



SANTEN PHARMACEUTICAL CO., LTD.

Data Book 2013

Year Ended March 31, 2013

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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	2009	2010	2011	2012	2013	% Change 2013/2012	2014 Forecast	% Change 2014/2013
Net sales	101,618	110,594	110,812	114,416	119,066	4.1	134,500	13.0
Operating income	15,494	29,640	30,738	26,733	24,681	-7.7	26,300	6.6
Ordinary income	15,935	29,862	31,484	27,780	25,602	-7.8	26,800	4.7
Net income	10,123	18,722	21,333	17,160	16,520	-3.7	18,200	10.2
Dividends per share (yen)	80	80	90	100	100	—	100	—
DOE (%)	5.4	5.2	5.3	5.4	5.1	—	—	—

■ Consolidated balance sheets summary

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013	% Change 2013/2012
Total assets	151,012	166,878	184,801	198,801	199,640	0.4
Net assets	125,368	137,603	156,404	164,861	165,132	0.2
Interest-bearing debts	699	617	188	157	133	-14.9

■ Consolidated financial indexes

Year ended March 31	2009	2010	2011	2012	2013	% Change 2013/2012	2014 Forecast	% Change 2014/2013
EPS (yen)	119.08	220.10	249.71	196.96	195.81	-0.6	215.72	10.2
BPS (yen)	1,472.32	1,614.08	1,793.15	1,887.81	1,998.44	5.9	—	—
Debt equity ratio (times)	0.01	0.00	0.00	0.00	0.00	—	—	—
PER (times)	23.0	12.7	13.3	17.9	22.7	—	—	—
PBR (times)	1.86	1.74	1.85	1.87	2.23	—	—	—
ROE (%)	8.0	14.3	14.5	10.7	10.0	—	—	—
ROA (%)	6.6	11.8	12.1	8.9	8.3	—	—	—
Equity ratio(%)	82.9	82.3	84.5	82.8	82.6	—	—	—
* Free cash flows (millions of yen)	8,896	24,795	16,118	18,203	6,334	-65.2	—	—
* EBITDA (millions of yen)	20,098	32,084	34,087	30,601	28,255	-7.7	—	—

*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

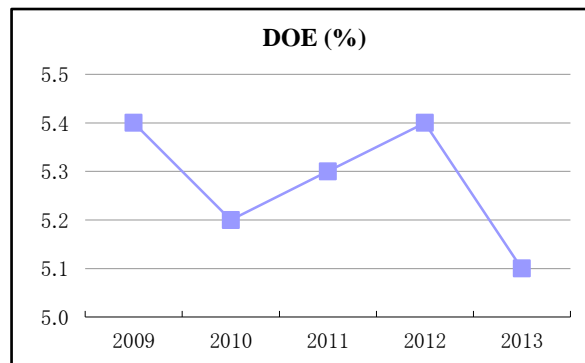
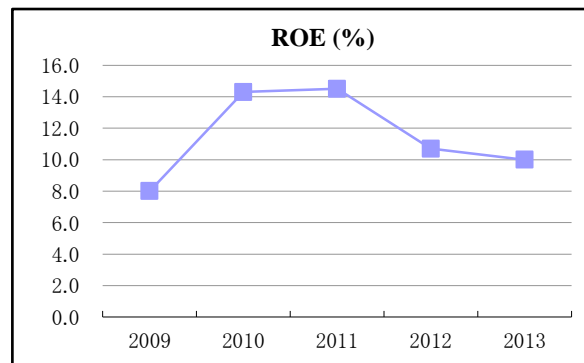
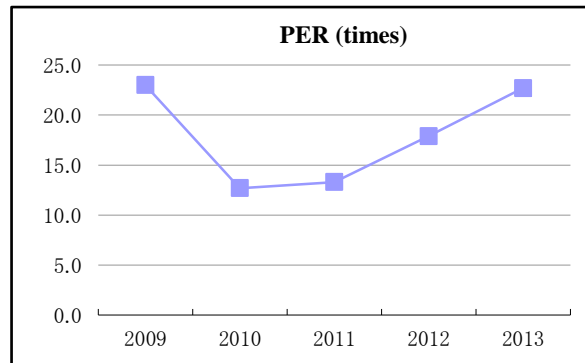
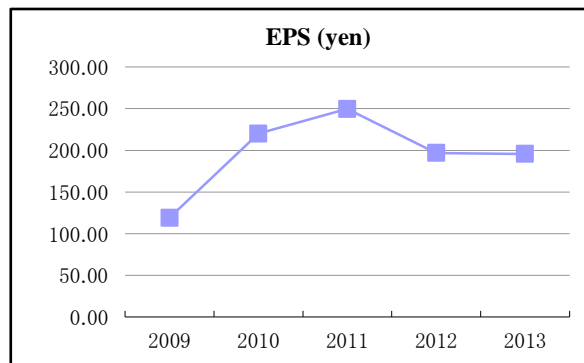
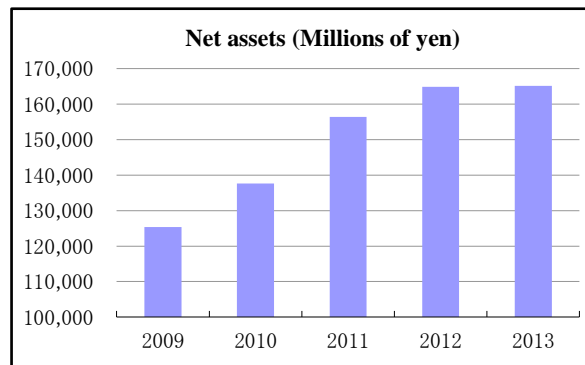
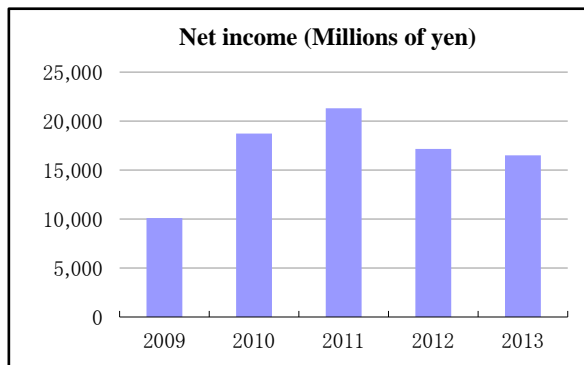
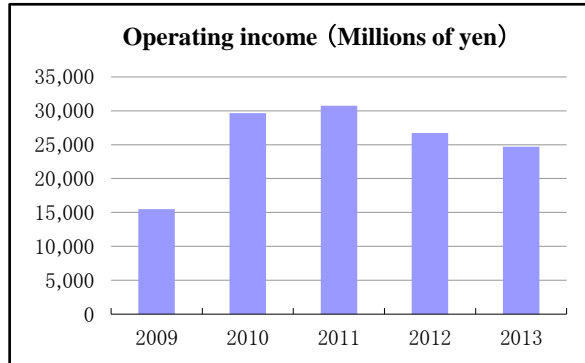
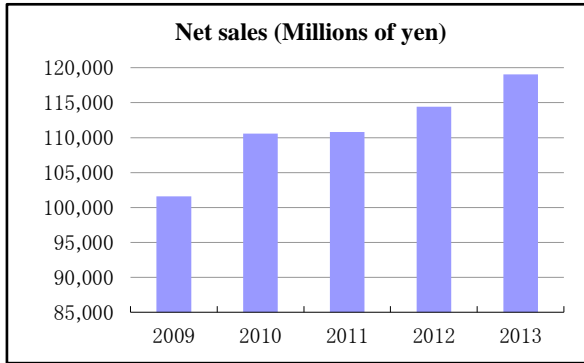
(Yen)

