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Takeaway.com responds to misleading claims

Takeaway.com N.V. ("Takeaway.com") wishes to ensure that shareholders have correct information on which to base their assessment of the competing Takeaway.com and Prosus offers for Just Eat plc (the "Just Eat Takeaway.com Combination" or "Combination", "Prosus Offer" and "Just Eat"). Takeaway.com believes Prosus has made a number of statements which should be seen as scaremongering in an attempt to persuade shareholders to sell out and accept Prosus' low-ball cash offer.

Statement from Jitse Groen, CEO of Takeaway.com:

"Prosus has made a number of claims over the last few weeks in an attempt to make its highly opportunistic cash offer for Just Eat appear more attractive. It persistently makes contradictory assertions about large future investment requirements and significant risks for shareholders in remaining invested in Just Eat, while itself wanting to assume those apparent costs and risks.

Our strategy, management team, operational capability and perfect geographic fit make us the ideal partner for Just Eat. The all-share merger with Takeaway.com gives Just Eat Shareholders the ability to participate fully in the value creation opportunity. Takeaway.com's management team has a proven track record and decades of experience within the online food delivery sector, which contrasts with Prosus who have never operated a business within it." (1)

As previously stated, Takeaway.com believes that the Just Eat Takeaway.com Combination is a highly compelling opportunity to create a business that will benefit from:

- being one of the world's largest online food delivery platforms with 355 million orders worth 7.3 billion Euro in 2018;
- a strong founder-led management team with 40 years of combined experience in the sector;
- strong leadership positions in many of the world's largest food delivery markets, including the United Kingdom, Germany, the Netherlands and Canada;
- a platform built around three of the world's largest profit pools in food delivery, the United Kingdom, the Netherlands and Germany;
- the ability to deploy capital and resources to strengthen its competitive positions as the Combined Group determines appropriate; and
- operating leverage: greater ability to leverage investments, in particular in technology, marketing and restaurant delivery services across the combined business.

In contrast, Prosus has made a number of claims aimed at justifying its low-ball offer for Just Eat. Below we set out our position versus these claims:

On the risks to Just Eat Shareholders of the Just Eat Takeaway.com Combination…

1. Prosus claims Takeaway.com's all share offer "presents significant downside risk for Just Eat Shareholders"

- On the contrary, Takeaway.com's all share offer provides shareholders the opportunity to share in the significant upside of the Combination.
- The merger with Takeaway.com will create the world's largest online food delivery platform outside of China. (2)
- The Combined Group will have strong foundations with no. 1 positions in three of the world's four major profit pools in food delivery: the UK, the Netherlands and Germany, and more broadly will have no. 1 positions in 15 of the 23 countries in which it will be present. (3)
- Takeaway.com's strong, founder-led management team, which will have key roles in the Combined Group, has delivered industry leading shareholder returns of 235% since IPO in 2016. (4)

- Takeaway.com is currently trading at approximately the same price as it did before the Combination with Just Eat was announced. Of the research analysts which cover Takeaway.com, nine currently have a buy rating, three a hold rating and only one has a sell rating on the stock. (5)
- Takeaway.com believes the market has comfort in its current share price level and Prosus' claims regarding "significant downside risk" are unjustified.
- The significant investment held by Takeaway.com's management in the Combination, being 12.43% of the share capital, (6) is the most tangible personal belief in the merits of the Combination and our commitment to delivering the value potential of the Combination. Prosus' management, on the other hand, are not invested in the same way alongside their shareholders.

2. Prosus claims "the risks to Just Eat shareholders are high. These risks were highlighted in a similar context in the US by GrubHub, which faces similar challenges…"

