



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book 2014

Year Ended March 31, 2014

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Santen group has unified the accounting period from the fiscal year ended March 31, 2014, for voluntary adoption of International Financial Reporting Standards (IFRS) from the fiscal year ending March 31, 2015. In this data book, performance for the unification of accounting period is noted as (*), and financial results for the previous 12 month period are shown as [12month]. Financial results before the fiscal year ended March 31, 2013 are based on the previous 12 month performance.

Forecasts in this report are based on the currently available information.

Actual results may differ materially depending on a number of factors including adverse economic conditions, delays in new products launch, currency exchange rate, legislative and regulatory developments.

Financial highlights



■ Consolidated financial summary

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	% Change 2014/2013	2014 [12month]	% Change 2014/2013	2015 Forecast
Net sales	110,594	110,812	114,416	119,066	148,663	24.9	146,013	22.6	151,000
Operating income	29,640	30,738	26,733	24,681	27,414	11.1	28,835	16.8	28,000
Ordinary income	29,862	31,484	27,780	25,602	27,924	9.1	29,332	14.6	28,500
Net income	18,722	21,333	17,160	16,520	17,109	3.6	18,922	14.5	18,600
Dividends per share (yen)	80	90	100	100	100	—	100	—	100
DOE (%)	5.2	5.3	5.4	5.1	4.8	—	4.7	—	—

■ Consolidated balance sheets summary

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	% Change 2014/2013
Total assets	166,878	184,801	198,801	199,640	231,105	15.8
Net assets	137,603	156,404	164,861	165,132	181,209	9.7
Interest-bearing debts	617	188	157	133	110	-17.4

■ Consolidated financial indexes

Year ended March 31	2010	2011	2012	2013	2014*	% Change 2014/2013	2014 [12month]	% Change 2014/2013	2015 Forecast
EPS (yen)	220.10	249.71	196.96	195.81	207.29	5.9	229.26	17.1	225.35
BPS (yen)	1,614.08	1,793.15	1,887.81	1,998.44	2,189.50	9.6	2,234.70	11.8	—
Debt equity ratio (times)	0.00	0.00	0.00	0.00	0.00	—	0.00	—	—
PER (times)	12.7	13.3	17.9	22.7	22.1	—	20.0	—	—
PBR (times)	1.74	1.85	1.87	2.23	2.09	—	2.05	—	—
ROE (%)	14.3	14.5	10.7	10.0	9.9	—	10.8	—	—
ROA (%)	11.8	12.1	8.9	8.3	7.9	—	8.8	—	—
Equity ratio(%)	82.3	84.5	82.8	82.6	78.2	—	79.3	—	—
※ Free cash flows (millions of yen)	24,795	16,118	18,203	6,334	21,172	234.3	—	—	—
※ EBITDA (millions of yen)	32,084	34,087	30,601	28,255	29,812	5.5	—	—	—

※Free cash flows = (Cash flows from operating activities) - (Capital expenditures)

Not adjusting increase/decrease in trade receivables for fiscal years ending on holidays.

※EBITDA = (Income before income taxes) + (Interest expense) + (Depreciation and amortization)

■ Exchange rates

(Yen)

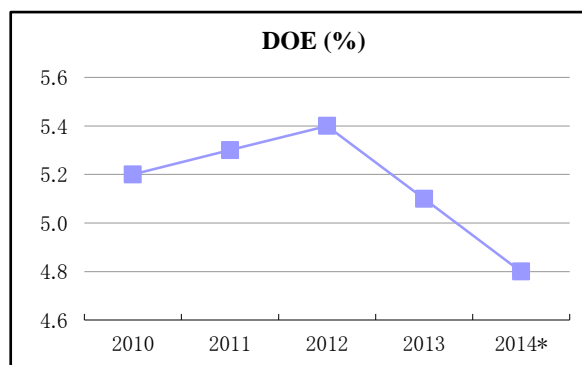
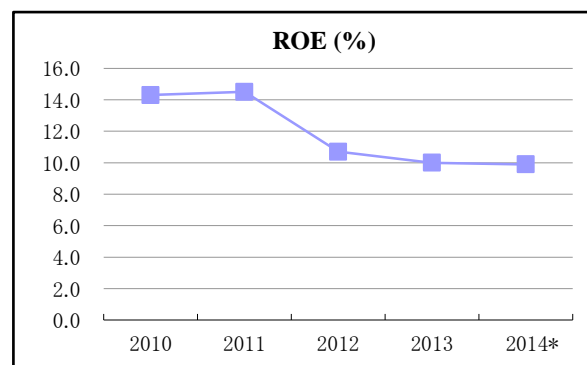
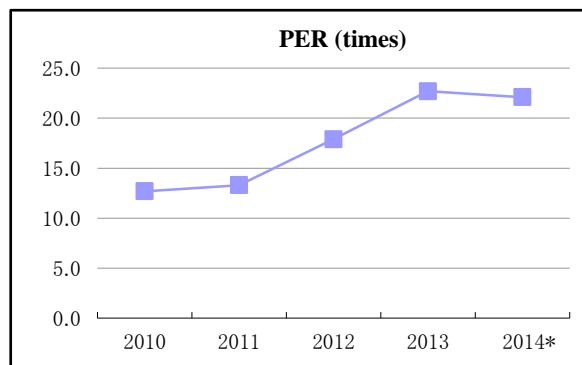
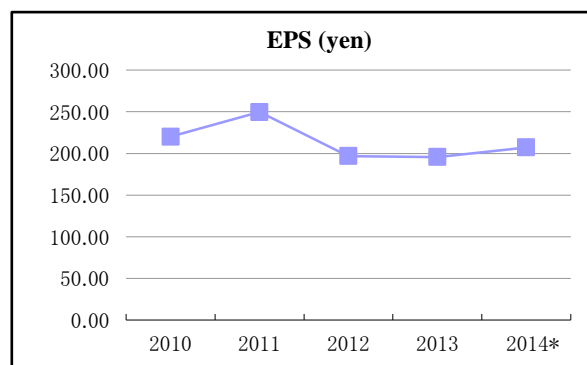
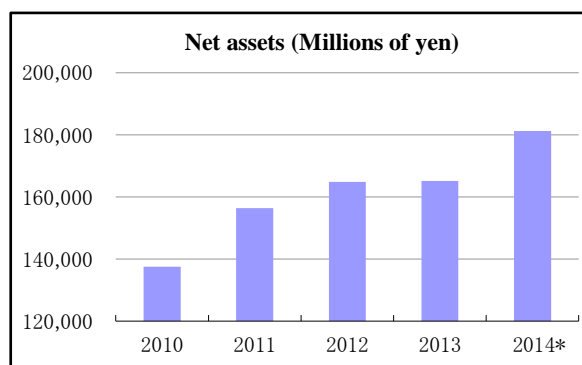
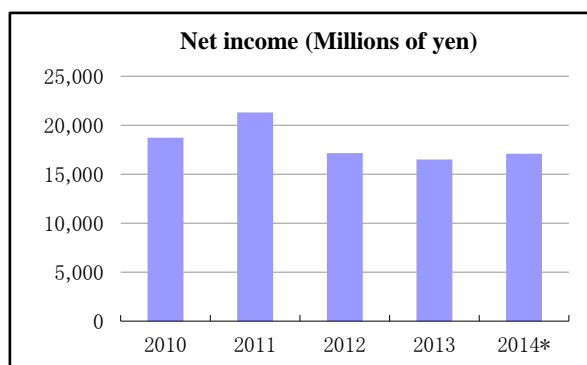
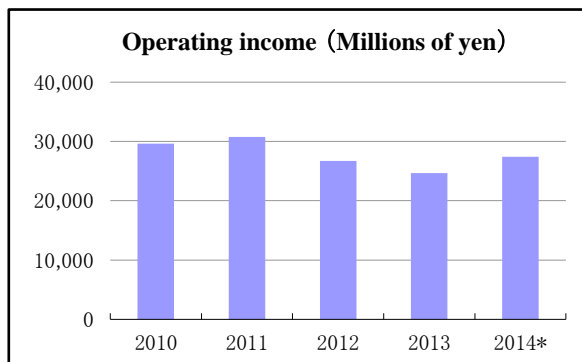
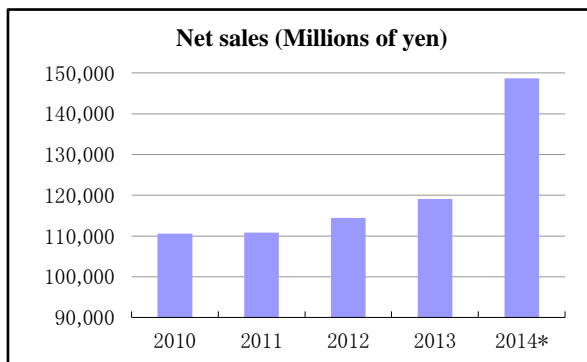
Year ended March 31	2010	2011	2012	2013	2014*	2014 [12month]	2015 Forecast
Exchange rate : US dollar	92.79	85.57	79.03	82.91	100.04	100.04	103.00
: Euro	131.12	113.45	110.27	106.01	132.98	132.34	141.00
: RMB	13.70	12.94	12.34	12.64	15.93	15.72	16.90

