

**INDITEX**

**FY2007 Results Presentation**

**31 March 2008**

# Disclaimer

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This document is of a purely informative nature and does not constitute an offer to sell, exchange or buy, or the solicitation of an offer to buy, securities issued by any of the companies mentioned herein.

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.

- ▶ FY2007 Results
  - Overview
  - Financial summary
  - Concepts
  
- ▶ Outlook

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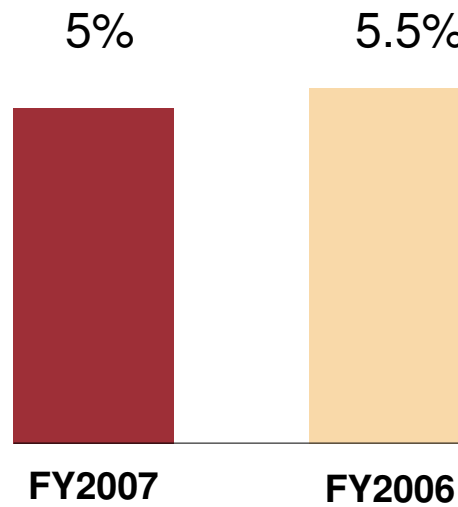
**Pablo Isla**

**Deputy Chairman & CEO**

- ▶ A year of strong expansion for Inditex
- ▶ Satisfactory sales growth and gross margin evolution
- ▶ Higher operational efficiency and cost control
- ▶ Strong cash flow and reinvestment in the business
- ▶ Increased shareholder remuneration

- ▶ Sales growth 15% (17% in local currencies and constant perimeter)
- ▶ LFL sales growth 5%
- ▶ Net income growth 25%, EPS of € 2.01
- ▶ Funds from operations growth 18%
- ▶ RoCE 43%
- ▶ 25% increase in dividend proposal

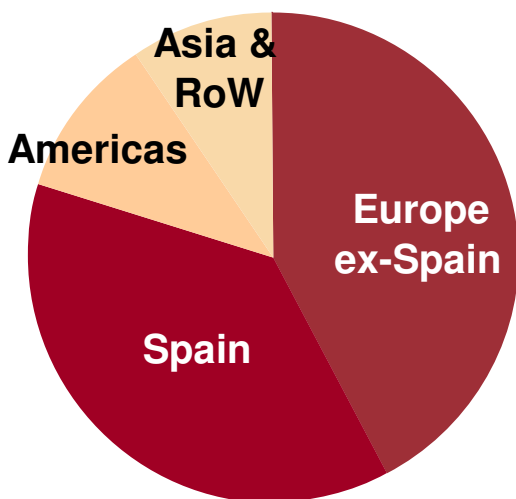
## Like-for-like Sales growth



- ▶ Satisfactory performance

# Geographic breakdown of store sales **INDITEX**

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	<b>FY2007</b>	<b>FY2006</b>
Europe ex-Spain	42.4%	40.6%
Spain	37.5%	39.6%
Americas	10.8%	11.0%
Asia & RoW	9.4%	8.9%

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



**Financial summary**

**Antonio Rubio**

**CFO**

# Highlights

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million €	FY2007	FY2006	% 07/06
Net Sales	9,435	8,196	15%
Gross profit	5,349	4,607	16%
<i>Gross margin</i>	<i>56.7%</i>	<i>56.2%</i>	
EBIT	1,652	1,356	22%
<i>EBIT margin</i>	<i>17.5%</i>	<i>16.5%</i>	
Net income	1,250	1,002	25%
EPS (€)	2.01	1.61	

# Sales growth breakdown

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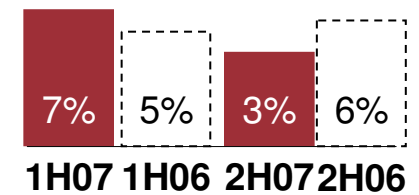
## FY2007

Space contribution 12%

LFL 5%

Currency and perimeter impact (2%)

Sales growth 15%



## Selling area

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sqm.	FY2007	FY2006	% 07/06
Total space	1,914,493	1,657,299	16%

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- ▶ 257,000 sqm added to our retail base
- ▶ 14.5% space growth on a time-weighted basis
- ▶ Openings biased to H2
- ▶ 25% of space less than 2 years old

# Gross margin

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% on sales	FY2007	FY2006	% 07/06
Gross margin	56.7%	56.2%	48 b.p.

