

H & M Hennes & Mauritz AB

Six-month report

First half-year (1 December 2016 – 31 May 2017)

- The H&M group's sales including VAT increased by 9 percent to SEK 113,907 m (104,965) during the first six months of the financial year. Sales excluding VAT amounted to SEK 98,368 m (90,565). In local currencies sales increased by 5 percent.
- Profit after financial items increased by 6 percent to SEK 10,920 m (10,329). The group's profit after tax amounted to SEK 8,354 m (7,902), corresponding to SEK 5.05 (4.77) per share.

First half-year 2017
SEK 114 billion
 sales incl VAT

Second quarter (1 March 2017 – 31 May 2017)

- The H&M group's sales including VAT increased by 10 percent to SEK 59,538 m (54,341) during the second quarter. Sales excluding VAT amounted to SEK 51,383 m (46,874). In local currencies sales increased by 5 percent.
- Gross profit increased by 9 percent to SEK 29,345 (26,980). This corresponds to a gross margin of 57.1 percent (57.6).
- Profit after financial items increased by 10 percent to SEK 7,708 m (7,002). The group's profit after tax amounted to SEK 5,897 m (5,357), corresponding to SEK 3.56 (3.24) per share. The profit increase in the second quarter is mostly explained by continued expansion and tight cost control.
- Continued rapid and profitable growth of the group's online sales, which in some established markets already account for 25 to 30 percent of total sales. The profitability of the group's online sales is in line with that of the physical stores.
- H&M's online store opened in further six new markets during the spring - Turkey, Taiwan, Hong Kong, Macau, Singapore and Malaysia - and is now available in 41 markets.
- Continued very good development for COS, & Other Stories, Monki, Weekday and H&M Home.

Profit before tax Q2
+10 percent

- The H&M group's sales including VAT for June 2017 are expected to increase by 7 percent in local currencies compared to the same month last year.
- Successful store openings in new H&M markets Kazakhstan and Colombia this spring will be followed by openings in Iceland, Vietnam and Georgia.
- H&M's online store will open in a further two markets in 2017 - the Philippines and Cyprus - in addition to the six online markets that have already opened in 2017.
- COS will reach turnover of around SEK 10 billion in 2017, with profitability in line with that of the H&M brand.
- The new brand, ARKET, will be launched in 2017 with five stores and 18 online markets.
- Continued investments with a digital focus. It is estimated that the group's online sales will grow by at least 25 percent per year going forward.
- India will be a new H&M online market in 2018. Additional new online markets will open in 2018.
- New H&M store markets planned for 2018 are Uruguay and Ukraine.



Comments by Karl-Johan Persson, CEO

“Sales in the second quarter increased by 10 percent in SEK to more than SEK 59 billion including VAT. In local currencies, sales increased by 5 percent. Profit after financial items increased by 10 percent to SEK 7.7 billion.

Sales in the UK, Scandinavia and Eastern Europe as well as in many of our growth markets were good. However, it was more challenging in several of our major markets such as the US, China, the Netherlands and Switzerland.

H&M’s online sales developed very well and continued to increase its share of total sales. The development of COS, & Other Stories, Monki, Weekday and H&M Home remained very strong, both in stores and online.

An industry in transition

Fashion retail is going through a period of extensive change because of increased digitalisation. Customer behaviour and expectations are changing at an ever-increasing pace, with a greater and greater share of sales taking place online. This shift brings great opportunities for the H&M group. We are in a strong position, with well-known global brands suited to both physical stores and online sales, and we are financially strong and can invest at the pace required.

Continued investments and digital focus

We continue to invest and develop our business with a digital focus to give our customers the best possible shopping experience. This includes:

- **Improvement, diversification and expansion of our online offering** – for example more and faster delivery options, more payment alternatives, a broader range of products and more new markets.
- **Integration of our physical stores with the online store** – to offer a shopping experience where customers are always able to move freely between our various channels and shop in the way that suits them best. Our global store network gives us a unique proximity to our customers, which is a great asset and advantage.
- **Expansion of new physical stores with a focus on growth markets** – around 500 new stores with very favourable conditions are planned to open during the year.
- **Optimisation and development of the store portfolio** – rebuilds, relocations, additional store space. Around 100 store closures during the year. Development of H&M stores to include new forms of visual expression for a more inspiring in-store experience.
- **Supply chain optimisation** – increased speed, efficiency and flexibility.
- **Advanced analytics** – allows further improvements in areas such as the product range development, quantification, allocation and personalised communication.

The ability to build new brands and concepts

An important part of the H&M group’s strategy is to develop, launch and build new global brands. A good example of this is COS, which will reach revenues of around SEK 10 billion this year with profitability in line with that of the H&M brand. The value of COS today already far exceeds the amount we invested in it and this is just the beginning of the journey.

