

Features, facts & figures 2016



IKANO®

Our vision

To create possibilities for better living



Every day I want to leave work with the feeling that I've always done my best and can be proud of my performance. For me this requires always meeting customers with a fair and positive spirit, find solutions for their requests and handle their support issues as soon

as possible with a good level of service. I make sure to greet all our tenants when meeting them – if I am happy and enjoy what I do, that positive spirit is transmitted to our neighbourhoods.

Dalmar Nur
Property Caretaking Manager at Ikano Bostad

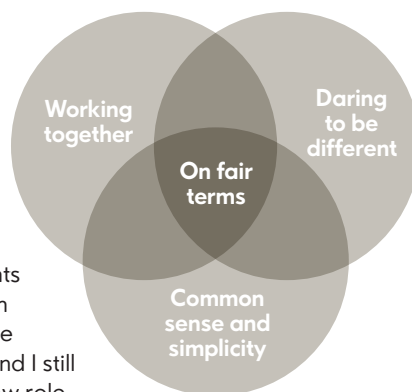
Our values and promise



For over six years our values have guided me at work when cooperating in successful teams. In my previous positions in the assembly and sewing departments I had the pleasure of working with people who taught me the diverse

natures of work that is associated with accuracy and I still today maintain close relations with these. In my new role, I face new challenges and goals that I try to take on and achieve step by step. I am convinced that – relying on our values – my colleagues and I can show our best sides and continue to grow ourselves and our company!

Joanna Kaźmierczak
Junior Production Calculation Specialist at Dendro Poland



Hi,

After spending my first full year with Ikano, I can say that not one day goes by without a new opportunity to seize or a new challenge to take on – and I am truly impressed by how our co-workers always do their best when faced with these!

As this booklet shows, 2016 saw many events that proves what we are capable of when we put our minds to it. It was also the year where we made significant changes to our business model, as well as implemented some organisational changes, to be better prepared for the future.

To mention a few of the many highlights, in Ikano Bank we have centralised customer service for all Nordic countries and started a very important digital transformation process. In Asia we are working on multiple projects and have established an office in the Philippines for the purpose of opening IKEA stores the coming years. Speaking of new markets, we also have a project team in place investigating the possibilities for bringing IKEA to Mexico!

In the insurance segment we dared to question whether what we do can be long-term successful, resulting in the strategic decision to sell Ikano Försäkring. At the same time, our real estate business saw tremendous growth and successfully started the venture of building nursing homes in Sweden. Last but not least, our highly successful factory Dendro implemented yet more recycling processes and is now moving towards an annual production capacity of 3 million mattresses!

As this report is published, we are working on our strategic direction for 2018 to 2022. Being a group of companies, one of our biggest strengths is our diversity and we are smartly positioned in very different industries. The need for centralised steering is limited and accountability for results lies with each individual business. However, we predominantly run our businesses in the wake of IKEA on mature markets with fierce competition. Therefore, always challenging ourselves and taking a critical look at how we do things is a prerequisite for achieving our long-term ambition to bring value to our owners and customers.

Going forward we will continue doing what we do best, but with an even greater focus on simplifying our processes and making things happen on time or earlier in order to exceed customers' expectations and generate sustainable profitability. By ensuring a strong performance culture, I am certain that we will be able to find better ways together!

Lars Thorsén,
Ikano Group CEO



Our 2016 at a glance

Operating
in
15
countries

More
than
4,600
co-workers



Net result
in EUR
131
million

Our UK
savings reached
150
million pounds of
deposits during
its first full
year on offer




Our real estate
business in Sweden
reduced its carbon
footprint by
619
tonnes



738 co-workers walked, ran
or cycled 10,252.1 kilometres,
together raising 102,521 euros
for Rainbows Hospice



60.5
million
visits to our
IKEA stores
and
shopping
centres



We opened
a joint
customer service
centre in
Malmö for all
Ikano Bank's
Nordic markets



