

Deliveroo

FY 2023 Results

14 March 2024



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.

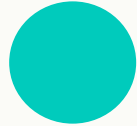
Deliveroo ended operations in Australia and the Netherlands on 16 November 2022 and 30 November 2022, respectively, and in Spain on 29 November 2021; all three markets are treated as discontinued operations. To provide a better understanding of performance for the ongoing operations, analysis of the 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.

Overview

FY23 highlights | A year of good progress



Significant progress on profitability: ahead of upgraded FY23 guidance



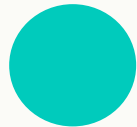
Resilient top line growth in challenging macro conditions



CVP strengthened further: trust-building measures & retail launch



Further progress on FCF generation; £309m total return of capital in year



FY24 guidance: 5-9% GTV growth¹; adjusted EBITDA in range of £110-130m

¹ GTV growth rate shown at constant currency. Q1 2024 growth expected to be similar to Q4 2023, with an improvement in growth through the year as we continue to deliver on our plans.

Business update

Medium-term targets



- **Mid-teens** GTV growth in the medium term
- **4%+** adjusted EBITDA margin by 2026

Our strategic framework | Strongly aligned with 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

Our strategic framework | Strongly aligned with growth



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Drive Growth

Mid-teens GTV growth in the medium term

Optimise Returns

4%+ adjusted EBITDA margin by 2026

Capital Efficiency

Maintain an efficient capital structure

Building blocks



New customers



Retention



Frequency



GTV per order

Compelling CVP | Focusing on trust-building measures



Consumer trust

Price integrity

Are the prices fair?

Consumer experience

Was this flawless?

Price/value | Offering better value and price integrity

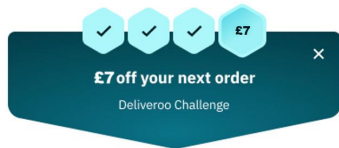


Direct levers

**Loyalty
programme**



**Targeted
promotions**



Indirect levers

**Commercial
architecture**



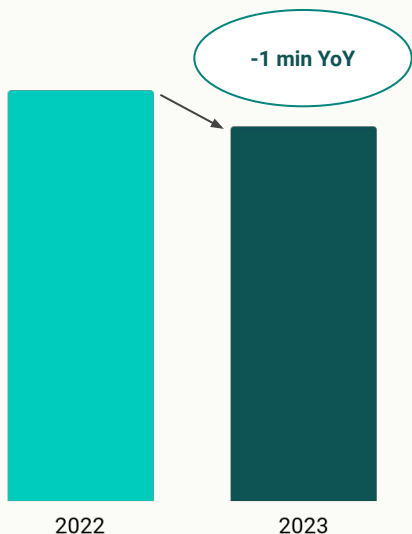
**Value
Programme**



Consumer experience | Improving delivery experience



Global average order duration



Global defective orders



Reduction in OMDNR rate*

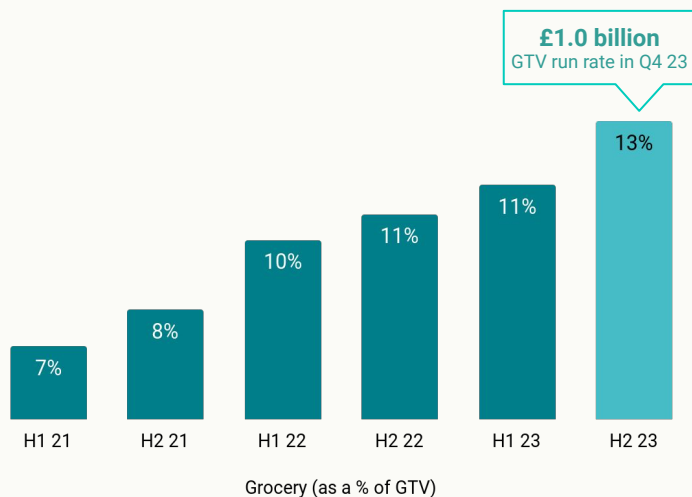


* Orders marked 'delivered' but not received.

