



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book

Half Year Ended September 30, 2014

Contact:

Corporate Communication Group

Tel: 06-4802-9360 Fax: 06-6359-3827

E-mail: ir@santen.co.jp

Stock Code: 4536

Contents

Financial highlights	2
■ Consolidated financial summary	2
■ Consolidated balance sheets summary	2
■ Consolidated financial indexes	2
■ Exchange rates	2
Consolidated information	4
Consolidated statements of income and comprehensive income	4
Consolidated statements of income details	5
■ Major Selling, general and administrative expenses	5
■ Major Non-operating income and expenses	5
Sales details	6
■ Sales by segment	6
■ Sales of major prescription pharmaceuticals	7
Consolidated balance sheets	9
■ Assets	9
■ Liabilities and net assets	10
Consolidated statements of cash flows	11
Other consolidated information	12
■ R&D expenditures	12
■ Capital expenditures	12
■ Depreciation and amortization	12
■ Number of employees	12
Reference information	13
Research & development	13
■ Pipeline of prescription pharmaceuticals (Clinical trials)	13
■ Changes from August 5, 2014	14
Pharmaceutical market in Japan	15
■ Revision of National Health Insurance (NHI) drug prices	15
■ Market shares	15
■ Market shares by therapeutic area - prescription ophthalmics	15
Stock information	16
■ Stock price	16
■ Major shareholders	16
■ Major stock information	16
■ Breakdown of shareholding by number of shares	17
■ Breakdown of shareholding by number of shareholders	17
Consolidated subsidiaries	18
News releases	19

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)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	% Change	3/2015 Forecast	% Change
Net sales	56,715	119,066	69,263	148,663	146,013	71,925	3.8	156,000	4.9
Operating income	13,080	24,681	14,457	27,414	28,835	13,194	-8.7	30,000	9.4
Ordinary income	13,466	25,602	14,861	27,924	29,332	13,602	-8.5	30,000	7.4
Net income	8,978	16,520	8,994	17,109	18,922	9,099	1.2	19,500	14.0
Dividends per share (yen)	50	100	50	100	100	50	—	100	—
DOE (%)	5.3	5.1	4.9	4.8	4.7	4.5	—	—	—

■ Consolidated balance sheets summary

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	% Change
Total assets	184,746	199,640	211,690	231,105	—	261,632	23.6
Net assets	154,521	165,132	171,526	181,209	—	188,202	9.7
Interest-bearing debts	173	191	171	152	—	35,127	—

■ Consolidated financial indexes

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	% Change	3/2015 Forecast	% Change
EPS (yen)	103.98	195.81	108.99	207.29	229.26	110.16	1.1	236.26	14.0
BPS (yen)	1,874.25	1,998.44	2,073.17	2,189.50	2,234.70	2,271.32	9.6	—	—
Debt equity ratio (times)	0.00	0.00	0.00	0.00	0.00	0.19	—	—	—
PER (times)	17.3	22.7	21.9	22.1	20.0	27.9	—	—	—
PBR (times)	1.92	2.23	2.30	2.09	2.05	2.70	—	—	—
ROE (%)	11.3	10.0	10.7	9.9	10.8	9.9	—	—	—
ROA (%)	9.4	8.3	8.7	7.9	8.8	7.4	—	—	—
Equity ratio(%)	83.4	82.6	80.8	78.2	79.3	71.7	—	—	—
* Free cash flows (millions of yen)	2,981	6,334	8,653	21,172	—	-54,549	-730.4	—	—
* EBITDA (millions of yen)	14,724	28,255	15,322	29,812	—	16,424	7.2	—	—

