

Fast Retailing Results for Fiscal 2018 and Estimates for Fiscal 2019

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

I would like to talk to you today about our consolidated business performance for FY2018, or the 12 months from September 2017 through August 2018., and to explain our estimates for the full business year through August 2019.

I. Results for fiscal 2018	P3	~	P21
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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.

Achieve record performance UNIQLO International, Japan strong, OP up 33.9% y/y

Billions of Yen

	Yr to Aug. 2017 Actual	Yr to Aug. 2018						Latest est. (Jul.12)
		1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y	
Revenue (to revenue)	1,861.9 100.0%	1,186.7 100.0%	+16.6%	943.2 100.0%	+11.7%	2,130.0 100.0%	+14.4%	2,110.0 100.0%
Gross profit (to revenue)	909.2 48.8%	585.6 49.3%	+18.5% +0.7p	464.2 49.2%	+11.9% ±0.0p	1,049.9 49.3%	+15.5% +0.5p	- -
SG&A (to revenue)	725.2 38.9%	403.6 34.0%	+10.4% -1.9p	393.8 41.8%	+9.5% -0.8p	797.4 37.4%	+10.0% -1.5p	- -
Business profit (to revenue)	184.0 9.9%	181.9 15.3%	+41.4% +2.6p	70.4 7.5%	+27.4% +0.9p	252.4 11.9%	37.2% +2.0p	245.0 11.6%
Other income, expenses (to revenue)	-7.6 -	-11.5 -	- -	-4.7 -	- -	-16.2 -	- -	-20.0 -
Operating profit (to revenue)	176.4 9.5%	170.4 14.4%	+30.5% +1.6p	65.7 7.0%	+43.6% +1.6p	236.2 11.1%	+33.9% +1.6p	225.0 10.7%
Finance income, costs (to revenue)	16.9 0.9%	-5.2 -	- -	11.7 1.2%	- -	6.4 0.3%	-61.9% -0.6p	-8.0 -
Profit before income taxes (to revenue)	193.3 10.4%	165.1 13.9%	+11.9% -0.6p	77.4 8.2%	+69.2% +2.8p	242.6 11.4%	+25.5% +1.0p	217.0 10.3%
Profit attributable to owners of the parent (to revenue)	119.2 6.4%	104.1 8.8%	+7.1% -0.8p	50.6 5.4%	+129.8% +2.8p	154.8 7.3%	+29.8% +0.9p	130.0 6.2%

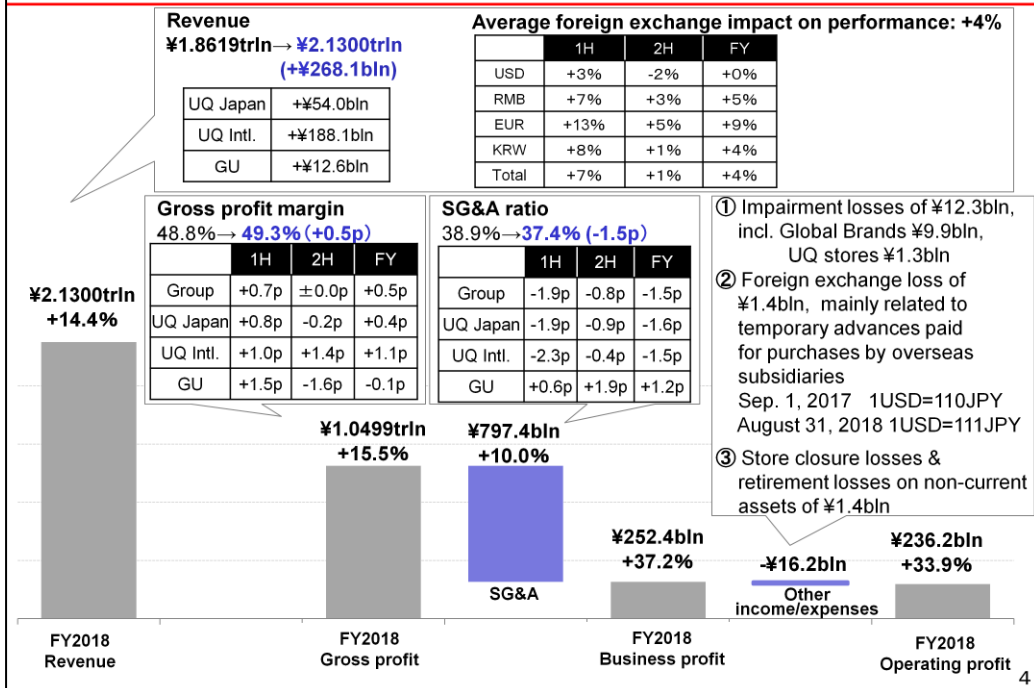
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Fast Retailing achieved a record performance in FY2018.

Consolidated revenue rose to ¥2.1300 trillion (up 14.4% year on year), business profit, a good indicator of fundamental business profitability, expanded to ¥252.4 billion (up 37.2%), operating profit increased to ¥236.2 billion (up 33.9%), and profit attributable to owners of the parent increased to ¥154.8 billion (up 29.8%).

Profit gains at UNIQLO International contributed considerably to the consolidated performance. UNIQLO Japan produced a solid full-year performance, and a strong profit gain that exceeded our latest estimate announced along with the third-quarter results in May.

Group: FY2018 Operating Profit



Looking first at the Fast Retailing Group's income statement data, consolidated revenue increased by ¥268.1 billion year on year to ¥2.1300 trillion in FY2018, thanks to growing revenue at all four business segments. UNIQLO International's revenue gain was especially strong, rising ¥188.1 billion year on year.

