

Deliveroo

Full Year 2022 Results
16 March 2023



Definitions & Basis of Discussion



References to profitability in this presentation are to adjusted EBITDA unless otherwise stated. **Adjusted EBITDA** represents loss for the year before income tax charge/credit, finance costs, finance income, depreciation and amortisation, exceptional costs, exceptional income, and share-based payments charge and accrued national insurance on share options. Adjusted EBITDA is considered to be a measure of the underlying trading performance of the Group and is used, amongst other measures, to evaluate operations from a profitability perspective, to develop budgets, and to measure performance against those budgets.

Growth rates are year-on-year and in reported currency unless otherwise stated. **Constant currency** growth rates adjust for period-to-period local currency fluctuations; the Group uses constant currency information because the Directors believe it allows the Group to assess consumer behaviour on a like-for-like basis to better understand the underlying trends in the business.

Deliveroo ended operations in Australia and the Netherlands on 16 November 2022 and 30 November 2022, respectively, and in Spain on 29 November 2021; all three markets are treated as discontinued operations. To provide a better understanding of performance for the ongoing operations, analysis of the Company's results in this presentation is on a '**continuing operations**' basis, which excludes results from Australia, the Netherlands and Spain for current and comparative periods, unless otherwise stated.

1. Overview

2. Strategic progress

3. Financial performance

4. Summary



- 1** | **Excellent progress on path to profitability**, delivering positive adjusted EBITDA in H2 2022 - significantly ahead of expectations
- 2** | **Strong execution on operational initiatives** underpinning 2022 profit levers; strengthened CVP and executed on hyperlocal strategy leading to market share gains in key markets
- 3** | **Good year of growth in challenging market conditions** with gross profit up 30%, revenue up 14% and GTV up 9% year-on-year (7% in constant currency)
- 4** | **Healthy balance sheet maintained** with net cash of £1.0 billion (2021: £1.3 billion); new share purchase programme of £50 million
- 5** | **2023 guidance:** Low- to mid-single digit GTV growth (at constant currency) and adjusted EBITDA in the range of £20-50 million

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Hyperlocal focus

Focus on neighbourhoods with the greatest profit potential first (affluence, density, independent merchants) and win them, neighbourhood by neighbourhood.
National market share is a collection of neighbourhoods share.

CVP

Build the best
neighbourhood
consumer value
proposition



Market share

Better CVP
yields local
market position and
market share



Profitability

Hyperlocal network
effects drive
higher hyperlocal gross
profits

Key profit levers

Optimisation of consumer fees

Contribution from advertising revenue

Efficiency gains in the rider network

Increased targeting of marketing spend

Overhead cost efficiencies



Consumer Value Proposition

Availability

Selection

- Restaurant partner sites +22% YoY
- Grocery partner sites +64% YoY
- Key strategic partnerships signed in 2022
- Continued roll-out of Hop and Hop as a Service
- Filled selection gaps, e.g. Vegan options

Consumer Experience

- Step-change in improving grocery offering
- Transition from transactional to emotional, e.g. introduced consumer reviews and merchant video content
- Differentiation on service

Price / Value

- In-store price match and other offers in grocery
- Growing number of consumers benefiting from free delivery via Plus subscription programme
- Enhanced rewards, e.g. "Place 3 orders to get £8 off"

Brand Love

On-demand grocery | Major steps forward in improving grocery proposition benefitting both consumers and merchants

