

Results Summary for the Year to August 2012

Consolidated Business Performance

(Billions of Yen)

	Year to Aug 2011	Year to Aug 2012			Year to Aug 2013	
	Actual (2010/9~2011/8)	Estimate(Jul.6) (2011/9~2012/8)	Actual	y/y	Estimate	
			(2011/9~2012/8)		(2012/9~2013/8)	y/y
Net Sales	820.3	929.5	928.6	+13.2%	1,056.0	+13.7%
Gross Profit (to net sales)	425.7 51.9%	476.5 51.3%	475.4 51.2%	+11.7% ? 0.7p	540.0 51.1%	+13.6% -0.1p
SG&A Expenses (to net sales)	309.4 37.7%	345.0 37.1%	349.0 37.6%	+12.8% ? 0.1p	396.5 37.5%	+13.6% -0.1p
Operating Income (to net sales)	116.3 14.2%	131.5 14.1%	126.4 13.6%	+8.7% ? 0.6p	143.5 13.6%	+13.5% +0.0p
Ordinary Income (to net sales)	107.0 13.1%	131.0 14.1%	125.2 13.5%	+16.9% +0.4p	142.5 13.5%	+13.8% +0.0p
Net Income (to net sales)	54.3 6.6%	79.0 8.5%	71.6 7.7%	+31.8% +1.1p	84.5 8.0%	+17.9% +0.3p

Performance by Group Operation

(Billions of Yen)

		Year to Aug 2011	Year to Aug 2012			Year to Aug 2013	
		Actual (2010/9~2011/8)	Estimate(Jul.6) (2011/9~2012/8)	Actual	y/y	Estimate	
				(2011/9~2012/8)		(2012/9~2013/8)	y/y
UNIQLO Japan	Net sales	600.1	621.5	620.0	+3.3%	653.0	+5.3%
	Operating income (to net sales)	106.2 17.7%	104.5 16.8%	102.3 16.5%	-3.6% -1.2p	109.0 16.7%	+6.5% + 0.2p
UNIQLO International	Net sales	93.7	157.0	153.1	+63.4%	216.0	+41.0%
	Operating income (to net sales)	8.9 9.6%	16.0 10.2%	10.9 7.2%	+22.9% -2.4p	16.0 7.4%	+45.5% + 0.2p
Global Brands	Net sales	124.0	148.0	153.0	+23.3%	185.0	+20.9%
	Operating income (to net sales)	8.7 7.1%	14.5 9.8%	14.5 9.5%	+65.4% + 2.4p	18.5 10.0%	+27.2% + 0.5p

FY2012 Highlights: Fast Retailing Generates Growth in Sales and Income

■**Group Performance:** The Fast Retailing Group generated significant gains in both sales and income in fiscal 2012 or the 12 months from September 2011 through to the end of August 2012. Consolidated sales increased 13.2% year on year to ¥928.6bln, while operating income expanded 8.7% to ¥126.4bln and net income expanded an impressive 31.8% to ¥71.6bln.

■**UNIQLO Japan:** UNIQLO Japan sales expanded but income contracted in fiscal 2012. Sales increased 3.3% to ¥620.0bln while operating income contracted 3.6% to ¥102.3bln. Although same-store sales and income turned up in the first half, both measures decreased year on year in the second half as sales of spring clothing proved sluggish and persistently cool weather delayed sales of summer items.

■**UNIQLO International:** This segment achieved gains in both sales and income, with sales expanding 63.4% to ¥153.1bln and operating income expanding 22.9% to ¥10.9bln. Operations continued to expand in Asia thanks to our aggressive strategy for mass new store openings. The loss reported by UNIQLO USA expanded as sales at the three New York stores proved soft and leading investment was channeled into the flagship stores for brand building purposes. UNIQLO operations in China and South Korea generated gains in sales and income for fiscal 2012 as a whole, but the slowdown in economic conditions meant that both operations fell short of target in the fourth quarter from June to August 2012.

■**Theory:** Theory recorded another record operating profit on the back of continued strong sales growth especially in Japan and a nascent profit contribution from PLST.

■**g.u.:** The g.u. operation achieved significant gains in both sales and income with sales expanding to ¥58.0bln and operating income to approximately ¥5.0bln. The g.u. label has enjoyed a dramatic leap in visibility thanks to the opening of the Ginza flagship store in March and effective TV ads.