Grocery | More customer missions to drive growth



Building a large business



Small baskets



Up to £30

On-demand
~3,000 SKUs

Focus to date

Mid-sized baskets



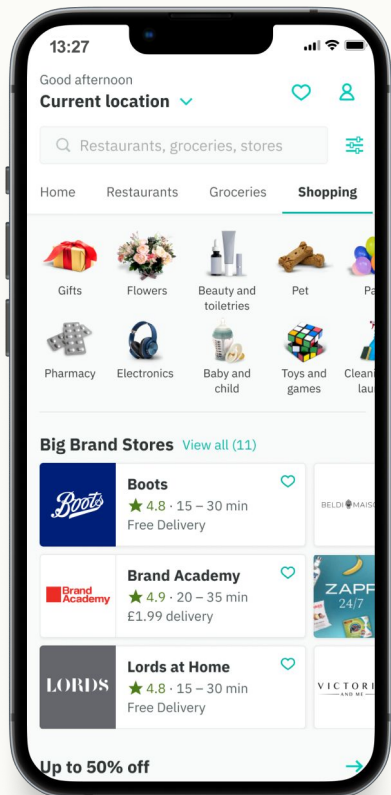
£30-£60

On-demand
Up to 10,000 SKUs

Expansion opportunity

- The majority of our consumers is yet to place a grocery order
- Mid-sized basket orders grew >5x faster than other basket orders in FY23
- Around one fifth of total grocery orders in FY23 were mid-sized baskets

Retail | Attractive medium-term opportunity



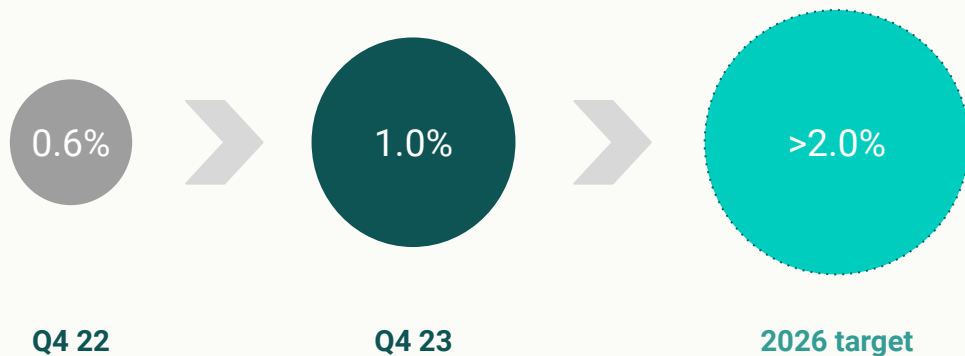
- £700bn TAM in markets where we operate
- Launched in UK and UAE; pleased with early progress
- Ramping up selection while improving the in-app experience
- GTV target of ~£700m by 2028



Advertising | Executing on our plan to scale



Advertising revenue (% of GTV)



- Consumer-first approach
- £77m revenue run rate (Q4 2023 annualised)
- ~70,000 partner sites running campaigns
- New formats and inventory (e.g. partner display products)
- Retail opportunity



Riders | Update on satisfaction and regulations



Rider satisfaction

- 135,000 riders globally
- 83% are 'very satisfied' or 'satisfied' working with Deliveroo
- Strong rider application pipeline
- High retention rates

Regulatory developments

- EU Platform Workers Directive - close to agreement; existing national law remains final determinant of employment status
- Ongoing discussions in certain markets
- Positive decisions in key markets
- Overall, regulatory clarity in markets that account for 90% of our GTV

