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Mikael's message

Welcome to the IKEA Group Yearly Summary FY12!

We close the year inspired by our development, good growth and stable financial result, which makes it possible for us to continue to work long-term and independently of economic cycles.

I would like to thank all co-workers, customers, suppliers and other partners that have made this development possible.

The economic conditions throughout the world are challenging and have affected people's lives and consumption. Many countries have raised taxes, unemployment has increased, the financial sector still shows volatility, and raw material prices have continued to rise in important areas. Customers are getting more and more value conscious, which makes IKEA a better choice.

Our vision of "creating a better everyday life for the many people", our idea of offering good products for a better life at home at affordable prices, the IKEA spirit and our culture are – together with our long-term direction "Growing IKEA Together" – the basis for our development.

We will continue to work together with our customers, our suppliers, with society in general and not least with each other internally, to create an even better IKEA.

Growing IKEA

During FY12, we gained market shares in all our markets.

Total sales increased by 9.5% (7.1% adjusted for currency impact) and sales in existing stores grew by 4.6% adjusted for currency impact. More than 690 million people visited our stores, and we had more than 1 billion visits to the web.

We developed more than 2,000 new inspiring products, lowered our prices further (despite inflation and raw material price increases), improved our quality, invested significantly in our existing stores and launched new and improved services. We opened 11 new stores in 9 countries, relocated 4 stores and started to develop e-commerce solutions in selected markets.

The product availability in our stores has been higher than ever, which has been positive for our customers. Our own industry group, as well as our other suppliers, were brought closer to the value creation, to create the best possible conditions for good production.

We continue to invest in renewable energy as well as in developing materials, technology, distribution and production concepts in order to offer better value for money and to create more from less.

People make up IKEA

Our co-workers, our culture and our values are the inner strength of IKEA. We recruit based on our values and build from there. We see everybody as a talent and want people to be themselves and develop to their potential – guided by our vision, business idea and values. These are the main reasons we can work in a decentralised way with big responsibilities given to our co-workers throughout IKEA. Sometimes we make mistakes. Then we openly admit them, make corrections and move on, bringing the learning with us. Our new code of conduct provides a good foundation for our business ethics - ethics that we never will compromise.

We want to be a great place to work, and every year we measure how we perform. In FY12, our internal co-worker satisfaction survey (VOICE) continued to show a very high result, and in many countries we are chosen as one of the most attractive employers.

People & Planet Positive

During the year, we have launched a new sustainability strategy, "People & Planet Positive", aiming at inspiring millions of customers to live a more sustainable life at home, making IKEA energy and resource independent and continuing to create a better life for people and communities.

Our environmental and social work inspires us and drives innovation. One example is the change from traditional wooden pallets to paper pallets – a big innovative step that saves money, is better for the environment and delivers on our business idea.

I am also very proud of our supplier code of conduct (IWAY). After 12 years of hard work, all of our home furnishing suppliers have been approved. In 2012, the IKEA Foundation donated about €82 million to fund various projects around the world.

Looking forward

We know that we can contribute to a better life at home for the many people. But it will not happen by itself. World economic conditions will remain tough in many markets. However, we have an optimistic view and have just launched our direction Growing IKEA Together 2020. It is an ambitious growth strategy, aiming at doubling our sales by 2020. IKEA is still small in most markets, and not even existing in others – we're just at the beginning.

We will continue to develop to be a small but increasingly important contributor to a better life at home, to society and the world. A warm thank you to all IKEA co-workers, customers, suppliers and other partners!

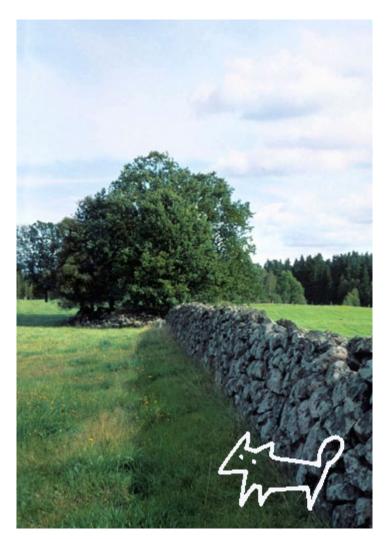
Mikael Ohlsson
President and CEO of t

President and CEO of the IKEA Group

Our Swedish roots

Sweden has a long tradition of combining beauty and function in home furnishing. But when we started our business, design was not something very many people could afford. So our mission has always been to give people with thin wallets a chance to furnish their homes in a beautiful and functional way. We call it "democratic design".

We started out in Småland, a region in southern Sweden known for its stony land-scape, expansive forests and hard-working people. Here, practical solutions to everyday life challenges are as important as economising with resources. Our common sense values such as simplicity, cost-consciousness, humbleness and willpower have been the basis for everything we do – and still are. We've made a lot out of very little for more than 60 years now.



The stone wall is a symbol of IKEA, representing simplicity and hard work.

We continue to be driven by our vision: "to create a better everyday life for the many people". Our vision guides us mainly within home furnishing but also when looking wider at our operations.



