

INGKA HOLDING B.V. AND ITS CONTROLLED ENTITIES

# YEARLY SUMMARY FY17





**INGKA HOLDING B.V.**  
**- WHO WE ARE AND WHERE WE  
COME FROM**

INGKA, which is based on Ingvar's name (**ING**var **KA**mprad), was created around 30 years ago.

The first ever IKEA stores in Småland, southern Sweden, and the origins of IKEA's unique value chain can all be found in INGKA.

*Our business idea is to offer a wide range of well-designed functional home furnishing products at prices so low that as many people as possible will be able to afford them.*



The financial year 2017 (referred to as FY17) of the IKEA Group (Ingka Holding B.V. and its controlled entities) refers to the period between 1 September 2016 and 31 August 2017 and the entities controlled by Ingka Holding B.V. during this time.

The IKEA Group franchises the IKEA retail system and methods from Inter IKEA Systems B.V. in the Netherlands. Inter IKEA Systems B.V. is the owner of the IKEA Concept and the worldwide IKEA franchisor.



– AN INTRODUCTION FROM JESPER –  
***FINDING OPPORTUNITIES  
IN CHANGE***

“As we leave a good year behind us, serving more customers than ever before, we take a moment to celebrate all the things that brought us here and turn the page to the future.

As we look ahead to the coming years, I can see three exciting problem areas we will turn into great opportunities that will shape what we do:”

1. Helping the many people create a better everyday life at home
2. Making it more convenient to shop at IKEA
3. Becoming people and planet positive

**Jesper Brodin**  
**President and CEO**

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– A MESSAGE FROM ALISTAIR –

## ***CLOSER TO OUR CUSTOMERS***

“In FY17 we took some great strides through our investments. We made ourselves even more accessible to customers, and we adapted our business models for more complex investments which can be hard to forecast in a changing world.

We are enhancing our digital capabilities so that co-workers can offer customers a deeper understanding of all the products and services available, no matter where or how they reach us.

Our financial strength will support us in getting closer to our customers – and bring our customers even closer to realising their needs and dreams.”



**Alistair Davidson**  
**Chief Financial Officer**

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# AT A GLANCE FY17

INGKA HOLDING B.V. AND ITS CONTROLLED ENTITIES



**355** IKEA STORES IN 29 IKEA GROUP COUNTRIES

At the end of FY17 we also had 24 Pick-up and Order Points in 12 countries, 43 Shopping Centres in 15 countries, 31 Store Distribution sites in 18 countries and 26 Customer Distribution sites in 13 countries.

**2.1** BILLION VISITS TO IKEA.COM

**137** MILLION VISITS TO THE CATALOGUE & STORE APPS

EKET cabinet  
W35xD35xH35  
Rec. price per unit  
**EUR 15**

**817** MILLION STORE VISITS

**460** MILLION SHOPPING CENTRE VISITS

**EUR 2.5** BILLION NET PROFIT

**EUR 34.1** BILLION TOTAL RETAIL SALES FY17 (32.9 BN IN FY16)<sup>1</sup>

Total retail sales translated into Euro increased by **3.5%**. Adjusted for currency impact, total retail sales increased by **3.8%**. Total revenue EUR **36.3** billion.

**149,000** CO-WORKERS

Retail: **134,400**  
Distribution: **9,100**  
Shopping Centres: **2,100**  
Other: **3,400**

**EUR 1.8** BILLION TOTAL FOOD TURNOVER

Total food turnover within our restaurants, bistros, Swedish Food Markets, and co-worker restaurants.

**24.9%** CORPORATE INCOME TAX

Corporate income tax amounted to EUR **0.8** billion globally, which equals an effective corporate tax rate of **24.9%** (**21.6%** in FY16). Our total tax bill including other taxes and duties amounted to approximately EUR **1.3** billion.

