

## MIRA INFORM REPORT

<b>Report No. :</b>	534110
<b>Report Date :</b>	10.10.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	H&M HENNES & MAURITZ LTD.
<b>Registered Office :</b>	94, Sogong-ro, Jung-gu, Seoul, Korea 15FL., OCI Bldg. 04532
<b>Country :</b>	South Korea
<b>Financials (as on) :</b>	30.11.2017
<b>Date of Incorporation :</b>	23.06.2009
<b>Com. Reg. No.:</b>	220-87-83339
<b>Legal Form :</b>	Co., Ltd by shares
<b>Line of Business :</b>	Wholesales and Retails of Garments (Garments, Fashion Items, Bags, Shoes, Accessories)
<b>No. of Employees :</b>	1,170

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	No Complaints
<b>Litigation :</b>	Clear

### NOTES :

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Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
South Korea	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

**SOUTH KOREA - ECONOMIC OVERVIEW**

After emerging from the 1950-53 war with North Korea, South Korea emerged as one of the 20th century's most remarkable economic success stories, becoming a developed, globally connected, high-technology society within decades. In the 1960s, GDP per capita was comparable with levels in the poorest countries in the world. In 2004, South Korea's GDP surpassed one trillion dollars.

Beginning in the 1960s under President PARK Chung-hee, the government promoted the import of raw materials and technology, encouraged saving and investment over consumption, kept wages low, and directed resources to export-oriented industries that remain important to the economy to this day. Growth surged under these policies, and frequently reached double-digits in the 1960s and 1970s. Growth gradually moderated in the 1990s as the economy matured, but remained strong enough to propel South Korea into the ranks of the advanced economies of the OECD by 1997. These policies also led to the emergence of family-owned chaebol conglomerates such as Daewoo, Hyundai, and Samsung, which retained their dominant positions even as the government loosened its grip on the economy amid the political changes of the 1980s and 1990s.

The Asian financial crisis of 1997-98 hit South Korea's companies hard because of their excessive reliance on short-term borrowing, and GDP ultimately plunged by 7% in 1998. South Korea tackled difficult economic reforms following the crisis, including restructuring some chaebols, increasing labor market flexibility, and opening up to more foreign investment and imports. These steps lead to a relatively rapid economic recovery. South Korea also began expanding its network of free trade agreements to help bolster exports, and has since implemented 16 free trade agreements covering 58 countries—including the United State and China—that collectively cover more than three-quarters of global GDP.

In 2017, the election of President MOON Jae-in brought a surge in consumer confidence, in part, because of his successful efforts to increase wages and government spending. These factors combined with an uptick in export growth to drive real GDP growth to more than 3%, despite disruptions in South Korea's trade with China over the deployment of a US missile defense system in South Korea.

In 2018 and beyond, South Korea will contend with gradually slowing economic growth - in the 2-3% range - not uncommon for advanced economies. This could be partially offset by efforts to address challenges arising from its rapidly aging population, inflexible labor market, continued dominance of the chaebols, and heavy reliance on exports rather than domestic consumption. Socioeconomic problems also persist, and include rising inequality, poverty among the elderly, high youth unemployment, long working hours, low worker productivity, and corruption.

Source : CIA

## **BASIC INFORMATION**

### **Basic**

Company Name	H&M HENNES & MAURITZ LTD.
Registered Address	94, Sogong-ro, Jung-gu, Seoul, Korea
Building	15FL., OCI Bldg.
Zip Code	04532
Tel	+82-2-3783-4880
Fax	+82-2-727-3313
E-mail	
Website	www.hm.com
Trading Address	15FL., OCI Bldg., 94, Sogong-ro, Jung-gu, Seoul, Korea (Old Address System : 15FL., OCI Bldg., 50, Sogong-dong, Jung-gu, Seoul, Korea)
Tel	+82-2- 729-3670
Fax	+82-2-727-3313
Other Address-Logistics Center	HANSOL CSN Deokpyung Logistics Center, 626, Deokpyeong-ro, Majang-myeon, Icheon-si, Gyeonggi-do, Korea (Old Address System : HANSOL CSN Deokpyung Logistics Center, 144-1, Ipyeong-ri, Majang-myeon, Icheon-si, Gyeonggi-do, Korea)
Tel	
Fax	
Type	Import
Industry	Wholesales and Retails of Garments
Main Business	Garments, Fashion Items, Bags, Shoes, Accessories
Sub Business	
Established (mm/dd/yyyy)	06/23/2009

## **DETAILED PRODUCTS**

Activity	Detailed Products (UNSPSC)
Sell	Clothing(53100000)
Sell	Purses and handbags and bags(53121600)
Sell	Clothing accessories(53102500)
Sell	Cosmetics(53131619)
Sell	Perfumes or colognes or fragrances(53131620)

