

# Hatfield CFC - Update to Operations

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Ocado Group PLC  
25 April 2023

**Ocado Group plc**  
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## **Hatfield CFC - Update to Operations**

Ocado Group plc ("Ocado") announces that Ocado Retail Ltd, the JV with M&S, has proposed network changes that include ceasing current operations at its Hatfield Customer Fulfilment Centre ("CFC"), the oldest site in the Ocado network.

Under these proposals, we do not expect any change to the volume of orders fulfilled. Customer orders which are currently fulfilled in Hatfield, c.20% of Ocado.com's 400k orders per week, would be moved to the company's high-productivity, next-generation facilities around the UK. This will include the nearby Luton CFC which is scheduled to open later this year to take advantage of the continued channel shift to online.

There are currently around 2,300 employees based in Hatfield, and Ocado has now commenced a consultation process with colleagues on these proposals. Ocado's priority and focus will be to redeploy as many people as possible to other sites, primarily to the soon to be opened Luton CFC. The consultation is expected to close in the summer 2023, with Hatfield operations planned to halt in line with the start of operations at the Luton site.

The Hatfield CFC remains a foundation stone in the Ocado story, as the company's first fulfilment centre and a core test bed for the Ocado operating model, now deployed worldwide with Ocado Group's retail partners.

However, over the past decade, Ocado has unveiled a raft of new innovations, enabling huge leaps forward in both CFC productivity and customer experience. The most recent of these, unveiled at Ocado Re:Imagined in 2022, will deliver a step-change in the efficiency of Ocado's operations, as well as the quality of service that UK shoppers can expect online.

The latest generation of robotic CFCs are consistently achieving well over 200 units picked per labour hour within the facility ('UPH'), compared to UPH of around 150 for our first generation CFC in Hatfield. The newest sites also have much lower energy usage. With the benefit of Ocado Re:Imagined, Ocado expects further improvements in UPH and customer experience, including increased capacity for same day deliveries.

Ocado Group does not expect a material financial impact from the closure of Hatfield to its FY23 financial guidance.

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

"As the online grocery channel grows, our new, enhanced fulfilment centres and technologies will drive a step change in customer experience and efficiency.

With this capacity coming online, now is the right time for us to halt operations at our oldest facility at Hatfield and consider our future options for the site. Ocado.com customers will continue to enjoy the same outstanding standard of service throughout the region, which will further improve as the benefits of our new technologies are deployed across the network.

We have many brilliant Hatfield-based colleagues who have been with us for a long time and are a big part of our journey. We want to keep as much of this talent and experience within the business as possible and expect to retain a large proportion of colleagues impacted by these changes, either in our new Luton CFC or across our wider UK network. We will be doing everything we can to support those affected through the consultation."

#### *Contacts*

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#### *Notes to Editors*

##### About Ocado Group

*Ocado Group is a UK based technology company trading on the London Stock Exchange (Ticker OCDO). It provides end-to-end online grocery fulfilment solutions to twelve of the world's largest grocery retailers and holds a 50% share of Ocado Retail Ltd in the UK in a Joint Venture with Marks & Spencer. Ocado has spent two decades innovating for grocery online, investing in a wide technology estate that includes robotics, AI & machine learning, simulation, forecasting, and edge intelligence.*

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