**100%** OF COTTON USED FOR IKEA PRODUCTS COMES FROM MORE SUSTAINABLE SOURCES<sup>2</sup>.

**49.2%** FEMALE MANAGERS

Today, more than half of our co-workers are women, as are **49%** of our managers and **53%**<sup>3</sup> of Group Management.

**110** MILLION IKEA FAMILY MEMBERS

Our most loyal customers are members of IKEA FAMILY. More than **30,000** new members join every day!

**9,500** PRODUCTS ACROSS THE IKEA RANGE

– and every year the IKEA range is renewed with approximately **2,500** products.

**85** MILLION LED BULBS SOLD

If each bulb replaced an incandescent bulb, they could save enough energy to power **750 000** households for a year. This calculation is based on the electricity consumption of an average European household.

**5** MARKETS OFFER SOLAR ENERGY SYSTEMS TO CUSTOMERS

Our home solar offer was launched in Poland and Belgium in FY17, enabling even more people to turn their rooftops into power stations.

<sup>1</sup> Comparison FY17-FY16 represents retail sales. Before FY17 sales volumes also included sales from supply chain and production companies. Since 1 September 2017 these entities are not a part of IKEA Group, which makes a comparison to previous years not applicable.

<sup>2</sup> Includes cotton grown to the Better Cotton Standard; by farmers working towards Better Cotton; recycled cotton and more sustainable cotton from the USA (such as the 'e3 Cotton Program').

<sup>3</sup> This number has changed for FY17 due to new management structure.

- YEARLY SUMMARY FY17 -

# ***LIFE AT HOME***



*We believe that creating a better life for the many people starts with a better life at home.*

## **LIFE AT HOME REPORT**

For us, it's essential to know what life at home is really about and that's why we regularly visit people all over the world to find out.

The 2017 IKEA Life at Home Report focused on what feels hardest about life at home.

We discovered five common tensions which emerge when the things we own, the spaces we inhabit and the people we share them with, are at odds:

<p><b>THE MYTH OF MINIMALISM</b> Why we're more likely to prioritise than minimise</p>	<p><b>I NEED MY SPACE</b> How we negotiate around personal space and things in a shared home</p>	<p><b>IS ANYBODY HOME?</b> The quest for mental presence within the home</p>	<p><b>THE (DIS) CONNECTED HOME</b> The pursuit of balance around technology at home</p>	<p><b>THE DELIBERATELY UNFINISHED HOME</b> How to have a home that stays one step ahead of your life</p>
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### CHINA – A small home for big hearts

Lei renovated her kitchen to give more space to make delicious meals to share with her son. With a home of just 27 m<sup>2</sup> in total it required a total re-think about her space.

The result is small-space living filled with big surprises, thanks to innovative layouts and storage solutions.



### SPAIN – Inspiration for shoppers

For Raquel and Jaime space has always been an issue. That was until the interior design team behind the Alcorcon store relocation helped them renovate their cosy 35 m<sup>2</sup> apartment.

Once the work was complete, their home was replicating as one of three new and inspiring room sets in the new Alcorcon store, to show visitors the vast potential of small-space living.

- YEARLY SUMMARY FY17 -

# ***BECOMING MORE CONVENIENT***

*Growing a successful and sustainable business doesn't just happen overnight. That's why we take a long-term approach to all that we do - customer by customer, product by product, experience by experience, and market by market.*

**BECOMING MORE  
CONVENIENT**



## **A MORE ACCESSIBLE IKEA FOR THE MANY**


Growth is only possible when we create great customer experiences, deliver seamless services, and reach people where they are. This year we took big steps towards achieving these things, whilst continuing to inspire people with our home furnishing solutions.



### **THE IKEA STORE APP**

By using the app as a digital shopping companion customers can save time by using the in-store navigation feature to find departments, facilities and products.

