

# Welcome inside

Yearly Summary FY09  
Comments FY09 & FY10  
IKEA® Group





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## CONTACT INFORMATION

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Prices stated in this document are recommended prices; actual prices may vary from market to market.



**This is the IKEA® Group**



## A LITTLE ABOUT US

*IKEA has its roots in Småland, historically one of Sweden's poorest regions, so hard work and economising with resources have always been part of our heritage. We've been making a lot out of very little for more than 60 years.*

Growing up in the Swedish 20th century has influenced our products as well as our value-system. The strong social development during this period, such as democratisation, dramatic improvements in living conditions and women's rights, including a child care system for all, have shaped us and our way of interacting with customers and co-workers. We continue to learn from, and develop with, co-workers, customers, suppliers and other partners in 41 countries. Everyone can see our Swedish roots – but hear the accent of each of these countries, too.

Based on a deep knowledge of people's lives at home, IKEA offers good quality, durable and functional home furnishing products for everyday life today. We are completely committed to our vision to create a better everyday life for the many people. This commitment extends to our suppliers and all who work for them. The IKEA Way on Purchasing

Products, Materials and Services (IWAY\*) is the IKEA Supplier Code of Conduct. It states the IKEA minimum requirements relating to the Environment and Social & Working Conditions, including the prevention of child labour. IWAY and all of its activities are dependent upon co-operation, mutual trust and respect between the supplier and IKEA.

Throughout the years, we have been fortunate to attract highly skilled and motivated co-workers who have made IKEA one of the most successful home furnishing companies in the world. Our workplaces are not for people with big egos. Togetherness is important. At IKEA, we can always get a helping hand from colleagues. We take responsibility, learn from our mistakes and share our experience and knowledge with each other. That's how we grow together – co-workers and suppliers.

We have always avoided wasting resources – to be able to offer low prices, we need to have low costs. Initially, flat packs and smart ways of transport were invented to save money. Over the years, we have learnt that saving money and the environment usually go hand in hand and rarely conflict with each other. During the past 10 to 15 years, we have developed our Sustainability Programme

\*Read more about IWAY and our HR Idea at [www.IKEA.com](http://www.IKEA.com)



where we work on responsible forestry, water treatment, cotton grown in a more sustainable way and many more projects, together with partners such as WWF.\*

Current IKEA social projects in partnership with UNICEF, UNDP and Save the Children will have benefited 100 million children by the end of 2015.

The IKEA company culture, built on our values, is the basis for all that we do. We are always “on the way” and constantly see possibilities to improve for the future.

The main financial principles of the IKEA Group are created to make sure we have financial stability, independence and flexibility. This gives us the opportunity to expand from our own resources and make long-term decisions. Over the past number of years, interest in IKEA has increased, following our rapid global expansion. In December 2009, the board decided to present, every year, a summary and comments on our financial results and the most important developments.

Sustained profitability gives us resources to grow further and offer a better everyday life for more of the many people. That is what we do with our profits – grow!

Welcome to read more about us at IKEA!

\*Read more about our improvements for people and the environment in the Never Ending List at [www.IKEA.com](http://www.IKEA.com)

**"OUR INTEREST IN PEOPLE'S  
LIVES AT HOME IS THE SOURCE  
OF ALL OUR BUSINESS."**



## **THE IKEA GROUP**

IKEA is a home furnishing company with a fully integrated supply chain, including its own industrial groups – Swedwood and Swedspan. The IKEA Group, directly or indirectly, also owns retail centres, always with an IKEA store as unique anchor tenant.

The IKEA Group works in four basic areas: range strategy & product development, production, supply and retail.

The parent company of the IKEA Group of Companies, INGKA Holding B.V., is owned by Stichting INGKA Foundation in the Netherlands. The Stichting INGKA Foundation was established in 1982 by the founder of IKEA, Ingvar Kamprad, to create an ownership structure and organisation that stand for independence and taking a long-term approach.

