



**Santen Pharmaceutical Co., Ltd.
Investor Meeting on FY2012 Results**

**Financial Results for the FY2012
Financial Forecast for the FY2013**

**May 9th, 2013
Akira Kurokawa
President & CEO**



Consolidated Results FY2012

Med-term Policies FY2011-2013

To become a specialized pharmaceutical company with global presence

1. Promote global oriented research and development operation.
2. Boost domestic business by maximizing new product value and implementation of sales/marketing strategies.
3. Accelerate growth in both Asia and Europe by reinforcing marketing platform.
4. Establish global product supply system with existing 4 plants which enables to meet the emerging market needs.
5. Develop talents and organizational capabilities to promote “Creation and Innovation” on a globally level.

Financial Highlights for FY2012

(JPY billions)	FY2011 Actual	FY2012 Actual	Var. %	FY2012 Forecast*	Achievement %
Net Sales	114.41	119.06	+4.1%	114.50	104.0%
Cost of Sales (% of net sales)	35.38 30.9%	41.50 34.9%	+17.3% +3.9pt	38.00 33.2%	109.2% +1.7pt
SGA excluding R&D (% of net sales)	35.07 30.7%	36.16 30.4%	+3.1% -0.3pt	35.50 31.0%	101.9% -0.6pt
R&D Cost (% of net sales)	17.22 15.1%	16.71 14.0%	-2.9% -1.0pt	17.50 15.3%	95.5% -1.2pt
Operating Profit (% of net sales)	26.73 23.4%	24.68 20.7%	-7.7% -2.6pt	23.50 20.5%	105.0% +0.2pt
Ordinary Income	27.78	25.60	-7.8%	24.00	106.7%
Net Income	17.16	16.52	-3.7%	16.00	103.3%

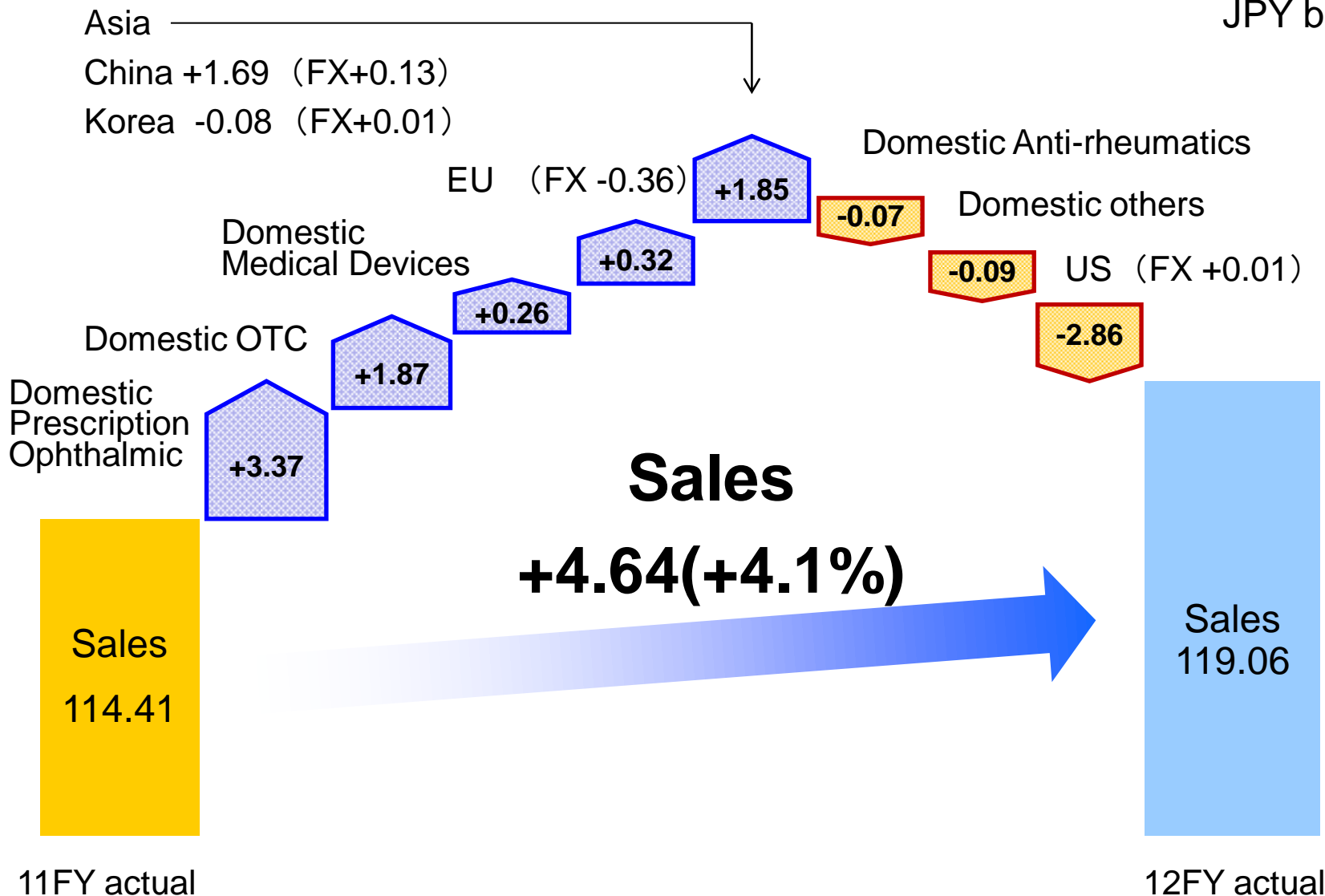
Foreign Exchange	FY11 actual	FY12 actual
US \$	JPY 79.03	JPY 82.91
Euro	JPY 110.27	JPY 106.01
RMB	JPY 12.34	JPY 12.64

