

Creating a better everyday life for the many

IKEA UK
Annual Summary Financial Year 2017



Our business

A message from Gillian

As we begin our 30th year in the UK, I'm proud to look back at our achievements over the last year, that have contributed to creating a better everyday life for the many people.

Financial Year 2017¹ has been a great year and we celebrate our sixth consecutive year of growth in the UK. Today we have 20 stores across the UK and we are working to make sure we can meet our customers wherever they are. We kicked off our expansion journey by opening stores in Reading and Sheffield, and we will soon welcome two new stores in Greenwich and Exeter. We're trialling four order and collection points, and have relaunched our online offer so that people can shop with us wherever is convenient. This is part of becoming a multi-channel retailer, where we focus on constantly improving the experience for our customers.

We are expanding our service offer too, with the pilot and recent acquisition of TaskRabbit, and our three new distribution units that will help to improve our fulfilment services.

Despite a level of economic uncertainty, our brand is even more relevant and we

continue our efforts to bring affordable well-designed home furnishing solutions to the UK.

The Brexit vote has been on everyone's lips and the devaluation of the Pound has been a challenge for many businesses. As we import a lot of our products from overseas, this increased our costs by 13.7%. To keep our range accessible and affordable for the many, we absorbed most of these costs, increasing prices by just 3.6%. We've actually lowered prices on some of our most popular ranges, like our STOCKSUND sofa – now down to £399 from £425.

Our product range is even more relevant to the modern home, with new ranges like our TRÅDFRI smart lighting that makes connected lights more affordable for the many, and our hydroponic kit KRYDDA and VÅXER that helps more people grow food at home.

Looking ahead, our vision for the UK remains bold and positive. We will continue to invest and aim to increase our share of the UK home furnishing market by 2027, to 15%. It won't be easy, but we're determined to bring our offer closer to more people.

So here's to the next 30 years. It will be an exciting journey, and I'm really looking forward to it!

Gillian Drakeford
Country Retail Manager
IKEA UK & Ireland



¹ Our financial year 2017 runs from 1 September 2016 to 31 August 2017.

We're growing

£1.814 billion

Total sales in the UK

+5.8% growth

+0.5% market share to 8.1%²

+10% in online sales since launching web platform in August 2016



Today we have



20 stores

4 order and collection points

5 distribution centres

3 contact centres



We see more people through our doors and online

57.2 million

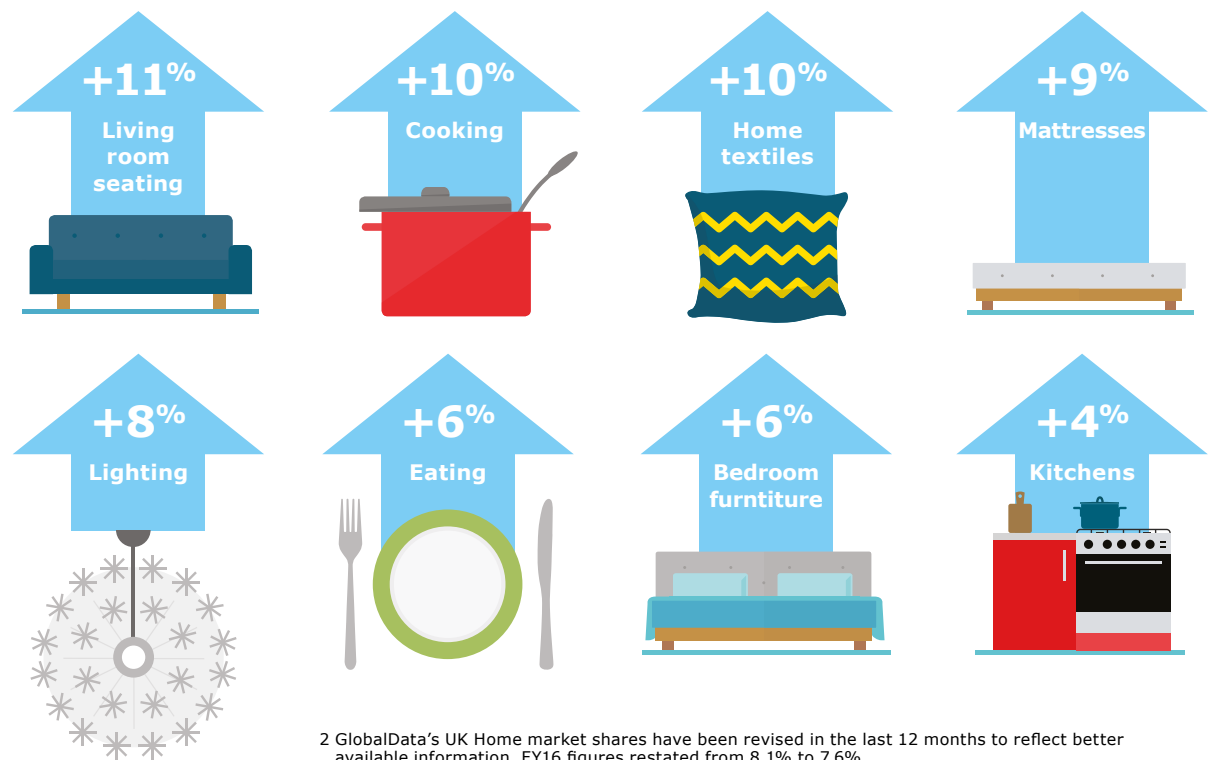
visits to our stores

175.8 million

visits to IKEA.co.uk



We're investing in the people and services for our Home Furnishing Businesses, and it's paying off



