FAST RETAILING

October 13, 2016

Fast Retailing Results for Fiscal 2016 and Estimates for Fiscal 2017

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

I would like to talk to you today about our consolidated business performance for fiscal 2016, or the 12 months from September 2015 through August 2016. I will then move on to discussing our estimates for the full business year through August 2017.

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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: FY2016 - Year to August 31, 2016

Revenue up, profit down. Full-year business profit down -8.3% y/y, but rebounds in 2H

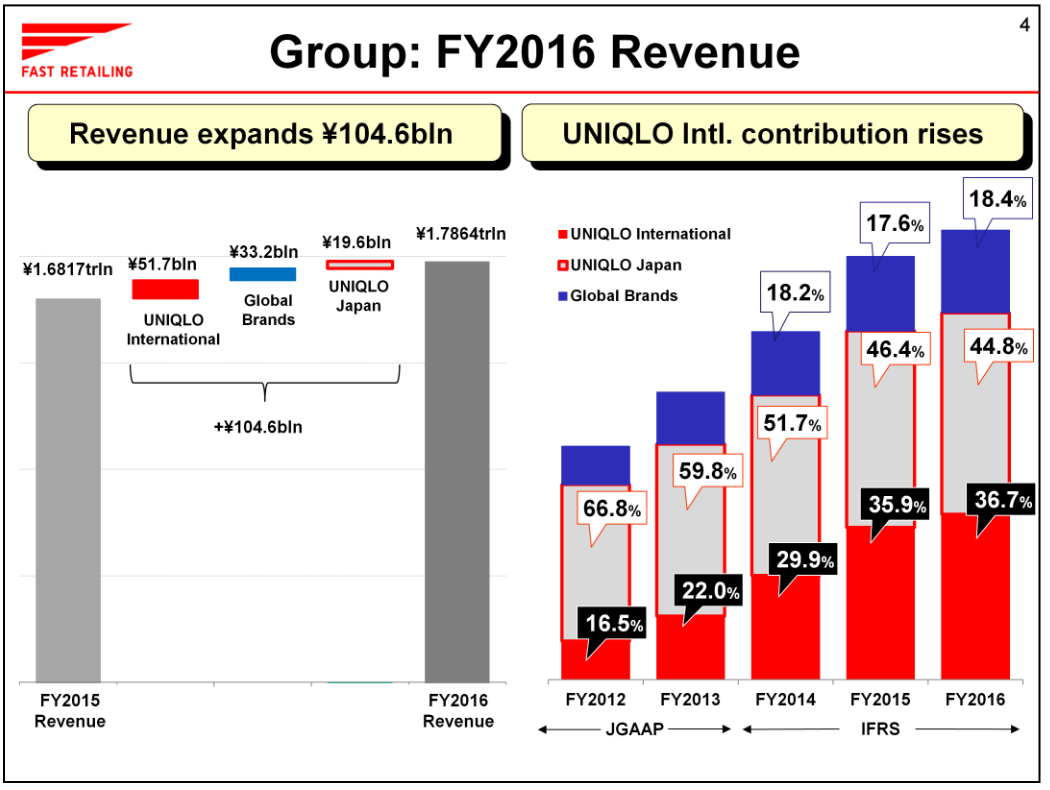
Billions of Yen

	Yr to Aug. 2015	Yr to Aug. 2016						
	Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y	Latest est. (Jul.14)
Revenue	1,681.7	**1,011.6**	+6.5%	**774.8**	+5.8%	**1,786.4**	+6.2%	**1,800.0**
(to revenue)	100.0%	100.0%		100.0%		100.0%		100.0%
Gross profit	848.5	**476.9**	-0.5%	**388.0**	+5.2%	**864.9**	+1.9%	-
(to revenue)	50.5%	47.1%	-3.4p	50.1%	-0.3p	48.4%	-2.1p	-
SG&A	671.8	**370.7**	+10.2%	**332.2**	-1.0%	**702.9**	+4.6%	-
(to revenue)	39.9%	36.6%	+1.2p	42.9%	-2.9p	39.3%	-0.6p	-
Business profit	176.6	**106.2**	-25.8%	**55.8**	+66.7%	**162.0**	-8.3%	**150.0**
(to revenue)	10.5%	10.5%	-4.6p	7.2%	+2.6p	9.1%	-1.4p	8.3%
Other income, expenses	-12.2	**-6.8**	-	**-27.8**	-	**-34.7**	-	-
(to revenue)	-	-	-	-	-	-	-	-
Operating profit	164.4	**99.3**	-33.8%	**27.9**	+94.3%	**127.2**	-22.6%	**120.0**
(to revenue)	9.8%	9.8%	-6.0p	3.6%	+1.6p	7.1%	-2.7p	6.7%
Finance income, costs	16.2	**-17.3**	-	**-19.7**	-	**-37.0**	-	**-37.0**
(to revenue)	1.0%	-	-	-	-	-	-	-
Profit before income taxes	180.6	**82.0**	-49.9%	**8.1**	-51.8%	**90.2**	-50.1%	**83.0**
(to revenue)	10.7%	8.1%	-9.1p	1.1%	-1.2p	5.1%	-5.6p	4.6%
Profit attributable to owners of the parent	110.0	**47.0**	-55.1%	**1.0**	-80.9%	**48.0**	-56.3%	**45.0**
(to revenue)	6.5%	4.7%	-6.3p	0.1%	-0.6p	2.7%	-3.8p	2.5%

The Fast Retailing Group reported a rise in revenue but a fall in profit in fiscal 2016. Revenue reached ¥1,786.4 trillion (up 6.2% year on year). Business profit, which is unaffected by impairment losses or foreign exchange losses, declined 8.3% year on year to ¥162.0 billion. However, operating profit contracted by 22.6% to ¥127.2 billion, and profit attributable to owners of the parent declined 56.3% to ¥48.0 billion.

Worthy of note, while consolidated profit did decline, business profit, operating profit and other profit measures attained our latest targets announced on July 14, 2016.

