

Fast Retailing Results for September to November 2015 and Estimates for Fiscal 2016

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Fast Retailing Co., Ltd.

Group Executive Vice President & CFO

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I am Takeshi Okazaki, Group Executive Vice President and CFO at Fast Retailing.

I would like to talk to you today about our consolidated business performance for the first quarter of fiscal 2016, or the three months from September through November 2015, and our estimates for the full business year through August 2016.

I. Results Sep.–Nov. 2015 (1Q)	P3 ~ P25
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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) Sep.-Nov. 2015

Revenue up, profit down

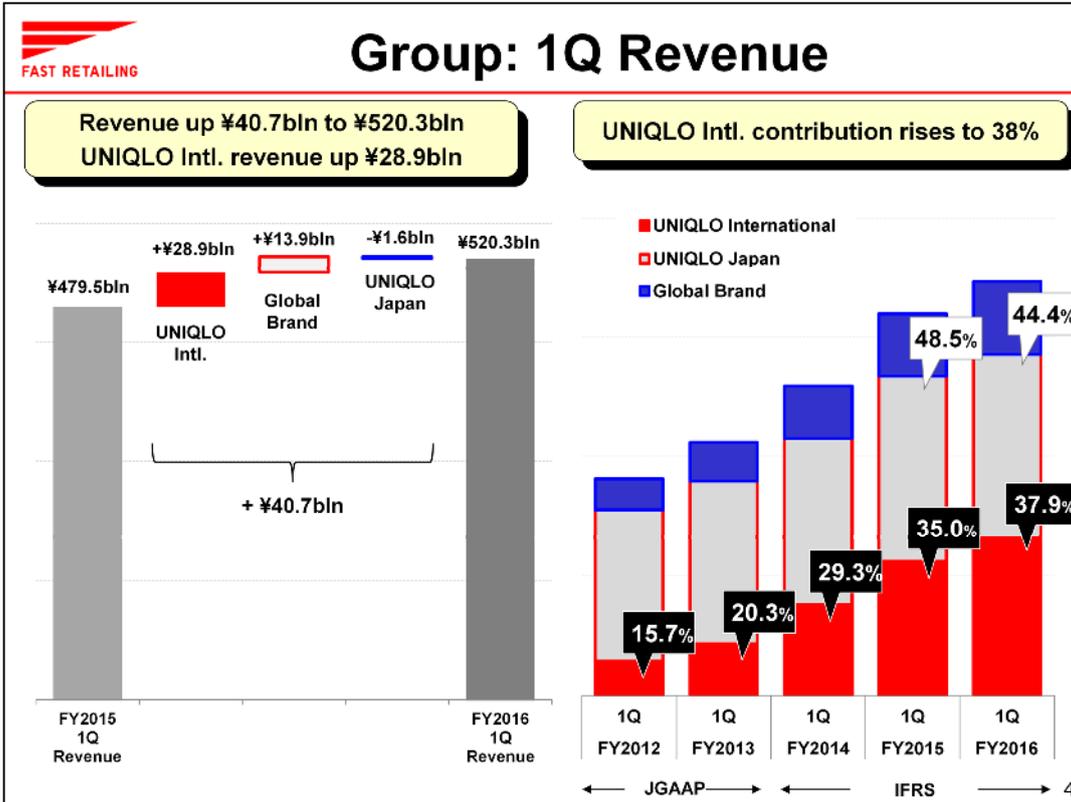
	Yr to Aug. 2015	Yr to Aug. 2016		Billions of Yen
	(3 mths to Nov. 2014) Actual	(3 mths to Nov. 2015) Actual	y/y	
Revenue (to revenue)	479.5 100.0%	520.3 100.0%	+8.5%	
Gross profit (to revenue)	253.2 52.8%	266.2 51.2%	+5.1% -1.6 p	
SG&A (to revenue)	168.0 35.0%	190.6 36.6%	+13.5% +1.6 p	
Business profit (to revenue)	85.2 17.8%	75.5 14.5%	-11.4% -3.3 p	
Other income, expenses (to revenue)	6.1 1.3%	0.3 0.1%	-94.6% -1.2 p	
Operating profit (to revenue)	91.3 19.1%	75.9 14.6%	-16.9% -4.5 p	
Profit before income taxes (to revenue)	106.7 22.3%	77.6 14.9%	-27.2% -7.4 p	
Profit attributable to owners of the parent (to revenue)	68.8 14.4%	48.0 9.2%	-30.2% -5.2 p	

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

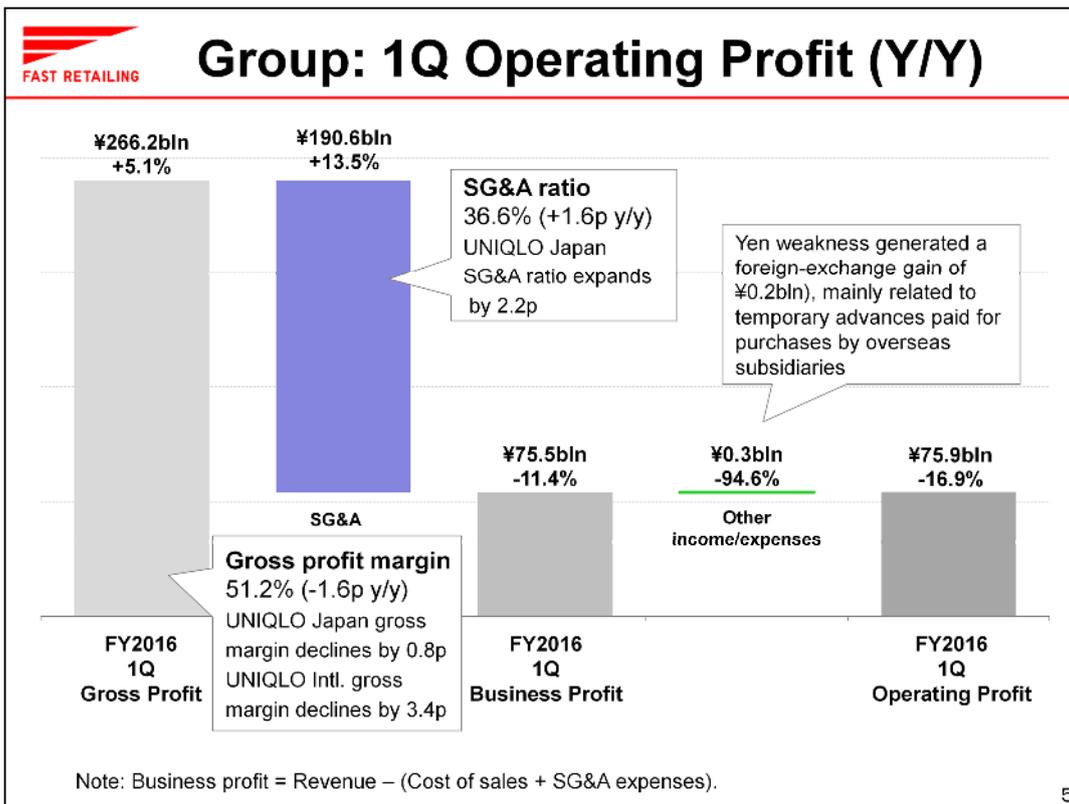
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In the first quarter of fiscal 2016, or the three months from September to November 2015, the Fast Retailing Group generated revenue of ¥520.3 billion (up 8.5% year on year), operating profit of ¥75.9 billion (down 16.9%), profit before income taxes of ¥77.6 billion (down 27.2%) and profit attributable to owners of the parent of ¥48.0 billion (down 30.2%).

