



H & M Hennes & Mauritz AB

Full-year report

Full-year 2017

SEK 232 billion

sales incl VAT

Full-year (1 December 2016 – 30 November 2017)

- The H&M group continued to grow globally in 2017. Sales including VAT increased by 4 percent to SEK 231,771 m (222,865) in the financial year. Sales increased by 3 percent in local currencies. Sales excluding VAT amounted to SEK 200,004 m (192,267).
- Gross profit increased to SEK 108,090 m (106,177). This corresponds to a gross margin of 54.0 percent (55.2).
- Profit after financial items amounted to SEK 20,809 m (24,039). The group's profit after tax amounted to SEK 16,184 m (18,636), corresponding to SEK 9.78 (11.26) per share.
- A total of 479 (497) stores were opened and 91 (70) stores were closed, resulting in a total net addition of 388 (427) new stores.
- During the year eight new H&M online markets and five new H&M store markets were opened. At the end of the financial year the H&M group had 69 sales markets of which 43 with online.

Fourth quarter (1 September 2017 – 30 November 2017)

- The H&M group's sales including VAT amounted to SEK 58,481 m (61,098), a decrease of 4 percent. In local currencies, the decrease was 2 percent. Sales excluding VAT amounted to SEK 50,407 m (52,720).
- Gross profit amounted to SEK 27,929 m (30,027), corresponding to a gross margin of 55.4 percent (57.0).
- Profit after financial items amounted to SEK 4,873 m (7,409). The group's profit after tax amounted to SEK 3,993 m (5,914), corresponding to SEK 2.41 (3.57) per share. The weak sales development within the H&M brand's physical stores lead to increased markdowns and handling costs which had a negative impact on the result in the quarter.

- The board of directors proposes an unchanged dividend of SEK 9.75 (9.75) per share for the 2016/2017 financial year, to be paid out on two occasions in 2018. In view of continued high investments in areas such as digitalisation, the board of directors is to investigate the possibility of offering all shareholders an opportunity to reinvest the dividend received in newly-issued H&M shares.
- Sales including VAT in the period 1 December 2017 to 31 January 2018 are expected to increase by 1 percent in local currencies compared to the corresponding period the previous year.
- A continued roll-out of H&M's online store is planned to another four markets during the financial year 2017/2018: India, and via franchise to Saudi Arabia and the United Arab Emirates. Kuwait was opened in December 2017 via franchise.
- In 2018 the H&M group plans to open approximately 390 new stores and approximately 170 store closures are planned, resulting in a net addition of approximately 220 stores. New planned H&M store markets are Uruguay and Ukraine.
- Afound - new brand in 2018. Afound will be an off-price marketplace offering products from well-known and popular fashion and lifestyle brands, both external brands and those from the H&M group. It will be launched in Sweden, with a first store in Stockholm opening in parallel with a digital marketplace in Sweden.
- H&M and H&M Home will open on Tmall, the world's largest e-commerce platform, in March 2018.



& Other Stories

Q4

Comments by Karl-Johan Persson, CEO

Accelerating our transformation in a rapidly changing industry

The fashion industry is changing fast. At the heart of the transformation is digitalization and it is driving the need to transform and re-think faster and faster. This is presenting many challenges but we believe we are well-placed to adjust to the new dynamics and take advantage of the opportunities in front of us.

Part of this opportunity is to do with the size of the market. While the H&M group is a big player, our market share is still relatively small. It is also a growing market. So, while the H&M group has come a long way, we are most excited by the distance we still have to go and our fitness for the opportunities ahead.

Our performance during 2017 was mixed, with progress in some areas but also difficulties in others. We delivered growth of 3 percent in 2017 which is clearly below our expectations. In the fourth quarter our sales overall decreased by 2 percent in local currencies. Our online sales and our newer brands performed well but the weakness was in H&M's physical stores where the changes in customer behaviour are being felt most strongly and footfall has reduced with more sales online. In addition, some imbalances in certain aspects of the H&M brand's assortment and composition also contributed to this weaker result.

But our performance does need to be seen in the wider context of the transformation that the industry is going through. Underneath the disappointing recent performance, we see reasons for optimism and good learnings but we need to accelerate the transformation even more.

We have three main action areas:

Be restless around the core

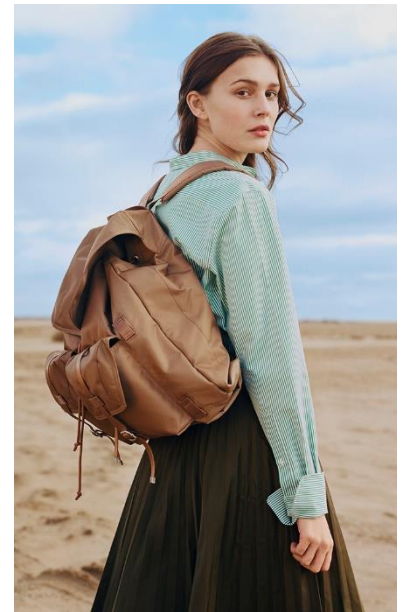
- We must always have the best across product assortment and mix, look, value for money and sustainability. The best customer offering always wins.
- Our physical stores must offer a more inspiring and convenient customer experience, and be more customized to local needs.
- The digital store is a process that should never settle. The offering needs to be constantly improved and broadened to ensure it maximizes engagement and sales.
- We are integrating our physical and digital stores to offer our customers a great shopping experience with services ranging from Click and Collect to Scan and Buy and online returns in store.

Invest in the enablers – new technology and ways of working

- The efficiency of our supply chain has always been a strength but it must mirror our customers' fast-changing needs. We are investing further to get even faster, more flexible and more responsive.
- We will invest even more in analytics and intelligence. We see huge potential across the board from assortment planning to supply chain and sales.
- We will continue to invest in our tech foundation. This includes: building scalable, robust platforms; faster development of consumer-facing apps; and broadening our use of technologies like Cloud, RFID and 3D.

Drive growth – both traditional and new

- The H&M group is developing new brands for new needs and new segments – we now have eight brands that are all scalable – and we will soon launch our ninth brand, Afound.
- Our expansion across digital will accelerate. We will be broadening our assortments, rolling out digital to new markets and linking to new platforms, like Tmall for mainland China.
- We will continue to open new stores – there is still significant growth capacity in physical stores in many regions and countries.
- We will constantly optimize and refine our physical store portfolio. There is still potential for strong growth in some regions whereas in others we can get a better balance by reducing store space.
- We constantly work on new ideas and innovations that will drive us forward – and there are many in our pipeline for 2018 and the years to come.



