



Ocado Group plc

2018 Full Year Results

5th February 2019

Chairman's Overview

Lord Rose



Forward-looking statements

DISCLAIMER

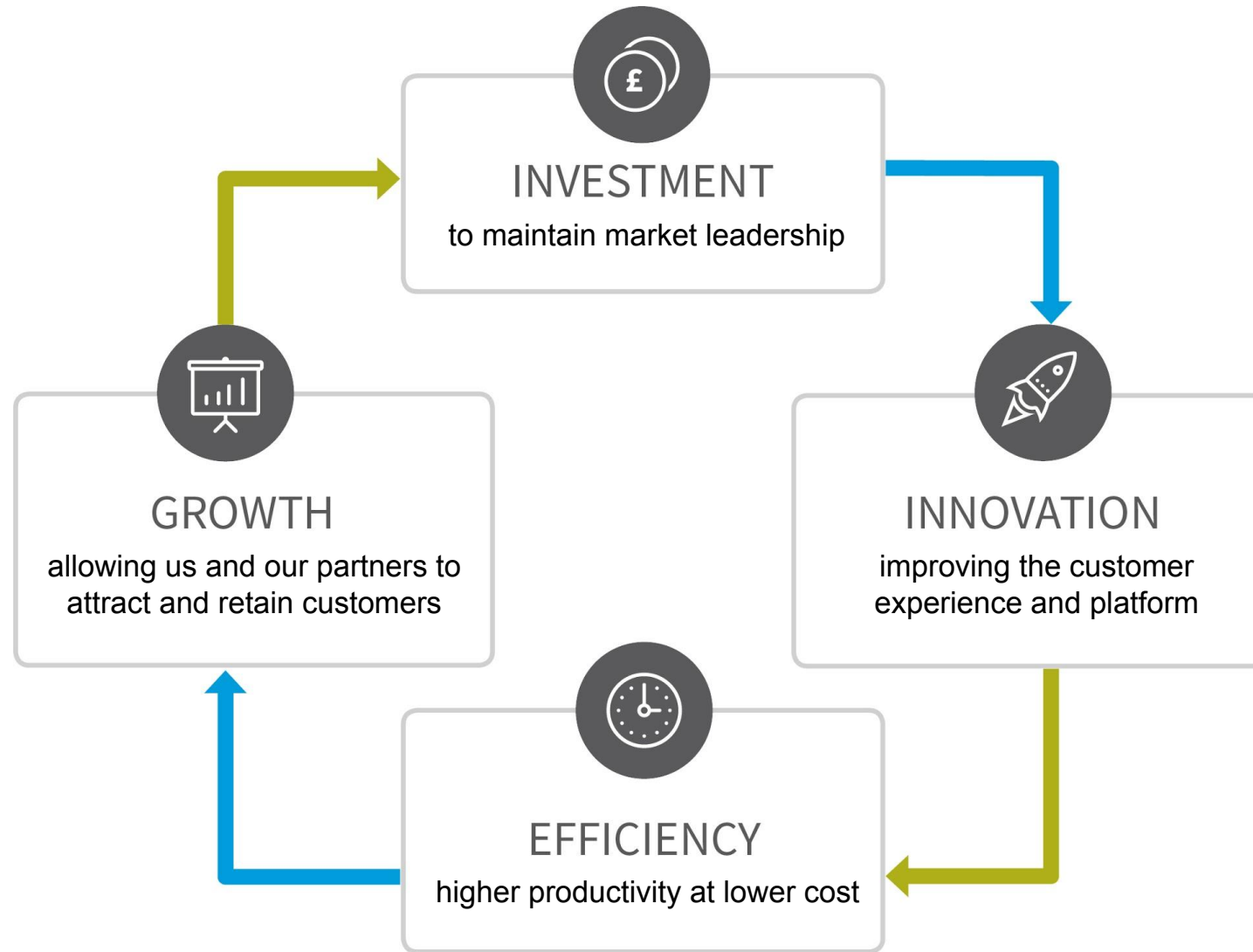
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2018: a transformative year

Tim Steiner
CEO



The Ocado model



Underpinned by our proprietary technology

Now changing the way the world shops



OSP will power the online grocery business of seven of the world's most innovative retailers