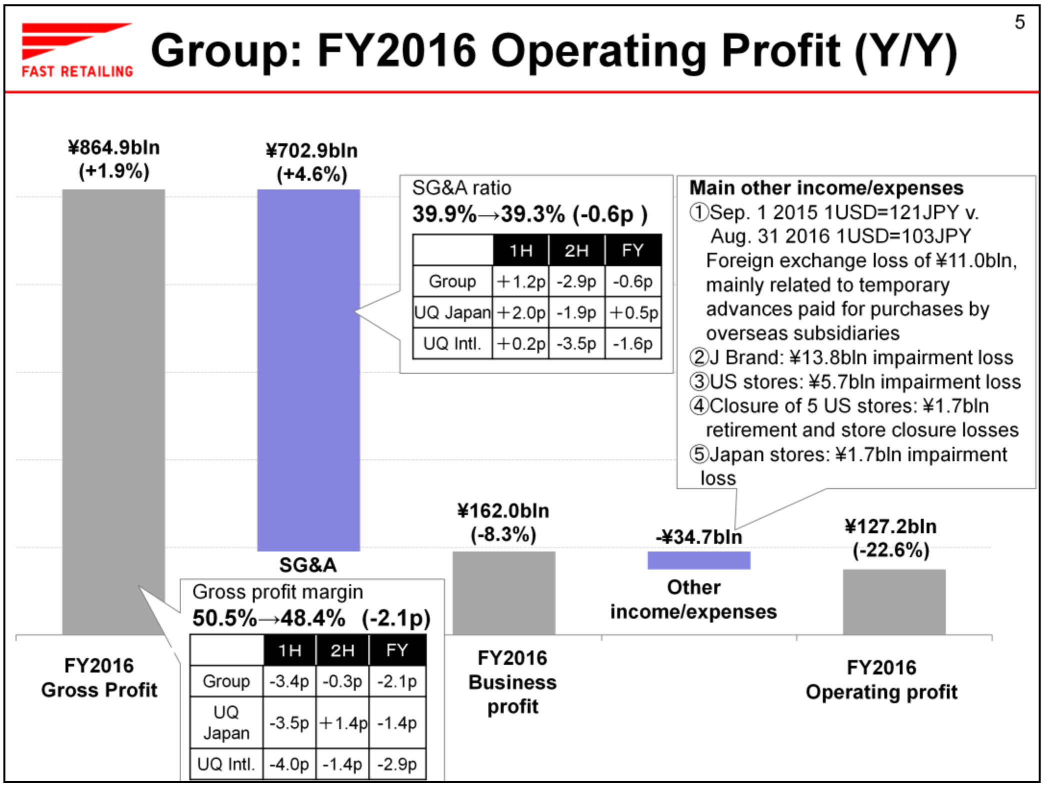
We also noted a steady pickup in performance from the second half of the fiscal year from March to August 2016, with revenue rising 5.8% year on year, business profit rebounding by an sharp 66.7%, and operating profit expanding by an impressive 94.3% year on year.



As we just mentioned, the Fast Retailing Group reported revenue of ¥1.7864 trillion in fiscal 2016.

That represents an increase of 6.2%, or ¥104.6 billion, compared to the previous year. This figure breaks down into revenue increases of ¥51.7 billion for UNIQLO International, ¥33.2 billion for Global Brands and ¥19.6 billion for UNIQLO Japan.

As a result, UNIQLO International's contribution to overall sales increased 0.8 point year on year to 36.7% in fiscal 2016.



Consolidated gross profit expanded 1.9% year on year to ¥864.9 billion in fiscal 2016. The gross profit margin contracted 2.1 points to 48.4%.

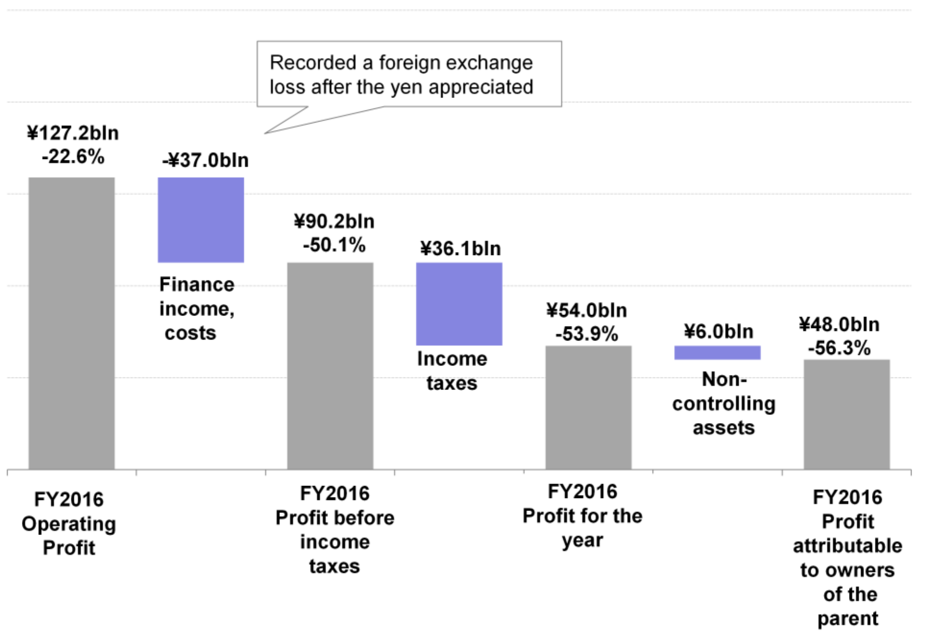
Selling, general and administration expenses rose 4.6% year on year to ¥702.9 billion. The SG&A to revenue ratio declined 0.6 point to 39.3%. Breaking down the SG&A ratios into half-year figures: The SG&A to revenue ratio rose 1.2 points year on year in the first half from September 2015 to February 2016, but improved considerably on the back of cost-cutting efforts in the second half from March to August 2016 to report a 2.9-point contraction.

Business profit (revenue minus Cost of Sales and SG&A expenses) declined by 8.3% year on year to ¥162.0 billion in fiscal 2016.

Other income/expenses stood at -¥34.7 billion. That total includes a foreign exchange loss of ¥11.0 billion, mainly related to temporary advances paid for purchases by overseas subsidiaries after the yen appreciated from 1USD= 121JPY at the beginning of September 2015 to 1USD = 103JPY at the end of August 2016, a ¥13.8 billion impairment loss on J Brand, and a ¥5.7bln impairment loss on stores in the United States.

As a result of the above factors, operating profit decreased by 22.6% to ¥127.2 billion in fiscal 2016.

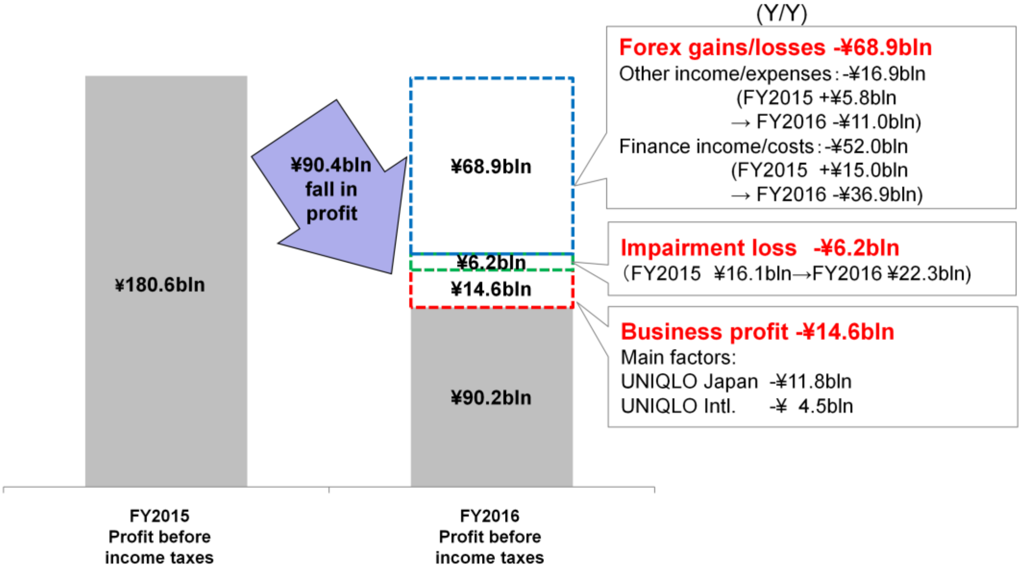
Group: FY2016 Profit Attributable to Owners of the Parent



Moving onto finance income/costs, we reported a net finance cost of ¥37.0 billion in fiscal 2016, after the appreciation in the Japanese yen reduced the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes decreased by 50.1% to ¥90.2 billion, and profit attributable to the owners of the parent decreased by 56.3% to ¥48.0 billion.

