



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book

Half Year Ended September 30, 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)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	% Change	3/2014 Forecast	% Change
Net sales	56,789	114,416	56,715	119,066	69,263	22.1	141,500	18.8
Operating income	14,570	26,733	13,080	24,681	14,457	10.5	26,300	6.6
Ordinary income	15,050	27,780	13,466	25,602	14,861	10.4	26,800	4.7
Net income	9,905	17,160	8,978	16,520	8,994	0.2	18,200	10.2
Dividends per share (yen)	50	100	50	100	50	—	100	—
DOE (%)	5.5	5.4	5.3	5.1	4.9	—	—	—

■ Consolidated balance sheets summary

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	% Change
Total assets	188,459	198,801	184,746	199,640	211,690	14.6
Net assets	162,156	164,861	154,521	165,132	171,526	11.0
Interest-bearing debts	175	157	173	133	171	-1.1

■ Consolidated financial indexes

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	% Change	3/2014 Forecast	% Change
EPS (yen)	113.70	196.96	103.98	195.81	108.99	4.8	215.72	10.2
BPS (yen)	1,857.14	1,887.81	1,874.25	1,998.44	2,073.17	10.6	—	—
Debt equity ratio (times)	0.00	0.00	0.00	0.00	0.00	—	—	—
PER (times)	14.2	17.9	17.3	22.7	21.9	—	—	—
PBR (times)	1.74	1.87	1.92	2.23	2.30	—	—	—
ROE (%)	12.5	10.7	11.3	10.0	10.7	—	—	—
ROA (%)	10.6	8.9	9.4	8.3	8.7	—	—	—
Equity ratio(%)	85.9	82.8	83.4	82.6	80.8	—	—	—
* Free cash flows (millions of yen)	8,000	18,203	2,981	6,334	8,653	190.3	—	—
* EBITDA (millions of yen)	16,452	30,601	14,724	28,255	15,322	4.1	—	—

*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

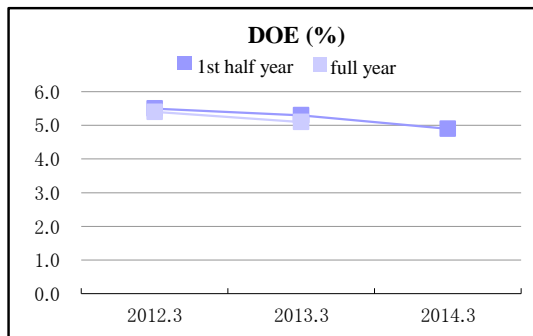
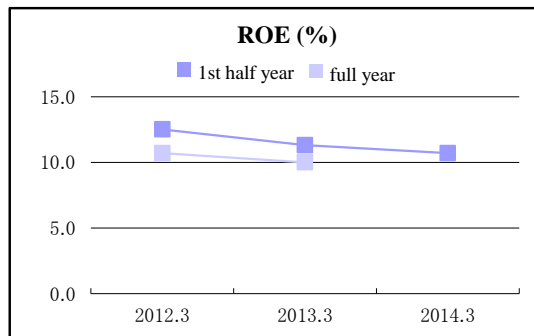
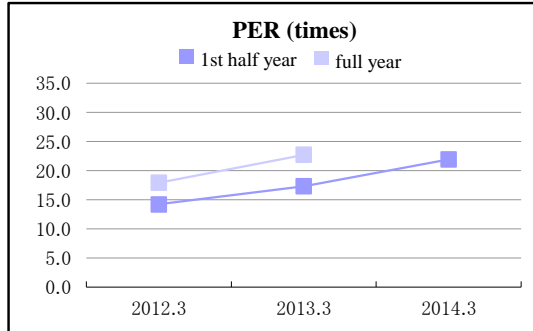
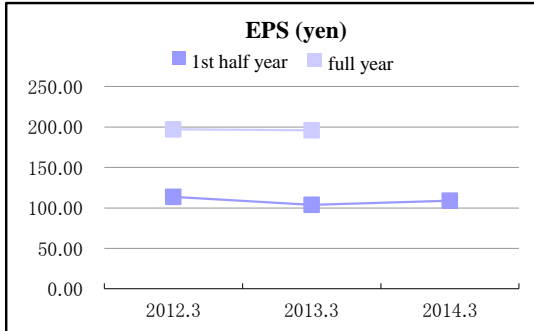
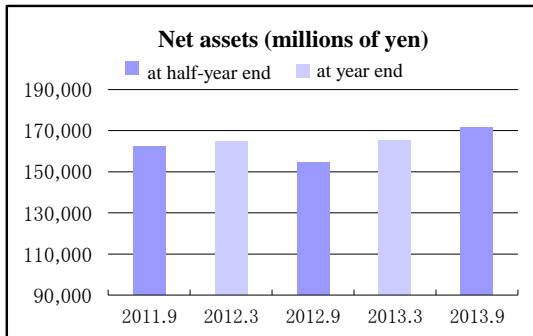
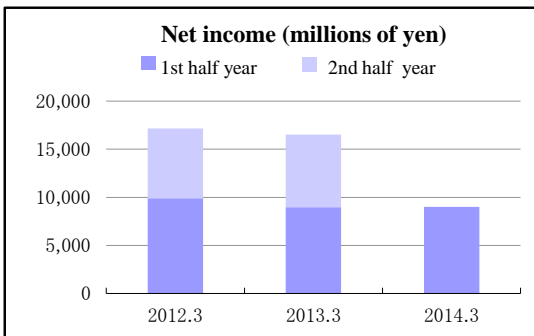
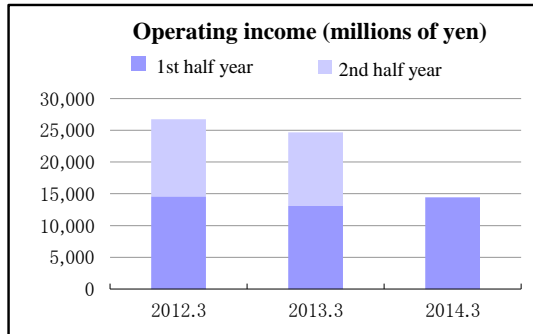
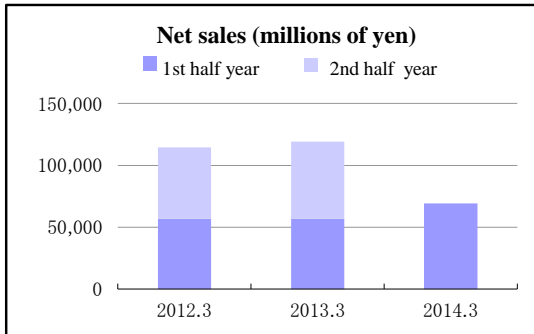
(Yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013
Exchange rate: US dollar	79.74	79.03	79.30	82.91	98.31
: Euro	116.08	110.27	102.20	106.01	127.47
: RMB	12.51	12.34	12.61	12.64	15.25