Financial Review

Duncan Tatton-Brown
CFO



Financial Summary - post adoption of IFRS 15 ¹

	Restated FY 2017 ²	FY 2018	Var %	
Revenue	Retail	1,317.4	1,475.8	12.0
	Solutions	106.2	123.0	15.8
	Total	1,423.6	1,598.8	12.3
EBITDA ³	Retail	79.2	82.5	4.2
	Solutions	(6.6)	(17.9)	
	Other	2.4	(5.1)	
	Total	75.0	59.5	(20.7)
	Net Interest	(13.5)	(12.5)	
	Depreciation	(71.0)	(91.3)	
	(Loss) before tax	(9.8)	(44.4)	

1. All numbers rounded to 1 decimal place which may distort totals

2. Calculated on a 52 week basis

3. EBITDA excludes exceptional items

Impact of IFRS 15 ¹

		Pre IFRS 15 FY 2017 ²	Adjustment	Restated FY 2017	Pre IFRS 15 FY 2018 ⁴	Adjustment ⁴	Post IFRS 15 FY 2018
Revenue	Retail	1,317.4	-	1,317.4	1,475.8	-	1,475.8
	Solutions	115.5	(9.3)	106.2	138.2	(15.2)	123.0
	Total	1,432.9	(9.3)	1,423.6	1,614.0	(15.2)	1,598.8
EBITDA³	Retail	79.2	-	79.2	82.5	-	82.5
	Solutions	2.7	(9.3)	(6.6)	(2.7)	(15.2)	(17.9)
	Other	2.4	-	2.4	(5.9)	0.8	(5.1)
	Total	84.3	(9.3)	75.0	73.9	(14.4)	59.5

1. All numbers rounded to 1 decimal place which may distort totals

2. Calculated on a 52 week basis

3. EBITDA excludes exceptional items

4. Based on unaudited indicative numbers

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EBITDA Summary

	Retail			Solutions		
	FY 2017 ¹	FY 2018	Var %	FY 2017 ¹	FY 2018	Var %
Revenue	1,317.4	1,475.8	12.0	106.2	123.0	15.8
Operating contribution	124.8	136.4	9.3	19.2	25.1	30.7
Administrative costs ²	45.6	53.9	18.2	25.8	43.0	66.7
EBITDA³	79.2	82.5	4.2	(6.6)	(17.9)	

1. Calculated on a 52 week basis

2. Administrative costs exclude depreciation, amortisation and marketing costs

3. EBITDA excludes exceptional items

Solutions cash fees

	FY 2017 ¹	FY 2018	Var %
Revenue	106.2	123.0	15.8
Cash fees ²	146.1	200.1	37.0

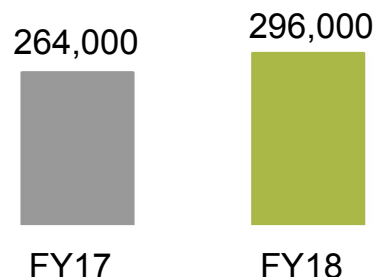
- Strong growth in Revenue
 - Cost recharges and management fees
 - Erith and store pick under IFRS 15
- Cash fees reflect additional Solutions clients

1. 52 week basis
2. Exclusive of VAT

Retail metrics stable or improving

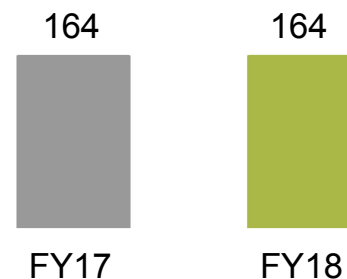
Order Volumes

Orders per week



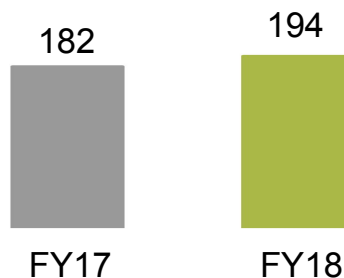
{Mature} CFC Efficiency (UPH)

