



*Executive Summary of Consolidated Financial Results
for the 2nd quarter ended September 30, 2018*

Yakult Honsha Co., Ltd.

November 9 2018

General outline of Consolidated financial results



◆ Total

Increase in sales and profit.

◆ Food and Beverages in Japan

Sales of dairy products sales were almost as much as the previous year due to intense heat and heavy rain, etc. As well as sales of machinery of dairy products and increase in expenses etc., resulted in the increase sales and decrease profit.

◆ Food and Beverages (Overseas)

Increase sales and profit due to increase of sales volume mainly in Asia and sales price revision.

◆ Pharmaceuticals

Decrease sales and profit due to NHI drug price revision and increase research and development cost.

Consolidated financial results (1)



Billion yen

	FY2018	FY2017	Difference	
	(2018.4-2018.9)	(2017.4-2017.9)		Year-on-Year
Net sales	203.5	197.7	5.7	102.9%
Operating profit	23.7	22.8	0.9	104.3%
Ordinary profit	29.5	26.8	2.6	109.9%
Profit attributable to owners of parent	21.3	17.8	3.4	119.2%
Basic earnings per share	(yen) 132.85	(yen) 108.12	(yen) 24.73	122.9%
Operating profit margin	11.7%	11.5%	0.2	—

Consolidated Statement of Income



Billion yen

	FY2018 (2018.4-2018.9)	FY2017 (2017.4-2017.9)	Difference		FY2018 (2018.4-2018.9)	FY2017 (2017.4-2017.9)	Difference
Net sales	203.5	197.7	5.7				
Cost of sales	85.4	83.9	1.4	Gain on sales of non-current assets	0.0	0.0	▲ 0.0
Gross profit	118.0	113.7	4.2				
Selling, general and administrative expenses	94.2	90.9	3.3	Gain on sales of investment securities	1.6	-	1.6
Operating profit	23.7	22.8	0.9	Others	0.5	0.0	0.5
Interest income	2.0	1.8	0.2	Extraordinary income	2.2	0.0	2.1
Dividend income	1.1	1.0	0.0	Loss on sales of non-current assets	0.0	0.0	0.0
Share of profit of entities accounted for using equity method	2.1	2.4	▲ 0.2	Loss on retirement of non-current assets	0.0	0.0	0.0
Others	1.2	0.9	0.3	Others	0.0	0.0	0.0
Non-operating income	6.6	6.3	0.3	Extraordinary losses	0.1	0.0	0.0
Interest expenses	0.3	0.3	0.0	Profit before income taxes	31.6	26.8	4.7
Foreign exchange losses	-	1.5	▲ 1.5	Income taxes	7.7	6.8	0.8
Others	0.5	0.3	0.1	Profit	23.8	19.9	3.8
Non-operating expenses	0.9	2.2	▲ 1.3	Profit attributable to non-controlling interests	2.5	2.0	0.4
Ordinary profit	29.5	26.8	2.6	Profit attributable to owners of parent	21.3	17.8	3.4

Consolidated financial results (2)



Billion yen

	As of Sep.30 (FY2018)	As of Mar.31 (FY2017)	Difference	
				Year-on-Year
Total assets	628.8	627.0	1.7	100.3%
Net assets	393.1	386.6	6.5	101.7%
Net assets per share	(yen) 2,238.76	(yen) 2,194.32	(yen) 44.44	102.0%
Equity-to-asset ratio	57.0%	56.2%	0.8	—

Consolidated Balance Sheet



Billion yen

	As of Sep.30 (FY2018)	As of Mar.31 (FY2017)	Difference		As of Sep.30 (FY2018)	As of Mar.31 (FY2017)	Difference
Assets				Liabilities			
Cash and deposits	149.4	151.7	▲ 2.3	Notes and accounts payable - trade	30.0	29.5	0.5
Notes and accounts receivable - trade	60.4	56.4	3.9	Short-term loans payable	86.2	87.2	▲ 0.9
Inventories	29.1	28.1	0.9	Others	41.9	45.0	▲ 3.0
Others	9.7	8.8	0.8	Current liabilities	158.2	161.8	▲ 3.5
Current assets	248.8	245.2	3.5	Long-term loans payable	39.3	41.8	▲ 2.5
				Net defined benefit liability	4.9	5.3	▲ 0.3
Property, plant and equipment	197.8	201.1	▲ 3.3	Others	33.0	31.3	1.7
				Non-Current liabilities	77.3	78.5	▲ 1.2
Intangible assets	5.4	5.7	▲ 0.2	Total Liabilities	235.6	240.3	▲ 4.7
Investment securities	164.9	163.5	1.3	Net Assets			
Others	11.7	11.2	0.5	Shareholder's equity	355.3	338.9	16.4
Investments and other assets	176.6	174.8	1.8	Accumulated other comprehensive income	3.3	13.2	▲ 9.8
				Non-controlling interests	34.4	34.4	▲ 0.0
				Total Net Assets	393.1	386.6	6.5
Total Assets	628.8	627.0	1.7	Total Liabilities and Net Assets	628.8	627.0	1.7

Increase / Decrease in Net sales (1)



