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Fast Retailing Results for September 2018 to May 2019 and Estimates for FY2019

Takeshi Okazaki

Fast Retailing Co., Ltd.

Group Executive Vice President & CFO

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

Today, I would like to run through our consolidated business performance for the third quarter of fiscal 2019, or the nine months from September 2018 through May 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:	All UNIQLO operations within Japan
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.

FAST RETAILING

Group: FY2019 Third Quarter Results

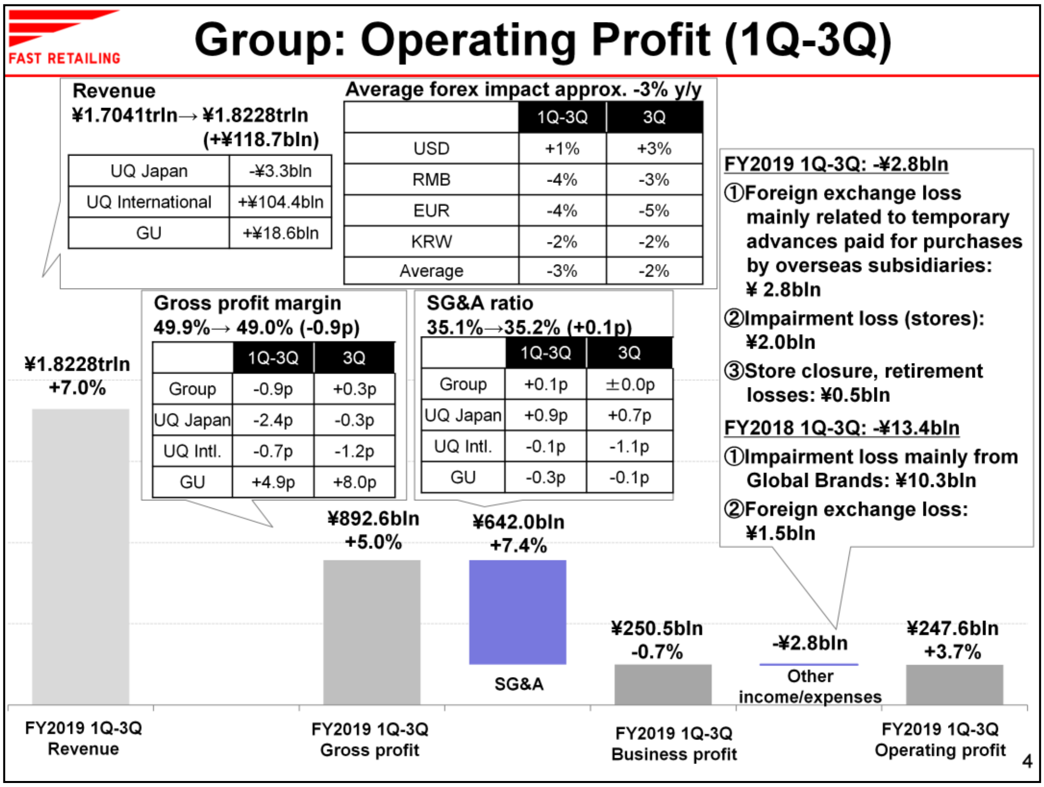
Achieves record 1Q-3Q performance
Revenue, profit rise roughly to plan in 3Q

Billions of Yen

	Nine months to May 2019 (Sep. 2018 - May 2019)			Three months to May 2019 (Mar. 2019 - May 2019)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	**1,822.8**	1,704.1	+7.0%	**555.1**	517.3	+7.3%
(to revenue)	100.0%	100.0%		100.0%	100.0%	
Gross profit	**892.6**	850.3	+5.0%	**285.9**	264.7	+8.0%
(to revenue)	49.0%	49.9%	-0.9p	51.5%	51.2%	+0.3p
SG&A	**642.0**	598.0	+7.4%	**208.6**	194.3	+7.3%
(to revenue)	35.2%	35.1%	+0.1p	37.6%	37.6%	0.0p
Business profit	**250.5**	252.3	-0.7%	**77.2**	70.3	+9.8%
(to revenue)	13.7%	14.8%	-1.1p	13.9%	13.6%	+0.3p
Other income, expenses	**-2.8**	-13.4	-	**-2.5**	-1.9	-
(to revenue)	-	-	-	-	-	-
Operating profit	**247.6**	238.8	+3.7%	**74.7**	68.4	+9.3%
(to revenue)	13.6%	14.0%	-0.4p	13.5%	13.2%	+0.3p
Finance Income, costs	**-0.4**	-1.4	-	**-1.7**	3.8	-
(to revenue)	-	-	-	-	0.7%	-
Profit before income taxes	**247.2**	237.4	+4.1%	**72.9**	72.2	+1.0%
(to revenue)	13.6%	13.9%	-0.3p	13.1%	14.0%	-0.9p
Profit attributable to owners of the parent	**158.6**	148.3	+7.0%	**44.6**	44.1	+1.0%
(to revenue)	8.7%	8.7%	0.0p	8.0%	8.5%	-0.5p

The Fast Retailing Group achieved a record performance over the nine months through May 2019 by generating rises in both revenue and profit that were in line with our expectations.

For the three months from March to May 2019, the Group reported increases in both revenue and profit that were roughly in line with our latest estimates. Consolidated revenue rose 7.3% year on year to ¥555.1 billion, business profit, an indicator of fundamental corporate profitability, expanded by 9.8% to ¥77.2 billion, and operating profit increased by 9.3% to ¥74.7 billion.



Here, I would like to talk about the main factors affecting consolidated profit in the nine months to May 2019.

Consolidated revenue expanded by ¥118.7 billion year on year to ¥1.8228 trillion in the first nine months of the current business year on the back of considerable revenue increases from both our UNIQLO International operation and our fashion-fun, low-priced GU casualwear brand.

The consolidated gross profit margin declined 0.9 point to 49.0% in the first nine months. Breaking that figure down, while the gross profit margin at GU improved 4.9 points, the gross profit margin contracted 2.4 points at UNIQLO Japan, and 0.7 point at UNIQLO International.

