


OCADO (LON: OCDO) 4Q16 UPDATE: ANOTHER QUARTER OF SOLID GROWTH

- In 4Q16, Ocado grew its group gross sales by 14.5%.
- Ocado grew its own retail sales by 13.1% in the quarter.
- In FY16, Ocado group gross sales climbed 15.1%.

UK online grocery retailer Ocado has updated on sales for 4Q16 and FY16, ended November 27. Like most UK companies, Ocado provides updates on sales growth each quarter and reports profits after the end of the half-year and full-year.

4Q16 SALES

In the fourth quarter, Ocado grew group gross sales by 14.5% to £437 million. This includes benefits from its agreement to service the online offering of brick-and-mortar grocery retailer Morrisons.

Ocado grew its own gross retail sales by 13.1% to £398 million in 4Q16.

Sales growth was driven by a 17.6% rise in average orders per week to 241,000. The company said new and existing Ocado customers contributed to this uptick.

Average order size fell by 2.9% to £106. The decline was partly due to deflation in the grocery market and partly due to higher uptake of delivery passes encouraging customers to shop at Ocado more frequently and with smaller basket sizes.

FY16 SALES

For the full year, group gross sales climbed 15.1% to £1.39 billion. Ocado's own gross retail sales rose 13.6% to £1.27 billion.

OUTLOOK

The company is expected to report its full-year results on February 2.

For FY16, the consensus among analysts is for EBIT to grow by 15.5%, yielding an EBIT margin of 1.7%. Analysts expect net profit to fall 1% to £11.7 million. However, GAAP EPS is expected to rise 15.7% to 2.21 pence.



FLASH REPORT

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