

*Executive Summary of Consolidated Financial Results  
for the 3<sup>rd</sup> quarter ended December 31, 2019*

**Yakult Honsha Co., Ltd.**

*January 31, 2020*

# General outline of Consolidated financial results



## ◆ Total

Sales and operating profit are almost the same as the previous year.

## ◆ Food and Beverages (Japan)

Decrease sales due to a reaction to the sales machinery of dairy products in the previous year and decrease in the number of the bottles dairy products. Increase profit due to decrease in expenses, etc.

## ◆ Food and Beverages (Overseas)

Despite increase of sales volume mainly in Asia and sales price revision effect, decrease in sales and profit due to impact by foreign exchange rate and increase in expenses.

## ◆ Pharmaceuticals

Decrease sales due to impact by NHI drug price revision and increase profit due to decrease in research and development cost.

# Consolidated financial results (1)

Billion yen

	FY2019	FY2018	Difference		Forecast	
	(2019.4-2019.12)	(2018.4-2018.12)	Impact by Foreign Exchange Rate	Year-on-Year	(2019.11.12)	Year-on-Year
Net sales	312.9	315.0	(2.1) Impact (5.8)	99.3%	409.0	100.5%
Operating profit	41.5	40.8	+ 0.6 Impact (1.5)	101.6%	46.0	100.3%
Ordinary profit	51.8	49.2	+ 2.5 Impact (1.7)	105.3%	58.0	101.5%
Profit attributable to owners of parent	35.6	34.2	+ 1.3 Impact (1.2)	104.1%	39.0	111.6%
Basic earnings per share	(yen) 222.40	(yen) 213.48	(yen) + 8.92	104.2%	(yen) 243.43	111.7%
Operating profit margin	13.3%	13.0%	+ 0.3	—	11.2%	—

# Consolidated Statement of Income

Billion yen

	FY2019 (2019.4-2019.12)	FY2018 (2018.4-2018.12)	Difference		FY2019 (2019.4-2019.12)	FY2018 (2018.4-2018.12)	Difference
Net sales	312.9	315.0	(2.1)	Gain on sales of non-current assets	0.1	0.0	0.0
Cost of sales	130.6	131.2	(0.5)	Gain on sales of investment securities	2.1	1.6	0.5
Gross profit	182.2	183.8	(1.5)	Others	0.0	0.5	(0.5)
Selling, general and administrative expenses	140.7	142.9	(2.2)	Extraordinary income	2.3	2.2	0.0
Operating profit	41.5	40.8	0.6	Loss on sales of non-current assets	0.0	0.0	(0.0)
Interest income	4.0	3.2	0.7	Loss on retirement of non-current assets	0.5	0.1	0.3
Dividend income	1.8	1.7	0.0	Loss on valuation of investment securities	0.7	—	0.7
Share of profit of entities accounted for using equity method	4.0	3.4	0.5	Others	0.2	0.0	0.2
Others	1.6	1.5	0.0	Extraordinary losses	1.6	0.2	1.4
Non-operating income	11.6	10.0	1.5	Profit before income taxes	52.5	51.3	1.2
Interest expenses	0.6	0.5	0.1	Income taxes	12.9	13.2	(0.2)
Foreign exchange losses	0.2	0.4	(0.2)	Profit	39.6	38.1	1.5
Others	0.3	0.6	(0.2)	Profit attributable to non-controlling interests	4.0	3.9	0.1
Non-operating expenses	1.2	1.6	(0.4)	Profit attributable to owners of parent	35.6	34.2	1.3
Ordinary profit	51.8	49.2	2.5				

# Consolidated financial results (2)



Billion yen

	As of Dec. 31	As of Mar. 31	Difference	
	(FY2019)	(FY2018)		Year-on-Year
<b>Total assets</b>	<b>628.8</b>	<b>618.5</b>	<b>+ 10.3</b>	<b>101.7%</b>
<b>Net assets</b>	<b>406.6</b>	<b>392.2</b>	<b>+ 14.3</b>	<b>103.7%</b>
<b>Net assets per share</b>	(yen) <b>2,303.69</b>	(yen) <b>2,229.80</b>	(yen) <b>+ 73.89</b>	<b>103.3%</b>
<b>Equity-to-asset ratio</b>	<b>58.7%</b>	<b>57.8%</b>	<b>+ 0.9</b>	—

