Ocado Group plc
2014 Preliminary Results

3 February 2015

Forward-looking statements disclaimer

This presentation contains oral and written statements that are or may be "forward-looking statements" with respect to certain of Ocado's plans and its current goals and expectations relating to its future financial condition, performance and results. These forward-looking statements are usually identified by words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe' or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they are based on current expectations and assumptions but relate to future events and circumstances which may be beyond Ocado's control. There are important factors that could cause Ocado's actual financial condition, performance and results to differ materially from those expressed or implied by these forward-looking statements, including, among other things, UK domestic and global political, social, economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, the possible effects of inflation or deflation, variations in commodity prices and other costs, the ability of Ocado to manage supply chain sources and its offering to customers, the effect of any acquisitions by Ocado, combinations within relevant industries and the impact of changes to tax and other legislation in the jurisdictions in which Ocado and its affiliates operate. Further details of certain risks and uncertainties are set out in our Annual Report for 2013 which can be found at www.ocadogroup.com. Ocado expressly disclaims any undertaking or obligation to update the forward-looking statements made in this presentation or any other forward-looking statements we may make except as required by law. Persons receiving this presentation should not place undue reliance on forward-looking statements which are current only as of the date on which such statements are made.

Agenda

- Introduction – Stuart Rose
- Financial Review – Duncan Tatton-Brown
- Strategic Review – Tim Steiner
- Q&A

Stuart Rose

Chairman

Introduction

- Competitive market environment
- We delivered a robust trading performance
- Good progress on infrastructure and technology developments
- Well positioned for future platform opportunities

Duncan Tatton-Brown
CFO

Financial review introduction

- Good performance in a challenging market
- Continued operational improvements
- Investments for further UK capacity growth
- Strategic investments to utilise our platform

Financial summary

	FY14 (£m)	FY13[1] (£m)	Variance (%)
Revenue	948.9	792.1	19.8
EBITDA	71.6	45.8	56.3
EBITDA % of revenue	*7.5%*	*5.8%*	*1.7%*
Adjusted profit[2]	10.1	(3.8)	
Profit/(loss) before tax	7.2	(12.5)	

1. FY 2013 exceptional items include exceptional finance costs
2. Adjusted profit excludes exceptional costs, impairment charges & tax

The online supermarket

EBITDA summary

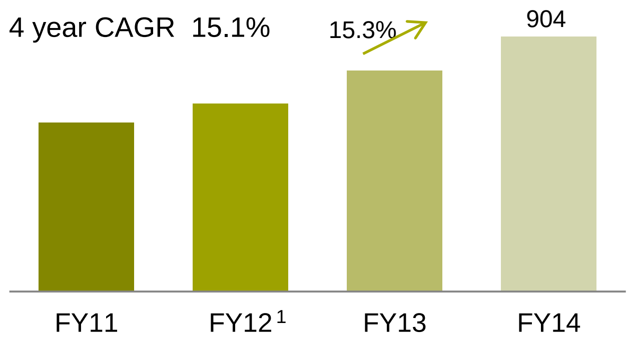
	FY14 (£m)	FY13 (£m)	FY12[1] (£m)
EBITDA	71.6	45.8	33.9
Morrisons MHE JV Co impact	11.3	3.9	0.0
Non-cash share based payments	(5.0)	(2.5)	(0.9)
Underlying EBITDA	65.3	44.4	34.8
Depreciation and amortisation[2]	(52.4)	(42.6)	(28.6)
Financing costs	(9.1)	(7.0)	(3.5)
Adjusted profit[3]	10.1	(3.8)	1.8
Impairments	(2.6)	(1.3)	(0.2)
Exceptionals	(0.3)	(7.4)	(2.3)
Profit/(loss) before tax	7.2	(12.5)	(0.7)

1. 2012 figures are for 52 weeks to 2 December 2012
2. Depreciation and amortisation excludes impairment charges
3. Adjusted profit excludes exceptional costs, impairment charges & tax

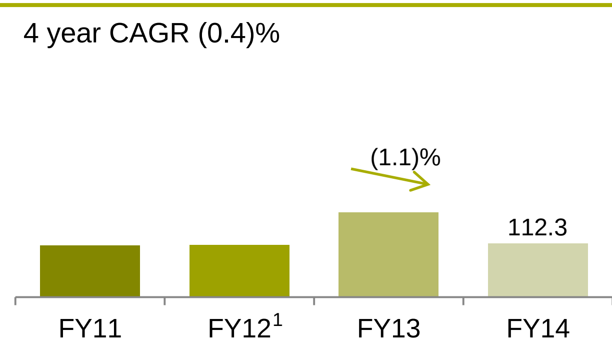
ocado
The online supermarket

Sales drivers (Retail)