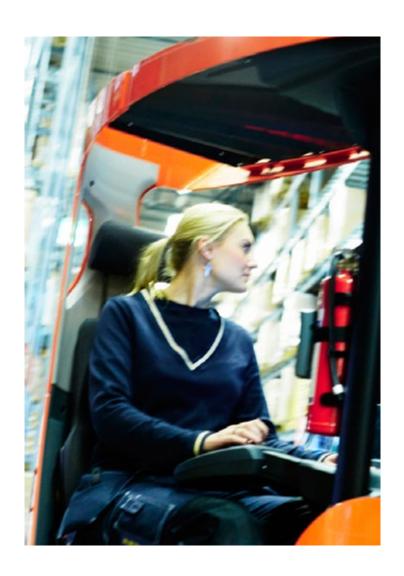
A better life includes our co-workers, our suppliers and their work environment. It inspires us to find more sustainable solutions – from using renewable energy to the way we source our wood and the way cotton is grown. It means always trying to make more from less. It's about simplifying and finding smarter solutions.

Learning about real life at home

In an ever-changing world, home remains the most important place. 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," It means thinking about home furnishing beyond form and visual appeal, and designing products that also solve some of life's daily challenges. We want to reach as many people as possible and enable them to create their dream home at an affordable price.

This demands curiosity on our part and a wish to meet reality. Our product development is built on a deep interest in peoples' different living situations all over the world.

We know there are crammed areas in every home, that kitchen habits differ, and that children love to play where the action is. We visit thousands of homes every year and talk with many of our customers. Every conversation is about what a better everyday life would look like, and everything we learn from these home visits is used when we develop our range and present it in our stores.



How we do it

To reach many people our prices must be affordable. Therefore, we need to find ways to lower costs throughout our business.

All our product development starts with the low price in mind, challenging our designers and product developers to find innovative ways to reach it. And together with our suppliers, we make sure to get the most out of the possibilities on the production floor.

We work hard to create affordable prices by optimising all parts in our value chain. By building long-term supplier relations, investing in a highly automated production and producing large volumes, we can reduce costs further and secure a stable, good quality over time. We also adapt the sizes and constructions of our products to manufacture, package and transport them in the most efficient way. Part of keeping our prices low is also through our partnership with our

customers. We share the job – we do our part, our customers do their part, and together we save money. For those who would like some assistance, we also offer services for an additional charge, including picking with delivery, assembly and installation. Home shopping is offered in some countries.

Living up to the ambition of democratic design requires a business model where many perspectives come together and where all parts of the value chain join forces. Thanks to our close relationships with our suppliers, including our own industrial group, we connect the whole supply chain – from the sourcing of raw materials to the product on the shelf. The result is a range that reflects our values of simplicity, sustainability, innovation and functionality – with a unique IKEA expression.



BESTÅ – a typical story of IKEA

The IKEA storage series BESTÅ has been positively received by our customers in all markets. The story of how it came to be embodies the IKEA values – striving to meet reality and people's everyday needs, and having a constant desire to improve and economise with our natural resources. With BESTÅ, we can make more products from the same number of trees while saving customers' money. Like many achievements, it started with a challenge.

Less material yet higher quality and flexibility

"We were asked to develop a lighter, stronger and higher quality storage series that could be used in combination with many other products. We started by asking ourselves, "How can we make the process

smarter?" says Dan Pettersson, material and technique developer at IKEA of Sweden. This meant looking over the entire production chain. Back in 1979, we pioneered a construction technique by using less material and more air when building the iconic coffee table, LACK. Over the years, a wide range of products has been based on this board-on-frame construction. With BESTÅ, we took this principle further and created a completely new solution by using less material.

"We skipped the framing and replaced it with long stiles. This enabled us to produce formats in large volumes, thanks to a simple and smart production process", says Dan. Developing the new and better boards took

In FY12, we sold 6.5 million BESTÅ frames.



the team over two years, in close cooperation with our own industry group. The result is light, strong and flexible 18 mm board-on-stiles made from 40 percent less material. And while the 50 mm LACK solution only could be used for thick tables, the team developed a solution that could also replace particleboards in other bestselling products.

Combining flexibility and efficiency

"Then we thought, why not try to harmonise the frames and make them fit as many needs in the home as possible – and make them so flexible and simple that the possibilities are endless", says product developer Börje Lindgren.

Not only would this offer our customers more flexibility and a broader choice, it would also make our production more efficient to save costs.

By combining different units, or changing the





fronts, interior or legs, our customers can create just about anything. And they do.

In Chinese homes, BESTÅ gathers all media appliances; in Italy, it is used as an elegant TV stand; and, in Russia, the series helps families solve the puzzle of small space living.

The new, complete media furniture UPPLEVA is built on the BESTÅ concept.

"It was really fun to see how our stores took the idea further, displaying an explosion of creative combinations suited for local needs. You can really do anything with this product, thanks to its flexibility", says Börje Lindgren.

