



H & M HENNES & MAURITZ AB THREE-MONTH REPORT

1 December 2009 – 28 February 2010

THE FIRST QUARTER

- The H&M Group's sales excluding VAT amounted to SEK 24,846 m (23,299), an increase of 7 percent. In local currencies, the increase was 13 percent.
 - Gross profit amounted to SEK 15,390 m (13,178), corresponding to a gross margin of 61.9 percent (56.6).
 - Profit after financial items amounted to SEK 5,055 m (3,554), an increase of 42 percent. Group profit after tax was SEK 3,741 m (2,577), corresponding to SEK 4.52 (3.11) per share.
 - Sales in February increased by 10 percent in local currencies compared to the same month last year.
 - Successful opening in Seoul, South Korea in February.
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- Successful franchise openings in Tel Aviv and Jerusalem, Israel in March.
 - Sales in March increased by 21 percent in local currencies compared to the same month last year.

(SEK m)	Q1 2010	Q1 2009
Net sales	24,846	23,299
Gross profit	15,390	13,178
gross margin, %	61.9	56.6
Operating profit	4,978	3,364
operating margin, %	20.0	14.4
Financial items	77	190
Profit after financial items	5,055	3,554
Tax	-1,314	-977
Profit for the period	3,741	2,577
Earnings per share, SEK	4.52	3.11

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on NASDAQ OMX Stockholm. The company's business idea 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 as well as H&M Home. The H&M Group has around 2,000 stores in 37 markets. In 2009, sales including VAT were SEK 118,697 million and the number of employees was around 76,000. For further information, visit www.hm.com.



Sales

Sales including VAT for the first three months amounted to SEK 29,095 m (27,282), an increase of 7 percent. In local currencies the increase was 13 percent and in comparable units sales increased by 2 percent. H&M Group sales excluding VAT amounted to SEK 24,846 m (23,299), an increase of 7 percent.

Sales including VAT in local currencies increased by 10 percent in February 2010 compared to the same month the previous year. Sales in comparable units decreased by 1 percent.

The Group opened 10 (13) stores and closed 6 (3) stores during the three-month period. The total number of stores in the Group as per 28 February 2010 thus amounted to 1,992 (1,748), of which 37 are franchise stores, 23 COS stores and 48 stores within the FaBric Scandinavien Group.

Results for the first quarter

Gross profit for the Group for the first three months amounted to SEK 15,390 m (13,178), an increase of 17 percent. This corresponds to a gross margin of 61.9 percent (56.6).

The operating profit after deducting selling and administrative expenses was SEK 4,978 m (3,364), an increase of 48 percent, which corresponds to an operating margin of 20.0 percent (14.4).

Operating profit for the three-month period has been charged with depreciation amounting to SEK 772 m (721).

Consolidated net interest income was SEK 77 m (190).

Profit after financial items amounted to SEK 5,055 m (3,554), an increase of 42 percent.

Profit after tax for the Group after an estimated tax rate of 26.0 percent (27.5) amounted to SEK 3,741 m (2,577) for the three-month period, corresponding to earnings per share of SEK 4.52 (3.11).

Return on shareholders' equity, rolling twelve months, was 41.4 percent (39.4) and return on capital employed, rolling twelve months, was 55.4 percent (54.3).

Comments on the first quarter

In view of the continued weak economy during the quarter, the company considers that sales have been satisfactory. The spring collections have been well received. Sales excluding VAT translated into SEK increased by 7 percent. In local currencies the increase was 13 percent. In comparable units sales increased by 2 percent.

The quarter's gross margin has this year been positively affected by currency effects of 0.8 percentage units from the currency hedges of the mark-up on sales of goods to the subsidiaries. In the corresponding quarter last year the gross margin was negatively affected by currency effects of totally 4.2 percentage units.

Increased markdowns affected the gross margin negatively by 1.6 percentage units compared to the corresponding quarter last year.

The cost control in the Group continued to be good. Selling and administrative expenses amounted to SEK 10,412 m (9,814) in the quarter, an increase of 6 percent. In local currencies the increase was 12 percent. The cost increase is related to the expansion.

The stock-in-trade decreased by 7 percent compared to the same time last year. The decrease is mainly related to currency translation effects. The stock-in-trade is considered to be well composed and at a good level.

Financial position and cash flow

Consolidated total assets as per 28 February 2010 amounted to SEK 56,675 m (55,010), an increase of 3 percent compared to the same time last year.

During the first three months of the financial year, the Group generated a cash flow of SEK -4,943 m (-1). The current operations generated a positive cash flow of SEK 5,380 m (1,231). Cash flow was among other things affected by investments in fixed assets of SEK -703 m (-1,179) and by short-term investments with a duration of four to twelve months of SEK -9,565 (-). Liquid funds and short-term investments amounted to SEK 26,200 m (23,625).