Group: Reasons for FY2016 Profit Fall



Profit before income taxes declined by a significant ¥90.4 billion year on year in fiscal 2016. That contraction includes a net reduction in forex gains/losses of ¥68.9 billion, a ¥6.2 billion impairment loss, and a ¥14.6 billion decline in business profit.

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FY2016 Breakdown by Group Operation

Billions of Yen

		Yr to Aug. 2015	Yr to Aug. 2016					
		Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
UNIQLO Japan	Revenue	780.1	453.6	-0.2%	346.1	+6.3%	799.8	+2.5%
	Business profit	115.6	63.6	-28.2%	40.2	+48.8%	103.8	-10.2%
	(to revenue)	14.8%	14.0%	-5.5p	11.6%	+3.3p	13.0%	-1.8p
	Other income, expenses	1.5	0.5	-39.3%	-1.9	-	-1.4	-
	Operating profit	117.2	64.1	-28.3%	38.3	+38.0%	102.4	-12.6%
	(to revenue)	15.0%	14.1%	-5.6p	11.1%	+2.6p	12.8%	-2.2p
UNIQLO International	Revenue	603.6	389.2	+12.7%	266.1	+3.1%	655.4	+8.6%
	Business profit	50.7	32.5	-24.7%	13.6	+80.6%	46.1	-9.0%
	(to revenue)	8.4%	8.4%	-4.1p	5.1%	+2.2p	7.0%	-1.4p
	Other income, expenses	-7.3	-3.1	-	-5.6	-	-8.7	-
	Operating profit	43.3	29.4	-31.4%	8.0	+15x	37.4	-13.7%
	(to revenue)	7.2%	7.6%	-4.8p	3.0%	+2.8p	5.7%	-1.5p
Global Brands	Revenue	295.3	167.3	+12.9%	161.2	+9.6%	328.5	+11.3%
	Business profit	20.9	14.2	+15.3%	9.8	+15.2%	24.1	+15.2%
	(to revenue)	7.1%	8.5%	+0.2p	6.1%	+0.3p	7.3%	+0.2p
	Other income, expenses	-6.5	0.0	-	-14.6	-	-14.6	-
	Operating profit	14.4	14.3	+21.9%	-4.7	-	9.5	-34.0%
	(to revenue)	4.9%	8.6%	+0.7p	–	-	2.9%	-2.0p

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

Slide 8 displays the breakdown of fiscal 2016 performance by Group operation. All three business segments reported rises in revenue, but falls in operating profit.

While UNIQLO Japan and UNIQLO International reported a fall in profit in the first half of fiscal 2016, both operations reported a profit rebound in profit in the second half.

Global Brands profit rose in the first half, but the reporting a ¥13.8 billion impairment loss for J Brand in the second half drove profit lower for the full fiscal year as a whole.

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UNIQLO Japan: FY2016

Full-year OP down, but strong 2H rebound outstrips expectations

Billions of Yen

	Yr to Aug. 2015	Yr to Aug. 2016					
	Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
Revenue	780.1	453.6	-0.2%	346.1	+6.3%	799.8	+2.5%
(to revenue)	100.0%	100.0%		100.0%		100.0%	
Gross profit	383.3	208.8	-7.2%	173.0	+9.3%	381.8	-0.4%
(to revenue)	49.1%	46.0%	-3.5p	50.0%	+1.4p	47.7%	-1.4p
SG&A	267.7	145.2	+6.4%	132.7	+1.2%	278.0	+3.8%
(to revenue)	34.3%	32.0%	+2.0p	38.4%	-1.9p	34.8%	+0.5p
Business profit	115.6	63.6	-28.2%	40.2	+48.8%	103.8	-10.2%
(to revenue)	14.8%	14.0%	-5.5p	11.6%	+3.3p	13.0%	-1.8p
Other income, expenses	1.5	0.5	-39.3%	-1.9	-	-1.4	-
(to revenue)	0.2%	0.1%	-0.1p	-	-	-	-
Operating profit	117.2	64.1	-28.3%	38.3	+38.0%	102.4	-12.6%
(to revenue)	15.0%	14.1%	-5.6p	11.1%	+2.6p	12.8%	-2.2p

All UNIQLO Japan data (except revenue) include inter-Group transactions.

I will use Slide 9 onwards to look in more detail at individual segment performance in the twelve months to August 2016.

Taking UNIQLO Japan first, UNIQLO Japan reported a 2.5% year-on-year rise in revenue to ¥799.8 billion, but a 12.6% fall in operating profit to ¥102.4 billion.

The large profit decline in the first half translated into a lower year-on-year profit figure for the full year. However, profitability improved sharply in the second half, with improvements in gross profit margin and SG&A ratios helping fuel a much higher-than-expected 38.0% rise in second-half operating profit.

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UNIQLO Japan: FY2016 Revenue

Revenue: ¥799.8bln (+2.5% y/y)

- Same-store sales: +0.9% y/y (Customer visits -4.6%, customer spend +5.8%)
- E-commerce sales strong at ¥42.1bln (+30.1% y/y), 5.3% of total revenue

- Sales of winter items suffered in the 1H from the warm winter and our failure to adequately convey fresh product news. 1H same-store sales declined 1.9% y/y
- Strong 2H sales of trendy new products such as jogger pants, skants, pleated skirts and women's blouses, and sports campaign garments made from AIRism and DRY highly functional materials. 2H same-store sales expanded 4.9% y/y
- Customer visits starting to recover with a narrower y/y decline in the 2H of 2.6%.
- Average customer spend up on reduced discounting and strong sales of comparatively expensive bottoms
- "Digital flagship store" taking shape with expanded fall product range

Same-store sales	Yr to Aug. 2016							
	1H	3Q	Jun	July	Aug	2H	Full year	Sep
Net sales	-1.9%	+2.8%	+4.5%	+18.1%	-1.0%	+4.9%	+0.9%	-3.4%
Customer visits	-6.3%	-6.1%	-3.6%	+8.1%	-1.6%	-2.6%	-4.6%	+2.1%
Customer spend	+4.7%	+9.4%	+8.5%	+9.2%	+0.6%	+7.7%	+5.8%	-5.4%

UNIQLO directly run stores at end August 2016: 798 (-13 y/y), franchise stores: 39 (+9)

Revenue at UNIQLO Japan increased 2.5% year on year in fiscal 2016, thanks largely to a 0.9% rise in same-store sales, and a robust 30.1% expansion in online sales to ¥42.1 billion. E-commerce accounted for 5.3% of total revenue for the year.

