

Fiscal Year to January 2012 Summary of Results

March 7, 2012

PIGEON CORPORATION

(Securities code: 7956)

President & CEO Akio Okoshi

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Jan. 2012 Results

Jan. 2011 Results and Jan. 2012 Results (Consolidated)

(¥ millions)	Jan. 2011		Forecast	Jan. 2012		
	Amount	YoY Change		Amount	YoY Change	% of Revised Forecast
Net sales	57,061	106.8%	61,100	59,145	103.7%	96.8%
Operating income	4,546	98.8%	5,000	5,042	110.9%	100.9%
Ordinary income	4,435	96.2%	4,950	4,917	110.9%	99.3%
Net income	2,928	103.1%	3,300	3,183	108.7%	96.5%
Net assets	27,044	103.0%	28,723	27,935	103.3%	97.3%
Total assets	42,684	108.1%	44,960	43,772	102.5%	97.4%
EPS(¥)	146.31	103.1%	164.88	159.05	108.7%	96.5%
BPS (¥)	1,325.71	102.9%	1,406.65	1,370.46	103.4%	97.4%
ROA	10.8%	—	11.3%	11.4%	—	—
ROE	11.2%	—	12.1%	11.8%	—	—

※ ROA= Ordinary income ÷ Total assets; ROE = Net income ÷ Equity (in both cases, denominators are averaged between beginning and year-end figures)

Statements of Income (Consolidated)

(¥ millions)	Jan. 2011		Jan. 2012			
	Amount	% of Total	Amount	% of Total	YoY Change	Summary
Net sales	57,061	100.0 %	59,145	100.0 %	103.7 %	
Cost of sales	33,780	59.2 %	34,826	58.9 %	103.1 %	
Gross profit	23,281	40.8 %	24,319	41.1 %	104.5 %	
Selling, general and administrative expenses	18,734	32.8 %	19,276	32.6 %	102.9 %	■ Main SG&A changes Personal expenses +¥453m
Operating income	4,546	8.0 %	5,042	8.5 %	110.9 %	Loss on disposal of inventories +¥246m
Total other income and expenses	(111)	(0.2) %	(125)	(0.2) %	—	Advertising expenses ¥(102)m
Ordinary income	4,435	7.8 %	4,917	8.3 %	110.9 %	
Total extraordinary income and loss	(65)	(0.1) %	(193)	(0.3) %	—	■ Main change of extraordinary items Loss on Great East Japan Earthquake ¥(124)m
Less: minority interest in net income of consolidated subsidiaries	88	0.2 %	87	0.1 %	99.3 %	
Net income	2,928	5.1 %	3,183	5.4 %	108.7 %	

