From the Forest to Innovative Products - The IKEA Success story
- IKEA Group: An overview
- Innovative Products: making more of less
- Wood and IKEA
- Dendromass 4 Europe
  - Fast Growing Poplar for Light Weight Functional Adapted Boards
This is IKEA

403
IKEA stores worldwide

194
IKEA co-workers in thousands

936
IKEA store visits in millions

2.3
IKEA website visits in billions

38.3
IKEA retail sales in billion Euros
Overview – IKEA on the map

FY 17

14

New IKEA stores worldwide

56 stores in North America
1 store in Caribbean
275 stores in Europe
14 stores in Middle East and North Africa
47 stores in Asia
10 stores in Australia
Overview – Sales by regions

**FY 16**

**TOP RETAIL SELLING COUNTRIES**
- Germany: 14%
- USA: 14%
- France: 8%
- United Kingdom: 6%
- Sweden: 5%

**SALES PER REGION**
- Europe: 69%
- Americas: 18%
- Asia & Australia: 9%
- Russia: 4%
Overview – IKEA’s Revenue

• Reliable revenue growth over the last 10 years

• Revenue increased last decade by over 15 bn Euros

• On track to double revenue from FY 07 to 40 bn Euros by FY 20

• FY 13 to FY 17 app 7.6 bn Euro in corp. income tax paid
AT A GLANCE
FY17

355 IKEA STORES IN 29 IKEA GROUP COUNTRIES
At the end of FY17 we also had 24 Pick-up and Order Points in 13 countries, 43 Shopping Centres in 15 countries, 32 Store Distribution sites in 18 countries and 26 Customer Distribution sites in 13 countries.

817 MILLION STORE VISITS

2.1 BILLION VISITS TO IKEA.COM

137 MILLION VISITS TO THE CATALOGUE & STORE APPS

149,000 CO-WORKERS
Retail: 134,400
Distribution: 9,100
Shopping Centers: 3,100
Other: 3,400

EUR 34.1 BILLION TOTAL RETAIL SALES FY17
(32.9 BN in FY16)
Total retail sales translated into Euro increased by 3.5%. Adjusted for currency impact, total retail sales increased by 3.8%. Total revenue EUR 36.3 billion.

110 MILLION IKEA FAMILY MEMBERS
Our most loyal customers are members of IKEA Family. More than 36,000 new members join every day!

9,500 PRODUCTS ACROSS THE IKEA RANGE
- and every year the IKEA range is renewed with approximately 2,500 products.

85 MILLION LED BULBS SOLD
If each bulb replaced an incandescent bulb, they could save enough energy to power 750,000 households for a year

5 MARKETS OFFER SOLAR ENERGY SYSTEMS TO CUSTOMERS
Our home solar offer was launched in Poland and Belgium in FY17, enabling even more people to turn their rooftops into power stations.

24.9% CORPORATE INCOME TAX
Corporate income tax amounted to EUR 0.8 billion globally, which equates to an effective corporate tax rate of 24.0% (21.6% in FY16). Our total tax bill including other taxes and duties amounted to approximately EUR 1.3 billion.

100% OF COTTON USED FOR IKEA PRODUCTS COMES FROM MORE SUSTAINABLE SOURCES!

49.2% FEMALE MANAGERS
Today, more than half of our co-workers are women, as are 49% of our managers and 83% of Group Management.

EUR 1.8 BILLION TOTAL FOOD TURNOVER
Total food turnover within our restaurants, bistros, Swedish Food Markets, and co-worker restaurants.

2018 IKEA GROUP INGKA HOLDING B.V. AND ITS CONTROLLED ENTITIES
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In 1979, we wanted to make a table that would be at home in any setting. Lack tables with a veneer on it strong enough to stand on, and paperboard/carton honeycomb in the middle which is structurally very strong. We can produce five tables from the same raw material as one solid wood table. A door supplier using a thick, easy to adapt board-on-frame construction helped us create LACK, a lightweight table for under 10 Euros.
IKEA Product Innovations: Äpplarö

- Outdoor furniture range

- Sourced from Acacia plantations which are 100% FSC FM certified in Vietnam

- WWF’s regional **sustainable bamboo acacia and rattan project (SBARP)**

- Supported by the WWF, it belongs to a larger association of 241 smallholders a certificate for more than 4,000 hectares of acacia in the province
• NIPPRIG, a collaboration between IKEA and local producers in Vietnam and Indonesia.

• Raw Material sources predominantly in Vietnam’s Mekong Detla

• Handcrafted from renewable materials such as water hyacinth, seagrass, coconut or banana trunks

• Tapping into sustainable raw material streams that are today often burnt and underutilized

• Because each product comes ready assembled prerequisite for IKEA’s supply chain lay in stackability
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31% of the world's land surface is forest.

