



PRESS RELEASE

14 February 2018

THE H&M GROUP'S CAPITAL MARKETS DAY ON 14 FEBRUARY 2018

At the H&M group's Capital Markets Day, information provided previously will be commented on and presented in more depth and detail. The management will also present the business, the measures and investments that are in progress and give its view on future development.

The following previously unpublished facts and key performance indicators will be presented:

- The H&M group's online sales are growing well and amounted to SEK 29 billion, i.e. 12.5 percent of the H&M group's total sales.
- The H&M group's online channel is showing good profitability and accounted for 22 percent of the H&M group's operating profit.
- New Business, which runs the H&M group's newer brands COS, Weekday, Cheap Monday, Monki, H&M Home, & Other Stories and ARKET, is growing well and sales amounted to SEK 17 billion, i.e. 7 percent of the H&M group's total sales.
- An ever greater share of the company's investments and initiatives are being allocated to digital investments and in the past financial year these made up 45 percent of the H&M group's total investments.
- Newly opened stores have very good terms and flexibility. The average payback period for new stores is less than 17 months.

The above figures apply to the 2016/2017 financial year.

Comments on development in 2018

In view of the ongoing shift in the industry and the H&M group's ongoing transition work, 2018 is expected to remain challenging. H&M's sales in comparable stores are expected to remain negative with a gradual improvement during the year. A tough start with high opening stock levels from Q4 2017 and imbalances in the product range are resulting in high markdown costs, with a negative effect on earnings at the start of the year. The H&M group's online sales are expected to increase by at least 25 percent and New Business sales are expected to increase by at least 25 percent. Sales in newly opened stores, net, are expected to add approximately 4 percent to group sales in 2018. Overall, it is assessed that there are good opportunities for a somewhat better result for the full year compared with the previous year.

Comments on development in 2019–2022

Sales for New Business are expected to continue to increase by at least 25 percent per year, thus reaching over SEK 50 billion in 2022. Online sales for the H&M group are expected to continue to increase strongly by around 20 percent per year and thus reach SEK 75 billion in 2022. Sales in newly opened stores, net, are expected to increase sales for the H&M group by approximately 1-3 percent per year. In addition, there are great opportunities for further additional sales from two separate and completely new business models that the company is currently developing. The ongoing shift from physical stores to online is expected to continue. As the H&M group's transition work and initiatives take effect, the physical stores are expected to return to comparable positive sales development from 2019 onwards, and with considerably lower price markdowns relative to sales compared with 2017. Overall, this is expected to lead to good increases in profit.

The Capital Markets Day starts at 9.30 a.m. when the chairman of the board and majority shareholder Stefan Persson will welcome those present and give the floor to CEO Karl-Johan Persson, who together with CFO Jyrki Tervonen will provide an overview of the H&M group's strategy and development. During the day, the H&M brand and New Business will also be presented by their respective teams. In addition, there will be opportunity to find out more about the digital investments and the company's sustainability work, and to meet representatives of all of the brands.

Presentations from the day will be available at about.hm.com from around 5 p.m. on 14 February. The following day a webcast will also be uploaded.

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Forward-looking statements

Statements made in the press release relating to future status or circumstances, including future performance and other trend projections, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of the H&M group.

The information in this press release is that which H & M Hennes & Mauritz AB (publ) is required to disclose under the EU Market Abuse Regulation (596/2014 /EU). The information was submitted for publication by the abovementioned person at 08:00 CET on 14 February 2018. This press release, along with additional information about H&M, is available at about.hm.com.