We produced 16,000 tonnes of foam and sold 2,137,000 mattresses



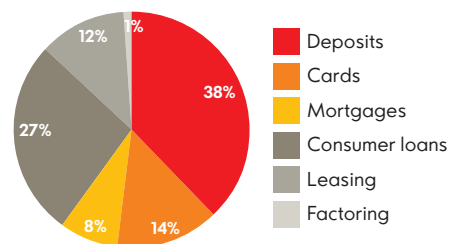
We offer simple and fair banking and financing solutions to the many people. Our offer to consumers includes private label cards, credit cards, loans and savings accounts. We deliver sales finance and customer insight services to retail partners and provide businesses with leasing and factoring solutions.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

Facts at a glance

No. of co-workers: 1,114

Business volume

EUR 6.6 billion



Open accounts

Loans: 882,000

Deposit accounts: 228,000

Leasing contracts: 64,000

Private label cards: 3.9 million

Bonus/loyalty cards: 9.9 million

Visa/Mastercard: 780,000

Our markets

We operate in Austria, Denmark, Finland, Germany, Norway, Poland, Russia, Sweden and the UK.

The year in brief

- We saw good growth in all markets and increased our business volume.
- In the UK we began to see the results of the broader product range launched during 2015 and 2016.
- Our Swedish business saw good growth in the loan segment and closed several important partner agreements in sales finance.
- We continued to make investments to increase competitiveness and customer satisfaction.
- Our joint customer service centre for all Nordic markets opened in Malmö. The initiative is part of our growth plans.
- We received awards in several countries for our focus on customer service.
- We were rated one of Sweden's top 125 employers for the fifth year in a row.
- Our IKEA Bezahlkarte was ranked the overall best consumer credit card in the German Fairness Awards, with top scores on transparency and reliability.
- Norwegian consumer programme "TV2 Helps You" ranked our 9-month instalment solution for IKEA customers as the best on offer.
- We launched 'Social Day', giving employees across our markets the opportunity to engage in volunteer work during working hours.

Helping IKEA serve the many people

Sharing the same target group in the many people, Ikano Bank has worked closely together with IKEA for a number of years to drive sales in stores across Sweden. During the last years we have deepened this cooperation, aiming to strengthen our joint offer where our products help IKEA meet customers' needs and provide affordability.

Frida Vennum

Account Manager Business Line IKEA,
Ikano Bank Sweden



By working closely together with IKEA, we create possibilities to be relevant for customers by meeting and going beyond their expectations. In communicating our common IKEA offer of financing solutions, we have gone from speaking about these as products to taking the customer's perspective – for example asking how we

can help realise the dream of getting a new kitchen or living room furniture.

In this way we work together with IKEA to create relevant communication and offers that help our customers understand the benefits of our solutions, and we always strive for simplicity in the buying process, regardless if the customer is shopping online or in the physical store.

During the last two years, we have strengthened our cooperation in order to create communication where our financing solutions are integrated in the IKEA offering. Johan Barréus, Service Business Leader Sweden, IKEA, comments:

"We are very happy with the positive results from integrating financing in our offer and simplifying the buying process for our customers. Looking forward, we will continue to strengthen the cooperation with Ikano Bank in order to develop long-lasting and trustful relationships with our common target group – the many people."





Ikano Bank

Where we are and what we offer

The satisfaction
among IKEA consumer finance
customers increased to

47.4

(Net Promoter Score)



Austria



We supported

150

days of summer camp for
teenagers aged 14–19
through our partnership
with Camp True North



Denmark

Our B2B
leasing sales volume
grew by

100

percent



Finland

We replaced

400

fluorescent lamps
with eco-friendly LED lights
in our Wiesbaden office



Germany

The use of mobile
BankID when e-signing
contracts increased by

113

percent



Norway

To finance
their IKEA shopping,

92

percent of our customers
used the online self-service
application



Poland



Covering 770 kilometres,

1.5

million steps were taken
by our co-workers during IKEA
and MEGA mall store visits



Russia



Our consumer
loan was rated no.

1

in its category by Swedish
Quality Index (SKI)
for the fourth year in a row



Sweden

We hit our D2C
savings target of

150

million pounds, ending
the year with
4,000 saving customers!