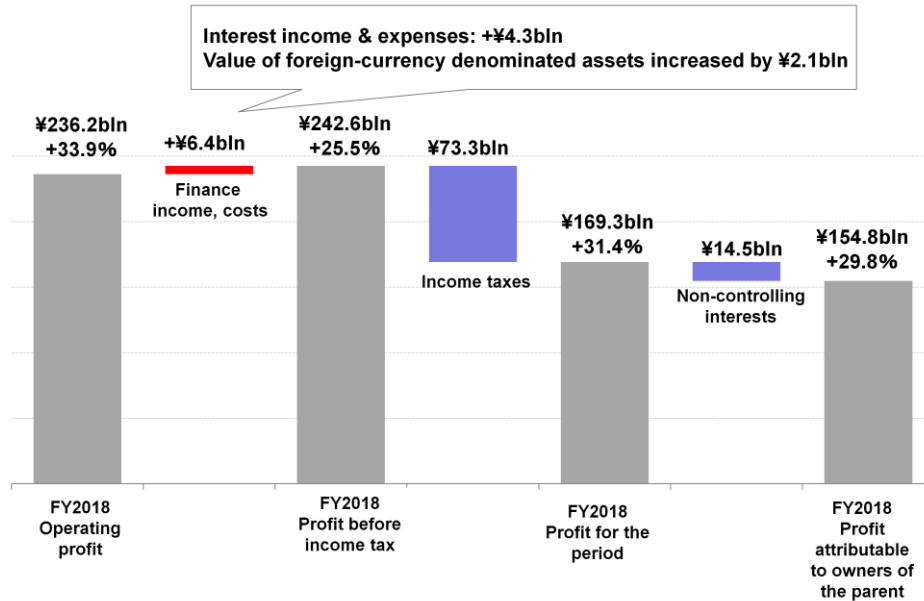
The consolidated gross profit margin improved by 0.5 point to 49.3%, thanks mainly to improved gross profit margins at UNIQLO International and UNIQLO Japan.

The SG&A to revenue ratio improved by 1.5 points year on year to 37.4%.

These generated a 37.2% year-on-year expansion in business profit to ¥252.4 billion.

The net amount of other income/expenses stood at -¥16.2 billion, due largely to the recording of impairment losses on the Global Brands segment and UNIQLO stores.

As a result of the above factors, operating profit increased by 33.9% year on year to ¥236.2 billion in FY2018.



The net amount of finance income/costs stood at +¥6.4 billion in FY2018, due largely to a net balance of +¥4.3 billion for interest income and expenses, and a ¥2.1 billion increase in the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes increased by 25.5% to ¥242.6 billion, and profit attributable to the owners of the parent increased by 29.8% to ¥154.8 billion.

FY2018 Breakdown by Group Operation (1)

Billions of Yen

		Yr to Aug. 2017	Yr to Aug. 2018					
		Actual	1H Actual		2H Actual		Full Year Actual	y/y
				y/y		y/y		
UNIQLO Japan	Revenue	810.7	493.6	+8.5%	371.1	+4.4%	864.7	+6.7%
	Business profit	96.7	88.8	+27.8%	31.2	+14.7%	120.1	24.1%
	(to revenue)	11.9%	18.0%	+2.7p	8.4%	+0.7p	13.9%	+2.0p
	Other income, expenses	-0.8	-0.1	-	-0.9	-	-1.0	-
UNIQLO International	Operating profit	95.9	88.7	+29.0%	30.3	+11.7%	119.0	24.1%
	(to revenue)	11.8%	18.0%	+2.9p	8.2%	+0.6p	13.8%	+2.0p
	Revenue	708.1	507.4	+29.2%	388.8	+23.3%	896.3	+26.6%
	Business profit	76.2	80.8	+62.3%	39.7	+50.5%	120.6	+58.2%
GU	(to revenue)	10.8%	15.9%	+3.2p	10.2%	+1.8p	13.5%	+2.7p
	Other income, expenses	-3.1	-0.1	-	-1.6	-	-1.7	-
	Operating profit	73.1	80.7	+65.6%	38.1	+56.5%	118.8	+62.6%
	(to revenue)	10.3%	15.9%	+3.5p	9.8%	+2.1p	13.3%	+3.0p
Global Brands	Revenue	199.1	105.8	+8.3%	105.9	+4.6%	211.8	+6.4%
	Business profit	13.7	9.0	+22.0%	2.9	-53.9%	11.9	-13.0%
	(to revenue)	6.9%	8.5%	+0.9p	2.8%	-3.5p	5.6%	-1.3p
	Other income, expenses	-0.2	0.1	-	-0.2	-	-0.1	-
	Operating profit	13.5	9.1	+23.3%	2.6	-57.2%	11.7	-13.1%
	(to revenue)	6.8%	8.6%	+1.0p	2.5%	-3.5p	5.6%	-1.2p
	Revenue	141.0	78.4	+11.4%	76.0	+7.7%	154.4	+9.5%
	Business profit	4.1	3.3	+11.4%	2.9	+143.0%	6.2	+49.2%
	(to revenue)	3.0%	4.2%	-0.1p	3.9%	+2.2p	4.1%	+1.1p
	Other income, expenses	-3.6	-8.9	-	-1.3	-	-10.3	-
	Operating profit	0.5	-5.6	-	1.5	-	-4.1	-
	(to revenue)	0.4%	-	-	2.0%	-	-	-

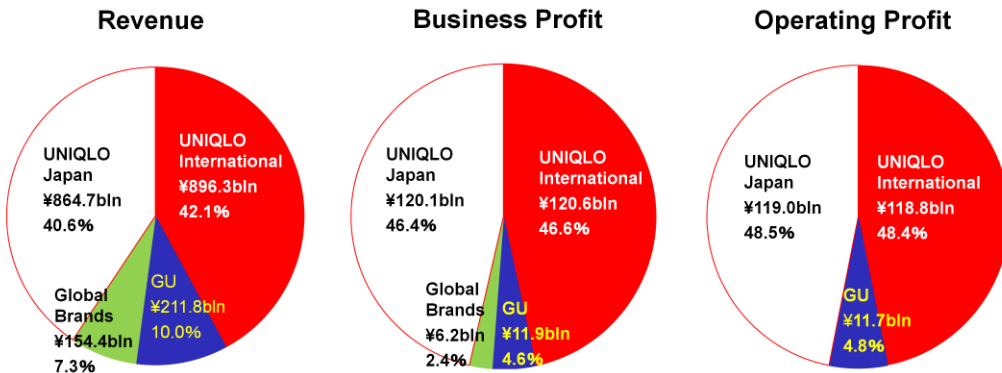
Note: All UNIQLO Japan data (except revenue) include inter-Group transactions.

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Slide 6 displays the breakdown of performance by Group operation.

FY2018 Breakdown by Group Operation (2)

UQ Intl. revenue, business profit exceed UQ Japan
UQ Intl. OP level matches UQ Japan



Note: In addition to the above, consolidated results also include Fast Retailing holding company results and consolidation adjustments.

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Over the twelve months through August 2018, UNIQLO International's revenue of ¥896.3 billion surpassed that of UNIQLO Japan.

UNIQLO International business profit also overtook UNIQLO Japan business profit by a slim margin when it rose to ¥120.6 billion.

UNIQLO International operating profit came very close to matching that of UNIQLO Japan, ending just ¥0.2 billion short of the UNIQLO Japan total.

I will explain the relevant factors for each individual business segment in more detail in the following slides.

