

# H & M Hennes & Mauritz AB

## Full-year report

### Full-year (1 December 2014 – 30 Nov 2015)

- Well-received collections for all brands in the H&M group resulted in good sales of SEK 210 billion including VAT and increased market share.
- The H&M group's sales excluding VAT increased by 19 percent to SEK 180,861 m (151,419) during the financial year. In local currencies the increase was 11 percent.
- Gross profit increased by 16 percent to SEK 103,167 m (89,052). This corresponds to a gross margin of 57.0 percent (58.8).
- Profit after financial items increased by SEK 1.3 billion and amounted to SEK 27,242 m (25,895), an increase of 5 percent. The group's profit after tax increased to SEK 20,898 m (19,976), corresponding to SEK 12.63 (12.07) per share, an increase of 5 percent.
- The profit increase for 2015 has led to SEK 75 m being allocated to the H&M Incentive Program (HIP), which is for all employees.
- Very strong expansion during the year with a total net addition of 413 (379) new stores and ten new online markets. At the end of the financial year H&M had 23 online markets and the number of stores amounted to 3,924 in 61 markets.
- More than 16,000 new jobs were created in the H&M group in 2015. The number of employees amounted to more than 148,000 (132,000) at the end of the year.

**SEK 210 billion**  
Sales during 2015

**+19 %**  
Sales increase in 2015

**3,924**  
stores in 61 markets

### Fourth quarter (1 September 2015 – 30 Nov 2015)

- The H&M group's sales in SEK excluding VAT increased by 14 percent to SEK 48,694 m (42,644) during the fourth quarter. In local currencies the increase was 9 percent.
- Gross profit amounted to SEK 27,997 m (25,744), an increase of 9 percent. This corresponds to a gross margin of 57.5 percent (60.4).
- Profit after financial items amounted to SEK 7,148 m (7,799). The group's profit after tax amounted to SEK 5,526 m (6,222), corresponding to SEK 3.34 (3.76) per share. Profits in the quarter were negatively affected by substantially higher purchasing costs due to the strengthened US dollar.
- Very good start for H&M's first stores in India, New Delhi and in South Africa, Cape Town.

- The Board of Directors proposes a dividend of SEK 9.75 (9.75) per share for the 2014/2015 financial year.
- Sales including VAT in December 2015 increased by 10 percent in local currencies compared to the corresponding month the previous year.
- Sales including VAT in January 2016 are expected to increase by 7 percent in local currencies compared to the same month last year.
- The H&M group plans a net addition of around 425 new stores for the 2015/2016 financial year. Most of the expansion will take place in existing markets. New Zealand, Cyprus and Puerto Rico are planned to become new H&M markets. In addition, H&M plans to offer e-commerce in a further nine existing H&M markets.



H&M Ladies Spring 2016.

Q4

## Comments by Karl-Johan Persson, CEO

“2015 has been a very expansive year for the H&M group. We have opened 413 new stores net, of which 249 in the fourth quarter, as well as ten new H&M online markets and we have successfully established stores in our new markets of India, South Africa, Peru, Taiwan and Macau. In total, we now have stores in 61 markets and offer online sales in 23 of these.

Sales have developed well for all our brands: H&M, H&M Home, COS, & Other Stories, Weekday, Monki and Cheap Monday. During the year sales totalled SEK 210 billion including VAT, which is an increase of 19 percent in SEK. In local currencies the increase was 11 percent. Profit for the year after tax increased to SEK 20.9 billion, which is our highest result to date - this despite the fact that the strong US dollar exchange rate has made our purchasing much more expensive.

Our employees are doing a fantastic job and are decisive for our success. The increase in the financial result for the year means that SEK 75 m has been allocated to the H&M Incentive Program (HIP), which is for all employees in the H&M group. The accumulated value to an employee who has been in the programme since it started five years ago amounts to approximately SEK 45,000 per person\*. In 2015 we created 16,000 new jobs within the H&M group and we are now more than 148,000 employees and we plan to employ further thousands of new employees in 2016 since our strong expansion continues.

Our growth target of increasing the number of stores by 10-15 percent per year with continued high profitability remains intact. In 2016 we plan to open 425 new stores net and open H&M stores in three new markets: New Zealand, Cyprus and Puerto Rico. In addition, H&M plans to offer e-commerce in a further nine existing H&M markets. These countries are Ireland, Japan, Greece, Croatia, Slovenia, Estonia, Latvia, Lithuania and Luxembourg. We are very pleased with the continued strengthening of our online customer offering and developments within our online operations.

We operate in an industry that is exposed to a lot of competition and are therefore constantly working to develop our customer offering within our different brands which are all based on the idea of giving customers the best combination of fashion, quality, price and sustainability – from each brand’s unique identity. Among other things, we are making substantial long-term investments in order to grasp the opportunities coming from the increased digitalization. In addition, we are also continuing to broaden the product range further as well as adding more brands to the group. One example of broadening our range is the successful launch of H&M Beauty, which is now in 900 stores in 41 markets and which will continue to be rolled out to a further 300 stores in 2016.

Sustainability is something that concerns us all and at H&M we have been working on these matters for a long time. We have made lots of improvements and are constantly working on how to improve even further to meet the challenges that we and our industry are facing. A specific example of what we have achieved in 2015 is that we have switched to 100 percent renewable energy in all markets where this is possible. For the group as a whole, this means that around 80 percent of all the energy that we use globally comes from renewable sources; in 2014 this figure was 27 percent. We have also increased the proportion of cotton that comes from sustainable sources, which now represents 31 percent of our total cotton usage (21 percent in 2014). Our goal is that all cotton in our product range will come from sustainable sources by 2020 at the latest.

We closely follow developments in the market in each country where we are present. For 2016 we see many opportunities, but are also well aware of the challenges that exist. We firmly believe that our customer offering and our investments will lead to increased market share and strengthen H&M’s position even further in 2016.”



Opening of the first H&M store in India.

