

Results Summary for the Six Months to February 28, 2015

Consolidated Business Performance

(Billions of Yen)

	Year to Aug 2014		Year to Aug 2015			
	1H Actual	Full-year	1H Actual	(y/y)	Full-year Est.	(y/y)
Revenue	764.3	1,382.9	949.6	(+24.2%)	1,650.0	(+19.3%)
Gross Profit	377.4	699.7	479.5	(+27.0%)	-	-
(to revenue)	49.4%	50.6%	50.5%	(+ 1.1p)	-	-
SG&A Expenses	272.5	549.1	336.3	(+23.4%)	-	-
(to revenue)	35.7%	39.7%	35.4%	(-0.3p)	-	-
Operating profit	107.0	130.4	150.0	(+40.2%)	200.0	(+53.4%)
(to revenue)	14.0%	9.4%	15.8%	(+ 1.8p)	12.1%	(+ 2.7p)
Profit before income taxes	110.5	135.4	163.6	(+48.0%)	211.5	(+56.1%)
(to revenue)	14.5%	9.8%	17.2%	(+ 2.7p)	12.8%	(+ 3.0p)
Profit attributable to owners of the parent	67.0	74.5	104.7	(+56.2%)	120.0	(+61.0%)
(to revenue)	8.8%	5.4%	11.0%	(+ 2.2p)	7.3%	(+ 1.9p)

Performance by Group Operation

(Billions of Yen)

		Year to Aug 2014		Year to Aug 2015	
		1H Actual	Full-year	1H Actual	(y/y)
UNIQLO Japan	Revenue	405.5	715.6	454.5	(+12.1%)
	Operating profit	71.7	106.3	89.4	(+24.7%)
	(to revenue)	17.7%	14.9%	19.7%	(+ 2.0p)
UNIQLO International	Revenue	232.0	413.6	345.5	(+48.9%)
	Operating profit	26.2	32.9	42.8	(+63.2%)
	(to revenue)	11.3%	8.0%	12.4%	(+ 1.1p)
Global Brands	Revenue	125.3	251.2	148.2	(+18.3%)
	Operating profit	9.5	-4.1	11.7	(+23.4%)
	(to revenue)	7.6%	-	7.9%	(+ 0.3p)

FY2015 First Half Highlights: Fast Retailing Revenue and Profits Rise

■ A strong performance from all business segments

The Fast Retailing Group reported increases in both revenue and profit in the first half of fiscal 2015, or the six months from September 2014 to February 2015. Revenue rose 24.2% year on year to JP¥949.6 billion, and operating profit expanded 40.2% to ¥150.0 billion. All three business segments reported increases in both revenue and profit, with UNIQLO International reporting especially strong gains. Profit before income taxes and profit attributable to owners of the parent both increased by a greater margin than consolidated operating profit. This was due largely to the depreciation of the Japanese yen over the six months to February 28, 2015, which boosted the appraisal value of foreign-currency denominated assets, generating net finance income of ¥13.5 billion.

■ UNIQLO Japan: Larger than expected profit gain fueled by higher revenue and gross profit margin

Same-store sales expanded 8.4% year on year, thanks to strong sales of core Winter ranges such as HEATTECH, Ultra Light Down, sweatshirts and sweatpants. This strong sales trend reduced the need for discounting. This, in turn, boosted the gross profit margin, and resulted in a higher than expected rise in operating profit.

■UNIQLO International: Continued strong performances from Greater China and S. Korea generate large revenue and profit gains

UNIQLO International reported higher than expected increases in revenue and profit, in both yen and local currency terms, with Greater China (Mainland China, Hong Kong, and Taiwan) and South Korea reporting especially large gains.

■Global Brands: Report gains in revenue and profit, as expected. GU strong

The Global Brand segment reported rising revenue and profit in the first half, as expected. Our low-priced GU casualwear brand performed especially well, generating higher than expected increases in both revenue and profit. Strong sales of heavily advertised skirts, knitwear items and Winter outerwear, and favorable sales of items in our new “GU Basic” category both helped boost first-half sales at existing GU stores.

■FY2015 consolidated estimates:

Group revenue: ¥1.65 trillion (+19.3% year on year), operating profit: ¥200.0 billion (+53.4%), profit before income taxes ¥211.5 billion (+56.1%), profit attributable to owners of the parent: ¥120.0 billion (+61.0%). This data would generate earnings per share of ¥1,177.41. Scheduled FY2015 annual dividend: ¥350 per share (+¥50), including an interim dividend of ¥175.