ARKET

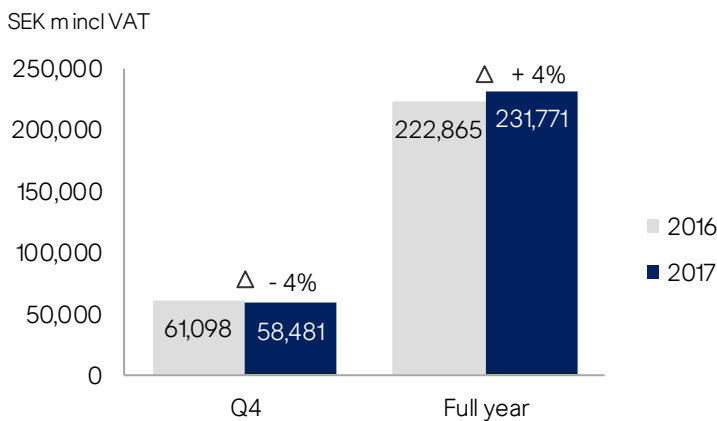
All in all, we feel 2017 was a year where we made more steps forward and did more groundwork for the future, but we have also made some mistakes that have slowed us down. The industry changes are challenging everyone and this will continue in 2018. The new fashion landscape requires skills and resources to adapt and seize the new opportunities. In particular the ability to take a long-term view and to navigate through some inevitable turbulence. By long-term investments, we have built a solid platform for many years of continued growth.

On our Capital Markets Day February 14, 2018, we will tell you more about our transformation and what we see going forward for the H&M group and our continued growth.

	Q4 2017	Q4 2016	Full year 2017	Full year 2016
SEK m				
Net sales	50,407	52,720	200,004	192,267
Gross profit	27,929	30,027	108,090	106,177
<i>gross margin, %</i>	<i>55.4</i>	<i>57.0</i>	<i>54.0</i>	<i>55.2</i>
Operating profit	4,821	7,354	20,569	23,823
<i>operating margin, %</i>	<i>9.6</i>	<i>13.9</i>	<i>10.3</i>	<i>12.4</i>
Net financial items	52	55	240	216
Profit after financial items	4,873	7,409	20,809	24,039
Tax	-880	-1,495	-4,625	-5,403
Profit for the period	3,993	5,914	16,184	18,636
Earnings per share, SEK	2.41	3.57	9.78	11.26

Definitions on key figures, see annual report 2016.

Sales



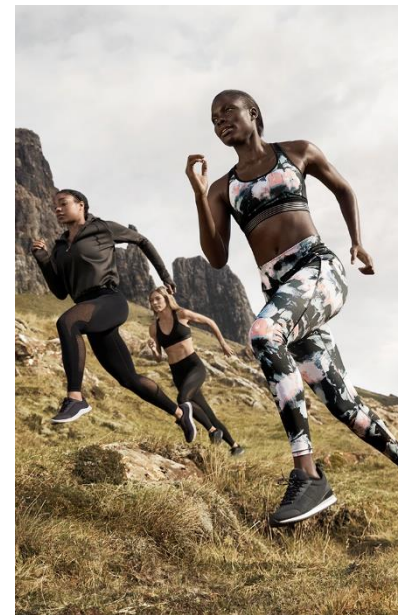
Sales including VAT amounted to SEK 58,481 m (61,098) in the fourth quarter. In local currencies sales decreased by 2 percent.

Sales including VAT in the financial year 2016/2017 increased by 4 percent and amounted to SEK 231,771 m (222,865). In local currencies sales increased by 3 percent.

Sales excluding VAT amounted to SEK 50,407 m (52,720) in the fourth quarter and to SEK 200,004 m (192,267) in the financial year 2016/2017.

The difference between the sales increase in SEK and in local currencies is due to how the Swedish krona has developed against the overall basket of currencies in the group compared to the same period last year.

Currency translation effects arise when sales and profits in local currencies are translated into the company's reporting currency, which is SEK. A negative currency translation effect arises when the Swedish krona strengthens and a positive currency translation effect arises when the Swedish krona weakens.



H&M Sport

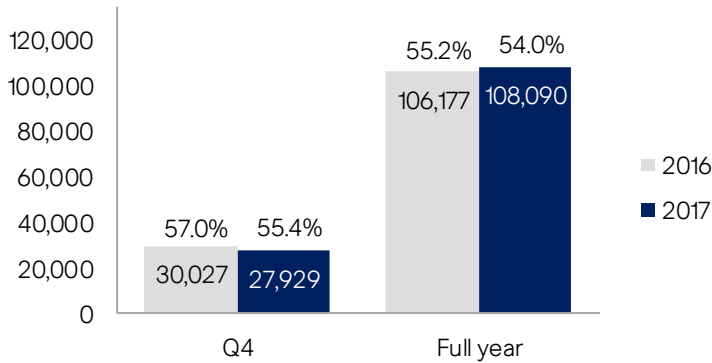
Sales in top ten markets, full-year

	2017	2016	Change in %		30 Nov - 17	2017
	SEK m incl VAT	SEK m incl VAT	SEK	Local currency	Number of stores	New stores (net)
Germany	36,789	37,174	-1	-3	463	4
USA	27,807	26,874	3	2	536	68
UK	14,580	15,058	-3	3	292	11
France	13,658	13,559	1	-1	240	2
China	11,030	10,842	2	3	506	62
Sweden	10,284	10,151	1	1	172	-4
Italy	9,180	9,081	1	-1	175	9
Spain	8,140	7,894	3	1	175	6
Netherlands	7,484	7,898	-5	-7	145	0
Norway	6,120	5,926	3	1	128	1
Others*	86,699	78,408	11	8	1,907	229
Total	231,771	222,865	4	3	4,739	388
* Of which franchises	4,947	4,808	3	-2	219	31

Gross profit and gross margin

H&M's gross profit and gross margin are a result of many different factors, internal as well as external, and are mostly affected by the decisions that H&M takes 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.

Gross profit SEK m



Gross profit amounted to SEK 27,929 m (30,027) in the fourth quarter, corresponding to a gross margin of 55.4 percent (57.0). For the financial year, gross profit increased to SEK 108,090 m (106,177), corresponding to a gross margin of 54.0 percent (55.2).

Markdowns in relation to sales increased by 1.3 percentage points in the fourth quarter of 2017 compared to the corresponding quarter in 2016. The increase in the fourth quarter is explained by the weak sales development during the autumn in H&M's physical stores, with reduced footfall to stores due to the ongoing shift in the industry. In addition, there were imbalances in the composition of parts of the H&M brand's product range.

