



H & M Hennes & Mauritz AB

CONFERENCE CALL 27 SEPTEMBER 2018

NINE-MONTH REPORT 2018

H&M COS WEEKDAY  MONKL *H&M HOME* *& other Stories* ARKET AFOUND



- **KARL-JOHAN PERSSON**

CEO

- **JYRKI TERVONEN**

CFO

- **NILS VINGE**

INVESTOR RELATIONS





THIRD QUARTER 2018

- H&M group transformation work continues
 - gradually improved sales, increased market share in most markets
- Sales +9% to SEK 64.8 billion incl VAT
 - increase +4% in local currencies
- Problems related to implementation of new logistics systems
 - negative effect on sales in some markets
 - extraordinary costs of approx. SEK 400 million
- Group online sales +32% in SEK

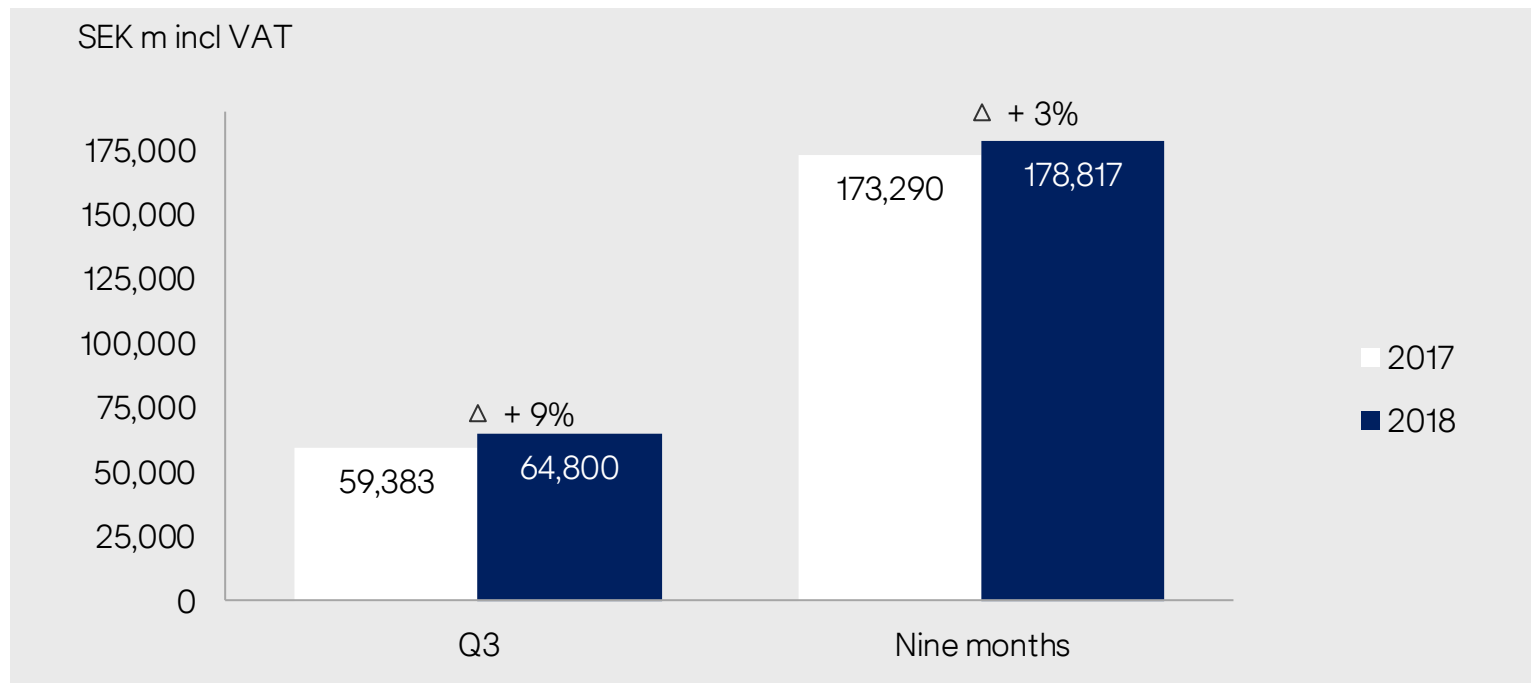


FINANCIAL DATA



H&M

SALES



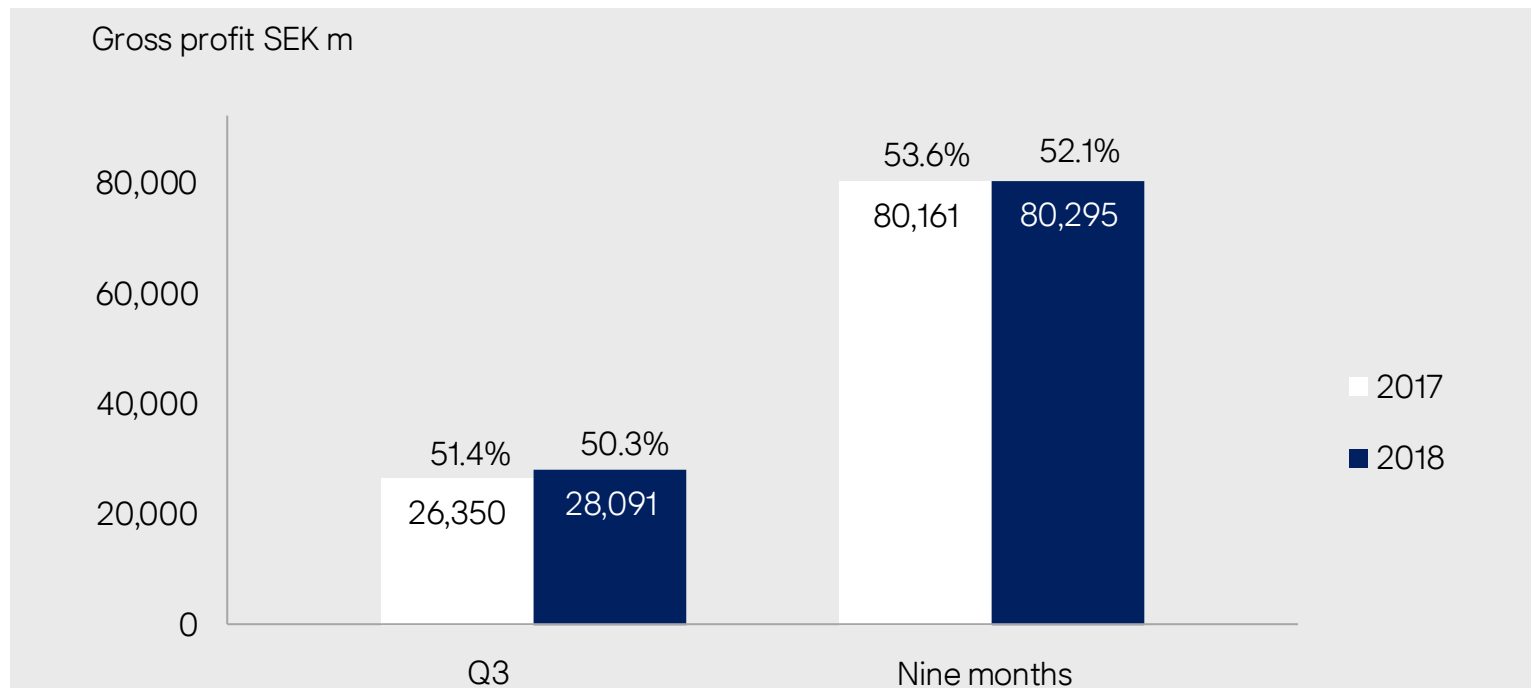
SALES IN 10 LARGEST MARKETS

THIRD QUARTER

