January 10, 2019

Fast Retailing Results for September to November 2018 and Estimates for Fiscal 2019

Takeshi Okazaki

Fast Retailing Co., Ltd.

Group Executive Vice President & CFO

I am Takeshi Okazaki, Group Executive Vice President and CFO at Fast Retailing.

I would like to talk to you today about our consolidated business performance for the first quarter of fiscal 2019, or the three months from September through November 2018, and our estimates for the full business year through August 2019.

FAST RETAILING

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
GU:	All GU operations inside and outside Japan
Global Brands:	Theory, PLST, 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: (1Q) September to November 2018

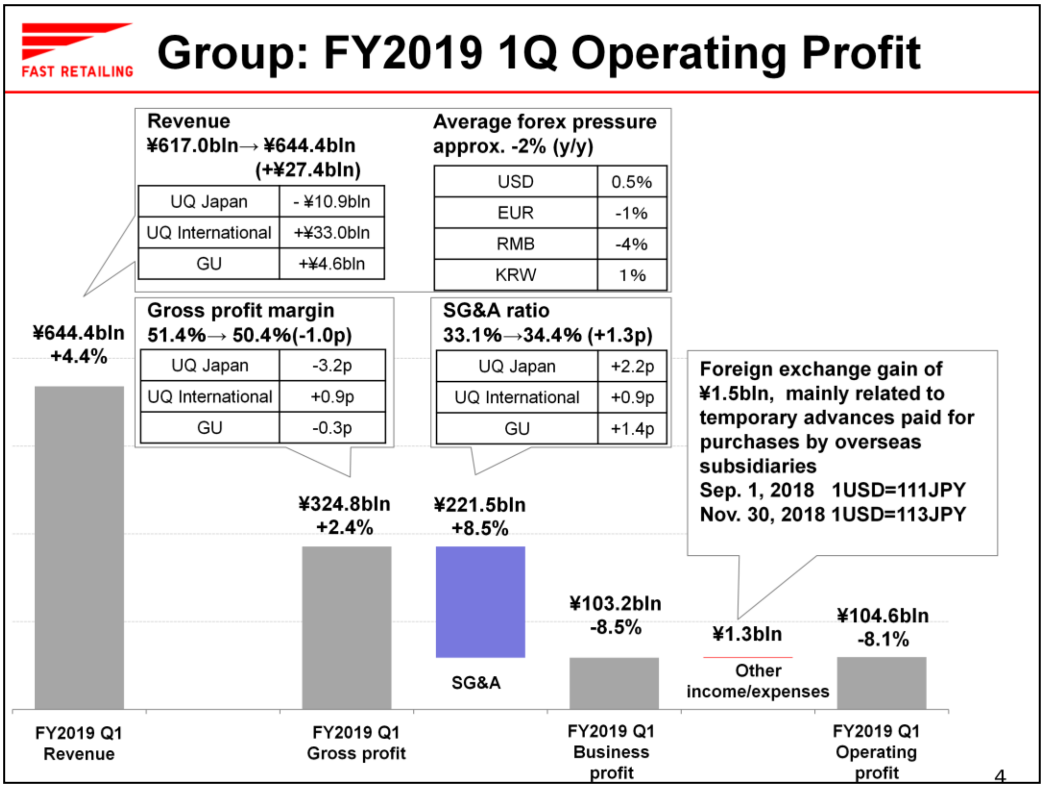
Revenue up, profit down (slightly below plan). UQ Intl. revenue, profit gains exceed plan, UQ Japan sluggish

Billions of Yen

	Yr to Aug. 2018 (3 mths to Nov. 2017) Actual	Yr to Aug. 2019 (3 mths to Nov. 2018) Actual	y/y
Revenue (to revenue)	617.0 100.0%	644.4 100.0%	+4.4%
Gross profit (to revenue)	317.0 51.4%	324.8 50.4%	+2.4% -1.0p
SG&A (to revenue)	204.2 33.1%	221.5 34.4%	+8.5% +1.3p
Business profit (to revenue)	112.8 18.3%	103.2 16.0%	-8.5% -2.3p
Other income, expenses (to revenue)	1.0 0.2%	1.3 0.2%	+29.1% 0.0p
Operating profit (to revenue)	113.9 18.5%	104.6 16.2%	-8.1% -2.3p
Finance income, costs (to revenue)	3.9 0.6%	6.4 1.0%	+63.3% +0.4p
Profit before income taxes (to revenue)	117.8 19.1%	111.0 17.2%	-5.7% -1.9p
Profit attributable to owners of the parent (to revenue)	78.5 12.7%	73.4 11.4%	-6.4% -1.3p

In the first quarter of fiscal 2019, Fast Retailing Group revenue totaled ¥644.4 billion (up 4.4% year on year). On the profit side, business profit, which is a good indicator of fundamental business profitability, declined 8.5% to ¥103.2 billion. Operating profit declined 8.1% to ¥104.6 billion, profit before income taxes contracted 5.7% to ¥111.0 billion, and profit attributable to owners of the parent decreased 6.4% to ¥73.4 billion.

While UNIQLO International reported higher-than-expected rises in both revenue and profit, UNIQLO Japan's performance fell short of target, resulting in slightly lower consolidated sales and consolidated operating profit than initially expected.



Looking in more detail at the main factors affecting first-quarter consolidated profit:

Consolidated revenue expanded by ¥27.4 billion to ¥644.4 billion in the first quarter. While revenue at UNIQLO Japan declined by ¥10.9 billion year on year, revenue at UNIQLO International increased by ¥33.0 billion, and revenue at GU increased by ¥4.6 billion.

