



## **H & M HENNES & MAURITZ AB**

### **FULL-YEAR REPORT**

**1 December 2008 – 30 November 2009**

- The H&M Group's sales excluding VAT for the financial year amounted to SEK 101,393 m (88,532), an increase of 15 percent. In local currencies, the increase was 4 percent.
  - Profit after financial items for the financial year was SEK 22,103 m (21,190). Group profit after tax was SEK 16,384 m (15,294), corresponding to SEK 19.80 (18.48) per share, an increase of 7 percent.
  - Sales excluding VAT for the fourth quarter amounted to SEK 28,011 m (26,310), an increase of 6 percent. In local currencies, sales increased by 3 percent.
  - Gross profit for the fourth quarter amounted to SEK 18,581 m (16,416), an increase of 13 percent. The gross margin amounted to 66.3 percent (62.4).
  - Profit after financial items for the fourth quarter amounted to SEK 7,992 m (7,114), an increase of 12 percent. Group profit after tax was SEK 6,154 m (5,089).
  - Successful establishment in Russia during 2009.
  - H&M plans for a net contribution of around 240 stores for the financial year 2009/2010.
  - The Board of Directors proposes a dividend of SEK 16.00 (15.50) per share.
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- Sales in December 2009 increased by 15 percent in local currencies compared to the same month previous year.
  - Sales during the period 1 - 26 January 2010 increased by 13 percent in local currencies compared to the same period last year.

## **Sales**

Sales excluding VAT for the H&M Group for the financial year amounted to SEK 101,393 m (88,532), an increase of 15 percent. Sales including VAT amounted to SEK 118,697 m (104,041), an increase of 14 percent. In local currencies the increase was 4 percent. In comparable units, sales decreased by 5 percent.

Sales excluding VAT in the fourth quarter amounted to SEK 28,011 m (26,310), an increase of 6 percent. Sales including VAT were SEK 32,758 m (30,848), an increase of 6 percent. In local currencies sales increased by 3 percent and in comparable units sales decreased by 6 percent.

The Group opened 275 (234\*) stores and closed 25 (18) stores during the financial year, a net contribution of 250 stores. In the fourth quarter 159 (129) stores were opened and 11 (9) were closed. The total number of stores in the Group as per 30 November 2009 thus amounted to 1,988 (1,738), of which 36 are franchise stores, 23 COS stores and 46 stores within the FaBric Scandinavien group.

\* including 13 Monki stores and 7 Weekday stores through H&M's acquisition of FaBric Scandinavien AB.

## **Results for the financial year**

Gross profit for the financial year amounted to SEK 62,474 m (54,468), an increase of 15 percent. This corresponds to a gross margin of 61.6 percent (61.5).

The operating profit after deducting selling and administrative expenses was SEK 21,644 m (20,138), which corresponds to an operating margin of 21.3 percent (22.7).

Operating profit for the financial year has been charged with depreciation amounting to SEK 2,830 m (2,202).

Consolidated net interest income was SEK 459 m (1,052).

Profit after financial items amounted to SEK 22,103 m (21,190), an increase of 4 percent.

For the financial year group profit after a tax rate of 25.9 percent (27.8) amounted to SEK 16,384 m (15,294), corresponding to earnings per share of SEK 19.80 (18.48), an increase of 7 percent.

Return on shareholders' equity was 42.2 percent (44.3) and return on capital employed was 56.7 percent (61.1).

## **Comments on the full year**

The sales increase during the year has been weak, which is deemed to be due to several factors, mainly the recession with restrained consumption and the fact that the market has been discount-driven.

Internet and catalogue sales had a positive development during the year.

H&M Home, fashion for the home, which was launched in February 2009 via internet and catalogue sales was well received. The development of COS, Monki and Weekday has continued according to plan.

In a time of significant exchange rate fluctuations H&M's policy\* to hedge the mark-up on the internal sales of goods to the subsidiaries had a major impact, both negative and positive, on the gross margin in the different quarters of the year. There was a total negative effect of approximately SEK 370 m on the gross profit during the year, corresponding to a negative effect of 0.4 percentage units on the gross margin. Despite this, the company has achieved a gross margin of 61.6 percent (61.5) mainly due to greater surplus capacity at suppliers and a more efficient buying process.

