



Santen Pharmaceutical Co., Ltd.

Investor Meeting on FY2007 Results

**Consolidated Financial Result of the Year Ended March 2008;
Consolidated Financial Forecast of the Year Ending March 2009;**

May 9, 2008

President & COO

Akira Kurokawa

Forward-looking statements: Information given in this announcement contains certain forward-looking statements. This outlook is based on estimations by the management executives at Santen Pharmaceutical Co., Ltd. Accordingly, actual results may differ significantly from the outlook and may be subject to change with fluctuations in market variables such as interest rates and foreign exchange rates, adverse economic conditions, medical regulatory change, timing of receiving new product approval and any other variances.



**Consolidated Financial Result of the Year
Ended March 2008**



Consolidated Performance Forecast FY2008

(billions of yen)

	FY2006 Actual	FY2007 Actual	Var	Var %	Official forecast*	Var %
Net sales	100.4	103.3	2.9	2.9%	103.3	0.1%
Operating income	20.4	20.3	- 0.1	- 0.2%	20.5	- 0.6%
Ordinary income	20.8	20.7	- 0.1	- 0.7%	21.2	- 2.3%
Net income	13.1	12.6	- 0.5	- 3.8%	13.7	- 7.7%

*As of Jan 30, 2008



FY2007 Highlights

Net sales

- Growth, mainly in Glaucoma and Dry-Eye, slightly increased from FY2006
 - Glaucoma: Maximizing value of existing drugs and a preparation for new product launch in FY2008
 - Dry-Eye: Successful disease awareness campaign for future growth with over 9% increase though under performed against the target amount
- ⊕ Successfully maintained existing market share

Cost of Sales - Selling, general and administration expenses

- Cost of sales: Limited optimization of product mix regarding profitability
- Selling expense: Promoted disease awareness campaigns for Dry-Eye, defended for competitors' new products, and value-added promotion activity in Asia and EU

Consolidated net sales: Variances

FY2006
Net sales
¥100.48 billion

+¥2.91 billion



FY2007
Net sales
¥103.39 billion

Japan + ¥1.41 billion

[Increase]

- + Prescription ophthalmics +¥1.04 billion
- + RA drugs +¥0.31 billion
- + OTC pharmaceuticals + ¥0.15 billion

[Decrease]

- + Medical devices - ¥0.11 billion

Overseas + 1.49 billion

[Increase]

- + EU +¥1.62 billion
- + Asia +¥0.08 billion
(including +¥0.9 billion for China)

[Decrease]

- + North America -¥0.17 billion

Prescription ophthalmic (Japan)

- + Anti-infective -¥0.69 billion
- + Dry-Eye +¥1.58 billion
- + Glaucoma -¥0.31 billion
- + Anti-allergy -¥0.02 billion
- + Viscoelastic +¥0.42 billion
- + Others +¥0.07 billion

EU

- Prescription ophthalmic + ¥1.62 billion
- + Russia + ¥0.62 billion
- + North Europe + ¥0.42 billion
- + East Europe + ¥0.35 billion
- + Germany + ¥0.13 billion

North America

- + Prescription ophthalmic +¥0.44 billion
- + Contract manufacturing and other -¥0.62 billion



**Consolidated Financial Forecast of the Year
Ended March 2008**




FY2008 Consolidated Sales Outlook

(billions of yen)

	FY2007 Actual	FY2008	
		Forecast	Var
Net sales	103.3	104.0	0.7
Cost of sales	36.5	36.3	- 0.2
(% of net sales)	35.3 %	34.9 %	- 0.4 ppt
Selling, general and administration expenses	46.5	47.2	0.7
(% of net sales)	45.0 %	45.4 %	0.4 ppt
SGA expenses excl. R&D	33.5	33.2	- 0.3
(% of net sales)	32.5 %	31.9 %	- 0.6 ppt
R&D expenses	12.9	14.0	1.1
(% of net sales)	12.5 %	13.5 %	1.0 ppt
Operating income	20.3	20.5	0.2
(% of net sales)	19.7 %	19.7 %	0.0 ppt
Ordinary income	20.7	21.0	0.3
Net income	12.6	13.0	0.4

