

# Pigeon Corporation (TSE: 7956)

Price (as of January 31, 2019): **¥4,240** (retroactively adjusted) P/E (forward): **35.5** EPS (CE): **¥119.40**

Sector: **Manufacturing of baby and mother care products**

Fundamentals	Jan. 2019
Market Cap (¥M)	515,811
PE Forward (times)	35.5
Dividend Yield (%)	1.60

	Jan. 2019
Net Sales (¥M)	104,747
Operating Income (¥M)	19,612
Net Income (¥M)	14,238

	Jan. 2019
Total Assets (¥M)	86,006
Total Shareholders' Equity (¥M)	64,243
Interest-Bearing Debt (¥M)	0
Retained Earnings (¥M)	55,704

Key Financial Indicators	Jan. 2019
Gross Profit/Net Sales (%)	51.4
Operating Income/Net Sales (%)	18.7
Net Income/Net Sales (%)	13.6
SG&A/Net Sales (%)	32.7
Equity Ratio (%)	74.7

Segment Information	Jan. 2019
Domestic Baby and Mother Care Business (¥M)	35,593
Child Care Service Business (¥M)	4,472
Health and Elder Care Business (¥M)	6,986
China Business (¥M)	35,581
Singapore Business (¥M)	12,133
Lansinoh Business (¥M)	12,753

Shareholder Profile	Jan. 2019
Financial Institutions (%)	32.3
Individuals and Others (%)	11.0
Non-Japanese Corporations (%)	49.7
Japanese Corporations (%)	5.4
Treasury Stock (%)	1.6

Stock Data	Jan. 2019
Number of Shares Outstanding	121,653,486
Number of Shareholders	13,624

Currency exchange rate (as of January 31, 2019): \$1 = ¥110.43

## Business Profile

Pigeon has the top share in baby and child care products in Japan. More than 90% of revenue comes from **Domestic Baby and Mother Care** (34.0%) and **China Business** (34.0%), **Singapore Business** (11.6%), **Lansinoh Business** (12.2%), and the rest comes from **Child Care Service** and **Health and Elder Care Business**. Our oversea business is expanding due mainly to sales expansion in China.

## Performance Overview (full-year)

During the consolidated period under review, we implemented a range of strategies for each of our businesses and functions on the basis of the business policies. As the result, net sales amounted to ¥104,747 million (up 2.1% YOY). Regarding earnings, operating income rose to ¥19,612 million (up 1.0% YOY) thanks to a reduction of approximately 2.1 percentage points in the sales cost ratio from the previous term. Ordinary income recorded ¥20,398 million (up 1.3% YOY), and net income attributable to owners of parent decreased to ¥14,238 million (down 1.9% YOY).

## Forecast

	¥ Million			\$ Thousand	YOY Change (%)
	2019(A) Jan.	2019(CE) Dec.	2019(CE) Dec.		
Net Sales	104,747	106,200	961,695	-	
Operating Income	19,612	20,000	181,110	-	
Net Income	14,238	14,300	129,494	-	

	¥		\$	YOY Change (%)
	2019(A) Jan.	2019(CE) Dec.	2019(CE) Dec.	
EPS	118.89	119.40	1.1	-
Cash Dividend per Share	68.00	70.00	0.6	-

Subject to approval of the "partial revision of the Articles of Incorporation" at the 62nd Ordinary General Meeting of Shareholders scheduled for April 25, 2019, the fiscal period will change from the year ending January 31 to the year ending December 31, beginning with the 2019 fiscal year. As such, in the fiscal year ending December 31, 2019 now in progress, the consolidation period in 2019 for the consolidated companies that currently settle their accounts on January 31 shall be the 11-month period from February 1 to December 31, 2019. Subsequent consolidation periods shall be from January 1 to December 31 of each year. For consolidated companies that currently settle their accounts on December 31, or that are doing so temporarily, the consolidation period shall continue to be the 12-month period from January 1 to December 31.

A: Actual; CE: Company Estimate

## Strengths

- Top domestic provider of baby and child care products and services
- Strong presence in overseas markets: significant share in three baby care products in the United States; expansion of sales channel from metropolitan areas to regional areas in China

### Disclaimers:

This report may contain information pertaining to forward-looking statements, such as projected results. Consequently, it is possible that the actual results may vary significantly from such projections due to a wide range of factors such as social, economic and industry conditions. Readers of this report are requested to make decisions on investment after referring to financial materials submitted by issuing companies, such as reports on securities, and based on his/her individual judgment. Pigeon Corporation bears no liability whatsoever should any damage or injury be caused by any errors contained in information or content contained in this report.