

### Six-month report

#### First half-year (1 December 2018 – 31 May 2019)

- The H&M group's net sales increased by 11 percent to SEK 108,489 m (98,165) in the first half-year. In local currencies, net sales increased by 5 percent. The ongoing transformation work has contributed to continued positive sales development with more full-price sales, lower markdowns and increased market share.
- Profit after financial items amounted to SEK 6,977 m (7,275). The group's profit after tax amounted to SEK 5,372 m (6,010), corresponding to SEK 3.25 (3.63) per share. Profit after tax in the previous year was positively affected by one-off tax income of SEK 408 m as a result of the US tax reform (Tax Cuts & Jobs Act).

#### Second quarter (1 March 2019 – 31 May 2019)

- The H&M group's net sales increased by 11 percent to SEK 57,474 m (51,984) in the second quarter. In local currencies, net sales increased by 6 percent compared with the corresponding quarter last year.
- Gross profit amounted to SEK 31,825 m (29,164). This corresponds to a gross margin of 55.4 percent (56.1).
- Profit after financial items amounted to SEK 5,934 m (6,012). The group's profit after tax amounted to SEK 4,569 m (4,638), corresponding to SEK 2.76 (2.80) per share. As customer satisfaction and sales increase, the group has intensified its transformation work even further, which had a dampening effect on earnings development.
- In April H&M became the first big fashion brand in the world to provide detailed information concerning the factory and material for individual garments to help customers make more sustainable choices.
- Successful launch of H&M's online store in Mexico during the quarter.

- Sales of the summer collections got off to a very good start. Net sales in the month of June is estimated to increase by 12 percent in local currencies compared with the corresponding month the previous year.
- The composition of the stock-in-trade continues to improve.
- The company assesses that the costs of markdowns in relation to sales will decrease by around 1.5 percentage points in Q3 2019 compared with Q3 2018. This would be the fourth successive quarter with a reduction in markdowns.
- The company is accelerating its adaptation to customers' changed shopping patterns and has therefore revised the number of new stores downwards in favour of even more digital investments. The net addition of new stores for full-year 2019 will therefore be around 130, which is 45 fewer than previously communicated.
- Thailand, Indonesia and Egypt will become new H&M online markets via franchise during the second half of 2019.

First half-year 2019  
**SEK 108 billion**  
in net sales



H&M

## Comments by Karl-Johan Persson, CEO

“The H&M group continues to increase full-price sales, reduce markdowns and increase market share, showing that customers appreciate our collections and the improvements we are making to the product assortment and the customer experience.

Sales developed well in most markets. We had strongest growth in countries such as the US where we grew sales by 17 percent, in Mexico by 25 percent, in India by 39 percent, in Russia by 19 percent and in Poland by 11 percent in local currencies. We also grew in the UK and Sweden where we took market share despite challenging market conditions.

Total sales in the group increased by 11 percent in SEK and with 6 percent in local currencies in the second quarter. Online sales continued to develop strongly, increasing by 27 percent in SEK and 20 percent in local currencies.

By continuing to integrate our physical and digital channels we are making the shopping experience inspiring, easy and convenient for customers wherever we meet them. This and other extensive investments are driving costs in the short term. For example, our new online platform and our new logistics systems have not yet achieved full efficiency, but for customers have resulted in improvements such as faster and more flexible deliveries and a more seamless shopping experience. We have also increased the value for our customers through further investments in the customer offering so that we offer the best combination of fashion, quality, price and sustainability. In April H&M became the first big fashion brand in the world to provide detailed information concerning the factory and material for individual garments to help customers make more sustainable choices. We have continued to develop our new digital features and during the spring we also substantially expanded H&M’s customer loyalty programme, which now has more than 43 million members.

The transformation work is having an effect and will continue at a fast pace within our strategic focus areas:

### Create the best customer offering

Product assortment – secure the best combination of fashion, quality, price and sustainability for all the brands.

Physical stores – continued development of new concepts and optimisation of the store portfolio.

Online stores – improvements such as faster and more flexible delivery options and payments.

Continued integration of our physical stores and online stores to enhance the customer experience.

### Fast, efficient and flexible product flow

Make the supply chain even faster, more flexible and more efficient.

Initiatives within advanced data analytics and AI.

### Investments in infrastructure – our tech foundation

Continued investments in our tech foundation including robust scalable platforms that enable faster development of various customer apps and new technologies.

### Adding growth

Digital expansion into new markets. In April H&M opened online in Mexico, and this autumn H&M will launch online via franchise in Thailand, Indonesia and Egypt. In addition, partnerships with various external platforms are making the H&M group’s brands available to more and more customers globally. In autumn 2019 H&M will launch on India’s largest ecommerce platform Myntra and in China & Other Stories will open on Tmall.

Physical stores – continued expansion with focus on growth markets. The planned net addition for the full-year is around 130 stores.