*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

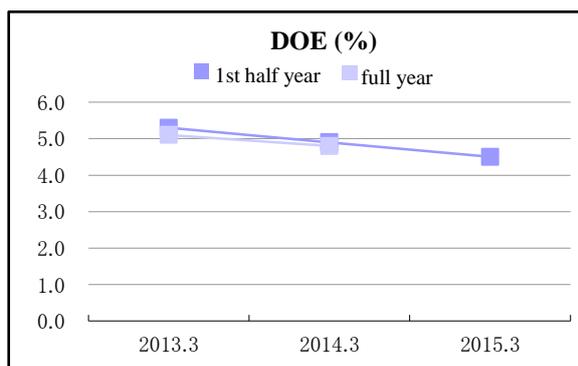
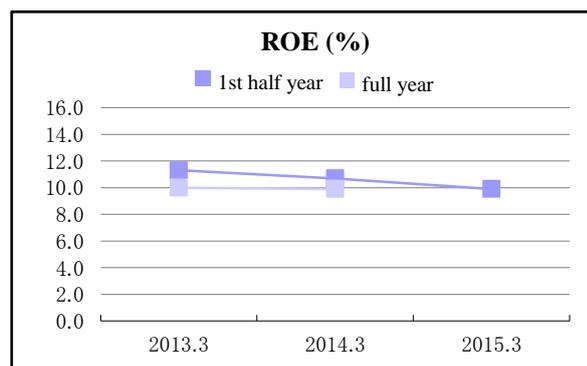
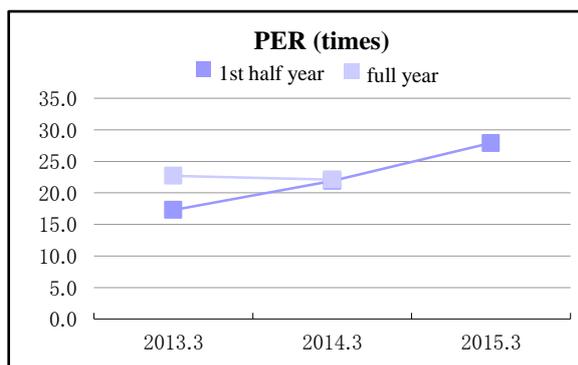
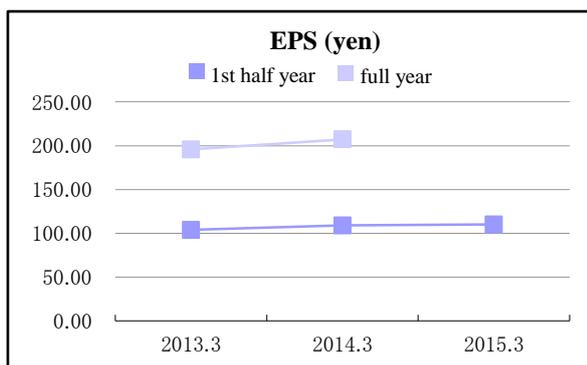
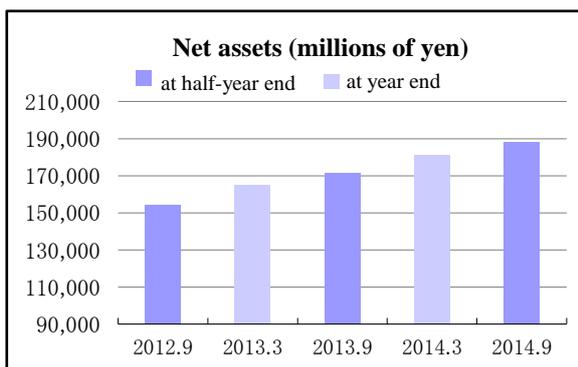
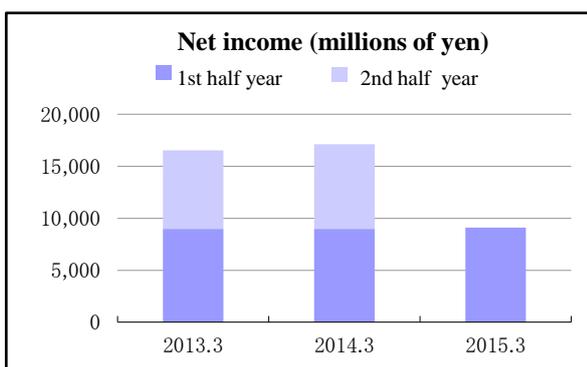
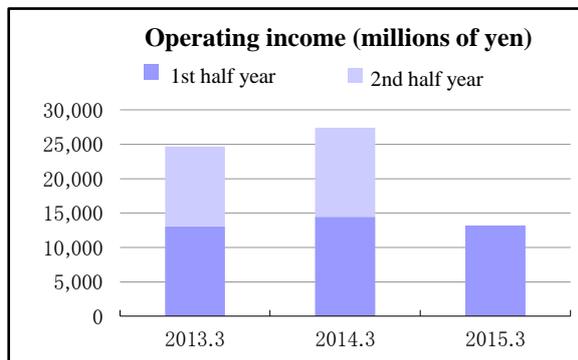
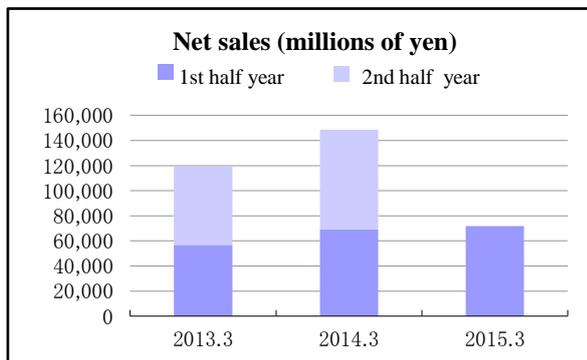
(Yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014
Exchange rate: US dollar	79.30	82.91	98.31	100.04	100.04	103.12
: Euro	102.20	106.01	127.47	132.98	132.34	138.98
: RMB	12.61	12.64	15.25	15.93	15.72	16.71

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)



Consolidated Information
Consolidated statements of income and comprehensive income



(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	Change over previous half year (%)
Net sales	56,715	119,066	69,263	148,663	146,013	71,925	3.8
Cost of sales	18,821	41,501	27,160	58,104	57,171	26,593	-2.1
(Percentage of net sales)	33.2%	34.9%	39.2%	39.1%	39.2%	37.0%	
Gross profit	37,893	77,564	42,102	90,558	88,842	45,332	7.7
(Percentage of net sales)	66.8%	65.1%	60.8%	60.9%	60.8%	63.0%	
Selling, general and administrative expenses	24,812	52,883	27,645	63,144	60,006	32,138	16.3
(Percentage of net sales)	43.8%	44.4%	39.9%	42.5%	41.1%	44.7%	
R&D expenditures	7,942	16,719	8,078	19,040	18,235	8,488	5.1
(Percentage of net sales)	14.0%	14.0%	11.7%	12.8%	12.5%	11.8%	
Operating income	13,080	24,681	14,457	27,414	28,835	13,194	-8.7
(Percentage of net sales)	23.1%	20.7%	20.9%	18.4%	19.7%	18.3%	
Non-operating income	496	1,007	560	975	952	583	4.2
Non-operating expenses	110	86	156	465	455	176	12.6
Ordinary income	13,466	25,602	14,861	27,924	29,332	13,602	-8.5
(Percentage of net sales)	23.7%	21.5%	21.5%	18.8%	20.1%	18.9%	
Extraordinary gain	16	17	—	473	473	59	—
Extraordinary loss	5	28	878	1,504	1,014	—	—
Income before income taxes	13,477	25,591	13,983	26,893	28,792	13,661	-2.3
(Percentage of net sales)	23.8%	21.5%	20.2%	18.1%	19.7%	19.0%	
Income taxes - current	4,382	7,908	5,467	11,762	11,255	4,575	-16.3
Income taxes - deferred	116	1,162	-478	-1,978	-1,385	-13	-97.2
Income before minority interests	8,978	16,520	8,994	17,109	18,922	9,099	1.2
Net income	8,978	16,520	8,994	17,109	18,922	9,099	1.2
(Percentage of net sales)	15.8%	13.9%	13.0%	11.5%	13.0%	12.7%	
Income before minority interests	8,978	16,520	8,994	17,109	18,922	9,099	1.2
Other comprehensive income	-1,331	5,208	2,695	8,269	10,188	1,756	-34.8
Comprehensive income	7,646	21,728	11,689	25,378	29,111	10,855	-7.1

