

# Investor Meeting on FY2017 Results and FY2018 Forecasts

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**Akira Kurokawa**

Chairman & Chief Executive Officer (CEO)

**Shigeo Taniuchi**

President & Chief Operating Officer (COO)

# Santen's Values

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.

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# **FY2017 Financial Results ended March 31, 2018**

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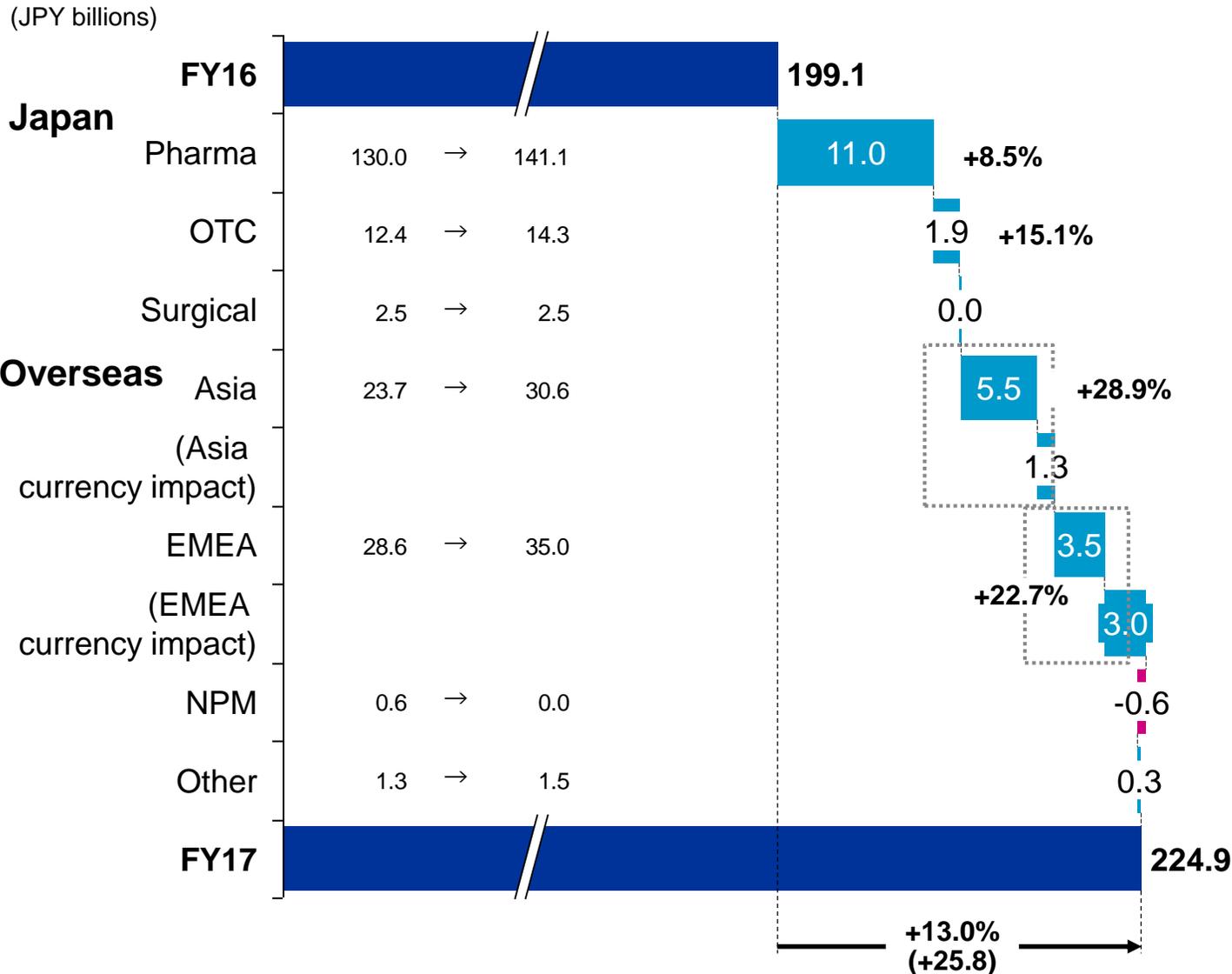
# FY2017 Financial Highlights

*Revenue and profit both achieve double-digit year-on-year growth*

|                         |  |                     |  |                     |
|-------------------------|--|---------------------|--|---------------------|
| <b>Revenue</b>          | Double-digit revenue growth with strong increases in all businesses in Japan and overseas      |                     |  |                     |
|                         | <b><u>224.9 bil yen</u></b> YoY: <b>+13.0%</b> vs Forecast: 100.4%                             |                     |  |                     |
| <b>Operating profit</b> | Double-digit operating profit growth on SGA and R&D expense control within revenue growth rate |                     |  |                     |
|                         | Core basis <b><u>45.4 bil yen</u></b><br>YoY: <b>+14.3%</b><br>vs Forecast: 103.1%             |                     | IFRS basis <b><u>38.7 bil yen</u></b><br>YoY: <b>+19.1%</b><br>vs Forecast: 103.5% |                     |
|                         | <b>SGA</b>   | <b>68.8 bil yen</b> | FY16 actual: 61.7 bil yen  | FY17 forecast: 69.0 |
|                         | <b>R&amp;D</b>   | <b>24.4 bil yen</b> | FY16 actual: 22.8 bil yen  | FY17 forecast: 25.0 |

# FY2017 Revenue

**Strong growth in all businesses in Japan and overseas**



## Japan business

|              |  |
|--------------|--|
| Japan pharma | Revenue growth of new products, such as <i>Eylea</i> *1 (+14.1%), <i>Alesion</i> (+37.7%) and <i>Diquas</i> (+16.4%), helped boost overall revenue +8.5% |
| OTC          | In addition to inbound sales, good results from new products and sales promotions for domestic consumers added to +15.1% revenue growth                  |
| Surgical     | Promoting sales activities in cooperation with Japan pharma business   |

## Overseas business

|       |  |
|-------|--|
| Asia  | Strong growth in each market (China +32.2%, Korea +24.0%, ASEAN +27.9%) resulted in overall growth in +28.9% (JPY)                                 |
| EMEA  | Continued strong growth in major countries (Italy +31.9%, Germany +10.4%, France +9.7%, Russia +22.8%) contributed to overall revenue +22.7% (JPY) |
| NPM*2 | Negligible NPM receipts after the completion of MA transfers from MSD  |

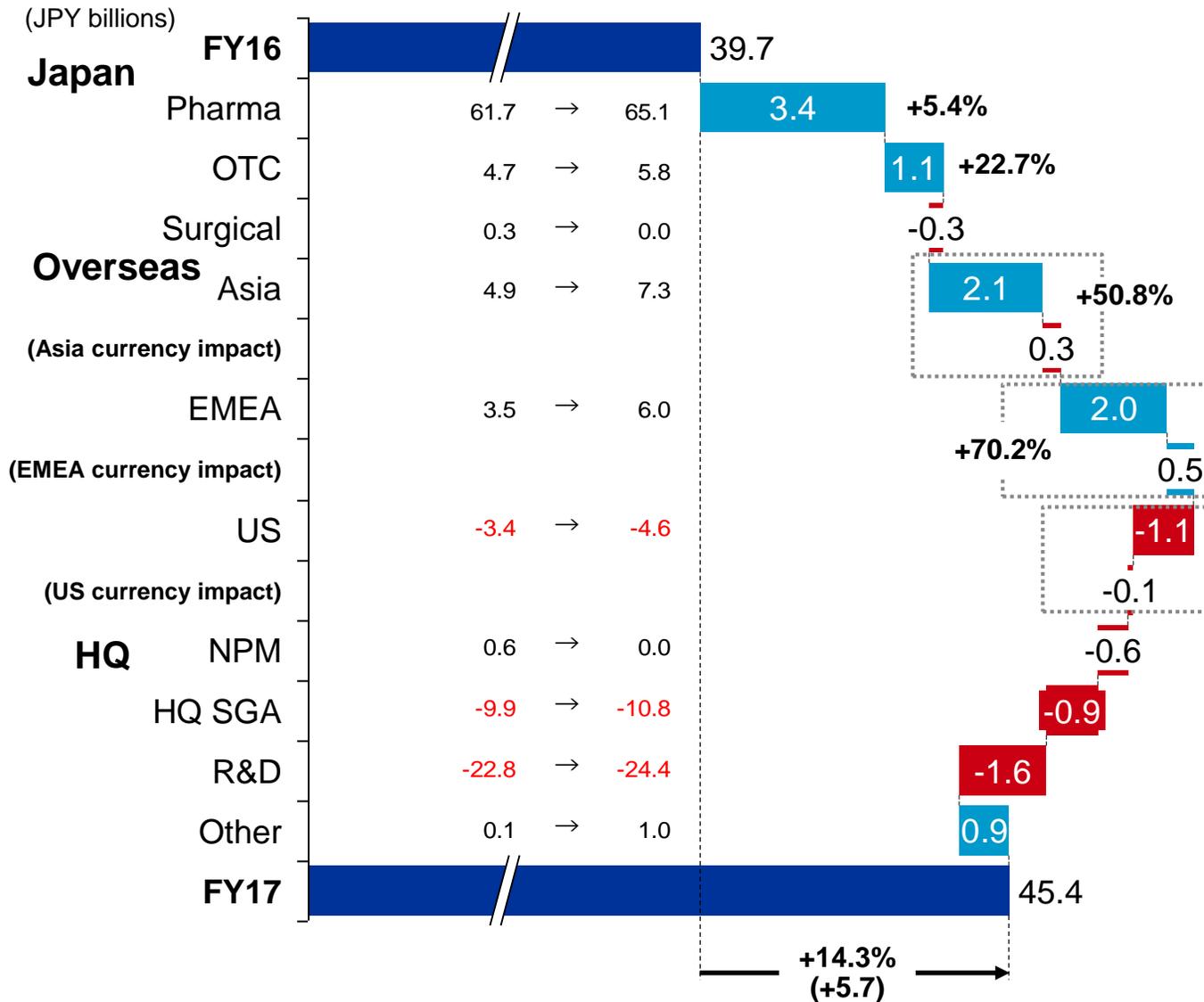
|     | FY16       | FY17       |
|-----|------------|------------|
| USD | JPY 108.64 | JPY 110.94 |
| EUR | JPY 118.96 | JPY 129.92 |
| CNY | JPY 16.14  | JPY 16.84  |

*Eylea*\*1: co-promoted product of Bayer Yakuhin, Ltd. (MAH)

Net Profit Margin (NPM)\*2: Profit generated from products which Santen acquired from and consigned to MSD until completion marketing right transfers

# FY2017 Core Operating Profit

*Both Japan and Overseas businesses drive high growth*



## Japan business

|              |  |
|--------------|--|
| Japan pharma | Despite transitory factor that lowered COGS in the prior year and less favorable product mix in FY17, operating profit increased by +5.4% mainly due to revenue growth of new products |
| OTC          | Overall higher with revenue growth, +22.7%   |

