FY 2013 Third Quarter Results

February 4, 2014
Santen Pharmaceutical Co., Ltd
Financial Results for the FY2013 Third Quarter;
Financial Forecast for the FY2013;

Kazuo Koshiji
Corporate Officer,
Head of Finance & Administration Division
To become a specialized pharmaceutical company with a global presence

1. Promote global oriented research and development operation.

2. Boost domestic business by maximizing new product value and implementation of sales/marketing strategies.

3. Accelerate growth in both Asia and Europe by reinforcing marketing platform.

4. Establish global product supply system with existing 4 plants which enables to meet the emerging market needs.

5. Develop talents and organizational capabilities to promote “Creation and Innovation” on a globally level.

*4 plants: Noto and Shiga (both in Japan); Suzhou (China); Tampere (Finland)
### Financial Highlights for 3Q FY2013

<table>
<thead>
<tr>
<th></th>
<th>3Q FY2012 Actual</th>
<th>3Q FY2013 Actual</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>88.42</td>
<td>108.94</td>
<td>+23.2%</td>
</tr>
<tr>
<td>Cost of Sales ( % of net sales )</td>
<td>29.75</td>
<td>42.57</td>
<td>+43.1%</td>
</tr>
<tr>
<td></td>
<td>33.7%</td>
<td>39.1%</td>
<td>+5.4pt</td>
</tr>
<tr>
<td>SGA excluding R&amp;D ( % of net sales )</td>
<td>25.99</td>
<td>30.24</td>
<td>+16.3%</td>
</tr>
<tr>
<td></td>
<td>29.4%</td>
<td>27.8%</td>
<td>-1.6pt</td>
</tr>
<tr>
<td>R&amp;D Cost ( % of net sales )</td>
<td>12.09</td>
<td>12.49</td>
<td>+3.3%</td>
</tr>
<tr>
<td></td>
<td>13.7%</td>
<td>11.5%</td>
<td>-2.2pt</td>
</tr>
<tr>
<td>Operating Profit ( % of net sales )</td>
<td>20.57</td>
<td>23.63</td>
<td>+14.9%</td>
</tr>
<tr>
<td></td>
<td>23.3%</td>
<td>21.7%</td>
<td>-1.6pt</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>21.26</td>
<td>24.29</td>
<td>+14.2%</td>
</tr>
<tr>
<td>Net Income</td>
<td>14.13</td>
<td>15.37</td>
<td>+8.8%</td>
</tr>
</tbody>
</table>

### Foreign Exchange

<table>
<thead>
<tr>
<th></th>
<th>3Q FY12 actual</th>
<th>3QFY13 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>US $</td>
<td>JPY 80.01</td>
<td>JPY 99.17</td>
</tr>
<tr>
<td>Euro</td>
<td>JPY 102.12</td>
<td>JPY 129.59</td>
</tr>
<tr>
<td>RMB</td>
<td>JPY 12.53</td>
<td>JPY 15.49</td>
</tr>
</tbody>
</table>
# 3Q FY2013

## Sales Increase/Decrease

### Domestic
- International Ophthalmic: +16.40
- Anti-rheumatics: -0.26
- Other: +0.31
- Domestic Prescription: +16.40
- Domestic OTC: +0.34
- Domestic Medical Devices: -0.08

### Overseas
- Asia (FX+1.44):
  - China: +1.49 (FX+1.14)
  - Korea: -0.10 (FX+0.16)
- US (FX +0.12):
- EU (FX +1.78):

### Sales
- Total: 108.94
- YoY %: +20.52 (+23.2%)
- Domestic: +16.72 (+22.4%)
- Overseas: +3.79 (+27.8%, FX+3.36)
- FX = Currency impact

---

3Q FY12 actual: 88.42
3Q FY13 actual: 108.94

YoY %: +20.52 (+23.2%)
3Q FY2013

Operating Profit Change

Gross profit

<table>
<thead>
<tr>
<th></th>
<th>3Q FY12 actual</th>
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<tr>
<td>OP</td>
<td>20.57</td>
<td>23.63</td>
</tr>
</tbody>
</table>

Operating Profit
+3.06 (+14.9%)

R&D cost breakdown
- Domestic: -0.43
- Overseas: +0.82

FX=Currency impact

3Q FY12 actual

3Q FY13 actual

SG&A (excl. R&D cost) +4.24 (+16.3%)

