FAST RETAILING

April 13, 2017

Fast Retailing First-half Results for September 2016 to February 2017, and Estimates for Fiscal 2017

Takeshi Okazaki

Fast Retailing Co., Ltd.
Group Executive Vice President & CFO

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 half of fiscal 2017, or the six months from September 2016 through February 2017, and our estimates for the full business year through August 2017.

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Contents

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: (1H) Sep. 2016 - Feb. 2017

Revenue and profit rise

Billions of Yen

	Yr to Aug. 2016 (6 mths to Feb. 2016) Actual	Yr to Aug. 2017 (6 mths to Feb. 2017) Actual	y/y
Revenue (to revenue)	1,011.6 100.0%	**1,017.5** **100.0%**	+0.6%
Gross profit (to revenue)	476.9 47.1%	**494.2** **48.6%**	+3.6% +1.5 p
SG&A (to revenue)	370.7 36.6%	**365.4** **35.9%**	-1.4% -0.7 p
Business profit (to revenue)	106.2 10.5%	**128.7** **12.7%**	+21.2% +2.2 p
Other income, expenses (to revenue)	-6.8 -	**1.9** **0.2%**	- -
Operating profit (to revenue)	99.3 9.8%	**130.6** **12.8%**	+31.5% +3.0 p
Finance income, costs (to revenue)	-17.3 -	**16.9** **1.7%**	- -
Profit before income taxes (to revenue)	82.0 8.1%	**147.6** **14.5%**	+79.9% +6.4 p
Profit attributable to owners of the parent (to revenue)	47.0 4.7%	**97.2** **9.6%**	+106.7% +4.9 p

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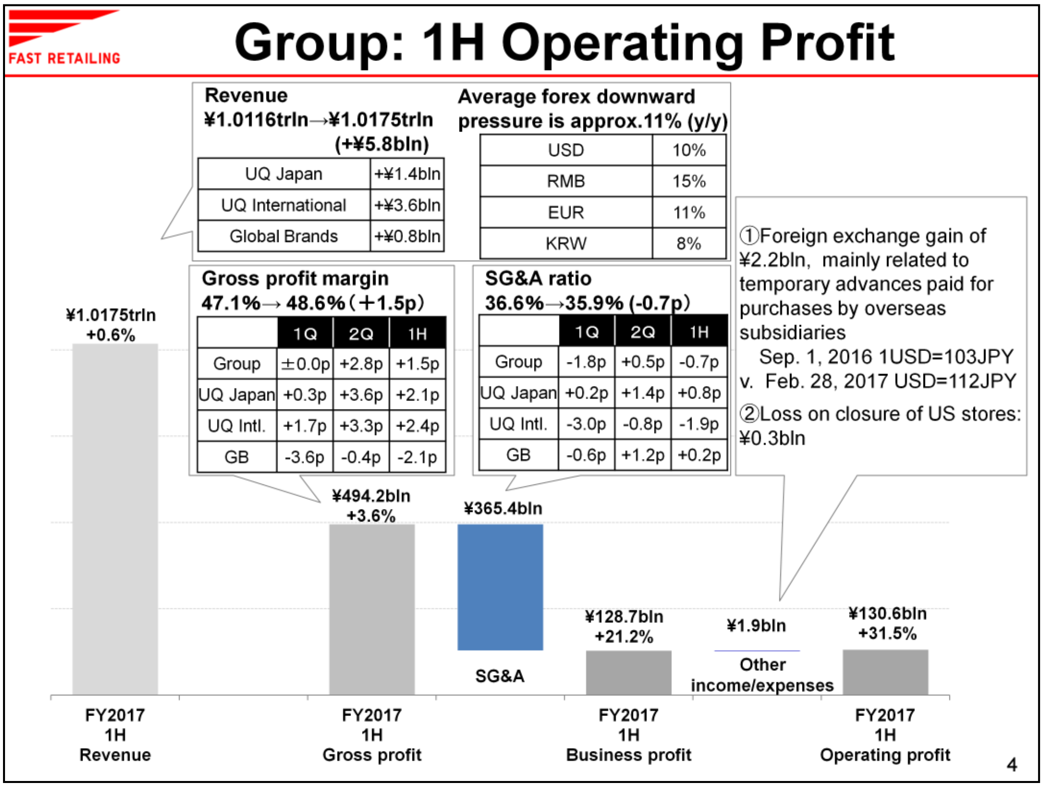
In the first half of fiscal 2017, or the six months from September 2016 to February 2017, the Fast Retailing Group reported a rise in revenue and profit, generating revenue of ¥1.0175 trillion (up 0.6% year on year). Business profit, which serves as a good indicator of basic business profitability, expanded 21.2% to ¥128.7 billion. Meanwhile, operating profit expanded by an impressive 31.5% to ¥130.6 billion and profit attributable to owners of the parent expanded by 106.7% to ¥97.2 billion.

The first-half consolidated revenue result was lower than expected, while the consolidated operating profit figure exceeded expectations.



I would like to look first at the Fast Retailing Group’s income statement data.

Taking revenue first, consolidated revenue increased by ¥5.8 billion year on year in the first half of fiscal 2017. Revenue from the UNIQLO International segment rose by only ¥3.6 billion. However, this figure was dampened considerably by fluctuations in foreign exchange rates, with the yen having strengthened by an average 11% in the first half of fiscal 2017 compared to the same period in the previous year. While the revenue data appear more subdued when translated into yen currency, UNIQLO International revenue increased considerably in local currency terms.