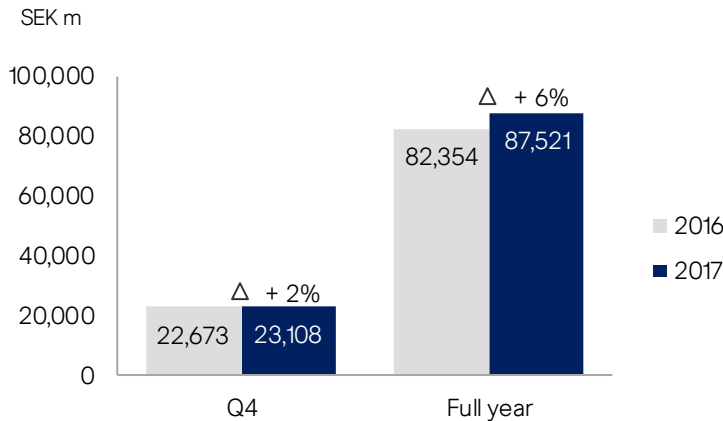
Overall, the market situation as regards external factors such as purchasing currencies and raw materials was slightly negative during the purchasing period for the fourth quarter compared to the corresponding purchasing period in the previous year.

For purchases made for the first quarter 2018, the market situation as regards external factors is considered to be neutral overall compared to the corresponding purchasing period the previous year.



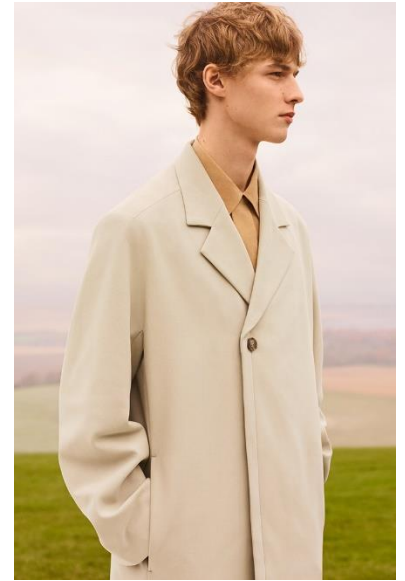
H&M Home

Selling and administrative expenses



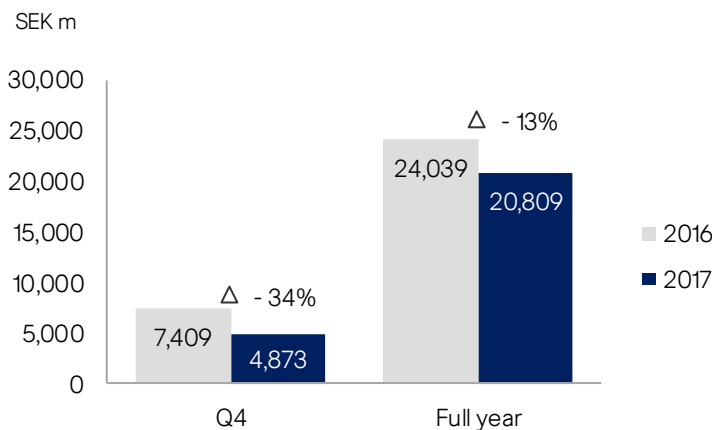
Cost control in the group remains good. In the fourth quarter of 2017, selling and administrative expenses increased by 2 percent in SEK and by 4 percent in local currencies compared to the fourth quarter last year.

For the full-year, selling and administrative expenses increased by 6 percent in SEK and by 5 percent in local currencies compared to the corresponding period last year.



COS

Profit after financial items

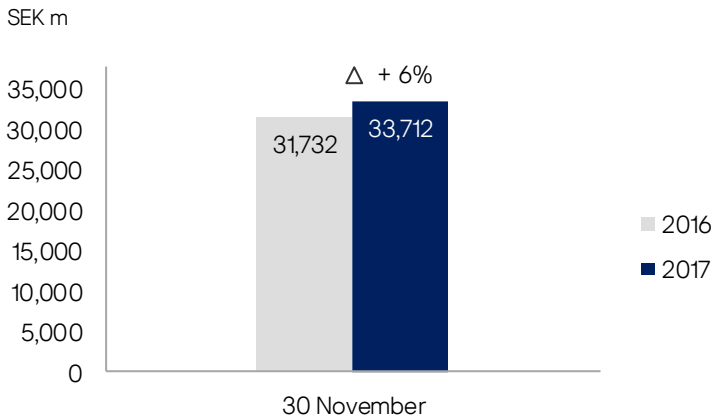


Profit after financial items in the fourth quarter amounted to SEK 4,873 m (7,409). Profit after financial items in the full-year amounted to SEK 20,809 m (24,039).

Profit during the year was negatively affected by a weak sales development in the physical stores of the H&M brand. This is mainly due to the ongoing shift in the industry, in which sales are increasingly taking place online but where the group's online share does not yet compensate for the reduced footfall to stores. Towards the end of the year there were also imbalances in the composition of parts of the H&M brand's product range.

In 2017 no new allocation was made to the H&M Incentive Programme (HIP) which is aimed at all employees within the H&M group, regardless of their country of employment, position and salary level. This is because an allocation is based on an increase of the company's profit after tax between two consecutive financial years. Since HIP's assets are invested in H&M shares, the participants in HIP - i.e. the H&M group's employees - benefit each year from the dividend paid to the company's shareholders. HIP holds approximately 7 million H&M shares in total.

Stock-in-trade



Stock-in-trade amounted to SEK 33,712 m (31,732), an increase of 6 percent in SEK compared to the same point of time last year. Currency adjusted the increase was 7 percent.

As of 30 November 2017, the closing stock level was higher than planned as a result of sales development during the autumn being considerably below the group's sales plan. Combined with weak sales at the beginning of the first quarter 2018, this is expected to lead to an increase in markdowns relative to sales of approximately 1.5 – 2.0 percentage points in the first quarter of 2018 compared with the same quarter last year.

The stock-in-trade amounted to 31.6 percent (32.2) of total assets and 16.9 percent (16.5) of sales excluding VAT.

Expansion

In 2017 H&M's online store was opened in further eight new markets: Turkey, Taiwan, Hong Kong, Macau, Singapore, Malaysia, Cyprus and the Philippines, all of which have had a good start. The H&M online store is currently available in 44 markets including Kuwait which opened in December 2017. The online expansion will continue in 2018 to among others India and via franchise partners to Saudi Arabia and the United Arab Emirates. The plan for the future is to offer e-commerce in all store markets as well as in other markets.