Billion yen

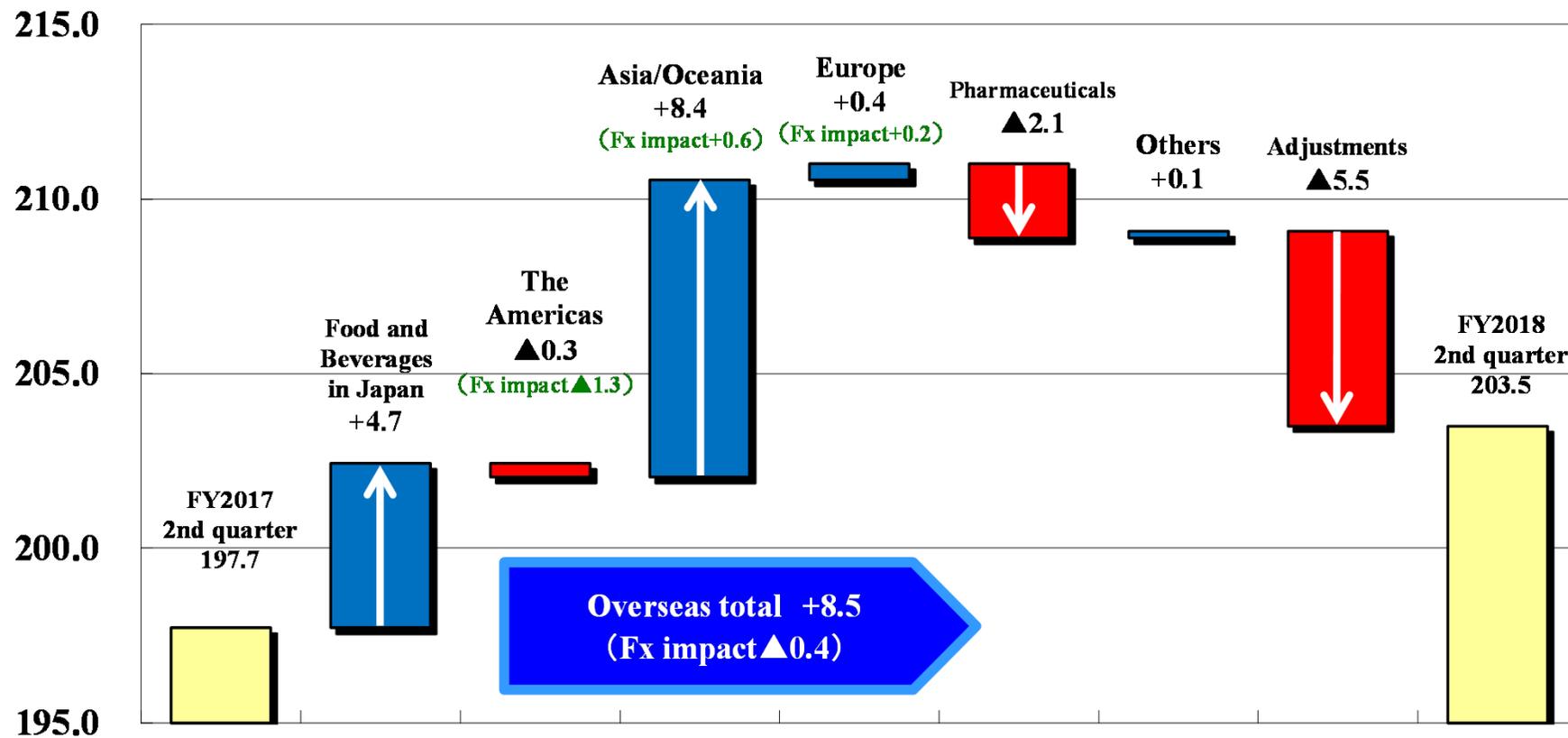
Segment	Net Sales		Year-on-Year	
	FY2018 (2018.4-2018.9)	FY2017 (2017.4-2017.9)	Amount	Rate
Food and Beverages in Japan	111.0	106.3	+ 4.7	+ 4.4%
The Americas	24.7	25.1	▲ 0.3	▲ 1.6%
Asia/Oceania	58.4	49.9	+ 8.4	+ 17.0%
Europe	4.5	4.0	+ 0.4	+ 11.3%
Food and Beverages (Overseas)	87.7	79.1	+ 8.5	+ 10.8%
Pharmaceuticals	11.1	13.2	▲ 2.1	▲ 16.2%
Others	10.8	10.6	+ 0.1	+ 1.8%
Adjustments	▲ 17.2	▲ 11.6	▲ 5.5	+ 47.6%
Total	203.5	197.7	+ 5.7	+ 2.9%

Increase / Decrease in Net sales (2)



Increased by +5.7

Billion yen



Increase / Decrease in Operating profit (1)



