

# Fast Retailing Results for September 2014 to May 2015 and Estimates for Fiscal 2015

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1

My name is Takeshi Okazaki and I am Group Senior Vice President and CFO at Fast Retailing.

I would like to talk to you today about our consolidated business performance for the third quarter months of fiscal 2015, or the nine months from September 2014 through May 2015, followed by our estimates for the full business year through August 2015.



## Contents

I. Results Sep. 2014–May 2015	P3～P18
II. Estimates for Fiscal 2015	P19～P20
III. Reference	P21～P24

### Disclosure of Corporate Performance

- Following the Group's adoption of International Financial Reporting Standards (IFRS) from the year ending August 31, 2014, all data in this document are calculated using IFRS standards.
- Business profit = Revenue – (Cost of sales + SG&A expenses)
- Group Operations:
  - UNIQLO Japan: UNIQLO Japan operations
  - UNIQLO International: All UNIQLO operations outside of Japan
  - Global Brands: GU, Theory, Comptoir des Cotonniers, Princesse tam.tam, J Brand
- Consolidated results also include Fast Retailing Co., Ltd. performance and consolidated adjustments.

### A Note on Business Forecasts

When compiling business estimates, plans and target figures in this document, the figures that are not historical facts are forward looking statements based on management's judgment in light of currently available information. These business forecasts, plans and target figures may vary materially from the actual business results depending on the economic environment, our response to market demand and price competition, and changes in exchange rates.



## Group: (1Q-3Q) September 2014-May 2015

Larger-than-expected gains in revenue and profit

	Nine months to May 2015 (Sep. 2014 - May 2015)			Three months to May 2015 (Mar. 2015 - May 2015)			Billions of Yen
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y	
<b>Revenue (to revenue)</b>	<b>1,348.1</b> 100.0%	1,088.0 100.0%	+23.9%	<b>398.4</b> 100.0%	323.6 100.0%	+23.1%	
<b>Gross profit (to revenue)</b>	<b>686.4</b> 50.9%	548.6 50.4%	+25.1% +0.5p	<b>206.9</b> 51.9%	171.1 52.9%	+20.9% -1.0p	
<b>SG&amp;A (to revenue)</b>	<b>502.8</b> 37.3%	411.6 37.8%	+22.2% -0.5p	<b>166.4</b> 41.8%	139.0 43.0%	+19.7% -1.2p	
<b>Business profit (to revenue)</b>	<b>183.6</b> 13.6%	137.0 12.6%	+34.0% +1.0p	<b>40.4</b> 10.2%	32.1 9.9%	+26.1% +0.3p	
<b>Other income, expenses (to revenue)</b>	<b>5.6</b> 0.4%	2.6 0.2%	+114.4% +0.2p	<b>-1.2</b> -	0.5 0.2%	- -	
<b>Operating profit (to revenue)</b>	<b>189.2</b> 14.0%	139.7 12.8%	+35.5% +1.2p	<b>39.1</b> 9.8%	32.6 10.1%	+20.0% -0.3p	
<b>Profit before income taxes (to revenue)</b>	<b>210.2</b> 15.6%	142.9 13.1%	+47.1% +2.5p	<b>46.6</b> 11.7%	32.3 10.0%	+44.0% +1.7p	
<b>Profit attributable to owners of the parent (to revenue)</b>	<b>132.3</b> 9.8%	87.3 8.0%	+51.5% +1.8p	<b>27.6</b> 6.9%	20.2 6.3%	+36.2% +0.6p	

Note: Business profit = Revenue – (Cost of sales + SG&A expenses)

3

In the first nine months of fiscal 2015, the Fast Retailing Group generated revenue of ¥1.3481 trillion (up 23.9% year on year), operating profit of ¥189.2 billion (up 35.5%), profit before income taxes of ¥210.2 billion (up 47.1%) and profit attributable to owners of the parent of ¥132.3 billion (up 51.5%).

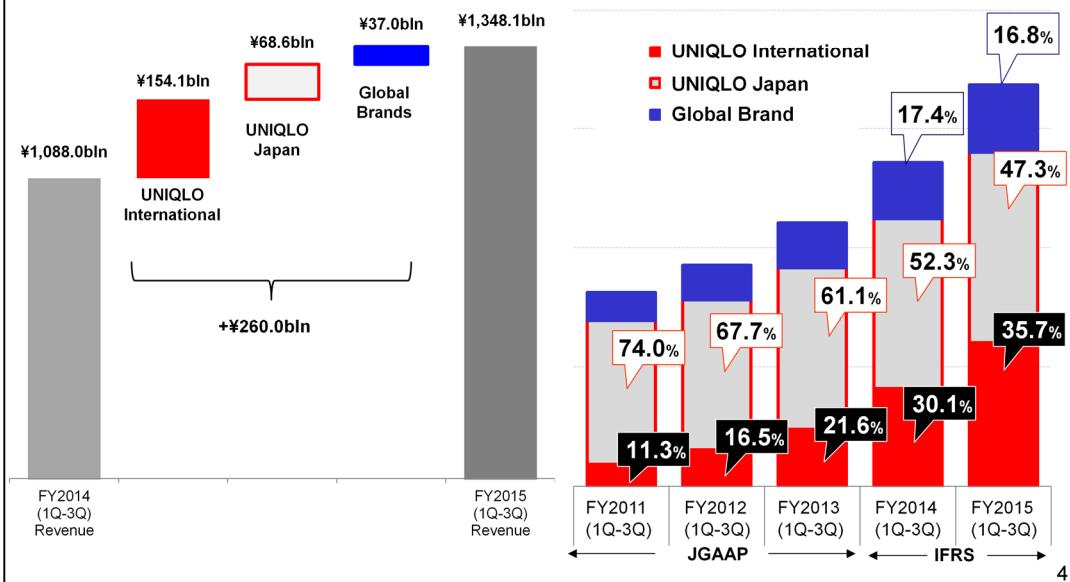
Fast Retailing's business results for the three months from March to May 2015 exceeded our most recent estimates, which were announced in April.