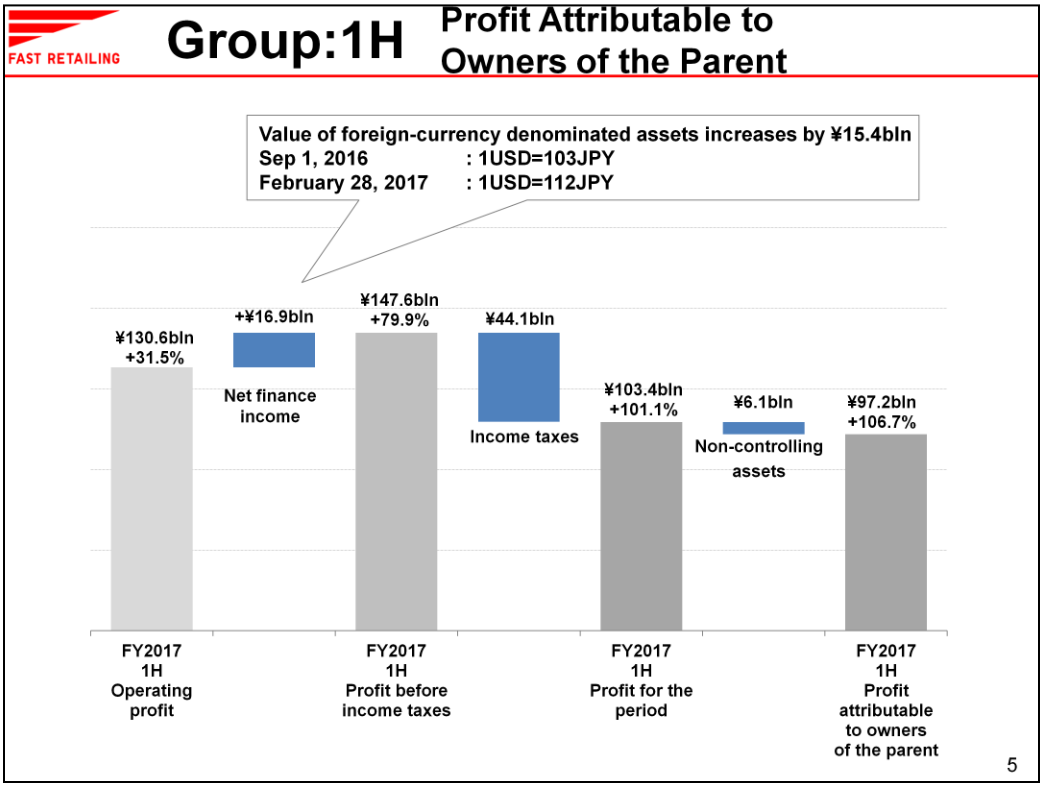
The consolidated gross profit margin improved by 1.5 points to 48.6% in the first half, thanks mainly to a 2.4 point improvement in the gross profit margin at UNIQLO International and a 2.1 point improvement in the gross profit margin at UNIQLO Japan.

The SG&A to revenue ratio improved by 0.7 point year on year to 35.9% on the back of a 1.9 point improvement in the SG&A ratio at UNIQLO International.

Meanwhile, business profit expanded 21.2% to ¥128.7 billion in the first half of fiscal 2017.

The net amount of other income/expenses stood at ¥1.9 billion. That total includes a foreign-exchange gain of ¥2.2 billion on temporary advances paid for purchases by overseas subsidiaries after the spot yen rate weakened over the first half. It also includes ¥0.3 billion in retirement losses and store-closure losses related to the closure of two stores in the United States.

As a result of the above factors, first-half operating profit increased by 31.5% year on year to ¥130.6 billion.



I would now like to look more closely at finance income/costs. We reported a net finance income of ¥16.9 billion in the first half of fiscal 2017 after the weakening of the Japanese yen over the six-month period boosted the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes increased by 101.1% to ¥103.4 billion, and profit attributable to the owners of the parent increased by 106.7% to ¥97.2 billion in the first half.

1H Breakdown by Group Operation

Billions of Yen

		Yr to Aug. 2016 (6 mths to Feb. 2016) Actual	Yr to Aug. 2017 (6 mths to Feb. 2017) Actual	y/y
UNIQLO Japan	Revenue	453.6	**455.1**	+0.3%
	Business profit	63.6	**69.5**	+9.3%
	(to revenue)	14.0%	15.3%	+1.3p
	Other income, expenses	0.5	**-0.7**	-
	Operating profit	64.1	**68.7**	+7.3%
	(to revenue)	14.1%	15.1%	+1.0p
UNIQLO International	Revenue	389.2	**392.8**	+0.9%
	Business profit	32.5	**49.8**	+53.1%
	(to revenue)	8.4%	12.7%	+4.3p
	Other income, expenses	-3.1	**-1.0**	-
	Operating profit	29.4	**48.7**	+65.9%
	(to revenue)	7.6%	12.4%	+4.8p
Global Brands	Revenue	167.3	**168.1**	+0.5%
	Business profit	14.2	**10.4**	-27.0%
	(to revenue)	8.5%	6.2%	-2.3p
	Other income, expenses	0.0	**-0.3**	-
	Operating profit	14.3	**10.0**	-29.7%
	(to revenue)	8.6%	6.0%	-2.6p

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

Slide 6 displays the breakdown of performance by Group operation. I will explain factors affecting each individual business segment in more detail in the subsequent slides.

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UNIQLO Japan (1H)

Revenue & profit up, OP rises to plan

Billions of Yen

	Yr to Aug. 2016 (6 mths to Feb. 2016)	Yr to Aug. 2017 (6 mths to Feb. 2017)	y/y
Revenue	453.6	455.1	+0.3%
(to revenue)	100.0%	100.0%	
Gross profit	208.8	218.7	+4.7%
(to revenue)	46.0%	48.1%	+2.1p
SG&A	145.2	149.2	+2.7%
(to revenue)	32.0%	32.8%	+0.8p
Business profit	63.6	69.5	+9.3%
(to revenue)	14.0%	15.3%	+1.3p
Other income, expenses	0.5	−0.7	−
(to revenue)	0.1%	−	−
Operating profit	64.1	68.7	+7.3%
(to revenue)	14.1%	15.1%	+1.0p

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

Looking first at UNIQLO Japan, which reported year-on-year gains in both revenue and profit in the first half of fiscal 2017. Revenue increased by 0.3% to 455.1 billion and operating profit expanded by 7.3% to ¥68.7 billion.

While sluggish sales in December knocked first-half revenue below our original forecast, the recorded rise in operating profit was in line with expectations.

