6 March 2018

Just Eat plc

Full Year 2017 Results

Exceeding expectations whilst investing for future growth

Just Eat plc (LSE: JE.) today reports its results for the year ended 31 December 2017, with revenue up 45% to £546 million and Underlying EBITDA[1] up 42% to £164 million.

Summary

- Excellent Group performance underpinned by strong execution across our markets
- UK business continues to excel and is further strengthened by the acquisition of Hungryhouse
  - Our 10.5 million Active Customers[2] purchased £1.9 billion worth of food from our 28,400 entrepreneurial Restaurant Partners, delivering UK revenue of £304 million
  - The Just Eat brand reached its highest ever brand awareness due to innovative brand and marketing initiatives, including X Factor sponsorship and the latest Magic TV campaign
  - Continued expansion of delivery pilots with growing number of branded restaurant chains[3]
- Continued strong momentum internationally
  - International revenue grew 75%, now representing 44% of Group
  - SkipTheDishes delivered 264% pro forma[4] order growth, becoming the second largest business in the Group
  - France and Italy both surpassed 1 million Active Customers during the year
- Strong cash flow leaves us in a position of great strength, enabling investment in significant new opportunities

Financial highlights

- Orders up 26% to 172 million
- Revenue up 45% to £546 million, up 30% on an organic basis[5]
- uEBITDA[1] up 42% to £164 million
- Non-cash impairment charge of £180 million recognised against Australia & New Zealand goodwill
- Excluding the non-cash impairment, profit before tax of £104 million
- Adjusted basic earnings per share[6] up 38% to 16.8p
- Net operating cash flow up 72% to £167 million
- Statutory loss before tax of £76 million; basic earnings per share loss of 15.2p

Peter Plumb, Chief Executive Officer, commented:

"2017 was a record year for Just Eat. We helped 21.5 million customers order 172 million takeaways around the world, growing Group revenue by 45% to £546 million. More Restaurant Partners joined our platform, increasing the breadth of choice for our customers and strengthening the Group's geographical coverage to over 82,000 restaurants.

"As the new CEO, I will be increasing our investment in brand, Developing Markets and delivery services that will be engineered to complement our thriving marketplace business by bringing more choice to our takeaway-loving Customers."

Outlook

Just Eat is in a strong position both operationally and financially. Our successful marketplace business remains the core driver of growth and is on course to deliver uEBITDA of £215 – 235 million in 2018. We will expand our investments in brand, Developing Markets and delivery services, resulting in Group revenue of between £660 – 700 million and uEBITDA of £165 – 185 million in 2018.

[1] The main measure of profitability used by management to assess the performance of the Group's businesses is Underlying EBITDA ("uEBITDA"). It is defined as earnings before finance income and costs, taxation, depreciation and amortisation ("EBITDA"), and additionally excludes long-term employee incentive costs, exceptional items, foreign exchange gains and losses, other gains and losses, and the share of results from associates falling outside this definition.

[2] Defined as those Customers that have placed at least one order within the last 12 months.

[3] "Branded restaurant chains" denotes Quick Service Restaurant branded chains, for example KFC, Burger King and Subway.

[4] In order to give a more meaningful comparison, pro forma refers to the orders processed by SkipTheDishes during the calendar year 2016, rather than from the date of its acquisition by the Group in December 2016.

[5] Organic growth excludes the impact from the acquisition of SkipTheDishes, the disposal of our Benelux businesses in 2016, and currency movements.

[6] Adjusted basic earnings per share is the main measure of earnings per share used by the Group and is calculated using an underlying profit measure attributable to the equity shareholders. It is defined as profit attributable to the equity shareholders before long-term employee incentive costs, exceptional items, other gains and losses, foreign exchange gains and losses, amortisation of acquired intangible assets, share of results from associates below uEBITDA, and the tax impact of these adjusting items.

– Ends –

Presentation
The Company will hold a presentation for analysts and investors today at 9.30am at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED.

The presentation will be webcast live at www.justeatplc.com/investors/results-reports.

An on-demand replay will also be available on the Just Eat website following the presentation.

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Forward looking statements
This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect events or circumstances after the date of this announcement.

About Just Eat
Just Eat plc operates a leading global marketplace for takeaway food delivery. Headquartered in London, we use proprietary technology to offer a quick and efficient digital ordering service for 21.5 million Customers and 82,300 Restaurant Partners across the UK, Australia & New Zealand, Canada, Denmark, France, Ireland, Italy, Mexico, Norway, Spain, Switzerland and Brazil. Just Eat is a member of the FTSE 100 Index.

2017 PERFORMANCE REVIEW

Overview

2017 was a very successful year for Just Eat. We added a net 13,800 restaurants to end the year with 82,300 Restaurant Partners on our platform (2016: 68,500) and 21.5 million Active Customers (2016: 17.6 million) who ordered £3.3 billion of food in 2017.

The growth of our marketplace and increase in Customer numbers translated into 172.4 million orders (2016: 136.4 million), up 26%, and revenue of £546.3 million (2016: £375.7 million), up 45%. Whilst we continued to invest in initiatives designed to drive an even better experience for both our Customers and Restaurant Partners, we also grew uEBITDA by 42% to £163.5 million (2016: £115.3 million). Taking into account the non-cash, IFRS-based impairment charge of £180.4 million in Australia & New Zealand, we posted a statutory loss of £76.0 million.

2017 was a highly successful year for our UK business. Supported by innovative marketing campaigns, which raised our brand awareness to new highs, we surpassed our previous monthly order record, achieving 10 million orders in December. This was a strong performance and is attributable to exceptional execution by the team.

We also delivered excellent growth in our international markets, led by SkipTheDishes in Canada, which outperformed our expectations in its first full year as part of the Group. Elsewhere, our businesses in Spain and Italy continued to deliver strong growth, in still early-stage markets. We now have over one million Active Customers in each of our Spanish, French and Italian markets. In Australia & New Zealand, we have now migrated our platforms to the Just Eat core platform and, in 2018, will complement our marketplace business with the addition of restaurant delivery services using the advanced technology and logistics capabilities of SkipTheDishes.

Across the Group, we achieved our target of expanding our leading marketplace businesses into second tier cities, adding Customers, Restaurant Partners and driving order growth. We have also learned a great deal from our pilots with branded restaurant chains in the UK, which have proven successful, fuelling a compelling expansion opportunity and basis for future investment.

2017 was a year of great change for the business. Despite management successions and the sad loss of our Chairman, Dr. John Hughes, the team delivered an excellent set of results providing the business with a strong base as we enter 2018.

Strategic progress

We operate in a highly dynamic market and constantly seek to innovate to meet the evolving demands of our Customers and Restaurant Partners.

In 2017, we continued to improve our Customers' experience by offering greater choice, including more independent Restaurant Partners as well as the addition of branded restaurant chains to our UK marketplace. We focused on improving Customer availability with platform reliability improvements, and through continuous improvement to our apps.

