

FLASH REPORT

 **H&M (STO: HM-B) MONTHLY AND 3Q16 SALES UPDATE:
GROWTH SLOWS TO 7% IN AUGUST DUE TO HOT WEATHER**

- 1) H&M reported total sales grew 7% year over year, in local currencies, in August 2016. Growth in July was 10%.
- 2) Total store numbers grew by 12.5% year over year, to 4,135 as of August 31.
- 3) Sales growth lagged store growth by 552 basis points in August, a widening from the 250-basis-point difference in July.

H&M reports monthly sales growth in local currencies and including value added tax (VAT), as well as monthly store numbers. The company does not report comparable sales in these monthly updates, and typically offers no commentary. For August, H&M commented, “exceptionally hot weather” in most of the group’s markets had a negative impact on sales.

The performance in August was against undemanding comparatives: in August 2015 H&M sales rose just 1%.

For the third quarter of 2016 that ended August 31, H&M reported sales including VAT increased 8% year over year, in local currencies. Sales including VAT converted to SEK increased by 6% year over year to SEK 56.8 billion (US\$6.7 billion) in the third quarter, and sales excluding VAT increased 6% to SEK 49.0 billion (US\$5.8 billion).

Figure 1. H&M Sales and Stores: YoY % Change, Six-Month View

	March	April	May	June	July	August
Sales (%)	2	5	9	8	10	7
Stores (%)	11.6	11.8	12.0	12.4	12.5	12.5
Difference (bps)	(965)	(677)	(304)	(444)	(250)	(552)

Source: Company reports/Fung Global Retail & Technology

Note on Sales Growth Versus Store Growth

Changes in the difference between sales growth and store growth may suggest changes in underlying sales growth rates, but the measure should not be taken as indicative of comparable sales growth in absolute terms. The figures are calculated from rounded sales growth data and unrounded store growth data.



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