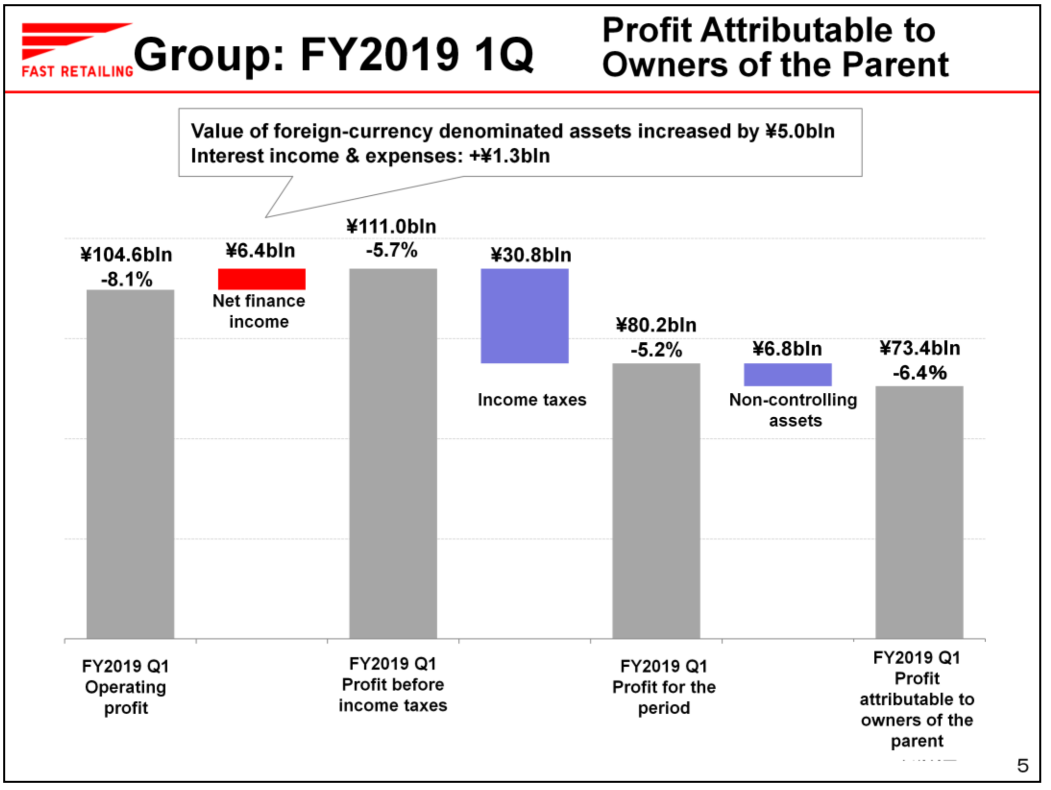
The gross profit margin fell 1.0 point to 50.4% in the first quarter. While the UNIQLO International gross profit margin expanded 0.9 point, the UNIQLO Japan gross profit margin decreased by 3.2 points year on year.

The SG&A to revenue ratio increased 1.3 points to 34.4%. That was largely due to higher SG&A ratios at UNIQLO Japan, GU and UNIQLO International.

Meanwhile, business profit fell 8.5% to ¥103.2 billion.

The net amount of other income/expenses stood at ¥1.3 billion. That total included a foreign-exchange gain of ¥1.5 billion on temporary advances paid for purchases by overseas subsidiaries.

As a result of the above factors, first-quarter operating profit declined by 8.1% to ¥104.6 billion.



Moving on to finance income/cost, we reported a net finance income of ¥6.4 billion in the first quarter of fiscal 2019, which was generated primarily by a ¥5.0 billion foreign-exchange gain on the value of our foreign-currency denominated assets in yen terms.

Finally, profit before income taxes decreased by 5.7% to ¥111.0 billion, and profit attributable to the owners of the parent declined by 6.4% to ¥73.4 billion in the first quarter.

1Q Breakdown by Group Operation

FAST RETAILING

Billions of Yen

		Yr to Aug. 2018 (3 mths to Nov. 2017) Actual	Yr to Aug. 2019 (3 mths to Nov. 2018) Actual	y/y
UNIQLO Japan	Revenue	257.0	**246.1**	-4.3%
	Business profit	53.4	**37.9**	-29.1%
	(to revenue)	20.8%	15.4%	-5.4p
	Other income, expenses	0.6	**0.0**	-92.7%
	Operating profit	54.1	**37.9**	-29.9%
	(to revenue)	21.1%	15.4%	-5.7p
UNIQLO International	Revenue	258.2	**291.3**	+12.8%
	Business profit	46.7	**52.8**	+13.0%
	(to revenue)	18.1%	18.1%	0.0p
	Other income, expenses	-0.0	**-0.2**	-
	Operating profit	46.6	**52.5**	+12.6%
	(to revenue)	18.1%	18.0%	-0.1p
GU	Revenue	60.8	**65.4**	+7.7%
	Business profit	8.9	**8.6**	-4.1%
	(to revenue)	14.8%	13.1%	-1.7p
	Other income, expenses	0.0	**-0.0**	-
	Operating profit	9.0	**8.5**	-4.9%
	(to revenue)	14.8%	13.1%	-1.7p
Global Brands	Revenue	40.0	**40.7**	+1.8%
	Business profit	3.1	**2.8**	-10.4%
	(to revenue)	7.9%	6.9%	-1.0p
	Other income, expenses	-0.1	**-0.0**	-
	Operating profit	3.0	**2.7**	-9.9%
	(to revenue)	7.6%	6.7%	-0.9p

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 generated revenue of ¥246.1 billion and operating profit of ¥37.9 billion, as opposed to UNIQLO International, which generated revenue of ¥291.3 billion and operating profit of ¥52.5 billion. These first-quarter figures show UNIQLO International overtaking UNIQLO Japan by a considerable margin in terms of both revenue and profit.

