



**Ophthalmology is
our singular focus**

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Agenda



Santen Overall



High-Potential Ophthalmology Market



Santen Business Growth



In Summary

Santen Overall



天機に参与する

Tenki ni sanyo suru

By focusing on ophthalmology, Santen develops unique scientific knowledge and organizational capabilities that contribute to the well-being of patients, their loved ones and consequently to society.

To Become a Specialized Pharmaceutical Company with a Global Presence



OVERALL RESULTS

Product Development

- Approval, Launch: **Tapcom, Ikervis**
- Development: **DE-109, 117, 122**
- Licensing, Acquisition: **DE-126, 128**

Business Expansion

- Overseas sales: **29.6%** (FY17 H1)
- Growth in Asia: **27.1%** (Sales CAGR)
- Growth in EMEA: **30.7%** (Sales CAGR)

Organization & Talent

- New HR appraisal system
- Training for the next generation

Strategic Progress Over Last 12 Months

Business growth

- Strong, faster-than-market consolidated revenue growth: FY17 H1: +13%¹
- Japan FY17 H1 YoY¹ growth: pharma +7% (now #1 in all 5 major categories²); OTC +25%
- Robust growth continues from overseas businesses in FY17 H1: Asia +24%, EMEA +22%³
- Established a corporate venture capital fund in U.S. to strengthen strategic investment activities

Regulatory news

- DE-089 (*Diquas*) approved for dry eye in China
- DE-117 (omidenepag isopropyl) met primary endpoint and filed for treatment of glaucoma and ocular hypertension in Japan
- Beyond EMEA, new *Ikervis* approvals received in Singapore, S. Korea, Hong Kong and Taiwan
- Positive CHMP opinion received for Vekacia for severe vernal keratoconjunctivitis

Portfolio progress

- DE-126 (sepetaprost) initiates P2b for glaucoma in U.S. and Japan
- DE-128 (*InnFocus MicroShunt*) for primary open angle glaucoma completes P2/3 study enrollment
- DE-122 initiates P2a for wet AMD

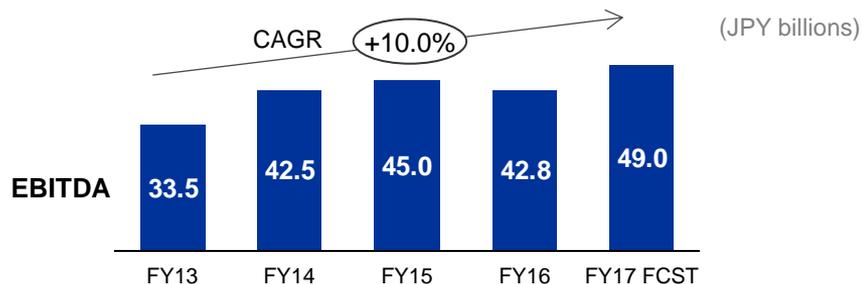
New pipeline

- DE-127 (atropine sulfate) targeting myopia added to pipeline, now preparing phase 2
- DE-114A (epinastine HCl, high dose) for allergic conjunctivitis, phase 3

Santen is a Leading Pharmaceutical Company Specialized in Ophthalmology

Ophthalmology Specialization

- **Broad product line-up focused on unmet medical needs**
- **Market leader in Japan and Asia**
 - ✓ **Strong market position**
Japan: **46%**, #1 market share
China: **13%**, #2 market share
 - ✓ **Growing productivity and efficiency**



Growing Global Market Presence

+6%

Annual growth rate of global ophthalmic market from 2013 to 2020

+10.5%

Annual growth rate of Santen revenue from FY2013 to FY2017

+29.6%

Santen's overseas sales in FY2017 H1

24 subsidiaries

Asia, EMEA and US

>60 countries

Global sales

Striving to further contribute to ophthalmic treatments and patients around the world

Santen's Strength

High Customer Satisfaction (CS) based on **Specialized Expertise** and **Strong Business Base**

Specialized Expertise

Strong commitment to ophthalmic treatments

- Products and services covering total patient care
Visualizing onset risk, implementing early diagnosis, providing differentiated products, and improving compliance
- Addressing unmet needs through all steps in treatment