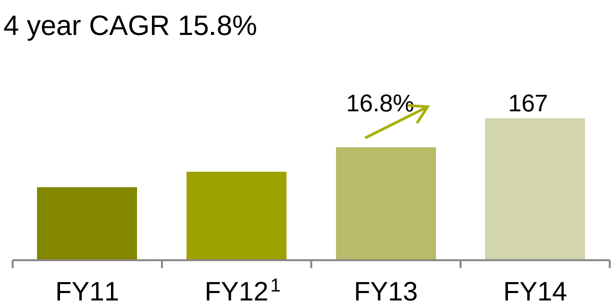
Revenue[2], £m



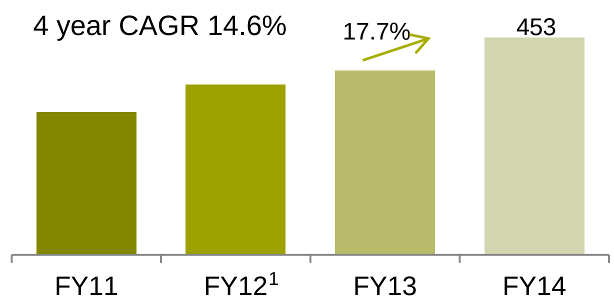
Average basket size[3], £



Average orders per week, 000



Active[4] customers, 000



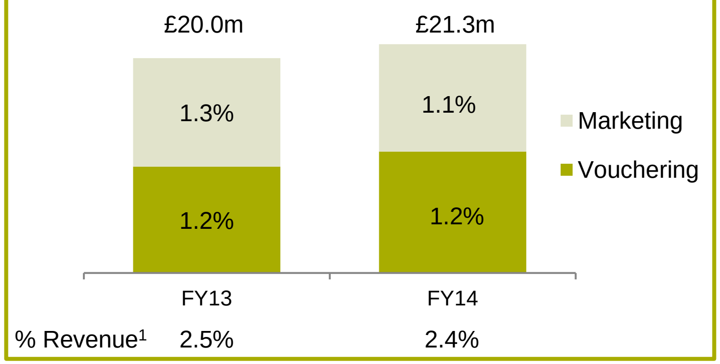
1. 2012 figures are for 52 weeks to 2 December 2012
2. Figures are for Ocado retail business only (including Fetch and Sizzle)
3. Average basket size includes VAT and includes standalone orders for destination sites
4. A customer is classified as active if they have shopped within the previous 12 weeks. Data shows active customers at each period end.

ocado The online supermarket

Customers

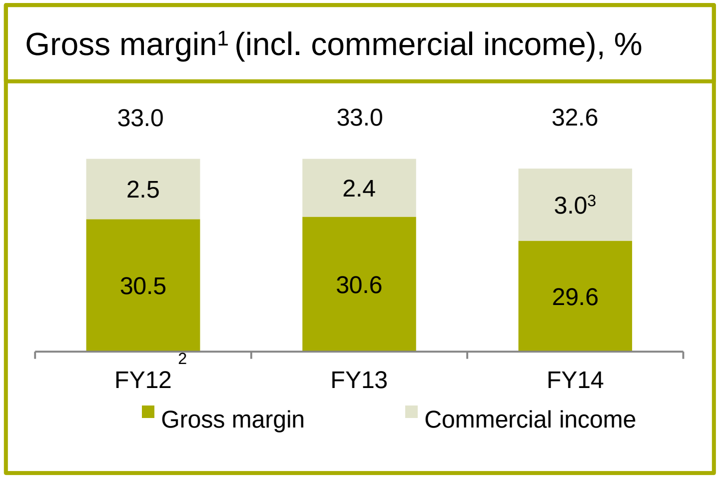
- Customer service improved
  - On time or early: 95.3% (2013: 95.2%)
  - Items delivered as ordered: 99.3% (2013: 99.0%)
- Retention rates improved
  - New customer acquisitions up 12% with marketing costs (including vouchers) up only 6%
  - Active customers up nearly 18%

Vouchering & marketing spend



1. Expressed as a percentage of retail revenue

Gross margin (Retail)



- Competitive environment impacted margins
- LPP costs reduced
- Growth in media income

1. Expressed as a percentage of retail revenue
2. 52 weeks ended 2 December 2012
3. Commercial income excludes surrender income in FY14 of £1.2m

