



# H & M HENNES & MAURITZ AB

## FULL-YEAR REPORT

1 December 2011 – 30 November 2012

### FULL-YEAR

- The H&M Group's sales including VAT increased in local currencies by 11 percent during the financial year. Sales in comparable units increased by 1 percent. Converted into SEK, sales excluding VAT amounted to SEK 120,799 m (109,999), an increase of 10 percent.
- Gross profit amounted to SEK 71,871 m (66,147), corresponding to a gross margin of 59.5 percent (60.1).
- Profit after financial items amounted to SEK 22,285 m (20,942). The Group's profit after tax increased by 7 percent to SEK 16,867 m (15,821), corresponding to SEK 10.19 (9.56) per share. Profit after tax increased by 1 billion SEK despite negative effects from the Group's large long-term investments and negative currency translation effects.
- Strong expansion during the year. The Group opened 304 (266) new stores net compared to originally planned 275. China and the US were the largest expansion markets.

### THE FOURTH QUARTER

- The H&M Group's sales including VAT increased by 9 percent in local currencies in the fourth quarter. Sales in comparable units were unchanged. Converted into SEK, sales excluding VAT amounted to SEK 32,502 m (30,952).
- Gross profit amounted to SEK 20,017 m (19,150), corresponding to a gross margin of 61.6 percent (61.9).
- Profit after financial items amounted to SEK 6,636 m (6,802). Group profit after tax amounted to SEK 5,287 m (5,357), corresponding to SEK 3.19 (3.24) per share. Profits after tax were affected by large long-term investments as well as negative currency translation effects of approximately SEK 240 m.

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- The Board of Directors proposes a dividend of SEK 9.50 (9.50) per share for the financial year 2011/2012.
  - Sales in December 2012 increased by 8 percent in local currencies compared to the corresponding month the previous year. Sales in comparable units decreased by 2 percent. Sales in December were affected by a negative calendar effect of approximately 3 percentage points.
  - Sales in January 2013 are expected to increase by 5 percent in local currencies compared to the same month last year. From mid-January onwards, sales were negatively affected by very cold weather in many of H&M's markets in Europe.
  - H&M plans a net addition of around 325 stores for the financial year 2012/2013.
  - Chile, Estonia, Lithuania, Serbia and, via franchise, Indonesia will become new H&M markets in 2013.
  - The new fashion brand & *Other Stories* will open its first stores during spring 2013 in Spain, Germany, Denmark, UK, Italy, France and Sweden. & *Other Stories* will also be available via online sales in these countries as well as in Belgium, the Netherlands and Finland at [stories.com](http://stories.com).
  - COS will expand to new countries in 2013 with stores in Oslo, Norway and in Dubai, UAE.
  - The completely mobile-adapted H&M shop online was launched in H&M's eight existing online markets in January 2013.

**Comments by CEO Karl-Johan Persson follow on the next page.**



**Comments by Karl-Johan Persson, CEO**

“H&M continues to stand strong in a challenging clothing market which in many countries has been even more challenging in 2012 compared to 2011. The fact that we increased sales by 11 percent in local currencies and 1 percent in comparable units whilst continuing to gain market share proves once again that customers appreciate our collections, which offer a wide range of inspiring fashion for everyone.

We increased our profits by 1 billion SEK – i.e. an increase of 7 percent compared to the previous year – despite negative effects from large long-term investments and currency translation effects. Our long-term investments relate to a number of areas such as online shopping, IT, a completely new brand & *Other Stories* and future broadening of the product range. These long-term investments have created cost increases and to a great extent have not yet generated any revenue. However, we consider these investments to be both necessary and wise as they aim to secure future expansion and profits and thereby further strengthen H&M’s position.

We continued our strong expansion and opened 304 new stores net during 2012. Five new markets were added and we created around 10,000 new jobs. Today we have a strong global presence with over 2,800 stores in 48 markets and more than 104,000 employees.

Sustainability is becoming increasingly important and one element of our strong offering is also that our increasingly aware customers see H&M as the more sustainable option. Sustainability is therefore high on our agenda; it is an integral part of our operations and has been so for some time.

The strong pace of expansion is continuing in 2013 with a planned 325 new stores net. This means that we will effectively be opening a new store every day. In 2013 the highest rate of expansion will again be in China and the US. The new H&M countries in 2013 will be Chile, Estonia, Lithuania, Serbia and Indonesia. We are very much looking forward to the spring when we will be able to offer our customers a completely new fashion brand with the opening of the first stores of & *Other Stories*.

We are looking forward to an exciting 2013 full of opportunities. We have the greatest respect for the macro-economic climate and how it may affect the consumption in many of our markets, but we have a strong belief in our offering and are convinced that H&M will continue to maintain its strong position.”

	FULL-YEAR 2012	FULL-YEAR 2011	Q4 2012	Q4 2011
(SEK m)				
Net sales	120,799	109,999	32,502	30,952
Gross profit	71,871	66,147	20,017	19,150
gross margin, %	59.5	60.1	61.6	61.9
Operating profit	21,754	20,379	6,533	6,665
operating margin, %	18.0	18.5	20.1	21.5
Net financial items	531	563	103	137
Profit after financial items	22,285	20,942	6,636	6,802
Tax	-5,418	-5,121	-1,349	-1,445
Profit for the period	16,867	15,821	5,287	5,357
Earnings per share, SEK	10.19	9.56	3.19	3.24

### Sales and store openings

Sales including VAT increased by 11 percent, in local currencies, for the financial year. Sales in comparable units increased by 1 percent. Converted into SEK, sales increased by 9 percent to SEK 140 948 m (128,810). Sales excluding VAT increased to SEK 120 799 m (109,999), an increase of 10 percent.

