



H & M Hennes & Mauritz AB

Three-month report

First quarter 2018

SEK 54 billion

Sales incl VAT

First quarter (1 December 2017 – 28 February 2018)

- The H&M group's sales including VAT amounted to SEK 53,554 m (54,369). Sales excluding VAT amounted to SEK 46,181 m (46,985). In local currencies, sales including VAT were unchanged in the first quarter.
 - Gross profit amounted to SEK 23,040 m (24,466). This corresponds to a gross margin of 49.9 percent (52.1).
 - Profit after financial items amounted to SEK 1,263 m (3,212). The group's profit after tax amounted to SEK 1,372 m (2,457), corresponding to SEK 0.83 (1.48) per share. Profit development in the quarter was negatively affected by weak sales development as well as higher markdowns.
 - The group had one-off positive tax income of SEK 399 m as a result of the US tax reform (Tax Cuts & Jobs Act).
-
- H&M's online store in India, which was launched in mid-March, has got off to a very good start.
 - The launch of H&M and H&M Home on Tmall in China on 21 March exceeded our high expectations.
 - In 2018 Uruguay and Ukraine will become new H&M markets in the second half of the year.
 - The global roll-out of online continues. With the launch of H&M online via franchise in Saudi Arabia and the United Arab Emirates in spring/summer 2018, H&M will offer online shopping in 47 markets.
 - Afound will be launched as a new brand during 2018. Afound will be an off-price marketplace offering products from well-known and popular fashion and lifestyle brands, both external brands and those from the H&M group. Its first stores and a digital marketplace will open in Sweden to start with.
 - AI and advanced data analytics – very good results from ongoing projects.
 - Three new highly automated logistic centres with significantly increased capacity and efficiency and faster lead times will be introduced during the year.



H&M

| | Q1 2018 | Q1 2017 |
|-------------------------------------|--------------|--------------|
| SEK m | | |
| Net sales | 46,181 | 46,985 |
| Gross profit | 23,040 | 24,466 |
| <i>gross margin, %</i> | 49.9 | 52.1 |
| Operating profit | 1,208 | 3,159 |
| <i>operating margin, %</i> | 2.6 | 6.7 |
| Net financial items | 55 | 53 |
| Profit after financial items | 1,263 | 3,212 |
| Tax | 109 | -755 |
| Profit for the period | 1,372 | 2,457 |
| Earnings per share, SEK | 0.83 | 1.48 |

Definitions on key figures, see annual report 2016.

Comments by Karl-Johan Persson, CEO

“The rapid transformation of the fashion retail sector continues. As communicated previously, the start of the year has been tough. 2018 is a transitional year for the H&M group, as we accelerate our transformation so that we can take advantage of the opportunities generated by rapid digitalisation.

Weak sales in the fourth quarter, partly caused by imbalances in the assortment for the H&M brand, resulted in the need for substantial clearance sales in the first quarter. The high level of clearance sales combined with unusually cold winter weather had a negative impact on the sales of the spring garments. In the first quarter the H&M group’s sales were unchanged in local currencies.

Many of our ongoing initiatives are giving good indications and results, even though they have not yet been implemented at a large enough scale to have a decisive effect on the overall results. The weak sales development combined with substantial markdowns had a significant negative impact on results in the first quarter.

Our transformation work continues with full force within the following priority action areas:

Restlessly develop our brands, focusing on H&M

- Assortment – always have the best combination of fashion, quality, price and sustainability.
- Physical stores – develop new concepts and new formats at the same time as optimising our existing store portfolio.
- Online store – further enhanced through additional testing and faster development.
- Seamless – continued integration of the physical and digital stores so that customers can move frictionlessly between channels, for example through faster and more flexible delivery and payment options.

Accelerate our key enablers

- Our supply chain – ensure a faster, more flexible and more efficient supply chain.
- We are expanding our initiatives relating to advanced analytics and AI.
- Continued investments in our tech foundation with robust scalable platforms, faster development of various customer apps and new technologies.

New growth

- Continued digital expansion of existing brands into new markets and by working with external partners and social platforms. Widen the product assortment.
- New stores for existing brands, H&M focusing on emerging markets.
- We are developing new concepts and business models.

Good cost control and efficiencies

- With good cost control, operating costs are expected to continue to increase at a slow rate.
- Ongoing efficiencies, with several promising initiatives within buying and production. In addition, the weaker US dollar is currently having a favourable impact on our purchasing costs.
- Great potential for lower markdown costs in relation to sales from 2019 onwards.

