



FY 2010 First Quarter Results

August 3, 2010

Santen Pharmaceutical Co., Ltd



Consolidated Results FY2010 First Quarter

Corporate Officer
Head of Administration Division
Satoshi Harada



Performance Overview of 1Q FY2010

(billions of yen)

	Actual 1Q FY2009	Actual 1Q FY2010	Var. %
Net Sales	29.30	26.21	-10.5%
Operating Income	10.30	6.63	-35.6%
Ordinary Income	10.47	7.14	-31.8%
Net Income	6.54	4.57	-30.1%

*1 Net sales of 1Q FY09 includes approximately ¥3.11 billions of one time income related to license agreements

*2 Net sales of 1Q FY10 includes approximately ¥0.14 billions of one time income related to license agreements



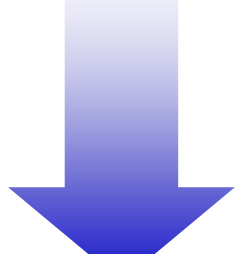
1Q FY2010

Net Sales Variances (vs. 1Q FY2009)

(billions of yen)

1Q FY2009
Actual Sales
¥29.30

-¥3.09



1Q FY2010
Actual Sales
¥26.21

Domestic -¥0.01

[Increase Factors]

- + Prescription Ophthalmics +¥0.23
- + Anti-RA +¥0.03
- + OTC Pharmaceuticals -¥0.3
- + Medical Devices +¥0.1
- + Others -¥0.07

Overseas -¥3.08

[Decrease Factors]

- + Europe +¥0.06
(currency impact -¥0.13)
- + North America -¥3.13
(currency impact -¥0.01)
- + Asia -¥0.02
(currency impact -¥0.02)
- China +¥0.06
(currency impact -¥0.03)
- Korea -¥0.08
(currency impact +¥0.01)

Prescription Ophthalmics (Japan)

- + Anti-infective -¥0.06
- + Corneal Disease -¥0.18
- + Glaucoma +¥0.7
Tapros +¥0.76
- + Allergy -¥0.05
- + Others -¥0.16

Europe

- + Prescription Ophthalmics +¥0.12
- W. Europe +¥0.1
Germany +¥0.09
- E. Europe -¥0.05
- N. Europe +¥0.05
- Russia +¥0.01

<Exchange rate>		(yen)	
	1Q FY2009	1Q FY2010	
	Actual	Actual	
US\$	¥97.20	¥91.98	
Euro	¥129.76	¥121.59	
RMB	¥13.90	¥13.29	



Summary of Changes in Income Statement (vs. 1Q FY09)

(billions of yen)

	1Q FY2009	1Q FY2010		Major changes
	Actual	Actual	Var.	
Net Sales	29.30	26.21	-3.09	
Cost of Sales (% of net sales)	8.58 29.3%	8.54 32.6%	-0.04 3.3 pt	Impact from lisencc-out income
SGA Total (% of net sales)	10.40 35.5%	11.03 42.1%	0.63 6.6 pt	
SGA excluding R&D (% of net sales)	7.46 25.5%	7.65 29.2%	0.19 3.7 pt	Increase in SG&A -Japan -Europe -Asia
R&D Expense (% of net sales)	2.93 10.0%	3.38 12.9%	0.45 2.9 pt	
Operating Income (% of net sales)	10.30 35.2%	6.63 25.3%	-3.67 -9.9 pt	
Non-operating Income	0.38	0.52	0.14	
Non-operating Expense	0.21	0.01	-0.20	
Ordinary Income	10.47	7.14	-3.33	
Extraordinary Gain	—	0.00	0.00	
Extraordinary Loss	0.00	0.11	0.11	
Net Income before Tax	10.46	7.04	-3.42	
Income Taxes	3.92	2.46	-1.46	
Net Income	6.54	4.57	-1.97	

<Exchange rate>		(yen)
1Q FY2009 Actual	1Q FY2010 Actual	
US\$	¥97.20	¥91.9
Euro	¥129.76	¥121.59
RMB	¥13.90	¥13.29