Sales of winter items suffered in the first half from September 2016 through February 2016 from the warm weather. We were also not fully successful at conveying the attractiveness of new products to customers, or updating customers on any exciting new developments. As a result, first-half same-store sales declined 1.9% year on year.

However, the picture started to improve dramatically in the second half from March to August 2016. Strong sales of trendy new products such as jogger pants, skants, pleated skirts and women's blouses, along with strong sales of sports campaign items made with superior AIRism and DRY high-function materials, resulted in a healthy 4.9% rise in same-store sales in the second half.

Breaking down the full-year same-store sales figure, customer visits declined by 4.6% year on year, while customer spend increased by 5.8%. Despite the full-year decline in customer visits, we did note nascent signs of a pick up in the overall trend, with customer visits shrinking by a much smaller margin of 2.6% year on year in the second half compared to a 6.3% decline in the first half. Meanwhile, customer spend rose on reduced discounting and strong sales of comparatively expensive bottoms.

In other developments, our "digital flagship store" is starting to take shape, with the launch of an expanded online product range from this fall, including some exclusive online items and a broader range of sizes for online customers.

We plan to steadily improve our online applications and online services over the coming months. While ensuring minimum disruption to current services, we are in the process of developing an exciting range of next-day delivery and other delivery-related options. These improvements to our online services should enable us to launch a fully equipped online store in spring 2017, giving customers the opportunity to enjoy a genuine "digital flagship store" experience.

UNIQLO Japan: FY2016 Gross Margin

FY2016 gross profit margin: 47.7% (-1.4p y/y)

New affordable prices and easily recognizable set-price strategy help reduce discount rate

- Recorded 3.5 point 1H drop, but unexpectedly strong 1.4 point 2H gain
- The successful introduction of new affordable prices and an easily recognizable set-price strategy helped reduce limited discount rates in 3Q and 4Q, while the brisk rundown of stock enabled us to control overall discounting

	Yr to Aug. 2015	Yr to Aug. 2016	
			y/y
Full year	49.1%	**47.7%**	-1.4p
1H	49.5%	**46.0%**	-3.5p
2H	48.6%	**50.0%**	＋1.4p

Moving on to UNIQLO Japan gross profit margin, the gross profit margin declined by 1.4 points year on year to 47.7% in fiscal 2016 .

The gross profit margin declined 3.5 points year on year in the first half to 46.0%, but then improved by a higher-than-expected 1.4 points to 50.0% in the second half.

We believe this unforeseen improvement in second-half gross profit margin was due to the successful introduction of new affordable prices and our easily recognizable set-price strategy. This helped reduce limited-period and limited-product discount rates in the third quarter and the fourth quarter. In addition, the brisk rundown of available stock meant we were also able to control overall discounting.

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UNIQLO Japan: FY2016 SG&A

FY2016 SG&A to revenue ratio: 34.8% (+0.5p y/y)
Faster-than-expected cost-cutting in 2H (-1.9p y/y)

- Other expenses +0.5p (including distribution +0.8p), personnel +0.2p
- Cost-cutting faster than expected in 2H on concerted low-cost operation
- 2H business costs -1.9% (advertising ratio -0.9p, personnel ratio -0.6p)
- 2H other expenses ratio +0.0p, with 1.0p rise in 2H distribution cost ratio on temporary rent payments and distribution improvements at the Ariake warehouse offset by lower HQ outsourcing, supplies and utility costs

Billions of Yen

	Yr to Aug. 2015		Yr to Aug. 2016			FY2016 1H		FY2016 2H	
	Actual	(% sales)	Actual	(% sales)	y/y	% sales	y/y	% sales	y/y
SG&A Total	267.7	34.3%	278.0	34.8%	+0.5p	32.0%	+2.0p	38.4%	-1.9p
Personal	84.0	10.8%	87.6	11.0%	+0.2p	9.7%	+0.7p	12.6%	-0.6p
A&P	35.9	4.6%	35.7	4.5%	-0.1p	4.3%	+0.4p	4.7%	-0.9p
Store rents	53.9	6.9%	54.4	6.8%	-0.1p	6.2%	-0.1p	7.6%	-0.2p
Depreciation	7.4	1.0%	7.1	0.9%	-0.1p	0.8%	+0.0p	1.0%	-0.2p
Other	86.3	11.1%	92.9	11.6%	+0.5p	10.9%	+0.9p	12.5%	+0.0p

UNIQLO Japan's SG&A to revenue ratio increased 0.5 point year on year to 34.8% in fiscal 2016.

A 0.8 point rise in the distribution cost ratio contributed to the 0.5 point rise in the other expenses ratio. The personnel cost ratio also rose 0.2 point year on year following an increase in the number of local-store employees in the first half.

In response to the bloated SG&A recorded in the first half, we instigated concerted cost-cutting efforts across the company in the second half. This helped us achieve a low-cost operation and, in sharp contrast, the second-half SG&A ratios improved by 1.9 points year on year. To list a couple of concrete components: the advertising cost ratio contracted 0.9 point and the personnel cost ratio contracted 0.6 point year on year in the second half.

Meanwhile, the second-half other expenses ratio held flat year on year. A spike in costs relating to rental payments and distribution improvements at our new next-generation Ariake warehouse resulted in a 1.0 point rise in the second-half distribution ratio, but that rise was offset by sharp reductions in head office outsourcing activities, and expenditure on supplies and public utilities.

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UNIQLO International: FY2016

FY2016 revenue up, profit down. 2H profit surges

- 2H recovery and sharp rise in profit slightly higher than expected
- Greater China, Southeast Asia & Oceania, and Europe reported strong profit gains in 2H
- Greater China FY2016 profit down. 2H sharp rebound exceeded plan
- UNIQLO USA 2H business profit improved sharply, but operating loss expanded year on year following the reporting of store impairment losses, and retirement and store-closure losses
- Full-year revenue +8.6% y/y, drag from stronger yen approx. 7%
- Store network (End Aug. 2016): 958 stores (+160 y/y)

Billions of Yen

		Yr to Aug. 2015 Actual	Yr to Aug. 2016 1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
UNIQLO International	Revenue	603.6	389.2	+12.7%	266.1	+3.1%	655.4	+8.6%
	Business profit	50.7	32.5	-24.7%	13.6	+80.6%	46.1	-9.0%
	(to revenue)	8.4%	8.4%	-4.1p	5.1%	+2.2p	7.0%	-1.4p
	Other income, expenses	-7.3	-3.1	-	-5.6	-	-8.7	-
	Operating profit	43.3	29.4	-31.4%	8.0	+15x	37.4	-13.7%
	(to revenue)	7.2%	7.6%	-4.8p	3.0%	+2.8p	5.7%	-1.5p

Lets now move on to talk about performance at UNIQLO International in fiscal 2016.