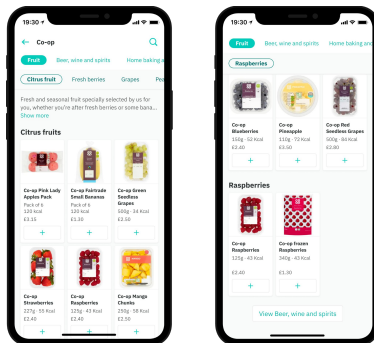


Range expansion

Offering up to 10,000 SKUs with selected merchants

Driving higher basket sizes, reduced amended orders and increased substitutions

Piloting more finely grained menus with sub-categories

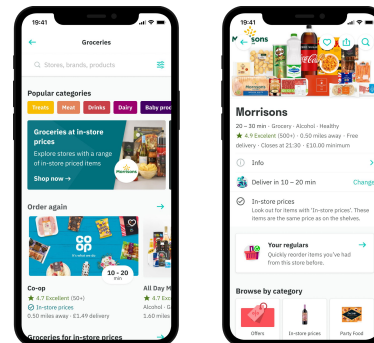


Driving value

First in-store price-match campaign with Morrisons

Since rolled out with Asda, Co-op, One Stop and others

Driven incremental order volume and improved value perception

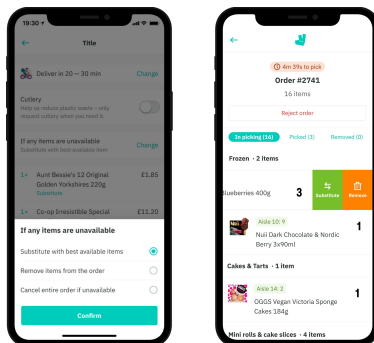


Substitutions

Technology live in 5,500+ sites

Notable partners include Co-op, Sainsbury's, Carrefour, Franprix, Morrisons, ASDA and Auchan

Generating additional revenue for partners

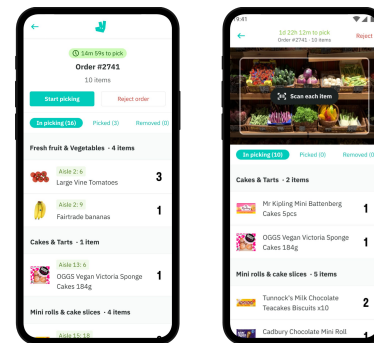


Picking app

Live with Co-op, Waitrose, Sainsbury's and Carrefour

Led to reduced pick time per unique item

Fewer missing items



Continued measured roll-out of Hop and Hop as a Service sites

Case study | Successful execution of hyperlocal strategy driving market leadership in Italy



Expansion

- Hyperlocal (zone by zone); to satisfy varying density, affluence, culture and attitude
- Data-driven approach by neighbourhood; continuous CVP development
- >65% population coverage; stronghold in North Italy - Milan & wider Lombardy

Selection

- Balance of exclusive and non-exclusive partners
- Zone data drives optimal mix of QSRs & 'local gems'
- One-stop-shop for locals
- Enhanced grocery offering; national deals & specialists

Brand

- Strategic marketing investment; hyperlocal focus
- Innovative product placement
- Building loyalty via Plus
- Deliveroo brand entrenched in Italian culture



Achieved #1 market share position¹, whilst improving profitability

Rider proposition | Key updates



Rider satisfaction

- 83% global rider satisfaction¹ across our network of ~150,000 riders
- Robust rider attraction and retention rates despite high levels of employment vacancies across key markets

Union engagement

- UK GMB partnership recognises riders as self-employed
- French Government-initiated social dialogue commenced, recognising platform workers as self-employed
- Operate under a Collective Bargaining Agreement in Italy that recognises riders as self-employed

Regulation

- EU Parliament and Council debating Commission proposals
- Original proposals broadly in line with Deliveroo's current model; could provide welcome clarity
- Ongoing discussions with regulators in a number of markets, including France, Italy and Netherlands



Profitability | Excellent progress on profitability driven by strong operational execution



Delivering on path to profitability

**Adjusted EBITDA positive
well ahead of schedule**

**Result of improving
execution**

**Confident in 2023 and
beyond**

Strong execution on operational initiatives

- Optimisation of consumer fees
- Contribution from advertising revenue
- Efficiency gains in the rider network
- Increased targeting of marketing spend
- Overhead cost efficiencies

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Financial performance | Improving trends across our financial KPIs



GTV¹

£6,848m

+9% YoY

Revenue

£1,975m

+14% YoY

Gross profit

£643m

+30% YoY

Adjusted EBITDA²

£(45)m

+£55m YoY

Profitable in H2 2022: £7m

Free cash flow³

£(243)m

£(4)m YoY

2022: H1 £(169)m → H2 £(74)m

Net cash⁴

£1,000m

vs £1,291m at end of 2021

¹ GTV growth in constant currency was 7%.

