



H & M Hennes & Mauritz AB

Full-year Report

1 December 2012 – 30 November 2013

FULL-YEAR

- The H&M Group's sales including VAT increased in local currencies by 9 percent during the financial year. Sales in comparable units were unchanged. Converted into SEK, sales excluding VAT amounted to SEK 128,562 m (120,799), an increase of 6 percent.
- Gross profit amounted to SEK 76,033 m (71,871), corresponding to a gross margin of 59.1 percent (59.5).
- Profit after financial items amounted to SEK 22,526 m (22,285). Profit for the year was negatively affected by currency translation effects of approximately SEK 600 m compared to the previous year. The Group's profit after tax increased to SEK 17,152 m (16,867), corresponding to SEK 10.36 (10.19) per share.
- Strong expansion during the year with a net addition of 356 (304) new stores. China and the US were the largest expansion markets.
- More than 12,000 new jobs were created in the H&M Group in 2013. The number of employees amounted to more than 116,000 (104,000) by the end of the year.

FOURTH QUARTER

- The H&M Group's sales including VAT increased in local currencies by 13 percent in the fourth quarter. Sales in comparable units increased by 3 percent. Converted into SEK, sales excluding VAT amounted to SEK 36,495 m (32,502).
- Gross profit increased by 11 percent and amounted to SEK 22,189 m (20,017), corresponding to a gross margin of 60.8 percent (61.6). The difference in the gross margin is mainly due to currency exchange rate effects arising in connection with payments for the Group's flow of goods and to year-end effects. Apart from these factors, the gross margin was more or less at the same level as in the fourth quarter 2012.
- Profit after financial items amounted to SEK 7,337 m (6,636), an increase of 11 percent. The Group's profit after tax amounted to SEK 5,608 m (5,287), corresponding to SEK 3.39 (3.19) per share.

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- The Board of Directors proposes a dividend of SEK 9.50 (9.50) per share for the financial year 2012/2013.
 - Sales in December 2013 increased by 10 percent in local currencies compared to the corresponding month the previous year. Calendar adjusted sales increased just above 12 percent.
 - Sales in January 2014 are expected to increase by 15 percent in local currencies compared to the same month the previous year.
 - H&M plans a net addition of around 375 new stores for the financial year 2013/2014.
 - Australia and the Philippines will become new H&M countries in 2014. In addition to this, a couple of other new H&M markets are planned to open at the end of 2014.
 - Four new H&M online markets are planned to open in 2014. France will open in spring/summer 2014. An additional three large online markets are planned to open later in the year.

Comments by CEO Karl-Johan Persson follow on the next page.



Comments by CEO Karl-Johan Persson

“2013 ended strongly with well-received autumn collections, which increased our sales in the fourth quarter by 13 percent in local currencies. Profits after financial items increased by 11 percent to SEK 7.3 billion. This is a good result considering the substantial long-term investments that we are making in areas such as IT, online, new brands and broadening our product range.

Examples of these investments are our new fashion brand, & Other Stories, which has received a fantastic response as well as our extended H&M Sport range that was launched this January. The sports collections were designed together with Swedish Olympic athletes, with a focus on function, fit, design and comfort.

Another area where we are continuing to invest is online sales, which are becoming increasingly important. Our online sales continue to develop very well and hm.com, which is one of the world's most visited fashion websites, allows us to reach even more customers. In August we launched our online store in the US, with a very good response from customers. We are continuing our online expansion by opening more new online markets in 2014; France during spring/summer 2014 followed by an additional three large new online markets that are planned to open later in the year.

We continue to work intensively on sustainability in many different areas. H&M Conscious is the name given to our work towards a more sustainable future within fashion. Our vision is that H&M's entire operations should be managed in a way that is economically, socially and environmentally sustainable. We are therefore working daily to offer our customers increased sustainability in all our collections.

2013 was a year when we opened many new stores – on average, we opened more than one store each day. Today we have more than 3,100 stores in 53 countries and just over 116,000 employees. We are continuing to create more new jobs and we welcomed more than 12,000 new colleagues net during the year. Our strong expansion will continue in 2014, we plan to open around 375 new stores net and Australia and the Philippines will become new H&M countries. In addition to these countries, a couple of other new H&M markets are planned to open at the end of 2014.

The financial year 2014 has got off to a good start, with strong sales development in December and January. Although there are still macro-economic challenges in several of our markets, we are optimistic about 2014 which will be an exciting year with new countries and new opportunities. We have a strong belief in our offering and are convinced that we will strengthen our market position even further during the year.”

	FULL-YEAR 2013	FULL-YEAR 2012	Q4 2013	Q4 2012
(SEK m)				
Net sales	128,562	120,799	36,495	32,502
Gross profit	76,033	71,871	22,189	20,017
<i>gross margin, %</i>	<i>59.1</i>	<i>59.5</i>	<i>60.8</i>	<i>61.6</i>
Operating profit	22,168	21,754	7,260	6,533
<i>operating margin, %</i>	<i>17.2</i>	<i>18.0</i>	<i>19.9</i>	<i>20.1</i>
Net financial items	358	531	77	103
Profit after financial items	22,526	22,285	7,337	6,636
Tax	-5,374	-5,418	-1,729	-1,349
Profit for the period	17,152	16,867	5,608	5,287
Earnings per share, SEK	10.36	10.19	3.39	3.19



Sales and store openings

Sales including VAT increased by 9 percent, in local currencies in the financial year. Sales in comparable units were unchanged. Converted into SEK, sales increased by 6 percent to SEK 150,090 m (140,948). Sales excluding VAT increased to SEK 128,562 m (120,799), an increase of 6 percent.

