Deliveroo

2022 Interim Results

10 August 2022

Definitions & Basis of Discussion

The following commentary includes discussion of statutory measures such as revenue and cash and cash equivalents, as well as alternative performance measures (APMs) such as gross transaction value (GTV), gross profit margin (as % of GTV) and adjusted EBITDA, as the business also uses these metrics to monitor and assess performance. A full list of APMs and their definitions can be found on pages 39-41 in the Interim Results announcement.

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, legal and regulatory settlements and provisions, 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. EBITDA less capital expenditure and capitalised development costs is used as a further measure of underlying operating profitability of the business.

Growth rates are year-on-year and in reported currency unless otherwise stated. **Constant currency** growth rates adjusts 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.

On 29 November 2021, Deliveroo ceased operations in Spain. Spain has been classified as a Discontinued Operation in accordance with IFRS 5 and as such Spain is not included in **continuing operations** in 2020-21.

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Overview | Key takeaways (1)

1 **Continued YoY growth despite increased consumer headwinds:** H1 2022 GTV up 7%, orders up 10%, revenue up 12% and gross profit up 16%

2 **GTV growth slowed in Q2, share gains continue:** GTV growth 12% in Q1 and 2% in Q2, outperforming the market in several key markets

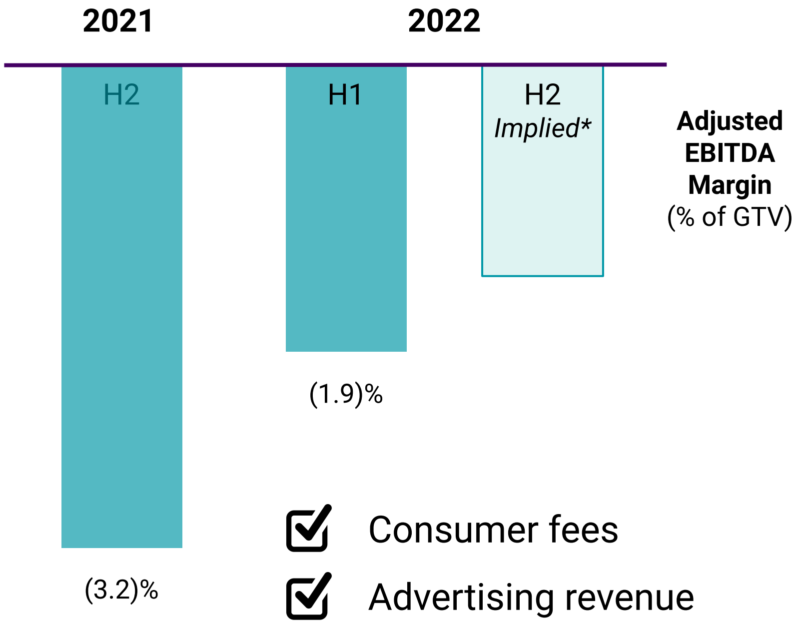
3 **Strong progress on key profitability levers** (consumer fees, ad revenue and marketing spend), while still improving consumer value proposition

4 **Reiterating revised FY 2022 guidance**: GTV growth of 4-12% and adjusted EBITDA margin (as % of GTV) of (1.5)-(1.8)%

GTV growth rate shown at constant currency.

Overview | Key takeaways (2)

Strong progress on path to profitability…



- ☑ Consumer fees
- ☑ Advertising revenue

…while gaining share and further improving CVP

Market share gains across our markets

Grocery offering strengthened in UKI and International

Expanded restaurant selection, including McDonald's in the UK

Non-food partnerships added or expanded, including WHSmith and LloydsPharmacy

* Based on FY adjusted EBITDA margin at mid-point of (1.5)-(1.8)% guidance range

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Business highlights | Solid progress from relentless focus on all sides of our marketplace

Highly engaged marketplace

Consumers:
7.8 million average monthly active consumers in Q2 2022[1]

Riders:
80% global rider satisfaction[2] across our network of **~180,000 riders**[3]

Restaurants:
>160,000 partner sites[4] after further growth during the quarter

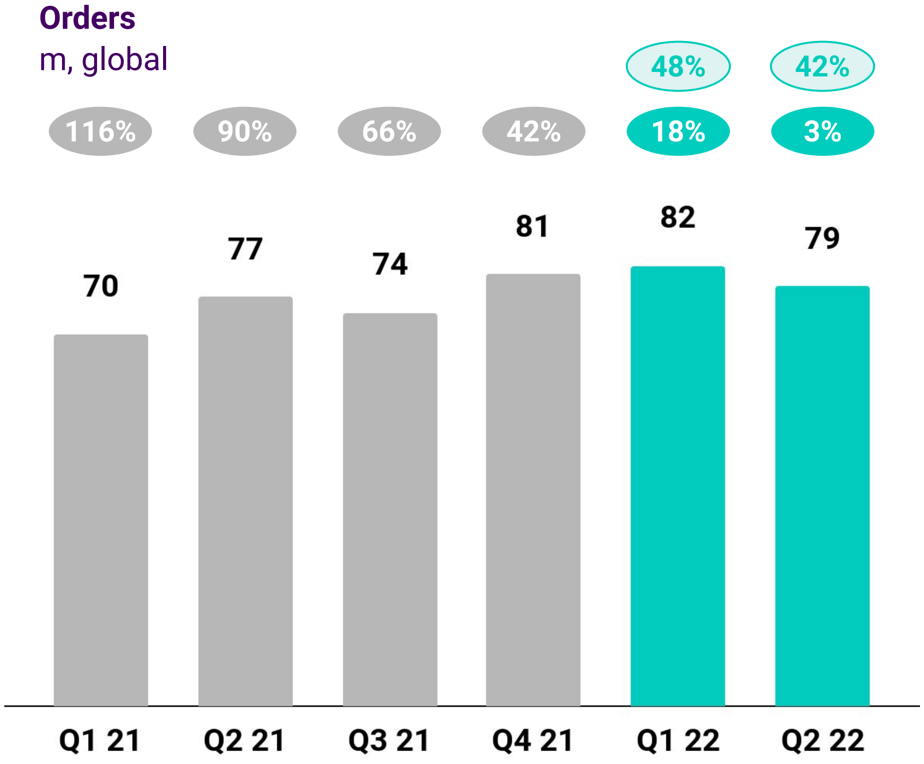
Grocers:
>15,000 partner sites[4] including continued expansion with major partners