Foreign Exchange	FY12 forecast
US \$	JPY 79.00
Euro	JPY 104.00
RMB	JPY 12.50

*Forecast as of: May 8, 2012

Sales Increase/Decrease

JPY billions

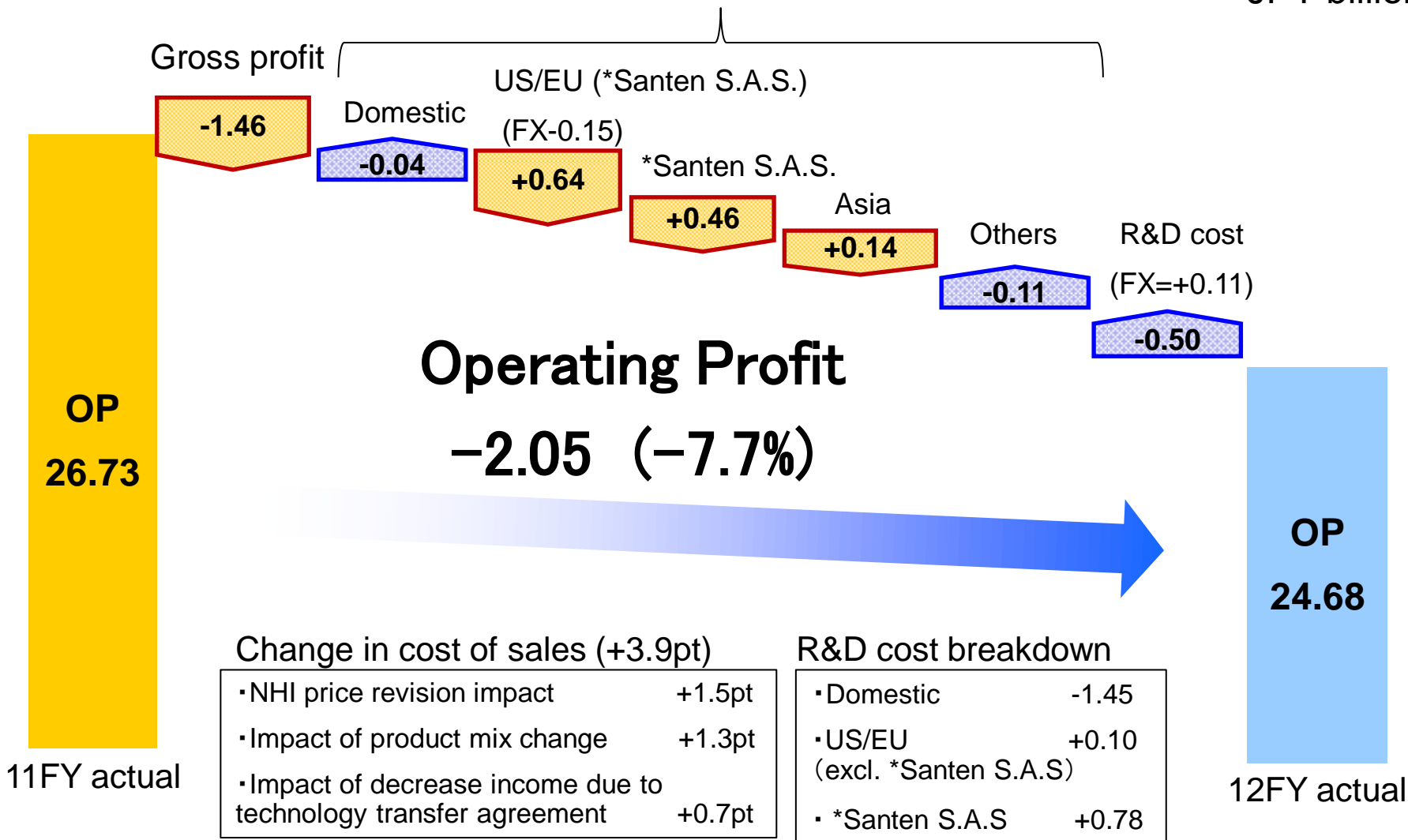


FX=Currency impact

Operating Profit Change

SG&A (excl. R&D cost) +1.09 (+3.1%)

JPY billions





Financial Forecast for FY2013

Financial Forecast for FY2013

(JPY billions)	FY2012 Actual	FY2013 Forecast	Var. %
Net Sales	119.06	134.5	+13.0%
Cost of Sales (% of net sales)	41.50 34.9%	48.00 35.7%	+15.7% +0.8pt
SGA excluding R&D (% of net sales)	36.16 30.4%	42.00 31.2%	+16.2% +0.9pt
R&D cost (% of net sales)	16.71 14.0%	18.20 13.5%	+8.9% -0.5pt
Operating Profit (% of net sales)	24.68 20.7%	26.30 19.6%	+6.6% -1.2pt
Ordinary Income	25.60	26.80	+4.7%
Net Income	16.52	18.20	+10.2%
ROE	10.0%	10.7%	+0.7pt

Foreign Exchange	FY12 actual	FY13 forecast
US \$	JPY 82.91	JPY 94.00
Euro	JPY 106.01	JPY 124.00
RMB	JPY 12.64	JPY 15.10

