

**Fast Retailing Co., Ltd. Results Summary for the Three Months to November 2016)**

**Consolidated Business Performance (Billions of Yen)**

	Year to Aug 2016	Year to Aug 2017			
	1Q Actual	1Q Actual		Full Year Estimate	
	(2015/9~2015/11)	(2016/9~2016/11)	y/y	(2016/9~2017/8)	y/y
<b>Revenue</b>	<b>520.3</b>	<b>528.8</b>	+1.6%	<b>1,850.0</b>	+3.6%
<b>Gross Profit</b> (to revenue)	<b>266.2</b> 51.2%	<b>270.6</b> 51.2%	+1.7% 0.0p	-	-
<b>SG&amp;A Expenses</b> (to revenue)	<b>190.6</b> 36.6%	<b>184.1</b> 34.8%	-3.4% -1.8p	-	-
<b>Business profit</b> (to revenue)	<b>75.5</b> 14.5%	<b>86.4</b> 16.4%	+14.4% +1.9p	<b>180.0</b> 9.7%	+11.1% +0.6p
<b>Operating profit</b> (to revenue)	<b>75.9</b> 14.6%	<b>88.5</b> 16.8%	+16.7% +2.2p	<b>175.0</b> 9.5%	+37.5% +2.4p
<b>Finance income/cost</b> (to revenue)	<b>1.7</b> 0.3%	<b>15.6</b> 3.0%	+794.8% +2.7p	<b>0.0</b> -	-
<b>Profit before income taxes</b> (to revenue)	<b>77.6</b> 14.9%	<b>104.2</b> 19.7%	+34.2% +4.8p	<b>175.0</b> 9.5%	+93.9% +4.4p
<b>Profit attributable to owners of the parent</b> (to revenue)	<b>48.0</b> 9.2%	<b>69.6</b> 13.2%	+45.1% +4.0p	<b>100.0</b> 5.4%	+108.1% +2.7p

**Performance by Group Operation (Billions of Yen)**

		Year to Aug 2016	Year to Aug 2017	
		1Q Actual	1Q Actual	
		(2015/9-2015/11)	(2016/9~2016/11)	y/y
<b>UNIQLO Japan</b>	<b>Revenue</b>	<b>230.9</b>	<b>238.8</b>	<b>+3.4%</b>
	<b>Business profit</b> (to revenue)	<b>44.4</b> 19.3%	<b>46.1</b> 19.3%	<b>+3.8%</b> 0.0p
	<b>Operating profit</b> (to revenue)	<b>44.8</b> 19.4%	<b>45.6</b> 19.1%	<b>+1.8%</b> -0.3p
<b>UNIQLO International</b>	<b>Revenue</b>	<b>196.9</b>	<b>196.5</b>	<b>-0.2%</b>
	<b>Business profit</b> (to revenue)	<b>21.4</b> 10.9%	<b>30.6</b> 15.6%	<b>+42.4%</b> +4.7p
	<b>Operating profit</b> (to revenue)	<b>20.8</b> 10.6%	<b>30.1</b> 15.3%	<b>+44.6%</b> +4.7p
<b>Global Brands</b>	<b>Revenue</b>	<b>91.8</b>	<b>92.7</b>	<b>+1.1%</b>
	<b>Business profit</b> (to revenue)	<b>12.3</b> 13.4%	<b>9.6</b> 10.4%	<b>-21.6%</b> -3.0p
	<b>Operating profit</b> (to revenue)	<b>12.4</b> 13.5%	<b>9.5</b> 10.3%	<b>-22.7%</b> -3.2p

**FY2017 1Q Highlights**

**■ Consolidated results: Fast Retailing reports revenue and profit gains**

- Revenue up 1.6% year on year to ¥528.8 billion, operating profit up 16.7% to ¥88.5 billion.
- Profit rose sharply after reporting a foreign exchange gain of ¥15.6 billion under finance income and costs. Profit before income taxes increased 34.2% to ¥104.2 billion and profit attributable to owners of the parent leapt 45.1% to ¥69.6 billion.

