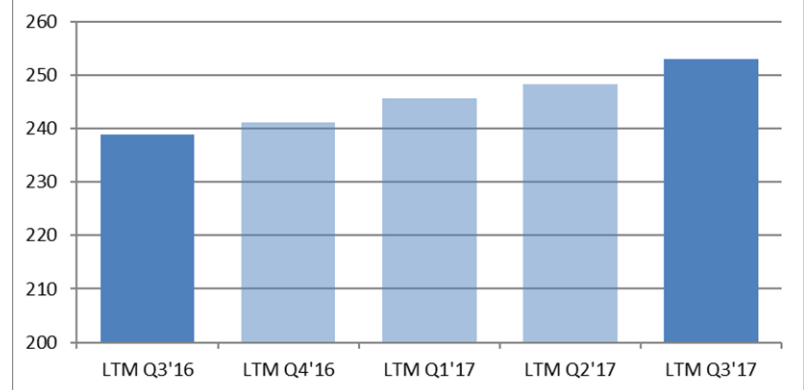
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With courtesy of Dr. Dirk Zaak

Global in-market unit sales (by Q)



Global in-market value NOK mill (LTM)



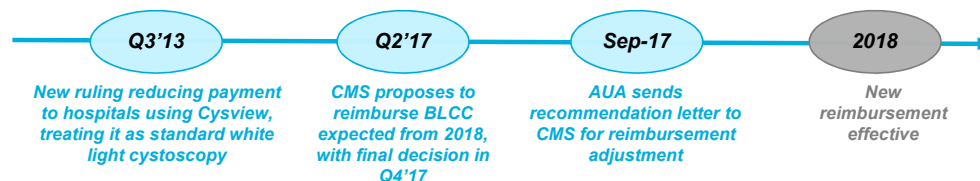
HEXVIX/CYSVIEW

TWO SIGNIFICANT MILESTONES REACHED IN 2017

US MEDICARE PROPOSED NEW REIMBURSEMENT OF BLCC WITH CYSVIEW

Background	Details	Conclusion
<ul style="list-style-type: none"> For Medicare patients BLCC with Cysview, CMS proposed to reduce the reimbursement rate from \$1,200 to \$1,000, effective 1/1/18. For Medicare insured patients, Cysview is not covered in addition to the previously approved reimbursement. 	<ul style="list-style-type: none"> The new BLCC payment, BLCC with Cysview, is expected to be implemented in January 2018. Reimbursement for Cysview will be reduced to \$1,000, effective 1/1/18. Reimbursement for Cysview will be reduced to \$1,000, effective 1/1/18. Reimbursement for Cysview will be reduced to \$1,000, effective 1/1/18. 	<ul style="list-style-type: none"> In July 2016, CMS proposed to reduce the reimbursement rate for BLCC with Cysview from \$1,200 to \$1,000, effective 1/1/18. CMS proposed to reimburse BLCC with Cysview, with final decision in Q4'17. The new BLCC with Cysview, with final decision in Q4'17. If implemented, this will provide additional funding for increased utilization.

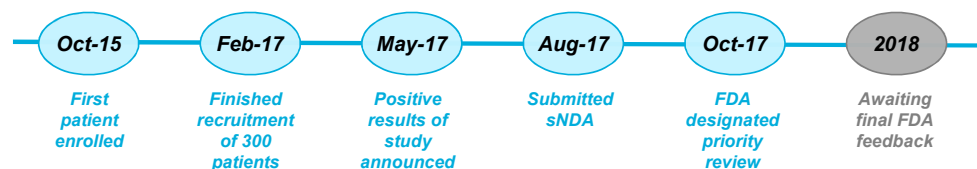
Working closely with CMS¹ to provide stronger reimbursement opportunity for Cysview



OUTLOOK **Q4'14**

FINANCIAL	CLINICAL	PATIENTS/SHIP
<ul style="list-style-type: none"> Hexvix/Cysview global in-market L&E sales growth of 15% in 2015 	<ul style="list-style-type: none"> Submit Special Protocol Assessment Request (SPAR) by mid-2015 Initiate Phase 3 clinical trial to expand use of Hexvix/Cysview into the surveillance market and fulfill the US post marketing commitments in 2015 	<ul style="list-style-type: none"> Secure partnership for further development and commercialization of Hexvix and Cysview reflecting the product portfolio

