

# INDITEX

## FY2015 RESULTS

1 February 2015 to 31 January 2016

- ♦ Inditex continues to expand its global, fully integrated store and online sales platform.
- ♦ Strong operating performance: Net sales for FY2015 reached €20.9 billion, 15.4% higher.
- ♦ Like-for-like sales growth was strong, rising 8.5% (on 5% in FY2014).
- ♦ Continued expansion of new space in prime locations. Space growth was 8% in FY2015.
- ♦ At the end of FY2015 Inditex operated 7,013 stores in 88 markets. Openings have taken place in 56 markets.
- ♦ Global online sales: Zara launched sales in Taiwan, Hong Kong and Macau in FY2015. Zara Home launched in Australia.
- ♦ Gross profit reached €12.1 billion, 14.4% higher than in FY2014, resulting in a Gross margin of 57.8%.
- ♦ Tight control of operating expenses.
- ♦ EBITDA reached €4.7 billion, 15% higher.
- ♦ Net income reached €2.9 billion, 15% higher.
- ♦ The Board of Directors will propose at the General Shareholders Meeting a dividend increase of 15.4% to €0.60 per share.
- ♦ Over the course of 2016 all Inditex concepts will be present online in all European markets and Turkey.
- ♦ Store & Online sales in local currencies, adjusted for the calendar effect of an extra trading day in February due to the leap year, have increased by 15% from 1 February to 7 March 2016.

## Performance in FY2015

Inditex continues to expand its global, fully integrated store and online sales platform.

In FY2015, Inditex achieved a strong operating performance. Net sales reached €20.9 billion, with sales growth of 15.4%. Net sales in local currencies increased by 15%.

Like-for-like sales increased 8.5% in FY2015 (7% first half and 9.5% second half) on 5% in FY2014. The like-for-like calculation includes store sales (i.e. sales in stores opened for the whole of fiscal years 2015 and 2014) and online. This represents 78% of total sales.

In FY2015 Inditex new space in prime locations increased 8%. Space contribution to sales was 6.5%. Total selling area at FYE reached 4,086,904 square metres:

	2015	2014	15/14
Zara	2,523,388	2,352,826	7%
Pull&Bear	351,799	318,554	10%
Massimo Dutti	233,084	216,175	8%
Bershka	456,914	427,165	7%
Stradivarius	271,386	253,814	7%
Oysho	92,891	84,193	10%
Zara Home	146,866	123,776	19%
Uterqüe	10,576	9,596	10%
Total	4,086,904	3,786,099	8%

Net store openings in FY2015 amounted to 330 reaching a total of 7,013 stores in 88 markets. In FY2015 Inditex opened stores in 56 markets.

A list of quarterly openings and stores opened as at FYE by concept and by market is included in Annexes IV and V.

Net sales by concept are shown in the table below:

Million Euros	2015	2014	15/14
Zara	13,628	11,594	17.5%
Pull&Bear	1,417	1,284	10.4%
Massimo Dutti	1,498	1,413	6.0%
Bershka	1,875	1,664	12.7%
Stradivarius	1,289	1,130	14.1%
Oysho	452	416	8.7%
Zara Home	666	548	21.5%
Uterqüe	75	68	10.3%
Total	20,900	18,117	15.4%

The Group operates a global store and online sales platform. Store & Online sales by geographical area are shown in the table below:

Area	2015	2014
Europe ex-Spain	44.0%	46.0%
Asia & RoW	23.5%	21.1%
Spain	17.7%	19.0%
Americas	14.7%	13.9%
Total	100.0%	100.0%

Inditex has continued to expand its global, fully integrated online sales platform with the launch of online sales for Zara in Taiwan, Hong Kong and Macau in September 2015 and in Australia for Zara Home in December 2015, taking the total for Inditex to 29 markets. Annex VI includes information regarding the markets and concepts with online sales.

