

H & M Hennes & Mauritz AB

Full-year report

Full-year (1 December 2015 – 30 November 2016)

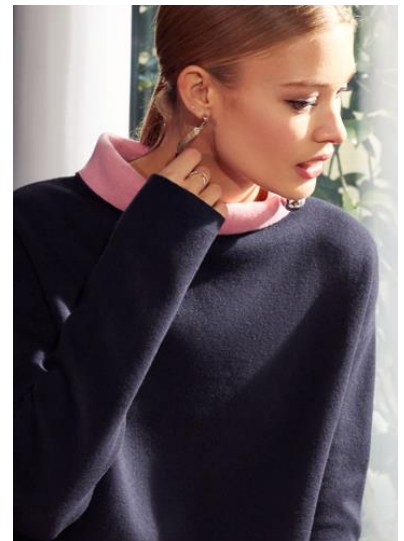
- The H&M group's sales including VAT increased by 7 percent in local currencies during the financial year. Converted into SEK, sales including VAT increased by 6 percent to SEK 222,865 m (209,921). Sales excluding VAT amounted to SEK 192,267 m (180,861).
- Gross profit increased to SEK 106,177 m (103,167). This corresponds to a gross margin of 55.2 percent (57.0).
- Profit after financial items amounted to SEK 24,039 m (27,242). The group's profit after tax amounted to SEK 18,636 m (20,898), corresponding to SEK 11.26 (12.63) per share. Profits during the year were negatively affected by increased mark-downs but also by higher purchasing costs from the strengthened US dollar.
- Very strong expansion during the year with a total net addition of 427 (413) new stores and 11 new H&M online markets. At the end of the financial year H&M had 35 online markets and the number of stores amounted to 4,351 in 64 markets.
- 13,000 new jobs were created in the H&M group in 2016. The number of employees amounted to more than 161,000 (148,000) at the end of the financial year.
- Continued strong online development for all brands both as regards sales and profitability.
- Strong sales growth for COS, & Other Stories, Monki, Weekday and H&M Home.

SEK 223 billion
Sales incl VAT

4,351
stores in 64 markets

Fourth quarter (1 September 2016 – 30 November 2016)

- The H&M group's sales including VAT increased by 7 percent in local currencies during the fourth quarter. Converted into SEK, sales including VAT increased by 8 percent to SEK 61,098 m (56,477). Sales excluding VAT amounted to SEK 52,720 m (48,694).
- Gross profit increased to SEK 30,027 m (27,997). This corresponds to a gross margin of 57.0 percent (57.5).
- Profit after financial items increased to SEK 7,409 m (7,148). The group's profit after tax increased to SEK 5,914 m (5,526), corresponding to SEK 3.57 (3.34) per share.
- A very good start for H&M's new markets, Cyprus and New Zealand, as well as for H&M's latest online roll-outs in Canada and South Korea.



& Other Stories

- The Board of Directors proposes a dividend of SEK 9.75 (9.75) per share for the 2015/2016 financial year. The Board of Directors proposes that the dividend is to be paid in two instalments during the year – in May and in November.
- New growth target: to increase the H&M group's sales by 10 – 15 percent in local currencies per year with continued high profitability.
- The H&M group's sales including VAT in December 2016 increased by 6 percent in local currencies compared to the same month the previous year. Converted into SEK the increase was 10 percent.
- The H&M group's sales including VAT in the period 1 January to 29 January 2017 increased by 11 percent in local currencies compared to the same period the previous year. For January as a whole there is a negative calendar effect of approximately 2 percentage points, which occurs at the end of the month.
- The H&M group plans to open approximately 430 new stores net in the 2016/2017 financial year. Kazakhstan, Colombia, Iceland, Vietnam and Georgia are planned to become new H&M markets. In addition, H&M plans to continue its online roll-out into six new markets: Turkey, Taiwan, Hong Kong, Macau, Singapore and Malaysia.
- The H&M group plans to launch one or two new brands in 2017.

Comments by Karl-Johan Persson, CEO

“2016 was an eventful year which included many positive things but also challenges for us as well as for the industry. During the year, we opened 427 new stores net worldwide and added three new markets, and we also rolled out our online store to 11 additional markets. This means that H&M is now present in 64 markets of which 35 offer e-commerce. We welcomed more than 13,000 new colleagues which means there are now more than 161,000 colleagues in the group.

Our sales increased by 7 percent in local currencies to SEK 223 billion - our highest annual turnover to date - although sales performance was lower than planned, which led to increased mark-downs. This, combined with the fact that the strong US dollar made our purchases more expensive, had a negative impact on our profit development for the full year. However, profits improved in the fourth quarter.

The year was characterised by the shift in the industry towards an ever growing online market and by digitalisation. We are very pleased that our online business developed very well for all our brands, both as regards sales and profitability. From an already high level we took further market share, which clearly proves that our investments in our online business have been successful. Our brands COS, & Other Stories, Monki, Weekday and H&M Home had apart from strong online sales growth also very good store sales.

It is also positive that sales developed well for H&M in our well-established markets such as Sweden and the other Scandinavian countries and in Russia, Turkey and Canada, but also in our newer markets such as India, Australia, South Africa, Mexico, Chile and Peru.

For fashion retail in general, 2016 was at the same time a challenging year in which various external factors - including geopolitical events - had a negative impact on retail trade in many markets. This was particularly visible in France, Germany, Switzerland and Italy as well as in the US and in China. Since these markets represent a large share of our sales, this consequently had a great impact on our overall sales development. However, during the year we also identified areas within our customer offering, store experience and supply chain where we could have done better - and where we are now methodically ensuring improvements.

