

INDITEX

INTERIM THREE MONTHS 2017 RESULTS

1 February 2017 to 30 April 2017

- ♦ Inditex continues to expand its global, fully integrated store and online platform.
- ♦ In 1Q2017 Inditex achieved a strong operating performance. Net sales reached €5.6 billion, 14% higher than in 1Q2016. Sales in local currencies increased by 12.5%.
- ♦ Gross profit reached €3.2 billion, 14% higher. Gross margin reached 58.2%.
- ♦ Tight control of operating expenses.
- ♦ EBIT was €834 million, 18% higher.
- ♦ Net income increased 18% to reach €654 million (€0.21 per share).
- ♦ Store and online sales in local currencies increased by 12% from 1 February to 3 June 2017.

Performance in 1Q2017

Inditex continues to expand its global, fully integrated store and online platform. In 1Q2017 Inditex achieved a strong operating performance.

Net sales reached €5.6 billion, 14% higher than in 1Q2016. Sales in local currencies increased by 12.5%.

In 1Q2017 Inditex opened stores in 30 markets. At the end of 1Q2017 Inditex operated 7,385 stores in 93 markets. A list of openings and total stores by concept is included in Annex I.

Gross profit rose to €3.2 billion, 14% higher than the previous year. The Gross margin reached 58.2% of sales compared with 58.1% in 1Q2016.

Operating expenses have been tightly managed over the quarter, growing by 13%, mainly as a result of the new retail space added and include all the start-up costs for new openings and online.

EBITDA came to €1.1 billion, 17% higher than the comparable prior year period and EBIT to €834 million, 18% higher.

A breakdown of financial results can be found in Annex II.

The tax rate for 1Q2017 is the best estimate for FY2017 according to current information.

Net income came to €654 million, 18% higher than the comparable prior year period.

Inditex maintained its solid financial position at the end of the quarter. The Group paid €1.1 billion (€0.34 per share) as FY2016 interim dividend on 2 May 2017.

Million Euros	30 April 2017	30 April 2016
Cash & cash equivalents	4,075	3,942
Short term investments	1,824	1,102
Current financial debt	(198)	(28)
Non current financial debt	(2)	(1)
Net financial cash (debt)	5,700	5,016

The operating working capital position remains negative as a result of the business model:

Million Euros	30 April 2017	30 April 2016
Inventories	2,774	2,570
Receivables	992	745
Payables	(5,921)	(5,281)
Operating working capital	(2,155)	(1,966)

Start of 2Q2017

Store and online sales in local currencies increased by 12% from 1 February to 3 June 2017.

Global online sales

So far this year, Zara has launched online in Singapore, Malaysia, Thailand and Vietnam.

Zara will launch online in India in Autumn 2017.

Agreements of the Board of Directors

Inditex's Annual General Meeting (AGM) will take place at the Company's registered office on 18 July 2017.

Inditex's Board of Directors will propose at the AGM a FY2016 dividend of €0.68 per share, a total of €2.1 billion. €0.34 per share was paid on 2 May 2017 as interim dividend, with a further €0.34 per share payable on 2 November 2017 as final ordinary and bonus dividend.

For additional information:

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Disclaimer

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.

The risks and uncertainties that could affect the forward-looking statements are difficult to predict. Except for the cases where the prevailing rules and regulations in force require otherwise, 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.

- Tables and appendix to follow -

Consolidated financial statements

Grupo Inditex		
1Q2017 profit & loss statement (€m)		
	1Q2017 (*)	1Q2016 (*)
Net sales	5,569	4,879
Cost of sales	(2,329)	(2,045)
Gross profit	3,240	2,834
<i>Gross margin</i>	<i>58.2%</i>	<i>58.1%</i>
Operating expenses	(2,126)	(1,877)
Other net operating income (losses)	(1)	(2)
Operating cash flow (EBITDA)	1,113	955
<i>EBITDA margin</i>	<i>20.0%</i>	<i>19.6%</i>
Amortisation and depreciation	(279)	(250)
Operating income (EBIT)	834	705
<i>EBIT margin</i>	<i>15.0%</i>	<i>14.4%</i>
Financial results	(2)	(0)
Results from companies consolidated by equity method	11	14
Income before taxes	844	719
<i>EBT margin</i>	<i>15.2%</i>	<i>14.7%</i>
Taxes	(190)	(163)
Net income	654	555
Minorities	1	1
Net income attributable to the controlling company	654	554
<i>Net income margin</i>	<i>11.7%</i>	<i>11.3%</i>
Earnings per share, Euros (**)	0.210	0.178

(*) Unaudited data

(**) Shares for EPS calculation 3,112,653,846 for 2017 and 3,113,152,000 for 2016

Grupo Inditex

Consolidated Balance Sheet as of 30 April 2017 (€m)

	30 April 2017(*)	30 April 2016(*)
Assets		
NON CURRENT ASSETS	9,977	9,085
Intangible assets	923	896
Tangible assets	7,477	6,710
Financial investments	239	193
Other	1,338	1,287
CURRENT ASSETS	9,980	8,645
Inventories	2,774	2,570
Receivables	992	745
Short term investments	1,824	1,102
Cash & cash equivalents	4,075	3,942
Other	314	285
TOTAL ASSETS	19,956	17,730
Total Liabilities & Shareholders' Equity		
SHAREHOLDERS' EQUITY	12,263	11,035
Equity attributable to the Group	12,223	10,999
Minority interests	40	35
NON CURRENT LIABILITIES	1,496	1,283
Deferred taxes	259	285
Financial debt	2	1
Other	1,235	998
CURRENT LIABILITIES	6,198	5,412
Financial debt	198	28
Payables	5,921	5,281
Other	79	103
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	19,956	17,730

(*) Unaudited data

Annex I

Openings and total stores by format:

Concept	Net Openings		Total Stores	
	1Q 2017	1Q 2016	30 April 2017	30 April 2016
Zara	20	18	2,087	2,020
Zara Kids	(1)	(10)	145	150
Pull&Bear	9	15	982	951
Massimo Dutti	4	9	769	749
Bershka	15	6	1,096	1,050
Stradivarius	21	9	1,015	959
Oysho	10	8	646	615
Zara Home	11	18	563	520
Uterqüe	4	(1)	82	71
Total	93	72	7,385	7,085

Annex II

Breakdown of Financial results:

Million Euros	1Q2017	1Q2016
Net financial income (losses)	3	2
Foreign exchange gains (losses)	(4)	(2)
Total	(2)	(0)