Feedback from our Restaurant Partners is clear. Our Orderpad terminal is an essential tool to improve the Customer experience and their business performance. We rolled out a further 12,900 units across our estate and 78% of UK orders are now processed on an Orderpad. These devices provide Restaurant Partners with insights into their operations and performance, and through functions such as "on its way" notifications, enables a better, more personalised experience for Customers.

Going forward, we see great potential, through Orderpad, to empower our Restaurant Partners to be more agile through the introduction of additional features. We continue to use Orderpad to showcase additional restaurant services, such as our negotiated favourable procurement contracts with relevant vendors, which we also communicate at our regular face to face meetings through our field sales teams.

We continue to champion the interests of our independent Restaurant Partners. In 2017, we successfully sponsored one of Britain's biggest broadcast TV shows, the X Factor, and Dublin Bikes in Ireland. Across several markets, we have been a driving force behind the establishment of industry representation groups, such as the British Takeaway Campaign, which promotes and represents the interests of the independent takeaway sector.

Acquisition updates
2017 saw the first full year of contribution from our December 2016 acquisition of SkipTheDishes. This acquisition significantly strengthened our market leadership in Canada and we are very pleased with its performance this year, which materially exceeded our expectations.

SkipTheDishes operates a delivery-based model highly suited to the Canadian market, which features a significant proportion of branded restaurant chains requiring logistics services. SkipTheDishes delivered revenue of £50.4 million and, as it establishes its presence across Canada, an uEBITDA loss of £8.5 million. SkipTheDishes has demonstrated a clear route to profit in markets where it has built up a strong restaurant base and associated customer demand. Furthermore, it offers expertise in managing delivery services that we will deploy, where relevant, to other parts of the Group.

Throughout 2017, we worked with the Competition and Markets Authority in the UK as it evaluated our proposed acquisition of Hungryhouse. We were pleased to secure approval of this transaction and, consequently, completed the acquisition on 31 January 2018 for £240.0 million payable in cash, of which an estimated £24.0 million will be deferred until 2019. We have now started the process of transitioning Hungryhouse's restaurants and customers to the Just Eat platform.

Branded restaurant chains
In 2017, we saw a number of prominent branded restaurant chains seek access to the growing demand of people wanting to enjoy takeaway food in their own homes. We believe this represents a new £18 billion market opportunity for Just Eat, which will complement our leading marketplace businesses and is therefore a significant new driver of long-term growth. As market leader, we were approached by a number of these branded restaurant chains seeking to explore how they might join our marketplace and how Just Eat could manage the delivery component of the service.

The provision of delivery services is not new for Just Eat. For over a decade, we have operated a profitable delivery business in our original market, Denmark, and we now have the highly successful SkipTheDishes in Canada. Through the Group we utilise three methodologies for delivery: employing our own drivers in Denmark; using couriers in Canada; and working with third parties in other markets, including the UK. In each market, we will continue to adopt the most appropriate and advantageous model.

In the UK, we entered into a series of controlled pilots with selected branded restaurant chains designed to evaluate the impact on our marketplace of adding their restaurants to our platform and assess the economics associated with providing delivery services. These pilots, together with Customer market research, have proven the case for combining our traditional marketplace business, which sees Restaurant Partners managing their own delivery needs, with the addition of selected branded restaurant chains.

Whilst delivery-based activity has a different margin profile to our marketplace businesses, our ambition is to offer a hybrid marketplace model, fully aligned to our Customer's needs and Restaurant Partners' commercial requirements – whilst managing the economics of such models with great care.

Segment results
United Kingdom
The UK business delivered a strong performance in 2017 with revenue growth of 28% to £303.8 million (2016: £237.1 million), whilst uEBITDA increased by 28% to £155.4 million (2016: £121.8 million).

This performance was underpinned by order growth of 19% to 105.0 million (2016: 88.1 million). In May 2017, we processed our 300 millionth order since launching the UK business in 2006. December broke yet more records, with the highest single day of orders marking the final of the X Factor competition, when we processed more than 500,000 orders for our customers. We saw more than 10 million orders during the month, another record for the business.

Through 2017, we increased the number of UK Active Customers by 14% to 10.5 million (31 December 2016: 9.2 million) and increased the proportion of UK orders from mobile devices to 85% (2016: 80%). This shift drove Customer loyalty, order frequency, which rose to 10 orders per Customer per year, and offered a better Customer experience.

Our latest marketing campaign, "Magic", helped brand awareness reach its highest ever levels. Sponsorship of the X Factor was a major driver of additional brand awareness and recognition, which benefited both sides of our marketplace. Our Restaurant Partners were excited to be part of our X Factor sponsorship, with several owners and staff featuring in the show's advertising breaks. We launched our Local Legends campaign to champion the nation's favourite entrepreneurial restaurants. We also continued to help our Restaurant Partners improve their businesses' performance by providing technology and offering money saving initiatives.

Through our pilots with branded restaurant chains, we learned that we were able to attract new Customers who go on to discover and order food from local independent restaurants. Furthermore, the pilots encouraged all Customers to order more frequently from our platform. We ended the year with strong relationships with several much-loved brands, including KFC and Burger King. We will accelerate our investment in this important initiative in 2018 by extending the pilots into areas with compelling characteristics.

In 2017, delivery-related business comprised 1.6% of total UK revenue. Our investment of £12.2 million in this activity was balanced by increased profitability in our marketplace business, thereby maintaining overall UK uEBITDA margins at 51%. As we seek to expand this model, we will make increased investments while this business attains scale.

Established Markets

This segment comprises our businesses in Canada, Denmark, France, Ireland, Norway and Switzerland. The inclusion of SkipTheDishes for the first full year had a material benefit with segment revenue growing 96% to £148.3 million (2016: £75.5 million), while uEBITDA contracted by 12% to £11.7 million (2016: £13.3 million). On a constant currency basis[7], revenue grew 84%.

Canada is now our second largest market following the addition of SkipTheDishes, which in 2017 contributed £50.4 million of revenue reflecting pro forma order growth of 264%. The combined business now has coast-to-coast coverage across all cities of more than 100,000 people, more than 10,000 Restaurant Partners and agreements with 50 national and regional chains. There is still considerable opportunity for growth in Canada. Therefore, we will continue to increase our investment to fund expansion into new cities and towns. In 2017, this investment resulted in an uEBITDA loss of £8.5 million.

The remaining countries in this segment, including our original Canadian business, also delivered strong performances with revenue up 35% to £97.9 million (2016: £72.4 million), or 26% on an organic basis. Notably, Denmark, our oldest business, recorded its 17th consecutive year of double digit revenue growth, which proves the enduring strength of our marketplace model.

Australia & New Zealand

Our Australia & New Zealand businesses delivered revenue of £49.8 million (2016: £36.8 million), reflecting growth of 35%, or 25% on a constant currency basis.

