



H & M Hennes & Mauritz AB

TELEPHONE CONFERENCE 31 JANUARY 2018

FULL-YEAR REPORT 2017



- **KARL-JOHAN PERSSON**

CEO

- **JYRKI TERVONEN**

CFO

- **NILS VINGE**

INVESTOR RELATIONS

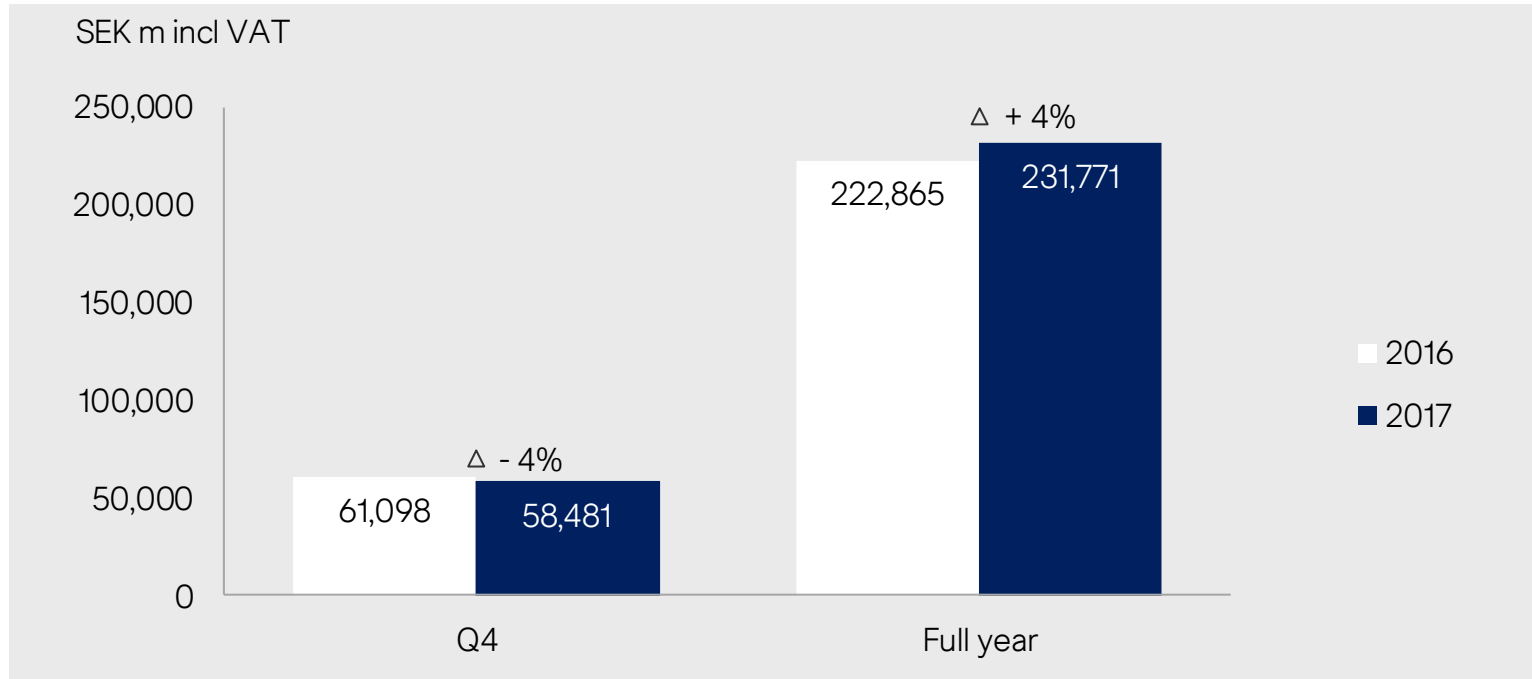




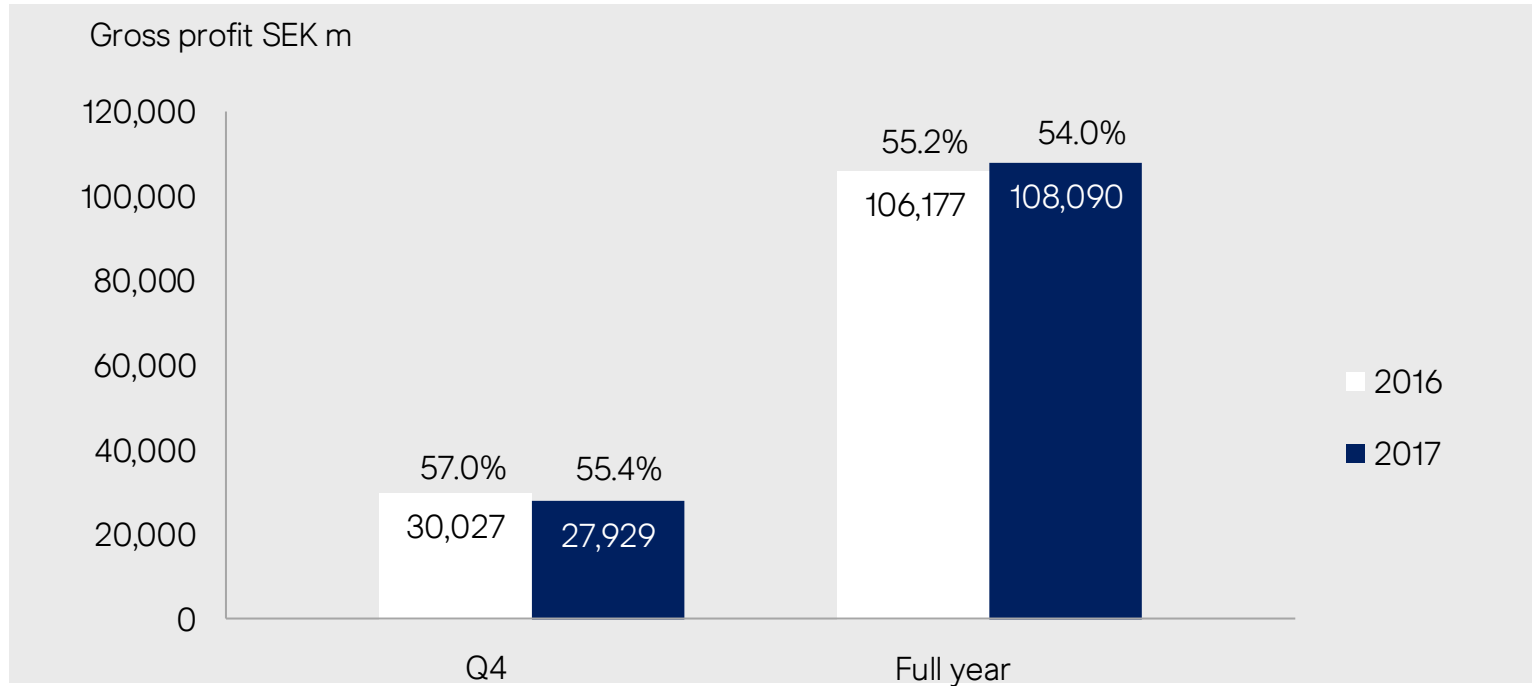
RAPIDLY CHANGING INDUSTRY

- Fashion retail – a large and growing market
- Digitalisation driving rapid change
 - challenges and opportunities
- New competitive landscape
- Changing customer behaviour
 - online shopping growing fast, mobile is central
 - reduced traffic to physical stores
- Customer expectations increasing fast

