



H & M Hennes & Mauritz AB

Nine-month report

Nine months 2017

SEK 173 billion

Sales incl VAT

Nine months (1 December 2016 – 31 August 2017)

- The H&M group's sales including VAT increased by 7 percent to SEK 173,290 m (161,767) during the first nine months of the financial year. Sales excluding VAT amounted to SEK 149,597 m (139,547), an increase of 7 percent. In local currencies sales increased by 4 percent.
- Profit after financial items amounted to SEK 15,936 m (16,630). The group's profit after tax amounted to SEK 12,191 m (12,722), corresponding to SEK 7.37 (7.69) per share.

Third quarter (1 June 2017 – 31 August 2017)

- The H&M group's sales including VAT increased by 5 percent to SEK 59,383 m (56,802) during the third quarter. Sales excluding VAT amounted to SEK 51,229 m (48,982), an increase of 5 percent. In local currencies sales increased by 4 percent.
- Gross profit amounted to SEK 26,350 m (26,471), corresponding to a gross margin of 51.4 percent (54.0).
- Profit after financial items amounted to SEK 5,016 m (6,301). The group's profit after tax amounted to SEK 3,837 m (4,820), corresponding to SEK 2.32 (2.91) per share. Profit development is mostly explained by large markdowns in order to give the autumn garments the best possible conditions for the new season.
- Continued rapid and profitable growth of the group's online sales, which in some established markets already account for 25 to 30 percent of total sales.
- COS, & Other Stories, Monki, Weekday and H&M Home had a continued very good development.
- Successful reception of the new brand ARKET in London as well as online in 18 markets.

- H&M's online store will open in a further two markets in 2017 - the Philippines and Cyprus - in addition to the six online markets that have already opened in 2017. The roll-out of online markets will continue during 2018 with among others India. The plan is to offer e-commerce in all of the store markets in the future as well as in other markets.
- Successful openings of the first stores in the new H&M markets of Kazakhstan, Colombia, Iceland and Vietnam. Georgia will open later this autumn. New H&M store markets planned for 2018 are Uruguay and Ukraine.
- Continued investments with a digital focus. The group's online sales are estimated to grow by at least 25 percent per year going forward.



H&M Studio

	Q3		Nine months	
SEK m	2017	2016	2017	2016
Net sales	51,229	48,982	149,597	139,547
Gross profit	26,350	26,471	80,161	76,150
<i>gross margin, %</i>	<i>51.4</i>	<i>54.0</i>	<i>53.6</i>	<i>54.6</i>
Operating profit	4,939	6,247	15,748	16,469
<i>operating margin, %</i>	<i>9.6</i>	<i>12.8</i>	<i>10.5</i>	<i>11.8</i>
Net financial items	77	54	188	161
Profit after financial items	5,016	6,301	15,936	16,630
Tax	-1,179	-1,481	-3,745	-3,908
Profit for the period	3,837	4,820	12,191	12,722
Earnings per share, SEK	2.32	2.91	7.37	7.69

Definitions on key figures, see annual report 2016.

Q3

Comments by Karl-Johan Persson, CEO

“The fashion retail sector is growing and is in a period of extensive and rapid change as a result of ongoing digitalisation. The competitive landscape is being redrawn, new players are coming in and customers’ behaviour and expectations are changing, with an ever greater share of sales taking place online.

This shift is clearly reflected in our online sales, which continue to develop very well. However, our growing online sales did not fully compensate for reduced footfall to stores in several of our established markets, which has resulted in our total sales development not reaching our targets so far this year. This is of course something that we are not satisfied with and which, among other things, resulted in that we entered the third quarter with inventory levels that were too high.

Through our aggressive summer sale we succeeded in improving the inventory position. This contributed to the autumn collections getting off to a good start, although sales slowed somewhat towards the end of September. As always, however, sales should be viewed over a whole season.

We are continuing to develop our assortment within all our brands, while at the same time rapidly making the following investments in order to seize the opportunities that arise with the shift within the industry:

- **Omni-channel – continued integration and development of our online store and our physical stores.** We are continuing to improve the online store and are adding more and faster delivery options, while at the same time further broadening the range of products online. The physical store is increasingly being integrated with the online store for a more convenient shopping experience. We are also testing out new store concepts for H&M, to offer our customers an even more inspiring store.
- **Expansion and optimisation** – in our established markets we are focusing on optimising the store portfolio through renegotiation, rebuilds and relocations, adjustment of store space and through closures. Overall we will be closing around 90 stores during the year, resulting in a net addition of approximately 385 new stores. We still see good potential for more physical stores primarily in many of our growth markets. In the year to date we have opened four new H&M store markets: Kazakhstan, Colombia, Iceland and most recently Vietnam. With Georgia which will open later this year, H&M will be present in 69 markets. This year we are also opening eight new H&M online markets, so that online shopping will be available in 43 markets by the end of the year. Next year we plan to continue our online expansion into further countries, including India. The plan is that in the future we will offer online shopping in all store markets as well as in other markets.
- **New technology, more efficient supply chain and changes in working methods** – advanced analytics offers opportunities to improve quantification, allocation, pricing, design and personalised communication. Technology is also enabling improved purchasing methods that allow shorter lead times and greater precision when planning the product range. Faster lead times, a more efficient supply chain and more purchases during the season provide us with great opportunities to achieve lower stock levels in future.
- **New brands** – the H&M group has several new brands that are growing rapidly and have great future potential. Our most recent brand ARKET was successfully launched in 18 European online markets and with stores in London, Copenhagen and Brussels. Creating and launching new brands is an important part of our growth strategy, and next year we plan to launch another new brand.