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	9/2011	3/2012	9/2012	3/2013	9/2013	Change over previous half year (%)
Net sales	56,789	114,416	56,715	119,066	69,263	22.1
Cost of sales (Percentage of net sales)	17,767 31.3%	35,385 30.9%	18,821 33.2%	41,501 34.9%	27,160 39.2%	44.3
Gross profit (Percentage of net sales)	39,021 68.7%	79,031 69.1%	37,893 66.8%	77,564 65.1%	42,102 60.8%	11.1
Selling, general and administrative expenses (Percentage of net sales)	24,451 43.1%	52,298 45.7%	24,812 43.8%	52,883 44.4%	27,645 39.9%	11.4
R&D expenditures (Percentage of net sales)	7,602 13.4%	17,225 15.1%	7,942 14.0%	16,719 14.0%	8,078 11.7%	1.7
Operating income (Percentage of net sales)	14,570 25.7%	26,733 23.4%	13,080 23.1%	24,681 20.7%	14,457 20.9%	10.5
Non-operating income	506	1,119	496	1,007	560	12.9
Non-operating expenses	27	71	110	86	156	41.2
Ordinary income (Percentage of net sales)	15,050 26.5%	27,780 24.3%	13,466 23.7%	25,602 21.5%	14,861 21.5%	10.4
Extraordinary gain	61	61	16	17	—	—
Extraordinary loss	22	51	5	28	878	—
Income before income taxes (Percentage of net sales)	15,088 26.6%	27,791 24.3%	13,477 23.8%	25,591 21.5%	13,983 20.2%	3.8
Income taxes - current	5,015	9,912	4,382	7,908	5,467	24.8
Income taxes - deferred	167	717	116	1,162	-478	-509.7
Income before minority interests	9,905	17,160	8,978	16,520	8,994	0.2
Net income (Percentage of net sales)	9,905 17.4%	17,160 15.0%	8,978 15.8%	16,520 13.9%	8,994 13.0%	0.2
Income before minority interests	9,905	17,160	8,978	16,520	8,994	—
Other comprehensive income	43	-194	-1,331	5,208	2,695	—
Comprehensive income	9,949	16,966	7,646	21,728	11,689	—

Consolidated Information

Consolidated statements of income details

■ Major Selling, general and administrative expenses

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	Change over previous half year (%)
Personnel expenses	7,352	14,933	7,567	15,627	8,294	9.6
Sales promotion expenses	2,350	5,163	2,325	5,233	2,642	13.6
Royalty expenses	1,091	1,952	950	1,935	1,130	19.0
Advertising expenses	726	1,221	375	1,116	831	121.5
R&D expenditures	7,602	17,225	7,942	16,719	8,078	1.7

■ Major Non-operating income and expenses

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	Change over previous half year (%)
Interest and dividend income	251	528	263	522	280	6.5
Gain on insurance received	143	143	157	157	147	-6.3
Interest expense	11	22	2	6	3	32.2

Sales details



■ Sales by segment

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	% Change	3/2014 Forecast
Pharmaceuticals	55,224	111,846	55,639	116,810	67,877	22.0	138,401
Prescription pharmaceuticals	52,778	107,249	52,459	110,336	64,476	22.9	131,674
Ophthalmic	46,937	93,620	46,675	98,981	58,638	25.6	120,299
Anti-rheumatic drugs	5,157	9,987	5,045	9,874	5,256	4.2	10,032
Other prescription pharmaceuticals	682	3,641	738	1,480	581	-21.3	1,342
OTC pharmaceuticals	2,446	4,597	3,180	6,474	3,400	6.9	6,727
Others	1,564	2,570	1,075	2,255	1,386	28.9	3,098
Medical devices	1,558	2,558	1,069	2,245	1,261	17.9	2,844
Others	5	11	5	10	124	—	253
Total net sales	56,789	114,416	56,715	119,066	69,263	22.1	141,500

