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FINANCIAL ANALYSIS

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JUST EAT PLC

VALUATION

AND INDUSTRY

ANALYSIS

Contents

Executive Summary

Since its 2014 IPO, Just Eat Plc has constantly beaten analyst forecast, enjoyed a remarkable stock performance (25.28% CAGR), and nearly tripled its market capitalisation. However, the emergence of Deliveroo and UberEATS competing for the same consumer market with a different operating model and the recent resignation of Mr David Buttress, CEO of the FTSE 250 company, cannot help but raise a serious concern among investors: Is Just Eat overvalued? This report aims to ease that concern with a hold recommendation.

We approach valuation with the help of the Enterprise Discounted Cash Flow (DCF) model and estimate the equity value of Just Eat through its cash flows – the ultimate source of value. It is a five-part process:

1. Reorganise financial statements to separate operating items from nonoperating items
2. Analyse operational and financial performance
3. Analyse the industry structure and Just Eat's strategic position to determine its ability to sustain a healthy return on invested capital (ROIC) and growth
4. Forecast future net operating profit less adjusted taxes (NOPLAT), free cash flows, perpetuity growth rate, and return on new invested capital (RONIC)
5. Value equity after discounting future cash flows and continuing value at the weighted average cost of capital (WACC)

1

Reorganising the Financial Statements

In order to value Just Eat accurately, one critical step is to reorganise the financial statements and separate nonoperating or financing items such as interest payments from operating ones. Operating items are defined as those that are directly concerned with Just Eat's core business activities and expected to re-incur frequently in the future. In the scope of this report, we are going to reorganise Just Eat's consolidated statements of profit and loss, those of financial position, and consolidated cash flow statements. The purpose is to calculate the historical invested capital, NOPLAT, and free cash flow.

INVESTED CAPITAL

We start by breaking down the balance sheet:

$$\begin{matrix}\textit{Operating}\\ \textit{Assets}\end{matrix} + \begin{matrix}\textit{Nonoperating}\\ \textit{Assets}\end{matrix} = \begin{matrix}\textit{Operating}\\ \textit{Liabilities}\end{matrix} + \begin{matrix}\textit{Debt and}\\ \textit{Its Equivalents}\end{matrix} + \begin{matrix}\textit{Equity and}\\ \textit{Its Equivalents}\end{matrix}$$

Rearranging it gives invested capital:

$$\begin{matrix}\textit{Invested}\\ \textit{Capital}\end{matrix} + \begin{matrix}\textit{Nonoperating}\\ \textit{Assets}\end{matrix} = \begin{matrix}\textit{Debt and}\\ \textit{Its Equivalents}\end{matrix} + \begin{matrix}\textit{Equity and}\\ \textit{Its Equivalents}\end{matrix} = \begin{matrix}\textit{Funds}\\ \textit{Invested}\end{matrix}$$

Separating nonoperating items such as investments and deferred tax liabilities from operating assets and liabilities gives invested capital. Exhibit 1.1 shows such a calculation.

EXHIBIT 1.1 **Just Eat: Invested-Capital Calculation**

£ million

	2011	2012	2013	2014	2015	2016
Total funds invested: uses						
Working cash	7.9	20.9	29.0	31.4	49.5	75.1
Restricted cash	-	-	-	27.7	43.8	33.8
Inventories	-	0.5	0.8	0.9	1.2	1.7
Trade and other receivables	1.6	4.0	3.6	5.0	6.8	17.8
Operating current assets	9.5	25.4	33.4	65.0	101.3	128.4
Trade and other payables	(11.0)	(22.4)	(33.4)	(59.1)	(95.0)	(110.8)
Deferred revenues	(1.7)	(2.4)	(4.0)	(4.0)	(3.7)	(3.8)
Taxes payable	(0.1)	(1.6)	(1.1)	(2.0)	(6.0)	(22.0)
Other current liabilities	-	-	-	(0.2)	(0.2)	(0.5)
Operating current liabilities	(12.8)	(26.4)	(38.5)	(65.3)	(104.9)	(137.1)
Operating working capital	(3.3)	(1.0)	(5.1)	(0.3)	(3.6)	(8.7)
Net property, plant and equipment	2.9	5.0	5.5	7.2	8.6	12.4
Capitalised operating leases	11.6	14.5	20.7	27.4	35.1	47.8
Net intangible assets	1.2	2.6	3.2	9.8	53.0	77.8
Other operating liabilities	(0.7)	(1.3)	(1.4)	(1.8)	(1.8)	(2.2)
Invested capital without goodwill	11.7	19.9	22.9	42.3	91.3	127.1
Goodwill	4.6	7.0	10.2	51.2	457.1	725.2
Unrecorded goodwill	-	6.0	6.4	5.6	5.3	-
Invested capital with goodwill	16.3	32.9	39.5	99.1	553.7	852.3
Excess cash	-	29.1	32.6	105.0	99.4	21.7
Current tax assets	-	-	0.2	0.7	0.3	0.4
Consideration receivable	-	-	-	-	-	1.0
Amounts due from JSOP participants	-	-	-	5.2	3.7	1.7
Amounts due from related parties	0.2	-	-	-	-	-
Amounts due from joint ventures and associates	0.6	0.5	0.3	-	-	-
Nonconsolidated investments	14.1	7.1	7.8	13.4	16.7	39.8
Other financial assets	-	-	-	0.7	-	-
Total funds invested	31.2	69.5	80.4	224.1	673.8	916.9
Total funds invested: sources						
Short-term debt	0.1	-	-	0.3	-	0.4
Long-term debt	-	-	-	-	-	0.6
Capitalised operating leases	11.6	14.5	20.7	27.4	35.1	47.8
Deferred consideration	-	2.6	0.3	0.4	4.4	1.3
Provision for contingent consideration and acquisition	1.1	0.7	0.1	9.1	9.3	55.2
Debt and equivalents	12.8	17.8	21.1	37.2	48.8	105.3
Deferred tax liabilities, net of assets	0.2	(0.8)	(0.7)	(2.5)	(6.2)	(14.1)
Unrecorded goodwill	-	6.0	6.4	5.6	5.3	-
Shareholder's equity	18.0	46.8	53.2	183.0	625.5	818.0
Noncontrolling interests	0.2	(0.3)	0.4	0.8	0.4	7.7
Equity and equivalents	18.4	51.7	59.3	186.9	625.0	811.6
Total funds invested	31.2	69.5	80.4	224.1	673.8	916.9

Cash We separate cash into working and excess cash. The analyst community usually defines excess cash as any cash above 1-10% of revenues. Since Just Eat is in its early stage with hypergrowth and loss-making subsidiaries, we start with a threshold of 35% in 2011 and adjust it down to 20% from 2014 onwards.

Operating leases Operating leases are a form of off-balance-sheet debt and leaving them out understates invested capital. The following formula helps estimate the value of leased assets:

$$Asset_{t-1} = \frac{Rental\ Expense_t}{k_d + \frac{1}{Asset\ Life}}$$

As the operating leases are secured by the underlying assets, we use the UK AA-rated bond yields as proxies for the costs of leasing debt k_d. Tangible assets have a median life of 10.9 years (Lim et al., 2003); we use it as the input for our formula.

EXHIBIT 1.2 **Just Eat: NOPLAT Calculation**

£ million

	2011	2012	2013	2014	2015	2016
Revenues	33.8	59.8	96.8	157.0	247.6	375.7
Cost of sales	(3.2)	(5.1)	(10.0)	(16.1)	(24.2)	(35.2)
Staff costs	(17.9)	(26.4)	(36.1)	(52.0)	(67.5)	(88.4)
Marketing	(7.8)	(15.3)	(23.4)	(36.7)	(64.0)	(91.2)
Other administrative expenses	(4.1)	(10.7)	(13.4)	(21.2)	(30.0)	(44.5)
Operating EBITDA	0.8	2.3	13.9	31.0	61.9	116.4
Depreciation, as reported	(1.1)	(1.8)	(2.7)	(3.3)	(4.2)	(6.2)
Lease depreciation	(0.4)	(1.1)	(1.3)	(1.9)	(2.5)	(3.2)
Amortisation of operating intangibles	-	(0.1)	(0.1)	(0.6)	(1.7)	(2.6)
Operating EBITA	(0.7)	(0.7)	9.7	25.2	53.5	104.4
Operating cash tax	(0.7)	(0.4)	(3.0)	(9.0)	(14.9)	(27.3)
NOPLAT	(1.4)	(1.1)	6.8	16.2	38.6	77.1
Reconciliation with profit (loss) for the year						
Profit (loss) for the year	(0.6)	(3.9)	7.0	52.0	23.1	71.7
Income to noncontrolling interests	(0.6)	(0.6)	(0.2)	(0.2)	(0.1)	(0.3)
Nonoperating taxes	(1.2)	1.4	0.4	(3.4)	(3.3)	(7.4)
Interest expense	0.1	0.1	0.2	0.2	0.6	0.6
Lease interest	0.2	0.4	0.5	0.6	0.6	1.0
Interest income	(0.1)	(0.2)	(0.2)	(0.4)	(0.4)	(0.6)
Share of results of associates and joint ventures	0.3	0.5	-	0.8	2.2	0.1
Net foreign exchange (gains) losses	(0.1)	0.1	0.6	(0.2)	(0.1)	0.2
Loss on sale of property, plant and equipment	-	-	0.1	0.2	0.1	0.5
Amortisation of acquired intangibles	0.2	0.4	0.8	2.1	8.6	15.5
Other exceptional expenses	0.4	7.5	1.0	2.7	6.6	14.6
Net other (gains) losses	-	(6.9)	(3.4)	(38.2)	0.7	(18.8)
NOPLAT	(1.4)	(1.1)	6.8	16.2	38.6	77.1

Goodwill and acquired intangibles We add back the accumulated impairment to the goodwill value to reflect the true amount Just Eat has invested into the acquisition deals. We also undo any effects of tax gross-up on the book value of acquired intangibles.

NOPLAT

To calculate NOPLAT, we subtract operating taxes from earnings before interest, taxes, and amortisation of acquired intangibles (EBITA). We exclude the amortisation of acquired intangibles since the organic replacement of these assets are usually expensed, not capitalised, and we do not want to penalise the company twice (Koller et al., 2015). Note that we leave out any income or expense from nonoperating assets or liabilities as shown in Exhibit 1.2.

Operating lease payments We apply the cost of leasing debt to the estimated leased asset value to get the lease interest, and the remaining of the lease payment is treated as lease depreciation.

Operating cash taxes Exhibit 1.3 estimates the operating cash taxes as we assume Just Eat incurs its nonoperating items domestically. The difference between the operating cash taxes and reported taxes is nonoperating taxes.

EXHIBIT 1.3 **Just Eat: Estimation of Operating Cash Taxes**

£ million

	2011	2012	2013	2014	2015	2016
UK corporation tax rate, %	26.50	24.5	23.25	21.5	20.25	20.0
x operating EBITA	(0.7)	(0.7)	9.7	25.2	53.5	104.4
Tax at the UK corporation tax rate on EBITA	(0.2)	(0.2)	2.3	5.4	10.8	20.9
Share based payments	0.4	-	0.3	0.6	0.2	0.1
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	0.1	0.1	-	(1.0)	(2.5)
Overseas taxes	-	0.3	0.9	1.1	4.1	8.2
Reduction in UK tax rate	-	0.1	(0.1)	-	-	0.1
Estimated operating taxes	0.2	0.3	3.5	7.1	14.1	26.8
(Increase) decrease in net operating deferred tax liabilities	0.5	0.1	(0.5)	1.9	0.8	0.5
Estimated operating cash taxes	0.7	0.4	3.0	9.0	14.9	27.3
Estimated operating cash tax rate, %	(100.1)	(67.3)	30.4	35.8	27.9	26.1

FREE CASH FLOW

We add back noncash operating expenses (eg. depreciation) to NOPLAT to get gross cash flow. We then subtract gross investment from gross cash flow to get free cash flow. Exhibit 1.4 presents the detail reconciliation of cash flow available to investors.

