Deliveroo

H1 2023 Results

10 August 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, 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

Major progress since IPO | Exciting opportunities ahead

Materially enhanced CVP

- Expanded leading restaurant selection
- Pioneered and scaled on-demand grocery
- Boosted Deliveroo Plus subscription model
- Step-change improvement in service outcomes
- Richer experience with video, ratings and reviews
- Launching new features faster than ever

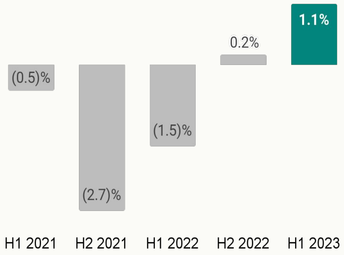
Continuous innovation in technology

- More efficient and reliable delivery network
- Expansion of self-service care
- Hyperlocal pricing and promotions
- Algorithmically personalised discovery
- Rich and intuitive grocery shopping
- Powerful advertising platforms

Strong financial momentum

- Adj. EBITDA profitability reached ahead of plan
- Approaching cash flow breakeven

Positive adj. EBITDA margin*



Disciplined capital decisions

- Strengthened positions in key markets
- Rationalised portfolio to maximise value
- Disciplined approach to investing for growth
- Announced £375m of cash returns in last 12 months

Highly experienced team

- Strengthened leadership team with key executive appointments
- Deep exec experience in consumer-facing tech businesses
- High calibre Board of Directors

* Adjusted EBITDA margin (as % of GTV) from continuing operations

H1 overview | Key messages

- **H1 profitability** ahead of expectations
- **Resilient top line growth** in challenging market conditions
- **Continued to strengthen CVP;** focus on service and value
- **Good FCF progression** on path to sustainable cash generation
- **Proposed £250 million** additional return of structural surplus capital

Financials

Overview | Significant progress on profit and cash flow

GTV[1]
£3,507m
+3% YoY
+1% in cc

Revenue
£1,020m
+5% YoY
+3% in cc

Gross profit
£365m
+23% YoY

Adj. EBITDA[2]
£39m
+£91m YoY

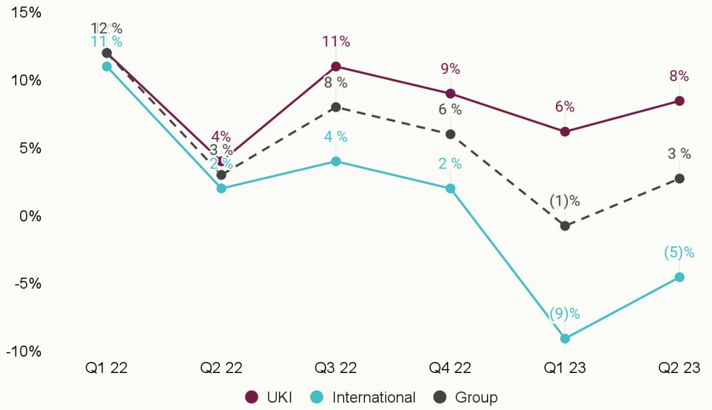
Free cash flow[3]
£(28)m
+£141m YoY

Net cash[4]
£948m
vs £1.0 bn at 31 Dec 22

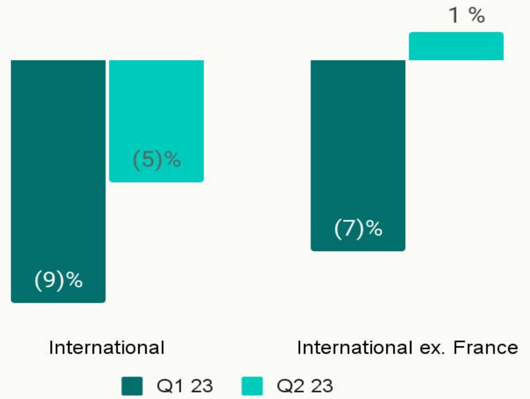
1 In constant currency, GTV growth was 1% and revenue growth was 3%.
2 Adj. EBITDA represents profit for the period before income tax, finance costs/income, depreciation and amortisation, impairments, exceptional items and provisions, share-based payments charge and national insurance on share options.
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 trends | Resilient in difficult market conditions

