INDITEX
CONSOLIDATED RESULTS 2020

CONFERENCE CALL SCRIPT
10 March 2021

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Introduction: Marcos López

Good Morning Ladies and Gentlemen. A warm welcome to the presentation of Inditex's Results for 2020. I am Marcos López, Capital Markets Director.

The presentation will be chaired by Inditex's Executive Chairman Pablo Isla. Here today with us are also our CEO Carlos Crespo and CFO Ignacio Fernández.

As usual, the presentation will be followed by a Q&A session starting with the questions received on the telephone and then those received through the webcast platform. Before we start, we will take the disclaimer as read.

I'll now hand you over to Pablo.

Slide 3: 2020: A year marked by the pandemic and key in Inditex's strategic transformation

Good morning to everybody and welcome to Inditex's 2020 results presentation. I hope you are all well.

2020 has been very unique for Inditex in two aspects. Firstly, the year has been marked by the pandemic. This has affected every one of us in unprecedented ways.

It has also been a landmark period in Inditex's strategic transformation. The initiatives we have been implementing over a number of years now, have enabled us to meet the challenges of 2020 head on.

Slide 4: 2020: A year marked by the pandemic and key in Inditex's strategic transformation

First and foremost, our thoughts are with all those affected by the pandemic. Our number one priority is the health and safety of local communities and our employees. We would like to thank our teams, whose contribution in this difficult time has been inspiring.

Slide 5: Strong operating performance

Let me highlight some of the key aspects of our performance.

In 2020, Inditex executed remarkably, in what was a most challenging operational environment.

Over the year lockdowns and restrictions seriously disrupted the operation of stores. Outstanding growth in online sales continued throughout. The management of operating expenses in a highly disciplined way allowed us to partially offset the worst of the trading conditions.

In this context, we continued generating strong cash flow and we maintained a solid financial position.

We continue developing the main lines of our long-term strategy: to extend our fully integrated store and online platform; to complete the digitalisation of the group; and to push forward the goal of increasing our level of sustainability. Let me tell you that we have total confidence in our unique business model.

Slide 6: 2020: Strong operating performance

As mentioned a few moments ago, 2020 was a landmark year in the strategic transformation of Inditex. The initiatives we have been implementing over quite a number of years, clearly showed their worth during this difficult time.

Let's cover a few of the key achievements:

The integration of stores and online is now complete due to the total rollout of RFID and Stock Integration (SINT) globally. The migration to the Inditex's Open Platform is now 80% developed.

Online sales surged ahead at an accelerating pace throughout the year, driven by the attractiveness of our offer and the prevailing market conditions. Online sales grew an outstanding 77% in constant currency.

Customer engagement has been very strong. Online visits increased 50% to 5.3 billion in 2020.

Gross space growth has been 2% and the store optimisation programme is now in its final stages as planned. A total of 751 stores were absorbed in 2020.

We now enjoy a higher level of flexibility and a lower inventory requirement in order to meet customer demand.

The result is a more responsive, adaptable and agile company.

Slide 7: A year marked by the pandemic: Stores in operation

Back to operations. This chart shows the number of stores with sales on a weekly basis. It also illustrates well the timing of the restrictions as the year progressed.

Slide 8: A year marked by the pandemic: Store&Online Sales

In this chart, you can see the progression of sales over the year. This was marked by restrictions in stores and very strong online growth.

Slide 9: FY2020: Healthy sales productivity

To put the strength of the operating performance into context, restrictions reduced trading hours by 25.5% in 2020 versus 2019. This percentage does not take into account additional restrictions on floorspace, maximum capacity and peak trading times that were present across many markets.

Furthermore, 30% of stores were in full lockdown at the close of the year on 31 January 2021 and 52% had trading restrictions. At the end of the third quarter 2020 just 8% of stores were in full lockdown.

Slide 10: Online sales continue to be a major growth driver

The strong trajectory of online sales continued throughout the year. In 2020, global online sales reached 6.6 billion euros.

This remarkable performance was greatly helped by our fully integrated business model, our single inventory position, and the attractiveness of the product offer.

It is because of these features that our online operations enjoy sector leading growth rates and profitability. Inditex's online business is non-dilutive to margins and requires lower capital intensity going forward.