**Reference:
Consolidated Results
FY2010 First Quarter**



Net Sales by Business Segment

(billions of yen)

	Actual of 1Q FY2010					
	Japan		Overseas		Total	
	Sales	Var. (%)	Sales	Var. (%)	Sales	Var. (%)
Pharmaceuticals	22.24	-0.5 %	3.51	-46.6 %	25.75	-11.0 %
Prescription Pharmaceuticals	21.25	0.9 %	3.51	-46.6 %	24.77	-10.4 %
Ophthalmic	18.51	1.3 %	3.39	-1.2 %	21.91	0.9 %
Anti-RA	2.56	1.2 %	0.01	-0.0 %	2.58	1.2 %
Others	0.17	-29.9 %	0.10	-96.7 %	0.27	-91.8 %
OTC Pharmaceuticals	0.98	-23.6 %	0.00	-89.9 %	0.98	-24.0 %
Others	0.31	46.0 %	0.13	-4.1 %	0.45	25.8 %
Medical Devices	0.31	48.0 %	0.13	-4.1 %	0.45	26.7 %
Others	0.00	-41.7 %	—	—	0.00	-41.7 %
Total	22.55	-0.0 %	3.65	-45.7 %	26.21	-10.5 %



Net Sales by Oversea Sales

(billions of yen)

	1Q FY2009 Actual	1Q FY2010 Actual		
		Actual	Var.	Var. %
Europe	1.96	2.02	0.06	3.2 %
U.S.	3.33	0.20	-3.13	-93.8%
Asia	1.43	1.41	-0.02	-1.0 %
Others	-	0.00	0.00	0.0 %
Total	6.73	3.65	-3.08	-45.7%

Balance Sheet

(billions of yen)

	As of March 31, 2010		As of June 30, 2010		
	Actual	% of Total	Actual	% of Total	Var.
Current Assets	118.83	71.2 %	113.43	71.0 %	-5.39
Fixed Assets	48.04	28.8 %	46.37	29.0 %	-1.67
Deferred Assets	-	-	-	-	-
Total Assets	166.87	100.0 %	159.81	100.0 %	-7.06
Current Liabilities	25.28	15.2 %	18.27	11.4 %	-7.00
Non-current Liabilities	3.98	2.4 %	4.08	2.6 %	0.10
Total Liabilities	29.27	17.5 %	22.36	14.0 %	-6.90
Total Net Assets	137.60	82.5 %	137.44	86.0 %	-0.16
Total Liabilities Net Assets	166.87	100.0 %	159.81	100.0 %	-7.06

Major Changes:

(billions of yen)

- Current Assets: Cash & deposits -¥7.0, marketable securities +¥2.4, short-term deferred tax assets -¥0.8
- Fixed Assets: Buildings and structures -¥0.2, land ¥-0.1, machinery equipment and vehicles ¥-0.1, investment securities -¥1.2, long-term deferred assets +¥0.1
- Current Liabilities: Other payables -¥0.6, income taxes payable -¥5.4, reserve for bonuses -¥1.3
- Non-current Liabilities: Retirement and severance benefits for +¥0.1, asset retirement obligation +¥0.1
- Net Assets: Retained earnings +¥1.1, unrealized gains on securities, net of taxes -¥0.7, foreign currency translation adjustments -¥0.6



Summary of Cash Flow

(billions of yen)

	Actual of 1Q FY2010
Cash and Cash Equivalents at the Beginning of the Year	64.34
Net Increase/Decrease in Cash and Cash Equivalents	-6.83
Cash Flows from Operating Activities	-3.38
Cash Flows from Investing Activities	0.05
Cash Flows from Financial Activities	-3.21
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-0.29
Cash and Cash Equivalents at the End of the Year	57.51

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



Capital Expenditures / Depreciation & Amortization / Lease Expenses

(billions of yen)