Domestic (FX+0.57)
+0.81

Asia (FX+1.40)
+1.16

US/EU (FX+1.02)
+1.39

Other
+0.88

R&D cost
+0.39

JPY billions

YoY %
FY2013 Financial Forecasts
Revised Financial Forecast for FY2013
(Before Reflecting Unification of Accounting Period in FY13)

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2012 Actual</th>
<th>FY2013 Forecast*</th>
<th>Var. %</th>
<th>Previous FY2013 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>119.06</td>
<td>146.00</td>
<td>+22.6%</td>
<td>141.50</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>41.50 (34.9%)</td>
<td>57.00 (39.0%)</td>
<td>+37.3%</td>
<td>55.00 (38.9%)</td>
</tr>
<tr>
<td>SGA excluding R&amp;D</td>
<td>36.16 (30.4%)</td>
<td>43.00 (29.5%)</td>
<td>+18.9%</td>
<td>42.00 (29.7%)</td>
</tr>
<tr>
<td>R&amp;D cost</td>
<td>16.71 (14.0%)</td>
<td>18.50 (12.7%)</td>
<td>+10.6%</td>
<td>18.20 (12.9%)</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>24.68 (20.7%)</td>
<td>27.50 (18.8%)</td>
<td>+11.4%</td>
<td>26.30 (18.6%)</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>25.60</td>
<td>28.50</td>
<td>+11.3%</td>
<td>26.80</td>
</tr>
<tr>
<td>Net Income</td>
<td>16.52</td>
<td>18.50</td>
<td>+12.0%</td>
<td>18.20</td>
</tr>
<tr>
<td>ROE</td>
<td>10.0%</td>
<td>10.6%</td>
<td>+0.6pt</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

Foreign Exchange

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY12 actual</th>
<th>FY13 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>US $</td>
<td>JPY 82.91</td>
<td>JPY 100.42</td>
</tr>
<tr>
<td>Euro</td>
<td>JPY 106.01</td>
<td>JPY 132.68</td>
</tr>
<tr>
<td>RMB</td>
<td>JPY 12.64</td>
<td>JPY 15.72</td>
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* 12month period
Revised Financial Forecast for FY2013
(After Reflecting Unification of Accounting Period in FY13)

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2012 Actual</th>
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<tbody>
<tr>
<td>Net Sales</td>
<td>119.06</td>
<td>149.00</td>
<td>+25.1%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>41.50</td>
<td>58.00</td>
<td>+39.8%</td>
</tr>
<tr>
<td>(% of net sales)</td>
<td>34.9%</td>
<td>38.9%</td>
<td>+4.1pt</td>
</tr>
<tr>
<td>SGA excluding R&amp;D</td>
<td>36.16</td>
<td>45.00</td>
<td>+24.4%</td>
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<td>(% of net sales)</td>
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<tr>
<td>Operating Profit</td>
<td>24.68</td>
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<td>JPY 16.00</td>
</tr>
</tbody>
</table>
Dividend for 1H FY2013 Actual and FY2013 Forecast
Dividend for 1H FY2013 Actual and FY2013 Forecast

- **FY2013**
  - FY2013 First Half Dividend: JPY 50 per share

- **FY2013**
  - FY2013 Annual Dividend: JPY 100 per share
  - Target DOE: around 5.0%

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payout-ratio (%)</td>
<td>34.9</td>
<td>21.4</td>
<td>55.8</td>
<td>39.7</td>
<td>39.9</td>
<td>42.9</td>
<td>54.7</td>
<td>67.2</td>
<td>36.3</td>
<td>36.0</td>
<td>50.8</td>
<td>51.1</td>
<td>48.2</td>
</tr>
<tr>
<td>Share Buy-back</td>
<td>3.2</td>
<td>3.2</td>
<td>0</td>
<td>2.6</td>
<td>0</td>
<td>0</td>
<td>4.8</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>13.7</td>
<td>--</td>
</tr>
<tr>
<td>Total Return (%)</td>
<td>96.4</td>
<td>59.5</td>
<td>55.8</td>
<td>63.3</td>
<td>39.9</td>
<td>42.9</td>
<td>85.8</td>
<td>67.2</td>
<td>36.4</td>
<td>36.7</td>
<td>50.8</td>
<td>137.0</td>
<td>--</td>
</tr>
</tbody>
</table>
Adaptation of International Financial Reporting Standards (IFRS)
Schedule of IFRS Adoption

