

Interim Half Year 2019

11 September 2019

INDITEX



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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.

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

Overview

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Interim Half Year 2019: Continue developing our LT strategy



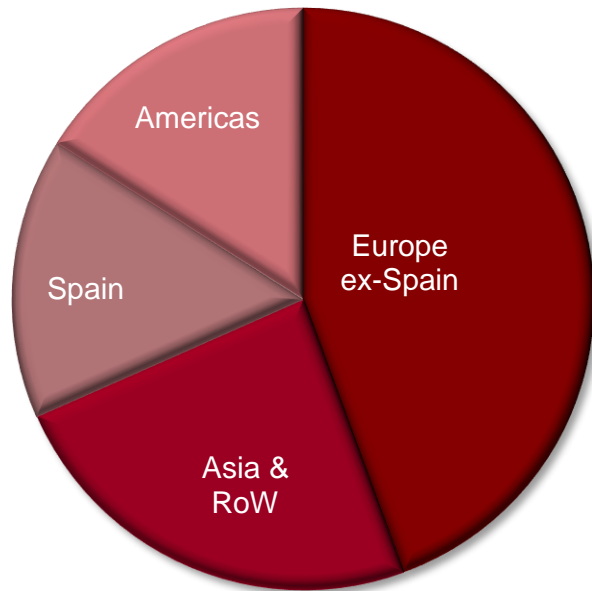
Unique business model: Global fully integrated Store & Online



Interim Half Year 2019: Strong operating performance

- ▶ Strong execution of the business model
- ▶ LFL +5%. Positive LFL's in all geographic areas and concepts, in both stores and online
- ▶ Ongoing fully integrated online rollout
- ▶ Net income growth +10%
- ▶ Healthy working capital evolution and strong cash generation
- ▶ Global growth opportunities

Global fully integrated Store & Online sales platform



Store & Online sales	1H2019
Europe ex-Spain	44%
Asia & RoW	24%
Spain	16%
Americas	16%
Total	100%

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 2-4% in FY19 net income vs former IAS 17

Interim half year 2019

€ million	1H19	1H18	19/18
Net sales	12,820	12,025	7%
Gross profit	7,284	6,817	7%
PBT	1,987	1,823	9%
Net income	1,549	1,409	10%

- ▶ Impact of Leases under IFRS16 rules in 1H19 PBT +€61m and Net Income +€46m

Satisfactory sales growth

€ million	1H19	1H18	19/18
Net sales	12,820	12,025	7%

- ▶ LFL +5%
- ▶ Positive LFL's in all geographic areas and concepts, in both stores and online

Disciplined execution shown in gross margin

	1H19	1H18	19/18
Gross margin	56.8%	56.7%	+12 bps

- ▶ Good execution of the model
- ▶ Gross profit growth of +7% to €7.3 bn
- ▶ Sustained commercial policies

Tight control of operating expenses

€ million	1H19	1H18	19/18
Op. expenses	3,823	4,459	(14%)

- ▶ Operating expense growth without the impact of Leases under IFRS16 rules in 1H19 would have been +6%