Strong Business Base

Increasing market presence in EMEA

Climbing to top market share in Asia

-China: 13% #2
-Korea: 14% #2

Market leader in Japan

Japan ophthalmology market (FY16): **345.5b yen**

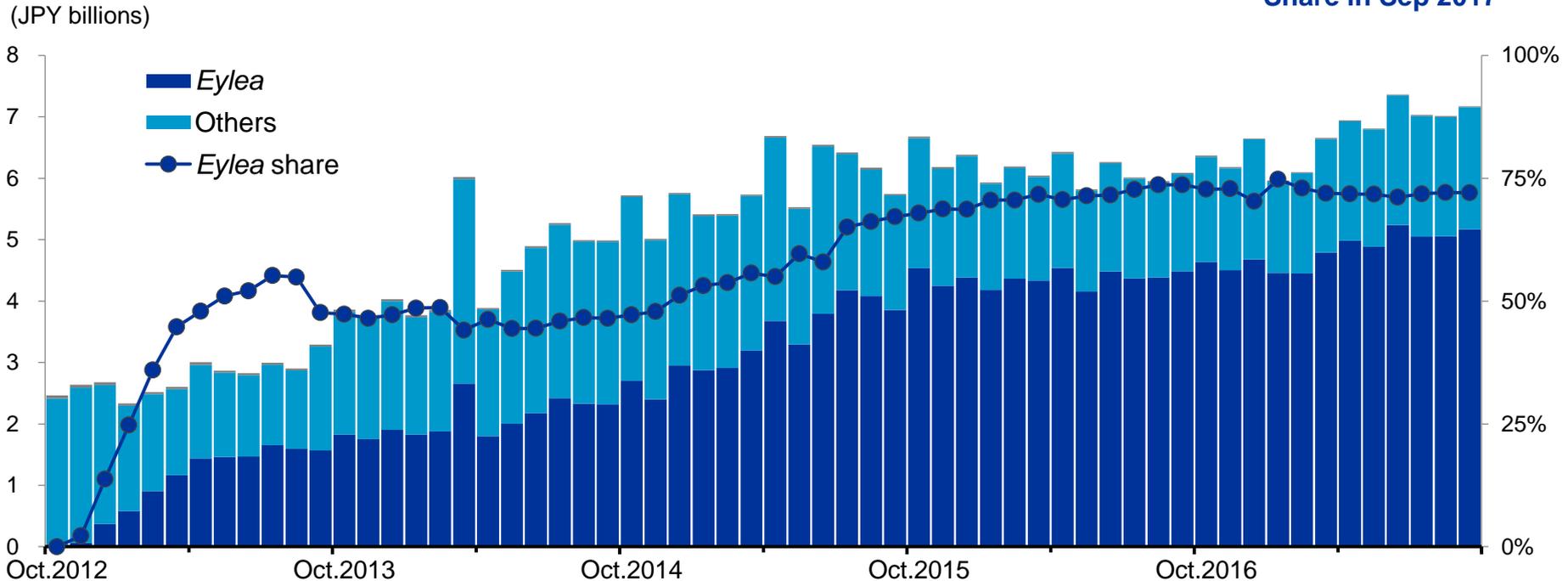
Total Santen share: 46%, #1 share in all categories

Anti-glaucoma	32.2% (#1)
Anti-VEGF	72.4% (#1) *
Corneal / dry eye	62.7% (#1)
Anti-allergy	42.9% (#1)
Anti-infection	44.1% (#1)

Market Leader in Japan- Success in *Eylea* Sales*

Tremendous *Eylea* success shows Santen's strong market position

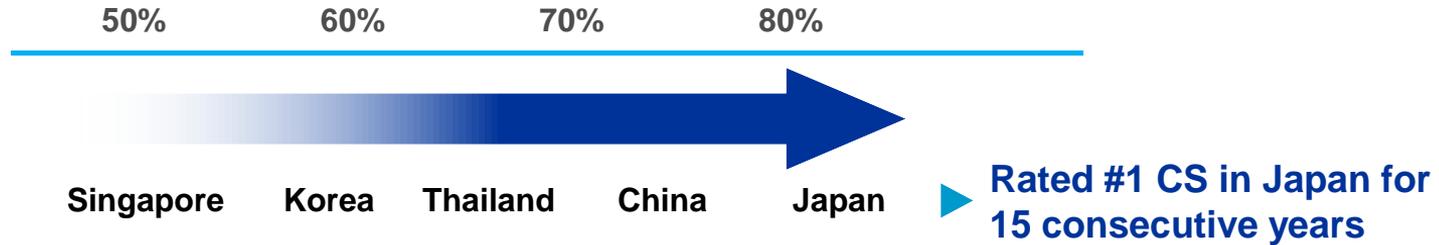
72.1%
Share in Sep 2017



High Customer Satisfaction and Market Leadership

Customer Satisfaction in Japan and Asia

Percentage of Doctors Evaluating Santen as #1 or #2



High Customer
Satisfaction



Strong Market
Position

Realize company growth greater than market growth

Covering All Ophthalmic Therapeutic Areas

As the world's leading company focused 100% on ophthalmology, we remain dedicated to answering unmet needs and improving patient of quality of life

Company	Retina	Glaucoma	Dry eye	Infection	Allergy	Cataract
Santen	✓	✓	✓	✓	✓	✓
Alcon/Novartis	✓	✓	✓	✓	✓	✓
B&L/Valeant	✓	✓	✓	✓	✓	✓
Allergan	✓	✓	✓	✓	✓	
Pfizer	✓	✓				
Genentech	✓					
Regeneron/Bayer	✓					
Shire			✓			

Expanding Global Partnership Alliances

Santen is working closely with excellent companies, institutes and academia



BAUSCH+LOMB



AGC ASAHI GLASS



Santen



UBE / UBE INDUSTRIES, LTD.

