

Results Summary for FY2018 (September 1, 2017 to August 31, 2018)

Consolidated Business Performance

(Billions of Yen)

	Year to Aug 2017		Year to Aug 2018					Year to Aug 2019	
	Full Year Actual (2016/9~2017/8)	1H Actual		2H Actual		Full Year Actual		Full Year Estimate	
		(2017/9~2018/2)	y/y	(2018/3~2018/8)	y/y	(2017/9~2018/8)	y/y	(2018/9~2019/8)	y/y
Revenue	1,861.9	1,186.7	+16.6%	943.2	+11.7%	2,130.0	+14.4%	2,300.0	+8.0%
Gross Profit (to revenue)	909.2 48.8%	585.6 49.3%	+18.5% +0.7p	464.2 49.2%	+11.9% ±0.0p	1,049.9 49.3%	+15.5% +0.5p	-	-
SG&A Expenses (to revenue)	725.2 38.9%	403.6 34.0%	+10.4% -1.9p	393.8 41.8%	+9.5% -0.8p	797.4 37.4%	+10.0% -1.5p	-	-
Business profit (to revenue)	184.0 9.9%	181.9 15.3%	+41.4% +2.6p	70.4 7.5%	+27.4% +0.9p	252.4 11.9%	+37.2% +2.0p	275.0 12.0%	+8.9% +0.1p
Operating profit (to revenue)	176.4 9.5%	170.4 14.4%	+30.5% +1.6p	65.7 7.0%	+43.6% +1.6p	236.2 11.1%	+33.9% +1.6p	270.0 11.7%	+14.3% +0.6p
Finance income/cost (to revenue)	16.9 0.9%	-5.2 -	-	11.7 1.2%	-	6.4 0.3%	-61.9% -0.6p	0.0 -	-
Profit before income taxes (to revenue)	193.3 10.4%	165.1 13.9%	+11.9% -0.6p	77.4 8.2%	+69.2% +2.8p	242.6 11.4%	+25.5% +1.0p	270.0 11.7%	+11.3% +0.3p
Profit attributable to owners of the parent (to revenue)	119.2 6.4%	104.1 8.8%	+7.1% -0.8p	50.6 5.4%	+129.8% +2.8p	154.8 7.3%	+29.8% +0.9p	165.0 7.2%	+6.6% -0.1p

Performance by Group Operation

(Billions of Yen)

		Year to Aug 2017		Year to Aug 2018				
		Full Year Actual (2016/9~2017/8)	1H Actual		2H Actual		Full Year Actual	
			(2017/9~2018/2)	y/y	(2018/3~2018/8)	y/y	(2017/9~2018/8)	y/y
UNIQLO Japan	Revenue	810.7	493.6	+8.5%	371.1	+4.4%	864.7	+6.7%
	Business profit (to revenue)	96.7 11.9%	88.8 18.0%	+27.8% +2.7p	31.2 8.4%	+14.7% +0.7p	120.1 13.9%	+24.1% +2.0p
	Operating profit (to revenue)	95.9 11.8%	88.7 18.0%	+29.0% +2.9p	30.3 8.2%	+11.7% +0.6p	119.0 13.8%	+24.1% +2.0p
UNIQLO International	Revenue	708.1	507.4	+29.2%	388.8	+23.3%	896.3	+26.6%
	Business profit (to revenue)	76.2 10.8%	80.8 15.9%	+62.3% +3.2p	39.7 10.2%	+50.5% +1.8p	120.6 13.5%	+58.2% +2.7p
	Operating profit (to revenue)	73.1 10.3%	80.7 15.9%	+65.6% +3.5p	38.1 9.8%	+56.5% +2.1p	118.8 13.3%	+62.6% +3.0p
GU	Revenue	199.1	105.8	+8.3%	105.9	+4.6%	211.8	+6.4%
	Business profit (to revenue)	13.7 6.9%	9.0 8.5%	+22.0% +0.9p	2.9 2.8%	-53.9% -3.5p	11.9 5.6%	-13.0% -1.3p
	Operating profit (to revenue)	13.5 6.8%	9.1 8.6%	+23.3% +1.0p	2.6 2.5%	-57.2% -3.5p	11.7 5.6%	-13.1% -1.2p
Global Brands	Revenue	141.0	78.4	+11.4%	76.0	+7.7%	154.4	+9.5%
	Business profit (to revenue)	4.1 3.0%	3.3 4.2%	+11.4% -0.1p	2.9 3.9%	+143.0% +2.2p	6.2 4.1%	+49.2% +1.1p
	Operating profit (to revenue)	0.5 0.4%	-5.6 -	-	1.5 2.0%	-	-4.1 -	-

FY2018 Main Points

■ **Consolidated results: Fast Retailing reports record full-year performance**

• Achieved a record performance in the twelve months to August 2018. Revenue: ¥2.1300 trillion (+14.4% year-on-year), operating profit: ¥236.2 billion (+33.9%). Significant profit contributions from UNIQLO International and UNIQLO Japan.