”2015 has been a very expansive year for the H&M group. We have opened 413 new stores net and added ten new online markets. For 2016 we plan to open 425 new stores net and to extend e-commerce to a further nine existing H&M markets.”

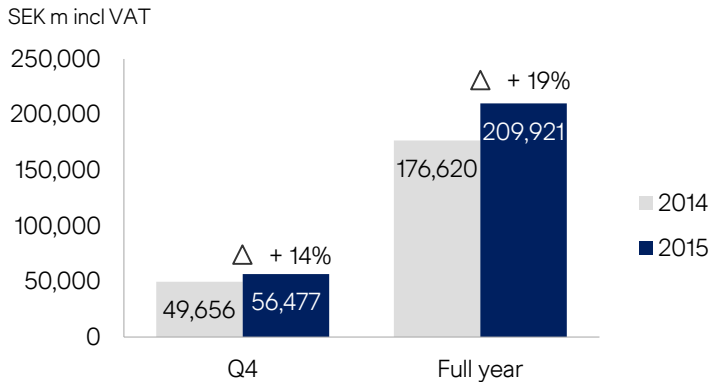
	Q4	Q4	Full year	Full year
	2015	2014	2015	2014
SEK m				
Net sales	48,694	42,644	180,861	151,419
Gross profit	27,997	25,774	103,167	89,052
<i>gross margin, %</i>	<i>57.5</i>	<i>60.4</i>	<i>57.0</i>	<i>58.8</i>
Operating profit	7,084	7,731	26,942	25,583
<i>operating margin, %</i>	<i>14.5</i>	<i>18.1</i>	<i>14.9</i>	<i>16.9</i>
Net financial items	64	68	300	312
<b>Profit after financial items</b>	<b>7,148</b>	<b>7,799</b>	<b>27,242</b>	<b>25,895</b>
Tax	-1,622	-1,577	-6,344	-5,919
<b>Profit for the period</b>	<b>5,526</b>	<b>6,222</b>	<b>20,898</b>	<b>19,976</b>
Earnings per share, SEK	3.34	3.76	12.63	12.07

\* This figure is the amount for a full-time employee in Sweden before this year’s allocation. For employees in other countries the figure will vary depending on tax and social security costs in each country. Any tax due on payout has not been deducted from this figure.

## 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 fourth quarter were good in September and October, but in November sales were negatively affected by the unseasonably mild weather in many of the H&M group's large European sales markets and in North America.



Sales including VAT converted into SEK increased by 14 percent to SEK 56,477 m (49,656) in the fourth quarter. Sales including VAT increased by 19 percent in the 2015 financial year and amounted to SEK 209,921 m (176,620).

Sales excluding VAT increased by 14 percent to SEK 48,694 m (42,644) in the fourth quarter and by 19 percent to SEK 180,861 m (151,419) in the 2015 financial year.

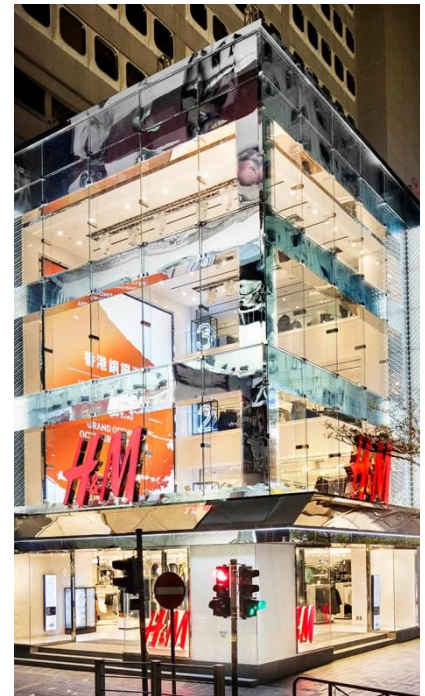
In local currencies sales including VAT increased by 9 percent in the fourth quarter and by 11 percent during the 2015 financial year.

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 compared to the same period last year.

Currency translation effects arise when sales in local currencies are translated into the company's reporting currency, which is 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, full-year

	2015	2014	Change in %		30 Nov - 15	2015
	SEK m Inc. VAT	SEK m Inc. VAT	SEK	Local currency	Number of stores	New stores (net)
Germany	36,943	34,950	6	2	449	9
USA	25,135	17,278	45	18	415	59
United Kingdom	16,001	12,993	23	8	264	11
France	13,579	12,321	10	7	222	17
China	10,559	7,495	41	16	353	83
Sweden	9,495	8,923	6	6	176	0
Italy	8,644	7,140	21	17	150	18
Spain	7,736	6,748	15	11	165	6
Netherlands	7,521	7,320	3	-1	139	4
Switzerland	6,844	5,951	15	-2	96	3
Others*	67,464	55,501	22	18	1,495	203
<b>Total</b>	<b>209,921</b>	<b>176,620</b>	<b>19</b>	<b>11</b>	<b>3,924</b>	<b>413</b>
<i>* Whereof franchise</i>	<i>4,494</i>	<i>2,947</i>	<i>52</i>	<i>28</i>	<i>156</i>	<i>26</i>

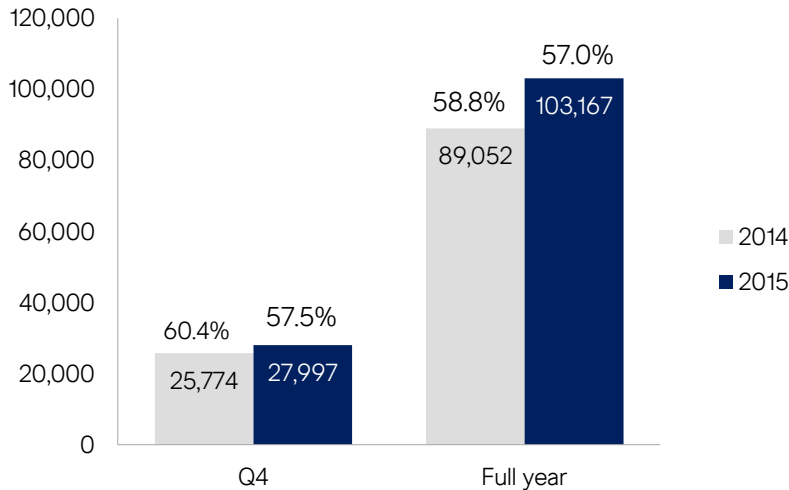


During 2015 H&M switched to using 100 percent renewable energy in all the markets where this is possible.

