

Japan–China Headwinds, Nvidia–Alphabet Tailwinds

- China's Japan travel advisory implies ~0.3% GDP and ~1% UNIQLO earnings risk.
- Berkshire's \$4.9b GOOG80 stake and Nvidia earnings on 19 Nov.
- This Week's DR Pick: UNIQLO80, TP of THB12.10 (¥52,550, YEN/THB at 0.23).

Japan–China Travel Rift: Sentiment vs. Fundamentals

On 14 Nov, the **Chinese government issued a travel advisory** urging its citizens to refrain from visiting Japan in the near term ([link](#)). The announcement triggered a sharp sell-off in **China-exposed Japan plays** on 17 Nov, with **UNIQLO80 -4%**, **SONY80 -3%**, and **Food & Life Companies (3563.T, Sushiro) -13%**. According to the [Japan Tourism Agency](#), Chinese tourists accounted for ~24% of total inbound spending in Jan–Sep 2025, down from **nearly 37% in 2019**, underscoring Japan's reduced reliance on Chinese visitors. Moreover, **inbound tourism represents only about 1.3% of Japan's GDP**, implying that even a full disappearance of Chinese tourists would translate into a **direct GDP impact of roughly 0.3%**.

UNIQLO's China Exposure: Manageable, Not Structural (Yet)

At this stage, the ultimate outcome remains uncertain, but we view the travel advisory as a **short-term issue** that is likely to be resolved over time. Based on our estimates of **tax-exempt sales to Chinese visitors in Japan**, even if these sales were cut, the earnings impact on **UNIQLO80 would be limited to 1%**, with a larger drag felt by mall operators such as **Isetan, Takashimaya, and ABC-Mart**. That said, UNIQLO's structural exposure to China is not negligible: it operates **around 897 stores in China out of 2,519 globally (~35%)**, contributing roughly **20% of group profit**. However, we believe the current development is still **some distance from directly impairing UNIQLO's on-the-ground China operations**, and thus see the near-term share price reaction as more **sentiment-driven than fundamentally justified**.

Berkshire Bets Big on Alphabet

To the U.S. market, **Berkshire Hathaway (BRKB80)** disclosed a **\$4.9b stake in Alphabet (GOOG80)**, marking one of its few large tech investments outside Apple and driving **GOOG80 shares up more than 4%**. We remain [bullish on GOOG80](#), viewing it as one of the few players with **full-stack AI capabilities** and still trading at **one of the lowest P/E multiples among mega-cap AI leaders**. For **BRKB80**, we continue to see **solid fundamentals and a resilient franchise**, consistent with our previous [initiation](#), even as the market looks beyond the Buffett era. In our view, **Greg Abel likely played a key role in the Alphabet investment decision**, underscoring Berkshire's increasing tilt toward high-quality, cash-generative technology platforms.

All Eyes on Nvidia's Next Print

The key name to watch this week is **Nvidia (NVDA80)**, which reports earnings on **19-Nov**, with consensus **revenue of US\$54.9b (+56% y-y)** and **EPS of US\$1.25 (+54% y-y)**. Although **SoftBank is taking profit on its entire ~\$6b Nvidia stake**, we believe the **Nvidia cycle still has substantial runway** as the AI investment wave continues. Order books remain effectively full, and Nvidia stands out as **one of the clearest cash beneficiaries of the ongoing AI infrastructure boom**.

This Week's DR Pick: UNIQLO80, TP of THB12.10 (¥52,550, YEN/THB at 0.23)

We reiterate **UNIQLO80** as our **weekly DR pick** with a TP of **THB12.10**. As the Japan–China–related sell-off begins to stabilize, we view the pullback as a **compelling entry point** rather than a shift in fundamentals. Uniqlo's underlying business remains **solid**, therefore we **maintain our constructive view** outlined in our [initiation](#).