**■ UNIQLO Japan: Gross profit margin improves on controlled markdowns**

- Revenue and profit up. Revenue: ¥238.8 billion (+3.4%), operating profit: ¥45.6 billion (+1.8%).
- Same-store sales (including e-commerce) expanded 2.5%. Same-store sales dipped in September and October, but recovered in November after falling temperatures boosted sales of core Winter items.
- On profit front, the gross profit margin improved 0.3 point year on year on controlled discounts. However SG&A ratio rose 0.2 point as the transformation of our logistical systems temporarily boosted distribution expenses.

**■UNIQLO International: Solid expansion continues in all areas**

- Revenue down, profit up. Revenue: ¥196.5 billion (-0.2%), operating profit: ¥30.1 billion (+44.6%).
- Revenue in local-currency rose as expected in all areas. Solid expansion continues.
- Performances from UNIQLO Greater China and UNIQLO Southeast Asia & Oceania especially strong. UNIQLO USA loss declined.
- End-November network: 1,009 stores (Reached 1,000 stores 15 years after opening first store outside Japan)

**■Global Brands: GU profit dips**

- Revenue up, profit down: Revenue: ¥92.7 billion (+1.1%), operating profit: ¥9.5 billion (-22.7%).
- GU revenue up, profit down. Operating profit down on: 1) a fall in gross profit margin after lower-than-expected sales led to an early rundown in excess Fall inventory, 2) a rise in SG&A ratio due to increased personnel and distribution costs.

**■Fiscal 2017 consolidated estimates: No change to full-year estimates**

- Fiscal 2017 estimates unchanged. Consolidated revenue: ¥1.850 trillion (+3.6%), operating profit: ¥175.0 billion (+37.5%), profit attributable to owners of the parent: ¥100.0 billion (+108.1%).
- Scheduled annual dividend: ¥350.

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**Fiscal 2017 1Q Performance in Focus**

**■UNIQLO Japan: Gross profit margin improves on controlled markdowns**

UNIQLO Japan generated rises in both revenue and operating profit in the first quarter of fiscal 2017, with revenue totaling ¥238.8 billion (+3.4% year-on-year) and operating profit totaling ¥45.6 billion (+1.8% year-on-year). Same-store including online sales increased 2.5% year-on-year. The total number of UNIQLO Japan stores declined by a net of 6 stores year-on-year to 800 (excluding 41 franchise stores) at the end of November 2016. Of this total, three stores shifted from directly operated stores to employee franchise stores.

Looking at the quarter in more detail, same-store sales declined in September and October due to unseasonal warm weather that demand for Fall Winter items. However, once temperatures dropped in November, same-store sales picked up. The UNIQLO anniversary sale proved strong, so did sales of core products such as cashmere sweaters, HEATTECH innerwear, and outerwear. Customer visits showed signs of recovery, rising year-on-year in the first quarter partly on the back of our decision to continue the new attractive, readily recognizable price strategy introduced in fiscal 2016. Firm control over discounting helped generate a 0.3 point improvement in the gross profit margin year-on-year. However, the selling, general and administrative expense ratio rose by 0.2 point year-on-year. While continued cost-cutting efforts helped reduce business costs such as advertising and promotion, outsourcing and business trips, distribution costs increased in relation to the transformation of our logistics systems.

**■UNIQLO International: Solid expansion continues in all areas**

UNIQLO International reported a fall in revenue to ¥196.5 billion (-0.2% year-on-year) but a strong rise in operating profit to ¥30.1 billion (+44.6% year-on-year) in the first quarter of fiscal 2017. The fall in revenue was due largely to the effect of the stronger yen compared to the previous year, which pushed yen-based

sales down by an average 16%. However in terms of local currencies, sales rose across all of UNIQLO international's operations.

