• KARL-JOHAN PERSSON
  CEO

• JYRKI TERVONEN
  CFO

• NILS VINGE
  INVESTOR RELATIONS
SALES

SEK m incl VAT

Q3
Nine months

2016
2017

△ + 5%
△ + 7%

56,802
161,767

59,383
173,290

0
25,000
50,000
75,000
100,000
125,000
150,000
175,000

△ Nine months

2016
2017

H&M
• Digitalisation changes fashion retail
  - rapid and profitable H&M group online growth
  - online accounts for 25-30% of sales in some established markets
• Six new H&M online markets and first H&M stores in three new markets successfully opened
• Continued very good development at COS, Monki, Weekday, & Other Stories and H&M Home
• Successful reception of new brand ARKET
GROSS PROFIT AND GROSS MARGIN

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>54.0%</td>
<td>51.4%</td>
</tr>
<tr>
<td>Nine months</td>
<td>54.6%</td>
<td>53.6%</td>
</tr>
<tr>
<td>Gross profit SEK m</td>
<td>26,471</td>
<td>26,350</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nine months</td>
<td>76,150</td>
<td>80,161</td>
</tr>
<tr>
<td>Gross profit SEK m</td>
<td>0</td>
<td>20,000</td>
</tr>
</tbody>
</table>

Graph showing:
- Gross Profit in SEK million for Q3 2016: 26,471 and Q3 2017: 26,350
- Gross Profit in SEK million for Nine months 2016: 76,150 and Nine months 2017: 80,161
- Gross Margin percentages for Q3 and Nine months for both years.
SELLING AND ADMINISTRATIVE EXPENSES

Q3

- 2016: SEK 20,224
- 2017: SEK 21,411
- Increase: +6%

Nine months

- 2016: SEK 59,681
- 2017: SEK 64,413
- Increase: +8%
PROFIT AFTER FINANCIAL ITEMS

<table>
<thead>
<tr>
<th></th>
<th>2016 SEK m</th>
<th>2017 SEK m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>6,301</td>
<td>5,016</td>
<td>- 20%</td>
</tr>
<tr>
<td>Nine months</td>
<td>16,630</td>
<td>15,936</td>
<td>- 4%</td>
</tr>
</tbody>
</table>
### SALES AND PROFITS

#### THIRD QUARTER

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>51,229</td>
<td>48,982</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>26,350</td>
<td>26,471</td>
</tr>
<tr>
<td><strong>gross margin, %</strong></td>
<td>51.4</td>
<td>54.0</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>4,939</td>
<td>6,247</td>
</tr>
<tr>
<td><strong>operating margin, %</strong></td>
<td>9.6</td>
<td>12.8</td>
</tr>
<tr>
<td><strong>Net financial items</strong></td>
<td>77</td>
<td>54</td>
</tr>
<tr>
<td><strong>Profit after financial items</strong></td>
<td>5,016</td>
<td>6,301</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-1,179</td>
<td>-1,481</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>3,837</td>
<td>4,820</td>
</tr>
<tr>
<td><strong>Earnings per share, SEK</strong></td>
<td>2.32</td>
<td>2.91</td>
</tr>
</tbody>
</table>
STOCK-IN-TRADE

<table>
<thead>
<tr>
<th>Date</th>
<th>SEK m</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 August</td>
<td>31,231</td>
</tr>
<tr>
<td></td>
<td>△ + 8%</td>
</tr>
<tr>
<td></td>
<td>33,583</td>
</tr>
</tbody>
</table>

2016: 31,231
2017: 33,583

H&M
<table>
<thead>
<tr>
<th></th>
<th>31 Aug 2017</th>
<th>31 Aug 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock-in-trade</td>
<td>33,583</td>
<td>31,231</td>
</tr>
<tr>
<td>Cash flow from current operations</td>
<td>16,239</td>
<td>17,549</td>
</tr>
<tr>
<td>Investments</td>
<td>8,611</td>
<td>9,288</td>
</tr>
<tr>
<td>Cash and cash equivalents and short-term investments</td>
<td>9,665</td>
<td>8,680</td>
</tr>
<tr>
<td>Return on shareholders' equity, % *</td>
<td>33.3</td>
<td>34.4</td>
</tr>
</tbody>
</table>

* rolling twelve months
SEAMLESS SHOPPING WITH OMNI CHANNEL

• Integration of physical stores and online store
  – for a seamless shopping experience
• Omni features
  – click & collect, online returns in store, mobile payments, scan & buy, store stock status
  – improvements, roll-outs and testing ongoing
OUR ONLINE STORES

• Broadening the assortment
• Develop functions and capabilities
  – navigation, check-out, personalisation
  – #HM Gallery and My Style
  – image recognition in H&M mobile app
• Improving delivery services
  – more and faster options, same-day and time-slot deliveries tested
• H&M group online sales estimated to grow at least 25% per year going forward
EXPANSION AND OPTIMISATION

• Eight new H&M online markets 2017
  – online shopping in 43 markets by year-end
• First H&M stores in Kazakhstan, Colombia, Iceland, Vietnam and Georgia open 2017
• Store portfolio optimisation: renegotiation, rebuilds, relocations, adjustment of store space and closures
  – 90 closures, 385 new stores net planned in 2017
• First stores in Uruguay and Ukraine to open in 2018
• India one of H&M’s new online markets 2018
• Plan for online in all store markets as well as in additional markets in the future
PRODUCT DEVELOPMENT AND SUPPLY CHAIN

- Advanced analytics enable improvements in quantification, allocation, pricing, design and personalised communication

- New technology to improve purchasing methods
  - shorter lead times and increased precision in planning the assortment

- Faster lead times, a more efficient supply chain and more purchases in season
  - offer great opportunities to reduce inventory levels in the future
NEW BRANDS

• We develop, launch and build global brands
  – important part of the H&M group’s growth strategy
• Eight unique brands
  – H&M, COS, & Other Stories, Cheap Monday, Monki, Weekday, H&M Home and ARKET
• ARKET opened online in 18 European markets and with stores in London, Copenhagen and Brussels
  – Munich to open autumn 2017
  – Stockholm and Amsterdam to open spring 2018
• Plan for yet another new brand to be launched 2018