FAST RETAILING

April 12, 2018

Fast Retailing First-half Results for September 2017 to February 2018, and Estimates for Fiscal 2018

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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 2018, or the six months from September 2017 through February 2018, and our estimates for the full business year through August 2018.

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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
GU:	All GU operations inside and outside Japan
Global Brands:	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. 2017 - Feb. 2018

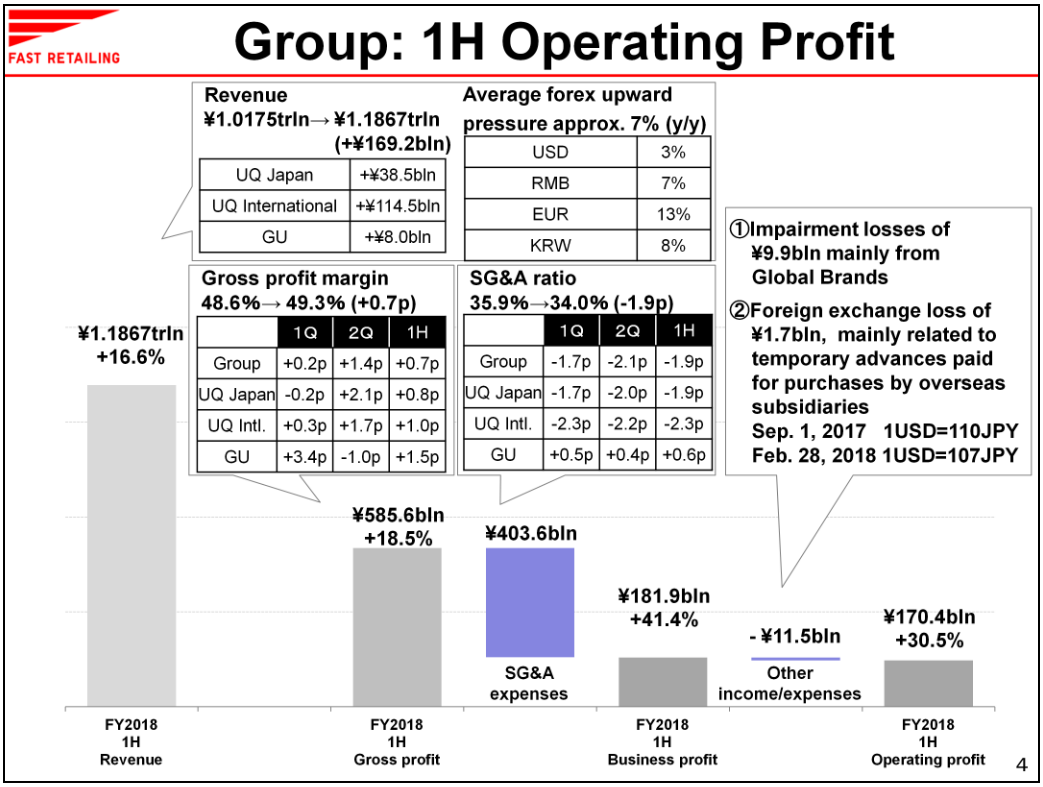
Revenue and profit gains far outstrip plan

Billions of Yen

	Yr to Aug. 2017 (6 mths to Feb. 2017) Actual	Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	y/y
Revenue (to revenue)	1,017.5 100.0%	**1,186.7** **100.0%**	+16.6%
Gross profit (to revenue)	494.2 48.6%	**585.6** **49.3%**	+18.5% +0.7 p
SG&A (to revenue)	365.4 35.9%	**403.6** **34.0%**	+10.4% -1.9 p
Business profit (to revenue)	128.7 12.7%	**181.9** **15.3%**	+41.4% +2.6 p
Other income, expenses (to revenue)	1.9 0.2%	**-11.5** -	- -
Operating profit (to revenue)	130.6 12.8%	**170.4** **14.4%**	+30.5% +1.6 p
Finance income, costs (to revenue)	16.9 1.7%	**-5.2** -	- -
Profit before income taxes (to revenue)	147.6 14.5%	**165.1** **13.9%**	+11.9% -0.6 p
Profit attributable to owners of the parent (to revenue)	97.2 9.6%	**104.1** **8.8%**	+7.1% -0.8 p

In the first half of fiscal 2018, the Fast Retailing Group reported far higher-than-expected year-on-year rises in both revenue and profit.

Revenue totalled ¥1.1867 trillion (up 16.6% year on year). On the profit side, business profit (revenue minus cost of sales and SG&A expenses), which is a good indicator of fundamental business profitability, expanded 41.4% to ¥181.9 billion. Operating profit rose 30.5% to ¥170.4 billion, and profit attributable to owners of the parent expanded 7.1% to ¥104.1 billion.



I would now like to talk about the main factors affecting first-half consolidated profit.

Consolidated revenue expanded by ¥169.2 billion year on year to ¥1.1867 trillion in the first half. Revenue at all four business segments increased, but the revenue gain of ¥114.5 billion at UNIQLO International was especially impressive.