Five new H&M store markets were opened in 2017: Kazakhstan, Colombia, Iceland, Vietnam and Georgia, all of which have had a good start. New H&M store markets in 2018 will be Uruguay and Ukraine.

For the full-year 2018 approximately 390 new stores are planned to open, with a primary focus on growth markets. Approximately 170 store closures are planned, which is part of the intensified store optimisation being carried out that also includes renegotiations, rebuilds and adjustment of store space to ensure that the store portfolio is the best fit for each market. The net addition of new stores will amount to approximately 220 (388). Most of the new stores in 2018 will be H&M stores, of which 45 will have H&M Home shop-in-shops, while approximately 95 stores will consist of the brands COS, & Other Stories, Monki, Weekday, ARKET and Afound. In 2018, seven standalone H&M Home stores are planned to open.

Afound will be an off-price marketplace offering a carefully selected, broad and diverse range of discounted products from well-known quality fashion and lifestyle brands for women and men, from external brands as well as the H&M group. With a focus on styling and inspiring presentation, as well as attractive offerings from brands in different price segments, Afound will offer a new engaging shopping experience. Afound's marketplace will be launched during 2018 online in Sweden and with physical stores starting in Sweden. The first store will open on Drottninggatan in Stockholm.

The growth target of the H&M group to increase sales in local currencies by 10 – 15 percent per year with continued high profitability is a long-term target. In view of the H&M group's transition work to face the major shift in the industry, the company does not expect the growth target to be reached in the current financial year.



H&M Kids

Brand	No. of markets 30 Nov - 2017		Expansion 2017	Expansion 2018
	Store	Online	New markets	New markets
H&M	69	43	Store: Kazakhstan, Colombia, Iceland, Vietnam, Georgia Online: Turkey, Taiwan, Hong Kong, Macau, Singapore, Malaysia, Philippines, Cyprus	Store: Uruguay, Ukraine Online: India, Kuwait (franchise)*, United Arab Emirates (franchise), Saudi Arabia (franchise)
COS	37	20	Store: Malaysia, Israel (franchise), Slovenia, Qatar (franchise) Online: South Korea	Store: Thailand (franchise)
Monki	14	19	Belgium	
Weekday	9	18	Store: France, UK	
& Other Stories	16	15	Store: Ireland, Finland, South Korea, United Arab Emirates (franchise), Qatar (franchise)	
Cheap Monday	2	18	-	
ARKET	4	18	Store: UK, Belgium, Denmark, Germany Online: 18 markets	Store: Netherlands



H&M Ladies

* Opened during December 2017

Store count by brand

In the financial year 2016/2017, the group opened 479 (497) stores and closed 91 (70) stores, i.e. a net increase of 388 (427) new stores. The group had a total of 4,739 (4,351) stores as of 30 November 2017, of which 219 (188) were operated by franchise partners.

Brand	New Stores 2017 (net)		Total No of stores	
	Q4	Full year	30 Nov - 2017	30 Nov - 2016
H&M	155	326	4,288	3,962
COS	16	37	231	194
Monki	4	1	119	118
Weekday	3	5	33	28
& Other Stories	4	15	60	45
Cheap Monday	0	-1	3	4
ARKET	4	5	5	0
Total	186	388	4,739	4,351

Store count by region

Region	New Stores 2017 (net)		Total No of stores	
	Q4	Full year	30 Nov - 2017	30 Nov - 2016
Europe & Africa	84	124	3,008	2,884
Asia & Oceania	60	169	1,046	877
North & South America	42	95	685	590
Total	186	388	4,739	4,351

Tax

The H&M group's final tax rate for the 2016/2017 financial year was 22.2 (22.5) percent. The final tax rate for the year depends on the results of the group's various companies and the corporate tax rates in each country.

The US tax reform (Tax Cuts & Jobs Act) was enacted in December 2017. For H&M this means that deferred tax liabilities and deferred tax claims assignable to H&M's US subsidiary are to be remeasured during the first quarter 2018. The effect of the remeasurement is being analysed and the current assessment is that it will result in positive one-off tax income in the first quarter of 2018. Cash-flow will not be affected by this one-off effect.

The H&M group's tax rate for the 2017/2018 financial year is expected to be approximately 22.0 – 23.0 percent excluding the one-off effect described above. In the first, second and third quarters of 2018 an estimated tax rate of 23.0 percent will be used to calculate tax expense on the result of each quarter.

Employees

The average number of employees in the group, converted into full-time positions, was 123,178 (114,586), of which 10,100 (8,933) are employed in Sweden.

Current quarter

Sales including VAT in the period 1 December 2017 to 31 January 2018 are expected to increase by 1 percent in local currencies compared to the corresponding period the previous year.

In view of the high level of stock-in-trade on the closing date of 30 November 2017 and weak sales at the beginning of the first quarter 2018, it is expected that markdowns in relation to sales will increase by around 1.5 - 2.0 percentage points in the first quarter of 2018 compared with the same quarter last year.

The group will hold a Capital Markets Day in Stockholm on 14 February 2018, intended for institutional investors, analysts and the financial media. The capital markets day aims to provide an in-depth picture of how the H&M group will drive future growth based on the action plans in place for facing up to the shift in the industry seizing the opportunities that it creates.

Financing

As of 30 November 2017, the group had SEK 9,745 m (2,068) in loans from credit institutions with a term of up to 12 months, with an average term of 8 months. Loans from credit institutions within the Nordic countries amounted to SEK 9,320 m (2,000), with an interest rate of 0.00 – 0.072 percent. Loans from credit institutions outside the Nordic countries amounted to SEK 425 m (68), with an interest rate of 8.75 – 16.00 percent. The group's strategy is to mainly centralise funding, which is then distributed within the group via loans to subsidiaries. In some of H&M's sales markets local rules and currency restrictions make it more favourable for the group to use local funding.

As previously communicated, the H&M group signed a five-year revolving credit facility (RCF) of EUR 700 m during the first quarter 2017, with an option to extend for a further two years. The RCF has not yet been drawn down and serves as the group's liquidity reserve.

The strong credit profile of the H&M group enables cost-effective financing. To increase financing flexibility and cost-effectiveness, the group continuously reviews opportunities to complement this with other sources of funding on the credit market.

Capital Structure

The H&M group advocates a conservative leverage ratio, aiming for a strong capital structure with strong liquidity and financial flexibility. It is essential that, as in the past, expansion and investments can proceed with continued freedom of action.

