FAST RETAILING

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Fast Retailing First-half Results for September 2018 to February 2019, and Estimates for FY2019

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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 2019, or the six months from September 2018 through February 2019, and our estimates for the full business year through August 2019.

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: (1H) Sep. 2018 - Feb. 2019

1H operating profit hits a new record high

- UNIQLO Japan operating profit was considerably below plan, while GU far outstripped expectations, and UNIQLO Intl. continued strong.
- Shortfall in consolidated operating profit v. plan kept at approx. ¥10.0bln.

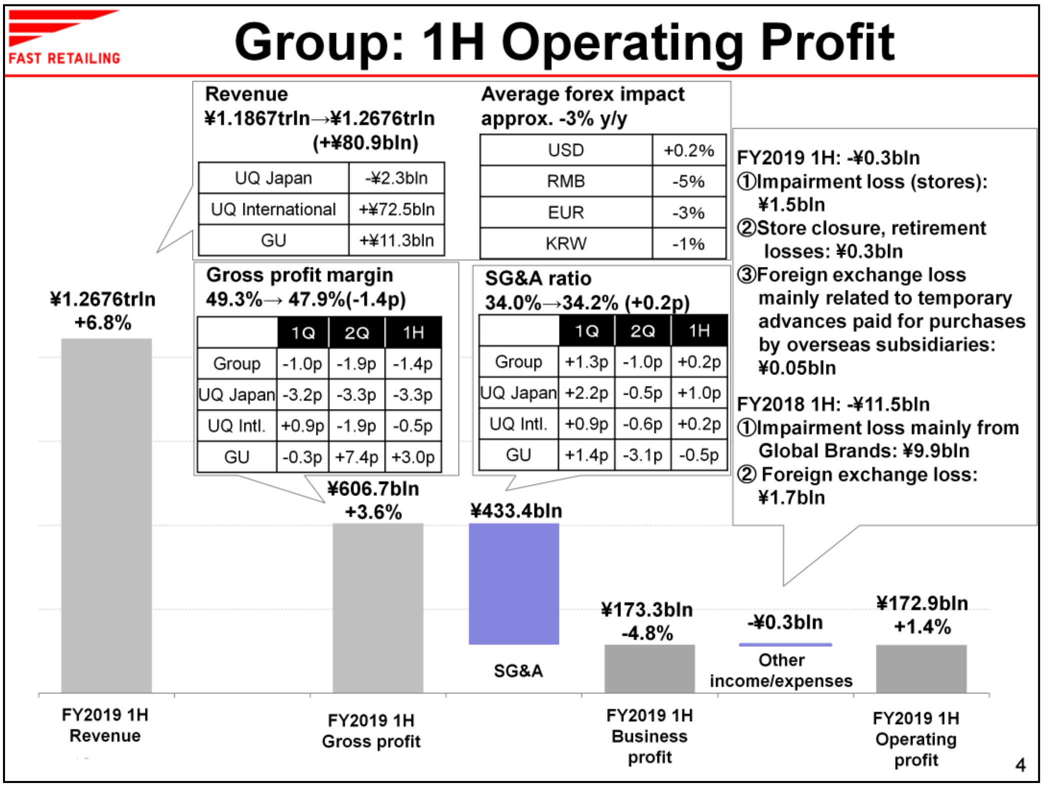
Billions of Yen

	Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	Yr to Aug. 2019 (6 mths to Feb. 2019) Actual	y/y
Revenue	1,186.7	**1,267.6**	+6.8%
(to revenue)	100.0%	**100.0%**	
Gross profit	585.6	**606.7**	+3.6%
(to revenue)	49.3%	**47.9%**	-1.4p
SG&A	403.6	**433.4**	+7.4%
(to revenue)	34.0%	**34.2%**	+0.2p
Business profit	181.9	**173.3**	-4.8%
(to revenue)	15.3%	**13.7%**	-1.6p
Other income, expenses	-11.5	**-0.3**	-
(to revenue)	-	**-**	-
Operating profit	170.4	**172.9**	+1.4%
(to revenue)	14.4%	**13.6%**	-0.8p
Finance income, costs	-5.2	**1.2**	-
(to revenue)	-	**0.1%**	-
Profit before income taxes	165.1	**174.2**	+5.5%
(to revenue)	13.9%	**13.7%**	-0.2p
Profit attributable to owners of the parent	104.1	**114.0**	+9.5%
(to revenue)	8.8%	**9.0%**	+0.2p

In the first half of fiscal 2019, the Fast Retailing Group reported record levels of operating profit. Consolidated revenue totalled ¥1.2676 trillion (up 6.8% year on year). While consolidated business profit declined 4.8% to ¥173.3 billion, consolidated operating profit rose 1.4% to ¥172.9 billion, and profit attributable to owners of the parent expanded 9.5% to ¥114.0 billion.

Breaking this down into individual segment performance, owing to the warm winter, UNIQLO Japan operating profit came in considerably below plan, but GU far outstripped expectations, and UNIQLO Intl. continued to product a strong performance and rising profit.

These factors taken together helped contain the shortfall in consolidated operating profit compared to our latest plan to approximately ¥10.0 billion.



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

Consolidated revenue expanded by ¥80.9 billion year on year to ¥1.2676 trillion in the first half on the back of considerable revenue increases from both UNIQLO International and our fashion-fun, low-priced GU casualwear brand.