- Voluntarily adoption of the IFRS from FY 2014
  - May, 2014:
    - Annual financial results and consolidated financial statements for FY2013 (ending in March 2014, J-GAAP)
    - Financial forecast for FY2014 (J-GAAP)
    (Financial forecast of IFRS will be disclosed as reference.)
  - May, 2015:
    - Annual financial results and consolidated financial statements for FY2014 (ending in March 2015) (IFRS)
    - For reference, financial results of FY2013 (IFRS) will be released.
    - Consolidated financial results for the first quarter to the third quarter of FY2014 (ending in March 2015) will be disclosed under J-GAAP

- Changes approved from FY 2013 under J-GAAP
  - Already implemented: Depreciation method,
    New accounting on retirement allowance
  - Planned: Unification of accounting term for group companies
Reference:
Consolidated Results
3Q FY2013
## Net Sales by Business Segment

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>3Q FY2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td>Sales</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>89.38</td>
</tr>
<tr>
<td>Prescription Pharmaceuticals</td>
<td>84.45</td>
</tr>
<tr>
<td>Ophthalmic</td>
<td>75.93</td>
</tr>
<tr>
<td>Anti-RA</td>
<td>7.98</td>
</tr>
<tr>
<td>Others</td>
<td>0.54</td>
</tr>
<tr>
<td>OTC Pharmaceuticals</td>
<td>4.92</td>
</tr>
<tr>
<td>Others</td>
<td>2.08</td>
</tr>
<tr>
<td>Medical Devices</td>
<td>1.89</td>
</tr>
<tr>
<td>Others</td>
<td>0.18</td>
</tr>
<tr>
<td>Total</td>
<td>91.46</td>
</tr>
</tbody>
</table>
## Oversea Sales

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>3Q FY2012 Actual</th>
<th>3Q FY2013 Actual</th>
<th>Var.</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>0.36</td>
<td>0.63</td>
<td>+0.27</td>
<td>+74.2%</td>
</tr>
<tr>
<td>Europe</td>
<td>6.46</td>
<td>8.51</td>
<td>+2.05</td>
<td>+31.8%</td>
</tr>
<tr>
<td>Asia</td>
<td>6.84</td>
<td>8.31</td>
<td>+1.46</td>
<td>+21.5%</td>
</tr>
<tr>
<td>China</td>
<td>4.47</td>
<td>5.97</td>
<td>+1.49</td>
<td>+33.5%</td>
</tr>
<tr>
<td>Korea</td>
<td>1.63</td>
<td>1.52</td>
<td>-0.10</td>
<td>▲6.7%</td>
</tr>
<tr>
<td>Others</td>
<td>0.00</td>
<td>0.01</td>
<td>+0.00</td>
<td>+28.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13.68</strong></td>
<td><strong>17.47</strong></td>
<td><strong>+3.79</strong></td>
<td><strong>+27.8%</strong></td>
</tr>
</tbody>
</table>

**Oversea sale/total sales**

|                  | 15.5% | 16.0% | +0.6pt | --     |
## Summery of Balance Sheet

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>As of March 31, 2013</th>
<th>As of December 31, 2013</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>% of Total</td>
<td>Actual</td>
</tr>
<tr>
<td>Current Asset</td>
<td>132.58</td>
<td>66.4%</td>
<td>143.80</td>
</tr>
<tr>
<td>Fixed Asset</td>
<td>67.05</td>
<td>33.6%</td>
<td>74.94</td>
</tr>
<tr>
<td>Total Asset</td>
<td>199.64</td>
<td>100.0%</td>
<td>218.75</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>27.01</td>
<td>13.5%</td>
<td>29.55</td>
</tr>
<tr>
<td>Non-current Liabilities</td>
<td>7.49</td>
<td>3.8%</td>
<td>10.77</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>34.50</td>
<td>17.3%</td>
<td>40.33</td>
</tr>
<tr>
<td>Total Net Asset</td>
<td>165.13</td>
<td>82.7%*</td>
<td>178.41</td>
</tr>
<tr>
<td>Total Liabilities Net Assets</td>
<td>199.64</td>
<td>100.0%</td>
<td>218.75</td>
</tr>
</tbody>
</table>

*Capital adequacy ratio: End of March, 2013: 82.6% → End of December, 2013: 81.4%, Issued shares: End of March, 2013: 82,469 thousand → End of December, 2013: 82,547 thousand