The cost control in the Group has been good during the whole financial year. Selling and administrative expenses increased by 18.9 percent in SEK. In local currencies, the increase was 9 percent which is entirely related to the expansion. Selling and administrative expenses in relation to sales excluding VAT increased to 40.3 percent (38.8) which is explained mainly by weak sales during the year. Costs in comparable stores, which have been well adjusted to the recession, decreased compared to the previous year.

The rate of expansion has been high; a net total of 250 new stores were added during the financial year, which is 25 more stores than was originally planned. The large number of additional stores compared to what was originally planned, is largely due to the economic downturn, which provided opportunities for new store projects and also due to that a number of store contracts scheduled for the first quarter 2010 were completed earlier than planned, allowing these stores to open during the fourth quarter 2009.

Russia and Lebanon became new H&M markets during the year. The first stores in Moscow opened in the spring, while the first franchise stores in Beirut opened during the autumn; these were all very well received. The opening of H&M's first stores in Beijing was another example of successful establishments during the year.

The proportion of refurbished stores remained on the same high level as last year. The investments and costs for new and refurbished stores calculated per unit were lower than in the previous year.

\* for information on changed currency hedging policy, see page 5.

### **Results for the fourth quarter**

Gross profit for the fourth quarter amounted to SEK 18,581 m (16,416), an increase of 13 percent. This corresponds to a gross margin of 66.3 percent (62.4).

Operating profit was SEK 7,909 m (6,819) for the fourth quarter, an increase of 16 percent. This corresponds to an operating margin of 28.2 percent (25.9).

Profit after financial items was SEK 7,992 m (7,114), an increase of 12 percent.

Profit after tax amounted to SEK 6,154 m (5,089).

### **Comments on the fourth quarter**

Sales excluding VAT increased by 6 percent. In local currencies, sales increased by 3 percent, however with great differences between the different sales markets.

The weak sales increase is mainly explained by continued recession with restrained consumption, a discount-driven market and mild weather during the autumn which had a negative effect on sales of weather dependent garments such as jackets and heavy knitwear.

The gross margin, which amounted to 66.3 percent (62.4), has been positively affected by the currency hedging of the mark-up on sales of goods to the subsidiaries with approximately 1.2 percentage units while it during the fourth quarter 2008 affected the gross margin negatively by approximately 1.5 percentage units. Among other things, the gross margin has also been positively affected by greater surplus capacity at suppliers, efficiencies in the buying process and year-end effects that are mainly due to lower shrinkage than estimated. Increased markdowns affected the gross margin negatively by 0.5 percentage units compared to the corresponding quarter the previous year.

Selling and administrative expenses in the quarter amounted to SEK 10,672 m (9,597), an increase of 11 percent.

The 20 percent increase of the stock-in-trade compared to the same time the previous year is mainly due to the expansion and the fact that sales during the quarter have been lower than planned. As sales were weak during the fourth quarter, the stock-in-trade per 30 November 2009 contains a larger proportion of mainly weather dependent garments compared to the same time the previous year. This will lead to larger markdowns during the first quarter 2009/2010 and thereby affect the gross margin negatively compared to the corresponding quarter last year.

### **Financial position and cash flow**

Consolidated total assets as per 30 November 2009 increased by 6 percent compared to the same time last year and amounted to SEK 54,363 m (51,243).

During the financial year the Group generated a cash flow of SEK -3,607 m (5,292). The operating activities generated a positive cash flow of SEK 17,973 m (17,966). Cash flow was among other things affected by dividend of SEK -12,825 m (-11,584), investments in fixed assets of SEK -5,686 m (-5,193) and by short-term investments with a duration of four to twelve months of SEK -3,001 m (4,900). Liquid funds and short-term investments amounted to SEK 22,025 m (22,726).

The stock-in-trade increased by 20 percent compared to the same time last year and amounted to SEK 10,240 m (8,500). This corresponds to 10.1 percent (9.6) of sales excluding VAT. The stock-in-trade was 18.8 percent (16.6) of total assets.

The equity/assets ratio was 74.7 percent (72.1) and the share of risk-bearing capital was 78.5 percent (75.7).

Shareholders' equity apportioned on the outstanding 827,536,000 shares as per 30 November 2009 was SEK 49.08 (44.65).

