



# HELLOFRESH

## GROUP

**Q4 & FY 2023 Results**  
*15<sup>th</sup> March, 2024*



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# 2023 Year in Review

Fifth consecutive year of profitable, self-funded growth, in which we delivered over 1bn meals to our customers, up ~4x since 2019

Revenue of €7.6bn, a constant currency growth of 3%

Rapidly growing and profitable global RTE business with revenue of €1.4bn

Contribution margin expansion by 1.3 pp to 27%

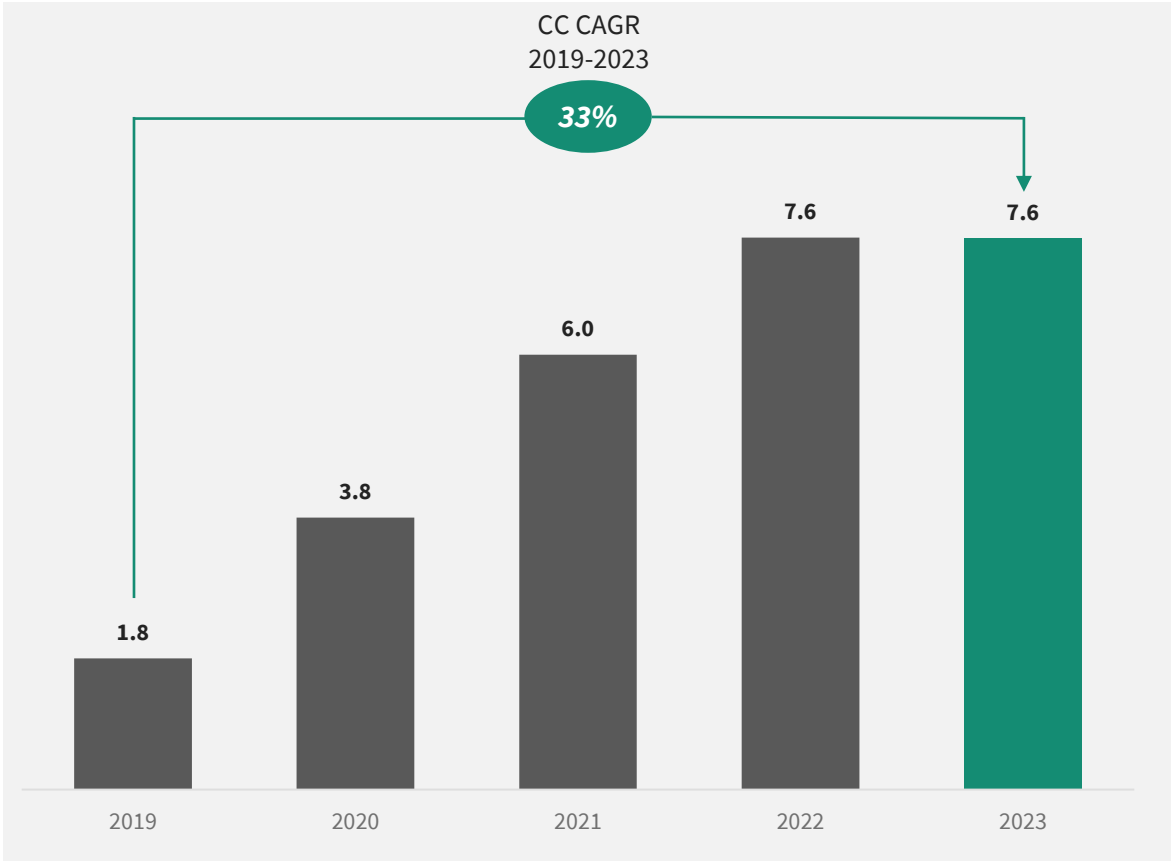
AEBITDA of €448mn, down 6% yoy

Improving cash flow from operations and positive FCF for the full year

# 2023 marked the 5<sup>th</sup> consecutive year of self-funded, AEBITDA profitable growth

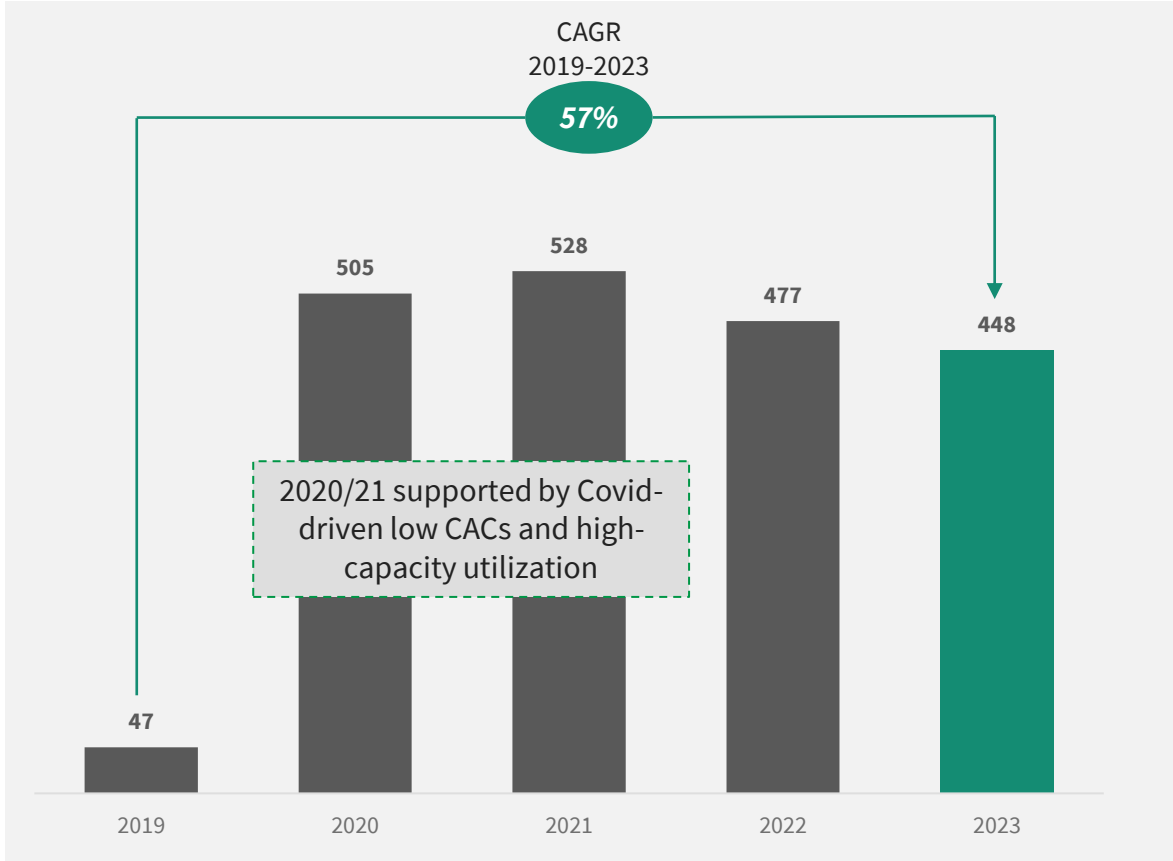
## Group Revenue

(in € billions)