Operating metrics

	FY14[1] (£m)	FY13[1] (£m)	FY14 (% Retail Revenue)	FY13 (% Retail Revenue)
Trunking & delivery	106.7	90.7	11.8	11.6
CFC	75.6	68.7	8.4	8.8
Other operating costs[2]	10.9	9.2	1.2	1.2
Marketing (non vouchering)	10.0	10.1	1.1	1.3
Total Operating	**203.2**	**178.7**	**22.5**	**22.8**

Mature CFC efficiency[3]	145 UPH	135 UPH
Service Delivery efficiency	163 DPV	160 DPV
Wastage	0.8%	1.0%

1. Adjusted to exclude costs recharged to Morrisons
2. Other operating costs include payment processing and contact centre costs
3. Mature CFC efficiency. A CFC is considered mature if it has been open 12 months by the start of the half year reporting period

ocado The online supermarket

Total Costs

	FY14 (£m)	FY13 (£m)	FY14 (% Group Revenue)	FY13 (% Group Revenue)
Total operating	203.2	178.7	21.4	22.6
Administrative expenses	52.1	44.6	5.5	5.6
Morrisons[1]	27.8	2.4	2.9	0.3
Depreciation and amortisation	52.4	42.6	5.5	5.4
Impairment	2.6	1.3	0.3	0.1
Total	**338.1**	**269.6**	**35.6**	**34.0**

1. Distribution costs and administrative expenses recharged to Morrisons

Capital investment[1]

	FY14 (£m)	FY13 (£m)
Mature CFCs	23	100
New CFCs	16	-
Delivery (vehicles, spokes)	22	11
Technology	17	14
Platform development	16	-
Other	4	7
Total	**98**	**132**
Memo: NBV of internally generated intangible assets	29	25

1. Capital investment includes tangible and intangible assets and also Ocado's share of the MHE JV Co capital (2014: £11.7 million, 2013: £56.0 million)

2015 Outlook

- Market environment remains challenging
  - Channel shift continuing
  - Range, growth and efficiencies give protection
- Continued investments to drive long term value
  - Technology and fulfilment
  - Ocado Smart Platform deal
  - Marie Claire beauty and wellbeing business

ocado
The online supermarket

2015 capital spend

	FY15 (£m)	Notes
New CFCs	50	CFC3 and CFC4
Mature CFCs	10	Bagging machines
Delivery (vehicles, spokes)	35	New spokes, vehicles
Technology	30	People and hardware
Platform development	20	Fulfilment projects
Other	5	Non-Food, Offices
Total	**150**	

Summary

- Robust performance in competitive environment
- Improvements in both customer offer and operational efficiency
- Capacity investments on track
- Investing for future platform opportunities

Tim Steiner

CEO

Steady progress on strategic objectives

Driving growth

- Proposition improvements
- Customer acquisition and retention encouraging

Maximising efficiency

- Operational efficiency improvements
- CFC3 and CFC4 capacity plans using proprietary fulfilment solution
- Technology replatforming on track

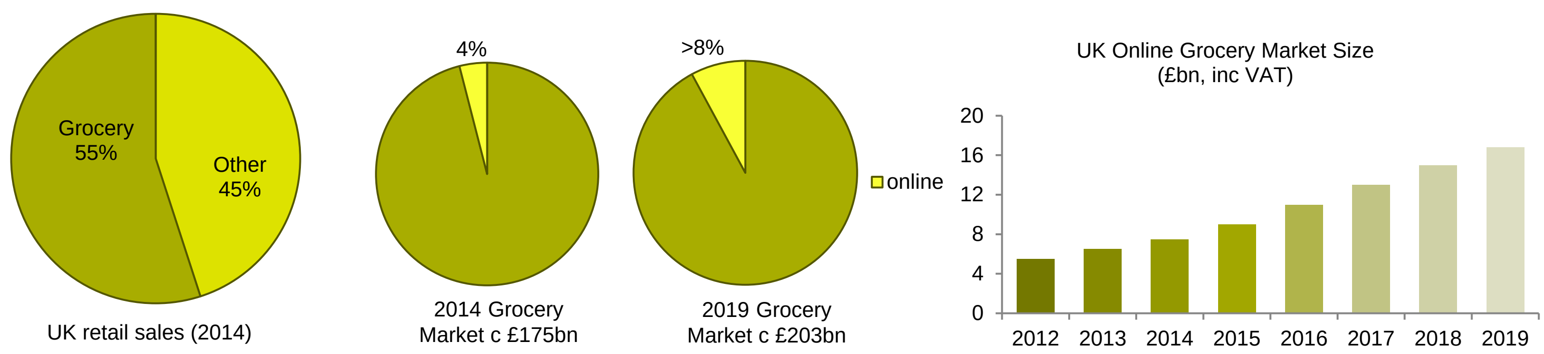
Utilising knowledge

- Scaling Morrisons operations
- Continued progress on platform opportunities

Online grocery market development continues

IGD[1]

