

PHOTOCURE ASA

RESULTS FOR FOURTH QUARTER AND FULL YEAR 2018

27 February 2019

Daniel Schneider, President and CEO

Erik Dahl, CFO



THE
BLADDER CANCER
COMPANY™

DISCLAIMER

.....

By reading this company presentation (the "Presentation"), or attending any meeting or oral presentation held in relation thereto, you (the "Recipient") agree to be bound by the following terms, conditions and limitations.

The Presentation has been produced by Photocure (the "Company") for information purposes only and does not in itself constitute, and should not be construed as, an offer to sell or a solicitation of an offer to buy any securities of the Company in any jurisdiction. The distribution of this Presentation may be restricted by law in certain jurisdictions, and the Recipient should inform itself about, and observe, any such restriction. Any failure to comply with such restrictions may constitute a violation of the laws of any such jurisdiction.

The Recipient acknowledge that it will be solely responsible for its own assessment of the Company, the market and the market position of the Company and that it will conduct its own analysis and be solely responsible for forming its own view of the potential future performance of the Company's business. The Company shall not have any liability whatsoever (in negligence or otherwise) arising directly or indirectly from the use of this Presentation or its contents, including but not limited to any liability for errors, inaccuracies, omissions or misleading statements in this Presentation, or violation of distribution restrictions.

An investment in the Company involves significant risk, and several factors could adversely affect the business, legal or financial position of the Company or the value of its securities. For a description of relevant risk factors we refer to the Company's annual report for 2017. Should one or more of these or other risks and uncertainties materialize, actual results may vary significantly from those described in this Presentation. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

This Presentation contains certain forward-looking statements relating to inter alia the business, financial performance and results of the Company and the industry in which it operates. Any forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts and are subject to risks, uncertainties and other factors that may cause actual results and events to be materially different from those expected or implied by the forward-looking statements. The Company cannot provide any assurance that the assumptions underlying such forward-looking statements are free from errors nor do any of them accept any responsibility for the future accuracy of opinions expressed in this Presentation or the actual occurrence of forecasted developments.

This Presentation speaks as at the date set out on herein. Neither the delivery of this Presentation nor any further discussions of the Company shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. The Company does not assume any obligation to update or revise the Presentation or disclose any changes or revisions to the information contained in the Presentation (including in relation to forward-looking statements).

This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts.

DELIVERING ON KEY 2018 OBJECTIVES

.....

Significant growth of Cysview® in US TURBT market

- Q4 revenue growth in US\$ 76%, full year 53%, driven by in-market volume increase in Q4 of 69%, full year 45%
- 51% growth YOY in installed blue light enabled cystoscopes in market to 157 by end of year, including 8 Flex cystoscopes
- Improved reimbursement has positively impacted sales development including new account install base

Launch Cysview® in US flexible cystoscopy surveillance market

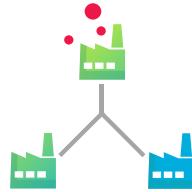
- Our launch priority is focused on the accounts that participated in the BL Flex trial, current existing targeted accounts and top large Urology groups in the US
- Our pipeline of potential new accounts continues to grow driven by customer and patient demand

Increase Hexvix® / Cysview® global in-market unit sales

- Total Hexvix/Cysview revenue increased 28% YOY to NOK 46.3 million in Q4, highest ever. Full year growth of 19% (proforma)
- Total in-market unit sales increased 11% in Q4. Full year increase of 5% driven by US

STRATEGIC FOCUS ON TRANSFORMING BLADDER CANCER DETECTION AND MANAGEMENT

.....



Profitable commercial franchise

Hexvix®/Cysview® ~\$35M global in-market sales* (FY'18)
Over 500k patients treated with Hexvix® / Cysview® worldwide



Strong competitive position

Unique and complex drug-device procedure
Leading regulatory, manufacturing & commercial expertise



Significant growth prospects

Grow in existing markets like the US & expand into new regions
FLEX label extension accessing a larger market opportunity



