Global Brand Operations

- Theory
- Comptoir des Cotonniers
- Princesse tam.tam
- g.u.
**Business Overview**

Theory is a brand for contemporary women founded in New York City. Ricky C. Sasaki, friend of brand founder Andrew Rosen, introduced Theory to Japan in 1998. Fast Retailing first invested in Link Theory Japan in January 2004, subsequently making it a fully owned subsidiary in March 2009. In fiscal 2010, the company generated combined sales of about 50 billion yen from 326 stores located primarily in Japan and the U.S.
We Continue to Win Women’s Hearts With Theory’s Quintessential Appeal

The Theory brand generated extremely strong results in fiscal 2010. One key factor underlying this robust performance was the recovery in Theory sales in the United States, previously dampened by the fallout from the collapse of Lehman Brothers. We were able to bring about this recovery in sales by reducing our U.S. management operations. Going forward, I shall focus on the wholesale business to major department stores such as Saks Fifth Avenue. I am also intent on increasing the number of Theory stores under direct management. Theory has also expanded its performance in Japan, where our customer service drives repeat sales. The fall in cost of sales generated by the strong yen also improved the profitability of Theory Japan.

Moving ahead, we see the markets of China and Europe as promising. The women whose needs Theory seeks to meet all share a common lifestyle wherever they are in the world. Many customers from Europe visit our New York Theory flagship store in New York’s trendy meatpacking District to buy Theory clothes, because they don’t have a Theory store in their home countries. As a member of the Fast Retailing Group, it is easier for us to enter new markets and we will be looking to further expand Theory’s share in these promising new markets. To achieve this goal, the most important task will be to train staff who fully understand the Theory concept and who can carry the Theory brand to new customers.

Training Staff to Carry the Theory Brand Concept into New Markets

The Theory concept is to create fashionable basic clothes to suit the contemporary lifestyle of women today. I believe the biggest reason why women continue to wear Theory clothes is because we are careful to uphold the brand’s traditional approach, which our customers have always appreciated. That is the strength of the Theory brand. The stretch fabric used in Theory clothes fits well and creates a beautiful silhouette. Theory clothing items are perfect for the working woman’s lifestyle because they are easy to coordinate. Simply wearing Theory clothes instills confidence as Theory is all about putting the wearer, not the clothes, at the center of attention.

Theory clothes are basic, making it possible to incorporate fashion trends into the designs. Theory launched nearly a decade ago, but we want to ensure the brand never loses its vitality. That is why we have made Olivier Theyskens our new artistic director starting with the 2011 fall and winter collection. Theyskens made a name for himself as an up-and-coming designer at Paris Fashion Week. Going forward, we will maintain the essence of Theory as we further develop our styles and clothing concept by incorporating a sense of luxury, which will further heighten the appeal of Theory clothes.

*The contemporary market serves modern customers by providing reasonably priced clothing of designer quality.
Comptoir des Cotonniers (CDC) sprang from boutiques opened in 1995 in Paris and Toulouse, located in the south of France. While mindful of the day’s more-refined fashion trends, the brand nurtures a sense of natural authenticity and flattering femininity. Since 1997, the brand has promoted its core mother-daughter image by featuring real mothers and daughters selected by audition.

CDC became a consolidated subsidiary of Fast Retailing in fiscal 2005. At the end of fiscal 2010, the brand had 371 stores: 229 stores in France, 102 stores in other parts of Europe, 36 stores in Japan and Asia and four stores in the United States.

Business Overview

CDC profit contracted in fiscal 2009 as economic conditions deteriorated following the shock of the failure of Lehman Brothers. However, performance recovered in fiscal 2010 as same-store sales resumed their upward trend. We expect revenue and income to rise in fiscal 2011.

Having expanded CDC’s French network in major department stores and high-street locations, we are now opening stores in Europe and Asia. We also plan to expand the brand in the United States by strengthening links with our New York-based Theory operation. In this way, we can successfully reap synergistic benefits within the Group to forge a global brand and a global network.