UNIQLO Japan FY2018

Full-year revenue & profit gains exceed latest plan Operating profit up 24.1% y/y

- Same-stores sales strong & above plan, rising 6.2% y/y.
- Gross profit margin slightly above plan, improving 0.4p y/y.
- SG&A ratio improves 1.6p y/y, largely on successful expense reductions.
- Achieved higher-than-forecast double-digit profit growth, despite strong discounting on Summer ranges in the second half.

Billions of Yen

	Yr to Aug. 2017 Actual	Yr to Aug. 2018					
		1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
Revenue (to revenue)	810.7 100.0%	493.6 100.0%	+8.5%	371.1 100.0%	+4.4%	864.7 100.0%	+6.7%
Gross profit (to revenue)	389.0 48.0%	241.5 48.9%	+10.4% +0.8p	177.0 47.7%	+3.9% -0.2p	418.5 48.4%	+7.6% +0.4p
SG&A (to revenue)	292.3 36.1%	152.6 30.9%	+2.3% -1.9p	145.7 39.3%	+1.9% -0.8p	298.4 34.5%	+2.1% -1.6p
Business profit (to revenue)	96.7 11.9%	88.8 18.0%	+27.8% +2.7p	31.2 8.4%	+14.7% +0.7p	120.1 13.9%	+24.1% +2.0p
Other income, expenses (to revenue)	-0.8 -	-0.1 -	- -	-0.9 -	- -	-1.0 -	- -
Operating profit (to revenue)	95.9 11.8%	88.7 18.0%	+29.0% +2.9p	30.3 8.2%	+11.7% +0.6p	119.0 13.8%	+24.1% +2.0p

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

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UNIQLO Japan exceeded our most recent forecast, announced along with third-quarter results in May, to report full-year gains in both revenue and profit in FY2018. Revenue expanded 6.7% year on year to ¥864.7 billion and operating profit increased by 24.1% to ¥119.0 billion.

We had predicted that operating profit would decline in the fourth quarter on the back of heavy discounting. However, the heatwave in August generated higher-than-expected sales and gross profit margin, resulting in a double-digit growth in second-half operating profit that exceeded our expectations.

UNIQLO Japan: FY2018 Revenue

Same-store sales +6.2% y/y (1H +8.4%, 2H +3.3%)

- 1H: Extremely high 8.4% y/y gain on strong sales, with unusually cold winter period generated firm sales of cold-weather clothing such as HEATTECH and down ranges, and we were able to increase production to meet that demand in a timely manner.
- 2H: Double-digit year-on-year expansion in March and April with persistently warm weather supporting sales of Summer items such as AIRism, UT and DRY T-shirts. From May onwards sales were sluggish due to unseasonal weather, but the heatwave in August fueled strong sales of Summer items, and 2H same-store sales exceeded plan to expand 3.3% y/y.
- Customer visits (+1.7%) on strong 1H sales.
- Customer spend (+4.4%) on strong sales of higher-priced outerwear, bottoms.
- Online sales ¥63.0bIn (+24.9%), ratio of total sales up from 6.0% to 7.3%.

Same-store sales	Yr to Aug. 2018								
	1H	Mar.	Apr.	May	Jun.	Jul.	Aug.	2H	Full year
Net sales	+8.4%	+13.0%	+10.0%	-2.7%	-4.0%	-0.3%	+8.8%	+3.3%	+6.2%
Customer visits	+4.2%	+7.7%	+4.7%	-6.9%	-7.5%	-3.3%	+3.7%	-1.2%	+1.7%
Customer spend	+4.0%	+4.9%	+5.1%	+4.5%	+3.8%	+3.1%	+4.9%	+4.5%	+4.4%

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UNIQLO Japan revenue rose on the back of consistent strong growth in same-store sales throughout the year. Full-year same-store sales increased by 6.2%.

Online sales also expanded favorably, rising 29.4% year on year to ¥63.0 billion in FY2018. The overall contribution of online sales rose from 6.0% to 7.3% of total sales.

Full-year gross profit margin 48.4%, up 0.4p y/y 2H gross profit margin slightly above latest plan

- The increase in the cost-of-sales ratio, on the back of a continued weakening trend in internal foreign exchange rates, was offset by strong sales of Winter items and lower consequent discounting of excess inventory in 1H. As a result, the 1H gross profit margin improved 0.8p.
- The 2H gross profit margin declined 0.2p on continued rise in the cost-of-sales ratio, and active discounting in Q4. However, strong sales in August resulted in a 2H gross profit margin that was slightly higher than our most recent forecast announced in May.

	Yr to Aug. 2017	Yr to Aug. 2018	
			y/y
Full year	48.0%	48.4%	+0.4p
1H	48.1%	48.9%	+0.8p
2H	47.9%	47.7%	-0.2p

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Let's look next at the UNIQLO Japan gross profit margin which improved 0.4 point to 48.4% in FY2018. This result was slightly higher than our most recent May forecast.

The cost-of-sales ratio continued to increase on the back of the weakening trend in internal foreign exchange rates. However, this rise was offset by strong sales of Winter items and lower consequent discounting of excess inventory in first half. As a result, the first-half gross profit margin improved by 0.8 point.

In contrast, the second-half gross profit margin declined 0.2 point on a continued rise in the cost-of-sales ratio and more vigorous discounting in the fourth quarter. However, thanks to strong sales in August, UNIQLO Japan was able to achieve a second-half gross profit margin slightly higher than our most recent estimate.

UNIQLO Japan: FY2018 SG&A

**Full-year SG&A ratio 34.5%, down 1.6p y/y
Continued to fall to plan in 2H in monetary terms**

- **Personnel:** Rose on further improved hourly pay rates and bonuses, but productivity also rose on more efficient store operations, RFID electronic tags.
- **Distribution:** Store-related distribution costs down. We had a detailed grasp of product movements across the whole supply chain, and were able to control inventory at appropriate levels. Warehouse operations improved. E-commerce-related distribution costs rose on higher online sales
- **Advertising & promotion:** More efficient flyer, newspaper and instore promotion.
- **Depreciation:** -0.4p in 2H when compared to additional provisioning made in 4Q FY2017 on asset retirement obligations.
- **Other expenses:** +0.6p in 2H on changes in reporting of some tax and dues, and higher lease fees related to the automation of the Ariake warehouse.

