

## Results Summary for FY2019 1Q (Three Months to November 2018)

### Consolidated Business Performance

(Billions of Yen)

	Year to Aug 2018	Year to Aug 2019			
	1Q Actual	1Q Actual		Full Year Estimate	
	(2017/9~2017/11)	(2018/9~2018/11)	y/y	(2018/9~2019/8)	y/y
<b>Revenue</b>	<b>617.0</b>	<b>644.4</b>	+4.4%	<b>2,300.0</b>	+8.0%
<b>Gross Profit</b> (to revenue)	<b>317.0</b> 51.4%	<b>324.8</b> 50.4%	+2.4% -1.0p	-	-
<b>SG&amp;A Expenses</b> (to revenue)	<b>204.2</b> 33.1%	<b>221.5</b> 34.4%	+8.5% +1.3p	-	-
<b>Business profit</b> (to revenue)	<b>112.8</b> 18.3%	<b>103.2</b> 16.0%	-8.5% -2.3p	<b>275.0</b> 12.0%	+8.9% +0.1p
<b>Operating profit</b> (to revenue)	<b>113.9</b> 18.5%	<b>104.6</b> 16.2%	-8.1% -2.3p	<b>270.0</b> 11.7%	+14.3% +0.6p
<b>Finance income/cost</b> (to revenue)	<b>3.9</b> 0.6%	<b>6.4</b> 1.0%	+63.3% +0.4p	<b>0.0</b> -	-
<b>Profit before income taxes</b> (to revenue)	<b>117.8</b> 19.1%	<b>111.0</b> 17.2%	-5.7% -1.9p	<b>270.0</b> 11.7%	+11.3% +0.3p
<b>Profit attributable to owners of the parent</b> (to revenue)	<b>78.5</b> 12.7%	<b>73.4</b> 11.4%	-6.4% -1.3p	<b>165.0</b> 7.2%	+6.6% -0.1p

### Performance by Group Operation

(Billions of Yen)

		Year to Aug 2018	Year to Aug 2019	
		1Q Actual	1Q Actual	
		(2017/9~2017/11)	(2018/9~2018/11)	y/y
<b>UNIQLO Japan</b>	<b>Revenue</b>	<b>257.0</b>	<b>246.1</b>	<b>-4.3%</b>
	<b>Business profit</b> (to revenue)	<b>53.4</b> 20.8%	<b>37.9</b> 15.4%	<b>-29.1%</b> -5.4p
	<b>Operating profit</b> (to revenue)	<b>54.1</b> 21.1%	<b>37.9</b> 15.4%	<b>-29.9%</b> -5.7p
<b>UNIQLO International</b>	<b>Revenue</b>	<b>258.2</b>	<b>291.3</b>	<b>+12.8%</b>
	<b>Business profit</b> (to revenue)	<b>46.7</b> 18.1%	<b>52.8</b> 18.1%	<b>+13.0%</b> 0.0p
	<b>Operating profit</b> (to revenue)	<b>46.6</b> 18.1%	<b>52.5</b> 18.0%	<b>+12.6%</b> -0.1p
<b>GU</b>	<b>Revenue</b>	<b>60.8</b>	<b>65.4</b>	<b>+7.7%</b>
	<b>Business profit</b> (to revenue)	<b>8.9</b> 14.8%	<b>8.6</b> 13.1%	<b>-4.1%</b> -1.7p
	<b>Operating profit</b> (to revenue)	<b>9.0</b> 14.8%	<b>8.5</b> 13.1%	<b>-4.9%</b> -1.7p
<b>Global Brands</b>	<b>Revenue</b>	<b>40.0</b>	<b>40.7</b>	<b>+1.8%</b>
	<b>Business profit</b> (to revenue)	<b>3.1</b> 7.9%	<b>2.8</b> 6.9%	<b>-10.4%</b> -1.0p
	<b>Operating profit</b> (to revenue)	<b>3.0</b> 7.6%	<b>2.7</b> 6.7%	<b>-9.9%</b> -0.9p

### FY2019 1Q Main Points

#### ■Fast Retailing Group 1Q revenue up, profit down on profit decline at UNIQLO Japan

• Consolidated revenue up, profit down. Revenue: 644.4 billion yen (+4.4% year on year), operating profit: 104.6 billion yen (-8.1%). UNIQLO International reports a strong performance but UNIQLO Japan profit

down sharply on warm winter effect.