The stock-in-trade decreased by 7 percent compared to the same time last year and amounted to SEK 8,402 m (9,052). This corresponds to 8.2 percent (9.8) of sales excluding VAT, rolling twelve months. The stock-in-trade was 14.8 percent (16.5) of total assets.

The equity/assets ratio was 77.2 percent (74.6) and the share of risk-bearing capital was 80.8 percent (77.9).

Shareholders' equity apportioned on the outstanding 827,536,000 shares as per 28 February 2010 was SEK 52.86 (49.60).

Expansion

H&M remains positive towards the future expansion and the company's business opportunities.

There has been great interest in the first H&M stores that opened in South Korea in February and in Israel in March. Sales have been well in line with the company's expectations.

During the second quarter, the Group plans to open 73 (80) stores and close 6 (6). Most of the stores are planned for the UK, China, Norway, Denmark and Germany.

During the autumn 2010, the company will open one H&M Home store in Helsinki, one in Copenhagen and one in London.

The first Monki store and the first Weekday store in Finland will open in Helsinki in May 2010. During the autumn 2010, the first Monki store in the Netherlands will open in Amsterdam. In addition, one Monki store and one COS store will open in Hong Kong during the autumn.

Tax

The tax rate is estimated to amount to approximately 26.0 percent for the full year of 2009/2010.

Parent company

The parent company had no external sales (-) for the first quarter of 2010. Profit after financial items amounted to SEK 282 m (261). Investments in fixed assets amounted to SEK 13 m (10).

Comments on the current quarter

In March 2010, sales including VAT in local currencies increased by 21 percent compared to the same month last year. Sales in comparable units increased by 9 percent. Sales in March were positively affected by calendar effects of approximately 2 percentage units and by a somewhat positive effect from the fact that Easter occurred one week earlier this year compared to last year.

As previously communicated, H&M's Board of Directors has proposed a 2:1 share split, which means that each existing share will be divided into two shares of the same class. The Board will ask the Annual General Meeting for a mandate to execute the share split during the period from 20 May to 18 June 2010. The share split will thus take place after the Annual General Meeting on 29 April 2010 and after dividends relating to the 2009 financial year have been paid out.

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 used in the preparation of this report are described in the annual accounts and consolidated accounts for 2008/2009 in Note 1 Accounting Principles.

Starting in 2009/10 the Group is applying IFRS 8 Operating Segments for its segment reporting. According to this standard, segment information is to be presented based on the internal segments determined by executive management. The new standard has not required any changes to be made to the way segments were reported previously. The Group's business consists primarily of the sale of clothes and cosmetics to consumers. Internal reporting is broken down by country. In its segment reporting the Group has grouped countries together into three geographical areas: the Nordic Region, Euro Zone excluding Finland and the Rest of the World. The financial characteristics are similar in each segment. The parent company and other subsidiaries without external sales are reported in a separate, Group-wide segment.

A statement of consolidated comprehensive income is also presented containing items previously reported in the statement of shareholders' equity that do not constitute shareholder transactions.

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities, which essentially involves applying IFRS. In accordance with RFR 2.2 the parent company does not apply IAS 39.

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 fashions, weather situations, climate changes, trade interventions and exchange rates, but also in connection with expansion into new markets, the launch of new concepts, changes in consumer behaviour and handling of the brand.

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 2008/2009. There were no significant changes in risks and uncertainties during the period.

CALENDAR

29 April 2010 at 3 pm	Annual General Meeting, at Victoriahallen, Stockholmsmässan
24 June 2010	Half-year report, 2009-12-01--2010-05-31
29 September 2010	Nine-month report, 2009-12-01--2010-08-31
27 January 2011	Full-year report, 2009-12-01--2010-11-30

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

Stockholm 7 April, 2010

The Board of Directors

The information in this Interim 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 8 April 2010.

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All figures within parenthesis refer to the corresponding period or point of time the previous year. Comparable units, previously referred to as comparable stores, imply 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 extends from 1 December to 30 November.

GROUP INCOME STATEMENT (SEK m)

	1 Dec 09- 28 Feb 10	1 Dec 08- 28 Feb 09	1 Dec 08- 30 Nov 09
Sales including VAT	29,095	27,282	118,697
Sales excluding VAT	24,846	23,299	101,393
Cost of goods sold	-9,456	-10,121	-38,919
GROSS PROFIT	15,390	13,178	62,474
<i>Gross margin, %</i>	61.9	56.6	61.6
Selling expenses	-9,754	-9,223	-38,224
Administrative expenses	-658	-591	-2,606
OPERATING PROFIT	4,978	3,364	21,644
<i>Operating margin, %</i>	20.0	14.4	21.3
Interest income	78	192	467
Interest expense	-1	-2	-8
PROFIT AFTER FINANCIAL ITEMS	5,055	3,554	22,103
Tax	-1,314	-977	-5,719
PROFIT FOR THE PERIOD	3,741	2,577	16,384
Earnings per share, SEK*	4.52	3.11	19.80
Number of shares, thousands*	827,536	827,536	827,536

* Before and after dilution.