Billion yen

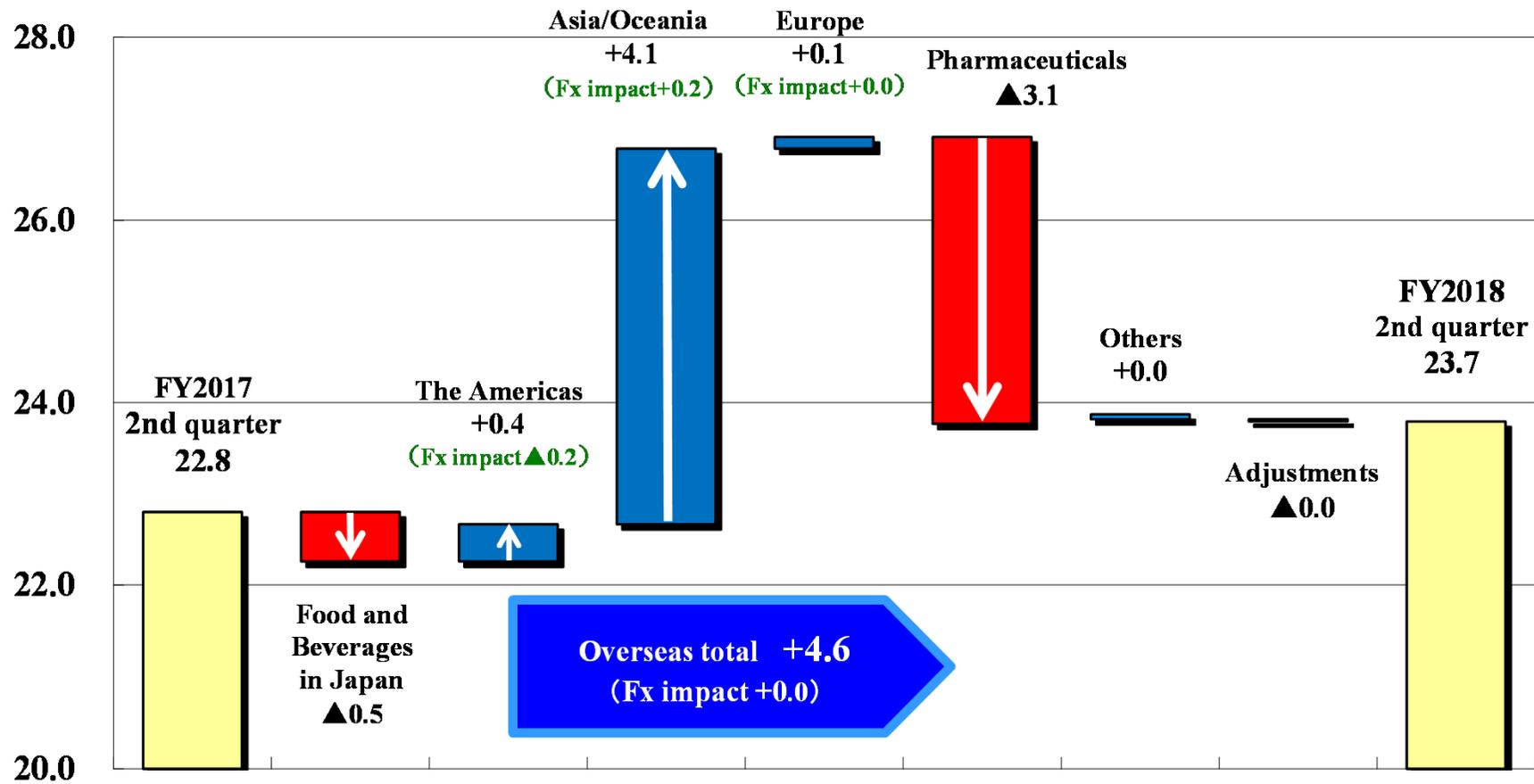
Segment	Operating Profit		Year-on-Year	
	FY2018 (2018.4-2018.9)	FY2017 (2017.4-2017.9)	Amount	Rate
Food and Beverages in Japan	9.3	9.8	▲ 0.5	▲ 5.5%
The Americas	6.5	6.1	+ 0.4	+ 6.8%
Asia/Oceania	17.3	13.2	+ 4.1	+ 31.0%
Europe	0.5	0.3	+ 0.1	+ 32.0%
Food and Beverages (Overseas)	24.4	19.7	+ 4.6	+ 23.5%
Pharmaceuticals	▲ 1.4	1.6	▲ 3.1	—
Others	0.6	0.6	+ 0.0	+ 8.6%
Adjustments	▲ 9.1	▲ 9.1	▲ 0.0	+ 0.3%
Total	23.7	22.8	+ 0.9	+ 4.3%

Increase / Decrease in Operating profit (2)



