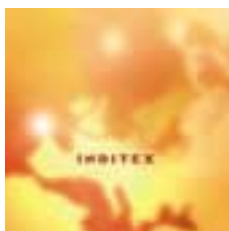


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# INDITEX

annual  
report 1999

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## Financial Highlights



		MONETARY AMOUNTS						G.R.	C.A.G.R.
		1999	1999	1998	1997	1996	1995	1999/1998	1995/1999
		Million Euros	Million pesetas						
<b>Revenues</b>									
	Net revenues	2,035	338,607	268,665	202,565	167,795	143,617	26%	24%
	Net sales in owned stores and franchises (VAT excl.)	2,000	332,843	253,818	191,020	155,882	133,969	31%	26%
	Percentage of net sales abroad		48%	46%	42%	36%	30%		
<b>Profits and cash flow</b>									
	EBITDA	410	68,298	54,184	42,194	33,628	29,028	26%	24%
	EBIT	296	49,194	40,183	31,858	21,299	19,485	22%	26%
	Consolidated income before taxes	292	48,652	38,100	29,583	18,657	15,388	28%	33%
	Consolidated net income for the year	206	34,314	25,440	19,564	12,131	9,155	35%	39%
	Income attributable to the controlling company	205	34,070	25,480	19,532	12,102	9,093	34%	39%
	Cash-Flow	319	53,031	40,578	31,430	25,311	18,679	31%	30%
<b>Financial Structure</b>									
	Shareholders' funds	893	148,613	112,040	88,169	69,031	51,241	33%	30%
	Net financial debt	150	24,949	15,477	6,382	17,601	19,374	61%	7%
<b>Other Information</b>									
	Capital expenditure	422	70,213	46,091	21,400	19,200	25,802	52%	28%
	Number of stores		922	748	622	541	508	23%	16%
	In Spain		603	489	433	399	391	23%	11%
	Abroad		319	259	189	142	117	23%	28%
	Average number of employees (Full Time equivalents)		13,984	11,968	8,368	6,463	5,627	17%	26%
	In Spain		8,529	7,637	5,857	4,573	4,158	12%	20%
	Abroad		5,455	4,331	2,511	1,891	1,469	26%	39%
<b>Management Ratios</b>									
	Inventory turnover (Purchases/Average stock)		5.92	6.45	6.77	7.20	7.61		
	EBT on store sales		15%	15%	15%	12%	11%		
	Net profit on store sales		10%	10%	10%	8%	7%		
<b>Financial Ratios</b>									
	Net debt on equity		17%	14%	7%	25%	38%		
	ROE (Income attributable on avg shareholders' investment)		26%	25%	25%	20%	19%		
	ROCE (EBIT over average capital employed)		33%	36%	35%	27%	30%		
	Cash-Flow on net financial debt		2.1	2.6	4.9	1.4	1.0		
	Cash-Flow on net interest expenses		57.1	42.9	42.2	14.1	4.5		
	Net gearing (assets on equity)		2.0	2.0	1.8	2.0	2.3		

Chairman's Statement

Once again I am pleased to present the Inditex Annual Report and to reiterate, in view of the details presented in the same, the commitment of all of us who make up this company to innovation and the meeting of new challenges.

The international expansion of the group in 1999 has continued at an intense rate. Inditex is present in already thirty countries, nine more than the previous year. This growth tests the capacity of our team to adapt itself to the particular characteristics of the different markets where we operate and to work at the same time with the global vision imposed by a complex, dynamic and ever more competitive environment.

This team of 14,000 professionals from different countries and cultures has as its main objective the growth of the Inditex group. Its daily task is marked by self-improvement and the continual search for new opportunities.

The increase in Inditex's turnover, with a compound annual rate of 24% in the last five years, has been accompanied by upward evolution of the company's results. The cashflow has tripled in this period. Business efficiency is also an expression of the quality of the management of our business, the complex network of activities of a vertically integrated fashion distribution group, which designs, produces and sells in three continents.

The future of Inditex is tied to our capacity to respond day by day to the demands of the market and to design and set in motion new projects which are capable of connecting with the desires of our clients around the world. The investment profile of the group permits it to have a solid base for future growth, for which the consolidation of our presence in Europe will be decisive, especially in key markets where we are already well-established, as well as in those where we have initiated our activity in the last two financial years.