	Actual 1Q FY2009	1Q FY2010	
		Actual	Var.
Capital Expenditures	0.20	0.19	-0.01
Depreciation and Amortization	0.78	0.68	-0.10
Lease	0.17	0.06	-0.11



**Reference:
FY2010 Financial Forecasts**



FY 2010 Summary of Consolidated Financial Forecasts

(billions of yen)	Actual 1Q FY2009	Forecast FY2010	Var. (%)
Net Sales	110.59	108.50	-1.9%
Operating Income	29.64	26.30	-11.3%
Ordinary Income	29.86	27.00	-9.6%
Net Income	18.72	17.50	-6.5%
ROE	14.3%	12.3%	-2.0pt



2010FY Consolidated Financial Forecasts

(billions of yen)	FY2009 Actual	FY2010	
		Budget	Var.
Net Sales	110.59	108.50	-2.09
Cost of Sales	34.71	35.00	0.29
(% of net sales)	31.4%	32.3 %	0.9 pt
SGA	46.24	47.20	0.96
(% of net sales)	41.8%	43.5 %	1.7 pt
SGA excl. R&D	32.12	33.10	0.98
(% of net sales)	29.0%	30.5 %	1.5 pt
R&D Expense	14.12	14.10	-0.02
(% of net sales)	12.8%	13.0 %	0.2 pt
Operating Income	29.64	26.30	-3.34
(% of net sales)	26.8%	24.2 %	-2.6 pt
Non-operating Income	0.22	0.70	0.48
Ordinary Income	29.86	27.00	-2.86
Extraordinary Income and Loss	-1.25	0.0	1.25
Net Income before Income Taxes	28.61	27.00	-1.61
Income Taxes	9.88	9.50	-0.38
Net Income	18.72	17.50	-1.22
ROE	14.3%	12.3%	-2.0pt

Exchange rate:
FY2009

US\$ ¥92.79
Euro ¥131.12
RMB ¥13.70

FY2010 forecast

US\$ ¥90.00
Euro ¥125.00
RMB ¥13.30



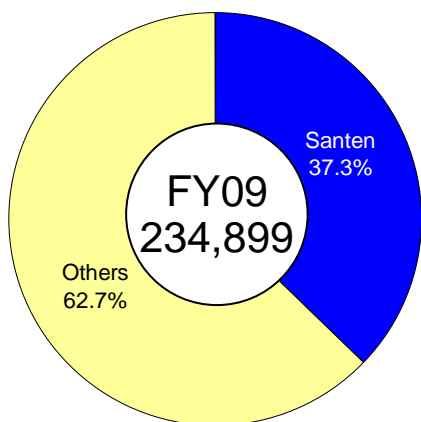
**Reference:
Market Overview of
Prescription Ophthalmics in Japan**

S Japan: Trend & Competition by Category - 1

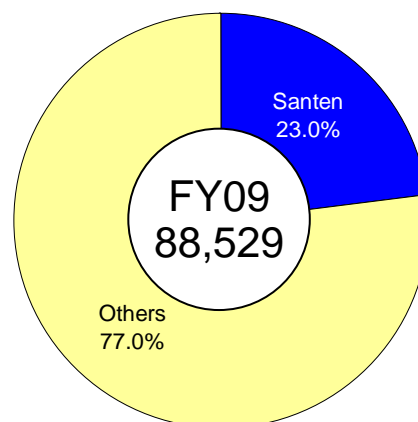
- **Ophthalmology Total:** Market grew by 3.0% in the period up to 1st quarter FY10. Santen maintained market share at 36.2% under the situation of rapid growth in the retinal segment.
- **Glaucoma:** Santen outperformed the market with the contribution of the Tapros. Santen's share stands at 23.8%.
- **Corneal:** Market is slightly in declining trend by -1.7% in the period up to 1st quarter FY10. Santen managed to maintain market share at 75.2%.

