

Interim Results Half Year 2006

20 September 2006

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Pablo Isla

Deputy Chairman & CEO

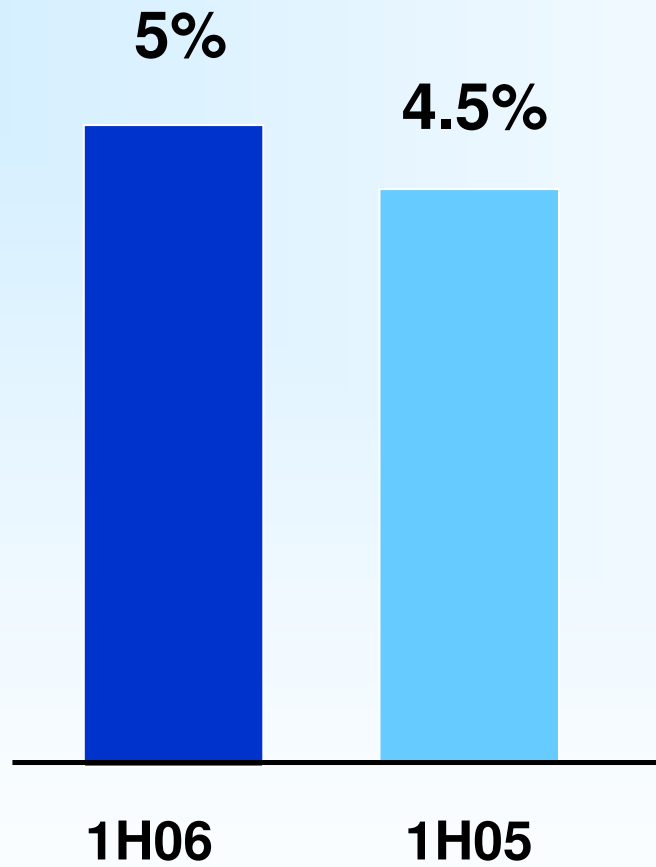
- **Interim Results Half-year 2006**
 - Overview
 - Financial summary
 - Concepts
- **Outlook**