These overall results were lower than we had initially expected.



The Fast Retailing Group reported revenue of ¥520.3 billion in the first quarter of fiscal 2016. That represents an increase of 8.5%, or ¥40.7 billion, compared to the previous year. This figure breaks down into revenue increases of ¥28.9 billion for UNIQLO International, ¥13.6 billion for Global Brands and a revenue decrease of ¥1.6 billion for UNIQLO Japan.



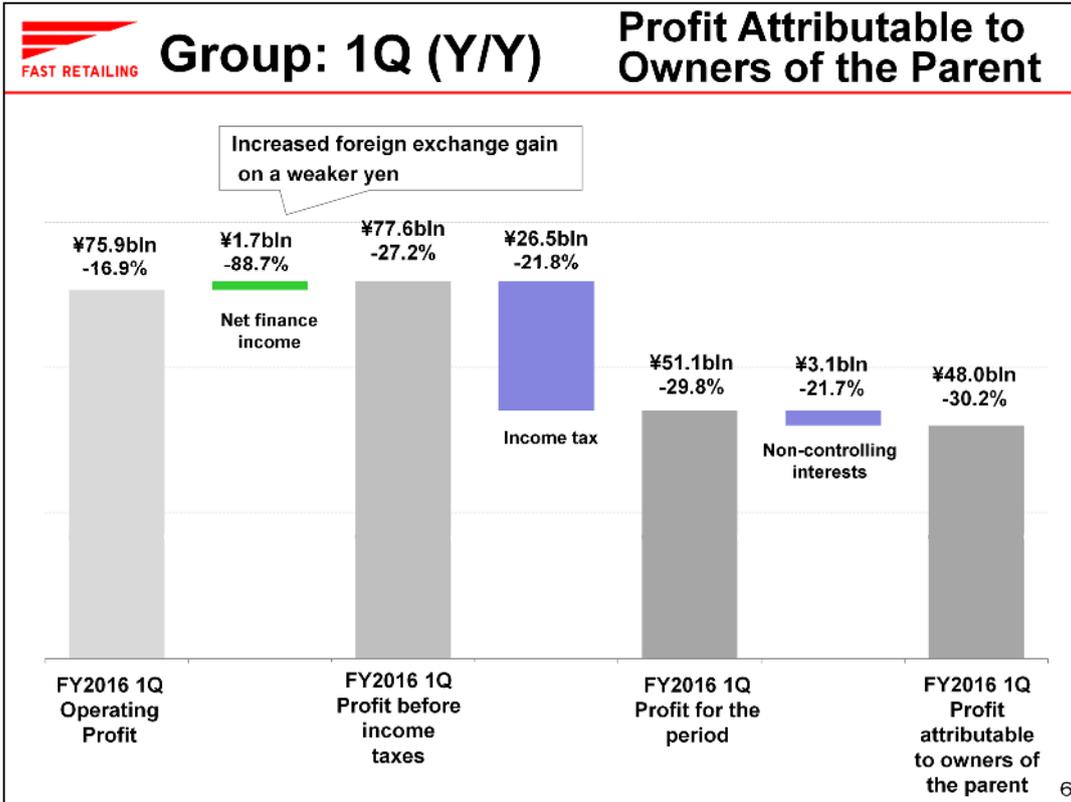
Consolidated gross profit expanded 5.1% year on year to ¥266.2 billion in the first quarter of fiscal 2016. The gross profit margin contracted 1.6 points year on year to 51.2%. The contraction in the overall gross profit margin can be attributed mainly to a 0.8 point fall in the gross profit margin at UNIQLO Japan and the contraction of the gross margin at UNIQLO International.

Selling, general and administration expenses rose 13.5% year on year to ¥190.6 billion. The SG&A to revenue ratio rose 1.6 point to 36.6%. That was largely due to a 2.2 point rise in the SG&A ratio at UNIQLO Japan.

Meanwhile, business profit (gross margin on sales minus SG&A expenses) decreased 11.4% to ¥75.5 billion.

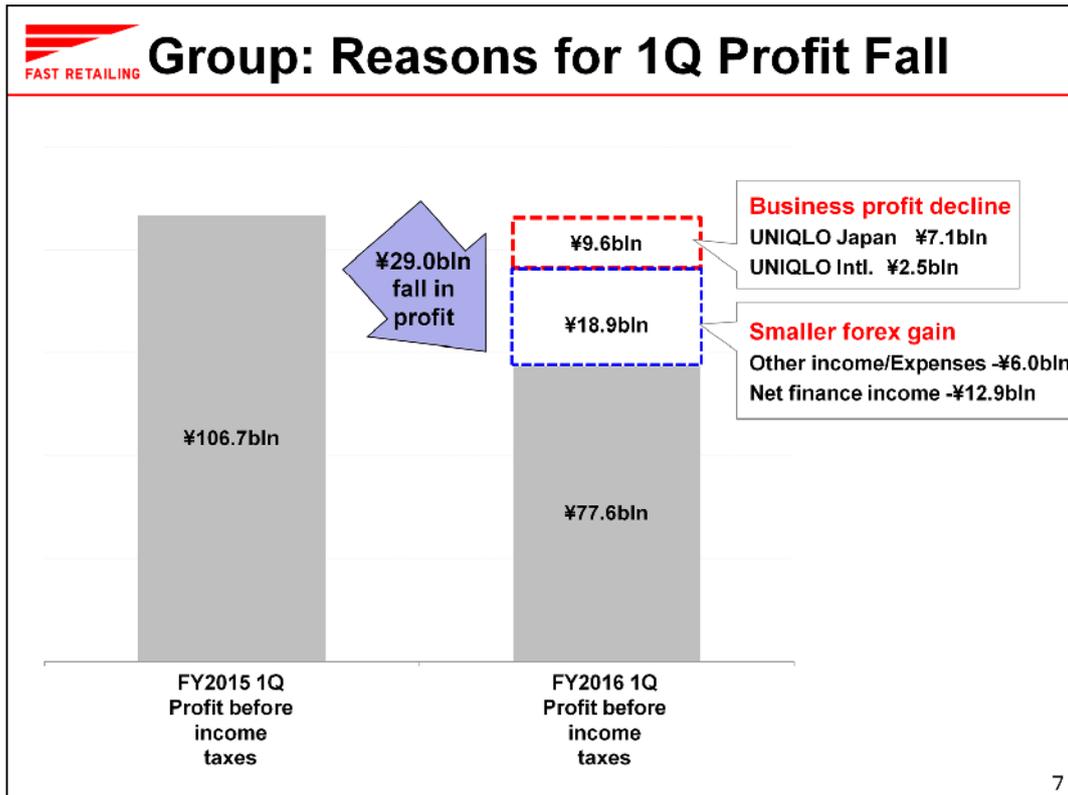
The net amount of other income/expenses stood at ¥0.3 billion. That total includes a foreign-exchange gain of approximately ¥0.2 billion, after the yen weakened slightly over the period from 1USD= 121JPY at the end of August 2015 to 1USD = 123 JPY at the end of November 2015.