### **Expansion**

H&M's growth target is to increase the number of stores with 10-15 percent per year with continued high profitability and at the same time increase sales in comparable units. H&M remains positive towards the future expansion and the company's business opportunities. For the 2009/2010 financial year a net contribution of approximately 240 stores is planned, of which 25 Monki and Weekday stores and 12 COS stores. Most of the Group's new stores are planned for the US, the UK, China, France, Germany and Italy. The proportion of refurbishments of existing stores is expected to remain on the same high level as during 2008/2009.

As previously communicated, the following establishments are planned for 2010: The first store in Seoul, South Korea, will open during the spring and the second store during the autumn 2010.

Israel will become new franchise market during 2010 where the first three stores are planned to open in Tel Aviv, Jerusalem and Haifa during the spring.

H&M plans to start online sales in the UK during the autumn 2010.

## **Tax**

The tax rate for the 2008/2009 financial year was 25.9 percent (27.8). On 1 January 2009 the Swedish rate of corporate tax was reduced to 26.3 percent from its previous level of 28 percent. In the end of the financial year 2008/2009 it was made clear that the new lower Swedish rate of corporate tax affects the Group already for the 2008/2009 financial year. Tax expense for the year was thus SEK 225 m lower than originally estimated.

For the full year of 2009/2010 the effective tax rate for the Group is expected to be approximately 26 percent.

## **Employees**

The average number of employees, converted into full-time positions, in the Group was 53,476 (53,430), of which 4,874 (4,924) in Sweden.

## **The Parent Company**

The parent company had no external sales (136) during the 2008/2009 financial year. Profit after financial items amounted to SEK 15,267 m (15,395). Investments in fixed assets amounted to SEK -94 m (-185).

## **Sales comments on the current quarter**

Sales including VAT in local currencies for December 2009 increased by 15 percent compared to the same month previous year. Sales in comparable units increased by 3 percent.

Sales during the period 1 - 26 January 2010 increased by 13 percent in local currencies compared to the same period last year.

## **Changed currency hedging policy**

H & M Hennes & Mauritz AB changed the internal transfer pricing model within the Group during the second half of 2007. Among other things, this meant the introduction of currency hedging for the mark-up on the internal sales of goods to the subsidiaries in order to secure part of the Group's gross earnings in Swedish kronor.

During a time of significant exchange rate fluctuations in the autumn of 2008 and spring of 2009 the currency hedging for the mark-up on internal sales of goods to the subsidiaries had a major impact, both negative and positive, on gross margin in the different quarters of the year. To avoid such effects in the future the company has decided to end the hedging of the internal mark-up with effect from 1 December 2009 and thereby return to, as previously, only applying currency hedging for the Group's flow of goods.

Although the currency hedging for the internal mark-up to the subsidiaries ended as of 1 December 2009, there are outstanding FX forward contracts entered before 1 December 2009 that will mature during the first half-year 2009/2010. This means that the majority of the internal mark-up for the first quarter is currency-hedged, which is expected to

have a positive impact on the gross margin based on current exchange rates. For the second quarter a somewhat smaller proportion of the internal mark-up is currency-hedged, and is therefore estimated, at current currency rates, to have a smaller effect on the gross margin than in the first quarter 2009/2010.

During the year the part of the Group's flow of goods (around 10 percent) that was not currency-hedged had an impact on the gross margin that varied substantially in the various quarters due to rapid and significant exchange rate fluctuations. In order to decrease such effects in the future the company has therefore also, with effect from 1 December 2009, decided to apply currency hedging for 100 percent for the Group's flow of goods instead of as previously 90 percent.

### **Dividend proposal**

H&M's financial goal is to enable the company to continue enjoying good growth and to be prepared to exploit business opportunities. It is essential that the expansion, as in the past, proceeds with continued high degree of financial strength and continued freedom of action.

Based on this policy, the Board of Directors has determined that the total dividend should equal about half of the profit after tax. In addition, the Board may propose that the surplus liquidity can also be distributed.

The Board of Directors will propose to the Annual General Meeting 2010 a dividend of SEK 16.00 per share (15.50), which corresponds to 81 percent (84) of the result after tax.