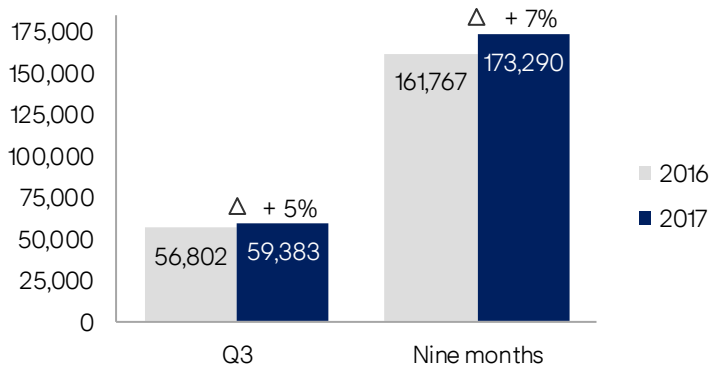
We are looking forward to our capital markets day in February 2018, at which we will have the opportunity to tell more about how we are addressing the significant changes taking place in the industry and how we will further strengthen our position going forward.”



ARKET

Sales

SEK m incl VAT



Sales including VAT increased by 5 percent to SEK 59,383 m (56,802) in the third quarter. Sales including VAT in the nine-month period increased by 7 percent and amounted to SEK 173,290 m (161,767). In local currencies H&M group's sales including VAT increased by 4 percent in the third quarter and by 4 percent in the nine-month period.

Sales excluding VAT increased by 5 percent to SEK 51,229 m (48,982) in the third quarter and by 7 percent to SEK 149,597 m (139,547) in the nine-month period.

The difference between the sales increase in SEK and in local currencies is due to how the Swedish krona has developed against the overall basket of currencies in the group compared to the same period last year.

Currency translation effects arise when sales and profits in local currencies are translated into the company's reporting currency, which is SEK. A negative currency translation effect arises when the Swedish krona strengthens and a positive currency translation effect arises when the Swedish krona weakens.



H&M Man

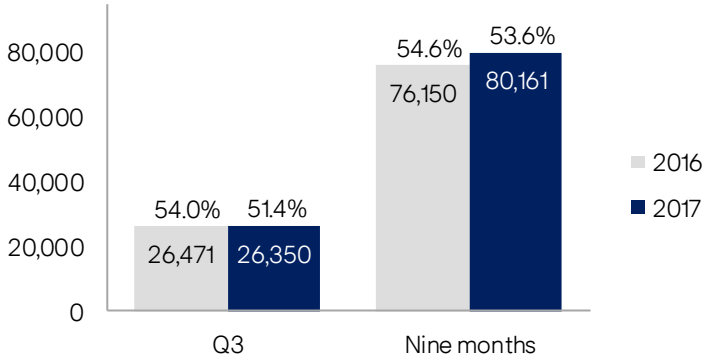
Sales in top ten markets, nine months

	2017	2016	Change in %		31 Aug - 17	2017
	SEK m inc. VAT	SEK m inc. VAT	SEK	Local currency	Number of stores	New stores (net)
Germany	27,310	26,877	2	-1	457	-2
USA	21,005	19,580	7	3	511	43
UK	10,876	11,052	-2	6	278	-3
France	10,337	10,023	3	0	236	-2
China	8,389	7,756	8	8	490	46
Sweden	7,626	7,481	2	2	172	-4
Italy	6,771	6,520	4	1	171	5
Spain	6,159	5,840	5	3	174	5
Netherlands	5,549	5,667	-2	-5	144	-1
Norway	4,640	4,327	7	2	126	-1
Others*	64,628	56,644	14	10	1,794	116
Total	173,290	161,767	7	4	4,553	202
<i>* Of which franchises</i>	<i>3,693</i>	<i>3,687</i>	<i>0</i>	<i>-5</i>	<i>209</i>	<i>21</i>

Gross profit and gross margin

H&M's gross profit and gross margin are a result of many different factors, internal as well as external, and are mostly affected by the decisions that H&M takes 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.

Gross profit SEK m



Gross profit amounted to SEK 26,350 m (26,471) in the third quarter, corresponding to a gross margin of 51.4 percent (54.0). For the nine-month period, gross profit increased by 5 percent to SEK 80,161 m (76,150), corresponding to a gross margin of 53.6 percent (54.6).