EXHIBIT 1.4 **Just Eat: Free Cash Flow Calculation**

£ million

	2011	2012	2013	2014	2015	2016
NOPLAT	(1.4)	(1.1)	6.8	16.2	38.6	77.1
Depreciation and amortisation of capitalised intangibles	1.1	1.9	2.8	3.9	5.9	8.8
Other non-cash items	-	-	0.1	(0.2)	-	0.2
Gross cash flow	(0.3)	0.8	9.7	19.9	44.5	86.1
(Increase) decrease in operating working capital	1.0	(3.3)	3.5	(17.8)	(5.8)	(5.2)
Organic capital investments	(2.1)	(3.8)	(4.0)	(6.4)	(10.6)	(21.2)
Investments in capitalised operating leases	(7.5)	(4.0)	(7.5)	(8.6)	(10.2)	(15.9)
Capital investments made through acquisition, net of disposals	(3.8)	(12.6)	(4.1)	(53.4)	(481.5)	(206.1)
Gross investment	(12.4)	(23.8)	(12.1)	(86.2)	(508.1)	(248.4)
Free cash flow	(12.7)	(23.0)	(2.4)	(66.3)	(463.7)	(162.3)
Interest received	0.1	0.2	0.2	0.4	0.4	0.6
Disposal of subsidiaries, net of acquisition costs	0.7	7.5	0.4	44.6	33.1	62.1
(Increase) decrease in investments	(9.4)	5.5	(0.2)	(4.5)	(6.9)	(2.9)
Other expenses	(0.4)	(0.2)	(1.5)	(2.7)	(6.6)	(14.6)
Nonoperating cash taxes	0.5	(0.2)	(1.2)	4.6	6.7	14.6
(Increase) decrease in excess cash	-	(29.1)	(3.5)	(72.4)	5.6	77.7
Changes in foreign exchange rates	0.1	(0.1)	(0.5)	(0.3)	(5.1)	5.9
Nonoperating cash flow	(8.4)	(16.3)	(6.3)	(30.3)	27.3	143.4
Cash flow available to investors	(21.1)	(39.3)	(8.8)	(96.6)	(436.4)	(18.9)
Reconciliation of cash flow available to investors						
Interest paid	0.1	-	-	-	0.5	0.4
Facility fees	-	-	-	-	0.7	0.7
Operating lease interest	0.2	0.4	0.5	0.6	0.6	1.0
Issue of new operating leases	(7.5)	(4.0)	(7.5)	(8.6)	(10.2)	(15.9)
Movement on borrowings	1.1	-	-	(0.2)	0.3	-
Flows to debt holders	(6.1)	(3.6)	(7.0)	(8.2)	(8.1)	(13.8)
Net IPO proceeds	-	-	-	(95.7)	-	-
Issue of shares	(14.8)	(35.2)	-	-	(435.6)	-
JSOP subscription	-	-	-	(5.3)	-	-
Share based payments	(0.2)	(0.5)	(1.7)	(4.4)	(2.9)	(2.8)
Exercise of options and awards	-	-	-	(1.1)	(0.5)	(2.4)
Sale of shares by the employee benefit trust	-	-	-	-	(0.6)	-
Decrease in noncontrolling interests	-	-	-	-	11.3	0.1
Dividends, net of dividends paid to the employee benefit trust	-	-	-	18.1	-	-
Flows to equity holders	(15.0)	(35.7)	(1.7)	(88.4)	(428.3)	(5.1)
Cash flow available to investors	(21.1)	(39.3)	(8.7)	(96.6)	(436.4)	(18.9)

2

Analysing Performance

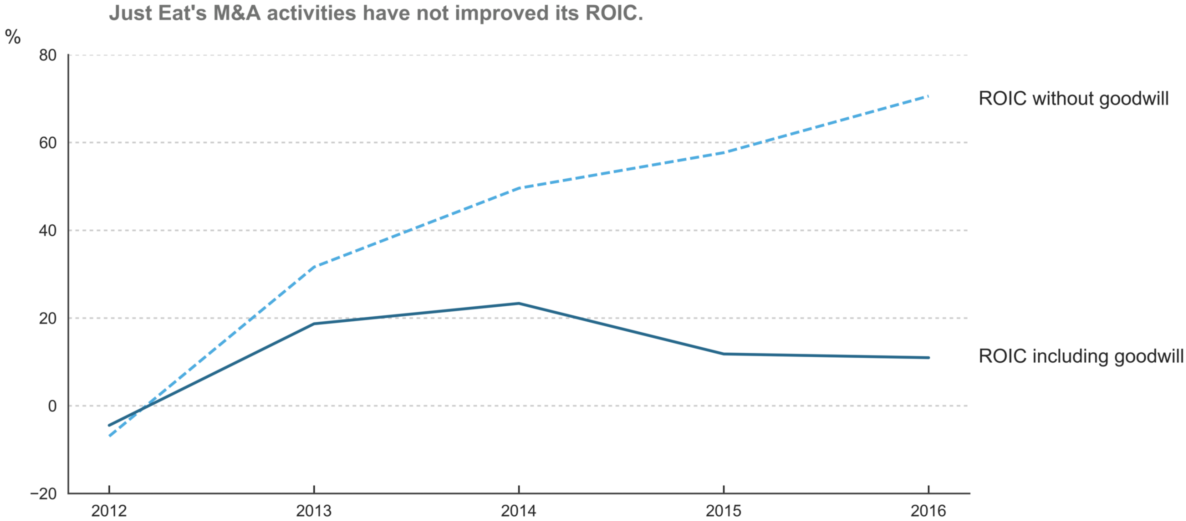
We analyse Just Eat's historical performance to understand its ability to generate future value.

RETURN ON INVESTED CAPITAL

As invested capital is only recorded at the end of the year, we take the average of the starting and ending balances of invested capital as the denominator for the calculation. This will help take into account additional income-generating assets acquired during the year. Exhibit 2.1 shows a significant increase in ROIC of Just Eat from 2012 to 2016. At first glance, it would reflect a better underlying operating performance with NOPLAT becoming positive and capital being used more

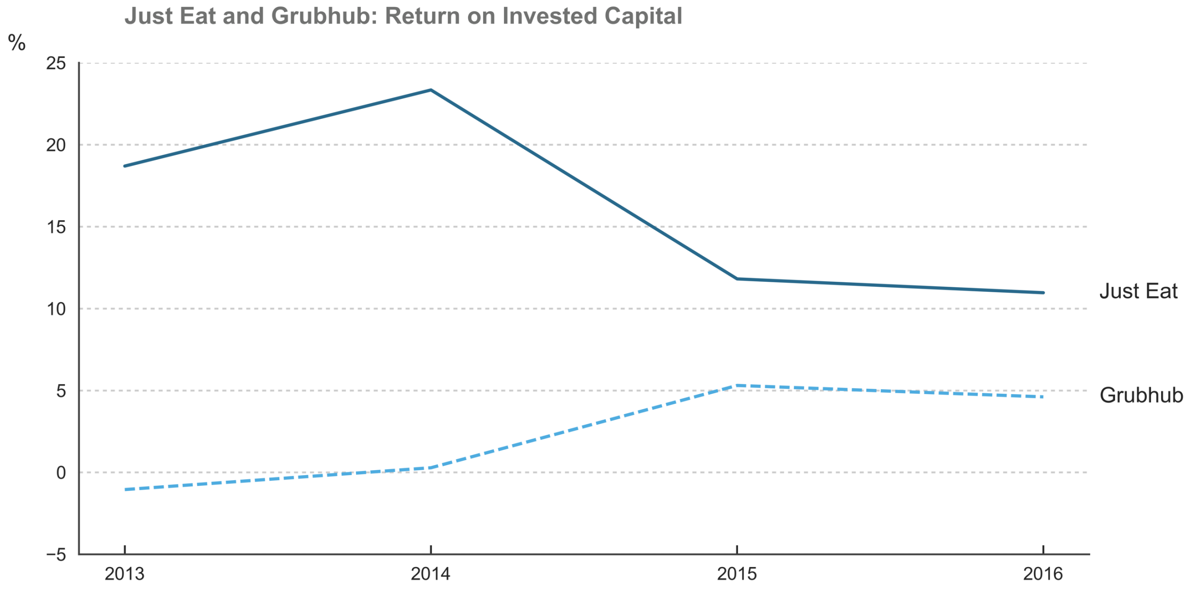
Exhibit 2.1

Just Eat's M&A activities have not improved its ROIC.



Note: Data from company reports

Exhibit 2.2



Note: Data from company reports

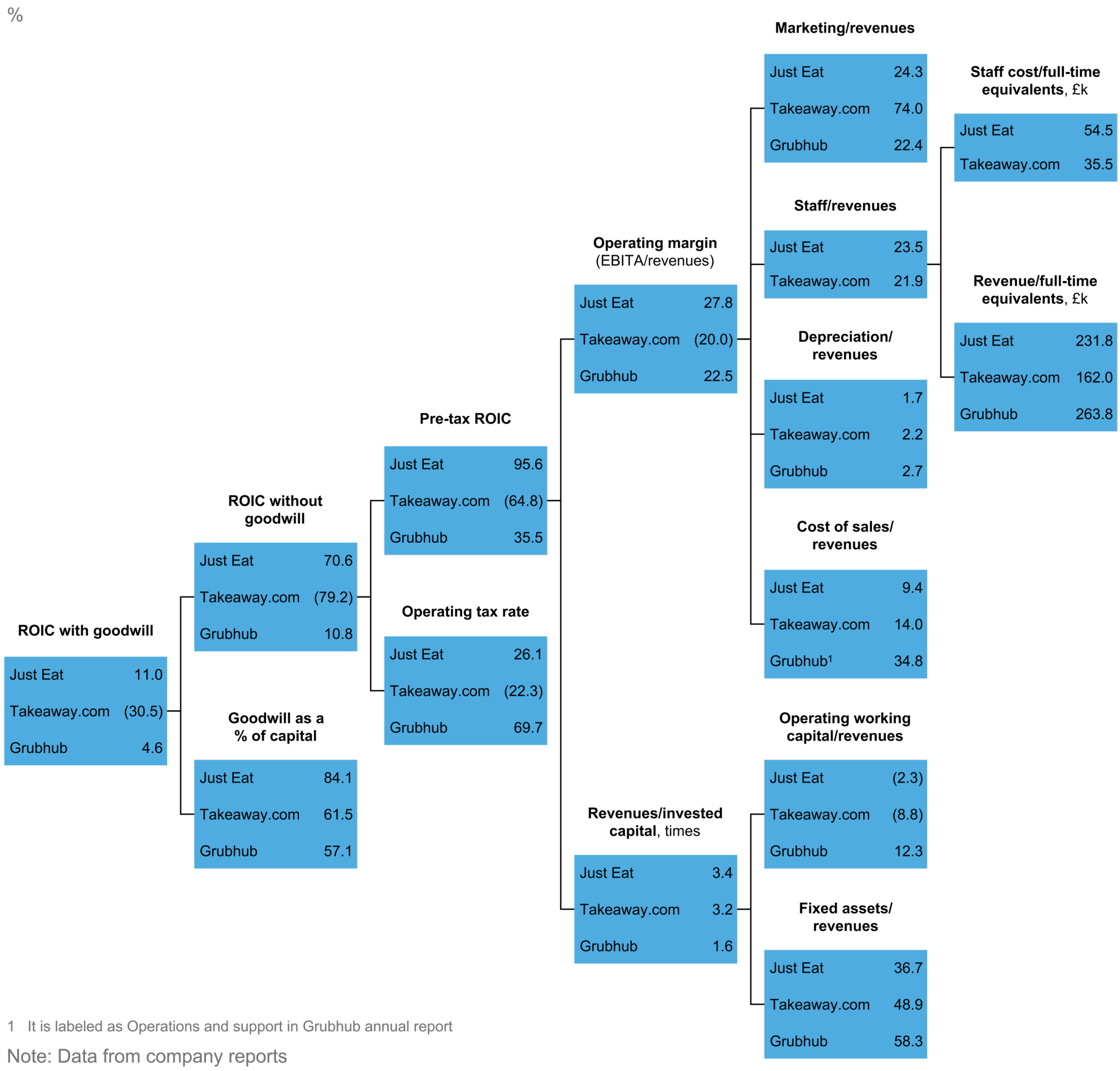
productively. However, after taking into account goodwill, ROIC does not tell quite the same story: the improvement in performance mostly comes from inorganic activities and almost all of the benefits gained from acquired business units are cannibalised by high premiums paid to acquire them.

Exhibit 2.2 compates ROIC of Just Eat and that of its peer Grubhub from 2013 to 2016. Both had their IPO in early April 2014 and although being a leading player in the US market with 7% higher revenues, Grubhub has a 33% lower market capitalisation as at 31 December 2016. This can be partly explained by the higher ROIC of Just Eat. To understand why there is such a difference in ROIC, we break down ROIC into its components:

$$ROIC = \frac{Revenues}{Invested\ Capital} \times \frac{EBITA}{Revenues} \times (1 - Operating\ Tax\ Rate)$$

Exhibit 2.3 compares the contributing factors to ROIC of Just Eat, Grubhub, and Takeaway.com – a well-funded player in the European market. Just Eat has significantly higher capital turnover and profitability than Grubhub, which explains a more superior ROIC. This is attributable to the difference in the operating models between two firms: Just Eat only connects the restaurants with customers and does not deliver food themselves. Grubhub does and as a result incurs larger cost of sales and capital investments to handle delivery and a new side of the marketplace: couriers.