GTV returned to growth (YoY) in Q2; UKI strength



International ex. France; YoY GTV growth in Q2



Orders down; GTV per order up

- GTV growth of 1%; UKI strong; Q2 momentum in both segments
- Orders down 6% in H1; impacted by consumer headwinds and tough comp in Q1; YoY and sequential improvement in Q2
- Continued increase in GTV per order driven by item level price inflation and optimisation of consumer fees

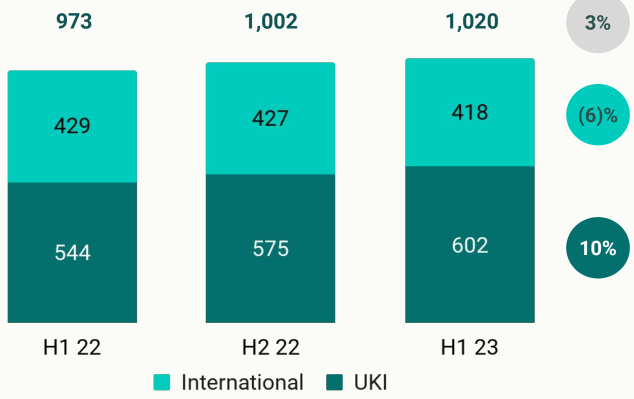
France softness; momentum elsewhere

- Strong performance in Italy; continued growth in UAE
- Improvement in Asia in Q2 (COVID comps easing and CVP progress in Hong Kong)
- Market-wide weakness in France; low consumer sentiment

* Continuing operations. GTV growth rates shown at constant currency.

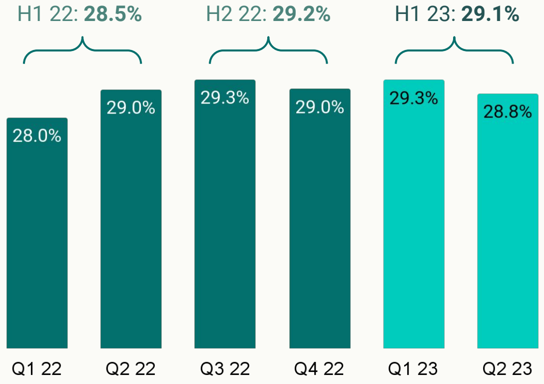
Revenue | UKI drives YoY growth

Revenue growth driven by UKI



- Revenue up 3% (H1) in constant currency; 4% (Q1), 2% (Q2)
- UKI strength up 10% YoY; International down 6% YoY
- Prioritised value for money for consumers given tough macro; targeted promotions and discounts

H1 take rate up YoY; broadly stable vs H2



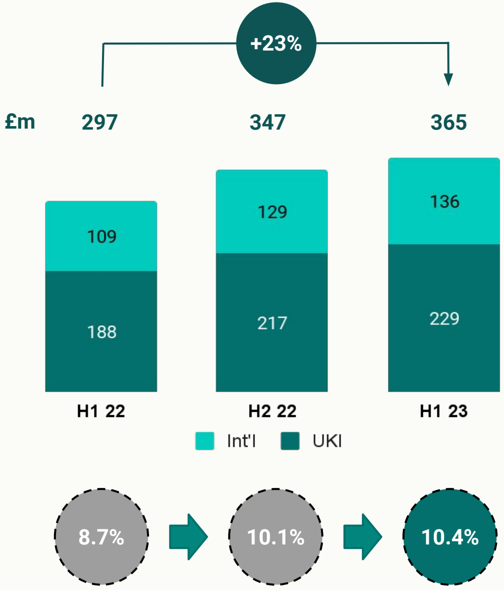
- Take rate improved 60 bps YoY to 29.1%
- Q2 - promotions and mix effects e.g. pick-up in Hong Kong
- Boosted by advertising; annualised run-rate of £55m in Q2

X% % YoY growth in H1 2023

* Continuing operations. Revenue growth rates shown at constant currency.