	Full Year y/y	1H y/y	2H y/y
SG&A Total	-1.6p	-1.9p	-0.8p
Personnel	-0.3p	-0.3p	-0.2p
Store rents	-0.1p	-0.2p	-0.1p
Distribution	-0.4p	-0.6p	-0.1p
A&P	-0.6p	-0.6p	-0.6p
Depreciation	±0.0p	+0.3p	-0.4p
Other	±0.0p	-0.4p	+0.6p

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The full-year UNIQLO Japan SG&A ratio improved by 1.6 points to 34.5% as SG&A expenses continued to decline in the second half as planned.

Looking briefly at a few of the component ratios, the personnel to revenue ratio improved 0.3 point year on year. While personnel costs increased on the back of further improvements in hourly pay rates and bonuses, productivity also rose as new RFID electronic tags helped make store operations more efficient.

The distribution ratio contracted 0.4 point on a fall in store-related distribution costs. Thanks to our new ability to grasp a detailed picture of product movements across the whole supply chain, we were able to control inventory at appropriate levels. Our warehouse operations also improved. However, e-commerce-related distribution costs rose on the back of higher online sales.

Finally, the advertising and promotion ratio improved 0.6 point on more efficient flyer, newspaper and instore sales promotions.

UNIQLO International: FY2018 Overview (1)

Full-year operating profit rises 62.6% y/y Revenue surpasses, OP matches UQ Japan

- Operating profit margin rises at all operations, and profitability increases.
- Gross profit margin improves (+1.1p) on more accurate sales plans and lower discounting across all operations.
- Business expense ratios improve significantly on cost controls (-1.5p).
- Further strong growth in Greater China (Mainland China, Hong Kong, Taiwan).
- Southeast Asia & Oceania profit growth accelerates as the region becomes one of the key pillars for UNIQLO International growth.
- UNIQLO USA halved losses as expected

Billions of Yen

		Yr to Aug. 2017 Actual	Yr to Aug. 2018					
			1H Actual		2H Actual		Full Year Actual	y/y
				y/y		y/y		
UNIQLO International	Revenue	708.1	507.4	+29.2%	388.8	+23.3%	896.3	+26.6%
	Business profit (to revenue)	76.2 10.8%	80.8 15.9%	+62.3% +3.2p	39.7 10.2%	+50.5% +1.8p	120.6 13.5%	+58.2% +2.7p
	Other income, expenses	-3.1	-0.1	-	-1.6	-	-1.7	-
	Operating profit (to revenue)	73.1 10.3%	80.7 15.9%	+65.6% +3.5p	38.1 9.8%	+56.5% +2.1p	118.8 13.3%	+62.6% +3.0p

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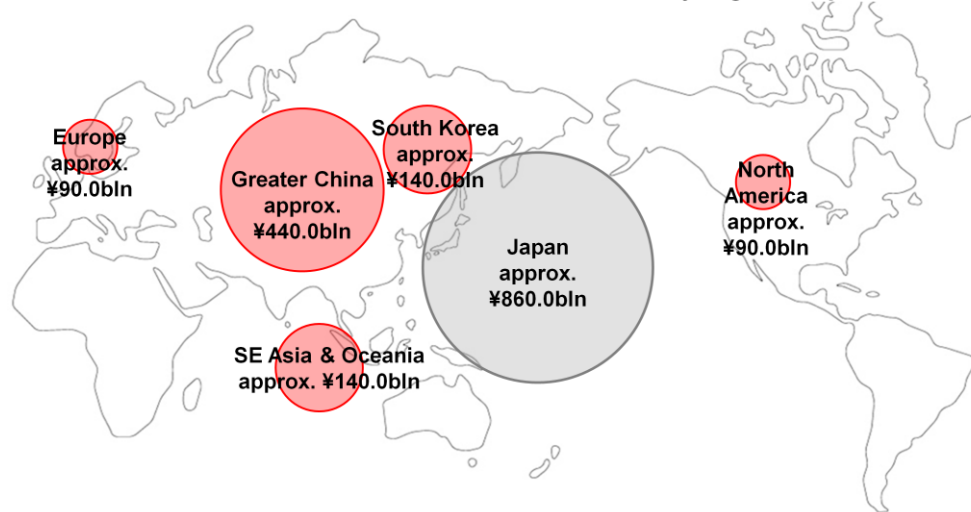
I would now like to move on to our UNIQLO International operation.

UNIQLO International generated significant rises in both revenue and profit in FY2018, with revenue expanding by 26.6% year on year to ¥896.3 billion, and operating profit expanding by 62.6% to ¥118.8 billion.

The operating profit margin increased and profitability rose across all UNIQLO International operations. Greater accuracy of sales plans and lower discounting helped improve the gross profit margin, and strict cost control generated a significant improvement in the SG&A ratio.

Growing importance of Greater China & SE Asia To open first stores in India, Vietnam in fall 2019

FY2018 UNIQLO revenue ¥1.7600 trillion: Breakdown by regional operation



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Slide 13 shows the breakdown of UNIQLO revenue by region.

As you can see, revenue from Greater China (Mainland China, Hong Kong and Taiwan) has grown to approximately half that of UNIQLO Japan, and Southeast Asia & Oceania has exhibited striking growth, increasing the importance of these two regional operations.

We expect the Southeast Asian operation will expand even further as we accelerate new store openings, and open our first store in Vietnam in fall 2019.

In addition, you will be hearing later from our CEO, Tadashi Yanai, about our plans to enter the Indian market in fall 2019. We have great expectations for the Indian market, which we consider to have as strong growth potential as Greater China and Southeast Asia.

UNIQLO Intl.: FY2018 by Region (1)

Greater China: Significant rises in revenue & profit Sales: ¥439.8bln (+26.9%), OP: ¥73.7bln (+47.1%)

Mainland China: Strong 1H, 2H results. Considerable rise in FY operating profit.

- Same-store sales continued to expand as customers embraced the UNIQLO LifeWear concept, we compiled tailored product mixes for East, North and South China, and benefitted from seasonal weather. Same-store sales achieved double-digit growth in 2H on strong sales of UT T-shirts and Kando pants.
- Online sales achieved strong double-digit growth, rising to 15% of total sales.
- Profit data: Gross profit margin and business expense ratios both improved.
- Efforts to curb discounting and control costs, such as more accurate sales plans and the Purchasing Project, started to bear fruit.

Hong Kong, Taiwan: Profit up on improved gross profit margin, cost controls.

- HK same-store sales up on strong Winter clothing (1H), UT, T-shirts (2H)
- Taiwan same-store sales down slightly in 3Q on shortages of Summer items, but recovered in 4Q. Full-year same-store sales rose.

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Next, I would like to look in more detail at UNIQLO International performance by region.