We're contributing to society in the UK through our taxes

The corporate income tax for IKEA Group in the UK amounted to **£120.2 million** over the last five years and property and other taxes amounted to **£245.5 million** during the same period.



² GlobalData's UK Home market shares have been revised in the last 12 months to reflect better available information. FY16 figures restated from 8.1% to 7.6%.

Our people

A message from Pernille

Each one of our 10,900 co-workers across the UK is unique. We see everyone as a talent; it's their individuality and diversity that sets IKEA apart and helps us to meet the hopes and dreams of our customers across the country.

Throughout our 30 years in the UK, we've been guided by our values. That will never change. No matter our backgrounds and perspectives, we are all working towards the same vision of creating a better everyday life for the many people. Achieving our vision starts with our co-workers.

Since 2016, we've been paying all of our co-workers the real Living Wage as defined by the Living Wage Foundation. We are now focusing on improving their work-life balance and rolled out the global IKEA Employment Standards. This means that, in addition to our generous benefits package, we offer one weekend off in four to every co-worker, and are scheduling rotas further in advance.

As we grow to become the leading multi-channel retailer, we know our co-workers will continue to play a key role in how we meet our customers. Each is an expert in life at home, and we want to provide them with the right skills and tools to enable them to focus on providing the best service.

In the future we will continue to focus on our co-workers' basic needs, as well as how we can become an even more inspiring workplace – happy co-workers lead to happy customers.

Pernille Hagild
Country HR Manager
IKEA UK & Ireland



Our family is growing

10,900

co-workers in Retail and Distribution, including

1,000

new co-workers in FY17



1,344 co-workers changed roles

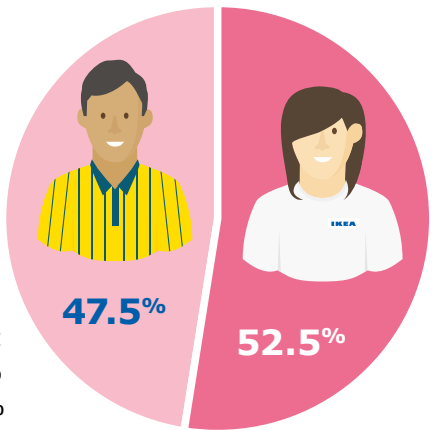


343 co-workers have been promoted



266 co-workers moved to a different store

Gender split across the UK organisation is 47.5% male and 52.5% female



At management level it is 50.2% male and 49.8% female

We're investing in leaders of the future

529

co-workers took part in our leadership programme

£4 million

invested in our co-workers' personal and career development

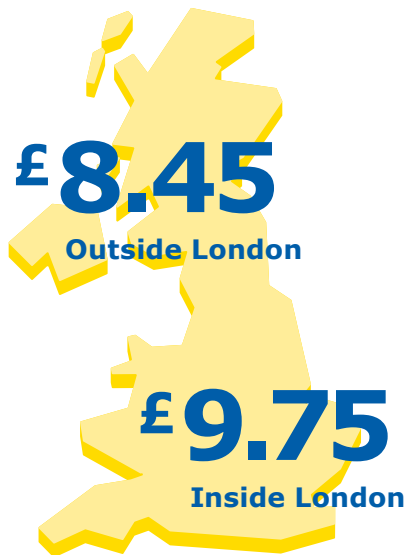
53

co-workers took part in our new apprenticeship programme, to be rolled out to all stores in FY18



We're paying the real living wage to every co-worker

IKEA is a principle partner of the Living Wage Foundation since April 2016.



New Living Wage rate implemented from January 2017.

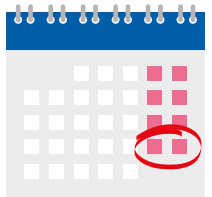
We're improving work-life balance

We rolled out the global IKEA Employment Standards.

All co-workers entitled to **one weekend off in four**, even part-timers.

Co-workers receive rotas at least **four weeks** in advance.

We launched our first mental health and wellbeing approach, including a peer to peer support group with over **300 co-workers** signed up.



Our social and environmental impact

A message from Hege

We are determined to have an overall positive impact on the UK – both for the people we meet, and the planet where we live and work.

We call this becoming people and planet positive. When we achieve it, we'll be more than a sustainable business. We'll be a regenerative business, without reliance on finite resources - creating a better everyday life for millions of people.

