

Results
Interim Half Year 2004

22 September 2004

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Some of these risks include, amongst others, ongoing competitive pressure in the sector, consumer tastes and spending trends, economic, political, regulatory and trade conditions in the markets where the Inditex Group is present or in the countries where the Group's products are manufactured or distributed.

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José María Castellano

Deputy Chairman & CEO

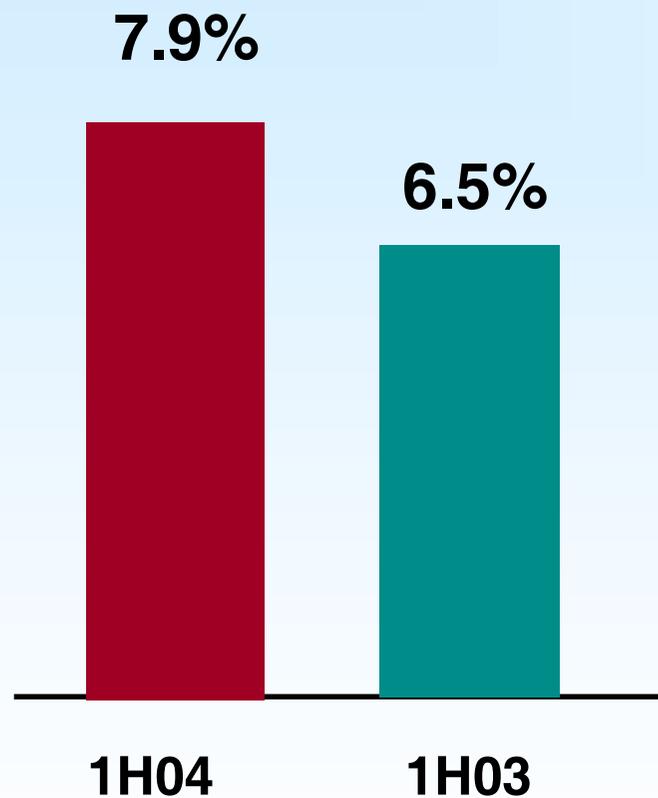
- **Results Interim Half Year 2004**
 - Overview
 - Financial summary
 - Concepts
- **Outlook**

Overview: Interim Half-year 2004

INDITEX

- **Sales growth +22%**
 - **LFL sales growth +7.9%**
 - **115 net store openings to 2,037 in 52 countries**
- **Gross Margin expansion to 52.0% of sales**
- **EBIT growth +28%**
- **Net income growth +29%**
- **EPS of 30 cents**

Like-for-like Sales growth



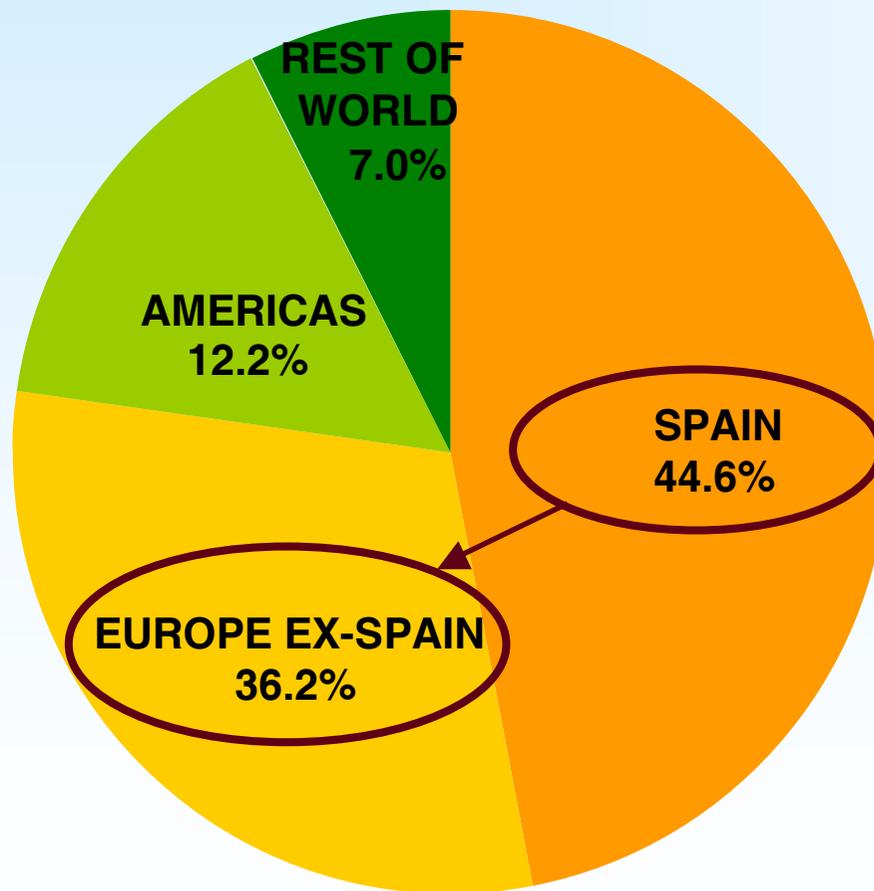
- **Solid LFL performance**
- **Low end-of-season clearance (low markdowns)**
- **Early introduction of Autumn-Winter collection well-received**

