FAST RETAILING

October 12, 2017

Fast Retailing Results for Fiscal 2017 and Estimates for Fiscal 2018

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

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 FY2017, or the 12 months from September 2016 through August 2017. I will then move on to discussing our estimates for the full business year through August 2018.

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.

FAST RETAILING

Group: Fiscal 2017 (Sep. 2016-Aug. 2017)

Record revenue, operating profit, net profit

UNIQLO International makes a major contribution

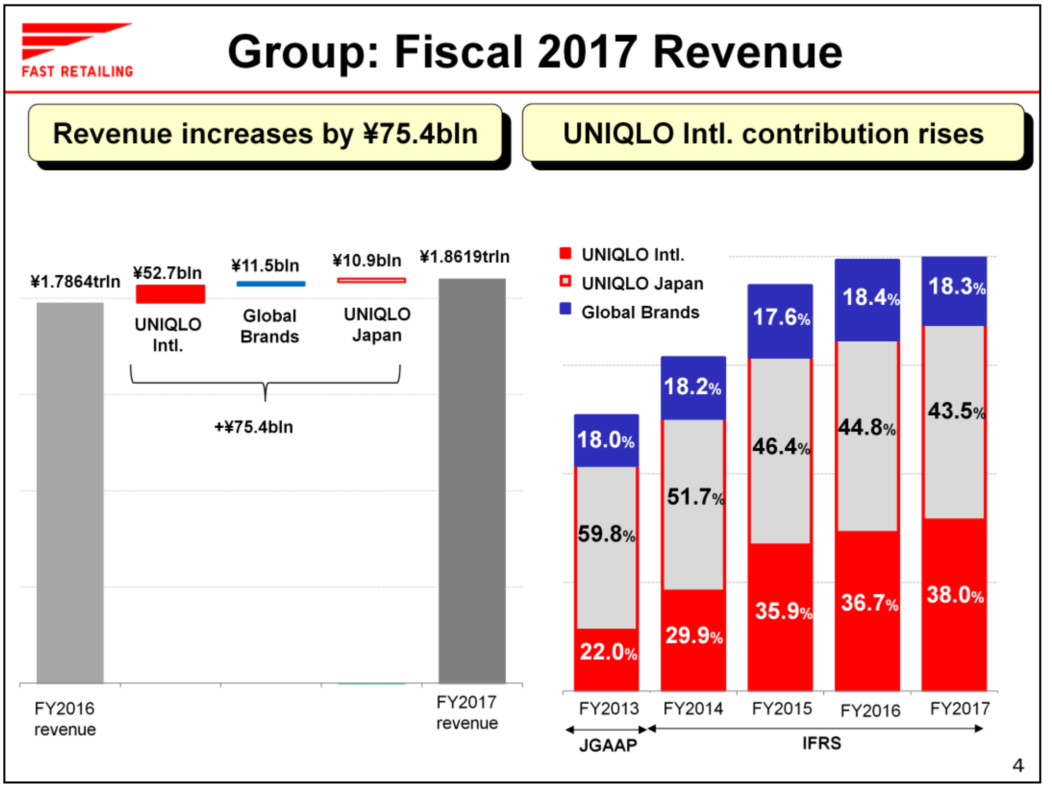
Billions of Yen

	Yr to Aug. 2016	Yr to Aug. 2017						Latest est.
	Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y	(Jul.13)
Revenue (to revenue)	1,786.4 100.0%	1,017.5 100.0%	+0.6%	844.4 100.0%	+9.0%	1,861.9 100.0%	+4.2%	1,850.0 100.0%
Gross profit (to revenue)	864.9 48.4%	494.2 48.6%	+3.6% +1.5p	415.0 49.2%	+7.0% -0.9p	909.2 48.8%	+5.1% +0.4p	- -
SG&A (to revenue)	702.9 39.3%	365.4 35.9%	-1.4% -0.7p	359.7 42.6%	+8.3% -0.3p	725.2 38.9%	+3.2% -0.4p	- -
Business profit (to revenue)	162.0 9.1%	128.7 12.7%	+21.2% +2.2p	55.3 6.6%	-0.9% -0.6p	184.0 9.9%	13.6% +0.8p	180.0 9.7%
Other income, expenses (to revenue)	-34.7 -	1.9 0.2%	- -	-9.5 -	- -	-7.6 -	- -	- -
Operating profit (to revenue)	127.2 7.1%	130.6 12.8%	+31.5% +3.0p	45.7 5.4%	+63.7% +1.8p	176.4 9.5%	+38.6% +2.4p	175.0 9.5%
Finance income, costs (to revenue)	-37.0 -	16.9 1.7%	- -	0.0 0.0%	- -	16.9 0.9%	- -	- -
Profit before income taxes (to revenue)	90.2 5.1%	147.6 14.5%	+79.9% +6.4p	45.7 5.4%	+458.7% +4.3p	193.3 10.4%	+114.3% +5.3p	175.0 9.5%
Profit attributable to owners of the parent (to revenue)	48.0 2.7%	97.2 9.6%	+106.7% +4.9p	22.0 2.6%	+21x +2.5p	119.2 6.4%	+148.2% +3.7p	100.0 5.4%

Fast Retailing achieved a record performance in FY2017.

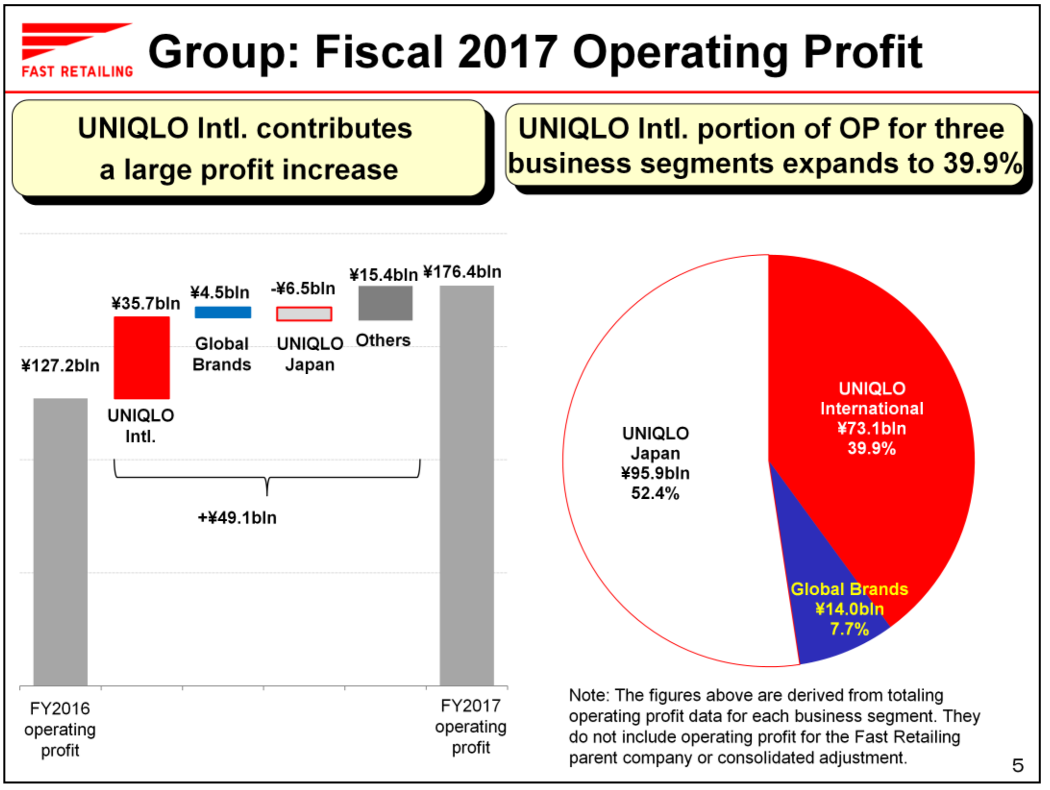
Consolidated revenue rose to ¥1.8619 trillion (up 4.2% year on year), business profit, a good indicator of fundamental profitability, expanded to ¥184.0 billion (up 13.6%), operating profit increased to ¥176.4 billion (up 38.6%), and profit attributable to owners of the parent increased to an impressive ¥119.2 billion (+148.2%).

