

Marley Spoon (ASX.MMM) 1H 2018 Financial Results 29 August 2018



**STRONG GROWTH
ACROSS ALL
GEOGRAPHIES**

**REVENUE UP 99%
EX FX TO ~€40M**



**OPERATING EBITDA
LOSS AT ~€14M**

**CONTRIBUTION
MARGIN INCREASED
TO 22%**

**CONTINUED
WORKING CAPITAL
IMPROVEMENTS**

**ON TRACK FOR
PROSPECTUS
FORECAST**



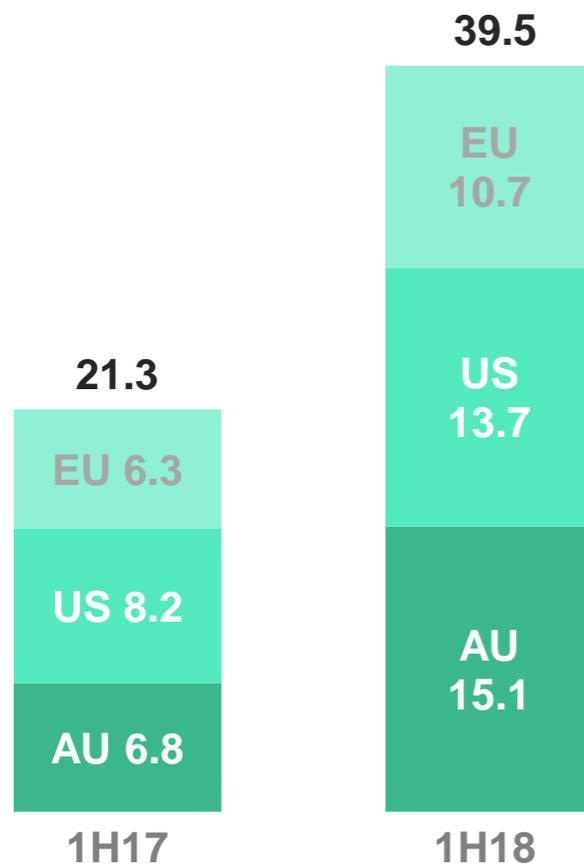
MARLEY SPOON

- ✓ On track to meet prospectus forecast in CY2018
- ✓ Strong top line growth across all segments ... 86% / 99% ex FX
- ✓ AU segment on track to be operating EBITDA positive in H2
- ✓ Operating cash flow ~€5m better than operating EBITDA
- ✓ Continued operating leverage ... G&A expenses up only 20%
- ✓ Attractive unit economics and CACs maintained
- ✓ Contribution margin improved - 22% vs 13% PCP

Strong topline growth across all segments

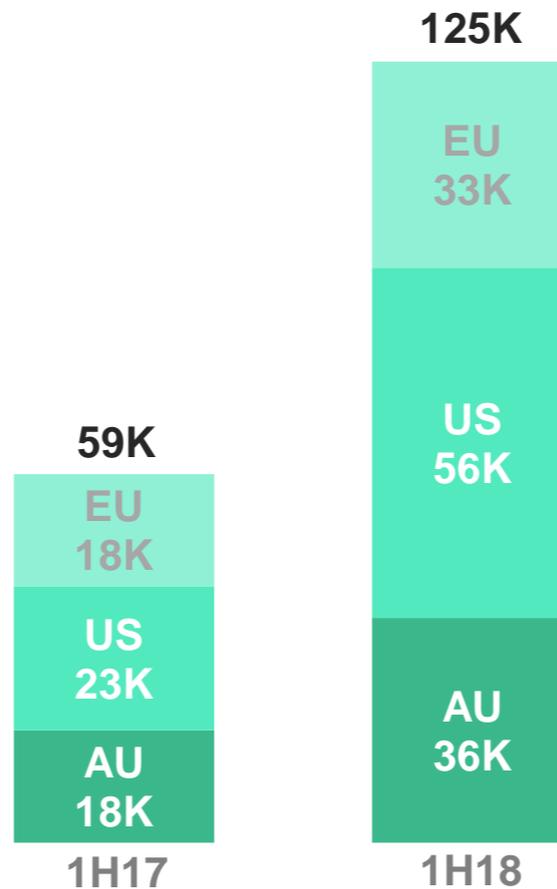
Revenue (€ millions)