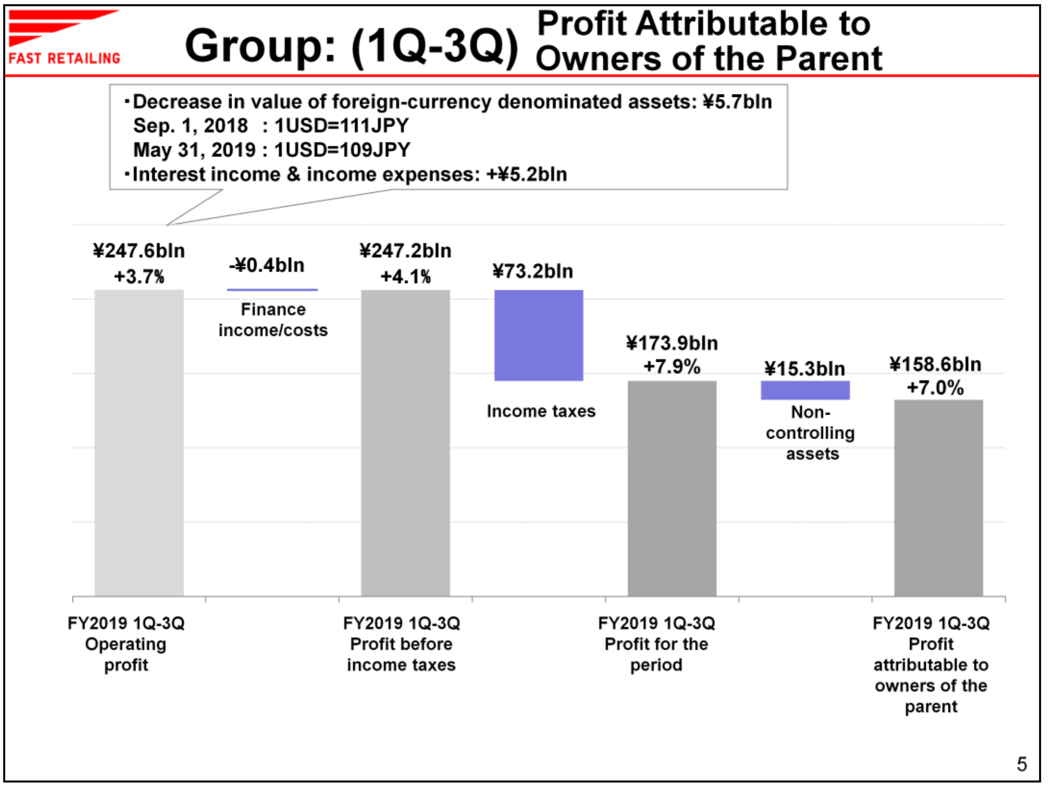
The consolidated SG&A ratio increased 0.1 point to 35.2%. While the ratio decreased 0.3 point at GU and 0.1 point at UNIQLO International, it increased 0.9 point at UNIQLO Japan.

Meanwhile, consolidated business profit declined 0.7% to ¥250.5 billion.

The net amount of other income/expenses stood at minus ¥2.8 billion, a great improvement on the previous year's minus ¥13.4 billion.

As a result of the above factors, operating profit increased by 3.7% year on year to ¥247.6 billion.

Group: (1Q-3Q) Profit Attributable to Owners of the Parent



Moving on to look at finance income/costs, we reported a net finance loss of ¥0.4 billion in the first nine months of fiscal 2019.

As a result, profit before income taxes increased by 4.1% to ¥247.2 billion, and profit attributable to the owners of the parent increased by 7.0% to ¥158.6 billion.

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1Q-3Q Breakdown by Group Operation

Billions of Yen

		Nine months to May 2019 (Sep. 2018 - May 2019)			Three months to May 2019 (Mar. 2019 - May 2019)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO Japan	Revenue	**701.0**	704.4	-0.5%	**209.7**	210.7	-0.5%
	Business profit	**96.7**	120.2	-19.6%	**29.1**	31.4	-7.3%
	(to revenue)	13.8%	17.1%	-3.3p	13.9%	14.9%	-1.0p
	Other income, expenses	**-0.0**	-0.2	-	**-0.1**	-0.0	-
	Operating profit	**96.7**	120.0	-19.5%	**28.9**	31.3	-7.5%
	(to revenue)	13.8%	17.0%	-3.2p	13.8%	14.9%	-1.1p
UNIQLO International	Revenue	**820.5**	716.0	+14.6%	**240.5**	208.6	+15.3%
	Business profit	**125.0**	112.5	+11.1%	**36.3**	31.7	+14.8%
	(to revenue)	15.2%	15.7%	-0.5p	15.1%	15.2%	-0.1p
	Other income, expenses	**-0.2**	-0.1	-	**-0.0**	-0.0	-
	Operating profit	**124.8**	112.4	+11.1%	**36.3**	31.6	+14.9%
	(to revenue)	15.2%	15.7%	-0.5p	15.1%	15.2%	-0.1p
GU	Revenue	**185.3**	166.6	+11.2%	**68.1**	60.8	+12.1%
	Business profit	**26.2**	14.9	+75.5%	**12.1**	5.9	+105.1%
	(to revenue)	14.2%	9.0%	+5.2p	17.8%	9.8%	+8.0p
	Other income, expenses	**0.0**	0.1	-66.7%	**0.0**	-0.0	-
	Operating profit	**26.3**	15.0	+74.5%	**12.1**	5.9	+105.8%
	(to revenue)	14.2%	9.0%	+5.2p	17.9%	9.7%	+8.2p
Global Brands	Revenue	**113.6**	114.7	-1.0%	**35.9**	36.3	-1.1%
	Business profit	**4.8**	5.4	-10.6%	**1.6**	2.1	-23.6%
	(to revenue)	4.3%	4.8%	-0.5p	4.5%	5.9%	-1.4p
	Other income, expenses	**-0.2**	-9.0	-	**-0.1**	-0.0	-
	Operating profit	**4.6**	-3.5	-	**1.4**	2.1	-29.0%
	(to revenue)	4.1%	-	-	4.2%	5.8%	-1.6p

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

Slide 6 displays the breakdown of performance by Group operation. I will explain the factors affecting each individual business segment in more detail in the subsequent slides.

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UNIQLO Japan: 3Q Overview

Revenue, profit down, performance roughly to plan

- When compiling our estimates, we anticipated revenue and profit would both decline compared to a strong 3Q in FY2018, and owing to the scheduled deferral of UNIQLO's hallmark anniversary sale from May to June.

