

Deliveroo

H1 2024 Results

08 August 2024



deliveroo



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, impairments, exceptional items and provisions, and share-based payments charge and 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.

Overview

H1 2024 overview | Key messages



- **Positive free cash flow and profit for the period:** free cash flow of £3m¹, profit for the period of £1m and adjusted EBITDA of £62m
- **Good top-line performance:** orders returned to growth, continued GTV growth in UKI and improvement in International growth in H1
- **Further CVP enhancements:** innovation in our Plus loyalty programme, focus on price integrity, strong growth in grocery and progress in retail
- **2024 outlook:** expect GTV growth² in the range of 5-9%; adjusted EBITDA in the upper half of the previously-guided £110-130m range
- **£150 million return of structural surplus capital;** to be executed via an on-market buyback

¹ Including a £(43)m outflow of cash exceptionals and excluding £13m of interest income.

² GTV growth rate guidance at constant currency.

Business update

Our strategic framework | Delivering profitable growth



Deliveroo's mission is to transform the way you shop and eat, bringing the neighbourhood to your door by connecting consumers, restaurants, shops and riders

Compelling CVP	Across key verticals	Delivered efficiently
Selection	Restaurant	Optimised delivery
Price/value	Grocery	Marketing efficiency
Consumer experience	Retail	Operating leverage
Loyalty	Advertising	Investment discipline

Drive Growth	Optimise Returns	Capital Efficiency
Mid-teens GTV growth in the medium term	4%+ adjusted EBITDA margin by 2026	Maintain an efficient capital structure

Building blocks



New customers



Retention



Frequency



GTV per order

Price/value | Offering better value and price integrity

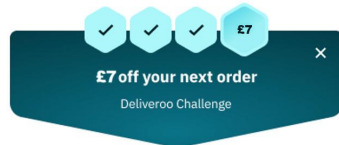


Direct levers

Loyalty programme



Targeted promotions



Indirect levers

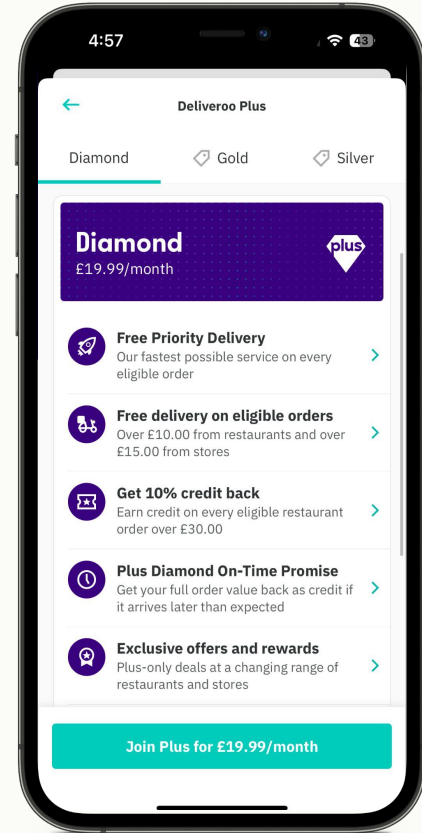
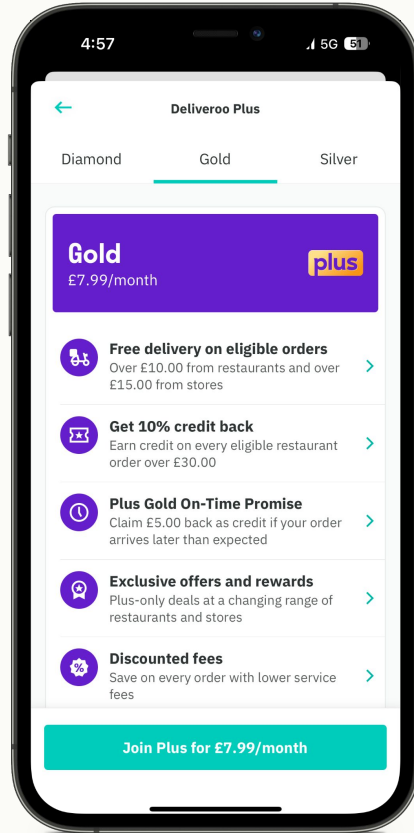
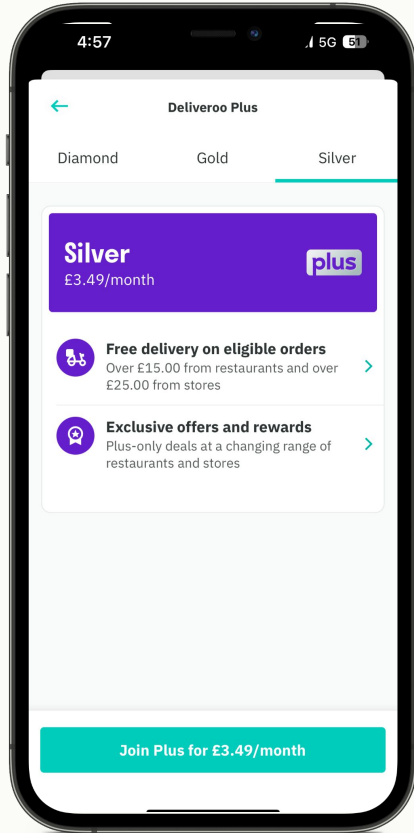
Commercial architecture



