

Trading Statement

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Ocado Group PLC
19 March 2020

OCADO GROUP PLC

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Ocado Retail Q1 Trading Statement

Growth in line with guidance; no significant impact of Covid 19 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 1st March 2020.

Highlights

- Growth in Retail Revenue of 10.3%, in line with guidance, with average order size up slightly
- Ocado Zoom, our immediacy offering, continues to perform well and we continue to progress plans for a further site
- With customers' concerns over the Coronavirus, since the quarter end, we are seeing higher value baskets with an increase in mix of ambient goods, as well as an increased demand for orders
- While this has placed the business under unprecedented strain, we are taking all measures to ensure that our service remains as close to normal as possible and to meet as much of the demand as we can.

Key financials

	13 weeks to 1 March 2020	13 weeks to 3 March 2019	Growth ⁴
Retail Revenue ¹	£441.2m	£399.8m	10.3%
Average orders per week ²	343,000	311,000	10.2%
Average order size ³	£110.24	£109.96	0.3%

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

"We have reported continuing growth at Ocado Retail with sales up 10.3% over the quarter. The impact of higher basket values and order demand, amid growing public concern over the Coronavirus, was limited in the quarter, although this has since picked up significantly and growth in the

second quarter is so far double that of the first quarter. We expect the impact of forward buying, however, to unwind at some point.

However Coronavirus unfolds, what is clear is that the fundamentals at Ocado Retail are strong, illustrated by double digit increases in customer orders, driven by consistent execution, which deliver a best-in-market customer experience. Preparations for the M&S switchover from Waitrose, this September, are on track, and we are looking forward to building closer and stronger relationships with our branded suppliers as part of the transition.

I am tremendously proud of my colleagues and the outcomes we have achieved in the first quarter. I am confident that our resilience, teamwork and commitment will stand us in good stead to continue to deliver for our customers even with the current uncertainties.

I'd also like to take this chance to thank our amazing drivers and warehouse staff who are working tirelessly to deliver groceries to as many people as possible in these uncertain times. Their dedication and hard work is truly amazing."

Update on COVID-19 impact

As we notified customers in late February, we have experienced an increase in order demand and basket size as a result of customer behaviour changing in reaction to the spread of the COVID-19 virus. The mix of ambient goods within customer baskets has also increased.

In order to adapt to unprecedented demand and to protect our employees, the business has made some operational changes to ensure that we can deliver the most groceries at this time of need and to provide the best possible service for customers despite the disruptions. These included:

- the hard choice of stopping registration for new customers for the time being
- installed a new queuing system on the web interface to reduce the impact of a several hundred percentage increase in web traffic and improve transparency for customers
- closed the App temporarily, while we scale ability to serve the unprecedented use of our customer interfaces.

To further protect both employees and customers we have temporarily reduced social contact by no longer taking back plastic bags for recycling, and delivering groceries only to the doorstep of customers' homes. We are also using temperature scanners at entrances to our CFCs to protect those colleagues who work there.

We will continue to monitor trends in demand closely, working with suppliers to increase stock in relevant categories, where possible, and adjusting our marketing approach, where necessary, to address these shifts in behaviours.

Late yesterday, having sold all of our delivery capacity for the coming days, we also took the decision to temporarily close our webshop to enable us to make changes to ensure the distribution of products and delivery slots is as fair as possible for our customers. This will not affect existing orders as we will deliver any customer order already booked.

Our guidance for Retail Revenue growth in FY20 of 10-15% is unchanged, at this point, as we assume there to have been a large element of forward buying of ambient items and there may be further disruptions ahead.

Ocado Group, on behalf of the joint-venture, will be hosting an analyst conference call at 7.30am today. Dial in details for the UK are 0800 408 7373, Room number: 881223; participant pin code: 2645#. For those dialling in from elsewhere please refer to this link: <https://www.speakservecloud.com/dial-in-numbers>. A replay facility can be accessed on 0800 408 7373; Room number: 746159 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 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 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. Retail revenue comprises revenues from Ocado.com, Fetch, and Ocado Zoom.
2. Average orders per week refers to results of Ocado.com and Fetch.
3. Average order size 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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