

Interim Nine Months 2019

11 December 2019

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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.

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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



Interim nine months 2019: continue developing our LT strategy

- ▶ Unique customer experience
- ▶ Increasingly differentiated model
- ▶ Very strong execution in 9M19
- ▶ Lighter inventory and strong cash conversion
- ▶ Global growth opportunities

Interim nine months 2019: continue developing our LT strategy

- ▶ Satisfactory sales growth +7.5%
- ▶ Strong margins
- ▶ Net Income +12%
- ▶ Good evolution of working capital fundamentals
- ▶ Accelerating free cash flow generation

Zara: Dubai Flagship



Zara: Dubai Flagship



Dubai Mall

Zara: Barcelona flagship



Zara: Barcelona flagship



Paseo de Gracia

Seamless Store & Online integration



Zara Emotions by Jo Loves



EAU DE PARFUM
ZARA
EMOTIONS
A COLLECTION
CREATED BY JO LOVES

Zara Home: Christmas at Home editorial



Bershka: Billie Eilish editorial



Massimo Dutti: New image



Mall of the Emirates, Dubai

Massimo Dutti: Personalisation service



Mall of the Emirates, Dubai

Pull&Bear: Going Places collection



Stradivarius: Iceland editorial



Oysho: Launch in Singapore. Mallorca flagship



Uterqüe: London



LONDON
POP-UP STORE
9th of October 2019

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 around 2.5% in FY19 net income vs former IAS 17, in line with 9M19.

Very strong performance in interim nine months 2019

€ million	9M19	9M18	19/18
Net sales	19,820	18,437	7.5%
Gross profit	11,538	10,695	8%
PBT	3,473	3,113	12%
Net income	2,720	2,438	12%

- ▶ Impact of Leases under IFRS16 rules in 9M19 PBT +€83m and Net Income +€63m

Satisfactory sales growth

€ million	9M19	9M18	19/18
Net sales	19,820	18,437	7.5%

- ▶ Satisfactory execution of fully integrated Store & Online model
- ▶ Trading has remained strong over the period
- ▶ Sales in local currencies +7%

Disciplined execution shown in Gross margin

	9M19	9M18	19/18
Gross margin	58.2%	58.0%	+21 bps

- ▶ Strong execution
- ▶ Gross profit growth of +8% to €11.5 bn
- ▶ Sustained commercial policies

Strong operating efficiency

€ million	9M19	9M18	19/18
Op. expenses	5,811	6,740	-14%

- ▶ Efficiencies result in tight management of operating expenses
- ▶ Operating expenses growth without the impact of Leases under IFRS16 rules in 9M19 would have been +6.7%