The Stichting IKEA Foundation is a Dutch charitable foundation, funded by the Stichting INGKA Foundation. Today, the foundation mainly funds initiatives designed to improve the rights of children and youth in the developing world, making it possible for them to ultimately take charge of their own future. Examples of what is being done include the IKEA Social Initiative's

holistic programmes addressing health, education and the empowerment of women in rural areas in India and Pakistan. In addition, the foundation is actively involved in global emergency relief work and also supports initiatives to promote design. During 2010 the foundation expects to donate an estimated 45 million EURO.

The IKEA Group franchises the IKEA concept from Inter IKEA Systems B.V. in the Netherlands, which is the franchisor of all IKEA stores worldwide – both stores inside the IKEA Group and stores owned and run by franchisees outside the IKEA Group.

### **OUR VISION**

*To create a better everyday life  
for the many people.*

### **OUR BUSINESS IDEA**

*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 PRODUCT RANGE – OUR IDENTITY**

The product range is the core of the IKEA business, developed to inspire and to provide solutions to everyday home furnishing needs. When we develop products, our starting point is the idea that, even with a thin wallet, people should be able to create a beautiful home with well designed, functional, safe and healthy products. The key to the success of IKEA is understanding the different living situations and needs of people all over the world. Thorough analysis helps product developers and designers choose what functions, styles and materials to use for a new product so it has the right combination of design, function and quality – all at the lowest price possible.

## **THE IKEA BUSINESS MODEL – HOW WE CREATE THE LOW PRICE**

IKEA has a unique business model that connects the needs of our customers with the possibilities on the factory floor. With a deep knowledge about life at home and the challenges most of us have with limited space and wallets on one hand and big dreams on the other, IKEA often develops its products directly on the factory floor. The starting point for product developers and designers is

always the price. Together with our very skilled suppliers, we make sure to get the most out of the possibilities in the production plants. We adapt the sizes and constructions of our products so we can produce, package and transport them in the most efficient way. We also put a lot of effort into developing materials, to improve them and save resources.

A limited range of articles and big sales volumes make it possible for us to keep costs and prices down. On top of this, our customers contribute to the low prices by collecting, taking home and assembling the products themselves. Today, they can even design their kitchen or wardrobe themselves using our computerised planner tools. We do our part, you do yours – together we save money.

## **THE IKEA BUSINESS MODEL – IN PRACTICE**

A factory visit opens the door to a new design.

IKEA had seen its customers' need for a small side table, of course at a low price. When our designers were visiting a door factory, they came



up with an idea for how to make it. Based on how the doors were constructed, they sandwiched a honeycomb paper core between thin but strong wood-based frames – and LACK side tables were born. Being lightweight, they were affordable, environmentally friendly and easy for customers to take home. LACK, a product that fits in any home, became very popular. We sold so many that we could push down costs – and the price. Swedwood now makes a series of LACK furniture using the board-on-frame technique. Thanks to the big volumes sold, we were able to lower the price of the side table even further in 2009 and 2010. A typical business story at IKEA.





**GÖRAN STARK**

Global Supply Chain Manager  
(Permanent Invitee)  
Nationality: Swedish  
Age: 52  
Family: Married, two children  
IKEA experience: Product  
development, Purchasing  
– 25 years at IKEA  
Favourite IKEA product:  
KLIPPAN sofa

**SØREN HANSEN\***

Vice President & Chief Financial  
Officer  
Nationality: Danish  
Age: 48  
Family: Married, three children  
IKEA experience: Finance  
– 23 years at IKEA  
Favourite IKEA product:  
Restaurant meal of 15 meat-  
balls with lingonberry jam

**PERNILLE LOPEZ**

Global Human Resources  
Manager  
Nationality: Danish  
Age: 51  
Family: Married, two children  
IKEA experience: Retail  
– 20 years at IKEA  
Favourite IKEA product:  
EKTORP chaise longue

**NOEL WIJSMANS**

Vice President & Global Retail  
Manager  
Nationality: Belgian  
Age: 56  
Family: Married, one child  
IKEA experience: Retail  
– 24 years at IKEA  
Favourite IKEA product:  
SUNNAN solar cell lamp