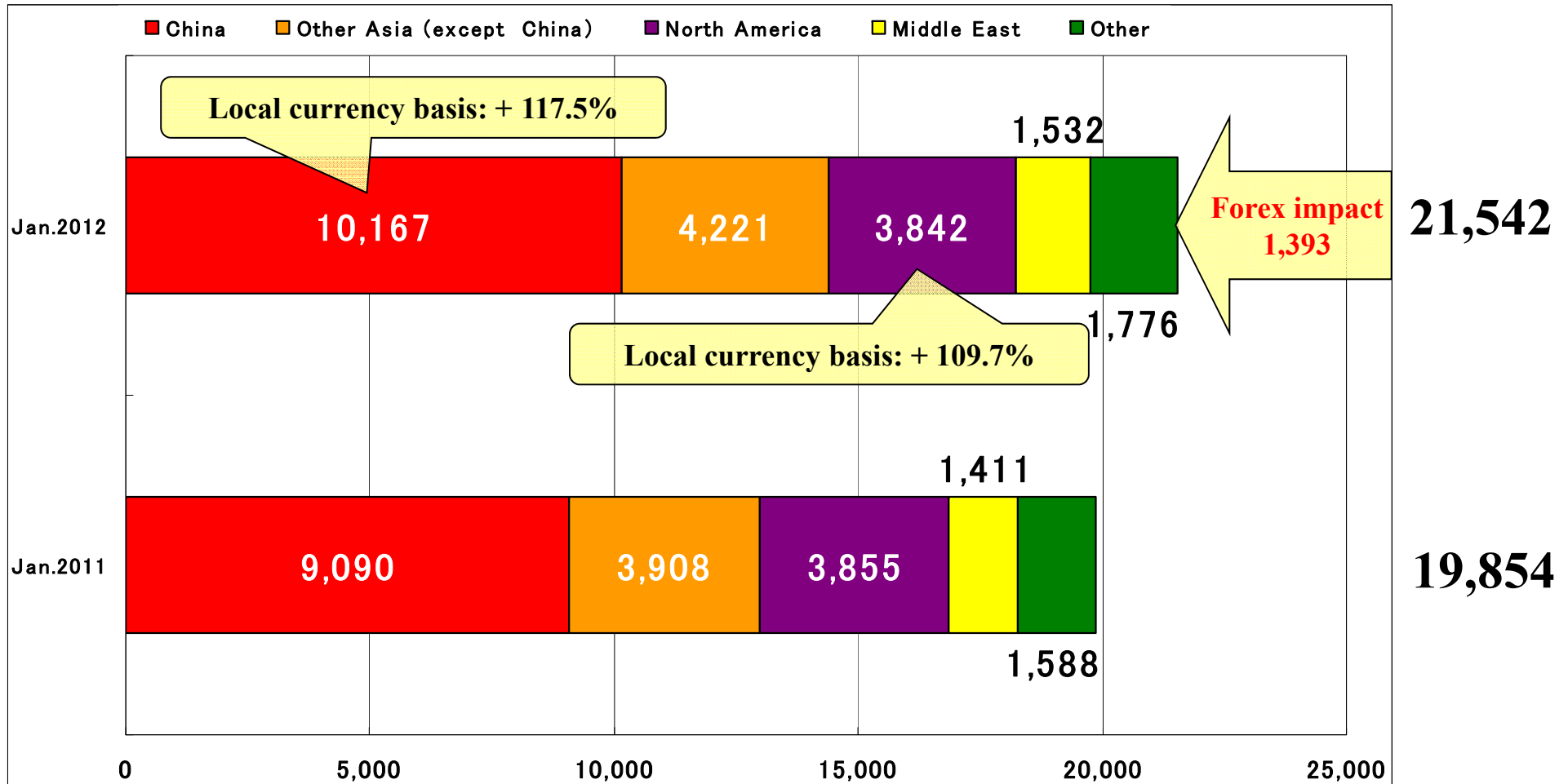
Results by Segment (Consolidated)

(¥ millions)	Jan. 2011				Jan. 2012				
	Amount	% of Total	Gross Margin	Segment Income	Amount	% of Total	YoY Change	Gross Margin	Segment Income
Consolidated net sales	57,061	100.0%	40.8%	4,546	59,145	100.0%	103.7%	41.1%	5,042
Domestic Baby and Mother Care Business	24,145	42.3%	45.2%	3,611	24,047	40.7%	99.6%	46.5%	3,677
Child-rearing Support Services	5,455	9.6%	12.2%	117	5,990	10.1%	109.8%	11.5%	152
Health Care and Nursing Care Business	6,503	11.4%	28.6%	111	6,469	10.9%	99.5%	29.3%	350
Overseas Business	19,907	34.9%	48.7%	3,745	21,584	36.5%	108.4%	48.1%	3,909
Other	1,050	1.8%	15.0%	135	1,052	1.8%	100.2%	15.6%	138

※Segment income in consolidated amount (all unclassifiable operating expenses) have been adjusted and posted as operating income in the quarterly consolidated statements of income

Overseas Sales by Region

(¥ millions)



※ Average rates (2011): US\$1 = ¥79.79; 1 yuan = ¥12.34; (2010): US\$1 = ¥87.79; 1 yuan = ¥12.96