## 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.

Gross profit SEK m



H&M Ladies

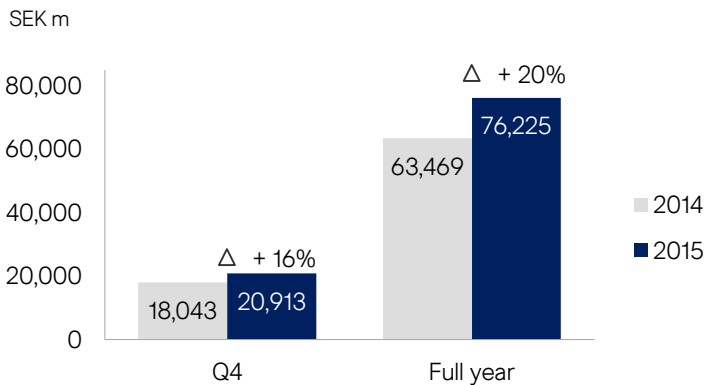
Gross profit increased by 9 percent to SEK 27,997 m (25,774) in the fourth quarter, corresponding to a gross margin of 57.5 percent (60.4). For the financial year, gross profit increased by 16 percent to SEK 103,167 m (89,052), corresponding to a gross margin of 57.0 percent (58.8).

Markdowns in relation to sales increased by 0.5 percentage points in the fourth quarter 2015 compared to the corresponding quarter in 2014, mostly due to increased price activities in November.

Overall, the market situation as regards external factors such as raw material prices, cost inflation, capacity at suppliers, purchasing currencies and transportation costs has continued to be negative during the purchasing period for the fourth quarter compared to the corresponding purchasing period the previous year, mostly due to the impact of the stronger US dollar on purchasing costs.

For the first quarter 2016 the strong US dollar will have the same significant negative impact on purchasing costs as for the fourth quarter 2015. Thereafter the negative impact is expected to gradually diminish with effect from the second quarter 2016.

## Selling and administration expenses



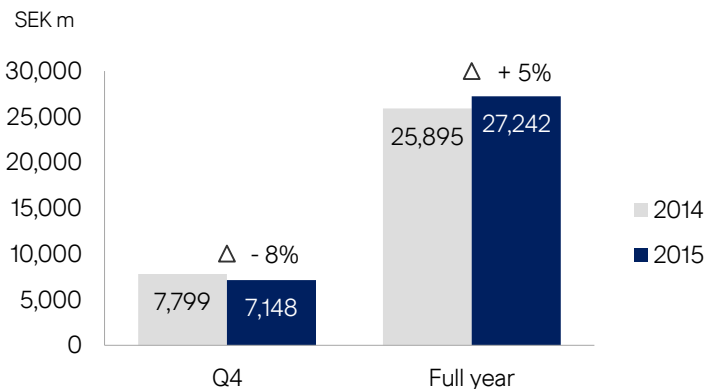
Cost control in the group remains good. For the fourth quarter of 2015, selling and administrative expenses increased by 16 percent in SEK and 12 percent in local currencies compared to the fourth quarter last year. The increase is mainly due to the expansion and the long-term investments within IT and online, and to the broadening of the product range.

Selling and administration expenses for the full-year increased by 20 percent in SEK and by 12 percent in local currencies.



COS flagship store in Pangyo, South Korea.

## Profit after financial items



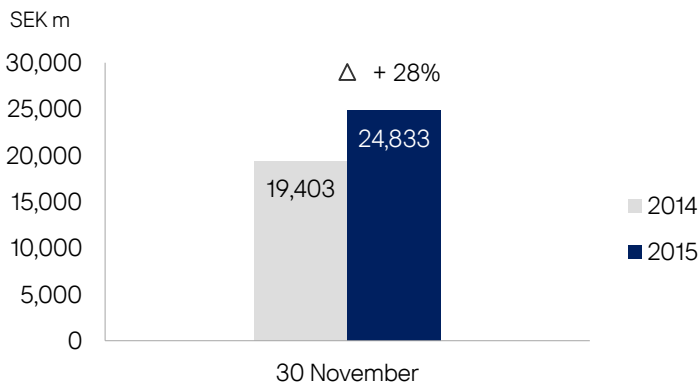
Profit after financial items in the fourth quarter amounted to SEK 7,148 m (7,799). For the financial year, profit after financial items increased to SEK 27,242 m (25,895), an increase of 5 percent.

Profits for the fourth quarter are mostly explained by the strong US dollar effect on purchasing costs and by the unseasonably mild weather in November in many of the group's large European sales markets and in North America, which led to weaker sales than planned and increased markdowns.

Costs for long-term investments increased in the fourth quarter by approximately SEK 150 m compared to the corresponding quarter the previous year and increased for full-year 2015 by approximately SEK 600 m compared to 2014. These long-term investments aim to further strengthen the H&M group's market position and secure future expansion. The investments are continuing in 2016 and in absolute terms are expected to increase in 2016 by the same amount as in 2015, i.e. an increase of approximately SEK 600 m. The costs of these investments may be divided unequally between the quarters.

The allocation to the H&M Incentive Program (HIP) is based on 10 percent of the increase in the company's profit after tax between two consecutive financial years (before the contribution to HIP). The allocation must be invested in H&M shares. The amount allocated for the year was SEK 75 m (303). The allocation was expensed in the fourth quarter 2015 and thus affected profit before tax by SEK 75 m (303) and profit after tax by SEK 57 m (230).