**MIKAEL OHLSSON\***

President & Chief Executive  
Officer  
Nationality: Swedish  
Age: 52  
Family: Married, three children  
IKEA experience:  
Product Development, Retail  
– 31 years at IKEA  
Favourite IKEA product:  
IKEA Kitchen range

**HELEN DUPHORN**

Global Corporate  
Communications Manager  
Nationality: Swedish  
Age: 48  
Family: Married, one child  
IKEA experience: Purchasing,  
Retail – 12 years at IKEA  
Favourite IKEA product:  
BILLY bookcase

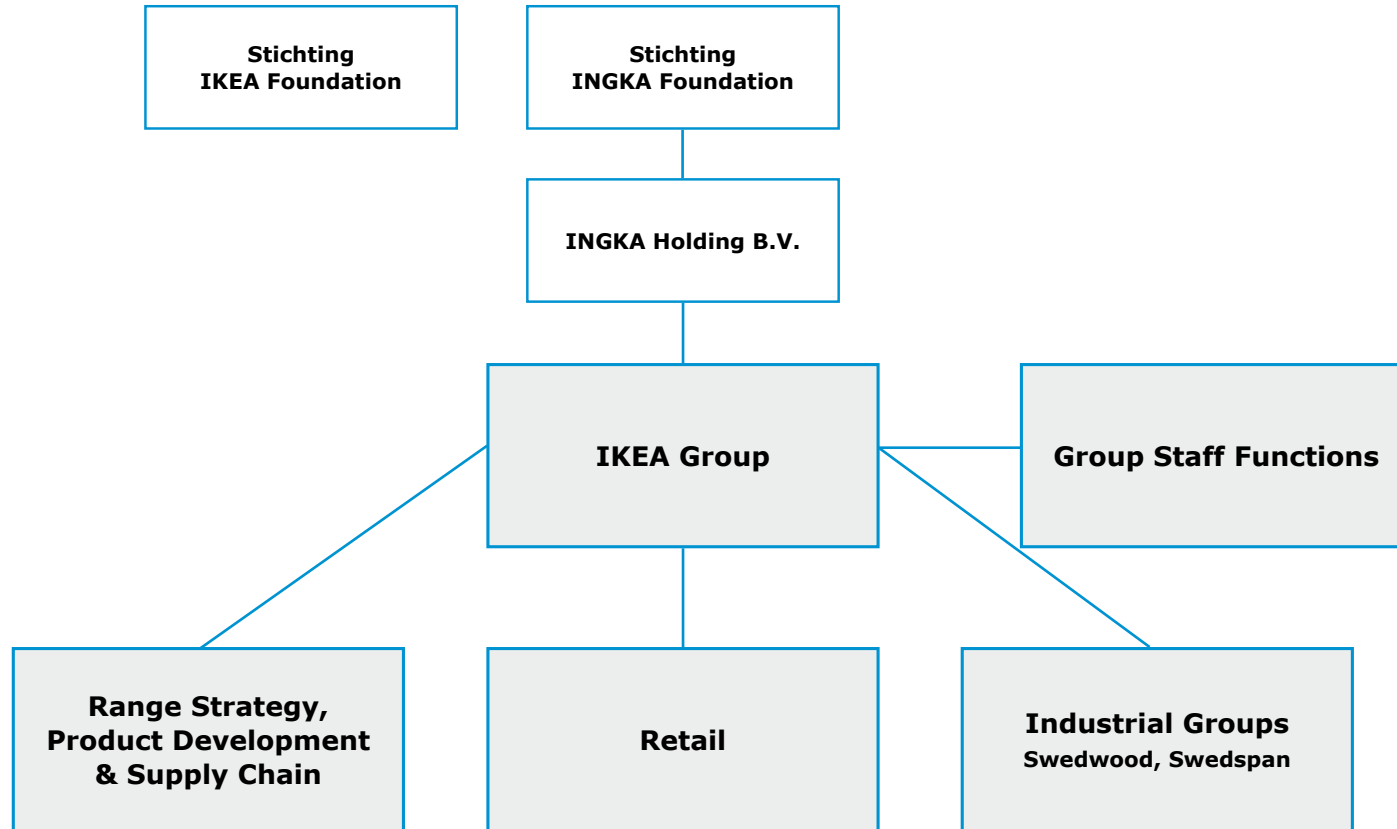
**TORBJÖRN LÖÖF**

Managing Director  
IKEA of Sweden  
Nationality: Swedish  
Age: 45  
Family: Married, three children  
IKEA experience:  
Product development, Purchasing  
– 21 years at IKEA  
Favourite IKEA product:  
BESTÅ storage