	2009.3	2010.3	2011.3	2012.3	2013.3	2014.3 Forecast
Exchange rate: US dollar	100.81	92.79	85.57	79.03	82.91	94.00
: Euro	146.71	131.12	113.45	110.27	106.01	124.00
: RMB	14.86	13.70	12.94	12.34	12.64	15.10

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)

Year ended March 31	2009	2010	2011	2012	2013	% Change 2013/2012
Net sales	101,618	110,594	110,812	114,416	119,066	4.1
Cost of sales	35,947	34,710	34,436	35,385	41,501	17.3
(Percentage of net sales)	35.4%	31.4%	31.1%	30.9%	34.9%	
Gross profit	65,671	75,884	76,375	79,031	77,564	-1.9
(Percentage of net sales)	64.6%	68.6%	68.9%	69.1%	65.1%	
Selling, general and administrative expenses	50,177	46,244	45,636	52,298	52,883	1.1
(Percentage of net sales)	49.4%	41.8%	41.2%	45.7%	44.4%	
R&D expenditures	18,457	14,123	13,221	17,225	16,719	-2.9
(Percentage of net sales)	18.2%	12.8%	11.9%	15.1%	14.0%	
Operating income	15,494	29,640	30,738	26,733	24,681	-7.7
(Percentage of net sales)	15.2%	26.8%	27.7%	23.4%	20.7%	
Non-operating income	1,430	842	1,011	1,119	1,007	-9.9
Non-operating expenses	989	620	265	71	86	21.5
Ordinary income	15,935	29,862	31,484	27,780	25,602	-7.8
(Percentage of net sales)	15.7%	27.0%	28.4%	24.3%	21.5%	
Extraordinary gain	18	74	15	61	17	-71.2
Extraordinary loss	129	1,327	425	51	28	-44.8
Income before income taxes	15,823	28,610	31,074	27,791	25,591	-7.9
(Percentage of net sales)	15.6%	25.9%	28.0%	24.3%	21.5%	
Income taxes - current	8,269	10,687	9,970	9,912	7,908	-20.2
Income taxes - deferred	-2,568	-800	-229	717	1,162	62.0
Income before minority interests	—	—	21,333	17,160	16,520	—
Net income	10,123	18,722	21,333	17,160	16,520	-3.7
(Percentage of net sales)	10.0%	16.9%	19.3%	15.0%	13.9%	
Income before minority interests	—	—	21,333	17,160	16,520	—
Other comprehensive income	—	—	-1,537	-194	5,208	—
Comprehensive income	—	—	19,796	16,966	21,728	—

Consolidated statements of income details

■ Major Selling, general and administrative expenses

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013	% Change 2013/2012
Personnel expenses	13,089	13,347	13,612	14,933	15,627	4.6
Sales promotion expenses	4,084	4,172	4,490	5,163	5,233	1.4
Royalty expenses	2,116	2,497	2,545	1,952	1,935	-0.8
Advertising expenses	1,878	1,637	1,500	1,221	1,116	-8.6
R&D expenditures	18,457	14,123	13,221	17,225	16,719	-2.9

■ Major Non-operating income and expenses

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013	% Change 2013/2012
Interest and dividend income	548	417	521	528	522	-1.2
Gain on insurance received	—	128	136	143	157	10.3
Interest expense	65	52	36	22	6	-69.5

Sales details



■ Sales by segment

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013	% Change 2013/2012
Pharmaceuticals	100,970	109,057	108,575	111,846	116,810	4.4
Prescription pharmaceuticals	95,745	103,806	103,852	107,249	110,336	2.9
Ophthalmic	84,488	86,867	90,797	93,620	98,981	5.7
Anti-rheumatic drugs	9,741	9,907	9,833	9,987	9,874	-1.1
Other prescription pharmaceuticals	1,515	7,030	3,221	3,641	1,480	-59.3
OTC pharmaceuticals	5,225	5,251	4,723	4,597	6,474	40.8
Others	648	1,537	2,236	2,570	2,255	-12.2
Medical devices	624	1,520	2,224	2,558	2,245	-12.2
Others	24	16	11	11	10	-9.6
Total net sales	101,618	110,594	110,812	114,416	119,066	4.1

[Domestic]

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013	% Change 2013/2012
Pharmaceuticals	87,972	88,605	91,047	93,449	98,521	5.4
Prescription pharmaceuticals	82,754	83,372	86,332	88,862	92,062	3.6
Ophthalmic	72,357	72,666	75,585	77,753	81,125	4.3
Anti-rheumatic drugs	9,634	9,772	9,727	9,883	9,810	-0.7
Other prescription pharmaceuticals	762	933	1,020	1,225	1,126	-8.1
OTC pharmaceuticals	5,218	5,232	4,715	4,587	6,458	40.8
Others	647	980	1,501	1,924	2,189	13.8
Medical devices	622	963	1,490	1,912	2,178	13.9
Others	24	16	11	11	10	-9.6
Total domestic sales	88,620	89,586	92,549	95,374	100,711	5.6
(Percentage of total net sales)	87.2%	81.0%	83.5%	83.4%	84.6%	—