Units per hour of labour



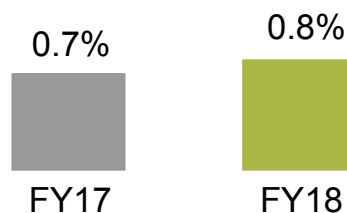
Delivery Efficiency (DPW)

Drops per Van per week



Wastage

% of Sales



- Ocado.com basket slightly down
- Extra capacity from Andover and Erith
- Both ramping to over 30k OPW
- Mature UPH stable
- Andover UPH expected to exceed Hatfield in 1H 2019
- Exceeded 190 target; new target of 200
- Increasing customer density
- Better van utilisation
- Maintained industry leading levels
- Waste to landfill of 0.02%

Retail operating contribution¹

	FY17 ² (% retail revenue)	FY18 (% retail revenue)	Var (bps)
Gross margin	28.8	28.8	-
Supplier income	3.5	3.9	0.4
Trunking and delivery costs	(12.5)	(12.3)	0.2
CFC costs	(8.5)	(9.4)	(0.9)
Other operating costs ³	(0.7)	(0.8)	(0.1)
Marketing costs	(1.0)	(1.1)	(0.1)
Operating contribution	9.5	9.2	(0.3)
Admin costs	(3.5)	(3.7)	(0.2)
EBITDA	6.0	5.6	(0.4)

1. All numbers rounded to 1 decimal place which may distort totals
2. 52 week basis

Capital expenditure¹

	FY17 (£m)	FY18 (£m)
Mature CFCs	5	6
New CFCs	70	80
Delivery	16	22
Technology development	43	55
Fulfilment development	16	21
International CFCs	-	11
Other	11	18
Total	160	213

1. Capex includes assets leased from MHE JV Co under finance lease arrangements

Cash Position

	FY18 (£m)
Cash and cash equivalents FY17	150
Equity raise (February 2018)	143
Equity raise (May 2018)	183
Other movements	(65)
Cash and cash equivalents	411
Existing undrawn RCF	100
Total headroom	511

Outlook for 2019

- Retail revenue growth of between 10-15%
- Solutions
 - Revenue and EBITDA to reflect £40m impact of IFRS 15
 - Costs up an additional £15-20m as we invest in the platform and support
- Capex for the group of £350m

