




H & M Hennes & Mauritz AB

PRESS CONFERENCE 28 JUNE 2018

SIX-MONTH REPORT 2018

H&M COS WEEKDAY  MONKL #MHOME & OTHER STORIES ARKET AFOUND



- **KARL-JOHAN PERSSON**
CEO
- **NILS VINGE**
INVESTOR RELATIONS



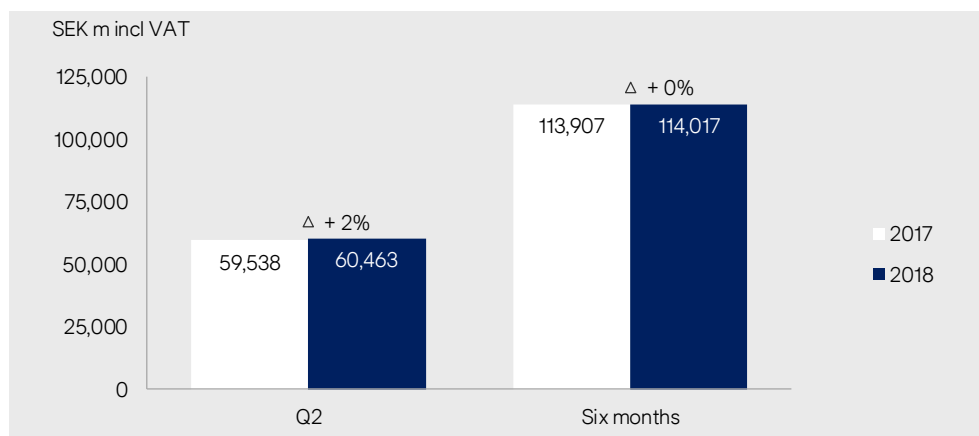


SECOND QUARTER 2018 IN BRIEF

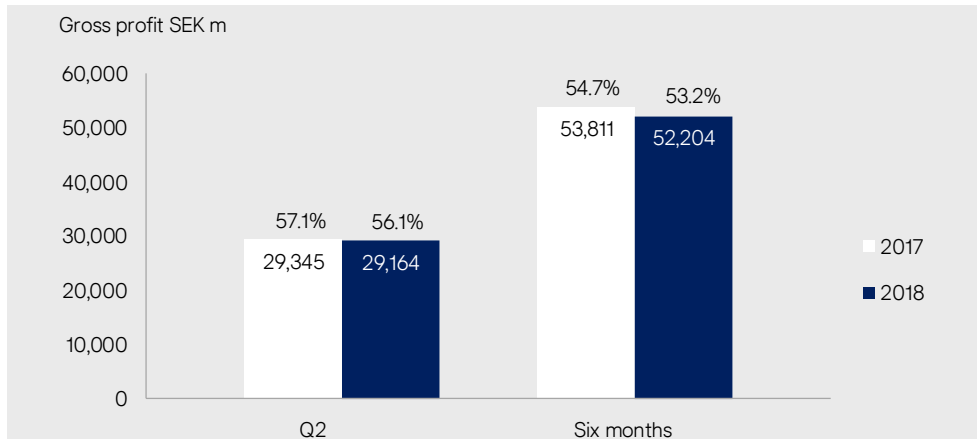
- Rapidly changing industry
- H&M group continues fast-paced transformation work
 - to become more customer driven, efficient and flexible
- Transitions to new logistics systems
 - caused temporary interruptions in important markets
- Positive signals from ongoing improvement work and investments