## Group: Revenue (1Q-3Q)

Revenue up ¥260.0 billion

UNIQLO Intl. contribution rises

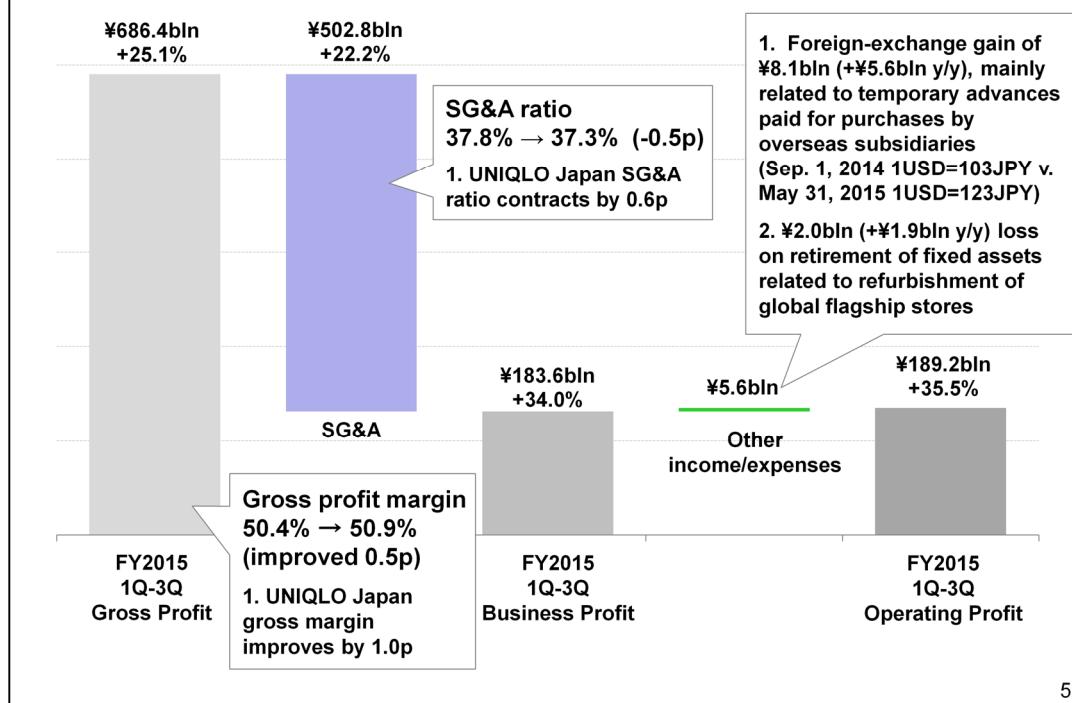


Looking first at the revenue data, Fast Retailing reported revenue of ¥1.3481 trillion in the first nine months of fiscal 2015. That represents an increase of 23.9%, or ¥260.0 billion, year on year. This figure breaks down into revenue increases of ¥154.1 billion for UNIQLO International, ¥68.6 billion for UNIQLO Japan and ¥37.0 billion for Global Brands.

As a result, UNIQLO International's contribution to overall sales in the first nine months of fiscal 2015 increased 5.6 points year on year to 35.7%.



## Group: Operating Profit (1Q-3Q)



5

Gross profit expanded 25.1% year on year to ¥686.4 billion in the first nine months of fiscal 2015. The gross profit margin improved by 0.5 point year on year to 50.9%. Much of the improvement in the overall gross profit margin can be attributed to a 1.0 point rise in the gross profit margin at UNIQLO Japan.

Selling general and administration expenses rose 22.2% year on year to ¥502.8 billion. The SG&A to revenue ratio fell 0.5 point to 37.3%. That was largely due to a 0.6 point contraction in the SG&A ratio at UNIQLO Japan.

Business profit (revenue minus cost of sales and SG&A expenses) increased 34.0% to ¥183.6 billion.

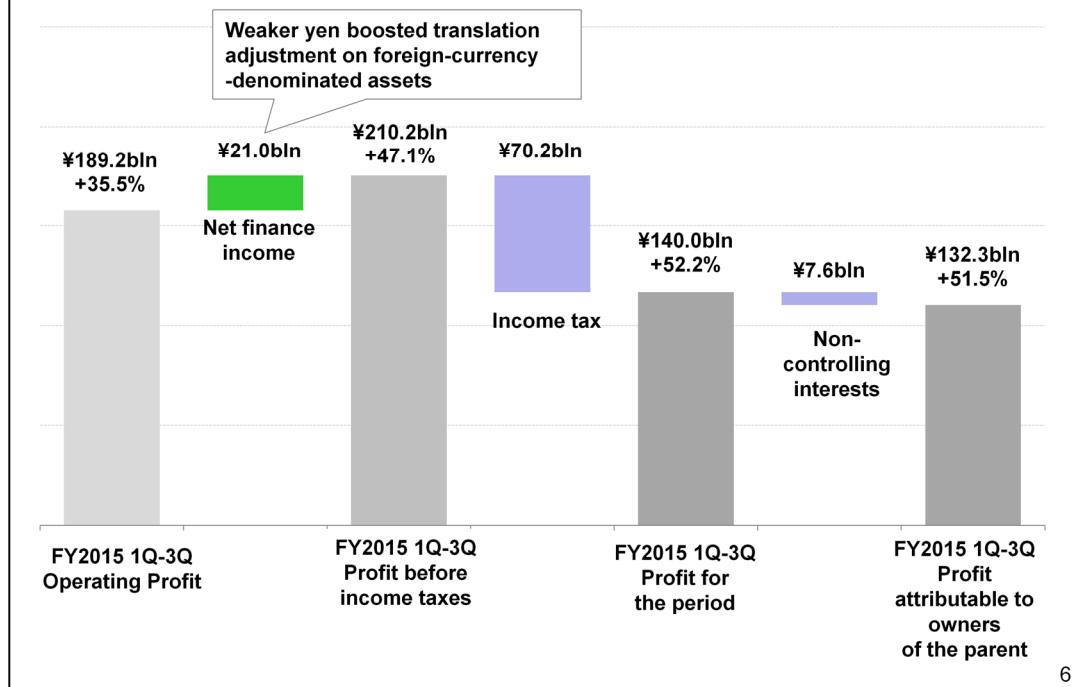
The net amount of other income/expenses increased ¥2.9 billion to ¥5.6 billion. That total includes a foreign-exchange gain of ¥8.1 billion (+¥5.6 billion) earned mainly on temporary advances paid for purchases by overseas subsidiaries following the further weakening of the yen over the period. It also includes a ¥2.0 billion loss (+¥1.9 billion) on the retirement of fixed assets resulting mainly from the refurbishment of global flagship stores in the UK and China.