<Exchange rate>		
	FY2007(A)	FY2008(F)
USD	¥114.29	¥108.00
EUR	¥161.98	¥155.00



FY 2008 Highlights

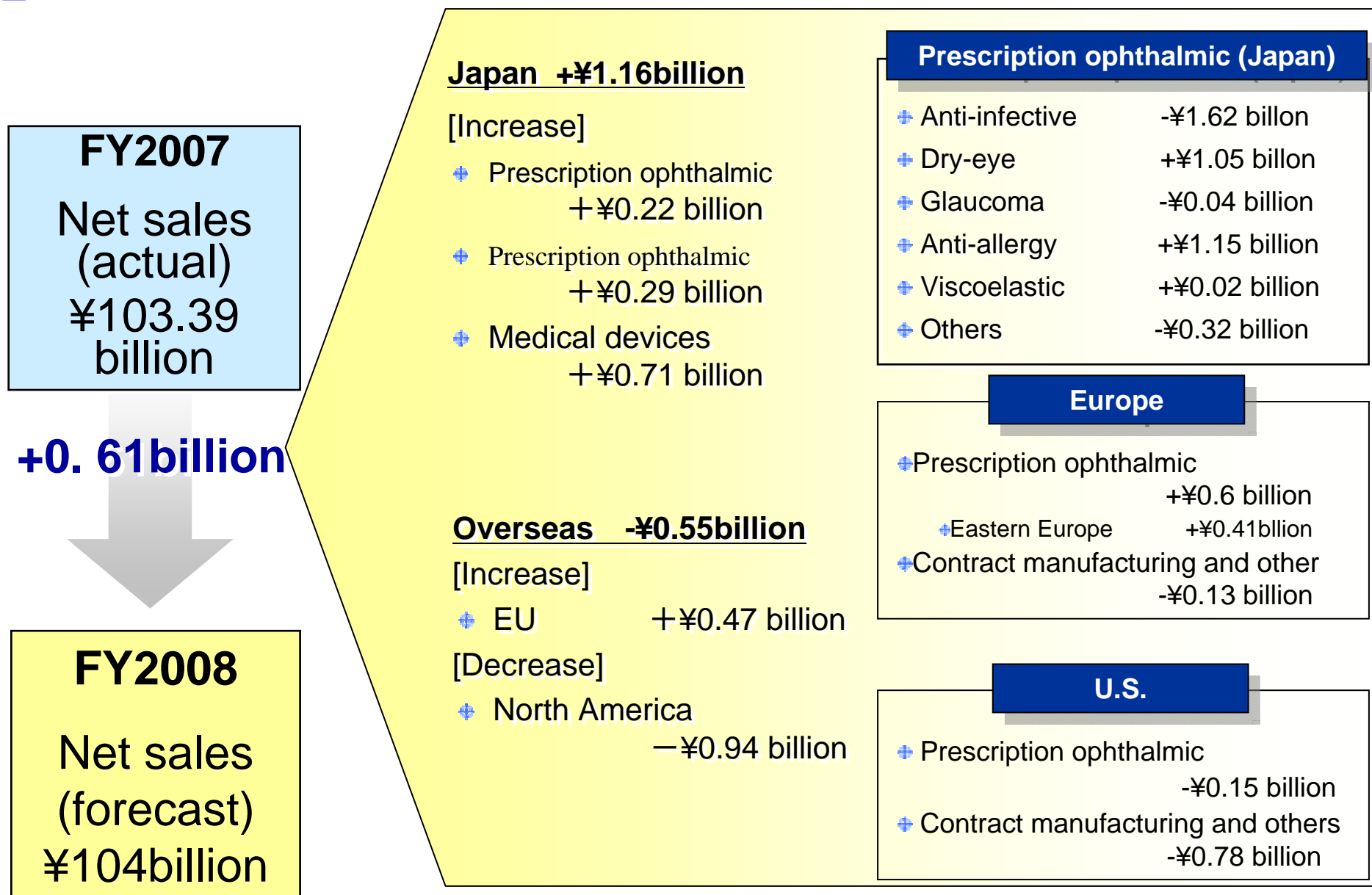
Conducting the disease awareness campaign for Dry-Eye in flexible manner

Preparation of new product launch for glaucoma

R&D expense is expected up to ¥14 billion for clinical development

Flexible control of promotion expense

Consolidated net sales: Variances





References



**Reference for Consolidated Financial Result
of the Year Ended March 2008**



Net Sales by Business Segment / Overseas Sales

■ Net sales by business segment

(billions of yen)

