

Pigeon Corporation (TSE: 7956)

Price (as of June 30, 2021): **¥3,130** (retroactively adjusted) **P/E (forward): 33.7** **EPS (CE): ¥92.75**

Sector: Manufacturing of baby and mother care products

The accounting standard for revenue recognition has been changed from FY 2021/12. See the notes for details.

Fundamentals		June 2021
Market Cap (¥M)		380,775
PE Forward (times)		33.7
Dividend Yield (%)		2.30
		June 2021
Net Sales (¥M)		47,277
Operating Income (¥M)		7,589
Net Income (¥M)		5,085
		June 2021
Total Assets (¥M)		97,152
Total Shareholders' Equity (¥M)		70,793
Interest-Bearing Debt (¥M)		0
Retained Earnings (¥M)		61,894
Key Financial Indicators		June 2021
Gross Profit/Net Sales (%)		47.7
Operating Income/Net Sales (%)		16.1
Net Income/Net Sales (%)		10.8
SG&A/Net Sales (%)		31.7
Equity Ratio (%)		75.1
Segment Information		June 2021
Japan Business (¥M)		19,888
China Business (¥M)		19,440
Singapore Business (¥M)		6,024
Lansinoh Business (¥M)		6,231
Shareholder Profile		June 2021
Financial Institutions (%)		38.0
Individuals and Others (%)		10.8
Non-Japanese Corporations (%)		44.6
Japanese Corporations (%)		4.8
Treasury Stock (%)		1.5
Stock Data		June 2021
Number of Shares Outstanding		121,653,486
Number of Shareholders		17,308

Business Profile

Pigeon has the top share in baby and mother care products in Japan. Previously, this report consisted of information from six Group reporting segments: the Domestic Baby & Mother Care Business, Child Care Service Business, Health & Elder Care Business, China Business, Singapore Business, and Lansinoh Business. However, from the consolidated first quarter of previous fiscal year, the Japan Business segment aggregates the manufacturing and sales business conducted outside the Group by domestic subsidiaries included in the segments of Domestic Baby & Mother Care Business, Child Care Service Business, Health & Elder Care Business, and Other. As a result, this report now consists of four segments.

Performance Overview (2nd Quarter)

During the consolidated first six-month period under review, due to the application of the Accounting Standard for Revenue Recognition, etc. and the continued impact of the spread of COVID-19, net sales amounted to ¥47,277 million (down 2.4% YOY). Regarding earnings, in addition to a decrease in net sales, the Group actively used sales promotion expenses, advertising expenses, research and development expenses, etc., resulting in operating income of ¥7,589 million (down 5.5% YOY), ordinary income of ¥8,536 million (up 0.0% YOY), and net income attributable to owners of parent of ¥5,085 million (down 13.2% YOY).

Forecast

A: Actual; CE: Company Estimate **Currency exchange rate for 2021(CE): \$1 = ¥ 107.76**

	¥ Million			\$ Thousand
	2021/12(A) Q2	2020/12(A) Full-year	2021/12 (CE) Full-year *	2021/12 (CE) Full-year *
Net Sales	47,277	99,380	100,800	935,412
Operating Income	7,589	15,316	16,500	153,118
Net Income	5,085	10,643	11,100	103,007

	¥		\$	
	2021/12(A) Q2	2020/12(A) Full-year	2021/12 (CE) Full-year	2021/12 (CE) Full-year
EPS	42.51	88.93	92.75	0.86
Cash Dividend per Share	37.00	72.00	74.00	0.69

*Net sales and operating income of the company estimate of 2021/12 Full-year is under the new revenue recognition standard.

Note:

The Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter, "Accounting Standard for Revenue Recognition") from the beginning of the consolidated second quarter under review (six months ended June 30, 2021). In accordance with the Accounting Standard for Revenue Recognition, when control of a promised good or service is transferred to the customer, revenue will be recognized at the amount expected to be received in exchange for the good or service.

Strengths

- Japanese baby and mother care products brand well known in the world.
- Number one baby products brand in Japan, China and growing in emerging markets.
- Number one breastfeeding products brand in US and Europe (Lansinoh brand)

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.

Summary Financial Data

*1 Years ended Jan.31 *2 Years ended Dec.31 *3 Six months ended June 30
*4 The previous revenue recognition standard *5 The new revenue recognition standard

Profit and Loss	¥ Million				\$ Thousand	YOY Change (%)	¥ Million			\$ Thousand	YOY Change (%)
	2019 ^{*1,*4}	2019 ^{*2,*4}	2020 ^{*2,*4}	2020 ^{*2,*4}	2020 ^{*3,*4}		2021 ^{*3,*5}	2021 ^{*3,*5}	2021 ^{*3,*5}		
Net Sales	104,747	100,017	99,380	922,235	(0.6)	48,431	47,277	438,725	(2.4)		
Cost of Sales	50,889	49,216	49,459	458,974	0.5	24,021	24,719	229,389	2.9		
Gross Profit	53,858	50,800	49,929	463,335	(1.7)	24,409	22,558	209,336	(7.6)		
SG&A Expenses	34,246	33,727	34,605	321,130	2.6	16,377	14,969	138,911	(8.6)		
Operating Income	19,612	17,072	15,316	142,131	(10.3)	8,031	7,589	70,425	(5.5)		
Other Income (Loss)	786	212	798	7,405	276.4	501	948	8,797	89.2		
Ordinary Income	20,398	17,284	16,113	149,527	(6.8)	8,532	8,536	79,213	0.0		
Extraordinary Income (Loss)	(136)	(179)	(277)	(2,571)	54.7	(192)	(815)	(7,563)	324.5		
Net Income Attributable to Non-controlling Interests	356	230	216	2,004	(6.1)	138	68	631	(50.7)		
Net Income Attributable to Owners of Parent	14,238	11,538	10,643	98,766	(7.8)	5,855	5,085	47,188	(13.2)		

