

Fast Retailing Results for the Nine Months to May 2014 and Estimates for Fiscal 2014

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

I would like to take you through our consolidated business performance for the third quarter of fiscal 2014, or the nine months from September 2013 through to the end of May 2014. I would also like to look at our latest estimates for the full business year ending August 31, 2014.

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Compilation of Group Operations

Current structure (since fiscal 2013, or year ending August 31, 2013):

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

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: (3Q) September 2013-May 2014

Net sales: ¥1.088trln (+22.8% y/y)
1Q~3Q Operating income: ¥136.2bln (+9.9% y/y)
Ordinary income: ¥141.1bln (-0.6% y/y)

	Nine months to May 2014 (Sep. 2013 - May 2014)			Three months to May 2014 (Mar. 2014 - May 2014)			Billions of Yen
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y	
Net sales (to net sales)	1,088.0 100.0%	885.8 100.0%	+22.8%	323.6 100.0%	270.9 100.0%	+19.4%	
Gross profit (to net sales)	550.7 50.6%	443.9 50.1%	+24.1% +0.5p	173.9 53.8%	139.9 51.7%	+24.3% +2.1p	
SG&A (to net sales)	414.4 38.1%	319.9 36.1%	+29.6% +2.0p	140.8 43.5%	112.6 41.6%	+25.1% +1.9p	
Operating income (to net sales)	136.2 12.5%	124.0 14.0%	+9.9% -1.5p	33.0 10.2%	27.3 10.1%	+20.9% +0.1p	
Ordinary income (to net sales)	141.1 13.0%	142.0 16.0%	-0.6% -3.0p	33.5 10.4%	34.2 12.6%	-2.0% -2.2p	
Net income (to net sales)	84.8 7.8%	88.4 10.0%	-4.1% -2.2p	20.2 6.3%	22.9 8.5%	-11.7% -2.2p	

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First, I will look at our consolidated business performance for the first nine months of fiscal 2014, from September 2013 through May 2014.

Consolidated sales increased 22.8% year on year to ¥1.088 trillion, operating income increased 9.9% to ¥136.2 billion, ordinary income contracted 0.6% to ¥141.1 billion and net income decreased by 4.1% to ¥84.8 billion.

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



Group: 1Q~3Q Results - Main Features

Net sales ¥1.088trln (+22.8%, or ¥202.1bln y/y)

- UNIQLO International +¥136.4bln
- Global Brands +¥38.0bln
- UNIQLO Japan +¥27.8bln

Gross profit to net sales ratio 50.6% (+0.5p y/y)

- UNIQLO Japan +1.7p

SG&A to net sales ratio 38.1% (+2.0p y/y)

- UNIQLO Japan +1.3p
- Expansion of UNIQLO International

Operating income ¥136.2bln, +9.9% y/y

Ordinary income ¥141.1bln, -0.6% y/y

- Foreign exchange gains ¥5.3bln on weaker yen, down ¥12.5bln y/y

Net income ¥84.8bln, -4.1% y/y

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Consolidated sales expanded by 22.8%, or ¥202.1 billion, year on year to ¥1.088 trillion in the first nine months of fiscal 2014. That figure breaks down into sales increases of ¥136.4 billion at UNIQLO International, ¥38.0 billion at Global Brands and ¥27.8 billion at UNIQLO Japan.

The gross profit to net sales ratio improved by 0.5 point year on year to 50.6%. The improvement in the overall gross profit margin can be attributed, in the main, to a 1.7-point rise in the gross profit margin at UNIQLO Japan.

The SG&A to net sales ratio rose 2.0 points year on year to 38.1%, due mainly to a 1.3-point increase in the SG&A ratio at UNIQLO Japan, and increasing Group sales contributed by UNIQLO's international operations, where SG&A ratios tend to be higher.

These elements taken together resulted in a 9.9% rise in operating income to ¥136.2 billion in the nine months from September 2013 through to the end of May 2014.

Consolidated ordinary income contracted by 0.6% to ¥141.1 billion. The Group reported foreign exchange gains totaling ¥5.3 billion over the nine-month period. However, the foreign exchange gain fell ¥12.5 billion year on year, compared to the ¥17.8 billion recorded a year ago.

Net income in the first nine months of fiscal 2014 contracted by 4.1% year on year to ¥84.8 billion.

Viewing these results overall, both consolidated ordinary income and net income contracted, as expected, on the back of significant year-on-year falls in non-operating, foreign exchange gains. However, the strong performance at UNIQLO resulted in an increase in consolidated operating income.



