



H & M Hennes & Mauritz AB

# TELEPHONE CONFERENCE 28 JUNE 2018

SIX-MONTH REPORT 2018

*H&M* COS WEEKDAY  MONKL *H&M HOME* *& other stories* ARKET AFOUND



- **KARL-JOHAN PERSSON**

CEO

- **JYRKI TERVONEN**

CFO

- **NILS VINGE**

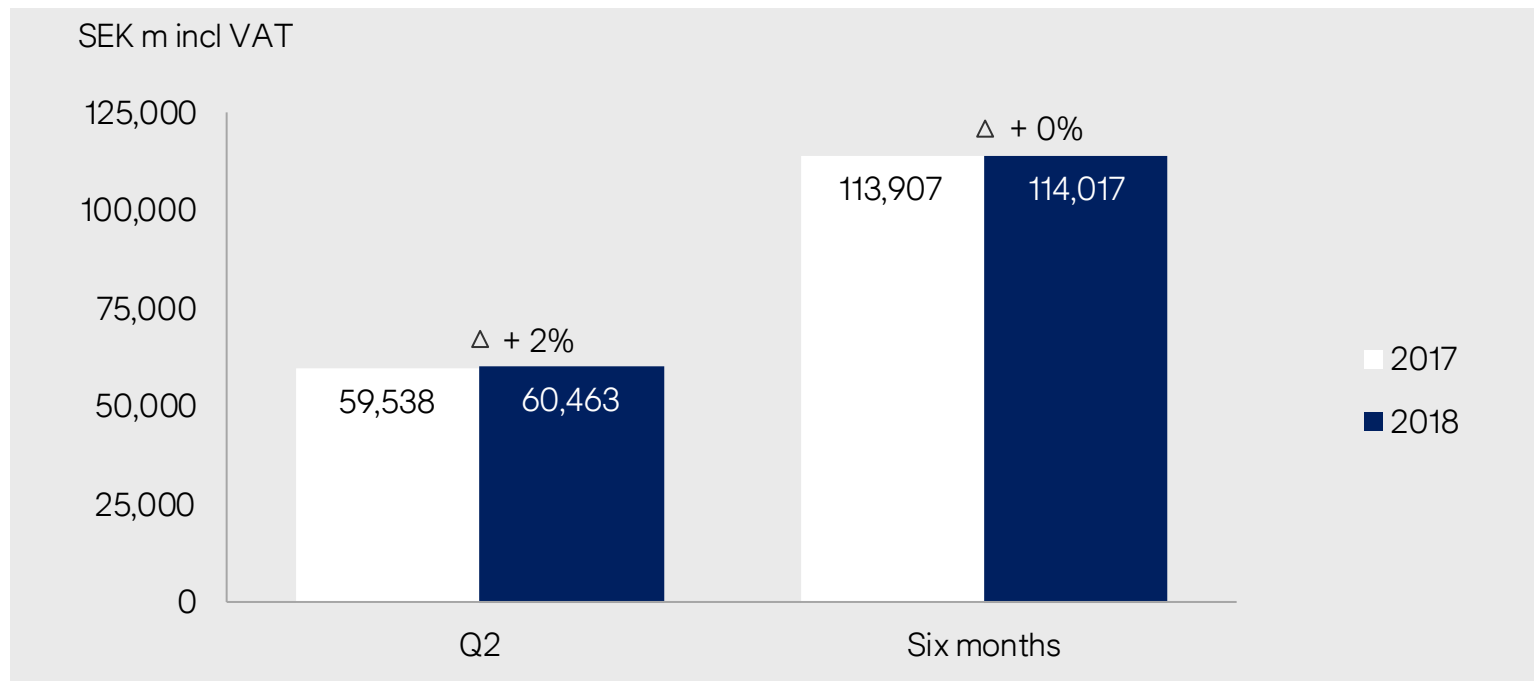
INVESTOR RELATIONS



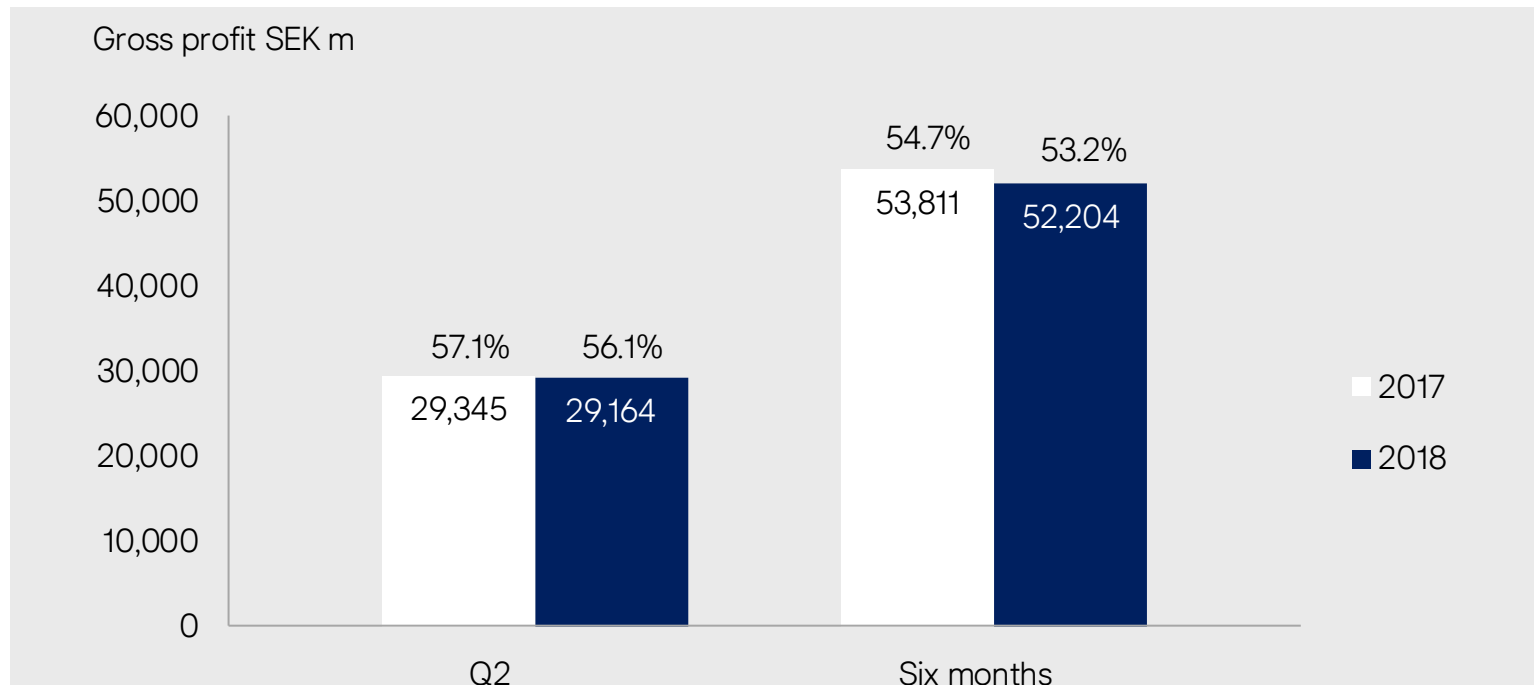
# SECOND QUARTER 2018 IN BRIEF

- Rapidly changing industry
- H&M group continues fast-paced transformation work
  - to become more customer driven, efficient and flexible
- Transitions to new logistics systems
  - caused temporary interruptions in important markets
- Positive signals from ongoing improvement work and investments

