

May 12, 2017

Formulation of Yakult Vision 2020 Phase III Plan (2017-2020)

Yakult Honsha Co., Ltd. (President: Takashige Negishi), in January 2011, formulated its long-term business management vision “Yakult Vision 2020” 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 FY 2011 through FY 2020.

The company today announced the formulation of the Phase III Plan covering the four years from FY 2017 to FY 2020, details of which are described below.

<Results of Yakult Vision 2020 Phase II (2014-2016)>

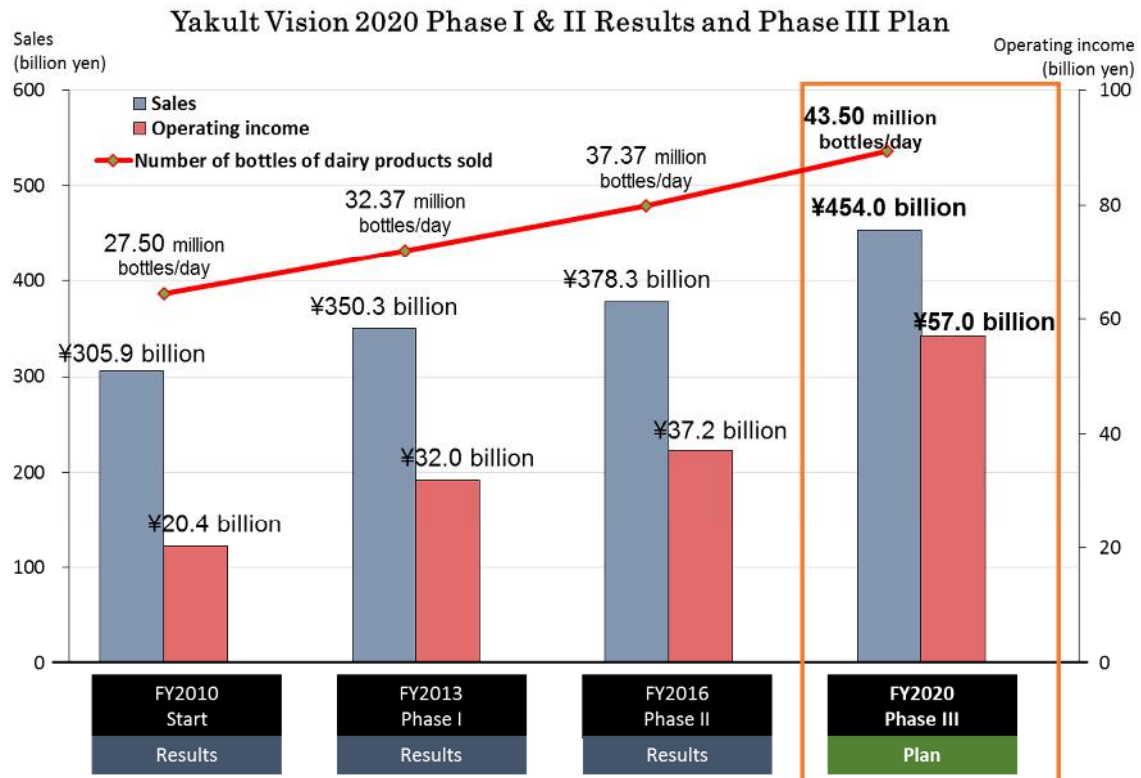
Compared to FY 2013, the Phase II (FY 2016) results grew, as the number of bottles of dairy products sold worldwide amounted to 37.37 million bottles per day (up 5.0 million bottles), consolidated sales reached 378.3 billion yen (up 28.0 billion yen) and consolidated operating income came to 37.2 billion yen (up 5.2 billion yen) .

Results of Phase II (FY 2016)		
	Results	Change vs. FY2013
○Number of bottles of dairy products sold worldwide	37.37 million bottles/day	Up 5.0 million bottles/day (up 15.4%)
○Consolidated sales	378.3 billion yen	Up 28.0 billion yen (up 8.0%)
○Consolidated operating income	37.2 billion yen	Up 5.2 billion yen (up 16.3%)

<Yakult Vision 2020 Phase III Plan (2017-2020)>

The Company sets the four years from FY 2017 to FY 2020 as the transformation period for it to continue growing to FY2020 and onwards by working on solving social issues through business activities to meet customer expectations more than ever and improve corporate value by realizing its corporate philosophy.