Initiate Phase 3 clinical trial to expand the use of Hexvix/Cysview into the surveillance market and fulfill the US post marketing commitments in 2015



Note: 1) US Center for Medicare & Medicaid Services



EXPANDED US MARKET OPPORTUNITY THROUGH SUPPLEMENTAL NEW DRUG APPLICATION

- Seeking approval for expanded use including:
 - Combination of Cysview with Karl Storz Flexible Videoscope System, in addition to current Rigid Scope System, for surveillance cystoscopies of patients diagnosed with Non Muscle Invasive Bladder Cancer (NMIBC)
 - Improved detection of CIS¹ in the rigid scope setting (TURBT²)
 - Repeated use of Cysview in the TURBT and surveillance scope setting
- In October, FDA designated priority review for the sNDA
 - Expected response from FDA 1H2018

KARL STORZ FLEXIBLE BLUE LIGHT VIDEOSCOPE



Of the total **1.4 million** cystoscopies performed in the US each year approximately **40-50%** estimated to be performed in **surveillance** of patients with high and medium risk NMIBC

MEDICARE REIMBURSEMENT OF AN ADDITIONAL USD 1,000 PER TURBT FROM 2018*

	Medicare (~55% of TURBT)	Private payer (~45% of TURBT)
Cystoscopy	<ul style="list-style-type: none"> • Procedure fee for cystoscopy • Cysview paid at ASP** +6% • No change from 2017 	<ul style="list-style-type: none"> • Procedure fee for cystoscopy • Cysview paid at contracted rate (ASP** +6 to 15%) • No change from 2017
TURBT	<ul style="list-style-type: none"> • Hospital Outpatient Depts. will receive an additional \$1,000 to cover the complexity of using Cysview and Blue Light Cystoscopy procedure for the following codes: 52204, 52214 & 5224 • Bundled into ambulatory payment classification (APC – varies by TURBT type)¹ for the higher procedure codes of 52234, 52235 and 52240 	<ul style="list-style-type: none"> • Procedure fee for TURBT – varies by type • Cysview paid at (Average Selling Price -ASP +6 to 15%) • No change from 2017

New Medicare reimbursement accounts for ~50% of TURBT Medicare market

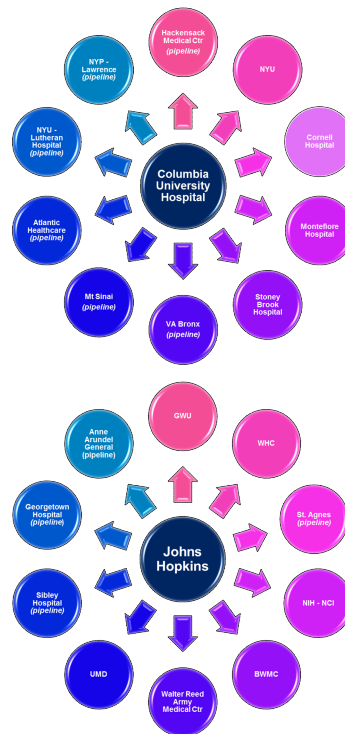


MAXIMIZING SALES EFFICIENCY TARGETING TOP 25 US MARKETS – FOCUS ON 400 MAJOR HOSPITALS

Top 25 markets – TURBT rank

Metropolitan statistical area	Totals (inpatient & outpatient TURBT procedures*): Total
New York, Newark, Jersey	21,284
Chicago, Naperville, Elgin	9,649
Philadelphia, Camden, Wilmington	6,256
Los Angeles, Long Beach, Anaheim	5,994
Miami, Fort Lauderdale, West Palm Beach	5,436
Tampa, St. Petersburg, Clearwater	5,010
Boston, Cambridge, Newton	4,768
Detroit, Warren, Dearborn	4,054
Phoenix, Mesa, Scottsdale	3,998
Baltimore, Columbia, Towson	2,862
Houston, The Woodlands, Sugar Land	2,763
Washington, Arlington, Alexandria	2,700
St. Louis	2,535
Orlando, Kissimmee, Sanford	2,339
Atlanta, Sandy Springs, Roswell	2,136
Dallas, Fort Worth, Arlington	2,076
Cleveland, Elyria	1,937
Cincinnati	1,923
Cape Coral, Fort Myers	1,712
Pittsburgh	1,685
North Port, Sarasota, Bradenton	1,672
Jacksonville	1,671
Providence, Warwick	1,613
Minneapolis, St. Paul, Bloomington	1,544
Nashville, Davidson, Murfreesboro, Franklin	1,535

