

Trading Statement

RNS Number : 14501
Ocado Group PLC
10 December 2020

OCADO GROUP PLC

10 December 2020

Ocado Retail Q4 Trading Statement

Continued positive customer response to M&S offering, smoothed trading week, and impact of additional lockdown measures, contribute to strong momentum in the quarter

Ocado Retail Ltd ("Ocado"), a joint venture between Ocado Group plc ("Ocado Group") and Marks & Spencer Group plc ("M&S"), today announces its trading statement for the 13 weeks to 29 November 2020.

Highlights

- Retail Revenue grew 35%, reflecting strong demand for online grocery and the continuation of a smoothed trading week compared to the peaks and troughs that reflected normal shopping habits pre-COVID. The growth rate relative to Q3 is the result of the seasonality of the quarter
- Average order size of £133¹, as customer shopping behaviour continued to normalise
- Progress in orders per week reflects underlying trends in basket size
- Erith CFC ended the period at over 130,000 orders per week²
- Customers continue to embrace the full M&S range with the biggest selling lines coming from everyday essentials in the M&S fresh categories

Key financials

	13 weeks to 29 November 2020	13 weeks to 1 December 2019	Growth ⁵
Retail Revenue ³	£579.6m	£429.7m	34.9%
Average orders per week ⁴	360,000	350,000	3.0%

Melanie Smith, Ocado Retail's Chief Executive Officer, said:

"We continue to make good progress bringing even greater choice, quality, and value to our customers following the switchover to M&S at the beginning of September. At Ocado Retail we are constantly looking to raise the bar even further and the addition of M&S products to our grocery ranges has enhanced what was already the widest choice of products available online.

Despite exceptional demand during the period, we have high rates of on-time customer delivery and low rates of substitutions. This, together with our commitment to competitive prices and the freshest produce available, all delivered in a way that minimises handling and maximises hygiene, has strengthened our credentials as the UK online grocery market leader in terms of customer experience. With three new warehouses opening in 2021 which will ultimately give us 40% more capacity to our business, we look forward to being able to offer more slots to existing customers while welcoming new customers to Ocado and showing them what we can offer".

Tim Steiner, Chairman of Ocado Retail, said:

"This has been an exceptionally difficult year for everyone in the country and indeed around the world. Throughout the COVID crisis, we have endeavoured to bring the best and most reliable customer experience to as many households as possible. I would like to pay tribute to all my colleagues who have played a part in making this happen, in particular our front line staff and those working in our Customer Fulfilment Centres, who have worked tirelessly to help feed the nation. I am incredibly proud of the agility the business has demonstrated through this challenging time. We enter the holiday period with confidence and look ahead to better times for all in 2021".

Guidance

Increased social distancing restrictions, in place nationally since early November, contributed to continued strong trading performance at Ocado Retail which continued to experience a "smoothed" trading week into the year-end compared to the peaks and troughs that reflected normal shopping habits pre-COVID. Combined with the impact of operational leverage in the retail business, Ocado Group now expects full year EBITDA to be over £70m.

Outlook

Rates of sales and EBITDA growth in FY21 will be determined by the extent to which Ocado Retail returns to a "normalised" trading week and the timing of when the planned additional capacity goes live.

Ocado Group, on behalf of the joint-venture, will be hosting an analyst conference call at 7.30am today. Dial in details are: +44 33 0606 1122, room number: 438894, participant pin: 4132. A replay facility can be accessed on: ++44 33 0606 1122, room number: 095246 for 90 days following the announcement.

Contacts

- David Shriver, Director of Communications, Ocado Group plc, on 01707 228 000
- Fraser Ramzan, Head of Investor Relations, Marks and Spencer Group plc, on 0203884 7080
- Martin Robinson at Tulchan Communications on 020 7353 4200

About Ocado Retail

Online supermarket Ocado.com was established in 2000 and is one of Britain's leading online retailers, now a 50:50 joint venture between Ocado Group and Marks & Spencer Group plc. Covering geographies comprising over 74% of UK households, every shopping bag is carefully packed in one of three distribution centres using market leading software and technology. Shopping is then delivered direct to customers using a network of regional spokes in brightly-coloured vans. With award-winning mobile apps, Ocado Retail delivers over 50,000 products, including big-name brands, a range of M&S and Ocado own brand products and a growing non-food selection. Thoughtful service features such as colour-coded bags, digital receipts provided in date order, reminder texts with your driver's name, along with convenient hourly delivery slots complementing award-winning customer service on email, phone and social media.

Notes

1. Average order size refers to results of Ocado.com and Fetch.
2. Erith CFC orders per week calculated on a pre-COVID basket size of 45 eaches
3. Retail revenue comprises revenues from Ocado.com, Fetch, and Ocado Zoom.
4. Average orders per week refers to results of Ocado.com and Fetch.
5. Growth percentage calculated on a rounded basis.
6. The figures used in this announcement are unaudited.
7. A copy of this trading update is available on www.ocadogroup.com and www.corporate.marksandspencer.com.

Cautionary statement

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Ocado does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTKKCBBDBDBDBK