

# **Interim Results Half Year 2005**

21 September 2005

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**Pablo Isla**

**CEO**

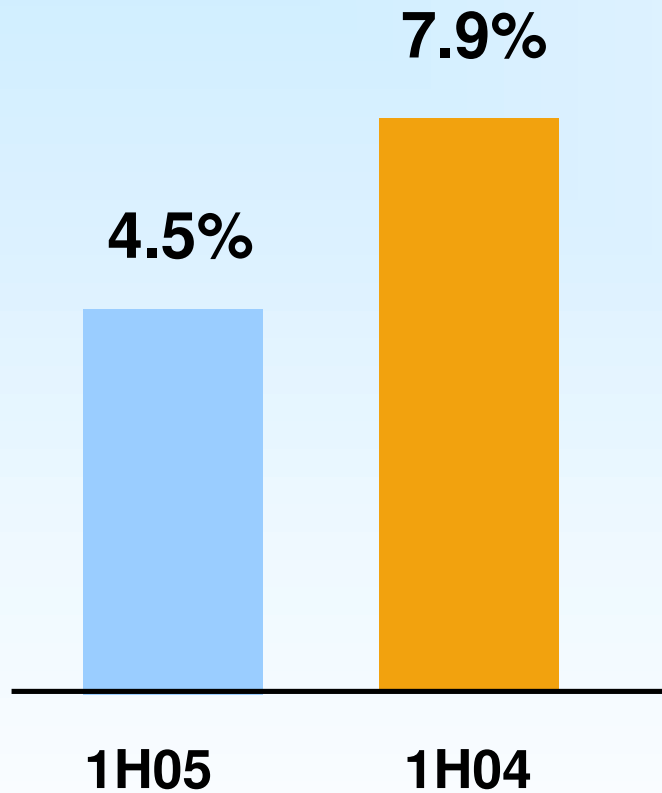
- **Interim Results Half-year 2005**
  - Overview
  - Financial summary
  - Concepts
- **Outlook**

# Overview: Interim Half-year 2005

**INDITEX**

- **Sales growth +20%**
- **Gross Margin expansion to 56.2% of sales**
- **EBIT growth +20%**
- **Net income growth +29%**
- **Funds from Operations +28%**

# Like-for-like Sales growth



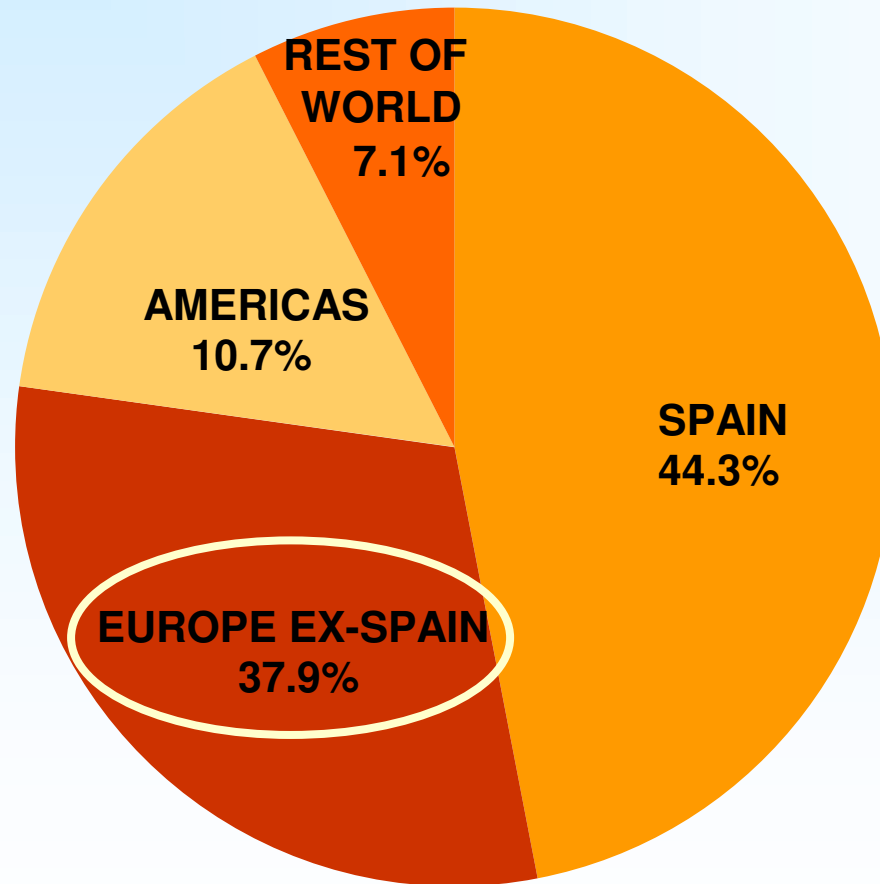
- **Satisfactory LFL performance**
- **New successful ranges introduced in mid-June**
- **Low end-of-season sale (low markdowns)**