* After reflecting unification of accounting period.

Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

Financial highlights

■ Consolidated Financial Summary (Graph)



*After reflecting unification of accounting period.

Consolidated information
Consolidated statements of income and comprehensive income



(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	% Change 2014/2013	2014 [12month]	% Change 2014/2013
Net sales	110,594	110,812	114,416	119,066	148,663	24.9	146,013	22.6
Cost of sales	34,710	34,436	35,385	41,501	58,104	40.0	57,171	37.8
(Percentage of net sales)	31.4%	31.1%	30.9%	34.9%	39.1%		39.2%	
Gross profit	75,884	76,375	79,031	77,564	90,558	16.8	88,842	14.5
(Percentage of net sales)	68.6%	68.9%	69.1%	65.1%	60.9%		60.8%	
Selling, general and administrative expenses	46,244	45,636	52,298	52,883	63,144	19.4	60,006	13.5
(Percentage of net sales)	41.8%	41.2%	45.7%	44.4%	42.5%		41.1%	
R&D expenditures	14,123	13,221	17,225	16,719	19,040	13.9	18,235	9.1
(Percentage of net sales)	12.8%	11.9%	15.1%	14.0%	12.8%		12.5%	
Operating income	29,640	30,738	26,733	24,681	27,414	11.1	28,835	16.8
(Percentage of net sales)	26.8%	27.7%	23.4%	20.7%	18.4%		19.7%	
Non-operating income	842	1,011	1,119	1,007	975	-3.2	952	-5.5
Non-operating expenses	620	265	71	86	465	437.5	455	425.5
Ordinary income	29,862	31,484	27,780	25,602	27,924	9.1	29,332	14.6
(Percentage of net sales)	27.0%	28.4%	24.3%	21.5%	18.8%		20.1%	
Extraordinary gain	74	15	61	17	473	—	473	—
Extraordinary loss	1,327	425	51	28	1,504	—	1,014	—
Income before income taxes	28,610	31,074	27,791	25,591	26,893	5.1	28,792	12.5
(Percentage of net sales)	25.9%	28.0%	24.3%	21.5%	18.1%		19.7%	
Income taxes - current	10,687	9,970	9,912	7,908	11,762	48.7	11,255	42.3
Income taxes - deferred	-800	-229	717	1,162	-1,978	—	-1,385	—
Income before minority interests	—	21,333	17,160	16,520	17,109	3.6	18,922	14.5
Net income	18,722	21,333	17,160	16,520	17,109	3.6	18,922	14.5
(Percentage of net sales)	16.9%	19.3%	15.0%	13.9%	11.5%		13.0%	
Income before minority interests	—	21,333	17,160	16,520	17,109	3.6	18,922	14.5
Other comprehensive income	—	-1,537	-194	5,208	8,269	58.3	10,188	95.6
Comprehensive income	—	19,796	16,966	21,728	25,378	16.7	29,111	34.0

* After reflecting unification of accounting period.

Consolidated statements of income details

■ Major selling, general and administrative expenses

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	% Change 2014/2013	2014 [12month]	% Change 2014/2013
Personnel expenses	13,347	13,612	14,933	15,627	17,822	14.0	17,092	9.4
Sales promotion expenses	4,172	4,490	5,163	5,233	6,751	29.0	6,257	19.6
Royalty expenses	2,497	2,545	1,952	1,935	2,547	31.6	2,515	29.9
Advertising expenses	1,637	1,500	1,221	1,116	1,589	42.4	1,439	28.9
R&D expenditures	14,123	13,221	17,225	16,719	19,040	13.9	18,235	9.1

■ Major non-operating income and expenses

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	% Change 2014/2013	2014 [12month]	% Change 2014/2013
Interest and dividend income	417	521	528	522	601	15.3	598	14.7
Gain on insurance received	128	136	143	157	147	-6.3	147	-6.3
Interest expense	52	36	22	6	5	-19.1	9	38.0

* After reflecting unification of accounting period.

Sales details



■ Sales by segment

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	% Change 2014/2013	2014 [12month]	% Change 2014/2013
Pharmaceuticals	109,057	108,575	111,846	116,810	145,712	24.7	143,063	22.5
Prescription pharmaceuticals	103,806	103,852	107,249	110,336	139,257	26.2	136,610	23.8
Ophthalmic	86,867	90,797	93,620	98,981	127,395	28.7	124,790	26.1
Anti-rheumatic drugs	9,907	9,833	9,987	9,874	10,251	3.8	10,251	3.8
Other prescription pharmaceuticals	7,030	3,221	3,641	1,480	1,610	8.8	1,569	6.0
OTC pharmaceuticals	5,251	4,723	4,597	6,474	6,455	-0.3	6,453	-0.3
Others	1,537	2,236	2,570	2,255	2,950	30.8	2,950	30.8
Medical devices	1,520	2,224	2,558	2,245	2,678	19.3	2,678	19.3
Others	16	11	11	10	272	—	272	—
Total net sales	110,594	110,812	114,416	119,066	148,663	24.9	146,013	22.6

[Domestic]