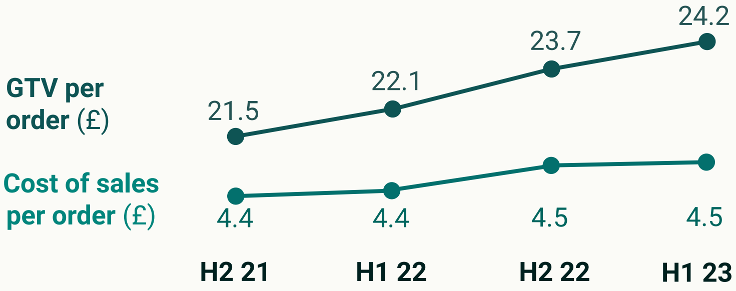
Gross profit | Solid YoY margin expansion

Significant gross profit improvement



Margin expansion of 170 bps YoY

Effective management of unit economics



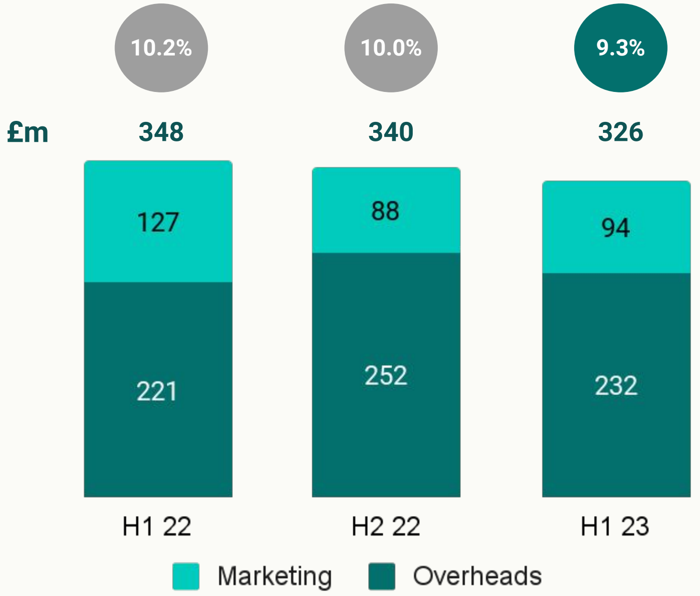
Revenue and cost improvements in H1

- Annualised impact of consumer fee optimisation and contribution from advertising drive revenue take rate
- Efficiencies in rider network; effective cost control

X% Gross profit margin (% of GTV)

Costs | Strong management of overheads

Group marketing and overheads



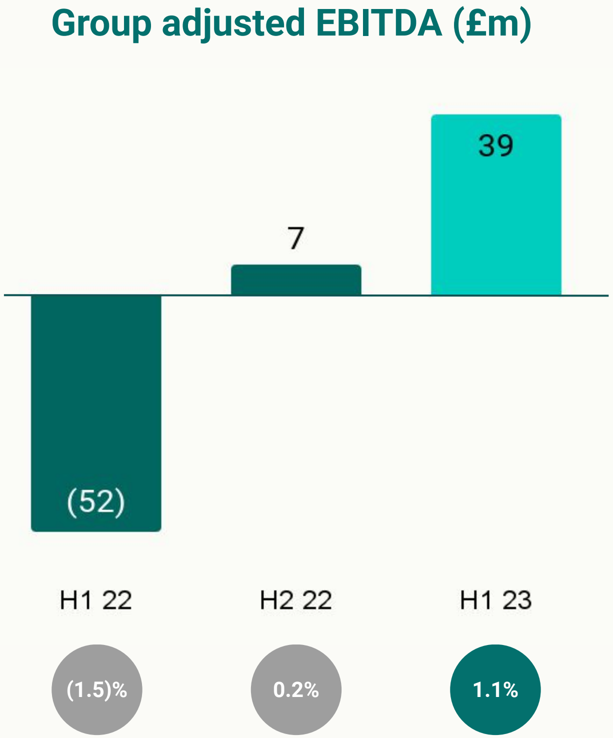
X% % of GTV

Breakdown of overheads

Group (£m)	H1 22	H2 22	H1 23	H1 23 vs H1 22	H1 23 vs H2 22
Staff costs	138	161	159	15%	(1)%
Other people costs[1]	45	41	27	(39)%	(32)%
Capitalised development costs	(26)	(25)	(20)	(22)%	(18)%
Total people expenses	157	177	166	6%	(6)%
Non-people expenses[2]	64	76	66	3%	(13)%
Total overheads	221	252	232	5%	(8)%