Value Programme



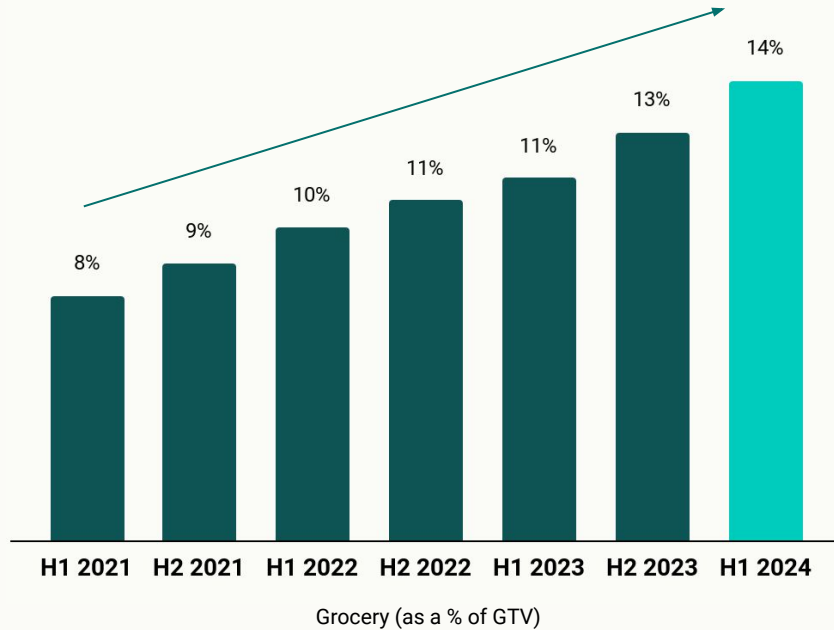
Loyalty | Innovations in our Plus programme



Grocery | Growing strongly in UKI and International



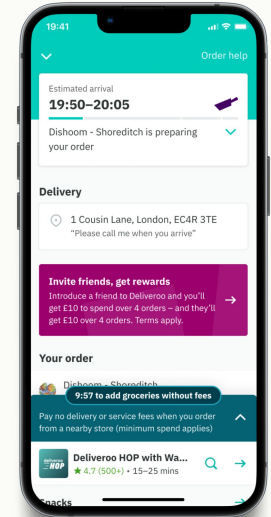
Grocery now 14% of GTV; strong double digit growth in H1



Top up order feature

Mid-sized baskets

£30-£60

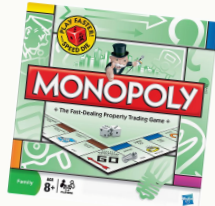


- Mid-sized basket orders continue to grow faster than other baskets
- Top up order functionality continues to drive awareness and adoption

Retail | Driving awareness and expanding selection



Prioritising categories based on consumer demand



**Grocery
Non-Food**

**Health &
Beauty**

Flowers

Toys



Homeware

DIY

Electronics

Continuing to scale with new partners and markets



- Continuing to build selection in UK and UAE with new partner additions
- Launched retail in Hong Kong and Kuwait
- Driving awareness via seasonal events and targeted communications

