



# H & M HENNES & MAURITZ AB

## SIX-MONTH REPORT

1 December 2012 – 31 May 2013

### FIRST HALF-YEAR

- The H&M Group's sales including VAT increased in local currencies by 5 percent during the first six months of the financial year. Sales in comparable units decreased by 4 percent. Converted into SEK, sales excluding VAT amounted to SEK 60,027 m (59,491), an increase of 1 percent.
- Profit after financial items amounted to SEK 9,359 m (10,754). The Group's profit after tax amounted to SEK 7,113 m (7,958), corresponding to SEK 4.30 (4.81) per share. Substantial negative currency translation effects and long-term investments during the period make it difficult to compare the results with the corresponding period last year.

### SECOND QUARTER

- The H&M Group's sales including VAT increased in local currencies by 5 percent during the second quarter. Converted into SEK, sales excluding VAT amounted to SEK 31,635 m (31,658). Sales in comparable units decreased by 4 percent.
  - Continued substantial negative currency translation effects as a result of the continued strengthening of the Swedish krona against most sales countries' currencies. The reported sales of SEK 36,923 m including VAT would have been approximately SEK 1.8 billion higher using the same currency rates as in Q2 2012.
  - Gross profit amounted to SEK 19,337 m (19,546), corresponding to a gross margin of 61.1 percent (61.7). Increased markdowns have negatively affected the gross margin by 0.9 percentage points in relation to sales compared to the corresponding quarter last year.
  - Profit after financial items amounted to SEK 6,125 m (7,053). The Group's profit after tax amounted to SEK 4,655 m (5,219), corresponding to SEK 2.81 (3.15) per share, a decrease of 11 percent.
  - A successful start for & Other Stories and continued very good performance by COS.
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- Sales have got off to a good start in June. Sales increased by 14 percent in local currencies in the period 1 June – 17 June 2013 compared to the same period last year.

### Comments by CEO Karl-Johan Persson

"The second quarter has been a period of intense activity, with the opening of nearly 100 new stores. We have for example, opened our first store in the southern hemisphere in South America – in Santiago de Chile. The store has had a fantastic reception from customers. We are continuing our strong expansion in Asia where we now have 200 stores and where we are now starting to establish our newer brands like COS and Monki.

This quarter has been marked by substantial negative currency translation effects, which have had a negative impact on both sales and profits in SEK. Sales in local currencies increased by 5 percent. Although sales remained strong in Asia, overall sales were not satisfactory mainly due to the continued challenging situation for the fashion retail industry as well as unfavourable weather in March and a couple of weeks into April in many of our big markets.

At H&M we take a long-term perspective and we are continuing with our investments in IT, online sales, new brands and broadening the range. Although most of these long-term investments have not yet generated revenues, we see them as wise and necessary – all in order to build an even stronger H&M. The fantastic response that our new brand & Other Stories has had from customers is one example of an investment that has already borne fruit. During the quarter we opened our first seven stores of this new brand, in cities such as London, Paris and Milan. COS continues to perform very well and the strong expansion of the brand continues both in existing markets and in new markets such as Turkey and Switzerland, where we will be opening COS stores in the autumn.

There is great potential in the growing online market. We are looking forward to launching our online sales in the US in August. In parallel, we are continuing our work on the global roll-out of H&M's online store, with the aim of adding several new online countries during 2014."



### Sales and store openings

Sales including VAT increased by 5 percent, in local currencies, in the first six months of the financial year. Sales in comparable units decreased by 4 percent. Converted into SEK, sales increased by 1 percent to SEK 70,069 m (69,450). Sales excluding VAT increased to SEK 60,027 m (59,491), an increase of 1 percent.

The reported sales of SEK 70,069 m including VAT in the first half-year would have been approximately SEK 3.1 billion higher using the same exchange rates as last year.

In the second quarter, sales including VAT increased by 5 percent in local currencies. Sales in comparable units decreased by 4 percent. Converted into SEK, sales amounted to SEK 36,923 m (36,947). Sales excluding VAT amounted to SEK 31,635 m (31,658).

The Group opened 152 (119) stores and closed 20 (16) stores during the first half-year. The total number of stores in the Group as per 31 May 2013 thus amounted to 2,908 (2,575) of which 2 743 were H&M stores, 69 COS stores, 64 Monki stores, 21 Weekday stores, 7 & Other Stories stores and 4 Cheap Monday stores. 98 of the Group's stores were franchise stores.