This year, the year 2000, we are going to exceed the figure of 1,000 stores and new markets are going to be opened. We cannot limit ourselves to continuing on the path we have already opened and once again we will have to be enthusiastic and exacting in order to convert ideas and projects into reality in a world that is advancing at great speed.

AMANCIO ORTEGA GAONA  
Chairman

1999: a solid base  
for growth





## turnover

1999 338,607 m/pta

99/98 26%

## sales in stores abroad

99/98 48%

## net income

1999 34,070 m/pta

99/98 34%

## cash-flow

1999 53,031 m/pta

99/98 31%

## average number of employees

1999 13,984

## number of stores

1999 922 99/98 23%

## net income on sales

1999 10%

the turnover  
has doubled in four years

10

In the last year closing 31st January 2000, Inditex achieved a consolidated turnover of 338,607 million pesetas, 26% more than the previous year. The increase in its sales has been accompanied by parallel growth in net income, which rose to 34,070 million pesetas, 34 % more than the previous year.

Sales abroad already make up 48% of the total, against 46% in the previous financial year. In this period 99 new stores have been opened, 18 of these in countries where the Group was not previously present, and the 75 stores of the Stradivarius chain acquired in November have been incorporated into the Group. Net income on total sales in stores has been maintained at 10%.



**INDITEX**

## International Presence



## North America

stores

Mexico	29
USA	6
Canada	1

## South America

stores

Argentina	8
Brazil	3
Venezuela	3
Chile	2
Uruguay	2

## Middle East

stores

Israel	22
Saudi Arabia	3
Dubai	3
Lebanon	3
Kuwait	2
Bahrain	1

## Asia

stores

Japan	11
China	1

300<sub>new</sub> stores  
in the last three years

13

## Europe

stores

Spain	603
Portugal	97
France	59
Belgium	20
Greece	17
Sweden	6
Cyprus	5
UK	3
Turkey	3
Germany	2
Holland	2
Malta	2
Poland	2
Norway	1

