



INTERIM REPORT

1 December 2001 - 28 February 2002

- **Group turnover for the period amounted to SEK 11,246 m (9,634), an increase of 17 per cent compared to last year. With comparable exchange rates, the increase was 11 per cent.**
- **Gross profit increased by 35 per cent. Gross margin was 52.9 per cent (45.8).**
- **Profit after financial items amounted to SEK 1,180 m (571), an increase of 107 per cent.**
- **Improved result in all countries compared to the previous year.**
- **Profit per share after estimated tax was SEK -.93 (-.45).**
- **Sales development for the month of February was 16 per cent with comparable exchange rates.**

Turnover

Total turnover including VAT for the H&M Group increased by 17 per cent during the first quarter (11 per cent with comparable exchange rates) and amounted to SEK 11,245.8 m (9,633.6).

Turnover increase in the month of February was 16 per cent excluding exchange rate fluctuations.

H&M opened seven stores during the first quarter, of which two in the USA, two in Germany, two in the UK and one in France. Two stores were closed, bringing the total number of stores to 776. During the same period last year six stores were opened and one was closed.

Sales outside Sweden accounted for 89 per cent (87).

Profits

Gross profit amounted to SEK 5,071.9 m (3,759.0), which corresponds to a gross margin of 52.9 per cent (45.8).

After deduction of administrative and selling expenses, operating profit for the first quarter amounted to SEK 1,101.4 m (500.9). This corresponds to an operating margin of 11.5 per cent (6.1).

Operating profit for the period has been charged with depreciation according to plan amounting to SEK 271.0 m (211.4) and start-up costs, the part of investments in new stores that is charged directly to the income statement, of SEK 25.0 m (40.0). After depreciation but before start-up costs, operating margin amounted to 11.8 per cent (6.6).

Group financial net interest income was SEK 78.9 m (69.8).

Profit after financial items was SEK 1,180.3 m (570.7), an increase of 107 per cent.

Profit after estimated tax was SEK 767.2 m (371.0), corresponding to earnings per share of SEK 0.93 (0.45).

Return on shareholders equity (revolving 12 months) was 29.8 per cent (21.5) and return on capital employed (revolving 12 months) was 44.3 per cent (33.4).

Comments on the Results

Planned lower stock-in-trade compared with last year has resulted in considerably lower price reductions and thereby a substantially increased gross margin.

Operating result has improved in all countries compared with the previous year.

The result before tax for the first quarter has been positively affected by currency translations effects as a result of the weakened SEK of slightly more than SEK 50 m compared with last year.

Strong Financial Position

Group balance sheet total increased by 26 per cent and was SEK 20,827.3 m (16,493.4).

During the period, the Group generated a positive cash flow of SEK 491.7 m (140.0).

The financial assets amounted to SEK 8,759.8 m (5,663.0).

Stock-in-trade was SEK 4,587.4 m (4,855.4), a decrease of six per cent.

SEK 340.3 m (291.2) were invested in the operation through acquisitions of fixed assets.

Group solidity was 76 per cent (76) and the share of risk-bearing capital was 78 per cent (80).

Net worth apportioned on the outstanding 827,536,000 shares on 28 February 2001, corresponded to SEK 19.09 (15.10) per share.

Continued Expansion

Expansion continues and during the second quarter 26 stores are planned to open. Of these openings, 7 will be in the Germany, six in France, two each in the UK, the Netherlands, Belgium, Austria and the USA. In Norway, Denmark and Finland one store per country will be opened.

In the corresponding period last year, 43 new stores were opened.

During 2002, approximately 90 new stores will be opened.

The interim report has not been audited.

The Half-Year results will be published on 19 June 2002

The Nine Months results will be published on 19 September 2002

Stockholm 22 March 2002

The Board of Directors

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

GROUP INCOME STATEMENT

SEKm

	1/12 2001 - 28/2 2002	1/12 2000 - 28/2 2001	1/12 2000 - 30/11 2001
Turnover, including value added tax	11,245.8	9,633.6	46,528.2
Turnover, excluding value added tax	9,583.4	8,202.1	39,698.8
Cost of goods sold	- 4,511.5	- 4,443.1	- 19,199.7
Gross profit	5,071.9	3,759.0	20,499.1
Selling expenses	- 3,718.0	- 3,066.3	- 14,110.9
Administrative expenses	- 252.5	- 191.8	- 910.4
Operating profit	1,101.4	500.9	5,477.8
Result from financial investments			
Interest income	81.3	73.8	275.1
Interest expense	- 2.4	- 4.0	- 18.9
Result after financial items	1,180.3	570.7	5,734.0
Estimated tax	- 413.1	- 199.7	- 1,917.6
Estimated profit/Profit for 2001	767.2	371.0	3,816.4
Profit per share, SEK	0.93	0.45	4.61
Number of shares 827,536,000			
Depreciation, total	271.0	211.4	
of which selling expenses	226.5	175.3	
of which administration expenses	13.0	10.2	
of which cost of goods sold	31.5	25.9	