Exciting development phase

We have a highly developed online business model and today our online sales already represent a significant share of our total sales in several markets. We are in an exciting development phase as we continue with the investments that we have been making for the past few years in digitalisation and infrastructure in the following focus areas:

- **Omni-channel strategy:** We have a clear omni-channel strategy in which we are integrating the digital and physical world in order to offer customers a more seamless shopping experience. This includes online purchases and online returns in stores, click & collect, mobile payments, further development of the customer club and use of the mobile in stores for increased service.
- **Supply chain:** We are upgrading our supply chain to make it even faster and more flexible - which includes investments in technology such as RFID and automatised warehouses. We are also adding new delivery options for customers, such as next day delivery which we now offer in five markets, and we have also started offering time-slot deliveries in Japan.
- **Advanced analytics** provide an important support for our operations. The algorithms we have started to use will contribute to improvements within everything from assortment planning and logistics to sales.

The investments in these areas ensure that we are well positioned for continued long-term and profitable growth. This also includes our strong expansion both through new stores and new online markets.



H&M

Continued strong expansion – rephrased growth target

In the light of this development, it is natural for us to rephrase our growth target. This means that our previous target of increasing the number of stores by 10 to 15 percent per year will instead become a sales target that includes both stores and online sales. Our new growth target which applies for 2017 and going forward is for the H&M group's sales to increase by 10 to 15 percent in local currencies per year with continued high profitability.

Today we have a strong store portfolio with more than 4,300 stores which gives us a unique proximity to our customers. Being close to the customers is key to success and even more important as the physical and the digital world become increasingly integrated. The stores that we are opening have very favourable and flexible leases, are in good locations and are profitable with a short payback period. In view of this, it is only natural for us to continue expanding with our physical stores too.

In 2017 we plan to open approximately 430 new stores net. We will enter five new bricks-and-mortar markets – Kazakhstan, Colombia, Iceland, Vietnam and Georgia – and six new H&M online markets – Turkey, Taiwan, Hong Kong, Macau, Singapore and Malaysia.

Alongside opening new stores, we will also review the existing store portfolio to make sure that we have the optimal mix of brands, space and number of stores in each market. This will lead to re-locations, adding new store space and also closures. Most of the new stores in 2017 will be H&M stores and approximately 70 to 80 stores will consist of our other brands.

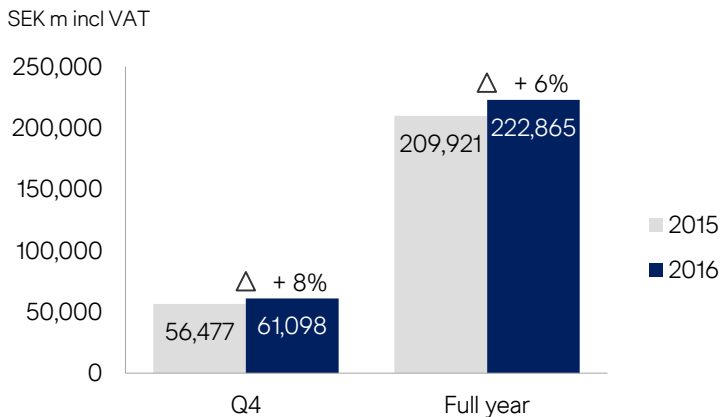
H&M Home is developing very well and has great potential for further growth. Going forward we will therefore open standalone H&M Home stores and profile H&M Home even more as a standalone brand.

In 2017 we are looking forward to delivering strong collections and customer experiences and launching one or two new brands. This, combined with the ongoing improvements and our investments in the omni-channel offering, the supply chain and advanced analytics make us positive towards our opportunities for reaching our newly rephrased growth target, both in 2017 and going forward."

	Q4 2016	Q4 2015	Full year 2016	Full year 2015
SEK m				
Net sales	52,720	48,694	192,267	180,861
Gross profit	30,027	27,997	106,177	103,167
<i>gross margin, %</i>	<i>57.0</i>	<i>57.5</i>	<i>55.2</i>	<i>57.0</i>
Operating profit	7,354	7,084	23,823	26,942
<i>operating margin, %</i>	<i>13.9</i>	<i>14.5</i>	<i>12.4</i>	<i>14.9</i>
Net financial items	55	64	216	300
Profit after financial items	7,409	7,148	24,039	27,242
Tax	-1,495	-1,622	-5,403	-6,344
Profit for the period	5,914	5,526	18,636	20,898
Earnings per share, SEK	3.57	3.34	11.26	12.63

Sales

The H&M group's sales in local currencies including VAT increased by 7 percent in the fourth quarter and by 7 percent in the financial year 2016.



Sales including VAT converted into SEK increased by 8 percent to SEK 61,098 m (56,477) in the fourth quarter. Sales including VAT in the financial year 2016 increased by 6 percent and amounted to SEK 222,865 m (209,921).

Sales excluding VAT increased by 8 percent to SEK 52,720m (48,694) in the fourth quarter and by 6 percent to SEK 192,267 m (180,861) in the financial year 2016.

The difference between the sales increase in SEK and in local currencies is due to how the Swedish krona has developed against the overall basket of currencies in the group compared to the same period last year.

