



# H1 2018 RESULTS

August 13<sup>th</sup>, 2018







## Highlights Q2: strong group performance across all financial metrics



### Another quarter of outstanding group Revenue Growth

- **41%** on a constant currency basis ex. Green Chef
- **48%** on a constant currency basis incl. Green Chef



### AEBITDA Breakeven for group reached 2 quarters early

- Group AEBITDA margin (ex Green Chef) of **0%**
- Both segments (excl. Green Chef) **AEBITDA positive**



### Strong outperformance on Contribution Margin

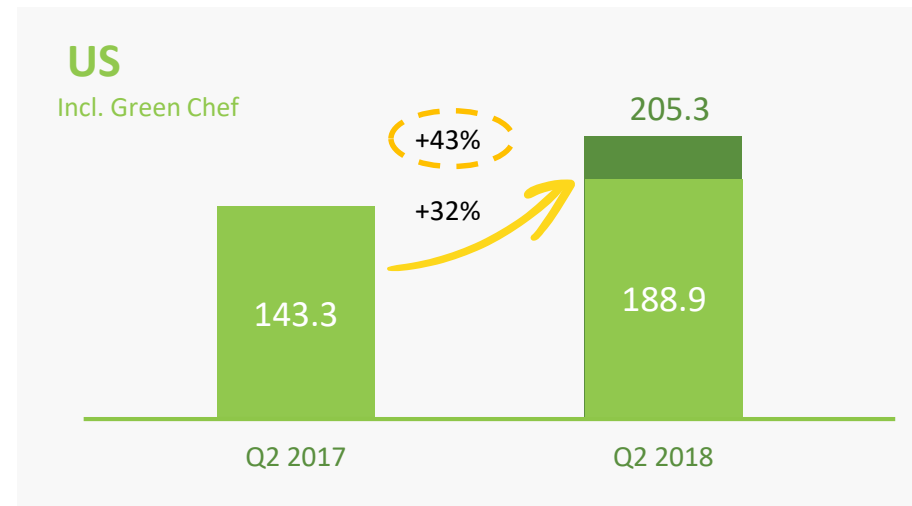
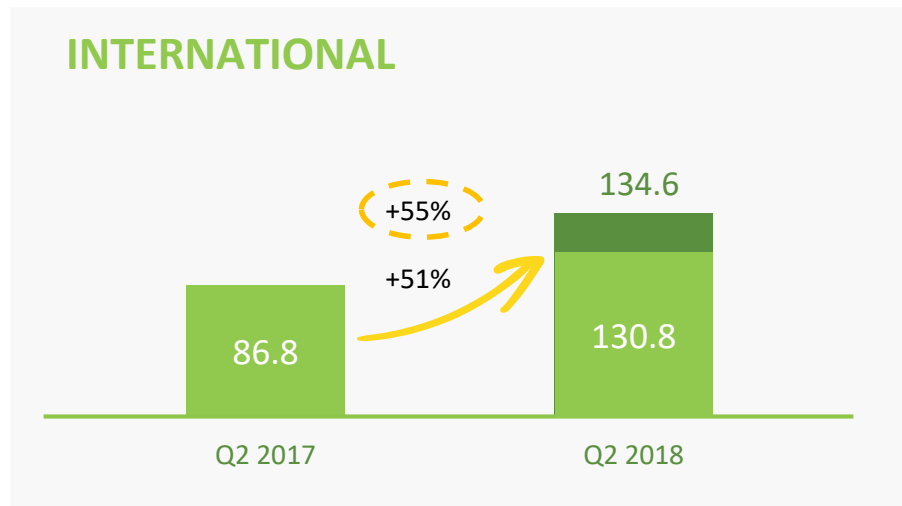
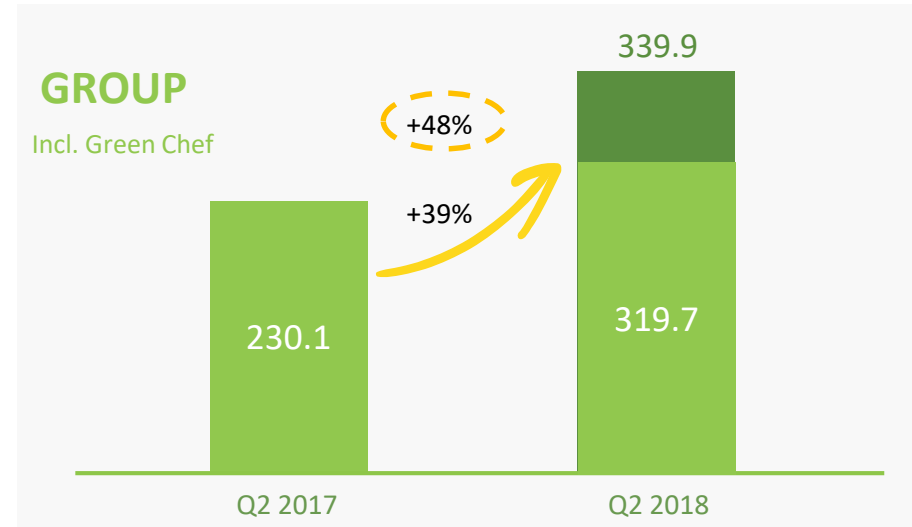
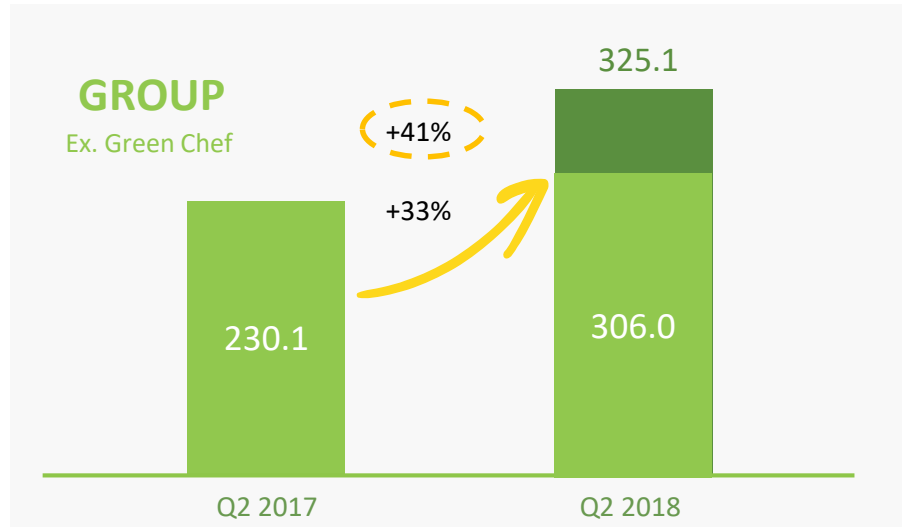
- Group contribution margin<sup>1</sup> of **28%** (incl. Green Chef)
- Significantly **ahead of plan**

