

OCADO GROUP PLC

16 January 2024

Ocado Retail Q4 Trading Statement

FY23 guidance delivered; momentum building in FY24

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 26th November 2023

Highlights

Q4 2023 (13 weeks to 26th November 2023)

- Q4 Retail revenue of £609.4m grew 10.9% vs the same quarter last year, a fourth consecutive period of quarter-on-quarter growth and a significant increase vs the +7.2% reported in Q3.
- Volumes (total items) grew consistently over the period, up 4.8% year-on-year.
- Average orders per week (Ocado.com) of 407,000 grew 6.3% year-on-year.
- Active customers reached 998,000 at the end of Q4, up 5.9% year-on-year.
- Average basket value (Ocado.com) was up 3.8% while basket size (number of items) remained broadly stable quarter-on-quarter at 44 items per order.
- ASP increased 5.4% year-on-year, again lower than market inflation, reflecting Ocado’s continued focus on improving pricing relative to the market.

Key financial drivers

	13 weeks Q4 2023 ⁷	13 weeks Q4 2022	Year on year change (%) ⁸
Retail revenue (£ million) ¹	£609.4m	£549.3m	10.9%
Volumes - total items (million) ²	232.2	221.5	4.8%
Average orders per week (000s) ³	407	383	6.3%
Active customers (000s) ⁴	998	942	5.9%
Average basket value (£) ⁵	120.62	116.20	3.8%
Average selling price (£) ⁶	2.75	2.61	5.4%
Average basket size (items)	43.8	44.5	(1.6)%

FY 2023 (52 weeks to 26th November 2023)

- Full year Retail revenue of £2,357.5m grew 7.0% vs last year.
- Ocado.com volumes (total items) across the whole year are down 0.9% given the drag in the first half due to the unwinding from the pandemic and the cost of living crisis
- Average orders per week (Ocado.com) of 393,000 grew 4.0% year-on-year reflecting the increase in active customers.

- Average basket value (Ocado.com) was up 2.7% while basket size (number of items) reduced by 4.5% YoY to 44 items per order, driven by the unwinding of pandemic shopping behaviours and the cost of living crisis.
- ASP increased 7.9% year-on-year, considerably lower than market inflation, reflecting Ocado's continued focus on improving pricing relative to the market.
- Our trading performance, and our focus on costs, has translated through to our bottom line, returning to positive EBITDA for the full year.

Progress implementing our Perfect Execution programme

- Focus on Perfect Execution has made the customer proposition stronger.
- The percentage of Perfect Orders (on time and in full) has increased +6pts across the year, with 99% of items delivered as promised and a 24% improvement in products not fulfilled.
- Consumers are being offered better choice, with the number of M&S products on site increasing to around 90% of the addressable range and even more Ocado Own Brand, new and unique products being introduced.
- Consumers are benefiting from lower prices through price matching baskets to Tesco with the Ocado Price Promise since March with the prices of 1000s of products reduced. Satisfaction scores on value have improved materially.

Christmas Trading

- Ocado delivered another record Christmas and hit its highest ever level of sales over the peak Christmas trading period.
- Demand was high and we sold over 90% of peak Christmas slots released (22nd-24th) by mid-October. Between December 20th and 24th, sales overall increased 7% and eaches were up 3% including a record day for "eaches" (number of items) delivered on the 23rd December.

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

"We made significant progress in 2023. We have focused first and foremost on being a great shopkeeper, improving our unbeatable range, great value and unrivalled experience - all underpinned by improved cost efficiencies. Our Perfect Execution programme set a high bar for our performance, and we are pleased to have finished the year with strong momentum. Thank you to everyone at Ocado Retail, M&S and Ocado Group who've worked so hard to deliver the first year of our strategy and these encouraging results.

We are starting the new year with over one million active customers. Over the next 12 - 18 months, we will be embedding the foundations we have laid this year and raising the bar again for online grocery shopping. We have a really strong platform to build on in 2024."

FY24 Guidance

Revenue:

We have confidence that the business will continue its encouraging momentum over the coming year, growing sales volumes ahead of the market. We expect the positive trends in customer acquisition to lead to sustained volume growth in FY24. Revenue growth is likely to be impacted by lower growth in average selling price however, as we invest in value and as food price inflation continues to subside. Overall revenue growth in FY24 is expected to be in the mid-high single digits.

EBITDA:

This year we expect to make further progress on increasing efficiencies and demonstrating operational leverage while continuing on our journey towards a high mid-single digit EBITDA margin in the midterm.

Alongside this release, a short video is available on the Ocado Group website [here](#) in which CEO, Hannah Gibson, discusses recent performance, strategy, and the outlook for Ocado Retail.

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.

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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 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 Zoom by Ocado
2. Volumes - total items refers to results of Ocado.com
3. Average orders per week refers to results of Ocado.com
4. Active customers are classified as active if they have shopped at Ocado.com within the previous 12 weeks. 998,000 active customers at the end of Q4 is based on the week 53 exit number
5. Average basket value refers to results of Ocado.com
6. Average selling price refers to Ocado.com and is defined as product sales divided by total eaches
7. As FY23 is a 53 week year, Q4 2023 therefore has 14 weeks in the period, however to provide a like-for-like comparative the Q4 2023 trading update is based on the 13 weeks ending 26th November (with the exception of active customers which is based on the 53rd week year exit number). The 14 week Q4 2023 key financial drivers are as follows: Retail Revenue £660.7m; volumes - total items 251m; average orders per week 409,000; average basket value £121.00; average selling price £2.76; average basket size 43.9
8. Growth percentage calculated on a rounded basis
9. 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.