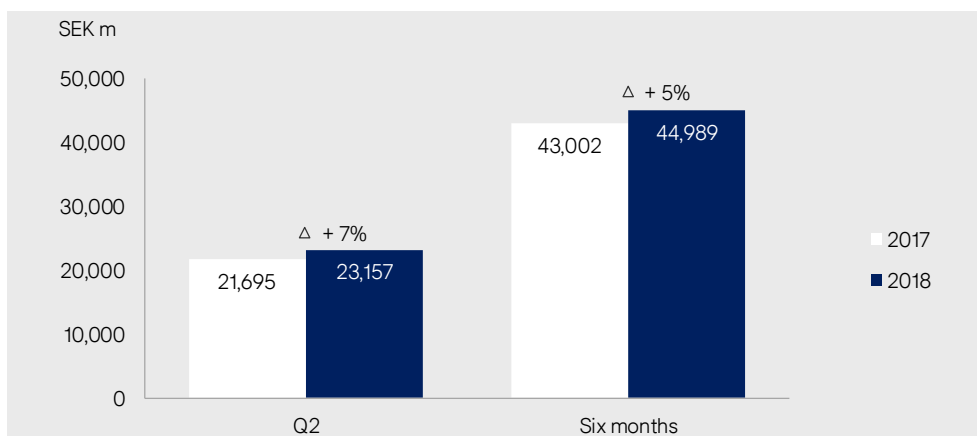
SALES



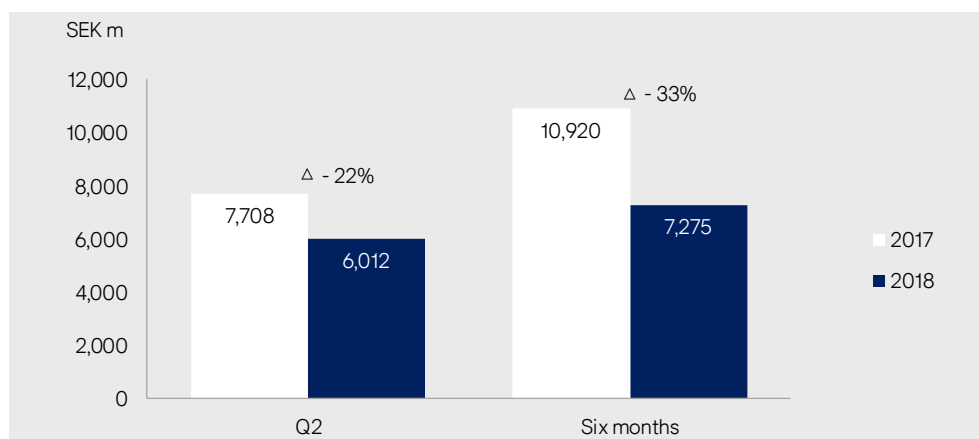
GROSS PROFIT AND GROSS MARGIN



SELLING AND ADMINISTRATIVE EXPENSES



PROFIT AFTER FINANCIAL ITEMS



SALES AND PROFITS

SECOND QUARTER

SEK m	2018	2017
Net sales	51,984	51,383
Gross profit	29,164	29,345
<i>gross margin, %</i>	56.1	57.1
Operating profit	6,007	7,650
<i>operating margin, %</i>	11.6	14.9
Net financial items	5	58
Profit after financial items	6,012	7,708
Tax	-1,374	-1,811
Profit for the period	4,638	5,897
<i>Earnings per share, SEK</i>	2.80	3.56



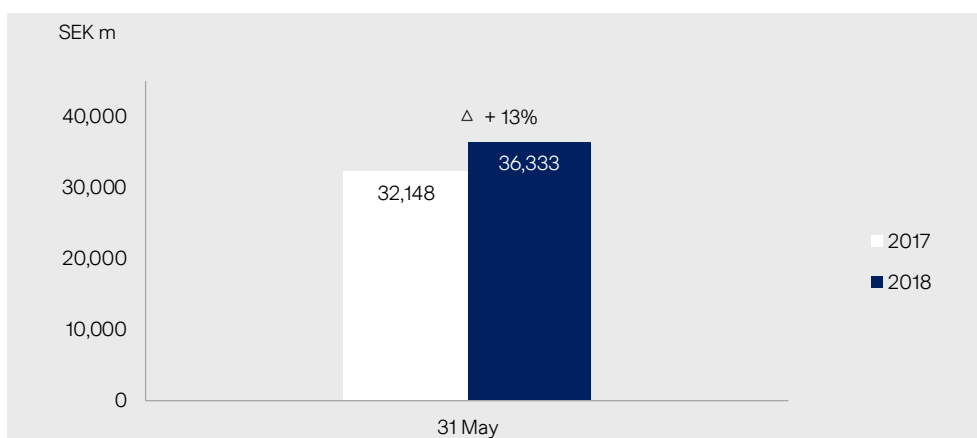
KEY DATA

SEK m	31 May 2018	31 May 2017
Stock-in-trade	36,333	32,148
Cash flow from current operations	9,133	10,942
Investments	5,703	5,528
Cash and cash equivalents and short-term investments	11,107	10,655
Return on shareholders' equity, % *	26.5	37.7

* rolling twelve months



STOCK-IN-TRADE





PRIORITY ACTION AREAS

- Restlessly develop our brands – focusing on H&M
- Accelerate our key enablers
- New growth
- Good cost control and efficiencies



RESTLESSLY DEVELOP OUR BRANDS – FOCUSING ON H&M

- Improving the assortment
- Ongoing tests of new store concepts for H&M
- Convenient and inspiring experience online
- Continued integration of physical and digital stores
 - click-and-collect
 - online returns in store
 - online shopping in store





ACCELERATE OUR KEY ENABLERS

- Investments in supply chain, tech, advanced analytics and AI
- Promising indications from tests in several areas
 - personalisation
 - quantification and allocation
 - price management
 - trend forecasting



NEW GROWTH

- Develop and optimise the H&M group store portfolio
 - 240 new stores net planned for 2018
 - Bosnia-Herzegovina new H&M market 2019
- Broaden the assortment online
- Global online expansion continues
 - online today in 47 markets
 - H&M to open online in Mexico 2019
- External partners and social platforms
 - very good start for H&M on Tmall in mainland China





AFOUND

- Afound – new marketplace for off price
- Carefully selected, broad and varied range of products at bargain prices
 - hundreds of well-known fashion and life-style brands
 - external as well as H&M group brands
- Very successful launch in Sweden in June 2018
 - afound.com
 - stores in Stockholm and Malmö



H&M

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