Develop new concepts and business models.



& Other Stories

Our transformation work in response to the rapid shift in fashion retail is continuing at full speed. While the costs of this have held back profitability in the short term, we remain convinced that our focus on meeting customers’ increased expectations will contribute to a gradual increase in profitability and to long-term positive development for the H&M group.”

*Read more about our initiatives and our sustainability work on the next page and at [hmgroup.com](http://hmgroup.com).*

## Initiatives for an improved customer experience

The H&M group continues to enhance the customer experience. Improvements are being made throughout the supply chain, from product development to a more inspiring shopping experience, to meet customers' increased expectations. Here are some examples:

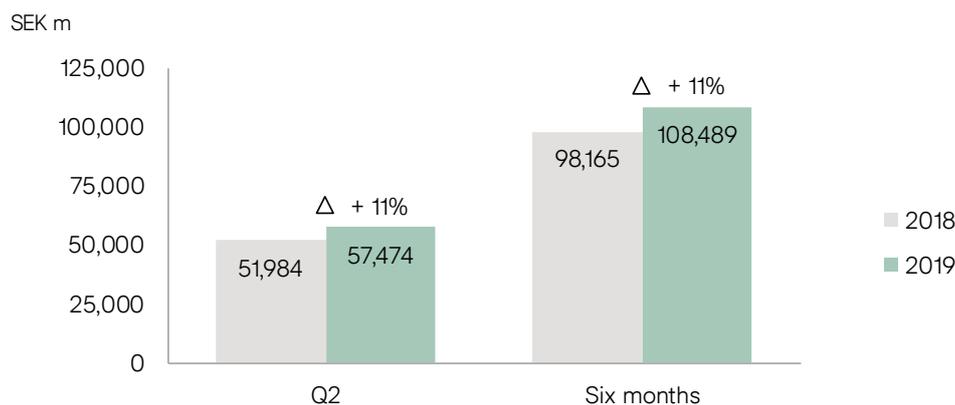
- Ongoing tests to enhance the in-store shopping experience for customers in several markets. We evaluate these tests on an ongoing basis and are gradually rolling out the solutions that work best as we upgrade stores and open new stores.
- The integration of online and physical channels continues. Convenience and accessibility are becoming increasingly important to customers. H&M's mobile app and hm.com are being upgraded on an ongoing basis with improved navigation and product visuals as well as wider payment options, all enhancing the customer experience. The improvements that have been made have for example caught the attention of Retail Week which recently ranked H&M second among digital retailers in the UK.
  - Members of H&M's customer loyalty programme will be able to shop and pay later against invoice, whether shopping in store or online. This will be integrated into the H&M app in 8 markets in 2019 starting with Switzerland in August, closely followed by the UK.
  - During the summer we are introducing the option for H&M members to get digital store receipts in the H&M app instead of being given physical receipts in the store. Launched in the US and UK during the summer, further markets will get this service in the autumn.
  - Notify-if-back is a service that allows customers to be notified when the size they want is available again in store or online.
  - New product visuals, including videos, in H&M's online store. To give our customers an even better and more realistic idea of the garments we are now testing out videos in the online store.
  - Visual Search is today available in 29 markets and uses image recognition to help customers move directly from inspiration to purchase.
  - Next day delivery is offered in 12 markets in 2019. Same day delivery is being evaluated in a number of these markets and has been launched in countries including the Netherlands and the UK.
  - Find in Store is now in 20 markets and more markets will be added during the year. This function lets customers use their mobile to find an item they have seen online in the right size and at the right store.
  - Scan & Buy is available in all 48 online markets. The customer scans the QR code on a product in store to find and buy the item online in the size and colour they want.
  - In-Store Mode shows customers which items are in the store they are currently in, as well as online. This mobile service is available in 9 markets and will be launched in more markets in 2019.
  - Click & Collect is available in 11 markets and more markets will get the service in 2019.
  - Online returns in store – available in 15 markets and will be rolled out further in 2019.



H&M

- #HMxME is a gallery that invites customers to share their own fashion stories from Instagram while also providing an easy way to buy the items in the images. #HMxME is available in 47 markets.
- Since 2013, when we published our supplier list, H&M has taken various steps to increase transparency and on 23 April this year H&M became the first big fashion brand in the world to provide detailed information concerning the factory and material for individual garments. This applies both online and also in store, where customers can scan the garment's price label to see this information. We hope this service will help our customers make more sustainable choices and will contribute to long-term sustainable development.
- Continued global expansion of RFID, currently in 15 H&M markets. The global roll-out will continue to more markets in 2019.
- H&M's upgraded customer loyalty programme now has over 43 million members. Today the customer loyalty programme can be found in 19 markets, the latest additions being the US, Canada and Russia. By the autumn H&M's customer loyalty programme will be integrated into the Chinese communications app WeChat, which has around a billion users.
- By autumn 2019 H&M will be launched on India's leading ecommerce platform Myntra. This means that millions of customers all over the country will gain access to and be able to experience the best of H&M and have the products delivered directly to their homes.
- & Other Stories will be launched on Tmall in China by the autumn 2019.
- Increased automation and optimisation of the logistics network for greater flexibility, and increased integration of physical stores and online.