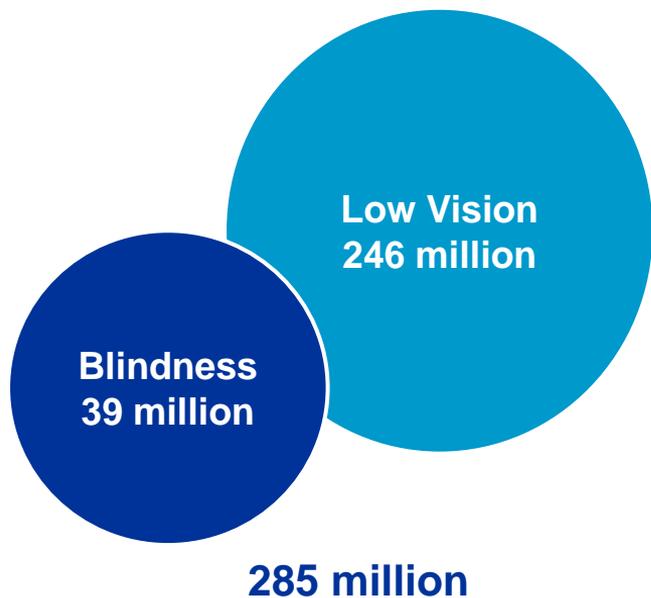


High Potential Ophthalmology Market

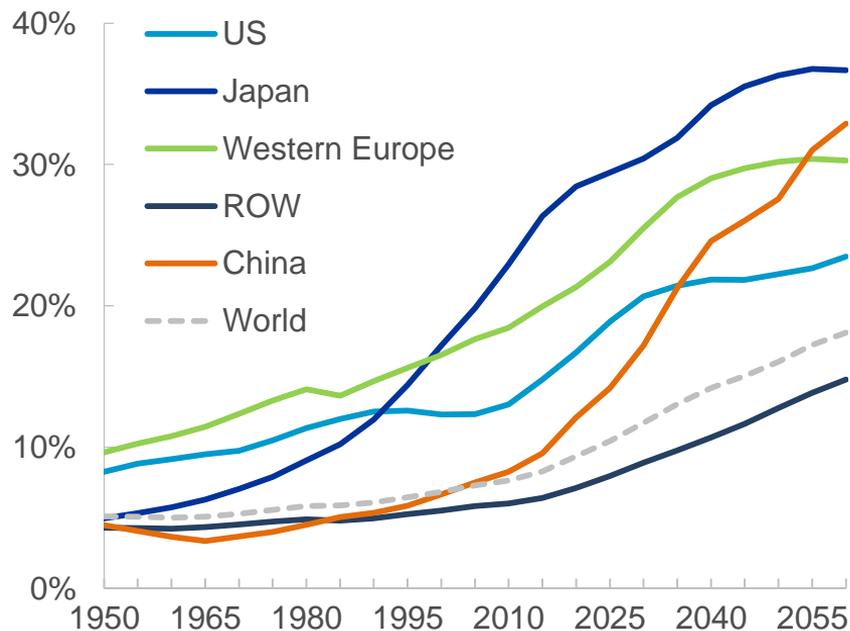


Vision Problems Increasing as World Populations Age

World Population Suffering from Visual Impairment



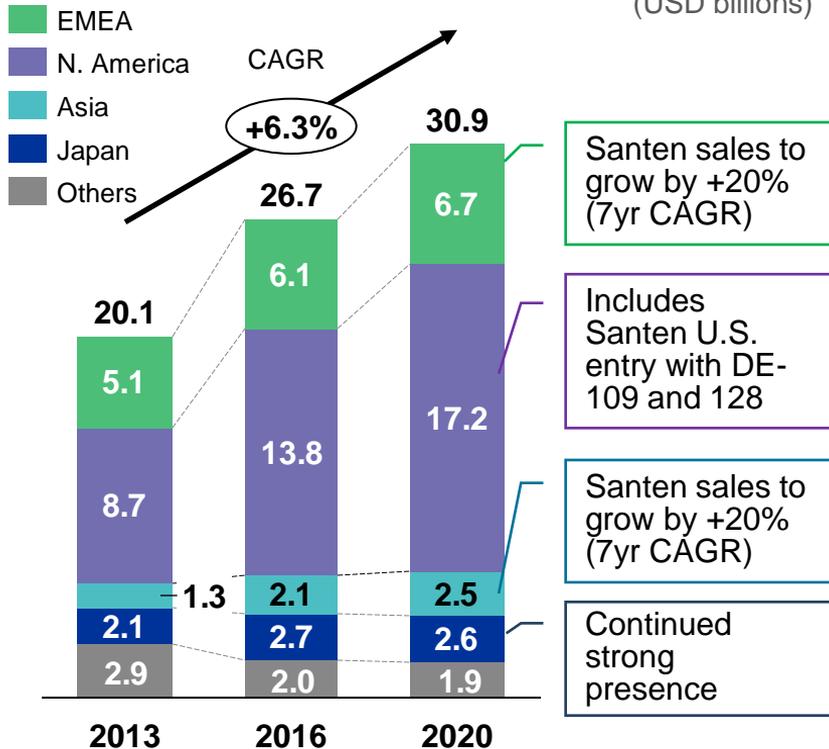
Population Aged 65+



Highest Growth: Asia Region and Glaucoma