1. Contribution margin is defined as revenue less cost of goods sold and fulfilment expenses, excluding share-based compensation expenses



# Another quarter of > 40% year-on-year topline growth for the group (in constant currency)

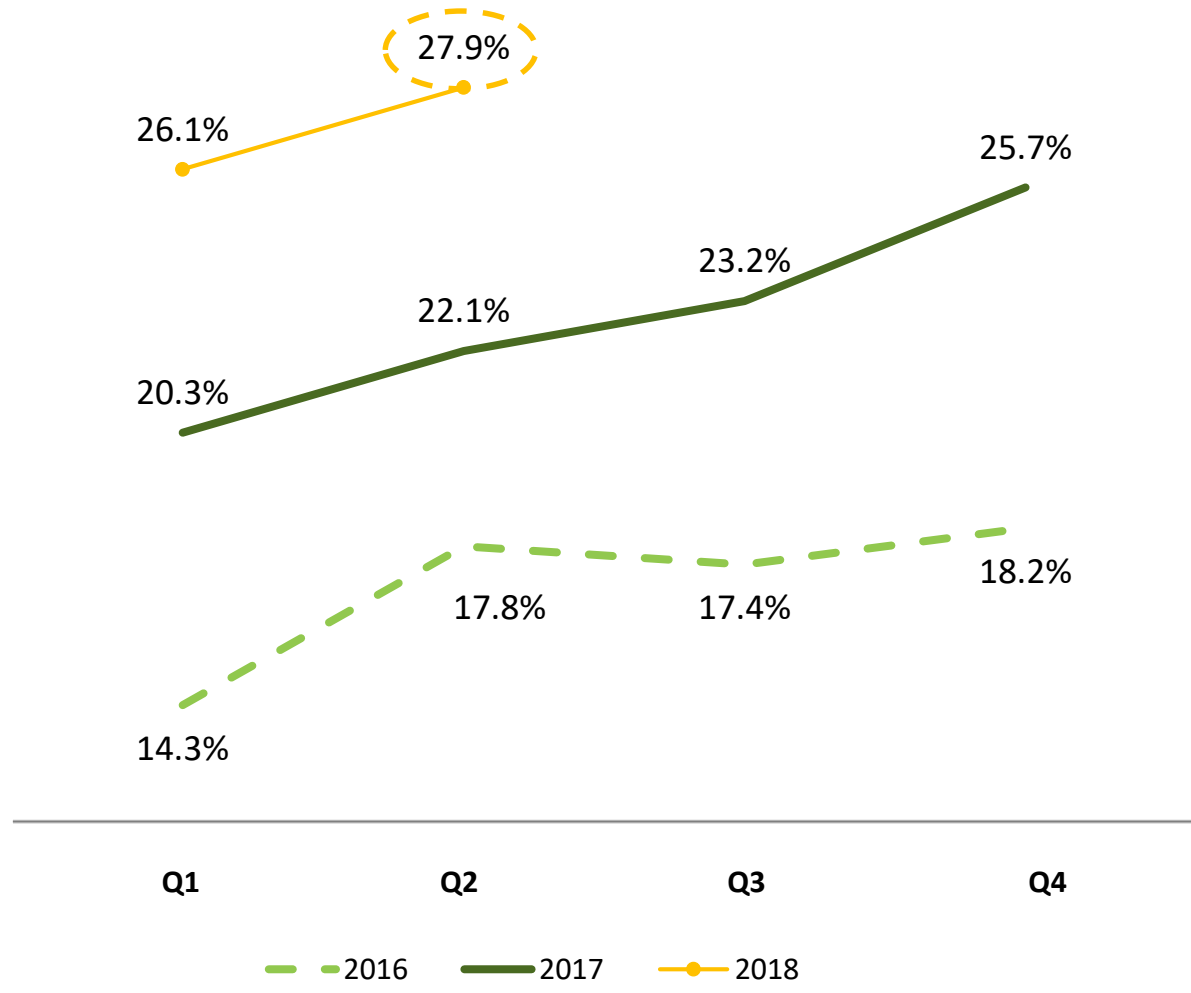
(€m)



Growth rate based on constant currency



# Operational efficiencies tracking significantly ahead of plan, translating into a strong contribution margin increase in Q2