UNIQLO Japan: Sep.- Nov. 2018 (1Q)

Profit declines sharply on downturn in sales

- Large profit fall due to lower-than-expected sales in wake of warm winter.
- Gross profit margin falls slightly below plan on stronger discounting.
- Business costs within plan in monetary terms thanks to cost-cutting efforts.

Billions of Yen

	Yr to Aug. 2018	Yr to Aug. 2019	
	(3 mths to Nov. 2017)	(3 mths to Nov. 2018)	y/y
Revenue	257.0	**246.1**	-4.3%
(to revenue)	100.0%	**100.0%**	
Gross profit	130.7	**117.4**	-10.2%
(to revenue)	50.9%	**47.7%**	-3.2p
SG&A	77.2	**79.5**	+3.0%
(to revenue)	30.1%	**32.3%**	+2.2p
Business profit	53.4	**37.9**	-29.1%
(to revenue)	20.8%	**15.4%**	-5.4p
Other income, expenses	0.6	**0.0**	-92.7%
(to revenue)	0.2%	**0.0%**	-0.2p
Operating profit	54.1	**37.9**	-29.9%
(to revenue)	21.1%	**15.4%**	-5.7p

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

Looking first at UNIQLO Japan:

UNIQLO Japan fell short of initial expectations by reporting a significant decline in operating profit in the first quarter. First-quarter revenue declined 4.3% to ¥246.1 billion and operating profit dipped by 29.9% to ¥37.9 billion.

The sharp decline in profit was caused by lower-than-expected sales during the warm winter period. Stronger subsequent discounting also knocked the first-quarter gross profit margin slightly below plan.
However, in monetary terms, business costs were roughly in line with forecasts thanks to continued cost-cutting efforts.

UNIQLO Japan: Revenue (1Q)

Same-store sales down 4.3% y/y

- **Weak demand for thermal clothing during warm winter. Product mix overly dominated by winter clothing ranges. High previous year performance.**
- **Strong sales of trendy items and new products (premium lambswool sweaters, boa sweatshirts, fluffy fleece, knitted coats), but sluggish sales of core Winter ranges (HEATTECH, ultra light down, cashmere & merino sweaters) during unseasonal warm October and November.**
- **Online sales increase as planned: ¥23.7bln (+30.9% y/y), 7.0% to 9.7% total sales. More online app members, aggressive social media advertising of newsworthy joint-collection and top-search items, broader use of instore pickup service.**
- **December same-store sales up 5.2% even compared to 18.1% previous year gain. Winter item sales strong on cold weather from mid December. Attractive discounts.**

Same-store sales	Yr to Aug. 2019				
	Sep.	Oct.	Nov.	**3 mths to Nov. 2018**	Dec.
Net sales	+6.0%	−10.0%	−4.3%	**−4.3%**	+5.2%
Customer visits	+3.4%	−5.5%	−1.7%	**−1.8%**	+4.3%
Customer spend	+2.5%	−4.7%	−2.7%	**−2.5%**	+0.9%

UNIQLO Japan same-store sales declined 4.3% year on year in the first quarter from September through November 2018.

That decline in same-store sales was caused by multiple factors: the warm winter weakened demand for thermal clothing; the UNIQLO Japan product mix was overly dominated by warm, thermal clothing items, and; the data were being compared to an extremely strong performance in the previous year.

The first quarter saw strong sales of trendy items and new products such as premium lambswool sweaters, boa sweatshirts, fluffy fleece and knitted coats, but sales of core Winter ranges such as HEATTECH, ultra light down, cashmere sweaters and merino sweaters proved sluggish during the unseasonal warm months of October and November.

Meanwhile online sales increased favorably as planned to ¥23.7billion (+30.9%), pushing the proportion of online sales up from 7.0% to 9.7% of total sales. That expansion in e-commerce can be attributed to an increase in the number of online app members, aggressive advertising of newsworthy joint-collection and top-search items on social media, and a broader awareness of the appealing service that enables customers to pick up their online purchases from their local store.

Looking slightly further out, UNIQLO Japan same-store sales increased 5.2% in December, even when compared to an impressive 18.1% rise in the previous year. That stronger performance was due to buoyant sales of Winter items after the temperature dropped from mid December onwards, as well as more aggressive discounting to attract greater customer interest.

UNIQLO Japan: 1Q Gross Profit Margin, SG&A

Gross profit margin 47.7% (-3.2p y/y) Slightly below plan

- Cost of sales rise on continued weakening in internal yen exchange rates.
- Warm winter resulted in sluggish sales of Fall Winter ranges compared to strong previous year, and more aggressive discounting.

SG&A ratio 32.3% (+2.2p y/y) SG&A within planned range in monetary terms

- Distribution: Store and online distribution costs up
  - Stores: Lower-than-expected sales, increased inventory, higher warehousing costs.
  - Online: Growing proportion of total sales. However, automation of Ariake warehouse increased efficiency and reduced per-order distribution cost.
- Other expenses: Higher Ariake Project related IT investment
- Depreciation: Ariake warehouse automation, shorter depreciation period for a portion of former materials handling, introduction of LED lighting in stores.

	y/y
SG&A Total	+2.2p
Distribution	+0.8p
Other	+0.6p
Depreciation	+0.4p
Personnel	+0.3p
A&P	+0.1p
Store rents	+0.1p

The UNIQLO Japan gross profit margin declined 3.2 points year on year to 47.7% in the first quarter, a level that was slightly lower than expected. That fall was due to a rise in the cost of sales on the back of a continued weakening in internal yen exchange rates. In addition, the warm winter weather stunted sales of Fall Winter ranges, especially when compared to the strong previous year, resulting in more aggressive discounting.

The UNIQLO Japan SG&A ratio rose 2.2 points year on year to 32.3% in the first quarter. However, overall SG&A expenses came in within the planned range in monetary terms thanks to further determined cost-cutting efforts and lower advertising spend and store rents.