Profit gains at UNIQLO International contributed considerably to the consolidated performance. Net profit far exceeded our target, expanding by 2.5 times year on year thanks to lower impairment losses and the recording of foreign exchange gains.



Looking first at consolidated revenue.

Consolidated revenue expanded by ¥75.4 billion in FY2017, due largely to an impressive ¥52.7 billion gain in revenue at UNIQLO International.



A significant ¥35.7 billion rise in operating profit at UNIQLO International also contributed greatly to consolidated operating income.

As a result of its strong performance, UNIQLO International’s proportion of operating profit for the three business segments expanded to 39.9%.

Group: Fiscal 2017 Operating Profit

OP margin improves by 2.4p

Gross profit margin +0.4p, SG&A ratio -0.4p

Gross profit margin
48.4%→ 48.8% (+0.4p)

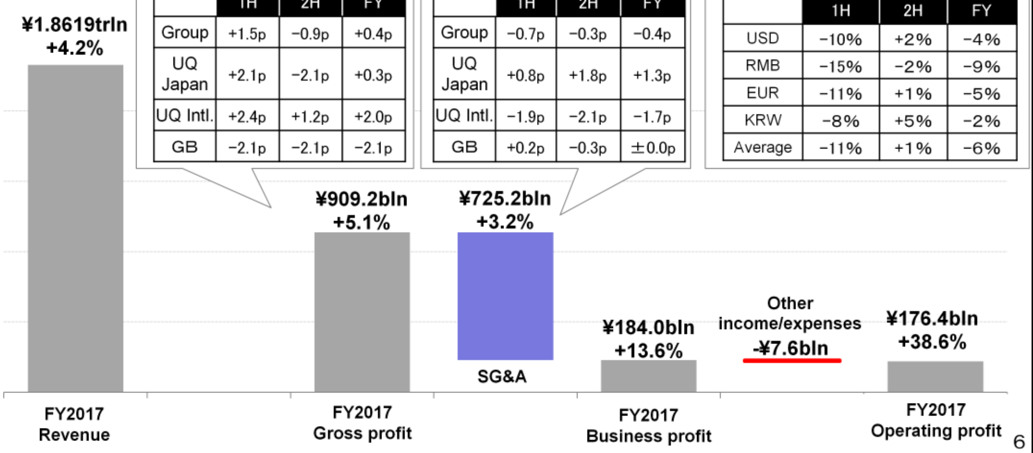
	1H	2H	FY
Group	+1.5p	−0.9p	+0.4p
UQ Japan	+2.1p	−2.1p	+0.3p
UQ Intl.	+2.4p	+1.2p	+2.0p
GB	−2.1p	−2.1p	−2.1p

SG&A ratio
39.3%→38.9% (-0.4p)

	1H	2H	FY
Group	−0.7p	−0.3p	−0.4p
UQ Japan	+0.8p	+1.8p	+1.3p
UQ Intl.	−1.9p	−2.1p	−1.7p
GB	+0.2p	−0.3p	±0.0p

Average foreign exchange drag on performance: -6%

	1H	2H	FY
USD	−10%	+2%	−4%
RMB	−15%	−2%	−9%
EUR	−11%	+1%	−5%
KRW	−8%	+5%	−2%
Average	−11%	+1%	−6%



I would now like to explain the main points on Fast Retailing's income statement.

Consolidated operating profit increased by 38.6% year on year to ¥176.4 billion and the operating profit margin improved by 2.4 points.

The gross profit margin improved 0.4 point to 48.8% on the back of a 2.0 point improvement in the gross profit margin at UNIQLO International, and a 0.3 point improvement at UNIQLO Japan.

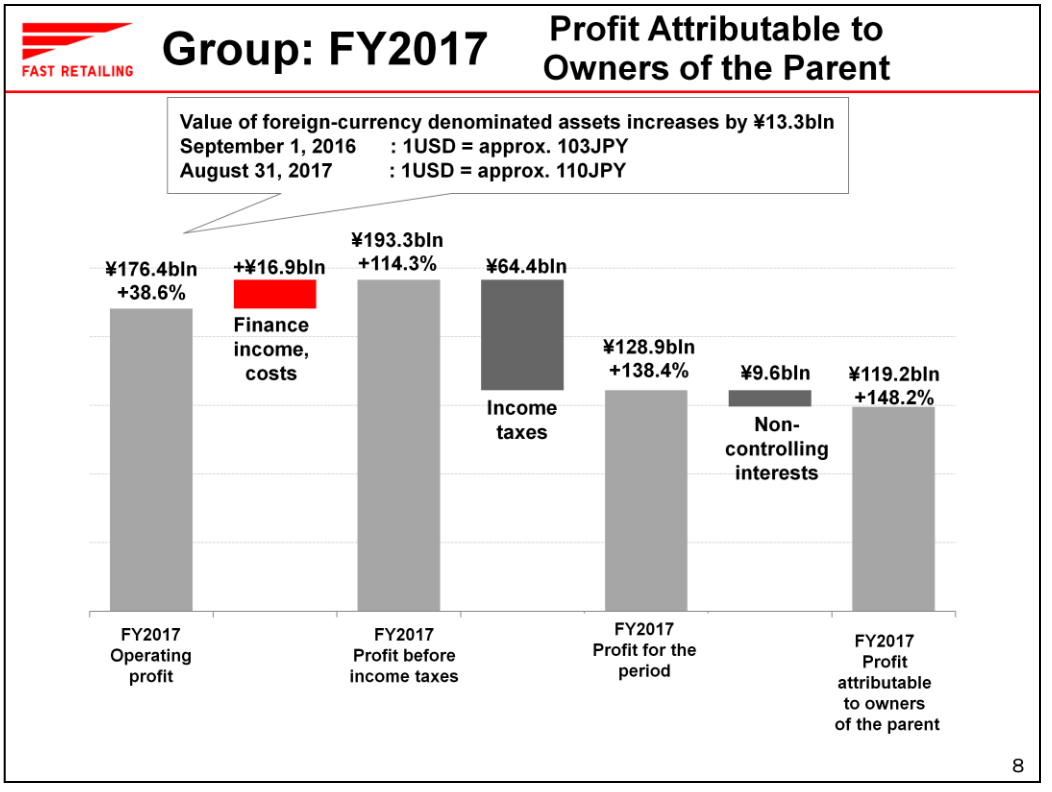
The SG&A to net sales ratio improved by 0.4 point to 38.9%, thanks to a 1.7 point improvement in the SG&A ratio at UNIQLO International.