Example anchor accounts

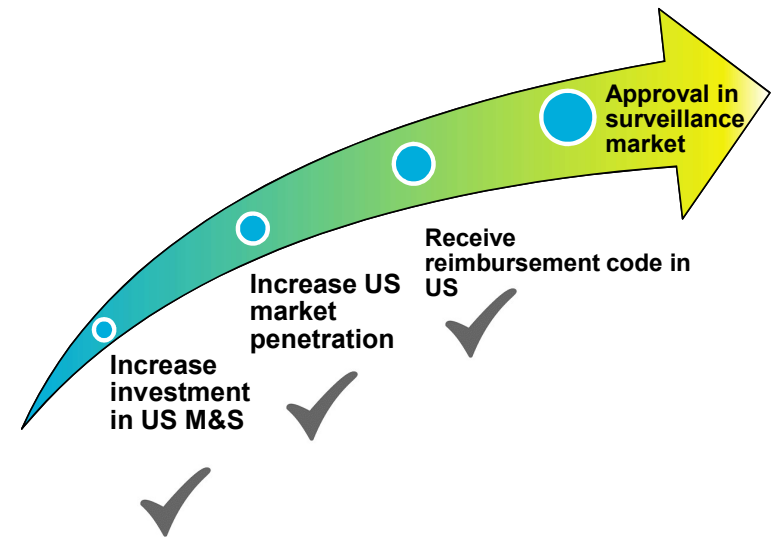


Comments

- Focus efforts to establish and build Cysview business in top 25 TURBT markets
- 400 major hospitals represents ~40% of total US TURBT market
- Establish well known academic hospitals as anchor and referral accounts
- Expand by targeting and establishing new accounts in reachable proximity to the anchor accounts
- Utilize marketing and sales resources in a focused and efficient way

HEXVIX/CYSVIEW CONTINUED STRONG MOMENTUM IN US

- Photocure own sales revenue in the US in 3Q increased 45% YoY
 - Driven by YoY in-market volume growth of 39% in third quarter
 - 6th quarter with QoQ sales revenue growth in the US, despite seasonality
- Permanent Blue Light Cystoscope placements of 96 at the end of quarter, increase of 13 since end of 2016
- US strategic investment plan is on track and we have doubled our sales organization, increased medical headcount and targeted marketing investments

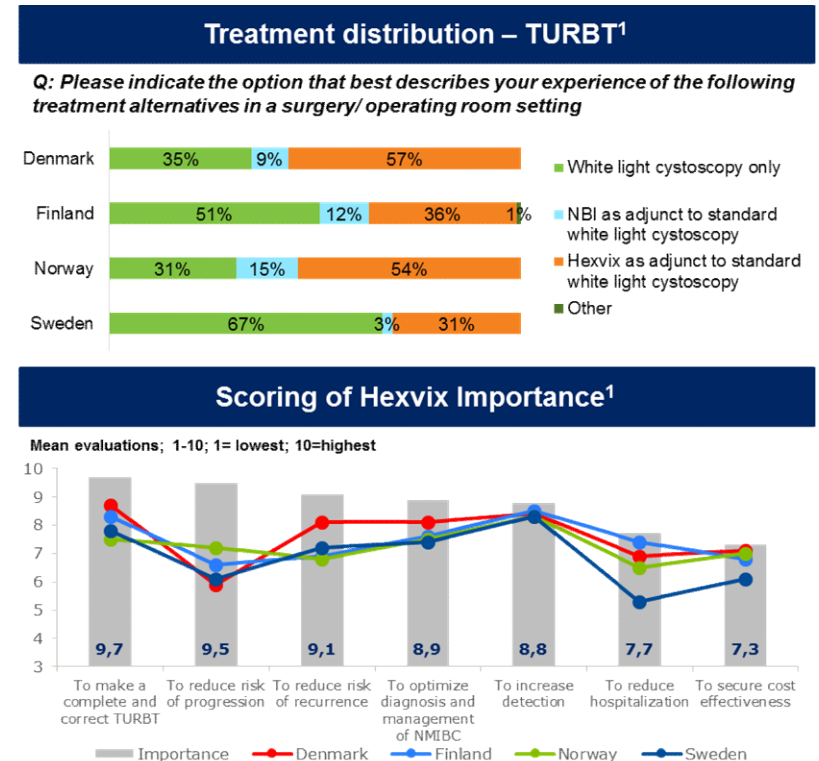


Maximizing the US Cysview opportunity is essential to Photocure's strategy to create a Specialty Pharmaceutical Company in Urology