As a result of the above factors, first-quarter operating profit decreased by 16.9% to ¥75.9 billion.



Moving on to net finance income, we reported total net finance income of ¥1.7 billion in the first quarter of fiscal 2016, after a slight weakening of the Japanese yen boosted the value of our foreign-currency denominated assets in yen terms.

Profit before income taxes decreased by 27.2% to ¥77.6 billion, and profit attributable to the owners of the parent decreased by 30.2% to ¥48.0 billion in the first quarter.



As I just mentioned, profit before income taxes declined in the first quarter of fiscal 2016, coming in ¥29.0 billion lower than in the first quarter of fiscal 2015. That total breaks down into a combined ¥9.6 billion decline in operating profit at UNIQLO Japan and International, and a ¥18.9 billion decline in foreign exchange gains.

This contraction in foreign exchange gains can be attributed to a ¥6.0 billion reduction in foreign exchange gains under other income/expenses, and a ¥12.9 billion reduction in foreign exchange gains of foreign-currency denominated assets under net finance income.

1Q Breakdown by Group Operation

Billions of Yen

		Yr to Aug. 2015 (3 mths to Nov. 2014) Actual	Yr to Aug. 2016 (3 mths to Nov. 2015) Actual	
				yy
UNIQLO Japan	Revenue	232.6	230.9	-0.7%
	Business profit (to revenue)	51.5 22.2%	44.4 19.3%	-13.8% -2.9p
	Other income, expenses	-0.4	0.3	-
	Operating profit (to revenue)	51.1 22.0%	44.8 19.4%	-12.4% -2.6p
UNIQLO International	Revenue	168.0	196.9	+17.2%
	Business profit (to revenue)	24.0 14.3%	21.4 10.9%	-10.6% -3.4p
	Other income, expenses	0.2	-0.6	-
	Operating profit (to revenue)	24.3 14.5%	20.8 10.6%	-14.2% -3.9p
Global Brand	Revenue	78.1	91.8	+17.4%
	Business profit (to revenue)	10.0 12.8%	12.3 13.4%	+23.3% +0.6p
	Other income, expenses	-0.4	0.0	-
	Operating profit (to revenue)	9.5 12.2%	12.4 13.5%	+29.7% +1.3p

Notes: Consolidated results also include Fast Retailing Co., Ltd. performance and consolidated adjustments.
All UNIQLO Japan data (except revenue) include inter-Group transactions.
Business profit = Revenue - (Cost of sales + SG&A expenses).

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This slide displays the breakdown of performance by Group operation.

In the first quarter of fiscal 2016, our Global Brands segment reported higher revenue and profit, while UNIQLO Japan reported lower revenue and profit, and UNIQLO International reported higher revenue but a lower profit.

UNIQLO Japan generated revenue of ¥230.9 billion and operating profit of ¥44.8 billion, UNIQLO International reported revenue of ¥196.9 billion and operating profit of ¥20.8 billion, and Global Brands generated revenue of ¥91.8 billion and operating profit of ¥12.4 billion.

Below plan, profit declines

Billions of Yen

	Yr to Aug. 2015	Yr to Aug. 2016	
	(3 mths to Nov. 2014)	(3 mths to Nov. 2015)	y/y
Revenue (to revenue)	232.6 100.0%	230.9 100.0%	-0.7%
Gross profit (to revenue)	120.0 51.6%	117.4 50.8%	-2.2% -0.8p
SG&A (to revenue)	68.4 29.4%	72.9 31.6%	+6.5% +2.2p
Business profit (to revenue)	51.5 22.2%	44.4 19.3%	-13.8% -2.9p
Other income, expenses (to revenue)	-0.4 -0.2%	0.3 0.2%	- +0.4p
Operating profit (to revenue)	51.1 22.0%	44.8 19.4%	-12.4% -2.6p

All UNIQLO Japan data (except revenue) include inter-Group transactions.
Business profit = Revenue – (Cost of sales + SG&A expenses).

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I would now like to run through the first quarter performance at UNIQLO Japan in more detail.

As I mentioned earlier, UNIQLO Japan reported year-on-year falls in both revenue and profit in the first quarter: Revenue decreased by 0.7% to ¥230.9 billion, and operating profit declined 12.4% to ¥44.8 billion. This result was below target.



UNIQLO Japan: Revenue (1Q)

Revenue: ¥230.9bln (-0.7% y/y)

Same-store sales -2.3% y/y, e-commerce sales +23.2% y/y

- Unseasonal warm winter stifled sales of winter ranges
- Lacking suitable items for a warm winter
- Large number of product items made it difficult to convey each one's added value.

Same-store sales	Yr to Aug. 2016				
	Sep.	Oct.	Nov.	3 mths to Nov. 2015	Dec.
Net sales	+2.6%	+5.5%	-8.9%	-2.3%	-11.9%
Customer visits	-4.2%	-3.6%	-12.9%	-8.1%	-14.6%
Customer spend	+7.1%	+9.4%	+4.6%	+6.3%	+3.1%

- Strong launch of Fall Winter items such as cashmere sweaters, merino sweaters, gaucho pants and wide pants boosted same-store sales in September and October.
- Sudden rise in temperatures in November lowered sales of winter ranges, knocking same-store sales sharply lower.

End November 2015

UNIQLO directly run stores: 806 (-18 stores y/y)
Franchise stores: 38 (+10 stores)

- December same store sales: -11.9 y/y.

Taking revenue first, revenue at UNIQLO Japan declined 0.7% year on year in the first quarter, due largely to a 2.3% decline in same-store sales. By contrast UNIQLO Japan e-commerce sales expanded 23.2% year on year.

Several factors weighed on UNIQLO Japan performance in the first quarter. First being the unusually warm winter, which stifled sales of core winter ranges. Second, we didn't prepare enough products whose sales can better withstand unseasonal weather, and, third, we also had too many different product items, which diluted the focus of our store displays and made it difficult to fully convey the attractive features and added value of each individual item.

The 2.3% year-on-year decline in same-store sales breaks down into a 8.1% fall in customer visits on the one hand, and a 6.3% increase in customer spend on the other.

Strong initial sales of Fall Winter items such as cashmere sweaters, merino sweaters, gaucho pants and wide pants boosted same-store sales in September and October. However, the winter turned mild when temperatures rose well over normal levels in November, stifling sales of winter items, and pushing same-store sales sharply lower.

At UNIQLO, we have an employee-franchise system, which offers experienced store managers the opportunity to take over a directly operated store and run it as a franchise. These franchise owners actually help invigorate UNIQLO's overall store management. As store managers, they use their strong managerial mindset and local knowledge to develop more community-focused store management and more enthusiastic, effective product marketing.

The number of directly operated UNIQLO Japan stores fell by 18 to 806 stores at the end of November 2015 compared to the end of November 2014. However, 10 of the 18 stores didn't actually close, but changed from directly operated stores to employee-franchise stores.