Financial results

€ million	9M19	9M18	19/18
Financial results	(111)	12	--

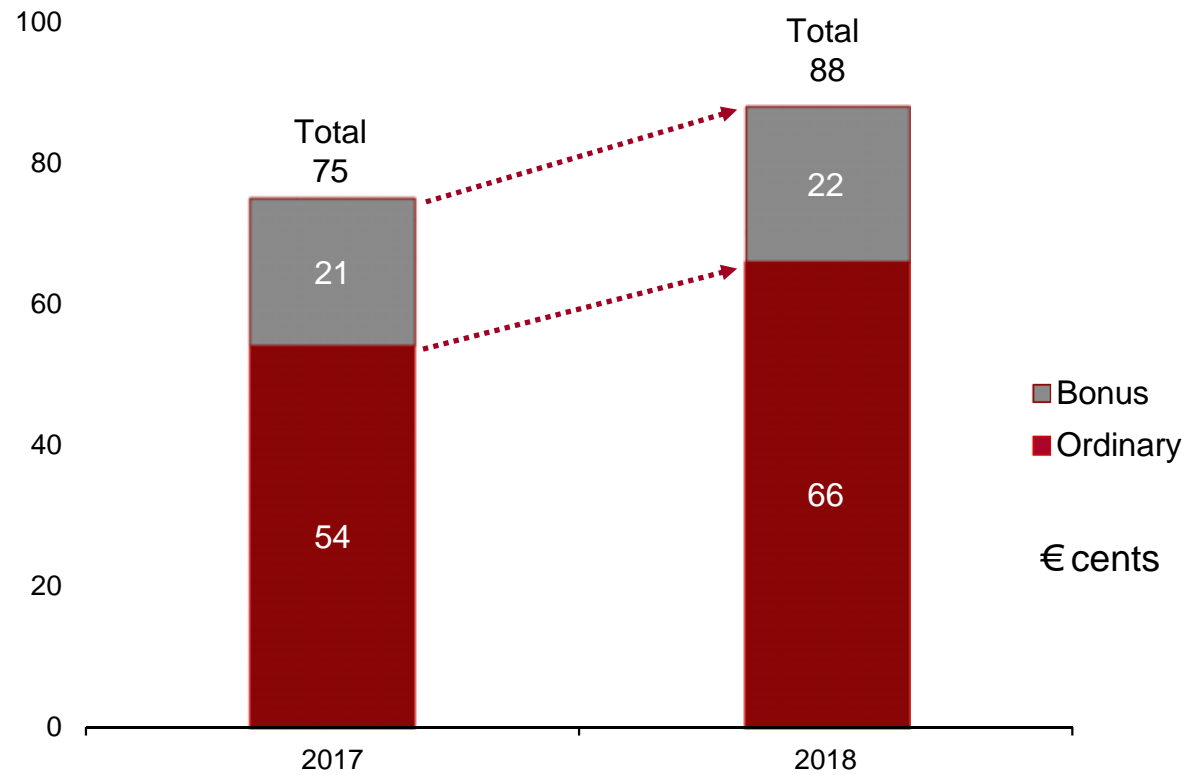
- ▶ Impact of Leases under IFRS16 rules in 9M19 on Financial results -€109m

Flexible business model

€ million	9M19	19/18
Inventory	3,434	(5%)
Receivables	843	1%
Payables	(7,517)	6%
Operating working capital	(3,240)	22%
Net Cash & Equivalents	7,734	17%

- ▶ Lower inventory on sales and increased cash generation due to strong operating performance, Store & Online integration and space optimisation programme

+17% Dividend increase



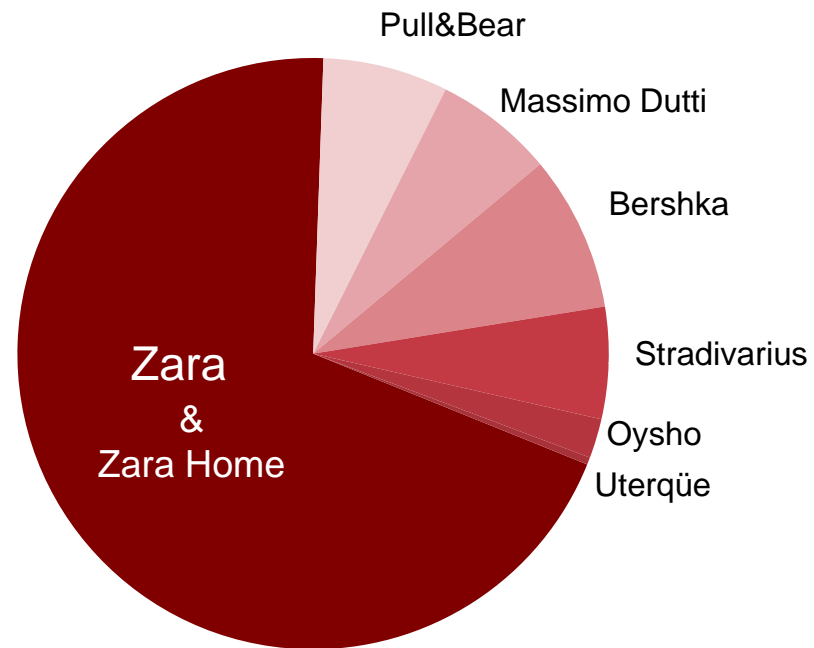
- ▶ € 44 cents was paid on 2 May and another € 44 cents on 4 November 2019