"…online will be the fastest growing channel over the next five years…"



- Online performance for some competitors impacted
- Continue to invest anticipating growing customer demand

[1] IGD data is year to April

The online supermarket

Driving growth: Constantly improving proposition to customers

Retail sales up 15.3%	Active[1] customers now 453,000	Average basket[2] down 1.1%

Proposition development

Service	Range	Price
• Highest and improved service levels • Quick and easy to use	• Wider range • Expanding own label • Fresher produce • Non-food expansion	• More promotions • Better value • Price commitment • Reduced delivery prices
		
 **95.3%** Orders on time or early; **99.3%** Item accuracy	Ocado > **43,000** SKUs Sizzle >**12,000** SKUs Fetch > **8,000** SKUs Own label sales growth > **40%**	LPP voucher costs remain low

[1] Customer who shopped at least once in last 12 weeks
[2] Refers to Ocado.com orders and includes standalone orders for Fetch and Sizzle. Average order size excluding these standalone orders declined by (0.5)%

ocado The online supermarket

Strengthening our consumer brands…

…with broader marketing activity

ocado
The online supermarket

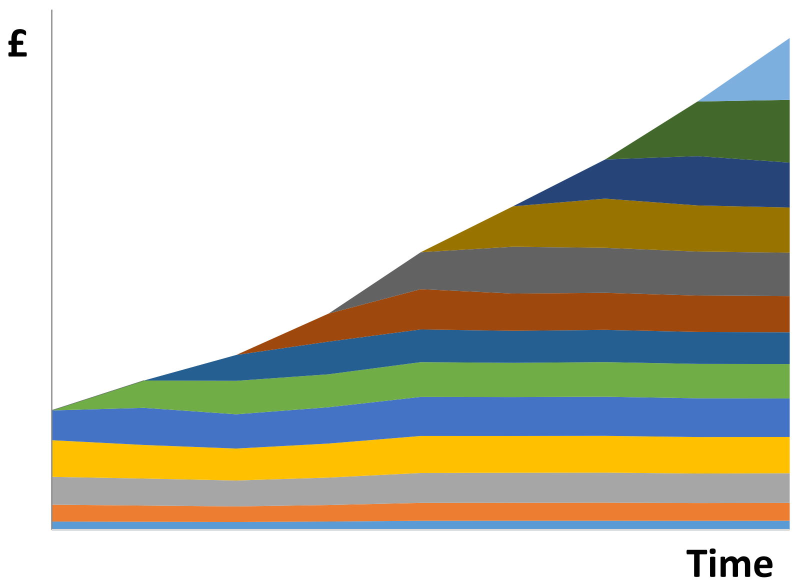
Beauty and wellbeing opportunity – Marie Claire

- Attractive segment with high margin per kg
- Combines our technology and fulfilment operations with well known and respected brand
- Led by capable MD with excellent industry experience

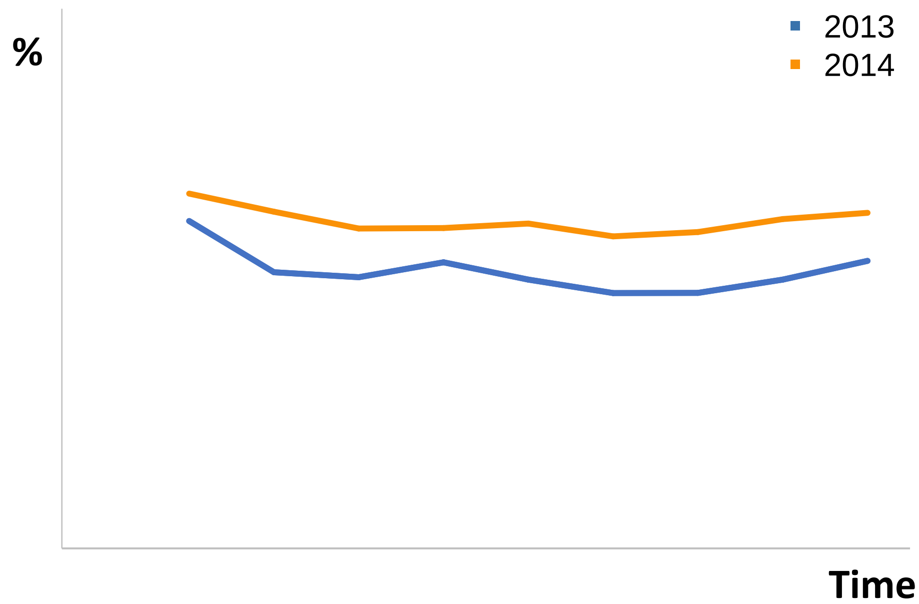
marie claire

Customer trends encouraging

Sales by year of customer acquisition (£m)