• Profit attributable to owners of the parent rose 29.8% to ¥154.8 billion. We plan to increase our year-end dividend payment by ¥40 compared to our latest forecast to ¥240 per share. That would result in an increase in the annual dividend from ¥350 per share in FY2017 to ¥440 in FY2018.

■ **UNIQLO Japan: Operating profit rises sharply on strong sales, improved profitability**

• Revenue and profits both rose, with revenue totaling ¥864.7 billion (+6.7%) and operating profit reaching ¥119.0 billion (+24.1%).

• Full-year same-store sales rose 6.2% thanks to consistent growth in both the first and second half.

First-half same-store sales growth was extremely strong at 8.4%, thanks to strong sales of cold-weather clothing.

•Gross profit margin improved on strong overall segment performance. Business expense ratios also improved.

■UNIQLO International: Revenue surpasses, operating profit matches UNIQLO Japan

•Achieved significant gains in both revenue and profit. Revenue: ¥896.3 billion (+26.6%), operating profit ¥118.8 billion (+62.6%).

•Revenue surpassed UNIQLO Japan for the first time this fiscal year, and operating profit expanded to similar levels as UNIQLO Japan.

•All regions reported considerable gains in profit. Greater China continued to generate strong growth. Profit growth picked up at UNIQLO Southeast Asia & Oceania, as the region develops into a new growth pillar for the UNIQLO International segment. UNIQLO USA halved its operating loss as expected.

■GU: Operating profit down on sluggish sales

•Reported a rise in revenue and a fall in profit. Revenue: ¥211.8 billion (+6.4%), operating profit ¥11.7 billion (-13.1%).

•Same-store sales declined on problems with product mixes and volume planning.

•The gross profit margin dipped and business cost ratios increased on the back of sluggish sales, resulting in a decline in operating profit.

■Global Brands: Business profit rises. Operating loss on recording of impairment losses

•Reported rising revenue and profit. Revenue: ¥154.4 billion (+9.5%) and business profit, a good measure of fundamental profitability, totaled ¥6.2 billion (+49.2%), supported largely by profit gains at Theory.

•However, the segment reported an operating loss of ¥4.1 billion after recording impairment losses of ¥9.9 billion on Comptoir des Cotonniers and other labels.

•Theory reported rising revenue and profit. The Theory label enjoyed stable growth over the year, and the Japan-based PLST Theory brand also expanded favorably.

■ FY2019 consolidated estimates: Expect record performance with all segments achieving rising revenue and profits

• Predict another record overall performance, stemming from revenue and profit gains at all four business segments. FY2019 estimates for consolidated revenue: ¥2.3000 trillion (+8.0%), consolidated operating profit: ¥270.0 billion (+14.3%) and profit attributable to owners of the parent: ¥165.0 billion (+6.6%). We forecast an annual dividend per share in FY2019 of ¥480, up ¥40 on the previous year.

• UNIQLO International expected to generate further strong revenue and profit gains, and the segment's operating profit total is expected to far surpass that of UNIQLO Japan in FY2019. While UNIQLO Japan is forecast to report a decline in profit in the first half, the segment is expected to secure higher full-year revenue and profit on the back of strong second-half profit gains. We expect GU to achieve a recovery in sales and a significant rise in profit following thorough product mix reviews.

Fiscal 2018 Performance in Focus

■UNIQLO Japan: Operating profit rises sharply on strong sales, improved profitability

UNIQLO Japan reported significant rises in profit in fiscal 2018, with revenue totaling ¥864.7 billion (+6.7 % year-on-year) and operating profit totaling ¥119.0 billion (+24.1% year-on-year). Full-year same-store sales, including online sales, expanded by 6.2% year-on-year thanks to rising customer visits.

In the first half of the from 1 September 2017 through 28 February 2018, same-store sales grew at an extremely fast rate of 8.4% year-on-year on the back of unseasonably cold winter weather and timely increases in production of stronger selling items. In the second half from 1 March to 31 August 2018, same-store sales expanded by 3.3% year-on-year on the back of strong sales of Summer items such as AIRism, UT and DRY T-shirts. Full-year online sales increased by 29.4% year-on-year to ¥63.0 billion, constituting 7.3% of total revenue.

On the profit front, while the cost of sales continued to rise over the period due to a weakening in internal yen exchange rates, that negative impact was successfully offset by narrower discounting rates. As a result, the gross profit margin improved by 0.4 point year-on-year. Meanwhile, the selling, general and administrative expense ratio improved by 1.6 points year-on-year on the back of significant reductions in advertising and promotion expenses, distribution costs and personnel expenses.