+99%
ex FX



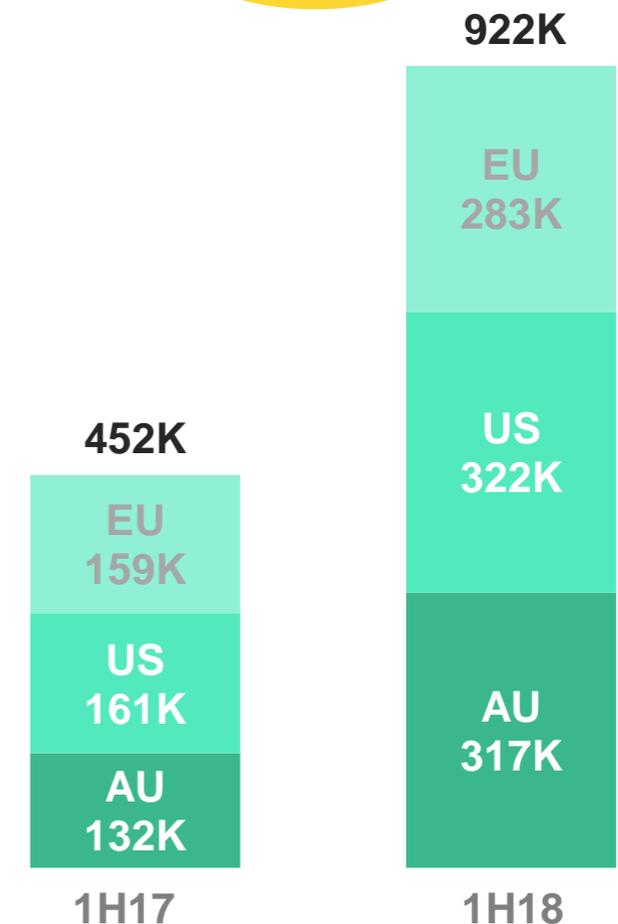
Active customers

+112%



Total orders

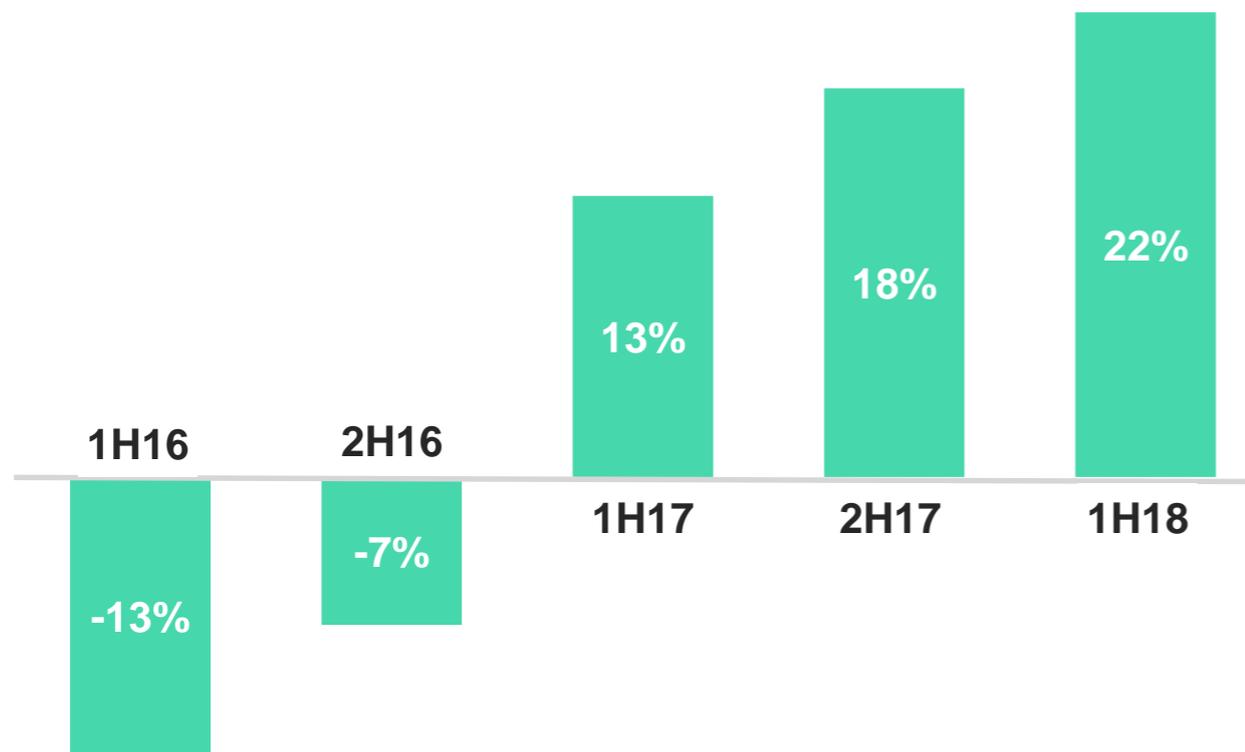
+104%



- Global Marley Spoon **average order size**¹ **+1%** ex FX
- **Order frequency impact from hotter summer**, esp. in EU ... few % of sales in June through August
- **Seasonal acquisition uptick** in Q3 stronger than planned so far ... could lead to CY18 revenue outperformance vs prospectus but slightly higher EBITDA loss (to be offset in working capital)

1. Gross basis, before all vouchers, credits and discounts ... excludes Dinnerly

Global contribution margin (% of revenue)