## Overseas business

|      |   |
|------|---|
| Asia | Higher with revenue growth and expense management (Asia +50.8%, EMEA +70.2%)  |
| EMEA |   |
| US   | While expenses increased mainly due to U.S. market entry preparation and administration expenses of InnFocus, a suspension of DE-109 expenses limited actual spending to 75% vs. total expense budget |

## R&D expenses

Despite higher expenses due to pipeline progress (DE-114A, 126, 128), succeeded to keep within the budget by optimization of the expenditure

|     | FY16       | FY17       |
|-----|------------|------------|
| USD | JPY 108.64 | JPY 110.94 |
| EUR | JPY 118.96 | JPY 129.92 |
| CNY | JPY 16.14  | JPY 16.84  |

# Completion of Mid-Term Plan 2014-2017



## Results

### Product development

Approval, launch: *Tapcom, Ikervis*  
 Development: DE-109 / DE-117 filings, DE-122 progress  
 Licensing / acquisition: DE-126, DE-128

### Business expansion

- Sped up growth with acquired MSD products
  - Focused on ophthalmology with anti-RA divestiture
  - Strengthened product mix with new products
  - Grew OTC business with boost from inbound demand
  - Initiated full-scale US market entry preparations
- 
- Asia, EMEA strengthened with original and MSD acquired products: Asia ¥11.5b (FY13) to ¥30.6b (FY17), 2.7x; EMEA: ¥12.0b (FY13) to ¥35.0b (FY17), 2.9x
  - Japan new product ratio 44% (FY13)→75% (FY17)
  - New products and inbound demand grew Japan OTC business ¥5.1b (FY13) →¥14.3b (FY17), 2.8x

### Organization and talent

- Introduced new HR appraisal system
- Held training aimed at nurturing the next generation of employees / managers

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# **FY2018 Forecast**

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# FY2018 Forecast Overview

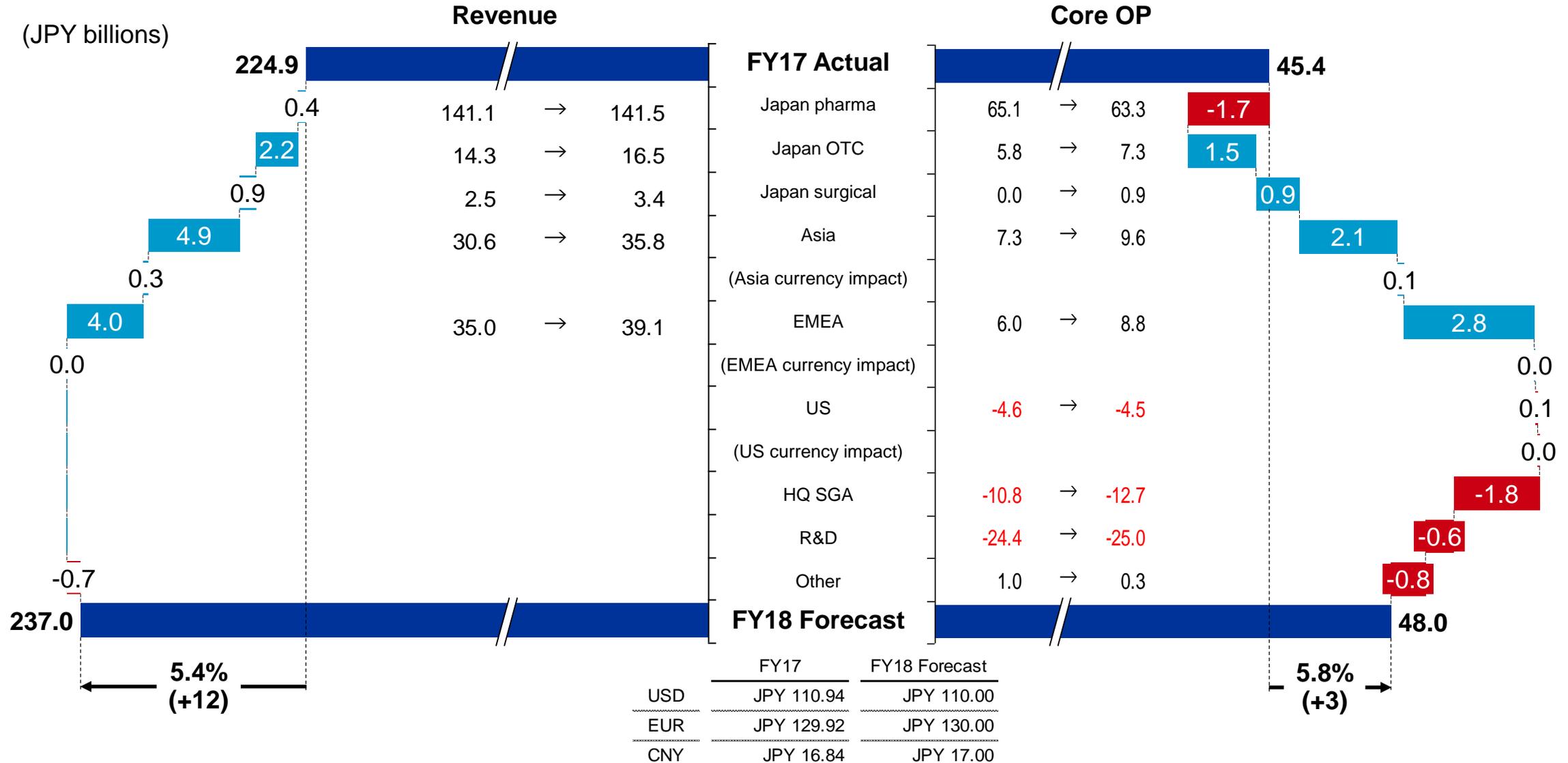
*First year of new MTP striving toward Vision 2020 with growth and efficiency*

|                         |  |  |
|-------------------------|--|--|
| <b>Revenue</b>          | Growth achieved with overseas business expansion more than offsetting the negative impact from NHI price cuts in Japan pharma            |  |
|                         | <b><u>237.0 bil yen</u></b> YoY: <b>+5.4%</b>  |  |
| <b>Operating profit</b> | SGA expenses: Enhancement of organization to support global growth<br>R&D expenses: Strategic investment to lead growth, 2020 and beyond |  |
|                         | Core basis <b><u>48.0 bil yen</u></b><br>YoY: <b>+5.8%</b>   | IFRS basis <b><u>40.7 bil yen</u></b><br>YoY: <b>+5.2%</b> |
|                         | <b>SGA 73.0 bil yen</b>  | FY17 actual: 68.8 bil yen                                  |
|                         | <b>R&amp;D 25.0 bil yen</b>  | FY17 actual: 24.4 bil yen                                  |

# FY2018 Forecast

*Japan business to maintain growth with overseas businesses to further drive growth of the group*

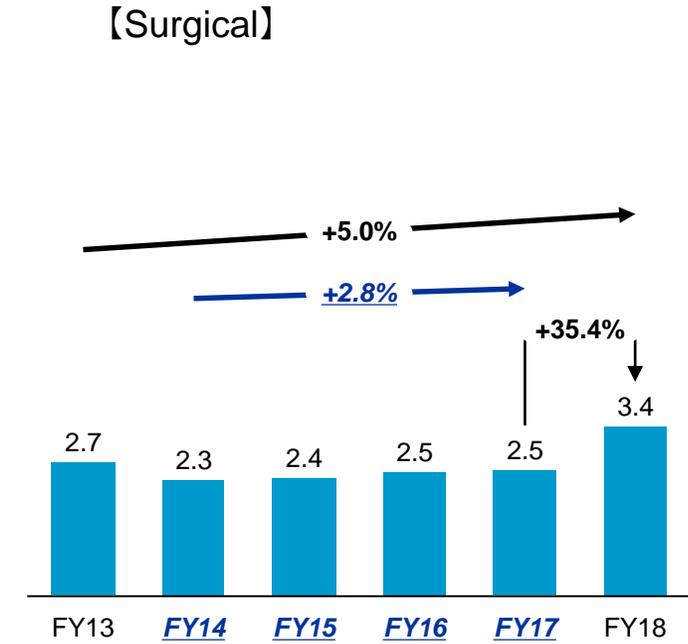
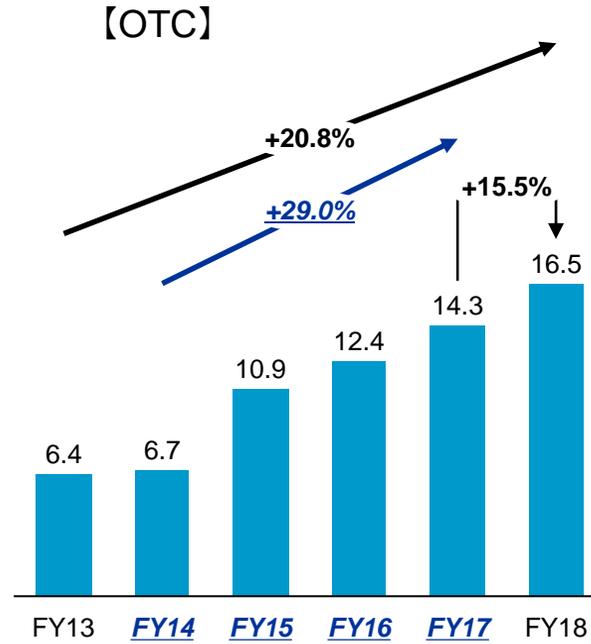
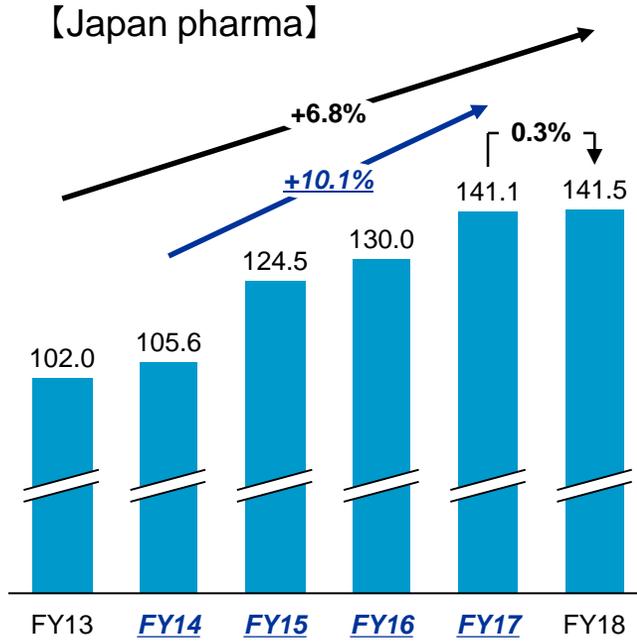
(JPY billions)