Over half of the world's forests are in 5 countries: Canada, the USA, Brazil, Russia, and China.

7% of total forest cover is planted, yet this could provide around two-thirds of global industrial wood production.

1.6 billion people are supported by forests, 300 million people live in forests including 60 million.

10 million work in forest management and conservation.


Forests supply ecosystem services: carbon sequestration; protection against floods, landslides, avalanches, ocean surges, and desertification; provision of clean water, medicines, crops, and fish; space for recreation and exercise; and places sacred to the world's various faiths.

Temperate forests in much of the northern hemisphere are expanding. Tropical forests and forests in some temperate regions of the southern hemisphere are shrinking.

About 47% of forests are tropical, 9% subtropical, 11% temperate & 33% are Northern Boreal.

The value of wood removed from forests per year 2003-2007: $100 billion (USD).
IKEA loves Wood

WOOD AND IKEA
We love wood because it's beautiful, durable, renewable, and recyclable. As a large user of wood, we have a unique opportunity to make a difference.

Two-thirds of our home furnishings products are made from wood.

1% of the world's commercially harvested wood is used by IKEA.

Lighter BILLY bookcases. Dual-density particle board uses 20% less material while maintaining the quality.

BEYOND OUR NEEDS
IKEA will become forest positive by 2020 – meaning we remain committed to promote sustainable forestry across the industry, beyond our needs.

35 million hectares (about the size of Germany). We aim to add another 19 million hectares by 2020.

BECOMING FOREST POSITIVE
IKEA sources wood from 50 different countries. Mostly from:

SWEDEN, POLAND, LITHUANIA, RUSSIA, CANADA, CHINA, VIETNAM, VIETNAM, COSTA RICA, MEXICO, COLOMBIA, USA.

Forest holds over two-thirds of known terrestrial species, and are home to 80% of terrestrial biodiversity. We support the FSC standard that protects ecosystems and people's livelihoods.

100% IKEA Target: total volumes of wood from more sustainable sources (currently defined as recycled or FSC-certified).

MORE SUSTAINABLE SOURCING
We're one of the world’s largest buyers of FSC-certified wood in the retail sector. Almost half of the wood we use now comes from more sustainable sources. All suppliers must meet our IVAY Forestry Standard.

MORE FROM LESS
Making more from less is part of the IKEA culture. We constantly look for techniques to get the most out of every log.

For the NORMÅS range we developed new ways of sawing the logs – to reduce waste and reveal the unique look of Swedish pine.

25% of the wood we use, ban wood illegally harvested from sources involved in forest-related conflicts, and harvesting should not threaten Conservation Valued Forests.
• We use close to **16 M m$^3$** (round wood equivalent)

• We want to source All wood and paper from More Sustainable Sources MSS by 2020
  – by **FY17 100%** of wood from high risk countries

• We are adding **more wood based materials** to the scope of forestry: paper, rattan, non-industrial bamboo

• We **go beyond our own needs** for wood used in our products, striving for responsible forestry to be the norm
  – **35 M ha** of FSC forest (a size of Germany) has already been certified within IKEA & WWF partnership and we will add **15 M ha by 2020**

• A more consistent approach in our work with critical materials - to contribute to **ending deforestation**
Wood and MSS share by country

- Wood use FY16-3
- Wood use FY17-3
- MSS FY17-3 %
- MSS FY16-3 %

Countries included: Poland, Russia, Lithuania, Sweden, Germany, Belarus, China, Romania, France, Italy, Czech Republic, Slovakia, Vietnam, Latvia, New Zealand, Brazil, Thailand.
• Strong MSS development

• 9 M m³ RWE of FSC – 3% of world FSC wood output;

• MAJOR milestone passed in SEP securing MSS from high risk countries (ca 27% of total wood);

• MSS status raised from “goal” to “requirement”;

• Future growth is depending by FSC availability in EU and US and success increase recycled share
IRI – IKEA Resource Independence

• IKEA invested since 2009, 2.1 bn Euro in renewable energy projects (mainly wind & solar)

• Since 2013 also forest were identified as attractive investment in resource independence

• IRI Investments is active in countries where attractive opportunities to purchase forest assets were found

• To date IRI owns:
  • 50 000 ha of forest in Romania
  • 50 000 ha in Latvia
  • And recently purchased 10 000 ha in U.S.

• Within one year after purchase the forests in Romania have been FSC certified
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D4EU – The concept

• Target agricultural land of marginal quality where farmers don’t achieve only low yields or leave land unused

• Aim to generate profit for the rural economy on a regional scale through value adding processes

• Allow access for innovative biobased materials to consumer markets

• Project duration: 5 years

• Project budget: 20.5 Mio Euro

• Funding budget: 9.8 Mio Euro
Light Weight Board – Poplar vs Pine
Many thanks for your attention