

Ocado Group PLC

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Ocado raising £500mln from bond issue as sales soften

Ocado Group PLC (LON:OCDO) dropped after announcing a £500mln convertible bond issue and fourth-period revenues not as ripe as investors were hoping.

To help pay for the roll-out of robot-operated warehouses for its overseas clients and for general corporate purposes, the online grocery group is issuing bonds due in 2025 with a coupon of between 0.75% to 1.25% and a conversion premium of 40% to 45%.

READ: Ocado ups investment after winning deal with Japan's largest retailer
The announcement comes days after the winning of a contract with Japan's largest grocer, Aeon, to set up a new online delivery business.

The FTSE 100-listed company also added a lukewarm update on the final 13 weeks of its trading year, where revenue growth at its UK joint venture with Marks & Spencer Group PLC (LON:MKS) softened to between 10% and 11% from the 11.4% in the 13 weeks to 1 September.

Full-year guidance for revenue growth for the Ocado Retail JV was set at between 10% and 15%, while the group's new 60-minute delivery service, Ocado Zoom, was likely to outperform retail revenue.

According to retailing analyst Nick Bubb, Ocado "ought to be doing a bit better than that, given all the extra customer fulfilment centre capacity it has laid down".

Shares fell 7% to 1,235p on Monday morning, aligning with the price at close on Thursday, before Ocado announced the new deal with Aeon.

Price: 1327.5

Market Cap: £9.43 billion

1 Year Share Price Graph



Share Information

Code: OCDO

Listing: AIM

52 week High Low
1440.5 836.4

Sector: Retail

Website: www.ocado.com

Company Synopsis:

Ocado was launched in partnership with Waitrose in January 2002, and delivers quality groceries across selected areas of England and Wales. Our business was conceived with one simple objective in mind: to offer busy people a true alternative to going to the supermarket every week. By doing this, we created a totally new shopping experience, built entirely around our customers' needs.

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