# Store openings

	Openings		Stores as of 31 Jul 05
	1H05	1H04	
<b>Total net openings</b>	<b>160</b>	<b>115</b>	<b>2,404</b>

# Geographic breakdown of store sales

**1H05**



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



# **Financial Summary**

**Borja de la Cierva**

**CFO**

# Highlights

million €

	1H 2005	1H 2004	% 05/04
<b>NET SALES</b> <i>LFL</i>	<b>2,820</b> 4.5%	<b>2,352</b> 7.9%	<b>20%</b>
<b>GROSS MARGIN</b> <i>% margin</i>	<b>1,585</b> 56.2%	<b>1,274</b> 54.2%	<b>24%</b>
<b>EBITDA</b> <i>EBITDA margin</i>	<b>517</b> 18.3%	<b>426</b> 18.1%	<b>21%</b>
<b>EBIT</b> <i>EBIT margin</i>	<b>345</b> 12.2%	<b>286</b> 12.2%	<b>20%</b>
<b>NET INCOME</b> EPS (€ cents)	<b>246</b> 40	<b>190</b> 31	<b>29%</b>

# Sales growth

**INDITEX**

<b>Space contribution</b>	<b>+15.3%</b>
<b>LFL</b>	<b>+4.5%</b>
<b>Currency impact</b>	<b>+0.1%</b>
	<hr/>
<b>Top line growth</b>	<b>19.9%</b>

# Store openings

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

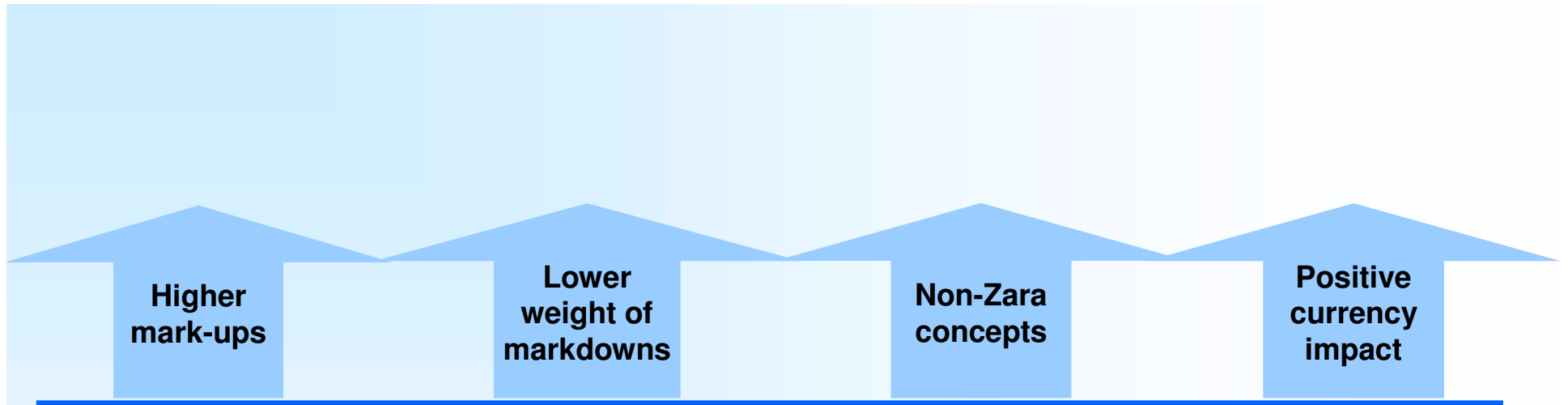
Openings		Stores as of 31 Jul 05
1H05	1H04	
39	27	762
10	13	139
19	9	390
19	13	345
22	19	324
15	16	242
18	10	122
18	15	80
<b>160</b>	<b>115</b>	<b>2,404</b>

# Gross margin

**202 b.p. improvement in 1H05 to 56.2% of sales**

(basis points)	1H 05
Product management	112
Currency impact	90
<b>TOTAL</b>	<b>202</b>

