

# H & M Hennes & Mauritz AB

## Six-month report

### First half-year (1 December 2014 – 31 May 2015)

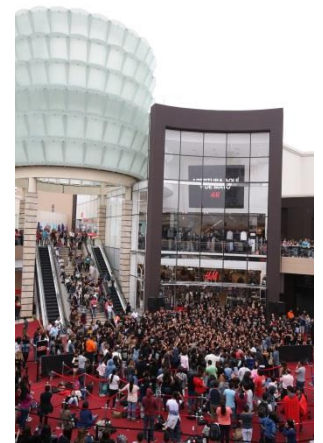
- Well-received collections for all brands in the H&M group resulted in good sales and increased market share. The H&M group's sales excluding VAT increased by 23 percent to SEK 86,143 m (69,970) during the first six months of the financial year. In local currencies the increase was 12 percent.
- Profit after financial items amounted to SEK 13,158 m (11,129), an increase of 18 percent. The group's profit after tax increased to SEK 10,066 m (8,458), corresponding to SEK 6.08 (5.11) per share, an increase of 19 percent.

### First half-year

Sales  
+23 %  
Profits  
+19%

### Second quarter (1 March 2015 – 31 May 2015)

- The H&M group's sales in SEK excluding VAT increased by 21 percent to SEK 45,867 m (37,827) during the second quarter. In local currencies the increase was 10 percent. The quarter has been negatively affected by calendar effects of approximately 2 percentage points.
- Gross profit amounted to SEK 27,245 m (23,010), an increase of 18 percent. This corresponds to a gross margin of 59.4 percent (60.8).
- Profit after financial items amounted to SEK 8,435 m (7,643), an increase of 10 percent. The group's profit after tax increased to SEK 6,453 m (5,809), corresponding to SEK 3.90 (3.51) per share, an increase of 11 percent.
- H&M's first store in Lima, Peru, was very well received on its opening at the beginning of May.
- H&M's eight new online markets; Poland, Portugal, Romania, the Czech Republic, Bulgaria, Slovakia, Hungary and Belgium – were all very well received on opening in March and April.



H&M's opening in Lima, Peru

- Sales in the period 1 June – 23 June 2015 increased by 14 percent in local currencies compared to the same period last year.
- H&M's first store in Macau was very well received on its opening in June. The H&M group plans a net addition of around 400 new stores for the financial year 2014/2015. In total, H&M will expand its retail stores into five new markets in 2015, Taiwan, Peru, Macau, South Africa and India.
- Starting from July 2015, H&M Beauty will gradually be launched in 900 H&M stores in 40 markets as well as online.

	Q2 2015	Q2 2014	Six months 2015	Six months 2014
SEK m				
Net sales	45,867	37,827	86,143	69,970
Gross profit	27,245	23,010	49,458	40,651
<i>gross margin, %</i>	59.4	60.8	57.4	58.1
Operating profit	8,352	7,565	12,989	10,966
<i>operating margin, %</i>	18.2	20.0	15.1	15.7
Net financial items	83	78	169	163
<b>Profit after financial items</b>	<b>8,435</b>	<b>7,643</b>	<b>13,158</b>	<b>11,129</b>
Tax	-1,982	-1,834	-3,092	-2,671
<b>Profit for the period</b>	<b>6,453</b>	<b>5,809</b>	<b>10,066</b>	<b>8,458</b>
Earnings per share, SEK	3.90	3.51	6.08	5.11

Q2

## Comments by Karl-Johan Persson, CEO

“The strong sales development has continued for all our brands with a sales increase in SEK of 23 percent excluding VAT during the first half-year. Including VAT, this means that sales in the first half amounted to more than SEK 100 billion.

Looking specifically at the second quarter, i.e. March to May, sales development was again strong - particularly if we consider the more challenging conditions we faced such as strong comparables from last year, unusually cold spring weather in many of our important European markets and negative calendar effects.

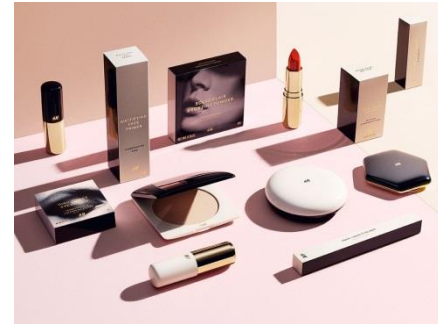
Profits have also developed well in the first half-year, with an increase of 19 percent - this despite the fact that the increasingly strong US dollar has resulted in increased purchasing costs and that we have continued to increase our long-term investments compared to last year. Although these long-term investments currently involve costs, we see them as necessary in order to build an even stronger H&M. Among other things, these investments enable us to be a natural part of our customers' increasingly digital world, where the boundary between shopping online and in physical stores is becoming more and more seamless. Our goal is to offer a customer experience in which online and stores are closely interwoven, which will strengthen our customer offering further.

