

# **Fast Retailing Results for Fiscal 2013 and Estimates for Fiscal 2014**

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**Group Senior Vice President & CFO**

1

I am Takeshi Okazaki, Group Senior Vice President and CFO at Fast Retailing.

I would like to run through Fast Retailing Group's business performance over the full business year through end August 2013, and our estimates for the full business year to end August 2014.

<b>I. Financial Results for Fiscal 2013</b>	<b>P 3~P15</b>
<b>II. Estimates for Fiscal 2014</b>	<b>P16~P24</b>
<b>III. Reference Materials</b>	<b>P25~P27</b>

### **Compilation of Group Operations**

**(Year ending August 31, 2013 onward)**

UNIQLO Japan:	UNIQLO Co., Ltd.
UNIQLO International:	All UNIQLO operations outside of Japan
Global Brands:	Includes Theory, Comptoir des Cotonniers, Princesse tam.tam, GU and J Brand

**(Year ending August 31, 2012)**

UNIQLO Japan:	UNIQLO Co., Ltd.
UNIQLO International:	All UNIQLO operations outside of Japan
Global Brands:	Includes Theory, Comptoir des Cotonniers, Princesse tam.tam and GU

### **A Note on Business Forecasts**

When compiling business estimates, plans and target figures in this document, the figures that are not historical facts are forward looking statements based on management's judgment in light of currently available information. These business forecasts, plans and target figures may vary materially from the actual business results depending on the economic environment, our response to market demand and price competition, and changes in exchange rates.

## Group: FY2013

**Net sales** : ¥1.143trln (+23.1% y/y)  
**Operating income** : ¥132.9bln (+ 5.1% y/y)  
**Ordinary income** : ¥148.9bln (+19.0% y/y)  
**Net income** : ¥ 90.3bln (+26.1% y/y)

	Yr to Aug. 2012	Yr to Aug. 2013				Billions of Yen
	Actual	Latest est. (Jul.11)	Actual	y/y	v.latest est.	
<b>Net sales</b> (to net sales)	928.6 100.0%	<b>1,103.0</b> 100.0%	<b>1,143.0</b> 100.0%	+23.1%	+ 3.6%	
<b>Gross profit</b> (to net sales)	475.4 51.2%	<b>559.5</b> 50.7%	<b>564.0</b> 49.3%	+18.6% -1.9p	+ 0.8% -1.4p	
<b>SG&amp;A</b> (to net sales)	349.0 37.6%	<b>412.0</b> 37.4%	<b>431.0</b> 37.7%	+23.5% +0.1p	+ 4.6% +0.3p	
<b>Operating income</b> (to net sales)	126.4 13.6%	<b>147.5</b> 13.4%	<b>132.9</b> 11.6%	+5.1% -2.0p	- 9.9% -1.8p	
<b>Ordinary income</b> (to net sales)	125.2 13.5%	<b>153.5</b> 13.9%	<b>148.9</b> 13.0%	+19.0% -0.5p	- 2.9% -0.9p	
<b>Net income</b> (to net sales)	71.6 7.7%	<b>91.5</b> 8.3%	<b>90.3</b> 7.9%	+26.1% +0.2p	- 1.2% -0.4p	

3

Let us look first at our consolidated business performance for fiscal 2013, or the 12 months ending August 31, 2013.

Consolidated sales increased by 23.1% year on year to ¥1.143trln, operating income rose 5.1% to ¥132.9bln, ordinary income rose 19.0% to ¥148.9bln, and net income increased by 26.1% to ¥90.3bln.

The next slide details the main factors underlying these results.



## Group: FY2013 Rise in Sales, Income

**Net sales ¥1.143trln (+23.1% y/y, ¥214.3bln)**

- UNIQLO Intl: +¥98.0bln
- UNIQLO Japan +¥63.2bln
- Global Brands +¥53.2bln

**Gross profit to net sales ratio 49.3% (-1.9p y/y)**

- UNIQLO Japan: -1.8p

**SG&A to net sales ratio 37.7%(+0.1p y/y)**

**Operating income ¥132.9bln (+5.1% y/y)**

**Ordinary income ¥148.9bln (+19.0% y/y)**

- Large foreign exchange gain boosted non-operating profit by ¥17.2bln

**Net income ¥90.3bln (+26.1% y/y)**

4

Taking consolidated sales first, sales expanded by 23.1% or ¥214.3bln year on year to ¥1.143trln in the year to end August 2013. That figure breaks down into a increase in sales of ¥98.0bln at UNIQLO International, ¥63.2bln at UNIQLO Japan, and ¥53.2bln at Global Brands.

The gross profit to net sales ratio contracted by 1.9 points year on year to 49.3%. The main reason for this fall was a 1.8-point contraction in the gross margin at UNIQLO Japan.

The SG&A to net sales ratio held steady near the previous year's level at 37.7%.

These elements taken together resulted in a 5.1% increase in operating income to ¥132.9bln.

Consolidated ordinary income expanded by an impressive 19.0% to ¥148.9bln in fiscal 2013. The considerable depreciation in the yen against the dollar to a rate of US\$1=¥98 on August 31 generated a full-year foreign exchange profit of ¥15.5bln, resulting in an ¥17.2bln improvement in the Group's balance for non-operating income.

Net income increased by 26.1% year on year to ¥90.3bln in fiscal 2013.