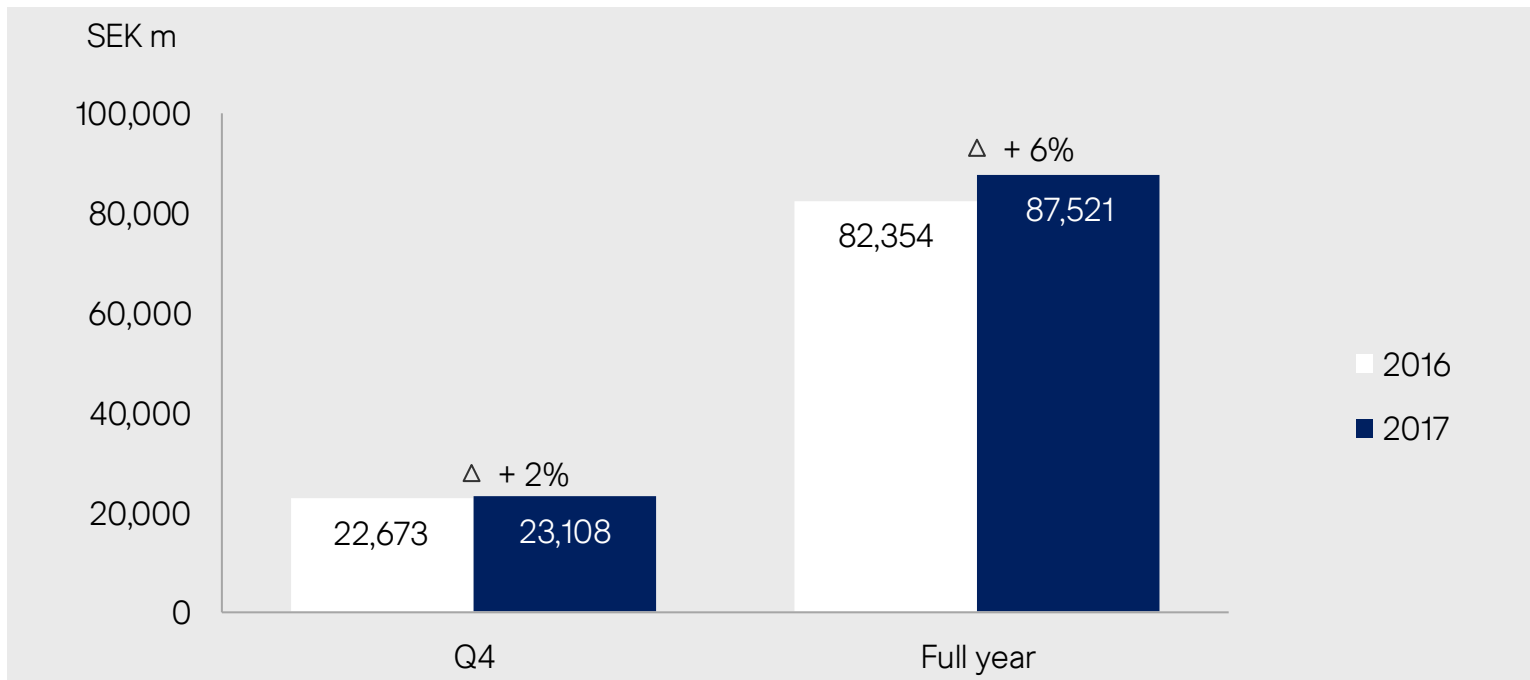
SALES



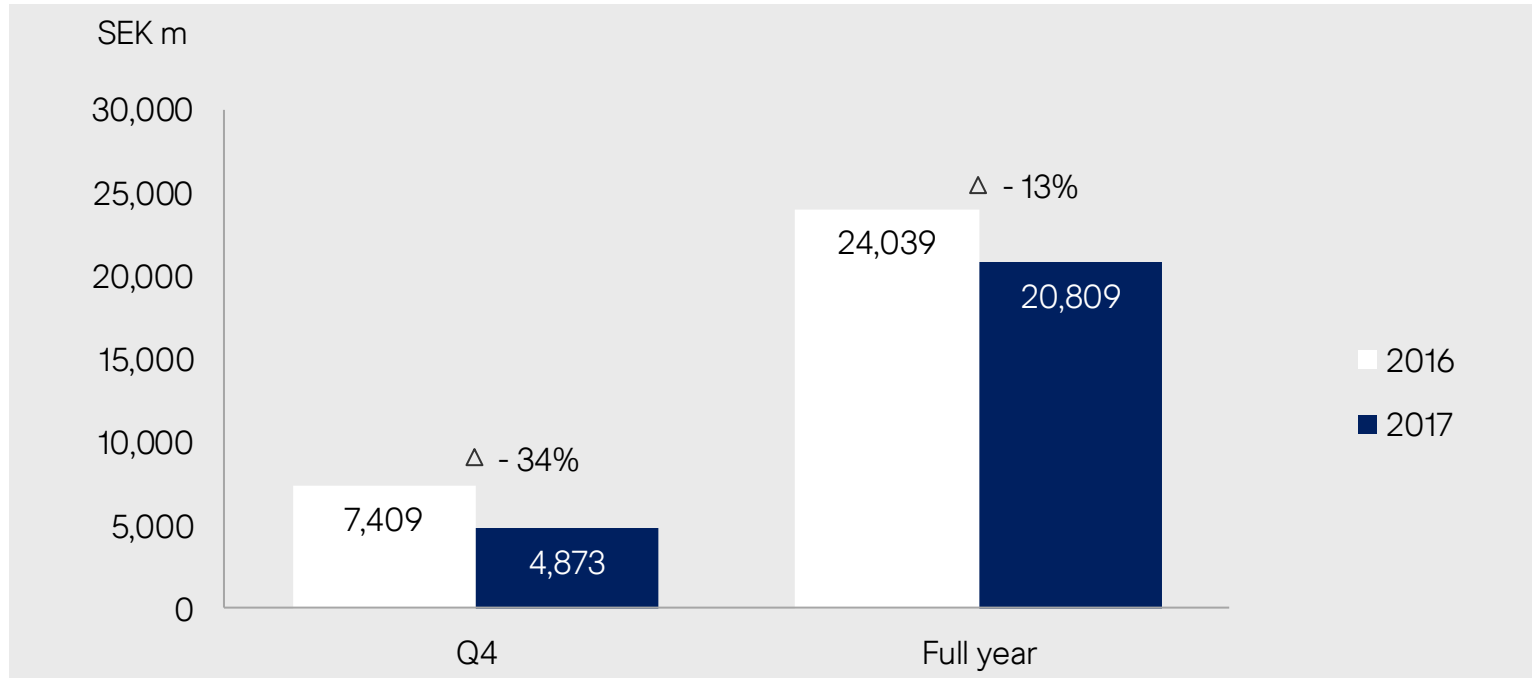
GROSS PROFIT AND GROSS MARGIN



SELLING AND ADMINISTRATIVE EXPENSES



PROFIT AFTER FINANCIAL ITEMS



SALES AND PROFITS

FOURTH QUARTER

SEK m	2017	2016
Net sales	50,407	52,720
Gross profit	27,929	30,027
<i>gross margin, %</i>	55.4	57.0
Operating profit	4,821	7,354
<i>operating margin, %</i>	9.6	13.9
Net financial items	52	55
Profit after financial items	4,873	7,409
Tax	-880	-1,495
Profit for the period	3,993	5,914
<i>Earnings per share, SEK</i>	2.41	3.57