In March 2017, we set out our agenda for this business. We presented the need to move away from two legacy platforms onto the Just Eat platform and to focus on the Menulog brand while retiring the Eat Now brand. We have now migrated this business onto the Just Eat platform and will shortly conclude the brand consolidation.

Australia has unique characteristics as a market with an unusually high proportion of its population residing in just two major cities, making it a highly competitive market. Given the structure of the Australian market, in order to compete effectively, we plan to add a delivery capability to our platform.

[7] Applying the foreign exchange rates used in the current period to the results of the prior year.

To ensure our model is best attuned to local conditions, we will seek to apply learnings from the delivery-centric SkipTheDishes. Similar to the roll-out of delivery in other markets, this will require investment over the short to medium-term.

The rapid evolution of this market and the transformation underway in our business has led us to re-evaluate the carrying value of goodwill associated with the 2015 acquisition of Menulog. Consequently, we have recorded a non-cash, IFRS-based impairment charge of £180.4 million in our 2017 results.

Given the significant changes being made to this business, we took a disciplined view to cost management in the year. As a result, uEBITDA grew 128% to £17.3 million (2016: £7.6 million).

Developing Markets
This segment comprises the high potential, earlier-stage markets of Italy, Mexico and Spain. Revenue from this segment was up 69% to £44.4 million (2016: £26.2 million), or 59% on a constant currency basis. Segmental uEBITDA losses were £3.7 million (2016: £13.7 million loss).

Together, Spain and Italy accounted for 98% of segmental revenue. 2017 was another strong year of growth for both markets. In Italy, we grew our restaurant estate by 45%, increasing our geographical coverage across the country. In Spain, our nationwide presence resulted in only 30% of orders being generated in Madrid and Barcelona.

These markets remain exciting given the large majority of orders are still made by telephone. Furthermore, there remains considerable opportunity to grow our restaurant estate in these countries. We will therefore continue to prioritise revenue growth, reinvesting significantly in marketing activities designed to stimulate both sides of our marketplace.

iFood
iFood is our associate in Latin America, trading principally in Brazil, in which it remains the clear market leader. In 2017, iFood generated revenue of £76.2 million (2016: £28.8 million), up a very strong 165% year on year, or 130% on a constant currency basis.

Just Eat owns 32% of iFood and continues to see significant potential in the Brazilian market. Our success there has seen us create a valuable asset that is not reflected in our headline numbers, nor is its fair value recognised on our balance sheet.

Exceptional items
Exceptional items of £191.1 million in the year (2016: £14.6 million) consist primarily of the £180.4 million non-cash, IFRS-based impairment of goodwill pertaining to the acquisition of our Australia & New Zealand businesses. A further £9.0 million relates to accrued consideration, separate from acquisition consideration, for the SkipTheDishes management team providing certain services to the Group post-completion. This includes knowledge-sharing related to the operation of a delivery function at scale. The remaining costs relate to acquisition-related transaction costs.

After exceptional items, the statutory loss before tax was £76.0 million (2016: £91.3 million profit). Adjusting for the non-cash, IFRS-based impairment charge relating to our Australia & New Zealand businesses, the statutory loss would have been a profit before tax of £104.4 million.

Taxation
The effective tax rate on underlying profits ("Underlying ETR") was 23.7% (2016: 23.4%). Underlying profit is defined as profit before tax before long-term employee incentive costs, exceptional items, other gains and losses, foreign exchange gains and losses, amortisation in respect of acquired intangible assets and share of results from associates below uEBITDA.

Earnings per share
Adjusted basic earnings per share ("EPS") increased by 38% to 16.8 pence (2016: 12.2 pence). Adjusted EPS is calculated using the adjusted profit to equity shareholders. Statutory EPS declined to a loss per share of 15.2 pence (2016: 10.7 pence profit) following the impact of the non-cash impairment charge required under IFRS.

Cash flow
The Group continued its high level of cash conversion[8], with uEBITDA converting to net cash flows before restaurant payments at 91% (2016: 93%). If exceptional items were excluded, the cash conversion would be circa 100% in both the current and prior years. In 2017, net cash generated from operations (including payments for tax and interest) was £166.7 million (2016: £97.0 million).

The Group spent £35.7 million in investing activities during the year (2016: £167.5 million), which in the current year predominantly related to cash used in developing our platforms and the purchase of other technology related assets, including Orderpad units.

At 31 December 2017, the Group had cash balances of £265.1 million (2016: £130.6 million). The Group has access to a £350.0 million revolving credit facility (2016: £200.0 million), which was undrawn at the balance sheet date.

Post-balance sheet event
Subsequent to the year end, on 31 January 2018, the Group completed the acquisition of Hungryhouse for £240.0 million, resulting in a draw-down on the Group's revolving credit facility of £100.0 million (see Note 11).

Looking ahead
Notwithstanding the strong performance of our marketplace business in 2017, the online food delivery sector is evolving. Competition is intensifying in certain markets, including Australia & New Zealand, while Customers expect an ever-better experience from their digital services. At the same time, there are clear opportunities to broaden our addressable market and to accelerate growth in markets that remain under-served.

In 2018, we will make considered investments to position the business for the future. These include investments into delivery in the UK, Canada and Australia & New Zealand, and into our Developing Markets which offer significant growth potential. This is alongside the investments we are already making into our technology to offer a world-class website and mobile experience for our Customers.

We expect these investments to improve overall Group performance over the medium- to long-term, helping us to capture clear opportunities and insulate the business from fast-moving and well-capitalised competitors.

Outlook
Just Eat is in a strong position both operationally and financially. Our successful marketplace business remains the core driver of growth and is on course to deliver uEBITDA of £215 – 235 million in 2018. We will expand our investments in brand, Developing Markets and delivery services, resulting in Group revenue of between £660 – 700 million and uEBITDA of £165 – 185 million in 2018.

Peter Plumb
Chief Executive Officer
5 March 2018

Paul Harrison
Chief Financial Officer
5 March 2018

[8] A reconciliation of how uEBITDA correlates to net cash generated from operating activities is included in Note 2.