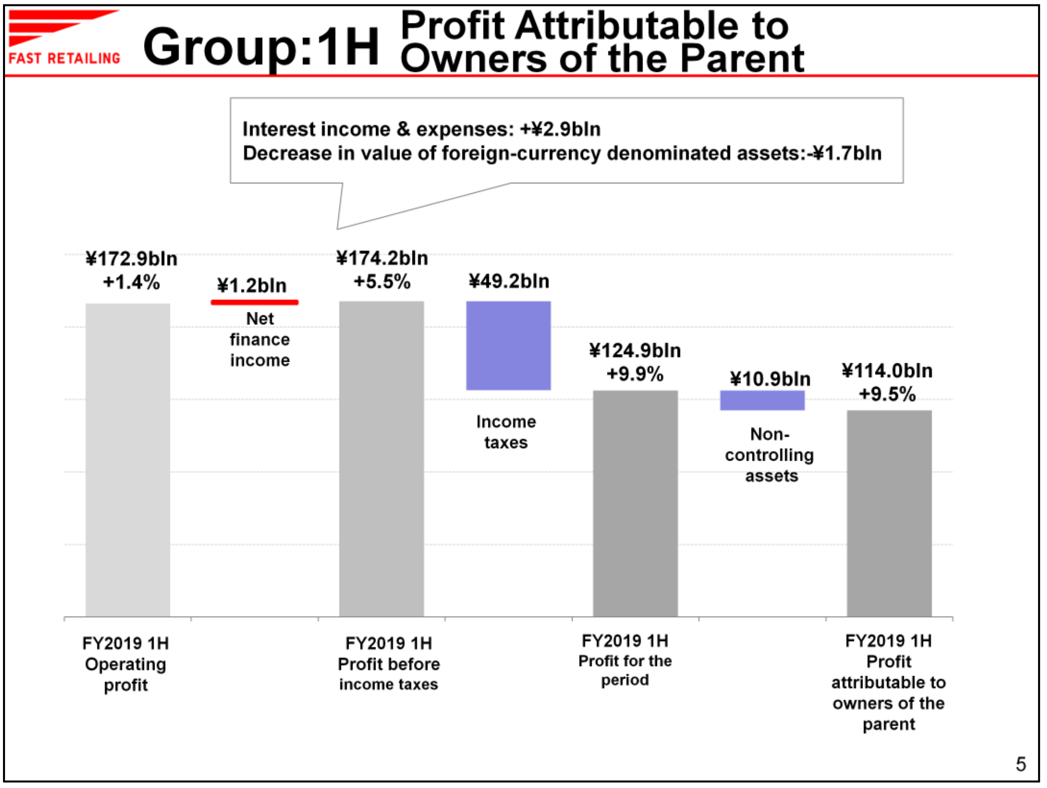
The consolidated gross profit margin declined 1.4 points to 47.9% in the first half. Breaking that figure down, while the gross profit margin at GU increased 3.0 points, the gross profit margin contracted 3.3 points at UNIQLO Japan, and 0.5 point at UNIQLO International.

The consolidated SG&A to revenue ratio increased 0.2 point to 34.2%. While the ratio decreased 0.5 point at GU, it increased 1.0 point at UNIQLO Japan and 0.2 point at UNIQLO International.

Meanwhile, consolidated business profit declined 4.8% to ¥173.3 billion.

The net amount of other income/expenses stood at minus ¥0.3 billion, a great improvement on the previous year's minus ¥11.5 billion.

As a result of the above factors, first-half operating profit increased by 1.4% to ¥172.9 billion.



Moving on to look at finance income/costs, we reported a net finance gain of ¥1.2 billion in the first half of fiscal 2019.

As a result, profit before income taxes increased by 5.5% to ¥174.2 billion, and profit attributable to the owners of the parent increased by 9.5% to ¥114.0 billion.

1H Breakdown by Group Operation

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Billions of Yen

		Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	Yr to Aug. 2019 (6 mths to Feb. 2019) Actual	y/y
UNIQLO Japan	Revenue	493.6	**491.3**	-0.5%
	Business profit	88.8	**67.6**	-23.9%
	(to revenue)	18.0%	13.8%	-4.2p
	Other income, expenses	- 0.1	**0.1**	-
	Operating profit	88.7	**67.7**	-23.7%
	(to revenue)	18.0%	13.8%	-4.2p
UNIQLO International	Revenue	507.4	**580.0**	+14.3%
	Business profit	80.8	**88.6**	+9.6%
	(to revenue)	15.9%	15.3%	-0.6p
	Other income, expenses	- 0.1	**- 0.1**	-
	Operating profit	80.7	**88.4**	+9.6%
	(to revenue)	15.9%	15.3%	-0.6p
GU	Revenue	105.8	**117.1**	+10.7%
	Business profit	9.0	**14.1**	+56.1%
	(to revenue)	8.5%	12.0%	+3.5p
	Other income, expenses	0.1	**0.0**	-95.5%
	Operating profit	9.1	**14.1**	+54.3%
	(to revenue)	8.6%	12.1%	+3.5p
Global Brands	Revenue	78.4	**77.7**	-0.9%
	Business profit	3.3	**3.2**	-2.3%
	(to revenue)	4.2%	4.2%	-
	Other income, expenses	- 8.9	**- 0.1**	-
	Operating profit	- 5.6	**3.1**	-
	(to revenue)	-	4.0%	-

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.