# Consolidated Balance Sheet

Billion yen

	As of Dec. 31 (FY2019)	As of Mar. 31 (FY2018)	Difference		As of Dec. 31 (FY2019)	As of Mar. 31 (FY2018)	Difference
<b>Assets</b>				<b>Liabilities</b>			
Cash and deposits	170.5	156.4	14.0	Notes and accounts payable - trade	27.9	27.9	(0.0)
Notes and accounts receivable - trade	59.2	52.8	6.3	Short-term loans payable	42.1	40.1	1.9
Inventories	27.9	29.1	(1.1)	Others	44.1	47.3	(3.2)
Others	9.7	9.1	0.6	<b>Current liabilities</b>	114.1	115.4	(1.3)
<b>Current assets</b>	267.5	247.6	19.9	Long-term loans payable	72.1	76.3	(4.1)
				Net defined benefit liability	4.5	5.4	(0.9)
Property, plant and equipment	197.7	200.0	(2.3)	Others	31.3	28.9	2.3
				<b>Non-Current liabilities</b>	108.1	110.7	(2.6)
Intangible assets	4.1	4.7	(0.5)	<b>Total Liabilities</b>	222.2	226.2	(4.0)
				<b>Net Assets</b>			
Investment securities	148.6	155.3	(6.6)	Shareholder's equity	393.7	365.7	27.9
Others	10.7	10.7	(0.0)	Accumulated other comprehensive income	(24.6)	(8.4)	(16.1)
Investments and other assets	159.3	166.0	(6.6)	Non-controlling interests	37.5	35.0	2.5
				<b>Total Net Assets</b>	406.6	392.2	14.3
<b>Total Assets</b>	628.8	618.5	10.3	<b>Total Liabilities and Net Assets</b>	628.8	618.5	10.3