On the profit side, the segment's operating profit margin increased 4.7 points in the first quarter, thanks to an improvement in the gross profit margin, and a successful cost-cutting drive which helped reduce the selling, general and administrative expense ratio. Profit contributions from UNIQLO Greater China, UNIQLO Southeast Asia and Oceania were especially strong. Meanwhile, an improvement in the gross profit margin at UNIQLO USA helped reduce operating losses at that operation.

UNIQLO's first two stores in Canada, opened in September 2016, got off to a great start by attaining higher-than-expected sales. Fifteen years after the first UNIQLO store outside Japan was opened in fall 2001, the UNIQLO International network surpassed the mark of 1,000 stores, finally settling at 1,009 stores (+145 stores year-on-year) at the end of November 2016.

### ■ Global Brands: GU profit dips

Global Brands' revenue expanded to ¥92.7 billion (+1.1% year-on-year), but operating profit declined to ¥9.5 billion (-22.7% year-on-year).

Our low-priced GU casual fashion brand generated a rise in revenue but a fall in operating profit after unseasonal warm weather in September stifled early sales of Fall ranges. While sales of trendy items such as coatigans and MA-1 blouson jackets picked up strongly from October onwards, GU same-store sales only expanded marginally over the first quarter as a whole. GU's operating profit declined in the first quarter after lower-than-expected sales resulted in greater discounting of Fall inventory, and a year-on-year contraction in the gross profit margin. Though advertising and other expenses were reduced as part of our cost-cutting drive, personnel and distribution costs rose, pushed the selling, general and administrative expense ratio higher. At other global brands, our France-based Princesse tam.tam label and our US-based J Brand premium denim label continued to generate a loss, while fashion brands Theory and Comptoir des Cottonniers recorded steady operating profit.

### ■ Fiscal 2017 consolidated estimates: No change to full-year estimates

Our fiscal 2017 remain unchanged from our initial forecasts with Fast Retailing expecting to achieve consolidated revenue of ¥1.850 trillion (+3.6% year on year), operating profit of ¥175.0 billion (+37.5%), profit before income taxes of ¥175.0 billion (+93.9%) and profit attributable to owners of the parent of ¥100.0 billion (+108.1%). That would translate into expected net earnings per share of ¥980.74.

We expect all three Fast Retailing business segments will generate increases in both revenue and profit in fiscal 2017. For UNIQLO Japan, we estimate same-store sales (including e-commerce) will expand by approximately 2.0% year on year, while the gross profit margin is expected to hold steady, and the operating profit margin to improve slightly on cost-cutting efforts. For UNIQLO International, we expect operating profit will expand sharply on the back of predicted further strong profit gains from UNIQLO Greater China and UNIQLO Southeast Asia and Oceania, as well as a considerable reduction in overall losses from UNIQLO North America (USA + Canada). Finally, we expect the Global Brands segment will report a significant increase in operating profit in fiscal 2017 on the comparative absence of impairment losses. While GU profit declined in the first quarter, we expect profit to recover sharply in the second half of fiscal 2017 on the back of a number of new initiatives, including the launch of weekly stories about the latest fashion trends, the pursuit of more effective advertising and promotion campaigns, the establishment

of more efficient systems for ordering additional production of strong-selling items, and a renewed cost-cutting drive. We intend these initiatives to also boost GU full-year profit. We forecast the overall Fast Retailing Group network will expand to a total of 3,336 stores by the end of August 2017: 837 stores (including franchise stores) at UNIQLO Japan, 1,104 stores at UNIQLO International and 1,395 stores at Global Brands. We have scheduled an annual dividend for fiscal 2017 of ¥350, split evenly into an interim dividend of ¥175 and a year-end dividend of ¥175 yen per share.

[Fast Retailing Co., Ltd. discloses business results data and offers a variety of press releases on its IR website http://www.fastretailing.com/eng/ir/.](http://www.fastretailing.com/eng/ir/)