

Results Summary for FY2016 3Q (Nine Months to May 2016)

Consolidated Business Performance

(Billions of Yen)

	Year to Aug. 2015 3Q Actual	Year to Aug 2016					
		Nine months to May 2016 (Sep. 2015 - May 2016)		Three months to May 2016 (Mar. 2016 - May 2016)		Full-year Est. (Sep. 2015 - Aug. 2016)	
		Actual	(y/y)	Actual	(y/y)	Full-year Est.	(y/y)
Revenue	1,348.1	1,434.6	+6.4%	422.9	+6.2%	1,800.0	+7.0%
Gross Profit (to revenue)	686.4 50.9%	694.3 48.4%	+1.2% -2.5p	217.4 51.4%	+5.1% -0.5p	-	-
SG&A Expenses (to revenue)	502.8 37.3%	540.4 37.7%	+7.5% +0.4p	169.7 40.1%	+2.0% -1.7p	-	-
Business profit (to revenue)	183.6 13.6%	153.8 10.7%	-16.2% -2.9p	47.6 11.3%	+17.8% +1.1p	150.0 8.3%	-15.1% -2.2p
Operating profit (to revenue)	189.2 14.0%	145.8 10.2%	-23.0% -3.8p	46.4 11.0%	+18.6% +1.2p	120.0 6.7%	-27.0% -3.1p
Finance income/cost (to revenue)	21.0 1.6%	-23.7 -	-	-6.4 -	-	-37.0 -	-
Profit before income taxes (to revenue)	210.2 15.6%	122.0 8.5%	-41.9% -7.1p	40.0 9.5%	-14.1% -2.2p	83.0 4.6%	-54.1% -6.1p
Profit attributable to owners of the parent (to revenue)	132.3 9.8%	71.0 4.9%	-46.4% -4.9p	23.9 5.7%	-13.2% -1.2p	45.0 2.5%	-59.1% -4.0p

Performance by Group Operation

(Billions of Yen)

		Year to Aug. 2015 3Q Actual	Year to Aug 2016			
			Nine months to May 2016 (Sep. 2015 - May 2016)		Three months to May 2016 (Mar. 2016 - May 2016)	
			Actual	(y/y)	Actual	(y/y)
UNIQLO Japan	Revenue	638.1	645.4	+1.1%	191.7	+4.4%
	Business profit (to revenue)	112.7 17.7%	92.8 14.4%	-17.6% -3.3p	29.2 15.2%	+21.3% +2.1p
	Operating profit (to revenue)	113.7 17.8%	93.2 14.4%	-18.1% -3.4p	29.1 15.2%	+19.7% +2.0p
UNIQLO International	Revenue	481.8	532.8	+10.6%	143.5	+5.3%
	Business profit (to revenue)	54.0 11.2%	44.5 8.4%	-17.6% -2.8p	12.0 8.4%	+10.8% +0.5p
	Operating profit (to revenue)	51.9 10.8%	42.2 7.9%	-18.7% -2.9p	12.8 8.9%	+41.1% +2.2p
Global Brands	Revenue	225.9	254.3	+12.6%	87.0	+12.0%
	Business profit (to revenue)	20.8 9.2%	23.4 9.2%	+12.7% 0.0p	9.2 10.6%	+9.0% -0.3p
	Operating profit (to revenue)	19.7 8.8%	23.0 9.1%	+16.5% +0.3p	8.7 10.0%	+8.7% -0.4p

Highlights: Fast Retailing Revenue and Profit Rise in March-May Quarter

■ Consolidated results: UNIQLO Japan and UNIQLO International performance improves in third quarter

The Fast Retailing Group reported a rise in revenue but a fall in profit in the nine months to May 2016. Consolidated revenue expanded 6.4% year on year to JP¥1.4346 trillion, while operating profit declined 23.0% to ¥145.8 billion. Breaking the result down by individual business segment, the Global Brands operation generated increases in both revenue and profit, while UNIQLO Japan and UNIQLO International reported a rise in revenue but a fall in profit. Consolidated profit before income taxes contracted by a

significant 41.9% to ¥122.0 billion, due largely to foreign exchange losses generated by the appreciation in the Japanese currency over the nine-month period.