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

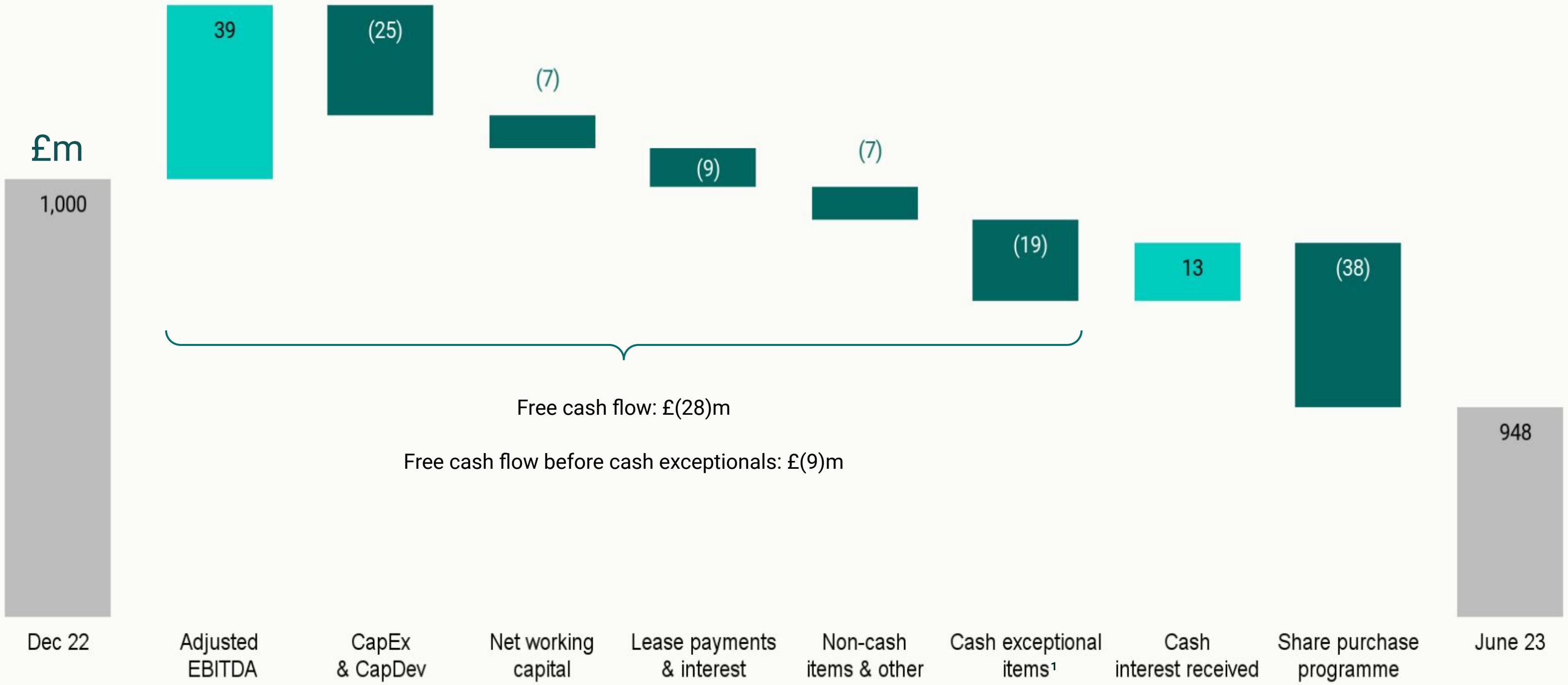
Adjusted EBITDA | Profitability ahead of expectations



- Significant YoY improvement of £91m
- Margin expansion of 260 bps YoY
- Beat versus H1 expectations driven by overhead efficiencies; realised earlier than anticipated
- Further investment into CVP in H2

X% % of GTV

Net cash | Well-capitalised with £948m of net cash



[1] Cash exceptional items related to the redundancy programme initiated in H1 2023 and payment of provisions in respect of previously-exited markets.