Billions of Yen

	Nine months to May 2019 (Sep. 2018 - May 2019)			Three months to May 2019 (Mar. 2019 - May 2019)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	**701.0**	704.4	-0.5%	**209.7**	210.7	-0.5%
(to revenue)	100.0%	100.0%		100.0%	100.0%	
Gross profit	**326.7**	345.2	-5.4%	**102.5**	103.7	-1.1%
(to revenue)	46.6%	49.0%	-2.4p	48.9%	49.2%	-0.3p
SG&A	**229.9**	224.9	+2.2%	**73.4**	72.2	+1.6%
(to revenue)	32.8%	31.9%	+0.9p	35.0%	34.3%	+0.7p
Business profit	**96.7**	120.2	-19.6%	**29.1**	31.4	-7.3%
(to revenue)	13.8%	17.1%	-3.3p	13.9%	14.9%	-1.0p
Other income, expenses	**-0.0**	-0.2	-	**-0.1**	-0.0	-
(to revenue)	-	-	-	-	-	-
Operating profit	**96.7**	120.0	-19.5%	**28.9**	31.3	-7.5%
(to revenue)	13.8%	17.0%	-3.2p	13.8%	14.9%	-1.1p

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

Let's look first at UNIQLO Japan. UNIQLO Japan reported declines in both revenue and profit in the third quarter, with revenue contracting 0.5% year on year to ¥209.7 billion and operating profit declining by 7.5% to ¥28.9 billion.

This performance was roughly in line with our estimates, because, when we compiled them, we already knew that the third-quarter performance would be compared to a strong result in the third quarter of fiscal 2018, and that we were planning to defer our hallmark UNIQLO anniversary sale, which traditionally takes place in May, until the month of June.

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UNIQLO Japan: 3Q Revenue

Same-store sales contract 0.1% y/y

- March-to-May same-stores sales decline was very close to expectations.
- Strong sales of sweat wear, UV-cut items, leggings, T-shirts and other ranges.
- Same-store sales in the traditionally bumper month of May declined following our decision to push back three of the four days of our hallmark UNIQLO anniversary sale into June, and, as a result, 3Q revenue contracted slightly.
- Customer visits: +3.5%, average customer spend -3.4%
  - ✓ Customer spend down on strong sales of comparatively lower-priced items such as leggings, and UT graphic T-shirts.
- 3Q online sales: ¥19.0 billion (+16.1%)
  - ✓ While deferral of anniversary sale slowed pace of growth, online sales were still favorable and in line with plan.
  - ✓ Ratio of total sales rose from 7.8% to 9.1%.
- June same-store sales +27.3% (including 70% rise in online sales)
  - ✓ Holding of the hallmark anniversary sale, strong sales of Summer ranges

Same-store sales	Yr to Aug. 2019						
	1H	Mar.	Apr.	May	3Q	1Q-3Q	Jun.
Net sales	-0.9%	+4.5%	-1.7%	-1.8%	-0.1%	-0.7%	+27.3%
Customer visits	+0.4%	+10.1%	+0.7%	+1.3%	+3.5%	+1.3%	+25.6%
Customer spend	-1.3%	-5.1%	-2.4%	-3.1%	-3.4%	-2.0%	+1.4%

UNIQLO Japan same-store sales declined 0.1% year on year in the third quarter. This was roughly in line with our expectations.
Sales of sweat wear, UV-cut items, leggings, T-shirts and other ranges were consistently strong over the third quarter.

However, same-store sales in the traditionally bumper month of May declined following our decision to push back three of the four days of the UNIQLO anniversary sale into June, and that was the reason for the slight contraction in third-quarter same-store sales.

Online sales expanded by 16.1% year on year to ¥19.0 billion in the March-to-May quarter. While the pace of growth was lower than in previous quarters owing to our decision to defer the anniversary sale, the rise in online sales was still favorable and largely in line with our recent estimates. In the third quarter, the proportion of online sales to total sales rose from 7.8% to 9.1%.

Same-store sales in June expanded 27.3% year on year. That figure includes a very healthy 70% rise in online sales. June sales were buoyed by the holding of the UNIQLO anniversary sale in that month, and strong sales of Summer ranges.

UNIQLO Japan: 3Q Gross Profit Margin

Gross profit margin 48.9% (-0.3p y/y)
Slightly lower than planned

- **Cost of sales improved after internal yen exchange rates started to strengthen from this spring.**
- **Stronger-than-expected discounting as we further strengthened our drive to normalize inventory levels from the spring, and early rundown of slow-moving Spring Summer items.**
- **While 3Q gross profit margin declined y/y, we had reduced inventory in monetary terms to a much healthier level by the end of May.**

	Yr to Aug. 2018	Yr to Aug. 2019	
			y/y
1H	48.9%	**45.6%**	-3.3p
3Q	49.2%	**48.9%**	-0.3p
1Q-3Q	49.0%	**46.6%**	-2.4p

Looking next at business margins for UNIQLO Japan, the gross profit margin, declined by 0.3 point year on year in the third quarter of fiscal 2019 to 48.9%. This level was slightly lower than expected.

The cost of sales improved after internal yen exchange rates started to strengthen from the spring.

However, we did conduct stronger-than-expected discounting in the third quarter as we further strengthened our drive to bring our inventory down to ideal levels from the spring, and we decided to run down our stock of specific Spring Summer items that were not selling well earlier than usual.

While the third-quarter gross profit margin did decline year on year due to the above factors, we were able to successfully reduce inventory levels to a healthier level by the end of May and reduce inventory in monetary terms as well.