Leverage commercial operations

Scalable for partnerships and in-licensing opportunities

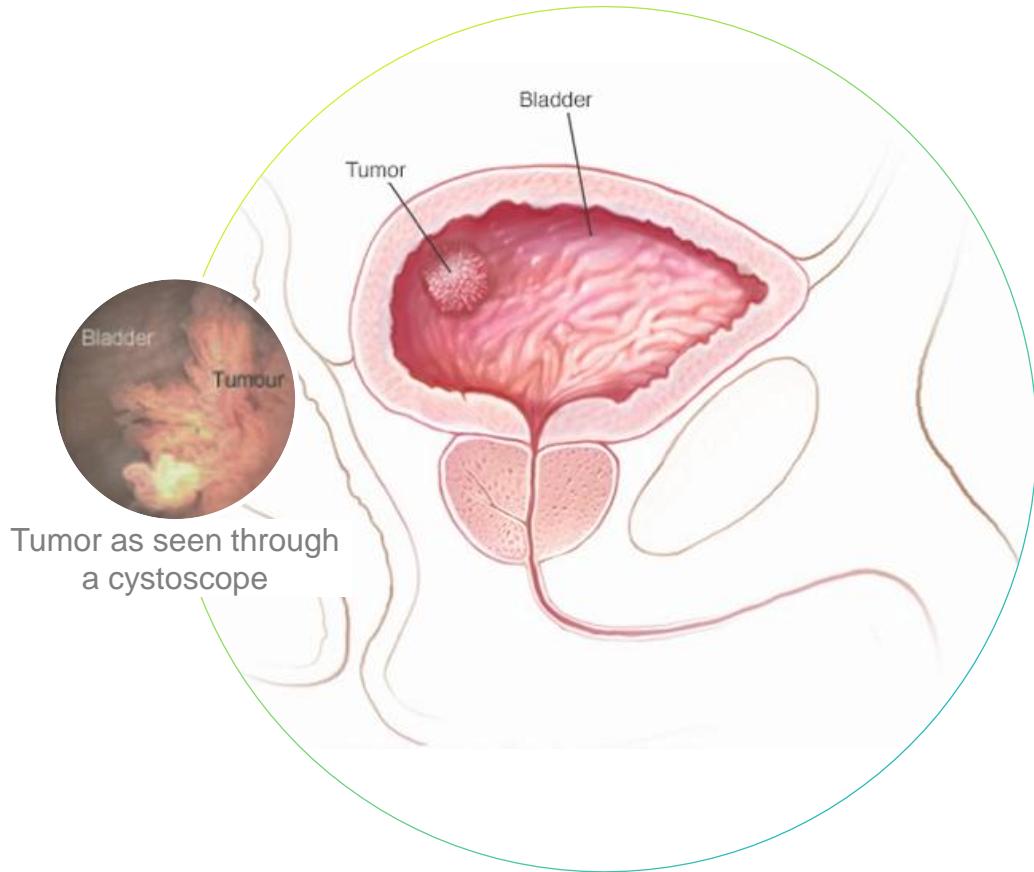
* Total In Market Sales including US, Nordic and Partners

Hexvix/Cysview Update



NON-MUSCLE INVASIVE BLADDER CANCER IS ONE OF THE MOST COMMON CANCERS WITH SIGNIFICANT RECURRENCE RATE AND HIGH DISEASE BURDEN

.....



