

Global growth leads to Inditex profits rise

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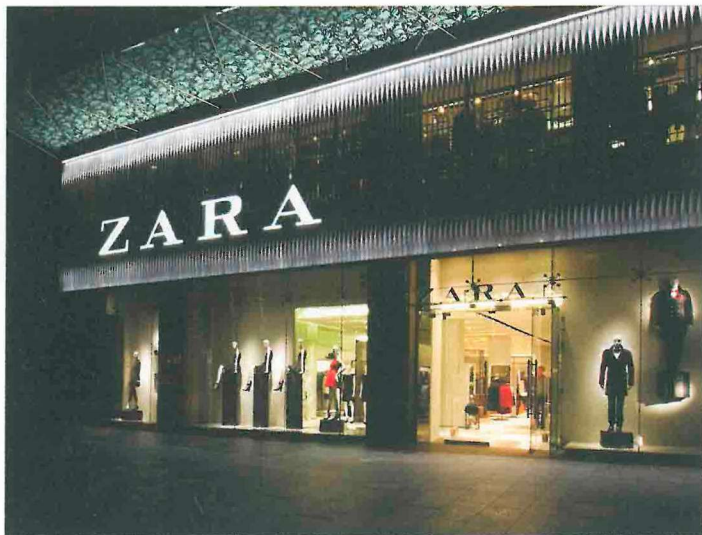
Zara owner Inditex has reported a surge in profits as its brands, which also include fashion chains Bershka, Massimo Dutti and Pull & Bear, continued worldwide growth.

Zara began trading online in Taiwan on September 2 and launched its ecommerce platform in Hong Kong and Macau a week later. It also opened a global flagship in New York at 222 Broadway.

During the nine-month period reported on, Inditex opened stores in 48 different markets. It had 6,913 shops in 88 markets at the end of October.

The Spanish retailer said net profit rose 20% to €2.02bn (£1.46bn) during the period to October 31 despite gross margin slipping slightly to 58.8%.

Gross profit climbed 16% to €8.7bn (£6.3bn) and EBITDA reached €3.3bn (£2.4bn) – an 18%



Zara opened a global flagship store on New York's Broadway

uplift on the previous year – as the group maintained “tight control” of operating expenses.

Net sales jumped 16% to €14.7bn (£10.6bn) driven by strong like-for-likes, online launches overseas and

the ongoing growth of the store estate. Inditex said expansion plans remained “on track”.

Despite the slowing economy in China, Inditex boss Pablo Isla remained optimistic about its long-

term prospects in the country. Analysts have estimated that it currently makes about 7% of its sales in China.

Zara has fared well in China despite the economic troubles, and other mid-market names such as Adidas have also thrived. But luxury brands including Burberry and Hugo Boss have suffered from falling demand in China.

Isla told analysts: “We have no doubt that in China the fashion appetite is large – our brands are better and better known. We are still feeling very optimistic.”

Isla said that brands such as Zara Home, Bershka and Stradivarius also performed well during the period.

The retailer said it had made a solid start to its latest trading period. It reported that store and online sales increased 15% in local currencies between November 1 and December 3. Inditex will report full-year results on March 9.