Consolidated Information

Consolidated statements of income details

■ Major Selling, general and administrative expenses

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	Change over previous half year (%)
Personnel expenses	7,567	15,627	8,294	17,822	17,092	9,358	12.8
Sales promotion expenses	2,325	5,233	2,642	6,751	6,257	3,203	21.2
Royalty expenses	950	1,935	1,130	2,547	2,515	1,241	9.8
Advertising expenses	375	1,116	831	1,589	1,439	822	-1.1
R&D expenditures	7,942	16,719	8,078	19,040	18,235	8,488	5.1

■ Major Non-operating income and expenses

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	Change over previous half year (%)
Interest and dividend income	263	522	280	601	598	313	11.8
Gain on insurance received	157	157	147	147	147	143	-2.7
Interest expense	2	6	3	5	9	34	980.5

Sales details



■ Sales by segment

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	% Change	3/2015 Forecast
Pharmaceuticals	55,639	116,810	67,877	145,712	143,063	70,646	4.1	152,667
Prescription pharmaceuticals	52,459	110,336	64,476	139,257	136,610	67,399	4.5	146,335
Ophthalmic	46,675	98,981	58,638	127,395	124,790	61,731	5.3	132,127
Anti-rheumatic drugs	5,045	9,874	5,256	10,251	10,251	4,834	-8.0	9,993
Other prescription pharmaceuticals	738	1,480	581	1,610	1,569	833	43.4	4,214
OTC pharmaceuticals	3,180	6,474	3,400	6,455	6,453	3,246	-4.5	6,331
Others	1,075	2,255	1,386	2,950	2,950	1,279	-7.7	3,332
Medical devices	1,069	2,245	1,261	2,678	2,678	1,165	-7.6	2,942
Others	5	10	124	272	272	114	-8.4	390
Total net sales	56,715	119,066	69,263	148,663	146,013	71,925	3.8	156,000

[Domestic]

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	% Change	3/2015 Forecast
Pharmaceuticals	46,817	98,521	56,806	119,215	119,184	56,045	-1.3	121,102
Prescription pharmaceuticals	43,641	92,062	53,424	112,798	112,767	52,836	-1.1	114,794
Ophthalmic	38,046	81,125	47,915	101,779	101,779	47,709	-0.4	103,774
Anti-rheumatic drugs	5,013	9,810	5,206	10,162	10,162	4,804	-7.7	9,958
Other prescription pharmaceuticals	581	1,126	302	856	825	321	6.5	1,061
OTC pharmaceuticals	3,175	6,458	3,381	6,417	6,417	3,209	-5.1	6,307
Others	1,029	2,189	1,364	2,897	2,897	1,268	-7.0	3,282
Medical devices	1,023	2,178	1,240	2,625	2,625	1,154	-6.9	2,900
Others	5	10	124	272	272	114	-8.4	382
Total domestic sales	47,846	100,711	58,171	122,113	122,082	57,314	-1.5	124,385
(Percentage of total net sales)	84.4%	84.6%	84.0%	82.1%	83.6%	79.7%	—	79.7%

[Overseas]

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	% Change	3/2015 Forecast
Pharmaceuticals	8,822	18,288	11,070	26,497	23,878	14,600	31.9	31,565
Prescription pharmaceuticals	8,817	18,273	11,051	26,459	23,843	14,563	31.8	31,541
Ophthalmic	8,628	17,855	10,723	25,616	23,010	14,022	30.8	28,353
Anti-rheumatic drugs	31	63	49	88	88	30	-38.6	34
Other prescription pharmaceuticals	157	354	278	754	743	511	83.3	3,153
OTC pharmaceuticals	4	15	19	37	35	36	91.4	23
Others	46	66	21	52	52	11	-47.3	49
Medical devices	46	66	21	52	52	11	-47.3	42
Others	—	—	—	—	—	—	—	7
Total overseas sales	8,868	18,354	11,092	26,550	23,931	14,611	31.7	31,614
(Percentage of total net sales)	15.6%	15.4%	16.0%	17.9%	16.4%	20.3%	—	20.3%

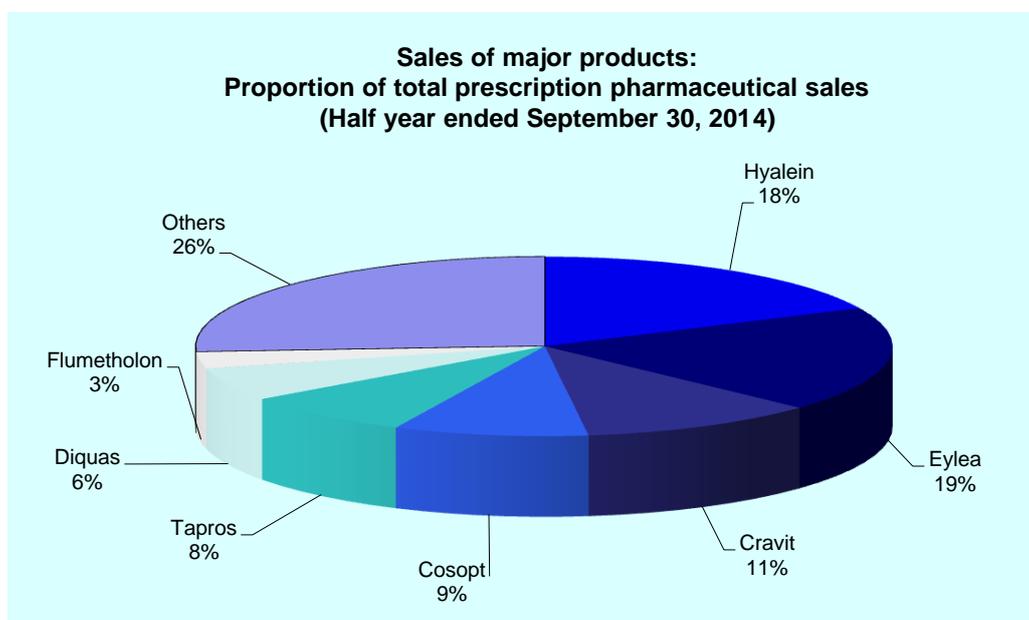
Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

