

Interim Three Months 2019

12 June 2019

INDITEX



Disclaimer

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This document contains forward-looking statements. All statements other than statements of historical fact included herein, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. Any such forward-looking statements are subject to risk and uncertainty and thus could differ materially from actual results.

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.

The risks and uncertainties that could affect the forward-looking statements are difficult to predict. The company assumes no obligation to publicly revise or update its forward-looking statements in the case of unexpected changes, events or circumstances that could affect them. Given the uncertainties of forward-looking statements, we caution readers not to place undue reliance on these statements.

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The contents of this disclaimer should be taken into account by all persons or entities.

Overview

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Unique business model: Global fully integrated Store & Online



Unique business model: Global fully integrated Store & Online

- ▶ Unique customer experience
- ▶ Central inventory
- ▶ Highly differentiated stores:
 - 90% of store portfolio optimised 2012-18
 - All stores fully digital and sustainable by 2020
- ▶ Global online same day/next day



Interim Three Months 2019: Continue developing our LT strategy

- ▶ Strong execution of business model
- ▶ Highly differentiated model at the forefront of fashion
- ▶ Global fully integrated Store & Online
- ▶ Tight inventory management and strong cash generation
- ▶ Global growth opportunities

Zara



Rue Jean de Riouffe, Cannes

Zara



Hudson Yards, New York

Zara

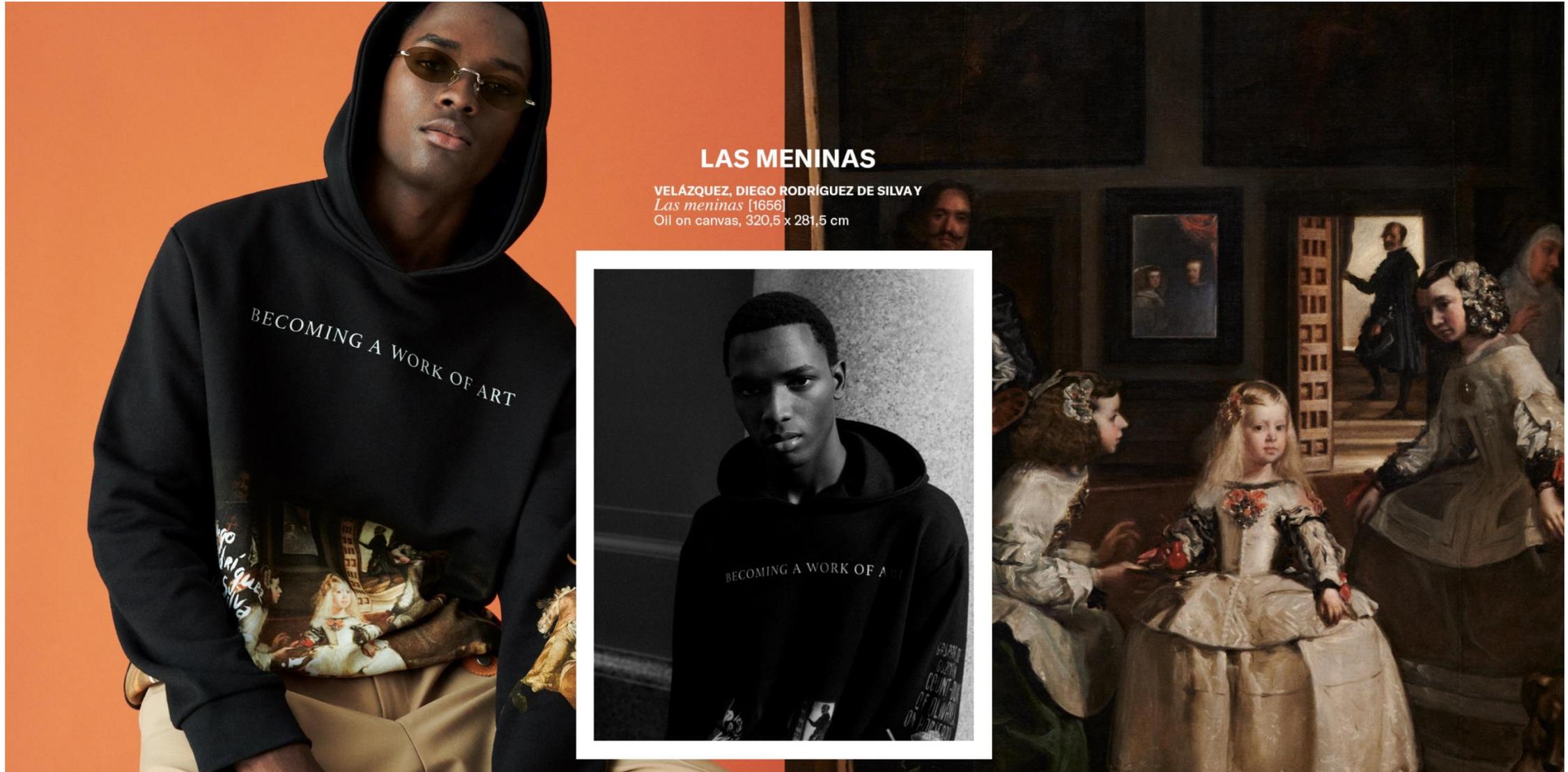


Time World mall, Daejeon - South Korea

Online launch of Zara in Brazil on 20 March



Museo del Prado 200 years: Zara Man



LAS MENINAS

VELÁZQUEZ, DIEGO RODRÍGUEZ DE SILVA Y
Las meninas [1656]
Oil on canvas, 320,5 x 281,5 cm