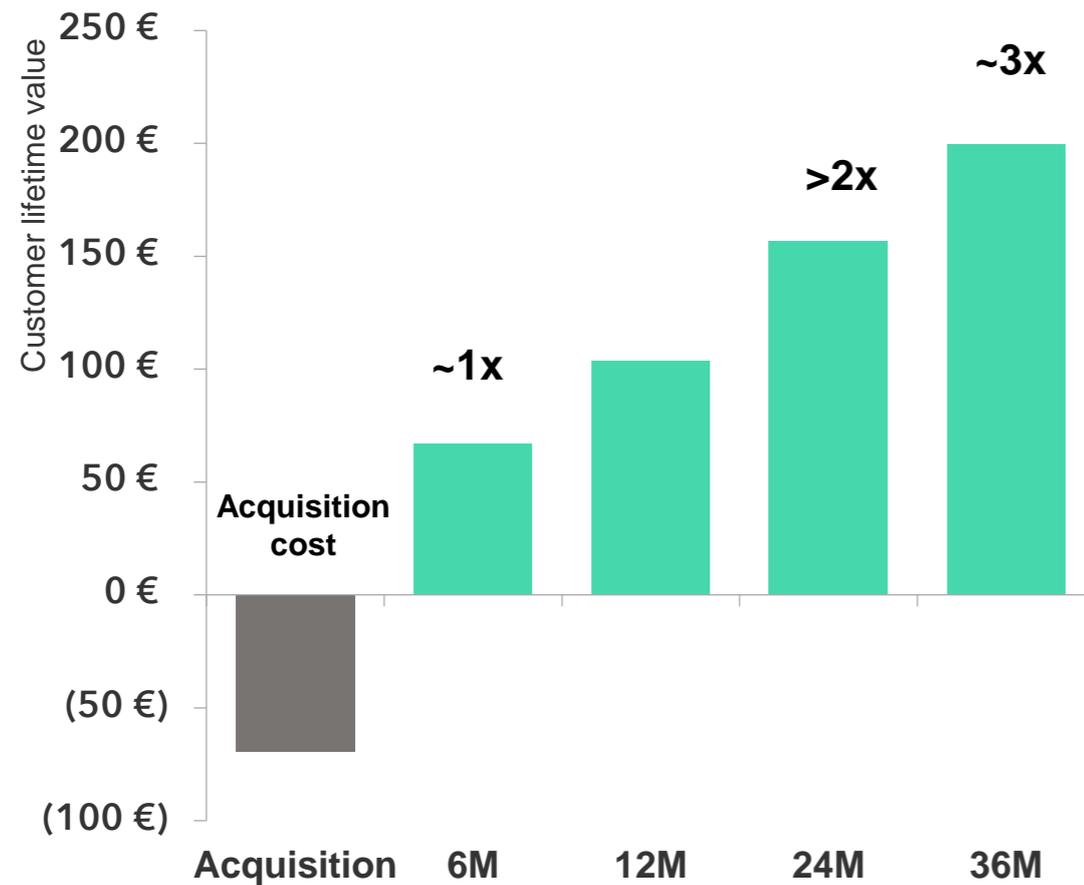


Key developments

- COGS down to 58% (from 67%) due to food and packaging procurement benefits & picking productivity
- AU outperforming vs prospectus ... at 33%
- Fulfilment cost flat globally ... AU down 5 pts volume driven (leverage & price) ... US up 4 pts due to introduction of Monday delivery nationwide and Dinnerly impact

Key opportunities

- Further **procurement benefits** as we scale ... still buying only ~20% directly from producers
- Continue to increase **labour productivity**, esp. in newer manufacturing centres in AU and the US
- **Logistics** ... fixed cost leverage and more usage of regional US carriers



