Based on our long-term strategic vision toward 2020, our goal is to become #1 in Asia in terms of our contribution to ophthalmic treatment by enhancing Quality of Life (QOL) for patients.

Expanding Our Presence in Asian Markets to Realize Our Long-Term Strategic Vision

As part of Santen’s long-term strategic vision toward 2020 of becoming a “Specialized Pharmaceutical Company with a Global Presence,” we are placing emphasis in our business activities on responding to the unmet medical needs of patients in Asia and contributing to the development of ophthalmic treatment in the region. We have designated China, Korea and Vietnam as key countries under our Fiscal 2014–2017 Medium-Term Management Plan. We are also developing operations in ASEAN countries and India with the aim of achieving sales growth exceeding the market growth rate while maximizing profits.

In the fiscal year ended March 31, 2016, revenue in Asia increased significantly by 35.6% year on year to ¥22.6 billion, reflecting increased market penetration primarily in China, as a result of concentrating on promotion activities for mainstay products. We have established in-house sales and marketing capabilities in China, Korea and Vietnam, and are developing business through local subsidiaries in Thailand, Malaysia, Philippines, Taiwan and Singapore. We are also targeting the huge Indian market and we will contribute further to ophthalmic treatment in Asia.
High Hopes for Santen to Contribute to Further Advances in Ophthalmic Treatment in Asia

In recent years, ophthalmic treatment in Taiwan has made dramatic advances. However, patients still have unmet needs for treatment in certain therapeutic categories. In addition, I recognize that Taiwan faces issues such as restrictions on the drugs and medical devices that could be reimbursed by the National Health Insurance healthcare system, as well as regional disparities in healthcare. In this environment, I believe it is important for doctors, government, research institutions, pharmaceutical companies and other parties to work closely together with the aim of contributing to the welfare of patients, as part of efforts to achieve further advances in ophthalmic treatment.

As an ophthalmologist, I place significant trust in the quality, efficacy, and safety of the pharmaceuticals supplied by Santen. Moreover, I highly appreciated Santen’s commitment to proactively contributing to advances in ophthalmic treatment in Asia, including its substantial support for the 31st Asia-Pacific Academy of Ophthalmology Congress (APAO) held in Taiwan in March this year. Going forward, I expect Santen to leverage its expertise as a specialized ophthalmic pharmaceutical company that has established the leading position in Japan and to become the best partner of ophthalmologists by supplying even better products, information, and services that aid the treatment of patients throughout Asia, including Taiwan.

Message

Fung-Rong Hu, M.D.
President of the Corneal Society of Taiwan Academy of Ophthalmology
Professor of Ophthalmology, Chief of Corneal Service
Department of Ophthalmology, National Taiwan University Hospital

Track Record and Strategy for the Asian Business

Our contribution as a specialized ophthalmic pharmaceutical company focuses on catering to the different medical needs in each country.

Expanding Product Lineups to Fulfill Customer Needs and Promoting Services

Demographic aging and the lifestyle changes due to economic development are expected to increase the demand across Asia in therapeutic areas such as dry eye and glaucoma. There is also high demand in emerging countries for drugs to treat patients with ocular infections. While some countries and regions such as Korea, Taiwan and Singapore have advanced healthcare systems, there are some emerging countries where disparity in access to healthcare is an issue. It is vital that we take a tailored approach to customer needs in each country as we strive to become #1 in Asia as a specialized ophthalmic pharmaceutical company.

In March 2016, we launched Tapros (tafluprost) in China for treatment of glaucoma and ocular hypertension. We also announced a new joint venture between Santen Pharmaceutical (China) Co., Ltd. and Chongqing Kerui Pharmaceutical (Group) Co., Ltd. with the aim to supply ophthalmics to more patients in China. In other Asian markets, we are accelerating efforts to gather intelligence and provide information to customers, with a view to supplying highly competitive new products that meet the needs of local patients. Through these measures, Santen will help to enhance the QOL of patients in Asia.

1. Patient access to appropriate medicines and therapies

Fiscal Year Ended March 31, 2016
Asian Business Revenue Results

¥22.6 billion

Fiscal Year Ended March 31, 2016
Year-on-Year Growth of Asian Business

35.6%
Progress on the Chinese Business

We are contributing to enhanced patient QOL in China with an expanded product lineup.