SUMMARY OF GROUP BALANCE SHEET
SEKm

28 Feb 2002 28 Feb 2001 30 Nov 2001

Assets

Real estate, fixtures and fittings	6,146.0	5,132.8	6,267.2
Other fixed assets	424.8	114.3	417.2
Total fixed assets	6,570.8	5,247.1	6,684.4
Stock-in-trade	4,587.4	4,855.4	4,332.4
Other current assets	909.3	727.9	862.6
Liquid funds	8,759.8	5,663.0	8,530.9
Total current assets	14,256.5	11,246.3	13,725.9
Total assets	20,827.3	16,493.4	20,410.3

Equity and liabilities

Equity	15,800.7	12,494.4	15,431.6
Long-term liabilities	939.5	858.0	940.6
Short-term liabilities	4,087.1	3,141.0	4,038.1
Total equity and liabilities	20,827.3	16,493.4	20,410.3

Change in equity

Equity, beginning of period	15,431.6	11,889.8
Profit for the period	767.2	371.0
Currency translation effects	- 398.1	233.6
Equity, end of period	15,800.7	12,494.4

CASH FLOW ANALYSES

SEKm

	2001/2002	2000/2001
Profit after financial items	1,180.3	570.7
Adjustment for items not affecting cash flow	- 142.1	11.7
Cash flow generated by current operations	1,038.2	582.4
Cash flow generated by changes in working capital	- 297.6	- 196.0
Cash flow from investment activities	- 242.2	- 229.6
Cash flow from financing activity	- 6.7	- 16.8
Cash flow for the period	491.7	140.0
Liquid funds, beginning of period	8,530.9	5,403.2
Cash flow for the period	491.7	140.0
Changes in currency rates	- 262.8	119.8
Liquid funds, end of period	8,759.8	5,663.0

FIVE YEARS SUMMARY

SEKm

Three months	28 Feb 1998	28 Feb 1999	29 Feb 2000	28 Feb 2001	28 Feb 2002
Turnover including VAT	5,805.1	7,276.5	8,265.0	9,633.6	11,245.8
Change from previous year, %	21.4	25.3	13.6	16.6	16.7
Sales outside Sweden	4,655.7	6,024.9	6,926.1	8,381.2	9,973.3
Sales outside Sweden, %	80	83	84	87	89
Operating profit	416.1	712.5	610.8	500.9	1,101.4
Operating margin, %	8.5	11.6	8.8	6.1	11.5
Depreciation for the period	84.4	115.6	147.6	211.4	271.0
Profit after estimated tax	293.7	493.2	435.8	371.0	767.2
Number of shares (adjusted for split)	827,536,000	827,536,000	827,536,000	827,536,000	827,536,000
Profit per share, SEK	0.35	0.60	0.53	0.45	0.93
Shareholders' equity	6,783.3	8,717.8	10,631.7	12,494.4	15,800.7
Shareholders' equity per share, SEK	8.20	10.53	12.85	15.10	19.09
Revolving, twelve months					
Profit per share, SEK	2.15	3.00	3.65	3.01	5.09
Return on shareholders' equity, %	29.3	32.1	31.2	21.5	29.8
Return on capital employed, %	45.4	48.0	47.8	33.4	44.3
Debt/equity ratio, %	2.1	1.6	1.3	1.7	1.2
Share of risk-bearing capital, %	77.0	78.3	77.5	79.6	77.9
Solidity, %	72.2	73.7	73.7	75.8	75.9
Interest cover	223.5	276.5	298.5	204.3	367.7
Number of stores	496	550	602	687	776

TURNOVER PER COUNTRY, December - February
SEKm

	Turnover 2002	Turnover 2001	Change SEK	Change local currency	No of stores	Change since 1 Dec 2001
	Incl VAT	Incl VAT	%	%		
Sweden	1,272	1,255	1	1	118	
Norway	935	815	15	5	67	
Denmark	564	510	11	6	49	
U.K.	877	622	41	32	61	+ 2
Switzerland	785	626	25	16	45	
Germany	3,389	2,922	16	11	206	
Netherlands	688	599	15	10	57	
Belgium	401	376	7	2	35	
Austria	800	710	13	7	41	
Luxembourg	41	37	11	5	4	
Finland	280	246	14	9	19	
France	584	405	44	38	32	+ 1
USA	487	406	20	10	32	+ 2
Spain	143	105	36	29	10	
Total	11,246	9,634	17	11	776	+ 5