

# INDITEX



Full Year 2016

15 March 2017

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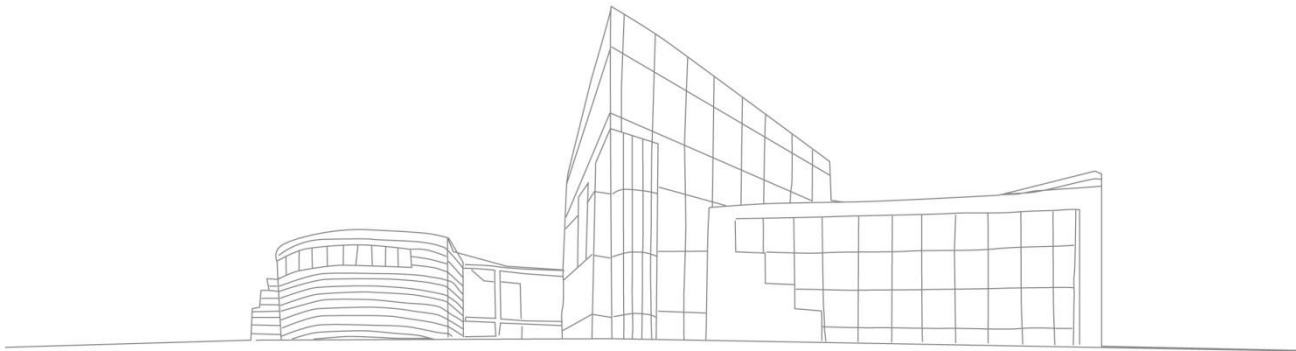
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# Overview



# 2016: A year of very strong execution globally



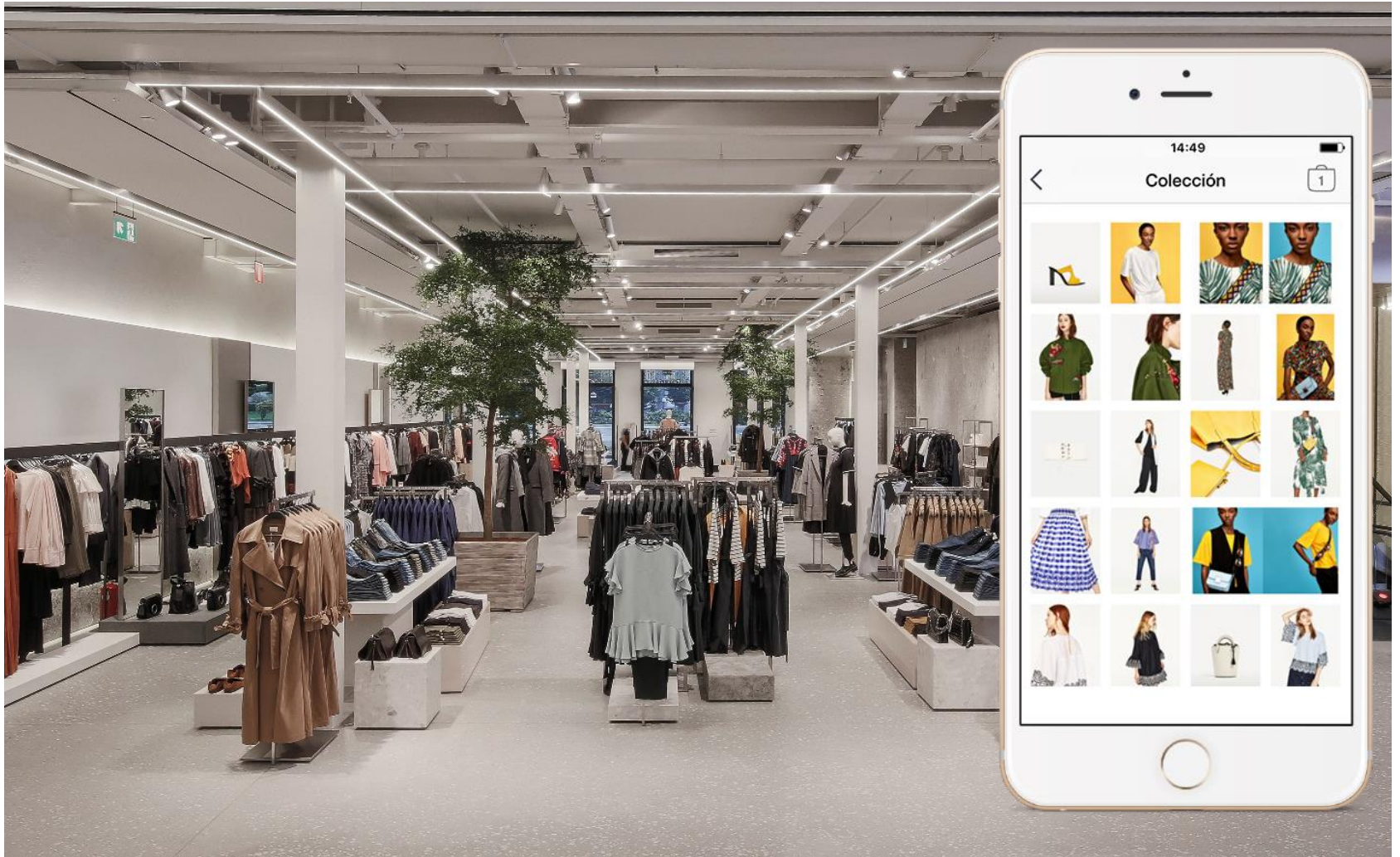
# 2016: Overview

- ▶ Differentiated business model
- ▶ Global fully integrated Store & Online
- ▶ Very strong operating performance
- ▶ Strong cash flow generation, investment and dividends
- ▶ Global growth opportunities

# 2016: Overview

- ▶ Sales growth of +12%
- ▶ LFL sales growth +10%
- ▶ Net income +10%
- ▶ Funds from Operations +13%
- ▶ Proposed dividend increase +13%