Overview: Interim Half-year 2006

INDITEX

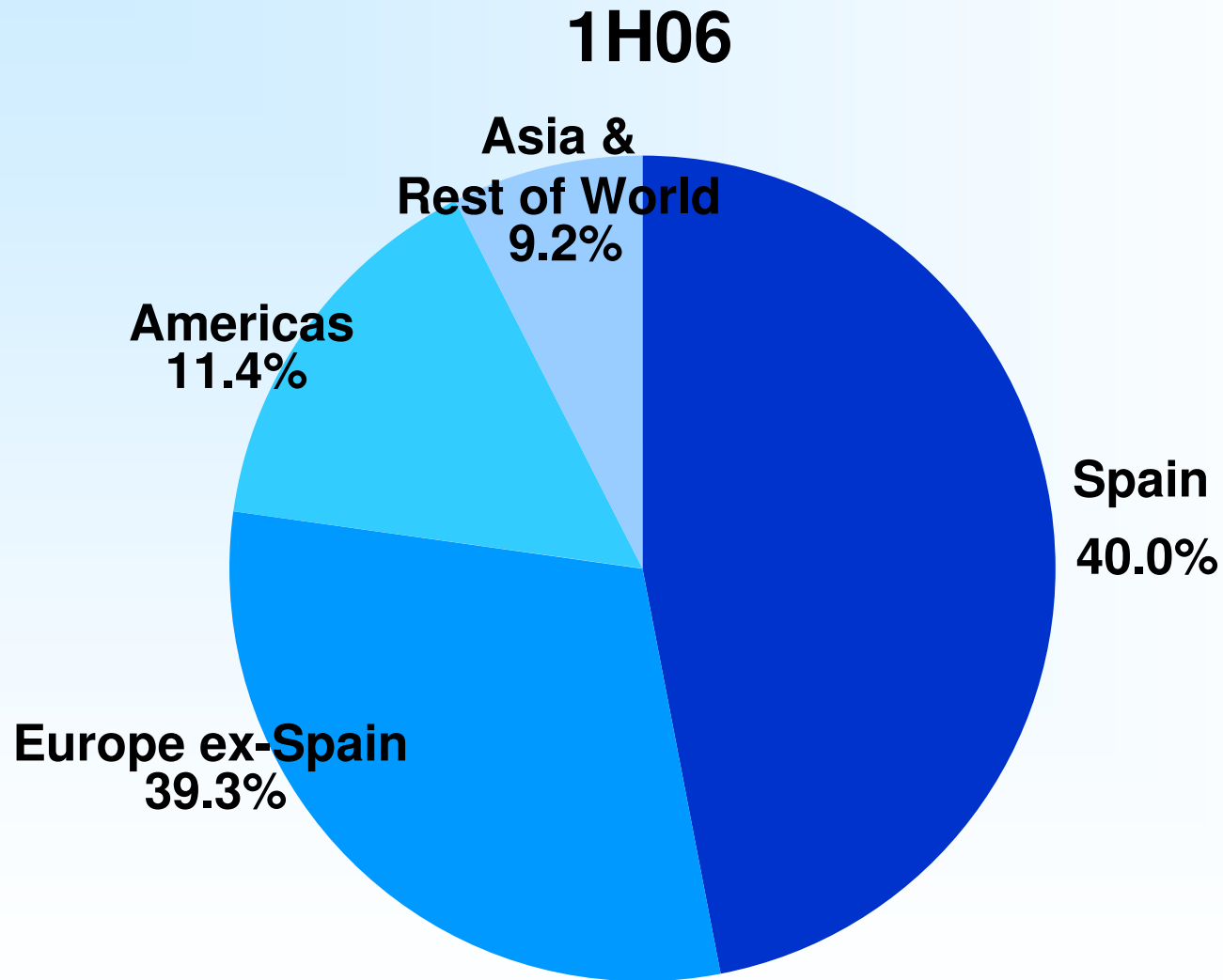
- **Sales growth +23%**
- **Gross profit growth +21%**
- **EBIT growth +17%**
- **Net income growth +20%**
- **Funds from Operations +18%**

Like-for-like Sales growth



- Satisfactory LFL performance

Geographic breakdown of store sales



(1) Store sales: Includes sales in OMS and franchises

Financial Summary

Antonio Rubio

CFO

Highlights

million €

	1H 2006	1H 2005	% 06/05
NET SALES <i>LFL</i>	3,476 5%	2,820 4.5%	23%
GROSS MARGIN <i>% margin</i>	1,910 54.9%	1,585 56.2%	21%
EBITDA <i>EBITDA margin</i>	605 17.4%	517 18.3%	17%
EBIT <i>EBIT margin</i>	404 11.6%	345 12.2%	17%
NET INCOME EPS (€ cents)	295 47	246 40	20%

Sales growth

Space contribution	+17%
LFL	+5%
Currency impact	+1%
<hr/>	
Top line growth	23%

Store openings

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ZARA
 KIDDY'S CLASS
 PULL&BEAR
 MASSIMO DUTTI
 BERSHKA
 STRADIVARIUS
 OYSHO
 ZARA HOME
Total net openings

Openings		Stores as of 31 Jul 06
1H06	1H05	
66	39	918
15	10	164
21	19	448
14	19	383
32	22	400
15	15	278
24	18	178
21	18	131
208	160	2,900