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UNIQLO Japan: 3Q SG&A

SG&A ratio 35.0% (+0.7p y/y)
Reduced monetary total slightly more than planned

- **SG&A ratio rose y/y on higher distribution costs, anniversary sale deferral.**
- **Distribution ratio rose on higher Winter inventory at end of 1H, more discount sales of Spring Summer ranges, higher product volumes, and higher-than-expected warehousing and delivery costs.**

  E-commerce-related delivery costs rose in line with rising sales, but Ariake warehouse automation helped increase efficiency and reduce per-item cost.
- **Advertising & promotion ratio rose on stronger marketing over the 10-day Golden Week holiday, including flyers and TV ads.**
- **Personnel ratio down as new RFID tags and other instore processes improved productivity.**
- **Depreciation ratio up on Ariake warehouse automation, shortening of depreciation period for a portion of former materials handling.**

	1Q-3Q To revenue(y/y)	3Q To revenue (y/y)
SG&A	**+0.9p**	**+0.7p**
Distribution	+0.5p	**+0.5p**
Advertising & Promotion	+0.2p	**+0.4p**
Depreciation	+0.2p	**+0.2p**
Personnel	-0.1p	**-0.2p**
Store rents	-0.1p	**-0.2p**
Other expenses	+0.2p	**-0.1p**

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Moving on to look at the SG&A ratio for the third quarter. While the SG&A ratio increased 0.7 point year on year to 35.0%, we were able to reduce SG&A expenses slightly more than planned in monetary terms.

The SG&A ratio rose year on year primarily due to higher distribution costs, and the impact of our decision to defer the UNIQLO anniversary sale.

Various factors contributed to the 0.5 point increase in the third-quarter distribution cost ratio. Inventory of Winter ranges stood at a higher level at the end of the first half in February compared to the previous year. We conducted more discounting of Spring Summer ranges, which resulted in a higher volume of products for delivery dispatch, and a larger rise in warehousing and distribution costs than we initially anticipated. On the e-commerce front, delivery costs for online purchases rose in line with rising sales in the third quarter. However, our drive to boost efficiency through the automation of our Ariake warehouse helped reduce the average delivery cost per item.

The advertising & promotion cost ratio rose 0.4 point in the third quarter. This was due primarily to stronger marketing, such as the distribution of advertising flyers and airing of TV ads over the Golden Week holiday in May, which spanned an unusually long ten-day period in 2019.

Meanwhile, the personnel cost ratio declined 0.2 point year on year. This was due to improvements in instore processes generated by the greater use of RFID tags and changes in other processes, which helped improve store productivity.

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UNIQLO International: 3Q Overview

Revenue, profit rise to plan. Greater China, SE Asia & Oceania report double-digit revenue, profit growth

- Gross profit margin 1.2p decline slightly below plan. Strong previous year, and greater discounting from early rundown of slow-moving Spring Summer items.
- SG&A ratio declined 1.1p. Ratio and monetary total reduced more than planned on stronger regionwide cost controls, and improved instore productivity.
- Greater China, SE Asia & Oceania outstripped expectations, generating double-digit 3Q revenue and profit growth, and driving overall segment results.
- South Korea profit down slightly compared to a strong previous year period.
- Europe profit down on unseasonal weather and uncertain political environment.
- USA reduced losses, but overall performance was lower than expected.

Billions of Yen

		Nine months to May 2019 (Sep. 2018 - May 2019)			Three months to May 2019 (Mar. 2019 - May 2019)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO International	Revenue	820.5	716.0	+14.6%	240.5	208.6	+15.3%
	Business profit	125.0	112.5	+11.1%	36.3	31.7	+14.8%
	(to revenue)	15.2%	15.7%	-0.5p	15.1%	15.2%	-0.1p
	Other income, expenses	-0.2	-0.1	-	-0.0	-0.0	-
	Operating profit	124.8	112.4	+11.1%	36.3	31.6	+14.9%
	(to revenue)	15.2%	15.7%	-0.5p	15.1%	15.2%	-0.1p

I would now like to move on to explain third-quarter results for our UNIQLO International operation.

In the three months from March to May 2019, UNIQLO International generated rises in both revenue and profit that were in line with our forecasts, with revenue expanding by 15.3% year on year and operating profit increasing by 14.9%.

On the profit front, the gross profit margin declined 1.2 points to a level that was slightly lower than expected. This was partly due to the fact that the data was being compared to a strong previous year, and to greater discounting following our decision to start running down excess stock of slow-moving Spring Summer items earlier than usual. Meanwhile, the SG&A ratio declined 1.1 points. In fact, we were able to reduce SG&A expenses further than expected in both monetary and ratio terms thanks to stronger cost controls across all the regional operations, and improvements in instore productivity.

Looking at individual markets, the UNIQLO Greater China and UNIQLO Southeast Asia & Oceania operations achieved stronger-than-expected results, by reporting double-digit growth in both revenue and profit. These two regions were the key drivers of third-quarter UNIQLO International growth.

UNIQLO South Korea profit declined slightly in comparison to the strong third-quarter period in the previous year. Profit also declined at UNIQLO Europe on the back of unseasonal weather and an uncertain political environment.

UNIQLO USA reported a lower operating loss, but overall performance was lower than expected.

I will explain the performance of each individual operation within the UNIQLO International segment in more detail in the next few slides.

UNIQLO International: 3Q by Region (1)

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Greater China: Exceeds plan. Achieves further double-digit revenue, profit growth on strong Mainland China operation

Mainland China: Exceeds plan, continues strong, generates over 20% profit growth

- 3Q same-store sales (excluding online sales) rose further than planned, rising revenue trend continues. Strong sales of UV-cut items, UT T-shirts, jogging pants and other Summer ranges.
- Online sales continued strong, expanding approximately 30% y/y.
- Gross profit margin improved slightly, and SG&A ratio also improved on strong sales.

Hong Kong, Taiwan: Operating profit contracts

- Same-store sales down on unseasonal weather, slower economic conditions.
- Operating profit declined and fell short of plan on lower-than-expected sales.

South Korea falls short of plan, profit dips slightly

- Same-store sales declined on cool weather during March and April.
- Gross profit margin contracted on lower-than-expected sales and stronger discounting of Spring inventory, and compared to a strong previous year.
- SG&A ratio rose slightly.

Let’s look at the Greater China operation first, which incorporates performance from Mainland China, Hong Kong and Taiwan. While third-quarter profit declined in Hong Kong and Taiwan, Mainland China performed more strongly than we had expected by generating further double-digit growth in both revenue and profit.

Our Mainland China operation continued to perform strongly and exceed expectations, generating a more than 20% year-on-year rise in profit. Same-store sales, which do not include online sales, increased further than expected and revenue continued its upward trend. Sales of UV-cut items, UT T-shirts, jogging pants and other Summer ranges proved strong in the third quarter. Online sales also continued strong, expanding approximately 30% year on year. On the profit front, the gross profit margin improved slightly, and the SG&A ratio also improved on the back of strong sales.