Our assessment remains that sales for online and New Business will grow by more than 25 percent during the year, and that the H&M group will achieve a somewhat better result for full-year 2018 compared with the previous year. We take a long-term view that together with our knowledge and experience enable us to navigate through times such as this. We look forward to telling you more about the H&M group’s continued transformation work, which will lead us back to healthy growth in both sales and profitability.”



& Other Stories

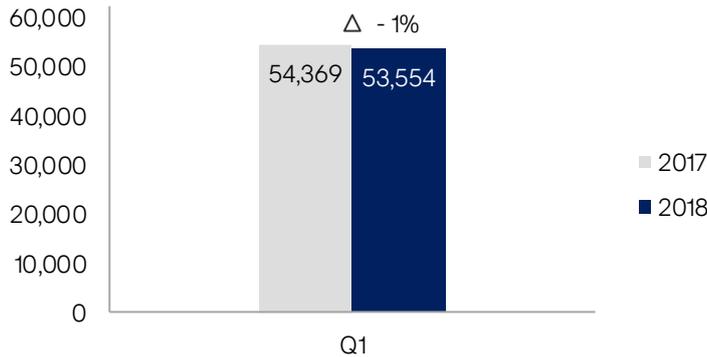
Sales

Online sales for the H&M group increased by approximately 20 percent compared to the first quarter the previous year.

Total sales for the new brands (new business) increased by 15 percent in the quarter compared to the corresponding period the previous year.

The assessment is still that both online sales and new business will increase by more than 25 percent for the full year.

SEK m incl VAT



ARKET

Sales including VAT amounted to SEK 53,554 m (54,369) in the first quarter. In local currencies the H&M group's sales including VAT were unchanged.

Sales excluding VAT amounted to SEK 46,181 m (46,985) in the first quarter.

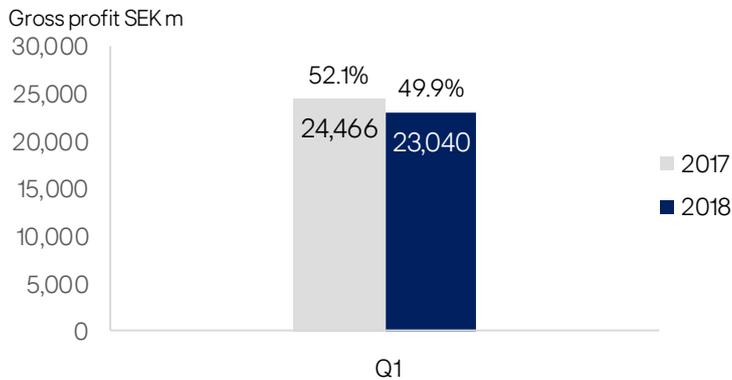
Sales in top ten markets, first quarter

| | Q1 - 2018 | Q1 - 2017 | Change in % | | 28 Feb - 18 | Q1 - 2018 |
|------------------------------|-------------------|-------------------|-------------|-------------------|---------------------|---------------------|
| | SEK m incl VAT | SEK m incl VAT | SEK | Local currency | Number of stores | New stores (net) |
| Germany | 8,133 | 8,413 | -3 | -6 | 461 | -2 |
| USA | 6,032 | 6,790 | -11 | -1 | 543 | 7 |
| UK | 3,362 | 3,395 | -1 | 0 | 286 | -6 |
| France | 3,120 | 3,354 | -7 | -10 | 236 | -4 |
| China | 2,571 | 2,755 | -7 | -3 | 513 | 7 |
| Sweden | 2,249 | 2,372 | -5 | -5 | 170 | -2 |
| Italy | 2,090 | 2,145 | -3 | -5 | 173 | -2 |
| Spain | 1,981 | 1,882 | 5 | 2 | 175 | 0 |
| Netherlands | 1,655 | 1,630 | 2 | -1 | 143 | -2 |
| Denmark | 1,391 | 1,338 | 4 | 1 | 110 | 0 |
| Others* | 20,970 | 20,295 | 3 | 6 | 1,933 | 8 |
| Total | 53,554 | 54,369 | -1 | 0 | 4,743 | 4 |
| <i>* Of which franchises</i> | <i>1,342</i> | <i>1,220</i> | <i>10</i> | <i>21</i> | <i>225</i> | <i>6</i> |

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.

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 the H&M group 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.