UNIQLO Greater China achieved significant gains in both revenue and profit in FY2018, with revenue expanding by 26.9% year on year to ¥439.8 billion and operating profit expanding by 47.1% to ¥73.7 billion. The region's operating profit margin improved by 2.3 points to 16.7%.

Breaking that performance down even further, Mainland China reported consistent high growth and a considerable rise in full-year operating profit. Full-year same-store sales continued to expand as customers embraced the UNIQLO LifeWear concept, and we successfully compiled tailored regional product mixes for East, North and South China. The operation also benefitted from favorable seasonal weather. In the second half of the year, same-store sales achieved double-digit growth, thanks to strong sales of UT T-shirts and Kando pants. Online sales also attained strong double-digit growth, increasing the proportion of online sales to 15% of total sales. Profitability also improved greatly as our determined initiatives to reduce discounting and control costs, such as our drive to improve the accuracy of sales planning and our Purchasing Project, started to generate positive results.

UNIQLO operations in Hong Kong and Taiwan also reported rising profits on the back of improved gross profit margins and solid control of business costs.

UNIQLO Intl.: FY2018 by Region (2)

S. Korea: 1H, 2H strong. Strong full-year profit gain

- Same-store sales rose in 1H, 2H. Double-digit growth in 1H on strong sales of Winter items during the extremely cold weather.
- Discounting rate dropped and gross profit margin improved significantly on strong coordination between marketing and stores. Continued cost controls.

SE Asia & Oceania: Consistent strength, large profit gain

Sales: approx. ¥140.0bln, OP: improves to approx. 15%

Southeast Asia: Large profit gain

- Double-digit growth in same-store sales continued in 2H on strong sales of Summer items such as UT, short pants, and strong traveler demand for Winter ranges.
- All nations generating strong results as improved UNIQLO brand visibility helped facilitate a smooth expansion in store numbers.
- Sales, profit gains especially striking in the Philippines, Indonesia, Thailand.

Australia: Profit increased, operation moved firmly into the black

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UNIQLO South Korea continued to generate strong results throughout the business year, achieving a significant rise in full-year operating profit. Same-store sales increased in both the first and second halves of the year, and discounting was greatly reduced.

UNIQLO Southeast Asia & Oceania also performed strongly throughout the year, and generated a considerable increase in full-year operating profit. Sales increased to ¥140.0 billion and the operating profit margin improved to 15%. Southeast Asia experienced strong demand for Summer items such as UT T-shirts and short pants, as well as strong traveler demand for Winter ranges. This resulted in continued double-digit growth in same-store sales in the second half. All national operations generated strong results thanks to greater visibility of the UNIQLO brand and an expanding store network. Sales and profit gains were especially striking in the Philippines, Indonesia, and Thailand.

UNIQLO Intl.: FY2018 by Region (3)

NA: USA losses halved, solid business reforms

USA: Operating loss halved as expected.

- Same-store sales rose, with HQ capability on East and West Coasts helping create more appropriate regional product mixes and store displays.
- Favorable online sales, constituting over 20% of total sales. Continued strong growth thanks to sales of exclusive online sizes and semi-order-made items, our new alterations service, and a wider delivery area.

Canada: 3 new stores, sales expand favorably.

Europe: OP doubles

Europe: Revenue rises, OP doubles.

- Strong profit contributions from Russia, France, UK.
- UNIQLO Europe same-store sales increased
- Opened 22 new stores across Europe.
- Opened first store in Sweden in August 2018. Off to a very strong start with 1,000 customers lined up to enter the store on the first day.
- First store in the Netherlands, opened in September, off to an extremely strong start.



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Looking next at North America (United States and Canada), UNIQLO USA halved its operating loss, and continued to instigate business reforms designed to help the operation move into the black in FY2019. USA same-store sales rose year on year, as the expansion of HQ capability from the East to the West Coast helped create more appropriate regional product mixes and store displays. The USA e-commerce operation continued to grow favorably, with the proportion of online sales rising to over 20% of total sales.

In Europe, operating profit doubled in FY2018, with Russia, France and the United Kingdom reporting especially strong performances. UNIQLO Europe same-stores sales rose, and 22 stores were added to the region's network over the business year.

GU: FY2018

Operating profit declines 13.1%
Sales: ¥211.8bln (+6.4%), OP ¥11.7bln (-13.1%)

- Same-store sales contracted on product mix and volume planning issues.
 1H: Unable to meet actual demand due to a lack of cold-weather items.
 2H: Lower-than-expected sales of campaign items. Large expansion of product items resulted in shortages of strong-selling ranges.
- Gross profit margin -0.1p. 1H margin improved, but 2H gross profit margin declined on sluggish sales and early discounting of excess inventory.
- SG&A ratio +1.2p.
- End August inventory at appropriate level following offloading of excess Spring Summer stock.

Billions of Yen

		Yr to Aug. 2017	Yr to Aug. 2018					
		Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
GU	Revenue	199.1	105.8	+8.3%	105.9	+4.6%	211.8	+6.4%
	Business profit	13.7	9.0	+22.0%	2.9	-53.9%	11.9	-13.0%
	(to revenue)	6.9%	8.5%	+0.9p	2.8%	-3.5p	5.6%	-1.3p
	Other income, expenses	-0.2	0.1	-	- 0.2	-	- 0.1	-
	Operating profit	13.5	9.1	+23.3%	2.6	-57.2%	11.7	-13.1%
	(to revenue)	6.8%	8.6%	+1.0p	2.5%	-3.5p	5.6%	-1.2p

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The GU operation generated a rise in revenue but a fall in profit in FY2018, with revenue rising 6.4% year on year to ¥211.8 billion, and operating profit declining 13.1% to ¥11.7 billion.

Full-year same-store sales contracted following some challenges with GU product mixes and product volume planning. To explain that in more concrete terms, GU was unable to meet actual demand for cold-weather clothing in the first half due to a lack of suitable clothing items.. Then, in the second half, GU experienced lower-than expected sales of ranges featured in its advertising campaigns. The large increase in the number of GU product items on offer also resulted in shortages of stronger-selling ranges.

Global Brands: FY2018

Business profit up 49.2% y/y
¥4.1bln operating loss on impairment losses

- Business profit: ¥6.2bln, up 49.2% y/y, on strong Theory operation profit gains.
- Following persistently poor performances, we recorded an impairment loss of ¥7.7bln at Comptoir des Cottonniers, and ¥1.6bln at Theory's Helmut Lang brand.

Theory: Reports a rise in operating profit.

- Theory brand enjoyed stable growth in both Japan and the United States.
- Japan-based PLST Theory brand also expanded favorably.