Turning next at South Korea. That market fell short of plan in the third quarter and reported a slight decline in profit. Same-store sales declined on the back of consistently cool weather in March and April. The gross profit margin contracted on the back of lower-than-expected sales and stronger discounting of Spring inventory, and also because the data were being compared to a strong quarter in the previous year.

FAST RETAILING

UNIQLO International: 3Q by Region (2)

SE Asia & Oceania: Exceeds plan, generates double-digit revenue and profit growth

- Regionwide same-store sales outstripped expectations to report double-digit growth on strong sales of Summer T-shirts, polo shirts and short pants.
- Within the region, Thailand and Indonesia far exceeded expectations.
- Gross profit margin down v. strong previous year and due to early rundown of Spring Summer inventory.
- SG&A ratio down on higher per-store sales, and effective cost control.

N. America: USA cuts loss, but falls short of plan

- Unusually cool weather resulted in sluggish sales of Spring Summer ranges. Same-store sales fell short of plan, and started to decline.
- Continued strong double-digit growth in online sales to over 20% of total sales.
- Store numbers increased by 4 to 51 by end May, so overall USA sales rose.
- SG&A ratio declined on effective cost-cutting efforts.

Europe: Revenue up. OP declines, falls short of plan

- Operating profit fell after unseasonal weather and political uncertainty in France, the UK, Germany and other nations dampened sales of Spring Summer ranges.
- However, Russia continued strong, achieving double-digit growth in same-store sales, and higher operating profit.

Moving on next to the Southeast Asia and Oceania region, which exceeded our expectations by reporting a double-digit year-on-year increase in both revenue and profit. The double digit-rise in the region's same-store sales also outstripped our forecasts, with Summer range T-shirts, polo shirts and short pants all selling strongly. Within the region, the strong performances from Thailand and Indonesia far exceeded our expectations. On the profit front, the gross profit margin dipped partly because it was being compared to an extremely strong quarter in the previous year, and partly because of an early rundown of excess Spring Summer inventory. The SG&A ratio, however, improved on the back of higher sales per store, and effective cost-cutting drives.

In North America, while UNIQLO USA managed to reduce its operating losses over the three months to May, the operation's overall performance did fall short of plan. Same-store sales came in below expectations by posting a decline after unusually cool weather resulted in sluggish sales of Spring Summer ranges. Having said that, online sales continued to exhibit strong double-digit growth, raising the online portion of total sales to over 20%. The addition of four new stores raised the total number of UNIQLO stores in the United States to 51, and, owing to that increase, overall revenue actually increased in the third-quarter. On the profit front, the SG&A ratio declined thanks to effective cost-cutting efforts.

Finally, looking at our European operation, UNIQLO Europe revenue increased, but operating profit fell short of plan by recording a year-on-year decline. That fall in operating profit was due largely to unseasonal weather and political uncertainty in France, the United Kingdom, Germany and other locations, which dampened sales of Spring Summer ranges. However, our Russian operation continued to perform strongly by reporting double-digit growth in same-store sales, and higher operating profit.

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GU: 3Q Overview

Operating 3Q profit doubles, outstrips plan. 1Q-3Q profit recovery also strong (+74.5% y/y)

- **3Q same-store sales continued to rise as planned on a concentrated number of Spring Summer product items and a product mix focused on mass trend fashion.**
  - ✓ Trendy oversized T-shirts and sweat wear proved stronger hits than expected, achieving sales of several million units.
  - ✓ Dresses, skirts, marshmallow court shoes, and sandals all sold well.
- **Gross profit margin +8.0p y/y on greatly improved cost of sales, less discounting, and a low previous year.**
  - ✓ Improved cost of sales: Thanks to early orders and aggregate materials purchasing
  - ✓ Lower discounting rates: 3Q sales strong thanks to a determined rundown of Winter inventory by end February, and a favorable launch of Spring ranges.
- **SG&A ratio -0.1p: While strong sales improved cost ratios, we also strengthened marketing and aired TV ads from the start of the season.**

Billions of Yen

		Nine months to May 2019 (Sep. 2018 - May 2019)			Three months to May 2019 (Mar. 2019 - May 2019)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
GU	Revenue	185.3	166.6	+11.2%	68.1	60.8	+12.1%
	Business profit	26.2	14.9	+75.5%	12.1	5.9	+105.1%
	(to revenue)	14.2%	9.0%	+5.2p	17.8%	9.8%	+8.0p
	Other income, expenses	0.0	0.1	-66.7%	0.0	-0.0	-
	Operating profit	26.3	15.0	+74.5%	12.1	5.9	+105.8%
	(to revenue)	14.2%	9.0%	+5.2p	17.9%	9.7%	+8.2p

Next, I would like to talk about third-quarter performance at our GU brand. GU revenue expanded by 12.1% in the three months to May 2019, while operating profit expanded by an impressive 105.8%. That doubling in operating profit was stronger than we had expected. The 74.5% year-on-year gain in operating profit for the nine months to May represents a significant ongoing recovery in profit.

As expected, same-store sales continued on a rising trend in the third quarter as we concentrated the number of Spring Summer product items and continued to focus our product mix on mass trend fashion. Of particular note, trendy oversized T-shirts and sweat wear proved stronger hits than we had originally anticipated by achieving sales of several million units each. In addition, dresses, skirts, marshmallow court shoes, and sandals all sold well.

On the profit front, the gross profit margin improved by an impressive 8.0 points year on year. This was due to a more favorable cost of sales, lower discounting, and a comparison to a fairly low margin in the previous year. The considerable improvement in cost of sales was achieved by submitting orders early and purchasing aggregate materials. Discounting rates were kept low by ensuring the rundown of Winter inventory was completed by the end of February, which paved the way for a favorable launch of Spring ranges, and also thanks to strong sales across the March-to-May quarter.

FAST RETAILING

Global Brands: 3Q Overview

Revenue and profit down, falls short of plan

Theory: Revenue up. Operating profit flat (slightly below plan)

- Unusually cool weather dampened sales of Spring items, fueling discounts.

PLST: Revenue up. Profit rises slightly

- Strong 3Q sales of women's jackets and pants.