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- ▶ Satisfactory Gross margin evolution
- ▶ Best estimate for FY2008 Gross margin at FY2007 levels

# Operating expenses

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million €	FY2007	% 07/06
Personnel expenses	1,473	18%
Rental expenses	855	19%
Other operating expenses	898	8%
<hr/>		
Total	3,226	15%

- ▶ Strict control of operating expenses
- ▶ Reduce 3 implementation on track

# EBIT margin

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% on sales	FY2007	FY2006	% 07/06
EBIT margin	17.5%	16.5%	100 b.p.

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- ▶ Strong operating performance

# Working capital

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million €	FY2007	FY2006	% 07/06
Inventory	1,007	824	22%
Receivables	464	364	28%
Payables	(2,087)	(1,740)	20%
Other	45	55	
Operating working capital	(571)	(497)	15%

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# Cash flow

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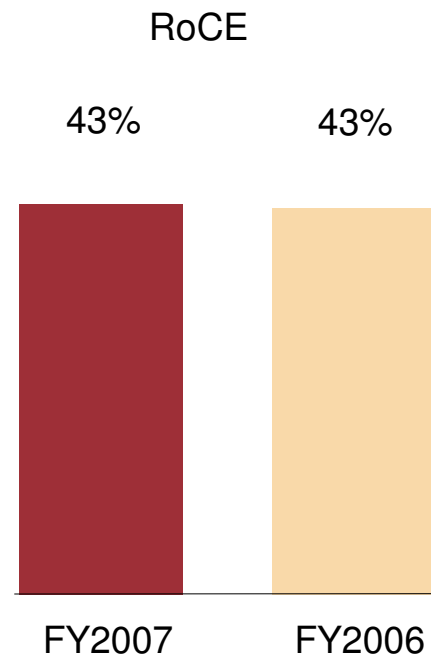
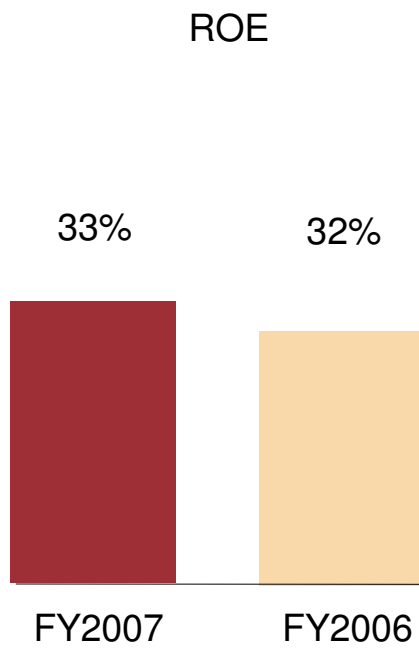
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million €	FY2007	FY2006	% 07/06
Funds from operations	1,764	1,492	18%
Cash from operations	1,817	1,397	30%
CAPEX	942	887	6%
Dividends	522	418	25%

# ROE and RoCE

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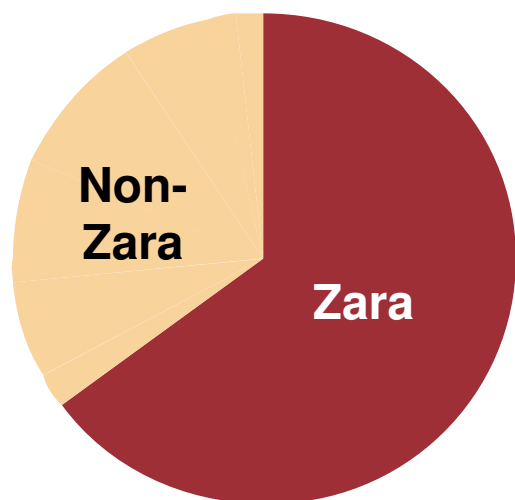
**Inditex concepts**

**Marcos López**

**Capital Markets Director**

# Sales by concept

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Concept	FY2007	FY2006
Zara	66.4%	67.5%
Non Zara	33.6%	32.5%
Pull and Bear	6.5%	6.3%
Massimo Dutti	7.4%	7.5%
Bershka	9.8%	9.7%
Stradivarius	5.5%	5.2%
Oysho	2.3%	2.0%
Zara Home	2.1%	1.7%