# Increase / Decrease in Net sales (1)



Billion yen

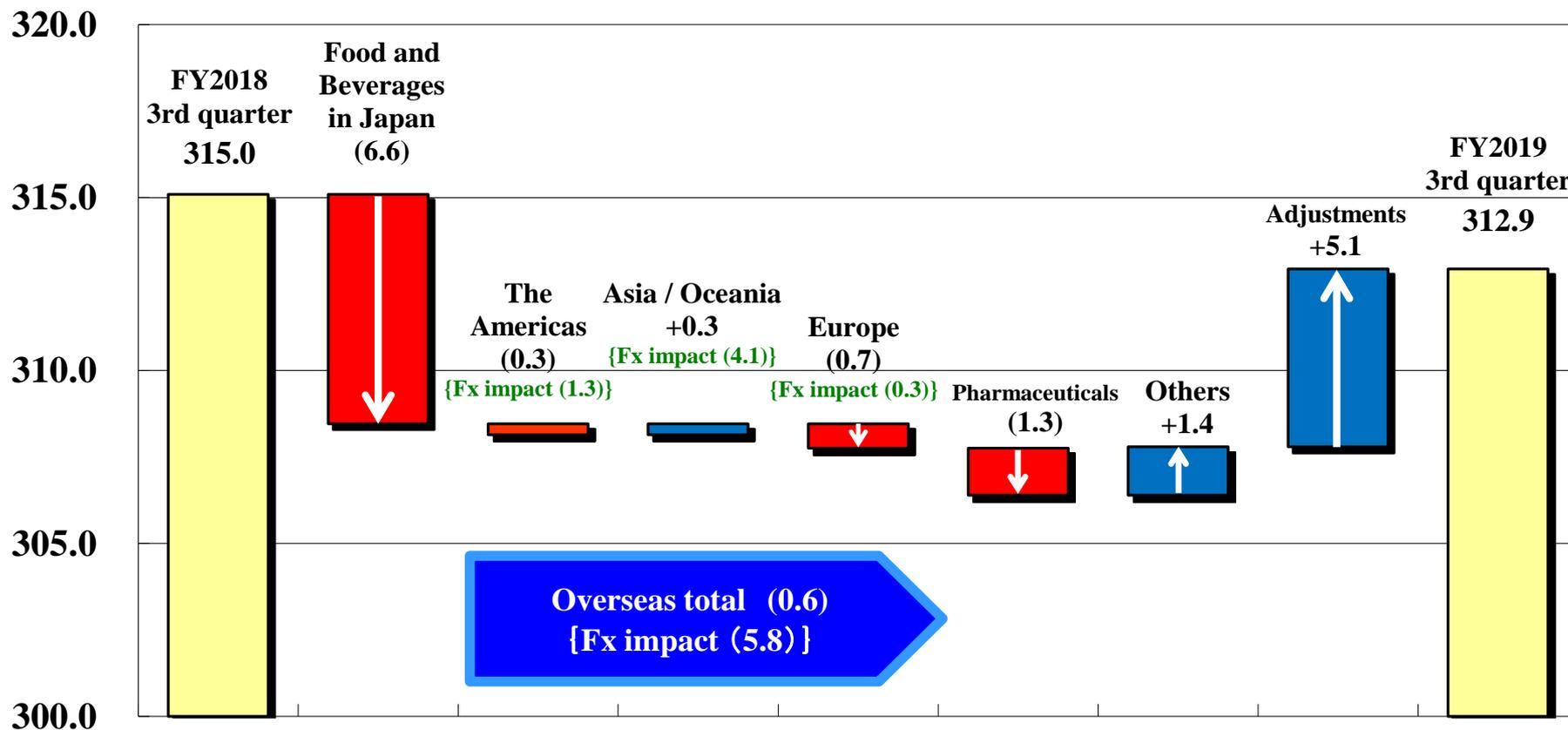
Segment	Net Sales		Year-on-Year	
	FY2019 (2019.4-2019.12)	FY2018 (2018.4-2018.12)	Amount	Rate
Food and Beverages in Japan	158.6	165.2	(6.6)	(4.0)%
The Americas	36.6	37.0	(0.3)	(0.9)%
Asia / Oceania	95.4	95.1	+ 0.3	+ 0.3 %
Europe	5.9	6.6	(0.7)	(10.6)%
Food and Beverages (Overseas)	138.0	138.7	(0.6)	(0.5)%
Pharmaceuticals	15.5	16.9	(1.3)	(8.0)%
Others	19.5	18.1	+ 1.4	+ 7.7 %
Adjustments	(18.8)	(24.0)	+ 5.1	(21.4)%
Total	312.9	315.0	(2.1)	(0.7)%

