



# Bringing IKEA to more people in new ways

Annual Summary & Sustainability Report FY19  
Ingka Group (Ingka Holding B.V. and its controlled entities)

INGKA™



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## IKEA Foundation

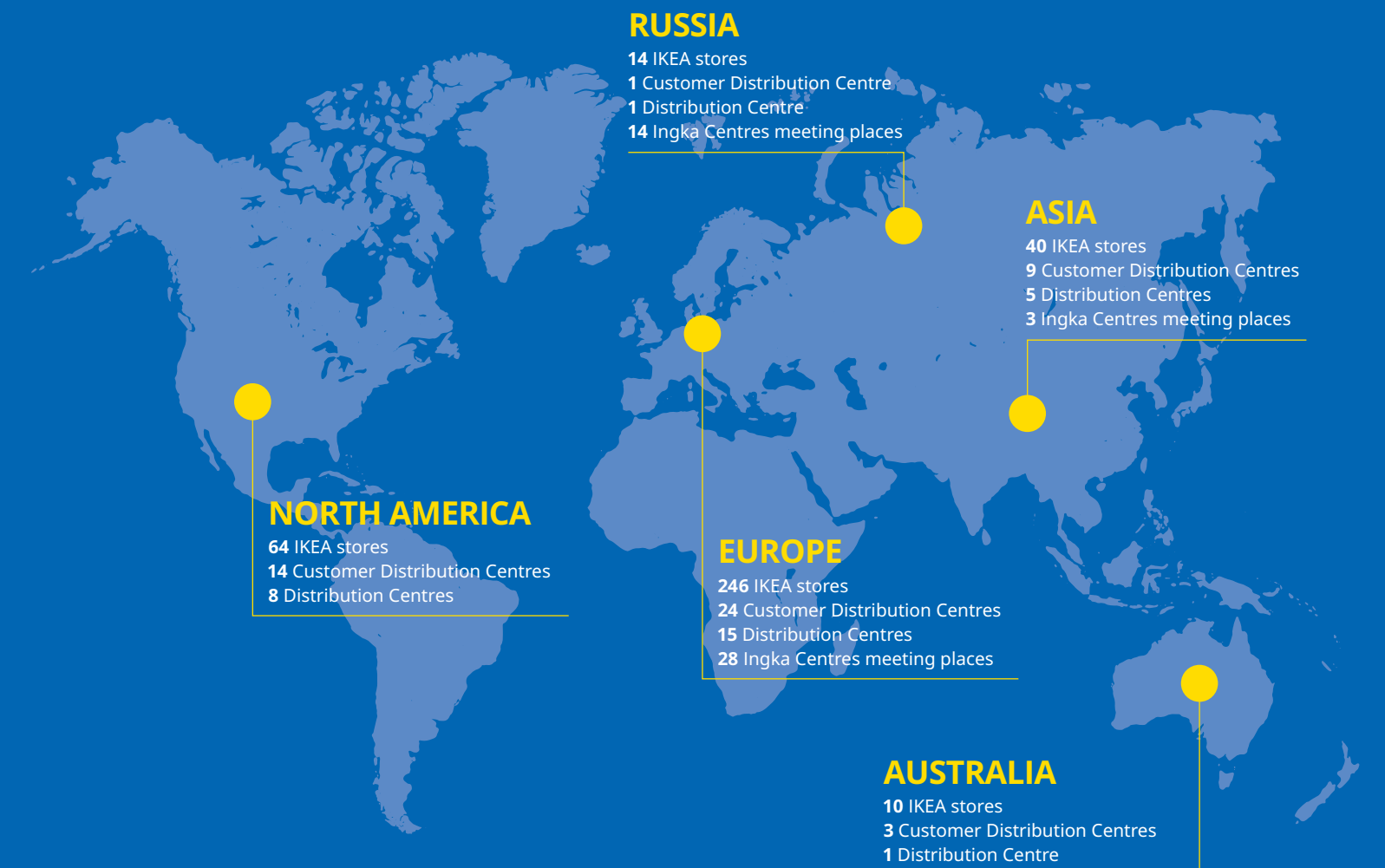
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The financial year 2019 (referred to as FY19) of the Ingka Group (Ingka Holding B.V. and its controlled entities) refers to the period between 1 September 2018 and 31 August 2019 and the entities controlled by Ingka Holding B.V. during this time. Ingka Group operates under franchise agreements with Inter IKEA Systems B.V., the worldwide IKEA franchisor.