As a result, business profit expanded by 13.6% year on year to ¥184.0 billion.

Other income/expenses totaled minus ¥7.6 billion.
You can read about this in more detail in Slide 7.

Group: FY2017 Breakdown: Other Income/Costs

	FY2016	FY2017	
Business profit	¥162.0bln	¥184.0bln	
Foreign exchange gain/loss	-¥11.0bln	¥2.1bln	September 1, 2016: 1USD = approx. 103JPY August 31, 2017: 1USD = approx. 110JPY Foreign exchange gain/loss mainly related to temporary advances for purchases by overseas subsidiaries
Impairment loss	-¥22.3bln	-¥9.3bln	
J Brand	-¥13.8bln	-¥3.6bln	
Systems	-	-¥3.5bln	Loss made on introduction of new systems at Global Brands
US stores	-¥5.7bln	-¥1.4bln	
Other stores	-¥2.1bln	-¥0.7bln	
Store closure & retirement losses	-¥2.4bln	-¥2.7bln	
US stores	-¥1.8bln	-¥1.1bln	Closure and retirement loss on 5 US stores
Other stores	-¥0.6bln	-¥1.5bln	Retirement loss on fixed assets on store closures in China, etc.
Others	¥1.1bln	¥2.3bln	Reversal of impairment losses, share of profit of an associate, etc.
Total	-¥34.7bln	-¥7.6bln	
Operating profit	¥127.2bln	¥176.4bln	



Moving on to finance income and costs, we recorded ¥16.9 billion in net finance income in FY2017 after a weakening in the yen over the full year period expanded the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes increased by 138.4% to ¥128.9 billion, and profit attributable to the owners of the parent increased by 148.2% to ¥119.2 billion.

FY2017 Breakdown by Group Operation

Billions of Yen

		Yr to Aug. 2016	Yr to Aug. 2017					
		Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
UNIQLO Japan	Revenue	799.8	**455.1**	**+0.3%**	**355.6**	**+2.7%**	**810.7**	**+1.4%**
	Business profit	103.8	**69.5**	**+9.3%**	**27.2**	**-32.3%**	**96.7**	**-6.9%**
	(to revenue)	13.0%	15.3%	+1.3p	7.7%	-3.9p	11.9%	-1.1p
	Other income, expenses	-1.4	**-0.7**	**-**	**-0.1**	**-**	**-0.8**	**-**
	Operating profit	102.4	**68.7**	**+7.3%**	**27.1**	**-29.3%**	**95.9**	**-6.4%**
	(to revenue)	12.8%	15.1%	+1.0p	7.6%	-3.5p	11.8%	-1.0p
UNIQLO International	Revenue	655.4	**392.8**	**+0.9%**	**315.3**	**+18.5%**	**708.1**	**+8.1%**
	Business profit	46.1	**49.8**	**+53.1%**	**26.4**	**+93.5%**	**76.2**	**+65.1%**
	(to revenue)	7.0%	12.7%	+4.3p	8.4%	+3.3p	10.8%	+3.8p
	Other income, expenses	-8.7	**-1.0**	**-**	**-2.0**	**-**	**-3.1**	**-**
	Operating profit	37.4	**48.7**	**+65.9%**	**24.3**	**+203.3%**	**73.1**	**+95.4%**
	(to revenue)	5.7%	12.4%	+4.8p	7.7%	+4.7p	10.3%	+4.6p
Global Brands	Revenue	328.5	**168.1**	**+0.5%**	**171.9**	**+6.6%**	**340.1**	**+3.5%**
	Business profit	24.1	**10.4**	**-27.0%**	**7.5**	**-23.7%**	**17.9**	**-25.6%**
	(to revenue)	7.3%	6.2%	-2.3p	4.4%	-1.7p	5.3%	-2.0p
	Other income, expenses	-14.6	**-0.3**	**-**	**-3.5**	**-**	**-3.9**	**-**
	Operating profit	9.5	**10.0**	**-29.7%**	**3.9**	**-**	**14.0**	**+47.5%**
	(to revenue)	2.9%	6.0%	-2.6p	2.3%	+5.3p	4.1%	+1.2p

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

Slide 9 displays the breakdown of FY2017 performance by Group operation.

UNIQLO Japan FY2017

Revenue up, but profit down

Billions of Yen

	Yr to Aug. 2016	Yr to Aug. 2017					
	Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
Revenue	799.8	455.1	+0.3%	355.6	+2.7%	810.7	+1.4%
(to revenue)	100.0%	100.0%		100.0%		100.0%	
Gross profit	381.8	218.7	+4.7%	170.3	-1.6%	389.0	+1.9%
(to revenue)	47.7%	48.1%	+2.1p	47.9%	-2.1p	48.0%	+0.3p
SG&A	278.0	149.2	+2.7%	143.0	+7.8%	292.3	+5.1%
(to revenue)	34.8%	32.8%	+0.8p	40.2%	+1.8p	36.1%	+1.3p
Business profit	103.8	69.5	+9.3%	27.2	-32.3%	96.7	-6.9%
(to revenue)	13.0%	15.3%	+1.3p	7.7%	-3.9p	11.9%	-1.1p
Other income, expenses	-1.4	-0.7	-	-0.1	-	-0.8	-
(to revenue)	-	-	-	-	-	-	-
Operating profit	102.4	68.7	+7.3%	27.1	-29.3%	95.9	-6.4%
(to revenue)	12.8%	15.1%	+1.0p	7.6%	-3.5p	11.8%	-1.0p

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

Taking each business segment in turn, UNIQLO Japan reported a rise in revenue but a fall in profit over the twelve months through August 2017, with revenue expanding by 1.4% year on year to ¥810.7 billion and operating profit contracting by 6.4% to ¥95.9 billion.

The fall in UNIQLO Japan operating profit was due to a modest 0.3 point improvement in the gross profit margin versus a 1.3 point increase in the SG&A ratio. I will explain these results in more detail in the next few slides.

UNIQLO Japan: FY2017 Revenue

Revenue: ¥810.7bln (+1.4% y/y)
Same-store sales +1.1% (1H: +0.1%, 2H: +2.4%)

- ✓ Warm weather in bumper sales month of December resulted in just 0.1% growth in same-store sales in 1H, but that expanded to 2.4% in 2H. Newsworthy items such as wireless bras, Dry Stretch Kando Pants, easy ankle pants and UT T-shirts sold well. Customer visits rose.
- ✓ E-commerce sales: 1H growth capped at 11.7% y/y following some disruptions in distribution. However, that growth picked up from April onwards to a monthly average of 23% following the launch of our new mobile website on March 24, 2017, and an expansion of online products and services.
  FY 2017 E-commerce sales: ¥48.7bln (+15.6%), ratio of total sales: 5.3%→6.0%
- ✓ Customer visits +2.9% as campaign items sold well and attracted customers.
- ✓ Customer spend -1.8% as the rise in proportion of higher-unit-price bottoms tapered off and the proportion of lower-priced innerwear, cut-and-sew increased.

Same-store sales	Yr to Aug. 2017							
	1H	3Q	Jun.	Jul.	Aug.	2H	Full year	Sep.
Net sales	+0.1%	+2.7%	+4.1%	+3.7%	-3.4%	+2.4%	+1.1%	+6.3%
Customer visits	+0.2%	+8.5%	+8.2%	+5.6%	-4.1%	+6.1%	+2.9%	+3.9%
Customer spend	-0.1%	-5.3%	-3.8%	-1.9%	+0.7%	-3.5%	-1.8%	+2.3%

End August UNIQLO directly run stores down 8 y/y to 790 (opened 21, closed 29)
Franchise stores: 41 (+2 stores y/y)

Same-store sales for UNIQLO Japan expanded 1.1% year on year in FY2017. The warm weather during the bumper sales month of December constricted same-store sales growth to a modest 0.1% in the first half, from September 2016 through February 2017. However, same-store sales were more buoyant in the second half from March through August 2017, reporting a 2.4% year-on-year expansion. This was due to strong sales of newsworthy items such as wireless bras, Dry Stretch Kando Pants, easy ankle pants and UT T-shirts, and rise in customer visits.

As for e-commerce, online sales expanded by a healthy monthly average of 23% from April onwards following the renewal of our online mobile site on March 24 and the expansion of online products and services.

UNIQLO Japan: FY2017 Gross Profit Margin

Gross profit margin 48.0% (+0.3p y/y)

Full-year gross profit margin improves 0.3p

- Weakening internal exchange rates saw further rise in cost of sales.
- 1H: Controlled discounting rates with easily recognizable everyday price strategy. Discounting loss improved compared to active discounting in FY2016. 1H gross profit margin improved 2.1p as a result.
- 2H: A full year since the introduction of the everyday price strategy and following active Q4 inventory rundown, the margin of improvement in discounting rates shrank, knocking the gross profit margin below plan and down 2.1p y/y.

	Yr to Aug. 2016	Yr to Aug. 2017	
			y/y
Full year	47.7%	**48.0%**	+0.3p
1H	46.0%	**48.1%**	+2.1p
2H	50.0%	**47.9%**	-2.1p

The gross profit margin for UNIQLO Japan improved 0.3 point to 48.0% in FY2017.

Our internal foreign exchange rates continued on a weakening trend, which resulted in a further rise in the cost of sales. In the first half, we successfully controlled discounting rates with our easily recognizable everyday price strategy. In addition, the first-half gross profit margin improved by 2.1 points year on year on lower discounting losses compared to an active discounting period in the previous year.

However, the second-half gross profit margin came in below plan, contracting 2.1 points year on year as the margin of improvement in the discounting rate contracted. The positive year-on-year impact of the instantly recognizable everyday prices faded as a full year passed since their introduction, and we also actively sold off inventory in the fourth quarter from June through August.

FAST RETAILING

UNIQLO Japan: FY2017 SG&A

SG&A to revenue ratio: 36.1%(+1.3p y/y)
(includes +0.4p for accounting and tax systems changes)

- Reported ¥3.4bln in costs related to systemic changes in 2H. Full-year: +0.4p, 2H: +1.0p.
  - ✓Depreciation charges: Asset retirement obligations relating to returning leased sites to their original state when closing stores increased. Asset retirement obligations are reviewed at the end of each period. Based on the most recent data, provisioning for FY2018 has been increased.
  - ✓Tax & dues (Other expenses): Rose on higher size-based tax rate following tax system changes.
- Personnel cost ratio up on lower-than-expected sales. In-store staff costs rose following increase in hourly wages in some regions and higher short-term hires during busy sales periods.
- Distribution costs improved steadily in 2H on greater delivery efficiency and reduction in requirements for additional temporary warehousing.
- Advertising and promotion: More efficient flyer and newspaper advertising.

	Yr to Aug. 2017 y/y	FY2017 1H y/y	FY2017 2H y/y
SG&A Total	+1.3p	+0.8p	+1.8p
Personal	+0.3p	+0.2p	+0.5p
Store rents	+0.1p	+0.2p	+0.0p
Distribution	+0.5p	+0.8p	+0.1p
A&P	-0.1p	-0.2p	+0.0p
Depreciation	+0.2p	-0.1p	+0.6p
Other	+0.2p	-0.1p	+0.6p

The SG&A to revenue ratio at UNIQLO Japan rose 1.3 points year on year to 36.1% in FY2017.

The SG&A ratio increased by 0.8 point in the first half on the back of increased temporary costs related to the overhaul of our logistics systems.

The SG&A ratio rose again in the second half by 1.8 points. This was due partly to accounting and tax-system changes which resulted in higher depreciation costs and higher tax and dues. These systemic changes inflated business expenses by a total of ¥3.4 billion, adding 0.4 point onto the full-year SG&A ratio, and as much as 1.0 point onto the second-half SG&A ratio.

Running through the major business expense items, the personnel cost ratio rose 0.3 point year on year on the back of lower-than-expected sales. In addition, in-store staff costs rose after we increased hourly wages in some regions and hired more staff to cover busy sales periods from the second half onwards.

Distribution costs increased 0.5 point in FY2017. While the distribution cost ratio increased 0.8 point in the first half, we have seen some steady improvement in underlying conditions thanks to greater delivery efficiency and reduced requirements for additional temporary warehousing. This improvement is reflected in the more modest 0.1 point gain in the distribution ratio in the second half.

Finally, the advertising and promotion cost ratio improved by 0.1 point on the back of more efficient flyer and newspaper advertising.

FAST RETAILING

UNIQLO International: FY2017 Overview

Operating profit exceeds plan, nearly doubles

Dramatic growth in Greater China, and SE Asia & Oceania. SE Asia fast becoming the third pillar for UNIQLO Intl. after Greater China and S Korea.

- **Modest 8.1% revenue growth with average 6% drag from foreign exchange. Revenue in local currency terms up approx. 15%, expands beyond plan.**
- **Operating profit almost doubles year on year thanks to:**
  - ✓ **Large improvement in gross profit margin on tight discounting approach in all regions**
  - ✓ **Positive effect of cost-cutting drives in all regions**
  - ✓ **Halving of operating losses at UNIQLO USA**

Billions of Yen

		Yr to Aug. 2016	Yr to Aug. 2017					
		Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
UNIQLO International	Revenue	655.4	392.8	+0.9%	315.3	+18.5%	708.1	+8.1%
	Business profit	46.1	49.8	+53.1%	26.4	+93.5%	76.2	+65.1%
	(to revenue)	7.0%	12.7%	+4.3p	8.4%	+3.3p	10.8%	+3.8p
	Other income, expenses	-8.7	-1.0	-	-2.0	-	-3.1	-
	Operating profit	37.4	48.7	+65.9%	24.3	+203.3%	73.1	+95.4%
	(to revenue)	5.7%	12.4%	+4.8p	7.7%	+4.7p	10.3%	+4.6p

I would now like to move on to talk about UNIQLO International performance in FY2017.