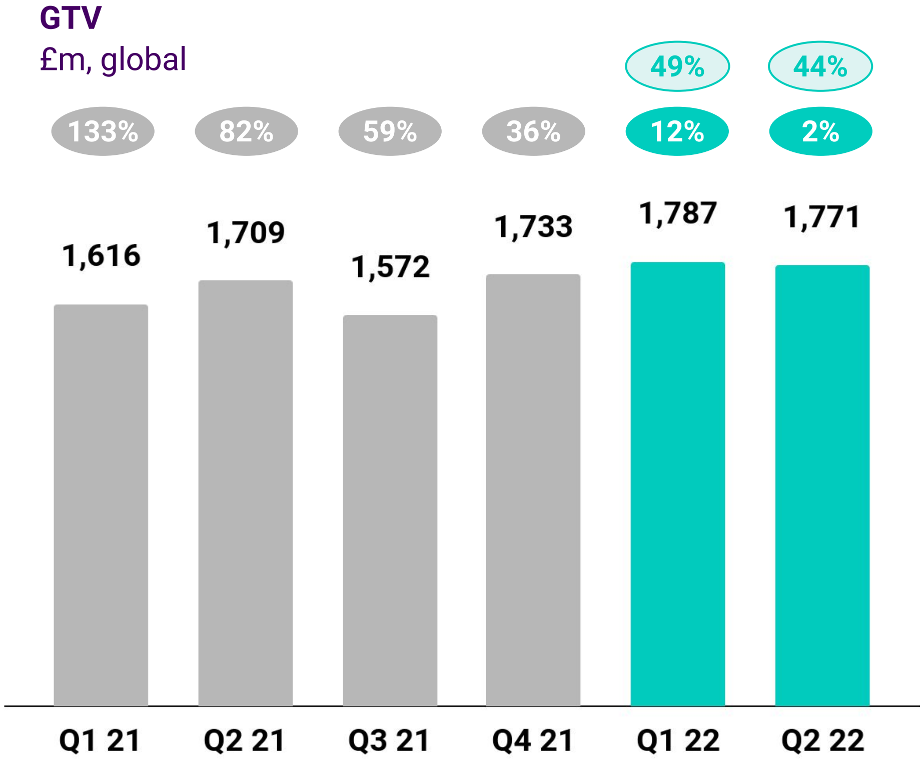
H1 2022 financial performance

Orders:	**161m**	**+10%** YoY
GTV:	**£3.6bn**	**+7%** YoY
Revenue:	**£1.0bn**	**+12%** YoY
Gross profit:	**£301m**	**+16%** YoY
Gross margin:	**8.5%** of GTV	**+70 bps** YoY
Adjusted EBITDA:	**£(68)m**	**(1.9)%** of GTV

GTV growth rate shown at constant currency. Notes: (1) MACs are monthly average for Q2. (2) Rider satisfaction figures average during Q2. (3) Riders figure refers to the number of riders who completed an order in June 2022. (4) Restaurant and grocer figures refer to number of sites active in June 2022.

Group | Growth slowed against tough comparatives in more challenging market



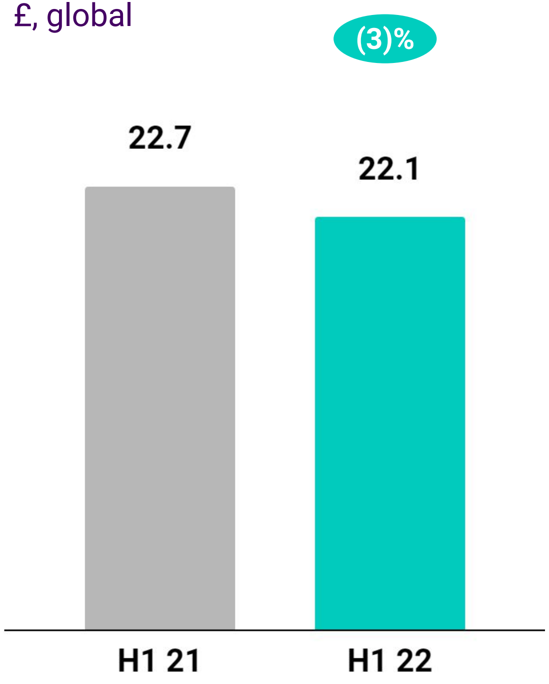


x% Year-on-year growth   x% '22 vs '19 CAGR

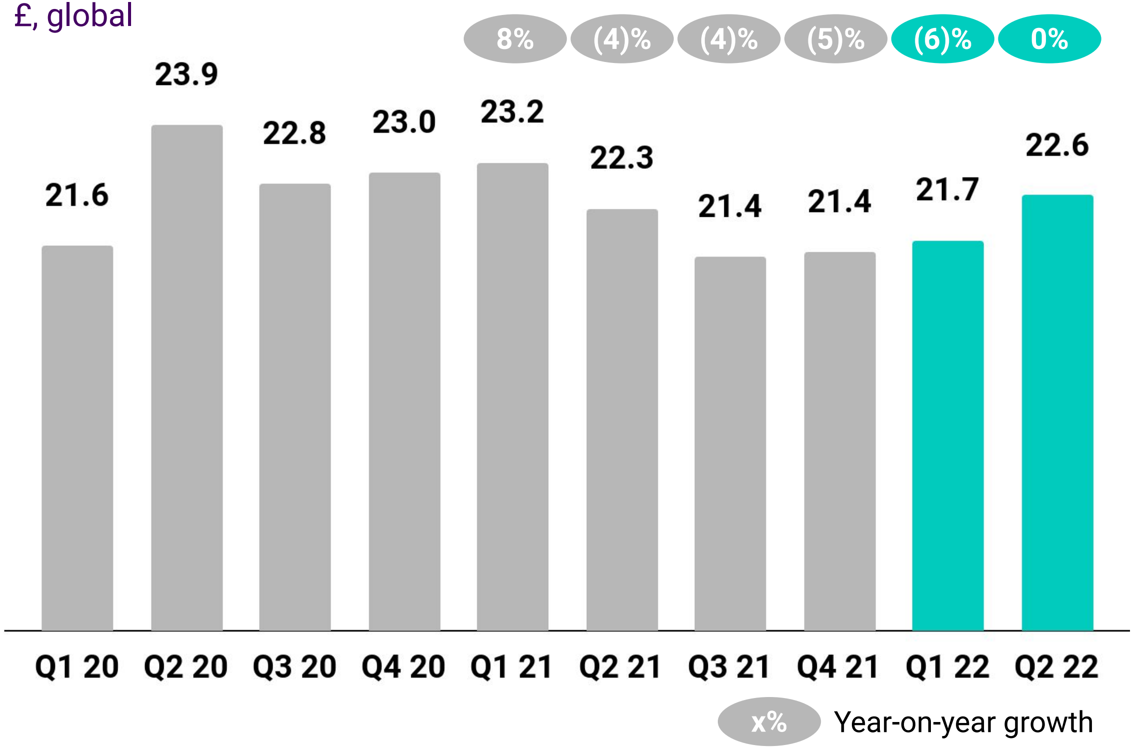
GTV growth rates are shown at constant currency.