Financial results

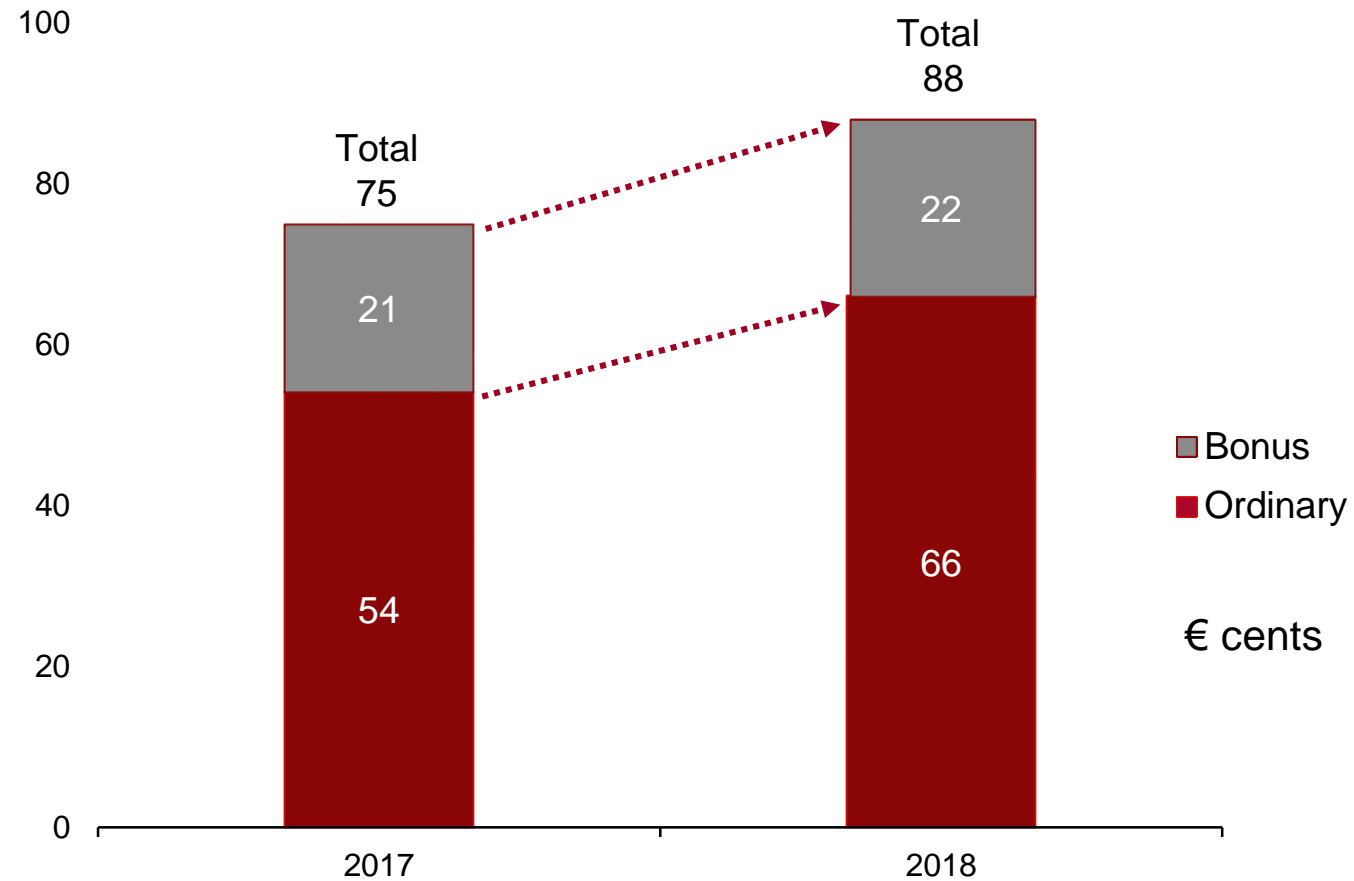
€ million	1H19	1H18	19/18
Financial results	(77)	21	--

- ▶ Impact of Leases under IFRS16 rules in 1H19 on Financial results -€75m

Flexible business model

€ million	1H19	19/18
Inventory	2,664	(5%)
Receivables	841	(3%)
Payables	(6,632)	4%
Operating working capital	(3,127)	15%
Net Cash & Equivalents	6,730	13%

+17% Dividend increase



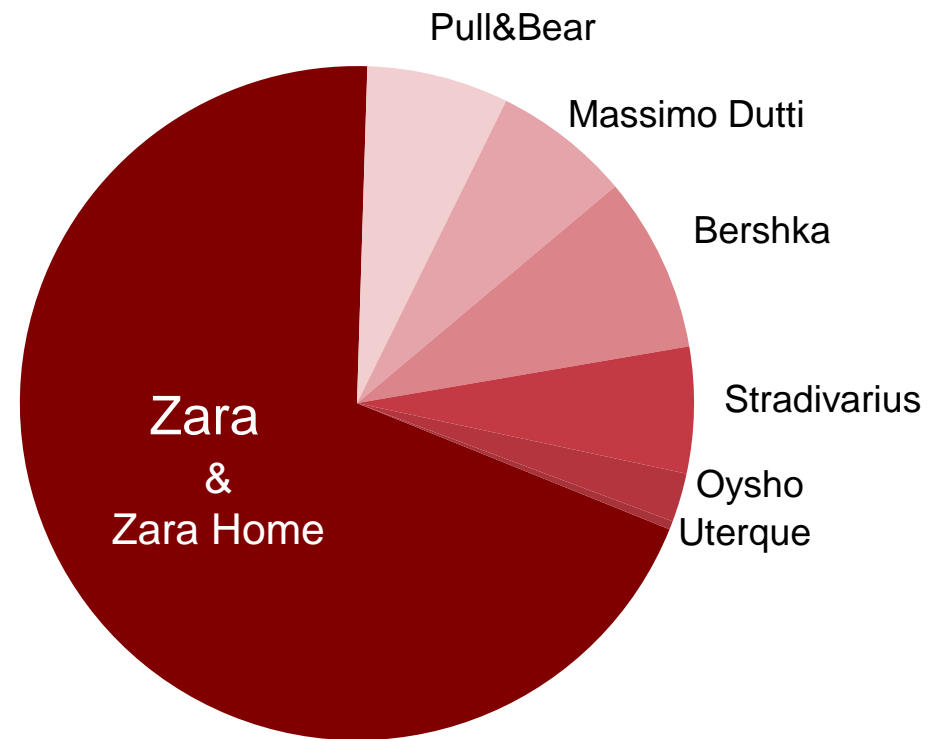
- ▶ € 44 cents was paid on 2 May and € 44 cents is due on 4 November 2019

Concepts

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Store & Online sales by concept



Sales by Concept

€ million	1H19	1H18
Zara & Zara Home	8,895	8,292
Pull&Bear	873	851
Massimo Dutti	844	811
Bershka	1,080	1,045
Stradivarius	776	690
Oysho	301	290
Uterqüe	52	46
Total	12,820	12,025

Performance per concept

- ▶ Strong performance at Stradivarius
- ▶ Optimisation activity in Bershka and Pull&Bear

Global
fully
integrated

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Seamless Store & Online integration



Click & Collect, Zara Corso Vittorio Emanuele Milano

2020: Full RFID rollout and inventory integration



March: Online launch of Zara in Brazil



May: Online launches of Zara in Saudi Arabia, UAE, Lebanon...