Sales details

■ Sales of major prescription pharmaceuticals

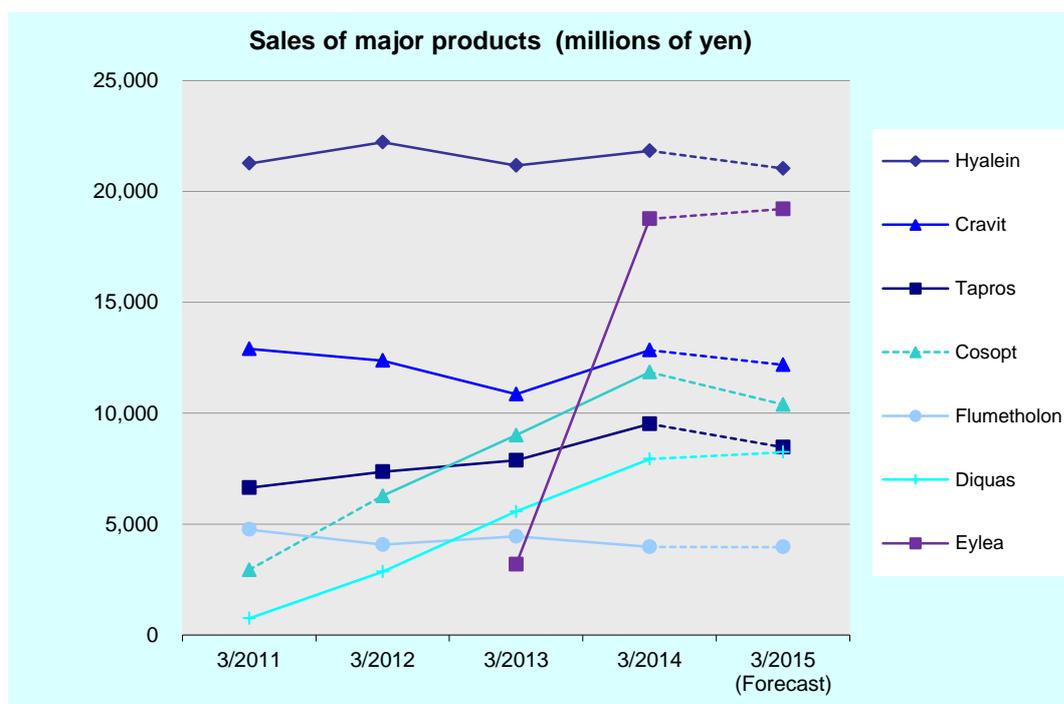
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
	tafluprost/ophthalmic solution	Tapros	Japan	Dec-08
Glaucoma	dorzolamide hydrochloride-timolol maleate/ 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
	dorzolamide hydrochloride	Trusopt	Japan	Aug-14
	bunazosin hydrochloride/ophthalmic solution	Detantol	Japan	Sep-01
	isopropyl unoprostone/ophthalmic solution	Rescula ※	Japan	Oct-94
	epinastine hydrochloride/ophthalmic solution	Alesion	Japan	Nov-13
Allergy	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.



(Millions of yen)

Half year/year to										Brand name
9/2012	3/2013	9/2013	3/2014*	3/2014 [12month]	9/2014	% Change	3/2015 Forecast	% Change		
5,769	10,857	6,149	12,845	12,072	6,218	1.1	12,178	-5.2	Cravit	
965	1,830	973	2,040	1,910	961	-1.3	1,912	-6.3	Tarivid	
3,933	7,872	4,355	9,509	9,466	4,299	-1.3	8,466	-11.0	Tapros	
4,252	9,006	5,761	11,846	11,846	5,255	-8.8	10,390	-12.3	Cosopt	
730	1,366	629	1,184	1,184	547	-13.0	1,176	-0.7	Timoptol	
1,099	2,085	1,009	1,931	1,931	864	-14.4	2,002	3.7	Timoptol-XE	
—	—	—	—	—	385	—	1,925	—	Trusopt	
948	1,734	777	1,549	1,549	611	-21.3	1,317	-15.0	Detantol	
1,164	2,243	1,096	2,146	2,146	971	-11.4	1,930	-10.1	Rescula	
—	—	—	2,103	2,103	1,562	—	6,562	212.0	Alesion	
1,176	4,036	801	2,534	2,534	832	3.8	1,944	-23.3	Livostin	
10,884	21,159	10,748	21,823	21,268	9,870	-8.2	21,031	-3.6	Hyalein	
2,244	5,563	3,529	7,937	7,917	3,594	1.8	8,235	3.8	Diquas	
2,002	4,447	1,807	3,973	3,876	1,946	7.7	3,964	-0.2	Flumetholon	
1,947	3,765	1,957	4,059	3,899	1,992	1.8	4,161	2.5	Kary Uni	
1,439	2,842	1,433	2,867	2,867	1,291	-9.9	2,654	-7.4	Opegan Hi	
—	3,183	8,164	18,756	18,756	10,628	30.2	19,200	2.4	Eylea	
1,697	3,253	1,633	3,134	3,134	1,355	-17.1	2,735	-12.7	Rimatil	
1,934	3,767	1,949	3,819	3,819	1,746	-10.4	3,619	-5.2	Azulfidine-EN	
1,006	2,040	1,194	2,410	2,410	1,163	-2.6	2,363	-2.0	Metolate	



