



**INDITEX**  
**INTERIM HALF YEAR 2018 RESULTS**

**CONFERENCE CALL SCRIPT**  
**12 September 2018**

**Important notice:** Although we try to accurately reflect the speech delivered, the actual speech that was delivered may deviate from this transcript.

## 2018 Half Year Results Conference Call

### **Inditex Participants**

**Pablo Isla** - Chairman & CEO

**Ignacio Fernández** - CFO

**Marcos López** - Capital Markets Director

### **Conference Call Participants**

**Richard Chamberlain** RBC – Analyst

**Rebeca MacClellan** Santander – Analyst

**Chiara Battistini** JP Morgan – Analyst

**Adam Cochrane** Citigroup – Analyst

**Cedric Lecasble** Raymond James – Analyst

**Andrew Hughes** UBS – Analyst

**Ignacio Romero** Banco Sabadell – Analyst

## 2018 Half Year Results Conference Call

### Operator

Good Morning Ladies and Gentlemen. Welcome to the presentation of Inditex Results for the Interim Half Year 2018. The presentation will be chaired by Mr. Pablo Isla, Chairman and CEO.

This presentation will be followed by a Q&A session comprising two parts: The first part will be dedicated to questions received on the telephone, followed by those questions received through the webcast platform. Mr. Isla you have the floor.

### Slide 3

Good morning to all the participants in this webcast conference call regarding INDITEX Results for Interim Half Year 2018.

I am Pablo Isla and here with me today are Ignacio Fernández, our CFO and Marcos López, Capital Markets Director.

### Slide 4: 1H18: Strong operating performance in first half 18

The Interim half year of 2018 has been a period of significant growth for Inditex globally.

### Slide 5: Global fully integrated store & online sales platform

We operate a unique global sales platform that fully integrates stores and online and offers huge growth potential. Our business model combines stores and digital seamlessly, and we are ready for the opportunities that this brings with current and new customers.

### Slide 6: Interim Half Year 2018: Overview

Inditex has had a strong operating performance over the First Half 2018. Local currency sales increased 8%.

Like for like sales growth came in at 4% on top of a very demanding comparable. In the first half of this year LFL has been positive in all geographies.

The execution of the business model has also resulted in an expansion of the gross margin.

We have opened stores in 44 different markets over the period, demonstrating the global reach of our business model.

We continue to see significant growth opportunities for Inditex globally.

### Slide 7: Global fully integrated store & online sales platform

We maintained a strong rate of growth in the First Half of 2018.

We have a global presence and we have further diversified our operations over the period. The change in percentages over the period is mainly driven by exchange rate differences.

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The year so far has been marked by very strong activity on many fronts. I would like to cover recent initiatives carried out by Inditex.

### Slide 8: Zara new image

We have reinforced significantly the differentiation of our key flagships with very visible openings and refurbishments.

I would like to highlight the enlargement and refurbishment of the Zara global flagship in London at Stratford

### Slide 9: Zara new image

...that carries the latest and most innovative look to be rolled out in the new Zara flagships.

### Slide 10: Zara Click&Collect

We continue expanding our automated areas for Online Click&Collect

### Slide 11: Zara Self Checkout rollout

...and rolling out Self Check out facilities

### Slide 12: Financial summary

Let me now hand over to Ignacio who will provide you with some detail behind the headline numbers and I will join you later for the Outlook section.

### Slide 13: Interim Half Year 2018

Thank you.

In the First Half 2018 Inditex had a strong operating performance.

Net sales reached 12 billion Euros, EBIT 1.8 billion Euros and net income 1.4 billion Euros. We have achieved strong growth in local currencies in Sales, Gross Profit and EBIT as you can see in the right hand side column of the chart.

### Slide 14: Satisfactory Sales Growth

Starting with sales I would like to tell you that Inditex's performance has been satisfactory. Local currency sales growth was +8%.

