



H & M Hennes & Mauritz AB

Full-year report

Full-year (1 December 2017 – 30 November 2018)

- The H&M group's net sales, increased by 5 percent to SEK 210,400 m (200,004) in the financial year. In local currencies, net sales increased by 3 percent. The ongoing transition work contributed to gradually improved sales development and increased market share in most markets during the second half.
- The group's online sales continued to develop very well during the year. Online sales amounted to approximately SEK 30 billion, an increase of 22 percent, thereby making up for 14.5 percent (12.5) of the group's total sales. In local currencies the increase was 21 percent.
- Gross profit amounted to SEK 110,887 m (108,090). This corresponds to a gross margin of 52.7 percent (54.0).
- Profit after financial items amounted to SEK 15,639 m (20,809).
- Profit after tax amounted to SEK 12,652 m (16,184), corresponding to SEK 7.64 (9.78) per share.

Fourth quarter (1 September 2018 – 30 November 2018)

- The group's net sales increased by 12 percent to SEK 56,414 m (50,407) during the fourth quarter. In local currencies, net sales increased by 6 percent, driven by increased full-price sales and lower markdowns.
- The group's online sales increased by 24 percent in SEK and 20 percent in local currencies.
- Gross profit amounted to SEK 30,592 m (27,929). This corresponds to a gross margin of 54.2 percent (55.4)
- The cost of markdowns in relation to sales decreased by 0.6 percentage points.
- Profit after financial items amounted to SEK 4,352 m (4,873). The group's profit after tax amounted to SEK 3,543 m (3,993), corresponding to SEK 2.14 (2.41) per share.
- Three new fulfilment centres with a total logistics area of around 230,000 square metres were opened during the quarter, providing increased capacity – particularly for online sales.
- The result was negatively affected by costs generated in connection with the earlier replacement of logistics systems, but also by activities in preparation for upcoming transitions. Together with negative year-end effects these costs amounted to approximately SEK 560 m in the quarter.

- The board of directors proposes an unchanged dividend of SEK 9.75 (9.75) per share for the 2017/2018 financial year, to be paid out on two occasions in 2019. The board's reasoning for the dividend proposal is that the underlying business is showing gradual improvements, investments (capex) will reduce in 2019 and the company remains in a strong financial position taking into consideration the capital structure target.
- Net sales in the period 1 December 2018 to 28 January 2019 increased by 4 percent in local currencies compared to the corresponding period the previous year.
- The platform was successfully replaced in Germany in January 2019. This means that all of H&M's online markets are now on the new platform.
- Stronger collections and increased full-price sales mean that for the first quarter 2019 the company expects markdowns to be around 1 percentage point lower and a continued improvement in the inventory situation compared with the previous quarter.
- Online and physical stores are being increasingly integrated, while in parallel the rollout of H&M's online store continues. Today H&M online is represented in 47 markets and during 2019 Mexico will be added as well as Egypt that will open via franchise.
- In 2019 the H&M group plans a net addition of 175 new stores, of which almost half will consist of newer brands.

"It has been a challenging year for H&M group and the industry but after a difficult first half, there are signs the company's transformation efforts are beginning to take effect. Improved collections generated better full-price sales and lower markdowns towards the end of the year. This gave us confidence to accelerate our transformation plans in the fourth quarter with a particular focus on the upgrade of our logistics systems. Inevitably resulting in increased costs but will lead to a range of improvements for customers."

Karl-Johan Persson, CEO



H&M

Comments by Karl-Johan Persson, CEO

Stronger collections translate to better full price sales

Against a backdrop of rapid changes in the fashion industry, in 2018 we accelerated our transformation to future proof our business, ending a challenging year for the H&M Group and the sector with strong signals that we are on track.

We built momentum through the year with growth of 3 percent overall and 6 percent in local currencies the fourth quarter. Importantly, performance was driven by more full-price sales and lower markdowns in the fourth quarter. While inventory levels were up year-on-year, levels and composition improved sequentially from the third to the fourth quarter. With a stronger customer offering and the ongoing improvements in buying and logistics, we expect this trend to continue. Therefore, markdowns are expected to be approximately 1 percentage point lower in the first quarter 2019 compared to the corresponding quarter last year.

While this performance is still some way off the targets that we set at the beginning of 2018, these positive signals confirm we're making progress across all our strategic focus areas: to create the best customer offering; a fast, efficient and flexible product flow; a stable, scalable tech foundation; and adding new growth through store and online expansion.

We were able to outperform a number of markets in the fourth quarter. In the UK, for example, 38 percent online growth, offset against a 1 percent decline in stores, led to total growth of 8 percent. In several markets the total growth was driven by both physical stores and online. Among these were China (+24 percent), India (+43 percent) and Russia (+27 percent). However, other markets such as the USA and Norway, were more challenging. In parallel with our global online roll-out, we are intensifying our store portfolio optimisation and we continue the integration of physical stores and digital channels.

Increased full-price sales confirm that customers appreciate our initiatives to regenerate H&M by refining the assortment and investing in the best mix of price, quality, fashion and sustainability. Improvements include a more convenient shopping experience with upgrades to our mobile applications, faster deliveries, new payment options and the continued introduction of click-and-collect and online returns in stores.

Ramping up our transformation initiatives

To create the best customer experience, we continue to invest in logistics and tech infrastructure. We opened three new fulfilment centres in the fourth quarter with a total of around 230,000 square metres. This means we can offer customers faster deliveries and a wider assortment while reducing the capacity constraints that slowed us down in some markets in 2018. We have also completed our online transition with investments in 2018, enabling us to successfully migrate online in Germany to the new platform earlier in January 2019. With this, all H&M online markets are now on the new platform.

Difficulties with the logistics upgrade in some of our markets earlier in 2018, led to additional costs also in the fourth quarter. Applying the lessons learned, we have now increased investments to secure upcoming transitions.

While these initiatives have a short-term impact on margin they will lead to continued improvements for our customers, driving increased profitability long-term. With the transformation now well underway, capital expenditure will reduce in 2019 compared to 2018 and we will continue to shift the balance of our investments towards digital.