## Sales



H&amp;M

**Net sales** increased by 11 percent to SEK 57,474 m (51,984) in the second quarter. Net sales in the six-month period increased by 11 percent to SEK 108,489 m (98,165). In local currencies the H&M group's net sales increased by 6 percent in the second quarter and by 5 percent in the six-month period.

Online sales in the second quarter increased by 27 percent in SEK and in local currencies the increase was 20 percent.

New Business increased sales in the second quarter by 21 percent in SEK and by 18 percent in local currencies.

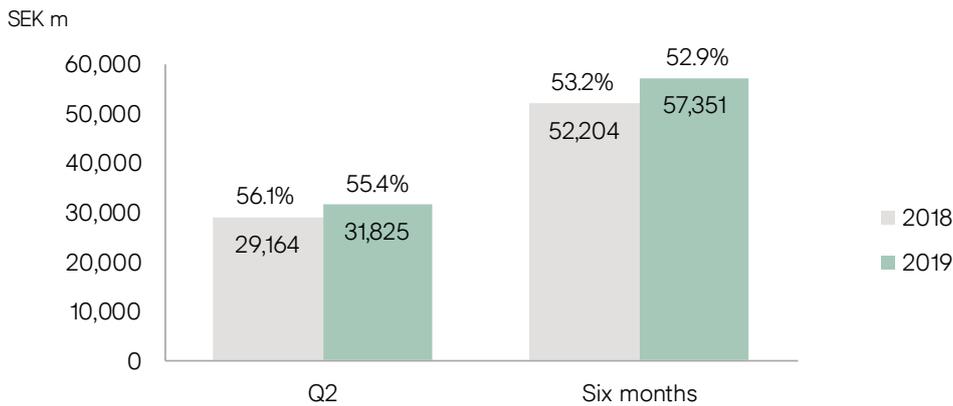
## Sales in top ten markets, second quarter

	Q2 - 2019	Q2 - 2018	Change in %		31 May - 19	Q2 - 2019
	SEK m net sales	SEK m net sales	SEK	Local currency	Number of stores	New stores (net)
Germany	8,703	8,522	2	-2	462	-4
USA	7,336	5,673	29	17	575	0
UK	3,747	3,400	10	5	302	1
China	3,119	2,775	12	8	533	-2
France	2,731	2,607	5	2	234	-4
Sweden	2,314	2,212	5	5	178	2
Italy	1,938	1,898	2	-1	180	2
Spain	1,880	1,693	11	8	167	-3
Russia	1,837	1,506	22	19	141	1
Netherlands	1,756	1,697	3	-1	137	-5
Others*	22,113	20,001	11	6	2,070	33
<b>Total</b>	<b>57,474</b>	<b>51,984</b>	<b>11</b>	<b>6</b>	<b>4,979</b>	<b>21</b>
<i>* Of which franchises</i>	<i>1,422</i>	<i>1,246</i>	<i>14</i>	<i>2</i>	<i>257</i>	<i>2</i>

Sales in Germany were affected by fine-tuning required following the transition of the online platform at the beginning of the year. Sales have gradually picked up again and towards the end of the second quarter exceeded last year's sales.

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 with the same period last year.

## Gross profit and gross margin



ARKET

**Gross profit** increased by 9 percent and amounted to SEK 31,825 m (29,164) in the second quarter, corresponding to a gross margin of 55.4 percent (56.1). For the six-month period, gross profit amounted to SEK 57,351 m (52,204), corresponding to a gross margin of 52.9 percent (53.2).

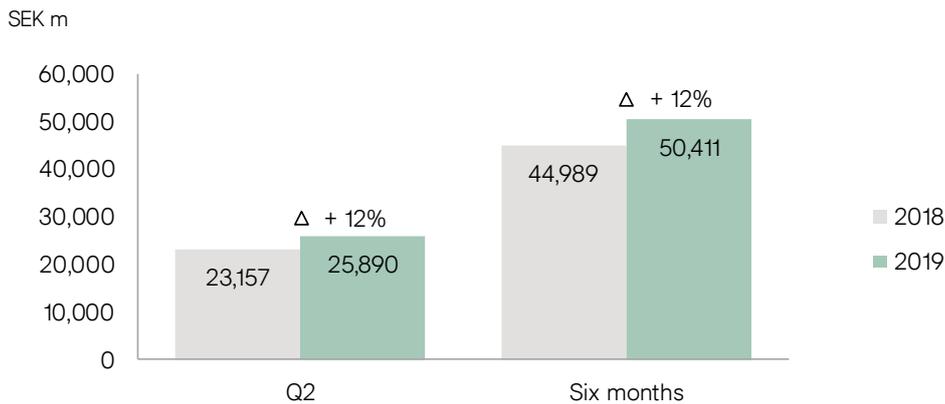
**Costs for markdowns** in relation to sales decreased by around 1 percentage point in the second quarter of 2019 compared with the corresponding quarter in 2018.