[Domestic]

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	% Change	3/2014 Forecast
Pharmaceuticals	46,778	93,449	46,817	98,521	56,806	21.3	114,960
Prescription pharmaceuticals	44,336	88,862	43,641	92,062	53,424	22.4	108,304
Ophthalmic	38,687	77,753	38,046	81,125	47,915	25.9	97,612
Anti-rheumatic drugs	5,073	9,883	5,013	9,810	5,206	3.9	9,945
Other prescription pharmaceuticals	575	1,225	581	1,126	302	-48.0	746
OTC pharmaceuticals	2,441	4,587	3,175	6,458	3,381	6.5	6,656
Others	923	1,924	1,029	2,189	1,364	32.6	3,053
Medical devices	917	1,912	1,023	2,178	1,240	21.1	2,800
Others	5	11	5	10	124	—	253
Total domestic sales	47,701	95,374	47,846	100,711	58,171	21.6	118,014
(Percentage of total net sales)	84.0%	83.4%	84.4%	84.6%	84.0%	—	83.4%

[Overseas]

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	% Change	3/2014 Forecast
Pharmaceuticals	8,446	18,396	8,822	18,288	11,070	25.5	23,440
Prescription pharmaceuticals	8,441	18,386	8,817	18,273	11,051	25.3	23,370
Ophthalmic	8,249	15,866	8,628	17,855	10,723	24.3	22,686
Anti-rheumatic drugs	84	103	31	63	49	54.5	87
Other prescription pharmaceuticals	107	2,416	157	354	278	77.3	595
OTC pharmaceuticals	4	10	4	15	19	291.6	70
Others	641	645	46	66	21	-53.6	44
Medical devices	641	645	46	66	21	-53.6	44
Others	—	—	—	—	—	—	—
Total overseas sales	9,087	19,042	8,868	18,354	11,092	25.1	23,485
(Percentage of total net sales)	16.0%	16.6%	15.6%	15.4%	16.0%	—	16.6%

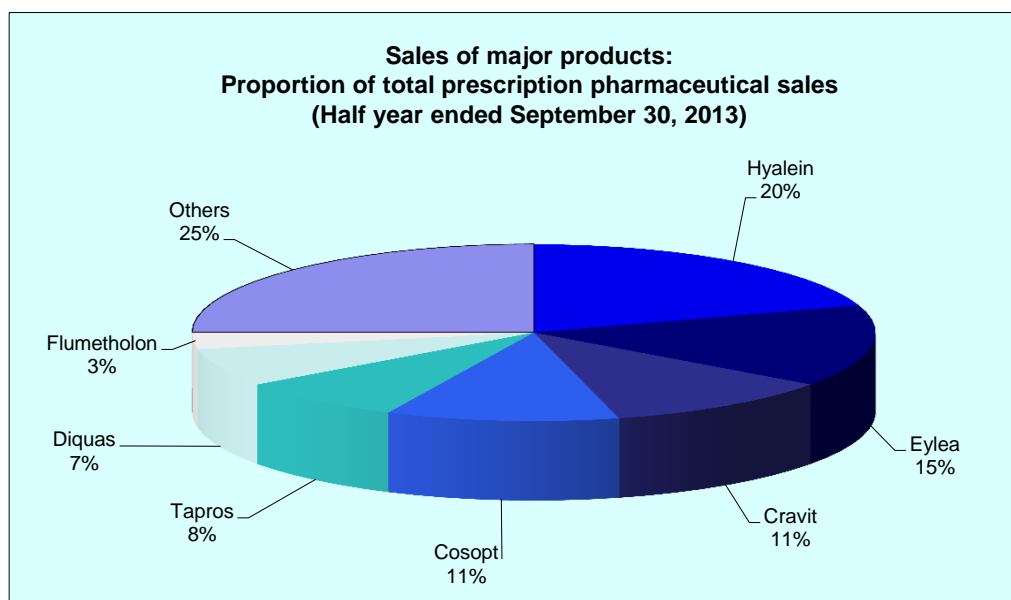
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Sales details