~650K
surgical procedures
annually in USA and EU

~2.2M
surveillance cystoscopies
annually in USA and EU

50%
disease recurrence

10% – 30%
disease progression

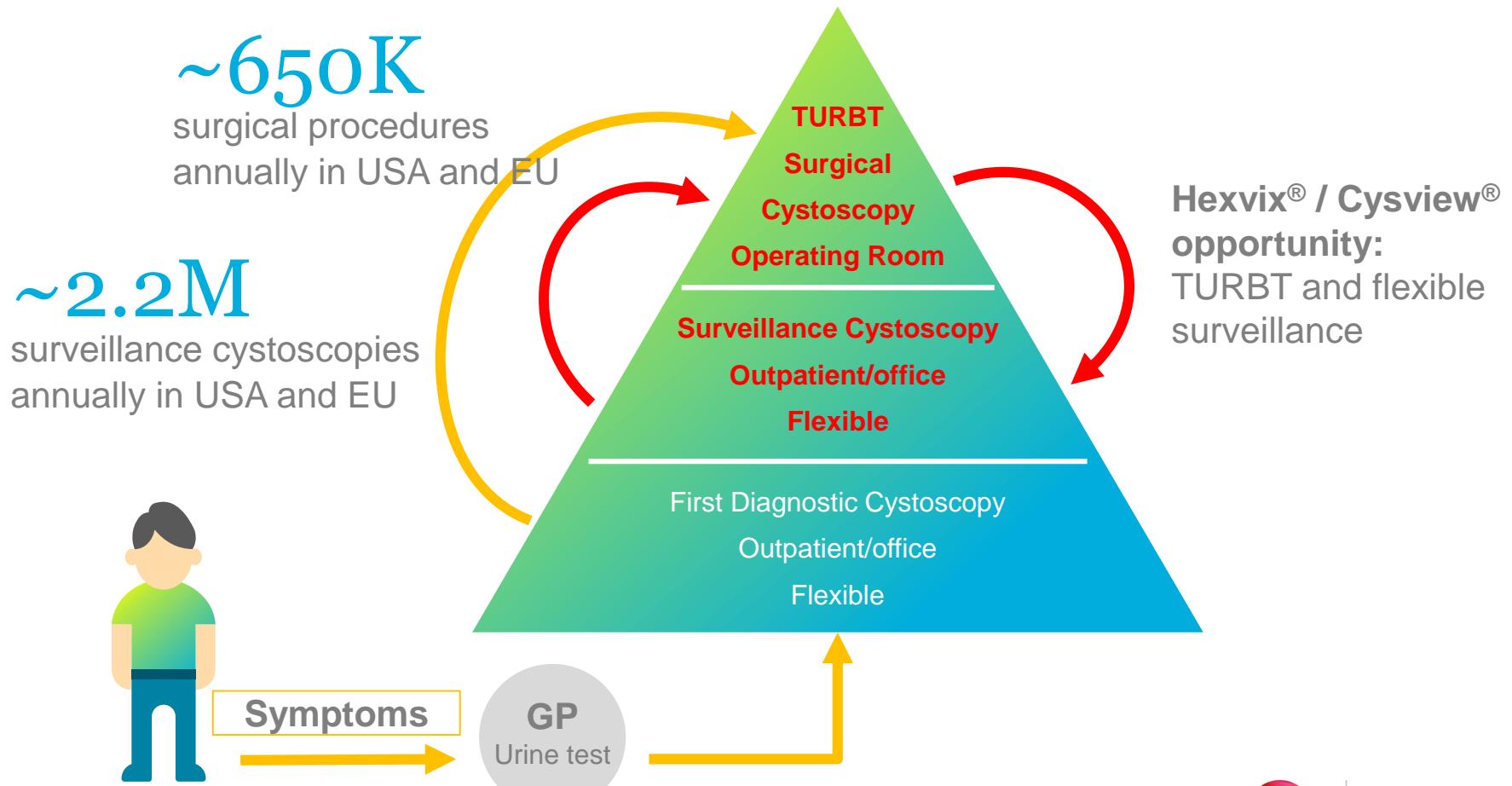
\$3.7 Billion
in direct medical costs/year¹

Picture: Mayo Clinic; Researchgate.net

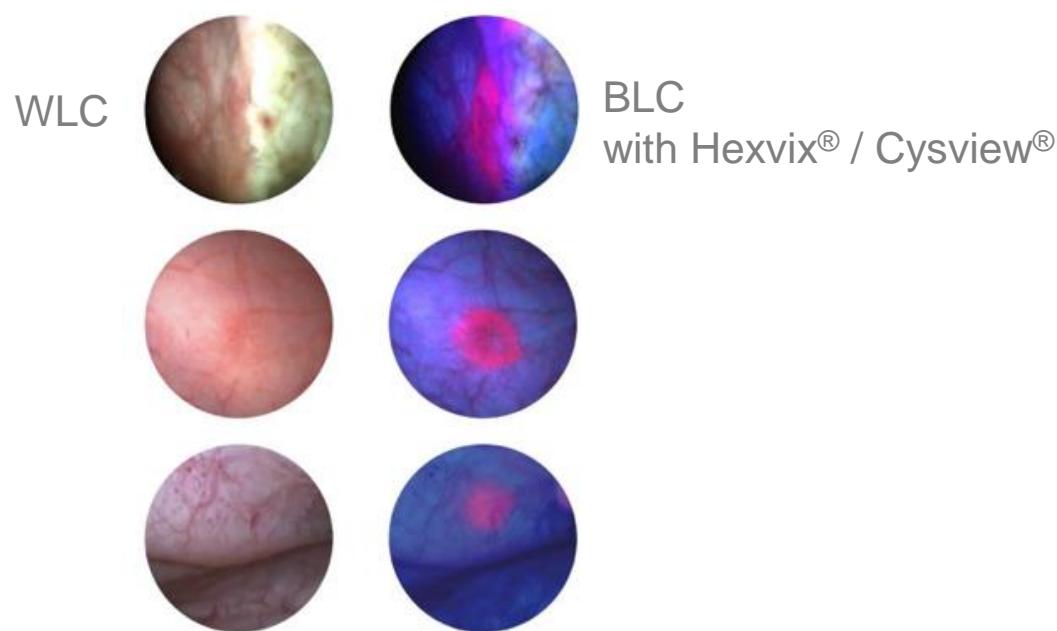
1. Direct medical costs in USA in 2001: The health economics of bladder cancer: a comprehensive review of the published literature. Botteman MF et al. *Pharmacoeconomics* 2003;21 (8), 1315-1330