**EXECUTIVE MANAGEMENT OF THE IKEA GROUP**

\*Mikael Ohlsson, Søren Hansen and Christer Thordson, Chief Legal  
Officer, constitute the Management Board of the IKEA Group.

## STRUCTURE OF THE IKEA GROUP OF COMPANIES



# Mikael's Message

*"WE ARE GROWING IKEA TOGETHER."*



## HEJ!

A year ago, I had the privilege of succeeding Anders Dahlvig as President/CEO of the IKEA Group. The transition was smooth and now we are continuing our journey. As always, IKEA takes reality as the starting point: in people's lives at home, the possibilities in the factories and our co-workers' experience from meeting our customers.

We are now one year into our new strategic direction, Growing IKEA – Together! It focuses on growth, mainly through serving our customers even better in the future, so we can give more people possibilities to improve their everyday lives at home. We are on a constant journey to further develop our product range, which is distinctively IKEA but with the local flavour of each market.

To enable the many people to improve their daily lives, we will continue to reduce prices and improve our quality.

Our goal is to be the leader in life at home – to be the first choice for home furnishings. That means providing more inspiration and more relevant ideas and home furnishing solutions for more people, while offering low prices that are affordable for everyone. It is simply not good enough to

offer the best price on the market – we want everyone to be able to shop at IKEA. To manage this, we have to keep costs low.

A growing IKEA needs to pay a lot of attention to staying lean and simple. Therefore, we have launched an extensive programme for a lower cost structure at IKEA, where the gains will be re-invested in lowering the prices to our customers even more.

We continue to expand on existing as well as on new markets. Our expansion means new possibilities for more people – both in terms of improving their lives at home and in opportunities to work for IKEA, directly or indirectly. In March 2010, IKEA Romania became part of the IKEA Group and we plan to open stores in Serbia and Croatia in the next few years. I hope that the many people of South Korea will be next to have the possibility to shop at IKEA and, in the long run, the people of India.

Among other developments that I am particularly pleased with are those concerning diversity and sustainability. Much remains to be done, of course; but it is rewarding to see that



today, of our top 200 managers, 40% are women, and we have a great mix of nationalities. We have fantastic co-workers and our co-worker satisfaction surveys show very strong results. In many markets we are the “Employer of Choice” and globally we are listed as one of the top 50 most attractive employers in 2010. Our recruitment is value-based, and we always strive to attract the best people on each market.\*

IKEA Social Initiative, a part of The Stichting IKEA Foundation, whose mission is to improve the rights and life opportunities of the many children, has developed greatly during the past few years. It is estimated that by the end of 2015, 100 million children will have benefited from its current projects, run together with partners such as UNICEF, Save the Children, the United Nations Development Programme and others.

We are continuing our journey to become a leader towards a low-carbon society. We are focusing on using less materials and on responsible forestry, cotton grown in a more sustainable way and other projects to tackle climate change. In the forestry, cotton and climate change initiatives, we are working in partnership with WWF.

\*Read more about sustainability at IKEA at [www.IKEA.com](http://www.IKEA.com)

\*Read more about our HR Idea and IKEA values at IKEA at [www.IKEA.com](http://www.IKEA.com)



Our long-term direction states that all IKEA buildings shall be supplied with 100% renewable energy. In line with this, we have decided to invest in solar panels, wind farms and other renewable sources. We currently own 52 wind turbines, which generate roughly the equivalent of 10% of the electricity consumed by the IKEA Group's operations, and we are equipping 150 stores and distribution centres with electricity-producing solar panels.

We see sustainability as a catalyst for further innovation and change within IKEA. It will transform the way we economise with resources and do business, for future generations and continuing success.