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	% Change 2014/2013	2014 [12month]	% Change 2014/2013
Pharmaceuticals	88,605	91,047	93,449	98,521	119,215	21.0	119,184	21.0
Prescription pharmaceuticals	83,372	86,332	88,862	92,062	112,798	22.5	112,767	22.5
Ophthalmic	72,666	75,585	77,753	81,125	101,779	25.5	101,779	25.5
Anti-rheumatic drugs	9,772	9,727	9,883	9,810	10,162	3.6	10,162	3.6
Other prescription pharmaceuticals	933	1,020	1,225	1,126	856	-24.0	825	-26.7
OTC pharmaceuticals	5,232	4,715	4,587	6,458	6,417	-0.6	6,417	-0.6
Others	980	1,501	1,924	2,189	2,897	32.3	2,897	32.3
Medical devices	963	1,490	1,912	2,178	2,625	20.5	2,625	20.5
Others	16	11	11	10	272	—	272	—
Total net sales	89,586	92,549	95,374	100,711	122,113	21.3	122,082	21.2
(Percentage of total net sales)	81.0%	83.5%	83.4%	84.6%	82.1%	—	83.6%	—

[Overseas]

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	% Change 2014/2013	2014 [12month]	% Change 2014/2013
Pharmaceuticals	20,451	17,527	18,396	18,288	26,497	44.9	23,878	30.6
Prescription pharmaceuticals	20,433	17,519	18,386	18,273	26,459	44.8	23,843	30.5
Ophthalmic	14,201	15,211	15,866	17,855	25,616	43.5	23,010	28.9
Anti-rheumatic drugs	135	106	103	63	88	40.1	88	40.1
Other prescription pharmaceuticals	6,096	2,200	2,416	354	754	113.0	743	110.0
OTC pharmaceuticals	18	8	10	15	37	150.9	35	136.3
Others	556	734	645	66	52	-20.3	52	-20.3
Medical devices	556	734	645	66	52	-20.3	52	-20.3
Others	—	—	—	—	—	—	—	—
Total net sales	21,008	18,262	19,042	18,354	26,550	44.6	23,931	30.4
(Percentage of total net sales)	19.0%	16.5%	16.6%	15.4%	17.9%	—	16.4%	—

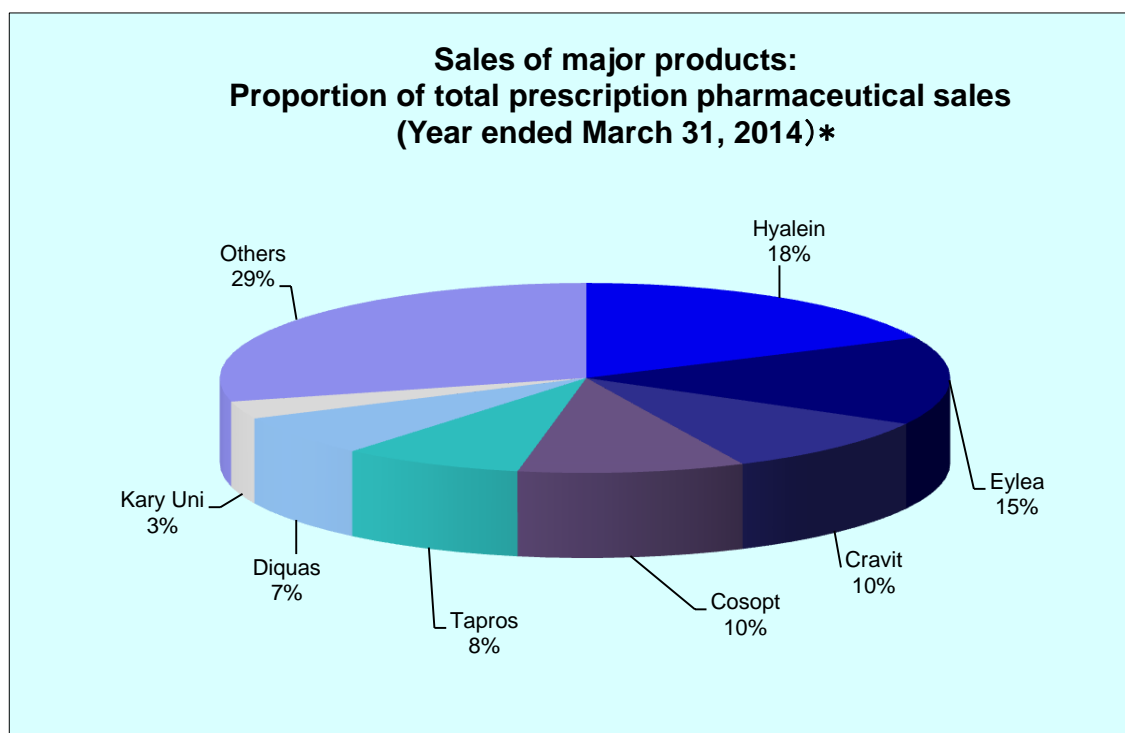
* After reflecting unification of accounting period.

Sales details

■ Sales of major prescription pharmaceuticals

Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
	tafluprost/ophthalmic solution	Tapros	Japan	Dec-08
Glaucoma	dorzolamide hydrochloride-timolol maleate/ combination ophthalmic solution	Cosopt	Japan	Jun-10
	timolol maleate/ophthalmic solution	Timoptol	Japan	Sep-81
	timolol maleate/ long-acting ophthalmic solution	Timoptol XE	Japan	Nov-99
	bunazosin hydrochloride/ophthalmic solution	Detantol	Japan	Sep-01
	isopropyl unoprostone/ophthalmic solution	Rescula ※	Japan	Oct-94
Allergy	epinastine hydrochloride/ophthalmic solution	Alesion	Japan	Nov-13
	levocabastine hydrochloride/ ophthalmic solution	Livostin	Japan	Jan-01
Corneal disease	sodium hyaluronate/ophthalmic solution	Hyalein	Japan	Jun-95
	diquafosol sodium	Diquas	Japan	Dec-10
Inflammation	fluorometholone/ophthalmic solution	Flumetholon	Japan	Oct-75
Senile cataract	pirenoxine/ophthalmic solution	Kary Uni	Japan	Jul-92
Adjuvant for ophthalmic operations	sodium hyaluronate/ adjuvant for ophthalmic operations	Opegan Hi	Japan	Jan-95
Intravitreal VEGF inhibitor	aflibercept solution for intravitreal injection	Eylea	Japan	Nov-12
	bucillamine/tablet	Rimatil	Japan	Sep-87
Rheumatoid arthritis	salazosulfapyridine/enteric coated tablet	Azulfidine EN	Japan	Dec-95
	methotrexate/tablet	Metolate	Japan	Jul-04

※Rescula: This product, which was launched in October 1994, has been sold by Santen Pharmaceutical Co., Ltd. since October 2004.