Slide 11: Online sales €6.6 billion

Online sales in constant currency grew 77% in 2020.

95% of the growth in online in the year was organic. The contribution of SINT to online sales reached 1.2 billion euros.

Customer engagement is strong. Online visits reached 5.3 billion in 2020, an increase of 50%.

The strong growth of online has continued into 2021.

Slide 12: Online €6.6 billion with sector leading growth rates and profitability

Not only are Inditex's online sales in absolute terms leading the space, but also the growth rates we have seen are very much at the top as well, and, with a markedly higher level of profitability.

Slide 13: A key year in Inditex's strategic transformation

Now, I would like to cover some of the aspects of our strategic transformation in 2020.

Slide 14: 2020: A key year in Inditex's strategic transformation

Our competitive advantage will be further strengthened through the development of the fully integrated store and online model.

Our priority remains to provide a stronger customer experience with improved management of stores, inventory, supply chain and sales conversions.

We foresee a very strong progression of online sales up to and beyond 2022.

This will be driven through a focus on high quality stores which are of course fully integrated, digital and eco-efficient.

We must also bear in mind that all this is being achieved with sustainability very much as a central part of the strategy.

This should help to generate higher returns and lower capital intensity.

And now over to Carlos to talk about digitalisation and sustainability.

Slide 15: Continuous investment in digitalisation

Thank you, Pablo.

Key to all this, is the continuous investment in digitalisation of 1 billion in euros over the 2020-2022 period. Important projects include the completion of the Zara online studios and the full rollout of the Inditex Open Platform.

Slide 16: New online studios for Zara

The new online studios for Zara are now finished. They are housed in a fully sustainable building which is 67,000 square metres in size.

Slide 17: Single Inventory Integration (SINT)

In 2020, the SINT programme was completed across all concepts. SINT was instrumental to the level of online sales we saw last year.

Slide 18: Investment in digital integration: The store in-your-pocket 24/7

We also continue to invest in digital integration with the goal ultimately being the rollout of “The Store in-your-pocket”. The “store mode” aligns different functionalities such as product discovery, geolocation, fitting room reservation, payments and customer service.

Slide 19: Sustainability a key part of the strategy

As you know, sustainability has been a key part of our strategy for many years. Our commitment is best illustrated in these 5 main areas.

- The sustainability of the supply chain
- The use of renewable energies
- The commitment to sustainable fabrics
- The conversion into eco-efficient stores
- And a Zero-waste and recycling policy

Slide 20: Sustainability 2020 targets

We are happy to tell you that we have achieved or exceeded all sustainability targets set for 2020, as can be seen in Join Life as well as in the use of renewable energy at our own facilities. We are fully on course to meet the targets set over the next few years.

Slide 21: Sustainability 2023 targets

For 2023 we have set ambitious objectives:

- Zero waste from our facilities
- 100% use sustainable cellulosic fibres
- 100% free of single-use plastic
- 100% of all packaging materials collected for reuse or to be recycled in our own supply chain

I’ll hand you over now to Ignacio to cover the financial section.

Slide 22: Financial Summary

Thank you, Carlos.

Slide 23: 2020: A year marked by the pandemic

In 2020, Inditex executed remarkably in what has been a challenging operating environment. Our stores, online and supply chain have adapted on a continuous basis to the volatile trading conditions seen throughout the year.

Store sales recovered progressively once lockdowns and restrictions were lifted. Online sales continue growing at an outstanding pace.

Despite the restrictions we have maintained healthy sales productivity.

Slide 24: 2020: A year marked by the pandemic

From a P&L perspective three points defined 2020: A very active management of the supply chain, a healthy gross margin evolution and the meaningful reduction in operating expenses.

Slide 25: 2020: Second half recovery

We saw a strong recovery in the context of a challenging environment in the second half of 2020.

We incurred exceptional costs due to Covid-19 of 394 million euros in the second half.

Slide 26: 2020: Sales

As mentioned, the pandemic had a material impact on sales in 2020. This performance was marked by the timing of temporary store closures and restrictions.

Online sales growth in constant currency has been very strong at +77%.