- Attempting to draw parallels between GrubHub and Just Eat demonstrates a lack of understanding of the sector.
- The US online food delivery market is at a very different stage of development to the UK, with GrubHub's market penetration at c. 8% in the US compared with Just Eat's c. 23% in the UK.
- In large parts of the US, little to no food delivery culture exists and markets are still driven by a pick-up culture.
- As own-delivery providers seek to develop these markets and address the significant market opportunity, the US is attracting much higher levels of investment than in the UK, leading to greater competition.
- Unlike GrubHub, Just Eat and Takeaway.com are clear market leaders in their core markets such as the UK, the Netherlands and Germany, with positions that are multiple times the size (7) of the next largest competitor in those markets.
- In the Netherlands and Germany, Takeaway.com has market penetrations of 29% and 14% respectively and processes significantly more orders than the next largest competitor in each of these markets. (8)
- In the UK, Just Eat processes broadly similar monthly order amounts to GrubHub in the US (9), whilst operating in a country that is five times smaller in terms of population.
- GrubHub has scale in a limited number of large US cities but has been late in moving into and establishing presence in mid-sized cities, where it faces intense competition without the benefits of an established local presence or network. Just Eat by contrast has an established nationwide presence across the UK and covers over 95% of the UK population.
- Large restaurant chains with significant bargaining power are also far more prominent in the US market.

The vast majority of Just Eat's orders are highly profitable marketplace orders, whereas GrubHub has a far greater share of logistics orders (c. 35%) and therefore a lower profitability per order of £0.89, c. 20% below Just Eat UK's profitability per order of £1.12. (10)

- Logistics competitors are structurally disadvantaged in Europe, in particular because of high employment costs and consumer sensitivity to delivery fees and tipping.
- In addition, Takeaway.com has a proven ability to win in competitive markets. For example in Germany, which the Chief Executive of Delivery Hero previously described as a "bloodbath", Takeaway.com has grown from a no. 4 position (11) in the market in 2014 to the clear market leader today.

On the level of future investment required at Just Eat...

3. Prosus claims that “financial markets are underestimating the cost of implementing the transformation Just Eat requires…”

- Prosus provides no details on the specific areas in which its proposed substantial investments are required, let alone on why they are needed and what they aim to achieve.
- Prosus hopes by making such statements that it will scare Just Eat Shareholders into selling their shares. Just Eat Shareholders should not be fooled.
- By contrast, Takeaway.com and Just Eat together have been clear where strategic initiatives and investments are required and expect to incur additional costs in the tens of millions of euros per year in the UK, in addition to the significant investment in logistics and marketing that Just Eat is already making.
- The Combined Group will have highly cash-generative businesses, a strong balance sheet and the ability to deploy capital to fund these investments.

4. Prosus claims that “the combination with Takeaway.com will not fully or effectively address the investment needs of Just Eat in the areas of product, technology, marketing and own delivery capabilities.”
Takeaway.com and Just Eat have well-developed plans in each of these areas:
o **Product**: Takeaway.com recognises the importance of wide consumer choice and invests heavily to ensure this is delivered through its customer offering. Takeaway.com also has a strong track record of in-house development and innovation evidenced by its portfolio of proprietary products and technologies. A recent example is Takeaway Pay, which was announced only yesterday and is an innovation unique to Takeaway.com. The Combined Group will continue to deploy sufficient capital to ensure that its suite of products remains at the forefront of the market.
o **Technology**: Takeaway.com believes it has a superior technology platform in the online food delivery marketplace and intends to deploy its ‘One IT Platform’ approach in Just Eat’s continental European markets, which is expected to bring significant operating leverage, benefits of scale and an enhanced ability to compete.

o **Marketing**: Takeaway.com intends to leverage its 'One Brand' philosophy in Just Eat's continental European markets and merge to a single brand as appropriate. The recently announced sponsorship of UEFA EURO 2020 demonstrates the strength and breadth of Takeaway.com's marketing experience. In their largest markets, both Takeaway.com and Just Eat already benefit from very strong brand awareness. By combining knowledge and best practices from across Takeaway.com and Just Eat, the Combined Group will be able to draw on extensive marketing experience and leverage the combined brand strength across the wider portfolio.
o **Own-delivery**: Takeaway.com intends to further strengthen the hybrid offering by rolling out its successful Scoober approach in the UK and selected Just Eat markets in Europe to fend off own-delivery challengers. Takeaway.com has significant proven experience in rolling out Scoober, which is currently active in 89 cities across 10 European countries.