NEW IN

BEDROOM
BATHROOM
TABLEWARE
DECORATION
FRAGRANCES
KIDS
BEACH NEW

EDITORIALS
INSPIRATION

ZARA HOME BUSINESS

JOIN LIFE
GIFT CARD
NEWSLETTER

FREE HOME DELIVERY
ON PURCHASES OVER €49.99
ALSO IN STORES

Zara Home BUSINESS

We're with you in your home, and now at your business too.



Do you know what we can do for your business?

- We will help you select the product from our catalog that best suits your business or sector.
- Special productions in the measurements or colors that you need of any of the articles of Zara Home.

Bershka: Festivalism collection



Massimo Dutti: Campaign



Pull&Bear: Partnership with Primavera Sound Festival



Stradivarius enters Belgium



Oysho: Watersports collection



Uterqüe: The Ünseen collection



Financial Summary

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IFRS 16

- ▶ Starting FY19
- ▶ Changes in presentation no impact on cashflow or business
- ▶ IFRS 16 will result in an estimated increase of 2-4% in FY19 net income vs former IAS 17

Interim Three Months 2019

€ million	1Q19	1Q18	19/18
Net sales	5,927	5,654	5%
Gross profit	3,524	3,328	6%
PBT	952	866	10%
Net income	734	668	10%

- ▶ Impact of Leases under IFRS16 rules in 1Q19 PBT +€28m and Net Income +€21m

Satisfactory sales growth

€ million	1Q19	1Q18	19/18
Net sales	5,927	5,654	5%

- ▶ Sales in local currency grew 5% in 1Q19
- ▶ Sales in the second half of the quarter were affected by adverse weather patterns. Upon the return to normal trading conditions sales recovered accordingly. Store & Online sales in local currencies from 1 May to 7 June grew 9.5%.
- ▶ Store & Online sales in local currency from 1 February to 7 June grew 6.5%

Disciplined execution shown in gross margin

	1Q19	1Q18	19/18
Gross margin	59.5%	58.9%	+61 bps

- ▶ Good execution of the model
- ▶ Gross profit growth of +6% to €3.5 bn
- ▶ Sustained commercial policies

Tight control of operating expenses

€ million	1Q19	1Q18	19/18
Op. expenses	1,842	2,194	-16%

- ▶ Operating expense growth without the impact of Leases under IFRS16 rules in 1Q19 would have been +5%