Increased by +0.9

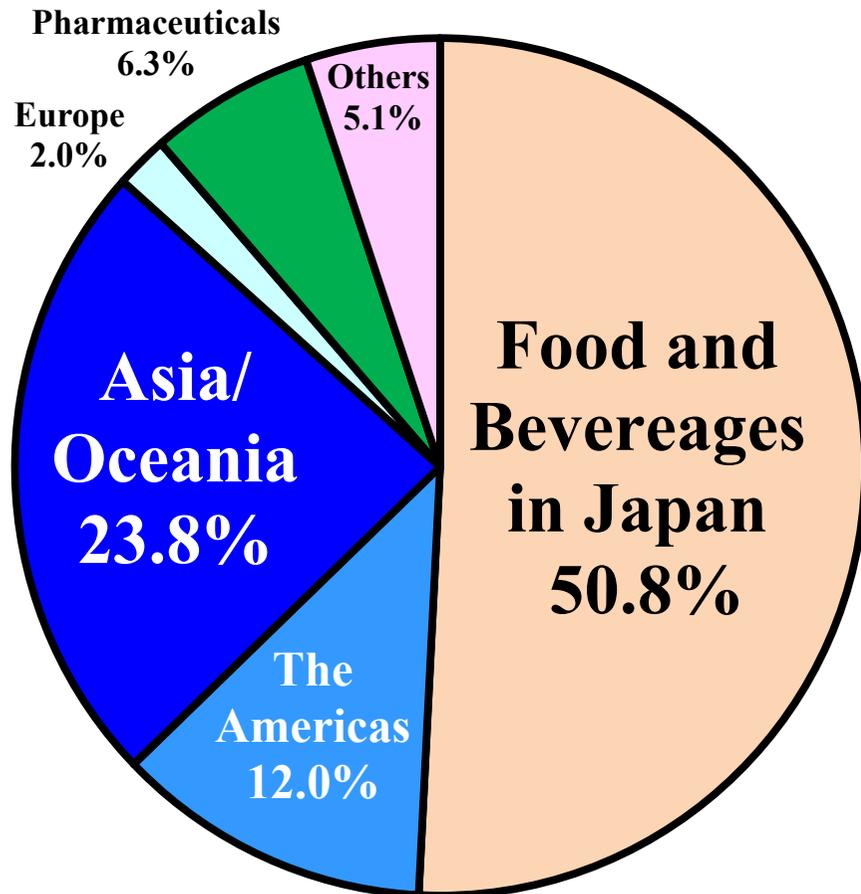
Billion yen



Segment share of consolidated sales

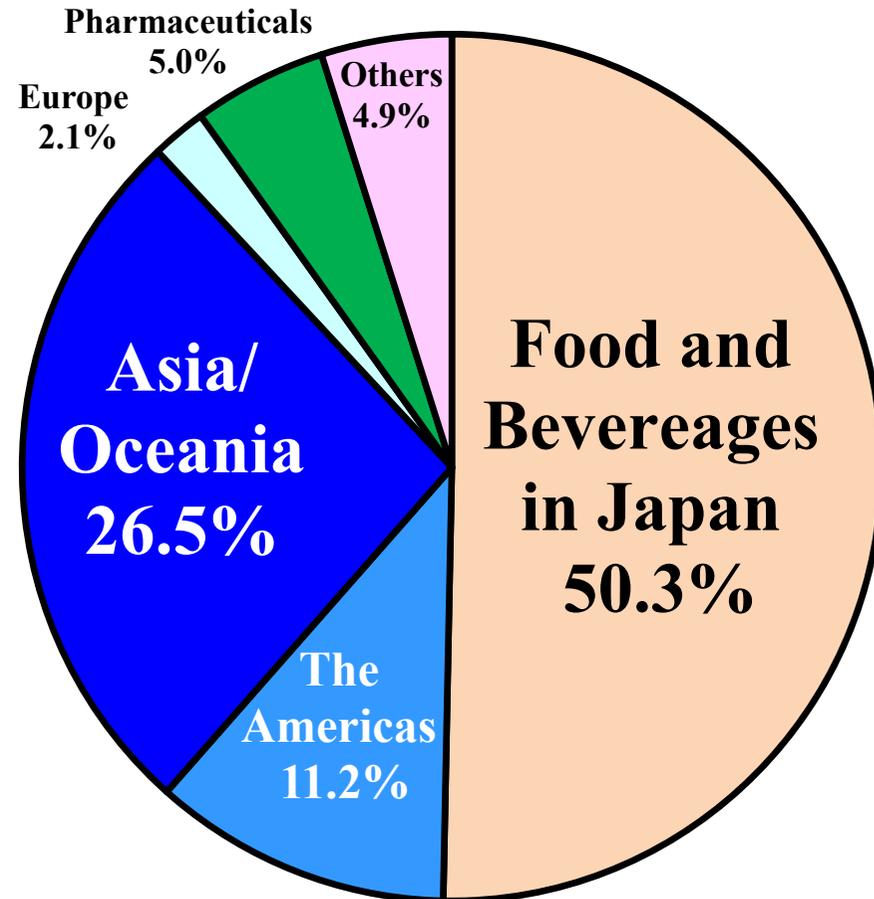


FY2017
2nd quarter



Overseas total : 37.8%

FY2018
2nd quarter



Overseas total : 39.8%

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



(Thousands of bottles/day)

Region	Current	Previous	Year-on Year
Japan	9,629	9,655	99.7%
Brazil	1,758	1,887	93.2%
Mexico	3,883	3,799	102.2%
America	334	286	117.2%
The Americas total	5,975	5,972	100.1%
Hong Kong	522	489	106.7%
Shingapore	230	232	98.8%
Indonesia	5,633	5,178	108.8%
Australia	247	240	102.7%
Malaysia	337	335	100.6%
Vietnam	334	252	132.1%
India	210	174	120.6%
Middle East	16	7	243.6%
Guangzhou	2,712	2,426	111.8%
Shanghai	591	578	102.2%
Beijing	427	386	110.8%
China	3,439	2,914	118.0%
(China total)	7,169	6,304	113.7%
Asia / Oceania total	14,697	13,212	111.2%