Priorities in FY2013

Intensively focus on P3 development in R&D
for the growth from FY15 onwards

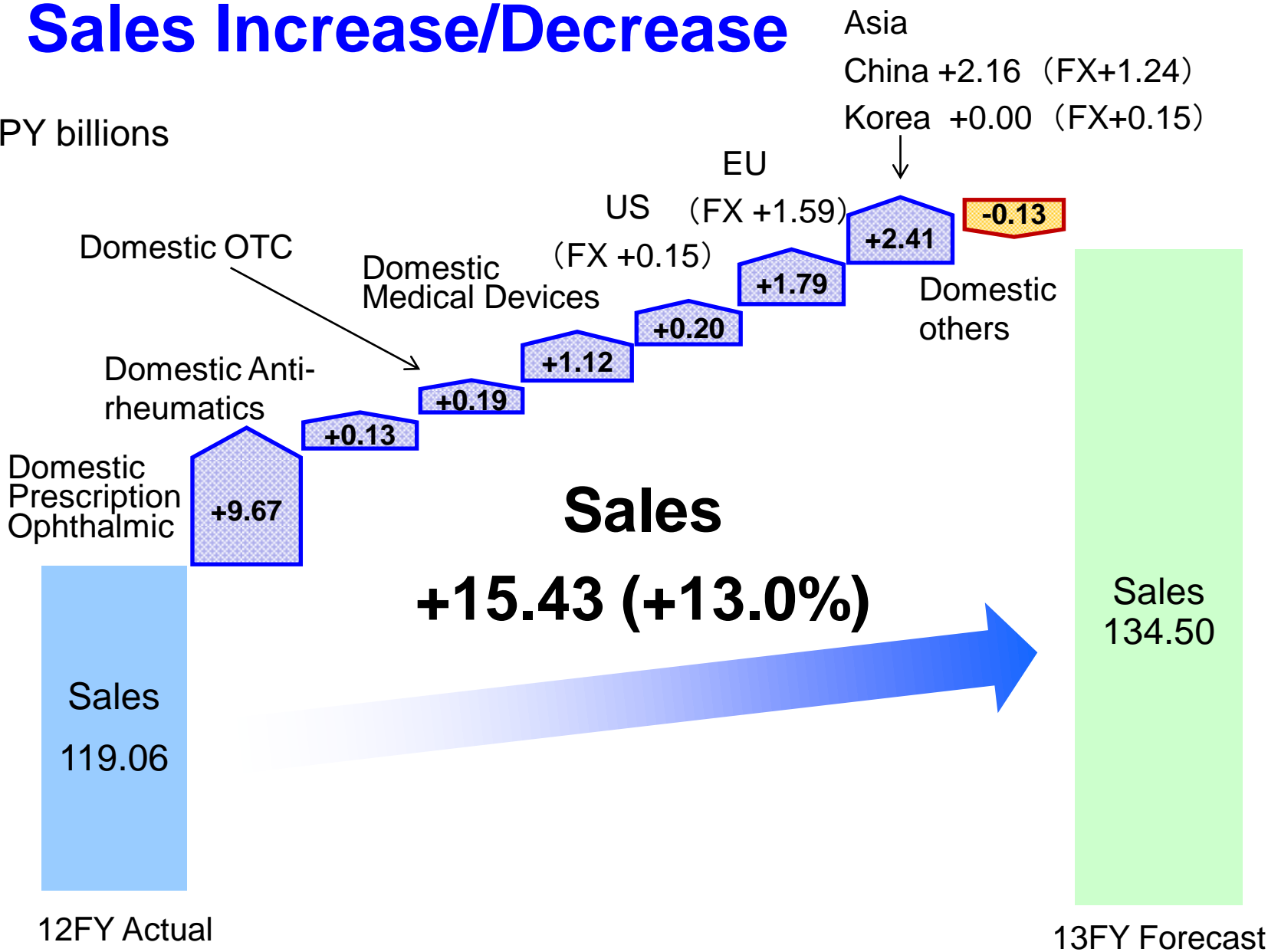
Solid growth driven by the new drugs,
Tapros, Diquas and Eylea

Continually growth in Asia

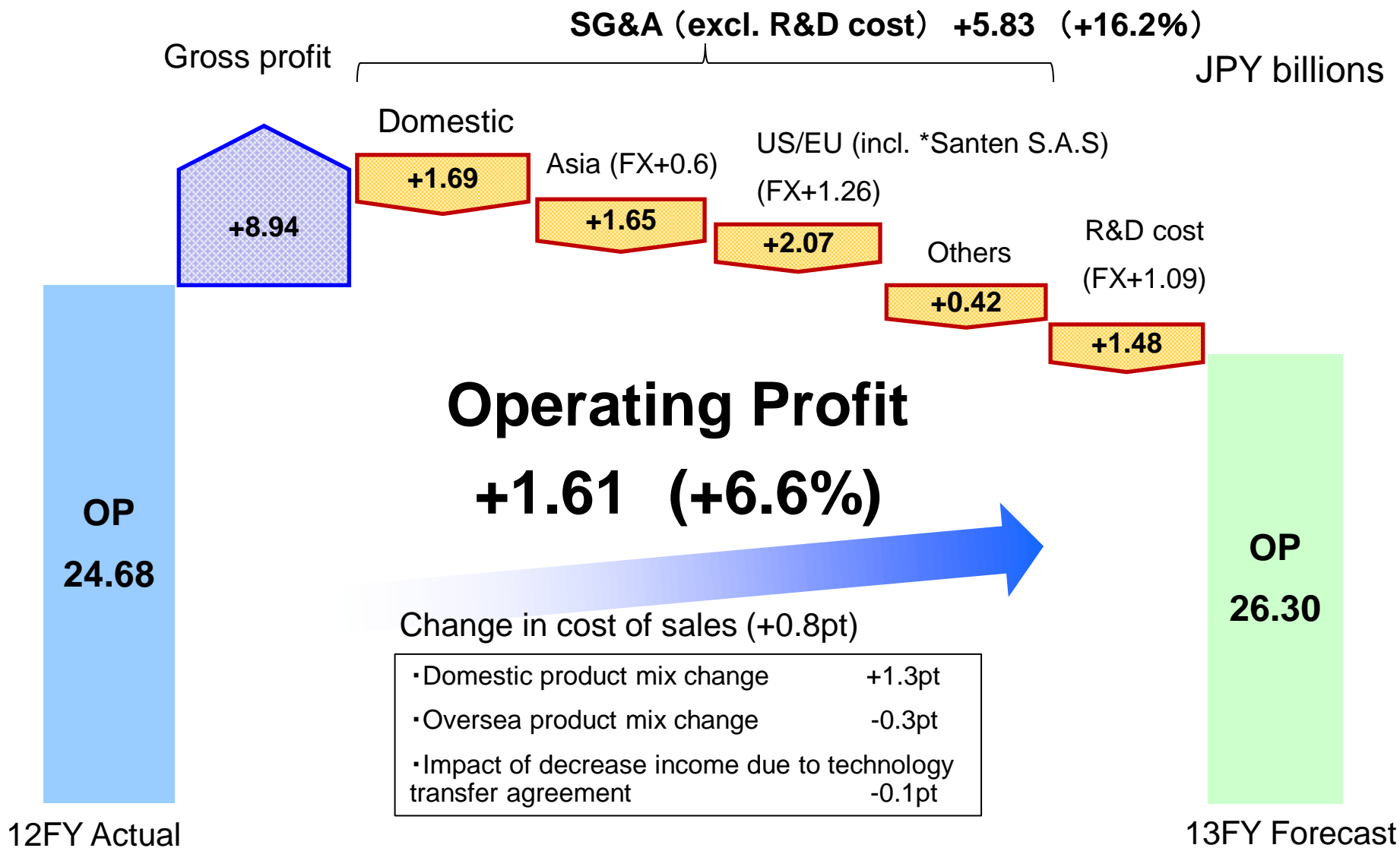
Decrease the cost of sales and appropriate SG&A