## FY2013 Breakdown by Group Operation

Billions of Yen

		Yr to Aug. 2012	Yr to Aug. 2013			
		Actual	Latest est. (Jul.11)	Actual	y/y	v.latest est.
UNIQLO Japan	Net sales	620.0	673.0	<b>683.3</b>	<b>+10.2%</b>	<b>+1.5%</b>
	Operating income	102.3	106.0	<b>96.8</b>	<b>-5.4%</b>	<b>-8.6%</b>
	(to net sales)	16.5%	15.8%	14.2%	-2.3p	-1.6p
UNIQLO International	Net sales	153.1	234.0	<b>251.1</b>	<b>+64.0%</b>	<b>+7.3%</b>
	Operating income	10.9	20.0	<b>18.3</b>	<b>+66.8%</b>	<b>-8.3%</b>
	(to net sales)	7.2%	8.5%	7.3%	+0.1p	-1.2p
Global Brands	Net sales	153.0	194.0	<b>206.2</b>	<b>+34.8%</b>	<b>+6.3%</b>
	Operating income	14.5	18.5	<b>17.4</b>	<b>+20.1%</b>	<b>-5.6%</b>
	(to net sales)	9.5%	9.5%	8.5%	-1.0p	-1.0p

Note: In addition to the categories listed above, the consolidated results also include sales, operating income and goodwill amortization generated by the holding company, Fast Retailing Co., Ltd.

5

This slide displays cumulative net sales and operating income in fiscal 2013 broken down by Group operation.

UNIQLO Japan sales totaled ¥683.3bn and operating income ¥96.8bn. UNIQLO International reported sales of ¥251.1bn and operating income of ¥18.3bn. Global Brands generated sales of ¥206.2bn and operating income of ¥17.4bn.

In fiscal 2013, UNIQLO Japan generated year-on-year growth in sales but a contraction in profit, while both the UNIQLO International and Global Brands segments generated growth in both sales and profit.

## UNIQLO Japan: FY2013

### Sales rise, profit contracts

Sales: ¥683.3bln (+10.2% y/y)

Operating income: ¥96.8bln (-5.4% y/y)

Billions of Yen

	Yr to Aug. 2012	Yr to Aug. 2013			
	Actual	Latest est. (Jul.11)	Actual	y/y	est.
<b>Net sales</b> (to net sales)	620.0 100.0%	<b>673.0</b> 100.0%	<b>683.3</b> 100.0%	<b>+10.2%</b>	+1.5%
<b>Gross profit</b> (to net sales)	299.5 48.3%	<b>322.0</b> 47.8%	<b>318.0</b> 46.5%	<b>+6.2%</b> -1.8p	-1.2% -1.3p
<b>SG&amp;A</b> (to net sales)	197.1 31.8%	<b>216.0</b> 32.1%	<b>221.1</b> 32.4%	<b>+12.2%</b> +0.6p	+2.4% +0.3p
<b>Operating income</b> (to net sales)	102.3 16.5%	<b>106.0</b> 15.8%	<b>96.8</b> 14.2%	<b>-5.4%</b> -2.3p	-8.6% -1.6p

6

I will now explain fiscal 2013 performance for each Group operation in more detail, starting with UNIQLO Japan.

As I mentioned earlier, UNIQLO Japan reported a rise in sales and a fall in income in the year through end August 2013, with sales rising 10.2% year on year to ¥683.3bln, and operating income contracting 5.4% to ¥96.8bln.

I will explain these results in more detail in the subsequent slides.



## UNIQLO Japan: FY2013 Net Sales

**Fiscal 2013: Net sales ¥683.3bln (+10.2% y/y)**

**Same-store sales +7.3% (customer visits +12.0%, APP -4.3%)**

- Strong sales of core items (HEATTECH, Ultra Light Down, Ultra Stretch Jeans, AIRism, Leggings Pants, Steteco and Relaco)
- Successfully boosted customer visits by a significant 12% y/y
- Fall in average purchase price due to strong sales of comparatively cheap items (innerwear, Leggings Pants, etc.)

Same-store sales	Yr to Aug. 2013							
	1H	3Q	June	July	Aug	2H	Full year	Sep
Net sales	+ 3.6%	+ 9.3%	+20.5%	+5.5%	+28.9%	+ 12.6%	+ 7.3%	+4.4%
Customer nos.	+ 6.3%	+ 16.0%	+26.4%	+11.3%	+33.4%	+ 19.2%	+ 12.0%	+8.1%
Avg. purchase	-2.5%	-5.8%	-4.6%	-5.2%	-3.4%	-5.5%	-4.3%	-3.4%

**834 directly-run stores at end August 2013**  
(+10 stores y/y, excluding 19 franchise stores)

7

Now, to give you more detail on sales at UNIQLO Japan. As I have mentioned, sales at UNIQLO Japan expanded 10.2% year on year in fiscal 2013, thanks primarily to a 7.3% increase in same-store sales.

The increase in same-store sales can be attributed to consistently strong sales for key core ranges, including our HEATTECH functional winter innerwear, Ultra Light Down outwear, Ultra Stretch Jeans, AIRism summer innerwear, Leggings Pants, and Steteco and Relaco.

One of our key focus points for fiscal 2013 was to boost customer visits, and we achieved considerable success with visits rising an impressive 12.0% year on year.

On the other hand, the average purchase price per customer contracted 4.3% for the full business year through end August 2013, due in part to strong sales of comparatively low-priced items such as innerwear and Leggings Pants.

The total number of directly operated UNIQLO Japan stores, excluding franchise stores, increased by 10 to 834 stores at the end of August 2013.

**Fiscal 2013 gross profit margin 46.5% (-1.8p y/y)**

## H2 fall in gross margin

- Discounted items attracted the attention of price-sensitive customers
- Large markdowns on slow-selling items

	Yr to Aug. 2012	Yr to Aug. 2013	
			y/y
Full year	48.3%	<b>46.5%</b>	-1.8p
1H	48.2%	<b>46.7%</b>	-1.5p
2H	48.4%	<b>46.3%</b>	-2.1p

8

Turning next to margins for fiscal 2013, UNIQLO Japan generated a gross profit margin of 46.5% (-1.8p year on year) for the full fiscal year, from September 2012 through August 2013. In the second half, from March through August 2013, we generated a gross margin of 46.3 (-2.1p).