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UNIQLO Japan (1H)

1H operating profit down 23.7% y/y

- **1H Winter range sales fall below plan on warm winter. 1H revenue below plan.**
- **1H gross profit margin falls further than expected on stronger 2Q discounting.**
- **Business costs down more than forecast in monetary terms on improved productivity.**

Billions of Yen

	Yr to Aug. 2018 (6 mths to Feb. 2018)	Yr to Aug. 2019 (6 mths to Feb. 2019)	y/y
Revenue (to revenue)	493.6 100.0%	491.3 100.0%	-0.5%
Gross profit (to revenue)	241.5 48.9%	224.1 45.6%	-7.2% -3.3p
SG&A (to revenue)	152.6 30.9%	156.5 31.9%	+2.5% +1.0p
Business profit (to revenue)	88.8 18.0%	67.6 13.8%	-23.9% -4.2p
Other income, expenses (to revenue)	-0.1 -	0.1 0.0%	- -
Operating profit (to revenue)	88.7 18.0%	67.7 13.8%	-23.7% -4.2p

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

Looking first at UNIQLO Japan: UNIQLO Japan reported declines in both revenue and profit in the first half, with revenue contracting 0.5% year on year to ¥491.3 billion and operating profit declining by 23.7% to ¥67.7 billion.

First-half revenue fell short of plan owing to a shortfall in first-quarter sales of Winter ranges during the warm winter weather. The first-half gross profit margin also came in below plan, contracting on stronger second-quarter discounting. However, UNIQLO Japan performed well on the cost front, as productivity gains helped reduce overall business expenses further than expected in monetary terms.

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UNIQLO Japan: 1H Revenue

Same-store sales down 0.9% (1Q:-4.3%, 2Q:+2.8%)

- **Same-store sales down 4.3% y/y in 1Q as warm winter dampened demand for thermal clothing, but 2Q same-store sales rebounded by 2.8%.**
- **2Q rebound thanks to strong sales of HEATTECH, down, fleece and other Winter items once temperature dropped in December, January.**
- **February saw a favorable launch of Spring ranges such as sweat wear, legging pants, and BLOCKTECH outerwear.**
- **1H online sales expanded strongly and to plan, rising to ¥48.5bln (+30.3% y/y). Contribution to total sales rose from 7.5% to 9.9%.**

Same-store sales	Yr to Aug. 2019					
	3 mths to Nov. 2018	Dec.	Jan.	Feb.	**3 mths to Feb. 2019**	**6 mths to Feb. 2019**
Net sales	-4.3%	+5.2%	-1.0%	+3.0%	+2.8%	-0.9%
Customer visits	-1.8%	+4.3%	-0.9%	+4.5%	+2.5%	+0.4%
Customer spend	-2.5%	+0.9%	-0.1%	-1.4%	+0.2%	-1.3%

UNIQLO Japan same-store sales declined 0.9% year on year in the first half.

Breaking that figure down into individual quarters, same-store sales declined by 4.3% year on year in the first quarter as warm winter weather dampened demand for thermal clothing. However, same-store sales then rebounded by 2.8% year on year in the second quarter.

Online sales rose strongly and to plan, expanding by a strong 30.3% year on year to ¥48.5 billion in the first half. That represents a rise in the e-commerce proportion of total sales from 7.5% to 9.9%.

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

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Gross profit margin 45.6% (-3.3p y/y)
Fell short of plan

- Cost of sales rise on continued weakening in internal yen exchange rates.
- 2Q discounting of Winter ranges more vigorous than originally planned.

SG&A ratio 31.9% (+1.0p y/y)
SG&A above plan in monetary terms on better productivity

- Distribution: Store-related costs rise on higher Winter stock. E-commerce-related costs rose as proportion of total sales grew. However, automation of Ariake warehouse increased efficiency, reduced per-order distribution cost.
- Other expenses: Higher Ariake Project IT investment, but managed to reduce overall other expenses further than expected thanks to lower outsourcing costs after introducing RFID-supported stocktaking, lower utility costs after introducing LED lighting into stores, etc.
- Depreciation: Ariake warehouse automation, shorter depreciation period for a portion of former materials handling, introduction of LED lighting in stores.
- Personnel: Despite costs related to improved employment conditions, personnel ratio declined as new RFID tags and other instore processes improved productivity.

	To revenue (y/y)
SG&A	+1.0p
Distribution	+0.5p
Other expenses	+0.4p
Depreciation	+0.2p
Advertising & Promotion	+0.0p
Store rents	+0.0p
Personnel	-0.1p

Turning now to business margins for UNIQLO Japan, the gross-profit-to-revenue ratio, or gross profit margin, declined by 3.3 points year on year in the first half of fiscal 2019 to 45.6%. This level was lower than expected.

Various factors contributed to the year-on-year decline in the first-half gross profit margin, including a continued rise in the cost of sales continuing caused by a persistent weakening trend in internal yen exchange rates, and stronger-than-planned second-quarter discounting of Winter ranges.

The SG&A ratio increased 1.0 point year on year to 31.9% in the first half. While we were able to reduce SG&A expenses further than planned in monetary terms thanks to productivity gains generated by the use of RFID electronic tags and other more efficient instore processes, the SG&A ratio increased on the back of lower-than-expected sales.

One of the factors that contributed to the rise in the first-half SG&A ratio was a 0.5 point increase in the distribution cost ratio. Store-related distribution costs increased on higher Winter stock. While e-commerce-related distribution costs have been increasing as online sales constitutes a growing proportion of total sales, we are making progress on improving efficiencies within the distribution operation, with the automation of our Ariake warehouse helping reduce distribution costs on a per-order basis.

In terms of other expenses, while the other expenses ratio increased 0.4 point on the back of higher IT investment linked to the Ariake Project, we were able to reduce the other expenses monetary total by a greater amount than originally expected thanks to lower outsourcing costs following the introduction of RFID-supported stocktaking, as well as lower utility costs following the introduction of LED lighting in our stores, and some other measures.