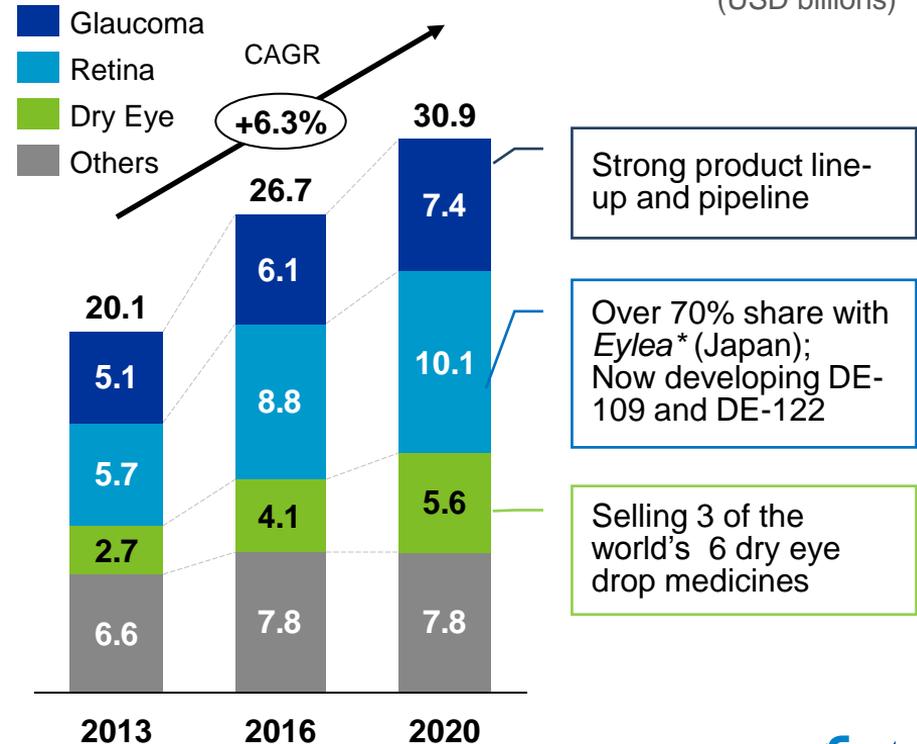
Region

(USD billions)



Disease Category

(USD billions)



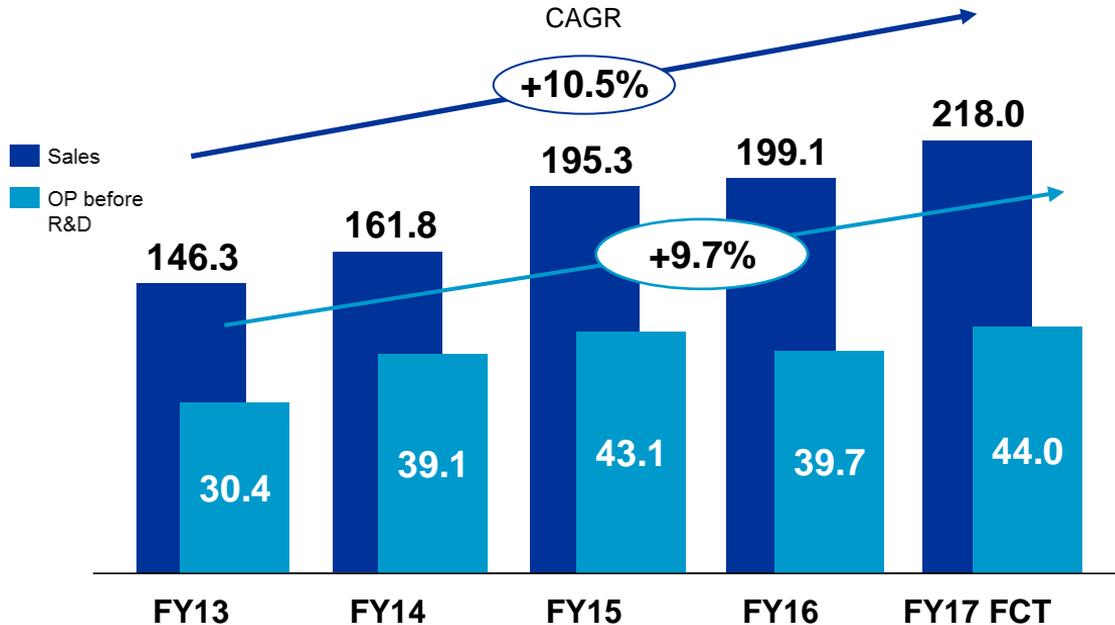
Santen Business Growth



Steady Earnings Growth with Ophthalmology Specialization

Santen Exceeding Overall Market Growth of +6.0%

(JPY billions)