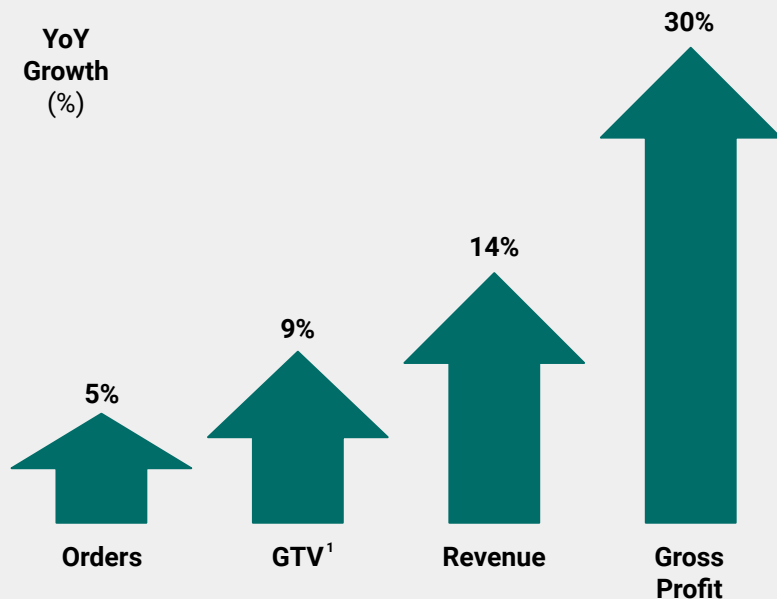
² Adjusted EBITDA represents loss for the year before income tax charge/credit, finance costs, finance income, depreciation and amortisation, exceptional costs, exceptional income, and share-based payments charge and accrued national insurance on share options.

³ Free cash flow is calculated as net cash used in operating activities less: purchase of property, plant and equipment; acquisition of intangible assets; payment of lease liabilities; and interest on lease liabilities.

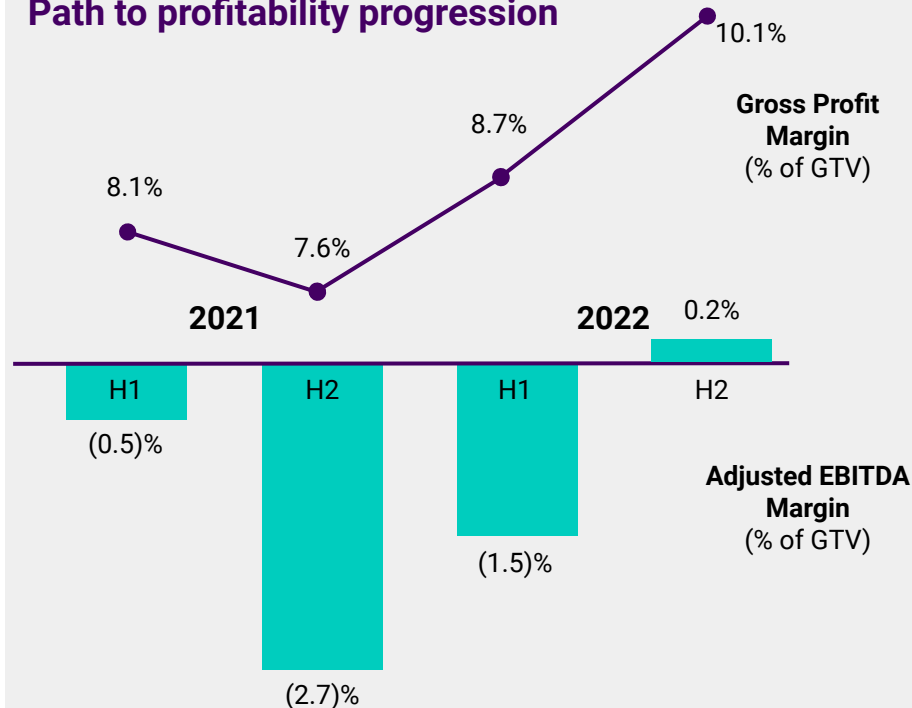
⁴ Net cash/net debt is defined as the Group's cash, cash equivalents and treasury deposits less debt (excluding leases).



