

2019 Results

18 March 2020

INDITEX



Disclaimer

This document and the information herein does not constitute an offer to sell, to buy or to exchange, nor an invitation to make an offer to buy, to sell or to exchange, nor a recommendation or advice, regarding any security issued by the Inditex Group.

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.

The risks and uncertainties that could affect the forward-looking statements are difficult to predict. The company assumes no obligation to publicly revise or update its forward-looking statements in the case of unexpected changes, events or circumstances that could affect them. Given the uncertainties of forward-looking statements, we caution readers not to place undue reliance on these statements.

For a discussion of these and other factors that may affect forward looking statements and the Inditex Group's business, financial conditions and results of operations, see the documents and information communicated by the company to the Comisión Nacional del Mercado de Valores (*the Spanish Securities Commission*).

The contents of this disclaimer should be taken into account by all persons or entities.

Overview

INDITEX



Covid-19 pandemic

- ▶ We express our solidarity with the people affected
- ▶ Our number one priority is the health & safety of local communities and our employees
- ▶ We want to express enormous gratitude to our dedicated teams who have been an inspiration during this period

Inditex: Strong fundamentals

- ▶ 2019 was a year of very strong operating performance
- ▶ Start of 2020 influenced by Covid-19 pandemic
- ▶ Full confidence in strength and flexibility of business model
- ▶ Continue developing our long term strategy, fully integrated Store&Online
- ▶ Robust financial condition. Strong free cash flow generation, net cash position and lower capital intensity going forward
- ▶ Global growth opportunities

2019: Outstanding performance

- ▶ Strong sales growth +8%
- ▶ LFL sales +6.5%
- ▶ Online sales + 23% to €3.9 billion (14% of sales)
- ▶ Gross profit reached €15.8 billion
- ▶ Provision of €287m to account for the impact that the Covid-19 pandemic might have in the net realisable value of the Spring/Summer inventory position
- ▶ Net Income excluding provision +12%
- ▶ Accelerating free cash flow generation
- ▶ Net cash €8.1bn

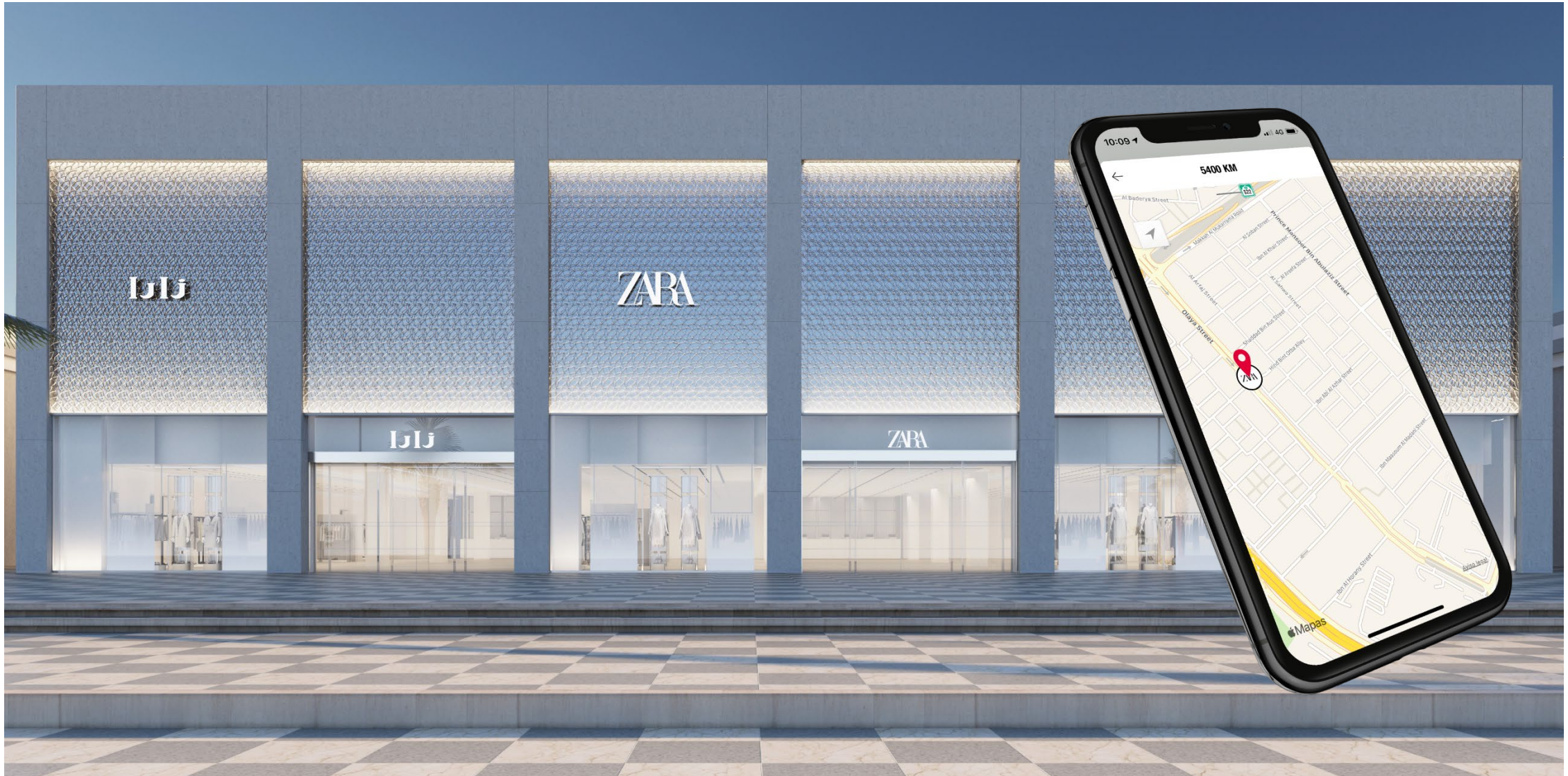
Strength of business model reflected in LFL consistency