Financial results

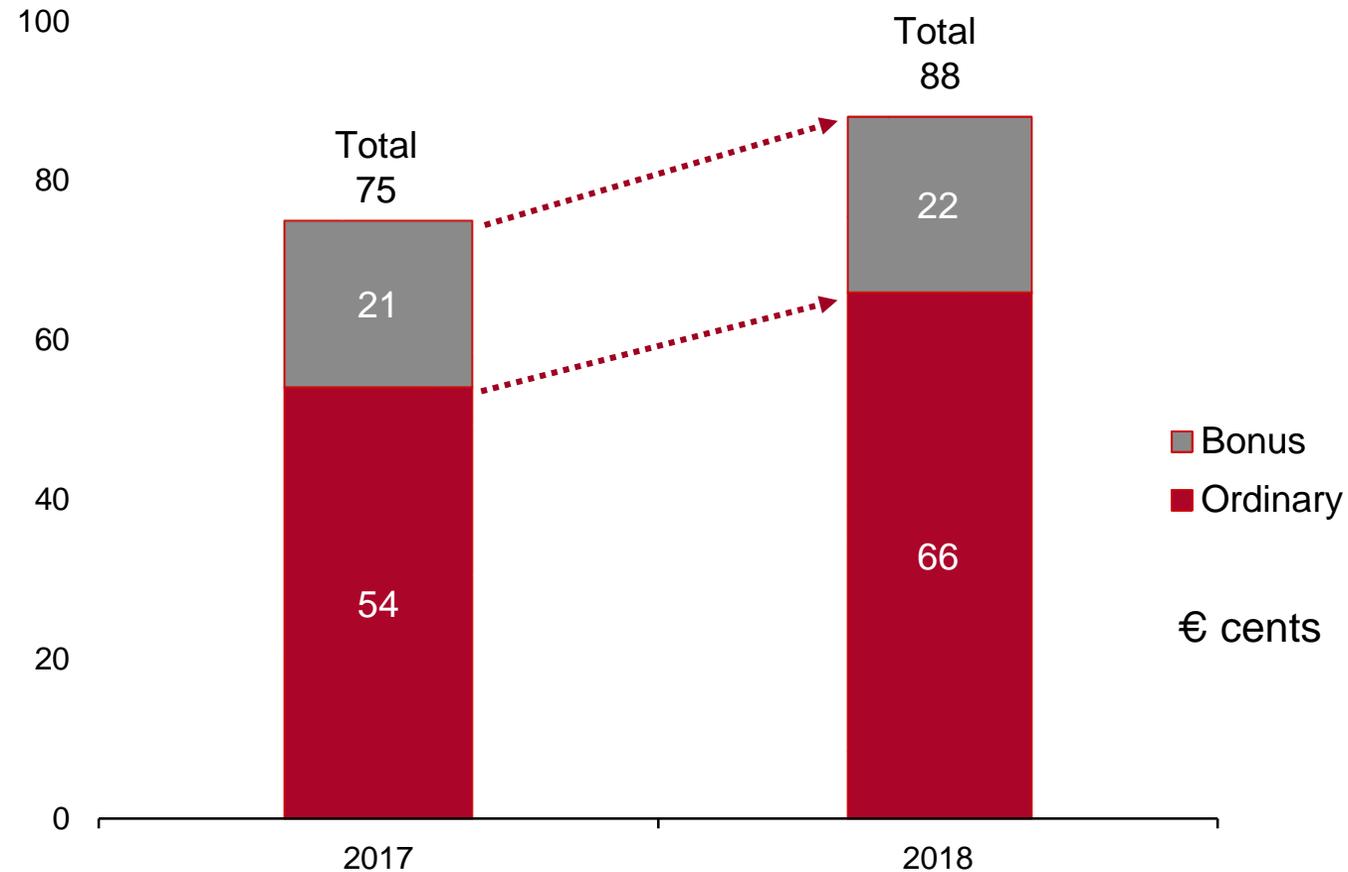
€ million	1Q19	1Q18	19/18
Financial results	(36)	7	--

- ▶ Impact of Leases under IFRS16 rules in 1Q19 on Financial results -€39m

Flexible business model

€ million	1Q19	19/18
Inventory	2,923	1%
Receivables	846	(4%)
Payables	(6,306)	6%
Operating working capital	(2,536)	18%
Net Cash & Equivalents	6,669	9%