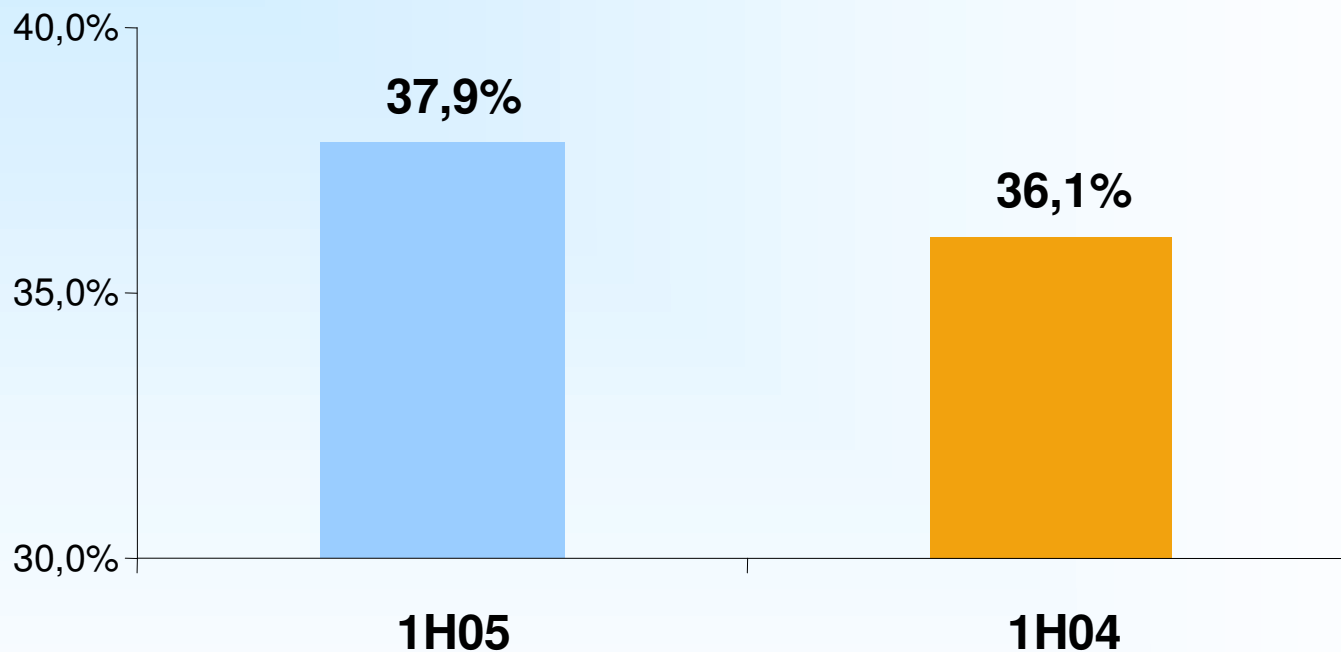
# Gross Margin drivers Interim Half-year 2005 **INDITEX**



**50 to 100 b.p. improvement expected for  
FY2005 Gross Margin (55.9%- 56.4%)**

# Operating expenses

Operating expenses on sales



**Cost of new and immature space**

# Financial results

(€ million)	1H 05	1H 04
Financial income	(1.8)	(5.3)
FX gains	13.3	(6.5)
<b>Net financial results</b>	<b>11.6</b>	<b>(11.8)</b>