# Increase / Decrease in Net sales (2)



## Change amount (2.1)

Billion yen



# Increase / Decrease in Operating profit (1)



Billion yen

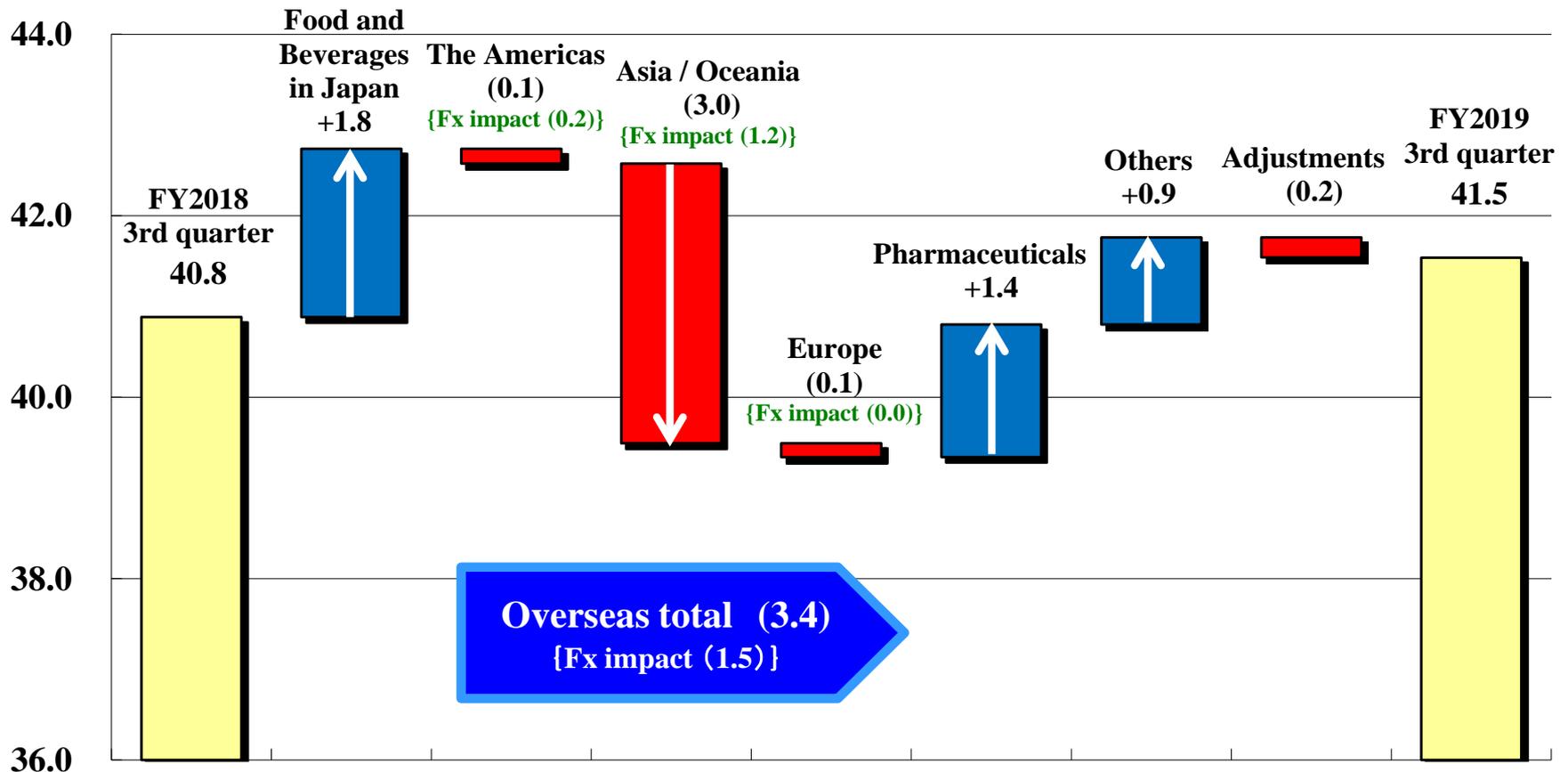
Segment	Operating Profit		Year-on-Year	
	FY2019 (2019.4-2019.12)	FY2018 (2018.4-2018.12)	Amount	Rate
Food and Beverages in Japan	14.3	12.5	+ 1.8	+ 14.8 %
The Americas	9.4	9.6	(0.1)	(1.7)%
Asia / Oceania	27.7	30.8	(3.0)	(10.0)%
Europe	0.4	0.5	(0.1)	(27.0)%
Food and Beverages (Overseas)	37.6	41.0	(3.4)	(8.3)%
Pharmaceuticals	0.2	(1.2)	+ 1.4	—
Others	2.7	1.7	+ 0.9	+ 53.6 %
Adjustments	(13.4)	(13.2)	(0.2)	+ 1.7 %
Total	41.5	40.8	+ 0.6	+ 1.6 %