Looking at individual cost ratio components, the distribution ratio increased 0.8 point year on year on higher distribution costs at both our physical stores and online operation. Store-related distribution costs rose on the back of lower-than-expected sales, which resulted in higher inventory levels and higher warehousing costs. E-commerce-related distribution costs increased in line with the growing proportion of online-to-total sales. Having said that, the automation of the Ariake warehouse did help achieve greater efficiency and reduce the average distribution cost per order.

The other expenses ratio rose 0.6 point, but this was due to higher IT investment related to the Ariake Project.

Finally, the depreciation ratio rose by 0.4 point on higher depreciation costs related to the automation of the Ariake warehouse, a shortened depreciation period for a portion of former materials handling, and the introduction of LED lighting in stores.

FAST RETAILING

UNIQLO International: (1Q) Overview

Operating profit rises more than planned, far outstrips that of UNIQLO Japan

- **UNIQLO International sales slightly below plan on warm winter weather, but improved gross profit margins in all markets generated higher-than-expected operating profit.**
- **Revenue and profit rises in Greater China (Mainland China, Hong Kong, Taiwan) and South Korea. Considerable revenue and profit gain in Southeast Asia & Oceania.**
- **USA strong revenue, profit gain. Efforts to turn a profit this year are progressing well.**
- **Europe generates strong rises in revenue and profit, expands geographical reach to the Netherlands.**

Billions of Yen

		Yr to Aug. 2018 (3 mths to Nov. 2017) Actual	Yr to Aug. 2019 (3 mths to Nov. 2018) Actual	y/y
UNIQLO International	Revenue	258.2	291.3	+12.8%
	Business profit	46.7	52.8	+13.0%
	(to revenue)	18.1%	18.1%	0.0p
	Other income, expenses	-0.0	-0.2	−
	Operating profit	46.6	52.5	+12.6%
	(to revenue)	18.1%	18.0%	-0.1p

I would now like to move on to talk about UNIQLO International performance in the first quarter of FY2019.

UNIQLO International achieved gains in both revenue and profit, with revenue totalling ¥291.3 billion (+12.8%) and operating profit totalling ¥52.5 billion (+12.6%). UNIQLO International sales came in slightly below plan due to the warm winter weather. However, improved gross profit margins in all markets generated a higher-than-expected level of operating profit. As a result, UNIQLO International operating profit far surpassed UNIQLO Japan operating profit in the first quarter.

Looking at individual regions within the UNIQLO International segment, revenue and profit rose in Greater China (Mainland China, Hong Kong, Taiwan) and South Korea. UNIQLO Southeast Asia & Oceania generated considerable gains in both revenue and profit. UNIQLO USA reported a strong revenue and profit gain, with efforts to move the operation into the black in the current financial year are progressing well. UNIQLO Europe also generated strong rises in revenue and profit, and continued to expand its geographical reach by opening a first store in the Netherlands during the quarter.

UNIQLO International: 1Q by Region (1)

Greater China: Sales slightly below plan on warm winter. Above-plan profit rise on double-digit profit gain in Mainland China

Mainland China: Double-digit growth in OP exceeds plan

- **Same-store sales (excl. online sales) rise on strong sales of mass-trend items and new products such as premium lambswool sweaters, fluffy fleece, sweatwear, knitted coats.**
- **Online sales achieve further double-digit growth in 1Q on strong online-to-offline (O2O) links between physical and virtual stores.**
- **However, sales slightly below plan on sluggish sales of winter clothing during a consistently warm first quarter.**
- **Firmly controlled discounting helps generates higher-than expected double-digit growth in operating profit.**

Hong Kong, Taiwan: Decline in operating profit

- **Same-store sales fall further than expected on warm winter effect.**
- **Lower-than-expected sales result in decline in operating profit.**

Breaking down that regional performance even further, Greater China generated higher revenue and profit in the first quarter. While the revenue result was slightly below plan due to the warm winter effect, the increase in operating profit was higher than expected, thanks to a double-digit profit gain in Mainland China.

In Mainland China, same-store sales rose on strong sales of mass-trend items and new products such as premium lambswool sweaters, fluffy fleece, sweatwear and knitted coats. Online sales continued buoyant thanks to a strengthening of online-to-offline (O2O) links between physical and virtual stores, which generated another double-digit gain in the first quarter.
However, overall sales came in slightly below plan on sluggish sales of Winter clothing during the consistently warm quarter.
On the profit front, firmly controlled discounting helped generate higher-than expected double-digit growth in operating profit.

Meanwhile, UNIQLO operations in Hong Kong and Taiwan reported greater falls in same-store sales than initially predicted on the warm winter effect, and the lower-than-expected sales resulted in a decline in operating profit.

UNIQLO International: 1Q by Region (2)

South Korea: OP rise exceeds plan

- **Colder weather in September, October result in strong sales of ultra light down and fleece items. Warm weather weakens demand for warm clothing during bumper sales month of November.**
- **1Q same-store sales down on this and strong previous year. Slightly below plan.**
- **Higher-than-expected rise in OP on strict discounting, RFID efficiency gains.**

SE Asia & Oceania: Large revenue, profit gain to plan

- **All markets continue to generate strong growth in same-store sales.**
- **Especially strong growth in Indonesia and the Philippines.**
- **UNIQLO popularity continues to rise in the Philippines with the opening of the region's largest global flagship store in Manila in October.**

A queue of 600 people awaits the opening of the UNIQLO Manila global flagship store

In South Korea, operating profit increased by a greater amount than planned. While colder weather in September and October generated strong sales of ultra light down and fleece items, unseasonal warm weather weakened demand for thermal clothing during the bumper sales month of November. Same-store sales declined to a level that was slightly below plan as a result of these factors, and also because the data was being compared to a strong quarter in the previous year. However, on the profit front, UNIQLO South Korea generated a higher-than-expected rise in operating profit on strict discounting, and efficiency gains achieved through the use of RFID tags.