In March and April we also opened eight new H&M online markets - Poland, Portugal, Romania, the Czech Republic, Bulgaria, Slovakia, Hungary and Belgium - which were all very well received. With the opening of H&M shop online in Switzerland in the autumn, H&M will have 22 online markets.

In parallel with our online expansion, we are continuing to open stores at a fast pace. We are aiming to open approximately 400 new stores net this year. We have had many successful openings so far this year. For example, the opening in Lima, Peru, is one of our strongest ever when it comes to sales. Other places where we have also had great store openings include New York's Herald Square - we opened the group's largest store in terms of floor space here in May - and Macau, where we opened in June. Later in the second half of the year we are looking forward to opening in two interesting and large markets - India and South Africa, where we will open in New Delhi and Cape Town.

So we have a busy autumn ahead of us, as we will also launch our latest initiative, H&M Beauty. This will gradually be rolled out in 900 stores in 40 markets as well as online, starting from July. H&M Beauty, which offers a broad range of make-up, body care and hair care, will also include two subsidiary collections: a premium beauty line and a conscious range of Ecocert-approved sustainable products. H&M Beauty is one example of all the investments we are making in order to broaden H&M's product range even further.

Today we have a strong customer offering with all our brands - H&M, COS, & Other Stories, Weekday, Monki and Cheap Monday, all of which have their own identities which complement each other well. This means that the H&M group can offer a variety of different styles and trends at different price points. Together our brands share a passion for fashion and our drive to offer customers fashion in a sustainable way. Our sustainability work is a very important part of our customer offering, and has been so for many years. Because our sustainability work genuinely permeates our daily work and the decisions we make, it is only natural that sustainability is now also part of H&M's business idea: fashion and quality at the best price in a sustainable way.”



H&M Beauty

“H&M Beauty offers hundreds of make-up products in a stylish and consistent design. The great variety inspires customers to experiment with colours and trends - to achieve a personal style that is all their own.”

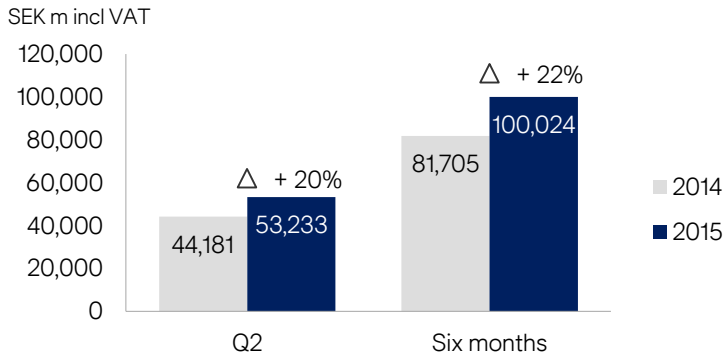
## Sales

Well-received collections for all brands and continued strong expansion led to increased sales and continued market share gains for the H&M group in a fashion retail market that in many countries was still characterised by a challenging macroeconomic situation.

Sales in the second quarter were negatively affected by an unseasonably cold spring in many of the H&M group's important European markets, as well as by negative calendar effects of approximately 2 percentage points.



H&M Ladies



Sales including VAT converted into SEK increased by 20 percent to SEK 53,233 m (44,181) in the second quarter. Sales including VAT in the half-year period increased by 22 percent and amounted to SEK 100,024 m (81,705).

Sales excluding VAT increased by 21 percent to SEK 45,867 m (37,827) in the second quarter and by 23 percent to SEK 86,143 m (69,970) in the half-year period.

Sales including VAT in local currencies increased by 10 percent in the second quarter and by 12 percent in the half-year period.

The substantial difference between the sales increase in SEK and in local currencies is due to the weakness of the Swedish krona against most sales currencies in the group.

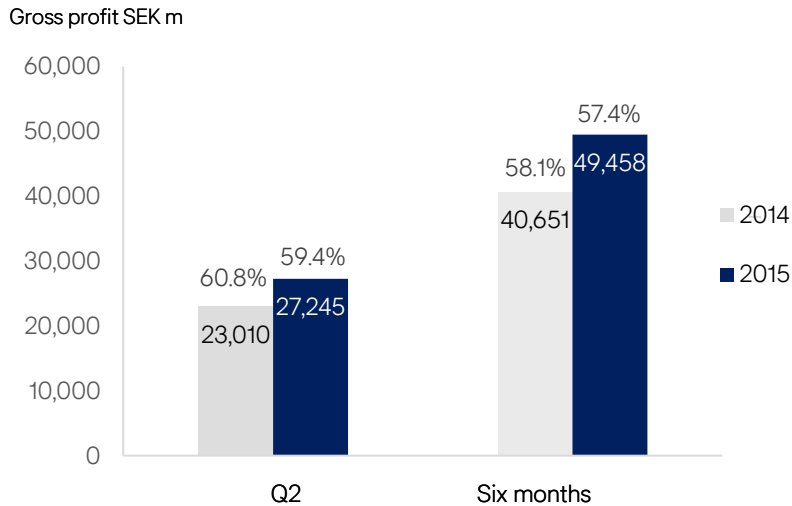
Currency translation effects arise when sales in local currencies are translated into the company's reporting currency, SEK. A positive currency translation effect arises when the Swedish krona weakens and a negative currency translation effect arises if the Swedish krona strengthens.