# Increase / Decrease in Operating profit (2)



## Change amount +0.6

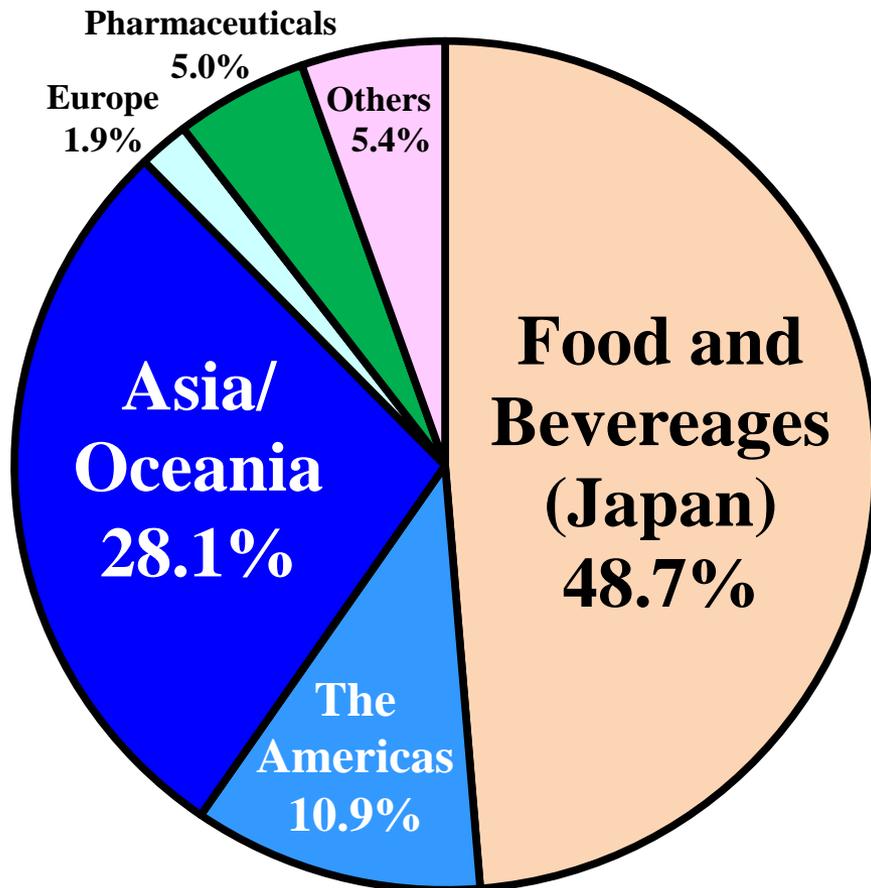
Billion yen



# Segment share of consolidated sales

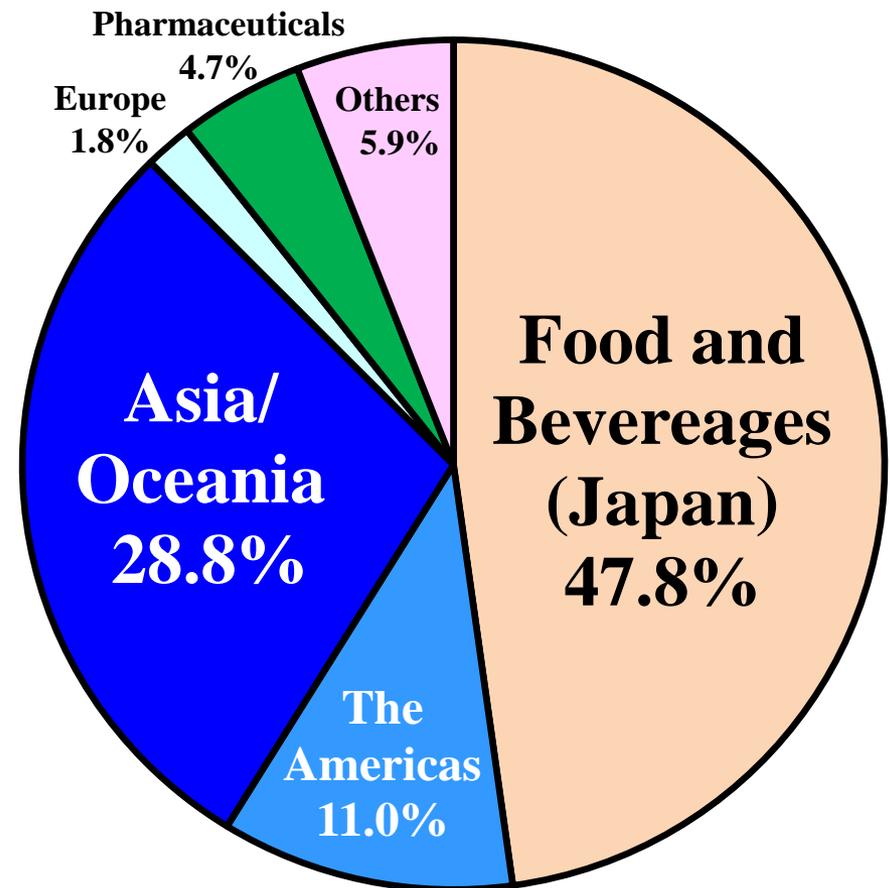


## FY2018 3<sup>rd</sup> quarter



**Overseas total: 40.9%**

## FY2019 3<sup>rd</sup> quarter



**Overseas total: 41.6%**

# Number of bottles sold of dairy products (Daily average basis)

(Thousands of bottles / day)

Region	Current	Previous	Year-on Year
<b>Japan</b>	<b>9,411</b>	<b>9,591</b>	<b>98.1%</b>
Brazil	1,562	1,685	92.7%
Mexico	3,877	3,864	100.3%
America	377	336	112.2%
<b>The Americas total</b>	<b>5,816</b>	<b>5,885</b>	<b>98.8%</b>
Hong Kong	535	555	96.4%
Shingapore	228	230	99.1%
Indonesia	6,204	5,728	108.3%
Australia	252	247	102.3%
Malaysia	359	345	104.0%
Vietnam	517	361	143.4%
India	245	219	111.9%