Our other brands, & Other Stories, Monki, Weekday, Cheap Monday and H&M Home, are very well-positioned to make the same journey as COS. We are expecting our newer brands to continue to grow substantially for many years to come and to account for an increasing share of the H&M group’s growth and value.

After the summer, we are looking forward to launching yet another new brand, ARKET, which received fantastic reviews at previews during the spring. The first store will open on Regent Street in London with the simultaneous launch of ARKET’s online store in 18 European markets.



ARKET

Continued rapid and profitable online growth

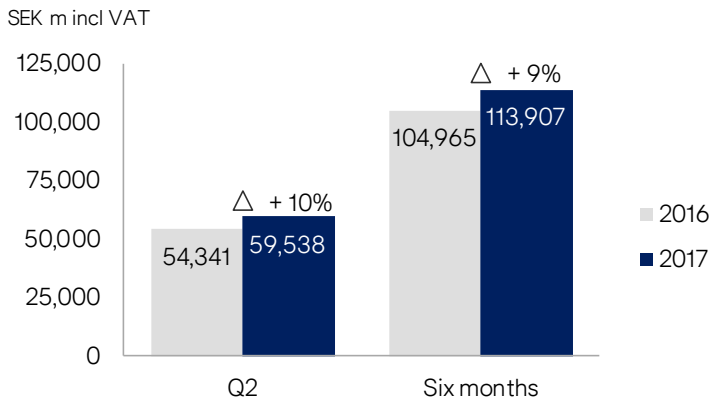
The H&M group's online sales have developed very well and already account for 25 to 30 percent of total sales in certain established markets. We are expecting our online sales to increase by at least 25 percent per year, with profitability in line with that of the physical stores.

Fast pace is vital

We are convinced that the investments we have made and are making will result in continued profitable growth for many years to come. A clear focus for us is to continue to develop our business with quality at a fast pace and thereby strengthen the H&M group's position even further in a growing and rapidly changing market.”

	Q2	Q2	Six months	Six months
SEK m	2017	2016	2017	2016
Net sales	51,383	46,874	98,368	90,565
Gross profit	29,345	26,980	53,811	49,679
<i>gross margin, %</i>	<i>57.1</i>	<i>57.6</i>	<i>54.7</i>	<i>54.9</i>
Operating profit	7,650	6,952	10,809	10,222
<i>operating margin, %</i>	<i>14.9</i>	<i>14.8</i>	<i>11.0</i>	<i>11.3</i>
Net financial items	58	50	111	107
Profit after financial items	7,708	7,002	10,920	10,329
Tax	-1,811	-1,645	-2,566	-2,427
Profit for the period	5,897	5,357	8,354	7,902
Earnings per share, SEK	3.56	3.24	5.05	4.77

Sales



Sales including VAT increased by 10 percent to SEK 59,538 m (54,341) in the second quarter. Sales including VAT in the half-year period increased by 9 percent and amounted to SEK 113,907 m (104,965). In local currencies sales including VAT increased by 5 percent in the second quarter and by 5 percent in the first half-year.

Sales excluding VAT increased by 10 percent to SEK 51,383 m (46,874) in the second quarter and by 9 percent to SEK 98,368 m (90,565) in the half-year period.

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 Home

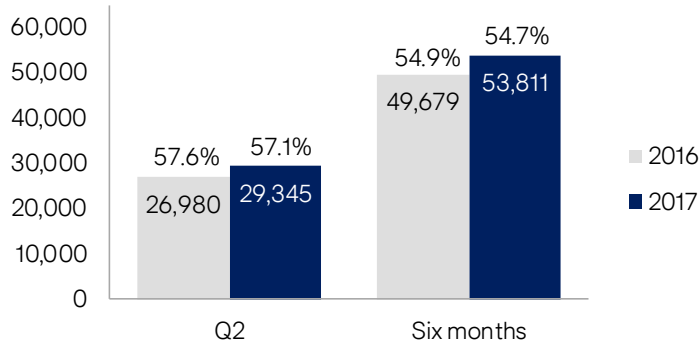
Sales in top ten markets, six months

	2017	2016	Change in %		31 May - 17	2017
	SEK m inc. VAT	SEK m inc. VAT	SEK	Local currency	Number of stores	New stores (net)
Germany	18,562	18,093	3	-1	457	-2
USA	13,807	12,800	8	1	496	28
UK	7,150	7,271	-2	6	279	-2
France	6,585	6,325	4	1	236	-2
China	5,729	5,110	12	11	475	31
Sweden	5,007	4,837	4	4	172	-4
Italy	4,470	4,264	5	2	172	6
Spain	3,894	3,676	6	3	172	3
Netherlands	3,676	3,771	-3	-6	143	-2
Switzerland	3,033	3,014	1	-4	99	1
Others*	41,994	35,804	17	11	1,797	90
Total	113,907	104,965	9	5	4,498	147
<i>* Of which franchises</i>	<i>2,370</i>	<i>2,393</i>	<i>-1</i>	<i>-7</i>	<i>204</i>	<i>16</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



Gross profit increased by 9 percent to SEK 29,345 m (26,980) in the second quarter, corresponding to a gross margin of 57.1 percent (57.6). For the first half-year, gross profit increased by 8 percent to SEK 53,811 m (49,679), corresponding to a gross margin of 54.7 percent (54.9).