The 46.3% gross profit margin for the second half was considerably below target. While we maintained strong control over discount sales and the range of discounted items, price-conscious customers were consistently attracted to the discounted items.

At the July 11 announcement of our fiscal 2013 third quarter results from March to May, we explained that we planned to expand gross profit in the fourth quarter from June through August by boosting sales, and so we left our fourth quarter target for the gross profit margin unchanged. However, the gross profit margin did fall considerably below that target for the fourth quarter, following our decision to offload excess inventory ahead of the end of the business year by heavily discounting poor-selling items. Conversely, sales of AIRism innerwear, and Steteco and Relaco, proved extremely strong.



## Fiscal 2013 SG&A ratio 32.4%(+0.6p y/y)

- **Personnel (+0.3p):** Start store manager allowances (April)
- **Advertising & promotions (+0.1p):** Strategic expansion of TV commercials and advertising through flyers
- **Other business expenses (+0.3p):** Purchase of new fixtures to upgrade store displays, unit price fall leads to deterioration in efficiency of distribution

	Yr to Aug. 2012		Yr to Aug. 2013		Change	
	Actual	(% sales)	Actual	(% sales)		(% sales)
<b>SG&amp;A Total</b>	197.1	31.8%	<b>221.1</b>	<b>32.4%</b>	<b>+23.9</b>	<b>+0.6p</b>
<b>Personal</b>	57.3	9.2%	<b>64.7</b>	<b>9.5%</b>	<b>+7.4</b>	<b>+0.3p</b>
<b>A&amp;P</b>	28.2	4.6%	<b>32.2</b>	<b>4.7%</b>	<b>+4.0</b>	<b>+0.1p</b>
<b>Store rents</b>	43.9	7.1%	<b>47.7</b>	<b>7.0%</b>	<b>+3.8</b>	<b>-0.1p</b>
<b>Depreciation</b>	7.1	1.1%	<b>6.9</b>	<b>1.0%</b>	<b>-0.1</b>	<b>-0.1p</b>
<b>Other</b>	60.5	9.8%	<b>69.3</b>	<b>10.1%</b>	<b>+8.7</b>	<b>+0.3p</b>

Billions of Yen

9

The UNIQLO Japan SG&A to net sales ratio rose 0.6 point year on year to 32.4% in fiscal 2013.

Looking at the individual cost components, the personnel to net sales ratio increased 0.3 point year on year. This increase was due in part to our decision to introduce store manager allowances from April, and also due to an increase in part-time staffing costs.

The advertising and promotion to net sales ratio rose 0.1 point year on year, due mainly to our decision to actively boost advertising through TV commercials and the distribution of fliers.

The ratio for other business expenses to net sales rose 0.3 point year on year following purchases of new fixtures for the upgrade of store fittings and interiors. The decline in unit prices, which led to a deterioration in the efficiency of physical distribution, also adversely impacted this ratio.

## Sales and income rise, Asia the main engine

- Continued strong gains in sales and income in Asia
- Mass new store openings mainly in China, Taiwan, South Korea, and Southeast Asia
- UNIQLO South Korea and UNIQLO USA fall short of target
- Network expands by 154 to 446 stores by end August 2013

Billions of Yen

		Yr to Aug. 2012	Yr to Aug. 2013			
		Actual	Latest est. (Jul.11)	Actual	y/y	v.latest est.
UNIQLO International	Net sales	153.1	234.0	<b>251.1</b>	+64.0%	+7.3%
	Operating income (to net sales)	10.9 7.2%	20.0 8.5%	<b>18.3</b> 7.3%	+66.8%	-8.3% +0.1p -1.2p

10

Our UNIQLO International operation generated considerable gains in both sales and income, in the year through end August 2013. UNIQLO International sales increased by an impressive 64.0% to ¥251.1bln and operating income expanded by 66.8% to ¥18.3bln.

The large gains in both sales and income can be attributed primarily to continued strong same-store sales growth in the Asian region, and to our consistent drive to open large numbers of new stores mainly in China, Taiwan, South Korea, and Southeast Asia.

The level of operating income generated by UNIQLO International fell short of our latest target, due mainly to worse-than-expected performances in South Korea and the United States. UNIQLO South Korea was adversely affected by unseasonal weather and the slowdown in economic conditions in that country. The operating loss at UNIQLO USA exceeded our target in yen terms following the weakening of the Japanese currency against the US dollar, and it is still hovering stubbornly near the previous year's level.

The number of UNIQLO International stores increased by 154 stores to 446 stores at end August 2013.

## Business Trends by Region

- **China, Hong Kong, Taiwan: Strong gains in sales and profit**  
Net sales approx. ¥125.0bln, operating income ¥13.5bln  
Continued same-store sales growth, 102 new stores opened
- **South Korea: Rise in sales and profit, but OP below target**  
H2 OP down on unseasonal weather and economic slowdown, 25 new stores opened
- **Southeast Asia: Increase in sales and profit exceeds forecast**  
Continued favorable sales, 22 new stores boosts total to 39
- **USA: Operating loss hovers at previous year's level**  
Sluggish sales of spring items, advance costs related to opening of 10 new stores in fall 2013
- **Europe: Roughly breaking even as expected**

11

Breaking down overall business trends for UNIQLO International by region, the China-Hong Kong-Taiwan region reported gains in both sales and profit in fiscal 2013 thanks to continued growth in same-store sales and a net increase of 102 stores. The region generated sales of ¥125.0bln and operating income of ¥13.5bln. The number of stores expanded to 280 by the end of August 2013.

UNIQLO South Korea also generated gains in sales and profit in fiscal 2013, but the operating income figure fell short of target. Despite a strong performance in the first half from September 2012 through February 2013, unseasonal weather and a slowdown in the South Korean economy in the second half from March through August 2013 served to knock the operating income figure for fiscal 2013 as a whole below target. We opened 25 new stores in South Korea in fiscal 2013, bringing the total number of stores to 105 at the end of August 2013.