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million €	FY2007	% 07/06
Net Sales	6,264	13%
EBIT	1,116	23%
<i>EBIT margin</i>	<i>17.8%</i>	
RoCE	41%	

- ▶ Sales growth in local currency and constant perimeter +16%

# Pull and Bear

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million €	FY2007	% 07/06
Net Sales	614	18%
EBIT	99	27%
<i>EBIT margin</i>	<i>16.1%</i>	
RoCE	47%	

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million €	FY2007	% 07/06
Net Sales	696	13%
EBIT	106	31%
<i>EBIT margin</i>	<i>15.2%</i>	
RoCE	44%	

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million €	FY2007	% 07/06
Net Sales	925	16%
EBIT	154	17%
<i>EBIT margin</i>	<i>16.6%</i>	
RoCE	59%	



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million €	FY2007	% 07/06
Net Sales	521	22%
EBIT	119	22%
<i>EBIT margin</i>	<i>22.9%</i>	
RoCE	74%	

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million €	FY2007	% 07/06
Net Sales	213	30%
EBIT	40	3%
<i>EBIT margin</i>	<i>18.8%</i>	
RoCE	39%	

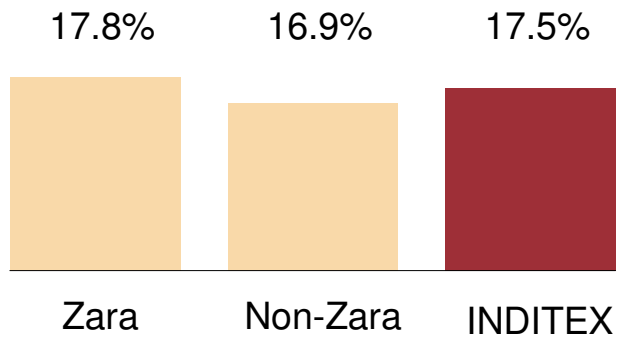
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million €	FY2007	% 07/06
Net Sales	201	45%
EBIT	18	1%
<i>EBIT margin</i>	<i>9.2%</i>	
RoCE	20%	

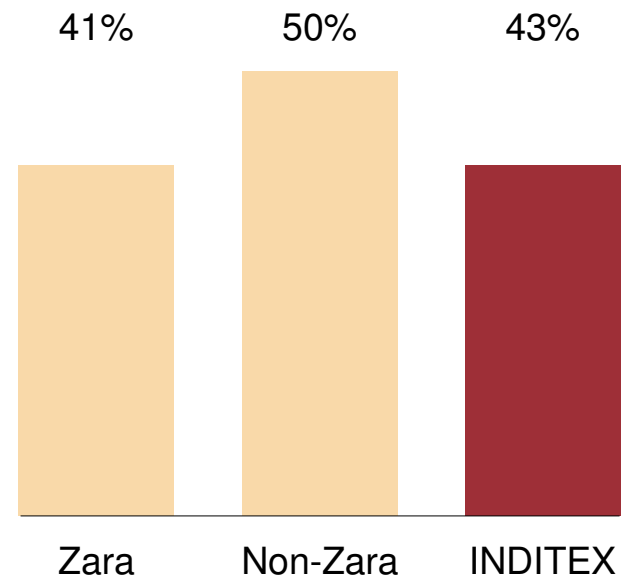
# EBIT margins and RoCE

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EBIT margin



RoCE



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**Outlook**

**Pablo Isla**

**Deputy Chairman & CEO**

- ▶ Expansion
- ▶ Reinforce our business model
- ▶ Growth drivers 2008-2010
- ▶ Outlook FY2008

- ▶ Strong long term potential to expand profitably
  - Europe key priority: Inditex domestic market
    - Growth area for all the concepts
    - Strong growth markets
      - Western Europe
      - Eastern Europe and Russian Federation
  - Growth in Asia: Strategic component
    - Increase in selling space in Asia at a rate that more than doubles the increase in selling space for the Group
    - Main growth markets: China, Japan and Korea (first openings in April 2008)
  - Americas
    - Build on current presence with selective expansion



