

# **Fast Retailing Results for September to November 2014 and Estimates for Fiscal 2015**

**Takeshi Okazaki**

**Fast Retailing Co., Ltd.**

**Group Senior Vice President & CFO**

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

I would like to talk to you today about our consolidated business performance for the first quarter of fiscal 2015, or the three months from September through November 2014, and our estimates for the full business year through August 2015.

<b>I. Results Sep.–Nov. 2014 (1Q)</b>	<b>P3~P22</b>
<b>II. Estimates for Fiscal 2015</b>	<b>P23~P24</b>
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### **Disclosure of Corporate Performance**

Having adopted International Financial Reporting Standards (IFRS) from the year ending August 31, 2014, the vast majority of data in this document is calculated using IFRS unless otherwise specified.

### **Group Operations**

UNIQLO Japan: UNIQLO Co., Ltd.

UNIQLO International: All UNIQLO operations outside of Japan

Global Brands: GU, Theory, Comptoir des Cottonniers, Princesse tam.tam, 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.

## Achieved Gains in Revenue and Profit

	Yr to Aug. 2014	Yr to Aug. 2015		Billions of Yen
	(3 mths to Nov. 2013) Actual	(3 mths to Nov. 2014) Actual	y/y	
<b>Revenue</b> (to revenue)	389.0 100.0%	<b>479.5</b> 100.0%	+23.3%	
<b>Gross profit</b> (to revenue)	198.8 51.1%	<b>253.2</b> 52.8%	+27.4% +1.7 p	
<b>SG&amp;A</b> (to revenue)	135.4 34.8%	<b>168.0</b> 35.0%	+24.0% +0.2 p	
<b>Business profit</b> (to revenue)	63.4 16.3%	<b>85.2</b> 17.8%	+34.5% +1.5 p	
<b>Other income, expenses</b> (to revenue)	1.9 0.5%	<b>6.1</b> 1.3%	+219.0% +0.8 p	
<b>Operating profit</b> (to revenue)	65.3 16.8%	<b>91.3</b> 19.1%	+39.9% +2.3 p	
<b>Profit before income taxes</b> (to revenue)	69.4 17.9%	<b>106.7</b> 22.3%	+53.6% +4.4 p	
<b>Profit attributable to owners of the parent</b> (to revenue)	41.9 10.8%	<b>68.8</b> 14.4%	+63.9% +3.6 p	

Business profit = Revenue – (Cost of sales + SG&A expenses)

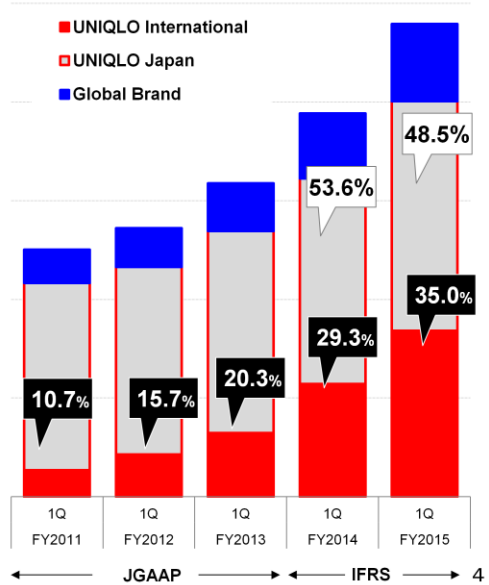
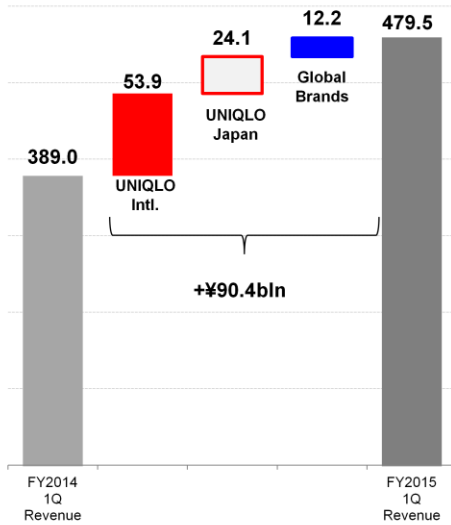
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In the first quarter of fiscal 2015, or the three months from September to November 2014, the Fast Retailing Group generated revenue of ¥479.5 billion (up 23.3% year-on-year), operating profit of ¥91.3 billion (up 39.9%), profit before income taxes of ¥106.7 billion (up 53.6%), and income attributable to the owners of the parent of ¥68.8 billion (up 63.9%).

