



HALF-YEAR REPORT

1 December 2000 - 31 May 2001

- **Turnover for the H&M Group amounted to SEK 21,391 M (SEK 17,242 M), an increase of 24 per cent. In comparable currency rates, the increase was 17 per cent.**
- **Good sales development during the second quarter. Increased market shares in all countries.**
- **Turnover for the second quarter amounted to SEK 11,758 M (SEK 8,977 M), an increase of 31 per cent compared with the previous year, in comparable currency rates the increase was 21 per cent.**
- **Profit after financial items was SEK 2,132 M (SEK 1,813 M), an increase of 18 per cent.**
- **Profit after financial items for the second quarter was SEK 1,561 M (SEK 1,142 M), an increase of 37 per cent.**
- **During the first six months, the Group opened 49 stores. In the next six months, approximately 50 stores are planned to open.**

Turnover

Turnover including VAT of the H&M Group increased by 24 per cent in the first six months (in comparable currency rates, 17 per cent) and amounted to SEK 21,391.3 M (SEK 17,242.0 M).

Turnover for the second quarter increased by 31 per cent (in comparable currency rates, 21 per cent)

During the first six months, the Group opened 49 stores; 11 in the USA, 10 in Germany, nine in Great Britain, seven in France, three in Norway, two each in Switzerland, the Netherlands and Austria and one each in Denmark, Finland and Spain. One store was closed in the Netherlands. The total number of stores in the Group thus amounts to 730 (633).

Sales outside Sweden accounted for 88 per cent (85 per cent).

Profits

Gross operating profit for the first six months amounted to SEK 9,091.4 M (SEK 7,438.8 M). The result achieved corresponds to 49.8 per cent (51.0 per cent) of sales.

After deduction for selling and administrative expenses, operating profit was SEK 2,003.8 M (SEK 1,683.3 M). The result corresponds to an operating margin of 11.0 per cent (11.5 per cent).

Operating profit for the period has been charged with depreciation according to plan amounting to SEK 438.4 M (SEK 302.6 M) and start-up costs, i.e. the part of the investment in new premises which is treated as a cost item, of SEK 99.1 M (SEK 213.5 M). After depreciation but before start-up costs, operating margin reached 11.5 per cent (13.0 per cent).

Group financial net interest income was SEK 127.7 M (SEK 129.4 M).

Profit after financial items reached SEK 2,131.5 M (SEK 1,812.7 M), an increase of 18 per cent.

Profit after financial items for the second quarter amounted SEK 1,560.8 M (SEK 1,142.2 M), an increase of 37 per cent.

Profit for the Group after comprehensive tax allocation for the first six months was SEK 1,385.5 M (SEK 1,178.3 M), corresponding to earnings per share of SEK 1.67 (SEK 1.42).

Profit for the second quarter after comprehensive tax allocation was SEK 1,014.5 M (SEK 742.5 M), corresponding to earnings per share of SEK 1.23 (SEK 0.90).

Return on shareholders' equity (revolving 12 months) was 24.3 per cent (31.0 per cent) and return on capital employed (revolving 12 months) was 37.7 per cent (47.3 per cent).

Comments on the Results for the second quarter

Sales development during the second quarter is considered good with increased market shares in all countries of operation.

Gross margin, which during the quarter decreased by 0.4 percentage units compared with the same period last year, has been negatively affected approximately 0.5 percentage units by the increasing value of the US dollar.

Furthermore, the quarter has been charged with extraordinary price reductions on the American market of approximately SEK 50 M, due to stock levels budgeted too high. Price reductions for the rest of the Group were at a lower level than during the corresponding quarter last year.

The result for the quarter has been affected positively by currency translation effects by SEK 137 M compared with the previous year. The currency translation effects arise when results of foreign subsidiaries are translated into SEK in order to be consolidated into the H&M Group accounts.

Financial position

Group balance sheet total increased by 15 per cent and corresponded to SEK 16,060.7 M (SEK 13,913.4 M).

During the period, the Group generated a positive cash flow of SEK 85.4 M (SEK -576.6 M).

Financial assets amounted to SEK 5,735.8 M (SEK 6,157.3 M) a decrease of SEK 421.5 M.