UNIQLO International generated a rise in revenue but a fall in profit for the full business year, with revenue increasing by 8.6% year on year to ¥655.4 billion and operating profit contracting by 13.7% to ¥37.4 billion.

Having said that, UNIQLO International performance improved markedly in the second half. The sharp year-on-year increase in second-half profit was slightly higher than forecast, fuelled largely by improved profitability at UNIQLO Greater China, UNIQLO Southeast Asia & Oceania and UNIQLO Europe.

Looking in more depth at individual UNIQLO International operations, UNIQLO Greater China reported a fall in profit for the full fiscal year, but the operation outstripped expectations in the second half to report a sharp recovery in profits.

UNIQLO USA reporting a significant improvement in business profit in the second half. But the US operation still reported an expansion in operating losses for the full year after recording impairment losses on stores, and losses on asset retirement and store closures.

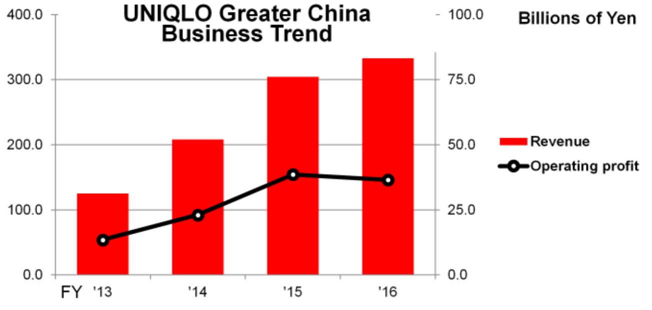
The main factor underlying the comparatively subdued 8.6% rise in UNIQLO International revenue in fiscal 2016 was the stronger yen, which dragged overall performance down by approximately 7%.

In terms of new store activities, we opened a net 160 stores in fiscal 2016, boosting the total UNIQLO International network to 958 stores at the end of August 2016.

UNIQLO Intl.: FY2016 Regional Trends (1)

・Greater China: Sharp 2H profit rebound exceeded target
FY2016 revenue: ¥332.8bln (+9.3%), OP ¥36.5bln (-5.5%)

- **1H profit down on warm winter, sharp 2H profit rebound outstrips expectations**
- **Chinese economic slowdown affected UNIQLO Greater China sales, but that affect tempered in mainland China by rising middle-income population and increased popularity of UNIQLO brand. 2H profit of mainland China rebounded sharply on rising same-store sales from 2Q and effective cost-cutting drive**
- **Hong Kong, Taiwan OP falls through 3Q, rises slightly in 4Q on cost-cutting**



Let's look in more detail at UNIQLO International regional operations.

UNIQLO Greater China, encompassing the region spanning mainland China, Hong Kong and Taiwan, reported a rise in revenue but a fall in profit for fiscal 2016. Revenue for the region expanded by 9.3% year on year to ¥332.8 billion, while operating profit declined 5.5% to ¥36.5 billion. Breaking that profit figure down, UNIQLO Greater China profit contracted in the first half due to warm winter weather. However, the operation outstripped forecasts to report a strong rebound in profit in the second half.

While the slowdown in the Chinese economy adversely affected UNIQLO Greater China's overall revenue, that affect was tempered in mainland China by both the continued rise in middle-income population and the growing solid popularity of the UNIQLO brand. Mainland China reported a sharp rise in profit in the second half that outstripped expectations, thanks to consistent year-on-year rises in same-store sales from the second quarter and an effective cost-cutting drive.

Elsewhere in the region, operating profit in Hong Kong and Taiwan contracted through the third quarter, but turned up slightly in the fourth quarter thanks to cost cutting efforts.

In terms of new store activity, we opened 100 new stores and closed 7 store in Greater China in fiscal 2016, bringing the total number of stores in that region to 560 at the end of August 2016.

UNIQLO Intl.: FY2016 Regional Trends (2)

- **South Korea: Sales and profit fall, below plan**
  Fell short of target on economic slowdown and increasingly fierce competition.
  Profit recovered slightly in 4Q on 2H cost-cutting drive
- **SE Asia & Oceania: Revenue and profit gains to plan**
  2H Sales strong in all markets, profit rises sharply on cost-cutting efforts.
  SE Asia: Increased popularity of UNIQLO brand across all markets fuels sharp profit gain
  Australia: Rapid store expansion results in an operating loss similar to previous year
  Global flagship UNIQLO Orchard Central Store opens in Singapore in September 2016
- **USA: Business profit improves but operating loss expands on impairment losses and store-closure losses**
  Operating loss expands y/y on reporting a ¥7.4bln loss (¥5.7bln impairment loss on stores, ¥1.7bln in retirement and losses relating to the closing of 5 stores).
  1H business loss expands as gross margin squeezed by lackluster sales during the warm winter and the subsequent need to offload inventory.
  Business profit rebounds sharply in 2H, as expected, as gross margin and SG&A ratios improve
- **Europe: Revenue and profit gains largely to plan**
  Strong profit contributions from Russia, UK and France
  UNIQLO presence gradually increasing across Europe with the opening of UNIQLO's first stores in Belgium in October 2015, and the newly refurbished 311 Oxford Street global flagship store in London in March 2016

Moving on, UNIQLO South Korea reported a fall in both sales and profit in fiscal 2016. Sluggish economic conditions and increasingly fierce competition has resulted in persistent lower-than-expected performances from South Korea. However, the operation did report a slight increase in profit in the fourth quarter thanks to cost cutting efforts. UNIQLO South Korea's store network stood at 173 stores at the end of August 2016.

UNIQLO Southeast Asia & Oceania, spanning Singapore, Malaysia, Thailand, the Philippines, Indonesia and Australia, reported rises in revenue and profit in fiscal 2016 that were roughly within expectations. However, profit rose sharply in the second half thanks to strong sales across all markets and broad cost-cutting efforts.
In Southeast Asia, the UNIQLO brand's rising popularity helped generate a large increase in profit, not only in the second half but for the full fiscal year as well. UNIQLO Australia continued its rapid store expansion, opening six new stores and bringing the total number of stores to 12 at the end of August 2016. As a result, the operation reported a small operating loss of similar magnitude to the previous year. The opening of the region's first global flagship store, the UNIQLO Orchard Central Store, in Singapore in September 2016 is already helping boost UNIQLO's local brand visibility. At the end of August 2016, the UNIQLO Southeast Asia & Oceania network had expanded to 144 stores.

In the United States, business profit started to improve in fiscal 2016. However, the operation reported an expanded operating loss following the recording of a ¥7.4bln loss; including a ¥5.7bln impairment loss on stores and a ¥1.7bln loss on asset retirement and store closures related to the closing of five stores. Splitting the UNIQLO USA result into first- and second-half performance, lackluster sales during the warm winter and a subsequent need to offload inventory squeezed the gross profit margin and resulted in an expanded business loss. However, business profit improved sharply in the second half as expected thanks to improvements in both the gross profit margin and SG&A ratios.

