

May 2014

## Formulation of Yakult Vision 2020 Phase II Plan (2014–2016)

Yakult Honsha Co., Ltd. (President: Takashige Negishi) created its long-term business management vision “Yakult Vision 2020” in January 2011 as a guidepost for the Yakult Group to maintain its growth and respond to the changes in the market. This long-term vision is being implemented in three phases over a 10-year period starting from fiscal year 2011 through 2020.

Today the Company would like to announce the formulation of its Phase II Plan covering the period from fiscal year 2014 to 2016, the details of which are as follows:

### Results for Yakult Vision 2020 Phase I Plan (2011–2013)

The first phase from fiscal year 2011 to 2013 was implemented as the “Run-up period before a leap forward” and the Yakult Group achieved its goals.

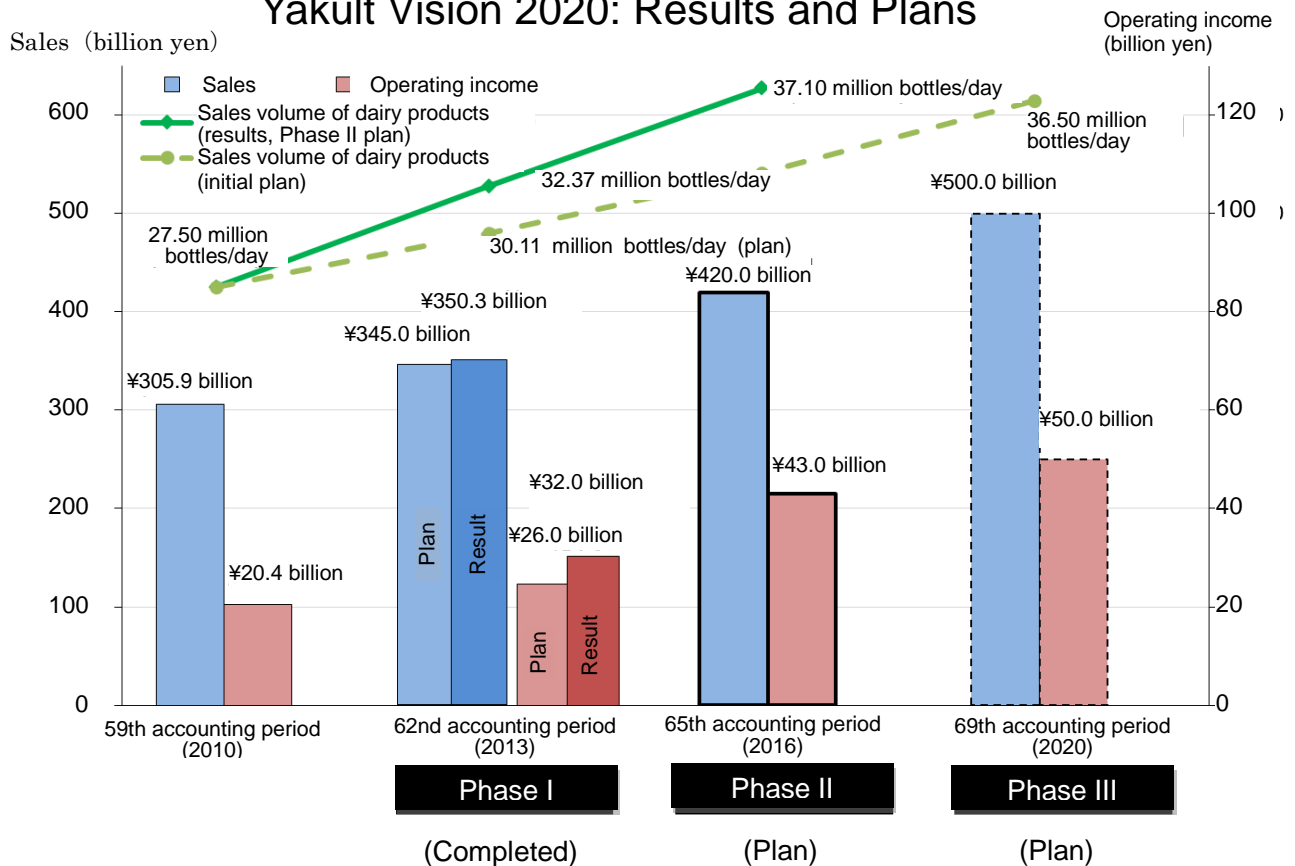
Phase I Plan and Results (fiscal year 2013)		
	<u>Plan</u>	<u>Result (achievement rate of target)</u>
Average dairy products sold worldwide	30.11 million bottles per day	32.37 million bottles per day (107.5%)
Consolidated sales	¥345.0 billion	¥350.3 billion (101.5%)
Consolidated operating income	¥26.0 billion	¥32.0 billion (123.1%)

### Yakult Vision 2020 Phase II Plan (2014–2016)

In the three years from 2014 to 2016, the Yakult Group aims for dramatic growth, primarily through business promotion in accordance with its corporate philosophy, based on the preparation of a business model that is continuing from Phase I.