■ Sales of major prescription pharmaceuticals

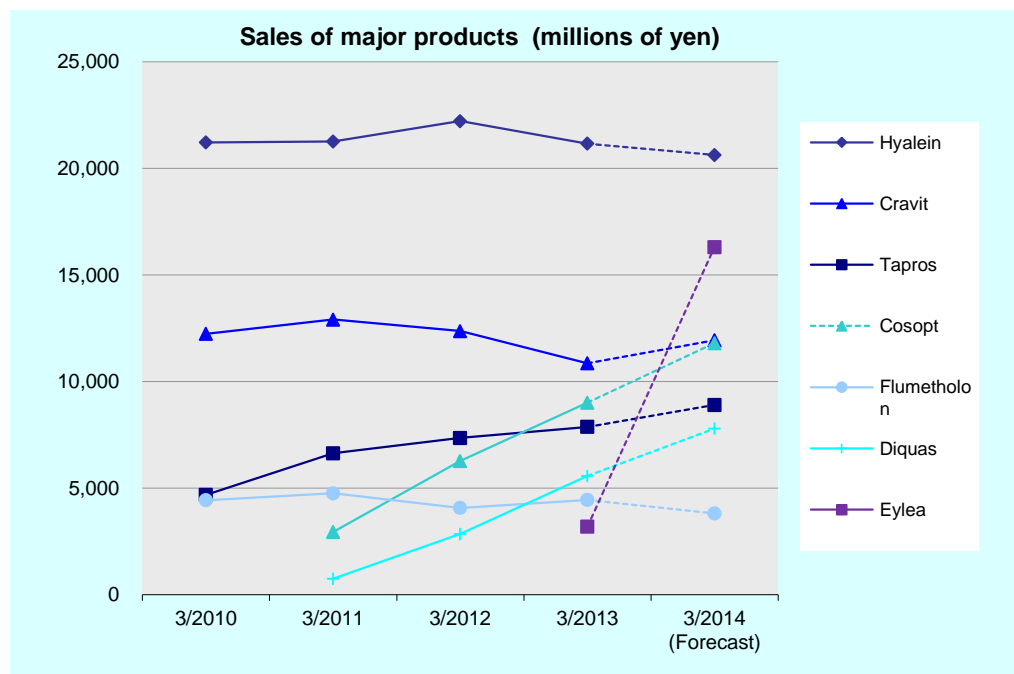
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
	tafluprost/ophthalmic solution	Tapros	Japan	Dec-08
Glaucoma	dorzolamide hydrochloride-timolol maleate/ combination ophthalmic solution	Cosopt	Japan	Jun-10
	timolol maleate/ophthalmic solution	Timoptol	Japan	Sep-81
	timotol 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	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
9/2011	3/2012	9/2012	3/2013	9/2013	% Change	3/2014 Forecast	% Change	
6,767	12,368	5,769	10,857	6,149	6.6	11,928	9.9	Cravit
1,036	1,932	965	1,830	973	0.8	1,950	6.5	Tapros
3,642	7,351	3,933	7,872	4,355	10.7	8,901	13.1	Cosopt
2,832	6,271	4,252	9,006	5,761	35.5	11,800	31.0	Timoptol
906	1,701	730	1,366	629	-13.8	1,159	-15.2	Timoptol XE
1,269	2,404	1,099	2,085	1,009	-8.2	1,923	-7.8	Detantol
1,005	1,968	948	1,734	777	-18.1	1,304	-24.8	Rescula
1,284	2,472	1,164	2,243	1,096	-5.8	2,187	-2.5	Livostin
1,196	3,346	1,176	4,036	801	-31.9	2,318	-42.6	Hyalein
11,322	22,216	10,884	21,159	10,748	-1.2	20,628	-2.5	Diquas
1,121	2,846	2,244	5,563	3,529	57.2	7,788	40.0	Flumetholon
1,991	4,072	2,002	4,447	1,807	-9.8	3,809	-14.4	Kary Uni
1,920	3,690	1,947	3,765	1,957	0.6	4,074	8.2	Opegan Hi
1,535	3,018	1,439	2,842	1,433	-0.4	3,001	5.6	Eylea
—	—	—	3,183	8,164	—	16,303	412.1	Rimatil
1,952	3,673	1,697	3,253	1,633	-3.8	3,057	-6.0	Azulfidine EN
2,069	4,030	1,934	3,767	1,949	0.8	3,568	-5.3	Metolate
816	1,705	1,006	2,040	1,194	18.8	2,590	27.0	



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	9/2011		3/2012		9/2012		3/2013		9/2013	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current assets	142,285	75.5	140,288	70.6	123,909	67.1	132,582	66.4	139,340	65.8
Cash and deposits	69,991		66,235		48,792		50,884		52,786	
Notes and accounts receivable-trade	38,973		37,923		39,259		43,840		47,497	
Marketable securities	13,450		12,739		13,208		11,007		12,310	
Merchandise and finished goods	12,793		14,672		13,337		16,703		15,751	
Work in process	477		600		565		624		531	
Raw materials and supplies	2,150		2,677		3,366		3,620		3,620	
Deferred tax assets	2,012		1,921		1,804		1,880		2,095	
Other current assets	2,438		3,521		3,576		4,022		4,749	
Allowance for doubtful receivables	-1		-1		-1		-1		-1	
Fixed assets	46,174	24.5	58,513	29.4	60,837	32.9	67,057	33.6	72,349	34.2
Tangible assets	24,827	13.2	25,523	12.8	25,928	14.0	27,420	13.7	28,186	13.3
Buildings and structures	12,951		12,806		12,333		13,427		14,346	
Machinery, equipment and vehicles	1,558		1,581		1,574		1,584		2,400	
Land	8,203		8,213		8,200		8,240		8,251	
Leased assets	177		166		138		158		142	
Construction in progress	598		1,365		2,239		2,454		967	
Other tangibles	1,338		1,390		1,442		1,554		2,078	
Intangible assets	966	0.5	12,877	6.5	12,360	6.7	14,123	7.1	15,449	7.3
Goodwill	—		5,801		5,378		5,936		6,285	
In-process research and development	—		5,941		5,825		6,767		7,583	
Software	741		831		730		1,150		1,193	
Other intangibles	224		301		425		269		386	
Investments and other assets	20,380	10.8	20,112	10.1	22,548	12.2	25,513	12.8	28,713	13.6
Investment securities	11,788		12,411		13,893		18,173		20,087	
Deferred tax assets	7,085		6,500		6,345		4,460		5,614	
Other assets	1,506		1,200		2,308		2,879		3,012	
Total assets	188,459	100.0	198,801	100.0	184,746	100.0	199,640	100.0	211,690	100.0

