Specialized in Ophthalmology

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Business performance and financial condition are subject to the effects of medical regulatory changes made by the governments of Japan and other nations concerning medical insurance, drug pricing and other systems, and to fluctuations in market variables such as interest rates and foreign exchange rates.

The process of drug research and development from discovery to final approval and sales is long, complex and uncertain. Individual compounds are subject to a multitude of uncertainties, including the termination of clinical development at various stages and the non-approval of products after a regulatory filing has been submitted. Forecasts and projections concerning new products take into account assumptions concerning the development pipelines of other companies and any co-promotion agreements, existing or planned. The success or failure of such agreements could affect business performance and financial condition significantly.

Business performance and financial conditions could be affected significantly by a substantial drop in sales of a major drug, either currently marketed or expected to be launched, due to termination of sales as a result of factors such as patent expiry and complications, product defects or unforeseen side effects. Santen Pharmaceutical also sells numerous products under sales and/or manufacturing license from other companies. Business performance could be affected significantly by changes in the terms and conditions of agreements and/or the non-renewal of agreements.

Santen Pharmaceutical is reliant on specific companies for supplies of certain raw materials used in production. Business performance could be affected significantly by the suspension or termination of supplies of such raw materials if such and event were to adversely affect supply capabilities for related final products.

This presentation includes discussions of certain Santen products marketed in certain markets and compounds in clinical trials, as well as competitors and their products and compounds in clinical trials which are given for illustrative purposes only. Such discussions may include views subject to data interpretation that may or may not be views shared by regulatory authorities in the various regions in which the Company operates.
Santen’s Core Values

天機に参与する

*Tenki ni sanyo suru*

By focusing on ophthalmology, Santen develops unique scientific knowledge and organizational capabilities that contribute to the well-being of patients, their loved ones and consequently to society.
Santen is Specialized in Ophthalmology

Growing ophthalmology market

Specialized in ophthalmology

Santen’s growth strategy

Focus on unmet medical needs in ophthalmology
Santen is Specialized in Ophthalmology

Growing ophthalmology market

Specialized in ophthalmology

Santen’s growth strategy

Focus on unmet medical needs in ophthalmology
Sustained Growth in Ophthalmology Worldwide

World Ophthalmology Market by Therapeutic Category

Source: ©2015 IMS Health, Calculated based on IMS-MIDAS 2006-2014 data, reprinted with permission
Market Outlook: Continuing Growth
Global Prescription Ophthalmic Market

AVERAGE ANNUAL GROWTH RATE 6%

<table>
<thead>
<tr>
<th>Year</th>
<th>Global Prescription Ophthalmic Market (USD billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>20</td>
</tr>
<tr>
<td>2017</td>
<td>25</td>
</tr>
<tr>
<td>2020</td>
<td>30</td>
</tr>
</tbody>
</table>

- **Rest of World**: 8%*
- **Asia**: 11%*
- **North, E. Europe, Russia**: 9%*
- **W. Europe****: 4%*
- **U. S.**: 5%
- **Japan**: 4%

Source: Santen estimation
*Compound annual growth rate, **UK, France, Germany, Spain, Italy
The Population is Aging Worldwide

Population Aged 65+


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Growing ophthalmology market

Specialized in ophthalmology

Santen’s growth strategy

Focus on unmet medical needs in ophthalmology
Focused on All Ophthalmic Therapeutic Areas

Santen offers a full range of ophthalmology treatments, including areas with high unmet medical needs.