Good growth driving value through the P&L



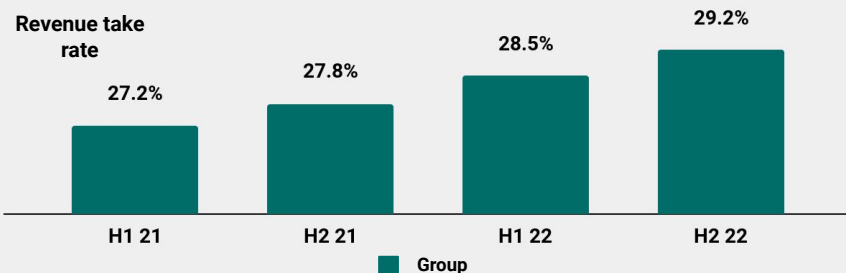
Path to profitability progression



Top-line metrics | Good growth in challenging market conditions



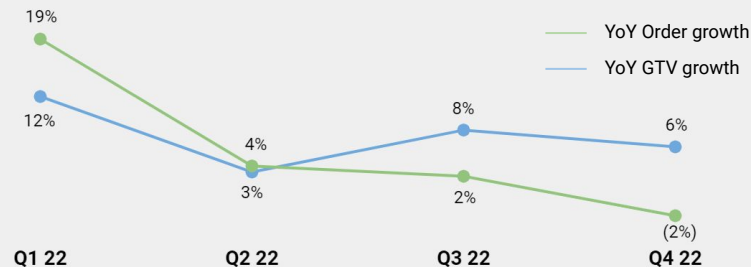
Revenue growth driven by expansion of take rate



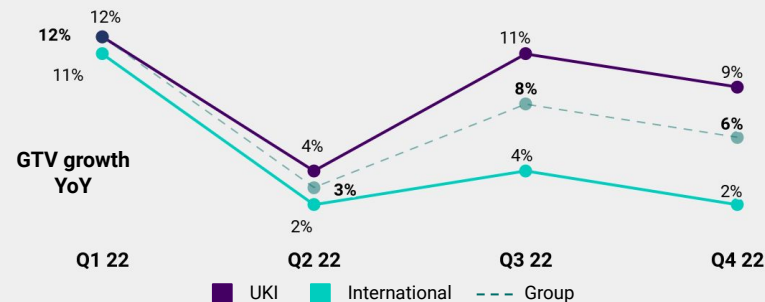
Revenue £2.0bn (+14%) - good progress on all levers

- Optimisation of consumer fees
- High margin revenue from nascent advertising platform (£40m run-rate/0.6% of GTV in Q4 2022)
- Commission revenue increase from higher GTV, reflecting order growth and larger basket sizes