Comptoir des Cottonniers, Princesse tam.tam, J Brand: Continued operating loss.

Billions of Yen

		Yr to Aug. 2017	Yr to Aug. 2018					
		Actual	1H Actual	y/y	2H Actual	y/y	Full Year Actual	y/y
Global Brands	Revenue	141.0	78.4	+11.4%	76.0	+7.7%	154.4	+9.5%
	Business profit	4.1	3.3	+11.4%	2.9	+143.0%	6.2	+49.2%
	(to revenue)	3.0%	4.2%	-0.1p	3.9%	+2.2p	4.1%	+1.1p
	Other income, expenses	-3.6	-8.9	-	- 1.3	-	-10.3	-
	Operating profit	0.5	-5.6	-	1.5	-	- 4.1	-
	(to revenue)	0.4%	-	-	2.0%	-	-	-

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Finally, our Global Brands segment reported a rise in revenue of 9.5% year on year to ¥154.4 billion, and a 49.2% rise in business profit (a good indicator of fundamental business profitability) to ¥6.2 billion. That figure was supported by strong profit gains at the Theory operation.

However, the segment also reported an operating loss of ¥4.1 billion following the recording of a ¥7.7 billion impairment loss on our France-based Comptoir des Cottonniers brand and a ¥1.6 billion impairment loss on the Helmut Lang label, which is managed under the Theory operation.

Group: Balance Sheet (end August 2018)

Billions of Yen

	End Aug. 2017	End Aug. 2018	Change
Total Assets	1,388.4	1,953.4	+564.9
Current Assets	1,077.5	1,618.0	+540.4
Non-Current Assets	310.8	335.3	+24.4
Total Liabilities	626.4	1,050.6	+424.2
Total Equity	762.0	902.7	+140.7

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Let's now take a look at our balance sheet as it stood at the end of August 2018.

Compared to the end of August 2017, total assets increased by ¥564.9 billion to ¥1.9534 trillion, total liabilities increased by ¥424.2 billion to ¥1.0506 trillion and total equity increased by ¥140.7 billion to ¥902.7 billion.

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

Group: Balance Sheet Main Points

Current assets: +¥540.4bln (¥1.0775trln⇒¥1.6180trln)

• **Cash and cash equivalent: +¥315.8bln (¥683.8bln⇒ ¥999.6bln)**

Increased cash from corporate bond issue in June 2018, higher operating cash flow

• **Inventory assets: +¥175.1bln (¥289.6bln⇒ ¥464.7bln)**

Change in timing of inventory recording: ¥92.3bln (UQ Japan: ¥81.3bln, GU: ¥11.0bln)

Actual figure, excluding this impact, ¥82.8bln

(Previously we recorded inventory on BS when product was released from warehouse to stores. Owing to partial change in our trading company contracts, from end FY2018, inventory is recorded on BS as it arrives at Japanese warehouses from overseas)

UNIQLO Japan: +¥32.9bln (Inventory appears slightly swollen, but this due to large orders of year-round core items, and early Fall Winter orders)

UNIQLO Intl.: +¥44.6bln (Increase of 152 stores y/y, early launch of Winter ranges)

GU: +¥3.3bln (Sluggish sales of Spring Summer items), Global Brands: +¥2.0bln

• **Derivative financial assets: +¥29.2bln (¥6.2bln ⇒¥35.5bln)**

Average rate of forward contract holdings strengthened, while end-August spot rate weakened y/y, resulting in a larger gap between the two

Liabilities: +¥424.2bln (¥626.4bln⇒¥1.0506trln)

• **Long-term financial liabilities: +¥229.2bln (¥273.4bln⇒ ¥502.6bln)**

June 2018 ¥250.0bln corporate bond issue

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Let me first explain the factors underlying the ¥540.4 billion increase in current assets in more detail.

First, cash and cash equivalents increased by ¥315.8 billion year on year to ¥999.6 billion at the end of August 2018 on the back of increased cash generated by our ¥250 billion corporate bond issue in June, as well as a higher operating cash flow.

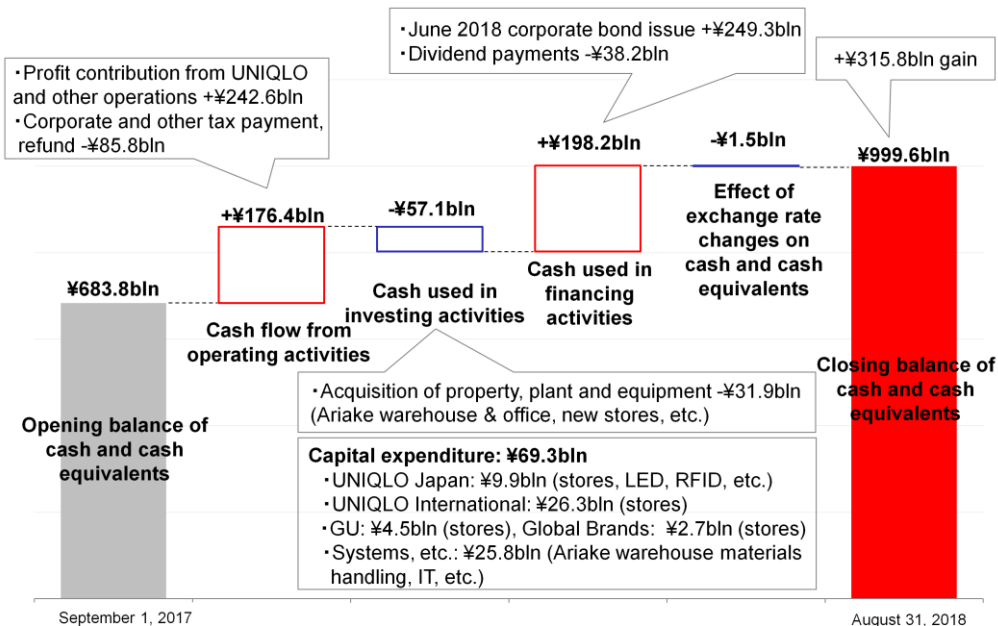
Next, total inventory increased by ¥175.1 billion to ¥464.7 billion, but this figure includes ¥92.3 billion resulting from a change in the timing of inventory recording at UNIQLO Japan and GU. If we strip out this impact, the increase in inventory assets in FY2018 stood at ¥82.8 billion.

Breaking down the inventory total, we recorded an actual increase in UNIQLO Japan inventory assets of ¥32.9 billion. While the operation's inventory assets might appear slightly swollen, this was due to larger orders of inventory for core ranges sold all year round, and also due to early orders of Fall Winter stock.

