



H & M Hennes & Mauritz AB

TELEPHONE CONFERENCE 28 SEPTEMBER 2017

NINE-MONTH REPORT 2017



- **KARL-JOHAN PERSSON**

CEO

- **JYRKI TERVONEN**

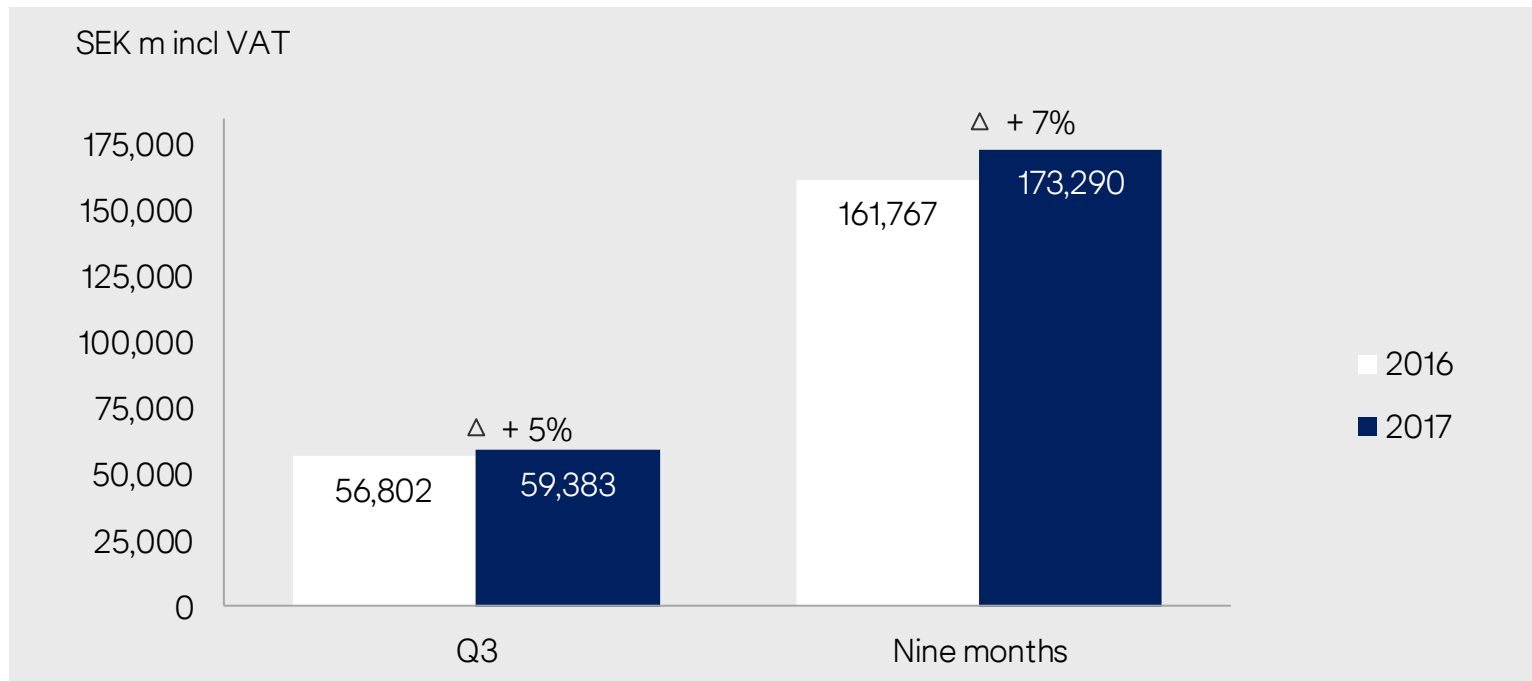
CFO

- **NILS VINGE**

INVESTOR RELATIONS