■UNIQLO International: Revenue surpasses, operating profit matches UNIQLO Japan

UNIQLO International revenue and profit rose significantly in fiscal 2018, with revenue totaling ¥896.3 billion (+26.6% year-on-year) and operating profit increasing to ¥118.8 billion (+62.6% year-on-year). The gross profit margin improved by 1.1 points year-on-year on the back of favorable new store openings and consistently strong sales performances from all operations. The segment's concerted shift towards a business format that relies less heavily on discounting also contributed to the improved gross profit margin. The selling, general and administrative expense ratio improved 1.5 points on consistent cost-cutting efforts. It is worth noting that UNIQLO International revenue exceeded UNIQLO Japan revenue for the first time in fiscal 2018, and UNIQLO International's operating profit also expanded to a level approaching that of UNIQLO Japan.

Breaking down the strong UNIQLO International performance into individual markets: Same-store sales in the Greater China region continued to expand in fiscal 2018 as more and more consumers embraced the LifeWear concept, and regionally tailored product mixes proved a success. UNIQLO Greater China achieved buoyant double-digit growth in online sales, which constituted 15% of total revenue. A close correlation between marketing and stores helped temper discounting rates in South Korea, leading to a significant improvement in that operation's gross profit margin. UNIQLO Southeast Asia & Oceania achieved double-digit growth in same-store sales on the back of strong sales of UT and shorts. UNIQLO USA managed to halve its operating loss after reviewing a tailored product mix for consumers on the East and West Coasts, and achieving more accurate sales planning. UNIQLO Europe operating profit doubled on the back of strong performances from Russia, France and the United Kingdom. UNIQLO's newest national operations in Europe have gotten off to a strong start, with the first store in Spain opened in Barcelona in September 2017, the first store in Sweden opened in Stockholm in August 2018, and the first store in the Netherlands opened in Amsterdam in September 2018.

■GU: Operating profit down on sluggish sales

The GU business segment reported a rise in revenue but a fall in profit in fiscal 2018, with revenue climbing to ¥211.8 billion (+6.4% year-on-year) and operating profit declining to ¥11.7 billion (-13.1% year-on-year). Full-year same-store sales declined due to issues with product mixes and volume planning. In the first half, GU was unable to exploit actual demand due to an insufficient choice of coldweather ranges. In the second half, ranges featured in GU campaigns underperformed, and the large increase in the number of product types resulted in shortages of stronger-selling items. Against this backdrop of sluggish sales, the full-year gross profit margin declined 0.1 point year-on-year and the business expenses to net sales ratio increased by 1.2 points year-on-year. As a result, GU operating profit declined by 13.1% year-on-year.

■Global Brands: Business profit rises. Operating loss on recording of impairment losses

Global Brands revenue rose but profit fell in fiscal 2018. Revenue rose to ¥154.4 billion (+9.5%

year-on-year), but the segment reported an operating loss of ¥4.1 billion (an operating profit of ¥0.5 billion in fiscal 2017), following the recording of ¥9.9 billion in impairment losses on COMPTOIR DES COTONNIERS and other labels. The Theory fashion operation reported a rise in both revenue and profit, thanks to stable growth for the Theory label in both the United States and Japan, and a favorable expansion in Theory's Japan-based PLST brand. COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM and J Brand reported continued losses for the full business year.

■ FY2019 consolidated estimates: Expect record performance with all segments achieving rising revenue and profits

Fast Retailing expects to achieve a record performance in the financial year ending August 31, 2019, with all four business segments generating rises in both revenue and profit. We predict consolidated revenue will expand to ¥2.3000 trillion (+8.0% year-on-year), consolidated operating profit will reach ¥270.0 billion (+14.3%), profit attributable to owners of the parent will increase to ¥165.0 billion (+6.6%), resulting in earnings per share of ¥1,617.33 yen. We expect our annual dividend per share in FY2019 will increase by ¥40 year on year to ¥480, split evenly between interim and year-end dividends of ¥240 each.

UNIQLO International is predicted to generate further strong revenue and profit gains in FY2019. Furthermore, UNIQLO International operating profit is expected to outstrip that of UNIQLO Japan for the first time in this financial year. Breaking down the UNIQLO International forecasts by region, Greater China, Southeast Asia & Oceania, and Europe are expected to generate strong gains in both revenue and profit, while UNIQLO North America (United States & Canada) is forecast to turn a profit. Meanwhile, we estimate operating profit will dip slightly at UNIQLO Japan in the first half, compared to the extremely strong profit gain attained from strong sales during the harsh FY2018 Winter. However, UNIQLO Japan profit is expected to rebound sharply in the second half, helping the segment to secure gains in both revenue and profits for the year as a whole. We forecast sales for our GU brand will recover on the back of a vigorous review of product ranges, and the segment will achieve a significant rise in profit. Finally, Global Brands is forecast to achieve significantly higher profit levels on the back of revenue and profit gains at the segment's Theory operation.

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/>.