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

At half-year/year end	9/2012		3/2013		9/2013		3/2014*		9/2014	
	Million yen	Proportion (%)								
Current assets	123,909	67.1	132,582	66.4	139,340	65.8	156,006	67.5	130,321	49.8
Cash and deposits	48,792		50,884		52,786		63,509		47,072	
Notes and accounts receivable-trade	39,259		43,840		47,497		52,086		52,304	
Marketable securities	13,208		11,007		12,310		13,111		6,503	
Merchandise and finished goods	13,337		16,703		15,751		16,223		14,795	
Work in process	565		624		531		390		321	
Raw materials and supplies	3,366		3,620		3,620		3,417		3,534	
Deferred tax assets	1,804		1,880		2,095		2,346		2,244	
Other current assets	3,576		4,022		4,749		4,925		3,550	
Allowance for doubtful receivables	-1		-1		-1		-3		-4	
Fixed assets	60,837	32.9	67,057	33.6	72,349	34.2	75,099	32.5	131,311	50.2
Tangible assets	25,928	14.0	27,420	13.7	28,186	13.3	27,628	12.0	27,731	10.6
Buildings and structures	12,333		13,427		14,346		14,146		13,683	
Machinery, equipment and vehicles	1,574		1,584		2,400		2,210		2,255	
Land	8,200		8,240		8,251		8,266		8,276	
Leased assets	138		158		142		155		152	
Construction in progress	2,239		2,454		967		816		1,290	
Other tangibles	1,442		1,554		2,078		2,032		2,073	
Intangible assets	12,360	6.7	14,123	7.1	15,449	7.3	16,585	7.2	71,205	27.2
Goodwill	5,378		5,936		6,285		6,297		5,741	
In-process research and development	5,825		6,767		7,583		8,357		8,193	
Manufacturing and Marketing Approval	—		—		—		—		55,390	
Software	730		1,150		1,193		1,826		1,665	
Other intangibles	425		269		386		102		215	
Investments and other assets	22,548	12.2	25,513	12.8	28,713	13.6	30,885	13.4	32,374	12.4
Investment securities	13,893		18,173		20,087		21,739		23,730	
Deferred tax assets	6,345		4,460		5,614		5,488		4,941	
Other assets	2,308		2,879		3,012		3,657		3,702	
Total assets	184,746	100.0	199,640	100.0	211,690	100.0	231,105	100.0	261,632	100.0

※ Consolidated balance sheets is reflected on September 30, 2014

■ Liabilities and net assets

At half-year/year end	9/2012		3/2013		9/2013		3/2014*		9/2014	
	Million yen	Proportion (%)								
Current liabilities	23,671	12.8	27,011	13.5	29,218	13.8	39,093	16.9	62,533	23.9
Trade accounts payable	5,570		9,266		10,197		14,270		7,429	
Short term debt	—		—		—		—		35,000	
Other payables	9,439		9,868		8,318		9,695		8,733	
Income taxes payable	4,479		3,038		5,578		8,169		4,716	
Reserve for bonuses	2,711		3,085		2,908		3,573		3,170	
Provision for sales returns	84		104		111		135		142	
Other current liabilities	1,386		1,647		2,104		3,249		3,340	
Non-current liabilities	6,553	3.6	7,496	3.8	10,945	5.2	10,802	4.7	10,897	4.2
Lease Obligations	85		87		71		59		61	
Deferred tax liabilities	1,957		2,269		2,540		2,796		2,741	
Retirement and severance benefits	3,643		3,664		—		—		—	
Retirement and severance benefits for directors and corporate auditors	203		248		—		—		—	
Net defined benefit liability	—		—		6,232		5,400		5,657	
Provision for business structure improvement	—		—		739		802		853	
Asset retirement obligation	162		160		220		221		222	
Other liabilities	501		1,066		1,141		1,521		1,360	
Total liabilities	30,224	16.4	34,507	17.3	40,164	19.0	49,896	21.6	73,430	28.1
Shareholders' equity	161,705	87.5	165,855	83.1	171,177	80.9	175,328	75.9	180,394	68.9
Common stock	6,720	3.6	7,080	3.5	7,193	3.4	7,264	3.1	7,313	2.8
Capital surplus	8,075	4.4	7,775	3.9	7,887	3.7	7,958	3.4	8,008	3.1
Retained earnings	160,651	87.0	151,001	75.6	156,100	73.7	160,115	69.3	165,085	63.1
Treasury stock, at cost	-13,742	-7.4	-2	-0.0	-4	-0.0	-9	-0.0	-13	-0.0
Accumulated other comprehensive income	-7,587	-4.1	-1,047	-0.5	-66	-0.0	5,481	2.4	7,237	2.8
Unrealized (losses) gains on securities, net of taxes	92	0.1	1,920	1.0	1,846	0.9	4,035	1.7	5,256	2.0
Foreign currency translation adjustments	-7,679	-4.2	-2,967	-1.5	-297	-0.1	2,574	1.1	3,034	1.2
Remeasurements of defined benefit plans	—	—	—	—	-1,614	-0.8	-1,128	-0.5	-1,053	-0.4
Stock subscription rights	403	0.2	324	0.2	415	0.2	399	0.2	570	0.2
Total net assets	154,521	83.6	165,132	82.7	171,526	81.0	181,209	78.4	188,202	71.9
Total liabilities and net assets	184,746	100.0	199,640	100.0	211,690	100.0	231,105	100.0	261,632	100.0

※ Consolidated balance sheets is reflected on September 30, 2014

Consolidated statements of cash flows

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	9/2014
I . Cash flows from operating activities:					
Income before income taxes	13,477	25,591	13,983	26,893	13,661
Depreciation and amortization	1,244	2,656	1,336	2,914	2,729
Amortization of goodwill	319	634	383	1,012	428
Business structure improvement expenses	—	—	867	1,380	—
Increase/decrease in retirement and severance benefits	188	186	—	—	—
Increase (decrease) in Net defined benefit liability	—	—	409	313	252
Interest and dividend income	-263	-522	-280	-601	-313
Interest expense	2	6	3	5	34
Increase/decrease in trade receivables	-1,515	-5,559	-3,317	-7,672	-100
Increase/decrease in inventories	509	-2,588	1,480	1,650	1,472
Increase/decrease in trade accounts payable	-2,481	1,170	873	4,927	-6,845
Other, net	-2,220	-1,790	-1,602	1,589	-230
Subtotal	9,260	19,785	14,136	32,412	11,088
Interest and dividend income received	270	532	289	614	322
Interest expense paid	-0	-3	-1	-2	-31
Income taxes paid	-5,168	-10,372	-3,131	-7,066	-8,120
Net cash provided by operating activities	4,362	9,942	11,293	25,958	3,258
II . Cash flows from investing activities:					
Increase in fixed deposits	-449	-504	-57	-130	-70
Decrease in fixed deposits	174	630	57	111	70
Payments for acquisition of marketable securities	-304	-301	-203	-604	—
Proceeds from sales and redemption of securities	1,537	4,048	800	2,407	2,103
Payments for acquisition of fixed assets	-1,380	-3,608	-2,639	-4,786	-57,808
Proceeds from sale of fixed assets	30	37	1	11	68
Purchase of investment securities	-2,219	-4,882	-3,911	-4,220	-109
Other, net	0	-14	-0	515	0
Net cash (used in) provided by investing activities	-2,612	-4,595	-5,954	-6,694	-55,745
III . Cash flows from financing activities:					
Proceeds from short-term debt	—	—	—	—	35,000
Dividends paid	-4,354	-8,468	-4,121	-8,247	-4,127
Other, net	-13,727	-13,088	203	294	65
Net cash used in financing activities	-18,082	-21,557	-3,918	-7,953	30,937
IV . Effect of exchange rate changes on cash and cash equivalents	-484	972	476	1,289	605
V . Net increase/decrease in cash and cash equivalents	-16,817	-15,238	1,897	12,599	-20,943
VI . Cash and cash equivalents at beginning of year	75,035	75,035	59,797	59,797	72,396
VII . Cash and cash equivalents at end of year	58,218	59,797	61,694	72,396	51,452