**The gross profit and gross margin** are a result of many 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 second quarter the external factors influencing purchasing costs were negative overall, mainly as a result of the gradual strengthening of the US dollar against the group's basket of currencies compared with the same purchasing period the previous year. The gross margin was also affected by continued investments in an even stronger customer offering and by costs for the intensified transformation work.

**For purchases made for the third quarter 2019** the overall market situation as regards external factors is expected to remain negative – mostly due to the strengthening of the US dollar against the group's basket of currencies compared with the same purchasing period the previous year.

## Selling and administrative expenses

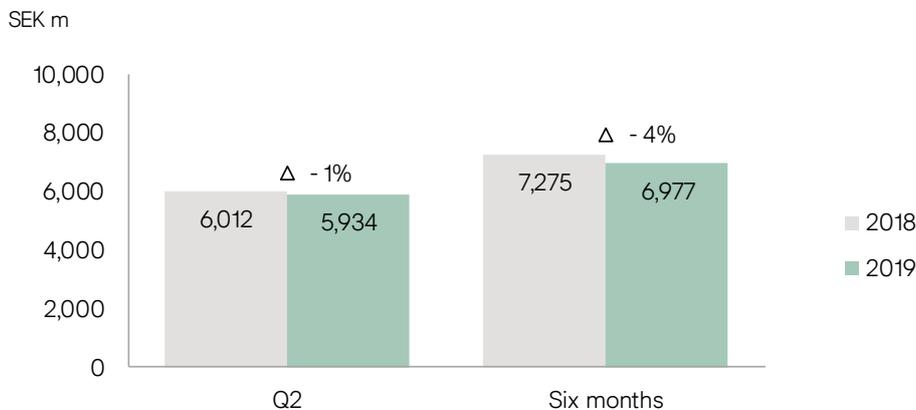


H&amp;M Home

In the second quarter of 2019, selling and administrative expenses increased by 12 percent in SEK and by 7 percent in local currencies compared with the corresponding period the previous year. For the six-month period, selling and administrative expenses increased by 12 percent in SEK and by 7 percent in local currencies compared with the corresponding period the previous year. Cost control in the group remains good.

The cost increase in the quarter is mainly explained by store and online expansion, but also by the group's ongoing transformation work with investments in focus areas such as AI, tech, logistics and H&M's customer loyalty programme.

## Profit after financial items



**Profit after financial items** amounted to SEK 5,934 m (6,012) in the second quarter. Profit in the six-month period amounted to SEK 6,977 m (7,275).

The group's ongoing transformation work contributed to continued positive sales development with more full-price sales, lower markdowns and increased market share. As customer satisfaction and sales have increased, the transformation work has been further intensified. While the costs of the group's initiatives have had a dampening effect on profitability, the company expects the initiatives to gradually contribute to an increase in the profitability of the H&M group.

## Stock-in-trade

Currency adjusted the stock-in-trade increased by 4 percent. In SEK the book value of stock-in-trade increased by 11 percent to SEK 40,406 m (36,333). The book value of stock-in-trade in SEK represented 32.4 percent (32.3) of total assets and 18.3 percent (18.2) of sales for the rolling 12 months, which amounted to SEK 220,724 m (199,801).

The composition of the stock-in-trade continues to improve. The company therefore assesses that the costs of markdowns in relation to sales will decrease by around 1.5 percentage points in the third quarter in a year-on-year comparison. This would be the fourth successive quarter with a reduction in markdowns.

## 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. Today H&M online is in 48 markets. Thailand, Indonesia and Egypt are scheduled to become new H&M online markets via franchise during the second half of 2019, when H&M will also be launched on Myntra, India's largest ecommerce platform, and & Other Stories will be launched on Tmall in China.

In addition to Bosnia-Herzegovina, which has already opened, Belarus and (via franchise) Tunisia will become new H&M store markets in 2019.

The company is accelerating its adaptation to customers' changed shopping patterns and has therefore revised the number of new stores downwards. The net addition of new stores for full-year 2019 will therefore be around 130, which is 45 fewer in the second half than previously assessed.

For the 2019 financial year around 295 new stores are planned to open, of which around 220 will be H&M stores. Around 75 of the year's store openings will be COS, & Other Stories, Monki, Weekday, ARKET and Afound stores. A total of three standalone H&M Home stores are planned to open in 2019. The majority of the H&M store openings will be in markets outside of Europe and the US.