※ Consolidated balance sheets is reflected on September 30, 2013

■ Liabilities and net assets

At half-year/year end	9/2011		3/2012		9/2012		3/2013		9/2013	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current liabilities	22,293	11.8	27,425	13.8	23,671	12.8	27,011	13.5	29,218	13.8
Trade accounts payable	5,314		8,074		5,570		9,266		10,197	
Other payables	7,647		9,009		9,439		9,868		8,318	
Income taxes payable	5,205		5,282		4,479		3,038		5,578	
Reserve for bonuses	2,595		2,943		2,711		3,085		2,908	
Provision for sales returns	86		81		84		104		111	
Other current liabilities	1,442		2,033		1,386		1,647		2,104	
Non-current liabilities	4,009	2.1	6,514	3.3	6,553	3.6	7,496	3.8	10,945	5.2
Lease Obligations	139		115		85		87		71	
Deferred tax liabilities	20		1,996		1,957		2,269		2,540	
Retirement and severance benefits	3,387		3,459		3,643		3,664		—	
Retirement and severance benefits for directors and corporate auditors	189		222		203		248		—	
Net defined benefit liability	—		—		—		—		6,232	
Provision for business structure improvement	—		—		—		—		739	
Asset retirement obligation	161		161		162		160		220	
Other liabilities	109		559		501		1,066		1,141	
Total liabilities	26,302	14.0	33,940	17.1	30,224	16.4	34,507	17.3	40,164	19.0
Shareholders' equity	167,824	89.1	170,770	85.9	161,705	87.5	165,855	83.1	171,177	80.9
Common stock	6,670	3.5	6,694	3.4	6,720	3.6	7,080	3.5	7,193	3.4
Capital surplus	8,025	4.3	8,049	4.0	8,075	4.4	7,775	3.9	7,887	3.7
Retained earnings	153,131	81.3	156,030	78.5	160,651	87.0	151,001	75.6	156,100	73.7
Treasury stock, at cost	-3	-0.0	-4	-0.0	-13,742	-7.4	-2	-0.0	-4	-0.0
Accumulated other comprehensive income	-6,017	-3.2	-6,255	-3.1	-7,587	-4.1	-1,047	-0.5	-66	-0.0
Unrealized (losses) gains on securities, net of taxes	-83	-0.0	51	0.0	92	0.1	1,920	1.0	1,846	0.9
Foreign currency translation adjustments	-5,934	-3.1	-6,306	-3.2	-7,679	-4.2	-2,967	-1.5	-297	-0.1
Remeasurements of defined benefit plans	—	—	—	—	—	—	—	—	-1,614	-0.8
Stock subscription rights	350	0.2	347	0.2	403	0.2	324	0.2	415	0.2
Total net assets	162,156	86.0	164,861	82.9	154,521	83.6	165,132	82.7	171,526	81.0
Total liabilities and net assets	188,459	100.0	198,801	100.0	184,746	100.0	199,640	100.0	211,690	100.0

※ Consolidated balance sheets is reflected on September 30, 2013

Consolidated statements of cash flows

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013
I . Cash flows from operating activities:					
Income before income taxes	15,088	27,791	13,477	25,591	13,983
Depreciation and amortization	1,352	2,787	1,244	2,656	1,336
Amortization of goodwill	—	162	319	634	383
Business structure improvement expenses	—	—	—	—	867
Increase/decrease in retirement and severance benefits	122	178	188	186	—
Increase (decrease) in Net defined benefit liability	—	—	—	—	409
Interest and dividend income	-251	-528	-263	-522	-280
Interest expense	11	22	2	6	3
Increase/decrease in trade receivables	-2	1,037	-1,515	-5,559	-3,317
Increase/decrease in inventories	-758	-3,294	509	-2,588	1,480
Increase/decrease in trade accounts payable	-785	2,033	-2,481	1,170	873
Other, net	-1,254	29	-2,220	-1,790	-1,602
Subtotal	13,522	30,219	9,260	19,785	14,136
Interest and dividend income received	255	549	270	532	289
Interest expense paid	-8	-16	-0	-3	-1
Income taxes paid	-4,441	-9,268	-5,168	-10,372	-3,131
Net cash provided by operating activities	9,327	21,483	4,362	9,942	11,293
II . Cash flows from investing activities:					
Increase in fixed deposits	-145	-165	-449	-504	-57
Decrease in fixed deposits	2,003	2,781	174	630	57
Payments for acquisition of marketable securities	-1,416	-1,617	-304	-301	-203
Proceeds from sales and redemption of securities	1,924	4,850	1,537	4,048	800
Payments for acquisition of fixed assets	-1,327	-3,280	-1,380	-3,608	-2,639
Proceeds from sale of fixed assets	5	6	30	37	1
Purchase of investment securities	-4	-2,420	-2,219	-4,882	-3,911
Other, net	377	-10,427	0	-14	-0
Net cash (used in) provided by investing activities	1,416	-10,272	-2,612	-4,595	-5,954
III . Cash flows from financing activities:					
Purchase of treasury stock	-1	-2	-13,763	-13,764	-2
Dividends paid	-4,350	-8,705	-4,354	-8,468	-4,121
Other, net	107	148	36	675	205
Net cash used in financing activities	-4,244	-8,559	-18,082	-21,557	-3,918
IV . Effect of exchange rate changes on cash and cash equivalents	-267	-98	-484	972	476
V . Net increase/decrease in cash and cash equivalents	6,231	2,553	-16,817	-15,238	1,897
VI . Cash and cash equivalents at beginning of year	72,482	72,482	75,035	75,035	59,797
VII . Cash and cash equivalents at end of year	78,714	75,035	58,218	59,797	61,694

