

CHAIRMAN'S STATEMENT

Lord Rose
Chairman



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GROWTH

The UK retail market experienced significant change over the year. We continue to see an increase in the number of customers choosing to shop online for their groceries, which was reflected in an increase in our active customers of over 453,000. However, the grocery market has become increasingly competitive, with margins being placed under pressure from price discounting by grocery retailers. Despite these difficulties, Ocado is one of the small group of grocery retailers that continues to grow, with Group gross sales increasing by 20.4% and EBITDA increasing by 56.3%.

CUSTOMERS AND SUPPLIERS

It was a strong year for our non-food offering, with the launch of Sizzle, our new kitchenware store, and the continued success of our pet store, Fetch, with product ranges of over 12,000 and 8,000 products respectively. In addition, we are continuing to ensure a greater choice for our Ocado.com customers through an increase in our product range to over 43,000 products, including an increase in Ocado own-label products. We are also providing more opportunities for our suppliers, and hosted the "Britain's Next Top Supplier" competition, to help support upcoming, small suppliers.

EFFICIENCY

During the year, our efficiency has continued to improve, notably in Dordon, where the milestone of 100,000 deliveries per week was achieved, and after year end, the further milestone of 200,000 Ocado.com deliveries per week across both CFCs. We also started building work on a new CFC in Andover, Hampshire and have announced that we exchanged contracts on a site in Erith in the London Borough of Bexley for CFC4. We intend to install our next generation infrastructure solution in these new CFCs, which we expect to be cheaper and more efficient to run than our current CFCs.

 View more information about driving growth on pages 20 & 21

 View more information online at www.ocadogroup.com

INTELLECTUAL PROPERTY AND INTERNATIONAL

We have successfully utilised our expertise, infrastructure and technology to provide services to our first strategic customer, Morrisons. We continue to invest in the innovation and development of our intellectual property and technology, in preparation for future international growth. The Board remains committed to finding further strategic customers, monetising our intellectual property and supporting and overseeing the executive team in the creation of greater long-term shareholder value in our business.

CORPORATE GOVERNANCE

One of the Board’s responsibilities is ensuring that the Group applies good governance to facilitate effective management of a rapidly growing business. As the Company’s Chairman I am pleased to note that the Group is fostering an environment of innovation and progress in a framework of strong governance and risk management, evidenced by the Group’s recent award for corporate governance at the Building Public Trust Awards 2014 in respect of the Group’s 2013 annual report. A detailed statement on corporate governance for 2014 can be found on pages 62 to 89.

BOARD CHANGES

Jason Gissing, co-founder of Ocado and Commercial Director, retired from the Board at the Group’s annual general meeting in May 2014. On behalf of the Board, I would like to thank Jason for his contribution to the Group, and wish him every success in the future.

THE OCADO FAMILY

We are fortunate enough to have exceptionally talented and dedicated employees. On behalf of the Board, I would like to thank all members of the Ocado family for their contribution throughout the year.

Lord Rose
Chairman
Ocado Group plc



SHARE PRICE CHART

Share price for London (Ocado): 30 Nov 2013 to 18 Jan 2015