	FY2007					
	Japan		Overseas		Total	
	Net sales	Var %	Net sales	Var %	Net sales	Var %
Prescription pharmaceuticals	82.08	1.7 %	13.23	19.2 %	95.32	3.8 %
Ophthalmic	72.31	1.5 %	13.1	20.5 %	85.42	4.0 %
Anti-rheumatic	9.51	3.4 %	0.1	- 37.1 %	9.62	2.6 %
Others	0.24	- 5.4 %	0.02	- 63.1 %	0.26	15.3 %
OTC	5.43	2.7 %	0.02	- 0.8 %	5.45	2.7 %
Medical devices	0.4	- 22.2 %	0.01	- 37.1 %	0.41	- 22.8 %
Others	0.64	6.7 %	1.55	- 28.7 %	2.2	- 21.0 %
Total	88.56	1.6 %	14.82	11.2 %	103.39	2.9 %

■ Overseas Sales

(billions of yen)

	FY2006 Actual	FY2007		
		Actual	Var	Var %
Europe	6.91	8.53	1.62	23.4 %
North America	2.12	1.95	- 0.17	- 8.3 %
Asia	4.24	4.32	0.08	1.9 %
Others	0.04	0.01	- 0.03	- 58.8 %
Total	13.33	14.82	1.49	11.2 %



Summary of Changes in Income Statement

<Exchange rate>		
	FY2006	FY2007
USD	¥116.86	¥114.29
EUR	¥148.99	¥161.98

(billions of yen)

	FY2006 Actual	FY2007	
		Actual	Var
Net sales	100.4	103.3	2.9
Cost of sales	35.4	36.5	1.1
(% of net sales)	35.3 %	35.3 %	0.0 ppt
Selling, general and administration expense	44.5	46.5	2.0
(% of net sales)	44.4 %	45.0 %	0.6 ppt
SGA expenses excl. R&D	30.9	33.5	2.6
(% of net sales)	30.8 %	32.5 %	1.7 ppt
R&D expense	13.6	12.9	- 0.7
(% of net sales)	13.6 %	12.5 %	- 1.1 ppt
Operating income	20.4	20.3	- 0.1
(% of net sales)	20.3 %	19.7 %	- 0.6 ppt
Non-operating income	0.4	0.3	- 0.1
Ordinary income	20.8	20.7	- 0.1
Extraordinary loss	0.2	- 0.2	- 0.4
Net income before tax	21	20.4	- 0.6
Income taxes	7.8	7.8	0
Net income	13.1	12.6	- 0.5



Performance by Geographic Segment

■ Net sales

(billions of yen)

	FY2006 Actual	FY2007	
		Actual	Var
Japan	90.6	92.0	1.4
Europe	9.1	10.6	1.5
Europe	7.0	8.6	1.6
United States	2.1	1.9	- 0.2
Others ※	0.6	0.6	0
Total	100.4	103.3	2.9

■ Operating income

(billions of yen)

	FY2006 Actual	FY2007	
		Actual	Var
Japan	21.7	22.6	0.9
Europe	0.9	0.5	- 0.4
Europe	0	- 0.2	- 0.2
United States	0.9	0.7	- 0.2
Others ※	- 0.7	- 0.8	- 0.1
Elimination	- 1.5	- 1.9	- 0.4
Total	20.4	20.3	- 0.1

*1: "Others" are U.S. Korea and Taiwan. Details of major sales and expenses of "Others" are noted below.

Sales: Prescription pharmaceuticals in Korea and Taiwan

Expenses: R&D expenses for medical devices in the U.S.

Note: Sales by geographic region differ from overseas sales (i.e. sales by destination).



Balance Sheet

(billions of yen)

	FY2006		FY2007		
	Actual	% of total	Actual	% of total	Var
Current assets	100.8	63.4 %	102.7	65.6 %	1.9
Fixed assets	58.2	36.6 %	53.5	34.2 %	- 4.6
Deferred asset	0	0.0 %	0.2	0.2 %	0.1
Total assets	159.0	100.0 %	156.5	100.0 %	- 2.5
Current liabilities	22.3	14.0 %	26.5	17.0 %	4.1
Non current liabilities	8.0	5.1 %	2.8	1.8 %	- 5.2
Total liabilities	30.4	19.1 %	29.4	18.8 %	- 1.0
Total net assets	128.6	80.9 %	127.1	81.2 %	- 1.5
Total liabilities net assets	159.0	100.0 %	156.5	100.0 %	- 2.5