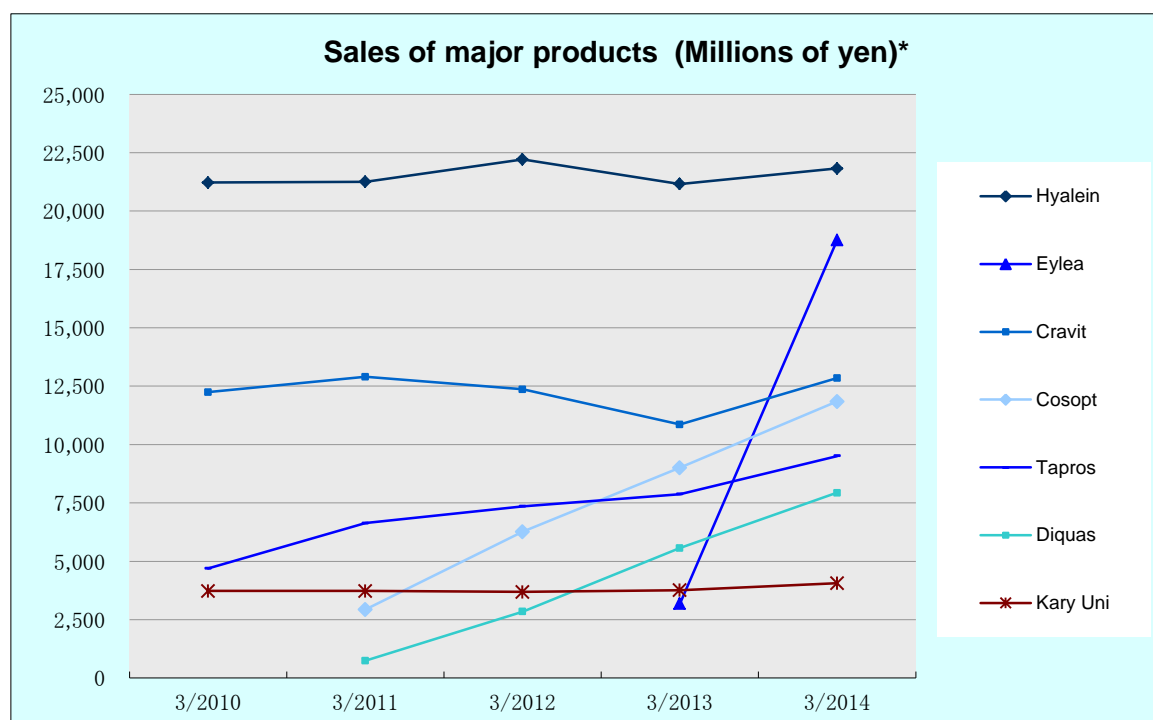


*After reflecting unification of accounting period.

Year ended March 31

(Millions of yen)

2010	2011	2012	2013	2014*	% Change 2014/2013	2014 [12month]	% Change 2014/2013	2015 Forecast	Brand name
12,240	12,904	12,368	10,857	12,845	18.3	12,072	11.2	12,178	Cravit
2,423	2,419	1,932	1,830	2,040	11.4	1,910	4.4	1,912	Tarivid
4,687	6,633	7,351	7,872	9,509	20.8	9,466	20.2	8,466	Tapros
—	2,935	6,271	9,006	11,846	31.5	11,846	31.5	10,390	Cosopt
2,832	2,152	1,701	1,366	1,184	-13.3	1,184	-13.3	857	Timoptol
3,475	2,891	2,404	2,085	1,931	-7.4	1,931	-7.4	1,532	Timoptol XE
2,168	2,064	1,968	1,734	1,549	-10.7	1,549	-10.7	1,317	Detantol
3,669	2,777	2,472	2,243	2,146	-4.3	2,146	-4.3	1,930	Rescula
—	—	—	—	2,103	—	2,103	—	6,562	Alesion
3,229	3,800	3,346	4,036	2,534	-37.2	2,534	-37.2	1,944	Livostin
21,219	21,257	22,216	21,159	21,823	3.1	21,268	0.5	21,031	Hyalein
—	745	2,846	5,563	7,937	42.7	7,917	42.3	8,235	Diquas
4,432	4,753	4,072	4,447	3,973	-10.7	3,876	-12.8	3,964	Flumetholon
3,728	3,728	3,690	3,765	4,059	7.8	3,899	3.5	4,161	Kary Uni
3,431	3,226	3,018	2,842	2,867	0.9	2,867	0.9	2,654	Opegan Hi
—	—	—	3,183	18,756	489.2	18,756	489.2	19,200	Eylea
4,352	3,944	3,673	3,253	3,134	-3.7	3,134	-3.7	2,735	Rimatil
4,216	4,106	4,030	3,767	3,819	1.4	3,819	1.4	3,619	Azulfidine EN
995	1,250	1,705	2,040	2,410	18.1	2,410	18.1	2,363	Metolate



*After reflecting unification of accounting period.

Forecasts in this report are based on the currently available information.

Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

Consolidated balance sheets

■ Assets

(Millions of yen)

Year ended March 31	2010		2011		2012		2013		2014*	
		%		%		%		%		%
Current assets	118,832	71.2	137,668	74.5	140,288	70.6	132,582	66.4	156,006	67.5
Cash and deposits	56,677		65,558		66,235		50,884		63,509	
Notes and accounts receivable-trade	35,268		38,980		37,923		43,840		52,086	
Marketable securities	8,998		13,332		12,739		11,007		13,111	
Merchandise and finished goods	11,210		11,784		14,672		16,703		16,223	
Work in process	425		449		600		624		390	
Raw materials and supplies	1,987		2,469		2,677		3,620		3,417	
Deferred tax assets	2,166		1,986		1,921		1,880		2,346	
Other current assets	2,098		3,106		3,521		4,022		4,925	
Allowance for doubtful receivables	-0		-1		-1		-1		-3	
Fixed assets	48,046	28.8	47,133	25.5	58,513	29.4	67,057	33.6	75,099	32.5
Tangible assets	26,574	15.9	24,956	13.5	25,523	12.8	27,420	13.7	27,628	12.0
Buildings and structures	14,622		13,450		12,806		13,427		14,146	
Machinery, equipment and vehicles	1,994		1,632		1,581		1,584		2,210	
Land	8,418		8,216		8,213		8,240		8,266	
Lease assets	97		186		166		158		155	
Construction in progress	43		186		1,365		2,454		816	
Other tangibles	1,397		1,283		1,390		1,554		2,032	
Intangible assets	1,231	0.7	991	0.5	12,877	6.5	14,123	7.1	16,585	7.2
Goodwill	—		—		5,801		5,936		6,297	
In-process research and development	—		—		5,941		6,767		8,357	
Software	1,158		952		831		1,150		1,826	
Other intangibles	72		39		301		269		102	
Investments and other assets	20,240	12.1	21,185	11.5	20,112	10.1	25,513	12.8	30,885	13.4
Investment securities	12,239		12,141		12,411		18,173		21,739	
Deferred tax assets	6,702		7,538		6,500		4,460		5,488	
Other assets	1,299		1,505		1,200		2,879		3,657	
Deferred assets	—	—	—	—	—	—	—	—	—	—
Total assets	166,878	100.0	184,801	100.0	198,801	100.0	199,640	100.0	231,105	100.0

* After reflecting unification of accounting period.