3Q Breakdown by Group Operation

Billions of Yen

		Nine months to May 2014 (Sep. 2013 - May 2014)			Three months to May 2014 (Mar. 2014 - May 2014)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO Japan	Net sales	569.4	541.6	+5.1%	163.8	154.4	+6.1%
	Operating income (to net sales)	94.8 16.6%	88.3 16.3%	+7.3% +0.3p	24.5 15.0%	19.3 12.5%	+27.1% +2.5p
UNIQLO International	Net sales	327.7	191.3	+71.3%	95.6	60.6	+57.7%
	Operating income (to net sales)	34.3 10.5%	19.6 10.3%	+75.1% +0.2p	6.3 6.6%	3.6 5.9%	+75.3% +0.7p
Global Brands	Net sales	188.8	150.8	+25.2%	63.5	55.1	+15.3%
	Operating income (to net sales)	14.9 7.9%	13.4 8.9%	+11.3% -1.0p	5.7 9.0%	4.8 8.8%	+17.6% +0.2p

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. Internal transactions are not included in the sales data.

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This slide displays the breakdown of net sales and operating income for the first nine months of fiscal 2014 by Group operation.

All three Group operations generated gains in both sales and income. UNIQLO Japan sales totaled ¥569.4 billion and operating income ¥94.8 billion. UNIQLO International reported sales of ¥327.7 billion and operating income of ¥34.3 billion. Global Brands generated sales of ¥188.8 billion and operating income of ¥14.9 billion.



UNIQLO Japan: (3Q) March - May 2014

**3Q
(March-May) Sales and income rise**
Operating income exceeds target by approx. ¥3.0bln

Billions of Yen

	Nine months to May 2014 (Sep. 2013 - May 2014)			Three months to May 2014 (Mar. 2014 - May 2014)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Net sales (to net sales)	569.4 100.0%	541.6 100.0%	+5.1%	163.8 100.0%	154.4 100.0%	+6.1%
Gross profit (to net sales)	278.9 49.0%	256.1 47.3%	+8.9% +1.7p	86.2 52.6%	75.2 48.7%	+14.7% +3.9p
SG&A (to net sales)	184.1 32.3%	167.8 31.0%	+9.7% +1.3p	61.6 37.6%	55.8 36.2%	+10.4% +1.4p
Operating income (to net sales)	94.8 16.6%	88.3 16.3%	+7.3% +0.3p	24.5 15.0%	19.3 12.5%	+27.1% +2.5p

Note: Internal transactions are not included in the sales data.

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I would now like to go through each of our Group operations in turn, starting with UNIQLO Japan.

Our UNIQLO Japan operation reported gains in both sales and income in the three months from March to May 2014, with sales expanding 6.1% year on year, and operating income expanding 27.1%.

UNIQLO Japan sales outstripped our latest estimate, announced in April, by ¥1.5 billion. Thanks to the improvement in the gross profit margin, operating income at UNIQLO Japan also exceeded our latest forecast by approximately ¥3.0 billion.



UNIQLO Japan: 3Q Net Sales

3Q (March-May) Net sales ¥163.8bln (+6.1% y/y)

- Same-store sales +2.8% (customer visits -2.7%, customer spend +5.6%)
- “Scrap and build” strategy boosts average store size
- 841 stores at end May 2014 (+8 stores y/y)

- Sales trend**
- Steady temperature rises over 3 months generated strong sales of spring/summer core items AIRism, UT, Steteco & Relaco, Dry range bottoms.
 - New products such as skirts and blouses also fuelled rising sales.
 - No demand rush ahead of April sales tax hike, sales continue strong post hike
- Customer spend**
- Strong AIRism sales boosted total number of items sold.
 - Average unit price increased on back of strong sales of jeans, smart-style pants and other bottoms.
- Customer visits**
- Customer visits down compared to 16% year-on-year rise in Q3 FY2013.

Same-store sales	Yr to Aug. 2014					
	1H	Mar	Apr	May	3Q	June
Net sales	+2.2%	+0.6%	+3.3%	+4.1%	+2.8%	+2.6%
Customer nos.	+0.5%	-6.4%	-0.8%	-1.3%	-2.7%	-3.8%
Avg. purchase	+1.7%	+7.5%	+4.1%	+5.5%	+5.6%	+6.7%

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I would now like to analyze the sales data from UNIQLO Japan in more detail. UNIQLO Japan sales increased by 6.1% to ¥163.8 billion over the three months from March to May 2014. Several factors contributed to this rise in sales, including a 2.8% gain in same-store sales. We also continued to actively increase the average size of our sales floors through our “scrap and build” policy of opening new large-format stores and closing smaller and regular-sized stores. In addition, the number of directly run UNIQLO Japan stores expanded by eight to 841 stores at the end of May 2014.