We also saw sales trends improve markedly as stores reopened.

Slide 27: Global Store & Online sales in 2020

The sales performance by geographic area reflects currency fluctuations and the timing of the temporary store closures and restrictions.

Slide 28: Gross margin

The gross margin was 55.8%. The flexibility of the supply chain has been key to the margin performance. In constant currency, the gross margin for the year increased 170 basis points to 57.6%.

In the second half the gross margin in constant currency increased 257 basis points.

Slide 29: Operating efficiencies

Efficiency gains have allowed us to exercise a high level of control over operating expenses in the period. As you can see, operating expenses decreased by a remarkable 17%.

Operating expenses were very efficiently managed across all departments and business areas. This demonstrates our ability to react and adapt continuously to the changing trading environment.

The main components of operating expenses all show a very good performance.

Slide 30: Depreciation

Depreciation and amortisation was 3 billion euros. This includes the charge for the completion of the store optimisation programme in 2020 and 2021, as announced back in June of last year.

Slide 31: Financial results

The financial results line of the income statement includes interest on lease liabilities of 120 million euros.

Slide 32: Efficiencies in operations

As mentioned, the various initiatives in place allow us to generate working capital efficiencies even in the most challenging of environments. This chart shows the decreasing inventory requirements in our operations over recent years.

We will continue to require less inventory to manage operations. This is a result of the single inventory position, a key part of our business model, and has been further enhanced by the use of technology such as RFID and SINT that allows in-store inventory to be used to fulfill online orders.

Store optimisation also improves inventory allocation and higher product availability resulting in stronger full price sales.

This will drive stronger cash generation going forward.

Slide 33: Flexible business model

The flexibility of the business model we run can be clearly seen in the evolution of working capital over this demanding period.

Despite the very material impact of lockdowns on sales, we have been able to use the flexibility of our supply chain to adjust volumes. The single inventory position was crucial to achieving this performance.

As a result of all this, inventory decreased 9% at the end of the year excluding the effect of the provision charged in the fourth quarter of 2019.

These actions, in conjunction with the strong cash flow, took the net cash position to 7.6 billion euros.

Slide 34: Cash flow summary

With all of this, you can see funds from operations after leases was 2.2 billion euros, cash from operations was 1.3 billion euros.

Let me hand you over to Marcos now.

Slide 35: Concepts

Thank you.

Slide 36: Store & Online Sales by concept

Over 2020, we continued our expansion. We have opened stores in 29 different markets. Global online launches took place in 25 markets.

The weight of the different concepts on group sales remains broadly unchanged.

Slide 37: Performance per concept

We are seeing a progressive recovery across all concepts going into the Spring/Summer season, especially going into March. The differences in performance relates to each concept's specific geographic presence, location of stores and fashion profile.

Slide 38: Concepts

Online sales continue to grow remarkably. Oysho and Zara Home ranges performed particularly well in 2020. Store optimisation activities across all concepts will extend into 2021.

Slide 39: Outlook

And now back to Pablo to comment on the outlook.

Slide 40: FY 2022 Outlook

Thank you.

In June of last year, we detailed to you a number of strategic initiatives to strengthen our global fully integrated store and online model. We plan to continue developing these key long-term priorities in order to maximise organic growth.

The goal is to increase the differentiation of our business model to provide a unique customer experience.

The strong online sales growth we have seen is expected to continue going forward.

We will have invested 1 billion euros in online capital expenditure between 2020 and 2022.

A key focus is on high quality stores, with the aim that they be fully integrated, digital and eco-efficient.

Total capital expenditure over this same period will be around 900 million euros annually, helping to drive lower capital intensity and increasing profitability.

Let us not forget that we aim to achieve all of this with sustainability remaining very much a central part of the strategy.

We expect to deliver higher returns and lower capital intensity.

Slide 41: Online key to growing markets

We see online in conjunction with stores as a means by which to provide the very best customer experience and therefore to grow sustainably.

As I mentioned a few moments ago, we have continued to see a strong acceleration in online sales to-date.

Over the course of the year we had 5.3 billion online visits, 200 million followers on social media and 132 million active apps. This base affords us unparalleled growth opportunities with sustained profitability.