UNIQLO operations in the Southeast Asian nations of Singapore, Malaysia, Thailand, the Philippines, and Indonesia all generated larger-than-expected gains in sales and profit in fiscal 2013 thanks to continued strong sales trends across the board. We opened 22 new stores in Southeast Asia over the business year, bringing the total number of stores to 39 at the end of August 2013.

The opening of a further four new stores in the United States boosted sales in fiscal 2013, but the operating loss for UNIQLO USA remained stubbornly close to the previous year's level. This was due to a number of factors: unseasonal weather which dampened sales of spring garments, advance costs related to the scheduled opening of 10 new stores in fall 2013, and the swelling of the operating loss in yen terms following the weakening of the Japanese yen against the dollar. However, more recent signals from UNIQLO USA indicate a pick up in same-store sales in the months of August and September, and a satisfactory launch of 2013 fall/winter ranges.

UNIQLO Europe, which encompasses the United Kingdom, France, and Russia performed to plan by roughly breaking even in fiscal 2013.

## Another record profit for GU and Theory

- **GU: Sales and profit rise**  
Sales approx. ¥83.7bln, operating income ¥7.6bln
- **Theory: Sales and profit rise to record levels**
- **CDC: Unexpected contraction in operating income**
- **J Brand: Operating income falls below target**

Billions of Yen

		Yr to Aug. 2012	Yr to Aug. 2013			
		Actual	Latest est. (Jul.11)	Actual	y/y	v.latest est.
Global Brands	Net sales	153.0	194.0	<b>206.2</b>	+34.8%	+6.3%
	Operating income (to net sales)	14.5 9.5%	18.5 9.5%	<b>17.4</b> 8.5%	+20.1%	-5.6%
					-1.0p	-1.0p

12

Our Global Brands segment reported gains in both sales and profit in fiscal 2013, with sales rising 34.8% year on year to ¥206.2bln and operating income expanding by 20.1% to ¥17.4bln.

Our low-priced GU casualwear label achieved strong growth in both sales and profit, with sales rising from approximately ¥58.0bln in fiscal 2012 to ¥83.7bln in fiscal 2013, and operating income expanding from approximately ¥5.0bln to ¥7.6bln over the same period. The GU brand continues to demonstrate strong growth, with consistent double-digit gains in same-store sales and the addition of 38 new stores to the brand's network in fiscal 2013.

Our Theory fashion label reported a record performance in 2013, with strong gains in both sales and profit.

Our France-based labels, Comptoir des Cotonniers, reported increased sales in fiscal 2013, but fell short of our expectations on the profit side, reporting a decline in operating income.

Fiscal 2013 sales generated by our J Brand premium denim label came in on target, while operating income fell short of our estimates.



## Group: Balance Sheet at end August 2013

	End Aug.2012	End Aug.2013	Change
<b>Total Assets</b>	595.1	<b>885.8</b>	+290.6
<b>Current Assets</b>	424.5	<b>640.1</b>	+215.5
<b>Fixed Assets</b>	170.5	<b>245.6</b>	+75.1
<b>Liabilities</b>	200.2	<b>306.2</b>	+105.9
<b>Net Assets</b>	394.8	<b>579.5</b>	+184.6

Billions of Yen

13

Next, I would like to explain our balance sheet, as it stood at the end of August 2013.

Compared to end August 2012, current assets increased by ¥215.5bln and fixed assets expanded by ¥75.1bln to generate an increase of ¥290.6bln in total assets to ¥885.8bln. As a result, net assets increased by ¥184.6bln.

I will discuss the main components of the balance sheet in the next slide.



## Group: B/S Main Points v. end August 2012

**Current assets: +¥215.5bln (¥424.5bln ⇒ ¥640.1bln)**

• **Cash, equivalents and securities: +¥29.6bln (¥266.0bln ⇒ ¥295.6bln)**

• **Inventory assets: +¥67.6bln (¥98.9bln ⇒ ¥166.6bln)**

**UNIQLO Japan +¥20.8bln**

Upgrade of store fittings, increase in number of basic items sold year-round

**UNIQLO Intl: +¥38.5bln** End August store total up 154 stores y/y

**Global Brands +¥7.1bln**

Expansion of GU and Theory operations, consolidation of J Brand stock

• **Forward contract balance: +¥136.2bln (-¥22.6bln ⇒ +¥113.6bln)**

**UNIQLO Japan** End-August yen rate fell below the average forward contract exchange rate. Hedge accounting so no impact on P&L

**Fixed assets +¥75.1bln (¥170.5bln ⇒ ¥245.6bln)**

• **Tangible assets: +¥21.1bln (¥69.2bln ⇒ ¥90.4bln)**

**UNIQLO International: +154 stores y/y, Global Brands: +65 stores y/y**

• **Intangible assets: +¥39.8bln (¥38.2bln ⇒ ¥78.1bln)**

**Global Brands** Consolidation of J Brand

14

Let us look first at the ¥215.5bln increase in current assets.

Cash, cash equivalents, and marketable securities increased by ¥29.6bln year on year to ¥295.6bln at end August 2013 compared to end August 2012. This was due to an increase in operating cash flow at UNIQLO Japan and other business segments.

Inventory assets increased by ¥67.6bln to ¥166.6bln at end August 2013. Inventory at UNIQLO Japan increased by ¥20.8bln at end August 2013, due in part to the upgrade of store fittings and interiors, an increase in store inventory and an increase in the range of year-round basic items on offer. Inventory at UNIQLO International increased by ¥38.5bln. This was due to the opening of 154 new stores across the UNIQLO International network in fiscal 2013, including the new global flagship store in Hong Kong. Inventory levels also increased by ¥7.1bln at our Global Brands segment due to the continued expansion of GU and Theory, and the new inclusion of J Brand.

