

July 9, 2009

Third quarter results to May 2009 – Analyst meeting Q&A

This is the text of the main questions and answers posed at the analysts meeting held on July 9, 2009 covering the third quarter results to May 2009. Part of the text may have been edited or revised for the sake of brevity and clarity.

Q1: You explained that g.u. sales for the third quarter to May 2009 strengthened following the launch of the ¥990 Jeans series, but could you tell us about profit trends at g.u.?

A1: Toshihisa Tokunaga, Director of Corporate Management & Control – As I explained earlier in the slide presentation, the g.u. operation did enjoy extremely favorable sales in the third quarter to May 2009. The Japan Apparel segment posted a ¥0.6bln operating profit for the three months to May 2009, and this figure alone shows that business in this segment is fairly favorable. We do not disclose profit figures for individual companies within the segment, but g.u. is contributing to the positive Japan Apparel income figure.

Q2: Business is strong at UNIQLO Japan and operating income in the three months to May exceeded your plan by approximately ¥6.0bln. However, you have revised up your full business year estimate for operating income by ¥7.0bln. Is this because, now that you have the data for June, you estimate that sales will outperform by ¥1.0bln in the fourth quarter to August 2009? The sales trend for June shows a fall off in average purchase price per customer but did profit in that month still exceed plan despite this downward trend?

A2: Toshihisa Tokunaga, Director of Corporate Management & Control – We revised our operating income forecast for the full business year to end August up by ¥7.0bln basically because the fourth quarter is also proceeding favorably. It is indeed true as you mentioned that the average purchase price per customer fell year on year in June, but this was in part a reflection of current market conditions and in part a result of the fact that our innerwear sold well during that month. We have no specific concerns on the profit front.

Q3: This question relates to your inventory strategy. You explained that you have avoided shortages of core items by introducing higher shelves and thus increasing in-store inventory. In addition to these efforts, are you trying to launch new products earlier for the change of season?

A3: Toshihisa Tokunaga, Director of Corporate Management & Control – As far as the introduction of new season ranges is concerned, we are wanting to launch our season ranges early in this business year as well. Indeed, starting the season early and also finishing it early tends to reduce the amount of inventory left over at the end of the season, and selling fashion garments at the beginning of the season also leads to increased sales. For these reasons we want to continue introducing our new season ranges early.

Q4: You have only been able to open a total of 10 new stores in China during the nine months to May. Is this because progress is somewhat slower than you had planned? Could you comment on new store conditions in the Chinese market?

A4: Toshihisa Tokunaga, Director of Corporate Management & Control – Our new store openings in China are proceeding to plan. As regards this business year to August 2009, the Chinese market is favorable with 23 stores at the end of May. The Chinese market is a targeted area of expansion for UNIQLO going forward and so we are pressing ahead with new store openings there. There is no particular delay in our store opening plans in China.

Q5: Can you tell us how you see new store openings for UNIQLO International for the coming business year through August 2010?

A5: Toshihisa Tokunaga, Director of Corporate Management & Control – We want to open a greater number of stores than the current business year. UNIQLO International will focus new store openings in Asia because we want to expand our store network in Asian markets as swiftly as possible.

Q6: As far as it is possible to comment at this current stage, can you tell us how you see existing store sales and income trends developing in the coming business year through August 2010?

A5: Toshihisa Tokunaga, Director of Corporate Management & Control –Right now, we are in the process of compiling our plans for the coming business year and so I cannot comment on any specific figures. However, the rate of increase in existing store sales was high this business year and so, in the coming business year, we will be looking just to exceed the previous year's levels. We are continuing to open new stores, and we want to plan for another year of positive growth in both revenue and income.