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UNIQLO Japan: 1H Revenue

Revenue ¥455.1bln (+0.3% y/y)

Same-store sales (incl. e-commerce) expand 0.1% y/y
Customer Visits: +0.2%, Customer spend -0.1%

- **1Q same-store sales up 2.5% on strong November anniversary sale, 2Q down 2.5%**
  - ✓December revenue down on warm weather and restricted limited-period sales.
  - ✓Revenue down in January compared to previous year when hefty discounting boosted revenue, but HEATTECH, cashmere sweaters and BLOCKTECH sold well.
  - ✓Revenue up in February on favorable launch of Spring ranges, the Uniqlo U Spring Summer collection and strong sales of wireless bras, which featured in ad campaigns for the first time.
- **E-commerce sales up 11.7% to ¥28.2bln (rose from 5.6% to 6.2% of total sales). Aim to expand further by offering a fuller range of special online sizes and exclusive products, and ultra-convenient services such as in-store or convenience-store pickup of online purchases.**

Same-store sales	Yr to Aug. 2017						
	3 mths to Nov. 2016	Dec.	Jan.	Feb.	3 mths to Feb. 2017	6 mths to Feb. 2017	Mar.
Net sales	+2.5%	−5.0%	−2.5%	+5.2%	−2.5%	+0.1%	−1.1%
Customer visits	+3.7%	−4.0%	−5.4%	+3.9%	−3.1%	+0.2%	+6.6%
Customer spend	−1.1%	−1.0%	+3.0%	+1.2%	+0.7%	−0.1%	−7.2%

End February 2017: UNIQLO directly run stores: 791 (-14 stores y/y (opened 23, closed 37))
Franchise stores: 41 (+2 stores)

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UNIQLO Japan same-store sales, including e-commerce, rose 0.1% year on year in the first half.

Breaking that performance down into the two quarters, strong sales during the November 2016 UNIQLO anniversary sale boosted first-quarter same-store sales by 2.5% year on year. However, same-store sales subsequently contracted by the same 2.5% year-on-year in the second quarter after comparatively warm weather stifled sales in the traditionally buoyant month of December. We also offered fewer limited-period discounts compared to the previous year, which also weighed on sales in the second quarter.

Meanwhile, e-commerce sales continued to expand, rising 11.7% year on year to ¥28.2 billion. As a percentage of overall sales, that represents a rise from 5.6% to 6.2%.
We will be looking to expand e-commerce sales even further through a variety of proactive initiatives, such as offering an impressive range of online sizes and exclusive online items. We also plan to make our online shopping experience even more convenient by expanding the range of e-commerce services such as offering customers the option to collect their online purchases from physical UNIQLO stores or their nearest convenience store.

UNIQLO Japan: 1H Gross Profit Margin

Gross profit margin 48.1% (+2.1p y/y)

2.1 point improvement in gross profit margin higher than expected

- **Attractive, instantly recognizable prices helped contain limited-period discount rates**
- **Warm winter led to heavy inventory offloading in December 2015 & January 2016. Strict control of markdowns greatly reduced stock rundown discounting losses in 2017**
- **Slight rise in cost of sales ratio (after cutting prices on some 2016 Fall Winter items) offset by less discounting**

Turning now to business margins for UNIQLO Japan, the gross profit margin increased by 2.1 points year on year to 48.1% in the first half of fiscal 2017. That result was above target.

This improvement in the gross profit margin was due largely to the success of our new attractive, easily recognizable pricing strategy, introduced in spring 2016, which help reduce the number and extent of limited-period discounts.

Warm winter weather resulted in heavy offloading of inventory in December 2015 and January 2016. However, during this Fall Winter season, we were able to maintain strict control over the extent of discounts, and that helped considerably in terms of curbing the shortfall generated by discounting excess inventory.

Finally, our decision to cut prices on a portion of our 2016 Fall Winter items did nudge the cost of sales ratio slightly higher. However, we were able to successfully offset this rise by restricting product mark downs.

UNIQLO Japan: 1H SG&A

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SG&A to revenue ratio: 32.8% (+0.8p y/y)

In line with plan in monetary terms

- Distribution costs accounted under other expenses rose 0.8p, exceeded plan Due to Ariake warehouse rent and temporary costs relating to logistics overhaul, expansion in e-commerce resulted in higher delivery charges, and higher distribution outsourcing costs
- Wages and store rent to sales ratios increased after 2Q sales fell below plan
- Advertising to sales ratio improved 0.2p on more efficient flyer and newspaper advertising

Billions of Yen

	Yr to Aug. 2016 (6 mths to Feb. 2016)		Yr to Aug. 2017 (6 mths to Feb. 2017)			
	Actual	(% sales)	Actual	(% sales)	y/y	(% sales)
SG&A Total	145.2	32.0%	**149.2**	**32.8%**	+3.9	+0.8p
Others	49.6	10.9%	**53.1**	**11.7%**	+3.4	+0.8p
Personnel	44.1	9.7%	**45.0**	**9.9%**	+0.9	+0.2p
Store rent	28.2	6.2%	**28.9**	**6.4%**	+0.7	+0.2p
A&P	19.5	4.3%	**18.7**	**4.1%**	-0.8	-0.2p
Depreciation	3.7	0.8%	**3.3**	**0.7%**	-0.3	-0.1p

UNIQLO Japan's selling, general and administrative expenses ratio rose 0.8 point year on year to 32.8% in the first half of fiscal 2017. While the ratio increased, business expenses came in roughly on target in monetary terms. Determined cost-cutting has enabled us to reduce all business costs by a greater margin than originally planned, with the exception of distribution costs.

The distribution cost component ratio accounted for under other expenses rose 0.8 point. This rise, which was higher than expected, was fueled by rent obligations on our Ariake warehouse and an increase in temporary costs relating to the complete overhaul of our logistics system. In addition, the expansion in our e-commerce operation resulted in higher delivery charges, and distribution outsourcing costs also rose.

Looking at other SG&A components, the wages and store rent to net sales ratios both rose after second-quarter sales came in below target.

On the other hand, the advertising and promotion to net sales ratio improved 0.2 point on the back of more efficient flyer and newspaper advertising.

UNIQLO International: (1H) Overview

Large profit gain exceeds plan

- Revenue up just 0.9% with forex dampening sales by an average 11%. Sales rose broadly in local currency terms
- Gross margin improves 2.4 points, SG&A ratio 1.9 point
- Mainland China and SE Asia profits especially strong
- UNIQLO USA loss down sharply on operational overhaul
- UNIQLO International stores: Opened 78, closed 7 in 1H. Total at end February 2017: 1,029 stores

Billions of Yen

		Yr to Aug. 2016 (6 mths to Feb. 2016) Actual	Yr to Aug. 2017 (6 mths to Feb. 2017) Actual	y/y
UNIQLO International	Revenue	389.2	392.8	+0.9%
	Business profit	32.5	49.8	+53.1%
	(to revenue)	8.4%	12.7%	+4.3p
	Other income, expenses	−3.1	−1.0	−
	Operating profit	29.4	48.7	+65.9%
	(to revenue)	7.6%	12.4%	+4.8p

Let's now move on to consider the first-half performance of UNIQLO's global operations. For the period, UNIQLO International recorded a 0.9% rise in revenue to ¥392.8 billion, and an impressive 65.9% increase in operating profit to ¥48.7 billion. Both revenue and operating profit was larger than expected.