Gross profit rose to €12.1 billion, 14.4% higher than the previous year. The Gross margin has reached 57.8% of sales (58.3% in FY2014).

Operating expenses have been tightly managed over the year and have grown by 14%, mainly as a result of the growth in sales and the new retail space added as well as the special profit sharing plan for employees. They include all the start-up costs for new space addition.

Million Euros	2015	2014
Personnel expenses	3,335	2,932
Rental expenses	2,087	1,850
Other operating expenses	1,969	1,676
Total	7,392	6,458

At FYE 2015 the number of employees was 152,854 (137,054 at FYE 2014).

EBITDA rose to €4.7 billion, 15% higher than a year earlier.

EBIT rose to €3.7 billion, 15% higher. The breakdown of EBIT by concept is shown below:

Concept	EBIT by concept (€m)			% sales		% total	
	2015	2014	15/14	2015	2015	2015	2015
Zara	2,452	2,123	16%	18%		67%	
Pull&Bear	206	188	10%	15%		6%	
Massimo Dutti	273	267	2%	18%		7%	
Bershka	299	245	22%	16%		8%	
Stradivarius	274	227	21%	21%		7%	
Oysho	70	65	7%	16%		2%	
Zara Home	100	81	23%	15%		3%	
Uterqüe	4	2	118%	5%		0%	
Total EBIT	3,677	3,198	15%	18%		100%	

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

Results from companies consolidated by the equity method came to €56 million.

Net income came to €2.9 billion, 15% higher than the previous year.

Inditex's Board of Directors will propose at the General Shareholders Meeting a dividend increase of 15.4%, composed of an ordinary dividend of €0.46 per share and a bonus dividend of €0.14 per share, equating to a total dividend of €0.60 per share. €0.30 will be payable on 2 May 2016 as an interim ordinary dividend and €0.30 would be payable on 2 November 2016 as the final ordinary and bonus dividend. The relevant dates are shown below:

Dividends		
Payment date	Record date	Ex-date
02 May 2016	29 April 2016	27 April 2016
02 November 2016	31 October 2016	27 October 2016

Inditex continued to show a strong financial position in FY2015.

Million Euros	31 January 2016	31 January 2015
Cash & cash equivalents	4,226	3,798
Short term investments	1,086	222
Current financial debt	(10)	(8)
Non current financial debt	(1)	(2)
Net financial cash (debt)	5,300	4,010

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

Million Euros	31 January 2016	31 January 2015
Inventories	2,195	1,860
Receivables	669	862
Payables	(4,591)	(3,658)
Operating working capital	(1,728)	(936)

Funds from Operations reached €3.9 billion in FY2015, 16.4% higher.

Ordinary capital expenditure for FY2015 amounted to €1.4 billion. Extraordinary capital expenditure in FY2015 amounted to €142 million.

Dividends paid to shareholders in 2015 reached €1.6 billion.

## FY2016

Store & Online sales in local currencies, adjusted for the calendar effect of an extra trading day in February due to the leap year, have increased by 15% from 1 February to 7 March 2016. The Spring/Summer season is influenced by the performance over the Easter period due to its significant sales volumes.

In FY2016 Inditex expects 400-460 gross openings and the selective absorption of 100-120 small units into neighbouring stores. Approximately 70% of the new contracts have been signed but in some cases openings may not take place in FY2016.

In FY2016 Inditex expects to open stores in five new markets: Vietnam, New Zealand, Paraguay, Aruba and Nicaragua.

Over the course of 2016 all Inditex concepts will be present online in all European markets and Turkey.

Ordinary capital expenditure in FY2016 will be approximately €1.5 billion driven mainly by the addition of new space in prime locations during the year. Ordinary capital expenditure is expected to grow below space growth in the coming years.

Inditex sees strong growth opportunities and continues to expand its global, fully integrated store and online sales platform. The growth of new space in prime locations is expected to be 6%-8% over the coming years in conjunction with an increasing contribution from organic growth and online sales.