Growth | Encouraging signs in consumer engagement



Building blocks



New customers



Retention

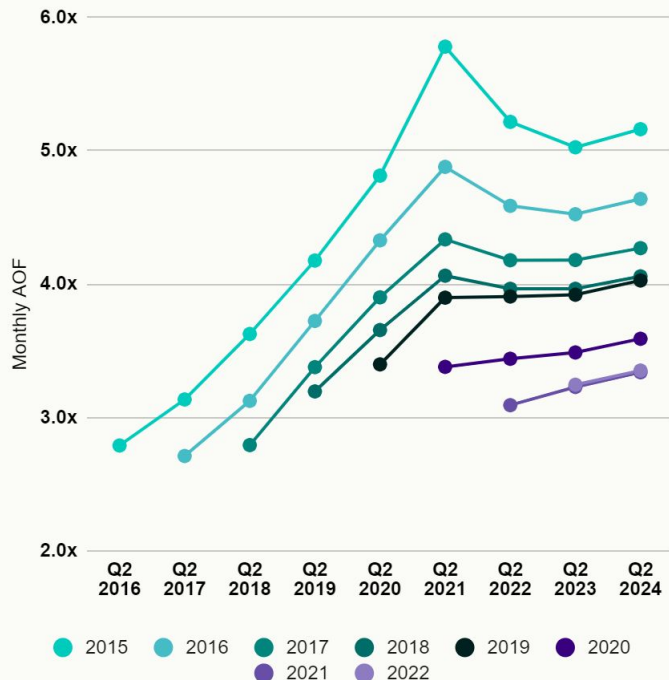


Frequency



GTV per order

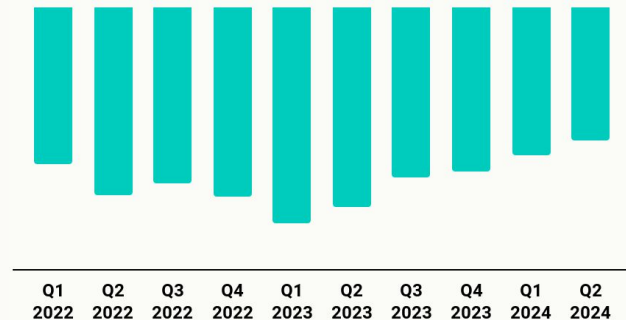
Frequency by cohort (Group)¹



Average order frequency has returned to growth²



Lapse rate continuing to improve³



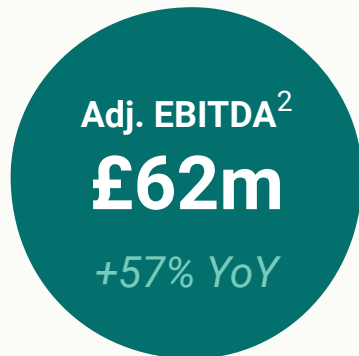
¹ Monthly average order frequency (of MACs) by cohort year for the 2015 to 2022 annual cohorts.

² Represents the average YoY change in monthly average order frequency across the 2015 to 2022 annual cohorts.

³ Represents the average YoY change in active users across the 2015 to 2020 annual cohorts.

Financials

Overview | Continued progress on profit and cash flow



¹ "cc" = constant currency growth rate.

² Adjusted EBITDA represents profit for the period before income tax, finance costs/income, depreciation and amortisation, impairments, exceptional items and provisions, share-based payments charge and national insurance on share options.

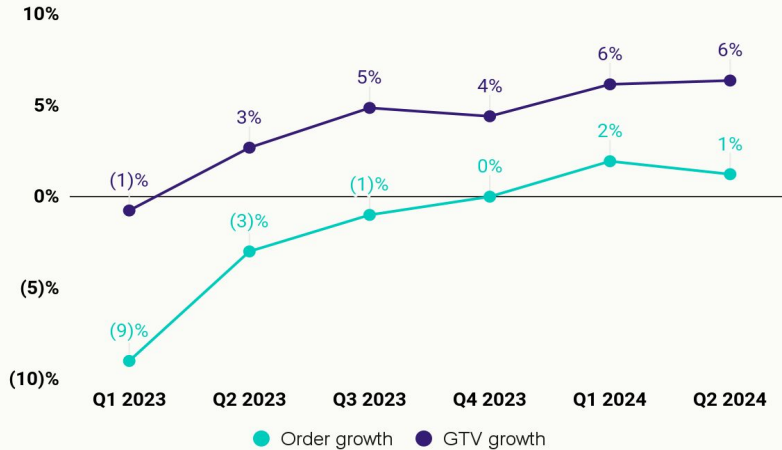
³ Free cash flow is calculated as net cash from operating activities less: purchase of property, plant and equipment; acquisition of intangible assets; payment of lease liabilities; and interest on lease liabilities.