Finally, UNIQLO Europe generated gains in both revenue and profit in fiscal 2016 that were broadly in line with forecast. The operation enjoyed strong profit contributions from Russia, the UK and France. UNIQLO is developing a solid, growing presence across Europe, with the opening of the brand's first stores in Belgium in October 2015, and the much-awaited opening of the newly refurbished 311 Oxford Street global flagship store in London in March 2016. The UNIQLO Europe store network expanded by 8 stores to 36 stores by the end of August 2016.

FAST RETAILING

Global Brands: FY2016

Operating profit down, business profit up

- Business profit slightly below target
- GU: Reported expected strong gains in profit and revenue
  FY2016 revenue: ¥187.8bln (+32.7%), OP ¥22.2bln (+34.8%)
  Double-digit gain in 2H same-store sales on buoyant trendy items for women
- Theory: Sales steady y/y, OP up as expected
- Comptoir des Cotonniers: Slightly below plan, profit down, first full-year loss
- Princesse tam.tam: Persistent losses slightly below target
- J Brand: Persistent losses, plus ¥13.8bln impairment loss

Billions of Yen

		Yr to Aug. 2015	Yr to Aug. 2016					
		Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
Global Brand	Revenue	295.3	**167.3**	+12.9%	**161.2**	+9.6%	**328.5**	+11.3%
	Business profit	20.9	**14.2**	+15.3%	**9.8**	+15.2%	**24.1**	+15.2%
	(to revenue)	7.1%	8.5%	+0.2p	6.1%	+0.3p	7.3%	+0.2p
	Other income, expenses	-6.5	**0.0**	-	**-14.6**	-	**-14.6**	-
	Operating profit	14.4	**14.3**	+21.9%	**-4.7**	-	**9.5**	-34.0%
	(to revenue)	4.9%	8.6%	+0.7p	-	-	2.9%	-2.0p

Let's now turn to performance at the Global Brands segment, which reported a rise in revenue but a fall in profit in fiscal 2016. Revenue increased by 11.3% year on year to ¥328.5 billion, while operating profit contracted by 34.0% to ¥9.5 billion.

The reporting of impairment losses on J Brand resulted in a decline in Global Brands operating profit for the year. Conversely, the segment's business profit increased, albeit by a smaller margin than forecast.

Our low-priced GU casual fashion brand reported significant gains in both revenue and profit in fiscal 2016 as predicted, with revenue expanding by 32.7% year on year to ¥187.8bln and operating profit expanding by 34.8% to ¥22.2bln. GU recorded a double-digit gain in same-store sales in both the first and second half of the business year on the back of strong sales of trendy women's knitwear, long T-shirts, skants and wide pants. The number of GU stores increased to 350 stores by the end of August 2016, including 10 stores outside Japan, in Shanghai and Taiwan.

The Theory label reported steady year-on-year revenue and an increase in operating profit in fiscal 2016 that was in line with expectations.

Our France-based fashion label Comptoir des Cotonniers reported a slightly higher-than-expected decline in operating profit, resulting in a full-year loss for the brand.
Fiscal 2016 performance from our France-based lingerie, homewear and swimwear label Princesse tam.tam was slightly weaker than expected, with the brand reporting a persistent loss for the year.
Our US-based premium denim label J Brand generated another full-year loss in fiscal 2016, after reporting impairment losses of ¥13.8 billion.

Group: Balance Sheet at end August 2016

Billions of Yen

	End Aug. 2015	End Aug. 2016	Change
Total Assets	1,163.7	1,238.1	+74.4
Current Assets	874.3	924.5	+50.1
Non-Current Assets	289.3	313.5	+24.2
Total Liabilities	388.9	640.4	+251.5
Total Equity	774.8	597.6	−177.1

Next, I would like to take you through our balance sheet as it stood at the end of August 2016.

Compared to the end of August 2015, total assets increased by ¥74.4 billion to ¥1.2381 trillion. This includes an increase of ¥50.1 billion in current assets and an increase of ¥24.2 billion in non-current assets.

Liabilities increased by ¥251.5 billion to ¥640.4 billion as a result of our December 2015 corporate bond issue and an increase in derivative financial liabilities.

Total equity declined by ¥177.1 billion to ¥597.6 billion, mainly due to lower valuations on derivative financial assets.

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

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FAST RETAILING

Group: B/S Main Points v. end Aug. 2015

Current Assets +¥50.1bln (¥874.3bln⇒ ¥924.5bln)

- **Cash and cash equivalents +¥30.2bln (¥355.2bln⇒¥385.4bln)**
  Other current financial assets +¥161.6bln (¥22.5bln⇒¥184.2bln)
  Increased cash reserves after December 2015 bond issue, higher operating cash flow.
- **Inventories +¥10.0bln（¥260.0bln⇒ ¥270.0bln)**
  UNIQLO Japan +¥3.8bln UNIQLO International -¥1.3bln
  Global Brands +¥7.3bln (Expansion of GU operation)
- **Derivative financial assets -¥156.9bln (¥157.4bln⇒¥0.5bln)**
  Assets switched to liabilities as the average rate of our forward currency contracts weakened compared to the term-end exchange rate. Hedge accounting so no impact on P&L .

Non-current assets +¥24.2bln (¥289.3bln⇒¥313.5bln)

- **Deferred tax assets +¥33.3bln (¥11.1bln⇒¥44.4bln)**
- **Intangible assets -¥16.0bln (¥68.1bln⇒¥52.1bln)**
  Impairment losses at J Brand, etc.

Liabilities +¥251.5bln (¥388.9bln⇒¥640.4bln)

- **December 2015: ¥250.0bln corporate bond issue**
- **Derivative financial liabilities +¥72.2bln (¥0.1bln⇒¥72.3bln)**
- **Deferred tax liabilities -¥43.4bln (¥47.2bln⇒¥3.8bln)**

First, let’s explore the factors underlying the ¥50.1 billion increase in current assets at the end of August 2016.

Cash and cash equivalents increased by ¥30.2 billion year on year to ¥385.4 billion at the end of August 2016 compared to the end of August 2015. Other current financial assets, including highly liquid bank deposits with maturities over three months, also increased by ¥161.6 billion to ¥184.2 billion. This was due to an increase in cash reserves following the Company’s corporate bond issue in December 2015 as well as an increase in operating cash flow.

Looking next at inventories, total inventory increased by ¥10.0 billion to ¥270.0 billion. Inventory at UNIQLO Japan increased by ¥3.8 billion, but we still consider that to be a comfortable level. Inventory at UNIQLO International contracted by ¥1.3 billion, mainly due to foreign exchange effects, and inventory control in markets such as South Korea and Hong Kong. Finally, inventory levels increased by ¥7.3 billion at the Global Brands segment, with the expansion of our GU operation necessitating higher inventory.