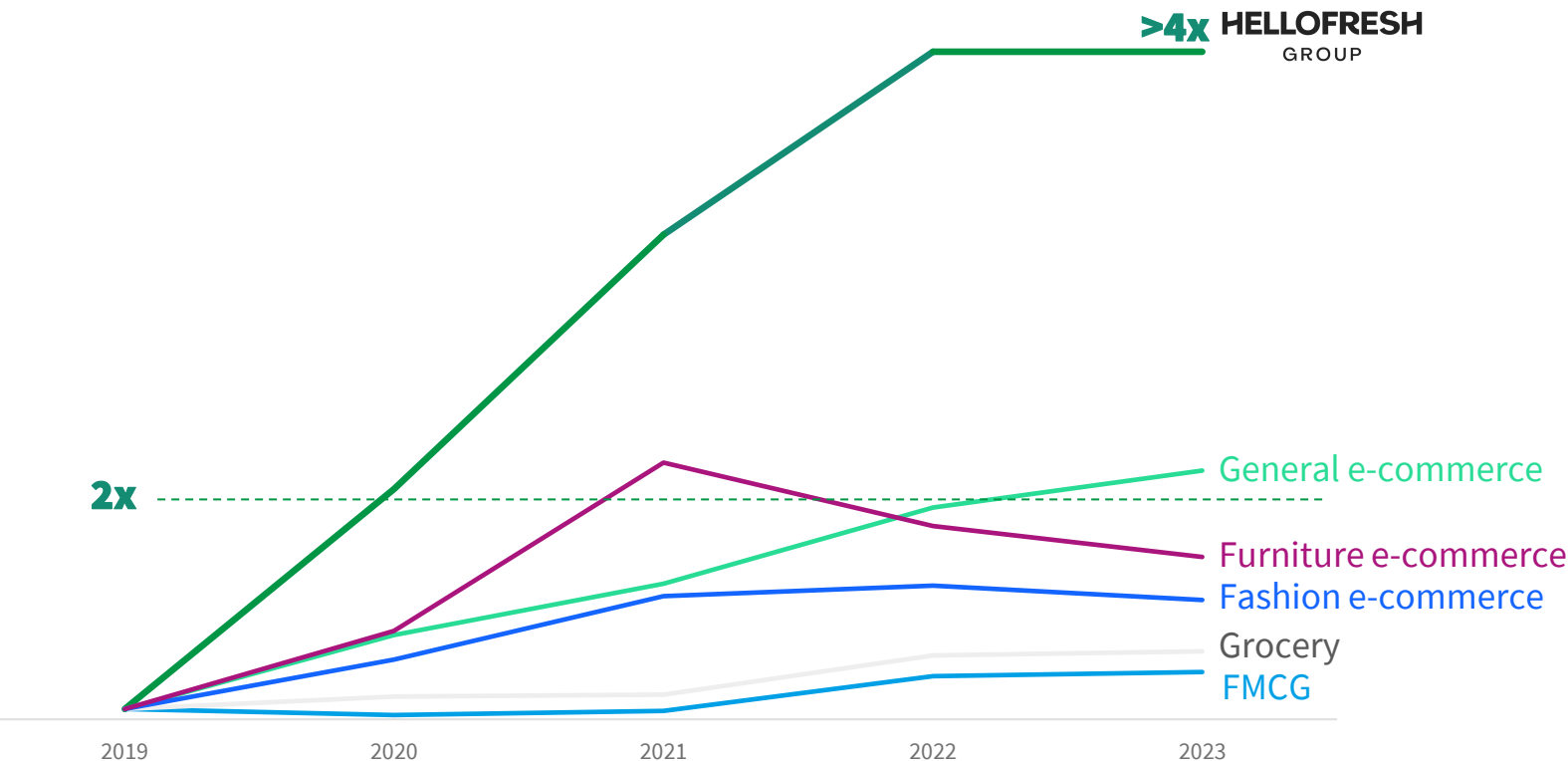
## Group AEBITDA

(in € millions)



# Despite the temporary slowdown, we have held onto the Covid-supported growth better than comparable categories

**Higher growth rate relative to peers**  
 (Growth vs peers<sup>1</sup>, indexed to 2019)



Growth at scale is not linear

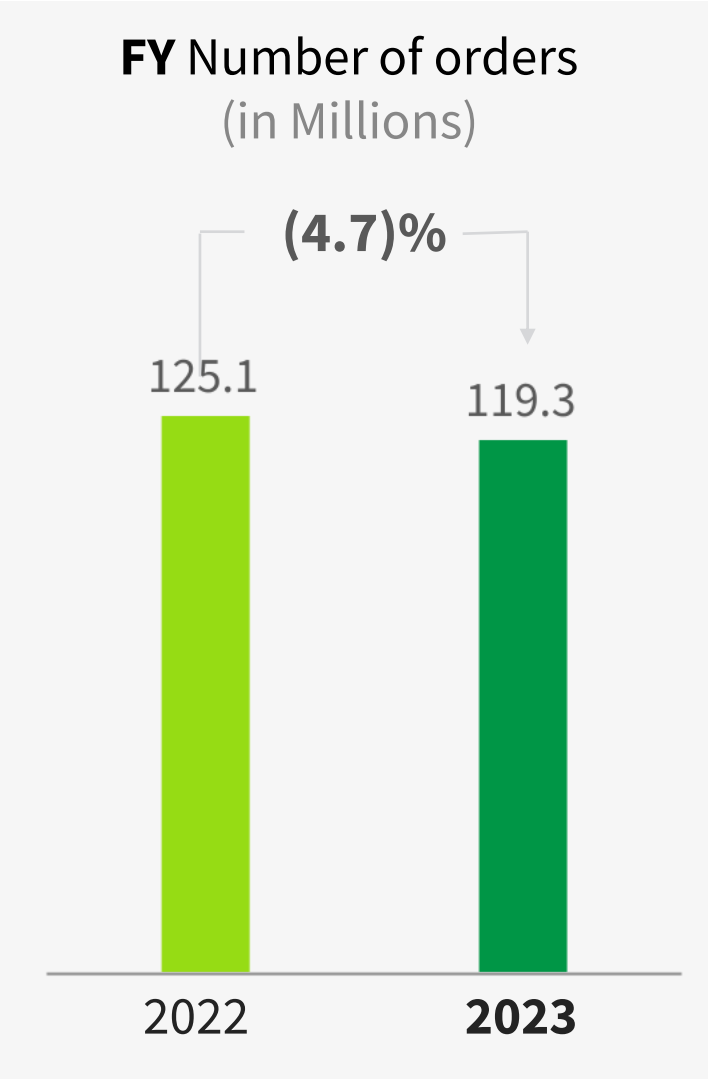
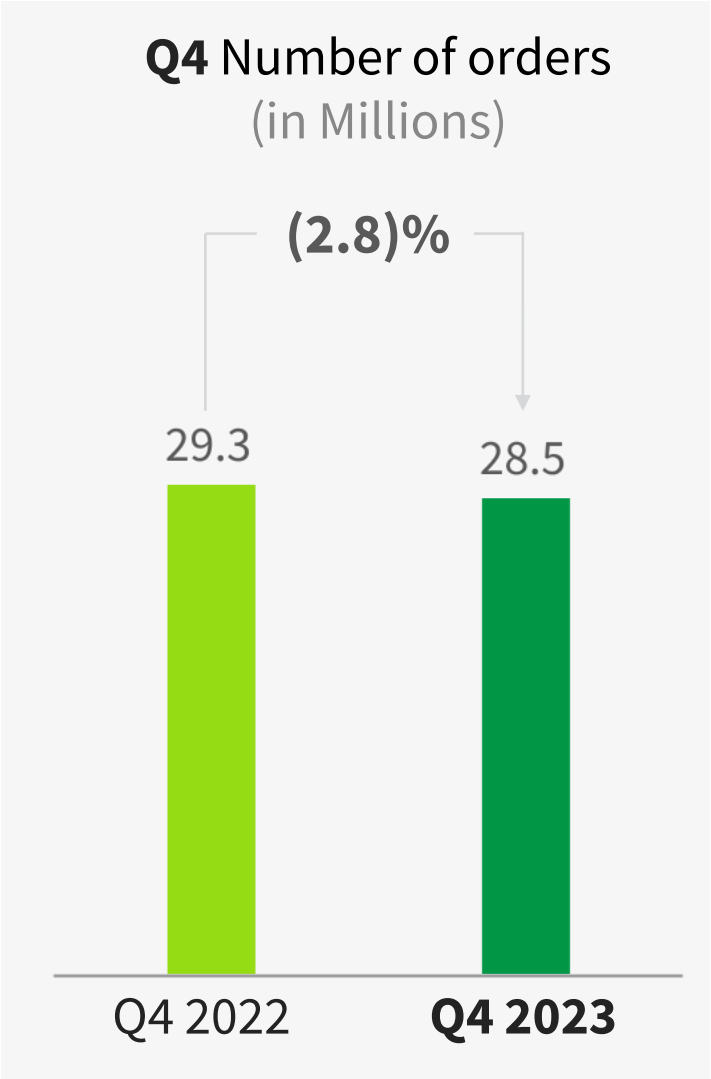
Normalization seen in the context of pandemic-driven growth