Group | GTV per order now growing sequentially

GTV per order
£, global



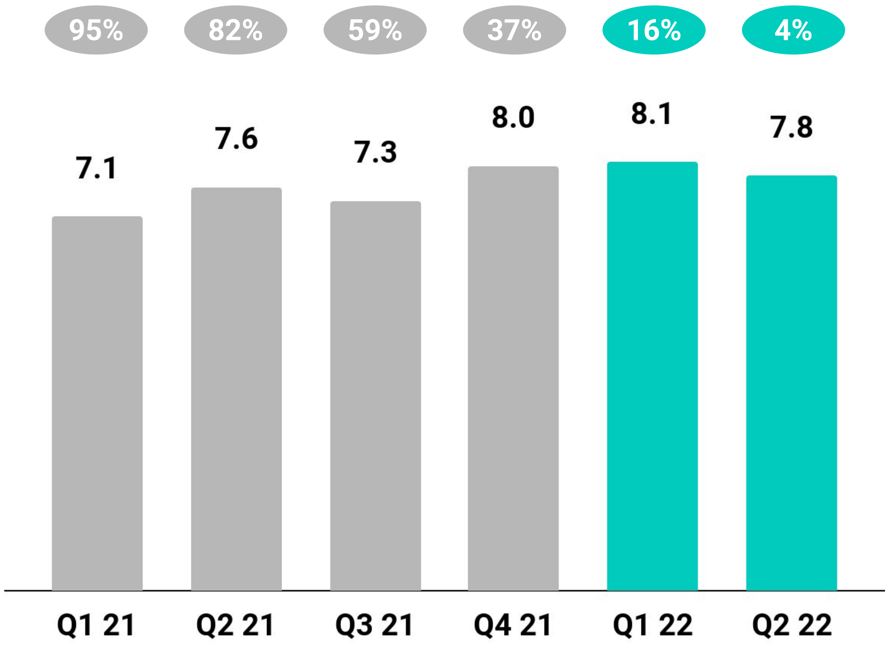
GTV per order
£, global



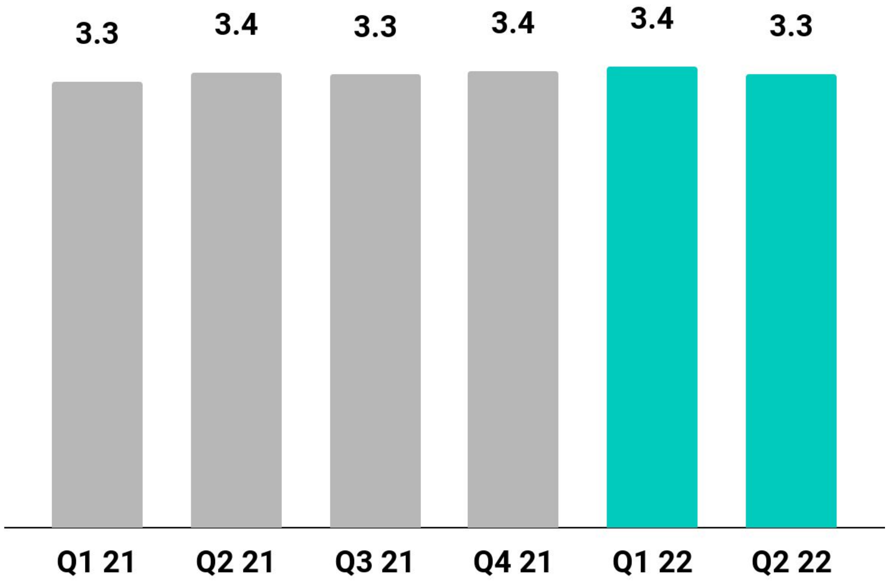
GTV per order growth rates are shown at constant currency.

Group | Monthly active consumers up year-on-year but down sequentially in Q2

Average monthly active consumers
m, global



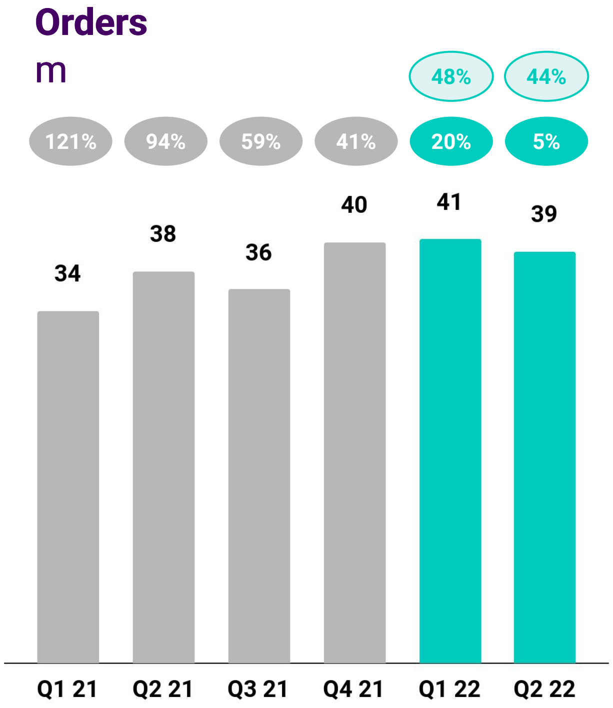
Average monthly order frequency
#, global

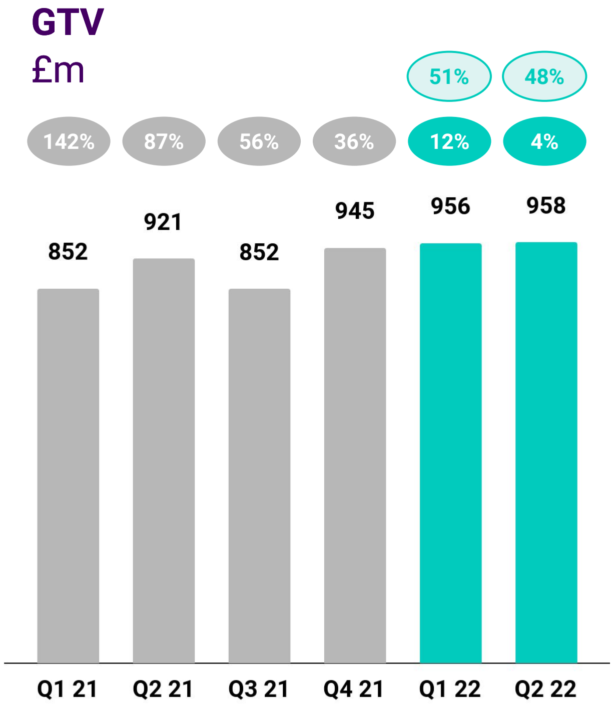


x% Year-on-year growth

Monthly active consumers: the number of individual consumer accounts that have placed an order on our platform in a given month. Average monthly active consumers: the average of the monthly active consumer figures for a given period.