Financials

Overview | Significant progress on profit and cash flow



GTV¹
£7,062m

+3% YoY
+3% in cc

Revenue¹
£2,030m

+3% YoY
+2% in cc

Gross profit
£726m

+13% YoY

Adj. EBITDA²
£85m

+£130m YoY

Free cash flow³
£(38)m

+£205m YoY

Net cash⁴
£679m

vs £1.0 bn at
31 Dec 22

1 In constant currency, "cc", GTV growth was 3% and revenue growth was 2%.

2 Adj. 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.

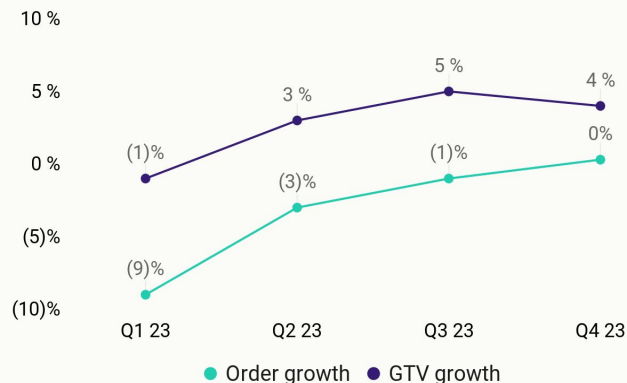
3 Free cash flow is calculated as net cash from operating activities less: purchase of property, plant and equipment; acquisition of intangible assets; payment of lease liabilities; and interest on lease liabilities.

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

Top line | Good UKI growth; International momentum

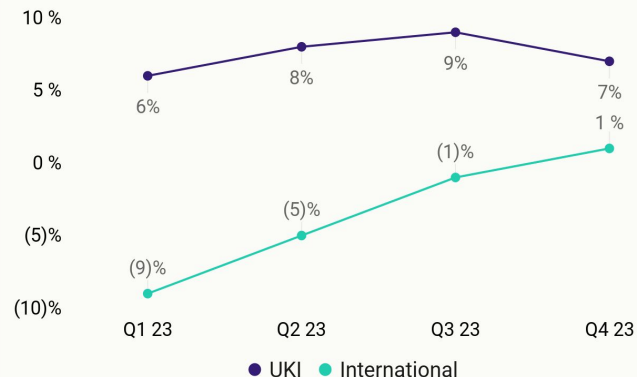


Top line momentum in H2; stabilisation in orders



- GTV up 3% YoY, improving from 1% (H1) to 5% (H2)
- Orders down 3% YoY impacted by consumer headwinds; recovered to flat in H2 with improved trend through year
- GTV per order up 6% driven by item level price inflation; moderated from Q2 onwards

GTV by segment; International returned to growth

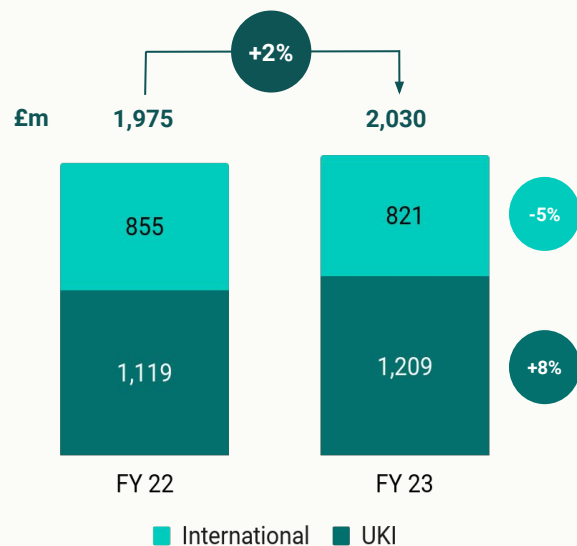


- Good growth in UKI
- International - particular strength in Italy and UAE
- Improving growth trends in the majority of markets in H2; International ex-France grew 6% in Q4

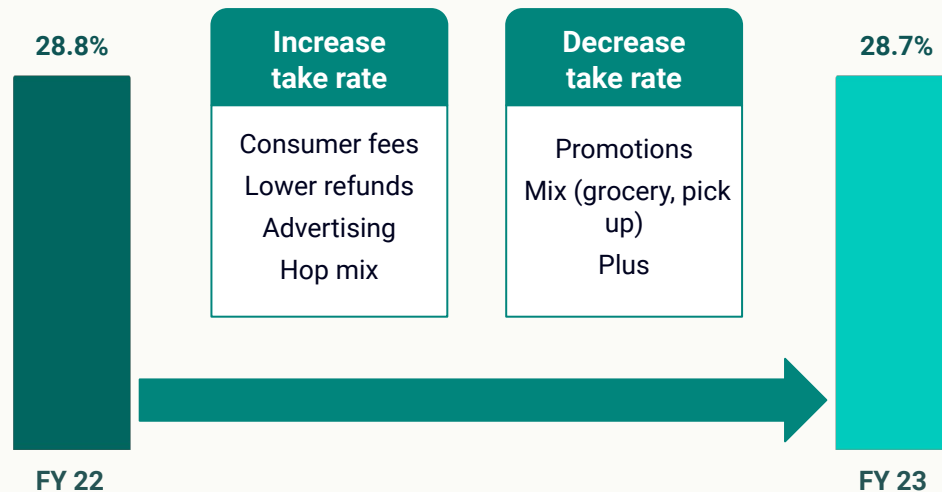
Revenue | Growing and investing in the CVP