Stock-in-trade was SEK 3,943.3 M (SEK 3,191.2 M), an increase of 24 per cent. Nine percentage units of the increase are attributable to changes in exchange rates.

Investments in fixed assets amounted to SEK 776.1 M (SEK 996.9 M).

The equity/assets ratio corresponded to 78 per cent (73 per cent) and the share of risk-bearing capital was 82 per cent (77 per cent).

Net worth apportioned on the outstanding 827,536,000 shares on 31 May corresponded to SEK 15.15 (SEK 12.30).

Expansion

The planned store opening programme continues according to plan. During the rest of the fiscal year, approximately 50 stores will be opened principally in the USA, Germany, Great Britain and Austria.

The Parent Company

The parent company, which is not the same as the Swedish operations, reached a turnover (including inter-company sales) during the period of SEK 2,691.9 M (SEK 2,797.4 M) and estimated taxable profit of SEK 726.3 M (SEK 956.7 M), of which SEK 729.9 M (SEK 835.2 M) was dividend from subsidiaries.

This half-year report has not been audited.

A report for the first nine months of the financial year will be published on 28 September 2001. A report for the fiscal year 2000/2001 will be published on 30 January 2002.

Stockholm 21 June 2001

The Board of Directors

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Information about H&M and press photographs are available at www.hm.com

GROUP INCOME STATEMENT
(SEK M)

	1/12 2000- 31/5 2001	1/12 1999- 31/5 2000	1/3 2001- 31/5 2001	1/3 2000- 31/5 2000	1/12 1999- 30/11 2000
Turnover, including value added tax	21,391.3	17,242.0	11,757.7	8,977.0	35,876.1
Turnover, excluding value added tax	18,249.8	14,598.1	10,047.7	7,624.0	30,453.7
Costs of goods sold	- 9,158.4	- 7,159.3	- 4,715.3	- 3,542.2	- 15,056.9
Gross profit	9,091.4	7,438.8	5,332.4	4,081.8	15,396.8
Selling expenses	- 6,665.4	- 5,419.9	- 3,599.1	- 2,823.4	- 10,962.5
Administrative expenses	- 422.2	- 335.6	- 230.4	- 185.9	- 667.7
Operating profit	2,003.8	1,683.3	1,502.9	1,072.5	3,766.6
Result from financial investments					
Interest income	135.0	133.2	61.2	70.9	254.4
Interest expense	- 7.3	- 3.8	- 3.3	- 1.2	- 17.8
Profit after financial items	2,131.5	1,812.7	1,560.8	1,142.2	4,003.2
Estimated tax	- 746.0	- 634.4	- 546.3	- 399.7	- 1,450.5
Estimated profit/Profit for 1999/2000	1,385.5	1,178.3	1,014.5	742.5	2,552.7
Profit per share, SEK	1.67	1.42	1.23	0.90	3.08

SUMMARY OF GROUP BALANCE SHEET
(SEK M)

	31 May 2001	31 May 2000	30 Nov 2000
Assets			
Real estate, fixtures and fittings	5,574.9	3,767.5	4,958.6
Other fixed assets	130.5	86.9	96.6
Total fixed assets	5,705.4	3,854.4	5,055.2
Stock-in-trade	3,943.3	3,191.2	4,448.7
Other current assets	676.2	710.5	793.3
Cash and bank balances	5,735.8	6,157.3	5,403.2
Total current assets	10,355.3	10,059.0	10,645.2
Total assets	16,060.7	13,913.4	15,700.4
 Equity and liabilities			
Equity	12,541.0	10,180.6	11,889.8
Long-term liabilities	843.0	701.5	777.4
Short-term liabilities	2,676.7	3,031.3	3,033.2
Total equity and liabilities	16,060.7	13,913.4	15,700.4
 Change in equity			
Equity, 1 December 2000	11,889.8		
Profit for the period	1,385.5		
Dividend	- 1,117.2		
Currency translation effects	382.9		
Equity, 31 May 2001	12,541.0		

CASH FLOW ANALYSES (SEK M)

	2000/2001	1999/2000
Profit after financial items	2,131.5	1,812.7
Adjustment for items not affecting cash flow	- 307.6	- 366.3 *
Cash flow generated by current operations	1,823.9	1,446.4 *
Cash flow generated by changes in working capital	310.8	108.7
Cash flow from investment activities	- 899.1	-1,016.9 *
Cash flow from financing activity	-1,150.2	-1,114.8
Cash flow for the period	85.4	- 576.6
Liquid funds, beginning of period	5,403.2	6,832.4
Cash flow for the period	85.4	- 576.6
Changes in currency rates	247.2	- 98.5
Liquid funds, end of period	5,735.8	6,157.3

*) In 1999/2000, start-up costs of SEK 213.4 were included in the cash flow analyses.

