

Swedish fashion company H&M posts a jump in first-quarter profits as consumers are returning to the stores.



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Hennes & Mauritz (H&M), Europe's second largest fashion retailer, said net profit in its first fiscal quarter increased 42 percent to 3.7 billion kronor (\$511 million) from 2.6 billion kronor a year ago.

"In view of the continued weak economy during the quarter, the company considers that sales have been satisfactory," H&M said in a statement. "The spring collections have been well received."

Sales rose 7 percent to 24.8 billion kronor and 13 percent in local currencies. The company's gross margin -- a factor closely watched by analysts -- rose to 61.9 percent which was better than expected. Sales were slightly below expectations.

"A very good start for H&M," Søren Løntoft Hansen, analyst at Sydbank, told Reuters. "And looking at the gross margin, it is very, very positive".

The second quarter started on a bullish note as Easter weekend drew shoppers to its stores and sales increased 21 percent in March.

The fashion company opened ten new stores worldwide during the quarter, including in Seoul, South Korea, while six stores were closed. It had 1,992 stores at the end of February (the last month of the fiscal quarter), up from 1,748 a year ago. The company also plans to open 73 new

H&M profit swells on store expansion

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stores, mainly in Britain, China, Norway, Denmark and Germany.

Shares in H&M rose 3.3 percent in Thursday morning trade. Since the turn of the year the H&M share is up 22 percent.