Middle East	18	17	111.5%
Myanmar	2	—	—
Guangzhou	3,064	2,994	102.3%
Shanghai	595	665	89.5%
Beijing	458	458	100.1%
China	4,040	3,955	102.2%
<b>(China total)</b>	<b>8,156</b>	<b>8,072</b>	<b>101.1%</b>
<b>Asia / Oceania total</b>	<b>16,518</b>	<b>15,773</b>	<b>104.7%</b>

Region	Current	Previous	Year-on Year
Netherlands	160	170	94.1%
Belgium	77	76	102.0%
United Kingdom	194	201	96.4%
Germany	74	80	93.0%
Austria	10	12	80.3%
Italia	94	98	95.4%
<b>Europe total</b>	<b>609</b>	<b>637</b>	<b>95.5%</b>
<b>Overseas total</b>	<b>22,943</b>	<b>22,295</b>	<b>102.9%</b>
<b>Consolidated total</b>	<b>32,354</b>	<b>31,886</b>	<b>101.5%</b>

## 【Ref】 Affiliates

Region	Current	Previous	Year-on Year
Taiwan	706	756	93.5%
Thailand	2,201	2,289	96.1%
Korea	3,156	3,344	94.3%
Philippines	3,221	3,090	104.2%
<b>Affiliates total</b>	<b>9,284</b>	<b>9,478</b>	<b>98.0%</b>