Group revenue growth



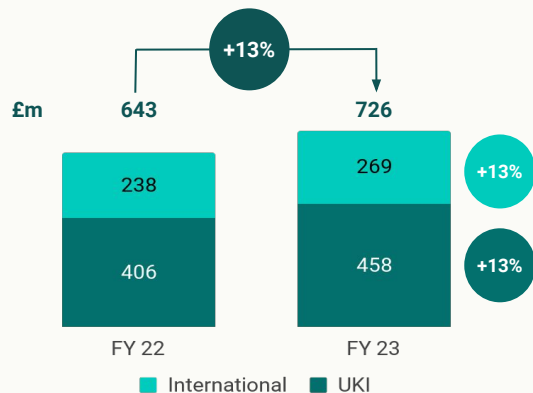
Revenue take rate impacted by CVP investment to support consumers



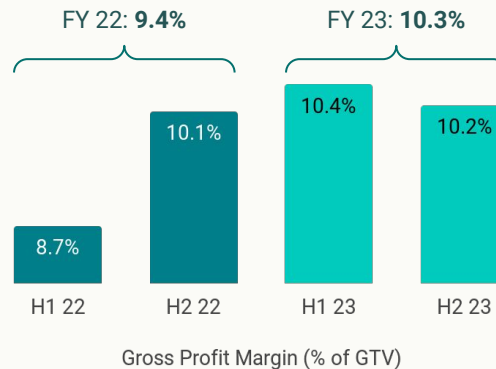
Gross profit | Strong expansion; further to go



Strong gross profit improvement in both segments



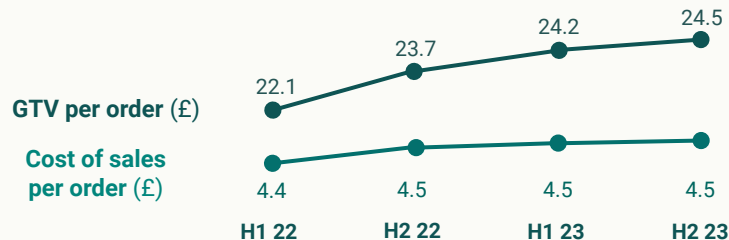
Margin expansion of 90 bps YoY



Margin underpinned by operational improvements

- Delivery efficiencies (e.g. smarter stacking, reduced rider wait time), and fewer refunds (due to a reduction in defective orders)
- Supported by an increased contribution from advertising
- Offset by CVP investments (price value and targeted investment in consumer fees)

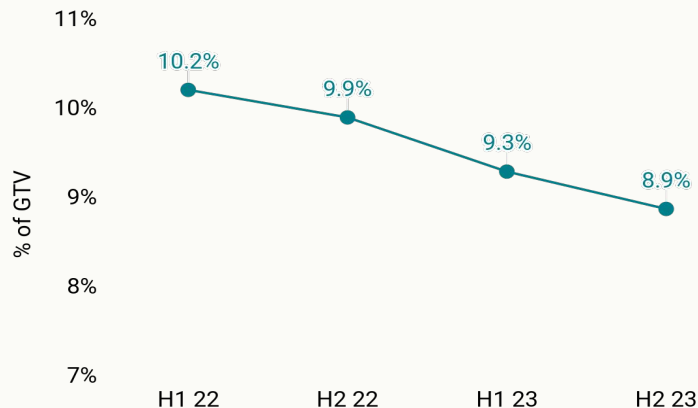
Effective management of unit economics



Costs | Consistent progress on costs



Marketing & overheads



- M&O (as % of GTV) of 9.1% (FY23) versus 10.0% (FY22)
- Improvement in every period since H2 21
- Refined efficiency of digital marketing; improved targeting and optimisation signals linked to consumers