■ Liabilities and net assets

(Millions of yen)

Year ended March 31	2010		2011		2012		2013		2014*	
		%		%		%		%		%
Current liabilities	25,286	15.2	24,104	13.0	27,425	13.8	27,011	13.5	39,093	16.9
Trade accounts payable	5,600		6,031		8,074		9,266		14,270	
Other payables	7,936		8,444		9,009		9,868		9,695	
Income taxes payable	6,618		4,631		5,282		3,038		8,169	
Reserve for bonuses	2,687		2,712		2,943		3,085		3,573	
Provision for sales returns	81		87		81		104		135	
Other current liabilities	2,363		2,198		2,033		1,647		3,249	
Non-current liabilities	3,988	2.4	4,292	2.3	6,514	3.3	7,496	3.8	10,802	4.7
Lease Obligations	74		152		115		87		59	
Deferred tax liabilities	15		20		1,996		2,269		2,796	
Retirement and severance benefits	2,910		3,266		3,459		3,664		—	
Retirement and severance benefits for directors and auditors	456		453		222		248		—	
Net defined benefit liability	—		—		—		—		5,400	
Provision for business structure improvement	—		—		—		—		802	
Asset retirement obligations	—		160		161		160		221	
Other liabilities	531		238		559		1,066		1,521	
Total liabilities	29,275	17.5	28,397	15.4	33,940	17.1	34,507	17.3	49,896	21.6
Shareholders' equity	141,866	85.0	162,159	87.7	170,770	85.9	165,855	83.1	175,328	75.9
Common stock	6,538	3.9	6,614	3.6	6,694	3.4	7,080	3.5	7,264	3.1
Capital surplus	7,233	4.3	7,968	4.3	8,049	4.0	7,775	3.9	7,958	3.4
Retained earnings	133,053	79.7	147,578	79.9	156,030	78.5	151,001	75.6	160,115	69.3
Treasury stock, at cost	-4,958	-3.0	-1	-0.0	-4	0.0	-2	-0.0	-9	-0.0
Accumulated other comprehensive income	-4,524	-2.7	-6,061	-3.3	-6,255	-3.1	-1,047	-0.5	5,481	2.4
Unrealized gains on securities, net of taxes	136	0.1	-443	-0.2	51	0.0	1,920	1.0	4,035	1.7
Foreign currency translation adjustments	-4,660	-2.8	-5,618	-3.0	-6,306	-3.2	-2,967	-1.5	2,574	1.1
Remeasurements of defined benefit plans	—	—	—	—	—	—	—	—	-1,128	-0.5
Stock subscription rights	260	0.2	305	0.2	347	0.2	324	0.2	399	0.2
Total net assets	137,603	82.5	156,404	84.6	164,861	82.9	165,132	82.7	181,209	78.4
Total liabilities and net assets	166,878	100.0	184,801	100.0	198,801	100.0	199,640	100.0	231,105	100.0

* After reflecting unification of accounting period.

Consolidated statements of cash flows

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*
I. Cash flows from operating activities:					
Income before income taxes	28,610	31,074	27,791	25,591	26,893
Depreciation and amortization	3,421	2,976	2,787	2,656	2,914
Amortization of goodwill	—	—	162	634	1,012
Gain on sales of investment securities	-74	—	-57	—	-473
Loss on impairment of fixed assets	397	—	19	—	94
Business structure improvement expenses	—	—	—	—	1,380
Increase/decrease in retirement and severance benefits	517	359	178	186	—
Increase (decrease) in Net defined benefit liability	—	—	—	—	313
Interest and dividend income	-417	-521	-528	-522	-601
Interest expense	52	36	22	6	5
Increase/decrease in trade receivables	698	-3,892	1,037	-5,559	-7,672
Increase/decrease in inventories	-1,438	-1,299	-3,294	-2,588	1,650
Increase/decrease in trade accounts payable	-248	521	2,033	1,170	4,927
Other, net	2,511	-11	66	-1,790	1,969
Subtotal	34,030	29,243	30,219	19,785	32,412
Interest and dividend income received	418	513	549	532	614
Interest expense paid	-46	-36	-16	-3	-2
Income taxes paid	-8,291	-11,951	-9,268	-10,372	-7,066
Net cash provided by operating activities	26,110	17,769	21,483	9,942	25,958
II. Cash flows from investing activities:					
Increase in fixed deposits	-2,236	-4,384	-165	-504	-130
Decrease in fixed deposits	1,937	3,519	2,781	630	111
Payments for acquisition of marketable securities	-3,599	-1,488	-1,617	-301	-604
Proceeds from sales and redemption of securities	5,098	403	4,850	4,048	2,407
Payments for acquisition of fixed assets	-1,314	-1,650	-3,280	-3,608	-4,786
Proceeds from sale of fixed assets	2	188	6	37	11
Purchase of investment securities	-1,027	-4,296	-2,420	-4,882	-4,220
Proceeds from sale of investment securities	309	20	377	1	524
Payments for loans	-49	-0	-6	—	-2
Proceeds from loans	49	—	7	2	—
Other, net	1	13	-10,805	-17	-6
Net cash(used in) provided by investing activities	-829	-7,676	-10,272	-4,595	-6,694
III. Cash flows from financing activities:					
Purchase of treasury stock	-24	-25	-2	-13,764	-6
Dividends paid	-6,803	-6,808	-8,705	-8,468	-8,247
Other, net	74	5,263	148	675	300
Net cash provided by financing activities	-6,753	-1,570	-8,559	-21,557	-7,953
IV. Effect of exchange rate changes on cash and cash equivalents	-135	-388	-98	972	1,289
V. Net increase/decrease in cash and cash equivalents	18,392	8,133	2,553	-15,238	12,599
VI. Cash and cash equivalents at beginning of year	45,956	64,348	72,482	75,035	59,797
VII. Cash and cash equivalents at end of year	64,348	72,482	75,035	59,797	72,396

* After reflecting unification of accounting period.

Other consolidated information



■ R&D expenditures

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	2015 Forecast
Consolidated	14,123	13,221	17,225	16,719	19,040	19,000
(Percentage of net sales)	12.8%	11.9%	15.1%	14.0%	12.8%	12.6%

■ Capital expenditures

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	2015 Forecast
Consolidated	1,228	1,709	3,492	4,202	3,155	6,690

Note: Includes investment in facilities spent on a lease contract basis.

■ Depreciation and amortization

(Millions of yen)

Year ended March 31	2010	2011	2012	2013	2014*	2015 Forecast
Manufacturing cost	1,701	1,532	1,400	1,211	1,330	1,290
Selling, general and administrative expenses	556	512	553	533	648	920
R&D expenses	945	762	764	785	634	790
Consolidated	3,202	2,808	2,717	2,530	2,612	3,000

■ Number of employees

Year ended March 31	2010	2011	2012	2013	2014*
Consolidated	2,756	2,867	3,053	3,050	3,072
Sales division	1,048	1,108	1,268	1,322	1,360
Production division	838	847	860	820	785
R&D division	557	574	624	599	604
Corporate or back-office division	313	338	301	309	323

* After reflecting unification of accounting period.

Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

Reference information Research & development

■ Pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost	DE-085	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Asia						Mar-10
				China						Jan-11

A prostaglandin F_{2α} derivative for the treatment of glaucoma and ocular hypertension. Since December, 2008, launched in Japan, Europe, and the U.S. In Asia, launched in Hong Kong, Korea, Indonesia, and Singapore, etc. NDA filed in China.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Diquafosol sodium	DE-089	Dry eye	Inspire	Korea						Oct-13
				China						Jan-12

A dry eye treatment drug which stimulates secretion of mucin and aqueous components from the corneal epithelium. Its mechanism of action is different from other existing treatments. Launched in December, 2010 in Japan and in October, 2013 in Korea. NDA filed in China.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Lomerizine HCl	DE-090	Glaucoma	MSD	Japan						

A new type of glaucoma treatment which inhibits the progression of visual field defects. It is the only calcium antagonist being development as an oral glaucoma treatment. Compared to NMDA receptor antagonists, it has excellent safety profile with mild systemic adverse drug reactions.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Betamethasone	DE-102	Macular edema secondary to diabetes and BRVO*	Co-development with Oakwood	Japan	Phase 2/3 completed					

A microsphere product with a new drug delivery concept. Stable and sustained efficacy is expected with a local injection. Collaborating with Oakwood Laboratories (U.S.) for manufacturing technology development on commercial scale. *BRVO: Branch retinal vein occlusion.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched	
Sirolimus	DE-109	Uveitis	Original	U.S.							
				Japan							
				Europe							

An intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. Phase 3 study is ongoing in the U.S., Japan and Europe.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost/ Timolol maleate	DE-111	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan						Sept-13
				Co-development	Europe					June-13

A fixed dose combination drug of a prostaglandin F_{2α} derivative and a beta-adrenergic receptor blocker. NDA filed in Europe. Approved in September, 2013 in Japan.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Epinastine HCl	DE-114	Allergic conjunctivitis	Nippon Boehringer Ingelheim	Japan						Nov-13

An H₁ receptor antagonist with membrane-stabilizing function, as treatment for allergic conjunctivitis. Launched in November, 2013 in Japan.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.	Phase 2b prep					

EP2 receptor agonist with a new mechanism of action. Preparation of Phase 2b in the U.S.

■ Pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost	DE-118	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan						Oct-13
A prostaglandin F _{2α} derivative for the treatment of glaucoma and ocular hypertension. Preservative-free, unit-dose type product. Launched in October, 2013 in Japan.										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-120	Wet Age-related macular degeneration	Original	U.S.	(Phase 1/2a)					
An intravitreal injection with dual inhibitor of VEGF and PDGF. Started on Phase 1/2a in January, 2014 in the U.S.										

■ Santen S.A.S. pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. name	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Ciclosporin	Cyclokat	Severe dry eye	Original	Europe						Dec-13
				U.S.						
An ophthalmic emulsion which improves symptoms and signs of severe dry eye by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption.										
Ciclosporin	Vekacia	Vernal Keratoconjunctivitis	Original	Europe						
An ophthalmic emulsion which improves symptoms of vernal keratoconjunctivitis by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption.										
Latanoprost	Catioprost	Glaucoma/ Ocular hypertension	Original	Europe						
An ophthalmic emulsion of a prostaglandin F _{2α} derivative, for the treatment of glaucoma and ocular hypertension.										
Dexamethasone Palmitate	Cortiject	Diabetic macular edema	Original	U.S.	(Phase 1/2)					
An intravitreal injection with anti-inflammatory effect.										

*Catioprost and Cortiject are under project evaluation.

■ Changes from 3Q FY13 (February 4, 2014)

Dev. Code / name	Changes
DE-098	Discontinued due to business strategy

Pharmaceutical market in Japan

■ Revision of National Health Insurance (NHI) drug prices

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
Industry average	-4.2%	—	-6.7%	—	early -5%	—	mid -6%	—	-6.25%	—	-2.7%
Ophthalmic drugs	-2.7%	—	-5.5%	—	late -3%	—	early -3%	—	mid -4%	—	late-1%
Santen	-3.2%	—	-5.3%	—	mid -3%	—	mid -5%	—	late -5%	—	late-1%

(Compiled by Santen)

*Including the consumer tax increase impact

Revision of NHI drug prices: In Japan, drug prices are generally revised every two years to reflect their market price. The drugs marketed at lower market prices will bear larger reduction margins at the revision.

Excluding the consumer tax increase impact

	2014
Industry Average	-5.6%
Ophthalmic Average	late-4%
Santen	late-4%

■ Market shares

(Billions of yen)

Year ended March 31	2010	2011	2012	2013	2014
Prescription ophthalmics	37.3% 234.9	35.8% 247.4	36.1% 254.9	35.3% 273.4	39.4% 301.3
Anti-rheumatic drugs (DMARDs*)	43.9% 25.7	43.0% 25.5	41.0% 27.2	39.7% 27.3	38.4% 28.7

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

*Anti-rheumatic drugs exclude biologic agents.

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Source: Santen analysis based on IMS data(JPM)

Period: 2009.4-2014.3; Unauthorized copy prohibited

■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Year ended March 31	2010	2011	2012	2013	2014
Anti-glaucoma	23.0% 88.5	25.7% 90.1	28.4% 92.2	30.4% 94.8	30.5% 104.7
Corneal disease treatments	77.1% 31.7	76.0% 32.0	77.5% 35.6	74.6% 39.7	70.5% 44.2
Anti-infection	70.0% 22.6	68.4% 22.4	67.5% 21.5	61.6% 18.9	58.5% 18.3
Anti-allergy	19.8% 24.0	16.7% 29.3	17.6% 26.4	16.0% 30.9	21.2% 27.9
Anti-VEGF	— —	— —	— —	10.9% 28.3	48.7% 43.1

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

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Source: Santen analysis based on IMS data(JPM)

Period: 2009.4-2014.3; Unauthorized copy prohibited

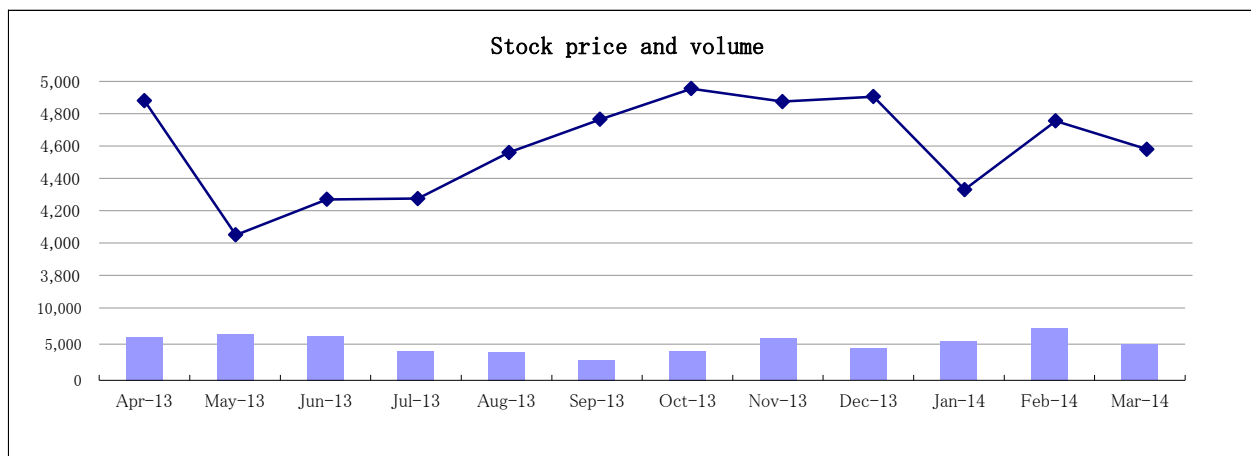
Stock information



■ Stock price (Tokyo Securities Exchange 1st market)

(Yen and thousand shares)

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Stock price:												
End of month	4,880	4,050	4,270	4,275	4,560	4,765	4,955	4,875	4,905	4,330	4,755	4,580
Volume	5,964	6,364	6,084	4,071	3,903	2,809	4,005	5,891	4,366	5,352	7,244	4,964



※Tokyo Stock Exchange and Osaka Stock Exchange have been merged since July, 2013.