Depreciation, total	772	721	2,830
of which cost of goods sold	85	76	310
of which selling expenses	640	609	2,350
of which administrative expenses	47	36	170

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	1 Dec 09- 28 Feb 10	1 Dec 08- 28 Feb 09	1 Dec 08- 30 Nov 09
Profit for the period	3,741	2,577	16,384
Other comprehensive income			
Translations effects etc. regarding equity	-1,036	2,005	294
Change in hedging reserves	581	-679	-264
Tax attributable to other comprehensive income	-153	190	74
OTHER COMPREHENSIVE INCOME	-608	1,516	104
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,133	4,093	16,488

GROUP BALANCE SHEET IN SUMMARY (SEK m)

	28 Feb 2010	28 Feb 2009	30 Nov 2009
ASSETS			
Fixed assets			
Intangible fixed assets	1,575	1,766	1,674
Tangible fixed assets	14,289	13,754	14,811
Financial assets	1,743	2,293	1,797
	17,607	17,813	18,282
Current assets			
Stock-in-trade	8,402	9,052	10,240
Current receivables	4,466	4,520	3,816
Short-term investments, 4-12 months	12,566	-	3,001
Liquid funds	13,634	23,625	19,024
	39,068	37,197	36,081
TOTAL ASSETS	56,675	55,010	54,363
EQUITY AND LIABILITIES			
Equity	43,746	41,043	40,613
Long-term liabilities*	2,652	2,442	2,660
Short-term liabilities**	10,277	11,525	11,090
TOTAL EQUITY AND LIABILITIES	56,675	55,010	54,363

* Only pension liabilities are interest-bearing.

** No short-term liabilities are interest-bearing.

CHANGE IN GROUP EQUITY (SEK m)

	28 Feb 2010	28 Feb 2009	30 Nov 2009
Shareholders' equity at the beginning of the period	40,613	36,950	36,950
Dividend	-	-	-12,825
Total comprehensive income for the period	3,133	4,093	16,488
Shareholders' equity at the end of the period	43,746	41,043	40,613

GROUP CASH FLOW STATEMENT (SEK m)

	1 Dec 09- 28 Feb 10	1 Dec 08- 28 Feb 09
Current operations		
Profit after financial items*	5,055	3,554
Provisions for pensions	-1	9
Depreciation	772	721
Tax paid	-1,048	-2,059
Cash flow from current operations before changes in working capital	4,778	2,225
Cash flow from changes in working capital		
Current receivables	-345	-118
Stock-in-trade	1,671	-229
Current liabilities	-724	-647
CASH FLOW FROM CURRENT OPERATIONS	5,380	1,231
Investment activities		
Investments in intangible fixed assets	-4	-70
Investments in tangible fixed assets	-699	-1,109
Change in short-term investments, 4-12 months	-9,565	-
Other investments	-55	-53
CASH FLOW FROM INVESTMENT ACTIVITIES	-10,323	-1,232
CASH FLOW FOR THE PERIOD	-4,943	-1
Liquid funds at the beginning of the financial year	19,024	22,726
Cash flow for the period	-4,943	-1
Exchange rate effect	-447	900
Liquid funds at the end of the period**	13,634	23,625

* Interest paid amounts for the Group to SEK 1 m (2).

** Liquid funds and short-term investments 4-12 months amounted to SEK 26,200 m (23,625) at the end of the period.

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

First quarter, 1 December - 28 February

COUNTRY	SEK m	SEK m	Change in %		No. of stores	New	Closed
	Q1-2010	Q1-2009	SEK	Local currency	28 Feb. 2010	stores	stores
Sweden	1,924	1,780	8	8	161		
Norway	1,431	1,310	9	5	92		
Denmark	1,045	987	6	12	78	1	
United Kingdom	1,857	1,689	10	16	167	1	1
Switzerland	1,434	1,386	3	8	73		
Germany	7,130	6,844	4	11	362	3	3
Netherlands	1,664	1,645	1	7	103		
Belgium	815	894	-9	-3	60		1
Austria	1,270	1,286	-1	5	63		
Luxembourg	93	99	-6	0	9		
Finland	592	608	-3	3	38		
France	2,244	2,072	8	15	136	2	1
USA	1,810	1,773	2	17	190	1	
Spain	1,570	1,601	-2	4	114		
Poland	610	517	18	21	65		
Czech Republic	159	143	11	14	19		
Portugal	244	239	2	9	20		
Italy	945	782	21	28	64		
Canada	532	438	21	19	52		
Slovenia	127	144	-12	-6	10		
Ireland	128	144	-11	-6	11		
Hungary	82	66	24	29	10		
Slovakia	49	42	17	23	4		
Greece	161	95	69	81	15		
China	497	308	61	85	27		
Japan	353	228	55	71	6		
Russia	134				5		
South Korea	8				1	1	
Franchise	187	162	15	15	37	1	
Total	29,095	27,282	7	13	1,992	10	6