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

Top line | Good momentum in both segments

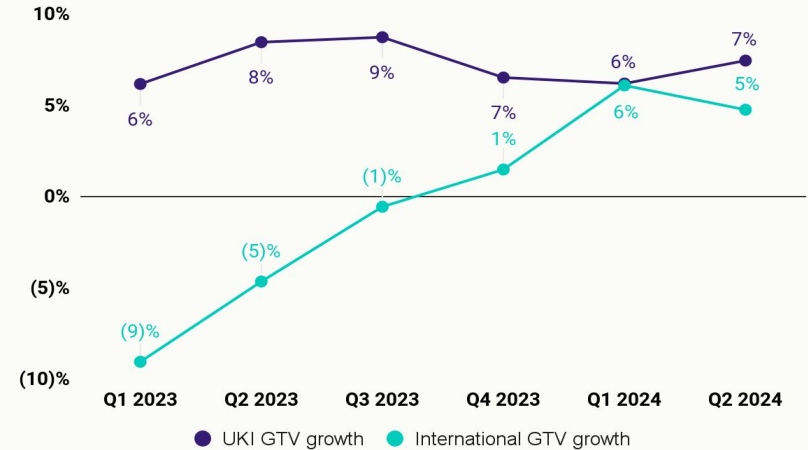


Good top line momentum; back to order growth in H1



- GTV up 6% in H1 2024 (H1 2023: 1% and H2 2023: 5%)
- Orders returned to growth of 2% H1 2024 (H1 2023: (6)% and H2 2023: flat)
- GTV growth predominantly driven by GTV per order (up 5% in H1 2024), mainly due to item level price inflation

GTV growth across both segments

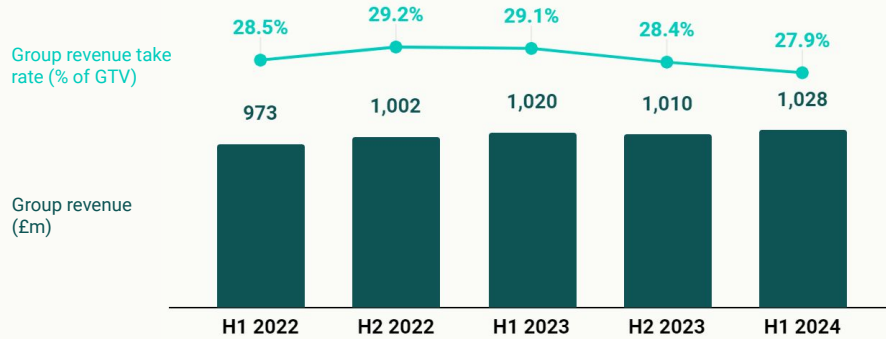


- Continued strength in UKI with improving trends in Q2
- Return to growth of International segment (up 5% in H1)
- France the main driver of International improvement (back to growth in Q2), with continued strength in Italy and UAE

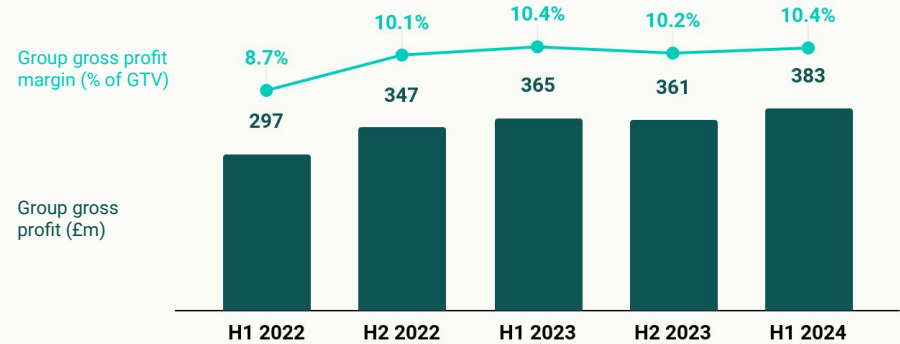
Revenue & margin | Efficiencies enable CVP investments



Investment in CVP enabled by delivery efficiencies



Growth in gross profit, stable gross profit margin



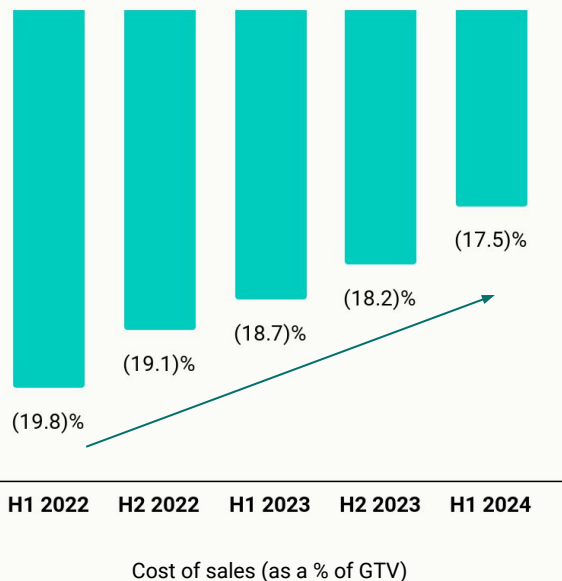
- Revenue up 2% YoY primarily due to increasing GTV, as well as contribution of ad revenue (1.2% of GTV in Q2 2024)
- Plus, grocery and pick-up orders growing within overall mix, increasing absolute revenue, while diluting take rate
- Also, investing in CVP to reinforce value perception through targeted promotions