Markdowns in relation to sales increased by 2.8 percentage points in the third quarter 2017 compared to the corresponding quarter in 2016. This summer's aggressive markdowns were made due to opening stock levels being too high and to give the best possible conditions for the newly arrived autumn garments. The summer sale has resulted in an improved inventory position.

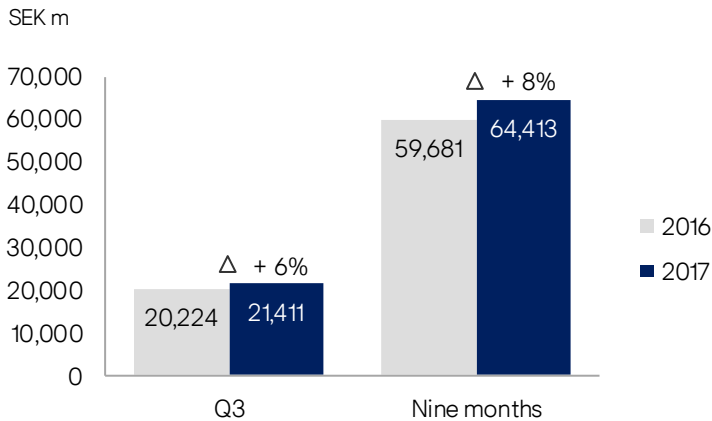
Overall, the market situation as regards external factors such as purchasing currencies and raw materials was slightly negative during the purchasing period for the third quarter compared to the corresponding purchasing period in the previous year.

For purchases made for the fourth quarter 2017, the overall market situation for the external factors is also considered slightly negative compared to the corresponding purchasing period the previous year. As the US-dollar weakens the purchasing conditions become more favourable.



H&M Home

Selling and administrative expenses



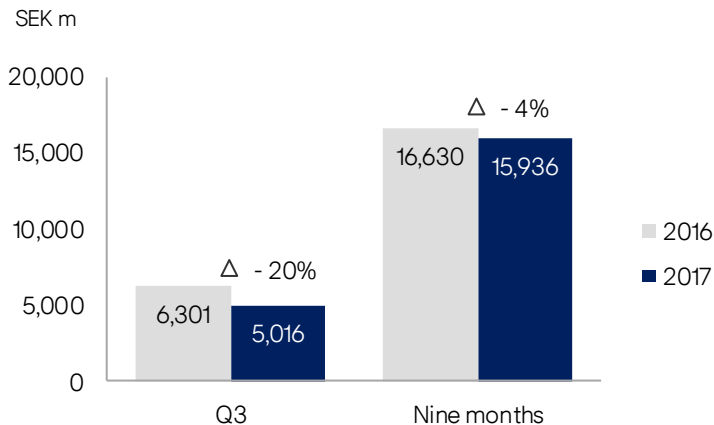
Cost control in the group remains very good. In the third quarter 2017, selling and administrative expenses increased by 6 percent in SEK as well as in local currencies compared to the third quarter last year. To manage the large markdown volumes in the quarter, additional hours were required both in stores and replenishment warehouses, which meant that selling and administrative expenses increased somewhat more than sales.

For the nine-month period, selling and administrative expenses increased by 8 percent in SEK and by 6 percent in local currencies compared to the corresponding period last year.



& Other Stories

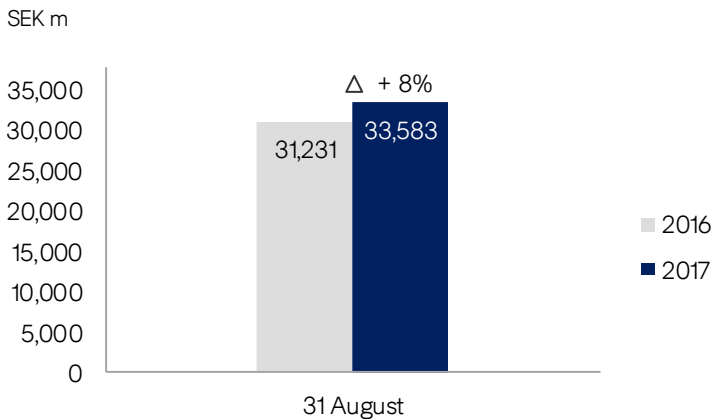
Profit after financial items



Profit after financial items in the third quarter amounted to SEK 5,016 m (6,301), a decrease of 20 percent. Profit after financial items in the nine-month period amounted to SEK 15,936 m (16,630).

Profit development in the third quarter is mainly explained by increased markdown expenses to improve the inventory position. Profit after financial items was also affected by a dampened sales increase due to the significant markdown activities.

Stock-in-trade



Stock-in-trade amounted to SEK 33,583 m (31,231), an increase of 8 percent in SEK compared to the same point of time last year. Currency adjusted the increase was 4 percent.

This summer's aggressive markdowns have resulted in an improved inventory position and good possibilities for the newly arrived autumn garments.

The stock-in-trade amounted to 33.5 percent (34.2) of total assets and 16.6 percent (16.6) of sales excluding VAT rolling twelve months.

As a result of faster lead times, more efficient supply chain and more purchases during the season, there is a great potential to achieve lower inventory levels in future.