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



H&M Sport

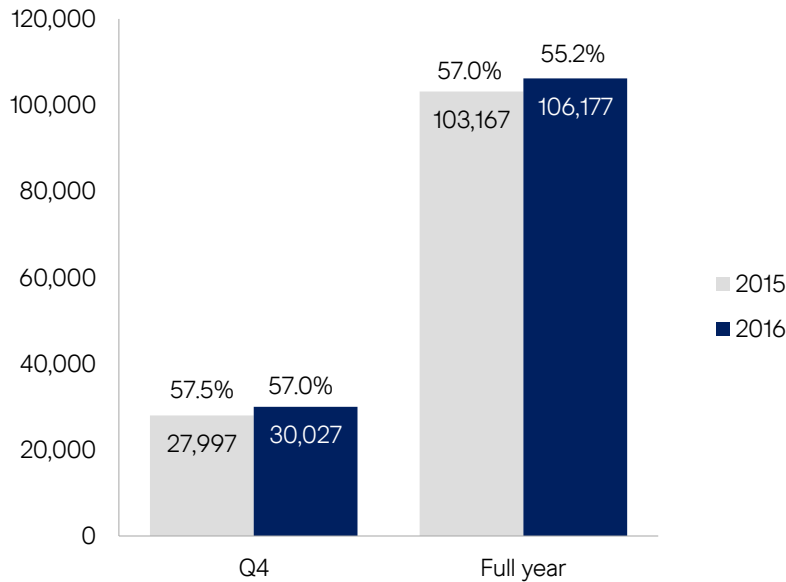
Sales in top ten markets, full-year

	2016	2015	Change in %		30 Nov - 16	2016
	SEK m inc. VAT	SEK m inc. VAT	SEK	Local currency	Number of stores	New stores (net)
Germany	37,174	36,943	1	0	459	10
USA	26,874	25,135	7	5	468	53
UK	15,058	16,001	-6	3	281	17
France	13,559	13,579	0	-1	238	16
China	10,842	10,559	3	7	444	91
Sweden	10,151	9,495	7	7	176	0
Italy	9,081	8,644	5	4	166	16
Netherlands	7,898	7,521	5	5	145	6
Spain	7,894	7,736	2	1	169	4
Switzerland	6,328	6,844	-8	-7	98	2
Others*	78,006	67,464	16	17	1,707	212
Total	222,865	209,921	6	7	4,351	427
<i>* Of which franchises</i>	<i>4,808</i>	<i>4,494</i>	<i>7</i>	<i>5</i>	<i>188</i>	<i>32</i>

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 mostly 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

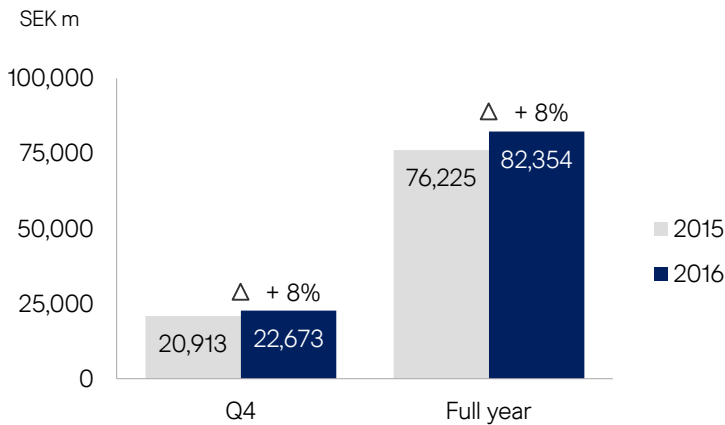
Gross profit increased to SEK 30,027 m (27,997) in the fourth quarter, corresponding to a gross margin of 57.0 percent (57.5). For the financial year, gross profit increased to SEK 106,177 m (103,167), corresponding to a gross margin of 55.2 percent (57.0).

Mark-downs in relation to sales increased by 0.6 percentage points in the fourth quarter 2016 compared to the corresponding quarter in 2015. The increase in Q4 is mostly explained by increased mark-down activities for autumn garments that did not sell as well as planned due to the warm start of the autumn.

Overall, the market situation as regards external factors such as cost inflation and purchasing currencies continued to be slightly negative during the purchasing period for the fourth quarter compared to the corresponding purchasing period in the previous year.

For purchases made for the first quarter 2017, the overall market situation for the external factors is again considered slightly negative overall compared to the corresponding purchasing period the previous year.

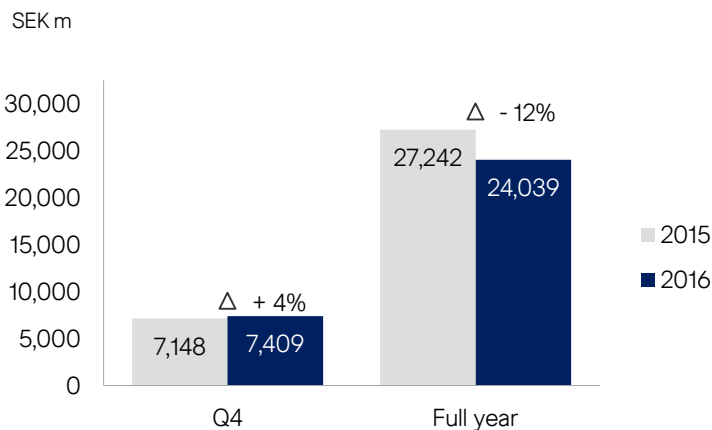
Selling and administrative expenses



Cost control in the group remains good. For the fourth quarter of 2016, selling and administrative expenses increased by 8 percent in SEK and by 7 percent in local currencies compared to the fourth quarter last year.

Selling and administrative expenses for the full-year increased by 8 percent in SEK and by 9 percent in local currencies.

Profit after financial items



Profit after financial items in the fourth quarter 2016 increased to SEK 7,409 m (7,148). Profit after financial items in the full-year amounted to SEK 24,039 m (27,242).

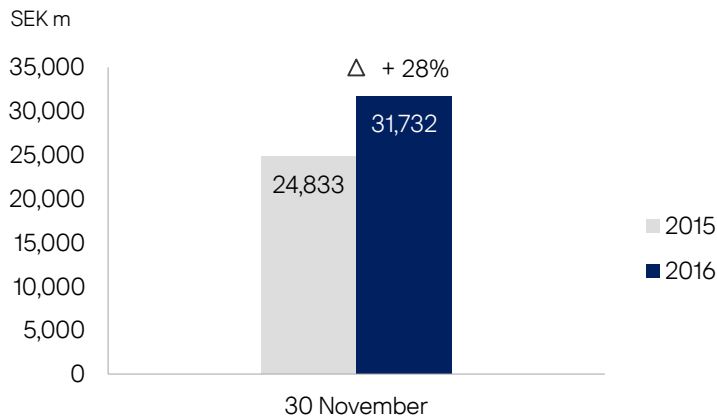
Mark-downs increased during the year due to a lower sales increase than planned. In addition, the strong US dollar made the group's purchases more expensive. However, in the fourth quarter earnings improved.

No new allocation has been made to the H&M Incentive Program (HIP) – which is aimed at all employees of the H&M group, in all countries, working in all positions and at all pay levels – for full-year 2016. Allocations are made to the programme if there has been an increase in the company's profits after tax between two consecutive financial years. Since HIP's assets are invested in H&M shares, the participants in HIP – i.e. H&M's employees – benefit each year from the dividend paid to the company's shareholders. HIP holds approximately 7 million H&M shares in total.



&Other Stories

Stock-in-trade



Stock-in-trade amounted to SEK 31,732 m (24,833), 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 explained by the group's continued strong expansion, but is also due to the fact that the sales development was lower than planned. This led to that the stock-in-trade as of 30 November 2016 being too high, which is expected to result in costs for mark-downs increasing by approximately 0.5 percentage points in relation to sales in the first quarter of 2017 compared to the corresponding quarter of 2016. Apart from these factors, the composition of the stock-in-trade is deemed to be good.

The stock-in-trade amounted to 16.5 percent (13.7) of sales excluding VAT and 32.2 percent (28.9) of total assets.

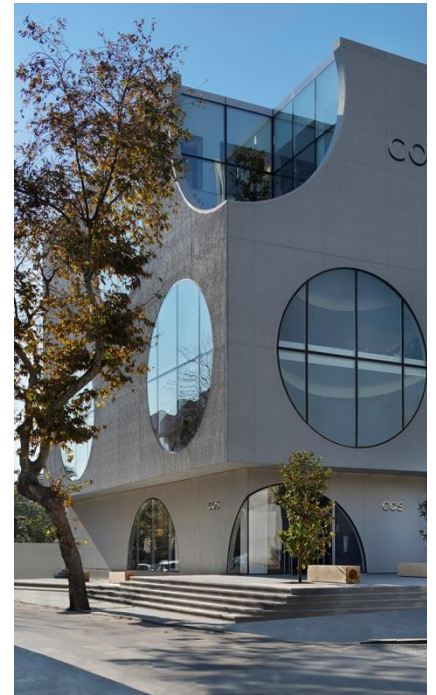
Expansion

In the light of the development phase that the industry and the H&M group is going through with an ever growing online market and digitalisation, it is natural to rephrase the previous growth target. This means that the previous target of increasing the number of stores by 10 - 15 percent per year will instead become a sales target that includes both stores and online sales. The new growth target which applies for the financial year of 2016/2017 and going forward is that the H&M group's sales shall increase by 10 - 15 percent in local currencies per year with continued high profitability.

In 2017 the H&M group plans to open approximately 430 new stores net and enter five new markets - Kazakhstan, Colombia, Iceland, Vietnam and Georgia - and continue its online roll-out to six new online markets: Turkey, Taiwan, Hong Kong, Macau, Singapore and Malaysia.

Most of the new stores in 2017 will be H&M stores and approximately 70 to 80 stores will consist of the other brands in the group.

H&M Home will also continue its rapid expansion, with approximately 50 new H&M Home departments planned for 2017. Today H&M Home is present in more than 40 markets in a total of 269 H&M stores.



COS

Brand	Number of markets		Expansion 2016*	Expansion 2017
	Store	Online	New markets	New markets
H&M	64	35	Store: Puerto Rico, New Zealand, Cyprus Online: Slovenia, Croatia, Estonia, Latvia, Lithuania, Luxembourg, Ireland, Japan, Greece, Canada, South Korea	Store: Kazakhstan, Colombia, Iceland, Vietnam, Georgia Online: Turkey, Taiwan, Hong Kong, Macau, Singapore, Malaysia
COS	33	19	Store: Czech Republic, Romania, Latvia	Store: Malaysia**, Israel (franchise)
Monki	13	19	Store: Austria	-
Weekday	7	18	Store: Austria, Belgium	Store: UK
& Other Stories	11	14	Store: Poland Online: Poland	Store: Ireland**, Finland, South Korea, United Arab Emirates (franchise)
Cheap Monday	3	18	-	-

* Opened by 30 Nov - 2016, during the year Puerto Rico has been redefined to be a separate online market.

** Opened in December 2016



H&M Home

Store count by brand

In the financial year 2016, the group opened 497 (472) stores and closed 70 (59) stores, i.e. a net increase of 427 (413) new stores. The group had 4,351 (3,924) stores as of 30 November 2016, of which 188 were franchise stores.

Brand	New Stores 2016 (net)		Total No of stores	
	Q4	Full year	30 Nov - 2016	30 Nov - 2015
H&M	178	352	3,962	3,610
COS	17	41	194	153
Monki	8	12	118	106
Weekday	5	8	28	20
& Other Stories	9	15	45	30
Cheap Monday	-1	-1	4	5
Total	216	427	4,351	3,924

Store count by region

Region	New Stores 2016 (net)		Total No of stores	
	Q4	Full year	30 Nov - 2016	30 Nov - 2015
Europe & Africa	98	170	2,884	2,714
Asia & Oceania	78	182	877	695
North & South America	40	75	590	515
Total	216	427	4,351	3,924

Tax

The H&M group's final tax rate for the 2015/2016 financial year was 22.5 percent (23.3). The final outcome of the tax rate for the year 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 2016/2017 financial year. In the first, second and third quarter of 2017 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 114,586 (104,634), of which 8,933 (8,061) are employed in Sweden.

Current quarter

As previously communicated, sales including VAT in December 2016 increased by 6 percent in local currencies for the H&M group compared to the same month the previous year. Converted into SEK the increase was 10 percent.

The H&M group's sales including VAT in the period 1 January to 29 January 2017 increased by 11 percent in local currencies compared to the same period the previous year. For January as a whole there is a negative calendar effect of approximately 2 percentage points, which occurs at the end of the month.

