

# INDITEX

## FY2008 Results Presentation

25 March 2009

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### FY2008: Overview

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- ▶ Satisfactory sales growth of 12% in local currencies
- ▶ Sales growth in all geographical areas
- ▶ A year of strong expansion: 15% space growth
- ▶ Strong cash flow and reinvestment in the business
- ▶ Increased shareholder remuneration
- ▶ In a challenging year for the sector

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### 2008 Highlights

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million €	FY2008	% 08/07 <sup>(1)</sup>
Net sales	10,407	10%
Gross profit	5,914	11%
EBITDA	2,187	4%
Net income	1,253	3%
Funds from operations	1,850	5%

(1) Excluding non-recurrent items

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### Sales growth in all geographical areas **INDITEX**

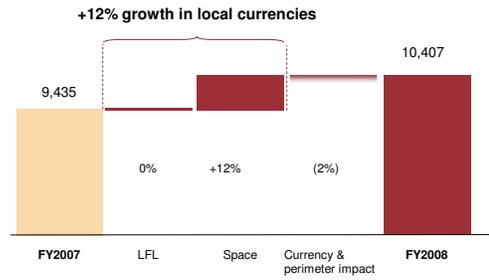


	Store sales (%)	
	FY2008	FY2007
Europe ex-Spain	45%	42%
Spain	34%	37%
Asia	10%	9%
Americas	11%	11%

Store sales: Includes sales in OMS and franchises

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### Satisfactory sales growth in 2008 **INDITEX**



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### Satisfactory gross margin evolution **INDITEX**

% on sales	FY2008	FY2007	% 08/07
Gross margin	56.8%	56.7%	14 b.p.

- ▶ Flexible business model
- ▶ Sustained commercial policies

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### Tight control of operating expenses **INDITEX**

million €	FY2008	% 08/07
Personnel expenses	1,703	16%
Rental expenses	1,028	20%
Other operating expenses	976	9%
<b>Total</b>	<b>3,708</b>	<b>15%</b>
<b>Space growth (w. av.)</b>		<b>15%</b>

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**EBIT evolution****INDITEX**

million €	FY2008	FY2007
EBIT	1,609	1,652
Other net operating income (losses)	(19)	27
Recurrent EBIT	1,628	1,626

- ▶ FY2008: launch of Uterqüe
- ▶ FY2007: franchise of Venezuelan operations

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**Flexible business model****INDITEX**

million €	FY2008	FY2007	% 08/07
Inventory	1,055	1,007	5%
Receivables	585	464	26%
Payables	(2,157)	(2,087)	3%
Operating working capital	(517)	(616)	(16%)

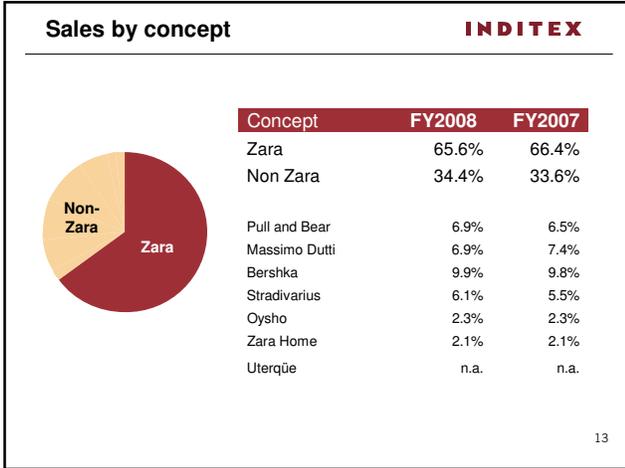
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**Strong cash flow and financial position****INDITEX**

million €	FY2008	FY2007	% 08/07
Funds from operations	1,850	1,757	5%
CAPEX	937	942	-
Dividends	662	522	27%
Net cash position	1,219	1,052	16%

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**INDITEX****Inditex concepts**



### Zara INDITEX

million €	FY2008	% 08/07
Net Sales	6,824	9%
EBIT <sup>(1)</sup>	1,067	(2%)
EBIT margin	15.6%	

► Sales growth in local currency and constant perimeter +11%

(1) Excluding non-recurrent items

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- ### Concepts INDITEX
- Strong performance of Stradivarius and Pull & Bear
  - Zara Home and Oysho affected by strong expansion and current retailing environment
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### Uterqüe INDITEX

- Initial performance above expectations
- 31 stores in European capitals at FYE
- New international markets to be opened in FY2009




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## Outlook

### Maintained long term vision

- ▶ Maintained long term strategic vision
- ▶ Strong long term potential to expand profitably
- ▶ International multi-concept growth

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### Long term growth opportunities

- ▶ Fashion retailing is a highly fragmented industry (Independents + Dept. Stores c.60% market share)
- ▶ Inditex
  - Flexible business model
  - Strong fashion proposition
  - Attractive pricing: average selling price 15-20 €
  - Presence in 73 markets
  - Market share below 1% in most countries
  - Strong potential to gain market share

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### FY2009: Outlook

- ▶ A challenging year for the sector
- ▶ Inditex to continue outperforming the industry
- ▶ Profitable expansion of the business remains a key priority
- ▶ Capitalise on the opportunities arising from the current environment

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**FY2009: Outlook****INDITEX**

- ▶ Stronger focus on capital efficiency:
  - ▶ Strict quality requirements for store openings: addition of c230,000 sqm.
  - ▶ Capital Expenditure: c600 million €
  - ▶ OPEX: 75 million € of efficiencies
  - ▶ Focus on maximizing free cash flow
  - ▶ Commitment to shareholder remuneration

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**Proposed dividend for FY2008****INDITEX**

- ▶ Dividend proposal: 1.05 € per share
  - Interim dividend: 0.55 € per share payable on 4 May 2009
  - Final dividend: 0.50 € per share payable on 2 November 2009
- ▶ 654 MM € to be distributed to shareholders

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**FY2009: Outlook****INDITEX**

Store opening programme	Range		% Int'l
Zara	125	135	98%
Pull and Bear	45	55	95%
Massimo Dutti	30	40	98%
Bershka	55	65	90%
Stradivarius	65	75	80%
Oysho	20	30	70%
Zara Home	15	25	75%
Uterqüe	15	25	50%
Total net openings	370	450	

- ▶ c95% new space in International markets
- ▶ FY2009 openings biased to H2 (25%/75%) vs. FY2008 (43%/57%)

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**FY2009: Outlook****INDITEX**

- ▶ February monthly store sales in local currencies excluding calendar effects have increased by 9%
- ▶ The Spring-Summer season is influenced by the performance over the Easter period due to its significant sales volumes

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**FY2008 Results Presentation  
Q&A**

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