Gross margin

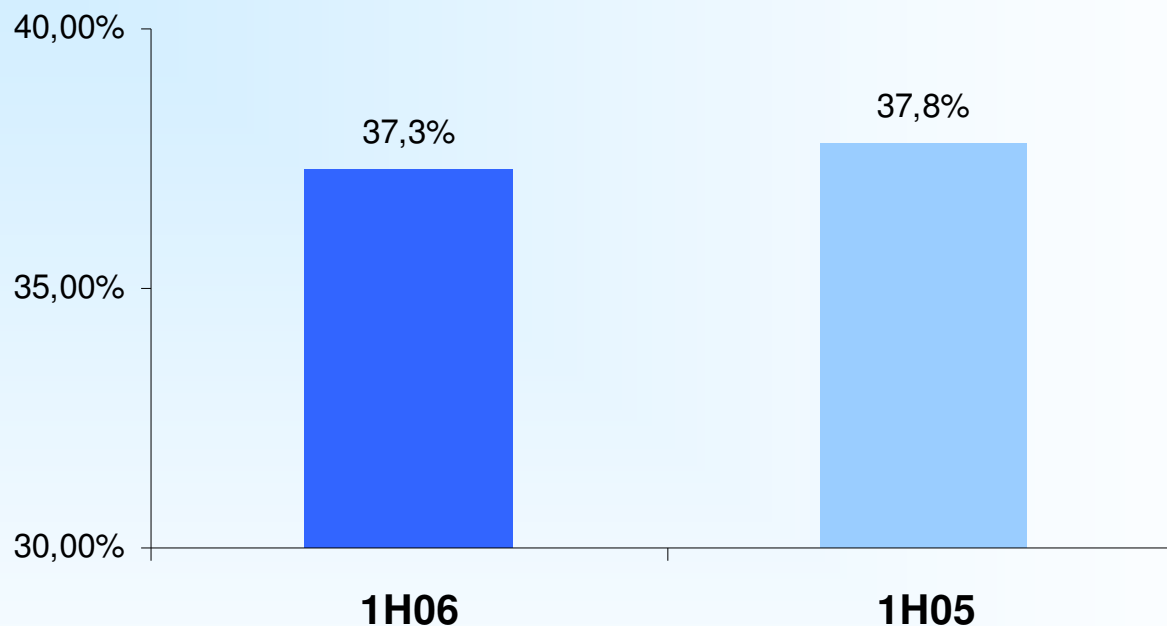
(basis points)	1H 06	1H 05
Currency impact	(100)	90
Other impacts	(25)	112
TOTAL	(125)	202

Gross profit growth +21% to 54.9% on sales

- Negative currency impact
- Stable Gross margin ex-currency impact vs. very demanding comparable

Operating expenses

Operating expenses on sales



- Operating expenses growth in accordance with the Group's budget
- Reduce 3 implementation on track

Operating expenses – Reduce 3 examples

● Personnel

- Better scheduling of staff hours according to customers' flow may save up to 2% of working hours in comparable stores
- Autumn-Winter 06:
 - c90% of ZARA garments alarmed by suppliers before delivery to stores.
 - To be implemented in non-Zara concepts by 2007

