

**Results Summary for FY2017 First Half (Six Months to February 2017)**

**Consolidated Business Performance**

(Billions of Yen)

	Year to Aug 2016		Year to Aug 2017			
	1H Actual	Full-year	1H Actual	(y/y)	Full-year Est.	(y/y)
Revenue	1,011.6	1,786.4	1,017.5	(+0.6%)	1,850.0	(+3.6%)
Gross Profit	476.9	864.9	494.2	(+3.6%)	-	-
(to revenue)	47.1%	48.4%	48.6%	(+1.5p)	-	-
SG&A Expenses	370.7	702.9	365.4	(-1.4%)	-	-
(to revenue)	36.6%	39.3%	35.9%	(-0.7p)	-	-
Business profit	106.2	162.0	128.7	(+21.2%)	180.0	(+11.1%)
(to revenue)	10.5%	9.1%	12.7%	(+2.2p)	9.7%	(+0.6p)
Operating profit	99.3	127.2	130.6	(+31.5%)	175.0	(+37.5%)
(to revenue)	9.8%	7.1%	12.8%	(+3.0p)	9.5%	(+2.4p)
Profit before income taxes	82.0	90.2	147.6	(+79.9%)	175.0	(+93.9%)
(to revenue)	8.1%	5.1%	14.5%	(+6.4p)	9.5%	(+4.4p)
Profit attributable to owners of the parent	47.0	48.0	97.2	(+106.7%)	100.0	(+108.1%)
(to revenue)	4.7%	2.7%	9.6%	(+4.9p)	5.4%	(+2.7p)

**Performance by Group Operation**

(Billions of Yen)

		Year to Aug 2016		Year to Aug 2017	
		1H Actual	Full-year	1H Actual	(y/y)
UNIQLO Japan	Revenue	453.6	799.8	455.1	(+0.3%)
	Business profit	63.6	103.8	69.5	(+9.3%)
	(to revenue)	14.0%	13.0%	15.3%	(+1.3p)
UNIQLO International	Operating profit	64.1	102.4	68.7	(+7.3%)
	(to revenue)	14.1%	12.8%	15.1%	(+1.0p)
Global Brands	Revenue	389.2	655.4	392.8	(+0.9%)
	Business profit	32.5	46.1	49.8	(+53.1%)
	(to revenue)	8.4%	7.0%	12.7%	(+4.3p)
Global Brands	Operating profit	29.4	37.4	48.7	(+65.9%)
	(to revenue)	7.6%	5.7%	12.4%	(+4.8p)
Global Brands	Revenue	167.3	328.5	168.1	(+0.5%)
	Business profit	14.2	24.1	10.4	(-27.0%)
	(to revenue)	8.5%	7.3%	6.2%	(-2.3p)
Global Brands	Operating profit	14.3	9.5	10.0	(-29.7%)
	(to revenue)	8.6%	2.9%	6.0%	(-2.6p)

**FY2017 1H Highlights: Fast Retailing first-half revenue and profit rises**

■ **Consolidated Results: Consolidated operating profit expands 31.5%**

- Fast Retailing recorded gains in both revenue and profit in the first half. Revenue up 0.6% year on year to ¥1.0175 trillion. Higher-than-expected 31.5% year-on-year gain in operating profit to ¥130.6 billion.
- Profit rose considerably following the reporting of a ¥15.4 billion foreign exchange gain under finance income and costs. As a result, profit attributable to owners of the parent jumped 106.7% year on year to ¥97.2 billion.

■ **UNIQLO Japan: Gross profit margin improves as discounting rate kept under firm control**

- Revenue increased, and profit rose as planned. Revenue: ¥455.1 billion (+0.3%), operating profit: ¥68.7 billion (+7.3%).
- Same-store sales expanded 0.1%. While December 2016 sales contracted, UNIQLO's anniversary sale in November and the launch of spring ranges in early 2017 both generated strong sales.
- Gross profit margin improved by 2.1 points on restricted markdown of discounted items. SG&A ratio rose 0.8 point on a temporary rise in distribution costs relating to the transformation of our logistics systems.