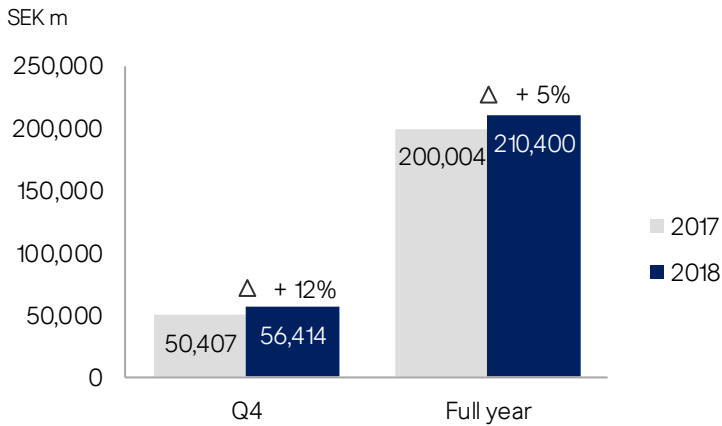
Capitalising on the reinvention of retail

Changing consumer behaviour and technological innovation will continue to transform how and when people shop. We are building a business with the flexibility to respond to this constant evolution. We have further to go, and there will continue to be challenges ahead, but the progress we have made across our transformation priorities reinforces the strength of our strategy and gives us confidence to move ahead at full speed.



& Other Stories

Net sales

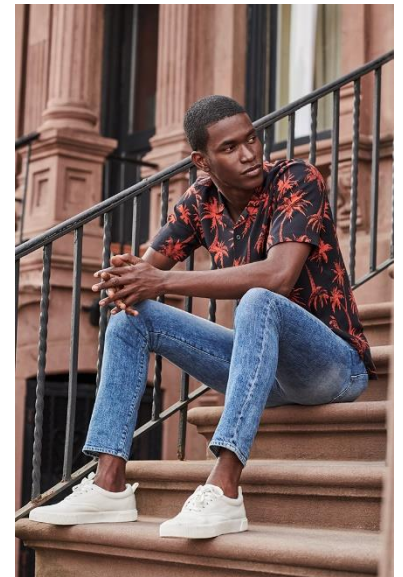


Net sales increased by 12 percent to SEK 56,414 m (50,407) in the fourth quarter. In local currencies sales increased by 6 percent.

Online sales increased by 24 percent in SEK compared with the fourth quarter the previous year. In local currencies the increase was 20 percent.

Net sales in the financial year 2017/2018 increased by 5 percent and amounted to SEK 210,400 m (200,004). In local currencies sales increased by 3 percent.

Online sales, which made up 14.5 percent (12.5) of the group's total sales in the full year, increased by 22 percent in SEK compared with the previous year. In local currencies the increase was 21 percent.



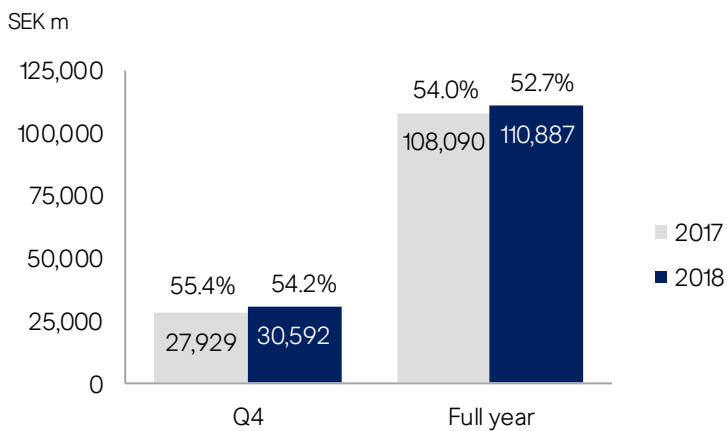
H&M

Sales in top ten markets, fourth quarter

	Q4 - 2018	Q4 - 2017	Change in %		30 Nov - 18	Q4 - 2018
	SEK m net sales	SEK m net sales	SEK	Local currency	Number of stores	New stores (net)
Germany	8,713	7,976	9	2	468	10
USA	6,923	6,443	7	-2	578	19
UK	3,714	3,214	16	8	304	10
China	2,982	2,264	32	24	530	8
France	2,980	2,768	8	0	237	-3
Sweden	2,131	2,129	0	0	175	7
Italy	2,119	1,974	7	0	179	4
Spain	1,933	1,659	17	9	172	-1
Netherlands	1,712	1,601	7	0	144	1
Russia	1,468	1,202	22	27	139	2
Others*	21,739	19,177	13	9	2,042	70
Total	56,414	50,407	12	6	4,968	127
<i>* Of which franchises</i>	<i>1,465</i>	<i>1,251</i>	<i>17</i>	<i>19</i>	<i>255</i>	<i>8</i>

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.

Gross profit and gross margin



ARKET

Gross profit increased to SEK 30,592 m (27,929) in the fourth quarter, corresponding to a gross margin of 54.2 percent (55.4). For the financial year, gross profit increased to SEK 110,887 m (108,090), corresponding to a gross margin of 52.7 percent (54.0).

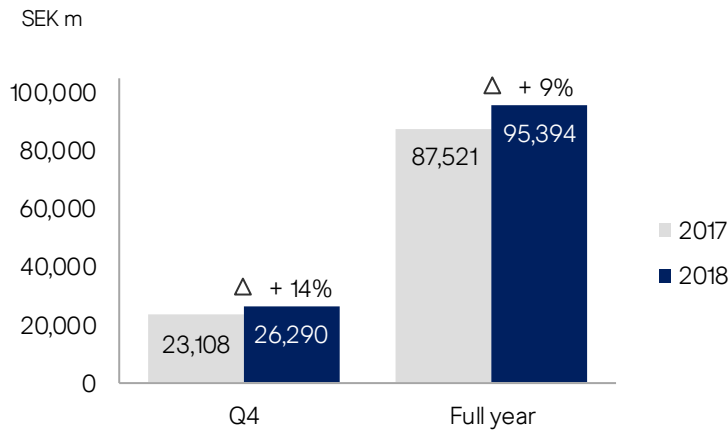
Markdowns in relation to sales decreased by 0.6 percentage points in the fourth quarter of 2018 compared with the corresponding quarter in 2017.

The 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 the H&M group 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. For the fourth quarter, the company decided to invest the positive dollar effect into an even stronger customer offering. Apart from this, gross margin in the quarter was mainly affected by:

- Continued costs of SEK 250 m to resolve the issues that arose in connection with the implementation of new logistics systems in the US, France, Italy and Belgium, of which approximately SEK 125 m were selling and administrative expenses.
- Costs of approximately SEK 200 m to secure upcoming transitions of logistics systems, particularly preparations for the change of online platform in Germany.
- Negative year-end effects of just above SEK 110 m.

For purchases made for the first quarter 2019, the market situation as regards external factors is considered to be slightly negative overall - mostly due to the fact that the US dollar has strengthened against the group's basket of currencies - compared with the corresponding purchasing period the previous year.

