



OCADO GROUP PLC

17 March 2022

Ocado Retail Q1 Trading Statement

Strong growth in customer numbers underpins confidence in long term demand

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 27th February 2022.

Highlights

- Active customer numbers grew 31% year-on-year to 835,000
- Customer orders grew by 11.6% reflecting strong customer acquisition and despite the tail-end impact of labour shortages early in the quarter
- Average basket size of £124, 15% lower than last year as customer behaviours return towards pre-Covid levels, reflecting the continued easing of pandemic restrictions and return to more in-office working
- Revenue down 5.7% in the quarter, up 31.7% v Q1 2020, against a challenging comparative and a 4% fall in UK grocery market sales
- The shape of demand in the week continues to reflect the return towards the peaks and troughs of pre-COVID customer behaviours
- Against this background, our capacity roll-out is on track, with Bicester CFC bringing a further 30k OPW in the second half, taking total CFC capacity at live sites, at maturity, for Ocado Retail to over 630k OPW by the end of the year
- Next Zoom site to open in Canning Town this Spring, and 3 further sites to be opened over the next year

Key financials

	13 weeks Q1 2022	13 weeks Q1 2021	Growth ⁴
Retail Revenue ¹	£564.7m	£599.1m	(5.7%)
Average orders per week ²	367,500	329,300	11.6%

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

"Our thoughts today, and every day, are with the Ukrainian people, and everyone impacted by Russia's invasion of their country. The human tragedy unfolding in Ukraine, and the refugee crisis along its borders, has shocked the world. Ocado Retail has contributed £150,000 to the DEC Ukraine Crisis Appeal to help provide food, first aid, shelter, medicine, clothes and other aid to those most in need."

The last quarter has been encouraging for Ocado Retail despite the clearly evident challenges the industry and consumers are facing. Active customers have increased by 31%, demonstrating the continued strong appetite for Ocado's unique and market-leading brand of online grocery. Of course, as we have seen since the end of

COVID restrictions, the value of the average basket and shape of the week continue to normalise as we return towards the rhythm of our pre-COVID lives. Given that we are comparing a post-lockdown quarter this year with a lockdown quarter last year, this has meant that sales were down 5.7% in the quarter, not helped by the softening market overall, with smaller baskets offsetting the increase in the number of customer transactions in the quarter.

Long term, we are confident that the trajectory of growth remains positive. That growth is underpinned by our quality customer service and high customer satisfaction (we were recently named Which UK's recommended online supermarket) and enabled by our investment in new hyper-efficient automated customer fulfilment centres which bring wide ranges, the freshest produce, and the best on-time delivery in the market, all at fair value, across the full range of price points, to our fast growing number of UK customers.”

The trading environment

Significant increases in raw materials and product cost prices, energy, utilities, and dry ice through Q1 have added further cost headwinds for the grocery industry in the UK. Reflecting these challenges, industry data reports that food prices have increased by 4.3% in February, the fastest rate of increase since 2013. Against this backdrop the UK grocery market overall was 4% lower in Q1 than the same period last year. Ocado Retail has been working closely with suppliers where appropriate to actively manage this level of inflation. The business has moved certain retail prices, where costs could not be mitigated, in line with the rest of the market and will continue to monitor the market to ensure alignment on prices and delivery of fair value to customers.

Customer growth

We have grown our active customer base by 31% YoY to 835k active customers. Customers have more choice than ever before when it comes to where they can spend on groceries. We continue to focus on delivering the widest range, excellent value and best-in-class service. Notwithstanding previously highlighted labour constraints, which impacted our ability to add new slots earlier in the quarter, we have acquired 108k new customers (more than double versus the same quarter in FY21), which demonstrates continued growing demand for online grocery and Ocado's services.

New capacity

The Bicester customer fulfilment centre will be opened this year, adding 30k orders per week at maximum capacity. New sites opened in FY21 continue to ramp up, with Purfleet and Andover now operating at over 40k and 25k orders per week respectively, around half their end game capacities. A new Zoom facility in Canning Town will be opened in the Spring, with more sites following over the next twelve months, expanding our unique Zoom proposition (with a dramatically more extensive range and higher average basket versus Q-Commerce) to more locations.

FY22 Outlook

The scale of food price inflation over the course of this year, coupled with the overall level of market demand as the cost of living increases, particularly rising energy costs, is difficult to predict. We intend to continue to offer the best possible value to customers while recognising the overall level of pricing in the market. These uncertainties over inflation, which have increased significantly in recent weeks due to the war in Ukraine, the overall level of market demand, and the continued return to pre-Covid shopping patterns, mean that while easier comparatives, strong customer demand, and further growth in capacity, should see revenue growth end the year in the high-teens, the full-year growth rate may be closer to 10%.

EBITDA margins will reflect the same key factors as those outlined in the Q4 Trading Statement, and may be further impacted by the significant increases in energy costs where uncertainty remains. To offset this impact, we are undertaking a series of mitigating cost measures across the Group.

Ocado Group, on behalf of the joint-venture, will be hosting an analyst conference call at 7.30am today. Please use participant number: +44 (0)330 336 9601 and confirmation code: 9718329. A replay facility will be available through an on demand link for 90 days following the announcement.

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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 six distribution centres using market leading software and technology. Shopping is then delivered directly 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 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 and Ocado Zoom and excludes revenues from Fetch in current and prior periods*
2. *Average orders per week refers to results of Ocado.com.*
3. *Average basket size refers to results of Ocado.com.*
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.