Full Year 2016 Results

Just Eat plc

David Buttress, Chief Executive Officer

Good morning everyone. Good morning. I think good presentations should be like good food delivery; always delivered on time. But not necessarily hot. Take a seat, Adam. Cool. Are we all good? Good stuff.

So, firstly, let me say good morning and welcome to the 2016 Just Eat plc results. Over the next 45 minutes or so, Adrian, Paul and I are looking forward to talking you through what we believe is a very strong set of results and performance in the last 12 months and hopefully a clear sense that we fully expect to be continuing into the long term.

So, by order of good order. So, I'm going to talk you through the highlights in 2016. As you'd expect, Paul's then going to jump in and talk you through the financials. Adrian will give you some colour about the stuff we love to do, which is the operational details around our business. And then I'll come back at the end and do a summary.

So, here's our vision. So for those of you who don't work in our company, we're building and creating the world's greatest food community. I think this vision is quite simply summarised in sort of three terms. This is a great business, in a great position, in a great market.

The tide is lifting and I think for the presentation you'll see that very clearly this morning, but most importantly we're connecting both sides of that market, and that's the restaurant side where we're doing more and more and more for our restaurant partners; and what you're going to hear this morning is, we're really becoming the operating system for the restaurant partners that we work with.

But also, most importantly on the consumer side, we're also connecting those local consumers in our markets to more and more restaurant choice, which is helping to drive the loyalty and frequency of our product.

So let's get into the details of how we're doing that. So, we now work with, believe it or not, over 68,000 restaurants around the world. We actually added 7,000 restaurants alone in the last 12 months. And what's important to our restaurant partners is two things:

Firstly, that they get an access to a world leading platform which is to process the online consumer orders that we send them. And that's really important because if I go back over 11 years to when we started in the UK, we actually said one of the things we wanted to do was to make sure the independent restaurants had access to the same, high quality, world class platform as large branded franchise chains. And I think what we're starting to demonstrate to you, that we've really done that for the industry and as a result of that, they're thriving.

I think the other thing I'd say to you is, our brand. We spent a lot of time and effort and investment in building that brand, and that gives those same small independent restaurants the ability to partner with a brand that consumers trust and become more loyal to, and something they feel very proud to associate with, and it's a brand that's working harder and harder for them, not just on the customer side but also the benefits we can bring them as part of being part of a big network.

Of course, customers drive orders and orders drive our revenues, and that's an important thing too. So, what are we doing for our customers? Well, guess what? Like I said a moment ago, we're adding more and more choice so that consumers can start using our platforms more and more. And I'll talk to that, as will Adrian, a bit later.

And lastly and importantly, I think those people who understand this industry well will really begin to realise that this is very much a lifting tide. The food delivery market is in robust health and you're going to hear specifically how the UK market is going, but I think important to note that within that lifting tide, Just Eat remains the biggest winner within that tide.

And that's important because our focus and our execution on what we're building is enabling us to get that benefit; and I'll get to the specifics of that shortly.

But this convenience is being very much driven by consumers choosing delivery food more and more. We all have busier lives, that resonates with all of us, and as a result, food delivery is very relevant to people's lives.

So, in terms of the highlights from 2016, there are four points I'd like to draw out, if I can, from this slide. The first thing I want to say to you is, you'll see our group had a phenomenal 2016. Orders up 42%, revenues up by more than 50%, and our EBITDA grown by over 93%. So I think what you're going to hear from Paul and see from Paul is a business that's in a very strong position.

I think importantly as well, our UK continue to perform very strongly within that. The UK is an important facet of our growth and will continue to be so, and as you see here, our EBITDA performance in the UK continue to trend upwards by 57% off the back of revenue growth of 40%.

I think important to note as well, there's a significant way still to go as we build our company. Our international businesses, as you'll hear in a moment, became profitable in their own right in 2016, and I'm pleased to announce that for the first time. That's a very important moment for us and talks to the discipline and execution that we're delivering the same business model over and over again.

I think also we work hard around consolidating what we've said, I think, many time, I hate to think how many times I've said this, but building the clear market leader in markets of scale has been a relentless pursuit for us over the last years, and you'll see that we've actually managed to pull that off now in every market we operate in, and that's been done through organic execution but it's also been done through high quality consolidation of in-market M&A. I think important throughout there, Spain and Italy have gone well and the important acquisition we also did in Canada at the back end of last year.

And I think underpinning everything we continue to do is the investment that we're making in further growth. We see further opportunities both in the technology and platform innovation, but also from a brand perspective, so we absolutely will continue to do that into the coming 12 to 18 months because we see significant opportunities still to shoot for.

So, if we had a really strong year from an overall performance perspective, we had a phenomenal year from a bottom line perspective. You saw that our scale and our leadership drove, I think, significant basis point improvement. At group level, we were actually up 700 basis points in 2016, to 31%. In the UK, congratulations to the UK team, led by Graham Corfield, a 500 basis point improvement in the UK in spite of further investment in things like branding, for example.

And then of course, internationally, as I said a moment ago, a really exciting moment for us of that business transition now from investment into overall profitability, up 900 basis points to a 5% margin business. And you've all seen that movie. I think we've got a very strong track record of where that gets to over time. So I think we all know where that's going to play out over the coming years.

I think important to note, however, that you shouldn't expect group and the UK to continue to benefit from that kind of basis point evolution in 2017, for the obvious reason of course that in 2016, as you all know, we put a price rise into the UK market in April, and Australia also in the mid-year. So of course, we're not going to have a price rise in any of our major markets in 2017, so as a result, Paul will guide you on the bottom line evolution, but you shouldn't expect to see those kind of basis point evolutions, while it will continue, of course though, to improve as a factor of scale.

So I think it's quite a good moment, actually, just to take a breath and think about what we've built over the last five years and also not just the direction in which we're going, and I think what we've built here is a very scalable business with a very long way to go. If you jump back five years, we had a little over £50 million of revenues, and you can see here in the orange line how revenues are trending. A very strong performance covering over £375 million in 2016.

Our business has grown quickly and effectively because of our focus and discipline. We work in a very noisy sector, and what's important when you work in a noisy sector is, you don't get distracted. You focus on building what is your business in a very effective way. And what I think we've demonstrated is that focus and discipline have served us well, not just at the top line but also at the order growth level which is the blue, but also importantly of course, never forgetting the fundamentals of what drives a really strong, long-term business, which is the bottom line EBITDA margins evolved.

I think importantly for all of us, and certainly for me, is where this is heading, and we fully expect that to continue into the future.

So, where are we as well from a strategic perspective? Well, if you jump back just a couple of years, we were in 13 markets and I think at the time, market leader in around 7. Well, we're now in 12 markets because of our discipline; as you know, we actually disposed of our Benelux business in the half-point last year. So we're now in 12 markets but I'm pleased to tell you that also we've evolved from being profitable in 4 to now profitable in 8, and the other markets will have the same profitability profile over time. So we fully expect the other 4 to come through, it's just a factor of time and growth. So that discipline and execution really benefited us.

Also I think important to note that the bottom line you've seen evolve dramatically over that same time period. We're in a strong position, I think it's fair to say.

