Fiscal 2013 Performance

In fiscal 2013, Fast Retailing’s net sales topped one trillion yen for the first time and operating income reached a new record. Net sales totaled ¥1.14 trillion (+23.1% YoY) and operating income ¥132.9 billion (+5.1% YoY). Profits expanded at UNIQLO International and Global Brands, but at UNIQLO Japan a fall in the gross profit margin and increased business costs knocked operating income lower. Net income jumped 26.1% year on year to ¥90.3 billion, as the weaker yen generated a foreign exchange gain of ¥15.5 billion. We increased our annual dividend by 30 yen to 290 yen.

Performance by Business Segment

UNIQLO Japan

The mainstay UNIQLO Japan operation accounted for 59.8% of consolidated sales. We successfully boosted customer visits to our stores by aggressively promoting core ranges such as HEATTECH, Ultra Light Down and AIRism through TV commercials, fliers and other advertising. Customer visits rose 12.0% and same-store sales increased 7.3% year on year as a result, but operating income contracted 5.4%, as purchases of predominantly discounted items dampened our gross profit margin, and personnel and other business expenses increased.

Growth Initiatives

- Aiming for 5% annual growth in sales floor area
- Achieving high efficiency through “scrap and build” of stores
- Managing cost increases stemming from a weaker yen, higher factory labor costs and higher raw materials prices
- Controlling discounts and production volumes
- Boosting share of women’s wear and urban markets

Current Challenges

- Nurturing store managers and developing management teams in each region
- Generating swift profit at UNIQLO USA
- Boosting brand visibility and opening stores in major European cities

UNIQLO International

UNIQLO International contributed greatly to company growth, with store numbers increasing rapidly in China, Hong Kong, Taiwan and other parts of Asia. Greater China (China, Hong Kong and Taiwan) expanded significantly to generate sales of ¥125.0 billion and operating income of ¥13.5 billion. We opened our first store in Indonesia in June 2013, and plan to open our first stores in Australia and Germany in spring 2014. We opened 10 in-mall stores in the United States in fall 2013, and plan to increase UNIQLO USA’s store total to 22 by the end of August 2014.

Growth Initiatives

- Multiple stores generating strong growth in Greater China and S.E. Asia
- Building a store network in the U.S. (20-30 stores annually)
- Opening first stores in Australia and Germany in spring 2014

Current Challenges

- Nurturing store managers and developing management teams in each region
- Generating swift profit at UNIQLO USA
- Boosting brand visibility and opening stores in major European cities
Global Brands

Profits increased significantly. GU performed especially well, boosting sales from approximately ¥58 billion in fiscal 2012 to ¥83.7 billion in fiscal 2013, and operating income from approximately ¥5.0 billion to ¥7.6 billion. Theory also reported a record performance. We used the existing Group infrastructure to effectively expand globally. The first GU store outside Japan proved a success when it opened in the basement of the global flagship UNIQLO Shanghai Store in September 2013. In addition, J Brand opened its first directly run store in Japan in October.

GU sales set to top ¥100 billion in fiscal 2014
Achieving stable growth for Theory in Japan and the U.S.
Accelerating GU’s international expansion
Promoting synergies with leading denim company J Brand
Boosting performance at France-based CDC & PTT

GU
Increasingly well known for its fun fashion at amazingly low prices, GU boosted its network in Japan to 214 stores in fiscal 2013, and brand awareness in the Japanese market climbed to 85% (GU survey). There are many potential locations in Japan to continue store openings, and GU could gain popularity across Asia representing fast fashion from Japan. GU aims to expand its operations by strengthening its design and merchandising capability.

Theory
Theory, known for its simple, basic designs and quality fabrics, performed well in Japan and the United States. At the same time, the Theory brand is becoming popular in China, South Korea and other parts of Asia, and we plan to open more stores in these regions. PLST, a Japan-based Theory sub-brand, also performed well, boasting 61 stores at end August 2013. PLST took its first step outside Japan in September 2013 and opened a store within the UNIQLO Shanghai Store.

Comptoir des Cotonniers (CDC)
The casual, chic French fashion brand is known for its timeless elegance and clever use of the latest trends. Comptoir des Cotonniers boasted a network of 375 stores at end August 2013, located mainly in France, other parts of Europe and Japan. With 45 stores in Japan, CDC clothing is featured in many fashion magazines every season.

Princesse tam.tam (PTT)
Princesse tam.tam, famous for its original prints and refreshing bright colors, specializes in three lines for women: corsetry, home wear and swimwear. PTT enjoys an expanding worldwide network, anchored by a strong presence in Europe, both in directly run boutiques and leading department stores. The first directly run PTT store in Japan opened inside Printemps Ginza in November 2012.

J Brand
J Brand is a leading U.S. contemporary fashion company with significant experience in the denim category. Fast Retailing purchased a majority share in J Brand in December 2012. J Brand clothing is sold in over 2,000 outlets in the United States, including leading department stores, select shops and specialty boutiques. J Brand denim garments, well known for their sophisticated designs, beautiful silhouettes and perfect fit, are extremely popular with many actors, models and stylists. J Brand opened its first directly run store in Japan, in Osaka’s prominent Hankyu Umeda department store, in October 2013.