

Financial results of Q1/2020 December

Supporting document

Pigeon Corporation

June 4, 2020

Celebrate babies the way they are



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Agenda

Our Efforts in Overcoming COVID-19 Pandemic ①

Our priority is the health and safety of all stakeholders, our employees and their families. We have been making every effort to prevent the infection and the spread of COVID-19

ZERO infection reported in Pigeon group (As of June 3)

All our domestic and overseas offices/factories are properly responding to requests and guidances from national and local governments.

Consumers

- Helpful social media posts to pregnant and post-natal mothers and families

Partner Companies

- Stable supply of products (Esp. Hygiene products and sanitizers)

Our employees and Communities (E.g.)

- Applied “Work from home” policy for all pregnant employees (Japan, Mid. Feb)
- Eased conditions for use of accrued PTO for school closures caused by COVID-19 (Japan, Mid. Feb)
- Temporally discontinued sales promoters of baby strollers (Japan, Mid. Feb)
- Giveaway disposable face masks and sanitizers to our employees (All PGN group)
- Established Teleworking arrangement and policies for back-office staffs (All PGN group)
- NO layoffs (All PGN group)
- Updated working policies based on the “New Normal” lifestyle to prevent COVID-19 infection at work (All PGN group)
- Delayed the vacation period (Thailand, following the government’s change in the Songkran vacation period)



▲Social distancing at Canteen (Thailand)



▲More frequent Sanitization at factory (Turkey)

Our Efforts in Overcoming COVID-19 Pandemic ②

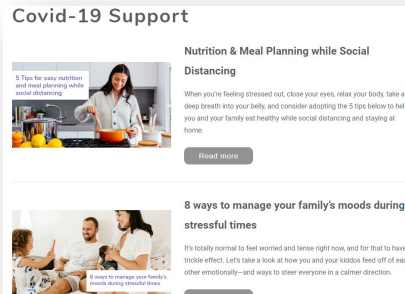
Based on our raison d'etre of “make the world more baby-friendly”, Pigeon has been carrying out many Social activities for our community as only we can do the best

To mothers, babies, and their families (E.g.)

- Professional advices to moms and families via social media (Japan)
- Online Breastfeeding seminar (Malaysia)
- Free Breastmilk Storage Bags and Breast Pumps to the Malaysian moms group who live and work in Singapore. They have been away from their babies because of the lock down in Singapore. Our Bags and Pumps are to help them to deliver mom’s breastmilk to their babies living in Malaysia.
- Q&A, Professional advices and tips of newborn care through social media post and its Livcasting. (China)
- ”Covid-19 Support” website created in Lansinoh website (US)



▲Breastfeeding webinar (Malaysia)



▲Covid-19 Support page in Lansinoh website (US)



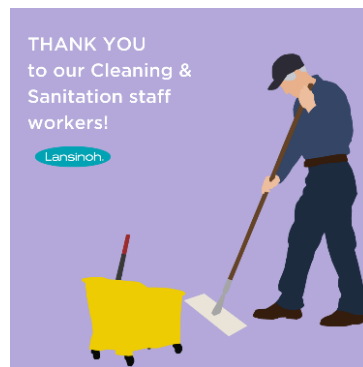
▲Professional advices for newborn care on Social media (China)

Our Efforts in Overcoming COVID-19 Pandemic ③

To frontline Essential Workers who have been working for COVID-19 fight (E.g.)

- Donation of Hand Lotions to healthcare workers (Frequent hand-washing can cause dry and chapped hands) (Japan)
- Donation of the bundle of Baby products to the family of doctors and healthcare workers who are dedicating all their strength for COVID-19 fight (China)
- Donation of Antibacterial hand gels and medical gowns to medical institutions (China)
- Donation of Lanolin cream sample to healthcare workers to help ease bruised face with wearing mask long hours (Spain)
- Frequent posts on social media thanking Essential Workers (US and Europe)