As a result of the above factors, operating profit increased by 35.5% to ¥189.2 billion in the nine months to May 2015.



## Group: (1Q-3Q)

## Profit Attributable to Owners of the Parent



6

Moving on to net finance income, we reported a total net finance income of ¥21.0 billion in the nine months to May 2015, after a further weakening of the Japanese yen boosted the value of our foreign-currency-denominated assets in yen terms.

As a result, profit before income taxes expanded by 47.1% to ¥210.2 billion, and profit attributable to the owners of the parent increased by 51.5% to ¥132.3 billion.



## Breakdown by Group Operation (3Q)

Billions of Yen

		Nine months to May 2015 (Sep. 2014 - May 2015)			Three months to May 2015 (Mar. 2015 - May 2015)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO Japan	Revenue	<b>638.1</b>	569.4	+12.0%	<b>183.6</b>	163.8	+12.0%
	Business profit (to revenue)	<b>112.7</b>	91.7	+22.9%	<b>24.1</b>	21.8	+10.4%
	Other income, expenses	<b>10.0</b>	1.8	-43.9%	<b>0.2</b>	0.0	+720.0%
	Operating profit (to revenue)	<b>113.7</b>	93.5	+21.6%	<b>24.3</b>	21.8	+11.2%
UNIQLO International	Revenue	<b>481.8</b>	327.7	+47.0%	<b>136.3</b>	95.6	+42.5%
	Business profit (to revenue)	<b>54.0</b>	33.6	+60.5%	<b>10.8</b>	6.5	+66.5%
	Other income, expenses	<b>-2.0</b>	-0.1	-	<b>-1.7</b>	0.7	-
	Operating profit (to revenue)	<b>51.9</b>	33.5	+55.0%	<b>9.0</b>	7.2	+25.2%
Global Brand	Revenue	<b>225.9</b>	188.8	+19.6%	<b>77.7</b>	63.5	+22.3%
	Business profit (to revenue)	<b>20.8</b>	14.9	+38.9%	<b>8.4</b>	5.7	+47.3%
	Other income, expenses	<b>-1.0</b>	-0.6	-	<b>-0.3</b>	-0.8	-
	Operating profit (to revenue)	<b>19.7</b>	14.3	+37.8%	<b>8.0</b>	4.8	+66.1%

Note: Consolidated results also include Fast Retailing Co., Ltd. performance and consolidated adjustments.  
UNIQLO Japan data (excluding revenue) includes inter-Group transactions.

Business profit = Revenue – (Cost of sales + SG&A expenses).

7

Slide 7 displays the breakdown of performance by Group operation.

All segments reported increases in revenue and profit in the nine months to May 2015, with UNIQLO Japan generating revenue of ¥638.1 billion and operating profit of ¥113.7 billion, UNIQLO International reporting revenue of ¥481.8 billion and operating profit of ¥51.9 billion, and Global Brands generating revenue of ¥225.9 billion and operating profit of ¥19.7 billion.



## UNIQLO Japan (3Q) March – May 2015

3Q  
(March - May)

### Revenue and profit gains exceed plan

Billions of Yen

	Nine months to May 2015 (Sep. 2014 - May 2015)			Three months to May 2015 (Mar. 2015 - May 2015)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue (to revenue)	<b>638.1</b> 100.0%	569.4 100.0%	+12.0%	<b>183.6</b> 100.0%	163.8 100.0%	+12.0%
Gross profit (to revenue)	<b>316.6</b> 49.6%	276.8 48.6%	+14.4% +1.0p	<b>91.4</b> 49.8%	83.4 50.9%	+9.6% -1.1p
SG&A (to revenue)	<b>203.8</b> 31.9%	185.0 32.5%	+10.1% -0.6p	<b>67.3</b> 36.7%	61.6 37.6%	+9.3% -0.9p
Business profit (to revenue)	<b>112.7</b> 17.7%	91.7 16.1%	+22.9% +1.6p	<b>24.1</b> 13.1%	21.8 13.3%	+10.4% -0.2p
Other income, expenses (to revenue)	<b>1.0</b> 0.2%	1.8 0.3%	-43.9% -0.1p	<b>0.2</b> 0.1%	0.0 0.0%	+720.0% +0.1p
Operating profit (to revenue)	<b>113.7</b> 17.8%	93.5 16.4%	+21.6% +1.4p	<b>24.3</b> 13.2%	21.8 13.3%	+11.2% -0.1p

UNIQLO Japan data (excluding revenue) includes inter-Group transactions.

8

I would now like to run through the third-quarter performance at each of our Group operations in turn.

Let's look first at UNIQLO Japan, which reported higher-than-expected gains in both revenue and profit in the third quarter from March to May 2015.



## UNIQLO Japan: Revenue (3Q)

3Q  
(March  
-May)

### Revenue: ¥183.6bln (+12.0% y/y)

- Same-store sales: +9.9% (Customer spend +9.8%, customer visits +0.1%)
- Strong E-commerce sales (+35.5% y/y)

Sales  
trend

- In March, same-store sales fell despite favorable spring outerwear and bottoms sales, with two fewer weekend and public holiday shopping days compared to previous year.
- Unusually hot weather in April and May boosted sales of summer items, including DRY bottomwear, AIRism innerwear, hoodies and T-shirts made with AIRism materials. Golden Week and Anniversary sales especially strong.

Customer  
spend

- Customer spend up on strong sales of relatively expensive outerwear, bottoms.