※ Consolidated statements of cash flows is reflectde on September 30, 2014

Other Consolidated information



■ R&D expenditures

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	9/2014	3/2015 Forecast
Consolidated	7,942	16,719	8,078	19,040	8,488	19,300
Percentage of net sales	14.0%	14.0%	11.7%	12.8%	11.8%	12.4%

■ Capital expenditures

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	9/2014	3/2015 Forecast
Consolidated	1,872	4,202	1,844	3,155	1,354	4,500

■ Depreciation and amortization

(Millions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014*	9/2014	3/2015 Forecast
Manufacturing cost	580	1,211	582	1,330	700	1,290
Selling, general and administrative expenses	276	533	289	648	1,581	4,620
R&D expenses	344	785	302	634	333	790
Consolidated total	1,200	2,530	1,174	2,612	2,615	6,700

■ Number of employees

At half-year/year end	9/2012	3/2013	9/2013	3/2014*	9/2014
Consolidated	3,095	3,050	3,073	3,072	3,133
Sales division	1,314	1,322	1,353	1,360	1,416
Production division	863	820	799	785	771
R&D division	613	599	605	604	616
Corporate or back-office division	305	309	316	323	330

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/Licensor	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 in January, 2011.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Diquafosol sodium	DE-089	Dry eye	Merck Sharp & Dohme Corp. (U.S.)	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 in January, 2012.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Lomerizine HCl	DE-090	Glaucoma	MSD K.K.	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/Licensor	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/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost/ Timolol maleate	DE-111	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan						Sept-13
				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 Japan in September, 2013.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.	(Phase 2b)					
An EP2 receptor agonist with a new mechanism of action. Started Phase 2b in the U.S in June, 2014.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost	DE-118	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan						Oct-13
				Asia	Mar-14					
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. NDA filed appropriately in Asian countries since March, 2014.										

Generic name	Dev. code	Indication	Original/Licensor	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 the U.S., in January, 2014.										

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

Generic name	Dev. name	Indication	Original/Licensor	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 1Q FY14 (August 5, 2014)

Dev. Code / name	Changes
	None

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%	—	-6.3%	—	-2.7%
Ophthalmic drugs	-2.7	—	-5.5	—	high -3%	—	early -3%	—	mid -4%	—	high -1%
Santen	-3.2	—	-5.3	—	mid -3%	—	mid -5%	—	high -5%	—	high -1%

(Compiled by Santen)

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.

Including the consumer tax increase impact

	2014
Industry average	-5.6%
Ophthalmic drugs	high -4%
Santen	high -4%

■ Market shares

(Billions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014	9/2014
Prescription ophthalmics	35.6%	35.3%	40.3%	39.4%	39.4%
	130.0	273.4	141.6	301.3	153.4
Anti-rheumatic drugs* (DMARDs)	39.8%	39.7%	38.9%	38.4%	37.1%
	13.8	27.3	14.3	28.7	14.1

Notes: - On an NHI drug price basis.

Copyright IMS Health, 2014

*Disease-modifying anti-rheumatic drugs

Source: Santen analysis based on IMS JPM

Period: 2012.4-2014.9; Unauthorized copy prohibited

■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Half year/year to	9/2012	3/2013	9/2013	3/2014	9/2014
Anti-glaucoma	30.5%	30.4%	30.7%	30.5%	30.9%
	47.1	94.8	51.0	104.7	51.4
Corneal disease treatments	75.7%	74.6%	71.8%	70.5%	66.5%
	18.9	39.7	21.4	44.2	21.5
Anti-infective	62.0%	61.6%	59.9%	58.5%	55.2%
	10.1	18.9	9.7	18.3	8.8
Anti-allergy	18.6%	16.0%	18.3%	21.2%	30.4%
	10.6	30.9	10.0	27.9	11.9
Anti-VEGF*		10.9%	51.4%	48.7%	45.7%
	13.1	28.3	17.9	43.1	28.5

Notes: - On an NHI drug price basis.

Copyright IMS Health, 2014

- Lower figures indicate market size.

Source: Santen analysis based on IMS JPM

*Anti-Vascular Endothelial Growth Factor

Period: 2012.4-2014.9; Unauthorized copy prohibited

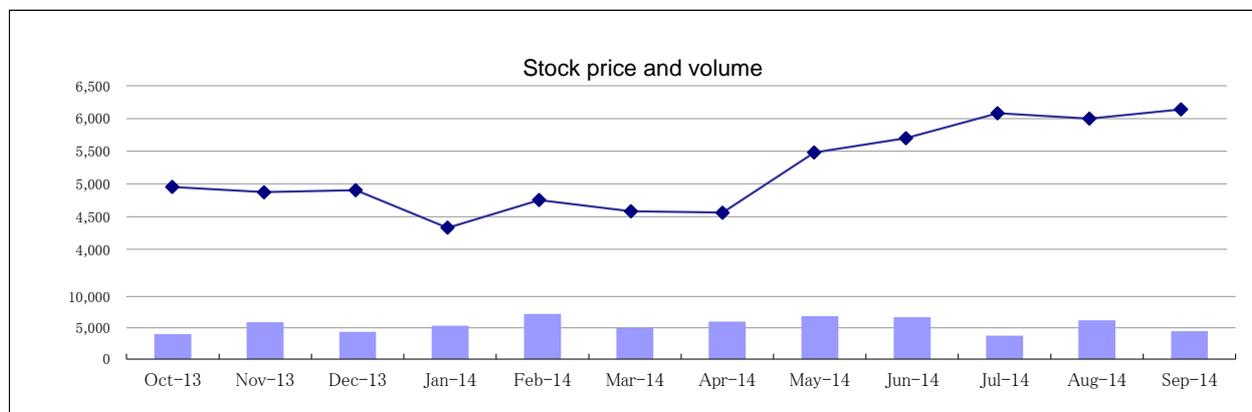
Stock information



■ Stock price (※Tokyo Securities Exchange 1st market)