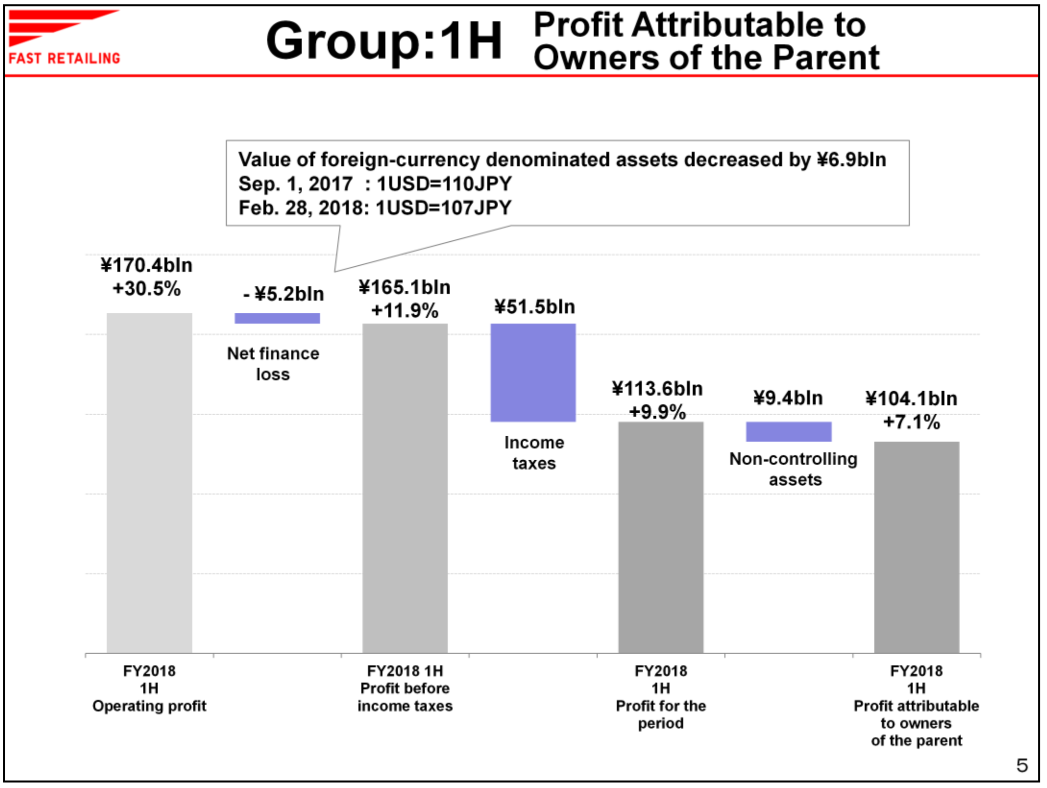
The gross profit margin increased 0.7 point to 49.3% in the first half, thanks to a 1.5 point improvement in the gross profit margin at GU, a 1.0 point improvement at UNIQLO International, and a 0.8 point improvement at UNIQLO Japan.

The SG&A to revenue ratio improved 1.9 points to 34.0%. That was due to a 2.3 point contraction in the SG&A ratio at UNIQLO International and 1.9 point contraction at UNIQLO Japan.

Meanwhile, business profit expanded 41.4% to ¥181.9 billion.

The net amount of other income/expenses stood at minus ¥11.5 billion. The main component of that category was the reporting of ¥9.9 billion in impairment losses largely relating to the Global Brand segment. It also included a foreign-exchange loss of ¥1.7 billion on temporary advances paid for purchases by overseas subsidiaries after the end-February spot yen strengthened beyond the period-start exchange rate.

As a result of the above factors, first-half operating profit increased by 30.5% to ¥170.4 billion.



Moving on to look at finance income/costs, we reported a net finance loss of ¥5.2 billion in the first half of fiscal 2018 after the 3 yen strengthening in the Japanese currency against the US dollar over the period reduced the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes increased by 11.9% to ¥165.1 billion, and profit attributable to the owners of the parent increased by 7.1% to ¥104.1 billion.

1H Breakdown by Group Operation

Billions of Yen

		Yr to Aug. 2017 (6 mths to Feb. 2017) Actual	Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	y/y
UNIQLO Japan	Revenue	455.1	**493.6**	+8.5%
	Business profit	69.5	**88.8**	+27.8%
	(to revenue)	15.3%	18.0%	+2.7p
	Other income, expenses	-0.7	**-0.1**	-
	Operating profit	68.7	**88.7**	+29.0%
	(to revenue)	15.1%	18.0%	+2.9p
UNIQLO International	Revenue	392.8	**507.4**	+29.2%
	Business profit	49.8	**80.8**	+62.3%
	(to revenue)	12.7%	15.9%	+3.2p
	Other income, expenses	-1.0	**-0.1**	-
	Operating profit	48.7	**80.7**	+65.6%
	(to revenue)	12.4%	15.9%	+3.5p
GU	Revenue	97.7	**105.8**	+8.3%
	Business profit	7.4	**9.0**	+22.0%
	(to revenue)	7.6%	8.5%	+0.9p
	Other income, expenses	0.0	**0.1**	-
	Operating profit	7.4	**9.1**	+23.3%
	(to revenue)	7.6%	8.6%	+1.0p
Global Brands	Revenue	70.4	**78.4**	+11.4%
	Business profit	2.9	**3.3**	+11.4%
	(to revenue)	4.3%	4.2%	-0.1p
	Other income, expenses	-0.3	**-8.9**	-
	Operating profit	2.6	**-5.6**	-
	(to revenue)	3.7%	-	-

Notes: 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.

UNIQLO Japan (1H)

Revenue & profit rise, far outstrips plan

Billions of Yen

	Yr to Aug. 2017 (6 mths to Feb. 2017)	Yr to Aug. 2018 (6 mths to Feb. 2018)	y/y
Revenue	455.1	**493.6**	+8.5%
(to revenue)	100.0%	**100.0%**	
Gross profit	218.7	**241.5**	+10.4%
(to revenue)	48.1%	**48.9%**	+0.8p
SG&A	149.2	**152.6**	+2.3%
(to revenue)	32.8%	**30.9%**	-1.9p
Business profit	69.5	**88.8**	+27.8%
(to revenue)	15.3%	**18.0%**	+2.7p
Other income, expenses	-0.7	**-0.1**	-
(to revenue)	-	**-**	-
Operating profit	68.7	**88.7**	+29.0%
(to revenue)	15.1%	**18.0%**	+2.9p

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

UNIQLO Japan reported far higher-than-expected year-on-year gains in both revenue and profit in the first half. Revenue increased by 8.5% to ¥493.6 billion and operating profit expanded by 29.0% to ¥88.7 billion.