UK & Ireland | Continuing to strengthen consumer value proposition and gain market share





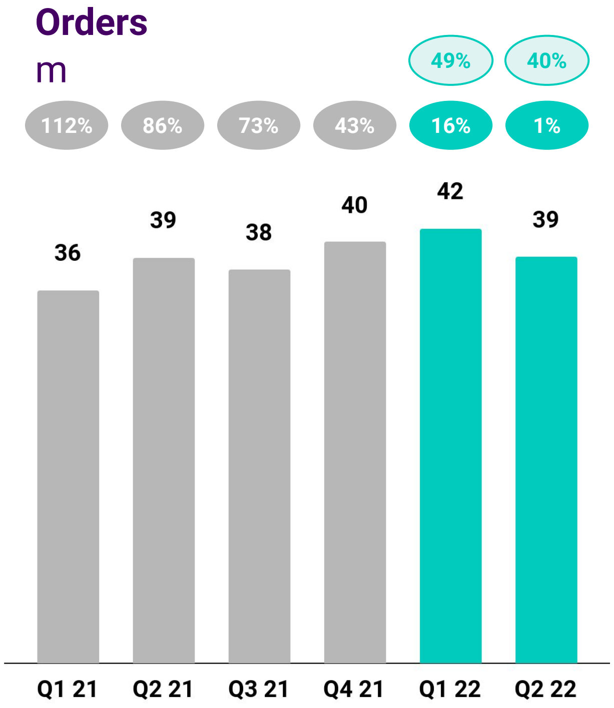
Highlights

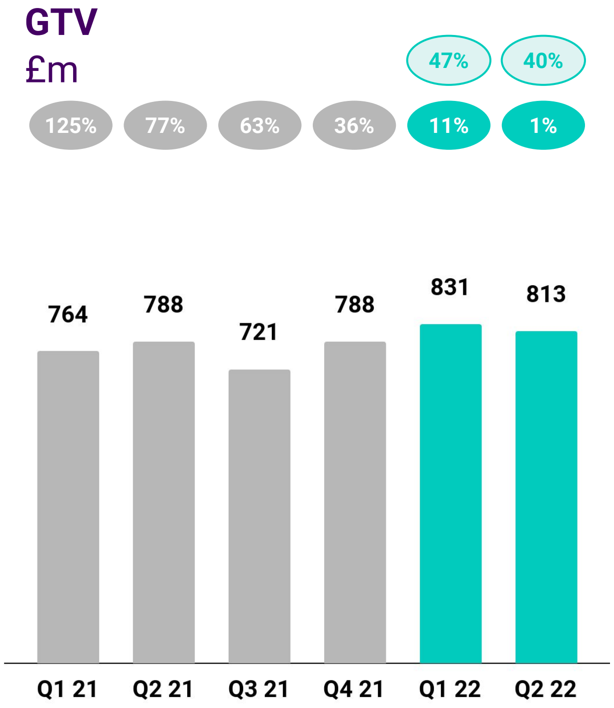
- Year-on-year growth in challenging market conditions: GTV up 8% in H1 (Q1: 12% and Q2: 4%) vs tough comparatives
- Continued market share gains
- Growth initiatives:
  - Expanded restaurant selection with addition of McDonalds in the UK
  - Continued rollout of Hop sites and launch of Hop as a Service offering
  - Non-food partnerships launched with WHSmith and LloydsPharmacy

x% Year-on-year growth x% '22 vs '19 CAGR

GTV growth rates are shown at constant currency.

International | Market share gains across key markets despite softer Q2 growth





Highlights

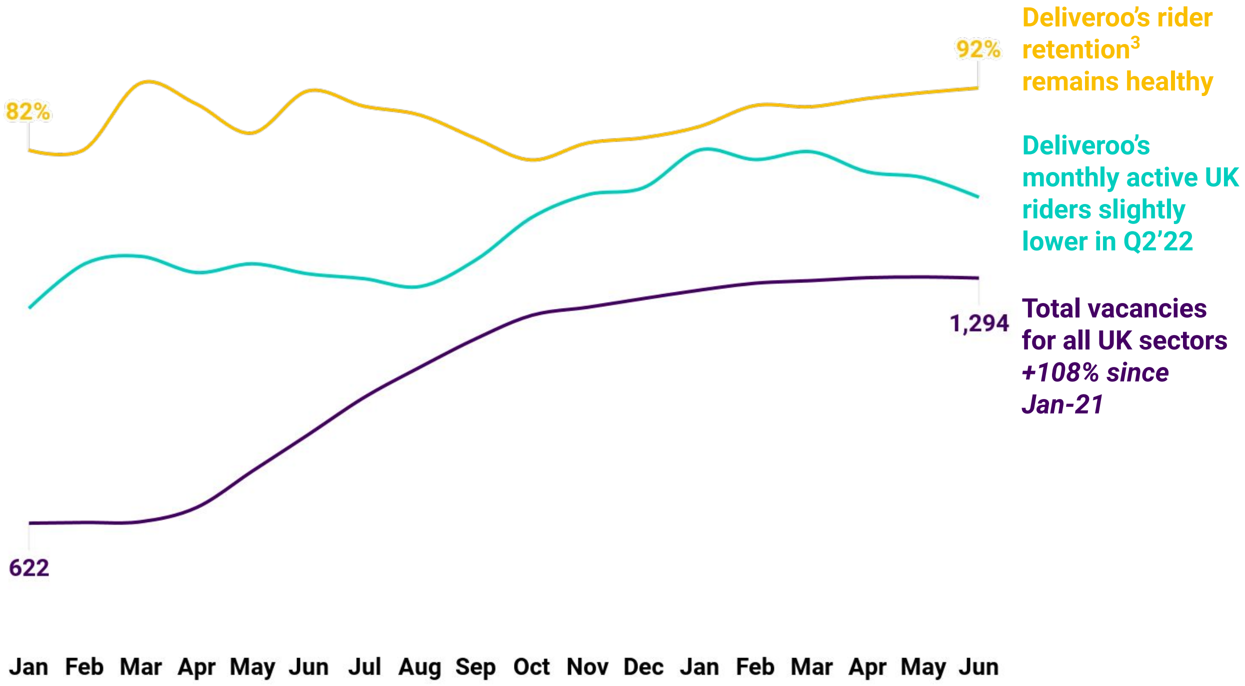
- Year-on-year growth in challenging market conditions: GTV up 6% in H1 (Q1: 11% and Q2: 1%) vs tough comparatives
- Market share gains in key markets
- Growth initiatives:
  - Deliveroo Plus collaboration with Amazon Prime extended to include Italy, France and UAE
  - Increased penetration of grocery, including opening Hop sites in France, Italy, Hong Kong and UAE

x% Year-on-year growth   x% ‘22 vs ‘19 CAGR

GTV growth rates are shown at constant currency.

Rider proposition | Deliveroo's flexible model is highly attractive to riders

Total UK job vacancies[1] vs. Deliveroo's monthly active riders[2] in the UK in 2021 and 2022
000s



- Despite continued increase in employment vacancies, there remains high demand for flexible work
- >11,000 weekly applicants and ~90% retention in UKI H1 2022
- 80% of riders globally are satisfied or very satisfied working with Deliveroo
- Signed voluntary partnership agreement with GMB Union in the UK, recognising riders as self-employed

Notes: (1) 3-months rolling average of UK employment vacancies from ONS; x-axis shows average at the end of the period. (2) Number of UK riders who logged into the rider app in a given month. (3) % of riders who worked last month and who worked the prior month.