Japan : Sales in April to September, 2018

Overseas : Sales in January to June, 2018

Region	Current	Previous	Year-on Year
Netherlands	178	178	100.2%
Belgium	80	78	102.3%
United Kingdom	205	205	100.0%
Germany	84	81	103.0%
Austria	13	12	106.9%
Italia	102	95	107.2%
Europe total	661	649	101.9%
Overseas total	21,334	19,833	107.6%
Consolidated total	30,963	29,488	105.0%

【Ref】 Affiliates

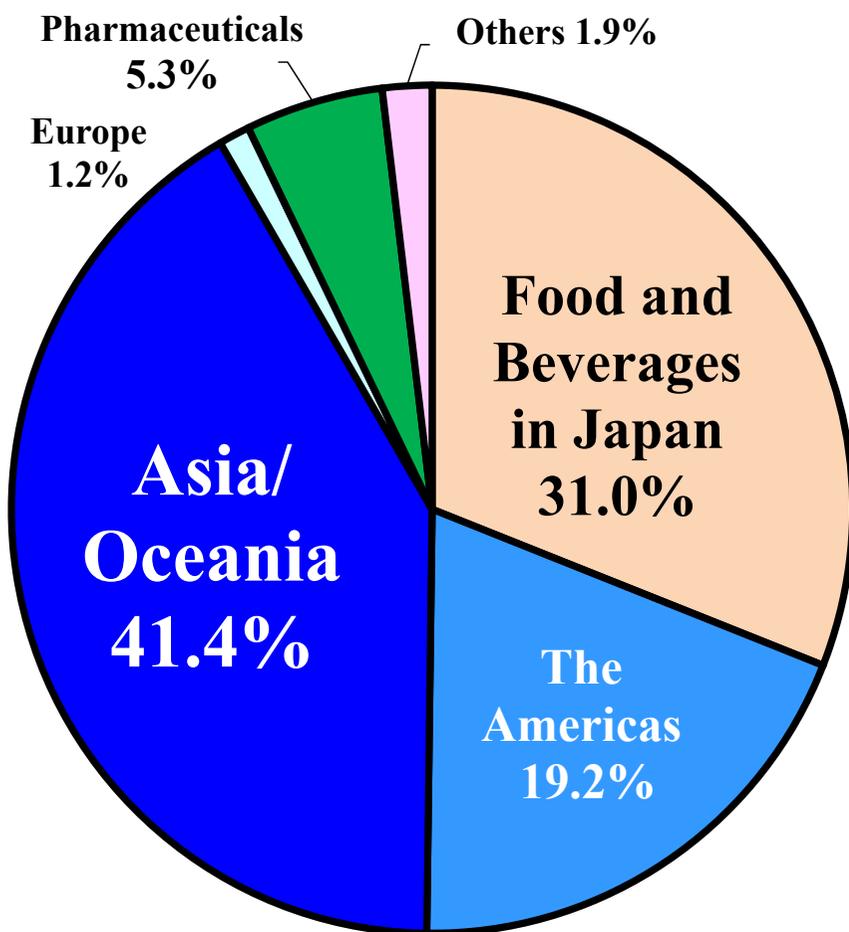
Region	Current	Previous	Year-on Year
Taiwan	679	706	96.1%
Thailand	2,260	2,174	104.0%
Korea	3,349	3,589	92.5%
Philippines	3,079	2,643	116.5%
Affiliates total	9,367	9,112	102.8%

Grand Total	40,330	38,600	104.5%
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Segment share of consolidated Operating profit

