Features, facts & figures 2017

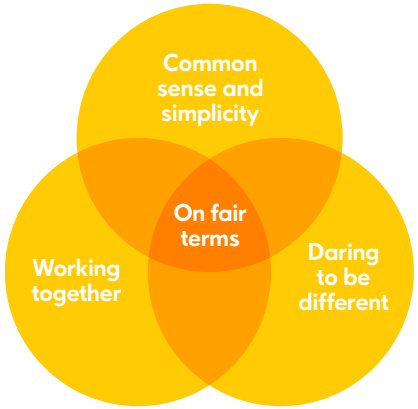
IKANO®

Our vision
To create possibilities for better living

For me going to work every day is something I look forward to because it means another day of working with my fantastic team in helping our customers get the best banking experience possible. As a fraud specialist I meet customers every day who have suffered from financial crime. Working together to help these customers by listening, investigating and preventing fraud in the future is one of the many ways we at Ikano Bank can contribute to creating possibilities for better living.

Sara Wintherfrid
Fraud & AML Specialist, Ikano Bank

Our values and promise



Having worked in different parts of IKEA Southeast Asia for 18 years, it is an honour to get the chance to build the team that will soon open IKEA Batu Kawan in the northern Malaysian province of Penang. I know from leading the opening of IKEA Cheras in Kuala Lumpur a few years back that building a big blue box store from the ground up really requires a motivated, energised group of people to come together. Individuals who dare to take on whatever challenges come their way, working together to find simple solutions and deliver results. We actively recruit people who are a good match for our values and I already now feel that unique spirit that will make IKEA Batu Kawan another success story!

Pathmalingam Arumugam
Store Manager, IKEA Batu Kawan

Hi,

Looking back on a challenging yet promising year, we see that the road to future growth lies in keeping things as simple as possible, swiftly executing on our decisions and making sure our values and a sustainable mind-set shine through in everything we do!

All across Ikano Group, 2017 was a very eventful year in so many ways. Ikano Bank started the implementation of a major IT partnership that will improve efficiency for years to come, and further got a new CEO in Håkan Nyberg. Ikano Bostad increased its turnover despite tougher conditions in the Swedish real estate market and started recruitment for its expansion into neighbouring Denmark. Ikano Industry acquired an abandoned factory and managed to start up production in practically no-time. Within the insurance segment, we expanded geographically with a new co-worker benefit insurance offering. And last but surely not least – our retail business in Southeast Asia opened a new IKEA store and shopping centre in Malaysia, while introducing ecommerce in Singapore. All the while on the other side of the world, our quickly growing start-up team works with great pace to soon be able to introduce a huge selection of affordable, functional and well-designed home furnishing products to the many people of Mexico!

As this report hits the shelves, we have just launched our group strategy for the period 2018–2022, where we emphasize the importance of each business being able to work independently to tackle the challenges and seize the opportunities ahead of them. In line with this, the strategy only has a few elements that are common for all Ikano companies. First, we will try to simplify our operations where possible – because our heritage has taught us that less complexity enables faster growth. We will also work hard to swiftly execute on the decisions we make, because today's rapid development demands a higher speed to market. Finally, we will strive to make our values and a sustainable approach natural parts of all business activities, because that will definitely increase our performance over time.

Assessing the strategic targets each of our Ikano business have set for themselves, I can assure you that we don't make it easy for ourselves! But that's also the spirit of this Ikano and IKEA culture that we all share: we go all in when we believe we can make things happen. And judging by the way our businesses have already kick-started the race towards their goals – I am sure we will reach them!

