

# H & M Hennes & Mauritz AB (publ) – Annual General Meeting 2017

Item 9 b in accordance with the proposed agenda for the annual general meeting on 10 May 2017.

**Resolution on distribution of the company's earnings as stated in the adopted balance sheet and establishment of the record date for the dividend.**

## **The board's proposal for the dividend and record date**

The board of directors proposes to the annual general meeting that a cash dividend of SEK 9.75 per share be paid.

Funds at the disposal of the Annual General Meeting (SEK):		16,562,033,368
The board of directors proposes that the shareholders are paid a dividend of SEK 9.75 per share	SEK	16,136,952,000
<u>to be carried forward as retained earnings</u>	<u>SEK</u>	<u>425,081,368</u>
Total	SEK	16,562,033,368

## **Statement by the board of directors concerning the proposed dividend**

The board of directors has decided to propose to shareholders that the annual general meeting on 10 May 2017 resolve to pay a dividend of SEK 9.75 per share, amounting to SEK 16,136,952,000 in total.

Many companies in the US and Europe divide their dividends into quarterly or semi-annual payments. In Sweden too, there are larger companies which pay their dividend in more than one instalment. Until now H&M has paid its dividends in conjunction with the annual general meeting in the spring. H&M's board of directors is to propose to the annual general meeting that the dividend is paid out semi-annually in future, i.e. one instalment in the spring and one in the autumn, since this is more cost efficient for the company and also simplifies liquidity planning during the year.

The record date proposed for the first dividend payment of SEK 4.90 per share is 12 May 2017. This means that the dividend is expected to be paid out by Euroclear Sweden AB on 17 May 2017.

The record date proposed for the second dividend payment of SEK 4.85 per share is 14 November 2017. This means that the dividend is expected to be paid out by Euroclear Sweden AB on 17 November 2017.

This statement has been prepared in accordance with Chapter 18 § 4 of the Swedish Companies Act and forms the board's assessment of whether the proposed distribution of earnings is justifiable with regard to what is stated in Chapter 17 § 3 second and third paragraphs of the Companies Act.

H&M's financial goal is to enable the company to continue enjoying good growth and to be prepared to exploit future business opportunities. It is essential that the expansion, as in the past, proceeds with a continued high degree of financial strength and continued freedom of action.

In view of this, the board of directors of H & M Hennes & Mauritz AB has an established dividend policy stating that the total dividend should equal around half of the profit after taxes. In addition, the board may propose that any surplus liquidity is also distributed.

The proposed distribution of earnings to the shareholders represents around 87 percent of the group's profit after tax. The proposed distribution of earnings also represents around 97 percent of

the funds at the disposal of the annual general meeting. The earnings to be distributed amount to less than the cash flow from current operations before changes in working capital. The group's equity/assets ratio is 62.1 percent before payment of the dividend and 54.7 percent after payment of the dividend. The parent company's equity includes no unrealised changes in value from the assessment of financial instruments at fair value.

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

Stockholm, January 2017

The Board of Directors of H & M Hennes & Mauritz AB (publ)