• KARL-JOHAN PERSSON
  CEO
• JYRKI TERVONEN
  CFO
• NILS VINGE
  INVESTOR RELATIONS
SECOND QUARTER 2018
IN BRIEF

• Rapidly changing industry
• H&M group continues fast-paced transformation work
  – to become more customer driven, efficient and flexible
• Transitions to new logistics systems
  – caused temporary interruptions in important markets
• Positive signals from ongoing improvement work and investments
SALES

SEK m incl VAT

Q2
△ + 2%
59,538
60,463

Six months
△ + 0%
113,907
114,017

△ + 0%
GROSS PROFIT AND GROSS MARGIN

Gross profit SEK m

Q2
- 2017: 29,345 (57.1%)
- 2018: 29,164 (56.1%)

Six months
- 2017: 53,811 (54.7%)
- 2018: 52,204 (53.2%)
SELLING AND ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Q2</th>
<th>Six months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>21,695</td>
<td>23,157</td>
<td>43,002</td>
</tr>
<tr>
<td>+ 7%</td>
<td></td>
<td>△ + 5%</td>
</tr>
<tr>
<td>20,000</td>
<td>30,000</td>
<td>44,989</td>
</tr>
</tbody>
</table>

SEK m

Q2 and Six months expenses comparison for the financial years 2017 and 2018.
PROFIT AFTER FINANCIAL ITEMS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>7,708</td>
<td>6,012</td>
</tr>
<tr>
<td></td>
<td>△ - 22%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Six months</td>
<td>10,920</td>
<td>7,275</td>
</tr>
<tr>
<td></td>
<td>△ - 33%</td>
<td></td>
</tr>
</tbody>
</table>

$\text{SEK m}$
# SALES AND PROFITS

## SECOND QUARTER

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEK m</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>51,984</td>
<td>51,383</td>
</tr>
<tr>
<td>Gross profit</td>
<td>29,164</td>
<td>29,345</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>gross margin, %</em></td>
<td>56.1</td>
<td>57.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>6,007</td>
<td>7,650</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>operating margin, %</em></td>
<td>11.6</td>
<td>14.9</td>
</tr>
<tr>
<td>Net financial items</td>
<td>5</td>
<td>58</td>
</tr>
<tr>
<td>Profit after financial items</td>
<td>6,012</td>
<td>7,708</td>
</tr>
<tr>
<td>Tax</td>
<td>-1,374</td>
<td>-1,811</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>4,638</td>
<td>5,897</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Earnings per share, SEK</em></td>
<td>2.80</td>
<td>3.56</td>
</tr>
</tbody>
</table>
### KEY DATA

<table>
<thead>
<tr>
<th></th>
<th>31 May 2018</th>
<th>31 May 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock-in-trade</td>
<td>36,333</td>
<td>32,148</td>
</tr>
<tr>
<td>Cash flow from current operations</td>
<td>9,133</td>
<td>10,942</td>
</tr>
<tr>
<td>Investments</td>
<td>5,703</td>
<td>5,528</td>
</tr>
<tr>
<td>Cash and cash equivalents and short-term investments</td>
<td>11,107</td>
<td>10,655</td>
</tr>
<tr>
<td>Return on shareholders' equity, % *</td>
<td>26.5</td>
<td>37.7</td>
</tr>
</tbody>
</table>

* rolling twelve months
STOCK-IN-TRADE

31 May

SEK m

2017

2018

△ + 13%

32,148

36,333
Prioritize Action Areas

- Restlessly develop our brands – focusing on H&M
- Accelerate our key enablers
- New growth
- Good cost control and efficiencies
RESTLESSLY DEVELOP OUR BRANDS – FOCUSING ON H&M

- Improving the assortment
- Ongoing tests of new store concepts for H&M
- Convenient and inspiring experience online
- Continued integration of physical and digital stores
  - click-and-collect
  - online returns in store
  - online shopping in store
ACCELERATE OUR KEY ENABLERS

• Investments in supply chain, tech, advanced analytics and AI
• Promising indications from tests in several areas
  – personalisation
  – quantification and allocation
  – price management
  – trend forecasting
NEW GROWTH

• Develop and optimise the H&M group store portfolio
  - 240 new stores net planned for 2018
  - Bosnia-Herzegovina new H&M market 2019
• Broaden the assortment online
• Global online expansion continues
  - online today in 47 markets
  - H&M to open online in Mexico 2019
• External partners and social platforms
  - very good start for H&M on Tmall in mainland China
AFOUND

- Afound – new marketplace for off price
- Carefully selected, broad and varied range of products at bargain prices
  - hundreds of well-known fashion and life-style brands
  - external as well as H&M group brands
- Very successful launch in Sweden in June 2018
  - afound.com
  - stores in Stockholm and Malmö
MEET H&M HOME STYLIST