Consolidated income statement
Year ended 31 December 2017

	Notes	**Year ended 31 December 2017 £m**	Year ended 31 December 2016 £m
Continuing operations			
Revenue	3	**546.3**	375.7
Cost of sales		**(96.0)**	(35.2)
Gross profit		**450.3**	340.5
Long-term employee incentive costs	4	**(6.6)**	(3.1)
Exceptional items (including impairment charges)	5	**(191.1)**	(14.6)
Other administrative expenses		**(324.5)**	(250.2)
Total administrative expenses		**(522.2)**	(267.9)
Share of results of associates		**(0.6)**	(0.1)
Operating (loss)/profit		**(72.5)**	72.5
Other gains and losses	6	**(2.0)**	18.8
Finance income		**0.7**	0.6
Finance costs		**(2.2)**	(0.6)
(Loss)/profit before tax		**(76.0)**	91.3
Taxation	7	**(27.5)**	(19.9)
(Loss)/profit for the year		**(103.5)**	71.4
Attributable to:			
Equity shareholders		**(102.7)**	71.7
Non-controlling interests		**(0.8)**	(0.3)
		(103.5)	71.4
Earnings per Ordinary share (pence)			
Basic	8	**(15.2)**	10.7
Diluted	8	**(15.2)**	10.5
Adjusted earnings per Ordinary share[9] (pence)			
Basic	8	**16.8**	12.2
Diluted	8	**16.6**	12.0
Reconciliation of operating profit to uEBITDA[9]			
Operating (loss)/profit		**(72.5)**	72.5
Depreciation and amortisation	3	**38.4**	24.3
Long-term employee incentive costs	4	**6.6**	3.1
Exceptional items (including impairment charges)	5	**191.1**	14.6
Net foreign exchange (gains)/losses		**(0.5)**	0.2
Share of results from associates below uEBITDA		**0.4**	0.6
uEBITDA	3	**163.5**	115.3

[9] A definition of uEBITDA and adjusted EPS is included in Notes 3 and 8, respectively.

Consolidated statement of other comprehensive income
Year ended 31 December 2017

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
(Loss)/profit for the year	**(103.5)**	71.4
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations – Group	**(2.6)**	97.9
Exchange differences on translation of foreign operations – associates	**(3.8)**	7.7
Exchange differences on translation of foreign operations reclassified to the income statement on disposal	**–**	0.1
Exchange differences on translation of non-controlling interest	**(0.1)**	(0.2)
Fair value (losses)/gains on cash flow hedges	**(0.1)**	1.8
Fair value gains on available-for-sale investments	**0.1**	–
Income tax related to fair value gains on cash flow hedges	**–**	(0.5)
Net fair value gains on cash flow hedges reclassified to goodwill	**–**	(1.3)
Other comprehensive (loss)/income for the year	**(6.5)**	105.5
Total comprehensive (loss)/income for the year	**(110.0)**	176.9
Attributable to:		
Equity shareholders	**(109.1)**	177.4
Non-controlling interests	**(0.9)**	(0.5)
Total comprehensive (loss)/income for the year	**(110.0)**	176.9

Consolidated balance sheet
As at 31 December 2017

	Notes	**As at 31 December 2017 £m**	As at 31 December 2016 £m
Non-current assets			
Goodwill	10	**544.9**	725.2
Other intangible assets		**94.5**	103.4
Property, plant and equipment		**19.0**	12.4
Investments in associates		**41.4**	29.7
Available-for-sale investments		**4.2**	4.1
Deferred tax assets		**18.1**	14.4
		722.1	889.2
Current assets			
Operating cash		**213.6**	96.8
Cash to be paid to Restaurant Partners		**51.5**	33.8
Cash and cash equivalents		**265.1**	130.6
Inventories		**2.8**	1.7
Trade and other receivables		**24.2**	26.5
Derivative financial instruments		**0.1**	–
Current tax assets		**0.4**	0.4
		292.6	159.2
Total assets		**1,014.7**	1,048.4
Current liabilities			
Trade and other payables		**(185.2)**	(112.1)
Derivative financial instruments		**(0.6)**	–
Current tax liabilities		**(36.4)**	(22.0)
Deferred revenue		**(3.3)**	(3.8)
Provisions for liabilities		**(22.6)**	(13.6)
Borrowings		**(0.4)**	(0.4)
		(248.5)	(151.9)
Net current assets		**44.1**	7.3
Non-current liabilities			
Deferred tax liabilities		**(18.2)**	(25.9)
Deferred revenue		**(0.8)**	(0.9)
Provisions for liabilities		**(20.2)**	(43.1)
Borrowings		**(0.3)**	(0.6)
Other long-term liabilities		**–**	(0.3)
		(39.5)	(70.8)
Total liabilities		**(288.0)**	(222.7)
Net assets		**726.7**	825.7
Equity			
Share capital		**6.8**	6.8
Share premium account		**562.7**	562.2
Translation reserve		**88.3**	94.7
Other reserves		**(5.2)**	(6.4)
Retained earnings		**65.9**	160.7
Equity attributable to shareholders of the Company		**718.5**	818.0
Non-controlling interests		**8.2**	7.7
Total equity		**726.7**	825.7

Consolidated statement of changes in equity
Year ended 31 December 2017

	Share capital £m	Share premium account £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 1 January 2016	6.8	555.5	(11.0)	(6.4)	80.6	625.5	0.4	625.9
Profit/(loss) for the year	-	-	-	-	71.7	71.7	(0.3)	71.4
Other comprehensive income/(loss)	-	-	105.7	-	-	105.7	(0.2)	105.5
Total comprehensive income/(loss) for the year	-	-	105.7	-	71.7	177.4	(0.5)	176.9
Tax on share options	-	-	-	-	0.8	0.8	-	0.8
Issue of capital (net of costs)	-	6.2	-	-	-	6.2	-	6.2
Exercise of share options	-	0.5	-	-	-	0.5	-	0.5
Share based payment charge	-	-	-	-	2.8	2.8	-	2.8
Lapses of JSOP awards	-	-	-	(0.5)	-	(0.5)	-	(0.5)
Exercise of JSOP awards	-	-	-	0.5	-	0.5	-	0.5
Partial disposal of Mexican business	-	-	-	-	4.8	4.8	7.3	12.1
Adjustment to Mexican NCI	-	-	-	-	-	-	0.5	0.5
At 31 December 2016	6.8	562.2	94.7	(6.4)	160.7	818.0	7.7	825.7
Loss for the year	**-**	**-**	**-**	**-**	**(102.7)**	**(102.7)**	**(0.8)**	**(103.5)**
Other comprehensive loss	**-**	**-**	**(6.4)**	**-**	**-**	**(6.4)**	**(0.1)**	**(6.5)**
Total comprehensive loss for the year	**-**	**-**	**(6.4)**	**-**	**(102.7)**	**(109.1)**	**(0.9)**	**(110.0)**
Tax on share options	**-**	**-**	**-**	**-**	**2.0**	**2.0**	**-**	**2.0**
Exercise of share options	**-**	**0.5**	**-**	**-**	**-**	**0.5**	**-**	**0.5**
Share based payment charge	**-**	**-**	**-**	**-**	**6.1**	**6.1**	**-**	**6.1**
Exercise of JSOP/SIP awards	**-**	**-**	**-**	**1.2**	**-**	**1.2**	**-**	**1.2**
Adjustment for cash-settled share options	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
Adjustment to Mexican NCI	**-**	**-**	**-**	**-**	**-**	**-**	**1.4**	**1.4**
At 31 December 2017	**6.8**	**562.7**	**88.3**	**(5.2)**	**65.9**	**718.5**	**8.2**	**726.7**