The Board of Directors is of the opinion that the proposed distribution of earnings is justifiable taking into consideration the financial position and continued freedom of action of the Group and the parent company and observing the requirements that the nature and extent of the business, its risks and future expansion plans impose on the Group's and the parent company's equity and liquidity.

### **Annual General Meeting 2010**

The Annual General Meeting 2010 will be held on Thursday 29 April, at 3 pm in the Victoria Hall, at the Stockholm International Fairs.

### **Annual Report 2008/2009**

The Annual Report including the Corporate Governance Report is expected to be published on 25 March 2010, on the same date it will also be published on [www.hm.com](http://www.hm.com). The printed Annual Report will be sent out by post to shareholders that have so requested and will also be available at the company's head office.

### **Accounting principles**

The Group applies International Financial Reporting Standards (IFRS) as adopted by EU. This Interim Report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The accounting principles applied in this report are unchanged compared to last year and are described in the Annual Report and Consolidated Financial Statements for 2007/2008, in Note 1 – Accounting principles.

The parent company applies the Swedish Annual Accounts Act and Recommendation RFR 2.2, Accounting for Legal Entities, which essentially means that IFRS is applied. In accordance with Recommendation RFR 2.2, IAS 39 is not applied in the parent company.

## **Risks and uncertainties**

A number of factors may affect H&M's results and business. Most of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties related to fashions, weather situations, quota systems and exchange rates, but also in connection with expansion into new markets, the launch of new concepts, changes in consumer behaviour and handling of the brand.

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 2007/2008. There were no significant changes in risks and uncertainties during the period.

## **Calendar**

8 April 2010	Three month Report, 1 Dec 2009 – 28 Feb 2010
29 April 2010, at 3 p.m.	Annual General Meeting 2010
24 June 2010	Half-year Report, 1 Dec 2009 – 31 May 2010
29 September 2010	Nine month Report, 1 Dec 2009 – 31 Aug 2010
27 January 2011	Full-year Report, 1 Dec – 30 Nov 2010

The Full-year Report has not been audited by the company's auditors.

Stockholm, 27 January 2010  
The Board of Directors

*All figures within parenthesis refer to the corresponding period or point of time the previous year.  
Comparable units, previously referred to as comparable stores, imply the stores and the internet and catalogue sales countries that have been in operation for at least a financial year.  
H&M's financial year extends from 1 December to 30 November.*

The information in this Interim Report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under Sweden's Securities Market Act. It will be released for publication at 7.30 (CET) on 28 January 2010.

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H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on NASDAQ OMX Stockholm. The company's business concept is to offer fashion and quality at the best price. In addition to H&M, the group includes the brands COS, Monki, Weekday and Cheap Monday as well as H&M Home. The H&M Group has almost 2,000 stores in 35 markets. In 2009, sales including VAT were SEK 118,697 million and the number of employees was more than 74,000. For further information, visit [www.hm.com](http://www.hm.com).

## GROUP INCOME STATEMENT (SEK m)

1 December - 30 November

	2009	2008	Q4 2009	Q4 2008
Sales including VAT	118,697	104,041	32,758	30,848
Sales excluding VAT	101,393	88,532	28,011	26,310
Cost of goods sold	-38,919	-34,064	-9,430	-9,894
<b>GROSS PROFIT</b>	<b>62,474</b>	<b>54,468</b>	<b>18,581</b>	<b>16,416</b>
Selling expenses	-38,224	-32,185	-9,961	-8,997
Administrative expenses	-2,606	-2,145	-711	-600
<b>OPERATING PROFIT</b>	<b>21,644</b>	<b>20,138</b>	<b>7,909</b>	<b>6,819</b>
Interest income	467	1,060	86	297
Interest expense	-8	-8	-3	-2
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>22,103</b>	<b>21,190</b>	<b>7,992</b>	<b>7,114</b>
Tax	-5,719	-5,896	-1,838	-2,025
<b>PROFIT FOR THE YEAR</b>	<b>16,384</b>	<b>15,294</b>	<b>6,154</b>	<b>5,089</b>

All profit is attributable to the parent company H & M Hennes & Mauritz AB's shareholders.