Guidance | Balancing growth and profitability

GTV growth

- Narrowed to lower single digits percentage growth in constant currency *(previous guidance of low- to mid- single digits)*

Adjusted EBITDA

- Upgraded to £60-80 million *(previous guidance of £20-50 million, weighted to H2)*
- Reflects strong H1 performance and further investments in CVP in H2 2023

Capital position | £300m of returns announced in 2023

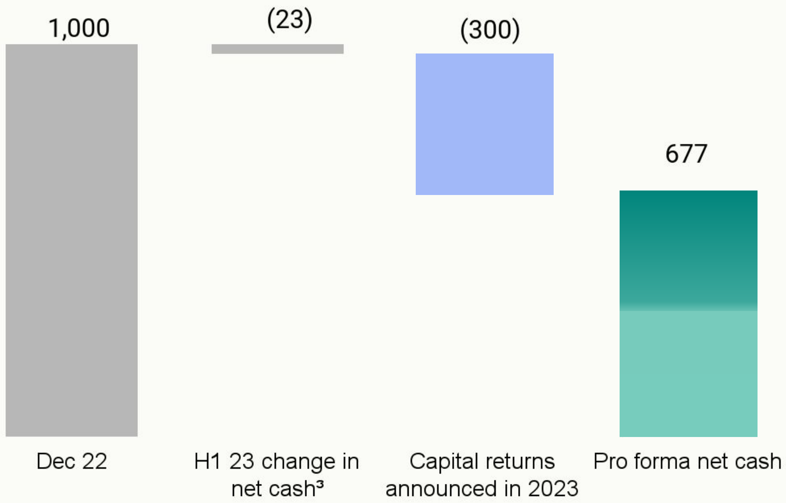
Allocation of capital[1]

Strategic and operational capital

Headroom (including provisions and contingent liabilities)

Structural surplus capital[2]

Bridge from Dec 22 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 2023 share buy backs

Operational update

CVP | Further enhancements underpin our performance

Consumer Experience

- Service improvement
- Premium delivery
- Top-up grocery orders
- Video content
- Ratings and reviews

Selection

- Increased supply; ~182k restaurants & grocers
- Selective expansion of delivery radii

Price/Value

- Dine-in & in-store price matching
- Targeted promotions (e.g. buy 1 get 1 free, £7 off 7)

Brand Love

- Brand refresh
- Increased in-app donations to food charities

Availability

- Opening hours extended
- New payment types e.g. Alipay, meal card vouchers

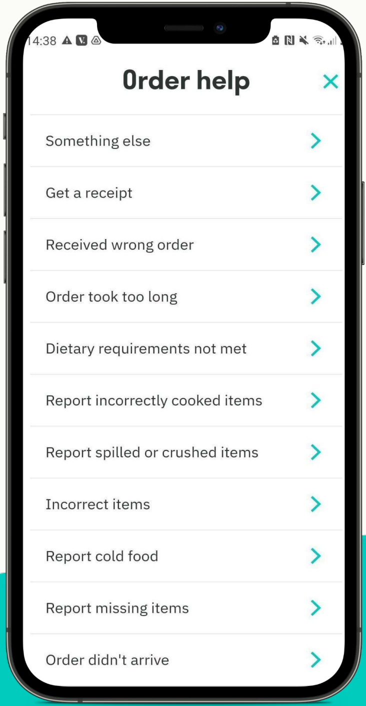
Consumer experience | Concerted focus on service