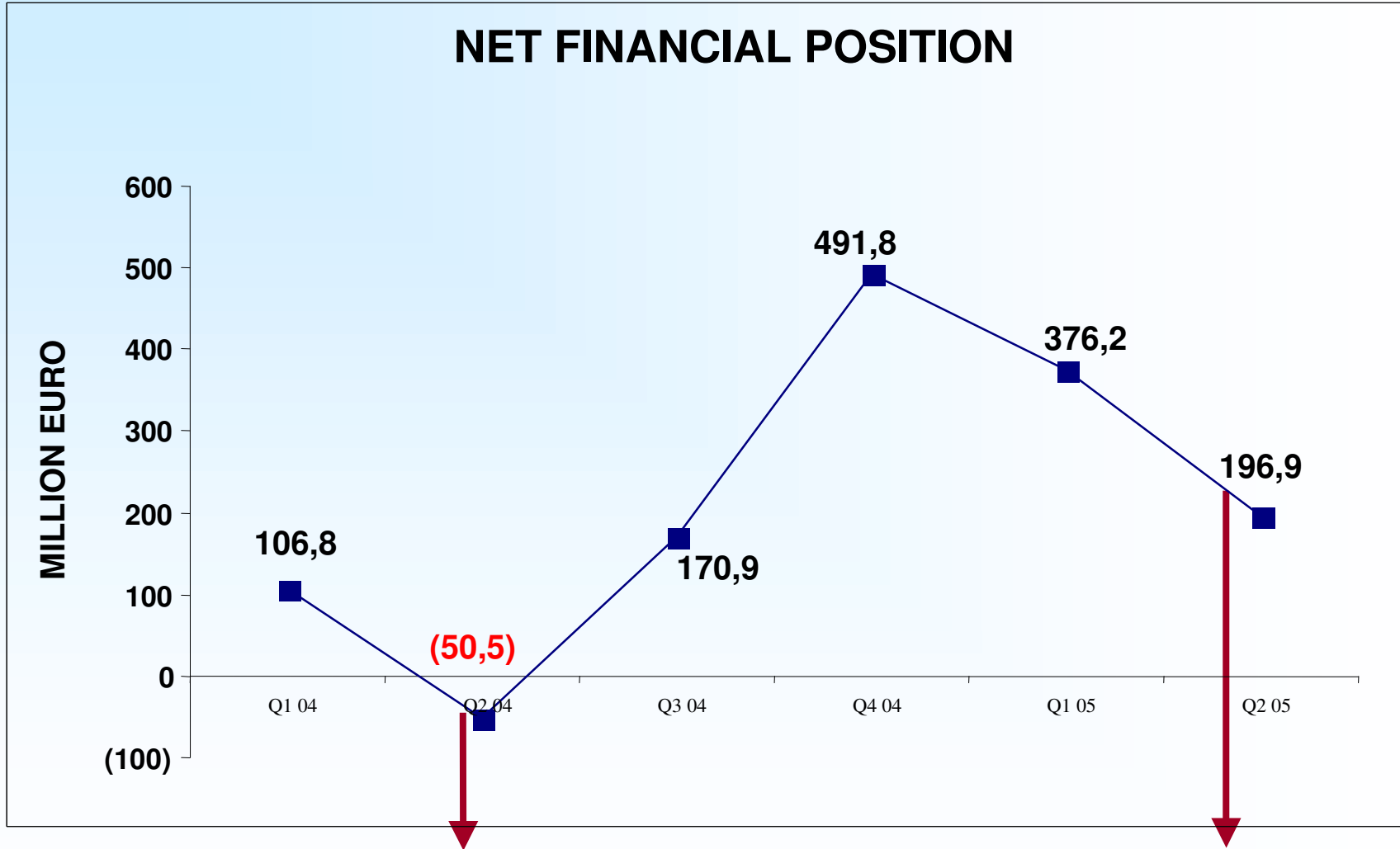
- **Financial expenses according to financial position**
- **Ordinary and Extraordinary Dividend 04 paid in Q2 05**
- **Fair value of hedging (IAS 39)**



## Working capital

	1H05	1H04	FY04
Inventory (€ mill.)	664	541	518
Receivables	277	223	254
Payables	(1,282)	(944)	(1,209)
Accruals	12	23	18
<b>Operating working capital</b>	<b>(329)</b>	<b>(157)</b>	<b>(419)</b>

# Cash Generation



**Dividend payment :  
€218 mill.**

**Dividend payment :  
€299 mill.**

# **Inditex concepts**

**Marcos López**

**Capital Markets Director**

# Sales by concept

	Net sales		Var % 05/04
	1H05	1H04	
ZARA	1,857.4	1,611.9	15%
KIDDY'S CLASS	65.3	48.4	35%
PULL&BEAR	181.0	149.2	21%
MASSIMO DUTTI	233.2	199.3	17%
BERSHKA	271.2	208.4	30%
STRADIVARIUS	139.0	89.0	56%
OYSHO	43.1	29.9	44%
ZARA HOME	29.5	16.0	85%
<b>Total Sales</b>	<b>2,819.7</b>	<b>2,352.2</b>	<b>20%</b>

