



## **H & M HENNES & MAURITZ AB**

### **FULL YEAR RESULTS**

1 December 2000 to 30 November 2001

- **Group turnover for the year amounted to SEK 46,528 M (35,876) including VAT, an increase of 30 per cent compared to last year. With comparable exchange rates, the increase was 20 per cent.**
- **Profit after financial items was SEK 5,734 M (4,003), an increase of 43 per cent.**
- **Turnover for the fourth quarter amounted to SEK 14,172 M (10,448) including VAT, an increase of 36 per cent. With comparable exchange rates, the increase was 24 per cent.**
- **Profit after financial items for the fourth quarter was SEK 2,356 M (1,390), an increase of 69 per cent.**
- **Increased market shares in all H&M countries.**
- **In 2002, approximately 90 new stores are planned to open. The USA continued important market for expansion. Somewhat lower expansion rate on the American market than originally planned.**
- **The Board of Directors proposes a dividend of SEK 1.75 (1.35) per share.**

## Turnover

Turnover incl. VAT for the H&M Group increased during the year by 30 per cent (with comparable exchange rates, the increase was 20 per cent) compared with last year and amounted to SEK 46,528.2 M (35,876.1).

Turnover during the fourth quarter was SEK 14,172.0 M (10,448.0) incl. VAT, an increase of 36 per cent (with comparable exchange rates 24 per cent).

Increased customer focus, good collections and a well balanced assortment have resulted in very positive sales development during the year.

H&M has increased its market share in each country of operation.

In 2001, 93 new stores were opened and four were closed. Of the net increase of 89 stores, 37 were opened and two were closed during the fourth quarter. Group number of stores hereby amounts to 771 per 30 November 2001.

Sales outside Sweden accounted for 88 per cent (85) of total sales.

## Profits

Gross profit for the year amounted to SEK 20,499.1 M (15,396.8), which corresponds to 51.6 per cent (50.6) of sales.

After deduction of selling and administrative expenses, operating profit was SEK 5,477.8 M (3,766.6). This corresponds to an operating margin of 13.8 per cent (12.4).

Operating profit has been charged with depreciation according to plan of SEK 900.1 M (629.1) and start-up costs, the part of investments in new stores that is charged directly to the income statement, of SEK 193.0 M (315.7). Operating margin calculated on the result after depreciation but before start-up costs thereby was 14.3 per cent (13.4).

Group financial net interest income amounted to SEK 256.2 M (236.6).

Profit after financial items was SEK 5,734.0 M (4,003.2), an increase of 43 per cent.

After deduction of taxes of SEK 1,917.6 M (1,450.5), profit for the year amounted to SEK 3,816.4 M (2,552.7). The result achieved corresponds to earnings per share of SEK 4.61 (3.08).

Return on shareholders' equity was 27.9 per cent (23.0) and return on capital employed was 41.6 per cent (35.8).

In the fourth quarter, operating profit was SEK 2,293.5 M (1,342.9), corresponding to an operating margin of 18.9 per cent (15.1).

Profit after financial items for the fourth quarter amounted to SEK 2,356.0 M (1,390.4), an increase of 69 per cent.

This financial year, recommendation no 9, income taxes, issued by the Swedish Financial Accounting Standards Council, has been applied. The taxes for 2001 have thereby been reduced by SEK 152.0 M compared to earlier principles.

### **Comments on the Results**

This year's result is strong, in spite of a weak first quarter and a continued substantial expansion on new markets.

The result has among other things been affected by:

- positive currency translation effects as a result of the weakened SEK, SEK +560 M, compared with last year,
- full effect of the cost reduction programme, SEK + 300 M, compared with last year.

The operations in the USA and Spain, excl. extraordinary price reductions, have charged the result with SEK 620 M.

### **Comments on the fourth quarter**

Sales development was good in the fourth quarter. Gross profit amounted to SEK 6,618.2 M (4,540.6) which corresponds to a gross margin of 54.7 per cent (51.0). Full effect of adjusted volumes and good collections have resulted in considerably lower price reductions. The company's endeavour has been to have a lower stock at the end of the seasons in order to reach a better gross profit through considerably lower price reductions during the clearance sales periods.

### **Liquidity and financing**

The Group balance sheet increased by 30 per cent and was on 30 November 2001 SEK 20,410.3 M (15,700.4).