Breakdown of marketing & overheads

Group (£m)	FY 23	FY 22	FY 23 vs FY 22
Staff and other people costs ¹	362	385	(6)%
Capitalised development costs	(36)	(50)	(28)%
Total people expenses	326	334	(2)%
Non-people expenses ²	129	139	(8)%
Total overheads	455	473	(4)%
Marketing	186	215	(14)%
Total marketing & overheads	641	688	(7)%

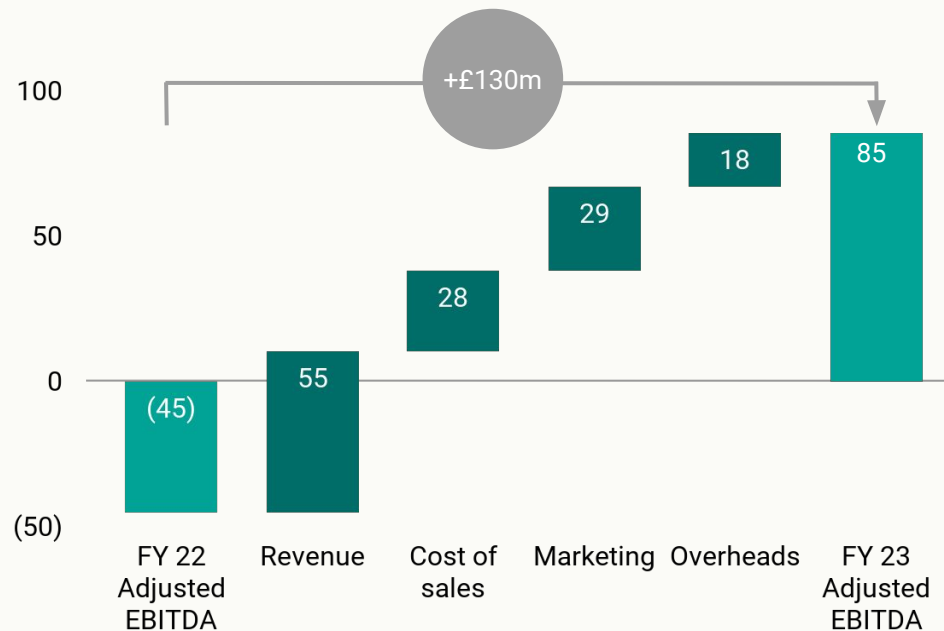
- Reduction in staff costs and optimised use of contractors
- Reduced tech headcount and non-people expenses
- Good steps towards driving operating leverage

Figures are shown in £ millions (unless otherwise stated).

¹ Other people costs primarily relate to contractors and customer care agents.