Let's get into, if we can, just some specifics around the UK market. I'll let you take a moment to digest that, because I think – and get a sip of water – because the £6.1 billion market that the food delivery industry now is in the UK, I think really talks the point I said at the start which is that this is a great industry to be in. Without any question, we benefit from that, as does everyone.

The food delivery market continues to form very strongly globally, but if you look at the UK in isolation, if we just jump back just a couple of years, maybe three years, I think the first survey we did was £4.4 billion, a couple of years ago £5.5 billion and now the most recent survey as you see here, £6.1 billion.

And I think that really talks to the point we made, which was actually, all boats are lifting in this rising tide and I can also tell you importantly that we are the biggest winner. If you look at our growth from 2015 to 2016, we grew by just over £375 million of customer orders here in the UK. That's more than all the others group combined in growth in the same period. I think it really talks to, what we're doing is focused on the biggest prize with the best model and making sure that we execute against that in a disciplined way.

The biggest opportunity is on the right hand side. Still around half of UK customers order on the telephone and that's where Just Eat continues to win again. Last year, the phone lost £200 million last year in orders via the telephone. So Just Eat continues now, we're up to, I think, around 25% of the UK food delivery market happens on the Just Eat platform.

If I can now also just take a moment to talk specifically about how the UK market has evolved. We're often referred to as a start-up, which we all love in Just Eat because I think it talks to the growth potential that we still have, not just here in the UK but internationally. But actually, believe it or not, and my hairline is testament to this, it didn't happen overnight in the UK. This has taken 11 years to get to this point and a hell of a lot of hard work.

Our business is executed by doing a thousand different things well every day. It's not that you push a button from California and penetrate the world; that's not how you build this business model.

So, let's talk through how the UK market has evolved, because I think it'll give you a real sense of how we do this. This is for illustrative purposes. This could be many of our markets around the world; in fact, we're doing a project right now in France which is to create the same thing in France over time. So this is just for illustrative purposes, this is just something we do over and over and over again when we think about executing this business model.

I like to think of us and how we execute also, it's a bit like the Heineken advert. We can touch other places that other parts cannot reach. And the reason for that is, we are not, in any way, constrained by the locations and postcodes we go to. We can go everywhere. We can literally go to the farthest corners of any market we operate in.

So if you take 2008, a third of our business was London. The next 10 cities were another third of that, and the rest of the UK was 34%. And what you can see on this graph of course, is that we're largely in the major urban conurbations and capital cities of the various UK markets with the exception of Northern Ireland.

If you jump forward to 2011, you can really start to see that while we, of course over time we made many mistakes, we got absolutely one thing right which was to make sure we penetrated, like I say, every corner. And you can see over that three year period a lot more blue appearing. These are areas that obviously Just Eat covered. And we entered Northern Ireland, and you'll see that as a result of that, London was now, in 2011, only 14% of our UK business. We are not over-indexing in any major cities or postcodes.

And the next 10 cities were now down from a third to 26% as we pulled our way out, and the rest of the UK was already 60%. Important though, the rest of the UK are small towns and semi-rural locations.

And if you jump forward now to present day or 2016, you can see we're everywhere. We're even in Swansea! And in 2016, 13% of our business is now London – London is around 15%, roughly, of the UK population. The next 10 cities are now only 20% of our business. And lastly, more than two thirds of our business is the rest of the UK. And within that, I can tell you that London continues to grow very well. London grows at 25% year on year, so London performs very strongly still in the context of overall performance.

So, while the UK is a fantastic engine of growth in our business and will continue to be so, I think important to draw out a couple of points. Firstly, if I maybe talk down the UK column I can also then illustrate the international opportunity. So as you know, the UK is in blue there, it's a £6.1 billion delivery market. We're at 25% of the UK delivery food market happens on our platform. And I think while we're in a good position there's absolutely no room for complacency. That's not how we operate as a management team.

There's many things that we can continue to do better also here in the UK and we'll absolutely continue to do that in the coming 12-18 months. We work in a… while it's a noisy market, we also work in a competitive market, it's always been so and Adrian will talk to that. And there's many things that we think we can continue to do better which will drive our UK business into the long-term and we'll continue to focus on that execution in the coming year.

But let's focus, if you don't mind, on international. Because you'll see here, and if I can just pull out those three markets you can see in green, in isolation. Australia, Italy and Spain. Those markets in their own right combined are £6.9 billion of delivery food, and what this really shows you is that our focus and execution not only expand in this business internationally, not just expand. Any company can expand internationally. But making sure that you win over and over and over again in those markets creates the long-term value that we're creating in these markets.

What you'll see here, if you take, for example, Australia, we have a 15% market share of the delivery food market in Australia. So, down the left-hand column you see 15. So a long way to go, right? But if you drop down to Spain and Italy, we're in a very strong market position in Spain and Italy. We've consolidated one and two in the last 12 months; we were already the leader. We feel we've got great local teams in Milan and in Madrid doing a phenomenal job day to day. So we feel super confident of the quality of the management teams in those markets and the direction that they're driving our business. But as you see here, less than 5% market share in Spain and around 2.5% in Italy. There's a ton of growth left to go, and that's why you see the developing segment which Paul will talk to in a few moments' time, performing extremely strongly, more than triple digit year on year in terms of organic growth.

But let's not also forget the right-hand column because, while we very imaginatively call it "others", "others" is a very important set of countries. We have leadership in every one of those markets. We have some phenomenal positions in there, not least

Denmark, which is in its 15th year – its 15th year as consecutive, year on year growth. 15th year in a small market like Denmark, year on year growth.

We also have positions like Ireland which have come through with the same levels of profitability as our more maturing markets. So within that £10.1 billion, you will see there, what's that, just over 7% maybe of online market share. A long way to go, I guess is the point, in those set of markets combined.

I think it really talks to a portfolio of countries in the long-term where you'll see the UK continue to trend to a small percentage of overall group, as those other countries grow quicker, and that has to be a healthy thing for our business and portfolio long-term.

We asked you a year or two ago to support us in further investment in technology and I'm really, really pleased to tell you this morning, that investment is absolutely paying off. Let me pull out, if I can, just a couple of examples of why that's paying off.

The first thing to say I think is, our app. We are actually, as of February, the only five-star app in the food delivery category, so congratulations to Fernando and our technology and product team in achieving that. That comes from relentless focus on the execution of what customers are saying about your product and making small iterations to make sure that when they use the app, they get the best possible experience. And that level of detail and relentless focus has led to that five-star app. We're the only five-star, I should say, in the food delivery category, and I think we're rightly proud of that. I'm not complacent, but I think that's a major achievement.

I think also that investment in technology has led to two important things. When these major brands on the right-hand side think about our category, they actually come to us. So, Amazon came to us when they launched Alexa to talk about how they could connect their voice technology with food delivery. They came to us. And we partnered with them. So on the day of launch, of course, as you saw, the Just Eat product was one of the first products you could use directly through Alexa.