During the year, the H&M Group generated a positive cash flow from current operations of SEK 6,012.3 M (1,941.2). SEK 2,035.7 M (2,525.0) was invested through acquisitions of fixed assets.

The financial assets amounted to SEK 8,530.9 M (5,403.2), an increase of 58 per cent.

Stock-in-trade decreased by 3 per cent (+ 23) and amounted to SEK 4,332.4 M (4,448.7). Stock-in-trade equals 10.9 per cent (14.6) of turnover and 21.2 per cent (28.3) of total assets. The stock level has decreased as a result of adjusted purchase volumes and a good sales development.

The Group's debt ratio was 1.2 per cent (1.2). The share of risk-bearing capital was 77.8 per cent (79.8).

The Group's equity was on 30 November 2001 SEK 15,431.6 M (11,889.8), which apportioned on the 827,536,000 outstanding shares equals SEK 18.65 (SEK 14.37) per share.

## **Expansion**

In the financial year 2001/2002, approximately 90 new stores are planned to open and approximately 10 to close down. The majority of the expansion will take place in H&M's growth markets Germany, France, the USA, Spain and Great Britain.

H&M has a continued strong belief in the USA as an important market for expansion. At the end of the financial year, there were 30 stores in the USA and a further 12 are planned to open in 2002. The somewhat lower expansion rate than originally planned for the USA is due to the uncertainty on the American market after September 11, 2001, as well as to our ambition to more rapidly achieve higher efficiency in the existing stores in the USA.

The changed situation on the American rental market gives H&M the possibility to be more selective and thereby achieve better conditions at future rental negotiations.

## **Employees**

The average number of employees in the Group was 22,944 (20.680), of which 3,523 (3.556) worked in Sweden.

## **The Parent Company**

The parent company's profit after financial items, which is not equivalent to results from total operations in Sweden, amounted to SEK 1,637.6 M (2,034.7). Adjusted for dividend revenue from subsidiaries, the result was SEK 231.4 M (359.4). This year's profit after dispositions and tax amounted to SEK 1,528.4 M (1,933.7).

## **December 2001**

H&M Group turnover (with comparable exchange rates) increased in December 2001 by 10 per cent compared with the corresponding period last year. A substantially lower stock level compared with December 2000 has led to a more quiet sales development. Lower price reductions have resulted in a considerably improved gross margin for the period.

## **Dividend**

The Board of Directors will propose to the Annual General Meeting a dividend of SEK 1.75 (1.35) per share.

## **Annual General Meeting of Shareholders**

The shareholders' meeting will be held on Friday, 19 April 2002, at 3 pm at Stockholmsmässan in Stockholm (Victorihallen).

The Annual Report is estimated to be published and distributed to shareholders during week 11, 2002. The annual report will be accessible at the head office of H&M, Regeringsgatan 48, Stockholm, telephone: +46-8-796 55 00 and on [www.hm.com](http://www.hm.com).

## Reports

The H&M Group will publish the following financial reports during 2002:

Sales development - January	15 February
First Quarter results, 1 December 2001 - 28 February 2002, including sales development - February	22 March
Sales development - March	15 April
Sales development - April	15 May
Half Year results, 1 December 2001 - 31 May 2002, including sales development - May	19 June
Sales development - June	15 July
Sales development - July	15 August
Nine Months results, 1 December 2001 - 31 August 2002, including sales development - August	19 September
Sales development - September	15 October
Sales development - October	15 November
Sales development - November	16 December

Stockholm, 30 January 2002

The Board of Directors

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Information about H&M and press pictures are available on [www.hm.com](http://www.hm.com)

**GROUP INCOME STATEMENT**  
(SEK M)

	1/12 2000- 30/11 2001	1/12 1999- 30/11 2000	1/9 2001- 30/11 2001	1/9 2000- 30/11 2000
Turnover, including VAT	46,528.2	35,876.1	14,172.0	10,448.0
Turnover, excluding VAT	39,698.8	30,453.7	12,104.3	8,904.6
Costs of goods sold	- 19,199.7	-15,056.9	- 5,486.1	- 4,364.0
Gross profit	20,499.1	15,396.8	6,618.2	4,540.6
Selling expenses	- 14,110.9	-10,962.5	- 4,054.9	- 3,017.9
Administrative expenses	- 910.4	- 667.7	- 269.8	- 179.8
Operating profit	5,477.8	3,766.6	2,293.5	1,342.9
Result from financial investments				
Interest income	275.1	254.4	69.9	54.8
Interest expense	- 18.9	- 17.8	- 7.4	- 7.3
Profit after financial items	5,734.0	4,003.2	2,356.0	1,390.4
Taxes	- 1,917.6	- 1,450.5	- 735.3	- 536.0
Profit for the year	3,816.4	2,552.7	1,620.7	854.4
Profit per share, SEK	4.61	3.08	1.96	1.03