# Global fully integrated Store & Online





# Highly prominent and differentiated stores





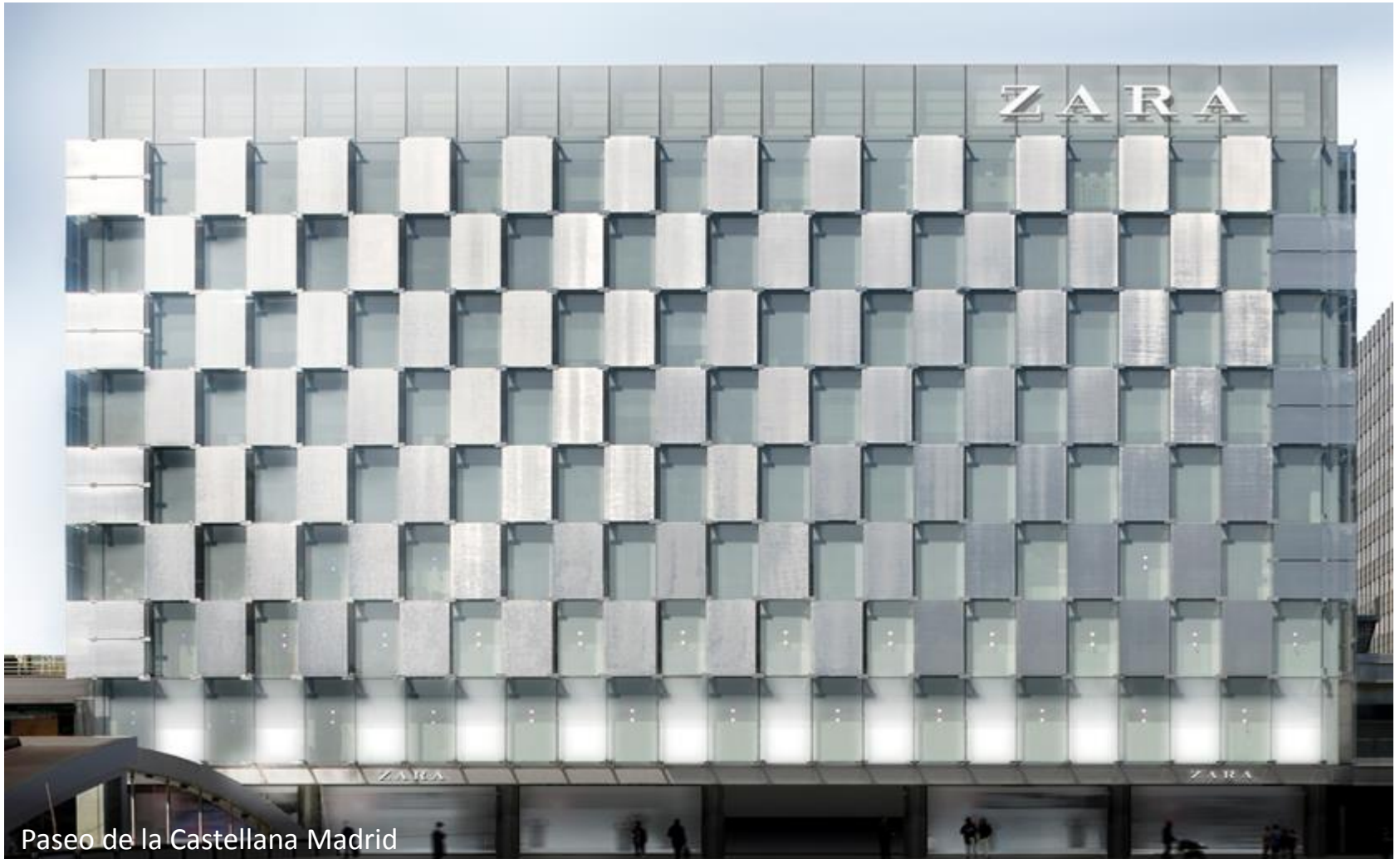
# Highly prominent and differentiated stores



Plaza de Catalunya Barcelona



# With very prominent flagships for 2017



# With very prominent flagships for 2017



Opera Paris



# With very prominent flagships for 2017



White City London

# With very prominent flagships for 2017



Mall of Emirates Dubai



# With very prominent flagships for 2017





# With very prominent flagships for 2017





# With very prominent flagships for 2017

Ismail Building at Flora Fountain Mumbai

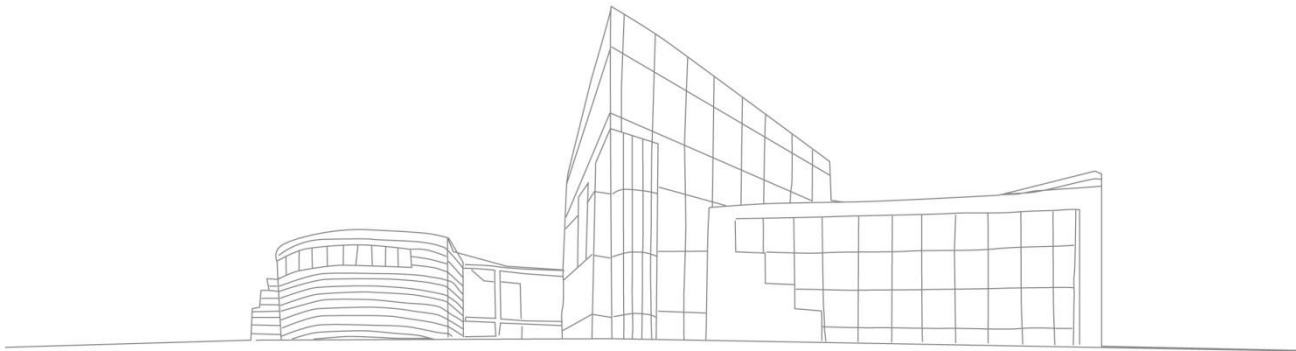


# Global Online Sales

- ▶ Online stockrooms



# Financial Summary





# Full Year 2016

| € million    | FY16   | FY15   | 16/15 |
|--------------|--------|--------|-------|
| Net Sales    | 23,311 | 20,900 | 12%   |
| Gross profit | 13,279 | 12,089 | 10%   |
| EBIT         | 4,021  | 3,677  | 9%    |
| Net income   | 3,157  | 2,875  | 10%   |

- ▶ Very strong operating performance

# Strong Cash Flow Generation

| € million              | FY16  | FY15  | 16/15 |
|------------------------|-------|-------|-------|
| Funds from operations  | 4,406 | 3,897 | 13%   |
| CAPEX - Ordinary       | 1,432 | 1,376 | 4%    |
| Dividends              | 1,871 | 1,626 | 15%   |
| Net Cash & Equivalents | 6,090 | 5,300 | 15%   |