### Results for the first six months

Gross profit for the Group for the first six months amounted to SEK 35,016 m (35,083). This corresponds to a gross margin of 58.3 percent (59.0).

The operating profit amounted to SEK 9,153 m (10,419). This corresponds to an operating margin of 15.2 percent (17.5).

Operating profit for the six-month period has been charged with depreciation amounting to SEK 2,050 m (1,840).

Consolidated net interest income was SEK 206 m (335).

Profit after financial items amounted to SEK 9,359 m (10,754).

The Group's profit for the six-month period after an estimated tax rate of 24 percent (26) was SEK 7,113 m (7,958), which represents earnings per share of SEK 4.30 (4.81), a decrease of 11 percent.

Return on shareholders' equity was 45.0 percent (48.0) and return on capital employed was 58.0 percent (63.0).

### Results for the second quarter

Gross profit for the Group for the second quarter amounted to SEK 19,337 m (19,546). This corresponds to a gross margin of 61.1 percent (61.7). Operating profit for the second quarter amounted to SEK 6,023 m (6,893). This corresponds to an operating margin of 19.0 percent (21.8). Profit after financial items amounted to SEK 6,125 m (7,053). Profit after tax was SEK 4,655 m (5,219), corresponding to SEK 2.81 (3.15) per share, a decrease of 11 percent.

	SIX MONTHS	SIX MONTHS	Q2	Q2
(SEK m)	2013	2012	2013	2012
Net sales	60,027	59,491	31,635	31,658
Gross profit	35,016	35,083	19,337	19,546
<i>gross margin, %</i>	58.3	59.0	61.1	61.7
Operating profit	9,153	10,419	6,023	6,893
<i>operating margin, %</i>	15.2	17.5	19.0	21.8
Net financial items	206	335	102	160
Profit after financial items	9,359	10,754	6,125	7,053
Tax	-2,246	-2,796	-1,470	-1,834
Profit for the period	7,113	7,958	4,655	5,219
Earnings per share, SEK	4.30	4.81	2.81	3.15



### Comments on the second quarter

The second quarter has been characterised by many store openings, among them the first H&M store in South America in Chile. At the end of the quarter the H&M Group had more than 2,900 stores in 49 markets.

Total sales increased by 5 percent in local currencies. Although sales remained strong in Asia, for example in China and Japan, overall sales were not satisfactory. This was mainly because of the continued challenging conditions for the fashion retail industry due to the tough macro economic climate and unfavourable weather in March and a couple of weeks into April in many of H&M's big markets.

Reported sales in SEK in the quarter were affected by substantial currency translation effects as a result of the continued strengthening of the Swedish krona against most sales countries' currencies. To illustrate the great impact of currency translation effects on sales in the quarter: the reported sales figure of SEK 36,923 m would have been approximately SEK 1.8 billion higher using the same exchange rates as in Q2 2012.

H&M's gross margin is a result of many different factors, internal as well as external, and is also affected by the decisions that H&M makes 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.

The gross margin for the quarter amounted to 61.1 percent (61.7). The overall effect of cotton prices, cost inflation and the US dollar – which is the most significant purchasing currency – is considered to have had a neutral effect on purchases for the second quarter compared to the corresponding purchasing period the previous year. The high stock-in-trade going into Q2 2013 in combination with the unusually cold weather during the spring led to higher markdowns than planned. Markdowns in relation to sales had a negative effect on the gross margin of 0.9 percentage points compared to the second quarter 2012.

Cost control in the Group remains good. Selling and administrative expenses in the quarter amounted to SEK 13,314 m (12,653), an increase of 5 percent. In local currencies the increase was 10 percent. The cost increase compared to the second quarter 2012 is due to the expansion and to the long-term investments within IT, online sales and & Other Stories. These investments aim to further strengthen H&M's market position in the long term and to secure future expansion. Costs in comparable stores decreased compared to the same quarter last year.

Operating profit amounted to SEK 6,023 m (6,893), corresponding to an operating margin of 19.0 percent (21.8). Profit after financial items amounted to SEK 6,125 m (7,053). Profits were negatively affected by increased markdowns, long-term investments and also by substantial negative currency translation effects. Currency translation effects arise when converting local currencies into SEK, H&M's reporting currency.