Inventory assets at UNIQLO International increased by ¥44.6 billion on the back of rising store numbers and an early launch of Winter ranges.

Inventory assets at GU increased by ¥3.3 billion year on year following sluggish sales of Spring Summer ranges.

Group: FY2018 Cash Flow



Looking next at our FY2018 cash flow, we enjoyed a net cash inflow of ¥176.4 billion from operating activities. Cash used in investing activities totaled ¥57.1 billion, and cash used in financial activities totaled ¥198.2 billion. As a result, the balance of cash and cash equivalents reached ¥999.6 billion at the end of August 2018.

Group: FY2019 Estimates

Expect record performance

Revenue : ¥2.3000trln + 8.0% y/y
Business profit : ¥275.0bln + 8.9% y/y
Operating profit : ¥270.0bln + 14.3% y/y
Profit attributable to owners of the parent : ¥165.0bln + 6.6% y/y

Billions of Yen

	Yr to Aug. 2018 Actual	Yr to Aug. 2019 Estimates (as of Oct.11)	
			y/y
Revenue (to revenue)	2,130.0 100.0%	2,300.0 100.0%	+8.0%
Business profit (to revenue)	252.4 11.9%	275.0 12.0%	+8.9% +0.1p
Other income, expenses	-16.2	-5.0	-
Operating profit (to revenue)	236.2 11.1%	270.0 11.7%	+14.3% +0.6p
Finance income, costs	6.4	0.0	-
Profit before income taxes (to revenue)	242.6 11.4%	270.0 11.7%	+11.3% +0.3p
Profit attributable to owners of the parent (to revenue)	154.8 7.3%	165.0 7.2%	+6.6% -0.1p

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Let me now focus on our business estimates for FY2019, or the twelve months from September 2018 through to the end of August 2019.

We expect to achieve another record performance in FY2019.

We estimate consolidated revenue will reach ¥23000 trillion (+8.0% year on year) and business profit will expand to ¥275.0 billion (+8.9%). We expect to incur a cost of ¥5.0 billion under other income/costs, incorporating expected retirement losses and store-closure losses resulting from the closure of stores at UNIQLO International and Global Brands. As a result, operating profit is expected to increase by 14.3% to ¥270.0 billion.

For finance income/costs, based on a period-start exchange rate of 1USD=111JPY, we have not incorporated any foreign exchange gains or losses in the FY2019 estimates.

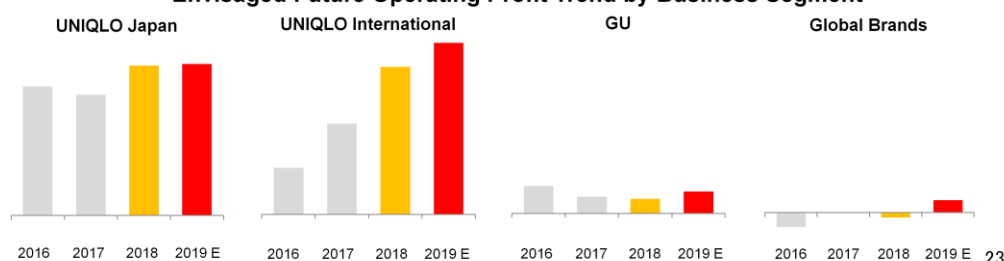
As a result, profit attributable to owners of the parent is expected to increase by 6.6% year on year to ¥165.0 billion in FY2019.

FY2019 Estimates by Group Operation (1)

UNIQLO Intl.: Expect strong revenue & profit gains

- Operating profit expected to far outstrip that of UNIQLO Japan.
- Full-year gross profit margin to hold steady, business cost ratios to improve slightly.
- Large revenue and profit gains at Greater China, and Southeast Asia & Oceania
- Open approximately 100 new stores in Greater China, and accelerate new store openings in SE Asia & Oceania to 50 per year.
- S. Korea: Expect slight rise in revenue, profit compared to strong previous year.
- Large revenue and profit gains in Europe. To open first Denmark store in spring.
- UNIQLO USA to move into the black and post an operating profit.

Envisaged Future Operating Profit Trend by Business Segment



I would like to break down our FY2019 by business segment, starting with UNIQLO International.

We expect UNIQLO International will achieve strong revenue and profit gains over the business year. Operating profit is forecast to far outstrip that of UNIQLO Japan. The full-year gross profit margin is seen holding steady while business cost ratios should improve slightly.

Looking at individual regions, Greater China and Southeast Asia & Oceania are expected to generate significant revenue and profit gains and serve as the key drivers of UNIQLO International growth. We intend to maintain our pace of new store openings in Greater China at approximately 100 new stores per year, and accelerate new store openings in Southeast Asia & Oceania to approximately 50 stores per year.

We forecast UNIQLO South Korea will generate slight year-on-year rises in revenue and profit compared to the extremely strong previous year when South Korea reported considerable revenue and profit gains on the back of favorable seasonal weather. UNIQLO Europe is forecast to achieve significant revenue and profit growth. We are planning to open our first store in Denmark in Spring 2019. We expect UNIQLO USA will move into the black and post an operating profit in FY2019.

FY2019 Estimates by Group Operation (2)

UNIQLO Japan: Expect slight rise in revenue, profit

- The 1Q is typically a bumper quarter for sales and profit. However, expect 1Q operating profit to decline significantly when compared to the strong profit gain in FY2018 1Q. In addition, the gross profit margin seen declining on higher cost of sales in Fall Winter 2019, and higher business costs resulting from increased IT investment.
- 1H: Sales expected to rise slightly, operating profit to decline.
- 2H: Expect large profit as cost of sales ratio improves, helping to secure full-year revenue and profit gains.
- Full-year same-store sales expected to rise approximately 2% y/y, including a 30% rise in online sales.
- Full-year gross profit margin to dip slightly.
1H: down, 2H: up
- Full-year SG&A ratio to hold steady.
1H: up, 2H: down



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We expect UNIQLO Japan will achieve a slight rise in revenue and profit in FY2019. While the first quarter is typically a big quarter in terms of sales and profit, we predict first-quarter operating profit will decline significantly compared to the strong profit gain in the same period of the previous year. A decline in the gross profit margin on higher cost of sales in Fall Winter 2019, and rising business costs on increased IT investment will also likely dampen first-quarter profit. As a result, first-half sales are expected to rise slightly, but operating profit is expected to decline. Once into the second half, operating profit is expected to rebound sharply as the cost-of-sales ratio improves. As a result, UNIQLO Japan should be able to secure higher revenue and profits over the year as a whole.