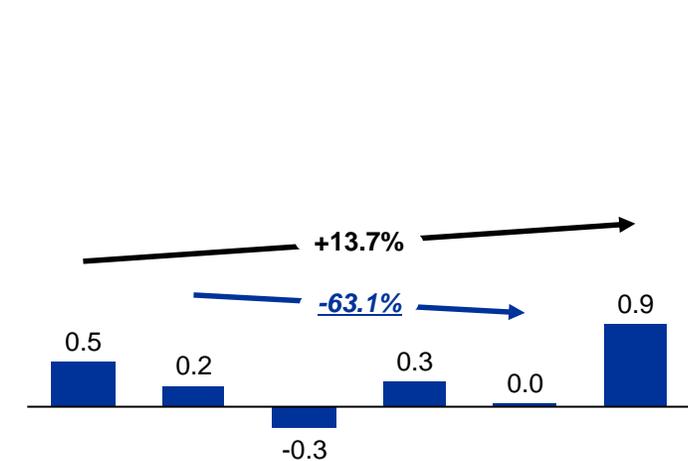
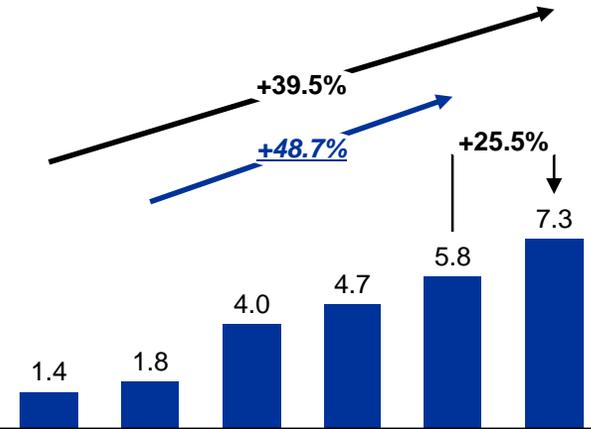
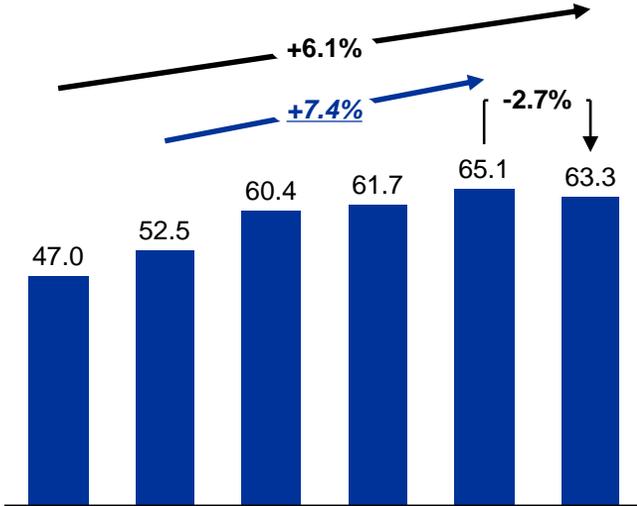
# Performance by Business (Japan)

(JPY billions, CAGR%)

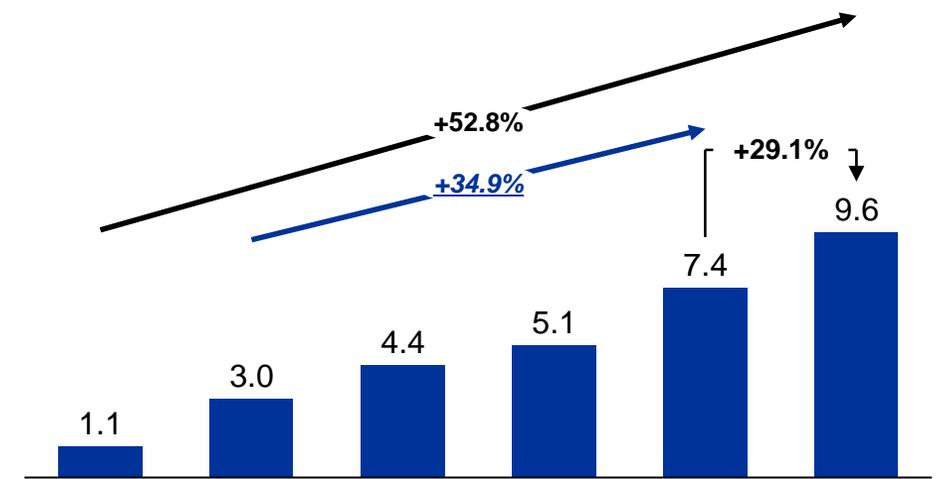
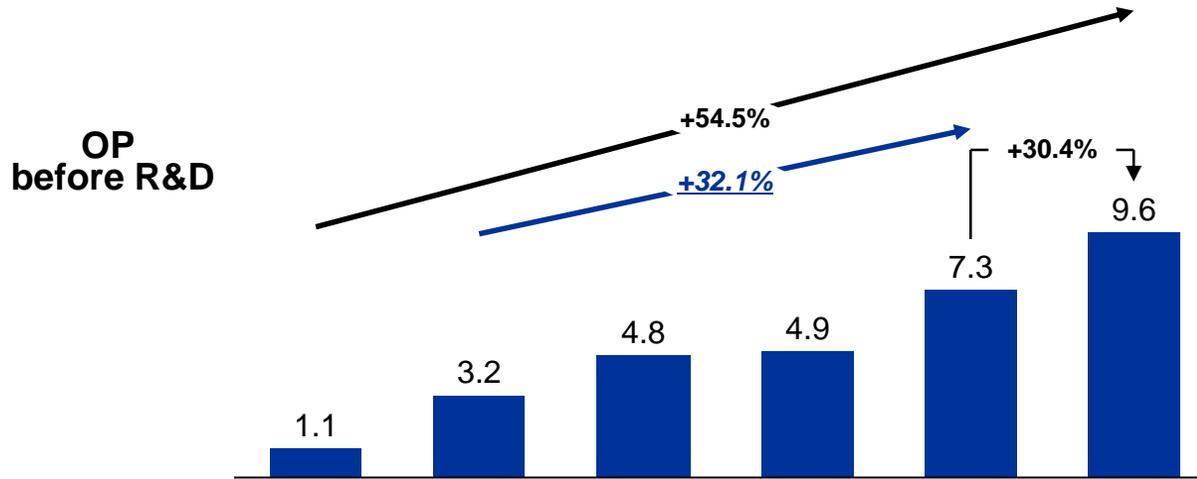
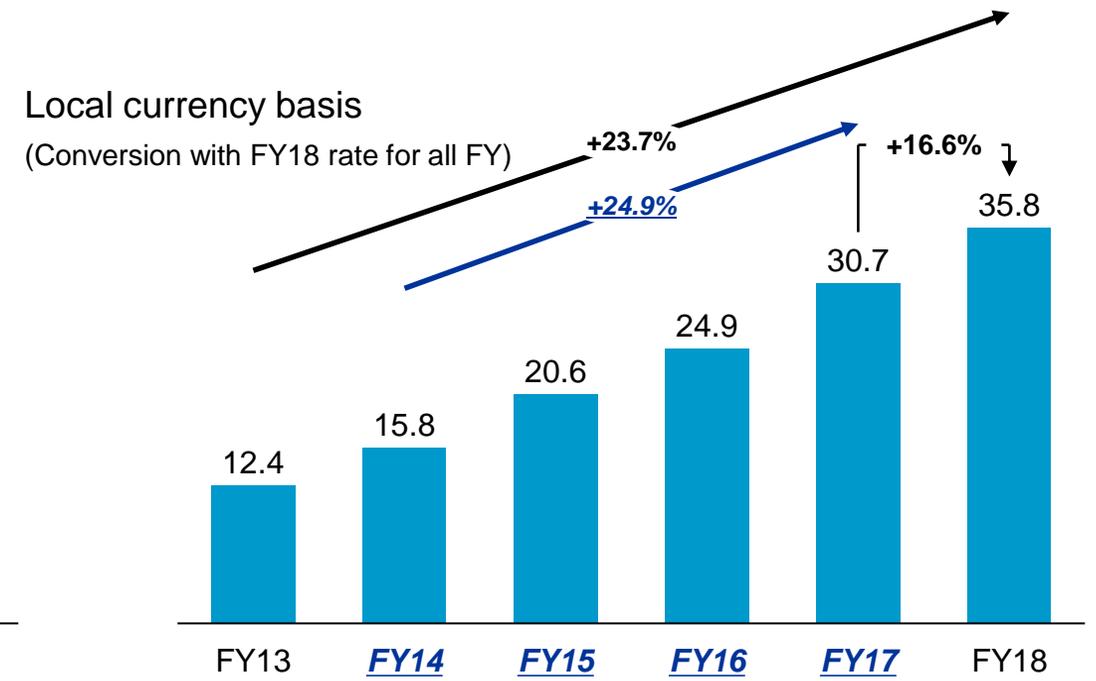
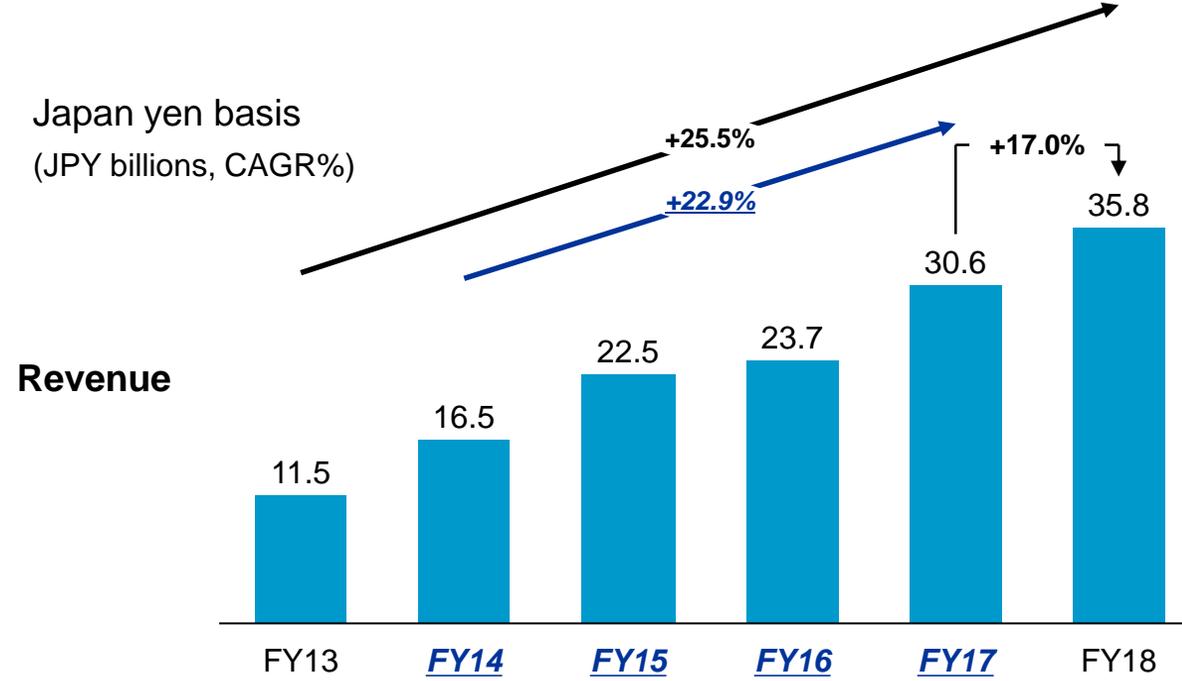
Revenue