The stock-in-trade increased by 12 percent compared to the same time the previous year and amounted to SEK 12,667 m (11,299). In local currencies the increase was 16 percent. The increase is mainly due to the expansion, but also to the fact that sales did not increase as much as planned. The stock-in-trade amounted to 10.4 percent (9.6) of sales excluding VAT (rolling 12 months) and 25.2 percent (22.1) of total assets. The composition of the stock-in-trade as of 31 May 2013 is deemed to be satisfactory although the level of stock-in-trade is higher than planned, mainly due to the cold spring.

## Financial position and cash flow

Consolidated total assets as per 31 May 2013 amounted to SEK 50,178 m (51,044).

The current operations generated a positive cash flow of SEK 11,218 m (10,668). Cash flow was among other things affected by dividends of -15,723 (-15,723), investments in fixed assets of SEK -3,375 m (-2,620) and by changes in short-term investments with a duration of four to twelve months of SEK 1,091 m (6,958). During the six-month period, the Group generated a cash flow of SEK -6,764 m (-748). Liquid funds and short-term investments amounted to SEK 9,061 m (13,543).

The equity/assets ratio was 69.2 percent (71.5) and the share of risk-bearing capital was 73.2 percent (73.5).

Shareholders' equity apportioned on the outstanding 1,655,072,000 (1,655,072,000) shares as per 31 May 2013 was SEK 20.99 (22.06).

## Expansion

H&M remains positive as regards future expansion and the Group's business opportunities.

H&M's growth target remains intact. The growth target is to increase the number of stores by 10-15 percent per year with continued high profitability, while at the same time increasing sales in comparable units.

Approximately 350 new stores net are planned for full-year 2013, which is 25 more stores than the original expansion plan that was communicated in conjunction with the full-year report on 30 January 2013. Most new stores during 2013 are planned to open in China and the US. There are also still great opportunities for expansion in markets such as Russia, Germany, the UK, Italy, Poland and France. In 2013 H&M plans to expand into the following five new countries: in addition to Chile, stores will open during the course of the year in Estonia, Lithuania, Serbia and, via franchise, Indonesia.

At the end of March 2013 H&M opened its first store in South America in Santiago de Chile. The store, which is a flagship store in the best location in the Costanera Center shopping mall, got a fantastic reception from customers. In autumn 2013 the first H&M stores in Lithuania will open – one store in Vilnius and one in Klaipeda. During the autumn the first three H&M stores in Tallinn, Estonia will open, along with the first two H&M stores in Belgrade, Serbia. During autumn 2013 the first H&M store in Jakarta, Indonesia will open via franchise in cooperation with the franchisee J.S. Gill.

In August 2013 H&M will launch its online sales in the US. In parallel, the Group continues to work on the global roll-out of H&M's online store with the aim of adding more new online countries during 2014.

Expansion continues for the Group's other brands COS, Monki, Weekday, Cheap Monday and & Other Stories. Later in the year COS, for example, will open its first store in Istanbul, Turkey and also its first store in Geneva, Switzerland. Monki and Weekday opened their first stores in Osaka, Japan at the beginning of June, and Monki its first store in Paris, France - all with a very good reception. Later this year Monki will also open a store in Tokyo, Japan. Cheap Monday will launch its own online store in 18 countries during late autumn.

& Other Stories got a fantastic reception at the launch of its first seven stores in major European cities as well as online shopping in ten markets.

H&M Home will also continue to expand, during the year H&M Home will open in around ten countries including the US, Poland, the Czech Republic and Spain.



In early 2014 H&M will launch an updated and extended sports concept for women, men and children. The range will be significantly broader than today and will consist of sportswear and accessories in specially developed functional materials suited to various kinds of sporting activities. The concept will initially be launched in H&M's existing online markets as well as in selected H&M stores in 15 countries.

H&M will open in Australia during 2014.

#### **Tax**

The Swedish corporate tax rate was reduced from 26.3 percent to 22 percent as of 1 January 2013. The Group's final tax rate depends on the results of its various companies and the corporate tax rates in each country. The H&M Group's tax rate for the financial year 2012/2013 is expected to be 23 – 24 percent and a tax rate of 24 has been used in the first half-year 2013.

#### **Parent company**

The parent company's external sales amounted to SEK 3 m (4) in the first six months of the financial year 2013. Profit after financial items amounted to SEK 1,301 m (2,085). Investments in fixed assets amounted to SEK 56 m (65).

#### **Comments on the current quarter**

Sales have got off to a good start in June, with a sales increase of 14 percent in local currencies during the period 1 June – 17 June 2013 compared to the same period last year.