Consolidated cash flow statement

	Notes	**Year ended 31 December 2017 £m**	Year ended 31 December 2016 £m
Operating (loss)/profit		**(72.5)**	72.5
Adjustments for:			
Amortisation of intangible assets		**31.1**	18.1
Depreciation of property, plant and equipment		**7.3**	6.2
Loss on disposal of property, plant and equipment and intangible assets		**0.9**	0.5
Share of results from associates		**0.6**	0.1
Increase in provisions		**0.3**	6.1
Non-cash long-term employee incentive costs		**6.6**	3.0
Impairment charges	5	**180.4**	–
Other non-cash items		**(0.3)**	–
		154.4	106.5
Increase in inventories		**(0.2)**	(0.5)
(Increase)/decrease in receivables		**(4.6)**	3.0
Increase in payables		**42.7**	1.9
Decrease in deferred revenue		**(0.6)**	(0.1)
Net cash generated by operations		**191.7**	110.8
Interest paid		**(0.7)**	(0.4)
Facility fees paid		**(2.3)**	(0.7)
Income taxes paid		**(22.0)**	(12.7)
Net cash generated from operating activities		**166.7**	97.0
Investing activities			
Interest received		**0.7**	0.6
Acquisition of subsidiary businesses	11	**(0.4)**	(154.7)
Hungryhouse deposit	11	**–**	(6.0)
Acquisition of interests in associates		**(2.6)**	(7.2)
Acquisition of available-for-sale investments		**–**	(3.5)
Disposal of subsidiary businesses		**3.6**	16.7
Disposal of minority stake in Mexican business		**1.2**	9.3
Funding provided to associates		**(0.8)**	(2.1)
Funding provided by minority interests		**1.4**	0.5
Purchases of intangible assets		**(24.0)**	(11.7)
Purchases of property, plant and equipment		**(14.6)**	(9.5)
Other cash (outflows)/inflows		**(0.2)**	0.1
Net cash used in investing activities		**(35.7)**	(167.5)
Financing activities			
Proceeds arising on exercise of options and awards		**3.1**	2.4
Repayment of borrowings		**(0.4)**	–
Cash outflow of the acquisition of minority interests		**–**	(0.1)
Net cash generated from financing activities		**2.7**	2.3
Net increase/(decrease) in cash and cash equivalents		**133.7**	(68.2)
Cash and cash equivalents at beginning of year		**130.6**	192.7
Effect of changes in foreign exchange rates		**0.8**	6.1
Cash and cash equivalents at end of year		**265.1**	130.6

Year ended 31 December 2017

1. General information

The financial information, comprising the consolidated income statement, consolidated statement of other comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes, has been taken from the consolidated financial statements of Just Eat plc (the "Company") for the year ended 31 December 2017, which were approved by the Board of Directors on 5 March 2018. The financial information does not constitute statutory accounts within the meaning of sections 435(1) and (2) of the Companies Act 2006, or contain sufficient information to comply with the disclosure requirements of International Financial Reporting Standards ("IFRS").

An unqualified report on the consolidated financial statements for the year ended 31 December 2017 has been given by the auditor Deloitte LLP. It did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006.

The consolidated financial statements will be filed with the Registrar of Companies, subject to their approval by the Company's shareholders at the Company's Annual General Meeting on 26 April 2018.

2. Basis of preparation

The financial statements have been prepared in accordance with IFRS and IFRS Interpretation Committee interpretations as endorsed by the European Union ("EU"), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, except for assets and liabilities acquired as part of a business combination, deferred contingent consideration, provisions, available-for-sale investments, derivative financial instruments, and other financial assets and liabilities at fair value through profit or loss, which have been measured at fair value. The principal accounting policies adopted by the Group are set out in the consolidated financial statements for the year ended 31 December 2016. These policies have been consistently applied to all years presented.

The going concern basis has been adopted in preparing the consolidated financial statements as the Directors are satisfied that the Company and its subsidiaries (together the "Group") will continue to be able to meet their liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of presenting this financial information.

Management has identified critical accounting judgements and key sources of estimation uncertainty relating to the impairment of goodwill and intangible assets, capitalised development costs and taxation. These accounting judgements and sources of uncertainty have been discussed with the Group's Audit Committee. No new standards, amendments or interpretations to standards effective for the first time for the financial year beginning on 1 January 2017 have had a material impact on the Group's financial position or performance, nor the disclosures in these financial statements.

The uEBITDA and adjusted earnings per share measures provide additional useful information for shareholders and users of the financial information on the underlying performance of the business. These measures are used by management of the Group to measure underlying business performance. A definition of uEBITDA and adjusted EPS is included in Notes 3 and 8, respectively.

A reconciliation of how uEBITDA correlates to net cash generated from operating activities is below:

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
uEBITDA	**163.5**	115.3
Net change in working capital (excluding movement in restaurant payables)	**19.6**	14.3
Income taxes paid	**(22.0)**	(12.7)
Interest cash outflow (including facility fees)	**(3.0)**	(1.1)
Other non-cash items	**1.6**	0.3
Cash flow before exceptional items	**159.7**	116.1
Cash outflow in respect of exceptional items	**(10.7)**	(9.1)
Net cash flow before movement in restaurant payables	**149.0**	107.0
Movement in restaurant payables	**17.7**	(10.0)
Net cash flow from operating activities	**166.7**	97.0
Cash conversion	**91%**	93%
Cash conversion (excluding exceptional item cash flows)	**98%**	101%

3. Operating segments

The Group's businesses are managed on a geographical basis. Selected financial data is presented on this basis below.

The Group has four reportable segments, which remain unchanged from the comparative year: United Kingdom, Australia & New Zealand, Established Markets and Developing Markets. Established Markets includes the operations in Canada, Denmark, France, Ireland, Norway, Switzerland and Benelux (sold August 2016). Developing Markets includes Italy, Mexico and Spain.

The principal measure of profit used by the Chief Operating Decision Maker ("CODM") to assess and manage performance is uEBITDA. The CODM is Peter Plumb, the Group's Chief Executive Officer. It is defined as earnings before finance income and costs, taxation, depreciation and amortisation ("EBITDA"), and additionally excludes long-term employee incentive costs, exceptional items, foreign exchange gains and losses, other gains and losses, and the share of results from associates falling outside this definition.