Expansion

The growth target of the H&M group is to increase sales in local currencies by 10 – 15 percent per year with continued high profitability.

In spring 2017 H&M online stores were opened in further six new markets: Turkey, Taiwan, Hong Kong, Macau, Singapore and Malaysia, all of which have had a good start. The H&M online store is today available in 41 markets and with the addition of Cyprus and the Philippines, which will open later this autumn, the H&M online store will be available in 43 markets by the end of this year. Next year the online expansion will continue into further countries, including India. The plan is to offer e-commerce in the future in all store markets as well as in other markets.

New markets for H&M stores in 2017 are Kazakhstan, Colombia, Iceland, Vietnam and Georgia. During the spring the first H&M stores in Kazakhstan and Colombia were opened, and in the third quarter the first store in Reykjavik in Iceland. This was followed by a store opening in Ho Chi Minh City, Vietnam in September. All stores were very well received.

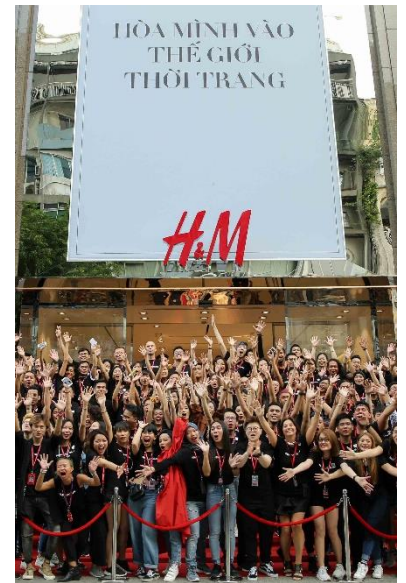
For full-year 2017 approximately 475 new physical stores are planned to open, with the focus primarily on growth markets. Most of the new stores in 2017 will be H&M stores, while approximately 70 will consist of the newer brands COS, & Other Stories, Monki, Weekday and ARKET.

ARKET got a great reception in August and September on the opening of its first stores in London (Regent Street and Covent Garden), Copenhagen and Brussels, and the launch of its online store in 18 European markets. During the year another opening will take place in Munich. In spring 2018 Stockholm and Amsterdam will get their first ARKET stores.

H&M Home will also continue its rapid expansion, with approximately 60 new H&M Home shop-in-shops planned for 2017. The first standalone H&M Home stores are planned to open in 2018.

In parallel with the expansion the store portfolio is being optimised through renegotiation, rebuilds and relocations, adjustment of store space and through closures to continually ensure that the store portfolio is right for each market. As a part of this, approximately 90 stores will close, giving a net addition of around 385 new stores for full-year 2017.

Uruguay and Ukraine are set to become new H&M store markets in 2018.



H&M store opening, Vietnam

Brand	No. of markets 31 Aug - 2017		Expansion 2017
	Store	Online	New markets
H&M	67	41	Store: Kazakhstan*, Colombia*, Iceland*, Vietnam**, Georgia Online: Turkey*, Taiwan*, Hong Kong*, Macau*, Singapore*, Malaysia*, Philippines, Cyprus
COS	36	19	Store: Malaysia*, Israel (franchise)*, Slovenia* Online: South Korea**
Monki	13	19	-
Weekday	9	18	Store: France*, UK*
& Other Stories	15	14	Store: Ireland*, Finland*, South Korea*, United Arab Emirates (franchise)*
Cheap Monday	2	18	-
ARKET	1	18	Store: UK*, Belgium**, Denmark**, Germany Online: 18 markets*



COS

* Opened by 31 Aug - 2017

** Opened in September - 2017

Store count by brand

In the nine-month period, the group opened 269 (264) stores and closed 67 (53) stores, i.e. a net increase of 202 (211) new stores. The group had a total of 4,553 (4,135) stores as of 31 August 2017, of which 209 (176) are operated by franchise partners.

Brand	New Stores 2017 (net)		Total No of stores	
	Q3	Nine months	31 Aug - 2017	31 Aug - 2016
H&M	46	171	4,133	3,784
COS	6	21	215	177
Monki	0	-3	115	110
Weekday	1	2	30	23
& Other Stories	1	11	56	36
Cheap Monday	0	-1	3	5
ARKET	1	1	1	0
Total	55	202	4,553	4,135

Store count by region

Region	New Stores 2017 (net)		Total No of stores	
	Q3	Nine months	31 Aug - 2017	31 Aug - 2016
Europe & Africa	7	40	2,924	2,786
Asia & Oceania	30	109	986	799
North & South America	18	53	643	550
Total	55	202	4,553	4,135

Tax

The H&M group's tax rate is expected to be approximately 22.5 – 23.5 percent for the 2016/2017 financial year. In the first three quarters of this financial year an estimated tax rate of 23.5 percent have been used. The final outcome of the tax rate depends on the results of the group's various companies and the corporate tax rates in each country.