#### **Accounting principles**

The Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This report has been prepared according to IAS 34 Interim Financial Reporting as well as the Swedish Annual Accounts Act.

The accounting principles and calculation methods applied in this report are unchanged from those used in the preparation of the Annual Report and Consolidated Financial Statements for 2011/2012 which is described in Note 1 – Accounting principles.

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.

#### **Risks and uncertainties**

A number of factors may affect H&M's results and business. Most of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties related to fashion, weather situations, negative macro-economic changes, changes in consumer behaviour, climate changes, trade interventions, external factors in production countries and foreign currency, 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 2012.

**Key-ratio definitions**

**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.

**Share of risk-bearing capital:** Shareholders' equity plus deferred tax liability in relation to the balance sheet total.

**Equity/assets ratio:** Shareholders' equity in relation to the balance sheet total.

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

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

**Comparable units:** Comparable units comprise the stores and the internet and catalogue sales countries that have been in operation for at least one financial year. H&M's financial year is from 1 December to 30 November.

All figures within parenthesis refer to the corresponding period or point of time the previous year.

**CALENDAR**

26 September 2013	Nine-month report, 1 December 2012 – 31 August 2013
30 January 2014	Full-year report, 1 December 2012 – 30 November 2013
27 March 2014	Three-month report, 1 December 2013 – 28 February 2014

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

Stockholm, 18 June 2013  
Board of Directors

The undersigned hereby provide an assurance that the half-year report for 1 December 2012 – 31 May 2013 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 18 June, 2013

Stefan Persson  
Chairman of the Board

Marie Björstedt  
Board member

Mia Brunell Livfors  
Board member

Anders Dahlvig  
Board member

Lottie Knutson  
Board member

Sussi Kvart  
Board member

Bo Lundquist  
Board member

Melker Schörling  
Board member

Christian Sievert  
Board member

Margareta Welinder  
Board member

Karl-Johan Persson  
Managing Director

*The information in this Interim Report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under Sweden's Securities Market Act. It will be released for publication at 8.00 (CET) on 19 June 2013.*

## **CONTACT PERSONS**

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)

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](mailto:info@hm.com)

Registered office: Stockholm, Reg. No. 556042-722

*H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on NASDAQ OMX Stockholm. The company's business concept is to offer fashion and quality at the best price. 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 2,900 stores in 49 markets including franchise markets. In 2012, sales including VAT were SEK 140,948 million and the number of employees was more than 104,000. For further information, visit [www.hm.com](http://www.hm.com).*

**GROUP INCOME STATEMENT (SEK m)**

	1 Dec 2012- 31 May 2013	1 Dec 2011- 31 May 2012	1 March 2013- 31 May 2013	1 March 2012- 31 May 2012	1 Dec 2011- 30 Nov 2012
Sales including VAT	70,069	69,450	36,923	36,947	140,948
Sales excluding VAT	60,027	59,491	31,635	31,658	120,799
Cost of goods sold	-25,011	-24,408	-12,298	-12,112	-48,928
<b>GROSS PROFIT</b>	<b>35,016</b>	<b>35,083</b>	<b>19,337</b>	<b>19,546</b>	<b>71,871</b>
<i>Gross margin, %</i>	58.3	59.0	61.1	61.7	59.5
Selling expenses	-23,910	-22,939	-12,329	-11,808	-46,608
Administrative expenses	-1,953	-1,725	-985	-845	-3,509
<b>OPERATING PROFIT</b>	<b>9,153</b>	<b>10,419</b>	<b>6,023</b>	<b>6,893</b>	<b>21,754</b>
<i>Operating margin, %</i>	15.2	17.5	19.0	21.8	18.0
Interest income	207	337	103	161	536
Interest expense	-1	-2	-1	-1	-5
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>9,359</b>	<b>10,754</b>	<b>6,125</b>	<b>7,053</b>	<b>22,285</b>
Tax	-2,246	-2,796	-1,470	-1,834	-5,418
<b>PROFIT FOR THE PERIOD</b>	<b>7,113</b>	<b>7,958</b>	<b>4,655</b>	<b>5,219</b>	<b>16,867</b>

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

Earnings per share, SEK*	4.30	4.81	2.81	3.15	10.19
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	2,050	1,840	1,020	929	3,705
of which cost of goods sold	230	207	115	105	415
of which selling expenses	1,695	1,521	843	767	3,065
of which administrative expenses	125	112	62	57	225

\* Before and after dilution.