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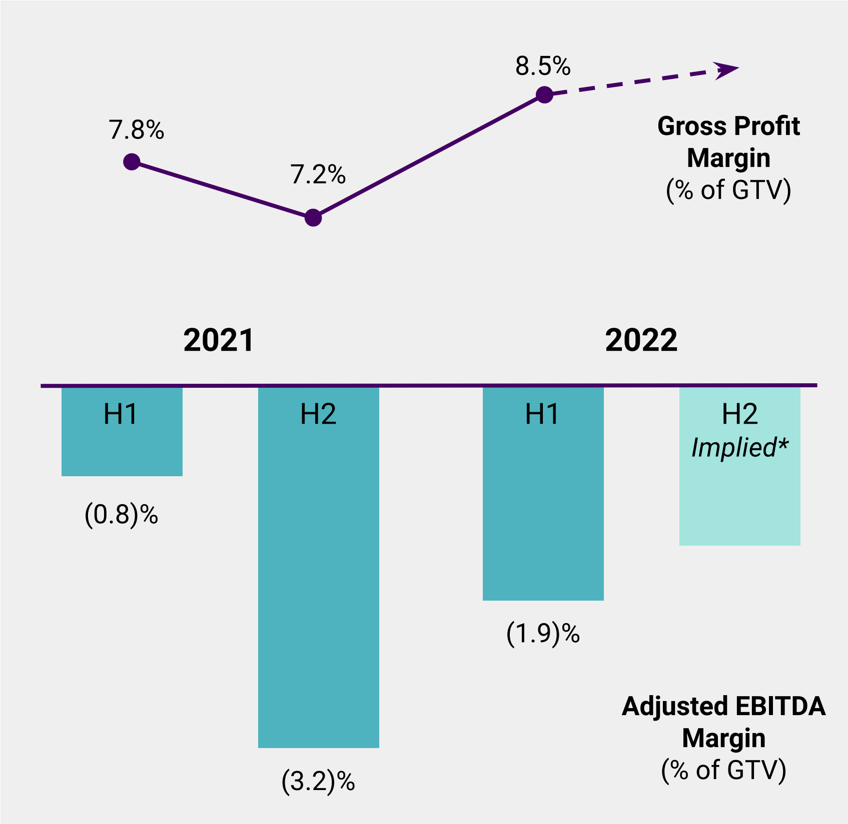
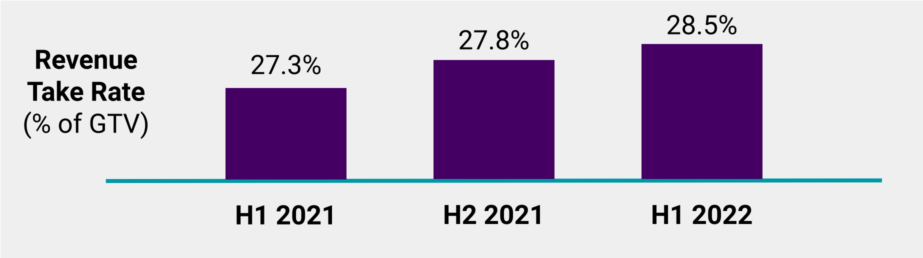
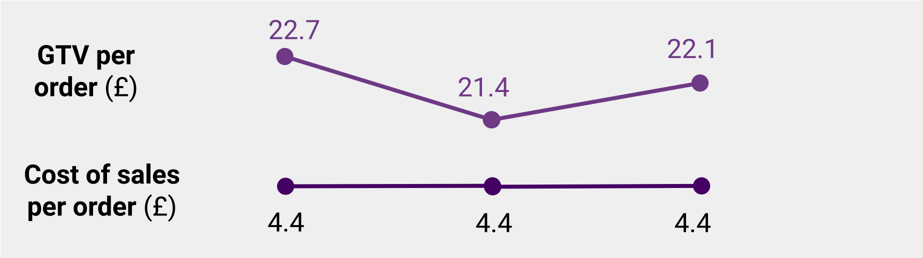
Financial performance | Good progress on path to profitability

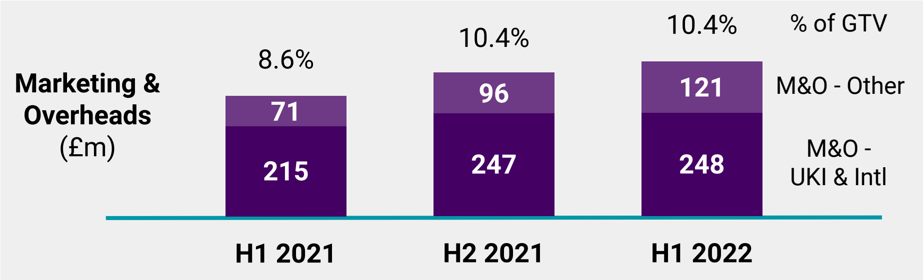
Path to profitability progression



Drivers

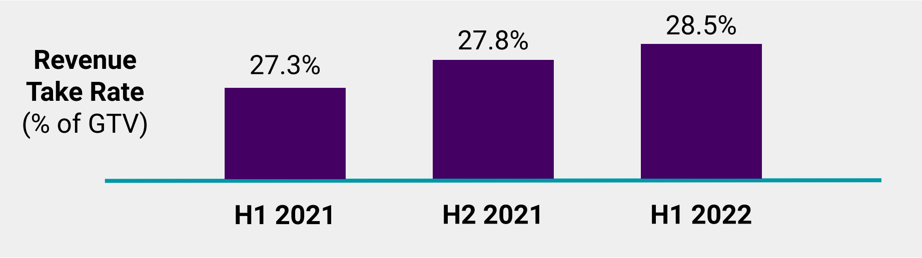






* Based on FY adjusted EBITDA margin at mid-point of (1.5)-(1.8)% guidance range

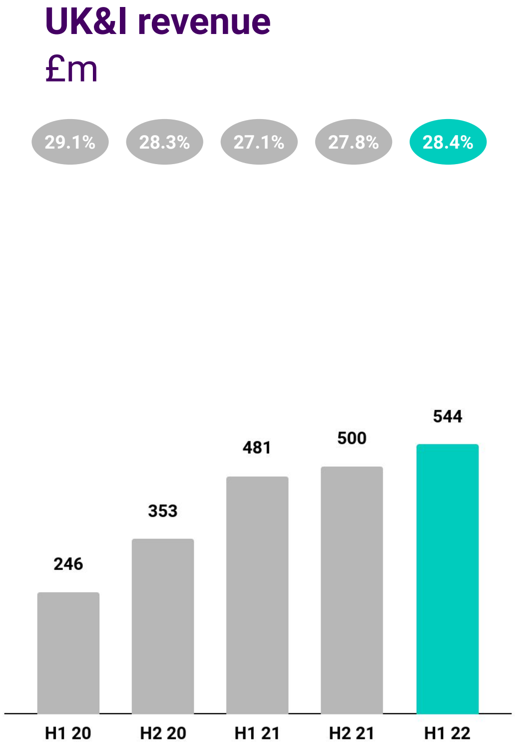
Revenue | Growth from commission revenue, consumer fee optimisation and contribution from advertising revenue