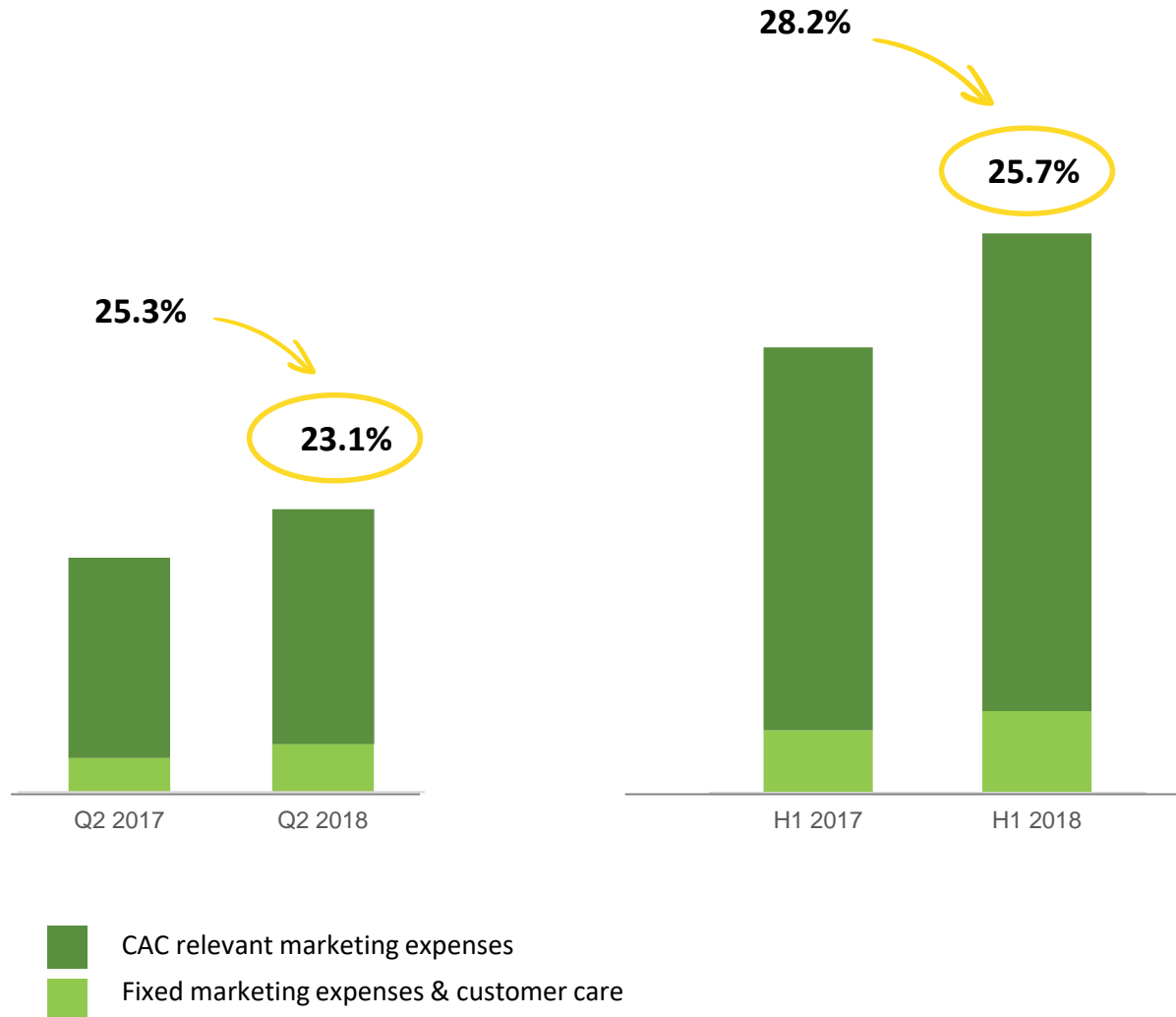


- Contribution margin<sup>1</sup> increase by **5.8% points y-o-y**
- **1.8% points** increase **q-o-q** (despite margin dilutive impact of Green Chef acquisition)
- **Margin expansion** primarily driven by
  - COGS savings across the group
  - Fulfilment efficiencies in Intl, supported by strong volume growth

1. Contribution margin is defined as revenue less cost of goods sold and fulfilment expenses, excluding share-based compensation expenses; contribution margin is shown as % of revenue



# Driving down CACs and seasoning of our sticky customer base allow us to decrease our marketing investments as % of Net Revenues