UNIQLO International: 1H Overview

Strong performance continues:
Revenue, profit up Operating profit rises to plan, favorable business expansion

- 1H gross profit margin came in below expectations, falling 0.5p y/y on stronger 2Q discounting.
- 1H business expenses: While the SG&A ratio rose 0.2p y/y, we were able to reduce business expenses more than planned on both a ratio and monetary basis thanks to stronger cost control in all markets and better store productivity.
- Greater China continues to outstrip expectations, double-digit y/y revenue and profit rise.
- South Korea: revenue, profit up.
- SE Asia & Oceania: large revenue, profit rises
- USA: reported a 1H profit.
- Europe: operating profit steady y/y.

Billions of Yen

		Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	Yr to Aug. 2019 (6 mths to Feb. 2019) Actual	y/y
UNIQLO International	Revenue	507.4	580.0	+14.3%
	Business profit	80.8	88.6	+9.6%
	(to revenue)	15.9%	15.3%	-0.6p
	Other income, expenses	-0.1	-0.1	-
	Operating profit	80.7	88.4	+9.6%
	(to revenue)	15.9%	15.3%	-0.6p

Let's turn now to look at first-half results for UNIQLO's global operations. The UNIQLO International segment continued to generate strong results with revenue rising 14.3% year on year to ¥580.0 billion and operating profit increasing by 9.6% to ¥88.4 billion. The segment is continuing to steadily expand, with the first-half revenue result coming in slightly above forecast and the operating profit result on target.

On the profit front, UNIQLO International's first-half gross profit margin came in below expectations, falling 0.5 point year on year following stronger second-quarter discounting. Conversely, on business expenses, while the SG&A ratio did rise 0.2 point year on year, we were able to reduce business expenses further than planned on both a ratio and monetary basis thanks to stronger cost controls across all UNIQLO International markets, and improved productivity at our stores.

Looking at individual operations, UNIQLO Greater China (Mainland China, Hong Kong and Taiwan) continued to generate a strong, higher-than-expected performance, with a double-digit year-on-year rise in revenue and profit. South Korea reported rising revenue and profit, Southeast Asia & Oceania continued to generate strong rises in revenue and profit gains. UNIQLO USA turned a profit in the first half, and UNIQLO Europe reported a steady level of operating profit compared to the previous year.

UNIQLO International: 1H by Region (1)

Greater China: Mainland China strong. Double-digit growth in revenue, profit both above plan

Mainland China: Operating profit exceeds plan, increasing approx. 20% y/y

- Same-store sales (excluding online sales): 1H rise exceeds plan and shows continued strong growth, 2Q double-digit increase especially strong. Sales of Winter ranges strong in cold months of December, January. Favorable launch of sweat wear, UT T-shirts and other Spring Summer ranges in February.
- 1H online sales strong, rising approx. 30% to constitute 20% of total sales.
- Stronger 2Q discounting resulted in a flat y/y gross profit margin, but improved SG&A ratio helped operating profit rise by a higher-than-expected 20% y/y.

Hong Kong, Taiwan: Decline in operating profit

- Same-store sales down on consistently warm weather through 1Q and 2Q.
- Operating profit down on lower-than-expected revenue.

South Korea: Revenue, profit rise as planned

- 1H same-store sales rise as planned on strong Winter item sales from December.
- Gross profit margin down on stronger discounting, but SG&A ratio improved.

Looking now at the individual UNIQLO International markets in more detail.

Turning first to UNIQLO Greater China, while Hong Kong and Taiwan reported declining profits in the first half, Mainland China continued to report strong growth and double-digit year-on-year rises in both revenue and profit. Both the revenue and operating profit figures were higher than expected.

Ning Pan, our CEO of UNIQLO Greater China will be talking to us about the current situation and future challenges in that market in a subsequent presentation.

Moving onto UNIQLO South Korea, which reported on-target rises in both revenue and profit. First-half same-store sales rose in line with our plan on the back of strong sales of Winter items from December onward. On the profit front, while the gross profit margin dipped on stronger discounting, the SG&A ratio improved, resulting in an on-target increase in operating profit.

UNIQLO International: 1H by Region (2)

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

- 1H same-store sales continue to rise in all markets on strong sales of UT T-shirts, short pants, ankle pants and other Summer ranges.
- Double-digit growth in same-store sales in Indonesia and the Philippines.
- Opening of the region's largest global flagship UNIQLO Manila store in October 2018 has increased UNIQLO presence in the Philippines and across SE Asia.

N. America: USA profit improving, turned a 1H profit

- UNIQLO USA same-store sales continue to rise on regional product mix review, more accurate sales planning, and strong sales of cashmere sweaters, premium lambs wool sweaters, fleece and other items. Online sales growing strongly.
- Generated 1H operating profit (up y/y, but slightly below plan).

Europe: Operating profit flat y/y, below plan

- Revenue, business profit up, but operating profit flat after recording a 1.0 billion yen impairment loss on stores.
- UNIQLO Russia especially strong thanks to rising revenue (double-digit rise in same-store sales), and higher profitability (doubling in y/y operating profit).
- Same-store sales in Europe excl. Russia were down slightly on warm winter and uncertain political climate. Operating profit fell short of plan.

Looking next at UNIQLO Southeast Asia & Oceania, this operation reported a large gain in first-half revenue and profit as expected. First-half same-store sales continue to rise in all markets in Southeast Asia on the back of strong sales of UT T-shirts, short pants, ankle pants and other Summer ranges. Performance was especially strong in Indonesia and the Philippines, both of which reported double-digit year-on-year growth in same-store sales.

Turning next to North America, UNIQLO USA reported continued improved profits in the second quarter, which helped the operation move into the black for the first half as a whole. UNIQLO USA same-store sales continued on an upward trend following product reviews for each region of the nation, more accurate sales planning, and strong sales of cashmere sweaters, premium lambs wool sweaters, and fleece items. Online sales also continued to expand strongly. Overall, UNIQLO USA moved into the black in the first half. While this did represent a year-on-year increase in profit, the extent of the rise was slightly below plan.