Let me highlight that like-for-like sales growth was strong at +4% in the first half 2018 on top of +6% in the same period last year. LFL has been positive in all geographies.

### Slide 15: Gross Profit

Given the execution of the business model the gross margin has grown 30 basis points to 56.7% in the first half of 2018. Gross profit has increased 4% to 6.8 billion Euros. We have sustained our commercial policies over the period.

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Management estimates gross margin expansion of around plus 50 basis points in the second half of 2018.

### Slide 16: Tight control of operating expenses

Operating expenses are tightly under control. They have grown 4% reflecting the growth in sales and include all the start-up costs.

### Slide 17: Flexible Business Model

Operating working capital remains negative as a result of the business model. The working capital evolution is in line with the performance of the business.

### Slide 18: Concepts

I will now hand over to Marcos who will elaborate on the performance of the Inditex concepts.

### Slide 19: Sales by concept

Over the first half of 2018 we continued the consolidation of our global presence. We opened stores in 44 different markets and extended the online presence in a fully integrated way.

Regarding the performance by concept in the half year 2018 Zara accounted for approximately 2/3rds of group sales, while the younger concepts accounted for around 1/3<sup>rd</sup> of sales.

### Slide 20: Sales by concept

I would like to highlight the strong sales in local currencies of the Group over the First Half of 2018.

### Slide 21: Concepts

The younger concepts grouped together have grown very satisfactorily. Minor differences in the reported numbers result from the comparable base in the previous year.

I would like to highlight that Pull&Bear and Oysho have performed very strongly.

### Slide 22: Outlook

I will now hand over to Pablo for the outlook section.

### Slide 23: Global fully integrated Store & Online sales platform

For the remainder of 2018 we will continue to invest in the expansion of our business across a number of markets, all of which offer attractive long term returns through our store and online platform.

Inditex is present on five continents and in all the key markets demonstrating the Group's global reach. The current base offers strong growth potential for the coming years. Let me comment on some recent initiatives.

### Slide 24: Global growth opportunities

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We continue to see strong growth opportunities driven by our unique global fully integrated Store and Online model.

We are in a unique position as we enjoy a global platform that fully integrates stores and online as the best way to respond to the demands of our customers.

### Slide 25: Zara Corso Vittorio Emanuele Milano

Zara reopened last week its global flagship at Corso Vittorio Emanuele Milano. It is a unique store and a global fashion reference. It presents an exceptional architectural design which incorporates the latest technology and is undoubtedly a model for our characteristic online and in-store integration concept.

### Slide 26: Zara Corso Vittorio Emanuele Milano

The phenomenal store has been totally refurbished to reflect the latest image and perfectly showcases Zara's proposition. It also includes a fully dedicated section for click and collect able to manage 900 parcels simultaneously.

### Slide 27: Zara Karl Oslo Johans Gate

Another recent opening is the imposing new Zara flagship at Karl Johans Gate in the most emblematic location of Oslo.

### Slide 28: Global Online Sales

Inditex's online operations continue to see very rapid growth. Our business model allows a strong development of our online sales with same day delivery in metropolises and next day as global standard.

### Slide 29: Online: Launch In Australia and New Zealand

We have extended the online presence of Zara to Australia and New Zealand in the first half of 2018.

### Slide 30: Online: Inditex will offer online sales globally by 2020

In parallel with the total integration of inventory and full implementation of RFID, all Inditex concepts will offer online sales in any market in the world by 2020. We want to make our fashion collections available to all our customers wherever they are.

### Slide 31: Store & Online: Retro Aesthetics

Back to this season we have programmed a strong launch of the Autumn/Winter campaign in a fully integrated way with initiatives such as the Retro Aesthetics Collection...

### Slide 32: Store & Online: The Knits

...the Knits collection...

### Slide 33: Store & Online: Studio Collection

the Studio Collection...

### Slide 34: Store & Online: Limited Edition

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And the Limited Edition...