+17% Dividend increase for FY18



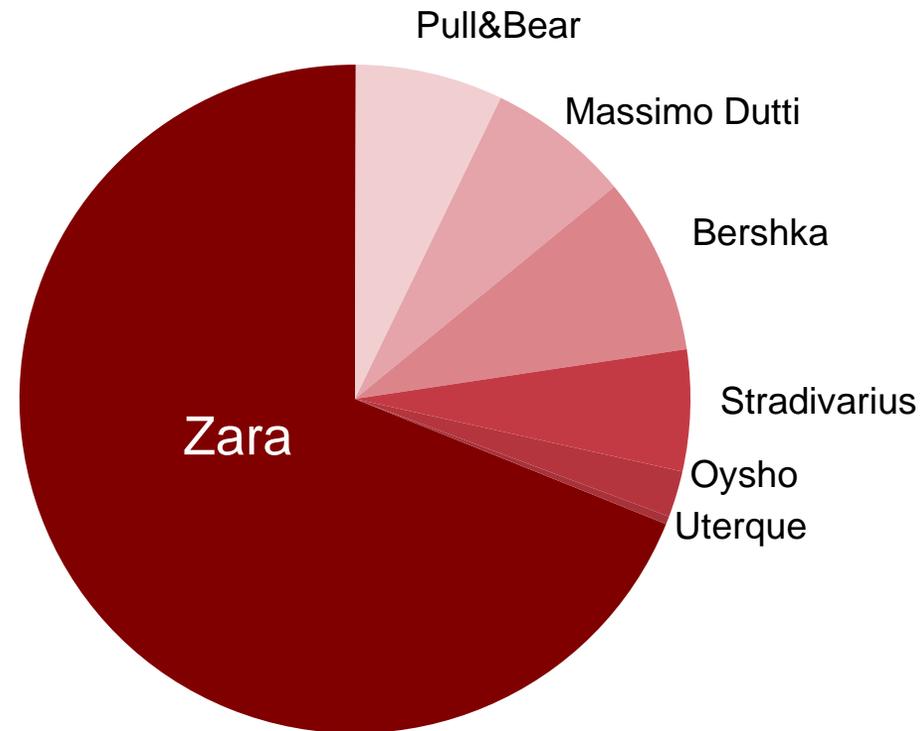
- ▶ € 44 cents was paid on 2 May and € 44 cents is due on 4 November 2019

Concepts

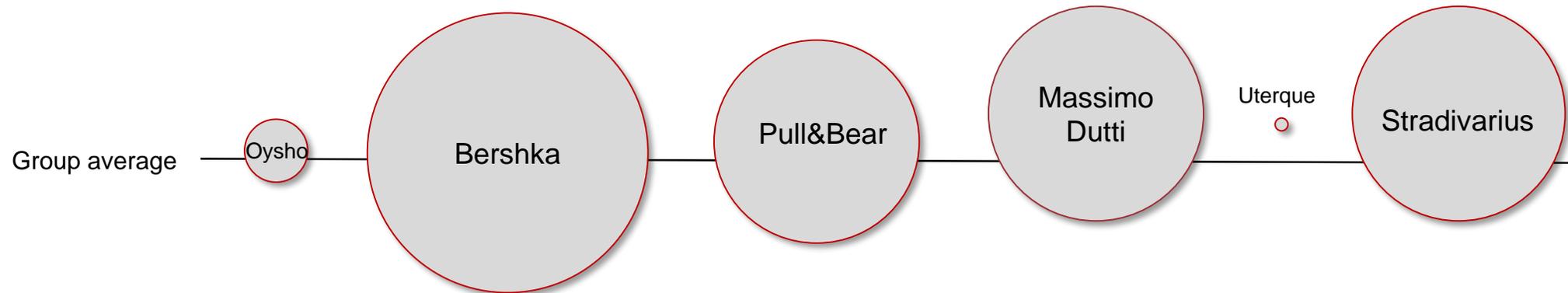


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Store & Online sales by concept



Performance per concept



Outlook

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FY2019 Outlook

- ▶ Global fully integrated Store & Online
- ▶ Strong organic growth. Increased differentiation of the model
- ▶ Strong free cash flow generation
- ▶ Store & Online sales in local currencies from 1 May to 7 June grew 9.5%
- ▶ Store & Online sales in local currencies from 1 February to 7 June grew 6.5%
- ▶ Reiterate guidance. LFL sales are expected to increase 4%-6%

CEO appointment

- ▶ Carlos Crespo proposed CEO to lead digital transformation and sustainability
- ▶ To report directly to Pablo Isla (Executive Chairman)
- ▶ Responsibility: Technology, IT security, Logistics & Transportation, Construction & Works, Legal, Procurement and Sustainability
- ▶ To take effect post AGM approval in July