Turning finally to our UNIQLO Europe operation, which produced higher revenue and business profit. However, operating profit fell short of expectations to report a flat year-on-year result following the recording of an impairment loss on stores in excess of ¥1.0 billion. Our Russian operation achieved an especially strong performance and rising profitability, reporting double-digit growth in same-store sales and a doubling in operating profit compared to the previous year. As for the European operation excluding Russia, same-store sales declined slightly year on year and operating profit was below plan on the back of the warm winter and an uncertain political climate.

GU (1H)

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Far outstrips plan. Large revenue and profit gains

- **1H same-store sales rise, and sales get back on a recovery track in Fall Winter thanks to a more limited number of product items, new mass-trend oriented product lineup, and successfully coordinated TV and online advertising.**
- **Minimized lost sales opportunities by stockpiling materials to facilitate timely increases in production of strong-selling items.**
- **Oversized sweat wear and oversized knitted campaign feature items became hit products, with sales of several million items buoying overall performance.**
- **Gross profit margin +3.0p on strong sales, controlled discounts, and improved cost of sales resulting from intensive collection of raw materials.**
- **SG&A ratio improves 0.5p on strong sales performance.**

Billions of Yen

		Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	Yr to Aug. 2019 (6 mths to Feb. 2019) Actual	y/y
GU	Revenue	105.8	**117.1**	+10.7%
	Business profit	9.0	**14.1**	+56.1%
	(to revenue)	8.5%	12.0%	+3.5p
	Other income, expenses	0.1	**0.0**	-95.5%
	Operating profit	9.1	**14.1**	+54.3%
	(to revenue)	8.6%	12.1%	+3.5p

Turning next to GU, which achieved a large, much higher-than-expected increase in revenue and profit in the first half. Revenue expanded 10.7% to ¥117.1 billion, and operating profit expanded by a significant 54.3% to ¥14.1 billion.

First-half GU same-store sales rose as sales regained their recovery track in the 2018 Fall Winter season following our decisions to focus on a more limited number of product items, new mass-trend oriented product lineups, and coordinated TV and online advertising.

We were also able to minimize lost sales opportunities by stockpiling materials in order to facilitate timely increases in production of strong-selling items. This helped turn oversized sweat wear and oversized knitwear, featured in our Fall Winter advertising campaigns, into hit products. Millions of items of these ranges were sold, buoying overall sales performance.

On the profit front, the gross profit margin increased 3.0 points in the first half of FY2019. This was due to strong sales, strictly controlled discounting, and a lower cost of sales following our decision to stockpile key raw materials. Finally, the first-half GU SG&A ratio also improved 0.5 point.

As a result, GU achieved a considerable profit gain in the first half, with operating profit far outstripping our plan to post a 54.3% year-on-year rise to ¥14.1 billion.

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Global Brands: (1H)

Business profit down despite strong Theory brand

- Revenue, business profit fall below plan.
- 1H operating balance back in the black compared to previous year when recorded an 8.7 billion yen impairment loss on Comptoir des Cotonniers.

Theory: Strong sales trend continues, large operating profit gain exceeds plan

- Theory USA generates an especially strong performance.

PLST: Revenue up, operating profit dips slightly

- Costs rise on increased store numbers with 12 new stores opening in 1H.

Comptoir des Cotonniers: Wider loss than expected

- Continued sluggish sales, increased discounting. Loss at business profit level wider than expected.

Princesse tam.tam, J Brand: Continue to report a loss

Billions of Yen

		Yr to Aug. 2018 (6 mths to Feb. 2018) Actual	Yr to Aug. 2019 (6 mths to Feb. 2019) Actual	y/y
Global Brands	Revenue	78.4	**77.7**	-0.9%
	Business profit	3.3	**3.2**	-2.3%
	(to revenue)	4.2%	4.2%	-
	Other income, expenses	-8.9	**-0.1**	-
	Operating profit	-5.6	**3.1**	-
	(to revenue)	-	4.0%	-

Let us look now at our final business segment: Global Brands, which reported a lower-than-expected result in the first half. First-half revenue declined 0.9% year on year to ¥77.7 billion, and business profit, which is a good indicator of fundamental business profitability, declined 2.3% to ¥3.2 billion. However, operating profit returned to the black in the first half of FY2019, compared to the previous year when the operation recorded an ¥8.7 billion impairment loss on our France-based Comptoir des Cotonniers women's fashion label and other operations.

Looking at individual operations within the segment, our Theory label continued to display a strong sales trend, and generated a large, higher-than-expected profit gain. The Theory operation in the United States reported especially strong results.

Comptoir des Cotonniers reported a wider-than-expected loss at the business profit level on the back of continued sluggish sales and increased discounting.

Group: Balance Sheet (end Feb. 2019)

Billions of Yen

	End Feb. 2018	End Aug. 2018	**End Feb. 2019**	Change
Total Assets	**1,621.5**	1,953.4	**2,015.2**	+393.6
Current Assets	**1,295.1**	1,618.0	**1,666.3**	+371.2
Non-Current Assets	**326.3**	335.3	**348.8**	+22.4
Total Liabilities	**786.7**	1,050.6	**1,005.7**	+219.0
Total Equity	**834.7**	902.7	**1,009.4**	+174.6

Let us now take a few moments to run through our balance sheet as it stood at the end of February 2019.