## Stock-in-trade



Stock-in-trade amounted to SEK 24,833 m (19,403), an increase of 28 percent in SEK and 26 percent in local currencies compared to the same time the previous year.

The increase in the stock-in-trade is mainly due to the strengthening of the US dollar, which affected purchasing costs and thus the value of the stock, but also to the group's expansion through stores and online and the warm autumn's negative effect on sales of winter garments. The stock-in-trade as per 30 November 2015 therefore contains a larger volume of winter garments than planned, which is expected to result in costs for markdowns increasing by 1 to 2 percentage points in relation to sales in the first quarter of 2016 compared to the corresponding quarter of 2015. Apart from these factors, the level and the composition of the stock-in-trade are deemed to be satisfactory.

The stock-in-trade amounted to 13.7 percent (12.8) of sales excluding VAT and 28.9 percent (25.7) of total assets.

## 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 aim is to increase the number of stores by 10-15 percent per year with continued high profitability.

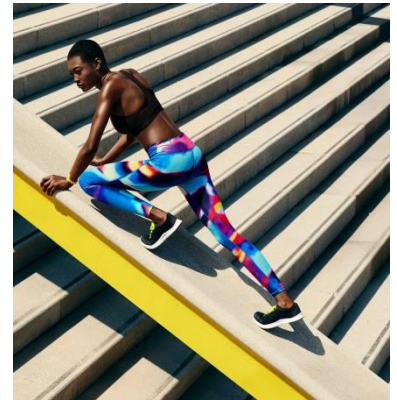
For full-year 2016 the group plans a net addition of around 425 new stores, with most of the expansion taking place in existing markets. China and the US will once again be the markets with the most new stores. Three new markets are planned for 2016: New Zealand, Cyprus and Puerto Rico, which means that by the end of the financial year H&M will be present in 64 markets.

H&M currently offers online shopping in 23 markets and the global rollout of H&M's online store continues. During 2016 H&M plans to offer e-commerce in a further nine of H&M's existing markets. These countries are Ireland, Japan, Greece, Croatia, Slovenia, Estonia, Latvia, Lithuania and Luxembourg.

The group's other brands - COS, Monki, Weekday, Cheap Monday and & Other Stories - are planned to continue expanding at the same fast rate as in 2015. The main focus of this expansion will be on COS, which will open most of its new stores in existing markets but will also open stores in five new markets: the Czech Republic, Romania, Latvia, Malaysia and Saudi Arabia (via franchise). & Other Stories, Monki and Weekday will also grow by opening stores in both new and existing markets. Also H&M Home will continue its rapid expansion, with around 60 new H&M Home departments.

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

H&M Beauty has got off to a very good start since its launch began in July 2015. At the end of the financial year H&M Beauty was available in around 900 stores in 41 H&M markets, as well as at hm.com. H&M Beauty is a new and broad concept for make-up, body care and hair care which offers high quality value-for-money products in a specially produced design. The rollout of H&M Beauty - which replaces H&M's current cosmetics - in both new and existing markets will continue during 2016. The plan is to add H&M Beauty into a further 300 H&M stores during 2016.

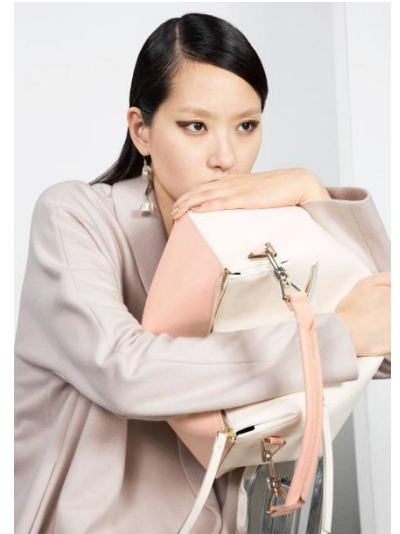


H&M Sport is now available in more than 2,400 H&M stores and the rollout continues.

## Store count by brand

In the financial year 2015, the group opened 472 (426) stores and closed 59 (47) stores, i.e. a net increase of 413 (379) new stores. The group had 3,924 (3,511) stores as of 30 November 2015, of which 156 were franchise stores.

Brand	New Stores 2015 (Net)		Total No of stores (30 Nov)	
	Q4	Full year	2015	2014
H&M	207	349	3,610	3,261
COS	25	39	153	114
Monki	12	14	106	92
Weekday	0	-2	20	22
& Other Stories	5	13	30	17
Cheap Monday	0	0	5	5
<b>Total</b>	<b>249</b>	<b>413</b>	<b>3,924</b>	<b>3,511</b>



& Other Stories

## Store count by region

Region	New Stores 2015 (Net)		Total No of stores (30 Nov)	
	Q4	Full year	2015	2014
Europe & Africa	97	166	2,714	2,548
Asia & Oceania	109	167	695	528
North & South America	43	80	515	435
<b>Total</b>	<b>249</b>	<b>413</b>	<b>3,924</b>	<b>3,511</b>

## Tax

The H&M group's final tax rate for the 2014/2015 financial year was 23.3 percent (22.9). The final outcome of the tax rate depends on the results of the group's various companies, the corporate tax rates in each country and any taxes relating to previous years. The H&M group's tax rate is expected to be approximately 22.5 - 23.5 percent for the 2015/2016 financial year. However, in the first three quarters of 2016 an estimated tax rate of 23.5 percent will be used.

## Employees

The average number of employees in the group, converted into full-time positions, was 104,634 (93,351), of which 8,061 (7,489) are employed in Sweden.

## Current quarter

As previously communicated, sales including VAT in December 2015 increased by 10 percent in local currencies compared to the same month the previous year.

Sales in January 2016 are expected to increase by 7 percent in local currencies compared to the same month last year. In January, there is a negative calendar effect for the group of approximately 2 percentage points due to one more Sunday compared to January 2015.

