



INTERIM REPORT

1 December 2000 - 31 August 2001

- **H&M's Group turnover amounted to SEK 32,356 M, an increase of 27 per cent. In comparable currency rates the increase was 18 per cent.**
- **Turnover for the third quarter amounted to SEK 10,965 M, an increase of 34 per cent compared with last year. In comparable currency rates the increase was 22 per cent.**
- **Increased market shares in every country.**
- **Profit after financial items was SEK 3,378 M, an increase of 29 per cent.**
- **Third quarter profit after financial items amounted to SEK 1,247 M, an increase of 56 per cent.**
- **Good stock level in relation to turnover development.**
- **Expansion plan maintained, approximately 38 new stores in Q4, of which 10 in the USA.**
- **The autumn collection has been well received. Good start of the fourth quarter.**

Turnover

Turnover including VAT for the H&M Group increased during the nine months period by 27 per cent (in comparable currencies 18 per cent), compared with the same period last year and reached SEK 32,356.2 M (SEK 25,428.1 M).

Turnover during the third quarter amounted to SEK 10,964.9 M (SEK 8,186.1 M), an increase of 34 per cent (in comparable currencies 22 per cent).

Sales outside Sweden accounted for 88 per cent (85).

During the period, the Group has opened 56 new stores and two stores have been closed. The total number of stores at the end of the period was 736.

Result

Gross profit for the nine months period reached SEK 13,880.9 M (SEK 10,856.2 M), corresponding to 50.3 per cent (50.4) of the turnover.

After deduction for administrative and selling expenses, operating profit was SEK 3,184.3 M (SEK 2,423.7 M). This result corresponds to an operating margin of 11.5 per cent (11.2).

Operating profit for the period has been charged with depreciation according to plan amounting to SEK 666.5 M (SEK 454.8 M) and start-up costs, e.g. the part of investments in new stores charged directly to the income statement, of SEK 149.2 M (SEK 247.8 M). After depreciation but before start-up costs, operating margin reached 12.1 per cent (12.4).

Group financial net interest income amounted to SEK 193.7 M (SEK 189.1 M).

Profit after financial items corresponded to SEK 3,378.0 M (SEK 2,612.8 M), an increase of 29 per cent. The period has been affected positively by currency translation effects by SEK 306 M compared with the previous year.

Group profit after comprehensive tax allocation for the nine month period amounted to SEK 2,195.7 M (SEK 1,698.3 M), which corresponds to earnings per share of SEK 2.65 (SEK 2.05).

For the third quarter, operating profit was SEK 1,180.5 M (SEK 740.4 M), corresponding to an operating margin of 12.6 per cent (10.7).

Profit after financial items for the third quarter was SEK 1,246.5 M (SEK 800.1 M), an increase of 56 per cent.

Return on shareholders' equity, revolving twelve months, was 24.9 per cent (26.6) and return on capital employed, revolving twelve months, was 38.6 per cent (40.9).

Comments to the third quarter

Sales during the third quarter have been continued good and the H&M Group has increased its

markets shares in all countries of operation.

The autumn collection, which started being delivered to the stores in July and August, has been well received.

The improved gross margin, 51.3 per cent (49.2), compared with the corresponding period last year, is primarily due to a lower level of price reductions.

Operating expenses in the third quarter were continued on a high level in the expansion countries USA, France, Great Britain and Spain. Operating expenses as a percentage of sales have, however, continued to decrease in all markets.

Currency translation effects of SEK 134 M compared with the previous year have positively affected the result for the quarter.

The Group has opened seven stores during the period, among those one in Münster, which is store number 200 in Germany. One store has been closed down in Switzerland.

Financial position

Group balance sheet total increased by 22 per cent and corresponded to SEK 18,184.2 M (SEK 14,931.9 M).

Group cash flow during the period was SEK -598.0 M (SEK -1,780.3 M). Financial assets amounted to SEK 5,236.2 M (SEK 5,046.4 M).

Stock-in-trade increased by 22 per cent and amounted to SEK 6,217.2 M (SEK 5,091.3 M). Cleared of changes in currency exchange rates, the increase was 13 per cent.

Investments in fixed assets amounted to SEK 1,174.7 M (SEK 1,473.1 M).