# Group: Revenue (1Q)

**Revenue: ¥479.5bln (+¥90.4bln)**  
**UNIQLO International: (+¥53.9bln)**

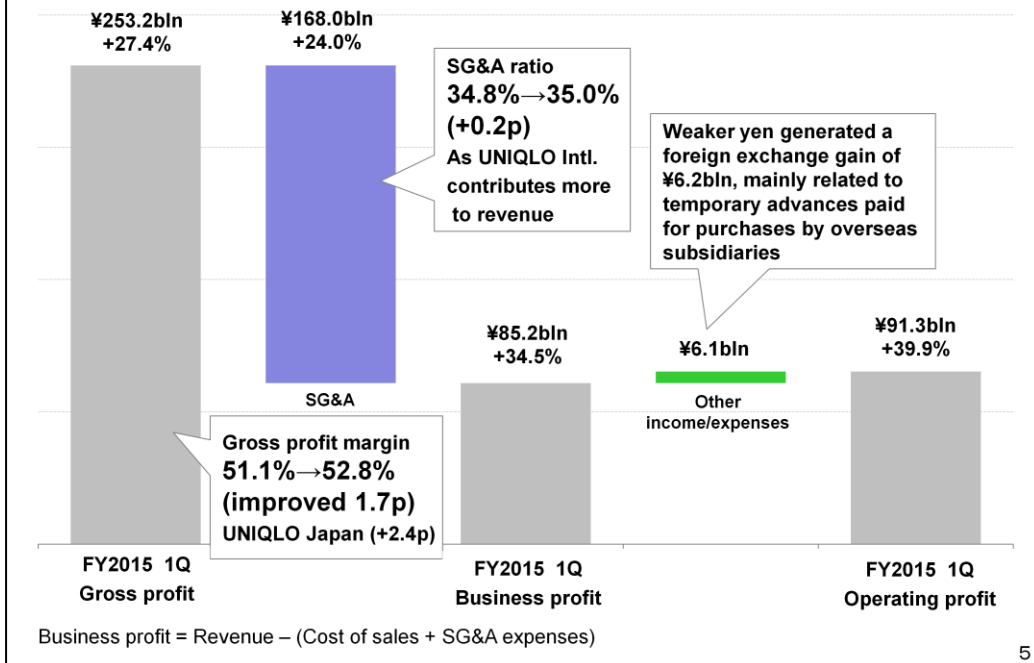
**UNIQLO Intl. contribution rises to 35%**



Fast Retailing reported revenue of ¥479.5 billion in the first quarter of fiscal 2015. That is an increase of 23.3%, or ¥90.4 billion, year-on-year. That figure breaks down into revenue increases of ¥53.9 billion at UNIQLO International, ¥24.1 billion at UNIQLO Japan, and ¥12.2 billion at Global Brands.

As a result, UNIQLO International's contribution to overall sales increased 5.7 points year-on-year to 35.0%.

## Group: Operating Profit (1Q)



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Gross profit expanded 27.4% year-on-year to ¥253.2 billion. The gross profit margin improved by 1.7 points year-on-year to 52.8%. Much of the improvement in the overall gross profit margin can be attributed to a 2.4 point rise in the gross profit margin at UNIQLO Japan.

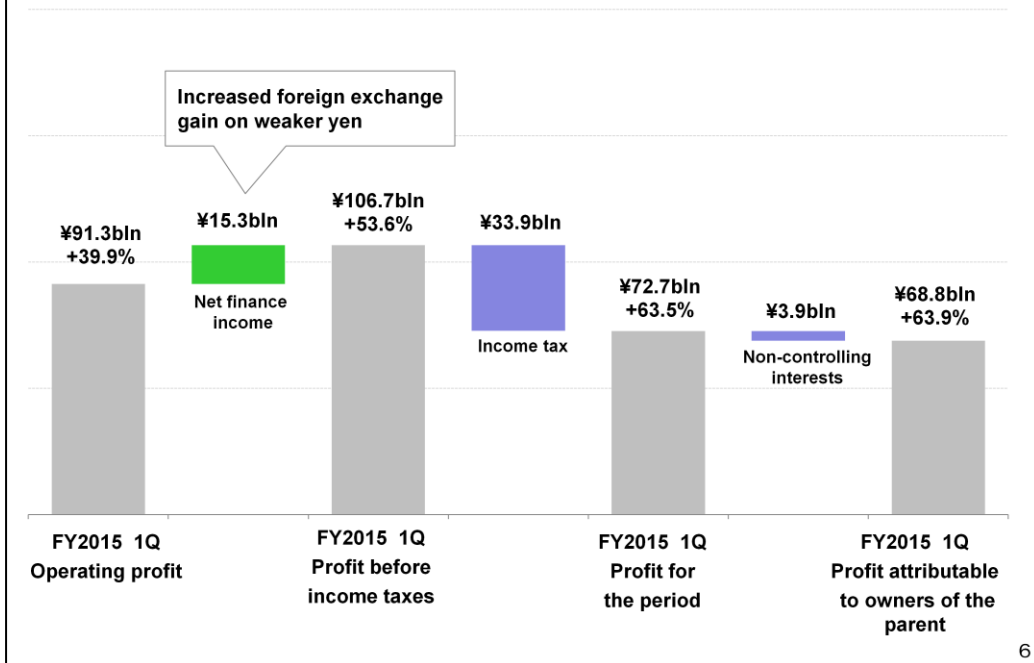
Selling general and administration expenses rose 24.0% year-on-year to ¥168.0 billion. The SG&A to revenue ratio rose 0.2 point year-on-year to 35.0%. That was largely due to the fact that UNIQLO International is now contributing a higher percentage of Group revenue, and SG&A costs at UNIQLO International are higher than at other operations.

Business profit (revenue minus cost of sales and SG&A expenses) increased 34.5% to ¥85.2 billion.

The net amount of other income/expenses increased ¥4.1 billion to ¥6.1 billion. That includes a ¥6.2 billion foreign exchange gain, related mainly to temporary advances paid for purchases by overseas subsidiaries after the yen weakened from 103 to the US dollar at the end of August 2014 to 118 yen at the end of November 2014.

As a result of the above factors, first-quarter operating profit increased by 39.9% to ¥91.3 billion.

## Group: Profit Attributable to Owners of the Parent (1Q)



Next, net finance income totaled ¥15.3 billion, after the weakening of the Japanese yen over the quarter boosted the value of our foreign currency denominated assets in yen terms.

As a result, profit before income taxes increased by 53.6% to ¥106.7 billion, and profit attributable to the owners of the parent increased by 63.9% to ¥68.8 billion.

