



## **INTERIM REPORT - NINE MONTHS**

1 December 2001 - 31 August 2002

- **H&M's Group turnover amounted to SEK 37,369 m, an increase of 15 per cent. In comparable currency rates the increase was 14 per cent.**
- **Turnover for the third quarter amounted to SEK 12,664 m, an increase of 15 per cent compared with last year. In comparable currency rates the increase was 17 per cent.**
- **Profit after financial items was SEK 5,225 m, an increase of 55 per cent.**
- **Third quarter profit after financial items amounted to SEK 1,906 m, an increase of 53 per cent.**
- **Improved results in all countries. Very positive development in France, the USA and Spain.**
- **Higher stock turnover rate through shorter lead times and a more even flow of garments.**

## **Turnover**

Turnover including VAT for the H&M Group increased during the nine months period by 15 per cent (in comparable currency rates 14 per cent), compared with the same period last year and reached SEK 37,369.1 m (32,356.2).

Turnover in the third quarter amounted to SEK 12,663.6 m (10,964.9), an increase of 15 per cent (in comparable currency rates 17 per cent).

Turnover increase in the month of August was 16 per cent in comparable currency rates.

In the nine months period, the Group has opened 46 new stores; ten in Germany, nine in France, seven in the USA, five each in the United Kingdom and Austria, three in Belgium, two in the Netherlands and one in Sweden, Norway, Denmark, Finland and Luxembourg respectively. As a result of relocations, five stores have been closed in Germany and one each in the United Kingdom, Switzerland and Belgium. The total number of stores at the end of the period was 809 (736).

## **Result for the nine months period**

Gross profit for the nine months period reached SEK 17,189.8 m (13,880.9), corresponding to 53.9 per cent (50.3) of the turnover.

After deduction for administrative and selling expenses, operating profit was SEK 4,968.5 m (3,184.3). This result corresponds to an operating margin of 15.6 per cent (11.5).

Operating profit for the period has been charged with depreciation according to plan amounting to SEK 793.9 m (666.5) and start-up costs, e.g. the part of investments in new stores charged directly to the income statement, of SEK 128.7 m (149.2). After depreciation but before start-up costs, operating margin reached 16.0 per cent (12.1).

Group financial net interest income amounted to SEK 256.2 m (193.7).

Profit after financial items corresponded to SEK 5,224.7 m (3,378.0), an increase of 55 per cent.

Group profit after comprehensive tax allocation for the nine months period amounted to SEK 3,396.1 m (2,195.7), which corresponds to earnings per share of SEK 4.10 (2.65).

Return on shareholders' equity, revolving twelve months, was 33.4 per cent (24.9) and return on capital employed, revolving twelve months, was 49.0 per cent (38.6).

## **Result for the third quarter**

Gross margin for the third quarter was 54.0 per cent (51.3), corresponding to a gross profit of SEK 5,838.2 m (4,789.5).

Operating profit was SEK 1,809.1 m (1,180.5), corresponding to an operating margin of 16.7 per cent (12.6).

Profit after financial items for the third quarter was SEK 1,906.3 m (1,246.5), an increase of 53 per cent.

Profit after comprehensive tax allocation for the third quarter amounted to SEK 1,239.1 m (810.2), corresponding to a profit per share of SEK 1.50 (-.98).

### **Comments to the third quarter**

Sales during the third quarter have been continued good and the H&M Group has increased its turnover in all countries of operation. The exceptionally warm weather in the Nordic countries has had a somewhat restraining effect on turnover towards the end of the quarter.

The improved gross margin, 54.0 per cent (51.3), compared with the corresponding period last year, is primarily due to a lower level of price reductions as a result of well balanced collections and improved inventory control, but also to lower costs for handling goods. Increased focus on delivery of new products to the stores every day has meant a more even flow of goods. This in turn has led to a more efficient utilization of the logistic chain and a lower stock level and thereby a higher turnover rate.

Also in this quarter, result and operating margin have strongly improved in the new markets France, USA and Spain.

The Group has opened 12 stores during the period and closed four.

### **Financial position**

Group balance sheet total increased by 24 per cent and corresponded to SEK 22,612.2 m (18,184.2).

Group cash flow during the period was SEK 1,667.8 m (-598.0).

Financial assets amounted to SEK 9,910.3 m (5,236.2).

Stock-in-trade amounted to SEK 5,286.2 m (6,217.2), a decrease of 15 per cent.

Investments in fixed assets amounted to SEK 914.5 m (1,174.7).