Exhibit 2.3 **Just Eat, Takeaway.com and Grubhub: ROIC tree, 2016**



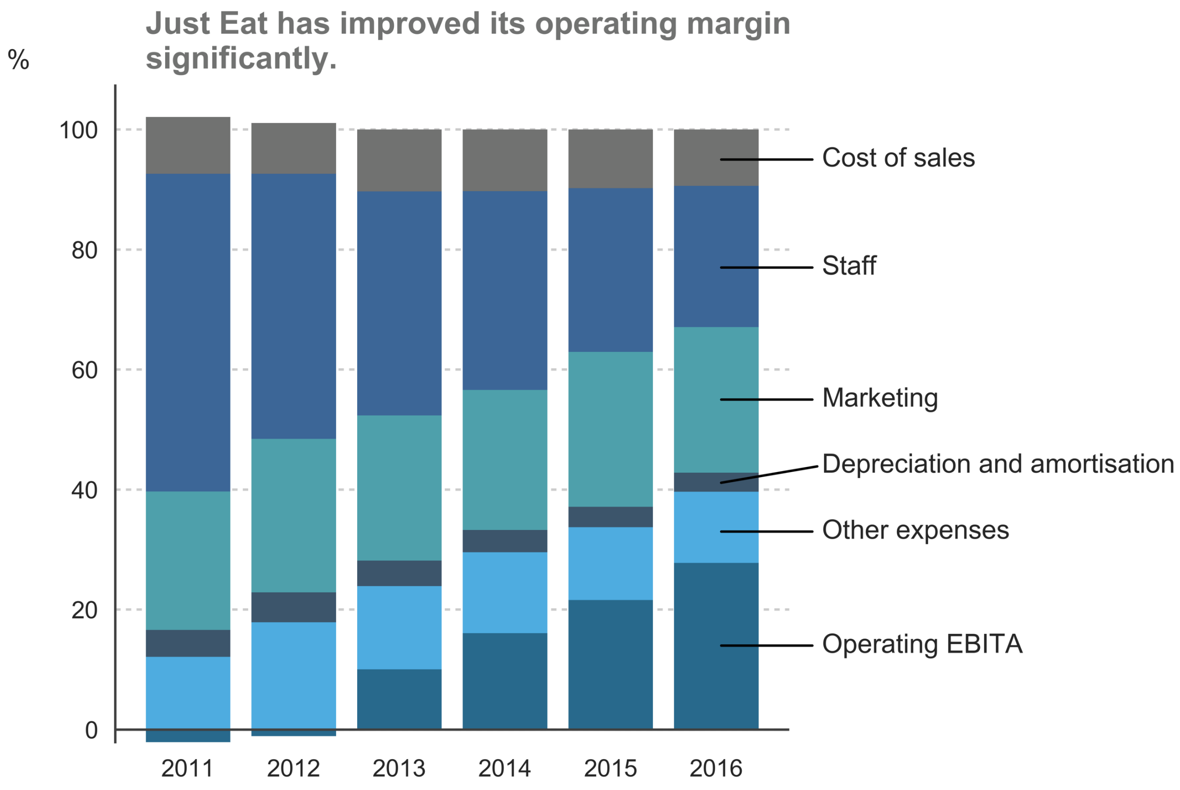
1 It is labeled as Operations and support in Grubhub annual report

Note: Data from company reports

When compared to Takeaway.com, which has a similar operating model, Just Eat has a positive operating margin whilst its peer has been making losses. The geographical markets of Takeaway.com are in earlier stages and its spending is proven less efficient with 74 pence spent in marketing for every pound in revenues, compared to 24.3 pence spent in marketing for every pound in revenues of Just Eat, having never exceeded 30 pence in the last 5 years.

Overall, these firms are in a relatively high fixed-cost industry and Just Eat has managed to reach sufficient economies of scale to earn a healthier ROIC. Exhibit 2.4 depicts the change in the cost components of Just Eat from 2011 to 2016. Over that period, its operating margin jumped from a negative position to 27.8%, which is far

Exhibit 2.4



Note: Data from company reports

more superior than its peers. Except for the cost of sales and marketing that behave like variable costs, all other costs have decreased relatively to revenues. The biggest cost component of Just Eat – staff – reflects its position as a technology company and decreases over time to yield higher labour productivity (£231.8 thousand in revenues generated by one full-time equivalent in 2016 versus only £88 thousand in 2011).

REVENUE GROWTH

Revenue growth is a major driver of NOPLAT and thus free cash flow and the overall valuation of Just Eat. As shown in Exhibit 2.5, Just Eat is in its hypergrowth period with year-on-year revenue growth over 50%. To understand what contributes to the historical and future growth of Just Eat, we need to understand the size of each revenue stream and their respective growth rate.

Exhibit 2.6 breaks down the 2016 revenue into its components. The UK remains the most important market for Just Eat and constitutes 63% of its revenues. Looking from another angle, 94% of revenues are order-driven, which means whatever drives the growth of UK orders would drive the growth of revenues.

EXHIBIT 2.5 **Just Eat: Historical Operating Ratios**

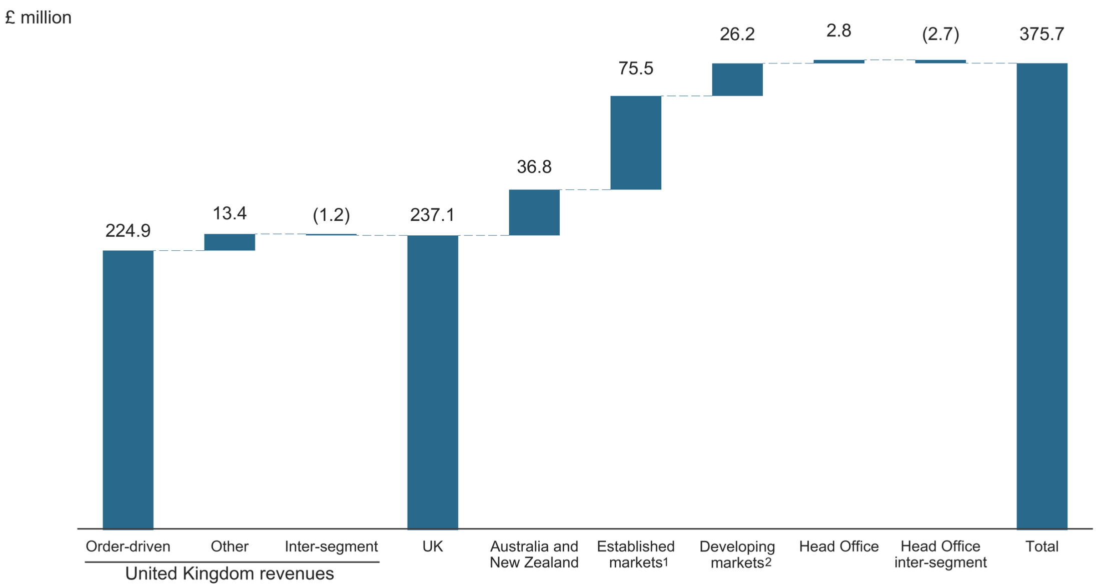
%

	2012	2013	2014	2015	2016
Growth rates					
Revenue growth rate	76.8	61.9	62.3	57.7	51.7
Operating EBITA growth rate	(8.1)	(1,589.0)	159.0	112.2	95.2
NOPLAT growth rate	(23.1)	(719.0)	139.1	138.2	100.0
Invested capital without goodwill growth rate	70.2	15.4	84.6	115.8	39.2
Invested capital with goodwill growth rate	102.0	20.3	150.7	458.6	53.9
Net profit growth rate	550.0	(279.5)	642.9	(55.6)	210.4
Investment rates					
Gross investment rate	(2,172.8)	178.8	532.6	1,318.0	322.2
Net investment rate	(1,943.9)	135.0	509.8	1,302.6	310.5
Financing					
Debt coverage (net debt/operating EBITDA), times	7.7	1.5	1.2	0.8	0.9
Interest coverage (operating EBITA/interest expenses), times	(1.2)	14.6	31.5	45.2	66.1
Cash coverage (gross CF/interest expenses), times	1.5	14.5	24.8	37.5	54.5
Debt/total book capitalisation	25.7	26.2	16.6	7.2	11.5

In Exhibit 2.7, we break down the revenue growth and look at its key drivers. The UK seems to have a more mature market with slower growth than other geographical segments, although 39.8% is by no means ‘slow’ per se and would make the UK the most critical segment in a foreseeable future. Order-driven revenues equal the number of orders times the average revenue per order. To grow the volume of orders, a firm must either improve the number of active users or the order frequency. In the hypergrowth market of online takeaway, we assume that supply is the driver of demand and the number of users is directly driven by the number of restaurant partners Just Eat could bring onto its platform. At this point, we can see that Just Eat is enjoying impressive growth in every metric across all segments. The most

Exhibit 2.6

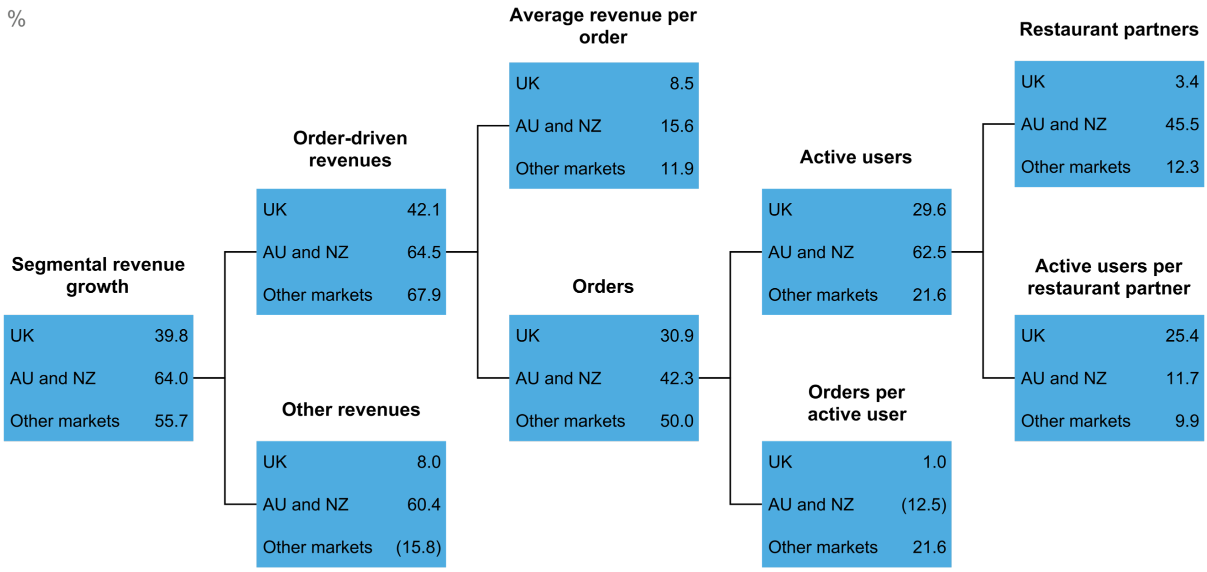
The majority of Just Eat 2016 revenues are British and order-driven.



1 France, Ireland, Denmark, Canada, Switzerland, Norway
2 Spain, Italy, Mexico

Note: Data from company reports

Exhibit 2.7 **Just Eat: Revenue growth analysis, 2016**



Note: Data from company reports

noticeable segment is Australia and New Zealand where Just Eat took aboard 45.5% more restaurants and 62.5% more active users in its very first full year of ownership. (Just Eat acquired this segment in mid-2016.) The most important metric, restaurant partner growth, has been slowing down (from 8.5% to 3.4% and 38.9% to 12.3% in UK and other markets respectively) but Just Eat was able to drive further values from its improvement to other drivers such as user engagement.

FINANCIAL HEALTH

As shown in Exhibit 2.5, Just Eat has little debt and a healthy financial position with excess cash and a minimal risk of bankruptcy. All the coverage ratios are strong and Just Eat has a secure credit score of 89/100 given by CRIF Decision Solutions. The firm sets aside cash to pay its creditors (restricted cash) and currently has access to a £200 million credit facility. We expect that Just Eat would have no problems meeting its obligations or financing any growth opportunity and be able to improve further the value of equity with tax shields when it issues more debt in the future.

