H&M focuses on future growth as sales and profits soar

By Sandra Halliday - 29 January 2022

H&M Group had good news on Friday as it reported Q4 and full-year results for the 12 months to the end of November. It said it’s back to pre-pandemic levels and is fully focused on growth with ambitious plans to double its sales by the end of the decade.

The quarter’s net sales in local currencies increased by 11% and were up 8% in SEK at SEK56.8 billion (€5.4bn/£4.5bn/$6bn). Gross profit rose 14% to SEK31.3 billion with the gross margin heading up to 55.2% from 52.1%.

Profit after financial items increased by 64% to SEK 6 billion with the strong figures “mainly a result of well-received collections with more full-price sales, lower markdowns and good cost control”.

The company said the operating margin was 11% (up from 7.4%) and net profit rose to SEK4.6 billion from SEK2.4 billion.

Meanwhile, for the full year, net sales in local currencies increased by 12%. But converted into SEK the group’s net sales only increased by 6% to SEK198.967 billion (€18.9bn/£15.7bn/$21.1bn).

Gross profit increased to SEK105 billion from SEK93.5 billion and the gross margin rose to 52.8% from 50%. Profit after financial items increased to SEK14.3 billion from only SEK2 billion a year earlier and its net profit was SEK11 billion, up from SEK1.2 billion in the previous, pandemic-hit, year.

And for the period from 1 December to the end of this month, sales in local currencies are expected to increase by 20% compared with the same period last year when it was negatively affected by the latest wave of the pandemic and its consequences in many of the group’s larger markets.

The company added that by 2030 at the latest, it aims to double its sales while at the same time halving its carbon footprint. And profitability is set to exceed 10% over time.
To achieve its ambitious growth and climate goals, investments are being increased. For 2022, capex is expected to amount to around SEK10 billion.

This year, it will also launch in six new markets. The first stores will open in Ecuador, Kosovo and North Macedonia, and via franchise in Costa Rica, Guatemala and Cambodia.

The rollout of H&M online continues in 2022 with Belarus, Colombia, Kazakhstan, Peru and Ukraine.

CEO Helena Helmersson said: “The H&M group’s strong recovery continues. Customers are showing that they appreciate our customer offering with the best combination of fashion, quality, price and sustainability. By quickly taking decisive action we have succeeded in managing the negative effects of the pandemic.

"We ended the year strongly, with sales back at the same level as before the pandemic and with profitability better than it has been for several years. Now that we are back to a more normalised situation with a strong financial position and good profitability, we can fully focus on growth again."

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