[Overseas]

(Millions of yen)

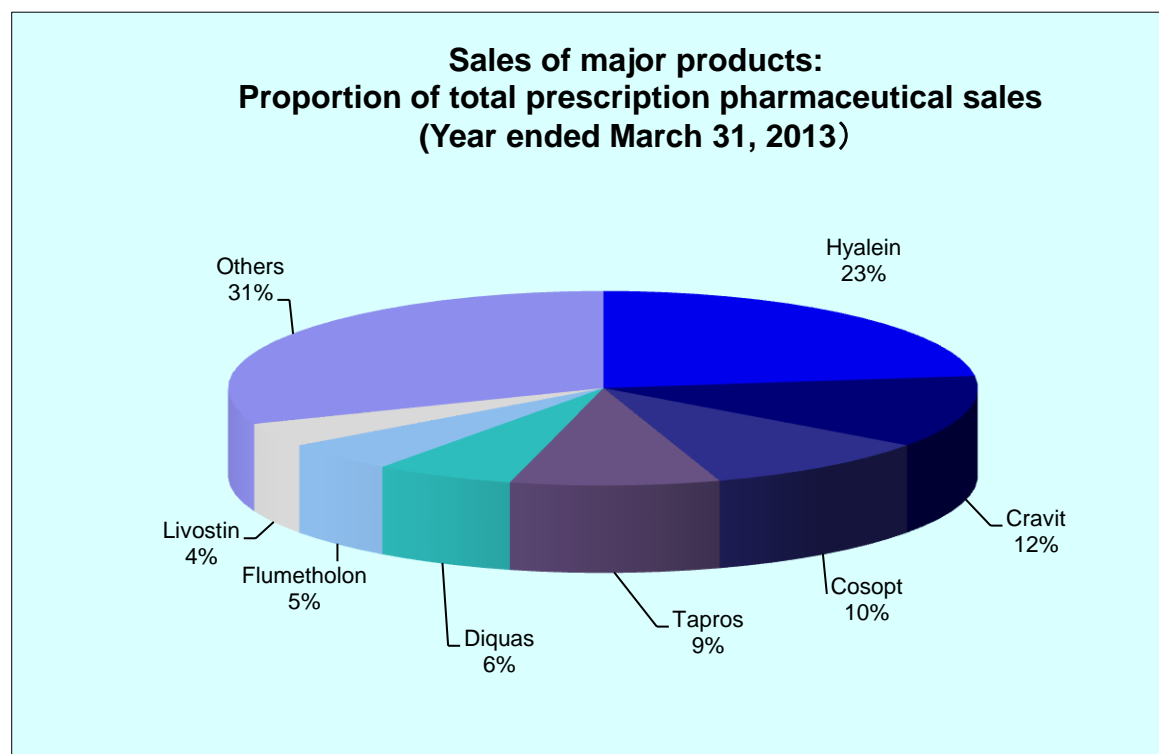
Year ended March 31	2009	2010	2011	2012	2013	% Change 2013/2012
Pharmaceuticals	12,997	20,451	17,527	18,396	18,288	-0.6
Prescription pharmaceuticals	12,990	20,433	17,519	18,386	18,273	-0.6
Ophthalmic	12,131	14,201	15,211	15,866	17,855	12.5
Anti-rheumatic drugs	106	135	106	103	63	-38.7
Other prescription pharmaceuticals	752	6,096	2,200	2,416	354	-85.3
OTC pharmaceuticals	6	18	8	10	15	47.4
Others	1	556	734	645	66	-89.7
Medical devices	1	556	734	645	66	-89.7
Others	—	—	—	—	—	—
Total overseas sales	12,998	21,008	18,262	19,042	18,354	-3.6
(Percentage of total net sales)	12.8%	19.0%	16.5%	16.6%	15.4%	—

Sales details

■ Sales of major prescription pharmaceuticals

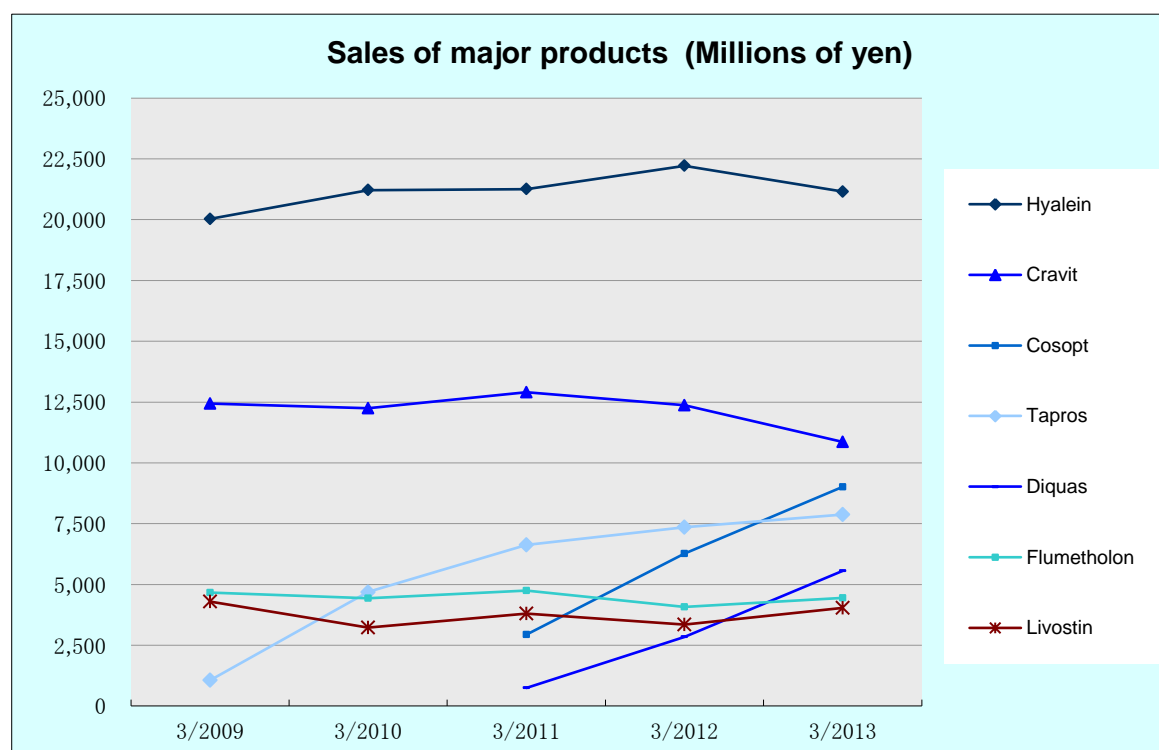
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
Glaucoma	tafluprost/ophthalmic solution	Tapros	Japan	Dec-08
	dorzolamide hydrochloride-timolol maleate/ 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	levocabastine hydrochloride/ ophthalmic solution	Livostin	Japan
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)