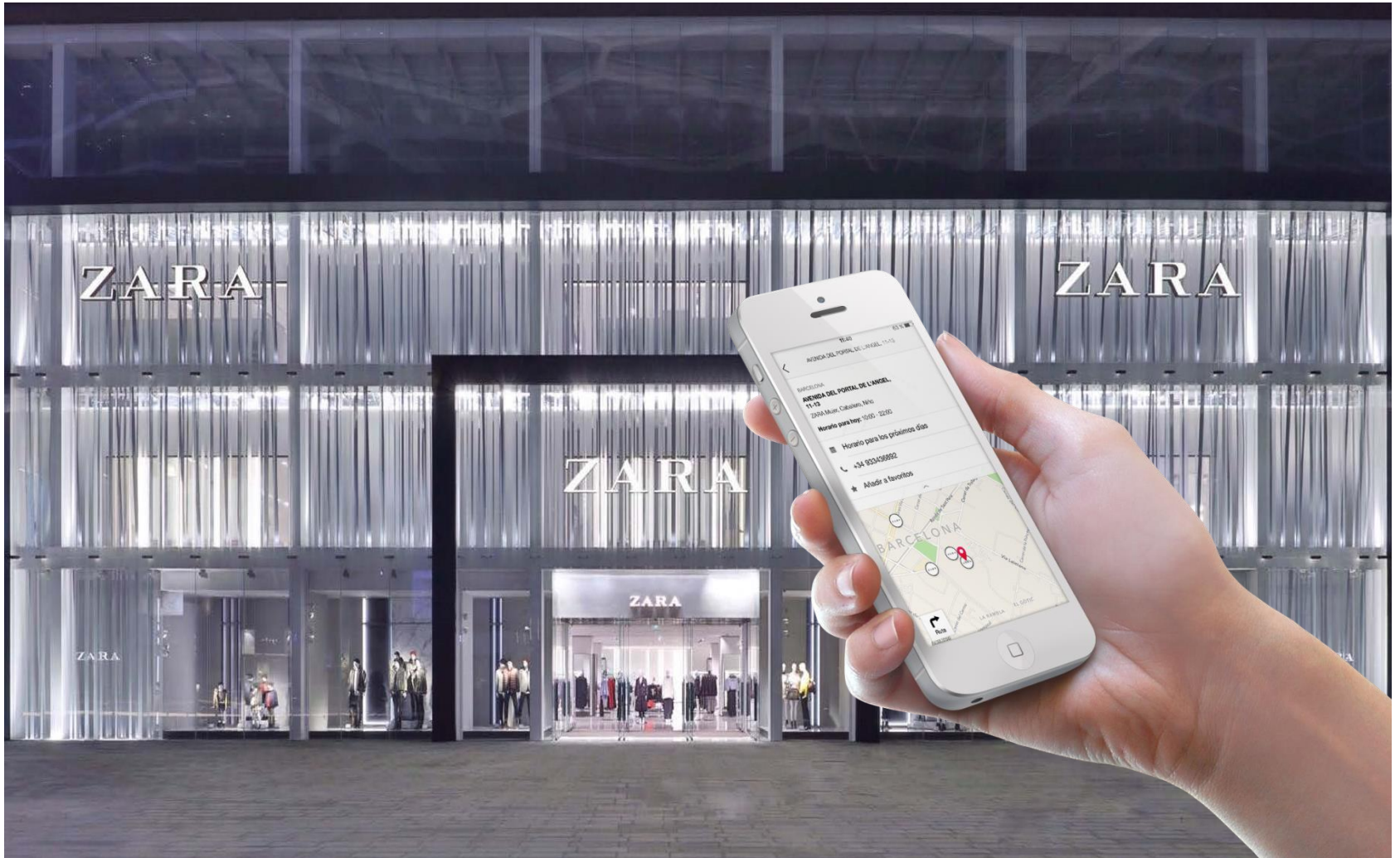
- ▶ Space growth +8%
- ▶ Online in 43 markets
- ▶ Strong growth with capital discipline

# Strong Sales Growth

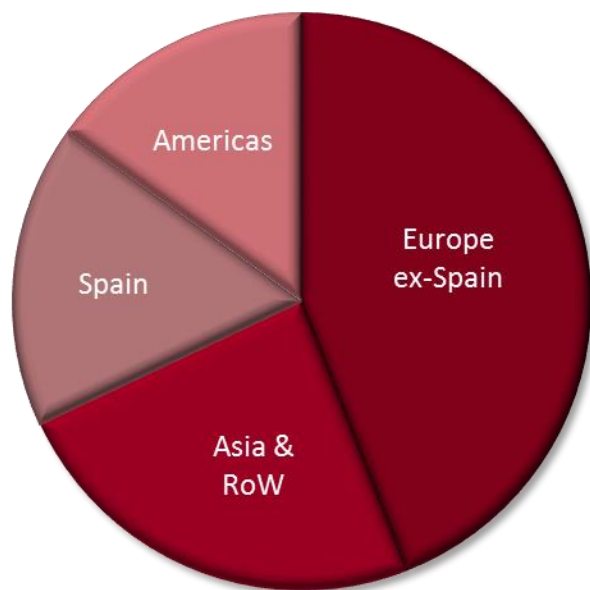
| € million | FY16   | FY15   | 16/15 |
|-----------|--------|--------|-------|
| Net Sales | 23,311 | 20,900 | 12%   |

- ▶ Currency translation -3%

# New space in prime locations globally grew 8%



# Global Store & Online sales platform



| Store & Online sales | FY2016 |
|----------------------|--------|
| Europe ex-Spain      | 44%    |
| Asia & RoW           | 24%    |
| Spain                | 17%    |
| Americas             | 15%    |
| Total                | 100%   |



# Gross Profit

|              | FY16   | FY15   | 16/15 | %   |
|--------------|--------|--------|-------|-----|
| Gross Profit | 13,279 | 12,089 | 10%   | 57% |

- ▶ Gross profit growth of +10% to €13.3 bn
- ▶ Sustained commercial policies

# Tight control of operating expenses

| € million          | FY16  | 16/15 |
|--------------------|-------|-------|
| Operating expenses | 8,195 | 11%   |

- ▶ Strong growth in LFL sales and new space in prime locations
- ▶ Employee participation plan