IKEA is always about working together – customers, co-workers and suppliers.

I warmly thank all of you for the challenging and good years of 2009 and 2010!

*Mikael Ohlsson*  
*President & CEO of the IKEA Group*

# FY09 Consolidated financial statements





## MAIN PRINCIPLES

Overall, the main financial principles of the IKEA Group are created to make sure we have financial stability, independence and flexibility. This gives us the opportunity to expand from our own resources and make long-term decisions. To put it very simply – we earn the money before we spend it.

We also have decided to own the land and buildings where we operate.

This conservative view on how we finance our business and expansion has consequences for our balance sheet.

Fixed assets will continue to grow along with investments in new IKEA stores, warehouses, retail centres and factories.

Cash and securities will always be a big item in our balance sheet, as we intend to continue expanding and will finance most of this expansion with our own money.

We continue to focus on the many people with limited resources, and that means we keep improving the prices to our customers by constantly striving to lower costs. During the past 10 years, we have lowered our prices by 2 to 3% per year, on average.

Naturally we pay taxes and fees in accordance with laws and regulations, wherever we are present as retailer, manufacturer or in any other role. The effective tax rate varies from year to year, depending on where we grow – in high or low tax countries.

Our profit is either reinvested in our business, for example in new stores or factories, or paid out as dividends to our owner, the Stichting INGKA Foundation for the funding of the Stichting IKEA Foundation.



**SØREN HANSEN**  
Vice President & CFO

## SØREN'S COMMENTS

2009 was a tough year. After a longer period of increased costs for energy, food and housing, the economic crisis put further strain on everyone's income. During this challenging year, we have seen the importance of value for money increasing and, as a result, we have been able to attract even more customers to our stores. During FY09 we opened 15 new IKEA stores.

Total revenue grew by 1.4% to 21.8 billion EURO, which was equivalent to a growth of 3.1%, when adjusted for currency effects. The growth came entirely from the opening of new stores. Sales in comparable units fell by 1.1% globally in a very difficult market situation.

Despite the modest sales growth, we managed to grow our operating income by 4.4% to a total of 2.8 billion EURO. The fall in raw material prices and a strong focus on operating expenses supported this development.

Due to the solid operating income, a lower average effective tax rate for the IKEA Group and conservative management of our financial assets, we saw an increase in net income to 2.5 billion EURO. Corporate income taxes were unusually low in FY09 and amounted to 384 million EURO. This

was primarily due to a relatively lower result in countries with high income tax rates. Currency movements, a negative result in our industrial groups, a strong result in our asset management and an improved cost of sourcing in our supply chain, all contributed to this development. The sustainable part of these developments will over time benefit our customers in terms of lower prices. The amount paid in tax will fluctuate from year to year depending on the mix of earnings throughout the IKEA Group.

The rise in net income is equivalent to an increase of 11.3% and represents a net income of 11.6% in relation to revenue. Net income has fluctuated between 10% and 13% of revenue in the past 10 years.

The development of our balance sheet is to a large degree driven by investments in new stores, warehouses and retail centres and by our financial principles. The assets are therefore mainly fixed assets and cash/securities, which on the liability side are financed with equity, long-term property loans and short-term liabilities.

Fixed assets increased by 527 million EURO, to a total of 16.8 billion EURO, mainly due to net investments in property and equipment. The total amount of fixed assets includes 1.6 billion EURO relating to investments in retail centres. Depre-

ciation in FY09 amounted to 832 million EURO. A strong cash flow and good control over stock development further improved our cash position. Combined cash and securities amounted to 14.3 billion EURO. These financial assets continue to be conservatively invested. There were no financial counterparty losses during the year and we will continue to monitor this exposure closely. This 14.3 billion EURO will primarily be invested in new stores and markets.

The net income for the year was added to retained earnings and equity. For the last 3 years no dividend has been paid out to our owner, the Stichting INGKA Foundation. Total equity at end of FY09 amounted to 19.7 billion EURO – the equity represents 53% of the assets. Due to our strong cash position and the difficult situation in the financial markets, we reduced our long-term liabilities by 730 million EURO.