Financing

As communicated in conjunction with the three-month report on 30 March 2017, the H&M group signed a revolving credit facility (RCF) of EUR 700 m during the first quarter in order to increase financial flexibility. The RCF, which has not yet been drawn down, was signed on very good terms for a period of five years with an option to extend for a further two years.

Current quarter

The autumn collections have got off to a good start, although towards the end of September sales slowed somewhat. As always, however, sales should be viewed over a whole season.

Accounting principles

The group applies 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 2016 which are described in Note 1 – Accounting principles.

H & M Hennes & Mauritz AB's financial instruments consist of accounts receivable, other receivables, cash and cash equivalents, accounts payable, accrued trade payables, interest-bearing securities and currency derivatives. Currency derivatives are measured at fair value based on input data corresponding to level 2 of IFRS 13. As of 31 August 2017, forward contracts with a positive market value amount to SEK 1,344 m (532), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 685 m (893), which is reported under other current liabilities. Other financial assets and liabilities have short terms. It is therefore judged that the fair values of these financial instruments are approximately equal to their book values.

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.

For definitions see annual report and consolidated accounts for 2016.

Risks and uncertainties

A number of factors may affect the H&M group's result and business. Many of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties for the H&M group related to fashion, weather conditions, macroeconomic and geopolitical changes, sustainability issues, foreign currency, cyber-attacks, tax and different regulations 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 2016.

Calendar

15 December 2017	Sales development in fourth quarter 2017, 1 Sep 2017 – 30 Nov 2017
31 January 2018	Full-year report, 1 Dec 2016 – 30 Nov 2017
February 2018	Capital markets day, Stockholm, exact date to be announced later
15 March 2018	Sales development in first quarter 2018, 1 Dec 2017 – 28 Feb 2018
27 March 2018	Three-month report, 1 Dec 2017 – 28 Feb 2018
8 May 2018, 15.00 CET	Annual General Meeting 2018, Erling Persson Hall, Aula Medica, Karolinska Institutet, Solna
15 June 2018	Sales development in second quarter 2018, 1 March 2018 – 31 May 2018
28 June 2018	Six-month report, 1 Dec 2017 – 31 May 2018

Stockholm, 27 September 2017
Board of Directors

Communication in connection with the nine-month report on 28 September

The nine-month report will be published at 08:00 CET on 28 September 2017. A telephone conference for the financial market and media will be held in English at 09:00 CET, hosted by CEO Karl-Johan Persson, CFO Jyrki Tervonen and Head of Investor Relations Nils Vinge.

For login details please register at:

<https://eventreg3.conferencing.com/inv/reg.html?Acc=450101&Conf=372571>

These login details are also available at about.hm.com.

To book media interviews with CEO Karl-Johan Persson and Head of Investor Relations Nils Vinge, please contact:

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Review report

H & M Hennes & Mauritz AB (publ), corporate identity number 556042-7220

Introduction

We have reviewed the interim report for H & M Hennes & Mauritz AB (publ) as of 31 August 2017 and for the nine-month period which ended on this date. It is the responsibility of the Board of Directors and the Chief Executive Officer to prepare and present this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE 2410), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope compared with the focus and scope of an audit conducted in accordance with the International Standards on Auditing and the generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed based on a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

Conclusion

On the basis of our review, nothing has come to our attention that causes us to believe that the interim report, in all material aspects, was not prepared in accordance with IAS 34 and the Swedish Annual Accounts Act in the case of the group and in accordance with the Annual Accounts Act in the case of the parent company.

Stockholm, 27 September 2017

Ernst & Young AB
Åsa Lundvall
Authorised Public Accountant

Information in this interim report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under EU Market Abuse Regulation (596/2014/EU) and Sweden's Securities Market Act. The information was submitted for publication by the abovementioned persons at 8.00 (CET) on 28 September 2017. This interim report and other information about H&M, is available at about.hm.com.

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, Cheap Monday, & Other Stories and H&M Home as well as ARKET. The H&M group has 41 online markets and more than 4,500 stores in 68 markets including franchise markets. In 2016, sales including VAT were SEK 223 billion. The number of employees amounts to more than 161,000. For further information, visit about.hm.com.

GROUP INCOME STATEMENT IN SUMMARY (SEK m)

	Q3 2017	Q3 2016	Nine months 2017	Nine months 2016	1 Dec 2015- 30 Nov 2016
Sales including VAT	59,383	56,802	173,290	161,767	222,865
Sales excluding VAT	51,229	48,982	149,597	139,547	192,267
Cost of goods sold	-24,879	-22,511	-69,436	-63,397	-86,090
GROSS PROFIT	26,350	26,471	80,161	76,150	106,177
<i>Gross margin, %</i>	51.4	54.0	53.6	54.6	55.2
Selling expenses	-19,756	-18,690	-59,233	-54,823	-75,729
Administrative expenses	-1,655	-1,534	-5,180	-4,858	-6,625
OPERATING PROFIT	4,939	6,247	15,748	16,469	23,823
<i>Operating margin, %</i>	9.6	12.8	10.5	11.8	12.4
Net financial items	77	54	188	161	216
PROFIT AFTER FINANCIAL ITEMS	5,016	6,301	15,936	16,630	24,039
Tax	-1,179	-1,481	-3,745	-3,908	-5,403
PROFIT FOR THE PERIOD	3,837	4,820	12,191	12,722	18,636