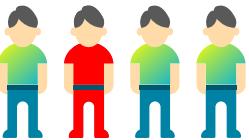
EXPANDING INTO FLEX IS ONE OF OUR BIG NEXT STEPS

The flexible surveillance market is approximately 3X bigger than the rigid TURBT market



HEXVIX® / CYSVIEW® IS A TRANSFORMATIVE SOLUTION TO IMPROVE THE LIVES OF PATIENTS WITH BLADDER CANCER




**Additional tumors found
in 1 out of 4 patients¹**

¹ Burder et al, Eur. Urol. 2013

WLC: White Light Cystoscopy; BLC: Blue Light Cystoscopy™ + Cysview®

Key feature
Better visual contrast
between benign
and malignant cells

Key benefits
Improve diagnostic
accuracy
Achieve optimal
surgical results

Significant reduction of disease recurrence
Reduction in disease progression
Potential for reduction in cystectomies
Improved and cost-effective health outcomes

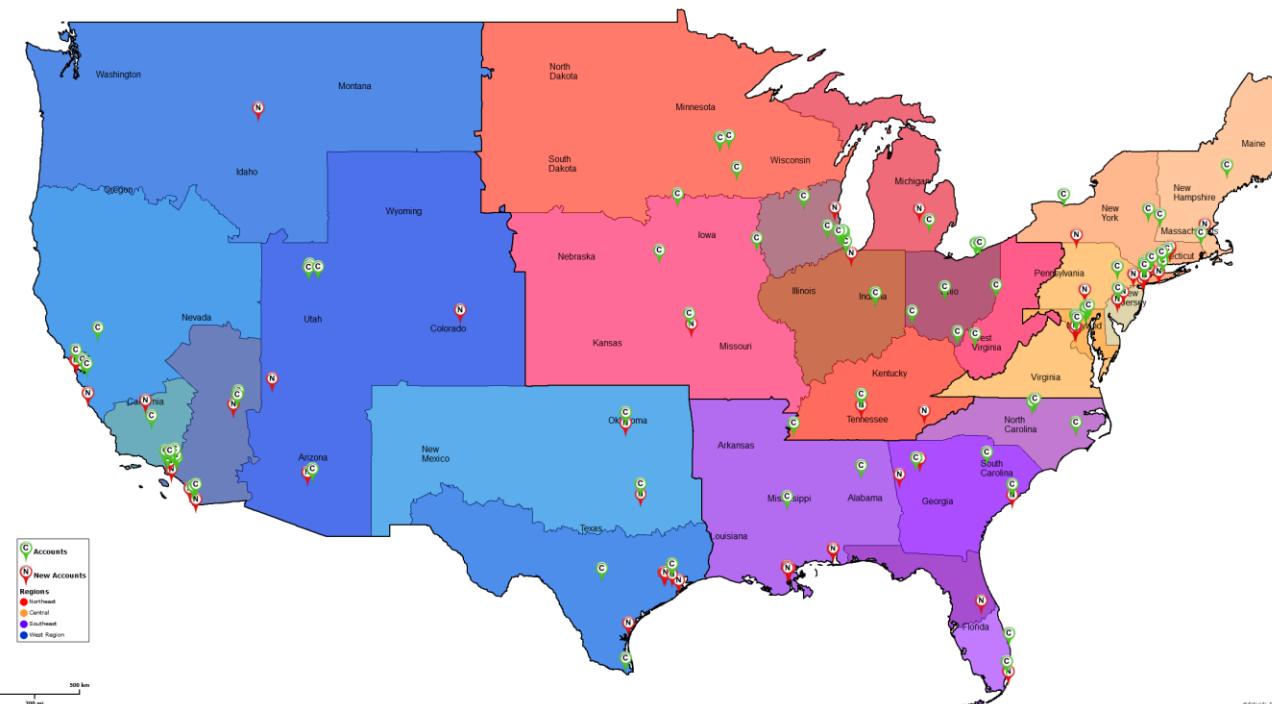


THE
BLADDER CANCER
COMPANY™

50% INCREASE IN CUSTOMER FACING ROLES IN 2019

75% MSA COVERAGE

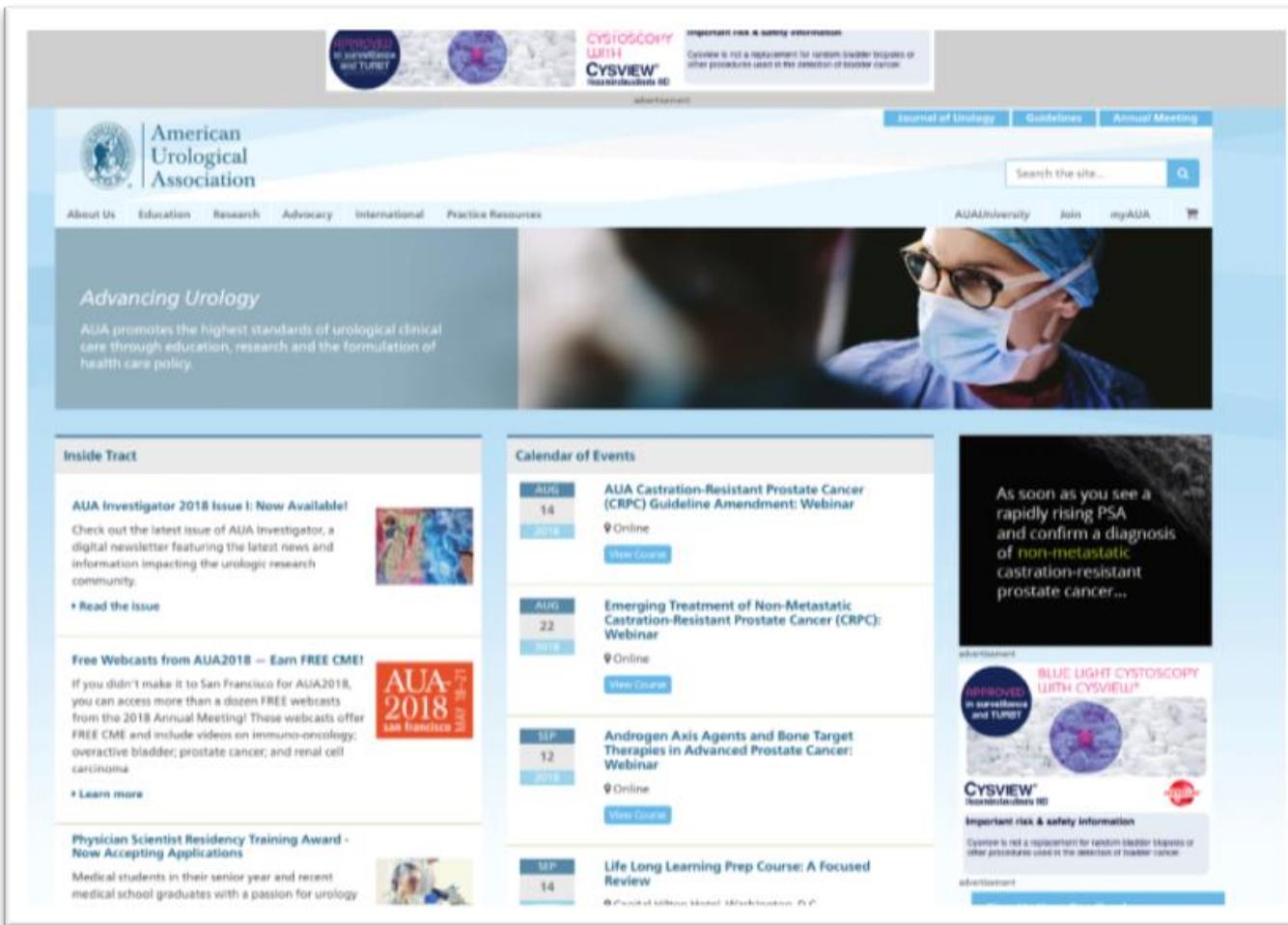
Commercial Role	2016	2017	2018	2019
Surgical Sales Executives	11	15	21	27
Corp Account Mgrs. (LUGPA and IDHN)	0	0	0	4
Total FTEs	11	15	21	31
Total Account Coverage	275	375	525	750+