● Rental expenses

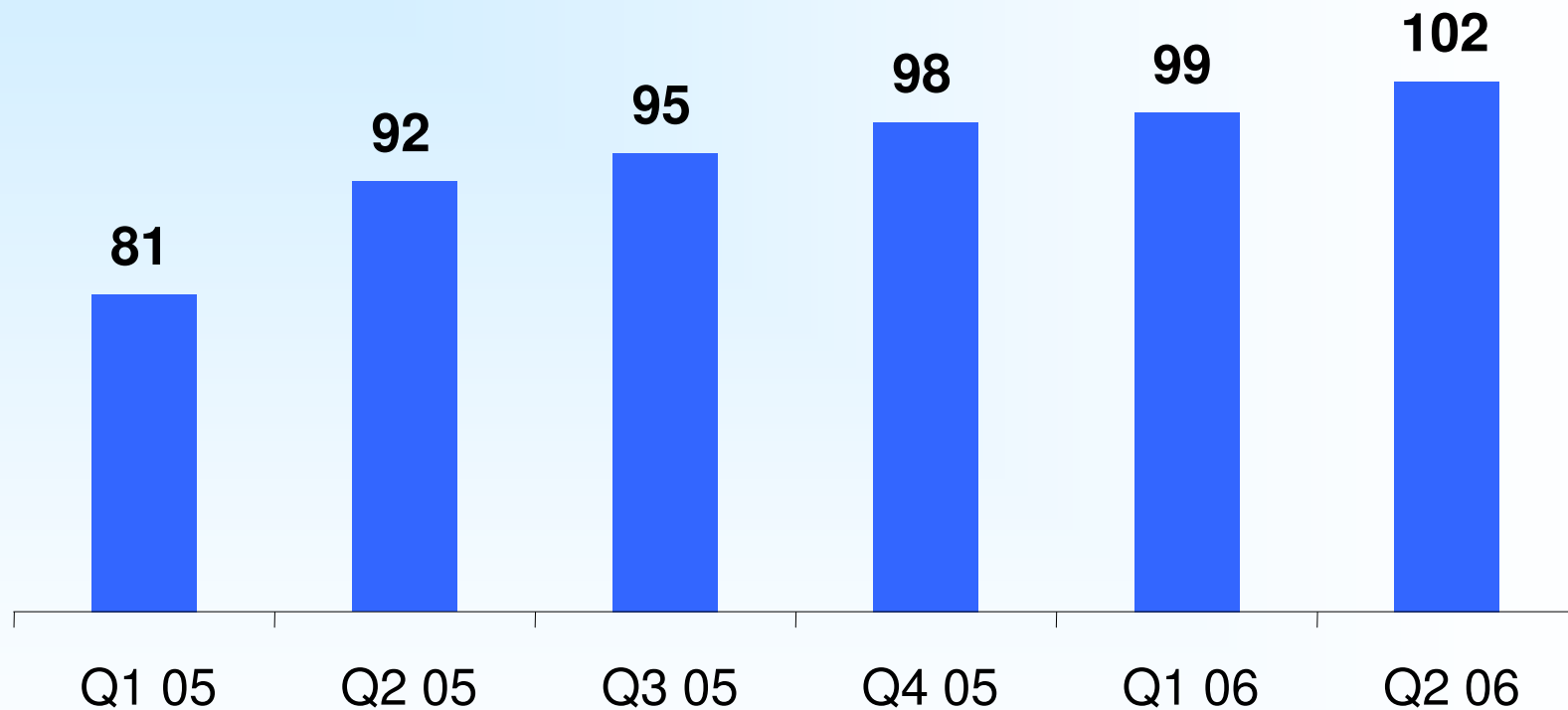
- 40% decrease in start-up costs by adjusting calendar of openings and refurbishing works

● Other operating expenses

- New TGT to be used at store level for the delivery of news, pictures, brochures, music...
- Improvements in logistic efficiency and transportation costs:
 - 300% increase in revenue obtained through truck returns
 - Higher delivery densities

Depreciation and amortization

(€ million)



- Normal evolution of depreciation and amortization charge

Financial results

(€ million)	1H 06	1H 05
Financial income	5.6	(1.8)
FX gains	(5.4)	13.3
Net financial results	0.2	11.6

- Financial expenses according to financial position
- Hedge accounting under IAS 39

Working capital

(€ million)

	1H06	1H05	FY05
Inventory	853	664	684
Receivables	300	277	358
Payables	(1,604)	(1,282)	(1,642)
Other	33	12	16
Operating working capital	(418)	(329)	(583)

Cash Flow summary

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(€ million)	1H06	%
Funds from operations	497	18%
CAPEX⁽¹⁾	460	35%
Dividends paid	418	40%

(1) Includes cash payments for acquisition of Zara franchised operations in Russia and the increase in the stake in the JV in Germany