Store openings according to plan

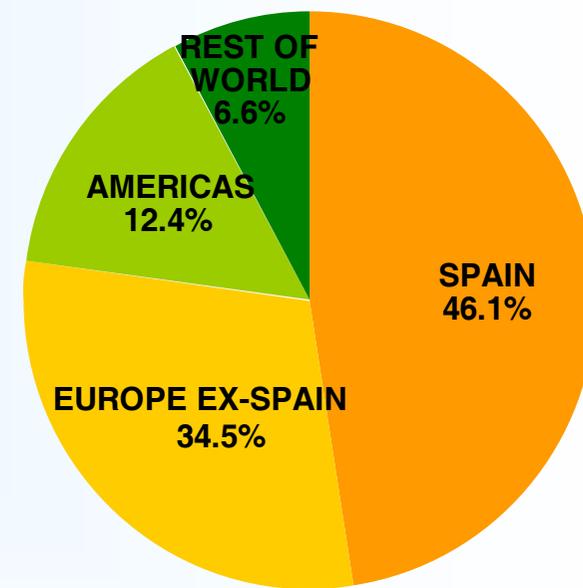
	Openings		Stores as of 31 Jul 04	Stores as of 31 Jul 03
	1H04	1H03		
ZARA	27	30	653	561
KIDDY'S CLASS	13	17	116	76
PULL&BEAR	9	26	355	322
MASSIMO DUTTI	13	17	307	267
BERSHKA	19	28	272	225
STRADIVARIUS	16	20	207	173
OYSHO	10	(1)	86	71
ZARA HOME	15	--	41	--
Total net openings	115	137	2,037	1,665