Year ended March 31					Year ended March 31			Brand name
2009	2010	2011	2012	2013	% Change 2013/2012	2014 Forecast	% Change 2014/2013	
12,443	12,240	12,904	12,368	10,857	-12.2	11,928	9.9	Cravit
2,488	2,423	2,419	1,932	1,830	-5.3	1,950	6.5	Tarivid
1,058	4,687	6,633	7,351	7,872	7.1	9,266	17.7	Tapros
—	—	2,935	6,271	9,006	43.6	9,470	5.2	Cosopt
3,213	2,832	2,152	1,701	1,366	-19.7	1,159	-15.2	Timoptol
3,477	3,475	2,891	2,404	2,085	-13.3	1,923	-7.8	Timoptol XE
2,283	2,168	2,064	1,968	1,734	-11.9	1,304	-24.8	Detantol
4,386	3,669	2,777	2,472	2,243	-9.3	2,187	-2.5	Rescula
4,302	3,229	3,800	3,346	4,036	20.6	3,250	-19.5	Livostin
20,030	21,219	21,257	22,216	21,159	-4.8	20,628	-2.5	Hyalein
—	—	745	2,846	5,563	95.5	7,788	40.0	Diquas
4,671	4,432	4,753	4,072	4,447	9.2	4,089	-8.1	Flumetholon
3,572	3,728	3,728	3,690	3,765	2.1	4,074	8.2	Kary Uni
3,236	3,431	3,226	3,018	2,842	-5.8	3,001	5.6	Opegan Hi
—	—	—	—	3,183	—	9,852	209.5	Eylea
4,539	4,352	3,944	3,673	3,253	-11.4	3,057	-6.0	Rimatil
4,187	4,216	4,106	4,030	3,767	-6.5	3,568	-5.3	Azulfidine EN
797	995	1,250	1,705	2,040	19.6	2,590	27.0	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

(Millions of yen)

Year ended March 31	2009		2010		2011		2012		2013	
		%		%		%		%		%
Current assets	101,053	66.9	118,832	71.2	137,668	74.5	140,288	70.6	132,582	66.4
Cash and deposits	37,117		56,677		65,558		66,235		50,884	
Notes and accounts receivable-trade	36,011		35,268		38,980		37,923		43,840	
Marketable securities	11,396		8,998		13,332		12,739		11,007	
Inventories	12,235		13,623		14,704		17,949		20,949	
Deferred tax assets	1,941		2,166		1,986		1,921		1,880	
Other current assets	2,352		2,098		3,106		3,521		4,022	
Allowance for doubtful receivables	-1		-0		-1		-1		-1	
Fixed assets	49,959	33.1	48,046	28.8	47,133	25.5	58,513	29.4	67,057	33.6
Tangible assets	28,664	19.0	26,574	15.9	24,956	13.5	25,523	12.8	27,420	13.7
Buildings and structures	15,864		14,622		13,450		12,806		13,427	
Machinery, equipment and vehicles	2,432		1,994		1,632		1,581		1,584	
Land	8,678		8,418		8,216		8,213		8,240	
Lease assets	39		97		186		166		158	
Construction in progress	99		43		186		1,365		2,454	
Other tangibles	1,550		1,397		1,283		1,390		1,554	
Intangible assets	1,549	1.0	1,231	0.7	991	0.5	12,877	6.5	14,123	7.1
Goodwill	—		—		—		5,801		5,936	
In-process research and development	—		—		—		5,941		6,767	
Software	1,355		1,158		952		831		1,150	
Other intangibles	193		72		39		301		269	
Investments and other assets	19,744	13.1	20,240	12.1	21,185	11.5	20,112	10.1	25,513	12.8
Investment securities	11,818		12,239		12,141		12,411		18,173	
Deferred tax assets	6,409		6,702		7,538		6,500		4,460	
Other assets	1,516		1,299		1,505		1,200		2,879	
Deferred assets	—	—	—	—	—	—	—	—	—	—
Total assets	151,012	100.0	166,878	100.0	184,801	100.0	198,801	100.0	199,640	100.0

■ Liabilities and net assets

(Millions of yen)