Inter IKEA Systems B.V. is part of Inter IKEA Group, which also includes IKEA range, supply and certain industrial activities. Together with Inter IKEA Group and 11 other IKEA franchisees, we improve and develop IKEA to be more relevant and inspiring. In February 2020, Inter IKEA Group will publish the IKEA Sustainability Report, which reports on all companies in the IKEA franchise system and value chain.



# 374 IKEA stores in 30 countries

- In FY19, we had ecommerce in all **30 countries**, and ecommerce sales **grew by 46%**
- **839 million** visits to IKEA stores
- **480 million** visits to Ingka Centres meeting places
- **2.6 billion** visits to IKEA.com
- **22.6 million** visits to the online IKEA catalogue
- **26 million** visits to the IKEA store app



# Who we are

**Growing from our Swedish roots**  
 In the three decades since we were founded, we've brought the IKEA Brand to 30 countries and millions of homes. Driven by the IKEA vision to create a better everyday life for the many people, we're united by our culture, values and entrepreneurial spirit. Togetherness, simplicity, cost-consciousness and caring for people and the planet, are some of the values that drive us to constantly innovate and improve our way of working.

**Passionate about life at home**  
 We're passionate about life at home, about bringing functional, affordable and sustainable home furnishing solutions to people with big dreams and thin wallets. We always put our customers first, and as their needs change, so do we. Through the biggest transformation in IKEA history, we will reach more customers in more ways, with the products and services they want, at prices they can afford.

**Making sustainable living affordable**  
 Resourcefulness has always been part of our DNA. And we want to have a positive impact on people and the planet – not only by going all in to contribute to the IKEA ambition to be circular and climate positive but also by making healthy and sustainable living attractive and affordable for as many people as possible.

**Shaping the future of home furnishing retail**  
 We're curious about the world around us and want to make a positive difference in people's lives. As we continue our transformational journey, we're determined to lead home furnishing retail into the future – meeting even more people with affordable, well-designed and sustainable home furnishing solutions for a better life at home. It inspires us even more today than ever before.



**2.6**  
 billion visits  
 to IKEA.com

22.6 million visits to the online IKEA catalogue and 26 million visits to the IKEA Store app.

**50/50**

Half of our managers are women, as are more than half of our co-workers and 30% of Ingka Group Management.

**x 534**

We have invested in 534 wind turbines and two solar farms in 14 countries and have 920,000 solar modules on the roofs of our stores and warehouses. This enables us to generate more renewable energy than the energy we use in our operations!

**141**  
 million IKEA Family members

Our most loyal customers are members of IKEA Family. More than 46,000 new members join every day!

**EUR 36.7**  
 billion IKEA Retail sales  
 (EUR 34.8 billion in FY18)

An increase of 5.0% from last year, at constant currency rate. Total revenue was EUR 39.1 billion, and online sales grew by more than 46%, amounting to 11% of total IKEA Retail sales.

**839**  
 million IKEA store visits

**480** million Ingka Centres shopping centre visits

**374**  
 IKEA stores in 30 countries

At the end of FY19 we also had:

- 45 Ingka Centres shopping centres in 15 countries
- 30 Distribution Centres in 18 countries
- 51 Customer Distribution Centres in 16 countries

**7**  
 IKEA Home Solar in 7 countries

The number of IKEA Home Solar customers grew by 29%, and each customer saved, on average, EUR 400 per year on their energy bill.

**210,000**  
 hectares

We own approximately 210,000 hectares of responsibly managed forests in Estonia, Latvia, Lithuania, Romania and the USA.

**16**  
 countries

are supporting refugees, youth and other vulnerable groups to develop skills for employment.

**27.2%**  
 corporate income tax

Corporate income tax amounted to EUR 0.7 billion globally, which equals an effective corporate tax rate of 27.2% (30.0% in FY18). Our total tax bill including other taxes and duties amounted to approximately EUR 1.1 billion.