Concepts

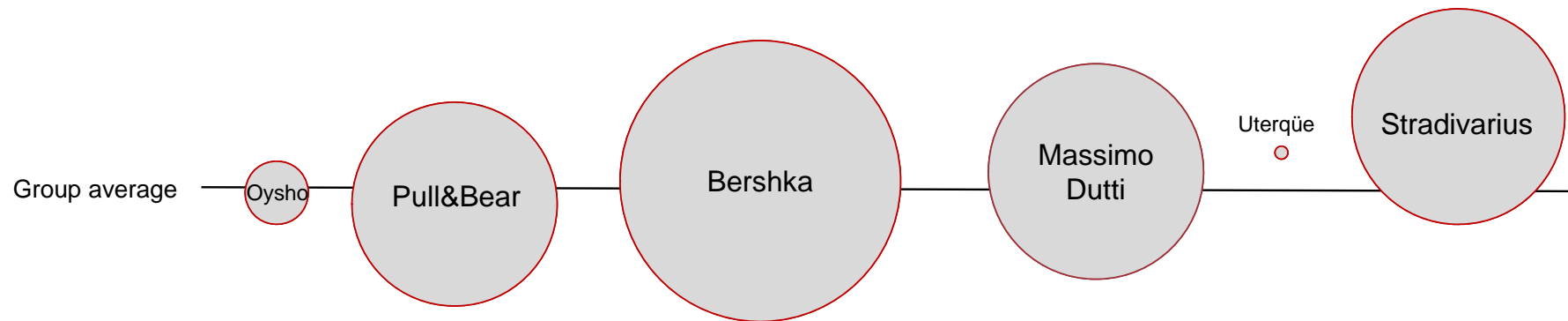
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Store & Online sales by concept



Performance per concept



Performance per concept

- ▶ Continued growth for the concepts
- ▶ Strong performance at Stradivarius and Uterqüe
- ▶ Optimisation activity in Pull&Bear and Oysho