# Breakdown by Group Operation (1Q)

Billions of Yen

		Yr to Aug. 2014 (3 mths to Nov. 2013) Actual	Yr to Aug. 2015 (3 mths to Nov. 2014) Actual	y/y
<b>UNIQLO Japan</b>	<b>Revenue</b>	208.4	<b>232.6</b>	+ 11.6%
	<b>Business profit</b> (to revenue)	40.9 19.6%	<b>51.5</b> 22.2%	+ 26.0% + 2.6p
	<b>Other income, expenses</b>	1.2	<b>- 0.4</b>	-
	<b>Operating profit</b> (to revenue)	42.1 20.2%	<b>51.1</b> 22.0%	+ 21.3% + 1.8p
<b>UNIQLO International</b>	<b>Revenue</b>	114.0	<b>168.0</b>	+ 47.3%
	<b>Business profit</b> (to revenue)	15.9 14.0%	<b>24.0</b> 14.3%	+ 50.6% + 0.3p
	<b>Other income, expenses</b>	- 0.4	<b>0.2</b>	-
	<b>Operating profit</b> (to revenue)	15.4 13.6%	<b>24.3</b> 14.5%	+ 57.2% + 0.9p
<b>Global Brand</b>	<b>Revenue</b>	65.9	<b>78.1</b>	+ 18.6%
	<b>Business profit</b> (to revenue)	6.8 10.4%	<b>10.0</b> 12.8%	+ 46.5% + 2.4p
	<b>Other income, expenses</b>	0.4	<b>- 0.4</b>	-
	<b>Operating profit</b> (to revenue)	7.3 11.1%	<b>9.5</b> 12.2%	+ 30.4% + 1.1p

Consolidated results also include Fast Retailing Co., Ltd. performance and consolidated adjustments.

UNIQLO Japan data (excluding revenue) includes inter-Group transactions.

Business profit = Revenue – (Cost of sales + SG&A expenses).

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This slide displays the breakdown of the first-quarter performance by Group operation.

All segments achieved gains in revenue and profit, with UNIQLO Japan generating revenue of ¥232.6 billion and operating profit of ¥51.1 billion, UNIQLO International ¥168.0 billion and ¥24.3 billion, and Global Brands ¥78.1 billion and ¥9.5 billion.

## Revenue, profit gains outstrip forecasts

	Yr to Aug. 2014	Yr to Aug. 2015		Billions of Yen
	(3 mths to Nov. 2013)	(3 mths to Nov. 2014)	y/y	
<b>Revenue</b> (to revenue)	208.4 100.0%	232.6 100.0%	+11.6%	
<b>Gross profit</b> (to revenue)	102.4 49.2%	120.0 51.6%	+17.1% +2.4p	
<b>SG&amp;A</b> (to revenue)	61.5 29.5%	68.4 29.4%	+11.2% -0.1p	
<b>Business profit</b> (to revenue)	40.9 19.6%	51.5 22.2%	+26.0% +2.6p	
<b>Other income, expenses</b> (to revenue)	1.2 0.6%	- 0.4 -0.2%	- -0.8p	
<b>Operating profit</b> (to revenue)	42.1 20.2%	51.1 22.0%	+21.3% +1.8p	

UNIQLO Japan data (excluding revenue) includes inter-Group transactions.  
Business profit = Revenue – (Cost of sales + SG&A expenses).

I would now like to go through each of our Group operations in turn.

Let's look first at UNIQLO Japan, which reported higher than expected gains in both revenue and profit in the first quarter.



# UNIQLO Japan: Revenue (1Q)

**Revenue: ¥232.6bln (+11.6% y/y)**

- Same-store sales: +7.5% (Customer visits -2.2%, customer spend +9.9%)
- “Scrap and build” strategy boosts average store size and sales per store

**Sales trend**

Sales of Fall Winter ranges got an early boost when the weather turned cooler in September. Sales of HEATTECH Extra Warm items and woolen outerwear strong, despite typhoons and warmer weather in October and November. Anniversary celebration sales also strong.

**Customer spend**

Up 9.9% on early boost in sales of Fall Winter ranges, and strong sales of comparatively expensive bottoms ranges.

**Customer visits**

Down 2.2% on unseasonal weather in October and November.

Same-store sales	Yr to Aug. 2015				
	Sep.	Oct.	Nov.	3 mths to Nov. 2014	Dec.
Net sales	+19.7%	+10.5%	+1.9%	<b>+7.5%</b>	+10.2%
Customer visits	+1.9%	+0.6%	-5.7%	<b>-2.2%</b>	-1.4%
Customer spend	+17.4%	+9.8%	+8.0%	<b>+9.9%</b>	+11.7%

**UNIQLO directly-run stores at end November 2014: 824 (-14 stores y/y)**  
**Franchise stores: 28 (+9 stores)**

Revenue at UNIQLO Japan rose 11.6% year-on-year to ¥232.6 billion in the first quarter. This strong performance was due in part to a 7.5% rise in same store sales, and also to a rise in total sales per store. The latter was achieved through our “scrap and build” strategy of gradually increasing the size of our sales floors, by replacing smaller, less efficient stores with large scale outlets.

Breaking down the 7.5% year-on-year increase in same store sales, customer visits fell 2.2% and customer spend rose 9.9%.

Sales of Fall Winter ranges got an early boost when the weather turned cooler in September, with sales of Extra Fine Merino sweaters, Ankle Pants, and other advertised items proving especially strong. New items such as our HEATTECH Extra Warm range and woolen outerwear sold well, despite the onset of typhoons and warmer weather in October and November. In addition, our four day anniversary celebration sale, which started on November 21, also encouraged very strong sales.

As I mentioned, customer spend increased 9.9% in the first quarter of fiscal 2015. That was thanks to a stronger performance by Fall Winter ranges early on in the season than in the previous year, and also to strong sales of comparatively expensive bottoms, such as Ankle Pants, jeans, etc.

Unseasonal weather in October and November contributed to the 2.2% fall in customer visits in the first quarter.

The number of UNIQLO Japan stores fell by 14 to 824 stores at the end of November 2014, compared to end November 2013. However, nine of the fourteen stores didn’t actually close, but changed from directly-operated stores to franchise stores.

The subsequent announcement of a strong 10.2% gain in same store sales in December 2014 is further proof that the trend in revenue continues to be up.