And I think that really talks to the fact that that strategic investment in technology has put us front and centre of the global brands and the global major consumer brands like Amazon and Facebook. You see there the Facebook example where the chat bot that is now deployed within Facebook, you know, it was really cutting edge technology where consumers can talk to us through highly technical but really smart experience based on all the learnings we've had around what consumers want to have when they think about food delivery within that product.

And I think we're the only company that has that level of insight. We're the only company that understands the consumer and the restaurant at a real nation level, at a real granular level. It's a real USP for us when we think about our product and technology investment. We're in a very strong place, I think, from the long-term perspective around technology in the category.

But if you can… I love this, I love what we're doing. If I go back, like I said to you, 11 years ago, we said we wanted to build something that would really help the independent restaurant industry and put them in a long-term strong position. I think, if you don't mind, we can maybe spend a little bit of time on the detail of this, because what we've done here I think over the last… maybe 12 months ago, we talked about launching Orderpad. Well, I can tell you that that's gone phenomenally well. It's not easy to launch new hardware and software into an independent, fragmented marketplace such as food delivery but congratulations to all our team and their execution because we now have 10,000 Orderpad devices now deployed into the market; 7,000 of which are here in the UK, processing 50% of our orders in the UK already going through Orderpad.

That is already demonstrating robust and scaling very quickly a piece of technology that's in the industry, and that piece of technology has become, as it says there, the de facto operating system for our restaurant partners. I think that really talks to two very important points. One is, we're a very important partner to our restaurants. We're really helping them to run their business better and smarter every day.

And I think the second thing it talks to is the strategic moat that's been around our business. Let's remember that we have 28,000 restaurants in the UK, most of them, the majority of them, actually only on our platform. We're in a very strong position with them. And we can see the kind of things we're starting to do for them which helps them to run their restaurant better.

So for example, this is delivery time. So what you see here is, we're telling that restaurant, in real time, up to date, how they're getting on in terms of what consumers are saying about the delivery overall score; how that indexes versus the others in their neighbourhood, so that they know if they're doing good, bad or indifferent; how they can improve their performance; and as a direct result of this technology, I can tell you that 3,000 restaurants in the UK actually adjust their delivery times, they actually took themselves offline at one point because they had so many orders. They adjust their delivery radiuses because they can see actually, the further they go, the worse experience they're giving. So actually they think smartly about how they can retain customers and give great experience, which drives the loyalty and retention of our customers.

So you can see, this level of insight is a win, win, win for the customer at home, our business and our platform, but also importantly for restaurants' positioning and how they operationally execute. These are very busy businesses at busy times.

And there's loads more we can do like this and lots more we are going to do, and who knows where that can take us to into future potential of other things we can offer.

And so with that, I'll hand over to Paul, who's going to talk through our financial performance.

Paul Harrison, Chief Financial Officer

Thanks, David. Good morning. I'm very excited to be here today for what is clearly my first set of Just Eat results, and this is certainly a great way to start. I've just completed my 5th month in the business. It's very clear to me I've joined the business at a very exciting time, particularly when I think of the many opportunities we have to leverage the great relationships we have with both our restaurant partners and our customers. Really exciting time to join.

I would just like to take a moment to thank Mike Wroe for two things really. He's left a really talented finance team behind. And secondly, for supporting my introduction to the business. So, really grateful for that.

Okay. As I say, it's a great first set of numbers. For me, the highlights I noted on the slides are revenue – up 52% or 46% on a currency neutral basis. This is about £3 million above the guidance we set in early November reflecting a strong broad based close to the year.

Those revenues drove very strong growth in underlying EBITDA, which is up 93%, as the slide shows. And similarly, adjusted earnings per share up 85%. So a strong set of numbers.

Let's get into the detail of those over the coming slides, and I'm going to start with the canter through the segments, starting with the UK. As you can see here, revenues were nearly quarter of a billion pounds in the UK, yet still up 40%. So this was built up by the 31% increase in orders that we show here, which David has talked to, coupled with a commission increase seamlessly introduced back in April 2016, and indeed an increase in ancillary revenues as well. So those revenues have flowed down to EBITDA resulting in a 560 basis point increase in our margin.

Aside from the financials, we consider that our relationship with our restaurant partners in the UK is closer than ever. In 2016, we moved, as you know, to weekly cash remittances. We introduced Orderpad and a range, indeed, of compelling services in our partner centre, which we'll talk to a little bit later.

Okay. Let's move to Australia, New Zealand. We've got some work to do here; we'll talk about that in a moment. But in context, let's be clear, this is a business that grew its revenues pro forma 64% in 2016. In 2016, we brought in a new management team under the leadership of Alistair Venn, and we're well placed, therefore, to deal with the opportunities and the challenges of platform migration, as we refer to in this slide; brand consolidation; and city expansion, with a business that's still today indexed to the major cities of Sydney and Melbourne.

Just for clarity as we look at the international segments, the 2015 figures on the screen are shown on a currency neutral basis. Clearly, we're not taken any credit for the translational effects, tailwind.

If we move now to our established markets, we saw a 21% revenue growth or indeed 25% revenue growth given the sale of Benelux, so on a like-for-like basis, 25%, and that drove a 460 basis point margin increase.

The highlights here include Denmark, as David mentioned there, delivering its 15th year of consecutive order growth alongside double digit revenue growth. And then Canada, also where we've strengthened our market leading position with the acquisition in mid-December of Skip the Dishes.

Just on a financial standpoint therefore, Skip is immaterial, clearly, to the 2016 numbers. I would just remind you that as it is a relatively early-stage business with a very strong growth trajectory, it's going to be dilutive as we said at the time of the acquisition, to the group's margins in 2017 and 2018.

Let's turn now to developing markets, and as Adrian is going to report in a few minutes, we're really pleased with the acquisitions we did in these markets and their integration into our businesses there. And consequently, we're reporting strong revenue growth and we're exceeding, indeed, the synergies that we thought at the time we acquired those businesses.

Spain and Italy, we will move towards profitability in due course but clearly the principle objective remains growth. And clearly, Mexico, also a very exciting market, is at a much earlier stage in its development. Overall though, we're really delighted with the performance of this and indeed each of our segments.

Moving to Brazil. As we've said before, along with our joint venture partner in Brazil we're developing a phenomenal business, no question about it. Here you see 160%

order growth enhanced by well-executed commission increases, and you see the business moving into profit this year. So all in all, an excellent performance in Brazil.

Okay, so those are the segments, plus Brazil. What I've done on this slide is just set out what's happening with the global cost base, broken down by its three principal constituents. So as we've already seen, revenues for the business grew 52% and costs in each of these categories continued to leverage. And we saw this indeed across our segments as well.

So in 2017, consistent with our guidance to rising margins, we'll continue to make progress in this area.

At the outset, I referenced the opportunities to leverage the formidable relationship we have with our restaurant partners. So here's an early example of this, which is our top placement service. This is a service which enables qualifying restaurants to achieve a sponsored prominence on our platform. We see revenues here growing 68% and as the slide shows, we're really just getting going in some of our markets here. So, for example, in Australia the yellow bar – Australia didn't do this top placement before we acquired the business, and already we're seeing strong momentum here.