Sales Increase/Decrease

JPY billions



Operating Profit Change





Dividend for FY2012 Actual and FY2013 Forecast

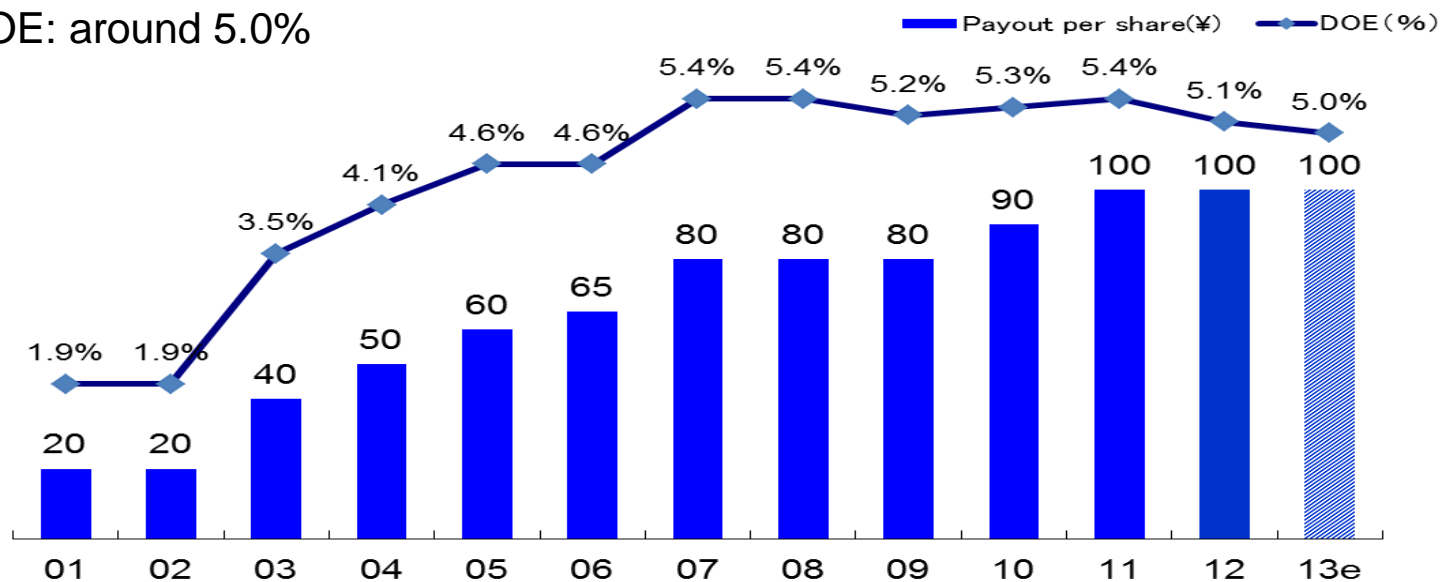
Dividend for FY2012 Actual and FY2013 Forecast

■ FY2012

- FY2012 Annual Dividend : JPY 100 per share
- DOE: 5.1%

■ FY2013

- FY2013 Annual Dividend : JPY 100 per share
- Target DOE: around 5.0%



(¥ billion)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013e
Payout-ratio (%)	34.9	21.4	55.8	39.7	39.9	42.9	54.7	67.2	36.3	36.0	50.8	51.1	46.4
Share Buy-back	3.2	3.2	0	2.6	0	0	4.8	0	0	0	0	13.7	--
Total Return (%)	96.4	59.5	55.8	63.3	39.9	42.9	85.8	67.2	36.4	36.7	50.8	137.0%	--



**Reference:
Consolidated Results
FY2012**

Net Sales by Business Segment

(JPY billions)	FY2012 Actual					
	Japan		Overseas		Total	
	Sales	Var.	Sales	Var.	Sales	Var.
Pharmaceuticals	98.52	+5.4%	18.28	-0.6%	116.81	+4.4%
Prescription Pharmaceuticals	92.06	+3.6%	18.27	-0.6%	110.33	+2.9%
Ophthalmic	81.12	+4.3%	17.85	+12.5%	98.98	+5.7%
Anti-RA	9.81	-0.7%	0.06	-38.7%	9.87	-1.1%
Others	1.12	-8.1%	0.35	-85.3%	1.48	-59.3%
OTC Pharmaceuticals	6.45	+40.8%	0.01	+47.4%	6.47	+40.8%
Others	2.18	+13.8%	0.06	-89.7%	2.25	-12.2%
Medical Devices	2.17	+13.9%	0.06	-89.7%	2.24	-12.2%
Others	0.01	-9.6%	--	--	0.01	-9.6%
Total	100.71	+5.6%	18.35	-3.6%	119.06	+4.1%

Overseas Sales

(JPY billions)	FY2011 Actual	FY2012		
		Actual	Var.	Var. %
U.S.	3.45	0.58	-2.86	-83.1%
Europe	8.88	9.20	+0.32	+3.6%
Asia	6.70	8.55	+1.85	+27.6%
Others	0.00	0.01	+0.00	+86.6%
Total	19.04	18.35	-0.68	-3.6%

Overseas sale/sales	16.6%	15.4%	-1.2pt	--
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Changes in Income Statement

