

Pigeon Corporation (TSE: 7956)

Price (as of June 30, 2022): **¥1,861** (retroactively adjusted) **P/E (forward): 26.0** **EPS (CE): ¥71.46**

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 2022
Market Cap (¥M)	226,397
PE Forward (times)	26.0
Dividend Yield (%)	4.08

	June 2022
Net Sales (¥M)	45,292
Operating Income (¥M)	5,118
Net Income (¥M)	3,990

	June 2022
Total Assets (¥M)	104,274
Total Shareholders' Equity (¥M)	69,666
Interest-Bearing Debt (¥M)	0
Retained Earnings (¥M)	60,722

Key Financial Indicators	June 2022
Gross Profit/Net Sales (%)	45.8
Operating Income/Net Sales (%)	11.3
Net Income/Net Sales (%)	8.8
SG&A/Net Sales (%)	34.5
Equity Ratio (%)	75.3

Segment Information	June 2022
Japan Business (¥M)	17,904
China Business (¥M)	16,238
Singapore Business (¥M)	6,924
Lansinoh Business (¥M)	7,814

Shareholder Profile	June 2022
Financial Institutions (%)	38.1
Individuals and Others (%)	14.7
Non-Japanese Corporations (%)	40.7
Japanese Corporations (%)	5.1
Treasury Stock (%)	1.6

Stock Data	June 2022
Number of Shares Outstanding	121,653,486
Number of Shareholders	24,829

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 half under review, sales were severely impacted by lockdowns imposed in China as a measure against the COVID-19 pandemic. Net sales slipped to ¥45,292 million (down 4.2% YOY). In earnings, the decline in net sales precipitated a downturn in gross profit even as material costs drove up input prices. Operating income dropped to ¥5,118 million (down 32.6% YOY), ordinary income fell to ¥6,404 million (down 25.0% YOY) and net income attributable to owners of parent contracted to ¥3,990 million (down 21.5% YOY).

Forecast

A: Actual; CE: Company Estimate **Currency exchange rate for 2022(CE): \$1 = ¥123.15**

	¥ Million			\$ Thousand
	2022/12(A) Q2	2021/12(A) Full-year	2022/12 (CE) Full-year *	2022/12 (CE) Full-year *
Net Sales	45,292	93,080	95,000	771,417
Operating Income	5,118	13,336	12,000	97,442
Net Income	3,990	8,785	8,550	69,428

	¥			\$
	2022/12(A) Q2	2021/12(A) Full-year	2022/12 (CE) Full-year	2022/12 (CE) Full-year
EPS	33.35	73.44	71.46	0.58
Cash Dividend per Share	38.00	74.00	76.00	0.62

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 previous consolidated fiscal year under review. 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 Dec.31 *2 Six months ended June 30

*3 The previous revenue recognition standard *4 The new revenue recognition standard

Profit and Loss	¥ Million				YOY Change (%)	¥ Million			YOY Change (%)
	2019 ^{*1,*3}	2020 ^{*1,*3}	2021 ^{*1,*4}	2021 ^{*1,*4}		2021 ^{*2,*4}	2022 ^{*2,*4}	2022 ^{*2,*4}	
Net Sales	100,017	99,380	93,080	755,826	(6.3)	47,277	45,292	367,779	(4.2)
Cost of Sales	49,216	49,459	49,008	397,954	(0.9)	24,719	24,543	199,294	(0.7)
Gross Profit	50,800	49,929	44,072	357,873	(11.7)	22,558	20,749	168,486	(8.0)
SG&A Expenses	33,727	34,605	30,735	249,574	(11.2)	14,969	15,631	126,927	4.4
Operating Income	17,072	15,316	13,336	108,291	(12.9)	7,589	5,118	41,559	(32.6)
Other Income (Loss)	212	798	1,312	10,654	64.4	948	1,286	10,443	35.7
Ordinary Income	17,284	16,113	14,648	118,944	(9.1)	8,536	6,404	52,002	(25.0)
Extraordinary Income (Loss)	(179)	(277)	(1,117)	(9,070)	303.2	(815)	(19)	(154)	(97.7)
Net Income Attributable to Non-controlling Interests	230	216	193	1,567	(10.6)	68	117	950	72.1
Net Income Attributable to Owners of Parent	11,538	10,643	8,785	71,336	(17.5)	5,085	3,990	32,400	(21.5)