**Gross profit margin: 51.6% (+2.4p y/y)**

**Higher than expected year-on-year rise**

- Sales of Fall Winter ranges got an early boost when the weather turned cooler in September.
- Strong sales of core Winter items, such as HEATTECH, Ultra Light Down, and Extra Fine Merino.

Turning now to business margins, UNIQLO Japan reported a higher than expected improvement in its gross profit margin for the first quarter of fiscal 2015. The margin rose 2.4 points to 51.6%.

That was due largely to the fact that sales of Fall Winter ranges got an early boost when the weather turned cooler in September, and core winter items such as HEATTECH, Ultra Light Down, and Extra Fine Merino also performed strongly.

**SG&A to revenue ratio: 29.4% (-0.1p y/y)**

## Ratios and monetary totals in line with plan

Personnel	+ 0.1 p y/y
Advertising & promotions	- 0.4 p
Store rents	- 0.1 p
Depreciation	- 0.1 p
Other expenses	+ 0.4 p

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The SG&A to revenue ratio fell 0.1 point year-on-year in the first quarter to 29.4%. That was roughly in line with target, both in monetary and percentage terms.

As for the key components of the SG&A ratio, the personnel ratio rose 0.1 point year-on-year, and other business expenses increased 0.4 point. The advertising and promotion ratio fell 0.4 point, while the ratios for store rents and depreciation both fell 0.1 point year-on-year.

Personnel costs rose on the back of increased costs for store staff.

The increase in other expenses was due largely to our decision to actively boost inventory of year round core items, which resulted in higher distribution and storage costs.

The decline in the advertising and promotion ratio was expected, following our decision to reduce these outlays as part of an overall cost review.

Finally, the store rent ratio improved on the back of strong same store sales and consequent efficiency gains.

## Revenue, profit gains exceed forecast

- Also outstrips plan in local currency terms
- Greater China, South Korea strong and above plan
- Southeast Asia and Oceania performs to plan
- USA falls short of plan, reports fall in profit
- 695 stores at end November (+62, mainly Greater China)

Billions of Yen

		Yr to Aug. 2014 (3 mths to Nov. 2013) Actual	Yr to Aug. 2015 (3 mths to Nov. 2014) Actual	
				y/y
UNIQLO International	Revenue	114.0	168.0	+47.3%
	Business profit (to revenue)	15.9 14.0%	24.0 14.3%	+50.6% +0.3p
	Other income, expenses	- 0.4	0.2	-
	Operating profit (to revenue)	15.4 13.6%	24.3 14.5%	+57.2% +0.9p

Business profit = Revenue – (Cost of sales + SG&A expenses).

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Let's move on to UNIQLO International, which reported higher than forecast gains in revenue and profit. Revenue totaled ¥168.0 billion (+47.3% year-on-year) and operating profit ¥24.3 billion (+57.2%). UNIQLO International also outstripped targets in local currency terms.

UNIQLO Greater China and South Korea generated especially strong performances, reporting higher than expected gains in revenue and profit. Meanwhile, UNIQLO Southeast Asia and Oceania performed to plan, but UNIQLO USA fell short of target when it reported a decline in profits.

The UNIQLO International network expanded by a net 62 stores (68 opened, 6 closed) in the first quarter to 695 stores at the end of November 2014. The bulk of the new stores were in the Greater China region.

- **Greater China: Strong revenue, profit gains outstrip plan**  
China: Sales of core items strong, double-digit same-store sales growth  
Hong Kong: Minimal impact from political uncertainty, same-store sales up  
Taiwan: Continued expansion of store network and same-store sales  
End Nov. Greater China network: 401 stores (opened 31, closed 4 in 1Q)
- **South Korea: Large gains in revenue, profit outstrip plan**  
Double-digit same-store sales growth. 137 stores (opened 6, closed 2 in 1Q)
- **Southeast Asia, Oceania: Revenue, profit gains to plan**  
Opened 14 stores in 1Q, to bring total to 94 stores at end November 2014
- **USA: Operating profit falls below plan**  
Profit down on greater discounting. Warmer weather delayed launch of Fall, Winter ranges. Sales at stores opened in areas new to the brand lower than expected, due to poor brand awareness. 39 stores (opened 14 in 1Q)
- **Europe: Slightly below plan on mild Winter, profit flat y/y**  
Opened 3 stores in 1Q, to bring total to 24 stores at end November 2014.

Let's look now at business trends for UNIQLO International's regional operations in the first quarter.

The Greater China region, encompassing Mainland China, Hong Kong, and Taiwan, outstripped our forecasts to report significant gains in both revenue and profits. Strong sales of core items such as Ultra Light Down, HEATTECH, and jeans helped fuel double digit growth in same store sales. UNQLO Hong Kong reported growth in same store sales, with local political uncertainty having minimal impact on the operation. Revenue continued to expand at UNIQLO Taiwan, on the back of favorable new store openings and further growth in same store sales.

The total number of UNIQLO stores in the Greater China region increased to 401 stores (opened 31, closed four) at the end of November 2014.

UNIQLO South Korea far exceeded our expectations in the first quarter by generating large gains in both revenue and profit. The double digit gain in same store sales was even higher than the marked gain reported in the previous year. UNIQLO South Korea opened six new stores and closed two, bringing the total to 137 stores at the end of November 2014.

UNIQLO Southeast Asia and Oceania (Singapore, Malaysia, Thailand, the Philippines, Indonesia, and Australia) reported rises in revenue and profit that were roughly in line with expectations. UNIQLO added 14 stores in Southeast Asia and Oceania in the first quarter, boosting that region's total to 94 stores at the end of November 2014.

