Q3 sees improvement for H&M as stores reopen, online stays strong

By Sandra Halliday  -  30 September 2021

H&M Group sales are continuing to recover as its markets reopen, although it’s not bouncing back as fast as some rivals. That said, its net sales in local currencies increased by 14% year-on-year in Q3.

Converted into Swedish krona, net sales increased to SEK55.5 billion (€5.4bn/£4.7bn/$6.3bn), up from SEK50.87 billion. At the start of the quarter, around 180 stores were temporarily closed and at the end, around 100 stores were still shut. But “store sales have started to recover as restrictions have been eased in many markets”.

Gross profit rose 18% to SEK29.5 billion, which corresponds to a gross margin of 53.2%, up from 48.9%. Profit after financial items rose 158% to SEK6 billion and the operating margin was 11.3%, much better than the 5.3% of a year ago. Net profit rose to SEK4.69 billion from SEK1.82 billion.

Importantly, although stores were reopening during the quarter, the company also said online sales increased 22% in local currencies and 17% in SEK. That shows it’s continuing to attract new customers to its growing online operation, even when they have the option of shopping at physical locations.

The company also said its new autumn collections “have been well received” and that sales in September were slightly higher than a year earlier in local currencies, “even though demand was not able to be fully met because of disruption and delays in product flow”. Currently, around 50 stores are temporarily closed.
But the company continues to forge ahead with new markets and H&M online will launch in Chile in the autumn and in Peru, Colombia and Uruguay in the first half of 2022. Five new H&M markets will also launch in 2022 — Ecuador, North Macedonia and Kosovo, and via franchise in Costa Rica and Cambodia.

CEO Helena Helmersson said: “The H&M group’s increase in profit for the quarter is mainly a result of well-received collections with more full-price sales, lower markdowns and good cost control. With our continued transformation and our well-positioned customer offering we are optimistic that we will see long-term, profitable and sustainable growth.”

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