<table>
<thead>
<tr>
<th>Company</th>
<th>Retina</th>
<th>Glaucoma</th>
<th>Dry eye</th>
<th>Infection</th>
<th>Allergy</th>
<th>Cataract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santen</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Alcon/Novartis</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>B&amp;L/Valeant</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Allergan</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pfizer</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Genentech</td>
<td>✓</td>
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<tr>
<td>Regeneron/Bayer</td>
<td>✓</td>
<td></td>
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</tr>
<tr>
<td>Abbott/Solvay</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Sanofi</td>
<td>✓</td>
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<td>✓</td>
</tr>
</tbody>
</table>

Source: Publicly available information
Specializing Our Business and R&D in Ophthalmology

**2012**

**Novagali Pharma acquisition**
- Strengthened R&D, including Novasorb® formulation technology
- IKERVIS (now launched in several European countries)

**2014**

**MSD ophthalmology product acquisition**
- Acquired product sales: 21.5b yen (FY15 FCT)
- Reinforced global presence
- Accelerated EU and Asia growth
- Increased profitability

**2015**

**Anti-rheumatic (RA) pharmaceutical business divestment**
- 7% RA
- 93% Op
- 100% Ophthalmology
- 45b yen received to support future investment
Santen is Specialized in Ophthalmology

Growing ophthalmology market

Specialized in ophthalmology

Santen’s growth strategy

Focus on unmet medical needs in ophthalmology
VISION 2020: Establishing a Global Presence as a Specialized Pharmaceutical Company

- Global Top 3
- #1 in Asia by 2020

- Strengthen domestic business platform and competitiveness
- Establish and reinforce overseas business platforms
- Maximize new product value globally
Santen is the Market Leader in Japan

$1.29 Billion, Sales Composition
(FY14*, $1=125yen)

*FY14: Fiscal year ended March 31, 2015

Market Share Leader in Japan

Source: ©2015 IMS Health, Calculated based on IMS-JPM 2001-2015 data, reprinted with permission
Driving Sales Growth in Europe and Asia

Overseas Sales: Double Digit Growth

- **ASIA:** Growth led by China +19% in 1H FY15 (local currency)
- **EUROPE:** Sales boosted by ophthalmic products from MSD since FY14
Gaining Share in High-Growth Asia Region

- **China:** over 60% of Asia revenue
- **Building out own-sales** in ASEAN countries
- **Above-market growth** toward goal to become Asia #1
- **Growth drivers:** CRAVIT (anti-infection) and HYALEIN (dry eye)
- **Growth from pipeline:** TAPROS (glaucoma) and IKERVIS (severe keratitis with dry eye)

**Sales Target China**

<table>
<thead>
<tr>
<th></th>
<th>FY14(Act)</th>
<th>FY17(MTP)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>600</td>
<td>1,000</td>
</tr>
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</table>

(China Millions)
Expanded European Operations is a Growth Driver

Sales Target Europe

(EUR Millions)

- **Establishing position** as differentiated player / best-partner
- **New regional HQ** in Geneva leading pan-European business platform
- **Accelerating new product growth** and success with acquired MSD products
- **Successful launches** and further rollout of IKERVIS across Europe

<table>
<thead>
<tr>
<th>FY14(Act)</th>
<th>FY17(MTP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>102</td>
<td>220</td>
</tr>
</tbody>
</table>
Mid-Term Plan to Achieve Above-Market Growth

- **ROE**
  - FY11: 13.0%

- **SALES**
  - FY11: 88 (JPY Billions)
  - FY12: 94
  - FY13: 116
  - FY14: 123
  - FY15: 146
  - FY17: 160

- **OPERATING PROFIT**
  - FY11: 26.7
  - FY12: 24.6
  - FY13: 30.4
  - FY14: 39.1*
  - FY15: 40.3*
  - FY17: 45.0

*IFRS adopted from FY14
*Core OP shown for FY14 and FY15

- **Note:**
  - FY11 to FY13 sales data for IFRS are based on adoption from FY14.
Coming Products to Drive Growth
Santen Products Targeting Unmet Medical Needs

**IKERVIS**

- Treatment for severe keratitis in patients with dry eye disease
- First to market in Europe
- Received positive recommendation from NICE (1st HTA authority in Europe)