Earnings per share, SEK*	19.80	18.48	7.44	6.15
Number of shares, thousands*	827,536	827,536	827,536	827,536
Depreciation, total	2,830	2,202	672	457
of which cost of goods sold	310	245	95	67
of which selling expenses	2,350	1,825	507	341
of which administrative expenses	170	132	70	49

\* Before and after dilution.

**GROUP BALANCE SHEET (SEK m)**

30 November

<b>ASSETS</b>	<b>2009</b>	<b>2008</b>
<b>FIXED ASSETS</b>		
<b>Intangible fixed assets</b>		
Brands	396	443
Customer relationships	110	123
Leasehold rights	744	659
Goodwill	424	431
	<b>1,674</b>	<b>1,656</b>
<b>Tangible fixed assets</b>		
Buildings and land	492	480
Equipment, tools, fixture and fittings	14,319	11,961
	<b>14,811</b>	<b>12,441</b>
<b>Long-term receivables</b>	<b>551</b>	<b>476</b>
<b>Deferred tax receivables</b>	<b>1,246</b>	<b>1,299</b>
<b>TOTAL FIXED ASSETS</b>	<b>18,282</b>	<b>15,872</b>
<b>CURRENT ASSETS</b>		
<b>Stock-in-trade</b>	<b>10,240</b>	<b>8,500</b>
<b>Short-term receivables</b>		
Accounts receivables	1,990	1,991
Other receivables	889	1,206
Prepaid expenses	937	948
	<b>3,816</b>	<b>4,145</b>
<b>Short-term investments</b>	<b>3,001</b>	<b>-</b>
<b>Liquid funds</b>	<b>19,024</b>	<b>22,726</b>
<b>TOTAL CURRENT ASSETS</b>	<b>36,081</b>	<b>35,371</b>
<b>TOTAL ASSETS</b>	<b>54,363</b>	<b>51,243</b>

## GROUP BALANCE SHEET (SEK m)

30 November

<b>EQUITY AND LIABILITIES</b>	<b>2009</b>	<b>2008</b>
<b>EQUITY</b>		
Share capital	207	207
Reserves	1,514	1,410
Retained earnings	22,508	20,039
Profit for the year	16,384	15,294
<b>TOTAL EQUITY</b>	<b>40,613</b>	<b>36,950</b>
<b>Long-term liabilities*</b>		
Provisions for pensions	254	228
Deferred tax liabilities	2,038	1,818
Other provisions	368	368
	<b>2,660</b>	<b>2,414</b>
<b>Short-term liabilities**</b>		
Accounts payable	3,667	3,658
Tax liabilities	439	1,279
Other liabilities	2,531	3,255
Accrued expenses and prepaid income	4,453	3,687
	<b>11,090</b>	<b>11,879</b>
<b>TOTAL LIABILITIES</b>	<b>13,750</b>	<b>14,293</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>54,363</b>	<b>51,243</b>

Pledged assets and contingent liabilities

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\* Only provisions for pensions are interest-bearing.

\*\* No current liabilities are interest-bearing.

## GROUP CHANGES IN EQUITY (SEK m)

All shareholders' equity is attributable to the parent company H & M Hennes & Mauritz AB's shareholders since there are no minority interests.

	Share capital	Translation effects	Hedging reserves	Retained earnings	Total shareholders' equity
Shareholders' equity, 1 December 2008	207	1,942	-532	35,333	36,950
Translations effect, hedging reserves	-	-386	680	-	294
Deferred tax	-	-	-190	-	-190
Income and expenses posted directly to equity	-	-386	490	-	104
Profit for the year	-	-	-	16,384	16,384
Total income and expenses	-	-386	490	16,384	16,488
Dividend	-	-	-	-12,825	-12,825
<b>Shareholders' equity, 30 November 2009</b>	<b>207</b>	<b>1,556</b>	<b>-42</b>	<b>38,892</b>	<b>40,613</b>

  

	Share capital	Translation effects	Hedging reserves	Retained earnings	Total shareholders' equity
Shareholders' equity, 1 December 2007	207	263	-	31,623	32,093
Translations effect, hedging reserves	-	1,679	-739	-	940
Deferred tax	-	-	207	-	207
Income and expenses posted directly to equity	-	1,679	-532	-	1,147
Profit for the year	-	-	-	15,294	15,294
Total income and expenses	-	1,679	-532	15,294	16,441
Dividend	-	-	-	-11,584	-11,584
<b>Shareholders' equity, 30 November 2008</b>	<b>207</b>	<b>1,942</b>	<b>-532</b>	<b>35,333</b>	<b>36,950</b>