We must start by ensuring that sustainability is integrated across everything we do, and every part of our value chain. And we're making progress.

It's 30 years since we launched in the UK, and we've come a long way – investing in renewable energy, sending zero waste to landfill, and working to inspire and enable our customers to live more sustainable and healthier lives.

FY17 has been no different. As we strive to eliminate waste across our value chain, we are trialling new services such as our textile takeback in Cardiff. So far, customers have donated 1.1 tonnes of textiles to our charity partner, YMCA, for recycling, repair or reuse. Now we will roll this out across the UK, and the potential is huge.

Our customers and co-workers are not the only people we impact – we are going beyond our stores to benefit the wider community. We've just celebrated 10 years of partnership with the Woodland Trust. Together we've planted 1.4 million trees. And through our new partnership with Breaking Barriers, we are supporting refugees in the UK into meaningful employment.

We've achieved a lot over the past year, but we want to do even better. By working together with our co-workers, customers, communities and partners, we are becoming people and planet positive.

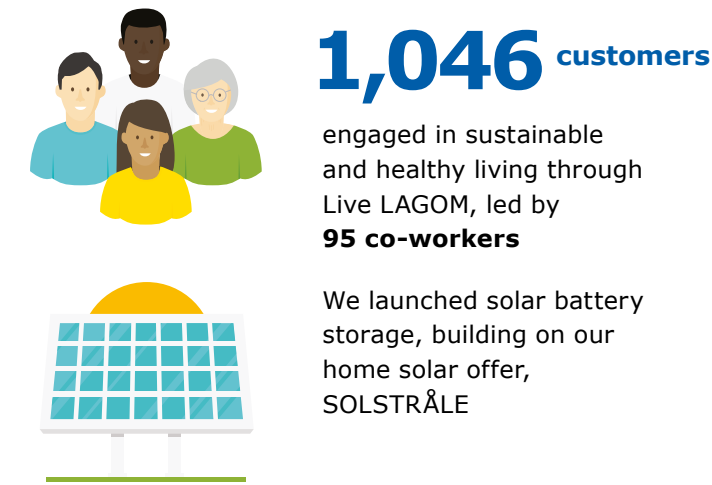
Hege Sæbjørnsen
*Country Sustainability Manager,
IKEA UK & Ireland*



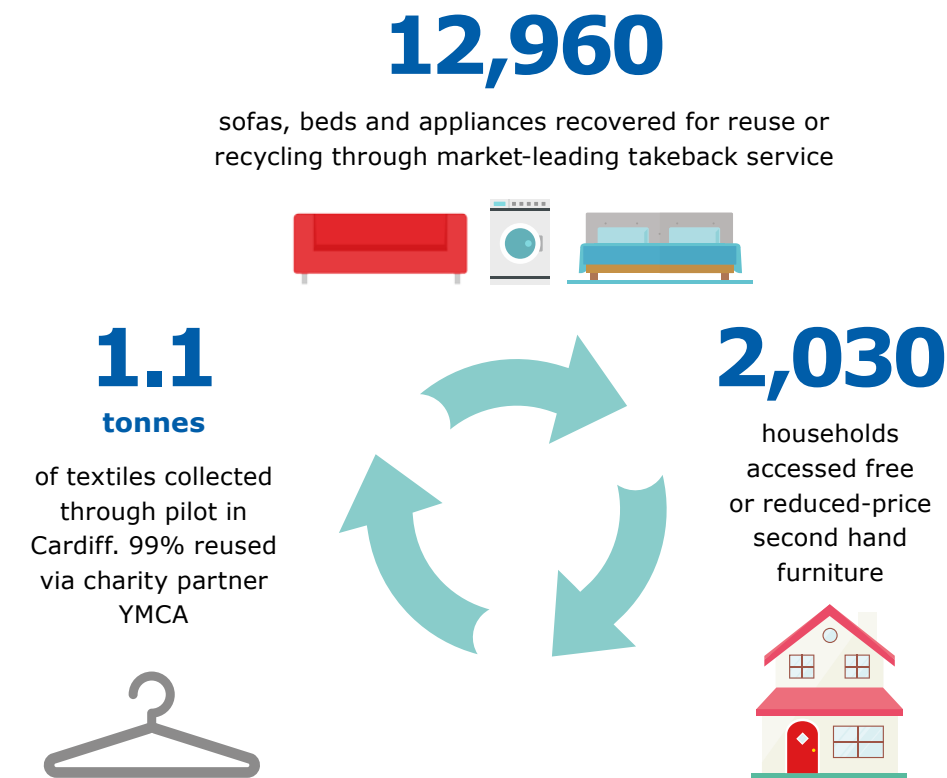
We're thrifty with resources and committed to 100% renewable energy



We're inspiring our customers



We're becoming a circular retailer



We're supporting communities in the UK





Here's to the
next 30 years!

Find out more at [IKEA.co.uk](https://www.IKEA.co.uk)