## FY2016 corporate calendar

Inditex expects to release interim results for FY2016 on the following dates:

Interim Three Months: 15 June 2016  
Interim Half Year: 21 September 2016  
Interim Nine Months: 14 December 2016  
Fiscal Year: March 2017 (tbc)

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

<b>Grupo Inditex</b>		
FY2015 profit & loss statement (€m)		
	FY2015	FY2014
<b>Net sales</b>	<b>20,900</b>	<b>18,117</b>
Cost of sales	(8,811)	(7,548)
<b>Gross profit</b>	<b>12,089</b>	<b>10,569</b>
<i>Gross margin</i>	<i>57.8%</i>	<i>58.3%</i>
Operating expenses	(7,392)	(6,458)
Other net operating income (losses)	2	(8)
<b>Operating cash flow (EBITDA)</b>	<b>4,699</b>	<b>4,103</b>
<i>EBITDA margin</i>	<i>22.5%</i>	<i>22.6%</i>
Amortisation and depreciation	(1,022)	(905)
<b>Operating income (EBIT)</b>	<b>3,677</b>	<b>3,198</b>
<i>EBIT margin</i>	<i>17.6%</i>	<i>17.7%</i>
Financial results	10	14
Results from companies consolidated by equity method	56	32
<b>Income before taxes</b>	<b>3,743</b>	<b>3,245</b>
<i>EBT margin</i>	<i>17.9%</i>	<i>17.9%</i>
Taxes	(861)	(735)
Net income	2,882	2,510
Minorities	8	10
<b>Net income attributable to the controlling company</b>	<b>2,875</b>	<b>2,501</b>
<i>Net income margin</i>	<i>13.8%</i>	<i>13.8%</i>
<b>Earnings per share, Euros (*)</b>	<b>0.923</b>	<b>0.803</b>

(\*) Shares for EPS calculation 3,113,152,000 for 2015 and 3,113,773,370 for 2014

## Grupo Inditex

Consolidated Balance Sheet as of 31 January 2016 (€m)

	31 January 2016	31 January 2015
<b>Assets</b>		
<b>NON CURRENT ASSETS</b>	<b>8,908</b>	<b>8,271</b>
Intangible assets	888	882
Tangible assets	6,619	6,122
Financial investments	184	151
Other	1,217	1,116
<b>CURRENT ASSETS</b>	<b>8,449</b>	<b>7,106</b>
Inventories	2,195	1,860
Receivables	669	862
Short term investments	1,086	222
Cash & cash equivalents	4,226	3,798
Other	274	364
<b>TOTAL ASSETS</b>	<b>17,357</b>	<b>15,377</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>11,451</b>	<b>10,469</b>
Equity attributable to the Group	11,410	10,431
Minority interests	41	38
<b>NON CURRENT LIABILITIES</b>	<b>1,236</b>	<b>1,159</b>
Deferred taxes	285	241
Financial debt	1	2
Other	950	916
<b>CURRENT LIABILITIES</b>	<b>4,670</b>	<b>3,749</b>
Financial debt	10	8
Payables	4,591	3,658
Other	69	83
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>17,357</b>	<b>15,377</b>