Lag in trend given high repeat rates for our business

<sup>(1)</sup> Revenue weighted peer growth yoy by sectors, indexed to 2019 (FMCG: Nestle, Unilever, Danone, Mondelez, General Mills, Kraft Heinz; Grocery: Ahold Delhaize, Walmart, Target, Tesco, Kroger, Carrefour, Albertsons, Sainsbury; General E-Commerce: Amazon, Chewy, Etsy, Shopify, Allegro; Fashion E-Commerce: Zalando, Asos, Boohoo, Stitch Fix; Furniture E-Commerce: Wayfair, Westwing)

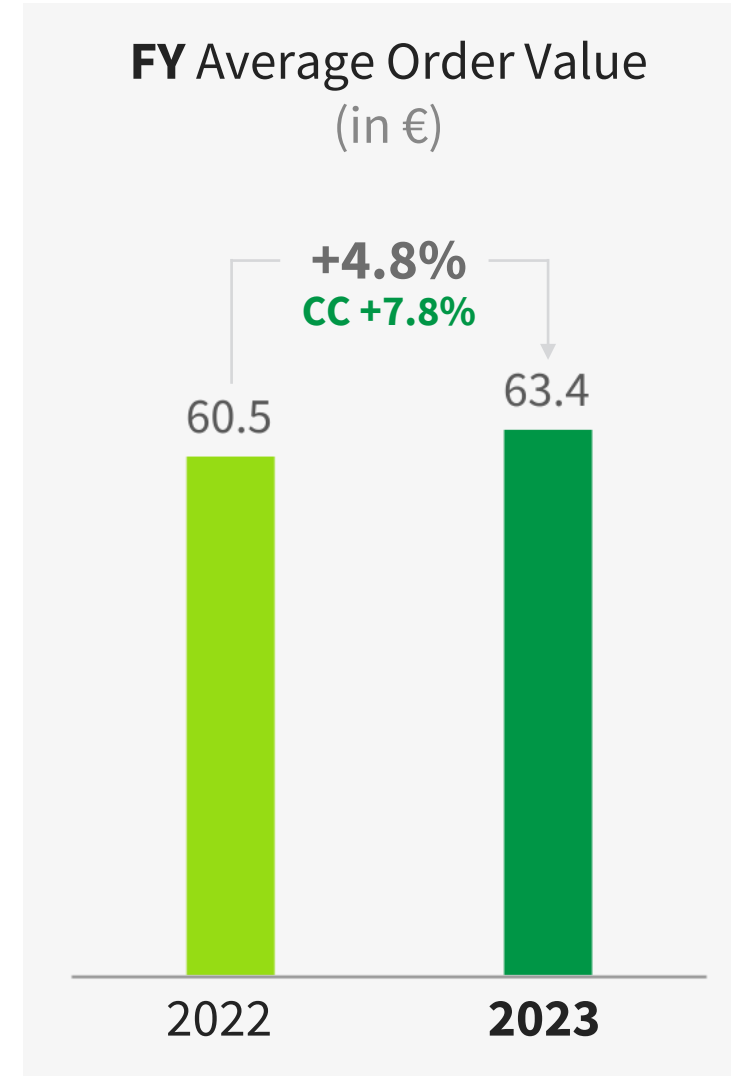
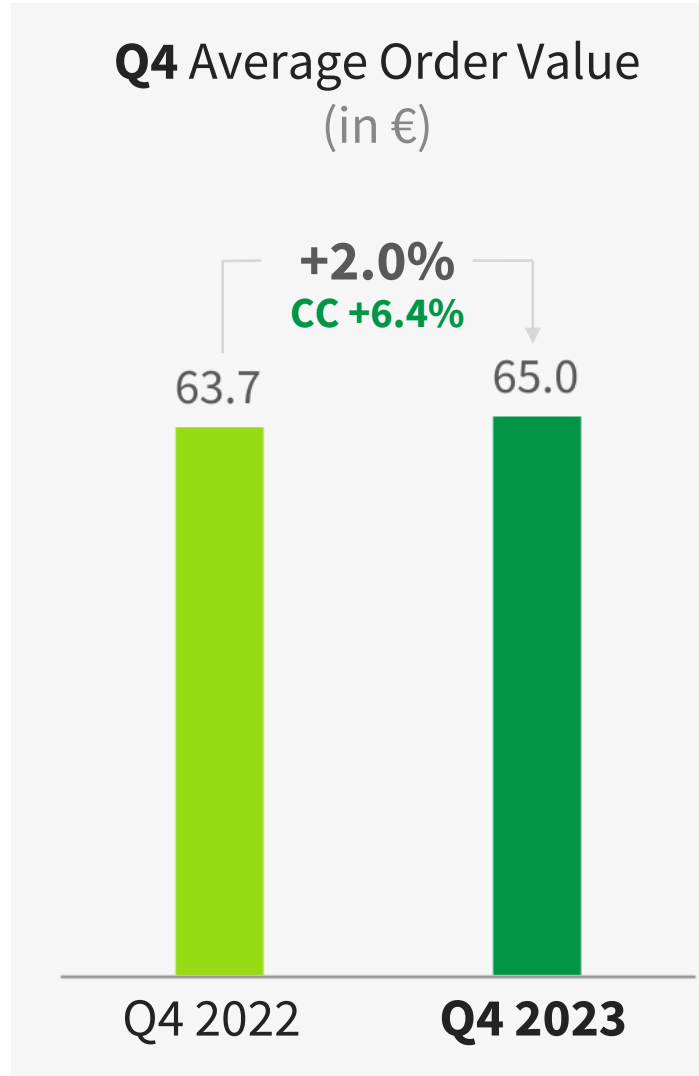
# Number of orders moderately down in Q4, but with an improving trend throughout the year