In the fourth quarter, sales including VAT increased by 13 percent in local currencies. Sales in comparable units increased by 3 percent. Converted into SEK, sales including VAT increased by 12 percent and amounted to SEK 42,610 m (37,930). Sales excluding VAT increased to SEK 36,495 m (32,502).

The Group opened 399 (339) stores and closed 43 (35) stores during the financial year, i.e. a net increase of 356 (304) new stores. In the fourth quarter, 184 (158) stores opened and 16 (11) stores closed. The total number of stores in the Group as per 30 November 2013 thus amounted to 3,132 (2,776) of which 2,936 were H&M stores, 85 COS stores, 79 Monki stores, 21 Weekday stores, 8 & Other Stories stores and 3 Cheap Monday stores. 110 of the Group's stores were franchise stores.

Results for the financial year

Gross profit for the Group for the financial year amounted to SEK 76,033 m (71,871), an increase of 6 percent. This corresponds to a gross margin of 59.1 percent (59.5).

The operating profit amounted to SEK 22,168 m (21,754). This corresponds to an operating margin of 17.2 percent (18.0).

Operating profit for the financial year has been charged with depreciation amounting to SEK 4,191 m (3,705).

Consolidated net interest income was SEK 358 m (531).

Profit after financial items amounted to SEK 22,526 m (22,285).

The Group's profit for the financial year after a tax rate of 23.9 percent (24.3) was SEK 17,152 m (16,867), which represents earnings per share of SEK 10.36 (10.19), an increase of 2 percent.

Return on shareholders' equity was 38.5 percent (38.4) and return on capital employed was 50.2 percent (50.3).

Comments on the full year

The year ended with a strong sales development. Even if several markets were characterised by the prevailing challenging macro-economic situation and multiple price activities and markdowns in many markets, H&M continued to grow with continued high profitability and increasing market share.

The Group's online sales, which developed well during the year, are a very important complement to the stores. A completely mobile-adapted H&M shop online was launched at the beginning of the year and H&M's online sales were launched in the US in August. During the year, preparations have been made for a global roll-out of more online-markets.

Many stores opened during 2013 - in total, a net addition of 356 new stores. At the end of the financial year the total number of stores amounted to 3,132 stores. Five new countries were added: Chile, Estonia, Lithuania and Serbia and via franchise, Indonesia. The store in Santiago de Chile, which opened in March, was the first H&M store in South America as well as the first H&M store south of the equator.

The long-term investments continued during the year in order to build an even stronger H&M and secure future expansion. One example of this is the new fashion brand & Other Stories that has been amazingly well-received since its launch in March. Building up a new brand takes time and involves major investments and costs, both initially and during roll-out.

COS is a successful example of a similar investment which, since its launch in 2007, has developed into an internationally well-established fashion brand. COS performed very well in 2013 and opened 21 new stores, corresponding to a store growth of more than 30 percent.

Examples of other long-term investments include the investments in IT and online and in the broadening of H&M's product range. Although this has meant increased costs for the Group, cost control remains good. Costs in comparable stores decreased compared to the previous year.

Profit for the year after financial items was affected by the major long-term investments mentioned above and by increased price markdowns in relation to sales compared to the previous year. In addition, compared to the previous year, the result was affected by negative currency translation effects of around SEK 600 m. Currency translation effects arise when converting local currencies into SEK, H&M's reporting currency.



Results for the fourth quarter

Gross profit for the Group for the fourth quarter increased by 11 percent and amounted to SEK 22,189 m (20,017). This corresponds to a gross margin of 60.8 percent (61.6).

Operating profit for the fourth quarter amounted to SEK 7,260 m (6,533). This corresponds to an operating margin of 19.9 percent (20.1).

Profit after financial items amounted to SEK 7,337 m (6,636).

Profit after tax was SEK 5,608 m (5,287), corresponding to SEK 3.39 (3.19) per share.

Comments on the fourth quarter

Strong sales in the fourth quarter resulted in further increased market share for the H&M Group. Sales increased by 13 percent in local currencies and by 3 percent in comparable units. Sales developed particularly well in Asia and Southern Europe. Online sales performed strongly in the fourth quarter.

Gross profit increased by 11 percent and amounted to SEK 22,189 m (20,017) corresponding to a gross margin of 60.8 percent (61.6). H&M's purchasing costs and gross margin are a result of many different factors, including raw material prices, cost inflation, capacity at suppliers, purchasing currencies and transportation costs. Overall, the market situation for these external factors is considered to have been largely neutral during the purchasing period for the fourth quarter compared to the corresponding purchasing period the previous year. The gross margin is affected by how well H&M handles these external factors and also by the decisions that H&M makes in line with its strategy to always have the best customer offering in each individual market – based on the combination of fashion, quality, price and sustainability.