Selling and administrative expenses



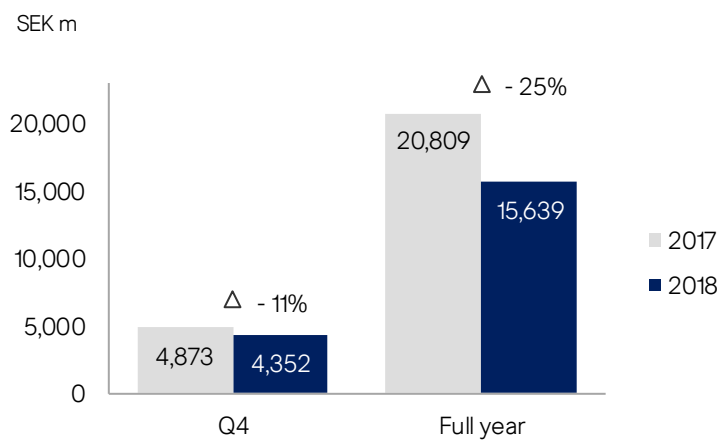
In the fourth quarter of 2018, selling and administrative expenses increased by 14 percent in SEK and by 8 percent in local currencies compared with the corresponding period the previous year. The increase is mainly explained by store and online expansion, along with increased investments in H&M Club. In addition, selling and administrative expenses were also affected by continued costs to resolve the issues that arose in connection with the implementation of new logistics systems in the US, France, Italy and Belgium.

For the full-year, selling and administrative expenses increased by 9 percent in SEK and by 6 percent in local currencies compared with the corresponding period last year.



H&M

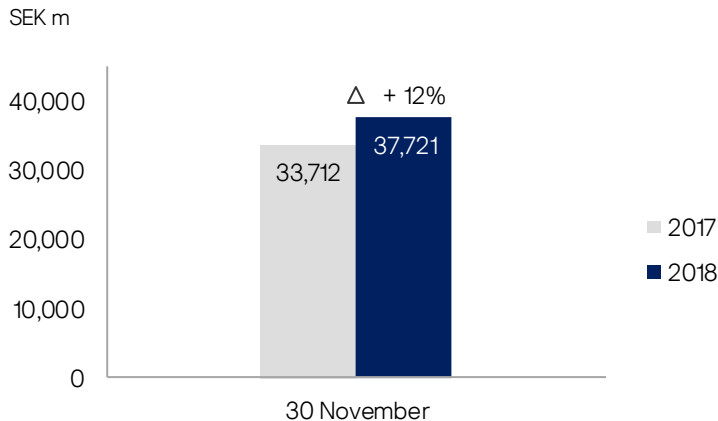
Profit after financial items



Profit after financial items amounted to SEK 4,352 m (4,873) in the fourth quarter. Profit after financial items in the full-year amounted to SEK 15,639 m (20,809).

It has been a challenging year for H&M group and the industry but after a difficult first half, there are signs the company's transformation efforts are beginning to take effect. Improved collections generated better full-price sales and lower markdowns towards the end of the year. Bolstered by these positive signals, the company accelerated its transformation plans in the fourth quarter with a particular focus on the replacement of logistics systems. Along with negative year-end effects, this resulted in costs of approximately SEK 560 m in the fourth quarter but will result in a range of improvements for customers.

Stock-in-trade



Stock-in-trade amounted to SEK 37,721 m (33,712), an increase of 12 percent in SEK compared with the same point in time last year. In local currencies the increase was 10 percent.

While inventory levels were up year-on-year, both the level and composition improved between the third and fourth quarters showing the Group is moving in the right direction. A stronger customer offering, and ongoing improvements in buying and logistics, will continue to lead to gradual improvements. Markdowns in relation to sales are expected to decrease by around 1 percentage point in the first quarter 2019 compared to the same period prior year.

The stock-in-trade amounted to 31.7 percent (31.6) of total assets and 17.9 percent (16.9) of net sales.

Expansion

The global integration of stores and online continues. Work is continuing at full speed to roll out online globally to all existing H&M markets and to other markets as well. In the 2018 financial year H&M's online store opened in a further four new markets – India and, via franchise, Kuwait, Saudi Arabia and the United Arab Emirates – and also on Tmall in China. Today H&M's online store is in 47 markets. In 2019 the online expansion will continue, including into Mexico as well as into Egypt via franchise. In 2018 Afound was opened as a new brand.

Two new H&M store markets opened in 2018: Uruguay and Ukraine, where the response from customers was very positive. New H&M store markets in 2019 will be Bosnia-Herzegovina, Belarus and Tunisia via franchise.

The shift in the industry is opening up the way for improved lease terms and the H&M group has opportunity to renegotiate nearly 1,000 store leases in 2019.

For the 2019 financial year around 335 (375) new stores are planned to open, of which around 240 will be H&M stores. Around 95 of the year's store openings will be COS, & Other Stories, Monki, Weekday, ARKET and Afound stores. In 2019 three standalone H&M Home stores are planned to open. Of the new H&M stores that open in 2019, around 25 will have an H&M Home shop-in-shop. The majority of the H&M store openings will be in markets outside of Europe and the US.

In total, approximately 160 (146) store closures are planned within the group, 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 thus amount to approximately 175 (229) for full-year 2019. In Europe more H&M stores will be closed than opened, resulting in around 50 fewer H&M stores at the end of the 2019 financial year compared with the end of 2018.

The growth target of the H&M group to increase sales in local currencies by 10 - 15 percent per year with continued high profitability remains a long-term target.



H&M Home

Initiatives for an improved customer experience

An important part of the H&M group's transition work is enhancing the customer experience. In 2018 various improvements were made for customers throughout the supply chain: from product development to more inspiring stores, both physical stores and online, to raise the level of customer service. Here are some examples:

- Increased automation and optimisation of the logistics network for greater flexibility, and increased integration of physical stores and online:
 - New logistics centres in Kamen, Germany and in Stryków and Bolesławiec in Poland opened in the fourth quarter 2018. Automation of the logistics centre in Poznań, Poland. Enabling increased capacity and faster deliveries to customers in several European markets.
 - New logistics centres to open outside Madrid and north of London at the end of 2019/beginning of 2020.
 - Project started to establish a high-tech logistics centre on the US West Coast in 2020.
- Continued tests to develop a better in-store shopping experience in several markets have had positive results, in the form of greater customer satisfaction and increased sales. Several tests have been running in parallel and are planned for gradual roll-out.
- Upgrading of hm.com and H&M's mobile app with improved navigation and product presentation as well as more payment options to enhance the customer offering:
 - **Image search** is now available in 29 markets and uses image recognition to help customers move directly from inspiration to purchase.
 - **Next day delivery** is offered in 11 markets including Germany, USA, UK and Sweden. **Same day delivery** is being evaluated in a number of these markets and will be launched in a further 6 or 7 markets in 2019.
 - H&M is now testing an app in Sweden that makes it easier for customers to find products with exactly the right fit and size. **Perfect fit** allows the customer to try on items virtually and shop via the mobile site or via the app.
 - In partnership with Google, H&M Home has developed a voice app: **H&M Home Gift Guide**. The first of its kind, it allows customers to make a purchase entirely through the voice app.
 - **Find in store** is now in 18 markets. This function lets customers use their mobile to find an item they have seen online in the right size and at the right store. More markets will be added in 2019.
 - **Scan & buy** is available in all 47 online markets. The customer scans the QR code on an item in store to find the size and colour they want online.
 - **In-Store Mode** is available in Sweden, Denmark, UK and Ireland. This mobile service shows customers which items are in the store they are currently in as well as online. To be launched in more markets in 2019.
 - **Click & collect** is available in 7 markets. A further 10 or so markets are planned for 2019.
 - **Online returns** in store: available in 15 markets and to be rolled out to several more markets in 2019.
- Continued global expansion of RFID, currently in 12 H&M markets. The global roll-out will continue to more markets in 2019.

- 3D technology is used in the design process for several product groups. Streamlining the process, it results in cost and time savings as well as less material being used. New technology, training and physical 3D studio have now been implemented.
- Doubling of H&M Club membership numbers from 15 to 30 million. H&M Club is now in 16 markets and the roll out continues will full speed. This year the Club will be launched in a further 7 markets.
- H&M has created Take Care - now available in stores in Germany, France, Sweden and Norway - to provide everything customers need to repair, customise and freshen up their clothes, shoes and accessories.

Brand	No. of markets 30 Nov - 2018		Expansion 2018	Expansion 2019
	Store	Online	New markets	New markets
H&M	71	47	Store: Uruguay, Ukraine Online: India, Kuwait (franchise), United Arab Emirates (franchise), Saudi Arabia (franchise)	Store: Bosnia-Herzegovina, Belarus, Tunisia (franchise) Online: Mexico, Egypt (franchise)
COS	41	21	Store: Thailand (franchise), Lebanon (franchise), Saudi Arabia (franchise), Russia Online: China	Store: Iceland, Lithuania Online: Norway
Monki	16	19	Store: Kuwait (franchise), Saudi Arabia (franchise)	Store: Iceland Online: Norway
Weekday	10	18	Store: Finland	Store: Iceland, Luxembourg Online: Norway
& Other Stories	17	15	Store: Austria, Kuwait (franchise)	Store: Luxembourg Online: Norway
Cheap Monday	1	18		
ARKET	6	18	Store: Netherlands, Sweden	Online: Norway
Afound	1	1	Store: Sweden Online: Sweden	
H&M HOME	50	40	Store: Ukraine, Morocco (franchise), Chile, Iceland Online: Kuwait (franchise), United Arab Emirates (franchise), Saudi Arabia (franchise)	

Store count by brand

In the financial year 2017/2018, excluding franchise, the group opened 336 (446) stores and closed 143 (89) stores, i.e. a net increase of 193 (357) new stores. Via franchise partners 39 (33) stores were opened and 3 (2) stores were closed. The group had a total of 4,968 (4,739) stores as of 30 November 2018, of which 255 (219) were operated by franchise partners.

As previously communicated, Cheap Monday will be closed down in 2019. The H&M group's transition work in response to the extensive changes within the fashion industry means that the company is prioritising and focusing on its core business. Cheap Monday's business model is based on traditional wholesale, which is a model that has faced major challenges due to the shift in the industry. The H&M group has therefore decided to close down Cheap Monday.



Monki

Brand	New Stores 2018 (net)		Total No of stores	
	Q4	Full year	30 Nov - 2018	30 Nov - 2017
H&M	80	145	4,433	4,288
COS	15	39	270	231
Monki	8	8	127	119
Weekday	4	5	38	33
& Other Stories	7	10	70	60
Cheap Monday	0	-2	1	3
ARKET	4	11	16	5
Afound	2	5	5	0
H&M HOME*	7	8	8	0
Total	127	229	4,968	4,739

* Concept stores, H&M HOME is included with 345 shop-in-shop in H&M stores

Store count by region

Region	New Stores 2018 (net)		Total No of stores	
	Q4	Full year	30 Nov - 2018	30 Nov - 2017
Europe & Africa	61	61	3,069	3,008
Asia & Oceania	36	105	1,151	1,046
North & South America	30	63	748	685
Total	127	229	4,968	4,739

Tax

The US tax reform (Tax Cuts & Jobs Act) was enacted in December 2017. For H&M this meant that deferred tax liabilities and deferred tax assets assignable to H&M's US subsidiary were remeasured during the first quarter 2018. Based on the decision to reduce Swedish corporate tax rate, the group has also remeasured the deferred tax liabilities and deferred tax assets of the Swedish companies. The group had one-off positive tax income of SEK 518 m in the financial year as a result of these remeasurements. Cash flow was not affected by these one-off effects.

The H&M group's tax rate for the 2017/2018 financial year was 22.4 (22.2) percent excluding the one-off effects described above. The outcome of the tax rate for the year depends on the results of the group's various companies and the corporate tax rates in each country.

The H&M group's tax rate for the 2018/2019 financial year is expected to be approximately 22.0 – 23.0 percent. In the first, second and third quarters of 2019 a 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 123,283 (120,191), of which 10,839 (10,100) are employed in Sweden.

Current quarter

Net sales in the period 1 December 2018 to 28 January 2019 increased by 4 percent in local currencies compared to the corresponding period the previous year.

Improved collections with more full-price sales mean that markdowns in relation to sales are expected to decrease by around 1 percentage point in the first quarter compared to the same quarter the previous year.

Financing

As of 30 November 2018, the group had SEK 9,153 m (9,745) in loans from credit institutions with a term of up to 12 months as well as SEK 10,170 m (0) in loans from credit institutions with a term of up to 36 months.

Loans from credit institutions within the Nordic countries amounted to SEK 17,886 m (9,320), with an average interest rate of 0.45 percent. Loans from credit institutions in Euro countries amounted to SEK 1,034 m (0), with an average interest rate of 0.00 percent. Loans in the rest of the world amounted to SEK 403 (425) with an average interest rate of 8.64 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.

In 2018 the H&M group carried out financing activities aimed at improving liquidity and increasing the average term. Cash and cash equivalents increased to SEK 11,590 m (9,718) and the average term on loans to credit institutions increased to 1.6 years (0.7). The H&M group's five-year revolving credit facility (RCF) of EUR 700 m, which was agreed in 2017, has not yet been drawn down.

