

# Assignment of the Santen's Anti-Rheumatoid Business

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*A Clear Vision For Life*<sup>®</sup> 

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President & CEO

Analyst Meeting, Tokyo

May 13, 2015

**SANTEN PHARMACEUTICAL CO., LTD.**

# Executive Summary

- On May 12<sup>th</sup>, 2015, Santen Pharmaceutical Co., Ltd. has entered an agreement with Showa Yakuhin Kako Co., Ltd. to assign its anti-rheumatoid business to Hyperion Pharma Co., Ltd.
- Hyperion is a special purpose company and the transaction is to be conducted by the simplified company split method.
- After the conclusion of the transaction, Showa plans to integrate its pharmaceutical business to Hyperion.
- Both Hyperion and Showa are controlled by funds for which Unison Capital, Inc. acts as an advisor.
- Hyperion, the newly integrated company will aim to become a pharmaceutical company specializing in orthopedics and rheumatism.

# Purpose of this business assignment

- Santen is working to become a specialized pharmaceutical company with a global presence, in order to realize its strategic vision through 2020.
- Santen believes that by further deepening its specialization in the field of ophthalmology through this business succession, it can contribute in meeting the unmet medical needs of the patients of the world.

# Summary of the Transaction

<b>Signing date</b>	<b>May 12, 2015</b>
<b>Subject business</b>	<b>Santen's Anti-Rheumatoid Business</b>
<b>Parties</b>	<b>Assignor: Santen Pharmaceutical Successor: Hyperion Pharma Co., Ltd.</b>
<b>Method of assignment</b>	<b>Simplified business succession method</b>
<b>Consideration</b>	<b>45.0 billion yen</b>
<b>Expected closing</b>	<b>August 3, 2015</b>

# About the Subject Business

## ■ Subject Business: Santen's Anti-Rheumatoid Business

- Assets, employees and all the rights and liabilities attached to the Subject Business as of the expected closing date
- All the products which will be succeeded by Hyperion will be marketed, and the detailing to the medical facilities will be conducted by Hyperion as of the expected closing date
- For all the subject products which Santen currently holds marketing authorization ("MA"), such MAs will be transferred from Santen to Hyperion after the expected closing date, and Hyperion will conduct detailing of such products after the completion of the transfer of the MAs.

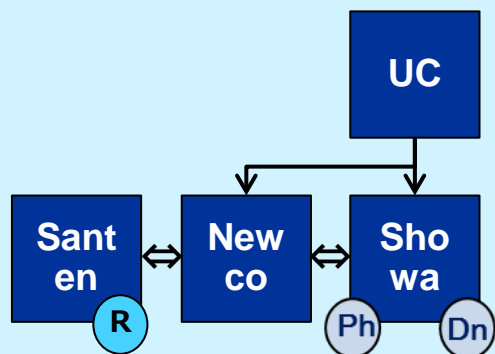
## ■ Financial Results and Financial Forecast of the Subject Business by Santen

IFRS Basis (JPY billions)	FY2014 actual	FY2015 forecast
Revenue	9.6	3.6
Operating profit	5.0	2.0

Financial forecasts for FY2015 include the four month period from April 1<sup>st</sup>, 2015 to July 31<sup>st</sup>, 2015, assuming the expected closing date takes place in the beginning of August 2015.

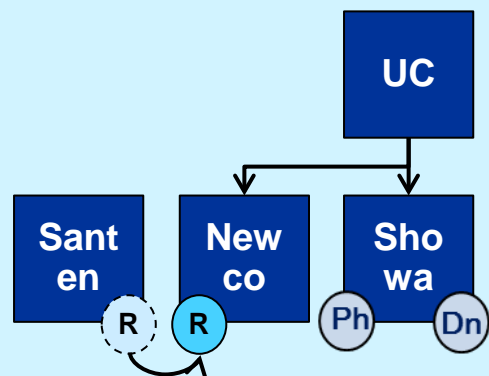
# Summary of the Assignment Scheme

**As of Signing  
(May 12th, 2015)**



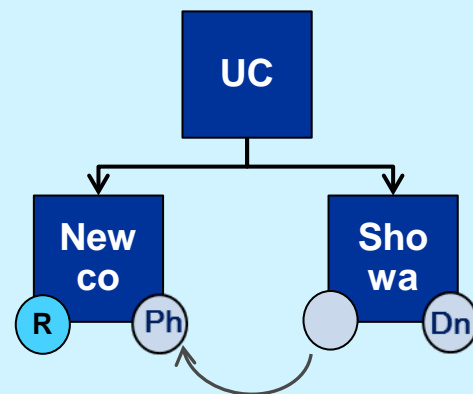
Agreement for the assignment was signed between Santen and Showa/Newco

**As of Closing  
(August, 2015)**



Santen's Anti-Rheumatoid Business to be assigned to Newco

**Business Integration**



Showa's prescription pharmaceutical business to be integrated with Hyperion's business

UC

Unison Capital

Newco

Hyperion Pharma

R

Santen's Anti-Rheumatoid Business

Ph

Showa Yakuhin's Prescription Pharmaceutical Business

Dn

Showa Yakuhin's Dental Business

# Process of the Business Succession

## ■ **Signing: May 12, 2015**

- Santen enters agreements with Hyperion and Showa Yakuhin for the assignment of the Subject Business to Hyperion

## ■ **Closing: Expected in the beginning of August 2015**

- Subject Business will be succeeded by Hyperion through a simplified company split
- Santen receives the consideration from Hyperion in cash upon the completion of the Closing
- Santen's employees related to the Subject Business will transfer to Hyperion upon the completion of the Closing

## ■ **Business Integration: By February 2016**

Showa Yakuhin intends to integrate its prescription pharmaceutical business with Hyperion's business which has been succeeded from Santen, to form a company specialized in the area

# About the Successor of the Anti-Rheumatoid Business

## Showa Yakuhin Kako Co., Ltd.

A pharmaceutical company which owns prescription pharmaceutical business, which has a market share of about 80% in the antipyretic and analgesia pharmaceutical market. It is a subsidiary of an investment fund advised by Unison Capital.

Location	Chuo-ku, Tokyo, Japan	Capital	6.6 billion yen
Representative	Hikaru Ouchi, CEO	Total assets	47.6 billion yen
Founded	1948	Net assets	17.4 billion yen
Business	Export/import, sales and manufacturing of pharmaceuticals and medical devices, etc.	Listing	Not listed

## Hyperion Pharma Co., Ltd.\*

A special purpose company, wholly owned by an investment fund advised by Unison Capital, established to succeed the Anti-Rheumatoid Business

Location	Chuo-ku, Tokyo, Japan	Capital	500 thousand yen
Representative	Tatsuya Hayashi, CEO	Listing	Not listed
Founded	January 16, 2015	Business	Sales and manufacturing of pharmaceutical products

\* Roles, representatives, capital, etc. are subject to change.



# Forward-Looking Statements

- Information given in this announcement and accompanying documentation 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.

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**Santen**