Slide 42: Unique business model: fully integrated Store & Online

One must always bear in mind our unique fully integrated business model.

Slide 43: FY2021 Outlook

Spring/Summer collections have been very well received by our customers.

In February, an average of 21% of stores were temporarily closed. At the 8th of March, 15% of stores remained temporarily closed

Store and online sales from the first to the seventh of March were minus 4% versus minus 4% in the same period last year. Excluding the 5 most relevant markets in lockdown at the moment (Brazil, Germany, Greece, Portugal and UK) sales grew 2%.

According to current information, practically 100% of stores will be open by the 12th of April.

Slide 44: Dividend

Inditex's dividend policy of 60% ordinary payout and bonus dividends remains in place.

Inditex's Board of Directors will propose to the Annual General Meeting a dividend of 0.7 euros per share for Fiscal 2020.

This will be composed of an ordinary dividend of 0.22 euros and a bonus dividend of 0.48 euros per share.

This dividend will be made up of two equal payments on the 3rd of May 2021 and the 2nd of November 2021.

The remainder of the bonus dividend (30 cents per share) will be paid in calendar year 2022.

Slide 45: FY2020 Results

Thank you for attending. That concludes our presentation for today. We'd be happy to answer any questions you may have.

Marcos López - Capital Markets Director. Please go ahead Operator.

QUESTIONS & ANSWERS

Operator

The first question today comes from Richard Chamberlain of RBC. Richard, please, go ahead.

Richard Chamberlain - RBC - Analyst

Thanks very much, morning, team. May I start by asking a question on full price sales in Q4? There was obviously a currency impact on the gross margin, can you comment on the level of discounts that you have been seeing and on whether you expect a higher rate of discounts in Q1 or the first half of this year given the sort of sales trends that we have seen recently? Thanks.

Pablo Isla - Inditex - Executive Chairman

Thank you. The first thing that I would like to say is that regarding the gross margin in the year 2020 or if we think about the gross margin in the second half of the year, but globally for the year, we think the evolution of the gross margin during the year is remarkable, because if you have in mind that we have faced, first of all, the pandemic, of course, and second, a very strong negative currency impact during the year and particularly in the second half, even with the pandemic, the gross margin in constant currencies and taking out the provision of the previous year, has increased in constant currencies, so I think this is extremely remarkable. Gross margin in the second half is 50 basis points up, but if we take out the currency it's 250 basis points up, so in a year marked by the pandemic.

I think it is very remarkable having in mind the evolution of the gross margin, with all these elements in mind. I would also like to mention, because you were talking about the future, that in the year 2021, we are not expecting any currency impact, any negative currency impact on the gross margin. In fact, at current exchange rates we would have around 300 points of negative currency impact in the first half and flat in the second, but with no negative impact on the gross margin, because we have, on the other side, the dollar helping the evolution of the gross margin.

So, the year 2021 in terms of currency impact on the gross margin would be neutral, which is completely different to what has happened during the year 2020. And answering your question, what you see is that our inventory position is extremely healthy at the end of the quarter, it is -9%, which is extremely healthy. Particularly having in mind, and I come back to what I was saying before, we can never forget that during the fourth quarter last year, on average, 23.5% of our trading hours have been eliminated because of the pandemic. So, 23.5% of our stores have been closed on average during the quarter and these have been particularly relevant in the second part of the quarter.

We were saying that at the end of January 30% of our stores were closed and 52% of our stores were having restrictions, so it means that only 20% of our stores were operating in normal conditions. But having said that, nothing particularly relevant to mention about discounts in the autumn-winter season. And from this point of view, no concern thinking about the spring-summer season. Our initial collections, as we were saying in the presentation, have been very well received by our customers. If you go to any of our stores if you are in a country in which the stores are open or you visit our web you can see how strong our collections are for this spring-summer season and we have a very healthy inventory position at the beginning of the season, so we don't have any particular concern regarding this point.

Operator

Next question comes from Rebecca McClellan from Santander, please, go ahead.

Rebeca Mcclellan - Santander - Analyst

Good morning. I'd like to hear your views on the absorptions posted for the current acceleration phase going beyond 2021 into the sort of medium term? Do you still… This current phase is now substantially enough to mean that it is largely finished, what is your view?