INDITEX

Zara  
395 stores

Pull&Bear  
203 stores

Massimo Dutti  
180 stores

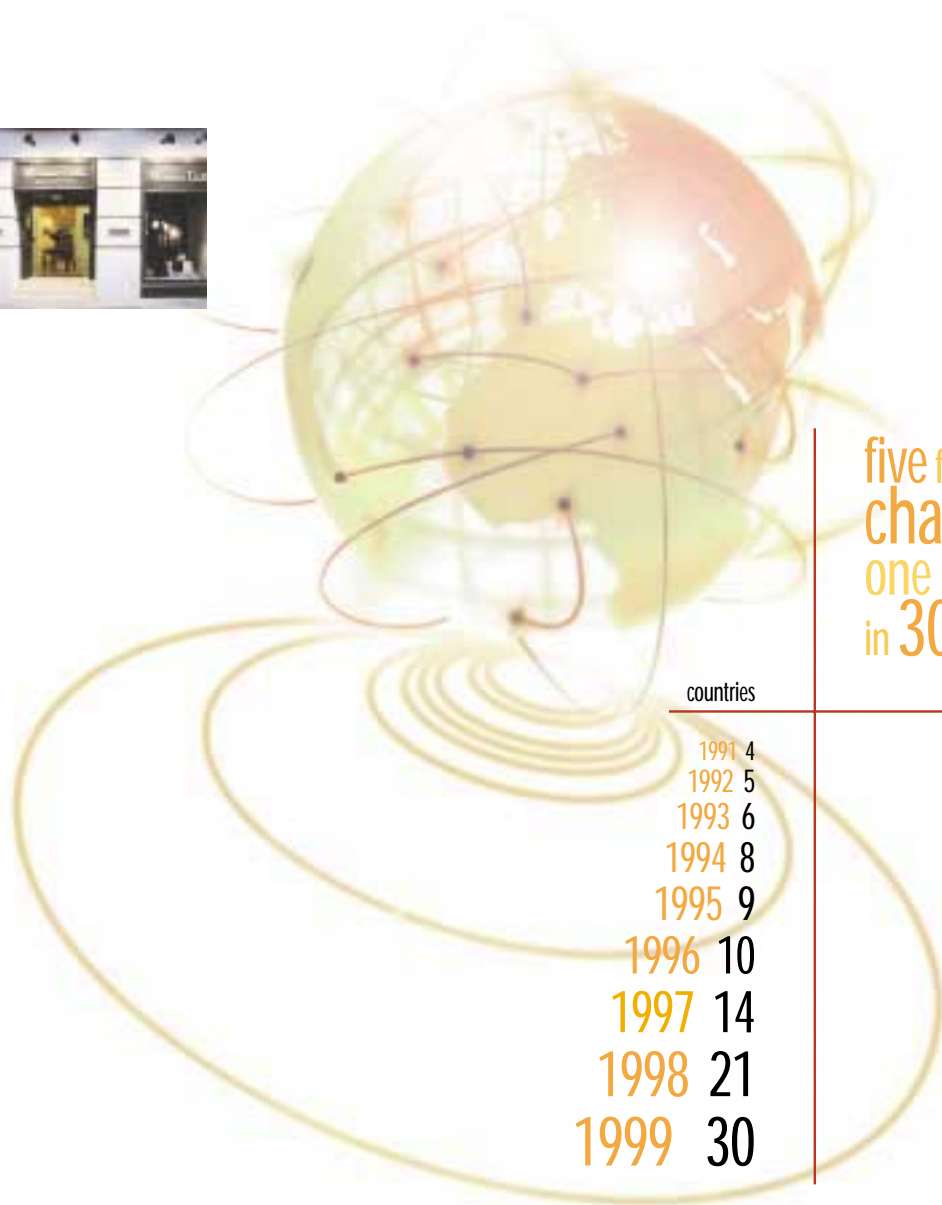
Stradivarius  
75 stores

Bershka  
69 stores



international sales  
will exceed 50% of total in the year 2000

15



five fashion  
chains with nearly  
one thousand stores  
in 30 countries

countries

1991	4
1992	5
1993	6
1994	8
1995	9
1996	10
1997	14
1998	21
1999	30

INDITEX

## Business Performance



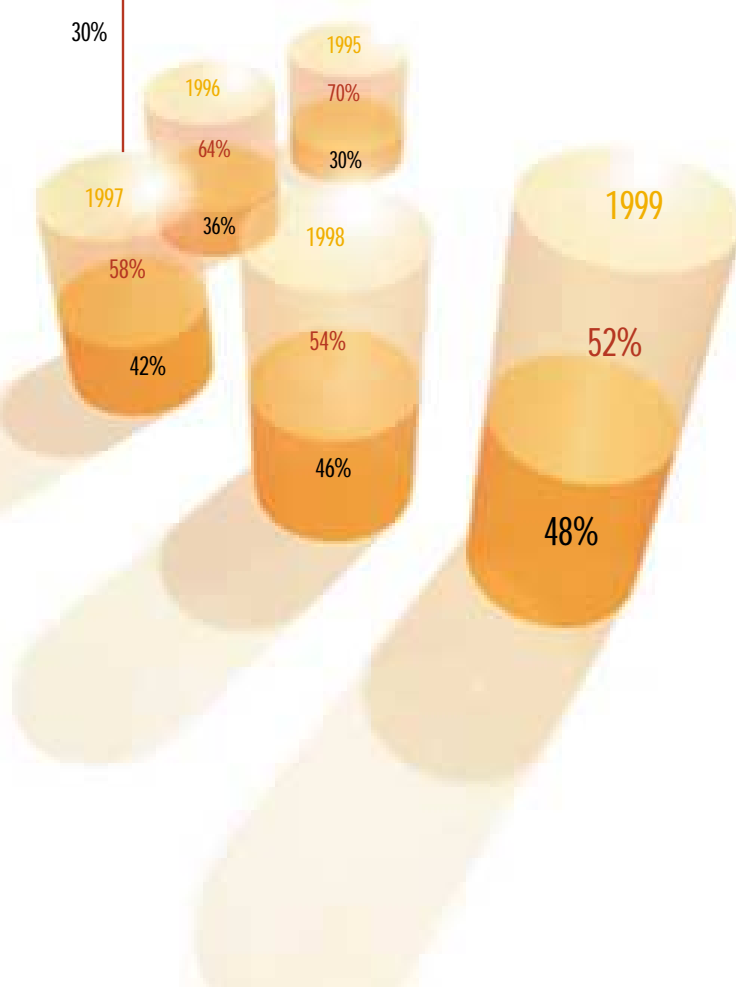


	Turnover	Sales in owned stores and franchises (VAT Excl.)	Sales in stores abroad (%)
1999	338,607	332,843	48%
1998	268,665	253,818	46%
1997	202,565	191,020	42%
1996	167,795	155,882	36%
1995	143,617	133,969	30%
variation 99/98	26%	31%	
C.A.G.R. 95/99	24%	26%	