Global fully
integrated

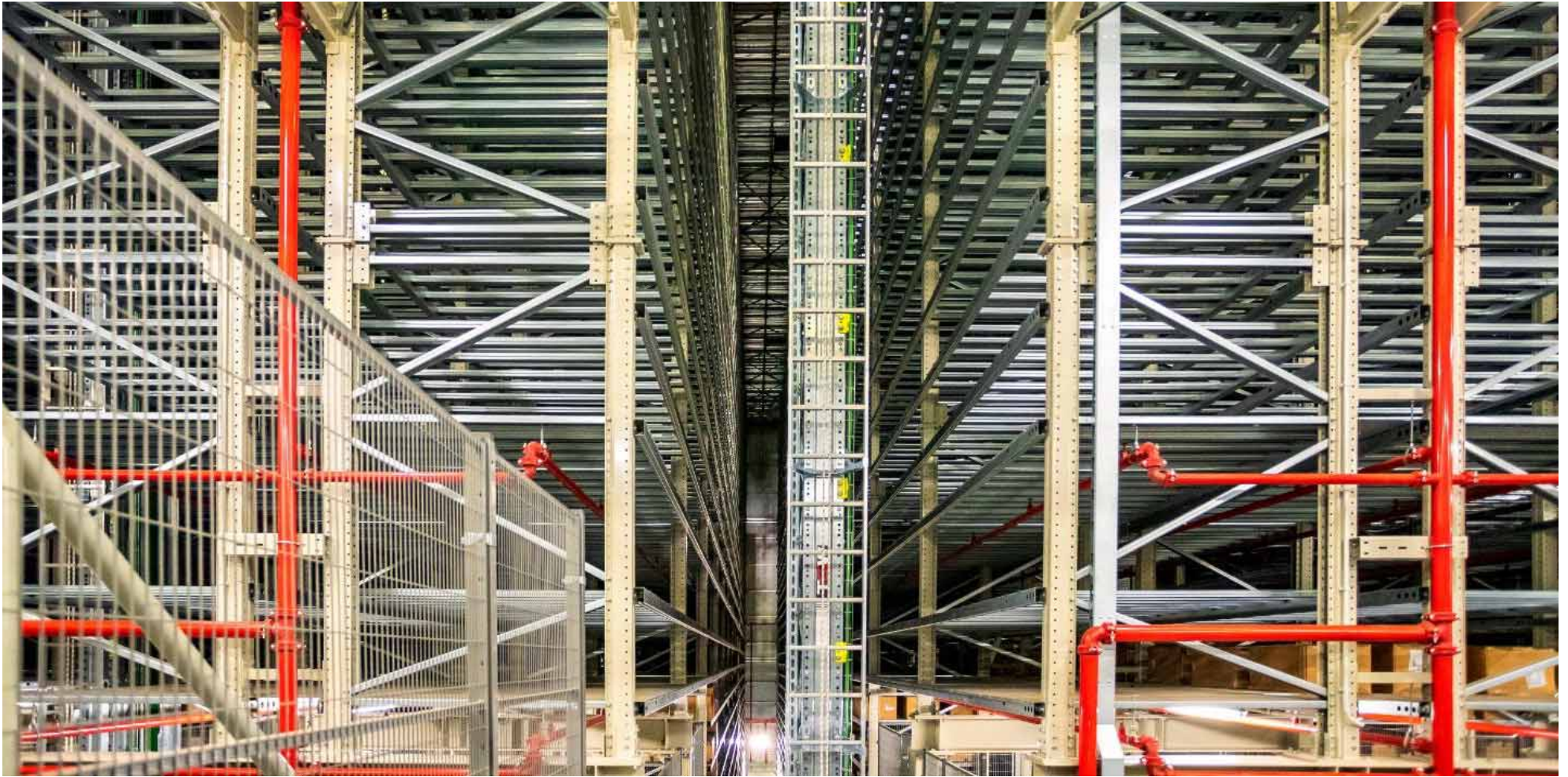
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Seamless Store & Online integration



2020: Fully integrated Store & Online



2020: Full RFID rollout and inventory integration



Online launch in South Africa, Colombia, Philippines, Ukraine



Zara Home launched on Zara UK webpage



Outlook

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Outlook: Continue developing our LT strategy

- ▶ Strong differentiation of stores
- ▶ All stores fully digital and sustainable by 2020
- ▶ Global online
- ▶ Further coordination of commercial offer
- ▶ Fully integrated Store & Online 2020

All concepts to offer online sales globally by 2020

- ▶ All key markets same day/next day



Store & Online: A/W Campaign editorial



Store & Online: Good Evening collection

GOOD EVENING
RIANNE VAN ROMPAEY



Store & Online: A Vision of Autumn



Store & Online: Secret Love campaign



Store & Online: Kids campaign



Store & Online: Join Life collection



JOIN LIFE KNITWEAR

**RECYCLED
CASHMERE**

HELP US TAKE CARE OF THE ENVIRONMENT



FY2019 Outlook

- ▶ Strong organic growth
- ▶ Increased differentiation of the model
- ▶ Ordinary capital expenditure c. €1.4 billion
- ▶ Strong free cash flow generation
- ▶ LFL sales expected to increase 4-6%

Zara

San Ignacio, Pamplona



Gran Roma Mall, Madrid

Zara



Lagoh, Seville

Zara

Rijeka, Croatia



Zara



Grand Gateway, Shanghai

Zara



Yongin, South Korea

Zara



Preciados, Madrid

Zara



Preciados, Madrid

FY2019 Results

- ▶ Results for FY2019 to be released on 18 March 2020

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