Since the stock-in-trade contains a greater volume of winter garments than planned due to the warm autumn, particularly in November, markdowns in relation to sales in the first quarter of 2016 are expected to have a negative effect on the gross margin of 1 to 2 percentage points compared to the same quarter in 2015.

## Information in conjunction to coming interim reports

H&M publishes four interim reports each year: Q1/three-month report, Q2/half-year report, Q3/nine-month report and Q4/full-year report. In addition to this, over the past 15 years H&M has held press and telephone conferences in conjunction with each interim report on the reporting day.

The company has decided to continue to publish four interim reports as well as the monthly sales development reports. In future, the company will not hold a press and telephone conference in conjunction with publication of the three-month and nine-month reports. However, the company will continue to hold press and telephone conferences in conjunction with publication of the half- and full-year reports, since these periods better reflect the company's seasons and its long-term perspective. The new routines will be introduced with the publication of the three-month report on 6 April 2016.

## Dividend policy and dividend proposal

H&M's financial goals are to enable the company to continue enjoying good growth and to be ready to exploit business opportunities. It is essential that, as in the past, the expansion proceeds with a continued high degree of financial strength and continued freedom of action. Based on this policy, the board of directors has decided 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 9.75 per share (9.75) to the 2016 annual general meeting, corresponding to 77 percent (81) 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.

## Extra general meeting and Annual General Meeting 2016

H&M is to hold an extraordinary general meeting at 4.30 p.m. on Tuesday 8 March 2016 on account of wishing to have the possibility of holding future annual general meetings in the Erling Persson Hall, Aula Medica, Karolinska Institutet in Solna. In order to make this possible, the articles of association need to be amended as regards where the company is to hold its general meetings.

The 2016 annual general meeting will be held at 3 p.m on Tuesday 3 May.

## Annual Report 2015

The Annual Report and the Corporate Governance Report are expected to be published on 30 March 2016 on hm.com and will be sent out by post to shareholders that have so requested. The documents will also be available at the company's head office.

## 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 13. 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.



H&M Beauty



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

8 March 2016, at 4.30 p.m.	Extra general meeting, see information above.
6 April 2016	Three-month report, 1 Dec 2015 - 29 February 2016
3 May 2016, at 3 p.m.	Annual General Meeting 2016
22 June 2016	Six-month report, 1 Dec 2015 - 31 May 2016

Stockholm, 27 January 2016  
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 28 January 2016. This full-year report, and other information about H&M, is available at [www.hm.com](http://www.hm.com)

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**GROUP INCOME STATEMENT (SEK m)**

	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Sales including VAT	56,477	49,656	209,921	176,620
Sales excluding VAT	48,694	42,644	180,861	151,419
Cost of goods sold	-20,697	-16,870	-77,694	-62,367
<b>GROSS PROFIT</b>	<b>27,997</b>	<b>25,774</b>	<b>103,167</b>	<b>89,052</b>
<i>Gross margin, %</i>	57.5	60.4	57.0	58.8
Selling expenses	-19,339	-16,654	-70,292	-58,525
Administrative expenses	-1,574	-1,389	-5,933	-4,944
<b>OPERATING PROFIT</b>	<b>7,084</b>	<b>7,731</b>	<b>26,942</b>	<b>25,583</b>
<i>Operating margin, %</i>	14.5	18.1	14.9	16.9
Interest income	68	78	310	328
Interest expense	-4	-10	-10	-16
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>7,148</b>	<b>7,799</b>	<b>27,242</b>	<b>25,895</b>
Tax	-1,622	-1,577	-6,344	-5,919
<b>PROFIT FOR THE PERIOD</b>	<b>5,526</b>	<b>6,222</b>	<b>20,898</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*	3.34	3.76	12.63	12.07
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	1,691	1,336	6,399	5,045
of which cost of goods sold	192	151	725	568
of which selling expenses	1,390	1,098	5,262	4,159
of which administrative expenses	109	87	412	318

\* Before and after dilution.

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

	Q4 2015	Q4 2014	Full year 2015	Full year 2014
PROFIT FOR THE PERIOD	5,526	6,222	20,898	19,976
Other comprehensive income				
<i>Items that have been reclassified or may be reclassified to profit or loss</i>				
Translation differences	100	656	1,514	1,979
Change in hedging reserves	462	219	245	185
Tax attributable to change in hedging reserves	-101	-52	-59	-44
<i>Items that have not been and will not be reclassified to profit or loss</i>				
Revaluations relating to defined benefit pension plans	43	-148	43	-148
Tax attributable to the above revaluation	-11	35	-11	35
<b>OTHER COMPREHENSIVE INCOME</b>	<b>493</b>	<b>710</b>	<b>1,732</b>	<b>2,007</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>6,019</b>	<b>6,932</b>	<b>22,630</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 (SEK m)**

ASSETS	30 Nov - 2015	30 Nov - 2014
<b>FIXED ASSETS</b>		
<b>Intangible fixed assets</b>		
Brands	114	161
Customer relations	32	45
Leasehold and similar rights	660	509
Capitalised expenditures	3,245	2,183
Goodwill	64	64
	<b>4,115</b>	<b>2,962</b>
<b>Tangible fixed assets</b>		
Buildings and land	797	804
Equipment, tools, fixture and fittings	32,165	26,144
	<b>32,962</b>	<b>26,948</b>
<b>Financial fixed assets</b>		
Long-term receivables	862	709
Deferred tax receivables	2,338	2,237
	<b>3,200</b>	<b>2,946</b>
<b>TOTAL FIXED ASSETS</b>	<b>40,277</b>	<b>32,856</b>
<b>CURRENT ASSETS</b>		
<b>Stock-in-trade</b>	<b>24,833</b>	<b>19,403</b>
<b>Current receivables</b>		
Accounts receivables	4,021	3,659
Tax receivables	379	-
Other receivables	1,469	1,470
Prepaid expenses	1,884	1,516
	<b>7,753</b>	<b>6,645</b>
<b>Short-term Investments</b>	<b>-</b>	<b>2,602</b>
<b>Cash and cash equivalents</b>	<b>12,950</b>	<b>14,091</b>
<b>TOTAL CURRENT ASSETS</b>	<b>45,536</b>	<b>42,741</b>
<b>TOTAL ASSETS</b>	<b>85,813</b>	<b>75,597</b>