Inditex concepts

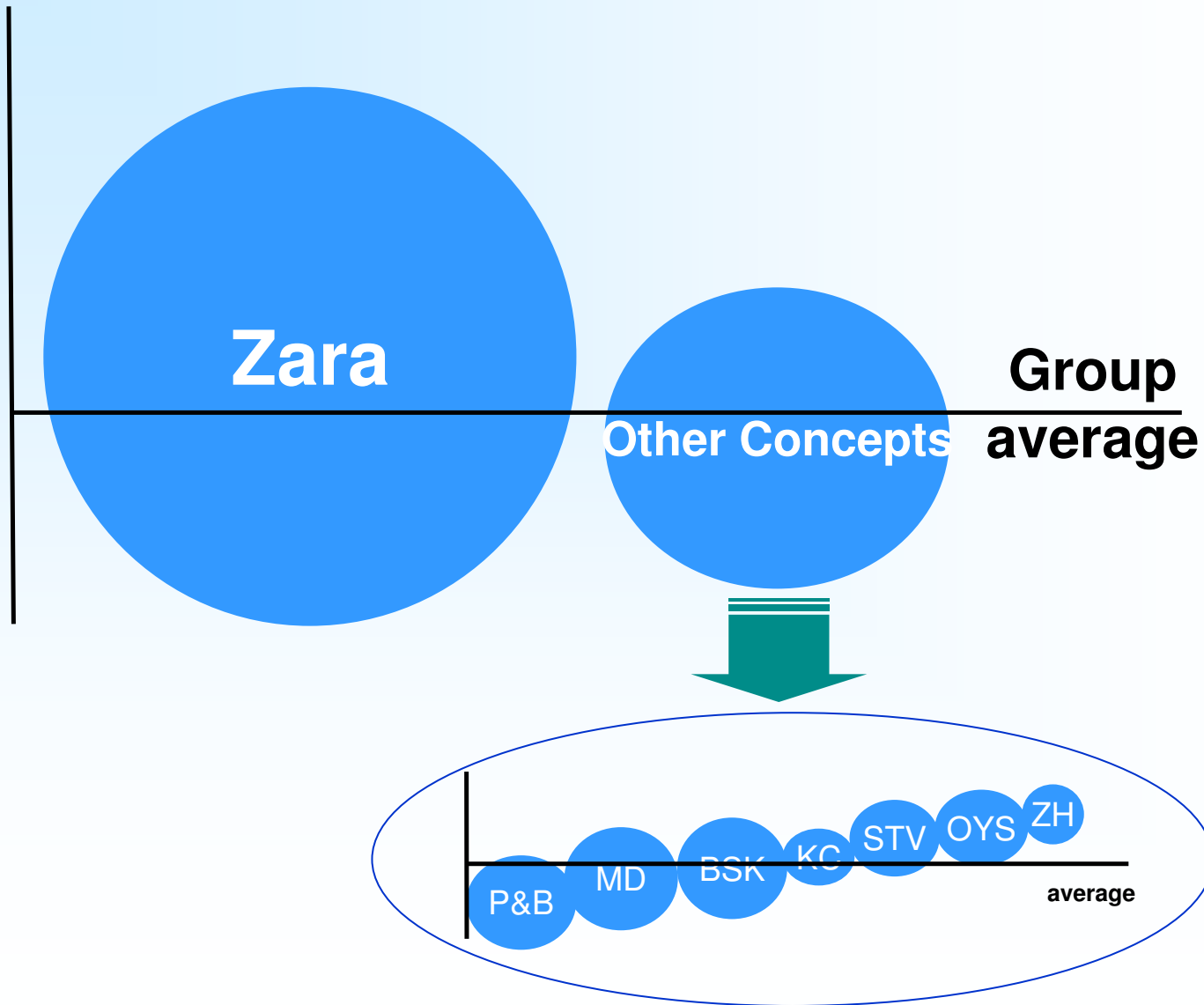
Marcos López

Capital Markets Director

Sales by concept

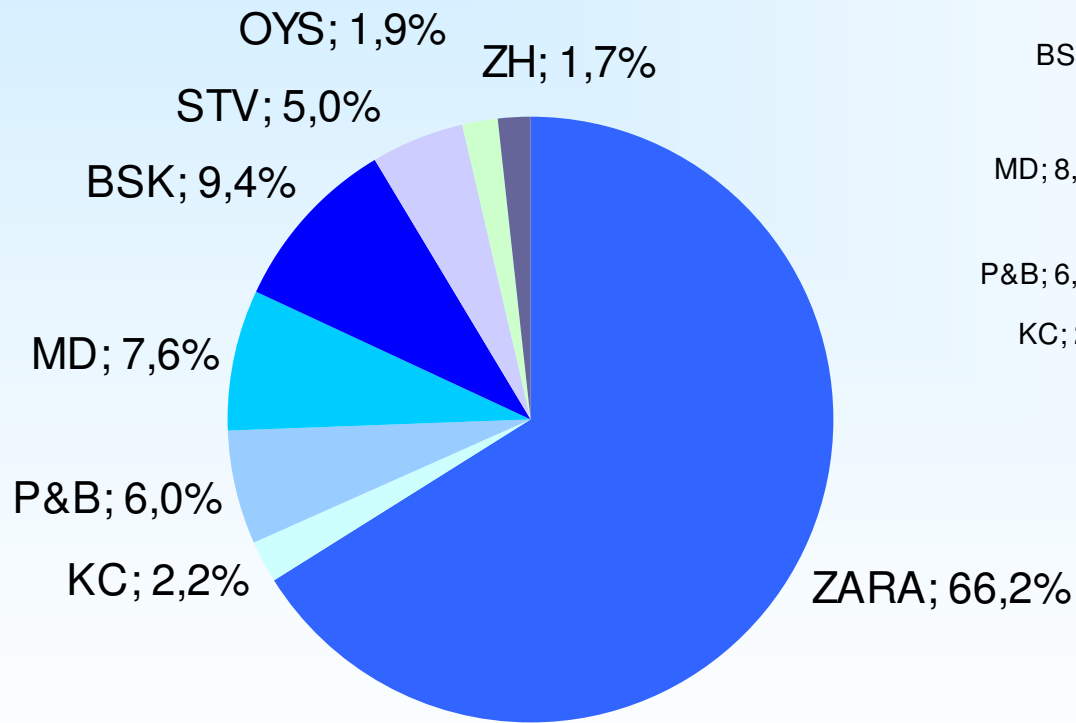
	Net sales		Var % 06/05
	1H06	1H05	
ZARA	2,302	1,857	24%
Other Concepts	1,174	962	22%
KIDDY'S CLASS	76	65	17%
PULL&BEAR	210	181	16%
MASSIMO DUTTI	263	233	13%