UNIQLO International generated a 8.1% year-on-year rise in revenue to ¥708.1 billion. Operating profit exceeded our target to nearly double year on year, expanding 95.4% to ¥73.1 billion.

Growth from the UNIQLO Greater China and UNIQLO Southeast Asia & Oceania operations was especially strong. The Southeast Asian region is now firmly entering a growth stage and turning into another pillar operation for UNIQLO International behind Greater China and South Korea.

Growth in UNIQLO International revenue was a modest 8.1%, but this includes an average 6% drag on performance caused by foreign exchange effects. Remove that, and revenue in local-currency terms outperformed target to expand by approximately 15% year on year.

UNIQLO operating profit almost doubled year on year thanks to a large improvement in the gross profit margin in all regional operations following the shift to a tighter discounting business format. Cost-cutting efforts in all regional operations also supported overall segment operating profit, as did the halving of operating losses at UNIQLO USA.

UNIQLO International: FY2017 by Region ①

Greater China revenue & profit rise beyond target
Revenue: ¥346.4bln (+4.1% y/y), OP ¥50.1bln (+37.0%)

S Korea: Revenue, profit up. Business reform generates large profit rise, above plan

Mainland China
- Same-store sales up. Large expansion in operating profit exceeds expectations.
- Buoyant sales as well-timed seasonal and holiday campaigns attracted customers, and product mixes were adjusted to reflect weather differences.
- Gross profit margin improved on more accurate ordering and sales planning.
- Purchasing Project controlled store & HQ costs, improved expense ratios.
- E-commerce sales strong, recorded double-digit year-on-year growth.

Hong Kong and Taiwan
- Both recorded above-plan profit gains on improved gross profit margin and cost-cuts.
- HK same-store sales decrease over full-year, but recover in 2H to post a rise.
- Taiwan same-store sales fall on consumption slump and unseasonal weather

South Korea
- Full-year same-store sales down, but recover in 2H on review of product mix, and increased focus on core products such as Dry Stretch Kando Pants, AIRism and BRATOP following shift to digital marketing
- Gross profit margin improves after shedding dependence on discounting.
- In-store inventory review helps greatly reduce personnel, distribution costs.

Next, I would like to look at business trends for individual regions within the UNIQLO International segment.

Greater China achieved higher than expected gains in both revenue and profit in FY2017, with revenue expanding by 4.1% to ¥346.4 billion and operating profit expanding 37.0% to ¥50.1 billion. The modest 4.1% increase in Greater China revenue was due to the approximate 7% drag on full-year performance caused by foreign exchange effects. You will hear more about this later in the presentation by Group Executive Vice President Mr. Ning Pan.

South Korea generated gains in both revenue and profit. The large rise in profit following the operation's proactive reform of business practices outstripped our expectations. Same-store sales did decline for the full business year, but turned up in the second half following a review of product mixes, and the greater attention that the shift to digital marketing has attracted to core products such as Dry Stretch Kando Pants, AIRism and BRATOP. In addition, the gross profit margin improved as the operation successfully managed to shift away from a discounting-dependent business format. Personnel and distribution costs were also reduced significantly following a review of in-store inventory levels.

UNIQLO International: FY2017 by Region ②

SE Asia & Oceania: Far exceeds expectations, operating profit doubles y/y
N America: USA Business to plan, operating loss halved

Southeast Asia & Oceania
- Continued double-digit growth in same-store sales.
- Expanded sales by increasing summer items, vital to daily life in hot weather.
- Widened customer base with reasonably priced SE Asia design ranges.
- Actively conveyed functionality of Fall Winter items to capture overseas traveler demand.
- Offered this comfort-fashion focused region more hijab and Baju Melayu.
- Increased awareness among young women through media activities and digital marketing.
- Gross profit margin up. Business costs down on reduced distribution and personnel costs following in-store inventory review.
- Intend to accelerate new store openings, and deepen business expansion.

North America (USA & Canada)
- Same-store sales up on successful advertising of denim, UT and other core items, and strong joint collections.
- Gross profit margin up on reduced discounting as product ranges reviewed and tailored to suit unique regional needs.
- Large improvement in business cost ratios following management overhaul
- Impairment loss on stores: ¥1.4bln. Retirement and store closure loss on shutting of 5 stores: ¥0.7bln. Total loss recorded: ¥2.1bln.
- Canada business favorable at two stores opened in fall 2016 and one store in Vancouver, opened in October 2017.

UNIQLO Southeast Asia & Oceania performed much better than expected, with operating profit doubling year on year in FY2017. Having strengthened our fundamental business platform in Southeast Asia & Oceania, we now expect to be able to further deepen and expand the operation by accelerating new store openings. You will hear more about these plans in the presentation by Group Executive Vice President Taku Morikawa later in this conference.

UNIQLO USA successfully halved its operating loss as expected. Same-store sales increased on successful advertising of denim, UT T-shirts and other core items, as well as some strong joint collections. The gross profit margin improved on the back of reduced discounting as the operation reviewed product mixes to ensure they suited individual regional needs more closely. The management transformation at UNIQLO USA also contributed to a considerable improvement in business cost ratios.

UNIQLO sales in Canada are expanding favorably following the opening of two stores in Toronto in Fall 2016 and one store in Vancouver in October 2017.

UNIQLO International: FY2017 by Region ③

Europe: On target. Operating profit dips slightly

Europe

- **20 new stores opened. Profit down slightly on higher business expenses by new store openings.**
- **A strong start for first Spanish store, opened in Barcelona in September 2017.**

First Spanish Store, UNIQLO Paseo de Gracia store, in Barcelona

Moving on to Europe, UNIQLO Europe generated the planned rise in FY2017 revenue but operating profit dipped slightly. That was due to the opening of a total 20 new stores, mainly in Russia and France, and higher business costs compared to the previous year when fewer new stores were opened.

I am pleased to say that the first UNIQLO store in Spain, which was opened in Barcelona in September 2017, got off to a strong start.