### Major Changes

- **Current Asset:** Cash and deposits +¥3.74bil, Notes and account receivable +¥8.84bil, Securities +¥1.40bil, Goods and products -¥2.68bil,
- **Fixed Asset:** Buildings and structures +¥0.77bil, Machinery equipment and transportation cost +¥0.76bil, Construction in progress -¥1.34bil, Goodwill +¥0.31bil, In-Process R&D product +¥1.01bil, Investment securities +¥5.42bil
- **Current Liabilities:** Accounts payable +¥1.64bil, Other account payable -¥0.78bil, Income tax payable +¥1.57bil, Reserve for bonus -¥1.12bil, Other current liabilities +¥1.20bil
- **Fixed Liabilities:** Liabilities relating to retirement benefits(previous account: Retirement and severance benefits)+¥2.22bil※, Retirement benefits for directors -¥0.24bil, Restructuring fee allowance +¥0.78bil
- **Net asset:** Capital +¥0.12bil, Additional paid in capital +¥0.12bil, Retained earnings +¥7.38bil, Foreign currency translation adjustments +¥4.59bil, Cumulative adjustment to retirement benefits - ¥1.56bil

※ Change in accounting standard increased +¥2.29bil (previous unrecognized debt is recognized and adjusted). Account title is revised at the change in accounting standard.
# Summery of Income Statement

<table>
<thead>
<tr>
<th></th>
<th>3Q FY2012 Actual</th>
<th>3Q FY2013 Actual</th>
<th>YoY %</th>
<th>Major Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>88.42</td>
<td>108.94</td>
<td>+23.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>29.75 (33.7%)</td>
<td>42.57 (39.1%)</td>
<td>+43.1%</td>
<td>• Impact of product mix change +6.3pt</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Decrease the fixed manufacturing cost -0.2pt</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Other +5.4pt</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Domestic +0.81</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Asia +1.16 (FX +0.57)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• US/EU +1.38 (FX +1.40)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Domestic -0.43</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Overseas +0.82 (FX +1.02)</td>
</tr>
<tr>
<td><strong>SGA excluding R&amp;D</strong></td>
<td>25.99 (29.4%)</td>
<td>30.24 (27.8%)</td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Asia +1.16 (FX +0.57)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• US/EU +1.38 (FX +1.40)</td>
</tr>
<tr>
<td><strong>R&amp;D Expenses</strong></td>
<td>12.09 (13.7%)</td>
<td>12.49 (11.5%)</td>
<td>+3.3%</td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Operating Profit</strong></td>
<td>20.57 (23.3%)</td>
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<td>+14.9%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Domestic +0.81</td>
</tr>
<tr>
<td><strong>Non-operating Income</strong></td>
<td>0.85</td>
<td>0.86</td>
<td>+1.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Non-operating Expense</strong></td>
<td>0.15</td>
<td>0.20</td>
<td>+30.6%</td>
<td></td>
</tr>
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<td><strong>Ordinary Income</strong></td>
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<td></td>
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<td></td>
<td></td>
<td>• Provision of restructuring fee regarding Santen Oy +0.82</td>
</tr>
<tr>
<td><strong>Extraordinary Gain</strong></td>
<td>0.01</td>
<td>0.47</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary Loss</strong></td>
<td>0.00</td>
<td>0.89</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income before Tax</strong></td>
<td>21.27</td>
<td>23.87</td>
<td>+12.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Corporate Tax</strong></td>
<td>7.14</td>
<td>8.49</td>
<td>+19.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>14.13</td>
<td>15.37</td>
<td>+8.8%</td>
<td></td>
</tr>
</tbody>
</table>

### Currency Rates

<table>
<thead>
<tr>
<th></th>
<th>3QFY12 actual</th>
<th>3QFY13 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>JPY 80.01</td>
<td>JPY 99.17</td>
</tr>
<tr>
<td>Euro</td>
<td>JPY 102.12</td>
<td>JPY 129.59</td>
</tr>
<tr>
<td>CNY</td>
<td>JPY 12.53</td>
<td>JPY 15.49</td>
</tr>
</tbody>
</table>
## Summary of Cash Flows

