

# Trading Statement

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Ocado Group PLC  
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## OCADO GROUP PLC

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### Trading update and business response to COVID-19

Ocado Group plc ("Ocado Group") issues the following updates on current trading, on behalf of Ocado Retail Limited ("Ocado Retail"), Ocado Group's joint venture with M&S, and a business update for Group, to coincide with the company's Annual General Meeting taking place later today.

#### Tim Steiner, Ocado Group CEO, said,

"First of all, I would like to thank my colleagues across the business for their hard work, dedication and perseverance. This continues to be a very challenging time for everybody in the world and we are committed to doing our part to help get through this crisis.

We are facing quite a different challenge to many, as we scale up Ocado.com to play its part in feeding the nation, and as we help our clients launch and roll out their online businesses more rapidly against a backdrop of a likely long term increase in demand for online.

Ocado remains in a strong position and while we should be grateful that our current challenges are around growth, expansion and increased demand, we have great empathy for all who are facing different challenges at this time. In retail, we are working with our small suppliers to make sure we pay them earlier than normal and we will work closely with any who are struggling".

#### Update on Ocado Retail

Throughout the ongoing COVID-19 crisis, Ocado Retail has shown great resilience in its efforts to meet the needs of as many customers in the UK as possible. At the beginning of the outbreak demand increased significantly, almost overnight. Although this has required difficult proactive decisions as we have prioritised our most vulnerable and our most loyal customers, we have adapted our platform rapidly in order to meet unprecedented demand and are now delivering significantly more groceries to households than ever before.

Operating our Retail business safely for our colleagues and customers has been our number one priority. We are protecting customers and colleagues with, amongst many changes, introducing contact-free deliveries to the doorstep of customers' homes, carrying out temperature monitoring at all our CFC and spoke facilities, and now regular testing of our frontline staff for COVID-19. We are also recognising the exceptional contribution of our front line colleagues by giving them a 10% bonus during this period.

Growth in Retail Revenue in the Second Quarter to date is 40.4% up on last year, compared to 10.3% growth in the First Quarter. The number of items per basket appears to have passed its peak but remains high, as more normal shopping behaviours have returned, and the share of fresh and chilled products in the mix, relative to ambient, is also returning to normal.

We continue to price match individual products against our key competitors with the proportion of sales on promotion initially declining in order to discourage stockpiling in line with the industry. Our longstanding Ocado Low Price Promise, ensures that we continue to deliver great value, by sending vouchers to customers in the event their basket is more expensive than a comparable Tesco.com basket.

To support the unprecedented level of business Ocado Retail is doing, Ocado Group has ramped up capacity significantly. Mature customer fulfilment centres ("CFCs") are running at their peak and at their best ever efficiencies. An example is in Dordon where some weeks we are at close to 200 UPH\* which compares to 185 before the crisis. CFC 4, in Erith, South East London, continues to ramp up and is currently processing 110,000 standard sized orders per week versus an equivalent number of 80,000 at the end of the First Quarter. The Ocado Zoom site in West London, an important part of Ocado Group's fulfilment ecosystem, has now achieved planned end game capacity, a year ahead of plan. At the same time, Ocado Retail has taken a number of tactical decisions to protect and increase capacity. Suspending the delivery of mineral water has, for example, allowed us to deliver to 6,000 additional households per week.

Although we expect the long term shift towards on-line grocery to accelerate post-crisis, there remain many uncertainties about the length of the crisis, customer reaction immediately post and its long term impact on customers' disposable incomes and so we have suspended our guidance for Retail Revenue for FY20 until we can accurately forecast likely outcomes.

\* grocery units per labour hour processed within the four walls of the facility

## **Update on Ocado Solutions**

Since reporting First Quarter Ocado Retail sales, Ocado Group has achieved a very important milestone, with the delivery of the first international CFCs to our international partners Groupe Casino and Sobeys. Groupe Casino announced the go-live of its facility at Fleury-Merogis to the south of Paris in March and Sobeys undertook a test launch of its facility in Vaughan, Ontario on the 27th April with a roll-out planned once testing is complete.

The fact that these facilities have been delivered on time in the middle of this global health crisis demonstrates the ability of the business to execute well even under the most challenging circumstances.

Ocado Group has also been supporting our partners to enable them to bring an on-line grocery service to as many customers as possible. For

example, Morrisons are benefiting from additional capacity at Dordon and are increasing the use of our platform for in-store fulfilment allowing them to significantly increase their online store pick capacity since the virus hit. We are continuing to work with them to enable further expansion. Combined with our support for Ocado Retail, we are enabling delivery of over 40% more groceries in the UK than before the impact of COVID-19.

Notwithstanding current restrictions on social distancing in the various markets where we operate, we are currently experiencing no material delays in the delivery of future CFCs for Ocado Solutions customers.

The Group continues to look to add new Solutions partners to its roster of the most progressive and forward-looking grocers around the world as the migration to on-line globally gains pace.

### **Financial Position**

Overall, Ocado Group maintains a robust financial and liquidity position with £1.2bn of cash on the balance sheet.

### **Interim results date**

The Group will report its interim results for the six months ended 1st June on the 14th of July 2020.

Ocado Group will be hosting an analyst conference call at 7.30am today. Dial in details are: 0800 408 7373, room number 438894 participant pin code: 4132. A replay facility can be accessed on: 0800 408 7373, or through international numbers found at this link: <https://public.speakservecloud.com/dial-in-numbers/ee9d2673-7e37-4058-889c-e4a9ff59f4a7> with the following room number required: 135376 for 90 days following the announcement.

### **Contacts**

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### **Notes Editors**

#### **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.

#### **About Ocado Group**

Ocado Group is a UK based company admitted to trading on the London Stock Exchange (Ticker OCDO). It comprises one of the world's largest dedicated online grocery retailers, Ocado.com, now a joint venture with M&S, together with its Solutions division. Ocado Solutions is responsible for Ocado's corporate partnerships, providing the Ocado Smart Platform as a service to retailers around the world. OSP comprises access to Ocado's physical infrastructure solutions, running highly efficient warehouse operations for the single pick of products, together with the entire end-to-end proprietary software applications required to operate a world class online grocery business. It is underpinned by Ocado's proven expertise and experience as a dedicated online grocer in the UK. Ocado Solutions is partnered with leading grocery retailers worldwide, including Kroger, Sobeys, Morrisons, Groupe Casino, Coles Supermarkets, ICA Group, Bon Preu Group, Aeon and Ocado Retail.

**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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