Key Priorities for Year to Jan. 2012

■ Domestic Baby and Mother Care Business

- Establish and extend large merchandise business and promote the category of women's care
- Ensure growth of IT business, establish a Mamas & Papas business

■ Child-rearing Support Services

- Realize further improvements in child-rearing quality;
continue steady expansion of business

■ Health Care and Nursing Care Business

- Restructure business operation system
- Improve merchandise competitiveness specializing in priority categories
- Take action to develop new channels

■ Overseas Business

- **China:** Strengthen alliances with current agencies; foster new agencies
Begin operations at new Changzhou Factory; strengthen development
and in-house production systems
- **Europe and America:** Extend merchandise category centered on the mOmma brand
- Start tapping new markets

Domestic Baby and Mother Care Business / Child-rearing Support Services

■ Domestic Baby and Mother Care Business

In spite of the earthquake, the Group maintained the business results at about the same level as they were in the previous year.

[New products for babies released during the second half]

Baby Laundry, CHIBION Touch, HAJIMETE no Mask,
Baby Rhythm Breast Pump-Electric Premium Model, Other
ONEGAI Origo, Dental Paste (Medicated)

[Women's care]

[Large merchandise business]

[Direct communication]

SALVAJE

28 maternity events held with approximately 1,900 people participating

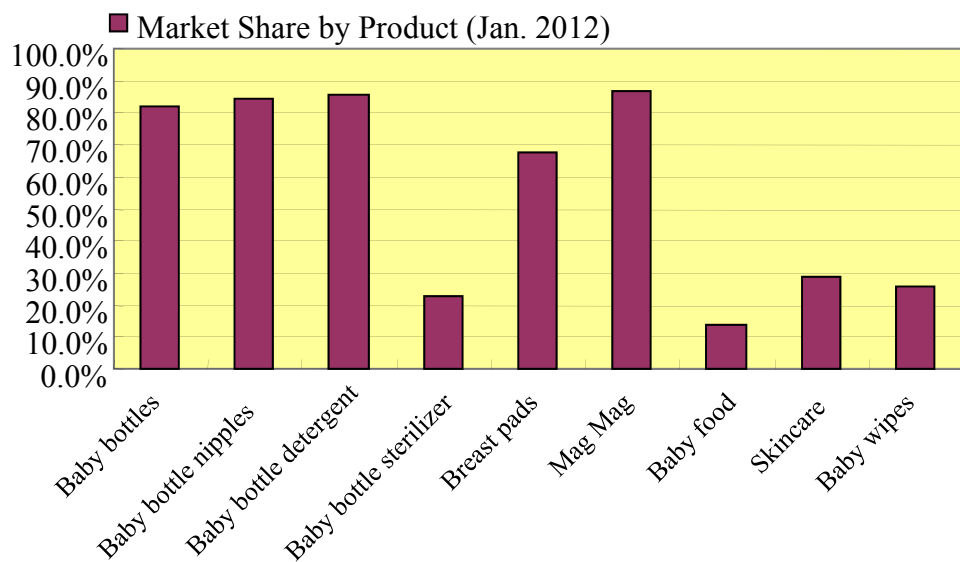
■ Child-rearing Support Services

In spite of the earthquake, steadily continuing business expansion and improving the quality of the products.

[New contract of entrustment]

Authorized nursery school (1)

Nursery facilities within business establishments (5) → A total of 191 facilities



※Source: POS Nationwide Drugstore Growth Estimates, INTAGE Inc. (monthly data)

Main new products released during spring of 2012 (first half of the year)



Bubble bath series for children over a year and a half



Microwave cake set for children over one year



Training chopsticks

Health Care and Nursing Care Business

Health Care and Nursing Care Business

Maintaining business results at about the same level they were in the previous year, at the same time greatly improving profitability.