Monki

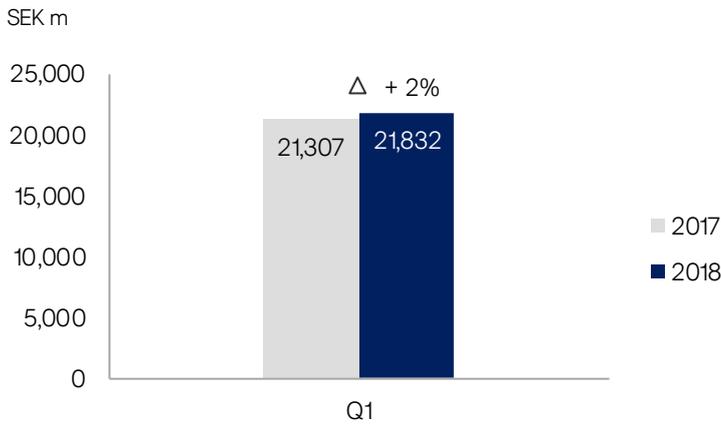
Gross profit amounted to SEK 23,040 m (24,466) in the first quarter, corresponding to a gross margin of 49.9 percent (52.1).

Markdowns in relation to sales increased by just above 2 percentage points in the first quarter of 2018 compared to the corresponding quarter in 2017. The weak sales development in the fourth quarter, which was partly caused by imbalances in the H&M brand's assortment composition, led to a need for substantial clearance sales in the first quarter.

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

For purchases made for the second quarter 2018, the market situation as regards external factors is considered to be slightly positive overall – mostly due to the fact that the US dollar has weakened against the group's basket of currencies – compared to the corresponding purchasing period the previous year.

Selling and administrative expenses

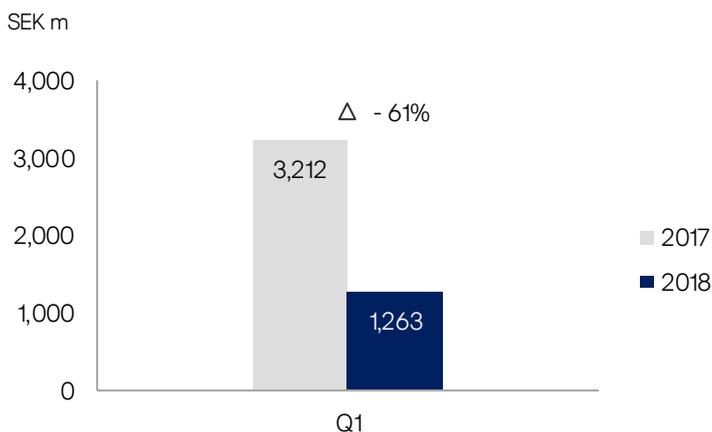


Cost control in the group remains good. In the first quarter of 2018, selling and administrative expenses increased by 2 percent in SEK and by 4 percent in local currencies compared to the first quarter the previous year.



H&M Home

Profit after financial items



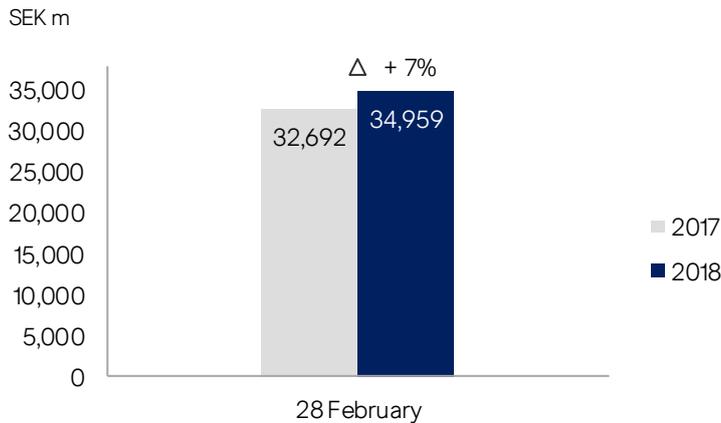
Profit after financial items amounted to SEK 1,263 m (3,212) in the first quarter.

The weak sales development and the substantial markdowns had a significant negative impact on results and profitability in the first quarter.

The first quarter is the clearance sale quarter, which includes low sales months such as January and February. This means that Q1 is the quarter with the lowest sales and profitability, with a greater proportion of fixed costs compared with other quarters. Q1 is therefore the most sensitive quarter as regards large deviations in sales.

Profit after tax amounted to SEK 1,372 m (2,457) which includes one-off positive tax income of SEK 399 m related to the US tax reform (Tax Cuts & Jobs Act). Cash flow was not affected by this one-off effect.

Stock-in-trade



Stock-in-trade amounted to SEK 34,959 m (32,692), an increase of 7 percent in SEK compared to the same point in time last year. Currency adjusted the increase was 8 percent.

The increase in stock-in trade is explained by the expansion, but also by the weak sales development in the quarter. As a result, stock-in-trade as of 28 February 2018 is higher than planned which will lead to increased markdowns in the second quarter of 2018 compared to the corresponding quarter last year.