▶ FY2007

- 218 stores
- 7 concepts

▶ FY2008E

- Strong growth
- Broad geographic penetration





- ▶ FY2007
  - 50 stores
  - 7 concepts
- ▶ FY2008E
  - Strong expansion
  - 80 new stores
  - Samara
  - Krasnodar
  - Krasnoyarsk
  - Yekaterinburg
  - Nizhniy Novgorod



- ▶ FY2007
  - 15 stores in key capitals (Shanghai, Beijing, HK, Macau)
- ▶ FY2008E
  - Reinforce presence in key capitals
  - Expansion in other capital cities (Tianjin, Nanjing, Harbin, Shenzhen, Dalian)
- ▶ FY2008-10
  - Stronger expansion in the country

# Launch in Korea

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- ▶ FY2008E
  - 5 stores in Seoul's key locations
- ▶ FY2009-10E
  - Strong growth potential

# Multiconcept growth: Uterqüe

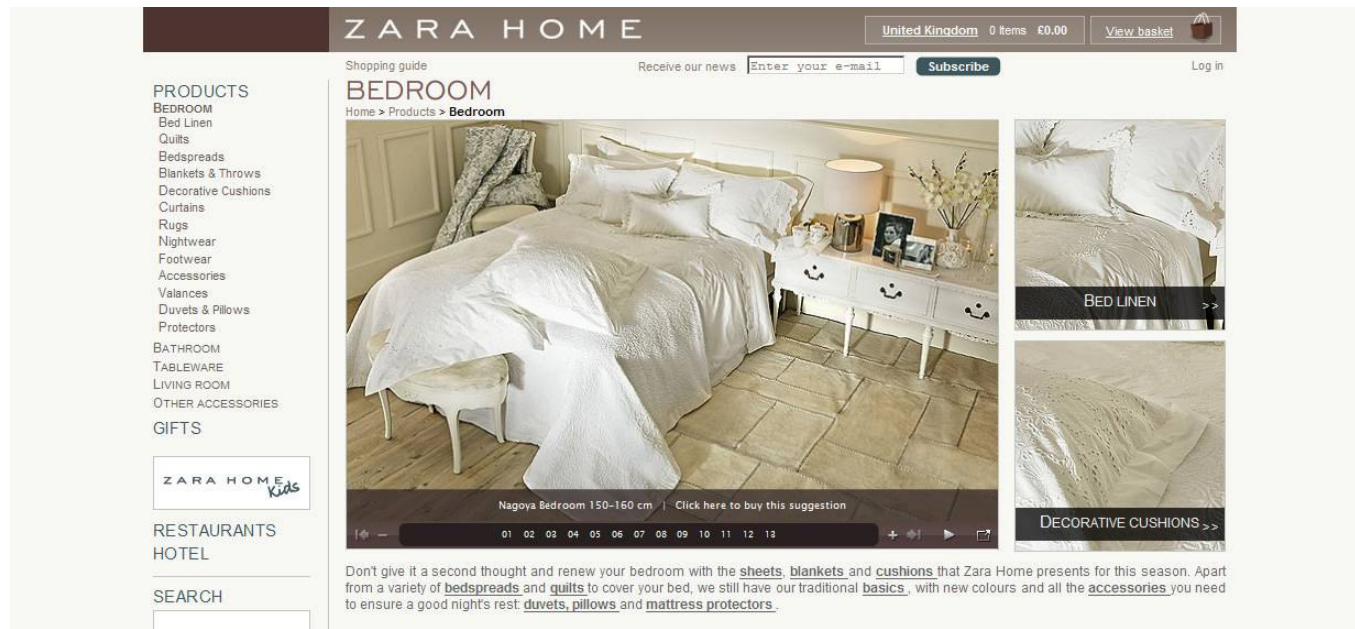
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- ▶ New accessories concept to be launched in Second Half 2008
- ▶ Strong expansion potential in a highly fragmented market
- ▶ 20-30 openings in 2008