In total, approximately 165 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.



Monki

Brand	No. of markets 31 May - 2019		Expansion 2019
	Store	Online	New markets
H&M	72	48	Store: Bosnia-Herzegovina*, Belarus, Tunisia (franchise) Online: Mexico*, Egypt (franchise), Thailand (franchise), Indonesia (franchise)
COS	42	22	Store: Iceland, Lithuania, Slovakia Online: Norway*
Monki	17	19	Store: Iceland*, Poland, United Arab Emirates (franchise)** Online: Norway*
Weekday	12	19	Store: Iceland*, Luxembourg* Online: Norway*
& Other Stories	19	16	Store: Luxembourg*, Latvia Online: Norway*, China (Tmall)
ARKET	7	19	Store: Luxembourg* Online: Norway*
Afound	1	1	Online: Netherlands
H&M HOME	51	41	Online: Mexico*, Kazakhstan

\* Opened until 31 May - 2019

\*\* Opened in June 2019



H&M

## Store count by brand

In the first half-year, excluding franchise, the group opened 83 (105) stores and closed 74 (65) stores, i.e. a net increase of 9 (40) new stores. Via franchise partners 8 (22) stores were opened and 6 (0) stores were closed. The group had 4,979 (4,801) stores as of 31 May 2019, of which 257 (241) were operated by franchise partners.

As previously communicated, Cheap Monday will be closed down in summer 2019. The H&M group's transformation 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.

Brand	New Stores 2019 (net)	Total No of stores	
	Q2	31 May - 2019	31 May - 2018
H&M	9	4,429	4,328
COS	2	274	247
Monki	0	127	120
Weekday	6	44	34
& Other Stories	1	70	62
Cheap Monday	0	0	1
ARKET	1	19	9
Afound	0	6	0
H&M HOME*	2	10	0
<b>Total</b>	<b>21</b>	<b>4,979</b>	<b>4,801</b>

\* Concept stores, H&M HOME is included with 373 shop-in-shop in H&M stores.

## Store count by region

Region	New Stores	Total No of stores	
	2019 (net)	31 May - 2019	31 May - 2018
Europe & Africa	4	3,059	3,014
Asia & Oceania	13	1,172	1,090
North & South America	4	748	697
<b>Total</b>	<b>21</b>	<b>4,979</b>	<b>4,801</b>

## Tax

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. 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.

## Current quarter

Sales of the summer collections got off to a very good start. Net sales in the month of June is estimated to increase by 12 percent in local currencies compared with the corresponding month the previous year.

The company therefore assesses that the costs of markdowns in relation to sales will decrease by around 1.5 percentage points in Q3 2019 compared with Q3 2018. This would be the fourth successive quarter with a reduction in markdowns.

## Financing

As of 31 May 2019 the group had SEK 10,505 m (14,527) in loans with a term of up to 12 months, SEK 9,376 m (1,028) in loans with a term of between 12 months and three years, SEK 2,125 m (0) in loans with a term of between three and five years and SEK 2,000 m (0) in loans with a term of over five years.

In the second quarter of 2019 the H&M group carried out financing activities aimed at improving liquidity and increasing the average term. In May 2019 H & M Hennes & Mauritz AB launched a Swedish commercial paper programme. The commercial paper market is an established source of short-term financing for maturities of up to 12 months. The aim of the programme is to diversify the company's financing to include supplementary sources of financing, thereby providing greater flexibility and increased cost-effectiveness in short-term liquidity management. In May SEK 2,000 m was issued under the programme with terms of between three and six months. Total cash and cash equivalents as well as unutilised committed credit facilities amounted to SEK 22,515 m (18,303) and the average term of loans from credit institutions was 2.0 years (0.5).

Net debt in relation to EBITDA amounted to 0.5 (0.2).

The strong credit profile of the H&M group enables cost-effective financing. The group continuously reviews opportunities to complement this with further sources of funding on the credit market.

## 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

2018 which are described in Note 1 – Accounting principles, other than the application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, which are being applied with effect from 1 December 2018. IFRS 9 and 15 and their effects on H&M are commented on below. A description of the H&M group's accounting principles as a result of the introduction of IFRS 9 and 15 can be found in the H&M group's annual report for 2018.

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 31 May 2019, forward contracts with a positive market value amount to SEK 610 m (768), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 872 m (938), which is reported under other current liabilities. Other financial assets and liabilities have short terms and are measured at amortised cost. 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.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement with effect from 1 December 2018. 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.

With effect from 1 December 2018 H&M is applying hedge accounting in accordance with IFRS 9. All the hedging relationships that existed upon transition to IFRS 9 qualified for continued hedge accounting, with no transitional effect. The group has not restated the comparative year, which is reported according to IAS 39. 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 provision 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 has not had 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. 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, which in H&M's case mainly takes place at the same time. The revenue consists of the amount that the company expects to receive as payment for the goods or services delivered. To assess how the introduction of IFRS 15 impacts the group, a preliminary study of the company's revenue streams. The preliminary study showed that the group's income statement is not significantly affected by the introduction of IFRS 15. The only exception is that as of 1 December 2018 the group reports provisions for expected returns gross. The group has elected to use a prospective method of transition and consequently comparative figures have not been restated.