The capital structure is defined as net debt in relation to EBITDA. Over time, this should not exceed 1.0 x EBITDA. Net debt / EBITDA was 0.0 as of 30 November 2017.



H&M Man

Dividend policy and dividend proposal

The board of directors' intention is to provide shareholders with a continued good return while ensuring that, as in the past, expansion and investments can proceed with a continued strong financial profile and freedom of action. Based on this, the board of directors has agreed a dividend policy stating that the total dividend should exceed 50 percent of profit after tax, yet taking into consideration the capital structure target. The dividend will be paid in two instalments – one in the spring and one in the autumn.

The board of directors has decided to propose an unchanged dividend of SEK 9.75 per share (9.75) to the annual general meeting on 8 May 2018, corresponding to 99.7 percent (86.6) of the group's profit after tax.

However, in view of continued high investments in areas such as digitalisation, the board of directors will investigate the possibility of offering all shareholders an opportunity, but not an obligation, to reinvest the dividend received in newly-issued H&M shares – known as a Dividend Reinvestment Plan (DRIP).

Further information on this, including the timetable, will be communicated at a later date. If the board proposes a reinvestment plan to the annual general meeting on 8 May 2018, and if the annual general meeting approves the proposal, the first instalment of SEK 4.90 per share will be postponed by a number of weeks. The first and second record dates and payment dates will thus be included in the timetable for the reinvestment plan.

If the reinvestment plan is introduced, the H&M group's largest shareholders – the Stefan Persson family and related companies – intend to reinvest the dividend received in 2018 in the plan.

The board of directors is of the opinion that the proposed distribution of earnings is justifiable taking into consideration the financial position and continued freedom of action of the group and the parent company, and taking into account the capital structure target and the requirements that the nature and extent of the business, its risks and expansion and development plans impose on the group's and the parent company's equity and liquidity.

Annual general meeting 2018

The 2018 annual general meeting will be held at 3 p.m. on Tuesday 8 May 2018 in the Erling Persson Hall, Aula Medica, Karolinska Institutet, Solna.

Annual report 2017

The annual report and the corporate governance report are expected to be published on 28 March 2018 on about.hm.com and will be sent out by post to shareholders that have so requested. The documents will also be available at the company's head office.

Accounting principles

The group applies 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 2015/2016 which are described in Note 1 – Accounting principles.

H & M Hennes & Mauritz AB's financial instruments consist of accounts receivable, other receivables, cash and cash equivalents, accounts payable, accrued trade payables, interest-bearing securities and currency derivatives. Currency derivatives are measured at fair value based on input data corresponding to level 2 of IFRS 13. As of 30 November 2017, forward contracts with a positive market value amount to SEK 497 m (848), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 903 m (1,176), which is reported under other current liabilities. Other financial assets and liabilities have short terms. It is therefore judged that the fair values of these financial instruments are approximately equal to their book values.

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.

For definitions see annual report and consolidated accounts for 2016.

Risks and uncertainties

A number of factors may affect the H&M group's result and business. Many of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties for the H&M group related to fashion, weather conditions, macroeconomic and geopolitical changes, sustainability issues, foreign currency, cyber-attacks, tax and different regulations 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 2016.

Calendar

14 February 2018	Capital Markets Day, Stockholm
15 March 2018	Sales development in first quarter 2018, 1 Dec 2017 – 28 Feb 2018
27 March 2018	Three-month report, 1 Dec 2017 – 28 Feb 2018
8 May 2018, 3 p.m. CET	Annual general meeting 2018, Erling Persson Hall, Aula Medica, Karolinska Institutet, Solna
15 June 2018	Sales development in second quarter 2018, 1 March 2018 – 31 May 2018
28 June 2018	Six-month report, 1 Dec 2017 – 31 May 2018
27 September	Nine-month report, 1 Dec 2017 – 31 Aug 2018

This full-year report has not been audited by the company's auditors.

Stockholm, 30 January 2018
Board of Directors

Contact

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Invitation to press and telephone conference in conjunction with the full-year report is available on about.hm.com.

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Information in this full-year report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under EU Market Abuse Regulation (596/2014/EU) and Sweden's Securities Market Act. The information was submitted for publication by the abovementioned persons at 8.00 (CET) on 31 January 2018. This full-year report and other information about H&M, is available at about.hm.com.

GROUP INCOME STATEMENT IN SUMMARY (SEK m)

	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Sales including VAT	58,481	61,098	231,771	222,865
Sales excluding VAT	50,407	52,720	200,004	192,267
Cost of goods sold	-22,478	-22,693	-91,914	-86,090
GROSS PROFIT	27,929	30,027	108,090	106,177
<i>Gross margin, %</i>	55.4	57.0	54.0	55.2
Selling expenses	-21,194	-20,906	-80,427	-75,729
Administrative expenses	-1,914	-1,767	-7,094	-6,625
OPERATING PROFIT	4,821	7,354	20,569	23,823
<i>Operating margin, %</i>	9.6	13.9	10.3	12.4
Interest income (incl finance lease)	75	58	281	224
Interest expense and similar items (incl finance lease)	-23	-3	-41	-8
PROFIT AFTER FINANCIAL ITEMS	4,873	7,409	20,809	24,039
Tax	-880	-1,495	-4,625	-5,403
PROFIT FOR THE PERIOD	3,993	5,914	16,184	18,636

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

Earnings per share, SEK*	2.41	3.57	9.78	11.26
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	2,164	2,070	8,488	7,605
of which cost of goods sold	185	222	736	847
of which selling expenses	1,828	1,717	7,175	6,256
of which administrative expenses	151	131	577	502

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q4 2017	Q4 2016	Full year 2017	Full year 2016
PROFIT FOR THE PERIOD	3,993	5,914	16,184	18,636
Other comprehensive income				
<i>Items that are or may be reclassified to profit or loss</i>				
Translation differences	2,085	1,022	-1,496	1,186
Change in hedging reserves	-1,247	280	-179	-578
Tax attributable to change in hedging reserves	295	-67	39	139
<i>Items that will not be classified to profit or loss</i>				
Remeasurement of defined benefit pension plans	78	-78	78	-78
Tax related to the above remeasurement	-19	19	-19	19
OTHER COMPREHENSIVE INCOME	1,192	1,176	-1,577	688
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,185	7,090	14,607	19,324

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

GROUP BALANCE SHEET (SEK m)