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>3Q FY2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents at the beginning of FY13</strong></td>
<td>59.79</td>
</tr>
<tr>
<td><strong>Net increase/decrease in cash and cash equivalents</strong></td>
<td>+3.73</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>+16.03</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>-5.94</td>
</tr>
<tr>
<td>Cash flows from financial activities</td>
<td>-7.92</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>+1.56</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of 3Q FY13</strong></td>
<td>63.52</td>
</tr>
</tbody>
</table>

Note: “Cash and cash equivalents” include cash equivalents thus differ from “cash and deposits” in the Balance Sheets.
## Capital Expenditures / Depreciation & Amortization

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>3Q FY2012</th>
<th>3Q FY2013</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditures</td>
<td>2.59</td>
<td>2.08</td>
<td>-0.51</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>1.83</td>
<td>1.83</td>
<td>-0.00</td>
</tr>
</tbody>
</table>
Reference:
FY2013 Financial Forecasts
## Sales Forecast by Business Segment / Overseas Sales
(Before Reflecting Unification of Accounting Period in FY13)

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2013 Forecast*</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Japan</td>
<td>Overseas</td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales</td>
<td>Var.</td>
<td>Sales</td>
<td>Var.</td>
<td>Sales</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>119.70</td>
<td>+21.5%</td>
<td>23.35</td>
<td>+27.7%</td>
<td>143.05</td>
</tr>
<tr>
<td>Prescription Pharmaceuticals</td>
<td>113.26</td>
<td>+23.0%</td>
<td>23.27</td>
<td>+27.4%</td>
<td>136.54</td>
</tr>
<tr>
<td>Ophthalmic</td>
<td>102.47</td>
<td>+26.3%</td>
<td>22.59</td>
<td>+26.5%</td>
<td>125.06</td>
</tr>
<tr>
<td>Anti-RA</td>
<td>9.94</td>
<td>+1.4%</td>
<td>0.08</td>
<td>+38.2%</td>
<td>10.03</td>
</tr>
<tr>
<td>Others</td>
<td>0.85</td>
<td>-24.2%</td>
<td>0.59</td>
<td>+68.9%</td>
<td>1.45</td>
</tr>
<tr>
<td>OTC</td>
<td>6.43</td>
<td>-0.3%</td>
<td>0.07</td>
<td>+386.3%</td>
<td>6.50</td>
</tr>
<tr>
<td>Others</td>
<td>2.89</td>
<td>+32.2%</td>
<td>0.04</td>
<td>-28.0%</td>
<td>2.94</td>
</tr>
<tr>
<td>Medical Devices</td>
<td>2.64</td>
<td>+21.2%</td>
<td>0.04</td>
<td>-28.0%</td>
<td>2.68</td>
</tr>
<tr>
<td>Others</td>
<td>0.25</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>0.25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>122.59</strong></td>
<td>+21.7%</td>
<td><strong>23.40</strong></td>
<td>+27.5%</td>
<td><strong>146.00</strong></td>
</tr>
</tbody>
</table>

* 12month period
### Sales Forecast by Business Segment / Overseas Sales (After reflecting Unification of Accounting Period in FY13)

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2013 Forecast</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Japan sales</td>
<td>Overseas sales</td>
</tr>
<tr>
<td></td>
<td>Var.</td>
<td>Var.</td>
</tr>
<tr>
<td><strong>Pharmaceuticals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prescription Pharmaceuticals</td>
<td>119.70</td>
<td>+21.5%</td>
</tr>
<tr>
<td>Ophthalmic</td>
<td>113.26</td>
<td>+23.0%</td>
</tr>
<tr>
<td>Anti-RA</td>
<td>102.47</td>
<td>+26.3%</td>
</tr>
<tr>
<td>Others</td>
<td>9.94</td>
<td>+1.4%</td>
</tr>
<tr>
<td>OTC Pharmaceuticals</td>
<td>6.43</td>
<td>-0.3%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>2.89</td>
<td>+32.2%</td>
</tr>
<tr>
<td>Medical Devices</td>
<td>2.64</td>
<td>+21.2%</td>
</tr>
<tr>
<td>Others</td>
<td>0.25</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>122.59</td>
<td>+21.7%</td>
</tr>
</tbody>
</table>
## Oversea Sales Forecast
(Before Reflecting Unification of Accounting Period in FY13)