### Slide 35: FY 2018 Outlook

The Autumn/Winter initial collections have been well received. Management estimates like-for-like sales growth of 4-6% in 2H2018.

With respect to expansion Ordinary Capital Expenditure for 2018 will be around 1.5 billion Euros.

For the coming years we continue to see strong growth opportunities, with Capital Expenditure growing below space growth.

Just as a reminder we will make our final 2017 dividend payment of 0.375 euros per share on the 2<sup>nd</sup> of November.

And this is all from us. We will be pleased to answer any questions you may have.

**2018 Half Year Results Conference Call****Questions & Answers**

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**Operator**

Ladies and gentleman, the telephone Q&A session starts now. The first question comes from Richard Chamberlain, from RBC. Please, go ahead.

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**Richard Chamberlain - RBC - Analyst**

Thank you very much, morning everybody. A couple of things, please. I just wondered on Turkey whether you can talk about the outlook for sourcing benefits there. I guess you are paying mainly in euros, but the labour costs would have fallen suddenly in euro terms, given the currency depreciation recently. Do you expect some sourcing gains to come through there by the end of this year, for instance?

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**Richard Chamberlain - RBC - Analyst**

The second question was on the financial results line. I was a little bit surprised that you had such a positive FX gain going through that. I wonder where that is coming from and what we should expect on that line for the full year of currency exchange rates, if you could give any guidance on that, please.

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**Pablo Isla - Inditex - Chairman & CEO**

Okay. Thank you. I will begin answering the first question. You know that our sourcing is global and that when we talk about sourcing and when we talk about the gross margin, we always say that the gross margin is a combination of many different things. It has to do with like-for-like sales growth, it has to do with fashion trends, it has to do with inventory management, and then of course it has also to do with currencies. But, as you know, we do not like to elaborate very much on this or that particular element about sourcing. As we always say, we work for the stability of the gross margin, and we have remarked in the presentation that in this first half with very strong negative currency impact, we have been able to see an increase in the gross margin and we have given some guidance regarding the gross margin for the second half, and that our gross margin in constant currencies keeps growing as has been the case in the last few years, but we prefer not to elaborate very much about this or that particular impact on the gross margin, because sometimes when you move too much to the details, you can lose the global perspective or the global picture of the gross margin of the company. So I would not like to elaborate very much on that.

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**Richard Chamberlain - RBC - Analyst**

That is fine. I was just wondering, Pablo, just on the guidance you mentioned of +50 bps on gross margin. I presume that is a combination of confidence in full-price sales, given the start you had to autumn and also some dollar sourcing benefits that you have got good visibility on. Is that fair?

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**Pablo Isla - Inditex - Chairman & CEO**

Yes, we were saying at the beginning of the year, if you remember, that we were expecting a stable gross margin for the full year, or then later on. It has a lot to do with like-for-like sales growth. In the first half, we have achieved 4% like-for-like sales growth, which is, I would say, quite remarkable, having in



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mind everything that has been going on during the first half of this year and having in mind also the strong comparable.

I would like also to mention that when we talk about this 4% like-for-like sales growth, it has been positive in all geographies, and then, regarding our brands, both Zara and all the other brands together, like-for-like sales growth is 4%, so it is very well spread all across the company, and then, regarding currencies, we were saying at the beginning of the year, that in this particular year we were seeing some type of negative impact on sales, but in terms of currency impact on the gross margin, we were seeing also some positive dollar impact having to do with the Asian sourcing.

In fact, the second-half gross margin guidance we are giving is inside our range, but at the top end of our range and we think this is our estimate at this stage for the whole season, covering all the elements involved in the gross margin. You know that we do not like to focus very much in the inventory position at any particular moment, but at the same time, you can see that we are managing always the inventory carefully. And with our business model with the flexibility, with the ability to react during the season, which is the essence of our company and it is in what we believe globally, and that is for us the most relevant element, this global full integrated approach between stores and online, with a very flexible business model.