Markdowns in relation to sales increased by 0.7 percentage points in the second quarter 2017 compared to the corresponding quarter in 2016. Higher stock-in-trade going into the quarter as well as lower sales increase than planned led to increased markdown activities in the quarter.

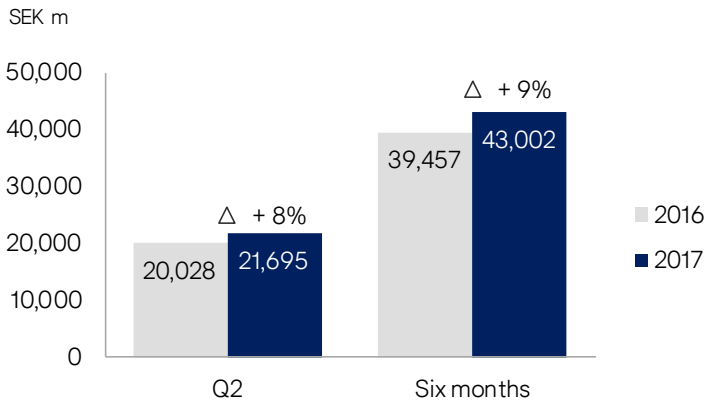
Overall, the market situation as regards external factors such as purchasing currencies and raw materials was slightly negative during the purchasing period for the second quarter compared to the corresponding purchasing period in the previous year.

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

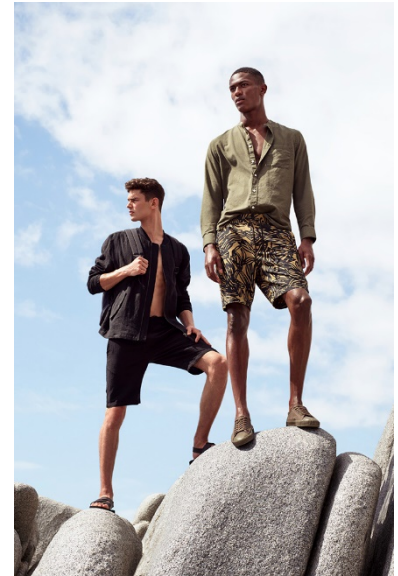


H&M Kids

Selling and administrative expenses

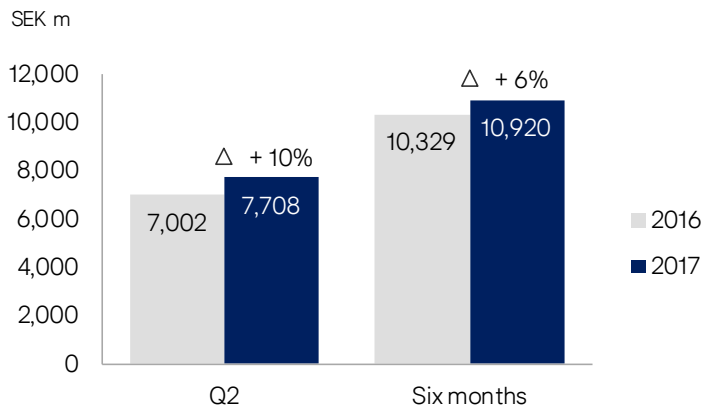


Cost control in the group remains very good. For the second quarter of 2017, selling and administrative expenses increased by 8 percent in SEK and by 4 percent in local currencies compared to the second quarter last year. For the first half-year, selling and administrative expenses increased by 9 percent in SEK and by 6 percent in local currencies compared to the first half-year period last year. The increase is attributable to the expansion.



H&M Man

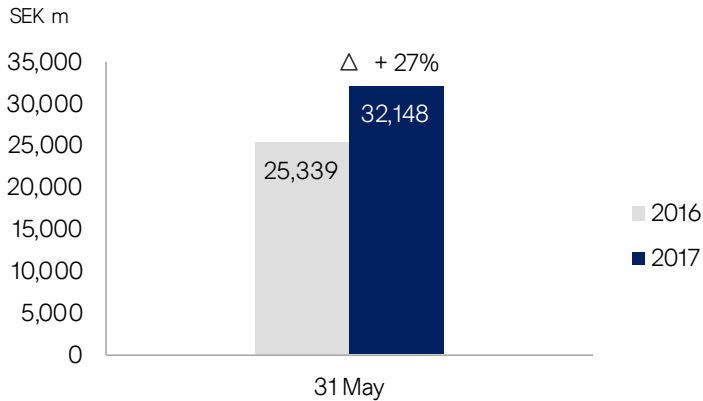
Profit after financial items



Profit after financial items in the second quarter increased by 10 percent to SEK 7,708 m (7,002). Profit after financial items in the first half-year period increased by 6 percent to SEK 10,920 m (10,329).