FAST RETAILING

Global Brands: FY2017 Overview

Revenue and profits rise, but below plan

- **GU: Revenue: ¥199.1bln (+6.0%), OP: ¥13.5bln (-39.0%)**
  - Same-store sales down 3% on lost sales from shortages in strong-selling items such as design blouses, big silhouette tops, design bottoms, pajamas and shoes, and fewer-than-expected hit products.
  - Revenue fall partly due to extremely strong +17% same-store sales gain in FY2016.
  - Gross profit margin down on shortfall in sales, and rising cost of sales on weaker yen.
  - Shift to digital marketing reduced advertising costs, but business expense ratio still rose on higher distribution and personnel costs.
  - Successful entry into Hong Kong market in March. Marked improvement in profitability in Mainland China and Taiwan.
- **Theory: Exceeds plan to report significant profit gain**
- **CDC: Revenue down, operating loss down on cost-cutting**
- **Princesse tam.tam: Continued operating loss**
- **J Brand: Further operating loss. Impairment loss: ¥3.6bln**

Billions of Yen

		Yr to Aug. 2016	Yr to Aug. 2017					
		Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
Global Brands	Revenue	328.5	168.1	+0.5%	171.9	+6.6%	340.1	+3.5%
	Business profit	24.1	10.4	-27.0%	7.5	-23.7%	17.9	-25.6%
	(to revenue)	7.3%	6.2%	-2.3p	4.4%	-1.7p	5.3%	-2.0p
	Other income, expenses	-14.6	-0.3	-	-3.5	-	-3.9	-
	Operating profit	9.5	10.0	-29.7%	3.9	-	14.0	+47.5%
	(to revenue)	2.9%	6.0%	-2.6p	2.3%	+5.3p	4.1%	+1.2p

Let me now move on to our Global Brands segment, which fell short of plan but still generated rises in both revenue and profit in FY2017. Revenue expanded by 3.5% to ¥340.1 billion and operating profit expanded by 47.5% to ¥14.0 billion. Underlying this performance was a strong profit gain from the Theory fashion label and reduced impairment losses for our J Brand premium denim label.

Looking first at performance from our low-priced GU casual fashion brand. GU reported lower-than-expected revenue and profit, with revenue expanding just 6.0% to ¥199.1 billion and operating profit contracting 39.0% to ¥13.5 billion. Same-store sales contracted 3% on the back of lost sales opportunities resulting from shortages of strong-selling items such as design blouses, big silhouette tops, design bottoms, pajamas and shoes, as well as the fact that some items did not develop into hit products we expected. The contraction in FY2017 same-store sales was also due partly to the fact that the data are being compared to an extremely strong previous year when same-store sales expanded by 17%.

The GU gross profit margin declined on the back of lower-than-expected sales and a rising cost of sales caused by a weaker yen. While the shift to digital marketing helped reduce advertising and promotion costs, GU's business expense ratio rose on the back of higher distribution and personnel costs.

In terms of international expansion, GU's entry into the Hong Kong market in March was successful, and profitability at GU stores in Mainland China and Taiwan improved considerably.

Looking at other labels in the Global Brands segment, Theory generated a large rise in profit. This higher-than-expected result was supported by a strong performance from the US Theory brand operation and improved profitability at Theory's PLST brand.

Our France-based Comptoir des Cotonniers women's fashion brand reported a decline in revenue, but cost-cutting efforts helped reduce operating losses.
Our France-based lingerie, loungewear, swimwear and sportswear brand, Princesse tam.tam reported another operating loss.
Our J Brand premium denim label also reported a further operating loss, and recorded an impairment loss of ¥3.6 billion.

Group: Balance Sheet (end August 2017)

Billions of Yen

	End Aug. 2016	End Aug. 2017	Change
Total Assets	1,238.1	**1,388.4**	+150.3
Current Assets	924.5	**1,077.5**	+153.0
Non-Current Assets	313.5	**310.8**	-2.6
Total Liabilities	640.4	**626.4**	-14.0
Total Equity	597.6	**762.0**	+164.3

Let’s now take a look at our balance sheet as it stood at the end of August 2017. Compared to the end of August 2016, total assets increased by ¥150.3 billion to ¥1.3884 trillion, and total equity increased by ¥164.3 billion to ¥762.0 billion.

The next slide shows a breakdown of the main components of the balance sheet.

FAST RETAILING

Group: Balance Sheet (end August 2017)

Current Assets: +¥153.0bln (¥924.5bln⇒ ¥1.775trln)

- **Cash and cash equivalents: +¥298.3bln (¥385.4bln⇒ ¥683.8bln)**
  Increased operating cash flow, drawdown of deposits over three-months maturity
- **Other short-term financial assets: -¥153.8bln(¥184.2bln⇒¥30.4bln)**
  Drawdown of deposits over three-months maturity
- **Inventory assets: +¥19.6bln (¥270.0bln⇒ ¥289.6bln)**
  UNIQLO Japan: -¥4.0bln (rundown of Spring Summer inventory)
  UNIQLO International: +¥22.7bln (increase of 131 stores, business expansion)
  Global Brands: +¥0.9bln

Liabilities: -¥14.0bln (¥640.4bln⇒¥626.4bln)

- **Derivative financial liabilities: -¥66.3bln (¥72.3bln⇒ ¥6.0bln)**
  Some liabilities switched to assets as the average rate of forward currency contracts strengthened compared to the term-end exchange rate. Hedge accounting so no impact on P&L.

Capital: +¥164.3bln (¥597.6bln⇒¥762.0bln)

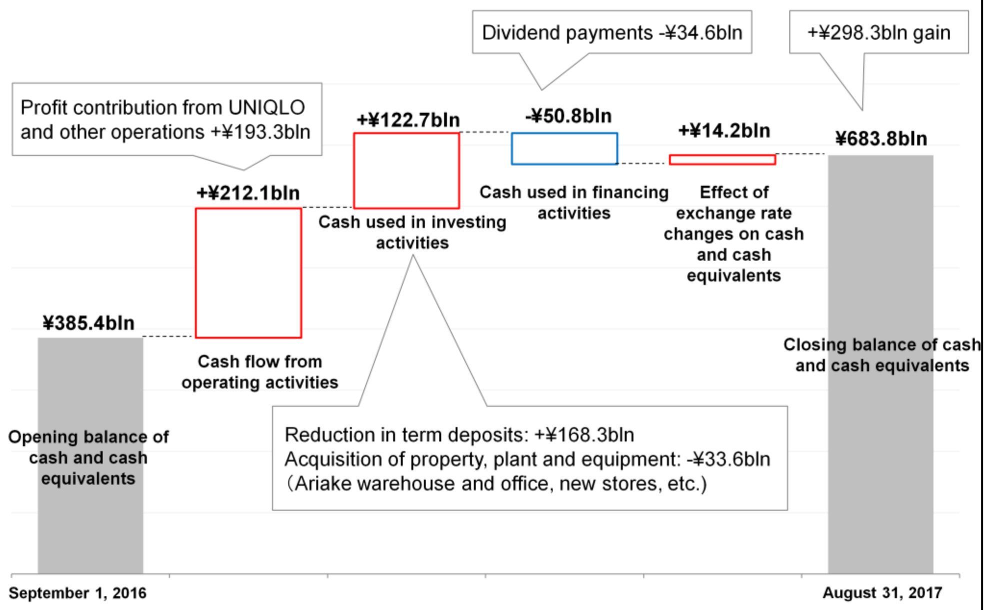
- **Capital surplus: +¥84.6bln (¥613.9bln⇒ ¥698.5bln)**
- **Cash flow hedges: +¥46.9bln (-¥44.6bln⇒ ¥2.2bln)**

Looking at the reasons behind the ¥153.0 billion increase in current assets. Cash and cash equivalents increased by ¥298.3 billion year on year to ¥683.8 billion at the end of August 2017 on the back of increased operating cash flow, and a drawdown of deposits with over three months to maturity. This repayment of term deposits reduced the total of other short-term financial assets by ¥153.8 billion.