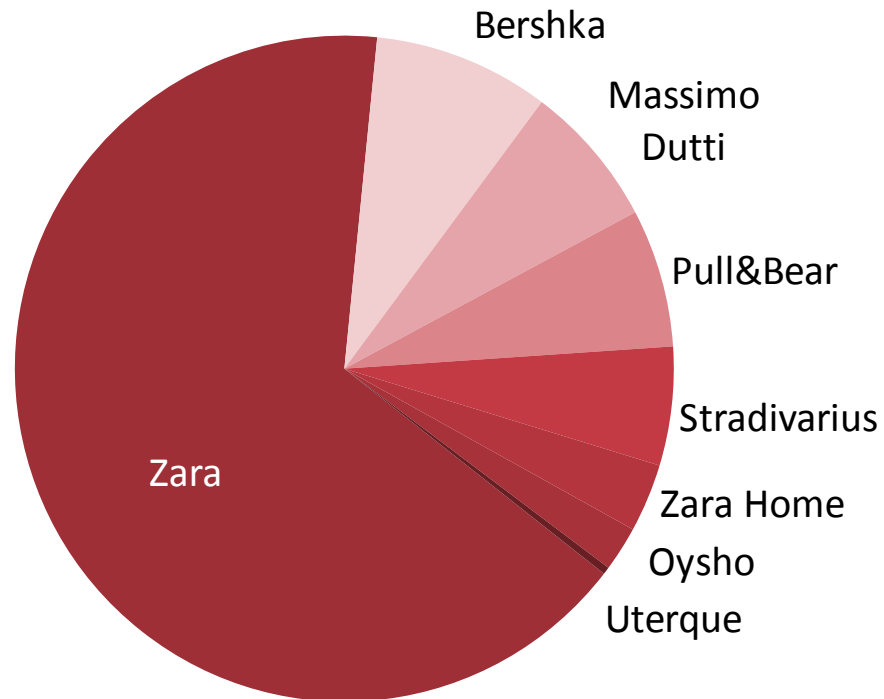
# Flexible business Model

| € million                 | FY16    | 16/15 |
|---------------------------|---------|-------|
| Inventory                 | 2,549   | 16%   |
| Receivables               | 861     | 29%   |
| Payables                  | (5,325) | 16%   |
| Operating working capital | (1,915) | 11%   |
| Net Cash & Equivalents    | 6,090   | 15%   |

# Concepts



# Store & Online Sales by Concept



% Store & Online Sales



# EBIT by Concept

| € million     | FY16 EBIT | EBIT/ sales | ROCE |
|---------------|-----------|-------------|------|
| Zara          | 2,764     | 18%         | 30%  |
| Massimo Dutti | 280       | 17%         | 42%  |
| Bershka       | 333       | 17%         | 58%  |
| Stradivarius  | 236       | 18%         | 51%  |
| Pull&Bear     | 231       | 15%         | 39%  |
| Zara Home     | 94        | 12%         | 25%  |
| Oysho         | 79        | 16%         | 47%  |
| Uterqüe       | 4         | 5%          | 11%  |
| Total EBIT    | 4,021     | 17%         | 33%  |

# Concepts

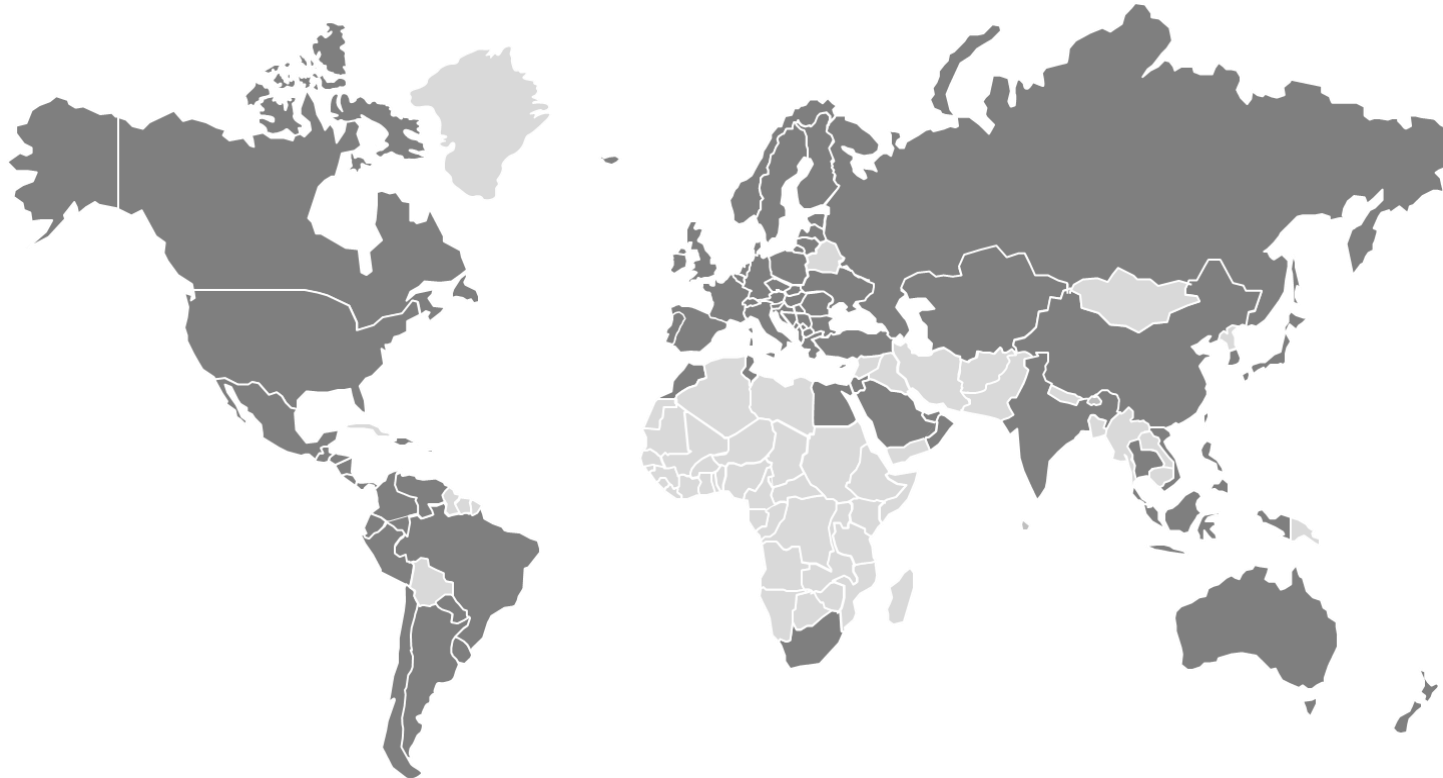
- ▶ Continued growth for the concepts
- ▶ Strong performance of Bershka, Pull&Bear and Oysho