For the fourth quarter, sales including VAT increased by 9 percent in local currencies. Sales in comparable units were unchanged. Converted into SEK, sales including VAT increased by 5 percent to SEK 37,930 m (36,191). Sales excluding VAT increased to SEK 32,502 m (30,952).

The Group opened 339 (296) stores and closed 35 (30) stores during the financial year, i.e. a net addition of 304 (266) new stores. In the fourth quarter, 158 (160) stores opened and 11 (13) stores closed. The total number of stores in the Group as per 30 November 2012 thus amounted to 2,776 (2,472), including 88 franchise stores, 64 COS stores, 59 Monki stores, 21 Weekday stores and 4 Cheap Monday stores.

### Results for the financial year

Gross profit for the Group for the financial year amounted to SEK 71,871 m (66,147), an increase of 9 percent. This corresponds to a gross margin of 59.5 percent (60.1).

The operating profit amounted to SEK 21,754 m (20,379). This corresponds to an operating margin of 18,0 percent (18.5).

Operating profit for the financial year has been charged with depreciation amounting to SEK 3,705 m (3,262).

Consolidated net interest income was SEK 531 m (563).

Profit after financial items amounted to SEK 22,285 m (20,942).

The Group's profit for the financial year after applying a tax rate of 24.3 percent (24.5) was SEK 16,867 m (15,821), which represents earnings per share of SEK 10.19 (9.56), an increase of 7 percent.

Return on shareholders' equity was 38.4 percent (35.8) and return on capital employed was 50.3 percent (47.1).

### Comments on the full year

H&M is present in 48 markets and the consumer climate in the fashion retail industry has varied a lot between the different countries during 2012. In this environment, H&M continued to gain market share thanks to its strong customer offering – fashion and quality at the best price. Sales increased by 11 percent in local currencies and by 1 percent in comparable units. Sales were strongest in countries such as the US, Canada, China and Russia. Sales were also very good in the newly added H&M-markets of Bulgaria, Latvia, Malaysia, Thailand and Mexico. It is mainly in southern Europe that consumption has been affected by the economic uncertainty, and this has also been reflected in H&M's sales in countries such as Greece, Spain, Portugal and Italy. H&M has however, continued to perform well compared to the market in these countries where the Group continues to see room for expansion.

The Group's other brands COS, Monki, Weekday and Cheap Monday also continue to expand. COS in particular, that has continued to exceed the company's high expectations, expanded rapidly with 19 new stores and six new countries. At the end of the 2012 financial year, there were 64 COS stores in 15 countries and strong expansion is also planned for 2013. During 2012 the Group prepared for the establishment of another new fashion brand, & *Other Stories*, which will be launched in ten European countries during spring 2013. The first stores will open in Denmark, France, Germany, Italy, Spain, Sweden and UK. & *Other Stories* will also be launched online at stories.com in these countries as well as in Belgium, Finland and the Netherlands.

The gross margin for the Group for the full-year amounted to 59.5 percent (60.1). H&M's gross margin is a result of many different factors, internal as well as external, and is also affected by the decisions that H&M makes in line with its strategy to always have the best customer offering in each individual market. External factors such as cotton prices, cost inflation and the US dollar, which is H&M's most significant purchasing currency, have altogether had a negative effect on purchasing costs for the year.

Markdowns in relation to sales were at the same level as in the previous year.

304 stores net were opened in 2012, which was more than the originally planned 275 stores. During the year most of the stores were opened net in China and the US but Russia, Italy, Poland, France, Spain and UK were also large expansion markets.

The online market is increasingly growing, with particularly strong growth in mobile shopping via smartphones and tablets. In January 2013, the Group launched a completely mobile-adapted H&M shop online in H&M's existing eight online markets in order to accommodate this rapid development. Meantime H&M has intensified work on the future rollout of H&M shop online to other markets in the Group. The launch of H&M shop online in the US was rescheduled for summer 2013, because more time was needed to adapt H&M shop online for the US market, but also due to the increased investments in mobile-adapted shopping.

Investments in online sales and IT have as a result of this continued to increase during the year, and this also applies to the investments in developing & *Other Stories* and in broadening the product range. Many of these investments, which have not yet generated any revenue, aim to further strengthen H&M's position and to secure future expansion. Although this has resulted in cost increases for the Group, cost control remains good. Costs in comparable stores as a proportion of sales were at the same level as in the previous year.

Profit after tax for the year, which increased by 7 percent, was affected by the above-mentioned large long-term investments as well as by negative currency translation effects of approximately SEK 290 m.



### Results for the fourth quarter

Gross profit for the fourth quarter amounted to SEK 20,017 m (19,150). This corresponds to a gross margin of 61.6 percent (61.9).

Operating profit for the fourth quarter amounted to SEK 6,533 m (6,665). This corresponds to an operating margin of 20.1 percent (21.5).

Profit after financial items was SEK 6,636 m (6,802).

Profit after tax was SEK 5,287 m (5,357), corresponding to SEK 3.19 (3.24) per share.

### Comments on the fourth quarter

H&M's sales including VAT increased by 9 percent in the quarter in local currencies. Converted into SEK, sales including VAT amounted to SEK 37,930 m (36,191), which is an increase of 5 percent. Sales are considered to be satisfactory in the view of the fact that consumption in many of H&M's markets was affected by the tough macro-economic environment which led to multiple price activities and markdowns in the fashion retail industry during the fourth quarter.