Missing items

Order late/not received

Rejections/cancellations

Customer satisfaction

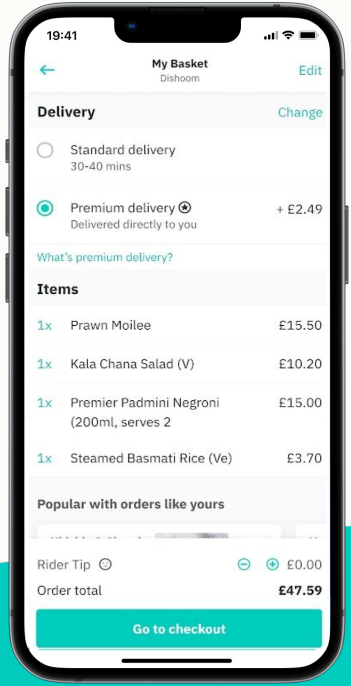


Service improvement

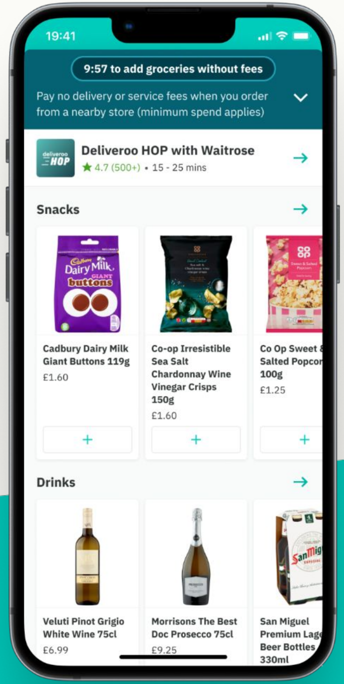
Prioritised effort to reduce negative outcomes for consumers; significant progress on KPIs

Consumer experience | Enhanced offering & content

Premium delivery
Offering consumers the ability to enjoy priority delivery at a small cost

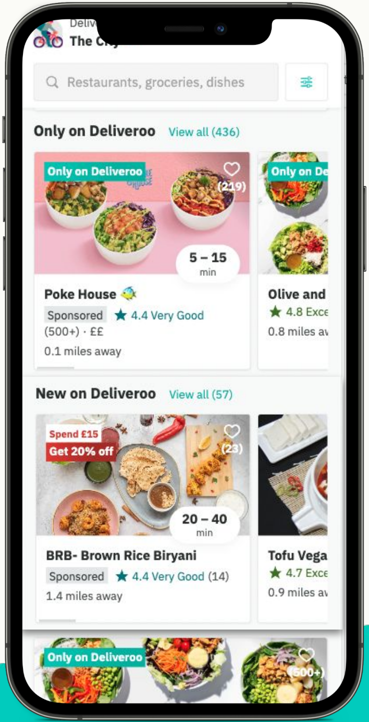


Top-up grocery orders
Allowing consumers to add grocery items to a restaurant order during check-out

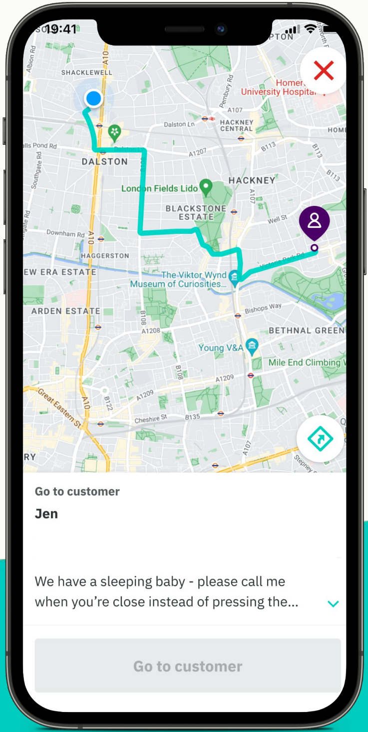


Video discovery
Bringing customers closer to our partners through a rich multimedia in-app experience

Selection | Differentiated, high quality options



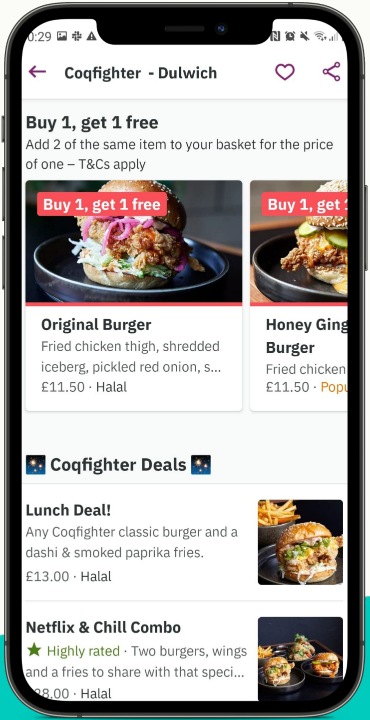
Increased supply
Continually enhancing merchant supply to make Deliveroo the number one choice for consumers