(JPY billions)	FY2011 Actual	FY2012		Major Changes
		Actual	YoY %	
Net Sales	114.41	119.06	+4.1%	
Cost of Sales (% of net sales)	35.38 30.9%	41.50 34.9%	+17.3% +3.9pt	<ul style="list-style-type: none"> • NHI price revision impact +1.5pt • Impact of product mix change +1.3pt • Impact of decrease income due to technology transfer agreement +0.7pt
SGA excluding R&D (% of net sales)	35.07 30.7%	36.16 30.4%	+3.1% -0.3pt	<ul style="list-style-type: none"> • EU/U.S.(excl. Santen S.A.S.) +0.64 • Santen S.A.S. +0.46 • Asia +0.14 • Domestic -0.04
R&D Expenses (% of net sales)	17.22 15.1%	16.71 14.0%	-2.9% -1.0pt	<ul style="list-style-type: none"> • Domestic -1.45 • US/EU +0.10 (excl. Santen S.A.S) • Santen S.A.S +0.78
Operating Profit (% of net sales)	26.73 23.4%	24.68 20.7%	-7.7% -2.6pt	
Non-operating Income	1.11	1.00	-9.9%	
Non-operating Expense	0.07	0.08	+21.5%	
Ordinary Income	27.78	25.60	-7.8%	
Extraordinary Gain	0.06	0.01	-71.2%	
Extraordinary Loss	0.05	0.02	-44.8%	
Net Income before Tax	27.79	25.59	-7.9%	
Corporate Tax	10.63	9.07	-14.7%	
Net Profit	17.16	16.52	-3.7%	

<Currency Rates>

	<u>FY11 actual</u>	<u>FY12actual</u>
US\$	JPY 79.03	JPY 82.91
Euro	JPY 110.27	JPY 106.01
CNY	JPY 12.34	JPY 12.64

Summery of Change in Balance Sheet

(JPY billions)	As of March 31, 2012		As of March 31, 2013		
	Actual	% of Total	Actual	% of Total	Var.
Current Asset	140.28	70.6%	132.58	66.4%	-7.70
Fixed Asset	58.51	29.4%	67.05	33.6%	+8.54
Total Asset	198.80	100.0%	199.64	100.0%	+0.83
Current Liabilities	27.42	13.8%	27.01	13.5%	-0.41
Non-current Liabilities	6.51	3.3%	7.49	3.8%	+0.98
Total Liabilities	33.94	17.1%	34.50	17.3%	+0.56
Total Net Asset	164.86	82.9%	165.13	82.7%	+0.27
Total Liabilities Net Assets	198.80	100.0%	199.64	100.0%	+0.83

Major Changes

- **Current Asset:** Cash and deposits -¥15.35bil, Notes and account receivable +¥5.91bil,
- **Fixed Asset :** Buildings and structures +¥0.62bil, Construction in progress +¥1.08bil, Goodwill +¥0.13bil, In-Process R&D product +¥0.82bil, Investment securities +¥5.76bil
- **Current Liabilities:** Accounts payable +¥1.19bil, Other account payable +¥0.85bil, Income tax payable -¥2.24bil, Reserve for bonus +¥0.14bil
- **Fixed Liabilities:** LT deferred tax debt +¥0.27bil, Employee retirement benefits +¥0.20bil
- **Net asset :** Capital +¥0.38bil, Capital surplus -¥0.27bil, Retained earnings -¥5.02bil, Foreign currency translation adjustments +¥3.33bil

***Issued shares:** End of March, 2012: 87,146,000 → end of March, 2013: 82,469,000
(Cancellation of treasury shares as of November 16, 2012)

Summary of Cash Flows

(JPY billions)		FY2012 Actual
Cash and cash equivalents at the beginning of the year		75.03
Net increase/decrease in cash and cash equivalents		-15.23
	Cash flows from operating activities	+9.94
	Cash flows from investing activities	-4.59
	Cash flows from financial activities	-21.55
	Effect of exchange rate changes on cash and cash equivalents	+0.97
Cash and cash equivalents at the end of the year		59.79

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

Capital Expenditures / Depreciation & Amortization / Lease Expenses

(JPY billions)	FY2011	FY2012	
	Actual	Actual	Var.
Capital Expenditures	3.49	4.20	+0.70
Depreciation and Amortization	2.71	2.53	-0.18
Lease Payments	0.02	0.00	-0.01



Reference:
Financial Results in Santen S.A.S.
(Formally Novagali Pharm S.A.S.)

Income statement in Santen S.A.S. (Formally Novagali)

(EUR' mil)	FY2011 Actual	FY2012	
		Actual	Var.
Sales	0.4	0.6	+0.2
COGS	0.2	0.4	+0.1
SGA(excl.R&D)	6.0	10.7	+4.6
(in SGA) Amortization of Goodwill	1.5	6.1	+4.6
R&D	3.7	11.3	+7.6
Operating Profit	-9.6	-21.9	-12.2



**Reference:
FY2013 Financial Forecasts**

Mid-term Consolidated Income Comparison

(JPY billions)	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Forecast
Net Sales	110.59	110.81	114.41	119.06	134.50
Operating Income	29.64	30.73	26.73	24.68	26.30
Ordinary Income	29.86	31.48	27.78	25.60	26.80
Net Income	18.72	21.33	17.16	16.52	18.20

ROE	14.3%	14.5%	10.7%	10.0%	10.7%
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Sales Forecast by Business Segment / Overseas Sales

(JPY billions)	FY2013 Forecast					
	Japan		Overseas		Total	
	Sales	Var.	Sales	Var.	Sales	Var.
Pharmaceuticals	108.14	+9.8%	22.77	+24.5%	130.91	+12.1%
Prescription Pharmaceuticals	101.49	+10.2%	22.70	+24.2%	124.19	+12.6%
Ophthalmic	90.79	+11.9%	22.01	+23.3%	112.81	+14.0%
Anti-RA	9.94	+1.4%	0.08	+38.2%	10.03	+1.6%
Others	0.74	-33.7%	0.59	+68.2%	1.34	-9.4%
OTC Pharmaceuticals	6.65	+3.1%	0.07	--	6.72	+3.9%
Others	3.55	+62.3%	0.02	-56.7%	3.58	+58.8%
Medical Devices	3.30	+51.5%	0.02	-56.7%	3.32	+48.3%
Others	0.25	--	--	--	0.25	--
Total	111.70	+10.9%	22.79	+24.2%	134.50	+13.0%