*70% of our customers say that they believe they will save time using in-store navigation with the IKEA Store app.*



*As more and more customers make their purchases online, future growth will be increasingly digitally generated.*

## **THINKING OUTSIDE THE BOX**

Last year we established a new core area, **Customer Fulfilment**, with the sole focus on getting home furnishing products from customer distribution centres, central parcel units or stores to wherever the customer is.

- In FY17, we opened 8 new fulfilment units – 6 in Europe and 2 in the US.
- We have plans and ongoing projects to open 18 more in FY18, to meet the increase in demand for deliveries direct to customers.
- We are committed to reduce a delivery lead times for products, across all our sales channels, whilst maintaining availability and quality at an affordable price.
- We continue to make our home furnishing expertise even more accessible, and reach those who are yet to shop at IKEA.

**BECOMING MORE  
CONVENIENT**

## **THE 400<sup>TH</sup> IKEA STORE**

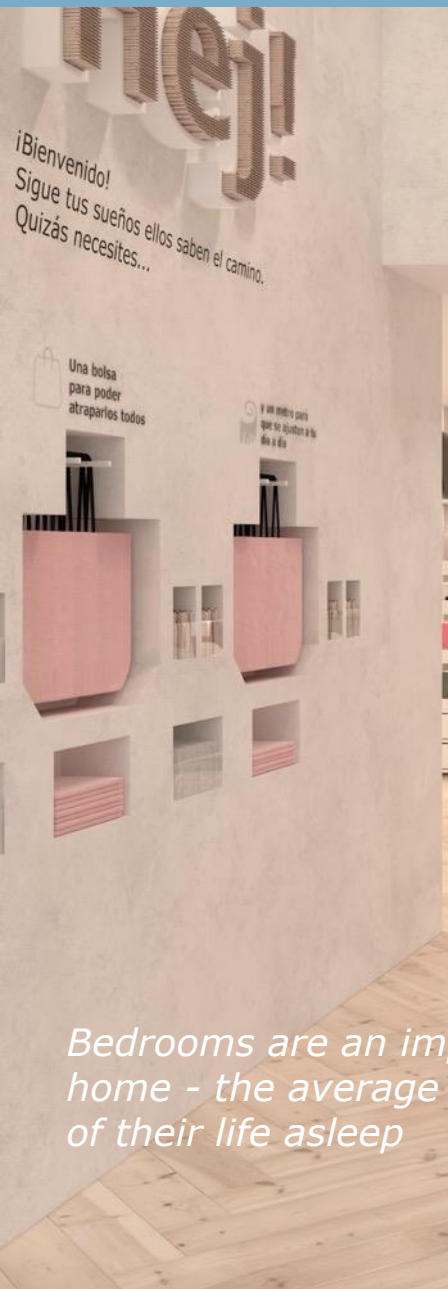
Just over 25 years after IKEA first entered Serbia, IKEA Retail Belgrade East finally welcomed its first store opening in August 2017. And the 400<sup>th</sup> in the world.

The store extends to more than 33,000 m<sup>2</sup> with 416 IKEA co-workers. It is the first time we have opened a store and launched online shopping simultaneously.



**BECOMING MORE  
CONVENIENT**

## **IKEA** TEMPORARY Dormitorios



*Bedrooms are an important part of life at home - the average person spends a third of their life asleep*

## **POP-UP BEDROOMS IN MADRID**

IKEA Retail Spain has taken the bedroom range to the busy streets of Madrid for six months, through IKEA Temporary – an urban hybrid store where customers can shop and find inspiration for everything connected to time between the sheets.



The 900 m<sup>2</sup> store offers almost 300 accessories

**BECOMING MORE  
CONVENIENT**



## ***IKEA MEETS HYDERABAD***

When the first IKEA store opens in Hyderabad in the spring of 2018, it will mark a major milestone in a journey that began 30 years ago when IKEA first started working with local manufacturers in India.