- Continued growth in gross profit, up 5% YoY in H1 2024, with margin stable YoY at 10.4%
- Efficiencies in the delivery network have allowed us to mitigate the impact of inflation and invest back into the CVP through initiatives like radii expansion and targeted promotions
- Delivery network efficiencies include roll out of multi pick-up stacking and reducing rider wait time at merchants

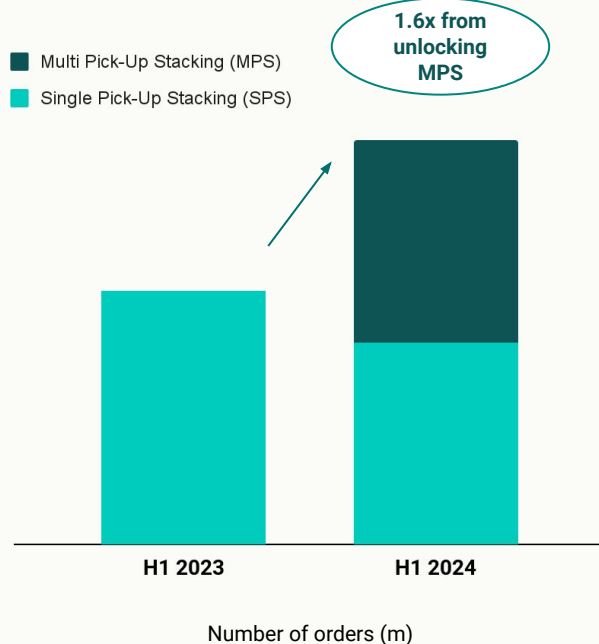
Optimised delivery | Driving further delivery efficiencies



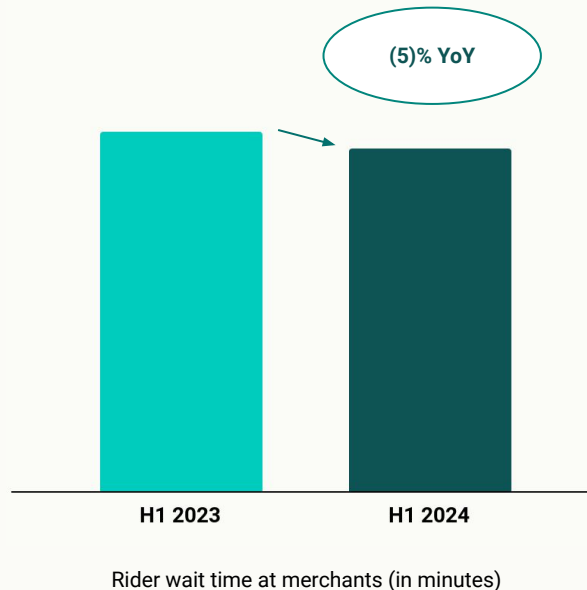
Consistent reduction in cost of sales (as % of GTV)



Driven by roll out of multi pick-up stacking...



...and further reduction in rider wait time at merchants



Costs | Continued leverage with further opportunities



Marketing & overheads



H1 2022 H2 2022 H1 2023 H2 2023 H1 2024

- M&O reduced by £5m in H1 2024 compared to H1 2023
- Improving M&O (as % of GTV) by 60 bps YoY
- Continued progress towards driving operating leverage, but more to do to accelerate progress