## Sales in top ten markets, six months

	2015	2014	Change in %		31 May - 15	2015
	SEK m Inc. VAT	SEK m Inc. VAT	SEK	Local currency	Number of stores	New stores (net)
Germany	18,148	16,815	8	3	447	7
USA	11,793	7,475	58	24	370	14
United Kingdom	7,491	5,778	30	11	253	0
France	6,477	5,747	13	8	211	6
China	5,150	3,234	59	27	290	20
Sweden	4,505	4,295	5	5	177	1
Italy	4,099	3,270	25	20	138	6
Spain	3,740	3,182	18	12	163	4
Netherlands	3,642	3,504	4	-1	135	0
Switzerland	3,332	2,814	18	0	96	3
Others*	31,647	25,591	24	17	1,359	67
<b>Total</b>	<b>100,024</b>	<b>81,705</b>	<b>22</b>	<b>12</b>	<b>3,639</b>	<b>128</b>
* Whereof franchise	2,030	1,304	56	29	140	10

## 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 also affected by the decisions that H&M 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.



H&M Man

Gross profit increased by 18 percent to SEK 27,245 m (23,010) in the second quarter, corresponding to a gross margin of 59.4 percent (60.8). For the first half-year, gross profit increased by 22 percent to SEK 49,458 m (40,651), corresponding to a gross margin of 57.4 percent (58.1).

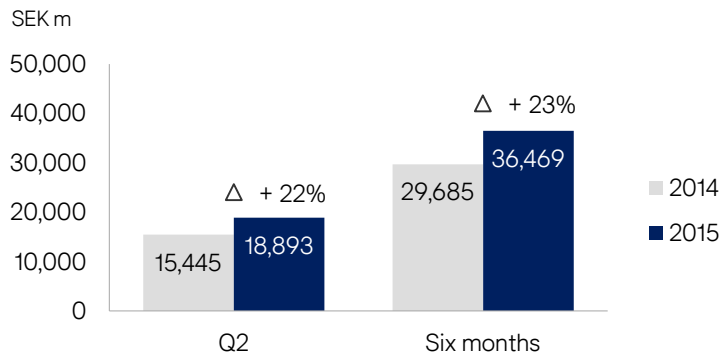
Markdowns in relation to sales increased by 0.3 percentage points in the second quarter 2015 compared to the corresponding quarter in 2014.

Overall, the market situation as regards external factors such as raw material prices, cost inflation, capacity at suppliers, purchasing currencies and transportation costs is considered to have been negative on the purchasing costs during the purchasing period for the second quarter compared to the corresponding purchasing period the previous year, mostly due to the stronger US dollar effect.

The market situation as regards external factors for the purchasing period for the third and fourth quarters of 2015 is considered to be very negative because the US dollar has strengthened substantially against most currencies, which has led to substantially increased purchasing costs compared to the corresponding purchasing periods in the previous year.

Although the stronger US dollar will result in gradually increased purchasing costs when sourcing for the coming quarters of 2015, H&M will still make sure it has the best customer offering in each individual market.

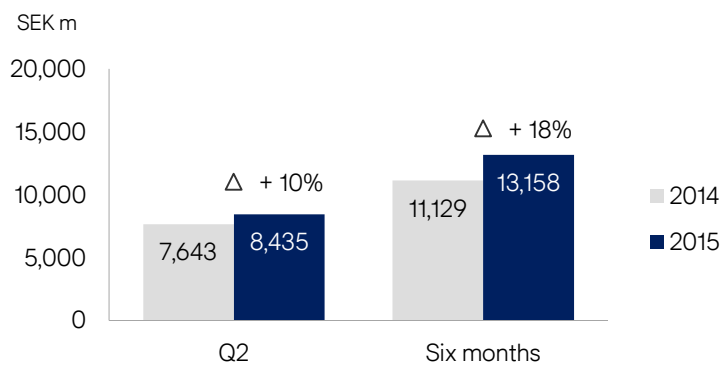
## Selling and administration expenses



H&M Kids

Cost control in the group remains good. For the second quarter in 2015, the selling and administrative expenses increased by 22 percent in SEK and 12 percent in local currencies compared to the second quarter last year. The increase is mainly due to the expansion and the long-term investments within IT and online, and to the broadening of the product range.