*"Indians dream of a brighter tomorrow, and they want to realise the home of their dreams but they don't see the connection to home furnishing products."*

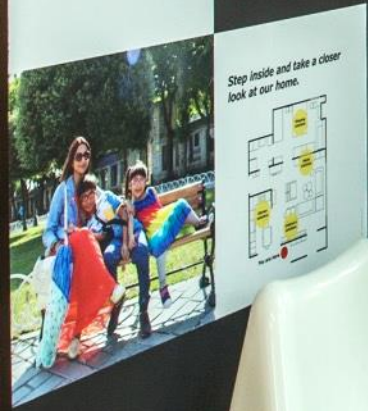
**Amitabh Pande,**  
Strategic Planner in  
Marketing for IKEA  
Retail India

**BECOMING MORE  
CONVENIENT**



**Welcome  
to our  
home**

"It might be compact,  
but with the clever  
use of space, it meets  
all our family needs.  
It's our 73 m<sup>2</sup> home."



Step inside and take a closer  
look at our home.

## **HEJ HOME!**

Hej Home is an experience centre that shows what IKEA is and allows people to touch, feel and experience the brand, before they are able to visit a store.

When launching the IKEA brand in a country that knows very little about us, the concept provides a complete experience of how IKEA is helping create a better life at home in India.



*By visiting a much smaller replica of an IKEA store, potential customers are able to get the essence of what to expect when they shop with us.*





## ***CENTRES SNAPSHOT***

In addition to being an IKEA retailer, we also have more than 40 years of experience in shopping centres.

Our shopping centres operate under different trademarks, including MEGA in Russia and LIVAT in China, and are always anchored by an IKEA store.

**15** COUNTRIES

**43** LOCATIONS

**460** MILLION VISITORS A YEAR

**1600** BRANDS

**2000** CO-WORKERS

**7000** SHOPS

**Financial asset management strategy -  
five portfolios:**

- 1** RENEWABLE ENERGY
- 2** RESOURCE INDEPENDENCE
- 3** VENTURE GROWTH CAPITAL
- 4** BUSINESS DEVELOPMENT INVESTMENTS
- 5** TREASURY ASSET MANAGEMENT



**INVESTING IN THE FUTURE**

As digital transformation continues to challenge retail concepts and customer needs, we need to develop our business faster and in a more flexible ways, with an even greater focus on innovation.

**TASKRABBIT** - In October 2017 IKEA Group signed an agreement to acquire TaskRabbit, Inc., an innovative on-demand services platform company.

*"We will be able to learn from TaskRabbit's digital expertise, while also providing IKEA customers additional ways to access flexible and affordable service solutions to meet the needs of today's customer."*

**Jesper Brodin**  
**President and CEO**  
INGKA Holding B.V. and its  
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- YEARLY SUMMARY FY17 -

# ***PEOPLE AND PLANET***



*"Our goal is to create an inclusive culture where all people are valued for their unique contribution."*

## ***WE BELIEVE IN PEOPLE***

To help us remain curious, close to our values and close to our customers, a new People Strategy was developed during FY17 and is currently being implemented across the IKEA Group.

Together with our many talented and engaged co-workers, it will guide us towards three movements:

- 1 PEOPLE CHOOSE IKEA FOR WHAT WE STAND FOR***
- 2 ENGAGED IKEA PEOPLE WITH THE CUSTOMER AT HEART***
- 3 A MODERN, LEAN AND AGILE IKEA FIT FOR GROWTH***



## **BE YOURSELF AT IKEA**

*"This step is about living and sharing our values and our Human Rights and Equality policy together with many other stakeholders."*

**Ana Teresa Fernandes,**  
Deputy Public Affairs Manager



*"I've been unapologetically myself, comfortable about who I am. So it wasn't even an issue, I was just able to be me. And IKEA really truly values everyone's uniqueness, so my co-workers accepted all of me."*

**Brian Zimdars,**  
Recovery Manager  
for IKEA Retail USA

*"At IKEA I am not only welcomed, I am able to advocate for my community and support LGBT+ rights. I'm very privileged to have this."*

**Federica Di Biagio,**  
Communication Specialist at  
IKEA Retail Italy





## ***A SUSTAINABLE FUTURE***

At IKEA Group, we are guided by our vision to create a better everyday life for the many people.