- A 6.4 billion yen foreign exchange gain was recorded under finance income/cost. First-quarter profit before income taxes: 111.0 billion yen (-5.7%), profit attributable to owners of the parent: 73.4 billion yen (-6.4%).

### ■UNIQLO Japan: Sharp profit decline on sluggish sales of Winter ranges during warm winter

- Revenue and profit both decline on warm winter effect. Revenue: 246.1 billion yen (-4.3%), operating profit: 37.9 billion yen (-29.9%).

- Same-store sales down 4.3% year on year. Sales of core Winter ranges especially sluggish during unseasonal warm October and November.

- Online sales expand favorably: 23.7 billion yen (+30.9%). Proportion of total sales rises from 7.0% to 9.7%.

### ■UNIQLO International: Revenue, profit up. Operating profit far exceeds UNIQLO Japan

- Revenue and profit both rise. Revenue: 291.3 billion yen (+12.8%), operating profit 52.5 billion yen (+12.6%). UNIQLO International operating profit far outstrips that of UNIQLO Japan.

- UNIQLO Greater China (Mainland China, Hong Kong, Taiwan) and UNIQLO South Korea both report higher revenue and profit despite dampening effect of the warm winter. UNIQLO Southeast Asia & Oceania continues to report significant revenue and profit gains. UNIQLO USA generates significant revenue and profit, and is progressing favorably towards its goal of achieving a full-year profit in the current financial year. UNIQLO Europe also reported considerable revenue and profit gains.

### ■GU: Revenue up, profit down but pickup in same-store sales suggests recovery ahead

- GU revenue up, but profit down. Revenue: 65.4 billion yen (+7.7%), operating profit 8.5 billion yen (-4.9%).

- Same-stores sales declined during the unseasonal warm month of October, but increased in September, November and December, suggesting a pickup in sales. Our revised product mix and stronger marketing is contributing to the recovery in sales.

### ■Global Brands: Revenue rises but profit declines

- Global Brands revenue up, but profit down. Revenue: 40.7 billion yen (+1.8%), operating profit 2.7 billion yen (-9.9%).

- Theory reports a significant profit gain on a strong performance in the United States. PLST profit dipped slightly on costs related to an expansion in store numbers. Remaining labels reported losses in the first quarter.

### ■FY2019 business estimates unchanged

- Our business forecasts for FY2019 remain unchanged from our initial estimates. Consolidated revenue: 2.3000 trillion yen (+8.0%), consolidated operating profit: 270.0 billion yen (+14.3%) and profit attributable to owners of the parent: 165.0 billion yen (+6.6%).

- We forecast an annual dividend per share in FY2019 of 480 yen.

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## **FY2019 First Quarter Performance in Focus**

### **■UNIQLO Japan: Sharp profit decline on sluggish sales of Winter ranges during warm winter**

UNIQLO Japan reported declines in both revenue and profit in the first quarter of fiscal 2019, with revenue totaling 246.1 billion yen (-4.3% year-on-year) and operating profit totaling 37.9 billion yen (-29.9% year-on-year). First-quarter same-store sales, including online sales, declined 4.3% year-on-year. While new ranges and trendy products such as premium lambswool sweaters, boa fleece sweatshirts, fluffy fleece, and knitted coats sold well, sales of core Winter items struggled overall in the face of especially mild weather in October and November. Conversely, online sales expanded by an impressive 30.9% year-on-year, increasing the proportion of online sales from 7.0% to 9.7% of total sales. On the profit front, the continued rise in cost of sales due to a weakening in internal yen exchange rates, along with stronger discounting of Winter items resulted in a 3.2 point decline in the gross profit margin year-on-year. Meanwhile, the selling, general and administrative expense ratio increased by 2.2 points year-on-year on the back of higher distribution costs, and higher depreciation costs in relation to the automation of the Ariake warehouse.