**DE-109**

- Treatment for patients with chronic noninfectious uveitis of the posterior segment (NIU-PS)
- Pre-launch initiatives underway
- EMA now reviewing EU submission
- US Phase 3 clinical trials ongoing

NICE: The National Institute for Health and Clinical Excellence; HTA: Health Technology Assessment authority
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Santen’s growth strategy

Focus on unmet medical needs in ophthalmology
R&D for the Next Decade
Santen’s R&D Transformation

Target and address region-specific unmet medical needs

Reduce **time to launch**; Faster with focus on the right products to the right patients

Significantly improve probability of technical success in all target disease areas

UMN  TTL  PTS
### R&D Strategy: Raise Competitiveness in Specialty Area of Ophthalmology

<table>
<thead>
<tr>
<th><strong>Focus</strong></th>
<th>on differentiated life-cycle management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improve PTS</strong></td>
<td>with pathobiology and unmet needs through translational research, biomarkers and diagnostics</td>
</tr>
<tr>
<td><strong>Boost productivity</strong></td>
<td>by prioritizing Best-in-Class* programs</td>
</tr>
<tr>
<td><strong>Pursue partnered R&amp;D</strong></td>
<td>through clearly defined business development and in-licensing</td>
</tr>
</tbody>
</table>

*Any new product candidate that has POC in human with ophthalmic or other systemic indications*
### Addressing the Unmet Needs of a Changing World

**Disease areas with region-specific needs**

<table>
<thead>
<tr>
<th>Asia</th>
<th>Developing World</th>
<th>Developed World</th>
<th>Worldwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myopia</td>
<td>Infectious disease</td>
<td>Age related diseases, Dry eye, Chronic illness, Complications of diabetes</td>
<td>Orphan diseases</td>
</tr>
</tbody>
</table>
Unmet Medical Needs in Ophthalmology

Source: Office of Pharmaceutical Industry Research in Japan
Santen Pipeline Targeting Unmet Needs

<table>
<thead>
<tr>
<th></th>
<th>Launched in FY2011-13</th>
<th>Approval Timing FY2014-17</th>
<th>To be Approved FY2018-</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Glaucoma</strong></td>
<td>TAPROS Mini</td>
<td>DE-111 (Tafluprost / Timolol (combination))</td>
<td>DE-117 (EP2 Agonist)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>DE-090 (Lomerizine HCl)</td>
</tr>
<tr>
<td><strong>Corneal and Conjunctival Disease (Dry Eye)</strong></td>
<td></td>
<td>IKERVIS (Cyclosporin)</td>
<td></td>
</tr>
<tr>
<td><strong>Retinal Disease, Uveitis</strong></td>
<td>EYLEA</td>
<td>Opsiria (Sirolimus)</td>
<td>DE-120 (VEGF/PDGF inhibitor)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>DE-122 (Anti-endoglin antibodies)</td>
</tr>
<tr>
<td><strong>Other Infection, Allergy</strong></td>
<td>ALESION</td>
<td>VEKACIA (Cyclosporin)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CRAVIT 1.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Excludes GE products. LCM products includes those to be launched in multiple regions. Feasibility of clinical trials of Santen S.A.S. is being assessed.
Expanding Global Partnership Alliances

Working closely with excellent companies, institutes, and academia to meet unmet medical needs
In Conclusion, Santen Is...

<table>
<thead>
<tr>
<th>Icon</th>
<th>Statement</th>
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</thead>
<tbody>
<tr>
<td>🎯</td>
<td>Specialized in ophthalmology</td>
</tr>
<tr>
<td>⚗️</td>
<td>Targeting and addressing unmet medical needs</td>
</tr>
<tr>
<td>🌍</td>
<td>Geographic and product growth drivers in place</td>
</tr>
<tr>
<td>🛠️</td>
<td>Focused R&amp;D strategy with a strong late-stage pipeline</td>
</tr>
<tr>
<td>💰</td>
<td>Ready to make investments for further growth</td>
</tr>
</tbody>
</table>