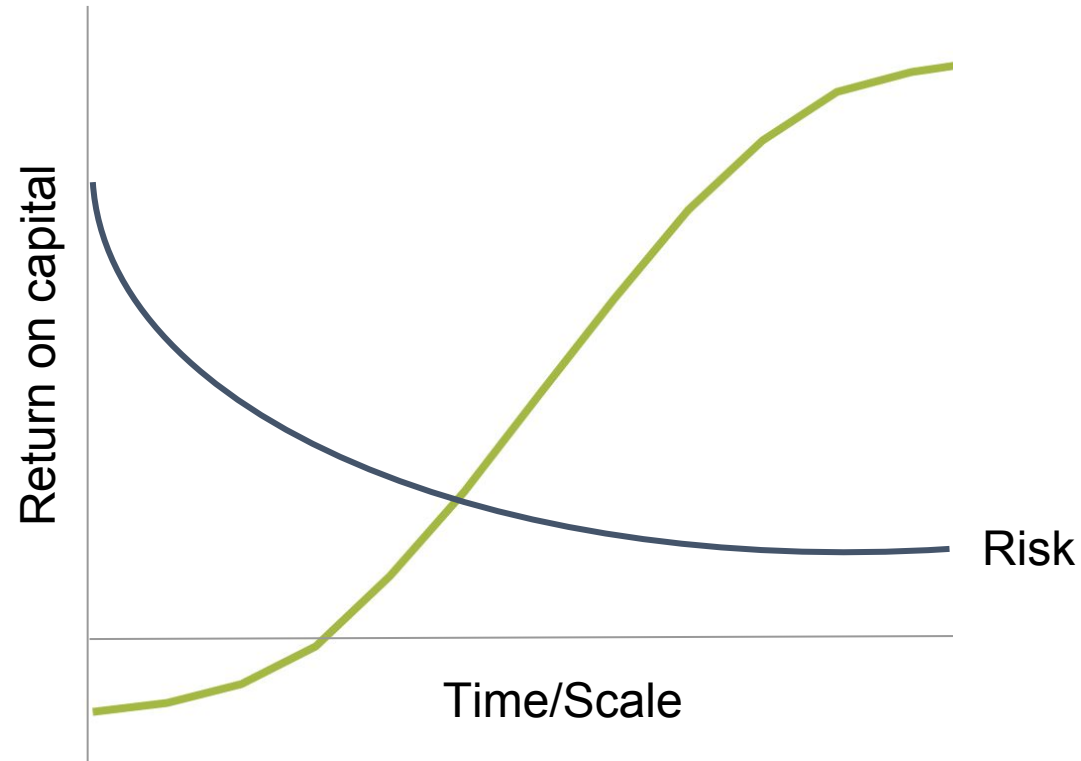
Creating future value now

Tim Steiner
CEO



1

Scaling the business

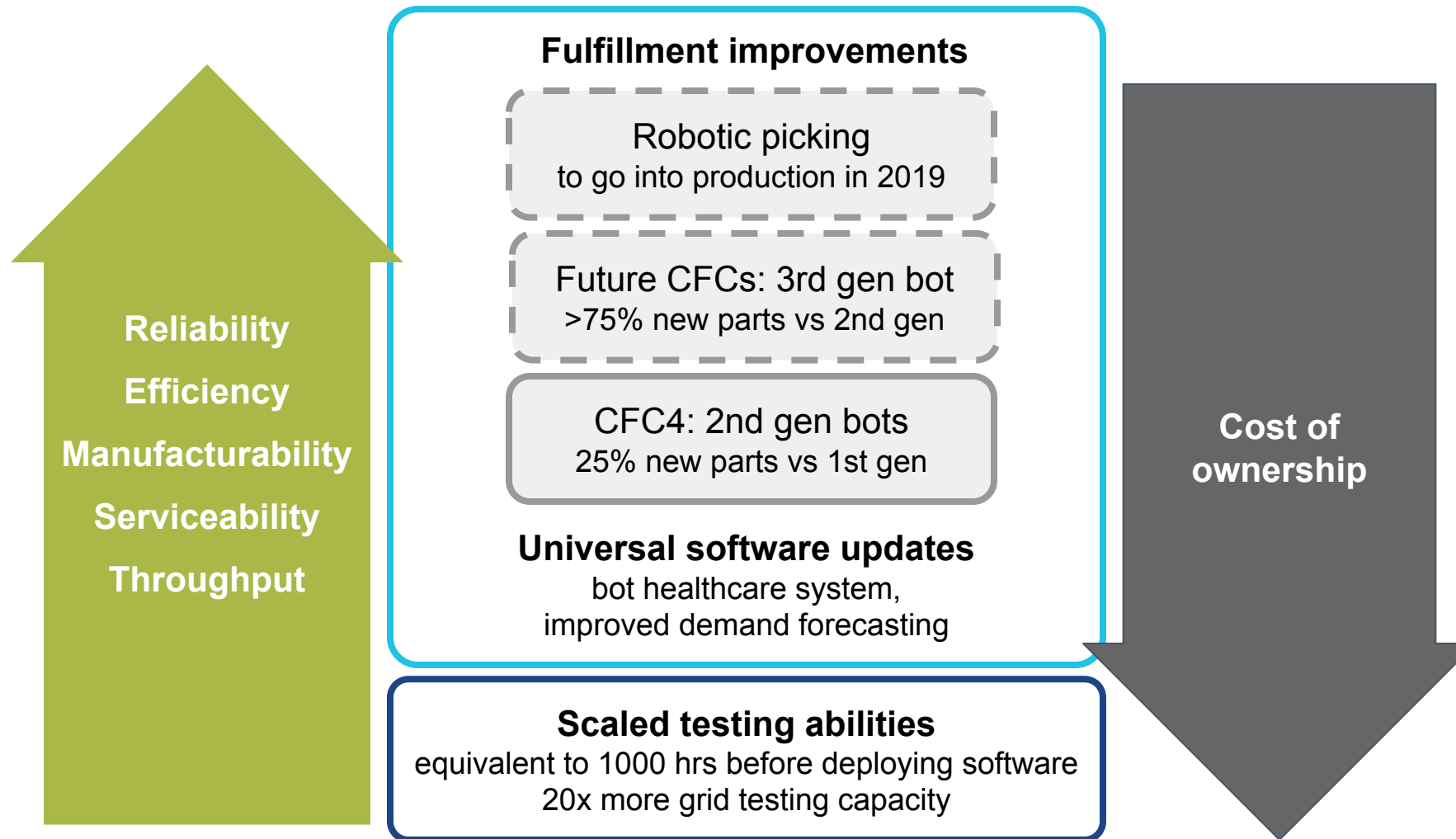


As we scale we expect our returns to improve

Note: chart is illustrative only