The balance of forward exchange contracts recorded a reduction on the liability side of ¥22.6bln and an increase on the asset side of ¥113.6bln at the end of August 2013 compared to end August 2012. We use forward exchange contracts as a long-term hedging measure to minimize foreign exchange risk at the UNIQLO Japan operation. The yen exchange rate at the end of August 2013 weakened to a level below our average forward contract exchange rate, resulting in a considerable increase in the balance of forward exchange contracts. Please note, this item is treated under hedge accounting and therefore has no impact on the profit and loss position.

Fixed assets increased by ¥75.1bln year on year at the end of August 2013. This includes a ¥21.1bln increase in tangible assets linked to the opening of 154 new stores at UNIQLO International, and 65 new stores for the Global Brands segment. It also includes a ¥39.8bln increase in intangible assets linked to the consolidation of the newly acquired J Brand label.

## Group: FY2013 Cash Flow

Billions of Yen			
	Yr. to Aug 2012 Actual	Yr. to Aug 2013 Actual	Comment
<b>Net cash provided by operating activities</b>	<b>+ 127.6</b>	<b>+ 99.4</b>	
Net income before taxes and other adjustments	+ 123.3	+ 141.5	Profit contribution from UNIQLO and other operations
Depreciation allowance, goodwill amortization	+ 24.3	+ 34.0	
Working capital	+ 2.4	- 14.4	Change in total accounts receivable, inventory assets & accounts payable
Payment/refund of corporation tax, etc	- 32.6	- 55.4	
<b>Net cash used in investment activities</b>	<b>- 35.3</b>	<b>- 63.9</b>	
Expenditure on acquisition of tangible assets	- 23.7	- 27.3	Related to new store openings
Expenditure on acquisition of intangible assets	- 7.4	- 4.0	System investment
Change to scope of consolidation Purchase of Subsidiary firm's shares	-	- 26.7	Expenditure related to acquisition of J Brand
<b>Net cash used in financing activities</b>	<b>- 29.0</b>	<b>- 23.9</b>	
Income from Long-term borrowing	-	+ 16.6	Borrowing related to acquisition of J Brand
Dividend payment	- 22.1	- 28.3	FY2012 year-end dividend of 130 yen per share, FY2013 interim dividend 140 yen per share
<b>Increase in cash &amp; equivalents</b>	<b>63.9</b>	<b>29.6</b>	
<b>Cash &amp; equivalents period start</b>	<b>202.1</b>	<b>266.0</b>	
<b>Cash &amp; equivalents period end</b>	<b>266.0</b>	<b>295.6</b>	

I would now like to explain our cash flow position for the full year ending August 31, 2013.

We enjoyed a net cash inflow of ¥99.4bln from operating activities. Income was boosted by a ¥141.5bln profit contribution from UNIQLO worldwide operations and other Group businesses, while expenditure also increased due to an outlay of ¥55.4bln in corporate taxes and an increase in working capital of ¥14.4bln.

Outlays on investment activities totalled ¥63.9bln in fiscal 2013. Of this total, ¥27.3bln was spent on the acquisition of tangible assets, ¥4.0bln was spent on the acquisition of intangible assets such as systems investment, and ¥26.7bln was spent on the acquisition of J Brand Holdings.

Capital expenditure for the Fast Retailing Group totalled ¥39.6bln in fiscal 2013. Of this total, ¥8.8bln was invested in UNIQLO Japan, ¥20.6bln in UNIQLO International, ¥6.3bln in Global Brands, and ¥3.5bln in systems.

Net spending on financing activities totalled ¥23.9bln. This included a ¥16.6bln inflow related to the J Brand acquisition and a ¥28.3bln expenditure on dividend payments.

As a result of the above, the balance of cash and cash equivalents stood at ¥295.6bln at end August 2013.

## Group: FY2014 Forecasts

**Net sales** : ¥1.330trln (+16.4% y/y)  
**Operating income** : ¥156.0bln (+17.4% y/y)  
**Ordinary income** : ¥155.0bln (+4.0% y/y)  
**Net income** : ¥ 92.0bln (+1.8% y/y)

	Yr to Aug. 2013	Yr to Aug. 2014		Billions of Yen
	Actual	Estimate	y/y	
<b>Net sales</b> (to net sales)	<b>1,143.0</b> 100.0%	<b>1,330.0</b> 100.0%	+ 16.4%	
<b>Gross profit</b> (to net sales)	<b>564.0</b> 49.3%	<b>675.5</b> 50.8%	+ 19.8% +1.5 p	
<b>SG&amp;A</b> (to net sales)	<b>431.0</b> 37.7%	<b>519.5</b> 39.1%	+ 20.5% +1.4 p	
<b>Operating income</b> (to net sales)	<b>132.9</b> 11.6%	<b>156.0</b> 11.7%	+ 17.4% +0.1 p	
<b>Ordinary income</b> (to net sales)	<b>148.9</b> 13.0%	<b>155.0</b> 11.7%	+ 4.0% -1.3 p	
<b>Extraordinary gain or loss</b>	<b>-7.4</b>	<b>-6.0</b>	-	
<b>Net income</b> (to net sales)	<b>90.3</b> 7.9%	<b>92.0</b> 6.9%	+ 1.8% -1.0 p	

16

I would now like to turn to our consolidated forecasts for the Fast Retailing Group for fiscal 2014, or the 12 months from September 2013 through end August 2014.

Both consolidated sales and income are predicted to rise in fiscal 2014. Consolidated sales are expected to increase 16.4% year on year to ¥1.330trln, operating income is expected to expand 17.4% to ¥156.0bln, ordinary income to expand 4.0% to ¥155.0bln, and net income to increase 1.8% to ¥92.0bln.