- Orders in both segments (NA and Intl) down yoy in Q4 by low single digit %
- Improving yoy trend in Q4 vs prior quarters
- Strong positive RTE order growth throughout the year, despite delayed ramp-up of additional US production capacity



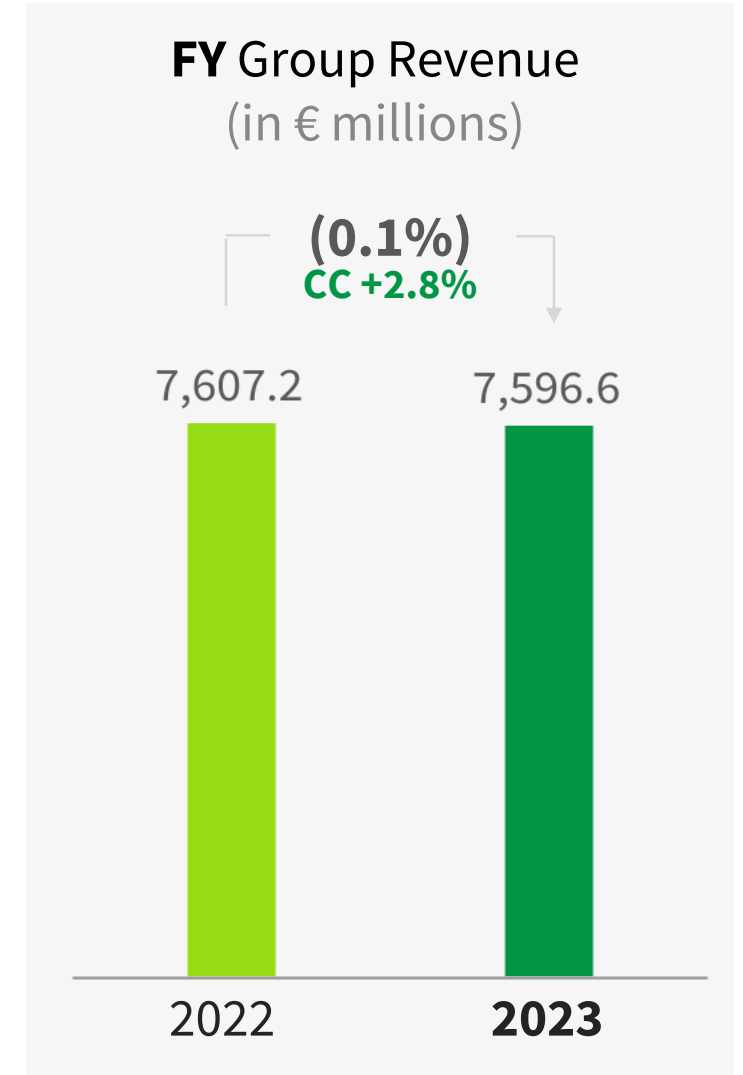
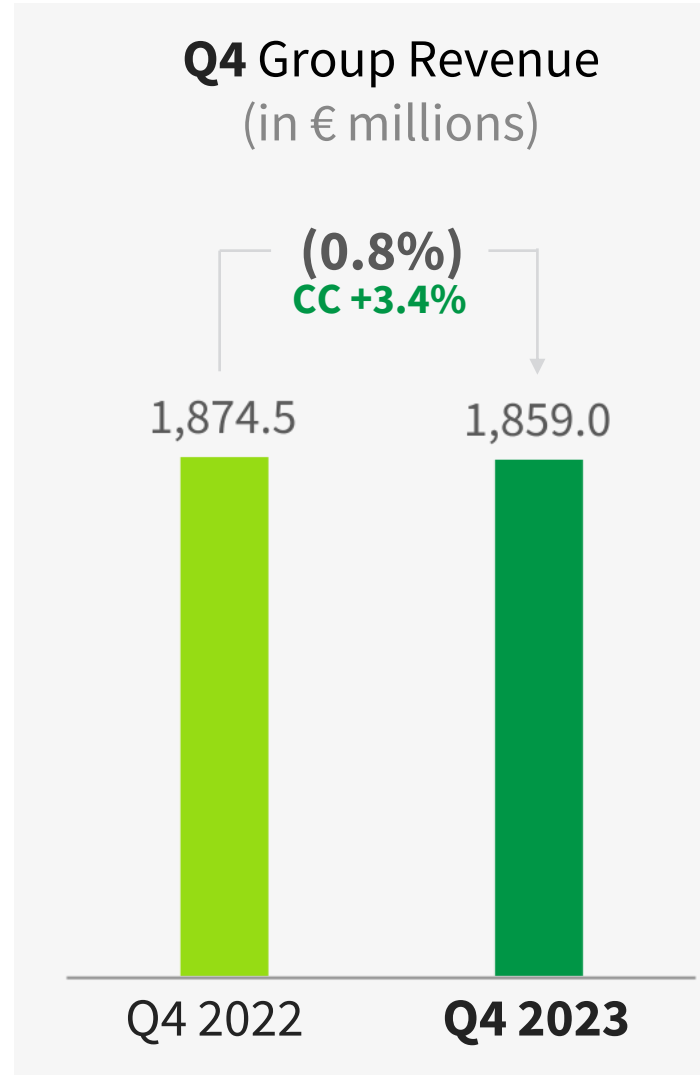
# Continued AOV expansion throughout the year

- AOV growth continued in Q4, increasing 6.4 % yoy on a constant currency basis
- Both segments showed meaningful increase in AOV in Q4
  - NA: 7.0 % (CC)
  - Intl: 5.0 % (CC)
- Q4 AOV increase yoy driven by:
  - Increased RTE contribution
  - Selected price increases
  - More meals per box
  - Increased take-up of HelloFresh Market