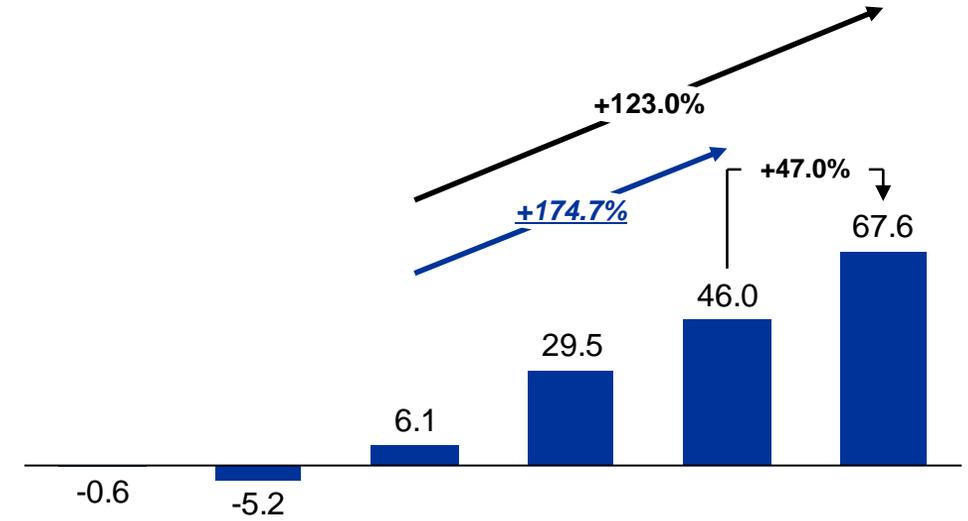
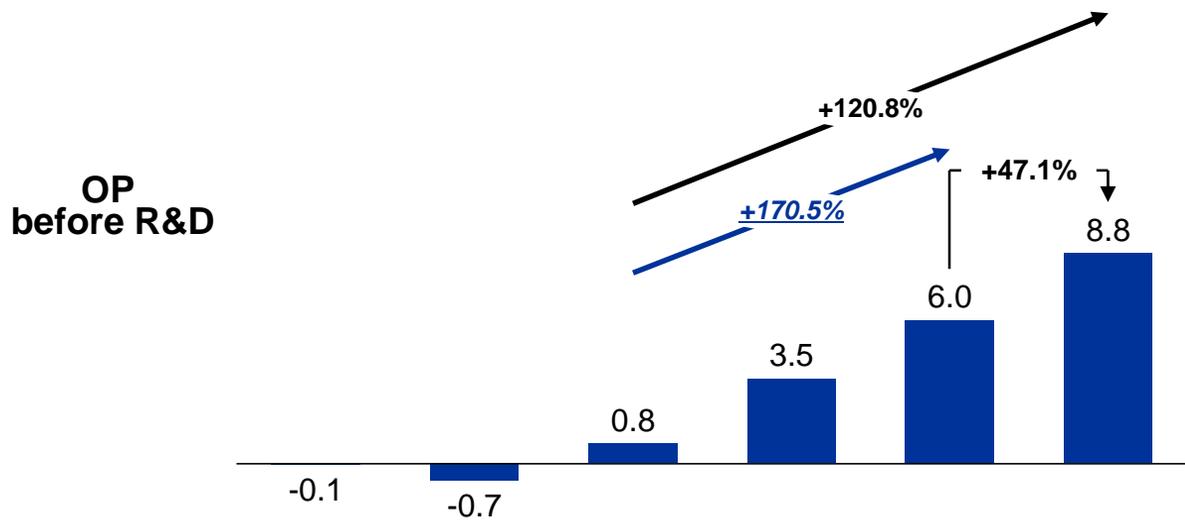
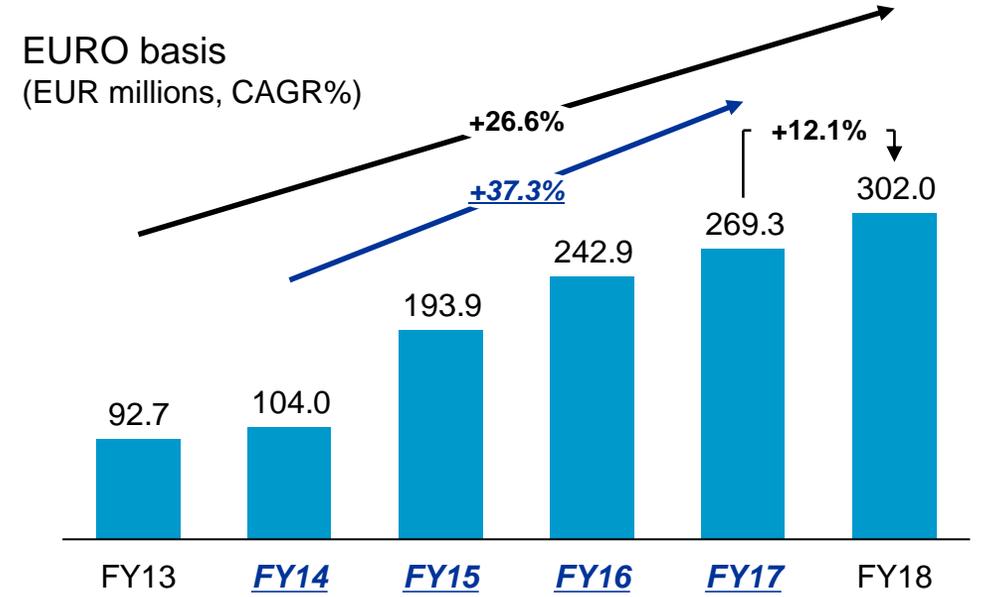
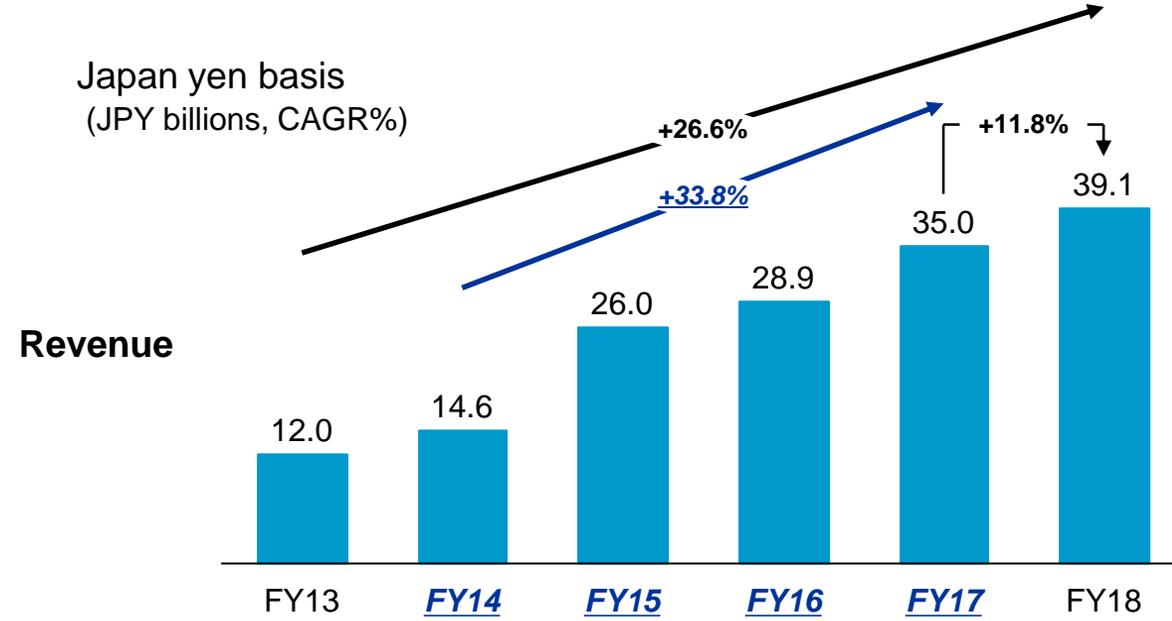
OP before R&D



# Performance by Business (Asia)



# Performance by Business (EMEA)



# Dividend for FY2017 and FY2018 Forecast

- Annual Dividends

FY2017: JPY 26 / share

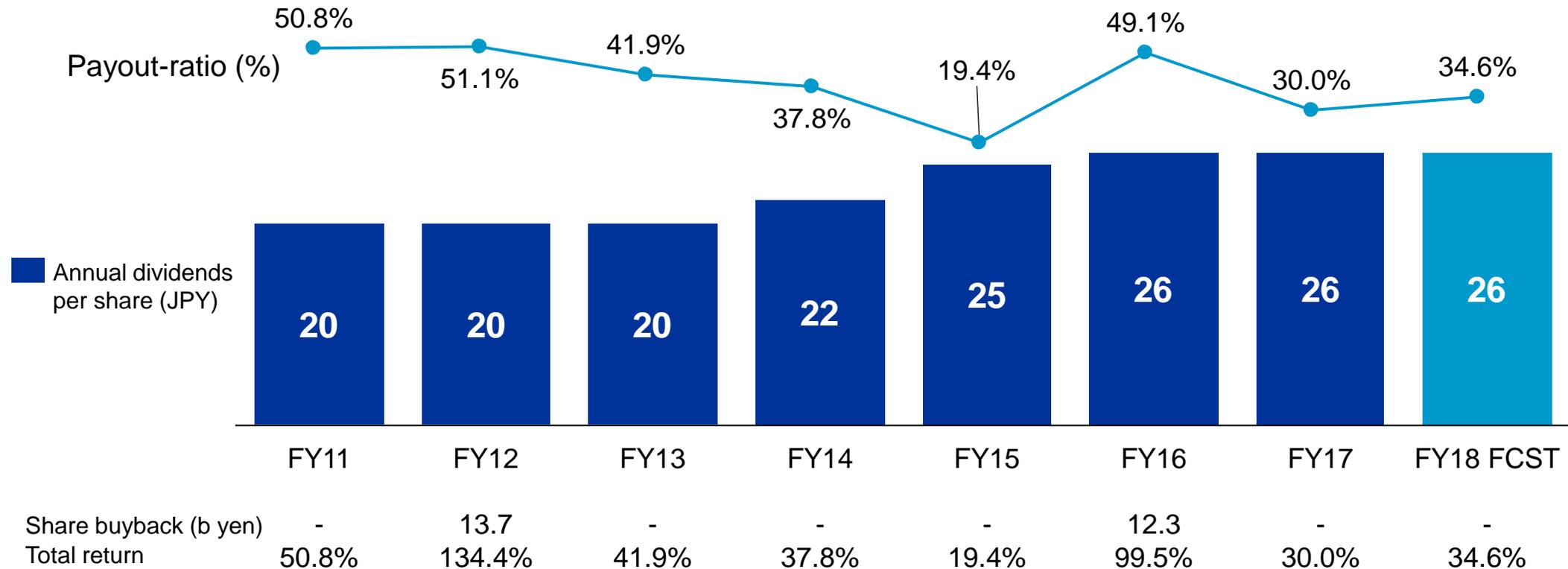
(Q2 Sep 30: JPY 13 / share)

FY2018 forecast: JPY 26 / share

- Stable and sustained return to shareholders

- Mid and Long term strategic investment for the growth beyond 2020

>>>Implementing shareholder returns policy to achieve the best balance between above two priorities considering dividends and total shareholder return approach



The company implemented a 5-for-1 stock split on April 1, 2015. Accordingly, the calculations of annual dividend per share have been adjusted in all periods for comparison purposes. J-GAAP standards used until FY13, IFRS applied from FY14.