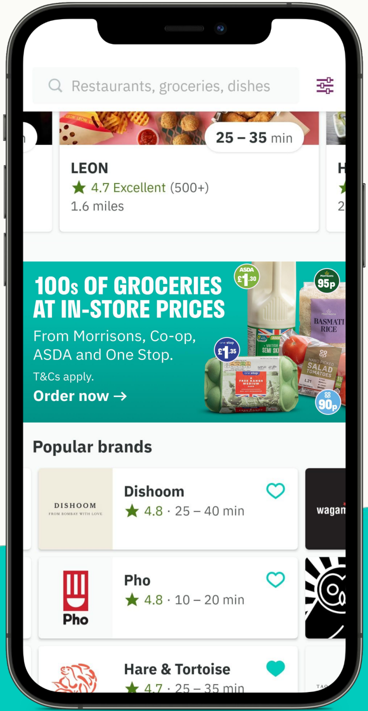
Expanded radii
Extension of radii in certain zones to increase merchant selection within consumer reach

Price/Value | Delivering value for our consumers

Targeted promotions
Offered on hyperlocal basis, e.g. 'buy 1, get 1 free', to drive order frequency

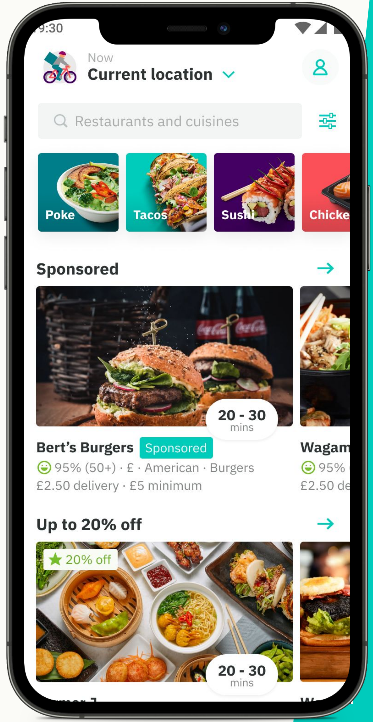


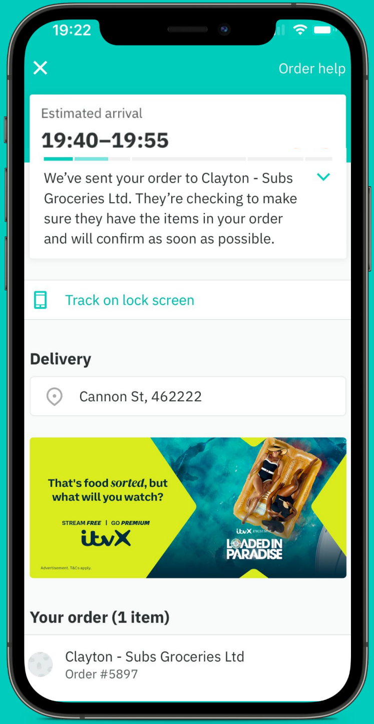
Price matches & markups
Partner incentive programme to improve consumer perception of value



Advertising | Attractive medium-term opportunity

- £55m revenue run-rate in Q2; 0.8% of GTV
- Significant growth in merchants advertising on platform: ~50k in H1 2023 (H2 2022: ~38k)
- New campaigns include ITVX, Sky Glass, Quorn and PepsiCo
- Continued progress on FMCG / non-food retail opportunity
- Consumer experience remains paramount





Summary | Key takeaways

- **H1 profitability** ahead of expectations
- **Resilient top line growth** in challenging market conditions
- **Continued to strengthen CVP;** focus on service and value
- **Good FCF progression** on path to sustainable cash generation
- **Proposed £250 million** additional return of structural surplus capital