Segment revenue	**Year ended 31 December 2017 £m**	Year ended 31 December 2016 £m
United Kingdom	**304.1**	238.3
Less inter-segment revenue	**(0.3)**	(1.2)
United Kingdom	**303.8**	237.1
Australia & New Zealand	**49.8**	36.8
Established Markets	**148.3**	75.5
Developing Markets	**44.4**	26.2
Total segment revenue	**546.3**	375.6
Head office	**3.3**	2.8
Less head office inter-segment revenue	**(3.3)**	(2.7)
Total revenue	**546.3**	375.7

Revenue by source	**Year ended 31 December 2017 £m**	**%**	Year ended 31 December 2016 £m	%
Commission revenue	**458.4**	**84**	305.2	81
Payment card and administration fees	**60.1**	**11**	48.5	13
Discounts[10]	**(14.5)**	**(3)**	(7.7)	(2)
Order-driven revenue	**504.0**	**92**	346.0	92
Top-placement fees	**31.6**	**6**	19.7	5
Connection fees and other revenue	**10.7**	**2**	10.0	3
Ancillary revenue	**42.3**	**8**	29.7	8
Total revenue	**546.3**		375.7	

Order-driven revenue by segment was as follows: United Kingdom £283.2 million (2016: £223.4 million), Australia & New Zealand £47.8 million (2016: £34.2 million), Established Markets £134.9 million (2016: £65.5 million), and Developing Markets £38.1 million (2016: £22.9 million).

[10] In the current year, the impact of discounts and vouchers has been reclassified from other revenue to order-driven revenue. The prior year comparatives have been adjusted accordingly.

3. Operating segments *continued*

Segment uEBITDA and results	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
United Kingdom	**155.4**	121.8
Australia & New Zealand	**17.3**	7.6
Established Markets	**11.7**	13.3
Developing Markets	**(3.7)**	(13.7)
Total segment uEBITDA	**180.7**	129.0
Share of uEBITDA from associates[11]	**(0.2)**	0.5
Head office	**(17.0)**	(14.2)
uEBITDA	**163.5**	115.3
Long-term employee incentive costs	**(6.6)**	(3.1)
Exceptional items (including impairment charges)[12]	**(191.1)**	(14.6)
Net foreign exchange gains/(losses)	**0.5**	(0.2)
EBITDA	**(33.7)**	97.4
Depreciation	**(7.3)**	(6.2)
Amortisation – acquired intangible assets	**(24.4)**	(15.5)
Amortisation – other intangible assets	**(6.7)**	(2.6)
Share of results from associates below uEBITDA[11]	**(0.4)**	(0.6)
Operating (loss)/profit	**(72.5)**	72.5
Other gains and losses	**(2.0)**	18.8
Finance income	**0.7**	0.6
Finance costs	**(2.2)**	(0.6)
(Loss)/profit before tax	**(76.0)**	91.3

Segment net book value of non-current assets	As at 31 December 2017 £m	As at 31 December 2016 £m
United Kingdom	**8.5**	12.4
Australia & New Zealand	**313.1**	512.6
Established Markets	**167.8**	176.1
Developing Markets	**129.3**	128.0
	618.7	829.1
Head office	**62.0**	30.4
Associates	**41.4**	29.7
Net book value of non-current assets	**722.1**	889.2

[11] Respective amounts that fall either inside or outside of the Group's definition of uEBITDA.

[12] The current year includes an impairment charge of £180.4 million which relates to the carrying value of goodwill included within the Australia & New Zealand CGU (see Note 10).

3. Operating segments *continued*

Property, plant & equipment and intangible assets

	Additions year ended 31 December[13]		**Depreciation and amortisation year ended 31 December**	
	2017	2016	**2017**	2016
	£m	£m	**£m**	£m
United Kingdom	**2.6**	2.9	**3.0**	3.5
Australia & New Zealand	**0.2**	1.3	**15.0**	10.2
Established Markets	**3.2**	113.6	**8.9**	4.6
Developing Markets	**1.9**	98.2	**4.0**	3.2
	7.9	216.0	**30.9**	21.5
Head office	**30.8**	12.3	**7.5**	2.8
Total	**38.7**	228.3	**38.4**	24.3

4. Long-term employee incentive costs

The total expense recorded in relation to the long-term employee incentives was £6.6 million (2016: £3.1 million). This charge comprises £6.1 million (2016: £2.8 million) in respect of share based payments and £0.5 million (2016: £0.3 million) in respect of provisions for employer's social security costs on the exercise of options.

5. Exceptional items

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Impairment charges	**180.4**	–
M&A transaction costs	**1.7**	9.5
Acquisition integration costs	**9.0**	5.1
Total exceptional items	**191.1**	14.6

Impairment charges

During the year ended 31 December 2017, an impairment charge of £180.4 million was recorded in respect of the Group's Australia & New Zealand ("ANZ") businesses. The charge was driven by lower projected cash flows in the business' plans resulting in management's reassessment of expected future business performance in light of the current trading environment.

The Australian market is unique in the Just Eat portfolio with a substantial part of the population living in Sydney and Melbourne. This characteristic makes Australia an attractive market for competitors with the consequence that Australia is today one of our most competitive markets. Furthermore, success is partly dependent on our ability to add delivery capability to complement our marketplace business.

The change in platform offers the businesses in Australia & New Zealand ("ANZ") the potential to integrate with the SkipTheDishes platform. Along with the additional security, scalability and stability that the new platform brings, this integration will be crucial to ensure the continued growth in the ANZ market through the addition of the logistics capability. The technology built by SkipTheDishes allows forecasting of consumer demand, driver allocation and delivery times with very high levels of accuracy. Whilst it will take time to deploy, it is this technology, when launched in Australia, that will place the business in a good position for solid future growth.

Whilst these initiatives are intended to create a much stronger business in Australia, IAS 36 *Impairment of Assets* prevents the Group from including these cash flows in the valuation of this business. Consequently, an impairment charge of £180.4 million against goodwill reduces the carrying value of the ANZ businesses to £302.2 million.

M&A transaction costs

M&A transaction costs relate to legal, due diligence and other costs incurred as a result of the Group's acquisitions and aborted acquisitions. For the year ended 31 December 2017, they include £1.3 million (2016: £6.3 million) of costs in respect of the acquisition of Hungryhouse Holdings Limited ("Hungryhouse").

[13] Additions include goodwill and other intangible assets acquired as part of business combinations, as well as purchases of tangible and intangible fixed assets.

5. Exceptional items *continued*

Acquisition integration costs
The acquisition integration costs relate to the integration of recently acquired businesses into the Group. For the year ended 31 December 2017, £9.0 million relates to accrued consideration (separate to the acquisition consideration) of SkipTheDishes' management providing certain services to the Group post-completion.

For the year ended 31 December 2016, the costs relate to the integration of Menulog and the four businesses acquired during the first half of 2016 (La Nevera Roja/PizzaBo/hellofood Brazil/hellofood Mexico). They include the non-recurring costs of running two offices and platforms during employee consultation processes, redundancy costs, lease termination costs and related advisers' fees. In addition, they include the cost of recruiting a new Menulog senior management team and advisers' costs in respect of litigation and other matters that pre-dated the Group's acquisition of Menulog in June 2015.

