

Trading Statement

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Ocado Group PLC
15 September 2020

OCADO GROUP PLC

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Ocado Retail Q3 Trading Statement

Continued strong growth in retail sales; switchover to M&S products marks exciting new phase for JV

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 30 August 2020.

Highlights

- Retail Revenue grew 52% as channel shift to online grocery in UK continues
- Retail sales grew faster compared to Q2 as demand remained high versus a seasonally softer quarter in Q3 2019
- Average order size continues to normalise from COVID-related peaks to £141¹, but remains above pre-crisis levels
- Orders per week have increased thanks to a combination of strong demand, a phased reopening of the website to new customers, and a normalising of shopping patterns
- Customers have responded positively to the switchover to M&S products on the 1st of September, with demand for the new range driving both an increase in the number of products in customer baskets and strong forward demand
- The weighting of M&S products in the average Ocado basket is higher than Waitrose prior to the switchover, reflecting positive customer reaction to the addition of M&S to the range

Key financials

	13 weeks to 30 August 2020	13 weeks to 1 September 2019	Growth ⁴
Retail Revenue ²	£587.3m	£386.4m	52.0%
Average orders per week ³	345,000	315,000	9.6%

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

"These are transformational times for Ocado Retail with M&S products now exclusively available online at Ocado.com. The successful switchover means that M&S products are available to buy in a weekly shop side by side with branded products for the first time. As a result, we can now offer customers more choice and better value than ever before, wider ranges than any traditional retailer, and thousands of products that are only available online through Ocado.com.

Our model brings customers the very best customer experience, supported by sustainable economics and respect for the environment and the communities we serve. Ocado's innovative technology solution provides the best service metrics for any online grocery service in the UK. We believe that our proposition is the lowest carbon footprint way to shop in terms of emissions and food waste, with increased hygiene meaning less handling of product in our fulfilment and delivery.

Our aim is to continue to set the bar as we begin again to welcome new customers who are seeing the benefits of online shopping in ever greater numbers and we remain focused and on track to increase capacity by 40% through to 2021. Finally, I would like to thank my colleagues for their hard work and dedication in making this happen, even under the most challenging circumstances. I am proud of you all".

Update on switchover to M&S products on Ocado.com

Following the go-live of M&S products on Ocado.com in the first week of August, customers received their first deliveries from this new range on the 1st of September.

The initial range of 4,400 food products replaces c4,000 Waitrose products providing high quality alternatives at the same or better prices, M&S favourites, and hundreds of completely new products which reflect trends that Ocado.com customers are most excited about such as M&S Plant Kitchen, Organic, Remarksable and Made Without ranges.

M&S's great value is highlighted through its Remarksable range which includes M&S Remarksable Best of Both Medium Sliced Bread Loaf for 65p and M&S Remarksable Select Farms British Whole Milk for 85p. M&S expects to add around 800 more products to the range in the coming months including the launch of M&S's Christmas ranges, Entertain by Ocado and further new product development.

In addition, Ocado.com now features around 700 M&S Home & Lifestyle product lines, further enriching the hypermarket offer for customers with quality M&S products in categories such as toiletries, baby, kitchen, dining and household.

Excitement around the launch of M&S products has increased the average basket by around 5 items and is driving strong forward demand including our biggest ever forward order day, on the day of launch. 98% of customers are already shopping M&S.

Outlook for the remainder of the year

While uncertainties remain over the scale, and duration, of the ongoing impact of social distancing restrictions in the UK, the strong trading performance of Ocado Retail in the first three quarters of the year, combined with the impact of operational leverage in the retail business, suggest, given current trends, a full year EBITDA result for Ocado Group of at least £40m.

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

- Duncan Tatton-Brown, Chief Financial Officer, Ocado Group plc, on 01707 228 000
- 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. Retail revenue comprises revenues from Ocado.com, Fetch, and Ocado Zoom. Retail revenue in the 13 weeks to 31st May was £580.4m.
3. Average orders per week refers to results of Ocado.com and Fetch.
4. Growth percentage calculated on a rounded basis.
5. The figures used in this announcement are unaudited.
6. 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.

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