However, performance at both UNIQLO Japan and UNIQLO International started to recover in the third quarter from March to May 2016, with both operations reporting gains in revenue and profit. As a result, consolidated revenue rose 6.2% and operating profit expanded 18.6% year on year in the third quarter.

■UNIQLO Japan: Revenue and profit both rise in March-May quarter

Revenue rose and profits recovered in the third quarter. Same-store sales rose on the back of strong sales of trendy ranges and items featured in our sports campaign. Our fundamental pricing strategy review in spring 2016 boosted the gross profit margin, while effective cost-cutting measures helped improve SG&A ratios. With these strong trends continuing into the fourth quarter, second-half revenue and profit will likely rise. While full-year revenue is expected to rise, full-year operating profit will likely fall in light of the significant decline in profit in the first half.

■UNIQLO International: Revenue and profit rise in 3Q on Greater China profit recovery

Revenue and profit both rose in the third quarter. Profits recovered in Greater China. UNIQLO Southeast Asia and Oceania and UNIQLO Europe continue to generate gains in both revenue and profit, while operating losses at UNIQLO USA shrank. Profit continued to fall at UNIQLO South Korea. Thanks to a continued favorable overall performance into the fourth-quarter, we expect second-half revenue and profit will rise. However, given the large fall in profit in the first-half, we expect full-year revenue to rise but full-year profit to fall.

■Global Brands: Revenue and profit rise on continued GU strength

Generated gains in both revenue and profit in the third quarter. GU continues to enjoy double-digit growth in same-store sales and strong overall growth. Theory reported a slight rise in profits, while Comptoir des Cottonniers reported an expanded loss. Princesse tam.tam and J Brand reported similar losses to the previous year. With GU continuing strong in the fourth quarter, Global Brands is expected to generate a rise in full-year business profit. However, full-year operating profit will likely fall after incorporating a ¥15.0 billion impairment loss on J Brand.

■Fiscal 2016 consolidated estimates: Profit attributable to owners of the parent revised down on strong yen

Our latest consolidated forecasts for full-year revenue and operating profit remain unchanged (Consolidated revenue: ¥1.800 trillion (+7.0% year on year), operating profit: ¥120.0 billion (-27.0%)). However, we have revised down our forecast for profit attributable to owners of the parent to ¥45.0 billion (-59.1%) after incorporating a ¥37.0 billion foreign exchange loss resulting from yen appreciation under finance income/costs. Earnings per share have been revised down to ¥441.41. Scheduled FY2016 annual dividend: ¥350, including an interim dividend of ¥185 per share.

FY2016 Third-quarter Performance in Focus

■ UNIQLO Japan: Revenue and profit both rise in March-May quarter

UNIQLO Japan reported a rise in revenue but a fall in profit in the nine months to May 2016, with revenue rising to ¥645.4 billion (+1.1% year on year) and operating profit declining to ¥93.2 billion (-18.1%). However, the results show a recovery in both revenue and profit in the third quarter from

March to May 2016, with revenue rising 4.4% year on year and operating profit expanding 19.7% year-on-year. Same-store sales rose 2.8% year-on-year thanks to strong sales of trendy jogger pants and skants for women, and strong sales of sports advertising campaign items made from unique AIRism and DRY functional materials. The e-commerce segment also continued to grow strongly, with online sales rising 40.6% year-on-year to 5.5% of total sales. On the profit side, the gross profit margin improved 0.9 point year-on-year after a successful pricing strategy review in spring 2016 improved the discounting rate. The selling, general and administrative expenses ratio also improved 1.2 points year-on-year following some effective cost-cutting measures. While the radical overhaul of distribution systems is boosting distribution costs for the time being, other costs such as advertising and promotion expenses and outsourcing expenses all declined significantly. The total number of UNIQLO Japan stores increased by 2 to 846 stores at the end of May 2016. That total includes 39 franchise stores.