■ Major shareholders

As of March 31, 2014

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Service Bank, Ltd.	5,516	6.7
State Street Bank and Trust Company 505223	5,463	6.6
Development Bank of Japan Inc.	3,310	4.0
The Master Trust Bank of Japan, Ltd.	2,794	3.4
Nippon Life Insurance Company	2,398	2.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,120	2.6
Ono Pharmaceutical Co.,Ltd.	1,861	2.3
Daiichi Sankyo Company, Ltd.	1,836	2.2
Gic Private, Ltd.	1,568	1.9
National Mutual Insurance Federation of Agricultural Cooperatives	1,438	1.7

■ Major stock information

Year ended March 31	2010	2011	2012	2013	2014
Issued shares (thousands)	86,992	87,053	87,146	82,469	82,582
Treasury stock (thousands)	1,902	0	1	0	2
Market Capitalization (million)	238,763	288,579	308,059	366,983	378,219
A purchased amount of money (millions of yen)	—	—	—	13,735	—
The number of the purchased stocks (thousand shares)	—	—	—	4,937	—

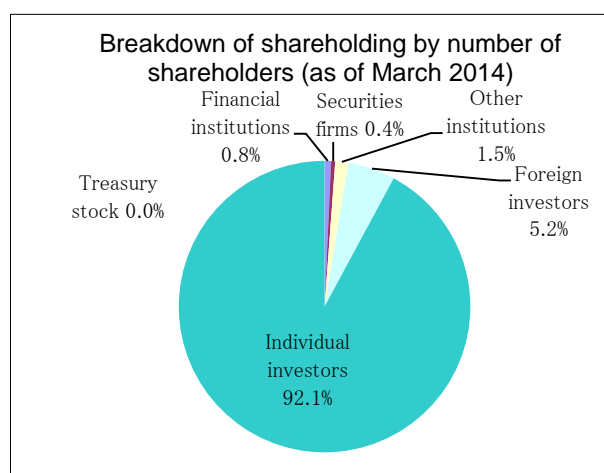
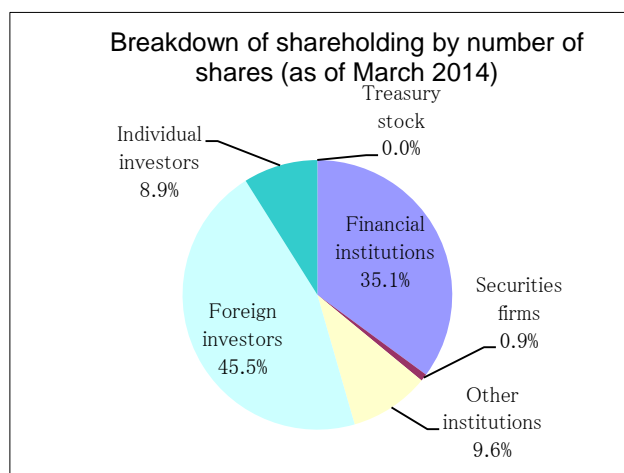
Stock information

■ Breakdown of shareholding by number of shares

Year ended March 31	2010		2011		2012		2013		2014	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	32,693	37.6	32,284	37.1	30,457	35.0	29,147	35.4	28,971	35.1
City & regional banks	2,558	2.9	2,422	2.8	2,376	2.7	2,277	2.8	2,270	2.8
Trust banks	22,466	25.8	20,431	23.5	19,316	22.2	17,298	21.0	17,581	21.3
(concerned in trust works)	19,948		18,310		16,923		14,908		15,192	
Life and non-life insurance	7,022	8.1	5,274	6.0	4,740	5.4	4,715	5.7	4,290	5.2
Other financial institutions	645	0.7	4,155	4.8	4,023	4.6	4,856	5.9	4,829	5.8
Securities firms	518	0.6	417	0.5	375	0.4	766	0.9	721	0.9
Other institutions	13,392	15.4	13,413	15.4	12,098	13.9	7,379	9.0	7,913	9.6
Foreign investors	27,553	31.7	31,228	35.9	35,130	40.3	36,783	44.6	37,597	45.5
Individual investors	10,931	12.6	9,708	11.1	9,083	10.4	8,390	10.1	7,376	8.9
Treasury stock	1,902	2.2	0	0.0	1	0.0	0	0.0	2	0.0
Total	86,992	100.0	87,053	100.0	87,146	100.0	82,469	100.0	82,582	100.0

■ Breakdown of shareholding by number of shareholders

Year ended March 31	2010		2011		2012		2013		2014	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	81	0.7	71	0.8	63	0.8	57	0.7	56	0.8
City & regional banks	8	0.1	6	0.1	5	0.1	6	0.1	5	0.1
Trust banks	29	0.2	28	0.3	28	0.3	26	0.3	25	0.3
Life and non-life insurance	34	0.3	29	0.3	26	0.3	20	0.2	21	0.3
Other financial institutions	10	0.1	8	0.1	4	0.1	5	0.1	5	0.1
Securities firms	41	0.4	32	0.3	33	0.4	38	0.5	35	0.4
Other institutions	127	1.2	125	1.4	121	1.5	110	1.4	114	1.5
Foreign investors	366	3.4	381	4.2	360	4.3	365	4.6	407	5.2
Individual investors	10,296	94.4	8,479	93.3	7,710	93.0	7,427	92.8	7,167	92.1
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	10,912	100.0	9,089	100.0	8,288	100.0	7,998	100.0	7,780	100.0



Consolidated subsidiaries



【Domestic】

Claire Co., Ltd.					
Main business	Cleaning of antiodust and sterilized clothing				
Location	Shiga, Japan	Paid-in capital	90 million yen	Equity owned	100%

【Overseas】

Santen Holdings U.S. Inc.					
Main business	Holding company for North American businesses and business development				
Location	California, U.S.A.	Paid-in capital	24,784 thousand US\$	Equity owned	100%

Santen Inc.					
Main business	Clinical development and business development of pharmaceuticals				
Location	California, U.S.A.	Paid-in capital	8,765 thousand US\$	Equity owned	100% *1

Advanced Vision Science, Inc.					
Main business	Research and development, production and marketing of medical devices				
Location	California, U.S.A.	Paid-in capital	10 thousand US\$	Equity owned	100% *1

Santen Holdings EU B.V.					
Main business	Holdings company for European operation				
Location	Amsterdam, Netherlands	Paid-in capital	50 thousand euros	Equity owned	100%

Santen Oy					
Main business	Development, production and marketing of pharmaceuticals				
Location	Tampere, Finland	Paid-in capital	20,000 thousand euros	Equity owned	100% *2

Santen S.A.S. (formerly known as Novagali Pharma S.A.S.)					
Main business	Development and marketing of pharmaceuticals				
Location	Evry, France	Paid-in capital	1,489 thousand euros	Equity owned	100% *2

Santen GmbH					
Main business	Marketing of pharmaceuticals and business development				
Location	Munchen, Germany	Paid-in capital	25 thousand euros	Equity owned	100% *2

SantenPharma AB					
Main business	Marketing support of pharmaceuticals				
Location	Stockholm, Sweden	Paid-in capital	500 thousand S.KR	Equity owned	100% *2

Santen Pharmaceutical (China) Co., Ltd.					
Main business	Development, production and marketing of pharmaceuticals				
Location	Suzhou, China	Paid-in capital	3,800 million yen	Equity owned	100%

Santen Pharmaceutical Korea Co., Ltd.					
Main business	Development, Import and marketing of pharmaceuticals				
Location	Seoul, Korea	Paid-in capital	29,000,000 thousand won	Equity owned	100%

Taiwan Santen Pharmaceutical Co., Ltd.					
Main business	Import and marketing of pharmaceuticals				
Location	Taipei, Taiwan	Paid-in capital	42,000 thousand Taiwan dollars	Equity owned	100%

Santen India Private Limited					
Main business	Market research of pharmaceuticals				
Location	Bangalore, India	Paid-in capital	48,500 thousand India rupee	Equity owned	99.9%、0.1% *1

Santen Pharmaceutical Asia Pte. Ltd.					
Main business	Business promotion for the Santen Group within the ASEAN region				
Location	Singapore	Paid-in capital	200 thousand Singapore dollars	Equity owned	100%

*1 : Indirect investment through Santen Holdings U.S. Inc.