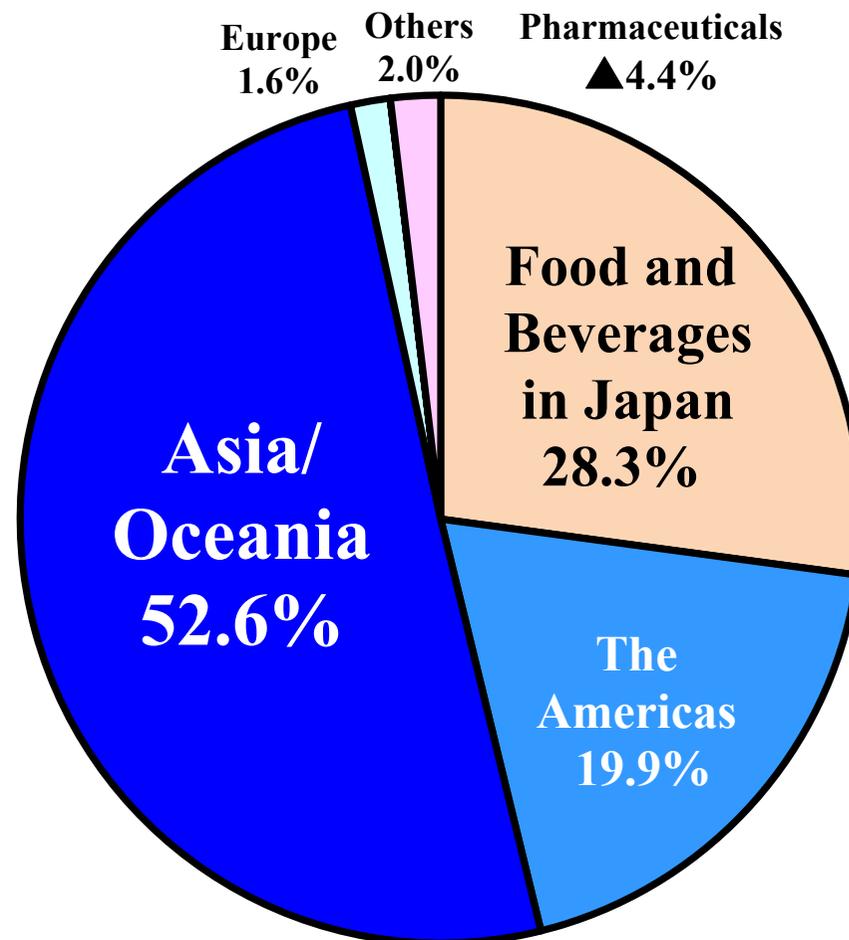


FY2017
2nd quarter



Overseas total : 61.8%

FY2018
2nd quarter



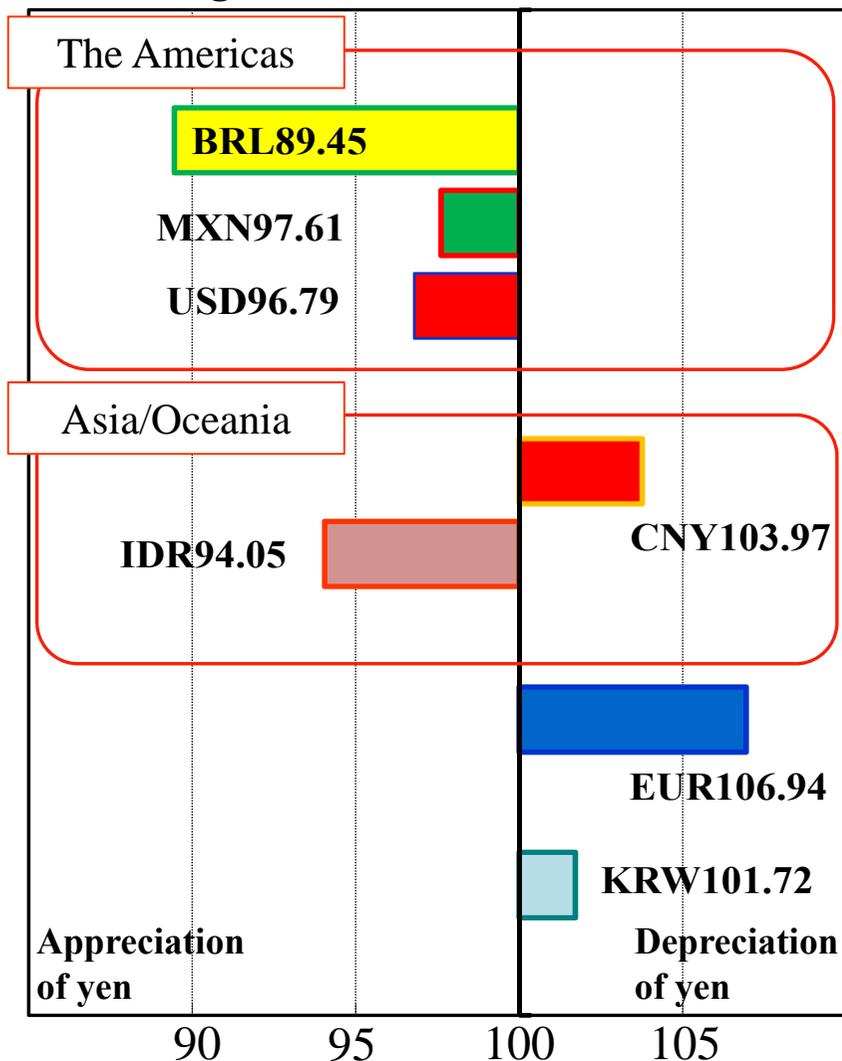
Overseas total : 74.1%

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



< Average rate from Jan to Jun, 2017=100 >

Average rate from Jan to Jun, 2018



< 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	+0.6	+0.2	+0.2	+0.1
Europe	+0.2	+0.0	+0.0	+0.0
Equity method	—	—	▲ 0.0	▲ 0.0
Total	▲ 0.4	+0.0	▲ 0.0	+0.0

***Consolidated Forecast
For FY 2018***

Consolidated forecast for FY2018 (1)



