

**INDITEX, S.A.**  
**INTERIM NINE MONTHS 2004 RESULTS**

1 February to 31 October 2004

- **Net sales reach €3,961.1 million, 24% higher than in the first nine months of FY2003.**
  
- **Gross profit reach €2,118.1 million, 30% higher. Gross margin is 53.5%**
  
- **Operating income (EBIT) comes to €604.0 million, 41% higher.**
  
- **Net income reaches €397.0 million (64 € cents per share), 39% higher.**
  
- **Opening of 241 stores in the first nine months of FY2004. The Group foresees the opening of between 317 and 337 new stores in FY2004.**

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. 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.

## 1. Profit & loss statement

<b>Grupo Inditex</b>				
Interim nine months 2004 profit & loss statement				
<i>Millions of euros</i>				
	<b>3Q 2004</b>	<b>3Q 2003</b>	<b>Var % 04/03</b>	<b>FY 2003</b>
	(*)	(*)		
Net sales	3,961.1	3,199.9	24%	4,598.9
Cost of sales	(1,843.0)	(1,572.8)		(2,293.0)
	<b>2,118.1</b>	<b>1,627.0</b>	<b>30%</b>	<b>2,306.0</b>
	<i>Gross margin</i>	<i>50.8%</i>		<i>50.1%</i>
Operating expenses	(1292.7)	(1026.5)	26%	(1432.5)
	<b>825.5</b>	<b>600.5</b>	<b>37%</b>	<b>873.5</b>
	<i>EBITDA margin</i>	<i>18.8%</i>		<i>19.0%</i>
Fixed assets depreciation	(196.4)	(157.4)		(221.2)
Goodwill amortisation	(9.5)	(7.0)		(9.4)
Provisions	(15.6)	(8.8)		(15.9)
	<b>604.0</b>	<b>427.4</b>	<b>41%</b>	<b>627.0</b>
	<i>EBIT margin</i>	<i>13.4%</i>		<i>13.6%</i>
Net financial results	(16.6)	(5.9)		(7.9)
	<b>587.4</b>	<b>421.4</b>	<b>39%</b>	<b>619.1</b>
	<i>Ordinary margin</i>	<i>13.2%</i>		<i>13.5%</i>
Extraordinary income (loss)	(13.5)	(19.9)		(5.7)
	<b>574.0</b>	<b>401.5</b>	<b>43%</b>	<b>613.4</b>
	<i>EBT margin</i>	<i>12.5%</i>		<i>13.3%</i>
Taxes	(166.4)	(112.4)		(164.8)
	<b>407.5</b>	<b>289.1</b>	<b>41%</b>	<b>448.6</b>
	<i>10.3%</i>	<i>9.0%</i>		<i>9.8%</i>
Minorities	(10.5)	(4.4)		(2.2)
	<b>397.0</b>	<b>284.6</b>	<b>39%</b>	<b>446.5</b>
	<i>Net income margin</i>	<i>8.9%</i>		<i>9.7%</i>
<b>Earnings per share, cents of euro (**)</b>	<b>63.7</b>	<b>45.7</b>	<b>39%</b>	<b>71.6</b>

(\*) Unaudited data  
(\*\*) On 623,330,400 shares

## 2. Consolidated Balance sheet

<b>Grupo Inditex</b>			
Consolidated Balance Sheet as of 31 October 2004			
<i>Millions of euros</i>			
	31 Oct 2004 (*)	31 Oct 2003 (*)	31 January 2004
<b><u>ASSETS</u></b>			
Net fixed assets (**)	2,400.4	2,021.8	2,118.3
Goodwill	85.7	55.6	53.3
Deferred charges	21.7	14.6	17.9
<b>Total fixed assets</b>	<b>2,507.8</b>	<b>2,092.0</b>	<b>2,189.4</b>
Inventories	549.6	589.5	486.4
Receivables	309.2	272.2	328.9
Cash & cash equivalents	484.5	304.5	496.4
Accruals	11.4	8.7	9.3
<b>Total current assets</b>	<b>1,354.6</b>	<b>1,175.0</b>	<b>1,320.9</b>
<b>TOTAL ASSETS</b>	<b>3,862.5</b>	<b>3,266.9</b>	<b>3,510.4</b>
<b><u>SHAREHOLDERS' EQUITY &amp; LIABILITIES</u></b>			
Shareholders' equity	2,268.1	1,950.6	2,105.9
Minority interest, deferred revenues & provisions	105.4	83.1	80.0
Long term financial debt	136.8	139.3	156.6
Other long term payables	71.0	41.4	75.2
<b>Long term liabilities</b>	<b>313.1</b>	<b>263.7</b>	<b>311.7</b>
Short term financial debt	151.6	96.3	81.5
Trade and other non-trade payable	1,129.6	956.3	1,011.2
<b>Current liabilities</b>	<b>1,281.2</b>	<b>1,052.6</b>	<b>1,092.7</b>
<b>TOTAL LIABILITIES</b>	<b>3,862.5</b>	<b>3,266.9</b>	<b>3,510.4</b>
(*) Unaudited data			
(**) Includes own shares for € 0.45 million.			