The 0.9% rise in UNIQLO International revenue was a subdued result, but this was due largely to the impact of comparative year-on-year exchange rates, which pushed performance lower in yen terms by an average 11%. In local currency terms, nearly all areas reported healthy revenue gains.

On the profit front, operating profit expanded sharply in the first half, thanks to a 2.4 point improvement in the gross profit margin and a 1.9 point improvement in business cost ratios.

Within the segment, UNIQLO operations in Mainland China and Southeast Asia generated especially strong profit increases, while determined efforts to transform operational procedures contributed to a sharp contraction in operating losses at UNIQLO USA.

The final point for this overview, the UNIQLO International network had expanded to 1,029 stores at the end of February 2017.

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UNIQLO Intl.: (1H) By Region (1)

Greater China: Profit gains exceed plan
S. Korea: Higher-than-expected profit gain on cost-cutting

Mainland China: Outperformed expectations. Generated large profit gain
- Strong same-store sales gain in local currency terms
- Opened 45 stores in 1H. Double-digit gain in revenue in local currency terms
- Successful promotion over holidays and New Year. Strong sales of new high-function BLOCKTECH and Seamless Down ranges
- Double-digit gain in e-commerce sales in local currency terms
- Large improvement in gross profit margin, lower personnel and other costs following review of store operations

Hong Kong: Achieved higher-than-expected profit increase
- While same-store sales dipped slight in local currency terms, improved gross margin and cost-cutting helped push operating profit above plan

Taiwan: Recorded a slight rise in profit on cost-cutting
- Double-digit fall in local-currency same-store sales on poor consumption, warm weather

South Korea: Large profit gain. Reported higher-than-expected operating profit
- Same-store sales dip in local currency terms on sluggish consumption
- Gross profit margin improves after shifting to a policy of shallower discounts
- Controlled store personnel costs by reviewing inventory levels

I would now like to give you more detail about individual UNIQLO international operations.

First UNIQLO Greater China reported a fall in revenue in yen terms due to the downward currency effect. However, the operation also reported a much higher-than-expected gain in operating profit.

Breaking down that region further, Mainland China generated gains in same-store sales in local currency terms. The addition of 45 new stores in Mainland China in the first half of fiscal 2017 contributed to the operation's double-digit revenue growth in local currency terms. That buoyancy was due partly to successful promotions which were timed to coincide with public holidays and Chinese New Year. New highly function ranges such as BLOCKTECH and Seamless Down also sold well. E-commerce continued to expand strongly in Mainland China, reporting double-digit sales growth in local currency terms.
On the profit side, Mainland China produced a large rise in operating profit that exceeded expectations. The operation's gross profit margin improved significantly on restricted product mark downs. Various cost-cutting initiatives also contributed to the strong profit gain, including reviewing store operations to help cap personnel costs, and reducing outsourcing costs.

UNIQLO Hong Kong achieved a higher-than-expected profit increase, while UNIQLO Taiwan recorded a modest profit increase following cost-cutting efforts.

UNIQLO South Korea reported a higher-than-expected large operating profit gain. While the persistent sluggish consumption environment knocked same-store sales lower in local currency terms, the gross profit margin improved considerably thanks to a strategic shift towards shallow-discount commerce. The operation also worked hard to control store personnel costs by reviewing in-store inventory levels.

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UNIQLO Intl.: (1H) By Region (2)

SE Asia & Oceania: Large revenue, profit gains exceed plan

Broadened customer appeal by increasing number of items exclusively to suit SE Asian climate and culture. Improved UNIQLO visibility across the region

- Same-store sales rose in local currency terms, with strong double-digit growth in Indonesia, Thailand, the Philippines and Malaysia
- Strong demand for Summer goods year round in SE Asia due to hot weather, and strong demand for hijab items. Sales of products designed or tailored specifically to suit SE Asian culture, which include global UNIQLO items with additional colors and patterns, reached 30% of total sales
- Stronger media activities and digital marketing helps improve brand visibility
- In Australia, revenue increased as planned, operating losses shrank more than expected
- Scheduled to open 30 new stores in fiscal 2017. Plan to accelerate new store openings from fiscal 2018 onwards

Orchard Central Store global flagship, opened in September 2016 in Singapore, achieves strong sales

UNIQLO Southeast Asia and Oceania generated higher-than-expected large increases in revenue and profit. It broadened customer appeal by increasing the percentage of exclusive products designed to suit specific Southeast Asian culture and climate. Improved UNIQLO visibility across the region also helped boost performance.

Same-store sales rose in local currency terms across the region in the first half, with Indonesia, Thailand, the Philippines and Malaysia recording double-digit same-store sales growth for the period. We were able to achieve such high sales growth in Southeast Asia by tailoring product ranges to better suit the local market. For instance, the weather in the region is hot nearly all year round so demand for summer goods is high. Demand for hijab and other items that reflect local culture is also high, so we designed exclusive local products and tailored global UNIQLO items to suit local market needs by adding additional colors and patterns, etc. Sales of these market-specific items reached 30% of total sales in the first half of fiscal 2017.

We also boosted UNIQLO brand visibility by conducting stronger product advertising and digital marketing.

In Australia, revenue increased as planned. This in turn helped shrink operating losses further than initially expected.

We are scheduled to open 30 new stores in Southeast Asia and Oceania in fiscal 2017, and plan to accelerate new store openings from fiscal 2018 onwards.