As you know, we have just announced same-store sales data for the month of December. This data shows a 11.9% year-on-year fall in same-store sales, with persistent mild winter weather continuing to stifle demand for winter items.

Gross profit margin: 50.8% (-0.8p y/y)

1Q gross margin fell slightly below target

- **November is usually a busy sales month, but the warm winter stifled sales of winter items, forcing us to discount more heavily.**
- **The gross margin also fell below target in December as we discounted more heavily, and actively ran down stock.**

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Turning now to business margins for UNIQLO Japan, the gross profit margin contracted by 0.8 point year on year in the first quarter of fiscal 2016 to 50.8%. In our initial business estimates for fiscal 2016, we did allow for the fact that the gross margin was high in the first half of fiscal 2015, and so expected the gross margin in the first half of fiscal 2016 to be somewhat weaker. However, this actual first-quarter result was slightly weaker than we had expected.

Sales figures are typically high in the month of November. However, this year the extremely mild winter resulted in lackluster demand for winter items and we were forced to discount more heavily. That situation largely explains why the first-quarter gross profit margin came in lower than expected.

Looking beyond the first quarter, the gross margin also fell short of target in December, as the prolonged mild winter forced us to discount more heavily, and we also actively ran down inventory.

UNIQLO Japan: SG&A (1Q)

SG&A to revenue ratio: 31.6% (+2.2p y/y)

**Slightly below target in monetary terms,
SG&A to revenue ratio deteriorated**

Personnel	+0.9 p y/y
Other expenses	+0.9 p
Advertising & promotion	+0.4 p
Depreciation	+0.1 p
Store rents	Flat

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UNIQLO Japan's SG&A to revenue ratio rose 2.2 points year on year to 31.6% in the first quarter of fiscal 2016. While the result was slightly below target in monetary terms, the SG&A ratio was considerably worse than expected.

Looking at key components of the SG&A ratio, the personnel cost ratio and the other expense ratio both increased by 0.9 point year on year, while the advertising and promotion ratio increased by 0.4 point and the depreciation expense ratio expanded 0.1 point.

The personnel cost ratio rose partly as a result of the shortfall in first-quarter sales, and partly due to additional costs relating to rapidly rising numbers of local-store employees.

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

Finally, the shortfall in sales was responsible for the rise in the advertising and promotion ratio.

UNIQLO International: (1Q) ①

Falls short of plan, profit down

- Sales in Greater China, S. Korea and US fell well below plan on the back of the warm global winter
- Europe: Rise in revenue and profit, exceeds plan
- SE Asia & Oceania: Flat y/y performance as expected
- Network (Nov. 2015): 864 stores (+66 y/y)
- UNIQLO Intl network exceeds UNIQLO Japan, 15 years after opening the first London store

		Yr to Aug. 2015 (3 mths to Nov. 2014) Actual	Yr to Aug. 2016 (3 mths to Nov. 2015) Actual		y/y	Billions of Yen
UNIQLO International	Revenue	168.0	196.9			
	Business profit (to revenue)	24.0 14.3%	21.4 10.9%		-10.6%	-3.4p
	Other income, expenses	0.2	-0.6		-	
	Operating profit (to revenue)	24.3 14.5%	20.8 10.6%		-14.2%	-3.9p

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

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Moving onto UNIQLO's global operations, in the first quarter, UNIQLO International reported a 17.2% year-on-year increase in revenue to ¥196.9 billion, but a 14.2% decline in operating profit to ¥20.8 billion. The operating profit result was below target.

Similar to Japan, sales fell sharply short of plan in Greater China, South Korea and the United States on the back of warm winter across the globe.

On the other hand, UNIQLO Europe reported gains in both revenue and profit, while UNIQLO Southeast Asia and Oceania reported a flat year-on-year performance as expected.

As for store openings, UNIQLO International opened 70 stores and closed four stores as planned, mainly in Greater China, boosting the total number of stores to 864 at the end of November 2015. That number represents a significant milestone in UNIQLO International's history, namely the point where, 15 years after opening its first store in London in 2001, the total number of UNIQLO International stores finally overtook the total number of UNIQLO Japan stores.

UNIQLO International: (1Q) ②

- **Greater China: Below target. Revenue up, OP down**
 Warm winter pushed sales of winter items below target. Same-store sales down overall. China revenue and OP up. HK, Taiwan OP down on warmer winter weather and slowdown of economy.
- **S. Korea: Below target. Revenue up, OP down**
 Warm winter stifled sales of winter items, pushed same-store sales lower.
- **SE Asia & Oceania: OP flat y/y as expected**
 SE Asia OP below target, declined slight y/y. Currency weakness against the US\$ boosted purchasing costs and squeezed gross margin. Reduced operating losses in Australia.
- **USA: Below target. Operating loss widens**
 Unusually warm weather lowered sales of Fall Winter items, resulting in stronger discounting.
- **Europe: Higher-than-expected revenue and OP gains**
 Cold weather from Sep. generated double-digit same-store sales growth

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Next, I would like to go through the UNIQLO International first-quarter performance region by region.

Greater China (Mainland China, Hong Kong and Taiwan) fell short of target by reporting a rise in revenue, but a fall in profit. The extremely warm winter pushed sales of winter ranges and other items below target, leading to a fall in same-store sales across the entire region.

Looking at the three markets individually, mainland China managed to generate a rise in both revenue and operating profit. However, slowdown of economy, coupled with the warm winter, pushed profit lower in Hong Kong and Taiwan. In the first quarter, we opened 34 stores and closed four stores, boosting the Greater China network to 497 stores at the end of November 2015.

UNIQLO South Korea fell short of target by reporting a rise in revenue but a fall in operating profit. The mild winter stifled sales of winter items and pushed same-store sales lower. The number of stores in UNIQLO South Korea increased by eight to 163 at the end of November 2015.

UNIQLO Southeast Asia and Oceania, spanning Singapore, Malaysia, Thailand, the Philippines, Indonesia and Australia, reported a flat year-on-year operating profit, as expected. Within that region, Southeast Asia reported a rise in revenue, as expected. Operating profit declined slightly year-on-year, below target. That was due mainly to the fact that all of the region's currencies weakened against the US dollar in the first quarter, and that, in turn, inflated purchasing costs and squeezed the operation's gross profit margin. Meanwhile, the Australian operation generated the expected rise in first-quarter revenue and also managed to reduce operating losses. We opened 18 new stores in the region in the first quarter, bringing the total number of UNIQLO Southeast Asia and Oceania stores to 126 at the end of November 2015.

UNIQLO USA fell short of target on both revenue and profit, and reported an increased operating loss. There too, the unusually warm winter weather lowered sales of Fall Winter items, forcing stronger discounts. UNIQLO USA opened six new stores in the first quarter, including the flagship store that was opened in Chicago in October. That brought the total store network in the United States to 48 stores at the end of November 2015.

UNIQLO Europe (UK, France, Russia, Germany and Belgium) reported higher-than-expected gains in both revenue and profit, after cooler weather from September onwards helped fuel a double-digit gain in same-store sales. We opened four new stores in Europe in the first quarter, including our first Belgian store. That brought the total number of UNIQLO stores in Europe to 30 at the end of November 2015.