※ Consolidated statements of cash flows is reflectde on September 30, 2013

Other Consolidated information



■ R&D expenditures

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	3/2014 Forecast
Consolidated	7,602	17,225	7,942	16,719	8,078	18,200
Percentage of net sales	13.4%	15.1%	14.0%	14.0%	11.7%	12.9%

■ Capital expenditures

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	3/2014 Forecast
Consolidated	1,261	3,492	1,872	4,202	1,844	4,250

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

■ Depreciation and amortization

(Millions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013	3/2014 Forecast
Manufacturing cost	679	1,400	580	1,211	582	1,300
Selling, general and administrative expenses	286	553	276	533	289	640
R&D expenses	351	764	344	785	302	680
Consolidated total	1,317	2,717	1,200	2,530	1,174	2,620

Note: The depreciation excludes the amortization of long-term prepaid expenses.

■ Number of employees

At half-year/year end	9/2011	3/2012	9/2012	3/2013	9/2013
Consolidated	2,946	3,053	3,095	3,050	3,073
Sales division	1,206	1,268	1,314	1,322	1,353
Production division	854	860	863	820	799
R&D division	575	624	613	599	605
Corporate or back-office division	311	301	305	309	316

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. 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, and Singapore. NDA filed in China.										
Diquafosol sodium	DE-089	Dry eye	Inspire (Merck)	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.										
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.										
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.										
(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.										
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.										
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 June, 2013 in Europe. Approved in September, 2013 in Japan.										
Epinastine HCl	DE-114	Allergic conjunctivitis	Nippon Boehringer Ingelheim	Japan						Sept-13
An H ₁ receptor antagonist with membrane-stabilizing function, as treatment for allergic conjunctivitis. Approved in September, 2013 in Japan.										

■ Pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.	(Phase 1/2a)					
A prostaglandin EP2 receptor agonist with a new mechanism of action. Phase 1/2a was started in the U.S.										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafuprost	DE-118	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan						Oct-13
A prostaglandin F- α derivative for the treatment of glaucoma and ocular hypertension. Preservative-free, unit-dose type product. Launched in October, 2013 in Japan.										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-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. pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. name	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Ciclosporin	Cyclokot	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						
				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						
				An ophthalmic emulsion of a prostaglandin F- α 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 13FY1Q (August 6, 2013)

Dev. code	Changes
DE-089	Launched in October, 2013 (Korea)
DE-111	Approved in September, 2013 (Japan)
DE-114	Approved in September, 2013 (Japan)
DE-118	Launched in October, 2013 (Japan)

Pharmaceutical market in Japan

■ Revision of National Health Insurance (NHI) drug prices

(%)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Industry average	—	-7.0	—	-6.3	—	-4.2	—	-6.7	—	early -5%	—	mid -6%	—	-6.25%
Ophthalmic drugs	—	-6.2	—	-6.0	—	-2.7	—	-5.5	—	late -3%	—	early -3%	—	mid -4%
Santen	—	-5.7	—	-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)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013
Prescription ophthalmics	36.7% 125.7	36.1% 254.9	35.6% 130.0	35.3% 273.4	40.3% 141.6
Anti-rheumatic drugs* (DMARDs)	41.4% 13.6	41.0% 27.2	39.8% 13.8	39.7% 27.3	38.9% 14.3

Notes: - On an NHI drug price basis.

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*Disease-modifying anti-rheumatic drugs

Source: Santen analysis based on IMS JPM

Period: 2011.4-2013.9; Unauthorized copy prohibited

■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Half year/year to	9/2011	3/2012	9/2012	3/2013	9/2013
Anti-glaucoma	28.0% 46.2	28.4% 92.2	30.5% 47.1	30.4% 94.8	30.7% 51.0
Corneal disease treatments	77.6% 17.3	77.5% 35.6	75.7% 18.9	74.6% 39.7	71.8% 21.4
Anti-infective	68.3% 11.5	67.5% 21.5	62.0% 10.1	61.6% 18.9	59.9% 9.7
Anti-allergy	19.1% 11.2	17.6% 26.4	18.6% 10.6	16.0% 30.9	18.3% 10.0
Anti-VEGF*	10.5	21.8	13.1	28.3	51.4% 17.9

Notes: - On an NHI drug price basis.

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- Lower figures indicate market size.