The steady rise in temperature over the three months from March to May 2014 generated strong sales of core spring/summer items such as AIRism, UT graphic T-shirts, Steteco and Relaco, and bottoms in our Dry range. In addition, new products, including skirts and blouses, also helped fuel rising sales.

Japan’s sales tax was increased from April 1. However, Fast Retailing’s performance was not negatively affected by the sales tax hike. We did not note any particular demand rush prior to the increase, and overall sales continued to perform strongly in April and beyond.

The 2.8% increase in same-store sales for the March-to-May quarter can be broken down into a 5.6% expansion in average customer spend, against a 2.7% decrease in the number of customer visits. The increase in the average customer spend resulted from strong AIRism sales, which boosted the total number of items sold, and an increase in the average unit price, on the back of strong sales of jeans, smart-style pants and other bottoms. On the other hand, the 2.7% year-on-year fall in customer numbers was compared to an extremely strong 16% increase in the third quarter of fiscal 2013.

Referring to subsequent results already announced, same-store sales rose 2.6% year on year in June, thanks to consistently favorable sales of core summer items throughout the month.



UNIQLO Japan: 3Q Gross Profit Margin

**3Q
(March-May) Gross profit margin 52.6% (+3.9p y/y)**

- **Gross margin (excluding internal transactions) exceeded our latest target, rising 2.7p y/y.**
- **Discounting kept to planned levels thanks to strong sales of spring/summer core items and new products.**

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Turning now to business margins, UNIQLO Japan generated a gross profit margin of 52.6% in the third quarter from March to May 2013, up 3.9 points year on year.

Even if we extract the impact of internal transactions, the gross profit margin still exceeded our latest forecast, improving 2.7 points year on year.

We were able to control discounting within the planned levels in the third quarter, thanks to strong sales of spring and summer core items, and strong-selling new products. That helped generate the significant improvement in gross income on sales compared to the previous year.

**3Q
(March-May) SG&A to net sales ratio 37.6% (+1.4p y/y)**

**The 1.4p year-on-year rise was roughly
in line with our plan**

Personnel	+1.3p y/y
Advertising & promotion	-0.6p y/y
Store rents	+0.2p y/y
Depreciation	±0.0p y/y
Other business expenses	+0.5p y/y

The SG&A to net sales ratio rose 1.4 points year on year in the March-to-May quarter to 37.6%, but SG&A expenses came in roughly in line with our target, both in monetary terms and the ratio to net sales.

The 1.4-point rise in the SG&A ratio breaks down into a 1.3-point rise in personnel expenses, a 0.5-point rise in other business expenses, a 0.2-point rise in store rents, and a 0.6-point contraction in the advertising and promotion expenses to net sales ratio.

Personnel costs were boosted mainly by increased hiring of part-time and temporary staff in our stores. The increase in other expenses was due largely to higher distribution and storage costs following the company's decision to actively boost inventory of year-round basic items, and also rising distribution costs in general. Meanwhile, store rents have been increasing as comparatively expensive large-format urban stores and stores located in shopping malls continue to contribute a growing proportion of total net sales.

On the other hand, we were able to reduce advertising and promotion costs by controlling the issuance of flyers and other paper advertising better this year, and we now expect advertising and promotion costs to come in roughly flat year on year for the full business year ending August 31, 2014.



UNIQLO Intl: (3Q) March-May 2014 ①

**3Q
(March-
May)**

**Achieved expected strong gains
in sales, income**

- Greater China, South Korea, and Europe reported higher-than-expected gains in sales and income on the back of continued strong growth in same-store sales.
- Operating income contracted in USA, Southeast Asia and Oceania due to the cost of opening more stores.
- Store numbers up 188 to 598 stores at end May 2014.

		Nine months to May 2014 (Sep. 2013 - May 2014)			Three months to May 2014 (Mar. 2014 - May 2014)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO International	Net sales	327.7	191.3	+71.3%	95.6	60.6	+57.7%
	Operating income (to net sales)	34.3 10.5%	19.6 10.3%	+75.1% +0.2p	6.3 6.6%	3.6 5.9%	+75.3% +0.7p

Billions of Yen

Moving onto UNIQLO performance outside of Japan, UNIQLO International reported significant gains in both sales and income in the three months from March to May 2014, as expected. Sales expanded by an impressive 57.7% year on year to ¥95.6 billion and operating income expanded by 75.3% to ¥6.3 billion.

UNIQLO operations in Greater China, South Korea, and Europe all contributed higher-than-expected gains in sales and income in the third quarter, thanks to continued strong growth in same-store sales. On the other hand, UNIQLO profits contracted in the United States and the Southeast Asia and Oceania region, as the opening of a larger number of new stores boosted costs.

