Ophthalmology is our singular focus

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• 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 and event were to adversely affect supply capabilities for related final products.

• This presentation includes discussions of certain Santen products marketed in certain markets and compounds in clinical trials, as well as competitors and their products and compounds in clinical trials which are given for illustrative purposes only. Such discussions may include views subject to data interpretation that may or may not be views shared by regulatory authorities in the various regions in which the Company operates.
Agenda

- Santen Overall
- High-Potential Ophthalmology Market
- Santen Business Growth
- In Summary
Santen Overall
By focusing on ophthalmology, Santen develops unique scientific knowledge and organizational capabilities that contribute to the well-being of patients, their loved ones and consequently to society.
To Become a Specialized Pharmaceutical Company with a Global Presence

~2013

Rank #5 globally

Overseas sales: 16% of total sales

2014~2017

Overseas sales: 30% of total sales

• Grow business in Asia/EMEA and improve profitability
• Prepare for business expansion to the U.S. and other regions

~2020

Become Global Top 3

Overseas sales: 40~50% of total sales

“To Become a Specialized Pharmaceutical Company with a Global Presence”

OVERALL RESULTS

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

Business Expansion
• Overseas sales: 29.6% (FY17 H1)
• Growth in Asia: 27.1% (Sales CAGR)
• Growth in EMEA: 30.7% (Sales CAGR)

Organization & Talent
• New HR appraisal system
• Training for the next generation
Strategic Progress Over Last 12 Months

Business growth

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

Regulatory news

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

Portfolio progress

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

New pipeline

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

¹Year-on-year growth for the six month period ended September 30, 2017  ²Glaucoma, VEGF, dry eye, infection and allergy  ³Local currency basis
Santen is a Leading Pharmaceutical Company Specialized in Ophthalmology

### Ophthalmology Specialization

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

### Growing Global Market Presence

- **Annual growth rate of global ophthalmic market from 2013 to 2020** +6%
- **Annual growth rate of Santen revenue from FY2013 to FY2017** +10.5%
- **Santen's overseas sales in FY2017 H1** +29.6%
- **24 subsidiaries** Asia, EMEA and US
- **>60 countries** Global sales

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

<table>
<thead>
<tr>
<th>EBITDA (JPY billions)</th>
<th>CAGR +10.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13: 33.5</td>
<td></td>
</tr>
<tr>
<td>FY14: 42.5</td>
<td></td>
</tr>
<tr>
<td>FY15: 45.0</td>
<td></td>
</tr>
<tr>
<td>FY16: 42.8</td>
<td></td>
</tr>
<tr>
<td>FY17 FCST: 49.0</td>
<td></td>
</tr>
</tbody>
</table>

Santen’s Market Share: FY base ended March 2017 (Japan) and CY2016 base (China)  
Source: Copyright © 2017 QuintilesIMS, Calculated based on IMS-JPM 2016-2017 data and IMS-MIDAS 2016 data, reprinted with permission
Santen’s Strength

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

Specialized Expertise

Strong commitment to ophthalmic treatments

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

Strong Business Base

Increasing market presence in EMEA

Climbing to top market share in Asia
  
  - China: 13% #2
  - Korea: 14% #2

Market leader in Japan

Japan ophthalmology market (FY16): 345.5b yen

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

<table>
<thead>
<tr>
<th>Product</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-glaucoma</td>
<td>32.2%(#1)</td>
</tr>
<tr>
<td>Anti-VEGF</td>
<td>72.4%(#1) *</td>
</tr>
<tr>
<td>Corneal / dry eye</td>
<td>62.7%(#1)</td>
</tr>
<tr>
<td>Anti-allergy</td>
<td>42.9%(#1)</td>
</tr>
<tr>
<td>Anti-infection</td>
<td>44.1%(#1)</td>
</tr>
</tbody>
</table>

Source: Copyright © 2017 QuintilesIMS, Calculated based on IMS-JPM 2016-2017 data and IMS-MIDAS 2016 data, reprinted with permission.
Tremendous *Eylea* success shows Santen’s strong market position

*Eylea* is co-promoted with Bayer Yakuhin, Ltd. (MAH)

Source: Copyright © 2017 QuintilesIMS. IMS-JPM 2012-17 Santen analysis based on IMS data Reprinted with permission
## High Customer Satisfaction and Market Leadership

### Customer Satisfaction in Japan and Asia

<table>
<thead>
<tr>
<th>Percentage of Doctors Evaluating Santen as #1 or #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
</tr>
</tbody>
</table>

- Singapore
- Korea
- Thailand
- China
- Japan

Rated #1 CS in Japan for 15 consecutive years

### High Customer Satisfaction + Strong Market Position

Realize company growth greater than market growth

Source: Approximations of external data integrated by Santen
Covering All Ophthalmic Therapeutic Areas