### ***BECOMING PEOPLE & PLANET POSITIVE IN FY17***

#### ***FOOD IS PRECIOUS***

In FY17 we started implementing a food waste reduction solution in our own food operations as a first step in a global IKEA initiative to cut food waste by 50% by end of FY20.

#### ***REFUGEE INCLUSION PROGRAMMES***

Stores in 8 markets have initiated programmes for talents who are getting their first work experience in a new country with IKEA.

#### ***5 MARKETS OFFER SOLAR ENERGY SYSTEMS TO CUSTOMERS***

In FY17 Poland and Belgium joined the Netherlands, Switzerland and the UK in our home solar offer.

#### ***416 WIND TURBINES***

Together with 750,000 solar panels on our buildings, our wind turbines generated renewable energy equivalent to 73% of the energy used in our operations in FY17.

#### ***PRODUCTS AND MATERIALS WITH MANY LIVES***

Across our markets there are over 100 initiatives contributing to the circular economy.

#### ***85 MILLION LED BULBS SOLD***

If each bulb replaced an incandescent bulb, they could save enough energy to power 750,000 households for a year.



## ***BEYOND THE BLUE BOX***

Our store in Kaarst, Germany, is not only our most sustainable building, it's a hub for the local community. And it's just the beginning of our ambition to build more sustainable stores around the world.



## ***HOME SOLAR FOR THE MANY***

We continue to invest in making a positive impact on the climate and own 415 wind turbines in 12 countries. This means IKEA Group now owns more wind turbines than stores.



## ***USING BUSINESS TO BUILD BETTER LIVES***

We partner with social entrepreneurs - providing jobs to people who face barriers to employment - to offer new products and services in our stores.

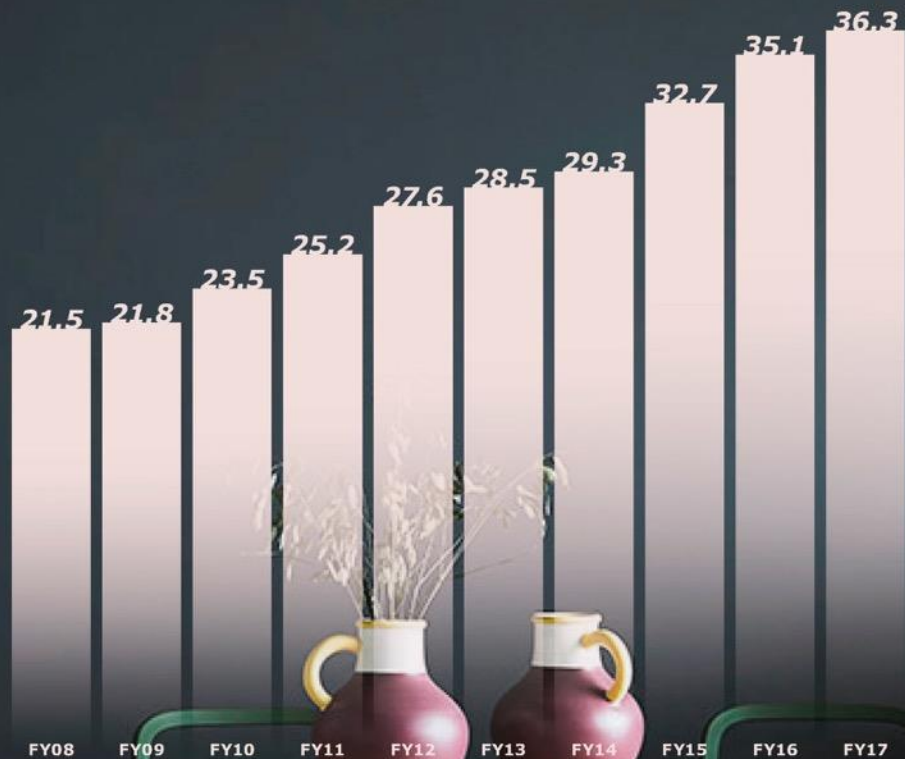
- YEARLY SUMMARY FY17 -

***FINANCIAL  
PERFORMANCE***



# TOTAL REVENUE FY08–FY17

(in billions of Euros)