# Outlook



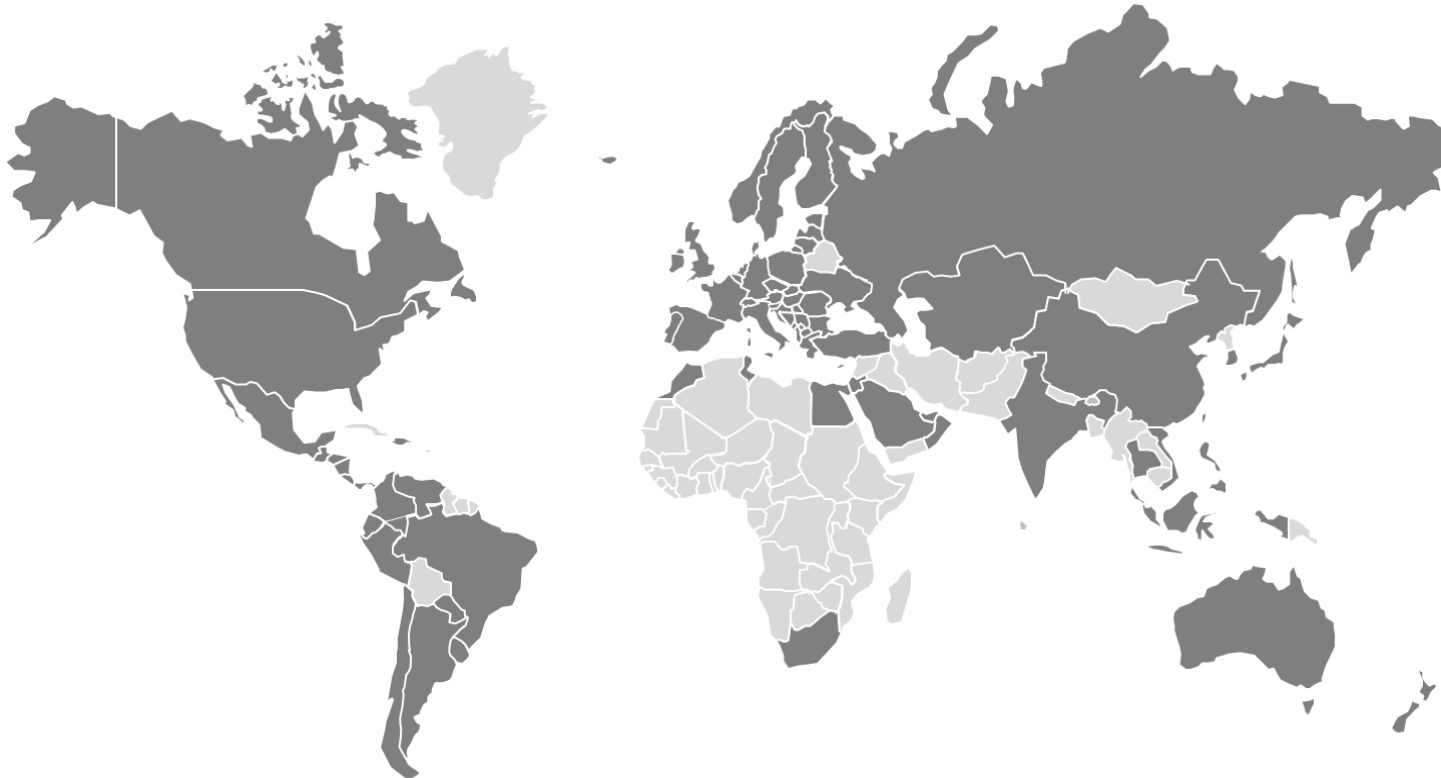
# Global Growth Opportunities

- ▶ Differentiated business model
- ▶ Global fully integrated Store & Online
- ▶ Strong growth opportunities



# Growth in Europe

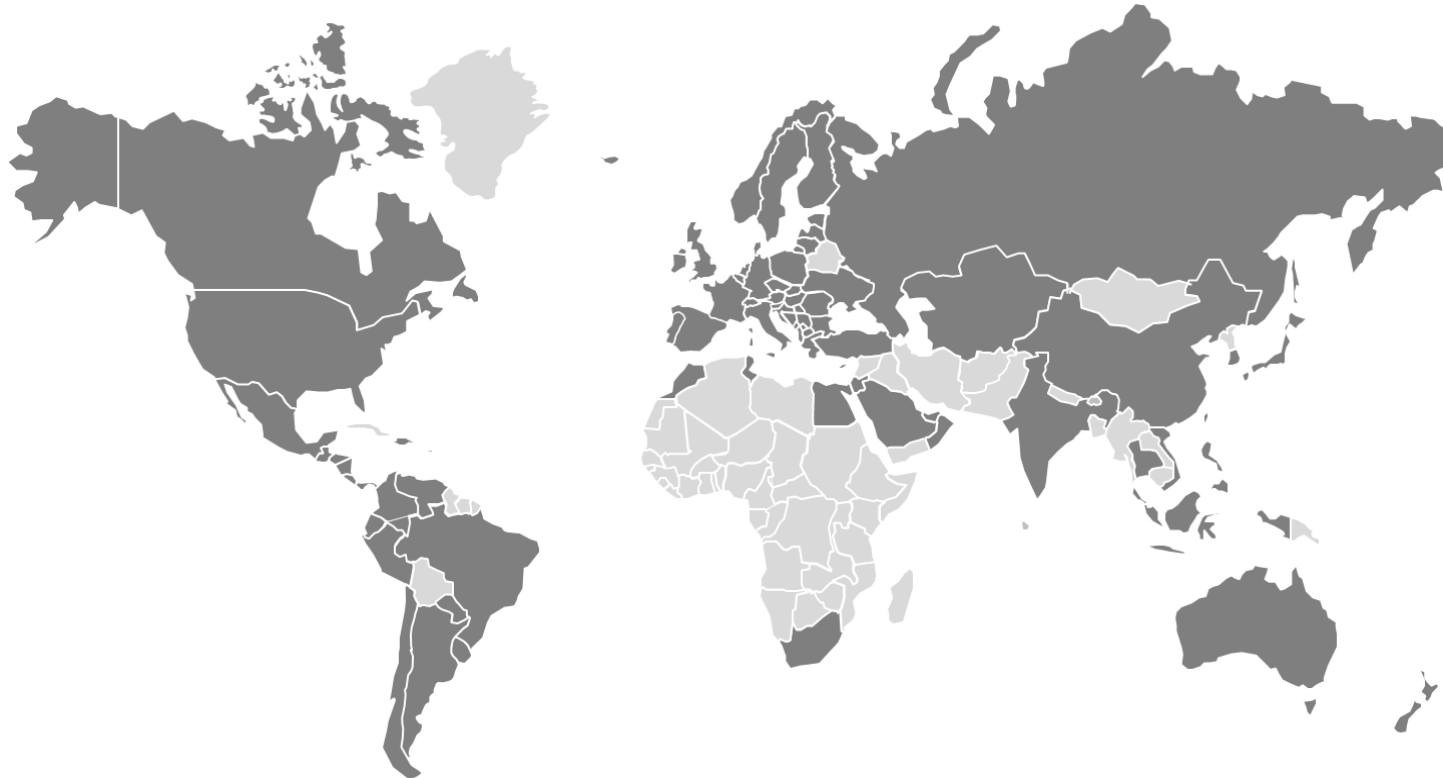
- ▶ Important growth opportunities across the whole of Europe
- ▶ All concepts Store & Online