The gross margin was 61.6 percent (61.9). The overall effect of cotton prices, cost inflation and the US dollar – which is the most significant purchasing currency – are considered to have had a neutral effect on purchases for the fourth quarter compared to the corresponding purchasing period the previous year.

Markdowns in relation to sales were at the same level as in the corresponding quarter the previous year.

Selling and administrative expenses in the quarter amounted to SEK 13,484 m (12,485), an increase of 8 percent. In local currencies the increase was 11 percent. The cost increase compared to the fourth quarter 2011 is mainly due to the expansion and to the long-term investments within IT, online sales, & *Other Stories* as well as in broadening the product range. These investments aim to further strengthen H&M's market position in the long term and to secure future expansion. Although costs in comparable stores as a proportion of sales increased somewhat, mostly because sales in the quarter did not increase as much as planned, cost control in the Group remains good.

Profitability remained at a good level with an operating margin of 20.1 percent (21.5). Profit after financial items amounted to SEK 6,636 m (6,802). Profits were negatively affected by the long-term investments mentioned above and by negative currency translation effects of SEK 240 m.

The substantial negative currency translation effects on both sales and profits in the quarter are related to the fact that the Swedish krona continued to strengthen in the fourth quarter, particularly against the euro, compared to the corresponding quarter the previous year. Currency translation effects arise when converting local currencies into SEK, H&M's reporting currency.

The stock-in-trade increased by 10 percent compared to the same time the previous year and amounted to SEK 15,213 m (13,819). In local currencies the increase was 11 percent. The increase is mainly explained by the expansion. The stock-in-trade amounted to 12.6 percent (12.6) of sales excluding VAT and 25.3 percent (23.0) of total assets. The composition of the stock-in-trade as of 30 November 2012 is deemed to be good but the level is somewhat higher than planned which means that markdowns in relation to sales for the current quarter (Q1 2013) are expected to end up at around the same level as in the corresponding quarter the previous year.



### Financial position and cash flow

Consolidated total assets as per 30 November 2012 amounted to SEK 60,173 m (60,188).

The current operations generated a positive cash flow of SEK 18,900 m (17,420). Cash flow was among other things affected by dividends of SEK -15,723 m (-15,723), investments in fixed assets of SEK -6,827 m (-5,174) and by changes in short-term investments with a duration of four to twelve months of SEK 3,963 m (1,209). During the financial year, the Group generated a cash flow of SEK 276 m (-2,359). Liquid funds and short-term investments amounted to SEK 17,143 m (21,277).

The equity/assets ratio was 72.8 percent (73.3) and the share of risk-bearing capital was 76.1 percent (74.9).

Shareholders' equity apportioned on the outstanding 1,655,072,000 (1,655,072,000) shares as per 30 November 2012 was SEK 26.49 (26.65).

### Expansion

H&M remains positive as regards future expansion and the Group's business opportunities.

H&M's growth target remains intact. The growth target is to increase the number of stores by 10-15 percent per year with continued high profitability, while at the same time increasing sales in comparable units. For the financial year 2012/2013 a net addition of approximately 325 new stores is planned. Most of the new stores during 2013 are planned to open in China and the US. There are also still great opportunities for expansion in markets such as Russia, Germany, UK, Italy, Poland and France.

In 2013 H&M plans to open stores in the following five new countries: Chile, Estonia, Lithuania, Serbia and, via franchise, Indonesia.

H&M will open its first store in South America in Santiago de Chile during the first half of 2013. The store will be a flagship store in the best location in the Costanera Center shopping mall. In autumn 2013, the first H&M stores will open in Lithuania – one store in Vilnius and one in Klaipeda. During the autumn, the first three H&M stores will open in Tallinn, Estonia along with the first two H&M stores in Belgrade in Serbia. During the autumn 2013, the first H&M store in Jakarta, Indonesia will open via franchise in cooperation with the franchisee J.S. Gill.

In summer 2013 H&M plans to launch its online sales in the US, the world's largest online market.

Expansion continues for the Group's other brands COS, Monki, Weekday and Cheap Monday. COS, for example, will open its first store in Oslo, Norway and also in Dubai, the UEA during spring 2013. Monki and Weekday will open their first stores in Japan during the spring 2013 and Monki will also open its first store in Paris, France during the spring. Cheap Monday will open its first store in Paris, France in the autumn. In addition to this, Weekday will launch online shopping in 18 countries in 2013. H&M Home will also continue to expand.

The new fashion brand, & Other Stories, will launch its first collections in ten European countries during spring 2013. The first stores will open in Barcelona, Berlin, Copenhagen, London, Milan, Paris and Stockholm. In addition to this, online shopping at stories.com will be launched in Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden and UK.



## Tax

The tax rate for the financial year 2011/2012 was 24.3 percent (24.5). 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. The Swedish corporate tax rate was reduced from 26.3 percent to 22 percent as of 1 January 2013. H&M Group's tax rate for the financial year 2012/2013 is expected to be 23 – 24 percent.

## Employees

The average number of employees in the Group, converted into full-time positions, was 72,276 (64,874), of which 6,220 (5,855) are employed in Sweden.

## Parent company

The parent company's external sales amounted to SEK 30 m (24) for the financial year. Profit after financial items amounted to SEK 15,888 m (16,451). Investments in fixed assets amounted to SEK 125 m (119).

## Comments on the current quarter

As previously communicated, sales including VAT in December 2012 increased by 8 percent in local currencies and sales in comparable units decreased by 2 percent compared to the same month the previous year. Sales in December were affected by a negative calendar effect of approximately 3 percentage points.

