

**Results Summary for the Nine Months to May 2014**

**Consolidated Business Performance**

(Billions of Yen)

	Year to Aug 2013		Year to Aug 2014				
	3Q Actual	Nine months to May 2014 (Sep. 2013 - May 2014)		Three months to May 2014 (Mar. 2014 - May 2014)		Full-year Est. (Sep. 2013 - Aug. 2014)	
		Actual	y/y	Actual	y/y	Estimate	y/y
<b>Net Sales</b>	<b>885.8</b>	<b>1,088.0</b>	+22.8%	<b>323.6</b>	<b>+19.4%</b>	<b>1,370.0</b>	<b>+19.9%</b>
	100.0%	100.0%		100.0%		100.0%	
<b>Gross Profit</b>	<b>443.9</b>	<b>550.7</b>	+24.1%	<b>173.9</b>	<b>+24.3%</b>	<b>686.5</b>	<b>+21.7%</b>
(to net sales)	50.1%	50.6%	+0.5p	53.8%	+2.1p	50.1%	+0.8p
<b>SG&amp;A Expenses</b>	<b>319.9</b>	<b>414.4</b>	+29.6%	<b>140.8</b>	<b>+25.1%</b>	<b>541.0</b>	<b>+25.5%</b>
(to net sales)	36.1%	38.1%	+2.0p	43.5%	+1.9p	39.5%	+1.8p
<b>Operating Income</b>	<b>124.0</b>	<b>136.2</b>	+9.9%	<b>33.0</b>	<b>+20.9%</b>	<b>145.5</b>	<b>+9.5%</b>
(to net sales)	14.0%	12.5%	-1.5p	10.2%	+0.1p	10.6%	-1.0p
<b>Ordinary Income</b>	<b>142.0</b>	<b>141.1</b>	-0.6%	<b>33.5</b>	<b>-2.0%</b>	<b>149.5</b>	<b>+0.3%</b>
(to net sales)	16.0%	13.0%	-3.0p	10.4%	-2.2p	10.9%	-2.1p
<b>Net Income</b>	<b>88.4</b>	<b>84.8</b>	-4.1%	<b>20.2</b>	<b>-11.7%</b>	<b>78.0</b>	<b>-13.7%</b>
(to net sales)	10.0%	7.8%	-2.2p	6.3%	-2.2p	5.7%	-2.2p

**Performance by Group Operation**

(Billions of Yen)

	Year to Aug 2012		Year to Aug 2013					
	3Q Actual	Nine months to May 2013 (Sep. 2012 - May 2013)		Three months to May 2013 (Mar. 2013 - May 2013)		Full-year Est. (Sep. 2013 - Aug. 2014)		
		Actual	y/y	Actual	y/y	Estimate	y/y	
<b>UNIQLO Japan</b>	Net sales	<b>541.6</b>	<b>569.4</b>	+5.1%	<b>163.8</b>	<b>+6.1%</b>	<b>715.0</b>	<b>+4.6%</b>
	Operating income	<b>88.3</b>	<b>94.8</b>	+7.3%	<b>24.5</b>	<b>+27.1%</b>	<b>100.0</b>	<b>+3.3%</b>
	(to net sales)	16.3%	16.6%	+0.3p	15.0%	+2.5p	14.0%	-0.2p
<b>UNIQLO International</b>	Net sales	<b>191.3</b>	<b>327.7</b>	+71.3%	<b>95.6</b>	<b>+57.7%</b>	<b>400.0</b>	<b>+59.2%</b>
	Operating income	<b>19.6</b>	<b>34.3</b>	+75.1%	<b>6.3</b>	<b>+75.3%</b>	<b>35.0</b>	<b>+90.7%</b>
	(to net sales)	10.3%	10.5%	+0.2p	6.6%	+0.7p	8.8%	+1.5p
<b>Global Brands</b>	Net sales	<b>150.8</b>	<b>188.8</b>	+25.2%	<b>63.5</b>	<b>+15.3%</b>	<b>253.0</b>	<b>+22.7%</b>
	Operating income	<b>13.4</b>	<b>14.9</b>	+11.3%	<b>5.7</b>	<b>+17.6%</b>	<b>21.0</b>	<b>+20.3%</b>
	(to net sales)	8.9%	7.9%	-1.0p	9.0%	+0.2p	8.3%	-0.2p

**FY2014 Third Quarter Highlights: Operating Income Rises 9.9%, All Business Segments Report Gains in Sales and Income**

■ **Group Performance: Operating income up 9.9% in nine months from September 2013-May 2014**

The Fast Retailing Group reported gains in both sales and income in the nine months to May 2014, with consolidated net sales reaching JP¥1.088 trillion (+22.8% y/y), and operating income expanding to ¥136.2 billion (+9.9%). All Group operations reported rising sales and operating income, with UNIQLO International reporting a particularly strong expansion in both sales and income over the nine-month period. In terms of non-operating income, the Group reported a year-on-year contraction in foreign exchange profits of ¥12.5 billion. As a result, both ordinary income and net income contracted slightly year-on-year.

