



**DOW JONES** GLOBAL COMPLIANCE SYMPOSIUM  
MARCH 27 - 28, 2012  
PARK HYATT WASHINGTON  
[LEARN MORE AND REGISTER](#)

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

**THE WALL STREET JOURNAL.**

WSJ.com

EARNINGS | JANUARY 20, 2012, 5:42 A.M. ET

## Ikea Profit Rises on Continued Growth

By JENS HANSEGARD

STOCKHOLM—Ikea International A/S, the world's biggest furniture retailer, Friday posted a rise in annual net profit, gaining market share despite a challenging retail environment, and said it plans to double its investment in the current fiscal year.

Net income in the year to Aug. 31 rose to €2.97 billion (\$3.85 billion) from €2.69 billion. Operating income increased to €3.76 billion from €3.27 billion while total sales rose to €25.2 billion.

"During the year we have been fortunate to continue to grow. Our total sales increased by 6.9% and our existing stores grew with 2.7%," said Chief Executive Mikael Ohlsson.

Many home furnishing retailers struggled in 2011, hit by soaring raw material costs, government austerity measures and slowing housing markets. Home furnishings company Habitat was broken up last summer after its U.K. arm went into administration, with parts sold to Homebase-owner Home Retail Group PLC. And Home Retail itself said last week that its full-year profit will be lower than expected and that 2012 will be another difficult year for retailers.

Despite early signs that global retail is heading for better times, the uncertain macroeconomic outlook means consumers are likely to remain cautious in their spending, according to analysts.

Still, Ikea benefited from increasingly cash-conscious consumers, attracted by its low-cost furnishings and flat-pack, self-assembly furniture. The privately owned Swedish company increased its market share in almost all areas, particularly Russia, China and Poland, as it cut prices by 2.6% despite higher raw material costs. Gross margin fell to 44.2% from 46.1% and Mr. Ohlsson said Ikea will continue to strengthen its competitiveness by passing supply chain cost savings on to its customers.

The retailer, which generates most of its sales in Europe, plans to invest €3 billion in stores, factories and retail centers, as well as in the expansion of wind farms and solar power sources. It invested €1.4 billion in existing and new stores last year and a further €300 million in Ikea's industrial group.

It opened seven new stores in fiscal 2011, bringing the total to 287.

Copyright 2011 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)