Sales in January 2013 are expected to increase by 5 percent in local currencies compared to the same month last year. From mid-January onwards, sales were negatively affected by very cold weather in many of H&M's markets in Europe.

As the stock-in-trade as of 30 November 2012 was somewhat higher than planned, the company assesses that markdowns in relation to sales in the current quarter, i.e. the first quarter 2012/2013, are expected to end up at around the same level as in the corresponding quarter the previous year.

## Dividend policy and dividend proposal

H&M's financial goal is to enable the company to continue enjoying good growth and to be prepared to exploit business opportunities. It is essential that the expansion, as in the past, proceeds with continued high degree of financial strength and continued freedom of action. Based on this policy, the Board of Directors has determined that the total dividend should equal about half of the profit after tax. In addition, the Board may propose that any surplus liquidity is also distributed.

The Board of Directors has decided to propose a dividend of SEK 9.50 per share (9.50) to the 2013 Annual General Meeting corresponding to 93 percent (99) of the profit after tax.

The Board of Directors is of the opinion that the proposed distribution of earnings is justifiable taking into consideration the financial position and continued freedom of action of the Group and the parent company and observing the requirements that the nature and extent of the business, its risks and future expansion plans impose on the Group's and the parent company's equity and liquidity.

### Annual General Meeting 2013

The Annual General Meeting 2013 will be held on Tuesday 23 April, at 3 pm in Victoriahallen, at the Stockholm International Fairs.

### Annual Report 2012

The Annual Report and the Corporate Governance Report are expected to be published on 26 March 2013 on [www.hm.com](http://www.hm.com) and will be sent out by post to shareholders that have so requested and will also be available at the company's head office.

### Accounting principles

The Group applies the 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 2010/2011 which is described in Note 1 – Accounting principles.

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.

### Risks and uncertainties

A number of factors may affect H&M's results and business. Most of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties related to fashion, weather situations, negative macro-economic changes, changes in consumer behaviour, climate changes, trade interventions, external factors in production countries and foreign currency, 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 2011.

### Key-ratio definitions

**Return on equity:** Profit for the year in relation to average shareholders' equity.

**Return on capital employed:** Profit after financial items plus interest expense in relation to average shareholders' equity plus average interest-bearing liabilities.

**Share of risk-bearing capital:** Shareholders' equity plus deferred tax liability in relation to the balance sheet total.

**Equity/assets ratio:** Shareholders' equity in relation to the balance sheet total.

**Equity per share:** Shareholders' equity divided by number of shares.

**P/E ratio:** Price per share divided by earnings per share.

**Comparable units:** Comparable units comprise the stores and the internet and catalogue sales countries that have been in operation for at least one financial year. H&M's financial year is from 1 December to 30 November.

All figures within parenthesis refer to the corresponding period or point of time the previous year.



## CALENDAR

21 March 2013	Three-month report, 1 December 2012 – 28 February 2013
26 March 2013	The Annual Report 2012 to be published
23 April 2013	Annual General Meeting 2013, Victoriahallen, at the Stockholm International Fairs at 3 p.m.
19 June 2013	Six-month report, 1 December 2012 – 31 May 2013
26 September 2013	Nine-month report, 1 December 2012 – 31 August 2013

Stockholm, 29 January 2013  
Board of Directors

*The information in this Full-year Report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under Sweden's Securities Market Act. It will be released for publication at 8.00 (CET) on 30 January 2013.*

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*H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on NASDAQ OMX Stockholm. The company's business concept is to offer fashion and quality at the best price. In addition to H&M, the group includes the brands COS, Monki, Weekday and Cheap Monday, & Other Stories as well as H&M Home. The H&M Group has more than 2,800 stores in 48 markets including franchise markets. In 2012, sales including VAT were SEK 140,948 million and the number of employees was more than 104,000. For further information, visit [www.hm.com](http://www.hm.com).*

**GROUP INCOME STATEMENT (SEK m)**

Full Year, 1 December - 30 November

Fourth quarter, 1 September - 30 November

	2012	2011	Q4 2012	Q4 2011
Sales including VAT	140,948	128,810	37,930	36,191
Sales excluding VAT	120,799	109,999	32,502	30,952
Cost of goods sold	-48,928	-43,852	-12,485	-11,802
<b>GROSS PROFIT</b>	<b>71,871</b>	<b>66,147</b>	<b>20,017</b>	<b>19,150</b>
<i>Gross margin, %</i>	59.5	60.1	61.6	61.9
Selling expenses	-46,608	-42,517	-12,511	-11,629
Administrative expenses	-3,509	-3,251	-973	-856
<b>OPERATING PROFIT</b>	<b>21,754</b>	<b>20,379</b>	<b>6,533</b>	<b>6,665</b>
<i>Operating margin, %</i>	18.0	18.5	20.1	21.5
Interest income	536	568	106	138
Interest expense	-5	-5	-3	-1
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>22,285</b>	<b>20,942</b>	<b>6,636</b>	<b>6,802</b>
Tax	-5,418	-5,121	-1,349	-1,445
<b>PROFIT FOR THE PERIOD</b>	<b>16,867</b>	<b>15,821</b>	<b>5,287</b>	<b>5,357</b>

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

Earnings per share, SEK*	10.19	9.56	3.19	3.24
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	3,705	3,262	944	797
of which cost of goods sold	415	366	105	89
of which selling expenses	3,065	2,698	781	661
of which administrative expenses	225	198	58	47

\* Before and after dilution.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)**