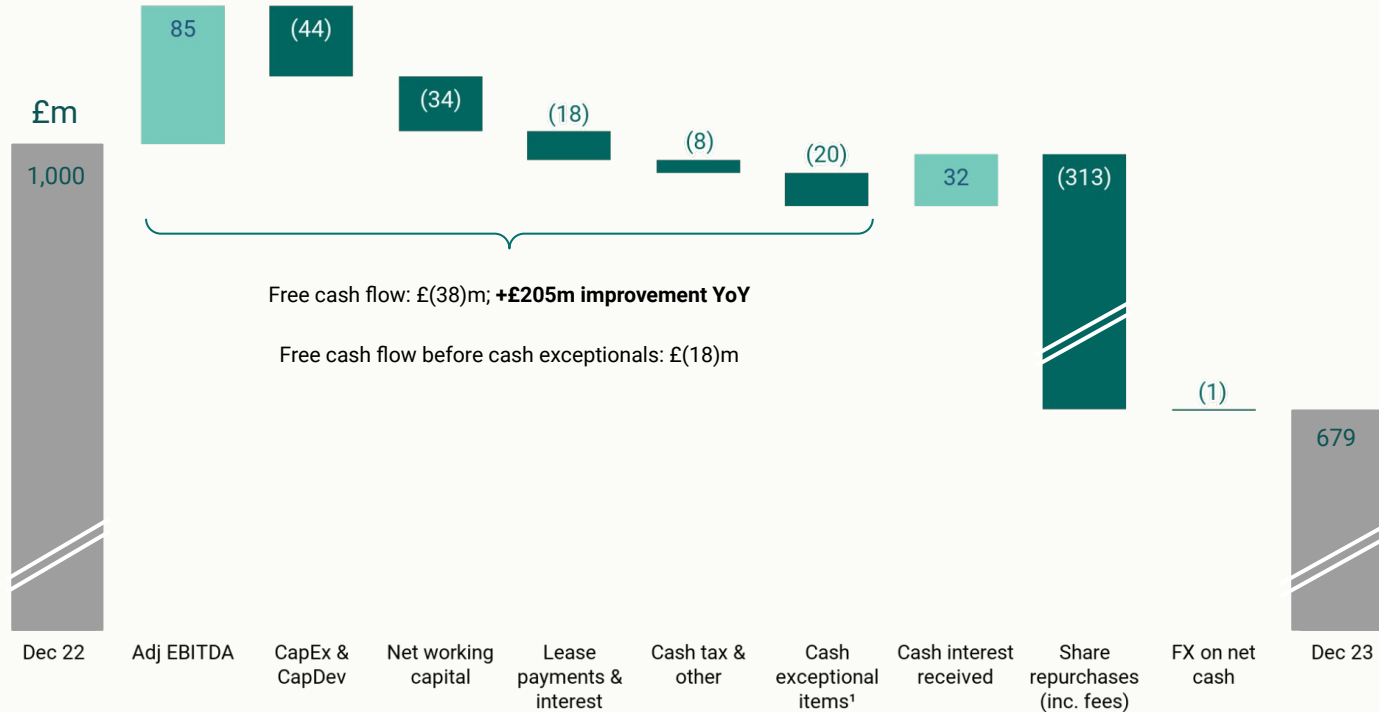
² Non-people expenses include IT expenses, office costs and professional fees.

Adjusted EBITDA | Profitability ahead of expectations



- Delivering on all elements of the P&L: progress above and below gross profit
- Improved margin expansion: +190 bps YoY (versus +90 bps YoY in FY 22)
- Gross profit margin +90 bps YoY
- Marketing & overheads: -100 bps YoY

Cash flow | Further progress towards cash generation



¹ Cash exceptional items predominantly related to the redundancy programme, costs in respect of previously-exited markets and legal fees.

FY24 outlook | Balancing growth and profitability



GTV growth

- 5-9% (in constant currency)
- Q1 growth expected to be similar to Q4 2023
- Improving through the year as we continue to deliver on our plans

Adjusted EBITDA

- In the range of £110-130m

Free cash flow

- Expected to be positive

Capital position | Capital allocation priorities unchanged



Strategic and operational capital

**Headroom (including provisions
and contingent liabilities)**

Structural surplus capital¹

- £300m of capital returns to shareholders announced and completed in 2023, broadly a third of net cash at the start of the year
- Investing in growth and building a durable competitive advantage remain our priority
- Headroom to deal with unforeseen events and crystallisation of known uncertainties
- Commitment to buying back shares to offset future dilution
- Position remains under regular review

