

UNIQLO Southeast Asia & Oceania enters a new stage of growth

Taku Morikawa

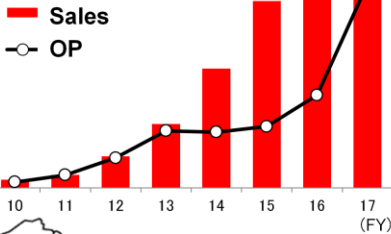
**Group Executive Vice President
Fast Retailing Co., Ltd.**

Good afternoon. My name is Taku Morikawa, Executive Group Vice President of Fast Retailing, and I am here to speak to you today about progress and strategy for the UNIQLO operation in Southeast Asia & Oceania.

SE Asia & Oceania Performance

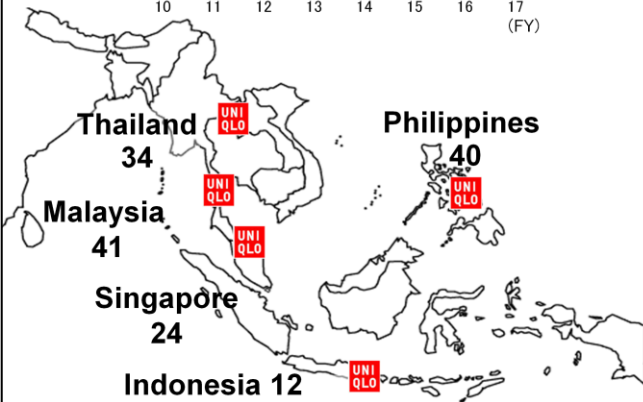
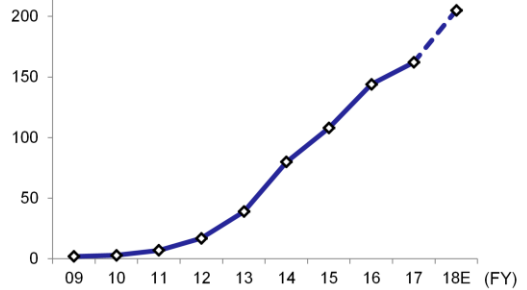
Network reaches 163 stores, 8 years after the first store opened in Singapore in April 2009

Sales & Operating profit



(Stores)

Store numbers



Store numbers at end August 2017

The first UNIQLO Southeast Asian store was opened in Singapore in April 2009. Close on eight years later, we have expanded the UNIQLO network in that region to 163 stores in six different countries.

In FY2017, the UNIQLO Southeast Asia & Oceania regional operation expanded to generate revenue of ¥100.0 billion and operating profit of over ¥14.0 billion. I am keen to expand the operation even further in FY2018 by opening at least 40 new stores during the financial year.

Business Success: Key Factors

SE Asia & Oceania customers familiar with the UNIQLO LifeWear concept

LifeWear is ultimate comfort, everyday clothing to enrich people's lives.

LifeWear is high-quality, fashionable, perfect-fitting, truly good clothing.

LifeWear is starting to permeate people's lives in SE Asia & Oceania.

Customers starting to appreciate UNIQLO's core items (jeans, men's shirts, UT, women's blouses, Ultra Light Down, etc.) as LifeWear.



The fact that the UNIQLO brand has started to permeate the market is one of the key factors underlying UNIQLO's success in the Southeast Asia & Oceania region. Another key factor is that consumers in the region now understand and appreciate the UNIQLO LifeWear concept. This has resulted in a doubling of sales of core items such as jeans, Chino Pants, men's shirts and women's blouses.

Strong business focused on SE Asia climate and culture

- Strong sales of vital LifeWear items adjusted to suit local summer weather, such as T-shirts, polo shirts, shorts, UT. Expanded sales by increasing number of summer product ranges during the winter months.
- Expanded customer base by developing reasonably priced SE Asia exclusive products to suit daily living in each country.
- Captured overseas traveler demand by clearly conveying the superior functionality of Fall Winter ranges such as Ultra Light Down and HEATTECH.
- Demand for comfort fashion is high among the many Islamic consumers in countries such as Malaysia and Indonesia, so offer hijab and Baju Melayu to coordinate with other UNIQLO items.



Hijab designed by UK-born designer HANA TAJIMA using UNIQLO AIRism material was talked about at the US MoMA "Items:Is Fashion Modern?" exhibition as an example of new-value fashion. Her comfort wear is now retailed in UNIQLO stores worldwide. This perfect LifeWear blend of elegant beauty and functionality is popular with modern women.

4

In addition, sales of products designed to suit the Southeast Asian climate and culture have proved extremely successful.

For instance, we have successfully encouraged customers to revisit our stores year round by expanding the proportion of summer items even during the winter months. We have also attracted new customers by developing reasonably priced products designed exclusively for the Southeast Asian market that suit everyday living in the different countries within the region. We also sought to satisfy the needs of overseas travelers by clearly explaining the superior functionality of our Fall Winter items such as Ultra Light Down and HEATTECH. Sales rose strongly as a result of all of these factors.

We attracted many new customers in Malaysia and Indonesia by developing Hijab for women and Baju Melayu for men to satisfy demand for fitted comfort fashion. Suggesting ways of coordinating these exclusive ranges with regular UNIQLO items also led to greater sales of UNIQLO mainstream clothing.

Business Success: Key Factors

The new Singapore global flagship store boosted UNIQLO brand value in SE Asia

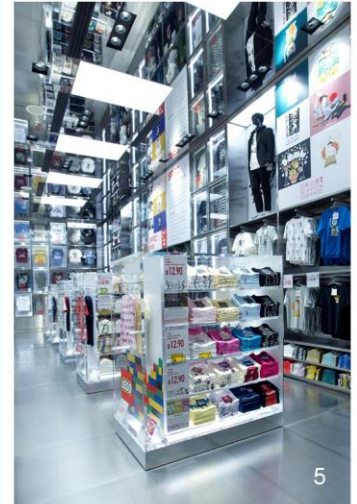
- In September 2016, opened first global flagship store in SE Asia, the UNIQLO Orchard Central Store, on Singapore's main shopping street.
- Singapore functions as the fashion information hub of SE Asia.



The first SE Asia global flagship store, UNIQLO Orchard Central Store, has a 2,700sqm sales floor.

The exclusive UT brand floor has abundant stock to attract large numbers of SE Asian customers. (Photo on the right)

Many tourists visit Singapore, so the store acts as information hub to help spread awareness of the UNIQLO brand across SE Asia.



We can trace part of the UNIQLO Southeast Asia & Oceania's success back to the dramatic leap in UNIQLO brand value achieved through the opening of the first UNIQLO global flagship store in the region on Singapore's Orchard Road Central in September 2016.

The UNIQLO Orchard Central Store houses an exclusive UT corner on the first floor and a special corner on the third floor dedicated to collaborative events and displays with local companies, artists and shops, which are advertised monthly.

Singapore has become the hub of the Southeast Asian region, and we believe information conveyed in Singapore spreads favorably and effectively across the ASEAN region.

Business Success: Key Factors

UNIQLO has become a more popular brand

Exposure in magazines has increased significantly thanks to more active media activities. Thanks to efficient digital marketing, UNIQLO is becoming known among young female consumers as the brand that offers a varied and exciting range of women's wear.



JW ANDERSON exclusive feature in the September edition of **ELLE Digest**



HANA TAJIMA features in the May 22 edition of Malaysia's **Sun** newspaper



UNIQLO LifeWear feature in **ELLE Singapore** (February 17)

Here, I would like to explain how our decision to dramatically change our marketing and media activities has increased sensitivity towards the UNIQLO brand.

Thanks to our positive media activities, UNIQLO's exposure in magazines, on TV and in other media has increased considerably. Efficient use of digital marketing has also greatly helped expand our customer base, especially among young female customers.

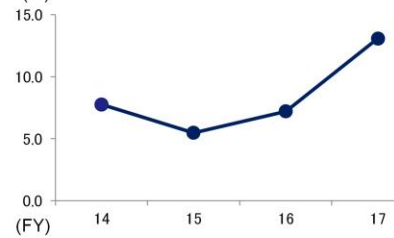
UNIQLO has already become the No.1 fashion retail brand in Singapore and Malaysia for sales and brand awareness.

FY2017 Operating Profit Doubles

Strong business structure boosts profitability

- Profit margins improve on strong sales at each operation.
- Better distribution frameworks improve sales efficiency and reduce distribution costs.
- Cut in-store inventory to reduce distribution and personnel costs.
- Stricter new store negotiations reduce costs.
- Higher local production reduce cost rates.

OP margin improves



While sales enjoyed strong momentum, operating profit roughly doubled year on year in FY2017, thanks to our decision to strengthen UNIQLO's business structure in the region. Specifically, we improved distribution systems, by tying up with partners on all logistics processes. This helped improve retail efficiency and considerably lower distribution costs.

We also reduced personnel costs and improved individual store efficiency by reducing in-store inventory and formulating sales plans that better fit the needs of local customers.

To prepare for multiple new store openings, we have been reviewing negotiating conditions, shortening construction timeframes, and reducing construction costs, to help successfully reduce depreciation costs arising from new store openings.

Efforts to reduce cost of sales by strategically increasing the proportion of locally manufactured items also contributed considerably to the region's strong profit performance.

Aiming for 30% annual growth Five-year revenue target: 300 billion yen

- Plan to accelerate store openings from FY2018.
- Especially positive outlook for high-population markets such as Thailand, Malaysia, the Philippines and Indonesia.
- Looking to expand region in the future.



These initiatives are designed to help attain annual growth of 30% in the Southeast Asia & Oceania region, and achieve our five-year revenue target of over ¥300 billion yen.

We want to expand operations sharply in the high-population, leading markets of Thailand, Indonesia, Malaysia and the Philippines. We also want to consolidate our business presence in the region by extending our existing operational sphere to include more countries in the future.

UNIQLO aims to become
No.1 for customer satisfaction
No.1 for brand popularity
The best-loved brand
in Southeast Asia and Oceania.

Finally, we want to develop UNIQLO into the best-loved brand in Southeast Asia and Oceania, No.1 for customer satisfaction and the No.1 for brand popularity.

Thank you.