UNIQLO USA fell short of plan and reported a decline in operating profit. The operation was forced to increase discounting after an unusually warm start to the season delayed sales of Fall Winter items. Poor brand awareness in areas where we have just begun opening stores also dampened sales. UNIQLO USA opened 14 stores in the first quarter, bringing the total to 39 stores at the end of November 2014.

UNIQLO Europe (United Kingdom, France, Russia, and Germany) fell slightly short of target by reporting flat operating profit in the first quarter. Mild weather in September and October dampened sales. UNIQLO opened three new stores in Europe in the first quarter, bringing the total to 24 at the end of November 2014.



# Global Flagship and Hotspot Stores

## Stronger local-store management, successful launch of community-focused stores in Japan

Opened global hotspot in Kichijoji, global flagship in Osaka.

Opening events and marketing highlighted the new community-focused stores  
Creating more stores that local consumers can love and enjoy.

■ UNIQLO Kichijoji Store, opened on October 3, 2014



■ UNIQLO OSAKA, opened on October 31, 2014



I would now like to talk about some exciting recent developments at UNIQLO.

UNIQLO Japan opened a global hotspot store in Kichijoji on October 3 and a global flagship store in Osaka on October 31. The opening events and marketing for both stores emphasized their strong community focus, as local stores for local consumers to love and enjoy.

The opening of the UNIQLO Kichijoji Store was especially exciting, with lots of local features to enjoy. The store sported static displays of Kichijoji's manga subculture, and, on opening day, customers were presented with a commemorative mug designed by a local Kichijoji illustrator.

There was equal fanfare at the opening of UNIQLO OSAKA, with artists from the major local Yoshimoto talent agency conducting multiple events throughout the four day celebration.

We are working hard to create more stores that local consumers can love and enjoy, by strengthening our local store management system and launching more community focused stores.



# Becoming a Better Loved Brand

- Presenting a new UNIQLO, through superior core items and new collaborations.
- Balancing quality, price, and design is the key. Offer many high value-added clothes that combine all three, for true satisfaction.

■ HEATTECH Extra Warm



INES DE LA FRESSANGE  
PARIS



■ 2<sup>nd</sup> Collection with Ines de la Fressange



■ Best of +J

We launched our new HEATTECH Extra Warm range in the 2014 Fall Winter season. Offering 50% additional warmth over the original HEATTECH, this range has proved popular with customers and is selling extremely well.

Launched in 2014 Fall Winter, the second Ines de la Fressange collection also proved extremely popular.

The “Best of +J” collection, bringing together the most popular items from previous +J collections, was so popular that some items sold out almost as soon as they were put on display.

We seek to evolve the UNIQLO brand by refining our core items, such as HEATTECH, and creating new collaborations with exciting designers and partners.

The most important factor for us when creating new products is equally balancing quality, price, and design. We will continue to offer high value added clothes that incorporate all three of these factors, and satisfy our customers needs.

# Becoming No. 1 in Greater China, Korea



## Popularity rising in China

For China's annual Single's Day (November 11) sales event, by sales, UNIQLO registered as the No. 1 apparel brand, and No. 5 overall, on China's biggest online shopping site, T-Mall.

## Top fashion brand in Korea

UNIQLO described as "a brand offering the finest quality and value" by the Korea Economic Daily, and reported widely as the first fashion brand to generate annual sales exceeding 800 billion won (80 billion yen) in Korea.

**유니클로, 노스페이스 빈폴 제쳤다**  
두 매출 900억 - 한국 진출 30년 만에 패션브랜드 1위 올라

UNIQLO가 한국 시장에서 가장 높은 매출을 올렸다는 사실이 확인됐다. 노스페이스와 빈폴을 제치고 한국 패션브랜드 1위 자리를 차지했다. 유니클로는 2014년 11월 11일 '싱글데이'를 맞아 한국에서 사상 최대 매출을 기록하며, 전년 동기 대비 20% 이상 매출이 증가했다. 이는 유니클로가 한국 시장에 진출한 지 30년 만에 달성한 쾌거로 평가된다. 유니클로 측은 "한국 소비자들의 높은 구매력과 브랜드에 대한 신뢰가 큰 몫을 했다"고 밝혔다. 한편, 노스페이스와 빈폴은 각각 800억 원과 700억 원의 매출을 올렸으며, 유니클로가 이들 두 브랜드를 제쳤다. 유니클로의 매출은 전년 동기 대비 20% 이상 증가했으며, 이는 한국 패션브랜드 중 가장 높은 성장률이다. 유니클로는 앞으로도 한국 시장을 적극적으로 공략할 계획이다.

UNIQLO has established extremely strong businesses in Greater China and South Korea, built on a strong range of quality products and a high level of local appreciation for the brand.

Sales of UNIQLO registered number one in the apparel category on Single's Day (11/11) in China, on the nation's biggest online shopping site, T-MALL. UNIQLO ranked 2<sup>nd</sup> on the same site for the most competitive segment of all, women's fashion, 5<sup>th</sup> for men's fashion, and 5<sup>th</sup> in sales across all categories. That is proof of just how popular the UNIQLO brand has become.

In South Korea, the Korea Economic Daily described UNIQLO as "a brand offering the finest quality and value." UNIQLO is often reported as the first fashion brand to generate annual sales over 800 billion won (80 billion yen) in Korea.



### UNIQLO Le Marais Store wins Best Retail Concept of the Year award at the 2014 MAPIC international retail real estate gala.



The original foundry chimney serves as the store's centerpiece

Housed in a mid-19<sup>th</sup> century foundry, UNIQLO Le Marais was awarded for its iconic incorporation of the original red-brick chimney, and the creative merging of the building's exquisite historical structure and modern design.



Original foundry equipment, for melting precious metals, are on display in the store's basement

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In November, the UNIQLO Le Marais Store (Paris) won the Best Retail Concept of the Year award for fashion and fitness wear at the 2014 MAPIC international retail real estate gala.