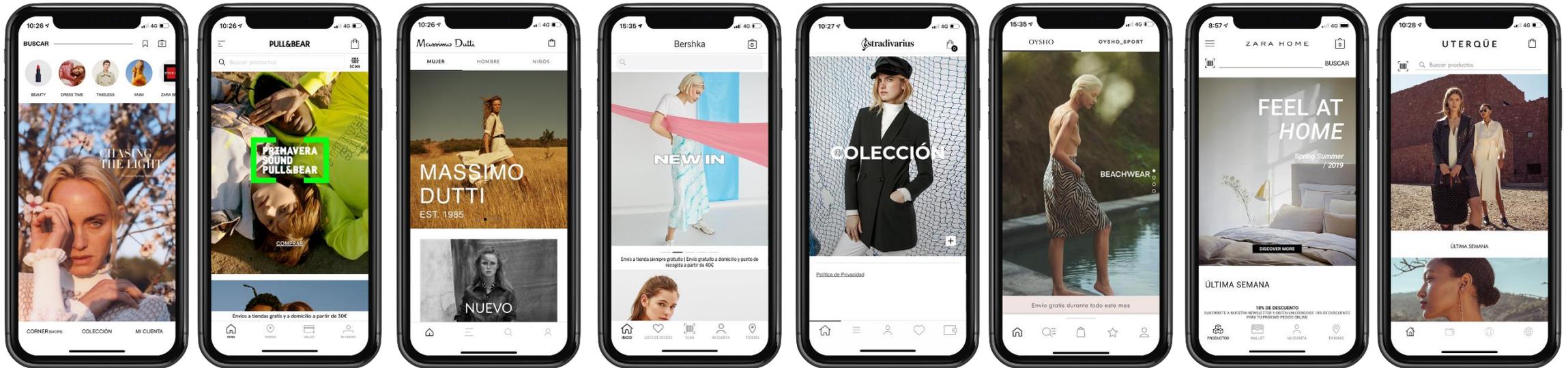
Seamless Store & Online integration



Click & Collect, Zara Corso Vittorio Emanuele Milano

Global online

- ▶ All key markets same day/next day
- ▶ Full inventory integration by 2020



May: Online launches of Zara in Saudi Arabia, UAE, Lebanon...



**DEAR DUBAI
SHOP ONLINE
WELCOME**

#deardubai

Join us and keep updated

ENTER YOUR EMAIL

...Egypt, Morocco, Indonesia, Serbia and Israel



The image shows a ZARA website banner. On the left, the ZARA logo is displayed in a large, bold, serif font, with 'COLLECTION 19' written below it in a smaller, italicized font. To the right of the logo, the word 'CARI' is written in a small, sans-serif font. Further right, the text 'LOG IN' and 'BANTUAN' are visible, followed by a shopping cart icon with the number '0' inside. Below the logo, a list of categories is shown: 'PRODUK BARU', 'WANITA', 'TRF', 'PRIA', 'ANAK-ANAK', 'SEPATU & TAS', 'CORNERSHOPS', 'JOIN LIFE', and 'STORIES'. A '+ Info' link is located below this list. The main part of the banner features a photograph of a woman with blonde hair, wearing dark sunglasses and a light-colored blazer over a light blue collared shirt. She is looking upwards and to the right. To the right of the woman, the text 'DEAR INDONESIA WE ARE ONLINE' is written in a large, bold, white, sans-serif font. Below this, the phrase 'Come by and say hi' is written in a smaller, italicized, white, sans-serif font.