【Major changes】

- Current assets: Cash and deposits +1.1 billion yen, notes and accounts receivable-trade +0.5 billion yen, marketable securities -1 billion yen, Inventories +0.9 billion yen
- Fixed assets:
 - [Increase] Capital investment + 1.2 billion yen, deferred tax assets +1.8 billion yen
 - [Decrease] Depletion and amortization -2.7 billion yen, marketable securities and investments -4 billion yen, investments and other assets -1.2 billion yen
- Current liabilities: Current portion of long-term debt +5 billion yen, other payable -0.8 billion yen
- Noncurrent liabilities: Long-term debt -5.1 billion yen
- Net assets:
 - [Increase] Net income +12.6 billion yen,
 - [Decrease] Cash dividends -6.5 billion yen, buyback -4.8 billion yen, loss on revaluation of investments in securities -2.9 billion yen



Summary of Cash Flows

(billions of yen)

		FY2007 Actual
Cash and cash equivalents at the beginning of year		49.8
Net increase/decrease in cash and cash equivalents		1.8
	Cash flows from operating activities	15.4
	Cash flows from investing activities	- 2.0
	Cash flows from financial activities	- 11.4
	Effect of exchange rate changes on cash and cash equivalents	- 0.1
Cash and cash equivalents at the end of year		51.6

Note: "Cash and cash equivalents" include cash equivalents thus differ from "cash and deposits" in the Balance Sheets



Capital Expenditures / Depreciation and Amortization / Lease Expenses

(billions of yen)

	FY2006 Actual	FY2007	
		Actual	Var
Capital Expenditures	2.7	2.7	±0
Depreciation and Amortization	3.2	3.3	+0.1
Lease	1.0	1.0	±0

● Major capital expenditures for FY2007

- Investment in constructing a manufacturing plant in China
- Remodeling of existing production facilities
- Replacing of machinery for R&D



**References for Consolidated Financial
Forecast of the Year Ended March 2008**



Net Sales by Business Segment / Overseas Sales

■ Net sales by business segment

(billions of yen)

	FY2008					
	Japan		Overseas		Total	
	Net sales	Var %	Net sales	Var %	Net sales	Var %
Prescription pharmaceuticals	82.55	0.6 %	13.61	2.9 %	96.17	0.9 %
Ophthalmic	72.53	0.3 %	13.46	2.8 %	86.0	0.7 %
Anti-rheumatic	9.8	3.0 %	0.1	- 0.7 %	9.9	2.9 %
Others	0.21	- 12.3 %	0.03	92.6 %	0.25	- 4.4 %
OTC ophthalmic	5.6	3.2 %	0.01	- 39.0 %	5.61	3.0 %
Medical devices	1.11	178.6 %	0.0	- 100.0 %	1.11	169.5 %
Others	0.44	- 31.1 %	0.64	- 58.3 %	1.09	- 50.4 %
Total	89.72	1.3 %	14.27	- 3.7 %	104.0	0.6 %

■ Overseas sales

(billions of yen)

	FY2007 Actual	FY2008		
		Forecast	Var	Var %
Europe	8.53	9.0	0.47	5.5 %
North America	1.95	1.01	- 0.94	- 48.1 %
Asia	4.32	4.22	- 0.1	- 2.2 %
Others	0.01	0.03	0.02	82.8 %
Total	14.82	14.27	- 0.55	- 3.7 %



Performance by Geographic Segment

■ Net sales

(billions of yen)

	FY2007 Actual	FY2008	
		Forecast	Var
Japan	92.0	92.7	0.7
Europe	10.6	10.2	- 0.4
Europe	8.6	9.1	0.5
United Stats	1.9	1.0	- 0.9
Others ※	0.6	1.0	0.4
Total	103.3	104.0	0.7

■ Operating income

(billions of yen)

	FY2007 Actual	FY2008	
		Forecast	Var
Japan	22.6	23.2	0.6
Europe	0.5	0.3	- 0.2
Europe	- 0.2	0.3	0.5
United Stats	0.7	0	- 0.7
Others ※	- 0.8	- 0.4	0.4
Elimination	- 1.9	- 2.7	- 0.8
Total	20.3	20.5	0.2

*1: "Others" are U.S., Korea and Taiwan. Details of major sales and expenses of "Others" are noted below.

Sales: Prescription pharmaceuticals in Korea and Taiwan

Expenses: R&D expenses for medical devices in the U.S.

Note: Sales by geographic region differ from overseas sales (i.e. sales by destination).



Capital Expenditures / Depreciation and Amortization / Lease Expenses

(billions of yen)

	FY2007	FY2008	
	Actual	Forecast	Var
Capital Expenditures	2.7	2.3	- 0.4
Depreciation and Amortization	3.3	3.7	+0.4
Lease	1.0	0.9	- 0.1

Major capital expenditures for FY2008

- Construction of new building for pharmaceutical development and an ancillary building in Nara R&D Center