# Status of Research & Development

## May 2018



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**Naveed Shams, M.D., Ph.D.**

Senior Corporate Officer

Chief Scientific Officer (CSO)

Head of Global Research & Development

# Pipeline / Product Development Status (1)

|   | Indication                              | Region | Status   |
|---|---|--------|--|
| <b>DE-117</b><br>EP2 receptor agonist             | Glaucoma /<br>ocular hypertension       | US     | P2   |
|   |   | Japan  | Filed<br><i>Plan: 2<sup>nd</sup> half FY2018 approval</i>                          |
|   |   | Asia   | P3<br><i>Plan: 2<sup>nd</sup> half FY2018 P3 completion</i>                        |
| <b>DE-126</b><br>FP/EP3 receptors<br>dual agonist | Glaucoma /<br>ocular hypertension       | US     | P2b  |
|   |   | Japan  | <i>Plan: Jan~Jun 2018 P2b completion</i>   |
| <b>DE-128</b><br><i>InnFocus MicroShunt</i>       | Glaucoma                                | US     | P2/3<br><i>Plan: Calendar 2018~2019 P2/3 completion, Calendar 2020~2021 launch</i> |
|   |   | Europe | CE mark granted  |
| <b>DE-109</b><br>IVT sirolimus                    | Uveitis                                 | US     | <u>P3</u> <i>Planning an additional clinical trial</i>                             |
|   |   | Japan  | P3   |
|   |   | Europe | P3   |
|   |   | Asia   | Filed  |
| <b>DE-122</b><br>Anti-endoglin antibody           | Wet age-related macular<br>degeneration | US     | P2a<br><i>Plan: Jan~Jun 2019 P2a completion</i>                                    |

# Pipeline / Product Development Status (2)

|  | Indication                                   | Region | Status   |
|--|--|--------|--|
| <b>DE-089</b><br><i>Diquas</i>                             | Dry eye                                      | China  | Approved<br><i>Plan: FY2018 launch</i>   |
| <b>DE-076B</b><br><i>Cyclokat / Ikervis</i><br>ciclosporin | Severe keratitis in patients<br>with dry eye | Asia   | Launched   |
|  |  | US     | P2   |
| <b>DE-076C</b><br><i>Vekacia / Verkazia</i><br>ciclosporin | Vernal kerato-conjunctivitis                 | Europe | Filed (received positive CHMP opinion)   |
| <b>DE-114A</b><br>epinastine HCl<br>(high dose)            | Allergic conjunctivitis                      | Japan  | P3 (pivotal study, CAC, met primary endpoints)<br><i>Plan: 1<sup>st</sup> half of FY2018 P3 completion</i> |
| <b>DE-127</b><br>atropine sulfate                          | Myopia                                       | Asia   | P2<br><i>Plan: 2<sup>nd</sup> half of FY2019 P2 completion</i>   |

In April 2018, Santen received a Notice of Non-Compliance (NON) from Health Canada for DE-076B (*Cyclokat / Ikervis*).

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# Appendix

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# Summary Profit / Loss Statements FY16, FY17, FY18 (FCT)

| (JPY billions)    | FY2016           | FY2017           | FY2018       |
|-------------------|------------------|------------------|--------------|
| Core basis        | Full Year actual | Full Year actual | Forecast     |
| <b>Revenue</b>    | 199.1            | <b>224.9</b>     | <b>237.0</b> |
| COGS              | -75.0            | -86.4            | -91.0        |
| SGA               | -61.7            | -68.8            | -73.0        |
| R&D expenses      | -22.8            | -24.4            | -25.0        |
| <b>OP</b>         | 39.7             | <b>45.4</b>      | <b>48.0</b>  |
| <b>Net profit</b> | 29.1             | <b>33.5</b>      | <b>35.3</b>  |
| ROE               | 11.3%            | 12.4%            | 12.0%        |
| <b>IFRS</b>       |                  |                  |              |
| <b>OP</b>         | 32.5             | <b>38.7</b>      | <b>40.7</b>  |
| <b>Net profit</b> | 21.7             | <b>35.3</b>      | <b>30.4</b>  |
| ROE               | 8.4%             | 13.0%            | 10.3%        |
| USD               | JPY 108.64       | JPY 110.94       | JPY 110.00   |
| EUR               | JPY 118.96       | JPY 129.92       | JPY 130.00   |
| CNY               | JPY 16.14        | JPY 16.84        | JPY 17.00    |

+: JPY appreciation, -: JPY depreciation

# FY2017 Profit / Loss

| (JPY billions)   | FY2016       |              |              | FY2017       |              |                |
|--|--------------|--------------|--------------|--------------|--------------|----------------|
|  | prior*       | Actual       | vs Revenue   | Actual       | vs Revenue   | YoY            |
| Revenue  | 199.1        | 199.1        |              | 224.9        |              | 13.0%          |
| COGS   | -75.0        | -75.0        | -37.7%       | -86.4        | -38.4%       | 15.2%          |
| Gross margin   |              |              |              |              |              |                |
| SGA expenses   | -62.2        | -62.2        | -31.2%       | -68.8        | -30.6%       | 10.6%          |
| R&D expenses   | -22.8        | -22.8        | -11.4%       | -24.4        | -10.8%       | 7.1%           |
| Amortization on intangible assets associated with products | -6.4         | -6.4         | -3.2%        | -6.7         | -3.0%        | 5.1%           |
| Other income   | 0.5          | 0.5          | 0.2%         | 0.4          | 0.2%         | -10.9%         |
| Other expenses   | -0.7         | -0.7         | -0.4%        | -0.4         | -0.2%        | -50.0%         |
| <b>Operating profit (IFRS)</b>                             | <b>32.5</b>  | <b>32.5</b>  | <b>16.3%</b> | <b>38.7</b>  | <b>17.2%</b> | <b>19.1%</b>   |
| Finance income   | 0.9          | 1.1          | 0.6%         | 1.0          | 0.4%         | -9.2%          |
| Finance expenses   | -1.6         | -3.5         | -1.8%        | -0.4         | -0.2%        | -87.7%         |
| <b>Profit before tax</b>                                   | <b>31.8</b>  | <b>30.1</b>  | <b>15.1%</b> | <b>39.3</b>  | <b>17.5%</b> | <b>30.6%</b>   |
| Income tax expenses  | -8.8         | -8.3         | -4.2%        | -4.0         | -1.8%        | -52.0%         |
| <i>Actual tax ratio</i>                                    | <i>27.6%</i> | <i>27.7%</i> |              | <i>10.2%</i> |              | <i>-17.5pt</i> |
| <b>Net profit (IFRS)</b>                                   | <b>23.1</b>  | <b>21.7</b>  | <b>10.9%</b> | <b>35.3</b>  | <b>15.7%</b> | <b>62.3%</b>   |
| <b>Core operating profit</b>                               | <b>39.7</b>  | <b>39.7</b>  | <b>19.9%</b> | <b>45.4</b>  | <b>20.2%</b> | <b>14.3%</b>   |
| <b>Core net profit</b>                                     | <b>28.7</b>  | <b>29.1</b>  | <b>14.6%</b> | <b>33.5</b>  | <b>14.9%</b> | <b>14.9%</b>   |

Increase from transitory impact in FY2016 and change in product mix in FY2017

SGA increases:

- Japan pharma 0.7 bil yen
- Asia 3.2 bil yen, EMEA 1.7 bil yen, US 1.1 bil yen
- HQ 0.9 bil yen

Mainly due to US corporate tax rate reduction

|     | Q4 FY16    | Q4 FY17    |
|-----|------------|------------|
| USD | JPY 108.64 | JPY 110.94 |
| EUR | JPY 118.96 | JPY 129.92 |
| CNY | JPY 16.14  | JPY 16.84  |

## Notes:

Santen results describe FY17 results as the year ended March 31, 2018.

Prior\*: FY16 results announced on May 10, 2017. These FY16 results are corrected retroactively from prior announced results upon the finalization of the purchase price allocation relating to the acquisition of InnFocus.