(Yen and thousand shares)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Stock price:												
End of month	4,955	4,875	4,905	4,330	4,755	4,580	4,560	5,480	5,700	6,080	6,000	6,140
Volume	4,005	5,891	4,366	5,352	7,244	4,964	5,998	6,857	6,720	3,723	6,187	4,439



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

■ Major shareholders (top 10)

As of September 30, 2014

Name	Number of shares held	Percentage of investment
	Thousand shares	%
State Street Bank and Trust Company 505223	5,979	7.2
Japan Trustee Service Bank, Ltd.(Trust Account)	5,530	6.7
The Master Trust Bank of Japan, Ltd.(Trust Account)	4,471	5.4
Development Bank of Japan Inc.	3,310	4.0
Nippon Life Insurance Company	2,306	2.8
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
National Mutual Insurance Federation of Agricultural Cooperatives	1,438	1.7
Trust & Custody Services Bank.,Ltd.as trustee for Eisai Co.,Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co.,Ltd	1,372	1.7

■ Major stock information

	3/2011	3/2012	3/2013	3/2014	9/2014
Issued shares (thousands)	87,053	87,146	82,469	82,582	82,611
Treasury stock (thousands)	0	1	0	2	3
Market Capitalization (million)	288,579	308,059	366,983	378,219	507,218
A purchased amount of money (millions of yen)	—	—	13,735	—	—
The number of the purchased stocks (thousand shares)	—	—	4,937	—	—

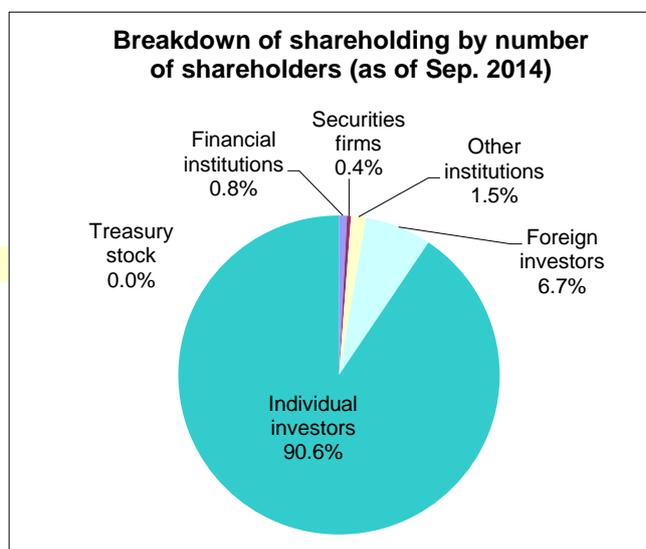
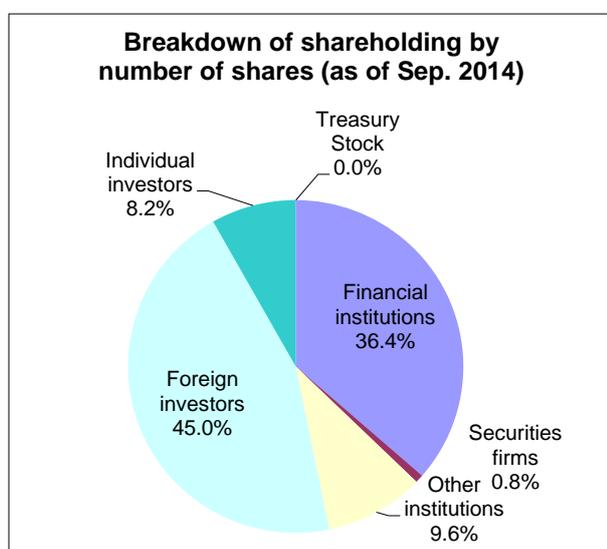
Stock information

■ Breakdown of shareholding by number of shares

At half-year/year end	9/2012		3/2013		9/2013		3/2014		9/2014	
	Thousand shares	Proportion (%)								
Financial institutions	29,235	33.5	29,147	35.4	29,315	35.5	28,971	35.1	30,060	36.4
City & regional banks	2,255	2.6	2,277	2.8	2,268	2.7	2,270	2.8	2,257	2.7
Trust banks	18,367	21.1	17,298	21.0	17,875	21.7	17,581	21.3	18,703	22.6
(concerned in trust works)	15,977	-	14,908	-	15,473	-	15,192	-	16,293	-
Life and non-life insurance	4,590	5.2	4,715	5.7	4,414	5.3	4,290	5.2	4,334	5.3
Other financial institutions	4,022	4.6	4,856	5.9	4,757	5.8	4,829	5.8	4,765	5.8
Securities firms	1,900	2.2	766	0.9	568	0.7	721	0.9	625	0.8
Other institutions	7,162	8.2	7,359	9.0	7,900	9.6	7,913	9.6	7,940	9.6
Foreign investors	35,189	40.4	36,783	44.6	37,056	44.9	37,597	45.5	37,208	45.0
Individual investors	8,740	10.0	8,390	10.1	7,694	9.3	7,376	8.9	6,773	8.2
Treasury Stock	4,939	5.7	0	0.0	1	0.0	2	0.0	3	0.0
Total	87,168	100.0	82,469	100.0	82,537	100.0	82,582	100.0	82,611	100.0