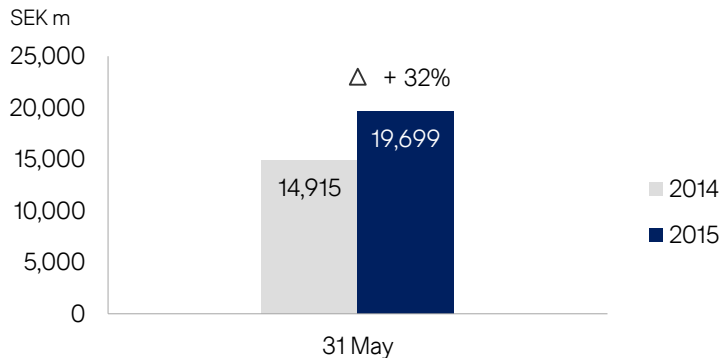
## Profit after financial items



Profit after financial items amounted to SEK 13,158 m (11,129), in the first half-year which is an increase of 18 percent. Profit after financial items in the second quarter increased by 10 percent to SEK 8,435 m (7,643). Profits have been affected by positive currency translation effects, but also by negative transaction effects - i.e. the effect of the strong US dollar on purchasing costs. Together with continued costs for long-term investments, these have had a negative effect on profits.

The long-term investments - which were higher in the second quarter of 2015 than in the corresponding quarter last year - will continue in order to further strengthen the H&M group's market position and secure future expansion. The costs in 2015 will be at a higher level than in 2014, and the costs of these investments may be divided unequally between the quarters.

## Stock-in-trade



Stock-in-trade amounted to SEK 19,699 m (14,915), an increase of 32 percent in SEK and 27 percent in local currencies compared to the same time the previous year.

Although the reported increase in the stock-in-trade is high in SEK, this is due to the store and online expansion as well as the strengthening of the US dollar, which affected purchasing costs and thus the value of the stock. In the light of this, both the composition and the level of the stock-in-trade are deemed to be good.

The stock-in-trade amounted to 11.8 percent (10.8) of sales excluding VAT, rolling 12 months and 26.9 percent (25.4) of total assets.



H&M on Herald Square in New York

## Expansion

H&M remains positive as regards future expansion and the group's business opportunities. The strong expansion continues both through stores and online.

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.

For full-year 2015 a net addition of around 400 new stores is planned. Most new stores in 2015 are planned to open in China and the US. There are also still great opportunities for expansion in other existing markets as well as in new markets.

Five new H&M markets will be added in 2015. The first H&M stores in Taipei, Taiwan, in February, in Lima, Peru in May and in Macau in June have all been very well received. The other two new H&M markets, India and South Africa, are planned to open in the latter part of the second half of the year. The first H&M store in India is scheduled to open in New Delhi and the first H&M store in South Africa will open in Cape Town.

The group is continuing to work on the global roll-out of H&M's online store. In 2015 H&M plans to open nine new online markets: Portugal, Poland, the Czech Republic, Romania, Slovakia, Hungary, Bulgaria and Belgium opened during March and April, and Switzerland will open in the autumn.

Expansion continues for the group's other brands – COS, Monki, Weekday, Cheap Monday and & Other Stories. The main focus for expansion will be on COS and & Other Stories, which will open more stores in 2015 than in 2014. This expansion is mainly taking place in existing markets, although COS will open in at least four new markets this year. In February a COS franchise store opened in Bahrain. This autumn will see the opening of the first COS stores in Luxembourg, in Prague in the Czech Republic and Toronto and Montreal in Canada.

H&M Home is also continuing its rapid expansion in 2015, with around a hundred new H&M Home departments and around 10 new H&M Home markets planned for the year.

H&M Sport, H&M Beauty and the extended shoe range are examples of ongoing long-term investments in broadening H&M's product range.

Starting from July 2015, H&M Beauty will gradually be launched. H&M Beauty is a new and broad concept for make-up, body care and hair care with high quality value-for-money products in a specially produced design. H&M Beauty, which will replace H&M's current cosmetics, will this year be launched in 900 H&M stores in around 40 markets as well as online at hm.com.

## Store count by brand

In the first half-year, the group opened 149 (176) stores and closed 21 (23) stores, i.e. a net increase of 128 (153) new stores. The group had 3,639 (3,285) stores as of 31 May 2015, of which 140 were franchise stores.