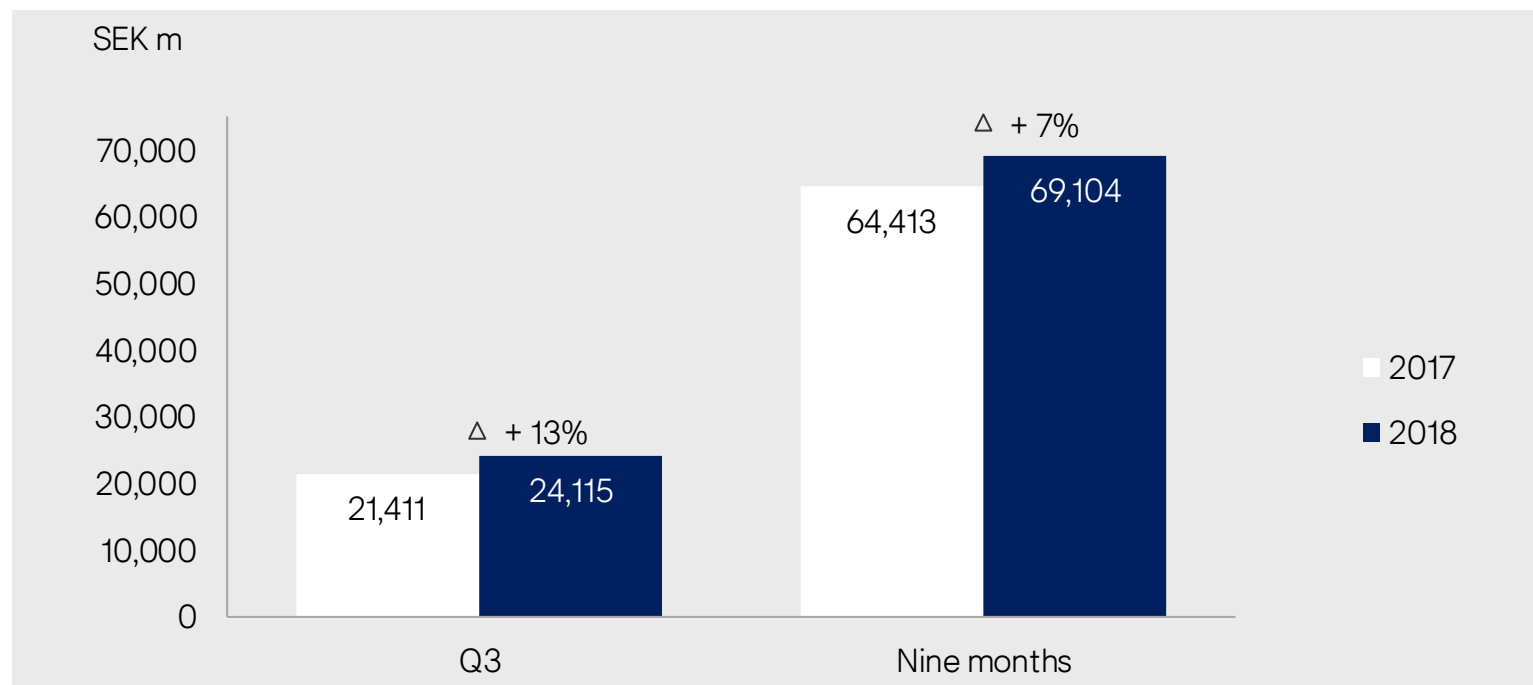
	Q3 - 2018	Q3 - 2017	Change in %	
	SEK m incl VAT		SEK	Local curr
Germany	9,851	8,748	13	6
USA	6,869	7,198	-5	-10
UK	4,330	3,726	16	9
France	3,749	3,752	0	-7
China	3,225	2,660	21	13
Sweden	2,821	2,619	8	8
Spain	2,490	2,265	10	3
Italy	2,319	2,301	1	-6
Netherlands	2,038	1,873	9	3
Russia	2,015	1,671	21	24
Others	25,093	22,570	11	7
Total	64,800	59,383	9	4