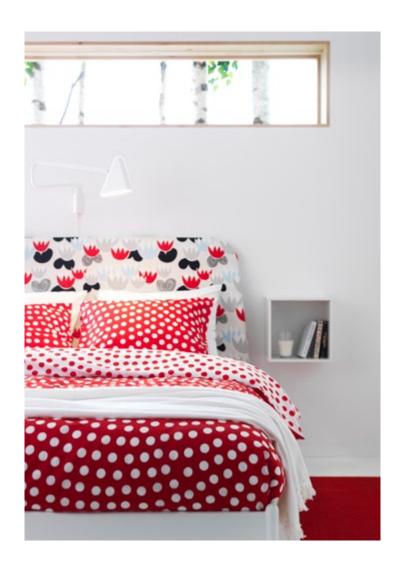
By combining excellent form, function and good quality with built-in sustainability and a low price, BESTÅ exemplifies the IKEA concept of democratic design and is an example of IKEA at its best. At least until Börje, Dan and more IKEA co-workers launch their next solutions.

The IKEA Group

IKEA offers a wide range of well-designed, functional, good quality, sustainable and low-price home furnishing products.

The founder of IKEA, Ingvar Kamprad wanted an ownership structure that stands for independence, long-term approach and continuity. That is why the IKEA Group, since 1982, is owned by a foundation in the Netherlands: Stichting INGKA Foundation. Its purpose is to hold shares and reinvest in the IKEA Group and to fund charity through the Stichting IKEA Foundation in the Netherlands.

We operate throughout the whole value chain from range strategy and product development to production, distribution and retail.



Stichting IKEA Foundation

Stichting INGKA Foundation

Stichting IMAS Foundation Stichting IMAS
Foundation manages
financial assets on
behalf of the Stichting
INGKA Foundation.

Stichting IKEA Foundation

is the philanthropic arm of the Stichting INGKA Foundation. It funds, e.g., programmes that improve the rights of children in the developing world and enables them and their families to have a better future.

Stichting INGKA Foundation is the owner of INGKA Holding B.V. Its purpose is to hold shares and reinvest in the IKEA Group and to fund charity through the Stichting IKEA Foundation.

INGKA Holding B.V. **INGKA Holding B.V.** is the parent company of IKEA Group of companies. Its purpose is to support and manage the IKEA Group.

The Supervisory Board consists of: Göran Grosskopf (Chairman), Luisa Delgado, Lars-Johan Jarnheimer, Jonas Kamprad, Göran Lindahl, Peter Lund and Carl Wilhelm Ros. Ingvar Kamprad is senior advisor to the board.

Range Strategy & Product Development Supply Chain

> IKEA Group Industry

The IKEA Group of companies

IKEA Group Staff functions

IKEA Group Retail

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.

Management of the IKEA Group

Just curious: What moments stand out for you in FY12?



ALISTAIR DAVIDSON*

Head of Staff

"As a newcomer, I have been impressed by our ability to really do things differently. Not many companies grew in Europe like we did in 2012. This is a real tribute to our low cost efforts that brought important market share gains in all markets."



HELEN DUPHORN

Corporate Communications

"I am thrilled about our range development – it really contributes to cosy and functional homes all over the world. In my family, we are changing all our lights to LED, which feels good and saves us money, too!"



LEIF HULTMAN*

Industry

"I joined IKEA and the Industry Group in January after 30 years with another company. Meeting a new way of doing business and getting to know so many new colleagues has been very inspiring. Still having a lot to learn, I'm most grateful for all the support I've received during the year from so many dedicated and competent collegues in the organisation."



MIKAEL OHLSSON

President & CEO

"This year I have visited many parts of IKEA and met so many of our fantastic co-workers as well as customers, suppliers and other partners. It always strikes me that our vision is becoming more and more relevant. We are many who want to contribute with heart, spirit, and all our capabilities to make IKEA a little bit better today than yesterday, and a little bit better tomorrow than today. It is a privilege to be part of this."



PETRA HESSER

Human Resources

"It has been an exciting year in a global role. It is fascinating to work with people from all over the world and to learn about the different needs in different countries. I feel the responsibility of valuing and including the differences and contributing to "a better everyday life of the many people" at IKEA. What a great job!"



TORBJÖRN LÖÖF

IKEA of Sweden

"The development of IKEA in Älmhult, where a new fantastic store has replaced the first IKEA store built in 1958. We have also started building a new product development centre that will further improve our range. By strengthening our birthplace and creative headquarters, we will have even better conditions to "create a better everyday life for the many people!"

JESPER BRODIN Supply Chain

"It was an extraordinary year in many ways! After 12 years we have had a breakthrough with our supplier code of conduct - IWAY, All of our home furnishing suppliers have been approved or are being phased out. This makes me proud to work for IKEA. These areat results could only be achieved through all competent and committed IKEA colleagues and suppliers working together for common goals."



NOEL WIJSMANS

Vice President/Retail

"After more than 25 years with IKEA, I am still amazed by the energy and commitment that all of us, today more than 139,000 people, put into our jobs every day to make IKEA a more meaningful company. I feel proud and honoured to be a part of this fantastic and talented group of people."



STEVE HOWARD

Sustainability

"We decided to take our next big step on sustainability, rolling out our new sustainability strategy, People & Planet Positive. This represents our sincere commitment to make a small but hopefully significant contribution to a world where "the many people" can enjoy a good quality of life within the limits of one planet."