Phase III Plan (FY 2020)		
	Plan	Change vs. FY2016
○Number of bottles of dairy products sold worldwide	43.50 million bottles/day	Up 6.13 million bottles/day (up 16.4%)
○Consolidated sales	454.0 billion yen	Up 75.7 billion yen (up 20.0%)
○Consolidated operating income	57.0 billion yen	Up 19.8 billion yen (up 53.2%)



The company will drive forward the Phase III Plan based on the following concepts.

1. Realization of the corporate philosophy

With the completion of the new and improved Yakult Central Institute, we will work to realize our corporate philosophy of “We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular.” by responding even better to customer expectations through such means as enhancing our research, development, and technological capabilities; creating products that are safe, offer peace of mind, and contribute to people’s health; and offering high quality service.

2. Realization of improved corporate value

We will improve our corporate value, aiming to be a company that is needed by the stakeholders by working on solving social issues such as the realization of a healthy society and creation of job opportunities for women through Yakult’s business activities and social contribution activities.

3. Realization of continuous growth

As a probiotics pioneer, we will realize continuous growth as we promote the scientific evidence of useful bacteria throughout the world and work as one Yakult Group to offer products and services that only Yakult can provide.

The Phase III targets for each business segment are as follows.

Phase III Quantitative Goals (FY 2020)

		FY 2020 (Plan)		
			Change (vs. FY 2016)	Growth rate (vs. FY 2016)
Number of bottles of dairy products sold worldwide		43.50 million bottles/day	+6.13 million bottles/day	16.4%
	Japan	10.50 million bottles/day	+1.13 million bottles/day	12.1%
	Overseas	33.00 million bottles/day	+5.00 million bottles/day	17.9%
Consolidated sales		454.0 billion yen	+75.7 billion yen	20.0%
	Food and Beverages (Japan)	234.0 billion yen	+29.9 billion yen	14.6%
	Food and Beverages (Overseas)	190.0 billion yen	+43.6 billion yen	29.8%
	Pharmaceuticals	29.0 billion yen	+1.2 billion yen	4.3%
	Others (Cosmetics, etc.)	24.0 billion yen	+4.1 billion yen	20.6%
	Adjustments	- 23.0 billion yen	- 3.0 billion yen	-
Consolidated operating income		57.0 billion yen	+19.8 billion yen	53.2%
	Food and Beverages (Japan)	25.0 billion yen	+11.2 billion yen	81.2%
	Food and Beverages (Overseas)	46.0 billion yen	+9.9 billion yen	27.4%
	Pharmaceuticals	2.0 billion yen	- 0.8 billion yen	- 28.6%
	Others (Cosmetics, etc.)	2.0 billion yen	+1.1 billion yen	122.2%
	Adjustments	- 18.0 billion yen	- 1.6 billion yen	-

The Phase III themes for each business field are as described below.

	Strengthen of current initiatives	Take on new challenges
Food and Beverages (Japan)	<ul style="list-style-type: none"> -Concentrate business resources on key products -Enhance home delivery organization -Promote value dissemination activities led by the company -Continue growing in the markets where people gather -Improve management quality of marketing companies 	<ul style="list-style-type: none"> -Build competitive superiority in probiotics market by introducing new products and enhance products tailored for markets and channels -Create systems and mechanisms corresponding to the diverse workforce -Rebuild organization and functions to further cultivate markets where people gather
Food and Beverages (Overseas)	<ul style="list-style-type: none"> -Expansion of current business -Create an environment to sell -Value dissemination based on scientific evidence -Secure and nurture human resources who can drive forward the international business 	<ul style="list-style-type: none"> -Expand lineup of products (low-calorie, low-sugar, functional products, etc.) -Foray into new countries (32 countries and regions in 2016 → 40 in 2020)
Pharmaceuticals	<ul style="list-style-type: none"> -Protect Elplat accounts and expand market -Protect Campto accounts and maintain sales -Secure and maintain top share in key generics -Improve margin in existing branded products and existing generics 	<ul style="list-style-type: none"> -Marketing tie-up for products developed and manufactured by other companies -Bring generic drugs continuously to market -Promote introduction and joint development of new anti-cancer drugs -Promote own discovery/development of new drug candidates -Expand into business and R&D in peripheral fields
Others (Cosmetics, etc.)	<ul style="list-style-type: none"> -Develop high value-added products by adding original ingredients -Expand business of marketing companies -Enhance education and environment -Promote online sales (domestic) 	<ul style="list-style-type: none"> -Promote online sales (consider overseas foray)