2

Enhancing the platform: reduced cost of ownership



Continual progress in reducing long term cost of ownership

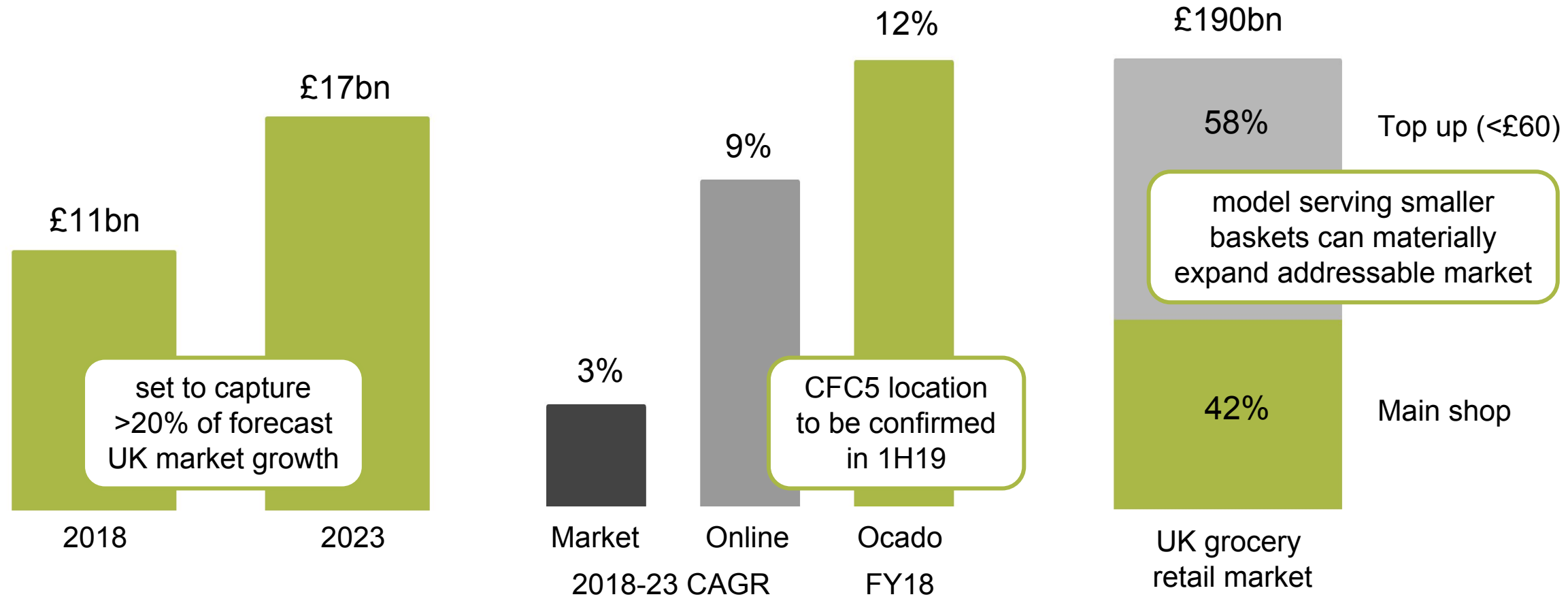
Enabling Ocado Retail to grow faster



Online: fastest growing channel