UNIQLO Intl.: (1H) By Region (3)

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USA: Overhaul of operations leads to unexpectedly large contraction in operating loss
Canada: Two new Toronto stores a great success
Europe: Performs to plan.Profit dips on faster store openings

USA: Operational overhaul improves gross profit margin and SG&A ratio, leads to greater-than-expected contraction in operating losses

- 1H same-store sales flat, but overall business more favorable. Restricted discount sales generated large improvement in gross profit margin
- Persist with scrap and build policy in 2H to create a profitable structure
- Strong sales in major West Coast cities of Los Angeles, San Francisco
- Plan to concentrate new store opening on the West Coast

Canada: Very strong sales from two stores opened in Toronto in fall 2016

Europe: Revenue up, profit dips slightly, as planned

- SG&A expenses up on faster store openings
- Flat same-store sales (local currency terms)
- Plan to open first store in Barcelona, Spain in fall 2017 (Passeig de Gracia Store)
- Plan to expand presence in major European cities such as Milan, Italy

UNIQLO Barcelona Passeig de Gràcia Store (Spain)

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Next, I would like to move onto UNIQLO operations in North America. Persistent efforts to transform operations at UNIQLO USA are now bearing fruit, resulting in a higher gross profit margin, lower business cost ratios, and a higher-than-expected contraction in operating losses.
The operation generated a high level of sales in the first half of fiscal 2016 by actively offloading excess inventory, but that resulted in a sharp fall in that year’s first-half gross profit margin. By comparison, the overall business operated more smoothly in the first half of fiscal 2017. While same-store sales remained flat year on year, the gross profit margin recovered strongly on more conservative discounting.
In the second half, we intend to push ahead with our scrap and build strategy in an attempt to create a more profitable business structure. Within the United Sates, UNIQLO has tended to achieve comparatively stronger sales and better profitability in the major West Coast cities of Los Angeles and San Francisco. For that reason, we will likely focus our new store opening drive on the West Coast for the time being.

UNIQLO’s new operation in Canada has proved very successful with the first two stores opened in Toronto in fall 2016 achieving extremely strong sales.

Turning to Europe, where first-half revenue increased but profit dipped slightly as expected. The fall in operating profit was due largely to higher business expenses arising from a faster pace of new store openings. Same-store sales held steady year on year in local currency terms.

Looking ahead, we are planning to open our first store in Barcelona, Spain in fall 2017 on the prestigious Passeig de Gracia. We also plan to expand our presence by opening new stores in other major European cities such as Milan, Italy.

Global Brands: (1H)

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Falls short of plan, profit dips

- **GU: Falls short of plan to report lower profit**
  - Gross margin contracted on aggressive offloading of inventory after 2016 Fall Winter items proved less popular than expected
  - Profit fall due partly to comparison with 60% y/y gain in OP in 1H FY2016
  - Strong sales of big sweatshirts, baggy pants, loungewear, and sports sneakers helped stem the overall decline in 1H same-store sales at 1.1%
- **Theory: Favorable revenue & profit to plan, profit up**
- **CDC: Lower-than-expected revenue and profit**
  - Double-digit drop in same-store sales, OP steady y/y on cost-cutting
- **Princesse tam.tam, J Brand: Post another loss**

Billions of Yen

		Yr to Aug. 2016 (6 mths to Feb. 2016) Actual	Yr to Aug. 2017 (6 mths to Feb. 2017) Actual	y/y
Global Brands	Revenue	167.3	168.1	+0.5%
	Business profit	14.2	10.4	−27.0%
	(to revenue)	8.5%	6.2%	−2.3p
	Other income, expenses	0.0	−0.3	−
	Operating profit	14.3	10.0	−29.7%
	(to revenue)	8.6%	6.0%	−2.6p

Moving on next to our Global Brands operation, which reported rising revenue but falling profits in the first half.
Revenue expanded by 0.5% year on year to ¥168.1 billion but operating profit declined 29.7% to ¥10.0 billion. Our low-priced GU casual fashion brand recorded a large fall in profit, which resulted in lower-than-expected operating profit for the Global Brands segment as a whole.

The fall in GU profit can be attributed to a range of factors. The first-half gross profit margin contracted after 2016 Fall Winter ranges proved less popular than originally expected, sparking an aggressive rundown of excess inventory. In addition, the fiscal 2017 first-half data was being compared to an especially buoyant previous year period during which operating profit expanded 60% year on year. However, strong sales of big sweatshirts, baggy pants, loungewear and sports sneakers helped stem the overall decline in GU first-half same-store sales at 1.1%.

Looking now at other labels in the Global Brand segment, our Theory fashion label generated the expected favorable levels of revenue and profits, including a rise in operating profit.

Our France-based Comptoir des Cotonniers fashion brand reported lower-than-expected revenue on the back of a double-digit contraction in same-store sales. While it fell short of plan, operating profit was maintained at the previous year’s level thanks to some concerted cost-cutting.

Finally, our French corsetry, homewear and swimwear brand Princesse tam.tam and our J Brand premium denim label both reported losses similar to the previous year.

GU Opens First Stores in Hong Kong

First GU stores open in March, April 2017
Attract hoards of fashion-conscious customers

500 people queue ahead of the opening of the GU Miramar Store (Tsim Sha Tsui)

The store bursting with customers

Advertising the store's opening on car wrapping

I am delighted to say that we opened our first two GU in Hong Kong on March 31 and April 1, 2017. The stores are located in shopping malls in two of Hong Kong's finest shopping districts, Tsim Sha Tsui and Causeway Bay. The stores proved a great focal point for attracting large numbers of fashion-conscious consumers. A successful launch of the GU brand in Hong Kong is important step in terms of the brand's future global expansion strategy. Going forward, we will be looking to pick up the pace of new GU store openings in international markets.

Group: Balance Sheet (end Feb. 2017)

Billions of Yen

	End Feb. 2016	End Aug. 2016	**End Feb. 2017**	Change
Total Assets	1,311.0	1,238.1	**1,388.1**	+77.0
Current Assets	1,027.7	924.5	**1,086.8**	+59.0
Non-Current Assets	283.2	313.5	**301.2**	+18.0
Total Liabilities	601.4	640.4	**621.3**	+19.9
Total Equity	709.6	597.6	**766.7**	+57.1

Next, I would like to take you through our balance sheet as it stood at the end of February 2017.

Compared to the end of February 2016, total assets increased by ¥77.0 billion to ¥1.3881 trillion.