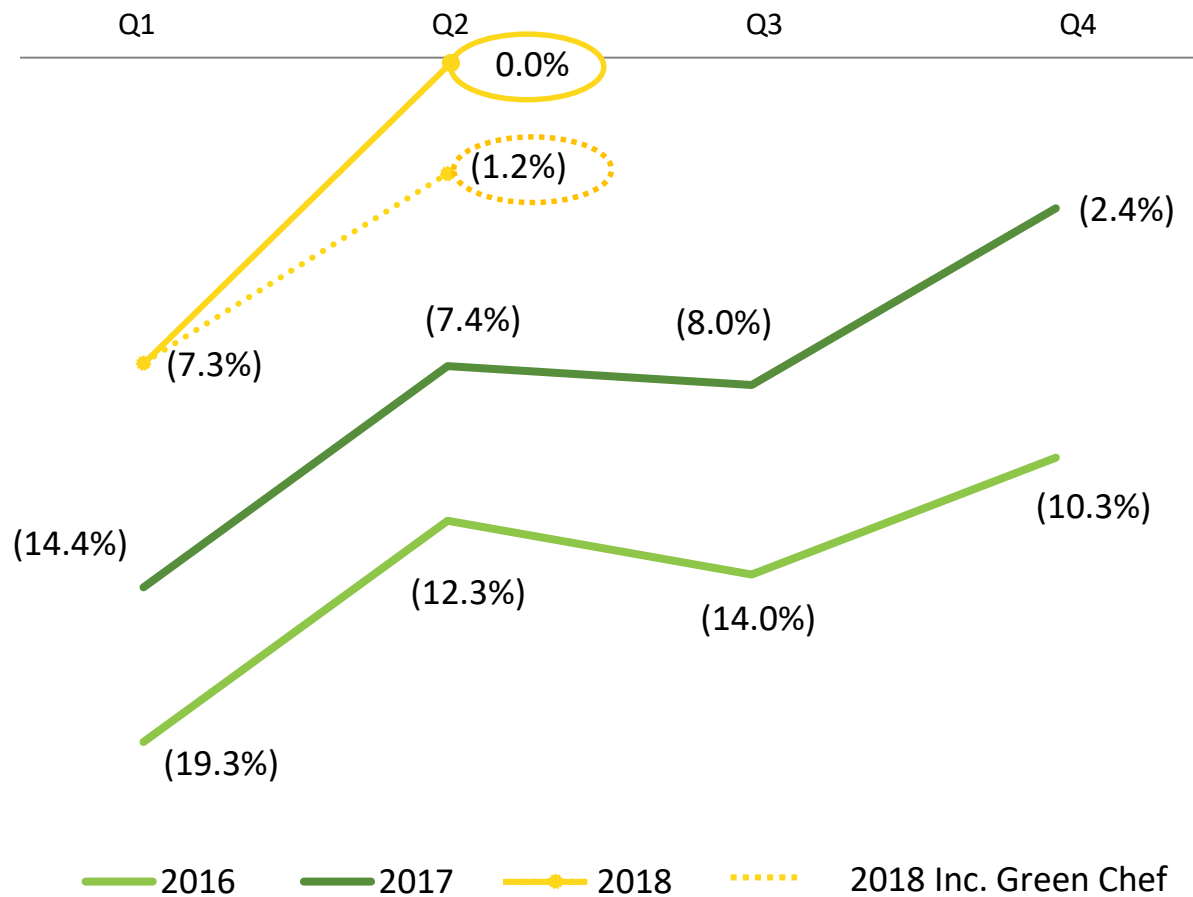


- H1 marketing investment<sup>1</sup> as % of Net Revenue **decreased y-o-y by 2.5% points**
- **Lower CACs y-o-y**, driven by
  - Refining of ad tech tools, data analytics and data science
  - More disciplined seasonal spending to optimize ROI
- **Increasing share of revenues from vintage customers**

1.Excluding marketing-related share-based compensation expenses



# For the 1<sup>st</sup> time, HelloFresh reached quasi-AEBITDA<sup>1</sup> breakeven in Q2<sup>2</sup>



- **0.0% AEBITDA margin in Q2<sup>2</sup>**
- **7.4% points y-o-y improvement**
- Both segments profitable (ex. Green Chef):
  - **US AEBITDA margin of 2.0%**
  - **International AEBITDA margin of 4.1%**
- **(1.2)% AEBITDA margin from Green Chef impact**

1. AEBITDA is calculated by adjusting EBITDA for special items and share-based compensation expenses; AEBITDA margin is defined as % of revenue

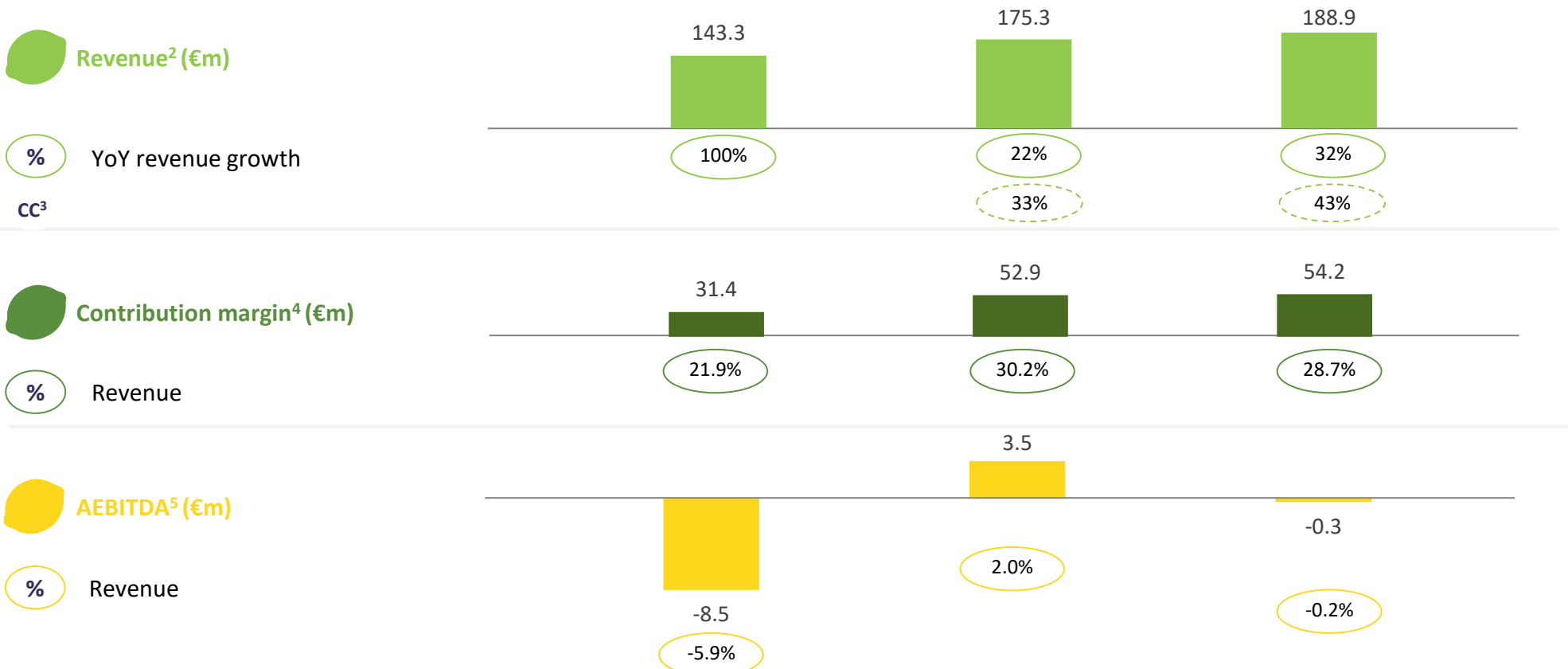
2. Excluding Green Chef



# US: Organic y-o-y revenue growth of 33% (in constant currency)<sup>1</sup> and AEBITDA profitability reached (ex. Green Chef) in Q2 2018