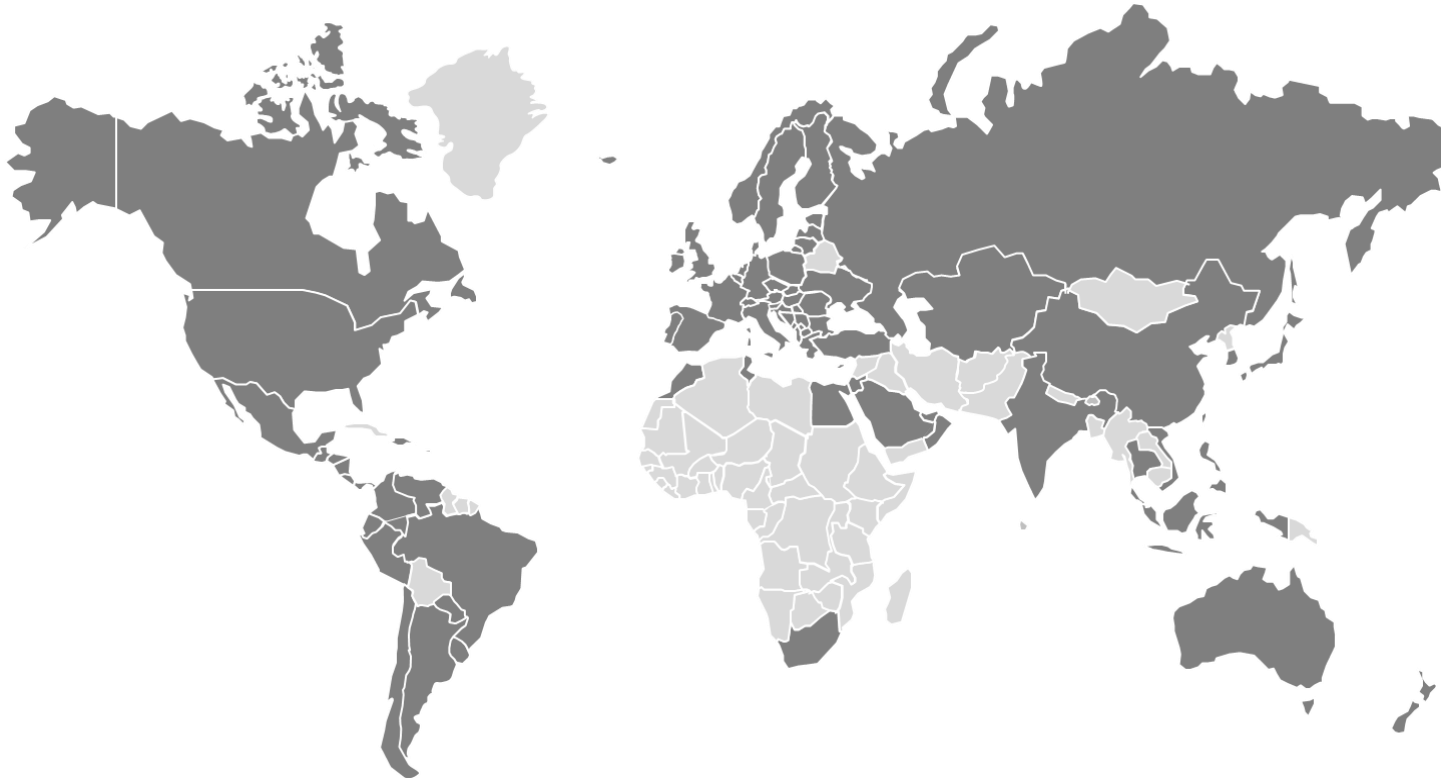
# Growth in Asia

- ▶ Strong growth opportunity. Store & Online in China, Japan, South Korea, Hong Kong, Macau and Taiwan
- ▶ Singapore, Malaysia, Thailand and Vietnam Online in Spring 2017