The stock-in-trade amounted to 17.6 percent (16.7) of sales excluding VAT, rolling twelve months and 32.3 percent (33.4) of total assets.

Expansion

The online expansion will continue in 2018 to countries including India, which opened in March, and via franchise partners to Saudi Arabia and the United Arab Emirates in spring/summer 2018. The plan is to offer e-commerce in all store markets as well as in other markets. New H&M store markets in 2018 will be Uruguay and Ukraine, which will open in the second half of the year.

For full-year 2018 a net addition of approximately 220 new stores is planned. Most of the new stores in 2018 will be H&M stores, of which 45 will have H&M Home shop-in-shops, while approximately 90 stores will consist of the brands COS, & Other Stories, Monki, Weekday, ARKET and Afound. In 2018, eight standalone H&M Home stores are planned to open.

In parallel with the expansion, the store portfolio is being optimised as regards the number of stores, store space, rebuilds and relocations to continually ensure that the store portfolio is the best fit for each market.



H&M

| Brand | No. of markets | | Expansion 2018 |
|-----------------|----------------|--------|---|
| | 28 Feb - 2018 | | |
| | Store | Online | New markets |
| H&M | 69 | 44 | Store: Uruguay, Ukraine Online: India**, Kuwait (franchise)*, United Arab Emirates (franchise), Saudi Arabia (franchise) |
| COS | 37 | 20 | Store: Thailand (franchise) |
| Monki | 14 | 19 | Store: Kuwait (franchise)** |
| Weekday | 9 | 18 | Store: Finland |
| & Other Stories | 16 | 15 | Store: Austria, Kuwait (franchise)** |
| Cheap Monday | 2 | 18 | |
| ARKET | 4 | 18 | Store: Netherlands**, Sweden |
| H&M Home | 46 | 38 | Store: Ukraine, Morocco (franchise) |



COS

* Opened until 28 Feb - 2018

** Opened in March - 2018

Store count by brand

In the first quarter, excluding franchise, the group opened 32 (62) stores and closed 34 (25) stores, i.e. a net change of -2 (42) stores. Via franchise partners 6 (6) new stores were opened and 0 (1) stores were closed. The group had 4,743 (4,393) stores as of 28 February 2018, of which 225 (193) were operated by franchise partners.

| Brand | New Stores (net) | Total No of stores | |
|-----------------|------------------|--------------------|---------------|
| | Q1 - 2018 | 28 Feb - 2018 | 28 Feb - 2017 |
| H&M | 5 | 4,293 | 4,001 |
| COS | 0 | 231 | 199 |
| Monki | -1 | 118 | 115 |
| Weekday | 0 | 33 | 27 |
| & Other Stories | 0 | 60 | 48 |
| Cheap Monday | 0 | 3 | 3 |
| ARKET | 0 | 5 | 0 |
| Total | 4 | 4,743 | 4,393 |

Store count by region

| Region | New Stores | Total No of stores | |
|-----------------------|------------|--------------------|---------------|
| | Q1 - 2018 | 28 Feb - 2018 | 28 Feb - 2017 |
| Europe & Africa | -20 | 2,988 | 2,885 |
| Asia & Oceania | 16 | 1,062 | 902 |
| North & South America | 8 | 693 | 606 |
| Total | 4 | 4,743 | 4,393 |

Tax

The US tax reform (Tax Cuts & Jobs Act) was enacted in December 2017. For H&M this means that deferred tax liabilities and deferred tax claims assignable to H&M's US subsidiary were remeasured during the first quarter 2018. The group had one-off positive tax income of SEK 399 m in the quarter as a result of this remeasurement. Cash flow was not affected by this one-off effect.

The H&M group's tax rate for the 2017/2018 financial year is expected to be approximately 22.0 – 23.0 percent excluding the one-off effect described above. In the first, second and third quarters of 2018 a tax rate of 23.0 percent will be used to calculate tax expense on the result of each quarter. The outcome of the tax rate for the year depends on the results of the group's various companies and the corporate tax rates in each country.

Financing

As of 28 February 2018, the group had SEK 9,770 m (1,250) in loans from credit institutions with a term of up to 12 months as well as SEK 1,008 m (0) in loans from credit institutions with a term of up to 24 months.

As previously communicated, during the first quarter 2017 the H&M group signed a five-year revolving credit facility (RCF) of EUR 700 m. The RCF has not yet been drawn down and serves as the group's liquidity reserve.

Net debt in relation to EBITDA amounted to 0.0, the same level as in the previous quarter.