FY2015 First Half Performance in Focus

■UNIQLO Japan: Profit outstrips forecast on strong same-store sales growth and higher gross profit margin

UNIQLO Japan achieved higher than expected increases in revenue and profit in the six months from September 1, 2014 to February 28, 2015. Revenue rose to ¥454.5 billion (+12.1% year on year), and operating profit expanded to ¥89.4 billion (+24.7%). Same-store sales expanded a strong 8.4% during the six-month period. In addition, operating profit rose considerably on the back of a 1.8-point improvement in the gross profit to net sales margin and a 0.4-point fall in the selling, general and administrative expenses to net sales ratio. The strong rise in same-store sales at UNIQLO Japan was largely attributable to firm sales of core Winter ranges such as HEATTECH, Ultra Light Down, sweatshirts and sweatpants, as well as relatively expensive items such as woolen outerwear and jeans. The strong first-half sales trend reduced the need for discounting, which resulted in a year on year improvement in the gross profit margin.

The total UNIQLO Japan directly-run store network, excluding the 28 franchise outlets, decreased by 18 to 814 stores at the end of February 2015 compared to the end of February 2014. This was in line with our “scrap and build” strategy to increase the average size of our stores by replacing smaller, less efficient stores with larger ones. Of these 18 stores, 9 were converted from directly-run stores to new employee-franchise outlets.

Our recent drive to strengthen and perfect localized marketing at the individual store level has been largely responsible for the success of our new community-focused stores. The UNIQLO Kichijoji global hotspot store and the UNIQLO OSAKA global flagship store, both opened in October 2014, proved extremely popular from the moment they opened, and the 3,300m² UNIQLO Sapporo Esta store, which opened its doors in March 2015, has also attracted large numbers of consumers.

■ UNIQLO International: Significant rises in revenue and profit. Greater China and S. Korea continue strong

UNIQLO International reported higher than expected increases in both revenue and profit in the six months from September 2014 to February 2015. Revenue expanded considerably to ¥345.5 billion (+48.9% year on year), and operating profit rose to ¥42.8 billion (+63.2%). Furthermore, the segment's increases in revenue and profit still exceeded expectations in local currency terms, after stripping out any foreign currency effect. The total number of UNIQLO International stores expanded to 716 stores at the end of February 2015. That represents a net addition of 182 stores compared to the end of February 2014.

Within the UNIQLO International framework, Greater China (Mainland China, Hong Kong, and Taiwan) and South Korea reported increases in first-half revenue and profit that exceeded our expectations. UNIQLO Southeast Asia (Singapore, Malaysia, Thailand, the Philippines, and Indonesia) and UNIQLO Europe (United Kingdom, France, Russia, and Germany) generated increases in revenue and profit that were roughly in line with our expectations. Meanwhile, our Australian UNIQLO operation reported a loss in the first half, on the back of sluggish sales of our first Spring Summer ranges since entering the Australian market in 2014. In the United States, we accelerated the pace of new store openings, bringing the total number of UNIQLO USA stores to 39 at the end of February 2015, up 22 stores compared to the end of February 2014. However, sluggish sales of Fall Winter ranges knocked the gross profit margin lower, while the cost of new store openings also contributed to the negative results. As a result, UNIQLO USA's overall performance fell short of our expectations, with operating losses expanding in the first half of fiscal 2015.

■ Global Brands: Generates expected gains in revenue and profit, GU performance strong

Global Brands reported rises in revenue and profit in the first half of fiscal 2015, in line with expectations. Revenue expanded to ¥148.2 billion (+18.3% year on year) and operating profit expanded to ¥11.7 billion (+23.4%). Our low-priced GU fashion casualwear brand reported higher than expected increases in both revenue and profit. Strong sales of heavily advertised skirts, knitwear items and Winter outerwear, and favorable sales of items in our new "GU Basic" category both helped boost first-half sales at existing GU stores.

Our Theory and Comptoir des Cotonniers labels fell short of plan, reporting a slight fall in profits. Meanwhile, Princesse tam.tam produced a flat year on year performance, as expected. Finally, J Brand fell short of expectations, reporting a slightly larger operating loss.

■ **FY2015 consolidated estimates:**

Our consolidated business estimates for Fiscal 2015 have been revised as follows:-

Group revenue: ¥1.65 trillion (+19.3% year on year), operating profit: ¥200.0 billion (+53.4%), profit before income taxes: ¥211.5 billion (+56.1%), and profit attributable to owners of the parent ¥120.0 billion (+61.0%). This data translates into earnings per share of ¥1,177.41.

The Fast Retailing Group expects its global store network to expand by 247 to 3,000 stores by the end of August 2015. That figures breaks down into: UNIQLO Japan (including franchise stores): 844 stores (-8 stores versus end August 2014), UNIQLO International: 818 stores (+185), Global Brands: 1,338 stores (+70).

In fiscal 2015, we plan to deliver an annual dividend per share of ¥350, split evenly into interim and year-end dividends of ¥175 each. That represents a year on year increase in the annual dividend of ¥50 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/>.