**EUR 1.8**  
 billion net profit  
 (EUR 1.5 billion in FY18)

**32**  
 social entrepreneurs

We have partnerships with 32 social entrepreneurs and social businesses in 16 countries.

**47**  
 million products saved

We successfully gave 47 million recovered products a second life. 38 million products were resold through the AS-Is area and more than 9 million products were repacked and sold.

**Hej**  
 It's great to see you!

**166,200**  
 co-workers

IKEA Retail: 160,100  
 Ingka Centres: 2,100  
 Ingka Investments: 200  
 Ingka Group functions: 3,800



A MESSAGE FROM JESPER BRODIN

# Bringing IKEA to more people in new ways

FY19 was a special year! I know we tend to say that every year, but this time we really rolled up our sleeves – with big results. In challenging times for many retailers, we ended the year with growth, close to a 50% increase in online sales and more people coming to our IKEA stores than the year before. And we were able to do this in the middle of the biggest transformation in IKEA history, going all in to become more affordable, accessible and sustainable.

**O**ur vision is more relevant than ever. To start with, let's take a look at the world we live in. We see that more people are moving into big cities and living in smaller spaces – still with thin wallets and big dreams. We see how technology is changing everything, creating new opportunities for us to reach more people in better ways. Sustainability is becoming the defining issue of our time, and the younger generation in particular is calling for more and urgent action – and rightly so.

All this means that the IKEA vision – to create a better everyday life for the many people – is more relevant than ever before. As a big brand with a big purpose, we have a unique opportunity to really make a positive impact for people and the planet and contribute to wider changes in society. Actions speak louder than words, and we keep pushing forward to reach the IKEA ambition for 2030 – to become a circular and climate positive business and to offer healthier and more sustainable solutions at scale that more and more people can afford.

We're on track to produce as much renewable energy as the energy we consume in our own operations by 2020. We're rolling out affordable home solar offers, switching to 100% electric vehicle home deliveries, offering a new veggie hot dog with 15% of the carbon footprint of a hot dog made with meat, testing circular business models like furniture leasing – the list goes on. For us, business and sustainability go hand in hand as we work to meet customer demand for more sustainable products and services.

*"We continue to grow, and this year we opened seven IKEA stores and 11 smaller stores and IKEA planning studios in growing cities like London, Moscow, New York and Paris."*

### Creating a new IKEA in three years

We're one year into our big, three-year transformation to create a new IKEA. Thanks to the amazing team effort and spirit of our 166,200 co-workers, we're becoming a more accessible and sustainable retailer that's ready to meet customer needs in more channels and better ways. I'm very happy for all the incredible progress in FY19, and some days I'm even more happy for the failures that we see along the way. This tells me we have the curiosity

and courage to test things, in the true entrepreneurial spirit of IKEA, together with other IKEA franchisees and Inter IKEA Group. It's a fast and exciting way of working – and the best way to get it right in times of change.

### Big expansion in big cities

We continue to grow, and this year we opened seven IKEA stores and 11 smaller format IKEA stores and IKEA planning studios in growing cities like London, Moscow, New York and Paris. We're testing and trying different formats, with a plan to expand to 40+ cities in the next few years. We're also continuing to invest in our Ingka Centres meeting places and blue box IKEA stores, turning them into festivals – full of home furnishing knowledge and inspiration, food and activities that give people even more reasons to come and visit us.

### Towards a new digital IKEA

Eighty percent of our customers start their journey online, and it's by connecting all our customer meeting points through data and analytics that we'll truly transform. There has been phenomenal work done within digital, and we've put massive efforts into creating a modern infrastructure that can take our digital transformation to



Front Days have been a part of our IKEA culture for many years, letting all office-based co-workers work in a store for two days a year. It's a great opportunity to engage with colleagues, meet customers and get experience from our IKEA Retail operations. Read more about Front Days on page 50.



the next level. During the year, we launched the new IKEA app, an improved web experience and digital display tools for our city stores – with more to come as we move ahead.