UNIQLO Southeast Asia and Oceania generated large increases in both revenue and profit, as expected. All markets continued to perform strongly and generate strong growth in same-store sales, but growth was especially notable in Indonesia and the Philippines. The popularity of the UNIQLO brand continued to rise in the Philippines with the opening of the region's largest global flagship store in Manila in October.

UNIQLO International: 1Q by Region (3)

N. America: USA to plan, large profit rise

- UNIQLO USA same-store sales rise to plan on regional product mix review and especially strong sales of cashmere sweaters and down ranges.
- Continued double-digit growth in online sales thanks to expanded range of exclusive online sizes and products, and launch of online purchase pickup at all stores.
- Large profit gain on strong sales, improved gross profit margin, SG&A ratio.
- Extend 1Q profitable performance to help turn a full-year profit.

Europe: To plan, large profit gain

- Pan-region rise in same-store sales to plan.
- Strong Russian sales contribute to large profit gain.
- Previously strong French operation reports a flat result on warm winter and political instability.
- Opened 9 new stores in 1Q, including first store in the Netherlands.

The UNIQLO Kalverstraat store in Amsterdam

13

Within the North America region, UNIQLO USA generated a large rise in operating profit, as expected, in the first quarter. UNIQLO USA same-store sales rose to plan following a successful review of regional product mixes, with especially strong sales of cashmere sweaters and down ranges driving the gain. UNIQLA USA continued to report double-digit growth in online sales thanks to a broader offering of exclusive online sizes and online products, and an expansion of our instore pickup of online purchases service to all stores. On the profit front, UNIQLO USA generated a large profit gain on the back of strong sales, an improved gross profit margin, and an improved SG&A ratio. We are currently working to maintain that profitable first-quarter performance to help UNIQLO USA achieve a profit for the full financial year as well.

UNIQLO Europe generated a large profit gain in the first quarter as expected. Overall same-store sales increased to plan, with strong sales from the Russian operation contributing heavily to the region’s large profit gain. Meanwhile, the previously strong French operation reported a flat result due to the warm winter effect and recent political instability. In terms of store numbers, UNIQLO Europe opened nine new stores in the three months from September to November 2018, including the first store in the Netherlands.

GU: Sep.- Nov. 2018 (1Q)

Slight profit fall. OP, sales roughly to plan

- Same-store sales (excl. online sales) flat as expected. Initial sales strong in September, but warm weather dampens sales in October. Pickup in November, December sales suggest sales back on a steady rising trend.
- New mass-trend oriented product lineup, resumed TV ads and stronger marketing from Fall Winter season contribute to sales recovery.
- Strong fall sales of sweatwear, oversized knitted items. Colder subsequent weather buoys sales of insulated, down and woolen outerwear, warm bottoms and corduroy bottoms.
- However, resulting shortages of some fall items reveal residual issues with accuracy of volume planning.
- Gross profit margin -0.3p: Slightly better than expected. Down y/y due to early rundown of excess stock in 1Q compared to 2Q in the previous year.
- SG&A ratio +1.4p: To plan in monetary terms. Ratio up on increased advertising spend (renewed TV ads), and higher IT investment.

Billions of Yen

		Yr to Aug. 2018 (3 mths to Nov. 2017) Actual	Yr to Aug. 2019 (3 mths to Nov. 2018) Actual	y/y
GU	Revenue	60.8	65.4	+7.7%
	Business profit	8.9	8.6	-4.1%
	(to revenue)	14.8%	13.1%	-1.7p
	Other income, expenses	0.0	-0.0	-
	Operating profit	9.0	8.5	-4.9%
	(to revenue)	14.8%	13.1%	-1.7p

Let me now move on to our low-priced GU casualwear brand.
GU revenue increased by 7.7% in the first quarter to ¥65.4 billion, but operating profit declined slightly to ¥8.5 billion (-4.9%). However, both the revenue and operating profit results were roughly in line with expectations.

GU same-store sales came in flat in the first quarter as expected. While sales started out strong in September, warm weather in October dampened demand and resulted in a decline in same-store sales. Same-store sales then picked up again in November and December, suggesting sales were moving onto a steady upward trend.

From the Fall Winter season, GU revised its product lineup to focus on new mass trends, resumed TV advertising and strengthened its marketing strategy. All of these factors contributed to the recovery in sales.
In the fall, sales of sweatwear and oversized knitted items proved strong. This budding strength was backed up by strong sales of insulated, down, and woolen outerwear, warm bottoms and corduroy bottoms as the weather gradually got colder. However, subsequent shortages in certain Fall items revealed some residual issues with the accuracy of our volume planning.

On the profit front, GU's gross profit margin declined 0.3 point year on year, but this result was slightly better than expected. That fall was due primarily to our decision to start running down excess inventory in a timely manner from the first quarter, rather than waiting until the second quarter as we did in the previous year.

Finally, while GU's SG&A expenses were within expectations in monetary terms in the first quarter, the SG&A ratio increased by 1.4 points as our decision to resume TV commercials increased advertising spend, and we invested more heavily in IT.

Global Brands: Sep.- Nov. 2018 (1Q)

Revenue up, profit down. OP slightly below plan

Theory: Revenue higher, sharp rise in operating profit

・Especially strong performance from Theory USA reduce discounting losses.

PLST: Operating profit down slightly

・Sales continue to expand favorably.

・Higher store-opening costs on store expansion with 12 new stores in 1Q.