The total number of UNIQLO International stores expanded by 188 to 598 stores at the end of May 2014.

- **Greater China: Large gains in sales, income outstrip plan**
 China: Positive store openings, strong sales of UT, “cut and sew” items, shirts, etc., continued double-digit growth in same-store sales. Taiwan: Strong sales of core spring/summer items and kids clothing, double-digit growth in same-store sales.
- **South Korea: Larger-than-expected sales and income gains**
 Further growth in same-store sales.
- **Southeast Asia & Oceania: Rising sales but income contraction, both below target**
 Southeast Asia: Profit down year on year after sales fell short of target.
 Oceania performed well, sales from first Australian store outstripping initial target.
- **USA: sales up but profit contracts below target on higher cost of opening more new stores**
 Three NY stores continue strong with double-digit growth in combined sales. Solid sales from 14 in-mall stores opened in 1Q-3Q FY2014 especially on West Coast. Swifter opening of new stores boosted overall business costs - operating income contracted more than expected in 3Q, overall operation generated a loss.
- **Europe: Sales and operating income outstrip target**
 Double-digit growth in same-store sales, solid sales from first German store (global flagship store, April).

Looking at business trends for UNIQLO International’s regional operations in the three months from March to May 2014, the Greater China region, encompassing Mainland China, Hong Kong, and Taiwan, outstripped our expectations, to report significant gains in both sales and income. In China, our plans to open new stores continued smoothly and favorably, while strong sales of our UT graphic T-shirt range, “cut and sew” items and shirts all helped to fuel further double-digit growth in same-store sales. UNIQLO Taiwan achieved double-digit growth in same-store sales, thanks to strong-selling items such as core spring/summer garments and kid’s clothing. The total number of UNIQLO stores located in the Greater China region reached 355 at the end of May 2014.

UNIQLO South Korea exceeded our expectations in the third quarter, generating significant gains in both sales and income on the back of continued growth in same-store sales. UNIQLO South Korea boasted 132 stores at the end of May 2014.

UNIQLO operations in Southeast Asia and Oceania (Singapore, Malaysia, Thailand, The Philippines, Indonesia, and Australia) reported a rise in sales, but a contraction in income in the March-to-May quarter. Income dipped year on year in Southeast Asia after sales fell short of target. On the other hand, UNIQLO’s first store in Australia, opened in Melbourne in April, outstripped expectations in terms of sales, and is performing strongly.

UNIQLO USA generated strong sales in the third quarter. However, operating income fell slightly short of target, leaving the operation still in the red. The shortfall in operating income was due to higher new store opening costs following our decision to bring forward the opening of three additional stores from fiscal 2015 into the current business year. Our three New York feature stores maintained their strong performance, generating double-digit growth in combined sales. The 14 new in-mall stores opened since September 2013 are all performing well, with stores on the West Coast proving especially strong.

The operating loss reported by UNIQLO USA over the nine months from September 2013 through May 2014 contracted compared to the same period a year ago.

UNIQLO Europe, which encompasses the U.K., France, Russia, and Germany, generated higher-than-expected gains in both sales and income in the March-to-May quarter, thanks to buoyant double-digit growth in same-store sales and a favorable sales performance from UNIQLO’s first store in Germany, the global flagship store opened in Berlin in April.



First Stores in Germany and Australia

Opened first global flagship store in Germany on April 11



Largest UNIQLO store in Europe with sales floor of 2,650sqm. Highly functional HEATTECH sold really well!

Opened first store in Australia on April 16

Over 1,000 customers queue up for the opening of our first Australian store, the UNIQLO Emporium Melbourne Store. Planning first Sydney store in FY2015.



UNIQLO opened its first store in Germany, a global flagship store located in Berlin, on April 11, 2014. The store, UNIQLO's largest in Europe, boasts a sales floor of 2,650 square meters.

The store got off to a favorable start, with year-round displays of HEATTECH items offering superior functionality, and focused marketing emphasizing UNIQLO's unique strengths over competitors.

We also opened our first UNIQLO store in Australia, the UNIQLO Emporium Melbourne Store, on April 16, 2014. Being located in the southern hemisphere, the Melbourne store opened with our winter ranges. The opening day proved a great source of excitement, with over 1,000 customers waiting for the doors to open. We are already planning the opening of our first UNIQLO store in Sydney in fiscal 2015.