Lars Thorsén,
Ikano Group CEO

Our 2017 at a glance

Among Ikano Bostad's tenant-owned apartments under construction, 41 percent will offer carpools

Operating in

16

countries

In our Ikano Health Week challenge, 904 co-workers walked, ran or biked a total of 35,581 kilometres for charity

More than

5,500

co-workers

IKEA Southeast Asia had

71.1

million visits to its IKEA stores and Shopping Centres

Every 2 seconds, a Swedish customer bought something using an Ikano Bank credit card

Ikano Re & Insurance Advisory expanded activities to

10

new countries

Ikano Industry hired

224

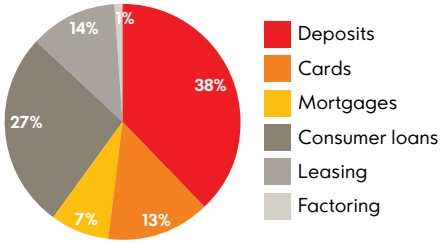
new co-workers and sold 2,182,000 mattresses

IKANO BANK ИКАНО БАНК

We offer simple and fair banking and financing solutions to the many people. Our offer to consumers includes private label cards, credit cards, loans and savings accounts. We deliver sales finance and customer insight services to retail partners and provide businesses with leasing and factoring solutions. We aim to grow significantly in the coming years by focusing on our role as the bank for the many – providing solutions that simplify people's everyday life and help businesses grow.

Facts at a glance
No. of co-workers: 1,046

Business volume
EUR 6.9 billion



Open accounts
Loans: 920,000
Deposit accounts: 230,000
Leasing contracts: 70,000
Private label cards: 3.9 million
Bonus/loyalty cards: 10.7 million
Visa/Mastercard: 960,000

Our markets
Ikano Bank AB operates in Austria, Denmark, Finland, Germany, Norway, Poland, Sweden and the UK. Ikano Bank LLC operates in Russia.

The year in brief
- We saw good growth in all markets.
- We initiated cooperation with a global IT partner to strengthen the bank's IT service capacity and speed up digital development.
- In Germany and the UK, we received awards for best customer service and loans and savings products.
- Ikano Bank LLC in Russia received a retail banking license.
- Håkan Nyberg was appointed new CEO of Ikano Bank AB (publ).
- In the UK, 19 volunteers from Ikano Bank met with 1,165 students in 12 schools through the financial education programme 'Cheese matters'.
- In Denmark we switched to 100 percent digital communications for our direct-to-consumer business, and so avoided to print 8,500 credit contracts.

Ikano Bank obtains retail banking license in Russia

In a bid to build an independent bank and explore the market further, Ikano Bank LLC has received the required license from Russian regulators.

Ulla Parkkali
Managing Director, Ikano Bank Russia

Ikano Banks's presence in the Russian market goes back 11 years and attaining the license will give more freedom and flexibility to grow the business offering in cooperation with IKEA. Becoming their preferred global partner by making the IKEA offering affordable for the many people through simple and fair financing solutions is our main objective for the coming years.

Today, our focus lies on the opportunities we see in Russia and obtaining the license in September 2017 was a great step toward future growth. Being a retail bank we will now start issuing products ourselves including consumer finance services and loyalty cards.

Russia is an attractive market for Ikano, due to the country's large population and economic prospects. The Central Bank of the Russian Federation regulates and supervises the banking sector and is essential to assure the stability of the financial system.

Applying for a banking license in Russia has been a challenging process, not least in light of the recent economic turmoil following the currency and banking crisis three years ago that instigated a shutdown of more than 300 banks – in total decreasing from 800 to 500.

Against this background, Ikano Bank has an important role to play in the financial sector because of our value-driven way of doing things. Our unique selling proposition is the transparency of being fair and sustainable – this gives us the competitive edge in addition to the fact that we are a flexible niche bank with intelligent and affordable solutions. With the banking license now in place, we can fully benefit from this uniqueness and start a new chapter for Ikano Bank Russia!