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UNIQLO Japan: 1H Revenue

Revenue ¥493.6bln (+8.5% y/y)
Same-store sales +8.4%, far exceeds plan

- **Strong sales trend continued over FY2018 Fall Winter season**
  - ✓ Warm clothing sales strong on unusually cold weather
  - ✓ Created sophisticated sales plans closely correlating production, distribution and retail, and monitored immediate conditions to ensure ample inventory of strong-selling items and timely price cutting on poor-selling items
  - ✓ Buoyant same-store sales growth, strong busy 1H months of Nov. & Dec.
  - ✓ January sales down slightly on shortage of winter stock but February sales up on favorable launch of 2018 Spring range
- **Customer visits: Core items sold well, collaboration items well conveyed**
- **Customer spend: Strong sales of comparatively higher priced outer and bottom wear**
- **Online sales: ¥37.2bln (+31.6% y/y), 6.2%→7.5% of total sales**

Same-store sales	Yr to Aug. 2018									
	Sep.	Oct.	Nov.	3 mths to Nov. 2017	Dec.	Jan.	Feb.	3 mths to Feb. 2018	6 mths to Feb. 2018	Mar.
Net sales	+6.3%	+8.9%	+8.9%	+8.4%	+18.1%	-2.4%	+5.1%	+8.3%	+8.4%	+13.0%
Customer visits	+3.9%	+5.0%	+4.6%	+4.5%	+13.5%	-5.0%	+0.2%	+3.9%	+4.2%	+7.7%
Customer spend	+2.3%	+3.8%	+4.2%	+3.7%	+4.0%	+2.6%	+4.8%	+4.2%	+4.0%	+4.9%

Looking first at UNIQLO Japan, same-store sales far exceeded expectations to rise 8.4% year on year.

The strong sales trend continued over the FY2018 Fall Winter season, as unusually cold weather buoyed sales of warm clothing ranges such as HEATTECH, down, fleece, sweat shirts and pants, and warm pants.
We also created sophisticated sales plans that closely correlated production, distribution and retail, and successfully monitored immediate conditions so we could make timely revisions to ensure we maintained ample inventory of strong-selling items and swiftly adjust prices on slow-selling products.

Strong sales in the typically busy months of November and December also helped support the high level of same-store sales growth in the first half of FY2018.

While January sales dipped slightly year on year due to a shortage of some Winter items, February sales rebounded on a favorable launch of the 2018 Spring range.

First-half customer visits rose 4.2% year on year, thanks largely to strong sales of core ranges, and the successful conveyance of interesting information about the JW ANDERSON, Ines de la Fressange and other collaborative ranges.
Customer spend increased 4.0% year on year, thanks to strong sales of higher priced outer and bottom wear.

Online sales expanded 31.6% year on year to ¥37.2 billion. That represents a rise in the e-commerce proportion of total sales from 6.2% to 7.5%.

UNIQLO Japan: 1H Gross Profit Margin

1H gross profit margin：48.9% (+0.8p y/y)

Gross profit margin improves by a higher-than-expected 0.8p on significantly lower discounting

- **Continued weakening trend in internal yen exchange rates increased cost of sales**
- **Strong sales of winter items resulted in lower discounting losses from inventory rundowns, and a significant year-on-year improvement in 1H discounting rates**

Turning now to business margins for UNIQLO Japan, the gross profit to revenue ratio, or gross profit margin, improved by 0.8 point year on year in the first half of fiscal 2018 to 48.9%. Significantly lower discounting rates helped push the gross profit margin to higher-than-expected levels.

The cost of sales continued to rise on the continued weakening trend in internal yen exchange rates. However, strong sales of winter items resulted in lower discounting losses from inventory rundowns, and a significant year-on-year improvement in first-half discounting rates.

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UNIQLO Japan: 1H SG&A

SG&A to revenue ratio：30.9% (-1.9p y/y)

Reduction in monetary terms exceeds plan, large cuts in distribution & advertising costs

- Distribution: Significant reduction in store-related distribution costs
  Visualized product volumes across supply chain from production to retail, and controlled appropriate inventory. Efficient warehouse operation. EC distribution costs up on higher online sales and cost of creating an Ariake warehouse exclusively for e-commerce
- Advertising & Promotion: More efficient flyer, newspaper and in-store advertising
- Personnel: More generous remuneration offset by higher productivity
- Depreciation: Additional provisioning following reevaluation of asset retirement obligations (returning sites to original state when closing stores)

Distribution	-0.6p y/y
Advertising & Promotion	-0.6p
Other expenses	-0.4p
Personnel	-0.3p
Store rents	-0.2p
Depreciation	+0.3p

UNIQLO Japan’s selling, general and administrative expenses ratio contracted 1.9 points year on year to 30.9% in the first half of fiscal 2018. Despite higher-than-expected sales, we were able to reduce expenses by a greater extent than originally forecast in monetary terms as well. The most significant year-on-year reductions were in distribution and advertising and promotion expenses.

Taking the distribution ratio first, which improved 0.6 point year on year thanks to a significant reduction in store-related distribution costs. We achieved that by visualizing product volumes across the entire supply chain from production through retail to ensure we held appropriate levels of stock. We were also able to improve the efficiency of our warehousing operation. By contrast, e-commerce-related distribution costs increased in both monetary and ratio terms, on higher online sales and the increased cost of developing the Ariake warehouse exclusively for online sales distribution.

Meanwhile, the advertising and promotion ratio improved 0.6 point year on year on more efficient flyer, newspaper and in-store advertising.