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

	1 Dec 2012- 31 May 2013	1 Dec 2011- 31 May 2012	1 March 2013- 31 May 2013	1 March 2012- 31 May 2012	1 Dec 2011- 30 Nov 2012
<b>PROFIT FOR THE PERIOD</b>	<b>7,113</b>	<b>7,958</b>	<b>4,655</b>	<b>5,219</b>	<b>16,867</b>
<b>Other comprehensive income</b>					
<i>Items that have been recognised or may be recognised in net profit for the period</i>					
Translation differences	-626	37	292	870	-1,212
Change in hedging reserves	200	189	-138	403	-272
Tax attributable to other comprehensive income	-52	-49	36	-105	71
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-478</b>	<b>177</b>	<b>190</b>	<b>1,168</b>	<b>-1,413</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>6,635</b>	<b>8,135</b>	<b>4,845</b>	<b>6,387</b>	<b>15,454</b>

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



**GROUP BALANCE SHEET IN SUMMARY (SEK m)**

	31 May 2013	31 May 2012	30 Nov 2012
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	1,901	1,222	1,558
Tangible fixed assets	19,678	18,049	19,131
Financial assets	2,245	2,035	2,252
	23,824	21,306	22,941
<b>Current assets</b>			
Stock-in-trade	12,667	11,299	15,213
Current receivables	4,626	4,896	4,876
Short-term investments, 4-12 months	1,861	-	2,995
Liquid funds	7,200	13,543	14,148
	26,354	29,738	37,232
<b>TOTAL ASSETS</b>	<b>50,178</b>	<b>51,044</b>	<b>60,173</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	34,747	36,516	43,835
Long-term liabilities*	2,379	1,390	2,328
Current liabilities**	13,052	13,138	14,010
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>50,178</b>	<b>51,044</b>	<b>60,173</b>

\* Only provisions for pensions are interest-bearing.

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

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

	31 May 2013	31 May 2012	30 Nov 2012
Shareholders' equity at the beginning of the period	43,835	44,104	44,104
Total comprehensive income for the period	6,635	8,135	15,454
Dividend	-15,723	-15,723	-15,723
Shareholders' equity at the end of the period	34,747	36,516	43,835

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

	<b>1 Dec 2012- 31 May 2013</b>	<b>1 Dec 2011- 31 May 2012</b>
<b>Current operations</b>		
Profit after financial items*	9,359	10,754
Provisions for pensions	29	30
Depreciation	2,050	1,840
Tax paid	-2,070	-3,830
<b>Cash flow from current operations before changes in working capital</b>	<b>9,368</b>	<b>8,794</b>
<b>Cash flow from changes in working capital</b>		
Current receivables	294	222
Stock-in-trade	2,398	2,525
Current liabilities	-842	-873
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>11,218</b>	<b>10,668</b>
<b>Investment activities</b>		
Investment in intangible fixed assets	-449	-328
Investment in tangible fixed assets	-2,926	-2,292
Change in short-term investments, 4 - 12 months	1,091	6,958
Other investments	25	-31
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-2,259</b>	<b>4,307</b>
<b>Financing activities</b>		
Dividend	-15,723	-15,723
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-15,723</b>	<b>-15,723</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-6,764</b>	<b>-748</b>
<b>Liquid funds at beginning of the financial year</b>	<b>14,148</b>	<b>14,319</b>
Cash flow for the period	-6,764	-748
Exchange rate effect	-184	-28
<b>Liquid funds at end of the period**</b>	<b>7,200</b>	<b>13,543</b>

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

\*\* Liquid funds and short-term investments 4-12 months at the end of the period amounted to SEK 9,061 m (13,543).