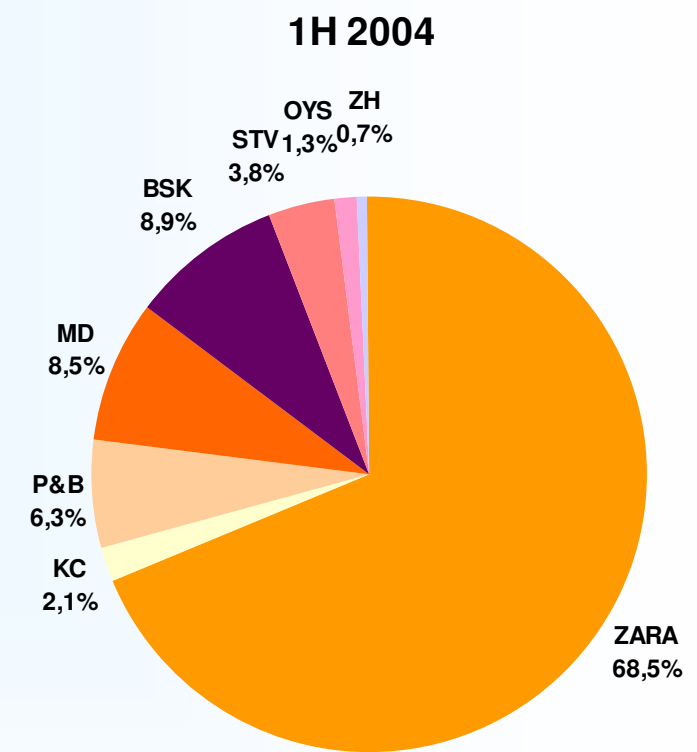
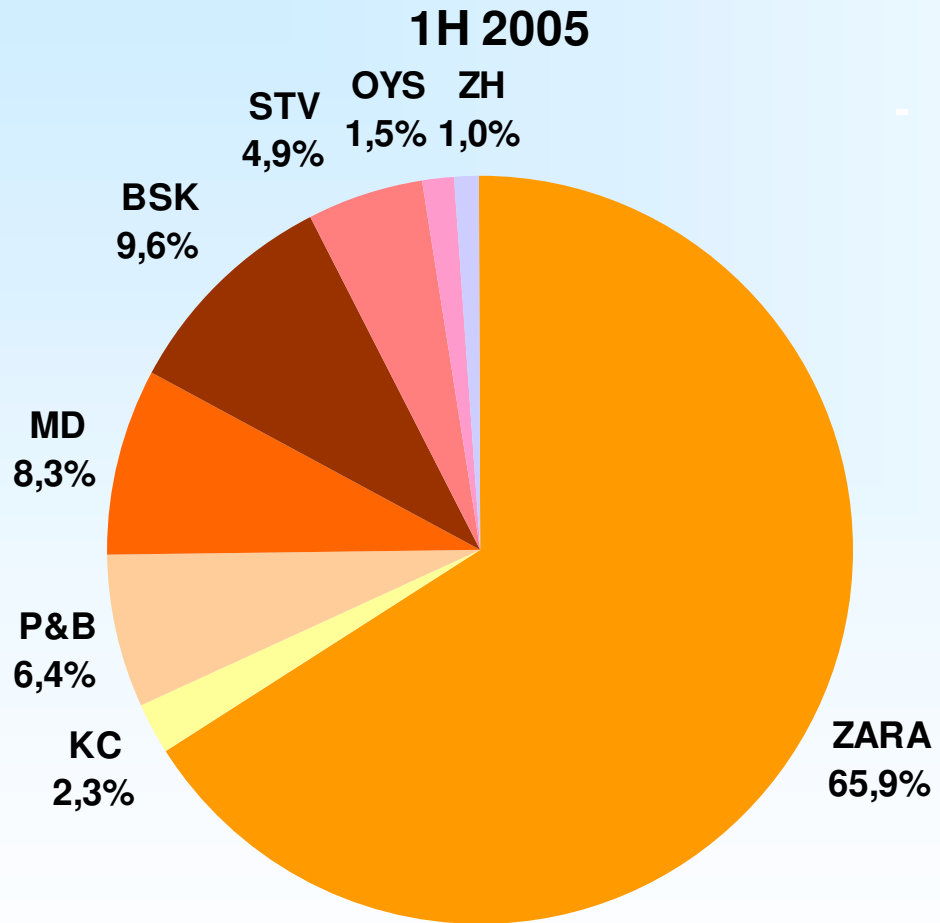
- **Flexibility of business model**
- **New successful ranges introduced in mid-June**
- **Acceleration of Sales growth over Q2 05**

- **Highly demanding comparables in FY2004**

# Pull&Bear - Stradivarius

- **Ongoing improvement since 1H04**

# Breakdown of store sales by concept





**Outlook**

**Pablo Isla**

**CEO**

# FY2005: CAPEX

- Expected CAPEX 750-850 MM €
- Store opening plan:

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

Range	
125	135
15	20
50	55
40	45
55	65
30	35
45	50
40	45
<b>400</b>	<b>450</b>

% Int'l openings
85%
10%
50%
65%
70%
45%
45%
50%

- c20% space growth

## **FY2005: Sales outlook**

**INDITEX**

- **Initial collections Autumn-Winter 2005 well received by our customers.**

**Q & A**

21 September 2005