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

Group: B/S Main Points v. end Feb. 2016

Current Assets +¥59.0bln (¥1.0277trln⇒ ¥1.0868trln)

- **Cash and cash equivalents +¥65.8bln (¥504.0bln⇒ ¥569.8bln)**
  Increased operating cash flow
  ⇒Highly liquid financial assets: ¥766.1bln (incl. term deposits of ¥196.2bln)
- **Inventory assets: +¥13.2bln (¥221.8bln⇒ ¥235.0bln)**
  UNIQLO Japan +¥1.1bln
  UNIQLO International +¥6.5bln (increase of 139 stores)
  Global Brands +¥5.6bln (expansion of GU operation)
- **Derivative financial assets: -¥19.9bln (¥38.2bln ⇒¥18.3bln)**
  Gap between forward contract and spot rates contracted considerably after average yen rate on forward currency contracts weakened and end-February spot rate strengthened year on year. Hedge accounting so no impact on P&L

Liabilities +¥19.9bln (¥601.4bln⇒ ¥621.3bln)

- **Income taxes payable: +¥8.6bln (¥29.3bln⇒ ¥38.0bln)**
  on higher 1H profits

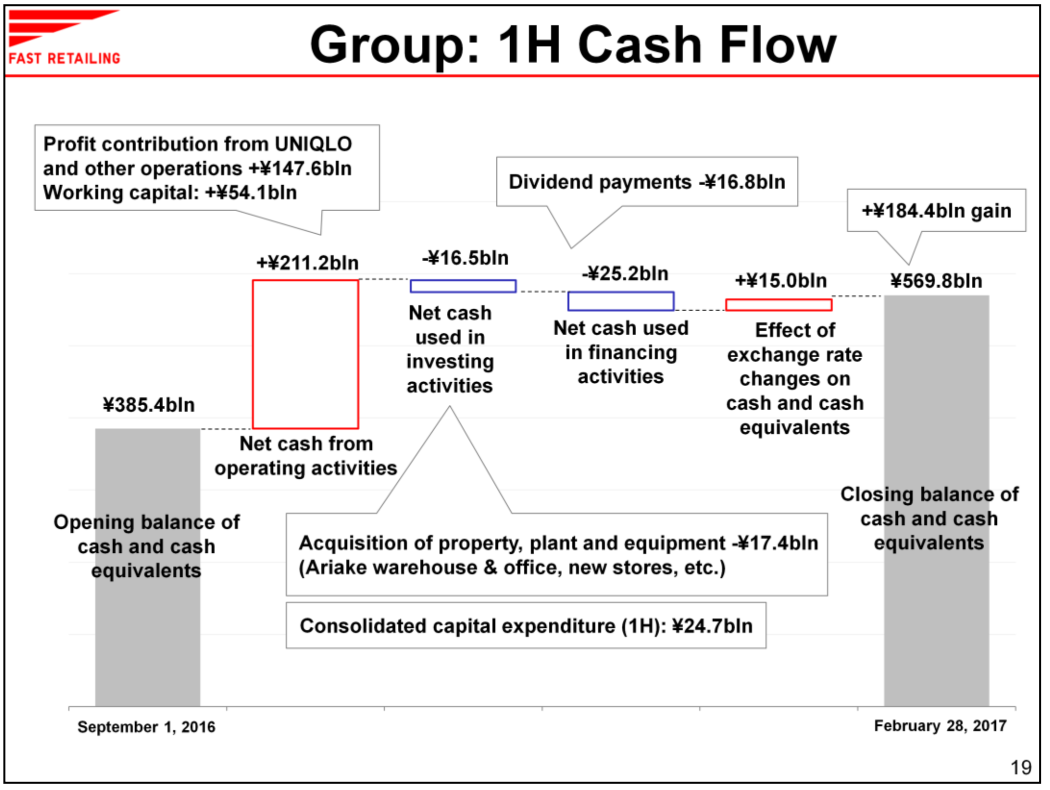
First, current assets increased by ¥59.0 billion compared to end February 2016.

Cash and cash equivalents increased by ¥65.8 billion year on year to ¥569.8 billion at the end of February 2017 on the back of higher operating cash flows.

Looking next at inventories, total inventory increased by ¥13.2 billion to ¥235.0 billion, largely due to the expansion UNIQLO International operations and our GU brand.

Total derivative financial assets decreased by ¥19.9 billion to ¥18.3 billion at the end of February 2017 after the average yen rate on our forward currency contracts weakened and the yen spot rate at the end of February strengthened, shrinking the gap between the two rates.

Finally, liabilities increased by ¥19.9 billion year on year as the rise in first-half profit swelled the total of income taxes payable by ¥8.6 billion.



Next, I will explain our cash flow position for the first half of fiscal 2017.

We enjoyed a net cash inflow of ¥211.2 billion from operating activities.

Net cash used in investing activities totalled ¥16.5 billion in the first half, while net cash used in financing activities totalled ¥25.2 billion.

As a result, the balance of cash and cash equivalents stood at ¥569.8 billion at the end of February 2017.

One last note, capital expenditure for the Fast Retailing Group totalled ¥24.7 billion in the six months from September 2016 through end February 2017.

FAST RETAILING

Group: FY2017 Estimates

Expect significant gain in OP
Full-year forecasts unchanged

Revenue : ¥1.8500trln + 3.6% y/y

Operating profit : ¥175.0bln + 37.5% y/y

Profit attributable to owners of the parent : ¥100.0bln +108.1% y/y

Billions of Yen

	Yr to Aug. 2016 Actual	Yr to Aug. 2017 Estimates (as of Apr.13)	Yr to Aug. 2017 y/y	Yr to Aug. 2017 1H Actual
Revenue	1,786.4	1,850.0	+3.6%	1,017.5
(to revenue)	100.0%	100.0%		100.0%
Business profit	162.0	180.0	+11.1%	128.7
(to revenue)	9.1%	9.7%	+0.6p	12.7%
Other income, expenses	-34.7	-5.0	-	1.9
Operating profit	127.2	175.0	+37.5%	130.6
(to revenue)	7.1%	9.5%	+2.4p	12.8%
Finance income, costs	-37.0	0.0	-	16.9
Profit before income taxes	90.2	175.0	+93.9%	147.6
(to revenue)	5.1%	9.5%	+4.4p	14.5%
Profit attributable to owners of the parent	48.0	100.0	+108.1%	97.2
(to revenue)	2.7%	5.4%	+2.7p	9.6%

From here onwards, I would like to focus on our expectations for Group business performance over the full fiscal year through the end of August 2017.

We expect consolidated revenue in fiscal 2017 will reach ¥1.8500 trillion (+3.6% year on year), business profit will total ¥180.0 billion (+11.1%), operating profit will total ¥175.0 billion (+37.5%) and profit attributable to owners of the parent will expand to ¥100.0 billion (+108.1%).