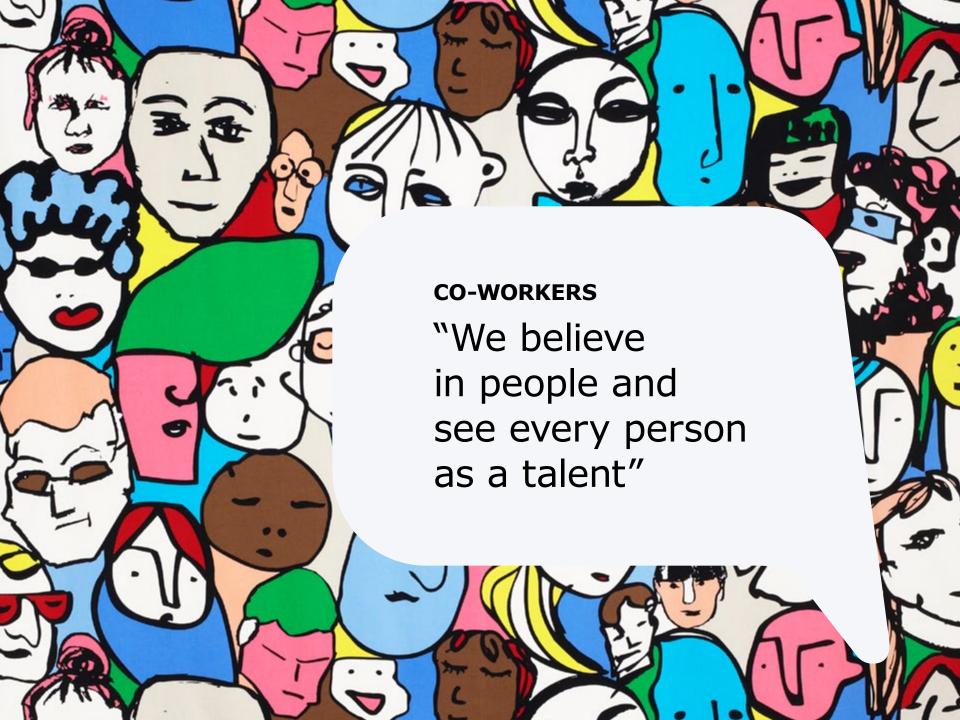
THE IKEA GROUP

THIS IS

PETER AGNEFJÄLL*

Vice President/ Deputy CEO

"We've had a year full of challenges and new learning. I am happy to see how IKEA continued to develop by investing in lower prices, improved stores and customer accessibility via expansion and e-commerce. Also, our Swedish retail operation became energy independent - a big step towards reducing our impact on the environment."







Gunilla Persson, IKEA Jönköping, Sweden

We believe in people

Our 139,000 co-workers are the inner strength of IKEA and what make us a unique company. We come from all over the world but share the fundamental humanistic values that our culture is based on, such as togetherness, humbleness, simplicity, cost-consciousness, giving and taking responsibility and common sense.

We always recruit based on our values to find engaged, diverse and straightforward people with a passion for home furnishings. There are endless career and learning possibilities at IKEA. We offer new co-workers the expertise, development and support they need along the way, but the values must be there from the start.

CO-WORKERS

Growing with IKEA

We see every person as a talent with the curiosity to learn and the possibility to grow and develop. Co-workers are encouraged to try different roles, and many people change between functions and countries several times in their careers. This increases understanding and learning within the organisation, and benefits us all in our professional roles and as human beings. It's part of our culture to give co-workers big responsibilities. Learning in the business makes people grow – and when people grow, IKEA grows too.

In 1998, Jocelyn Goh from Singapore joined IKEA of Sweden in Älmhult where she also met her Swedish husband and learned a new language. Today she is the Trading Area Manager in South East Asia – "a position where I utilise all my previous experiences within product development, retail and the supply chain", Jocelyn says. She has always liked and dared to try new things. As a



Through her career with IKEA, Jocelyn Goh has worked in Sweden, Great Britain and Vietnam.

matter of fact, her best career advice is to skip the typical career ladder. "Learning is key, so all moves don't have to be upwards. By trying different jobs in the organisation you gain a broader experience that builds your competence for the future", Jocelyn says, adding that it was the "people focus" that brought her back to IKEA after a few years with another company. "I appreciate the IKEA culture of trusting people. You're thrown right into a challenging position and learn on the job."



An inclusive workplace where people can be themselves makes for a more creative business. We strive to find colleagues that mirror the world around us. The more we can reflect this diversity among our co-workers, the better we can meet our customers' needs. As part of our continued focus on diversity and inclusion, we launched a common diversity and inclusion approach at the end of FY12 to support decisions in all parts of IKEA through local goals and action plans.

Today, almost half of our 17,000 managers are women, and our co-workers come from all cultural and educational backgrounds. Diversity brings new perspectives. It's part of our values and good business too.

Doing things right

The IKEA values are the backbone of our business. Still, we are a large company operating in many different countries, so it

was important to supplement our common sense with guidelines that clarify our ways of working. Our code of conduct is a proactive tool that supports our co-workers in doing things right, complementing our policies about ethical business behaviour.