6. Other gains and losses

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Gain on disposal of Benelux businesses	**–**	18.7
Movement in minority shareholders' buy-out provision	**(0.5)**	–
Loss on derivative financial instruments	**(0.4)**	–
Fair value loss on contingent consideration	**(1.1)**	–
Fair value gains on available-for-sale investments	**–**	0.5
Other losses	**–**	(0.4)
Net other (losses)/gains	**(2.0)**	18.8

On 2 August 2016, the Group disposed of its Benelux operations (Belgium and Netherlands) to Takeaway.com for £19.3 million in total consideration, which resulted in a gain on disposal of £18.7 million. A cash inflow of £14.6 million was received in the year ended 31 December 2016, and the balance of £3.6 million was received in the year ended 31 December 2017.

7. Taxation

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Current taxation		
Current year	**38.0**	29.0
Adjustment for prior years	**(0.3)**	0.1
	37.7	29.1
Deferred taxation		
Temporary timing differences	**(10.0)**	(8.6)
Adjustment for prior years	**(0.2)**	(0.7)
Effect of tax rate change	**–**	0.1
	(10.2)	(9.2)
Total tax charge for the year	**27.5**	19.9

UK corporation tax was calculated at 19.25% (2016: 20%) of the taxable profit for the year. The UK government announced in the summer 2015 budget, a reduction in the standard rate of corporation tax from 20% to 19%, effective from 1 April 2017. The Finance Bill 2016 subsequently reduced the main rate of corporation tax to 17%, effective from 1 April 2020.

Taxation for territories outside of the UK was calculated at the rates prevailing in the respective jurisdictions.

Taxation on items taken directly to equity in respect of share options was a net credit of £2.0 million (2016: £0.8 million credit), which comprised of £0.9 million relating to current tax and £1.1 million relating to deferred tax.

In the prior year, taxation on items taken directly to other comprehensive income (£0.5 million debit) relates to fair value gains on cash flow hedges which have been reclassified to goodwill.

7. Taxation *continued*

Factors affecting the tax expense for the year
The total tax charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	Year ended 31 December 2017			
	Before adjusting items £m	**Adjusting items £m**	**Total £m**	Year ended 31 December 2016 £m
(Loss)/profit before tax	**148.0**	**(224.0)**	**(76.0)**	91.3
UK rate of 19.25% (2016: 20%)	**28.5**	**(43.1)**	**(14.6)**	18.3
Adjusted for the effects of:				
Non-deductible expenditure	**0.6**	**2.5**	**3.1**	3.0
Non-taxable income	**(5.9)**	**–**	**(5.9)**	(5.3)
Share based payments	**–**	**0.3**	**0.3**	0.1
Impairment charges	**–**	**34.7**	**34.7**	–
Profit on the deemed disposals of businesses	**–**	**–**	**–**	(3.8)
Prior year adjustments	**(0.5)**	**–**	**(0.5)**	(0.6)
Unrecognised deferred tax asset changes	**2.3**	**(0.7)**	**1.6**	2.4
Overseas tax rates	**(0.3)**	**(1.4)**	**(1.7)**	(2.5)
Other overseas taxes	**10.4**	**–**	**10.4**	8.2
Associates results	**–**	**0.1**	**0.1**	–
Reduction in UK tax rate	**–**	**–**	**–**	0.1
Total tax charge for the year	**35.1**	**(7.6)**	**27.5**	19.9
Effective tax rate	**23.7%**		**(36.2%)**	21.8%

The effective tax rate on underlying profits ("Underlying ETR") is 23.7% (2016: 23.4%). Underlying profit is defined as profit before tax before long-term employee incentive costs, exceptional items, other gains and losses, foreign exchange gains and losses, amortisation in respect of acquired intangible assets and share of results from associates below uEBITDA.

The total tax charge of £27.5 million (2016: £19.9 million) is made up of: a current tax charge of £37.7 million (2016: £29.1 million), primarily consisting of corporate tax arising in the UK, Denmark, France, Ireland and Switzerland; and a deferred tax credit of £10.2 million (2016: £9.2 million) resulting from the recognition of a deferred tax asset on tax losses arising in Australia and the unwinding of deferred tax liabilities arising on acquired intangibles.

As a result of the geographical spread of the Group's operations and the varied, increasingly complex nature of local and global tax law, there are some transactions for which the ultimate tax determination is uncertain during the ordinary course of business. The provision held in relation to uncertain tax items totalled £17.4 million at 31 December 2017 (2016: £9.8 million).

8. Earnings per share
Basic earnings per share was calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year, excluding unvested shares held pursuant to the Group's Joint Share Ownership Plan ("JSOP") and Share Incentive Plan ("SIP").

Diluted earnings per share was calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. The Group has potentially dilutive shares in the form of share options and unvested shares held pursuant to the Group's JSOP and SIP.

Adjusted earnings per share is the main measure of earnings per share used by the Group and is calculated using an underlying profit measure attributable to equity shareholders, which is defined as profit attributable to equity shareholders, before long-term employee incentive costs, exceptional items, other gains and losses, foreign exchange gains and losses, amortisation of acquired intangible assets, share of results from associates below uEBITDA, and the tax impact of these adjusting items.

8. Earnings per share *continued*

Basic and diluted earnings per share	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
(Loss)/profit attributable to equity shareholders	**(102.7)**	71.7
Long-term employee incentive costs	**6.6**	3.1
Exceptional items (including impairment charges)	**191.1**	14.6
Other gains and losses	**2.0**	(18.8)
Net foreign exchange (gains)/losses	**(0.5)**	0.2
Amortisation in respect of acquired intangible assets	**24.4**	15.5
Share of results from associates below uEBITDA	**0.4**	0.3
Tax impact of these adjusting items	**(7.6)**	(5.0)
Adjusted profit attributable to equity shareholders	**113.7**	81.6

	Number of shares ('000)	
	Year ended 31 December 2017	Year ended 31 December 2016
Weighted average number of Ordinary shares for basic earnings per share	**676,844**	669,462
Effect of dilution:		
Share options and awards	**5,159**	6,420
Unvested JSOP shares	**943**	3,547
Shares held in escrow	**–**	48
Weighted average number of Ordinary shares adjusted for the effect of dilution	**682,946**	679,477

	Year ended 31 December 2017 (pence)	Year ended 31 December 2016 (pence)
Earnings per Ordinary share		
Basic	**(15.2)**	10.7
Diluted[14]	**(15.2)**	10.5
Adjusted earnings per Ordinary share		
Basic	**16.8**	12.2
Diluted	**16.6**	12.0

9. Dividends

No dividends have been declared or paid in the current year (2016: £nil).

10. Goodwill

	2017 £m	2016 £m
At 1 January	**725.2**	457.1
Arising on acquisition	**–**	181.2
SkipTheDishes acquisition adjustment[15]	**1.5**	–
Impairment charges[16]	**(180.4)**	–
Foreign exchange movement	**(1.4)**	86.9
At 31 December	**544.9**	725.2

[14] Ordinary shares are only treated as dilutive when their conversion would decrease earnings per share or increase loss per share from continuing operations.