Year ended March 31	2009		2010		2011		2012		2013	
		%		%		%		%		%
Current liabilities	22,439	14.9	25,286	15.2	24,104	13.0	27,425	13.8	27,011	13.5
Trade accounts payable	6,018		5,600		6,031		8,074		9,266	
Short-term debt	545		543		—		—		—	
Current portion of long-term debt	110		—		—		5		—	
Other payables	7,414		7,936		8,444		9,009		9,868	
Income taxes payable	4,163		6,618		4,631		5,282		3,038	
Reserve for bonuses	2,590		2,687		2,712		2,943		3,085	
Other reserves	69		81		87		81		104	
Other current liabilities	1,528		1,819		2,198		2,027		1,647	
Non-current liabilities	3,203	2.1	3,988	2.4	4,292	2.3	6,514	3.3	7,496	3.8
Lease Obligations	43		74		152		115		87	
Deferred tax liabilities	20		15		20		1,996		2,269	
Retirement and severance benefits	2,393		2,910		3,266		3,459		3,664	
Retirement and severance benefits for directors and auditors	505		456		453		222		248	
Asset retirement obligations	—		—		160		161		160	
Other liabilities	240		531		238		559		1,066	
Total liabilities	25,643	17.1	29,275	17.5	28,397	15.4	33,940	17.1	34,507	17.3
Shareholders' equity	129,808	86.0	141,866	85.0	162,159	87.7	170,770	85.9	165,855	83.1
Common stock	6,457	4.3	6,538	3.9	6,614	3.6	6,694	3.4	7,080	3.5
Capital surplus	7,152	4.7	7,233	4.3	7,968	4.3	8,049	4.0	7,775	3.9
Retained earnings	121,133	80.2	133,053	79.7	147,578	79.9	156,030	78.5	151,001	75.6
Treasury stock, at cost	-4,934	-3.3	-4,958	-3.0	-1	-0.0	-4	0.0	-2	-0.0
Accumulated other comprehensive income	-4,628	-3.1	-4,524	-2.7	-6,061	-3.3	-6,255	-3.1	-1,047	-0.5
Unrealized gains on securities, net of taxes	-246	-0.2	136	0.1	-443	-0.2	51	0.0	1,920	1.0
Foreign currency translation adjustments	-4,381	-2.9	-4,660	-2.8	-5,618	-3.0	-6,306	-3.2	-2,967	-1.5
Stock subscription rights	188	0.1	260	0.2	305	0.2	347	0.2	324	0.2
Total net assets	125,368	82.9	137,603	82.5	156,404	84.6	164,861	82.9	165,132	82.7
Total liabilities and net assets	151,012	100.0	166,878	100.0	184,801	100.0	198,801	100.0	199,640	100.0

Consolidated statements of cash flows

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013
I. Cash flows from operating activities:					
Income before income taxes	15,823	28,610	31,074	27,791	25,591
Depreciation and amortization	4,209	3,421	2,976	2,787	2,656
Amortization of goodwill	—	—	—	162	634
Loss on impairment of fixed assets	—	397	—	19	—
Increase/decrease in retirement and severance benefits	553	517	359	178	186
Interest and dividend income	-548	-417	-521	-528	-522
Interest expense	65	52	36	22	6
Equity in losses of affiliates	679	564	—	—	—
Increase/decrease in trade receivables	-916	698	-3,892	1,037	-5,559
Increase/decrease in inventories	-1,334	-1,438	-1,299	-3,294	-2,588
Increase/decrease in trade accounts payable	509	-248	521	2,033	1,170
Other, net	759	1,872	-11	9	-1,790
Subtotal	19,801	34,030	29,243	30,219	19,785
Interest and dividend income received	550	418	513	549	532
Interest expense paid	-71	-46	-36	-16	-3
Income taxes paid	-8,431	-8,291	-11,951	-9,268	-10,372
Net cash provided by operating activities	11,849	26,110	17,769	21,483	9,942
II. Cash flows from investing activities:					
Increase in fixed deposits	-4,420	-2,236	-4,384	-165	-504
Decrease in fixed deposits	3,358	1,937	3,519	2,781	630
Payments for acquisition of marketable securities	—	-3,599	-1,488	-1,617	-301
Proceeds from sale of marketable securities	—	5,098	403	4,850	4,048
Payments for acquisition of fixed assets	-2,953	-1,314	-1,650	-3,280	-3,608
Proceeds from sale of fixed assets	2	2	188	6	37
Purchase of investment securities	-2,080	-1,027	-4,296	-2,420	-4,882
Proceeds from sale of investment securities	462	309	20	377	1
Payment for acquisition of shares of subsidiaries due to change in consolidation	—	—	—	-10,804	—
Payments for loans	-300	-49	-0	-6	—
Proceeds from loans	311	49	—	7	2
Other, net	0	1	13	-1	-17
Net cash(used in) provided by investing activities	-5,619	-829	-7,676	-10,272	-4,595
III. Cash flows from financing activities:					
Proceeds from short-term debt	545	548	258	—	—
Repayment of short-term debt	—	-520	-776	—	—
Repayment of long-term debt	-5,168	-110	—	—	—
Purchase of treasury stock	-15	-24	-25	-2	-13,764
Proceeds from disposal of treasury stock	1	0	5,641	0	—
Dividends paid	-6,798	-6,803	-6,808	-8,705	-8,468
Other, net	61	156	139	148	675
Net cash provided by financing activities	-11,373	-6,753	-1,570	-8,559	-21,557
IV. Effect of exchange rate changes on cash and cash equivalents	-569	-135	-388	-98	972
V. Net increase/decrease in cash and cash equivalents	-5,713	18,392	8,133	2,553	-15,238
VI. Cash and cash equivalents at beginning of year	51,669	45,956	64,348	72,482	75,035
VII. Cash and cash equivalents at end of year	45,956	64,348	72,482	75,035	59,797

Other consolidated information



■ R&D expenditures

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013	2014 Forecast
Consolidated	18,457	14,123	13,221	17,225	16,719	18,200
Percentage of net sales	18.2%	12.8%	11.9%	15.1%	14.0%	13.5%

■ Capital expenditures

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013	2014 Forecast
Consolidated	2,744	1,228	1,709	3,492	4,202	6,170

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

■ Depreciation and amortization

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013	2014 Forecast
Manufacturing cost	1,822	1,701	1,532	1,400	1,211	1,370
Selling, general and administrative expenses	622	556	512	553	533	770
R&D expenses	946	945	762	764	785	750
Consolidated	3,391	3,202	2,808	2,717	2,530	2,890

■ Lease expenses

(Millions of yen)

Year ended March 31	2009	2010	2011	2012	2013	2014 Forecast
Consolidated	931	527	156	23	9	10
Manufacturing cost	821	437	94	2	2	0

■ Number of employees

Year ended March 31	2009	2010	2011	2012	2013
Consolidated	2,690	2,756	2,867	3,053	3,050
Sales division	1,007	1,048	1,108	1,268	1,322
Production division	828	838	847	860	820
R&D division	541	557	574	624	599
Corporate or back-office division	314	313	338	301	309

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	Japan						Dec-08	
				Europe						Jun-08	
				U.S.						(Licensed Out)	Mar-12
				Latin America						(Licensed Out)	Aug-10
				Asia							Mar-10
				China				Jan-11			

A prostaglandin F_{2α} derivative for the treatment of glaucoma and ocular hypertension. Launched in Japan in December, 2008. In Europe, launched in Germany, Denmark, etc. In the countries including the U.S., development rights were granted to Merck & Co., Inc. (U.S.) in April, 2009. In Asia, launched in Hong Kong, Korea, Indonesia, Singapore. NDA filed in China. In the U.S., launched in March, 2012 by Merck and Co., Inc.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Diquafosol sodium	DE-089	Dry eye	Inspire (Merck)	Japan						Dec-10
				Asia						Dec-11
				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 Japan in December, 2010. Approved in Korea, and NDA filed in China.