Number of shares: 827,536,000

**GROUP BALANCE SHEET**  
(SEK M)

ASSETS	2001	2000
<b>Fixed Assets</b>		
<u>Intangible Assets</u>		
Renting rights	86.8	104.3
<u>Tangible Assets</u>		
Land and buildings	607.6	516.9
Equipment, tools, fixtures and fittings	<u>5,572.8</u>	<u>4,337.4</u>
	6,180.4	4,854.3
<u>Financial Assets</u>		
Other long-term receivables	107.2	96.6
Deferred tax receivables	<u>310.0</u>	<u>          </u>
	417.2	96.6
Total Fixed Assets	6,684.4	5,055.2
<b>Current Assets</b>		
Stock-in-trade	4,332.4	4,448.7
<u>Current receivables</u>		
Accounts receivable, trade	507.7	420.5
Other receivables	57.6	134.9
Prepaid expenses and accrued income	<u>297.3</u>	<u>237.9</u>
	862.6	793.3
Short-term investments	5,063.1	3,813.8
Cash and bank balances	3,467.8	1,589.4
Total Current Assets	13,725.9	10,645.2
Total Assets	20,410.3	15,700.4

**GROUP BALANCE SHEET**  
(SEK M)

EQUITY AND LIABILITIES	2001	2000
<b>Equity</b>		
<u>Restricted Equity</u>		
Share capital	206.9	206.9
Restricted reserves	<u>2,268.5</u>	<u>1,673.8</u>
	2,475.4	1,880.7
<u>Non-restricted Equity</u>		
Profit brought forward	9,139.8	7,456.4
Profit for the year	<u>3,816.4</u>	<u>2,552.7</u>
	12,956.2	10,009.1
Total Equity	15,431.6	11,889.8
<u>Provisions</u>		
Provisions for pensions	98.7	96.1
Provisions for deferred tax liabilities	<u>755.9</u>	<u>639.4</u>
	854.6	735.5
<u>Long-term Liabilities</u>		
Liabilities to credit institutions	86.0	41.9
<u>Current Liabilities</u>		
Accounts payable, trade	998.1	925.3
Income tax liabilities	793.9	363.7
Other liabilities	710.5	431.9
Accrued expenses and deferred income	<u>1,535.6</u>	<u>1,312.3</u>
	4,038.1	3,033.2
Total Equity and Liabilities	20,410.3	15,700.4
Pledged assets		
Real estate mortgages	32.5	32.5
Contingent liabilities	21.0	21.0

**CASH FLOW ANALYSES**  
(SEK M)

	2000/2001	1999/2000
Profit after financial items	5,734.0	4,003.2
Adjustment for items not affecting cash flow	<u>- 859.5</u>	<u>- 821.4</u>
Cash flow generated by current operations before changes in working capital	4,874.5	3,181.8
Cash flow generated by changes in working capital		
Changes in		
Current receivables	- 40.3	- 208.0
Stock-in-trade	145.3	- 844.1
Current liabilities	<u>1,032.8</u>	<u>- 188.5</u>
Cash flow generated by current operations	6,012.3	1,941.2
Cash flow from investment activities		
Investments in fixed assets	- 2,035.7	- 2,525.0
Cash flow from financing activities	- 1,273.7	- 1,049.0
<i>of which dividend</i>	<u>- 1,117.2</u>	<u>- 1,117.2</u>
Cash flow for the year	2,702.9	- 1,632.8
Liquid funds, beginning of the period	5,403.2	6,832.4
Cash flow for the year	2,702.9	- 1,632.8
Changes in currency rates	424.8	203.6
Liquid funds, end of the period	8,530.9	5,403.2