ASSETS	30 Nov - 2017	30 Nov - 2016
FIXED ASSETS		
Intangible fixed assets		
Brands	18	66
Customer relations	8	20
Leasehold and similar rights	592	630
Capitalised expenditures	6,361	4,567
Goodwill	64	64
	7,043	5,347
Tangible fixed assets		
Buildings and land	824	850
Equipment, tools, fixture and fittings	38,994	37,843
	39,818	38,693
Other fixed assets		
Long-term receivables	1,039	1,014
Deferred tax receivables	2,916	2,862
	3,955	3,876
TOTAL FIXED ASSETS	50,816	47,916
CURRENT ASSETS		
Stock-in-trade	33,712	31,732
Current receivables		
Accounts receivable	5,297	4,881
Tax receivables	2,375	-
Other receivables	1,874	2,533
Prepaid expenses	2,770	2,071
	12,316	9,485
Cash and cash equivalents	9,718	9,446
TOTAL CURRENT ASSETS	55,746	50,663
TOTAL ASSETS	106,562	98,579

GROUP BALANCE SHEET (SEK m)

EQUITY AND LIABILITIES	30 Nov - 2017	30 Nov - 2016
EQUITY		
Share capital	207	207
Reserves	1,015	2,651
Retained earnings	58,491	58,378
TOTAL EQUITY	59,713	61,236
LIABILITIES		
Long-term liabilities		
Provisions for pensions*	445	527
Deferred tax liabilities	5,331	4,898
Other interest-bearing liabilities*	350	213
	6,126	5,638
Current liabilities		
Accounts payable	7,215	7,262
Tax liabilities	918	434
Liabilities to credit institutions**	9,745	2,068
Interest-bearing liabilities**	125	59
Other liabilities	3,672	5,036
Accrued expenses and prepaid income	19,048	16,846
	40,723	31,705
TOTAL LIABILITIES	46,849	37,343
TOTAL EQUITY AND LIABILITIES	106,562	98,579

* Interest-bearing long-term liabilities amounts to SEK 795 m (740).

** Interest-bearing current liabilities amounts to SEK 9,870 m (2,127).

GROUP CHANGES IN EQUITY (SEK m)

Since there are no minority interests, all shareholders' equity is attributable to the shareholders of the parent company, H & M Hennes & Mauritz AB.

	Share capital	Translation effects	Hedging reserves	Retained earnings	Total shareholders' equity
Shareholder's equity, 1 December 2016	207	2,849	-198	58,378	61,236
Adjustment of opening balance*	-	-	-	7	7
Adjusted shareholders' equity, 1 Dec 2016	207	2,849	-198	58,385	61,243
Profit for the year	-	-	-	16,184	16,184
Other comprehensive income					
Translation differences	-	-1,496	-	-	-1,496
Change in hedging reserves					
Value change derivative	-	-	-1,341	-	-1,341
Transfer to income statement	-	-	1,162	-	1,162
Tax attributable to hedging reserves	-	-	39	-	39
Revaluations relating to defined benefit pension plans	-	-	-	78	78
Tax attributable to the above revaluation	-	-	-	-19	-19
Other comprehensive income	-	-1,496	-140	59	-1,577
Total comprehensive income	-	-1,496	-140	16,243	14,607
Dividend	-	-	-	-16,137	-16,137
Shareholder's equity, 30 November 2017	207	1,353	-338	58,491	59,713

* Effective from the 2017 financial year, the way that certain defined-contribution pension plans are recognised has changed in two of the Swedish companies.

The effect in relation to previous years is reported as an adjustment of the opening balance of equity.

	Share capital	Translation effects	Hedging reserves	Retained earnings	Total shareholders' equity
Shareholder's equity, 1 December 2015	207	1,663	241	55,938	58,049
Profit for the year	-	-	-	18,636	18,636
Other comprehensive income					
Translation differences	-	1,186	-	-	1,186
Change in hedging reserves					
Value change derivative	-	-	-223	-	-223
Transfer to income statement	-	-	-355	-	-355
Tax attributable to hedging reserves	-	-	139	-	139
Revaluation of defined benefit pension plans	-	-	-	-78	-78
Tax attributable to the above revaluation	-	-	-	19	19
Other comprehensive income	-	1,186	-439	-59	688
Total comprehensive income	-	1,186	-439	18,577	19,324
Dividend	-	-	-	-16,137	-16,137
Shareholder's equity, 30 November 2016	207	2,849	-198	58,378	61,236

GROUP CASH FLOW STATEMENT (SEK m)

	Full year 2017	Full year 2016
Current operations		
Profit after financial items*	20,809	24,039
Provisions for pensions	9	-9
Depreciation	8,488	7,605
Tax paid	-6,051	-4,470
Other	-20	-
Cash flow from current operations before changes in working capital	23,235	27,165
Cash flow from changes in working capital		
Current receivables	-1,115	-1,817
Stock-in-trade	-2,414	-6,511
Current liabilities	1,881	4,938
CASH FLOW FROM CURRENT OPERATIONS	21,587	23,775
Investing activities		
Investment in leasehold and similar rights	-102	-139
Investments in other intangible assets	-2,058	-1,476
Investment in buildings and land	-27	-60
Investment in fixed assets	-10,284	-11,671
Other investments	-25	-152
CASH FLOW FROM INVESTING ACTIVITIES	-12,496	-13,498
Financial activities		
Short-term loans	7,677	2,068
Amortisation finance lease	-57	-
Dividend	-16,137	-16,137
CASH FLOW FROM FINANCIAL ACTIVITIES	-8,517	-14,069
CASH FLOW FOR THE YEAR	574	-3,792
Cash and cash equivalents at beginning of the financial year	9,446	12,950
Cash flow for the year	574	-3,792
Exchange rate effect	-302	288
Cash and cash equivalents at end of the financial year**	9,718	9,446

* Interest paid for the group amounts to SEK 40 m (8).

Received interest for the group amounts to SEK 260 m (224).

** Cash and cash equivalents and short-term investments at the end of the financial year amounted to SEK 9,718 m (9,446).

SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

Q4, 1 September - 30 November

Market	Q4 - 2017	Q4 - 2016	Change in %		30 Nov - 17	Q4 - 2017	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	2,658	2,670	0	0	172	5	5
Norway	1,480	1,599	-7	-4	128	2	
Denmark	1,519	1,567	-3	-3	110	8	
UK	3,704	4,006	-8	-5	292	15	1
Switzerland	1,355	1,673	-19	-14	100	2	
Germany	9,479	10,297	-8	-9	463	6	
Netherlands	1,935	2,231	-13	-14	145	1	
Belgium	1,083	1,172	-8	-8	97	5	
Austria	1,505	1,531	-2	-2	86	3	1
Luxembourg	114	123	-7	-6	10		
Finland	679	737	-8	-8	64	1	
France	3,321	3,536	-6	-6	240	7	3
USA	6,802	7,294	-7	0	536	26	1
Spain	1,981	2,054	-4	-3	175	2	1
Poland	1,417	1,239	14	12	175	7	1
Czech Republic	442	400	11	6	50	3	1
Portugal	310	335	-7	-7	32	1	
Italy	2,409	2,561	-6	-6	175	4	
Canada	1,243	1,282	-3	-2	91	5	2
Slovenia	146	150	-3	-3	13		
Ireland	297	294	1	1	24		
Hungary	484	454	7	8	45	3	
Slovakia	201	188	7	6	22	2	
Greece	516	526	-2	-2	35	1	1
China	2,641	3,086	-14	-10	506	20	4
Hong Kong	342	477	-28	-23	28	1	1
Japan	1,249	1,432	-13	-2	82	4	
Russia	1,396	1,165	20	17	134	8	
South Korea	490	495	-1	4	41	2	1
Turkey	843	844	0	26	70	2	
Romania	637	591	8	11	56	1	
Croatia	239	248	-4	-3	15		
Singapore	210	256	-18	-13	13		
Bulgaria	191	181	6	7	20		
Latvia	99	96	3	3	8		
Malaysia	250	289	-13	-6	44	5	
Mexico	637	453	41	45	37	8	
Chile	428	340	26	26	8	4	
Lithuania	96	87	10	11	9		
Serbia	133	120	11	8	12	1	
Estonia	103	102	1	2	10		
Australia	611	649	-6	-2	32	5	
Philippines	244	225	8	24	32	5	
Taiwan	167	168	-1	3	12		
Peru	172	148	16	24	8	1	
Macau	29	41	-29	-20	2		
India	305	245	24	27	27	10	
South Africa	206	192	7	-22	17	6	
Puerto Rico	12	38	-68	-62	2		
Cyprus	26	35	-26	-30	1		
New Zealand	81	55	47	45	3	2	
Kazakhstan	56				3		
Colombia	95				3	1	
Iceland	81				2	1	
Vietnam	70				2	2	
Georgia	8				1	1	
Franchise	1,254	1,121	12	10	219	11	1
Total	58,481	61,098	-4	-2	4,739	210	24

SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

Full year, 1 December - 30 November

Market	2017	2016	Change in %		30 Nov - 17	Full year	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	10,284	10,151	1	1	172	7	11
Norway	6,120	5,926	3	1	128	3	2
Denmark	5,782	5,682	2	-1	110	11	3
UK	14,580	15,058	-3	3	292	24	13
Switzerland	5,909	6,328	-7	-8	100	4	2
Germany	36,789	37,174	-1	-3	463	10	6
Netherlands	7,484	7,898	-5	-7	145	4	4
Belgium	4,506	4,404	2	0	97	9	2
Austria	5,591	5,557	1	-2	86	5	2
Luxembourg	463	464	0	-2	10		
Finland	2,838	2,866	-1	-3	64	3	
France	13,658	13,559	1	-1	240	10	8
USA	27,807	26,874	3	2	536	72	4
Spain	8,140	7,894	3	1	175	10	4
Poland	5,412	4,701	15	11	175	11	2
Czech Republic	1,619	1,428	13	9	50	4	2
Portugal	1,316	1,272	3	1	32	1	
Italy	9,180	9,081	1	-1	175	12	3
Canada	4,789	4,330	11	7	91	8	2
Slovenia	551	542	2	0	13	1	
Ireland	1,142	1,103	4	1	24	1	
Hungary	1,778	1,590	12	9	45	3	
Slovakia	739	681	9	6	22	3	
Greece	1,954	1,891	3	1	35	3	3
China	11,030	10,842	2	3	506	69	7
Hong Kong	1,663	1,919	-13	-15	28	2	2
Japan	4,819	4,600	5	6	82	17	1
Russia	5,709	4,304	33	14	134	21	
South Korea	1,988	1,675	19	15	41	9	3
Turkey	3,226	2,816	15	37	70	9	1
Romania	2,357	2,102	12	11	56	6	2
Croatia	856	846	1	-2	15		
Singapore	961	1,030	-7	-7	13		
Bulgaria	697	641	9	7	20	1	
Latvia	395	332	19	17	8		
Malaysia	1,175	1,130	4	8	44	9	
Mexico	2,307	1,561	48	51	37	12	
Chile	1,488	1,129	32	25	8	4	
Lithuania	393	317	24	22	9	1	
Serbia	435	369	18	15	12	3	
Estonia	419	377	11	9	10	2	
Australia	2,621	1,999	31	26	32	10	
Philippines	1,037	869	19	25	32	11	
Taiwan	778	665	17	9	12	2	
Peru	855	510	68	62	8	2	
Macau	135	166	-19	-19	2		
India	1,179	606	95	87	27	15	
South Africa	890	645	38	10	17	9	
Puerto Rico	101	63	60	58	2		
Cyprus	96	35	174	166	1		
New Zealand	210	55	282	266	3	2	
Kazakhstan	177				3	3	
Colombia	224				3	3	
Iceland	94				2	2	
Vietnam	70				2	2	
Georgia	8				1	1	
Franchise	4,947	4,808	3	-2	219	33	2
Total	231,771	222,865	4	3	4,739	479	91

FIVE YEAR SUMMARY

Full year, 1 December - 30 November

	2013	2014	2015	2016	2017
Sales including VAT, SEK m	150,090	176,620	209,921	222,865	231,771
Sales excluding VAT, SEK m	128,562	151,419	180,861	192,267	200,004
Change sales excl. VAT from previous year in SEK, %	6	18	19	6	4
Change sales excl. VAT previous year in local currencies, %	9	14	11	7	3
Operating profit, SEK m	22,090	25,583	26,942	23,823	20,569
Operating margin, %	17.2	16.9	14.9	12.4	10.3
Depreciations for the year, SEK m	4,191	5,045	6,399	7,605	8,488
Profit after financial items, SEK m	22,448	25,895	27,242	24,039	20,809
Profit after tax, SEK m	17,093	19,976	20,898	18,636	16,184
Cash and cash equivalents and short-term investments, SEK m	17,224	16,693	12,950	9,446	9,718
Stock-in-trade, SEK m	16,695	19,403	24,833**	31,732**	33,712**
Equity, SEK m	45,248	51,556	58,049	61,236	59,713
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	10.33	12.07	12.63	11.26	9.78
Equity per share, SEK*	27.34	31.15	35.07	37.00	36.08
Cash flow from current operations per share, SEK*	14.40	14.60	14.54	14.36	13.04
Dividend per share, SEK	9.50	9.75	9.75	9.75	9.75***
Return on equity, %	38.4	41.3	38.1	31.2	26.8
Return on capital employed, %	50.0	53.1	49.3	39.2	31.0
Share of risk-bearing capital, %	73.0	72.5	72.7	67.1	61.0
Equity/assets ratio, %	68.9	68.2	67.6	62.1	56.0
Total number of stores	3,132	3,511	3,924	4,351	4,739
Average number of employees	81,099	93,351	104,634	114,586	123,178

* Before and after dilution.