# Multichannel: Zara Home e-commerce **INDITEX**

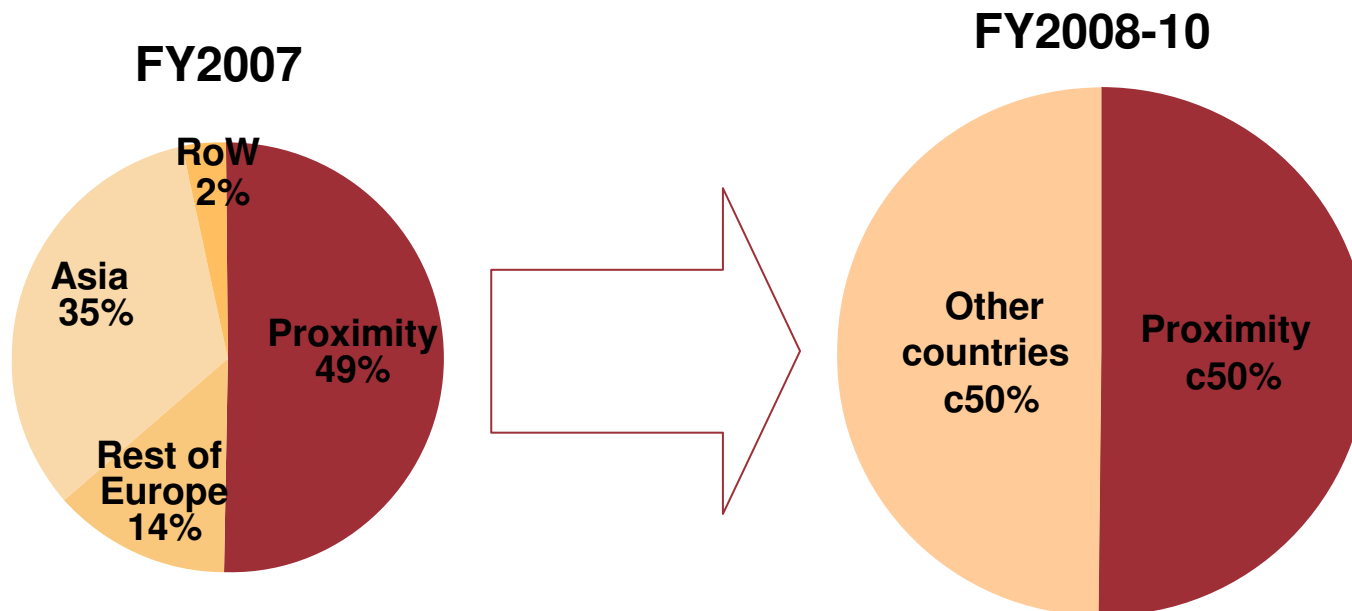
- ▶ Highly satisfactory launch in October 2007
  - c2,000 references
  - 14 countries: Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, The Netherlands, Portugal, Spain, Sweden and UK
  - Leverage our experience in e-commerce



# Reinforce business model

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- ▶ Reinforce our business model for future growth
  - Sustain flexibility



# Reinforce business model

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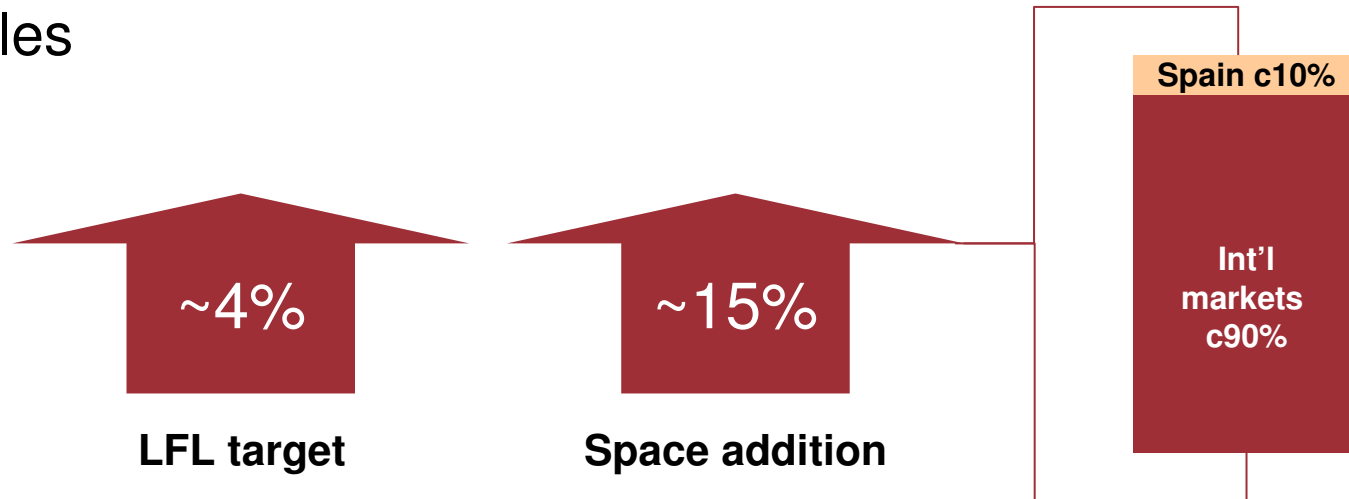
- ▶ Logistic platforms already in place
  - Significant investments over 2006-08
  - Scalable to meet 2012 growth targets