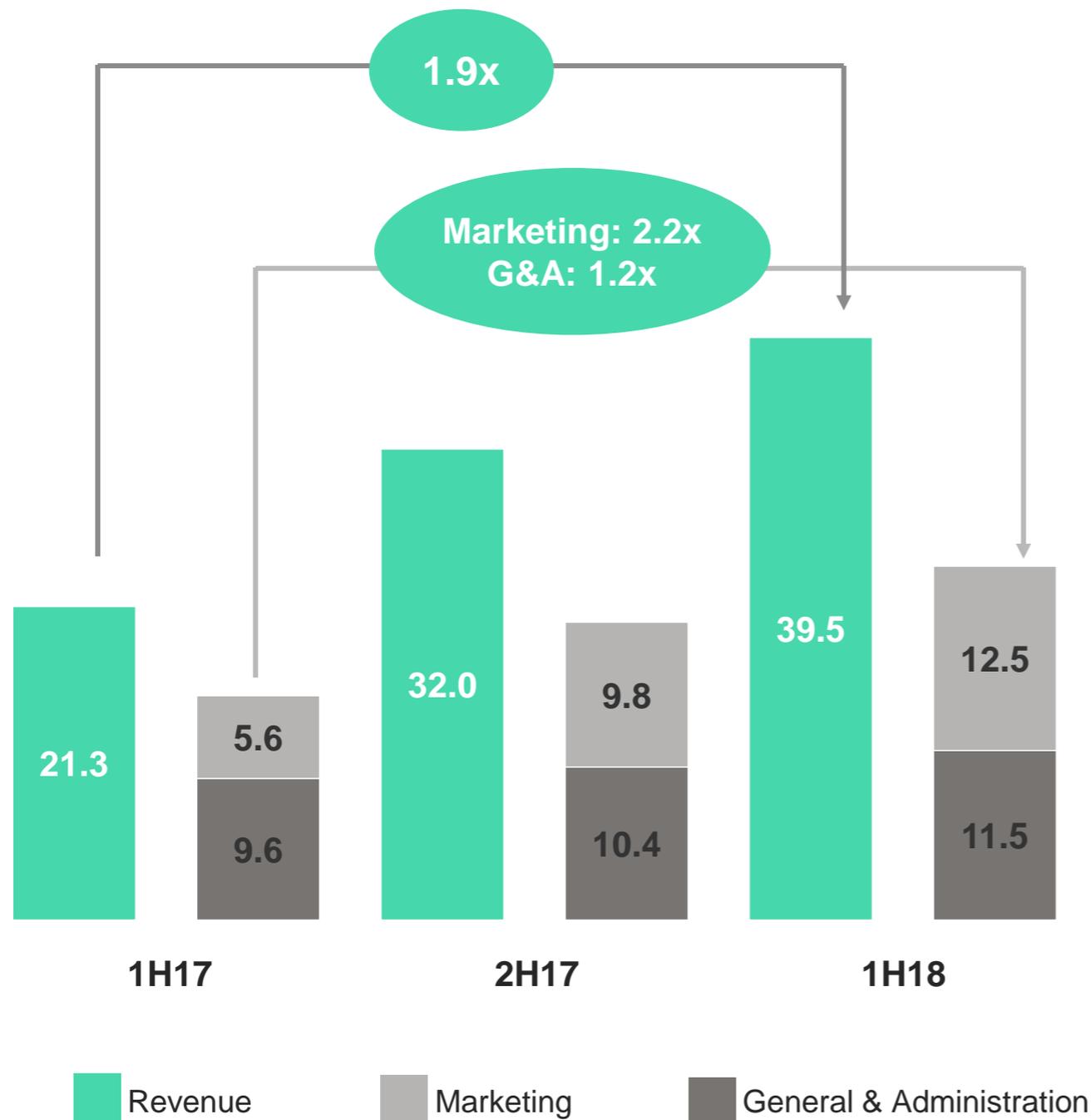
Key developments

- Cost per acquisition (CAC) flat year on year ... globally down from €67 to €66
- Still executing to six-month payback target and total customer life time value of >3x vs CAC

More attractive unit economics than most other e-commerce models

Note: The chart above show Marley Spoon's average customer acquisition cost globally for 1H18 (grey column), and the contribution margin after 6 months, and then cumulative in following periods to illustrate lifetime value for various time periods (green columns). The charts reflect 36 months of actual Marley Spoon data from July 2015 to June 2018.

Marketing and G&A vs. revenue (EUR in millions)



Key developments

- G&A expenses up just 20% year on year ... (6)% FX impact ... only require incremental additions to team and structure to achieve topline growth
- Marketing up 1.9x excluding step-up in Martha Stewart royalty and Dinnerly impact ... also saw higher acquisition momentum in June ... CACs roughly flat per segment, proving continued effective deployment of marketing spend