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

Earnings per share, SEK*	2.32	2.91	7.37	7.69	11.26
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	2,073	1,871	6,324	5,535	7,605
of which cost of goods sold	173	209	551	625	847
of which selling expenses	1,760	1,534	5,347	4,539	6,256
of which administrative expenses	140	128	426	371	502

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q3 2017	Q3 2016	Nine months 2017	Nine months 2016	1 Dec 2015- 30 Nov 2016
PROFIT FOR THE PERIOD	3,837	4,820	12,191	12,722	18,636
Other comprehensive income					
<i>Items that are or may be reclassified to profit or loss</i>					
Translation differences	-2,748	964	-3,581	164	1,186
Change in hedging reserves	1,267	-717	1,068	-858	-578
Tax attributable to change in hedging reserves	-304	172	-256	206	139
<i>Items that will not be classified to profit or loss</i>					
Remeasurement of defined benefit pension plans	-	-	-	-	-78
Tax related to the above remeasurement	-	-	-	-	19
OTHER COMPREHENSIVE INCOME	-1,785	419	-2,769	-488	688
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,052	5,239	9,422	12,234	19,324

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

GROUP BALANCE SHEET IN SUMMARY (SEK m)

ASSETS	31 Aug - 2017	31 Aug - 2016	30 Nov 2016
Fixed assets			
Intangible fixed assets	6,572	5,020	5,347
Property, plant and equipment	36,926	35,364	38,693
Financial assets	3,657	3,447	3,876
	47,155	43,831	47,916
Current assets			
Stock-in-trade	33,583	31,231	31,732
Current receivables	9,708	7,633	9,485
Cash and cash equivalents	9,665	8,680	9,446
	52,956	47,544	50,663
TOTAL ASSETS	100,111	91,375	98,579
EQUITY AND LIABILITIES			
Equity	54,521	54,146	61,236
Long-term liabilities*	5,951	4,495	5,638
Current liabilities**	39,639	32,734	31,705
TOTAL EQUITY AND LIABILITIES	100,111	91,375	98,579

* Interest-bearing long-term liabilities amounts to SEK 814 m (515).

** Interest-bearing current liabilities amounts to SEK 3,597 m (3,724).

CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)

	31 Aug - 2017	31 Aug - 2016	30 Nov 2016
Shareholders' equity at the beginning of the period	61,236	58,049	58,049
Total comprehensive income for the period	9,422	12,234	19,324
Dividend	-16,137	-16,137	-16,137
Shareholders' equity at the end of the period	54,521	54,146	61,236

GROUP CASH FLOW STATEMENT (SEK m)

	Nine months 2017	Nine months 2016
Current operations		
Profit after financial items*	15,936	16,630
Provisions for pensions	66	64
Depreciation	6,324	5,535
Tax paid	-3,545	-3,034
Other	-29	-
Cash flow from current operations before changes in working capital	18,752	19,195
Cash flow from changes in working capital		
Current receivables	-509	-503
Stock-in-trade	-2,822	-6,401
Current liabilities	818	5,258
CASH FLOW FROM CURRENT OPERATIONS	16,239	17,549
Investment activities		
Investment in intangible fixed assets	-1,596	-1,201
Investment in tangible fixed assets	-7,015	-8,087
Other investments	-49	-90
CASH FLOW FROM INVESTMENT ACTIVITIES	-8,660	-9,378
Financing activities		
Short-term loans	1,391	3,724
Dividend	-8,110	-16,137
CASH FLOW FROM FINANCING ACTIVITIES	-6,719	-12,413
CASH FLOW FOR THE PERIOD	860	-4,242
Cash and cash equivalents at beginning of the financial year	9,446	12,950
Cash flow for the period	860	-4,242
Exchange rate effect	-641	-28
Cash and cash equivalents at end of the period**	9,665	8,680

* Interest paid for the group amounts to SEK 17 m (5).

** Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 9,665 m (8,680).

SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

Q3, 1 June - 31 August

Market	Q3 - 2017	Q3 - 2016	Change in %		31 Aug - 17	Q3 - 2017	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	2,619	2,644	-1	-1	172		
Norway	1,698	1,654	3	1	126		1
Denmark	1,414	1,437	-2	-4	102	1	
UK	3,726	3,781	-1	4	278	4	5
Switzerland	1,521	1,641	-7	-8	98	1	2
Germany	8,748	8,784	0	-3	457	1	1
Netherlands	1,873	1,896	-1	-4	144	2	1
Belgium	1,181	1,148	3	1	92	1	1
Austria	1,347	1,377	-2	-4	84	2	1
Luxembourg	120	117	3	1	10		
Finland	768	757	1	-1	63		
France	3,752	3,698	1	-1	236		
USA	7,198	6,780	6	7	511	16	1
Spain	2,265	2,164	5	2	174	2	
Poland	1,454	1,272	14	9	169		1
Czech Republic	424	371	14	9	48		
Portugal	369	361	2	0	31		
Italy	2,301	2,256	2	0	171	2	3
Canada	1,336	1,175	14	13	88	1	
Slovenia	145	146	-1	-3	13	1	
Ireland	291	276	5	3	24		
Hungary	460	420	10	4	42		
Slovakia	190	178	7	5	20	1	
Greece	525	500	5	3	35		
China	2,660	2,646	1	3	490	16	1
Hong Kong	386	454	-15	-13	28		1
Japan	1,133	1,135	0	7	78	4	
Russia	1,671	1,299	29	15	126	2	
South Korea	494	442	12	12	40	3	2
Turkey	923	721	28	54	68		
Romania	630	549	15	14	55		
Croatia	225	231	-3	-6	15		
Singapore	239	266	-10	-8	13		
Bulgaria	199	181	10	7	20		
Latvia	118	94	26	22	8		
Malaysia	300	289	4	11	39		
Mexico	608	392	55	52	29	2	
Chile	314	275	14	14	4		
Lithuania	112	91	23	20	9		
Serbia	109	94	16	11	11	1	
Estonia	131	121	8	5	10	1	
Australia	637	505	26	23	27	2	
Philippines	236	205	15	27	27	2	
Taiwan	183	173	6	1	12		
Peru	238	136	75	72	7		
Macau	31	39	-21	-18	2		
India	288	153	88	81	17	1	
South Africa	206	159	30	19	11		
Puerto Rico	27	25	8	7	2		
Cyprus	22				1		
New Zealand	34				1		
Kazakhstan	77				3	1	
Colombia	91				2		
Iceland	13				1	1	
Franchise	1,323	1,294	2	-3	209	5	
Total	59,383	56,802	5	4	4,553	76	21

SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

Nine months, 1 December - 31 August

Market	2017	2016	Change in %		31 Aug - 17	Nine months	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	7,626	7,481	2	2	172	2	6
Norway	4,640	4,327	7	2	126	1	2
Denmark	4,263	4,115	4	0	102	3	3
UK	10,876	11,052	-2	6	278	9	12
Switzerland	4,554	4,655	-2	-5	98	2	2
Germany	27,310	26,877	2	-1	457	4	6
Netherlands	5,549	5,667	-2	-5	144	3	4
Belgium	3,423	3,232	6	3	92	4	2
Austria	4,086	4,026	1	-1	84	2	1
Luxembourg	349	341	2	-1	10		
Finland	2,159	2,129	1	-2	63	2	
France	10,337	10,023	3	0	236	3	5
USA	21,005	19,580	7	3	511	46	3
Spain	6,159	5,840	5	3	174	8	3
Poland	3,995	3,462	15	11	169	4	1
Czech Republic	1,177	1,028	14	10	48	1	1
Portugal	1,006	937	7	4	31		
Italy	6,771	6,520	4	1	171	8	3
Canada	3,546	3,048	16	11	88	3	
Slovenia	405	392	3	0	13	1	
Ireland	845	809	4	1	24	1	
Hungary	1,294	1,136	14	9	42		
Slovakia	538	493	9	6	20	1	
Greece	1,438	1,365	5	2	35	2	2
China	8,389	7,756	8	8	490	49	3
Hong Kong	1,321	1,442	-8	-12	28	1	1
Japan	3,570	3,168	13	10	78	13	1
Russia	4,313	3,139	37	13	126	13	
South Korea	1,498	1,180	27	20	40	7	2
Turkey	2,383	1,972	21	42	68	7	1
Romania	1,720	1,511	14	12	55	5	2
Croatia	617	598	3	-1	15		
Singapore	751	774	-3	-5	13		
Bulgaria	506	460	10	7	20	1	
Latvia	296	236	25	22	8		
Malaysia	925	841	10	12	39	4	
Mexico	1,670	1,108	51	53	29	4	
Chile	1,060	789	34	24	4		
Lithuania	297	230	29	25	9	1	
Serbia	302	249	21	18	11	2	
Estonia	316	275	15	11	10	2	
Australia	2,010	1,350	49	39	27	5	
Philippines	793	644	23	26	27	6	
Taiwan	611	497	23	11	12	2	
Peru	683	362	89	77	7	1	
Macau	106	125	-15	-19	2		
India	874	361	142	127	17	5	
South Africa	684	453	51	28	11	3	
Puerto Rico	89	25	256	214	2		
Cyprus	70				1		
New Zealand	129				1		
Kazakhstan	121				3	3	
Colombia	129				2	2	
Iceland	13				1	1	
Franchise	3,693	3,687	0	-5	209	22	1
Total	173,290	161,767	7	4	4,553	269	67