Ikano Bank's 2017

Some facts from our markets

We expanded our business volume by

6

percent

Austria

In our "Bake for a Good Cause" challenge,

56

participants raised money for a children's crisis help line

Denmark

Our leasing portfolio grew by

300

percent

Finland

Through our "Green Office Challenge" we planted

1,200

new trees in a forest near our Wiesbaden office

Germany

ikanobank.no had

5.5

million visitors

Norway

The satisfaction among our loan customers was

71

(Net Promoter Score)

Poland

IKEA sold

2.5

million products with the help of our consumer finance products

Russia

Every

2

seconds, a customer bought something using one of our credit cards

Sweden

In total, we had

163

retail partners

United Kingdom

- Credit cards
- Deposit
- Finance solutions to retailers
- Leasing
- Consumer loans
- Mortgages
- Insight
- Factoring

- Direct to consumer
- Business to business
- Retail partners

IKANO Bostad IKANO Bolig

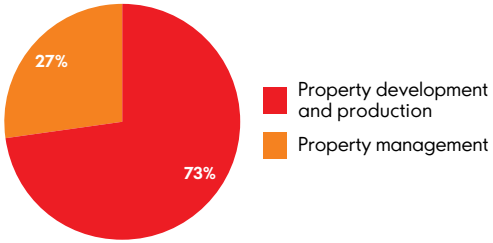
We offer space-efficient, functional and sustainable homes at affordable prices for people at all stages of life. We develop, build, own and manage tenant-owned apartments, rental apartments, villas/town houses, and nursing homes. We look for new ways to improve not only the homes we offer, but also the surroundings. We want to create communities where people meet, greet and look after one another. A place where people feel at home from the moment they step into their courtyard.

Facts at a glance

No. of co-workers: 499

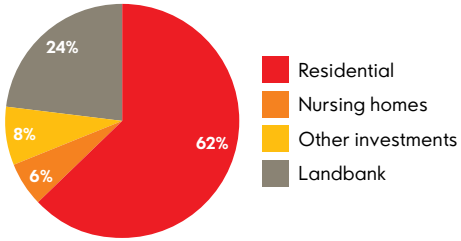
Turnover

EUR 260 million



Market values of properties and landbank

EUR 1.5 billion



Our markets

Sweden: Gothenburg, Lund, Malmö, Stockholm, Uppsala, Västerås
Denmark: Copenhagen (start-up phase)

Our properties and projects

Apt./town houses under construct.: 2,228
Rental apt.: 6,176 (462,900 sq.m)
Nursing home apt.: 263 (20,300 sq.m)
Landbank: 176,000 sq.m
Building rights: 11,000 (all phases)

The year in brief

- We started our first construction in Gothenburg.
- We hired 15 women to Hentverkarna, our carpentry traineeship programme.
- We started our first town house project.
- We recruited a Managing Director for our expansion to Copenhagen, Denmark.
- We started a cooperation with IKEA to decorate our show homes.
- We hired 10 young adults within the Ikano Academy, our programme aimed at helping unemployed youths enter the job market.
- We finalised our first apartments in Uppsala.
- We increased the results in our employee survey Voice from 708 to 779 (out of 1000).
- We implemented a simplified organisational structure under the Ikano Bostad brand: Ikano Fastighets AB changed name to Ikano Bostad AB, with Robert Jaaniste as Managing Director and Daniel Skoghäll as Chairman of the Board.

Among our tenant-owned apartments under construction,

41

percent will offer carpools

We had

2,228

apartments under construction

We used

5

million

gypsum screws in our construction projects

Our membership programme had

45,510

members

Among our tenant-owned apartments under construction,

27

percent will offer urban gardening

Hentverkarna attracts women to our building sites

Among Sweden's construction workers, 99 percent are male. We wish to change that, and that is why we started the trainee programme "Hentverkarna" to attract women to our team of carpenters.

Margareta Lisjö
Construction Manager Gustavsberg, Ikano Bostad

The name "Hentverkarna" is a playful, gender-neutral take on the Swedish word for "handymen". After a thorough planning process, we recruited 15 women in the age of 25–45 from different working backgrounds and without previous professional experience from the construction industry. Since 2 October 2017 they are working on one of our projects in Gustavsberg, Stockholm, while studying to become carpenters.