The equity/assets ratio corresponded to 75 per cent (75) and the share of risk-bearing capital was 78 per cent (79).

Net worth, allocated to the 827,536,000 shares issued, corresponded on 31 August to SEK 20.54 (16.49).

### **Present quarter**

During the fourth quarter a further 39 stores are planned to open and four will be closed down. The largest number will open in Germany, where nine stores are planned, and in the USA and Spain, where eight stores are planned to open in each country. For the USA this means that a total of 15 stores will be opened during the year.

## Accounting principles

This interim report has been prepared in accordance with the recommendation issued by the Swedish Financial Accounting Standard Council regarding interim reporting (RR20). The new recommendations from the Swedish Financial Accounting Standard Council, which have come into force in 2002, have been observed but have not affected the report. Otherwise, the same accounting principles have been used as in the latest annual report.

This interim report has not been audited.

The report for the fiscal year 2001/02 will be published on 29 January 2003.  
Report of the first three months of the fiscal year 2002/03 will be published on 26 March 2003.  
General Annual Meeting will be held on Monday, 28 April 2003, at 3.00 p.m. in "Victoriahallen", Stockholmsmässan in Stockholm.

Stockholm 19 September 2002

The Board of Directors

### Contact persons:

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Background information about H&M and press pictures may be found on [www.hm.com](http://www.hm.com)

## GROUP INCOME STATEMENT

(SEK m)

	1/12 2001- 31/8 2002	1/12 2000- 31/8 2001	1/6 2002- 31/8 2002	1/6 2001- 31/8 2001	1/12 2000- 30/11 2001
Turnover, including value added tax	37,369.1	32,356.2	12,663.6	10,964.9	46,528.2
Turnover, excluding value added tax	31,884.5	27,594.5	10,809.2	9,344.7	39,698.8
Costs of goods sold	- 14,694.7	- 13,713.6	- 4,971.0	- 4,555.2	- 19,199.7
Gross profit	17,189.8	13,880.9	5,838.2	4,789.5	20,499.1
Selling expenses	- 11,440.2	- 10,056.0	- 3,789.7	- 3,390.6	- 14,110.9
Administrative expenses	- 781.1	- 640.6	- 239.4	- 218.4	- 910.4
Operating profit	4,968.5	3,184.3	1,809.1	1,180.5	5,477.8
Result from financial investments					
Interest income	263.8	205.2	99.9	70.2	275.1
Interest expense	- 7.6	- 11.5	- 2.7	- 4.2	- 18.9
Profit after financial items	5,224.7	3,378.0	1,906.3	1,246.5	5,734.0
Estimated tax	- 1,828.6	- 1,182.3	- 667.2	- 436.3	- 1,917.6
Result for the period	3,396.1	2,195.7	1,239.1	810.2	3,816.4
Profit per share, SEK	4.10	2.65	1.50	0.98	4.61
Number of shares 827,536,000					
Depreciation, total	793.9	666.5	262.0	228.1	629.1
of which selling expenses	663.7	552.5	219.1	189.1	522.1
of which administration expenses	38.1	32.0	12.6	11.0	30.0
of which cost of goods sold	92.1	82.0	30.3	28.0	77.0

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

	31 Aug 2002	31 Aug 2001	30 Nov 2001
<b>Assets</b>			
Real estate, fixtures and fittings	6,102.5	5,862.2	6,267.2
Other fixed assets	413.5	131.8	417.2
<b>Total fixed assets</b>	<b>6,516.0</b>	<b>5,994.0</b>	<b>6,684.4</b>
Stock-in-trade	5,286.2	6,217.2	4,332.4
Other current assets	899.7	736.8	862.6
Cash and bank balances	9,910.3	5,236.2	8,530.9
<b>Total current assets</b>	<b>16,096.2</b>	<b>12,190.2</b>	<b>13,725.9</b>
<b>Total assets</b>	<b>22,612.2</b>	<b>18,184.2</b>	<b>20,410.3</b>
<b>Equity and liabilities</b>			
Equity	16,966.5	13,645.3	15,431.6
Long-term liabilities	942.3	849.3	940.6
Short-term liabilities	4,703.4	3,689.6	4,038.1
<b>Total equity and liabilities</b>	<b>22,612.2</b>	<b>18,184.2</b>	<b>20,410.3</b>
<b>Change in equity</b>			
Equity, beginning of period	15,431.6		
Profit for the period	3,396.1		
Dividend	- 1,448.2		
Currency translation effects	- 413.0		
Equity, end of period	16,966.5		