Analyst

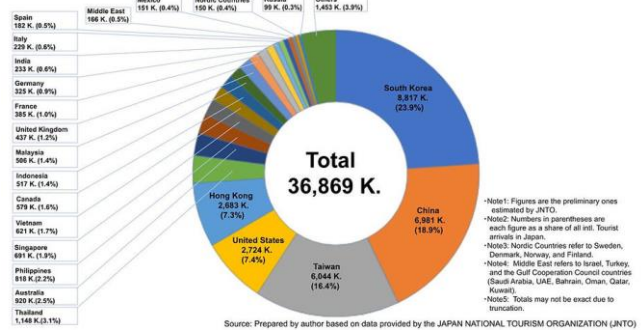
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Exhibit 1: Tourist arrival to Japan in 2024

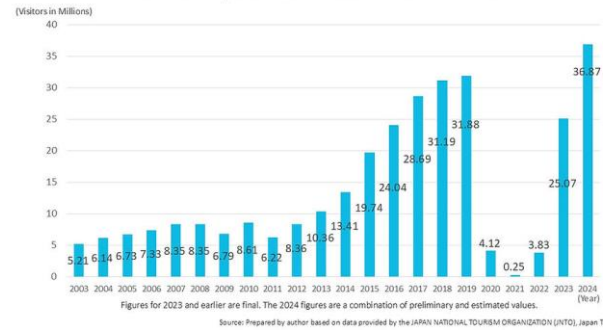
Breakdown of International Tourist Arrivals to Japan by Country/Region in 2024



Sources: JITTI

Exhibit 2: Number of tourist arrival in Japan

Trend of Japan's Inbound Tourism Growth



Sources: JITTI

Exhibit 3: UNIQLO80 Revenue breakdown by region

Units: Billions of yen		Yr to Aug. 2024		Yr to Aug. 2025			
		Actual	1H Actual	1H	2H Actual	2H	Full Year Actual
UNIQLO	Revenue	932.2	541.5	+11.6%	484.5	+8.4%	1,026.0
	Business profit	154.3	97.5	+27.7%	83.7	+7.4%	181.3
	(% revenue)	16.6%	18.0%	+2.2p	17.3%	+0.1p	17.7%
	Other income, expenses	0.0	0.4	-91.7%	3.3	+446.6%	3.3
	(% revenue)	0.0%	0.4%	-91.7p	0.4%	+446.6p	0.4%
Japan	Operating profit	155.8	97.6	+26.4%	86.7	+10.5%	184.4
	(% revenue)	16.7%	18.0%	+2.2p	17.9%	+0.3p	18.0%
	Revenue	1,711.8	1,014.1	+7.4%	896.1	+8.2%	1,910.2
	Business profit	169.7	169.5	+13.0%	135.7	+7.8%	309.3
	(% revenue)	19.1%	16.7%	+3.0p	15.1%	+0.1p	16.0%
UNIQLO International	Other income, expenses	7.3	-1.0	-	5.0	-22.8%	4.0
	(% revenue)	0.4%	-0.1%	-	0.6%	-2.8p	0.2%
	Operating profit	283.4	168.5	+11.7%	140.7	+6.2%	309.3
	(% revenue)	16.6%	16.6%	-0.5p	15.7%	+0.3p	16.2%
	Revenue	319.1	165.8	+3.9%	164.8	+3.3%	330.7
GU	Business profit	32.4	13.1	-13.3%	15.2	-12.1%	28.3
	(% revenue)	10.2%	7.9%	-1.8p	9.2%	-1.1p	8.0%
	Other income, expenses	1.5	0.7	+299.0%	1.3	+32.2%	2.1
	(% revenue)	3.2%	1.3%	-9.3p	1.6%	-9.6p	2.0%
	Operating profit	33.7	13.9	-1.2p	16.5	-9.6p	30.5
Global Brands	(% revenue)	10.6%	8.4%	-1.4p	9.4%	-1.4p	9.0%
	Revenue	138.8	67.7	-2.3%	63.7	-8.2%	131.5
	Business profit	0.1	1.1	-	1.5	-18.3%	2.6
	(% revenue)	0.1%	1.7%	-	2.3%	-0.3p	2.0%
	Other income, expenses	0.5	-0.1	-	-3.4	-	-3.6
Brands	(% revenue)	0.3%	-0.1%	-	-5.3%	-	-2.7%
	Operating profit	0.6	0.9	-	-1.8	-	-0.9
	(% revenue)	0.5%	1.3%	-	-2.8%	-	-0.7%