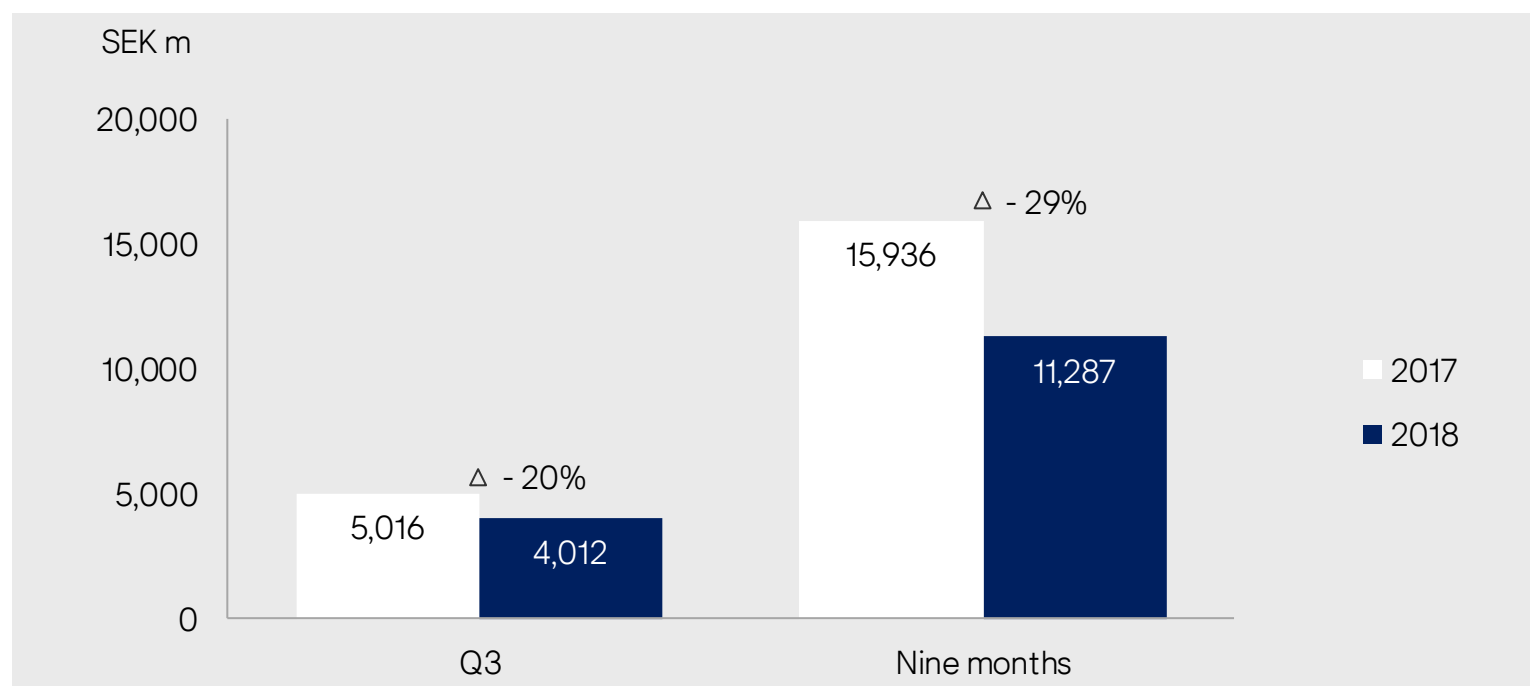
GROSS PROFIT AND GROSS MARGIN



SELLING AND ADMINISTRATIVE EXPENSES



PROFIT AFTER FINANCIAL ITEMS



SALES AND PROFITS

THIRD QUARTER

SEK m	2018	2017
Net sales	55,821	51,229
Gross profit	28,091	26,350
<i>gross margin, %</i>	50.3	51.4
Operating profit	3,976	4,939
<i>operating margin, %</i>	7.1	9.6
Net financial items	36	77
Profit after financial items	4,012	5,016
Tax	-913	-1,179
Profit for the period	3,099	3,837
<i>Earnings per share, SEK</i>	1.87	2.32



KEY DATA

SEK m	31 Aug 2018	31 Aug 2017
Stock-in-trade	38,719	33,583
Cash flow from current operations	14,920	16,239
Investments	8,505	8,611
Cash and cash equivalents and short-term investments	13,963	9,665
Return on shareholders' equity, % *	23.9	33.3