## GROUP CASH FLOW STATEMENT (SEK m)

1 December - 30 November

	2009	2008
Profit after financial items*	22,103	21,190
Provisions for pensions	26	72
Depreciation	2,830	2,202
Tax paid	-6,468	-5,940
<b>Cash flow from current operations before changes in working capital</b>	<b>18,491</b>	<b>17,524</b>
<b>Cash flow from changes in working capital</b>		
Current receivables	-71	-1,343
Stock-in-trade	-1,740	-183
Current liabilities	1,293	1,968
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>17,973</b>	<b>17,966</b>
<b>Investment activities</b>		
Investment in leasehold rights	-180	-446
Investment in/sale of buildings and land	-25	-23
Investment in fixed assets	-5,481	-4,724
Acquisition of subsidiaries	7	-555
Change in short-term investments, 4 - 12 months	-3,001	4,900
Other investments	-75	-242
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-8,755</b>	<b>-1,090</b>
<b>Financing activities</b>		
Dividend	-12,825	-11,584
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-12,825</b>	<b>-11,584</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>-3,607</b>	<b>5,292</b>
<b>Liquid funds at beginning of the financial year</b>	<b>22,726</b>	<b>16,064</b>
Cash flow for the year	-3,607	5,292
Exchange rate effect	-95	1,370
<b>Liquid funds at the end of the year**</b>	<b>19,024</b>	<b>22,726</b>

\* Interest paid amounts for the Group to SEK 8 m (8).

Received interest amounts for the Group to SEK 466 m (1 070).

\*\* Liquid funds and short-term investments by the end of the financial year amounted to SEK 22,025 m (22,726).

## FIVE YEAR SUMMARY

1 December - 30 November

THE FINANCIAL YEAR	2009	2008	2007	2006	2005
Sales including VAT, SEK m	118,697	104,041	92,123	80,081	71,886
Sales excluding VAT, SEK m	101,393	88,532	78,346	68,400	61,262
Change from previous year, %	15	13	15	12	14
Operating profit, SEK m	21,644	20,138	18,382	15,298	13,173
Operating margin, %	21.3	22.7	23.5	22.4	21.5
Depreciation for the year, SEK m	2,830	2,202	1,814	1,624	1,452
Profit after financial items, SEK m	22,103	21,190	19,170	15,808	13,553
Profit after tax, SEK m	16,384	15,294	13,588	10,797	9,247
Liquid funds and short-term investments, SEK m	22,025	22,726	20,964	18,625	16,846
Stock-in-trade, SEK m	10,240	8,500	7,969	7,220	6,841
Equity, SEK m	40,613	36,950	32,093	27,779	25,924
Number of shares, thousands*	827,536	827,536	827,536	827,536	827,536
Earnings per share, SEK*	19.80	18.48	16.42	13.05	11.17
Shareholders' equity per share, SEK*	49.08	44.65	38.78	33.57	31.33
Cash flow from current operations per share, SEK*	20.92	21.71	18.59	14.57	12.25
Dividend per share, SEK	16.00**	15.50	14.00	11.50	9.50
Return on shareholders' equity, %	42.2	44.3	45.4	40.2	38.4
Return on capital employed, %	56.7	61.1	63.7	58.7	56.3
Share of risk-bearing capital, %	78.5	75.7	78.5	80.0	80.2
Equity/assets ratio, %	74.7	72.1	76.9	78.1	78.1
Total number of stores	1,988	1,738	1,522	1,345	1,193
Average number of employees	53,476	53,430	47,029	40,855	34,614

\* Before and after dilution.

\*\* Proposed by the Board of Directors.

Definition on key figures see Annual Report 2008 note 29.

The International Standards (IFRS) are being applied from 2005/2006. The restatement of the 2004/2005 figures according to IFRS has not involved any adjustment.

## SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Full year, 1 December - 30 November

COUNTRY	SEK m	SEK m	Change in %		No. of stores	New	Closed
	2009	2008	SEK	Local currency	30 Nov. 2009	stores	stores
Sweden	7,881	7,444	6	6	161	15	4
Norway	5,598	5,290	6	3	92	8	1
Denmark	4,254	3,867	10	-1	77	12	4
United Kingdom	7,564	7,337	3	6	167	24	3
Switzerland	6,042	4,879	24	5	73	7	
Germany	30,069	25,487	18	6	362	31	8
Netherlands	7,402	6,793	9	-2	103	7	
Belgium	3,502	3,122	12	1	61	7	1
Austria	5,503	5,020	10	-2	63	5	2
Luxembourg	411	351	17	5	9		
Finland	2,543	2,450	4	-6	38	2	
France	8,455	7,988	6	-5	135	21	
USA	7,487	6,513	15	-3	189	20	
Spain	6,285	5,778	9	-2	114	15	
Poland	2,466	2,508	-2	8	65	12	
Czech Republic	667	670	0	-6	19	4	1
Portugal	928	764	21	9	20	3	
Italy	3,616	2,675	35	21	64	19	1
Canada	2,190	1,812	21	13	52	9	
Slovenia	615	594	4	-7	10	1	
Ireland	557	488	14	2	11	2	
Hungary	306	304	1	0	10	2	
Slovakia	187	137	36	23	4	1	
Greece	480	301	59	43	15	7	
China	1,614	881	83	51	27	14	
Japan	1,111	198	461	324	6	4	
Russia	373				5	5	
Franchise	591	390	52	52	36	18	
<b>Total</b>	<b>118,697</b>	<b>104,041</b>	<b>14</b>	<b>4</b>	<b>1,988</b>	<b>275</b>	<b>25</b>

## SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Fourth quarter, 1 September - 30 November

COUNTRY	SEK m	SEK m	Change in %		No. of stores	New	Closed
	2009	2008	SEK	Local currency	30 Nov. 2009	stores	stores
Sweden	2,208	2,000	10	10	161	6	1
Norway	1,536	1,425	8	3	92	6	1
Denmark	1,143	1,082	6	1	77	9	3
United Kingdom	2,131	2,165	-2	5	167	16	1
Switzerland	1,689	1,525	11	2	73	1	
Germany	8,259	7,541	10	4	362	18	2
Netherlands	2,049	2,018	2	-4	103	5	
Belgium	901	904	0	-5	61	4	
Austria	1,546	1,490	4	-2	63	3	1
Luxembourg	109	105	4	-1	9		
Finland	636	659	-3	-5	38	1	
France	2,267	2,482	-9	-14	135	12	
USA	1,984	2,010	-1	1	189	14	
Spain	1,640	1,663	-1	-6	114	9	
Poland	702	726	-3	8	65	8	
Czech Republic	188	189	-1	-1	19	3	1
Portugal	235	224	5	0	20	2	
Italy	1,093	891	23	15	64	12	1
Canada	607	577	5	1	52	1	
Slovenia	169	194	-13	-18	10	1	
Ireland	144	140	3	-2	11	1	
Hungary	89	88	1	3	10	2	
Slovakia	59	42	40	41	4	1	
Greece	163	104	57	47	15	5	
China	492	298	65	62	27	7	
Japan	477	198	141	85	6	4	
Russia	130				5	3	
Franchise	112	108	4	4	36	5	
<b>Total</b>	<b>32,758</b>	<b>30,848</b>	<b>6</b>	<b>3</b>	<b>1,988</b>	<b>159</b>	<b>11</b>