The personnel ratio improved 0.3 point year on year as higher store productivity helped offset more generous hourly pay and bonus rates for staff.

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UNIQLO International: (1H)

Large profit gain, far outstrips plan

- Foreign exchange moves increase results by average 7%
- OP margin up 3.5p: Pursued management reforms across global operations (product mix review, accurate numerical planning, shift from discounting-reliant business format)
- Achieved higher-than-expected results in all areas
- Profitability up markedly in North America, Greater China, S. Korea
- USA loss falls dramatically. On track for profit in FY2019

Billions of Yen

		Yr to Aug. 2017 (6 mths to Feb. 2017) Actual	Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	y/y
UNIQLO International	Revenue	392.8	507.4	+29.2%
	Business profit	49.8	80.8	+62.3%
	(to revenue)	12.7%	15.9%	+3.2p
	Other income, expenses	-1.0	-0.1	-
	Operating profit	48.7	80.7	+65.6%
	(to revenue)	12.4%	15.9%	+3.5p

Let’s look next at first-half results for UNIQLO’s global operations. The UNIQLO International segment greatly exceeded expectations to report significant gains in both revenue and profit. UNIQLO International revenue rose 29.2% year on year to ¥507.4 billion and operating profit increased by an impressive 65.6% to ¥80.7 billion. Foreign exchange movements inflated UNIQLO International results by approximately 7.0% on average.

UNIQLO International’s operating profit margin improved 3.5 points year on year to an impressive 15.9%, thanks to some determined management reforms across the global operation. This included reviewing product mixes, improving the accuracy of our numerical planning, and moving towards a new business format that doesn’t rely so heavily on discounting.

All markets in the UNIQLO International segment achieved higher-than-expected results. North America, Greater China and South Korea markets generated especially strong improvements in profitability. Meanwhile, UNIQLO USA managed to greatly reduce losses, setting itself firmly on track to turn a profit in FY2019.

UNIQLO Intl.: (1H) By Region ①

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Greater China: Large revenue, profit gains outstrip plan
Mainland China large profit gain, Taiwan OP doubles
S. Korea: Large profit gain, far exceeds plan

Mainland China: Exceeds plan, large revenue and profit gains

- Higher-than-expected 1H same-store sales growth as managed to maintain solid inventory of HEATTECH, down and other Winter ranges up to the February Lunar New Year
- Gross profit margin steady y/y as expected, business cost ratios improve. Large rise in operating profit exceeds plan

Hong Kong: Higher-than-expected profit gain

- 1H same-store sales growth on strong sales of winter items. OP gain exceeds plan

Taiwan: OP far exceeds plan to double year on year

- Same-store sales up as inventory adjustment runs its course. Gross profit margin improves significantly, and operating profit far outstrips plan to double year on year

South Korea: Far exceeds plan to achieve significant profit rise

- Double-digit same-store sales growth as cold spell supports sales of all winter items
- Gross profit margin improves considerably on stronger correlation between marketing and stores helps fuel a shift towards more restricted discounting
- Continued cost controls

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Let me now look at the individual UNIQLO International markets in more detail.

UNIQLO Greater China, which covers the region spanning Mainland China, Hong Kong and Taiwan, reported higher-than-expected strong gains in both revenue and profit.

Mainland China outstripped expectations to report a large rise in both revenue and profit. The strong performance in same-store sales exceeded expectations as the operation managed to maintain solid inventory of HEATTECH, down and other Winter ranges right up until the February Lunar New Year. While the gross profit margin held steady year on year as expected, operating profit exceeded expectations to post a large gain on the back of improved business cost ratios.

Hong Kong reported rising first-half same-store sales on strong sales of Winter items, and achieved a higher-than-expected rise in operating profit.

In Taiwan, same-store sales rose after inventory adjustments ran their course. The gross profit margin improved significantly, and operating profit far exceeded expectations by doubling year on year.

South Korea far outstripped our expectations to generate a significant increase in profit. The cold spell supported strong sales of all Winter items, which, in turn, helped fuel double-digit growth in same-store sales. The gross profit margin also improved considerably as efforts to strengthen the correlation between marketing and local stores helped fuel a shift towards limited discounting. The operation's cost-cutting drive also continued to bear fruit.

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UNIQLO Intl.: (1H) By Region ②

SE Asia & Oceania: Profit gain far exceeds plan
North America: USA loss shrinks more than planned
Europe: Higher-than-expected large profit gain

SE Asia & Oceania: Far outstrips plan, large revenue and profit gains

- SE Asia: strong summer ranges and travel demand for HEATTECH & winter ranges
- Double-digit growth in same-store sales for SE Asia operation overall
- Lower discounting and vastly improved OP margin on consistent advertising of strong core UNIQLO products (UT, polo shirts, short pants), and brand building
- Thailand, Indonesia and Malaysia perform especially well

USA: Significant improvement in profitability

- Same-store sales up slightly above plan on strong holiday sales, and expanded sales of core HEATTECH and other ranges following regional product mix reviews and more accurate sales planning
- Online sales trends continues strong
- Cost ratios continue to improve. Higher-than-expected profitability. Small 1H OP loss.

Europe: Large profit gain exceeds expectations

- Same-store sales expand. Favorable performances from Russia, France and UK
- Strong start in Spain. 1st store opened in September 2017, 2nd store in November

Looking next at UNIQLO Southeast Asia & Oceania, this operation far outstripped expectations by reporting a large gain in first-half revenue and profit. In Southeast Asia, demand for Summer ranges was strong, and travel demand for HEATTECH, Ultra Light Down and other Winter ranges was also firm. Southeast Asia same-store sales achieved double-digit growth. Discounting was kept in check and the operating profit margin improved vastly thanks to consistent advertising of strong core UNIQLO products, such as UT T-shirts, polo shirts and short pants, and brand building efforts. Within the region, Thailand, Indonesia and Malaysia performed especially well.