More than 300 women applied to Hentverkarna. We are pleased to see the great interest for the programme and the enthusiasm among our new trainees.

We believe that by recruiting people with different working backgrounds, and by increasing gender balance, we will have an improved working environment with more perspectives, which in turn will boost our growth and profitability.

New market conditions in Sweden

Ikano Bostad, as well as the housing industry as a whole, experienced a busy year with the market cooling down as a result of new regulations.

Robert Jaaniste
Managing Director, Ikano Bostad

For us, the year started with great expansion, both in number of co-workers and growth in new business areas. But after a long-lasting boom in the Swedish real estate market, we however saw a downturn during the last quarter, mainly in the Stockholm area.

This was due to increased regulation on down payments and amortisation requirements on an already highly priced real estate market.

The number of sales decreased and buying decisions took longer time than we have been accustomed to during the last few years. In times like these it is even more important to be visible in the market, to build relationships by listening to our existing and potential customers – and to continue developing our product.

The market might be though right now, but for companies with a long-term and value-driven approach, like Ikano Bostad, there are always opportunities!

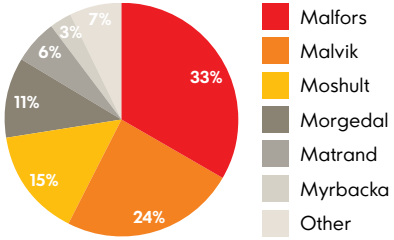
IKANO Industry

Ikano Industry's business idea is to be IKEA's leading supplier of foam mattresses and related products. Our facilities in Rogozno and Krajenka, Poland, together create one of the largest and most modern mattress production lines in Europe. With our focus on sustainability and quality at the core of everything we do, a company culture characterised by teamwork and innovation lead us forward.

Facts at a glance

No. of co-workers: 667
Turnover: EUR 97 million

Matresses sold:
2,182,000



Markets

From our production facilities in Poland we supply mattresses to IKEA stores across Europe.

The year in brief

- We acquired a factory in Krajenka, Poland, where a team of more than 100 new co-workers will produce textile covers for our mattress range.
- We decided to expand our product range with spring mattresses.
- We hired 224 new employees.
- Our production of Repolyol, the recycled foam component we use in the production of new mattresses, amounted to more than 1,700 tonnes.
- We used Repolyol in the production of over 5,600 thirty-metre long foam blocks.
- The total amount of Repolyol foam used during the year amounted to 764 tonnes.
- We made the strategic decision to change our company name from Dendro Poland to Ikano Industry, effective from April 2018.

Expansion starts with second factory in Krajenka

Over the last years, we have established ourselves in a leading position among IKEA's suppliers of foam mattresses. With increasing order volumes and ambitious growth plans, during the year we acquired a second factory located in Krajenka, just under an hour's drive from our facilities in Rogozno.

Marcin Sprawski
Production Manager Krajenka,
Ikano Industry

Ever since we started producing foam mattresses back in 2008, our production facilities have been confined to Rogozno, Poland. With continuous year-on-year growth, and an ambitious strategy for the years ahead, we realised we needed to expand our sewing department. We thus faced the option of either extending the existing mattress cover production line and training more staff locally, or looking for another site not too far away.

Despite partly needing some renovation works, the 12,000 square metre property we found in Krajenka had many benefits. It had previously housed sewing activities, so thanks to the joint efforts of people involved in the project, it was possible to quickly adjust the layout for new production. It also meant we would be able to find highly skilled seamstresses in the area. Further, Krajenka was located just 75 km from Rogozno, meaning it could easily be integrated in our production process.

All these benefits were quickly proven in practice, as we formally acquired the factory in May 2017 and were able to start production at the end of September. By the end of the year, we already had over 100 co-workers on board and we plan to double that figure during 2018. The journey of Ikano Industry in Krajenka has just begun!