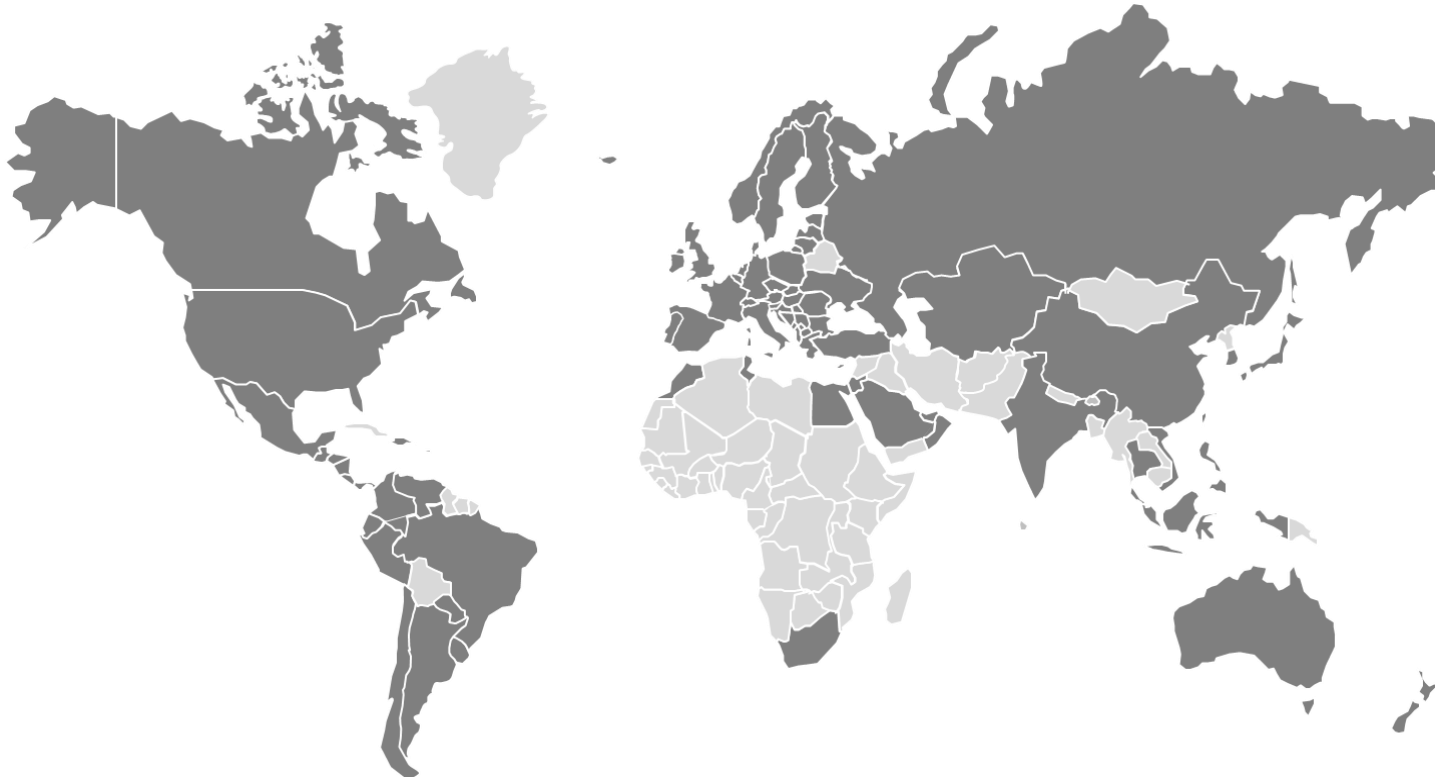
# Growth in the Americas

- ▶ Attractive growth markets. Strong expansion opportunities
- ▶ Fully integrated Store & Online



# Global Growth Opportunities

- ▶ Australia, New Zealand and South Africa
- ▶ 2016 Zara launched in New Zealand. Zara Home in South Africa
- ▶ Ongoing expansion



# Global Online Sales

- ▶ Europe, US, China, Japan, Russian Federation, Mexico, South Korea Canada
- ▶ Global online rollout





## 2016: All concepts online in Europe & Turkey

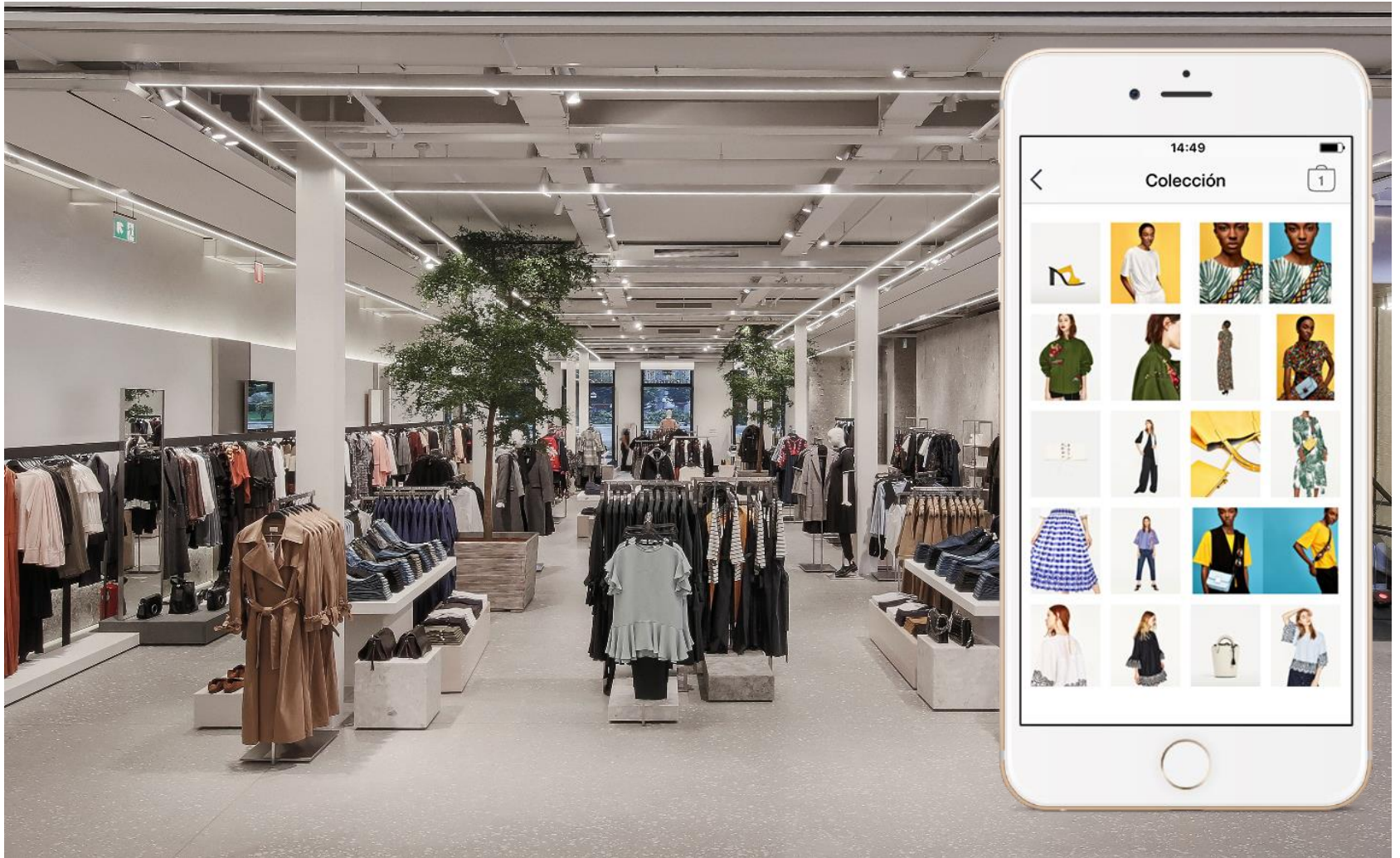


## 2017: Online in India





# Global Store & Online: Strong growth opportunities



# Store & Online: Spring/Summer Collection





## Store & Online: Join Life collection





# Strong differentiation of store base

| Stores         | 2012/16 |
|----------------|---------|
| Gross openings | 2,470   |
| Refurbishments | 1,882   |
| Enlargements*  | 763     |
| Absorptions    | (705)   |