Comptoir des Cotonniers: Higher-than-expected profit fall results in a loss

Princesse tam.tam, J Brand: Report consistent losses

Billions of Yen

		Yr to Aug. 2018 (3 mths to Nov. 2017) Actual	Yr to Aug. 2019 (3 mths to Nov. 2018) Actual	y/y
Global Brands	Revenue	40.0	40.7	+1.8%
	Business profit	3.1	2.8	-10.4%
	(to revenue)	7.9%	6.9%	-1.0p
	Other income, expenses	- 0.1	-0.0	-
	Operating profit	3.0	2.7	-9.9%
	(to revenue)	7.6%	6.7%	-0.9p

Finally, let me go over performance for our Global Brands segment, which reported higher revenue but lower profit in the first quarter. Global Brands revenue increased 1.8% year on year to ¥40.7 billion, while operating profit shrank 9.9% to ¥2.7 billion.

A larger-than-expected profit decline at our France-based Comptoir des Cotonniers fashion brand knocked Global Brands operating profit total slightly below target.

However, looking at individual labels, the Theory contemporary fashion brand reported higher revenue and a sharp rise in operating profit in the first quarter, thanks to an especially strong performance from Theory USA and lower discounting losses. PLST sales expanded favorably, but the label reported a slight decline in operating profit on increased costs related to store expansion and the addition of 12 new stores during the three months to November 2018.

Meanwhile, Comptoir des Cotonniers profits declined further than expected, forcing the operation to report a loss. Our France-based Princesse tam.tam lingerie, homewear and swimwear brand, and our U.S. based J Brand premium denim label continued to report a loss.

Group: Balance Sheet (end Nov. 2018)

Billions of Yen

	End Nov. 2017	End Aug. 2018	**End Nov. 2018**	Change
Total Assets	1,633.0	1,953.4	**2,031.7**	+398.6
Current Assets	1,314.1	1,618.0	**1,692.0**	+377.8
Non-Current Assets	318.8	335.3	**339.6**	+20.7
Total Liabilities	790.0	1,050.6	**1,050.4**	+260.4
Total Equity	842.9	902.7	**981.2**	+138.2

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

Compared to the end of November 2017, total assets increased by ¥398.6 billion to ¥2.0317 trillion.

Total liabilities increased by ¥260.4 billion to ¥1.0504 trillion.

Total equity increased by ¥138.2 billion to ¥981.2 billion.

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

FAST RETAILING

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

Current assets: +¥377.8bln (¥1.3141trln⇒¥1.6920trln)

- **Cash and cash equivalents: +¥190.1bln (¥788.8bln⇒ ¥979.0bln)**
  Increased cash from ¥250.0bln corporate bond issue in June 2018
- **Inventory assets: +¥151.7bln (¥301.1bln⇒ ¥452.8bln)**
  End-August 2018 change in timing of inventory recording: ¥58.0bln
  (UQ Japan: ¥46.9bln, GU: ¥11.1bln). Actual figure, excluding this impact: +¥93.7bln
  (Previously we recorded inventory on BS when product was released from Japanese warehouses 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: +¥48.4bln (higher thermal clothing stock on warm winter, sluggish sales)
  UNIQLO International: +¥45.4bln (Increase of 154 stores y/y, higher Winter clothing inventory from Greater China and South Korea on warm winter effect)
  GU: -¥2.2bln (on improved sales) Global Brands: +¥2.1bln
- **Derivative financial assets: +¥41.6bln (¥14.6bln⇒ ¥56.3bln)**
  Average rate of forward contract holdings stronger, end-November spot rate weaker y/y, resulting in a larger gap between the two. Hedge accounting so no impact on P&L

Liabilities: +¥260.4bln (¥790.0bln⇒¥1.0504trln)

- **Long-term financial liabilities: +¥230.7bln (¥274.0bln⇒¥504.7bln)**
  June 2018 ¥250.0bln corporate bond issue

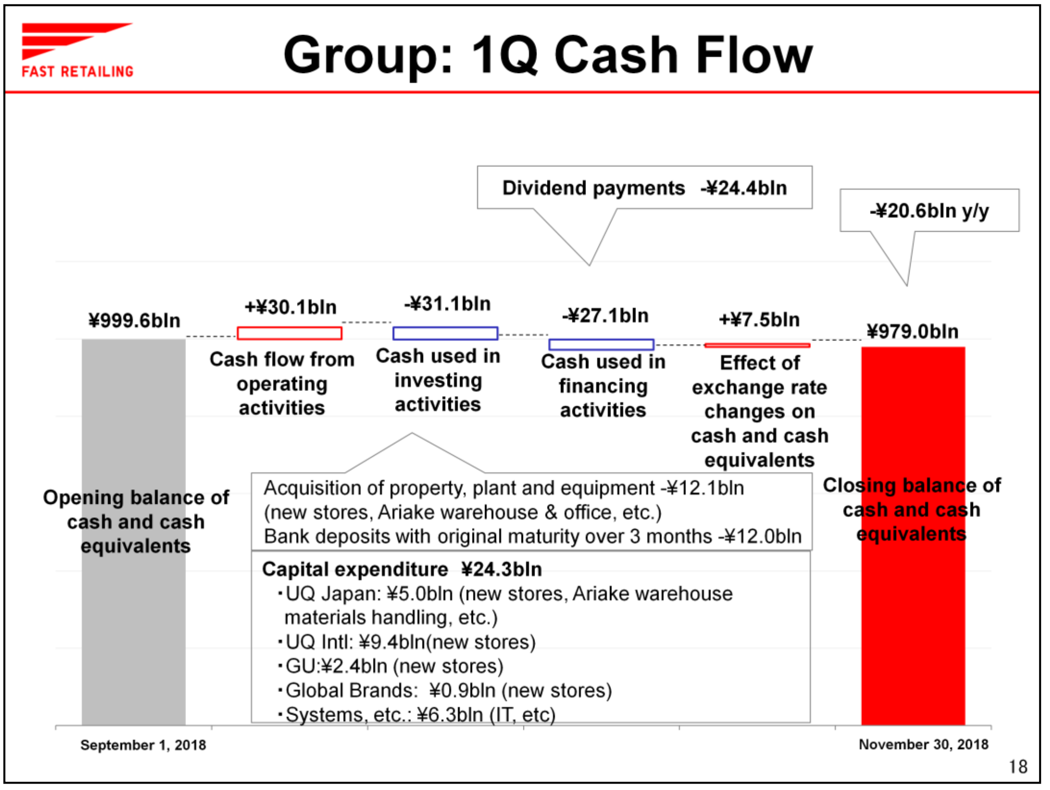
Let me explain the factors underlying the ¥377.8 billion increase in current assets, which constitutes the largest share of total assets.