■ **UNIQLO International: Segment records a strong gain in operating profit**

- The subdued 0.9% increase in revenue to ¥392.8 billion was largely due to foreign-exchange effects, which exerted an average 11% downward pressure on segment performance in yen terms. In local currency terms,

revenue increased in nearly all regions. The segment's operating profit came in well above target, recording an impressive 65.9% expansion to ¥48.7 billion.

• UNIQLO operations in Mainland China and Southeast Asia performed especially well, while UNIQLO USA recorded a large contraction in operating losses.

### ■ Global Brands: GU profit down

• Operating profit fell short of target, recording a 29.7% contraction to ¥10.0 billion on a decline in GU profit.

• GU gross profit margin declined after weaker-than-expected sales of 2016 Fall Winter ranges prompted offloading of excess inventory.

### ■ Fiscal 2017 consolidated estimates: Initial estimates unchanged, expect large rise in profit

• Fiscal 2017 estimates unchanged. Consolidated revenue: ¥1.8500 trillion (+3.6%), operating profit: ¥175.0 billion (+37.5%), profit attributable to owners of the parent: ¥100.0 billion (+108.1%). EPS ¥980.74.

• UNIQLO Japan expected to generate full-year gains in revenue and profit, with same-store sales predicted to expand approximately 1.8% year on year.

• UNIQLO International expected to achieve a strong profit gain, with Greater China and Southeast Asia acting as the key drivers of growth

• Global Brands expected to generate increased revenue and profit. While GU profit is expected to rise in the second half from March to August 2017, full-year GU profit is forecast to contract.

• Scheduled annual dividend: ¥350.

+++++

### Fiscal 2017 1H Performance in Focus

#### ■ UNIQLO Japan: Gross profit margin improves as discounting rate kept under firm control

UNIQLO Japan generated rises in both revenue and profit in the first half of fiscal 2017, with revenue totaling ¥455.1 billion (+0.3% year-on-year) and operating profit totaling ¥68.7 billion (+7.3% year-on-year). Same-store sales, including online sales, increased 0.1% year-on-year. The total number of UNIQLO Japan stores declined by a net 14 stores year-on-year to 791 (excluding 41 franchise stores) at the end of February 2017. Of this total, two stores shifted from directly operated stores to employee franchise stores.

A number of factors contributed to the increase in first-half same-store sales. First, the UNIQLO anniversary sale in November 2016 generated strong sales. Core Winter ranges such as HEATTECH innerwear, cashmere sweaters and BLOCKTECH outerwear also performed well, and 2017 Spring Summer ranges got off to a strong start in February.

On the profit front, the gross profit margin improved 2.1 points year-on-year as we maintained new attractive, instantly recognizable prices and kept a firm control on discounting. Thanks to persistent cost-cutting efforts, we were able to successfully reduce all business expenses items by a greater margin than originally planned, with the exception of distribution costs, which were boosted temporarily by measures taken to transform our logistics systems and by higher distribution outsourcing costs. As a result of increased distribution cost, the selling, general and administrative expense ratio rose by 0.8 point year-on-year.

E-commerce sales increased by 11.7% year-on-year in the first half of fiscal 2017 to ¥28.2 billion, constituting 6.2% of total sales. We are looking to expand e-commerce further by offering a broader range of special online sizes and exclusive online ranges, and enhancing services designed to make online shopping more convenient, such as enabling customers to pick up their online purchases at their local convenience store or UNIQLO store.

#### ■ UNIQLO International: Buoyant Mainland China and Southeast Asia operations fuel large gain in operating profit

UNIQLO International reported rises in both revenue and operating profit in the first six months of fiscal 2017, with revenue expanding by 0.9% year-on-year to ¥392.8 billion and operating profit expanding by a considerable 65.9% to ¥48.7 billion. Revenue increased healthily across the vast majority of UNIQLO international's operations in local-currency terms. However, the effect of the stronger yen compared to the

previous year pushed yen-based revenue down by an average 11%, resulting in the segment's more subdued 0.9% rise in overall revenue.