# Summary Profit/Loss statement for FY2017 (vs MTP 2014-2017)

| (JPY billions)    | FY2017     |                  |              |
|-------------------|------------|------------------|--------------|
|                   | MTP        | Full Year actual | vs MTP Diff. |
| <b>Core basis</b> |            |                  |              |
| <b>Revenue</b>    | 205.0      | 224.9            | 19.9 109.7%  |
| <i>Domestic</i>   | 145.0      | 158.7            | 13.7 109.4%  |
| <i>Overseas</i>   | 60.0       | 66.3             | 6.3 110.5%   |
| <i>Asia</i>       | 27.5       | 30.6             | 3.1 111.2%   |
| <i>EMEA</i>       | 31.0       | 35.0             | 4.0 112.9%   |
| R&D expenses      | -21.0      | -24.4            | -3.4 116.2%  |
| <b>OP</b>         | 51.5       | 45.4             | -6.1 88.1%   |
| <b>Net profit</b> | 35.0       | 33.5             | -1.5 95.6%   |
| <b>IFRS</b>       |            |                  |              |
| <b>OP</b>         | 45.0       | 38.7             | -6.3 86.0%   |
| <b>Net profit</b> | 31.0       | 35.3             | 4.3 113.7%   |
|                   | 13.0%      | 13.0%            | 0.0pt        |
| USD               | JPY 103.00 | JPY 110.94       | -7.7%        |
| EUR               | JPY 141.00 | JPY 129.92       | 7.9%         |
| CNY               | JPY 16.90  | JPY 16.84        | 0.4%         |

+: JPY appreciation, -: JPY depreciation

# FY2017 vs MTP 2014-2017 Difference

(JPY billions)

## Revenue

## Core OP

### Mid Term Plan

Impact from the transfer of Anti-Rheumatoid business

MTP excl. the impact from the transfer of Anti-Rheumatoid business

Domestic business

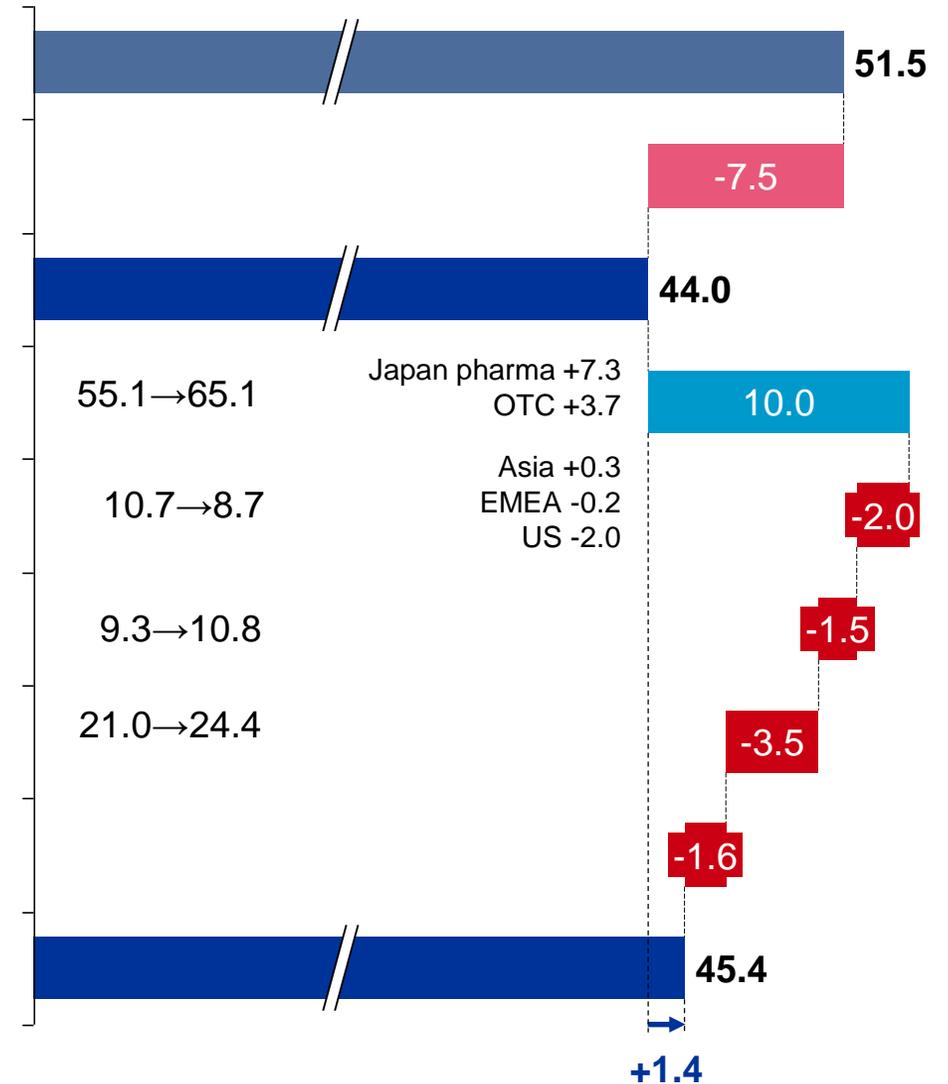
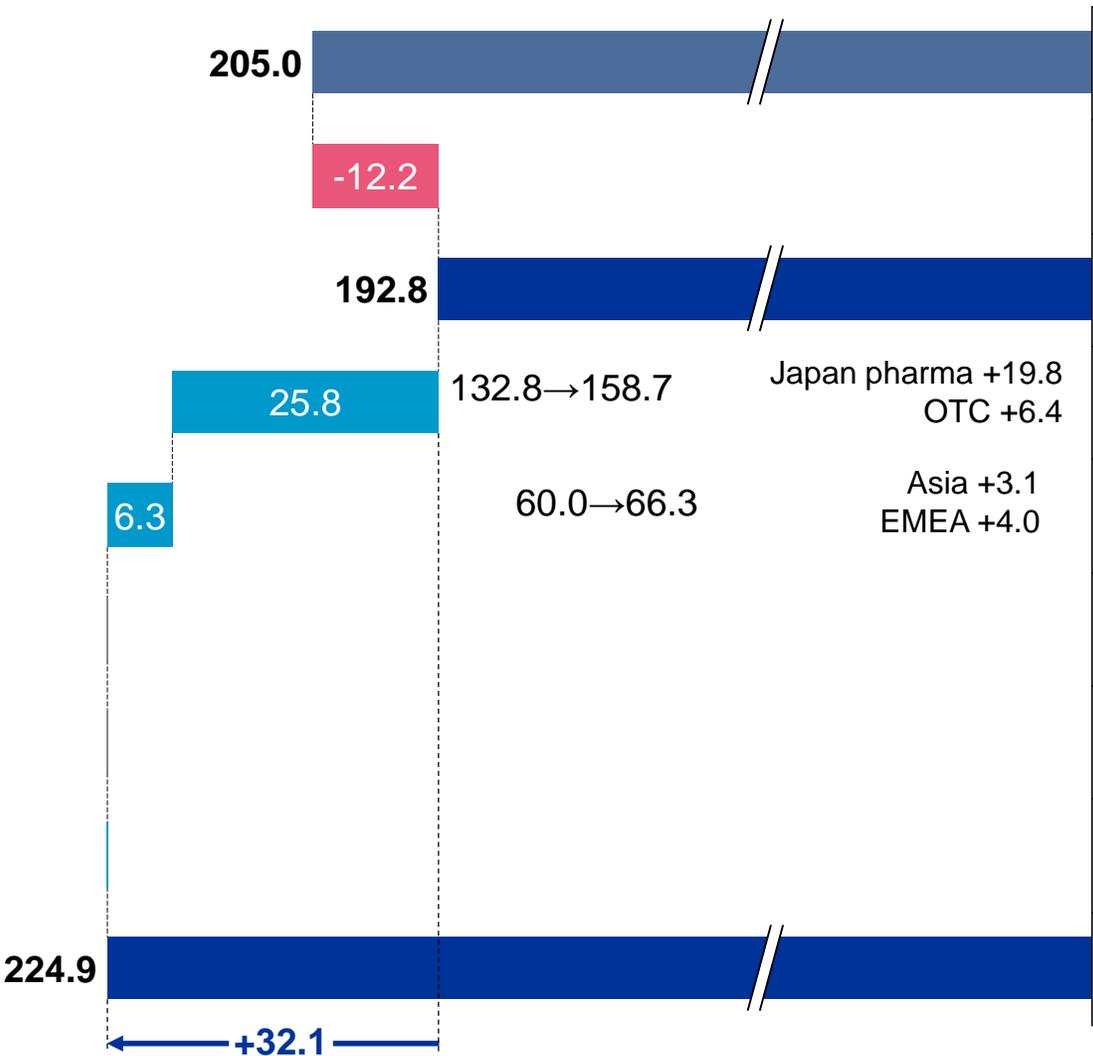
Overseas business

HQ SGA

R&D

Other

### FY2017 Actual



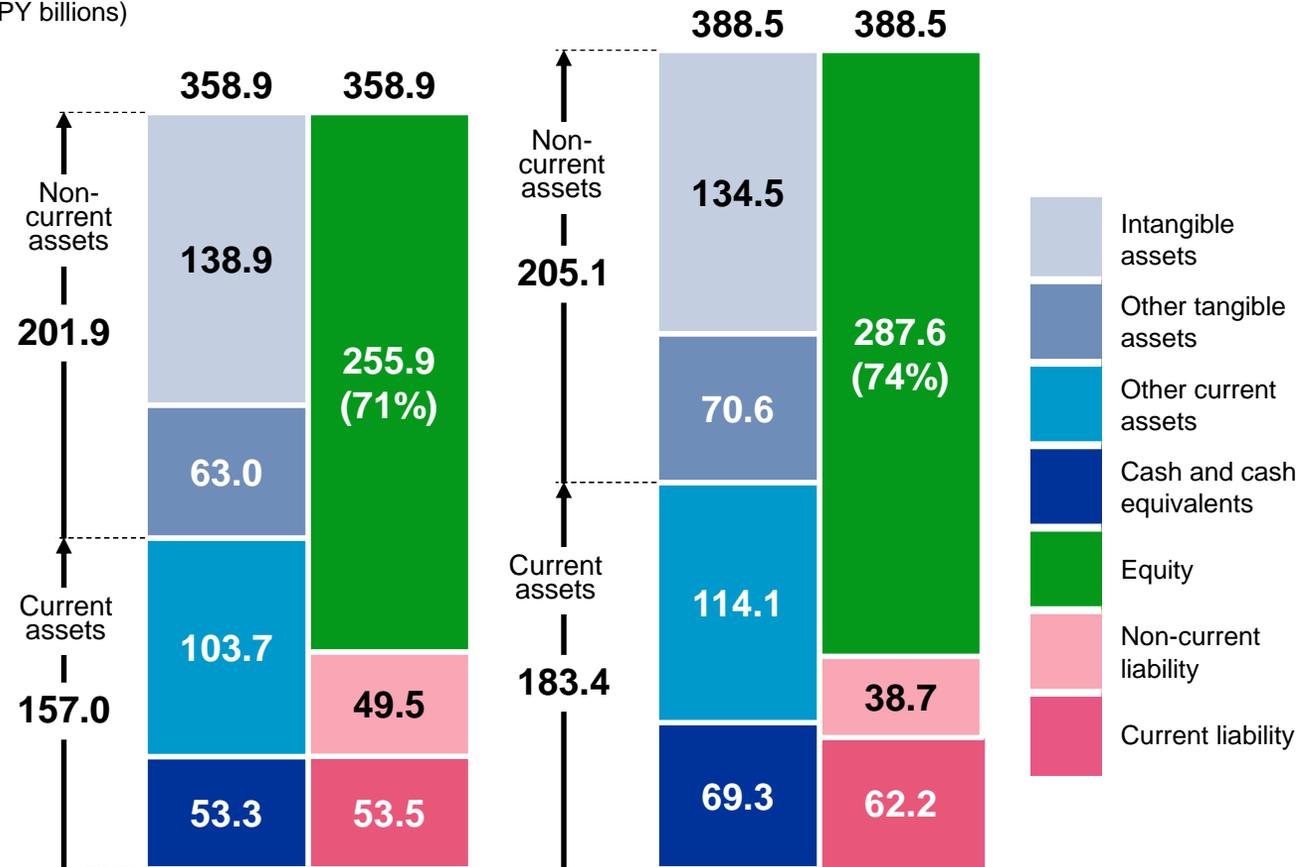
# FY2017 Financial Position

March 31, 2017  
(After PPA)