SALES



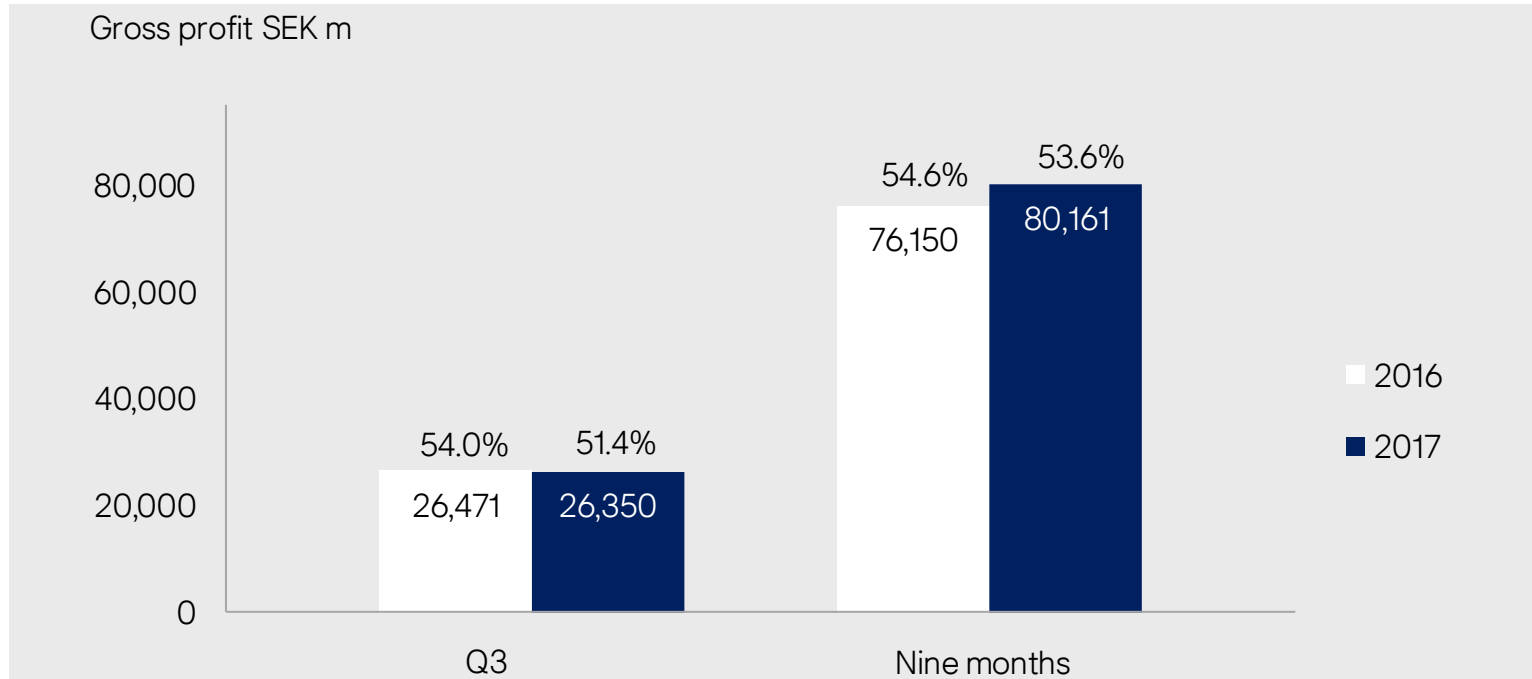


NINE MONTHS 2017

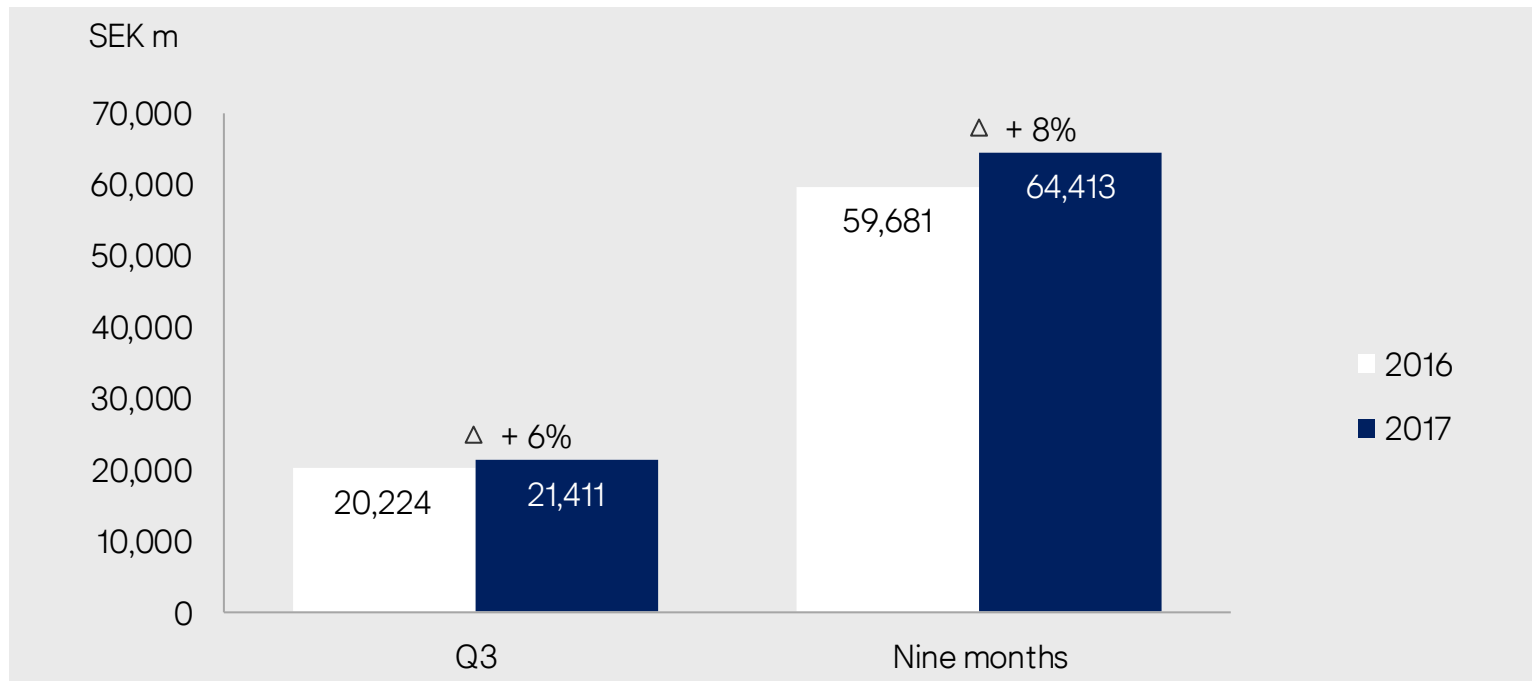
- Digitalisation changes fashion retail
 - rapid and profitable H&M group online growth
 - online accounts for 25-30% of sales in some established markets
- Six new H&M online markets and first H&M stores in three new markets successfully opened
- Continued very good development at COS, Monki, Weekday,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