"We introduced the code of conduct in the spring and are in the process of training all managers in workshops with an open climate, by discussing scenarios and challenges together. By the end of next year, all co-workers will have taken part in this training", says Petra Hesser, HR Manager. She adds that, in FY12 IKEA also created new arenas and tools for co-worker relations, communication and learning in the business, including new tools for giving feedback to our leaders.

An attractive workplace

We are dedicated to making IKEA a great place to work: a company that offers great development possibilities and cares about its co-workers in all stages of life and work.



CO-WORKERS

In many markets we are the employer of choice, and latest results from our co-worker satisfaction survey, VOICE, show a very high level of satisfaction among our co-workers. The VOICE result also identifies areas where we can improve. Our new people strategy, which will be launched in FY13, builds on our values, clearly explains our priorities, and introduces new goals and key performance indicators (KPIs). The strategy will support our different business units to achieve our goals.

We embrace an entrepreneurial spirit that encourages us to further develop IKEA. By growing together we can create a better everyday life for ourselves and our customers. Thousands of dedicated co-workers can make it happen – and we keep growing.

WANT TO READ MORE? VISIT:

> IKEA co-worker stories





A more sustainable life at home

Creating affordable products that enable customers to use less energy and water and reduce waste

Resource and energy independence

Cutting costs and protecting resources by making more from less, turning waste into resources and switching to renewable energy

Better life for people and communities

Improving life for our own co-workers and those working for our suppliers, as well as communities around the world

How sustainability helps IKEA grow

We want to create a better everyday life for as many people as possible, which includes using resources wisely, inspiring and enabling people to live more sustainably, and supporting human rights, including children's.

We see the world changing around us. Population continues to grow and, by 2050, it's estimated that an additional three billion people will join the consumer society, taking the total to five billion. This is positive for those coming out of poverty, but means

we need to be even more careful with our limited resources.

Resources like drinking water, energy and some foods are becoming scarce. Climate change will remain a challenge for everyone. Demand for our products will increase as population grows and more people need to furnish their homes at affordable prices. But there will be greater competition for resources, and that will make energy and our raw materials, like cotton and wood, more expensive.

This is why we are taking the next big step. We want to transform our business to ensure we have a positive impact on people and the planet while we continue to grow IKEA.

In FY12, we agreed on our new sustainability strategy – we call it "People & Planet Positive" – which sets new goals for us to meet by 2020. The plan is part of our long-term growth strategy and will make us more sustainable.

People & Planet Positive focuses on three important areas.

1. Inspire and enable millions of customers to live a more sustainable life at home. We will take the lead in creating and selling affordable products and solutions that help our customers save money by using less energy and water, and reducing waste. For example, we have launched ISANDE fridge/freezer, with A++ rating for energy efficiency. And our LED lighting helps millions of people to save money on their energy bills because the bulbs use 85% less electricity than traditional incandescent bulbs.

independence. We will design products that are more sustainable, for example, including more recycled material and using resources within the limits of the planet. In FY12, we increased the amount of wood we use from forests certified by the Forest Stewardship Council to 23%. And 91% of materials used in our products were renewable, recyclable or recycled.

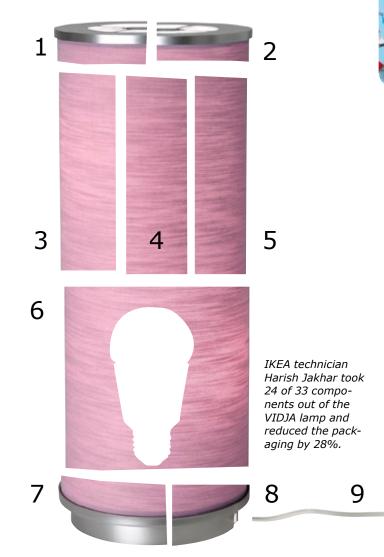
We intend to produce more renewable energy than we consume, and we have allocated €1.5 billion for investment in renewables until 2015. In FY12, we produced renewable energy equivalent to 34% of our total consumption. Adding the briquettes and pellets we make from waste wood and sell to others, that figure is 51%. By the end of the year, we had installed more than 250,000 solar panels on IKEA stores and buildings across the world, and we have invested in 126 wind turbines in six countries.

Bright sustainability ideas lead to low prices

Make our popular lamp, TEXTUR, even more affordable and sustainable – that was IKEA technician Harish Jakhar's challenge, and he set about his task in a typical IKEA way: seeking simplicity, sustainability and a low price.

First he made the lamp easier to assemble by eliminating 24 of the 33 components, almost halving the lamp's weight. Then Harish reduced the packaging weight by 28% and – with less volume – managed to fit 128 lamps on a pallet (there were only 80 before). Finally, he changed the fabric covering and used cotton blended with viscose (which comes from wood).

The new lamp, called VIDJA, went on sale in FY12 at a 34% reduction on the original low price. We love that the most sustainable ideas are often also the simplest ones. Just imagine how much more we can save all around us.



WANT TO READ MORE? VISIT:

Take a lead in creating a better life for people and communities. We will continue being a good neighbour by supporting human rights and acting in the best interest of children everywhere. We do this mainly through our Supplier Code of Conduct, called IWAY. Around 80 IKEA auditors, as well as independent auditors, check that suppliers meet our high standards. In total, thousands of audits are conducted every year.

