



H & M Hennes & Mauritz AB

TELEPHONE CONFERENCE 29 JUNE 2017

SIX-MONTH REPORT 2017



- **KARL-JOHAN PERSSON**

CEO

- **JYRKI TERVONEN**

CFO

- **NILS VINGE**

INVESTOR RELATIONS



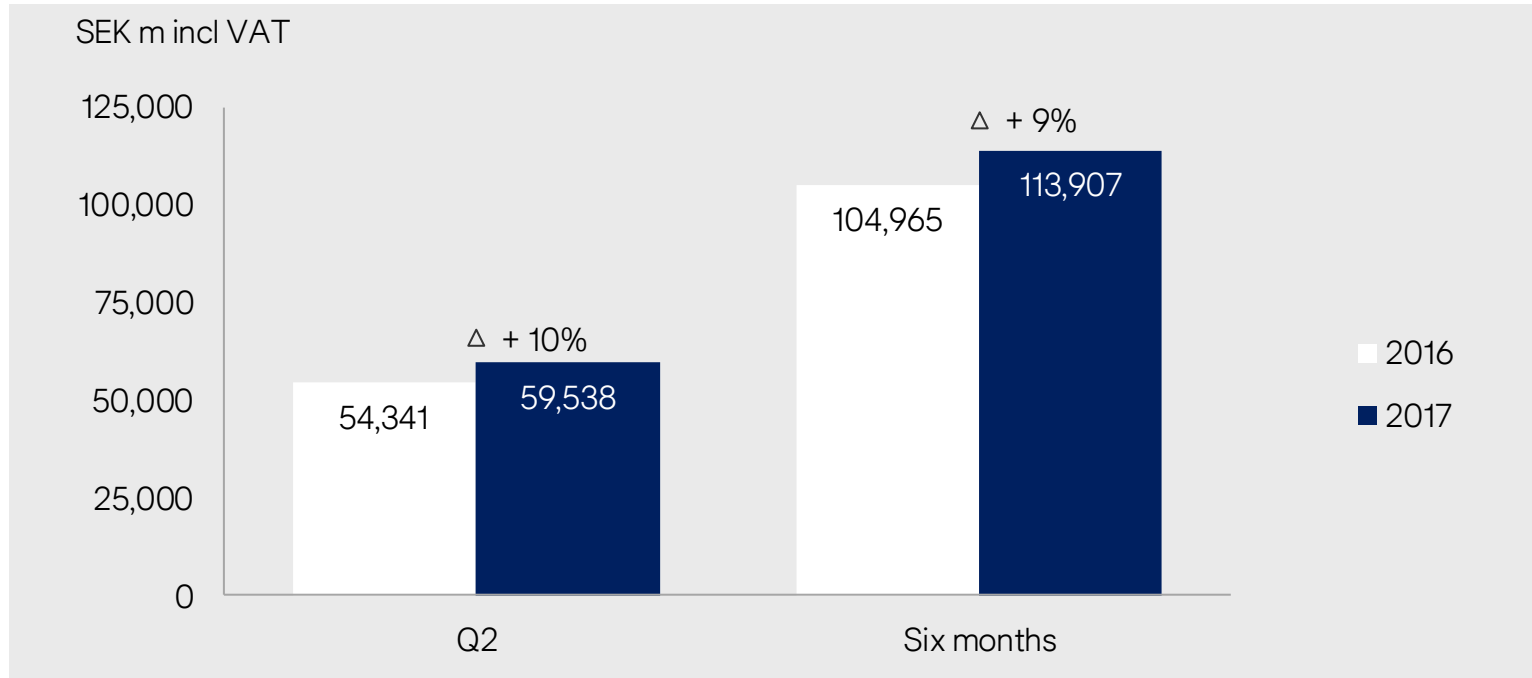


SECOND QUARTER 2017

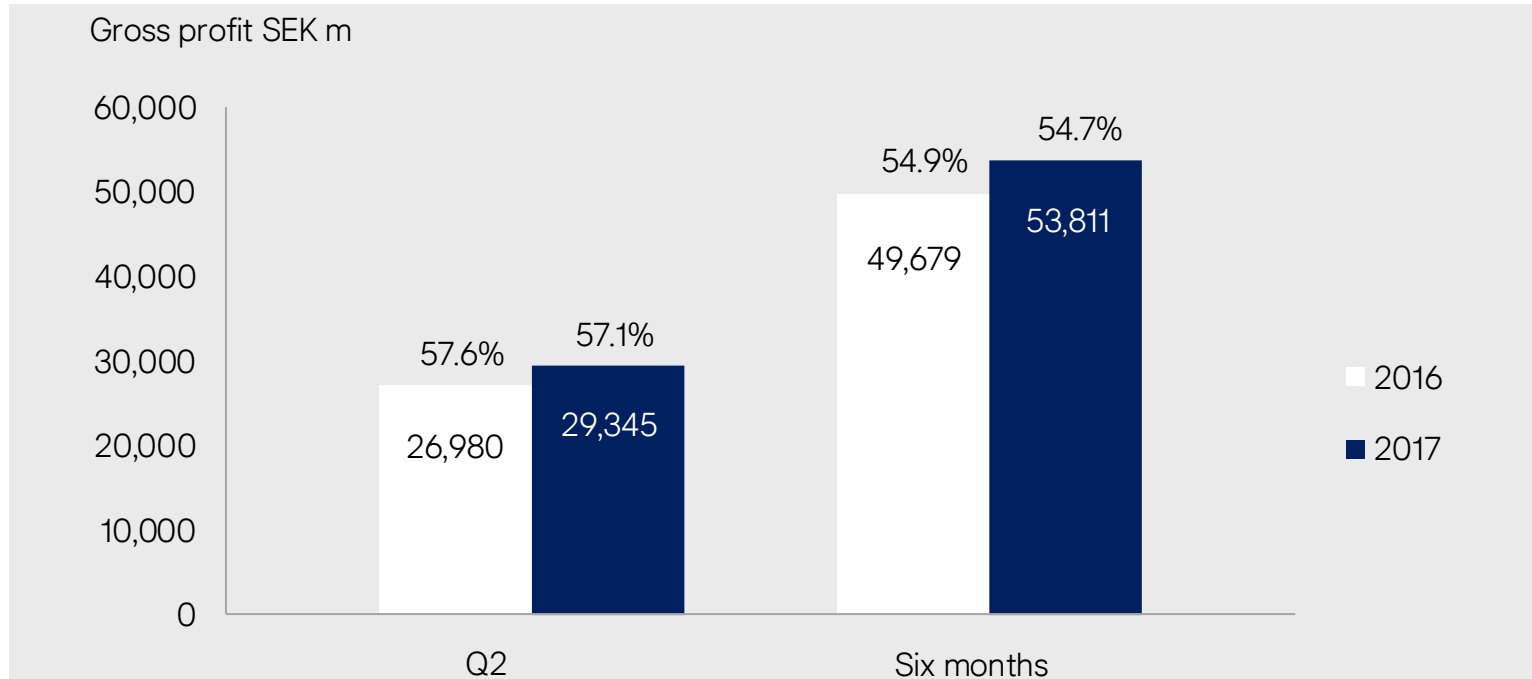
- Sales +10% to SEK 59.5 billion including VAT; +5% in local currencies
- Profit after financial items SEK 7.7 billion, +10%
- Increasing digitalisation changes fashion retail
 - continued rapid and profitable growth of the H&M group's online business
- Continued very good development at COS, Monki, Weekday, & Other Stories and H&M Home