HEXVIX/CYSVIEW

SOLID POSITION IN NORDICS CONFIRMED BY SURVEY

- Survey among 66 urologists at 41 hospitals in Nordic indicated Hexvix:
 - Is used regularly by all urologists in Denmark and 67-73% in the other countries in a surgery/operating room setting
 - Its medical benefits align with TURBT key objectives
 - It is the treatment of choice in Denmark
 - The share of NMIBC patients receiving TURBT with Hexvix is highest in Denmark and Norway
 - The use of Hexvix is expected to increase in all countries, both in the TURBT and surveillance setting, highest in Sweden
- Blue Light FLEX Cystoscopy gaining a foothold in Nordics
 - Positive IIT study published in Scandinavian Journal of Urology.
- Photocure own sales revenue in the Nordics increased YoY 3% in third quarter and 3% YTD
 - Driven by growth in Sweden and Finland combined with reversal of negative trend observed in Denmark in prior quarters

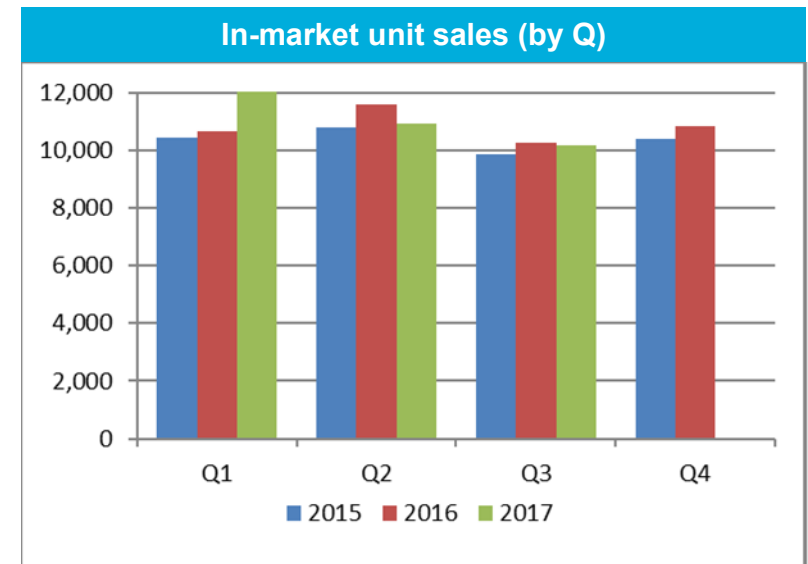


Source: QuintilesMS
 Note: 1) Respondents DK 17, FI 18, NO 11, SE 20



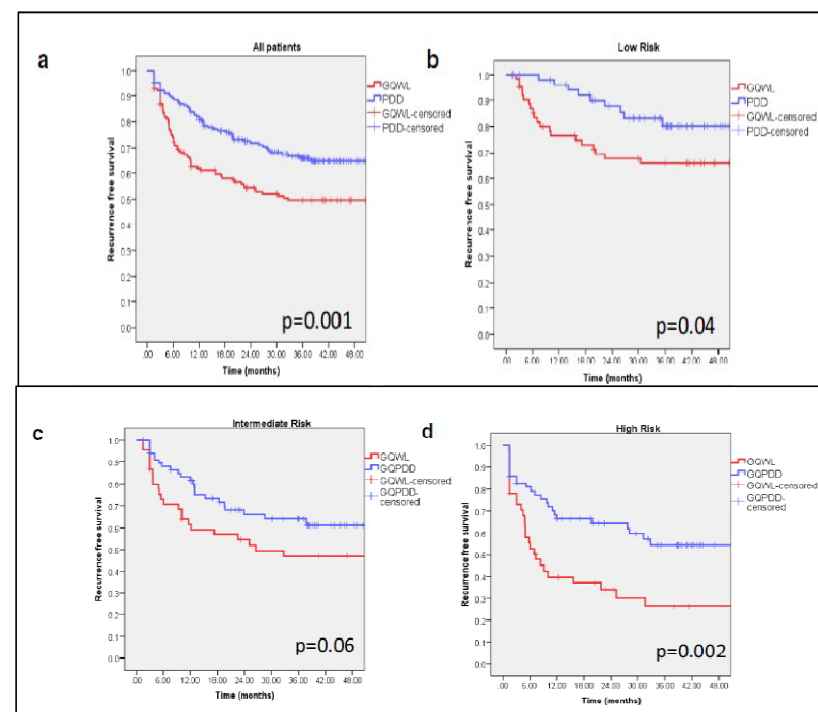
HEXVIX/CYSVIEW PARTNER UPDATE

- Partner revenue increased 1% YoY in third quarter
 - In-market unit sales declined 1% due to reduced unit sales all markets except Germany and Austria
- Recently formed partnerships: BioSyent in Canada and Juno in Australia/New Zealand
 - Significant support from urological community in both locations
 - Roll-out of new equipment - Karl Storz Image 1S - has started
 - Applications for reimbursement have been submitted; decisions are expected by the end of the year/early next year
 - Juno Pharmaceuticals obtained regulatory approval of Hexvix in New Zealand in October



CONTINUED FLOW OF CLINICAL PUBLICATIONS ON MEDICAL BENEFITS OF HEXVIX/CYSVIEW

- A «Real-life experience» study performed at single center in UK enrolled 808 bladder cancer patients published in *World Journal of Urology*
 - BLC with Hexvix showed reduced disease recurrence rate at 3 years compared to standard WLC resection (39.0% vs 53.3%; $p=0.02$)
- US Bladder Cancer Registry Study including results from 533 patients on 641 BLC with Cysview procedures were presented at the recent International Congress of Urology (SIU)