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### Marcos López - Inditex

Regarding your second question, Richard, you know that the financial results is a small line that includes FX income and losses and also the returns on the cash and as you can see in a number of markets with higher interest rates, there is an increased position, but it is very difficult to provide guidance in such a small line for the year.

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### Richard Chamberlain - RBC - Analyst

Thank you very much.

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### Operator

Thank you, the next question comes from Rebecca McClellan, from Santander. Please, go ahead.

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### Rebeca Mcclellan - Santander - Analyst

Yes, good morning, everybody. I have got a couple of questions. Firstly, can you talk about where you are in terms of your inventory integration, what benefits you are seeing from it? And your objectives for the 2020 global online proposition, how you are going to fulfill that, whether we can expect online stockrooms in many more markets?

My second question is about your constant currency gross profit numbers. I am assuming it is constant currency from a translational and not a transactional perspective? Is that correct?

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### Pablo Isla - Inditex - Chairman & CEO

Rebecca, your first question. Well, you know that we believe very much in this full integrated approach between stores and online. In order to be able to have this total stock integration, it is compulsory to have RFID because it is the only way to have full certainty of the stock that you have in any particular store. At the end of this year, it will be fully implemented, the stock integration, in all the Zara markets in which we have online presence and then in the coming two years, we will implement the full stock integration in all the markets in the world for Zara and for the other brands.

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In terms of our global online offer, what we are planning to do is, of course, in the countries in which we have stores we will follow the same model, with fully integrated approach between the stores and online, and then in the countries in which we do not have stores, we will serve our online orders from our existing online stock rooms, so this is our approach to this issue and we think it is the reasoning behind that has a lot to do with this idea that we were mentioning during the presentation about offering to all our customers around the world the possibility to have access to our products, without having in mind in which countries they are located, and we think it is a very strong proposition that we are going to develop between this year and the next two years.

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**Rebeca McClellan - Santander - Analyst**

Pablo, just in terms of the first one. So the countries where you do not have any current store infrastructure, they will be fed from the current and online stock rooms, so it would be on a 24 or next-day delivery or through air freight? That is the expectation?

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**Pablo Isla - Inditex - Chairman & CEO**

There is a big difference in the countries in which we have stores and the countries in which we do not. This will have to do also with the terms of delivery and everything.

But we can tell you that this does not mean building additional logistic capacity here or there, because our idea is to go through this proposition in a very light CAPEX way, taking advantage of all the different online stock rooms that we have now all over the world.

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**Rebeca McClellan - Santander - Analyst**

Okay. My second question was just in terms of the currency... you put the constant currency growth rates and the gross profit line, for example, it implied a gross margin up a 100 bps on a constant currency, so I am assuming that that adjustment is just translational and then the 100 bps is a transactional benefit from the dollar, and sourcing, right?

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**Pablo Isla - Inditex - Chairman & CEO**

No, when we talk about gross margin and constant currencies we are excluding both impacts: the negative currency impact on sales and the positive currency impact on sourcing. So this would be the gross margin growth without any type of currency impact, because of the execution of the business model because of the full price sales, because of the like-for-like sales growth during the season.

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**Rebeca McClellan - Santander - Analyst**

Thank you.

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**Pablo Isla - Inditex - Chairman & CEO**

Thank you.

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**Operator**

Thank you. The next question comes from Chiara Battistini, from JP Morgan. Please, go ahead.

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**Chiara Battistini – JP Morgan - Analyst**

Good morning, hello. Thank you for taking my question. My first question would be on your space

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growth and your guidance. The number of stores was flat so far this year, so I was wondering whether you are still comfortable with your guidance for the full year and your acceleration of the space for the second half?

And also in terms of the space growth contribution to your top line, would you be able to describe the drivers of that? i.e., is it mainly driven by better conversion in the new stores? Is it driven by increasing average store size? Is it mainly driven by the new online stores you have launched over the last year?