3

Analysing Industry

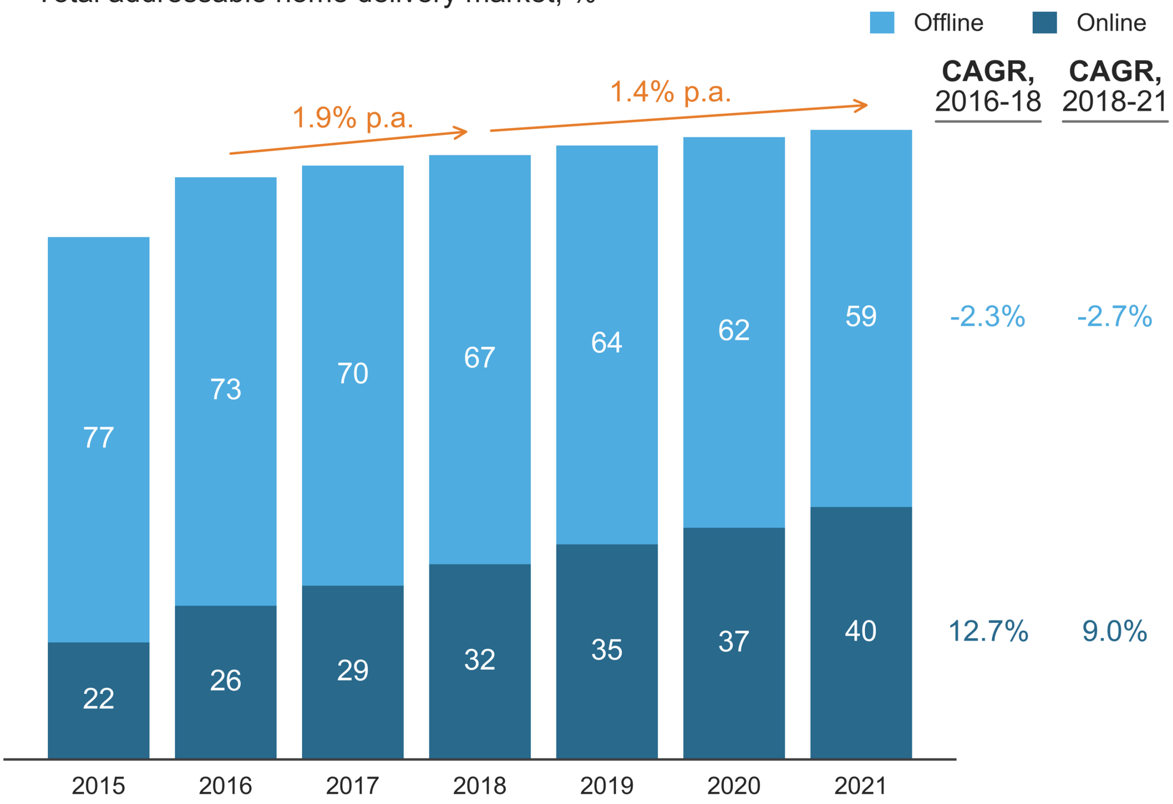
In order to generate significant investor value, Just Eat needs to be in a strategic position that allows it to sustain a high ROIC either through a price premium advantage or cost and capital efficiency.

New entry The food delivery industry has recently attracted billions of dollars of start-up funding, including $5.5 billion and 259 closed deals in 2015 alone (CBInsights, 2017). It shows the fact that investors have enormous expectations of the industry and its growth potential. Another implication is that this industry requires a huge amount of capital. In order to succeed, a firm must burn a massive amount of cash upfront building a network of restaurants, throwing out incentives to lure customers away from traditional channels, and hoping for the so-called network effect to kick in. Indeed, once an aggregator platform locks in customers, 77% of them would never or rarely switch (Hirschberg et al., 2016). The winner-takes-all situation takes place and the later a newcomer enters a market, the higher the barrier they must face. In fact, very few incumbents have experienced profitability, whilst some like Pronto and Take Eat Easy already failed to deliver and ceased trading after burning through piles of cash. Despite being the second-largest player in the UK, hungryhouse is yet to reach a sufficient scale and was reportedly making a loss of £13.1 million in 2015. At the moment, the industry has started to consolidate with numerous M&A deals and exits. After selling the less competitive subsidiary in Benelux, Just Eat is currently the clear leader in its 12 operating markets with its efficiency improving. Given the substantial barrier to entry, Just Eat has a competitive advantage in sustaining a high ROIC.

Exhibit 3.1

The online subsector has the potential for robust growth.

Total addressable home delivery market, %



Note: Data from Euromonitor International

Substitution The substitutes for online food delivery are cooking, ordering via telephone, collecting, and dining in. The main opponent is ordering via telephone though the online penetration is improving as shown in Exhibit 3.1. The key catalyst for the adoption of online food delivery is the overall level of funding for the industry and the size of marketing budgets (Hirschberg et al., 2016). As shown in the previous section, industry players spend 25-75% of their revenues on marketing activities and although some might fail eventually, the overall size of the cake increases. The industry is competing with other substitutes as well, as it brings customers more choices than ever before. Outside Italy, 68.5% of home delivery and takeaway transactions in Just Eat's markets used to be pizzas, but it steadily decreased to 64.9% in 2015 (Euromonitor International, 2016). Just Eat and fellow marketplaces are winning over substitutes.

Bargaining power of restaurants As each key player holds a near-monopolistic share in their respective market, restaurant partners retain little power. In 2016, Just Eat brings on average 2,167 orders to each of their restaurant partners, which tend to be independent and not chain restaurants, and makes switching costs rather high. When a marketplace locks in successfully a restaurant, they can charge a price premium without being afraid of partner churn. Indeed, Just Eat has been raising their commission rate in the UK to 14% from around 10% as in 2011.

Bargaining power of users The connection fees Just Eat charges restaurants are indirectly passed on to users. However, they have little choice when it comes to ordering food online. The second-biggest aggregator in the UK, hungryhouse, had less than 11 thousand restaurants as of December 2016, compared to more than 27 thousand restaurants on the Just Eat platform. Just Eat will be able to sustain its price premium advantage as the network effect strengthens the platform.

Rivalry The industry has been consolidating in the past 2 years with players giving up their shares to the market leaders and 91 M&A transactions completed in 2015-16. However, the war is yet to end as a new and different business model starts to gain traction: the new-delivery model. The biggest competitor to Just Eat operating with this model is Deliveroo, a London-based start-up founded in 2013. It has expanded internationally and entered 6/12 Just Eat's markets whilst accumulating total funding of $474.7 million. Whilst another big aggregator, Grubhub, has started to pilot this new model; Just Eat's CEO believes it is 'unattractive' and 'not scaleable' as Just Eat must summon '100,000 drivers for a couple of hours on a Saturday night', and '[doesn't] need them after that'. However, the on-demand model of Deliveroo and the recently-joined titan Uber that delivers with independent contractors is believed to help solve just that. This model also offers a critical advantage: speed. 60% of consumers across markets cite speed of delivery as a key factor (Hirschberg et al., 2016); and it is beyond the control of traditional aggregators like Just Eat. Meanwhile, UberEATS went as far as offering £20 to users for every order delivered later than 30 minutes when it was first launched in London. For now, Just Eat and other aggregators are believed to be safe from disruption as Deliveroo and UberEATS are mainly targeting those chained and high-end restaurants that do not normally offer delivery and can afford higher commission. When there is enough liquidity of restaurants and couriers in the market, those start-ups might reach an efficient scale that allows them to lower the price and target the traditional segment of Just Eat. After all, Uber is the one who did just that when it disrupted the taxi industry with the debut of uberX after starting first with a luxurious version of black cars. We expect Just Eat will not be able to maintain a high ROIC in the long term as a result.

4

Forecasting Performance

In this section, we are going to forecast the future cash free flow to provide inputs for the DCF model. The online penetration rate is expected to eventually reach and stay at around 65% (Hirschberg et al., 2016) and that of the UK is forecast to break 64% in 2021 (Euromonitor International, 2017). Since the UK market is the biggest component of Just Eat revenues, we use an explicit forecast period of 5 years, from 2017 to 2021. After that, we expect Just Eat will reach a stable stage that allows us to estimate its continuing value more accurately. We assume that Just Eat will not close any future M&A deals except the one with hungryhouse that is currently pending for CMA approval. This assumption is reasonable since it has been empirically documented that the typical acquisition is a zero-NPV investment as any potential synergy is transferred to the shareholders of the acquiree through high premiums (Koller et al., 2015). As most of the forecasts are predicated upon revenues, we get started first with Just Eat's revenues.

REVENUES

We break Just Eat revenues into 3 segments: the United Kingdom, Australia and New Zealand, and other markets. For each segment, we forecast the growth rate of the key drivers of revenues. With revenues that are not order-driven (eg. top placement and connection fees), we keep them proportional to the number of restaurant partners as they are relatively small in size and partner-driven.

EXHIBIT 4.1 **Just Eat: Forecast of Revenue Drivers**

%

	Historical						Forecast				
	2012	2013	2014	2015	2016	CAGR 2012-16	2017	2018	2019	2020	2021
United Kingdom											
Restaurant partner growth	50.0	30.7	23.0	8.5	3.4	22.0	2.2	1.1	0.6	0.3	0.1
Active user per restaurant growth	13.9	10.1	14.7	18.9	25.4	16.5	16.5	16.5	16.5	16.5	16.5
Orders per active user growth	11.2	18.3	10.9	14.6	1.0	11.0	1.0	1.0	1.0	1.0	1.0
ARPO growth	5.0	2.4	10.0	2.3	8.5	5.6	5.6	5.6	5.6	5.6	5.6
Australia and New Zealand											
Restaurant partner growth	-	-	-	-	45.5	-	26.5	13.1	6.1	3.4	1.8
Active user per restaurant growth	-	-	-	-	11.7	-	16.5	16.5	16.5	16.5	16.5
Orders per active user growth	-	-	-	-	(12.5)	-	1.0	1.0	1.0	1.0	1.0
ARPO growth	-	-	-	-	15.6	-	5.6	5.6	5.6	5.6	5.6
Other markets											
Restaurant partner growth	114.7	12.3	28.7	38.9	12.3	37.1	16.2	14.0	12.6	11.1	14.5
Active user per restaurant growth	(20.4)	28.1	1.0	30.2	9.9	8.1	8.1	8.1	8.1	8.1	8.1
Orders per active user growth	(2.0)	(5.9)	8.8	(19.0)	21.6	(0.2)	-	-	-	-	-
ARPO growth	(5.2)	12.0	6.3	6.4	11.9	6.1	6.1	6.1	6.1	6.1	6.1

United Kingdom The UK is the most mature market of Just Eat with growth slowing down. With the total number of UK restaurants of 108,431 in 2015 (Key Note, 2016) and not varying much year over year, Just Eat already has a quarter of them onboarded. We expect the number of restaurants on the Just Eat platform would keep growing but at a decreasing rate since Just Eat cannot target those restaurants not offering delivery with the current operating model. We extrapolate the rate of decrease in growth rates from the past trend as shown in Exhibit 4.1. We forecast the number of active users per restaurant would also increase at CAGR of 16.5% from 2011 as the market is maturing and the online penetration rate keeps improving. With respect to the number of orders per active user, the growth rate plummeted to 1% in 2016 and we keep that annual growth rate going forward. We are positive about the prospect that Just Eat can optimise further its average revenue per order (ARPO) at the current CAGR of 5.6% mainly from higher commission as new restaurants pay a higher commission rate of 14%. It is not uncommon for marketplaces such as Uber to raise their fees by 25-50% after reaching a sufficient scale.

Australia and New Zealand 2016 is the first full year Just Eat owned its Australasian subsidiary and already witnessed an impressive growth rate in revenues of 64.3%. We decide to model Australia and New Zealand's revenue drivers after the UK. We extrapolate the growth in the number of restaurant partners using the same trend we did with the UK but at an earlier and higher growth stage. Given that the UK is a bigger market, we keep the future growth in the number of active users, in the number of orders per active user, and in ARPO at the same forecast levels with the UK.

Other markets This segment is a mix of mature and small markets (Switzerland) and less penetrated but much larger ones (Mexico). As the growth in the key driver of these segmental revenues – restaurant partners – has fluctuated in recent years due to M&A activities, we use the forecast growth rate of the online subsegment of the 100% home delivery/takeaway category in those countries as proxies. Thereby we assume that Just Eat can capture more restaurants as fast as the overall market grows. Though the firm can extract more values than average peers by optimising other metrics.