Since the stock-in-trade as of 30 November 2016 was too high - costs for mark-downs are expected to increase by approximately 0.5 percentage points in relation to sales in the first quarter of 2017 compared to the corresponding quarter of 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 (9.75) to the annual general meeting on 10 May 2017, corresponding to 87 percent (77) of the profit after tax.

Many companies in the US and Europe divide their dividends into quarterly or semi-annual payments. In Sweden too, there are larger companies which pay their dividend in more than one instalment. Until now H&M has paid its dividends in conjunction with the annual general meeting in the spring. H&M's board of directors is to propose to the annual general meeting that the dividend is paid out semi-annually in future, i.e. one instalment in the spring and one in the autumn, since this is more cost efficient for the company and also simplifies liquidity planning during the year.

The record date proposed for the first dividend payment of SEK 4.90 per share is 12 May 2017. This would then be paid out on 17 May 2017.

The record date proposed for the second dividend payment of SEK 4.85 is 14 November 2017. This would then be paid out on 17 November 2017.

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

Annual general meeting 2017

The 2017 annual general meeting will be held at 3 p.m. on Wednesday 10 May in the Erling Persson Hall, Aula Medica, Karolinska Institutet, Solna.

Annual Report 2016

The Annual Report and the Corporate Governance Report are expected to be published on 31 March 2017 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 2014/2015 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. As of 30 November 2016, forward contracts with a positive market value amount to SEK 848 m (707), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 1,176 m (302), which is reported under other current liabilities. 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 page 24.

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 macroeconomic changes, geopolitical risks, 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 2015.

Calendar

30 March 2017	Three-month report, 1 Dec 2016 – 28 Feb 2017
10 May 2017	Annual General Meeting 2017, in the Erling Persson Hall, Aula Medica, Karolinska Institutet, Solna at 3 p.m.
29 June 2017	Six-month report, 1 Dec 2016 – 31 May 2017
28 September 2017	Nine-month report, 1 Dec 2016 – 31 August 2017

Stockholm, 30 January 2017
Board of Directors



Contact

Nils Vinge, IR +46-8-796 52 50
Karl-Johan Persson, CEO +46-8-796 55 00 (switchboard)
Jyrki Tervonen, CFO +46-8-796 55 00 (switchboard)

Invitation to press and telephone conference in conjunction to the full-year report is available on hm.com.

H & M Hennes & Mauritz AB (publ)
SE-106 38 Stockholm
Phone: +46-8-796 55 00, Fax: +46-8-24 80 78, E-mail: info@hm.com
Registered office: Stockholm, Reg. No. 556042-7220

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 and the EU Market Abuse Regulation (596/2014/EU). The information was submitted for publication by the abovementioned persons at 8.00 (CET) on 31 January 2017. This full-year report and other information about H&M, is available at www.hm.com

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. The 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 4,300 stores in 64 markets including franchise markets. In 2016, sales including VAT amounted to SEK 223 billion and the number of employees was more than 161,000. For further information, visit www.hm.com.

GROUP INCOME STATEMENT (SEK m)

	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Sales including VAT	61,098	56,477	222,865	209,921
Sales excluding VAT	52,720	48,694	192,267	180,861
Cost of goods sold	-22,693	-20,697	-86,090	-77,694
GROSS PROFIT	30,027	27,997	106,177	103,167
<i>Gross margin, %</i>	57.0	57.5	55.2	57.0
Selling expenses	-20,906	-19,339	-75,729	-70,292
Administrative expenses	-1,767	-1,574	-6,625	-5,933
OPERATING PROFIT	7,354	7,084	23,823	26,942
<i>Operating margin, %</i>	13.9	14.5	12.4	14.9
Interest income	58	68	224	310
Interest expense	-3	-4	-8	-10
PROFIT AFTER FINANCIAL ITEMS	7,409	7,148	24,039	27,242
Tax	-1,495	-1,622	-5,403	-6,344
PROFIT FOR THE PERIOD	5,914	5,526	18,636	20,898

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

Earnings per share, SEK*	3.57	3.34	11.26	12.63
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	2,070	1,691	7,605	6,399
of which cost of goods sold	222	192	847	725
of which selling expenses	1,717	1,390	6,256	5,262
of which administrative expenses	131	109	502	412

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q4 2016	Q4 2015	Full year 2016	Full year 2015
PROFIT FOR THE PERIOD	5,914	5,526	18,636	20,898
Other comprehensive income				
<i>Items that are or may be reclassified to profit or loss</i>				
Translation differences	1,022	100	1,186	1,514
Change in hedging reserves	280	462	-578	245
Tax attributable to change in hedging reserves	-67	-101	139	-59
<i>Items that will not be classified to profit or loss</i>				
Remeasurement of defined benefit pension plans	-78	43	-78	43
Tax related to the above remeasurement	19	-11	19	-11
OTHER COMPREHENSIVE INCOME	1,176	493	688	1,732
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,090	6,019	19,324	22,630

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 - 2016	30 Nov - 2015
FIXED ASSETS		
Intangible fixed assets		
Brands	66	114
Customer relations	20	32
Leasehold and similar rights	630	660
Capitalised expenditures	4,567	3,245
Goodwill	64	64
	5,347	4,115
Tangible fixed assets		
Buildings and land	850	797
Equipment, tools, fixture and fittings	37,843	32,165
	38,693	32,962
Financial fixed assets		
Long-term receivables	1,014	862
Deferred tax receivables	2,862	2,338
	3,876	3,200
TOTAL FIXED ASSETS	47,916	40,277
CURRENT ASSETS		
Stock-in-trade	31,732	24,833
Current receivables		
Accounts receivables	4,881	4,021
Tax receivables	-	379
Other receivables	2,533	1,469
Prepaid expenses	2,071	1,884
	9,485	7,753
Cash and cash equivalents	9,446	12,950
TOTAL CURRENT ASSETS	50,663	45,536
TOTAL ASSETS	98,579	85,813

GROUP BALANCE SHEET (SEK m)

EQUITY AND LIABILITIES	30 Nov - 2016	30 Nov - 2015
EQUITY		
Share capital	207	207
Reserves	2,651	1,904
Retained earnings	58,378	55,938
EQUITY	61,236	58,049
LIABILITIES		
Long-term liabilities		
Provisions for pensions*	527	449
Deferred tax liabilities	4,898	4,378
Other interest-bearing liabilities*	213	-
	5,638	4,827
Current liabilities		
Accounts payable	7,262	6,000
Tax liabilities	434	-
Liabilities to credit institutions**	2,068	-
Interest-bearing liabilities**	59	-
Other liabilities	5,036	3,192
Accrued expenses and prepaid income	16,846	13,745
	31,705	22,937
TOTAL LIABILITIES	37,343	27,764
TOTAL EQUITY AND LIABILITIES	98,579	85,813

* Interest-bearing long-term liabilities amounts to SEK 740 m (449).