First, cash and cash equivalents increased by ¥190.1 billion year on year to ¥979.0 billion at the end of November 2018 on the back of increased cash generated by our ¥250.0 billion corporate bond issue in June 2018.

Next, total inventory increased by ¥151.7 billion to ¥452.8 billion, but this figure included ¥58.0 billion resulting from a change in the timing of inventory recording at UNIQLO Japan and GU. If we strip out this impact, the end-November year-on-year increase in inventory assets totaled a more modest ¥93.7 billion.

Breaking down the inventory total further, actual inventory assets at UNIQLO Japan increased by ¥48.4 billion, as the warm winter resulted in poor sales and increased inventory of warm clothing items.

Inventory at UNIQLO International increased by ¥45.4 billion over the same period, due to an increase in total store numbers, and higher winter inventory stock generated primarily by our Greater China and South Korea operations during the warm winter.



Looking next at our cash flow position for the first quarter of fiscal 2019.

We reported a net cash inflow of ¥30.1 billion from operating activities, while cash used in investing activities totalled ¥31.1 billion, and cash used in financing activities totalled ¥27.1 billion. As a result, the balance of cash and cash equivalents stood at ¥979.0 billion at the end of November 2018.

Group: FY2019 Estimates

Business estimates unchanged

- Predict higher-than-expected decline in 1H UNIQLO Japan profit
- To be offset by continued strength and higher-than-expected profit gains at UNIQLO International
- GU performance to show operation on a recovery track

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

	Yr to Aug. 2018 Actual	Yr to Aug. 2019 Estimates (as of Jan.10)	Yr to Aug. 2019 y/y	Yr to Aug. 2019 Three months Actual
Revenue	2,130.0	2,300.0	+8.0%	644.4
(to revenue)	100.0%	100.0%		100.0%
Business profit	252.4	275.0	+8.9%	103.2
(to revenue)	11.9%	12.0%	+0.1p	16.0%
Other income, expenses	-16.2	-5.0	-	1.3
Operating profit	236.2	270.0	+14.3%	104.6
(to revenue)	11.1%	11.7%	+0.6p	16.2%
Finance income, costs	6.4	0.0	-	6.4
Profit before income taxes	242.6	270.0	+11.3%	111.0
(to revenue)	11.4%	11.7%	+0.3p	17.2%
Profit attributable to owners of the parent	154.8	165.0	+6.6%	73.4
(to revenue)	7.3%	7.2%	-0.1p	11.4%

Billions of Yen

For the remainder of this presentation, I would like to focus on our business estimates for FY2019, or the twelve months from September 2018 through to the end of August 2019.

As already discussed, while UNIQLO International exceeded expectations in the first quarter, UNIQLO Japan generated a lower-than-expected performance, resulting in consolidated revenue and operating profit figures that were both slightly below target.

However, we have not made any changes to our initial business forecasts for FY2019 announced in October 2018. While we expect UNIQLO Japan will report a weaker-than-expected profit result for the first half, UNIQLO International profit is forecast to exceed expectations as the operation continues to generate strong results, and GU is expected to show a recovery trend.

In terms of the assumed exchange rate of 1USD=111JPY for our finance income/cost, while the yen is currently on a strengthening trend, the future currency outlook remains unclear, and so we have not made any changes to the exchange rates used in calculating our full-year business estimates.

FAST RETAILING

FY2019 Estimates by Group Operation(1)

UNIQLO Intl.: Expect strong revenue, profit gains

- Expect 2Q discounting to increase slightly, primarily in Greater China and South Korea, to encourage the rundown of Winter items. However, expect first-half operating profit to increase more than initially predicted.
- Expect further significant gains in full-year revenue and profit.
- Strong revenue and profits gains expected from Greater China, Southeast Asia & Oceania, and Europe.
  Expect South Korea to report slightly higher revenue and profit, USA to turn a profit.

UNIQLO Japan: Aim for slight rise in revenue, profit

- December same-store sales strong and New Year bargain sales extremely busy, but more aggressive holiday season discounting on lower-than-expected 1Q sales will likely result in a sharper fall in 1H operating profit than initially predicted.
- Expect higher 2H revenue and sharp rise in 2H operating profit on improvements to the gross profit margin from falling cost of sales, and further cost control.
- As a result, we are aiming for a slight rise in full-year revenue and profit.

Now, let me break down those full-year business estimates into individual business segments.

Taking UNIQLO International first, operating profit exceeded expectations in the first quarter from September through November 2018.

The individual operations most affected by the warm winter such as Greater China and South Korea are expected to increase discounting slightly to promote sales of Winter items in the second quarter. However, first-half operating profit is still expected to increase more than initially predicted. For the full business year, we predict continued significant gains in both revenue and profit.

In terms of individual markets, we expect strong revenue and profits gains from Greater China, Southeast Asia & Oceania, and Europe for the full business year. South Korea is expected to report slightly higher revenue and profit, while the UNIQLO USA is predicted to move into the black.