<b>Grand Total</b>	<b>41,638</b>	<b>41,364</b>	<b>100.7%</b>
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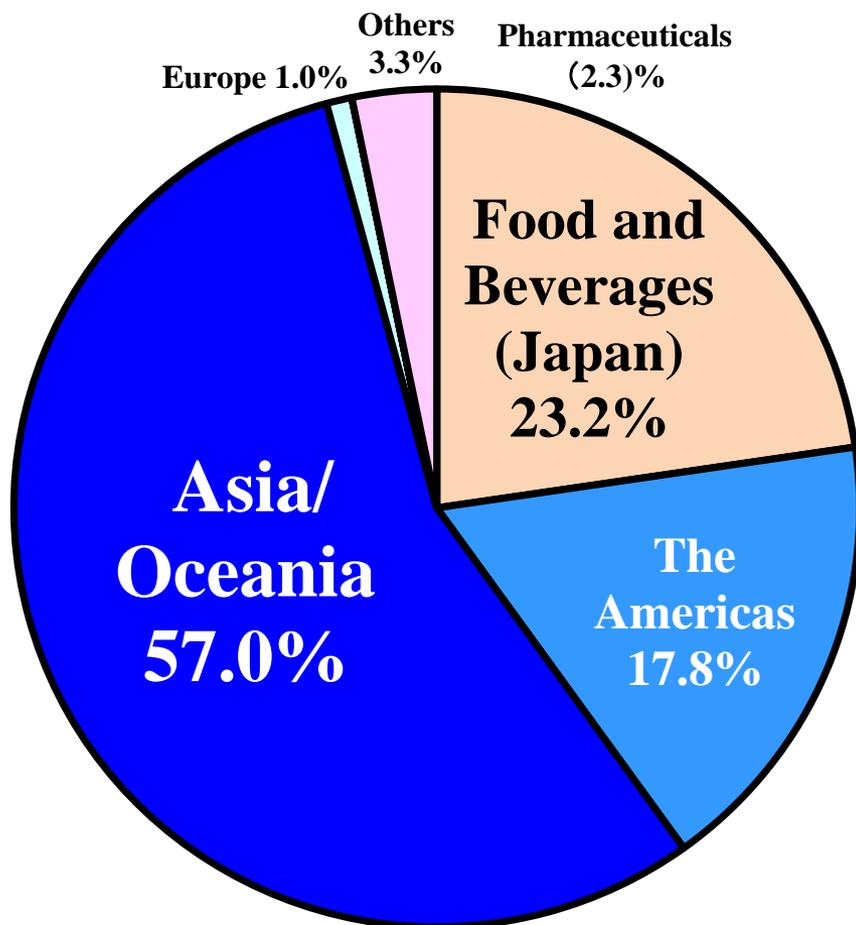
Japan : Sales in April to December, 2019