Full Year, 1 December - 30 November

Fourth quarter, 1 September - 30 November

	2012	2011	Q4 2012	Q4 2011
<b>PROFIT FOR THE PERIOD</b>	<b>16,867</b>	<b>15,821</b>	<b>5,287</b>	<b>5,357</b>
<b>Other comprehensive income</b>				
Translation differences	-1,212	-35	579	272
Change in hedging reserves	-272	-113	-414	417
Tax attributable to other comprehensive income	71	30	108	-108
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-1,413</b>	<b>-118</b>	<b>273</b>	<b>581</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>15,454</b>	<b>15,703</b>	<b>5,560</b>	<b>5,938</b>

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

**GROUP BALANCE SHEET (SEK m)**

30 November

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
<b>FIXED ASSETS</b>		
<b>Intangible fixed assets</b>		
Brands	255	302
Customer relations	71	84
Leasehold rights	537	585
Capitalised expenditures	631	-
Goodwill	64	64
	<b>1,558</b>	<b>1,035</b>
<b>Tangible fixed assets</b>		
Buildings and land	805	804
Equipment, tools, fixture and fittings	18,326	16,589
	<b>19,131</b>	<b>17,393</b>
<b>Long-term receivables</b>	<b>628</b>	<b>608</b>
<b>Deferred tax receivables</b>	<b>1,624</b>	<b>1,234</b>
<b>TOTAL FIXED ASSETS</b>	<b>22,941</b>	<b>20,270</b>
<b>CURRENT ASSETS</b>		
<b>Stock-in-trade</b>	<b>15,213</b>	<b>13,819</b>
<b>Current receivables</b>		
Accounts receivables	2,207	2,337
Tax receivables	477	-
Other receivables	1,056	1,375
Prepaid expenses	1,136	1,110
	<b>4,876</b>	<b>4,822</b>
<b>Short-term investments</b>	<b>2,995</b>	<b>6,958</b>
<b>Liquid funds</b>	<b>14,148</b>	<b>14,319</b>
<b>TOTAL CURRENT ASSETS</b>	<b>37,232</b>	<b>39,918</b>
<b>TOTAL ASSETS</b>	<b>60,173</b>	<b>60,188</b>

**GROUP BALANCE SHEET (SEK m)**

30 November

<b>EQUITY AND LIABILITIES</b>	<b>2012</b>	<b>2011</b>
<b>EQUITY</b>		
Share capital	207	207
Reserves	-1,900	-487
Retained earnings	28,661	28,563
Profit for the year	16,867	15,821
<b>TOTAL EQUITY</b>	<b>43,835</b>	<b>44,104</b>
<b>Long-term liabilities*</b>		
Provisions for pensions	377	377
Deferred tax liabilities	1,951	950
	<b>2,328</b>	<b>1,327</b>
<b>Current liabilities**</b>		
Accounts payable	4,234	4,307
Tax liabilities	-	1,851
Other liabilities	2,765	2,428
Accrued expenses and prepaid income	7,011	6,171
	<b>14,010</b>	<b>14,757</b>
<b>TOTAL LIABILITIES</b>	<b>16,338</b>	<b>16,084</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>60,173</b>	<b>60,188</b>
Pledged assets and contingent liabilities	-	-

\* Only pension liabilities are interest-bearing.

\*\* No current liabilities are interest-bearing.

**GROUP CHANGES IN EQUITY (SEK m)**

Since there are no minority interests, all shareholders' equity is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

	SHARE CAPITAL	TRANSLATION EFFECTS	HEDGINGS RESERVES	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
<b>Shareholders' equity, 1 December 2011</b>	<b>207</b>	<b>-648</b>	<b>161</b>	<b>44,384</b>	<b>44,104</b>
Profit for the year	-	-	-	16,867	16,867
<i>Other comprehensive income</i>					
Translation differences	-	-1,212	-	-	-1,212
<u>Change in hedging reserves</u>					
Reported in other comprehensive income	-	-	128	-	128
Transfer to income statement	-	-	-400	-	-400
Tax attributable to hedging reserves	-	-	71	-	71
<i>Other comprehensive income</i>	-	-1,212	-201	-	-1,413
Total comprehensive income	-	-1,212	-201	16,867	15,454
Dividend	-	-	-	-15,723	-15,723
<b>Shareholders' equity, 30 November 2012</b>	<b>207</b>	<b>-1,860</b>	<b>-40</b>	<b>45,528</b>	<b>43,835</b>

	SHARE CAPITAL	TRANSLATION EFFECTS	HEDGINGS RESERVES	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
<b>Shareholders' equity, 1 December 2010</b>	<b>207</b>	<b>-613</b>	<b>244</b>	<b>44,334</b>	<b>44,172</b>
Adjustment of opening balance*	-	-	-	-48	-48
	207	-613	244	44,286	44,124
Profit for the year	-	-	-	15,821	15,821
<i>Other comprehensive income</i>					
Translation differences	-	-35	-	-	-35
<u>Change in hedging reserves</u>					
Reported in other comprehensive income	-	-	-368	-	-368
Transfer to income statement	-	-	255	-	255
Tax attributable to hedging reserves	-	-	30	-	30
<i>Other comprehensive income</i>	-	-35	-83	-	-118
Total comprehensive income	-	-35	-83	15,821	15,703
Dividend	-	-	-	-15,723	-15,723
<b>Shareholders' equity, 30 November 2011</b>	<b>207</b>	<b>-648</b>	<b>161</b>	<b>44,384</b>	<b>44,104</b>

\* Adjustment of pension obligations related to prior years.