The difference in the gross margin year-on-year is mainly due to currency exchange rate effects arising in connection with payments for the Group's flow of goods and to year-end effects. Markdowns in relation to sales increased by approximately 0.2 percentage points compared to the fourth quarter 2012.

Selling and administrative expenses in the quarter amounted to 14,929 (13,484), an increase of 11 percent. In local currencies the increase was also 11 percent. The cost increase compared to the fourth quarter 2012 is due to the expansion and to the long-term investments in for example IT, online sales and & Other Stories. These investments aim to further strengthen H&M's market position in the long term and to secure future expansion. Cost control in the Group remains good: costs in comparable stores decreased compared to the previous year, both in absolute terms and as a proportion of sales.

Profit after financial items increased by 11 percent and amounted to SEK 7,337 m (6,636). A contribution to H&M Incentive Program (HIP) reduced profit by SEK 31 m. As decided at the Annual General Meeting 2013, the contribution is based on 10 percent of the increase in the company's profit after tax, before any contribution to HIP, between two successive financial years.

The stock-in-trade increased by 10 percent compared to the same time the previous year and amounted to SEK 16,695 m (15,213). In local currencies the increase was also 10 percent. The increase is mainly due to the expansion. The stock-in-trade amounted to 13.0 percent (12.6) of sales excluding VAT and 25.4 percent (25.3) of total assets.

The composition of the stock-in-trade as of 30 November 2013 is deemed to be good even if the level is somewhat higher than planned which means that markdowns in the first quarter 2014 could end up at the same level in relation to sales as in the first quarter 2013.

Financial position and cash flow

Consolidated total assets as per 30 November 2013 amounted to SEK 65,676 m (60,173).

The current operations generated a positive cash flow of SEK 23,840 m (18,900). Cash flow was among other things affected by dividends of -15,723 (-15,723), investments in fixed assets of SEK -8,027 m (-6,827) and by changes in short-term investments with a duration of four to twelve months of SEK -311 m (3,963). The Group generated a cash flow of SEK -252 m (276) for the financial year. Liquid funds and short-term investments amounted to SEK 17,224 m (17,143).

The equity/assets ratio was 68.9 percent (72.8) and the share of risk-bearing capital was 73.0 percent (76.1).

Shareholders' equity apportioned on the outstanding 1,655,072,000 (1,655,072,000) shares as per 30 November 2013 was SEK 27.34 (26.49).

Expansion

H&M remains positive as regards future expansion and the Group's business opportunities.

H&M's growth target remains intact. The growth target is to increase the number of stores by 10-15 percent per year with continued high profitability, while at the same time increasing sales in comparable units.

For full-year 2014 a net addition of around 375 new stores is planned. Most new stores in 2014 are planned to open in China and the US. There are also still great opportunities for expansion in markets such as Russia, Germany, Italy and Poland.

Australia and the Philippines will become new H&M countries in 2014. In Melbourne, Australia the first H&M store will open in the first half year of 2014 and in the Philippines H&M will open its first store in Manila in autumn 2014. In addition to this, a couple of other new H&M markets are planned to open at the end of 2014. H&M will also open in South Africa in 2015.

The Group is continuing to work on the global roll-out of new H&M online markets. France during spring/summer 2014 followed by an additional three large new online markets that are planned to open later in the year.

Expansion continues for the Group's other brands COS, Monki, Weekday, Cheap Monday and & Other Stories. H&M Home will expand to approximately 15 new countries in 2014.

COS will open its first US store during 2014 in Soho, New York, and will also open online in the US in 2014. In addition, South Korea, Australia and Switzerland will become new markets for COS in 2014 with stores in Seoul, Melbourne and Geneva.



& Other Stories will open further stores in 2014 in both existing and new markets, including Belgium and the Netherlands, which will be new markets for & Other Stories stores. Austria and Ireland will also become new online markets for & Other Stories.

In January 2014 H&M launched H&M Sport - an updated and expanded sports concept for women, men and children. The range is significantly broader than previously and consists of sportswear and accessories in specially developed functional materials suited to various kinds of sporting activities. The concept is initially being launched in H&M's existing online markets as well as in selected H&M stores in 18 countries.

Tax

The Swedish corporate tax rate was reduced from 26.3 percent to 22 percent as of 1 January 2013. The H&M Group's final tax rate for the financial year 2012/2013 was 23.9 percent (24.3). The Group's tax rate depends on the results of its various companies and the corporate tax rates in each country. The H&M Group's tax rate is expected to be 23 - 24 percent for the financial year of 2013/2014.

Employees

The average number of employees in the Group, converted into full-time positions, was 81,099 (72,276), of which 6,868 (6,220) are employed in Sweden.

Parent company

The parent company's external sales amounted to SEK 35 m (30) in the financial year. Profit after financial items amounted to SEK 17,015 m (15,888). Investments in fixed assets amounted to SEK 161 m (125).

Comments on the current quarter

As previously communicated, sales including VAT increased by 10 percent in local currencies in December 2013 compared to the same month the previous year. Calendar adjusted sales increased just above 12 percent.

Sales in January 2014 are expected to increase by 15 percent in local currencies compared to the same month the previous year.