Operating income rise slightly below target

- GU: Falls short of target, operating income flat y/y**
 Same-store sales contracted slightly in March to May, 2014.
 Operating profit rose slightly over the nine months to May 2014.
- Theory: Achieved expected gains in sales and income**
 Profit up in Japan. Economic downturn in the U.S. knocked profits down slightly.
 Operating income for overall Theory operation flat during nine months to May 2014.
- J Brand: Fell short of target, reporting another loss**
- Comptoir des Cottonniers: Sales and income up on strong spring/summer collection**
- Princesse tam.tam: Slightly short of target, profit down**

		Nine months to May 2014 (Sep. 2013 - May 2014)			Three months to May 2014 (Mar. 2014 - May 2014)			Billions of Yen
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y	
Global Brands	Net sales	188.8	150.8	+25.2%	63.5	55.1	+15.3%	13
	Operating income (to net sales)	14.9 7.9%	13.4 8.9%	+11.3% -1.0p	5.7 9.0%	4.8 8.8%	+17.6% +0.2p	

Our Global Brands segment reported gains in both sales and income in the third quarter from March to May 2014, with sales rising 15.3% year on year to ¥63.5 billion and operating income rising 17.6% to ¥5.7 billion. The net sales figure exceeded our expectations, but the operating income result came in slightly below target.

Our low-priced GU casualwear label fell short of target on both sales and income after same-store sales dipped slightly in the three months from March to May 2014. Operating income came in flat year on year. Having said that, while it still fell short of target, operating income did actually expand slightly over the nine-month period from September 2013 through May 2014.

Our affordable luxury Theory fashion label reported gains in sales and income in the March-to-May quarter, as expected. Profit rose at the Theory operation in Japan on the back of steady same-store sales. However, the economic downturn in the United States nudged profits lower at the U.S. Theory operation. Nevertheless, operating income for the Theory label overall held firm year on year for the nine-month period from September 2013 through May 2014.

Our premium denim J Brand label continued to report a loss in the third quarter, with sales falling short of target.

Our French fashion label, Comptoir des Cottonniers, reported higher-than-expected gains in both sales and income in the third quarter, having produced a strong-selling 2014 spring/summer collection, following from the success of the 2013 fall/winter collection.

Our French lingerie, homewear and swimwear brand, Princesse tam.tam, failed to fulfill our forecasts in terms of sales, and this, in turn, knocked operating income slightly lower and below target.

Group: Balance Sheet at end May 2014

Billions of Yen

	End May 2013	End Aug. 2013	End May 2014	Change
Total Assets	910.9	885.8	955.7	+44.7
Current Assets	664.6	640.1	690.9	+26.2
Fixed Assets	246.3	245.6	264.7	+18.4
Liabilities	297.1	306.2	320.6	+23.4
Net Assets	613.8	579.5	635.0	+21.2

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Next, I would like to take you through our balance sheet as it stood at the end of May 2014.

Compared to end May 2013, total assets increased by ¥44.7 billion to ¥955.7 billion. This includes an increase of ¥26.2 billion in current assets and an increase of ¥18.4 billion in fixed assets.

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



Group: B/S Main Points v. end May 2013

Current assets: +¥26.2bln (¥664.6bln⇒¥690.9bln)

- **Cash, equivalents & securities: +¥24.9bln (¥314.2bln⇒¥339.2bln)**

- **Inventory assets: +¥51.2bln (¥119.1bln⇒¥170.4bln)**

 - UNIQLO Japan: +¥17.1bln Increase in number of basic items sold year-round

 - UNIQLO International: +¥28.3bln End May store total up 188 stores year on year

 - Global Brands: +¥3.9bln Expansion of GU and Theory operations

- **Forward contract balance: -¥68.0bln (¥164.4bln⇒¥96.4bln)**

 - UNIQLO Japan:

 - Forward contract balance recorded ¥96.4bln after recent yen weakness knocked the May 31, 2014 exchange rate below the average rate of our forward contract holdings. The ¥68.0bln year-on-year fall was due to the shrinking gap between the average exchange rate of the forward contracts and the period-end exchange rate. Hedge accounting so no impact on P&L

Fixed assets: +¥18.4bln (¥246.3bln⇒¥264.7bln)

- **Tangible assets: +¥18.1bln (¥93.9bln⇒¥112.1bln)**

 - UNIQLO International: End May store total up 188 stores year on year

 - Global Brands: End May store total up 108 stores year on year

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Let's first analyze the increase in current assets of ¥26.2 billion.

Cash, cash equivalents and marketable securities increased by ¥24.9 billion year on year to ¥339.2 billion at the end of May 2014. This was due to an increase in operating cash flow at UNIQLO International and other business segments.

Total inventory increased by ¥51.2 billion to ¥170.4 billion at the end of May 2014 compared to end May 2013.