### **■UNIQLO International: Revenue, profit up. Operating profit far exceeds UNIQLO Japan**

UNIQLO International revenue and profit rose in the first quarter of fiscal 2019, with revenue totaling 291.3 billion yen (+12.8% year-on-year) and operating profit increasing to 52.5 billion yen (+12.6% year-on-year). UNIQLO International revenue and profit far outstripped that of UNIQLO Japan in the first quarter, making it the largest business segment in the Fast Retailing Group. In terms of individual markets, UNIQLO Greater China reported higher revenue and profits despite the mild winter weather. The operation in Mainland China continued strong, reporting double-digit growth in operating profit. Mainland China also achieved further double-digit growth in online sales, thanks to efforts to smoothly unify physical and online store operations. UNIQLO South Korea reported higher operating profit in the first quarter on the back of stricter discounting, and greater operational efficiency achieved through the use of RFID tags. UNIQLO Southeast Asia & Oceania reported higher revenue and profit thanks to strong same-store sales rises in all markets. UNIQLO USA reported significant increases in both revenue and profit on the back of a successful review of regional product mixes and continued strong online sales growth, and efforts to help the operation turn a profit in the current financial year are proceeding smoothly. UNIQLO Europe also reported strong rises in both revenue and profit, with Russia generating an especially strong performance. UNIQLO opened its first store in the Netherlands in Amsterdam in September 2018, and its biggest Southeast Asian global flagship store in Manila, the Philippines in October 2018.

### **■GU: Revenue up, profit down but pickup in same-store sales suggests recovery ahead**

The GU business segment reported a rise in revenue but a fall in profit in the first quarter of fiscal 2019, with revenue climbing to 65.4 billion yen (+7.7% year-on-year) and operating profit declining to 8.5 billion yen (-4.9% year-on-year). The gross profit margin declined slightly, and business costs increased on stronger advertising and promotion activities, resulting in a slight decline in operating profit. However, revenue picked up following decisions to start focusing on mass trend items and recommence TV advertising to strengthen GU marketing. Sales of advertising campaign items such as sweat shirts and oversized knitted products were especially buoyant, and outerwear sales picked up sharply once the temperature started to drop.

### **■Global Brands: Revenue rises but profit declines**

Global Brands revenue rose but profit fell in the first quarter of fiscal 2019. Revenue rose to 40.7 billion

yen (+1.8% year-on-year), while operating profit declined to 2.7 billion yen (-9.9% year-on-year). The Theory fashion operation reported a considerable increase in profit, thanks to strong sales, and subsequent reduced discounting losses, at the Theory label operation in the United States. Our Japan-based PLST brand, which offers elegant, versatile everyday fashion of the highest quality, generated higher revenue. However, PLST operating profit dipped slightly due to increased costs associated with higher new store openings. Comptoir des Cottonniers, Princesse tam.tam and J Brand reported continued losses in the first quarter.

#### ■FY2019 consolidated business estimates unchanged from initial forecasts

Fast Retailing's consolidated business estimates for the financial year ending August 31, 2019 remain unchanged from the initial forecasts released in October 2018. We predict consolidated revenue will expand to 2.3000 trillion yen (+8.0% year on year), consolidated operating profit will reach 270.0 billion yen (+14.3%), and profit attributable to owners of the parent will increase to 165.0 billion yen (+6.6%). This would result in earnings per share of 1,617.33 yen.

UNIQLO International is predicted to generate further strong revenue and profit gains in FY2019. While we expect operations that were most affected by the warm winter such as Greater China and South Korea will increase discounting in the second quarter to promote the sale of Winter ranges, we predict UNIQLO International's first-half revenue and profit will surpass our initial estimates. By contrast, UNIQLO Japan is expected to report a larger decline in first-half profit than initially expected, given our plans to increase second-quarter discounting following the below-target first-quarter performance during the warm winter. However, we expect UNIQLO Japan profit will increase sharply in the second half on the back of an improved gross profit margin and strong cost controls, so we aim to generate higher overall revenue and profit at UNIQLO Japan for the full financial year. We intend to ensure GU sales continue to rise on the back of the label's new product mix, resulting in an expected higher full-year revenue and sharp full-year profit gain. Finally, we expect Global Brands will generate higher revenue and a sharp rise in profit in FY2019 on the back of higher revenue and profit contributions from our Theory and PLST brands.

Our expected annual dividend per share for FY2019 also remains unchanged at 480 yen, split evenly between interim and year-end dividends of 240 yen each.

Fast Retailing Co., Ltd. discloses business results data and offers a variety of press releases on its IR website <https://www.fastretailing.com/eng/ir/>.