Full-year same-store sales are expected to rise approximately 2% year on year in FY2019, including a 30% rise in online sales.

GU: Expect higher revenue, large rise in profit

- Product mix review resulted in a drastic reduction in the number of product items and a focus on mass trends. Also aiming to expand sales by increase the proportion of items in real demand such as cold-weather clothing.
- On the profit front, we intend to improve gross profit margin, increase efficiency by reducing the number of product items, and improve productivity per man-hour through digitalization.
- Genuinely pursue Ariake Project aims by reviewing the whole supply chain operation, and creating a system that enables us to capture and analyze customer needs early, and reflect those needs in product and volume planning.
- Aim for competitive low prices by reviewing materials procurement and production processes.

Global Brands: Expect large profit rise

- Expect Theory and PLST labels to generate higher revenue and profit.
- Expect losses at other brands to contract.

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We expect our GU segment will generate a rise in revenue and a large rise in profit in FY2019.

We have already reviewed the GU product mix and decided to drastically reduce the number of product items, and focus instead on mass trend products. We are also aiming to expand sales by increasing the proportion of in-demand items such as cold-weather clothing.

In addition, we intend to earnestly pursue our Ariake Project aims at GU. By reviewing the whole GU supply chain operation, we aim to create a system that enables us to capture and analyze customer needs early, and reflect those needs in product and volume planning. We are also seeking to offer competitive low prices by reviewing materials procurement and production processes.

Finally, we expect the Global Brands segment will achieve significantly higher profits in FY2019, supported by profit gains from our Theory and PLST labels.

FY2018 Dividend Estimates

Scheduled FY2018 dividend: ¥440

Expected FY2019 dividend: ¥480

	Dividend per share		
	Interim	Yr-end	Annual
Year to Aug. 2017	175yen	175yen	350yen
Year to Aug. 2018 (E) (as of Jul.12)	200yen	200yen	400yen
Year to Aug. 2018 (E) (as of Oct.11) *1	200yen	240yen	440yen
Year to Aug. 2019 (E) (as of Oct.11) *2	240yen	240yen	480yen
Increase in dividend	+40yen	+0yen	+40yen

※1 The final decision on the FY2018 year-end dividend will be taken at the Board meeting to be held on November 2, 2018.

※2 The year-end dividend total may be adjusted in the event of large fluctuations in business performance or access to funds

Finally, I would like to talk about dividend payments.

To reflect our strong business performance, we intend to revise our year-end dividend upward by ¥40 from ¥200 to ¥240. That would result in an annual dividend for FY2018 of ¥440 per share.

In FY2019, we expect to increase our annual dividend by a further ¥40 to ¥480 yen, split evenly between interim and year-end dividends of ¥240 each.

That completes my presentation on Fast Retailing's FY2018 performance and outlook for the coming business year through August 2019. The remaining three slides are provided for your reference.

Thank you.

Reference: Group Company Store Numbers

[Units: Stores]	FY2017 Yr-end	FY2018 Result (Sep. - Aug.)				FY2019 Estimates (Sep. - Aug.)			
		Open	Close	Change	End Aug.	Open	Close	Change	End Aug.
UNIQLO Operations	1,920	185	37	+148	2,068	211	40	+171	2,239
UNIQLO Japan ※	831	18	22	-4	827	30	30	0	827
Own stores	790	15	21	-6	784	-	-	-	-
Large-scale	209	9	3	+6	215	-	-	-	-
Standard and others	581	6	18	-12	569	-	-	-	-
Franchise stores	41	3	1	+2	43	-	-	-	-
UNIQLO International	1,089	167	15	+152	1,241	181	10	+171	1,412
Mainland China	555	89	11	+78	633	-	-	-	-
Hong Kong	25	3	0	+3	28	100	-	-	-
Taiwan	65	2	2	0	65	-	-	-	-
Korea	179	8	1	+7	186	7	-	-	-
Singapore	24	2	0	+2	26	-	-	-	-
Malaysia	41	7	0	+7	48	-	-	-	-
Thailand	34	6	0	+6	40	-	-	-	-
Philippines	40	11	0	+11	51	50	-	-	-
Indonesia	12	6	0	+6	18	-	-	-	-
Australia	12	3	0	+3	15	-	-	-	-
USA	44	5	1	+4	48	-	-	-	-
Canada	2	3	0	+3	5	10	-	-	-
UK	10	1	0	+1	11	-	-	-	-
France	19	6	0	+6	25	-	-	-	-
Russia	20	11	0	+11	31	-	-	-	-
Germany	5	0	0	0	5	-	-	-	-
Belgium	2	1	0	+1	3	14	-	-	-
Spain	0	2	0	+2	2	-	-	-	-
Sweden	0	1	0	+1	1	-	-	-	-
Netherlands	0	0	0	0	0	-	-	-	-
GU	372	30	9	+21	393	40	10	+30	423
Global Brands	1,002	42	60	-18	984	44	13	+31	1,015
Theory ※	538	32	33	-1	537	-	-	-	-
Comptoir des Cottonniers ※	333	8	21	-13	320	-	-	-	-
Princesse tam.tam ※	131	2	6	-4	127	-	-	-	-
Total	3,294	257	106	+151	3,445	295	63	+232	3,677

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

Reference: Foreign Exchange Rates

Exchange rates used in consolidated

		Yen				
		1USD	1EUR	1GBP	1RMB	100KRW
FY2017	Full-year 12-month average	110.1	120.7	139.7	16.1	9.7
FY2018	Full-year 12-month average	110.3	131.5	148.8	16.9	10.1
FY2019 (E)	Full-year 12-month average	105.0	130.0	150.0	16.7	9.8

Exchange rates used on balance sheet

		Yen				
		1USD	1EUR	1GBP	1RMB	100KRW
FY2017	Term-end exchange rate	110.4	131.3	142.7	16.7	9.8
FY2018	Term-end exchange rate	111.1	129.5	144.6	16.2	10.0
FY2019 (E)	Term-end exchange rate	111.1	129.5	144.6	16.2	10.0

Capital Spending (incl. finance leases) and Depreciation

Billions of Yen

		Capital spending						Depreciation
		UNIQLO Japan	UNIQLO Intl.	GU	Global Brands	Systems, etc	Total	
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	7.6	2.9	18.1	59.7	39.6
FY2018	Full-year 12 months	9.9	26.3	4.5	2.7	25.8	69.3	45.0
FY2019 (E)	Full-year 12 months	3.9	32.8	6.7	3.1	31.3	77.8	53.0

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