On the profit side, UNIQLO International recorded a significant increase in operating profit thanks to improvements in both the gross profit margin and the selling, general and administrative expense ratio. Profit contributions from Mainland China and Southeast Asia were especially strong. The UNIQLO operation in Mainland China reported strong sales and a large rise in profit on the back of an improved gross profit margin and the selling, general and administrative expense ratio, while UNIQLO Southeast Asia achieved strong growth in same-store sales. UNIQLO brand visibility in Southeast Asia has improved markedly thanks to efforts to broaden the local customer base by incorporating a broader range of products developed specifically to suit local climates and cultures; stronger marketing activities; and the opening of the first UNIQLO global flagship store, the Orchard Central Store, in Singapore in September 2016. Elsewhere, UNIQLO USA recorded a considerable reduction in operating losses following the successful implementation of operational changes. Our first two UNIQLO Canada stores, opened in Toronto in September 2016, continue to enjoy great success. Store numbers for the segment as a whole had expanded by 139 year-on-year to 1,029 stores at the end of February 2017.

### ■ Global Brands: GU profit down

Global Brands revenue expanded 0.5% year-on-year to ¥168.1 billion in the first half of fiscal 2017, but operating profit declined 29.7% year-on-year to ¥10.0 billion, largely due to a contraction in profit at our low-priced GU casual fashion brand.

GU profit declined after 2016 Fall Winter ranges proved less popular than initially expected, leading to aggressive discounting of excess inventory and contraction in the gross profit margin. In addition, the performance was being compared to an extremely buoyant first-half period in fiscal 2016 when operating profit expanded by 60% year-on-year. However, strong sales of individual product items such as big sweatshirts, baggy pants, loungewear, and sports sneakers helped stem the overall decline in first-half same-store sales at 1.1% year-on-year. In March 2017, we extended GU's international store network, which currently spans Shanghai and Taiwan, by opening the first GU store in Hong Kong. We intend to continue expanding the GU operation by accelerating store openings in Japan and actively promoting new store development in international markets.

Looking finally at other labels in the Global Brands segment, our France-based Comptoir des Cotonniers fashion brand reported a decline in revenue on sluggish sales, but generated a steady operating profit on active cost-cutting. Our France-based Princesse tam.tam label and our US-based J Brand premium denim label continued to generate a loss, while fashion brand Theory performed well to generate a rise in profit in the six months to February 2017.

### ■ Fiscal 2017 consolidated estimates: Initial estimates unchanged, expect large rise in profit

Our estimates for Fast Retailing performance in fiscal 2017 remain unchanged from initial forecasts announced in October 2016, which include a large expansion in full-year profits. Detailing those forecasts, Fast Retailing is expecting to achieve consolidated revenue of ¥1.8500 trillion (+3.6% year on year), operating profit of ¥175.0 billion (+37.5%) and profit attributable to owners of the parent of ¥100.0 billion (+108.1%). That would translate into expected net earnings per share of ¥980.74.

Taking our three business segments in turn, UNIQLO Japan is expected to report rising revenue and profit in fiscal 2017, and an approximate 1.8% year-on-year gain in same-stores sales (including e-commerce). To help achieve that result, we have initiated various activities in the second half from March to August 2017, including more active promotion of new 2017 Spring Summer ranges, offering a broader range of kids wear, and expanding e-commerce services to further enhance our online shopping experience.

We expect UNIQLO International to report strong profit gains in fiscal 2017. UNIQLO Greater China, Southeast Asia & Oceania, and South Korea are forecast to generate higher profits, while profit is expected to hold steady in Europe, and operating losses are expected to contract sharply in North America (US and Canada).

Global Brands is expected to generate gains in revenue and profit in fiscal 2017. Following the sharp fall in first-half profit at GU, we now expect GU will report a decline in profit for the full year through August 2017. However, we expect GU to report rising revenue and profit in the second half on the back of fresh efforts to advertise the newsworthy elements of GU Spring fashion items more effectively, and order additional production of strong-selling items more efficiently.

In terms of store numbers, we forecast the overall Fast Retailing Group network will expand to a total of 3,316 stores by the end of August 2017. This total breaks down into 837 UNIQLO Japan stores (including franchise stores), 1,104 UNIQLO International stores and 1,375 Global Brands stores.

Finally, we have scheduled an annual dividend for fiscal 2017 of ¥350, split evenly into an interim dividend of ¥175 and a year-end dividend of ¥175 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/>.