■**Fiscal 2013 Consolidated Estimates:** Consolidated sales are estimated to top one trillion yen for the first

time in fiscal 2013, expanding 13.7% to ¥1.056 trillion, while operating income is expected to rise 13.5% to ¥143.5bn and net income to rise 17.9% to ¥84.5bn. These forecasts would generate earnings per share of 829.62 yen. UNIQLO Japan is forecast to generate gains in sales and income in fiscal 2013, while UNIQLO International is expected to generate further significant growth in both sales and income as the store network in Asia is actively expanded and losses at the UNIQLO USA are actively reduced. The Global Brands segment is also forecast to generate gains in sales and income due mainly to continued strong contributions from the g.u. and Theory operations.

■ **Fiscal 2013 Dividend Payment:** We forecast an annual dividend of 260 yen per share for the year to end August 2012, split equally between an interim dividend of 130 yen and a year-end dividend of 130 yen. We plan to increase the annual dividend to 280 yen per share for the year to end August 2013.

■ UNIQLO Japan

UNIQLO Japan, as the mainstay operation of the Fast Retailing Group, constitutes 66.8% of consolidated sales. In fiscal 2012, UNIQLO Japan reported growth in sales but a contraction in income, with sales expanding 3.3% year on year to ¥620.0bn while operating income decreased 3.6% to ¥102.3bn. Same-store sales expanded 2.3% year on year in the first six months from September 2011 through February 2012 on the back of strong sales of core winter items such as HEATTECH functional innerwear, Ultra Light Down and *danpan* warm pants. However, same-store sales contracted 4.3% in the second half from March through August 2012 after spring garment sales suffered during the inter-season period from March to May from an overly narrow inventory, and persistently cool weather through mid-July delayed sales of summer clothing. In addition, the gross profit margin fell 0.8 point in fiscal 2012 as rising raw material costs and factory processing fees pushed up the cost of sales in the first half and a broader sell off of summer inventory dampened profitability in the second half. Despite efforts to reduce expenditures, UNIQLO Japan's SG&A to net sales ratio increased 0.4 point year on year in fiscal 2012.

Regarding new store openings, we continued our policy of closing smaller stores and replacing them with large-format stores. In the twelve months to August 2012, we opened 25 new stores and closed 23 existing stores, bringing the total number of stores to 845 (including 21 franchise stores) by end August 2012 and expanding the total sales floor space by 4.8% compared to end August 2011.

UNIQLO Japan consistently seeks to strengthen its joint product development system with prominent materials manufacturers in order to fulfill customer needs. The operation seeks to expand overall demand by developing highly functional, top quality products such as HEATTECH innerwear, Ultra Light Down and *danpan* warm pants in the fall/winter season, and Sarafine or Silky Dry innerwear, bra tops and Easy Exercise innerwear for the spring/summer season. In fall/winter 2012, worldwide HEATTECH sales reached 100 million units.

Both sales and income are expected to rise at UNIQLO Japan in fiscal year 2013 or the twelve months through August 2013. Sales are estimated to expand 5.3% to ¥653.0bn while operating income is seen rising 6.5% to ¥109.0bn. Same-store sales are forecast to expand 0.9% year on year and the total number of stores, including franchise stores, is expected to expand by nine stores to 854 stores by end August 2013. On the income side, while rising factory processing fees are likely to continue to exert upward pressure on costs, we expect to be able to boost operating income in fiscal 2013 through strict control of discounting and persistent cost-cutting efforts.

The Japanese operation boasts plenty of exciting developments ahead. Already in September 2012, the “BICQLO” UNIQLO Shinjuku East Exit Store opened its doors to a fanfare of urban excitement. The store, designed to become a vibrant attraction with global appeal, was born out of collaboration between UNIQLO and Japanese leading home appliances retailer BIC CAMERA. Then, on November 2, Fast Retailing will open its first multi-brand store, the UNIQLO MARCHÉ PRINTEMPS GINZA Store housed within THE PRINTEMPS GINZA department store, offering five of the group’s most popular labels (UNIQLO, g.u., PLST, Comptoir des Cotonniers and Princesse tam.tam) under one roof for the very first time.

■ UNIQLO International

UNIQLO International achieved significant gains in both sales and income in fiscal 2012 with sales expanding 63.4% year on year to ¥153.1bln and operating income rising 22.9% to ¥10.9bln. Performance was particularly strong in the Asian region where we have been pursuing an aggressive policy of mass new store openings. However, UNIQLO USA posted a loss in fiscal 2012 as sales momentum at the three stores in New York proved somewhat soft and some leading investment was channeled into the flagship stores for the purpose of building the UNIQLO brand.