The equity/assets ratio corresponded to 75 per cent (72) and the share of risk-bearing capital was 79 per cent (76).

Net worth, allocated to the 827,536,000 shares issued, corresponded on 31 August to SEK 16.49 (SEK 13.08).

Present quarter

During the fourth quarter a further 38 stores are planned to open and two will be closed down. The largest number will open in the USA, where ten stores are planned, and in Germany, where six stores are planned to open.

The terrorist attack in New York on 11 September has in the last weeks meant a minor decrease in sales in H&M's American stores. H&M sales in Europe, however, have not been affected.

The autumn collection has been well received. So far in September sales in comparable currency rates have increased approximately 35 per cent.

In order to better guide the stock market, the Board has decided that H&M in the future will publish sales development by the month.

This interim report has not been audited.

The report for the fiscal year 2000/2001 will be published on 30 January 2002.
Report of the first three months of the fiscal year 2001/2002 will be published on 22 March 2002.
General Annual Meeting will be held on Friday, 19 April 2002, at 3.00 p.m. in "Victorihallen",
Stockholmsmässan in Stockholm.

Stockholm 28 September 2001

The Board of Directors

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Background information about H&M and press pictures may be found on www.hm.com

GROUP INCOME STATEMENT
(SEK M)

	1/12 2000 31/8 2001	1/12 1999- 31/8 2000	1/6 2001 31/8 2001	1/6 2000- 31/8 2000	1/12 1999- 30/11 2000
Turnover, including value added tax	32,356.2	25,428.1	10,964.9	8,186.1	35,876.1
Turnover, excluding value added tax	27,594.5	21,549.1	9,344.7	6,951.0	30,453.7
Costs of goods sold	- 13,713.6	- 10,692.9	- 4,555.2	- 3,533.6	- 15,056.9
Gross profit	13,880.9	10,856.2	4,789.5	3,417.4	15,396.8
Selling expenses	- 10,056.0	- 7,944.6	- 3,390.6	- 2,524.7	- 10,962.5
Administrative expenses	- 640.6	- 487.9	- 218.4	- 152.3	- 667.7
Operating profit	3,184.3	2,423.7	1,180.5	740.4	3,766.6
Result from financial investments					
Interest income	205.2	199.6	70.2	66.4	254.4
Interest expense	- 11.5	- 10.5	- 4.2	- 6.7	- 17.8
Profit after financial items	3,378.0	2,612.8	1,246.5	800.1	4,003.2
Estimated tax	- 1,182.3	- 914.5	- 436.3	- 280.1	- 1,450.5
Estimated profit/Profit for 1999/2000	2,195.7	1,698.3	810.2	520.0	2,552.7
Profit per share, SEK	2.65	2.05	0.98	0.63	3.08

SUMMARY OF GROUP BALANCE SHEET

(SEK M)

	31 Aug 2001	31 Aug 2000	30 Nov 2000
Assets			
Real estate, fixtures and fittings	5,862.2	4,116.8	4,958.6
Other fixed assets	131.8	90.2	96.6
 Total fixed assets	 5,994.0	 4,207.0	 5,055.2
Stock-in-trade	6,217.2	5,091.3	4,448.7
Other current assets	736.8	587.2	793.3
Cash and bank balances	5,236.2	5,046.4	5,403.2
 Total current assets	 12,190.2	 10,724.9	 10,645.2
Total assets	18,184.2	14,931.9	15,700.4
 Equity and liabilities			
Equity	13,645.3	10,823.6	11,889.8
Long-term liabilities	849.3	703.8	777.4
Short-term liabilities	3,689.6	3,404.5	3,033.2
 Total equity and liabilities	 18,184.2	 14,931.9	 15,700.4
 Change in equity			
Equity, 1 December 2000	11,889.8		
Profit for the period	2,195.7		
Dividend	- 1,117.2		
Currency translation effects	677.0		
Equity, 31 August 2001	13,645.3		

CASH FLOW ANALYSES

(SEK M)