Market Size:
millions of yen
%: Value Share

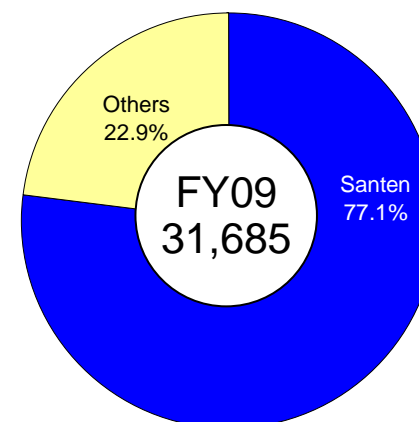
Ophthalmology Total



Anti-glaucoma



Corneal: Dry Eye



		FY09	FY10 1Q
YoY change	Market	+3.5%	+3.0%
	Santen	+1.7%	-2.1%
Santen's Share		37.3%	36.2%

		FY09	FY10 1Q
YoY change		+4.1%	+4.9%
Santen		+18.4%	+11.2%
Santen's Share		23.0%	23.8%

		FY09	FY10 1Q
YoY change		+3.9%	-1.7%
Santen		+3.0%	-4.5%
Santen's Share		77.1%	75.2%

-Santen:
-Glaucoma : Tapros, Timoptol/XE, Rescula, Detantol
-Cornea / Dry Eye : Hyalein

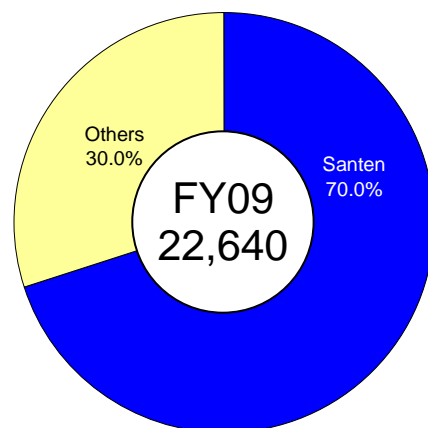
Source: ©2010 IMS Japan
IMS-JPM 2008-10
Santen analysis based on IMS data

S Japan: Trend & Competition by Category - 2

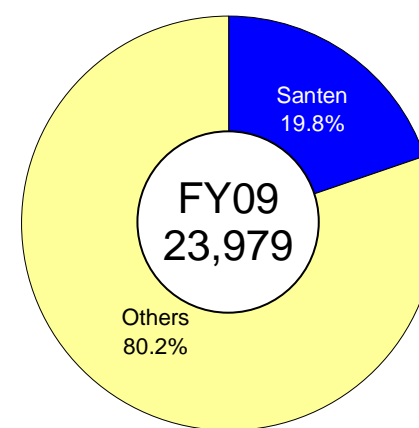
- **Anti-infection:** Market shrunk by 4.0% in the period up to 1st quarter FY10. Treatment days/head is in declining trend.
- **Anti-allergy:** Santen has been underperforming the market. Competitor's growth continues.

Market Size:
millions of yen
%: Value Share

Anti-infection



Anti-allergy



		FY09	FY10 1Q
YoY change	Market	-4.4%	-4.0%
	Santen	-5.6%	-6.0%
Santen's Share		70.0%	68.3%

		FY09	FY10 1Q
YoY change		-15.0%	-6.9%
Market		-19.7%	-19.6%
Santen's Share		19.8%	18.8%

- Santen:
- Anti-infection: Cravit, Tarivid, etc.
 - Anti-allergy: Livostin, Alegysal

Source: ©2010 IMS Japan
IMS-JPM 2008-10
Santen analysis based on IMS data



FY2010 First Quarter
Status of Clinical Development

Member of the Board
Senior Corporate Officer
Head of Research and Development Division
Toshiaki Nishihata, Ph.D.