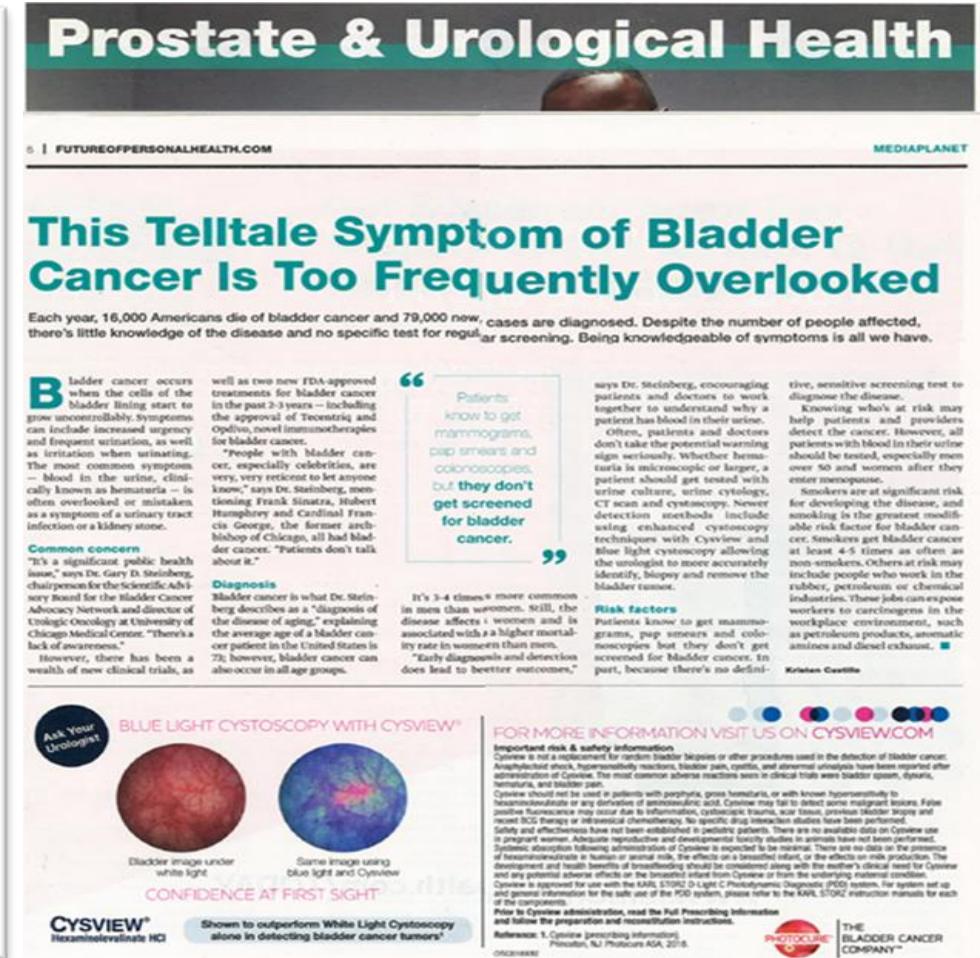
THE
BLADDER CANCER
COMPANY™

INCREASING PATIENT AWARENESS & DEMAND NOV/DEC 2018 MEDIA PROGRAMS: HCP & PATIENT

.....www.auanet.org banners: July-Dec



USA Today Nov 29



THE
BLADDER CANCER
COMPANY™

PATIENTS WANT BLUE LIGHT CYSTOSCOPY AND CYSVIEW®

.....

Majority stated that the availability of BLC with Cysview is a determining factor in selecting a physician and a facility for both surveillance and TURBT

Jan. 2016 n=222, Jan. 2017 n=568, Jan. 2018 n=550, Jan. 2019 n=600

Once diagnosed with bladder cancer,

99% of patients

sought out an institution that offers BLC™ with Cysview®

Diagnosed Patients Switching to Institutions that Offer BLC with Cysview



1. Survey of self-selected patients completed through the Bladder Cancer Advocacy Network (BCAN) sponsored by Photocure.

CYSVIEW® TO BECOME THE NEW STANDARD OF CARE FOR THE DETECTION AND MANAGEMENT OF BLADDER CANCER IN THE USA

.....

Supportive environment

Strongly recommended by national guidelines and expert panels
New reimbursement (Jan '19) for Medicare patients



High adoption rate in leading sites

Established in >140 key cancer hospitals and leading institutions and the numbers are growing

in 74%
NCCN centers



in 56% of
NCI centers



in 74% of top
25 Best Hospitals



HEXVIX® TO BECOME THE NEW STANDARD OF CARE FOR THE DETECTION AND MANAGEMENT OF BLADDER CANCER IN EUROPE

.....

