

September 7, 2015

Company name: Pigeon Corporation

Representative: Shigeru Yamashita (President and COO)

Listings: First Section, Tokyo Stock Exchange (Stock Code: 7956)

Contact: Tsutomu Matsunaga
(Managing Officer, Corporate Administration Division)

Phone: +81-3-3661-4188 (direct line)

Notice Regarding New Plant Construction in Turkey by a Subsidiary Company

Pigeon Corporation hereby announces that consolidated subsidiary LANSINOH LABORATORIES MEDICAL DEVICES DESIGN INDUSTRY AND COMMERCE LTD.CO. (hereinafter, referred to as LMD) will transfer its production site and build a new production plant for the expansion of production items such as nursing bottles.

Details

1. Objective of new plant construction

Pigeon Group establishes the target of expansion of sales shares of nursing bottles and nursing bottle nipples which are key products in our baby care product business in major markets as part of its Medium-Term Business Policy in the Fifth Medium-Term Business Plan (February 2015 to January 2017) released in March 2014. In order to respond to sales expansion in the future in North America, Europe, and Turkey, Pigeon will establish a production site in Turkey.

In Turkey, we have been deploying business proactively as seen in opening of a Turkey Branch by our consolidated subsidiary LANSINOH LABORATORIES, INC. (Headquarters: U.S. Hereinafter, referred to as LLI) in 2009. In addition, our consolidated subsidiary LMD (*) established in Turkey in 2010 has been operating as a parts production and assembly plant for breast pumps mainly sold in North America, Europe, and Turkey by LLI. Now, to allow LMD to launch the production of nursing bottles and nursing bottle nipples which are key products of our Group for the North America, Europe, and Turkey markets as described above in addition to existing production items, a new plant (closing the current plant and transferring the production site) will be built and additional production equipment will be introduced.

*Corresponding consolidated subsidiary outline

Name	LANSINOH LABORATORIES MEDICAL DEVICES DESIGN INDUSTRY AND COMMERCE LTD.CO.
Location	10006 Sok. No. 64 A.O.S.B. 35620 Cigli-Izmir, Turkey
Capital (Share of ownership)	6.675 million Turkish Lira (TRY) (Approximately 267 million yen) LANSINOH LABORATORIES, INC. (Headquarters: U.S. Wholly owned subsidiary company of Pigeon Corporation) 99.9% Pigeon Corporation 0.1%
Date established	November 2010
Operations	Manufacture of products for expectant and nursing mothers and goods for babies and children whose trademarks are owned by Pigeon Corporation
Representative	MICHAEL GORDON YATES

2. New plant outline

Location	Zafer SB Mah. Gündüz Sok. NO:13 Aegean Free Zone Gazimir -Izmir, Turkey
Area	Land area: 9,000 m ² Building area: 4,360 m ²

	Floor area: 8,244 m ²
Date of start of construction	October 2015 (expected)
Date of start of operation	January 2017 (expected)
Funds invested	Approximately 960 million yen (Currency exchange of 1USD = 3TRY, 1USD =120JPY) *Total amount of plant building construction and production equipment, etc.
Key products	1. Breast pumps (electrical/manual) 2. Nursing bottles/nursing bottle nipples
Annual production capacity (as of January 2020. Estimation)	1. Breast pumps : 450,000 units or more (Electrical only) : 1.81 million units or more (Manual only) 2. Nursing bottle nipples : 5.3 million units or more Nursing bottles: 3 million units or more
Number of employees	84 at operation start (January 2017) (expected)

3. Future outlook

Construction work is scheduled to be launched in October 2015, and following the completion of construction, production equipment will be installed. Operations are expected to start in January 2017.

LLI deploys business mainly in North America, Europe, and Turkey, and this capital investment aims for future business expansion and the improvement of earnings by establishing a production site for key Pigeon products such as nursing bottles, nursing bottle nipples, and breast pumps in a free trade zone in Turkey.

The impact due to transfer of the production site and new plant construction in the corresponding consolidated company on forecasts for our consolidated financial results for this fiscal year (the year ending January 31, 2016) is extremely small.

[Reference #1: Breakdown of annual dividend]

Record date	Dividend per share (yen)		
	2Q-end	Year-end	Annual
January 31, 2014	66 yen (33 yen)	55 yen	- (88 yen)
January 31, 2015	45 yen	60 yen	105 yen

(Note) Effective August 1, 2013, the Company has executed a 2-for-1 split of common shares. In the table above, the figures in parentheses were calculated on the basis of the number of shares after the share split.

[Reference #2: Forecasted annual dividend for the year ending January 31, 2016]

As stated in today's brief announcement of the most recent financial statement, the forecasted annual dividend for the year ending January 31, 2016 is determined considering forecasted performance for the entire year and is based on the target of a consolidated profit return rate at around 45 % to 50% for each business period as stated in the Company's 5th Mid-Term Management Plan (February 2015 to January 2017).

Record date	Dividend per share (yen)		
	2Q-end	Year-end	Annual
January 31, 2016 (forecast)	54 yen	54 yen	108 yen