Fulfill Local Medical Needs in China to Realize Goal of Attaining Market Leadership

At Santen Pharmaceutical (China) Co., Ltd. (“Santen China”), we see our primary sources of competitive advantage as the provision of valuable products and services alongside our activities to provide high-quality pharmaceutical information. After establishing our local subsidiary, Santen China, in 2005, and starting operations at our local production plant in Suzhou in 2007, we have an integrated manufacturing and marketing set-up in China. We have grown sales of products meeting local medical needs, notably Cravit (levofloxacin), anti-infective eye drops, and Hyalem (sodium hyaluronate), a corneal and conjunctival epithelial disorder treatment. In March 2016, we launched Tapros (tafluprost) for the treatment of glaucoma and ocular hypertension in China, which expanded our local lineup to 11 products. Society’s aging means the market for treating glaucoma is expanding steadily. By establishing Tapros as a mainstay product, we hope to make a significant contribution to higher QOL for patients in China.

Ye Liu
Corporate Officer
General Manager, Santen Pharmaceutical (China) Co., Ltd.

Fiscal Year Ended March 31, 2016
Year-on-Year Growth of Chinese Business

26.5%
Growing in Asia

China

A Stronger Business Base and Organization

Today, Santen China has a medical representative (MR) force of around 280, which is second only to Santen's MR force in Japan. Santen China is engaged in activities to provide pharmaceutical information in line with unique local needs. In 2013, we established Santen Pharmaceutical Sales & Marketing (Suzhou) Co., Ltd. as a second local Chinese subsidiary to drive higher market penetration of Santen products and brands.

In March 2016, we announced a new joint venture for prescription ophthalmics as part of an alliance with Chongqing Kerui Pharmaceutical (Group) Co., Ltd., a state-owned company with more than 100 years of history. The joint venture is building a production plant according to the high quality requirements of Santen, with plans by Kerui to commercialize ophthalmic medicines under license. This venture will aim to provide a reliable supply of high-quality products to many local patients using our core technology and expertise.

By reinforcing our business base and organization, Santen China is striving to achieve sales growth exceeding the market growth rate and to improve profits to achieve the ultimate goal of market leadership.

Message

Focusing on Proposing Comprehensive Solutions from the Customer’s Perspective

In addition to providing pharmaceutical information about its products, since the fiscal year ended March 31, 2016, Santen China has been developing promotional campaigns through multiple products that focus on comprehensive disease solutions. For example, Santen China has been building e-promotion platform (such as the e-communication platform and the strategies platform) and is achieving rapid information exchange and communication among its Marketing Division, MRs and ophthalmologists. Market share of key product Cravit continues to expand (in value and volume), and sales of Hyalein are growing steadily in line with its market penetration. Santen China achieved strong sales growth that exceeded market growth, leading the overall market of ophthalmology with an overwhelming advantage and laying a solid foundation for achieving our long-term strategic vision toward 2020.

Zhendong Li
Director, Marketing Department
Santen Pharmaceutical (China) Co., Ltd.
Aiming to Become #1 in the Korean Market

Santen Korea celebrated its 16th anniversary in 2016. We initially developed the business in Korea selling through agencies, but our direct sales have grown to account for more than 85% of the total. Focusing on relationships and partnerships built on trust has enabled Santen to achieve market-leading customer satisfaction in Korea. We aim to make our organization strong, adaptable to changing conditions, possessing an overwhelming competitive advantage, and trusted as the leading specialist in the ophthalmology field dedicated to patient care. By realizing such aims, we will contribute to better ophthalmic treatment in Korea and embody Santen’s Values. By sharing our experiences and know-how with other Santen operations in Asia to help the Group in realizing its long-term strategic vision toward 2020, we also believe that Santen Korea has a valuable role to play in the success of the Asian business.