While we recorded a ¥15.4 billion foreign-exchange gain under finance income and costs in the first half, it is difficult to predict what is likely to happen to yen exchange rates going forward. For that reason, we have decided to maintain our initial full-year forecasts for Group performance.

FY2017 Estimates by Group Operation

UNIQLO Japan: Revenue and profit to rise

- Expect same-store sales to rise 1.8% on stronger marketing of Spring Summer ranges in 2H, along with expanded kids ranges, better e-commerce services
- 2H cost of sales to rise slightly on weaker yen, need to control discounting
- Expect continued rise in distribution costs relating to logistics overhaul

UNIQLO Intl: Forecast large rise in profit

- Profit set to rise in Greater China, SE Asia & Oceania, S. Korea, remain flat in Europe. North America (US & Canada) operating loss to shrink considerably
- ¥3.5bln in retirement & store closure losses linked to store closures in US and broader scrap & build policy

Global Brands: Expect gains in revenue and profit

- Following large decline in GU 1H profit, full-year GU profit now expected to decline. Plan to boost revenue and profit in 2H by advertising newsworthy elements of Spring fashion items and ordering additional production of strong-selling items more effectively.
- Theory expected to generate rises in revenue and profit
- CDC was expected to return a profit, but now expected to post full-year loss
- Operating losses at PTT and J Brand expected to hold steady year on year

Next, I will attempt to breakdown those full-year estimates by Group operation.

Looking first at UNIQLO Japan, we expect that operation will generate a rise in both revenue and profit for the full business year through end August 2017.
We expect same-store sales will rise by approximately 1.8% year on year over the full fiscal year, and approximately 4.0% in the second half from March to August 2017 on the back of stronger marketing of Spring Summer ranges, an expansion of our children's clothing lines and improved e-commerce services. The effect of a weaker yen will likely nudge the cost of sales slightly higher in the second half, so we are taking care to control the extent of any discounting. We also expect distribution costs will continue to rise in relation to the overhaul of our logistics systems.

Moving on to UNIQLO International, we forecast a rise in revenue and a large increase in profit for the full year through August 2017. In terms of individual regions, we expect Greater China, Southeast Asia and Oceania, and South Korea to generate profit gains, while profit is expected to hold steady in Europe. We also expect to report a considerable reduction in operating losses from UNIQLO's operation in North America, which combines operations in the United States and Canada. Finally, we have incorporated a ¥3.5 billion total for retirement losses and store closure losses linked to store closures in the United States and our scrap and build in other areas.

Looking finally at the Global Brands segment, we forecast full-year revenue and profit will rise. Following the large decline in GU profit in the first half, we have revised our forecast for full-year GU profit, which we now expect to decline year on year. In the second half, we will work to boost revenue and profit by attempting to advertise the newsworthy elements of our Spring fashion items more effectively, and ordering additional production of strong-selling items more efficiently.

As regards other labels in the Global Brands segment, our Theory fashion brand is expected to generate rises in revenue and profit in fiscal 2017. While we had expected our France-based Comptoir des Cotonniers fashion brand to return to the black this year, we are now expected a full-year loss for that label. Princesse tam.tam and J Brand are also expected to continue to generate losses of similar magnitude to the previous year.

FAST RETAILING

FY2017 Dividend Estimates

Scheduled interim dividend: ¥175
Expected annual dividend: ¥350

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

※ The final decision on the FY2017 interim dividend is made at the board meeting on April 13, 2017. The year-end dividend total may be adjusted in the event of large fluctuations in business performance or access to funds.

Next, I would like to take a moment to explain our latest dividend estimates for fiscal 2017. The Fast Retailing Board of Directors decided at today's regular board meeting to pay an interim dividend of ¥175 per share.

An additional payment of a year-end dividend of ¥175 would bring the annual dividend per share to ¥350 per share, the level we originally forecasted and the same level as the previous year.

Management Challenges & Policy

Further strengthen UNIQLO Japan profitability	• **Abandon practice of discounting to force extra sales** ✓Stronger product development to incorporate fashion trends in our basic clothing ✓Strengthen sales of new combined sports & casualwear items ✓Reinforce our instantly recognizable set-price policy ✓Stronger digital marketing to satisfy diverse customer needs ✓Boost efficiency: Fewer SKUs, appropriate inventory levels
Reform business cost structures across the Group	• **Realize business structure that can cushion fluctuations in sales and generate stable profit** ✓Reform operational structure: Appropriate inventory levels, labor-saving and efficient store operations. Review marketing mix to ensure maximum cost-effectiveness. Apply scrap and build strategy to low-profitability stores ✓Stronger low-cost management base: strengthen global buying functions, review procurement procedures, refine sales plans, improve in-store awareness and actions
Renewed boost to growth	• **Channel management resources into three growth pillars** ✓Digitalization ✓Globalization ✓Maximizing Group-wide operations and synergies

Finally, I would like to take a few minutes to talk more broadly about future management challenges and our policy direction.
The first issue I would like to pinpoint is the need to strengthen the profitability of UNIQLO Japan, which contributes a large proportion of profits.
UNIQLO Japan reported a decline in profit in the first half of fiscal 2016 primarily because it relied too heavily on discounting to attract customers and rundown inventory. Discount-dependent commercial business results in deteriorating gross profit margin and business cost ratios, so an operation doesn't grow healthily but becomes inefficient and bloated. To ameliorate this system, we have been attempting to strengthen our new product development capability by bringing our merchandising, marketing and global R&D centers together to incorporate fashionable elements more effectively into our core basic clothing lines. We are also working to strengthen sales of new clothing areas, such as combined sports and casualwear items, which we believe have great growth potential. Some other responses to the challenge of strengthening UNIQLO Japan profitability include reinforcing our instantly recognizable pricing strategy, responding customers' diverse range of need through stronger digital marketing, and implementing initiatives to help boost operational efficiency such as reducing the number of SKU and ensuring the most appropriate levels of inventory. Some of these measures are already underway and starting to bear fruit, but plan to press ahead with them more aggressively going forward.

The second area we are working on is reforming business cost structures across the Fast Retailing Group to help us absorb fluctuations in sales and generate a stable profit whatever the immediate business environment. This issue requires a two-pronged approach, namely reforming our operational structure and strengthening our low-cost management base. Taking the reform of operational structure first, this involves ensuring appropriate inventory levels, labor-saving and efficient store operations, reviewing our marketing mix to ensure maximum cost-effectiveness, and applying a determined scrap and build strategy to low-profitability stores. At the same time, to build a stronger low-cost management base, we need to strengthen our global buying functions, review our procurement procedures, refine our sales plans and improve standards of in-store awareness and behavior.