**GROUP CASH FLOW STATEMENT (SEK m)**

1 December - 30 November

	2012	2011
<b>Current operations</b>		
Profit after financial items*	22,285	20,942
Provisions for pensions	10	120
Depreciation	3,705	3,262
Tax paid	-7,021	-5,666
<b>Cash flow from current operations before changes in working capital</b>	<b>18,979</b>	<b>18,658</b>
<b>Cash flow from changes in working capital</b>		
Current receivables	-8	-244
Stock-in-trade	-1,607	-2,331
Current liabilities	1,536	1,337
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>18,900</b>	<b>17,420</b>
<b>Investment activities</b>		
Investment in leasehold rights	-125	-71
Investments in other immaterial assets	-631	-
Investment in buildings and land	-63	-157
Investment in fixed assets	-6,008	-4,946
Change in short-term investments, 4 - 12 months	3,963	1,209
Other investments	-37	-91
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-2,901</b>	<b>-4,056</b>
<b>Financing activities</b>		
Dividend	-15,723	-15,723
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-15,723</b>	<b>-15,723</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>276</b>	<b>-2,359</b>
<b>Liquid funds at beginning of the financial year</b>	<b>14,319</b>	<b>16,691</b>
Cash flow for the year	276	-2,359
Exchange rate effect	-447	-13
<b>Liquid funds at end of the financial year**</b>	<b>14,148</b>	<b>14,319</b>

\* Interest paid for the Group amounts to SEK 5 m (5).

Received interest for the Group amounts to SEK 536 m (568).

\*\* Liquid funds and short-term investments at the end of the financial year amounted to SEK 17,143 m (21,277).

**SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES**

Full-year 1 December - 30 November

COUNTRY	SEK m	SEK m	Change in %		No. of stores 30 Nov 2012	New stores	Closed stores
	2012	2011	SEK	Local currency			
Sweden	8,225	8,318	-1	-1	177	5	1
Norway	5,615	5,397	4	3	111	7	
Denmark	4,297	4,195	2	6	94	5	1
United Kingdom	10,413	9,227	13	9	226	18	5
Switzerland	5,821	5,995	-3	-2	82	3	1
Germany	30,303	29,721	2	5	406	22	10
Netherlands	6,688	6,995	-4	-1	124	7	1
Belgium	3,308	3,157	5	8	70	6	2
Austria	4,782	4,793	0	3	68	3	1
Luxembourg	374	385	-3	1	10		
Finland	2,429	2,379	2	6	53	8	2
France	9,976	9,336	7	10	182	15	1
USA	12,550	9,691	30	24	269	39	3
Spain	5,807	5,828	0	3	146	16	2
Poland	2,947	2,747	7	14	103	14	
Czech Republic	769	722	7	13	31	7	
Portugal	862	899	-4	-1	23		
Italy	4,861	4,410	10	14	104	17	
Canada	3,125	2,774	13	10	61	3	
Slovenia	485	500	-3	0	12		
Ireland	581	514	13	17	16	1	
Hungary	622	496	25	35	26	6	
Slovakia	339	254	33	38	13	3	
Greece	841	764	10	14	25	3	
China	5,411	3,598	50	41	134	52	
Japan	2,504	1,549	62	53	22	7	
Russia	2,122	1,512	40	43	37	18	
South Korea	594	410	45	42	11	5	
Turkey	443	309	43	52	11	3	
Romania	635	331	92	107	19	8	
Croatia	608	264	130	141	11	5	
Singapore	409	111	268	252	2	1	
Bulgaria	121				4	4	
Latvia	36				2	2	
Malaysia	84				2	2	
Mexico	47				1	1	
Franchise	1,914	1,229	56	51	88	23	5
<b>Total</b>	<b>140,948</b>	<b>128,810</b>	<b>9</b>	<b>11</b>	<b>2,776</b>	<b>339</b>	<b>35</b>

**SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES**

Fourth quarter, 1 September - 30 November

COUNTRY	SEK m	SEK m	Change in %		No. of stores 30 Nov 2012	New stores	Closed stores
	Q4-2012	Q4-2011	SEK	Local currency			
Sweden	2,067	2,120	-3	-3	177	4	1
Norway	1,452	1,464	-1	0	111	6	
Denmark	1,145	1,156	-1	5	94	4	1
United Kingdom	2,805	2,731	3	1	226	10	1
Switzerland	1,518	1,601	-5	-1	82		
Germany	8,012	8,132	-1	6	406	9	3
Netherlands	1,799	1,921	-6	0	124	3	1
Belgium	865	839	3	10	70	1	1
Austria	1,275	1,354	-6	0	68	1	
Luxembourg	97	105	-8	-2	10		
Finland	600	612	-2	4	53	3	
France	2,727	2,659	3	9	182	7	
USA	3,346	2,879	16	17	269	20	1
Spain	1,450	1,538	-6	0	146	9	
Poland	800	761	5	6	103	6	
Czech Republic	217	207	5	11	31	4	
Portugal	207	225	-8	-2	23		
Italy	1,385	1,287	8	14	104	7	
Canada	861	784	10	8	61	1	
Slovenia	133	143	-7	-1	12		
Ireland	156	146	7	13	16	1	
Hungary	184	146	26	28	26	2	
Slovakia	98	78	26	33	13	1	
Greece	210	209	0	7	25	1	
China	1,608	1,157	39	42	134	25	
Japan	812	536	51	53	22	3	
Russia	585	415	41	43	37	3	
South Korea	192	134	43	43	11	2	
Turkey	122	108	13	17	11	3	
Romania	195	138	41	56	19	3	
Croatia	193	139	39	48	11	1	
Singapore	107	111	-4	-7	2	1	
Bulgaria	42				4		
Latvia	36				2	2	
Malaysia	84				2	2	
Mexico	47				1	1	
Franchise	498	356	40	34	88	12	2
<b>Total</b>	<b>37,930</b>	<b>36,191</b>	<b>5</b>	<b>9</b>	<b>2,776</b>	<b>158</b>	<b>11</b>