The second question is on your guidance for the second half of the year for the like-for-like, which is a different way of guiding on current trading versus what we were accustomed to, so I was wondering what drove you to change this and whether this would be the way you will be guiding on the like-for-like going forward, please. Thank you.

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### **Pablo Isla - Inditex - Chairman & CEO**

Thank you. Well, about the space growth, what we can tell you is that space growth is on track. You must not focus on the number of openings because, as you know, we are following this strategy of opening new relevant stores, enlarging existing stores, and then absorbing small units. We can give you one perfect example, which was what we did in May in Bilbao city center, in Spain. We used to have four small ZARA stores, we have opened a big flagship and we have absorbed the four ZARA stores that we used to have in the city center.

In terms of space, the new store is bigger than the four others combined. In terms of the number of stores, it is minus three and, by the way, in terms of the evolution of sales, we are selling more with this big flagship than what we used to be selling with these four small stores, so this is part of our strategy, so that is why we should not focus on the number of stores, but we should pay much more attention to space growth and, yes, we are on track. In any case, most of the years, as you know from previous conversations and calls, usually there are more openings in the second half than the first half, particularly the months of September, October and November tend to be very relevant in terms of openings, but we continue with the same policy and when we talk about the space contribution, it is a combination between the additional sales coming from the new openings and then sales coming from the stores that we are refurbishing and enlarging and then during a two years period, they disappear from the like-for-like sales growth figure and they become part of the space contribution. But, globally, what I can tell you is that regarding space growth, we are on track with what we were saying at the beginning of the year.

And then, regarding the guidance, we think that this shows in a much better way our policy and approach to the business. You know that very few retailers provide sales for these four or five week's period and we believe very much in the way we approach our business and the way we run our company. It is always focused, first of all, on a yearly basis, but then on a season basis, so it is the spring/summer season and the autumn/winter season, and we think this represents in a much better way our approach to the way we operate our business and we manage our business. Thank you.

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### **Chiara Battistini – JP Morgan - Analyst**

That is very clear. Just a follow up on that. So, going forward, that is the way you are going to talk about current trading and outlook for the following six months?

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### **Marcos López - Inditex**

That is right, Chiara. I think, as Pablo mentioned, it is much better to provide visibility on the season. We have mentioned in the call that the initial collections for Autumn/Winter have been well received, with positive like-for-likes and very strong collections as we have shown in the presentation, and it was time to make the change.

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**Chiara Battistini – JP Morgan - Analyst**

Thank you very much.

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**Operator**

Thank you. The next question comes from Adam Cochrane from Citi. Please, go ahead.

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**Adam Cochrane - Citigroup - Analyst**

Hi, good morning. In terms of foreign exchange, given the volatility you are seeing in a number of markets and the impact that it has had in the first half, would you be able to provide any guidance as to what the effects and impact for translation might look like in the second half as of today's spot rate?

And then, secondly, in terms of the store absorption, have they largely been completed in the first half and would you expect the rate to slow down as we look into the second half? Thanks.

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**Marcos López - Inditex**

Yes, Adam. Regarding your first question, it is true that the current exchange rate situation, probably the impact on the top line will be marginally higher than the 2.5% we mentioned at the beginning of the year, and probably around 3%.

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**Pablo Isla - Inditex - Chairman & CEO**

And regarding the second part of your question. This is a process that it is an ongoing process, but as I was saying to you, there is always more intensity in the number of openings in the second half than in the first half, and usually the number of absorptions are more intense in the first half than in the second half. So in that sense, it would be different in the first half than in the second half. In the second half, you would expect more openings and less absorptions than in the first half.

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**Adam Cochrane - Citigroup - Analyst**

Thanks. Would you be able to provide the square meter, sort of total square meter growth at the end of the first half compared to last year?

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**Pablo Isla - Inditex - Chairman & CEO**

Regarding square meters we prefer to look on a yearly basis, because due to calendar differences it is very difficult, but we mentioned, if you remember, for the year we are expecting 6% net of absorptions and we are on track.