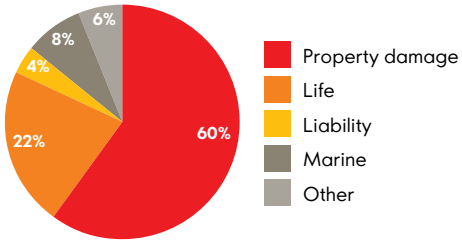
IKANO Re IKANO Insurance Advisory

Ikano Re and Ikano Insurance Advisory provide reinsurance solutions and advisory services for the global operations of actors within the IKEA franchise system. Our offering covers areas such as transportation, property, liability and employees.

Facts at a glance

No. of co-workers: 10

Gross premiums written:
EUR 87 million



Our markets

Ikano Re and Ikano Insurance Advisory operate globally in the markets where the IKEA franchise system is present.

The year in brief

- Our new life insurance solution expanded our activities to 10 more IKEA markets.
- For the global insurance industry, the year was the most costly so far in terms of natural catastrophes, with three consecutive hurricanes hitting the US east coast. Despite having substantial exposures in the region, we managed to experience only minor losses.
- We grew our client base within the IKEA franchise system.
- We continued to support selected charities working for the well-being and education of children. The special focus for our donations during 2017 was teenage pregnancies.

Insurance for the many co-workers

During 2017, we have worked hard to help one of the IKEA franchisees set up a structure for its global procurement of employee benefit insurances.

Elisabeth Schenckbecher
Senior underwriter, Ikano Re

Employers often protect their co-workers with various policies, covering areas such as medical treatment, life, accident and disability.

These insurances are costly, and the franchisee therefore wanted to reduce the number of insurance partners significantly to achieve cost efficiency for their policies.

Our solution will give the franchisee full overview of their global insurance costs and insights on the benefits provided in the different countries. It will enable access to data that can help them implement preventive measures to reduce for example the cost of healthcare insurance.

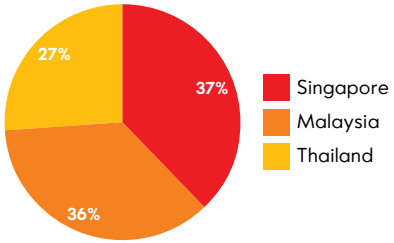
A successful implementation of our solution will thus help the franchisee create economies of scale and over time reduce insurance costs.

Retail

We own and develop IKEA stores in Southeast Asia, offering millions of people access to well-designed home furnishing at affordable prices. We also develop, own and operate shopping centres, anchored by IKEA stores. In addition, we invest in residential, office and other types of real estate to create vibrant one-stop retail and lifestyle hubs. We strive to create a better everyday life for the many people – while being a great place to work and delivering sustainable, profitable growth through a fantastic customer experience!

Facts at a glance
No. of co-workers: 3,278

Turnover
EUR 569 million



IKEA (total for all our stores)
No. of catalogues released: 5.0 million
No. of visits: 23.3 million
No. of children to Småland: 216,607
No. of meatballs sold: 29.9 million
No. of chicken wings sold: 6.9 million
No. of curry puffs sold: 8.5 million

Shopping Centres (total for all our centres)
No. of visits: 47.8 million
Gross leasable sq.m: 407,500 incl. IKEA stores
No. of tenants: 1,192

The year in brief

- We launched ecommerce in Singapore, fulfilling more than 9,000 orders and bringing in 5 percent of the country's sales during the three months of operation.
- We opened IKEA Tebrau, our first IKEA store in southern Malaysia and the biggest store yet within Southeast Asia.
- We opened MyTOWN Shopping Centre in Kuala Lumpur, our third mall, with 143,600 square metres of retail space in the heart of Malaysia's capital.
- We added 11,000 sq.m of leasable space to Megabangna, bringing 30 outlets to a new Food Walk with outdoor gardens and a sustainable air-cooling system.
- We rebuilt our IPC Shopping Centre in Kuala Lumpur inside and out.
- We moved to a new office in Manila, conducted home studies, met with authorities and identified a site for our first store in the Philippines.
- In our employee survey called VOICE, we maintained a high score of 755 (out of 1000) and achieved lowest-ever rate in turnover among co-workers.
- We installed more than 8,000 solar panels on our rooftops to double our renewable energy production.
- We introduced one month paid paternity leave and sparked public conversations around gender equality in all our markets.

