Just Eat and Takeaway.com Merger Announcement

Presentation

Mike Evans

Chairman Just Eat

Ladies and gentlemen, good morning and welcome. Thank you for coming today on short notice. I'm Mike Evans, I'm the Chairman of Just Eat and we're delighted to be here today to talk to you about the announcement we made to the market this morning, that the Boards of Just Eat and Takeaway.com have reached agreement on the terms of a recommended all share combination of our two companies to create JusteatTakeaway.com.

We strongly believe this is a compelling offer for the stakeholders of both our businesses and will create long-term value for our shareholders. It will create one of the world's largest online food delivery platforms in a dynamic and rapidly growing sector.

Our businesses have a shared philosophy and cultural values and we will create a unified business that will harness the assets and best practices and skilled teams of both companies to the benefit of the combined group. We will bring together some of the best talent in our industry, be founder-led, focused on innovation, placing consumers and restaurants at the heart of our business.

Let me introduce you to our new management team. As you know by now it's proposed I become chairman, Jitse Groen, the CEO of Takeaway.com will become CEO, Paul Harrison, CFO of Just Eat will become CFO of the combined group. At the far end Brent Wissink, CFO of Takeaway.com and Joerg Gerbig, currently COO of Takeaway.com is going to be in charge of operations as co COOs.

This management team gives us shared and complementary experience, supported by the strong leadership teams across the breadth of both businesses. Our expertise in building much-loved, strong household brands, in growing market leadership and our entrepreneurial spirit gives us what we think is a seriously impressive combination.

So let me talk you through the highlights of the transaction. Starting from the beginning, the name of our combined business will be Just Eat Takeaway.com N.V., combining our two strong brands. The key terms we have agreed today are a recommended all-share combination that will be affected by means of a UK court-sanctioned scheme of arrangement that for every one Just Eat share there will be 0.09744 new Takeaway.com shares. I had to practice that number. Immediately following completion, Just Eat's shareholders will own 52.15% and Takeaway.com shareholders will own 47.85% of the combined group.

We will have a two-tier Board structure with a separate management Board and supervisory Board, a structure that works extremely well in the Dutch market and I believe provides a strong level of governance and challenge to management while allowing management to drive sustainable growth and value creation.

As I said, I will become Chairman of the supervisory Board, Jitse, Paul, Brent and Joerg will form the management Board. The combined group will be headquartered in Amsterdam and will have a premium listing on the London Stock Exchange, with the intention to delist Takeaway.com from Euronext Amsterdam after one year of dual listing.

In terms of timing, we expect the publication of the prospectus and the circular in October and then our shareholders vote with completion expected to be during fourth quarter of this year. Let me now hand over to Jitse to talk about how together we will create the global leader.

Jitse Groen

CEO Takeaway.com

Thank you, Mike. Good morning, everybody. I would like to start with the shared history of our companies. We share a history, both companies have been founded almost 20 years ago, both companies share a marketplace heritage and I have always looked up to Just Eat as a leading example in our business.

Many countries, like Germany, were lagging behind the UK in their development and for a long time Just Eat in the UK was the only sizeable business in our industry. I have observed diverse investment in Just Eat, back in 2007 and their tremendous success thereafter.

We as Takeaway.com have witnessed first-hand the competitiveness of this industry. Many of our competitors have gone bankrupt or have left the market through consolidation. This shows that this is an inherently difficult industry that requires a thorough understanding of how to make money. I believe you are now looking at the merger presentation of the two companies that have such understanding.

In recent years, companies that provided logistics only have raised considerable funding on the back of, ironically, the Just Eat profits in the UK and the Takeaway.com profits in The Netherlands. Not all food delivery websites, however, are the same. It is challenging for a food delivery website with insufficient scale to become profitable.

Equally, we believe it is highly unlikely that purely logistical providers in many countries will ever become profitable because of the challenging business model of logistics. Just Eat Takeaway on the other hand already now would have both scale and profitability.

I am grateful for the continued support of both Brent and Joerg who are normally called Messi and Ronaldo, and you can pick who is which. I believe that I just understood from Brent that he wants to be Ronaldo, but I'm not sure.

I'm also thrilled obviously with the top talent from Just Eat, not in the least with of course Paul and the new Chairman Mike, but obviously also with the thousands of Just Eat staff worldwide. The combination of Just Eat and Takeaway.com creates one of the world's largest food delivery websites. It will be a formidable company that will make an impact on tens of millions of consumers across the globe.