** The booked value of stock-in-trade for 2015-2017 is approximately 5 percent higher than previous years as a result of improved invoicing processes. Accounts payable have increased with the corresponding amount.

*** Proposed by the Board of Directors. For more information see the board of directors' dividend proposal in the full-year report for 2017.

For definitions of key figures see the annual report

SEGMENT REPORTING (SEK m)

	2017	2016
Asia and Oceania		
External net sales	29,557	27,416
Operating profit	1,143	1,927
Operating margin, %	3.9	7.0
Assets excluding tax receivables and internal receivables	14,490	14,657
Liabilities excluding tax liabilities and internal liabilities	1,487	1,430
Investments	1,651	2,505
Depreciation	1,455	1,169
Europe and Africa		
External net sales	135,567	132,689
Operating profit	4,066	4,006
Operating margin, %	3.0	3.0
Assets excluding tax receivables and internal receivables	45,894	41,143
Liabilities excluding tax liabilities and internal liabilities	13,553	11,975
Investments	4,824	5,787
Depreciation	4,118	3,995
North and South America		
External net sales	34,880	32,162
Operating profit	794	971
Operating margin, %	2.3	3.0
Assets excluding tax receivables and internal receivables	18,959	17,369
Liabilities excluding tax liabilities and internal liabilities	6,785	5,998
Investments	3,258	3,360
Depreciation	2,120	1,791
Group Functions		
Net sales to other segments	72,901	79,284
Operating profit	14,566	16,919
Operating margin, %	20.0	21.3
Assets excluding tax receivables and internal receivables	21,928	22,548
Liabilities excluding tax liabilities and internal liabilities	18,775	12,608
Investments	3,017	2,009
Depreciation	795	650
Eliminations		
Net sales to other segments	-72,901	-79,284
Total		
External net sales	200,004	192,267
Operating profit	20,569	23,823
Operating margin, %	10.3	12.4
Assets excluding tax receivables and internal receivables	101,271	95,717
Liabilities excluding tax liabilities and internal liabilities	40,600	32,011
Investments	12,750	13,661
Depreciation	8,488	7,605

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)

	Q4 2017	Q4 2016	Full year 2017	Full year 2016
External sales excluding VAT	4	-	13	-
Internal sales excluding VAT*	1,064	1,157	4,069	3,985
GROSS PROFIT	1,068	1,157	4,082	3,985
Administrative expenses	-24	-38	-158	-173
OPERATING PROFIT	1,044	1,119	3,924	3,812
Dividend from subsidiaries	9,945	11,126	13,004	12,597
Interest income and similar items**	2	0	18	153
Interest expense and similar items***	38	-	-91	0
PROFIT AFTER FINANCIAL ITEMS	11,029	12,245	16,855	16,562
Year-end appropriations	-328	18	-328	18
Tax	-164	-250	-773	-876
PROFIT FOR THE PERIOD	10,537	12,013	15,754	15,704

* Internal sales in the quarter consists of royalty of SEK 1,030 m (1,026) and other SEK 34 m (131) received from group companies and for the full-year of royalty of SEK 3,962 m (3,849) and other SEK 107 m (136).

** Interest income and similar items in the quarter consists of SEK 2 m (13) in interest income and SEK 0 m (-13) in translation effects from group companies and in the full-year of SEK 18 m (21) in interest income and SEK 0 m (132) in translation effects from group companies.

*** Interest expense and similar items in the quarter consists of SEK -5 m (0) in interest expense and SEK 43 m (0) in translation effects from group companies and in the full-year of SEK -11 m (0) in interest expense and SEK -80 m (0) in translation effects from group companies.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q4 2017	Q4 2016	Full year 2017	Full year 2016
PROFIT FOR THE PERIOD	10,537	12,013	15,754	15,704
Other comprehensive income				
<i>Items that have not been and will not be reclassified to profit or loss</i>				
Remeasurement of defined benefit pension plans	-1	-4	-1	-4
Tax related to the above remeasurement	0	1	0	1
OTHER COMPREHENSIVE INCOME	-1	-3	-1	-3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,536	12,010	15,753	15,701

PARENT COMPANY BALANCE SHEET (SEK m)

	30 Nov - 2017	30 Nov - 2016
ASSETS		
FIXED ASSETS		
Tangible fixed assets		
Buildings and land	148	127
Equipment, tools, fixture and fittings	219	313
	367	440
Other fixed assets		
Shares and participation rights	588	588
Receivables from subsidiaries	849	779
Long-term receivables	111	11
Deferred tax receivables	79	42
	1,627	1,420
TOTAL FIXED ASSETS	1,994	1,860
CURRENT ASSETS		
Current receivables		
Accounts receivable	4	-
Receivables from subsidiaries	19,287	16,179
Other receivables	8	7
Prepaid expenses	13	0
	19,312	16,186
Cash and cash equivalents	133	376
TOTAL CURRENT ASSETS	19,445	16,562
TOTAL ASSETS	21,439	18,422

PARENT COMPANY BALANCE SHEET (SEK m)

	30 Nov - 2017	30 Nov - 2016
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	207	207
Restricted reserves	88	88
	295	295
Non-restricted equity		
Retained earnings	430	861
Profit for the year	15,753	15,701
	16,183	16,562
TOTAL EQUITY	16,478	16,857
UNTAXED RESERVES	417	429
LIABILITIES		
Long-term liabilities		
Provisions for pensions*	182	191
Short-term liabilities		
Accounts payable	3	3
Tax liabilities	41	729
Liabilities to credit institutions*	4,000	-
Other liabilities	176	206
Accrued expenses and prepaid income	142	7
	4,362	945
TOTAL LIABILITIES	4,544	1,136
TOTAL EQUITY AND LIABILITIES	21,439	18,422

* Only provisions for pensions and liabilities to credit institutions are interest-bearing.