Same-store sales	Yr to Aug. 2015					
	1H	Mar	Apr	May	3Q	June
Net sales	+8.4%	-3.0%	+19.3%	+12.3%	+ 9.9%	-11.7%
Customer visits	-1.6%	-10.5%	+6.7%	+2.8%	+ 0.1%	-14.6%
Customer spend	+10.2%	+8.4%	+11.8%	+9.3%	+9.8%	+3.4%

UNIQLO Japan directly run stores at end May 2015: 814 (-27 stores y/y)

Franchise stores: 30 (+9 stores)

9

Revenue at UNIQLO Japan rose 12.0% year on year to ¥183.6 billion in the third quarter from March to May 2015. This strong performance was due in part to a 9.9% rise in same-store sales and a strong 35.5% rise in online sales.

In March, spring outerwear (soutien collar coats and jackets) and bottoms (ankle pants) sold well, but overall same-store sales declined simply because there were two less weekend and public holiday shopping days in March 2015 compared to March 2014. In April and May, unusually hot weather boosted sales of summer items, including DRY bottoms, AIRism innerwear, hoodies and T-shirts made with AIRism materials. In addition, our Golden Week and Anniversary sales attracted large numbers of customers and generated extremely strong sales.

The 9.9% year-on-year increase in same-store sales can be broken down into a 9.8% rise in customer spend and a 0.1% rise in customer visits. Strong sales of comparatively expensive outerwear and bottoms helped boost customer spend.

The number of UNIQLO Japan stores fell by 27 to 814 stores at the end of May 2015 compared to the end of May 2014. However, nine of the 27 stores didn't actually close, but changed from directly operated stores to employee-franchise stores.



## UNIQLO Japan: Gross Margin (3Q)

3Q  
(March-  
May)

**Gross profit margin: 49.8% (-1.1p y/y)**

- Roughly in line with most recent estimate
- Year-on-year fall in gross profit margin due to an increase in cost of sales. Following strong first-half sales, production was increased several times, resulting in the procurement of some Spring Summer items at spot exchange rates.

10

Turning now to business margins for UNIQLO Japan, the segment reported a 1.1 point decline in its gross profit margin for the third quarter of fiscal 2015 to 49.8%. This decline was roughly in line with our most recent estimate.

The gross profit margin was squeezed by an increase in the cost of sales in the third quarter, after strong first-half sales prompted us to boost production, and, as a result, procure some Spring Summer items at spot exchange rates.



## UNIQLO Japan: SG&A (3Q)

3Q  
(March  
-May)

**SG&A to revenue ratio: 36.7% (-0.9p y/y)**

**SG&A expenses slightly above target in monetary terms,  
SG&A to revenue ratio improves**

Rental expenses	-0.6p y/y
Personnel	-0.3p y/y
Advertising and promotions	-0.3p y/y
Depreciation and amortization	-0.1p y/y
Others	+0.4p y/y

11

UNIQLO Japan's SG&A to revenue ratio fell 0.9 point year on year in the third quarter to 36.7%. That result was slightly above target in monetary terms, and a slight improvement in percentage terms.

As for the key components of the SG&A ratio, the store-rent expense ratio contracted 0.6 point year on year, the personnel cost ratio declined 0.3 point, the advertising and promotion ratio contracted 0.3 point and the depreciation expense ratio contracted 0.1 point. Meanwhile, the other expense ratio increased by 0.4 point.

The slight fall in the advertising and promotion ratio was part of our deliberate strategy to reduce overall business expenses, meaning that, in monetary terms, the component came in roughly on target.

Strong same-store sales boosted overall efficiency, which was responsible for the fall in the store-rent expense ratio.

Personnel costs came in above target in monetary terms, but the personnel cost to revenue ratio improved on the back of strong sales.

The rise in the other expense ratio was due to increased distribution and outsourcing costs.



## UNIQLO Intl.: (3Q) March – May 2015 (1)

### Generated expected revenue, profit gains

- OP margin down on ¥2.0bln loss on retirement of fixed assets linked to global flagship store refurbishments in UK and China
- Greater China, South Korea revenue and profit gains above plan
- Europe: Flagship refurbishment knocks profit, but above plan overall
- Southeast Asia, US operations below plan. US loss expands

		Nine months to May 2015 (Sep. 2014 - May 2015)			Three months to May 2015 (Mar. 2015 - May 2015)			Billions of Yen
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y	
UNIQLO International	Revenue	481.8	327.7	+47.0%	136.3	95.6	+42.5%	
	Business profit (to revenue)	54.0	33.6	+60.5%	10.8	6.5	+66.5%	
	Other income, expenses	11.2%	10.3%	+0.9p	7.9%	6.8%	+1.1p	
	Operating profit (to revenue)	-2.0	-0.1	-	-1.7	0.7	-	
	Revenue	51.9	33.5	+55.0%	9.0	7.2	+25.2%	
	Operating profit (to revenue)	10.8%	10.2%	+0.6p	6.7%	7.6%	-0.9p	

12

Moving on to UNIQLO International, which reported gains in revenue and profit in the third quarter that were roughly on target. Revenue totalled ¥136.3 billion (+42.5% year on year) and operating profit ¥9.0 billion (+25.2%). The third-quarter business results for UNIQLO International in local currency terms were also roughly on target, after average three-month yen exchange rates came in very close to our own internal corporate estimates.

The operating profit margin fell 0.9 point in the third quarter. This was largely due to the inclusion of a ¥2.0 billion loss on retirement of fixed assets in the other expenses category, which related to the refurbishment of global flagship stores in the UK and China.

Within the UNIQLO International framework, UNIQLO Greater China and South Korea generated especially strong performances in the third quarter, reporting higher than expected gains in revenue and profit on the back of continued same-store sales growth. The London flagship store refurbishment knocked profit levels lower at UNIQLO Europe, but the operation's overall performance still came in slightly above target.

UNIQLO Southeast Asia and UNIQLO USA both fell short of target, and the operating loss for the US operation expanded.

In the third quarter, UNIQLO International opened 57 new stores and closed six stores, mainly in China. As a result, the UNIQLO International network expanded by a net 169 stores to 767 stores at the end of May 2015 compared to the end of May 2014.