On average our IKEA stores recycled 70 percent of waste produced

Our rooftop solar panels produced 5.5 million KWh – enough to save about EUR 2.1 million on electricity bills

Malaysia
IKEA Damansara
IKEA Cheras
IKEA Tebrau
IPC Shopping Centre
MyTOWN Shopping Centre

Singapore
IKEA Alexandra
IKEA Tampines

Thailand
IKEA Bangna
IKEA Bang Yai
(opened March 2018)
IKEA Pick-up & order point Phuket
Megabangna Shopping Centre

We almost doubled our number of LinkedIn followers, totalling 15,320 at the end of the year

On average, each day

4,345

construction workers

safely progressed our project developments

Shop anytime, anywhere

Making it easier than ever for people in Singapore to shop at IKEA, we entered into the world of online retailing with the launch of our first ecommerce site.

Jaap Doornbos
Deputy Retail Manager,
IKEA Southeast Asia

We unveiled the "buy" button to test systems in September and, on November 5, officially announced that the IKEA Singapore web shop was open for business.

Customers responded with enthusiasm. By the end of the year, our team had fulfilled more than 9,000 orders – an average of 109 a day during the busy Christmas period. Online sales amounted to almost five percent of the country turnover during the first three months of our ecommerce operation. That is the biggest share of sales recorded by any IKEA online shop within the first six months of opening.

We not only managed to simplify our website and improve the inspiration, we also added track-and-trace capabilities and worked with our transport partners to make the delivery planning tools a part of our website. Our customers can order goods, buy assembly and book delivery - all within our checkout page. We fulfill the orders directly from our IKEA Alexandra store, saving money otherwise spent on having an external warehouse. Our teams pick and pack the ordered products while a great new partner delivers parcels to the homes of the many.

And we are not stopping there. We continue to better our site as we prepare for roll out in Malaysia and Thailand during 2018 and beginning of 2019. Glorious future!

Better everyday life for IKEA Dads

Paternity leave benefit creates conversation – and supports gender equality!

Sandra Keasberry
Communication Manager,
IKEA Southeast Asia

On January 1, 2017, we introduced a one-month paid paternity leave benefit, giving co-workers such as Muhammad Rizal Sunalim an opportunity to support their partners during those early hectic weeks at home with a new baby.

"This was golden time for me and my family," says Rizal, a team leader at IKEA Cheras.

The policy set IKEA far apart from other employers in Southeast Asia, where government mandates of 1–2 days of paternity leave are the norm. We decided our benefit was worthy of a public celebration, not only to build our employer brand in competitive markets but also to spark conversations about gender equality.

To achieve both aims, we featured co-workers like Rizal in press releases while teaming up with Swedish Embassies and local government bodies to launch national photo contests. More than 2,400 dads submitted photos, describing their views on fatherhood and life at home.

We awarded winners a session with a professional photographer and, in one market after the other, put the pictures on display in public galleries alongside 'Swedish Dads', an exhibit that was making its way around the world.

The exhibits showed fathers as caregivers, playmates and equal partners in household chores. Lars Svensson, our Sustainability and Communication Manager, furthered the business case for progressive paternity leave policies alongside other thought leaders during our press events.

The result? In Thailand, the Deputy Head of Labour held IKEA up as a company that influences policies and leads other businesses by example. In Malaysia, a deputy minister told reporters the exhibit "could help educate parents and be an eye-opener for government." In Singapore, an HR magazine nominated us for an award and featured our approach to benefits and workplace culture in a multi-page report.