Profit gives us resources to grow. During 2009, we invested 2.1 billion EURO in new stores and facilities, out of the 2.5 billion EURO we earned. This is how we prepare for the future – to make sure that we reach even more of the many people, to offer them a better everyday life at home.

*Søren Hansen*  
*Vice President & CFO of the IKEA Group*

KLIPPAN two-seat sofa

**€169**



**KLIPPAN**  
Ten years ago €260.  
Today €169.

## CONSOLIDATED INCOME STATEMENT

SEPT 1 – AUG 31

(IN MILLIONS OF EURO)

	<b>2009</b>	<b>2008</b>
Revenue	21,846	21,534
Cost of goods sold	11,878	11,802
<b>Gross profit</b>	<b>9,968</b>	<b>9,732</b>
Operating cost	7,198	7,078
<b>Operating income</b>	<b>2,770</b>	<b>2,654</b>
<b>Income before minority interests and tax</b>	<b>2,913</b>	<b>2,831</b>
Tax	384	546
<b>Net profit</b>	<b>2,538</b>	<b>2,280</b>

## CONSOLIDATED BALANCE SHEET – ASSETS

AUGUST 31

(IN MILLIONS OF EURO)

	2009	2008
<b>Total fixed assets</b>	<b>16,809</b>	<b>16,282</b>
Other current assets	5,913	5,875
Cash and securities	14,334	12,964
<b>Total current assets</b>	<b>20,247</b>	<b>18,839</b>
<b>Total assets</b>	<b>37,056</b>	<b>35,121</b>



DUKTIG dessert set, including 18 pieces

**€7.99**



## CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

AUGUST 31

(IN MILLIONS OF EURO)	2009	2008
<b>Group equity</b>	<b>19,726</b>	<b>17,439</b>
Others non-current	1,395	1,332
Long-term liabilities	4,509	5,239
<b>Total non-current liabilities</b>	<b>5,904</b>	<b>6,571</b>
Short-term liabilities	7,251	6,880
Other payables	4,175	4,231
<b>Total current liabilities</b>	<b>11,426</b>	<b>11,111</b>
<b>Total equity and liabilities</b>	<b>37,056</b>	<b>35,121</b>

## GÖRAN'S COMMENTS

2009 was a year of change. For ten years, under the leadership of Anders Dahlvig and the strategic direction Ten Jobs in Ten Years, the IKEA Group had experienced extraordinary growth.

After growing so dramatically, we reached a point of consolidation, also due to the global recession. New management came in during the summer of 2009 and launched the strategic direction Growing IKEA – Together!, which continues to build on growth in combination with a strong focus on taking care of and improving what we already have. An impressive program to rebuild the existing stores was launched, quality issues addressed and a strong Cost Performance Program started. Another important change was the decision to publicly share more information about the IKEA Group. From FY09 onwards, we have decided to publish summarized accounts and comments about important developments.

The new CEO, Mikael Ohlsson, has a long-standing career within IKEA and is appreciated across the group for his business- and people-focus as well as his deep understanding of all parts of our operations.