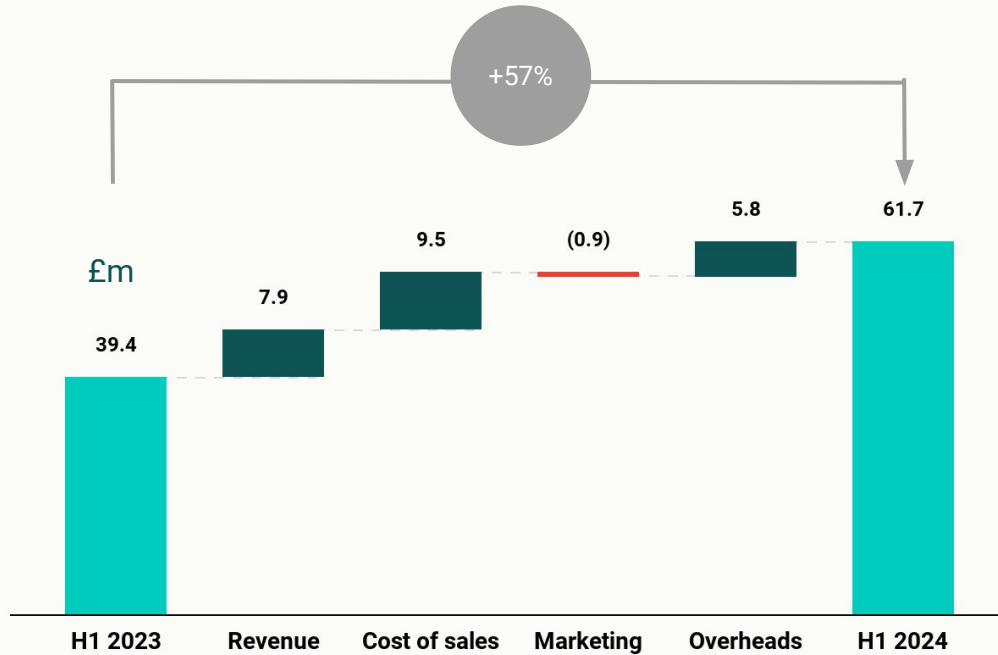
Breakdown of marketing & overheads

Group (£m)	H1 24	H1 23	H1 24 vs H1 23
Staff and other people costs ¹	183	186	(2)%
Capitalised development costs	(21)	(20)	4%
Total people expenses	162	166	(2)%
Non-people expenses ²	64	66	(3)%
Total overheads	226	232	(2)%
Marketing	94	94	1%
Total marketing & overheads	321	326	(2)%

- Reduction in staff costs reflects lower average headcount partially offset by wage inflation
- Marketing efficiencies offset by investment into retail

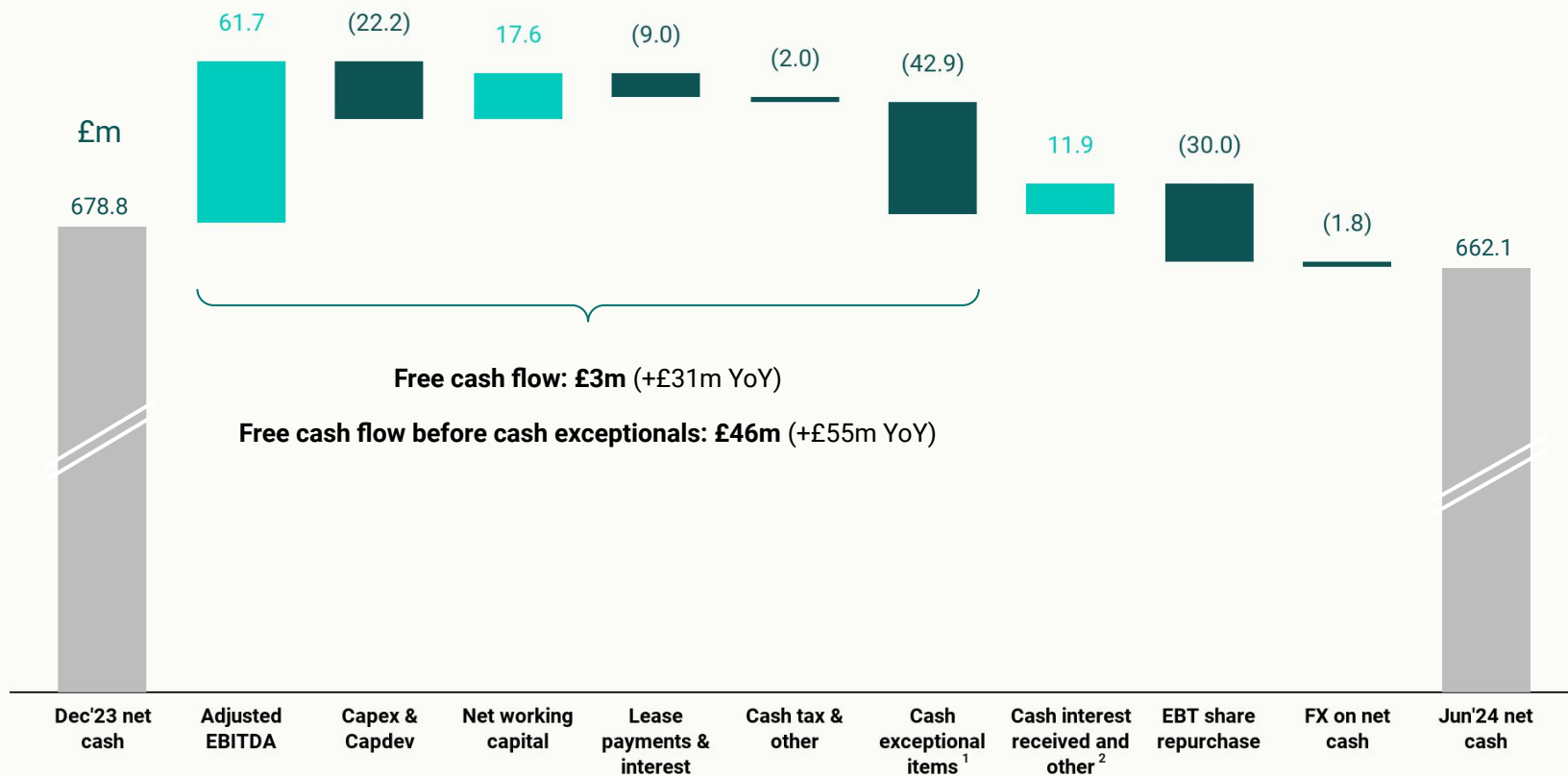
¹ Other people costs primarily relate to contractors and customer care agents.
² Non-people expenses include IT expenses, office costs and professional fees.