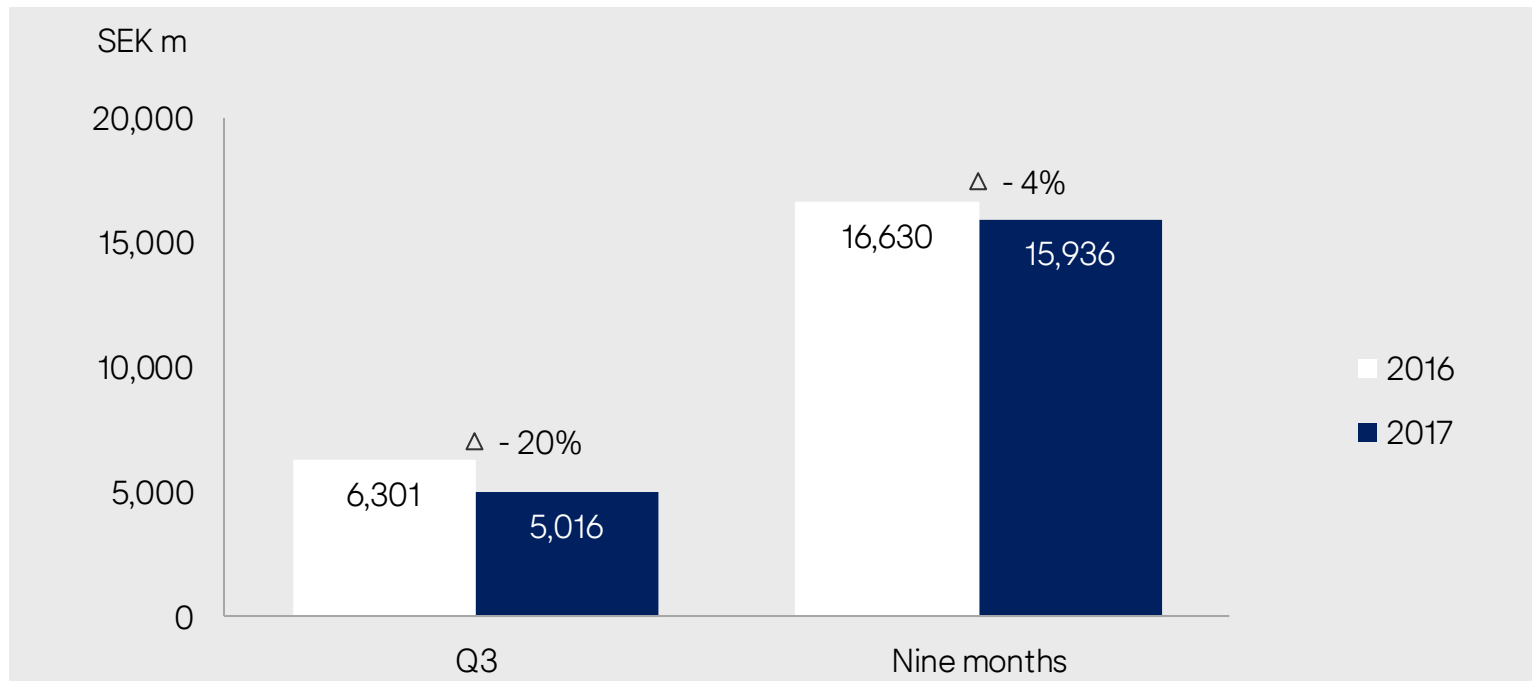
GROSS PROFIT AND GROSS MARGIN



SELLING AND ADMINISTRATIVE EXPENSES



PROFIT AFTER FINANCIAL ITEMS



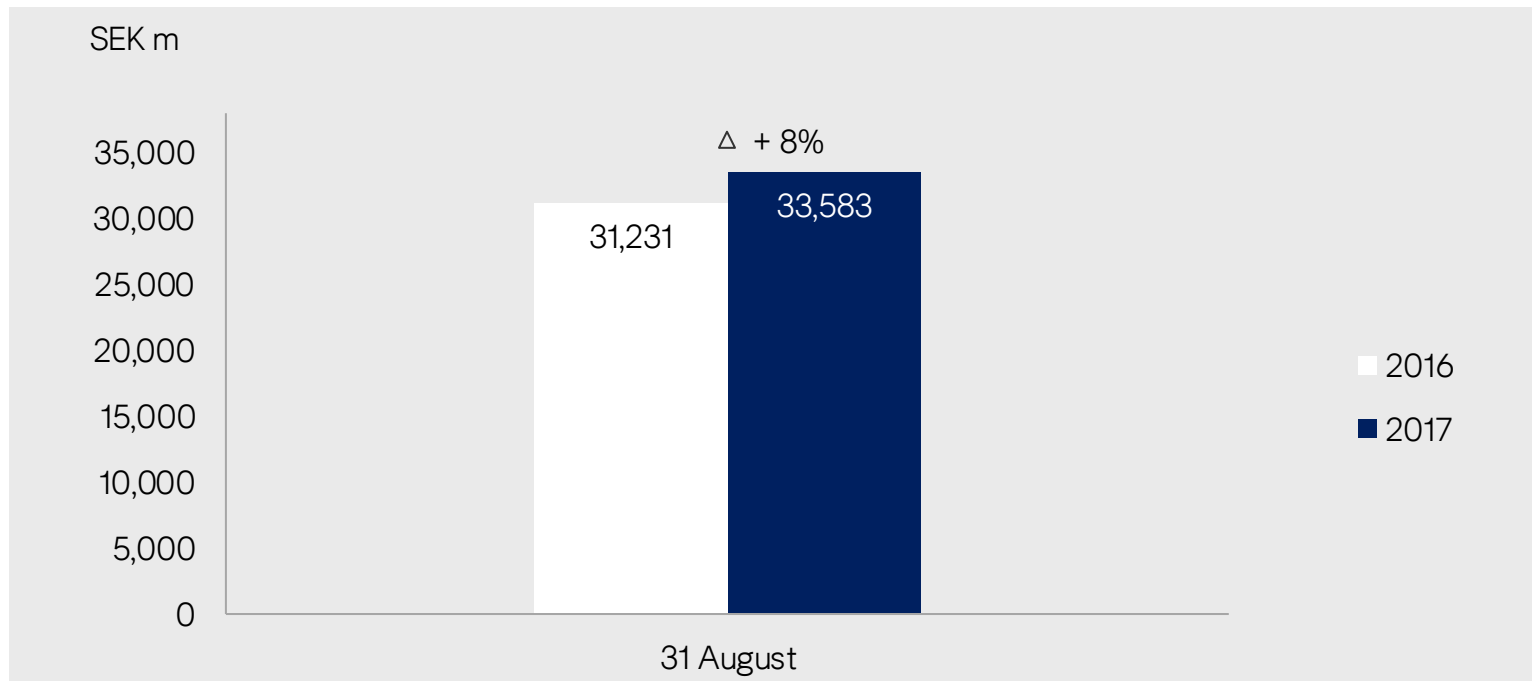
SALES AND PROFITS

THIRD QUARTER

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



STOCK-IN-TRADE



KEY DATA

SEK m	31 Aug 2017	31 Aug 2016
Stock-in-trade	33,583	31,231
Cash flow from current operations	16,239	17,549
Investments	8,611	9,288
Cash and cash equivalents and short-term investments	9,665	8,680
Return on shareholders' equity, % *	33.3	34.4

* rolling twelve months



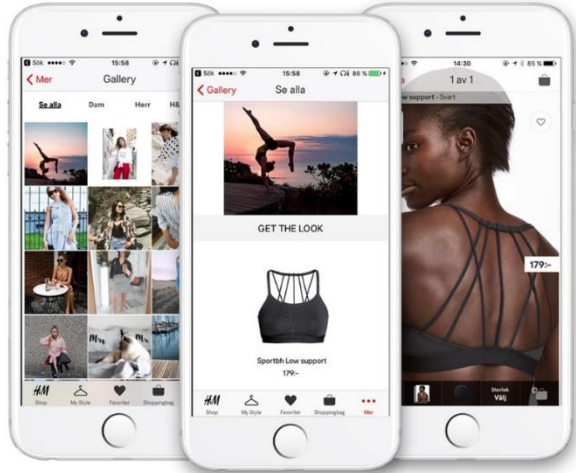


SEAMLESS SHOPPING WITH OMNI CHANNEL

- 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





H&M



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COS

WEEKDAY



MONKL



& other Stories

ARKET