United Kingdom

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

- Direct to consumer
- Business to business
- Retail partners

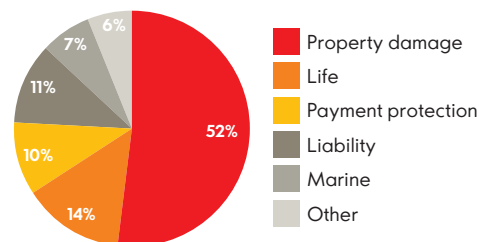
Ikano Re and Ikano Insurance Advisory provide reinsurance solutions and advisory services for the global operations of our clients within the IKEA franchise system, covering areas such as transportation, property and liability. Ikano Försäkring provides consumers with child-, life- and accident coverage as well as change of ownership and payment protection insurances.

Facts at a glance

No. of co-workers: 42
No. of customers: 238,000

Gross premiums written

EUR 105 million



Our markets

Ikano Re and Ikano Insurance Advisory operate globally in the markets of our clients. Ikano Försäkring has customers in Sweden, Norway and Poland.

The year in brief

- We grew our client base within the IKEA franchise system.
- The EU Solvency II directive was fully implemented in our insurance and reinsurance operations.
- We extended our global employee benefit portfolio whereby we will gradually assume the risk exposure emanating from in excess of 100,000 employees.
- Following an in-depth strategic review, we made the decision to investigate options for selling our consumer insurance business Ikano Försäkring. The sales process is ongoing and is expected to be finalised during 2017, marking the end of an era that started with our first direct insurance company Safe Försäkring back in 1991.



Production

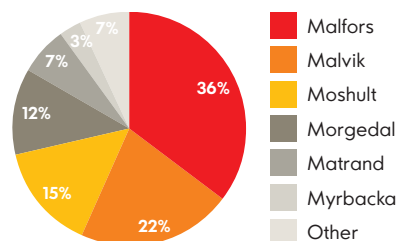


Dendro Poland's mission is to be IKEA's leading supplier of foam mattresses and our facilities in Rogozno constitute one of the largest and most modern mattress producing factories in Europe. With sustainability and quality focus being at the core of everything we do, teamwork, innovation and courage are guiding themes that lead us towards achieving our mission.

Facts at a glance

No. of co-workers: 512
Turnover: EUR 89 million

Mattresses sold:
2,137,000



Markets

We supply mattresses to IKEA stores across Europe.

The year in brief

- Order volumes were some of the best so far in the history of Dendro Poland.
- We produced 16,000 tons of foam – 6,400 blocks that if lying in a row would cover a distance of 192 kilometres!
- We launched the RePES project, aimed at recycling residue textile trims generated by our sewing department.
- Our sewing department produced 1,000,000 mattress covers.
- We added metal spring mattresses to our product portfolio.
- Our KAIZEN employee ideas system, used to detect and eliminate errors and weak spots in our activities, got 300 entries.
- We started the construction of a Foam Competence Centre where we will explore new methods for recycling end-of-life mattresses.



Some years ago our factory pioneered in creating a chemical recycling line for flexible polyurethane foam. In 2016 we started construction a new facility where we can refine this process even further as well as explore new methods – and, we took on recycling of the residue textile trims generated by our sewing department.

Karolina Fiedosiuk
Junior Project Manager, Dendro Poland



Launched back in 2013, our RePolyol (Recycled polyol) method uses spillover foam from our production line to create new polyol, an essential ingredient in our foam mattresses. Our RePolyol has the same physiochemical properties as 'real' polyol and is today successfully used in the production of new mattresses.

During 2016, we took on another part of our production line – the sewing department, which yearly generates about

400 tonnes of residue textile trims, such as knitted fabric, PES wadding and thread. The project aimed at using defibrated textile scraps (RePES) for producing non-woven fabric. The result was astonishing – it turned out that the properties of the fabric produced met IKEA standards and that thanks to the addition of RePES, it was further refined!

The recycling technologies used for RePES and RePolyol have opened the door to many new possibilities and we therefore in 2016 started construction of a Foam Competence Centre. There we will continue our research, both by refining existing methods and by exploring new ones that can enable us to further recycle end-of-life mattresses collected from customers.