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

Group: B/S Main Points v. end Feb. 2018

Current assets: +¥371.2bln (¥1.2951trln⇒¥1.6663trln)

- **Cash and cash equivalents: +¥262.4bln (¥848.6bln⇒ ¥1.1110trln)**
  Repaid ¥30.0bln corporate bonds in Dec. 2018, but issued ¥250bln corporate bonds in June 2018, resulting in higher operating cash flow
- **Inventory assets: +¥109.5bln (¥269.5bln⇒ ¥379.1bln)**
  End-August 2018 change in timing of inventory recording: ¥64.6bln (UQ Japan: ¥49.1bln, GU: ¥15.5bln). Actual figure, excluding this impact: +¥44.8bln
  (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: +¥16.3bln (higher thermal clothing stock after warm winter dampened sales. Inventory slightly bloated but mainly consists of core products that we sell all year round, so not an issue)
  UNIQLO International: +¥31.9bln (Increase of 150 stores y/y, higher core Winter clothing inventory, early launch of Spring Summer ranges)
  GU: -¥5.3bln (sales rebound, better inventory management) Global Brands: +¥1.9bln
- **Derivative financial assets: +¥29.9bln (¥8.5bln⇒ ¥38.4bln)**
  Average yen rate of forward contract holdings strengthened v. end-February spot rate
  Hedge accounting so no impact on P&L

Liabilities: +¥219.0bln (¥786.7bln⇒¥1.0057trln)

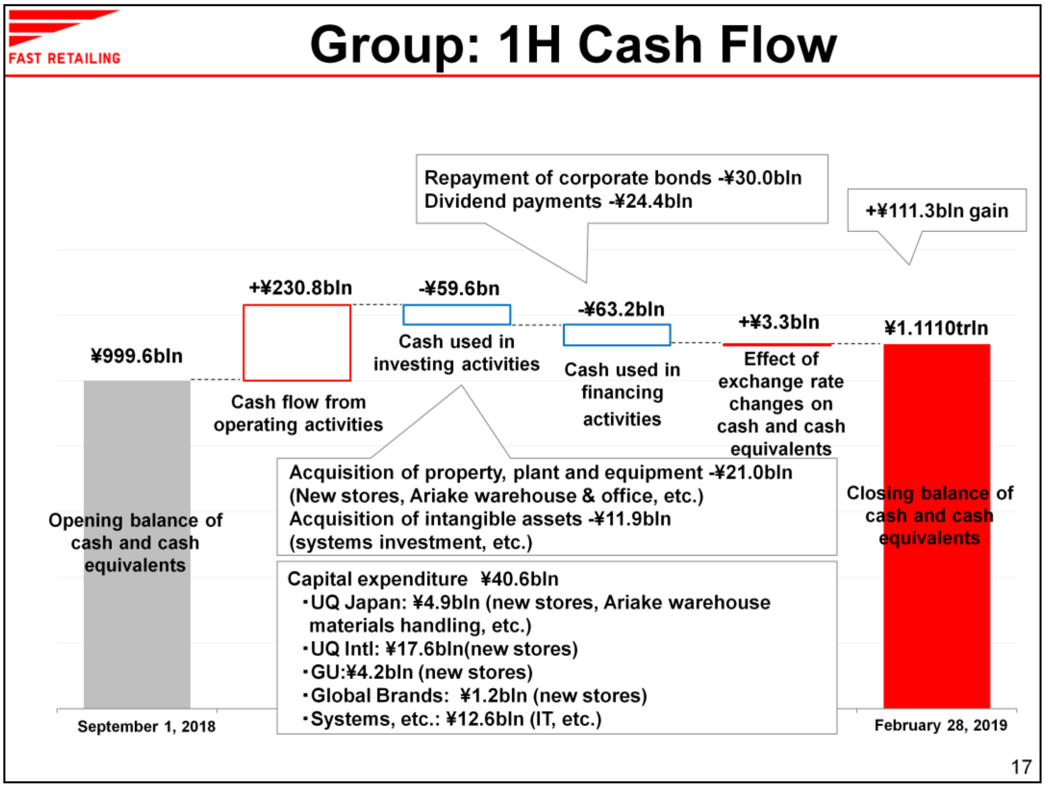
- **Long-term financial liabilities: +¥256.5bln (¥242.6bln⇒¥499.2bln)**
  June 2018 ¥250.0bln corporate bond issue

Let me list the factors underlying the ¥371.2 billion increase in current assets, which constitutes the largest share of total assets.

First, cash and cash equivalents increased by ¥262.4 billion year on year. This total included the repayment of ¥30.0 billion in corporate bonds in December 2018, the issuance of ¥250 billion in corporate bonds in June 2018, and a higher operating cash flow.

Next, total inventory assets increased by ¥109.5 billion, but this figure included ¥64.6 billion resulting from a change in the timing of inventory recording at UNIQLO Japan and GU, which was implemented the end of FY2018. If we strip out this impact, the end-February 2019 year-on-year increase in inventory assets stood at a more modest ¥44.8 billion.

Breaking down the inventory total further, actual inventory assets at UNIQLO Japan increased by ¥16.3 billion, as the warm winter resulted in poor sales and higher inventory of warm clothing items. UNIQLO Japan inventory levels are slightly bloated but consist mainly of core products that we sell all year round, so we do not consider this to be a problem. Meanwhile, inventory at UNIQLO International increased by ¥31.9 billion over the same period, due to an increase in total store numbers, an increase in inventory of core Winter items following the warm winter weather, and an early launch of Spring Summer ranges. GU inventory declined ¥5.3 billion on the back of the recovery in sales, and improved inventory management.