Generic name	Dev. code	Indication	Original/Licensor	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/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Rivoglitazone	DE-101	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Daiichi Sankyo	U.S.						

Based on its anti-inflammatory properties, quantitative and qualitative tear film improvement effect is expected.

Generic name	Dev. code	Indication	Original/Licensor	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)			

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/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-105	Persistent corneal epithelial defects	Original	U.S.						
				Japan						

Expected to accelerate corneal epithelial extension and demonstrate high safety profile in treatment-resistant, persistent corneal epithelial defects.

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., EU and Japan.

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						Oct-12
			Co-development	Europe						

A combination drug of a prostaglandin F_{2α} derivative and a beta-adrenergic receptor blocker.

■ Pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Epinastine HCl	DE-114	Allergic conjunctivitis	Nippon Boehringer Ingelheim	Japan				Nov-12		

An H1 receptor antagonist with membrane-stabilizing function, as treatment for allergic conjunctivitis. NDA filed in November, 2012.

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	US	(Phase 1/2a)					

A prostaglandin EP2 receptor agonist with a new mechanism of action. Phase 1/2a was started in the US.

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					Jan-13	

A prostaglandin F2 α derivative for the treatment of glaucoma and ocular hypertension. Preservative-free, unit-dose type product. Approved in January, 2013 in Japan.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Janssen Biotech	Japan						

A joint injection inducing apoptosis in diseased joints of rheumatoid arthritis patients. Next development plan is under evaluation based on Phase 2 study results.

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

*Santen S.A.S. is formally known as Novagali

Generic name	Dev. name	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Ciclosporin	Cyclokat	Severe dry eye	Original	Europe						
				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						
				U.S.						
An ophthalmic emulsion which improves the symptoms of vernal keratoconjunctivitis by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption.										
Latanoprost	Catioprost	Glaucoma/ Ocular hypertension	Original	Europe						
				U.S.						
An ophthalmic emulsion of a prostaglandin F2 α derivative, for the treatment of glaucoma and ocular hypertension.										
Dexamethasone Palmitate	Cortiject	Diabetic macular edema	Original	U.S.	(Phase 1/2)					
				Europe						
An intravitreal injection with anti-inflammatory effect.										

*Catioprost and Cortiject are under project evaluation.

■ Changes from 12FY3Q (February 5, 2013)

None

Pharmaceutical market in Japan

■ Revision of National Health Insurance (NHI) drug prices (%)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Industry average	-6.3	—	-4.2	—	-6.7	—	early -5%	—	mid -6%	—	-6.25
Ophthalmic drugs	-6.0	—	-2.7	—	-5.5	—	late -3%	—	early -3%	—	mid -4%
Santen	-6.0	—	-3.2	—	-5.3	—	mid -3%	—	mid -5%	—	late -5%

(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.

■ Market shares

(Billions of yen)

Year ended March 31	2009	2010	2011	2012	2013
Prescription ophthalmics	38.0% 226.9	37.3% 234.9	35.8% 247.4	36.1% 254.9	35.3% 273.4
Anti-rheumatic drugs (DMARDs*)	45.0% 24.8	43.9% 25.7	43.0% 25.5	41.0% 27.2	39.7% 27.3

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: 2008.4-2013.3; Unauthorized copy prohibited

■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Year ended March 31	2009	2010	2011	2012	2013
Anti-glaucoma	20.3% 85.0	23.0% 88.5	25.7% 90.1	28.4% 92.2	30.4% 94.8
Corneal disease treatments	77.7% 30.5	77.1% 31.7	76.0% 32.0	77.5% 35.6	74.6% 39.7
Anti-infection	70.9% 23.7	70.0% 22.6	68.4% 22.4	67.5% 21.5	61.6% 18.9
Anti-allergy	21.0% 28.2	19.8% 24.0	16.7% 29.3	17.6% 26.4	16.0% 30.9

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: 2008.4-2013.3; Unauthorized copy prohibited

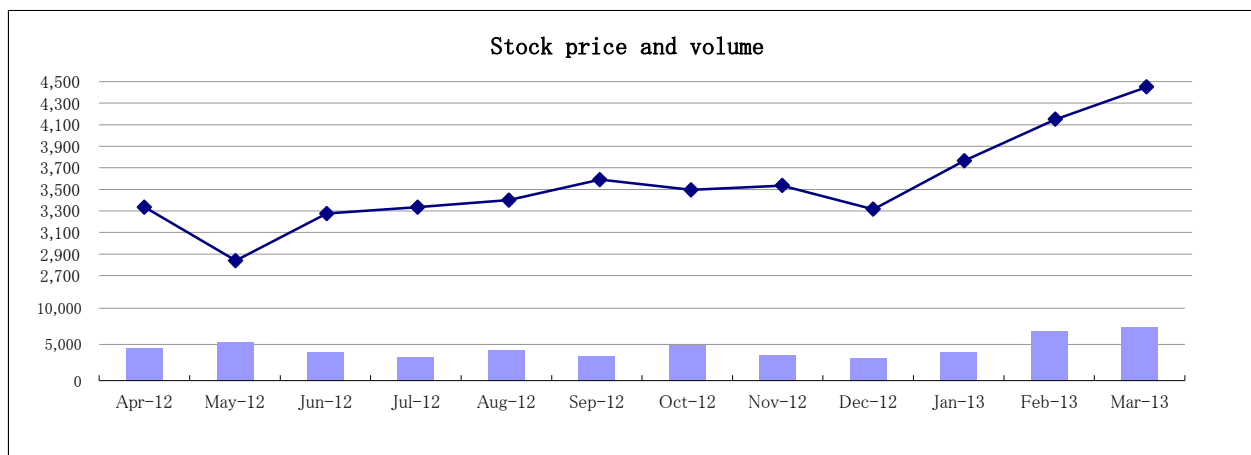
Stock information



■ Stock price (Osaka Securities Exchange 1st market)