ADVANTAGES OF RePES

- Disposal of textile trims from production
- Reduced logistics handling
- Reduced CO2 emissions in PES production

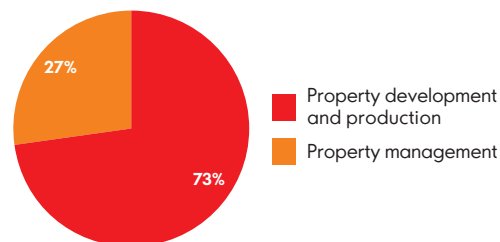
Ikano Bostad operates where people want to live and where Sweden grows. There, we build, own and manage residential areas and contribute to sustainable communities. We want to be more than a property developer. Therefore we think in new ways to prioritise not only the houses but also the surroundings.

Facts at a glance

No. of co-workers: 423

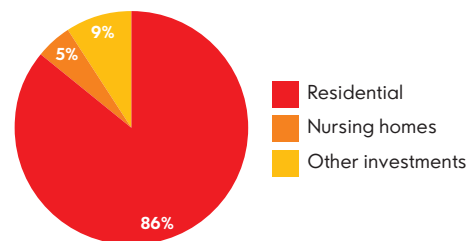
Turnover

EUR 215 million



Market values of properties

EUR 1.4 billion



Residential

Sweden: Göteborg, Lund, Malmö, Stockholm, Uppsala, Västerås
No. of apartments: 6,000
Rental sq.m under management: 453,300
Apartments under construction: 1,637

Nursing homes

Total sq.m: 9,100

The year in brief

- We have entered the nursing home segment and acquired a number of related properties.
- We opened an office in Uppsala, Sweden, an important and fast-growing market for us.
- We started sales of apartments with flexible solutions that improve and simplify everyday life for our customers.
- We expanded our offer with villas/town houses, enabling us to take a holistic approach towards community development.
- We employed 84 new co-workers, all participating in our introduction programme about our culture, our values and our way of working.
- We made the decision to, where possible, install solar panels on all new rental apartment buildings.
- We reduced our carbon footprint by 619 tonnes since 2015 despite growing our business.
- We provided 42 teenagers and young adults with summer jobs.
- We made the strategic decision to expand our business outside Sweden by entering the housing market in Copenhagen, Denmark.
- We acquired the Ikano office building in Malmö, Sweden.



Villas and town houses ready for every day life

Further expanding Ikano Bostad's customer offer, the new villa/town house segment was launched during 2016. And as with all homes we create, the focus lies on flexible, smart and sustainable solutions that simplify everyday life.

Peter Wickström

Business Manager Villas/Town Houses,
Ikano Bostad



With our villas/town houses we want to contribute to better and sustainable living as well as urban development. Therefore our houses will be easily maintained low-

energy ones with edible gardens and great storage solutions. Many of the homes will also come with preinstalled rooftop solar panels.

Tenants will further find garden equipment and tools available in a nearby community house, which also can be used for hosting events.

At the same time we want our customers to live in homes that simplify everyday life and the challenges that come with it, and we strive to make owning a home as simple as possible from day one. Accordingly, both the interior and the garden are complete upon move-in – new tenants just need to light the grill and start living!

Better living for the many elderly people

After acquiring two existing and two projects during 2016 Ikano also signed an agreement to plan, build and own a nursing home in Sköndal, Stockholm.