Total inventory increased by ¥19.6 billion to ¥289.6 billion, largely due to increased inventory relating to the expansion UNIQLO International operations.

FAST RETAILING

Group: FY2017 Cash Flow



Regarding our FY2017 cash flow, we enjoyed a net cash inflow of ¥212.1 billion from operating activities. As a result, the balance of cash and cash equivalents totaled ¥683.8 billion at the end of August 2017.

Group: FY2018 Estimates

Expect record performance

Revenue : ¥2.0500trln + 10.1% y/y

Operating profit : ¥200.0bln + 13.4% y/y

Profit attributable to owners of the parent : ¥120.0bln + 0.6% y/y

Billions of Yen

	Yr to Aug. 2017 Actual	Yr to Aug. 2018 Estimates (as of Oct.12)	y/y
Revenue (to revenue)	1,861.9 100.0%	2,050.0 100.0%	+10.1%
Business profit (to revenue)	184.0 9.9%	205.0 10.0%	+11.4% +0.1p
Other income, expenses	-7.6	-5.0	-
Operating profit (to revenue)	176.4 9.5%	200.0 9.8%	+13.4% +0.3p
Finance income, costs	16.9	0.0	-
Profit before income taxes (to revenue)	193.3 10.4%	200.0 9.8%	+3.4% -0.6p
Profit attributable to owners of the parent (to revenue)	119.2 6.4%	120.0 5.9%	+0.6% -0.5p

Let me now focus on our business estimates for FY2018, or the twelve months from September 2017 through to the end of August 2018.

We expect to achieve another record performance in FY2018.

We estimate consolidated revenue will reach ¥2.0500 trillion (+10.1% year on year) and business profit will expand to ¥205.0 billion (+11.4%). We expect to incur a cost of ¥5.0 billion under other income/costs, half of which will be due to retirement and store-closure losses resulting from the closure of stores in Mainland China, the United States and other UNIQLO International operations. As a result, operating profit is expected to increase by 13.4% to ¥200.0 billion.

Finance income/costs showed a net gain of ¥16.9 billion in FY2017. However, based on a period-start exchange rate of 1USD=110JPY, we have not incorporated any foreign exchange gain in the FY2018 estimates.

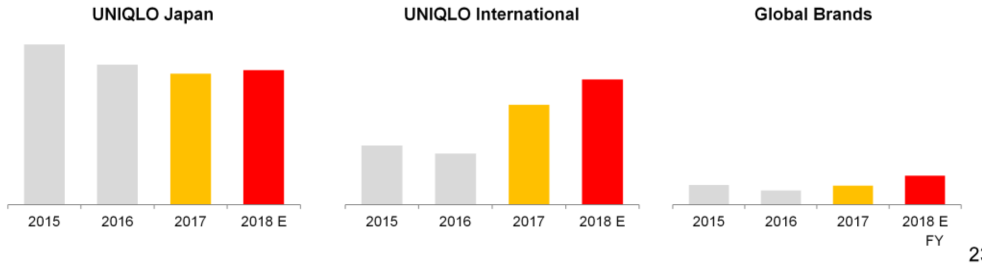
As a result, profit attributable to owners of the parent is expected to increase by 0.6% year on year to ¥120.0 billion in FY2018.

FY2017 Estimates by Group Operation (1)

UNIQLO Intl: Expect large rise in revenue and profit. Expect revenue to exceed, and OP to approach UNIQLO Japan

- **More large gains in revenue and profit from Greater China, SE Asia & Oceania.**
- **Aim to accelerate store openings in SE Asia & Oceania (open 40 new stores), and to further expand business operations.**
- **Forecast revenue and profit growth in South Korea and Europe.**
- **Expect to halve operating loss again at UNIQLO N America (USA & Canada)**

Envisaged Future Operating Profit Trend by Business Segment



I would like to take a few minutes to break down the FY2018 forecasts by Group operation.

Given it is expected to act as the key driver of consolidated growth, let me look at UNIQLO International first. UNIQLO International is forecast to produce large gains in both revenue and profit in FY2018, with total revenue predicted to surpass that of UNIQLO Japan for the first time. UNIQLO International operating profit is also expected to rise close to that of UNIQLO Japan.

Within the UNIQLO International segment, UNIQLO Greater China and UNIQLO Southeast Asia & Oceania are expected to generate further significant rises in both revenue and profit. In particular, we are aiming to expand the Southeast Asia & Oceania region by accelerating the pace of new store openings and opening 40 new stores in FY2018.

UNIQLO South Korea and UNIQLO Europe are also expected to generate increased revenue and profit, while UNIQLO North America is forecast to halve its operating loss again in FY2018.

FY2017 Estimates by Group Operation (2)

UNIQLO Japan: Expect slight increase in revenue, profit

- Forecast 1.9% rise in same-store sales (e-commerce growth of approx. 30%).
- Despite tight control on discounting, gross profit margin expected to decline slightly on rising cost of sales.
- Strong cost-cuts (Stock level review to help make distribution, personnel more efficient).

Global Brands: Expect increases in revenue and profit

- GU: Expect rises in both revenue and profit.
- Strategy for encouraging recovery in GU performance:
  - ✓ Transform operation to improve accuracy of numerical planning, and increase ratio of intermittent product designs and additional production orders to ensure we fully capture and nurture fledgling hit products.
  - ✓ Reduce production lead times by reviewing production locations, etc.
  - ✓ Cooperate with the London R&D center, launched in 2016, with the aim of strengthening product development.
  - ✓ Expand internationally by opening approx.10 stores mainly in Mainland China.
- Theory: Expect large gains in both revenue and profit.
- Reduce losses at Comptoir des Cotonniers, Princesse tam.tam and J Brand.