## OPERATIONAL AND FINANCIAL KPIs

|   | Q2 17 | Q2 18<br>(Ex. Green Chef) | Q2 18<br>(Incl. Green Chef) |
|---|-------|---------------------------|-----------------------------|
| Active Customers (m)                      | 0.8   |                           | 1.1                         |
| Average Order Rate                        | 3.4   |                           | 3.4                         |
| Average Order Value (€)                   | 53.0  |                           | 49.6                        |
| Average Order Value constant currency (€) | 53.0  |                           | 53.9                        |



1. Excluding Green Chef Q2 results

2. Revenue post promotional discounts, customer credits, refunds and excluding VAT; YoY stands for year on year and compares the respective quarter with the same quarter of the previous year

3. Based on constant currency

4. Contribution margin is defined as revenue less cost of goods sold and fulfilment expenses, excluding share-based compensation expenses

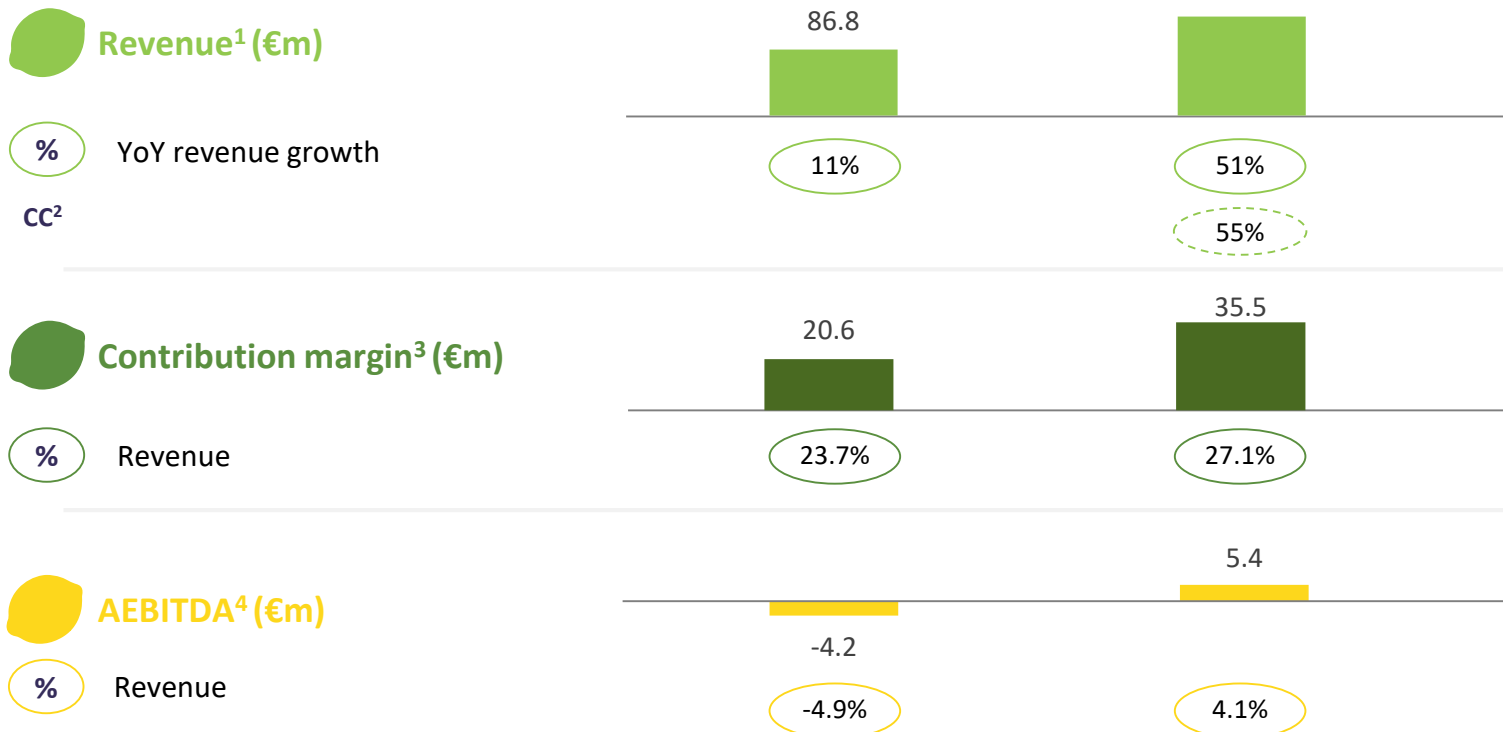
5. AEBITDA is calculated by adjusting EBITDA for special items and share-based compensation expenses; AEBITDA margin is defined as % of revenue



# International: outstanding y-o-y revenue growth of 55% (in constant currency) and AEBITDA margin improvement of 9% points y-o-y

## OPERATIONAL AND FINANCIAL KPIs

|   | Q2 17 | Q2 18 |
|---|-------|-------|
| Active Customers (m)                      | 0.46  | 0.72  |
| Average Order Rate                        | 4.3   | 4.0   |
| Average Order Value (€)                   | 43.9  | 44.9  |
| Average Order Value constant currency (€) | 43.9  | 46.2  |



1. Revenue post promotional discounts, customer credits, refunds and excluding VAT; YoY stands for year on year and compares the respective quarter with the same quarter of the previous year

2. Based on constant currency

3. Contribution margin is defined as revenue less cost of goods sold and fulfilment expenses, excluding share-based compensation expenses

4. AEBITDA is calculated by adjusting EBITDA for special items and share-based compensation expenses; AEBITDA margin is defined as % of revenue





# Owning the Future: based on our strength as Global Leader by size, growth and margin, we have decided to reinvest part of our margin gains in H2



Implement Multi-Brand Strategy for the US market



Price & Selection Leadership for HelloFresh US



Ramp up New Geography in International





# We will vastly expand our TAM by offering distinct meal plan solutions at different price tiers



**GREEN CHEF** \$\$\$ \$11 – \$13 Per Meal


- Organic, premium ingredients
- Catering to long-tail of specific dietary niches
- Leverage scale from HF core