Total derivative financial assets decreased by ¥156.9 billion to ¥0.5 billion at the end of August 2016 as the average rate of our forward currency contracts fell below the term-end exchange rate, transforming derivative financial assets into liabilities. UNIQLO Japan and some of our other operations take out forward exchange contracts as part of their long-term strategy to hedge against future movements in foreign exchange rates. However, this item is considered under hedge accounting and does not impact our profit and loss position.

Non-current assets increased by ¥24.2 billion year on year. This was due to a ¥33.3 billion increase in deferred tax assets, and also a ¥16.0 billion decline in intangible assets following the reporting of fiscal year-end impairment losses on J Brand, etc.

Liabilities increased by ¥251.5 billion at the end of August 2016. This figure includes the ¥250bln issuance of unsecured straight bonds in December 2015, a ¥72.2 billion increase in derivative financial liabilities, and a ¥43.4 billion reduction in deferred tax liabilities.

FAST RETAILING

Group: FY2016 Cash Flow

Billions of Yen

	Yr. to Aug 2015 Actual	Yr. to Aug 2016 Actual	Comments
Net cash from operating activities	+134.9	+98.7	
Profit before income taxes	+180.6	+90.2	Profit contribution from UNIQLO and other operations
Depreciation and amortization	+37.7	+36.7	
Impairment losses	+16.1	+22.3	FY2015: ¥16.1bln recorded on systems, J Brand and store losses FY2016: ¥22.3bln recorded on J Brand and store losses
Working capital	-33.3	-18.6	Increase in inventories and trade payables
Corporate tax payment/refund	-70.8	-70.5	
Net cash used in investing activities	-73.1	-245.9	
Decrease/(increase) in bank deposits with maturity over 3 months	-16.1	-186.5	Temporary increase in bank deposits with maturity over 3 months
Purchases of property, plant and equipment	-44.6	-34.1	Expansion of store network
Purchases of intangible assets	-6.5	-9.4	Systems investment, etc
Net cash used in financing activities	-41.7	+201.4	
Cash dividends paid	-33.1	-36.7	FY2015 year-end dividend payment of ¥175 per share FY2016 interim dividend payment of ¥185 per share
Proceeds from issurance of bonds	-	+249.3	Issurance of bonds in December 2015
Effect of exchange rate changes on cash and cash equivalents	+21.1	-24.0	
Increase in cash & equivalents	+41.1	+30.2	
Cash & equivalents period start	314.0	355.2	
Cash & equivalents period end	355.2	385.4	

Next, I will explain our cash flow position for fiscal 2016.

Cash flow from operating activities totalled ¥98.7 billion, thanks to a ¥90.2 billion profit contribution from UNIQLO Japan and other Group operations.

Cash flow from investing activities totalled ¥245.9 billion in the twelve months to August 2016. That figure includes a ¥186.5 billion increase in time deposits with maturity over three months, ¥34.1 billion spent on property, plant and equipment, and ¥9.4 billion spent on acquiring intangible assets such as systems investment. Time deposits increased by ¥186.5 billion after the Company decided to place a portion of the funds procured through its December 2015 corporate bond issue and a portion of its surplus funds into bank deposits with maturity over three months. The balance of time deposits did increase significantly compared to the previous year but, in practical terms, this ¥186.5 billion in financial assets is considered to be highly liquid.

Capital expenditure for the Fast Retailing Group totalled ¥52.3 billion in fiscal 2016. Of that total, ¥4.5 billion was invested in UNIQLO Japan, ¥26.8 billion was invested in UNIQLO International, ¥8.4 billion was invested in Global Brands and ¥12.6 billion was spent on systems investment, etc.

Cash flow from financing activities totalled ¥201.4 billion. This total includes ¥36.7 billion in cash dividend payments, and a net inflow of ¥249.3 billion from the 2015 corporate bond issue.

As a result, the balance of cash and cash equivalents stood at ¥385.4 billion at the end of August 2016. Add in other current financial assets worth 184.2 billion, and the amount of highly liquid financial assets totalled ¥569.6 billion at the end of August 2016.

FAST RETAILING

Group: FY2017 Estimates

Revenue : ¥1.8500 trillion (+3.6% y/y)
Business profit : ¥180.0 billion (+11.1%)
Operating profit : ¥175.0 billion (+37.5%)
Profit attributable to owners of the parent : ¥100.0 billion (+108.1%)

Billions of Yen

	Yr to Aug. 2016 Actual	Yr to Aug. 2017 Estimates	y/y
Revenue	1,786.4	1,850.0	+3.6%
(to revenue)	100.0%	100.0%	
Business profit	162.0	180.0	+11.1%
(to revenue)	9.1%	9.7%	+0.6p
Other income, expenses	-34.7	-5.0	-
Operating profit	127.2	175.0	+37.5%
(to revenue)	7.1%	9.5%	+2.4p
Finance income, costs	-37.0	0.0	-
Profit before income taxes	90.2	175.0	+93.9%
(to revenue)	5.1%	9.5%	+4.4p
Profit attributable to owners of the parent	48.0	100.0	+108.1%
(to revenue)	2.7%	5.4%	+2.7p

Next, I would like to explain our consolidated business estimates for fiscal 2017, or the 12 months ending August 31, 2017.

We estimate consolidated revenue will expand by 3.6% year on year to ¥1.8500 trillion and business profit will increase by 11.1% to ¥180.0 billion. We have incorporated a ¥5.0 billion cost under other income/costs to cover expected asset retirement and store-closure losses. As a result, our operating profit forecast for fiscal 2017 stands at ¥175.0 billion (+37.5%).

We recorded a ¥37.0 billion full-year foreign exchange loss under finance income/costs in fiscal 2016. Based on a term-opening exchange rate of 1USD=103JPY, at this stage, we do not expect to incur a foreign exchange loss in fiscal 2017. As a result, we expect full-year profit attributable to owners of the parent will double year on year to ¥100.0 billion.

FAST RETAILING

FY2017 Estimates by Group Operation

UNIQLO Japan: Rise in revenue and profit

- Combined same-store and e-commerce sales to rise approx. 2.0%. Store sales steady y/y E-commerce operation sales expected to increase by approx. 40%.
- Gross margin seen steady y/y, OP margin to improve slightly on lower costs

UNIQLO International: Small revenue gain, large profit gain

- Stronger yen exchange rates used in consolidated accounts expected to dampen performance by more than 10%
- Forex drag expected to dampen sales in Greater China, S. Korea slightly. OP up
- SE Asia & Oceania revenue profit up. Europe OP flat on new store opening cost
- Losses at North American operation expected to contract significantly
- Expect to report approx. ¥3.5bln in retirement and store-closure losses relating to store closures in the US and scrap and build elsewhere

Global Brands: Rise in revenue, large increase in profit

- Revenue and profit expected to rise. Plan to open 40 new GU stores
- Theory revenue and profit gain. Comptoir des Cotonniers back in the black
- Princesse tam.tam and J Brand performance to hold steady y/y

UNIQLO Intl. approx. store openings	
Greater China	100
South Korea	10
Southeast Asia and Oceania	30
United States	6
Europe	20
Total	166

UNIQLO Japan approx. store openings	
Total	30

Global Brands approx. store openings	
GU	40
Theory	20
Total	60

I will now concentrate on future business trends at each of our Group operations.