*"Turning our network of stores into fulfilment hubs gives us a big logistical advantage. We can offer faster, more affordable and sustainable home deliveries."*

### All about the logistics

Logistics is perhaps the most important part of it all. Through intense work with fulfilment and services, we've been able to bring down lead times to a few days or below, which is phenomenal for big items like furniture. Through Ingka Investments, we're also investing in innovative companies like TaskRabbit and Traemand that help us speed up and evolve our total offer of on-demand services.

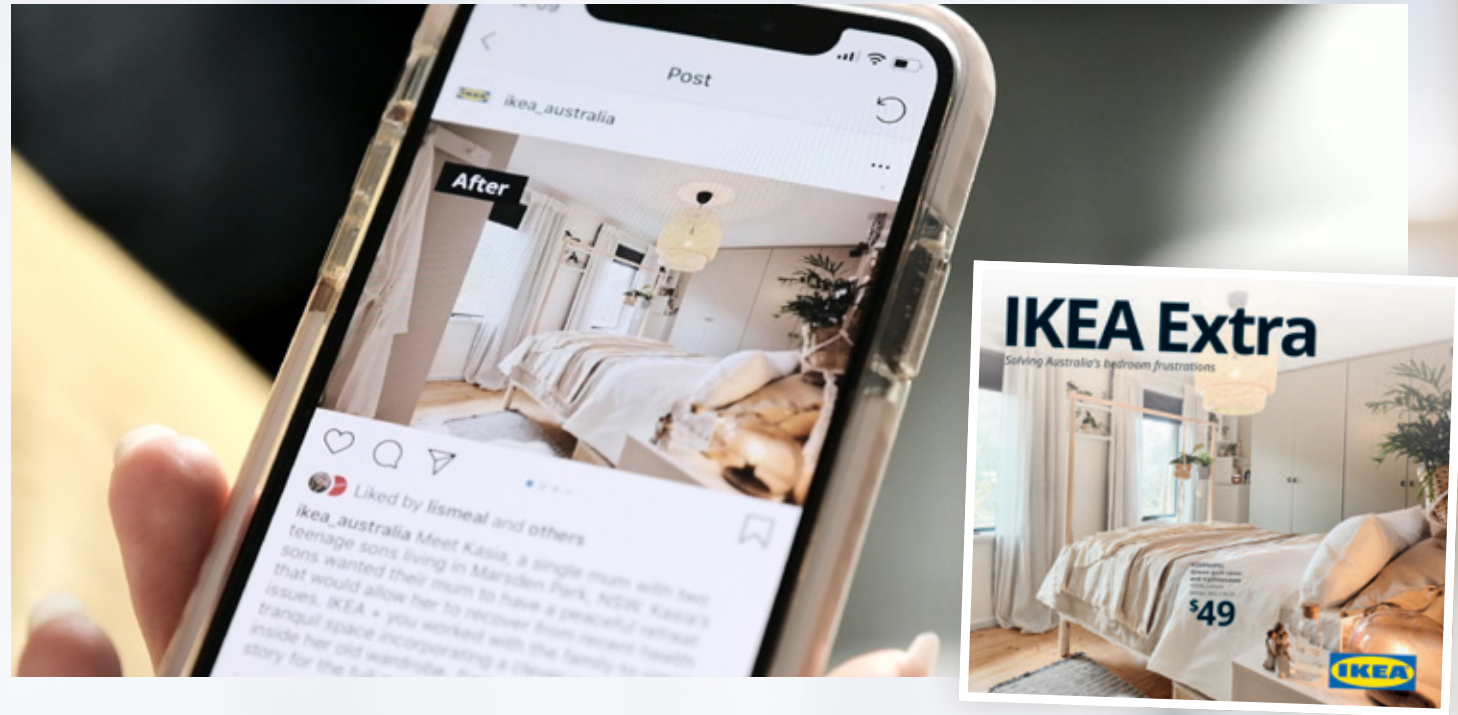
### Time to celebrate, no time to stop

After a year like this, it's time to celebrate! But it's no time to stop. Going into FY20, we'll keep investing in lower prices for our customers and in our stores, making them shine like never before. At the same time, we'll continue to develop our advantages in home deliveries and take even bigger steps in digital. And above all, we'll continue our efforts to become people and planet positive, making sustainable choices affordable to the many people.