For definitions see the annual report and consolidated accounts for 2018.

## 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 16 Leases. 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 2018.

## Calendar

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
16 December 2019	Sales development in fourth quarter, 1 Sep 2019 – 30 Nov 2019
30 January 2020	Full-year report, 1 Dec 2018 – 30 Nov 2019
16 March 2020	Sales development in first quarter, 1 Dec 2019 – 29 Feb 2020
25 March 2020	Three-month report, 1 Dec 2019 – 29 Feb 2020
7 May 2020	Annual general meeting

This six-month report has not been audited by the company's auditors.

Stockholm, 26 June 2019  
Board of Directors

## Press and telephone conference in conjunction with the six-month report

The six-month report for 2019, i.e. 1 December 2018 – 31 May 2019, will be published at 08:00 CEST on 27 June 2019, followed by a press conference at 09:30 CEST hosted by CEO Karl-Johan Persson and Head of IR Nils Vingé. The press conference for the financial market and media will be held in Swedish at H&M's head office in Stockholm, Ljusgården, Mäster Samuelsgatan 49, 3rd floor. The presentation material will be available at [hmgroup.com/investors](http://hmgroup.com/investors) after the press conference.

A telephone conference for the financial market and media will be held in English at 14:00 CEST, hosted by CEO Karl-Johan Persson, CFO Jyrki Tervonen and Head of IR Nils Vingé. For

login details to the telephone conference please register at [hmea.directeventreg.com](http://hmea.directeventreg.com/registration/7690038) or via this link:  
<http://emea.directeventreg.com/registration/7690038>

To book interviews with CEO Karl-Johan Persson and Head of IR Nils Vinge in conjunction with the six-month report on 27 June, please contact:

Kristina Stenvinkel, Communications Director  
Phone +46 8 796 39 08  
Email: [stenvinkel@hm.com](mailto: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](mailto:info@hm.com)  
Registered office: Stockholm, Reg. No. 556042-7220

The undersigned hereby provide an assurance that the half-year report for 1 December 2018 – 31 May 2019 provides a true and fair view of the parent company's and the group's business, positions and earnings, and also describe the significant risks and uncertainties faced by the companies making up the group.

Stockholm 26 June, 2019

Stefan Persson  
Chairman of the Board

Stina Bergfors  
Board member

Anders Dahlvig  
Board member

Ingrid Godin  
Board member

Danica Kragic Jensfeldt  
Board member

Lena Patriksson Keller  
Board member

Alexandra Rosenqvist  
Board member

Christian Sievert  
Board member

Erica Wiking Häger  
Board member

Niklas Zennström  
Board member

Karl-Johan Persson  
Chief Executive Officer

Information in this six-month 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 (CEST) on 27 June 2019. This six-month report and other information about the H&M group, is available at [hmgroup.com](http://hmgroup.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 48 online markets and more than 4,900 stores in 72 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 [hmgroup.com](http://hmgroup.com).*

**GROUP INCOME STATEMENT IN SUMMARY (SEK m)**

	Q2 2019	Q2 2018	Six months 2019	Six months 2018	1 Dec 2017- 30 Nov 2018
Net sales	57,474	51,984	108,489	98,165	210,400
Cost of goods sold	-25,649	-22,820	-51,138	-45,961	-99,513
<b>GROSS PROFIT</b>	<b>31,825</b>	<b>29,164</b>	<b>57,351</b>	<b>52,204</b>	<b>110,887</b>
<i>Gross margin, %</i>	55.4	56.1	52.9	53.2	52.7
Selling expenses	-23,653	-21,095	-46,076	-41,071	-87,512
Administrative expenses	-2,237	-2,062	-4,335	-3,918	-7,882
<b>OPERATING PROFIT</b>	<b>5,935</b>	<b>6,007</b>	<b>6,940</b>	<b>7,215</b>	<b>15,493</b>
<i>Operating margin, %</i>	10.3	11.6	6.4	7.3	7.4
Net financial items	-1	5	37	60	146
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>5,934</b>	<b>6,012</b>	<b>6,977</b>	<b>7,275</b>	<b>15,639</b>
Tax	-1,365	-1,374	-1,605	-1,265	-2,987
<b>PROFIT FOR THE PERIOD</b>	<b>4,569</b>	<b>4,638</b>	<b>5,372</b>	<b>6,010*</b>	<b>12,652</b>

\* Profit after tax in six month 2018 was affected by a one-off positive tax income of SEK 408 m as a result of the US tax reform (Tax Cuts & Jobs Act).