Billion yen

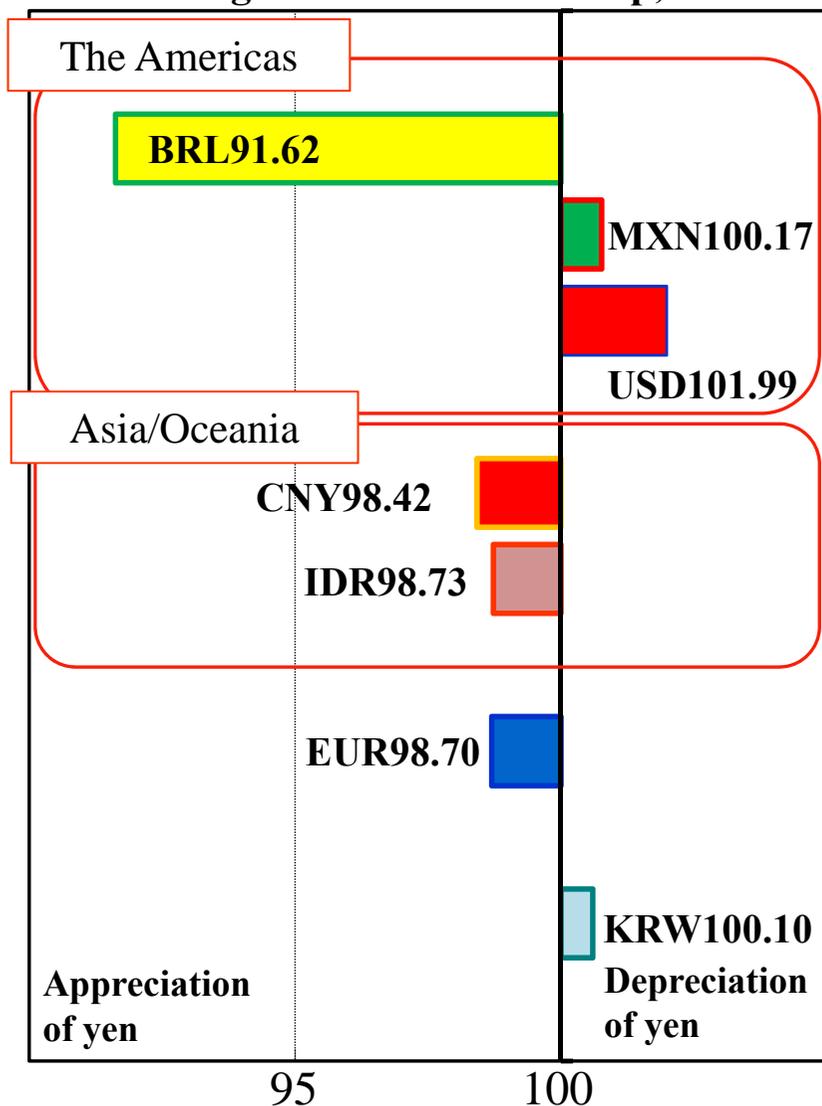
	Revised Forecast (2018.4-2019.3)	Original Forecast (2018.4-2019.3)	Difference
Net sales	418.0	418.0	—
Operating profit	48.0	46.5	1.5
Ordinary profit	58.5	56.5	2.0
Profit attributable to owners of parent	39.0	35.5	3.5
Basic earnings per share	(yen) 243.39	(yen) 221.19	(yen) 22.20

Impact by Foreign Exchange Rate (compared to the original forecast)



< Average rate from Jan to Mar, 2018=100 >

Average rate from Jan to Sep, 2018



< Impact >

Billion yen

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
The Americas	▲ 1.2	▲ 0.1	▲ 0.1	—
Asia/Oceania	▲ 1.6	▲ 0.5	▲ 0.5	▲ 0.4
Europe	▲ 0.1	—	—	—
Equity method	—	—	—	—
Total	▲ 2.9	▲ 0.6	▲ 0.6	▲ 0.4

Forecast of Consolidated Net sales by segment (compared to the original)



Billion yen

Segment	Net Sales		VS.Original Forecast	
	Revised Forecast (2018.4-2019.3)	Original Forecast (2018.4-2019.3)	Amount	Rate
Food and Beverages in Japan	220.1	219.4	+ 0.7	+ 0.3%
	The Americas	49.0	▲ 1.7	▲ 3.4%
	Asia/Oceania	126.4	+ 0.8	+ 0.6%
	Europe	9.3	—	—
Food and Beverages (Overseas)	184.7	185.6	▲ 0.9	▲ 0.5%
Pharmaceuticals	21.0	20.0	+ 1.0	+ 5.0%
Others	22.7	21.8	+ 0.9	+ 4.1%
Adjustments	▲ 30.5	▲ 28.8	▲ 1.7	+ 5.9%
Total	418.0	418.0	—	—

Forecast of Consolidated Operating profit by segment (compared to the original)



Billion yen

Segment	Operating Profit		VS.Original Forecast		
	Revised Forecast (2018.4-2019.3)	Original Forecast (2018.4-2019.3)	Amount	Rate	
Food and Beverages in Japan	17.6	18.1	▲ 0.5	▲ 2.8%	
Food and Beverages (Overseas)	The Americas	11.5	11.7	▲ 0.2	▲ 1.7%
	Asia/Oceania	36.8	34.9	+ 1.9	+ 5.4%
	Europe	0.7	0.7	—	—
Pharmaceuticals	▲ 2.0	▲ 2.0	—	—	
Others	1.2	0.9	+ 0.3	+ 33.3%	
Adjustments	▲ 17.8	▲ 17.8	—	—	
Total	48.0	46.5	+ 1.5	+ 3.2%	

Consolidated forecast for FY2018 (2)