evolution of sales in stores  
in Spain and abroad

sales in Spain  
sales abroad



## strong growth in the last 5 years

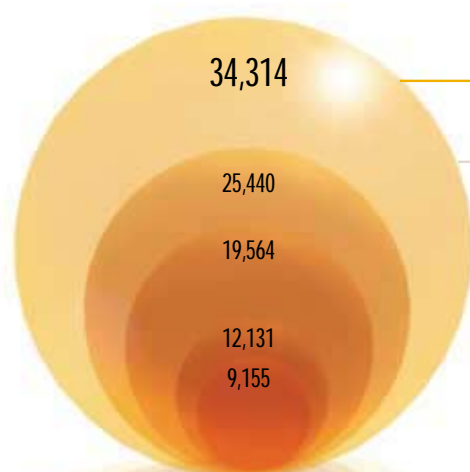
18

In the last five years Inditex has maintained an average rate of growth in its sales in stores of 26%, reaching 31% in the last financial year. This growth has been based on strong foreign expansion: in 1999, even with the effect deriving from the acquisition of the Stradivarius chain - with 69 of its 75 stores located in Spain -, foreign sales rose to 48% of the total. Five years earlier it made up 30% of the total.

The acquisition of Stradivarius, with a good positioning in the market and with excellent prospects for growth, has contributed to Inditex achieving a figure of more than 90 million garments sold in 1999. 87% of the products sold were manufactured in Europe, largely in the Group's own factories. Last December Inditex carried out the global launch of an exclusive cosmetic line for its Zara chain, which strengthens its commercial position and its product offer.



**INDITEX**



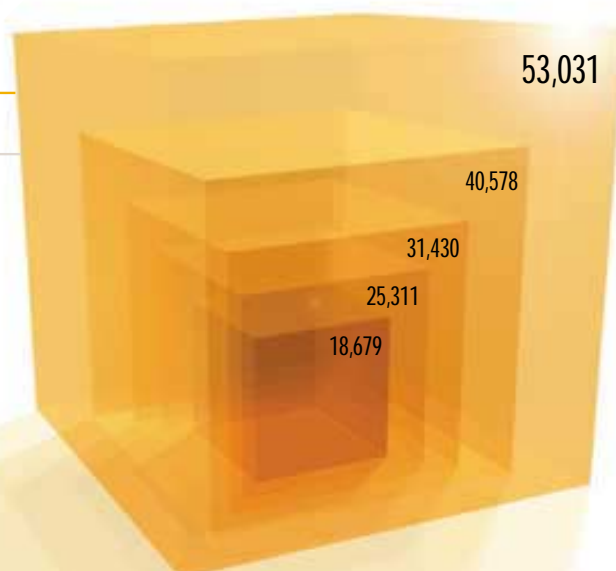
Consolidated net income

1999	34,314
1998	25,440
1997	19,564
1996	12,131
1995	9,155
variation 99/98	35%
C.A.G.R. 95/99	39%

cash-flow

1999 53,031

1998	40,578
1997	31,430
1996	25,311
1995	18,679
variation 99/98	31%
C.A.G.R. 95/99	30%