 - The increased detection led to change in management in 13% of the bladder cancer patients
- Positive IIT study published on from Herlev and Gentofte University Hospital, Copenhagen University, Denmark in *the Scandinavian Journal of Urology*
 - Blue Light Flexible Cystoscopy with Hexvix in outpatient setting provides similar detection quality as rigid scopes, significantly improving the quality of life (QoL) for patients



«Real-life experience: recurrence rate at 3 years with Hexvix® photodynamic diagnosis-assisted TURBT compared with good quality white light TURBT in new NMIBC - a prospective controlled study» Gallagher K et al, *World J Urology*; 2017 (published online 12 August 2017)



Cevira/Visonac Update



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
- After a non-conclusive comprehensive partnering process, PHO continues to review of possible strategic alternatives for Cevira and Visonac



Financials



SEGMENT PERFORMANCE

THIRD QUARTER 2017

Commercial franchise:

- Hexvix/Cysview total revenue increased YoY 12% in the third quarter, driven by continued strong US revenues
- Third quarter own revenues, Nordic and US, increased 23%, while partner revenues, Ipsen, increased 1%
- Hexvix/Cysview revenues increased 10% YTD (in constant currencies 12%)
- Increased operating expenses in quarter and YTD driven by sales & marketing in US

Development portfolio:

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

<i>MNOK</i>	<u>Q3 '17</u>	<u>Q3 '16</u>	<u>YTD '17</u>	<u>YTD '16</u>
<u>Commercial Franchise</u>				
Nordic revenues	9.0	8.7	30.4	29.4
US revenues	11.3	7.8	32.3	22.4
Partner revenues	15.2	15.1	47.0	47.5
Hexvix / Cysview	35.5	31.6	109.6	99.4
Other revenues	0.2	3.6	1.9	6.2
Total revenues	35.6	35.2	111.5	105.5
Gross profit	32.6	33.1	102.9	98.9
Operating expenses	-32.8	-25.0	-93.5	-79.6
EBITDA recurring	-0.2	8.0	9.4	19.3
<u>Development Portfolio</u>				
Operating expenses	-9.4	-9.7	-27.7	-27.0
EBITDA recurring	-9.4	-9.7	-27.7	-27.0
<u>Total</u>				
EBITDA recurring	-9.6	-1.6	-18.3	-7.7
One-Off items	0.0	0.0	-4.0	0.0
EBITDA	-9.6	-1.6	-22.3	-7.7