Due to the fact that the level of stock-in-trade as of 30 November 2013 is deemed to be somewhat higher than planned, markdowns in the first quarter 2014 could end up at the same level in relation to sales as in the first quarter 2013.

In 2014 the H&M Group will continue to publish interim reports in accordance with IAS 34, as previously, including for the first and third quarters.

Dividend policy and dividend proposal

H&M's financial goal is to enable the company to continue enjoying good growth and to be prepared to exploit business opportunities. It is essential that the expansion, as in the past, proceeds with continued high degree of financial strength and continued freedom of action. Based on this policy, the Board of Directors has decided that the total dividend should equal about half of the profit after tax. In addition, the Board may propose that any surplus liquidity is also distributed.



The Board of Directors has decided to propose a dividend of SEK 9.50 per share (9.50) to the 2014 Annual General Meeting corresponding to 92 percent (93) of the profit after tax.

The Board of Directors is of the opinion that the proposed distribution of earnings is justifiable taking into consideration the financial position and continued freedom of action of the Group and the parent company and observing the requirements that the nature and extent of the business, its risks and future expansion plans impose on the Group's and the parent company's equity and liquidity.

Annual General Meeting 2014

The Annual General Meeting 2014 will be held on Tuesday 29 April, at 3 p.m. in Victoriahallen, at the Stockholm International Fairs.

Annual Report 2013

The Annual Report and the Corporate Governance Report are expected to be published on 2 April 2014 on hm.com and will be sent out by post to shareholders that have so requested and will also be available at the company's head office.

Accounting principles

The Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This report has been prepared according to IAS 34 Interim Financial Reporting as well as the Swedish Annual Accounts Act.

The accounting principles and calculation methods applied in this report are unchanged from those used in the preparation of the Annual Report and Consolidated Financial Statements for 2011/2012 which is described in Note 1 – Accounting principles.

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which essentially involves applying IFRS. In accordance with RFR 2 the parent company does not apply IAS 39 to the measurement of financial instruments; nor does it capitalise development expenditure.

Risks and uncertainties

A number of factors may affect H&M's results and business. Most of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties related to fashion, weather situations, negative macro-economic changes, changes in consumer behaviour, climate changes, trade interventions, external factors in production countries and foreign currency, but also in connection with expansion into new markets, the launch of new concepts and how the brand is managed.

For a more detailed description of risks and uncertainties, refer to the Administration Report and to Note 2 in the Annual Report and Consolidated Accounts for 2012.



Key-ratio definitions

Return on equity: Profit for the year in relation to average shareholders' equity.

Return on capital employed: Profit after financial items plus interest expense in relation to average shareholders' equity plus average interest-bearing liabilities.

Share of risk-bearing capital: Shareholders' equity plus deferred tax liability in relation to the balance sheet total.

Equity/assets ratio: Shareholders' equity in relation to the balance sheet total.

Equity per share: Shareholders' equity divided by number of shares.

P/E ratio: Price per share divided by earnings per share.

Comparable units: Comparable units comprise the stores and the internet and catalogue sales countries that have been in operation for at least one financial year. H&M's financial year is from 1 December to 30 November.

All figures within parenthesis refer to the corresponding period or point of time the previous year.

CALENDAR

27 March 2014	Three-month report, 1 December 2013 – 28 February 2014
29 April 2014	Annual General Meeting 2014, Victoriahallen, Stockholm International Fairs at 3 p.m.
18 June 2014	Half-year report, 1 December 2013 – 31 May 2014
Stockholm, 29 January 2014	
Board of Directors	

The information in this Full-year Report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under Sweden's Securities Market Act. It will be released for publication at 8.00 (CET) on 30 January 2014. This Full-year Report, and other information about H&M, is available at www.hm.com.

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H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on NASDAQ OMX Stockholm. The company's business concept is to offer fashion and quality at the best price. In addition to H&M, the group includes the brands COS, Monki, Weekday, Cheap Monday, & Other Stories as well as H&M Home. The H&M Group has more than 3,100 stores in 53 markets including franchise markets. In 2013, sales including VAT were SEK 150,090 million and the number of employees was more than 116,000. For further information, visit www.hm.com.

GROUP INCOME STATEMENT (SEK m)

Full Year, 1 December - 30 November

Fourth quarter, 1 September - 30 November

	2013	2012	Q4 2013	Q4 2012
Sales including VAT	150,090	140,948	42,610	37,930
Sales excluding VAT	128,562	120,799	36,495	32,502
Cost of goods sold	-52,529	-48,928	-14,306	-12,485
GROSS PROFIT	76,033	71,871	22,189	20,017
<i>Gross margin, %</i>	59.1	59.5	60.8	61.6
Selling expenses	-49,878	-46,608	-13,794	-12,511
Administrative expenses	-3,987	-3,509	-1,135	-973
OPERATING PROFIT	22,168	21,754	7,260	6,533
<i>Operating margin, %</i>	17.2	18.0	19.9	20.1
Interest income	367	536	84	106
Interest expense	-9	-5	-7	-3
PROFIT AFTER FINANCIAL ITEMS	22,526	22,285	7,337	6,636
Tax	-5,374	-5,418	-1,729	-1,349
PROFIT FOR THE PERIOD	17,152	16,867	5,608	5,287