## CASH FLOW ANALYSIS

(SEK m)

1 December 2001 - 31 August 2002

	Nine months	
	2001/02	2000/01
Profit after financial items	5,224.7	3,378.0
Adjustment for items not affecting cash flow	- 1,034.7	- 515.8
Cash flow generated by current operations	4,190.0	2,862.2
Cash flow generated by changes in working capital	- 365.2	- 974.5
Cash flow from investment activities	- 711.6	- 1,334.2
Cash flow from financial activity	- 1,445.4	- 1,151.5
<i>of which dividend</i>	- 1,448.2	- 1,117.2
Cash flow for the period	1,667.8	- 598.0
Liquid funds, beginning of period	8,530.9	5,403.2
Cash flow for the period	1,667.8	- 598.0
Changes in currency rates	- 288.4	431.0
Liquid funds, end of period	9,910.3	5,236.2

**FIVE YEAR SUMMARY**  
(SEK m)

<b>Nine months</b>	31 August 1998	31 August 1999	31 August 2000	31 August 2001	31 August 2002
Turnover including VAT	18,341.5	23,548.5	25,428.1	32,356.2	37,369.1
Change from previous year, %	23	28	8	27	15
Sales outside Sweden, %	81	84	85	88	89
Operating profit	2,016.8	3,070.4	2,423.7	3,184.3	4,968.5
Operating margin, %	13.0	15.4	11.2	11.5	15.6
Profit after estimated tax	1,379.0	2,085.7	1,698.3	2,195.7	3,396.1
Number of shares (adjusted for split)	827,536,000	827,536,000	827,536,000	827,536,000	827,536,000
Profit per share	1.67	2.52	2.05	2.65	4.10
 <b>Revolving, 12 months</b>					
Profit per share SEK	2.57	3.62	3.25	3.69	6.18
Return on shareholders' equity, %	32.6	35.8	26.6	24.9	33.4
Return on capital employed, %	47.9	53.8	40.9	38.6	49.0
Debt/equity ratio, %	1.8	1.2	1.4	1.5	1.1
Share of risk-bearing capital, %	75.7	76.4	76.2	78.6	78.5
Solidity, %	71.3	72.3	72.5	75.0	75.2
Interest cover	309.6	365.4	218.9	254.6	506.4
Number of stores	518	583	636	736	809



## TURNOVER PER COUNTRY AND NUMBER OF SHOPS

1 December 2001 - 31 August 2002

	Turnover 2002	Turnover 2001	Change SEK	Change local currency	No of stores 31 August 2002	Change since 1 Dec. 2001
	Incl VAT	Incl VAT	%	%		
Sweden	4,066	3,870	5	5	119	+ 1
Norway	2,931	2,525	16	9	68	+ 1
Denmark	1,716	1,591	8	7	50	+ 1
United Kingdom	3,144	2,345	34	33	63	+ 4
Switzerland	2,558	2,124	20	15	44	- 1
Germany	11,330	10,004	13	12	211	+ 5
Netherlands	2,438	2,094	16	15	59	+ 2
Belgium	1,300	1,186	10	11	37	+ 2
Austria	2,678	2,372	13	12	46	+ 5
Luxembourg	148	125	18	20	5	+ 1
Finland	926	839	10	9	20	+ 1
France	2,004	1,501	34	32	40	+ 9
USA	1,659	1,441	15	17	37	+ 7
Spain	471	339	39	39	10	
Total	37,369	32,356	15	14	809	+ 38

## TURNOVER PER COUNTRY AND NUMBER OF SHOPS

1 June 2002 - 31 August 2002

	Turnover 2002	Turnover 2001	Change SEK	Change local currency	No of stores 31 August 2002	Change since 1 June 2002
	Incl VAT	Incl VAT	%	%		
Sweden	1,301	1,284	1	1	119	+ 1
Norway	1,047	919	14	8	68	
Denmark	552	523	6	8	50	
United Kingdom	1,091	820	33	39	63	
Switzerland	844	699	21	19	44	-1
Germany	3,809	3,368	13	15	211	
Netherlands	801	676	18	21	59	
Belgium	453	407	11	24	37	
Austria	913	774	18	21	46	+ 3
Luxembourg	56	43	30	45	5	
Finland	333	316	5	7	20	
France	736	516	43	43	40	+ 2
USA	563	499	13	27	37	+ 3
Spain	165	121	36	42	10	
<b>Total</b>	<b>12,664</b>	<b>10,965</b>	<b>15</b>	<b>17</b>	<b>809</b>	<b>+ 8</b>