So it's a great example of one of the initiatives that we will drive group-wide. And also I think another reason why we're becoming about so much more than order growth when you consider our performance.

This slide addresses our three remaining group KPIs. And as you can see, there's a positive trend across each of these metrics. The first two show a healthy improvement on both sides of our marketplace, and then the 10% growth in average revenue per order, that benefits from the effects tailwind, it grew 6% on a currency neutral basis with the majority of that, of course, attributable to the commission increases we put through successfully, principally in Australia and in the UK.

Just to change tack slightly now, one of the strongest features of the Just Eat business is of course that it's a highly cash generative business model. So this slide shows the conversion of EBITDA to cash at 93% in 2016 and, as you know, just to get to the detail of that, we exclude here the cash that we hold on behalf of restaurant partners from our metrics on the basis that it's not our cash and we only hold it for four days, particularly having introduced the weekly cash remittance.

But I would add also to this that if we exclude the cash costs of our exceptionals then we've got a cash conversion at about 100% of EBITDA. Very strongly cash generative.

So, finally to our guidance for 2017. We're guiding for revenues of between £480 and £495 million, and underlying EBITDA of between £157 and £163 million. A couple of points to be clear here. There is nothing in these numbers for the potential acquisition of hungryhouse, as I think you'd expect. And for SkipTheDishes, I'll just remind you once again of the conversations we had at the time we acquired the business. We expect Skip to deliver broadly £25-£30 million of revenue, sterling, in 2017, with an overall EBITDA impact of a loss of about £4-£5 million, so that's an important one for your models.

But even allowing for this investment that we're making in this exciting business, you'll see the group margins trending upwards here.

So with that, I'll pass to Adrian. Thank you.

Adrian Blair, Chief Operating Officer

Thank you very much, Paul, and good morning everybody. I wanted to start by taking a more granular view of the growth that we delivered globally over the last few years. The chart that you can see just shows the orders per month that we've done across all of our markets combined, with the exception of Brazil, over the last few years.

What you can see is the remarkable feature, I think, of Just Eat in this period has been the consistency with which we've delivered growth. This goes right up until the end of the period that we're talking about, December 2016. You can see there's really been no let-up at all in the pace of growth combined across these markets.

Of course, some of this has been driven by M&A but it's important to realise the primary driver of our growth has always been organic and the execution of our teams around the world.

So the first thing that I really wanted to do is say thank you and well done to the teams over the last 12 months who've delivered this exceptionally good performance.

So that's international, and what's particularly encouraging is the number of markets that we've got that are either at a million orders a month or developing in that direction. So, in the UK, in Australia, we're already over that million orders a month mark of real scale in the industry. Brazil of course, though it's not included in these numbers, has already well surpassed that point and is now many times more than that.

And of course, we have a couple more markets, particularly Spain and Italy, which are on track to exceed that benchmark of scale as well. So we're continuing to grow more and more markets and that shows the combined effect.

If I think about the UK, so I've been COO here at Just Eat for six years now and the striking thing throughout that time in the UK has been the intensity of competition. The identity of the competitors has changed but the intensity has always been the same. And yet, look at the growth. Look what our teams have managed to do. There is no reflection point on that chart. The growth is up and to the right consistently, right through to December 2016.

And frankly, our top priorities at management team, this market is two thirds of our revenue, our top priority is to continue the momentum in this phenomenal business.

So, I want to talk today about three areas where we've executed well in 2016 and that really underlay the growth that we've seen. I want to talk first of all about our success in executing M&A integrations. Second, about the evolution of our brand. And third, about several of the things that we've done to improve our relationships with restaurant partners in the period.

So if I can start with M&A. 2016 was obviously a big year for us in this area. The year started with the acquisition of four businesses from Rocket Internet, in Spain, Italy, Brazil and Mexico. These were, if you think about the scale of these, when it comes to what we call infill acquisitions, which is where we buy another player in a market where we already operate, these were the biggest deals of their kind that we'd ever done. So these integrations were quite complex. They required many teams across the local businesses and central teams to work together.

And we executed extremely well. So the upside that we realised in terms of revenue and EBITDA growth as a direct result of these deals was ahead of our expectations.

We also learned a lot in the process, so if I think about what we may go on to do this year, subject to CMA approval with hungryhouse, the learnings that we took from these successful bits of M&A and those integrations and indeed some of the individuals who worked on these bits of M&A, will all be useful to us if we are to go ahead with hungryhouse.

So, this was one of the big successes, operationally, in 2016.

Next up, I want to talk about our brand. So, hopefully you'll have noticed on the streets where you live that Just Eat looks a bit different now from how it did before, and if I reflect on all the marketing activity and the various things that we've done over the years, I think this is probably the single most significant change that we've made in marketing.

The reason I say that is because this is much more than an ad campaign. This is about really redefining the identity of Just Eat to appeal to a much broader range of people, because if I reflect on who we really are as a business, we have a huge variety of choice – more than 100 cuisines available on Just Eat around the world, from 68,000 restaurants. If I look at the demographics of our user base, we reflect society. We reflect every social group.

So we want a brand that isn't defined narrowly as being upmarket or downmarket, or for a particular type of consumer. We want to be a brand for everybody. And likewise for restaurants, we want to represent every kind of restaurant including some of the branded restaurant operators that David mentioned.

So this is what this new brand platform was intended to do, and I hope you agree it looks fantastic. And it's also global, so we've launched this already in France, the UK, Canada, Denmark, Italy and Ireland, and we're going to take it in the course of this year into more and more markets. So that was one of the real highlights of 2016 for me and stands us in good stead for the future.

So, then I want to talk about restaurants and how we've developed an even closer partnership with them. So I'll start off with the Orderpad technology that David talked about. So, as David mentioned, we're now delivering over 50% of our orders in the UK through this new device. We thought about a year ago that this was going to be 30% and we've over-delivered. We've developed a really efficient supply chain around this and we're continuing to scale up with these devices all around the world now.

Why do we care? Why are these devices so important? Well, there are a few reasons. So the first is, restaurants are happier when they get this device. We, of course, measure the NPS of our restaurant partners and you see an immediate improvement pre- and post- this device going out to the restaurant, because it's better. I won't list them all, but it's better in a whole number of ways for the restaurant partner, a much better bit of technology.

Second, it's better for customers because they can get "on its way" notifications through this device. So you know, as a customer, that your food is on its way, which gives you a great sense of reassurance. And straight out of the box without us even doing anything about it, two thirds of restaurants are using that functionality. And of course, we're looking to coach restaurants over time to do that a lot more.

And of course, the third reason it's important is partner centre. You can access partner centre directly through the device and as David said, partner centre is rapidly becoming the operating system, effectively, for the local restaurants that we work with.

And I can say a bit more about that. So, we've launched a partner centre app now that's gone into many of our international markets, and the really encouraging thing about it is the frequency with which restaurants are using it. That's how you really judge the success of something like this; do people actually make it part of their daily lives?

And the restaurants that are using it, which is the majority in the UK and trending in that direction in international markets, are accessing it on average more than once a day, and a total of 1.4 million times a month across our restaurant base.