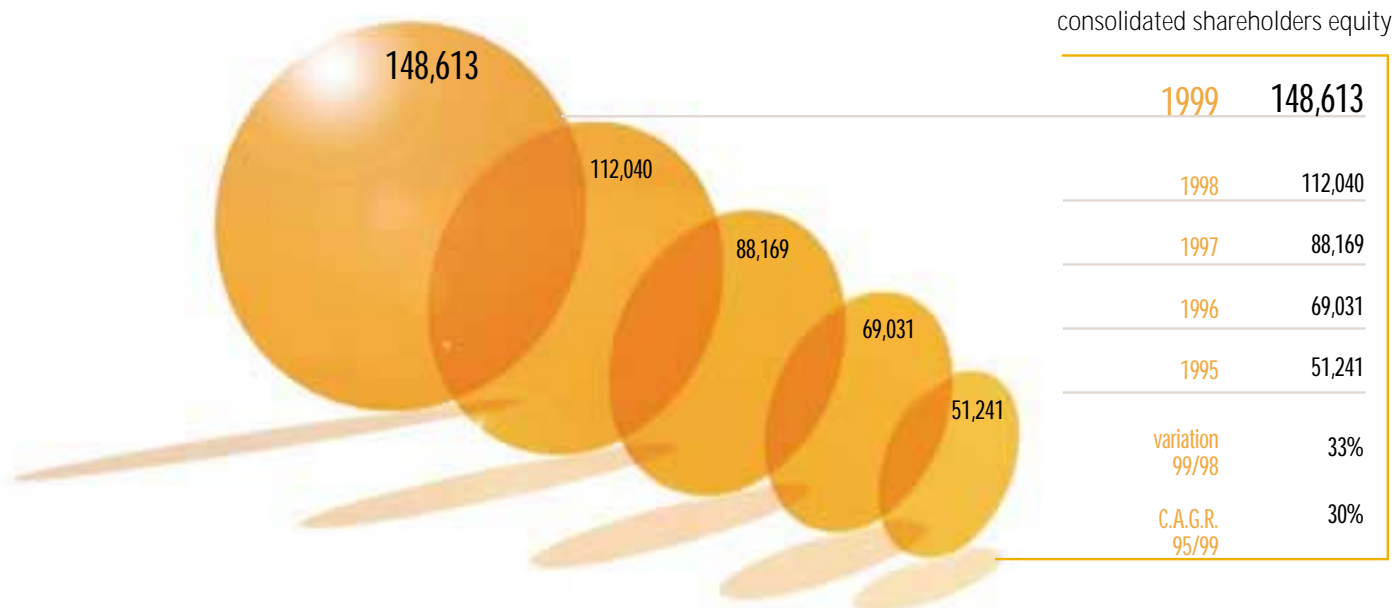
# 33.7% increase

in net income in 1999

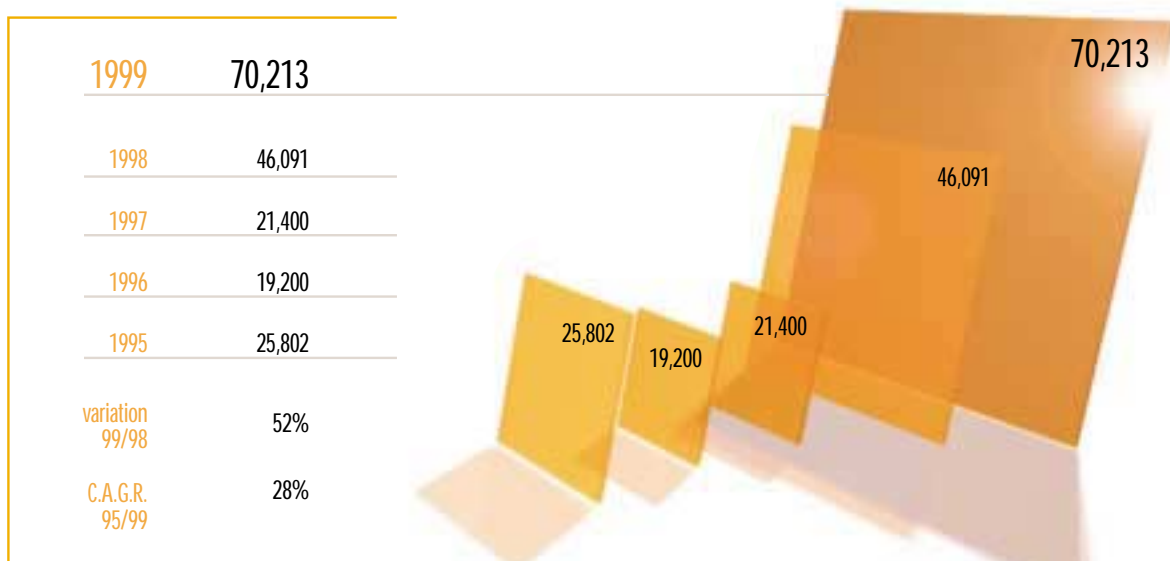
20

Net income - 34,070 million pesetas - and cash flow - 53,031 million pesetas - have increased by 34% and 31% respectively against the previous year. The activities of Inditex in 1999 have generated an operative cashflow (EBITDA) of 68,298 million pesetas. The compound annual growth rate in net income in the last five years has reached 39%.

