

Cool spring chills H&M profits

STOCKHOLM - Swedish fashion brand Hennes and Mauritz (H&M) said on Wednesday an unusually cool European spring kept shoppers away, depressing profits in the three months to May.



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Net earnings fell 17% to 5.36bn kronor (575m euros, \$648m) in the period, the second quarter of the company's financial year, as a strong dollar added a layer to its problems, which also included low sales prices and high investment costs.

"The sales increase in March and April was significantly below our plan.

"These two months were negatively affected by cold spring weather in many of our markets," H&M chief executive Karl-Johan Persson said.

This mostly affected big European markets Germany, Britain and France. The month of May had been much more promising, Persson added.

"It has been a challenging half-year for fashion retail in many markets," he said.

Expressed in local currencies across the world, H&M group sales rose by five percent in the second quarter, but only by two percent once they were converted into Swedish kronor, the company's reporting currency.

The retailer's operating margin slipped to 14.8% from 18.2% in the same period a year earlier.

H&M shares eased slightly in early Stockholm stock market trading to 250.40 kronor, a decline of 0.1%.

Source: AFP

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