



QLT Inc.

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news release

QLT ANNOUNCES Q1 RESULTS FOR 2002 AND UPDATES GUIDANCE

First Quarter EPS of \$0.08 in Line with Analyst's Expectations.

For Immediate Release

April 23, 2002

VANCOUVER, CANADA—QLT Inc. (NASDAQ: QLTI; TSE: QLT) today reported financial results for the first quarter ended March 31, 2002, and updated guidance for 2002. Unless specified otherwise all amounts are in Canadian dollars.

Q1 2002 Visudyne[®] Sales

For the three months ended March 31, 2002, total Visudyne sales were US\$68.4 million (CAD\$109.0 million). This represents an increase of 42.5% over sales in the first quarter of 2001. Visudyne sales in the U.S. for the quarter were approximately US\$43.0 million (CAD\$68.6 million), representing 62.9% of total sales for the quarter. This represents an increase of 38.7% over US sales in the first quarter of 2001. The remaining US\$25.4 million (CAD\$40.4 million) relates to sales in the rest of the world.

Q1 2002 Earnings per Share (EPS)

Pro Forma EPS in the first quarter of 2002 reached \$0.08 compared to \$0.04 in the prior year first quarter. The 100% increase in EPS in the first quarter 2002 compared to the same period last year was driven primarily by the continued growth in Visudyne sales. GAAP EPS exceeded Pro Forma EPS in the quarter by \$0.02 as a result of interest income and a small foreign exchange gain.

2002 Annual Guidance

The company is reiterating its annual Visudyne sales guidance in the range of US\$275-300 million or growth over 2001 in the 25% to 35% range. Pro Forma EPS for 2002 is expected to range from \$0.35 to \$0.40. Adjusting for the below-trend spending levels in the fourth quarter of 2001 (which translates to a comparable EPS for 2001 of \$0.25), these estimated earnings levels represent year over year gains of 40% to 60%.

“We are pleased with the growth of Visudyne through this quarter and we are clearly on track to be within the guidance provided for 2002 Visudyne sales,” said President and Chief Executive Officer, Paul Hastings. “Our focus continues to be to expand the Visudyne franchise, to demonstrate progress with our clinical development programs and to make every effort to ensure continued EPS growth through 2003 and beyond.”

Q1 Results

Revenues

The company's revenues reached \$38.5 million in the first quarter, growing by 69.2% from the prior year. Revenues from Visudyne comprised \$35.7 million of this total, up 61.8% from the same period in 2001. QLT's share of Visudyne net profit (excluding the recovery of manufacturing and other costs) for the first quarter was 23.3% of Visudyne sales. The alliance profit share rate in Q1 was lower than the still expected full year rate of 26% to 28% of Visudyne sales due to heavy promotional expenses in the first quarter.

Research and Development

Expenditures for Research & Development of \$12.8 million were 67.2% higher for the three months ended March 31, 2002 than for the same period in 2001. The increase is due mainly to increased spending in the tariquidar and multiple basal cell carcinoma (MBCC) development programs.

SG&A

For the first quarter of 2002, SG&A expenditures were \$6.5 million representing an increase of \$1.4 million or 26.5% over the first quarter of 2001. A primary contributor to this increase is legal expenses.

Cash

The company's cash reserves rose from \$260 million to \$278 million during the first quarter of 2002. Cash reserves are expected to comfortably exceed \$300 million by the end of the year.

About Visudyne

Visudyne therapy was approved in the U.S. in April 2000, and in Europe in July 2000, for the treatment of predominantly classic subfoveal choroidal neovascularization (CNV) due to age-related macular degeneration (AMD), the leading cause of severe vision loss in patients over 50. The treatment has now been approved in 62 countries with extended approvals in 40 countries. QLT's revenue from Visudyne sales consists of 50% of the Visudyne profits of the Visudyne alliance with Novartis Ophthalmics, the eye health unit of Novartis AG and reimbursement for manufacturing and other costs.

QLT Inc. is a world leader in photodynamic therapy, a field of medicine utilizing light-activated drugs in the treatment of disease. QLT's innovative science has developed and commercialized breakthrough treatments utilizing this technology for applications in ophthalmology and oncology and is exploring the potential in other diseases. QLT is expanding its business both within and beyond photodynamic therapy to develop innovative therapies to treat large, unmet medical needs. For more information, you are invited to visit QLT's web site at www.qltinc.com.