Geographic breakdown of store sales

1H04



1H03



(1) Store sales: Includes sales in OMS and franchises

Financial Summary

Borja de la Cierva

CFO

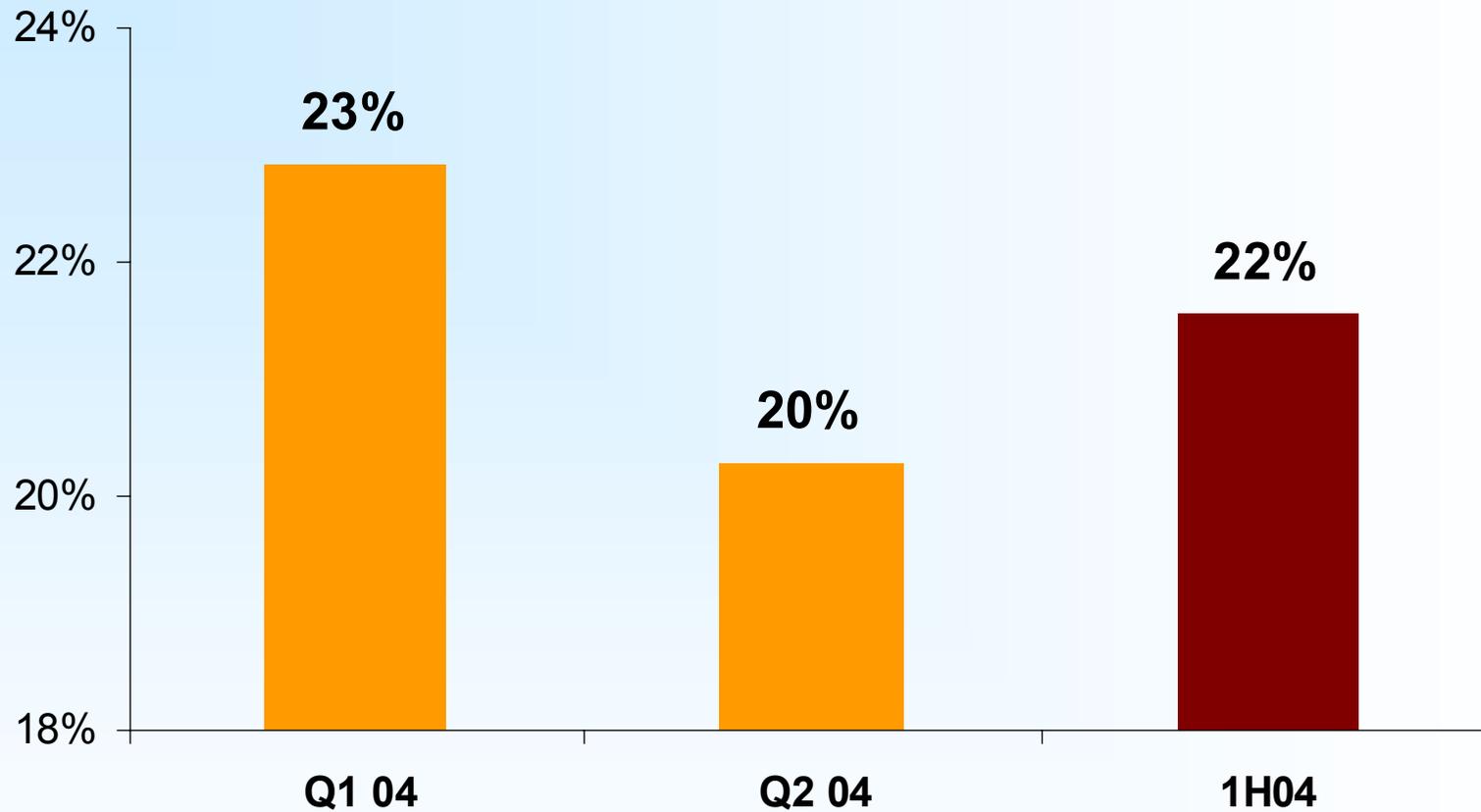
Highlights

million €	1H 2004	1H 2003	% 04/03
NET SALES <i>LFL</i>	2,406 8%	1,979.3 6.5%	22%
GROSS MARGIN <i>% margin</i>	1,252 52.0%	989 50.0%	27%
EBITDA <i>EBITDA margin</i>	430 17.9%	336 17.0%	28%
EBIT <i>EBIT margin</i>	287 11.9%	224 11.3%	28%
NET INCOME EPS (€ cents)	188 30	146 23	29%