EXHIBIT 4.2 **Just Eat: Historical Operating Ratios**

%

Line item	Forecast driver	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Working cash	Revenues	23.4	35.0	30.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Restricted cash	Trade and other payables	-	-	-	46.9	46.1	30.5	30.5	30.5	30.5	30.5	30.5
Inventories	Cost of sales	-	9.9	8.0	5.6	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Trade and other receivables	Revenues	4.7	6.7	3.7	3.2	2.7	4.7	4.3	4.3	4.3	4.3	4.3
Trade and other payables	Cost of sales, times	3.4	4.4	3.3	3.7	3.9	3.1	3.7	3.7	3.7	3.7	3.7
Deferred revenues	Revenues	5.0	4.0	4.1	2.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0
Taxes payable	Operating cash tax	14.1	363.7	37.1	22.2	40.2	80.7	38.8	38.8	38.8	38.8	38.8
Other current liabilities	Revenues	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net property, plant and equipment	Revenues	8.6	8.4	5.7	4.6	3.5	3.3	3.2	2.9	2.7	2.6	2.4
Capitalised operating leases	Revenues	34.2	24.3	21.4	17.5	14.2	12.7	12.3	11.4	10.7	10.1	9.6
Net intangible assets	Revenues	3.6	4.4	3.3	6.2	21.4	20.7	20.7	20.7	20.7	20.7	20.7
Other operating liabilities	Revenues	2.1	2.2	1.4	1.1	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Profit and loss items												
Cost of sales	Revenues	9.5	8.5	10.3	10.3	9.8	9.4	9.6	9.6	9.6	9.6	9.6
Staff costs	Revenues	53.0	44.2	37.3	33.1	27.3	23.5	22.7	21.6	20.6	19.7	19.0
Marketing	Revenues	23.1	25.6	24.2	23.4	25.8	24.3	24.4	24.4	24.4	24.4	24.4
Other administrative expenses	Revenues	12.1	17.9	13.8	13.5	12.1	11.8	11.1	10.7	10.3	10.0	9.7
Depreciation, as reported	Net PPE	37.9	36.0	49.1	45.8	48.8	50.0	50.0	50.0	50.0	50.0	50.0
Lease depreciation	Capitalised operating lease	3.6	7.3	6.4	6.9	7.2	6.7	6.7	6.7	6.7	6.7	6.7
Amortisation of operating intangibles	Net intangibles	-	3.8	3.1	6.1	3.2	3.3	3.9	3.9	3.9	3.9	3.9
Operating cash tax	Operating EBITA	(100.1)	(67.3)	30.4	35.8	27.9	26.1	23.8	23.8	23.8	21.3	21.3

EXHIBIT 4.3 **Just Eat: Forecast of Invested Capital**

£ million

	Historical	Forecast				
	2016	2017	2018	2019	2020	2021
Working cash	75.1	97.9	124.9	157.5	197.2	248.5
Restricted cash	33.8	52.5	67.0	84.5	105.7	133.3
Inventories	1.7	2.3	3.0	3.8	4.7	5.9
Trade and other receivables	17.8	21.1	26.9	33.9	42.4	53.5
Operating current assets	128.4	173.7	221.8	279.7	350.0	441.1
	-					
Trade and other payables	(110.8)	(172.0)	(219.6)	(276.9)	(346.6)	(436.8)
Deferred revenues	(3.8)	(4.9)	(6.3)	(8.0)	(10.0)	(12.6)
Taxes payable	(22.0)	(13.1)	(17.7)	(23.4)	(27.3)	(35.5)
Other current liabilities	(0.5)	(0.7)	(0.8)	(1.0)	(1.3)	(1.7)
Operating current liabilities	(137.1)	(190.7)	(244.5)	(309.4)	(385.2)	(486.6)
	-					
Operating working capital	(8.7)	(17.0)	(22.7)	(29.7)	(35.1)	(45.4)
Net property, plant and equipment	12.4	15.6	18.4	21.6	25.5	30.3
Capitalised operating leases	47.8	60.2	71.5	84.5	99.9	119.5
Net intangible assets	77.8	101.3	129.4	163.1	204.2	257.3
Other operating liabilities	(2.2)	(2.9)	(3.7)	(4.6)	(5.8)	(7.3)
Invested capital without goodwill	127.1	157.3	192.9	235.0	288.6	354.4
Goodwill	725.2	904.8	904.8	904.8	904.8	904.8
Unrecorded goodwill	-	-	-	-	-	-
Invested capital with goodwill	852.3	1,062.1	1,097.7	1,139.8	1,193.4	1,259.2

FINANCIAL STATEMENTS

Exhibit 4.2 forecasts each line item in the financial statement as a percentage of its key driver. Regarding fixed assets, we extrapolate the decreasing trend of PPE and capitalised operating leases as Just Eat is expected to further improve its capital efficiency as it scales. As the tangible assets such as restaurant contracts grow with revenue, we keep it at the 2016 level. Except for cost of sales and marketing that will hold constant as a percentage of revenues, other costs predicated on revenues are extrapolated from the current downward trend. The operating cash tax rate is taken from the latest rate and adjusted for future decreases in UK corporation tax rate in 2017 and 2020 to 19% and 17% respectively.

Exhibit 4.3, 4.4, and 4.5 present the full forecast of NOPLAT, invested capital, and free cash flow. We assume that the acquisition of hungryhouse will be approved and estimate the value of resulted goodwill using Just Eat's historical rate of 89.8% of total consideration, which gives £179.6 million.

EXHIBIT 4.4 **Just Eat: Forecast of NOPLAT**

£ million

	Historical	Forecast				
	2016	2017	2018	2019	2020	2021
Revenues	375.7	489.3	624.7	787.7	985.9	1,242.5
Cost of sales	(35.2)	(47.0)	(60.0)	(75.7)	(94.7)	(119.4)
Staff costs	(88.4)	(111.2)	(134.8)	(162.2)	(194.7)	(236.1)
Marketing	(91.2)	(119.4)	(152.4)	(192.1)	(240.5)	(303.1)
Other administrative expenses	(44.5)	(54.2)	(66.6)	(81.2)	(98.6)	(121.0)
Operating EBITDA	116.4	157.5	211.0	276.5	357.4	462.9
Depreciation, as reported	(6.2)	(7.8)	(9.2)	(10.8)	(12.7)	(15.2)
Lease depreciation	(3.2)	(4.1)	(4.8)	(5.7)	(6.7)	(8.1)
Amortisation of operating intangibles	(2.6)	(4.0)	(5.1)	(6.4)	(8.0)	(10.1)
Operating EBITA	104.4	141.7	191.8	253.6	329.9	429.6
Operating cash tax	(27.3)	(33.7)	(45.6)	(60.3)	(70.2)	(91.4)
NOPLAT	77.1	108.0	146.2	193.3	259.7	338.2

EXHIBIT 4.5 **Just Eat: Forecast of Free Cash Flow**

£ million

	Historical	Forecast				
	2016	2017	2018	2018	2018	2018
NOPLAT	77.1	108.0	146.2	193.3	259.7	338.2
Depreciation and amortisation of capitalised intangibles	8.8	11.8	14.3	17.2	20.7	25.3
Other non-cash items	0.2	-	-	-	-	-
Gross cash flow	86.1	119.8	160.5	210.5	280.5	363.5
(Increase) decrease in operating working capital	(5.2)	8.3	5.7	7.0	5.4	10.3
Organic capital investments	(21.2)	(8.7)	(45.1)	(54.2)	(65.6)	(83.3)
Investments in capitalised operating leases	(15.9)	(16.5)	(16.1)	(18.7)	(22.1)	(27.7)
Capital investments made through acquisition, net of disposals	(206.1)	(194.0)	-	-	-	-
Gross investment	(248.4)	(210.9)	(55.5)	(66.0)	(82.3)	(100.7)
Free cash flow	(162.3)	(91.1)	105.0	144.5	198.2	262.8

LONG-TERM FORECASTING

Our forecast assumes that Just Eat reaches a steady stage from 2022 onwards with RONIC equal to the cost of capital as the firm will not be able to maintain a competitive advantage over competitors like UberEATS. We extrapolate from the Euromonitor forecast and predict that the 100% home delivery/takeaway category will grow at 2%, which we use as the growth rate of NOPLAT in perpetuity.

5

Valuing Equity

Exhibit 5.1 shows the current capital structure of Just Eat, with the assumption that it would use its revolving credit facility to finance the hungryhouse deal. To estimate a market value for noncontrolling interest, we apply Just Eat's current price-to-book multiple of 4.9. We assume that the firm would manage its capital structure towards 93.5% equity, 5.5% debt, and 1% operating lease. To calculate the cost of equity, we use the UK market risk premium of 6.25% (Damodaran, 2017), beta referenced with FTSE All-Share of 0.94 (Fame, 2017), and UK gilt 30-year yield of 1.65% (Bloomberg, 2017) as the risk-free rate:

$$E(R) = r_f + \beta\left[E(R_m) - r_f\right] = 1.65\% + 0.94 \times 6.25\% = 7.53\%$$

Exhibit 5.2 calculates the WACC, with UK AA and BBB corporate bond 10-year yield as proxies for Just Eat's cost of operating lease and debt respectively. The continuing value as in 2021 is computed using the key value driver formula (Koller et al., 2015) as below.

EXHIBIT 5.1 **Just Eat: Capital Structure**

	Book value, £ million	Book value after credit facility used, £ million	Market value, £ million	% of total capitalisation
Short-term debt	0.4	172.7	172.7	4.0
Long-term debt	0.6	0.6	0.6	0.0
Deferred consideration	1.3	1.3	1.3	0.0
Provision for contingent consideration and acquisition	55.2	55.2	55.2	1.3
Excess cash	(21.7)	-	-	-
Total debt	35.8	229.8	229.8	5.4
Capitalised operating leases	47.8	47.8	47.8	1.1
				-
Shareholder's equity	803.9	803.9	3,959.0	92.6
Noncontrolling interest	7.7	7.7	37.9	0.9
Total equity	811.6	811.6	3,997.0	93.5
Total capitalisation	895.2	1,089.2	4,274.6	100.0

EXHIBIT 5.2 **Just Eat: Weighted Average Cost of Capital**

%

	Targer capital structure	Cost	Tax benefit	Weighted cost
Debt	5.5	2.59	17.00	0.12
Operating lease	1.0	1.75	17.00	0.01
Ordinary equity	93.5	7.53	-	7.04
Total	100.0			7.17

$$Continuing\ Value_{2021} = \frac{NOPLAT_{2022}\left(1 - \frac{g}{RONIC}\right)}{WACC - g}$$

$$= \frac{£338.2\ million \times (1 + 2\%) \times \left(1 - \frac{2\%}{7.17\%}\right)}{7.17\% - 2\%}$$

$$= £4{,}812\ million$$

Exhibit 5.3 applies the DCF model to get the present value of cash flow. Since cash flows occur not at year end but throughout the year, we adjust the present value upwards by half a year to get the operating value of Just Eat. We add it with the value of nonoperating assets to get the enterprise value. We subtract the value of debt, debt equivalents, employee stock options, and noncontrolling interest to arrive at the value of Just Eat equity.

EXHIBIT 5.3 **Just Eat: Enterprise DCF Valuation**

Forecast year	Free cash flow (FCF), £ million	Discount factor @ 7.17%	Present value of FCF, £ million
2017	(91.1)	0.933	(85.0)
2018	105.0	0.871	91.4
2019	144.5	0.812	117.4
2020	198.2	0.758	150.3
2021	262.8	0.707	185.9
Continuing value	4,812.0	0.707	3,404.0
Present value of cash flow			3,864.0
Midyear adjustment factor			1.035
Value of operations			4,000.1
Value of excess cash			21.7
Value of current tax assets			0.4
Value of consideration receivable			1.0
Value of loans to JSOP participants			1.7
Value of nonconsolidated investments			39.8
Enterprise value			4,064.7
Less: Value of debt and equivalents			(105.3)
Less: Value of employee stock options			(60.6)
Less: Value of noncontrolling interest			(37.9)
Equity value			3,860.8
Millions of shares outstanding (December 2016)			678.5
Equity value per share			5.7

EXHIBIT 5.4 **Just Eat: Employee Stock Options, December 2016**

	Weighted average exercise price, pence	Weighted average remaining life, years	Weighted average fair value, pence	Outstanding items, millions	Total fair value, £ million
EMI Scheme and CSOP	37.3	6.7	550.5	2.8	15.4
Just Eat Share Incentive Plan	-	-	260.0	0.3	0.8
Just Eat Joint Share Ownership Plan	59.2	6.9	532.3	6.1	32.5
Just Eat plc Performance Share Plan	-	8.9	364.5	2.6	9.5
Sharesave Plan	377.0	2.8	278.2	0.9	2.5
Total				12.7	60.6

Exhibit 5.4 shows the calculation of the value of employee stock options the Black-Scholes formula given the volatility of 46% and the share price of £5.8 as of December 2016. For option plans whose data we lack, we use the fair values on the date of grant. Our valuation is close to the current Just Eat's market capitalisation of £3.9 billion. Although the FTSE 250 company is not expected to maintain a superior RONIC over the long term due to competition, Just Eat can still generate much value in short term with its current scale and market leadership. We recommend investors to **HOLD** Just Eat shares.