So, it's really encouraging and I think that reflects the amount of functionality that's now going into the product. And of course, as we do more, as we add new restaurant services, for example, and in future with our ancillary revenue products like top placement, we're looking to make partner centre the hub for all of that, so that restaurant owners can manage it directly through the app or through their Orderpad, wherever they happen to be.

Let me say a bit more about top placement. So, the first thing to realise about it is, this is a win, win, win. So, it's a good thing for restaurants, obviously, because it enables them to bid to the top of the page and get more orders and manage their order flow through Just Eat. And you can see here how this appears to the end customer.

What's less obvious and equally important to us is, it's also a good thing for customers. The reason is, we have very tight criteria for being part of top placement. So if you're a restaurant and want this, you've got to have reviews of at least four starts; you've got to have an FSA rating in the UK of at least three stars; and you've got to have a bad order rate that's about 40 basis points lower than the state average.

So you've essentially got to be a significantly better restaurant than some of the others on the platform. So far from being some sort of compromise we're making with the customer experience, we actually see this product as being an important part of creating the right incentives for restaurants to do the right thing by customers. So this is actually part of how we improve the customer experience over time.

And of course, needless to say, there is a third benefit of top placement which is what Paul pointed out earlier, it's a very significant business for Just Eat. It's got very high margins and it's growing at a very rapid rate. And what makes me particularly excited about it is thinking about all the improvements that we have still to make in this product. So a good example is, you cannot yet buy this product through partner centre. That's a very obvious thing that we're working on this year that we need to implement, that will enable us to get greater and greater penetration. So this is one of the real bright spots in our business at the moment.

But we see this as only one of potentially several new revenue streams that we can implement. So, in 2017 our focus is going to be making the most out of top placement, because, as I said, there are still many ways in which we can make it better. But going forward into 2018 and beyond, we're looking to scale with some other new revenue streams. It doesn't take a genius to figure out new ways that Just Eat could make money, but as ever we're looking to be disciplined and to focus, and our criteria will be, does it work well for our restaurant partners, is it good for our customers, and will it be profitable for Just Eat?

So, top placement helps restaurants grow, it helps their top line. But we also want to help restaurants grow their bottom line. We want to help them become more profitable. What we've done in the last few months is, significantly broadened the range of these partnerships that are available to our restaurant partners. So, some of you will remember we talked a year ago about the partnership that we have with Booker, which gets restaurants as a result of being on Just Eat significant discounts when they use Booker stores.

But what we've now done is added some quite important other partnerships to the suite available to restaurants, and one I'd particularly highlight is card payments. So, we've launched a partnership with Global Payments where they get a rate exclusive to Just Eat restaurant partners for all of their card payment transactions, and those are for card payments off Just Eat, so if you walk into the restaurant in person. And that obviously represents a significant saving for restaurants.

We've already got one restaurant partner actually who makes more back as a result of all these deals than they're paying us in commission to start with, and we love that. We want to see more restaurants achieve those sorts of benefits, because we realise that our success and theirs are essentially the same thing; we are intimately intertwined in that sense.

And that's what we're trying to do with all these things I'm talking about for restaurants, we're trying to make them more successful, because if we can make them successful, we will be successful as well.

So, finally, let me just mention our top priorities in 2017. I already said the number one thing is, let's keep the UK growth momentum going, and as you can see, we've done that consistently over the last few years.

Secondly, we've got some international markets which, as David pointed out, are still really under-penetrated. So if I think about Spain, Italy, we're still below 5% of the total addressable market there, £23 billion total addressable market across all of our businesses. So, developing international is the second big thing.

And thirdly, particularly if I think about some markets like Australia or France, is we need to activate second tier cities. So, David illustrated very well how we did this in the UK and how London is now 13% of our UK business. We need to do that kind of thing in France, Australia and some other markets as well, to grow outside of the core.

And then we've got branded restaurants. So, this represents, obviously, a significant opportunity for us and for them because we have so many customers looking for food every night, if you're a branded restaurant, you should have your brand in front of those people and you'll sell more food. And we've made some important progress in this area in the last few months and that remains a big priority in 2017.

And that's it from me; with that, I'll hand you back to David.

David Buttress, Chief Executive Officer

So, if I can just spend a few moments summing up. So there's kind of three quick points I want to make before a fire alarm goes off at 10:30, I forgot to mention that; there is actually going to be a fire alarm at 10:30. We'll just have to sit through it and then we'll carry on Q&A.

But the three quick points are this. I said to you a few moments ago, no room for complacency, and let me talk to perhaps two examples of perhaps why there's no room for complacency. The first reason is, because we absolutely believe that we've built the platform which to build further from. What does that mean? I think it means, if you think of one example of growing dinner occasions – these are the five strategic pillars that we're looking to execute in 2017 as a business and kind of everything that we do every day, that focus and execution falls off these five.

Let me focus on that grow dinner occasions. As we spoke about at the capital markets day six or nine months ago, we spoke about actually that we're looking to extend our restaurant choice into branded restaurant groups around the world, not just here in the UK. I don't want to talk about any specific brands but rest assured, if you think about the top five of six in the UK we've made I think very strong progress and we've built some very good contractual relationships with them already.

And it's really about now doing the hard yards of execution for Graham and the team. The real work will start as we expand those choices out to our customers. And what that's about is making sure that our customers, when they come to our platform, can not only get all the great choice of local independents they've always been able to get, but making sure that as a customer, we know you also want certain other restaurant brands on our platform and we want to make sure you can connect to those.

And they're the mass market ones, the real high volume ones, that's the ones we want to connect to our customers, because we can see those are the ones that matter. And that's about being disciplined, not letting… one of the biggest things I've seen is people's personal bias influence how they think about our businesses and our restaurants, and I can tell you that we don't let that happen in our business. We focus on what our customers want, listen to them, and we're going to make sure that we connect those restaurant brands up to them because we know that's what they want.

But there's lots of hard work to be done on that. It's early days and we need to go and do that execution.

I think also, I've called that brilliant basics, so if I can pull out an example, if you wouldn't mind, of Australia. So, Australia as you've seen is performing well, we've done lots of hard work on that business over the last couple of years, but lots still to do, and if I can point at maybe two things in that market that we're going to have to do.

The first thing, of course, it's an acquired platform. Well guess what, when you acquire a platform, as Adrian talked about, you need to migrate it, and that means there's lots of hard work around that. It will, of course, cause some challenges in this year and the coming 12 months, but absolutely right that we walk up to that, because we want to make sure we set that business up for success into the long term, and we'll get on with that in the next 12 months.

Coupled with the fact that when we acquired that business there was two brands: Menu Log and Eat Now, for those of you familiar with the business. And of course, it makes sense to make that one brand, and so we'll also get on with that in the coming 12 months, having put a very strong management team into that market over the last 12 months.

So those two pieces of work are important. We'll challenge ourselves to get on with it and I've no doubt the team will do a great job, but nevertheless, they'll be two examples of challenges we're going to crack on and face up to.

