

Fast Retailing (2008)

<http://www.fastretailing.co.jp/>

Fast Retailing, Uniqlo 2008 financial report shows an increase in both income and profit - 587 billion yen in total sales (11.7% increase YoY) and a total profit of 86 billion yen (32.7% increase YOY). Uniqlo and Toray joint partnership led to the development of Heat Tech product series which was a huge success in Japan. On top of the successes enjoyed by Uniqlo's new products, existing goods and shops are seeing an improvement in their total sales. At the same time, their overseas business is enjoying gradual growth. While other apparel related businesses such as department stores and specialty stores are seeing a decrease in sales, Uniqlo is the only company that is seeing an improvement in its total sales. The company strives to achieve 1 trillion yen in total sales by 2010, 70% from Uniqlo domestic businesses and 30% from businesses acquired through M&A and other related domestic businesses.

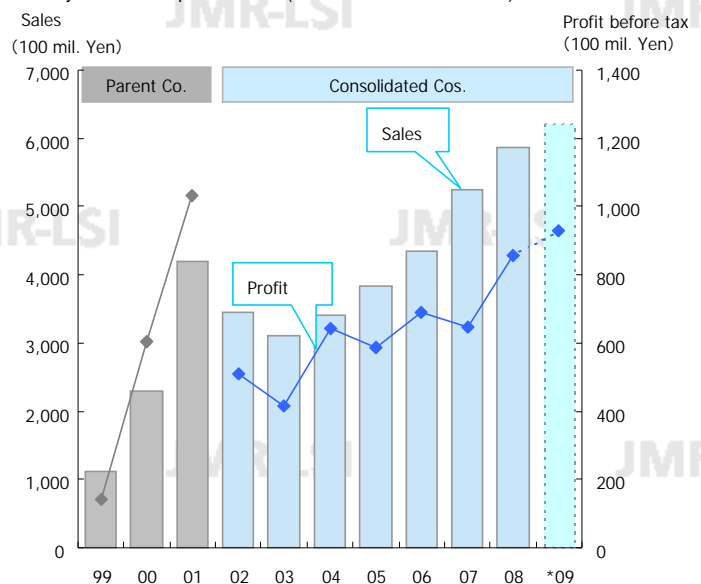
Business Strategy

(1) Present Strategies	(2) Strengths & Weaknesses	(3) Future directions
Mission: "Global One" (2010 Goal) 1 trillion yen in sales and 150 billion yet in profit by 2010 (Business plan) 1. Overseas projects <ul style="list-style-type: none"> ● global merchandising ● opening flagship stores and mega stores ● global marketing ● globalization of production/manufacturing ● forge close relationship with manufacturers 2. Reform domestic enterprise 3. Cultivate and strengthen the Fast Retailing global brand	Strength High profit margin (gross profit exceeds 50%) Low cost store maintenance Functionality of products that allows long lasting popularity High acknowledgement and strong brand image as casual clothing company Clever and innovative use of media mix	Strengthening and developing Uniqlo international for long term growth Develop new areas of related businesses, building a Win-Win business partnership, equity (capital) participation, M&A etc Expand domestic and overseas businesses Reconstruction of acquired companies brand portfolio Globalization of human resources development and recruitment of talents directed at M&A operations
	Weakness Vulnerable to price competition Lack of human resources in overseas branches → insufficient training and managerial skills	

Sales by category

	Sales (100 mil. yen)	YoY change (%)	Distribution ratio (%)
Men's	1,564	104.9	26.7
Women's	1,452	107.3	24.8
Kid's and Baby's	243	101.2	4.1
Innerwear	1,068	120.6	18.2
Miscellaneous	215	105.2	3.7
Uniqlo domestic products total sales	4,541	108.8	77.4
Franchise stores related earnings, adjusted cost sales	82	111.8	1.4
Domestic business total	4,623	108.9	78.8
Overseas business	293	172.6	5.0
Uniqlo business total	4,917	111.3	83.8
Global Brand business	438	119.1	7.5
Domestic-related business	495	107.4	8.4
Other businesses	15	222.6	0.3
Total	5,865	111.7	100.0

10 year financial performance (from 2002 on consol. basis)



Historical Path Analysis

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Business Stage	Aggressive Expansion		Negative Growth	Counter - reaction Strategy				Counter - reaction Offense		
Analysis	Uniqlo's Fleece Campaign was the company's first major success in mass retailing of a single product type. In the same period, the strengthening of Uniqlo's brand policy and operation system allowed Uniqlo to achieve a remarkable growth in its sales.		In 2000, Uniqlo faced stagnant growth and two years later its sales record showed a decline its operating sales profit and a sharp drop in its stock prices.	In 2003, Uniqlo began to show signs of improvement. Fast Retailing Group announced its long-term goal to achieve 1 trillion yen in sales and to be the world's number one casual clothing company. In 2005, Uniqlo underwent corporate restructuring and in November of the same year the company established its status as a holding corporation. Uniqlo began to open large-scale shops at a significant rate and by 2006 Uniqlo opened its first flagship store in New York. Simultaneously, Uniqlo became active in domestic as well as overseas M&A. In 2009, Uniqlo introduced a new line of casual clothing 'g.u.' that beats the Uniqlo price standard.				Uniqlo continues to open flagship stores in Japan and overseas. The huge success of their Heat Tech product series brought continuous positive growth to the company. In 2008, Uniqlo saw positive growth in its business overseas. Uniqlo aims to reach 1 trillion yen in sales (Uniqlo Japan 700 billion yen and overseas and M&A 300 billion yen)		