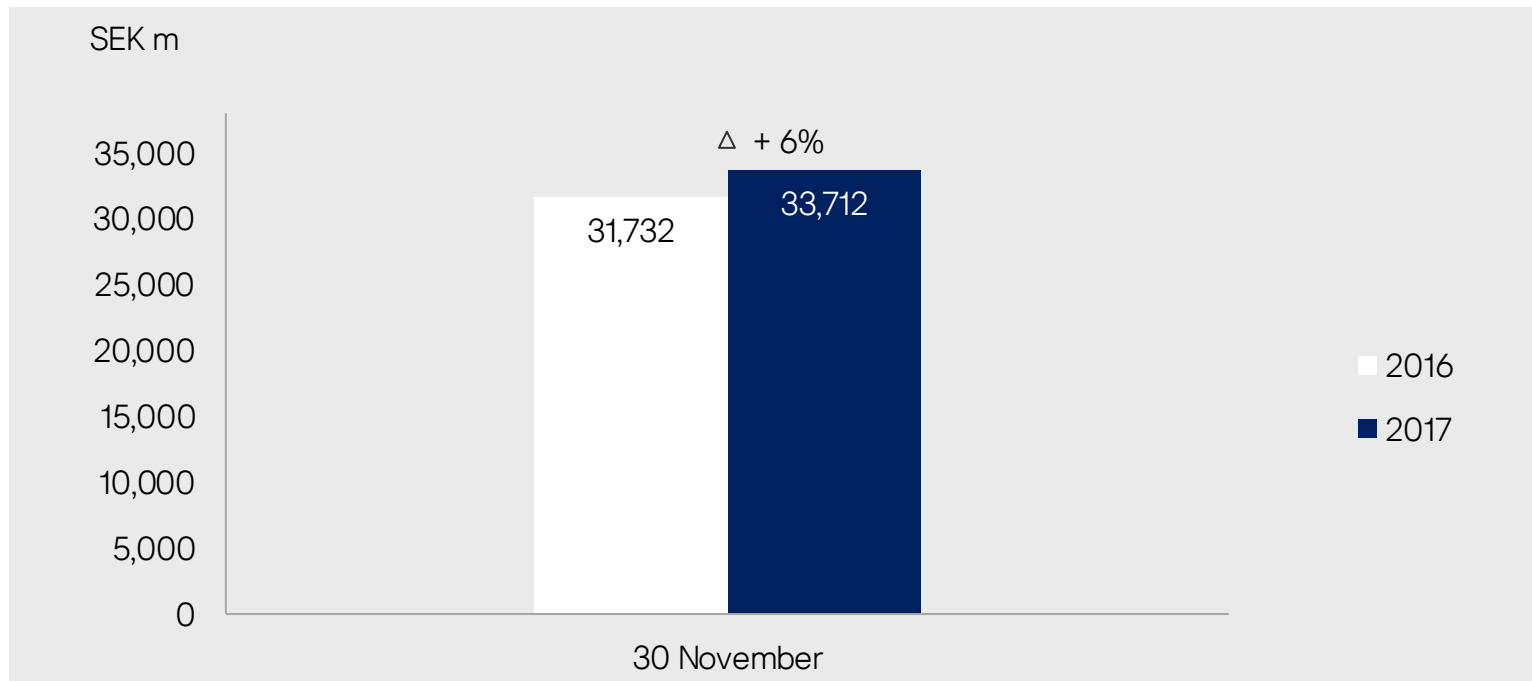
SALES AND PROFITS

FULL YEAR

SEK m	2017	2016
Net sales	200,004	192,267
Gross profit	108,090	106,177
<i>gross margin, %</i>	54.0	55.2
Operating profit	20,569	23,823
<i>operating margin, %</i>	10.3	12.4
Net financial items	240	216
Profit after financial items	20,809	24,039
Tax	-4,625	-5,403
Profit for the period	16,184	18,636
<i>Earnings per share, SEK</i>	9.78	11.26



STOCK-IN-TRADE



KEY DATA

SEK m	30 Nov 2017	30 Nov 2016
Stock-in-trade	33,712	31,732
Cash flow from current operations	21,587	23,775
Investments	12,471	13,346
Cash and cash equivalents and short-term investments	9,718	9,446
Dividend (SEK)	9.75*	9.75
Return on shareholders' equity, %	26.8	31.2
Average number of employees**	123,178	114,586

* proposed dividend, for more information see the board of directors' dividend proposal in the full-year report for 2017

** converted to full-time positions





THREE MAIN ACTION AREAS

- Accelerating our transformation in a rapidly changing industry
- Three main action areas
 - be restless around the core - our customer offering
 - invest in enablers - new technology and ways of working
 - drive growth - both traditional and new





OUR CUSTOMER OFFERING

- Constant improvements of the core – our customer offering
- Improve customer experience in the physical stores
- Optimise the store portfolio
- Strengthen the experience and offering online
- Integration of physical and digital stores
 - for a great shopping experience





INVEST IN ENABLERS

- Invest in enablers – new technology and ways of working
- Product development and supply chain
 - faster, more flexible and responsive
- Advanced analytics and AI
- Tech foundation
 - scalable and stable platforms
 - consumer-facing apps and new technologies like Cloud, RFID, 3D



DRIVE GROWTH

- Drive growth – expansion with online, stores and digital market places
- Online in 44 H&M markets, of which 8 added in 2017
 - Kuwait (Dec 2017), India, Saudi Arabia and United Arab Emirates to open online 2018
- H&M, H&M Home on Tmall in mainland China 2018
- Total of approx. 220 new stores net 2018
 - H&M to open in Uruguay and Ukraine
 - optimisation of the store portfolio
- We develop and launch new brands





NEW BRANDS

- The H&M group develops new brands
 - for new customer needs and new segments
- We have eight unique brands, all scalable
- H&M, COS, Monki, Weekday, & Other Stories, Cheap Monday, ARKET and H&M Home
- In 2018 our ninth brand will open, Afound



A young man with short brown hair, wearing a light-colored button-down shirt over a brown t-shirt, is in the background looking to the right. In the foreground, a young woman with long, dark, curly hair is smiling slightly and looking upwards and to the right. She is wearing a black top, a gold necklace with a small pendant, and a gold hoop earring. The background is a light-colored wall with a grid pattern. The text 'A FOUND' is overlaid in the center in a large, white, sans-serif font. The letter 'A' has a pink horizontal bar at its base.

A FOUND



AFOUND

- Afound, a new market place for off price
- Carefully selected, broad and diverse range of discounted products
 - well-known fashion and life style brands for women and men
 - external brands as well as H&M group brands
- Afound to open in Sweden in 2018 online and with physical stores
 - first store to open in Stockholm





IN IT FOR THE LONG RUN

INTRODUCING OUR CONSCIOUS
SPORTSWEAR COLLECTION





H & M Hennes & Mauritz AB



COS

WEEKDAY



MONKL



& other Stories

ARKET