Profit and Loss	¥				\$	YOY Change (%)	¥			\$	YOY Change (%)
	2019 ^{*1,*4}	2019 ^{*2,*4}	2020 ^{*2,*4}	2020 ^{*2,*4}	2020 ^{*3,*4}		2021 ^{*3,*5}	2021 ^{*3,*5}	2021 ^{*3,*5}		
EPS	118.89	96.37	88.93	0.8	(7.7)	48.91	42.51	0.4	(13.1)		
Cash Dividend per Share	68.00	70.00	72.00	0.7	2.9	36.00	37.00	-	-		

Balance Sheet	¥ Million				\$ Thousand	YOY Change (%)	¥ Million			\$ Thousand	YOY Change (%)
	2019 ^{*1,*4}	2019 ^{*2,*4}	2020 ^{*2,*4}	2020 ^{*2,*4}	2020 ^{*3,*4}		2021 ^{*3,*5}	2021 ^{*3,*5}	2021 ^{*3,*5}		
Cash and Time Deposits	30,949	32,416	37,163	344,868	14.6	33,603	35,348	328,025	5.2		
Notes and Accounts Receivable	15,004	16,588	15,085	139,987	(9.1)	15,400	16,713	155,095	8.5		
Inventories	10,605	11,210	11,374	105,549	1.5	12,133	13,305	123,469	9.7		
Tangible Fixed Assets	21,127	22,494	23,262	215,869	3.4	22,311	24,592	228,211	10.2		
Intangible Fixed Assets	4,223	3,863	2,957	27,441	(23.5)	3,227	2,675	24,824	(17.1)		
Total Assets	85,618	90,491	93,472	867,409	3.3	90,315	97,152	901,559	7.6		
Notes and Accounts Payable	4,567	4,900	4,757	44,144	(2.9)	5,122	5,383	49,954	5.1		
Interest-Bearing Debt	0	0	0	-	-	0	0	-	-		
Total Net Assets	66,582	70,463	72,625	673,951	3.1	71,033	75,769	703,127	6.7		
Total Shareholders' Equity	65,131	68,269	70,020	649,777	2.6	69,545	70,793	656,951	1.8		
Equity Ratio (%)	75.0	74.8	74.8	-	0.0	75.7	75.1	-	(0.8)		

Currency exchange rate (as of June 30, 2021) : \$1 = ¥107.76

Corporate Data

(As of June 30, 2021)

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Established

August 15, 1957

Paid-in Capital

¥5,199,597 thousand

Number of Employees

4,040 (Worldwide, Includes Part-time employees)

372 (Japan, Full-time employees)

Fiscal Year-End

December 31

Annual Shareholders' Meeting

End of March

Stock Trading Unit

100 shares

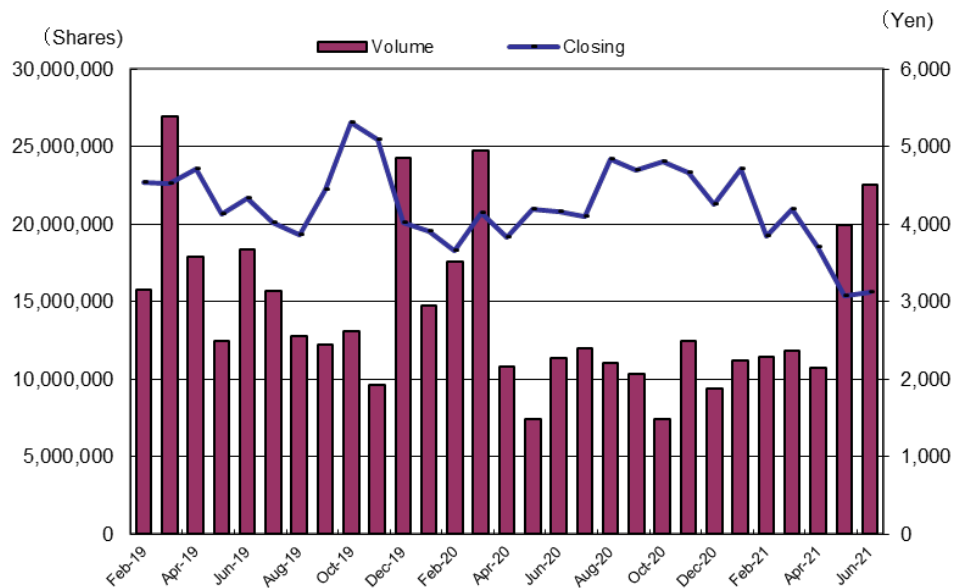
Inquiries

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<https://ssl.pigeon.co.jp/investor/en/index.html>



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