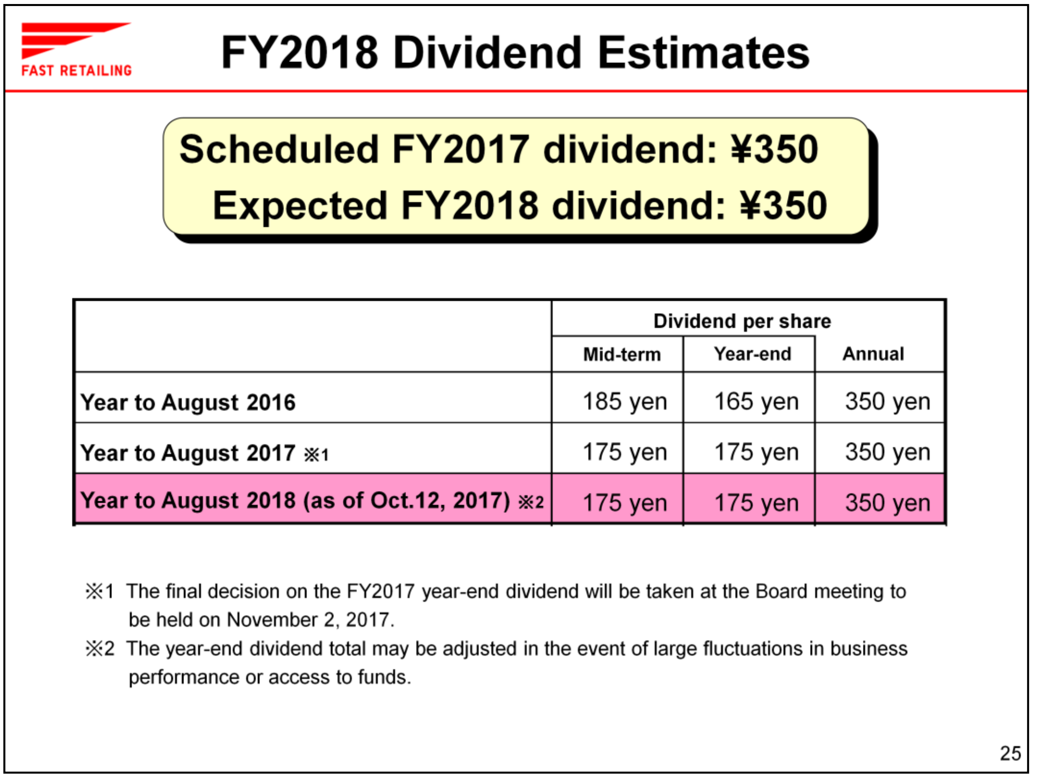
Looking now at UNIQLO Japan, we are forecasting a slight increase in revenue and profit in FY2018. Same-store sales are expected to expand by 1.9% year on year, with the e-commerce component seen expanding by approximately 30%. Despite determined control over discounting, the gross profit margin is expected to decline slightly on rising cost of sales. At the same time, we intend to further strengthen our cost-cutting strategies by focusing specifically on reviewing inventory levels to help further improve the efficiency of personnel and distribution expenses.

Moving on to the Global brands segment. We expect Global Brands will generate gains in revenue and profit in FY2018. We forecast GU will produce higher revenue and profit. To help encourage a recovery in GU performance, we are looking to transform operations by improving the accuracy of numerical planning, and ensuring we fully capture and nurture fledgling hit products by increasing the ratio of intermittent new products designed during the year and the ratio of additional product resulting from extra mid-year production orders.

We are also working to reduce GU production lead times by reviewing production locations, and aiming to strengthen GU product development by cooperating more closely with London R&D center.

Finally on GU, we are planning to press ahead with the brand’s international expansion by opening approximately 10 new stores, mainly in Mainland China.

On other labels in the Global Brands segment, we expect Theory to generate further large gains in both revenue and profit in FY2018, and we expect Comptoir des Cotonniers, Princesse tam.tam and J Brand to reduce operating losses.



	Dividend per share		
	Mid-term	Year-end	Annual
Year to August 2016	185 yen	165 yen	350 yen
Year to August 2017 ※1	175 yen	175 yen	350 yen
Year to August 2018 (as of Oct.12, 2017) ※2	175 yen	175 yen	350 yen

Finally, I would like to talk about dividend payments.

We are scheduled to pay a FY2017 dividend of ¥350 per share, which includes a ¥175 year-end dividend.

In FY2018, we expect to maintain an annual dividend per share of ¥350, split evenly between interim and year-end dividends of ¥175 each.

That completes my presentation on Fast Retailing’s FY2017 performance and outlook for the coming business year through August 2018. The remaining three slides are provided for your reference.

Thank you.

Reference: Group Company Store Numbers

[Units: Stores]	FY2016	FY2017 Result (Sep. - Aug.)				FY2018 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End Aug	Open	Close	Change	End Aug
UNIQLO Operations	**1,795**	**176**	**51**	**+125**	**1,920**	**207**	**50**	**+157**	**2,077**
UNIQLO Japan	**837**	**23**	**29**	**−6**	**831**	**30**	**30**	**0**	**831**
Own stores	798	21	29	−8	790	–	–	–	–
Large-scale	205	10	6	+4	209	–	–	–	–
Standard and others	593	11	23	−12	581	–	–	–	–
Franchise stores	39	2	0	+2	41	–	–	–	–
UNIQLO International	**958**	**153**	**22**	**+131**	**1,089**	**177**	**20**	**+157**	**1,246**
China	472	90	7	+83	**555**	100	–	–	–
Hong Kong	25	0	0	0	**25**		–	–	
Taiwan	63	3	1	+2	**65**		–	–	
Korea	173	13	7	+6	**179**	7	–	–	–
Singapore	24	1	1	0	**24**	40	–	–	–
Malaysia	35	6	0	+6	**41**		–	–	
Thailand	32	2	0	+2	**34**		–	–	
Philippines	32	8	0	+8	**40**		–	–	
Indonesia	9	3	0	+3	**12**		–	–	
Australia	12	1	1	0	**12**		–	–	
USA	45	4	5	−1	**44**	10	–	–	–
Canada	0	2	0	+2	**2**		–	–	
UK	10	0	0	0	**10**	20	–	–	–
France	10	9	0	+9	**19**		–	–	
Russia	11	9	0	+9	**20**		–	–	
Germany	3	2	0	+2	**5**		–	–	
Belgium	2	0	0	0	**2**		–	–	
Spain	0	0	0	0	**0**		–	–	
Global Brands	**1,365**	**81**	**72**	**+9**	**1,374**	**81**	**30**	**+51**	**1,425**
GU	350	41	19	+22	**372**	49	–	–	–
Theory ※	530	30	22	+8	**538**	25	–	–	–
Comptoir des Cotonniers ※	348	8	23	−15	**333**	6	–	–	–
Princesse tam.tam ※	137	2	8	−6	**131**	1	–	–	–
Total	**3,160**	**257**	**123**	+134	**3,294**	**288**	**80**	+208	**3,502**

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
FY2016	Full-year 12-month average	115.1	127.2	167.4	17.7	9.8
FY2017	Full-year 12-month average	110.1	120.7	139.7	16.1	9.7
FY2018 (E)	Full-year 12-month average	110.0	120.0	142.0	16.1	9.9

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2016	Term-end exchange rate	103.2	114.9	134.9	15.4	9.2
FY2017	Term-end exchange rate	110.4	131.3	142.7	16.7	9.8
FY2018 (E)	Term-end exchange rate	110.4	131.3	142.7	16.7	9.8

Reference: Capex, Depreciation

Capex (Incl. Finance Leases) and Depreciation

Billions of Yen

		Capital spending					Depreciation
		UNIQLO Japan	UNIQLO Intl.	Global Brands	Systems, etc	Total	
FY2015	Full-year 12 months	10.8	37.7	10.9	7.6	67.2	37.7
FY2016	Full-year 12 months	6.7	26.8	9.9	15.4	58.9	36.7
FY2017	Full-year 12 months	6.6	24.3	10.5	18.1	59.7	39.6
FY2018（E）	Full-year 12 months	4.5	28.1	11.3	35.8	79.7	43.2

Finance leases will be disclosed in the capital expenditure data from FY2017 onwards.
FY2015 and FY2016 capital expenditure data have been adjusted to include finance leases.