**Hello FRESH** \$\$ \$8 – \$10 Per Meal

- Investment in Selection, Choice & Personalization
- Clear Price Leadership

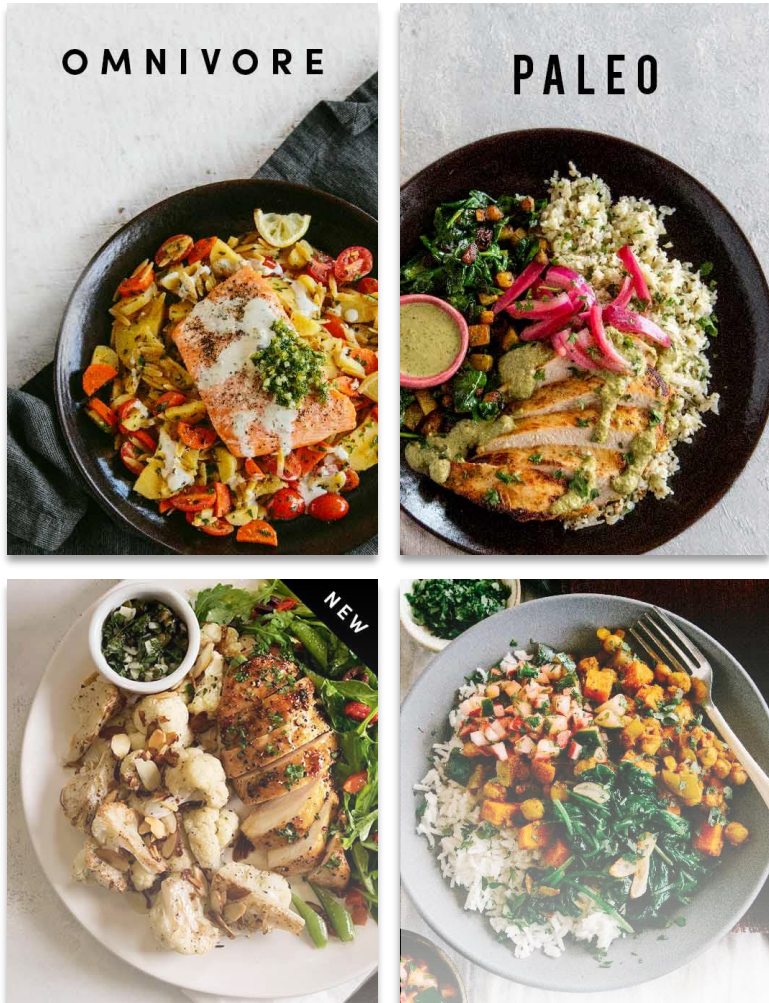
**EveryPlate** \$ \$5 – \$6 Per Meal


- Establish the leading value meal kit brand, targeting median US household incomes
- Leverage scale from Ops Platform

 Price Differentiation to capture the demand of different customer groups






# Green Chef Integration with very good progress to date, setting us up for growth and success in Q4




- Streamlined teams & processes 


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- Sharply improving the customer experience
  - Introduction of more Meal Choice 
  - Price Leadership in Premium segment 
  - More Delivery Days 

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- Well on track to realize targeted procurement and ops efficiencies 

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 Introducing our proven tools and systems for long-term value creation and growth





# Our brand “EveryPlate” targets a previously untapped demographic, leveraging the scale and cost advantages of the HelloFresh platform



- Soft-launched in May 2018



- Very positive customer response to date

- High Recipe Ratings
- NPS data on par with core HelloFresh brand



- Scalable Ops and Tech set-up in place
- Target Margins and Target LTV: CAC in line with core business