It will be at the forefront of product and tech development in the sector and it will lead the way forward in its relationship with its consumers, its restaurant partners, its staff and its delivery drivers.

It is a dream combination created by the sector's dream team and I can only be grateful for the opportunity of leading it.

The combination of Just Eat and Takeaway.com will create a leading global online food delivery platform in terms of orders, GMV and revenue, with strong brands and customer reach in each of its markets. Just Eat and Takeaway.com operates in complementary geographic regions. The combination will bring enhanced skill and footprints, as you can see on the map.

It will have a presence in 23 countries, partnering with over 155,000 restaurants globally and it will serve over 43 million active consumers currently with an addressable population of approximately 450 million people in its markets. The Group's average penetration across the population across these geographies is under 10%, which indicates substantial further growth opportunity.

Bringing together Takeaway,com and Just Eat creates a global leading online food delivery platform with enhanced scale. The combined group processed almost 355 million orders in 2018, worth a GMV of €7.3 billion and generating revenues well in excess of €1 billion.

The increased resources of the combined group will allow it to invest more effectively in its markets in order to capture additional growth opportunities, to maintain its competitiveness, strengthen its leading market positions and to create sustainable shareholder value.

The combined group will have greater flexibility to invest in its key markets and enhance its market leading positions, which matters in a fast evolving sector with well-capitalised competition. In addition, the enhanced scale will result in improved financial resources and optionality to create further value for strategic M&A.

There's a compelling rationale underpinning the combination of Takeaway.com and Just Eat. It creates on the world's largest online food delivery platforms. It delivers a company with a strong founder-led management. It holds strong leadership positions in many of the world's largest food delivery markets. It is built around two of the world's largest profit pools. It will have a greater ability to deploy capital and resources to strength its competitive position and it brings operating leverage potential.

I will address these points in more detail in the following slides. In terms of gross merchandise value, the combined group in 2018 realised €7.3 billion in that year. Meituan aside, this is greater than any other comparable food delivery company and this makes it the largest online food delivery platform outside of China.

Equally, in terms of revenues, the combined group creates the second largest online food delivery company in the world, and the largest online food delivery company outside of China, with a significant gap to others. The combined group has a founder-led management team and will be an entrepreneurial organisation with strong cultures, focused on innovation to enhance the consumer experience.

The founders of Takeaway.com, Lieferando, Pyszne, Takeaway.com Bulgaria and 10bis are all still active in the combined group. The combined group's management team has over 40 years combined experience in food delivery and a proven track record in building leading position in markets of scale, the successful execution of M&A, integration programs and capital markets.

The combined group will have strong leadership positions in some of the world's largest food delivery markets. In total, it will be the market leader in 15 out of the 23 countries in which it operates. These leadership positions have been built over many years, resulting in strong brand recognition and large active customer bases.

This scale has enabled both companies to increasingly add restaurant partners, thereby improving the selection available to customers and thereby driving growth, market leadership and returns. The combined group brings together Just Eat's leadership position in the United Kingdom with Takeaway.com's leadership position in The Netherlands; the two largest profit pools in European online food delivery.

Both these profitable markets are at the core of the combined group's strategy and it will provide the combined group with flexibility to continually reinvest in product, marketing and customer experience to further fuel growth.

Takeaway.com's leading position in Germany provides a third market which is nearing profitability. The German market has the highest addressable population in Europe, five times the size of The Netherlands, and given its slow penetration it has huge potential.

SkipTheDishes' high growth shows that with the right dynamics and technology, delivery can be profitable, which is demonstrated by Skip's profitability in the first half of 2019. We hope to share best practices across the combined group's delivery assets, including Scoober, going forward.

The combination will have a platform built around the world's largest profit pools in online food delivery, underpinned by Just Eat's UK business with a full-year 2018 EBITDA of €240 million and an EBITDA margin of 49%, and Takeaway.com's Netherlands business with a full-year 2018 EBITDA of €53 million and an EBITDA margin of 54%.

Both these markets have substantial further opportunity for growth despite having operated in both markets for many years, with current population penetration of only 22% in the UK and 28% in The Netherlands.