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

We reported a net cash inflow of ¥230.8 billion from operating activities, while cash used in investing activities totalled ¥59.6 billion, and cash used in financing activities totalled ¥63.2 billion. As a result, the balance of cash and cash equivalents stood at ¥1.1110 trillion at the end of February 2019.

FAST RETAILING

Group: FY2019 Estimates

Predicting a record full-year performance

・Business, operating profit revised down ¥10.0bln to reflect 1H declines.
・2H consolidated business estimates remain unchanged.GU revised up, Global Brands revised down, UNIQLO Japan, Intl. unchanged

Revenue : ¥2.3000 trillion (+8.0% y/y)

Operating profit : ¥260.0 billion (+10.1% y/y)

Billions of Yen

	Yr to Aug. 2018 Actual	Yr to Aug. 2019 Estimates (as of Jan.10)	y/y	Yr to Aug. 2019 Estimates (as of Apr.11)	y/y	Yr to Aug. 2019 1H Actual
Revenue	2,130.0	2,300.0	+8.0%	**2,300.0**	**+8.0%**	1,267.6
(to revenue)	100.0%	100.0%		**100.0%**		100.0%
Business profit	252.4	275.0	+8.9%	**265.0**	**+5.0%**	173.3
(to revenue)	11.9%	12.0%	+0.1p	**11.5%**	**-0.4p**	13.7%
Other income, expenses	-16.2	-5.0	-	**-5.0**	**-**	-0.3
Operating profit	236.2	270.0	+14.3%	**260.0**	**+10.1%**	172.9
(to revenue)	11.1%	11.7%	+0.6p	**11.3%**	**+0.2p**	13.6%
Finance income, costs	6.4	0.0	-	**0.0**	**-**	1.2
Profit before income taxes	242.6	270.0	+11.3%	**260.0**	**+7.1%**	174.2
(to revenue)	11.4%	11.7%	+0.3p	**11.3%**	**-0.1p**	13.7%
Profit attributable to owners of the parent	154.8	165.0	+6.6%	**165.0**	**+6.6%**	114.0
(to revenue)	7.3%	7.2%	-0.1p	**7.2%**	**-0.1p**	9.0%

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

To run through the main forecasts, we expect consolidated revenue will increase 8.0% year on year to ¥2.3000 trillion, business profit will rise 5.0% to ¥265.0 billion, operating profit will expanded 10.1% to ¥260.0 and profit attributable to owners of the parent will rise 6.6% to ¥165.0 billion.

These forecasts include downward revisions of ¥10.0 billion in both our full-year business profit and full-year operating profit estimates to reflect the shortfall in first-half performance versus our latest estimates announced on January 10, 2019. However, we are still predicting consolidated operating profit will reach a new record high of ¥260.0 billion for the full financial year.

Our consolidated business estimates for the second half of FY2019 remain unchanged. However, in light of recent sales performances, we have made some changes at the business segment level, revising up our second-half estimates for GU and revising down our second-half estimates for Global Brands. Our second-half forecasts for UNIQLO Japan and UNIQLO International remain unchanged compared to our most recent estimates.

Our full-year forecast for minus ¥5.0 billion under other income/expenses includes impairment losses on stores and store closure losses recorded in the first half, and also assumes retirement losses and store closure losses relating to the closing of some UNIQLO International and Global Brand stores in the second half of the business year.

Finally, while we recorded a ¥1.2 billion gain under finance income/cost in the first half, the foreign exchange outlook remains unclear, so we have made no change to our initial assumed exchange rate of 1USD=111JPY.

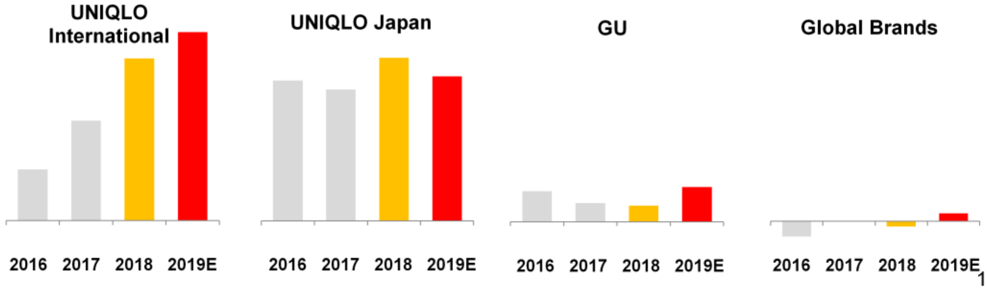
FAST RETAILING

FY2019 2H Estimates by Group Operation (1)

UNIQLO Intl: Expect 2H revenue rise, large profit gain

・Expect large revenue, profit rises across Greater China, with steady performances from Hong Kong and Taiwan and continued strong growth in Mainland China.
・SE Asia & Oceania expected to generate further rises in revenue and profit.
・S. Korea seen reporting a flat performance compared to strong previous year.
・USA 2H profitability seen improving. Plan full-year operating profit.
・Europe expected to generate rises in revenue and profit in 2H.
・UNIQLO International expected to produce large full-year revenue, profit gains.

Envisaged Future Operating Profit Trend by Business Segment



Before moving on, let me break down our forecasts for the second half of FY2019 by business segment.

Fist, we expect UNIQLO International will generate increased revenue, and a large rise in profit in the second half. In terms of individual markets, UNIQLO Greater China and UNIQLO Southeast Asia & Oceania are expected to illustrate further strong growth, with Greater China seen generating large rises in both revenue and profit, and Southeast Asia & Oceania expected to generate further gains in both revenue and profit. Meanwhile, we are planning to turn a full-year operating profit at UNIQLO USA.