Turning next to North America, UNIQLO USA reported significantly improved profitability. A review of regional product mixes and more accurate sales planning helped support sales of core products such as HEATTECH, Ultra Light Down, fleece and flannel shirts. Same-store sales slightly exceeded plan to report a rise in the first half on the back of strong Black Friday and Christmas holiday sales. Online sales also continued on a firm upward trend. On the profit front, SG&A ratio continued to improve, resulting in better-than-expected profitability. As a result, UNIQLO USA reported only a slight operating loss in the first half.

Turning finally to the European operation, which produced a higher-than-expected large profit gain. UNIQLO Europe’s same-store sales expanded in the first half, with Russia, France and the UK generating especially favorable results. UNIQLO’s operation in Spain got off to a firm start with the opening of the first store in September 2017 followed swiftly by the opening of a second store in November.

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GU: (1H)

Revenue and profit rise
Operating profit exceeds expectations

- Same-store sales fall slightly, below plan. However, revenue rises 8.3% y/y thanks to 26 net store gain (21 in Japan, 5 outside Japan)
- Gross profit margin improves 1.5p. SG&A ratio rises 0.6p on lower-than-expected sales, despite more efficient advertising and distribution spend. OP expands 23.3% y/y
- Reasons for contraction in GU Japan same-store sales
  - ✓ Lack of sought-after warm clothing ranges
  - ✓ However, check or dot patterned trendy items, Chino pants and high-waist jeans all generated strong sales

Billions of Yen

		Yr to Aug. 2017 (6 mths to Feb. 2017) Actual	Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	y/y
GU	Revenue	97.7	105.8	+8.3%
	Business profit	7.4	9.0	+22.0%
	(to revenue)	7.6%	8.5%	+0.9p
	Other income, expenses	0.0	0.1	-
	Operating profit	7.4	9.1	+23.3%
	(to revenue)	7.6%	8.6%	+1.0p

Turning now to our low-priced GU casual fashion brand. GU generated rising revenue and profit in the first half, with revenue increasing by 8.3% to ¥105.8 billion, and operating profit expanding by 23.3% to ¥9.1 billion. While revenue fell short of target, the operating profit figure was higher than expected.

GU same-store sales fell short of plan by contracting slightly in the first half. However, overall revenue rose 8.3% year on year thanks to a net gain of 26 stores across the GU operation (21 in Japan, 5 outside Japan) compared to end-February 2017.

On the profit front, the GU gross profit margin improved 1.5 points. However, despite more efficient advertising and distribution spend, the SG&A ratio rose 0.6 point on lower-than-expected sales. As a result, GU operating profit expanded 23.3% year on year.

In terms of relevant factors surrounding the contraction in first-half GU Japan same-store sales, while the operation did suffer from a lack of sought-after warm clothing ranges, check and dot patterned trendy items, Chino pants and high-waist jeans all generated strong sales.

Global Brands: (1H)

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Business profit up, outstrips plan, but impairment loss results in operating loss

- **Theory: Business profit up, exceeds plan**
  - Business profit up on strong sales at Theory and PLST labels
  - Operating profit down on ¥1.0bln impairment loss on Helmut Lang trademark
- **CDC: Business profit below plan, reports a loss**
  - Same-store sales continue to fall. Recorded a ¥ 7.7bln impairment loss as full-year business profit expected to continue in the red
- **Princesse tam.tam: Continued operating loss**
- **J Brand: Operating loss contracts**

Billions of Yen

		Yr to Aug. 2017 (6 mths to Feb. 2017) Actual	Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	y/y
Global Brands	Revenue	70.4	78.4	+11.4%
	Business profit	2.9	3.3	+11.4%
	(to revenue)	4.3%	4.2%	-0.1p
	Other income, expenses	- 0.3	- 8.9	-
	Operating profit	2.6	- 5.6	-
	(to revenue)	3.7%	-	-

Moving on next to our Global Brands operation, which reported a rise in revenue but a fall in profit in the first half. Revenue expanded by 11.4% year on year to ¥78.4 billion but the segment reported an operating loss of ¥5.6 billion. Business profit exceeded expectations to expand by approximately 10% on the back of higher profits from the Theory operation and smaller losses from the J Brand premium denim label. However, the recording of impairment losses resulted in an operating loss for the segment as a whole.

Within the Theory operation, strong sales at the Theory and PLST labels resulted in a stronger-than-expected rise in business profit. However, the Helmut Lang label, acquired by the Theory operation in 2006, continued to struggle, resulting in the recording of a trademark-related impairment loss of ¥1.0 billion, and a contraction in overall Theory operating profit.

At our France-based Comptoir des Cotonniers fashion brand, same-store sales continued to fall, business profit came in below plan and the brand reported a loss. We decided to record a ¥ 7.7 billion impairment loss for the brand on the expectation of continued business losses for the full year.

Group: Balance Sheet (end Feb. 2018)

Billions of Yen

	End Feb. 2017	End Aug. 2017	**End Feb. 2018**	Change
Total Assets	1,388.1	1,388.4	**1,621.5**	+233.3
Current Assets	1,086.8	1,077.5	**1,295.1**	+208.2
Non-Current Assets	301.2	310.8	**326.3**	+25.1
Total Liabilities	621.3	626.4	**786.7**	+165.3
Total Equity	766.7	762.0	**834.7**	+67.9

Next, I would like to take you through our balance sheet as it stood at the end of February 2018.

Compared to the end of February 2017, total assets increased by ¥233.3 billion to ¥1.6215 trillion.

Total liabilities increased by ¥165.3 billion to ¥786.7 billion.