Order growth softened through the year



GTV growth slowed in Q4; UKI more resilient



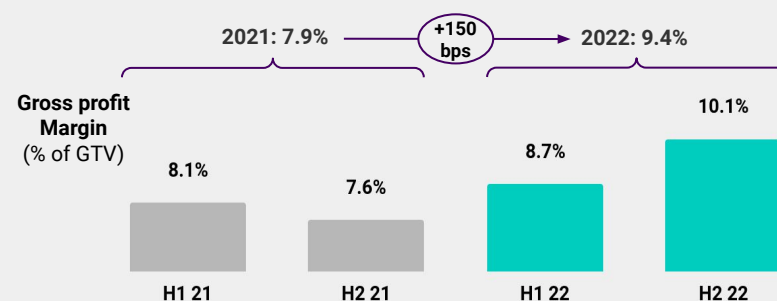
Gross profit | Margin expansion driven by take rate improvement and effective management of costs of sales



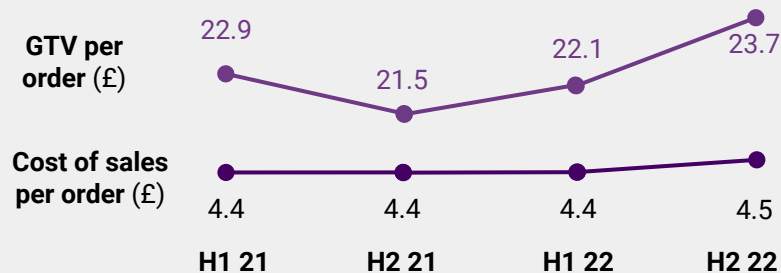
Significant gross profit improvement



Strong gross margin expansion throughout 2022



Cost of sales per order broadly flat YoY



Pleased with progress across both geographic segments

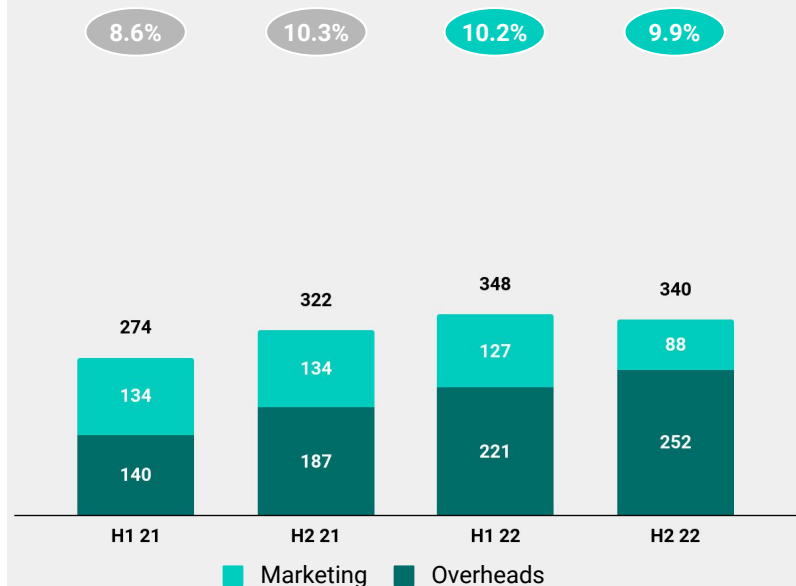
- Flow through of revenue take-rate expansion
- Efficiencies in rider network
- International segment particularly strong
- Expect slower rate of improvement in 2023

x% Year-on-year growth

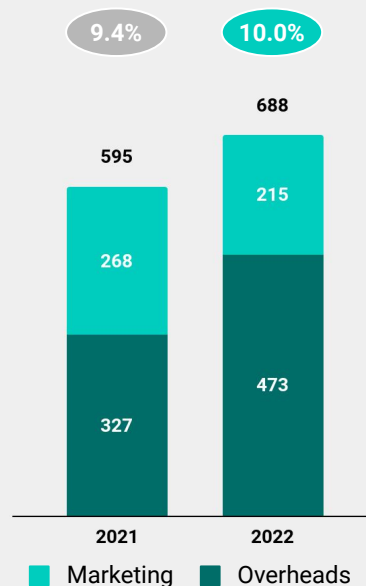
Marketing and overheads | Increased focus on cost control in H2 to reflect consumer environment