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 0.3 (0.0) as of 30 November 2018.

Dividend policy and dividend proposal

The board of directors' intention is to provide shareholders with a continued good dividend yield 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 7 May 2019, corresponding to 127.5 percent (99.7) of the group's profit after tax.

The record date proposed for the first payment of SEK 4.90 is 9 May 2019. This would then be paid out on 14 May 2019. The record date proposed for the second dividend payment of SEK 4.85 is 12 November 2019. This would then be paid out on 15 November 2019.

The board of directors is of the opinion that the proposed dividend is justifiable since it is based on the fact that the underlying business is showing gradual improvements, investments (capex) will reduce in 2019 and the company remains in a strong financial position. The dividend proposal takes into consideration the financial position and continued freedom of action of the group and the parent company, 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 2019

The 2019 annual general meeting will be held at 15:00 CET on Tuesday 7 May 2019 in the Erling Persson Hall, Aula Medica, Karolinska Institutet, Solna.

Annual report 2018

The annual report and the corporate governance report are expected to be published on 2 April 2019 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 2017 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 2018, forward contracts with a positive market value amount to SEK 372 m (497), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 238 m (903), 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 the annual report and consolidated accounts for 2017.

Effective from this report the H&M group will no longer report sales including VAT. In future interim reports and sales development press releases, therefore, only sales excluding VAT – i.e. net sales – will be reported as a measure of sales. Net sales will be stated in absolute figures along with the percentage change in SEK and percentage change in local currencies.

Future accounting principles

A number of new standards, revisions and interpretations of existing standards have been published but have not yet entered into force for the H&M group. Of these, only the standards below are expected to have any effect on the consolidated financial statements.

- IFRS 9 Financial Instruments. In H&M's case this standard will be applied from the financial year beginning on 1 December 2018, when it will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard is divided into three parts: classification and measurement, hedge accounting and impairment.

IFRS 9 requires financial assets to be classified in three different measurement categories: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The asset is classified upon initial recognition, based on the characteristics of the asset and the company's business model. In the case of financial liabilities, there are no significant changes compared to IAS 39.

IFRS 9 requires additional disclosures concerning risk management and the effects of hedge accounting. H&M will apply hedge accounting according to IFRS 9 from 1 December 2018. Finally, new principles have been introduced regarding impairment of financial assets using a model based on expected losses. One of the aims of the new model is that reservations for credit losses will be made at an earlier stage. For H&M, the measurement of doubtful receivables is not affected by the transition to any significant degree.

Overall, the introduction of IFRS 9 is not expected to have any significant effect on the consolidated accounts.

- IFRS 15 Revenue from Contracts with Customers. In H&M's case this standard will be applied from the financial year beginning on 1 December 2018. The standard replaces all previously issued standards and interpretations dealing with revenue (i.e. IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue: Barter Transactions Involving Advertising Services).

IFRS 15 contains an overall model for reporting revenue arising from contracts with customers. The idea is that everything starts with an agreement between two parties concerning the sale of a good or service. Initially a customer agreement is to be identified, which generates an asset (rights, a promise that compensation will be received) and a liability (commitments, a promise to deliver goods/services) for the seller. Under the model the company then reports a revenue item and thereby demonstrates that the company is meeting a commitment to deliver promised goods or services to the customer. To assess how the introduction of IFRS 15 will impact the group, a preliminary study of the company's revenue streams was conducted. The preliminary study shows that the group's income statement will not be significantly affected by the introduction of IFRS 15. The only exception is that the group will report provisions for expected returns gross. The group has elected to use a prospective method of transition and consequently comparative figures have not been restated.

- IFRS 16 Leases. In H&M's case this standard will be applied from the financial year beginning on 1 December 2019, when it will supersede IAS 17 Leases and its associated interpretations. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The group has begun its evaluation of the new standard and expects it to result in recognition of significant assets and liabilities associated with the group's leases for premises. Since the standard will be applied for the first time in the 2019/2020 financial year, the judgement has been made that it is not yet possible to assess and calculate its effects on the figures with any certainty.

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 the major shift within the industry, 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 2017.

Calendar

15 March 2019	Sales development in first quarter, 1 Dec 2018 – 28 Feb 2019
29 March 2019	Three-month report, 1 Dec 2018 – 28 Feb 2019
7 May 2019	Annual general meeting
17 June 2019	Sales development in second quarter, 1 Mar 2019 – 31 May 2019
27 June 2019	Six-month report, 1 Dec 2018 – 31 May 2019
16 September 2019	Sales development in third quarter, 1 Jun 2019 – 31 Aug 2019
3 October 2019	Nine-month report, 1 Dec 2018 – 31 Aug 2019

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



Press and telephone conference in conjunction with the full-year report

In conjunction with the release of the full-year report on 31 January a press conference will be held at 9:30 CET when CEO Karl-Johan Persson and Head of IR Nils Vinge will participate. The press conference will be held in Swedish for the financial market and media at H&M's head office in Stockholm, Ljusgården, Mäster Samuelsgatan 49, 3:rd floor.

A telephone conference for the financial market and media will be held in English at 14:00 CET hosted by CEO Karl-Johan Persson, CFO Jyrki Tervonen and Head of IR Nils Vinge. The presentation material will be available at about.hm.com/investors.

Participants for the telephone conference are kindly asked to register at:

<http://emea.directeventreg.com/registration/3594072>

For interview requests with CEO Karl-Johan Persson and Head of IR Nils Vinge please contact: Kristina Stenvinkel, Communications Director, phone +46 8 796 39 08, e-mail: stenvinkel@hm.com

Contact

Nils Vinge, Head of IR	+46 8 796 52 50
Karl-Johan Persson, CEO	+46 8 796 55 00 (switchboard)
Jyrki Tervonen, CFO	+46 8 796 55 00 (switchboard)

H & M Hennes & Mauritz AB (publ)
SE-106 38 Stockholm
Phone: +46-8-796 55 00, fax: +46-8-24 80 78, e-mail: info@hm.com
Registered office: Stockholm, Reg. No. 556042-7220

Information in this interim report 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 persons at 08:00 (CET) on 31 January 2019. This full-year report and other information about H&M, is available at about.hm.com.

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, Cheap Monday, & Other Stories, H&M HOME and ARKET as well as Afound. The H&M group has 47 online markets and more than 4,900 stores in 71 markets including franchise markets. In 2018, net sales were SEK 210 billion. The number of employees amounts to more than 177,000. For further information, visit about.hm.com.