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

<table>
<thead>
<tr>
<th>Company</th>
<th>Retina</th>
<th>Glaucoma</th>
<th>Dry eye</th>
<th>Infection</th>
<th>Allergy</th>
<th>Cataract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santen</td>
<td>✓</td>
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<tr>
<td>Alcon/Novartis</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>B&amp;L/Valeant</td>
<td>✓</td>
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<tr>
<td>Allergan</td>
<td>✓</td>
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<td>Pfizer</td>
<td>✓</td>
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<td>Genentech</td>
<td>✓</td>
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<td>Regeneron/Bayer</td>
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</tbody>
</table>

Source: Publicly available information
Expanding Global Partnership Alliances

Santen is working closely with excellent companies, institutes and academia
High Potential Ophthalmology Market
Vision Problems Increasing as World Populations Age

World Population Suffering from Visual Impairment

- Low Vision: 246 million
- Blindness: 39 million
- Total: 285 million

Population Aged 65+

- US
- Japan
- Western Europe
- ROW
- China
- World

Highest Growth: Asia Region and Glaucoma

**Region**

- **EMEA**: 20.1 in 2013, 26.7 in 2016, 30.9 in 2020 (CAGR +6.3%)
- **N. America**: 5.1 in 2013, 6.1 in 2016, 7.8 in 2020
- **Asia**: 8.7 in 2013, 13.8 in 2016, 17.2 in 2020
- **Japan**: 2.1 in 2013, 2.5 in 2016, 2.6 in 2020
- **Others**: 2.0 in 2013, 1.9 in 2016, 1.3 in 2020

Santen sales to grow by +20% (7yr CAGR)

**Disease Category**

- **Glaucoma**: 20.1 in 2013, 5.1 in 2016, 5.7 in 2020 (CAGR +6.3%)
- **Retina**: 6.1 in 2013, 8.8 in 2016, 10.1 in 2020
- **Dry Eye**: 2.1 in 2013, 2.7 in 2016, 2.7 in 2020
- **Dry Eye Others**: 2.0 in 2013, 2.6 in 2016, 2.6 in 2020

Strong product line-up and pipeline

- Over 70% share with Eylea* (Japan); Now developing DE-109 and DE-122
- Selling 3 of the world’s 6 dry eye drop medicines

*Eylea is co-promoted with Bayer Yakuhin, Ltd. (MAH)

Source: Santen estimation
Santen Business Growth
Steady Earnings Growth with Ophthalmology Specialization

Santen Exceeding Overall Market Growth of +6.0%

(JPY billions)

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

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17 FCT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>146.3</td>
<td>161.8</td>
<td>195.3</td>
<td>199.1</td>
<td>218.0</td>
</tr>
<tr>
<td>OP before R&amp;D</td>
<td>30.4</td>
<td>39.1</td>
<td>43.1</td>
<td>39.7</td>
<td>44.0</td>
</tr>
</tbody>
</table>

CAGR:
- FY13 to FY14: +10.5%
- FY14 to FY15: +9.7%

Domestic:
- FY13: 83.5%
- FY14: 77.1%
- FY15: 72.6%
- FY16: 73.0%
- FY17 FCT: 71.5%

Overseas:
- FY13: 16.5%
- FY14: 22.9%
- FY15: 27.4%
- FY16: 27.0%
- FY17 FCT: 28.5%

5-year CAGR: +14.6%

Significant JPY appreciation impact in FY16
Continuous growth in Japan – Revenue and OP

**Japan Pharmaceuticals**

- **Sales**
  - FY13: 102.0
  - FY14: 105.6
  - FY15: 124.5
  - FY16: 130.0
  - FY17: 135.7

- **CAGR**
  - FY13 to FY17: +7.4%

- **OP before R&D**
  - FY13: 47.0
  - FY14: 52.5
  - FY15: 60.4
  - FY16: 61.7
  - FY17: 64.9

**OTC**

- **Sales**
  - FY13: 6.4
  - FY14: 6.7
  - FY15: 10.9
  - FY16: 12.4
  - FY17: 12.9

- **CAGR**
  - FY13 to FY17: +38.3%

**Surgical**

- (JPY billions)
  - FY13: 2.7
  - FY14: 2.3
  - FY15: +0.4%
  - FY16: 2.4
  - FY17: -0.3

- **CAGR**
  - FY13 to FY17: +1.6%
Strong Growth in Asia – Revenue and OP

(JPY billions)

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

5-year CAGR (local currency base): Sales 26.2%  OP before R&D 59.1%
## Asia: Continuous Launch of New Products for Regional Needs