All profit is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

Earnings per share, SEK*	10.36	10.19	3.39	3.19
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	4,191	3,705	1,079	944
of which cost of goods sold	470	415	121	105
of which selling expenses	3,463	3,065	890	781
of which administrative expenses	258	225	68	58

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

Full Year, 1 December - 30 November

Fourth quarter, 1 September - 30 November

	2013	2012	Q4 2013	Q4 2012
PROFIT FOR THE PERIOD	17,152	16,867	5,608	5,287
Other comprehensive income				
<i>Items that have been recognised or may be recognised in net profit for the period</i>				
Translation differences	30	-1,212	426	579
Change in hedging reserves	-61	-272	16	-414
Tax attributable to other comprehensive income	15	71	-5	108
OTHER COMPREHENSIVE INCOME	-16	-1,413	437	273
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	17,136	15,454	6,045	5,560

All comprehensive profit is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

GROUP BALANCE SHEET (SEK m)

30 November

ASSETS	2013	2012
FIXED ASSETS		
Intangible fixed assets		
Brands	208	255
Customer relations	58	71
Leasehold rights	591	537
Capitalised expenditures	1,355	631
Goodwill	64	64
	2,276	1,558
Tangible fixed assets		
Buildings and land	814	805
Equipment, tools, fixture and fittings	21,372	18,326
	22,186	19,131
Long-term receivables	659	628
Deferred tax receivables	1,367	1,624
TOTAL FIXED ASSETS	26,488	22,941
CURRENT ASSETS		
Stock-in-trade	16,695	15,213
Current receivables		
Accounts receivables	3,107	2,207
Tax receivables	-	477
Other receivables	907	1,056
Prepaid expenses	1,255	1,136
	5,269	4,876
Short-term investments	3,306	2,995
Liquid funds	13,918	14,148
TOTAL CURRENT ASSETS	39,188	37,232
TOTAL ASSETS	65,676	60,173

GROUP BALANCE SHEET (SEK m)**30 November**

EQUITY AND LIABILITIES	2013	2012
EQUITY		
Share capital	207	207
Reserves	-1,916	-1,900
Retained earnings	29,805	28,661
Profit for the year	17,152	16,867
TOTAL EQUITY	45,248	43,835
Long-term liabilities*		
Provisions for pensions	309	377
Deferred tax liabilities	2,722	1,951
	3,031	2,328
Current liabilities**		
Accounts payable	4,870	4,234
Tax liabilities	797	-
Other liabilities	3,360	2,765
Accrued expenses and prepaid income	8,370	7,011
	17,397	14,010
TOTAL LIABILITIES	20,428	16,338
TOTAL EQUITY AND LIABILITIES	65,676	60,173
Pledged assets and contingent liabilities	-	-

* Only pension liabilities are interest-bearing.

** No current liabilities are interest-bearing.

GROUP CHANGES IN EQUITY (SEK m)

Since there are no minority interests, all shareholders' equity is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

	SHARE CAPITAL	TRANSLATION EFFECTS	HEDGINGS RESERVES	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
Shareholders' equity, 1 December 2012	207	-1,860	-40	45,528	43,835
Profit for the year	-	-	-	17,152	17,152
<i>Other comprehensive income</i>					
Translation differences	-	30	-	-	30
<u>Change in hedging reserves</u>					
Reported in other comprehensive income	-	-	-153	-	-153
Transfer to income statement	-	-	92	-	92
Tax attributable to hedging reserves	-	-	15	-	15
<i>Other comprehensive income</i>	-	30	-46	-	-16
Total comprehensive income	-	30	-46	17,152	17,136
Dividend	-	-	-	-15,723	-15,723
Shareholders' equity, 30 November 2013	207	-1,830	-86	46,957	45,248

	SHARE CAPITAL	TRANSLATION EFFECTS	HEDGINGS RESERVES	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
Shareholders' equity, 1 December 2011	207	-648	161	44,384	44,104
Profit for the year	-	-	-	16,867	16,867
<i>Other comprehensive income</i>					
Translation differences	-	-1,212	-	-	-1,212
<i>Change in hedging reserves</i>					
Reported in other comprehensive income	-	-	128	-	128
<u>Transfer to income statement</u>	-	-	-400	-	-400
Tax attributable to hedging reserves	-	-	71	-	71
<i>Other comprehensive income</i>	-	-1,212	-201	-	-1,413
<i>Total comprehensive income</i>	-	-1,212	-201	16,867	15,454
Dividend	-	-	-	-15,723	-15,723
Shareholders' equity, 30 November 2012	207	-1,860	-40	45,528	43,835

* Adjustment of pension obligations related to prior years.

