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PRESS RELEASE

IKEA Southeast Asia & Mexico post THB 26 billion in turnover

Swedish home furnishing retailer more than doubled online sales in Southeast Asia during its toughest year



Bangkok – After more than a decade of expansion and growth, IKEA Southeast Asia & Mexico charted its first drop in revenue by closing out its most challenging financial year with THB 26.0 billion in turnover. At the same time, the COVID crisis accelerated the company's digital transformation as interest in home furnishings surged during lock-downs.

“The COVID crisis changed how many of us value life at home,” said Christian Rojkjaer, Managing Director of IKEA Southeast Asia & Mexico. “At a time of urgent need, people turned to IKEA to set up home offices, study corners, outdoor living areas and functional kitchens. Many realised that home really counts, and it’s worth investing to make our living spaces comfortable, functional and beautiful.”

The company’s nine IKEA stores in Southeast Asia posted THB 22.4 billion in sales between September 2019 and August 2020 – a 7.4% drop from the last financial year – after facing business closures of up to 2½ months, supply challenges and limits on building capacity. Combined with income from its five IKEA-anchored shopping centres (operated by Ikano Centres, which provided rental relief to hundreds

of struggling tenants) the company's turnover totalled THB 26.0 billion. That was THB 2 billion down on the previous year.

IKEA Southeast Asia & Mexico is one of 12 IKEA franchisees around the world, operating stores in Singapore, Malaysia and Thailand as well as the portfolio of Ikano Centres with some 1,500 tenants and 4 million square feet in leasable space. The company is bringing Swedish home furnishings and meatballs to millions more people in the coming year as it enters both Mexico and the Philippines, with web shops opening up months before the physical stores in both countries.

With ecommerce operating in all three of its Southeast Asian markets for the first full year, the IKEA stores were largely able to continue selling during long closures with support and guidance from government authorities. Co-workers set up large-scale fulfillment operations virtually overnight. The teams sourced additional transport, opened up more delivery slots and refreshed websites as online orders flooded in. By the end of the financial year, customers had placed more than 525,00 online orders and rung up THB 3.1 billion in web sales – more than double the company's ecommerce turnover from the previous year.

In Thailand, stores also started up a Click & Collect service. In both Thailand and Malaysia, IKEA Food teams started up partnerships that enabled customers to order meatballs to the door. At the same time, teams across the region distributed more than THB 11.5 million in goods and services to hospitals, migrant worker dorms, shelters and other organisations on the front the lines of the fight on COVID.

"This crisis brought out the best in us. The entrepreneurial spirit in our teams hit a new high, and our business developed with unparalleled speed," says Mr. Rojkjaer. "We were under incredible pressure and we did not always manage to meet our customers' expectations, but most were understanding. We emerged strong and I have never been prouder of our teams and our impact in the community."

During eight peak weeks in each of the active markets, customers in Southeast Asia snapped up more than 212,000 IKEA desks and 64,000 office chairs. Annual sales in the IKEA Workspaces range were up in all three markets. The shopping centres, reduced to operating essential services during the lock downs, have welcomed a steady increase in visitors since reopening and won praise from authorities for social distancing communication, stringent cleaning routines, thermal scanners and other safety measures.

The company kept all co-workers on board throughout the lockdowns and, in Singapore, will recruit a further 200 people as it prepares to open IKEA Jurong in 2021. In Mexico City, ecommerce operations will start soon and IKEA Oceania opens in the new year. In Manila, the world's largest IKEA store is also scheduled for a 2021 opening, designed from the start to house an ecommerce fulfilment operation and a customer contact centre. A team in Vietnam is working to open a store in the years ahead.

"Our priority is to do everything we can to keep co-workers and customers safe, and to keep going - because our vision of creating a better everyday life for the many people has never been more relevant," said Mr. Rojkjaer. He noted that IKEA has reduced its prices on hundreds of products in the new IKEA Catalogue to make it more affordable for many people to make small changes at home.

FAST FACTS

September 1 2019 – August 31 2020

77 million	visits to IKEA websites in Singapore, Malaysia and Thailand, up 46% on last year
28 million	meatballs, chicken balls and vegetable balls sold across three markets
2.4 million	IKEA Family loyalty club members three active markets, up 14% on last year
525,418	online orders placed in three markets, more than double the year before
3,561	co-workers (Singapore, Malaysia, Thailand, Philippines, Vietnam, Mexico)
1,481	tenants in five shopping centres, Malaysia and Thailand
145	flat-packed IKEA Shelters donated for test sites, clinics or rest areas in Mexico & SEA
73	no. of days stores were closed in Singapore; 56 days Thailand; 47-51 days in Malaysia
3	IKEA stores opening in 2021: Singapore, Manila and Mexico City. (Vietnam in planning)

	FY20 Turnover September 2019 – August 2020
Singapore IKEA Tampines IKEA Alexandra	SGD 304 million THB 7.0 billion
Malaysia IKEA Damansara + IPC shopping centre IKEA Cheras + MyTOWN shopping centre IKEA Tebrau + Toppen shopping centre IKEA Batu Kawan + Batu Kawan Link	SGD 472 million THB 10.9 billion
Thailand IKEA Bangna + Megabangna shopping Centre IKEA Bang Yai IKEA Phuket	SGD 344 million THB 8.0 billion
Total IKEA Southeast Asia	SGD 1.1 billion THB 26 billion



IKEA Southeast Asia

Corinna Schuler

Head of Corporate Communication
corinna.schuler@ikano.asia

ABM

Jaruwan Vorarakthananun

Tel: +66-2252-9871 Fax: +66-2254-8353
jaruwan.v@abm.co.th

About IKEA Southeast Asia & Mexico

Since its 1943 founding in Sweden, IKEA has created a better everyday life for the many people by offering well-designed, functional home furnishings at affordable prices. As a franchisee, we inspire and enable people to make home count in Singapore, Malaysia and Thailand – and has plans to enter the Philippines, Mexico and Vietnam. Our portfolio of five shopping centres, operated by Ikano Centres, are anchored by IKEA and create meeting places at the heart of our communities. With partners and investments in other types of real estate, we also create walkable communities where people shop, work, live and play. Part of the Ikano Group, we are the only IKEA franchisee owned by the Kamprad family that founded IKEA.