

October 12th, 2017

Fast Retailing Future Business Outlook

Tadashi Yanai
Chairman, President & CEO of Fast Retailing Co., Ltd.



- **A Company that Successfully Turns Information into Products**
- **Change to Survive – The Ariake Project**
- **Global is Local, Local is Global**
- **Global One, Zen-in Keiei**
- **LifeWear**
- **Changing clothes. Changing conventional wisdom. Change the world.**

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Good afternoon. My name is Tadashi Yanai, and I am the Chairman, President and CEO of Fast Retailing.

You have heard about our business results for FY2017 from Mr. Okazaki in considerable detail, so I would like to concentrate on some broader themes such as Fast Retailing's mission, business initiatives, and our LifeWear concept of creating truly good comfortable clothes to enrich everyday living.

I would like to talk about the six items on this slide in turn: A company that successfully turns information into products; Change to survive – The Ariake Project; Global is Local, Local is Global; Global One and Zein-in Keiei management principles; LifeWear, and; our corporate statement: Changing clothes. Changing conventional wisdom. Change the world.

A Company that Successfully Turns Information into Products

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First, I will explain the type of company I want Fast Retailing to evolve into in this era of dramatic change.

Industry distinctions are disappearing

A Company that Successfully Turns Information into Products

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Globalization and digitalization have now started in earnest across the world.

The rapid increase in movement of people, things and information transcends the concepts of national, corporate and industrial borders. In the same way, as the links between information, people, and things become increasingly intimate, distinctions between the manufacturing, distribution and service industries and corporate borders are fading and disappearing.

Existing industries have to exploit advanced information technologies to maximize their individual corporate strengths and offer high value to customers if they are to justify their existence and secure their future. We work for our customers.

A company that successfully turns information into products

Fulfill Evolving Customer Needs

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Fast Retailing used to be a company that focused on designing, manufacturing and retailing products. Today, Fast Retailing is transforming itself into a digital consumer retail company with the ability to successfully turn information into superior products.

In future, only the companies that maximize their own unique talents and fulfill rapidly evolving customer needs will survive. Companies such as Google, Amazon, Apple, Alibaba and Tencent are at the heart of this movement. They have penetrated every region. They act as both cooperators and competitors. In other words, they don't just communicate information to their own customers and business partners. They are in the business of borderless information, engaging in two-way communication with society at large and customers all over the world in order to grasp new customer needs.

I want to develop Fast Retailing into a company with the following attributes:

- ① A customer-centric approach
- ② Strong person-to-person communication
- ③ Swift judgement, decision-making and implementation
- ④ Small teams with clear lines of responsibility and authority for swift implementation

With that aim in mind, I intend to exploit the latest technology to help implement sweeping improvements and transform every single business process, quickly and accurately.

Change to Survive – The Ariake Project

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Next, I would like to talk about our Ariake Project initiative. That is our way of changing to survive.

We must change to survive

Change to Survive – The Ariake Project

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To survive in this new competitive dimension, we have to change from within. If we passively accept change, we will gradually degenerate and disappear. We have to proactively change ourselves, and maximize any transformation in order to grow stronger. The Ariake Project is our answer to that challenge.

Make only what is necessary
Transport only what is necessary
Sell only what is necessary

Change to Survive – The Ariake Project

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The aim of the Ariake Project is to create new ways of working and transform our company. We have decided to proactively revolutionize every one of our processes from planning through production, distribution and retail. At the heart of that transformation lies a commitment to make only what is necessary, transport only what is necessary, and sell only what is necessary.

We determined to gain a thorough and deep understanding of all of our business processes, and to work with our manufacturing, distribution and business partners to resolve problems by setting clear targets and eradicating all unnecessary processes and product. This sweeping change is not limited to manufacturing and distribution, but applies to the fundamental way all of our staff work, whether interacting with customers in stores or working in the head office. Following through on this project will guarantee our company a winning future. We intend to build on our past history and actively incorporate future technology into our current business to enable us to create a new industry which combines information and hands-on expertise.

Global is Local, Local is Global
Global One, Zen-in Keiei
Koten-keiei, SKU Management

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Next, I would like to talk to you about some management concepts that Fast Retailing places great emphasis on when conducting business: Global is Local, Local is Global; Global One & Zen-in Keiei (all staff to think like a manager and select the best global option or solution), and; Koten-keiei (individual store-driven management) & SKU management.

Good management principles and business processes don't change wherever you are in the world and whatever the age. Each region or nation does however have its own culture, history, lifestyles and climate, and popular colors, sizes, designs and silhouettes can be very different. We strive to respect local culture, values and history, and unify the business processes that we should pursue worldwide and our business philosophy.

Ultimately, we are not a chain store. We are a business that seeks to unite its stores worldwide. We encourage individual stores to decide their optimum product mixes based on local needs and sales patterns, and to encourage well-trained sales staff to convey pertinent information to customers in order to satisfy individual customer needs. That's Global One, Zen-in Keiei.



INES DE LA FRESSANGE
PARIS
UNIQLO



UUUU
UUUU
UUUU
Uniqlo U
The Future of
LifeWear



HANA TAJIMA



JWANDERSON
UNIQLO

All our employees want to create truly good products, so why not create clothes together with the world's best talent? The world boasts a wealth of highly talented designers and creators such as Ines de la Fressange and Christophe Lemaire in France, and Hana Tajima and JW Anderson in the UK.

Our aim is to collect all varieties of clothing-related information from around the world, and create products as a specialist in world-class clothing.



Knowing everything about clothes is one of our strengths. The apparel industry is not a market where one single company can dominate the world. Instead, you have to pursue growth with partners. We are in a position to partner with anyone or any company in the world. We are able to work with some of the world's top corporate players from Disney to Apple, Google, Facebook, Alibaba, Tencent, Toray Industries, Mitsubishi Corporation and Accenture. In fact, Fast Retailing is the only company to do that. Take our art and fashion initiative with New York's Museum of Modern Art (MoMA), which was awarded best partnership by Americans for the Arts. From Fall 2016, we have been conducting a similar initiative in London with the Tate Modern gallery called the UNIQLO Tate Lates.

We exploit good ideas and initiatives worldwide, and cooperate with companies and people from diverse cultural backgrounds who can compete on the global stage to turn the valuable information they possess into successful products. This is one of the benefits of conducting global business, and it is the most vital and necessary thing in this business. Our most recently opened UNIQLO stores in Barcelona and Vancouver are perfect examples of local business operations that have deep links to local culture and history of each region around the world.

LifeWear

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Let me talk now about the LifeWear clothes we aspire to create. We at Fast Retailing have strong beliefs about clothes. We believe it is important to create clothes that perfectly suit the wearer's everyday life. Clothes must suit the values of the wearer, not the creator. Individuality stems from the wearer, not the clothes.

For those very reasons, we ensure our clothes serve as parts for a customer to use to build his/her individual style. We intend to pursue the perfect LifeWear by communicating sincerely with customers and incorporating customer opinion into future designs. We also seek to create completely new clothes, and unprecedented unique value.

**Build a manufacturing industry
that produces the world's best clothes**

LifeWear

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We intend to use global personnel, resources and information to build a completely new manufacturing industry that can offer the world's best clothes and information.

Changing clothes.

Changing conventional wisdom.

Change the world.



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This Fast Retailing corporate statement is the foundation and the font of all that we do.

Business must serve to enrich customer lives and society at large. With that aim constantly in mind, we strive to make the world a better place.

We hope you will join and support us in this quest.