# Constant currency Q4 revenue growth of 3.4%, and 2.8% for the full year

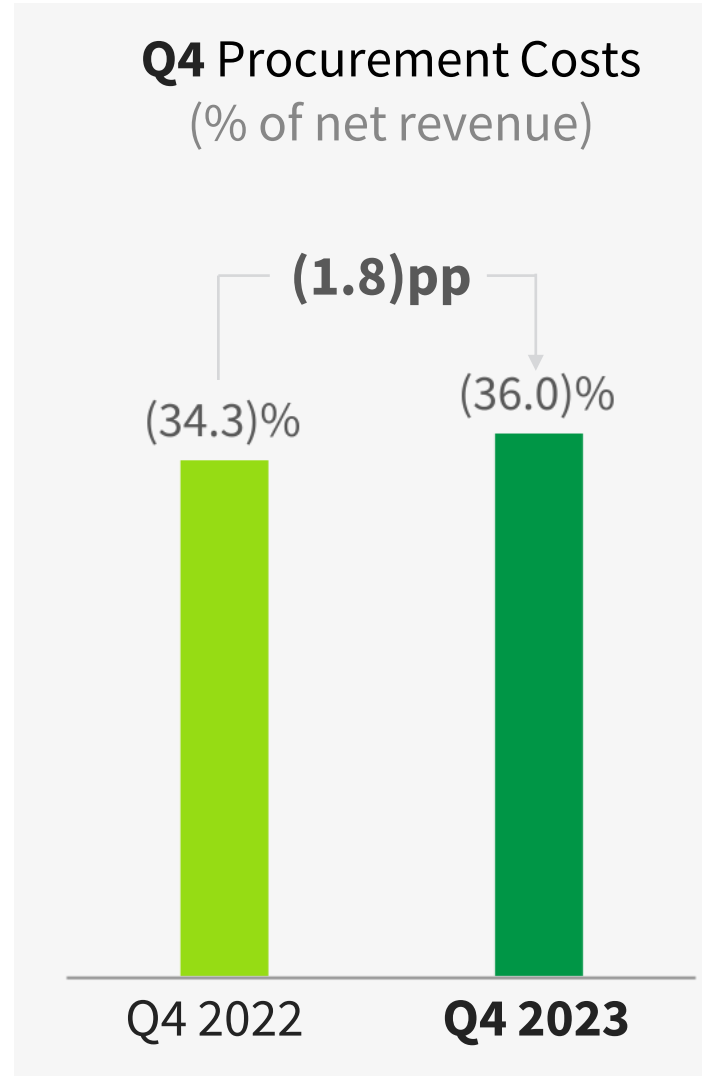
- Positive CC revenue growth across both segments, with re-acceleration over the last 2 quarters
  - NA +4.4%
  - Intl +1.6%
- RTE growing strongly to €1.4bn revenue in 2023, at positive AEBITDA. Well-positioned for continued strong growth in 2024
- In meal kits, softer trading environment due to lower new customer acquisition activity, as previously flagged





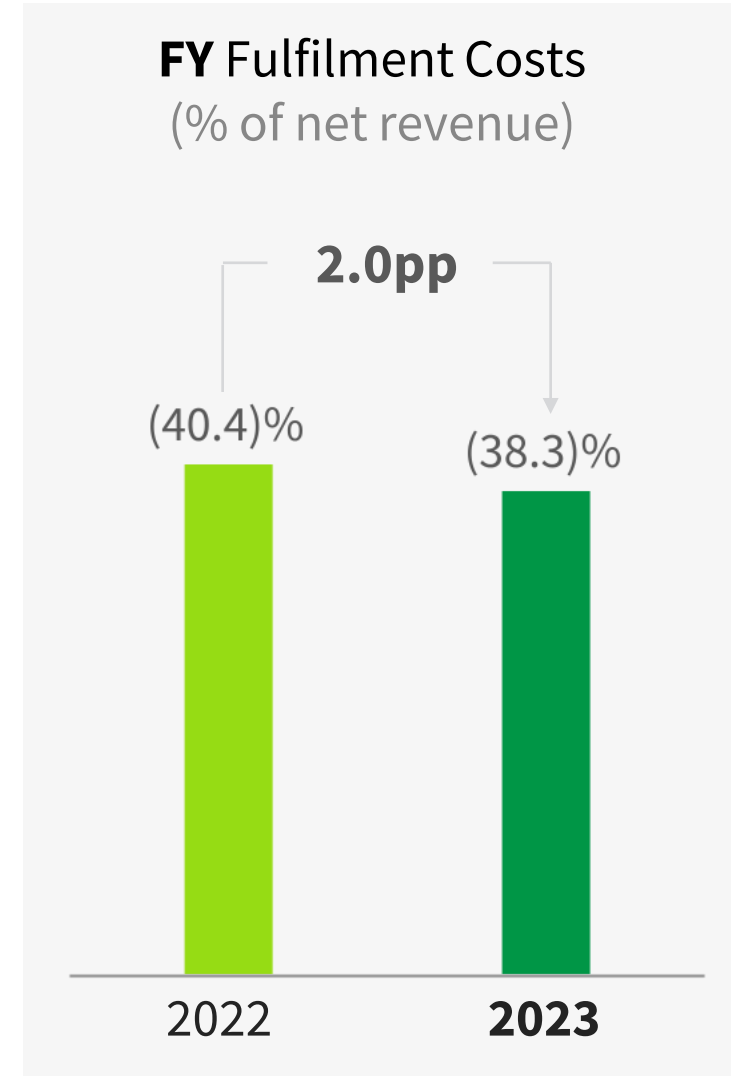
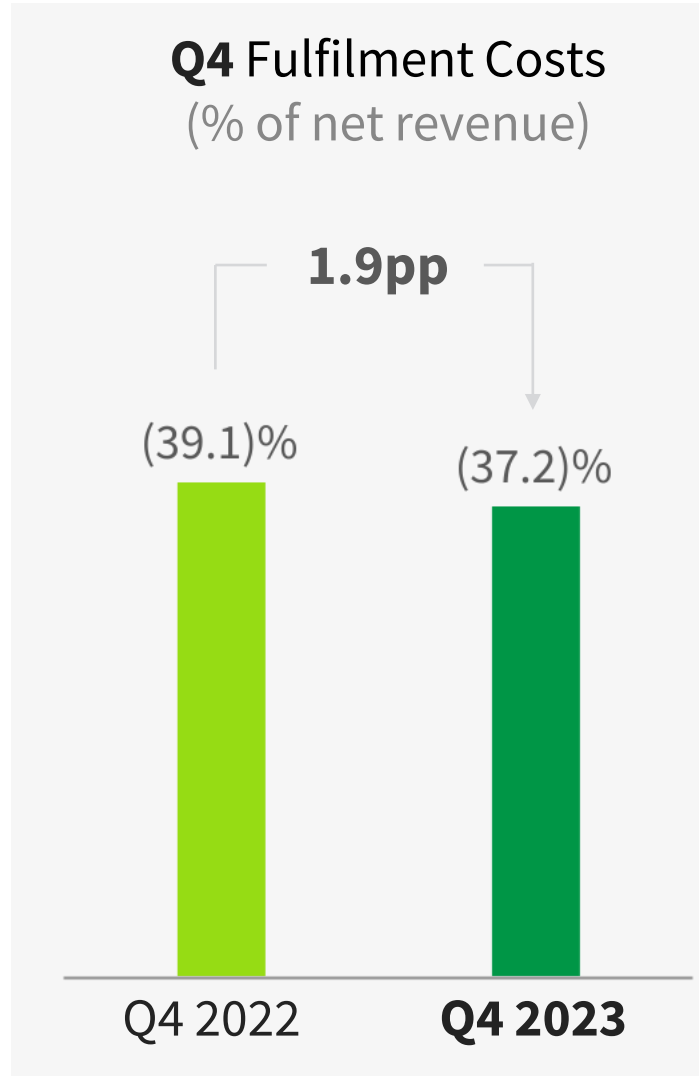
# Procurement expenses as % of revenue up 0.8pp yoy in 2023, driven primarily by RTE growth