Comptoir des Cotonniers, Princesse tam.tam: Wider-than-expected loss

- Operating loss expanded further than expected on continued sluggish sales and more vigorous subsequent discounting.

J Brand: Reports continued loss

Billions of Yen

		Nine months to May 2019 (Sep. 2018 - May 2019)			Three months to May 2019 (Mar. 2019 - May 2019)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Global Brands	Revenue	113.6	114.7	-1.0%	35.9	36.3	-1.1%
	Business profit	4.8	5.4	-10.6%	1.6	2.1	-23.6%
	(to revenue)	4.3%	4.8%	-0.5p	4.5%	5.9%	-1.4p
	Other income, expenses	-0.2	-9.0※	-	-0.1	-0.0	-
	Operating profit	4.6	-3.5	-	1.4	2.1	-29.0%
	(to revenue)	4.1%	-	-	4.2%	5.8%	-1.6p

※ The -9.0 billion yen recorded under 1Q-3Q other income and expenses includes 8.9 billion yen in impairment losses recorded primarily against the Comptoir des Cotonniers operation.

Finally, let me run through performance for the Global Brands segment. In the three months to May 2019, Global Brands reported declines in both revenue and profit, with revenue declining 1.1% year on year and operating profit contracting 29.0%. Both the revenue and profit figures fell short of plan.

Looking at individual labels within the Global Brands segment, Theory reported a rise in revenue, but a flat operating profit performance that was slightly lower than expected. This was due to unseasonal cool weather during the quarter, which resulted in sluggish sales of Spring items, and wider subsequent discounting.

The PLST brand reported higher revenue and a slight gain in operating profit, with sales of women's jackets and pants proving strong in the third quarter.

Finally, our France-based Comptoir des Cotonniers and Princesse tam.tam labels reported wider-than-expected losses after continued sluggish sales resulted in increased subsequent discounting.

Group: Balance Sheet (end May 2019)

Billions of Yen

	End May 2018	End Aug. 2018	**End May 2019**	Change
Total Assets	1,648.8	1,953.4	**1,974.4**	+325.6
Current Assets	1,314.4	1,618.0	**1,621.6**	+307.1
Non-Current Assets	334.3	335.3	**352.8**	+18.4
Total Liabilities	771.7	1,050.6	**964.3**	+192.5
Total Equity	877.0	902.7	**1,010.1**	+133.1

This slide 16 shows the condition of our balance sheet as it stood at the end of May 2019.

I will give you a more detailed rundown of that content in the next slide.

FAST RETAILING

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

Current assets: +¥307.1bln (¥1.3144trln⇒¥1.6216trln)

- **Cash and cash equivalents: +¥246.7bln (¥858.3bln⇒¥1.1050trln)**
  Repaid ¥30.0bln corporate bonds in December 2018, but issued ¥250.0bln corporate bonds in June 2018, higher operating cash flow
- **Inventory assets: +¥40.8bln (¥274.6bln⇒¥315.5bln)**
  End-August 2018 change in timing of inventory recording: ¥59.5bln (UQ Japan: ¥50.0bln, GU: ¥9.5bln). Actual figure, excluding this impact: -¥18.7bln
  (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: -¥4.6bln, UNIQLO International: -¥7.3bln
  To actively ensure appropriate inventory levels from this spring, we instigated an early rundown of slow-selling Spring Summer items
  GU: -¥5.6bln (sales rebound, better inventory management) Global Brands: -¥1.2bln
- **Derivative financial assets: ¥21.9bln (¥16.2bln ⇒¥38.2bln)**
  Average yen rate of forward contract holdings strengthened v. end May spot rate
  Hedge accounting so no impact on P&L

Liabilities: + ¥192.5bln (¥771.7bln⇒ ¥964.3bln)

- **Long-term financial liabilities: +¥249.6bln (¥249.8bln⇒¥499.4bln)**
  June 2018 ¥250.0bln corporate bond issue

Let me list here the factors underlying the ¥307.1 billion increase in current assets, which constitutes the largest share of total assets.

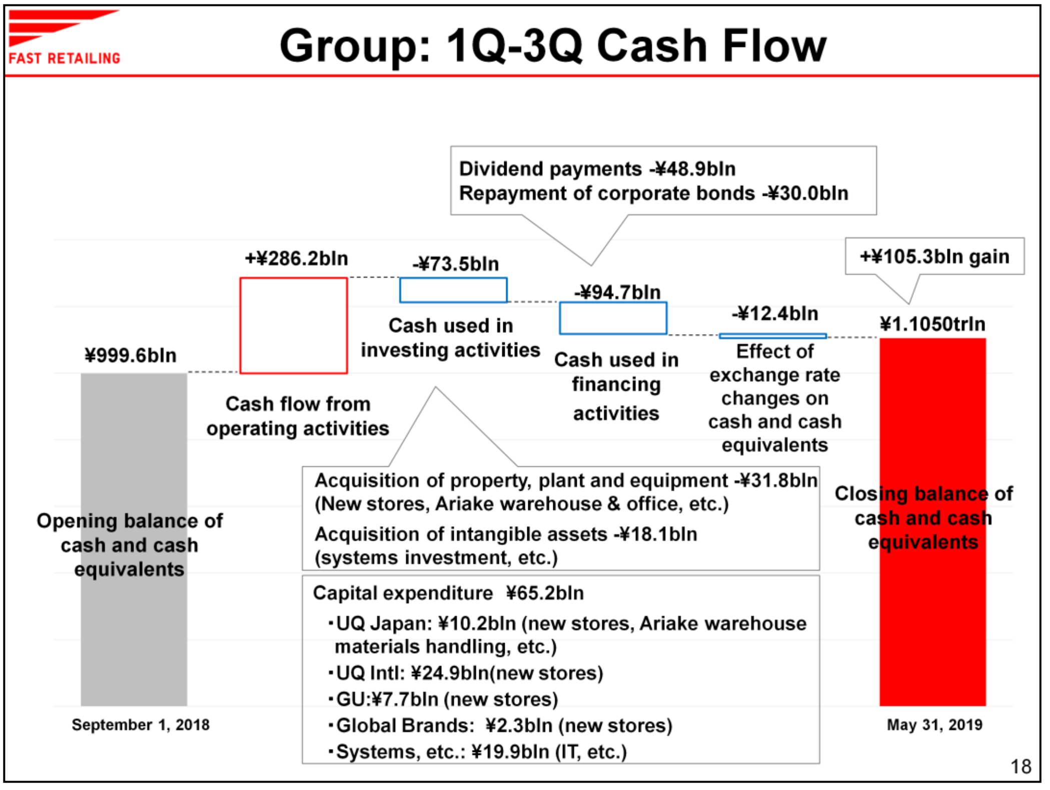
First, cash and cash equivalents increased by ¥246.7 billion year on year. This total included the repayment of ¥30.0 billion in corporate bonds in December 2018, the issuance of ¥250.0 billion in corporate bonds in June 2018, and a higher operating cash flow.