ZARA
COLLECTION 19

CARI

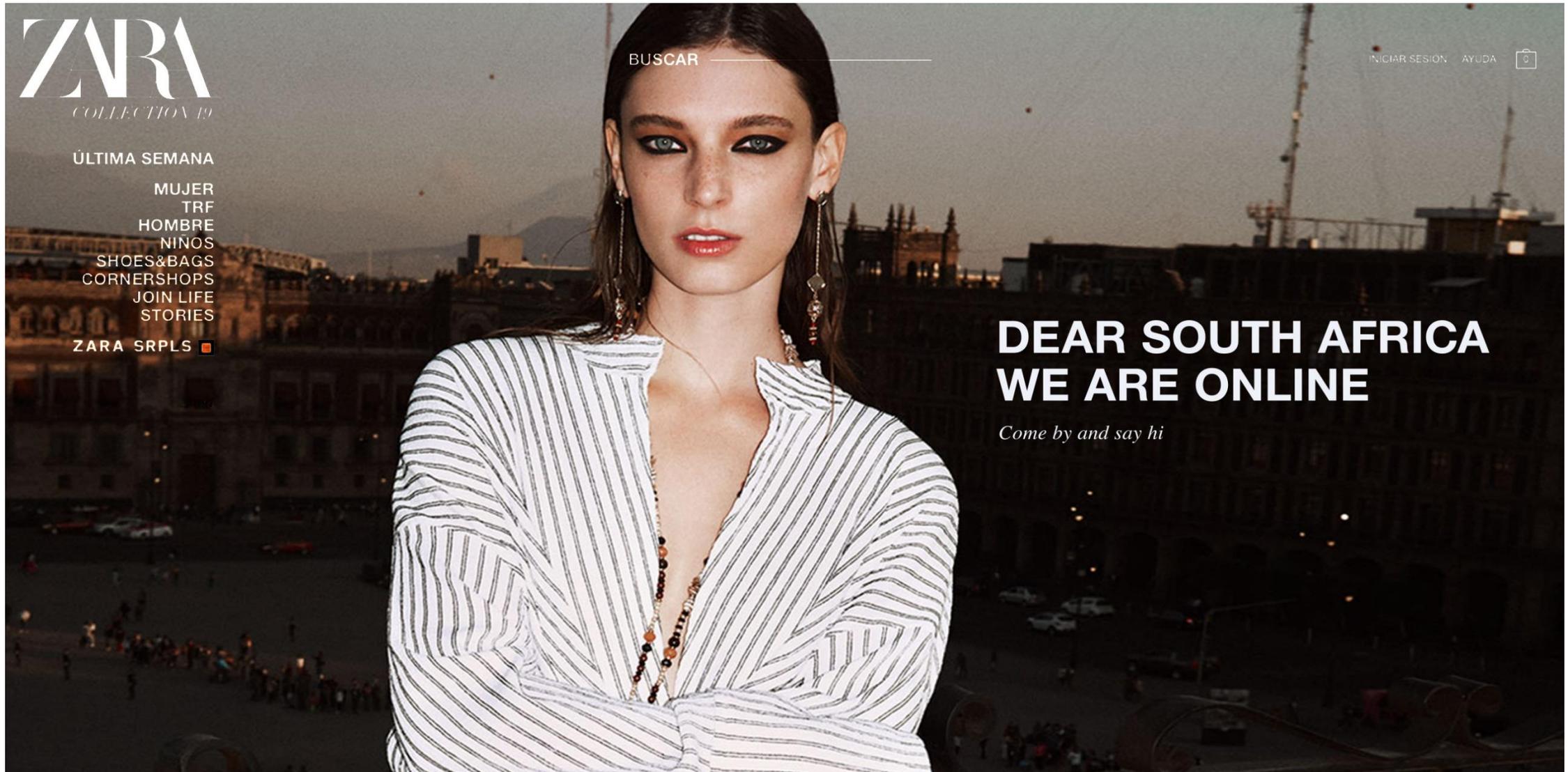
LOG IN BANTUAN 0

PRODUK BARU
WANITA
TRF
PRIA
ANAK-ANAK
SEPATU & TAS
CORNERSHOPS
JOIN LIFE
STORIES

+ Info

**DEAR INDONESIA
WE ARE ONLINE**
Come by and say hi

A/W: S. Africa, Kuwait, Qatar, Colombia, Philippines, Ukraine



ZARA
COLLECTION 19

BUSCAR

INICIAR SESION AYUDA

ÚLTIMA SEMANA

- MUJER
- TRF
- HOMBRE
- NIÑOS
- SHOES&BAGS
- CORNERSHOPS
- JOIN LIFE
- STORIES

ZARA SRPLS

**DEAR SOUTH AFRICA
WE ARE ONLINE**

Come by and say hi

Store & Online: Getting ready



Store & Online: Campaign 19



Store & Online: Tie dye



Store & Online: #Essentials



Store & Online: Join Life collection



Zara



Rue de la Bourse, Lille - France

Zara



Gran Roma Mall, Rome

Zara



Istinye Park, Istanbul

Zara



One Mall, Nanjing

Zara



Jewel City, Singapore

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