

Interim Management Statement

RNS Number : 2459S
Ocado Group PLC
07 September 2010

7 September 2010

Ocado Group plc Interim Management Statement 'Strong Growth Continues'

Financial Highlights

- Gross sales increased 29.5% to £126.5m for the 12 weeks to 8 August 2010 (2009: £97.7m)
- Gross sales increased 29.8% to £372.2m for the 36 weeks to 8 August 2010 (2009: £286.8m)
- Average orders per week for the 12 weeks to 8 August 2010: 92,834 (70,968 in equivalent period in 2009)
- Average order size for the 12 weeks to 8 August 2010: £113.59 (£114.73 in equivalent period in 2009)
- At 8 August the Group had cash and cash equivalents, including monies on deposit, of £205.9m, borrowings of £119.9m and undrawn available facilities of £110.0m

Operational Update

- Ocado's strong sales momentum, as demonstrated in the first half of the year, has continued with a strong performance over the 12 weeks to 8 August and continued year-on-year growth in the period since then. Sales for the 36 weeks to 8 August increased 29.8% to £372.2m, with growth in both the number of customers and the spend-per-customer.
- Improving the customer experience is a core strategic priority for Ocado; this has been demonstrated by an increase in the proportion of sales through the mobile channel (via iPhone and Android devices) as well as the increasing take up of new products categories, such as the service counter¹. Ocado's superior customer proposition continues to be recognised by third parties, most recently at the Grocer Gold Awards 2010, where Ocado was awarded "Online Retailer of the Year".
- The impact of the Delivery Pass² on basket size has substantially diminished, with a consequent slowing in the rate of decline in basket size (down 1% year-on-year in the 12 weeks to 8 August).
- Gross margins have been stable over the period, remaining at similar levels to those reported for the first half.
- The uplift in volumes continues to drive increased customer density, resulting in improved efficiency in delivery and an associated increase in deliveries per van per week. In the CFC two new chill aisles opened on schedule and on budget in August, this has removed trolley picking in the chill zone that had been temporarily reinstated earlier in the year, as previously outlined.

- Capital investment plans to service the growing demand for Ocado are progressing as previously outlined at the time of the IPO. Potential sites for CFC2 and spokes in the South of England have been identified and negotiations are progressing.
- As previously announced Ocado and Waitrose signed a new agreement on 25 May giving Ocado the right to sell Waitrose goods until 2020. This contract is the longest contract Ocado and Waitrose have signed, showing the commitment of both sides to the relationship.

Tim Steiner, Chief Executive Officer of Ocado, said:

"In this period, Ocado entered the next phase of its development, becoming a public company, and we welcome our new shareholders. I would also like to thank our customers, our staff and our partners at Waitrose for their continued support. Given increased customer demand and our need to increase capacity it was an appropriate time for the company to raise capital for growth. We now have the funds required to finish the build out of CFC1 and to build CFC2."

Andrew Bracey, Chief Financial Officer of Ocado, said:

"Operationally this was another strong quarter for Ocado, with gross sales increasing by 29.5%. As a consequence both sales and EBITDA growth continued the trend observed in the first half of the year, with gross margins remaining stable."

There will be a conference call for analysts at 9.00am. For dial in details please contact Brunswick.

Contacts

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Notes to Editors

1. The Service Counter enables customers to choose to have their meat and fish filleted and prepared to order.
2. Ocado Delivery Pass is our money-saving pre-pay delivery scheme. Ocado customers can choose to pay for Ocado deliveries in advance and get deliveries for no additional cost outside of the Christmas week.

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