**DEAR DUBAI
SHOP ONLINE
WELCOME**

#deardubai

Join us and keep updated

ENTER YOUR EMAIL

...Egypt, Morocco, Indonesia, Serbia and Israel

A screenshot of the ZARA website banner for Indonesia. The background is a light beige wall with a woman in a light-colored blazer and sunglasses looking upwards. The ZARA logo is in the top left, and the text 'DEAR INDONESIA WE ARE ONLINE' is in the center right. Navigation links like 'CARI', 'LOG IN', and 'BANTUAN' are at the top. A list of product categories is on the left side.

ZARA
COLLECTION 19

CARI

LOG IN BANTUAN 

PRODUK BARU

- WANITA
- TRF
- PRIA
- ANAK-ANAK
- SEPATU & TAS
- CORNERSHOPS
- JOIN LIFE
- STORIES

+ Info

**DEAR INDONESIA
WE ARE ONLINE**

Come by and say hi

August: Bahrain, Oman, Kuwait, Qatar and Jordan

ZARA
COLLECTION 19

SEARCH _____

NEW IN
WOMAN
TRF
MAN
KIDS
SHOES & BAGS
CORNERSHOPS
JOIN LIFE
STORIES

+ Info

**HI KUWAIT
WE ARE ONLINE
COME BY AND
SAY HI,**

Sept/Oct: South Africa, Colombia, Philippines and Ukraine

**DEAR SOUTH AFRICA
SHOP ONLINE
SEPTEMBER 18TH**

BE THE FIRST TO KNOW
THE LAUNCH DATE

subscribe to our newsletter

YOUR EMAIL ADDRESS HERE

follow us INSTAGRAM FACEBOOK TWITTER

Zara Home on Zara UK webpage 17 September



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

Zara Man new store image



Zara Kids new store image



Zara Istanbul



Cevahir Mall

Zara Dubai



Dubai Mall

Zara Barcelona



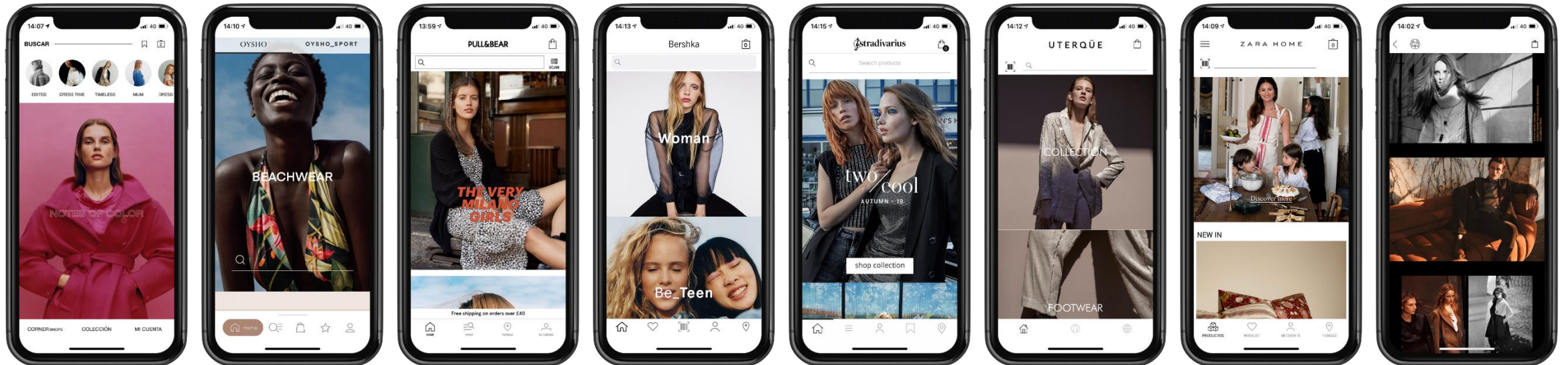
Paseo de Gracia

New Online studios for Zara



All concepts to offer online sales globally by 2020

- ▶ All key markets same day/next day



Store & Online: A/W Campaign Editorial



Store & Online: A Vision of Autumn



Store & Online: Notes of Color



Store & Online: Join Life collection - Denim from Denim



FY2019 Outlook

- ▶ Strong organic growth. Increased differentiation of the model
- ▶ Ordinary capital expenditure c. €1.4 billion
- ▶ Strong free cash flow generation
- ▶ Autumn/Winter initial collections have been well received. Store & online sales in local currencies between 1 August and 8 September grew 8%
- ▶ LFL sales are expected to increase 4-6%
- ▶ Dividend payment of €0.44 per share on 4 November

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