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**Adam Cochrane - Citigroup - Analyst**

Okay, that is great. Thank you.

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**Operator**

Thank you. The next question comes from Cedric Lecasble from Raymond James. Please, go ahead.

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**Cedric Lecasble – Raymond James - Analyst**

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Good morning. Two small ones from me, please. The first one on the timing of transitioning collections. You have made a change last year to be more aligned between online and your stores. Was it the same thing this year and what was the impact of the heat wave on the way you managed the business?

And the second one is on your delivery from store, which started with Zara and will be extended to the other brands as you commented. Should we expect an improvement on the level of service, which means convenience for the online order or also some positive impact on the cost base? Thank you.

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**Pablo Isla - Inditex - Chairman & CEO**

Regarding the timing of the transition between the two collections, it has been very similar to last year. I think now it is our approach to the business and as you were saying it has a lot to do with this full-integrated approach between the stores and online. And about whether, as you know, we don't like to talk very much about the weather, and particularly in any particular short time period. So, that is why we believe also very much in this approach, talking about the season globally and this is what we were mentioning when we were talking about the first half with everything that was going on from many different points of view during the first half of this year. We have been able to achieve this 4% like-for-like sales growth.

And then, in terms of stock integration and deliveries from the stores, it's a combination of things. Of course, it has to do with service to our customers, the first element of this service to our customers has not only to do with the delivery times, but it could also have to do with the fact of being able to offer that particular garment to our customers. Because we could have this availability in one of the stores and not in the online stockrooms. And this full global integration of the stock is very positive from every point of view. And also in the way we manage the stock, we believe very much in it. It's a very, very important element of our approach to the business and I would say it's a new step and very relevant in what we call this fully integrated approach between store and online, which is possible thanks to our RFID, which means the full accuracy of the stock in any particular store in the world.

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**Cedric Lecasble – Raymond James - Analyst**

Okay. Thank you.

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**Operator**

Thank you. The next question comes from Andrew Hughes from UBS, please go ahead.

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**Andrew Hughes - UBS - Analyst**

Yes, good morning. I have another question on your guidance and you always say that with gross margin it could be 50 basis points either side of the guidance and I see for gross margin in the second half it could be flat and it could be up 100 basis points, is that right?

And secondly on the like-for-like sales guidance, what is the upside downside risk there? Have you got any feel for the variance in your guidance for like-for-like? Thanks.

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**Pablo Isla - Inditex - Chairman & CEO**

Thank you. As you can imagine, we prefer not to elaborate much more on the guidance that we are giving. What we are saying is that we are expecting gross margin to be in the top range of our guidance, around 50 basic points increase, and then, regarding like-for-like, having in mind the initial reaction, the reception to our autumn-winter initial collections, having in mind everything regarding the second half of

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the year, we estimate like-for-like sales growth of 4 to 6 percent, so giving this guidance, as you can imagine, we prefer not to elaborate much more on it.

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**Andrew Hughes - UBS - Analyst**

Yeah. Okay. If I could just add one more on your multi-channel offer, particularly the stores where you have had the ability to fulfill online orders from store stock. I think that started over six months ago. Do you have any feel for what boost that that has had to sales, to full-price sales in those stores?

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**Pablo Isla - Inditex - Chairman & CEO**

It's something that we believe very much in. It's something that, as you know, we are in the process of implementing all across the world this year for Zara, and we believe very much about the impact it has regarding full-price sales during the season. This fully integrated stock, we believe very much in.

As you know, we have explained previously, but an easy way to explain it is: the stores, however big they are, they have a limited capacity in terms of the number of garments that you can show in the stores, and particularly with our business model, according to which we are sending two times per week new collections to all the stores in the world. So, sometimes garments that are very good and could continue being sold two weeks, three weeks after they have arrived in the stores, but there is not space for them anymore in the stores because we're sending new collections: this is the essence of our business model.