* rolling twelve months





STRATEGIC FOCUS AREAS

- Best customer experience
- Fast and flexible product flow
- New growth



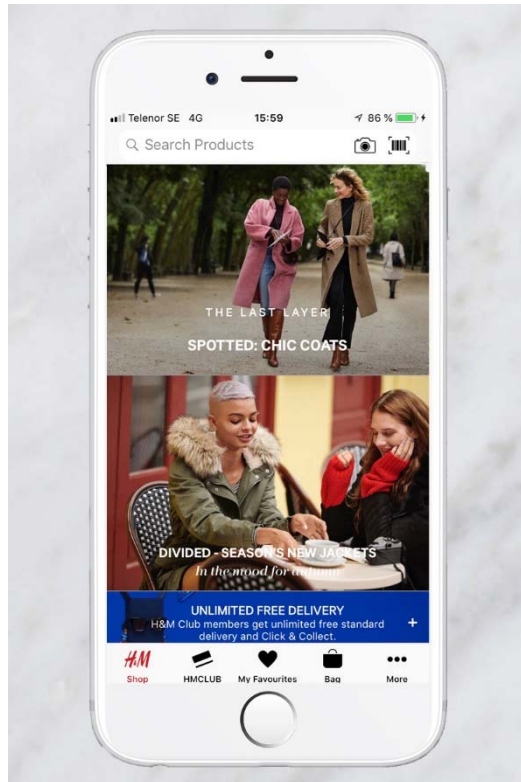


BEST CUSTOMER EXPERIENCE

– ASSORTMENT

- Develop the assortment of all our brands
 - ever-increasing customer expectations
- H&M highest priority
 - fashion and quality at the best price, in a sustainable way

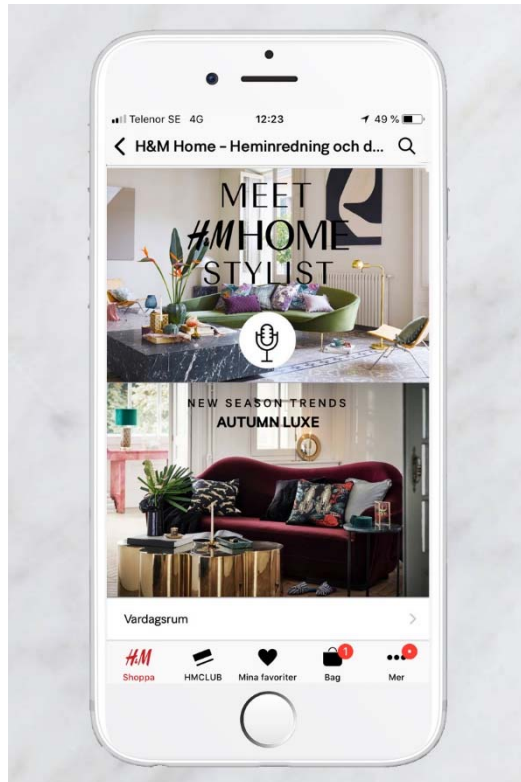




BEST CUSTOMER EXPERIENCE – SHOPPING EXPERIENCE

- Improving shopping experience across channels
- Localised product selection, display and image
 - scaling up to selected H&M stores
- Self-service check-out
 - test at H&M full-concept store in Sweden
- H&M online
 - improved filters, size recommendations and personalised product feeds
 - improved payment options and delivery times





BEST CUSTOMER EXPERIENCE

– STORE AND ONLINE INTEGRATION

- Continued integration of store and online
 - roll-out continues of click&collect and online returns in store
- Digital features for a richer, more relevant shopping experience across channels
 - in-store mode
 - find-in-store
 - H&M Home voice stylist





FAST AND FLEXIBLE PRODUCT FLOW

- Investments in supply chain to become faster, more flexible and more efficient
 - advanced analytics and AI enable improvements in quantification and allocation
 - optimised logistics network and increased automation
- New logistics systems enable increased integration of store and online
- Global roll-out of RFID continues





NEW GROWTH

- Plan to offer online in all existing store markets and other markets
 - H&M to open online in Mexico and Egypt (franchise) in 2018/19
 - global online roll-out continues
- COS to open online in China and on Tmall in 2018
- Focus on emerging markets for H&M store expansion
- Store portfolio optimisation continues
 - 240 new stores net planned for 2018



H&M

H & M Hennes & Mauritz AB

H&M COS WEEKDAY  MONKI H&M HOME *& other stories* ARKET AFOUND