Overseas : Sales in January to September, 2019

# Segment share of consolidated Operating profit

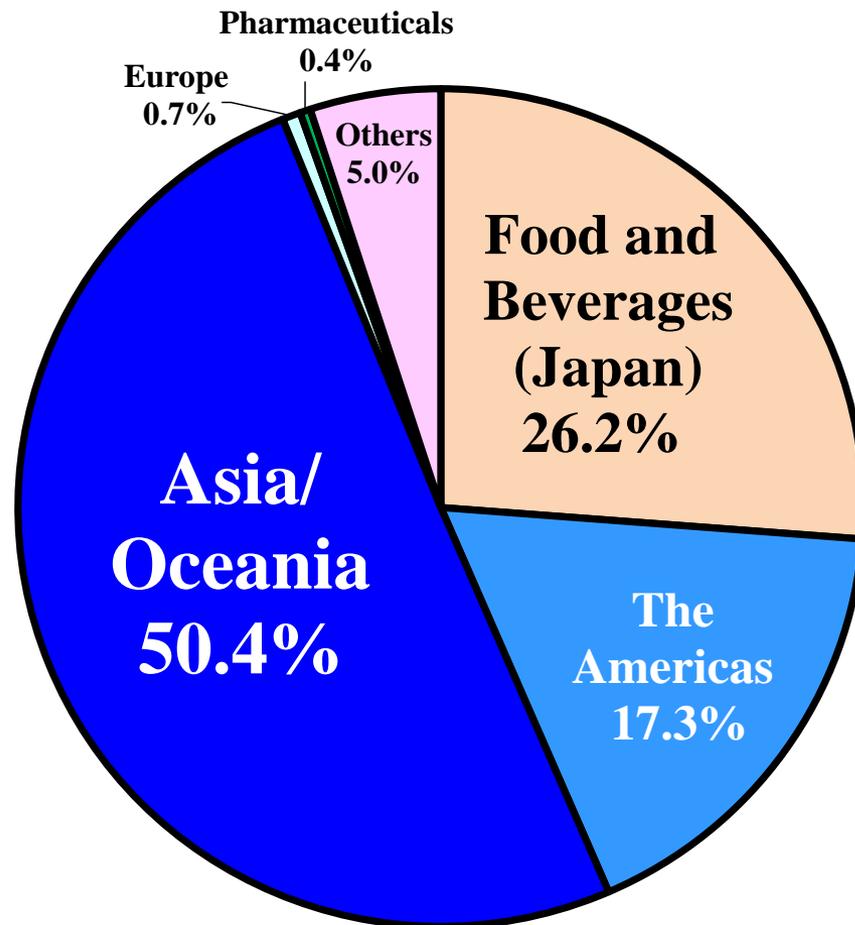


**FY2018**  
*3<sup>rd</sup> quarter*



**Overseas total: 75.8%**

**FY2019**  
*3<sup>rd</sup> quarter*

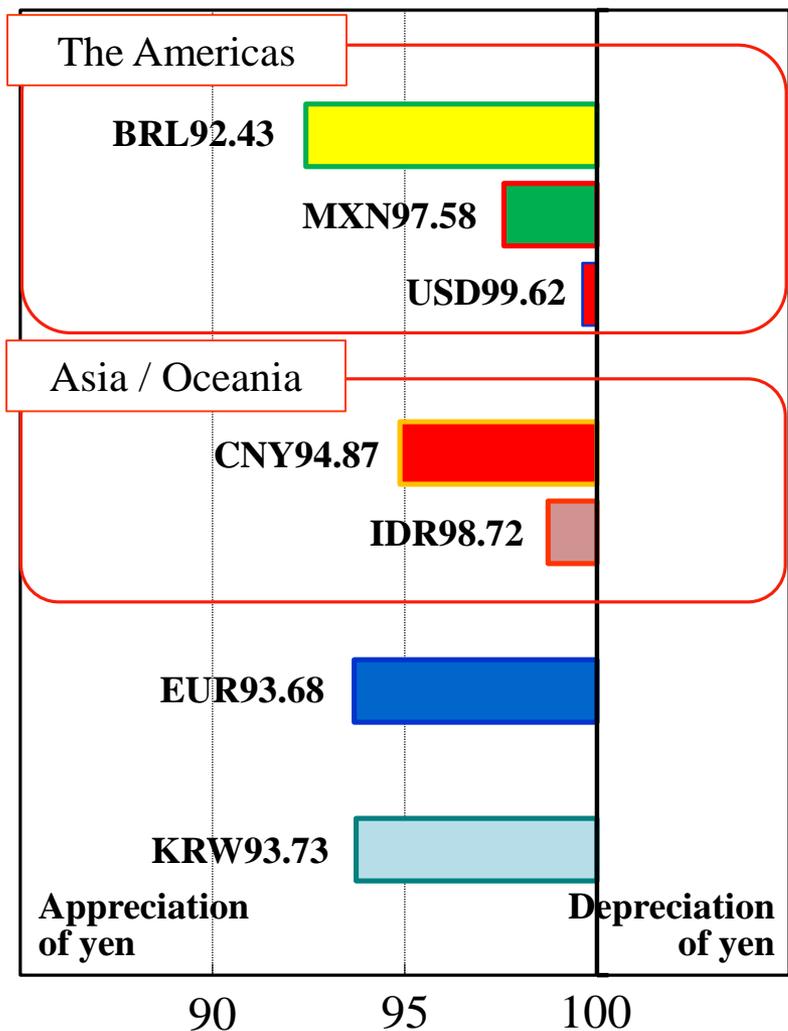


**Overseas total: 68.4%**

# Impact by Foreign Exchange Rate (compared to the previous period)



< Average rate from Jan to Sep, 2018=100 >  
Average rate from Jan to Sep, 2019



	< Impact >				Billion yen
	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	
The Americas	(1.3)	(0.2)	(0.3)	(0.1)	
Asia/Oceania	(4.1)	(1.2)	(1.2)	(0.9)	
Europe	(0.3)	(0.0)	(0.0)	(0.0)	
Equity method	—	—	(0.1)	(0.1)	
<b>Total</b>	<b>(5.8)</b>	<b>(1.5)</b>	<b>(1.7)</b>	<b>(1.2)</b>	

**Thank you.**

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**Yakult**

# CAUTIONARY STATEMENT



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