Looking first at UNIQLO Japan, we expect both revenue and profit will expand in fiscal 2017. We predict UNIQLO Japan's same-store sales + online sales will expand by approximately 2.0% year on year. Breaking that figure down, same-store sales are forecast to hold steady at the fiscal 2016 level, while online sales are expected to increase by approximately 40%.

We expect to maintain a steady gross profit margin year on year by continuing with the new affordable prices and easily recognizable set-price strategy introduced in the second half of fiscal 2016. Consistent cost-cutting efforts are expected to help improve SG&A ratios, resulting in a slight rise in UNIQLO Japan operating profit margin.

We forecast UNIQLO International revenue will increase slightly, and operating profit will expand sharply in fiscal 2017. However, the stronger yen exchange rates used in calculating our consolidated accounts are expected to shave at least 10% off total UNIQLO International revenue. Looking at individual UNIQLO International operations, we expect the same stronger yen effect will lead to a slight contraction in revenue at UNIQLO Greater China and UNIQLO South Korea, but operating profit is expected to expand at both operations. We forecast UNIQLO Southeast Asia & Oceania will generate gains in both revenue and profit in fiscal 2017. Operating profit will likely remain flat at UNIQLO Europe as we continue to expand store numbers. Operating losses are expected to shrink considerably at UNIQLO North America, which includes UNIQLO operations in the United States and Canada.

We incorporated approximately ¥3.5 billion in asset retirement and store-closure losses relating to plans to close some stores in the United States and continue with our "scrap and build" strategy in other markets to replace smaller, less efficient outlets with larger, more profitable stores.

We forecast revenue at Global Brands will rise, and operating profit will expand significantly in fiscal 2017. We expect the GU label to generate gains in both revenue and profit, and we plan to open approximately 40 new GU stores across the business year. We estimate our Theory fashion brand will post gains in revenue and profit, and Comptoir des Cotonniers will return to profitability after posting a loss in fiscal 2016. Among other Global Brands, we expect Princesse tam.tam and J Brand performance to hold steady year on year.

FAST RETAILING

FY2017 Dividend Estimates

•Expected FY2016 dividend: ¥350
•Scheduled FY2017 dividend:¥350

	Dividend per share		
	Mid-term	Yr-end	Annual
Year to Aug. 2015	175yen	175yen	350yen
Year to Aug. 2016 ※1	185yen	165yen	350yen
Year to Aug. 2017 ※2	175yen	175yen	350yen

※1 The final decision on the FY2016 year-end dividend will be taken at the Board meeting to be held on November 4, 2016.
※2 The year-end dividend total may be adjusted in the event of large fluctuations in business performance or access to funds.

Finally, I would like to talk about dividend payments.

Fast Retailing plans to pay an annual dividend of ¥350 per share in fiscal 2016, which includes a year-end dividend of ¥165 per share.

We intend to maintain the same level of shareholder return in fiscal 2017, scheduling an annual dividend of ¥350 per share, split equally into interim and year-end dividends of ¥175 yen per share.

That completes this presentation on the Fast Retailing Group’s performance in fiscal 2016, and estimates for the full business year through August 31, 2017.

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

FAST RETAILING

Reference

Store Numbers by Group Company

[Units: Stores]	FY2015	FY2016 Result (Sep. - Aug.)				FY2017 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End Aug	Open	Close	Change	End Aug
UNIQLO Operations	**1,639**	**212**	**56**	**+156**	**1,795**	**196**	**50**	**+146**	**1,941**
UNIQLO Japan	**841**	**36**	**40**	**-4**	**837**	**30**	**30**	**0**	**837**
Own stores	811	27	40	-13	798	-	-	-	-
Large-scale	208	7	10	-3	205	-	-	-	-
Standard and others	603	20	30	-10	593	-	-	-	-
Franchise stores	30	9	0	+9	39	-	-	-	-
UNIQLO International	**798**	**176**	**16**	**+160**	**958**	**166**	**20**	**+146**	**1,104**
China	387	92	7	+85	472	-	-	-	-
Hong Kong	25	0	0	0	25	-	-	-	-
Taiwan	55	8	0	+8	63	-	-	-	-
Korea	155	20	2	+18	173	-	-	-	-
Singapore	23	2	1	+1	24	-	-	-	-
Malaysia	25	10	0	+10	35	-	-	-	-
Thailand	23	9	0	+9	32	-	-	-	-
Philippines	23	9	0	+9	32	-	-	-	-
Indonesia	8	1	0	+1	9	-	-	-	-
Australia	6	6	0	+6	12	-	-	-	-
USA	42	8	5	+3	45	-	-	-	-
UK	9	1	0	+1	10	-	-	-	-
France	8	2	0	+2	10	-	-	-	-
Russia	8	4	1	+3	11	-	-	-	-
Germany	1	2	0	+2	3	-	-	-	-
Belgium	0	2	0	+2	2	-	-	-	-
Global Brands	**1,339**	**99**	**73**	**+26**	**1,365**	**60**	**30**	**+30**	**1,395**
GU	319	50	19	+31	350	-	-	-	-
Theory ※	504	39	13	+26	530	-	-	-	-
Comptoir des Cotonniers ※	368	7	27	-20	348	-	-	-	-
Princesse tam.tam ※	145	3	11	-8	137	-	-	-	-
J Brand	3	0	3	-3	0	-	-	-	-
Total	**2,978**	**311**	**129**	+182	**3,160**	**256**	**80**	+176	**3,336**

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

FAST RETAILING

Reference

Foreign Exchange Rates

Exchange rates used in consolidated accounts (12-month average)

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2015	Full-year 12-month average	117.3	137.1	183.1	18.9	10.7
FY2016	Full-year 12-month average	115.1	127.2	167.4	17.7	9.8
FY2017（E）	Full-year 12-month average	102.0	114.0	138.0	15.4	8.9

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2015	Term-end exchange rate	121.2	136.0	186.9	18.8	10.2
FY2016	Term-end exchange rate	103.2	114.9	134.9	15.4	9.2
FY2017（E）	Term-end exchange rate	103.2	114.9	134.9	15.4	9.2

FAST RETAILING

Reference

Capex, Depreciation

Capex and Depreciation

Billions of Yen

	Capital spending	Depreciation
FY2015 Full-year 12-month average	62.4	37.7
FY2016 Full-year 12-month average	52.3	36.7
FY2017（E） Full-year 12-month average	46.5	38.4

Breakdown of Capital Expenditure

Billions of Yen

	UNIQLO Japan	UNIQLO Intl.	Global Brands	Systems, etc
FY2015 Full-year 12-month average	8.6	37.7	8.9	7.1
FY2016 Full-year 12-month average	4.5	26.8	8.4	12.6
FY2017（E） Full-year 12-month average	2.6	19.8	9.6	14.5