The purpose of IWAY is to safeguard good working conditions and to minimise environmental effects within the supply chain. A lot of hard work is still ahead of us, but together with our suppliers and various organisations, we move forward, step by step. Together with partners such as WWF, UNICEF, UNDP and Save the Children, we also work towards responsible forestry, cotton grown in a more sustainable way and improving the lives of many of the poorest children in the world.

Our People & Planet Positive strategy will



A third of our cotton is from preferred sources, including cotton grown to Better Cotton Initiative-standards. We're aiming for 100% by 2015.

help us concentrate on the areas where we can make the most difference. We know that there are many challenges to overcome, but we are determined to grow IKEA in a sustainable way and contribute to a better life at home for all of us.

During FY12, allegations were made about the use of political prisoners in IKEA suppliers' production in the former GDR in the '70s and '80s. We asked Ernst and Young to



Kelly Zeng, IWAY auditor visiting one of our suppliers in China.

conduct an independent investigation. It indicated that political prisoners were involved in parts of production units that supplied IKEA and that steps taken to secure that no such labour was used were insufficient. This was and is unacceptable to IKEA. We have made a summary of the findings public and have agreed to work with the Victims Organisation in Germany. IWAY and our current working methods effectively reduce the risk of anything similar happening today.

Our vision "to create a better everyday life for the many people" includes everyone we come into contact with through our business, from our co-workers to those working for our suppliers, from our customers to the communities in which we work.

Human rights are embedded in our global supplier code of conduct, in our values and human resources policies. But there is still more to do.

WANT TO READ MORE? VISIT:

> IWAY: Our code of conduct for home furnishing suppliers





IKEA Foundation helps provide children like this young girl with access to quality education in Madagascar.

The IKEA Foundation: Creating opportunities for children

Every child deserves a place to call home, a healthy start in life, a quality education, and a sustainable family income. To create opportunities for millions of children worldwide, we support programmes that can bring about large-scale change, working with partners such as Save the Children, UNHCR and UNICEF, who have the knowledge, capacity and resources to reach out to many children globally. Our efforts focus on promoting children's rights and fighting child labour; providing a home for refugee children; and empowering women and girls.

In 2012*, the IKEA Foundation donated about €82** million to fund various projects around the world – up from €65 million last year, and almost twice the amount of FY10.

Together we can make a bigger impact

Our programmes have even greater reach when we can involve all of our co-workers and customers – like our annual Soft Toys for Education campaign. During the campaign, the IKEA Foundation donates one euro for every soft toy sold in our stores worldwide to Save the Children and UNICEF projects. These projects aim to improve education for children in Africa, Asia, and Central and Eastern Europe.

Through the Foundation's iWitness Global Citizens programme, small groups of co-workers visit developing countries each year and see first-hand the impact of these donations, which in turn raises awareness among their colleagues.

"A journey like this one can change the way you look at things once you get back home", says Scottish-Italian co-worker Mark Lanza Wallace, who visited Save the Children projects in schools around Cambodia in the summer of 2012.

"The humanity shown by the Save the Children organisation is admirable. I was impressed by their way of working. I saw great commitment, a very efficient organisation, but especially people guided by ethics in the things they do", Mark blogged while on the road.

^{*}The IKEA Foundation uses calendar years.

^{**}Estimated figure based on 11-month data.

Sharing knowledge is valuable too

Working closely with our partners has opened up new opportunities to make a difference. Our co-workers are contributing with their engagement and knowledge to help organisations deliver aid more efficiently to where it's needed most.

In a series of workshops during the year, IKEA specialists collaborated with aid experts from UNHCR. They shared IKEA core skills for making low cost, efficiently packaged, stackable and easy-to-use products – from ideas for how emergency tents can be flat-packed and more easily transportable, to ways to design better and more durable kitchen utensils for the camp refugees. Whether it's through money, knowledge or products, the IKEA Foundation takes "creating a better everyday life for the many people" to a whole new level.

WANT TO READ MORE? VISIT:

- > IKEA Foundation
- > iWitness Global Citizens blog



Syrian children in UNHCR's refugee camp in Jordan, October 2012.





Sustainable growth

FY12 was a good year for the IKEA Group, and we continue to grow in almost all markets. Increased sales and continued cost focus led to yet another strong result – resources that we will invest in our business and in lower prices to our customers.

We want to continue to grow. Growing IKEA will bring our vision and business idea to more people with new stores, improved existing stores with a better shopping experience for families and even lower prices. All to make IKEA accessible to more people, and work towards our vision of creating a better everyday life at home.

But we will only grow in a balanced way, by expanding from our own resources. In other words, earning the money before we spend it. This is also why we own the land and the buildings where we operate whenever possible. Overall, the main financial principles of the IKEA Group are created to make sure we have financial stability, independence and flexibility. This strong financial base may be conservative, but it gives us the resources to choose our way and make long-term investments for the future.

Higher sales and investments in sustainability

Total sales increased to €27 billion, up 9.5% (7.1% adjusted for currency impact) compared to the previous year. Some of the biggest growth was in China, Russia and Poland, but the US and Germany also had significant growth. The growth came both from existing stores (4.6% adjusted for currency impact) and new stores. We maintained stable profitability in FY12, with the total net income amounting to €3.2 billion – an increase of 8.0% compared to the previous year.