** Interest-bearing current liabilities amounts to SEK 2,127 m (0).

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
Shareholder's equity, 1 December 2015	207	1,663	241	55,938	58,049
Profit for the year	-	-	-	18,636	18,636
Other comprehensive income					
Translation differences	-	1,186	-	-	1,186
Change in hedging reserves					
Reported in other comprehensive income	-	-	-223	-	-223
Transfer to income statement	-	-	-355	-	-355
Tax attributable to hedging reserves	-	-	139	-	139
Revaluations relating to defined benefit pension plans	-	-	-	-78	-78
Tax attributable to the above revaluation	-	-	-	19	19
Other comprehensive income	-	1,186	-439	-59	688
Total comprehensive income	-	1,186	-439	18,577	19,324
Dividend	-	-	-	-16,137	-16,137
Shareholder's equity, 30 November 2016	207	2,849	-198	58,378	61,236

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

GROUP CASH FLOW STATEMENT (SEK m)

	Full year 2016	Full year 2015
Current operations		
Profit after financial items*	24,039	27,242
Provisions for pensions	-9	28
Depreciation	7,605	6,399
Tax paid	-4,470	-7,022
Cash flow from current operations before changes in working capital	27,165	26,647
Cash flow from changes in working capital		
Current receivables	-1,817	-249
Stock-in-trade	-6,511	-5,105
Current liabilities	4,938	2,774
CASH FLOW FROM CURRENT OPERATIONS	23,775	24,067
Investment activities		
Investment in leasehold and similar rights	-139	-324
Investments in other immaterial assets	-1,476	-1,140
Investment in buildings and land	-60	-2
Investment in fixed assets	-11,671	-10,593
Change in short-term investments, 4 - 12 months	0	2,602
Other investments	-152	-153
CASH FLOW FROM INVESTMENT ACTIVITIES	-13,498	-9,610
Financial activities		
Short-term loans	2,068	-
Dividend	-16,137	-16,137
CASH FLOW FROM FINANCIAL ACTIVITIES	-14,069	-16,137
CASH FLOW FOR THE YEAR	-3,792	-1,680
Cash and cash equivalents at beginning of the financial year	12,950	14,091
Cash flow for the year	-3,792	-1,680
Exchange rate effect	288	539
Cash and cash equivalents at end of the financial year**	9,446	12,950

* Interest paid for the group amounts to SEK 8 m (10).

Received interest for the group amounts to SEK 224 m (310).

** Cash and cash equivalents and short-term investments at the end of the fiscal year amounted to SEK 9,446 m (12,950).

SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES**Q4, 1 September - 30 November**

Market	Q4 - 2016	Q4 - 2015	Change in %		30 Nov - 16	Q4 - 2016	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	2,670	2,521	6	6	176	6	3
Norway	1,599	1,449	10	5	127	4	
Denmark	1,567	1,461	7	4	102	1	1
UK	4,006	4,406	-9	4	281	12	2
Switzerland	1,673	1,726	-3	-7	98	1	
Germany	10,297	9,739	6	3	459	8	2
Netherlands	2,231	2,037	10	7	145	6	
Belgium	1,172	1,081	8	5	90	4	
Austria	1,531	1,457	5	2	83	2	
Luxembourg	123	118	4	1	10		
Finland	737	723	2	-1	61	1	
France	3,536	3,536	0	-4	238	7	
USA	7,294	6,777	8	3	468	24	1
Spain	2,054	2,025	1	-2	169	4	1
Poland	1,239	1,136	9	8	166	9	1
Czech Republic	400	351	14	10	48	2	
Portugal	335	321	4	0	31	1	
Italy	2,561	2,451	4	1	166	10	
Canada	1,282	1,122	14	12	85	8	2
Slovenia	150	142	6	3	12		
Ireland	294	280	5	1	23		
Hungary	454	375	21	16	42	2	
Slovakia	188	172	9	7	19	1	
Greece	526	442	19	15	35		
China	3,086	2,827	9	11	444	45	1
Hong Kong	477	475	0	-4	28	1	
Japan	1,432	1,057	35	14	66	3	
Russia	1,165	831	40	33	113	7	
South Korea	495	353	40	31	35	2	1
Turkey	844	676	25	30	62	8	
Romania	591	522	13	11	52	5	
Croatia	248	238	4	0	15		
Singapore	256	233	10	4	13		
Bulgaria	181	148	22	19	19		
Latvia	96	81	19	15	8	2	
Malaysia	289	226	28	21	35	2	
Mexico	453	334	36	53	25	6	
Chile	340	189	80	73	4		
Lithuania	87	78	12	7	8	1	
Serbia	120	87	38	36	9		
Estonia	102	80	28	23	8		
Australia	649	363	79	67	22	5	
Philippines	225	152	48	48	21	5	
Taiwan	168	144	17	9	10	1	
Peru	148	104	42	45	6	4	
Macau	41	49	-16	-21	2		
India	245	77	218	224	12	3	
South Africa	192	98	96	111	8	3	
Puerto Rico	38				2	1	
Cyprus	35				1	1	
New Zealand	55				1	1	
Franchise	1,121	1,207	-7	-1	188	14	2
Total	61,098	56,477	8	7	4,351	233	17

SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES**Full year, 1 December - 30 November**

Market	2016	2015	Change in %		30 Nov - 16	Full year	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	10,151	9,495	7	7	176	11	11
Norway	5,926	5,806	2	6	127	7	0
Denmark	5,682	5,413	5	4	102	1	2
UK	15,058	16,001	-6	3	281	22	5
Switzerland	6,328	6,844	-8	-7	98	3	1
Germany	37,174	36,943	1	0	459	19	9
Netherlands	7,898	7,521	5	5	145	10	4
Belgium	4,404	4,215	4	4	90	9	4
Austria	5,557	5,361	4	3	83	6	1
Luxembourg	464	433	7	6	10	0	0
Finland	2,866	2,805	2	2	61	4	3
France	13,559	13,579	0	-1	238	18	2
USA	26,874	25,135	7	5	468	61	8
Spain	7,894	7,736	2	1	169	7	3
Poland	4,701	4,356	8	12	166	14	2
Czech Republic	1,428	1,207	18	16	48	5	1
Portugal	1,272	1,276	0	-1	31	1	0
Italy	9,081	8,644	5	4	166	17	1
Canada	4,330	3,918	11	15	85	9	2
Slovenia	542	529	2	2	12	0	0
Ireland	1,103	1,026	8	7	23	1	1
Hungary	1,590	1,336	19	19	42	3	1
Slovakia	681	579	18	17	19	1	0
Greece	1,891	1,637	16	15	35	3	0
China	10,842	10,559	3	7	444	92	1
Hong Kong	1,919	1,870	3	1	28	3	0
Japan	4,600	3,754	23	9	66	11	2
Russia	4,304	3,460	24	38	113	17	0
South Korea	1,675	1,277	31	32	35	5	1
Turkey	2,816	2,193	28	41	62	16	0
Romania	2,102	1,796	17	18	52	10	0
Croatia	846	817	4	2	15	0	0
Singapore	1,030	970	6	5	13	1	0
Bulgaria	641	511	25	25	19	1	0
Latvia	332	309	7	7	8	2	0
Malaysia	1,130	973	16	24	35	6	0
Mexico	1,561	1,097	42	64	25	9	0
Chile	1,129	573	97	103	4	0	0
Lithuania	317	296	7	6	8	1	0
Serbia	369	318	16	17	9	3	0
Estonia	377	312	21	20	8	2	0
Australia	1,999	1,133	76	78	22	12	0
Philippines	869	557	56	60	21	9	0
Taiwan	665	332	100	101	10	4	0
Peru	510	261	95	106	6	4	0
Macau	166	89	87	83	2	0	0
India	606	77	687	718	12	10	0
South Africa	645	98	558	671	8	6	0
Puerto Rico	63				2	2	0
Cyprus	35				1	1	0
New Zealand	55				1	1	0
Franchise	4,808	4,494	7	5	188	37	5
Total	222,865	209,921	6	7	4,351	497	70

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

	2012	2013	2014	2015	2016
Sales including VAT, SEK m	140,948	150,090	176,620	209,921	222,865
Sales excluding VAT, SEK m	120,799	128,562	151,419	180,861	192,267
Change sales excl. VAT from previous year in SEK, %	10	6	18	19	6
Change sales excl. VAT previous year in local currencies, %	11	9	14	11	7
Operating profit, SEK m	21,754	22,090	25,583	26,942	23,823
Operating margin, %	18.0	17.2	16.9	14.9	12.4
Depreciation for the year, SEK m	3,705	4,191	5,045	6,399	7,605
Profit after financial items, SEK m	22,285	22,448	25,895	27,242	24,039
Profit after tax, SEK m	16,867	17,093	19,976	20,898	18,636
Cash and cash equivalents and short-term investments, SEK m	17,143	17,224	16,693	12,950	9,446
Stock-in-trade, SEK m	15,213	16,695	19,403	24,833**	31,732**
Equity, SEK m	43,835	45,248	51,556	58,049	61,236
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	10.19	10.33	12.07	12.63	11.26
Equity per share, SEK*	26.49	27.34	31.15	35.07	37.00
Cash flow from current operations per share, SEK*	11.42	14.40	14.60	14.54	14.36
Dividend per share, SEK	9.50	9.50	9.75	9.75	9.75***
Return on equity, %	38.4	38.4	41.3	38.1	31.2
Return on capital employed, %	50.3	50.0	53.1	49.3	39.2
Share of risk-bearing capital, %	76.1	73.0	72.5	72.7	67.1
Equity/assets ratio, %	72.8	68.9	68.2	67.6	62.1
Total number of stores	2,776	3,132	3,511	3,924	4,351
Average number of employees	72,276	81,099	93,351	104,634	114,586

* Before and after dilution.

** The booked value of stock-in-trade for 2015 and 2016 is approximately 5 percent higher than previous years as a result of improved invoicing processes. Accounts payable have increased with the corresponding amount.

*** Proposed by the Board of Directors

Definition on key figures see page 24

SEGMENT REPORTING (SEK m)

	2016	2015
Asia and Oceania		
External net sales	27,416	23,610
Operating profit	1,927	1,740
Operating margin, %	7.0	7.4
Assets excluding tax receivables	14,657	11,171
Liabilities excluding tax liabilities	1,430	1,736
Investments	2,505	2,516
Depreciation	1,169	843
Europe and Africa		
External net sales	132,689	128,200
Operating profit	4,006	4,828
Operating margin, %	3.0	3.8
Assets excluding tax receivables	41,143	33,258
Liabilities excluding tax liabilities	11,975	9,950
Investments	5,787	4,845
Depreciation	3,995	3,578
North and South America		
External net sales	32,162	29,051
Operating profit	971	619
Operating margin, %	3.0	2.1
Assets excluding tax receivables	17,369	14,157
Liabilities excluding tax liabilities	5,998	4,712
Investments	3,360	2,966
Depreciation	1,791	1,547
Group Functions		
Net sales to other segments	79,284	91,297
Operating profit	16,919	19,755
Operating margin, %	21.3	21.6
Assets excluding tax receivables	22,548	24,510
Liabilities excluding tax liabilities	12,608	6,988
Investments	2,009	1,732
Depreciation	650	431
Eliminations		
Net sales to other segments	-79,284	-91,297
Total		
External net sales	192,267	180,861
Operating profit	23,823	26,942
Operating margin, %	12.4	14.9
Assets excluding tax receivables	95,717	83,096
Liabilities excluding tax liabilities	32,011	23,386
Investments	13,661	12,059
Depreciation	7,605	6,399