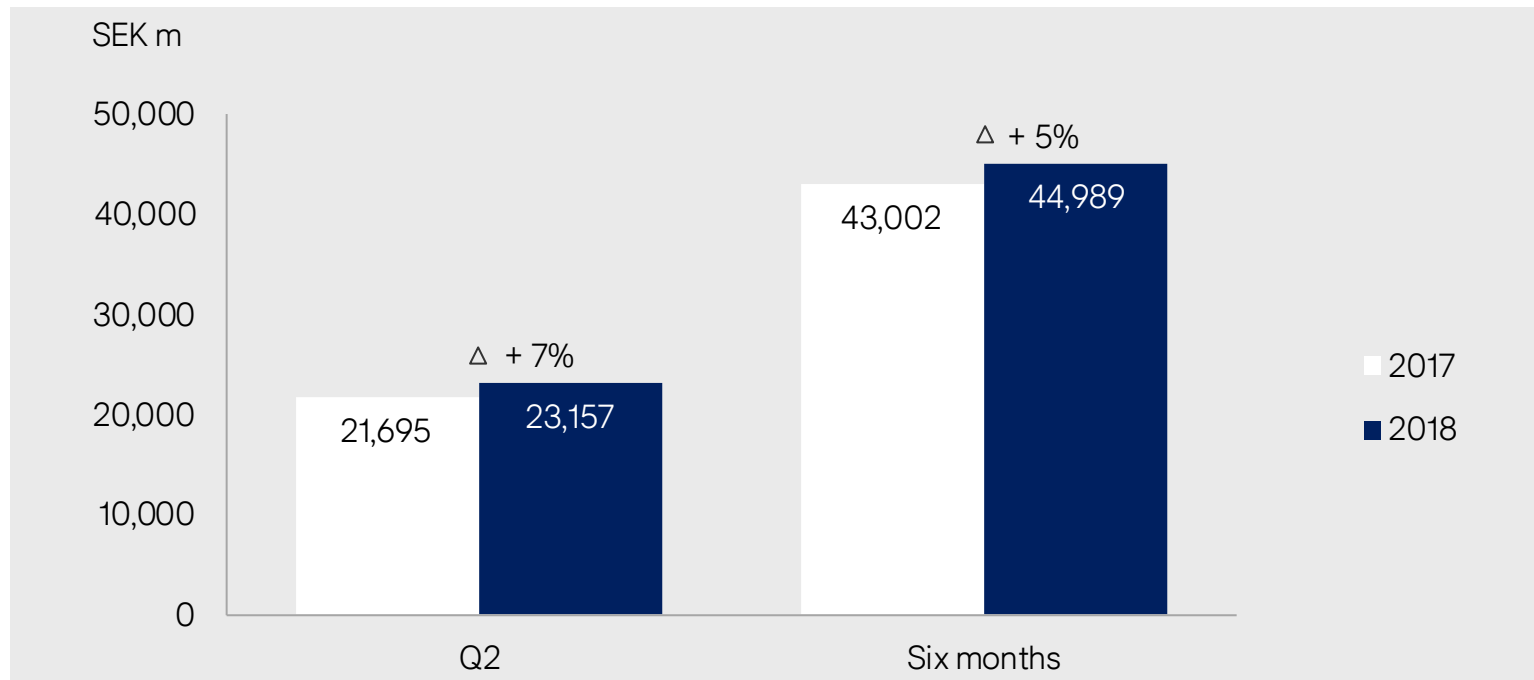
# SALES



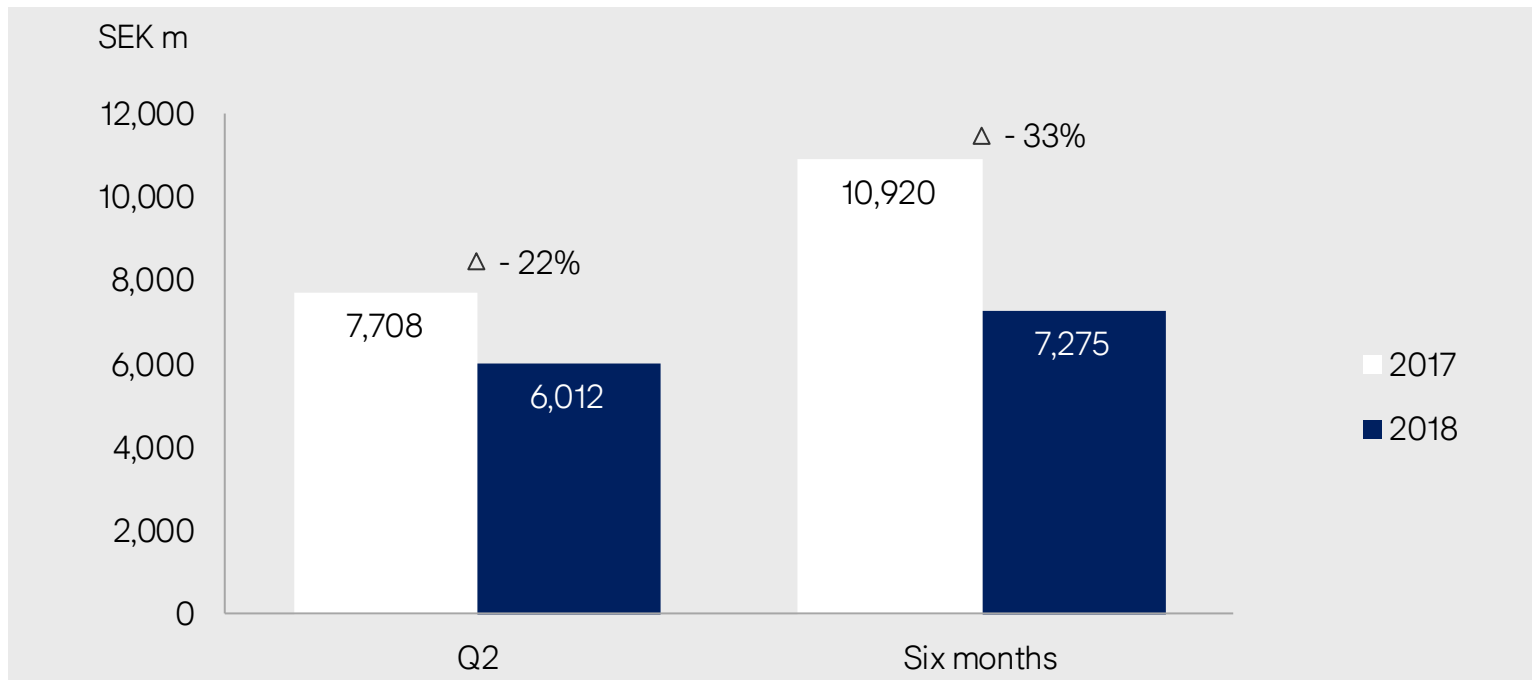
# GROSS PROFIT AND GROSS MARGIN



# SELLING AND ADMINISTRATIVE EXPENSES



# PROFIT AFTER FINANCIAL ITEMS



# SALES AND PROFITS

## SECOND QUARTER

SEK m	2018	2017
Net sales	51,984	51,383
Gross profit	29,164	29,345
<i>gross margin, %</i>	<i>56.1</i>	<i>57.1</i>
Operating profit	6,007	7,650
<i>operating margin, %</i>	<i>11.6</i>	<i>14.9</i>
Net financial items	5	58
Profit after financial items	6,012	7,708
Tax	-1,374	-1,811
Profit for the period	4,638	5,897
<i>Earnings per share, SEK</i>	<i>2.80</i>	<i>3.56</i>