Total equity increased by ¥67.9 billion to ¥834.7 billion.

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

Group: B/S Main Points v. end Feb. 2017

Current assets: +¥208.2bln (¥1.0868trln⇒¥1.2951trln)

・**Cash and cash equivalents: +¥278.7bln (¥569.8bln⇒ ¥848.6bln)**
Increased operating cash flow, drawdown of deposits over 3-months maturity

・**Other short-term financial assets: -¥163.2bln (¥196.2bln⇒ ¥33.0bln)**
Drawdown of deposits over 3-months maturity

・**Inventory assets: +¥34.4bln (¥235.0bln⇒ ¥269.5bln)**
UNIQLO Japan: +¥2.1bln, UNIQLO International: +¥27.2bln (132 store increase)
GU: +¥3.4bln, Global Brands: +¥1.3bln

Liabilities: +¥165.3bln (¥621.3bln⇒¥786.7bln)

・**Derivative financial liabilities: +¥42.2bln (¥2.6bln⇒¥44.8bln)**
The exchange rate on a portion of our forward currency contracts was lower than the end-February spot rate
Hedge accounting so no impact on P&L

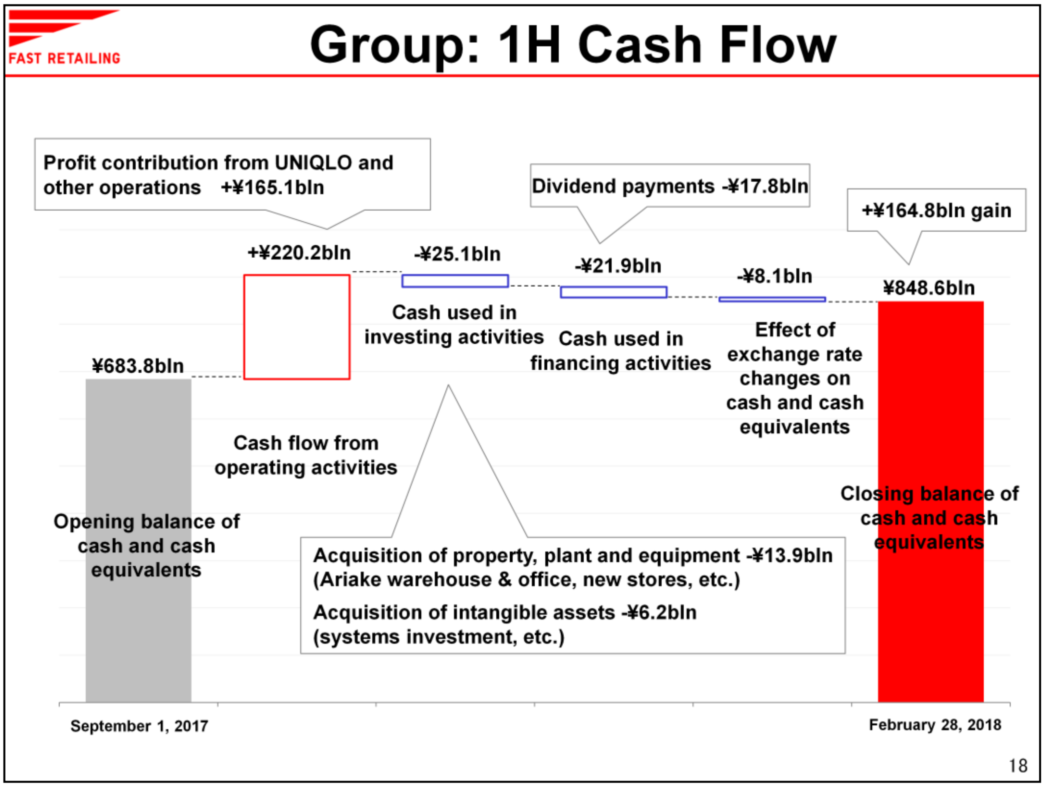
Let's look first at the ¥208.2 billion increase in current assets at the end of February 2018.

The balance of cash and cash equivalents increased by ¥278.7 billion year on year to ¥848.6 billion, due to an increase in operating cash flow and drawdown in deposits of over three months maturity. Other short-term financial assets declined by ¥163.2 billion as more deposits with over three months to maturity were liquidated.

Looking next at inventories, total inventory increased by ¥34.4 billion to ¥269.5 billion at the end of February 2018, due largely to the expansion of UNIQLO International operations.

Next, liabilities increased by ¥165.3 billion.

Total derivative financial liabilities increased by ¥42.2 billion to ¥44.8 billion at the end of February 2018, after the end-February spot rate closed higher than the exchange rate on a portion of our forward currency contracts.



Looking briefly at our cash flow position for the first half of fiscal 2018.

Net cash from operating activities totalled ¥220.2 billion, cash used in investing activities totalled ¥25.1 billion and cash used in financing activities totalled ¥21.9 billion.
As a result, the balance of cash and cash equivalents stood at ¥848.6 billion at the end of February 2018.

