September 5, 2016
Company name: Pigeon Corporation
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Listings: First Section, Tokyo Stock Exchange (Stock Code: 7956)
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Notice Regarding Revision of Earnings Forecast

Considering the recent business trend, etc., we have revised the earning forecast for fiscal year ending January 2017, which was released on March 7, 2016, as follows:

Details

1. Consolidated business results for the term ending January 2017 (Feb. 1, 2016 – Jan. 31, 2017)

(Millions of yen, %)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	95,000	15,000	15,300	10,400	86.84 yen
Revised forecast (B)	93,500	15,000	14,900	10,400	86.84 yen
Increase (decrease) (B-A)	(1,500)	0	(400)	0	—
Percentage of increase (decrease) (%)	(1.6)	0.0	(2.6)	0.0	—
(Reference) Results of the previous term (ended Jan. 31, 2016)	92,209	14,521	15,080	10,197	85.15 yen

2. Reason for revision

For the consolidated business results for the first half of the year ending January 31, 2017, although revenues increased significantly in the Domestic Baby and Mother Care Business owing to the higher inbound tourism consumption, the progressing sharp rise of the yen in foreign exchange markets caused the Company a drop in revenues. As a result, net sales fell below the results of the same period last fiscal year. On the other hand, the efficient use of selling, general and administrative expenses among other factors managed to offset the decrease in gross profit, which led to an operating income exceeding the results of the same period last fiscal year. Despite a year-on-year decrease in ordinary income reflecting foreign exchange losses linked to the progressing rise of the yen, the lower effective tax rate contributed to an increase in net income attributable to owners of parent from the same period last fiscal year.

Given the above consolidated results for the first half of the year ending January 31, 2017, we assume that the yen's appreciation will continue in the second half, and thus decided to revise downward the previously announced full-year forecasts for net sales and ordinary income, as shown in the table above. Nevertheless, the initial forecasts for operating income and net income attributable to owners of parent have been left unchanged, as we believe that the higher profits from increased revenues in the Domestic Baby and Mother Care Business will recover the decrease in profit in the Overseas and China businesses.

Therefore, considering the present revision of our earnings forecast, the average exchange rate for the second half of the year is assumed to be approximately 101.00 yen against the US dollar (compared to 111.69 yen in the first half), and approximately 15.10 yen against the Chinese yuan (compared to 17.05 yen in the first half).

(Note) The above-mentioned forecasts are based on information available at the time of this news release. Actual results may differ from such forecasts due to various future circumstances.