

# Trading Statement

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18 March 2021

## OCADO GROUP PLC

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### Ocado Retail Q1 Trading Statement

#### Strong growth in Q1; primed to thrive in a post-COVID world

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 28 February 2021.

#### Highlights

- Retail Revenue grew 40%, reflecting strong demand for online grocery and the continuation of a smoothed trading week
- Average order size of £147<sup>1</sup>, a result of seasonal strength over the festive period and a temporary reversal of the trend towards normalised shopping behaviour in response to further national lockdown measures in the UK
- Progress in orders per week reflects underlying trends in basket size
- M&S products consistently accounted for over 25% of the average basket
- Erith Customer Fulfilment Centre ("CFC") capacity serving Ocado Retail ended the period at 150,000 orders per week<sup>2</sup>
- Go-live of the first mini CFC in Bristol brings local customers shorter lead times for delivery and opens up 30,000 orders per week more capacity. Given strong demand, the ramp to maturity is expected to be one year or less
- Ocado Retail will be opening two standard sized CFCs in FY21, in addition to its first mini CFC, while a minimum of 12 new micro sites are being sought, primarily in London, to support the roll-out of the Ocado Zoom immediacy concept which offers deliveries within one hour of ordering. A second mini CFC will open in 2022 and progress is being made securing sites for further standard sized CFCs

#### Key financials

	13 weeks to 28 February 2021	13 weeks to 1 March 2020 <sup>5</sup>	Growth <sup>6</sup>
Retail Revenue <sup>3</sup>	£599.0m	£428.8m	39.7%
Average orders per week <sup>4</sup>	329,000	321,000	2.5%

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

"Over the past year, large numbers of UK consumers have made a permanent shift to online grocery shopping. Ocado Retail is best placed to serve these customers as we continue to improve the customer experience through the joint venture with M&S, adding new products, offering greater value, and maintaining high customer service levels.

We opened one mini Customer Fulfilment Centre in Bristol last month, which gives us capacity to serve more customers and with the opening of Purfleet and re-opening of Andover, both later this year, we ultimately expect to ramp our overall capacity by 40% with these sites.

Q2 2021 represents the one year anniversary of the start of the Covid-19 pandemic which accelerated the demand for online grocery; while this year's quarterly sales figures will reflect the year-on-year comparisons with periods of full lockdown, we expect strong growth over the coming years as we continue to lead the charge in changing the UK grocery landscape, for good."

**Tim Steiner, CEO of Ocado Group and Chairman of Ocado Retail, said:**

"Over the last twelve months, there has been a dramatic and permanent shift towards online grocery shopping around the world. Millions of customers have experienced online grocery shopping through the pandemic and many of them will not be going back to bricks and mortar. As we progress towards a new normal for grocery retail, and the focus for the industry shifts from meeting unprecedented demand to winning in a large and growing online channel, the need for a fulfilment solution that both delights a more knowledgeable customer, and enables profitable, sustainable growth, has never been more critical.

This is the solution that Ocado's partners are now rolling out in many countries across the world. The first international partners to go live, Sobeys and Groupe Casino, have reported a very encouraging customer response and we look forward to the official opening of the first Customer Fulfilment Centres for our US partner Kroger in the coming weeks.

Ocado Retail, of course, is the most advanced in demonstrating the power of the solution. It has proven that the model consistently delivers the best online customer experience in grocery with leading economics. We believe that the prospects for Ocado Retail, as well as our other Solutions partners, are very promising."

**Outlook**

Rates of sales and EBITDA growth in future quarters will reflect annualisation against periods of Covid-19 related lockdown experienced in FY20 and, by comparison, the extent to which Ocado Retail returns to a 'normalised' trading week, as well as the timing of when planned capacity goes live.

We expect positive revenue growth in the second quarter versus the corresponding period last year as we continue to ramp the Bristol CFC and restrictions on social distancing continue in the UK.

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 1118, room number: 881223, participant pin: 2645. A replay facility can be

accessed on: +44 33 0606 1118, room number: 538234 for 90 days following the announcement.

### Contacts

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### 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 four 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.
2. Erith CFC orders per week calculated on a pre-COVID basket size of 45 eaches.
3. Retail revenue comprises revenues from Ocado.com, and Ocado Zoom.
4. Average orders per week refers to results of Ocado.com.
5. Restated to exclude results from Fetch following its disposal to Paws Holdings Limited on 31 January 2021
6. Growth percentage calculated on a rounded basis.
7. The figures used in this announcement are unaudited.
8. A copy of this trading update is available on [www.ocadogroup.com](http://www.ocadogroup.com) and [www.corporate.marksandspencer.com](http://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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