The profit increase in the second quarter is explained by the expansion in combination with a very good cost control.

Stock-in-trade



Stock-in-trade amounted to SEK 32,148 m (25,339), an increase of 27 percent in SEK compared to the same point of time last year. Currency adjusted the increase was 22 percent.

The increase in the stock-in-trade is explained by the group's continued expansion and a higher inventory level going into the second quarter combined with a lower sales increase than planned. Although inventory levels were higher than planned at the end of Q2, the rate of increase slowed during the second quarter. However, the higher stock-in-trade at the end of Q2 will most probably lead to higher markdowns levels in the third quarter compared to the corresponding quarter last year – with the aim of giving the autumn season the best possible start.

The **stock-in-trade** amounted to 16.1 percent (13.7) of sales excluding VAT rolling twelve months and 31.9 percent (30.2) of total assets.

Expansion

The growth target of the H&M group is to increase sales in local currencies by 10 – 15 percent per year with continued high profitability.

In 2017 new markets for H&M stores will be Kazakhstan, Colombia, Iceland, Vietnam and Georgia. The first H&M stores in Kazakhstan, which opened in Almaty in the second quarter – and the first stores in Colombia, which opened in Bogotá, have made a very good start.

Six new H&M online markets were opened in spring 2017: Turkey, Taiwan, Hong Kong, Macau, Singapore and Malaysia, all of which have had a good start. The H&M online store is today available in 41 markets, and with the addition of Cyprus and the Philippines the H&M online store will soon be available in 43 markets.

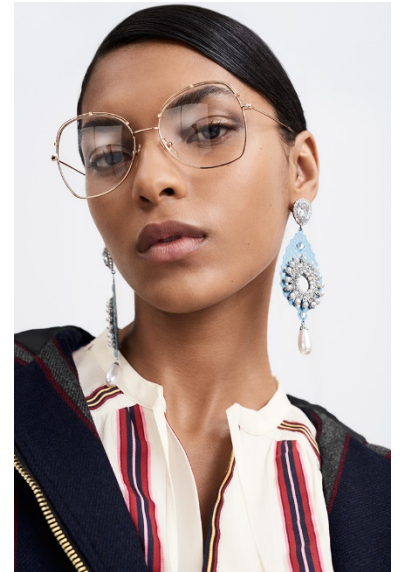
For full-year 2017 approximately 500 new stores are planned to open, with a focus on growth markets. Most of the new stores in 2017 will be H&M stores, while approximately 70 to 80 stores will consist of the newer brands COS, & Other Stories, Monki, Weekday and ARKET.

After summer 2017 ARKET will open its first physical store on Regent Street in London and will simultaneously launch its online store in 18 European markets. This first store will be followed by the opening of another store in London, and thereafter store openings in Brussels, Copenhagen and Munich. In spring 2018 ARKET will open its first store in Stockholm, located on Biblioteksgatan.

H&M Home will also continue its rapid expansion, with approximately 60 new H&M Home departments planned for 2017. The first standalone H&M Home stores are planned to open in 2018.

In parallel with the expansion the store portfolio is being optimised as regards the number of stores, store space, rebuilds and relocations, to continually ensure that the store portfolio is right for each market. As a part of this, approximately 100 stores will close, giving a net addition of around 400 new stores for full-year 2017.

India will be a new H&M online market in 2018. Additional new online markets will open in 2018. Planned new H&M store markets in 2018 are Uruguay and Ukraine.



& Other Stories

Brand	Number of markets		Expansion
	31 May - 2017		2017
	Store	Online	New markets
H&M	66	41	Store: Kazakhstan*, Colombia*, Iceland, Vietnam, Georgia Online: Turkey*, Taiwan*, Hong Kong*, Macau*, Singapore*, Malaysia*, Philippines, Cyprus
COS	35	19	Store: Malaysia*, Israel (franchise)*, Slovenia
Monki	13	19	-
Weekday	8	18	Store: France*, UK
& Other Stories	15	14	Store: Ireland*, Finland*, South Korea*, United Arab Emirates (franchise)*
Cheap Monday	2	18	-

* Opened by 31 May - 2017



COS

Store count by brand

In the first-half year, the group opened 193 (184) stores and closed 46 (31) stores, i.e. a net increase of 147 (153) new stores. The group had 4,498 (4,077) stores as of 31 May 2017, of which 204 (171) are operated by franchise partners.