<table>
<thead>
<tr>
<th></th>
<th>2016 (19)</th>
<th>2017 (38)</th>
<th>2018 (≈40)</th>
<th>2019 (≈50)</th>
</tr>
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<tbody>
<tr>
<td>CH</td>
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<td>KR</td>
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<td>VN</td>
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<td>Green</td>
<td>Blue</td>
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<tr>
<td>TH</td>
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<td>PH</td>
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<td>HK</td>
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<td>IN</td>
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<td>KH</td>
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<tr>
<td>MM</td>
<td>Grey</td>
<td></td>
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</tr>
</tbody>
</table>

**Legend:**
- **Green** indicates the launch of new products for regional needs.
- **Blue** indicates the availability of products.
- **Grey** indicates the absence of data.

**Chart Note:**
- The chart does not include regional products from BD and future products.

**As of October 2017**
Rapid growth in EMEA – Revenue and OP

(JPY billions)

- While building Santen’s unique sales organization, the company also continues strong sales of acquired Merck products

- Now focused on Ikervis market penetration / share expansion going forward
# Glaucoma is a Key Growth Driver for Santen

| Growing Market | • The market is expected to grow substantially and continuously, boosted by aging populations |
| 2x | • With a strong strategic focus, Santen doubled glaucoma revenue to 53 billion JPY in FY16 over 5 years  
| 27% | • Glaucoma is highly profitable |
| 8% | • Santen is focused on glaucoma, already our largest therapeutic area at 27% of revenue |
| Products & Platform | • Santen has 8% of global share in glaucoma*, room to grow |
|  | • Glaucoma business is boosted by tafluprost, acquired MSD products and new business platforms in EMEA** and Asia |

*Santen estimates, **Europe, Middle East and Africa
Glaucoma is a Key Growth Driver for Santen

Global Glaucoma Patient Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary Open-Angle Glaucoma</th>
<th>Other Glaucoma</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>48.8</td>
<td>21.3</td>
<td>70.1</td>
</tr>
<tr>
<td>2015</td>
<td>53.0</td>
<td>27.4</td>
<td>80.4</td>
</tr>
<tr>
<td>2020</td>
<td>59.9</td>
<td>30.7</td>
<td>90.6</td>
</tr>
</tbody>
</table>

U.S. Primary Open-Angle Glaucoma

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Patients, millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.3</td>
</tr>
<tr>
<td>2015</td>
<td>3.5</td>
</tr>
<tr>
<td>2020</td>
<td>3.8</td>
</tr>
</tbody>
</table>

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

- **2025**: 400,000
- **CAGR +20%**

New Growth Opportunity: U.S. Market Entry

U.S. Market

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

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

**Differentiated pipeline**
- To offer new treatments: DE-109, 117, 126, 128, etc.

**Flexible strategy**
- Choosing best strategy to each product: Own marketing, co-marketing, licensing out, etc.
- Mitigating business risk on entering new market

**Stepwise investment**
- Becoming profitable quickly & Maximization of profit

Santen’s U.S. Market Entry OPPORTUNITY

- Raise global presence
- Maximize business opportunities

Further contribution to ophthalmic treatments and patients

*Santen estimates
## Pipeline / Product Development Status (1)

<table>
<thead>
<tr>
<th>Indication</th>
<th>Region</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE-117 EP2 receptor agonist</td>
<td>Glaucoma / ocular hypertension</td>
<td>US</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Asia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Europe</td>
</tr>
<tr>
<td>DE-109 IVT sirolimus</td>
<td>Uveitis</td>
<td>US</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Europe</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Asia</td>
</tr>
<tr>
<td>DE-122 Anti-endoglin antibody</td>
<td>Wet age-related macular degeneration</td>
<td>US</td>
</tr>
</tbody>
</table>

As of January 1, 2018
## Pipeline / Product Development Status (2)

<table>
<thead>
<tr>
<th>Indication</th>
<th>Region</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DE-089 Diquas</strong></td>
<td>Dry eye</td>
<td>China</td>
</tr>
<tr>
<td><strong>DE-114A epinanistine HCl (high dose)</strong></td>
<td>Allergic conjunctivitis</td>
<td>Japan</td>
</tr>
<tr>
<td><strong>Cyclokat Ikervis ciclosporin</strong></td>
<td>Severe keratitis in patients with dry eye</td>
<td>Asia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>US</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
</tr>
<tr>
<td><strong>Vekacia Verkazia ciclosporin</strong></td>
<td>Vernal kerato-conjunctivitis</td>
<td>Europe</td>
</tr>
<tr>
<td><strong>DE-127 atropine sulfate</strong></td>
<td>Myopia</td>
<td>Asia</td>
</tr>
</tbody>
</table>

As of January 1, 2018
In Summary, Santen is…

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