We continued to expand by opening another 11 new stores in nine countries, as well as investing heavily in sustainable solutions and in our supply chain. Investments in existing stores, new stores and relocations amounted to €1.3 billion, while another €0.6 billion were invested in shopping centres, our industrial group and renewable energy. All FY12 investments were financed out of our own cash flow. Total assets increased from €41.9 to €44.8 billion, and our strong financial position allows us to look at our future growth with confidence.

In line with the IKEA strategy for renewable energy, we made major commitments to invest in wind power. In total, we have 126 wind turbines (including 43 under construction) and solar panels at 75 stores and warehouses around the world. IKEA Group total renewable energy production including biomass is equivalent to 34% of IKEA Group energy use in FY12.

To make sure that our customers always find the products they need when shopping at IKEA, inventory levels were kept deliberately high, a step that in turn supported sales. In addition, IKEA managed to further improve the direct supply from suppliers to the stores to 55%, which not only ensures availability, but also leads to lower costs, lower transport damages and a reduced carbon footprint.

Lowering prices to our customers

As always, we continued to search for ways to improve prices to our customers. This was made possible by constantly working smarter and lowering our costs, while at the same



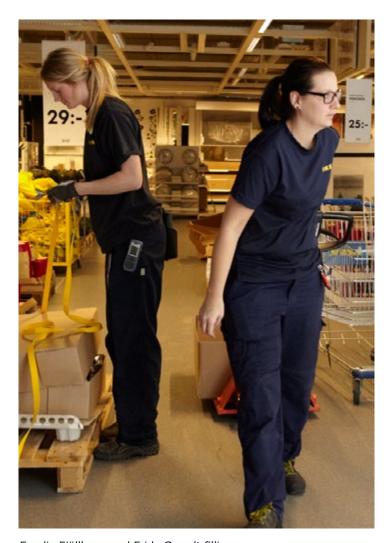
time maintaining high quality. We are always looking for ways to be more efficient. As an example, we have introduced re-packaging

equipment in our stores, saving transport and handling cost. In spite of high raw material prices, expensive transports and inflation, we reduced our average prices by 0.8%. Over the past decade, IKEA has continued to lower prices to customers.

The FY12 gross margin decreased to 41.8% due to lowered sales prices and higher cost of goods. Our operating costs have increased 7.9% compared to FY11, but the cost as a percentage of total sales improved slightly. Our securities portfolio slightly increased by €0.8 billion and financial net improved due to increased interest income and currency gains. The investments in bonds did not suffer any credit losses.

In FY12, our company tax amounted to €695 million, resulting in an effective tax rate of 17.8%. Unlike most retailers, IKEA owns the land and the buildings where we operate. Therefore, we also incurred €190 million in property tax.

Focusing on possibilities is part of the IKEA culture, and we have an optimistic view on the future and growing our business in line with our vision and our financial principles. Thanks to this and our committed co-workers, we have the resources to choose our way and grow to reach even more people. Looking ahead, this independence brings lots of opportunities, as well as responsibilities. We will embrace both.



Emelie Fjällhage and Frida Grandt filling inventory at IKEA Jönköping, Sweden.

The following abbreviated financial statements are an abridged version of the consolidated financial statement of INGKA Holding B.V. as included in the Annual Report for the financial year FY12. An unqualified auditor's report dated December 4, 2012, was issued on these financial statements.

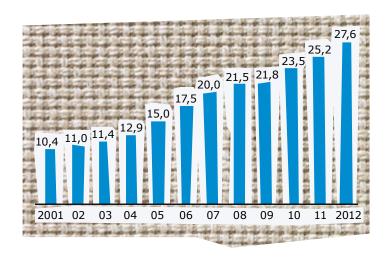
INGKA Holding's Annual Report for the financial year 2011/2012 is available through the Dutch Chamber of Commerce. INGKA Holding's consolidated financial statements, from which these abbreviated financial statements have been derived, have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Consolidated income statement

September 1, 2011 - August 31, 2012

(In million of EUR)		
(III IIIIIIIIII OI EOR)	2012	2011
Revenue	27,628	25,173
Cost of sales	15,723	13,773
Gross profit	11,905	11,400
Operating cost	8,423	7,808
Operating income	3,482	3,592
Total financial income and		
expense	427	165
Income before minority		
interests and taxes	3,909	3,757
Tax	695	781
Income before minority		
interests	3,214	2,976
Minority interests	-12	-10
Net income	3,202	2,966

^{*}The revenue includes sales of goods and rental income from commercial property



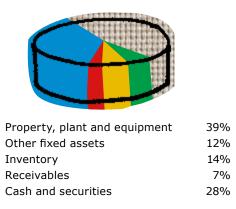
Total Revenue in EUR billion 2001-2012

Consolidated balance sheet - assets

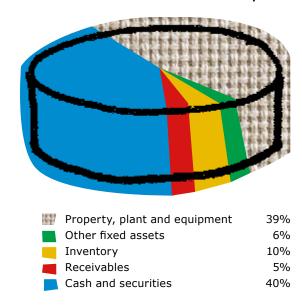
August 31, 2012

2012	2011
17,264	16,173
2,672	2,416
19,936	18,589
4,664	4,387
2,270	2,077
17,878	16,828
24,812	23,292
44,748	41,881
	17,264 2,672 19,936 4,664 2,270 17,878 24,812

