

# Ikea looks to be sitting comfortably again

Full-year revenues up 11%  
as flat-pack seller recovers  
from lacklustre two years

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The march of the Billy bookcase, the Ektorp sofa and millions of Allen keys goes on unabated.

After two years of lacklustre growth, Ikea, the privately-owned Swedish retailer of flat-pack furniture, has announced an 11 per cent rise in revenues.

Full-year sales were €32bn, the company said yesterday, as it speeds up pursuit of its goal of hitting €50bn in revenues by 2020.

Growth was fastest in China and Russia, while expansion in Germany was at a record pace, the world's largest furniture retailer said. Sales in existing stores expanded 5.1 per cent.

Ikea also picked up the pace of store openings in the year to the end of August, opening 13 large stores and

**€50bn**  
Revenue target  
for the Swedish  
furniture retailer  
by 2020

**13**  
Number of large  
stores opened in  
the year to the  
end of August



**Ikea has high hopes for the market in China, where it opened three stores last year** — Mark Ralston/AFP/Getty

three of its new city centre pick-up points.

It hopes to reach its 2020 target by building new stores in countries including India and selling more online.

Internet sales exceeded €1bn for the first time and increased 35 per cent as ikea.com received 1.9bn visits, up a quarter.

Peter Agnefjäll, chief executive, told the Financial Times: "We are delivering in a very good way on the growth strategy we put in place two years ago. We are continuing to lower our prices. We are continuing to make Ikea accessible to many people."

Ikea said in 2013 that it was targeting an average of 10 per cent sales growth a year, with half coming from existing stores and half from new ones and ecommerce, but 2014-15 marks the first time it has met this goal. In the preceding two years, sales growth has been about 3 per cent.

Mr Agnefjäll explained the increase in growth by pointing to "better products, better ecommerce capabilities, expansion that is picking up a bit", as well as a focus on bathroom and bedroom products last year.

Mr Agnefjäll began his tenure as chief executive two years ago by abandoning his predecessor's goal of opening 20-25 stores a year after it was questioned by Ikea's mercurial founder, Ingvar Kam-

prad. Mr Agnefjäll had calmed the situation at Ikea after a number of scandals that came at the end of the reign of his predecessor, including espionage allegations in France and bribery claims in Russia.

But after store openings hit a record low of just five in 2012-13, Ikea accelerated again last year, bringing the total number of shops to 328.

Mr Agnefjäll said Ikea would stick to its expansion plans in China and Russia

## Refugees Flat-pack sales find silver lining in European crisis

The refugee crisis sweeping across Europe this summer has led to a boom in sales of flat-pack furniture.

Sales at Ikea's German stores have risen after purchases of home furnishings by charities and local authorities to equip reception centres for the thousands of refugees who have crossed Germany's borders.

"The current situation with refugees in Germany has intensified bulk orders from associations, charities and municipalities for certain items," Ikea said.

despite the recent stock market fluctuations.

The company opened three stores in China last year and is expecting to do the same in 2015-16.

"As the economy develops, people would like to have a new bed, a place to store their clothing, a place to have breakfast and that fits with Ikea," he said about China.

He added: "The stock market goes up and the stock market goes down, but at

The company declined to give a figure for the increase in sales.

In March, the UN's refugee agency UNHCR placed an order for 10,000 flat-pack shelters from Better Shelter, a social enterprise linked to the Ikea Foundation, the philanthropic arm of Ikea's owners.

With 50 stores, Germany is Ikea's single biggest market.

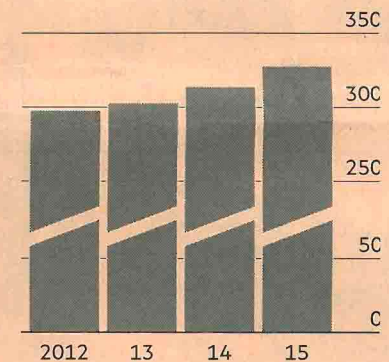
Ikea opened its first city-centre store in Hamburg last year, a departure for the retailer, which usually operates stores on the outskirts of cities.

Germany expects to receive 800,000 asylum seekers this year, more than the entire EU combined in 2014. Jeevan Vasagar

**Upwardly mobile**  
Ikea revenues (€bn)



**Expansion blueprint**  
Store numbers



Source: company

Ikea we have a long-term view. When you have a long term it means the shifts will be less."

Ikea has managed to grow despite a strong presence in southern Europe, where he said there continued to be "positive progress".

Mr Agnefjäll added that the group's expansion, focus on better quality, and on continually lowering prices, allowed it to counter negative trends, "but we are not immune to the world around us".

Ikea, which reports full-year profit

**'The stock market goes up and the stock market goes down, but at Ikea we have a long-term view'**

figures in December, only began to disclose financial information at the start of this decade.

The company has also given more insight into its complicated structure as well as glimpses into its financing as Mr Kamprad has withdrawn from formal positions in the company he founded in 1943.

His three sons hold senior directorial positions in the foundations that control Ikea and its sister company Inter Ikea, which controls the brand.