Profit and Loss	¥		\$		YOY Change (%)	¥		\$		YOY Change (%)
	2019 ^{*1,*3}	2020 ^{*1,*3}	2021 ^{*1,*4}	2021 ^{*1,*4}		2021 ^{*2,*3}	2022 ^{*2,*4}	2022 ^{*2,*4}	2022 ^{*2,*4}	
EPS	96.37	88.93	73.44	0.6	(17.4)	42.51	33.35	0.3	(21.5)	
Cash Dividend per Share	70.00	72.00	74.00	0.6	2.8	37.00	38.00	-	-	

Balance Sheet	¥ Million				YOY Change (%)	¥ Million			YOY Change (%)
	2019 ^{*1,*3}	2020 ^{*1,*3}	2021 ^{*1,*4}	2021 ^{*1,*4}		2021 ^{*2,*3}	2022 ^{*2,*4}	2022 ^{*2,*4}	
Cash and Time Deposits	32,416	37,163	35,218	285,976	(5.2)	35,348	35,557	288,729	0.6
Notes and Accounts Receivable	16,588	15,085	16,253	131,977	7.7	16,713	17,916	145,481	7.2
Inventories	11,211	11,376	12,706	103,175	11.7	13,305	14,558	118,214	9.4
Tangible Fixed Assets	22,494	23,262	27,093	220,000	16.5	24,592	29,021	235,656	18.0
Intangible Fixed Assets	3,863	2,957	2,572	20,885	(13.0)	2,675	2,817	22,875	5.3
Total Assets	90,491	93,472	98,042	796,119	4.9	97,152	104,274	846,724	7.3
Notes and Accounts Payable	4,900	4,757	4,087	33,187	(14.1)	5,383	5,783	46,959	7.4
Interest-Bearing Debt	0	0	0	-	-	0	0	-	-
Total Net Assets	70,463	72,625	76,810	623,711	5.8	75,769	81,875	664,840	8.1
Total Shareholders' Equity	68,269	70,020	70,062	568,916	0.1	70,793	69,666	565,700	(1.6)
Equity Ratio (%)	74.8	74.8	75.4	-	0.8	75.1	75.3	-	0.3

Currency exchange rate (as of June 30, 2022) : \$1 = ¥123.15

Corporate Data

(As of June 30, 2022)

Head Office

4-4, Nihonbashi-Hisamatsucho, Chuo-ku,
Tokyo 103-8480
TEL: +81-3-3661-4204 FAX: +81-3-3661-4320
<https://www.pigeon.com/>

Established

August 15, 1957

Paid-in Capital

¥5,199,597 thousand

Number of Employees

3,898 (Worldwide, Includes Part-time employees)
362 (Japan, Full-time employees)

Fiscal Year-End

December 31

Annual Shareholders' Meeting

End of March

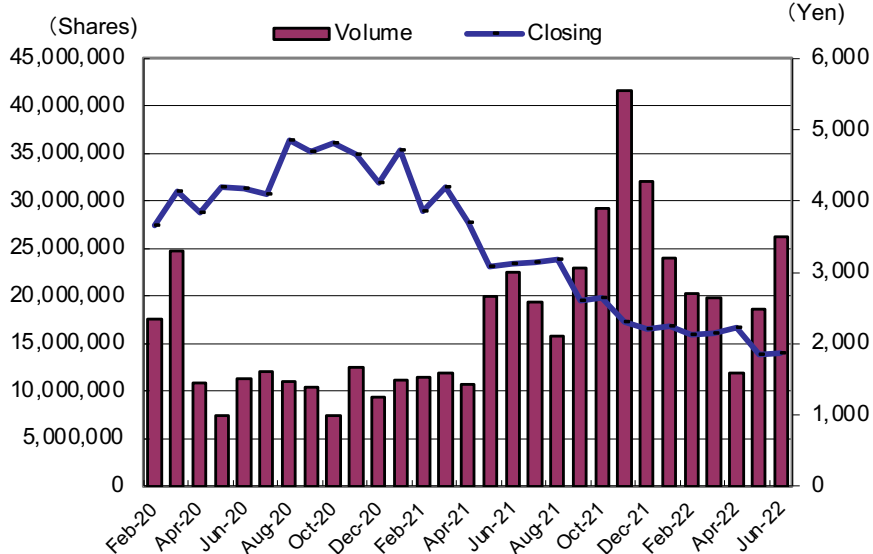
Stock Trading Unit

100 shares

Inquiries

Business Strategy Division
Business Strategy Department
Business Strategy Section

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



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