## **CEO'S**

Name	Jyrki Tervonen
Date of Birth	04/07/1966
Title	Co-President & CEO

Nationality Swedish

## PROFILES

Capital (KRW)	1,000,000,000		
Employees	1,170		
Formation	Co., Ltd by shares Foreign Direct Investment Corporation		
Bank Details	KEB Hana Bank		
Corporate Registered No.	110111-4121664		
Business Registered No.	220-87-83339		
Permit & Licenses	Mail Order License No.: 2016-Seoul Jung-gu-0440		
Shareholder Position	Name	Shares	%
	H&M HENNES & MAURITZ INTERNATIONAL AB(SWEDEN)	100,000	100.00
	TOTAL	100,000	100.00
Company History	06/23/2009 Incorporated as the present name 06/08/2012 Moved to the present HQ address from 10-1, Myeong-dong 1-ga, Jung-gu, Seoul, Korea 07/08/2016 Increased the authorized shares to 200,000 shares from 20,000 shares 07/09/2016 Increased capital to 1,000,000,000 KRW from 50,000,000 KRW		

## DETAILED INFORMATION

### Management

Job Description	Name	Nationality	Date of Birth	Inauguration Date
Co-President & CEO	Jyrki Tervonen	Swedish	04/07/1966	06/23/2012
Co-President & CEO	Niklas Olavi Nummela	Finnish	12/23/1979	10/01/2018
Director	Karl-Johan Persson	Swedish	03/25/1975	06/23/2009
Auditor	Anders Jonasson	Swedish	03/22/1961	06/23/2009

### Financials

Year / Unit : KRW	Sales	Assets	Net Income
2017	238,674,764,448	107,845,799,788	1,075,537,607
2016	207,418,020,561	99,206,174,608	8,193,014,568
2015	156,858,941,693	92,632,431,037	3,109,892,537
2014	138,335,968,996	82,611,900,602	2,612,666,566

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2013	122,685,549,549	69,541,398,460	5,088,002,630
2012	89,982,580,717	60,802,903,500	11,022,489,994
2011	63,185,041,372	42,851,053,499	6,129,358,033
2010	37,298,074,112	43,585,810,893	2,428,110,727

## **FINANCIAL DESCRIPTION**

Authorized Capital(KRW)	2,000,000,000
Paid-Up Capital(KRW)	1,000,000,000
Total Issues Shares	100,000

### **Balance Sheet**

Unit : Korean Won	As of 11/30/2017	As of 11/30/2016	As of 11/30/2015
Total Assets	107,845,799,788	99,206,174,608	92,632,431,037
Current Assets	65,178,311,481	52,364,343,988	43,303,282,608
-Quick Assets	29,061,889,694	23,023,865,564	19,087,375,754
-Inventories	36,116,421,787	29,340,478,424	24,215,906,854
Fixed Assets	42,667,488,307	46,841,830,620	49,329,148,429
-Investment			
-Tangibles	29,918,656,190	32,736,822,682	35,453,904,694
-Intangibles	18,083,333	25,398,333	33,028,333
-Others	12,730,748,784	14,079,609,605	13,842,215,402
Total Liabilities	69,267,689,830	61,703,602,257	64,272,873,254
Current Liabilities	67,950,883,580	60,458,023,220	63,150,633,951
Fixed Liabilities	1,316,806,250	1,245,579,037	1,122,239,303
Capital Stock	1,000,000,000	1,000,000,000	50,000,000
Capital Surplus			
Profit Surplus	37,578,109,958	36,502,572,351	28,309,557,783
Capital Adjustment			
Total Equity	38,578,109,958	37,502,572,351	28,359,557,783
Liab. & Shareholder's Equity	107,845,799,788	99,206,174,608	92,632,431,037
Current Liabilities	67,950,883,580	60,458,023,220	63,150,633,951
Account Payables	57,463,363,169	54,165,846,198	58,762,353,143
Accrued Income Tax	1,503,957,101	2,017,120,563	516,637,207
Advance Receipts	300,265,933	214,841,085	230,891,869
Withholdings	441,031,045	345,861,405	241,327,435
Accrued Expenses	5,336,012,055	3,311,174,026	2,821,814,863
VAT Withhold	2,561,819,054	133,817,906	353,642,802
Provisions for Refund	344,435,223	269,362,037	223,966,632
Fixed Liabilities	1,316,806,250	1,245,579,037	1,122,239,303
Provisions for Recovery	1,316,806,250	1,245,579,037	1,122,239,303