FIVE YEAR SUMMARY

First quarter, 1 December - 28 February

	2010	2009	2008	2007	2006
Sales including VAT, SEK m	29,095	27,282	23,241	19,701	17,686
Sales excluding VAT, SEK m	24,846	23,299	19,742	16,772	15,071
Change from previous year, %	7	18	18	11	20
Operating profit, SEK m	4,978	3,364	3,799	3,223	2,574
Operating margin, %	20.0	14.4	19.2	19.2	17.1
Depreciation for the period, SEK m	772	721	578	469	408
Profit after financial items, SEK m	5,055	3,554	4,057	3,411	2,680
Profit after tax, SEK m	3,741	2,577	2,941	2,302	1,809
Liquid funds and short-term investments, SEK m	26,200	23,625	22,450	20,931	17,812
Stock-in-trade, SEK m	8,402	9,052	7,892	7,196	7,073
Equity, SEK m	43,746	41,043	34,803	30,401	27,638
Number of shares, thousands*	827,536	827,536	827,536	827,536	827,536
Earnings per share, SEK*	4.52	3.11	3.55	2.78	2.19
Shareholders' equity per share, SEK*	52.86	49.60	42.06	36.74	33.40
Cash flow from current operations per share, SEK*	6.50	1.49	2.96	3.43	1.51
Share of risk-bearing capital, %	80.8	77.9	81.0	81.1	82.7
Equity/assets ratio, %	77.2	74.6	79.5	79.7	80.8
Total number of stores	1,992	1,748	1,529	1,351	1,196
Rolling twelve months					
Earnings per share, SEK*	21.21	18.04	17.19	13.64	11.55
Return on shareholders' equity, %	41.4	39.4	43.6	38.9	37.1
Return on capital employed, %	55.4	54.3	60.5	56.9	54.0

* Before and after dilution.

Definition on key figures see the Annual Report 2009, Note 27.

SEGMENT REPORTING (SEK m)

	1 Dec 09- 28 Feb 10	1 Dec 08- 28 Feb 09
Nordic region		
External net sales	4,022	3,773
Operating profit	-11	-27
Operating margin, %	-0.3	-0.7
Euro Zone excluding Finland		
External net sales	13,835	13,372
Operating profit	-423	-71
Operating margin, %	-3.1	-0.5
Rest of the World		
External net sales	6,989	6,154
Operating profit	-210	-84
Operating margin, %	-3.0	-1.4
Group Functions		
Internal net sales	14,299	12,658
Operating profit	5,622	3,546
Eliminations		
Internal net sales	-14,299	-12,658
Total		
External net sales	24,846	23,299
Operating profit	4,978	3,364
Operating margin, %	20.0	14.4

PARENT COMPANY INCOME STATEMENT (SEK m)

	1 Dec 09- 28 Feb 10	1 Dec 08- 28 Feb 09	1 Dec 08- 30 Nov 09
External sales	-	-	-
Internal sales excluding VAT*	1,121	903	5,521
Cost of goods sold	-	-	-
GROSS PROFIT	1,121	903	5,521
Selling expenses	-424	-319	-1,898
Administrative expenses	-427	-376	-1,561
OPERATING PROFIT	270	208	2,062
Dividend from subsidiaries	-	-	13,092
Interest income	12	53	113
PROFIT AFTER FINANCIAL ITEMS	282	261	15,267
Year-end appropriations	-	-	-41
Tax	-74	-73	-608
PROFIT FOR THE PERIOD	208	188	14,618

* Includes received royalty from group companies.

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

	28 Feb 2010	28 Feb 2009	30 Nov 2009
ASSETS			
Fixed assets			
Tangible fixed assets	404	289	414
Financial fixed assets	1,545	1,022	1,363
	1,949	1,311	1,777
Current assets			
Current receivables	7,377	8,170	8,726
Short-term investments	6,880	-	3,001
Liquid funds	969	7,221	3,644
	15,226	15,391	15,371
TOTAL ASSETS	17,175	16,702	17,148
EQUITY AND LIABILITIES			
Equity	15,802	15,464	15,594
Untaxed reserves	825	662	825
Long-term liabilities*	211	193	211
Short-term liabilities**	337	383	518
	17,175	16,702	17,148
TOTAL EQUITY AND LIABILITIES	17,175	16,702	17,148

* Relates to provisions for pensions.

** No short-term liabilities are interest-bearing.