[15] Due to the limited time between the acquisition of SkipTheDishes on 14 December 2016 and the publication of the 2016 Annual Report, the prior year acquisition accounting was provisional. The prior year valuation of the acquired intangible assets was based on estimated inputs. In the current year, the valuation models and acquisition accounting have been finalised, resulting in an increase in goodwill of £1.5 million (see Note 11).

[16] Impairment charges at 31 December 2017 relate to the Group's ANZ business. Accumulated impairment charges were £180.4 million (2016: £nil).

10. Goodwill *continued*

Goodwill has arisen on the acquisition of businesses and is attributable to the future growth of the acquired businesses, through expansion of their networks of Restaurant Partners and the number of orders per restaurant, anticipated future operating synergies, and the ability to leverage the Group's existing intellectual property in new markets around the world. In addition, the goodwill balances represented the value of the businesses' active Customer bases and assembled workforce, which do not meet the recognition criteria of an intangible asset.

Goodwill acquired in a business combination is allocated on acquisition to the CGUs that are expected to benefit from that business combination.

11. Acquisitions

Acquisition of Hungryhouse

On 15 December 2016, the Group announced that it had agreed to acquire 100% of the share capital of Hungryhouse from Delivery Hero Holding GmbH. Approval from the Competition and Markets Authority ("CMA") was obtained on 16 November 2017 and completion of the acquisition occurred on 31 January 2018. Consideration transferred has provisionally been calculated to be £240.0 million, which includes:

	£m
Cash deposit paid in 2016	6.0
Cash paid on completion	210.0
Estimated deferred consideration payable	24.0
Estimated total consideration	**240.0**

Funding for the acquisition was obtained from both existing cash and a £100.0 million draw down on the Group's revolving credit facility. Estimated deferred consideration of £24.0 million with the balance (net of any warranties) is payable 12 months after completion.

The acquisition is consistent with Just Eat's strategic ambition to further its growth and increase its market presence in every geography in which it operates. Hungryhouse is an online food company operating solely in the UK, with a comparable business model to Just Eat.

The acquisition is expected to generate significant benefits for Just Eat's Restaurant Partners and Customers. It creates an enlarged Customer base for Restaurant Partners to access, while increasing the breadth of choice on offer to UK consumers through Just Eat's platform. The combination of the two businesses also generates compelling economic benefits of scale, with high operating leverage expected to drive material synergies post integration.

Due to the limited amount of time since completion of the Hungryhouse acquisition, the initial accounting for the business combination has not been completed. Disclosures that are not able to be made consist of the acquisition-date fair value of each major balance sheet item, including contingent liabilities.

Goodwill is attributable to the future growth of the acquired business, through expansion of their networks of Restaurant Partners, the number of orders per restaurant, and the anticipated future operational synergies. In addition, the goodwill balance represents the value of the consumer bases and assembled workforce, which do not meet the recognition criteria of an intangible asset. None of the goodwill is expected to be deductible for tax purposes.

For the year ended 31 December 2017, Hungryhouse generated revenue of £35.3 million and a loss before tax of £14.8 million. Transaction costs incurred on acquisition, including the CMA process, have been separately recognised as an exceptional item in Note 5.

On 2 February 2018, management advised Hungryhouse employees of their intention to integrate the Hungryhouse business with Just Eat, with orders being diverted through the Just Eat platform. Associated integration and migration costs cannot yet be reliably estimated.

11. Acquisitions *continued*

Acquisition of SkipTheDishes
On 14 December 2016, the Group acquired the entire share capital of SkipTheDishes. At 31 December 2016, the acquisition accounting was provisional as some of the inputs used in the valuation of the acquired intangible assets were based on estimates. At 31 December 2017, the acquisition accounting has been finalised with the following measurement period changes being applied during the current year:

- Acquired intangible assets decreased by £1.8 million to £17.6 million.
- The deferred tax liability that directly corresponds to the valuation of the acquired intangible assets decreased by £0.3 million to £3.7 million.
- Total consideration transferred remains unchanged at £108.4 million, meaning goodwill recognised on acquisition was £93.4 million. At 31 December 2017, goodwill decreased to £91.8 million as a result of foreign exchange movements.

Net cash outflow on acquisition of businesses
The net cash outflow on acquisition of businesses during the year ended 31 December 2017 was £0.4 million, which relates to deferred consideration paid during the year in respect of acquisitions made in previous years.

For the year ended 31 December 2016, the net cash outflow of £154.7 million related to the acquisition of La Nevera Roja/PizzaBo/hellofood Brazil/hellofood Mexico (£97.8 million), SkipTheDishes (£56.2 million) and deferred consideration paid in respect of acquisitions made in previous years (£0.7 million).

12. Related party transactions
During the year, the Group entered into transactions in the ordinary course of business with related parties.

IF-JE Participacoes S.A. ("IF-JE")
During the year ended 31 December 2017, the Group provided its associate, IF-JE, with working capital funding of £0.8 million (2016: £2.1 million). The Group received additional shares as consideration for the funding. The majority shareholder Movile also participated in the funding. As the IF-JE minority shareholders didn't participate in the funding, the Group's holding in IF-JE increased by less than 0.1%.

During the year ended 31 December 2016, the Group disposed of 100% of the shares in hellofood Brazil to IF-JE for £2.1 million total consideration.

IF-JE has contracted to provide management services to SinDelantal Mexico. The total charge incurred for the year was £0.6 million (2016: £0.4 million), which was accrued on the balance sheet at 31 December 2017.

IF-JE Holdings B.V. ("IF-JE NL")
During the year ended 31 December 2016, the Group, along with Movile, incorporated IF-JE NL, a holding company based in the Netherlands. The Group contributed £3.4 million in exchange for 33.3% of the shares in the company, which has been recognised by the Group as an associate. IF-JE NL used these funds along with £6.6 million of funds contributed by Movile to acquire 49% of the share capital in ECAC (a subsidiary of the Group) for £12.1 million total consideration.

Compensation of key management personnel of the Group
On 24 March 2014, prior to the IPO, the Company called all the unpaid subscription amounts, totalling £13.2 million, in respect of certain shares issued under the JSOP. In order to facilitate this, the Company made loans to participants of the JSOP and Estera Trust (Jersey) Limited totalling £5.3 million and £7.9 million, respectively. The loans provided to the participants of the JSOP included loans to key management personnel totalling £4.9 million. As at 31 December 2017, the amount due from key management personnel in respect of these loans was £0.2 million (2016: £1.1 million).

The total compensation of key management personnel for the year ended 31 December 2017 was £7.5 million (2016: £6.1 million).

13. Events after the balance sheet date
On 31 January 2018, the Group completed the acquisition of Hungryhouse (see Note 11).