UNIQLO80 (DR)

Why UNIQLO scales while others stall

- UNIQLO standardizes simplicity into a global retail formula.
- Full control of supply chain enables margin consistency and global replication.
- Recommend a BUY with TP of THB12.1 (¥52,550, YEN/THB at 0.23)

Selling essentials, not just clothes

UNIQLO isn't chasing trends—it's codifying everyday style. Its LifeWear concept centers on clean design, universal comfort, and lasting value. Backed by Fast Retailing's SPA model (design-to-retail vertical integration), the brand maintains full control across production and distribution. With fewer SKUs, disciplined store rollouts, and minimal discounting, it has become the go-to uniform for a growing global middle class. In May 2025, same-store and online sales in Japan rose +13.1% y-y, showing strong resilience in a cautious environment.

Precision over speed

While fast fashion peers rely on rapid trend cycles, UNIQLO plays a long game: stability over spontaneity. Through AI-assisted inventory planning, uniform pricing, and simplified merchandising, it sustains ~56% gross margin and best-in-class cost control. In 1Q25, Fast Retailing posted ¥810b revenue (+13% y-y) and ¥145b OP (+25% y-y), with overseas markets driving growth. UNIQLO International delivered ¥1.01tr in 1H25 revenue and ¥168.5b in OP—nearly 2x Japan's. With 2,400+ stores worldwide (~800 in Japan, ~920 China, ~400 SEA & India, ~70 North America), its profit engine is clearly shifting toward international markets.

Margin-led growth at scale

UNIQLO doesn't need high prices—it delivers through flawless execution. With ~16.1% EBIT margin, it outpaces H&M (~10%) and rivals Zara (17%), despite a lower ASP ($38 vs. $44–46). Its model—minimal markdowns, lean SKUs, seasonless products like AIRism and Heattech—enables margin stability across cycles. ROE stands at ~20%, well above H&M (~14%). In a category where size often crushes profitability, UNIQLO proves disciplined scale is a competitive moat.

Built for long-term relevance

UNIQLO's next growth engine lies in market depth—not just width. In India, it plans to scale from 10 to 80 stores over the next few years, aiming for ¥18b in sales by FY25. In North America, continued double-digit growth is supported by strong brand reception in urban centers like New York, LA, and Toronto. Meanwhile, Fast Retailing is accelerating digital infrastructure investments to integrate offline and online channels, aiming to raise e-commerce contribution from ~15% to 30% over time. Combined with centralized production, AI-enhanced demand planning, and tight capex discipline, these moves sharpen UNIQLO's edge as a margin-resilient global compounder.

Recommend a BUY with TP of THB12.1 (¥52,550, YEN/THB at 0.23)

Bloomberg consensuses recommend a BUY on UNIQLO80, with a TP of THB12.1 based on 35.4x FY25E P/E. UNIQLO offers a rare mix of brand clarity, capital-light global expansion, and structural margin stability. Catalysts include ongoing store rollout in Southeast Asia and North America, AI-driven inventory optimization, and a margin rebound from China restructuring.

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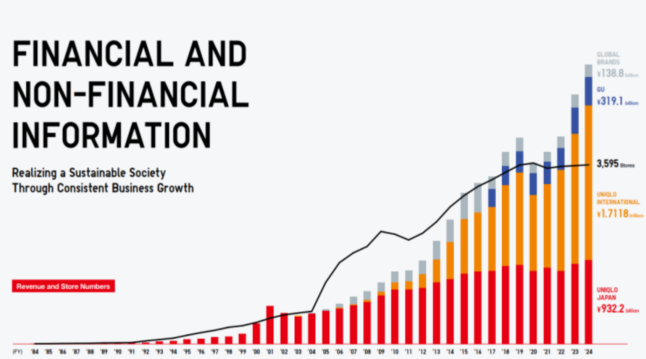
Exhibit 1: FY2024 Performance Highlight



Sources: fastretailing

Exhibit 2: UNIQLO's revenue breakdown

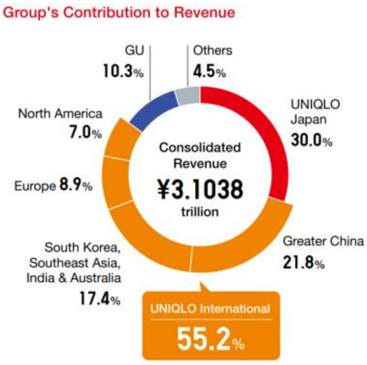
Performance by Group Operation

		FY2023			FY2024		
		Billions of yen	YoY change Billions of yen	% change	Billions of yen	YoY change Billions of yen	% change
UNIQLO Japan	Revenue	890.4	+80.1	+9.9	932.2	+41.8	+4.7
	Operating profit	117.8	+9.9	+9.2	155.8	+37.9	+32.2
UNIQLO International	Revenue	1,437.1	+318.3	+28.5	1,711.8	+274.6	+19.1
	Operating profit	226.9	+68.6	+43.3	283.4	+56.4	+24.9
GU	Revenue	295.2	+49.1	+20.0	319.1	+23.9	+8.1
	Operating profit	26.1	+9.4	+56.8	33.7	+7.5	+28.9
Global Brands*	Revenue	141.6	+18.5	+15.0	138.8	(2.8)	(2.0)
	Operating profit	(3.0)	(2.2)	–	0.6	+3.6	–

*Global Brands includes Theory, PLST, Comptoir des Cotonniers, Princesse tam.tam.
Note: Consolidated revenue also includes items reported by Fast Retailing Co., Ltd., the Parent company, such as real estate leasing. Consolidated operating profit includes Fast Retailing operating profit.

Sources: fastretailing

Exhibit 3: UNIQLO's 2024 revenue breakdown by countries



Sources: fastretailing

Exhibit 4: Apparel manufacturer and retailer ranking

Major Global Apparel Manufacturer and Retailer

Company Name (Flagship Brand)	Country and Region	End of Fiscal Year	Sales (Trillion of yen)	Sales (Billions of dollar)	Change (%) (local base)
Inditex, S.A. (ZARA)	Spain	Jan. 2025	6.01	40.2	+7.5
H & M Hennes & Mauritz AB	Sweden	Nov. 2024	3.26	21.8	-0.7
FAST RETAILING CO., LTD. (UNIQLO)	**Japan**	**Aug. 2024**	**3.10**	**20.8**	**+12.2**
Gap Inc.	USA	Feb. 2025	2.26	15.1	+1.3
lululemon athletica inc.	USA	Jan. 2025	1.58	10.6	+10.1
PVH Corp. (Calvin Klein,Tommy Hilfiger)	USA	Feb. 2025	1.29	8.7	-6.1
Next plc	UK	Jan. 2025	1.15	7.7	+11.4
Ralph Lauren Corporation	USA	Mar. 2024	0.99	6.6	+2.9
Victoria's Secret & Co.	USA	Feb. 2025	0.93	6.2	+0.8
Urban Outfitters, Inc.	USA	Jan. 2025	0.83	5.6	+7.7

Notes: Compiled from the annual reports of the companies listed above.
*Figures calculated in yen using February 28,2025 FX rates. ($1=¥149.58)

Sources: The Business Research Company

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight:	The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral:	The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight:	The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.