

OCADO GROUP PLC

19 September 2023

Ocado Retail Q3 Trading Statement

Strategic momentum underpins confidence in FY guidance

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 August 2023

Highlights

- Q3 Retail revenue of £569.6m grew 7.2% vs the same quarter last year, an accelerating trend vs the +5% reported in H1, with a return to positive volume growth (total items) in the last month of the quarter.
- The Perfect Execution Programme, launched in January, has further strengthened our customer proposition. The Big Price Drop campaign was launched in August to coincide with the return to school, further strengthening Ocado’s price credentials, while “perfect deliveries” (on time and in full) remained at high levels.
- Average orders per week (Ocado.com) of 381,000 grew 1.9% year-on-year, lapping a strong customer acquisition push this time last year.
- Active customers reached 961,000 at the end of Q3, up 1.5% year-on-year. The number of mature customers (defined as those who have made a fifth shop at Ocado.com) grew 6.6%.
- Average basket value (Ocado.com) was up 4.2% while basket size (number of items) remained broadly stable quarter-on-quarter at 44 items per order.
- ASP increased 8.4% year-on-year, again considerably lower than market inflation, reflecting Ocado’s continued focus on improving pricing relative to the market.
- Positive momentum headed into Q4; FY23 guidance unchanged.

Key financial drivers

	13 weeks Q3 2023	13 weeks Q3 2022	Year on year change (%) ⁶
Retail revenue (£ million) ¹	£569.6m	£531.5m	7.2%
Average orders per week (000s) ²	381	374	1.9%
Active customers (000s) ³	961	946	1.5%
Average basket value (£) ⁴	120.72	115.85	4.2%
Average selling price (£) ⁵	2.76	2.55	8.4%
Average basket size	44	45	(3.9)%

Hannah Gibson, Ocado Retail’s Chief Executive Officer, said:

“It has now been a year since I joined Ocado Retail and in January we set out our Perfect Execution strategy, making sure every element of our customer proposition and our operating model is at its best. We are delivering on this plan and have great momentum in the business, with revenue growing faster in Q3 than in H1 and a return to positive volume growth in the last month of the quarter. The continued progress in Q3 underpins our confidence in delivering our FY23 guidance of mid-single digit revenue growth and full year profitability, and we have started the final quarter positively.

Ocado Retail brings together Ocado Group's cutting edge technology and the magic of M&S to deliver the very best experience for our growing customer base. Today we are opening a new robotic customer fulfilment centre in Luton, with new innovations that will enable huge leaps forward in fulfilment productivity and a better experience for our customers. Opening Luton will enable us to double productivity versus our first generation Hatfield site. Our robotic CFC in Purfleet is now already regularly achieving UPH (units processed per labour hour) of over 220 and we expect Luton to achieve 300+.

We continue to deepen our collaboration with M&S, including hundreds of new M&S lines set to launch in the Autumn. Together with our partners, we are intent on bringing even lower prices, more choice, and greater convenience to our customers. We are making good progress, but we want to go even further.

I would like to thank the great team at Ocado for their relentless focus on the needs of our customers, as they navigated the cost of living crisis. Together, we look forward to building on the growing momentum of the business and continuing to raise the bar in online grocery through the rest of this year and beyond."

Guidance

There is no change to the guidance issued on 28 February with the Ocado Group FY22 results and reconfirmed at the H1 results on 18 July. This guidance is summarised below.

Revenue: mid-single digit growth, with an improving trajectory during the year, reflecting a return to volume growth as the challenging comparison to larger volume basket shopping behaviours that remained in early 2022 fades.

EBITDA: marginally positive EBITDA, with the shape of the year expected to reflect trends in volume and revenue growth; while EBITDA was a small negative in H1 (-£2.5m), we expect a positive result in the second half, as a return to volume growth supports improved capacity utilisation and reduced costs relative to sales.

Ocado Group, on behalf of the joint-venture, will be hosting an analyst conference call at 8.00am today.

Please use participant number: +44 (0) 33 0551 0200 and confirmation code: Ocado Analyst Call. A replay facility will be available through an on demand link for 90 days following the announcement.

Contacts

- Stephen Daintith, Chief Financial Officer, Ocado Group plc, on +44 1707 228 000
- David Shriver, Chief Reputation Officer, Ocado Group plc, on +44 1707 228 000
- Fraser Ramzan, Head of Investor Relations, Marks and Spencer Group plc, on +44 20 3884 7080
- Martin Robinson at Teneo on +44 20 7353 4200

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 plc and Marks & Spencer Group plc. Covering geographies comprising over 82% of UK households, every shopping bag is carefully packed in one of seven 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 a wide range of products, including big-name brands, a range of quality M&S and 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
2. Average orders per week refers to results of Ocado.com

3. Active customers are classified as active if they have shopped at Ocado.com within the previous 12 weeks
4. Average basket value refers to results of Ocado.com
5. Average selling price refers to Ocado.com and is defined as product sales divided by total eaches
6. Growth percentage calculated on a non rounded basis
7. The figures used in this announcement are unaudited

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.