Ocado: fastest growing online player

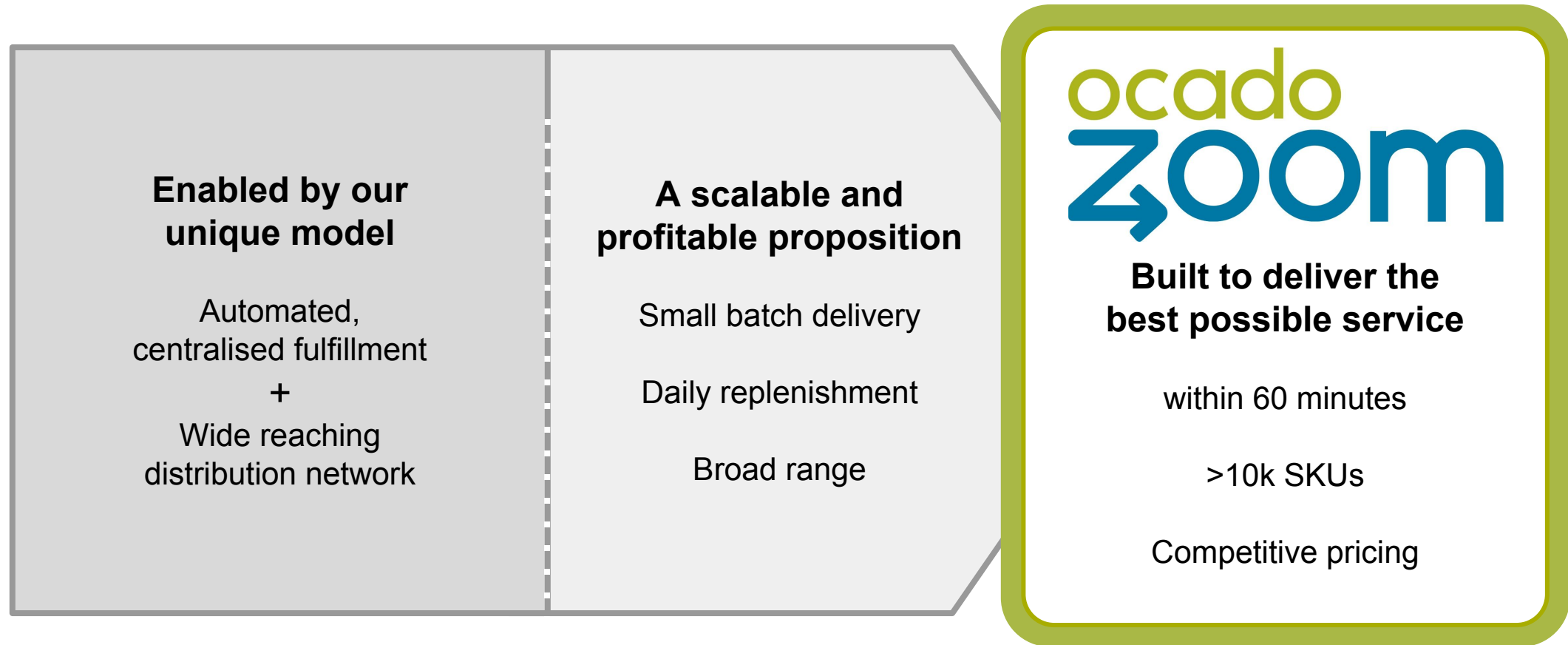
Opportunity in immediacy



Our new CFCs will enable continued share gains in online; a growing channel with unrealised opportunities