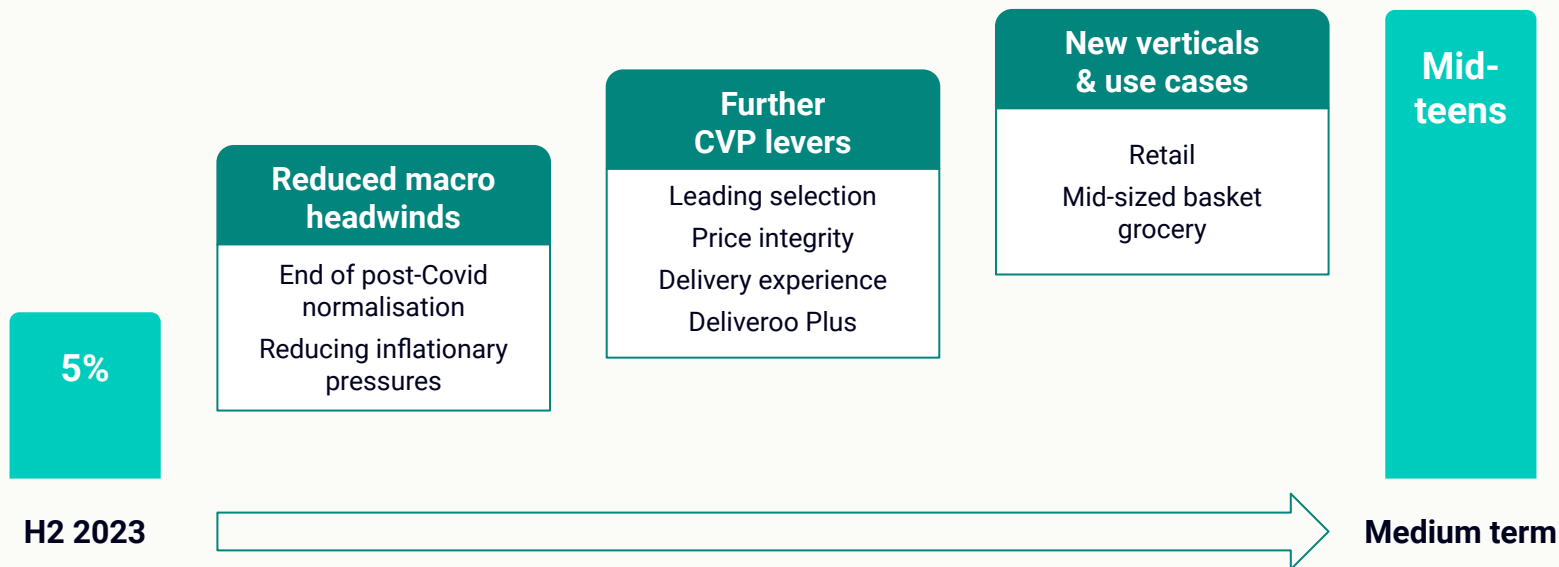
Note: Buckets are not to scale.

¹ Structural surplus capital does not take into account potential future cash flow generation.