Brand	New Stores 2015 (Net)		Total No of stores (31 May)	
	Q2	Six months	2015	2014
H&M	75	109	3,370	3,068
COS	6	9	123	94
Monki	3	4	96	88
Weekday	0	-1	21	21
& Other Stories	4	7	24	9
Cheap Monday	0	0	5	5
<b>Total</b>	<b>88</b>	<b>128</b>	<b>3,639</b>	<b>3,285</b>



H&M Home

## Store count by region

Region	New Stores 2015 (Net)		Total No of stores (31 May)	
	Q2	Six months	2015	2014
Europe	52	64	2,612	2,455
Asia & Oceania	26	42	570	446
North & South America	10	22	457	384
<b>Total</b>	<b>88</b>	<b>128</b>	<b>3,639</b>	<b>3,285</b>

## Current quarter

Sales in the period 1 June – 23 June 2015 increased by 14 percent in local currencies compared to the same period last year.

The H&M group is changing its administrative process surrounding invoice management for goods purchasing as part of its work to streamline and simplify this process. As a result, the suppliers themselves will upload their invoices to an invoice portal, resulting in certain cost savings for H&M since invoices will no longer be handled manually. This will also facilitate import management of the goods into the sales countries. The change in the way invoices are handled means that invoices for goods purchases will be reported earlier. The level of reported stock-in-trade and accounts payable will thus increase with effect from the third quarter 2015, but the change has no effect on the group's cash flow since the payment terms are unchanged.

## Tax

The H&M group's tax rate is expected to be approximately 22.5 – 23.5 percent for the financial year of 2014/2015. In the first and second quarter an estimated tax rate of 23.5 percent has been used, which is also expected to be used for the third quarter of 2015. 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.

## 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 2013/2014 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 7. 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 the Annual Report.

## Risks and uncertainties

A number of factors may affect H&M's results 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 related to fashion, weather conditions, negative macro-economic changes, sustainability and external factors in production countries, trade interventions, foreign currency and tax but also in connection with expansion into new markets, the launch of new concepts, changes in consumer behaviour and how the brand is managed. There are also some risks related to the group's reputation, so called "reputational risks".

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 2014.

## Calendar

24 September 2015	Nine-month report, 1 Dec 2014 – 31 August 2015
28 January 2016	Full-year report, 1 Dec 2014 – 30 November 2015
31 March 2016	Three-month report, 1 Dec 2015 – 29 February 2016

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

Stockholm, 24 June 2015  
Board of Directors





The undersigned hereby provide an assurance that the half-year report for 1 December 2014 – 31 May 2015 provides a true and fair view of the parent company's and the Group's business, positions and earnings, and also describe the significant risks and uncertainties faced by the companies making up the Group.

Stockholm 24 June, 2015

Stefan Persson  
Chairman of the Board

Anders Dahlvig  
Board member

Ingrid Godin  
Board member

Lottie Knutson  
Board member

Sussi Kwart  
Board member

Lena Patriksson Keller  
Board member

Melker Schörling  
Board member

Christian Sievert  
Board member

Margareta Welinder  
Board member

Niklas Zennström  
Board member

Karl-Johan Persson  
Chief Executive Officer

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 25 June 2015. This interim report, and other information about H&M, is available at [www.hm.com](http://www.hm.com)

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*H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, Cheap Monday, & Other Stories as well as H&M Home. The H&M group has more than 3,600 stores in 59 markets including franchise markets. In 2014, sales including VAT amounted to more than SEK 176.6 billion and the number of employees was more than 132,000. For further information, visit [www.hm.com](http://www.hm.com).*

**GROUP INCOME STATEMENT (SEK m)**

	Q2 2015	Q2 2014	Six months 2015	Six months 2014	1 Dec 2013- 30 Nov 2014
Sales including VAT	53,233	44,181	100,024	81,705	176,620
Sales excluding VAT	45,867	37,827	86,143	69,970	151,419
Cost of goods sold	-18,622	-14,817	-36,685	-29,319	-62,367
<b>GROSS PROFIT</b>	<b>27,245</b>	<b>23,010</b>	<b>49,458</b>	<b>40,651</b>	<b>89,052</b>
<i>Gross margin, %</i>	59.4	60.8	57.4	58.1	58.8
Selling expenses	-17,457	-14,196	-33,582	-27,303	-58,525
Administrative expenses	-1,436	-1,249	-2,887	-2,382	-4,944
<b>OPERATING PROFIT</b>	<b>8,352</b>	<b>7,565</b>	<b>12,989</b>	<b>10,966</b>	<b>25,583</b>
<i>Operating margin, %</i>	18.2	20.0	15.1	15.7	16.9
Interest income	84	80	171	166	328
Interest expense	-1	-2	-2	-3	-16
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>8,435</b>	<b>7,643</b>	<b>13,158</b>	<b>11,129</b>	<b>25,895</b>
Tax	-1,982	-1,834	-3,092	-2,671	-5,919
<b>PROFIT FOR THE PERIOD</b>	<b>6,453</b>	<b>5,809</b>	<b>10,066</b>	<b>8,458</b>	<b>19,976</b>

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

Earnings per share, SEK*	3.90	3.51	6.08	5.11	12.07
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	1,564	1,270	3,120	2,478	5,045
of which cost of goods sold	180	143	357	278	568
of which selling expenses	1,283	1,048	2,562	2,046	4,159
of which administrative expenses	101	79	201	154	318

\* Before and after dilution.