	EBITDA	EBIT	Consolidated income before taxes	Net income for the year attributed to the controlling company
1999	68,298	49,194	48,652	34,070
1998	54,184	40,183	38,100	25,480
1997	42,194	31,858	29,583	19,532
1996	33,628	21,299	18,657	12,102
1995	29,028	19,485	15,388	9,093
variation 99/98	26%	22%	28%	34%
C.A.G.R. 95/99	24%	26%	33%	39%



total investment in the financial year



capital expenditure increased by 52%  
reaching 70,213 million pesetas

22

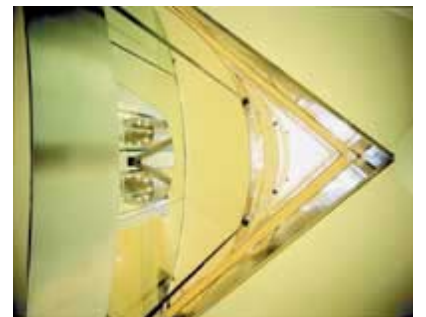
The continuous growth of the company's results have permitted it to achieve shareholders equity of 148,613 million pesetas in 1999. This figure represents a 33% increase against 1998.

The financial year 1999 stands out for its investment profile, with an increase of 52% with respect to 1998. Capital expenditure reached 70,213 million pesetas which, in addition to the opening of 99 new stores and the acquisition of Stradivarius, has permitted the moving of the headquarters of Inditex to a new 55,000 m<sup>2</sup> building located in Sabón (Arteixo, A Coruña).

In 1999 significant investments have also been made at Tordera (Barcelona), where the central services and logistic facilities of Massimo Dutti and Bershka are located. With these investments, Inditex has a solid base from which to continue developing strong growth in the future.