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**Income Statement**

Unit : Korean Won	As of 11/30/2017	As of 11/30/2016	As of 11/30/2015
Sales	238,674,764,448	207,418,020,561	156,858,941,693
Cost of Sold Goods	82,147,591,185	72,395,430,255	67,014,470,910
Gross Profit	156,527,173,263	135,022,590,306	89,844,470,783
Selling & Admin. Expenses	145,659,570,769	124,451,387,322	86,006,074,423
Operating Income	10,867,602,494	10,571,202,984	3,838,396,360
Non-Operating Income	4,059,267,049	380,226,397	485,940,801
Non-Operating Expenses	11,580,238,759	473,737,599	371,690,291
Income Before Taxes	3,346,630,784	10,477,691,782	3,952,646,870
Income Taxes Expenses	2,271,093,177	2,284,677,214	842,754,333
Net Income	1,075,537,607	8,193,014,568	3,109,892,537

**Cash Flows**

Unit : Korean Won	As of 11/30/2017	As of 11/30/2016	As of 11/30/2015
Cash Flows from Operating	15,125,473,650	13,908,756,791	28,468,723,306
-Net Income	1,075,537,607	8,193,014,568	3,109,892,537
-Exp. without Cash Outflow	13,866,348,329	12,968,129,322	11,928,004,494
-Revenue without Cash Inflows	-1,838,806,689	-1,200,000	-
-Changes in Asset/ & Liability	2,022,394,403	-7,251,187,099	13,430,826,275
Cash Flows from Investing	-9,437,070,975	-10,249,781,231	-14,091,079,135
-Cash Inflow from Investing	1,946,414,863	71,887,036	201,313,584
-Cash Outflows for Investing	-11,383,485,838	-10,321,668,267	-14,292,392,719
Cash Flows from Financing	-	950,000,000	-10,000,000,090
-Cash Inflows from Financing	-	950,000,000	-
-Cash Outflows from Financing	-	-	-10,000,000,090
Increase/Decrease in Cash	5,688,402,675	4,608,975,560	4,377,644,081
Cash at the Beginning of Year	16,316,611,741	11,707,636,181	7,329,992,100
Cash at the End of Year	22,005,014,416	16,316,611,741	11,707,636,181

**PRODUCTS, TECHNOLOGIES, SERVICES  
DESCRIPTION**

Main Products & Services      Garments, Fashion Items, Bags, Shoes, Accessories

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## **TRADE PARTNERS & COMPETITORS**

Suppliers	HANWHA 63 CITY CORPORATION(110111-0425622)
Competitors	SHIN SANG CO., LTD. 75-4, GEUMSA-DONG, GEUMJEONG-GU, BUSAN, KOREA TEL:+82-51-528-4370 FAX:+82-51-528-4381
	MELLOW COMPANY CO., LTD. RM. 908, TOWER 2-DONG, WESTERN DOM TOWER, 867, JANGHANG 2-DONG, ILSANDONG-GU, GOYANG-SI, GYEONGGI-DO, KOREA TEL:+82-2-780-8688 FAX:+82-31-931-5878
	TREKSTA CO., LTD 1549-2, SONGJEONG-DONG, GANGSEO-GU, BUSAN, KOREA TEL:+82-51-309-3500 FAX:+82-51-309-3600

## **RELATED PARTIES**

### **(Subsidiaries, Joint-Venture & Affiliates)**

Affiliates	H&M HENNES & MAURITZ INTERNATIONAL AB(SWEDEN) H&M HENNES&MAURITZ GBC AB H&M HENNES&MAURITZ AUSTRALIA
Corporate Ownership	H&M HENNES&MAURITZ AB H&M HENNES & MAURITZ INTERNATIONAL AB(SWEDEN)
Major Shareholders	H&M HENNES & MAURITZ INTERNATIONAL AB(SWEDEN)
Cooperative Enterprise	- Trademark License Agreement & Administrative Services Agreement, and Complex Sales Support Agreement with H&M HENNES&MAURITZ GBC AB  -Insured Company AIG KOREA INC(110111-4725010)

## **SALES BY REGION (ACTIVITY & MARKETS)**

The Subject deals with the companies in Europe.



**MIRA INFORM PRIVATE LIMITED**  
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Malad (West), Mumbai - 400 064. INDIA  
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<http://www.miraglobalcollections.com>

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**H&M HENNES & MAURITZ LTD. - 534110**

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## **COURT ACTION**

No.

## **NEWS CLIPPING**

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**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 74.10
UK Pound	1	INR 96.99
Euro	1	INR 85.11
KRW	1	INR 0.065

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

Analysis Done by :	NIS
Report Prepared by :	TRU

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)