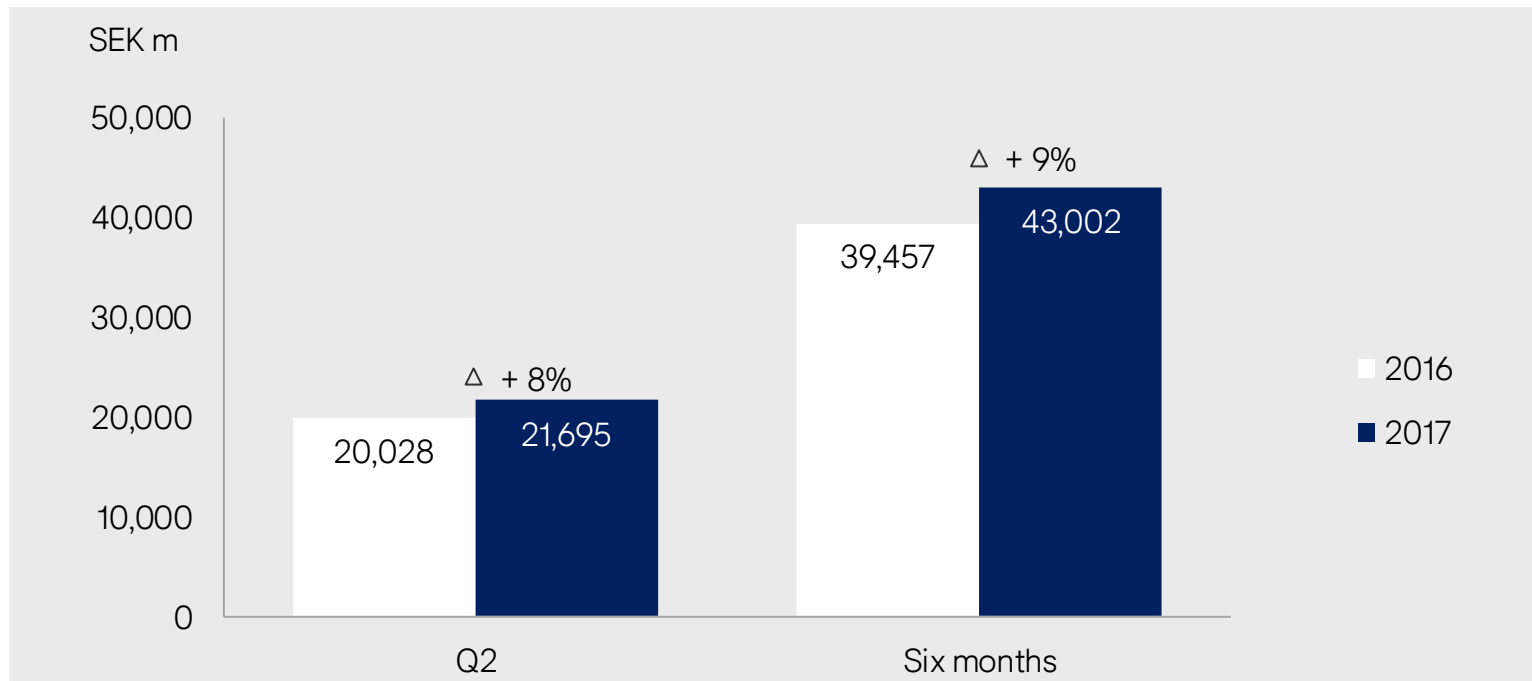
SALES



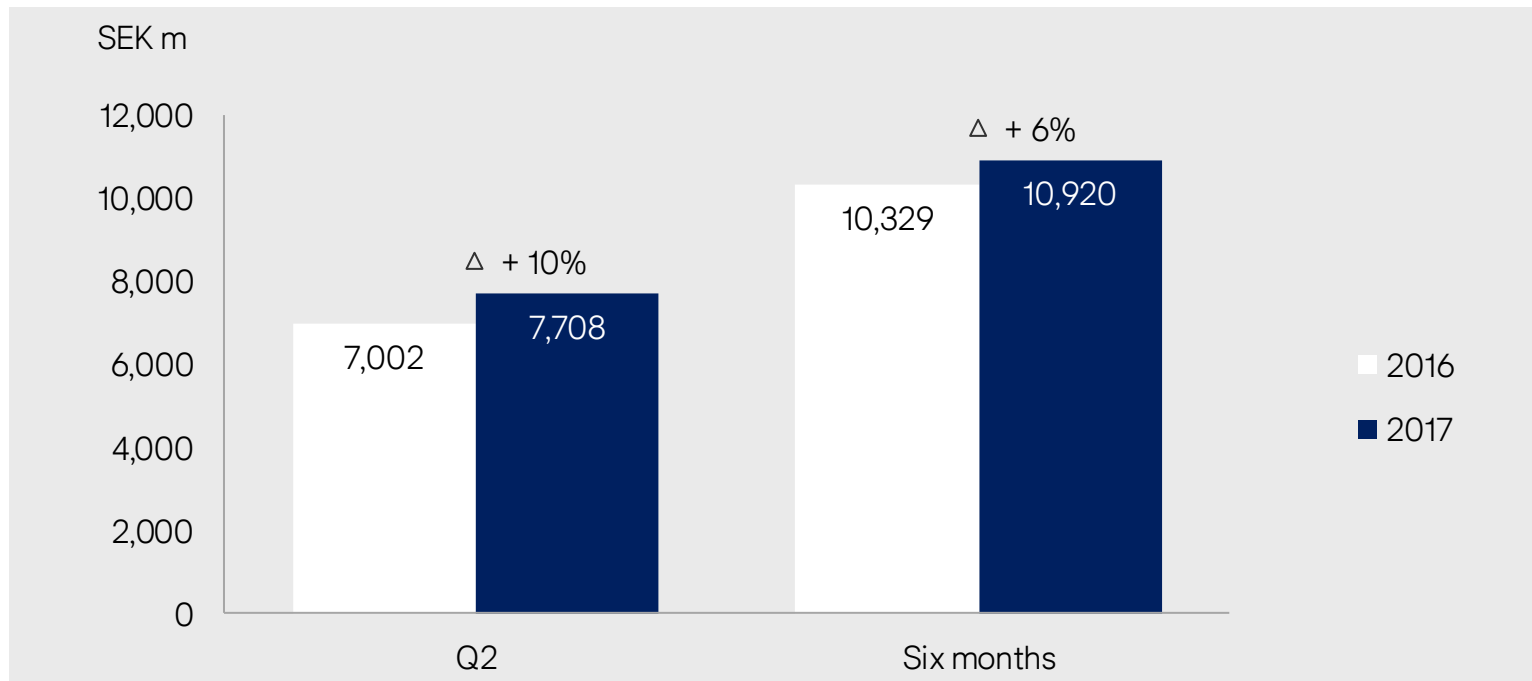
GROSS PROFIT AND GROSS MARGIN



SELLING AND ADMINISTRATIVE EXPENSES



PROFIT AFTER FINANCIAL ITEMS



SALES AND PROFITS

SECOND QUARTER

SEK m	2017	2016
Net sales	51,383	46,874
Gross profit	29,345	26,980
<i>gross margin, %</i>	57.1	57.6
Operating profit	7,650	6,952
<i>operating margin, %</i>	14.9	14.8
Net financial items	58	50
Profit after financial items	7,708	7,002
Tax	-1,811	-1,645
Profit for the period	5,897	5,357
<i>Earnings per share, SEK</i>	3.56	3.24