<b>Grupo Inditex</b>		
Consolidated Statement of Cash Flows as of 31 January 2016(€m)		
	2015	2014
<b>Income before taxes</b>	<b>3,743</b>	<b>3,245</b>
<b>Adjustments to income-</b>		
Depreciation and amortization	1,022	905
Foreign exchange impact	(16)	(117)
Other	126	24
<b>Corporate income tax-</b>	<b>(977)</b>	<b>(707)</b>
<b>Funds from operations</b>	<b>3,897</b>	<b>3,349</b>
<b>Changes in assets and liabilities</b>		
Change in inventories	(425)	(244)
Change in accounts receivable	187	(67)
Change in current liabilities	840	210
<b>Change in working capital</b>	<b>602</b>	<b>(101)</b>
<b>Cash from operations</b>	<b>4,500</b>	<b>3,248</b>
Intangible assets investments	(164)	(167)
Tangible assets investments	(1,354)	(1,630)
Change in other long-term financial investments	22	29
Other assets investments	(56)	(82)
Change in short-term financial investments	(864)	1
<b>Capital expenditure</b>	<b>(2,416)</b>	<b>(1,847)</b>
Change in long-term financial debt	(3)	2
Acquisition of treasury stock	-	(27)
Change in current debt	5	6
Dividends	(1,626)	(1,511)
<b>Cash used in financing activities</b>	<b>(1,624)</b>	<b>(1,529)</b>
Change in cash and cash equivalents	460	(129)
Cash and cash equivalents at beginning of the year	3,798	3,847
Foreign exchange impact on cash & cash equivalents	(32)	80
<b>Cash and cash equivalents at end of the year</b>	<b>4,226</b>	<b>3,798</b>

## Annex I

### Income statement: FY2015 quarterly results

	1Q	2Q	3Q	4Q
Net sales	4,374	5,047	5,322	6,157
Cost of sales	(1,777)	(2,173)	(2,125)	(2,736)
<b>Gross profit</b>	<b>2,597</b>	<b>2,875</b>	<b>3,197</b>	<b>3,421</b>
	59.4%	57.0%	60.1%	55.6%
Operating expenses	(1,701)	(1,801)	(1,838)	(2,051)
Other net operating income (losses)	(0)	1	(1)	2
<b>Operating cash flow (EBITDA)</b>	<b>895</b>	<b>1,075</b>	<b>1,358</b>	<b>1,371</b>
	20.5%	21.3%	25.5%	22.3%
Amortisation and depreciation	(231)	(250)	(264)	(277)
<b>Operating income (EBIT)</b>	<b>664</b>	<b>825</b>	<b>1,094</b>	<b>1,094</b>
	15.2%	16.4%	20.6%	17.8%
Financial results	8	0	2	(0)
Results from companies consolidated by equity method	14	14	12	15
<b>Income before taxes</b>	<b>686</b>	<b>840</b>	<b>1,108</b>	<b>1,109</b>
Taxes	(163)	(193)	(253)	(252)
Net income	523	647	855	857
	12.0%	12.8%	16.1%	13.9%
Minorities	2	2	2	2
<b>Net income attributable to the controlling company</b>	<b>521</b>	<b>645</b>	<b>853</b>	<b>855</b>
	11.9%	12.8%	16.1%	13.9%

## Annex II

Return on Equity, defined as Net income on average Shareholder's equity:

Million Euros	2015	2014
Net income	2,875	2,501
Shareholders equity - previous year	10,431	9,246
Shareholders equity - current year	11,410	10,431
Average equity	10,920	9,838
Return on Equity	26%	25%

Return on Capital Employed, defined as EBIT on average capital employed (Shareholder's equity plus net financial debt):

Million Euros	2015	2014
EBIT	3,677	3,198
<b>Average capital employed</b>		
Average shareholders' equity	10,920	9,838
Average net financial debt (*)	0	0
<b>Total average capital employed</b>	<b>10,920</b>	<b>9,838</b>
Return on Capital employed	34%	33%

(\*) Zero when net cash

Return on Capital Employed by concept:

Concept	2015	2014
Zara	30%	29%
Pull&Bear	38%	39%
Massimo Dutti	43%	45%
Bershka	53%	43%
Stradivarius	65%	55%
Oysho	49%	53%
Zara Home	33%	36%
Uterqüe	12%	6%
Total	34%	33%

## Annex III

Company-managed stores and franchised stores at FYE:

Concept	Co. Managed	Franchised	Total
Zara	1,784	218	2,002
Zara Kids	160	0	160
Pull&Bear	803	133	936
Massimo Dutti	638	102	740
Bershka	895	149	1,044
Stradivarius	777	173	950
Oysho	542	65	607
Zara Home	449	53	502
Uterqüe	57	15	72
<b>Total</b>	<b>6,105</b>	<b>908</b>	<b>7,013</b>

Sales in company-managed and franchised stores:

Concept	Company Managed	Franchised
Zara	87%	13%
Pull&Bear	83%	17%
Massimo Dutti	82%	18%
Bershka	82%	18%
Stradivarius	77%	23%
Oysho	86%	14%
Zara Home	85%	15%
Uterqüe	84%	16%
<b>Total</b>	<b>85%</b>	<b>15%</b>

## Annex IV

### Net openings by quarter:

Concept	1Q 2015	2Q 2015	3Q 2015	4Q 2015	Total 2015
Zara	15	9	36	19	79
Zara Kids	0	0	(2)	0	(2)
Pull&Bear	5	2	17	14	38
Massimo Dutti	9	1	13	11	34
Bershka	2	2	22	12	38
Stradivarius	8	1	18	13	40
Oysho	5	6	12	9	32
Zara Home	19	6	19	21	65
Uterqüe	0	4	1	1	6
<b>Total</b>	<b>63</b>	<b>31</b>	<b>136</b>	<b>100</b>	<b>330</b>

### Total stores by quarter:

Concept	1Q 2015	2Q 2015	3Q 2015	4Q 2015
Zara	1,938	1,947	1,983	2,002
Zara Kids	162	162	160	160
Pull&Bear	903	905	922	936
Massimo Dutti	715	716	729	740
Bershka	1,008	1,010	1,032	1,044
Stradivarius	918	919	937	950
Oysho	580	586	598	607
Zara Home	456	462	481	502
Uterqüe	66	70	71	72
<b>Total</b>	<b>6,746</b>	<b>6,777</b>	<b>6,913</b>	<b>7,013</b>