Firm Base for Future Growth in Place

Expanding UNIQLO International's presence globally

- Consistent, growing success of new stores in new cities and countries
- Various awards received in Asia and elsewhere prove a growing presence and appreciation of the UNIQLO brand

Initiatives to promote fashion leadership

- Stronger R&D centers, collaborations with cutting-edge designers to fuel greater success

Several initiatives underway to promote digitalization

- Well on the way to open our first digital flagship store in Japan in fall 2016

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While the warmer winter resulted in a much lower-than-expected performance in the first quarter, it is fair to say that the quarter also highlighted some clear areas and activities that will likely fuel strong future growth.

The first being the fact that UNIQLO International's global operations are now clearly established and clearly expanding. Our new stores open in new cities and new countries to an increasingly warm welcome, and multiple awards won by UNIQLO in Asia and elsewhere in the first quarter show that our presence is growing in various regions, and in the hearts and minds of global consumers.

Second, we have initiatives in place to help UNIQLO take a strong fashion leadership role. We are strengthening our R&D centers around the world, and our collaborations with cutting-edge designers have also proved a great success.

Third, we have launched several initiatives to promote sweeping digitalization of our operations, and preparations to launch our first digital flagship store in Japan in fall 2016 are well underway.

Global development (Europe)

Queues formed outside our first Belgian store, opened in Antwerp on October 2, 2015.



Building presence in Russia with our new store in the nation's second largest city, St. Petersburg.



Local customers were excited when we opened UNIQLO's first store in the South of France in Nice.



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I would now like to take some time to talk about of the most recent exciting developments at UNIQLO.

On October 2, 2015, we opened our first UNIQLO store in Belgium in Antwerp. The large-format store, which boasts a 1,320m² sales space, got off to a great start.

We also successfully expanded our presence in Russia by opening our first UNIQLO store in the nation's second largest city of St. Petersburg.

Our first UNIQLO in the South of France also received a great welcome from local customers when it was opened in Nice.

At these stores, local European personnel and staff dispatched from our global headquarters in Tokyo have been working as a team to ensure strong management and strategy implementation. We believe this policy is already beginning to create a virtuous cycle, with strong management facilitating steady, healthy future growth for UNIQLO in Europe. We intend to continue actively expanding UNIQLO operations in Europe using a new strategy designed to promote both e-commerce and physical store sales.

Global development (USA)

Opened a 4,100m² UNIQLO flagship store on Chicago's Magnificent Mile on October 23, 2015.



Two-pronged approach to UNIQLO USA expansion: Open new stores in prime urban locations and expand e-commerce.

UNIQLO store opened in a historic building in Faneuil Hall Marketplace, one of Boston's most popular tourist spots, on October 9, 2015.



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In the United States, we opened a 4,100m² flagship store on October 23, 2015 on Chicago's exclusive North Michigan Avenue, also known as the Magnificent Mile because of its opulence. This is our first store in the Midwest.

We also opened a store in the Faneuil Hall Marketplace, one of Boston's most popular tourist spots, on October 9, 2015. The Boston store captured consumers' attention, because, like our store in Le Marais, Paris, it is housed in a prominent historical building.

UNIQLO USA now intends to use a two-pronged approach to help expand its reach across the vast US market. This approach involves boosting awareness of the UNIQLO brand by closing unprofitable stores and opening new stores in prime urban locations in major cities, such as Chicago and Boston. The second focus will be on using digital communication to expand e-commerce sales.

Stronger UNIQLO Presence (China)

China's influential CBN Weekly magazine included UNIQLO in its TOP30 brands every year since 2012, and ranked UNIQLO No.1 in the fashion apparel segment.

UNIQLO doubled its sales to over 600 million yuan (approx. 12 billion yen) on T-Mall's annual Single's Day Sale on November 11. Ranked No.1 in apparel segment, and 4th overall.



UNIQLO was included in the Top Employers China 2016 for our commitment to employees. Also included in the 2015 Great Place to Work in China survey.



UNIQLO brand was hugely popular in the T-Mall sales event, ranking 4th overall.

Recently, UNIQLO has received several awards. We see this as a clear sign that UNIQLO's presence in local markets is increasing, and more customers recognize and appreciate the UNIQLO name around the world.

In China, the influential CBN Weekly magazine has included UNIQLO in its TOP30 brands each year since 2012, and it also ranked UNIQLO No.1 in the fashion apparel segment.

In addition, UNIQLO doubled its Single's Day sales to over 600 million yuan (approximately 12 billion yen), an annual event hosted by China's biggest online shopping website, T-Mall, on November 11 to celebrate single people. We are extremely proud of this extraordinary high level of sales, which earned UNIQLO the top slot in the apparel segment, and the fourth slot overall.

UNIQLO also received other noteworthy accolades in China: It was named among the Top Employers China 2016 for its commitment to its employees, and also included in the 2015 Great Place to Work in China survey.



Stronger UNIQLO Presence (Worldwide)

**Awarded Best Customer Service in the Apparel Industry (Taiwan)
Won Gold Award in Taiwan Service Evaluation Survey**



**Voted Employer of the Year for its provision
of broad employment and training
opportunities for people with cognitive and
physical disabilities(San Francisco, USA)**



**Won Gold Award in the apparel
and accessories segment in 2015
Putra Brand Awards (Malaysia)**



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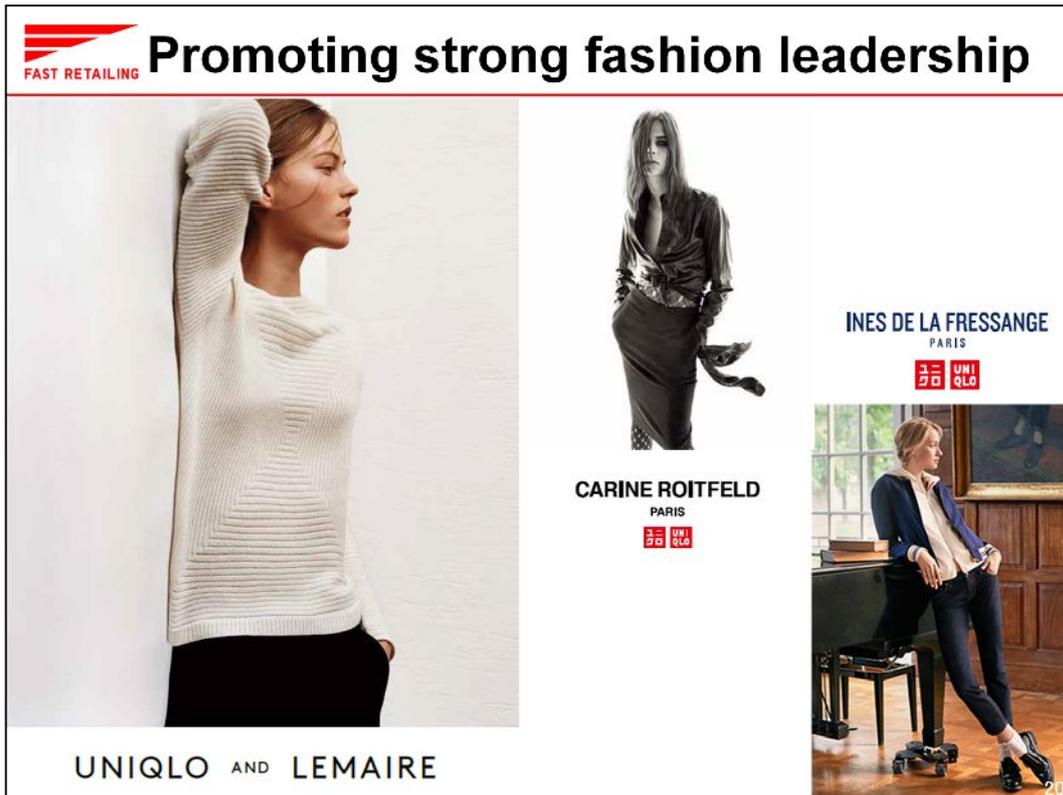
UNIQLO was also presented with several awards in other markets, proof that its global presence is on the rise.