## UNIQLO Japan: FY2014 Forecasts

Billions of Yen

	Yr to Aug. 2013	Yr to Aug 2014	
	Actual	Estimate	y/y
<b>Net sales</b> (to net sales)	<b>683.3</b> 100.0%	<b>728.0</b> 100.0%	+ 6.5%
<b>Gross profit</b> (to net sales)	<b>318.0</b> 46.5%	<b>350.0</b> 48.1%	+ 10.1% + 1.6 p
<b>SG&amp;A</b> (to net sales)	<b>221.1</b> 32.4%	<b>235.5</b> 32.3%	+ 6.5% - 0.1 p
<b>Operating income</b> (to net sales)	<b>96.8</b> 14.2%	<b>114.5</b> 15.7%	+ 18.2% + 1.5 p

17

I will now look at fiscal 2014 estimates for each of our business segments.

Taking UNIQLO Japan first, the segment is expected to generate gains in both sales and profit in fiscal 2014, with net sales expanding 6.5% year on year to ¥728.0bln and operating income rising 18.2% to ¥114.5bln.

In addition, we have made some changes to the allocation of certain income from our international UNIQLO operations. From fiscal 2014, a portion of the income from UNIQLO International which had previously been paid to the holding company, Fast Retailing Co., Ltd., will now be paid to UNIQLO Japan. This change amounts to sales of approximately ¥8.0bln and operating income of approximately ¥11.0bln.

However, please note that this change does not affect our consolidated financial performance.



## UNIQLO Japan: FY2014 (H1, H2) Estimates

Billions of Yen

	Six month to Feb. 2013	Six month to Feb. 2014		Six month to Aug. 2013	Six month to Aug. 2014	
	Actual	Estimate	y/y	Actual	Estimate	y/y
<b>Net sales</b> (to net sales)	387.2 100.0%	<b>415.5</b> 100.0%	+7.3%	296.0 100.0%	<b>312.5</b> 100.0%	+5.6%
<b>Gross profit</b> (to net sales)	180.9 46.7%	<b>199.5</b> 48.0%	+10.2% +1.3p	137.0 46.3%	<b>150.5</b> 48.2%	+9.8% +1.9p
<b>SG&amp;A</b> (to net sales)	111.9 28.9%	<b>123.5</b> 29.7%	+10.3% +0.8p	109.1 36.9%	<b>112.0</b> 35.8%	+2.6% -1.1p
<b>Operating income</b> (to net sales)	68.9 17.8%	<b>76.0</b> 18.3%	+10.2% +0.5p	27.8 9.4%	<b>38.5</b> 12.3%	+38.2% +2.9p

18

This slide shows our fiscal 2014 estimates for UNIQLO Japan broken down into the first half (September 2013 through February 2014) and the second half (March through August 2014).



# UNIQLO Japan: Y/Y Forecast Assumptions

	Yr to Aug. 2013	Yr to Aug. 2014	
	Actual	Estimate	y/y
Net sales	<b>683.3</b> bln	<b>728.0</b> bln	+6.5%
Same store sales growth	<b>+ 7.3%</b>	<b>+ 1.6%</b>	-
1H	+3.6%	+2.5%	-
2H	+12.6%	+0.5%	-
Store increase (Full year)	<b>10 Stores</b>	<b>10 Stores</b>	<b>±0 Stores</b>
1H	4 Stores	4 Stores	±0 Stores
2H	6 Stores	6 Stores	±0 Stores
Gross profit (Full year)	<b>46.5%</b>	<b>48.1%(47.5%)</b>	<b>+1.6p(+1.0p)</b>
1H	46.7%	48.0%(47.4%)	+1.3p(+0.7p)
2H	46.3%	48.2%(47.6%)	+1.9p(+1.3p)
SG&A ratio (Full year)	<b>32.4%</b>	<b>32.3%</b>	<b>-0.1p</b>
1H	28.9%	29.7%	+0.8p
2H	36.9%	35.8%	-1.1p

※ ( ) excluding income from royalties

19

Looking at the assumptions underlying the fiscal 2014 forecasts for UNIQLO Japan in more detail, we expect same-store sales to expand by 2.5% year on year in the first half and then expand by 0.5% in the second half, generating a 1.6% rise in same-store sales for fiscal 2014 as a whole.

Total store numbers are expected to expand by a net four stores in the first half and six stores in the second half, bringing the total number of directly run stores to 844 by the end of August 2014.

The gross profit margin is forecast to improve 1.6 points year on year in fiscal 2014 to 48.1%. However, if we calculate our estimate for fiscal 2014 gross profit margin using the accounting method employed through fiscal 2013, then the figure would be 47.5%, representing a smaller improvement of 1.0 point year on year in real terms.

The SG&A ratio is expected to remain roughly flat in fiscal 2014 at 32.3%.

## Continued sales and profit growth in Asia

- **China, Hong Kong and Taiwan:**  
Aiming for sales growth of over 30% and increased OP
- **South Korea:** Forecast gentle rise in sales and profit
- **Southeast Asia (Singapore, Malaysia, Thailand, Philippines, Indonesia):** Mass new store openings expected to generate large rises in sales and profit
- **Australia:** Open first store in Melbourne in 2014  
Aim to open a total of 3 stores by end August 2014

Billions of Yen

		Yr to Aug. 2013	Yr to Aug. 2014	
		Actual	Estimate	y/y
UNIQLO International	Net sales	251.1	350.0	+39.3%
	Operating income (to net sales)	18.3 7.3%	28.0 8.0%	+52.6% +0.7p

Turning now to forecasts for UNIQLO International in fiscal 2014, sales are forecast to expand by 39.3% year on year to ¥350.0bln and operating income is seen expanding an equally impressive 52.6% to ¥28.0bln.

UNIQLO International is expected to enjoy further buoyant growth in both sales and profit in fiscal 2014, fueled by further multiple new store openings and continued growth across Asia, and also by new store openings and improved profitability in the United States.