Phase II Plan (fiscal year 2016)		
	<u>Plan</u>	<u>vs. fiscal year 2013</u>
Average dairy products sold worldwide	37.10 million bottles per day	+4.73 million bottles per day
Consolidated sales	¥420.0 billion	+¥69.7 billion
Consolidated operating income	¥43.0 billion	+¥11.0 billion

## Yakult Vision 2020: Results and Plans



	Phase I (2011–2013)			Phase II (2014–2016)	
	Result			Plan	
	Goal	Result	Achievement rate of target	Goal	Change from FY2013
Average dairy products sold worldwide	30.11 million bottles per day	32.37 million bottles per day	107.5%	37.10 million bottles per day	+4.73 million bottles per day
Consolidated sales	¥345.0 billion	¥350.3 billion	101.5%	¥420.0 billion	+¥69.7 billion
Consolidated operating income	¥26.0 billion	¥32.0 billion	123.1%	¥43.0 billion	+¥11.0 billion

We are implementing the Phase II Plan based on the following concepts to achieve its goals:

- We will further promote globalization by spreading value promotion activities for probiotics around the world, which is the core of the Yakult business.
- We aim for sustainable growth by strengthening our research and development capabilities as well as by offering unique products whose effectiveness has been scientifically proven and providing services that only Yakult can provide.
- The entire group will work together to contribute to people around the world (local communities) through practice of its corporate philosophy.

The Phase II goals for each segment are as follows:

Phase II Quantitative Goals (FY2016)

	FY2016 (plan)		
		Change (vs. FY2013)	Growth rate (vs. FY2013)
Average dairy products sold worldwide	37.10 million bottles/day	+4.73 million bottles/day	14.6%
Japan	9.60 million bottles/day	+0.64 million bottles/day	7.1%
Overseas	27.50 million bottles/day	+4.09 million bottles/day	17.5%
Consolidated sales	¥420.0 billion	+¥69.7 billion	19.9%
Food and Beverages (Japan)	¥216.0 billion	+¥15.6 billion	7.8%
Food and Beverages (Overseas)	¥150.0 billion	+¥31.2 billion	26.3%
Pharmaceuticals	¥50.0 billion	+¥14.7 billion	41.6%
Other	¥20.0 billion	+¥2.0 billion	11.1%
Operating income	¥43.0 billion	+¥11.0 billion	34.4%
Food and Beverages (Japan)	¥12.0 billion	+¥2.3 billion	23.7%
Food and Beverages (Overseas)	¥34.0 billion	+¥6.2 billion	22.3%
Pharmaceuticals	¥13.0 billion	+¥4.5 billion	52.9%
Other	¥1.0 billion	-¥0.3 billion	-23.1%

The Phase II themes for each category are as follows:

○Food and Beverages

<Japan>

Achieve continuous growth in the mature domestic market

- Dairy products: Strengthen existing brand and develop products with new evidence
- Juices and soft drinks: Strengthen lineup of functional health drinks and food products
- Pursue value promotion activities that link advertising, PR and sales channels (home delivery/route sales)
- Improve management quality of the group and enhance the organization
- Strengthen and expand contact with customers through business model innovation

<Overseas>

Propagate the message of Yakult and spread the joy of health

Expand and cultivate global markets

- Continue to grow the businesses of existing operations
- Stabilize management of newly established operations and grow their businesses
- Enter into new countries

○Pharmaceuticals

Contribute to the health of people around the world by making innovations in the field of oncology

- Maximize sales of Elplat
- Maintain sales of existing products and long-term listed products
- Further increase share by boosting generic product lineup
- Build foundation for continuous development of new drugs by enhancing drug candidate pipeline

○Cosmetics

Working as one, Yakult Honsha and marketing companies will make efforts to strengthen and expand the cosmetics business

- Marketing activities centered on basic skin care products based on Yakult's proprietary ingredients derived from lactic acid bacteria research
- Strengthen and expand the cosmetics business at marketing companies
- Promote new customer development by utilizing esthetic salons, and offer Yakult customers Yakult cosmetics as well as food and beverages
- Study online sales and new sales channels and expand corporate customers