- Continuous growth in Japan
- Strong Growth in Asia
- Rapid growth in EMEA

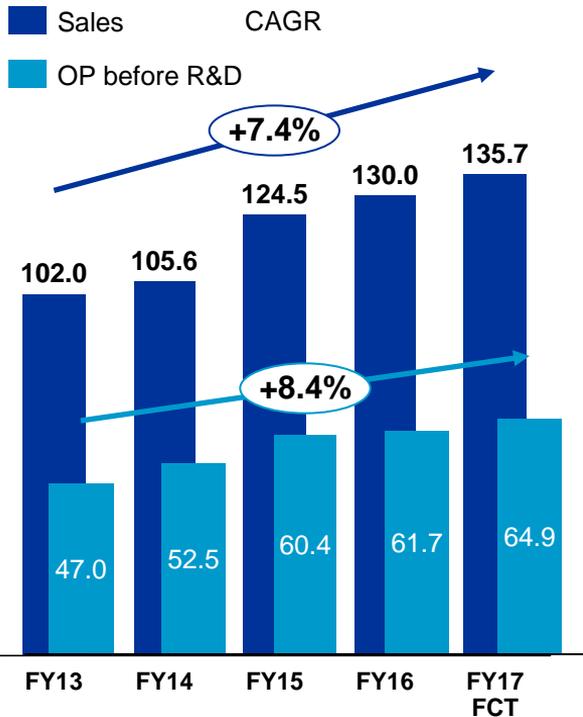
Domestic	83.5%	77.1%	72.6%	73.0%	71.5%
Overseas	16.5%	22.9%	27.4%	27.0%	28.5%

5-year CAGR +14.6%

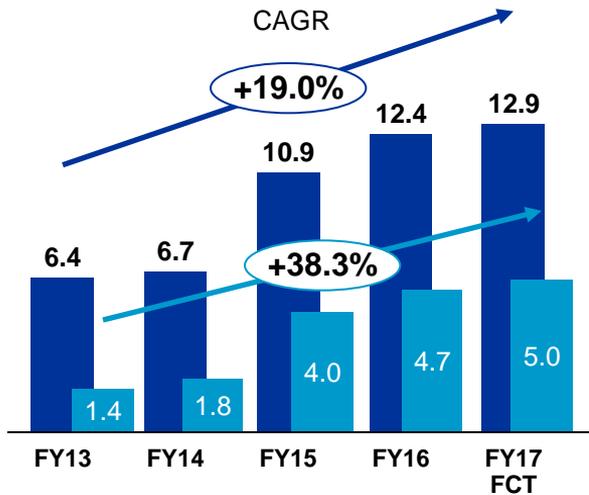
Significant JPY appreciation impact in FY16