Overseas Sales

(JPY billions)	FY2012 Actual	FY2013 Forecast		
		Forecast	Var.	Var. %
U.S.	0.58	0.79	+0.20	+35.9%
Europe	9.20	10.99	+1.79	+19.5%
Asia	8.55	10.97	+2.41	+28.2%
Others	0.01	0.03	+0.02	--
Total	18.35	22.79	+4.44	+24.2%

Overseas sale/sales	15.4%	17.0%	+1.5pt	--
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Capital Expenditures / Depreciation & Amortization / Lease Expenses

(JPY billions)	FY2012 Actual	FY2013	
		Forecast	Var.
Capital Expenditures	4.20	6.17	+1.96
Depreciation and Amortization	2.53	2.89	+0.36
Lease Payments	0.00	0.01	+0.00

Foreign Exchange

- Estimation of Foreign Exchange

	12FY		13FY Forecast	
(JPY)	Estimation*	Actual	Estimation	Mid-term when planning**
US \$	79.00	82.91	94.00	83.00
EU€	104.00	106.01	124.00	110.00
CYN	12.50	12.64	15.10	12.50

*Forecast as of: May 8, 2012

**Forecast as of: May 10, 2011



Reference:

Schedule of IFRS Adoption

New Product Sales ratio

Market Overview of

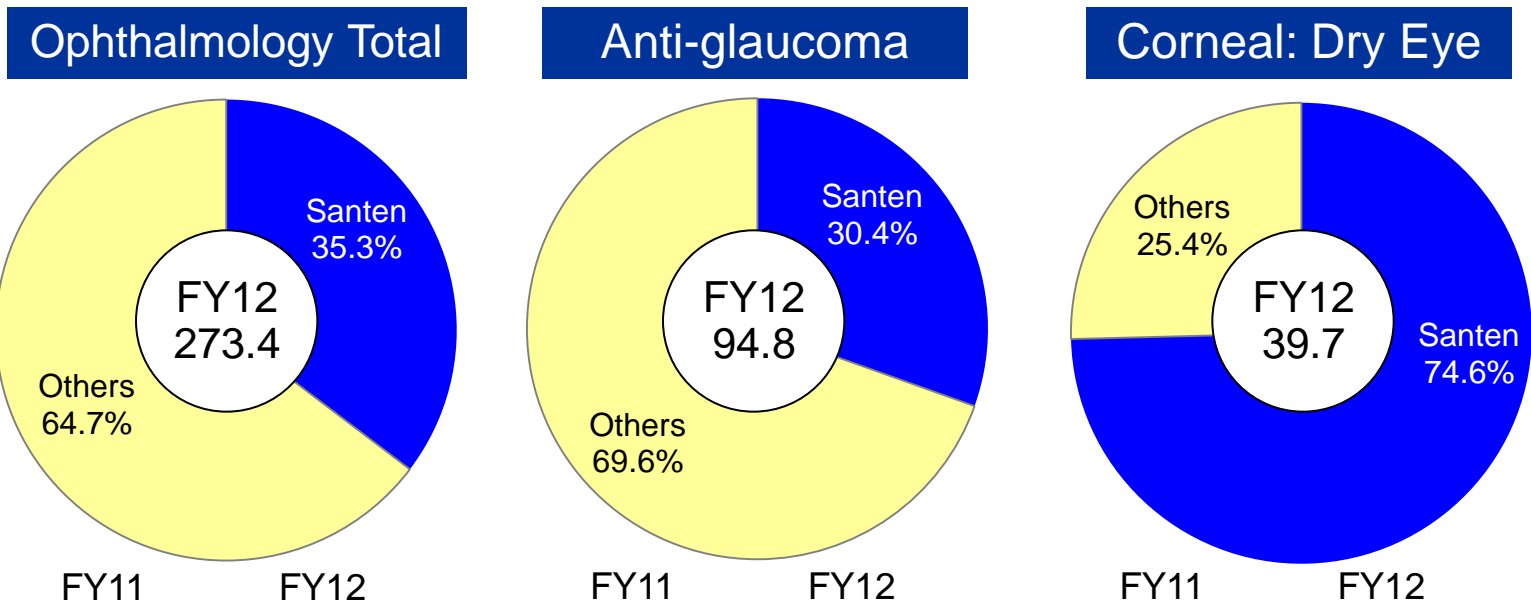
Prescription Ophthalmic in Japan

Eylea

Japan: Trend & Competition in Ophthalmics (1)

- **Ophthalmology Total:** Market grew by 7.3% Y to Y in FY12. The growth of retinal segment and corneal segment continued. Santen's market share was 35.3%.
- **Glaucoma:** Market grew by 2.8% Y to Y in FY12. Santen's sales grew by 10.2%. Santen held 30.4% share of the glaucoma market by the contribution of Tapros and Cosopt.
- **Corneal:** Market grew by 11.3% Y to Y in FY12. Santen's sales grew by 7.1% led by the sales increase of Diquas and Santen's market share was 74.6%.

Market Size:
billions of yen
%: Value Share



		FY11	FY12
YoY change	Market	+3.1%	+7.3%
	Santen	+4.1%	+4.9%
Santen's Share		36.1%	35.3%

		FY11	FY12
Market		+2.3%	+2.8%
Santen		+13.1%	+10.2%
Santen's Share		28.4%	30.4%

		FY11	FY12
Market		+11.3%	+11.3%
Santen		+13.7%	+7.1%
Santen's Share		77.5%	74.6%

-Santen:
 -Glaucoma : Tapros, Cosopt, Timoptol/XE, Rescula, Detantol, etc.
 -Cornea / Dry Eye : Hyalein, Diquas etc.