On Takeaway.com's strategy…

5. Prosus claims Takeaway.com's management has "consistently expressed pessimism about the merits of the own-delivery business model"

- Takeaway.com's management is indeed realistic about the economics for own-delivery only models and it believes that no path to long term consistent profitability exists for these standalone models in Europe, in particular because of high employment costs and consumer sensitivity to delivery fees and tipping. Furthermore, Takeaway.com's management is not aware of any profitable own-delivery only models in Europe. (12)
- By contrast, Takeaway.com has a successful hybrid model with Scoober own-delivery operations supplementing its marketplace offering in its major markets. By doing so, a number of the own-delivery players in Takeaway.com's markets, including the same players currently active in the United Kingdom, have either already exited the market or have been unable to build significant market share.
- Takeaway.com believes having a logistics network in selected markets to complement its marketplace offering is an important requirement for operating a successful online food delivery company. In the Netherlands, Takeaway.com has demonstrated a clear ability to rapidly grow a logistics business whilst still growing profits, despite providing free delivery to consumers. Takeaway.com will leverage this experience and continue to invest in rolling out its Scoober delivery services in its own markets as well as in the UK and selected Just Eat markets in Europe.

On Prosus' own operational experience…

6. Prosus claims that it is “one of the leading global operators and investors in the Online Food Delivery Sector”

- Prosus does not operate a single food delivery website anywhere in the world.(1)
- Prosus is fundamentally an investor, not an operator, with the market value of its 31% stake in Tencent today representing more than Prosus’ total market capitalisation. Tencent is a China-based technology company; it is not an online food delivery operator.
- In the food delivery sector, Prosus principally invests in emerging markets and has limited experience in established markets where the dynamics are fundamentally different. Its one minority investment with some exposure to established European / North American markets, Delivery Hero, generates c. 80% of its orders in the Middle East, North Africa and Asia. (13)
- In the past, where Prosus-backed companies have attempted to compete in established markets, they have often failed. For example, when Prosus-funded companies have competed against Takeaway.com in the Netherlands, Germany and Poland, they have resorted to either closing or selling the operations.
- Consequently, Takeaway.com believes that Prosus lacks real operating experience in the sector and its attacks on the Just Eat Takeaway.com Combination’s plans are without foundation.

On Prosus’ approach to a transaction with Just Eat…

7. Prosus “has a longstanding partnership with Just Eat… and regards the acquisition as a logical next step in their relationship”

- It is a strange interpretation of “a logical next step in a relationship” to launch a hostile takeover bid for a valued partner.
- Not only has Prosus done this, but it has also embarked on a programme of aggressively talking down Just Eat’s business and its prospects to try to justify the low level of its offer.
- This is in stark contrast with Takeaway.com’s recommended merger proposal which offers all Just Eat and Takeaway.com shareholders the opportunity to share in the benefits of the Just Eat Takeaway.com Combination.

On the value of Prosus’ offer for Just Eat…

8. Prosus claims its offer for Just Eat is “fair and attractive” and “compelling”

- In reality, Prosus’ offer for Just Eat is highly opportunistic.

- Prosus' 710p offer is at a 12% premium to Just Eat's undisturbed share price and a 13% discount to its recent high share price of 812p on 13 August 2019. (14) In addition, before Prosus formally launched its hostile offer, its first two approaches to Just Eat were at lower values of 670p and 700p.
- The median premium paid for cash offers for UK companies (15) over the last 10 years is 40%. When applied to Just Eat's undisturbed share price of 636p on 26 July 2019, this would equate to an offer price of 890p.
- Prosus' offer values Just Eat at 4.8x EV / revenue. (16) Precedent comparable transactions executed in the sector have averaged c. 8.6x, (17) almost double what Prosus is offering to Just Eat Shareholders. As one example, Prosus acquired its stake in Delivery Hero in September 2017 at 8.2x (18) its revenue.

9. Prosus' CEO claims: "In terms of opportunity, the food space is...probably the largest opportunity I've run into in my lifetime"

- If this is true, then it is not clear how Prosus can justify presenting Just Eat Shareholders with such a low-ball all cash offer at a 12% premium, which deprives them of the ability to share in the upside from this opportunity.
- Prosus is trying to buy Just Eat on the cheap.

Just Eat Takeaway