## UNIQLO Intl.: (3Q) March – May 2015 (2)

- **Greater China:** Strong revenue, profit gains outstrip plan  
Spring Summer items sell well. Same-store sales rise. 442 stores at end May.
- **South Korea:** Higher-than-expected gains in revenue, profit  
Continued growth in same-store sales.
- **Southeast Asia:** Revenue, profit rise slightly less than planned  
Revenue and profit miss targets on lackluster sales of Spring items.
- **Australia:** Revenue rises to plan, year-on-year loss shrinks
- **USA:** Revenue and profit below plan, losses expand  
Same-store sales dipped, new-store sales below target on delayed interest in Spring Summer ranges.  
Operating loss increased on the back of more widespread discounting.
- **Europe:** Slightly above plan, despite contraction in profits  
Temporary closure of 311 Oxford Street flagship store due to refurbishment knocked profits lower.

13

I will now break UNIQLO International's third-quarter performance down region by region. Greater China (Mainland China, Hong Kong and Taiwan) outstripped forecasts to report significant gains in revenue and profit. Strong sales of Spring Summer items fueled further growth in same-store sales. In the third quarter, we opened 30 new stores and closed three stores in Greater China, bringing the total number of stores to 442 at the end of May 2015.

UNIQLO South Korea generated larger-than-expected gains in revenue and profit on the back of continued same-store sales growth. UNIQLO South Korea opened 16 new stores and closed one in the third quarter, boosting the total to 154 at the end of May 2015.

UNIQLO Southeast Asia (Singapore, Malaysia, Thailand, Philippines, and Indonesia) reported slightly smaller gains in revenue and profit than forecast, on the back of lackluster sales of Spring items. UNIQLO opened six new stores and closed one in Southeast Asia in the third quarter, boosting the total to 100 at the end of May 2015.

With revenue gains roughly on target, UNIQLO Australia was able to begin reducing its operating loss in the third quarter. UNIQLO opened two new stores in Australia in the third quarter, bringing the total to six at the end of May 2015.

UNIQLO USA sales and operating profit both fell short of plan, resulting in an expansion in operating losses in the third quarter. New Spring Summer ranges failed to spark consumer interest at the start of the season, leading to a fall in same-store sales and lower-than-expected new-store sales over the third quarter. More widespread discounting also boosted losses at UNIQLO USA. UNIQLO opened one new store in the third quarter, bringing the total number of stores in the United States to 40 at the end of May 2015.

UNIQLO Europe (United Kingdom, France, Russia, Germany) performed better than expected overall, despite the fall in profits caused by the temporary closure of the 311 Oxford Street flagship store for refurbishment from March. UNIQLO opened two new stores and closed one store for refurbishment in Europe in the third quarter, bringing the total number of stores to 25 at the end of May 2015.



## Global Brands: (3Q) March – May 2015

### Higher-than-expected revenue, profit gains

- GU:** Higher-than-expected strong gains in revenue, profit  
Double-digit gains in same-store sales, strong improvement in OP margin.  
Third GU store in Taiwan opened in May.
- Theory:** Operating profit below target, slight fall in profit.  
Japan operation roughly flat year on year. Downturn in luxury market knocked US sales below target, leading to a small decline in profit.
- CDC and PTT:** Near flat performance, as expected
- J Brand:** Losses persist, despite increased sales

		Nine months to May 2015 (Sep. 2014 - May 2015)			Three months to May 2015 (Mar. 2015 - May 2015)			Billions of Yen
Global Brand	Revenue Business profit (to revenue) Other income, expenses Operating profit (to revenue)	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y	
		225.9	188.8	+19.6%	77.7	63.5	+22.3%	
	Revenue Business profit (to revenue)	20.8	14.9	+38.9%	8.4	5.7	+47.3%	
	Other income, expenses	9.2%	7.9%	+1.3p	10.9%	9.0%	+1.9p	
	Operating profit (to revenue)	-1.0	-0.6	-	-0.3	-0.8	-	
		19.7	14.3	+37.8%	8.0	4.8	+66.1%	
		8.8%	7.6%	+1.2p	10.4%	7.6%	+2.8p	14

Our Global Brands segment reported higher-than-expected gains in both revenue and profit in the third quarter from March to May 2015. Revenue increased 22.3% year on year to ¥77.7 billion, while operating profit expanded an impressive 66.1% to ¥8.0 billion.

GU's strong gains in sales and profit were above target in the third quarter. The low-priced casualwear brand reported double-digit growth in same-store sales and an improvement in its operating profit margin. GU opened 29 stores and closed five stores in the third quarter, bringing the total number of stores to 319 at the end of May 2015. The opening of the third GU store in Taiwan in May is also helping build the brand's presence in that market.

Our Theory fashion label reported a rise in sales, but the slight contraction in operating profit was short of target. Theory produced a flat year-on-year performance in Japan, while the downturn in luxury market knocked Theory sales in the United States below target, resulting in a small decline in profit.

Our France-based Comptoir des Cotonniers fashion label and French corsetry, homewear, swimwear and sportswear brand, Princesse tam.tam, both produced a flat year-on-year performance, as expected.

Finally, our US-based J Brand premium denim label reported persistent losses, despite a rise in sales.

- 1. Trend-sensitive product planning:  
knitwear, skirts, outerwear, gaucho pants,  
“yurukire” - comfortable but elegant ranges.**
- 2. Attracting more customers of all ages**
- 3. Ability to boost production flexibly**
- 4. Effective use of digital marketing**



15

Our low-price GU casualwear brand has been performing extremely well this fiscal year, so I would like to take this time to outline some factors fueling that success.

First, GU has been extremely successful at planning products that capture recent trends, such as knitwear, skirts, outerwear, gaucho pants and “yurukire” comfortable but elegant ranges.

GU fashions appeal not just to young teenagers but to customers of all ages.

GU's strategy of testing the market with small volumes of new items at the beginning of a season and then expanding production flexibly depending on a product's initial success has helped buoy strong overall GU sales. This spring's new hit gaucho pants are a good case in point. By ordering multiple increases in production over the season, sales of gaucho pants exceeded the annual total for our previous hit ¥990 jeans in just a few short months.