– CANADIAN DOLLARS –

QLT Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended	
	March 31,	
	2002	2001
<i>(In thousands of Canadian dollars, except per share information)</i>		
<i>(Unaudited)</i>		
Revenues		
Revenue from Visudyne™	\$35,734	\$22,090
Contract research and development	2,718	639
	38,452	22,729
Costs and expenses		
Manufacturing	7,955	4,987
Research and development	12,783	7,644
Selling, general and administrative	6,503	5,140
Depreciation and amortization	1,898	995
	29,139	18,766
Operating Income	9,313	3,963
Investment and other income	1,696	8,998
Interest expense	(228)	(311)
Income before income taxes	10,781	12,650
Provision for income taxes	4,256	–
Net Income	\$6,525	\$12,650
Net Income per common share		
Basic	\$0.10	\$0.19
Fully diluted	\$0.10	\$0.18
Weighted average number of common shares outstanding (in thousands)	68,103	67,724

– CANADIAN DOLLARS –

QLT Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(In thousands of Canadian dollars)</i>	March 31, 2002	December 31, 2001
	<i>(Unaudited)</i>	
Current assets		
Cash and cash equivalents	\$ 57,400	\$112,073
Short-term investment securities	220,876	148,307
Accounts receivable	34,277	41,390
Inventories	62,655	61,509
Current portion of future income tax assets	32,941	30,111
Other	3,921	4,020
	412,070	397,410
Long-term investments and advances	16,201	14,696
Property and equipment	57,662	57,662
Intangible assets	15,178	15,948
Future income tax assets	24,251	30,595
	\$525,362	\$516,311
Current liabilities		
Accounts payable	\$ 11,365	\$ 16,265
Accrued liabilities	9,849	11,967
Deferred revenue	18,632	11,977
	39,846	40,209
Shareholders' equity	485,516	476,102
	\$525,362	\$516,311

As at March 31, 2002, there were 68,157,415 issued and outstanding common shares and 7,866,896 outstanding options to purchase common shares.

All amounts shown are in Canadian dollars and presented in accordance with Canadian GAAP. At March 31, 2002, the exchange rate was approximately U.S. \$1.00 = Cdn. \$1.5956

– CANADIAN DOLLARS –

QLT Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	Three months ended	
	March 31,	
	2002	2001
Cash Provided by Operating Activities		
Net income for the period	\$6,525	\$12,650
Add (deduct) items not involving a current cash flow		
Depreciation and amortization	1,898	995
Unrealized foreign exchange gain	(23)	(4,511)
Future income taxes	4,256	-
Benefit of investment tax credits included in operating expenses	(743)	-
Changes in non-cash operating assets and liabilities		
Accounts receivable and other assets	5,934	(7,912)
Inventories	(1,146)	(7,595)
Accounts payable	(4,907)	(358)
Accrued liabilities	(2,126)	(1,087)
Deferred revenue	6,655	9,943
	16,323	2,125
Cash Used In Investing Activities		
Short-term investment securities	(72,427)	(199,953)
Purchase of property and equipment	(1,276)	(1,006)
	(73,703)	(200,959)
Cash Provided by (Used In) Financing Activities		
Decrease in long-term debt	-	(149)
Issuance of common shares on exercise of stock options	2,890	628
	2,890	479
Effect of exchange rate changes on cash and cash equivalents	(183)	1,058
(Decrease)Increase in Cash and Cash Equivalents	(54,673)	(197,297)
Cash and Cash Equivalents, Beginning of Period	112,073	239,063
Cash and Cash Equivalents, End of Period	\$57,400	\$41,766

– U.S. DOLLARS –

QLT Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended	
	2002	March 31, 2001
<i>(In thousands of U.S. dollars, except per share information)</i>		
<i>(Unaudited)</i>		
Revenues		
Revenue from Visudyne™	\$22,418	\$14,459
Contract research and development	1,705	418
	24,123	14,877
Costs and expenses		
Manufacturing	4,991	3,264
Research and development	8,019	5,003
Selling, general and administrative	4,080	3,365
Depreciation and amortization	1,191	651
	18,281	12,283
Operating Income	5,842	2,594
Investment and other income	1,064	5,890
Interest expense	(143)	(204)
Income before income taxes	6,763	8,280
Provision for income taxes	2,670	–
Net Income	\$4,093	\$8,280
Net Income per common share		
Basic	\$0.06	\$0.12
Fully diluted	\$0.06	\$0.12
Weighted average number of common shares outstanding (in thousands)	68,103	67,724

– U.S. DOLLARS –

QLT Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(In thousands of U.S. dollars)</i>	March 31, 2002	December 31, 2001
	<i>(Unaudited)</i>	
Current assets		
Cash and cash equivalents	\$ 35,974	\$ 70,362
Short-term investment securities	138,428	93,111
Accounts receivable	21,482	25,986
Inventories	39,267	38,617
Current portion of future income tax assets	20,645	18,904
Other	2,457	2,524
	258,253	249,504
Long-term investments and advances	10,154	9,227
Property and equipment	36,138	36,202
Intangible assets	9,512	10,013
Future income tax assets	15,199	19,209
	\$329,256	\$324,155
Current liabilities		
Accounts payable	\$ 7,123	\$10,212
Accrued liabilities	6,173	7,513
Deferred revenue	11,677	7,519
	24,973	25,244
Shareholders' equity	304,283	298,911
	\$329,256	\$324,155