Maria Rydén

Managing Director, Ikano Nursing Homes

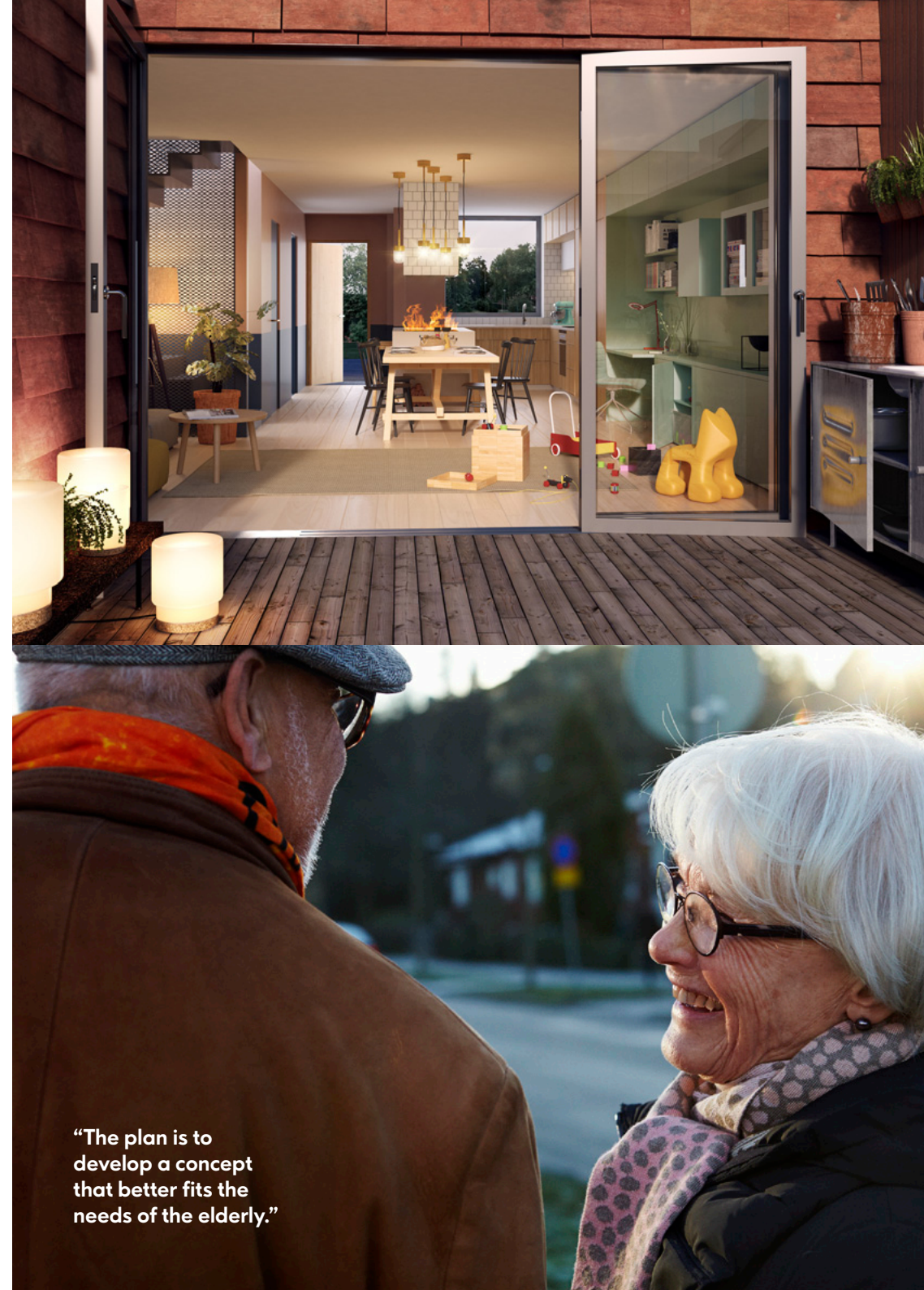


The new nursing home segment is broadening the offer of Ikano's real estate business. Covering both project development and long-term management, it makes us a more comprehensive partner for municipalities and other partners.

The plan is to develop a concept

that better fits the needs of the elderly. Communications, social and outdoor environments as well as the possibility to integrate other businesses like pre-school or social housing are key for this next generation of nursing homes.

Thanks to our strong brand we have got a lot of interest from customers and the nursing home segment gives us great opportunities to grow our already expanding real estate business even further! With residential and our new segment of villas/town houses, we are able to create thriving communities that can appeal to the many people at all stages of life.



"The plan is to develop a concept that better fits the needs of the elderly."

Retail



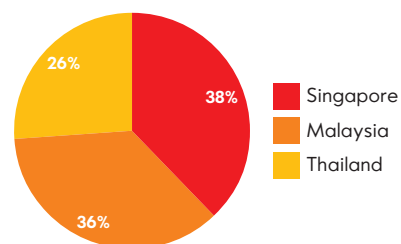
We own and operate IKEA stores in Southeast Asia, offering millions of people access to well-designed home furnishing at affordable prices. We also develop, own and operate shopping centres, anchored by IKEA stores. In addition, we invest in residential, office and other types of real estate to create vibrant, one-stop retail & lifestyle hubs. We have an ambition to double our business in the coming years.