## FIVE-YEAR SUMMARY

		1996/1997	1997/1998	1998/1999	1999/2000	2000/2001
Turnover, including VAT	SEK M	21,279.4	26,649.8	32,976.5	35,876.1	46,528.2
Change from previous year	%	+ 24	+ 25	+ 24	+ 9	+ 30
Sales outside Sweden	SEK M	16,853.1	21,730.1	27,667.4	30,621.0	41,095.0
Sales outside Sweden as a percentage of total sales	%	79	82	84	85	88
Operating margin	%	13.5	14.8	16.4	12.4	13.8
Profit after financial items	SEK M	2,511.9	3,468.2	4,758.6	4,003.2	5,734.0
Net profit for the year	SEK M	1,690.9	2,286.9	3,075.4	2,552.7	3,816.4
Cash and Bank balances including short-term investments	SEK M	3,797.0	5,159.9	6,832.4	5,403.2	8,530.9
Stock-in-trade	SEK M	2,708.4	3,237.9	3,609.3	4,488.7	4,332.4
Restricted equity	SEK M	1,392.0	1,626.5	1,651.2	1,880.7	2,475.4
Non-restricted equity	SEK M	5,081.4	6,779.4	8,642.6	10,009.1	12,956.2
Return on shareholders' equity	%	29.1	30.7	32.9	23.0	27.9
Return on capital employed	%	42.5	46.3	50.3	35.8	41.6
Debt/equity ratio	%	2.1	1.6	1.3	1.2	1.2
Share of risk-bearing capital	%	77.4	77.9	76.4	79.8	77.8
Solidity	%	72.4	73.4	72.5	75.7	75.6
Interest cover		198.8	252.3	324.7	225.9	304.4
Number of stores in Sweden		117	120	124	115	118
Number of stores outside Sweden		373	430	489	567	653
Total number of stores		490	550	613	682	771
Average number of employees		12,096	14,101	17,652	20,680	22,944

## TURNOVER PER COUNTRY AND NUMBER OF SHOPS

1 December 2000 - 30 November 2001

	Turnover 2001	Turnover 2000	Change SEK	Change local currency	No of stores 30 Nov. 2001	Change since 1 Dec. 2000
	Incl VAT	Incl VAT	%	%		
Sweden	5,433	5,255	3	3	118	+3
Norway	3,516	2,911	21	10	67	+ 3
Denmark	2,251	1,885	19	9	49	+ 2
Great Britain	3,453	2,201	57	47	59	+12
Switzerland	3,137	2,480	26	12	45	+ 4
Germany	14,516	11,169	30	20	206	+18
Netherlands	3,082	2,405	28	18	57	+ 3
Belgium	1,640	1,447	13	5	35	+ 1
Austria	3,452	2,891	19	9	41	+ 7
Luxembourg	173	144	20	11	4	
Finland	1,173	932	26	14	19	+ 5
France	2,187	1,165	88	73	31	+ 8
USA	2,027	488	152	124	30	+20
Spain	488	187	161	141	10	+ 3
<b>Total</b>	<b>46,528</b>	<b>35,876</b>	<b>30</b>	<b>20</b>	<b>771</b>	<b>+ 89</b>

## TURNOVER PER COUNTRY AND NUMBER OF SHOPS

1 September 2001 - 30 November 2001

	Turnover 2001	Turnover 2000	Change SEK	Change local currency	No of stores 30 Nov. 2001	Change since 1 Sep. 2001
	Incl VAT	Incl VAT	%	%		
Sweden	1,563	1,421	10	10	118	+ 3
Norway	991	809	22	12	67	
Denmark	660	517	28	14	49	+ 1
Great Britain	1,108	732	51	40	59	+ 2
Switzerland	1,013	724	40	24	45	+ 2
Germany	4,512	3,160	43	30	206	+ 6
Netherlands	988	710	39	26	57	+ 1
Belgium	454	374	21	15	35	+ 1
Austria	1,080	812	33	18	41	+ 3
Luxembourg	48	41	17	13	4	
Finland	334	249	34	18	19	+ 4
France	686	400	72	54	31	+ 1
USA	586	402	46	30	30	+ 9
Spain	149	97	54	39	10	+ 2
<b>Total</b>	<b>14,172</b>	<b>10,448</b>	<b>36</b>	<b>24</b>	<b>771</b>	<b>+ 35</b>