I think I also mentioned, I said three things, the last one I want to mention is this, which is staying focused on our execution that we do every day. It's really important. Our local teams do a phenomenal job, like I said. There's thousands of little things they do every day that drive the numbers that you saw today, and while you've got to know, for example, me, over the last couple of years, I can tell you it's not me doing all that. It's phenomenal local teams led by the people you see in the appendix. And if you have a moment, please take a look at the quality of the management team and the leadership group that you see around this business.

If I think about one of our greatest achievements, it's the high quality of the leadership group you see across our entire business, so please take a look at the appendix and the quality of leaders we have building these businesses, it doesn't happen by chance, I can tell you that.

So just to reiterate that our guidance for this year, I think by any stretch, I think not only a great year last year but I think another strong year to come, if you look at revenues there, as Paul said, of £480 to £495 million this year and the £157 to £163 million. And while it's the last time that, of course, I'll get the chance to communicate a strong set of results for the business, I have absolutely no doubt that the team back at the ranch will continue to deliver a strong performance into the future, and I will be a very active cheerer-on from the sidelines, I can tell you that. A great business and a great team from which to continue to develop into the future.

I should also like to mention, if you wouldn't mind, that actually I'm the third CEO of Just Eat. Actually, this will be the fourth CEO that comes into this brilliant company, and I can tell you, each and every time I think the business has got stronger off the back of change around leadership group. I think the best businesses do that. I've no doubt that'll be the case once again.

So with that, I'll pass you over to questions and we're happy to take questions through till, I think, 11 o'clock, but do forgive the alarm at 10:30. Thank you.

Sivia Cuneo, Deutsche Bank

Good morning, it's Silvia Cuneo from Deutsche Bank. Just two questions from me. First, on the UK. You talked about continued growth momentum and you mentioned that Denmark, after 15 years, is delivering good growth. So, should we expect the UK to go in that direction to normalise the level of growth in the next years?

And, second question on Spain and Italy. At the first half results, you talked about profitability in 2018. Now you are saying that this is going to happen as soon as online penetration increases. Do you want to give more colour on that? Like, what do you mean, what the percentage of online penetration needs to be?

Paul Harrison

Okay, I'll start with the UK if I can. I think the point that I made earlier, I'll just reiterate. When we think about UK growth, it would be inappropriate to think of it in any way one-dimensionally as order-based. I mean, we have great opportunities to grow ancillary revenues and many ideas for that.

Thinking around the short-term in our guidance, you're going to hear me today, I suspect, with other questions, very much stick to the group revenue and group IBITDA guidance. We're not guiding to orders or by segments. But I'll make one exception to that, which may be helpful, which is, we look at consensus for order growth in the UK for 2017 in the mid to late teens, and we're comfortable with that. That's inbuilt implicitly in our guidance.

Adrian Blair

So, Spain and Italy, I'm not going to give a running commentary on where we're at with our progress towards profitability but I think you can see… I mean, judge us by our track record, right, we've consistently evolved markets towards profitability and we're progressing very healthily in that direction in both Spain and Italy.

John King, Bank of America Merrill Lynch

Thanks, it's John King from BAML. First of all, David, congratulations on a great job, as a PLC CEO from my side, job well done. I think that's worth saying. A couple of questions actually on the UK, follow-ups.

If you look at the active orders – sorry, the active customers – and the order growth, they're almost the same this year. So I guess that implicitly says that the number of orders per customer is roughly flat-ish. I guess I'm slightly surprised that that's the case; as you mature, you'd imagine that actually that would be a bit more of a driver of growth. So anything that you can say out there, perhaps can you reaccelerate that number of orders per customer?

Second question was going to be around also in the UK on the churn rates in active consumers, what have you seen there? Just interested to know in the context of the competitive launches that we've seen with Uber, etc., have you seen any change in your top consumers?

And then the third one, probably more for Paul, I can see he's writing down there; on the chained restaurants that you're going after a little bit more specifically here, what do the economics look like for those? Is there any change to what you're doing now in commission rates and also similarly, is there anything factored into the guidance in terms of kind of special investments you may need to make, whether it be around delivery or whatever it might be, to attack that opportunity?

Adrian Blair

UK active customers, we're at 9.2 million now in the UK; that's grown slightly slower than our order growth rates, so we have grown frequency, albeit not rapidly. And I think you're right, there are many opportunities still left for us in the market to improve frequency further. If I think about what we're doing in CRM, there are still many ways in which CRM could be more sophisticated at Just Eat.

And it's one of the great things about the business, frankly, is we've consistently made improvements, the business is in better shape now than it's ever been, but as I said, it doesn't take a genius to spot ways in which we can still improve. So that's definitely an opportunity for us.

And as far as the impact of competition goes, I think my graph probably spoke more eloquently that I can about what our business has done over the last few years in a highly competitive context throughout.

David Buttress

John, just picking that up. Churn rates – the other way I'll go on that is to look at restaurant churn rates and still today, no change in the rate of churn of restaurants in the UK and the reasons still principally lie with factors like bankruptcy, and factors like Just Eat churning actively certain restaurants off the platform who don't meet quality standards. So, no changes to those reasons.

In terms of the economics of the chain relationship – I'm not going to go into the specifics of individual contracts, and it is indeed early days. I guess one direction your question may be going there is, is potentially participating in the delivery component of that. It's just worth saying that for some of those conversations we're having, the delivery component is still very much undertaken by the chain itself, so it doesn't follow that they universally bring that challenge with it.

So, in terms of guidance, this is going to remain a relatively small part of the overall group and there is nothing material factored into guidance for chains in 2017.

Ian Whittaker, Liberum

Thank you, it's Ian Whittaker from Liberum. First of all, just on Orderpad. You mentioned the benefits to customers, but obviously I think there was a reference there to Orderpad being a great strategic moat for you in terms of erecting barriers to entry from other competitors coming in. Could you just give us an outline of how difficult it is to actually establish such a system with restaurants? Because obviously if somebody was looking to enter into the market, if it was extremely tricky then obviously, that would prove a great disincentive.

The second thing is, just in terms of thinking about longer-term margins and where you can get to, obviously, this is an operationally geared business, the heart of it... the heart of its core. So, where should we be thinking in terms of longer-term margins? Should we be thinking of somewhere around the Right Move level in terms of 70%? I realise you may not want to give out a specific target. But the presumption would be, as revenues should grow, your margins should grow as well.

And the third question is, just going back to top placement, without seeming too picky on things, you might say, given you've got 46% like for like growth, you've got a new product there which, as you mentioned was much higher revenues, that maybe 68%, maybe the growth rate perhaps should have been a little bit higher, given that? Again, in terms of the ancillary revenues, moving forward, how should we think about those over the next couple of years?

Paul Harrison

I'll kick off. You're right, I'm not going to get specific about where long-term margins will end up in the UK. I think I make the observation that when we look at ancillary revenues like top placement, that is highly profitable business. It's not 100% margin business because there are people that we have in the centre that are required to deliver the excellent performance that we've started to see there, and it is, to your later observation, it is early days. 68% growth is pretty good off a low base, and introducing it for the first time in Australia proving its resonance in that market and others is important, and I think appealing to us. So, clearly over the medium-term, developing ancillary revenues in whatever form they take should be accretive to margins, but at the same time, as we've demonstrated, we'll continue to invest back into the business. You've seen the clear payback from the technology investments that we put in Adrian's showcase, so as David did, we're going to continue to do that. So there will always be an investment decision as well.