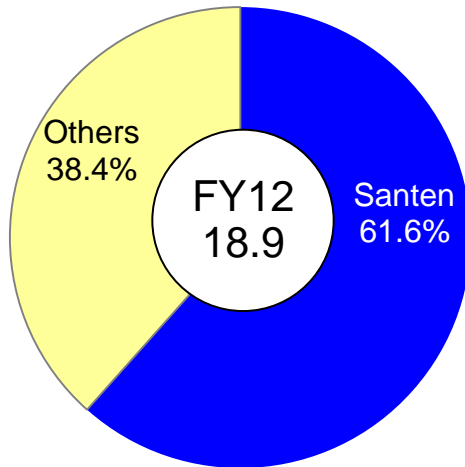
Source: ©2013 IMS Japan
 IMS-JPM 2010-13
 Santen analysis based on IMS data
 Reprinted with permission

Japan: Trend & Competition in Ophthalmics (2)

- **Anti-infection:** Market declined by 11.9% Y to Y in FY12. Santen maintained 61.6% of market share with primary contribution by Cravit.
- **Anti-allergy:** Market increased by 16.8% Y to Y in FY12. Santen's share was 16.0%.
- **Anti-RA(DMARDs):** Market slightly increased by 0.3%. Santen's share was 39.7%.

Market Size:
billions of yen
%: Value Share

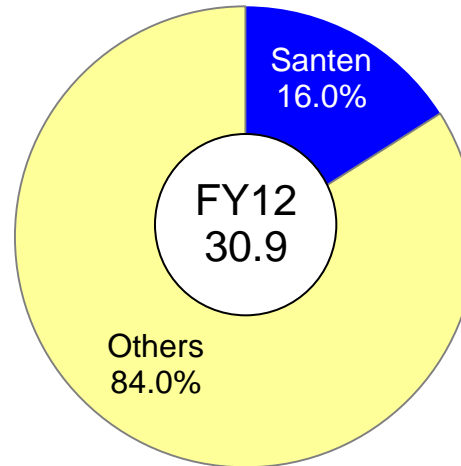
Anti-infection



FY11 FY12

YOY change	Market	-4.2%	-11.9%
	Santen	-5.5%	-19.6%
Santen's Share		67.5%	61.6%

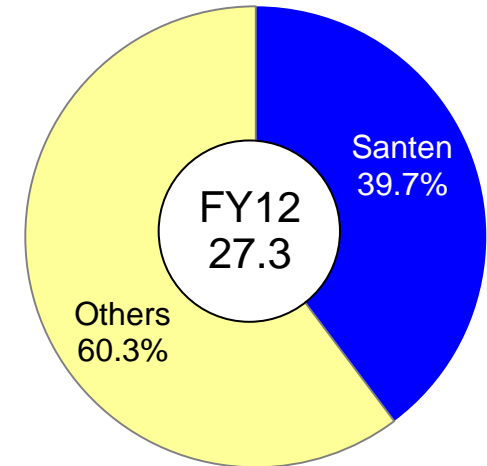
Anti-allergy



FY11 FY12

Market	-9.9%	16.8%
Santen	-4.9%	6.4%
Santen's Share		17.6%
		16.0%

Anti-RA(DMARDs)



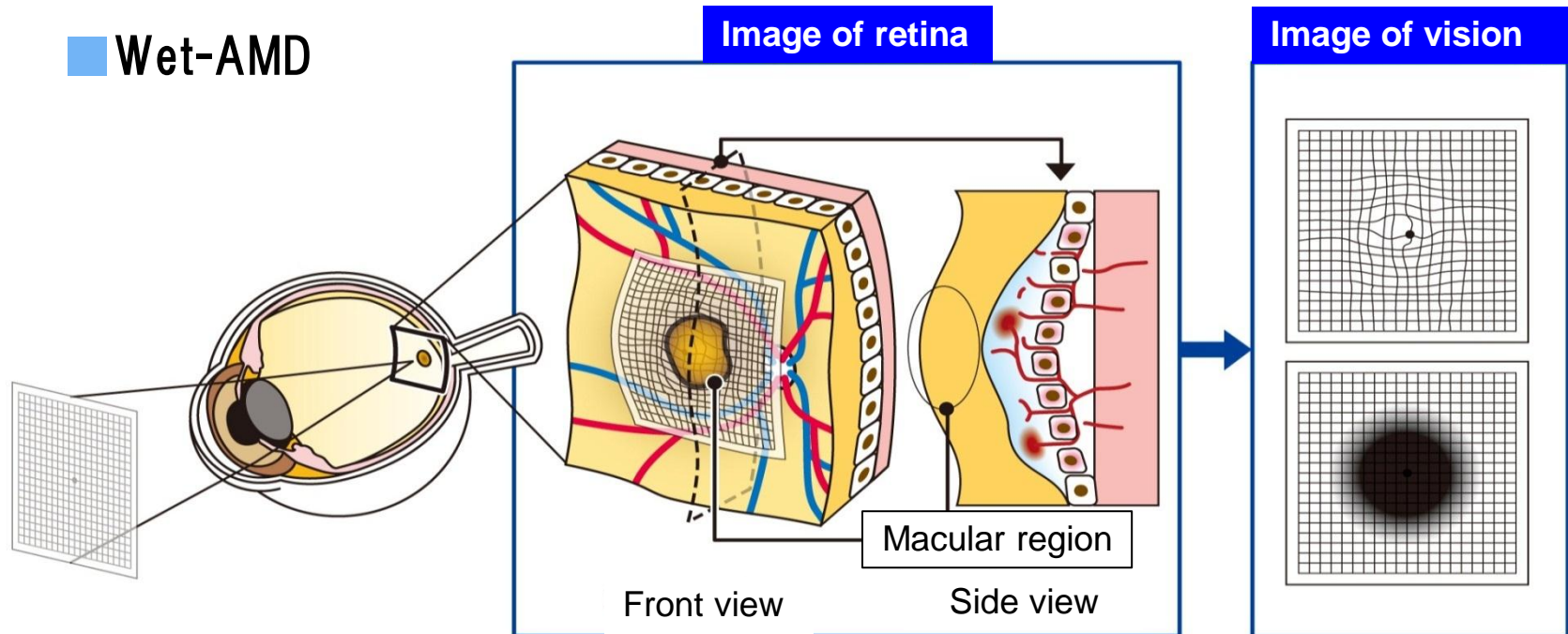
FY11 FY12

Market	6.7%	0.3%
Santen	1.8%	-2.8%
Santen's Share		41.0%
		39.7%

- Santen:
- Anti-infection: Cravit, Tarivid, etc.
 - Anti-allergy: Livostin, Alegysal
 - Anti-RA(DMARDs): Rimatil, Azulfidine, Metolate

Age-related Macular Degeneration

- VEGF has been found as a causative agent of new blood vessels which cause blood leaking after growing.
- VEGF is an essential substance to form and maintain a normal vessel. However, VEGF at AMD generates a unnecessary blood vessel.
- Distortion of sight is occurred due to the damage of retina at macular region by a unnecessary blood vessel.



* The illustration above is imagine figure



Status of Clinical Development FY2012

May 9, 2013

Toshiaki Nishihata, Ph.D.

Director,

Executive Corporate Officer,
Head of Research and Development Division

Major Clinical Pipeline List (1) [by Disease]

(**Red underlined**: Change from 12FY3Q Presentation)

Global Product

Japan (Asia)Product

Disease	Phase 1	Phase 2	Phase 3	NDA	Approved - Launched
Glaucoma	DE-117 EP2 Receptor Agonist			China	DE-085 Tafluprost JP·Asia·EU·Latin America·Australia·US
		DE-090 Lomerizine HCl	EU	DE-111 Tafluprost/Timolol JP	DE-118 Tafluprost
Corneal/ Conjunctival Disease		DE-101 Rivoglitazone		China	DE-089 Diquafosol Sodium Korea JP
	US	DE-105 Peptide Combination JP			
		US	Cyclokat Ciclosporin EU		
Retina Uveal Disease			DE-109 Sirolimus		
			DE-102 Betamethasone		
Other Infection, Allergy, RA		DE-098 Anti APO-1 Antibody		DE-114 Epinastine HCl	
			Vekacia Ciclosporin		

Major Clinical Pipeline List (2) [by Region]

(**Red underlined**: Change from 12FY3Q Presentation)

Global Product

Japan (Asia)Product

Region	Phase 1	Phase 2	Phase 3	NDA	Approved - Launched
Japan			DE-102 Betamethasone		DE-085 Tafluprost
		DE-090 Lomerizine HCl		DE-111 Tafluprost/Timolol	DE-089 Diquafosol Sodium
		DE-105 Peptide Combination		DE-114 Epinastine HCl	DE-118 Tafluprost
		DE-098 Anti APO-1 Antibody	DE-109 Sirolimus		
North America (Including Latin America)	DE-117 EP2 Receptor Agonist		DE-109 Sirolimus		DE-085 Tafluprost
	DE-105 Peptide Combination	DE-101 Rivoglitazone			
		Cyclokat Ciclosporin			
Asia (including Oceania)				China DE-085 Tafluprost	Korea Australia
				China DE-089 Diquafosol Sodium	Korea
EU			DE-111 Tafluprost/Timolol		DE-085 Tafluprost
			DE-109 Sirolimus		
			Cyclokat Ciclosporin		
			Vekacia Ciclosporin		



*Project evaluations are ongoing for other Santen S.A.S. products (formerly known as Novagali Pharm S.A.S.)

Major Clinical Projects Update - Glaucoma, Ocular hypertension -

■ DE-090

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
Japan	P2	P2	Generic name: Lomerizine HCl

■ DE-111

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
Japan	NDA Filed	NDA Filed	Generic name: Tafluprost/ Timolol maleate (Combination drug)
Europe	P3	P3	

■ DE-117

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
US	P1/2a	P1/2a	EP2 receptor agonist (Prostaglandin)

Major Clinical Projects Update - Glaucoma, Corneal disease -

■ DE-118 (Glaucoma, ocular hypertension)

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
Japan	Approved	Approved	Generic name: Tafluprost (preservative-free, unit dose, single use)

■ DE-089 (Dry eye)

Product Name: *DIQUAS* in Japan

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
Japan	Launched	Launched	Generic name: Diquafosol Sodium
Asia	China: NDA filed Korea: Approved	China: NDA filed Korea: Approved	

Major Clinical Projects Update - Corneal disease -

■ DE-101 (Corneal and conjunctival epithelial disorders associated with dry eye, etc.)

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
US	P2	P2	Generic Name: Rivoglitazone

■ DE-105 (Persistent corneal epithelial defects)

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
Japan	P2	P2	Combination of peptides
US	Preparing P2	Preparing P2	

Major Clinical Projects Update - Retinal / Uveitis Disease -

■ **DE-102** (Macular edema associated with diabetes or branch retinal vein occlusion (BRVO))

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
Japan	P2/3	P2/3	Generic name: Betamethasone

■ **DE-109** (Uveitis)

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
US	P3	P3	Generic name: Sirolimus
Japan	P3	P3	
EU	P3	P3	

Major Clinical Projects Update - Infection, Allergy, Arthritis -

■ DE-114 (Allergic conjunctivitis)

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
Japan	NDA filed	NDA filed	Generic name: Epinastine HCl

■ DE-098 (Rheumatoid arthritis)

Region	Development Stage		Remarks
	As of May 8, 2013	As of February 5, 2013 (Previous announcement)	
Japan	P2 Completed	P2 Completed	Anti-APO-1 Antibody

Major Clinical Projects Update—Santen S.A.S. ex. Novagali

■ Cyclokat (Severe Dry Eye)

Region	Development Stage		Remarks
	As of May 8, 2013	2/5 (Previous)	
EU	P3	P3	Generic Name: Ciclosporin
US	P2 Complete	P2 complete	

■ Vekacia (Vernal Conjunctivitis)

Region	Development Stage		Remarks
	As of May 8, 2013	2/5 (Previous)	
EU	P3	P3	Generic Name: Ciclosporin

*Project evaluations are ongoing for the products below.

Product Name	Indication	Region	Stage	Remarks
Catioprost	Glaucoma/ ocular hypertension	EU	P2	Generic Name: Latanoprost
Cortiject	Diabetic macular edema	US	P1/2	Generic Name: Dexamethasone Palmitate

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.