Sources: Fast Retailing

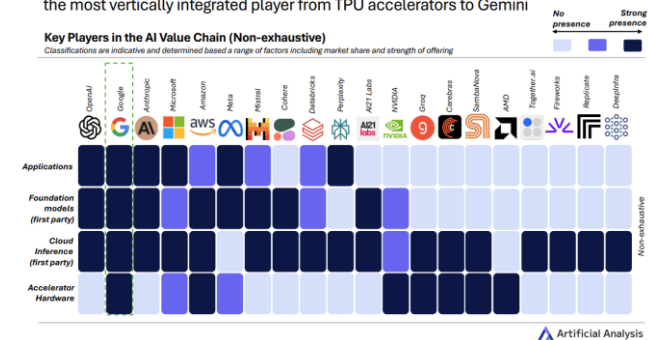
Exhibit 4: UNIQLO80's business performance

	Year to Aug 2024	Year to Aug 2025						Year to Aug 2026	
	Full Year Actual (2024 ~ 24H)	1H Actual (24H ~ 25/2)		2H Actual (25/2 ~ 25/8)		Full Year Actual (24/9 ~ 25/8)		Full Year Estimate (25/9 ~ 26/8)	
		(¥bn)	(¥bn)	(¥bn)	(¥bn)	(¥bn)	(¥bn)	(¥bn)	(¥bn)
Revenue	3,103.8	1,790.1	+12.0%	1,610.3	+7.0%	3,405.5	+9.6%	3,750.0	+10.3%
Gross Profit	1,673.0	954.8	+13.0%	874.0	+5.6%	1,828.8	+9.3%	-	-
(to revenue)	53.9%	+1.5p	-0.7p	-0.7p	-0.7p	+1.1p	-0.1p	-	-
SG&A Expenses	1,197.7	653.1	+9.9%	624.5	+5.2%	1,277.7	+7.6%	-	-
(to revenue)	38.3%	-26.5%	-0.7p	-38.8%	-0.6p	-37.6%	-0.7p	-	-
Business profit	485.3	301.6	+20.1%	249.4	+6.5%	551.1	+13.6%	610.0	+10.7%
(to revenue)	15.6%	16.9%	+1.2p	15.8%	-0.1p	16.2%	+0.1p	16.3%	+0.1p
Other income, expenses	15.5	2.5	-57.0%	10.5	+9.7%	13.1	-15.7%	-	-
Operating profit	500.9	304.2	+18.3%	260.0	+6.7%	564.2	+12.6%	610.0	+8.1%
(to revenue)	16.1%	17.0%	+0.9p	16.1%	-0.1p	16.6%	+0.5p	16.3%	-0.3p
Finance income/losses	56.2	59.5	+40.6%	26.8	+91.6%	86.3	+53.3%	50.0	-42.1%
Profit before income taxes	557.2	363.7	+21.5%	286.8	+11.3%	650.5	+16.8%	660.0	+1.4%
(to revenue)	18.0%	20.3%	+1.6p	17.8%	-0.7p	19.1%	+1.1p	17.6%	-1.5p
Profit attributable to owners of the parent	371.9	233.5	+19.2%	199.4	+13.3%	433.0	+16.4%	435.0	+0.5%
(to revenue)	12.0%	13.0%	+0.7%	12.4%	+0.7p	12.7%	+0.7p	11.6%	-1.1p

Sources: Fast Retailing

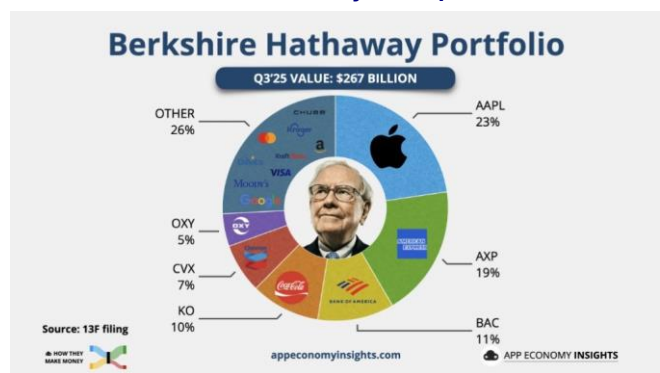
Exhibit 5: Players in the AI value chain

Players in the AI value chain differ in levels of vertical integration; Google stands out as the most vertically integrated player from TPU accelerators to Gemini



Sources: Artificial Analysis

Exhibit 6: Berkshire Hathaway 3Q25 portfolio



Sources: App Economy Insights

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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 $(\text{target price}^* - \text{current price}) / \text{current price}$.

- 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.