In Taiwan, UNIQLO won the award for Best Customer Service in the Apparel Industry, and also won the Gold Award in the Taiwan Service Evaluation Survey.

In Malaysia, UNIQLO won Gold Award in the apparel and accessories segment in 2015 Putra Brand Awards.

In the United States, UNIQLO was voted Employer of the Year in San Francisco.

We are very proud of this prestigious recognition of our UNIQLO brand, and we are determined to continue expanding global operations with a competitive but caring, community-focused approach.



The second area of solid progress I would like to highlight is the initiatives to help UNIQLO take a strong fashion leadership role.

In Fall Winter 2015, UNIQLO began challenging boundaries and enlivening its brand by partnering with up-and-coming designers and artistic directors to create innovative collaborations and make UNIQLO's clothing even more attractive for customers.

The UNIQLO AND LEMAIRE collection offers a new line of UNIQLO clothes with an urban Parisian feel that has captured the attention of the fashion industry.

Our collaborations with Ines de la Fressange, now in its third year, has become an important part of UNIQLO's product lineup and is gradually building a loyal customer base.

Going forward, we plan not only to pursue more collaborations, but also to develop different basic clothing lines that capture the latest mass fashion trends. As part of that drive, we will continue to strengthen our global product development system, making full use of our R&D centers in New York, Paris, Los Angeles, and elsewhere.

Promoting Digitalization

UNIQLO's Japanese app gets a makeover

Plan to launch multifunction Ariake warehouse in spring 2016



Launched Wearex Co., Ltd. with Accenture
IT staff hiring and training, digitalization projects

The third area of solid progress I would like to highlight is the various activities now underway to promote the widespread digitalization of UNIQLO operations.

For instance, with UNIQLO's new Japanese app, launched in October 2015, users can now see their online and in-store purchase history simply by loading their customer ID. They can also get information on various products, and check whether a store has a particular item in stock. The new app is already much more convenient for customers, but we don't plan to stop there. Instead, we will keep adding new features for even greater customer convenience.

In addition, while our new multifunction warehouse in Ariake, Tokyo is still under construction, plans are well underway to launch the new warehouse in spring 2016. We expect the new system will slash product delivery times to customers.

We expect this new range of functionality will offer customers an entirely new shopping experience.

We also spearheaded some concrete new projects in the first quarter to ensure we stay abreast of digital developments. To start with we launched a new company in September 2015 with Accenture plc., called Wearex Co., Ltd., to hire and train highly qualified IT personnel.

Revenue and profit gains exceed plan

• GU: Revenue and profit gains much higher than plan

Double-digit gain in same-store sales on the back of strong sales of heavily advertised campaign items, such as wide pants, baggy sweaters and knitted bottoms.

• Theory slight fall in OP

• J Brand losses expand

• Comptoir des Cottonniers OP down slightly,

Princesse tam.tam operating loss holds steady y/y

		Yr to Aug. 2015 (3 mths to Nov. 2014) Actual	Yr to Aug. 2016 (3 mths to Nov. 2015) Actual		Billions of Yen
				y/y	
Global Brand	Revenue	78.1	91.8	+17.4%	
	Business profit (to revenue)	10.0 12.8%	12.3 13.4%	+23.3% +0.6p	
	Other income, expenses	-0.4	0.0	-	
	Operating profit (to revenue)	9.5 12.2%	12.4 13.5%	+29.7% +1.3p	

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

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Our Global Brands segment exceeded expectations in the first quarter by reporting gains in both revenue and profit. First-quarter revenue rose 17.4% year on year to ¥91.8 billion and operating profit expanded 29.7% to ¥12.4 billion.

Our low-priced GU fashion casualwear brand well exceeded expectations by reporting extremely strong rises in both revenue and profit. Strong sales of heavily advertised campaign items, such as wide pants, baggy sweaters and knitted bottoms helped fuel the double-digit rise in first-quarter same-store sales at GU. GU opened 22 new stores and closed six stores in the first quarter, bringing the total network to 335 stores at the end of November 2015.

On the other hand, our Theory fashion label and J Brand premium denim label both suffered from the downturn in the US market for luxury apparel. Theory reported a slight decline in profit, while J Brand reporting an expanded operating loss.

The temporary closure of some stores following the November terrorist attacks in Paris adversely impacted our France-based brands. Comptoir des Cottonniers reported a slight decline in profit and Princesse tam.tam reported similar operating losses to the previous year.

Group: Balance Sheet (end Nov. 2015)

Billions of Yen

	End Nov. 2014	End Aug. 2015	End Nov. 2015	Change
Total Assets	1,281.0	1,163.7	1,264.5	-16.4
Current Assets	980.6	874.3	968.9	-11.7
Non-Current Assets	300.4	289.3	295.6	-4.7
Total Liabilities	496.7	388.9	459.6	-37.0
Total Equity	784.3	774.8	804.9	+20.5

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

Compared to the end of November 2014, total assets decreased by ¥16.4 billion to ¥1.2645 trillion. This includes a decline of ¥11.7 billion in current assets and a decrease of ¥4.7 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 Nov. 2014

Current assets -¥11.7bln (¥980.6bln ⇒ ¥968.9bln)

• Cash and cash equivalents: +¥15.9bln (¥371.5bln ⇒ ¥387.5bln)

Increase cash flow from all operations

• Inventories +¥28.0bln (¥244.8bln ⇒ ¥272.9bln)

UNIQLO Japan -¥0.8bln Total store numbers decreased by 18 y/y

UNIQLO Intl. +¥23.7bln Total store numbers increased by 169 y/y

Global Brands +¥5.2bln Expansion of GU and Theory operations

• Derivative financial assets -¥64.2bln (¥212.5bln ⇒ ¥148.3bln)

Derivative financial assets decreased by ¥64.2bln after the gap between the end-November yen exchange rate and the average rate of forward currency contracts at UNIQLO Japan and other operations shrank.

Hedge accounting so no impact on PL

Non-current assets -¥4.7bln (¥300.4bln ⇒ ¥295.6bln)

• Intangible assets -¥10.4bln (¥78.7bln ⇒ ¥68.3bln)

Global Brands Impairment losses on systems and J Brand at end of FY2015

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Let's look first at the ¥11.7 billion decrease in current assets at the end of November 2015.

Cash and cash equivalents increased by ¥15.9 billion year on year to ¥387.5 billion at the end of November 2015, due to an increase in operating cash flow at our UNIQLO and other business operations.

