

Valuation & Research Specialists (VRS)
Equity Research Team
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Share Price (14/8/2012) € 85.47

of Shares (,000) 623,000
Market Cap (in € mn) 53,247.81
A.D. Volume (p) 1,263,427
Beta Co-efficient 0.63

Statistical Data

Max 52 week 91.37 €
Min 52 week 53.63 €

Shareholders' Structure

(Source: Inditex, Annual GM 2011)

Individuals 2.94%
Institutions 37.77%
Partler 2006, S.L. 9.28%
Gartler, S.L. 50.01%

Source: The Company, Reuters, VRS.

Inditex S.A.

[Bloomberg Ticker: IDEXF:US, ITX:IX, ITX:SM,
Reuters Ticker: IDEXF.PK]

Business Sector: Textiles Design Industries

Business Profile – Growth Drivers

- Industria de Diseno Textil SA (Inditex SA or the Company or the Group) is a Spain-based company activating in the global textile industry. Inditex deals with the design, manufacturing, distribution and retail sale of men, women and children apparel, footwear, and fashion accessories. The Company also deals with home furnishings and household textile products.
- The Group consists of a significant number of subsidiaries covering activities in 85 geographic markets across the globe. In 2011, it had personnel of 109,512 people. As of end April 2012, Inditex operated 5,618 stores in all 5 continents and co-operated with 1,398 suppliers worldwide.
- The store network is structured in the following major brands: Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterque.
- The Company is listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia, and on the Automated Quotation System, since 23 May 2001.

Business Concept - Corporate Strategy

- Inditex's operations are based on a business model consisting of the following major components: (1) Flexibility in conducting business; (2) Sustained commercial policy; (3) Delivery of the latest fashion products at the appropriate timing and at affordable prices; (4) Multi channel sales network (stores, on-line sales, etc.); (5) Emphasis on profitable activities.
- According to the Management's statement, 2011 was the year of the Group's critical strengthening in its global expansion efforts with commercial operations carried out in five continents. Inditex is strongly committed to its multi-channel sales model and particularly to electronic commerce activities.
- In 2012, Inditex plans to open between 480-520 stores internationally.
- As of 2011, Europe was the largest geographic region in terms of sales generated, with 70% of the total consolidated revenues, followed by Asia (with rest of the world), and Americas.

Financial Highlights 2011 (1st February 2011 to 31st January 2012, Consolidated)

- In 2011, Zara stores contributed 64.8% of total consolidated sales, whereas the other brands contributed the remaining 35.2%. The Group opened 483 stores internationally during the year, bringing the total number of its network to 5,527 stores. Aggregate space was estimated at 2,838,980 square meters posting an increase of 9.7% y-o-y.
- As of 31 December 2011, the Group's equity settled at EUR 7,415 million with its outstanding long-term and short-term bank debt at EUR 25.11 million. Cash and cash equivalents amounted to EUR 3,467million. Net cash flows from operating activities stood at EUR 2,409 million at year end 2011. Investments in property, plant and equipment amounted to EUR 1,082 million. RoCE settled at 37%.

Important Note:

Valuation & Research Specialists (VRS) have based the aggregate information contained in this report on Inditex's corporate and IR website, www.inditex.com. VRS have compiled this report solely for information purposes. Valuation & Research Specialists (VRS) do not intend to express any views or judgments about the covered company, Inditex, via this report.

Stock Price Performance (1 year, in €)



Source: www.inditex.com

BASIC FINANCIAL INDICATORS

(in € million)	Sales	EBITDA	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT / EQUITY (x)	ROE %
2009	11,084	2,374	1,732	1,322	40.27	9.99	n/c	0.01	25%
2010	12,527	2,966	2,322	1,741	30.58	8.34	16.81	0.01	27%
2011	13,793	3,258	2,559	1,946	27.37	7.18	15.29	0.00	26%

Note: Financial year is from 1st February to 31st January. 2011 is from 1st February 2011 to 31st January 2012.
Source: Official Consolidated Financial Statements, VRS Calculations.

Company Report

FLASH NOTE
August 2012

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Reuters Ticker: IDEXF.PK]

Business Sector: Textiles Design Industries

Financial Highlights 2011 (1st February 2011 to 31st January 2012, Consolidated)

- Inditex proposed the distribution of EUR 1.80 dividend per share for the year 2011 (+12.5% y-o-y), setting the total dividend payout amount to EUR 1.1 billion.

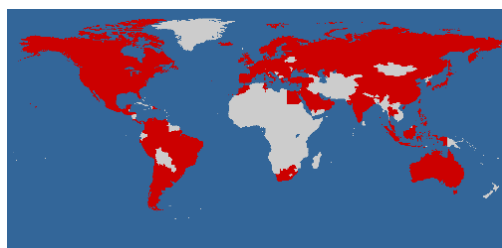
First Quarter 2012 Results (1st February to 30th April 2012, Consolidated)

- In 1Q 2012, sales and gross profit accounted for EUR 3,416 million (from EUR 2,960 million in 1Q 2011) and EUR 2,058 million (from EUR 1,741 million in 1Q 2011) respectively, with net profit settling at EUR 432 million versus EUR 332 million in 1Q 2011. Gross profit margin settled at 60.2% versus 58.8% in 1Q 2011.
- The Group opened 91 new stores during the period, further consolidating its global presence in 85 geographic markets.
- Inventories, trade receivables and payables stood at EUR 1,279, 677 and -3,259 million respectively bringing the operating working capital needs to EUR -1,303 million.
- As of 30th April 2012, the Group's equity accounted for EUR 7,255 million with its outstanding long-term and short-term bank debt at EUR 3 million. Cash and cash equivalents amounted to EUR 3,566 million.

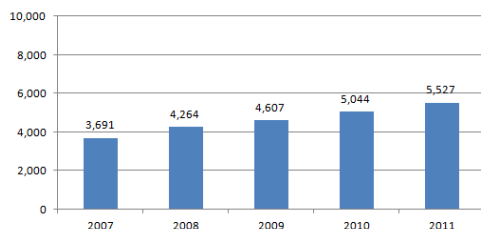
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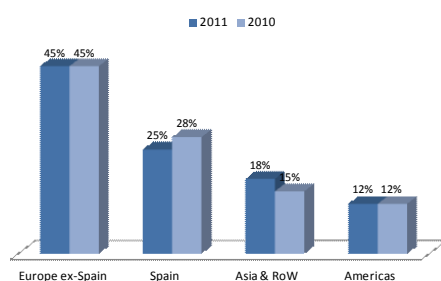
International Geographic Presence



Evolution of Number of Stores



Inditex Stores' Sales Breakdown



Source: www.inditex.com

Working Capital Ratios

in EUR million	2009	2010	2011
Sales	11,084	12,527	13,793
Cost of Sales	4,756	5,105	5,612
Net Income / Profit	1,322	1,741	1,946
Cash & Cash Equivalents	2,420	3,433	3,467

Stock Days

Stock Inventory	76	87	83
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Debtors Days

Debtors - Receivables	14	14	14
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Debtors - Receivables

	422	482	531
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Creditors Days

Creditors - Suppliers	161	173	161
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Creditors - Suppliers

	2,103	2,420	2,475
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Operating Cycle (Days)

	90	101	97
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Cash Cycle (Days)

	-71	-72	-64
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Source: Official Consolidated Financial Statements, VRS Calculations.

VALUATION & RESEARCH SPECIALISTS (VRS)
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DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Common Stock Price	Date	Disclosure
INDITEX S.A.	ITX:SM	IDEXF.PK	€ 85.47	August 14, 2012	2

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
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