Habinurse

- Focus on Pigeon Tahira (agent for distribution to healthcare facilities)
- Walking aid products: Wheelchair sales are strong
- New products: YAWARAKAI KAIJO Spoon, HAGUKI NI YASASHII Brush, FUSOIRI HAMIGAKI Gel



Recoup

- New products: NUNO Type KYUSYU Pad
- Expanding sales through catalog mail orders and TV shopping



Products in the wheelchair category



New products, Habinurse and Recoup



Relocation of Pigeon Manaka main headquarters and launch of day services

Overseas Business

■ **Overseas Businesses** Continued expansion on the local currency base in various regions overseas such as China, North America, etc.

China

- Creation and reconstruction of the distribution system is advancing satisfactorily, and cooperative relations with agencies are favorable
- Sales of new products are also progressing favorably
- Focusing on sales to baby-care product chains
- Increasing the number of stores that handle volume sales
- The quantity of output and the number of items manufactured by the Group's manufacturing subsidiary in Zhangzhou, Jiangsu has expanded, and the company is operating satisfactorily
- Our awareness program related to caring for breastfed infants conducted jointly with our Sanitation department are continually implemented

Europe and America

- Promoting the development of such acquired brands as "mOmma", "earth friendly baby", etc., to increase the number of product categories in the future

New markets

- **India:** establishment of the distribution system, increase in the number of shops selling the Group's products, and installation of Pigeon Corners
- **Malaysia:** major expansion through the acquisition of local sales agencies as subsidiaries



PIGEON INDUSTRIES (CHANGZHOU)CO.,LTD.



mOmma brand baby bottle



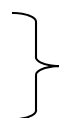
Press release of Bonyu Jikkan (Singapore)

Reference: Balance Sheet Highlights (Consolidated)

	Jan 11	Amount	Jan 12	
	Amount		YoY Change (Amount)	YoY Change (%)
Cash and deposits	6,827	7,293	+ 465	106.8 %
Notes and accounts receivable	9,874	9,993	+ 119	101.2 %
Inventories	5,798	6,926	+ 1,127	119.5 %
Notes and accounts payable	3,984	3,758	(226)	94.3 %
Borrowings	4,873	4,898	+ 25	100.5 %
Net assets	27,044	27,935	+ 891	103.3 %
Total assets	42,684	43,772	+ 1,087	102.5 %
Equity ratio	62.2%	62.7%	—	+ 0.5pt

■ Notes and accounts receivable:

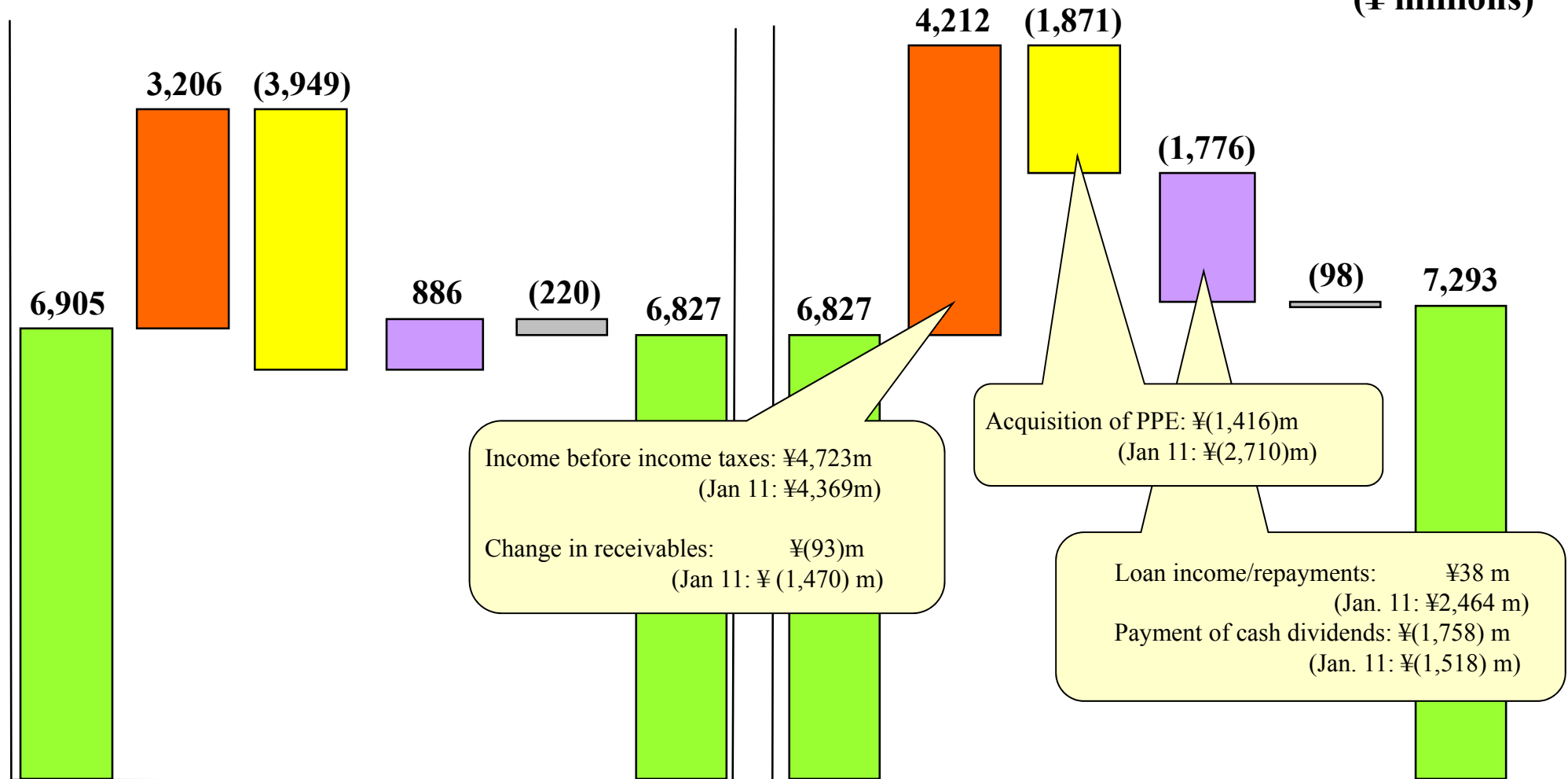
■ Inventories:



Increase due to business expansion

Reference: Cash Flows

(¥ millions)



Jan. 2011					
Balance at Beginning	Operating Activities	Investing Activities	Financing Activities	Translation/Valuation Gain (Loss)	Balance at End
6,905	3,206	(3,949)	886	(220)	6,827

Jan. 2012					
Balance at Beginning	Operating Activities	Investing Activities	Financing Activities	Translation/Valuation Gain (Loss)	Balance at End
6,827	4,212	(1,871)	(1,776)	(98)	7,293

Reference: Investment-Related Indicators (Consolidated)

(¥ millions)

[Reference] Capital expenditure indicators	Jan. 2011		Jan. 2012	
	Interim (Result)	Full Year (Result)	Interim (Result)	Full Year (Plan)
Capital expenditure ※1	954	2,938	1,085	1,672
Depreciation (tangible fixed assets)	650	1,364	722	1,381
Research and development ※2	682	1,359	755	1,497

※1 Refers to purchase of tangible fixed assets, excluding construction in progress

※2 Refers to total R&D expenditures, including personnel-related

Jan. 2013 Forecasts

Jan. 2012 Results and Jan. 2013 Forecast (Consolidated)

(¥ millions)	Jan. 2012			Jan. 2013 (Forecast)		
	Amount	% of Total	YoY Change	Amount	% of Total	YoY Change
Net sales	59,145	100.0%	103.7%	64,300	100.0%	108.7%
Operating income	5,042	8.5%	110.9%	5,650	8.8%	112.0%
Ordinary income	4,917	8.3%	110.9%	5,550	8.6%	112.9%
Net income	3,183	5.4%	108.7%	3,300	5.1%	103.7%
Net assets	27,935	—	103.3%	29,434	—	105.4%
Total assets	43,772	—	102.5%	47,904	—	109.4%
EPS(¥)	159.05	—	108.7%	164.88	—	103.7%
BPS (¥)	1,370.46	—	103.4%	1,442.33	—	105.2%
ROA	11.4%	—	—	12.1%	—	—
ROE	11.8%	—	—	11.7%	—	—