In the China-Hong Kong-Taiwan region, we are aiming to boost combined revenue by over 30 percent through the opening of large numbers of new stores mainly in China and Taiwan. We will also be looking to improve operating margins by controlling expenses in each of the three economies. We plan to open 98 new stores in this region, bringing the total number of stores in China, Hong Kong, and Taiwan to 378 at the end of August 2014.

We expect UNIQLO South Korea to generate gains in sales and profit in fiscal 2014, but our forecasts predict gentle growth in view of the slowdown in the South Korean economy.

We predict sales and income from UNIQLO operations in Southeast Asia to expand considerably in fiscal 2014 as we continue to open large numbers of new stores in the region. In fiscal 2014, we plan to open eight stores in Singapore, 12 stores in Malaysia, nine stores in Thailand, 15 stores in the Philippines, and three stores in Indonesia, for a total of 47 new UNIQLO stores in Southeast Asia.

We plan to open our first store in Australia in Melbourne in 2014, and then a further two stores by the end of August 2014.

## **Develop retail network in USA Open first store in Berlin, Germany**

- UNIQLO USA: Expect profitability to improve  
Open 9 stores (East Coast), 6 stores (West Coast)  
Improve profitability at 3 prominent NY stores**
- UNIQLO Europe (U.K., France, Russia, Germany):  
Predict slight fall in profit, relating to cost of  
opening global flagship store in Germany  
Expect German market to prove promising**

At UNIQLO USA, we seek to establish a full-fledged retail network by opening stores in prominent suburban malls in and around the cities of New York and San Francisco. In fiscal 2014, we plan to open a total of 15 new stores, nine of which will be located on the East Coast around New York, and six which will be located on the West Coast around San Francisco. We will also be looking to reduce the operating loss at UNIQLO USA by boosting profitability at our three prominent New York stores, encompassing the New York Fifth Avenue flagship store.

In Europe, we plan to open two new stores in Russia and two new stores in France in fiscal 2014. We also intend to open our first store in Berlin, Germany during this business year. Berlin will be a global flagship store, and we expect expenses, including store rent, etc. to rise in the period running up to the new store opening. As a result, we predict that profit levels will shrink somewhat at UNIQLO Europe in fiscal 2014.

We expect the German market to prove extremely promising for UNIQLO, both in its own right and also as a central base from which to launch the further expansion of the UNIQLO brand across European markets.

## Global Brands: FY2014 Forecasts

### Expand GU, Theory

- GU: Expect sales over ¥100bln, higher profitability
- Theory: Open 49 stores worldwide, target record profits
- Comptoir des Cottonniers :  
Similar performance to FY2013
- J Brand : Open first direct-run store in October

Billions of Yen

		Yr to Aug. 2013	Yr to Aug. 2014	
		Actual	Estimate	y/y
Global Brands	Net sales	206.2	250.0	+21.2%
	Operating income	17.4	24.0	+37.4%
	(to net sales)	8.5%	9.6%	+1.1p

22

Next, I would like to move onto our fiscal 2014 estimates for the Global Brands segment. We expect net sales to increase by 21.2% to ¥250.0bln and operating income to expand by 37.4% to ¥24.0bln.

As for our low-priced GU casualwear brand, we are targeting sales of over ¥100.0bln in fiscal 2014 on the back of continued growth in same-store sales and the planned opening of 70 new GU stores. We also expect to be able to improve the brand's profitability. The first GU store outside of Japan, housed in UNIQLO's new global flagship store in Shanghai, received an enthusiastic welcome when it opened for business on September 30. We are now actively studying options for expanding the GU store network in other international locations.

We aim to generate another record profit at our Theory operation by opening 49 new stores in fiscal 2014, including 30 new Theory stores and 10 new PLST stores.

We predict performance at Comptoir des Cottonniers will hold steady in fiscal 2014.

We opened our first directly operated J Brand store in Japan just yesterday, October 9, in the Hankyu Umeda Main Store, which is located at the heart of the popular Umeda shopping district in Osaka. Going forward, we will be looking for ways to expand the J Brand business further, including the opening of more directly operated stores. We are seeking to consistently maximize potential synergies among our Group brands.



## FY2014 Forecast by Group Operation

Billions of Yen

		Yr to Aug. 2013	Yr to Aug. 2014	
		Actual	Estimate	y/y
UNIQLO Japan	Net sales	683.3	728.0	+6.5%
	Operating income (to net sales)	96.8 14.2%	114.5 15.7%	+18.2% +1.5p
UNIQLO International	Net sales	251.1	350.0	+39.3%
	Operating income (to net sales)	18.3 7.3%	28.0 8.0%	+52.6% +0.7p
Global Brands	Net sales	206.2	250.0	+21.2%
	Operating income (to net sales)	17.4 8.5%	24.0 9.6%	+37.4% +1.1p

Note: In addition to the categories listed above, the consolidated results also include sales, operating income and goodwill amortization generated by the holding company, Fast Retailing Co., Ltd.

23

This slide displays our estimates for fiscal 2014 broken down into individual group operations.

## Dividend Estimates

**FY2013: Expected annual dividend 290 yen**  
**FY2014: Forecast annual dividend 300 yen**

	Dividend per share		
	Mid-term	Yr-end	Annual
Year to Aug. 2012	130yen	130yen	260yen
Year to Aug. 2013(Previous Estimate)	140yen	140yen	280yen
Year to Aug. 2013(Revised Estimate) ※1	140yen	150yen	290yen
Year to Aug. 2014(Estimated) ※2	150yen	150yen	300yen

※1 The fiscal 2013 year-end dividend is subject to approval at the executive board meeting on November 12

※2 Dividend totals may change in the event of large fluctuations in business performance or access to funds

Finally, I would like to explain our latest stance on shareholder dividends.

In light of the fiscal 2013 consolidated results, we have decided to increase the year-end dividend for the year ending August 31, 2013 by ¥10 from ¥140 to ¥150. Added to the interim dividend of ¥140, this generates an expected annual dividend of ¥290 per share.