*Göran Grosskopf*  
*Chairman of the INGKA Holding Supervisory Board*



GÖRAN GROSSKOPF  
Chairman

## INGKA HOLDING SUPERVISORY BOARD FY09

### MEMBERS OF THE BOARD

GÖRAN GROSSKOPF Chairman

MAGDALENA GERGER

LARS-JOHAN JARNHEIMER

MATHIAS KAMPRAD

GÖRAN LINDAHL

PETER LUND

CARL WILHELM ROS

BRUNO WINBORG

### Senior Advisor

INGVAR KAMPRAD



# IKEA® at a glance FY10





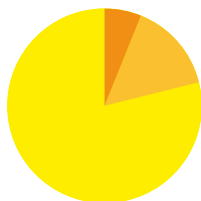
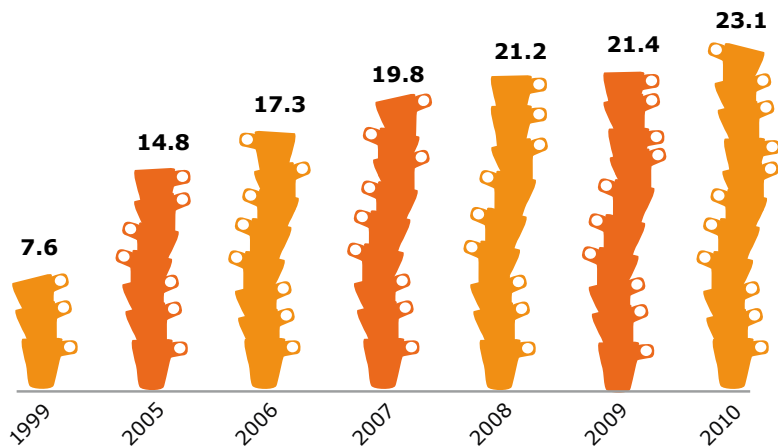
# IKEA® at a glance FY10

## IKEA GROUP STORES WORLDWIDE

In 2010, the IKEA Group opened 12 new stores, in 7 countries. On 31st August 2010, the IKEA Group had a total of 280 stores in 26 countries.

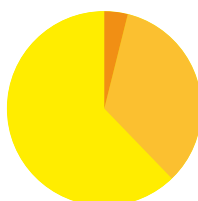
## ANNUAL SALES FIGURES, BILLION EURO

Sales of goods, excl. rental income



### SALES PER REGION, %

- Asia & Australia: 6%
- North America: 15%
- Europe: 79%



### PURCHASING PER REGION, %

- North America: 4%
- Asia: 34%
- Europe: 62%

### TOTAL SALES FY10: 23.1 BILLION EURO

Sales increased 7.7% FY10 compared to FY09.

### IKEA FOOD SERVICES TURNOVER FY10

Turnover for IKEA Food was 1.1 billion EURO.

## THE IKEA GROUP

The IKEA Group had operations in 41 countries – 29 Trading Service Offices in 25 countries and 27 Distribution Centres and 11 Customer Distribution Centres in 16 countries.

## INDUSTRIAL GROUPS

Swedwood, an industrial supplier within the IKEA Group, had 15,500 co-workers and 41 production units in 9 countries. Swedspan, an industrial supplier within the IKEA Group, had 500 co-workers and 5 production units in 5 countries.

## SUPPLIERS IN 2010

IKEA had 1,074 suppliers in 55 countries.

## PRODUCTS IN THE RANGE

The IKEA range consisted of approximately 9,500 products.

## IKEA GROUP STORE VISITORS IN FY10

The IKEA Group stores had **626 million** visitors.

## ESTIMATED VISITS TO IKEA WEBSITES DURING 2010

IKEA websites had **712 million** visits.

## PRINTED CATALOGUES, LANGUAGES & EDITIONS

The IKEA catalogue was printed in more than **197 million** copies in 29 languages and 61 editions.

## CO-WORKERS IN 2010

# 127,000

### CO-WORKERS PER FUNCTION

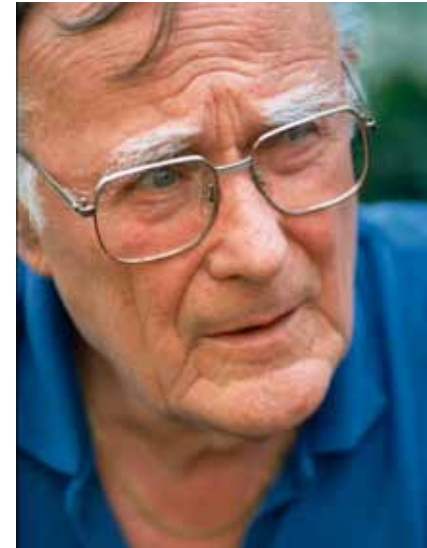
Purchasing, distribution, wholesale, range & other: 14,500  
Retail: 96,500  
Swedwood: 15,500  
Swedspan: 500

### CO-WORKERS PER REGION

Asia & Australia: 8,000  
North America: 15,500  
Europe: 103,500



“Most things still remain to be done.  
A glorious future!”



INGVAR KAMPRAD  
Founder of IKEA