New customers to 5th shop in 12 weeks



ocado The online supermarket

Ever more efficient infrastructure solution

	Infrastructure capital/Planned peak sales capacity	Operational UPH Achieved	Operational UPH Target[1]
Hatfield	Not disclosed	>145	
Dordon	£155m / £1bn	>150	180
Andover	£45m / £350m	-	180+
Erith	£135m / £1.2bn	-	200+

[1] Target UPH figures expected 3-4 years after opening

ocado
The online supermarket

Enhancing our end-to-end technology systems to develop Ocado Smart Platform

Fulfilment asset solution	IT Systems
Proprietary infrastructure solution with multiple patents filed ▪ Scaleable ▪ Modular ▪ Faster to deploy ▪ More capex efficient ▪ Better operational efficiency ▪ Less space ▪ More range friendly	▪ Modularising software and services ▪ Refreshing technology stacks ▪ Migrating systems to the cloud
Testing progressing well and installation in CFC3 commences Q2	On track with phased rollout in stages from end 2015

Enable Morrisons and future partners' online business

- Launched January 2014
- Ramp up progress continues well

- Better customer proposition
- Reduced capex and risk
- Shorter time frames

- Inbound partner interest continues
- More detailed discussions started with several potential partners
- Anticipate up to £5m increased administration costs in 2015
- Target for signing first deal in 2015

Conclusion

- Trading robustly in challenging and competitive market
- Continued focus on proposition improvements
- Significant progress in capacity projects
- Ocado Smart Platform discussions progressing

Q&A

Appendices

1. Balance sheet
2. Capital spend, accruals v cash, Morrisons adjusted
3. Statutory cashflow

Appendix 1

- Balance Sheet

		FY14 (£m)	FY13 (£m)
Non-current assets	Property, plant and equipment	275.2	224.3
	Other	116.0	94.2
	Total	391.2	318.5
Current assets	Cash and cash equivalents	76.3	110.5
	Other current assets	70.7	69.1
	Total	147.0	179.6
Total Assets		**538.2**	**498.1**
Current Liabilities	Trade and other payables	(136.5)	(130.0)
	Obligations under finance leases	(26.5)	(25.0)
	Other current liabilities	(5.0)	(4.0)
	Total	(168.0)	(159.0)
Non-current liabilities	Obligations under finance leases	(142.5)	(126.9)
	Other non-current liabilities	(9.5)	(9.8)
	Total	(152.0)	(136.7)
Total liabilities		**(320.0)**	**(295.7)**
Net assets		**218.2**	**202.4**

ocado The online supermarket

Appendix 2

- Capital spend, accruals v cash, Morrisons adjusted

	FY14 (£m)	FY13 (£m)
Reported capital investments	118.3	76.3
Non cash additions of finance leases	(44.9)	(9.3)
Net movement in provisions and reserves	(0.3)	(0.5)
Net movement in invoices received, not paid	3.9	12.3
Net movement in accruals	1.8	(1.3)
Cash capital investment	**78.8**	**77.5**

Appendix 3

- Statutory cashflow

	FY14 (£m)	FY13 (£m)
EBITDA	71.6	45.8
Working capital movement [1]	8.7	23.5
Exceptional items	(0.3)	(4.6)
Other non-cash items [2]	4.0	2.8
Finance costs paid [1]	(9.7)	(7.1)
Operating cash flow	**74.3**	**60.4**
Capital investment [2]	(78.8)	(77.5)
(Decrease)/Increase in net debt/finance obligations [3]	(33.4)	34.2
Proceeds from share issues net of transaction costs	3.7	3.8
Increase/(decrease) in cash and cash equivalents	**(34.2)**	**20.9**

1. FY13 capital investment has been adjusted for £4.5 million of capitalised borrowing costs due to an adjustment in working capital and finance costs paid
2. Other non-cash items include movements in provisions, share of income from MHE JV Co and share based payment charges
3. FY13 includes sale and leaseback of MHE assets to MHE JV Co

ocado
The online supermarket