Adjusted EBITDA | Continued progress on profitability



- Delivering across the P&L: progress above and below gross profit
- Continued adjusted EBITDA margin expansion: +60 bps YoY to 1.7%
- Gross profit margin: flat YoY at 10.4%
- Marketing & overheads: -60 bps YoY

Cash flow | Reached free cash flow positive in H1



¹ Cash exceptional items primarily relate to cash outflow for regulatory settlements.

² £12.9m of cash interest offset by £1.0m refinancing cost.

Capital position | Announcing £150m return of capital



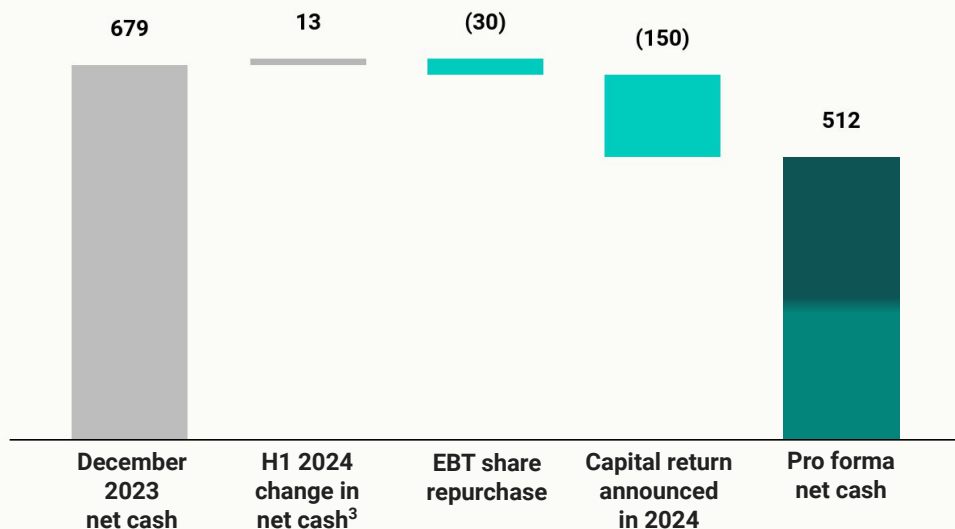
Allocation of capital¹

Strategic and operational capital

Headroom (including provisions and contingent liabilities)

Structural surplus capital²

Bridge from December 2023 net cash to pro forma net cash (£m)



¹ Buckets not to scale

² Structural surplus capital does not take into account potential future cash flow generation

³ Excludes 2024 EBT share repurchase

FY24 outlook | On track to deliver full year guidance



GTV growth (unchanged)

- Anticipated to be in the range of 5-9% (in constant currency)

Adjusted EBITDA (updated)

- Expected to be in the upper half of the previously-guided £110-130m range

Free cash flow (unchanged)

- Expected to be positive for the full year 2024



Summary | Key takeaways

- **Positive free cash flow and profit for the period:** free cash flow of £3m¹, profit for the period of £1m and adjusted EBITDA of £62m
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² GTV growth rate guidance at constant currency.

Q&A



Appendix

Loyalty | Different tiers for different target customers



UK		Plus Silver	Plus Gold	Diamond
Programme Pricing	Monthly subscription fee	£3.49/free	£7.99	£19.99
	Free delivery threshold at restaurants	£15	£10	£10
	Free delivery threshold at stores	£25	£15	£15
	Service fee (% of basket value)	10% (£0.99-£2.49)	5% (£0.99-£1.49)	5% (£0.99-£1.49)
Benefits	Discounts	n/a	10% credit back <i>on eligible* orders over £30</i>	10% credit back <i>on eligible* orders over £30</i>
	On Time Promise	n/a	£5 credit <i>if order is >15 mins late</i>	Full order value credit <i>if order is >10 mins late</i>
	Restaurant rewards	E.g. £8 off every 4th order over £15	E.g. £8 off every 4th order over £15	E.g. £8 off every 4th order over £15
	Restaurant-led offers	Monthly offers & even bigger limited time partner discounts	Monthly offers & even bigger limited time partner discounts	Invitation-only experiences & events, and exclusive selection
	Premium delivery	n/a	n/a	Free priority delivery <i>on eligible** orders</i>
	Care benefits	n/a	n/a	Dedicated customer care agents