3 Enabling Ocado Retail to grow faster

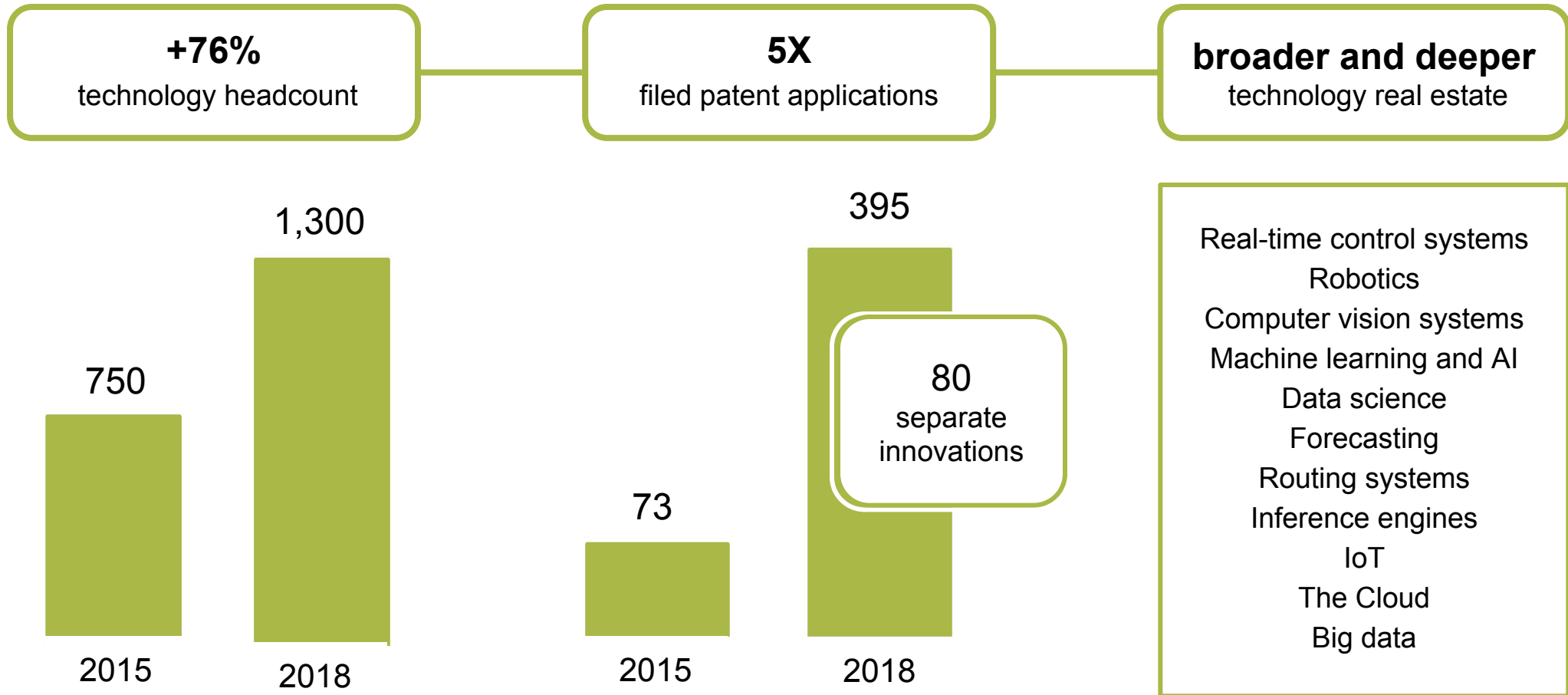
Ocado Zoom will open up new opportunities for growth in the UK