Aiming to Become #1 in the Korean Market

Santen Korea celebrated its 16th anniversary in 2016. We initially developed the business in Korea selling through agencies, but our direct sales have grown to account for more than 85% of the total. Focusing on relationships and partnerships built on trust has enabled Santen to achieve market-leading customer satisfaction in Korea. We aim to make our organization strong, adaptable to changing conditions, possessing an overwhelming competitive advantage, and trusted as the leading specialist in the ophthalmology field dedicated to patient care. By realizing such aims, we will contribute to better ophthalmic treatment in Korea and embody Santen’s Values. By sharing our experiences and know-how with other Santen operations in Asia to help the Group in realizing its long-term strategic vision toward 2020, we also believe that Santen Korea has a valuable role to play in the success of the Asian business.

Han-Woong Lee
Vice President, Head of Prescription Pharmaceutical Division
Santen Pharmaceutical Korea Co., Ltd.

Business Development in ASEAN Countries and India

To reinforce the Asian business, Santen is steadily developing operations across ASEAN countries. In 2013, we established Santen Pharmaceutical Asia Pte. Ltd. in Singapore as a regional headquarters for the business in Southeast Asia and India to help accelerate the acquisition of regulatory approvals and product development for the region. The mainstay product that we seek to launch in these markets is the dry eye treatment Diquas (diquafosol sodium). We are working to gain regulatory approval for this, other mainstay Santen products, and ophthalmology products transferred from U.S.-based Merck & Co., Inc. Over time, we plan to successively launch prescription ophthalmics tailored to the specific needs of each market. Reinforcing sales activities by local subsidiaries, we are targeting further growth for Santen in the ASEAN region, where the market for prescription ophthalmics is forecast to grow at around 10% per year. The Indian market also possesses exceptional potential and we are preparing to enter this market, which we consider to be important, as part of our aim to become #1 in Asia.

Progress on the Vietnamese Business

Having opened a representative office in Ho Chi Minh City in 2013, Santen currently has around 50 staff working in this important market to improve ophthalmic treatment in Vietnam. We are working to raise awareness of glaucoma and dry eye through ophthalmological society meetings and in partnership with local medical institutions, with plans to expand Santen’s market presence in Vietnam by launching new products such as the dry eye treatment Diquas.

Business Development in ASEAN Countries, Vietnam and Korea

We are working to boost Santen’s presence further so we can contribute to ophthalmic treatment in Asian countries.
Santen’s market share in Vietnam has already risen to rank third in Asia behind China and Korea. By launching new products continually, we aim to realize our goal of market leadership by the final year of the Fiscal 2014–2017 Medium-Term Management Plan to drive the growth of Santen’s business within the ASEAN region.

**Progress on the Korean Business**

Santen Pharmaceutical Korea Co., Ltd. (“Santen Korea”) started direct marketing activities in 2010. We have launched products in Korea to treat glaucoma, dry eye and ocular infections. Santen’s local product lineup has expanded to include the treatment for glaucoma and ocular hypertension Taflotan (tafluprost), the dry eye treatment Diquas (launched in 2013), along with a range of ophthalmology products taken over from U.S.-based Merck & Co., Inc. We continue to work on enhancing Santen’s local market presence.

Korea is a technically advanced market in terms of ophthalmic diagnostics and therapies. Chronic eye conditions are increasing continually as its society ages. Meanwhile, the market has increasingly strict rules in terms of its regulatory approval requirements, drug-pricing constraints and pharmaceutical sales-related compliance, and there is also fierce generic competition. Responding to changes in market conditions, Santen Korea is focused on contributing to the development of ophthalmic treatment in Korea in line with local medical needs.

**TOPICS**

**Supporting the Research Activities of Dry Eye Specialists in Asia**

The Asia Dry Eye Society was founded in 2012 by dry eye specialists in Japan, China, and Korea to activate studies of dry eye and share a common understanding of this condition in the Asian region, thereby contributing to the better treatment of patients in Asia.

As the concept of pathology and the diagnostic criteria of dry eye differ in each country, the dissemination of effective treatment methods had become a pressing issue. Thanks to a lively exchange of opinions in the Asia Dry Eye Society, the definition and diagnostic criteria of dry eye were stipulated in 2014. Currently, the society holds annual meetings, and its proactive activities are continuing, including the networking of the researchers in this field in each country.