■ **UNIQLO Japan: Full-year profit expected to rise on improved gross profit margin**

Same-store sales maintained favorable growth, rising 2.8% year-on-year in the three months to May 2014. Operating income expanded 27.1% year-on-year in the same period, thanks to a significant improvement in the gross profit margin. We forecast that operating income for fiscal 2014 as a whole will expand by 3.3% to ¥100.0 billion.

■ **UNIQLO International: Another strong performance from Greater China, South Korea, and Europe**

Sales and income expanded by over 70% year-on-year in the three months to May 2014, thanks to especially strong gains in net sales and operating income at UNIQLO operations in Greater China (Mainland China, Hong Kong, and Taiwan), South Korea, and Europe. At UNIQLO USA, our three New York feature stores generated further double-digit growth in combined sales. However, we estimate UNIQLO USA will remain in the red in fiscal 2014, due to the cost of opening a larger number of new stores than initially planned throughout the year. The successful opening of the first UNIQLO stores in Australia and Germany in April further boosted worldwide recognition of the UNIQLO brand.

### ■ Global Brands: GU and J Brand fall slightly short of target

Operating income for the Global Brands segment fell slightly short of target in the three months to May 2014, following a disappointing performance from both GU and J Brand. However, we expect the segment to generate gains in both sales and income for the full business year to August 31, 2014.

### ■ Fiscal 2014 Consolidated Estimates:

Group sales: ¥1.370 trillion (+19.9%), operating income: ¥145.5 billion (+9.5%), ordinary income: ¥149.5 billion (+0.3%), net income: ¥78.0bln (-13.7%), earnings per share: ¥765.34, annual dividend forecast: ¥300 per share (interim dividend: ¥150, year-end dividend: ¥150).

### ■ UNIQLO Japan

UNIQLO Japan reported gains in both sales and income in the nine months to May 31, 2014, with sales reaching ¥569.4 billion (+5.1% y/y) and operating income ¥94.8 billion (+7.3%). A 2.4% gain in same-store sales helped boost the cumulative third-quarter performance. Sales per store also increased as a direct result of our “scrap and build” strategy to increase the average size of our sales floors by replacing smaller outlets with large-format stores. The total number of UNIQLO stores in Japan increased by eight, to 841 stores at the end of May 2014 compared to end May 2013. This figure excludes the operation’s 21 franchise stores. Breaking down the 2.4% gain in same-store sales, customer visits decreased by 0.5% year-on-year, while the average customer spend increased by 2.8%. On the profit side, the gross profit margin improved by 1.7 points year-on-year in the nine months to May 31, 2014, with strong sales of core spring/summer ranges and new seasonal items enabling us to maintain discounting at the planned level. On the other hand, the SG&A to net sales ratio increased by 1.3 points over the nine months to May 2014, due mainly to higher in-store personnel costs for part-time and temporary workers, and higher distribution and warehousing costs related to the company’s decision to boost inventory of basic year-round items.

UNIQLO Japan outstripped our latest estimates for the March-to-May quarter announced in April by approximately ¥1.5 billion in terms of net sales, and approximately ¥3.0 billion in terms of operating income. However, we have decided not to make any revisions to our full-year forecasts for fiscal 2014. We still estimate UNIQLO Japan will report rising sales and income in the year ending August 31, 2014, with net sales reaching ¥715.0 billion (+4.6%), and operating income ¥100.0 billion (+3.3%).

### ■ UNIQLO International

UNIQLO International performed to plan in the nine months to May 31, 2014, generating significant gains in both sales and income. UNIQLO International reported total net sales of ¥327.7 billion (+71.3% y/y) and operating income of ¥34.3 billion (+75.1%). UNIQLO operations in Greater China (Mainland China, Hong Kong, and Taiwan), South Korea, and Europe all reported continued strong gains in same-store sales, and higher-than-expected rises in both net sales and income over the nine-month period. The total number of UNIQLO International stores expanded to 598 stores at the end of May 2014, a net increase of 188 stores compared to the end of May 2013.