Source: Santen analysis based on IMS JPM

*Anti-Vascular Endothelial Growth Factor

Period: 2011.4-2013.9; Unauthorized copy prohibited

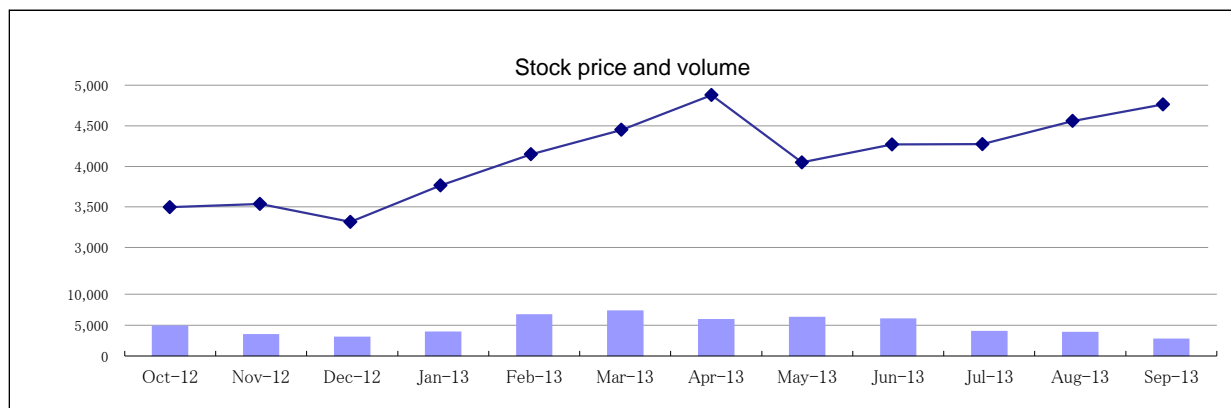
Stock information



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

(Yen and thousand shares)

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Stock price:												
End of month	3,495	3,535	3,315	3,765	4,150	4,450	4,880	4,050	4,270	4,275	4,560	4,765
Volume	4,970	3,568	3,128	3,973	6,784	7,363	5,964	6,364	6,084	4,071	3,903	2,809



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

■ Major shareholders (top 10)

As of September 30, 2013

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Service Bank, Ltd.	10,472	12.7
State Street Bank and Trust Company 505223	4,969	6.0
Development Bank of Japan Inc.	3,310	4.0
The Master Trust Bank of Japan, Ltd.	3,152	3.8
Nippon Life Insurance Company	2,431	2.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,120	2.6
Trust & Custody Services Bank, Ltd.	1,995	2.4
State Street Bank and Trust Company	1,954	2.4
Ono Pharmaceutical Co.,Ltd.	1,861	2.3
Daiichi Sankyo Company,Ltd.	1,836	2.2

■ Major stock information

	3/2010	3/2011	3/2012	3/2013	9/2013
Issued shares (thousands)	86,992	87,053	87,146	82,469	82,537
Treasury stock (thousands)	1,902	0	1	0	1
Market Capitalization (million)	244,100	288,581	308,063	366,983	393,289
A purchased amount of money (millions of yen)	—	—	—	13,735	—
The number of the purchased stocks (thousand shares)	—	—	—	4,937	—

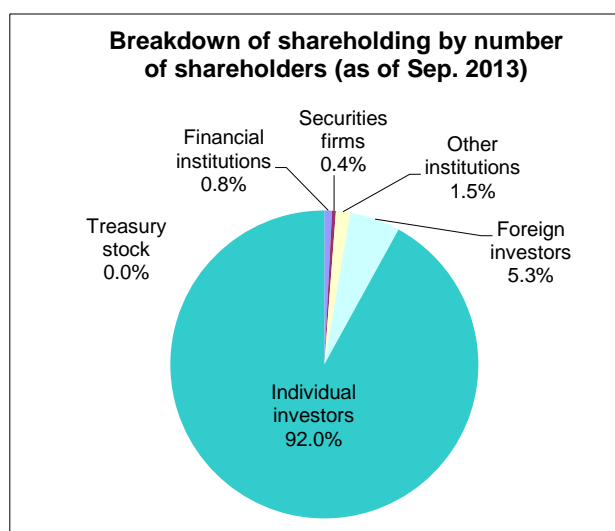
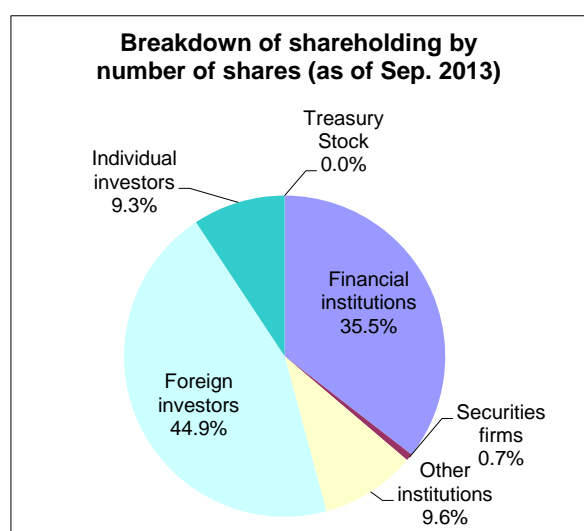
Stock information