FIVE YEAR SUMMARY

Nine months, 1 December - 31 August

	2013	2014	2015	2016	2017
Sales including VAT, SEK m	107,480	126,964	153,444	161,767	173,290
Sales excluding VAT, SEK m	92,067	108,775	132,167	139,547	149,597
Change sales excl. VAT from previous year in SEK, %	4	18	22	6	7
Change sales excl. VAT previous year in local currencies, %	8	15	12	8	4
Operating profit, SEK m	14,908	17,852	19,858	16,469	15,748
Operating margin, %	16.2	16.4	15.0	11.8	10.5
Depreciations for the period, SEK m	3,106	3,709	4,708	5,535	6,324
Profit after financial items, SEK m	15,189	18,096	20,094	16,630	15,936
Profit after tax, SEK m	11,544	13,754	15,372	12,722	12,191
Cash and cash equivalents and short-term investments, SEK m	10,953	13,451	10,963	8,680	9,665
Stock-in-trade, SEK m	15,329	17,940	25,205**	31,231**	33,583**
Equity, SEK m	39,203	44,576	52,030	54,146	54,521
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	6.97	8.31	9.29	7.69	7.37
Equity per share, SEK*	23.69	26.93	31.44	32.72	32.94
Cash flow from current operations per share, SEK*	9.05	10.88	10.76	10.60	9.81
Share of risk-bearing capital, %	73.4	70.2	68.5	63.6	59.6
Equity/assets ratio, %	69.9	65.8	64.2	59.3	54.5
Total number of stores	2,964	3,341	3,675	4,135	4,553
Rolling twelve months					
Earnings per share, SEK*	10.17	11.66	13.05	11.03	10.94
Return on equity, %	43.4	46.1	44.7	34.4	33.3
Return on capital employed, %	55.8	60.0	57.3	42.9	39.8

* Before and after dilution.

** The booked value of stock-in-trade for 2015-2017 is approximately 5 percent higher than previous years as a result of improved invoicing processes. Accounts payable have increased with the corresponding amount.

For definitions of key figures see the annual report

SEGMENT REPORTING (SEK m)

	Nine months 2017	Nine months 2016
Asia and Oceania		
External net sales	22,376	19,638
Operating profit	403	318
Operating margin, %	1.8	1.6
Europe and Africa		
External net sales	101,056	96,648
Operating profit	622	447
Operating margin, %	0.6	0.5
North and South America		
External net sales	26,165	23,261
Operating profit	-127	643
Operating margin, %	-0.5	2.8
Group Functions		
Net sales to other segments	56,287	59,456
Operating profit	14,850	15,061
Eliminations		
Net sales to other segments	-56,287	-59,456
Total		
External net sales	149,597	139,547
Operating profit	15,748	16,469
Operating margin, %	10.5	11.8

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)

	Q3 2017	Q3 2016	Nine months 2017	Nine months 2016	1 Dec 2015- 30 Nov 2016
External sales excluding VAT	5	-	9	-	-
Internal sales excluding VAT*	961	971	3,005	2,828	3,985
GROSS PROFIT	966	971	3,014	2,828	3,985
Administrative expenses	-45	-31	-134	-135	-173
OPERATING PROFIT	921	940	2,880	2,693	3,812
Net financial items**	327	152	2,946	1,624	12,750
PROFIT AFTER FINANCIAL ITEMS	1,248	1,092	5,826	4,317	16,562
Year-end appropriations	-	-	-	-	18
Tax	-185	-230	-609	-626	-876
PROFIT FOR THE PERIOD	1,063	862	5,217	3,691	15,704

* Internal sales in the quarter consists of royalty of SEK 959 m (969) and other SEK 2 m (2) received from group companies and for the nine-month period of royalty of SEK 2,932 m (2,823) and other SEK 73 m (5).

** Dividend income from subsidiaries in the quarter consists of SEK 409 m (46) and in the nine-month period of SEK 3,059 m (1,471).

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q3 2017	Q3 2016	Nine months 2017	Nine months 2016	1 Dec 2015- 30 Nov 2016
PROFIT FOR THE PERIOD	1,063	862	5,217	3,691	15,704
Other comprehensive income					
<i>Items that have not been and will not be reclassified to profit or loss</i>					
Remeasurement of defined benefit pension plans	-	-	-	-	-4
Tax related to the above remeasurement	-	-	-	-	1
OTHER COMPREHENSIVE INCOME	-	-	-	-	-3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,063	862	5,217	3,691	15,701

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

	31 Aug - 2017	31 Aug - 2016	30 Nov 2016
ASSETS			
Fixed assets			
Property, plant and equipment	388	440	440
Financial fixed assets	1,467	1,765	1,420
	1,855	2,205	1,860
Current assets			
Current receivables	13,348	3,885	16,186
Cash and cash equivalents	88	119	376
	13,436	4,004	16,562
TOTAL ASSETS	15,291	6,209	18,422
EQUITY AND LIABILITIES			
Equity	5,937	4,847	16,857
Untaxed reserves	429	447	429
Long-term liabilities*	191	195	191
Current liabilities**	8,734	720	945
TOTAL EQUITY AND LIABILITIES	15,291	6,209	18,422

* Relates to provisions for pensions.

** No current liabilities are interest-bearing. Dividend to be paid amounts to SEK 8,027 m (0).