The strong credit profile of the H&M group enables cost-effective financing. To increase financing flexibility and cost-effectiveness, the group continuously reviews opportunities to complement this with other sources of funding on the credit market.

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 28 February 2018, forward contracts with a positive market value amount to SEK 332 m (439), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 977 m (562), 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

| | |
|------------------------|---|
| 8 May 2018, 3 p.m. 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 |
| 17 September 2018 | Sales development in third quarter 2018, 1 Jun 2018 – 31 Aug 2018 |
| 27 September 2018 | Nine-month report, 1 Dec 2017 – 31 Aug 2018 |

This three-month report has not been audited by the company's auditors.

Stockholm, 26 March 2018
Board of Directors

Contact

A telephone conference for the financial market and media will be held in English on 27 March at 9:00 CET in which Karl-Johan Persson CEO, Jyrki Tervonen CFO and Nils Vinge Head of IR will participate.

For log-in details and registration please visit:

about.hm.com/en/media/calendar/three-month-report0.html

Registration can be made until 27 March 10.00 CET. After 10.00 CET Nils Vinge will be available on +46 8 796 52 50 or via email: nilsvinge@hm.com.

For interview requests with Karl-Johan Persson CEO and Nils Vinge Head of IR in conjunction to the three-month report please contact:

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Information in this interim report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under the EU Market Abuse Regulation (596/2014/EU). The information was submitted for publication by the abovementioned persons at 8.00 (CET) on 27 March 2018. This interim report and other information about H&M, is available at about.hm.com.

GROUP INCOME STATEMENT IN SUMMARY (SEK m)

| | Q1 2018 | Q1 2017 | 1 Dec 2016- 30 Nov 2017 |
|-------------------------------------|---------------|---------------|----------------------------|
| Sales including VAT | 53,554 | 54,369 | 231,771 |
| Sales excluding VAT | 46,181 | 46,985 | 200,004 |
| Cost of goods sold | -23,141 | -22,519 | -91,914 |
| GROSS PROFIT | 23,040 | 24,466 | 108,090 |
| <i>Gross margin, %</i> | 49.9 | 52.1 | 54.0 |
| Selling expenses | -19,976 | -19,553 | -80,427 |
| Administrative expenses | -1,856 | -1,754 | -7,094 |
| OPERATING PROFIT | 1,208 | 3,159 | 20,569 |
| <i>Operating margin, %</i> | 2.6 | 6.7 | 10.3 |
| Net financial items | 55 | 53 | 240 |
| PROFIT AFTER FINANCIAL ITEMS | 1,263 | 3,212 | 20,809 |
| Tax | 109 | -755 | -4,625 |
| PROFIT FOR THE PERIOD | 1,372 | 2,457 | 16,184 |

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

| | | | |
|----------------------------------|-----------|-----------|-----------|
| Earnings per share, SEK* | 0.83 | 1.48 | 9.78 |
| Number of shares, thousands* | 1,655,072 | 1,655,072 | 1,655,072 |
| Depreciation, total | 2,279 | 2,106 | 8,488 |
| of which cost of goods sold | 151 | 204 | 736 |
| of which selling expenses | 1,984 | 1,760 | 7,175 |
| of which administrative expenses | 144 | 142 | 577 |

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

| | Q1 2018 | Q1 2017 | 1 Dec 2016- 30 Nov 2017 |
|--|--------------|--------------|----------------------------|
| PROFIT FOR THE PERIOD | 1,372 | 2,457 | 16,184 |
| Other comprehensive income | | | |
| <i>Items that are or may be reclassified to profit or loss</i> | | | |
| Translation differences | 606 | -502 | -1,496 |
| Change in hedging reserves | 38 | 268 | -179 |
| Tax attributable to change in hedging reserves | -9 | -64 | 39 |
| <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 | 635 | -298 | -1,577 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 2,007 | 2,159 | 14,607 |

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 | 28 Feb - 2018 | 28 Feb - 2017 | 30 Nov 2017 |
|-------------------------------------|----------------|---------------|----------------|
| Fixed assets | | | |
| Intangible fixed assets | 7,482 | 5,727 | 7,043 |
| Property, plant and equipment | 39,570 | 38,220 | 39,818 |
| Other fixed assets | 3,635 | 3,822 | 3,955 |
| | 50,687 | 47,769 | 50,816 |
| Current assets | | | |
| Stock-in-trade | 34,959 | 32,692 | 33,712 |
| Current receivables | 12,646 | 8,882 | 12,316 |
| Cash and cash equivalents | 10,003 | 8,437 | 9,718 |
| | 57,608 | 50,011 | 55,746 |
| TOTAL ASSETS | 108,295 | 97,780 | 106,562 |
| EQUITY AND LIABILITIES | | | |
| Equity | 61,720 | 63,402 | 59,713 |
| Long-term liabilities* | 6,713 | 5,647 | 6,126 |
| Current liabilities** | 39,862 | 28,731 | 40,723 |
| TOTAL EQUITY AND LIABILITIES | 108,295 | 97,780 | 106,562 |

* Interest-bearing long-term liabilities amounts to SEK 1,818 m (737).