Next, total inventory assets increased by ¥40.8 billion year on year, but this figure included ¥59.5 billion resulting from a change in the timing of inventory recording at UNIQLO Japan and GU, which was implemented at the end of fiscal 2018. If we strip out that impact, inventory assets at the end-May 2019 actually decreased year-on-year by ¥18.7 billion.

Breaking down this decline in inventory assets by business segment, inventory at UNIQLO Japan decreased ¥4.6 billion, inventory at UNIQLO International fell ¥7.3 billion, GU inventory declined ¥5.6 billion, and Global Brands declined by ¥1.2 billion.

The end-May 2019 inventory total for our entire UNIQLO operation declined as we further strengthened efforts from spring onwards to attain ideal inventory levels by instigating an early rundown of slow-selling Spring Summer items.

GU inventory management improved against a backdrop of buoyant sales and early offloading of excess inventory.



Looking next at our cash flow position over the first nine months of fiscal 2019.

We reported a net cash inflow of ¥286.2 billion from operating activities, while cash used in investing activities totalled ¥73.5 billion, and cash used in financing activities totalled ¥94.7 billion. As a result, the balance of cash and cash equivalents stood at ¥1.1050 trillion at the end of May 2019.

FAST RETAILING

Group: FY2019 Estimates

Predicting a record full-year performance

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

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

	Yr to Aug. 2018 Actual	Yr to Aug. 2019 Estimates (as of Jul.11)	y/y	Yr to Aug. 2019 1Q-3Q Actual
Revenue	2,130.0	2,300.0	+8.0%	1,822.8
(to revenue)	100.0%	100.0%		100.0%
Business profit	252.4	265.0	+5.0%	250.5
(to revenue)	11.9%	11.5%	-0.4p	13.7%
Other income, expenses	-16.2	-5.0	-	-2.8
Operating profit	236.2	260.0	+10.1%	247.6
(to revenue)	11.1%	11.3%	+0.2p	13.6%
Finance income, costs	6.4	0.0	-	-0.4
Profit before income taxes	242.6	260.0	+7.1%	247.2
(to revenue)	11.4%	11.3%	-0.1p	13.6%
Profit attributable to owners of the parent	154.8	165.0	+6.6%	158.6
(to revenue)	7.3%	7.2%	-0.1p	8.7%

Billions of Yen

Note: Full-year finance income, costs calculated using the end-May 2019 rate of 1USD=109.4JPY.

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

We expect to achieve a record performance in fiscal 2019 by generating full-year consolidated revenue of ¥2.3000 trillion, operating profit of ¥260.0 and profit attributable to owners of the parent of ¥165.0 billion.

Over the nine months through May 2019, UNIQLO Japan and UNIQLO International achieved results that were roughly in line with our estimates. While Global Brands performance fell short of plan, the GU operation exceeded our forecasts, producing an overall result on a consolidated basis that was broadly in line with expectations.

For these reasons, we have made no changes to our most recent full-year business estimates announced in April. However, given the unclear foreign exchange outlook, we have changed the exchange rate used in assumptions for finance income and costs to the end-May exchange rate of 1USD=109.4JPY.

FY2019 Estimates by Group Operation (1)

UNIQLO Intl.: Expect large 2H, FY2019 revenue, profit gains

- Expect large 4Q revenue and profit growth from UNIQLO International.
- Greater China, SE Asia & Oceania seen generating strong revenue, profit gains.
- South Korea expected at this stage to report slight 4Q revenue, profit gain.
- Europe seen reporting a 4Q loss on small-scale business, but loss set to shrink.
- USA 4Q loss expected to shrink, but operation set to report a slight full-year loss following lower-than-expected 3Q performance.
- UNIQLO Intl. seen generating large 2H and full-year revenue and profit gains.

UNIQLO Japan: Expect large 2H revenue, profit gains, but full-year profit dip

- Expect large 4Q revenue and profit growth from UNIQLO Japan.
  - ✓ June sales and operating profit rose sharply on deferred anniversary sale.
  - ✓ Expect lower discount sales on excess 4Q stocks, and greatly improved gross profit margin.
  - ✓ Anticipating SG&A ratio will fall on higher sales from anniversary sale, higher instore productivity from use of RFID tags, lower outsourcing costs.
  - ✓ FY2018 4Q hurdle low (reported an operating loss on sluggish sales).
- While we expect large 2H revenue and profit gains, for the full year we expect revenue will rise but profit fall on the back of the large 1H profit dip.

Finally, let me break down those full-year forecasts by business segment.

Looking first at UNIQLO International, we expect that segment will generate large gains in both revenue and profit in the fourth quarter. Within the UNIQLO International segment, we expect Greater China and Southeast Asia & Oceania will generate strong fourth-quarter revenue and profit gains. While market conditions in South Korea remain unclear, at this point in time, we are expecting UNIQLO South Korea to generate slight rises in both revenue and profit in the fourth quarter. Meanwhile, given the still small-scale nature of the current European operation, we expect UNIQLO Europe will report a loss in the fourth quarter, but that loss will be of a smaller magnitude than in the previous year. In North America, UNIQLO USA is forecast to report a shrinking operating loss in the fourth quarter. However, owing to the weaker-than-expected performance in the third quarter, we expect that operation will report a slight loss for the full business year.
Taking into account the above estimates, we forecast UNIQLO International will generate large second-half and full-year rises in both revenue and profit.