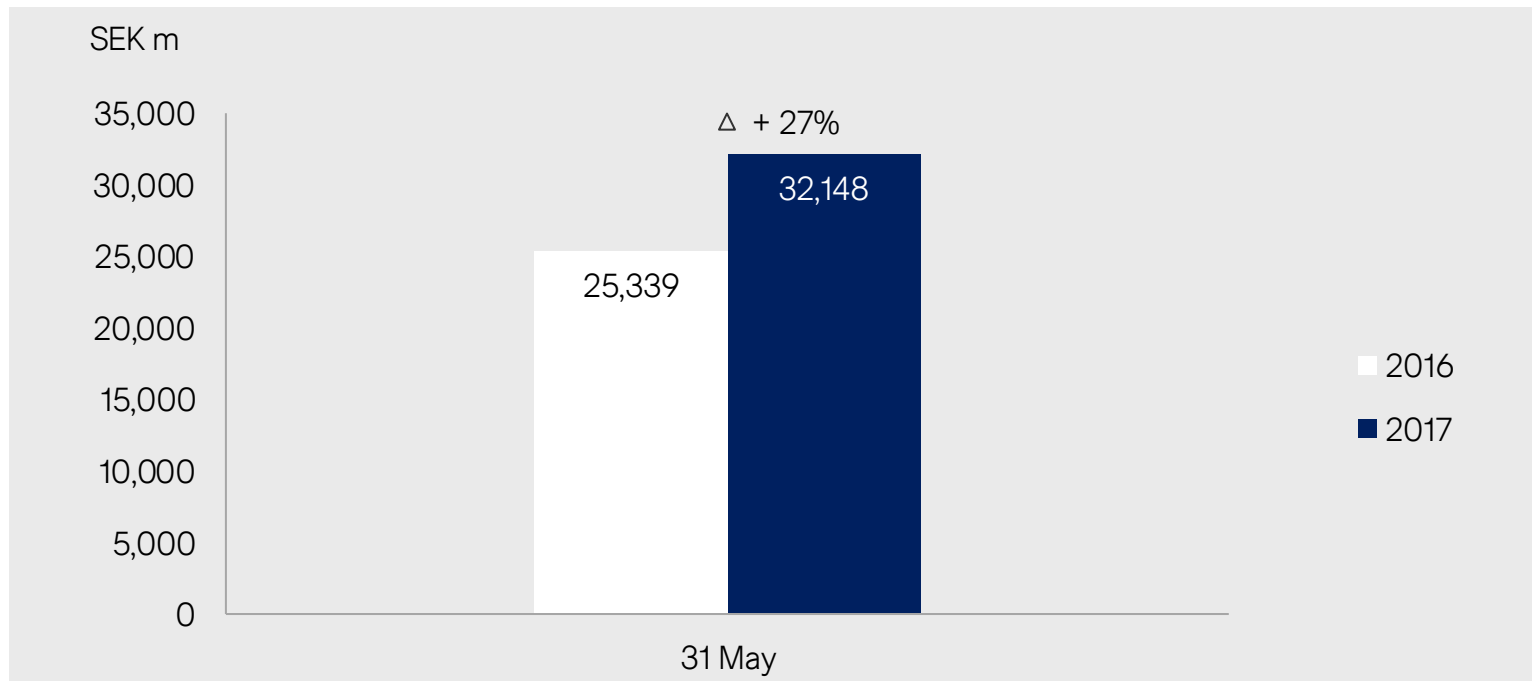
KEY DATA

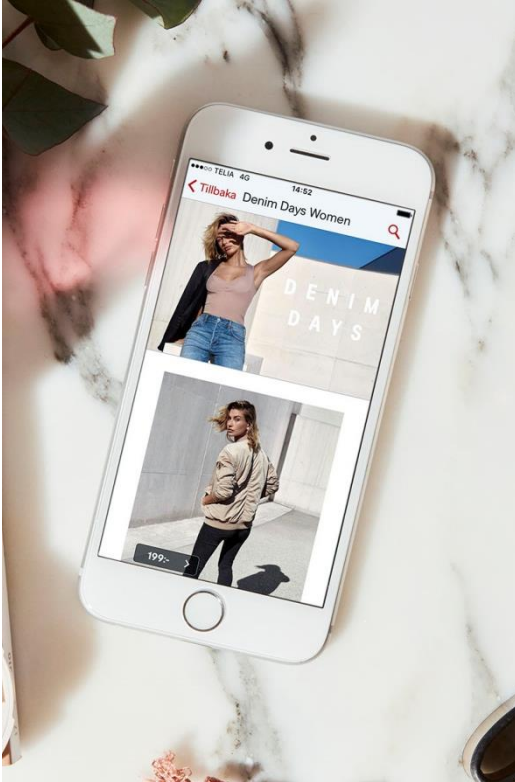
SEK m	31 May 2017	31 May 2016
Stock-in-trade	32,148	25,339
Cash flow from current operations	10,942	12,566
Investments	5,528	5,633
Cash and cash equivalents and short-term investments	10,655	8,387
Return on shareholders' equity, % *	37.7	39.0