Looking next at inventories, total inventory increased by ¥28.0 billion to ¥272.9 billion.

Inventory at UNIQLO Japan decreased by ¥0.8 billion as the total store network at the end of November 2015 declined by 18 stores year on year. Inventory at UNIQLO International expanded by ¥23.7 billion, mainly due to the expansion of UNIQLO's international network by 169 stores compared to the previous year. Finally, inventory levels increased by ¥5.2 billion at our Global Brands segment as we continued to expand our GU and Theory operations.

UNIQLO Japan and some of our other operations take out forward exchange contracts as part of its long-term strategy to hedge against future movements in foreign exchange rates. Total derivative financial assets decreased by ¥64.2 billion to ¥148.3 billion at the end of November 2015 after the gap between the end-November yen exchange rate and the average rate of forward currency contracts shrank. Please note, however, that this item is considered under hedge accounting and does not impact our profit and loss position.

Non-current assets decreased by ¥4.7 billion year on year, after the reporting of impairment losses at the end of fiscal 2015 in relation to systems and a poor performance from J Brand shaved ¥10.4 billion off the end-November total for intangible assets.

Group: 1Q Cash Flow

Billions of Yen

	Yr to Aug. 2015 1Q	Yr to Aug. 2016 1Q	Comment
Net cash from operating activities	+71.8	+58.5	
Profit before income taxes	+106.7	+77.6	Profit contribution from UNIQLO and other operations
Depreciation and amortization	+8.4	+9.2	
Working capital	-20.7	-10.8	
Payment/refund of income taxes	-29.8	-34	
Net cash used in investing activities	-19.2	-7.1	
Decrease/(increase) in bank deposits with maturity over 3 months	0.8	+6.0	Decrease in bank deposits with maturity over 3 months
Purchases of property, plant and equipment	-15.2	-11.1	Expansion of store network, opening of new global flagship stores
Purchases of intangible assets	-2.2	-2.3	Systems investment, etc
Net cash used in financing activities	-17.1	-21.4	
Cash dividends paid	-15.2	-17.8	FY2015 year-end dividend payment of ¥175 per share
Effect of exchange rate changes on cash and cash equivalents	-22	2.4	
Increase in cash & equivalents	57.4	32.3	
Cash & equivalents at beginning of period	314.0	355.2	
Cash & equivalents at end of period	371.5	387.5	

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Next, I will explain our cash flow position for the first quarter of fiscal 2016.

We enjoyed a net cash inflow of ¥58.5 billion from operating activities. Within that total, we reported a ¥77.6 billion profit contribution from UNIQLO and other Group operations, and a working capital outflow of ¥10.8 billion.

Net cash used in investing activities totalled ¥7.1 billion in the first quarter. That figure includes ¥11.1 billion spent on property, plant and equipment, and ¥2.3 billion spent on acquiring intangible assets such as systems investment.

Capital expenditure for the Fast Retailing Group totalled ¥15.1 billion. Of that total, ¥1.6 billion was invested in UNIQLO Japan, ¥8.6 billion was invested in UNIQLO International, ¥1.9 billion was invested in Global Brands and ¥2.8 billion was spent on systems investment, etc.

Net cash used in financing activities totalled ¥21.4 billion. Cash dividend payments accounted for ¥17.8 billion of that total.

As a result, the balance of cash and cash equivalents stood at ¥387.5 billion at the end of November 2015.

World-class product development

- Strengthen global R&D centers' information grasp, product development.
- Product development driven by marketing and merchandising.
- Compile product lineups to better withstand unseasonal weather.
- Improve accuracy of SKU product planning.

Rebuild optimum global production network

- Reduce lead time from design to retail.
- Establish a flexible system for raising or cutting production mid-season.
- Use the 3rd stage partnership with Toray Industries to develop value-added products made from highly functional materials.

Maintain high GU growth

- Open multiple GU stores in Japan, develop brand in global markets.



I would now like to outline our broad future corporate strategy.

First, I would like to talk about strategies to improve our capacity to develop world-class products. We are working to strengthen our R&D centers capabilities to collect global information, and to reflect that information effectively in product development. It involves ensuring product development is driven by both marketing and merchandising sections together. We also need to compile product lineups that are less sensitive to unseasonal weather, and to improve the accuracy of stock-keeping unit (SKU) product planning.

Another area we are focusing on is building an optimum global production and distribution network. This involves radically reducing lead times from design through to retail, and establishing a flexible production system that can readily accommodate mid-season increases or decreases in production. It also involves ensuring we use the recently signed third five-year plan with strategic partner Toray Industries effectively to develop more value-added products made from highly functional materials.

As for our GU brand, we will seek to ensure future strong growth by aggressively opening multiple new stores in Japan, and developing the brand in other global markets.

Promote industry-changing digital innovation

- Developing new systems under our ongoing “Ariake Project” to create an entirely new shopping experience by linking our real and virtual store networks.
- Creating a digital system that enables us, through UNIQLO membership, to connect directly with customers, provide value-added information and increase shopping convenience.
- Boosting e-commerce share of total sales from 5% to over 30%.
- Preparing to launch the same framework overseas simultaneously

Digitization to change work patterns

- From a fixed to a flat network organization
- Simultaneously revolutionize global operations. Link design, production, marketing, distribution and retail in each individual region via digital networks.



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We are committed to using digital innovation to promote radical industrial change. We are developing new systems under our ongoing “Ariake Project” to create an entirely new shopping experience by linking our real and virtual store networks.

For instance, by encouraging more customers to become UNIQLO members, we will be able to use digital channels to contact customers directly, provide them with appropriate, value-added information, and make shopping even more convenient. Once established, we believe such systems will help both our physical stores and our e-commerce operation attract more customers.

We are also preparing to make our products more attractive by offering a bigger range of sizes and exclusive flagship store items when our digital flagship store comes on line later this year. We intend to use these new developments to help expand our e-commerce business from the current 5% of total sales to over 30%. We also have begun preparing to launch the same framework overseas simultaneously.

Digital innovation will also enable us to change the way that our employees work. We plan to transform our working environment from a fixed organization to a flat network organization. That will enable us to simultaneously revolutionize our global operations by linking design, production, marketing, distribution and retail activity in each individual region via digital networks.

We believe this will help radically increase the speed and quality of our product and service delivery, and boost operational efficiency.

Group: FY2016 Estimates

Revised down

Revenue: ¥ 1.800trln (+7.0% y/y)

Operating profit: ¥180.0bln (+9.4% y/y)

- 1Q performance fell short of plan at UNIQLO Japan and Intl.
- 2Q gross margin expected to slip at UNIQLO Japan and Intl.
- Even if 2H revenue and gross margins come in slightly lower than forecast, achieve initial OP target through large cost cuts
- Foreign exchange gains not included in forecasts

Billions of Yen

	Yr to Aug. 2015 Actual	Yr to Aug. 2016 Estimate (as of Oct. 8)		Yr to Aug. 2016 Estimate (as of Jan.7)	
			y/y		y/y
Revenue (to revenue)	1,681.7 100.0%	1,900.0 100.0%	+ 13.0%	1,800.0 100.0%	+ 7.0%
Operating profit (to revenue)	164.4 9.8%	200.0 10.5%	+ 21.6% + 0.7 p	180.0 10.0%	+ 9.4% + 0.2 p
Profit before income taxes (to revenue)	180.6 10.7%	200.0 10.5%	+ 10.7% - 0.2 p	180.0 10.0%	- 0.4% - 0.7 p
Profit attributable to owners of the parent (to revenue)	110.0 6.5%	115.0 6.1%	+ 4.5% - 0.4 p	110.0 6.1%	- 0.0% - 0.4 p

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I would now like to explain our consolidated business estimates for fiscal 2016, or the 12 months ending August 31, 2016.