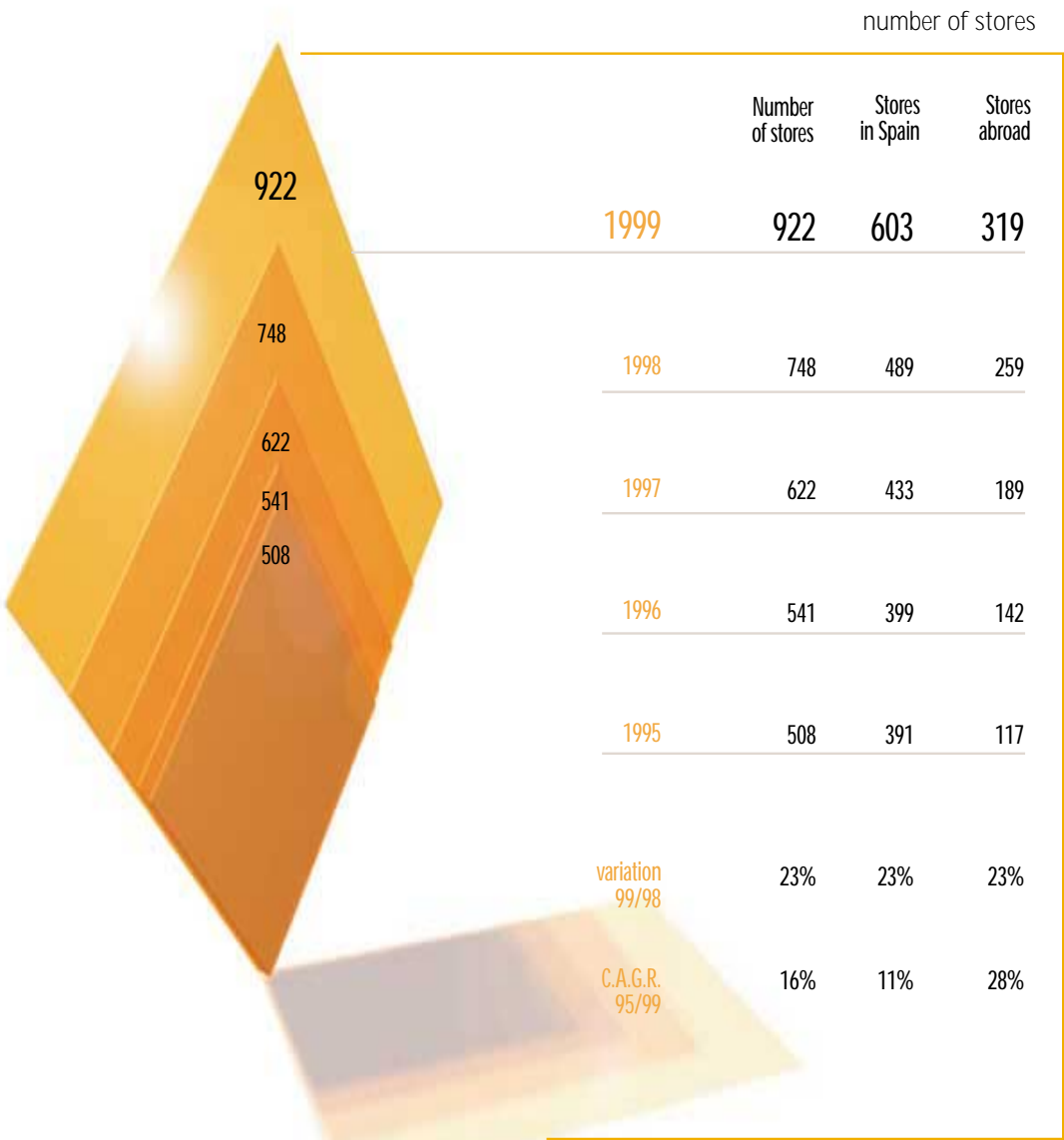


**INDITEX**









around **150** new stores will be opened  
in the financial year 2000

26

On 31 January 2000 Inditex had 922 stores - 23% more than one year before - in 30 countries. In the course of 1999 nine new markets have been opened: Germany, Holland, Poland, Canada, Chile, Uruguay, Brazil, Saudi Arabia and Bahrein. Among them Germany stands out, where, after the opening of two stores in 1999, the opening of four more is envisaged for 2000.

Some 150 stores will be opened in 2000, strengthening the emphasis on the European market with the entry of the Zara chain in Austria, Holland, Luxembourg and Denmark, amongst other countries, and increasing its presence in the countries in which it has recently begun operating.



**INDITEX**

more than 400,000 m<sup>2</sup>  
of retail space

27



	Net debt over shareholders equity	ROE	ROCE	Gearing (assets/ shareholders equity)	Rotation (supply/average stock)	EBT on sales in stores	Net income on sales in stores
1999	17%	26%	33%	2.0	5.92	15%	10%
1998	14%	25%	36%	2.0	6.45	15%	10%
1997	7%	25%	35%	1.8	6.77	15%	10%
1996	25%	20%	27%	2.0	7.20	12%	8%
1995	38%	19%	30%	2.3	7.61	11%	7%