Key developments

- Stable average order size¹
- Margins up driven by both lower COGS (11 pts) and fulfilment expenses (5pts) ... tracking ahead of prospectus CY 2018F
- Launched Dinnerly in March ... Melbourne manufacturing centre fully operational, with comparable quality & productivity to Sydney ... increased share of 2nd logistics provider

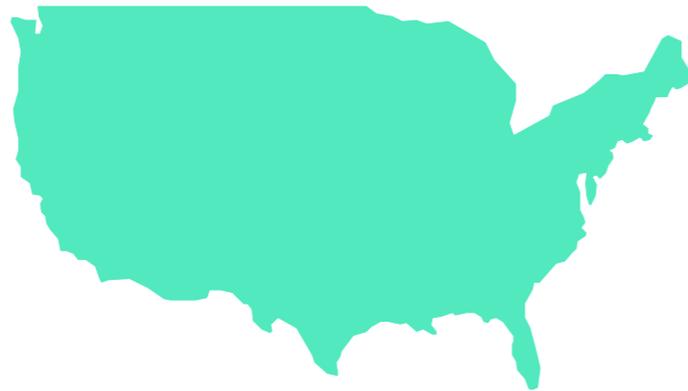
\$23.7m
REVENUE AUD  140%

33%
CONTRIBUTION
MARGIN  16 pts

€(1.2)m
OPERATING
EBITDA² +0.6m



1. Gross (before vouchers & discounts) and in local currency
2. Excluding intercompany charges



\$16.6 M
REVENUE USD



85%

13%
CONTRIBUTION
MARGIN



3 pts

€(6.7)m
OPERATING
EBITDA²

(2.5)m

Key developments

- Average order size increased year on year¹
- Margins up due to 8 pt lower COGS ... partially offset by higher fulfilment expenses ... lower cost logistics contract with main supplier in place from July onwards
- Added Monday delivery for most areas ... increased choice for Dinnerly ... extended Martha Stewart partnership by 2 yrs in July ... signed lease for new East Coast manufacturing centre, moving in 2H 2018

