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# Fast Retailing Future Business Outlook

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Chairman, President & CEO of Fast Retailing  
Co., Ltd.



Good afternoon. My name is Tadashi Yanai, and I am Chairman, President and CEO of Fast Retailing.

You have just received details from our CFO Takeshi Okazaki regarding our corporate performance for the first half of FY2020, so I would like to talk primarily about what is most important right now, and the thinking upon which we intend to base our management practices going forward.

# Everything is interconnected

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One thing has become abundantly clear following the global spread of the new coronavirus (COVID-19). Everything in our world is interconnected.

In today's era, the dramatic progress of globalization and digitalization has rapidly advanced the intimate linkages between all regions around the globe, so that, when something happens in one part of the world, it instantly affects the entire globe.

The spread of COVID-19 is clear proof of that reality.

# **The world is a completely different place today than ten years ago**

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The economic impact of COVID-19 is often compared to the economic devastation caused by the 2008 global financial crisis. Personally, I consider COVID-19 to be the biggest crisis the world has seen since the end of World War II.

The global financial crisis occurred only one decade ago, but many people didn't even own a mobile phone back then.

In the interim, we have seen the development of the internet, cloud computing, artificial intelligence, robotics and mobile apps, which have linked many different people and nations around the world. The middle-income population has increased in Asia and other regions around the world.

Today's global structures are completely different to what they were ten years ago, and we are not only starting to see our economic limitations. The past ten years has also started to reveal the limitations of our society as a whole and the environment.

The most important thing right now is for all nations, corporations, and individuals to firmly recognize the fact that our entire world is inextricably interconnected, and to bear that fact in mind when deciding how to deal with the current situation and determining the right thing to do going forward.

# What's the right thing to do?

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Unfortunately, if we look at what's happening right now, some countries, corporations and individuals are only concerned for themselves, and are pursuing immediate benefits by putting their own country first, their own company first, or their own best interests first.

Such trends are extremely concerning in this time of great emergency when we should be focusing on how to contain the explosive spread of the COVID-19 virus. If we continue in this way, the COVID-19 pandemic could become the catalyst that catapults our entire world into an unprecedented tragic state. I feel a real sense of crisis here.

At times like this, I feel, as a corporate leader, that we need to calmly and rationally recognize the situation for what it is. I want to make sure we always think first about what is the right thing to do, and remain loyal to those principles in our response to immediate and future events.

# Globalized business

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As you all know, we at Fast Retailing have actively sought to globalize our business.

Today, we boast operations in Japan, China, South Korea, Southeast Asia, Russia and many countries in Europe, North America and Australia. Our global network covers 3,648 stores in 26 markets around the world.

However, our pursuit of globalization does not only apply to our growing global store network, but also to the very way in which we operate and manage our business.

In terms of production, China remains the primary location for our production bases, but, in recent years, we have sought to systematically expand production bases in other countries and regions in line with the expansion of our global operations.

In future, I want to ensure we manufacture ultimate quality products and deliver them to customers consistently and quickly by further expanding our partner factory network so that we can manufacture products as close to their destined market as possible.

In addition, while maintaining our vibrant Tokyo headquarters, Fast Retailing has gradually decentralized functions in planning, design, marketing, and other fields to regional headquarters in Paris, London, New York, and Shanghai. We have also proactively introduced teleworking and many different working styles. As a result, COVID-19 is not proving fatal to our business at this point in time.

**Overcoming this together  
by joining forces with  
our business partners and  
all our employees**

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In fact, the impact of COVID-19 on store performance varies depending on the extent of the spread of the virus in individual markets and the different countermeasures introduced.

I believe the far-reaching global nature of our operations makes it easier for us to avoid extreme damage from the COVID-19 virus on the Fast Retailing Group as a whole.

I know we can overcome this crisis together by joining forces with our partner factories and other business partners as well as all our employees worldwide.

**Seeing  
the true underlying problems  
that sparked  
this global health trigger**

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So how should we approach business going forward? I view the global spread of the COVID-19 virus as a trigger sparked by other much deeper underlying problems.

I believe the true cause of the adjustment we are now seeing in the global economy, manifested primarily in plunging equity markets, stems from various political, economic, and environmental issues lurking just below the surface.

# **Let's go back to the beginning and determine to manage business the right way**

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In times like these, it is important to humbly examine the true causes of the crisis, go back to fundamental principles and commit to pursuing correct management.

Why are we operating this business? What value do we offer the world? Who do we seek to serve? Even more pertinent, why do each of us as individual do this work?

In my view, asking yourself these questions and going right back to your original starting point is extremely important right now.



# **Courageously scrap old frameworks and change everything**

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We need to be prepared to devote ourselves to turning this crisis into fresh opportunities by courageously committing to scrap all systems and frameworks, go back to the starting block and launch afresh so we can change everything and rebuild our company from scratch. We have to embrace this forward-looking, positive thinking.

At Fast Retailing, we need to scale up our commitment to pursuing ongoing Ariake Project corporate transformation and to deliver the LifeWear clothing that embodies our clothing ideals to customers worldwide. I believe this is the most important weapon in our arsenal for conquering this crisis.

We have accumulated funds to enable us to respond quickly to rapid changes in our business environment such as we are experiencing right now, so finances are not a problem at this point in time. We intend to continue investing in systems and distribution-related areas and to continue proactively opening new stores in all our global markets.

# **The global economy will recover, driven by Asia's high growth potential**

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The global impact of COVID-19 has been enormous, and, right now, we cannot ascertain exactly when the situation will be resolved. However, if all nations, companies and individuals join forces and face the crisis together, I am sure we can bring it under control in the not too distant future.

Beyond that, I believe the world will refocus on the importance of consistent sustainable growth that transcends national borders, and the global economy will bounce back even stronger, driven by Asia's high growth potential.

# **Become a company that is even more vital to our society**

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Crisis bring great sacrifice in its wake, but I believe we will be able to build even deeper bonds of trust with our customers, business partners, and society at large. We will emerge stronger and develop into an even more vital company for our society. That is our heartfelt aim.

Finally, I would like to close with one request to you all.

# **Transforming current conditions to ensure a brighter future**

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Fast Retailing remains determined to transform these current conditions into a brighter future. We want to deliver truly good clothes that harbor fresh value to all people anytime, anywhere, and we seek to help make the world a better place through clothes.

Please spread that message around the world.

I truly appreciate your ongoing support.

And finally, a reminder of our corporate statement:

Changing clothes. Changing conventional wisdom. Change the world.

Thank you.