This core of highly profitable businesses will enable the combination to deploy capital and resources more effectively across its markets. The market dynamics and stability of both key markets provide the combined group with greater flexibility to make strategic long-term investment decisions to further improve the restaurant and customer experience, to drive faster revenue growth and enhance operating leverage.

In time, these core markets will be further supplemented by the combined group's market leading position in Germany, with a penetration of only 13% of the German population. Takeaway.com's German business is a well-established market leader and the German business is now nearing profitability.

The combined large profit pools, as you can see in this chart, will allow sustainable investment in tech, in brands, the restaurant network and logistics. This in turn will improve the customer experience and that in turn will lead to higher revenue growth, which through operating leverage strives to grow the profit pools, so that's a perfect circle.

I will now hand over to Paul for the financial highlights and I will see you back at the questions.

Paul Harrison

CFO Just Eat

Thank you, Jitse. Good morning.

I have had the privilege of being on the executive team of Just Eat for three years, and I guess in that time I've witnessed how rapidly this market is evolving and how much online food delivery is becoming the norm rather than the occasional treat.

What excites me most is the opportunity to improve our restaurant partner and customer experiences, whatever the occasion. This combination in my view has the potential to fast-track that vision.

So if I take you through the financial highlights, as many of you know, both Just Eat and Takeaway.com announced their first half numbers last week. So to recap, Takeaway.com's revenues grew by 68% to €185 million, and Just Eat revenue's increased by 30% to £465 million. So that's a combined total of €717 million or £626 million in the first six months of this year.

Takeaway.com reported €2 million of EBITDA while Just Eat generated £72 million of EBITDA in the period, given a combined €85 million or £74 million of EBITDA. So clearly this is a coming together at a time of mutual strength, which provides a stronger foundation for continued investment to drive growth and greater flexibility to manage our cost base across our profit pools.

But turn now to value creation and cost benefits, we're proposing this combination because we believe in the incredible opportunity this rapidly evolving market presents. Greater scale will give us the opportunity to do more to offer better customer and restaurant experience and to experiment and to innovate, but there are also some clear cost benefits to the combination. As we see on the slide, the first and most sizeable lies in creating operational and technology efficiencies of approximately €12 million or £11 million pounds.

We anticipate these to be generated through transitioning certain geographies to a more centralised operating model, this includes transitioning of some restaurants and customers to the Takeaway.com platform.

Secondly, we will drive in-market cost benefits of €5 million or £5 million which comprised 25% of the quantified cost benefits as we merge our overlapping countries to a single brand.

Then finally, around €3 million, £3 million, will be generated from procurement leveraging the combined group's scale across many areas including payment and administrative systems.

In summary, we believe that the combination will lead to recurring annual pre-tax cost benefits of approximately €20 million by the fourth anniversary of the completion of the combination, with about half of this expected to be delivered by the first anniversary.

I would expect these cost benefits would give rise to one-off pre-tax costs of approximately €15 million or £14 million incurred over the first four years following completion of the transaction. With that, I'm going to hand back to Mike who is going to give you more detail on the proposed governance.

Mike Evans

Chairman Just Eat

Thank you, Paul. Designing the best structure and best practice governance for the new business is critical. We are committed to strong governance including the principle of challenging and supporting management while driving sustainable growth and value creation.

We have already talked about the Board's structure and the incorporation but let me pull out a couple of highlights about the FTSE and our inclusion. We will seek approval for inclusion of the combined group in the FTSE all share and FTSE 100 index and believe we will be eligible. As I said earlier, we will seek to delist Takeaway.com from Euronext Amsterdam after one year of dual listing.

It is our intention to adhere to the principals of the UK Corporate Governance Code, UK pre-emption rights, principles, and the principles of the City Code on takeovers as well as far as practical following completion.

As a reminder of the timetable to anticipate following today's announcement, we expect to publish various shareholder documents, the prospectus, the scheme document, the circular by October and to hold our shareholder votes by December with a view to completing the transaction this year.

To conclude, before heading over the questions, we are incredibly excited about the opportunity to create one of the largest food delivery companies in the world, with the scale, power and vision to address the huge opportunity in our rapidly growing industry.

We will be now happy to take any questions you have, it's a big room so we will try and make sure we get to everybody who wants to ask questions. We do have a roaming microphone so please wait until that gets to you. Please, could you also state your name and the organization you represent.