PARENT COMPANY INCOME STATEMENT (SEK m)

	Q4 2016	Q4 2015	Full year 2016	Full year 2015
External sales excluding VAT	-	13	-	15
Internal sales excluding VAT*	1,157	1,080	3,985	3,605
GROSS PROFIT	1,157	1,093	3,985	3,620
Selling expenses	-	0	-	0
Administrative expenses	-38	-76	-173	-126
OPERATING PROFIT	1,119	1,017	3,812	3,494
Dividend from subsidiaries	11,126	11,931	12,597	13,288
Interest income and similar items**	0	126	153	154
Interest expense	-	0	0	-7
PROFIT AFTER FINANCIAL ITEMS	12,245	13,074	16,562	16,929
Year-end appropriations	18	17	18	17
Tax	-250	-256	-876	-806
PROFIT FOR THE PERIOD	12,013	12,835	15,704	16,140

* Internal sales in the quarter consists of royalty of SEK 1,026 m (932) and other SEK 131 m (148) received from group companies and for the full-year of royalty of SEK 3,849 m (3,457) and other SEK 136 m (148).

** Interest income and similar items in the quarter consists of SEK 13 m (17) in interest income and SEK -13 m (109) in translation effects from group companies and in the full-year of SEK 21 m (45) in interest income and SEK 132 m (109) in translation effects from group companies.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q4 2016	Q4 2015	Full year 2016	Full year 2015
PROFIT FOR THE PERIOD	12,013	12,835	15,704	16,140
Other comprehensive income				
<i>Items that have not been and will not be reclassified to profit or loss</i>				
Remeasurement of defined benefit pension plans	-4	37	-4	37
Tax related to the above remeasurement	1	-8	1	-8
OTHER COMPREHENSIVE INCOME	-3	29	-3	29
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,010	12,864	15,701	16,169

PARENT COMPANY BALANCE SHEET (SEK m)

	30 Nov - 2016	30 Nov - 2015
ASSETS		
FIXED ASSETS		
Tangible fixed assets		
Buildings and land	127	71
Equipment, tools, fixture and fittings	313	435
	440	506
Financial fixed assets		
Shares and participation rights	588	588
Receivables from subsidiaries	779	1,085
Long-term receivables	11	11
Deferred tax receivables	42	43
	1,420	1,727
TOTAL FIXED ASSETS	1,860	2,233
CURRENT ASSETS		
Current receivables		
Receivables from subsidiaries	16,179	14,808
Tax receivables	-	-
Other receivables	7	2
Prepaid expenses	0	0
	16,186	14,810
Cash and cash equivalents	376	1,758
TOTAL CURRENT ASSETS	16,562	16,568
TOTAL ASSETS	18,422	18,801

PARENT COMPANY BALANCE SHEET (SEK m)

	30 Nov - 2016	30 Nov - 2015
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	207	207
Restricted reserves	88	88
	295	295
Non-restricted equity		
Retained earnings	861	829
Profit for the year	15,701	16,169
	16,562	16,998
TOTAL EQUITY	16,857	17,293
UNTAXED RESERVES	429	447
LIABILITIES		
Long-term liabilities		
Provisions for pensions	191	195
Short-term liabilities*		
Accounts payable	3	5
Tax liabilities	729	671
Other liabilities	206	182
Accrued expenses and prepaid income	7	8
	945	866
TOTAL LIABILITIES	1,136	1,061
TOTAL EQUITY AND LIABILITIES	18,422	18,801
Pledged assets		
Contingent liabilities	13,064	14,654

* No current liabilities are interest-bearing.

KEY RATIO DEFINITIONS

This report contains key financial ratios in accordance with the framework for financial reporting applied by the H&M group, which is based on IFRS. Other key ratios and indicators are also used to follow up, analyse and govern the business and to provide the H&M group's stakeholders with financial information concerning the group's financial position, results and performance in a consistent way.

These other key ratios and indicators are considered necessary in order to be able to monitor performance against the group's financial targets. A combination of continual growth, high profitability, stable cash flow and using capital in the right way is intended to generate a high overall return for the H&M group's shareholders. It is therefore relevant to present key ratios relating to growth, profitability and capital, share-based measurements and terms relating to capital on a continuous basis.

The key ratios and indicators used, referred to and presented in the reporting are defined as shown in the list below.

Growth measurements

Change in sales %, local currency: The group's total change in sales in local currency is calculated as the period's net sales (calculated at the same average rate as was used for the same period in the previous year) minus the period's net sales in the previous year, as a percentage of the period's net sales in the previous year

Yield measurements

Operating margin: Operating profit as a percentage of net sales for the year

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

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

Capital measurements

Equity/assets ratio: Shareholders' equity in relation to total assets

Share of risk-bearing capital, %: Shareholders' equity plus deferred tax liability in relation to total assets

Share-related measurements

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

Earnings per share: Profit for the period in relation to the number of shares during the period

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

Cash flow from operating activities per share: Cash flow from operating activities for the period divided by the average number of shares during the period

Capital terms

Operating profit: Calculated as profit before financial items and tax

Gross profit: Net sales minus cost of goods sold

Gross margin: Net sales minus cost of goods sold in relation to net sales

Capital employed: Equity plus interest-bearing liabilities