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APPENDIX A

Just Eat's

Historical Reports

Just Eat: Consolidated Statement of Profit and Loss

£ million

	2011	2012	2013	2014	2015	2016
Continuing operations						
Revenues	33.8	59.8	96.8	157.0	247.6	375.7
United Kingdom	21.4	41.1	68.8	114.1	169.6	237.1
Order-driven revenues	17.5	34.9	60.8	104.6	158.3	224.9
Other revenues	3.9	6.2	8.0	9.5	11.3	12.2
Australia & New Zealand	-	-	-	-	12.4	36.8
Order-driven revenues	-	-	-	-	11.7	35.1
Other revenues	-	-	-	-	0.7	1.7
Other markets	12.4	18.7	27.9	42.6	65.3	101.7
Order-driven revenues	9.9	15.7	23.8	35.8	55.8	93.7
Other revenues	2.5	3.0	4.1	6.8	9.5	8.0
Head Office	-	-	0.1	0.3	0.3	0.1
Cost of sales	(3.2)	(5.1)	(10.0)	(16.1)	(24.2)	(35.2)
Gross profit	30.6	54.7	86.8	140.9	223.4	340.5
Staff costs	(17.9)	(26.4)	(36.1)	(52.0)	(67.5)	(88.4)
Marketing	(7.8)	(15.3)	(23.4)	(36.7)	(64.0)	(91.2)
Operating lease charges	(0.6)	(1.5)	(1.8)	(2.5)	(3.1)	(4.2)
Depreciation	(1.1)	(1.8)	(2.7)	(3.3)	(4.2)	(6.2)
Amortisation, capitalised intangibles	-	(0.1)	(0.1)	(0.6)	(1.7)	(2.6)
Other administrative expenses	(4.1)	(10.7)	(13.4)	(21.2)	(30.0)	(44.5)
EBITA	(0.9)	(1.1)	9.3	24.6	52.9	103.4
Amortisation, acquired intangibles	(0.2)	(0.4)	(0.8)	(2.1)	(8.6)	(15.5)
Net foreign exchange gains/(losses)	0.1	(0.1)	(0.6)	0.2	0.1	(0.2)
Loss on sale of property, plant and equipment	-	-	(0.1)	(0.2)	(0.1)	(0.5)
M&A transaction costs	(0.4)	(0.2)	(0.1)	(0.4)	(6.6)	(9.5)
Gain on release of contingent consideration provision	-	-	0.8	-	-	-
Acquisition integration costs	-	-	-	-	-	(5.1)
IPO costs	-	-	(1.4)	(2.3)	-	-
Impairment of goodwill	-	(6.0)	(0.3)	-	-	-
Impairment of intangible assets	-	(1.3)	-	-	-	-
Share of results of associates and joint ventures	(0.3)	(0.5)	-	(0.8)	(2.2)	(0.1)
Operating profit, as reported	(1.7)	(9.6)	6.8	19.0	35.5	72.5
Net other gains/(losses)	-	6.9	3.4	38.2	(0.7)	18.8
Finance income	0.1	0.2	0.2	0.4	0.4	0.6
Finance costs	(0.1)	(0.1)	(0.2)	(0.2)	(0.6)	(0.6)
Earnings before tax	(1.7)	(2.6)	10.2	57.4	34.6	91.3
Taxation	0.5	(1.9)	(3.4)	(5.6)	(11.6)	(19.9)
Attributable to non-controlling interests	0.6	0.6	0.2	0.2	0.1	0.3
Net profit/(loss) for the year	(0.6)	(3.9)	7.0	52.0	23.1	71.7

Just Eat: Consolidated Statement of Financial Position

£ million

	2011	2012	2013	2014	2015	2016
Non-current assets						
Goodwill	4.6	7.0	10.2	51.2	457.1	725.2
Other intangible assets	1.4	3.3	3.4	12.7	72.6	103.4
Property, plant and equipment	2.9	5.0	5.5	7.2	8.6	12.4
Investments in associates	0.3	-	0.4	13.2	16.6	29.7
Other investments	13.8	7.1	7.4	-	0.1	4.1
Deferred tax assets related to acquired intangibles	-	-	0.2	-	0.1	0.1
Other deferred tax assets	1.0	0.8	0.7	2.5	6.4	14.3
	24.0	23.2	27.8	86.8	561.5	889.2
Current assets						
Operating cash	7.9	50.0	61.6	136.4	148.9	96.8
Cash to be paid to Restaurant Partners	-	-	-	27.7	43.8	33.8
Inventories	-	0.5	0.8	0.9	1.2	1.7
Trade and other receivables	1.6	4.0	3.6	5.0	6.8	17.8
Deferred consideration	-	-	-	-	-	1.0
Acquisition deposit	-	-	-	-	-	6.0
Amounts due from JSOP participants	-	-	-	5.2	3.7	1.7
Amounts due from related parties	0.2	-	-	-	-	-
Amounts due from joint ventures and associates	0.6	0.5	0.3	-	-	-
Current tax assets	-	-	0.2	0.7	0.3	0.4
Associate held for sale	-	-	-	0.2	-	-
Short term deposits	-	-	-	0.3	-	-
Derivative financial instrument	-	-	-	0.4	-	-
	10.3	55.0	66.5	176.8	204.7	159.2
Total assets	34.3	78.2	94.3	263.6	766.2	1,048.4
Current liabilities						
Trade and other payables	11.0	22.4	33.4	59.1	95.0	110.8
Deferred consideration	-	2.6	-	-	4.4	1.3
Current tax liabilities	0.1	1.6	1.1	2.0	6.0	22.0
Deferred revenues	1.7	2.4	4.0	4.0	3.7	3.8
Provision for contingent consideration and acquisition	0.5	0.7	-	-	0.1	13.1
Provision for other liabilities	-	-	-	0.2	0.2	0.5
Borrowings	0.1	-	-	0.3	-	0.4
	13.4	29.7	38.5	65.6	109.4	151.9
Non-current liabilities						
Deferred consideration	-	-	0.3	0.4	-	-
Deferred tax liabilities related to acquired intangibles	0.2	0.7	0.4	2.9	19.7	25.7
Other deferred tax liabilities	1.2	-	-	-	0.2	0.2
Deferred revenues	0.7	1.3	1.2	1.3	1.1	0.9
Provision for contingent consideration and acquisition	0.6	-	0.1	9.1	9.2	42.1
Provision for other liabilities	-	-	-	0.2	0.1	1.0
Borrowings	-	-	-	-	-	0.6
Other long-term liabilities	-	-	0.2	0.3	0.6	0.3
	2.7	2.0	2.3	14.2	30.9	70.8
Total liabilities	16.1	31.7	40.7	79.8	140.3	222.7
Equity						
Share capital	-	-	-	5.7	6.8	6.8
Share premium account	19.5	55.8	55.9	120.5	555.5	562.2
Shares to be issued	-	0.1	-	-	-	-
Other reserves	5.4	1.5	1.3	(6.3)	(17.4)	88.3
Retained earnings/(accumulated losses)	(6.9)	(10.5)	(3.9)	63.1	80.6	160.7
Equity attributable to owners of the Company	18.0	46.8	53.2	183.0	625.5	818.0
Non-controlling interests	0.2	(0.3)	0.4	0.8	0.4	7.7
Total equity	18.2	46.5	53.6	183.8	625.9	825.7
Liabilities and shareholders' equity	34.3	78.2	94.3	263.6	766.2	1,048.4

Just Eat: Consolidated Cash Flow Statement

£ million

	2011	2012	2013	2014	2015	2016
Operating activities						
Operating profit for the year	(1.7)	(9.6)	6.8	19.0	35.5	72.5
Adjustments for:						
Share of results of joint ventures and associates	0.3	0.5	-	0.8	2.2	0.1
Depreciation of property, plant and equipment	1.1	1.8	2.7	3.3	4.2	6.2
Amortisation, capitalised intangibles	-	0.1	0.1	0.6	1.7	2.6
Amortisation, acquired intangibles	0.2	0.4	0.8	2.1	8.6	15.5
Impairment charges	-	7.3	0.3	-	-	-
Loss on disposal of property, plant and equipment	-	-	0.1	0.2	0.1	0.5
Share-based payments	0.2	0.5	1.7	4.4	2.9	2.8
Provisions for social security costs on the exercise of options	-	-	-	0.3	(0.3)	0.2
Release of contingent consideration	-	-	(0.8)	-	-	-
Other non-cash items	-	-	0.1	(0.5)	0.3	-
Operating cash flows before movements in working capital	0.1	1.0	11.8	30.2	55.2	100.4
Decrease in inventories	-	(0.4)	(0.3)	(0.2)	(0.3)	(0.5)
(Increase)/decrease in receivables	0.6	(1.2)	(0.2)	(6.8)	1.9	3.0
Increase in payables	5.0	10.0	10.6	19.2	27.2	1.9
Increase/(decrease) in other provisions	(1.1)	-	-	-	-	6.1
Increase/(decrease) in deferred income	0.6	1.3	1.5	0.1	(0.4)	(0.1)
Cash generated by operations	5.2	10.7	23.4	42.5	83.6	110.8
Income taxes paid	(0.2)	(0.6)	(4.2)	(4.4)	(8.2)	(12.7)
Interest paid	(0.1)	-	-	-	(0.5)	(0.4)
Facility fees paid	-	-	-	-	(0.7)	(0.7)
Net cash inflow from operating activities	4.9	10.1	19.2	38.1	74.2	97.0
Investing activities						
Interest received	0.1	0.2	0.2	0.4	0.4	0.6
Cash outflow on acquisition of subsidiaries	(3.1)	(5.1)	(3.7)	(8.8)	(448.4)	(154.7)
Acquisition deposit	-	-	-	-	-	(6.0)
Cash inflow on disposal of subsidiaries	-	-	-	-	-	16.7
Cash inflow on sale of minority stake	-	6.4	-	-	-	9.3
Funding provided by minority interests	-	-	-	-	-	0.5
Cash outflow on acquisition of interests in joint ventures and associates	(7.2)	(0.3)	-	(4.4)	(3.4)	(7.2)
Cash inflow on disposal of investment in associates	-	-	-	-	3.1	-
Funding provided to joint ventures and associates	(0.6)	(0.6)	(0.2)	(0.1)	(2.5)	(2.1)
Purchases of investments	(1.6)	-	-	-	-	(3.5)
Purchases of property, plant and equipment	(2.1)	(3.8)	(3.3)	(5.4)	(5.8)	(9.5)
Purchases of intangible assets	-	-	(0.7)	(1.0)	(4.8)	(11.7)
Cash outflow on financial instruments	-	-	-	-	(3.9)	-
Other cash outflows	-	-	-	-	(0.2)	0.1
Net cash used in investing activities	(14.5)	(3.2)	(7.7)	(19.3)	(465.5)	(167.5)
Financing activities						
Net IPO proceeds	-	-	-	95.7	-	-
Net proceeds from issue of shares	14.8	35.2	-	-	435.6	-
JSOP subscription proceeds	-	-	-	5.3	-	-
Proceeds arising on exercise of options and awards	-	-	-	1.1	0.5	2.4
Proceeds from sale of shares by the employee benefit trust	-	-	-	-	0.6	-
Cash outflow of the acquisition of minority interest	-	-	-	-	(11.3)	(0.1)
Dividend paid (net of dividends received by the employee benefit trust)	-	-	-	(18.1)	-	-
Movement on borrowings	(1.1)	-	-	0.2	(0.3)	-
Net cash from financing activities	13.7	35.2	-	84.2	425.1	2.3
	(13.6)	(35.2)	-	(84.2)	(423.9)	(1.2)
Net increase/(decrease) in cash and cash equivalents	4.1	42.1	11.5	103.0	33.8	(68.2)
Net cash and cash equivalents at beginning of year	3.8	7.9	50.0	61.6	164.1	192.7
Effect of changes in foreign exchange rates		-	0.1	(0.5)	(5.2)	6.1
Net cash and cash equivalents at end of year	7.9	50.0	61.6	164.1	192.7	130.6