## **FINANCIAL PERFORMANCE FY17**

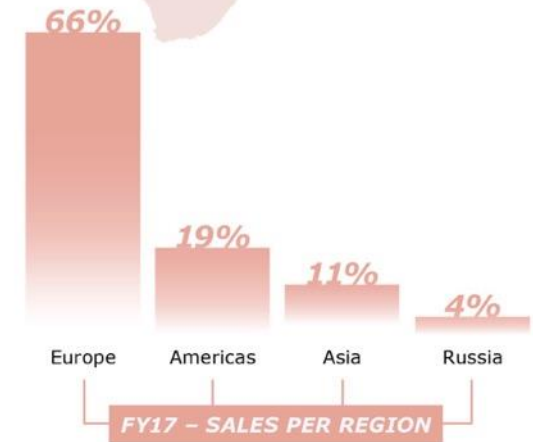
Total revenue grew by 1,7%

Retail sales was EUR 34.1 billion

IKEA Centres rental income was EUR 1.0 billion

The net profit was EUR 2.5 billion

# ***TOP SELLING COUNTRIES & REGIONS***



– CONSOLIDATED INCOME STATEMENT –

# 1 SEPTEMBER 2016 – 31 AUGUST 2017

*(in millions of Euros)*

	FY17	FY16*
Revenue	36,295	35,691
Cost of sales	23,730	20,260
<b>Gross profit</b>	<b>12,565</b>	<b>15,431</b>
Operating cost	9,534	10,932
<b>Operating income</b>	<b>3,031</b>	<b>4,499</b>
Total financial income and expense	283	869
<b>Income before minority interests and taxes</b>	<b>3,314</b>	<b>5,368</b>
Tax	825	1,158
<b>Income before minority interests</b>	<b>2,489</b>	<b>4,210</b>
Minority interests	16	10
<b>Net income</b>	<b>2,473</b>	<b>4,200</b>

\* Restated in FY17.

The included abbreviated financial information is derived from the draft unaudited consolidated financial statements of Ingka Holding B.V. This information is prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. Ingka Holding's audited Annual Report for financial year 2017, including the audited financial statements will become available through the Dutch Chamber of Commerce. The IKEA Group total revenue includes sales of goods, rental income and service income.



Commode 4 tiroirs  
**MALM**  
85€

***MOST OF ALL, WE CARE ABOUT CREATING A BETTER EVERYDAY LIFE FOR THE MANY PEOPLE. THAT'S WHO WE ARE.***

- YEARLY SUMMARY FY17 -

# ***APPENDIX***

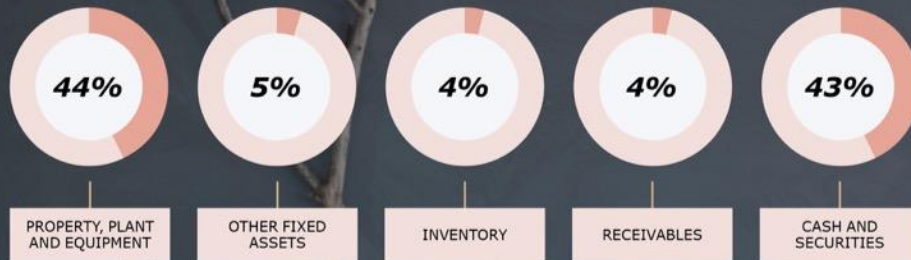
– CONSOLIDATED BALANCE SHEET –

# ASSETS

(in millions of Euros)