## Annex V

### Stores by concept and market as at 31 January 2016:

Market	Zara	Zara Kids	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
ALBANIA	1		1	1	1	1				5
ALGERIA	1				1			1		3
ANDORRA	1		1	1	1	1	1	1	1	8
ARGENTINA	10									10
ARMENIA	2		2	2	2	2	1			11
AUSTRALIA	15							2		17
AUSTRIA	14		2	3	7			2		28
AZERBAIJAN	2		1	2	2	1	1			9
BAHREIN	2		2	2	1	1	1	1		10
BELGIUM	27		8	22	11			7		75
BOSNIA	2		2	1	2	2				9
BRAZIL	55							14		69
BULGARIA	6		5	5	7	5	5			33
CANADA	26			5				2		33
CHILE	9							2		11
CHINA	179		76	72	76	69	63	31		566
COLOMBIA	12		4	4	9	10	2	2		43
COSTA RICA	2		2	1	2	2		1		10
CROATIA	9		5	3	7	5	2	1		32
CYPRUS	6		5	4	6	6	4	4		35
CZECH REPUBLIC	7		5	1	4	3				20
DENMARK	4									4
DOMINICAN REPUBLIC	2		1	2	2	2	2	1		12
ECUADOR	2		2	1	2	2	1			10
EGYPT	5		5	4	5	4	3	3		29
EL SALVADOR	2		2		2	1				7
ESTONIA	2		1	2	1	1				7
FINLAND	4									4
FRANCE	127	1	33	24	49	21	11	22		288
GEORGIA	3		1	3	2	2	1			12
GERMANY	80		9	17	11			14		131
GREECE	40	6	24	13	29	19	19	10		160
GUATEMALA	3		2	1	2	3	2	1		14
HONDURAS	2		2	1	2	2		1		10
HUNGARY	8		7	3	10	8	2	2		40
ICELAND	2									2
INDIA	17									17
INDONESIA	13		9	3	7	12		2		46
IRELAND	9		3	2	6	3				23
ISRAEL	23		25	2	7					57
ITALY	94	7	45	11	58	63	45	32		355
JAPAN	98				21	11		15		145
JORDAN	2		2	2	1	5	1	1	1	15
KAZAKHSTAN	4		4	3	4	5	2	3		25
KUWAIT	6		4	2	2	2	4	3	2	25
LATVIA	4		3	2	3	1				13
LEBANON	7		5	6	7	5	5	4	1	40
LITHUANIA	5		4	4	4	4		1		22
LUXEMBOURG	3			1						4
MACEDONIA	1		1	1	1	1				5
MALAYSIA	9		2	5	4					20
MALTA	1		3	1	2	2	1	1		11
MEXICO	71		58	36	62	32	44	24	11	338
MONACO	1									1
MONTENEGRO	1		1		1	1	1			5
MOROCCO	4		2	2	2	6	3	3	1	23
NETHERLANDS	26		7		15			4		59
NORWAY	4			1						5
OMAN	1				1	1	1	1		5
PANAMA	2		1	1	1	1	1	1		8
PERU	2							2		4
PHILIPPINES	8		2	2	4	3				19
POLAND	49		37	26	56	76	18	10		272
PORTUGAL	68	18	54	42	50	44	35	26	4	341
PUERTO RICO	3			1						4
QATAR	2		2	2	2	1	2	2	2	15
ROMANIA	23		21	10	21	21	8	4		108
RUSSIA	90		79	44	86	78	62	38	8	485
SAUDI ARABIA	30		13	14	30	42	17	6	3	155
SERBIA	4		2	2	2	2	2			14
SINGAPORE	9		3	4	3	3				22
SLOVAKIA	3		2		3	3				11
SLOVENIA	5		2	1	4	4				16
SOUTH AFRICA	7									7
SOUTH KOREA	43		5	7	6	4	1	1		67
SPAIN	321	128	257	220	237	290	191	148	34	1,826
SWEDEN	12		1	4			1	2		20
SWITZERLAND	18		1	7	5			1		32
TAIWAN	8		1	4	1			2		16
THAILAND	10		3	4	1	2		2		22
TUNISIA	3		2	1	2	1	2			11
TURKEY	36		29	22	31	29	25	19		191
UAE	11		8	11	9	7	8	8	4	66
UKRAINE	9		11	5	11	11	6			53
UNITED KINGDOM	68		7	12	5	1		10		103
UNITED STATES	68			3						71
URUGUAY	2							1		3
VENEZUELA	10		5		10					25
<b>Total</b>	<b>2,002</b>	<b>160</b>	<b>936</b>	<b>740</b>	<b>1,044</b>	<b>950</b>	<b>607</b>	<b>502</b>	<b>72</b>	<b>7,013</b>

## Annex VI

Markets and concepts with online sales:

	Concept	Market
2007	Zara Home	Europe: Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, UK, Switzerland, Norway, Finland, Poland
2010	Zara	Spain, Portugal, France, Germany, Italy, UK, Netherlands, Belgium, Luxembourg, Austria, Ireland
2011	Zara	United States, Japan, Switzerland, Monaco, Sweden, Denmark, Norway
From 2011	Massimo Dutti, Bershka, Pull&Bear, Stradivarius, Oysho, Uterqüe	Europe
2012	Zara	China, Poland
2012	Massimo Dutti, Zara Home	United States
2013	Zara	Canada, Russian Federation
2013	Massimo Dutti, Bershka, Stradivarius, Oysho	Russian Federation
2014	Zara	South Korea, Mexico, Greece, Romania
2015	Zara	Taiwan, Hong Kong, Macau
2015	Zara Home	Australia
Progressive roll-out	All Concepts	Globally

## Annex VII

Breakdown of financial results:

Million Euros	2015	2014
Net financial income (losses)	11	16
Foreign exchange gains (losses)	(1)	(2)
Total	10	14