** Interest-bearing current liabilities amounts to SEK 9,898 m (1,313).

CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)

| | 28 Feb - 2018 | 28 Feb - 2017 | 30 Nov 2017 |
|---|---------------|---------------|-------------|
| Shareholders' equity at the beginning of the period | 59,713 | 61,236 | 61,236 |
| Adjustment of opening balance* | - | 7 | 7 |
| Total comprehensive income for the period | 2,007 | 2,159 | 14,607 |
| Dividend | - | - | -16,137 |
| Shareholders' equity at the end of the period | 61,720 | 63,402 | 59,713 |

*Change of accounting principles regarding defined-contribution pension previous years.

GROUP CASH FLOW STATEMENT (SEK m)

| | Q1 - 2018 | Q1 - 2017 |
|--|---------------|---------------|
| Current operations | | |
| Profit after financial items* | 1,263 | 3,212 |
| Provisions for pensions | 11 | 1 |
| Depreciation | 2,279 | 2,106 |
| Tax paid | 257 | -1,397 |
| Other | -6 | 4 |
| Cash flow from current operations before changes in working capital | 3,804 | 3,926 |
| Cash flow from changes in working capital | | |
| Current receivables | -807 | 358 |
| Stock-in-trade | -1,037 | -1,084 |
| Current liabilities | -653 | -839 |
| CASH FLOW FROM CURRENT OPERATIONS | 1,307 | 2,361 |
| Investment activities | | |
| Investment in intangible fixed assets | -615 | -500 |
| Investment in tangible fixed assets | -1,493 | -1,918 |
| Other investments | -101 | -33 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | -2,209 | -2,451 |
| Financing activities | | |
| Change in interest-bearing liabilities | 1,003 | -833 |
| CASH FLOW FROM FINANCING ACTIVITIES | 1,003 | -833 |
| CASH FLOW FOR THE PERIOD | 101 | -923 |
| Cash and cash equivalents at beginning of the financial year | 9,718 | 9,446 |
| Cash flow for the period | 101 | -923 |
| Exchange rate effect | 184 | -86 |
| Cash and cash equivalents at end of the period** | 10,003 | 8,437 |

* Interest paid for the group amounts to SEK 15 m (1).

** Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 10,003 m (8,437).

SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

Q1, 1 December - 28 February

| Market | Q1 - 2018 | Q1 - 2017 | Change in % | | 28 Feb - 18 | Q1 - 2018 | |
|----------------|---------------|---------------|-------------|-------------------|--------------|---------------|---------------|
| | SEK m | SEK m | SEK | Local currency | | No. of stores | New stores |
| Sweden | 2,249 | 2,372 | -5 | -5 | 170 | | 2 |
| Norway | 1,320 | 1,492 | -12 | -7 | 128 | | |
| Denmark | 1,391 | 1,338 | 4 | 1 | 110 | | |
| UK | 3,362 | 3,395 | -1 | 0 | 286 | | 6 |
| Switzerland | 1,238 | 1,494 | -17 | -12 | 99 | | 1 |
| Germany | 8,133 | 8,413 | -3 | -6 | 461 | 1 | 3 |
| Netherlands | 1,655 | 1,630 | 2 | -1 | 143 | 1 | 3 |
| Belgium | 1,092 | 1,110 | -2 | -4 | 96 | | 1 |
| Austria | 1,262 | 1,285 | -2 | -4 | 86 | | |
| Luxembourg | 106 | 111 | -5 | -8 | 10 | | |
| Finland | 685 | 688 | 0 | -3 | 63 | | 1 |
| France | 3,120 | 3,354 | -7 | -10 | 236 | | 4 |
| USA | 6,032 | 6,790 | -11 | -1 | 543 | 10 | 3 |
| Spain | 1,981 | 1,882 | 5 | 2 | 175 | 2 | 2 |
| Poland | 1,382 | 1,178 | 17 | 9 | 177 | 2 | |
| Czech Republic | 412 | 355 | 16 | 7 | 50 | 1 | 1 |
| Portugal | 327 | 317 | 3 | 0 | 32 | | |
| Italy | 2,090 | 2,145 | -3 | -5 | 173 | | 2 |
| Canada | 989 | 1,074 | -8 | -3 | 91 | | |
| Slovenia | 125 | 124 | 1 | -2 | 12 | | 1 |
| Ireland | 292 | 275 | 6 | 3 | 24 | | |
| Hungary | 442 | 392 | 13 | 10 | 45 | | |
| Slovakia | 197 | 169 | 17 | 13 | 23 | 1 | |
| Greece | 476 | 444 | 7 | 4 | 35 | | |
| China | 2,571 | 2,755 | -7 | -3 | 513 | 8 | 1 |
| Hong Kong | 386 | 479 | -19 | -9 | 29 | 1 | |
| Japan | 969 | 1,022 | -5 | 2 | 82 | | |
| Russia | 1,195 | 1,094 | 9 | 16 | 135 | 1 | |
| South Korea | 424 | 427 | -1 | 2 | 41 | | |
| Turkey | 683 | 667 | 2 | 19 | 68 | | 2 |
| Romania | 594 | 532 | 12 | 12 | 56 | | |
| Croatia | 187 | 190 | -2 | -5 | 15 | | |
| Singapore | 237 | 273 | -13 | -10 | 12 | | 1 |
| Bulgaria | 160 | 148 | 8 | 6 | 20 | | |
| Latvia | 85 | 83 | 2 | -1 | 8 | | |
| Malaysia | 345 | 346 | 0 | -1 | 44 | | |
| Mexico | 826 | 546 | 51 | 53 | 38 | 1 | |
| Chile | 486 | 368 | 32 | 37 | 8 | | |
| Lithuania | 85 | 88 | -3 | -6 | 9 | | |
| Serbia | 102 | 90 | 13 | 6 | 12 | | |
| Estonia | 94 | 88 | 7 | 4 | 10 | | |
| Australia | 595 | 673 | -12 | -6 | 32 | | |
| Philippines | 317 | 289 | 10 | 24 | 32 | | |
| Taiwan | 189 | 224 | -16 | -12 | 12 | | |
| Peru | 241 | 250 | -4 | 5 | 8 | | |
| Macau | 32 | 41 | -22 | -9 | 2 | | |
| India | 349 | 288 | 21 | 27 | 29 | 2 | |
| South Africa | 267 | 246 | 9 | 11 | 17 | | |
| Puerto Rico | 17 | 36 | -53 | -47 | 2 | | |
| Cyprus | 23 | 26 | -12 | -15 | 1 | | |
| New Zealand | 75 | 53 | 42 | 56 | 3 | | |
| Kazakhstan | 44 | | | | 3 | | |
| Colombia | 123 | | | | 3 | | |
| Iceland | 60 | | | | 2 | | |
| Vietnam | 69 | | | | 3 | 1 | |
| Georgia | 24 | | | | 1 | | |
| Franchise | 1,342 | 1,220 | 10 | 21 | 225 | 6 | |
| Total | 53,554 | 54,369 | -1 | 0 | 4,743 | 38 | 34 |

FIVE YEAR SUMMARY

Q1, 1 December - 28 February

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-----------|-----------|-----------|-----------|-----------|
| Sales including VAT, SEK m | 37,524 | 46,791 | 50,624 | 54,369 | 53,554 |
| Sales excluding VAT, SEK m | 32,143 | 40,276 | 43,691 | 46,985 | 46,181 |
| Change sales excl. VAT from previous year in SEK, % | 13 | 25 | 8 | 8 | -2 |
| Change sales excl. VAT previous year in local currencies, % | 12 | 15 | 9 | 4 | 0 |
| Operating profit, SEK m | 3,401 | 4,637 | 3,270 | 3,159 | 1,208 |
| Operating margin, % | 10.6 | 11.5 | 7.5 | 6.7 | 2.6 |
| Depreciations for the period, SEK m | 1,208 | 1,556 | 1,819 | 2,106 | 2,279 |
| Profit after financial items, SEK m | 3,486 | 4,723 | 3,327 | 3,212 | 1,263 |
| Profit after tax, SEK m | 2,649 | 3,613 | 2,545 | 2,457 | 1,372 |
| Cash and cash equivalents and short-term investments, SEK m | 18,226 | 20,026 | 14,571 | 8,437 | 10,003 |
| Stock-in-trade, SEK m | 15,865 | 20,266 | 25,153** | 32,692** | 34,959** |
| Equity, SEK m | 47,586 | 56,933 | 59,401 | 63,395 | 61,720 |
| Number of shares, thousands* | 1,655,072 | 1,655,072 | 1,655,072 | 1,655,072 | 1,655,072 |
| Earnings per share, SEK* | 1.60 | 2.18 | 1.54 | 1.48 | 0.83 |
| Equity per share, SEK* | 28.75 | 34.40 | 35.89 | 38.30 | 37.29 |
| Cash flow from current operations per share, SEK* | 1.61 | 2.98 | 2.61 | 1.43 | 0.79 |
| Share of risk-bearing capital, % | 76.2 | 73.0 | 72.1 | 69.9 | 61.5 |
| Equity/assets ratio, % | 72.1 | 68.9 | 67.2 | 64.8 | 57.0 |
| Total number of stores | 3,192 | 3,551 | 3,970 | 4,393 | 4,743 |
| Rolling twelve months | | | | | |
| Earnings per share, SEK* | 10.48 | 12.65 | 11.98 | 11.21 | 9.12 |
| Return on equity, % | 37.2 | 40.1 | 34.1 | 30.2 | 24.1 |
| Return on capital employed, % | 48.5 | 51.5 | 44.1 | 38.2 | 27.2 |