FIVE YEAR SUMMARY
(SEK M)

Six months	31 May 1997	31 May 1998	31 May 1999	31 May 2000	31 May 2001
Turnover including VAT	10,178.7	12,064.9	15,682.7	17,242.0	21,391.3
Change from previous year, %	31.0	18.5	30.0	9.9	24.1
Sales outside Sweden, %	78.0	81.0	84.0	85.0	88.0
Operating profit	965.6	1,292.2	1,955.2	1,683.3	2,003.8
Operating margin, %	11.2	12.7	14.8	11.5	11.0
Depreciation for the period	120.4	145.7	234.1	302.6	438.4
Profit after estimated full tax	653.8	881.1	1,331.7	1,178.3	1,385.5
Number of shares (adjuster for split)	827,536,000	827,536,000	827,536,000	827,536,000	827,536,000
Profit per share, SEK	0.79	1.06	1.61	1.42	1.67
Revolving, 12 months					
Profit per share, SEK	1.91	2.32	3.31	3.53	3.34
Return on shareholders' equity, %	32.9	31.8	35.0	31.0	24.3
Return on capital employed, %	46.5	46.5	53.3	47.3	37.7
Debt/equity ratio, %	2.6	2.1	1.7	1.5	1.6
Share of risk-bearing capital, %	75.9	76.2	77.8	77.1	82.1
Solidity, %	71.0	71.4	73.3	73.2	78.1
Interest cover	219.4	247.7	318.7	300.5	203.9
Number of shops	461	517	576	633	730

TURNOVER PER COUNTRY AND NUMBER OF SHOPS

1 December 2000 - 31 May 2001

	Turnover 2001	Turnover 2000	Change SEK	Change local currency	No of stores 31 May 2001	Change since 1 Dec. 2000
	Incl VAT	Incl VAT	%	%		
Sweden	2,586	2,634	- 2	- 2	115	
Norway	1,606	1,397	15	7	67	+ 3
Denmark	1,068	947	13	6	48	+ 1
Great Britain	1,525	965	58	50	56	+ 9
Switzerland	1,425	1,204	18	6	43	+ 2
Germany	6,636	5,452	22	14	198	+10
Netherlands	1,418	1,157	23	15	55	+ 1
Belgium	779	739	5	1	34	
Austria	1,598	1,459	10	3	36	+ 2
Luxembourg	82	71	15	10	4	
Finland	523	457	14	7	15	+ 1
France	985	531	85	73	30	+ 7
USA	942	195	383	327	21	+11
Spain	218	34	541	515	8	+ 1
Total	21,391	17,242	24	17	730	+48

TURNOVER PER COUNTRY AND NUMBER OF SHOPS

1 March 2001 - 31 May 2001

	Turnover 2001	Turnover 2000	Change SEK	Change local currency	No of stores 31 May 2001	Change since 1 March 2001
	Incl VAT	Incl VAT	%	%		
Sweden	1,331	1,298	3	3	115	
Norway	791	649	22	8	67	+ 3
Denmark	558	467	19	8	48	+ 1
Great Britain	903	541	67	56	56	+ 9
Switzerland	799	624	28	13	43	+ 2
Germany	3,714	2,861	30	19	198	+ 8
Netherlands	819	647	27	16	55	+ 2
Belgium	403	375	7	3	34	
Austria	888	753	18	8	36	+ 1
Luxembourg	45	38	18	12	4	
Finland	277	223	24	14	15	+ 1
France	580	272	113	94	30	+ 4
USA	536	195	175	136	21	+11
Spain	113	34	232	213	8	+ 1
Total	11,757	8,977	31	21	730	+43