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Group: FY2018 Estimates

Full-year estimates revised upwards

Revenue	: ¥2.1100trln	+13.3% y/y
Operating profit	: ¥225.0bln	+27.5% y/y
Profit attributable to owners of the parent	: ¥130.0bln	+9.0% y/y

Billions of Yen

	Yr to Aug. 2017 Actual	Yr to Aug. 2018 Estimates (as of Jan.11)	Yr to Aug. 2018 y/y	Yr to Aug. 2018 Estimate (as of Apr.12)	Yr to Aug. 2018 y/y	Yr to Aug. 2018 Change	Yr to Aug. 2018 1H Actual
Revenue	1,861.9	2,050.0	+10.1%	**2,110.0**	**+13.3%**	+60.0	1,186.7
(to revenue)	100.0%	100.0%		**100.0%**			100.0%
Business profit	184.0	205.0	+11.4%	**245.0**	**+33.1%**	+40.0	181.9
(to revenue)	9.9%	10.0%	+0.1p	**11.6%**	**+1.7p**		15.3%
Other income, expenses	-7.6	-5.0	-	**-20.0**	**-**	-15.0	-11.5
Operating profit	176.4	200.0	+13.4%	**225.0**	**+27.5%**	+25.0	170.4
(to revenue)	9.5%	9.8%	+0.3p	**10.7%**	**+1.2p**		14.4%
Finance income, costs	16.9	0.0	-	**-8.0**	**-**	-8.0	-5.2
Profit before income taxes	193.3	200.0	+3.4%	**217.0**	**+12.2%**	+17.0	165.1
(to revenue)	10.4%	9.8%	-0.6p	**10.3%**	**-0.1p**		13.9%
Profit attributable to owners of the parent	119.2	120.0	+0.6%	**130.0**	**+9.0%**	+10.0	104.1
(to revenue)	6.4%	5.9%	-0.5p	**6.2%**	**-0.2p**		8.8%

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 estimate consolidated revenue will reach ¥2.1100 trillion (+13.3% year on year), business profit will expand to ¥245.0 billion (+33.1%), and operating profit will expand to ¥225.0 billion (+27.5%). We expect to report a net cost of ¥8.0 billion under finance income/costs. As a result, profit attributable to owners of the parent is expected to increase by 9.0% year on year to ¥130.0 billion in FY2018.

These estimates represent an upward revision in our latest business forecasts announced on January 11, 2018 of ¥40.0 billion for business profit, ¥25.0 billion for operating profit, and ¥10.0 billion for profit attributable to owners of the parent.

The main factor underlying our decision to raise our business profit forecast by ¥40.0 billion was the significantly higher-than-expected first-half performance from UNIQLO Japan and UNIQLO International. Our forecasts for performance in the second half of FY2018, from March through August, remain unchanged.

We revised up our full-year operating profit estimate by a lesser ¥25.0 billion owing to the fact that we expect to record minus ¥20.0 billion under other income/expenses for the full year to August 2018. We recorded a ¥11.5 billion cost relating to impairment and foreign exchange losses in the first half of the financial year. In the second half of the financial year, we expect to record retirement and store closures losses of ¥5.0 billion relating to store closures in Mainland China, the United States and elsewhere. Given the recent strengthening of the Japanese yen, if we assume an end-August exchange rate similar to the March closing rate of ¥106 to the US dollar, we would expect to record a full-year foreign exchange loss of approximately ¥2.5 billion.

Assuming the same exchange rate of ¥106 to the US dollar, we have also factored in a potential ¥8.0 billion loss under finance income/costs.

FY2018 2H Estimates by Group Operation①

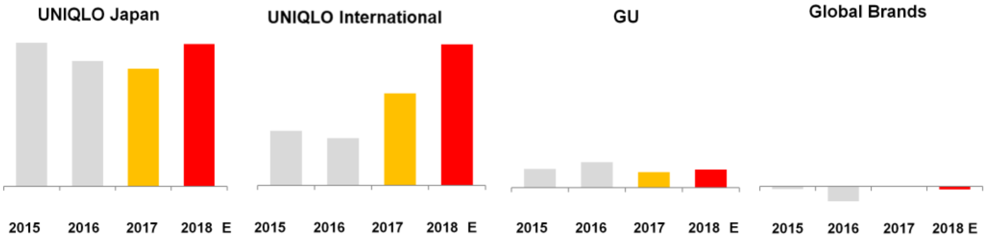
UNIQLO Intl: Expect further large rises in 2H revenue, profit

- Expect Greater China, SE Asia & Oceania, and S Korea to generate further sharp revenue and profit gains and serve as the key drivers of Group growth
- Expect UNIQLO NA (USA & Canada) to halve loss

UNIQLO Japan: Expect slight rise in 2H revenue, profit

- Expect 2H same-store sales to rise approx. 2% y/y, e-commerce to rise 30%
- Gross profit margin set to contract slightly on higher cost of sales
- Cost-cutting from more efficient advertising spend, and more appropriate inventory and product volumes to help reduce distribution, personnel costs

Envisaged Future Operating Profit Trend by Business Segment



I would like to take a moment to break down our forecasts for the second half of FY2018 by business segment.

Looking first at UNIQLO International, we expect that operation will generate further large rises in revenue and profit in the second half. To single out individual markets, we would expect Greater China, Southeast Asia & Oceania, and South Korea to generate further sharp rises in revenue and profit, and to serve as the key drivers of Group growth. Meanwhile, we expect North America (USA & Canada) to halve its operating loss.

We estimate UNIQLO Japan will achieve a slight rise in second-half revenue and profit. We expect same-store sales will rise approximately 2% year on year over that six-month period, and online sales will expand by 30%. The UNIQLO Japan gross profit margin will likely contract slightly on higher cost of sales. However, we do plan to continue our aggressive cost-cutting drive by targeting more efficient advertising spend, and ensuring more appropriate inventory and product volumes to help reduce distribution, personnel costs.

FY2018 2H Estimates by Group Operation②

GU: Expect slight rise in revenue, profit

- Expect same-store sales to rise slightly on effective advertising of Spring Summer trendy item news, and better framework for increasing production of strong-selling items
- Expect OP to rise slightly as tighter discounting improves gross profit margin

Global Brands: Expect higher revenue, profit

- Theory operation expected to generate 2H gains in revenue and profit on continued strong sales trends at Theory and PLST labels
- Comptoir des Cotonniers and Princesse tam.tam to generate similar 2H results as previous year
- J Brand expected to report contraction in 2H operating loss and show improved profitability

We expect the GU operation will achieve a slight rise in both revenue and profit in the second half. While first-half same-store sales dipped and first-half revenue fell short of plan, we expect same-store sales will rise slightly on effective advertising of Spring Summer trendy item news and a better framework for increasing production of strong-selling items. At the same time, we forecast operating profit will rise slightly on the assumption that tighter discounting will help improve the gross profit margin.