We have revised down our initial estimates for consolidated revenue announced in October 2015 by ¥100.0 billion to ¥1.800 trillion, and operating profit by ¥20.0 billion to ¥180.0 billion.

Our latest estimates take into account the lower-than-expected performance in the first quarter from September to November 2015, and sales and gross margins will likely worsen across all UNIQLO operations in the second quarter from December 2015 through February 2016 as well.

As for our estimates for the second half of the business year from March through August 2016, we now expect sales and gross margins will ease slightly across UNIQLO operations. However, even if this does turn out to be the case, we will be looking to maintain the same gain in operating profit that we initially predicted by implementing broad and deep cost cuts.

In terms of business expenses, we intend to conduct a cost-benefit analysis review of our distribution operations, improve the efficiency of store backyard activities, reduce outsourcing and other costs at our headquarters, and optimize marketing spend.

Please note that we do not include changes in foreign exchange gains in our business forecasts, and that we are forecasting the same level of business profit as operating profit for fiscal 2016.



FY2016 Estimates by Group Operation

UNIQLO Japan: Slight fall in profit y/y

- 1H profit down, 2H profit up as initially expected
- Full-year revenue flat y/y, OP down slightly
- Full-year same-store sales flat. Boost 2H sales by introducing popular and less weather-sensitive items, ensuring flexible production changes

UNIQLO Intl: Revenue and profit gains

- 1H profit down, 2H profit up. Full year revenue and profit up

Global Brands: Revenue and profit gains

- Strong GU to generated 1H and full-year rise in revenue and profit

UNIQLO Intl. approx. store openings

Greater China	100
South Korea	20
Southeast Asia and Oceania	40
United States	7
Europe	10
Total	177

Global Brands approx. store openings

GU	50
Theory	25
CDC	5
Total	80

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Now, let's look at fiscal 2016 estimates for individual business segments.

We expect UNIQLO Japan will report a decline in profit in the first half from September 2015 through February 2016. However, we expect the operation will generate the gain in operating profit as originally forecasted for the second half from February through August 2016.

As a result, we estimate UNIQLO Japan will generate flat revenue and a slight fall in profit in fiscal 2016 as a whole.

We expect same-store sales at UNIQLO Japan will hold flat in fiscal 2016. Learning from the lessons of the first quarter, we intend to introduce products in the second half which can better withstand unseasonal weather fluctuations. We will also aim to introduce products that are more likely to sell well and capture consumer attention, and make sure we can increase or decrease production flexibly mid-season.

Moving onto UNIQLO International, we expect operating profit will contract in the first half, but will rise in the second half, as initially expected. As a result, we estimate both revenue and profit will increase year on year for the full business year.

We expect Global Brands will report rises in revenue and profit in both the first half and the full business year, supported by a strong performance from GU.

Finally, we have made no changes to our intended dividend payments for fiscal 2016.

In fiscal 2016, Fast Retailing has scheduled an annual dividend of ¥370 per share, split equally into interim and year-end dividends of ¥185 yen per share.

That ends this presentation on the Fast Retailing Group's performance in the first quarter of fiscal 2016, and estimates for the full business year through August 31, 2016.

The remaining three slides are provided for your reference. Thank you.



Reference

FY2015 Store Numbers by Group Company

[Units: Stores]	FY2015 Yr-end	FY2016 1Q Result (Sep. - Nov.)			
		Open	Close	Change	End Nov.
UNIQLO Operations	1,639	93	24	+69	1,708
UNIQLO Japan	841	23	20	3	844
Own stores	811	15	20	-5	806
Large-scale	208	4	9	▲5	203
Standard and others	603	11	11	0	603
Franchise stores	30	8	0	+8	38
UNIQLO International	798	70	4	+66	864
China	387	31	4	+27	414
Hong Kong	25	0	0	+0	25
Taiwan	55	3	0	+3	58
Korea	155	8	0	+8	163
Singapore	23	0	0	+0	23
Malaysia	25	6	0	+6	31
Thailand	23	6	0	+6	29
Philippines	23	4	0	+4	27
Indonesia	8	1	0	+1	9
Australia	6	1	0	+1	7
USA	42	6	0	+6	48
UK	9	0	0	0	9
France	8	1	0	+1	9
Russia	8	1	0	+1	9
Germany	1	1	0	1	2
Belgium	0	1	0	1	1
Global Brands	1,339	39	16	+23	1,362
GU	319	22	6	+16	335
Theory ※	504	9	3	+6	510
Comptoir des Cottonniers ※	368	5	3	+2	370
Princesse tam.tam ※	145	3	4	-1	144
J Brand	3	0	0	0	3
Total	2,978	132	40	92	3,070

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

FY2016 Store Plans by Group Operation

[Unit: Stores]	FY2015 Yr-end	FY2016 Estimate			Yr-end
		Open	Close	Change	
UNIQLO Operations	1,639	217	50	+167	1,806
UNIQLO Japan ※	841	40	35	+5	846
UNIQLO International	798	177	15	+162	960
Global Brands ※	1,339	80	50	+30	1,369
Total	2,978	297	100	+197	3,175

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. 2016 3 mths average to Aug. 2015	120.7	134.6	184.7	18.9	10.3
Yr to Aug. 2015 3 mths average to Aug. 2014	107.5	137.8	174.9	17.5	10.3
Yr to Aug. 2016 full year average to Aug. 2016 (Estimate)	120.5	132.5	185.0	19.0	10.6
Yr to Aug. 2015 full year average to Aug. 2015	117.3	137.1	183.1	18.9	10.7

Capex and Depreciation

Billions of Yen

	Capital spending	Depreciation
Yr to Aug. 2016 3 mths to Aug. 2014 (Actual)	15.1	9.2
Yr to Aug. 2015 3 mths to Aug. 2015 (Actual)	21.1	8.4
Yr to Aug. 2016 full year to Aug. 2016 (Estimate)	64.0	40.3
Yr to Aug. 2015 full year to Aug. 2015 (Actual)	62.4	37.7

Breakdown of capital expenditure

FY2015 1Q: UNIQLO Japan: ¥4.3bln, UNIQLO Intl.: ¥11.6, Global Brands: ¥2.7bln, Systems: ¥2.2bln

FY2016 1Q: UNIQLO Japan: ¥1.6bln, UNIQLO Intl.: ¥8.6, Global Brands: ¥1.9bln, Systems: ¥2.8bln

FY2016(E): UNIQLO Japan: ¥4.2bln, UNIQLO Intl.: ¥36.7bln, Global Brands: ¥11.8bln, Systems: ¥11.3bln