Facts at a glance

No. of co-workers: 2,522

Turnover

EUR 565 million



IKEA (total for all our stores)

No. of catalogues released: 4.6 million

No. of visitors: 21.0 million

No. of children to Småland: 240,700

No. of meatballs sold: 28.0 million

Shopping Centres

Megabangna, Bangkok, Thailand

No. of visitors: 30.2 million

Gross leasable sq.m: 189,700 including IKEA

No. of tenants: 785

IPC, Kuala Lumpur, Malaysia

No. of visitors: 9.3 million

Gross leasable sq.m: 73,500 including IKEA

No. of tenants: 165

The year in brief

- We opened a small development office in Manila to explore and begin initial groundwork to establish a new market in the Philippines.
- In Penang, Malaysia, we started groundworks for a new IKEA store – aimed to open in 2019 – located in a 245-acre township development including residential and commercial offices.
- Enough renewable energy to power up 749 four-room households (approximate size 90 sq.m.) was produced by IKEA Cheras' solar power panels – Malaysia's largest solar self-consumption system in use, earning us a gold certification from the country's Green Building Index.
- Megabangna Shopping Centre broke ground on an extension project that will add 20,000 sq.m. of new space to the centre – including 40 restaurants, 1200 parking spaces and a large supermarket.
- We broke ground for IKEA Tebrau in Johor Bahru, Malaysia, and IKEA Bang Yai in Thailand, scheduled to be completed in 2017 and 2018, respectively.
- By aligning recruitment to our values and investing in people development workshops, we raised our co-worker survey score by 31 points to 758, continuing the positive upward trend.
- At the end of the year we had 1.27 million IKEA Family members.



A total of

60.5 million

physical visits to our
IKEA stores and shopping
centres, and 33.4 million to
their websites!

2.5 million

KWh produced by more
than 8,000 solar panels on
our retail outlets

Malaysia

IKEA Damansara

IKEA Cheras

IPC Shopping Centre

MyTOWN Shopping Centre

(opened March 2017)

Singapore

IKEA Alexandra

IKEA Tampines

Thailand

IKEA Bangna

IKEA Pick-up &

order point Phuket

Megabangna Shopping Centre

Our IKEA stores
and shopping centres had

2.2 million

Facebook followers

On average, each day

2,300 construction workers

progressed our
project developments





Sustainability is good business

Caring for people and the planet is a key focus for our business. We are committed to make sustainability a natural part of our everyday business – for customers, co-workers, suppliers and the communities in our markets.

Kevin Malone
Mechanical, Electrical and Plumbing
Manager, IKEA Southeast Asia



IKEA Cheras, just passing its first full year of operation, has done us proud setting a new benchmark for green buildings in 2016. With 3,850 solar panels on its rooftop, it is the largest solar project for self-consumption in Malaysia.

Coupled with the integration of several other sustainability initiatives into the building architecture, such as rainwater harvesting, solar panels, water and

energy saving pumps, chiller and filters, IKEA Cheras has earned a gold standard certification in design from Malaysia's Green Building Index. And this also puts us on track to get the gold certification standard from the United States Building Council.

Even better, integrating all these sustainable measures and initiatives helped trim off about MYR 500,000 from our operational costs.

Encouraged by the positive results we have achieved, we aim to secure that all our building projects from construction to operations will have sustainability firmly built into the frameworks. All new projects will be certified to a minimum of LEED gold standard or similar local certification standards, and we continue our strive towards running even more sustainable retail operations – most things still remain to be done!

Engaging people to lead a greener everyday life at home

We are committed to inspiring and enabling all our customers to live a more sustainable life. Accordingly, we have more than 300 products and even more ideas to help our 21 million store visitors save energy and water, reduce and recycle waste and lead a healthier everyday life at home.