Inventory at UNIQLO Japan increased by ¥17.1 billion at end May 2014. The increase in inventory levels at UNIQLO Japan was largely a result of our decision to expand the range of year-round basic items on offer.

Inventory at UNIQLO International increased by ¥28.3 billion, mainly due to the expansion of UNIQLO's international network by 188 stores compared to the previous year.

Inventory levels increased by ¥3.9 billion at our Global Brands segment, as we continued the expansion of our GU and Theory operations.

The balance of forward exchange contracts recorded assets worth ¥96.4 billion at the end of May 2014, a decrease of ¥68.0 billion compared to end May 2013. We use forward exchange contracts as a long-term hedging tool to minimize foreign exchange risk at our UNIQLO Japan operation. In this instance, the exchange rates recorded on May 31, 2014 fell below the average exchange rates on our forward contract holdings, and we reported a forward contract asset balance of ¥96.4 billion. However, the average yen rate on our forward exchange contract holdings also weakened, reducing the gap between that rate and the period-end exchange rate, and resulting in a ¥68.0 billion fall in the balance of forward contract assets at the end of May 2014. This item is considered under hedge accounting and so it does not impact our profit and loss position.

Fixed assets increased by ¥18.4 billion year on year at the end of May 2014. This includes a ¥18.1 billion increase in tangible assets linked to the opening of 188 new stores at UNIQLO International, and 108 new stores at Global Brands.

Group: 3Q Cash Flow

Billions of Yen

	Yr. to Aug 2013 1Q-3Q	Yr. to Aug 2014 3Q cumulative	Comment
Net cash provided by operating activities	+100.8	+113.2	
Net income before taxes and other adjustments	+140.5	+141.5	Profit contribution from UNIQLO and other operations
Depreciation allowance, goodwill amortization	+20.3	+26.1	
Working capital	-13.4	-24.9	Change in total accounts receivable, inventory assets & accounts payable
Payment/refund of corporation tax, etc	-40.9	-43.2	
Net cash used in investment activities	-53.5	-39.3	
Expenditure on acquisition of tangible assets	-19.6	-30.3	Related to new store openings
Expenditure on acquisition of intangible assets	-3.5	-4.6	System investment
Change to scope of consolidation Purchase of Subsidiary firm's shares	-26.7	-	Expenditure related to acquisition of J Brand in previous year
Net cash used in financing activities	-22.2	-35.7	
Income from Long-term borrowing	+15.6	-	Borrowing related to acquisition of J Brand in previous year
Dividend payment	-28.3	-31.1	FY2013 year-end dividend of 150 yen per share, FY2014 interim dividend 150 yen per share
Increase in cash & equivalents	+48.1	+42.1	
Cash & equivalents period start	266.0	295.6	
Cash & equivalents period end	314.1	339.0	

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I would now like to explain our cash flow position for the first nine months of fiscal 2014 from September 2013 to May 2014.

We enjoyed a net cash inflow of ¥113.2 billion from operating activities. UNIQLO and other Group operations contributed inflows of ¥141.5 billion. However, we recorded an outflow in working capital of ¥24.9 billion, because we were unable to settle a large number of sales credits on the last day of the period when the banks were closed.

Outlays on investment activities totalled ¥39.3 billion in the first nine months of fiscal 2014. Of this total, ¥30.3 billion was spent on the acquisition of tangible assets, and ¥4.6 billion was spent on the acquisition of intangible assets, such as systems investment.

Capital expenditure for the Fast Retailing Group totalled ¥41.4 billion in the nine months from September 2013 through to the end of May 2014. Of this total, ¥6.6 billion was invested in UNIQLO Japan, ¥23.3 billion in UNIQLO International, ¥6.5 billion in Global Brands, and ¥4.5 billion in systems investment, etc.

Net spending on financing activities totalled ¥35.7 billion, with ¥31.1 billion of that total spent on dividend payments.

As a result, the balance of cash and cash equivalents stood at ¥339.0 billion at the end of May 2014.

FY2014 Forecast by Group Operation

Billions of Yen

		Yr to Aug. 2013 Actual	Yr to Aug. 2014	
			Latest est. (Jul. 10)	y/y
UNIQLO Japan	Net sales	683.3	715.0	+4.6%
	Operating income (to net sales)	96.8 14.2%	100.0 14.0%	+3.3% -0.2p
UNIQLO International	Net sales	251.1	400.0	+59.2%
	Operating income (to net sales)	18.3 7.3%	35.0 8.8%	+90.7% +1.5p
Global Brands	Net sales	206.2	253.0	+22.7%
	Operating income (to net sales)	17.4 8.5%	21.0 8.3%	+20.3% -0.2p

Note: In addition to the categories listed above, the consolidated results also include sales, operating income and goodwill amortization generated by the holding company. Internal transactions are not included in the sales data.