Brand	New Stores 2017 (net)		Total No of stores	
	Q2	Six months	31 May - 2017	31 May - 2016
H&M	86	125	4,087	3,730
COS	10	15	209	174
Monki	0	-3	115	113
Weekday	2	1	29	22
& Other Stories	7	10	55	33
Cheap Monday	0	-1	3	5
Total	105	147	4,498	4,077

Store count by region

Region	New Stores 2017 (net)		Total No of stores	
	Q2	Six months	31 May - 2017	31 May - 2016
Europe & Africa	32	33	2,917	2,774
Asia & Oceania	54	79	956	769
North & South America	19	35	625	534
Total	105	147	4,498	4,077

Tax

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 three quarters of this financial year an estimated tax rate of 23.5 percent will be used. The final outcome of the tax rate depends on the results of the group's various companies and the corporate tax rates in each country.

Financing

As communicated in conjunction with the three-month report on 30 March 2017, the H&M group signed a revolving credit facility (RCF) of EUR 700 m during the first quarter in order to increase financial flexibility. The RCF, which has not yet been drawn down, was signed on very good terms for a period of five years with an option to extend for a further two years.

Current quarter

Sales including VAT in June are expected to increase by 7 percent in local currencies compared to the same month last year.

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 2016 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 31 May 2017, forward contracts with a positive market value amount to SEK 333 m (511), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 897 m (365), 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 annual report and consolidated accounts for 2016.

Risks and uncertainties

A number of factors may affect the H&M group'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 for the H&M group related to fashion, weather conditions, macroeconomic and geopolitical changes, sustainability issues, foreign currency, tax and different regulations but also in connection with expansion into new markets, the launch of new concepts and how the brand is managed.

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 2016.



Calendar

28 September 2017	Nine-month report, 1 Dec 2016 – 31 Aug 2017
31 January 2018	Full-year report, 1 Dec 2016 – 30 Nov 2017
27 March 2018	Three-month report, 1 Dec 2017 – 28 Feb 2018
8 May 2018, 15.00 CET	Annual General Meeting 2018, Erling Persson Hall, Aula Medica, Karolinska Institutet, Solna
28 June 2018	Six-month report, 1 Dec 2017 – 31 May 2018

This six-month report has not been audited by the company's auditors.

Stockholm, 28 June 2017
Board of Directors

Contact

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Invitation to press and telephone conference in conjunction to the six-month report is available on about.hm.com

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The undersigned hereby provide an assurance that the half-year report for 1 December 2016 – 31 May 2017 provides a true and fair view of the parent company's and the group's business, positions and earnings, and also describe the significant risks and uncertainties faced by the companies making up the group.

Stockholm 28 June, 2017

Stefan Persson
Chairman of the Board

Stina Bergfors
Board member

Anders Dahlgv
Board member

Ingrid Godin
Board member

Lena Patriksson Keller
Board member

Alexandra Rosenqvist
Board member

Christian Sievert
Board member

Erica Wiking Häger
Board member

Niklas Zennström
Board member

Karl-Johan Persson
Chief Executive Officer

Information in this interim report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under EU Market Abuse Regulation (596/2014/EU) and Sweden's Securities Market Act. The information was submitted for publication by the abovementioned persons at 8.00 (CET) on 29 June 2017. This interim report and other information about H&M, is available at about.hm.com

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands & Other Stories, Cheap Monday, COS, Monki and Weekday as well as H&M Home. The H&M group has 41 online markets and approximately 4,500 stores in 66 markets including franchise markets. In 2016, sales including VAT were SEK 223 billion. The number of employees amounts to more than 161,000. For further information, visit about.hm.com.

GROUP INCOME STATEMENT IN SUMMARY (SEK m)

	Q2 2017	Q2 2016	Six months 2017	Six months 2016	1 Dec 2015- 30 Nov 2016
Sales including VAT	59,538	54,341	113,907	104,965	222,865
Sales excluding VAT	51,383	46,874	98,368	90,565	192,267
Cost of goods sold	-22,038	-19,894	-44,557	-40,886	-86,090
GROSS PROFIT	29,345	26,980	53,811	49,679	106,177
<i>Gross margin, %</i>	57.1	57.6	54.7	54.9	55.2
Selling expenses	-19,924	-18,362	-39,477	-36,133	-75,729
Administrative expenses	-1,771	-1,666	-3,525	-3,324	-6,625
OPERATING PROFIT	7,650	6,952	10,809	10,222	23,823
<i>Operating margin, %</i>	14.9	14.8	11.0	11.3	12.4
Net financial items	58	50	111	107	216
PROFIT AFTER FINANCIAL ITEMS	7,708	7,002	10,920	10,329	24,039
Tax	-1,811	-1,645	-2,566	-2,427	-5,403
PROFIT FOR THE PERIOD	5,897	5,357	8,354	7,902	18,636