GROUP INCOME STATEMENT (SEK m)

	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	56,414	50,407	210,400	200,004
Cost of goods sold	-25,822	-22,478	-99,513	-91,914
GROSS PROFIT	30,592	27,929	110,887	108,090
<i>Gross margin, %</i>	54.2	55.4	52.7	54.0
Selling expenses	-24,249	-21,194	-87,512	-80,427
Administrative expenses	-2,041	-1,914	-7,882	-7,094
OPERATING PROFIT	4,302	4,821	15,493	20,569
<i>Operating margin, %</i>	7.6	9.6	7.4	10.3
Interest income (incl finance lease)	95	75	292	281
Interest expense and similar items (incl finance lease)	-45	-23	-146	-41
PROFIT AFTER FINANCIAL ITEMS	4,352	4,873	15,639	20,809
Tax	-809	-880	-2,987	-4,625
PROFIT FOR THE PERIOD	3,543	3,993	12,652	16,184

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

Earnings per share, SEK*	2.14	2.41	7.64	9.78
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	2,590	2,164	9,671	8,488
of which cost of goods sold	138	185	558	736
of which selling expenses	2,323	1,828	8,566	7,175
of which administrative expenses	129	151	547	577

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q4 2018	Q4 2017	Full year 2018	Full year 2017
PROFIT FOR THE PERIOD	3,543	3,993	12,652	16,184
Other comprehensive income				
<i>Items that are or may be reclassified to profit or loss</i>				
Translation differences	-479	2,085	1,895	-1,496
<i>Change in hedging reserves</i>				
Change in the value of derivatives	522	-2,409	483	-1,341
Reclassified to profit or loss	52	1,162	52	1,162
Tax attributable to change in hedging reserves	-132	295	-123	39
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of defined benefit pension plans	14	78	14	78
Tax related to the above remeasurement	-3	-19	-3	-19
OTHER COMPREHENSIVE INCOME	-26	1,192	2,318	-1,577
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,517	5,185	14,970	14,607

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 - 2018	30 Nov - 2017
FIXED ASSETS		
Intangible fixed assets		
Brands	-	18
Customer relations	-	8
Leasehold and similar rights	508	592
Capitalised expenditures	9,046	6,361
Goodwill	64	64
	9,618	7,043
Tangible fixed assets		
Buildings and land	831	824
Equipment, tools, fixture and fittings	41,608	38,994
	42,439	39,818
Financial fixed assets		
Other shares and participating rights	478	233
Other fixed assets		
Long-term receivables	885	806
Deferred tax receivables	3,794	2,916
	4,679	3,722
TOTAL FIXED ASSETS	57,214	50,816
CURRENT ASSETS		
Stock-in-trade	37,721	33,712
Current receivables		
Accounts receivable	6,329	5,297
Tax receivables	1,448	2,375
Other receivables	1,607	1,874
Prepaid expenses	2,881	2,770
	12,265	12,316
Cash and cash equivalents	11,590	9,718
TOTAL CURRENT ASSETS	61,576	55,746
TOTAL ASSETS	118,790	106,562

GROUP BALANCE SHEET (SEK m)

EQUITY AND LIABILITIES	30 Nov - 2018	30 Nov - 2017
EQUITY		
Share capital	207	207
Reserves	3,322	1,015
Retained earnings	55,017	58,491
TOTAL EQUITY	58,546	59,713
LIABILITIES		
Long-term liabilities		
Provisions for pensions*	445	445
Deferred tax liabilities	5,088	5,331
Liabilities to credit institutions*	10,170	-
Other interest-bearing liabilities*	322	350
	16,025	6,126
Current liabilities		
Accounts payable	6,800	7,215
Tax liabilities	1,163	918
Liabilities to credit institutions**	9,153	9,745
Interest-bearing liabilities**	136	125
Other liabilities	3,800	3,672
Accrued expenses and prepaid income	23,167	19,048
	44,219	40,723
TOTAL LIABILITIES	60,244	46,849
TOTAL EQUITY AND LIABILITIES	118,790	106,562

* Interest-bearing long-term liabilities amounts to SEK 10,937 m (795).

** Interest-bearing current liabilities amounts to SEK 9,289 m (9,870).

GROUP CHANGES IN EQUITY (SEK m)

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 2017	207	1,353	-338	58,491	59,713
Profit for the year	-	-	-	12,652	12,652
Other comprehensive income					
Translation differences	-	1,895	-	-	1,895
Change in hedging reserves					
Value change derivative	-	-	483	-	483
Transfer to income statement	-	-	52	-	52
Tax attributable to hedging reserves	-	-	-123	-	-123
Revaluations relating to defined benefit pension plans	-	-	-	14	14
Tax attributable to the above revaluation	-	-	-	-3	-3
Other comprehensive income	-	1,895	412	11	2,318
Total comprehensive income	-	1,895	412	12,663	14,970
Dividend	-	-	-	-16,137	-16,137
Shareholder's equity, 30 November 2018	207	3,248	74	55,017	58,546

	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
Revaluation of 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.

GROUP CASH FLOW STATEMENT (SEK m)

	Full year 2018	Full year 2017
Current operations		
Profit after financial items*	15,639	20,809
- Provisions for pensions	0	9
- Depreciation	9,671	8,488
- Tax paid	-3,098	-6,051
- Other	39	-20
Cash flow from current operations before changes in working capital	22,251	23,235
Cash flow from changes in working capital		
Current receivables	-587	-1,115
Stock-in-trade	-3,489	-2,414
Current liabilities	3,112	1,881
CASH FLOW FROM CURRENT OPERATIONS	21,287	21,587
Investing activities		
Investment in leasehold and similar rights	-64	-102
Investments in other intangible assets	-3,207	-2,058
Investment in buildings and land	-5	-27
Investment in fixed assets	-9,552	-10,284
Other investments	-324	-25
CASH FLOW FROM INVESTING ACTIVITIES	-13,152	-12,496
Financial activities		
Short-term loans	-592	7,677
New loans	10,170	-
Amortisation finance lease	-126	-57
Dividend	-16,137	-16,137
CASH FLOW FROM FINANCIAL ACTIVITIES	-6,685	-8,517
CASH FLOW FOR THE YEAR	1,450	574
Cash and cash equivalents at beginning of the financial year	9,718	9,446
Cash flow for the year	1,450	574
Exchange rate effect	422	-302
Cash and cash equivalents at end of the financial year**	11,590	9,718

* Interest paid for the group amounts to SEK 107 m (40).

Received interest for the group amounts to SEK 292 m (260).

NET SALES BY MARKET AND NUMBER OF STORES

Q4, 1 September - 30 November

Market	Q4 - 2018	Q4 - 2017	Change in %		30 Nov - 18	Q4 - 2018	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	2,131	2,129	0	0	175	8	1
Norway	1,205	1,186	2	-4	130	2	
Denmark	1,315	1,222	8	1	113	11	4
UK	3,714	3,214	16	8	304	14	4
Switzerland	1,348	1,254	7	-2	100	3	1
Germany	8,713	7,976	9	2	468	16	6
Netherlands	1,712	1,601	7	0	144	2	1
Belgium	970	896	8	1	96		1
Austria	1,336	1,256	6	-1	88	2	
Luxembourg	108	101	7	0	10		
Finland	579	549	5	-2	67	4	1
France	2,980	2,768	8	0	237	2	5
USA	6,923	6,443	7	-2	578	23	4
Spain	1,933	1,659	17	9	172	2	3
Poland	1,365	1,152	18	13	186	5	1
Czech Republic	452	366	23	14	52		
Portugal	306	254	20	12	32	1	
Italy	2,119	1,974	7	0	179	6	2
Canada	1,325	1,114	19	13	94	1	
Slovenia	133	120	11	4	12		
Ireland	295	251	18	10	24		
Hungary	460	382	20	16	47	1	
Slovakia	210	167	26	17	25	1	
Greece	470	416	13	5	35		
China	2,982	2,264	32	24	530	13	5
Hong Kong	368	342	8	-3	26		2
Japan	1,302	1,159	12	2	91	4	
Russia	1,468	1,202	22	27	139	2	
South Korea	514	445	16	6	46	2	
Turkey	732	773	-5	31	68	1	1
Romania	651	536	21	15	56	1	1
Croatia	208	191	9	0	16	2	1
Singapore	191	197	-3	-11	12	1	
Bulgaria	181	160	13	6	21	1	
Latvia	93	82	13	6	8		
Malaysia	279	237	18	-1	47	1	
Mexico	821	549	50	44	45	2	
Chile	396	360	10	8	13	5	
Lithuania	91	78	17	7	9		
Serbia	127	111	14	6	13		
Estonia	92	87	6	-1	12	1	
Australia	584	556	5	3	44	7	
Philippines	238	218	9	4	34		
Taiwan	151	160	-6	-13	12		
Peru	187	146	28	16	11	2	
Macau	30	29	3	-8	2		
India	389	276	41	43	39	5	
South Africa	189	180	5	2	23	4	
Puerto Rico	27	11	145	109	2		
Cyprus	22	21	5	-3	1		
New Zealand	96	71	35	36	4		
Kazakhstan	50	50	0	2	3		
Colombia	105	80	31	29	4		
Iceland	50	65	-23	-20	3	1	
Vietnam	93	63	48	45	6	2	
Georgia	30	7	329	339	2		
Ukraine	46				2	1	
Uruguay	64				1	1	
Franchise	1,465	1,251	17	19	255	11	3
Total	56,414	50,407	12	6	4,968	174	47

NET SALES BY MARKET AND NUMBER OF STORES

Full year, 1 December - 30 November

Market	2018	2017	Change in %		30 Nov - 18	Full year	
	SEK m	SEK m	SEK	Local currency	No. of stores	New stores	Closed stores
Sweden	8,404	8,236	2	2	175	12	9
Norway	4,964	4,900	1	-1	130	2	
Denmark	5,045	4,639	9	3	113	14	11
UK	13,760	12,622	9	5	304	25	13
Switzerland	5,145	5,471	-6	-7	100	4	4
Germany	32,367	30,959	5	-1	468	22	17
Netherlands	6,465	6,191	4	-1	144	10	11
Belgium	3,815	3,726	2	-3	96	4	5
Austria	4,901	4,666	5	-1	88	2	
Luxembourg	406	408	0	-6	10		
Finland	2,412	2,295	5	0	67	6	3
France	11,311	11,383	-1	-6	237	9	12
USA	24,798	26,330	-6	-6	578	54	12
Spain	7,373	6,816	8	2	172	4	7
Poland	5,285	4,402	20	13	186	12	1
Czech Republic	1,610	1,341	20	10	52	3	1
Portugal	1,179	1,075	10	3	32	1	1
Italy	7,630	7,525	1	-4	179	10	6
Canada	4,569	4,291	6	5	94	5	2
Slovenia	488	452	8	2	12		1
Ireland	1,104	961	15	8	24		
Hungary	1,646	1,402	17	14	47	2	
Slovakia	750	616	22	15	25	3	
Greece	1,718	1,576	9	3	35		
China	10,743	9,484	13	10	530	38	14
Hong Kong	1,502	1,663	-10	-9	26	1	3
Japan	4,573	4,469	2	1	91	11	2
Russia	5,737	4,915	17	23	139	5	
South Korea	1,957	1,807	8	4	46	5	
Turkey	2,852	2,962	-4	22	68	2	4
Romania	2,299	1,979	16	12	56	1	1
Croatia	719	685	5	-1	16	2	1
Singapore	801	899	-11	-14	12	1	2
Bulgaria	635	581	9	4	21	1	
Latvia	356	326	9	3	8		
Malaysia	1,177	1,109	6	-4	47	3	
Mexico	2,854	1,988	44	45	45	8	
Chile	1,488	1,250	19	17	13	5	
Lithuania	351	324	8	2	9		
Serbia	423	363	17	7	13	1	
Estonia	381	350	9	3	12	2	
Australia	2,283	2,383	-4	-3	44	12	
Philippines	1,007	926	9	13	34	2	
Taiwan	627	742	-15	-17	12		
Peru	763	725	5	6	11	3	
Macau	120	135	-11	-9	2		
India	1,408	1,092	29	36	39	12	
South Africa	842	780	8	7	23	6	
Puerto Rico	80	91	-12	-12	2		
Cyprus	79	80	-1	-7	1		
New Zealand	284	183	55	59	4	1	
Kazakhstan	203	158	28	35	3		
Colombia	405	188	115	114	4	1	
Iceland	192	76	153	152	3	1	
Vietnam	271	63	330	335	6	4	
Georgia	102	7	1,357	1,381	2	1	
Ukraine	57				2	2	
Uruguay	64				1	1	
Franchise	5,620	4,938	14	14	255	39	3
Total	210,400	200,004	5	3	4,968	375	146