GROUP CASH FLOW STATEMENT (SEK m)

1 December - 30 November

	2013	2012
Current operations		
Profit after financial items*	22,526	22,285
Provisions for pensions	-68	10
Depreciation	4,191	3,705
Tax paid	-3,059	-7,021
Cash flow from current operations before changes in working capital	23,590	18,979
Cash flow from changes in working capital		
Current receivables	-839	-8
Stock-in-trade	-1,439	-1,607
Current liabilities	2,528	1,536
CASH FLOW FROM CURRENT OPERATIONS	23,840	18,900
Investment activities		
Investment in leasehold rights	-179	-125
Investments in other immaterial assets	-738	-631
Investment in buildings and land	-23	-63
Investment in fixed assets	-7,087	-6,008
Change in short-term investments, 4 - 12 months	-311	3,963
Other investments	-31	-37
CASH FLOW FROM INVESTMENT ACTIVITIES	-8,369	-2,901
Financing activities		
Dividend	-15,723	-15,723
CASH FLOW FROM FINANCING ACTIVITIES	-15,723	-15,723
CASH FLOW FOR THE YEAR	-252	276
Liquid funds at beginning of the financial year	14,148	14,319
Cash flow for the year	-252	276
Exchange rate effect	22	-447
Liquid funds at end of the financial year**	13,918	14,148

* Interest paid for the Group amounts to SEK 9 m (5).

Received interest for the Group amounts to SEK 367 m (536).

** Liquid funds and short-term investments at the end of the financial year amounted to SEK 17,224 m (17,143).

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Full-year 1 December - 30 November

COUNTRY	SEK m	SEK m	Change in %		No. of stores	New	Closed
	2013	2012	SEK	Local currency	30 Nov 2013	stores	stores
Sweden	8,257	8,225	0	0	177	7	7
Norway	5,535	5,615	-1	3	114	4	1
Denmark	4,612	4,297	7	9	97	4	1
United Kingdom	10,256	10,413	-2	3	245	21	2
Switzerland	5,516	5,821	-5	-3	87	5	
Germany	31,140	30,303	3	4	418	19	7
Netherlands	6,750	6,688	1	2	130	7	1
Belgium	3,445	3,308	4	5	73	4	1
Austria	4,821	4,782	1	2	72	5	1
Luxembourg	386	374	3	4	10	1	1
Finland	2,529	2,429	4	5	58	6	1
France	10,636	9,976	7	8	197	18	3
USA	13,675	12,550	9	13	305	44	8
Spain	6,011	5,807	4	5	156	13	3
Poland	3,193	2,947	8	9	122	19	
Czech Republic	834	769	8	12	38	7	
Portugal	918	862	6	8	27	4	
Italy	5,490	4,861	13	14	116	13	1
Canada	3,024	3,125	-3	3	66	5	
Slovenia	468	485	-4	-2	12		
Ireland	616	581	6	7	19	3	
Hungary	792	622	27	31	33	7	
Slovakia	373	339	10	11	13		
Greece	981	841	17	18	27	3	1
China	6,655	5,411	23	25	205	74	3
Japan	2,945	2,504	18	46	39	18	1
Russia	2,566	2,122	21	28	51	14	
South Korea	810	594	36	36	16	5	
Turkey	721	443	63	76	20	9	
Romania	893	635	41	42	28	9	
Croatia	704	608	16	18	13	2	
Singapore	613	409	50	54	6	4	
Bulgaria	264	121	118	122	11	7	
Latvia	130	36	261	264	3	1	
Malaysia	379	84	351	372	7	5	
Mexico	325	47	591	599	3	2	
Chile	276				1	1	
Lithuania	44				2	2	
Serbia	70				2	2	
Estonia	43				3	3	
Franchise	2,394	1,914	25	24	110	22	
Total	150,090	140,948	6	9	3,132	399	43

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Fourth quarter, 1 September - 30 November

COUNTRY	SEK m	SEK m	Change in %		No. of stores 30 Nov 2013	New stores	Closed stores
	Q4-2013	Q4-2012	SEK	Local currency			
Sweden	2,184	2,067	6	6	177	3	6
Norway	1,405	1,452	-3	3	114	2	
Denmark	1,272	1,145	11	9	97	2	1
United Kingdom	3,044	2,805	9	11	245	12	2
Switzerland	1,524	1,518	0	0	87	2	
Germany	8,836	8,012	10	7	418	8	2
Netherlands	1,940	1,799	8	6	130	1	
Belgium	941	865	9	7	73	2	1
Austria	1,356	1,275	6	4	72	3	1
Luxembourg	107	97	10	8	10		
Finland	644	600	7	5	58	4	1
France	3,093	2,727	13	11	197	7	
USA	3,920	3,346	17	20	305	28	1
Spain	1,667	1,450	15	13	156	4	1
Poland	895	800	12	11	122	8	
Czech Republic	237	217	9	12	38	2	
Portugal	255	207	23	21	27	1	
Italy	1,723	1,385	24	23	116	6	
Canada	824	861	-4	3	66	3	
Slovenia	134	133	1	-1	12		
Ireland	182	156	17	14	19	2	
Hungary	249	184	35	39	33	4	
Slovakia	105	98	7	5	13		
Greece	286	210	36	34	27		
China	1,957	1,608	22	22	205	35	
Japan	866	812	7	34	39	8	
Russia	649	585	11	19	51	8	
South Korea	243	192	27	22	16		
Turkey	248	122	103	126	20	4	
Romania	273	195	40	37	28	3	
Croatia	207	193	7	7	13		
Singapore	155	107	45	50	6	1	
Bulgaria	78	42	86	85	11	1	
Latvia	36	36	0	1	3	1	
Malaysia	112	84	33	42	7	3	
Mexico	101	47	115	121	3	2	
Chile	75				1		
Lithuania	37				2	1	
Serbia	65				2	1	
Estonia	43				3	3	
Franchise	642	498	29	28	110	9	
Total	42,610	37,930	12	13	3,132	184	16