# Growth drivers 2008-2010 (CAGR)

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## ► Sales



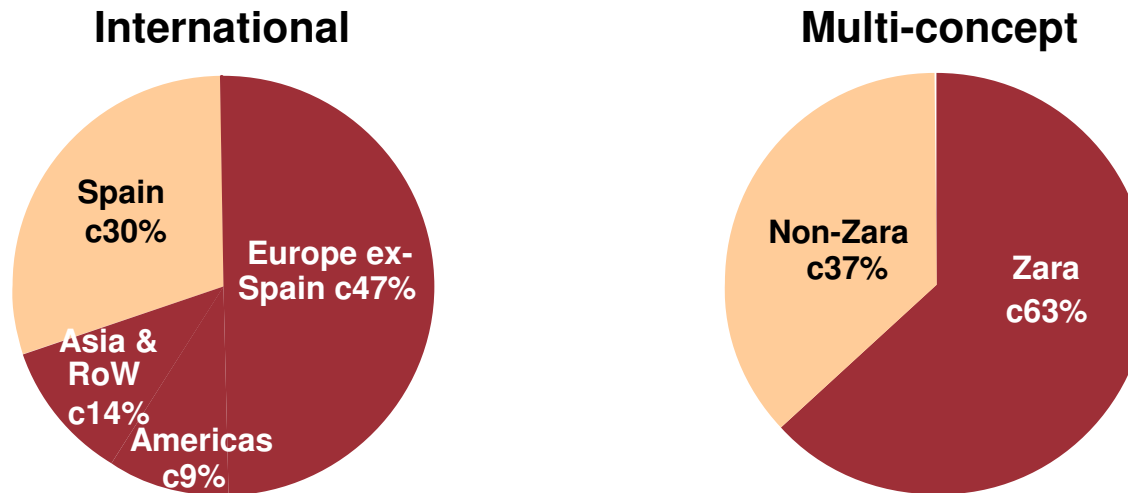
## ► Cash flow





# Growth drivers 2008-2010

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- ▶ Highly diversified sales platform
- ▶ Deeper penetration in existing markets
- ▶ Stores in more than 80 countries through 8 concepts

# FY2008: Outlook

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	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>
OPEX to Sales growth spread	300 b.p.	100 b.p.	0 b.p.

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- ▶ Optimization of operational efficiency a key part of our strategy
- ▶ 2008: Consolidation of Reduce 3 plan

- ▶ Predictable attractive shareholder remuneration
  - Dividend proposal: 1.05 € per share
  - 652 MM € to be distributed to shareholders
  - 25% increase over FY2006
  - More than doubled from 2005

Store opening programme	Range		% Int'l
Zara	145	155	85%
Pull and Bear	65	75	80%
Massimo Dutti	45	55	75%
Bershka	85	95	85%
Stradivarius	75	85	65%
Oysho	85	95	65%
Zara Home	40	50	80%
Uterqüe	20	30	20%
Total net openings	560	640	

- ▶ New markets: Korea, Ukraine, Egypt and Montenegro

- ▶ Space growth: ~ 290,000 sqm.
- ▶ Capital Expenditure: ~ 1 BN €
  
- ▶ During the beginning of 1H2008 sales performance is according to Management expectations. Store sales in local currencies have increased by 17% from 1 Feb. to 23 March 2008

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**FY2007 Results Presentation  
Q&A**

**31 March 2008**