

H&M Sales Growth, Margins May Outperform Inditex, Barclays Says
2013-08-29 07:17:43.676 GMT

By Heather Burke

Aug. 29 (Bloomberg) -- H&M investors underestimate the co.'s ability to post continuous L-T sales growth outperformance, Barclays says, raises to overweight.

* Prefers H&M to Inditex (equalweight)

* H&M may boost sales growth in FY14, outperform Inditex in next 10 yrs

* Est. 150bps Ebitda margin improvement for H&M in next 3 yrs, Inditex unchanged

* Inditex has benefited from online sales introductions; H&M recent start of Internet sales in U.S. may be "game changer"

* Both may benefit from possible improvement in European consumer

* Raises H&M EPS ests. by 7%-8% in next 3 yrs; PT increased by 20% to SEK290 (implies ~20% upside to yday close)

* NOTE: H&M shrs up ~8% YTD before today vs Inditex down ~5.4%

* Next catalysts: H&M Aug. sales Sept. 16, 3Q earnings Sept. 26; Inditex 1H results Sept. 18

For Related News and Information:

First Word scrolling panel: FIRST<GO>

First Word newswire: NH BFW<GO>

--Editor: James Cone

To contact the reporter on this story:

Heather Burke in London at +44-20-7673-2044 or

hburke2@bloomberg.net

To contact the editor responsible for this story:

James Ludden at [+44-20-7673-2645](tel:+44-20-7673-2645) or

jludden@bloomberg.net