Mar 31, 2018

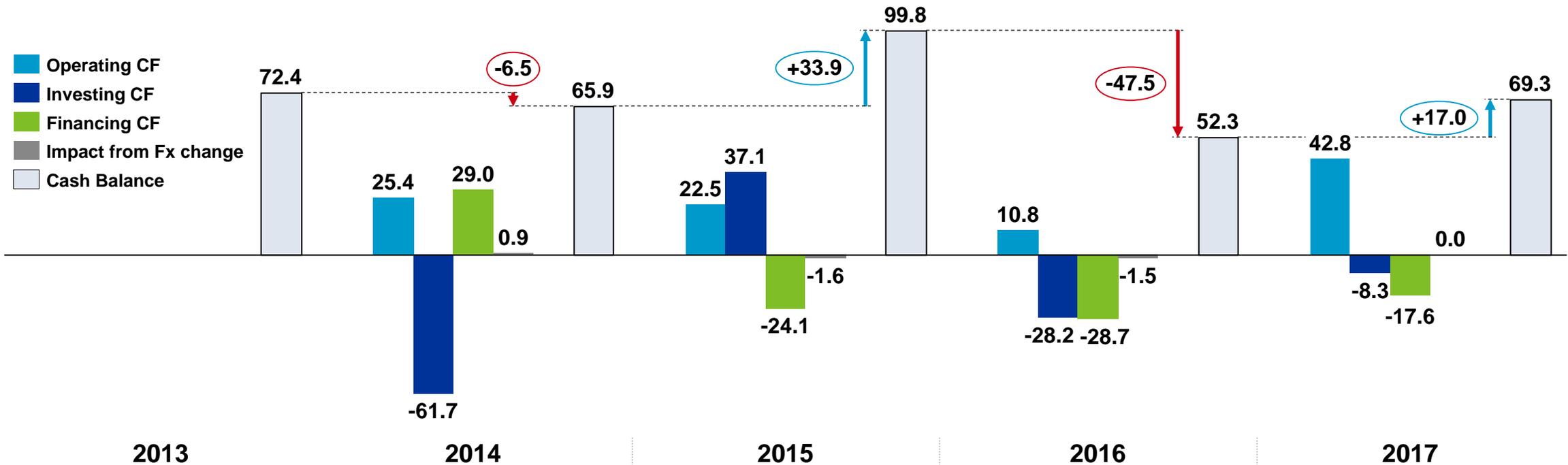
Increased trade receivables,  
cash and cash equivalents  
mainly due to sales growth

(JPY billions)



|                                | March 31, 2017 |              |             | Mar 31, 2018 | Change       |
|--------------------------------|----------------|--------------|-------------|--------------|--------------|
|                                | Before PPA     | After PPA    |             |              |              |
| <b>Total assets</b>            | <b>322.8</b>   | <b>358.9</b> | <b>36.1</b> | <b>388.5</b> | <b>29.6</b>  |
| <b>Non-current assets</b>      | <b>165.8</b>   | <b>201.9</b> | <b>36.1</b> | <b>205.1</b> | <b>3.2</b>   |
| Property, plant and equipment  | 28.6           | 28.6         | -           | 29.7         | 1.2          |
| Intangible assets              | 102.8          | 138.9        | 36.1        | 134.5        | -4.4         |
| Financial assets               | 29.9           | 29.9         | -           | 35.8         | 5.9          |
| Other                          | 4.5            | 4.5          | -           | 5.1          | 0.6          |
| <b>Current assets</b>          | <b>157.0</b>   | <b>157.0</b> | <b>-</b>    | <b>183.4</b> | <b>26.4</b>  |
| Inventories                    | 28.5           | 28.5         | -           | 30.6         | 2.1          |
| Trade and other receivables    | 71.0           | 71.0         | -           | 78.7         | 7.7          |
| Cash and cash equivalents      | 53.3           | 53.3         | -           | 69.3         | 16.0         |
| Other                          | 4.2            | 4.2          | -           | 4.8          | 0.6          |
| <b>Equity</b>                  | <b>253.9</b>   | <b>255.9</b> | <b>2.0</b>  | <b>287.6</b> | <b>31.6</b>  |
| <b>Non-current liabilities</b> | <b>15.5</b>    | <b>49.5</b>  | <b>34.0</b> | <b>38.7</b>  | <b>-10.8</b> |
| Financial liabilities          | 7.6            | 7.6          | -           | 3.5          | -4.1         |
| Accrued payable                | -              | 18.7         | 18.7        | 17.7         | -1.0         |
| Deferred tax liabilities       | 2.6            | 18.0         | 15.4        | 12.9         | -5.1         |
| Other                          | 5.3            | 5.3          | -           | 4.6          | -0.6         |
| <b>Current liabilities</b>     | <b>53.4</b>    | <b>53.5</b>  | <b>0.0</b>  | <b>62.2</b>  | <b>8.7</b>   |
| Trade and other liabilities    | 23.9           | 23.9         | -           | 29.7         | 5.8          |
| Other financial liabilities    | 17.6           | 17.6         | 0.0         | 14.4         | -3.2         |
| Income tax payable             | 3.3            | 3.3          | -           | 7.7          | 4.4          |
| Other                          | 8.6            | 8.6          | -           | 10.4         | 1.8          |

# Cash Flow Changes



2013

2014

2015

2016

2017

- Increase of investing activity cash-out due to the acquisition of Merck products
- Increase of financing activity cash-in due to long term debt for the MSD product acquisition

- Operating cash expenses increased on pension contributions reducing retirement benefit liabilities (cash flow from operating activities lower YoY)
- Revenue from investment activities increased due to the transfer of anti-RA business
- Expenditure on financing activities increased due to partial repayment of long-term borrowings

- Expenditures on operating activities increased due to income tax payments on gains on the transfer of anti-RA business in fiscal 2015 (Decrease in operating cash flow YoY)
- Investing activities cash outflow increased on InnFocus acquisition
- Expenditure on financing activities increased due to share repurchase and repayment of long-term borrowings

- Operating CF increased due to the increase of net profit after tax
- Each CF increased since there were no items in FY2017 such as income tax payments on gains on the business transfer, Acquisition, share repurchase in FY2016.

# FY2017 Segment Revenue

## Segment Revenue

| (JPY billions)     | Japan        |       |          | Overseas     |        |              | Total  |        |          |
|--------------------|--------------|-------|----------|--------------|--------|--------------|--------|--------|----------|
|                    | FY17         | YoY   | FY18     | FY17         | YoY    | FY18         | FY17   | YoY    | FY18     |
|                    | Actual       |       | Forecast | Actual       |        | Forecast     | Actual |        | Forecast |
| Pharmaceuticals    | 158.7        | 9.1%  | 161.3    | 66.3         | 23.4%  | 75.7         | 224.9  | 13.0%  | 237.0    |
| Prescription       | 141.1        | 8.5%  | 139.8    | 65.9         | 23.3%  | 75.0         | 207.0  | 12.8%  | 214.7    |
| Ophthalmic         | 140.4        | 8.3%  | 139.4    | 65.5         | 25.2%  | 74.1         | 205.9  | 13.2%  | 213.6    |
| Others             | 0.7          | 59.1% | 0.3      | 0.4          | -62.3% | 0.8          | 1.1    | -31.1% | 1.1      |
| OTC                | 14.3         | 15.1% | 16.1     | 0.3          | 121.8% | 0.4          | 14.6   | 16.3%  | 16.5     |
| Medical devices    | 2.5          | 0.5%  | 2.7      | 0.1          | 153.6% | 0.2          | 2.6    | 1.8%   | 3.0      |
| Others             | 0.8          | 87.4% | 2.7      | 0.0          | -69.8% | 0.2          | 0.8    | 48.6%  | 2.8      |
| <b>Sales ratio</b> | <b>70.5%</b> |       |          | <b>29.5%</b> |        | <b>31.9%</b> |        |        |          |

# Capital Expenditures / Depreciation & Amortization

| (JPY billions)   | FY2016 | FY2017 |       | FY2018   |       |
|--|--------|--------|-------|----------|-------|
|  | Actual | Actual | YoY   | Forecast | YoY   |
| Capital expenditures                                       | 5.2    | 5.4    | 4.4%  | 7.5      | 37.4% |
| Depreciation and amortization*                             | 3.5    | 4.2    | 19.7% | 4.3      | 2.5%  |
| Amortization on intangible assets associated with products | 6.4    | 6.7    | 5.1%  | 6.9      | 2.8%  |
| Intangible assets<br>-Merck products                       | 5.4    | 5.6    | 4.4%  | 5.8      | 3.9%  |
| Intangible assets<br>-Ikervis                              | 0.7    | 0.7    | 9.2%  | 0.7      | 0.6%  |

\*Excludes amortization on intangible assets associated with products and long-term prepaid expenses

# Prescription Ophthalmic Market in Japan

| JPY<br>billions | FY2016  |                 |        |                 |                            |         | FY2017          |        |                 |                            |       |    |
|-----------------|---------|-----------------|--------|-----------------|----------------------------|---------|-----------------|--------|-----------------|----------------------------|-------|----|
|                 | Santen* |                 | Market |                 | Santen<br>market<br>share* | Santen* |                 | Market |                 | Santen<br>market<br>share* |       |    |
|                 | Value   | Change<br>(YoY) | Value  | Change<br>(YoY) |                            | Value   | Change<br>(YoY) | Value  | Change<br>(YoY) |                            |       |    |
| Total           | 157.3   | 3.0%            | 345.5  | -0.6%           | 45.5%                      | #1      | 167.9           | 6.7%   | 363.3           | 5.1%                       | 46.2% | #1 |
| Glaucoma        | 36.8    | 0.1%            | 114.3  | 1.5%            | 32.2%                      | #1      | 35.9            | -2.4%  | 114.9           | 0.5%                       | 31.2% | #1 |
| Anti-VEGF       | 53.9    | 10.2%           | 74.5   | -0.0%           | 72.4%                      | #1      | 61.2            | 13.5%  | 85.3            | 14.5%                      | 71.8% | #1 |
| Corneal/dry eye | 28.5    | -2.9%           | 45.5   | -1.8%           | 62.7%                      | #1      | 29.0            | 1.7%   | 46.6            | 2.5%                       | 62.2% | #1 |
| Allergy         | 16.2    | 24.8%           | 37.7   | 5.5%            | 42.9%                      | #1      | 20.5            | 26.7%  | 42.9            | 13.5%                      | 47.9% | #1 |
| Anti-infection  | 6.4     | -21.5%          | 14.6   | -11.2%          | 44.1%                      | #1      | 5.6             | -13.4% | 13.9            | -4.7%                      | 40.0% | #1 |