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

COUNTRY	SEK m	SEK m	Change in %		No. of stores	New	Closed
	2013	2012	SEK	Local curr.	31 May 2013	stores	stores
Sweden	3,989	4,079	-2	-2	179	3	1
Norway	2,658	2,726	-2	0	112	2	1
Denmark	2,196	2,165	1	7	95	1	
United Kingdom	4,642	5,118	-9	-4	233	7	
Switzerland	2,621	2,953	-11	-6	84	2	
Germany	14,699	15,357	-4	0	410	9	5
Netherlands	3,177	3,416	-7	-3	128	4	
Belgium	1,603	1,662	-3	1	72	2	
Austria	2,301	2,408	-4	0	69	1	
Luxembourg	181	192	-6	-2	10	1	1
Finland	1,209	1,183	2	7	54	1	
France	4,852	4,928	-2	3	192	11	1
USA	6,311	6,021	5	10	268	6	7
Spain	2,805	2,989	-6	-2	154	9	1
Poland	1,503	1,447	4	6	112	9	
Czech Republic	390	372	5	11	35	4	
Portugal	416	440	-6	-1	26	3	
Italy	2,495	2,388	4	9	108	5	1
Canada	1,426	1,456	-2	3	62	1	
Slovenia	217	238	-9	-4	12		
Ireland	281	288	-2	2	17	1	
Hungary	357	290	23	27	29	3	
Slovakia	179	160	12	17	13		
Greece	458	431	6	11	26	1	
China	3,058	2,526	21	25	150	17	1
Japan	1,462	1,149	27	54	29	8	1
Russia	1,210	945	28	35	43	6	
South Korea	379	269	41	41	16	5	
Turkey	289	205	41	47	16	5	
Romania	410	288	42	51	25	6	
Croatia	316	260	22	28	12	1	
Singapore	279	202	38	40	2		
Bulgaria	111	35	217	233	10	6	
Latvia	58				2		
Malaysia	172				3	1	
Mexico	154				1		
Chile	113				1	1	
Franchise	1,092	864	26	27	98	10	
<b>Total</b>	<b>70,069</b>	<b>69,450</b>	<b>1</b>	<b>5</b>	<b>2,908</b>	<b>152</b>	<b>20</b>

**SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES****Second quarter, 1 March - 31 May**

COUNTRY	SEK m	SEK m	Change in %		No. of stores	New	Closed
	Q2-2013	Q2-2012	SEK	Local curr.	31 May 2013	stores	stores
Sweden	2,051	2,069	-1	-1	179	3	
Norway	1,306	1,367	-4	0	112	2	
Denmark	1,152	1,144	1	6	95	1	
United Kingdom	2,416	2,752	-12	-5	233	5	
Switzerland	1,352	1,550	-13	-7	84	2	
Germany	7,689	8,069	-5	0	410	6	2
Netherlands	1,691	1,849	-9	-4	128	2	
Belgium	814	861	-5	1	72	1	
Austria	1,202	1,271	-5	-1	69	1	
Luxembourg	107	99	7	-2	10	1	1
Finland	617	611	1	6	54	1	
France	2,509	2,545	-1	3	192	7	
USA	3,301	3,224	2	7	268	2	3
Spain	1,432	1,527	-6	-2	154	5	
Poland	777	781	-1	3	112	6	
Czech Republic	200	200	0	7	35	4	
Portugal	211	219	-4	1	26	3	
Italy	1,378	1,331	4	9	108	3	
Canada	758	800	-5	0	62		
Slovenia	114	127	-10	-5	12		
Ireland	145	149	-3	2	17	1	
Hungary	195	162	20	27	29	2	
Slovakia	91	85	7	12	13		
Greece	242	229	6	11	26	1	
China	1,739	1,451	20	23	150	6	1
Japan	891	740	20	49	29	6	1
Russia	708	573	24	32	43	3	
South Korea	235	160	47	47	16	5	
Turkey	184	121	52	59	16	5	
Romania	222	161	38	44	25	3	
Croatia	176	162	9	15	12	1	
Singapore	135	104	30	33	2		
Bulgaria	65	35	86	94	10	4	
Latvia	31				2		
Malaysia	83				3		
Mexico	75				1		
Chile	113				1	1	
Franchise	516	419	23	24	98	5	
<b>Total</b>	<b>36,923</b>	<b>36,947</b>	<b>0</b>	<b>5</b>	<b>2,908</b>	<b>98</b>	<b>8</b>