1 December 2000 - 31 August 2001

	2000/2001	1999/2000
Profit after financial items	3,378.0	2,612.8
Adjustment for items not affecting cash flow	- 515.8	- 444.4 *
Cash flow generated by current operations	2,862.2	2,168.4 *
Cash flow generated by changes in working capital	- 974.5	- 1,371.5
Cash flow from investment activities	- 1,334.2	- 1,461.4 *
Cash flow from financial activity	- 1,151.5	- 1,115.8
Cash flow for the period	- 598.0	- 1,780.3
Liquid funds 1 December 1999 (1 December 1998)	5,403.2	6,832.4
Cash flow for the period	- 598.0	- 1,780.3
Changes in currency rates	431.0	- 5.7
Liquid funds, end of period	5,236.2	5,046.4

*) In 1999/2000, start-up costs of SEK 247.8 M were included in the cash flow analyses.

FIVE YEAR SUMMARY

(SEK M)

Nine months	31 August 1997	31 August 1998	31 August 1999	31 August 2000	31 August 2001
Turnover including VAT	14,864.6	18,341.5	23,548.5	25,428.1	32,356.2
Change from previous year, %	26.5	23.4	28.4	8.0	27.2
Sales outside Sweden, %	79.0	81.0	84.0	85.0	88.0
Operating profit	1,394.0	2,016.8	3,070.4	2,423.7	3,184.3
Operating margin, %	11.1	13.0	15.4	11.2	11.5
Profit after estimated tax	945.6	1,379.0	2,085.7	1,698.3	2,195.7
Number of shares (adjusted for split)	827,536,000	827,536,000	827,536,000	827,536,000	827,536,000
Profit per share	1.14	1.67	2.52	2.05	2.65
Revolving, 12 months					
Profit per share SEK	1.95	2.57	3.62	3.25	3.69
Return on shareholders' equity, %	31.7	32.6	35.8	26.6	24.9
Return on capital employed, %	44.9	47.9	53.8	40.9	38.6
Debt/equity ratio, %	2.5	1.8	1.2	1.4	1.5
Share of risk-bearing capital, %	76.2	75.7	76.4	76.2	78.6
Solidity, %	71.7	71.3	72.3	72.5	75.0
Interest cover	250.4	309.6	365.4	218.9	254.6
Number of stores	468	518	583	636	736

TURNOVER PER COUNTRY AND NUMBER OF SHOPS

1 December 2000 - 31 August 2001

	Turnover 2001	Turnover 2000	Change SEK	Change local currency	No of stores 31 August 2001	Change since 1 Dec. 2000
	Incl VAT	Incl VAT	%	%		
Sweden	3,870	3,834	1	1	115	
Norway	2,525	2,102	20	9	67	+ 3
Denmark	1,591	1,368	16	8	48	+ 1
Great Britain	2,345	1,469	60	50	57	+10
Switzerland	2,124	1,756	21	8	43	+ 2
Germany	10,004	8,009	25	16	200	+12
Netherlands	2,094	1,695	24	14	56	+ 2
Belgium	1,186	1,073	11	1	34	
Austria	2,372	2,079	4	5	38	+ 4
Luxembourg	125	103	21	10	4	
Finland	839	683	23	13	15	+ 1
France	1,501	765	96	82	30	+ 7
USA	1,441	402	258	213	21	+11
Spain	339	90	277	251	8	+ 1
Total	32,356	25,428	27		736	+ 54

TURNOVER PER COUNTRY AND NUMBER OF SHOPS

1 June 2001 - 31 August 2001

	Turnover 2001	Turnover 2000	Change SEK	Change local currency	No of stores 31 August 2001	Change since 1 June 2001
	Incl VAT	Incl VAT	%	%		
Sweden	1,284	1,200	7	7	115	
Norway	919	705	30	15	67	
Denmark	523	421	24	11	48	
Great Britain	820	504	63	49	57	+ 1
Switzerland	699	552	27	12	43	
Germany	3,368	2,557	32	19	200	+ 2
Netherlands	676	538	26	14	56	+ 1
Belgium	407	334	22	2	34	
Austria	774	620	25	12	38	+ 2
Luxembourg	43	32	34	9	4	
Finland	316	226	40	26	15	
France	516	234	121	103	30	
USA	499	207	141	104	21	
Spain	121	56	116	93	8	
Total	10,965	8,186	34		736	+ 6