We forecast an annual dividend of ¥300 per share for the year ending August 31, 2014, split equally between an interim dividend of ¥150 and a year-end dividend of ¥150.

That completes this presentation on the Fast Retailing Group's performance in fiscal 2013, and our business estimates for fiscal 2014. The remaining three slides are provided for your reference.

Thank you.





## Reference Store Plans by Group Company

[Units: Stores]	Yr 2012 Yr-end	Yr to Aug. 2013			Yr to Aug. 2014 Estimate				
		Open	Close	Change	Yr-end	Open	Close	Change	Yr-end
<b>UNIQLO Operations</b>	<b>1137</b>	<b>210</b>	<b>48</b>	<b>+162</b>	<b>1,299</b>	<b>252</b>	<b>41</b>	<b>+211</b>	<b>1,510</b>
<b>UNIQLO Japan</b>	<b>845</b>	<b>51</b>	<b>43</b>	<b>+8</b>	<b>853</b>	<b>54</b>	<b>41</b>	<b>+13</b>	<b>866</b>
Own stores	824	50	40	+10	834	51	41	+10	844
Large-scale	147	33	3	+30	177	27	2	+25	202
Standard and others	677	17	37	-20	657	24	39	-15	642
Franchise stores	21	1	3	-2	19	3	0	+3	22
<b>UNIQLO International</b>	<b>292</b>	<b>159</b>	<b>5</b>	<b>+154</b>	<b>446</b>	<b>198</b>	<b>0</b>	<b>+198</b>	<b>644</b>
China	145	83	3	+80	225	80	0	+80	305
Hong Kong	16	2	0	+2	18	3	0	+3	21
Taiwan	17	20	0	+20	37	15	0	+15	52
Korea	80	27	2	+25	105	30	0	+30	135
Singapore	7	5	0	+5	12	8	0	+8	20
Malaysia	5	5	0	+5	10	12	0	+12	22
Thailand	4	6	0	+6	10	9	0	+9	19
Philippines	1	5	0	+5	6	15	0	+15	21
Indonesia	0	1	0	+1	1	3	0	+3	4
Australia	0	0	0	0	0	3	0	+3	3
UK	10	0	0	0	10	0	0	0	10
USA	3	4	0	+4	7	15	0	+15	22
France	2	1	0	+1	3	2	0	+2	5
Russia	2	0	0	0	2	2	0	+2	4
Germany	0	0	0	0	0	1	0	+1	1
<b>GU</b>	<b>176</b>	<b>60</b>	<b>22</b>	<b>+38</b>	<b>214</b>	<b>70</b>	<b>7</b>	<b>+63</b>	<b>277</b>
Theory	373	53	15	+38	411	49	1	+48	459
<b>Comptoir des Cottonniers ※</b>	<b>383</b>	<b>10</b>	<b>18</b>	<b>-8</b>	<b>375</b>	<b>4</b>	<b>6</b>	<b>-2</b>	<b>373</b>
<b>Princesse tam.tam ※</b>	<b>153</b>	<b>2</b>	<b>5</b>	<b>-3</b>	<b>150</b>	<b>5</b>	<b>2</b>	<b>+3</b>	<b>153</b>
<b>J Brand</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>+2</b>	<b>2</b>
<b>Total</b>	<b>2,222</b>	<b>335</b>	<b>108</b>	<b>+227</b>	<b>2,449</b>	<b>382</b>	<b>57</b>	<b>+325</b>	<b>2,774</b>

Note: Excluding Mina (Commercial Facility Business) and Grameen UNIQLO stores ※Including franchise stores



Reference

## Group: FY2014 1H Estimates

	Six month to Feb. 2013	Six month to Feb. 2014	
	Actual	Estimate	y/y
<b>Net sales</b> (to net sales)	614.8 100.0%	<b>733.0</b> 100.0%	+19.2%
<b>Gross profit</b> (to net sales)	303.9 49.4%	<b>370.5</b> 50.5%	+21.9% +1.1p
<b>SG&amp;A</b> (to net sales)	207.3 33.7%	<b>266.5</b> 36.4%	+28.6% +2.6p
<b>Operating income</b> (to net sales)	96.6 15.7%	<b>104.0</b> 14.2%	+7.6% -1.5p
<b>Ordinary income</b> (to net sales)	107.7 17.5%	<b>103.5</b> 14.1%	-4.0% -3.4p
<b>Net income</b> (to net sales)	65.4 10.6%	<b>63.5</b> 8.7%	-3.0% -2.0p



Reference

## Forex, Capex, Depreciation, Goodwill Amortization

### Applicable Exchange Rates

Yen

	1USD	1EUR	1GBP	1RMB	100KRW
Yr to Aug. 2012 Exchange rate full year to Aug. 2012 (Actual)	78.6	103.9	124.3	12.4	6.9
Yr to Aug. 2013 Exchange rate full year to Aug. 2013 (Actual)	89.8	117.3	140.2	14.5	8.1
Yr to Aug. 2014 Exchange rate full year to Aug. 2014 (Estimate)	94.0	120.5	143.0	15.0	8.5

### Capex, Depreciation and Goodwill

Billions of Yen

	Capital spending	Depreciation	Goodwill amortization
Yr to Aug. 2012 Full year (Actual)	40.1	18.5	5.6
Yr to Aug. 2013 Full year (Actual)	39.6	23.6	5.2
Yr to Aug. 2014 Full year (Estimate)	58.4	26.2	6.0

**Breakdown of Capex:**

FY2013 (actual): UNIQLO Japan ¥8.8bln, UNIQLO Int'l ¥20.6bln, Global Brands ¥6.3bln, system ¥3.5bln

FY2014 (estimate): UNIQLO Japan ¥9.8bln, UNIQLO Int'l ¥32.0bln, Global Brands ¥10.3bln, system ¥5.7bln