**GROUP BALANCE SHEET (SEK m)**

<b>EQUITY AND LIABILITIES</b>	<b>30 Nov - 2015</b>	<b>30 Nov - 2014</b>
<b>EQUITY</b>		
Share capital	207	207
Reserves	1,904	204
Retained earnings	55,938	51,145
<b>EQUITY</b>	<b>58,049</b>	<b>51,556</b>
<b>LIABILITIES</b>		
<b>Long-term liabilities*</b>		
Provisions for pensions	449	451
Deferred tax liabilities	4,378	3,287
	<b>4,827</b>	<b>3,738</b>
<b>Current liabilities**</b>		
Accounts payable	6,000	5,520
Tax liabilities	-	1,154
Other liabilities	3,192	2,947
Accrued expenses and prepaid income	13,745	10,682
	<b>22,937</b>	<b>20,303</b>
<b>TOTAL LIABILITIES</b>	<b>27,764</b>	<b>24,041</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>85,813</b>	<b>75,597</b>

\* Only provisions for pensions 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 shareholders of the parent company, H & M Hennes & Mauritz AB.

	Share capital	Translation effects	Hedgings reserves	Retained earnings	Total shareholders equity
<b>Shareholder's equity, 1 December 2014</b>	207	149	55	51,145	51,556
Profit for the year	-	-	-	20,898	20,898
<b>Other comprehensive income</b>					
Translation differences	-	1,514	-	-	1,514
<b>Change in hedging reserves</b>					
Reported in other comprehensive income	-	-	1,826	-	1,826
Transfer to income statement	-	-	-1,581	-	-1,581
Tax attributable to hedging reserves	-	-	-59	-	-59
Revaluations relating to defined benefit pension plans	-	-	-	43	43
Tax attributable to the above revaluation	-	-	-	-11	-11
<b>Other comprehensive income</b>	-	1,514	186	32	1,732
<b>Total comprehensive income</b>	-	1,514	186	20,930	22,630
Dividend	-	-	-	-16,137	-16,137
<b>Shareholder's equity, 30 November 2015</b>	207	1,663	241	55,938	58,049

	Share capital	Translation effects	Hedgings reserves	Retained earnings	Total shareholders equity
<b>Shareholder's equity, 1 December 2013</b>	207	-1,830	-86	46,957	45,248
Profit for the year	-	-	-	19,976	19,976
<b>Other comprehensive income</b>					
Translation differences	-	1,979	-	-	1,979
<b>Change in hedging reserves</b>					
Reported in other comprehensive income	-	-	944	-	944
Transfer to income statement	-	-	-759	-	-759
Tax attributable to hedging reserves	-	-	-44	-	-44
Revaluation of defined benefit pension plans	-	-	-	-148	-148
Tax attributable to the above revaluation	-	-	-	35	35
<b>Other comprehensive income</b>	-	1,979	141	-113	2,007
<b>Total comprehensive income</b>	-	1,979	141	19,863	21,983
Overdue bonus share rights	-	-	-	48	48
Dividend	-	-	-	-15,723	-15,723
<b>Shareholder's equity, 30 November 2014</b>	207	149	55	51,145	51,556

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

	Full year 2015	Full year 2014
<b>Current operations</b>		
Profit after financial items*	27,242	25,895
Provisions for pensions	28	-20
Depreciation	6,399	5,045
Tax paid	-7,022	-5,971
<b>Cash flow from current operations before changes in working capital</b>	<b>26,647</b>	<b>24,949</b>
<b>Cash flow from changes in working capital</b>		
Current receivables	-249	-888
Stock-in-trade	-5,105	-2,327
Current liabilities	2,774	2,422
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>24,067</b>	<b>24,156</b>
<b>Investment activities</b>		
Investment in leasehold and similar rights	-324	-35
Investments in other immaterial assets	-1,140	-868
Investment in buildings and land	-2	-21
Investment in fixed assets	-10,593	-8,467
Change in short-term investments, 4 - 12 months	2,602	704
Other investments	-153	-21
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-9,610</b>	<b>-8,708</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 YEAR</b>	<b>-1,680</b>	<b>-275</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>14,091</b>	<b>13,918</b>
Cash flow for the year	-1,680	-275
Exchange rate effect	539	448
<b>Cash and cash equivalents at end of the financial year**</b>	<b>12,950</b>	<b>14,091</b>

\* Interest paid for the group amounts to SEK 10 m (16).

Received interest for the group amounts to SEK 310 m (328).

\*\* Cash and cash equivalents and short-term investments 4-12 months at the end of the period amounted to SEK 12,950 m (16,693).

## SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

## Q4, 1 September - 30 November

Market	Q4 - 2015	Q4 - 2014	Change in %		30 Nov - 15	Q4 - 2015	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	2,521	2,326	8	8	176	4	
Norway	1,449	1,467	-1	7	120	3	
Denmark	1,461	1,347	8	7	103	1	
United Kingdom	4,406	3,813	16	4	264	13	3
Switzerland	1,726	1,615	7	-5	96	1	1
Germany	9,739	9,393	4	2	449	6	4
Netherlands	2,037	1,976	3	1	139	3	
Belgium	1,081	1,015	7	5	85	4	
Austria	1,457	1,381	6	4	78	2	
Luxembourg	118	109	8	7	10	1	1
Finland	723	690	5	3	60		
France	3,536	3,369	5	3	222	10	1
USA	6,777	5,303	28	8	415	35	1
Spain	2,025	1,831	11	9	165	6	2
Poland	1,136	994	14	15	154	11	1
Czech Republic	351	276	27	23	44		
Portugal	321	303	6	4	30		
Italy	2,451	2,146	14	12	150	12	
Canada	1,122	960	17	16	78	3	1
Slovenia	142	138	3	1	12		
Ireland	280	229	22	20	23	2	
Hungary	375	305	23	21	40	4	
Slovakia	172	127	35	32	18	2	1
Greece	442	388	14	12	32	1	1
China	2,827	2,378	19	4	353	54	
Hong Kong	475	421	13	-3	25	4	
Japan	1,057	992	7	0	57	4	
Russia	831	775	7	44	96	10	
South Korea	353	308	15	12	31	5	
Turkey	676	482	40	51	46	9	
Romania	522	417	25	24	42	1	
Croatia	238	225	6	4	15	1	
Singapore	233	205	14	8	12	2	
Bulgaria	148	124	19	18	18	2	
Latvia	81	72	13	11	6		
Malaysia	226	202	12	27	29	8	
Mexico	334	193	73	80	16	3	
Chile	189	103	83	81	4	3	
Lithuania	78	66	18	17	7		
Serbia	87	89	-2	-2	6	1	
Estonia	80	71	13	11	6		
Australia	363	176	106	110	10	4	
Philippines	152	49	210	139	12	6	
Taiwan	144				6	5	
Peru	104				2	1	
Macau	49				2		
India	77				2	2	
South Africa	98				2	2	
Franchise	1,207	807	50	27	156	15	
<b>Total</b>	<b>56,477</b>	<b>49,656</b>	<b>14</b>	<b>9</b>	<b>3,924</b>	<b>266</b>	<b>17</b>

## SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

Full year, 1 December - 30 November

Market	2015	2014	Change in %		30 Nov - 15	Full year	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	9,495	8,923	6	6	176	6	6
Norway	5,806	5,650	3	6	120	3	1
Denmark	5,413	5,105	6	3	103	6	2
United Kingdom	16,001	12,993	23	8	264	18	7
Switzerland	6,844	5,951	15	-2	96	4	1
Germany	36,943	34,950	6	2	449	18	9
Netherlands	7,521	7,320	3	-1	139	7	3
Belgium	4,215	3,903	8	4	85	8	1
Austria	5,361	5,165	4	0	78	5	
Luxembourg	433	418	4	0	10	1	1
Finland	2,805	2,688	4	1	60	1	1
France	13,579	12,321	10	7	222	20	3
USA	25,135	17,278	45	18	415	63	4
Spain	7,736	6,748	15	11	165	13	7
Poland	4,356	3,735	17	13	154	15	1
Czech Republic	1,207	969	25	20	44	1	
Portugal	1,276	1,105	15	12	30		
Italy	8,644	7,140	21	17	150	18	
Canada	3,918	3,116	26	17	78	8	2
Slovenia	529	496	7	3	12		
Ireland	1,026	811	27	22	23	3	
Hungary	1,336	1,055	27	23	40	5	
Slovakia	579	436	33	28	18	4	1
Greece	1,637	1,327	23	19	32	3	1
China	10,559	7,495	41	16	353	86	3
Hong Kong	1,870	1,548	21	-2	25	4	
Japan	3,754	3,356	12	5	57	8	2
Russia	3,460	3,058	13	50	96	25	
South Korea	1,277	990	29	13	31	9	
Turkey	2,193	1,325	66	64	46	16	
Romania	1,796	1,281	40	36	42	4	
Croatia	817	773	6	2	15	1	
Singapore	970	794	22	7	12	2	
Bulgaria	511	389	31	27	18	2	
Latvia	309	245	26	22	6		
Malaysia	973	677	44	37	29	11	
Mexico	1,097	598	83	76	16	10	
Chile	573	350	64	52	4	3	
Lithuania	296	216	37	33	7	1	
Serbia	318	245	30	30	6	1	
Estonia	312	223	40	36	6		
Australia	1,133	458	147	139	10	7	
Philippines	557	49	1,037	765	12	9	
Taiwan	332				6	6	
Peru	261				2	2	
Macau	89				2	2	
India	77				2	2	
South Africa	98				2	2	
Franchise	4,494	2,947	52	28	156	29	3
<b>Total</b>	<b>209,921</b>	<b>176,620</b>	<b>19</b>	<b>11</b>	<b>3,924</b>	<b>472</b>	<b>59</b>



**FIVE YEAR SUMMARY****Full year, 1 December - 30 November**

	2011	2012	2013	2014	2015
Sales including VAT, SEK m	128,810	140,948	150,090	176,620	209,921
Sales excluding VAT, SEK m	109,999	120,799	128,562	151,419	180,861
Change from previous year in SEK, %	1	10	6	18	19
Change from previous year in local currencies, %	8	11	9	14	11
Operating profit, SEK m	20,379	21,754	22,090	25,583	26,942
Operating margin, %	18.5	18.0	17.2	16.9	14.9
Depreciation for the year, SEK m	3,262	3,705	4,191	5,045	6,399
Profit after financial items, SEK m	20,942	22,285	22,448	25,895	27,242
Profit after tax, SEK m	15,821	16,867	17,093	19,976	20,898
Cash and cash equivalents and short-term investments, SEK m	21,277	17,143	17,224	16,693	12,950
Stock-in-trade, SEK m	13,819	15,213	16,695	19,403	24,833
Equity, SEK m	44,104	43,835	45,248	51,556	58,049
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	9.56	10.19	10.33	12.07	12.63
Shareholders' equity per share, SEK*	26.65	26.49	27.34	31.15	35.07
Cash flow from current operations per share, SEK*	10.53	11.42	14.40	14.60	14.54
Dividend per share, SEK	9.50	9.50	9.50	9.75	9.75**
Return on shareholders' equity, %	35.8	38.4	38.4	41.3	38.1
Return on capital employed, %	47.1	50.3	50.0	53.1	49.3
Share of risk-bearing capital, %	74.9	76.1	73.0	72.5	72.7
Equity/assets ratio, %	73.3	72.8	68.9	68.2	67.6
Total number of stores	2,472	2,776	3,132	3,511	3,924
Average number of employees	64,874	72,276	81,099	93,351	104,634

\* Before and after dilution.