The UNIQLO International network expanded 111 stores to 292 stores at end August 2012. The number of new outlets opened in China, Hong Kong, South Korea and Taiwan reached 100 stores in fiscal 2012 as we pursued our strategy for mass new store openings in that sub-region of Asia. We have also expanded UNIQLO’s reach in Asia with the opening of the first UNIQLO store in Thailand in September 2011 and the first store in the Philippines in June 2012. We are proud to say that UNIQLO stores have enjoyed an ever increasing success in each new Asian market. In addition, the opening of global flagship stores in Seoul, and Taipei in fall 2011 has helped UNIQLO International to successfully strengthen its operational base in Asia. Across the Pacific, October 2011 saw the opening of two stores in prominent New York locations: the New York Fifth Avenue global flagship store and the New York 34th Street megastore. The opening of these two stores has not only markedly boosted visibility of the UNIQLO brand in the United States, but also reverberated around the world.

UNIQLO International is expected to generate continued gains in both sales and income in fiscal 2013. Sales are seen expanding an impressive 41.0% year on year to ¥216.0bln and operating income increasing 45.5% to ¥16.0bln as UNIQLO operations in the Asian region continue to grow and profitability improves at UNIQLO USA and UNIQLO UK. The slowdown in economic conditions in China is likely to dull the pace of UNIQLO’s operational growth there temporarily, but we still expect to be able to increase profits from those operations in fiscal 2013 by assuming a cautious sales forecast and working to control business expenses and boost gross margin. We will press ahead with our plans to open multiple new stores in China and Hong Kong, working to a target of 82 new stores in fiscal 2013 compared to 66 new stores in fiscal 2012. Meanwhile, in South Korea, we predict operating income will hold flat year on year in fiscal 2013 as comparative weakness in the won leads to a slight deterioration in the gross profit margin.

UNIQLO’s expansion strategy in the United States is off to a good start with the opening of the Garden State Plaza Store in a New Jersey shopping mall in September 2012 and the opening of the San Francisco

Union Square Store on the West Coast in October.

Taking all of these new store plans in aggregate, UNIQLO International aims to open 144 new stores in Asia in fiscal 2013 and three stores in Europe and the United States combined. This would expand the UNIQLO International network to 437 stores by the end of August 2013.

■ Global Brands

The Global Brands segment generated considerable gains in both sales and income in fiscal 2012 with sales rising 23.3% year on year to ¥153.0bln and operating income increasing by an impressive 65.4% to ¥14.5bln. The increase in profit was particularly marked at our low-priced g.u. casualwear brand, with g.u. sales rising to near ¥58.0bln and operating income to approximately ¥5.0bln. The g.u. label enjoyed a dramatic leap in brand awareness in the wake of the opening of the Ginza flagship store in March. Effective TV advertising featuring popular celebrities also helped boost same-store sales by as much as 35% year on year in fiscal 2012. By end August 2012, the g.u. store network had expanded to 176 stores, with 28 new stores opened during the business year.

The Theory label also performed favorably in fiscal 2012, reporting another record level of profit on the back of continued firm same-store sales growth in Japan and a nascent contribution to profits from the PLST label. Our France-based women's fashion brand Comptoir des Cotonniers reported a rise in both sales and income for the full business year. Having struggled in the first half, the label enjoyed a recovery in sales from the second half following the successful launch of its spring/summer collection. Meanwhile, France-based corsetry, loungewear and swimwear brand Princesse tam.tam performed to plan and reported a flat performance in fiscal 2012.

In fiscal 2013, the Global Brands segment is expected to generate a 20.9% year-on-year increase in sales to ¥185.0bln and a 27.2% increase in operating income to ¥18.5bln. The g.u. and Theory operations are both expected to perform especially well, with sales at g.u. reaching ¥80.0bln and the g.u. network expanding to 216 stores by end August 2013.

■ Fiscal 2013 Forecasts: Earnings per Share of 829.62 yen and an Annual Dividend of 280 Yen

Consolidated sales are estimated to top one trillion yen for the first time in fiscal 2013, expanding 13.7% to ¥1.056 trillion, while operating income is expected to rise 13.5% to ¥143.5bln, ordinary income to rise 13.8% to ¥142.5bln and net income to rise 17.9% to ¥84.5bln. These forecasts would generate earnings per share of 829.62 yen. We plan to offer an annual dividend of 280 yen per share for the year to end August 2013, split equally between an interim dividend of 140 yen and a year-end dividend of 140 yen.

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