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1. Gross (before vouchers & discounts) and in local currency
2. Excluding intercompany charges



Key developments

- Stable average order size¹
- Margins up due to lower COGS ... fulfilment expenses about flat ... on track to exceed CY 2018F of 18%
- Implemented new manufacturing system in Germany, now offering 20 recipes per week in two sizes since July ... basis for global roll out

1. Gross basis, excluding all vouchers, credits and discounts
2. Excluding intercompany charges

€10.7m
REVENUE



71%

18%
CONTRIBUTION
MARGIN



4 pts

€(6.2)m
OPERATING
EBITDA²

(1.2)m



	1H 2018 (A) € millions	1H 2017 (A) € millions	Change €	Change %	CY18 (F) ¹ € millions
Revenue	39.5	21.3	18.3	86%	93.0
Cost of goods sold	(23.0)	(14.2)	(8.8)	62%	(54.7)
Gross profit	16.5	7.1	9.4	133%	38.4
Fulfilment expenses	(7.9)	(4.3)	(3.6)	86%	(17.4)
Marketing expenses	(12.5)	(5.6)	(6.9)	123%	(22.0)
General & administrative expenses	(11.5)	(9.6)	(2.0)	20%	(23.9)
EBIT	(15.4)	(12.4)	(3.1)	25%	(25.0)
Net loss	(19.4)	(13.2)	(6.2)	47%	(32.3)
Contribution margin %	22%	13%		+9 pts	22%
Operating EBITDA	(14.1)	(11.0)	(3.1)	29%	(21.1)
Operating EBITDA %	(36%)	(52%)		+16 pts	(23%)

¹ statutory basis, as included in the IPO prospectus

	1H 2018 (A) € millions	1H 2017 (A) € millions
EBIT	(15.4)	(12.4)
Depreciation & amortisation	0.2	0.2
Share-based payments	1.1	1.2
Change in working capital	4.9	1.3
Interest & taxes paid, other	(0.1)	(0.2)
Net cash flows from operating activities	(9.3)	(9.9)
Net cash flows from investing activities	(1.3)	(0.5)
Net change in equity	37.6	9.5
Net change in borrowings	10.5	1.4
Net cash flows from financing activities	48.1	10.9
Net increase in cash and cash equivalents	37.5	0.5
Cash and cash equivalents at 1 January	2.3	1.7
Cash and cash equivalents at 30 June	39.8	2.2

- **Cash balance ~€40m ... up** due to IPO proceeds and strong working capital performance ... planned debt repayments in 3Q18
- **Working capital improved** in all categories ... inventory +0.6m ... customer payments +0.4m ... payables +3.9m
- Net **IPO proceeds** ... end of June received €37.6m ... remaining 2.3m transferred in early July ... 3.4m pre-IPO convertibles in borrowings line
- Limited **capex** ... mainly automation equipment for manufacturing centres and office related items... new DE picking system leased



Strong topline growth ... +99% ex FX (86% on EUR basis)

- Unit economics and CACs remain attractive
- Stable average order size
- Continued strong operating leverage



Continuous operational improvements

- Contribution margin up 9 pts to 22% ... ample opportunities to keep expanding
- G&A expenses only increased 20% year on year proving scalability
- Working capital +€5m with improvements in all categories



Product enhancements launched and more in pipeline

- Dinnerly ... added more choice in the US ... launched in AU ... working on additional offer extensions
- Increased menu to 20 recipes in two sizes in DE as pilot ... planning global roll out



Confirming total year outlook

- Strong start to Q3 ... acquisitions above plan
- On track to meet prospectus forecast



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MARLEY SPOON

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