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2012 Actual</th>
<th>FY2013 Forecast*</th>
<th>Var.</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>0.58</td>
<td>0.82</td>
<td>+0.24</td>
<td>+41.6%</td>
</tr>
<tr>
<td>Europe</td>
<td>9.20</td>
<td>11.25</td>
<td>+2.05</td>
<td>+22.3%</td>
</tr>
<tr>
<td>Asia</td>
<td>8.55</td>
<td>11.27</td>
<td>+2.71</td>
<td>+31.7%</td>
</tr>
<tr>
<td>Others</td>
<td>0.01</td>
<td>0.03</td>
<td>+0.02</td>
<td>+286.2%</td>
</tr>
<tr>
<td>Total</td>
<td>18.35</td>
<td>23.40</td>
<td>+5.04</td>
<td>+27.5%</td>
</tr>
</tbody>
</table>

| Oversea sale/sales | 15.4% | 16.0% | +0.6pt | -- |

*12month period*
## Oversea Sales Forecast
(After reflecting Unification of Accounting Period in FY13)

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2012 Actual</th>
<th>FY2013 Forecast</th>
<th>Var.</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Forecast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>0.58</td>
<td>0.82</td>
<td>+0.24</td>
<td>+41.6%</td>
</tr>
<tr>
<td>Europe</td>
<td>9.20</td>
<td>12.25</td>
<td>+3.05</td>
<td>+33.2%</td>
</tr>
<tr>
<td>Asia</td>
<td>8.55</td>
<td>13.27</td>
<td>+4.71</td>
<td>+55.1%</td>
</tr>
<tr>
<td>Others</td>
<td>0.01</td>
<td>0.03</td>
<td>+0.02</td>
<td>+286.2%</td>
</tr>
<tr>
<td>Total</td>
<td>18.35</td>
<td>26.40</td>
<td>+8.04</td>
<td>+43.8%</td>
</tr>
</tbody>
</table>

| Oversea sale/sales | 15.4% | 17.7% | +2.3pt | -- |

*Note: Var. = Variation, Var. % = Variation Percentage.*
## Capital Expenditures / Depreciation & Amortization

<table>
<thead>
<tr>
<th></th>
<th>FY2012 Actual</th>
<th>FY2013 Forecast</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditures</td>
<td>4.20</td>
<td>3.40 ▲0.80</td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>2.53</td>
<td>2.50 ▲0.03</td>
<td></td>
</tr>
</tbody>
</table>
Reference:
Market Overview of Prescription Ophthalmic in Japan
Japan: Trend & Competition in Ophthalmics (1)

- **Ophthalmology Total**: Market grew by 9.6% Y to Y in 3Q FY13. The growth of retinal, and corneal segment continued. Santen’s market share was 40.2%.

- **Anti-Glaucoma**: Market grew by 8.4% Y to Y in 3Q FY13. Santen’s sales grew by 9.5%. Santen held 30.7% share of the anti-glaucoma market by the contribution of Tapros and Cosopt.

- **Corneal**: Market grew by 10.8% Y to Y in 3Q FY13. Santen’s sales grew by 4.9% led by the sales increase of Diquas and Santen’s market share was 71.2%.

---

**Market Size:**

- **billions of yen**
- **%: Value Share**

**Ophthalmology Total**

- FY12: 273.4
- 3Q FY13: Santen 35.3%

<table>
<thead>
<tr>
<th>Year</th>
<th>Market</th>
<th>Santen</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>+7.3%</td>
<td>35.3%</td>
<td>64.7%</td>
</tr>
<tr>
<td>3Q FY13</td>
<td>+9.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santen</td>
<td>+4.9%</td>
<td>+23.8%</td>
<td></td>
</tr>
<tr>
<td>Santen’s Share</td>
<td>35.3%</td>
<td>40.2%</td>
<td></td>
</tr>
</tbody>
</table>

**Anti-glaucoma**

- FY12: 94.8
- 3Q FY13: Santen 30.4%

<table>
<thead>
<tr>
<th>Year</th>
<th>Market</th>
<th>Santen</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>+2.8%</td>
<td>30.4%</td>
<td>69.6%</td>
</tr>
<tr>
<td>3Q FY13</td>
<td>+8.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santen</td>
<td>+10.2%</td>
<td>+9.5%</td>
<td></td>
</tr>
<tr>
<td>Santen’s Share</td>
<td>30.4%</td>
<td>30.7%</td>
<td></td>
</tr>
</tbody>
</table>