Continuous growth in Japan – Revenue and OP

Japan Pharmaceuticals

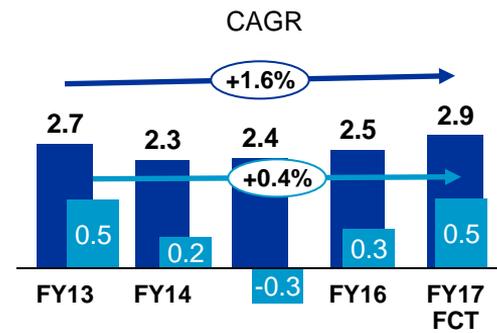


OTC



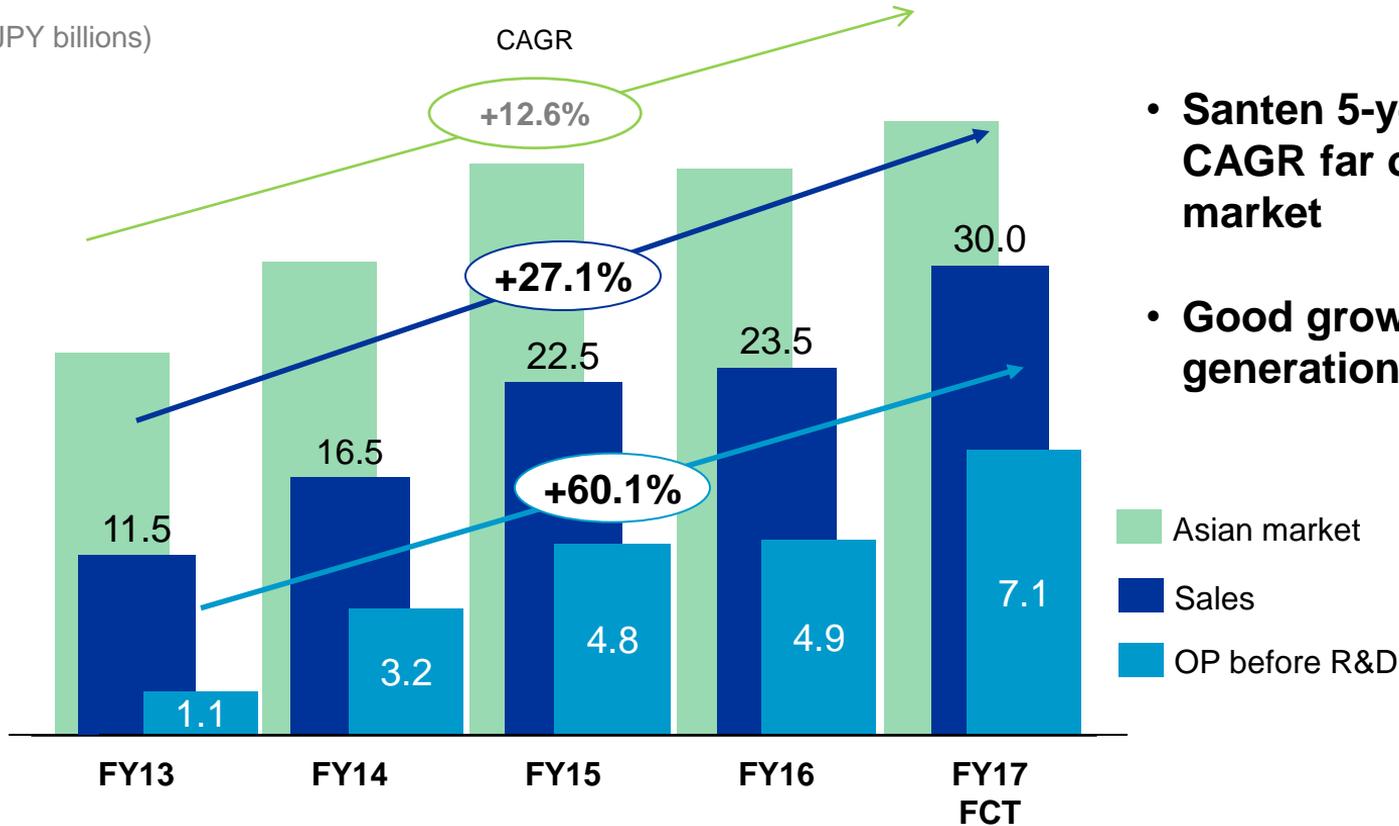
Surgical

(JPY billions)



Strong Growth in Asia – Revenue and OP

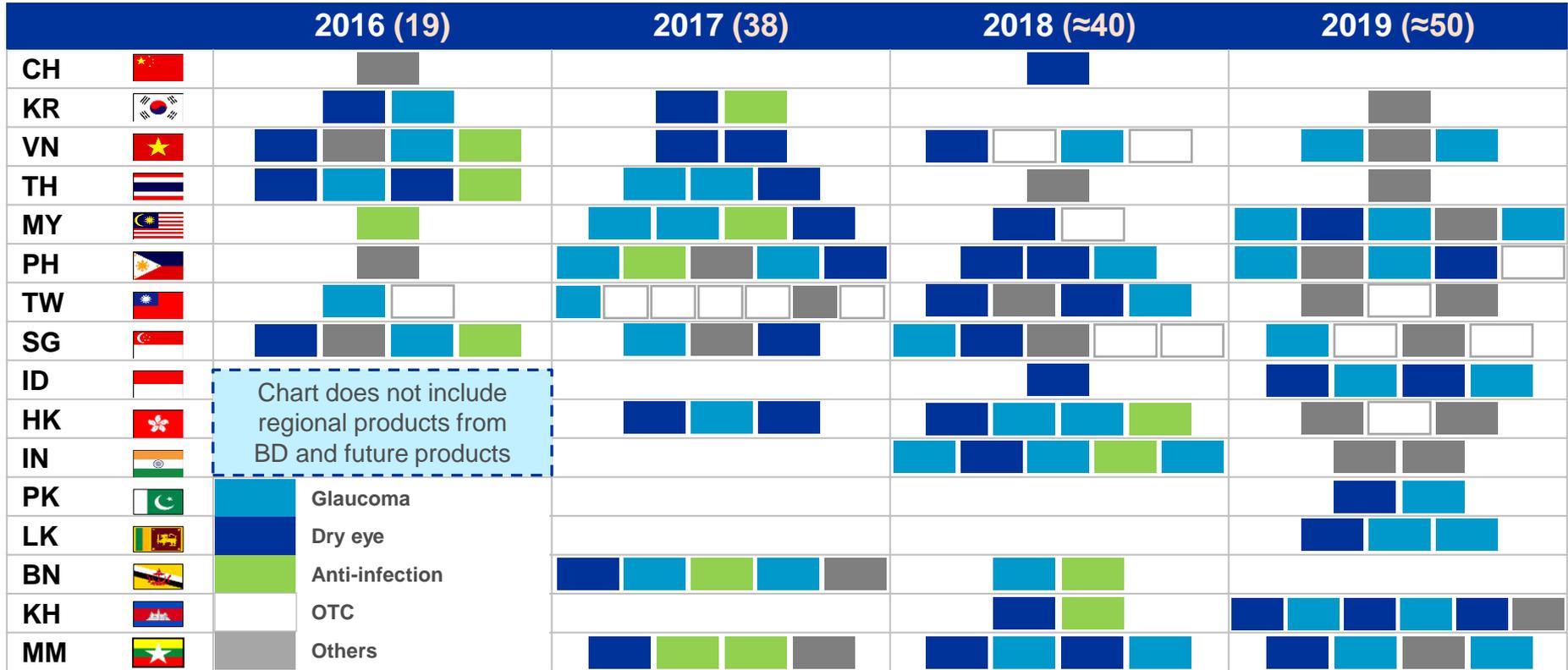
(JPY billions)



