H&M Hennes & Mauritz AB

PRESS CONFERENCE 21 MARCH 2013

THREE-MONTH REPORT

KARL-JOHAN PERSSON
MANAGING DIRECTOR

NILS VINGE
INVESTOR RELATIONS MANAGER

HELENA HELMERSSON
SUSTAINABILITY MANAGER

CATARINA MIDBY
TREND COORDINATOR
FIRST QUARTER 2013

- Continued challenging for the fashion retail industry in many of H&M’s markets
- Sales increased by 6 percent in local currencies
- Long-term investments
  - online and IT
  - & Other Stories
  - broadening of the product range, for example the sports concept
- Cost control remains good

FINANCIAL DATA
## SALES AND PROFITS

**FIRST QUARTER**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales including VAT</strong></td>
<td>33,146</td>
<td>32,503</td>
</tr>
<tr>
<td><strong>Sales excluding VAT</strong></td>
<td>28,392</td>
<td>27,832</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>15,679</td>
<td>15,537</td>
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<tr>
<td><strong>Gross margin, %</strong></td>
<td>55.2</td>
<td>55.8</td>
</tr>
<tr>
<td><strong>Selling and administrative expenses</strong></td>
<td>-12,549</td>
<td>-12,011</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>3,130</td>
<td>3,526</td>
</tr>
<tr>
<td><strong>Operating margin, %</strong></td>
<td>11.0</td>
<td>12.7</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>104</td>
<td>175</td>
</tr>
<tr>
<td><strong>Profit after financial items</strong></td>
<td>3,234</td>
<td>3,701</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-776</td>
<td>-962</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>2,458</td>
<td>2,739</td>
</tr>
<tr>
<td><strong>Earnings per share (SEK)</strong></td>
<td>1.49</td>
<td>1.65</td>
</tr>
</tbody>
</table>

## KEY DATA

<table>
<thead>
<tr>
<th></th>
<th>28 Feb 2013</th>
<th>29 Feb 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stock-in-trade</strong></td>
<td>13,825</td>
<td>12,397</td>
</tr>
<tr>
<td><strong>Cash flow from current operations</strong></td>
<td>3,777</td>
<td>2,218</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>1,635</td>
<td>1,134</td>
</tr>
<tr>
<td><strong>Liquid funds and short-term investments</strong></td>
<td>18,959</td>
<td>22,029</td>
</tr>
<tr>
<td><em><em>Return on equity</em>, %</em>*</td>
<td>36.3</td>
<td>34.9</td>
</tr>
</tbody>
</table>

* rolling 12 months
STOCK-IN-TRADE / SALES

% 

0 5 10 15 20


EXPANSION

- 42 new stores net in Q1
  - 2,818 stores in 48 countries
- Increased expansion pace to approx. 350 new stores net for 2013
- Five new markets 2013
  - Chile, Estonia, Lithuania, Serbia and via franchise Indonesia
- H&M opens in Australia in 2014
- The other brands continue to expand
& OTHER STORIES

- Fantastic reception at the launch
  - first store opened in London 8 March
  - and in Copenhagen 15 March
  - shop online on stories.com opened
  - 8 March in ten European countries
  - sales have exceeded our high expectations
- First store in Sweden opens 22 March
  - in Stockholm
- Openings in Barcelona, Berlin, Milan
  - and Paris to follow in spring 2013

H&M SPORT

- New, extended sports concept for
  - women, men and children at the
  - beginning of 2014
- Wide range of sportswear in functional
  - materials, suited for various kinds of
  - sports activities
- To be launched in H&M’s online markets
  - and selected stores
  - stores in approx. 15 countries to
  - start with
H&M – world’s largest user of organic cotton.

Today 11.4 percent of H&M’s cotton comes from more sustainable sources:
- 7.8 percent organic cotton
- 3.6 percent Better Cotton

Better Cotton plays a key role:
- reduces the use of water and chemicals
- train farmers on better farming techniques
CLOSING THE TEXTILE LOOP

- H&M - first fashion company to launch a global garment collecting initiative
- Goal with the initiative:
  - easy solution for consumers to hand in clothes
  - in the long run upcycle collected textiles to new clothes and help close the textile loop

WATER

- Ensure responsible usage of water throughout the value chain
  - educate suppliers on water techniques, saved about 450 million litres of water in 2012
  - three year partnership with WWF
**SOCIAL DEVELOPMENT**

- Contribute to better lives for millions of people and development of communities
  - close collaborations with business partners
  - invest in communities
- Compliance with the Code of Conduct continues to increase among suppliers
  - ICoC index increased from 76.5% in 2011 to 78.4% in 2012

**WORKING CONDITIONS**

- Improve working conditions for textile workers
  - work closely with suppliers, their workers, other big buyers and policy-makers
  - meeting with the Prime Minister of Bangladesh
- Educated 570,821 textile workers on their rights since 2008
SUPPLIER FACTORY LIST

- One of the first and largest fashion companies to go public with supplier factory list
  - available on H&M’s website
  - contribute to a more transparent and more sustainable fashion industry

CONSCIOUS EXCLUSIVE