**Corneal: Dry Eye**

- FY12: 39.7
- 3Q FY13: Santen 74.6%

<table>
<thead>
<tr>
<th>Year</th>
<th>Market</th>
<th>Santen</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>+11.3%</td>
<td>74.6%</td>
<td>25.4%</td>
</tr>
<tr>
<td>3Q FY13</td>
<td>+10.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santen</td>
<td>+7.1%</td>
<td>+4.9%</td>
<td></td>
</tr>
<tr>
<td>Santen’s Share</td>
<td>74.6%</td>
<td>71.2%</td>
<td></td>
</tr>
</tbody>
</table>

-Santen:  - Anti-Glaucoma : Tapros, Cosopt, Timoptol/XE, Rescula, Detantol  - Cornea / Dry Eye : Hyalein, Diquas  - 3Q = 3Q cumulative

Source: ©2014 IMS Health
IMS-JPM 2011-13
Santen analysis based on IMS data
Reprinted with permission
Japan: Trend & Competition in Ophthalmics (2)

- **Anti-infection:** Market declined by -4.2% Y to Y in 3Q FY13. Santen maintained 59.5% of market share with primary contribution by Cravit.
- **Anti-allergy:** Market declined by -0.4% Y to Y in 3Q FY13. Santen’s share was 21.5% (18.3% share in 1H FY13). The launch of Alesion generated the increase of Santen market share.

Market Size:
billions of yen
%: Value Share

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>3Q FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>-11.9%</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Santen</td>
<td>-19.6%</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Santen’s Share</td>
<td>61.6%</td>
<td>59.5%</td>
</tr>
</tbody>
</table>

- Santen:
  - Anti-infection: Cravit, Tarivid
  - Anti-allergy: Livostin, Alesion, Alegysal
  - 3Q = 3Q cumulative

Source: ©2014 IMS Health
IMS-JPM 2011-13
Santen analysis based on IMS data
Reprinted with permission
Japan: Trend & Competition in Ophthalmics (3)

- **Anti-VEGF**: Market increased by 41.7% Y to Y in 3Q FY13. Eylea has continued the strong growth. Santen’s share was 49.7%.

- **Anti-RA(DMARDs)**: Market slightly increased by 3.9% in 3Q FY13. Santen maintained 38.8% of market share.

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>3Q FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market YoY</td>
<td>+30.1%</td>
<td>+41.7%</td>
</tr>
<tr>
<td>Santen YoY</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Santen’s Share</td>
<td>10.9%</td>
<td>49.7%</td>
</tr>
</tbody>
</table>

**Anti-RA(DMARDs)**

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>3Q FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others YoY</td>
<td>+0.3%</td>
<td>+3.9%</td>
</tr>
<tr>
<td>Santen YoY</td>
<td>-2.8%</td>
<td>+1.8%</td>
</tr>
<tr>
<td>Santen’s Share</td>
<td>39.7%</td>
<td>38.8%</td>
</tr>
</tbody>
</table>

-Santen:
- Anti-RA(DMARDs): Rimatil, Azulfidine, Metolate
- 3Q = 3Q cumulative

Source: ©2014 IMS Health
IMS-JPM 2011-13
Santen analysis based on IMS data
Reprinted with permission
3Q FY2013
Status of Clinical Development

Takashi Kaneko, M.D. Ph.D.
Corporate Officer,
Head of Research and Development Division
## Major Clinical Pipeline List (1) [by Disease]

*(Red underlined): Change from 2Q FY13 Presentation)*

<table>
<thead>
<tr>
<th>Disease</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>NDA</th>
<th>Approved* Launched</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glaucoma/Ocular Hypertension</td>
<td></td>
<td>DE-117 prep</td>
<td></td>
<td>China DE-085 Tafluprost</td>
<td>DE-118 Tafluprost UD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EP2 Receptor Agonist</td>
<td></td>
<td>EU DE-111 Tafluprost Timolol</td>
<td>JP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DE-090</td>
<td></td>
<td>China DE-089 Diquafosol Sodium</td>
<td>Korea</td>
</tr>
<tr>
<td>Corneal/Conjunctival Disease</td>
<td></td>
<td></td>
<td>U.S. Cyclokat</td>
<td>China DE-089 Diquafosol Sodium</td>
<td>Korea</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cyclosporin</td>
<td>EU Cyclokat</td>
<td></td>
</tr>
<tr>
<td>Retina/Uveitis</td>
<td></td>
<td>DE-120</td>
<td>DE-109</td>
<td>DE-109 Sirolimus</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>VEGF/PDGF inhibitor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Infection, Allergy, RA</td>
<td></td>
<td>DE-098</td>
<td>DE-102</td>
<td>DE-098 Epinastine HCl</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Anti APO-1 Antibody</td>
<td>Betamethasone</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Vekacia Ciclosporin</td>
<td></td>
</tr>
</tbody>
</table>