* Before and after dilution.

** The booked value of stock-in-trade for 2016-2018 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)

| | Q1 - 2018 | Q1 - 2017 |
|--------------------------------|-----------|-----------|
| Asia and Oceania | | |
| External net sales | 7,112 | 7,327 |
| Operating profit | -120 | -46 |
| Operating margin, % | -1.7 | -0.6 |
| Europe and Africa | | |
| External net sales | 31,041 | 31,251 |
| Operating profit | -2,035 | -1,247 |
| Operating margin, % | -6.6 | -4.0 |
| North and South America | | |
| External net sales | 8,028 | 8,407 |
| Operating profit | -272 | -397 |
| Operating margin, % | -3.4 | -4.7 |
| Group Functions | | |
| Net sales to other segments | 16,400 | 18,036 |
| Operating profit | 3,635 | 4,849 |
| Eliminations | | |
| Net sales to other segments | -16,400 | -18,036 |
| Total | | |
| External net sales | 46,181 | 46,985 |
| Operating profit | 1,208 | 3,159 |
| Operating margin, % | 2.6 | 6.7 |

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)

| | Q1 2018 | Q1 2017 | 1 Dec 2016- 30 Nov 2017 |
|-------------------------------------|--------------|--------------|----------------------------|
| External sales excluding VAT | 5 | - | 13 |
| Internal sales excluding VAT* | 999 | 916 | 4,069 |
| GROSS PROFIT | 1,004 | 916 | 4,082 |
| Administrative expenses | -42 | -44 | -158 |
| OPERATING PROFIT | 962 | 872 | 3,924 |
| Net financial items** | 76 | 418 | 12,931 |
| PROFIT AFTER FINANCIAL ITEMS | 1,038 | 1,290 | 16,855 |
| Year-end appropriations | - | - | -328 |
| Tax | -217 | -190 | -773 |
| PROFIT FOR THE PERIOD | 821 | 1,100 | 15,754 |

* Internal sales in the quarter consists of royalty of SEK 997 m (914) and other SEK 2 m (2) received from group companies.

** Dividend income from subsidiaries in the quarter consists of SEK 50 m (426).

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

| | Q1 2018 | Q1 2017 | 1 Dec 2016- 30 Nov 2017 |
|--|------------|--------------|----------------------------|
| PROFIT FOR THE PERIOD | 821 | 1,100 | 15,754 |
| 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 | - | - | -1 |
| Tax related to the above remeasurement | - | - | 0 |
| OTHER COMPREHENSIVE INCOME | - | - | -1 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 821 | 1,100 | 15,753 |

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

| | 28 Feb - 2018 | 28 Feb - 2017 | 30 Nov 2017 |
|-------------------------------------|---------------|---------------|---------------|
| ASSETS | | | |
| Fixed assets | | | |
| Property, plant and equipment | 349 | 425 | 367 |
| Financial fixed assets | 1,654 | 1,619 | 1,627 |
| | 2,003 | 2,044 | 1,994 |
| Current assets | | | |
| Current receivables | 20,154 | 16,614 | 19,312 |
| Cash and cash equivalents | 235 | 112 | 133 |
| | 20,389 | 16,726 | 19,445 |
| TOTAL ASSETS | 22,392 | 18,770 | 21,439 |
| EQUITY AND LIABILITIES | | | |
| Equity | 17,299 | 17,957 | 16,478 |
| Untaxed reserves | 417 | 429 | 417 |
| Long-term liabilities* | 182 | 191 | 182 |
| Current liabilities** | 4,494 | 193 | 4,362 |
| TOTAL EQUITY AND LIABILITIES | 22,392 | 18,770 | 21,439 |

* Relates to provisions for pensions.

** Interest-bearing current liabilities amounts to SEK 4,000 m (0).