- ▶ +6.5% LFL on a demanding comparable
- ▶ Positive LFL in both stores and online
- ▶ Positive LFL across all geographical areas

Space optimisation a key competitive advantage

Store optimisation	2012-2019
Gross openings	3,671
Refurbishments	2,556
Enlargements	1,106
Absorptions	(1,729)

New space in prime locations globally grew 5% (2.5% net)



Online globally

- ▶ Sector leading online sales €3.9 billion
- ▶ Strong growth +23%
- ▶ 14% of sales
- ▶ Fully integrated Store & Online



Dividend

- ▶ The Board of Directors of Inditex, following the proposal of the Audit & Compliance committee, in view of the current uncertain situation due to the Covid-19 pandemic, considers that it is not the right moment to take a decision on the dividend to be proposed relating to FY2019. Consequently, the net income generated will be allocated to reserves with a view to submitting a final proposal on dividends at a later board meeting prior to the AGM which will take place in July.

Start of FY2020

- ▶ Main priority is the health and safety of local communities and employees
- ▶ Initial collections for Spring/Summer 2020 very well received by our customers
- ▶ Covid-19 is having a very significant impact. Online business continues to develop as normal in all markets
- ▶ Supply chain continues to operate normally due to flexibility of business model
- ▶ Store&Online sales in local currencies -4.9% from 1 February to 16 March.
Store&Online sales in local currencies -24.1% from 1 March to 16 March
- ▶ As of today 3,785 stores are temporarily closed in 39 markets. All stores in China are open with the exception of 11 stores
- ▶ Too early to quantify future impact. We are following events closely and remain confident in our business model and long term strategy

Financial Summary

INDITEX



Strong operating performance in 2019

€ million	FY19	*FY19	FY18	19/18	*19/18
Net sales	28,286	28,286	26,145	8%	8%
Gross profit	15,806	16,093	14,816	7%	9%
Net income	3,639	3,855	3,444	6%	12%

- ▶ Strong sales performance
- ▶ Provision of €287m in the gross margin relating to the adjustment to Spring/Summer inventory as of 31 January 2020 to net realisable value
- ▶ Excluding provision reported net income grew 12%
- ▶ Impact of Leases under IFRS16 rules in 2019 Net Income +€88m