## 3. Comments on the P&L account

### - Net sales

Net sales reach €3,961.1 million, a 24% increase over 3Q03, due to the increase in selling area and the like-for-like sales growth.

Sales growth in constant currency has been 26%. The lower growth in accounting terms is mainly due to the depreciation of Latin American currencies as a result of the weakness of the USD vs. Euro.

The list of openings and existing stores at the end of the period is the following:

Concept	Net openings		Total stores	
	3Q 2004	3Q 2003	31 Oct 2004	31 Oct 2003
ZARA	69	62	695	593
KIDDY'S CLASS	21	35	124	94
PULL & BEAR	18	44	368	340
MASSIMO DUTTI	26	37	323	287
BERSHKA	34	39	287	236
STRADIVARIUS	25	28	216	181
OYSHO	22	(1)	98	71
ZARA HOME	26	16	52	16
<b>Total</b>	<b>241</b>	<b>260</b>	<b>2,163</b>	<b>1,818</b>

International store sales reach 54.9% of total vs. 53.8% in 3Q03.

Sales performance in the beginning of the second half has been satisfactory in all concepts, with the exception of Kiddy's Class, and the recovery in Pull & Bear and Stradivarius has continued.

### - Gross Profit

Gross profit has reached €2,118.1 million, 30% higher than in the same period of 2003. Gross margin has reached 53.5% of sales (vs. 50.8% in 3Q03).

Q3 gross margin, which corresponds mainly to the beginning of the autumn-winter season, has increased by 345 b.p., to reach 55.7% of sales (vs. 52.2% a year earlier). This recovery in the gross margin has been driven by:

- price increases in some Latin American countries,
- lower currency impact,
- higher mark-ups,
- better inventory management
- and a lower clearance of summer ranges in the first weeks of the period.

Under current circumstances, Inditex considers sustainable a 300 b.p. recovery in gross margin for H2, resulting in a 250 b.p. improvement for the fiscal year gross margin.

## - Operating income (EBIT)

EBIT for 3Q04 has reached €604.0 million, 41% higher. Operating income on sales has reached 15.2% (vs. 13.4% for 3Q03) due to the gross margin improvement and LFL growth.

Operating expenses include all the start-up costs for new openings and have grown in accordance with the Group's expectations, reflecting the underlying trend of higher costs involved in new stores, mainly in international markets.

The ordinary provisions charged correspond mainly to the Group's estimated write-downs of not fully depreciated assets as a result of the refurbishment of existing stores.

## - Ordinary income

Ordinary income at 3Q04 reaches €587.4 million, a 39% higher.

The breakdown of Net financial result is as follows:

Millions of euros	3 Q 2004	3 Q 2003	FY 2003
Net financial expenses	(3.8)	(5.4)	(3.4)
Foreign exchange losses	(12.8)	(0.5)	(4.6)
Net losses of companies carried by the equity method	0.0	0.0	0.1
<b>Total</b>	<b>(16.6)</b>	<b>(5.9)</b>	<b>(7.9)</b>

Net financial expenses are lower than in 3Q03 due to the net financial position performance.

Foreign exchange losses in the Q3 are principally due to the weakness of the USD vs. Euro. This situation has produced losses in inter-company accounts and in the liquidation of some hedging operations.

## - Net income

Net income reaches €397.0 million, 39% higher.

The tax rate for the first nine months is the best estimate for FY04 according to current information.

Extraordinary losses in the quarter include a €12 million charge for the write off of assets.