Pablo Isla - Inditex - Executive Chairman

Well, thank you Rebecca. As we were saying in June, in June we announced that we were accelerating the store optimisation plan. We believe very much in this strategy as we have talked many times, this fully integrated approach between very high-quality stores and then fully integrated with online. This year 2020, and we were mentioning this during the presentation, has been for us very relevant in terms of the strategic transformation of the company, and we have been able to do that because of all the work that we have been doing in previous years; RFID implementation across the board, SINT, and we were saying this in the presentation, that SINT sales have been 1.2 billion euros, which is remarkable and 5 years ago this would have been impossible.

This is the result of all the work, of all the investment that we have been doing during the last few years, and of course, of all the work during this year, and I would like to mention here the commitment and the work of all our teams all across the world, of course in the central headquarters of each of the brands and of Inditex, but then in every country, in every market, in every store, the commitment of our teams has been unbelievable during the year and this is what has made possible, even in a such a challenging environment… Never forget that more than 25% of our stores have been closed on average during this year and in this context, we have a strong margin, strong inventory control, strong cost control and healthy cash flow. It is something really, which is very remarkable, and it is the result, of course, of the investment in the previous year but then also of the commitment of our teams all across the world. But answering specifically your question, what I would say is that during this year we will finalise this strong step in the store optimisation plan that we announced in June last year and we continue thinking about these 2 to 2.5% gross space growth in the coming years and we are not foreseeing any relevant additional amount of absorptions in the coming years.

Operator

Next question comes from Georgina Johanan from JP Morgan. Please, go ahead.

Georgina Johanan – JP Morgan - Analyst

Good morning, thanks for taking my question. I just wondered if you could update us on a proportion of your OPEX that is variable please. I assume that the new negotiations with landlords over the course of the crisis and of course, with the online evolution you could update us. It would be very helpful.

Pablo Isla - Inditex – Executive Chairman

Well, what we can continue saying is that 50% percent of our cost base is variable. Of course, this year we have been managing costs in a very active way as we have been saying during the year. All the different lines, of course, in every aspect of the company, trying to find all the possible efficiencies, you were also mentioning rental expenses, of course, this year has been very exceptional because of all the store closures during the year, but of course, we have permanent conversations with the landlords in the different geographies in every type of stores. We always try to find a reasonable agreements for both parties, so our approach is always thinking about long term relations. We do the same with our suppliers, another element during this year is how serious and how conscious we have been about the relations with our suppliers all across the world because, we think about the landlords in the same sense. We are always thinking about long term relations with our suppliers from every point of view, and this is the type of behaviour that we always have and regarding rental expenses, rental expenses as a percentage of sales will continue coming down in the coming year, but always trying to find balanced agreements and always thinking about long term relationships with our landlords.

Operator

The next question comes from Olivia Townsend from UBS, please, go ahead.

Olivia Townsend – UBS - Analyst

Hi everyone. My question builds on Georgina's question about OPEX, specifically on personal expenses, so I'm just wondering how much of the reduction of the stored personal expenses this year has been associated with the sales decline and not rehiring in certain store rolls and how much is a more structural change. Essentially, how much of the personal expenses would be expected to come back next year? Thank you.

Marcos López - Inditex - Capital Markets Director

Thank you, Olivia. As Pablo has mentioned during the presentation, a key feature of this year has been that given the lock downs, the hours that we have been able to operate our stores have been significantly lower. And based on that we have to adapt the hours that stores have been open. At the same time, we have made very little use of any help schemes because through SINT we have been able to sell 1.2 billion euros through online. So, clearly in terms of the permanent contracts, our core teams remained the same and obviously according to sales, we will always try to rehire, but adaptability has been very crucial in terms of the variable hours we have used this year. What we hope is that as our stores reopen and sales recover, we will maintain our key teams.

Operator

The next question comes from Annesha Sherman from Berstein. Please, go ahead.