Turning next to UNIQLO Japan, which produced a lower-than-expected performance in the first quarter in the face of warm winter weather. Since then, December same-store sales have come in strong and the New Year bargain sales were extremely busy, with many customers visiting our stores. However, aggressive discounting over the holiday season in the wake of below-target first-quarter sales is likely to result in a sharper fall in first-half operating profit than initially predicted.

Once into the second half however, a decline in the cost of sales is expected to improve the gross profit margin. That along with further strict cost control is expected to help generate higher revenue and a sharp rise in profit in the second half. Overall, we are aiming for slight gains in both revenue and profit for the full financial year.

FY2019 Estimates by Group Operation(2)

GU: Expect higher revenue, large rise in profit

- The benefits of our product mix review and new focus on mass trends started to show through in 1Q, with performance showing signs of recovery.
- 2H: Expect revenue to continue to expand, gross profit margin to improve, and cost-efficiency to increase on more efficient inventory systems and higher productivity per man-hour.
- Expect full-year rise in revenue and significant increase in profit.

Global Brands: Expect higher revenue, large profit rise

- Theory and PLST both expected to achieve higher revenue and profit.
- Remaining labels expected to continue to report losses.

Turning next go GU, which generated operating profit that was roughly in line with expectations in the first quarter. We believe our determined review of product mixes and our new focus on mass-trend products started to bear fruit in first quarter, and this helped support a nascent recovery in performance.

In the second half, we expect GU revenue will continue to expand, GU gross profit margin will improve, and cost efficiencies will increase on the back of more efficient inventory systems and higher levels of productivity per man-hour. For the full year, we expect GU revenue will rise and profit will increase significantly.

Looking finally at our estimates for the Global Brands segment for FY2019. While overall segment performance fell slightly short of target in the first quarter, we expect Global Brands will generate further revenue gains and a large increase in profit for the full business year, with both the Theory and PLST brands generating higher revenue and profit. The remaining labels in the Global Brands segment are forecast to report further losses.

Finally, our dividend forecast for FY2019 remains unchanged at ¥480 yen, split evenly between interim and year-end dividends of ¥240 yen.

That completes my presentation on Fast Retailing’s first-quarter performance and our 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

FAST RETAILING

[Units: Stores]	FY2018	FY2019 1Q Result (Sep. - Nov.)				FY2019 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End Nov.	Open	Close	Change	End Aug.
UNIQLO Operations	2,068	78	19	+59	2,127	211	45	+166	2,234
UNIQLO Japan ※	827	14	9	+5	832	30	30	0	827
Own stores	784	12	8	+4	788	–	–	–	–
Large-scale	215	8	3	+5	220	–	–	–	–
Standard and others	569	4	5	–1	568	–	–	–	–
Franchise stores	43	2	1	+1	44	–	–	–	–
UNIQLO International	1,241	64	10	+54	1,295	181	15	+166	1,407
Mainland China	633	29	4	+25	658	100	–	–	–
Hong Kong	28	0	0	0	28		–	–	
Taiwan	65	3	1	+2	67		–	–	
Korea	186	3	3	0	186	7	–	–	–
Singapore	26	2	0	+2	28	50	–	–	–
Malaysia	48	0	0	0	48		–	–	
Thailand	40	4	0	+4	44		–	–	
Philippines	51	5	1	+4	55		–	–	
Indonesia	18	3	0	+3	21		–	–	
Australia	15	1	0	+1	16		–	–	
USA	48	1	0	+1	49	10	–	–	–
Canada	5	4	0	+4	9		–	–	
UK	11	0	0	0	11	14	–	–	–
France	25	1	0	+1	26		–	–	
Russia	31	3	1	+2	33		–	–	
Germany	5	4	0	+4	9		–	–	
Belgium	3	0	0	0	3		–	–	
Spain	2	0	0	0	2		–	–	
Sweden	1	0	0	0	1		–	–	
The Netherlands	0	1	0	+1	1		–	–	
GU	393	21	5	+16	409	40	10	+30	423
Global Brands	984	29	10	+19	1,003	52	52	0	984
Theory ※	450	14	3	+11	461	26	–	–	–
PLST	87	12	2	+10	97	21	–	–	–
Comptoir des Cotonniers ※	320	3	4	–1	319	5	–	–	–
Princesse tam.tam ※	127	0	1	–1	126	0	–	–	–
Total	3,445	128	34	+94	3,539	303	107	+196	3,641

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

Reference: Foreign Exchange Rates

Exchange rates used in consolidated accounts

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2018 1Q	3-month average to Nov. 2017	112.1	131.9	147.8	16.9	9.9
FY2019 1Q	3-month average to Nov. 2018	112.6	130.0	145.7	16.3	10.0
FY2018	12-month average to Aug. 2018	110.3	131.5	148.8	16.9	10.1
FY2019（E）	12-month average to Aug. 2019	105.0	130.0	150.0	16.7	9.8

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2018 1Q	Exchange rate at end Nov. 2017	112.1	132.8	150.3	16.9	10.4
FY2019 1Q	Exchange rate at end Nov. 2018	113.5	129.2	145.0	16.4	10.1
FY2018	Exchange rate at end Aug. 2018	111.1	129.5	144.6	16.2	10.0
FY2019 （E）	Exchange rate at end Aug. 2019	111.1	129.5	144.6	16.2	10.0

Reference: Capital Expenditure, Depreciation

Capex (Incl. Finance Leases) and Depreciation

Billions of Yen

		Capital spending						Depreciation
		UNIQLO Japan	UNIQLO Intl.	GU	Global Brands	Systems, etc	Total	
FY2018	1Q 3 months	2.2	5.4	2.8	0.6	3.7	14.9	9.9
FY2019	1Q 3 months	5.0	9.4	2.4	0.9	6.3	24.3	11.9
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	6.5	32.8	6.7	3.1	28.7	77.8	53.0