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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.

As we already noted in our explanation of performance for the nine months to May 2014, operating income at UNIQLO Japan outstripped our latest target by approximately ¥3.0 billion, while operating income at UNIQLO International came in roughly to plan, and operating income fell slightly short of target at Global Brands.

However, we have not made any changes to our fiscal 2014 forecasts for each individual Group operation.

Group: FY2014 Forecast

Net income revised down to ¥78.0bln.

Special loss estimate expanded to ¥16.0bln to reflect J Brand results.

Plan to introduce IFRS accounting standards from fiscal 2014.

Billions of Yen

	Yr to Aug. 2013 Actual	Yr to Aug. 2014 Latest est. (JGAAP)		Yr to Aug. 2014 Revised est. (JGAAP)	
		(Apr. 10)	y/y	(Jul. 10)	y/y
Net sales	1,143.0	1,370.0	+19.9%	1,370.0	+19.9%
(to net sales)	100.0%	100.0%		100.0%	
Gross profit	564.0	686.5	+21.7%	686.5	+21.7%
(to net sales)	49.3%	50.1%	+0.8 p	50.1%	+0.8 p
SG&A	431.0	541.0	+25.5%	541.0	+25.5%
(to net sales)	37.7%	39.5%	+1.8 p	39.5%	+1.8 p
Operating income	132.9	145.5	+9.5%	145.5	+9.5%
(to net sales)	11.6%	10.6%	-1.0 p	10.6%	-1.0 p
Ordinary income	148.9	149.5	+0.3%	149.5	+0.3%
(to net sales)	13.0%	10.9%	-2.1 p	10.9%	-2.1 p
Extraordinary gain or loss	-7.4	-6.0	-	-16.0	-
Net income	90.3	88.0	-2.6%	78.0	-13.7%
(to net sales)	7.9%	6.4%	-1.5 p	5.7%	-2.2 p

※The actual results and forecasts are calculated according to Japanese accounting standards

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Looking at our consolidated estimates for the business year through August 31, 2014, we have decided to revise down our estimate for consolidated net income from ¥88.0 billion to ¥78.0 billion.

The revised net income forecast for fiscal 2014 incorporates a potential rise in special losses from ¥6.0 billion to ¥16.0 billion. Our J Brand premium denim label has continued to report losses in the current business year, and so we are currently checking for any indication of impairment losses, etc. at that operation. The outcome is not yet clear, but it would be hard to deny the possibility of impairment losses in this case. Therefore, we have decided to incorporate an additional ¥10.0 billion into our estimate for special losses at this stage.

As a result, we now expect consolidated net sales in fiscal 2014 to reach ¥1.370 trillion, operating income ¥145.5 billion, ordinary income ¥149.5 billion, and net income ¥78.0 billion.

As announced in a separate news release dated July 10, Fast Retailing Co., Ltd. intends to adopt International Financial Reporting Standards (IFRS) for our consolidated financial statements, starting with the announcement of results for the full business year ending August 31, 2014. These results are scheduled to be announced in October.

Under the new IFRS standards, goodwill amortization would be removed, but the corporate results would be affected by foreign exchange rates. These two factors taken together would boost full-year consolidated net income by an estimated ¥4.0 billion. However, if J Brand does generate the suspected impairment losses mentioned above, then consolidated net income in fiscal 2014 is likely to come in at roughly the same level on an IFRS basis as under the current Japanese accounting standards, namely at an estimated ¥78.0 billion.

Finally, let me say a few words about our scheduled dividend payments. We expect to pay a fiscal 2014 annual dividend of ¥300 per share, which combines the interim dividend of ¥150 per share already paid out, with a scheduled year-end dividend of ¥150 per share.

That completes this presentation on the Fast Retailing Group's performance for the third quarter of fiscal 2014, and also our business estimates for fiscal 2014 as a whole. The remaining four slides are provided as reference materials.

Thank you.



Reference

UNIQLO Japan: Fiscal 2014 Forecast

Billions of Yen

	Yr to Aug. 2013	Yr to Aug. 2014	
	Actual	Latest est. (Jul. 10)	y/y
Net sales (to net sales)	683.3 100.0%	715.0 100.0%	+4.6%
Gross profit (to net sales)	318.0 46.5%	343.0 48.0%	+7.9% (+1.5p)
SG&A (to net sales)	221.1 32.4%	243.0 34.0%	+9.9% (+1.6p)
Operating income (to net sales)	96.8 14.2%	100.0 14.0%	+3.3% (-0.2p)

Expected annual dividend: ¥300

	Dividend per share		
	Mid-term	Yr-end	Annual
Yr to August 2012	130 yen	130 yen	260 yen
Yr to August 2013	140 yen	150 yen	290 yen
Yr to August 2014 (estimate) ※	150 yen	150 yen	300 yen

※ The year-end dividend total may be adjusted in the event of large fluctuations in business performance or access to funds.