Marketing and overheads £m half year



Marketing and overheads £m full year



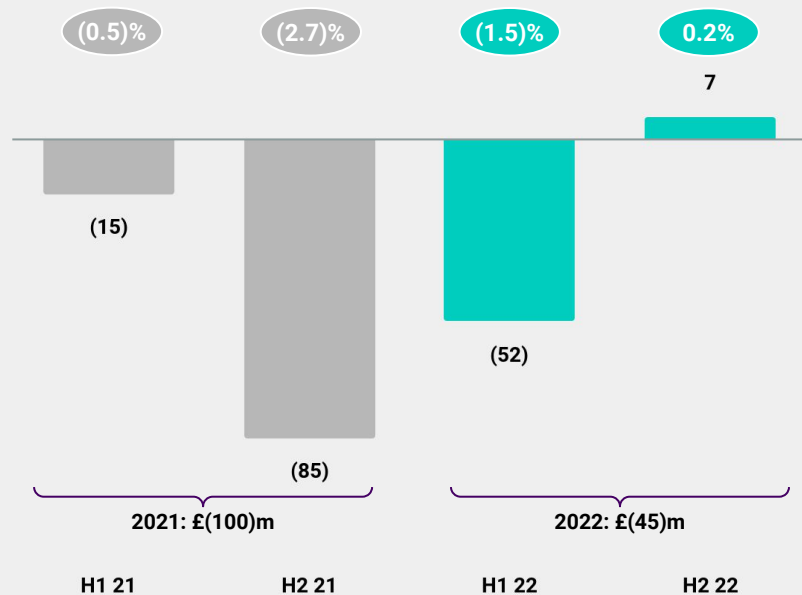
- Invested into engineering team to build long-term value
- Marketing spend refined and optimised in light of consumer environment, particularly in H2 22
- Cost efficiency measures implemented to benefit H2 2023 onwards

x% % of GTV

Adjusted EBITDA | Profitable in H2; significant improvement across both geographic segments

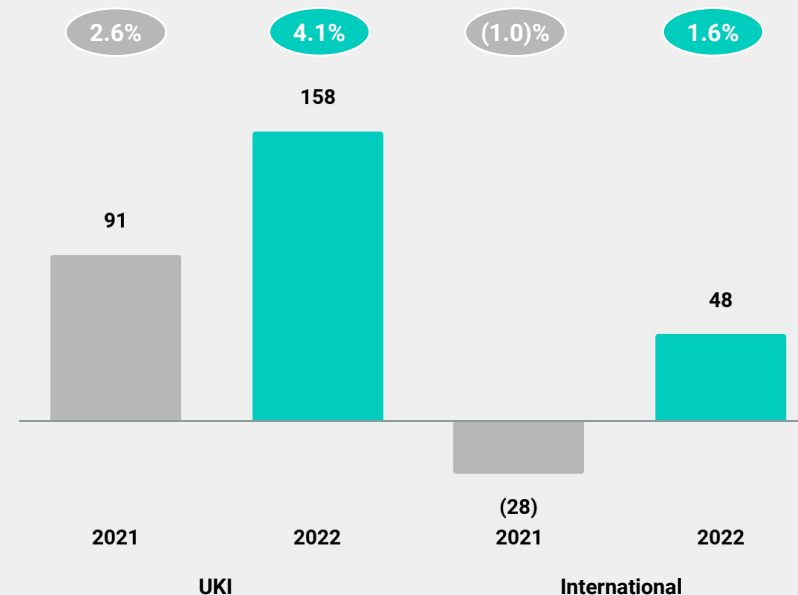


Adjusted EBITDA £m half year



x% % of GTV

Segment* adjusted EBITDA £m full year



* Excluding unallocated central costs

Net cash | Remain well-capitalised with £1.0bn of net cash



Net cash £m





GTV growth

Low- to mid- single digits growth (in constant currency) in 2023

Q1 expected to be broadly flat

Improving through the year as we continue to deliver on our plans and the comparison base eases

Adjusted EBITDA

Expected to continue to improve

In the range of £20-50 million, weighted to H2

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Summary | Key takeaways



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Q&A

Any questions?