BERSHKA	327	271	21%
STRADIVARIUS	175	139	26%
OYSHO	64	43	49%
ZARA HOME	57	30	95%

Performance per concept

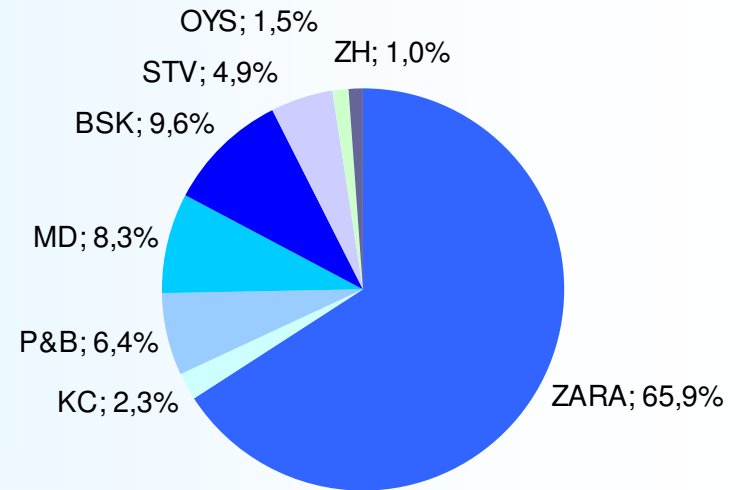


Breakdown of sales by concept

1H06



1H05



Outlook

Pablo Isla

Deputy Chairman & CEO

FY2006: CAPEX

- Expected CAPEX 850 - 950 MM €
- +15%/+20% space growth
- Store opening plan:

ZARA
 KIDDY'S CLASS
 PULL & BEAR
 MASSIMO DUTTI
 BERSHKA
 STRADIVARIUS
 OYSHO
 ZARA HOME
total net openings (*)

Range	
140	150
30	40
30	40
30	40
65	75
40	50
40	50
35	45
410	490

% Int'l openings
80%
20%
55%
55%
70%
45%
45%
50%

(*) Includes conversion of former Often stores

FY2006: Sales outlook

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- **Initial collections Autumn-Winter 2006 well received by our customers.**

Italy

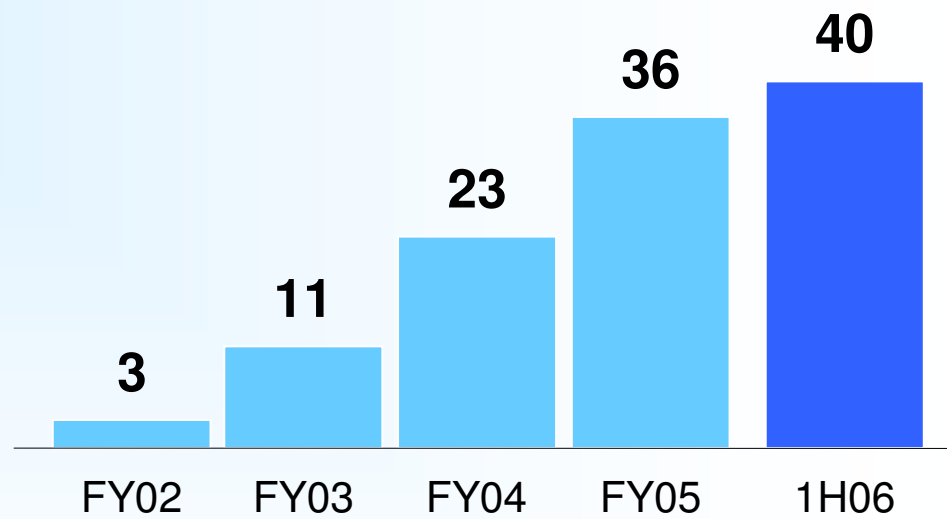


- **Very satisfactory evolution**
- **Strong long term growth potential**

Italy – Fast expansion for Zara...



ZARA stores



Italy – ... and for the other concepts



	1H06
ZARA	40
KIDDY'S CLASS	--
PULL&BEAR	10
MASSIMO DUTTI	6
BERSHKA	15
STRADIVARIUS	1
OYSHO	16
ZARA HOME	5
Total stores	93

Multiconcept strategy: different concepts for different customers and locations

Russia



- Strong consumer environment
- Moscow is the most important market, but some regions are developing very fast offering strong growth potential

Russia



Zara

- Presence in Moscow
- Strong brand image
- Recognised as an anchor tenant
- Strong potential in shopping malls and regions

Russia



Other concepts

- Stradivarius and Pull&Bear already present
- High potential for the youngest concepts
 - Bershka and Massimo Dutti to be launched very soon (Moscow and S. Petersburg)
 - Opportunity for the other concepts

China



TODAY

- Urban affluent segment:
 - 1% of total population
 - c10% disposable income
 - 500 billion RMB
 - Branded luxury goods consumers

Tomorrow's middle-class consumers are today's urban workers

- 2015e Lower middle class :
 - 290 million people
 - 44% of total urban population
 - 4.8 trillion RMB
- Middle class unusually young: wealthiest consumers from 25 to 44

China

INDITEX



- Attractive price positioning targeting white collar & overseas
- Performance in first openings above initial expectations
- Young women more keen on fashion
- Very positive reception of INDITEX by Shopping mall owners
- Initial expansion areas:
 - Shanghai
 - Beijing
 - Pearl River Delta

Q & A

20 September 2006