Housed in a former mid-19<sup>th</sup> century foundry, UNIQLO Le Marais was praised for its iconic incorporation of the original red-brick chimney, and the creative merging of the building's exquisite historical structure and modern design.

The setting of UNIQLO, originating in Japan, in such an iconic French building, located at the heart of Paris fashion, was a bold decision. That decision has helped boost UNIQLO's presence as a global brand.

# Our Global Brand Ambassadors



**Shingo Kunieda**

- MEXT prize for sports merit
- 4<sup>th</sup> year of Grand Slam victory
- World No. 1 wheelchair tennis player



**Kei Nishikori**

- Winner of 47<sup>th</sup> annual Japan Professional Sports Grand Prize
- 2014 ATP Tour finalist
- US Open finalist. First Asian to reach Grand Slam final
- World No. 5 tennis player

(Accurate as of December 31, 2014)



**Novak Djokovic**

- World No. 1 tennis player
- Grand Slam winner



**Adam Scott**

- World No. 3 golfer

The superb global sporting performances by UNIQLO Global Brand Ambassadors Kei Nishikori, Shingo Kunieda, Novak Djokovic, and Adam Scott have helped boost recognition of the UNIQLO brand among customers all over the world.

## Revenue and profit rise, as planned

- **GU: Double-digit gains in revenue and profit (to plan)**

Strong sales of advertised ranges (skirts and knitwear), same-store sales up  
Favorable start for first GU stores in Taiwan

- **Theory: Revenue and profit gains slightly above plan**

- **CDC: Falls short of plan, profits down slightly**

- **PTT, J Brand: Flat performance (to plan)**

		Billions of Yen		
		Yr to Aug. 2014	Yr to Aug. 2015	
		(3 mths to Nov. 2013)	(3 mths to Nov. 2014)	
		Actual	Actual	y/y
Global Brand	Revenue	65.9	78.1	+18.6%
	Business profit (to revenue)	6.8 10.4%	10.0 12.8%	+46.5% +2.4p
	Other income, expenses	0.4	- 0.4	-
	Operating profit (to revenue)	7.3 11.1%	9.5 12.2%	+30.4% +1.1p

Business profit = Revenue – (Cost of sales + SG&A expenses).

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Now I would like to move onto performance by our Global Brands segment in the first quarter of fiscal 2015.

The segment reported gains in revenue and profit in the three months from September to November 2014. Revenue expanded 18.6% year-on-year to ¥78.1 billion, while operating profit expanded 30.4% to ¥9.5 billion. Both measures were roughly in line with our expectations.

As expected, our low priced GU casualwear label reported double digit gains in both revenue and profit. Heavily advertised skirts and knitwear ranges sold well, boosting same store sales. We opened 27 new stores and closed three stores in the first quarter, boosting the total GU network to 300 stores at the end of November 2014. We opened our first two GU stores in Taiwan in the first quarter, and both are already off to a good start.

Our Theory fashion brand reported slightly higher than expected gains in both revenue and profit in the first quarter.

Our France based women's fashion brand, Comptoir des Cotonniers, fell short of target due mainly to warm weather in Europe during September and October, reporting a slight contraction in profit in the first quarter.

Our French corsetry, homewear, swimwear and sportswear brand, Princesse tam.tam, and our US based J Brand premium denim label both performed roughly to plan, reporting a steady year-on-year performance.

## Group: Balance Sheet (end Nov. 2014)

Billions of Yen

	End Nov. 2013	End Aug. 2014	End Nov. 2014	Change
Total Assets	1,042.6	992.3	<b>1,281.0</b>	+238.3
Current Assets	767.8	717.0	<b>980.6</b>	+212.8
Non-Current Assets	274.8	275.2	<b>300.4</b>	+25.5
Total Liabilities	398.6	356.2	<b>496.7</b>	+98.0
Total Equity	643.9	636.0	<b>784.3</b>	+140.3

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

Compared to end November 2013, total assets increased by ¥238.3 billion to ¥1.281 trillion. This includes an increase of ¥212.8 billion in current assets and an increase of ¥25.5 billion in non-current assets.

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



## Group: B/S Main Points vs. end November 2013

### **Current assets +¥212.8bln (¥767.8bln⇒¥980.6bln)**

• **Cash and cash equivalents +¥48.0bln (¥323.4bln ⇒ ¥371.5bln.)**

• **Inventories +¥59.4bln (¥185.3bln ⇒ ¥244.8bln)**

UNIQLO Japan +¥10.8bln Increase in number of core items sold year-round

UNIQLO International +¥43.4bln End November store total up 183 stores y/y

Global Brands +¥5.1bln Expansion of GU and Theory operations

• **Derivative financial assets +¥73.3bln (¥139.2bln⇒¥212.5bln)**

UNIQLO Japan End November yen rate was weaker than the average rate of forward contract holdings. Hedge accounting so no impact on P&L

### **Non-current assets +¥25.5bln (¥274.8bln⇒¥300.4bln)**

• **Tangible assets +¥31.6bln (¥101.2bln ⇒ ¥132.9bln)**

UNIQLO International +183 stores y/y Global Brands +119 stores y/y

• **Intangible assets -¥13.2bln (¥92.0bln ⇒ ¥78.7bln)**

Global Brands J Brand impairment losses reported at end FY2014

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Looking first at the ¥212.8 billion increase in current assets at the end of November 2014.

Cash and cash equivalents increased by ¥48.0 billion year-on-year to ¥371.5 billion at the end of November 2014, due to an increase in operating cash flow at UNIQLO International and other business segments.

Looking next at inventories, total inventory increased by ¥59.4 billion to ¥244.8 billion.

Inventory at UNIQLO Japan increased by ¥10.8 billion, largely as a result of our decision to expand the range of year round core items on offer.

Inventory at UNIQLO International increased by ¥43.4 billion, mainly due to the expansion of UNIQLO's international network by 183 stores compared to the previous year.