- **Santen 5-year revenue CAGR far outgrowing the market**
- **Good growth and profit generation**

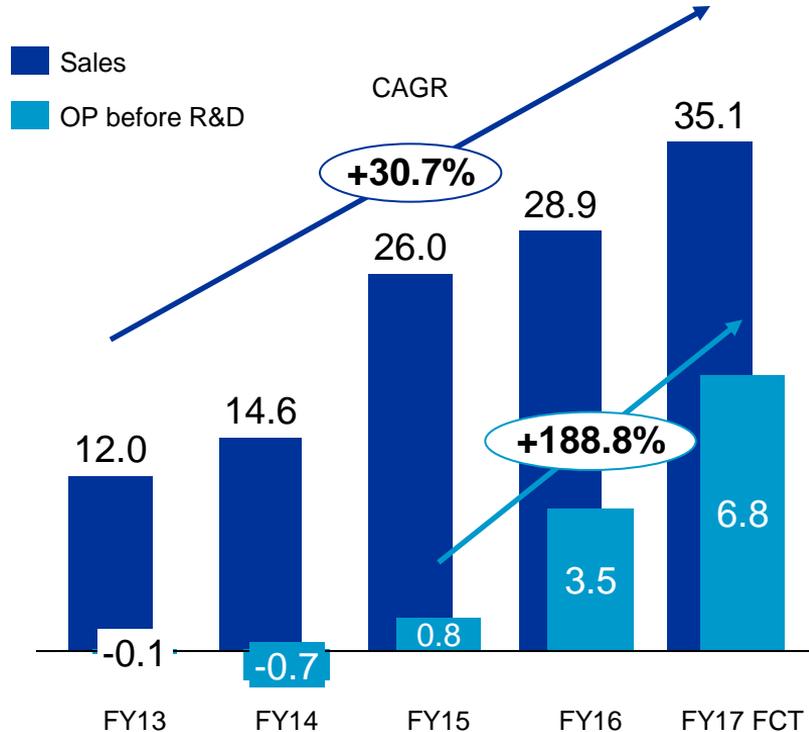
5-year CAGR (local currency base): Sales 26.2%
OP before R&D 59.1%

Asia: Continuous Launch of New Products for Regional Needs



Rapid growth in EMEA – Revenue and OP

(JPY billions)



- While building Santen's unique sales organization, the company also continues strong sales of acquired Merck products
- Now focused on *Ikervis* market penetration / share expansion going forward

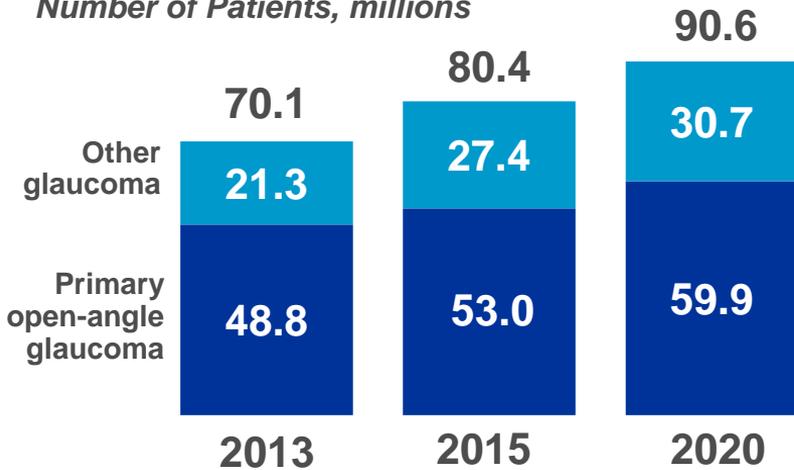
Glaucoma is a Key Growth Driver for Santen

Growing Market	<ul style="list-style-type: none">• The market is expected to grow substantially and continuously, boosted by aging populations
2x	<ul style="list-style-type: none">• With a strong strategic focus, Santen doubled glaucoma revenue to 53 billion JPY in FY16 over 5 years• Glaucoma is highly profitable
27%	<ul style="list-style-type: none">• Santen is focused on glaucoma, already our largest therapeutic area at 27% of revenue
8%	<ul style="list-style-type: none">• Santen has 8% of global share in glaucoma*, room to grow
Products & Platform	<ul style="list-style-type: none">• Glaucoma business is boosted by tafluprost, acquired MSD products and new business platforms in EMEA** and Asia