David Buttress

I think on Orderpad, it's quite useful to actually understand the structure of the market. So, if you think about the UK, we're 28,000 restaurants. Our nearest comparable would be hungryhouse, with just under 10,000 of those restaurants, and that's taken 11 years for both hungryhouse and us to get to that point. So I think that's an example of how long it takes and how much hard work is involved, and that's thousands of hours of various people's time going door to door, restaurant to restaurant, to build that estate and network up. And I think if you think about that and couple it with the dynamic today, if you even take examples like UberEATS or Deliveroo, we overlap in 900 restaurants in the UK with delivery out of the 28,000. So it's not just that that's the structure of the market. It's also that we are uniquely placed to be able to do that for the industry at large. No one else could do it, even if they wanted to, frankly. And if you think about not only the head start we have but the quality of the product we're providing, that's why I think we can say, without being too bashful about it, we are the operating system, and becoming the operating system for those restaurants.

And if I then couple that to what more we are doing and continue to do for those restaurants, who has the trust, the relationship, the orders, the products, the relationships with the wholesale supply chain developed? Well, that's us too. So if I think about it, if I was a restaurant owner, who would I go to for my Order Pad, well, I'd go to Just Eat, and I think that's why you've seen us outperform our own expectation around… I think we said it was 6,000-7,000 a year ago was our aspiration and 30% of UK orders on Orderpad. Well, it's 50% of our orders go through Orderpad and 10,000 restaurants globally. So I think you should expect us to continue to execute and roll that out and I think the first beneficiary of that most importantly, actually, is those restaurant partners. So I think about, is the moat established? Yes. Is it getting bigger? Definitely.

Adrian Blair

The only thing I'd add perhaps is the data that you can provide when you're the biggest player in the market. If you think about that restaurant dashboard that David showed earlier, as the market leader, we can provide information at a level that no smaller player possibly could, which our restaurant partners find incredibly useful. So, for example, what's the average price of a particular –

[Fire alarm]

So, if a restaurant partner, say, wants to know the average price of a particular menu item in the area, or how fast their cuisine type is growing in the city, we can give them that information with a high degree of accuracy where obviously a small player couldn't.

Ian Whittaker, Liberum

And how we should expect the growth rate of ancillary revenues over the next couple of years.

Adrian Blair

It's at a very early stage, it's 5% of the group at the moment. We're excited about it, we'll add more revenues to it. Where could it get to? It'll continue to be an increasingly [inaudible 01:07:47] part of the group but I'm not going to put a number on it at this early stage.

Joe Barnet-Lamb, Credit Suisse

Hi, Gents. Joe Barnet-Lamb from Credit Suisse. A couple from me please. So, Adrian touched on the fact that one takeaway restaurant was actually saving more effectively by using you than they are paying to you through the partnerships. Can you talk a little bit about how that makes you feel about pricing, going forward, and whether pricing could see upward momentum thanks to the savings that the restaurants are making? And also, what you are doing with regards partnerships outside the UK.

Then a second question: you said how the takeaway market overall had increased from 5.5 to 6.1; can you talk a little bit about how much of that increase is potentially due to a change in the market, i.e. delivery logistics providers. So how much of that 600 million is restaurants that didn't deliver before, perhaps, and what proportion of that 6.1 now is delivery logistics. That'd be great.

David Buttress

So, if you look at the graph, all the delivery logistic players are under "others" including hungryhouse and Papa Johns and some other players. So you can do that math on that. So it's around £400 million of which, you know, they're all in there. So yes, absolutely I would say to you that everyone is helping to drive the underlying trend in the category, as well, of course, we're all benefiting from a secular trend of, like I said in my presentation, that the consumer market more and more is choosing delivery food and making more occasions around delivery food, driven by lifestyle, etc., and that's a global phenomenon. So everyone's benefiting from that, for sure.

I think what I'd point to within that trend though is, again, back to the point, if you look at who is the biggest winner in 2016 in the UK of that trend, it's us, right. So we added just over £375 million of customer orders in the UK and if you take all other and remove personal bias, what you see actually is that Just Eat was by far and away the biggest winner of all of that. So that talks to, I think, everyone benefiting, but actually our focus and discipline and execution around our strategy being a really important driver of us continuing into that. The loser is the phone.

Adrian Blair

So on pricing, as a result of restaurant partners like the one I mentioned making more out of the partnerships than they're paying us in commission, let's not get ahead of ourselves. Our focus today is to establish and to scale our partnerships and give as many restaurant partners as possible the benefits that those partnerships bring, and the way we think about this is, we're all about the long-term, we're not about optimising for the next 6 to 12 months. We're about the long-term and we want to be very fair to our restaurant partners, because our success and theirs, as I said, are intimately intertwined. So of course there's value there, there's value being created, and we want to get our fair share of that value as well, but our focus right now is on scaling those partnerships and making them as attractive as possible for restaurant partners.

As to internationalising, globalising those, obviously it's an opportunity for us elsewhere. Some of the partners that we've got in the UK have operations all around the markets where we operate but certainly in our earlier stages markets like, let's say, Spain or Italy, the focus is, let's capture the potential. Let's be disciplined. We're only in single digit percentages of the total addressable market. That's the priority for those teams.

Andrea Ferraz, Morgan Stanley

Thank you very much. Three questions from me please. You bought the Canadian deal at the end of last year. Reasonably high multiple; it said in the release that you bought it because of the delivery capabilities. Will you consider doing your own delivery in maybe selected areas in Europe?

The second question is, in your sort of drive to get more branded restaurants, I understand you don't want to go into the details of the individual contracts but presumably if they haven't signed up before it must be because you're offering them something different now? Whether it's logistics or a better price or whatever. As you get more branded restaurants on, how should we think about the impact that might have on the orders from your existing restaurants, as I presume that, you know, if you have Pizza Express at the top they're probably going to take a lot of the orders.

And finally, you mentioned that online penetration rates are much lower outside of the UK, but then why is growth in Australia, for example, decelerating at a faster pace than it had been at the similar time in the UK and similarly why are established markets growing at around 17% in the second half of the year? Thanks.

David Buttress

I think the first one on Australia, Andrea, it's important to decouple the overall market size and the structure of our business in Australia. So around 80% of orders happen in Sydney and Melbourne, so of course, in those couple of cities, those markets are more than that penetrated in those cities. So what it's about in Australia, to give you a quick answer is, we're going to expand nationally around Australia and that's where the further growth will then come from in the long-term, quickly.