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

Earnings per share, SEK*	3.56	3.24	5.05	4.77	11.26
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	2,145	1,845	4,251	3,664	7,605
of which cost of goods sold	174	210	378	416	847
of which selling expenses	1,827	1,515	3,587	3,005	6,256
of which administrative expenses	144	120	286	243	502

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q2 2017	Q2 2016	Six months 2017	Six months 2016	1 Dec 2015- 30 Nov 2016
PROFIT FOR THE PERIOD	5,897	5,357	8,354	7,902	18,636
Other comprehensive income					
<i>Items that are or may be reclassified to profit or loss</i>					
Translation differences	-331	176	-833	-800	1,186
Change in hedging reserves	-467	144	-199	-141	-578
Tax attributable to change in hedging reserves	112	-34	48	34	139
<i>Items that will not be classified to profit or loss</i>					
Remeasurement of defined benefit pension plans	-	-	-	-	-78
Tax related to the above remeasurement	-	-	-	-	19
OTHER COMPREHENSIVE INCOME	-686	286	-984	-907	688
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,211	5,643	7,370	6,995	19,324

All comprehensive income is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

GROUP BALANCE SHEET IN SUMMARY (SEK m)

ASSETS	31 May - 2017	31 May - 2016	30 Nov 2016
Fixed assets			
Intangible fixed assets	6,169	4,699	5,347
Property, plant and equipment	38,366	33,246	38,693
Financial assets	4,011	3,233	3,876
	48,546	41,178	47,916
Current assets			
Stock-in-trade	32,148	25,339	31,732
Current receivables	9,415	8,946	9,485
Cash and cash equivalents	10,655	8,387	9,446
	52,218	42,672	50,663
TOTAL ASSETS	100,764	83,850	98,579
EQUITY AND LIABILITIES			
Equity	52,469	48,907	61,236
Long-term liabilities*	5,700	4,424	5,638
Current liabilities**	42,595	30,519	31,705
TOTAL EQUITY AND LIABILITIES	100,764	83,850	98,579

* Interest-bearing long-term liabilities amounts to SEK 780 m (488).

** Interest-bearing current liabilities amounts to SEK 6,266 m (4,915).

CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)

	31 May - 2017	31 May - 2016	30 Nov 2016
Shareholders' equity at the beginning of the period	61,236	58,049	58,049
Total comprehensive income for the period	7,370	6,995	19,324
Dividend	-16,137	-16,137	-16,137
Shareholders' equity at the end of the period	52,469	48,907	61,236

GROUP CASH FLOW STATEMENT (SEK m)

	Six months 2017	Six months 2016
Current operations		
Profit after financial items*	10,920	10,329
Provisions for pensions	46	45
Depreciation	4,251	3,664
Tax paid	-2,507	-1,207
Other	-11	-
Cash flow from current operations before changes in working capital	12,699	12,831
Cash flow from changes in working capital		
Current receivables	-638	-1,932
Stock-in-trade	-653	-760
Current liabilities	-466	2,427
CASH FLOW FROM CURRENT OPERATIONS	10,942	12,566
Investment activities		
Investment in intangible fixed assets	-1,055	-796
Investment in tangible fixed assets	-4,473	-4,837
Other investments	-20	-21
CASH FLOW FROM INVESTMENT ACTIVITIES	-5,548	-5,654
Financing activities		
Short-term loans	4,097	4,915
Dividend	-8,110	-16,137
CASH FLOW FROM FINANCING ACTIVITIES	-4,013	-11,222
CASH FLOW FOR THE PERIOD	1,381	-4,310
Cash and cash equivalents at beginning of the financial year	9,446	12,950
Cash flow for the period	1,381	-4,310
Exchange rate effect	-172	-253
Cash and cash equivalents at end of the period**	10,655	8,387

* Interest paid for the group amounts to SEK 8 m (3).

** Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 10,655 m (8,387).

SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

Q2, 1 March - 31 May

Market	Q2 - 2017	Q2 - 2016	Change in %		31 May - 17	Q2 - 2017	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	2,635	2,513	5	5	172	1	1
Norway	1,450	1,357	7	2	127	1	1
Denmark	1,511	1,395	8	4	101	1	1
UK	3,755	3,725	1	7	279	4	5
Switzerland	1,539	1,522	1	-4	99		
Germany	10,149	9,432	8	4	457	3	1
Netherlands	2,046	2,034	1	-3	143	1	1
Belgium	1,132	1,041	9	5	92	2	1
Austria	1,454	1,370	6	2	83		
Luxembourg	118	111	6	3	10		
Finland	703	691	2	-2	63	1	
France	3,231	3,119	4	0	236	2	1
USA	7,017	6,423	9	1	496	13	1
Spain	2,012	1,845	9	5	172	4	1
Poland	1,363	1,143	19	13	170	2	
Czech Republic	398	343	16	11	48	1	1
Portugal	320	281	14	10	31		
Italy	2,325	2,202	6	2	172	4	
Canada	1,136	1,010	12	8	87	2	
Slovenia	136	126	8	4	12		
Ireland	279	271	3	-1	24		
Hungary	442	376	18	13	42		
Slovakia	179	159	13	8	19		
Greece	469	457	3	-1	35	2	2
China	2,974	2,809	6	4	475	21	1
Hong Kong	456	486	-6	-13	29	1	
Japan	1,415	1,230	15	7	74	9	1
Russia	1,548	1,128	37	7	124	6	
South Korea	577	443	30	17	39	3	
Turkey	793	676	17	37	68	6	
Romania	558	494	13	10	55	4	1
Croatia	202	193	5	0	15		
Singapore	239	241	-1	-6	13		
Bulgaria	159	144	10	6	20		
Latvia	95	75	27	22	8		
Malaysia	279	255	9	11	39	2	
Mexico	516	327	58	55	27	2	
Chile	378	270	40	27	4		
Lithuania	97	73	33	28	9		
Serbia	103	84	23	19	10	1	
Estonia	97	85	14	11	9	1	
Australia	700	449	56	44	25	2	
Philippines	268	202	33	32	25	3	
Taiwan	204	150	36	19	12		
Peru	195	103	89	71	7	1	
Macau	34	38	-11	-17	2		
India	298	125	138	116	16	2	
South Africa	232	150	55	26	11	2	
Puerto Rico	26				2		
Cyprus	22				1		
New Zealand	42				1		
Kazakhstan	44				2	2	
Colombia	38				2	2	
Franchise	1,150	1,165	-1	-6	204	11	
Total	59,538	54,341	10	5	4,498	125	20

SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

Six months, 1 December - 31 May

Market	2017	2016	Change in %		31 May - 17	Six months	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	5,007	4,837	4	4	172	2	6
Norway	2,942	2,673	10	3	127	1	1
Denmark	2,849	2,678	6	3	101	2	3
UK	7,150	7,271	-2	6	279	5	7
Switzerland	3,033	3,014	1	-4	99	1	
Germany	18,562	18,093	3	-1	457	3	5
Netherlands	3,676	3,771	-3	-6	143	1	3
Belgium	2,242	2,084	8	4	92	3	1
Austria	2,739	2,649	3	0	83		
Luxembourg	229	224	2	-1	10		
Finland	1,391	1,372	1	-2	63	2	
France	6,585	6,325	4	1	236	3	5
USA	13,807	12,800	8	1	496	30	2
Spain	3,894	3,676	6	3	172	6	3
Poland	2,541	2,190	16	11	170	4	
Czech Republic	753	657	15	10	48	1	1
Portugal	637	576	11	7	31		
Italy	4,470	4,264	5	2	172	6	
Canada	2,210	1,873	18	10	87	2	
Slovenia	260	246	6	2	12		
Ireland	554	533	4	1	24	1	
Hungary	834	716	16	12	42		
Slovakia	348	315	10	7	19		
Greece	913	865	6	2	35	2	2
China	5,729	5,110	12	11	475	33	2
Hong Kong	935	988	-5	-12	29	1	
Japan	2,437	2,033	20	11	74	9	1
Russia	2,642	1,840	44	11	124	11	
South Korea	1,004	738	36	24	39	4	
Turkey	1,460	1,251	17	36	68	7	1
Romania	1,090	962	13	11	55	5	2
Croatia	392	367	7	2	15		
Singapore	512	508	1	-4	13		
Bulgaria	307	279	10	7	20	1	
Latvia	178	142	25	22	8		
Malaysia	625	552	13	13	39	4	
Mexico	1,062	716	48	54	27	2	
Chile	746	514	45	29	4		
Lithuania	185	139	33	29	9	1	
Serbia	193	155	25	22	10	1	
Estonia	185	154	20	17	9	1	
Australia	1,373	845	62	48	25	3	
Philippines	557	439	27	26	25	4	
Taiwan	428	324	32	17	12	2	
Peru	445	226	97	80	7	1	
Macau	75	86	-13	-19	2		
India	586	208	182	161	16	4	
South Africa	478	294	63	32	11	3	
Puerto Rico	62				2		
Cyprus	48				1		
New Zealand	95				1		
Kazakhstan	44				2	2	
Colombia	38				2	2	
Franchise	2,370	2,393	-1	-7	204	17	1
Total	113,907	104,965	9	5	4,498	193	46