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

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Sales including VAT, SEK m	70,069	69,450	61,108	60,699	58,352
Sales excluding VAT, SEK m	60,027	59,491	52,135	51,879	49,837
Change from previous year, %	1	14	0	4	21
Change from previous year in local currencies, %	5	12	10	11	6
Operating profit, SEK m	9,153	10,419	9,007	11,943	9,035
Operating margin, %	15.2	17.5	17.3	23.0	18.1
Depreciation for the period, SEK m	2,050	1,840	1,634	1,555	1,436
Profit after financial items, SEK m	9,359	10,754	9,290	12,095	9,338
Profit after tax, SEK m	7,113	7,958	6,875	8,950	6,770
Liquid funds and short-term investments, SEK m	9,061	13,543	15,207	18,992	14,904
Stock-in-trade, SEK m	12,667	11,299	10,414	8,562	8,601
Equity, SEK m	34,747	36,516	33,946	36,064	31,644
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	4.81	4.15	5.41	4.09
Shareholders' equity per share, SEK*	20.99	22.06	20.51	21.79	19.12
Cash flow from current operations per share, SEK*	6.78	6.45	5.16	7.55	4.35
Share of risk-bearing capital, %	73.2	73.5	73.0	75.9	74.8
Equity/assets ratio, %	69.2	71.5	71.3	71.8	71.0
Total number of stores	2,908	2,575	2,297	2,062	1,822
<b>Rolling twelve months</b>					
Earnings per share, SEK*	9.68	10.21	10.03	11.22	9.17
Return on shareholders' equity, %	45.0	48.0	47.4	54.8	51.6
Return on capital employed, %	58.0	63.0	63.0	72.9	70.9

\* Before and after dilution. The number of shares has been adjusted for all periods because of the two-for-one share split carried out by H&M in 2010.

Definition on key figures see page 6.

## KEY RATIOS PER QUARTER

	2010			2011				2012				2013	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales including VAT, SEK m	31,604	31,475	34,792	28,708	32,400	31,511	36,191	32,503	36,947	33,568	37,930	33,146	<b>36,923</b>
Sales excluding VAT, SEK m	27,033	26,893	29,711	24,503	27,632	26,912	30,952	27,832	31,658	28,806	32,502	28,392	<b>31,635</b>
Change from previous year, %	2	14	6	-1	2	0	4	14	15	7	5	2	<b>0</b>
Operating profit, SEK m	6,965	5,656	7,060	3,408	5,599	4,707	6,665	3,526	6,893	4,802	6,533	3,130	<b>6,023</b>
Operating margin, %	25.8	21.0	23.8	13.9	20.3	17.5	21.5	12.7	21.8	16.7	20.1	11.0	<b>19.0</b>
Depr. for the period, SEK m	783	777	729	808	826	831	797	911	929	921	944	1,030	<b>1,020</b>
Profit after financial items, SEK m	7,040	5,735	7,178	3,538	5,752	4,850	6,802	3,701	7,053	4,895	6,636	3,234	<b>6,125</b>
Profit after tax, SEK m	5,209	4,244	5,487	2,618	4,257	3,589	5,357	2,739	5,219	3,622	5,287	2,458	<b>4,655</b>
Liquid assets*, SEK m	18,992	21,362	24,858	24,355	15,207	16,895	21,277	22,029	13,543	13,552	17,143	18,959	<b>9,061</b>
Stock-in-trade, SEK m	8,562	10,545	11,487	10,822	10,414	13,310	13,819	12,397	11,299	13,501	15,213	13,825	<b>12,667</b>
Equity, SEK m	36,064	39,352	44,172	45,587	33,946	38,214	44,104	45,852	36,516	38,275	43,835	45,625	<b>34,747</b>
Earnings per share, SEK**	3.15	2.56	3.32	1.58	2.57	2.17	3.24	1.65	3.15	2.19	3.19	1.49	<b>2.81</b>
Equity per share, SEK**	21.79	23.78	26.69	27.54	20.51	23.09	26.65	27.70	22.06	23.13	26.49	27.57	<b>20.99</b>
Cash flow from current operations per share, SEK**	4.30	2.23	3.42	0.46	4.70	1.62	3.75	1.34	5.11	1.43	3.54	2.28	<b>4.50</b>
Share of risk-bearing capital, %	75.9	75.8	76.2	81.4	73.0	72.9	74.9	79.1	73.5	74.0	76.1	78.4	<b>73.2</b>
Equity/assets ratio, %	71.8	72.3	74.6	79.9	71.3	71.4	73.3	77.6	71.5	72.3	72.8	75.1	<b>69.2</b>
Total number of stores	2,062	2,078	2,206	2,212	2,297	2,325	2,472	2,491	2,575	2,629	2,776	2,818	<b>2,908</b>
<b>Rolling 12 months</b>													
Earnings per share, SEK**	11.22	11.69	11.29	10.61	10.03	9.64	9.56	9.63	10.21	10.23	10.19	10.02	<b>9.68</b>
Return on shareholders' equity, %	54.8	52.3	44.1	39.3	47.4	41.1	35.8	34.9	48.0	44.3	38.4	36.3	<b>45.0</b>
Return on capital employed, %	72.9	69.3	58.7	52.3	63.0	54.6	47.1	45.8	63.0	58.2	50.3	47.3	<b>58.0</b>
Stock-in-trade in % of turnover	8.3	9.9	10.6	10.0	9.6	12.2	12.6	10.9	9.6	11.3	12.6	11.4	<b>10.4</b>

\* Liquid funds and short-term investments

\*\* Calculation based on 1,655,072,000 shares in all periods before and after dilution.