(Yen and thousand shares)

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Stock price:												
End of month	3,335	2,839	3,275	3,335	3,400	3,590	3,495	3,535	3,315	3,765	4,150	4,450
Volume	4,515	5,350	3,887	3,196	4,196	3,361	4,970	3,568	3,128	3,973	6,784	7,363



■ Major shareholders

As of March 31, 2013

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Service Bank, Ltd.	10,186	12.4
State Street Bank and Trust Company 505223	4,778	5.8
Development Bank of Japan Inc.	3,310	4.0
The Master Trust Bank of Japan, Ltd.	2,978	3.6
Nippon Life Insurance Company	2,696	3.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,120	2.6
State Street Bank and Trust Company	2,052	2.5
RBC IST London-Lending Account	1,965	2.4
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus	1,929	2.3
Daiichi Sankyo Company, Ltd.	1,836	2.2

■ Major stock information

Year ended March 31	2009	2010	2011	2012	2013
Issued shares (thousands)	86,916	86,992	87,053	87,146	82,469
Treasury stock (thousands)	1,893	1,902	0	1	0
Market Capitalization (million)	232,961	238,763	288,579	308,059	366,983
A purchased amount of money (millions of yen)	—	—	—	—	13,735
The number of the purchased stocks (thousand shares)	—	—	—	—	4,937

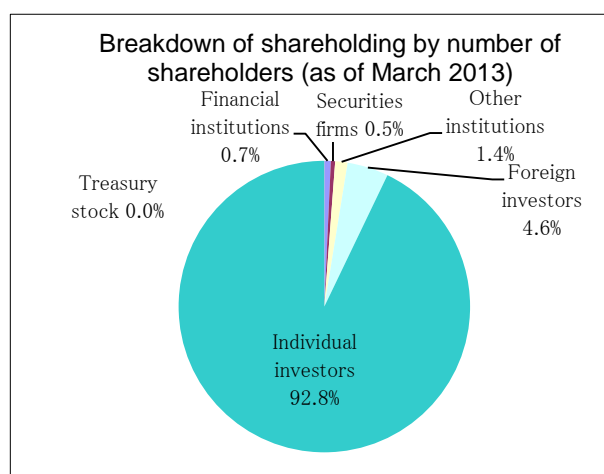
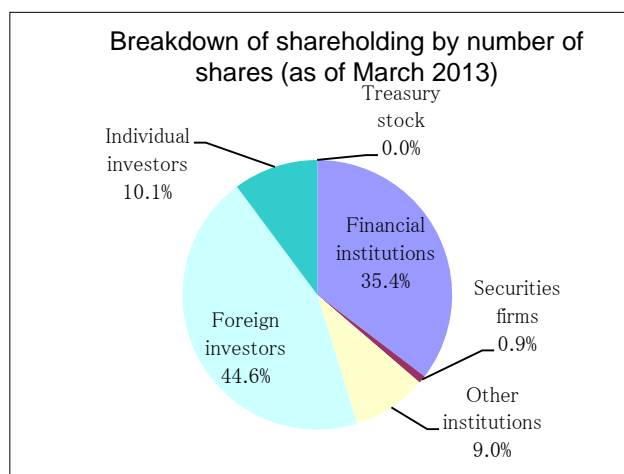
Stock information

■ Breakdown of shareholding by number of shares

Year ended March 31	2009		2010		2011		2012		2013	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	36,226	41.6	32,693	37.6	32,284	37.1	30,457	35.0	29,147	35.4
City & regional banks	4,794	5.5	2,558	2.9	2,422	2.8	2,376	2.7	2,277	2.8
Trust banks	23,714	27.3	22,466	25.8	20,431	23.5	19,316	22.2	17,298	21.0
(concerned in trust works)	21,167		19,948		18,310		16,923		14,908	
Life and non-life insurance	7,254	8.3	7,022	8.1	5,274	6.0	4,740	5.4	4,715	5.7
Other financial institutions	462	0.5	645	0.7	4,155	4.8	4,023	4.6	4,856	5.9
Securities firms	526	0.6	518	0.6	417	0.5	375	0.4	766	0.9
Other institutions	13,071	15.0	13,392	15.4	13,413	15.4	12,098	13.9	7,379	9.0
Foreign investors	23,679	27.3	27,553	31.7	31,228	35.9	35,130	40.3	36,783	44.6
Individual investors	11,516	13.3	10,931	12.6	9,708	11.1	9,083	10.4	8,390	10.1
Treasury stock	1,893	2.2	1,902	2.2	0	0.0	1	0.0	0	0.0
Total	86,916	100.0	86,992	100.0	87,053	100.0	87,146	100.0	82,469	100.0

■ Breakdown of shareholding by number of shareholders

Year ended March 31	2009		2010		2011		2012		2013	
	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	81	0.7	71	0.8	63	0.8	57	0.7
City & regional banks	11	0.1	8	0.1	6	0.1	5	0.1	6	0.1
Trust banks	26	0.2	29	0.2	28	0.3	28	0.3	26	0.3
Life and non-life insurance	33	0.3	34	0.3	29	0.3	26	0.3	20	0.2
Other financial institutions	11	0.1	10	0.1	8	0.1	4	0.1	5	0.1
Securities firms	36	0.3	41	0.4	32	0.3	33	0.4	38	0.5
Other institutions	137	1.2	127	1.2	125	1.4	121	1.5	110	1.4
Foreign investors	355	3.2	366	3.4	381	4.2	360	4.3	365	4.6
Individual investors	10,570	94.6	10,296	94.4	8,479	93.3	7,710	93.0	7,427	92.8
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	11,180	100.0	10,912	100.0	9,089	100.0	8,288	100.0	7,998	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. (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	Munich, 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	3,300 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