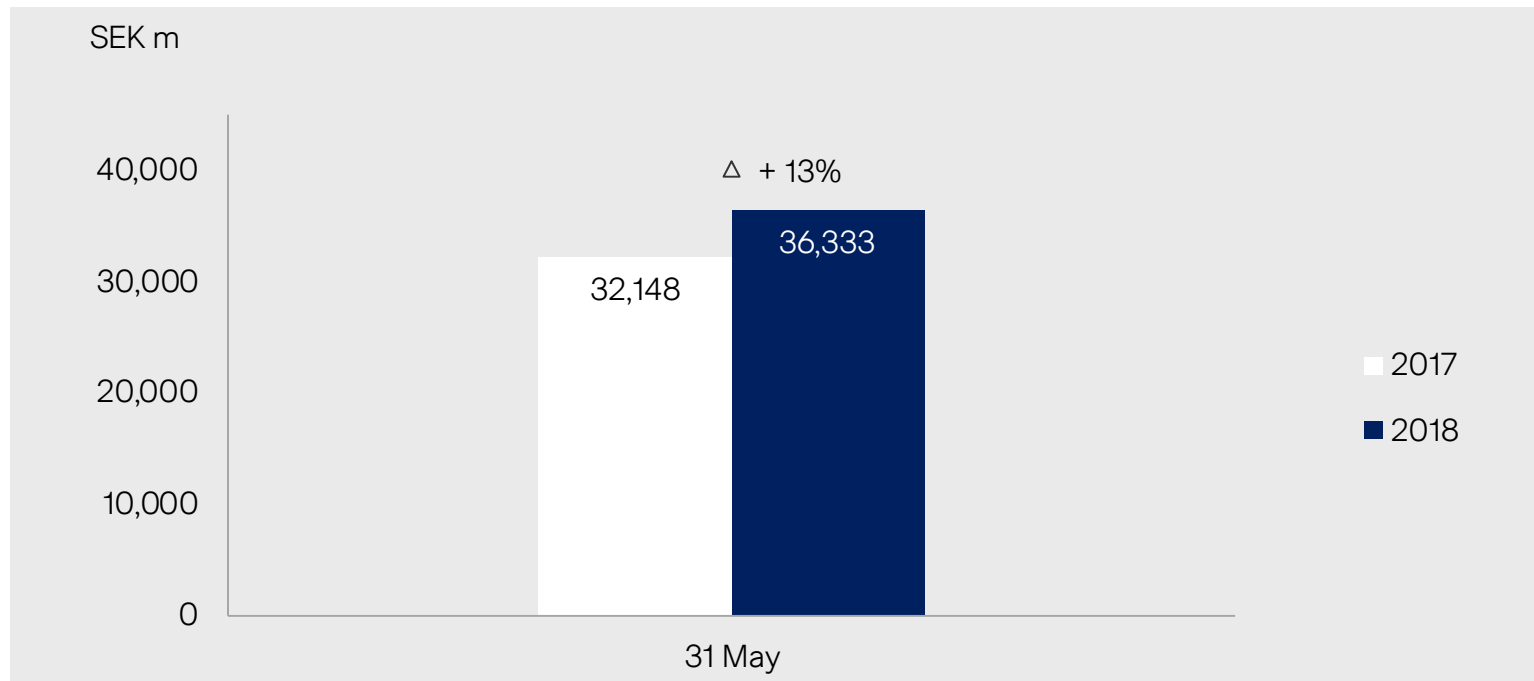
# KEY DATA

SEK m	31 May 2018	31 May 2017
Stock-in-trade	36,333	32,148
Cash flow from current operations	9,133	10,942
Investments	5,703	5,528
Cash and cash equivalents and short-term investments	11,107	10,655
Return on shareholders' equity, % *	26.5	37.7

\* rolling twelve months



# STOCK-IN-TRADE





# PRIORITY ACTION AREAS

- Restlessly develop our brands – focusing on H&M
- Accelerate our key enablers
- New growth
- Good cost control and efficiencies





# RESTLESSLY DEVELOP OUR BRANDS – FOCUSING ON H&M

- Improving the assortment
- Ongoing tests of new store concepts for H&M
- Convenient and inspiring experience online
- Continued integration of physical and digital stores
  - click-and-collect
  - online returns in store
  - online shopping in store





# ACCELERATE OUR KEY ENABLERS

- Investments in supply chain, tech, advanced analytics and AI
- Promising indications from tests in several areas
  - personalisation
  - quantification and allocation
  - price management
  - trend forecasting



# NEW GROWTH

- Develop and optimise the H&M group store portfolio
  - 240 new stores net planned for 2018
  - Bosnia-Herzegovina new H&M market 2019
- Broaden the assortment online
- Global online expansion continues
  - online today in 47 markets
  - H&M to open online in Mexico 2019
- External partners and social platforms
  - very good start for H&M on Tmall in mainland China





# AFOUND

- Afound – new marketplace for off price
- Carefully selected, broad and varied range of products at bargain prices
  - hundreds of well-known fashion and life-style brands
  - external as well as H&M group brands
- Very successful launch in Sweden in June 2018
  - [afound.com](https://afound.com)
  - stores in Stockholm and Malmö



MEET  
**H&M** HOME  
STYLIST







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