**FY20 will also be a year where we put extra focus on our culture and values**, on what really makes us different – the fact that we're being part of something big and meaningful. As the world keeps changing, our vision to create a better everyday life for the many people is more relevant than ever before. We can make a huge difference for people and the planet, and we're more determined than ever to do it!

**Jesper Brodin**  
President and CEO, Ingka Group





# We're passionate about life at home

We believe that a better home creates a better everyday life. Building on our 75+ years of home furnishing knowledge and research, we also regularly visit people all over the world to find out what life at home is really about.

Some aspects of home are shared the world over – like sleeping and eating – and some things are defined by our culture and traditions, the amount of space we have and what the weather is like. So when we visit people, we explore every space, every drawer and every moment that takes place. We ask what people do at home and how they feel when they are there. And sometimes we'll join them for a cup of tea, the weekly clean or a large family meal. Our home visits help us understand what life at home is like in every country we're in. It means we can create better solutions that meet people's real needs and reflect the hopes and dreams of our customers.

### Solving Australia's biggest bedroom frustrations

The "IKEA + you" home makeover initiative in Australia is one example of how we engage with customers to learn about their needs and help create a better, more inspiring and affordable life at home. In FY19, we focused on the bedroom – a personal, closed-door space and often the last room in the home that people renovate, remodel or refresh. Australians trusted us to solve their biggest bedroom frustrations and transform this frequently forgotten space into a retreat.

### Taking a truly multichannel approach

In total, we've worked with over 150 real families to co-create the bedrooms of their dreams. To inspire others with their stories,

we hosted in-store events with the families and extended the conversation online, including how-to videos with our interior designers. We even created the small magazine *IKEA Extra*, detailing how people could bring the solutions to life in their own home with any wallet size.

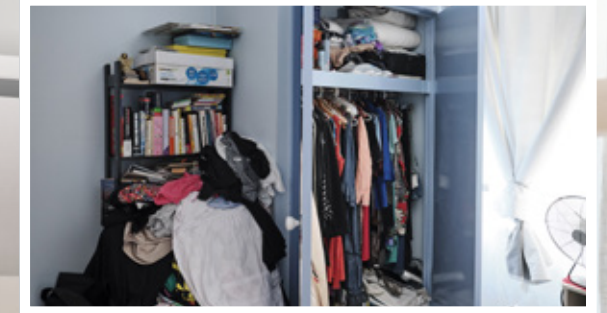
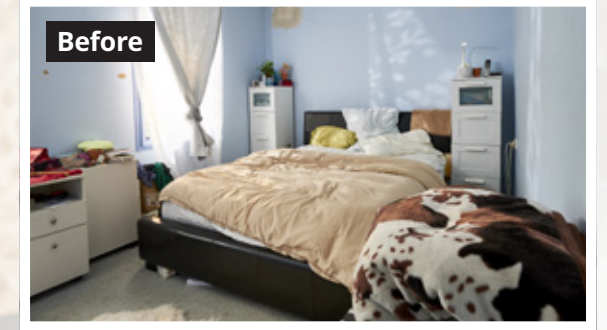


## Creating a sanctuary for restful recovery

Kasia is a community worker and single mom, living with her two sons in the suburbs of Sydney. When the family was rocked by the news of Kasia's cancer diagnosis, it was important for her to get the rest and recovery she needed in a calm space. To maximise the potential of her bedroom, we used smart storage to organise clothes and things, creating a calming sanctuary. We were even able to fit a small home office within a second wardrobe and help solve storage frustrations.

A big part of Kasia's recovery was rest indoors, out of the sun. To bring some of the outdoors in, we used the hanging space at the end of her new GJÖRA bed frame to hang a canopy of leafy plants.

For the full makeover of Kasia's bedroom and other IKEA + you makeovers, see [www.ikea.com/au/en/campaigns/IKEA+you](http://www.ikea.com/au/en/campaigns/IKEA+you)



Kasia, Bidwill, New South Wales