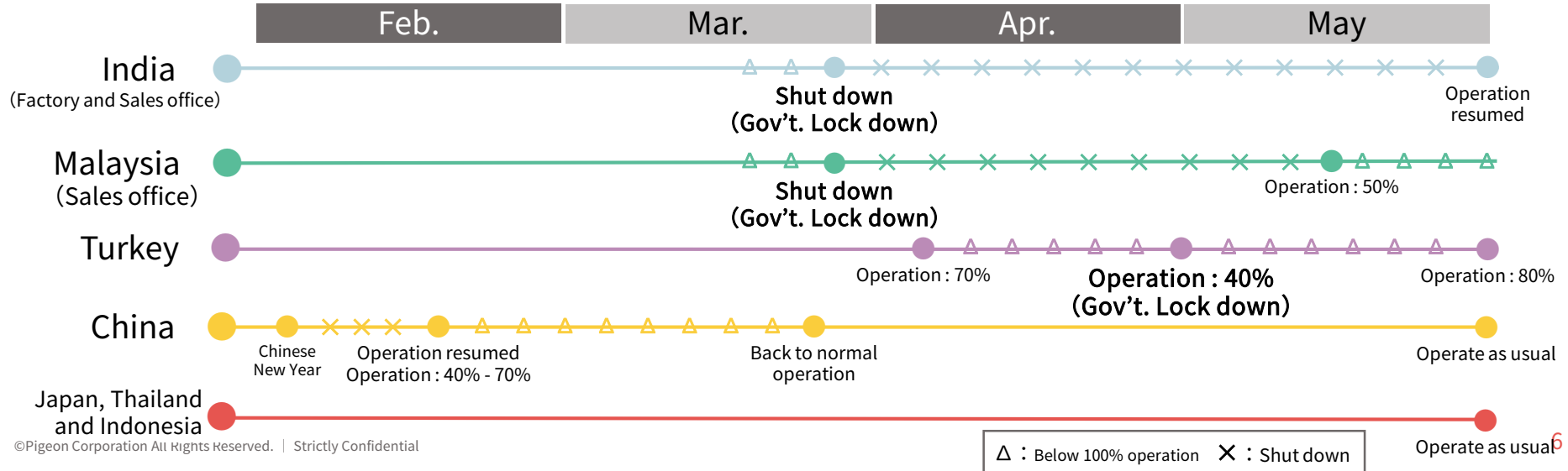
Donation to doctors and healthcare workers (China) ▼ ▶



Timeline of Our Group Office Under COVID-19 Pandemic (As of End of May)

- Mid. / Feb : Two factories in China resumed operations (40 - 70% operation than normal).
- End / Mar : Two factories in China back to normal operation.
India and Malaysia started “Lockdown” and it caused the shutdown of our local factory and offices.
- End / Apr : Turkey started “Lockdown” and it dragged down operation rate of our factory to 40% than normal.
- End / May : Indian factory resumed operations. (Production will resume on June) .
- End / May : Sales office in Malaysia resumed operations, back to 50% operations than normal.
- All factories in Japan (3 factories), Thailand (2) and Indonesia (1) have been operating as normal between Feb and May. (All factories have been taken sufficient preventive measures against COVID-19 infection).

• Our sales offices around the world operate on a Teleworking basis followed with government requirements and instructions.



Outlook of COVID-19 : Potential Key Factors Affecting to Our Business Results

Key factors :

1. When can we see the sign of “end of Pandemic” of COVID-19 all over the world?
2. How soon and how much of recovery in business activities and consumption trends can each country make after the end of COVID-19 pandemic?

Business	Key factors affecting to our business results	Case 1: Impact would be modest	Case 2: Impact would be serious
Whole world	The timing of end of the COVID-19 pandemic	COVID-19 Pandemic in many countries will end in the early second half of 2020, the business and economic activities will resume as normal, and personal consumption immediately begin to recover.	COVID-19 pandemic will continue until late in the second half of 2020 and that stagnate or even shrink business and economic activities, and personal consumption.
Japan	<ul style="list-style-type: none"> • Inbound demand • Personal consumption 	Inbound demand and personal consumption will begin to recover early second half of 2020.	Inbound demand and personal consumption will stagnate or even shrink throughout 2020.
China	Personal consumption	Personal consumption will make a strong recovery driven by “Revenge spending”.	Personal consumption will make a mild recovery and not strong as Pre-COVID-19 throughout 2020.
Singapore • India • Malaysia	Restrictions on business activities	Business activities will get back to normal early second half of 2020.	Pandemic will continue until late in the second half of 2020 and that brings serious impacts on business and economic activities as well as the lives of individuals.
Lansinoh • USA • Europe	Personal consumption in US and each Europe country	We will see the signs of end of pandemic and personal consumption starts recover	Personal consumption expenditures will remain the lowest throughout 2020

Our Revised Earnings Forecast of FY Ending December 31, 2020

We revised the earnings forecast as below based on the information available to the Pigeon Group as of today. This is because the pandemic of the COVID-19 seems still ongoing in many countries around the world in the first quarter of the current fiscal year and beyond. (We disclosed this announcement to the Tokyo Stock Exchange on June 4, Thursday.)