\*\* Proposed by the Board of Directors

Definition on key figures see annual report.

**SEGMENT REPORTING (SEK m)**

	2015	2014
<b>Asia and Oceania</b>		
External net sales	23,610	16,878
Operating profit	1,740	1,999
Operating margin, %	7.4	11.8
Assets excluding tax receivables	11,171	8,876
Liabilities excluding tax liabilities	1,736	1,234
Investments	2,516	1,630
Depreciation	843	522
<b>Europe and Africa</b>		
External net sales	128,200	114,506
Operating profit	4,828	8,720
Operating margin, %	3.8	7.6
Assets excluding tax receivables	33,258	36,865
Liabilities excluding tax liabilities	9,950	9,719
Investments	4,845	3,624
Depreciation	3,578	3,157
<b>North and South America</b>		
External net sales	29,051	20,035
Operating profit	619	433
Operating margin, %	2.1	2.2
Assets excluding tax receivables	14,157	10,897
Liabilities excluding tax liabilities	4,712	3,112
Investments	2,966	2,918
Depreciation	1,547	958
<b>Group Functions</b>		
Net sales to other segments	91,297	67,870
Operating profit	19,755	14,431
Operating margin, %	21.6	21.3
Assets excluding tax receivables	24,510	18,959
Liabilities excluding tax liabilities	6,988	5,535
Investments	1,732	1,219
Depreciation	431	408
<b>Eliminations</b>		
Net sales to other segments	-91,297	-67,870
<b>Total</b>		
External net sales	180,861	151,419
Operating profit	26,942	25,583
Operating margin, %	14.9	16.9
Assets excluding tax receivables	83,096	75,597
Liabilities excluding tax liabilities	23,386	19,600
Investments	12,059	9,391
Depreciation	6,399	5,045

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

	Q4 2015**	Q4 2014	Full year 2015**	Full year 2014
External sales excluding VAT	13	37	15	47
Internal sales excluding VAT*	1,080	2,425	3,605	8,764
<b>GROSS PROFIT</b>	<b>1,093</b>	<b>2,462</b>	<b>3,620</b>	<b>8,811</b>
Selling expenses	0	-1,117	0	-2,982
Administrative expenses	-76	-1,492	-126	-5,316
<b>OPERATING PROFIT</b>	<b>1,017</b>	<b>-147</b>	<b>3,494</b>	<b>513</b>
Dividend from subsidiaries	11,931	14,059	13,288	15,701
Interest income and similar items	126	17	154	59
Interest expense	0	-2	-7	-25
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>13,074</b>	<b>13,927</b>	<b>16,929</b>	<b>16,248</b>
Year-end appropriations	17	-10	17	-10
Tax	-256	19	-806	-130
<b>PROFIT FOR THE PERIOD</b>	<b>12,835</b>	<b>13,936</b>	<b>16,140</b>	<b>16,108</b>

\* Includes royalty of SEK 3,457 m (5,735), service income 0 m (3,029) and other SEK 148 m (0) received from group companies.

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

	Q4 2015**	Q4 2014	Full year 2015**	Full year 2014
PROFIT FOR THE PERIOD	12,835	13,936	16,140	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	37	-24	37	-24
Tax attributable to the above revaluation	-8	5	-8	5
<b>OTHER COMPREHENSIVE INCOME</b>	<b>29</b>	<b>-19</b>	<b>29</b>	<b>-19</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>12,864</b>	<b>13,917</b>	<b>16,169</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 (SEK m)**

	30 Nov - 2015	30 Nov - 2014
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
<b>Tangible fixed assets</b>		
Buildings and land	71	73
Equipment, tools, fixture and fittings	435	575
	<b>506</b>	<b>648</b>
<b>Financial fixed assets</b>		
Shares and participation rights	588	588
Receivables from subsidiaries	1,085	905
Long-term receivables	11	11
Deferred tax receivables	43	49
	<b>1,727</b>	<b>1,553</b>
<b>TOTAL FIXED ASSETS</b>	<b>2,233</b>	<b>2,201</b>
<b>CURRENT ASSETS</b>		
<b>Current receivables</b>		
Receivables from subsidiaries	8,471	11,851
Tax receivables	-	82
Other receivables	2	44
Prepaid expenses	0	20
	<b>8,473</b>	<b>11,997</b>
<b>Short-term investments</b>	-	<b>2,602</b>
<b>Cash and cash equivalents</b>	<b>8,095</b>	<b>2,314</b>
<b>TOTAL CURRENT ASSETS</b>	<b>16,568</b>	<b>16,913</b>
<b>TOTAL ASSETS</b>	<b>18,801</b>	<b>19,114</b>

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

	30 Nov - 2015	30 Nov - 2014
<b>EQUITY AND LIABILITIES</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	829	877
Profit for the year	16,169	16,089
	<b>16,998</b>	<b>16,966</b>
<b>TOTAL EQUITY</b>	<b>17,293</b>	<b>17,261</b>
<b>UNTAXED RESERVES</b>	<b>447</b>	<b>464</b>
<b>LIABILITIES</b>		
<b>Long-term liabilities</b>		
Provisions for pensions	195	223
<b>Short-term liabilities*</b>		
Accounts payable	5	462
Tax liabilities	671	-
Other liabilities	182	325
Accrued expenses and prepaid income	8	379
	<b>866</b>	<b>1,166</b>
<b>TOTAL LIABILITIES</b>	<b>1,061</b>	<b>1,389</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,801</b>	<b>19,114</b>
Pledged assets	-	-
Contingent liabilities	14,654	13,186

\* No current liabilities are interest-bearing.