*Project evaluations are ongoing for other Santen S.A.S. products.*
## Major Clinical Pipeline List (2) [by Region]

*(Red underlined: Change from 2Q FY13 Presentation)*

<table>
<thead>
<tr>
<th>Region</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>NDA</th>
<th>Approved · Launched</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td></td>
<td>DE-102 Betamethasone</td>
<td></td>
<td></td>
<td>DE-118 Tafluprost UD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DE-090 Lomerizine HCl</td>
<td></td>
<td></td>
<td>DE-111 Tafluprost/Timolol</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DE-098 Anti APO-1 Antibody</td>
<td>DE-109 Sirolimus</td>
<td></td>
<td>DE-114 Epinastine HCl</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Including Latin America)</td>
<td></td>
<td>DE-117 P2b prep EP2 Receptor Agonist</td>
<td>DE-109 Sirolimus</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>DE-120 VEGF/PDGF inhibitor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Cyclokat</strong> Ciclosporin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(including Oceania)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>China DE-085 Tafluprost</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>China DE-089 Diquafosol Sodium</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Korea</td>
</tr>
<tr>
<td><strong>EU</strong></td>
<td></td>
<td></td>
<td></td>
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<td>DE-109 Sirolimus</td>
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<td>DE-111 Tafluprost/Timolol</td>
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<td><strong>Vekacia</strong> Ciclosporin</td>
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<td><strong>Cyclokat</strong> Ciclosporin</td>
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*Project evaluations are ongoing for other Santen S.A.S. products.*
## Major Clinical Projects Update - Glaucoma / Ocular hypertension -

### DE-085 (Glaucoma / Ocular hypertension)

<table>
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<th>Region</th>
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</tr>
<tr>
<td>China</td>
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</table>

### DE-090 (Glaucoma / Ocular hypertension)

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### DE-111 (Glaucoma / Ocular hypertension)

<table>
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## Major Clinical Projects Update - Glaucoma -

### DE-117 (Glaucoma / Ocular hypertension)

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<tr>
<td>U.S.</td>
<td>P2b preparation</td>
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</table>

### DE-089 (Dry eye)

Product Name: *DIQUAS* in Japan

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</thead>
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<td>China: NDA filed Korea: Launched</td>
<td>China: NDA filed Korea: Launched</td>
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## Major Clinical Projects Update - Allergy, Arthritis -

### DE-114 (Allergic conjunctivitis)

**Product Name: ALESION in Japan**

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</thead>
<tbody>
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</tr>
<tr>
<td></td>
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### DE-098 (Rheumatoid arthritis)

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**Major Clinical Projects Update - Retinal Disease -**

- **DE-102** (Macular edema associated with diabetes or branch retinal vein occlusion (BRVO))

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<td>Japan</td>
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<td></td>
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- **DE-120** (Wet Age-related Macular Degeneration (w-AMD))

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<td>U.S.</td>
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<tr>
<td></td>
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<td>VEGF/PDGF dual inhibitor</td>
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- **DE-109** (Uveitis)

<table>
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<tr>
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<td></td>
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</table>
**Major Clinical Projects Update - Santen S.A.S.-**

- **Cyclokat (Severe Dry Eye)**
  
  Product Name: *IKERVIS* in Europe

<table>
<thead>
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<th>Region</th>
<th>Development Stage</th>
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<table>
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<tr>
<td>EU</td>
<td>P3</td>
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- **Vekacia (Vernal Keratoconjunctivitis)**

<table>
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<tr>
<th>Region</th>
<th>Development Stage</th>
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<tbody>
<tr>
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<td>As of Feb. 4, 2014</td>
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<td>EU</td>
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*Project evaluations are ongoing for the products below.*

<table>
<thead>
<tr>
<th>Development Name</th>
<th>Indication</th>
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<tbody>
<tr>
<td>Catioprost</td>
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<td>Cortiject</td>
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<td>Generic Name: Dexamethasone Palmitate</td>
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</table>
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 and event were to adversely affect supply capabilities for related final products.