

# INDITEX

## Interim Nine Months 2017 Results

1 February 2017 to 31 October 2017

- ◆ Inditex continues to roll out its global, fully integrated store and online platform.
- ◆ Strong operating performance: Net sales for the interim nine months 2017 reached €17.96 billion, 10% higher. Like-for-like sales growth remains strong.
- ◆ In August we launched Zara, Bershka, Massimo Dutti, Pull&Bear, Stradivarius, Oysho and Zara Home in Belarus with a very warm reception.
- ◆ Global online sales launches are on track: In October, Inditex launched online sales for Zara in India.
- ◆ Gross profit reached €10.3 billion, 9% higher. Gross margin reached 57.4%.
- ◆ Tight control of operating expenses.
- ◆ EBIT was €2.99 billion, 6% higher.
- ◆ Net income reached €2.3 billion (€0.752 per share), 6% higher.
- ◆ Store and Online sales in local currencies increased by 13% from 1 November to 11 December 2017.

## Performance in the Interim Nine Months 2017

Inditex continues to roll out its global, fully integrated store and online platform.

In the Interim nine months 2017, Inditex achieved a strong operating performance. Net sales reached €17.96 billion, 10% higher than 9M2016. Like-for-like sales growth remains strong.

In August we launched Zara, Bershka, Massimo Dutti, Pull&Bear, Stradivarius, Oysho and Zara Home in Belarus with a very warm reception. In the interim nine months 2017 Inditex opened stores in 52 markets. At the end of 9M2017 Inditex operated 7,504 stores in 94 markets. A list of openings and total stores by concept is included in Annex 1.

Inditex has continued the global roll-out of its fully integrated store and online sales platform with the launch of online sales for Zara in India in October, taking the total for Inditex to 45 markets.

Gross profit rose to €10.3 billion, 9% higher than the previous year. The gross margin reached 57.4% of sales.

Operating expenses are tightly under control. They have grown 10% reflecting the growth in sales and include all start-up costs.

EBIT came to €2.99 billion, 6% higher than the prior year.

A breakdown of financial results can be found in Annex 2.

The tax rate for 9M2017 is the best estimate for FY2017 according to current information.

Net income came to €2.3 billion, 6% higher.

Inditex paid €1.1 billion, €0.34 per share, on 2 November 2017 as a FY2016 final ordinary and bonus dividend.

Million Euros	31 October 2017 (*)	31 October 2016 (*)
Cash & cash equivalents	4,871	3,935
Short term investments	1,241	1,809
Current financial debt	(106)	(59)
Non current financial debt	(5)	(1)
Net financial cash (debt)	6,002	5,684

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

Million Euros	31 October 2017 (*)	31 October 2016 (*)
Inventories	3,510	3,086
Receivables	931	831
Payables	(6,720)	(6,120)
Operating working capital	(2,279)	(2,203)

## Start of 4Q2017

Store and Online sales in local currencies have increased by 13% from 1 November to 11 December 2017.

The Autumn-Winter season is influenced significantly by the performance over both the Christmas period and the after-Christmas sales period, due to their sales volumes.

The Results for the Full Year 2017 (1 February – 31 January) will be published on 14 March 2018.

For additional information:

# INDITEX

Investor Relations

ir@inditex.com

Tel: +34 981 18 53 64

[www.inditex.com](http://www.inditex.com)

## 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		
9M2017 profit & loss statement (€m)		
	9M2017 (*)	9M2016 (*)
<b>Net sales</b>	<b>17,963</b>	<b>16,403</b>
Cost of sales	(7,644)	(6,911)
<b>Gross profit</b>	<b>10,319</b>	<b>9,492</b>
<i>Gross margin</i>	<i>57.4%</i>	<i>57.9%</i>
Operating expenses	(6,476)	(5,879)
Other net operating income (losses)	(23)	(6)
<b>Operating cash flow (EBITDA)</b>	<b>3,819</b>	<b>3,607</b>
<i>EBITDA margin</i>	<i>21.3%</i>	<i>22.0%</i>
Amortisation and depreciation	(826)	(784)
<b>Operating income (EBIT)</b>	<b>2,993</b>	<b>2,822</b>
<i>EBIT margin</i>	<i>16.7%</i>	<i>17.2%</i>
Financial results	(0)	3
Results from companies consolidated by equity method	31	34
<b>Income before taxes</b>	<b>3,024</b>	<b>2,859</b>
<i>EBT margin</i>	<i>16.8%</i>	<i>17.4%</i>
Taxes	(680)	(650)
Net income	2,344	2,209
Minorities	3	4
<b>Net income attributable to the controlling company</b>	<b>2,341</b>	<b>2,205</b>
<i>Net income margin</i>	<i>13.0%</i>	<i>13.4%</i>
<b>Earnings per share, Euros (**)</b>	<b>0.752</b>	<b>0.708</b>

(\*) Unaudited data

(\*\*) Shares for EPS calculation 3,113,055,227 for 2017 and 3,113,527,769 for 2016

## Grupo Inditex

Consolidated Balance Sheet as of 31 October 2017 (€m)

	31 October 2017 (*)	31 October 2016 (*)
<b>Assets</b>		
<b>NON CURRENT ASSETS</b>	<b>10,286</b>	<b>9,568</b>
Intangible assets	912	916
Tangible assets	7,753	7,069
Financial investments	244	217
Other	1,376	1,366
<b>CURRENT ASSETS</b>	<b>10,831</b>	<b>9,980</b>
Inventories	3,510	3,086
Receivables	931	831
Short term investments	1,241	1,809
Cash & cash equivalents	4,871	3,935
Other	278	318
<b>TOTAL ASSETS</b>	<b>21,117</b>	<b>19,547</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>12,622</b>	<b>11,863</b>
Equity attributable to the Group	12,597	11,825
Minority interests	25	38
<b>NON CURRENT LIABILITIES</b>	<b>1,571</b>	<b>1,431</b>
Deferred taxes	279	303
Financial debt	5	1
Other	1,287	1,127
<b>CURRENT LIABILITIES</b>	<b>6,923</b>	<b>6,253</b>
Financial debt	106	59
Payables	6,720	6,120
Other	97	74
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>21,117</b>	<b>19,547</b>

(\*) Unaudited data

## Annex 1

Openings and total stores by format:

Concept	Net openings		Total Stores	
	9M17	9M16	31 October 2017	31 October 2016
Zara	60	49	2,127	2,051
Zara Kids	(7)	(13)	139	147
Pull&Bear	13	41	986	977
Massimo Dutti	16	23	781	763
Bershka	21	29	1,102	1,073
Stradivarius	30	35	1,024	985
Oysho	36	21	672	628
Zara Home	35	41	587	543
Uterqüe	8	1	86	73
<b>Total</b>	<b>212</b>	<b>227</b>	<b>7,504</b>	<b>7,240</b>

## Annex 2

Breakdown of financial results:

Million Euros	9M2017	9M2016
Net financial income (losses)	11	7
Foreign exchange gains (losses)	(11)	(4)
<b>Total</b>	<b>(0)</b>	<b>3</b>

The Gross Margin, EBITDA, EBIT, ROE and ROCE are defined in the introduction to the Consolidated Annual Accounts 2016.