Turning next to UNIQLO Japan, we expect that segment will generate considerable increases in both revenue and profit in the fourth quarter. Sales and operating profit will rise sharply in June compared to the previous year thanks to the holding of the deferred UNIQLO anniversary sale during that month. In addition, by adjusting prices of slow-moving Spring Summer items early, we expect to be able to reduce discount sales on excess inventory, and significantly improve the gross profit margin in the fourth quarter.
We also anticipate a significant decline in the fourth-quarter SG&A ratio, as higher sales generated by the anniversary sale help reduce the SG&A-to revenue-ratio. In addition, we anticipate the use of RFID tags will increase instore productivity, and we also expect to be able to reduce outsourcing costs.

Finally, this year’s fourth-quarter data will be compared to a weak performance in the previous year when UNIQLO Japan recorded an operating loss following sluggish sales of Spring Summer ranges. Against that background, UNIQLO Japan will likely record a significant year-on-year rise in profit in the fourth quarter.

Taking all of these factors into account, we expect UNIQLO Japan will generate significant gains in revenue and profit in the second half of fiscal 2019. However, given the large decline in first-half profit, we expect the operation will achieve a rise in revenue but a decline on profit for the full business year.

FAST RETAILING

FY2019 Estimates by Group Operation (2)

GU: Expect large 2H and full-year revenue and profit gains

- Expect strong sales trend to continue in 4Q and profitability to improve significantly.
- June same-store sales rose on strong sales of Summer items.
- Expect 4Q gross profit margin to mirror 3Q and improve significantly.
- Predict large full-year revenue and profit gains, resulting in a record high performance.

Global Brands: Expect full-year revenue to be flat, but operating profit to rise

- Expect 4Q revenue and profit to rise.
- Expect full-year sales to come in flat, but full-year operating profit to rise compared to the previous year when significant impairment losses were recorded.

Let us now turn to our expectations for GU. We predict GU will continue to experience a strong sales trend, and profitability will improve considerably in the fourth quarter.
June same-store sales increased on strong sales of Summer items. We expect the gross profit margin will improve significantly in the fourth-quarter, in the same way as it did in the third quarter. As a result, we forecast GU will generate large revenue and profit gains to attain a record performance in the full business year through August 2019.

As for our fourth business segment, we expect Global Brands will generate gains in both revenue and profit in the fourth quarter. For the full-year, we forecast sales will come in flat, but operating profit will rise in comparison to the previous year when the segment recorded significant impairment losses.

Before I close, I would like to reiterate our intended dividend payment schedule for the business year. In addition to the interim dividend of ¥240 per share that has already been paid, we are also expecting to pay a year-end dividend of ¥240 per share. That would bring the expected annual dividend for fiscal 2019 to ¥480, which would represent a ¥40 increase in the full-year dividend.

That completes my presentation on Fast Retailing’s performance for the nine months through the end of May 2019, and our outlook for the full 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 1Q-3Q Result (Sep. - May)				FY2019 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End May	Open	Close	Change	End Aug.
UNIQLO Operations	**2,068**	**161**	**56**	**+105**	**2,173**	**205**	**61**	**+144**	**2,212**
UNIQLO Japan ※	**827**	**31**	**36**	**-5**	**822**	**33**	**40**	**-7**	**820**
Own stores	784	27	32	-5	779	-	-	-	-
Large-scale	215	18	4	+14	229	-	-	-	-
Standard and others	569	9	28	-19	550	-	-	-	-
Franchise stores	43	4	4	0	43	-	-	-	-
UNIQLO International	**1,241**	**130**	**20**	**+110**	**1,351**	**172**	**21**	**+151**	**1,392**
Mainland China	633	59	5	+54	**687**		-	-	
Hong Kong	28	0	0	0	**28**	93	-	-	-
Taiwan	65	4	1	+3	**68**		-	-	
Korea	186	8	8	0	**186**	11	-	-	-
Singapore	26	3	1	+2	**28**		-	-	
Malaysia	48	1	1	0	**48**		-	-	
Thailand	40	10	0	+10	**50**	41	-	-	-
Philippines	51	7	1	+6	**57**		-	-	
Indonesia	18	8	0	+8	**26**		-	-	
Australia	15	3	0	+3	**18**		-	-	
USA	48	5	2	+3	**51**	11	-	-	-
Canada	5	6	0	+6	**11**		-	-	
UK	11	2	0	+2	**13**		-	-	
France	25	2	0	+2	**27**		-	-	
Russia	31	6	1	+5	**36**		-	-	
Germany	5	4	0	+4	**9**		-	-	
Belgium	3	0	0	0	**3**	16	-	-	-
Spain	2	0	0	0	**2**		-	-	
Sweden	1	0	0	0	**1**		-	-	
The Netherlands	0	1	0	+1	**1**		-	-	
Denmark	0	1	0	+1	**1**		-	-	
GU	**393**	**44**	**15**	**+29**	**422**	**46**	**19**	**+27**	**420**
Global Brands	**984**	**54**	**45**	**+9**	**993**	**60**	**62**	**-2**	**982**
Theory ※	450	28	17	+11	**461**	-	-	-	-
PLST	87	20	5	+15	**102**	-	-	-	-
Comptoir des Cotonniers ※	320	6	20	-14	**306**	-	-	-	-
Princesse tam.tam ※	127	0	3	-3	**124**	-	-	-	-
Total	**3,445**	**259**	**116**	**+143**	**3,588**	**311**	**142**	**+169**	**3,614**

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 3Q	9-month average to May 2018	110.4	132.5	150.0	17.0	10.1
FY2019 3Q	9-month average to May 2019	111.7	127.4	144.7	16.4	9.9
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

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2018 3Q	Exchange rate at end May 2018	108.7	126.7	144.6	17.0	10.1
FY2019 3Q	Exchange rate at end May 2019	109.4	121.7	137.9	15.8	9.2
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	109.4	121.7	137.9	15.8	9.2

FAST RETAILING

Reference: Capital Spending, Depreciation

Capital Spending (incl. finance leases), depreciation

Billions of Yen

		Capital spending						Depreciation
		UNIQLO Japan	UNIQLO Intl.	GU	Global Brands	Systems, etc	Total	
FY2018	3Q 9 months	10.4	17.6	4.2	2.1	16.0	50.6	32.9
FY2019	3Q 9 months	10.2	24.9	7.7	2.3	19.9	65.2	36.6
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	15.0	35.3	8.2	2.6	29.8	90.9	51.1