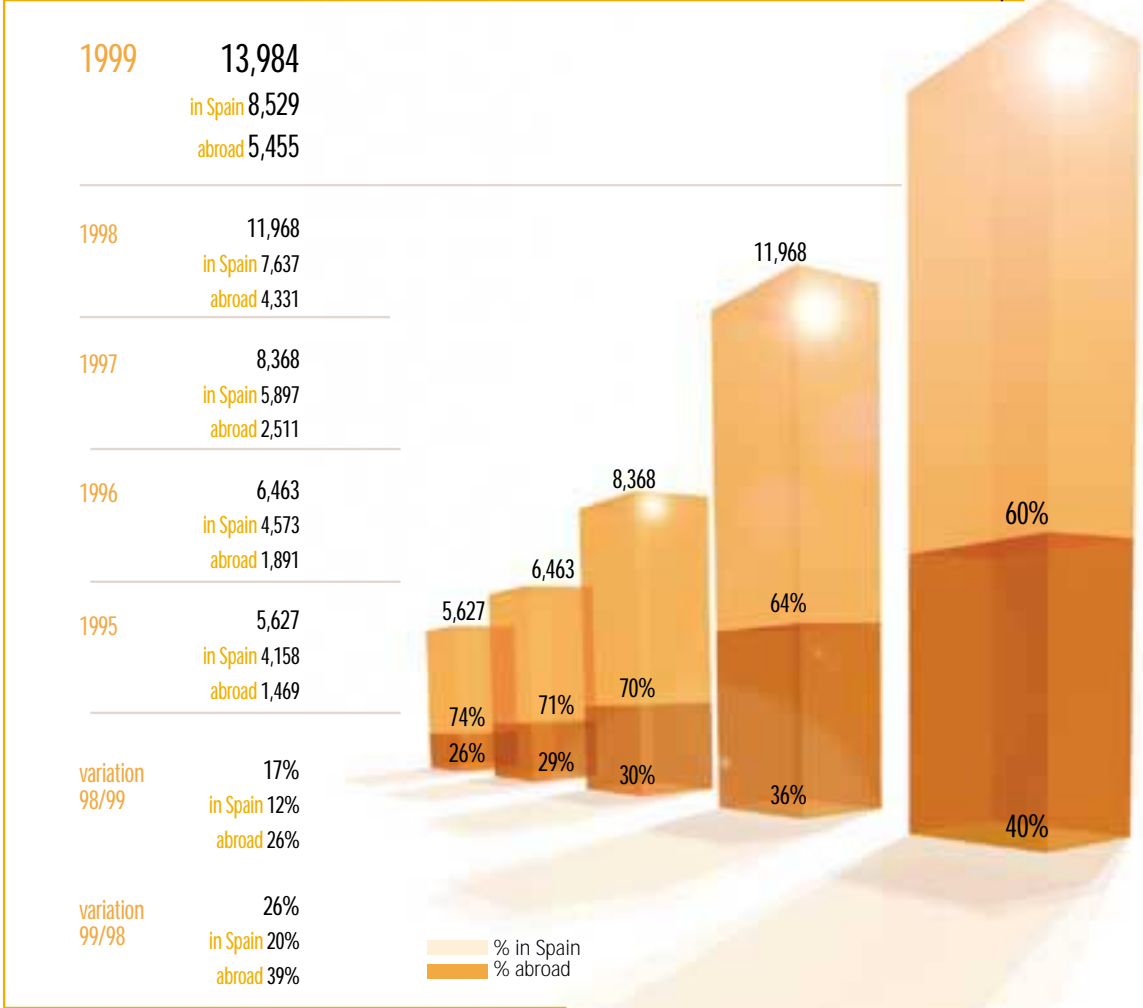


**INDITEX**



average number of employees

13,984



more than **14,000** professionals  
around the world

30



In 1999 the Group created 2, 016 new direct permanent jobs, and as such the average number of employees has increased by 16.8%, to a total of 13, 984. Of these, 5, 455 - almost 40% - work outside Spain.

The professionals who make up the Inditex Group play a central role in the growth and the international expansion of the group. Our commitment to this challenge and our capacity to rapidly adapt to an environment in continuous change permits the Group to face the opening of new markets with a guarantee of success.

Inditex is composed of professionals from a wide variety of cultures. One of its fundamental efforts involves the training of the high number of people who join the group each year. The integration of new technologies in all the areas of activity of the group - design, manufacturing, logistics, customer service...- also requires a considerable effort in training. As a whole, this educational task is directed towards raising quality and professionalism in all tasks and fostering autonomy and responsibility in its management.

## Board of Directors and Management Team

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## Board of Directors



**Chairman**

Amancio Ortega Gaona

**Deputy Chairman and CEO**

Jose María Castellano Ríos

**Members of the board**

Fernando Aguiar Maragoto

José Arnau Sierra

Carlos Espinosa de los Monteros

Jose María González Quintián

Francisco Luzón López

Fernando Martínez López

Rosalía Mera Goyenechea

Josefa Ortega Gaona

Sandra Ortega Mera

Juan Carlos Rodríguez Cebrián

Juan Manuel Urgoiti López de Ocaña

**Secretary and Member of the Board**

Antonio Abril Abadín

## Management Team

Deputy Chairman and CEO

Jose María Castellano Ríos

Managing Director and Member of the Board

Juan Carlos Rodríguez Cebrián

General Counsel and Secretary of the Board

Antonio Abril Abadín

Expansion Director

Ramón Reñón Tüñez

International Director ZARA

Bernardo Sánchez Incera

Administration and Systems Director

Fernando Aguiar Maragoto

Real Estate Director

Fernando Martínez López

Commercial Director ZARA

José Toledo de la Calle

Tax Advisory Director

José Arnau Sierra

Corporate Communications Director

Diego Copado Fernández

PULL&BEAR Director

Pablo del Bado Rivas

Director of Finance and Management Control

Borja de la Cierva A. Sotomayor

Logistics Director

Lorena Alba Castro

MASSIMO DUTTI Director

Jorge Pérez Marcote

Capital Markets Director

Marcos López García

E-commerce Director

Luis Blanc Juárez

BERSHKA Director

Carlos Mato López

Human Resources Director

Jesús Vega de la Falla

STRADIVARIUS Director

Jordi Triquell Valls