Reference FY2014 Store Plans by Group Company

[Units: Stores]	Yr 2013 Actual Yr-end	Yr to Aug. 2014							
		3Q (Sep. - May.) Actual				Forecast			
		Open	Close	Change	End May	Open	Close	Change	End Aug
UNIQLO Operations	1,299	210	49	+ 161	1,460	248	61	+ 187	1,486
UNIQLO Japan	853	54	45	+ 9	862	54	55	- 1	852
Own stores	834	51	44	+ 7	841	51	54	- 3	831
Large-scale	177	26	2	+ 24	201	26	4	+ 22	199
Standard and others	657	25	42	- 17	640	25	50	- 25	632
Franchise stores	19	3	1	2	21	3	1	+ 2	21
UNIQLO International	446	156	4	+ 152	598	194	6	+ 188	634
China	225	66	1	+ 65	290	82	2	+ 80	305
Hong Kong	18	5	1	+ 4	22	5	1	+ 4	22
Taiwan	37	6	0	+ 6	43	9	0	+ 9	46
Korea	105	29	2	+ 27	132	32	3	+ 29	134
Singapore	12	4	0	+ 4	16	6	0	+ 6	18
Malaysia	10	8	0	+ 8	18	11	0	+ 11	21
Thailand	10	8	0	+ 8	18	10	0	+ 10	20
Philippines	6	6	0	+ 6	12	10	0	+ 10	16
Indonesia	1	3	0	+ 3	4	3	0	+ 3	4
Australia	0	1	0	1	1	1	0	+ 1	1
UK	10	0	0	0	10	0	0	0	10
USA	7	14	0	+ 14	21	19	0	+ 19	26
France	3	3	0	+ 3	6	3	0	+ 3	6
Russia	2	2	0	+ 2	4	2	0	+ 2	4
Germany	0	1	0	1	1	1	0	+ 1	1
GU	214	74	11	+ 63	277	77	16	+ 61	275
Theory	411	43	5	+ 38	449	43	5	+ 38	449
Comptoir des Cotonniers ※	375	7	8	- 1	374	8	9	- 1	374
Princesse tam.tam ※	150	4	2	+ 2	152	4	2	+ 2	152
J Brand	0	6	0	+ 6	6	6	0	+ 6	6
Total	2,449	344	75	+ 269	2,718	386	93	+ 293	2,742

Note: Excludes Mina (Commercial Facility Business) and Grameen UNIQLO stores ※Includes franchise stores



Reference

Forex, Capex, Depreciation, Goodwill Amortization

Applicable Exchange Rates

Yen

	1USD	1EUR	1GBP	1RMB	100KRW
Yr to Aug. 2014 9 mths average to May. 2014	101.4	138.2	165.9	16.6	9.5
Yr to Aug. 2013 9 mths average to May. 2013	86.7	113.0	136.5	13.9	7.9
Yr to Aug. 2014 Full year to Aug. 2014 (Estimate)	98.5	135.0	158.0	16.0	9.3
Yr to Aug. 2013 Full year to Aug. 2013 (Actual)	89.8	117.3	140.2	14.5	8.1

Capex, Depreciation and Goodwill

Billions of Yen

	Capital spending	Depreciation	Goodwill amortization
Yr to Aug. 2014 9 mths to May. 2014 (Actual)	41.4	21.5	4.5
Yr to Aug. 2013 9 mths to May. 2013 (Actual)	28.8	16.5	3.8
Yr to Aug. 2014 Full year (Estimate)	58.4	26.2	6
Yr to Aug. 2013 Full year (Actual)	39.6	23.6	5.2

※J Brand impairment loss is not incorporated into the amortization goodwill total for fiscal 2014.

Breakdown of capital expenditure:

FY2013 1Q-3Q Actual: UNIQLO Japan: ¥6.7bln, UNIQLO Intl.: ¥13.1bln, Global Brands: ¥5.7bln, Systems: ¥2.9bln

FY2014 1Q-3Q Actual: UNIQLO Japan: ¥6.6bln, UNIQLO Intl.: ¥23.3bln, Global Brands: ¥6.5bln, Systems: ¥4.5bln

FY2014 Estimate: UNIQLO Japan: ¥9.8bln, UNIQLO Intl.: ¥32.0bln, Global Brands: ¥10.3bln, Systems: ¥5.7bln