Growth target | Multiple drivers for acceleration to target



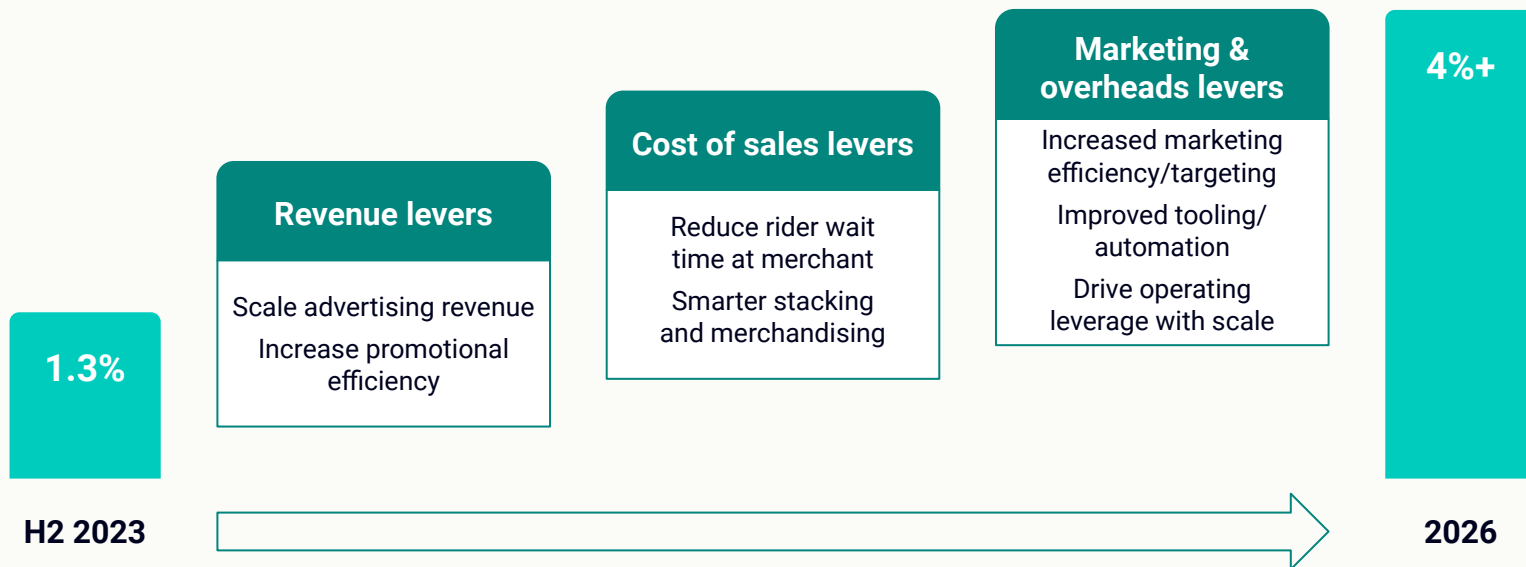
GTV growth



Profitability target | Multiple levers to reach our target



Adjusted EBITDA



Summary | A year of good progress



- **Significant progress on profitability:** ahead of upgraded FY23 guidance
- **Resilient top line growth** in challenging macro conditions
- **CVP strengthened further:** trust-building measures & retail launch
- **Further progress on FCF generation;** £309m total return of capital in year
- **FY24 guidance:** 5-9% GTV growth¹; adjusted EBITDA in range of £110-130m

¹ GTV growth rate shown at constant currency. Q1 2024 growth expected to be similar to Q4 2023, with an improvement in growth through the year as we continue to deliver on our plans.

Q&A



Appendix

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
Group														
Orders (m)	79	75	70	75	154	145	299	72	73	70	75	145	145	290
% year-over-year	19%	4%	2%	(2)%	11%	0%	5%	(9)%	(3)%	(1)%	0%	(6)%	0%	(3)%
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
% year-over-year	10%	4%	11%	9%	7%	10%	9%	2%	3%	3%	4%	3%	3%	3%
Revenue	479	494	481	521	973	1,002	1,975	512	508	487	523	1,020	1,010	2,030
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%
Gross profit					297	347	643					365	361	726
% of GTV					8.7%	10.1%	9.4%					10.4%	10.2%	10.3%
Adj. EBITDA					(52)	7	(45)					39	46	85
% of GTV					(1.5)%	0.2%	(0.7)%					1.1%	1.3%	1.2%
UK & Ireland														
Orders (m)	41	39	38	41	80	78	158	40	40	39	41	80	80	159
% year-over-year	20%	5%	5%	0%	12%	3%	7%	(3)%	2%	3%	1%	(1)%	2%	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
% year-over-year	12%	4%	11%	9%	8%	10%	9%	6%	9%	9%	7%	7%	8%	8%
Revenue	268	276	277	298	544	575	1,119	299	303	297	310	602	607	1,209
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%
Gross profit					188	217	406					229	228	457
% of GTV					9.8%	11.0%	10.4%					11.1%	10.7%	10.9%
Adj. EBITDA					60	98	158					124	129	253
% of GTV					3.1%	5.0%	4.1%					6.0%	6.1%	6.0%
International														
Orders (m)	38	36	32	35	74	67	141	33	33	31	34	66	65	131
% year-over-year	17%	3%	0%	(5)%	10%	(3)%	3%	(15)%	(8)%	(5)%	0%	(11)%	(2)%	(7)%
GTV	754	745	696	765	1,499	1,461	2,960	729	721	671	761	1,450	1,432	2,882
% year-over-year	8%	5%	12%	9%	6%	10%	8%	(3)%	(3)%	(4)%	(1)%	(3)%	(2)%	(3)%
Revenue	211	217	204	223	429	427	855	213	205	190	213	418	403	821
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%
Gross profit					109	129	238					136	133	269
% of GTV					7.2%	8.8%	8.0%					9.4%	9.3%	9.3%
Adj. EBITDA					8	41	48					42	38	80
% of GTV					0.5%	2.8%	1.6%					2.9%	2.7%	2.8%

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

Disclaimer



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.