* rolling twelve months



STOCK-IN-TRADE





OUR ONLINE OFFERING

- Improvement, diversification and expansion of our online offering
 - more and faster delivery options
 - more payment alternatives
 - a broader range of products
- 8 new online markets for H&M 2017
 - Turkey, Taiwan, Hong Kong, Macau, Singapore and Malaysia opened during spring
 - The Philippines and Cyprus later this year
- India one of several new online markets 2018





AN INTEGRATED SHOPPING EXPERIENCE

- We are integrating our physical stores with the online store
 - for a seamless, smooth and inspiring shopping experience
- Global store network gives us a unique proximity to our customers
 - physical stores create hubs for fast deliveries, pick-up and returns
 - our sales channels strengthen each other



ADVANCED ANALYTICS

- Investments in advanced analytics allow further improvements in areas such as:
 - product range development
 - quantification and allocation
 - personalised communication



SUPPLY CHAIN OPTIMISATION

- Optimisation of the supply chain
 - investments to bear fruit gradually
- Increased speed, efficiency and flexibility



PROFITABLE STORE GROWTH

- The H&M group continues its expansion in existing and new markets
 - approx. 400 new stores net planned to open 2017
 - Growth markets focus for new stores
- New H&M markets in 2017
 - Kazakhstan and Colombia opened during spring and very well received
 - Iceland, Georgia and Vietnam to open in autumn
- The first H&M stores in Uruguay and Ukraine planned to open in 2018





OPTIMISATION OF THE STORE PORTFOLIO

- Development and optimisation of the store portfolio
- Rebuilds, relocations and additional store space
 - approx. 100 store closures in 2017
- Development of our H&M stores with a new visual expression
 - for a more inspiring in-store customer experience



GLOBAL BRANDS

- We develop, launch and build new global brands
 - an important part of the H&M group's strategy
- COS' revenue to reach approx. SEK 10 billion 2017
 - profitability in line with the H&M brand
- COS, & Other Stories, Monki, Weekday, Cheap Monday and H&M Home
 - contribute to an increasing share of the growth and value of the H&M group

ARKET – NEW BRAND



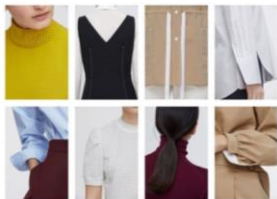
Arket: The Ideal Everyday Uniform



By SCARLETT COLSON
Scarlett is the Vogue Daily editor at Vogue.co.uk.

Friday 2 June 2017

The *Vogue* verdict on Arket? It's *really* good. Setting its sights on satisfying the reality of its customers' lifestyle demands and consciously incorporating sustainability into the foundations of every decision it makes from the ground up (rather than an after-thought that sounds good but means relatively little), the new concept store from the H&M group certainly lives up to the hype that we've been hearing of late. By the time it opens its London flagship in late August, it will have been two years and eight months in the making - time that has been spent considering every little detail of what the team behind it hopes will be a game changer on the high street.



BAZAR Fashion Beauty Culture Brides Travel Bazaar at Work

INTRODUCING H&M'S NEWEST BRAND: ARKET

It's set to be your new favourite store

By Emily Thornhill 30 March 2017 496

Swedish fashion giant H&M is set to launch another new retail brand called Arket, reports *Business of Fashion*.