CONSOLIDATED INCOME STATEMENT

THIRD QUARTER 2017

- Total revenue increases YoY 1% third quarter and 6% YTD
- Operating expenses increase YoY 22% third quarter and 14% YTD
 - R&D YTD increase 9%
 - Sales & marketing YTD increase 23%, driven by US investments and flex preparations
 - Other Opex YTD decrease 1%
- Recurring EBITDA at NOK -9.6 million third quarter and NOK -18.3 million YTD
- One-off items: Write down of Nedax lamp inventory and components
- Depreciation and amortization driven by amortization of Cysview phase 3 investments

<i>MNOK</i>	Q3 '17	Q3 '16	YTD '17	YTD '16
Hexvix / Cysview revenues	35.5	31.6	109.6	99.4
Other revenues	0.2	3.6	1.9	6.2
Total revenues	35.6	35.2	111.5	105.5
Gross profit	32.6	33.1	102.9	98.9
Research & Development	-4.7	-3.9	-13.3	-12.2
Sales & Marketing	-25.6	-19.1	-73.0	-59.2
Other Opex	-12.0	-11.6	-34.9	-35.2
Operating expenses	-42.2	-34.7	-121.2	-106.6
EBITDA recurring	-9.6	-1.6	-18.3	-7.7
One-Off items	-	-	-4.0	-
Depreciation & Amortization	-4.3	-1.6	-8.8	-4.8
EBIT	-13.9	-3.2	-31.1	-12.5
Net financial items	0.4	-0.0	2.7	1.2
Profit/loss(-) before tax	-13.5	-3.3	-28.4	-11.3
Tax expenses	3.5	3.3	6.7	28.7
Net profit/loss(-)	-10.1	0.1	-21.7	17.5

CASH FLOW

THIRD QUARTER 2017

- Cash flow from operations third quarter NOK -3.4 million, YTD NOK -31.1 million
 - Working capital impact YTD NOK -10.7 million (YTD 2016 NOK -22.9 million)
- Cash flow from investments third quarter NOK -10.6 million and YTD NOK -15.1 million (YTD 2016 NOK -11.1 million)
 - Includes investments YTD of NOK 16.7 million in development expenses
- Net cash flow YTD NOK -46.1 million (YTD 2016 NOK -40.1 million)
- Quarter end cash balance at NOK 123.1 million

<i>MNOK</i>	Q3 '17	Q3 '16	YTD '17	YTD '16
Cash flow from:				
- Operations	-3.4	-8.6	-31.1	-30.7
- Investments	-10.6	-2.9	-15.1	-11.1
- Financing	0.0	1.0	0.0	1.7
Net change in cash	-13.9	-10.5	-46.1	-40.1
Ending cash balance	123.1	93.9	123.1	93.9

BALANCE SHEET

30 SEPTEMBER 2017

- Non current assets include NOK 36.3 million in investments in tangible and intangible assets and deferred tax asset of NOK 52.7 million
- No interest bearing debt
- Shareholder's equity of NOK 230.7 million. Equity ratio of 89%
- Photocure held 809 own shares at end of the quarter

<i>MNOK</i>	30.09 2017	31.12 2016	30.09 2016
Non-current assets	89.1	74.1	82.0
Inventory & receivables	47.4	43.0	81.4
Cash & equivalents	123.1	169.2	93.9
Total assets	259.6	286.3	257.3
Shareholders equity	230.7	251.9	234.1
Long term liabilities	4.5	3.8	3.4
Current liabilities	24.3	30.6	19.8
Total equity & liabilities	259.6	286.3	257.3
Equity ratio	89 %	88 %	91 %

Summary



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- US marketing and sales activities on track
- Improved CMS reimbursement for Blue Light Cystoscopy (BLC) with Cysview for use in hospital outpatient departments, from January 2018
- Increased the 2020 Annual US Cysview Sales Ambition to USD 20-25 Million

Increase Hexvix / Cysview global in-market unit sales

- In-market volume in own markets increased YoY 17 % in 3Q, while partner unit sales declined 1% to an overall YoY 3% increase in 3Q
- In-market unit sales increased 4% YTD

Obtain regulatory approval for market expansion of Cysview into surveillance market

- Supplemental NDA filed in August for Blue Light Flexible Cystoscopy (BLFC) with Cysview
- In October, FDA accepted the supplemental NDA for Cysview on a priority review with expected decision H1 2018