In all, we earned a total of 129 headlines and cemented our position as a progressive employer, all while the new dads in our business rolled up their sleeves at home – and got in a few extra cuddles with their babies.

Our financial results 2017

The group achieved a very good result of EUR 99 million for 2017 in a context where we continued to invest significantly to ensure a sustainable growth (impacting operational expenses). Ikano Bank expanded its loan book by 6%, Ikano Bostad increased its turnover by 24%, IKEA Southeast Asia together with the Insurance business (like for like) maintained their turnover and premium level respectively while Ikano Industry grew its sales by 10%.

The solvency (ratio of equity to total assets) of Ikano Group remains sound at a level close to 30 percent.

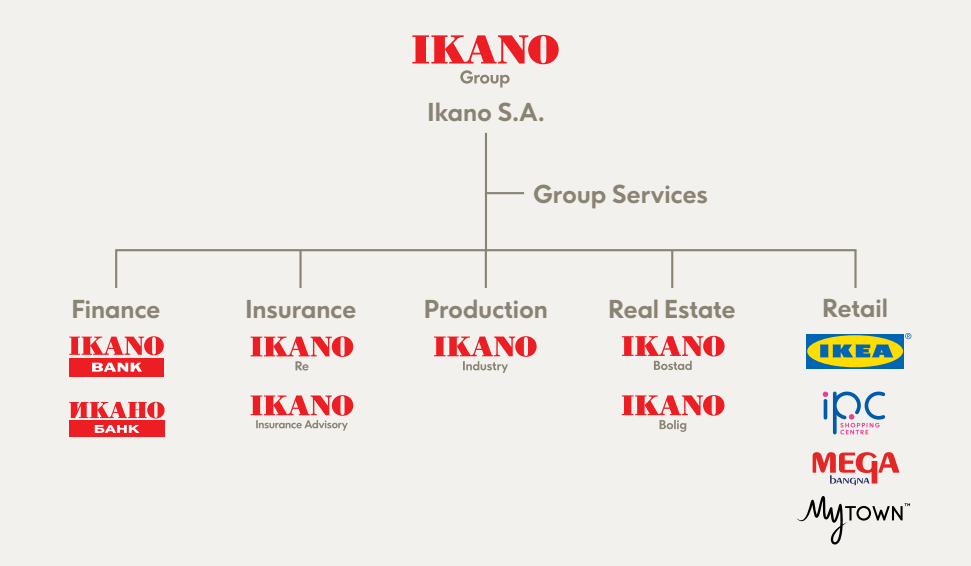
Yohann Adolphe,
Group CFO

Total assets EUR 8.5 billion

Net result EUR 99 million

Extracted from the Ikano S.A. audited consolidated annual accounts for the year ending 31 December 2017.

Ikano Group organisation



Group Extended Management Team

Lars Thorsén*
Group CEO

Mats Håkansson*
Group Vice President

Yohann Adolphe*
Group CFO

Marie Gällstad*
Head of Group Communications

Jean Champagne*
Head of Group HR

Lars Svensson
Head of Group Sustainability

Håkan Nyberg
Managing Director Ikano Bank

Robert Jaaniste
Managing Director Ikano Bostad

Daniel Skoghäll
Chairman of the Board Ikano Bostad

Sebastian Luczynski
Managing Director Ikano Industry

Tomas Wittbjer
Business Leader Insurance

Christian Rojkjaer
Managing Director IKEA Southeast Asia

Malcolm Pruys
Managing Director IKEA Mexico

Supervisory Board

Peter Kamprad
Chairman

Jonas Kamprad
Board Member

Mathias Kamprad
Board Member

Eva Cederbalk
Board Member

Per Karlsson
Board Member

Mikael Ohlsson
Board Member

Måns Hultman
Board Member

*Member of the Ikano S.A. Management Team

Our mission

Simplifying the many people's lives so they can focus on living it.

group.ikano

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