Aneesha Sherman- Bernstein - Analyst

Good morning, so my question is about gross margin. You mentioned there wasn't a difference in the level of mark downs and full price selling. Can you share a bit of colour as to what has driven the underlying improvement in gross margin dropping out the effects? If there has not been a difference in mark downs and has it been a difference in the mix and therefore should we expect that to come back to normal as normal shopping resumes or do you see there has been a more permanent benefit as a result of the way you are planning and doing inventory that we think will last through 2021?

Pablo Isla - Inditex - Executive Chairman

I think that we have talked before about this. This is the route that we are following as a company. We began to talk about this in the second part of the year 2018, this idea of running the company with less inventory, this idea of inventories as a percentage of sales to come down progressively. And it has a lot to do with the full integration between stores and online, with the single inventory position, with the SINT that this year, of course, has played an incredible role. Because when the stores were closed, we were able to offer to our online customers the product that we had in stores. As I was saying to you, five years ago, this would have been impossible. It is remarkable these 1.2 billion sales that we have achieved through SINT during a year in which 25% of our commercial space has been closed during the year. So, it is a permanent work in terms of running the company with less inventories. This means higher full price sales, but what I was answering before was if there is something specific about the fourth quarter. The difference is the medium and long-term route of the company. We will always continue working in this direction and we believe very much in this idea and this fully integrated approach between stores and online and running the company with less inventories.

Operator

The next question is from Anne Critchlow from Societé Generale. Please go ahead.

Anne Critchlow – Société Générale - Analyst

Good morning. You say that store and online sales as of the 7th of March was down 4%. In local currency terms, was that more like flat?

Pablo Isla - Inditex - Executive Chairman

No, that is in local currencies. What we think the trading update shows and, of course, this is a trading update of just of the beginning of the year, but if you think about the evolution of our sales during the year and you see the trading update we are providing, it is clear. Remember what was happening in the months of September and October. As soon as our stores reopened, the level of sales was moving to the same level of the previous year even with the restrictions. Because of the strength of the combined approach between the stores and online. This is something that has again shown, if you see our training update for the beginning of march, of course, there are markets which are totally closed. Then we said, well, let us take out the five most relevant markets in lock down. And the remaining part of the business is plus 2% even with all the restrictions that we have in the stores. This is what was shown in the months of September/October or even in the fourth quarter, that with 23.5% of our stores closed, the level of sales was decreasing 19% or in the month of February, in which 21% of our space was closed, and sales were only coming down 15%. So, it is clear that as soon as we are able to reopen the stores, this combination is very strong between store sales and online sales growth in a very integrated way.

And this is what has been going on during the year 2020. In a way, we can say that as a company, we can do everything, online sales can increase, we run the inventories, control the cost evolution. We run the company in an efficient way. We have seen that only thing that we cannot do is to sell in the stores when the stores are closed because of the pandemic. So, but as soon as the stores reopen, the level of sales becomes very healthy. This is what 2020 shows us and what the trading update also is showing.

Operator

The next question is from Warwick Okines from Exane BNP Paribas. Please go ahead.

Warwick Okines – Exane BNP Paribas - Analyst

Good morning, everybody. I just wanted to clarify guidance for the year ahead. Is it fair to assume that you're aiming for stable gross margins? And in terms of space, for this year ahead, is that 2 to 2.5% gross space? And then, also on absorptions, you have let yourself between 250 and 450 absorptions to do this year. Can you give us some perspective, please?

Marcos López - Inditex – Capital Markets Director

Thank you, Warwick. In terms of gross margin, we will always try to improve things, but we believe that at this stage it is reasonable to take the gross margin of 2020 and assume stable for the 2021. We will always try to do things to improve, as we have mentioned, such as a number of initiatives aimed at reducing the inventory, we need to generate sales. So, start with this initial expectation as the currency should not play a major role in the gross margin of 2021.
In terms of space, we've also covered that. We have mentioned that we have accelerated the store absorptions in 2020. For 2021, we still have 400 stores to absorb, if you take the plan we mentioned in

June. We expect as Pablo has mentioned, 2% to 2.5% gross space growth. So, very much, it's to confirm the guidance we have provided in recent months. Everything remains very much the same.

Operator

The next question is a follow up from Rebecca McClellan from Santander. Please, go ahead.

Rebecca McClellan - Santander - Analyst

Hi, are the majority of absorptions in Iberia, given the sort of intensiveness of the store park? Is the use of SINT mainly in Spain?