## 4. Balance sheet

The consolidated balance sheet of INDITEX maintains a similar structure as in previous quarters.

A breakdown of the Net financial position in 3Q04 is shown in the table below:

NET FINANCIAL CASH (DEBT) (Millions of euros)			
Description	31 Oct 2004	31 Oct 2003	31 January 2004
Cash & cash equivalents	484.5	304.5	502.9
Long term financial debt	(136.8)	(139.3)	(156.6)
Short term financial debt	(151.6)	(96.3)	(81.5)
Deferred financial expenses	2.7	1.9	3.5
<b>NET FINANCIAL CASH (DEBT)</b>	<b>198.8</b>	<b>70.8</b>	<b>268.3</b>

The table below shows the breakdown of working capital at 3Q04

WORKING CAPITAL (Millions of euros)			
Description	31 Oct 2004	31 Oct 2003	31 January 2004
Inventories	549.6	589.5	486.4
Receivables	309.2	272.2	328.9
Accruals	11.4	8.7	9.3
Trade and other non-trade payable	(1,129.6)	(956.3)	(1,011.2)
<b>Operating working capital</b>	<b>(259.5)</b>	<b>(85.8)</b>	<b>(186.6)</b>
Cash & cash equivalents	484.5	304.5	496.4
Short term financial debt	(151.6)	(96.3)	(81.5)
<b>Financial working capital</b>	<b>332.9</b>	<b>208.2</b>	<b>414.9</b>
<b>Total working capital</b>	<b>73.4</b>	<b>122.4</b>	<b>228.2</b>

## 5. Other information

### Openings forecast

At the present date, the Group estimates the net opening of between 317 and 337 stores in FY04, including those opened during the third quarter. A detailed list of the openings is given below:

Concept	FY 2004 Openings forecast			Total 2003
	Range		% International	
ZARA	96 - 98		80%	95
KIDDY'S CLASS	24 - 26		10%	44
PULL & BEAR	24 - 26		25%	54
MASSIMO DUTTI	33 - 36		50%	47
BERSHKA	46 - 49		50%	56
STRADIVARIUS	35 - 37		10%	38
OYSHO	26 - 30		25%	4
ZARA HOME	33 - 35		5%	26
<b>Total openings</b>	<b>317 - 337</b>			<b>364</b>

Expected CAPEX in FY04 is between €700 million and €750 million, of which approximately €550 million has been incurred during the first nine months of 2004.

### Board of Directors agreements

Gartler S.L., the largest shareholder of INDITEX, has been appointed to the Board of Directors and will be represented by Ms. Flora Pérez.

### Beginning 4Q04

During the first 6 weeks of 4Q04 sales performance confirms the expectation of growth in the 23% to 25% range for the Fiscal year, while still depending on the evolution of Christmas sales and after-Christmas clearance. This performance is consistent with the inventory position, with last year's comparable evolution and with the expected recovery in gross margin.

## International Financial Reporting Standards

According to N° 1606/2002 Regulation of the European Parliament and of the Council on the application of international accounting standards, listed companies governed by the law of a EU Member State shall prepare their consolidated accounts in conformity with the international accounting standards for each financial year starting on or after 1 January 2005.

INDITEX has developed since early 2003 a project to analyze the main differences coming from the IFRS and the alternative treatments they allow, and to evaluate their implications and effects on the Group's financial accounts, targeting to assess its accounting policies and criteria under the IFRS.

Despite some IFRS standards have been recently endorsed by the EU, the degree of development in this project will allow the Group to fit in with the EU expected schedule.

As of today, no substantial changes are expected in the Group's financial accounts coming from the IFRS main issues. The exact quantification of any impact can be determined once the fiscal year has ended only, but a limited impact is expected in the consolidated assets and liabilities and in the annual results, and a neutral impact is expected in the cash flow.

INDITEX will release the FY04 Results under IFRS, and a detailed conciliation of the differences with those under Spanish GAAP, in advance to the Interim First Quarter 2005 Results release, to allow a fair analysis of the 2005 performance.

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*The results for FY04 (1 February – 31 January) will be published on 31 March 2005.*

*For additional information:*

*Investor Relations. INDITEX.*

*José M<sup>a</sup> Alvarez*

*+ 34 981 18 53 64*

[r.inversores@inditex.com](mailto:r.inversores@inditex.com)

[ir@inditex.com](mailto:ir@inditex.com)