Inventory levels increased by ¥5.1 billion at our Global Brands segment, as we continued to expand our GU and Theory operations.

Derivative financial assets expanded ¥73.3 billion to ¥212.5 billion at the end of November 2014. UNIQLO Japan takes out forward exchange contracts as part of its long term strategy to hedge against future movements in foreign exchange rates. Our balance of forward contract assets rose significantly after the end-November yen exchange rate fell below the average rates on our forward contract holdings. This item is considered under hedge accounting and does not impact our profit and loss position.

Non-current assets increased by ¥25.5 billion year-on-year. This included a ¥31.6 billion increase in tangible assets linked to the opening of 183 new stores at UNIQLO International and 119 new stores at Global Brands. On the other hand, intangible assets decreased by ¥13.2 billion following impairment losses at J Brand at the end of fiscal 2014 on August 31, 2014.



# Group: 1Q Cash Flow

Billions of Yen			
	Yr to Aug. 2014 1Q	Yr to Aug. 2015 1Q	Comment
<b>Net cash from operating activities</b>	<b>+41.8</b>	<b>+71.8</b>	
Profit before income taxes	+69.4	+106.7	Profit contribution from UNIQLO and other operations
Depreciation and amortization	+6.6	+8.4	
Working capital	-26.1	-20.7	Valuations of trade payables rise on weaker yen
Payment/refund of income taxes	-24.5	-29.8	
<b>Net cash used in investing activities</b>	<b>-13.7</b>	<b>-19.2</b>	
Purchases of property, plant and equipment	-10.6	-15.2	Expansion of store network, opening of new global flagship stores
Purchases of intangible assets	-1.8	-2.2	Systems investment, etc
<b>Net cash used in financing activities</b>	<b>-7.4</b>	<b>-17.1</b>	
Cash dividends paid	-15.1	-15.2	FY2014 ¥150 year-end dividend per share
Effect of exchange rate changes on cash and cash equivalents	+6.1	+22.0	1US\$=¥103 (End August 2014) → 1US\$=¥118 (End November 2014)
<b>Increase in cash &amp; equivalents</b>	<b>26.7</b>	<b>57.4</b>	
<b>Cash &amp; equivalents at beginning of period</b>	<b>296.7</b>	<b>314.0</b>	
<b>Cash &amp; equivalents at end of period</b>	<b>323.4</b>	<b>371.5</b>	

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Next, I will explain our cash flow position for the first quarter of fiscal 2015.

We enjoyed a net cash inflow of ¥71.8 billion from operating activities. UNIQLO and other Group operations contributed inflows of ¥106.7 billion. We recorded a ¥20.7 billion outflow in working capital.

Net cash used in investing activities totalled ¥19.2 billion. Of this total, ¥15.2 billion was spent on purchases of property, plants, and equipment, and ¥2.2 billion was spent on purchases of intangible assets, such as systems investment.

Capital expenditure for the Fast Retailing Group totalled ¥21.1 billion. Of this total, ¥4.3 billion was invested in UNIQLO Japan, ¥11.6 billion in UNIQLO International, ¥2.7 billion in Global Brands, and ¥2.2 billion was spent by the Fast Retailing parent company on systems investment, etc.

Net cash used in financing activities totalled ¥17.1 billion. Of that total, ¥15.2 billion was cash dividends paid.

As a result, the balance of cash and cash equivalents stood at ¥371.5 billion at the end of November 2014.

## Group: FY2015 Estimates

**Maintaining original estimates for now**  
 (May revise at end of Fall Winter season, depending on company performance and prevailing foreign exchange rates)

**Revenue: ¥1.6 trillion (+15.7% y/y)**

**Operating profit: ¥ 180.0 billion (+38.0% y/y)**

	Yr to Aug. 2014	Yr to Aug. 2015		Billions of Yen
	Actual	Estimate	y/y	
<b>Revenue</b> (to revenue)	1,382.9 100.0%	1,600.0 100.0%	+ 15.7%	
<b>Operating profit</b> (to revenue)	130.4 9.4%	180.0 11.3%	+ 38.0% + 1.9 p	
<b>Profit before income taxes</b> (to revenue)	135.4 9.8%	180.0 11.3%	+ 32.9% + 1.5 p	
<b>Profit for the year</b> (to revenue)	79.3 5.7%	108.0 6.8%	+ 36.1% + 1.1 p	
<b>Profit attributable to owners of the parent</b> (to revenue)	74.5 5.4%	100.0 6.3%	+ 34.1% + 0.9 p	

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Moving on now to our business estimates for fiscal 2015, or the 12 months ending August 31, 2015.

Both UNIQLO Japan and UNIQLO International outstripped our expectations in the first quarter from September through November 2014. In addition, we reported an unexpected net finance income of approximately ¥15.0 billion relating to the weakening of the Japanese currency.

While our business has performed better than expected in the first quarter, we have decided not to make any changes to our initial full year business estimates for fiscal 2015 at this stage.

However, if necessary, we may consider revising our forecasts once we have a clearer picture of individual segment performance at the close of the 2014 Fall Winter season, and foreign exchange trends.

## FY2015 Estimates by Group operation

### UNIQLO Japan: Rise in revenue and profit

- Revenue gains expected, same-store sales to increase approx. 3.5% y/y.
- Operating margin set to improve slightly, boosting operating profit.

### UNIQLO Intl: Large gains in revenue and profit

- Expect operating margin to improve, significant rise in operating profit.
- Expect to open 200 new stores, as scheduled.

### Global Brands: Rise in revenue and profit

- Expect to open 100 new stores, significant gains in revenue and profit.