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

	2013	2014	2015	2016	2017
Sales including VAT, SEK m	70,069	81,705	100,024	104,965	113,907
Sales excluding VAT, SEK m	60,027	69,970	86,143	90,565	98,368
Change sales excl. VAT from previous year in SEK, %	1	17	23	5	9
Change sales excl. VAT previous year in local currencies, %	5	14	12	7	5
Operating profit, SEK m	9,153	10,966	12,989	10,222	10,809
Operating margin, %	15.2	15.7	15.1	11.3	11.0
Depreciations for the period, SEK m	2,050	2,478	3,120	3,664	4,251
Profit after financial items, SEK m	9,359	11,129	13,158	10,329	10,920
Profit after tax, SEK m	7,113	8,458	10,066	7,902	8,354
Cash and cash equivalents and short-term investments, SEK m	9,061	9,592	10,293	8,387	10,655
Stock-in-trade, SEK m	12,667	14,915	19,699	25,339**	32,148**
Equity, SEK m	34,747	38,516	47,239	48,907	52,469
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	4.30	5.11	6.08	4.77	5.05
Equity per share, SEK*	20.99	23.27	28.54	29.55	31.70
Cash flow from current operations per share, SEK*	6.78	7.20	8.21	7.59	6.61
Share of risk-bearing capital, %	73.2	70.1	69.0	63.0	57.0
Equity/assets ratio, %	69.2	65.5	64.4	58.3	52.1
Total number of stores	2,908	3,285	3,639	4,077	4,498
Rolling twelve months					
Earnings per share, SEK*	9.68	11.18	13.04	11.32	11.53
Return on equity, %	45.0	50.5	50.3	39.0	37.7
Return on capital employed, %	58.0	65.7	64.5	47.9	38.1

* Before and after dilution.

** The booked value of stock-in-trade for 2016 and 2017 is approximately 5 percent higher than previous years as a result of improved invoicing processes. Accounts payable have increased with the corresponding amount.

For definitions of key figures see the annual report

SEGMENT REPORTING (SEK m)

	Six months 2017	Six months 2016
Asia and Oceania		
External net sales	15,151	12,831
Operating profit	299	192
Operating margin, %	2.0	1.5
Europe and Africa		
External net sales	66,164	62,669
Operating profit	406	253
Operating margin, %	0.6	0.4
North and South America		
External net sales	17,053	15,065
Operating profit	-398	312
Operating margin, %	-2.3	2.1
Group Functions		
Net sales to other segments	37,469	38,284
Operating profit	10,502	9,465
Eliminations		
Net sales to other segments	-37,469	-38,284
Total		
External net sales	98,368	90,565
Operating profit	10,809	10,222
Operating margin, %	11.0	11.3

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)

	Q2 2017	Q2 2016	Six months 2017	Six months 2016	1 Dec 2015- 30 Nov 2016
External sales excluding VAT	4	-	4	-	-
Internal sales excluding VAT*	1,128	959	2,044	1,857	3,985
GROSS PROFIT	1,132	959	2,048	1,857	3,985
Administrative expenses	-45	-54	-89	-104	-173
OPERATING PROFIT	1,087	905	1,959	1,753	3,812
Net financial items**	2,201	1,409	2,619	1,472	12,750
PROFIT AFTER FINANCIAL ITEMS	3,288	2,314	4,578	3,225	16,562
Year-end appropriations	-	-	-	-	18
Tax	-234	-196	-424	-396	-876
PROFIT FOR THE PERIOD	3,054	2,118	4,154	2,829	15,704

* Internal sales in the quarter consists of royalty of SEK 1,086 m (958) and other SEK 42 m (1) received from group companies and for the six-month period of royalty of SEK 2,000 m (1,854) and other SEK 44 m (3).

** Dividend income from subsidiaries in the quarter consists of SEK 2,224 m (0) and in the six-month period of SEK 2,650 m (1,425).

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q2 2017	Q2 2016	Six months 2017	Six months 2016	1 Dec 2015- 30 Nov 2016
PROFIT FOR THE PERIOD	3,054	2,118	4,154	2,829	15,704
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
Tax related to the above remeasurement	-	-	-	-	1
OTHER COMPREHENSIVE INCOME	-	-	-	-	-3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,054	2,118	4,154	2,829	15,701

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

	31 May - 2017	31 May - 2016	30 Nov 2016
ASSETS			
Fixed assets			
Property, plant and equipment	408	448	440
Financial fixed assets	1,559	1,702	1,420
	1,967	2,150	1,860
Current assets			
Current receivables	12,082	2,960	16,186
Cash and cash equivalents	108	-	376
	12,190	2,960	16,562
TOTAL ASSETS	14,157	5,110	18,422
EQUITY AND LIABILITIES			
Equity	4,874	3,985	16,857
Untaxed reserves	429	447	429
Long-term liabilities*	191	195	191
Current liabilities**	8,663	483	945
TOTAL EQUITY AND LIABILITIES	14,157	5,110	18,422

* Relates to provisions for pensions.

** No current liabilities are interest-bearing. Dividend to be paid amounts to SEK 8,027 m (0).