- RTE has comparatively higher procurement costs, as it captures all aspects of the cooking process
- In NA, procurement expenses increase mainly driven by RTE (mix effect) in addition to Q4 extra costs as previously discussed
- In Intl, improvement by 1.7pp in Q4 as ingredient inflation slows



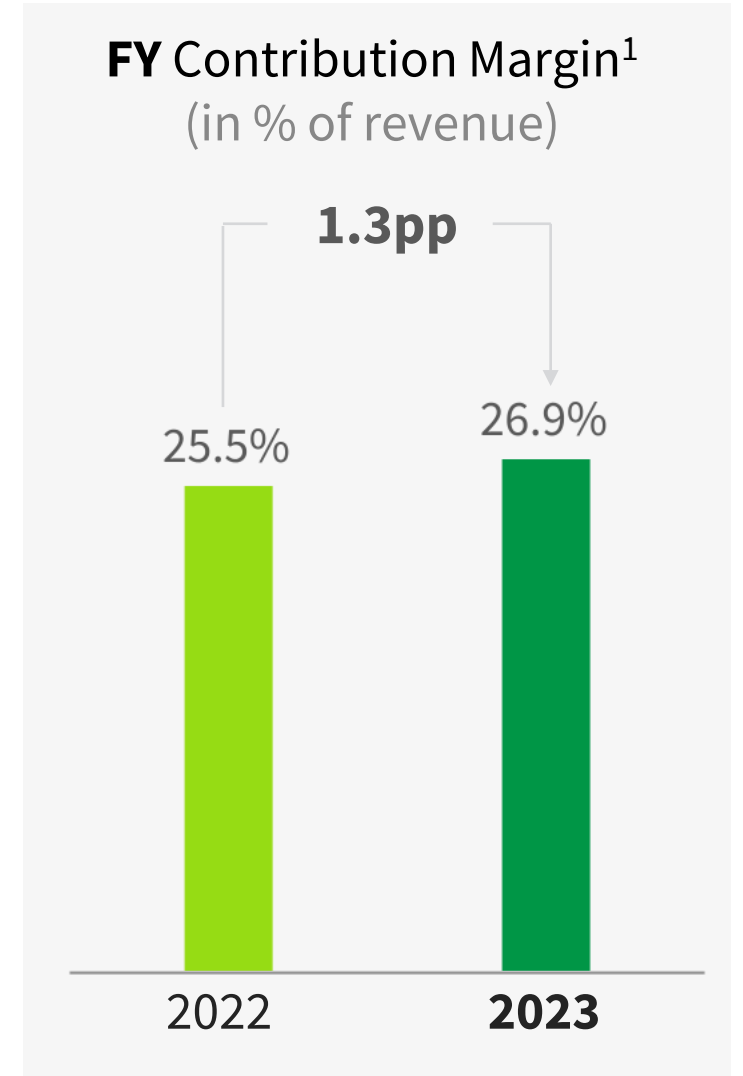
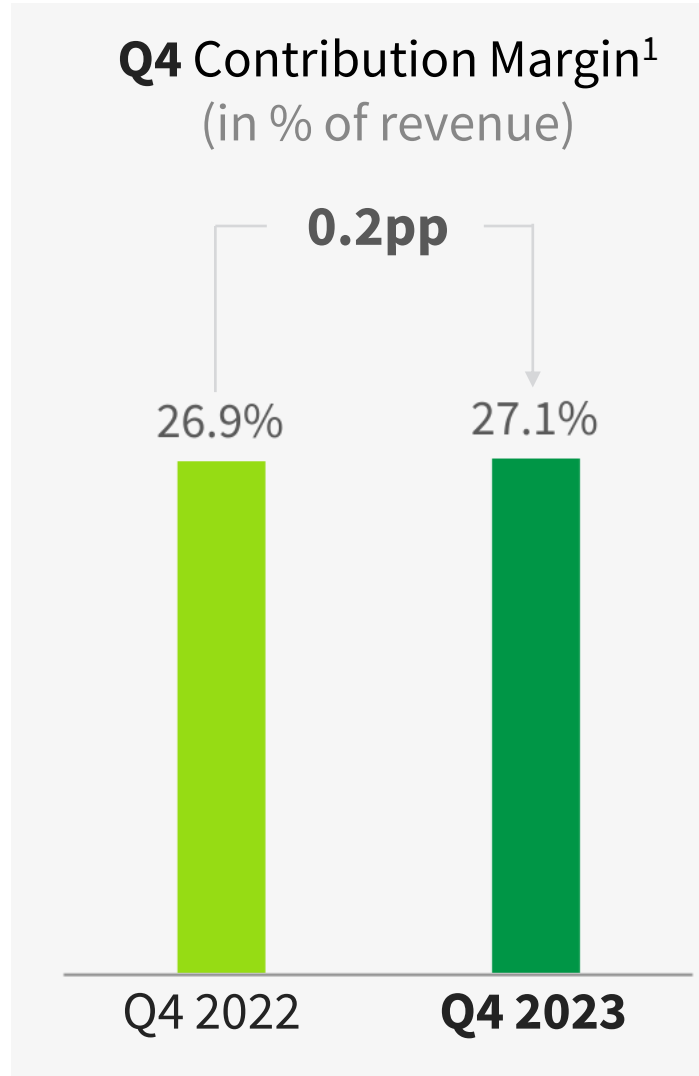
# Continued reduction of relative fulfilment expenses by 2pp yoy in 2023

- Significant improvement in relative fulfilment expenses for the 6th straight quarter
- NA: Improvement primarily driven by structural lower fulfilment costs in RTE; somewhat offset by extra Q4 expenses as previously flagged
- Intl: fulfilment cost improvement driven by ongoing efficiency gains