**FIVE YEAR SUMMARY****1 December - 30 November**

THE FINANCIAL YEAR	2012	2011	2010	2009	2008
Sales including VAT, SEK m	140,948	128,810	126,966	118,697	104,041
Sales excluding VAT, SEK m	120,799	109,999	108,483	101,393	88,532
Change from previous year, %	10	1	7	15	13
Operating profit, SEK m	21,754	20,379	24,659	21,644	20,138
Operating margin, %	18.0	18.5	22.7	21.3	22.7
Depreciation for the year, SEK m	3,705	3,262	3,061	2,830	2,202
Profit after financial items, SEK m	22,285	20,942	25,008	22,103	21,190
Profit after tax, SEK m	16,867	15,821	18,681	16,384	15,294
Liquid funds and short-term investments, SEK m	17,143	21,277	24,858	22,025	22,726
Stock-in-trade, SEK m	15,213	13,819	11,487	10,240	8,500
Equity, SEK m	43,835	44,104	44,172	40,613	36,950
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	10.19	9.56	11.29	9.90	9.24
Shareholders' equity per share, SEK*	26.49	26.65	26.69	24.54	22.33
Cash flow from current operations per share, SEK*	11.42	10.53	13.19	10.86	10.86
Dividend per share, SEK	9.50**	9.50	9.50	8.00	7.75
Return on shareholders' equity, %	38.4	35.8	44.1	42.2	44.3
Return on capital employed, %	50.3	47.1	58.7	56.7	61.1
Share of risk-bearing capital, %	76.1	74.9	76.2	78.5	75.7
Equity/assets ratio, %	72.8	73.3	74.6	74.7	72.1
Total number of stores	2,776	2,472	2,206	1,988	1,738
Average number of employees	72,276	64,874	59,440	53,476	53,430

\* Before and after dilution. The number of shares has been adjusted for all periods because of the two-for-one share split carried out by H&M in 2010.

\*\* Proposed by the Board of Directors.

Definition on key figures see page 8.

## KEY RATIOS PER QUARTER

	2010				2011				2012			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Sales including VAT, SEK m	29,095	31,604	31,475	34,792	28,708	32,400	31,511	36,191	32,503	36,947	33,568	37,930
Sales excluding VAT, SEK m	24,846	27,033	26,893	29,711	24,503	27,632	26,912	30,952	27,832	31,658	28,806	32,502
Change from previous year, %	7	2	14	6	-1	2	0	4	14	15	7	5
Operating profit, SEK m	4,978	6,965	5,656	7,060	3,408	5,599	4,707	6,665	3,526	6,893	4,802	6,533
Operating margin, %	20.0	25.8	21.0	23.8	13.9	20.3	17.5	21.5	12.7	21.8	16.7	20.1
Depreciation for the period, SEK m	772	783	777	729	808	826	831	797	911	929	921	944
Profit after financial items, SEK m	5,055	7,040	5,735	7,178	3,538	5,752	4,850	6,802	3,701	7,053	4,895	6,636
Profit after tax, SEK m	3,741	5,209	4,244	5,487	2,618	4,257	3,589	5,357	2,739	5,219	3,622	5,287
Liquid assets*, SEK m	26,200	18,992	21,362	24,858	24,355	15,207	16,895	21,277	22,029	13,543	13,552	17,143
Stock-in-trade, SEK m	8,402	8,562	10,545	11,487	10,822	10,414	13,310	13,819	12,397	11,299	13,501	15,213
Equity, SEK m	43,746	36,064	39,352	44,172	45,587	33,946	38,214	44,104	45,852	36,516	38,275	43,835
Earnings per share, SEK**	2.26	3.15	2.56	3.32	1.58	2.57	2.17	3.24	1.65	3.15	2.19	3.19
Equity per share, SEK**	26.43	21.79	23.78	26.69	27.54	20.51	23.09	26.65	27.70	22.06	23.13	26.49
Cash flow from current operations per share, SEK**	3.25	4.30	2.23	3.42	0.46	4.70	1.62	3.75	1.34	5.11	1.43	3.54
Share of risk-bearing capital, %	80.8	75.9	75.8	76.2	81.4	73.0	72.9	74.9	79.1	73.5	74.0	76.1
Equity/assets ratio, %	77.2	71.8	72.3	74.6	79.9	71.3	71.4	73.3	77.6	71.5	72.3	72.8
Total number of stores	1,992	2,062	2,078	2,206	2,212	2,297	2,325	2,472	2,491	2,575	2,629	2,776
<b>Rolling 12 months</b>												
Earnings per share, SEK**	10.61	11.22	11.69	11.29	10.61	10.03	9.64	9.56	9.63	10.21	10.23	10.19
Return on shareholders' equity, %	41.4	54.8	52.3	44.1	39.3	47.4	41.1	35.8	34.9	48.0	44.3	38.4
Return on capital employed, %	55.4	72.9	69.3	58.7	52.3	63.0	54.6	47.1	45.8	63.0	58.2	50.3
Stock-in-trade in % of turnover	8.2	8.3	9.9	10.6	10.0	9.6	12.2	12.6	10.9	9.6	11.3	12.6

\* Liquid funds and short-term investments

\*\* Before and after dilution. The number of shares has been adjusted for all periods because of the two-for-one share split carried out by H&M in 2010.