We have also boosted GU sales through effective online and email digital marketing. This has enabled us to introduce and sell GU products to a much larger number of customers, along with the latest fashion news.



## Group: Balance Sheet at end May 2015

Billions of Yen

	End May 2014	End Aug. 2014	End May 2015	Change
<b>Total Assets</b>	978.8	992.3	<b>1,270.6</b>	+291.7
<b>Current Assets</b>	689.9	717.0	<b>960.5</b>	+270.5
<b>Non-Current Assets</b>	288.8	275.2	<b>310.0</b>	+21.2
<b>Total Liabilities</b>	328.7	356.2	<b>423.6</b>	+94.9
<b>Total Equity</b>	650.0	636.0	<b>846.9</b>	+196.8

16

Next, I would like to take you through our balance sheet as it stood at the end of May 2015.

Compared to the end of May 2014, total assets increased by ¥291.7 billion to ¥1.2706 trillion. This includes an increase of ¥270.5 billion in current assets and an increase of ¥21.2 billion in non-current assets.

I will discuss the main components of the balance sheet in the next slide.



## Group: B/S Main Points v. end May 2015

### Current assets +¥270.5bln (¥689.9bln⇒ ¥960.5bln)

- Cash and cash equivalents +¥96.5bln (¥327.4bln⇒ ¥424.0bln)
- Inventories +¥27.8bln (¥172.2bln⇒¥200.1bln)

UNIQLO Japan +¥0.0bln

UNIQLO Intl +¥23.5bln End May store total increases by 169 y/y

Global Brands +¥4.2bln Expansion of GU and Theory operations

### • Derivative financial assets +¥116.1bln (¥97.5bln⇒¥213.7bln)

Recorded assets of ¥213.7bln after end-May yen rate fell below the average rate of our forward contract holdings. The ¥116.1bln year-on-year increase was due to the widening gap between the contract and period-end exchange rates.

### Non-current assets +¥21.2bln (¥288.8bln⇒¥310.0bln)

#### • Tangible assets +¥24.0bln (¥112.8bln⇒¥136.9bln)

UNIQLO International: +169 stores y/y Global Brands +92 stores y/y

#### • Intangible assets -¥11.1bln (¥91.3bln⇒¥80.1bln)

Global Brands J Brand impairment losses reported at end FY2014

17

Let's look first at the ¥270.5 billion increase in current assets at the end of May 2015.

Cash and cash equivalents increased by ¥96.5 billion year on year to ¥424.0 billion at the end of May 2015, due to an increase in operating cash flow at our UNIQLO and other business operations.

Looking next at inventories, total inventory increased by ¥27.8 billion to ¥200.1 billion.

Inventory at UNIQLO Japan held flat. Inventory at UNIQLO International expanded by ¥23.5 billion, mainly due to the expansion of UNIQLO's international network by 169 stores compared to the previous year. Inventory levels increased by ¥4.2 billion at our Global Brands segment, as we continued to expand our GU and Theory operations.

Derivative financial assets totalled ¥213.7 billion at the end of May 2015. UNIQLO Japan takes out forward exchange contracts as part of its long-term strategy to hedge against future movements in foreign exchange rates. The ¥116.1 billion increase in derivative financial assets was due to the fact that end-May yen exchange rates fell below the average rates on our forward contract holdings, and the gap between the contract and period-end exchange rates widened. Please note, however, that this item is considered under hedge accounting and does not impact our profit and loss position.

Non-current assets increased by ¥21.2 billion year on year. This included a ¥24.0 billion increase in tangible assets linked to the opening of 169 new stores at UNIQLO International and 92 new stores at Global Brands. Meanwhile, intangible assets decreased by ¥11.1 billion following the reporting of impairment losses at J Brand at the end of fiscal 2014 on August 31, 2014.



## Group: 1Q-3Q Cash Flow

	Yr. to Aug 2014 3Q cumulative	Yr. to Aug 2015 3Q cumulative	Billions of Yen
<b>Net cash from operating activities</b>	<b>+112.4</b>	<b>+181.1</b>	
Profit before income taxes	+142.9	+210.2	Profit contribution from UNIQLO and other operations
Depreciation and amortization	+21.6	+27.5	
Working capital	-24.3	+0	Inventory falls compared to end August 2014
Payment/refund of income taxes	-43.2	-52.6	
<b>Net cash used in investing activities</b>	<b>-37.9</b>	<b>-60.8</b>	
Decrease/(increase) in bank deposits with maturity over 3 months	-	-17.3	Temporary increase in bank deposits with maturity over 3 months
Purchases of property, plant and equipment	-30.6	-32.4	Expansion of store network
Purchases of intangible assets	-4.6	-5.7	Systems investment, etc
<b>Net cash used in financing activities</b>	<b>-35.7</b>	<b>-41.1</b>	
Cash dividends paid	-30.5	-33.1	FY2014 year-end dividend payment of ¥150 per share FY2015 interim dividend payment of ¥175 per share
Effect of exchange rate changes on cash and cash equivalents	+4.0	+30.8	
Increase in cash & equivalents	+42.7	+110.0	
<b>Cash &amp; equivalents at beginning of period</b>	<b>296.7</b>	<b>314.0</b>	
<b>Cash &amp; equivalents at end of period</b>	<b>339.4</b>	<b>424.0</b>	

10

Next, I will explain our cash flow position for the first nine months of fiscal 2015.

We enjoyed a net cash inflow of ¥181.1 billion from operating activities, with UNIQLO and other Group operations contributing profits of ¥210.2 billion.

Net cash used in investing activities totalled ¥60.8 billion in the first nine months. Of this total, ¥32.4 billion was spent on purchases of property, plants, and equipment, and ¥5.7 billion was spent on purchases of intangible assets, such as systems investment. A temporary increase in bank deposits with maturities over three months boosted the total net cash used in investing activities considerably. While this component totalled ¥17.3 billion, the underlying assets are actually considered to be very liquid.