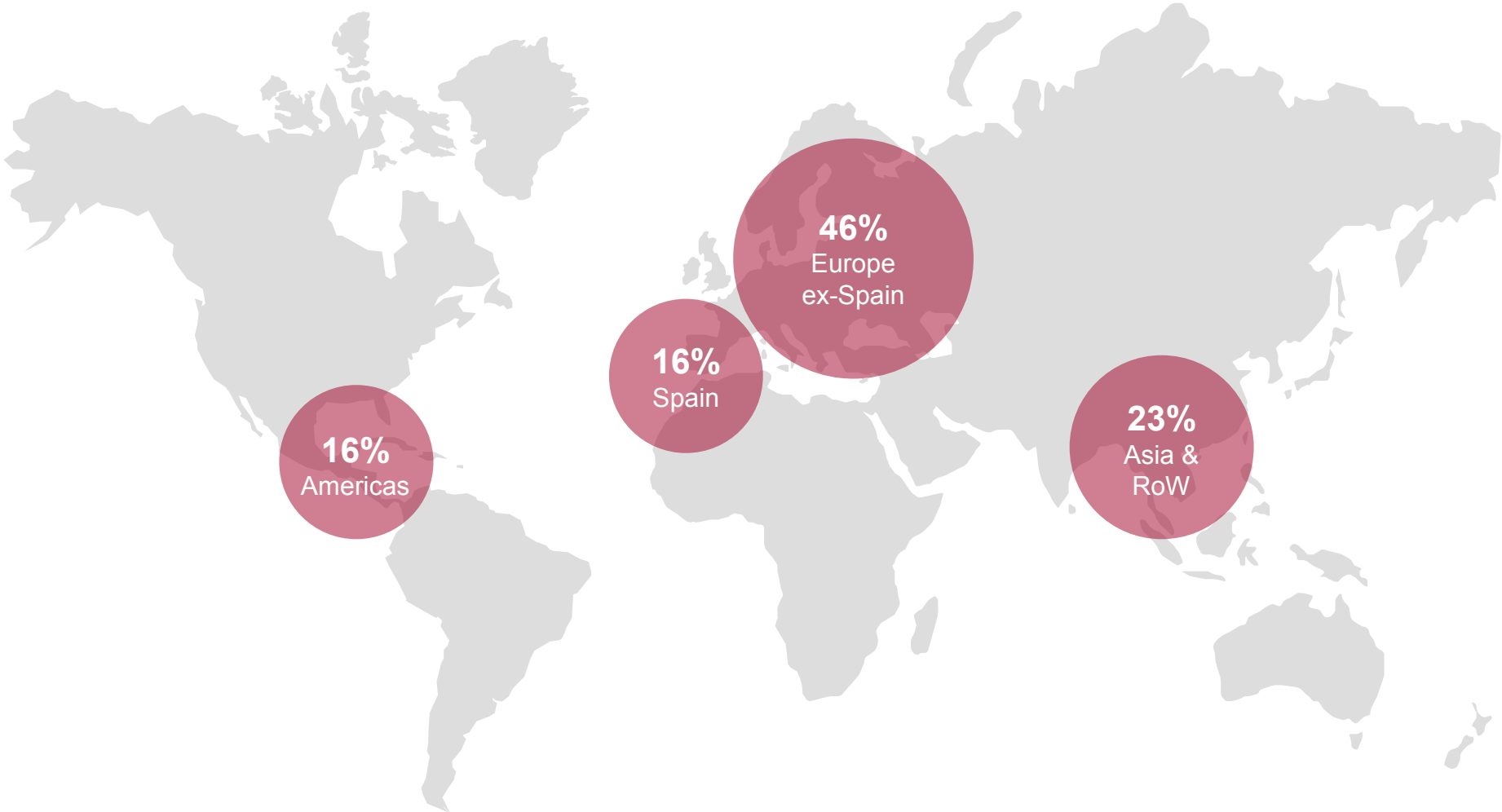
*excluding provision of €287m

Strong sales growth

€ million	FY19	FY18	19/18
Net sales	28,286	26,145	8%

- ▶ Outstanding execution of fully integrated Store & Online model
- ▶ Strong LFL performance +6.5%

Global Store & Online sales in 2019



Strong execution shown in Gross margin

€ million	FY19	*FY19	FY18	19/18	*19/18
Gross margin	55.9%	56.9%	56.7%	-79 bps	+22 bps

- ▶ Gross profit growth of +7% to €15.8bn
- ▶ €287m provision relating to the adjustment to Spring/Summer inventory at 31 January 2020 to net realisable value based on IAS 2 and IAS 10
- ▶ The Gross margin excluding the provision reached 56.9% (+22bps) to €16.1bn, +9%

*excluding provision of €287m

Strong operating efficiency

€ million	FY19	FY18	19/18
Op. expenses	8,176	9,329	-12%

- ▶ Efficiencies result in tight management of operating expenses
- ▶ Operating expenses growth without the impact of Leases under IFRS16 rules in 2019 would have been +7.5%

Financial results

€ million	FY19	FY18	19/18
Financial results	(152)	17	--

- ▶ Impact of Leases under IFRS16 rules in 2019 on Financial results -€146m

Business model

INDITEX



Flexible business model

€ million	FY19	19/18
Inventory	2,269	(16%)
Receivables	780	(5%)
Payables	(5,585)	6%
Operating working capital	(2,536)	48%
Net Cash & Equivalents	8,060	20%

- ▶ Lower inventory on sales and increased cash generation due to strong operating performance, Store & Online integration and space optimisation programme
- ▶ Inventory provision of €287m
- ▶ Inventory excluding provision fell 6%

Cash flow summary

€ million	FY19**	FY18	19/18
Funds from operations	6,695	4,378	
Lease payments	(1,836)	--	
Funds from Operations	4,859	4,378	11%
Change in working capital	205	(349)	
Cash from Operations	5,064	4,029	26%
CAPEX (net)	1,113	1,462	(24%)
Free Cash Flow	3,951	2,567	54%
Dividends	2,741	2,335	17%

**Incorporating effects from application of IFRS 16 Leases

Outlook

INDITEX



Inditex: Strong fundamentals

- ▶ The performance in 2019 highlights the strength of Inditex
- ▶ Start of 2020 influenced by Covid-19 pandemic
- ▶ Maintain 4%-6% underlying level of LFL sales growth
- ▶ Robust financial condition. Strong free cash flow generation, net cash position and lower capital intensity going forward
- ▶ Full confidence in strength and flexibility of business model
- ▶ Continue developing our long term strategy, fully integrated Store & Online
- ▶ Global growth opportunities

2019 Results

18 March 2020

INDITEX