Q&A

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	Q1 23	Q2 23	H1 23
Group																	
Orders (m)	**66**	**73**	**68**	**77**	**139**	**145**	**284**	**79**	**75**	**70**	**75**	**154**	**145**	**299**	**72**	**73**	**145**
% year-over-year	-	-	-	-	-	-	-	*19%*	*4%*	*2%*	*(2)%*	*11%*	*0%*	*5%*	*(9)%*	*(3)%*	*(6)%*
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**	**1,746**	**1,761**	**3,507**
% year-over-year	-	-	-	-	-	-	-	*10%*	*4%*	*11%*	*9%*	*7%*	*10%*	*9%*	*2%*	*3%*	*3%*
Revenue								**479**	**494**	**481**	**521**	**973**	**1,002**	**1,975**	**512**	**508**	**1,020**
Take rate (% of GTV)								*28.0%*	*29.0%*	*29.3%*	*29.0%*	*28.5%*	*29.2%*	*28.8%*	*29.3%*	*28.8%*	*29.1%*
Gross profit					**258**	**237**	**495**					**297**	**347**	**643**			**365**
% of GTV					*8.1%*	*7.6%*	*7.9%*					*8.7%*	*10.1%*	*9.4%*			*10.4%*
Adj. EBITDA					**(15)**	**(85)**	**(100)**					**(52)**	**7**	**(45)**			**39**
% of GTV					*(0.5)%*	*(2.7)%*	*(1.6)%*					*(1.5)%*	*0.2%*	*(0.7)%*			*1.1%*
UK & Ireland																	
Orders (m)	**34**	**38**	**36**	**40**	**71**	**76**	**148**	**41**	**39**	**38**	**41**	**80**	**78**	**158**	**40**	**40**	**80**
% year-over-year	-	-	-	-	-	-	-	*20%*	*5%*	*5%*	*0%*	*12%*	*3%*	*7%*	*(3)%*	*2%*	*(1)%*
GTV	**852**	**921**	**852**	**945**	**1,773**	**1,797**	**3,570**	**956**	**958**	**944**	**1,030**	**1,914**	**1,974**	**3,888**	**1,017**	**1,040**	**2,058**
% year-over-year	-	-	-	-	-	-	-	*12%*	*4%*	*11%*	*9%*	*8%*	*10%*	*9%*	*6%*	*9%*	*7%*
Revenue								**268**	**276**	**277**	**298**	**544**	**575**	**1,119**	**299**	**303**	**602**
Take rate (% of GTV)								*28.0%*	*28.8%*	*29.4%*	*28.9%*	*28.4%*	*29.1%*	*28.8%*	*29.4%*	*29.1%*	*29.3%*
Gross profit					**166**	**164**	**330**					**188**	**217**	**406**			**229**
% of GTV					*9.4%*	*9.1%*	*9.3%*					*9.8%*	*11.0%*	*10.4%*			*11.1%*
Adj. EBITDA					**55**	**36**	**91**					**60**	**98**	**158**			**124**
% of GTV					*3.1%*	*2.0%*	*2.6%*					*3.1%*	*5.0%*	*4.1%*			*6.0%*
International																	
Orders (m)	**33**	**35**	**33**	**36**	**68**	**69**	**136**	**38**	**36**	**32**	**35**	**74**	**67**	**141**	**33**	**33**	**66**
% year-over-year	-	-	-	-	-	-	-	*17%*	*3%*	*0%*	*(5)%*	*10%*	*(3)%*	*3%*	*(15)%*	*(8)%*	*(11)%*
GTV	**697**	**712**	**622**	**704**	**1,408**	**1,326**	**2,735**	**754**	**745**	**696**	**765**	**1,499**	**1,461**	**2,960**	**729**	**721**	**1,449**
% year-over-year	-	-	-	-	-	-	-	*8%*	*5%*	*12%*	*9%*	*6%*	*10%*	*8%*	*(3)%*	*(3)%*	*(3)%*
Revenue								**211**	**217**	**204**	**223**	**429**	**427**	**855**	**213**	**205**	**418**
Take rate (% of GTV)								*28.0%*	*29.1%*	*29.3%*	*29.2%*	*28.6%*	*29.2%*	*28.9%*	*29.2%*	*28.4%*	*28.9%*
Gross profit					**92**	**73**	**165**					**109**	**129**	**238**			**136**
% of GTV					*6.5%*	*5.5%*	*6.0%*					*7.2%*	*8.8%*	*8.0%*			*9.4%*
Adj. EBITDA					**(1)**	**(27)**	**(28)**					**8**	**41**	**48**			**42**
% of GTV					*(0.1)%*	*(2.0)%*	*(1.0)%*					*0.5%*	*2.8%*	*1.6%*			*2.9%*

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

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