Capital expenditure for the Fast Retailing Group totalled ¥48.0 billion. Of this total, ¥7.8 billion was invested in UNIQLO Japan, ¥26.8 billion in UNIQLO International, ¥7.6 billion in Global Brands and ¥5.7 billion was spent on systems investment, etc.

Net cash used in financing activities totalled ¥41.1 billion. Of that total, ¥33.1 billion represented cash dividends paid.

As a result, the balance of cash and cash equivalents stood at ¥424.0 billion at the end of May 2015.



## Group: FY2015 Estimates

**Revenue : ¥1.65 trillion (+19.3% y/y)**

**Operating profit: ¥200.0 billion (+53.4%)**

**Profit attributable to  
owners of the parent : ¥120.0 billion (+61.0%)**

	Yr to Aug. 2014 Actual	Yr to Aug. 2015 Estimate	Billions of Yen y/y
<b>Revenue</b> (to revenue)	1,382.9 100.0%	<b>1,650.0</b> 100.0%	+ 19.3%
<b>Operating profit</b> (to revenue)	130.4 9.4%	<b>200.0</b> 12.1%	+ 53.4% + 2.7 p
<b>Profit before income taxes</b> (to revenue)	135.4 9.8%	<b>211.5</b> 12.8%	+ 56.1% + 3.0 p
<b>Profit for the year</b> (to revenue)	79.3 5.7%	<b>130.0</b> 7.9%	+ 63.9% + 2.2 p
<b>Profit attributable to owners of the parent</b> (to revenue)	74.5 5.4%	<b>120.0</b> 7.3%	+ 61.0% + 1.9 p

19

Moving on to our consolidated business estimates for fiscal 2015, or the 12 months ending August 31, 2015.

We have made no changes to the most recent full-year business forecasts, announced on April 9, 2015.

We did record appraisal gains on foreign-currency-denominated assets of ¥20.0 billion on net financial income in the nine months to May 2015 after the yen weakened to 123 against the US dollar. This is above our full-year forecast of 11.5 billion yen; however, foreign exchange markets can be volatile and so we do not intend to make any changes to our latest forecasts to reflect a weaker yen.

As a result, Fast Retailing expects fiscal 2015 consolidated revenue will expand to ¥1.6500 trillion, operating profit will increase to ¥200.0 billion, profit before income tax will rise to ¥211.5 billion, profit for the year will expand to ¥130.0 billion and profit attributable to owners of the parent will reach ¥120.0 billion.



## FY2015 Estimates by Group Operation

### UNIQLO Japan: Rise in revenue and profit

- 4Q may fall short of plan due to a dip in sales

### UNIQLO International: Large gains in revenue and profit

- Greater China, South Korea expected to maintain strong business performance – large gains in revenue and profit
- Increased losses expected at UNIQLO USA
- Cut FY2015 new store plans to 185, but overall store opening policy unchanged

### Global Brands: Rise in revenue and profit

- GU revenue and profit set to rise, OP margin also expected to improve
- Expect other brands including Theory, CDC, and J Brand to fall short of target, profits down

Approx. new UNIQLO Intl. store openings	
Greater China	107
South Korea	26
Southeast Asia and Oceania	29
United States	17
Europe	6
<b>Total</b>	<b>185</b>

Approx. new Global Brands store openings	
GU	59
Theory	51
CDC	9
<b>Total</b>	<b>119</b>

20

Let's look more closely at our estimates for fiscal 2015 for individual business segments.

We expect UNIQLO Japan to report rises in both revenue and profit in fiscal 2015. While UNIQLO Japan performed better than expected in the third quarter from March to May 2015, unseasonal weather did cause sales to contract by 11.7% year on year in June. This suggests that sales are easily influenced by the weather and are not necessarily on a stable upward trend. We expect business performance will fall short of target in the fourth quarter from June to August 2015.

Moving on to UNIQLO International, we expect large gains in revenue and profit in fiscal 2015. UNIQLO operations in Greater China and South Korea are expected to continue to perform strongly and generate large gains in revenue and profit. However, we also expect losses to expand at UNIQLO USA.

We originally planned to open 200 new stores across UNIQLO International operations in fiscal 2015. However, we have revised down this estimate to 185 stores because delays in the development of some shopping malls is pushing the opening of more of our own stores back into fiscal 2016. We remain committed to our current aggressive new store opening policy.

We estimate the Global Brands segment will generate increases in revenue and profit in fiscal 2015, thanks primarily to large rises in revenue and profit and an improvement in the operating profit margin at GU. By contrast, Theory, Comptoir des Cotonniers, J Brand and other labels in the Global Brands segment are expected to fall short of target and see their profits contract in fiscal 2015.

As for our dividend payments for fiscal 2015, Fast Retailing intends to pay an annual dividend of ¥350 per share, split equally into interim and year-end dividends of ¥175 per share.



Reference

## FR and Accenture Digital Innovation Partnership

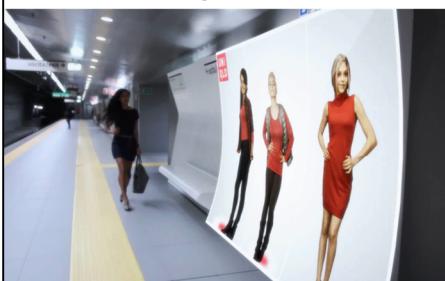
### Joining forces to promote digital innovation

#### 1. Offer a new shopping experience

- Merge real and virtual retail channels so customers can enjoy shopping, anywhere, anytime.
- Grasp customer trends swiftly to offer better products, styles and services.

#### 2. Create a new industry through Digital innovation

- Shorten lead time through digitizing processes from product planning, to manufacturing and sales.



#### 3. Explore joint opportunities

- Hire and train talented IT personnel to promote digital innovation worldwide.
- Strengthening in-house development of systems and infrastructure to suit a successfully evolving business.
- Develop a seamless environment between physical and digital stores
- Develop cloud-based systems to access vast array of information and technology.
- Promote digital innovation to better utilize smartphones, tablets and other mobile platforms.



21

Finally, I would like to draw your attention to the new partnership we announced on June 15, 2015 with management consulting, technology services and outsourcing company Accenture Plc.