\*Including co-promoted product of Bayer Yakuin, Ltd. (MAH) (Anti-VEGF *Eylea*)

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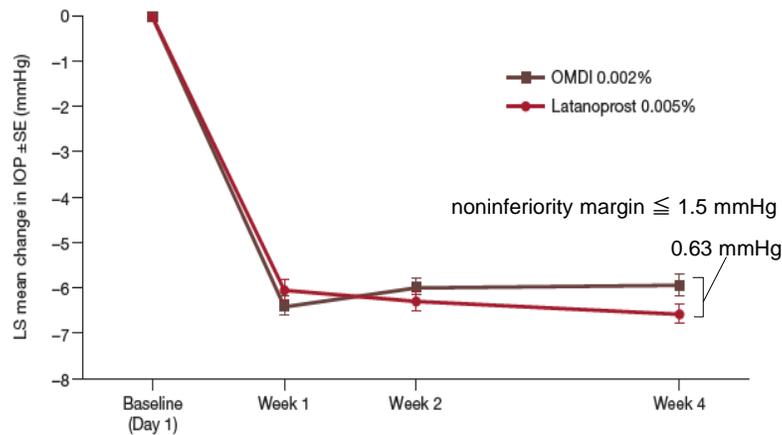
# DE-117: New Mechanism of Action, EP2 Receptor Agonist

- Different target receptor from existing prostaglandin analogues
- Increasing aqueous humor outflow through both the uveoscleral and trabecular meshwork pathways

## AYAME

- IOP reduction achieved with OMDI 0.002% was found to be non-inferior to that of latanoprost 0.005%

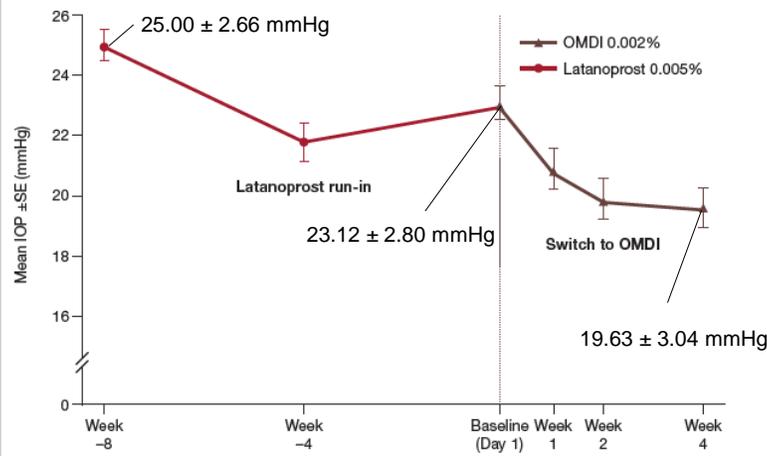
- The mean difference in the change in diurnal IOP from baseline to Week 4 for OMDI 0.002% versus latanoprost 0.005% was 0.63 mmHg (95% CI: 0.01, 1.26 mmHg) in favor of latanoprost
- The difference was statistically significant (P=0.0477), but was not considered to be clinically significant



## FUJI

- Treatment with OMDI ophthalmic solution 0.002% demonstrated a clinically significant reduction in mean diurnal IOP in subjects with POAG or OHT who were non/low responders to latanoprost 0.005%

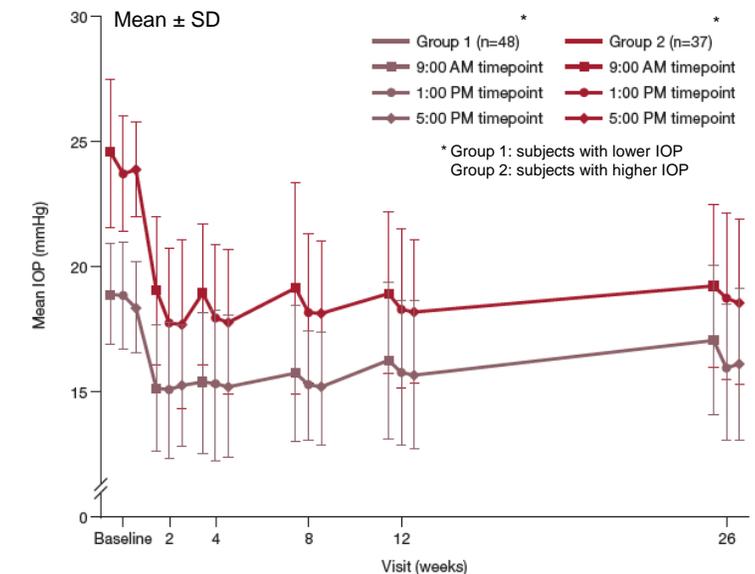
- The mean (SD) diurnal IOP at the end of the 4-week treatment period was 19.63 (3.04) mmHg, representing a mean (SD) change from baseline (Day 1) of -2.99 (2.18) mmHg (95% confidence interval -3.87, -2.11; P<0.0001)



## RENGE

- Treatment with OMDI 0.002% ophthalmic solution demonstrated clinically significant IOP reduction and tolerable safety throughout the 26 weeks

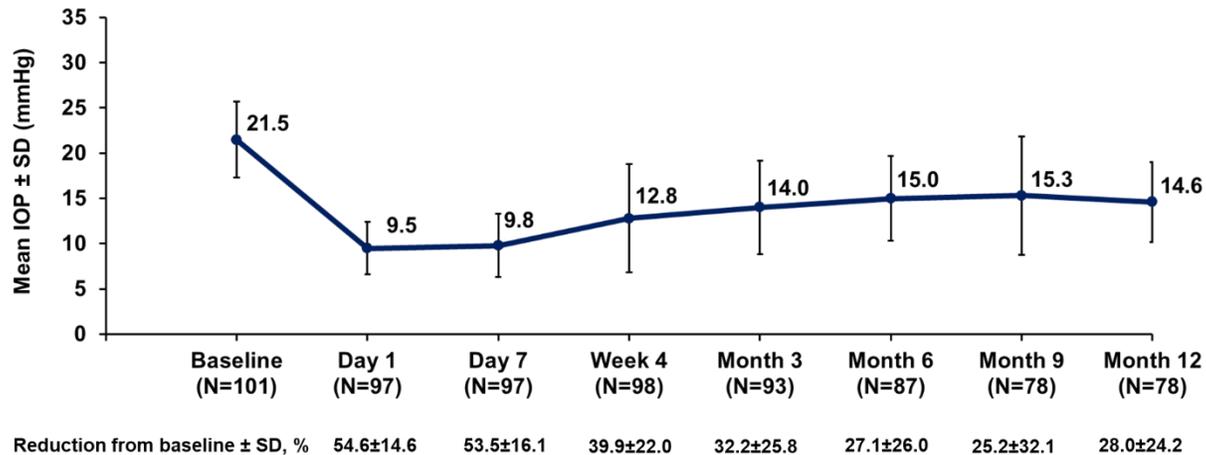
- There were no AE reports of increased pigmentation of the iris, eyelid, or eyelashes in either group



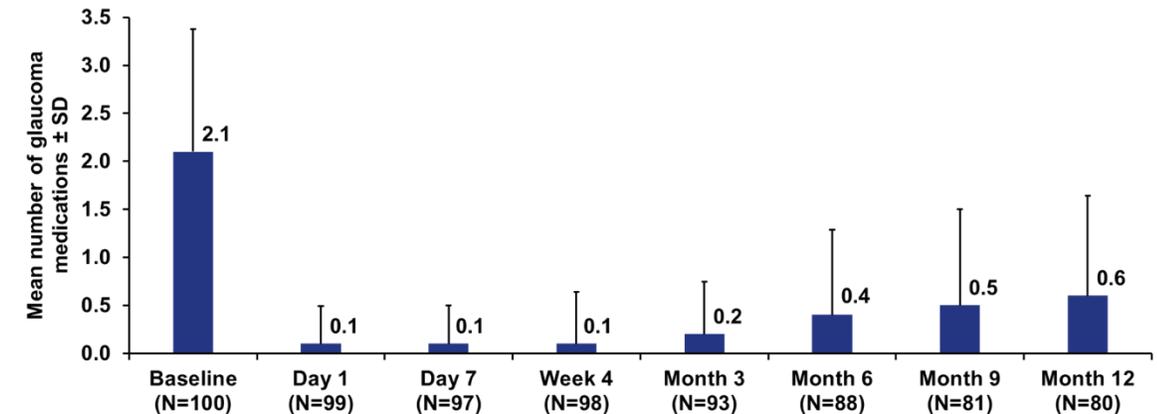
# DE-128: Glaucoma Implant Device with Micro-Invasive Surgical Design and Innovative Bio-Inert Material

- Conducting pivotal study (INN-005) that compares *InnFocus MicroShunt* to Trabeculectomy
- INN-007 (NCT02177123) interim results demonstrated the *InnFocus MicroShunt* decreased IOP and the number of glaucoma medications with an acceptable safety and tolerability profile.

### IOP Outcomes up to Month 12



### Number of Glaucoma Medications per Patient



# Forward-Looking Statements

- Information given in this presentation contains certain forward-looking statements concerning forecasts, projections and plans whose realization is subject to risk and uncertainty from a variety of sources. Actual results may differ significantly from forecasts.
- Business performance and financial condition are subject to the effects of medical regulatory changes made by the governments of Japan and other nations concerning medical insurance, drug pricing and other systems, and to fluctuations in market variables such as interest rates and foreign exchange rates.
- The process of drug research and development from discovery to final approval and sales is long, complex and uncertain. Individual compounds are subject to a multitude of uncertainties, including the termination of clinical development at various stages and the non-approval of products after a regulatory filing has been submitted. Forecasts and projections concerning new products take into account assumptions concerning the development pipelines of other companies and any co-promotion agreements, existing or planned. The success or failure of such agreements could affect business performance and financial condition significantly.
- Business performance and financial conditions could be affected significantly by a substantial drop in sales of a major drug, either currently marketed or expected to be launched, due to termination of sales as a result of factors such as patent expiry and complications, product defects or unforeseen side effects. Santen Pharmaceutical also sells numerous products under sales and/or manufacturing license from other companies. Business performance could be affected significantly by changes in the terms and conditions of agreements and/or the non-renewal of agreements.
- Santen Pharmaceutical is reliant on specific companies for supplies of certain raw materials used in production. Business performance could be affected significantly by the suspension or termination of supplies of such raw materials if such an event were to adversely affect supply capabilities for related final products.

The logo for Santen features a large, stylized letter 'S' on the left. The 'S' is composed of two overlapping shapes: a light blue one on top and a dark blue one on the bottom. To the right of the 'S', the word 'Santen' is written in a bold, dark blue, sans-serif typeface.

*A Clear Vision For Life*