Sales growth

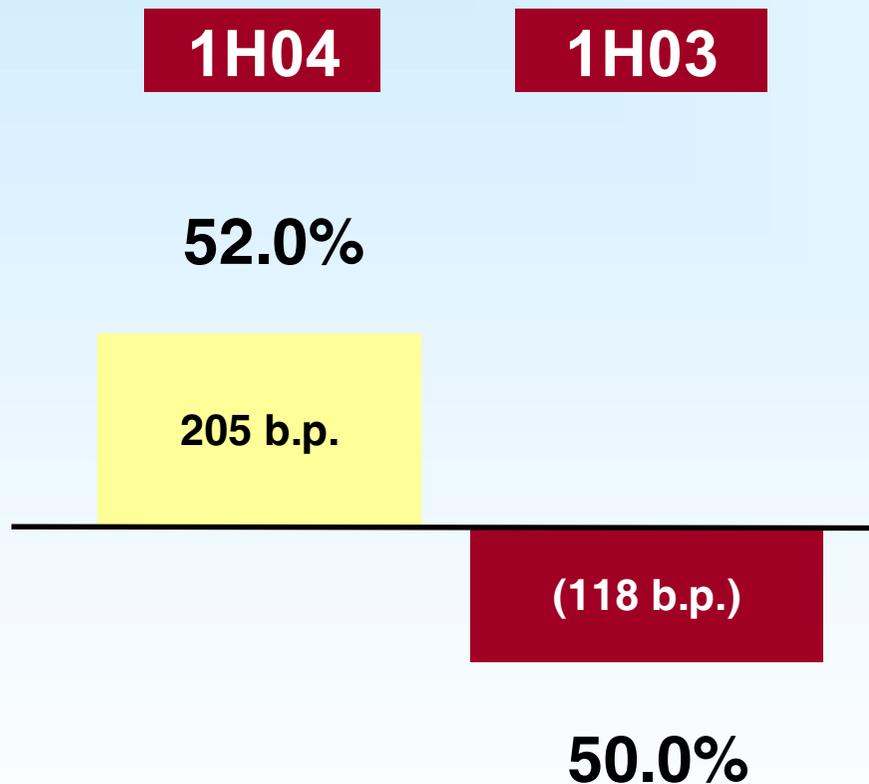
Space contribution	+15.3%
LFL	+7.9%
Currency impact	(1.7%)
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Top line growth	22%

Quarterly sales growth



- Space contribution
- Calendar effect

Gross Margin



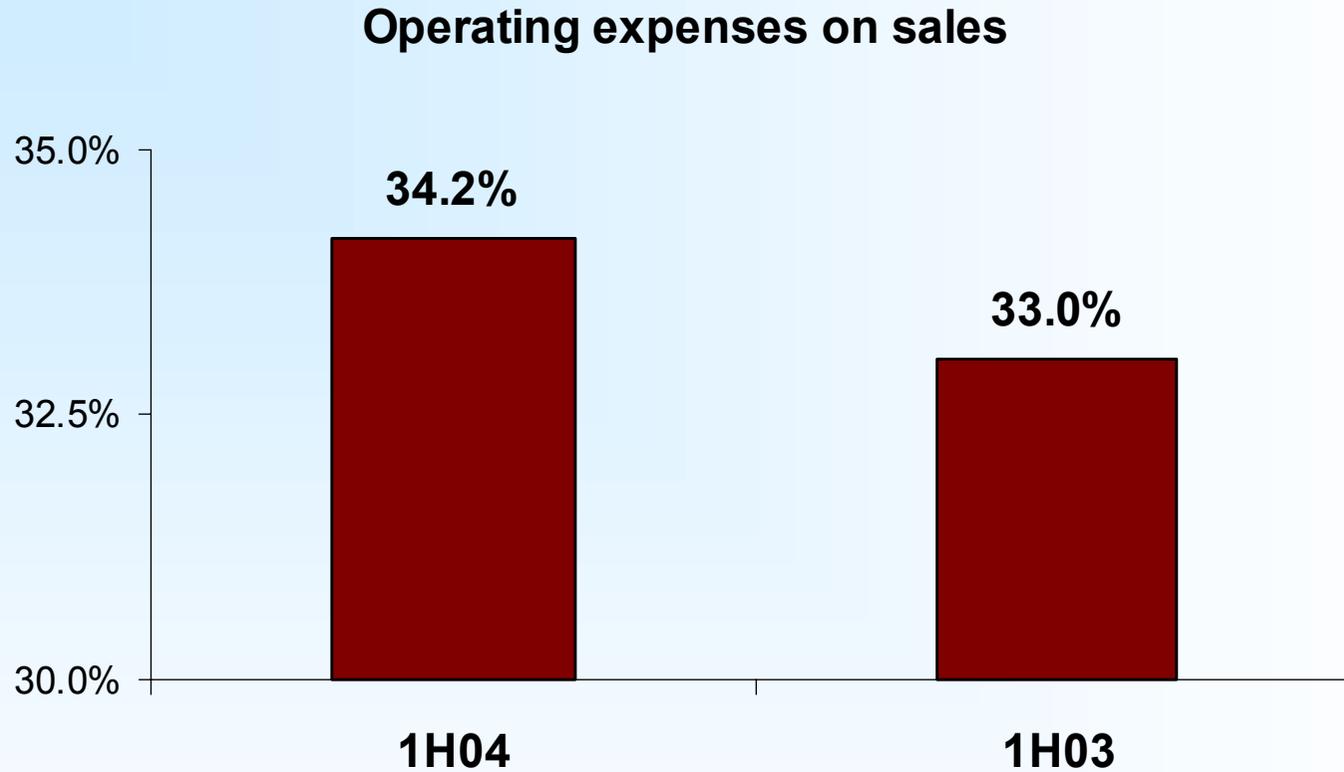
- Higher initial mark-up
- Substantial recovery of currency impact in gross margin
- Inventory management
- Lower weight of end-of-season clearance (lower volumes & markdowns)
- Higher proportion of International sales
- Early introduction of Autumn-Winter collection