■ Breakdown of shareholding by number of shareholders

At half-year/year end	9/2012		3/2013		9/2013		3/2014		9/2014	
	Number of shareholders	Proportion (%)								
Financial institutions	55	0.7	57	0.7	59	0.8	56	0.8	58	0.8
City & regional banks	3	0.0	6	0.1	4	0.1	5	0.1	4	0.1
Trust banks	26	0.3	26	0.3	27	0.3	25	0.3	26	0.3
Life and non-life insurance	22	0.3	20	0.2	23	0.3	21	0.3	22	0.3
Other financial institutions	4	0.1	5	0.1	5	0.1	5	0.1	6	0.1
Securities firms	33	0.4	38	0.5	32	0.4	35	0.4	28	0.4
Other institutions	117	1.5	110	1.4	107	1.5	114	1.5	106	1.5
Foreign investors	367	4.6	365	4.6	392	5.3	407	5.2	465	6.7
Individual investors	7,448	92.8	7,427	92.8	6,809	92.0	7,167	92.1	6,323	90.6
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	8,021	100.0	7,998	100.0	7,400	100.0	7,780	100.0	6,981	100.0



Consolidated subsidiaries



【Domestic】

Claire Co., Ltd.							
Main business	Cleaning of antidust 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.							
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 Switzerland SA							
Main business	Marketing of pharmaceuticals	Location	Geneva, Switzerland	Paid-in capital	2,000 thousand Swiss franc	Equity owned	100% *2

Santen Italy S.r.l.							
Main business	Marketing of pharmaceuticals	Location	Milan, Italy	Paid-in capital	10 thousand euros	Equity owned	100% *2

Santen UK Limited							
Main business	Marketing of pharmaceuticals	Location	Surrey, UK	Paid-in capital	1 pound	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 Sales and Marketing (Suzhou) Co., Ltd.							
Main business	Marketing of pharmaceuticals	Location	Suzhou, China	Paid-in capital	10,000 thousand RMB	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 2014-September 2014

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

2014

4-Apr Santen Partners with Akorn, Inc. subsidiary Oak Pharmaceuticals for Marketing of Tafluprost, the Treatment of Glaucoma and Ocular Hypertension in the U.S.

Santen Pharmaceutical signed a licensing agreement with Oak Pharmaceuticals, Inc. (Lake Forest, Illinois, U.S.), a subsidiary of Akorn, Inc. pertaining to the sales and marketing in the United States of tafluprost, the treatment of glaucoma and elevated intraocular pressure. Tafluprost is trademarked as ZIOPTAN in the U.S. and TAPROS in Japan.

13-May Santen Announces the Signing of Agreement between Merck for the Purchase of Assets in Ophthalmology

Santen Pharmaceutical announced today that it has entered into an Agreement with Merck & Co., Inc., (Whitehouse Station, NJ, USA, known as MSD outside of the U.S.A and Canada) for Santen to purchase Merck's ophthalmology products (COSOPT, COSOPT PF, TRUSOPT, TRUSOPT PF, TIMOPTIC, TIMOPTIC PF, TIMOPTIC XE, SAFLUTAN and TAPTIQOM) in Japan, Europe, and Asia Pacific.

2-Jul Santen Announces Closing of Asset Purchase Agreement with Respect to Acquisition of Ophthalmology Assets from Merck

Santen Pharmaceutical announced the closing of an asset purchase agreement which was entered on May 13, 2014 between Merck & Co., Inc. with respect to the acquisition of certain ophthalmology assets, following the fulfillment of all of the transfer conditions, except in some territories, in accordance with the terms of the Agreement.

29-Jul Changes in Significant Shareholders

5-Aug Santen to Grant Rights to Subscribe for New Shares as Stock Options as Stock-Linked Remuneration

5-Aug Medium-Term Management Plan FY2014-2017

Santen Pharmaceutical announced today, a four-year Medium-Term Management Plan (MTP) for FY2014- 2017, with a view toward realizing its long-term strategic vision through 2020 of becoming a "Specialized Pharmaceutical Company with a Global Presence." A set of strategic goals have been set under the new MTP to further reinforce Santen's competitiveness as a specialized company. Among such goals are the drastic reform of its research and development system to enable sustainable development of new products, accelerated business operations in the fast growing Asian market, business expansion and early improvement of earnings in Europe. In addition, the company will focus on human resources development and establishment of a solid organizational structure aimed at achieving sustainable growth.

15-Aug Santen Files for Manufacturing/Marketing Approval of its Glaucoma and Ocular Hypertension

Santen Pharmaceutical announced today that it filed an application for approval of manufacturing and marketing of the glaucoma and ocular hypertension therapeutic COSOPT Mini Combination Ophthalmic Solution (generic name: dorzolamide hydrochloride/ timolol maleate; hereafter "COSOPT Mini") in Japan as of August 15, 2014.

1-Sep Notice on Details of the Rights to Subscribe for New Shares (Stock Options as Stock-Linked Remuneration)

9-Sep Eyestrain Common Issue Caused by Contact Lenses!? Santen Launches Soft Santear Hitomi Stretch, an Eye Drop for Use with Soft Contact Lenses to Reduce Eyestrain by Relaxing Ciliary Muscle Stiffness Which Can Be a Cause of Eyestrain

22-Sep Intravitreal VEGF Inhibitor "EYLEA" Obtains Additional Indication of Myopic Choroidal Neovascularization (mCNV)

Bayer Yakuhin, Ltd. (Osaka, hereinafter Bayer Yakuhin) and Santen Pharmaceutical Co., Ltd. (Osaka, hereinafter Santen) announced that Bayer Yakuhin has received approval for the additional indication of myopic choroidal neovascularization (mCNV) for the intravitreal VEGF* inhibitor EYLEA® solution for intravitreal injection 40 mg/mL and EYLEA® intravitreal injection KIT 40 mg/mL (aflibercept [genetical recombination], hereinafter EYLEA) on September 19, 2014.

* VEGF=vascular endothelial growth factor

25-Sep Increase of Capital for a Consolidated Subsidiary in Europe

Santen Pharmaceutical hereby announces that it was resolved at the Board of Director meeting held on September 25, 2014 to increase capital for Santen Holdings EU B.V., a consolidated wholly owned holding company in Europe.