So that's the driver of that one. I think important to know that on restaurant branded relationships, I think the biggest learning that we've had actually is commonly misconstrued that those commercial arrangements are actually around price. It isn't about price, actually, in most of those meetings, I can tell you. It's about the quality of the long-term relationship, how we treat the customers, and the supply chain, how within it it's a very important facet of how those brands think about the long-term; they really care because they have a very important brand themselves that they don't want to connect to any negative PR. So that's important. As well, what's important to them of course is making sure that we bring new customers to them, you're right, but what I would say to you is, actually, because of the lifting tide, we believe that actually adding these restaurant brands will not only grow their business, actually it will help grow the independent restaurant estate. So we think there's a cross-fertilisation benefit of consumers as they come onto our platform, maybe for the first time to try a restaurant brand, they then go on to maybe order – which doesn't seem to me like a bad hypothesis, because we buy more than just, say, as your example says, at Pizza Express. We also buy curry, Chinese, sushi, etc. and those customers can then stay within our platform and go on to order those independents. So I actually believe there'll be an uplift from that. And if I pass it to Paul... on the Canadian deal.

Paul Harrison

Well, the Canadian deal, what does it bring, I think was your question in terms of delivery. It clearly, in that low-density market that is Canada, the management of SkipTheDishes has developed real expertise in getting delivery optimised. But to be very clear, first, second and third reasons why we bought SkipTheDishes is to win in Canada. In terms of learnings for the rest of the group, sure, of course we'll take advantage of the best of their expertise. But fundamentally, that deal was about winning in Canada.

David Buttress

I think important to know, Andrea, on the Canadian market, it's a bit of a... I mean, all markets are a bit different and I'd say if you think about the Canadian market, we had a very strong position, or we have a very strong position in Toronto, Montreal and Vancouver. But if you think about the Skip business, it's very complementary. They were in the sort of secondary cities of Canada which don't have the same delivery profile as some of the more dense, urban cities of Canada. So what the Skip guys did was kind of unique, actually, in how they've executed, and we actually believe, having looked at various businesses, they're the best at doing it. So we think in that sense, not only is it complementary from a geographic perspective in Canada to underpin that winning strategy, there's also some really great stuff that they're doing from an operational perspective around connecting up some of those local restaurants in Canada that don't have their own delivery function; you're right, it's kind of a... I wouldn't say unique facet, but it's nevertheless a relatively unique thing that happens in Canada.

You also made a point about Europe. Important to know of course, as you know, we actually have done delivery in Europe for more than a decade, so our Danish business has had a delivery operation for more than 12 years, our Spanish business partners, as does Italy, as does our Swiss business. So it's not a new thing in that sense. In fact, our Brazilian business also has that too. So I don't think you should consider it a new thing; it's something we've kind of always done.

Carl Hazeley, Goldman Sachs

Good morning. Carl Hazeley from Goldman Sachs. Just a few quick ones. Firstly, could you tell us what the share of collection was in the UK please?

Secondly, looking at the number of UK restaurants, the number you got to for the end of the year seems inconsistent with adding 2-300 net which I think you'd said in the past. Could you just comment on what's happening with restaurant adds there please?

And could you also tell us at a group level, how many restaurants you added organically over the year?

And then finally, just given the commission increase in 2016 in the UK and the fact you signed new restaurants on 14%, could you perhaps tell us what the blended commission was for 2016 in the UK? Thank you.

David Buttress

I'll take some of those. UK restaurants. We added about 900 restaurants net in the UK in 2016, which I think tells you that with such a strong estate in the UK, the fact that we've really driven is sort of average orders per restaurant, 25% I think. We added, now, globally, 7,000 restaurants to our portfolio. That is an organic number by virtue of 3,000 coming out when we sold the Benelux business and broadly 3,000 coming in when we acquired the Skip business, so the net effect of M&A is nil there.

Blended commission rate in the UK is round about 12.8% I think now, I think I've got that right. And 14% for new customers.

Adrian Blair

And on collection, so in 2016, collection was 4.0% of our UK orders and in 2015 it was 3.3%, so that gives you some sense that it's a marginal part of our business but it's growing slightly faster than the base.

Tal Grant, UBS

Good morning, Tal Grant from UBS. Just a couple of questions from me. First of all, on the UK order growth rate for '17, you talked about mid to late teens growth and you said the sort of branded or chain restaurants would be immaterial. I was just wondering how immaterial? Is it sort of 1-2%, 2-3% of that order growth coming from them? And just to be a bit more clear, is that sort of break-even, that business, or is it slightly profitable, loss making?

And then second question is just on the sort of connection fee revenue, which is down quite a bit year on year, despite adding 7,000 restaurants. I was just wondering why you're not able to charge restaurants for those... you know, to connect anymore?

Paul Harrison

I'll deal with the first of that. The order growth in the UK. The branded restaurant chains, to be clear, is as I said, an immaterial element of the overall order growth that we're postulating for the UK. It's a fledgling business. The economics again are not material enough to talk about. We're at a really early stage here, so there's nothing really I'm going to add to that.

David Buttress

Connection fees...

Adrian Blair

You're right that connection fees were down year on year in the UK but of course we look at this holistically, so I don't have a person who's got a massive growth target for connection fees. Our revenue primarily comes from orders and increasingly, as we've said, from ancillary revenue streams like top placement. Those are the things that we're optimising for, and it's a very tactical thing, as to what promotions we have at a particular time to get restaurants to join the platform. But ultimately it's about orders and those ancillary revenue streams.

Richard Stuber, Numis

Morning, Richard Stuber, from Numis. Three questions please. The first is, M&A – are there any other geographic areas you'd like to go into or is it all going to be infill into your existing territories?

The second question is on the margins, you say you increased commissions last year in Australia and New Zealand and the UK, are you still guiding to roughly one percentage point in fees on a two to three year view going forward?

And the third question is just any update in terms of the hungryhouse acquisition, timings and any obstacles which the CMA are looking at.

David Buttress

Okay, I'll kick off the answer there. M&A, clearly we're not going to be excessively specific here, but we will continue to look for opportunities as we've successfully done in existing markets. There are no obvious opportunities in brand new markets, new geographies, at the moment, but again, we'll be open minded about that. But we've got, as we've hopefully illustrated during this presentation, a hell of a lot to go at when it comes to the organic opportunity in the business and that's where we really spend the vast majority of our time, just to be clear.

Hungryhouse, there's no real update for you. When we have something to say, we will do, but the CMA process is ongoing and we'll update you as soon as we have more information.

Rob Berg, Berenberg

Thanks, it's Rob Berg from Berenberg. A lot more excitement today maybe around the ancillary revenues. This is perhaps a follow-up on Joe's question earlier. When you think about some of the ancillary products like the Booker deal, the payment deals, in your view, how many basis points could you be saving for the average takeaway restaurant? And I guess the reason I'm asking is, you know, what's the potential therefore in increase or sharing the saving in the medium term, maybe today and perhaps your targets in the future?

Adrian Blair

I think I'd refer to my last answer on essentially the same topic which is, we're focusing on creating more value for the partners and scaling those partnerships at this stage. We're still relatively early in the revolution of this aspect of our business. So, I don't think we should get ahead of ourselves and start saying, you know, what share of that pot, and how big is the pot going to be. I think, as I've said, our focus is, let's get the right partnerships, let's scale, let's help the restaurants.

David Buttress

Thanks, everyone, let's wrap it up.