Gross margin

INDITEX

(basis points)	1H 04	1H 03	FY03
Currency impact & Increase in Latam prices	90	(100)	(84)
Product management	115	(18)	(42)
TOTAL	205	(118)	(140)

Operating expenses



- **2nd DC for Zara**
- **Cost of new and immature space**

Financial expenses

(€ million)	Q1	Q2	1H 04
Financial expenses	(1.0)	(2.0)	(3.0)
FX losses	(7.6)	0.3	(7.3)
	(8.6)	(1.7)	(10.3)

- Financial expenses according to financial position
- Ordinary and Extraordinary Dividend 03 paid in Q2 04

Change in Minorities: Zara Italy, Zara Japan **INDITEX**

Minorities	Q1	1H
Zara Italy	49%	20%
Zara Japan	50%	15%

Minorities Charge (Milion €)	(3.9)	(4.0)
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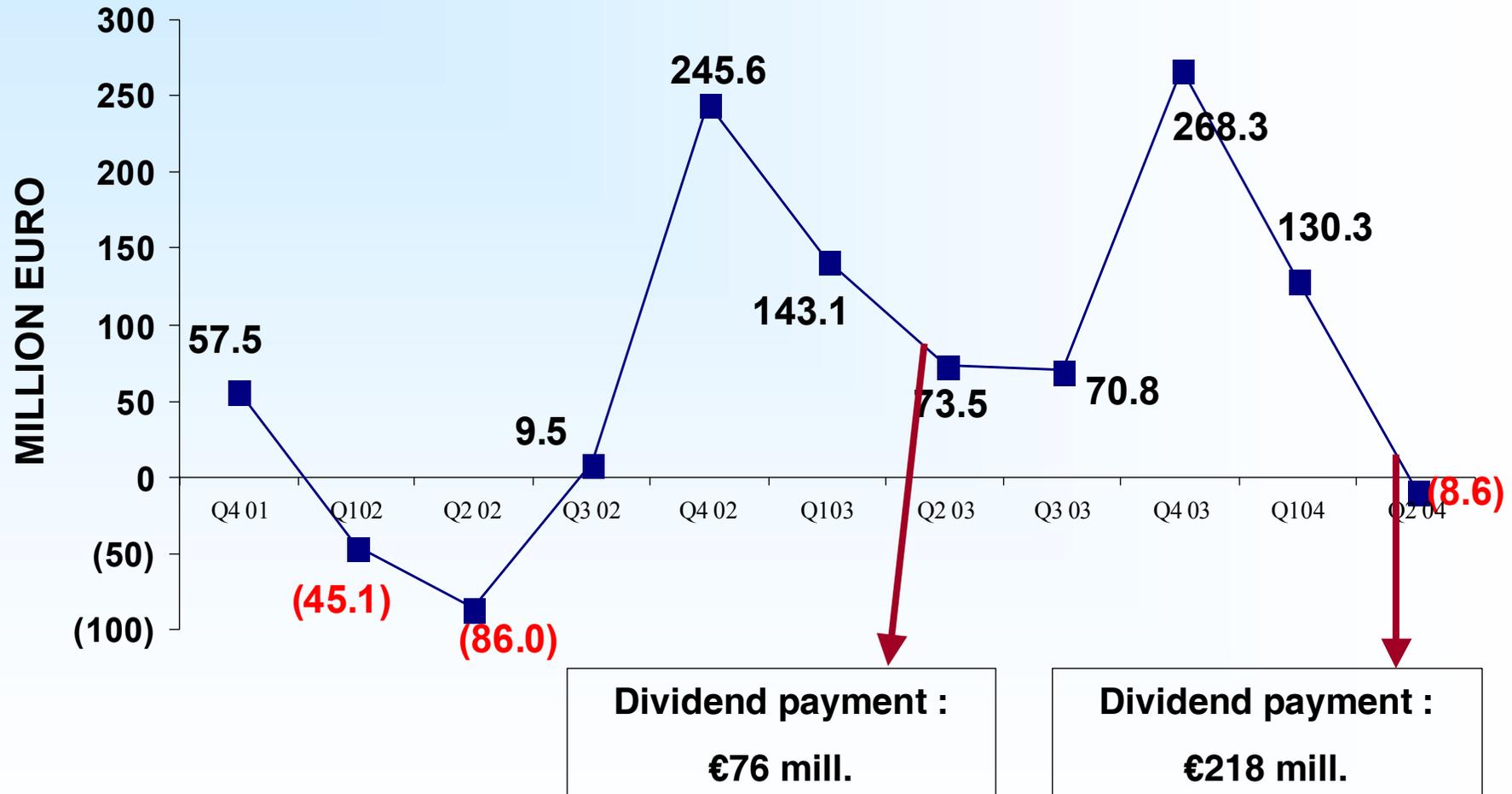
Working capital