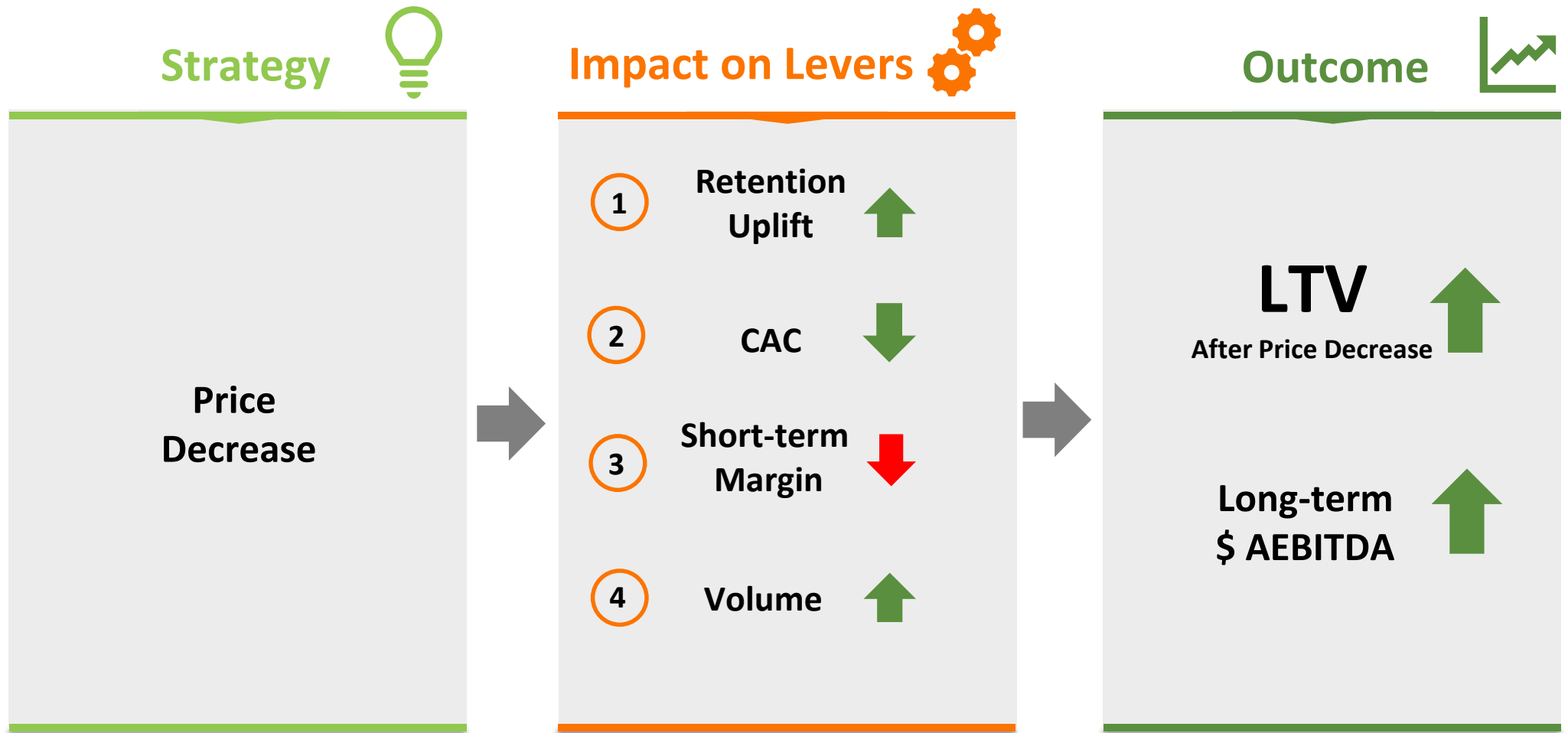


Platform for sustained Growth created; ready for Q4 ramp up





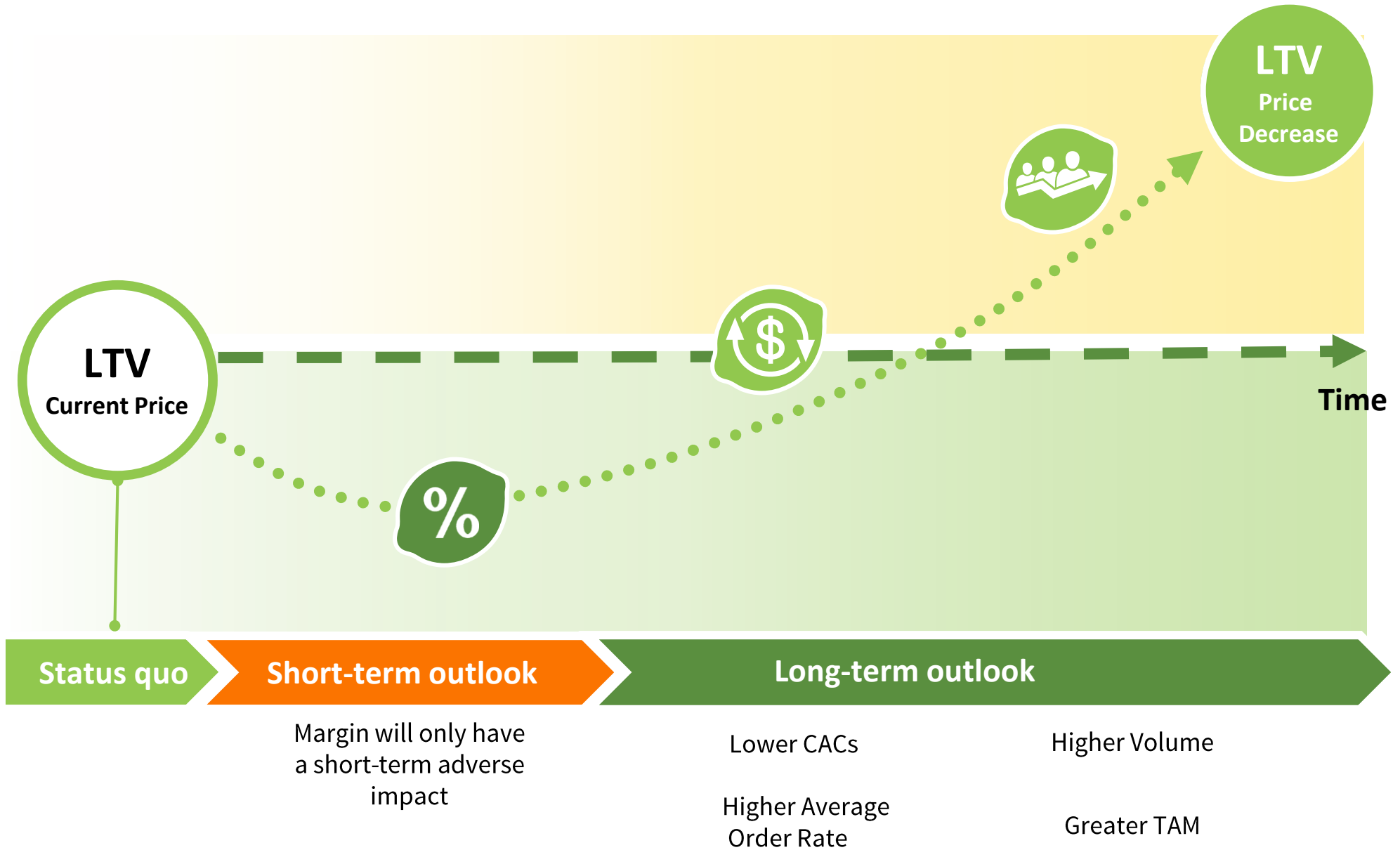
# Recent strong Margin Improvements make a price decrease the superior strategy for long – term LTV optimization and market share



The expected benefits in Marketing and Lifetime outweigh the short-term margin loss; Volume Growth will in turn increase margins again



# Investment in Price Leadership will adversely impact bottom-line in the short-run but is very beneficial in the medium- and long-run





# In H2, we will also start to ramp up investment in New Business opportunities for sustained long-term value creation



## Geo Expansion



- Launch of a New Geography in H2
- Set Up of initial Product & Supply Chain
- Investments into Tech, People & Systems Landscape
- At Launch we expect negative operating margins and high Marketing as % of Net Revenue

