



**Lord Rose**  
Chairman

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Read more about Our Marketplace on pages 14 and 15

Read the Chairman's Governance Introduction on pages 52 and 53

## 2. Chairman's Statement

### UK Growth

The UK grocery market continued to face significant challenges over the year, characterised by falling volumes and price discounting by major supermarket operators, resulting in margin pressure in the market. However, the increased trend for consumers to shop online for groceries, and particularly using mobile devices, has continued. Our customer base has extended further, now with over 500,000 active customers, and we remain one of a small group of grocery retailers in the UK that has grown, with Retail sales increasing by 14.7% to £1,116 million and EBITDA up by 13.8% to £81.5 million for the period.

### Customers and Suppliers

We have improved the quality of what we offer our customers in terms of service and ease of use, the range of products we sell, and our commitment to good value pricing. We plan to launch our next specialist site in the premium beauty category in conjunction with Marie Claire later this year, broadening our offer in this attractive category. At the same time, we continue to work closely with our suppliers, providing more opportunities for them to drive their sales within Ocado, critical to our respective fortunes and further strengthening our relationships as suppliers increasingly embrace the online channel.

### Overseas Expansion

In February 2015, we announced our target to sign our first OSP customer during 2015. We continue to be in multiple discussions with retailers across several geographies and although none of these have yet resulted in a signed deal, we remain confident of signing multiple deals in the medium term.

### Improving Efficiency and Expanding Capacity

We strive to operate with ever improving efficiency and last year we made further progress in our existing facilities. We will shortly open our latest CFC in Andover, Hampshire, which will use our new proprietary fulfilment solution, and which we expect will be more efficient to operate than our current facilities. In developing our capacity further, we expect our fourth CFC in Erith, South East London, to become operational towards the end of 2017.

### Proprietary Technology and Intellectual Property

Following the implementation of our first strategic customer's business, Morrisons.com, we have announced our intention to sign agreements with international retailers to use Ocado Smart Platform to run their online operations, leveraging our expertise, infrastructure and technology.

### Share Price Chart

Share price for London (Ocado): 01 Dec 2014 to 12 Jan 2016



As we generate more intellectual property and technology through innovation and development, the Board remains committed to signing strategic customers. We believe this will lead to the creation of increased long-term shareholder value in the business.

### Corporate Governance

The Board recognises the importance of having a well-defined corporate governance framework, especially in a rapidly growing business. As the Company's Chairman, I am pleased to note that the Group continues to foster an innovative environment, which is protected and enhanced by strong governance and risk management. A detailed statement on corporate governance for 2015 can be found on pages 50 to 117.

### Board Changes

Throughout my time as Chairman I have been assisted by the experience and enthusiasm of David Grigson, our Senior Independent Director. David has indicated that he will be retiring at our next AGM, after six years in the role, and I want to convey my thanks to him and wish him well in his retirement.

### Corporate Responsibility

We continued to develop and implement a more structured approach to maintaining and improving responsible and sustainable business practices. A detailed description of our efforts can be found on pages 42 to 47.

### The Ocado Family

We are extremely fortunate to have exceptionally talented, entrepreneurial 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