	FY17	FY16
Property, plant and equipment	23,172	23,033
Other fixed assets	2,488	1,955
<b>Total fixed assets</b>	<b>25,660</b>	<b>24,988</b>
Inventory	1,924	1,713
Receivables	2,327	4,115
Cash and securities	23,029	23,151
<b>Total current assets</b>	<b>27,280</b>	<b>28,979</b>
<b>Total assets</b>	<b>52,940</b>	<b>53,967</b>

FY17 TOTAL ASSETS – EUR 52,940 MILLION



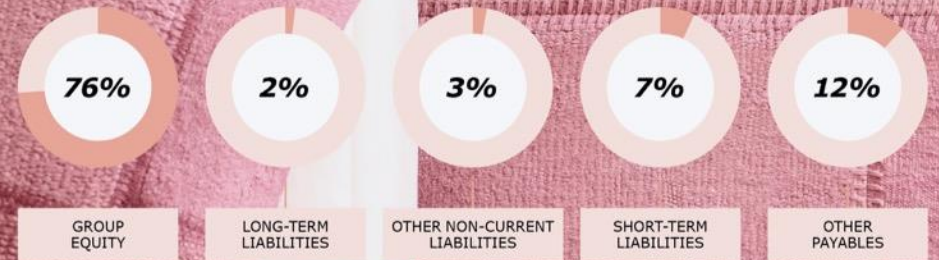
– CONSOLIDATED BALANCE SHEET –

# EQUITY & LIABILITIES

(in millions of Euros)

	FY17	FY16
<b>Group equity</b>	<b>39,943</b>	<b>38,907</b>
Long-term liabilities	1,010	1,385
Other non-current liabilities	1,767	1,908
<b>Total non-current liabilities</b>	<b>2,777</b>	<b>3,293</b>
Short-term liabilities	3,891	5,126
Other payables	6,329	6,641
<b>Total current liabilities</b>	<b>10,220</b>	<b>11,767</b>
<b>Total equity and liabilities</b>	<b>52,940</b>	<b>53,967</b>

FY17 TOTAL EQUITY AND LIABILITIES – EUR 52,940 MILLION





## ***WE OPERATE STORES UNDER FRANCHISE AGREEMENTS***

Ingka Holding B.V. is one of 11 franchisees, operating IKEA stores under franchise agreements with Inter IKEA Systems B.V., the owner of the IKEA Concept and the worldwide IKEA franchisor. Inter IKEA Systems B.V. is based in the Netherlands and owned by the Inter IKEA Group. Inter IKEA Group and IKEA Group are two separate groups of companies with different management and different owners.

All IKEA franchisees pay a 3% franchise fee to Inter IKEA Systems B.V. The franchise fee gives us, as an IKEA retailer, the right to operate stores under the IKEA Concept and IKEA brand. It grants access to systems, methods and proven solutions as well as staff trainings, manuals and updates of the IKEA concept such as store layouts, fittings and display concepts.