Definitions on key figures see page 6.

**SEGMENT REPORTING (SEK m)**

	<b>1 Dec 2012- 31 May 2013</b>	<b>1 Dec 2011- 31 May 2012</b>
<b>Asia</b>		
External net sales	6,013	4,680
Operating profit	845	937
Operating margin, %	14.1	20.0
<b>Europe</b>		
External net sales	46,512	47,774
Operating profit	642	1,312
Operating margin, %	1.4	2.7
<b>North- and South America</b>		
External net sales	7,502	7,037
Operating profit	-287	314
Operating margin, %	-3.8	4.5
<b>Group Functions</b>		
Net sales to other segments	32,479	30,017
Operating profit	7,953	7,856
<b>Eliminations</b>		
Net sales to other segments	-32,479	-30,017
<b>Total</b>		
External net sales	60,027	59,491
Operating profit	9,153	10,419
Operating margin, %	15.2	17.5

In order to better reflect the company's current geographical spread, as of 2013 the segment reporting has been divided into the following three segments: Europe, Asia and North- and South America. The parent company and other subsidiaries with no external sales are reported in a separate Group-wide segment.

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

	1 Dec 2012- 31 May 2013	1 Dec 2011- 31 May 2012	1 March 2013- 31 May 2013	1 March 2012- 31 May 2012	1 Dec 2011- 30 Nov 2012
External sales excluding VAT	3	4	2	3	30
Internal sales excluding VAT*	3,685	3,533	1,959	1,886	7,271
<b>GROSS PROFIT</b>	<b>3,688</b>	<b>3,537</b>	<b>1,961</b>	<b>1,889</b>	<b>7,301</b>
Selling expenses	-1,435	-1,467	-842	-809	-2,788
Administrative expenses	-1,951	-1,629	-983	-969	-3,281
<b>OPERATING PROFIT</b>	<b>302</b>	<b>441</b>	<b>136</b>	<b>111</b>	<b>1,232</b>
Dividend from subsidiaries	962	1,547	962	1,547	14,518
Interest income	38	97	17	45	139
Interest expense	-1	0	-1	0	-1
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>1,301</b>	<b>2,085</b>	<b>1,114</b>	<b>1,703</b>	<b>15,888</b>
Year-end appropriations	-	-	-	-	-328
Tax	-89	-141	-40	-41	-255
<b>PROFIT FOR THE PERIOD</b>	<b>1,212</b>	<b>1,944</b>	<b>1,074</b>	<b>1,662</b>	<b>15,305</b>

\* Includes royalty received from Group companies

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

	1 Dec 2012- 31 May 2013	1 Dec 2011- 31 May 2012	1 March 2013- 31 May 2013	1 March 2012- 31 May 2012	1 Dec 2011- 30 Nov 2012
<b>PROFIT FOR THE PERIOD</b>	<b>1,212</b>	<b>1,944</b>	<b>1,074</b>	<b>1,662</b>	<b>15,305</b>
Other comprehensive income	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,212</b>	<b>1,944</b>	<b>1,074</b>	<b>1,662</b>	<b>15,305</b>



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

<b>ASSETS</b>	<b>31 May 2013</b>	<b>31 May 2012</b>	<b>30 Nov 2012</b>
<b>Fixed assets</b>			
Tangible fixed assets	459	451	459
Financial fixed assets	1,521	1,504	1,602
	<b>1,980</b>	<b>1,955</b>	<b>2,061</b>
<b>Current assets</b>			
Current receivables	1,558	2,003	12,780
Short-term investments, 4-12 months	-	-	2,993
Liquid funds	-	369	305
	<b>1,558</b>	<b>2,372</b>	<b>16,078</b>
<b>TOTAL ASSETS</b>	<b>3,538</b>	<b>4,327</b>	<b>18,139</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	2,115	3,265	16,626
Untaxed reserves	456	128	456
Long-term liabilities*	229	240	229
Current liabilities**	738	694	828
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,538</b>	<b>4,327</b>	<b>18,139</b>

\* Relates to provisions for pensions.

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