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

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

News releases

News releases during April 2012-March 2013

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

2012

- 8-May Santen to Issue Rights to Subscribe for New Shares as Stock Options in favor of Directors**
Santen to Issue Rights to Subscribe for New Shares as Stock Options in favor of Corporate Officers
Santen's Board of Directors on May 8, 2012 adopted a resolution to issue rights to subscribe for new shares as stock options without consideration to Santen directors and corporate officers. The resolution was approved at the 100th Annual General Meeting on June 20, 2012.
- 8-May Announcement of the conclusion of the agreement on co-promotion of VEGF Trap-Eye (aflibercept intravitreal injection)**
Bayer Yakuhin and Santen Pharmaceutical concluded an agreement of co-promotion of VEGF Trap-Eye (aflibercept intravitreal injection) for the treatment of wet age-related macular degeneration (wet AMD) in the market of Japan on May 7, 2012.
- 20-Jun Notice on the Allotment of Stock Options (Stock Acquisition Rights)**
- 4-Jul Notice on the Exercise Price of Stock Options (Stock Acquisition Rights)**
- 1-Aug Notice of Acquisition and Tender Offer of Treasury Stock**
Santen Pharmaceutical hereby announced that it was resolved at the Board of Directors meeting held on August 1, 2012 to acquire treasury stock specifically by means of tender offer ("Tender Offer") pursuant to Article 156, Paragraph 1, applied with certain replacement of terms as provided in Article 165, Paragraph 3 of the Company Act (Law No. 86 of 2005, as amended) and the provisions of its Articles of Association.
- 30-Aug Notification Regarding Result and Completion of Acquisition of Treasury Stock and Tender Offer of Treasury Stock**
The stock acquisition has been completed through this buyback since August 2, 2012. Number of shares acquired: 4,937,160 shares; Total acquisition cost: 13,735,179,120 yen.
- 25-Sep Notice on the Establishment of a New Sales and Marketing Company in China**
Santen Pharmaceutical announced that it will establish a new wholly owned sales and marketing company ("Newco") in China. Through the establishment of Newco, and based on the business strategies, Santen intends to further contribute in improving the QOL (Quality of Life) of patients in China.
- 25-Sep Eisai and Santen Enter into Option Agreement for New Ophthalmic Drugs**
Eisai and Santen Pharmaceutical announced that they have entered into an option agreement which grants Santen rights of evaluation and first negotiation for Eisai-owned compounds in the field of ophthalmology. The two companies seek to leverage Eisai's compounds and Santen's strengths in the field of ophthalmology to expedite the creation of innovative new drugs to treat ophthalmic diseases, thereby making further contributions to address the diversified needs of, and increase the benefits provided to, patients and their families.

2012**28-Sep Intravitreal VEGF Inhibitor "EYLEA Solution for Intravitreal Injection" and "EYLEA Intravitreal Injection KIT" Approved for the Treatment of Wet Age-Related Macular Degeneration in Japan**

Bayer Yakuhin and Santen Pharmaceutical announced that Bayer Yakuhin has received the marketing authorization for the new drug application for the intravitreal VEGF inhibitor EYLEA® solution for intravitreal injection 40 mg/mL and EYLEA® intravitreal injection KIT 40 mg/mL (aflibercept [recombinant], hereafter EYLEA) for the treatment of patients with age-related macular degeneration with subfoveal choroidal neovascularization (wet age-related macular degeneration). The launch is subsequently planned after inclusion in the National Health Insurance (NHI) reimbursement price list.

2-Oct Santen to Renew the Sante 40 OTC Eye Drop Series**1-Nov Notice of Cancellation of Treasury Shares**

Santen Pharmaceutical announced that it was resolved at the Board of Director meeting held on November 1, 2012 to cancel the treasury shares of the Company pursuant to the provisions of Article 178 of the Companies Act. Total number of shares to be canceled on November 16, 2012: 4,938,500 shares (The ratio against total number of the outstanding shares before the Cancellation 5.67%); The total number of the outstanding shares of the Company (including its treasury shares) after the Cancellation: 82,229,803 shares.

27-Nov Santen Filed for Manufacturing/Marketing Approval of its Anti-Allergic Ophthalmic Solution DE-114 (Generic name: Epinastine Hydrochloride)

Santen Pharmaceutical has submitted an application to manufacture and market its anti-allergic ophthalmic solution DE-114 (generic name: epinastine hydrochloride) in Japan on November 21, 2012. DE-114 is an ophthalmic solution in-licensed from Nippon Boehringer Ingelheim Co., Ltd. and is developed in Japan by Santen, for the indication of allergic conjunctivitis.

27-Nov Intravitreal VEGF Inhibitor "EYLEA (aflibercept) Solution for Intravitreal Injection" Released on the Market for the Treatment of Wet Age-Related Macular

EYLEA is a novel intravitreal VEGF inhibitor co-developed by Bayer HealthCare in Germany and Regeneron Pharmaceuticals, Inc., in the United States for the treatment of retinal disorders. Bayer Yakuhin and Santen Pharmaceutical launched the intravitreal VEGF inhibitor "EYLEA solution for intravitreal injection. Santen distributes the product based on a co-promotion agreement with Bayer Yakuhin concluded on May 7, 2012. Bayer Yakuhin and Santen both provide EYLEA drug information to healthcare professionals.

2013**18-Jan Santen Announced Approval of TAPROS MINI Ophthalmic Solution 0.0015% for Glaucoma and Ocular Hypertension Treatment in Japan**

TAPROS MINI Ophthalmic Solution 0.0015% is a sterile, preservative-free, disposable type unit dose product containing the same active ingredient tafluprost, a prostaglandin F₂ α analogue, at the same concentration, with equivalent IOP-lowering effect as TAPROS Ophthalmic Solution 0.0015%, a glaucoma and ocular hypertension drug which was co-developed by Santen Pharmaceutical and Asahi Glass.

25-Jan Santen announced the launch of Eternity Natural Uni and Accuject UniFit, a novel acrylic intraocular lens and its dedicated injector system

The new Eternity Natural Uni is based on the established Eternity material platform, which offers several advantages in long-term clarity and stability. This intraocular lens provides a minimally invasive solution with several unique new features. Owing to these advantages and features, this hybrid acrylic intraocular lens (IOL) is expected to enhance the quality of vision (QOV) of even more patients than ever before. Accuject UniFit is its dedicated injector system with safety.