The third challenge involves revitalizing growth. We are stepping up to this challenge by channelling management resources into the three key strategy areas of digitalization, globalization and maximising Group-wide operations and synergies.
I will go through these points in more detail in the next slide.

Fast Retailing's future growth strategy is driven primarily by a determination to establish positions for UNIQLO and GU as people's No.1 go-to brands for everyday clothing needs and a community-focused feel. We also intend to grow and expand the business to stay abreast of the dramatic explosion in middle-income consumers in the Asia-Pacific and elsewhere. In more detailed and concrete terms, we aim to achieve this goal through the key pillar strategies of digitalization, globalization and maximizing Group synergies.

Taking digitalization first, over the next few years we aim to transform Fast Retailing into an digital consumer retailing company. Internally, we refer to this as the Ariake Project, and we are making extensive use of digital functionality to enhance points of customer contact and revolutionize our entire supply chain. This will enable us to establish a superior global system that facilitates the manufacture of perfect-fitting products in the size and design that best suits each individual customer, promote the smooth and efficient development of products by our global R&D centers based on a broad and diverse range of customer needs, and ensure swift delivery of individually selected products to the optimum location worldwide. The Ariake Project is designed to promote sales growth at both physical and online stores, but we do expect e-commerce sales will expand sharply as a result.

In terms of globalization, we are already starting to accelerate new store openings and sharply expand our operational base in areas where UNIQLO is fast establishing a No.1 brand position such as Greater China and Southeast Asia. We are also investing more aggressively in Europe and North America to help build a more solid presence through various branding exercises such as opening flagship stores and conducting digital marketing.

Finally, in terms of maximizing Group-wide operations and synergies, we aim to grow the Group as a whole by strengthening all individual Group brands, such as GU, Theory and PLST, which cater to different price brackets and fashion tastes. Especially in the case of GU, we are pursuing an aggressive growth strategy designed to turn the GU brand into a 1 trillion yen company within the next decade.

Taken together, Fast Retailing is aiming to use the Ariake Project to become a digital consumer retailing company, extending across all global operations and Group brands to accelerate growth and achieve the Group's target of 3 trillion yen sales. We are committed to using the power of clothes to improve people's daily lives around the world, and to increase our corporate value.
That ends this presentation. Thank you.

Reference: Group Company Store Numbers

[Units: Stores]	FY2016	FY2017 1H Result (Sep. - Feb.)				FY2017 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End Feb.	Open	Close	Change	End Aug
UNIQLO Operations	**1,795**	**93**	**27**	**+66**	**1,861**	**196**	**50**	**+146**	**1,941**
UNIQLO Japan	**837**	**15**	**20**	**-5**	**832**	**30**	**30**	**0**	**837**
Directly run stores	798	13	20	-7	791	-	-	-	-
Large-scale	205	5	4	+1	206	-	-	-	-
Standard and others	593	8	16	-8	585	-	-	-	-
Franchise stores	39	2	0	+2	41	-	-	-	-
UNIQLO International	**958**	**78**	**7**	**+71**	**1,029**	**166**	**20**	**+146**	**1,104**
China	472	45	3	+42	**514**	-	-	-	-
Hong Kong	25	0	0	0	**25**	-	-	-	-
Taiwan	63	1	0	+1	**64**	-	-	-	-
Korea	173	7	2	+5	**178**	-	-	-	-
Singapore	24	1	0	+1	**25**	-	-	-	-
Malaysia	35	2	0	+2	**37**	-	-	-	-
Thailand	32	2	0	+2	**34**	-	-	-	-
Philippines	32	3	0	+3	**35**	-	-	-	-
Indonesia	9	1	0	+1	**10**	-	-	-	-
Australia	12	1	1	0	**12**	-	-	-	-
USA	45	4	1	+3	**48**	-	-	-	-
Canada	0	2	0	+2	**2**				
UK	10	0	0	0	**10**	-	-	-	-
France	10	5	0	+5	**15**	-	-	-	-
Russia	11	3	0	+3	**14**	-	-	-	-
Germany	3	1	0	+1	**4**	-	-	-	-
Belgium	2	0	0	0	**2**	-	-	-	-
Global Brands	**1,365**	**27**	**32**	-5	**1,360**	**60**	**50**	**+10**	**1,375**
GU	350	18	10	+8	**358**	-	-	-	-
Theory ※	530	7	13	-6	**524**	-	-	-	-
Comptoir des Cotonniers ※	348	2	8	-6	**342**	-	-	-	-
Princesse tam.tam ※	137	0	1	-1	**136**	-	-	-	-
Total	**3,160**	**120**	**59**	**+61**	**3,221**	**256**	**100**	**+156**	**3,316**

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

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2016 2Q	6-month average to Feb. 2016	120.7	132.5	181.3	18.6	10.2
FY2017 2Q	6-month average to Feb. 2017	108.7	117.9	136.6	15.9	9.4
FY2016	12-month average to Aug. 2016	115.1	127.2	167.4	17.7	9.8
FY2017（E）	12-month average to Aug. 2017	107.0	116.0	134.0	15.8	9.3

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2016 2Q	Exchange rate at end Feb. 2016	113.6	124.1	157.5	17.4	9.1
FY2017 2Q	Exchange rate at end Feb. 2017	112.4	118.9	139.8	16.4	9.9
FY2016	Exchange rate at end Aug. 2016	103.2	114.9	134.9	15.4	9.2
FY2017（E）	Exchange rate at end Aug. 2017	103.2	114.9	134.9	15.4	9.2

FAST RETAILING

Reference: Capex, Depreciation

Capex and Depreciation

Billions of Yen

	Capital spending					Depreciation
	UNIQLO Japan	UNIQLO Intl.	Global Brands	Systems, etc	Total	
FY2016 2Q 6-month average	2.4	13.3	3.8	4.8	24.5	18.6
FY2017 2Q 6-month average	2.1	9.8	3.8	8.8	24.7	17.9
FY2016 Full-year 12-month average	4.5	26.8	8.4	12.6	52.3	36.7
FY2017（E） Full-year 12-month average	2.6	22.4	7.7	16.6	49.3	38.4