■ Breakdown of shareholding by number of shares

At half-year/year end	9/2011		3/2012		9/2012		3/2013		9/2013	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	32,860	37.7	30,457	35.0	29,235	33.5	29,147	35.4	29,315	35.5
City & regional banks	2,370	2.7	2,376	2.7	2,255	2.6	2,277	2.8	2,268	2.7
Trust banks (concerned in trust works)	21,604	24.8	19,316	22.2	18,367	21.1	17,298	21.0	17,875	21.7
Life and non-life insurance	4,805	5.5	4,740	5.4	4,590	5.2	4,715	5.7	4,414	5.3
Other financial institutions	4,080	4.7	4,023	4.6	4,022	4.6	4,856	5.9	4,757	5.8
Securities firms	749	0.9	375	0.4	1,900	2.2	766	0.9	568	0.7
Other institutions	12,096	13.9	12,098	13.9	7,162	8.2	7,359	9.0	7,900	9.6
Foreign investors	31,981	36.7	35,130	40.3	35,189	40.4	36,783	44.6	37,056	44.9
Individual investors	9,438	10.8	9,083	10.4	8,740	10.0	8,390	10.1	7,694	9.3
Treasury Stock	0	0.0	1	0.0	4,939	5.7	0	0.0	1	0.0
Total	87,127	100.0	87,146	100.0	87,168	100.0	82,469	100.0	82,537	100.0

■ Breakdown of shareholding by number of shareholders

At half-year/year end	9/2011		3/2012		9/2012		3/2013		9/2013	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	65	0.8	63	0.8	55	0.7	57	0.7	59	0.8
City & regional banks	4	0.1	5	0.1	3	0.0	6	0.1	4	0.1
Trust banks	28	0.3	28	0.3	26	0.3	26	0.3	27	0.3
Life and non-life insurance	28	0.3	26	0.3	22	0.3	20	0.2	23	0.3
Other financial institutions	5	0.1	4	0.1	4	0.1	5	0.1	5	0.1
Securities firms	38	0.4	33	0.4	33	0.4	38	0.5	32	0.4
Other institutions	128	1.5	121	1.5	117	1.5	110	1.4	107	1.5
Foreign investors	378	4.3	360	4.3	367	4.6	365	4.6	392	5.3
Individual investors	8,150	93.0	7,710	93.0	7,448	92.8	7,427	92.8	6,809	92.0
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	8,760	100.0	8,288	100.0	8,021	100.0	7,998	100.0	7,400	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	Munchen, Germany	Paid-in capital	25 thousand euros	Equity owned	100% *2

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

Santen Pharmaceutical (China) Co., Ltd.					
Main business	Development, production and marketing of pharmaceuticals				
Location	Suzhou, China	Paid-in capital	3,300 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 during April 2013-September 2013

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

2013

26-Apr Discontinuance and Abolition of Countermeasures

Santen's Board of Directors on Apr. 26, 2013 resolved to discontinue and abolish the "Countermeasures to Large-Scale Purchases of the Corporation's Shares (Takeover Defense Measures)" of the Company as of the the annual general meeting of the shareholders for the 101st fiscal year on June 25, 2013.

8-May Notice Concerning Abolition of Retirement Benefit Program for Directors

Santen Pharmaceutical announced its decision to abolish its retirement benefit program for directors subject to obtaining approval at the Company's 101st annual general meeting of shareholders on June 25, 2013.

8-May Santen to Grant Rights to Subscribe for New Shares as Stock Options to Directors as Stock-Linked Remuneration

Santen's Board of Directors on May 5, 2013 adopted a resolution to grant rights to subscribe for new shares as stock options to Directors as stock-linked remuneration, and the resolution was approved at the 101st annual general meeting of the shareholders on June 25, 2013.

8-May Name Change of European Subsidiary

Santen Pharmaceutical announced that the name of one of its European subsidiaries has been changed from Novagali Pharma S.A.S. to Santen S.A.S., effective April 25, 2013.

13-May Santen to launch on May 13 of Sante Beautéye, a new OTC eye drop

8-Jun OTC Eye-Drops Sante PC Launched on July 8, 2013

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

6-Aug Santen Launches OTC Eye Drop Soft Santear (Pouch Type)

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

2013

20-Sep Santen Announced Approval for TAPCOM Combination Ophthalmic Solution for the Treatment of Glaucoma and Ocular Hypertension

Santen Pharmaceutical has announced that it has received approval from the Japan Ministry of Health, Labour and Welfare for the manufacture and sales of TAPCOM Combination Ophthalmic Solution (generic name: tafluprost/timolol maleate : hereafter “TAPCOM”) for the treatment of glaucoma and ocular hypertension. TAPCOM contains both timolol maleate and tafluprost. Tafluprost is the active ingredient in TAPROS Ophthalmic Solution 0.0015%, an original glaucoma and ocular hypertension treatment co-developed by Santen and Asahi Glass Co., Ltd. (Tokyo) and launched in 2008.

20-Sep Santen Announces Approval of Alesion® 0.05% Ophthalmic Solution for Allergic Conjunctivitis Treatment in Japan

Santen Pharmaceutical has announced that it has received approval from the Japan Ministry of Health, Labour and Welfare for the manufacture and sales of Alesion® 0.05%. Santen obtained the rights from Nippon Boehringer Ingelheim Co., Ltd. (Tokyo) to develop Alesion® 0.05% Ophthalmic Solution in Japan as an effective treatment for allergic conjunctivitis. phthalmic Solution (generic name: epinastine HCl), a topical anti-allergic agent.