Definitions on key figures see page 8.

**SEGMENT REPORTING (SEK m)**

1 December - 30 November

	2012	2011
<b>Nordic region</b>		
External net sales	16,555	16,343
Operating profit	619	614
Operating margin, %	3.7	3.8
Assets excluding tax receivables	5,812	6,301
Liabilities excluding tax liabilities	1,778	1,496
Investments	436	344
Depreciation	321	303
<b>Eurozone excluding Finland</b>		
External net sales	58,052	56,687
Operating profit	1,881	1,486
Operating margin, %	3.2	2.6
Assets excluding tax receivables	17,518	17,598
Liabilities excluding tax liabilities	3,837	3,556
Investments	1,951	1,796
Depreciation	1,518	1,450
<b>Rest of the World</b>		
External net sales	46,192	36,969
Operating profit	2,909	2,989
Operating margin, %	6.3	8.1
Assets excluding tax receivables	17,160	15,202
Liabilities excluding tax liabilities	3,822	3,110
Investments	3,576	2,543
Depreciation	1,607	1,274
<b>Group Functions</b>		
Net sales to other segments	69,047	59,778
Operating profit	16,345	15,290
Operating margin, %	23.7	25.6
Assets excluding tax receivables	17,582	19,853
Liabilities excluding tax liabilities	4,950	5,121
Investments	864	491
Depreciation	259	235
<b>Eliminations</b>		
Net sales to other segments	-69,047	-59,778
<b>Total</b>		
External net sales	120,799	109,999
Operating profit	21,754	20,379
Operating margin, %	18.0	18.5
Assets excluding tax receivables	58,072	58,954
Liabilities excluding tax liabilities	14,387	13,283
Investments	6,827	5,174
Depreciation	3,705	3,262

In order to better reflect the company's current geographical spread, with effect from 2013 reporting will be divided into the following three segments: Europe, Asia and North & South America. The parent company and other subsidiaries with no external sales are reported in a separate Group-wide segment.

**PARENT COMPANY INCOME STATEMENT (SEK m)**

1 December - 30 November

	2012	2011
External sales excluding VAT	30	24
Internal sales excluding VAT*	7,271	6,958
<b>GROSS PROFIT</b>	<b>7,301</b>	<b>6,982</b>
Selling expenses	-2,788	-2,235
Administrative expenses	-3,281	-2,671
<b>OPERATING PROFIT</b>	<b>1,232</b>	<b>2,076</b>
Dividend from subsidiaries	14,518	14,224
Interest income	139	151
Interest expense	-1	0
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>15,888</b>	<b>16,451</b>
Year-end appropriations	-328	-9
Tax	-255	-596
<b>PROFIT FOR THE YEAR</b>	<b>15,305</b>	<b>15,846</b>

\* Includes royalty received from Group companies.

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)**

1 December - 30 November

	2012	2011
<b>PROFIT FOR THE YEAR</b>	<b>15,305</b>	<b>15,846</b>
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>15,305</b>	<b>15,846</b>

**PARENT COMPANY BALANCE SHEET (SEK m)**

30 November

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
<b>FIXED ASSETS</b>		
<b>Tangible fixed assets</b>		
Buildings and land	47	45
Equipment, tools, fixture and fittings	412	396
	<b>459</b>	<b>441</b>
<b>Financial fixed assets</b>		
Shares and participation rights	588	590
Receivables from subsidiaries	950	1,177
Long-term receivables	13	13
Deferred tax receivables	51	63
	<b>1,602</b>	<b>1,843</b>
<b>TOTAL FIXED ASSETS</b>	<b>2,061</b>	<b>2,284</b>
<b>CURRENT ASSETS</b>		
<b>Current receivables</b>		
Receivables from subsidiaries	12,412	10,628
Tax receivables	300	-
Other receivables	43	33
Prepaid expenses	25	14
	<b>12,780</b>	<b>10,675</b>
<b>Short-term investments</b>	<b>2,993</b>	<b>5,038</b>
<b>Liquid funds</b>	<b>305</b>	<b>678</b>
<b>TOTAL CURRENT ASSETS</b>	<b>16,078</b>	<b>16,391</b>
<b>TOTAL ASSETS</b>	<b>18,139</b>	<b>18,675</b>

**PARENT COMPANY BALANCE SHEET (SEK m)**

30 November

**EQUITY AND LIABILITIES**

	<b>2012</b>	<b>2011</b>
<b>EQUITY</b>		
<b>Restricted equity</b>		
Share capital	207	207
Restricted reserves	88	88
	<b>295</b>	<b>295</b>
<b>Non-restricted equity</b>		
Retained earnings	1,026	903
Profit for the year	15,305	15,846
	<b>16,331</b>	<b>16,749</b>
<b>TOTAL EQUITY</b>	<b>16,626</b>	<b>17,044</b>
<b>UNTAXED RESERVES</b>	<b>456</b>	<b>128</b>
<b>Long-term liabilities</b>		
Provisions for pensions	229	240
<b>Current liabilities*</b>		
Accounts payable	224	212
Tax liabilities	-	445
Other liabilities	324	348
Accrued expenses and prepaid income	280	258
	<b>828</b>	<b>1,263</b>
<b>TOTAL LIABILITIES</b>	<b>1,057</b>	<b>1,503</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,139</b>	<b>18,675</b>
Pledged assets	-	-
Contingent liabilities	8,376	9,321

\* No current liabilities are interest-bearing.