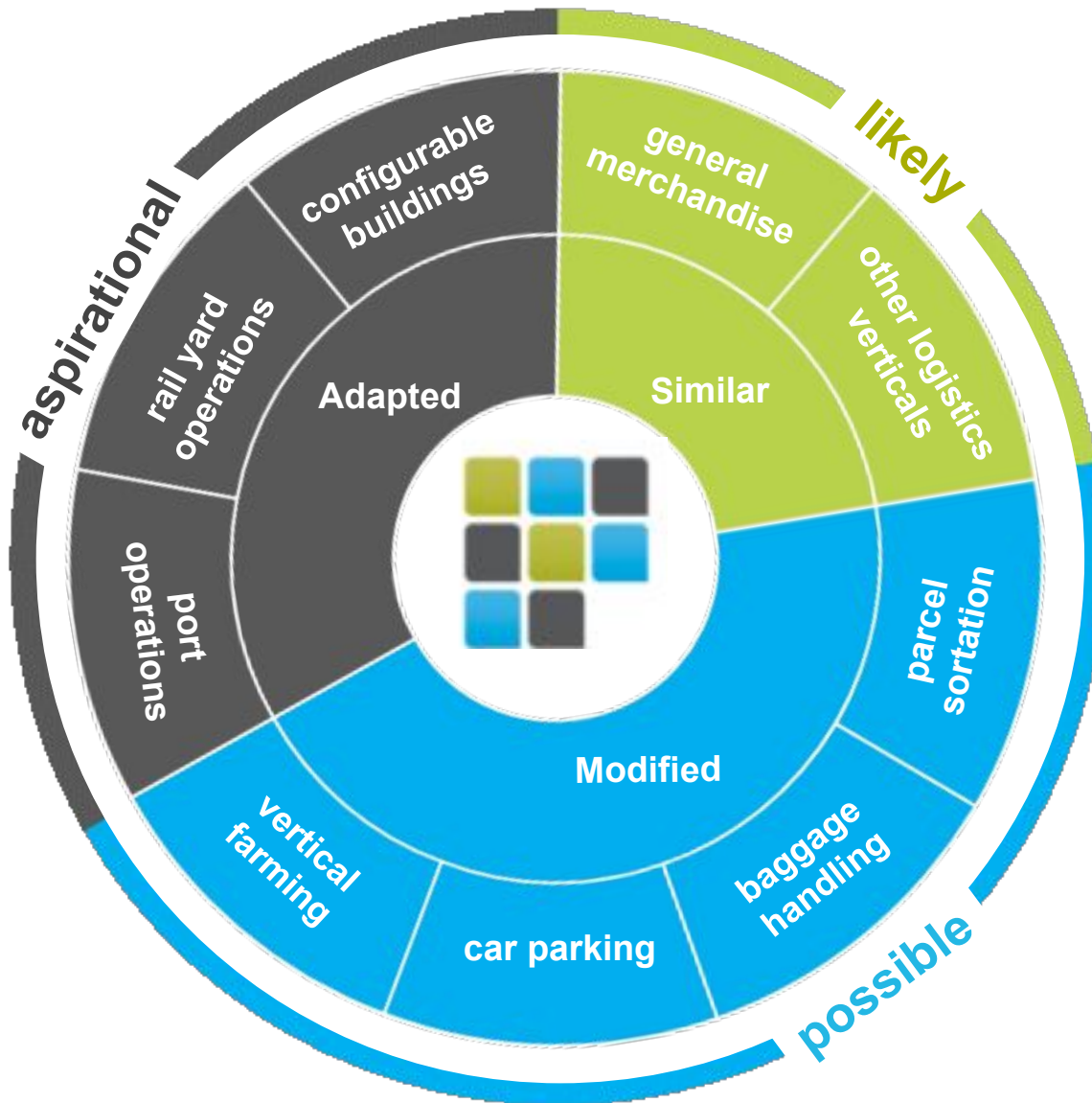
Initial test site to launch in March in West London

4

Innovating for the future



Maintaining innovation velocity is crucial; primarily organic, but also inorganic or through partnerships



“Changing the way the world stores, assembles, sorts, moves and sells atoms”

Paul Clarke, CTO

No guarantees but very exciting opportunities

Conclusion

- The market is at an inflection point - now is our time
- Outstanding execution is our priority
- We have many opportunities to create future value
- The story has only just begun

Q&A



Appendix - Impact of IFRS15 on 1H18¹

		Restated 1H 2017	Restated 1H 2018	Var %
Revenue	Retail	659.6	736.6	11.7
	Solutions	52.2	58.0	11.1
	Total	711.8	794.6	11.7
EBITDA ²	Retail	45.2	45.5	
	Solutions	(1.6)	(7.3)	
	Other	(0.4)	(4.6)	
	Total	43.2	33.6	(22.2)
	Net Interest	(4.2)	(6.2)	
	Depreciation	(33.2)	(41.7)	
	Profit/(Loss) before tax	5.8	(14.3)	

1. All numbers rounded to 1 decimal place which may distort totals

2. EBITDA excludes exceptional items

Appendix - Capex outlook

	FY18 (£m)	FY19 (£m)
Mature CFCs	6	5
New CFCs	80	50
Delivery	22	30
Technology development	55	75
Fulfilment development	21	30
International CFCs	11	150
Other	18	10
Total	213	350