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

Earnings per share, SEK**	2.76	2.80	3.25	3.63	7.64
Number of shares, thousands**	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	2,794	2,424	5,471	4,703	9,671
of which cost of goods sold	147	136	318	287	558
of which selling expenses	2,490	2,146	4,845	4,130	8,566
of which administrative expenses	157	142	308	286	547

\*\* Before and after dilution.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)**

	Q2 2019	Q2 2018	Six months 2019	Six months 2018	1 Dec 2017- 30 Nov 2018
PROFIT FOR THE PERIOD	4,569	4,638	5,372	6,010	12,652
Other comprehensive income					
<i>Items that are or may be reclassified to profit or loss</i>					
Translation differences	239	1,415	1,511	2,021	1,895
Change in hedging reserves	560	328	-192	366	535
Tax attributable to change in hedging reserves	-129	-75	44	-84	-123
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of defined benefit pension plans	-	-	-	-	14
Tax related to the above remeasurement	-	-	-	-	-3
<b>OTHER COMPREHENSIVE INCOME</b>	<b>670</b>	<b>1,668</b>	<b>1,363</b>	<b>2,303</b>	<b>2,318</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>5,239</b>	<b>6,306</b>	<b>6,735</b>	<b>8,313</b>	<b>14,970</b>

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

**GROUP BALANCE SHEET IN SUMMARY (SEK m)**

<b>ASSETS</b>	<b>31 May - 2019</b>	<b>31 May - 2018</b>	<b>30 Nov 2018</b>
<b>Fixed assets</b>			
Intangible fixed assets	10,666	8,071	9,618
Property, plant and equipment	42,127	41,459	42,439
Financial fixed assets	507	276	478
Other fixed assets	4,421	3,287	4,679
	57,721	53,093	57,214
<b>Current assets</b>			
Stock-in-trade	40,406	36,333	37,721
Current receivables	13,573	12,099	12,265
Cash and cash equivalents	13,076	11,107	11,590
	67,055	59,539	61,576
<b>TOTAL ASSETS</b>	<b>124,776</b>	<b>112,632</b>	<b>118,790</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	49,144	51,889	58,546
Long-term liabilities*	18,842	6,323	16,025
Current liabilities**	56,790	54,420	44,219
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>124,776</b>	<b>112,632</b>	<b>118,790</b>

\* Interest-bearing long-term liabilities amounts to SEK 14,288 m (1,878).

\*\* Interest-bearing current liabilities amounts to SEK 10,649 m (14,659).

**CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)**

	<b>31 May - 2019</b>	<b>31 May - 2018</b>	<b>30 Nov 2018</b>
Shareholders' equity at the beginning of the period	58,546	59,713	59,713
Total comprehensive income for the period	6,735	8,313	14,970
Dividend	-16,137	-16,137	-16,137
Shareholders' equity at the end of the period	49,144	51,889	58,546

**GROUP CASH FLOW STATEMENT (SEK m)**

	Six months 2019	Six months 2018
<b>Current operations</b>		
Profit after financial items*	6,977	7,275
- Provisions for pensions	31	32
- Depreciation	5,471	4,703
- Tax paid	-1,564	-546
- Other	21	21
<b>Cash flow from current operations before changes in working capital</b>	<b>10,936</b>	<b>11,485</b>
<b>Cash flow from changes in working capital</b>		
Current receivables	267	-1,164
Stock-in-trade	-2,135	-2,019
Current liabilities	31	831
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>9,099</b>	<b>9,133</b>
<b>Investing activities</b>		
Investment in intangible fixed assets	-1,602	-1,370
Investment in tangible fixed assets	-3,167	-4,333
Other investments	-31	-170
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-4,800</b>	<b>-5,873</b>
<b>Financial activities</b>		
Change in interest-bearing liabilities	4,611	5,750
Dividend	-8,110	-8,110
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-3,499</b>	<b>-2,360</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>800</b>	<b>900</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>11,590</b>	<b>9,718</b>
Cash flow for the period	800	900
Exchange rate effect	686	489
<b>Cash and cash equivalents at end of the period**</b>	<b>13,076</b>	<b>11,107</b>

\* Interest paid for the group amounts to SEK 130 m (35).

\*\* Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 13,076 m (11,107).