Appendix

Financial KPIs (continuing operations)



£m	Q1 21	Q2 21	Q3 21	Q4 21	H1 21	H2 21	FY 21	Q1 22	Q2 22	Q3 22	Q4 22	H1 22	H2 22	FY 22
Group														
Orders (m)	66	73	68	77	139	145	284	79	75	70	75	154	145	299
% year-over-year	-	-	-	-	-	-	-	19%	4%	2%	(2)%	11%	0%	5%
GTV	1,549	1,633	1,473	1,650	3,182	3,123	6,305	1,710	1,703	1,640	1,795	3,413	3,435	6,848
% year-over-year	-	-	-	-	-	-	-	10%	4%	11%	9%	7%	10%	9%
Gross profit					258	237	495					297	347	643
% of GTV					8.1%	7.6%	7.9%					8.7%	10.1%	9.4%
Adj. EBITDA					(15)	(85)	(100)					(52)	7	(45)
% of GTV					(0.5)%	(2.7)%	(1.6)%					(1.5)%	0.2%	(0.7)%
UK & Ireland														
Orders (m)	34	38	36	40	71	76	148	41	39	38	41	80	78	158
% year-over-year	-	-	-	-	-	-	-	20%	5%	5%	0%	12%	3%	7%
GTV	852	921	852	945	1,773	1,797	3,570	956	958	944	1,030	1,914	1,974	3,888
% year-over-year	-	-	-	-	-	-	-	12%	4%	11%	9%	8%	10%	9%
Gross profit					166	164	330					188	217	406
% of GTV					9.4%	9.1%	9.3%					9.8%	11.0%	10.4%
Adj. EBITDA					55	36	91					60	98	158
% of GTV					3.1%	2.0%	2.6%					3.1%	5.0%	4.1%
International														
Orders (m)	33	35	33	36	68	69	136	38	36	32	35	74	67	141
% year-over-year	-	-	-	-	-	-	-	17%	3%	0%	(5)%	10%	(3)%	3%
GTV	697	712	622	704	1,408	1,326	2,735	754	745	696	765	1,499	1,461	2,960
% year-over-year	-	-	-	-	-	-	-	8%	5%	12%	9%	6%	10%	8%
Gross profit					92	73	165					109	129	238
% of GTV					6.5%	5.5%	6.0%					7.2%	8.8%	8.0%
Adj. EBITDA					(1)	(27)	(28)					8	41	48
% of GTV					(0.1)%	(2.0)%	(1.0)%					0.5%	2.8%	1.6%



This presentation may include forward-looking statements, which are based on current expectations and projections about future events. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and any other words and terms of similar meaning or the negative thereof. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and its investments, including, among other things, the development of its business, trends in its operating environment, and future capital expenditures and acquisitions. The forward-looking statements in this presentation speak only as at the date of this presentation. These statements reflect the beliefs of the Directors, (including based on their expectations arising from pursuit of the Group's strategy) as well as assumptions made by the Directors and information currently available to the Company. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and none of the Company nor any member of the Group, nor any of such person's affiliates or their respective directors, officers, employees, agents and/or advisors, nor any other person(s) accepts any responsibility for the accuracy or fairness of the opinions expressed in this presentation or the underlying assumptions. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur. No representation or warranty is made that any forward-looking statement will come to pass. No one undertakes to update, supplement, amend or revise any forward-looking statements. You are therefore cautioned not to place any undue reliance on forward-looking statements.