Pablo Isla - Inditex - Executive Chairman

What I would say is that in terms of absorptions, as you know, it is a strategy that we are developing in all the geographies and there are some geographical areas which in terms of the number of the stores absorbed it could be more relevant. For example, you were mentioning the case of Spain. In Spain we have been absorbing stores over several years and this has continued being the case during 2020. It is because we used to have a lot of stores of small size coming from the expansion of the company in the 80s, and the 90s and then what we are doing in many different cities is combining these stores into a more relevant store. We have mentioned different times what we did in the city of Bilbao and what we are doing in Madrid or in many different cities. What I would say is that the strategy is global, but then, of course, in the case of Spain because of the expansion that took place in the 80s and the 90s, we have been more active in terms of the store optimisation plan.

Pablo Isla - Inditex - Executive Chairman

We have used SIN worldwide during the year. The implementation is global and, of course, we have been using SINT when the stores were closed and also when the stores were open. It has been very global. There's no specific geography to talk about the use of SINT. Sorry.

Operator

Thank you very much. We are now finished with the telephone Q and A questions from the phone.

James O'Shaughnessy – Investor Relations

Good morning, we've had a few questions on the webcast platform. The first of which is: can you add some color on the online metrics?

Pablo Isla - Inditex - Executive Chairman

Thank you. About the online metrics, we have seen during the presentation that online growth was 77% in constant currencies. Total online sales were 6.6 billion euros, 5.3 billion visits, 200 million social media followers. But what I would also like to remark, and we were saying during the presentation is that we have 132 million active apps all across the world. I think this is extremely relevant, because it shows how strong the engagement of our customers is with our brands.

Part of this is people that have downloaded the apps and they then buy online, but of course, buy in the stores. They like to see the product online first. But in a sense, it is to say that of course, we have many customers that are very loyal and only buy in the physical stores, but in terms of online, we have 132 million loyal customers in the world, which is a very remarkable figure. And it shows the engagement of our customers with our brands.

James O'Shaughnessy – Investor Relations

Thank you. Another question we've had is on fashion trends. What fashion trends are you currently seeing?

Pablo Isla - Inditex - Executive Chairman

Well, I like this question in the sense that it's less financial and more commercial. Sometimes in these meetings we only talk about, financial things and less about commercial topics. I was mentioning before that if you visit one of our stores or our web, you will see the new spring summer collections. I mean, it's full of bright colors. I would say it is very optimistic. It has been very well received by our customers. Full of colour, bright and completely new. It's like, I would say, very bright, optimistic and a strong collection for the start of the season.

James O'Shaughnessy – Investor Relations

Thank you. The following question relates to dividends. Perhaps you can provide us with some colour on the dividend policy.

Pablo Isla - Inditex - Executive Chairman

I think it is remarkable after the year 2020 that was very exceptional, what we are doing this year, what the Board of Directors is proposing to the shareholders meeting is to come back to the dividend policy of the company, 60% payout ratio and then regarding the extraordinary dividend, to use 48 cents of the extraordinary dividend and then to reach a global dividend of 70 cents per share in this year. And the remaining part of the extraordinary dividend, which is 30 cents, to be paid next year, that would be a combination of 60% payout ratio and these remaining 30 cents of the extraordinary dividend. We are going back to our dividend policy because of the cash flow generation of the company and because of the prospects of the Company for the year 2021 and the strong net cash position that we have at the end of the year.

James O'Shaughnessy – Investor Relations

Thank you. And finally, you covered operating expenses in your question to Georgina. Is there any further details you could provide on rental costs at all?

Pablo Isla - Inditex - Executive Chairman

I think that we have covered that in my previous answer. During 2020, we have been very active in controlling costs all across the company. Of course, we will continue to do this during the year 2021 managing actively and carefully all the different lines of our costs.

James O'Shaughnessy – Investor Relations

Thank you very much. That concludes the webcast questions.

Pablo Isla - Inditex - Executive Chairman

Thank you to you all and of course, as always, to our capital markets department. We are ready to answer any additional questions you may have.

Marcos López - Inditex – Capital Markets Director

Thank you.