April Kwan
Interior Design Leader,
IKEA Southeast Asia



In September 2016, a team of IKEA co-workers from different departments came together to plan and build an out-of-store show home for a Green Living expo in Singapore. It took a few weeks of intense planning to come up with an engaging way to share inspiring yet simple and sustainable ideas that could potentially save a family of four SGD 1,300 per year.

The show home was modelled after a typical local apartment in Singapore. Visitors were invited in for a cup of coffee and refreshments and led on a tour of the house.

Co-workers took turns to share and demonstrate how practical solutions and a little effort here and there could make a difference at home; from heat insulating cellular blinds to space-saving recycling systems.

The event meant hard work and long hours but also a great experience for co-workers working together to pull this sustainable home project off. Visitors enjoyed the experience too and we have decided to reproduce similar show homes in all our IKEA stores in 2017.

These are small things. But therein lies the beauty of small actions – they all add up! Every step we take brings us closer to our vision of creating a better everyday life.



Our financial results 2016

Our owners take great interest in the long-term development and profitability of Ikano Group, and while we during 2016 significantly invested in its expansion, we also succeeded in producing a net result of EUR 131 million for 2016. All our businesses positively contributed to this good result: Ikano Bank expanded its loan book by 10%, Ikano Bostad increased its rentable area portfolio by 11%, IKEA South East Asia's turnover grew by 9%, and our insurance businesses and Dendro Poland maintained premium and sales volumes, respectively.

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

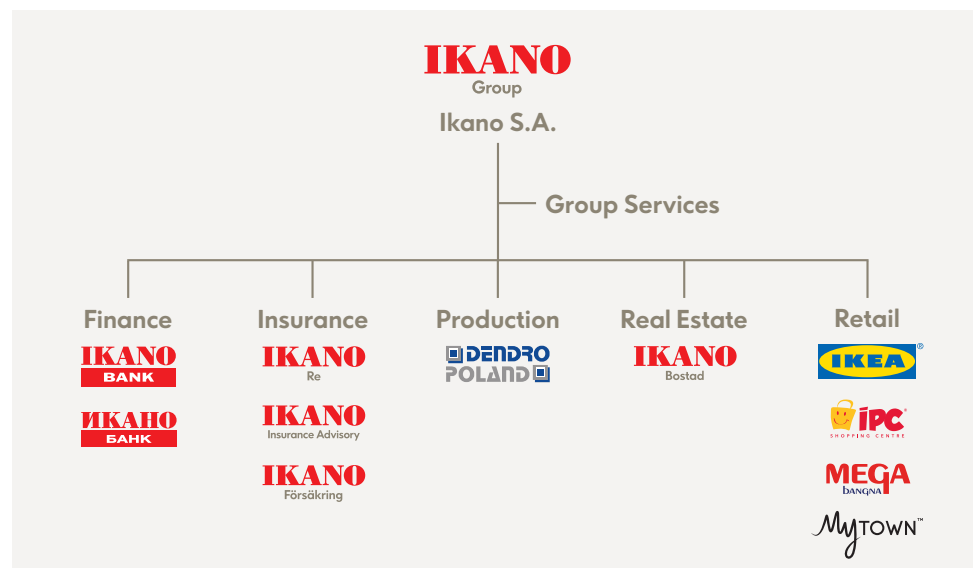
Yohann Adolphe,
Group CFO

Total assets **EUR 8.0 billion**

Net result **EUR 131 million**

Extracted from the Ikano S.A. audited consolidated annual accounts for the year ending 31 December 2016.

Ikano Group organisation



Group Extended Management Team



Back row from left: **Stefan Nyrinder** Ikano Bank, **Mats Håkansson*** Group Vice President, **Daniel Skoghäll** Real Estate, **Tomas Wittbjer** Insurance, **Lars Thorsén*** Group CEO, **Lars Svensson** Group Sustainability, **Sebastian Luczynski** Dendro Poland.

Front row from left: **Jean Champagne*** Group HR, **Christian Rojkjaer** IKEA Southeast Asia, **Yohann Adolphe*** Group CFO, **Marie Gällstad*** Group Communications.

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

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

Our mission



www.ikanogroup.com

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