Supportive environment

Strongly recommended by European and national guidelines as well as expert panels



DANSK UROLOGISK CANCER GRUPPE

NICE National Institute for Health and Care Excellence



Helsedirektoratet



Associazione Italiana di Oncologia Medica



Continued growth in the Nordics

25% to 70% penetration rate

9% revenue growth during full year 2018

Further leverage commercial infrastructure – Combat Medical

Improve penetration in Rest of Europe

Well established in Germany with 30% penetration rate

Opportunity to increase penetration in rest of Europe

SEGMENT PERFORMANCE - PROFORMA

FOURTH QUARTER 2018

Amounts in NOK million	Q4 '18	Prof Q4 '17	Change	FY '18	Prof FY '17	Change
Commercial Franchise						
Nordic revenue	13.5	12.9	5%	47.0	43.3	9%
US revenue	18.4	10.2	81%	63.7	42.4	50%
Partner revenue	14.4	13.2	9%	62.2	59.9	4%
Total Hexvix/Cysview	46.3	36.3	28%	172.9	145.6	19%
Other revenue	3.5	0.8		8.6	5.3	
Total revenue	49.9	37.1	34%	181.5	150.9	20%
Operating expenses	-43.6	-35.0	24%	156.0	128.5	21%
EBITDA recurring	1.3	-1.3		8.4	10.4	
Development Portfolio						
Operating expenses	-5.4	-11.8	-54%	-18.9	-39.5	-52%
EBITDA recurring	-5.4	-11.8		-18.9	-39.5	
TOTAL						
EBITDA recurring	-4.1	-13.1		-10.5	-29.1	

The statement is prepared on the proforma basis as if the accounting principles IFRS 15 and IFRS 9 had been adopted 1 Jan '17

Commercial Franchise

- Strong revenue growth in US, fourth quarter revenue growth in US\$ 76%, full year 53%
 - Installed base of BLC year end at 157, increased 51% for the full year
- Continued growth in Nordic, 5% in Q4
- Partner revenue Q4 growth 9%, driven by Canada (BioSyent) and Germany (Ipsen)
- Increased operating expenses driven by commercial investments in US

Development Portfolio

- Significant cost reduction – activity level and capacity reductions



CONSOLIDATED INCOME STATEMENT - PROFORMA

FOURTH QUARTER 2018

Amounts in NOK million	Q4 '18	Prof Q4 '17	Change	FY '18	Prof FY '17	Change
Hexvix/Cysview revenue	46.3	36.3	28%	172.9	145.6	19%
Other revenue	3.5	0.8		8.6	5.3	
Total revenue	49.9	37.1	34%	181.5	150.9	20%
Gross profit	44.9	33.7	33%	164.4	138.9	18%
Operating expenses	-49.0	-46.8	5%	-174.9	-168.0	4%
EBITDA recurring	-4.1	-13.1		-10.5	-29.1	
Depreciation & Amort.	-3.4	-3.6		-13.2	-13.1	
Restructuring expenses	-1.1			-14.2		
One-off items					-4.0	
EBIT	-8.6	-16.6		-37.9	46.2	
Net financial items	1.2	1.0		1.2	3.6	
Earnings before tax	-7.3	-15.7		-36.7	-42.6	
Tax expenses	-4.6	0.2		0.0	6.9	
Net earnings	-12.0	-15.5		-36.7	-35.7	

- Recurring EBITDA significantly improved from last year. Improvement is revenue driven while expense growth is limited
 - Increased Hexvix/Cysview revenue driven by US
 - Increased sales & marketing expenses, partly offset by decline in R&D and other operating expenses, net growth 4%
- Depreciation and amortization driven by amortization of Cysview phase 3 investments
- Restructuring expenses NOK 14.2 million, headcount reductions and organizational changes in second quarter

The statement is prepared on the proforma basis as if the accounting principles IFRS 15 and IFRS 9 had been adopted 1 Jan '17