## HelloFresh GO



- Positive pilot results in DE gives us confidence to scale up investment
- Ramp up of B2B sales pipeline
- Investment into underlying Tech and ERP in advance of European scale up



## Business Outlook for H2

### 1 REVENUE

Organic<sup>1</sup> group revenue growth target for 2018 **increased to c. 32% - 37% (on constant currency)** from previously 30% - 35%

### 2 CONTRIBUTION MARGIN

Contribution margin > **25% re-confirmed**, in spite of additional investments in price, selection and new verticals in H2

### 3 AEBITDA

Given certain investments in growth in H2, we expect that our previous target of AEBITDA breakeven for the Group (ex Green Chef) in Q4 2018 will be **reached later** during the course of 2019



1. Excluding the impact of Green Chef





## APPENDIX







# Profit & loss statement

| (€m)                              | Q2 2017       | Q2 2018       | H1 2017       | H1 2018       |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>                    | <b>230.1</b>  | <b>319.7</b>  | <b>435.4</b>  | <b>615.2</b>  |
| % YoY growth                      | 49.3%         | 38.9%         | 49%           | 41.3%         |
| Cost of goods sold <sup>1</sup>   | (93.4)        | (117.9)       | (180.5)       | (234.0)       |
| Gross profit                      | 136.7         | 201.8         | 254.9         | 381.2         |
| Margin (% of revenue)             | 59.4%         | 63.1%         | 58.5%         | 62.0%         |
| Fulfilment expenses <sup>1</sup>  | (85.9)        | (113.0)       | (162.8)       | (215.7)       |
| Marketing expenses <sup>1</sup>   | (58.5)        | (74.3)        | (123.1)       | (158.3)       |
| G&A <sup>1</sup>                  | (11.2)        | (26.1)        | (20.5)        | (44.9)        |
| Other operating income & expenses | (1.3)         | (2.0)         | (1.4)         | (3.8)         |
| EBIT                              | (20.2)        | (13.6)        | (52.9)        | (41.5)        |
| Margin (% of revenue)             | (9)%          | (4)%          | (12)%         | (7)%          |
| Financial result                  | (2.9)         | 0.5           | (4.2)         | (0.6)         |
| EBT                               | (23.1)        | (13.1)        | (57.1)        | (42.1)        |
| Income tax (expense) benefit      | 0.4           | (2.1)         | 0.4           | (2.9)         |
| <b>Net income / (loss)</b>        | <b>(22.7)</b> | <b>(15.2)</b> | <b>(56.7)</b> | <b>(45.0)</b> |

## Reconciliation starting at EBIT

|                            |               |              |               |               |
|----------------------------|---------------|--------------|---------------|---------------|
| EBIT                       | (20.2)        | (13.6)       | (52.9)        | (41.5)        |
| D&A                        | (1.9)         | (3.6)        | (3.8)         | (6.1)         |
| EBITDA                     | (18.3)        | (10.0)       | (49.1)        | (35.4)        |
| SBC                        | 0.7           | 5.1          | 1.8           | 8.6           |
| Special Items              | 0.7           | 1.0          | 0.7           | 1.2           |
| <b>AEBITDA<sup>2</sup></b> | <b>(16.9)</b> | <b>(3.9)</b> | <b>(46.5)</b> | <b>(25.6)</b> |
| Margin (% of revenue)      | (7.4)%        | (1.2)%       | (10.7)%       | (4.2)%        |

1. Including share-based compensation expenses

2. AEBITDA is calculated by adjusting EBITDA for special items and share-based compensation expenses; AEBITDA margin is defined as % of revenue



## Balance sheet statement and other information

| (€m)                                       | FY 2017      | H1 2018      |
|--|--------------|--------------|
| <b>Assets</b>                              |              |              |
| Non - current Assets                       | 66.1         | 86.1         |
| Current Assets*                            | 386.8        | 353.1        |
| *of which cash                             | 339.9        | 307.6        |
| <b>Total assets</b>                        | <b>452.9</b> | <b>439.2</b> |
| <b>Equity and liabilities</b>              |              |              |
| Equity                                     | 303.3        | 266.4        |
| Non - current liabilities                  | 41.6         | 42.6         |
| Current liabilities                        | 108.0        | 130.2        |
| <b>Total equity and liabilities</b>        | <b>452.9</b> | <b>439.2</b> |
| <hr style="border-top: 1px dashed #ccc;"/> |              |              |
|  | H1 2017      | H1 2018      |
| Cash flow from operating activities        | (29.3)       | (9.1)        |
| AEBITDA                                    | (46.5)       | (25.6)       |



# Financial calendar 2018



|           |    |    |    |    |    |    |    |
|-----------|----|----|----|----|----|----|----|
|           |    |    | 1  | 2  | 3  | 4  | 5  |
| August    | 6  | 7  | 8  | 9  | 10 | 11 | 12 |
|           | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|           | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
|           | 27 | 28 | 29 | 30 | 31 | 1  | 2  |
| September | 3  | 4  | 5  | 6  | 7  | 8  | 9  |
|           | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|           | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
|           | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| November  |    |    | 1  | 2  | 3  | 4  |    |
|           | 5  | 6  | 7  | 8  | 9  | 10 | 11 |
|           | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|           | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
|           | 26 | 27 | 28 | 29 | 30 |    |    |

14.08.2018

- Frankfurt roadshow

15.08.2018

- Stockholm/Helsinki roadshow

16.08.2018

- Copenhagen roadshow

12 - 13.09.2018

- Zurich/Lugano roadshow

18.09.2018

- London roadshow

24.09.2018

- Berenberg & GS Conference - Munich

13.11.2018

- Publication of Quarterly Financial Statements (Q3 2018) and Earnings Call

13.11.2018

- Capital Markets Day 2018 - London

15.11.2018

- Morgan Stanley European Technology, Media & Telecom Conference - Barcelona





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