## SEGMENT REPORTING (SEK m)

1 December - 30 November

	2009	2008
<b>Nordic region</b>		
External net sales	16,302	15,323
Operating profit	692	1,154
Operating margin, %	4.2	7.5
Assets, excluding tax receivables	5,037	4,059
Liabilities, excluding tax liabilities	1,639	1,168
Investments	375	268
Depreciation	259	198
<b>Eurozone excluding Finland</b>		
External net sales	57,229	49,961
Operating profit	2,545	2,938
Operating margin, %	4.4	5.9
Assets, excluding tax receivables	16,601	14,190
Liabilities, excluding tax liabilities	3,307	2,911
Investments	2,789	2,439
Depreciation	1,374	1,051
<b>Rest of the World</b>		
External net sales	27,862	23,248
Operating profit	1,298	1,196
Operating margin, %	4.7	5.1
Assets, excluding tax receivables	10,711	9,234
Liabilities, excluding tax liabilities	1,875	1,601
Investments	2,135	1,827
Depreciation	1,015	823
<b>Group Functions</b>		
Net sales to other segments	57,510	51,558
Operating profit	17,109	14,850
Operating margin, %	29.7	28.8
Assets, excluding tax receivables	20,768	22,461
Liabilities, excluding tax liabilities	4,452	5,516
Investments	387	659
Depreciation	182	130
<b>Eliminations</b>		
Net sales to other segments	-57,510	-51,558
<b>Total</b>		
External net sales	101,393	88,532
Operating profit	21,644	20,138
Operating margin, %	21.3	22.7
Assets, excluding tax receivables	53,117	49,944
Liabilities, excluding tax liabilities	11,273	11,196
Investments	5,686	5,193
Depreciation	2,830	2,202

# PARENT COMPANY INCOME STATEMENT (SEK m)

1 December-30 November

	2009	2008
Sales including VAT	-	136
Sales excluding VAT	-	136
Internal sales excluding VAT*	5,521	5,175
Cost of goods sold	-	-32
<b>GROSS PROFIT</b>	<b>5,521</b>	<b>5,279</b>
Selling expenses	-1,898	-1,773
Administrative expenses	-1,561	-1,388
<b>OPERATING PROFIT</b>	<b>2,062</b>	<b>2,118</b>
Dividend from subsidiaries	13,092	12,839
Interest income	113	438
Interest expense	0	0
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>15,267</b>	<b>15,395</b>
Year-end appropriations	-41	-663
Tax	-608	-534
<b>PROFIT FOR THE YEAR</b>	<b>14,618</b>	<b>14,198</b>

\* Includes received royalty from group companies.

# PARENT COMPANY BALANCE SHEET (SEK m)

30 November

ASSETS	2009	2008
<b>FIXED ASSETS</b>		
<b>Tangible fixed assets</b>		
Buildings and land	51	58
Equipment, tools, fixture and fittings	363	356
	<b>414</b>	<b>414</b>
<b>Financial fixed assets</b>		
Shares and participation rights	572	583
Receivables from subsidiaries	705	345
Long-term receivables	30	13
Deferred tax receivables	56	51
	<b>1,363</b>	<b>992</b>
<b>TOTAL FIXED ASSETS</b>	<b>1,777</b>	<b>1,406</b>
<b>CURRENT ASSETS</b>		
<b>Short-term receivables</b>		
Receivables from subsidiaries	8,072	8,579
Tax receivables	627	143
Other receivables	13	46
Prepaid expenses	14	12
	<b>8,726</b>	<b>8,780</b>
<b>Short-term investments</b>	<b>3,001</b>	<b>-</b>
<b>Liquid funds</b>	<b>3,644</b>	<b>6,525</b>
<b>TOTAL CURRENT ASSETS</b>	<b>15,371</b>	<b>15,305</b>
<b>TOTAL ASSETS</b>	<b>17,148</b>	<b>16,711</b>

**PARENT COMPANY BALANCE SHEET (SEK m)****30 November**

<b>EQUITY AND LIABILITIES</b>	<b>2009</b>	<b>2008</b>
<b>EQUITY</b>		
<b>Restricted equity</b>		
Share capital	207	207
Restricted reserves	88	88
	<b>295</b>	<b>295</b>
<b>Non-restricted equity</b>		
Retained earnings	681	783
Profit for the year	14,618	14,198
	<b>15,299</b>	<b>14,981</b>
<b>TOTAL EQUITY</b>	<b>15,594</b>	<b>15,276</b>
<b>UNTAXED RESERVES</b>	<b>825</b>	<b>782</b>
<b>Long-term liabilities</b>		
Provisions for pensions	211	193
<b>Short-term liabilities*</b>		
Accounts payable	133	98
Other liabilities	245	219
Accrued expenses and prepaid income	140	143
	<b>518</b>	<b>460</b>
<b>TOTAL LIABILITIES</b>	<b>729</b>	<b>653</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,148</b>	<b>16,711</b>
Pledged assets	-	-
Contingent liabilities	11,292	11,751

\* No current liabilities are interest-bearing.