※ ROA = Ordinary income ÷ Total assets; ROE = Net income ÷ Equity (in both cases, denominators are averaged between beginning and year-end figures)

Sales by Business Segment (Consolidated)

(¥ millions)	Jan. 2012				Jan. 2013 (Forecast)				
	Amount	% of Total	Gross Margin	Segment Income	Amount	% of Total	YoY Change	Gross Margin	Segment Income
Consolidated net sales	59,145	100.0%	41.1%	5,042	64,300	100.0%	108.7%	41.4%	5,650
Domestic Baby and Mother Care Business	24,047	40.7%	46.5%	3,677	24,895	38.7%	103.5%	45.6%	3,780
Child-rearing Support Services	5,990	10.1%	11.5%	152	6,150	9.6%	102.7%	11.8%	212
Health Care and Nursing Care Business	6,469	10.9%	29.3%	350	7,014	10.9%	108.4%	30.5%	314
Overseas Business	21,584	36.5%	48.1%	3,909	25,232	39.2%	116.9%	48.8%	4,822
Other	1,052	1.8%	15.6%	138	1,007	1.6%	95.7%	12.0%	88

※Segment income in consolidated amount (all unclassifiable operating expenses)

have been adjusted and posted as operating income in the quarterly consolidated statements of income

※Assumed exchange rates of Overseas Business : US\$1 = ¥78.00 ; 1 yuan = ¥12.30

Key Priorities for Year to Jan. 2013

■ Domestic Baby and Mother Care Business

- Expanding into new areas of business such as the large merchandise business
- Growth of the IT business represented by Mamas & Papas

■ Child-rearing Support Services

- Realize further improvements in child-rearing quality;
continue steady expansion of business

■ Health Care and Nursing Care Business

- Reinforce sales activities centering on reconstruction of business organization and facilities route
- Improve the competitive power of the products focusing on those in important categories and make an effort in sales-promotion activities
- Establishment of new channels

■ Overseas Business

- **China:** Achieve further growth by reinforcement of the brand name and measures in the growing business categories
Reinforce sales of new products and items manufactured at the new factory in Zhangzhou
- **Europe and America:** Steady growth of the newly developed brands (mOmma, etc.)
- **Market expansion:** Aim at increasing the market share in India, Malaysia, South Korea, etc.

Shareholder Return and Investment-Related Indicators

- We will bolster shareholder return in a flexible manner, including through share buybacks, targeting a total shareholder return ratio of 50% or higher by Jan. 2011.

(¥)

Dividend Status	Jan. 2010		Jan. 2011		Jan. 2012		Jan. 2013	
	Interim (Result)	Year-End (Result)	Interim (Result)	Year-End (Result)	Interim (Result)	Year-End (Plan)	Interim (Plan)	Year-End (Plan)
Dividend per share	32	32	44	44	44	44	44	44
Payout ratio	45.1%		60.1%		55.3%		53.4%	

[Reference] Capital expenditure indicators

	Jan. 2010		Jan. 2011		Jan. 2012		Jan. 2013
	Interim (Result)	Year-End (Result)	Interim (Result)	Year-End (Result)	Interim (Result)	Year-End (Result)	Year-End (Plan)
Capital expenditure ※1	613	1,558	954	2,938	1,085	1,672	2,006
Depreciation (tangible fixed assets)	547	1,180	650	1,364	722	1,381	1,826

※1 Refers to purchase of tangible fixed assets, excluding construction in progress

Corporate Overview

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Due to various factors, actual results may differ significantly from those anticipated in this document.