\*Enlargements are also included in the refurbished number

- ▶ 75% of total retail space covered by optimisation initiatives

# Strong capital efficiency

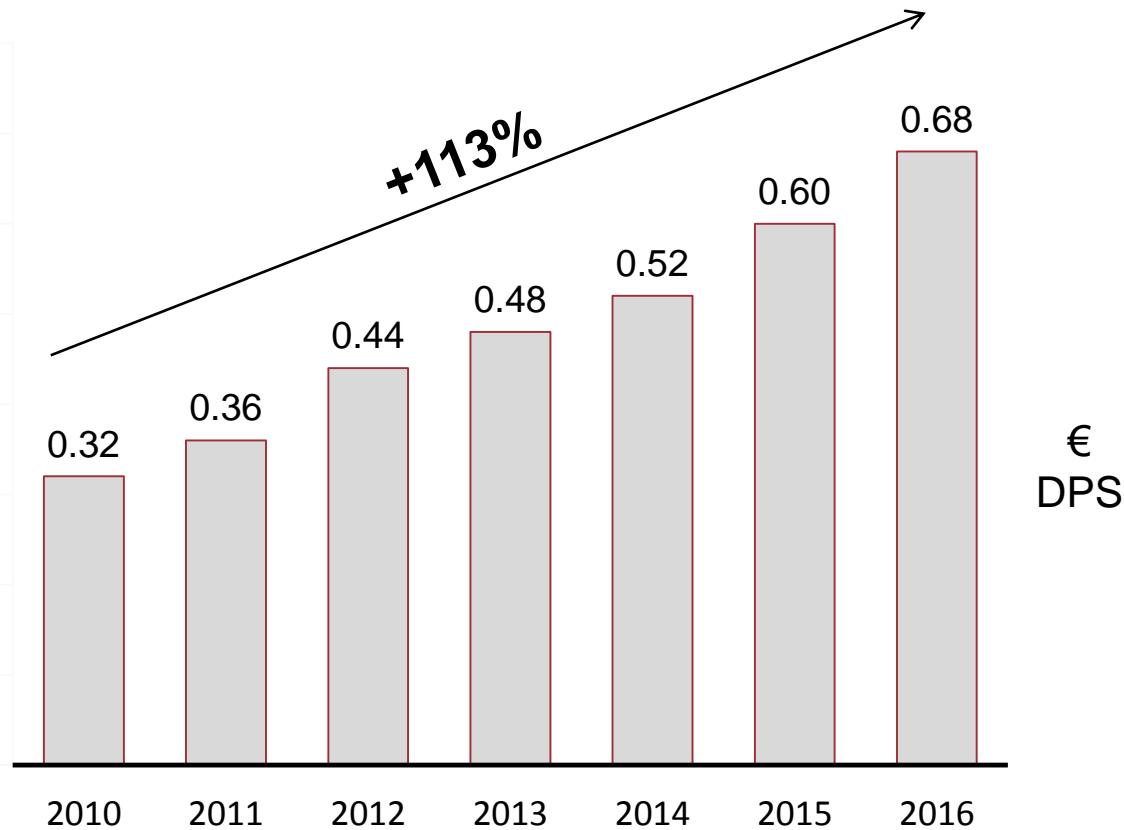
- ▶ Increased differentiation: Larger and more prominent stores in prime locations & global online
- ▶ Lower capital expenditure required for expansion. Ordinary capital expenditure to grow below space growth
- ▶ New space in prime locations in conjunction with increasing contribution from organic growth and online sales

# FY2017: Outlook

- ▶ c.320,000m<sup>2</sup> of new space in prime locations
- ▶ 450-500 Gross openings / Selective absorption of 150-200 small units
- ▶ Global online sales rollout
- ▶ Capital expenditure c.€1.5 billion

# FY16 Dividend increase +13.3%

- ▶ €2.1 billion to be distributed to shareholders over 2017

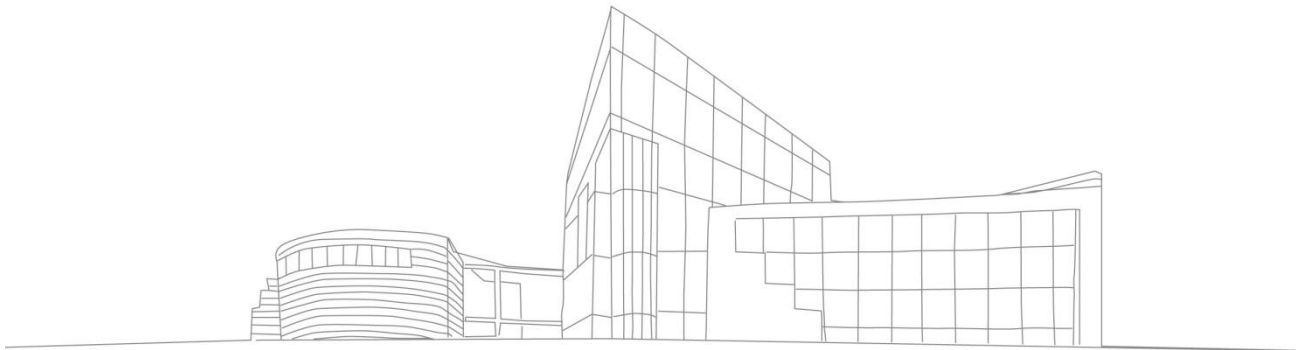


# 2017 Outlook

- ▶ Store & Online sales in local currencies, adjusted by the calendar effect of an extra trading day in February 2016 due to the leap year, have increased +13% from 1 February to 12 March 2017
- ▶ The Spring/Summer season is influenced by the performance over the Easter period due to its significant sales volumes



# INDITEX



Full Year 2016

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