FIVE YEAR SUMMARY**Full year, 1 December - 30 November**

	2014	2015	2016	2017	2018
Net sales, SEK m	151,419	180,861	192,267	200,004	210,400
Change net sales from previous year in SEK, %	18	19	6	4	5
Change net sales previous year in local currencies, %	14	11	7	3	3
Operating profit, SEK m	25,583	26,942	23,823	20,569	15,493
Operating margin, %	16.9	14.9	12.4	10.3	7.4
Depreciations for the year, SEK m	5,045	6,399	7,605	8,488	9,671
Profit after financial items, SEK m	25,895	27,242	24,039	20,809	15,639
Profit after tax, SEK m	19,976	20,898	18,636	16,184	12,652
Cash and cash equivalents and short-term investments, SEK m	16,693	12,950	9,446	9,718	11,590
Stock-in-trade, SEK m	19,403	24,833	31,732	33,712	37,721
Equity, SEK m	51,556	58,049	61,236	59,713	58,546
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	12.07	12.63	11.26	9.78	7.64
Equity per share, SEK*	31.15	35.07	37.00	36.08	35.37
Cash flow from current operations per share, SEK*	14.60	14.54	14.36	13.04	12.86
Dividend per share, SEK	9.75	9.75	9.75	9.75	9.75**
Return on equity, %	41.3	38.1	31.2	26.8	21.4
Return on capital employed, %	53.1	49.3	39.2	31.0	21.2
Share of risk-bearing capital, %	72.5	72.7	67.1	61.0	53.6
Equity/assets ratio, %	68.2	67.6	62.1	56.0	49.3
Total number of stores	3,511	3,924	4,351	4,739	4,968
Average number of employees	93,351	104,634	114,586	120,191	123,283

* Before and after dilution.

** Proposed by the Board of Directors.

For definitions of key figures see the annual report

SEGMENT REPORTING (SEK m)

	2018	2017
Asia and Oceania		
External net sales	31,902	29,557
Operating profit	735	1,143
Operating margin, %	2.3	3.9
Assets excluding tax receivables and internal receivables	16,102	14,490
Liabilities excluding tax liabilities and internal liabilities	2,400	1,487
Investments	1,047	1,651
Depreciation	1,667	1,455
Europe and Africa*		
External net sales	143,480	135,567
Operating profit	4,787	4,066
Operating margin, %	3.3	3.0
Assets excluding tax receivables and internal receivables	47,571	45,894
Liabilities excluding tax liabilities and internal liabilities	15,952	13,553
Investments	4,378	4,824
Depreciation	4,528	4,118
North and South America		
External net sales	35,018	34,880
Operating profit	946	794
Operating margin, %	2.7	2.3
Assets excluding tax receivables and internal receivables	19,863	18,959
Liabilities excluding tax liabilities and internal liabilities	7,909	6,785
Investments	2,915	3,258
Depreciation	2,437	2,120
Group Functions		
Net sales to other segments	67,795	72,901
Operating profit	9,025	14,566
Operating margin, %	13.3	20.0
Assets excluding tax receivables and internal receivables	30,012	21,928
Liabilities excluding tax liabilities and internal liabilities	27,732	18,775
Investments	4,557	3,017
Depreciation	1,039	795
Eliminations		
Net sales to other segments	-67,795	-72,901
Total		
External net sales	210,400	200,004
Operating profit	15,493	20,569
Operating margin, %	7.4	10.3
Assets excluding tax receivables and internal receivables	113,548	101,271
Liabilities excluding tax liabilities and internal liabilities	53,993	40,600
Investments	12,897	12,750
Depreciation	9,671	8,488

*South Africa

PARENT COMPANY INCOME STATEMENT (SEK m)

	Q4 2018	Q4 2017	Full year 2018	Full year 2017
External net sales	6	4	22	13
Internal net sales*	1,177	1,064	4,262	4,069
GROSS PROFIT	1,183	1,068	4,284	4,082
Administrative expenses	-32	-24	-156	-158
OPERATING PROFIT	1,151	1,044	4,128	3,924
Dividend from subsidiaries	10,076	9,945	13,793	13,004
Interest income and similar items**	-12	2	97	18
Interest expense and similar items***	-25	38	-44	-91
PROFIT AFTER FINANCIAL ITEMS	11,190	11,029	17,974	16,855
Year-end appropriations	-1,164	-328	-1,164	-328
Tax	2	-164	-673	-773
PROFIT FOR THE PERIOD	10,028	10,537	16,137	15,754

* Internal sales in the quarter consists of royalty of SEK 1,091 m (1,030) and other SEK 86 m (34) received from group companies and for the full-year of royalty of SEK 4,169 m (3,962) and other SEK 93 m (107).

** Interest income and similar items in the quarter consists of SEK 14 m (2) in interest income and SEK -26 m (0) in translation effects from group companies and in the full-year of SEK 19 m (18) in interest income and SEK 78 m (0) in translation effects from group

*** Interest expense and similar items in the quarter consists of SEK -25 m (-5) in interest expense and SEK 0 m (43) in translation effects from group companies and in the full-year of SEK -44 m (-11) in interest expense and SEK 0 m (-80) in translation effects from group companies.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q4 2018	Q4 2017	Full year 2018	Full year 2017
PROFIT FOR THE PERIOD	10,028	10,537	16,137	15,754
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	-9	-1	-9	-1
Tax related to the above remeasurement	2	0	2	0
OTHER COMPREHENSIVE INCOME	-7	-1	-7	-1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,021	10,536	16,130	15,753

PARENT COMPANY BALANCE SHEET (SEK m)

	30 Nov - 2018	30 Nov - 2017
ASSETS		
FIXED ASSETS		
Tangible fixed assets		
Buildings and land	146	148
Equipment, tools, fixture and fittings	143	219
	289	367
Other fixed assets		
Shares and participation rights	588	588
Receivables from subsidiaries	842	849
Long-term receivables	115	111
Deferred tax receivables	76	79
	1,621	1,627
TOTAL FIXED ASSETS	1,910	1,994
CURRENT ASSETS		
Current receivables		
Accounts receivable	6	4
Receivables from subsidiaries	30,104	19,287
Other receivables	2	8
Prepaid expenses	121	13
	30,233	19,312
Cash and cash equivalents	93	133
TOTAL CURRENT ASSETS	30,326	19,445
TOTAL ASSETS	32,236	21,439

PARENT COMPANY BALANCE SHEET (SEK m)

	30 Nov - 2018	30 Nov - 2017
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	207	207
Restricted reserves	88	88
	295	295
Non-restricted equity		
Retained earnings	46	430
Profit for the year	16,130	15,753
	16,176	16,183
TOTAL EQUITY	16,471	16,478
UNTAXED RESERVES	96	417
LIABILITIES		
Long-term liabilities		
Provisions for pensions*	181	182
Liabilities to credit institutions*	9,113	-
	9,294	182
Short-term liabilities		
Accounts payable	1	3
Tax liabilities	21	41
Liabilities to credit institutions*	6,000	4,000
Other liabilities	200	176
Accrued expenses and prepaid income	153	142
	6,375	4,362
TOTAL LIABILITIES	15,669	4,544
TOTAL EQUITY AND LIABILITIES	32,236	21,439

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