2002 - Total Assets - EUR 14,120



2012 - Total Assets - EUR 44,748



Consolidated balance sheet - equity and liabilities

August 31, 2012

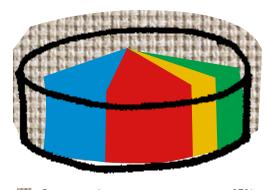
(In million of EUR)	2012	2011
Group equity Long-term liabilities Other non-current liabilities	29,072 2,523 1,625	25,411 3,123 1,469
Total non-current liabilities Short-term liabilities Other payables	4,148 6,814 4,714	4,592 7,107 4,771
Total current liabilities Total equity and liabilities	11,528 44,748	11,878 41,881

2002 - Total equity and liabilities - EUR 14,120



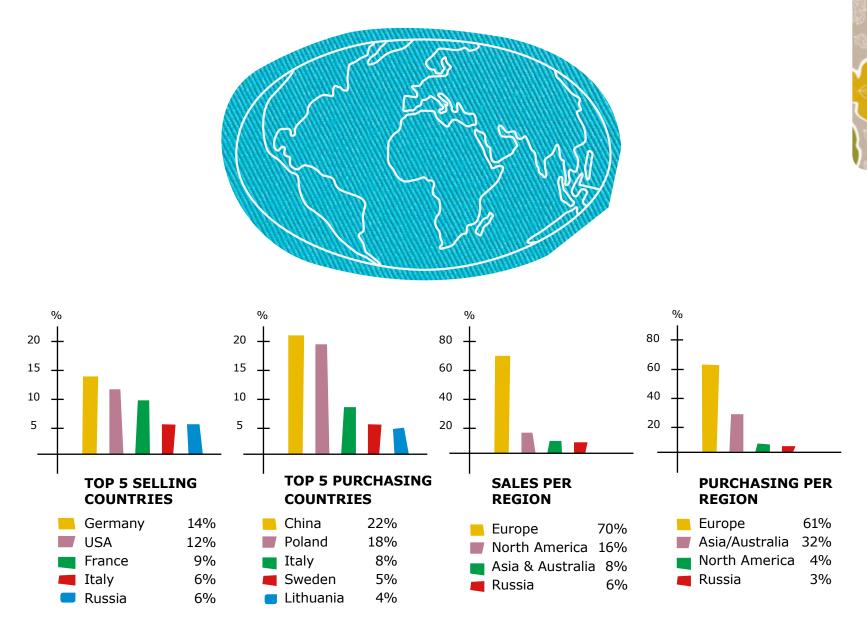
Group equity	50%
Long-term liabilities	20%
Other non-current liabilities	3%
Short-term liabilities	15%
Other payables	12%

2012 - Total equity and liabilities - EUR 44,748



Group equ	ity	65%
Long-term	liabilities	6%
Other non-	-current liabilities	4%
Short-term	n liabilities	15%
Other paya	ables	10%







IKEA GROUP STORES WORLDWIDE

In FY12, the IKEA Group opened 11 new stores in nine countries. As of August 31, 2012, the IKEA Group had a total of 298 stores in 26 countries.



Sales increased by 9.5% compared to 2011. Total sales amounted to €27 billion.



In FY12, the IKEA Group stores had 690 million visits.



IKEA FOOD

IKEA FOOD turnover for the year was €1.3 billion.



IKEA.COM

IKEA.com had more than 1 billion visits during FY12, up 21.8% (from 870 million visitors in FY11).



PRINTED CATALOGUES, LANGUAGES & EDITIONS

The IKEA Catalogue was printed in 212 million copies, 29 languages and 62 editions.



44

PRODUCTS

The IKEA range consists of approximately 9,500 products.



CO-WORKERS PER FUNCTION

Retail: 106,500

Purchasing, distribution,

wholesale, range and other: 14,500

Industry group: 18,000

Total IKEA Group co-workers in FY12: 139,000

THE IKEA GROUP

As of August 31, 2012, the IKEA group had operations in 44 countries, including 30 service trading offices in 25 countries. We also had 33 distribution centres and 11 customer distribution centres. The IKEA Group had a total of 298 stores in 26 countries.





CO-WORKERS PER REGION

Europe	99,000
North America	18,000
Asia & Australia	11,000
Russia	11,000



IKEA INDUSTRY GROUP

The IKEA Industry is a group of companies manufacturing furniture and wood-based boards and panels, which includes development of production capacities and new strategic businesses to support IKEA's growth. In total, the IKEA Industry Group had 18,000 co-workers in 41 production units in 11 countries.

The companies that are part of IKEA Industry Group are: Swedwood – producing IKEA furniture, Swedspan – producing innovative lightweight boards and panels and Industry Investment & Development (IIID) – supporting industrial development at external strategic suppliers.

SUPPLIERS

In FY12, IKEA had 1,084 home furnishing suppliers in 53 countries.