Fast Retailing and Accenture have been collaborating on a range of projects for approximately 15 years now. This latest agreement has been formed with the aim of offering a new shopping experience for customers and creating a new industry through the use of digital innovation.

We want to provide a new shopping experience by merging real and virtual retail channels so customers can enjoy shopping, anywhere, anytime. We also want to grasp customer trends swiftly so we can offer better products and styles, and improve our customer services.

In order to help shape a new industry, we will be looking to shorten lead times by digitizing business processes from product planning, to manufacturing and sales.

To achieve these two aims, Fast Retailing and Accenture plans to explore various concrete strategies, including the hiring and training of talented IT personnel to help promote digital innovation worldwide, strengthening in-house development of systems and infrastructure to suit a successfully evolving business, developing a seamless environment between physical and digital stores, and developing cloud-based systems to access the vast array of available information and technology.

Furthermore, the spread of mobile devices such as smartphones and tablets enables us to link up with people all over the world. We believe we can develop digital innovation to better utilize these mobile channels and create an environment where customers can enjoy shopping, anytime, anywhere.

On that note, I would like to close this presentation on the Fast Retailing Group's performance for the first nine months of fiscal 2015, from September 2014 through May 2015, and the full business year through August 31, 2015.

The remaining three slides are provided as reference materials. Thank you.



## Reference Store Numbers by Group Operation

[Units: Stores]	FY2014 Yr-end	FY2015 3Q Result (Sep. - May)			
		Open	Close	Change	End May
<b>UNIQLO Operations</b>	<b>1,485</b>	<b>193</b>	<b>67</b>	<b>+126</b>	<b>1,611</b>
<b>UNIQLO Japan</b> ❁	<b>852</b>	<b>44</b>	<b>52</b>	<b>-8</b>	<b>844</b>
Directly-run stores	831	34	51	-17	814
Large-scale	199	17	9	+8	207
Standard and others	632	17	42	-25	607
Franchise stores	21	10	1	+9	30
<b>UNIQLO International</b>	<b>633</b>	<b>149</b>	<b>15</b>	<b>+134</b>	<b>767</b>
China	306	65	9	+56	362
Hong Kong	22	4	1	+3	25
Taiwan	46	9	0	+9	55
Korea	133	24	3	+21	154
Singapore	18	5	0	+5	23
Malaysia	21	3	0	+3	24
Thailand	20	4	1	+3	23
Philippines	16	7	0	+7	23
Indonesia	4	3	0	+3	7
Australia	1	5	0	+5	6
USA	25	15	0	+15	40
UK	10	0	1	-1	9
France	6	2	0	+2	8
Russia	4	3	0	+3	7
Germany	1	0	0	+0	1
<b>Global Brands</b>	<b>1268</b>	<b>115</b>	<b>33</b>	<b>+82</b>	<b>1,350</b>
<b>GU</b>	<b>276</b>	<b>57</b>	<b>14</b>	<b>+43</b>	<b>319</b>
<b>Theory</b> ❁	<b>460</b>	<b>51</b>	<b>10</b>	<b>+41</b>	<b>501</b>
<b>Comptoir des Cotonniers</b> ❁	<b>374</b>	<b>7</b>	<b>5</b>	<b>+2</b>	<b>376</b>
<b>Princesse tam.tam</b> ❁	<b>152</b>	<b>0</b>	<b>2</b>	<b>-2</b>	<b>150</b>
<b>J Brand</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>-2</b>	<b>4</b>
<b>Total</b>	<b>2,753</b>	<b>308</b>	<b>100</b>	<b>+208</b>	<b>2,961</b>

Note: Excludes Mina (Commercial Facility Business) and Grameen UNIQLO stores

❁Includes franchise stores



Reference

## FY2015 Store Plans by Group Operation

[Unit: Stores]	FY2014 Yr-end	FY2015 Estimate			
		Open	Close	Change	Yr-end
UNIQLO Operations	1,485	232	76	+156	1,641
UNIQLO Japan ※	852	47	59	-12	840
Directly operated stores	831	37	58	-21	810
Large-scale	199	17	9	8	207
Standard and others	632	20	49	-29	603
Franchise stores	21	10	1	+9	30
UNIQLO International	633	185	17	+168	801
Global Brands ※	1,268	119	46	+73	1,341
Total	2,753	351	122	+229	2,982

Note: Excludes Mina (Commercial Facility Business) and Grameen UNIQLO stores

※Includes franchise stores



Reference

## Forex, Capex, Depreciation

### Applicable Exchange Rates

Yen

	1USD	1EUR	1GBP	1RMB	100KRW
Yr to Aug. 2015 9 mths average to May. 2015	115.3	137.5	180.2	18.6	10.7
Yr to Aug. 2014 9 mths average to May. 2014	101.4	138.2	165.9	16.6	9.5
Yr to Aug. 2015 Exchange rate full year to Aug. 2015 (Estimate)	118.0	132.0	185.5	19.2	10.7
Yr to Aug. 2014 Exchange rate full year to Aug. 2014 (Actual)	101.5	138.2	167.5	16.5	9.6

### Capex and Depreciation

Billions of Yen

	Capital spending	Depreciation
Yr to Aug. 2015 9 mths to May. 2015 (Actual)	48.0	27.5
Yr to Aug. 2014 9 mths to May. 2014 (Actual)	41.4	21.6
Yr to Aug. 2015 Full year (Estimate)	60.3	32.1
Yr to Aug. 2014 Full year (Actual)	58.8	30.8

#### Breakdown of capital expenditure

FY2014 1Q-3Q: UNIQLO Japan: ¥6.6bln, UNIQLO Intl.: ¥23.3bln, Global Brands: ¥6.5bln, Systems: ¥4.5bln

FY2015 1Q-3Q UNIQLO Japan: ¥7.8bln, UNIQLO Intl.: ¥26.8bln, Global Brands: ¥7.6bln, Systems: ¥5.7bln

FY2015(E): UNIQLO Japan: ¥8.5bln, UNIQLO Intl.: ¥31.2bln, Global Brands: ¥10.6bln, Systems: ¥10.0bln