■ UNIQLO International: Revenue and profit rise in 3Q on Greater China profit recovery

UNIQLO International reported a rise in revenue but a decline in profit for the nine months to May 2016, with revenue reaching ¥532.8 billion (+10.6% year on year) and operating profit totaling ¥42.2 billion (-18.7%). However, the operation reported increases in both revenue and profit for the third quarter from March to May 2016, with revenue rising 5.3% and operating profit 41.1% year on year. UNIQLO Greater China (encompassing operations in mainland China, Hong Kong and Taiwan) generated a recovery in profits, while UNIQLO Southeast Asia and Oceania (Singapore, Malaysia, Thailand, the Philippines, Indonesia and Australia) and UNIQLO Europe (U.K., France, Russia, Germany and Belgium) generated continued rises in both revenue and profit. UNIQLO South Korea reported another decline in profit, while UNIQLO USA reported a smaller operating loss.

Looking at individual UNIQLO International operations in more detail, the March 2016 opening of the newly refurbished 311 Oxford Street global flagship store helped boost UNIQLO visibility in Europe. The gross profit margin at UNIQLO USA improved once the inventory adjustment cycle ran its course. UNIQLO USA business expenses ratios also improved as we pressed ahead with new management strategies. UNIQLO South Korea continued to struggle in the face of sluggish economic conditions and increasingly fierce competition. The total number of UNIQLO International stores had expanded by 161 year-on-year to 928 stores as of 31 May 2016.

■ Global Brands: Revenue and profit rise on continued GU strength

Global Brands reported gains in both revenue and profit in the first nine months of fiscal 2016, with revenue rising 12.6% year on year to ¥254.3 billion and operating profit increasing by 16.5% to ¥23.0 billion. Global Brands also generated revenue and profit increases for the March-May quarter, with revenue rising 12.0% and operating income expanding 8.7% year on year. GU continued to grow strongly, with the brand reporting double-digit growth in same-store sales on the back of robust sales of advertising campaign items such as skants and long T-shirts. Elsewhere, Comptoir de Cotonniers reported an expanded loss, while Princesse tam.tam and J Brand reported continued losses. Profits rose slightly at the Theory brand.

■ Fiscal 2016 consolidated estimates: Profit attributable to owners of the parent revised down on strong yen

Fast Retailing's latest estimates for consolidated revenue and operating profit for fiscal 2016 remain unchanged, with consolidated revenue expected to rise 7.0% year on year to ¥1.800 trillion yen and operating income to fall 27.0% to ¥120.0 billion. However, we have revised down our latest estimate for profit attributable to owners of the parent to ¥45.0 billion (-59.1%), after increasing the

expected foreign exchange loss under finance income/costs resulting from recent yen appreciation from ¥17.5 billion to ¥37.0 billion (using the end-June exchange rate of 1US\$=¥103).

Breaking down the consolidated estimates by business segment, we expect continued favorable performance in the fourth quarter at UNIQLO Japan to help generate revenue and profit gains in the second half from March to August 2016. However, while full-year revenue is expected to rise, full-year operating profit is forecast to contract to reflect the significant fall in first-half profit. At UNIQLO International, second-half revenue and profit is expected to rise on the back of higher fourth-quarter profits at UNIQLO operations in Greater China, Southeast Asia and Oceania, and Europe. Full-year revenue is forecast to rise, but full-year operating profit is expected to contract following the significant profit decline in the first half. Global Brands is expected to report a rise in full-year business profit on continued GU strength. However, full-year operating profit is forecast to fall after incorporating a ¥15.0 billion impairment loss on J Brand. We have scheduled an annual dividend for fiscal 2016 of ¥350, including an interim dividend of ¥185 yen per share.

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/>.