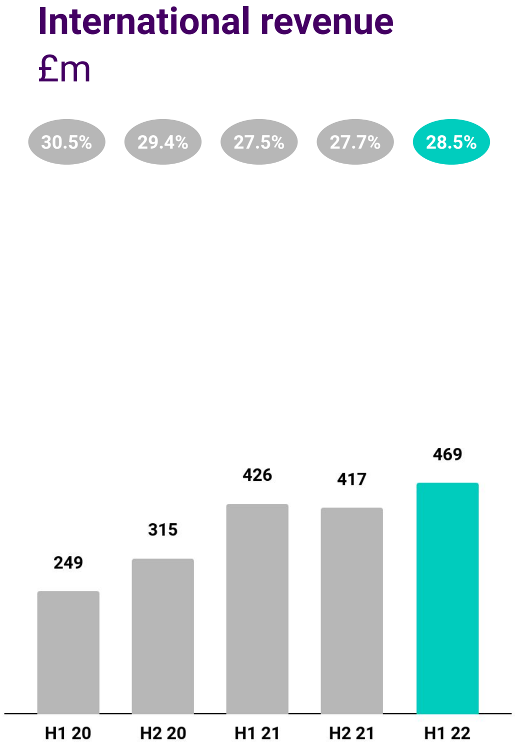


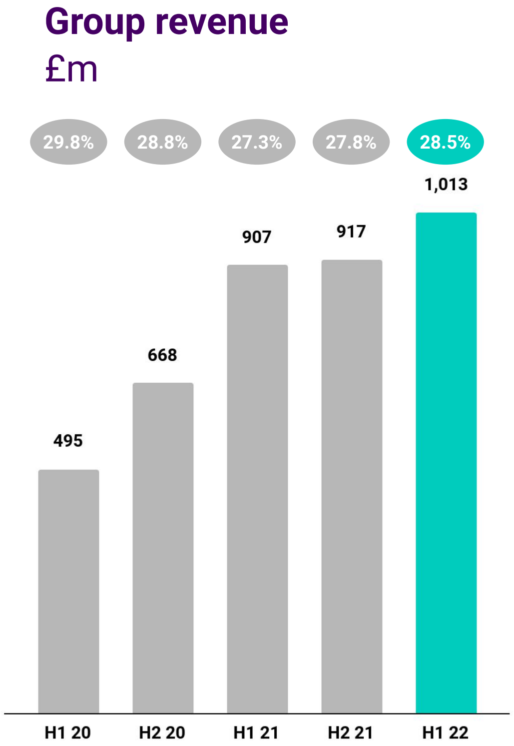
Revenue line item	Key components
Commission revenue	Average Order Value * commission rate
Consumer fees	Delivery fee, service fee, Plus subscription fee
Advertising revenue	Sponsored positioning; FMCG advertising

- Increase in commission revenue driven by higher AOV
- Optimisation of consumer fees leading to higher take rate
- Revenue from nascent advertising platform enabling revenue growth (12%) to outpace GTV growth (7%)

Revenue | Take rate improvements consistent across both geographic segments



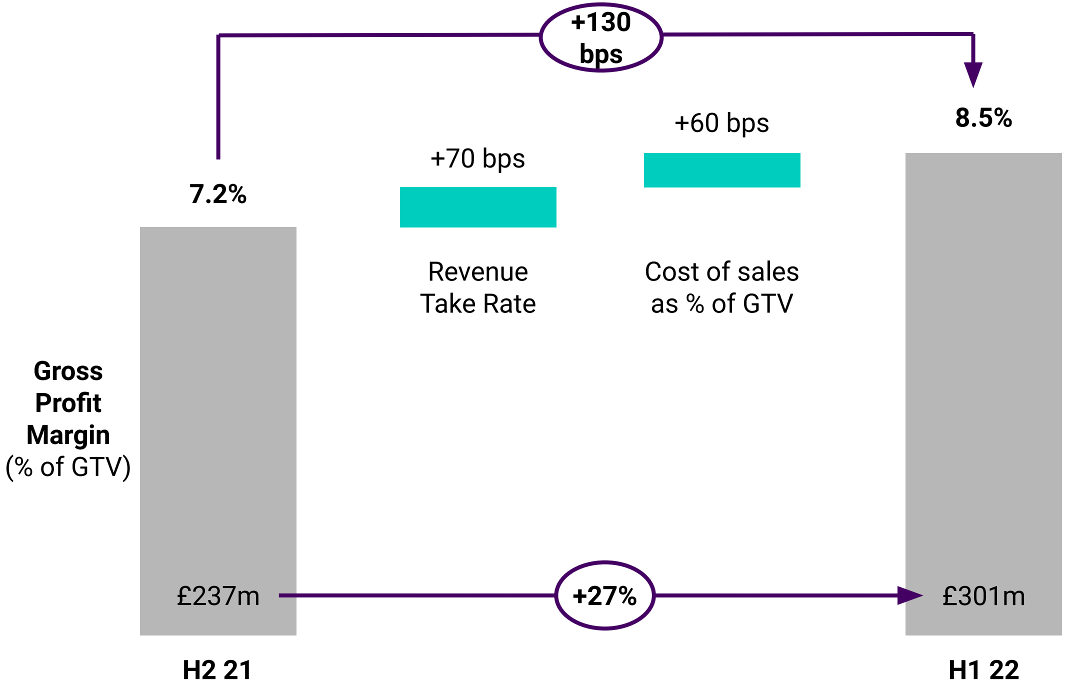


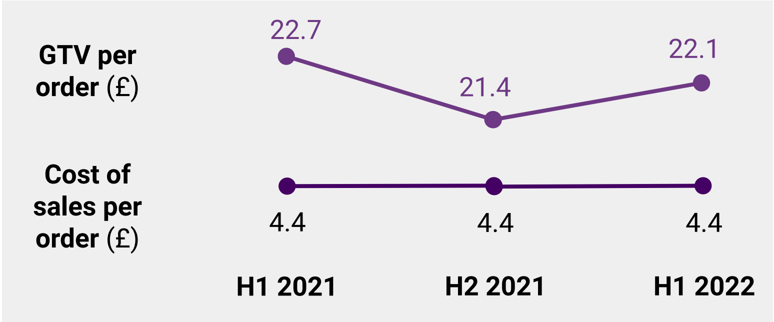


x% % of GTV (take rate)

Continuing operations

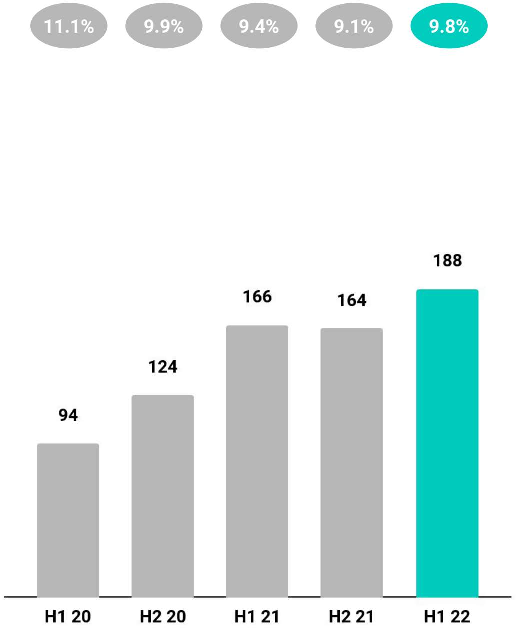
Gross profit | Significant improvement in gross profit and gross profit margin