Billion yen

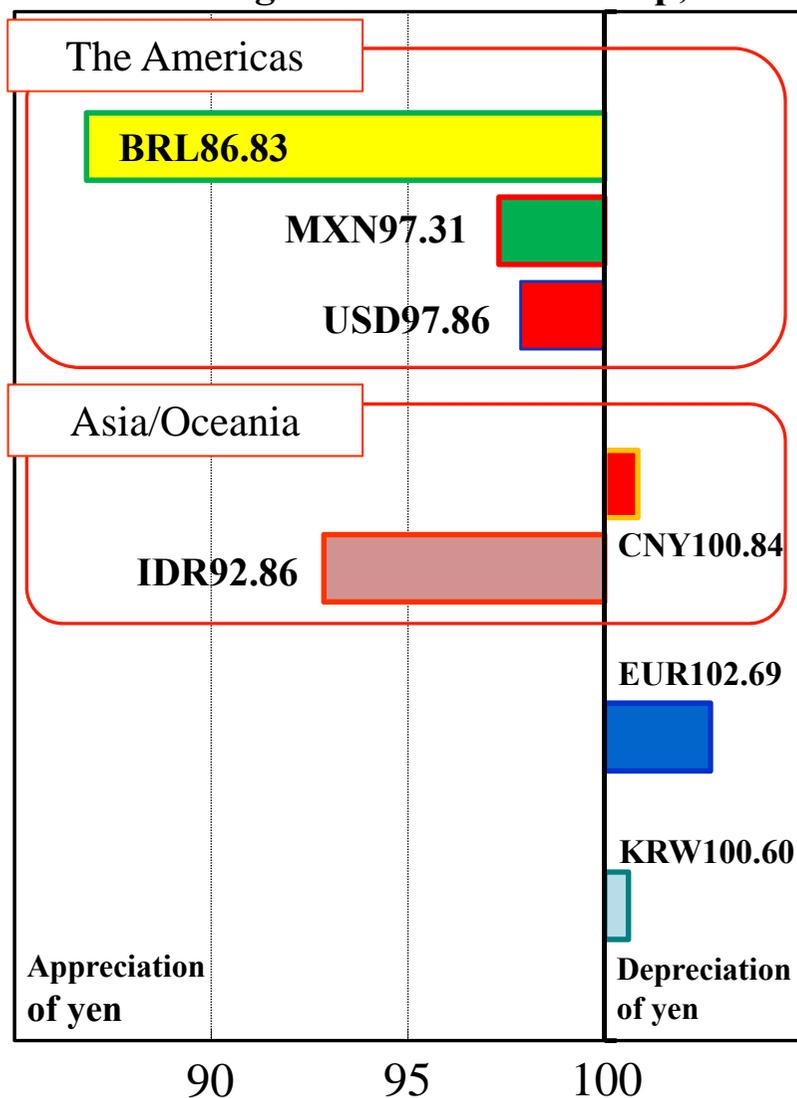
	FY2018	FY2017	Difference	
	(2018.4-2019.3)	(2017.4-2018.3)		Year-on-Year
Net sales	418.0	401.5	16.4	104.1%
Operating profit	48.0	43.4	4.5	110.4%
Ordinary profit	58.5	53.0	5.4	110.3%
Profit attributable to owners of parent	39.0	34.0	4.9	114.5%
Basic earnings per share	(yen) 243.39	(yen) 207.02	(yen) 36.37	117.6%

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



< Average rate from Jan to Dec, 2017=100 >

Average rate from Jan to Sep, 2018



< Impact >

Billion yen

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
The Americas	▲ 3.1	▲ 0.5	▲ 0.6	▲ 0.3
Asia/Oceania	▲ 1.3	▲ 0.3	▲ 0.3	▲ 0.2
Europe	+ 0.2	—	—	—
Equity method	—	—	—	—
Total	▲ 4.2	▲ 0.8	▲ 0.9	▲ 0.5

Forecast of Consolidated Net sales by segment (compared to the previous period)



Billion yen

Segment	Net Sales		Year-on-Year	
	Revised Forecast (2018.4-2019.3)	FY2017 (2017.4-2018.3)	Amount	Rate
Food and Beverages in Japan	220.1	210.0	+ 10.0	+ 4.8%
The Americas	49.0	50.1	▲ 1.1	▲ 2.3%
Asia/Oceania	126.4	109.8	+ 16.5	+ 15.1%
Europe	9.3	8.3	+ 0.9	+ 11.5%
Food and Beverages (Overseas)	184.7	168.3	+ 16.3	+ 9.7%
Pharmaceuticals	21.0	25.6	▲ 4.6	▲ 18.2%
Others	22.7	20.7	+ 1.9	+ 9.2%
Adjustments	▲ 30.5	▲ 23.2	▲ 7.2	+ 31.2%
Total	418.0	401.5	+ 16.4	+ 4.1%

Forecast of Consolidated Operating profit by segment (compared to the previous period)



Billion yen

Segment	Operating Profit		Year-on-Year	
	Revised Forecast (2018.4-2019.3)	FY2017 (2017.4-2018.3)	Amount	Rate
Food and Beverages in Japan	17.6	17.0	+ 0.5	+ 3.4%
The Americas	11.5	11.2	+ 0.2	+ 2.0%
Asia/Oceania	36.8	30.0	+ 6.7	+ 22.3%
Europe	0.7	0.6	+ 0.0	+ 5.3%
Food and Beverages (Overseas)	49.0	42.0	+ 6.9	+ 16.6%
Pharmaceuticals	▲ 2.0	1.3	▲ 3.3	—
Others	1.2	0.9	+ 0.2	+ 26.3%
Adjustments	▲ 17.8	▲ 17.8	+ 0.0	▲ 0.4%
Total	48.0	43.4	+ 4.5	+ 10.4%

Thank you.

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Yakult

CAUTIONARY STATEMENT



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