

# **Santen Pharmaceutical Co., Ltd.**

## **Overview Half Year Ended September 30, 2007**

**November 5, 2007**

**Chairman and CEO**

**Takakazu Morita**

# **FY 2007 Policy**

**Implemented Mid-term Policies realizing Santen's Global Development:  
Creating new drug candidates and generating growth in promising  
regions by leveraging its strength**

- 1. Enhance existing products and prepare for a new product launch in domestic business**
- 2. Generate growth in Northern/Eastern Europe, Russia and Asia. Focus U.S. activities on clinical and business development**
- 3. Enhance clinical development for DE-101 and DE-104 as primary candidates through internal discovery and development, co-development projects and in-licensing efforts**
- 4. Profits are expected to grow only slightly due to the increase in the academic information provision/collection activities both in Japan and overseas, increase in the launch preparation expenses of new products (DE-085 and MD-14) and the up-front investment in China**

# Highlight FY2007 First Half Year

---

## Progressed followed by the original plan of FY 2007

1. Net sales was 51.9 billion yen, a 1.1 % increase from the first half FY 2006
2. Operating profit was 10.6 billion yen, a 11.9 % decrease from the first half FY 2006
3. Net income was 6.9 billion yen, a 10.7 % decrease from the first half FY 2006
4. New drug candidates, DE-103 proceeded to Phase 1

## Highlight Medium Management Plan Policies and Targets

### FY 2006 Actual

### FY 2007 Actual/Plans

### FY2008-10 Plans

### 1. Enhance Global Strategic Product Pipeline

11. Enhance product development currently in the process from preparation of clinical studies to new drug application (The following is latest primary candidate, and other new drug candidates are also in process)

DE-101 proceeded to P2a

P2a

P2b (FY2008)

DE-104 proceeded to P1

P1

P2a (FY2008)

DE-085 Applied in (JP, EU)  
\* 1

Applied (JP, EU) \* 1  
Injector applied (JP) \* 1

MD-14 Approved (JP) \* 1

In P3 (JP) \* 1

Applied (FY2008) \* 1

DE-089 In P3 (JP) \* 1

\* 1) Applied and approved mainly in Japan

12. Drug discovery through competitive and effective methods

13. Enrich new drug candidates with strong collaborations

## Highlight Medium Management Plan Policies and Targets -2

FY2006 Actual

FY2007 Actual/Plans

2008-10 Plans

### 2. Generate growth in regions where Santen can leverage strengths

#### 21. Japan : Enhance promotions for existing products and maximize new products for Glaucoma, Retina, Intraocular lens

Glaucoma (new)	Preparing the launch for DE-085	Fully in progress for launch	Plan to launch FY2008 Early maximization of product value
(existing)	Expanding existing product for Glaucoma	Continuing	
Retina (new)	Disease-awareness activity for Dry-eye	Start on disease-awareness activity for Dry-eye	DE-089 to be launched FY2010 Increase prescription
(existing)	Decide strategies		
Intraocular lens	Strategy for MD-14 marketing	Launch preparation	Launch first half of FY2008

#### 22. Northeast EU, Russia : Maximizing product value for Oftaquix and existing products and launch DE-085

Maximizing new and existing product value	Enhance promotions for existing products	Successful launch of Oftaquix (Russia) along with its promotion, formulating launch of DE-085
---	--	---

#### 23. China : Strengthen business base and competitiveness by start of local production and establishment of direct sales organization

Establishment direct sales organization	Hire and train sales force (MR)	Increase prescriptions by academic information provision	Start sales (FY2008)
---	---------------------------------	--	----------------------

#### 24. U.S. : Focus on clinical and business development

# Highlight Medium Management Plan Policies and Targets -3

FY2006 Actual

FY2007 actual/plans

FY2008-10 plans

**3. Strengthen manufacturing bases** Strengthen manufacturing bases by reorganizing production lines and sites in Japan, Finland and China

31. Promote efficiency by reorganizing production lines

-Started China plant construction

-Formulated a reorganization plan for product line  
-Complete China plant construction

-Formulated reorganization of product line (FY2008)  
-Start manufacturing in China

**4.. Strengthen HR and organization reorganizations**

Develop human resources; reinforce organization,

41. Develop core HR

Assessed HR

Formulate HR development plan

Implement plan

42. Develop organizational capabilities

Enhanced strategy and business development

Enhance global organization

# References: FY2006-FY2010 Financial Target

---

## FY2010 Financial Target

- Net sales: 115 billion yen+ (2005-10 CAGR: 3%+)
- Operating income: 32 billion yen+ (2005-10 CAGR: 8%+)
- Net income: 22 billion yen+
- ROE: 13%+
- R&D expense: approx. 16 billion yen

# Forward-Looking Statements

- Information given in this announcement and accompanying documentation contains certain forward-looking statements concerning forecasts, projections and plans whose realization is subject to risk and uncertainty from a variety of sources. Actual results may differ significantly from forecasts.
- 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 an event were to adversely affect supply capabilities for related final products.