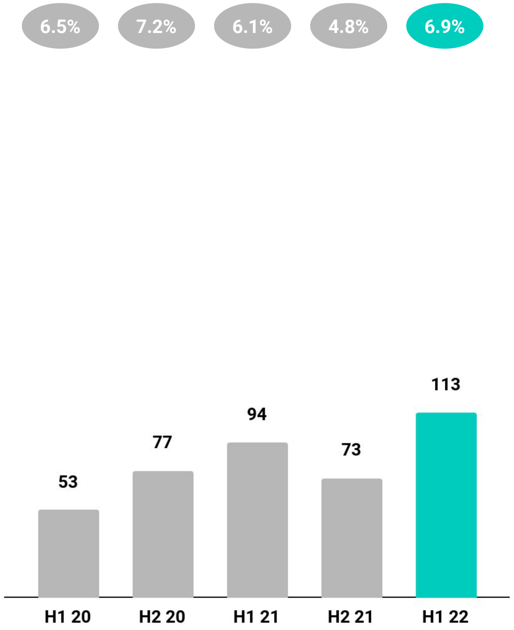


Gross profit | UKI and International driving strong sequential increase

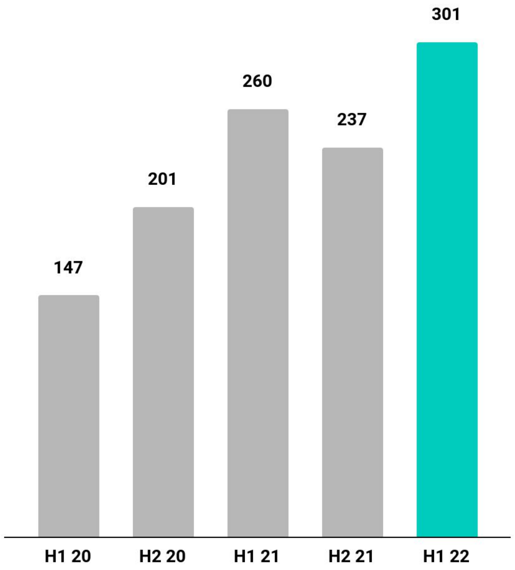
UK&I gross profit
£m



International gross profit
£m



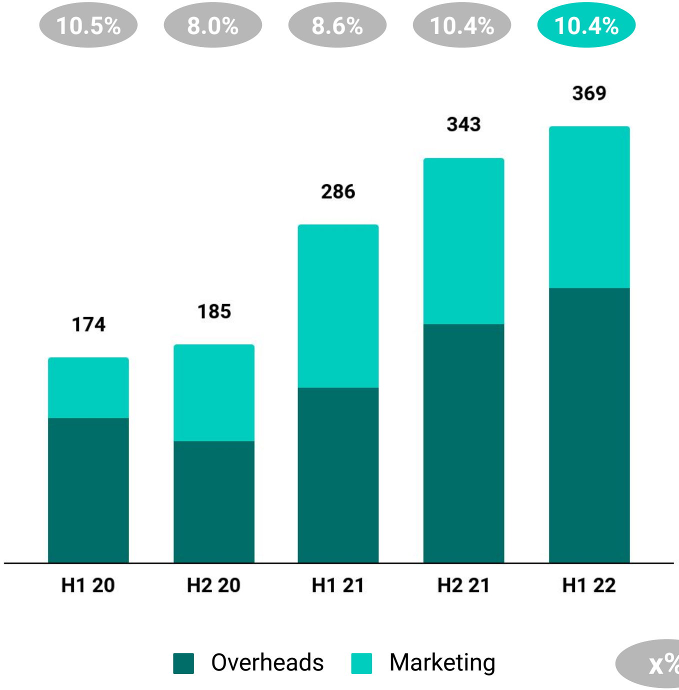
Group gross profit
£m



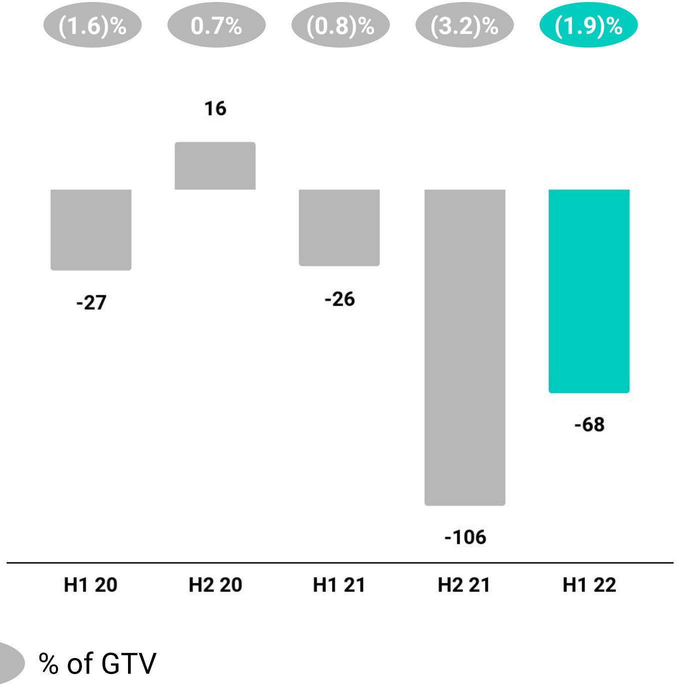
x% % of GTV (gross profit margin)

Adjusted EBITDA | Good progress on profitability levers leading to reduced adjusted EBITDA loss sequentially

Marketing and overheads
£m half year



Adjusted EBITDA
£m half year

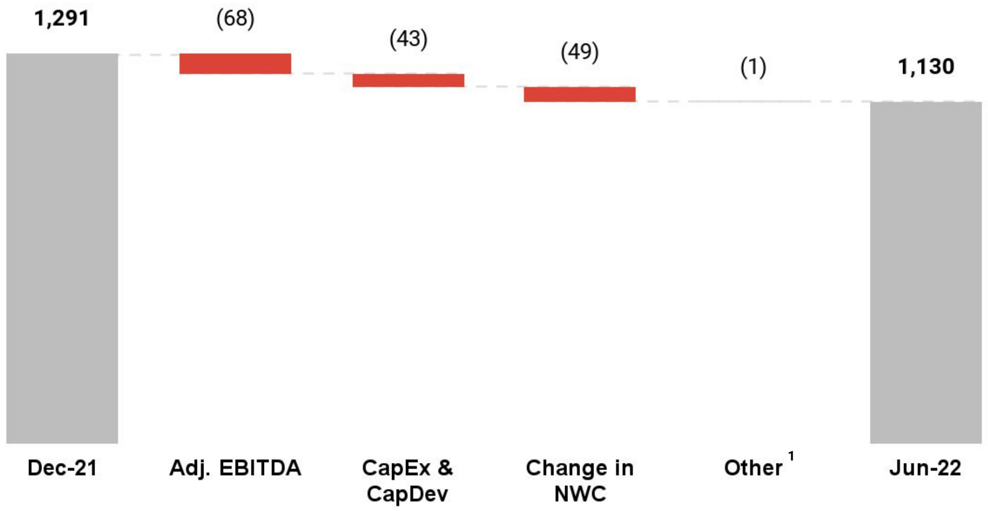


- Increase in technology spend to drive benefits across the P&L
- Strong focus on cost control in light of the weaker consumer environment