Glaucoma is a Key Growth Driver for Santen

Global Glaucoma Patient Population

Number of Patients, millions

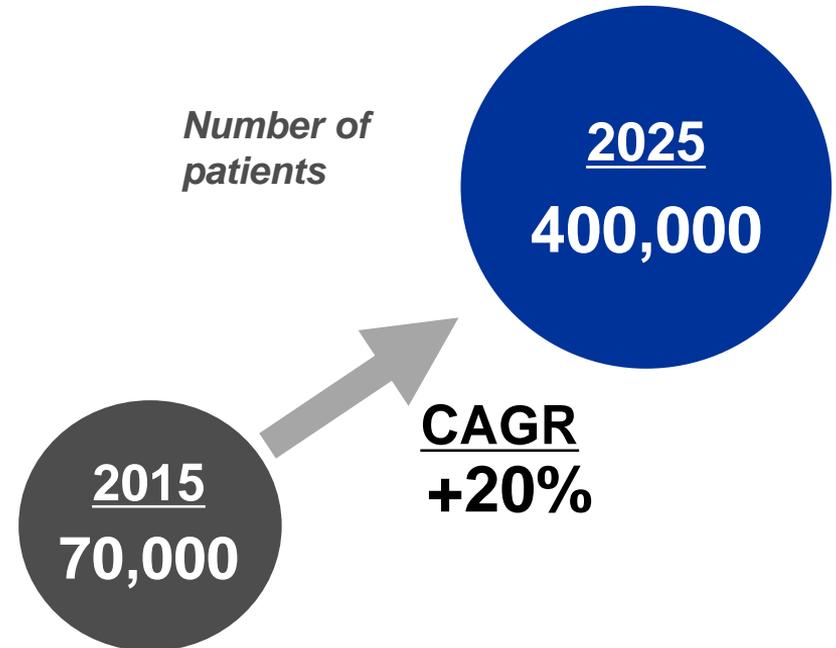


U.S. Primary Open-Angle Glaucoma

2013	2015	2020
3.3	3.5	3.8

U.S. Demand for Micro-Invasive Glaucoma Surgery (MIGS)

Number of patients



New Growth Opportunity: U.S. Market Entry

U.S. Market

- The largest market in the world: **36% of worldwide ophthalmic pharmaceutical market (\$9 billion) 2017***
- Continues to drive the expansion of the worldwide market: **+7%***, 2016 YoY

Santen's U.S. Market Entry STRATEGY as a specialized ophthalmic pharmaceutical company

Differentiated pipeline	▶	To offer new treatments: DE-109,117,126, 128, etc.	} Becoming profitable quickly & Maximization of profit
Flexible strategy	▶	Choosing best strategy to each product: Own marketing, co-marketing, licensing out, etc.	
Stepwise investment	▶	Mitigating business risk on entering new market	

Santen's U.S. Market Entry OPPORTUNITY

Raise global presence



Maximize business opportunities



Further contribution to ophthalmic treatments and patients

Pipeline / Product Development Status (1)

	Indication	Region	Status
DE-117 EP2 receptor agonist	Glaucoma / ocular hypertension	US	P2
		Japan	P2b/3 (AYAME pivotal study met primary endpoint), Filed
		Asia	P3. Plan: 2 nd half FY2018 P3 completion
DE-126 FP/EP3 dual receptor agonist	Glaucoma / ocular hypertension	US	P2b. Plan: Jan~Jun 2018 P2b completion
		Japan	
DE-128 <i>InnFocus MicroShunt</i>	Glaucoma	US	P2/3. Plan: Calendar 2018~2019 P2/3 completion, Calendar 2020~2021 launch
		Europe	CE mark granted
DE-109 IVT sirolimus	Uveitis	US	Assessing CRL to determine next steps
		Japan	P3
		Europe	P3
		Asia	Filed
DE-122 Anti-endothelin antibody	Wet age-related macular degeneration	US	P2a (Completed P1/2) Plan: Jan~Jun 2019 P2a completion

As of January 1, 2018

Pipeline / Product Development Status (2)

	Indication	Region	Status
DE-089 Diquas	Dry eye	China	Approved Plan: FY2018 launch
DE-114A epinastine HCl (high dose)	Allergic conjunctivitis	Japan	P3
Cyclokat Ikervis ciclosporin	Severe keratitis in patients with dry eye	Asia	Approved
		US	P2
		Others	Filed
Vekacia Verkazia ciclosporin	Vernal kerato- conjunctivitis	Europe	Filed (received positive CHMP opinion)
DE-127 atropine sulfate	Myopia	Asia	Preparing P2

In Summary, Santen is...

- ✓ Specialized in ophthalmology
 - ✓ Pursuing unmet medical needs
 - ✓ Building high customer satisfaction with customer-oriented strategy
 - ✓ Enjoying high market share in Japan and continuing strong growth in Asia and EMEA
 - ✓ Steadily growing earnings driven by global new products
- ✓ Preparing for business expansion in the U.S. and other regions
 - ✓ Developing treatments for all stages of glaucoma in our substantial and high-growth franchise
 - ✓ Making good progress in key glaucoma area with DE-117, DE-126 and DE-128 *InnFocus MicroShunt*
 - ✓ Continuing and building partnerships with leading companies and institutions worldwide

The logo for Santen features a stylized 'S' in a light blue color, followed by the word 'anten' in a bold, dark blue sans-serif font. The 'S' is designed with a white negative space that forms a vertical line, creating a unique visual identity.

Santen

A Clear Vision For Life