UNIQLO Greater China exceeded company expectations, generating significant gains in both sales and income. UNIQLO opened 77 stores and closed two stores over the nine-month period, to bring the total number of UNIQLO stores in Greater China to 355 at the end of May 2014. UNIQLO South Korea also generated higher-than-expected gains in sales and income, thanks to continued growth in same-store sales. South Korea saw a total of 132 UNIQLO stores at the end of May 2014. UNIQLO Europe (U.K., France, Russia, and Germany) generated higher-than-expected gains in both sales and income in the nine months to May 2014. Our first UNIQLO store in Germany, a global flagship store opened in Berlin in April, is already generating favorable sales.

At UNIQLO USA, our prominent UNIQLO New York Fifth Avenue, Soho, and 34<sup>th</sup> Street stores continued to generate double-digit growth in combined sales. Meanwhile, the 14 stores opened in various U.S shopping malls over the past nine months are performing well, with sales proving especially strong in our West Coast stores. However, UNIQLO USA is still operating at a loss, due to the cost of opening increasing numbers of stores. UNIQLO operations in Southeast Asia and Oceania reported a lower-than-expected level of operating income in the nine months to May 2014, after sales fell short of target in the third quarter from March to May. Nevertheless, the first Australian UNIQLO store, opened in Melbourne in April, is performing well, with sales exceeding our initial target.

Our fiscal 2014 estimates for UNIQLO International include sales of ¥400.0 billion (+59.2%) and operating income of ¥35.0 billion (+90.7%). The total number of UNIQLO International stores is expected to increase by 188 year on year to 634 stores at the end of August 2014.

#### ■ Global Brands

The Global Brands segment reported rising sales and income in the nine months to May 2014, with sales reaching ¥188.8 billion (+25.2% y/y) and operating income expanding to ¥14.9 billion (+11.3%). However, the gain in operating income was slightly lower than originally forecast. There were two main reasons for this shortfall: GU did not sell as well as expected in the third quarter from March to May, and the overall performance from our J Brand premium denim label also fell short of target in the third quarter. Over the nine months to May 2014, our low-priced GU casualwear brand reported rising sales and a slight increase in income, while our Theory fashion brand reported rising sales and steady operating income. Our France-based women's fashion brand, Comptoir des Cotonniers, generated larger-than-expected gains in both sales and income, while our French corsetry, homewear and swimwear brand, Princesse tam.tam, reported a fall in income, which was below our expectations.

Over fiscal 2014 as a whole, the Global Brands segment is expected to generate sales of ¥253.0 billion (+22.7%) and operating income of ¥21.0 billion (+20.3%). We expect GU sales will top ¥100 billion, as originally forecast.

#### ■ Fiscal 2014 Consolidated Estimates:

Regarding our consolidated business estimates for fiscal 2014, or the year ending August 31, 2014, we forecast Group sales will expand 19.9% year-on-year to ¥1.370 trillion, operating income will expand 9.5% to ¥145.5 billion, ordinary income will increase by 0.3% to ¥149.5 billion and net income will contract 13.7% to ¥78.0 billion. We have revised up our estimate for special losses in fiscal 2014 from ¥6.0 billion to ¥16.0 billion to cover any possible impairment losses at J Brand. Taken together, the above figures translate into earnings per share of ¥765.34.

On a separate point, in future Fast Retailing intends to announce its corporate performance calculated according to International Financial Reporting Standards (IFRS), starting with the consolidated financial statements for the full business year ending August 31, 2014. The introduction of IFRS standards will mean the removal of goodwill amortization, but the addition of foreign exchange impacts. Considering those two elements together, we judge our revised full-year forecast for net income of ¥78.0 billion is appropriate, both on an IFRS basis and under the original Japanese reporting standards.

By the end of August 2014, the entire store network for the Fast Retailing Group is expected to have expanded to 2,742 stores. This total breaks down into 852 UNIQLO stores in Japan (including franchise outlets), 634 UNIQLO stores outside of Japan, and 1,256 Global Brands stores (including 275 GU stores).

We maintain our original annual dividend forecast for fiscal 2014 of ¥300 per share, split evenly into an interim and year-end dividend of ¥150 each.

**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/>.**