Just Eat: Property, plant and equipment at cost

£ million

	2011	2012	2013	2014	2015	2016
At 1 January	3.4	5.4	8.5	10.9	15.2	19.5
Transfer to intangibles	-	-	(0.2)	(0.1)	-	-
Additions	2.1	3.8	3.3	5.4	5.8	9.5
Recognition on acquisition of subsidiaries	-	0.1	0.1	0.1	0.3	0.2
On disposal	(0.1)	(0.8)	(0.9)	(0.8)	(1.4)	(5.8)
Foreign exchange movements	-	-	0.1	(0.3)	(0.4)	1.8
At 31 December	5.4	8.5	10.9	15.2	19.5	25.2

Just Eat: Goodwill

£ million

	2011	2012	2013	2014	2015	2016
At 1 January	2.2	4.6	7.0	10.2	51.2	457.1
Change in provisional acquisition accounting	-	-	0.6	-	-	-
Recognition on acquisition of subsidiaries	2.7	8.7	3.0	43.1	415.3	181.2
On disposal of subsidiary	-	-	-	(0.7)	-	-
Foreign exchange movements	(0.3)	(0.3)	(0.1)	(1.4)	(9.4)	86.9
Impairment charges	-	(6.0)	(0.3)	-	-	-
At 31 December	4.6	7.0	10.2	51.2	457.1	725.2
Cumulative impairment of goodwill	-	6.0	6.4	5.6	5.3	-

Just Eat: Other intangible assets at cost

£ million

	2011	2012	2013	2014	2015	2016
At 1 January	0.6	1.6	5.4	6.4	18.3	88.1
Change in provisional acquisition accounting	-	-	(1.2)	-	-	-
Transfer from tangible assets	-	-	0.2	0.1	-	-
Recognition on acquisition of subsidiaries	1.1	3.8	1.0	10.9	65.9	26.3
Additions	-	-	1.1	1.3	6.0	11.1
On disposal of subsidiary	-	-	-	-	-	(1.6)
Foreign exchange movements	(0.1)	-	(0.1)	(0.4)	(2.1)	14.2
Impairment charges	-	-	-	-	-	-
At 31 December	1.6	5.4	6.4	18.3	88.1	138.1

Just Eat: Deferred taxation

£ million

	2010	2011	2012	2013	2014	2015	2016
Operating DTAs, net of operating DTLs							
Share based payment	-	-	-	0.1	1.3	2.4	2.3
Short-term temporary differences	-	0.5	0.6		0.7	0.4	1.0
	-	0.5	0.6	0.1	2.0	2.8	3.3
Nonoperating DTAs, net of nonoperating DTLs							
Losses	-	0.5	0.2	0.3	0.5	3.4	10.8
Available for sale	-	(1.1)	-	-	-	-	-
Acquired intangibles (assets)	-	-	-	-	-	0.1	0.1
Acquired intangibles (liabilities)	(0.1)	(0.2)	(0.7)	-	(2.9)	(19.7)	(25.7)
	(0.1)	(0.8)	(0.5)	0.3	(2.4)	(16.2)	(14.8)
Deferred tax assets, net of liabilities	(0.1)	(0.3)	0.1	0.4	(0.4)	(13.4)	(11.5)

Just Eat: Tax reconciliation

£ million

	2011	2012	2013	2014	2015	2016
UK corporation tax rate (%)	26.5	24.5	23.3	21.5	20.3	20.0
x profit/(loss) before tax	(1.7)	(2.6)	10.2	57.4	34.6	91.3
Tax at the UK corporation tax rate	(0.4)	(0.6)	2.4	12.3	7.0	18.3
Expenses/(income) not deductible/(non-taxable)	(0.2)	1.0	(0.3)	0.1	1.0	(2.3)
Share based payments	0.4	-	0.3	0.6	0.2	0.1
Profit on the deemed disposals of investments	-	(1.0)	(0.8)	(8.1)	(0.6)	(3.8)
Adjustments in respect of prior periods	0.1	0.1	-	0.1	0.2	(0.6)
Effect of different tax rates of subsidiaries operating in other jurisdiction	-	0.1	0.1	-	(1.0)	(2.5)
Overseas taxes	-	0.3	0.9	1.1	4.1	8.2
Change in unrecognised deferred tax asset	(0.4)	2.1	0.9	(0.5)	0.7	2.4
Reduction in tax rate in UK	-	0.1	(0.1)	-	-	0.1
Total tax charge/(credit) for the year	(0.5)	1.9	3.4	5.6	11.6	19.9

Just Eat: Business combinations

£ million

	2011	2012	2013	2014	2015	2016
Property ,plant and equipment	-	0.1	0.1	0.1	0.3	0.2
Intangible assets	1.1	2.7	0.9	10.9	65.9	26.3
Other net identifiable assets	(0.1)	(2.1)	(0.1)	(6.9)	(23.7)	(0.7)
Goodwill	2.7	9.2	3.1	43.1	415.3	181.2
Non-controlling interest	-	-	-	(0.6)	-	-
Total consideration	3.7	9.9	4.0	46.6	457.8	207.0

Just Eat: Key operational performance indicators

	2011	2012	2013	2014	2015	2016
Number of orders (million)	13.9	25.3	40.2	61.2	96.2	136.4
United Kingdom	9.0	17.1	29.1	45.5	67.3	88.1
Australia & New Zealand	-	-	-	-	5.9	13.8
Other markets	4.9	8.2	11.1	15.7	23.0	34.5
Number of active users (million)	2.4	4.1	5.9	8.1	13.4	17.6
United Kingdom	1.6	2.7	3.9	5.5	7.1	9.2
Australia & New Zealand	-	-	-	-	1.6	2.6
Other markets	0.8	1.4	2.0	2.6	4.7	5.8
Number of restaurant partners (thousand)	17.0	29.9	36.4	45.7	61.5	68.5
United Kingdom	10.2	15.3	20.0	24.6	26.7	27.6
Australia & New Zealand	-	-	-	-	5.5	8.0
Other markets	6.8	14.6	16.4	21.1	29.3	32.9

Just Eat: Full-time equivalents

	2011	2012	2013	2014	2015	2016
Average number of full-time equivalent members of staff	384	712	886	1,018	1,443	1,621

Just Eat: Market capitalisation

	2014	2015	2016
Number of Ordinary Shares (million)	568.1	675.4	678.5
x closing price (£)	309.7	495	583.5
Market capitalisation	1,759.4	3,343.2	3,959.0

APPENDIX B

Peers' Reorganised Financial Statements

Grubhub: Calculation of Invested Capital

$ thousand

	2012	2013	2014	2015	2016
Total funds invested: uses					
Working cash	24,690	41,143	50,775	72,365	98,666
Trade and other receivables	19,371	29,304	36,127	42,051	60,550
Prepaid expenses	1,447	2,625	2,940	3,482	12,168
Operating current assets	45,508	73,072	89,842	117,898	171,384
Trade and other payables	(781)	(3,353)	(3,371)	(8,189)	(7,590)
Restaurant food liability	(48,645)	(78,245)	(91,575)	(64,326)	(83,349)
Accrued payroll	(1,980)	(1,720)	(5,958)	(4,841)	(7,338)
Taxes payable	(908)	(1,768)	(1,660)	(426)	(865)
Other current liabilities	(5,610)	(7,329)	(8,441)	(11,830)	(11,348)
Operating current liabilities	(57,924)	(92,415)	(111,005)	(89,612)	(110,490)
Operating working capital	(12,416)	(19,343)	(21,163)	28,286	60,894
Net property, plant and equipment	13,341	17,096	16,003	19,082	46,555
Capitalised operating leases	22,135	30,679	35,701	47,481	44,651
Intangible assets	17,467	268,441	254,339	285,567	313,630
Reversal of intangible value adjustment	-	(105,435)	(104,973)	(99,803)	(117,172)
Other operating assets, net other liabilities	(3,164)	(1,608)	(2,388)	(2,351)	(2,346)
Invested capital without goodwill	37,363	189,830	177,518	278,262	346,212
Goodwill	113,442	352,788	352,788	396,220	436,455
Invested capital with goodwill	150,805	542,618	530,306	674,482	782,667
Excess cash	16,471	45,399	151,021	96,928	140,862
Current tax assets	26	3,688	825	-	-
Nonconsolidated investments	-	-	111,341	141,448	84,091
Total funds invested	167,302	591,705	793,494	912,858	1,007,620
Total funds invested: sources					
Restructuring accrual	-	176	-	-	-
Due to related party	244	-	-	-	-
Capitalised operating leases	22,135	30,679	35,701	47,481	44,651
Debt and equivalents	22,379	30,855	35,701	47,481	44,651
Deferred tax liabilities, net of assets	7,035	(14,940)	(12,729)	(12,219)	(9,150)
Shareholder's equity	137,888	575,790	770,522	877,596	972,119
Equity and equivalents	144,923	560,850	757,793	865,377	962,969
Total funds invested	167,302	591,705	793,494	912,858	1,007,620

Grubhub: NOPLAT calculation

$ thousand

	2012	2013	2014	2015	2016
Revenues	82,299	137,143	253,873	361,825	493,331
Sales and marketing	(26,892)	(37,347)	(66,201)	(91,150)	(110,323)
Operations and support	(18,165)	(34,173)	(62,509)	(107,424)	(171,756)
Technology (exclusive of amortization)	(10,172)	(15,357)	(25,185)	(32,782)	(42,454)
General and administrative	(10,209)	(17,928)	(26,901)	(35,877)	(44,559)
Operating EBITDA	16,861	32,338	73,077	94,592	124,239
Depreciation, as reported	(2,018)	(3,992)	(5,032)	(5,085)	(8,921)
Lease depreciation	(1,801)	(2,031)	(2,815)	(3,275)	(4,356)
Operating EBITA	13,042	26,315	65,230	86,232	110,962
Operating tax credit (charge)	(5,258)	(29,937)	(63,692)	(54,250)	(77,350)
NOPLAT	7,783	(3,622)	1,538	31,982	33,611
Reconciliation with profit (loss) for the year					
Profit (loss) for the year	7,919	6,747	24,263	38,077	49,557
Nonoperating taxes	(4,493)	(21,949)	(43,181)	(30,544)	(43,292)
Lease interest	399	469	785	825	1,244
Amortisation of acquired intangibles	4,071	9,477	17,655	22,949	26,272
Merger, acquisition and restructuring costs	-	1,639	1,639	-	-
Net other (gains) losses	(161)	(159)	167	529	(406)
NOPLAT	7,735	(3,776)	1,328	31,835	33,375

Grubhub: Estimation of Leased Asset Value

$ thousand

	2011	2012	2013	2014	2015	2016	2017
Average useful economic life, years	10.9	10.9	10.9	10.9	10.9	10.9	10.9
US AA Corporate Bond 10-year yield, %	3.1	2.0	2.1	2.6	2.3	2.6	2.7
Rental expense	1,900.0	2,200.0	2,500.0	3,600.0	4,100.0	5,600.0	5,302.0
Asset value before depreciation	15,466.9	19,635.3	22,135.0	30,679.3	35,700.9	47,480.5	44,651.0
Lease depreciation	(1,419.0)	(1,801.4)	(2,030.7)	(2,814.6)	(3,275.3)	(4,356.0)	(4,096.4)
Addition	5,587.4	4,301.1	10,575.0	7,836.2	15,054.9	1,526.5	
Asset value as at 31 December	19,635.3	22,135.0	30,679.3	35,700.9	47,480.5	44,651.0	

Grubhub: Estimation of Operating Taxes

$ thousand

	2011	2012	2013	2014	2015	2016
Corporation tax rate, %	27.1	41.8	114.6	98.0	63.7	70.5
x operating EBITA	15,384.0	13,041.6	26,315.3	65,230.4	86,231.7	110,962.0
Tax at the UK corporation tax rate on EBITA	4,165.8	5,446.2	30,157.3	63,945.4	54,922.7	78,261.5
Tax credit	-	-	-	-	(345.0)	(638.0)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(96.0)	(188.0)	(220.0)	(253.0)	(328.0)	(273.0)
Estimated operating taxes	4,069.8	5,258.2	29,937.3	63,692.4	54,249.7	77,350.5

Grubhub: Full-time equivalents

	2013	2014	2015	2016
Average number of full-time equivalent members of staff	680	1,090	1,105	1,518