*Only certain restaurant orders are eligible for 10% credit back; grocery and retail orders are not eligible

**Some orders may not be eligible for free priority delivery, e.g. if merchant uses their own delivery fleet

Financial KPIs (continuing operations)



£m	Q1 22	Q2 22	Q3 22	Q4 22	H1 22	H2 22	FY 22	Q1 23	Q2 23	Q3 23	Q4 23	H1 23	H2 23	FY 23	Q1 24	Q2 24	H1 24
Group																	
Orders (m)	79	75	70	75	154	145	299	72	73	70	75	145	145	290	74	74	147
% year-over-year	19%	4%	2%	(2)%	11%	0%	5%	(9)%	(3)%	(1)%	0%	(6)%	0%	(3)%	2%	1%	2%
GTV	1,710	1,703	1,640	1,795	3,413	3,435	6,848	1,746	1,761	1,697	1,858	3,507	3,555	7,062	1,830	1,859	3,690
% year-over-year	10%	4%	11%	9%	7%	10%	9%	2%	3%	3%	4%	3%	3%	3%	5%	6%	5%
Revenue	479	494	481	521	973	1,002	1,975	512	508	487	523	1,020	1,010	2,030	514	514	1,028
Take rate (% of GTV)	28.0%	29.0%	29.3%	29.0%	28.5%	29.2%	28.8%	29.3%	28.8%	28.7%	28.1%	29.1%	28.4%	28.7%	28.1%	27.6%	27.9%
Gross profit					297	347	643					365	361	726			383
% of GTV					8.7%	10.1%	9.4%					10.4%	10.2%	10.3%			10.4%
Adj. EBITDA					(52)	7	(45)					39	46	85			62
% of GTV					(1.5)%	0.2%	(0.7)%					1.1%	1.3%	1.2%			1.7%
UK & Ireland																	
Orders (m)	41	39	38	41	80	78	158	40	40	39	41	80	80	159	40	40	80
% year-over-year	20%	5%	5%	0%	12%	3%	7%	(3)%	2%	3%	1%	(1)%	2%	1%	0%	1%	1%
GTV	956	958	944	1,030	1,914	1,974	3,888	1,017	1,040	1,026	1,097	2,058	2,123	4,181	1,079	1,117	2,196
% year-over-year	12%	4%	11%	9%	8%	10%	9%	6%	9%	9%	7%	7%	8%	8%	6%	7%	7%
Revenue	268	276	277	298	544	575	1,119	299	303	297	310	602	607	1,209	306	308	614
Take rate (% of GTV)	28.0%	28.8%	29.4%	28.9%	28.4%	29.1%	28.8%	29.4%	29.1%	28.9%	28.2%	29.3%	28.6%	28.9%	28.4%	27.6%	28.0%
Gross profit					188	217	406					229	228	457			241
% of GTV					9.8%	11.0%	10.4%					11.1%	10.7%	10.9%			11.0%
Adj. EBITDA					60	98	158					124	129	253			131
% of GTV					3.1%	5.0%	4.1%					6.0%	6.1%	6.0%			5.9%
International																	
Orders (m)	38	36	32	35	74	67	141	33	33	31	34	66	65	131	34	33	67
% year-over-year	17%	3%	0%	(5)%	10%	(3)%	3%	(15)%	(8)%	(5)%	0%	(11)%	(2)%	(7)%	4%	1%	3%
GTV	754	745	696	765	1,499	1,461	2,960	729	721	671	761	1,450	1,432	2,882	751	742	1,494
% year-over-year	8%	5%	12%	9%	6%	10%	8%	(3)%	(3)%	(4)%	(1)%	(3)%	(2)%	(3)%	3%	3%	3%
Revenue	211	217	204	223	429	427	855	213	205	190	213	418	403	821	208	206	414
Take rate (% of GTV)	28.0%	29.1%	29.3%	29.2%	28.6%	29.2%	28.9%	29.2%	28.4%	28.3%	28.0%	28.9%	28.1%	28.5%	27.7%	27.8%	27.7%
Gross profit					109	129	238					136	133	269			142
% of GTV					7.2%	8.8%	8.0%					9.4%	9.3%	9.3%			9.5%
Adj. EBITDA					8	41	48					42	38	80			52
% of GTV					0.5%	2.8%	1.6%					2.9%	2.7%	2.8%			3.5%

Continuing operations. GTV growth rates are shown at reported currency. Numbers may not always cast due to rounding.

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