INDITEX

	1H04	1H03	FY03
Inventory (€ mill.)	537	513	486
Receivables	239	147	329
Payables	(947)	(830)	(1,011)
Accruals	8	10	9
<hr/>			
Operating working capital	(163)	(161)	(187)

Generation of Cash

NET FINANCIAL POSITION



Inditex concepts

Marcos López

Capital Markets Director

Sales by concept

	Net sales		Var % 04/03
	1H04	1H03	
ZARA	1,664.3	1,406.7	17%
KIDDY'S CLASS	48.4	35.9	35%
PULL&BEAR	154.6	119.3	30%
MASSIMO DUTTI	212.2	160.5	32%
BERSHKA	211.3	168.5	25%
STRADIVARIUS	89.0	68.4	30%
OYSHO	29.9	20.0	50%
ZARA HOME	16.0		n.a.
Total Sales	2,405.8	1,979.3	22%

EBIT by concept

INDITEX

- **EBIT Growth in line or above sales growth in all concepts with the exception of Kiddy's Class**

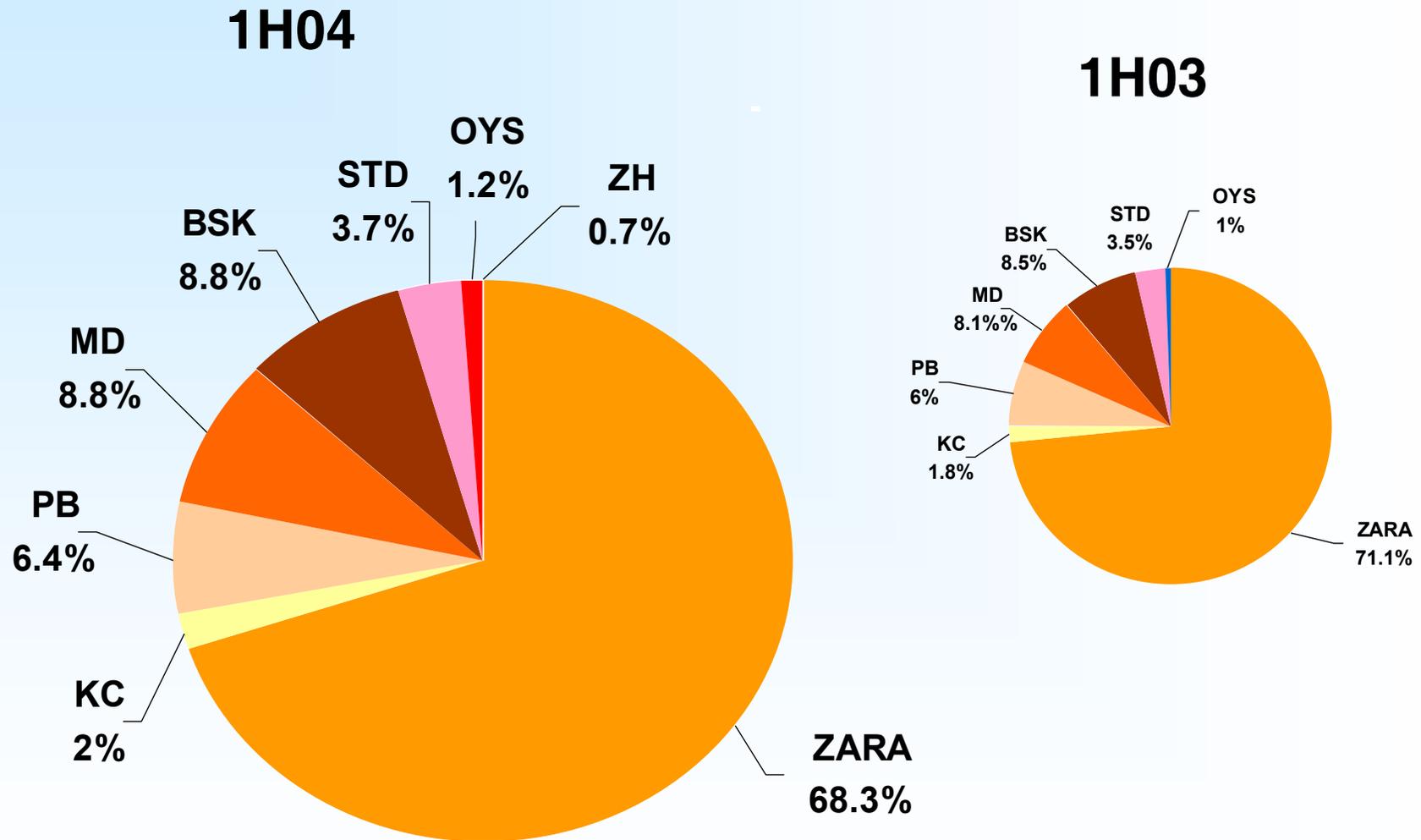
Kiddy's Class

- **Sales growth 35%**
- **Strong expansion to more than 100 stores**
- **Stronger price competition**
- **Normalization of returns/Higher market share**

- **Introduce in-season flexibility**
- **Temporary slowdown in expansion plan**
- **Results in 1st Half 2004 according to plan**
- **Autumn-Winter collection well received**

- **Temporary slowdown in expansion plan**
- **Sourcing management changed**
- **Initial results**
- **Results in 2nd Half 2004**