Turning to the Global Brands segment, we forecast higher revenue and profit in the second half. We estimate the Theory operation will achieve second-half rises in both revenue and profit on continued strong sales trends at the Theory and PLST labels. Comptoir des Cotonniers and Princesse tam.tam are predicted to generate a similar second-half performance to the previous year, while J Brand is expected to report a smaller second-half operating loss and improved profitability.

FAST RETAILING

FY2018 Dividend Estimates

Upward revision
Scheduled interim dividend: ¥200
Expected annual dividend: ¥400

	Dividend per share		
	Mid-term	Yr-end	Annual
Year to Aug. 2016	185yen	165yen	350yen
Year to Aug. 2017	175yen	175yen	350yen
Year to Aug. 2018 (E) (as of Jan.11)	175yen	175yen	350yen
Year to Aug. 2018 (E) (as of Apr.12)※	200yen	200yen	400yen
Increase in dividend	+25yen	+25yen	+50yen

※ The final decision on the FY2018 interim dividend is made at the board meeting on April 12, 2018. The year-end dividend may be adjusted in the event of large fluctuations in business performance or access to funds.

Finally, I would like to talk through the intended upward revision to our dividend estimates for FY2018.

At their meeting today, directors of the board confirmed a scheduled interim dividend of ¥200 per share. That represents an increase of ¥25 compared to the previous year.

In addition, we are also expecting to pay a year-end dividend of ¥200 per share. That would bring the expected annual dividend for FY2018 to ¥400, which would represent a ¥50 increase in the full-year dividend.

That completes my presentation on Fast Retailing’s first-half 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]	FY2017	FY2018 1H Result (Sep. - Feb.)				FY2018 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End Feb.	Open	Close	Change	End Aug.
UNIQLO Operations	**1,920**	**87**	**18**	**+69**	**1,989**	**207**	**50**	**+157**	**2,077**
UNIQLO Japan ※	**831**	**8**	**11**	**−3**	**828**	**30**	**30**	**0**	**831**
Own stores	790	7	10	−3	787	−	−	−	−
Large-scale	209	6	1	+5	214	−	−	−	−
Standard and others	581	1	9	−8	573	−	−	−	−
Franchise stores	41	1	1	0	41	−	−	−	−
UNIQLO International	**1,089**	**79**	**7**	**+72**	**1,161**	**177**	**20**	**+157**	**1,246**
Mainland China	555	42	5	+37	592	100	−	−	−
Hong Kong	25	3	0	+3	28		−	−	
Taiwan	65	0	0	0	65		−	−	
Korea	179	3	1	+2	181	7	−	−	−
Singapore	24	2	0	+2	26	40	−	−	−
Malaysia	41	2	0	+2	43		−	−	
Thailand	34	1	0	+1	35		−	−	
Philippines	40	7	0	+7	47		−	−	
Indonesia	12	2	0	+2	14		−	−	
Australia	12	2	0	+2	14		−	−	
USA	44	2	1	+1	45	10	−	−	−
Canada	2	1	0	+1	3		−	−	
UK	10	1	0	+1	11	20	−	−	−
France	19	3	0	+3	22		−	−	
Russia	20	5	0	+5	25		−	−	
Germany	5	0	0	0	5		−	−	
Belgium	2	1	0	+1	3		−	−	
Spain	0	2	0	+2	2		−	−	
GU	**372**	**14**	**2**	**+12**	**384**	**31**	**9**	**+22**	**394**
Global Brands	**1,002**	**22**	**27**	**−5**	**997**	**33**	**51**	**−18**	**984**
Theory ※	538	16	14	+2	540	22	−	−	−
Comptoir des Cotonniers ※	333	4	9	−5	328	8	−	−	−
Princesse tam.tam ※	131	2	4	−2	129	3	−	−	−
Total	3,294	123	47	+76	3,370	271	110	+161	3,455

•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
FY2017 2Q	6-month average to Feb. 2017	108.7	117.9	136.6	15.9	9.4
FY2018 2Q	6-month average to Feb. 2018	111.7	133.1	150.0	17.0	10.1
FY2017	12-month average to Aug. 2017	110.1	120.7	139.7	16.1	9.7
FY2018（E）	12-month average to Aug. 2018	110.0	130.0	146.0	16.7	10.0

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2017 2Q	Exchange rate at end Feb. 2017	112.4	118.9	139.8	16.4	9.9
FY2018 2Q	Exchange rate at end Feb. 2018	107.4	131.3	149.3	17.0	10.0
FY2017	Exchange rate at end Aug. 2017	110.4	131.3	142.7	16.7	9.8
FY2018（E）	Exchange rate at end Aug. 2018	106.2	130.5	148.8	16.9	9.9

FAST RETAILING

Reference: Capex, Depreciation

Capex and Depreciation

Billions of Yen

	Capital spending						Depreciation
	UNIQLO Japan	UNIQLO Intl.	GU	Global Brands	Systems, etc	Total	
FY2017 2Q 6 months	3.2	12.1	2.7	0.7	10.4	29.3	17.9
FY2018 2Q 6 months	4.9	11.0	2.4	1.3	7.0	26.8	21.7
FY2017 Full-year 12 months	6.6	24.3	7.6	2.9	18.1	59.7	39.6
FY2018（E） Full-year 12 months	7.8	26.9	5.4	2.8	34.1	77.2	46.3