Takeaway.com: NOPLAT calculation

€ thousand

	2014	2015	2016
Revenues	46,712	76,736	111,641
Cost of sales	(4,658)	(7,354)	(15,609)
Staff costs	(14,803)	(17,406)	(24,458)
Marketing	(24,932)	(59,048)	(82,600)
Other administrative expenses	(4,474)	(5,634)	(8,799)
Operating EBITDA	(2,155)	(12,706)	(19,825)
Depreciation, as reported	(259)	(455)	(793)
Lease depreciation	(720)	(1,136)	(1,661)
Operating EBITA	(3,134)	(14,297)	(22,279)
Operating tax	(1,257)	(2,078)	(4,961)
NOPLAT	(4,390)	(16,375)	(27,240)
Reconciliation with profit (loss) for the year			
Profit (loss) for the year	(6,909)	(19,515)	(30,740)
Nonoperating taxes	(736)	(1,249)	(1,413)
Finance costs	117	559	1,789
Lease interest	116	68	139
Finance incomes	(51)	(26)	(25)
Share of results of associates and joint ventures	(5)	178	115
Net foreign exchange (gains) losses	26	(51)	(147)
Amortisation of acquired intangibles	3,030	3,622	2,972
NOPLAT	(4,412)	(16,414)	(27,310)

Takeaway.com: Calculation of Invested Capital

€ thousand

	2014	2015	2016
Total funds invested: uses			
Working cash	9,342	(1,314)	22,328
Inventories	386	644	806
Trade and other receivables	6,956	5,435	9,643
Operating current assets	16,684	4,765	32,777
Trade and other payables	(11,684)	(11,835)	(23,993)
Taxes payable	-	(894)	(533)
Other current liabilities	(2,434)	(5,695)	(18,096)
Operating current liabilities	(14,118)	(18,424)	(42,622)
Operating working capital	2,566	(13,659)	(9,845)
Net property, plant and equipment	862	1,976	3,078
Capitalised operating leases	12,381	18,101	25,284
Net intangible assets	21,244	17,632	26,186
Invested capital without goodwill	37,054	24,050	44,704
Goodwill	47,822	47,822	62,119
Invested capital with goodwill	84,876	71,872	106,823
Excess cash	663	-	112,263
Nonconsolidated investments	298	150	34
Other financial assets	260	405	845
Total funds invested	86,096	72,427	219,964
Total funds invested: sources			
Capitalised operating leases	12,381	18,101	25,284
Debt and equivalents	12,381	18,101	25,284
Deferred tax liabilities, net of assets	4,927	4,901	6,930
Shareholder's equity	68,788	49,425	187,750
Equity and equivalents	73,715	54,326	194,680
Total funds invested	86,096	72,427	219,964

Takeaway.com: Estimation of Operating Cash Taxes

€ thousand

	2014	2015	2016
Dutch corporation tax rate, %	25.0	25.0	25.0
x operating EBITA	(3,133.9)	(14,296.9)	(22,278.6)
Tax at the UK corporation tax rate on EBITA	(783.5)	(3,574.2)	(5,569.7)
Share based payments	-	-	207.0
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	(11.0)	-
Overseas taxes	2,040.0	5,663.0	10,324.0
Estimated operating taxes	1,256.5	2,077.8	4,961.3
Estimated operating cash tax rate, %	(40.1)	(14.5)	(22.3)

Takeaway.com: Estimation of Leased Asset Value

€ thousand

	2014	2015	2016	2017
Average useful economic life (years)	10.9	10.9	10.9	10.9
Eurozone AA Corporate Bond 10-year yield (%)	1.5	0.6	0.8	0.3
Rental expense	836.0	1,204.0	1,800.0	2,393.0
Asset value before depreciation	7,846.6	12,381.3	18,100.8	25,284.5
Lease depreciation	(719.9)	(1,135.9)	(1,660.6)	(2,319.7)
Addition	5,254.6	6,855.4	8,844.3	
Asset value as at 31 December	12,381.3	18,100.8	25,284.5	

Takeaway.com: Full-time equivalents

	2014	2015	2016
Average number of full-time equivalent members of staff	278	371	588

APPENDIX C

Other Estimations and Forecasts

Just Eat: Estimation of Leased Asset Value

£ million

	2011	2012	2013	2014	2015	2016
Average useful economic life (years)	10.9	10.9	10.9	10.9	10.9	10.9
UK AA Corporate Bond 10-year yield (%)	4.22	3.79	3.20	2.90	2.13	2.79
Rental expense	0.6	1.5	1.8	2.5	3.1	4.2
Asset value before depreciation	4.5	11.6	14.5	20.7	27.4	35.1
Lease depreciation	(0.4)	(1.1)	(1.3)	(1.9)	(2.5)	(3.2)
Addition	7.5	4.0	7.5	8.6	10.2	15.9
Asset value as at 31 December	11.6	14.5	20.7	27.4	35.1	47.8

Just Eat: Reversal of Acquired Intangible Value Adjustment

£ million

	2011	2012	2013	2014	2015	2016
Intangible assets	1.4	3.3	3.4	12.7	72.6	103.4
Tax gross-up of acquired intangibles	(0.2)	(0.7)	(0.2)	(2.9)	(19.6)	(25.6)
Net intangible assets	1.2	2.6	3.2	9.8	53.0	77.8

Just Eat: Estimated asset values of Hungryhouse

£ million

	% of total consideration
Property ,plant and equipment	0.2
Intangible assets	29.6
Other net identifiable assets	(9.4)
Goodwill	179.6
Total consideration	200.0

Just Eat: Forecast of Revenues

£ million

	Historical					Forecast				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
United Kingdom										
Number of restaurant partners, thousand partners	15.3	20.0	24.6	26.7	27.6	28.2	28.5	28.7	28.8	28.8
x number of active users per restaurant partner, users	177.1	195.0	223.6	265.9	333.3	388.2	452.2	526.6	613.4	714.4
Number of active users, million users	2.7	3.9	5.5	7.1	9.2	10.9	12.9	15.1	17.6	20.6
x number of orders per active user, orders	6.3	7.5	8.3	9.5	9.6	9.7	9.8	9.9	10.0	10.1
Number of orders, million orders	17.1	29.1	45.5	67.3	88.1	105.9	125.9	149.0	175.7	207.0
x average revenue per million order	2.0	2.1	2.3	2.4	2.6	2.7	2.8	3.0	3.2	3.4
Order-driven revenues	34.9	60.8	104.6	158.3	224.9	285.4	358.4	447.7	557.7	693.8
Other revenues	6.2	8.0	9.5	11.3	12.2	12.5	12.6	12.7	12.7	12.7
UK revenues	41.1	68.8	114.1	169.6	237.1	297.8	371.0	460.4	570.4	706.6
Australia and New Zealand										
Number of restaurant partners, thousand partners	-	-	-	5.5	8.0	10.1	11.4	12.1	12.6	12.8
x number of active users per restaurant partner, users	-	-	-	290.9	325.0	378.5	440.9	513.5	598.0	696.5
Number of active users, million users	-	-	-	1.6	2.6	3.8	5.0	6.2	7.5	8.9
x number of orders per active user, orders	-	-	-	3.7	5.3	5.4	5.4	5.5	5.5	5.6
Number of orders, million orders	-	-	-	5.9	13.8	20.5	27.3	34.1	41.5	49.7
x average revenue per million order	-	-	-	2.0	2.5	2.7	2.8	3.0	3.2	3.3
Order-driven revenues	-	-	-	11.7	35.1	55.1	77.5	102.1	131.2	165.9
Other revenues	-	-	-	0.7	1.7	2.2	2.4	2.6	2.7	2.7
Australia and New Zealand revenues	-	-	-	12.4	36.8	57.3	79.9	104.7	133.8	168.7
Other markets										
Number of restaurant partners, thousand partners	14.6	16.4	21.1	29.3	32.9	38.2	43.6	49.1	54.5	62.4
x number of active users per restaurant partner, users	95.2	122.0	123.2	160.4	176.3	190.5	205.9	222.5	240.4	259.8
Number of active users, million users	1.4	2.0	2.6	4.7	5.8	7.3	9.0	10.9	13.1	16.2
x number of orders per active user, orders	5.9	5.6	6.0	4.9	5.9	5.9	5.9	5.9	5.9	5.9
Number of orders, million orders	8.2	11.1	15.7	23.0	34.5	43.3	53.4	64.9	78.0	96.4
x average revenue per million order	1.9	2.1	2.3	2.4	2.7	2.9	3.1	3.2	3.4	3.7
Order-driven revenues	15.7	23.8	35.8	55.8	93.7	124.8	163.1	210.6	268.3	352.0
Other revenues	3.0	4.1	6.8	9.5	8.0	9.3	10.6	11.9	13.3	15.2
Other markets' revenues	18.7	27.9	42.6	65.3	101.7	134.1	173.7	222.5	281.5	367.2
Head Office revenues	-	0.1	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Total revenues	59.8	96.8	157.0	247.6	375.7	489.3	624.7	787.7	985.9	1,242.5

100% Home Delivery/Takeaway: Offline Subsector

£ million

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Australia	1,797.7	1,601.4	1,265.9	1,087.6	*1,052.4*	*1,015.5*	*958.0*	*878.0*	*791.6*
Canada	1,056.0	954.8	897.3	1,068.2	*1,047.3*	*1,022.5*	*998.8*	*971.1*	*920.2*
Denmark	63.0	61.6	57.8	66.6	*67.2*	*66.9*	*65.4*	*63.2*	*61.3*
France	545.4	507.3	440.3	478.1	*405.1*	*352.4*	*313.1*	*283.0*	*265.5*
Ireland	137.4	134.0	121.4	150.3	*155.3*	*156.9*	*154.9*	*152.0*	*145.7*
Italy	7,973.4	7,483.7	6,734.8	7,586.6	*7,567.2*	*7,545.3*	*7,517.7*	*7,482.3*	*7,349.0*
Mexico	518.0	491.2	459.1	451.4	*452.8*	*445.8*	*439.3*	*426.0*	*410.1*
New Zealand	254.2	235.0	214.7	260.7	*255.0*	*249.5*	*238.2*	*230.7*	*223.0*
Norway	118.3	116.4	107.3	129.8	*135.8*	*141.1*	*145.3*	*148.0*	*148.2*
Spain	776.9	752.8	698.2	822.5	*842.1*	*851.5*	*838.2*	*827.1*	*802.3*
Switzerland	103.4	79.4	80.3	86.5	*85.2*	*83.7*	*81.8*	*79.8*	*79.0*
United Kingdom	3,987.8	3,951.6	3,934.4	3,685.1	*3,492.6*	*3,220.4*	*3,016.7*	*2,927.8*	*2,771.2*
Total	17,331.5	16,369.2	15,011.5	15,873.4	15,558.0	15,151.5	14,767.4	14,469.0	13,967.1

Note: Data from Euromonitor International

100% Home Delivery/Takeaway: Online Subsector

£ million

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Australia	94.6	102.2	316.5	725.1	*793.9*	*865.1*	*958.0*	*1,073.2*	*1,187.4*
Canada	264.0	269.3	283.4	375.3	*387.4*	*397.7*	*406.0*	*416.2*	*453.2*
Denmark	10.3	10.3	10.2	12.7	*14.8*	*17.3*	*20.8*	*24.9*	*28.2*
France	122.2	130.9	140.9	209.9	*289.4*	*348.9*	*394.8*	*430.6*	*453.3*
Ireland	42.4	44.2	44.4	64.4	*76.5*	*86.4*	*95.7*	*103.5*	*114.0*
Italy	332.2	477.7	506.9	659.7	*748.4*	*838.4*	*929.2*	*1,020.3*	*1,196.4*
Mexico	2.2	12.6	23.7	39.2	*57.7*	*84.3*	*109.8*	*142.0*	*175.8*
New Zealand	109.0	126.5	126.1	159.8	*170.0*	*180.7*	*194.9*	*204.6*	*214.2*
Norway	19.3	19.0	18.9	24.7	*29.8*	*37.5*	*43.4*	*49.3*	*54.8*
Spain	40.9	52.3	60.7	91.4	*114.8*	*150.3*	*209.5*	*268.1*	*340.0*
Switzerland	20.4	44.5	54.9	73.1	*82.6*	*92.5*	*103.3*	*114.4*	*125.1*
United Kingdom	2,402.9	2,585.4	2,748.7	3,254.8	*3,670.3*	*4,132.1*	*4,506.2*	*4,736.6*	*5,013.0*
Total	3,460.4	3,874.9	4,335.3	5,690.1	6,435.6	7,231.2	7,971.6	8,583.7	9,355.4

Note: Data from Euromonitor International