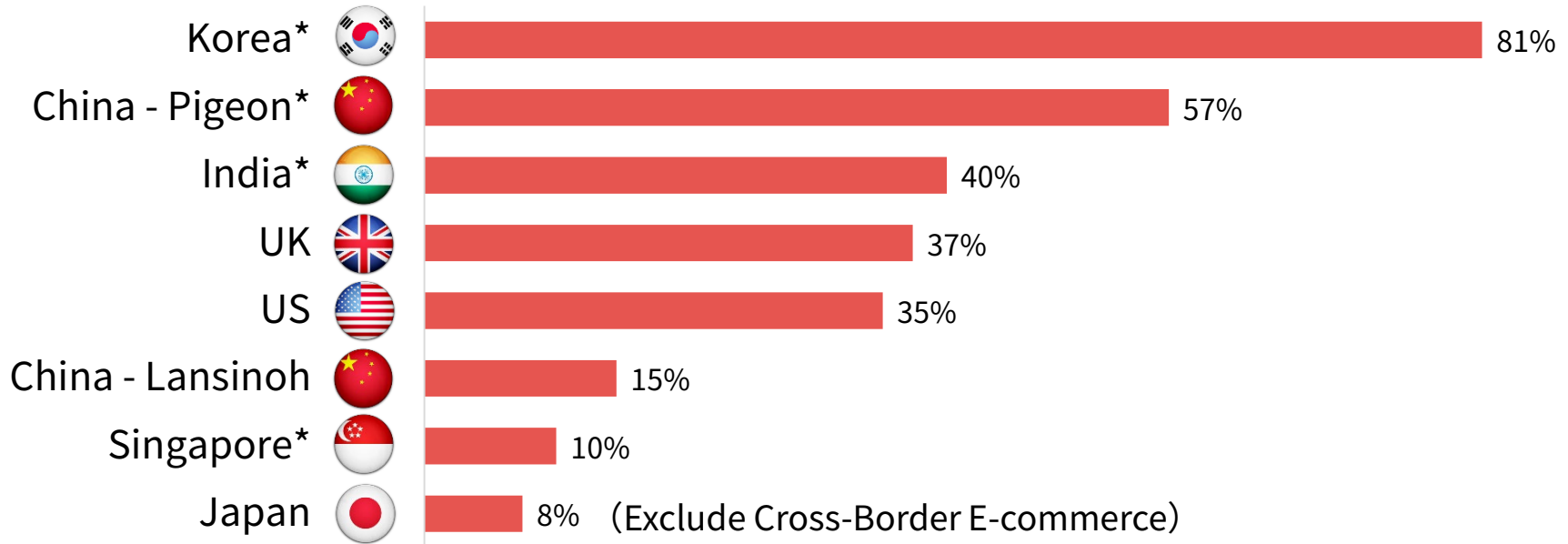
(Millions of yen unless otherwise stated)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	EPS (Yen)
Previous Forecast (A)	109,000	18,100	18,100	12,600	105.23
Revised Forecast (B)	98,500 to 102,400	13,400 to 15,500	13,900 to 16,000	9,600 to 10,900	80.17 to 91.03
Change (B - A)	(10,500) to (6,600)	(4,700) to (2,600)	(4,200) to (2,100)	(3,000) to (1,700)	(25.05) to (14.20)
Change (%)	(9.6) to (6.1)	(26.0) to (14.4)	(23.2) to (11.6)	(23.8) to (13.5)	(23.8) to (13.5)
【Ref.#1】 Dec./2019 results*	100,017	17,072	17,284	11,538	96.37
【Ref.#2】 Dec./2019 results 12 months Estimated	103,514	17,213	17,367	11,594	96.82

*The consolidated fiscal year ended December 31, 2019 has changed to the 11 months from February 1, 2019 to December 31, 2019, as a transition period.

【FYI】 E-Commerce Sales Ratio in Key Markets (As of Q1/2020 December)

EC Sales Ratio of Pigeon / Lansinoh Products



* : Sell-out Others : Sell-in

Disclaimer on Forward-Looking Statements

This material includes certain forward-looking statements about the Pigeon Group. To the extent that statements in this material do not related to historical or current facts, they constitute forward-looking statements.

These forward-looking statements are based on the current assumptions and judgments of the Pigeon Group in light of the information currently available to it, and involve know and unknown risks, uncertainties and other factors, which may affect the statements made in this material.

Pigeon Corporation

Head Office

4-4, Nihonbashi Hisamatsucho,
Chuo-ku, Tokyo 103-8480, Japan

URL

www.pigeon.com (Global)

www.pigeon.co.jp (Japanese)

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