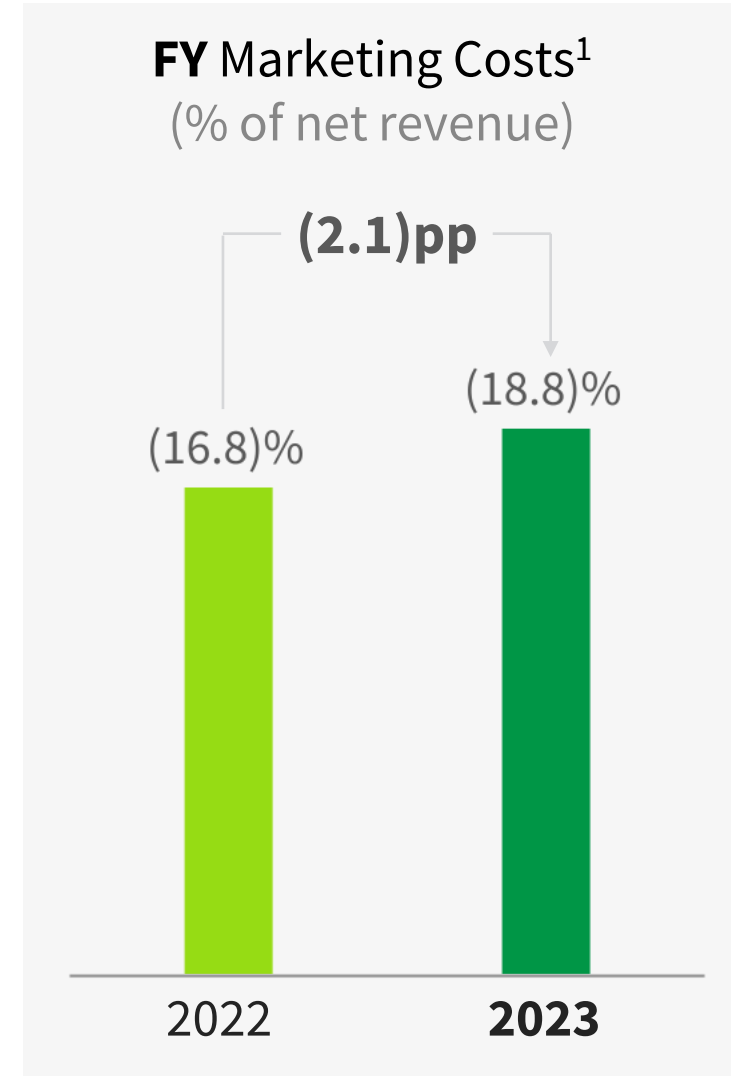
# Despite previously flagged RTE ramp-up and other costs in Q4, 1.3pp contribution margin expansion, reaching 27%<sup>1</sup> for the full year

- Strong contribution margin expansion across both segments:
  - NA: 1.6pp expansion for the year, despite being down (1.3pp) in Q4, due to previously flagged extra costs
  - Intl: 1.1pp improvement for the year, driven by both fulfilment and procurement efficiencies across most markets



# Marketing spend above prior year at 18.8%<sup>1</sup> of revenue

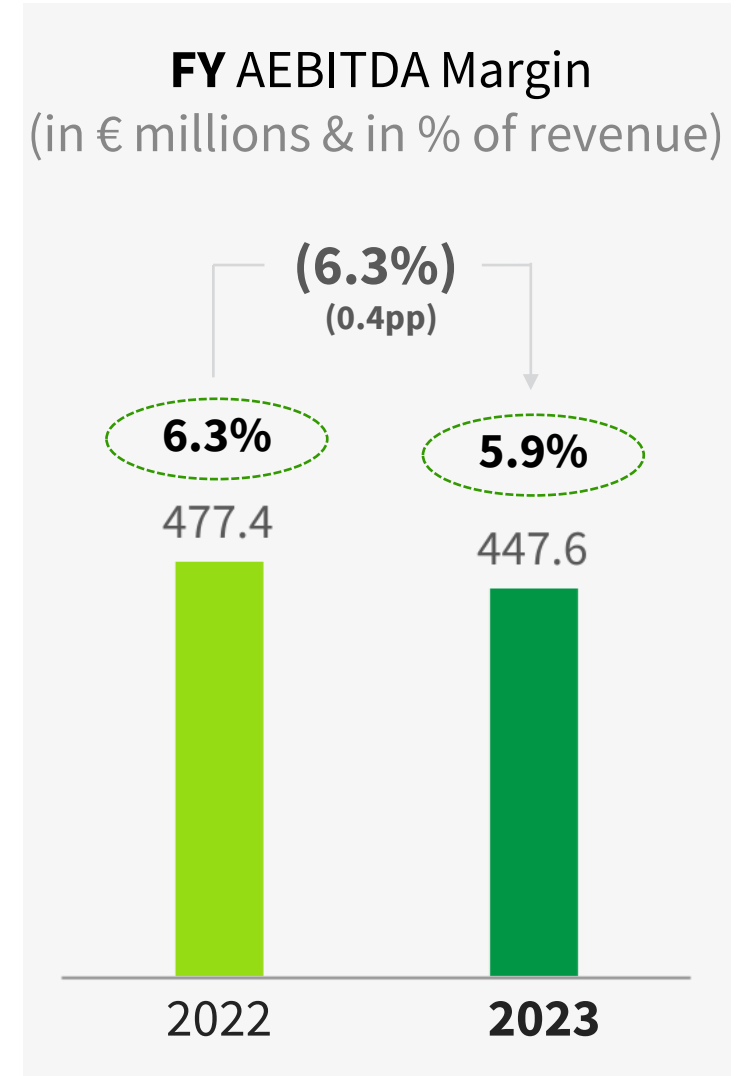
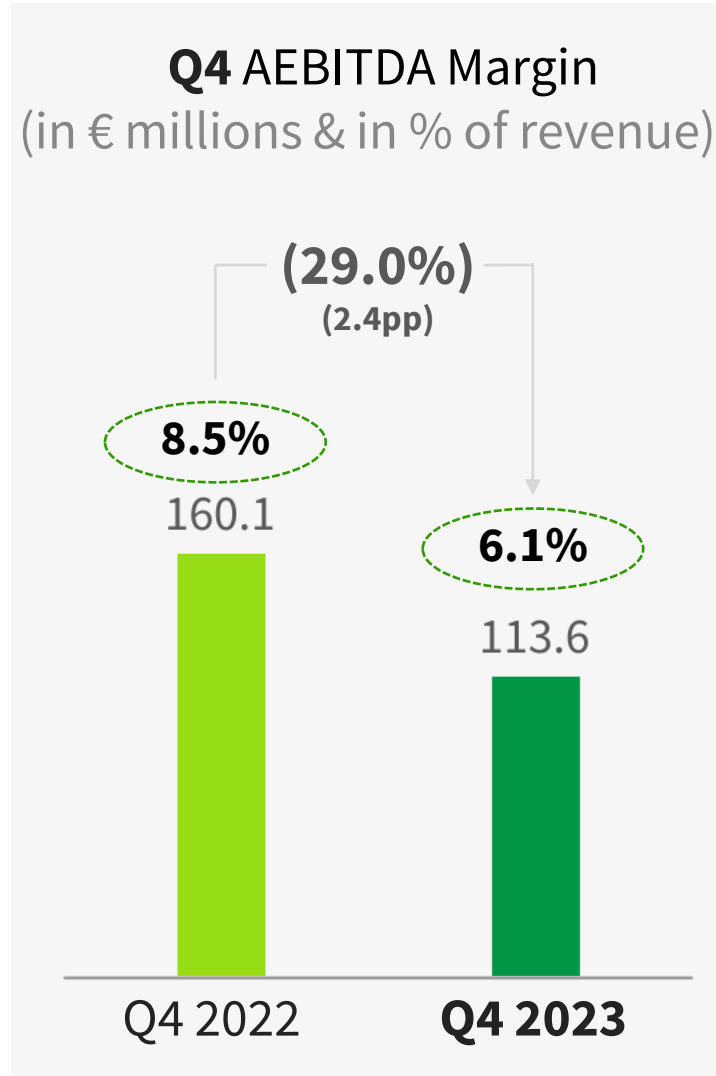
- Meal-kits absolute marketing spend relatively flat yoy (FY)
- Absolute RTE marketing spend up by ~60% yoy, in line with revenue growth (FY)
- Less efficient marketing spend in Q4 due to demand steering in RTE