Harness Synergies for Global Expansion

A Chic French Fashion Brand Renowned for its Creative Style

Princesse tam.tam (PTT) is a French lingerie brand. Sisters Loumia and Sharma Hiridjee won acclaim for the brand’s original prints and bright colors in a pret-a-porter show in 1985, and opened their first store in Montparnasse, Paris in 1987. The brand concept of “lingerie that presents women as they are” appeals to many women and tends to attract long-term, repeat customers. PTT joined the Fast Retailing Group in fiscal 2006. At the end of fiscal 2010, the brand boasted a network of approximately 1,000 outlets spanning 40 countries, anchored by a strong presence in the leading department stores and boutiques of France and other parts of Europe.

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Boosting Operational Efficiency and Profitability

PTT has three main lines: lingerie, home wear and swimwear. Benefiting from the craftsmanship of France’s lingerie industry, all garments are made from only the finest silks and cottons and crafted with the utmost detail.

At the end of fiscal 2010, PTT had 160 directly-operated stores, mainly in France. In addition, collections are sold through major department stores such as Galeries Lafayette and Printemps. Outside France, the brand is developing a network that includes leading department stores.

Income dipped in fiscal 2010 as the brand’s wholesale business was reduced. We are now working to make the operation more efficient and thus boost profitability.
At the end of fiscal 2010, Gov Retailing operated 115 stores selling low-priced, g.u. clothes. We have established a successful model for selling low-priced clothing by integrating the processes of design, manufacture and retailing. Gov Retailing was formed in September 2008 by merging g.u., with the footwear firms Onezone and Viewcompany. These footwear operations were subsequently transferred to UNIQLO in April 2010.

Business Overview
At Half the Price of UNIQLO

g.u. Has Started Out Strong

When we opened our first specialty store selling low-priced g.u. clothing in fall 2006, we were looking to offer clothes at half the price of UNIQLO. Initially, the brand lacked recognition and struggled. But this changed in March 2009 when the launch of g.u. 990-yen jeans caught people’s attention. Since then, sales per store have expanded favorably and the brand has begun to generate solid profits.

Today g.u. is facing another stage of development. The flagship store in Shinsaibashi, Osaka is a good example of a successful g.u. urban store and highlights the fact that customers who shop in city centers also have a strong need for g.u.’s fashion and low prices. Since it opened in October 2010, the store has drawn customers, especially young women. Until now, we have tended to open g.u. stores in shopping centers, or in roadside locations formerly occupied by UNIQLO.

However, the Shinsaibashi store has opened up a greater range of potential locations for new stores. We are looking to open 40 to 50 new stores annually. In order to achieve this, I shall be pushing ahead in earnest with a variety of new store formats, including roadside stores, large-scale stores in shopping malls and urban stores.

Growing Sales To Expand Around the World

In fiscal 2010, g.u. performed extremely well. Store openings proceeded as planned, profitability improved and the operation generated significant gains in sales and profit. This was due to the launch of our 990-yen jeans, as well as additional products such as low-priced fleece and T-shirts.

The g.u. brand strength lies in offering the latest seasonal fashions at low prices. To further fortify the brand, we need to now develop more fashionable women’s wear. On the manufacturing side as well, we are working to reduce production costs by concentrating orders with specific material manufacturers.

Gov Retailing’s mid-term targets include expanding its store network to 200 stores and pushing sales to 50 billion yen by fiscal 2013. To reach these targets we will open stores in prime locations. The g.u. and UNIQLO brands are complimentary. The g.u. brand offers customers clothes costing half the price of similar items sold in UNIQLO stores, making the brands different enough that they can coexist profitably, even if they are in parallel establishments. I would also like to see g.u. begin to expand globally in the near future. We believe the successful expansion of UNIQLO globally suggests there is also ample need for a brand like g.u. in the world.