Major Clinical Pipeline List (Red Letters: Changes from FY09 4Q)

Global Strategic Product

Global Product

Japan (Asia) Product

Domain	Phase I	Phase II	Phase III	NDA Filed	Approved
Glaucoma		DE-104 ROCK inhibitor	China	DE-085 Tafluprost	Japan/Europe (Launched)
		DE-090 Lomerizine HCl			HK/Korea (Launched)
Corneal Disease (Dry Eye)		DE-101 Rivoglitazone US Japan	China	DE-089 Diquafosol sodium	Japan (Approved)
		DE-110 SEGRA			DE-105 Combination of peptides
Retinal Disease		DE-109 Sirolimus			
		DE-102 Steroid DDS			
Others Infection RA		DE-098 Apoptosis inducer		DE-108 Levofloxacin (Higher Concentration)	

Status of Major Drug Candidate (DE-085)

- **DE-085 (Glaucoma, Ocular hypertension)**

TAPROS in Japan, *TAFLOTAN* in other Santen areas, *SAFLUTAN* in Merck* area

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
Japan	Launched	Launched	Generic name: Tafulprost Launched in Japan (December 2008) Europe (June 2008) Asia (March 2010)
Europe **	Launched in 16 countries Approved in 27 countries	Launched in 12 countries Approved in 26 countries	
Asia	Approved/Launched in 2 countries China: P3	Approved/Launched in 2 countries China: P3	
U.S.	Out-licensed development and marketing rights to Merck* (April 2009)		

Launched: Total 19 countries worldwide

- Santen: Japan, 2 countries in Asia (Hong Kong, Korea), and 12 countries in Europe (Germany, Denmark, Finland, Sweden, Norway, Poland, Iceland, Latvia, Georgia, Czech, Mordovskaya, Uzbekistan)

- Merck*: 4 countries in Europe (U.K., Spain, Netherlands, Italy)

Approved: Total 30 countries worldwide (Italy, added newly)

*Merck areas (since April 2009): Western Europe except Germany, North America, South America, and Africa

**Including CIS



Status of Major Drug Candidate (DE-089)

- **DE-089 (Dry eye)**
DIQUAS in Japan

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
Japan	Approved	Approved (April 16)	Generic name: Diquafosol sodium
Asia	China: P3	China: P3	



Status of Major Pipeline - Glaucoma, Ocular hypertension -

- DE-090

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
Japan	Preparing P2	Preparing P2	Generic name: Lomerizine HCl

- DE-104

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
U.S.	P1 / 2	P1 / 2	ROCK inhibitor
Japan	P2	P2	

Status of Major Pipeline - Corneal and conjunctival disease -

- **DE-101** (Corneal and conjunctival epithelial disorders associated with dry eye)

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
U.S.	P1 / 2*	P1 / 2*	Generic name: Rivoglitazone
Japan	P2b	P2b	

*Pilot P2b trial using high concentration formula.

- **DE-105** (Persistent corneal epithelial defects)

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
U.S.	Preparing P2	Preparing P2	Combination of peptides
Japan	P2	P2	

- **DE-110** (Corneal and conjunctival epithelial disorders associated with dry eye/
Allergic conjunctivitis)

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
U.S.	Preparing P2	—	A selective glucocorticoid receptor agonist (SEGRA)

Status of Major Pipeline - Retinal Disease -

- **DE-102** (Diabetic macular edema)

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
Japan	P1 / 2	P1 / 2	Steroid DDS

- **DE-109*** (Wet age related macular degeneration, diabetic macular edema)

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
Japan	P1 / 2	P1 / 2	Generic name: Sirolimus

*Santen acquired development, manufacturing and marketing rights of sirolimus from MacuSight Inc. all over the world in June 2010.

Status of Major Pipeline - Others -

- **DE-108** (Bacterial conjunctivitis)

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
Japan	NDA Filed	NDA Filed (February 10, 2010)	Levofloxacin (1.5%)

- **DE-098** (Rheumatoid arthritis)

Region	Development Stage		Remarks
	As of August 3, 2010	As of May 11, 2010 (Previous announcement)	
Japan	P1 / 2	P1 / 2	Anti-APO-1 antibody
Europe	P1 / 2	P1 / 2	



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.