FIVE YEAR SUMMARY**1 December - 30 November**

THE FINANCIAL YEAR	2013	2012	2011	2010	2009
Sales including VAT, SEK m	150,090	140,948	128,810	126,966	118,697
Sales excluding VAT, SEK m	128,562	120,799	109,999	108,483	101,393
Change from previous year, %	6	10	1	7	15
Change from previous year in local currencies, %	9	11	8	15	4
Operating profit, SEK m	22,168	21,754	20,379	24,659	21,644
Operating margin, %	17.2	18.0	18.5	22.7	21.3
Depreciation for the year, SEK m	4,191	3,705	3,262	3,061	2,830
Profit after financial items, SEK m	22,526	22,285	20,942	25,008	22,103
Profit after tax, SEK m	17,152	16,867	15,821	18,681	16,384
Liquid funds and short-term investments, SEK m	17,224	17,143	21,277	24,858	22,025
Stock-in-trade, SEK m	16,695	15,213	13,819	11,487	10,240
Equity, SEK m	45,248	43,835	44,104	44,172	40,613
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	10.36	10.19	9.56	11.29	9.90
Shareholders' equity per share, SEK*	27.34	26.49	26.65	26.69	24.54
Cash flow from current operations per share, SEK*	14.40	11.42	10.53	13.19	10.86
Dividend per share, SEK	9.50**	9.50	9.50	9.50	8.00
Return on shareholders' equity, %	38.5	38.4	35.8	44.1	42.2
Return on capital employed, %	50.2	50.3	47.1	58.7	56.7
Share of risk-bearing capital, %	73.0	76.1	74.9	76.2	78.5
Equity/assets ratio, %	68.9	72.8	73.3	74.6	74.7
Total number of stores	3,132	2,776	2,472	2,206	1,988
Average number of employees	81,099	72,276	64,874	59,440	53,476

* Before and after dilution. The number of shares has been adjusted for all periods because of the two-for-one share split carried out by H&M in 2010.

** Proposed by the Board of Directors.

Definition on key figures see page 9.

KEY RATIOS PER QUARTER

	2011				2012				2013			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Sales including VAT, SEK m	28,708	32,400	31,511	36,191	32,503	36,947	33,568	37,930	33,146	36,923	37,411	42,610
Sales excluding VAT, SEK m	24,503	27,632	26,912	30,952	27,832	31,658	28,806	32,502	28,392	31,635	32,040	36,495
Change from previous year, %	-1	2	0	4	14	15	7	5	2	0	11	12
Operating profit, SEK m	3,408	5,599	4,707	6,665	3,526	6,893	4,802	6,533	3,130	6,023	5,755	7,260
Operating margin, %	13.9	20.3	17.5	21.5	12.7	21.8	16.7	20.1	11.0	19.0	18.0	19.9
Depreciation for the period, SEK m	808	826	831	797	911	929	921	944	1,030	1,020	1,056	1,079
Profit after financial items, SEK m	3,538	5,752	4,850	6,802	3,701	7,053	4,895	6,636	3,234	6,125	5,830	7,337
Profit after tax, SEK m	2,618	4,257	3,589	5,357	2,739	5,219	3,622	5,287	2,458	4,655	4,431	5,608
Liquid assets*, SEK m	24,355	15,207	16,895	21,277	22,029	13,543	13,552	17,143	18,959	9,061	10,953	17,224
Stock-in-trade, SEK m	10,822	10,414	13,310	13,819	12,397	11,299	13,501	15,213	13,825	12,667	15,329	16,695
Equity, SEK m	45,587	33,946	38,214	44,104	45,852	36,516	38,275	43,835	45,625	34,747	39,203	45,248
Earnings per share, SEK**	1.58	2.57	2.17	3.24	1.65	3.15	2.19	3.19	1.49	2.81	2.68	3.39
Equity per share, SEK**	27.54	20.51	23.09	26.65	27.70	22.06	23.13	26.49	27.57	20.99	23.69	27.34
Cash flow from current operations per share, SEK**	0.46	4.70	1.62	3.75	1.34	5.11	1.43	3.54	2.28	4.50	2.27	5.35
Share of risk-bearing capital, %	81.4	73.0	72.9	74.9	79.1	73.5	74.0	76.1	78.4	73.2	73.4	73.0
Equity/assets ratio, %	79.9	71.3	71.4	73.3	77.6	71.5	72.3	72.8	75.1	69.2	69.9	68.9
Total number of stores	2,212	2,297	2,325	2,472	2,491	2,575	2,629	2,776	2,818	2,908	2,964	3,132
Rolling 12 months												
Earnings per share, SEK**	10.61	10.03	9.64	9.56	9.63	10.21	10.23	10.19	10.02	9.68	10.17	10.36
Return on shareholders' equity, %	39.3	47.4	41.1	35.8	34.9	48.0	44.3	38.4	36.3	45.0	43.4	38.5
Return on capital employed, %	52.3	63.0	54.6	47.1	45.8	63.0	58.2	50.3	47.3	58.0	55.8	50.2
Stock-in-trade in % of turnover	10.0	9.6	12.2	12.6	10.9	9.6	11.3	12.6	11.4	10.4	12.3	13.0

* Liquid funds and short-term investments

** Before and after dilution.

Definitions on key figures see page 9.