The new store will join H&M Home, COS, & Other Stories, Cheap Monday, Monki and Weekday under the H&M umbrella, as well as its flagship H&M brand. It will offer "a broad yet selected range of essentials for men women and children" in addition to a



BoF Exclusive | H&M Launches New Brand: Arket

BoF can exclusively reveal that the Swedish fast-fashion giant is launching a new brand rooted in "style beyond trend."

“The brand DNA is timeless, crisp, quality and warmth”

"The brand DNA is timeless, crisp, quality and warmth," Bernhardt continued. "Timeless is style beyond trend. And crisp is the counterpart to that: to be always relevant, modern and fresh. Quality is not only the feel of garments; it's also how they are produced. Warmth is about being genuine and personal."

"Starting this project, a little bit over two years ago, we did quite extensive research and what we clearly saw was a broad customer base out there who are looking for classic, quality products in an environment that should be both simple and inspiring, but also putting our own fantastic design together with complementary brands," added Lars Axelsson, Arket's managing director. "Today the customer is very busy. They are looking for convenience, but also a place that they can really enjoy."



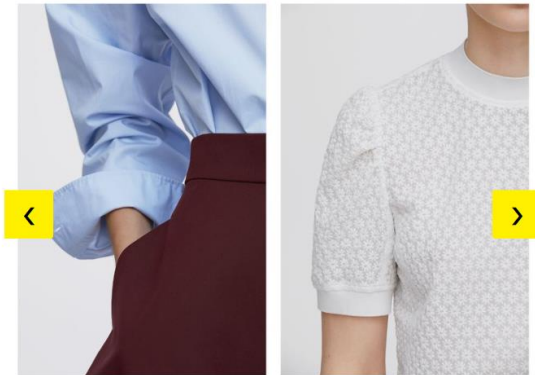
H&M new brand offering Arket | Source: Courtesy

NEWS

Arket: A First Look At The Debut Collection From H&M's New Brand

By Emma Firth 1 Jun 2017 15:30

And we finally have the first images from the debut collection:



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We. Can't. Wait.



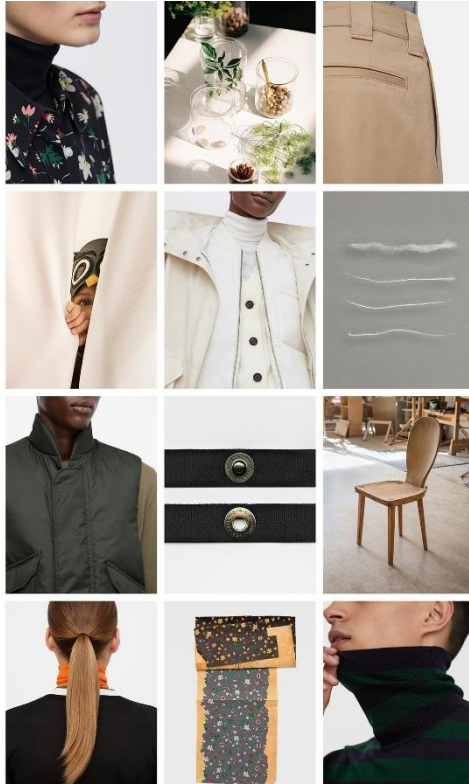
LONDON



H&M

COPENHAGEN





ARKET – NEW BRAND

- ARKET's first store to open at Regent Street in London and in 18 European markets at arket.com
 - launching after summer 2017
- More stores to open during autumn
 - in London, Brussels, Copenhagen and Munich
- ARKET's first store in Stockholm to open spring 2018



RAPID ONLINE GROWTH

- The H&M group's online sales show rapid growth and good profitability
 - account for 25-30% of total sales in some established markets
- Estimated online sales growth of at least 25% per year going forward, with a profitability in line with our physical stores



FAST-PACED DEVELOPMENT

- Investments for continued profitable growth many years to come
- We develop our business with quality at a fast pace
- Further strengthening of the H&M group's position
 - in a growing and rapidly changing market





H&M



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