All amounts shown are in U.S. dollars translated using the current rate method. At March 31, 2002, the exchange rate was approximately U.S. \$1.00 = Cdn. \$1.5956

QLT Inc.
Fully Diluted Earnings Per Share (“EPS”) Analysis
(In CAD\$)

	<u>2002</u> <u>Q1</u>	<u>2001</u> <u>Q1</u>
GAAP EPS	\$ 0.10	\$ 0.18
Normalized Investment Tax Credits	\$ -	\$ 0.01
Normalized Income Tax	\$ -	\$ (0.09)
Normalized GAAP EPS	<u>\$ 0.10</u>	<u>\$ 0.11</u>
Less Interest (Income)	\$ (0.01)	\$ (0.03)
Less Foreign Exchange (Gains)	\$ (0.00)	\$ (0.04)
Pro Forma EPS	<u>\$ 0.08</u>	<u>\$ 0.04</u>
NOTE:		
Non-Visudyne R&D Effect(1)	\$ (0.07)	\$ (0.03)
Weighted Avg Fully Diluted Shares	68,664,325	68,748,684

(1) Non-Visudyne R&D effect represents the EPS impact of R&D expenditures on non-Visudyne related projects.

QLT Inc.
Fully Diluted Earnings Per Share (“EPS”) Analysis⁽¹⁾
(In US\$)

	<u>2002</u>	<u>2001</u>
	<u>Q1</u>	<u>Q1</u>
GAAP EPS	\$ 0.06	\$ 0.12
Normalized Investment Tax Credits	\$ -	\$ 0.01
Normalized Income Tax	\$ -	\$ (0.06)
Normalized GAAP EPS	<u>\$ 0.06</u>	<u>\$ 0.07</u>
Less Interest (Income)	\$ (0.01)	\$ (0.02)
Less Foreign Exchange (Gains)	\$ (0.00)	\$ (0.03)
Pro Forma EPS	<u><u>\$ 0.05</u></u>	<u><u>\$ 0.02</u></u>
NOTE:		
Non-Visudyne R&D Effect(2)	\$ (0.05)	\$ (0.02)
Weighted Avg Fully Diluted Shares	68,664,325	68,748,684
Average Exchange Rate	1.5940	1.5278

(1) Above amounts are in U.S. dollars translated using the average exchange rate for the period and computed in accordance with Canadian GAAP.

(2) Non-Visudyne R&D effect represents the EPS impact of R&D expenditures on non-Visudyne related projects.

QLT Inc. will hold an analyst and institutional investor conference call to discuss first quarter results on Tuesday, April 23, at 4:30 p.m. EST (1:30 p.m. PST). The call will be broadcast live via the Internet at www.qltinc.com. A replay of the call will be available via the Internet and also via telephone at (416) 626-4100, access code 20517322.

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Visudyne® is a trade mark of Novartis AG

QLT Inc. is listed on The Nasdaq Stock Market under the trading symbol “QLTI” and on The Toronto Stock Exchange under the trading symbol “QLT.”

Certain statements in this press release constitute “forward-looking statements” of QLT within the meaning of the *Private Securities Litigation Reform Act of 1995*, which involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Forward-looking statements include, but are not limited to, those with respect to anticipated levels of sales of Visudyne®, estimates of our share of Visudyne net profits and net income, opportunities to expand the market for Visudyne, opportunities for growth beyond QLT’s core product and ability to manage operations and cost structures appropriately. These statements are only predictions and actual events or results may differ materially. Factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results express or implied by such statements include, but are not limited to: the risk that future sales of Visudyne may be less than expected, our future operating results are uncertain and likely to fluctuate, currency fluctuations in our primary markets may impact our financial results, uncertainty of and timing of pricing and reimbursement may limit the future sales of Visudyne, the outcome of the pending patent and securities litigation against us may be unfavorable and have an adverse impact on our financial results, we are dependent on third-parties to commercialize Visudyne and other factors described in detail in QLT’s Annual Information Form on Form 10-K, forthcoming quarterly reports on Form 10-Q and other filings with the U.S. Securities and Exchange Commission and Canadian securities regulatory authorities. Forward-looking statements, are based on our current expectations and QLT is not obligated to update such information to reflect later events or developments.