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

	Q2 2015	Q2 2014	Six months 2015	Six months 2014	1 Dec 2013- 30 Nov 2014
PROFIT FOR THE PERIOD	6,453	5,809	10,066	8,458	19,976
Other comprehensive income					
<i>Items that have been reclassified or may be reclassified to profit or loss</i>					
Translation differences	-14	763	1,864	457	1,979
Change in hedging reserves	5	106	-145	100	185
Tax attributable to change in hedging reserves	-1	-25	35	-24	-44
<i>Items that have not been and will not be reclassified to profit or loss</i>					
Revaluations relating to defined benefit pension plans	-	-	-	-	-148
Tax attributable to the above revaluation	-	-	-	-	35
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-10</b>	<b>844</b>	<b>1,754</b>	<b>533</b>	<b>2,007</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>6,443</b>	<b>6,653</b>	<b>11,820</b>	<b>8,991</b>	<b>21,983</b>

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	31 May - 2015	31 May - 2014	30 Nov 2014
<b>Fixed assets</b>			
Intangible fixed assets	3,640	2,642	2,962
Tangible fixed assets	29,344	23,479	26,948
Financial assets	3,207	2,353	2,946
	36,191	28,474	32,856
<b>Current assets</b>			
Stock-in-trade	19,699	14,915	19,403
Current receivables	7,155	5,846	6,645
Short-term investments, 4-12 months	1,111	-	2,602
Cash and cash equivalents	9,182	9,592	14,091
	37,147	30,353	42,741
<b>TOTAL ASSETS</b>	<b>73,338</b>	<b>58,827</b>	<b>75,597</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	47,239	38,516	51,556
Long-term liabilities*	3,847	3,048	3,738
Current liabilities**	22,252	17,263	20,303
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>73,338</b>	<b>58,827</b>	<b>75,597</b>

\* Only provisions for pensions are interest-bearing.

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

**CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)**

	31 May - 2015	31 May - 2014	30 Nov 2014
Shareholders' equity at the beginning of the period	51,556	45,248	45,248
Total comprehensive income for the period	11,820	8,991	21,983
Overdue bonus share rights	-	-	48
Dividend	-16,137	-15,723	-15,723
Shareholders' equity at the end of the period	47,239	38,516	51,556

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

	Six months 2015	Six months 2014
<b>Current operations</b>		
Profit after financial items*	13,158	11,129
Provisions for pensions	44	25
Depreciation	3,120	2,478
Tax paid	-3,415	-2,936
<b>Cash flow from current operations before changes in working capital</b>	<b>12,907</b>	<b>10,696</b>
<b>Cash flow from changes in working capital</b>		
Current receivables	-302	-406
Stock-in-trade	145	1,886
Current liabilities	846	-257
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>13,596</b>	<b>11,919</b>
<b>Investment activities</b>		
Investment in intangible fixed assets	-827	-470
Investment in tangible fixed assets	-3,883	-3,461
Change in short-term investments, 4 - 12 months	1,585	3,306
Other investments	-55	-10
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-3,180</b>	<b>-635</b>
<b>Financial activities</b>		
Dividend	-16,137	-15,723
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-16,137</b>	<b>-15,723</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-5,721</b>	<b>-4,439</b>
Cash and cash equivalents at beginning of the financial year	14,091	13,918
Cash flow for the period	-5,721	-4,439
Exchange rate effect	812	113
<b>Cash and cash equivalents at end of the period**</b>	<b>9,182</b>	<b>9,592</b>

\* Interest paid for the group amounts to SEK 2 m (3).

\*\* Cash and cash equivalents and short-term investments 4-12 months at the end of the period amounted to SEK 10,293 m (9,592).

## SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

## Q2, 1 March - 31 May

Market	Q2 - 2015	Q2 - 2014	Change in %		31 May - 15	Q2 - 2015	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	2,358	2,275	4	4	177	1	1
Norway	1,379	1,368	1	1	118		
Denmark	1,334	1,348	-1	-4	101	4	1
United Kingdom	4,005	3,176	26	7	253	1	1
Switzerland	1,747	1,505	16	-4	96	2	
Germany	9,477	9,070	4	1	447	10	2
Netherlands	1,950	1,942	0	-3	135		1
Belgium	1,029	986	4	1	81	4	
Austria	1,337	1,315	2	-2	75	2	
Luxembourg	104	105	-1	-4	10		
Finland	677	667	1	-2	59		
France	3,295	3,053	8	4	211	7	1
USA	6,371	4,028	58	21	370	6	
Spain	1,924	1,658	16	12	163	1	1
Poland	1,117	951	17	10	143	3	
Czech Republic	296	238	24	20	44	1	
Portugal	303	260	17	13	30		
Italy	2,212	1,795	23	19	138	5	
Canada	974	704	38	19	74	1	
Slovenia	129	122	6	3	12		
Ireland	251	203	24	19	21		
Hungary	336	262	28	22	36	1	
Slovakia	138	104	33	28	16		
Greece	430	333	29	25	32	1	
China	3,002	1,842	63	26	290	13	1
Hong Kong	494	395	25	-4	21		
Japan	1,112	962	16	4	54	2	1
Russia	1,031	845	22	48	84	9	
South Korea	369	261	41	15	24	2	
Turkey	553	294	88	76	35	5	
Romania	442	301	47	40	41	3	
Croatia	199	190	5	0	14		
Singapore	235	185	27	5	10		
Bulgaria	122	88	39	33	16		
Latvia	72	61	18	13	6		
Malaysia	227	140	62	37	20	1	
Mexico	244	122	100	78	11	2	
Chile	137	88	56	34	1		
Lithuania	70	55	27	22	7		
Serbia	83	58	43	43	5		
Estonia	73	50	46	41	6		
Australia	298	136	119	97	5	2	
Philippines	129				5		
Taiwan	84				1		
Peru	45				1	1	
Franchise	1,039	640	62	30	140	9	1
<b>Total</b>	<b>53,233</b>	<b>44,181</b>	<b>20</b>	<b>10</b>	<b>3,639</b>	<b>99</b>	<b>11</b>

**SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES****Six months, 1 December - 31 May**

Market	2015	2014	Change in %		31 May - 15	Six months	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	4,505	4,295	5	5	177	2	1
Norway	2,765	2,651	4	4	118		
Denmark	2,590	2,489	4	-1	101	4	2
United Kingdom	7,491	5,778	30	11	253	1	1
Switzerland	3,332	2,814	18	0	96	3	
Germany	18,148	16,815	8	3	447	11	4
Netherlands	3,642	3,504	4	-1	135	1	1
Belgium	2,017	1,855	9	4	81	4	1
Austria	2,595	2,489	4	0	75	2	
Luxembourg	204	200	2	-3	10		
Finland	1,338	1,288	4	-1	59		1
France	6,477	5,747	13	8	211	8	2
USA	11,793	7,475	58	24	370	15	1
Spain	3,740	3,182	18	12	163	7	3
Poland	2,047	1,750	17	10	143	3	
Czech Republic	546	436	25	20	44	1	
Portugal	607	513	18	13	30		
Italy	4,099	3,270	25	20	138	6	
Canada	1,764	1,302	35	19	74	2	
Slovenia	250	229	9	4	12		
Ireland	494	375	32	26	21	1	
Hungary	612	482	27	22	36	1	
Slovakia	262	196	34	27	16	1	
Greece	809	620	30	24	32	2	
China	5,150	3,234	59	27	290	22	2
Hong Kong	972	765	27	0	21		
Japan	1,874	1,628	15	5	54	4	1
Russia	1,611	1,402	15	50	84	13	
South Korea	624	441	41	17	24	2	
Turkey	957	518	85	69	35	5	
Romania	826	549	50	42	41	3	
Croatia	368	349	5	1	14		
Singapore	500	380	32	11	10		
Bulgaria	223	161	39	31	16		
Latvia	137	95	44	37	6		
Malaysia	505	290	74	50	20	2	
Mexico	492	271	82	63	11	5	
Chile	252	156	62	44	1		
Lithuania	132	81	63	55	7	1	
Serbia	157	99	59	58	5		
Estonia	137	91	51	45	6		
Australia	500	136	268	234	5	2	
Philippines	281				5	2	
Taiwan	124				1	1	
Peru	45				1	1	
Franchise	2,030	1,304	56	29	140	11	1
<b>Total</b>	<b>100,024</b>	<b>81,705</b>	<b>22</b>	<b>12</b>	<b>3,639</b>	<b>149</b>	<b>21</b>