**FIVE YEAR SUMMARY****Six months, 1 December - 31 May**

	2015	2016	2017	2018	2019
Net sales, SEK m	86,143	90,565	98,368	98,165	108,489
Change net sales from previous year in SEK, %	23	5	9	0	11
Change net sales previous year in local currencies, %	12	7	5	0	5
Operating profit, SEK m	12,989	10,222	10,809	7,215	6,940
Operating margin, %	15.1	11.3	11.0	7.3	6.4
Depreciations for the period, SEK m	3,120	3,664	4,251	4,703	5,471
Profit after financial items, SEK m	13,158	10,329	10,920	7,275	6,977
Profit after tax, SEK m	10,066	7,902	8,354	6,010	5,372
Cash and cash equivalents and short-term investments, SEK m	10,293	8,387	10,655	11,107	13,076
Stock-in-trade, SEK m	19,699	25,339	32,148	36,333	40,406
Equity, SEK m	47,239	48,907	52,469	51,889	49,144
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	6.08	4.77	5.05	3.63	3.25
Equity per share, SEK*	28.54	29.55	31.70	31.35	29.69
Cash flow from current operations per share, SEK*	8.21	7.59	6.61	5.52	5.50
Share of risk-bearing capital, %	69.0	63.0	57.0	50.0	43.0
Equity/assets ratio, %	64.4	58.3	52.1	46.1	39.4
Total number of stores	3,639	4,077	4,498	4,801	4,979
<b>Rolling twelve months</b>					
Earnings per share, SEK*	13.04	11.32	11.53	8.36	7.26
Return on equity, %	50.3	39.0	37.7	26.5	23.8
Return on capital employed, %	64.5	47.9	38.1	27.0	21.9

\* Before and after dilution.

For definitions of key figures see the annual report

**SEGMENT REPORTING (SEK m)**

	<b>Six months 2019</b>	<b>Six months 2018</b>
<b>Asia and Oceania</b>		
External net sales	17,431	15,044
Operating profit	1,127	287
Operating margin, %	6.5	1.9
<b>Europe and Africa*</b>		
External net sales	71,305	67,160
Operating profit	550	712
Operating margin, %	0.8	1.1
<b>North and South America</b>		
External net sales	19,753	15,961
Operating profit	672	-447
Operating margin, %	3.4	-2.8
<b>Group Functions</b>		
Net sales to other segments	39,537	34,670
Operating profit	4,591	6,663
<b>Eliminations</b>		
Net sales to other segments	-39,537	-34,670
<b>Total</b>		
External net sales	108,489	98,165
Operating profit	6,940	7,215
Operating margin, %	6.4	7.3

\* South Africa

**PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)**

	Q2 2019	Q2 2018	Six months 2019	Six months 2018	1 Dec 2017- 30 Nov 2018
External net sales	10	5	17	10	22
Internal net sales*	941	1,016	1,981	2,015	4,262
<b>GROSS PROFIT</b>	<b>951</b>	<b>1,021</b>	<b>1,998</b>	<b>2,025</b>	<b>4,284</b>
Administrative expenses	-56	-47	-96	-89	-156
<b>OPERATING PROFIT</b>	<b>895</b>	<b>974</b>	<b>1,902</b>	<b>1,936</b>	<b>4,128</b>
Net financial items**	-6	2,237	-27	2,313	13,846
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>889</b>	<b>3,211</b>	<b>1,875</b>	<b>4,249</b>	<b>17,974</b>
Year-end appropriations	-	-	-	-	-1,164
Tax	-197	-226	-413	-443	-673
<b>PROFIT FOR THE PERIOD</b>	<b>692</b>	<b>2,985</b>	<b>1,462</b>	<b>3,806</b>	<b>16,137</b>

\* Internal sales in the quarter consists of royalty of SEK 936 m (1,014) and other SEK 5 m (2) received from group companies and for the six-month period of royalty of SEK 1,970 m (2,011) and other SEK 11 m (4).

\*\* Dividend income from subsidiaries in the quarter consists of SEK 0 m (2,184) and in the six-month period of SEK 2 m (2,234).

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)**

	Q2 2019	Q2 2018	Six months 2019	Six months 2018	1 Dec 2017- 30 Nov 2018
PROFIT FOR THE PERIOD	692	2,985	1,462	3,806	16,137
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
Tax related to the above remeasurement	-	-	-	-	2
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-7</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>692</b>	<b>2,985</b>	<b>1,462</b>	<b>3,806</b>	<b>16,130</b>

**PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)**

	<b>31 May - 2019</b>	<b>31 May - 2018</b>	<b>30 Nov 2018</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	254	327	289
Other fixed assets	1,909	1,820	1,621
	2,163	2,147	1,910
<b>Current assets</b>			
Current receivables	32,372	21,260	30,233
Cash and cash equivalents	48	93	93
	32,420	21,353	30,326
<b>TOTAL ASSETS</b>	<b>34,583</b>	<b>23,500</b>	<b>32,236</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,795	4,147	16,471
Untaxed reserves	96	417	96
Long-term liabilities*	13,448	182	9,294
Current liabilities**	19,244	18,754	6,375
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34,583</b>	<b>23,500</b>	<b>32,236</b>

\* All long-term liabilities are interest-bearing.

\*\* Interest-bearing current liabilities amounts to SEK 9,050 m (10,000). Dividend to be paid amounts to SEK 8,027 m (8,027).