*2 : Indirect investment through Santen Holdings EU B.V.

News releases

News releases during April 2013-March 2014

For details, please refer to our website (<http://www.santen.com>).

2013

- 26-Apr Discontinuance and Abolition of Countermeasures**
Santen's Board of Directors on Apr. 26, 2013 resolved to discontinue and abolish the “Countermeasures to Large-Scale Purchases of the Corporation’s Shares (Takeover Defense Measures)” of the Company as of the the annual general meeting of the shareholders for the 101st fiscal year on June 25, 2013.
- 8-May Notice Concerning Abolition of Retirement Benefit Program for Directors**
Santen Pharmaceutical announced its decision to abolish its retirement benefit program for directors subject to obtaining approval at the Company’s 101st annual general meeting of shareholders on June 25, 2013.
- 8-May Santen to Grant Rights to Subscribe for New Shares as Stock Options to Directors as Stock-Linked Remuneration**
Santen's Board of Directors on May 5, 2013 adopted a resolution to grant rights to subscribe for new shares as stock options to Directors as stock-linked remuneration, and the resolution was approved at the 101st annual general meeting of the shareholders on June 25, 2013.
- 8-May Name Change of European Subsidiary**
Santen Pharmaceutical announced that the name of one of its European subsidiaries has been changed from Novagali Pharma S.A.S. to Santen S.A.S., effective April 25, 2013.
- 9-May Santen to launch on May 13 of Sante Beautéye, a new OTC eye drop**
- 7-Jun OTC Eye-Drops Sante PC Launched on July 8, 2013**
- 6-Aug Santen to Grant Rights to Subscribe for New Shares as Stock Options as Stock-Linked Remuneration**
- 6-Aug Santen Launches OTC Eye Drop Soft Santear (Pouch Type)**
- 20-Sep Santen Announced Approval for TAPCOM Combination Ophthalmic Solution for the Treatment of Glaucoma and Ocular Hypertension**
Santen Pharmaceutical has announced that it has received approval from the Japan Ministry of Health, Labour and Welfare for the manufacture and sales of TAPCOM Combination Ophthalmic Solution (generic name: tafluprost/timolol maleate: hereafter “TAPCOM”) for the treatment of glaucoma and ocular hypertension. TAPCOM contains both timolol maleate and tafluprost. Tafluprost is the active ingredient in TAPROS Ophthalmic Solution 0.0015%, an original glaucoma and ocular hypertension treatment co-developed by Santen and Asahi Glass Co., Ltd. (Tokyo) and launched in 2008.
- 20-Sep Santen Announces Approval of Alesion0.05% Ophthalmic Solution for Allergic Conjunctivitis Treatment in Japan**
Santen Pharmaceutical has announced that it has received approval from the Japan Ministry of Health, Labour and Welfare for the manufacture and sales of Alesion0.05%. Santen obtained the rights from Nippon Boehringer Ingelheim Co., Ltd. (Tokyo) to develop Alesion0.05% Ophthalmic Solution in Japan as an effective treatment for allergic conjunctivitis. phthalmic Solution (generic name: epinastine HCl), a topical anti-allergic agent.
- 10-Oct Santen Announces the Launch of TAPROS MINI Ophthalmic Solution 0.0015% for Glaucoma and Ocular Hypertension**
Santen Pharmaceutical has announced the launch of TAPROS Mini Ophthalmic Solution 0.0015% for the treatment of glaucoma and hypertension. TAPROS Mini offers the same intraocular pressure-reducing effect of the original TAPROS, and is a preservative-free solution in a single-dose disposable containers.

2013

- 17-Oct Announcing the Opening of Ho Chi Minh Representative Office in Vietnam**
- 20-Nov Santen Launches Sante Kaiteki 40, an OTC Eye Drop, on November 20**
- 22-Nov Intravitreal VEGF Inhibitor "EYLEA" Obtains Additional Indication of Macular Edema Secondary to Central Retinal Vein Occlusion (CRVO)**
Santen Pharmaceutical and Bayer Yakuhin has received approval for the additional indication of macular edema secondary to central retinal vein occlusion (CRVO) for the intravitreal VEGF inhibitor EYLEA solution for intravitreal injection 40mg/mL. EYLEA started marketing as a treatment for "age-related macular degeneration with subfoveal choroidal neovascularization (wet AMD)", and obtained "macular edema secondary to CRVO" as a second indication.
- 25-Nov Santen Launches Alesion 0.05% Ophthalmic Solution for Allergic Conjunctivitis Treatment in Japan**
Santen Pharmaceutical has launched Alesion 0.05% Ophthalmic Solution (generic name: epinastine HCl).
- 29-Nov Santen to Support People in the Philippines Affected by Typhoon Haiyan through Donations**
- 6-Dec European marketing authorization application for Ikervis has been filed to the EMA for the treatment of Dry Eye Disease**
The European Marketing Authorization Application (MAA) for Ikervis (generic name: Ciclosporin) has been filed to the European Medicines Agency (EMA) for the treatment of Dry Eye Disease.
- 9-Dec Santen Launches Sante ALn, an OTC Eye Drop, and Redesign Packaging for Sante AL Cool II and Sante ALFree New Eye Drop**
- 9-Dec Santen Launches Sante PC (Pouch Type), an OTC Eye Drop in Limited Quantities on December 9, 2013**
- 9-Dec Notice on the Establishment of Subsidiary in Singapore**

2014

- 4-Feb Santen Pharmaceutical Voluntarily Adopts International Financial Reporting Standards (IFRS)**
Santen Pharmaceutical has announced the adoption of the International Financial Reporting Standards (IFRS) for consolidated financial statements from fiscal 2014 ending in March 2015 in place of Japanese Generally Accepted Accounting Principles (J-GAAP).
- 4-Feb Revision of consolidated earnings forecasts for FY 2013**
- 20-Feb Changes in Significant Shareholders**
- 4-Mar Santen and TRACON Announce Agreement for the Development and Commercialization of TRC105 in Ophthalmology**
Santen Pharmaceutical and TRACON Pharmaceuticals announced the agreement for the development and global commercialization of TRACON's anti-endothelin-1 antibodies, including TRC105, in ophthalmology.
- 25-Mar The Osaka Study: An epidemiological survey showing that dry eye disease lowers work productivity, affects quality of life and correlates with metabolic syndrome**
"The Osaka Study", which is a survey conducted by The Dry Eye Society, and Santen Pharmaceutical, discovered the findings such as, 60% of the office workers were found actually or potentially suffer from dry eye disease (DED), business productivity is lower among those with DED, DED impacts sleep quality and levels of happiness, and metabolic syndromes is correlated with DED.