As a result of the above, we are predicting UNIQLO International will achieve strong rises in both revenue and profit for the full business year through end August 2019.

FAST RETAILING

FY2019 2H Estimates by Group Operation(2)

UNIQLO Japan: 2H revenue gain, large profit rise

- Expect 2.5% 2H same-store sales gain, incl. an approx.30% rise in online sales.
- Gross profit margin set to improve on lower cost of sales and strict discounting.
- SG&A ratio seen improving as higher store productivity improves personnel cost efficiency, etc.
- Expect full-year profit decline on the back of large 1H profit fall.
- Expect full-year gross profit margin to dip slightly y/y, SG&A ratio to hold flat.

GU: 2H revenue gain, large profit rise

- March same-store sales continued to improve. Expect operation to continue to recover as strongly in 2H as in 1H.
- Intend to maintain mass-trend oriented focus, strengthen our marketing and our framework for additional production of strong-selling items.
- Expect improved 2H gross profit margin on stricter discounting, more efficient inventory, and higher productivity per man hour.
- Also expect a rise in full-year revenue, and large gain in full-year profit.

Global Brands: 2H revenue, profit to increase

- Forecasting rises in 2H revenue and profit for Theory and PLST brands.
- Other brands expected to generate similar losses to previous year.

Turning next to UNIQLO Japan, we expect this segment will achieve higher revenue and a significant rise in profit in the second half. We are forecasting 2.5% growth in UNIQLO Japan same-store sales in the second half, which includes an approximate 30% rise in online sales. Both the gross profit margin and the SG&A ratio are seen improving in the second half. However, while we are predicting a significant profit gain in the second half, the shortfall in first-half profit was especially large. As a result, we are predicting a decline in UNIQLO Japan profit for the full business year as a whole.

We expect GU will generate rising revenue and a large profit gain in the second half. As we have seen, GU same-store sales continued to improve in March, suggesting that sales are on a consistent recovery track, and that we will see as strong a recovery in performance in the second half as we did in the first half. As a result, we expect GU will achieve rising revenue and a significant increase in profit for the full business year through the end of August 2019.

FAST RETAILING

FY2019 Dividend Estimates

Scheduled interim dividend: ¥240
Expected annual dividend: ¥480

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

* The final decision on the FY2019 interim dividend was made at the board meeting on April 11, 2019. 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 about our dividend estimates for FY2019.

At our meeting today, the directors of the board confirmed a scheduled interim dividend of ¥240 per share. That represents an increase of ¥40 compared to the previous year.

In addition, we are also expecting to pay a year-end dividend of ¥240 per share. That would bring the expected annual dividend for FY2019 to ¥480, which would represent a ¥40 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 2019. The remaining three slides are provided for your reference.

Thank you.

Reference: Group Company Store Numbers

[Units: Stores]	FY2018	FY2019 1H Result (Sep. - Feb.)				FY2019 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End Feb.	Open	Close	Change	End Aug.
UNIQLO Operations	2,068	99	31	+68	2,136	213	47	+166	2,234
UNIQLO Japan ※	827	14	16	−2	825	30	30	0	827
Own stores	784	12	14	−2	782	–	–	–	–
Large-scale	215	8	3	+5	220	–	–	–	–
Standard and others	569	4	11	−7	562	–	–	–	–
Franchise stores	43	2	2	0	43	–	–	–	–
UNIQLO International	1,241	85	15	+70	1,311	183	17	+166	1,407
Mainland China	633	44	4	+40	673	100	–	–	–
Hong Kong	28	0	0	0	28		–	–	
Taiwan	65	3	1	+2	67		–	–	
Korea	186	5	5	0	186	9	–	–	–
Singapore	26	2	1	+1	27	50	–	–	–
Malaysia	48	0	1	−1	47		–	–	
Thailand	40	4	0	+4	44		–	–	
Philippines	51	6	1	+5	56		–	–	
Indonesia	18	3	0	+3	21		–	–	
Australia	15	1	0	+1	16		–	–	
USA	48	3	1	+2	50	10	–	–	–
Canada	5	4	0	+4	9		–	–	
UK	11	0	0	0	11	14	–	–	–
France	25	1	0	+1	26		–	–	
Russia	31	4	1	+3	34		–	–	
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	6	+15	408	46	16	+30	423
Global Brands	984	37	30	+7	991	57	59	−2	982
Theory ※	450	20	13	+7	457	–	–	–	–
PLST	87	12	2	+10	97	–	–	–	–
Comptoir des Cotonniers ※	320	5	13	−8	312	–	–	–	–
Princesse tam.tam ※	127	0	2	−2	125	–	–	–	–
Total	3,445	157	67	+90	3,535	316	122	+194	3,639

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

Reference: Foreign Exchange Rates

Exchange rates used in consolidated accounts

		1USD	1EUR	1GBP	1RMB	100KRW
FY2018 2Q	6-month average to Feb. 2018	111.7	133.1	150.0	17.0	10.1
FY2019 2Q	6-month average to Feb. 2019	111.9	128.5	144.2	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	110.0	128.0	146.0	16.3	10.0

Yen

Exchange rates used on balance sheet

		1USD	1EUR	1GBP	1RMB	100KRW
FY2018 2Q	Exchange rate at end Feb. 2018	107.4	131.3	149.3	17.0	10.0
FY2019 2Q	Exchange rate at end Feb. 2019	110.9	126.1	147.7	16.6	9.9
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

Yen

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	2Q 6 months	4.9	11.0	2.4	1.3	7.0	26.8	21.7
FY2019	2Q 6 months	4.9	17.6	4.2	1.2	12.6	40.6	24.0
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	8.1	35.3	8.2	2.6	29.8	84.0	51.1