## Stichting INGKA Foundation

Owner of the IKEA Group

Charity  
Stichting IKEA Foundation

Investment of Stichting INGKA Foundation liquidity  
Stichting IMAS Foundation

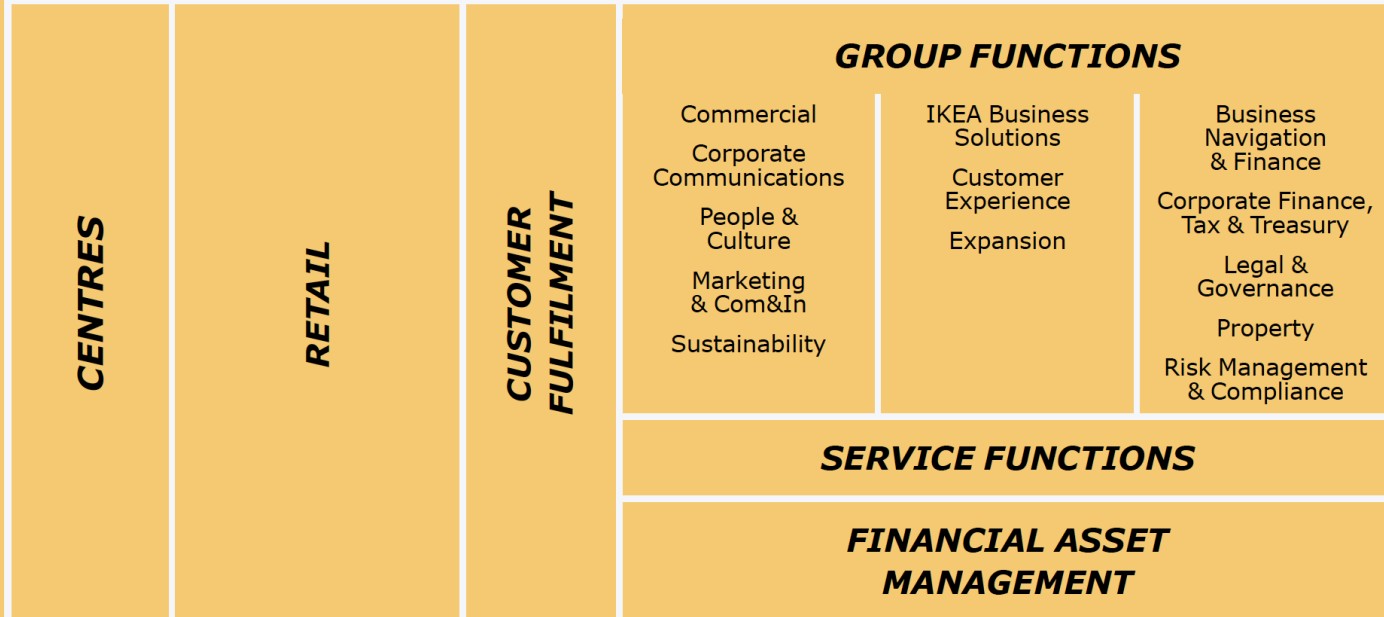
## INGKA Holding B.V.

and its controlled entities

## The IKEA Group

INGKA Holding B.V. and its controlled entities

Chairman of the Supervisory Board: **Lars-Johan Jarnheimer**  
President and CEO: **Jesper Brodin**



## OWNERSHIP STRUCTURE

INGKA Holding B.V. and its controlled entities has an ownership structure that ensures independence and a long-term approach. Stichting INGKA Foundation in the Netherlands is our owner, and its funds can be used in only two ways: it can be reinvested in the IKEA Group or donated for charitable purposes through the Stichting IKEA Foundation.

## IKEA GROUP OF COMPANIES

Ingka Holding B.V. is the parent company of the IKEA Group, located in Leiden, the Netherlands.

As per 31 August 2017, its Supervisory Board consists of: Lars-Johan Jarnheimer (Chairman), Stina Bergfors, Tore Bertilsson, Luisa Delgado, Jonas Kamprad, Göran Lindahl, Mark Newton-Jones (New member of the Supervisory Board from 29 November 2016), Lone Fønss Schrøder and Ian Worling (New member of the Supervisory Board from 29 November 2016).

Ingvar Kamprad, the founder of IKEA, is senior advisor to the Supervisory Board. Jon Abrahamsson Ring left the Supervisory Board on 31 May 2017. In FY17, the IKEA Group was led by Peter Agnefjäll. On 1 September 2017, Jesper Brodin took over as President and CEO, leading the IKEA Group together with the Group Management team.



***Celebrate all the things that brought us here and turn the page to the future.***



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Some images by courtesy of  
Inter IKEA Systems B.V.