SEGMENT REPORTING (SEK m)

1 December - 30 November

	2013	2012
Asia and Oceania		
External net sales	12,844	10,191
Operating profit	1,916	1,634
Operating margin, %	14.9	16.0
Assets excluding tax receivables	5,221	3,857
Liabilities excluding tax liabilities	626	495
Investments	1,163	918
Depreciation	348	242
Europe		
External net sales	99,492	95,816
Operating profit	5,929	3,450
Operating margin, %	6.0	3.6
Assets excluding tax receivables	33,965	31,341
Liabilities excluding tax liabilities	8,404	7,370
Investments	4,034	3,776
Depreciation	2,828	2,603
North and South America		
External net sales	16,226	14,792
Operating profit	407	325
Operating margin, %	2.5	2.2
Assets excluding tax receivables	7,006	5,292
Liabilities excluding tax liabilities	2,202	1,572
Investments	1,829	1,269
Depreciation	724	601
Group Functions		
Net sales to other segments	60,448	69,047
Operating profit	13,916	16,345
Operating margin, %	23.0	23.7
Assets excluding tax receivables	18,117	17,582
Liabilities excluding tax liabilities	5,677	4,950
Investments	1,001	864
Depreciation	291	259
Eliminations		
Net sales to other segments	-60,448	-69,047
Total		
External net sales	128,562	120,799
Operating profit	22,168	21,754
Operating margin, %	17.2	18.0
Assets excluding tax receivables	64,309	58,072
Liabilities excluding tax liabilities	16,909	14,387
Investments	8,027	6,827
Depreciation	4,191	3,705

In order to better reflect the company's current geographical spread, with effect from 2013 reporting will be divided into the following three segments: Asia and Oceania, Europe and North & South America. The parent company and other subsidiaries with no external sales are reported in a separate Group-wide segment.

PARENT COMPANY INCOME STATEMENT (SEK m)

Full year, 1 December - 30 November

Fourth quarter, 1 September - 30 November

	2013	2012	Q4 2013	Q4 2012
External sales excluding VAT	35	30	30	25
Internal sales excluding VAT*	7,845	7,271	2,212	1,976
GROSS PROFIT	7,880	7,301	2,242	2,001
Selling expenses	-2,699	-2,788	-903	-966
Administrative expenses	-4,259	-3,281	-1,439	-862
OPERATING PROFIT	922	1,232	-100	173
Dividend from subsidiaries	16,039	14,518	15,014	12,858
Interest income	63	139	22	34
Interest expense	-9	-1	-7	-1
PROFIT AFTER FINANCIAL ITEMS	17,015	15,888	14,929	13,064
Year-end appropriations	-1,020	-328	-1,020	-328
Tax	-50	-255	229	51
PROFIT FOR THE PERIOD	15,945	15,305	14,138	12,787

* Includes royalty received from Group companies.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

Full year, 1 December - 30 November

Fourth quarter, 1 September - 30 November

	2013	2012	Q4 2013	Q4 2012
PROFIT FOR THE PERIOD	15,945	15,305	14,138	12,787
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	15,945	15,305	14,138	12,787

PARENT COMPANY BALANCE SHEET (SEK m)

30 November

ASSETS	2013	2012
FIXED ASSETS		
Tangible fixed assets		
Buildings and land	56	47
Equipment, tools, fixture and fittings	446	412
	502	459
Financial fixed assets		
Shares and participation rights	588	588
Receivables from subsidiaries	733	950
Long-term receivables	13	13
Deferred tax receivables	47	51
	1,381	1,602
TOTAL FIXED ASSETS	1,883	2,061
CURRENT ASSETS		
Current receivables		
Receivables from subsidiaries	12,107	12,412
Tax receivables	-	300
Other receivables	33	43
Prepaid expenses	23	25
	12,163	12,780
Short-term investments	3,304	2,993
Liquid funds	1,324	305
TOTAL CURRENT ASSETS	16,791	16,078
TOTAL ASSETS	18,674	18,139

PARENT COMPANY BALANCE SHEET (SEK m)

30 November

EQUITY AND LIABILITIES

	2013	2012
EQUITY		
Restricted equity		
Share capital	207	207
Restricted reserves	88	88
	295	295
Non-restricted equity		
Retained earnings	607	1,026
Profit for the year	15,945	15,305
	16,552	16,331
TOTAL EQUITY	16,847	16,626
UNTAXED RESERVES	454	456
Long-term liabilities		
Provisions for pensions	213	229
Current liabilities*		
Accounts payable	424	224
Tax liabilities	27	-
Other liabilities	350	324
Accrued expenses and prepaid income	359	280
	1,160	828
TOTAL LIABILITIES	1,373	1,057
TOTAL EQUITY AND LIABILITIES	18,674	18,139
Pledged assets	-	-
Contingent liabilities	12,034	8,376

* No current liabilities are interest-bearing.