CASH FLOW

FOURTH QUARTER 2018

Amounts in NOK million	Q4 '18	Prof Q4 '17	FY '18	Prof FY '17
Operations cash flow	11.2	7.5	-24.1	-23.6
EBITDA, recurring	-4.1	-10.8	-10.5	-29.1
Working capital	11.9	17.1	1.4	6.4
Other	3.3	1.2	-15.0	-0.9
Investments cash flow	-0.4	-1.2	-1.1	-16.3
Development exp.	-	-0.8	-0.6	-17.5
Other	-0.4	-0.4	-0.5	1.3
Financing cash flow	3.2	-	2.7	-
Share capital	6.3	-	6.3	-
Other	-3.1	-	-3.7	-
Net change in cash	14.0	6.3	-22.5	-39.9
Ending cash balance	106.8	129.4	106.8	129.4

- Cash flow from operations fourth quarter at NOK 11.2 million, full year NOK -24.1 million
 - Working capital positive in the quarter, main drivers are funds from Skattefunn (tax incentive scheme) and increased payables.
- Cash flow from investments fourth quarter NOK -0.4 million, full year NOK -1.1 million
 - Full year improvement of NOK 15.2 million from 2017. Decline driven by investments in development projects as Cysview phase 3 project is finalized
- Year end cash balance at NOK 106.8 million

BALANCE SHEET

31 DECEMBER 2018

.....

<i>Amounts in NOK million</i>	31.12 2018	31.12. 2017
Non current assets	77.8	87.5
Investments	24.6	34.6
Tax asset	52.4	52.9
Other	0.7	-
Inventory & receivables	46.6	46.2
Cash & equivalents	106.8	129.4
Total assets	231.2	263.1
Shareholders equity	176.3	218.1
Long term liabilities	2.5	4.8
Current liabilities	52.3	40.3
Total equity & liabilities	231.2	263.1
<i>Equity ratio</i>	<i>76%</i>	<i>83%</i>

- Investments of NOK 24.6 million in tangible and intangible assets is driven by investments in Cysview phase 3 project
- Deferred tax asset of NOK 52.4 million at level with YE 2017, tax rate reduced from 23% to 22%
- No interest bearing debt
- Shareholder's equity of NOK 176.3 million. Equity ratio of 76%

Summary and Outlook



OUTLOOK

.....



Growth drivers USA

- 50% Larger customer facing commercial team
- Target 700 largest reference center hospitals and LUGPAs
- BLC Recommended in AUA & NCCN bladder cancer treatment guidelines
- Improved permanent favorable reimbursement
- Accelerated penetration into large untapped surveillance market

Growth drivers Europe

- Strongly recommended by European and national guidelines
- Strengthened customer facing commercial team in Nordic
- Penetration into European surveillance market

Financial guidance

- 2020 revenue outlook (U.S.) will remain \$20-25 million
- Significant continued revenue growth and profit opportunities in the U.S. market beyond 2020

INCOME STATEMENT

FOURTH QUARTER REPORTED

Income Statement - Segment

MNOK	Q4 '18	Q4 '17	FY '18	FY '17
Commercial Franchise				
Nordic revenues	13.5	12.9	47.0	43.3
US revenues	18.4	10.2	63.7	42.4
Partner revenues	14.4	16.3	62.2	63.3
Hexvix / Cysview	46.3	39.4	172.9	149.0
Other revenues	3.5	-	8.6	1.9
Total revenues	49.9	39.4	181.5	150.9
Operating expenses	-43.6	-35.1	-156.0	-128.5
EBITDA recurring	1.3	0.9	8.4	10.4
Development Portfolio				
Operating expenses	-5.4	-11.8	-18.9	-39.5
EBITDA recurring	-5.4	-11.8	-18.9	-39.5
Total				
EBITDA recurring	-4.1	-10.8	-10.5	-29.1

Income Statement - Consolidated

MNOK	Q4 '18	Q4 '17	FY '18	FY '17
Hexvix / Cysview revenues	46.3	39.4	172.9	149.0
Other revenues	3.5	0.0	8.6	1.9
Total revenues	49.9	39.4	181.5	150.9
Gross profit	44.9	36.0	164.4	138.9
Operating expenses	-49.0	-46.8	-174.9	-168.0
EBITDA recurring	-4.1	-10.8	-10.5	-29.1
Depreciation & amortization	-3.4	-3.3	-13.2	-12.1
Restructuring expenses	-1.1	-	-14.2	-
One-Off items	-	-	-	-4.0
EBIT	-8.6	-14.1	-37.9	-45.2
Net financial items	1.2	1.0	1.2	3.6
Earnings before tax	-7.3	-13.2	-36.7	-41.6
Tax expenses	-4.6	0.2	0.0	6.9
Net earnings	-12.0	-13.0	-36.7	-34.7