Breakdown of store sales by concept



Outlook

José María Castellano

Deputy Chairman & CEO

FY2004: CAPEX

- Expected CAPEX 650-700 MM €
- Store opening plan:

ZARA
 KIDDY'S CLASS
 PULL & BEAR
 MASSIMO DUTTI
 BERSHKA
 STRADIVARIUS
 OYSHO
 ZARA HOME
total net openings

Range	
100	105
25	30
30	35
35	40
50	55
30	35
25	30
30	35
325	365

% Int'l openings
80%
10%
25%
50%
50%
10%
25%
5%

- +20%/+25% space growth

FY2004: Sales outlook

- **7 weeks 2nd Half 04 (8% of annual sales) sales performing according to management expectation**
- **2nd Half performance can't be assessed until Christmas sales and after-Christmas clearance is through.**
- **Inditex expects Sales growth of 23%-25% for FY04.**

FY2004: Gross margin outlook

- Recovery in 1st Half Gross margin (205 b.p.) sustainable for FY04.

	1H04	2H04
• Mark-ups	X	X
• Currency impact	X	X
• Acceptance of Collection	X	X
• International expansion	X	X
• Inventory Management	X	
– Weight of clearance	X	
– Mark-downs	X	

- **This would result in an extraordinary growth rate in 2004, as this year's performance is impacted in some degree by the weakness of 2H03.**
- **Inditex expects performance in accordance with long term growth targets in the coming year.**

Q & A

22 September 2004