**FIVE YEAR SUMMARY****Six months, 1 December - 31 May**

	2011	2012	2013	2014	2015
Sales including VAT, SEK m	61,108	69,450	70,069	81,705	100,024
Sales excluding VAT, SEK m	52,135	59,491	60,027	69,970	86,143
Change from previous year in SEK, %	0	14	1	17	23
Change from previous year in local currencies, %	10	12	5	14	12
Operating profit, SEK m	9,007	10,419	9,153	10,966	12,989
Operating margin, %	17.3	17.5	15.2	15.7	15.1
Depreciation for the period, SEK m	1,634	1,840	2,050	2,478	3,120
Profit after financial items, SEK m	9,290	10,754	9,359	11,129	13,158
Profit after tax, SEK m	6,875	7,958	7,113	8,458	10,066
Cash and cash equivalents and short-term investments, SEK m	15,207	13,543	9,061	9,592	10,293
Stock-in-trade, SEK m	10,414	11,299	12,667	14,915	19,699
Equity, SEK m	33,946	36,516	34,747	38,516	47,239
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	4.15	4.81	4.30	5.11	6.08
Shareholders' equity per share, SEK*	20.51	22.06	20.99	23.27	28.54
Cash flow from current operations per share, SEK*	5.16	6.45	6.78	7.20	8.21
Share of risk-bearing capital, %	73.0	73.5	73.2	70.1	69.0
Equity/assets ratio, %	71.3	71.5	69.2	65.5	64.4
Total number of stores	2,297	2,575	2,908	3,285	3,639
<b>Rolling twelve months</b>					
Earnings per share, SEK*	10.03	10.21	9.68	11.18	13.04
Return on shareholders' equity, %	47.4	48.0	45.0	50.5	50.3
Return on capital employed, %	63.0	63.0	58.0	65.7	64.5

\* Before and after dilution.

Definition on key figures see annual report.

**SEGMENT REPORTING (SEK m)**

	Six months 2015	Six months 2014
<b>Asia and Oceania</b>		
External net sales	11,392	7,566
Operating profit	762	1,037
Operating margin, %	6.7	13.7
<b>Europe</b>		
External net sales	61,300	53,763
Operating profit	1,578	4,364
Operating margin, %	2.6	8.1
<b>North and South America</b>		
External net sales	13,451	8,641
Operating profit	514	-35
Operating margin, %	3.8	-0.4
<b>Group Functions</b>		
Net sales to other segments	37,264	30,968
Operating profit	10,135	5,600
<b>Eliminations</b>		
Net sales to other segments	-37,264	-30,968
<b>Total</b>		
External net sales	86,143	69,970
Operating profit	12,989	10,966
Operating margin, %	15.1	15.7



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

	Q2 2015**	Q2 2014	Six months 2015**	Six months 2014	1 Dec 2013- 30 Nov 2014
External sales excluding VAT	1	2	2	4	47
Internal sales excluding VAT*	880	2,199	1,646	4,098	8,764
<b>GROSS PROFIT</b>	<b>881</b>	<b>2,201</b>	<b>1,648</b>	<b>4,102</b>	<b>8,811</b>
Selling expenses	-	-951	-	-1,475	-2,982
Administrative expenses	-106	-1,217	-57	-2,493	-5,316
<b>OPERATING PROFIT</b>	<b>775</b>	<b>33</b>	<b>1,591</b>	<b>134</b>	<b>513</b>
Dividend from subsidiaries	827	1,051	1,310	1,051	15,701
Interest income	8	17	17	36	59
Interest expense	-1	-5	-2	-8	-25
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>1,609</b>	<b>1,096</b>	<b>2,916</b>	<b>1,213</b>	<b>16,248</b>
Year-end appropriations	-	-	-	-	-10
Tax	-172	-10	-353	-36	-130
<b>PROFIT FOR THE PERIOD</b>	<b>1,437</b>	<b>1,086</b>	<b>2,563</b>	<b>1,177</b>	<b>16,108</b>

\* Includes royalty received from group companies.

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

	Q2 2015**	Q2 2014	Six months 2015**	Six months 2014	1 Dec 2013- 30 Nov 2014
PROFIT FOR THE PERIOD	1,437	1,086	2,563	1,177	16,108
Other comprehensive income					
<i>Items that have not been and will not be reclassified to profit or loss</i>					
Revaluations relating to defined benefit pension plans	-	-	-	-	-24
Tax attributable to the above revaluation	-	-	-	-	5
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-19</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,437</b>	<b>1,086</b>	<b>2,563</b>	<b>1,177</b>	<b>16,089</b>

\*\* To simplify administration and internal follow-up, with effect from 1 December 2014 all central functions in Sweden were brought together in one company, H & M Hennes & Mauritz GBC AB. Due to this, the majority of the revenues and costs in the parent company were transferred to H & M Hennes & Mauritz GBC AB.

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

	31 May - 2015	31 May - 2014	30 Nov 2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets	577	507	648
Financial fixed assets	1,685	1,467	1,553
	2,262	1,974	2,201
<b>Current assets</b>			
Current receivables	2,519	2,177	11,997
Short-term investments, 4-12 months	-	-	2,602
Cash and cash equivalents	-	-	2,314
	2,519	2,177	16,913
<b>TOTAL ASSETS</b>	<b>4,781</b>	<b>4,151</b>	<b>19,114</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	3,687	2,301	17,261
Untaxed reserves	464	454	464
Long-term liabilities*	223	213	223
Current liabilities**	407	1,183	1,166
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,781</b>	<b>4,151</b>	<b>19,114</b>

\* Relates to provisions for pensions.

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