But online, you don't have this type of capacity limits, so the garment could continue being offered online to our customers. This could be a simple example of what this stock integration means from the point of view of the management of the stock during the season.

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**Andrew Hughes - UBS - Analyst**

I think also you were talking about some online orders if you don't have the stock in the central distribution?

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**Pablo Isla - Inditex - Chairman & CEO**

Yes, but we would have in the store stockroom.

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**Andrew Hughes - UBS - Analyst**

Yeah, have you got any figures on your stock outs for online orders, what percentage of orders you don't have the stock available in the central distribution centers?

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**Pablo Isla - Inditex - Chairman & CEO**

This is too specific. You know that we always prefer to talk globally and the integration much more than being so specific about the particular details of any particular initiative.

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**Andrew Hughes - UBS - Analyst**

Okay. All right. Thanks very much.

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**Pablo Isla - Inditex - Chairman & CEO**

Thank you.

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**Operator**

Thank you. The next question comes from Ignacio Romero from Banco Sabadell. Please, go ahead.

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**Ignacio Romero – Banco Sabadell - Analyst**

Good morning. Thank you. All of the questions that I had have already been answered so that's it for me. Thank you.

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**Pablo Isla - Inditex - Chairman & CEO**

Thank you.

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**Operator**

Thank you. The next question comes from Rebecca McClellan from Santander. Please go ahead.

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**Rebeca McClellan - Santander - Analyst**

Have you seen any change in your online basket economics from the spring summer, whether it's been in the average transaction value or return rates?

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**Pablo Isla - Inditex - Chairman & CEO**

No. Very similar, no big changes from that point of view. Very similar to what we have been seeing in the last year.

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**Rebeca McClellan - Santander - Analyst**

Thank you.

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**Operator**

Thank you. We are now finished with the telephone Q&A session to address the questions received through the web platform.

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**James O'Shaughnessy – Investor Relations**

We had a number of questions on the web cast platform and the first of which is: could you provide some commentary on the performance of Pull & Bear and Oysho perhaps?

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**Pablo Isla - Inditex - Chairman & CEO**

Yeah, what Marcos was saying during the presentation, I would say were satisfied globally with evolution of the young brands, the brands different from Zara. I was just saying before that this 4% likes for likes Zara is growing, Zara's like-for-like is 4% and all the other brands together is 4%, Oysho and Pull and Bear have had particularly strong performance and has to do with very good reception to their collections.

In the case of Oysho, it also has a lot to do with how it is evolving the sports collection, which is becoming more and more relevant, and you can see that on Oysho web and app, how this Oysho gym collection is becoming more and more relevant from every point of view, and we believe very much in the development of this new area, but I come back to what I was saying before, that globally the performance of the brands is very similar to the performance of Zara. Which is I, would think, very

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positive. We continue having positive like-for-like with Zara in a very significant way and then all the other brands together continue growing at the same rate.

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### **James O'Shaughnessy – Investor Relations**

During the Q&A questions, Pablo, you mentioned a little bit about the online rollout regarding store and online stock rooms and you mentioned about the initiative for global online presence, perhaps you could add a little bit more detail on the roll out of RFID?

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### **Pablo Isla - Inditex - Chairman & CEO**

I think we have covered during the Q&A session. It is something that we are implementing all over the world, and now in Zara we have rolled out this full integration into 25 markets and by the end of the year we expect to be fully rolled out in all the markets in which we have online persons and then by 2020, with all the brands in all the different markets. So it's something that now is a very relevant part of power approach to the way we operate our business and I think we have covered during the Q&A session.

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### **James O'Shaughnessy – Investor Relations**

That then concludes the Webcast questions.

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### **Pablo Isla - Inditex - Chairman & CEO**

Okay. So thank you very much for joining us today in this conference call and in any case, of course, through our capital markets department, we are ready to answer additional questions you may have. Thank you very much.

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### **Operator**

Ladies and gentlemen, this concludes our conference call. You may now disconnect your lines. Thank you for your participation.