Continuing operations

Cash | Strong balance sheet and liquidity

Cash and cash equivalents
£m



- We remain well-capitalised with £1.1bn of cash and cash equivalents, plus the ability to draw on a RCF if we choose
- Net working capital outflow driven by ~£40m related to the timing of employee tax and social security payments on employee share options
- Announced share purchase programme of up to £75m to mitigate dilution from share-based compensation plans

Notes: (1) Includes exceptional items, lease payments, interest and FX movements on cash balance.

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Guidance | For 2022 and beyond

	2021 Actual	2022 Updated Guidance*	Medium-term	Longer-term
GTV *growth*	**70%***	**4% - 12%**** *Original guidance: 15% - 25%*	**20 - 25%** p.a.**	
Adjusted EBITDA margin *% of GTV*	(2.0)%	(1.5)% - (1.8)%	**Aim to reach breakeven at some point during H2 2023 - H1 2024**	**Aim to reach 4%+ by 2026** Further upside beyond 2026

* As updated on 18 July 2022. ** In constant currency

Summary | Key takeaways

1. **Continued growth despite increased consumer headwinds:** H1 2022 revenue up 12%, GTV up 7% YoY

2. **Growth slowed in Q2, share gains continue:** GTV growth was 12% in Q1 and 2% in Q2, outperforming the market in several key markets

3. **Strong progress on key profitability levers** (consumer fees, ad revenue and marketing spend), while still improving consumer value proposition

4. **Reiterating revised FY 2022 guidance**: GTV growth of 4-12% and adjusted EBITDA margin (as % of GTV) of (1.5)-(1.8)%

GTV growth rate shown at constant currency.

Q&A

Any questions?

Appendix

Path to profitability | Reminder of key profit levers

	% of GTV			Key Components	Levers
	2021	2026	bps chg		
Revenue	27.5 %			Commission, consumer, and advertising revenue; refunds	**Revenue levers** ● Increase AOV (eg by upselling) ● Optimise consumer pricing ● Develop high quality advertising model ● Reduce fraud & improve order accuracy
Cost of sales	(20.0)%			Delivery costs; card fees	
Gross Profit	**7.5 %**	**~10-11%**	**~250-350**		**Cost of sales levers** ● Reduce 'rider experience time' (eg wait time at restaurant, handover to consumer) ● Increase network density and batching ● Reduce card fees
Marketing	(4.0)%			Consumer (performance, own digital, brand-building) and rider marketing	
Overheads	(5.5)%			Semi-variable (ops & sales); people (tech & non-tech); facilities & other	**Marketing & overheads levers** ● Improve marketing efficiency/targeting ● Increase automation (eg self-service support for partners & consumers) ● Drive operating leverage with scale
M&O	**(9.5)%**	**~(6)-(7)%**	**~250-350**		
Adj. EBITDA	**(2.0)%**	**4.0%+**	**600+**		

2021 GTV % rounded to nearest 50 bps for illustrative purposes

Financial KPIs (continuing operations)

£m	Q1 20	Q2 20	H1 20	Q3 20	Q4 20	FY 2020	Q1 21	Q2 21	H1 21	Q3 21	Q4 21	FY 2021	Q1 22	Q2 22	H1 22
Group															
Orders (m)	**32**	**40**	**73**	**44**	**57**	**174**	**70**	**77**	**146**	**74**	**81**	**301**	**82**	**79**	**161**
% year-over-year	-	-	-	-	-	-	*116%*	*90%*	*102%*	*66%*	*42%*	*73%*	*18%*	*3%*	*10%*
GTV	**695**	**965**	**1,660**	**1,012**	**1,307**	**3,979**	**1,616**	**1,709**	**3,325**	**1,572**	**1,733**	**6,631**	**1,787**	**1,771**	**3,558**
% year-over-year	-	-	-	-	-	-	*133%*	*77%*	*100%*	*55%*	*33%*	*67%*	*11%*	*4%*	*7%*
Gross profit			**147**			**348**			**260**			**497**			**301**
% of GTV			*8.9%*			*8.7%*			*7.8%*			*7.5%*			*8.5%*
Adj. EBITDA			**(27)**			**(11)**			**(26)**			**(131)**			**(68)**
% of GTV			*(1.6)%*			*(0.3)%*			*(0.8)%*			*(2.0)%*			*(1.9)%*
UK & Ireland															
Orders (m)	**15**	**19**	**35**	**23**	**29**	**86**	**34**	**38**	**71**	**36**	**40**	**148**	**41**	**39**	**80**
% year-over-year	-	-	-	-	-	-	*121%*	*94%*	*106%*	*59%*	*41%*	*72%*	*20%*	*5%*	*12%*
GTV	**352**	**492**	**844**	**547**	**700**	**2,091**	**852**	**921**	**1,773**	**852**	**945**	**3,570**	**956**	**958**	**1,914**
% year-over-year	-	-	-	-	-	-	*142%*	*87%*	*110%*	*56%*	*35%*	*71%*	*12%*	*4%*	*8%*
Gross profit			**94**			**217**			**166**			**330**			**188**
% of GTV			*11.1%*			*10.4%*			*9.4%*			*9.3%*			*9.8%*
Adj. EBITDA			**35**			**81**			**55**			**91**			**60**
% of GTV			*4.1%*			*3.8%*			*3.1%*			*2.6%*			*3.1%*
International															
Orders (m)	**17**	**21**	**38**	**22**	**28**	**88**	**36**	**39**	**75**	**38**	**40**	**153**	**42**	**39**	**81**
% year-over-year	-	-	-	-	-	-	*112%*	*86%*	*98%*	*73%*	*43%*	*74%*	*16%*	*1%*	*8%*
GTV	**343**	**473**	**816**	**464**	**607**	**1,888**	**764**	**788**	**1,552**	**721**	**788**	**3,061**	**831**	**813**	**1,644**
% year-over-year	-	-	-	-	-	-	*123%*	*67%*	*90%*	*55%*	*30%*	*62%*	*9%*	*3%*	*6%*
Gross profit			**53**			**131**			**94**			**167**			**113**
% of GTV			*6.5%*			*6.9%*			*6.1%*			*5.5%*			*6.9%*
Adj. EBITDA			**(6)**			**7**			**(10)**			**(56)**			**(7)**
% of GTV			*(0.7)%*			*0.4%*			*(0.7)%*			*(1.8)%*			*(0.4)%*

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.