Approx. new UNIQLO Intl. store openings		Approx. new Global Brands store openings	
Greater China	100	GU	50
South Korea	30	Theory	45
S.E. Asia & Oceania	45	CDC	5
USA	20	<b>Total</b>	<b>100</b>
Europe	5		
<b>Total</b>	<b>200</b>		

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As for estimates for individual business segments, UNIQLO Japan outstripped our initial forecasts in the first quarter. However, at this stage, we still expect same store sales will increase by approximately 3.5% year-on-year in fiscal 2015. We expect the operating profit margin to improve slightly, leading to a gain in operating profit.

At UNIQLO International, new store openings proceeded to plan in the first quarter, while business performance exceeded our expectations. We predict UNIQLO International's operating profit margin will continue to improve and help generate large gains in operating profit. We maintain our plan to open 200 new stores over the full business year.

Global Brands reported a favorable performance in the first quarter, as expected. We plan to open 100 new stores in fiscal 2015, and expect the segment to generate rising revenue and profit.

Finally, on dividend payments, we have scheduled an annual dividend of ¥320 per share for fiscal 2015, split equally between interim and year-end dividends per share of ¥160 each.

That completes this presentation on the Fast Retailing Group's performance for the first three months from September to November 2014, and the full business year through August 31, 2015.

The remaining three slides are provided as reference materials.

Thank you.



## Store Numbers by Group Operation

[Units: Stores]	FY2014 Yr-end	FY2015 1Q Result (Sep. - Nov.)			
		Open	Close	Change	End Nov.
<b>UNIQLO Operations</b>	<b>1,485</b>	<b>93</b>	<b>31</b>	<b>+62</b>	<b>1,547</b>
<b>UNIQLO Japan</b>	<b>852</b>	<b>25</b>	<b>25</b>	<b>0</b>	<b>852</b>
Own stores	831	18	25	-7	824
Large-scale	199	9	5	+4	203
Standard and others	632	9	20	-11	621
Franchise stores	21	7	0	+7	28
<b>UNIQLO International</b>	<b>633</b>	<b>68</b>	<b>6</b>	<b>+62</b>	<b>695</b>
China	306	27	3	+24	330
Hong Kong	22	2	1	+1	23
Taiwan	46	2	0	+2	48
Korea	133	6	2	+4	137
Singapore	18	3	0	+3	21
Malaysia	21	2	0	+2	23
Thailand	20	1	0	+1	21
Philippines	16	3	0	+3	19
Indonesia	4	2	0	+2	6
Australia	1	3	0	+3	4
USA	25	14	0	+14	39
UK	10	0	0	0	10
France	6	2	0	+2	8
Russia	4	1	0	+1	5
Germany	1	0	0	0	1
<b>Global Brands</b>	<b>1,268</b>	<b>59</b>	<b>8</b>	<b>+51</b>	<b>1,319</b>
GU	276	27	3	+24	300
Theory ※	460	27	5	+22	482
Comptoir des Cottonniers ※	374	5	0	+5	379
Princesse tam.tam ※	152	0	0	0	152
J Brand	6	0	0	0	6
<b>Total</b>	<b>2,753</b>	<b>152</b>	<b>39</b>	<b>113</b>	<b>2,866</b>

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

## FY2015 Store Plans by Group Operation

[Units: Stores]	FY2014 Yr-end	FY2015 Estimate			
		Open	Close	Change	Yr-end
<b>UNIQLO Operations</b>	<b>1,485</b>	<b>247</b>	<b>70</b>	<b>+177</b>	<b>1,662</b>
<b>UNIQLO Japan</b>	<b>852</b>	<b>47</b>	<b>55</b>	<b>-8</b>	<b>844</b>
Own stores	831	37	54	-17	814
Large-scale	199	16	5	11	210
Standard and others	632	21	49	-28	604
Franchise stores	21	10	1	+9	30
<b>UNIQLO International</b>	<b>633</b>	<b>200</b>	<b>15</b>	<b>+185</b>	<b>818</b>
<b>Global Brands ※</b>	<b>1,268</b>	<b>100</b>	<b>15</b>	<b>+85</b>	<b>1,353</b>
<b>Total</b>	<b>2,753</b>	<b>347</b>	<b>85</b>	<b>262</b>	<b>3,015</b>

Excludes Mina (Commercial Facility Business) and Grameen UNIQLO stores

※Includes franchise stores

## Applicable Exchange Rates

Yen

	1USD	1EUR	1GBP	1RMB	100KRW
Yr to Aug. 2015 3 mth average to Nov. 2014 (Actual)	107.5	137.8	174.9	17.5	10.3
Yr to Aug. 2014 3 mth average to Nov. 2013 (Actual)	98.2	132.4	156.2	16.1	9.1
Yr to Aug. 2015 Full year average to Aug. 2015 (Estimate)	102.5	141.5	172.0	16.4	10.0
Yr to Aug. 2014 Full year average to Aug. 2014 (Actual)	101.5	138.2	167.5	16.5	9.6

## Capex and Depreciation

Billions of Yen

	Capital spending	Depreciation
Yr to Aug. 2015 3 mths to Nov. 2014 (Actual)	19.2	8.4
Yr to Aug. 2014 3 mths to Nov. 2013 (Actual)	15.4	6.6
Yr to Aug. 2015 Full year (Estimate)	61.7	32.1
Yr to Aug. 2014 Full year (Actual)	58.8	30.8

### Breakdown of capital expenditure

FY2014 1Q: UNIQLO Japan: ¥2.0bln, UNIQLO Intl.: ¥9.0, Global Brands: ¥2.3bln, Systems: ¥1.7bln

FY2015 1Q: UNIQLO Japan: ¥4.3bln, UNIQLO Intl.: ¥11.6, Global Brands: ¥2.7bln, Systems: ¥2.2bln

FY2015(E): UNIQLO Japan: ¥5.5bln, UNIQLO Intl.: ¥31.2bln, Global Brands: ¥10.6bln, Systems: ¥14.4bln