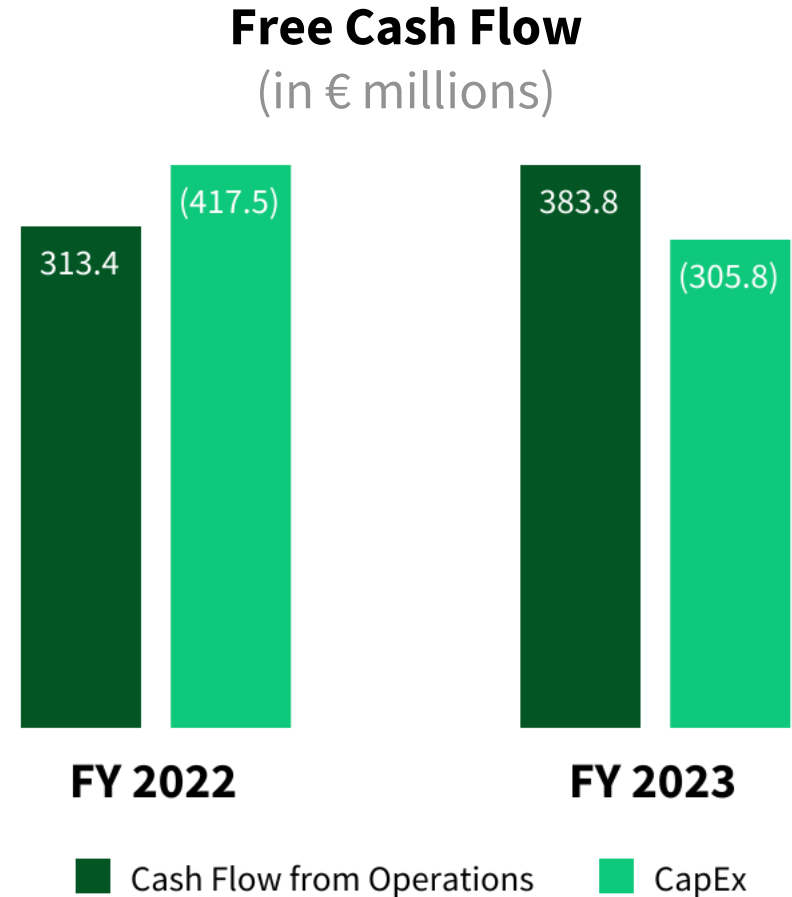
# Full year AEBITDA of €448m for the Group

- AEBITDA development yoy driven by:
  - Softer EUR-FX rates
  - Continued contribution margin expansion
  - Somewhat higher relative marketing expenses
- Previously discussed Q4 effects: US RTE production extra ramp up related expenses and softer meal kit trading environment



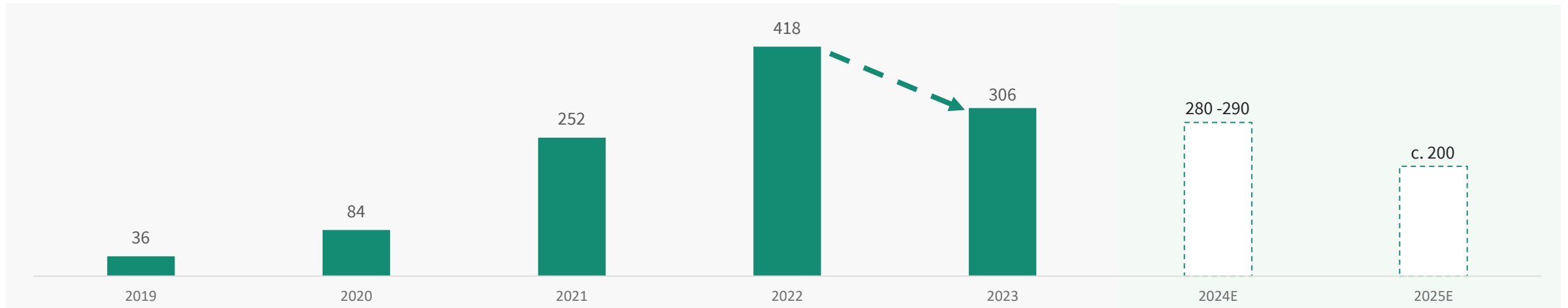
# Return to positive free cash flow of €78m in 2023

- Cash Flow from Operations increased to €384m
- CapEx reduced to €306m
- Strong cash position of €433m at year end
- Ongoing share buyback program, under which €30m of stock has been bought back in Q4 2023



# We are well advanced in our multi-year capex program; most important projects completed or close to completion

CAPEX development (€ millions)



- 2024 capex primarily comprises:
  - RTE production capacity expansion (US, CA, EU)
  - Completion of automated meal kit fulfilment centers, started in 2021/2022 - primarily DEAT and UK, and other automation
  - Capitalized own-developed software
  - Some last mile build-outs
- From 2025 onwards capex expected to further step-down to c. €200m or below; RTE representing the biggest investments in those periods
  - This will further drive attractive FCF/share expansion from 2025 onwards

# Strong balance sheet with ample liquidity resources and little financial debt

## Liquidity vs. financial debt

(In € millions)

Cash on Balance Sheet	433
Untapped and available RCF	366
<b>Total liquidity resources</b>	<b>799</b>
Convertible bonds <sup>(1)</sup>	172

**Liquidity Cover**

**4.6x**

## Leverage (at mid point of AEBITDA guidance)

(In € millions)

Cash on Balance Sheet	(433)
Convertible bonds <sup>(1)</sup>	172
Capitalized leases <sup>(2)</sup>	550
<b>Net Debt</b>	<b>289</b>
AEBITDA (2024 mid point)	375

**Net Debt/AEBITDA**

**0.77x**



# 2024 will be a relatively complex transition year for HFG

## Key Trends

### RTE

- Robust secular demand driving attractive revenue growth

- Ongoing production volume ramp-up expenses, starting to ease in H2
- Elevated marketing expenses due to strong customer growth
- Ongoing RTE internationalization

### Meal Kits

- Relatively soft consumer demand
- Negative volume growth, but with easing trend in H2

- Fixed cost impact from volume deleveraging
- Ramp-up of modern fulfilment centres with higher target efficiency but with initial extra costs
- Product investments

## 2024 Group Outlook

### Constant Currency Revenue Growth

2% - 8%

### AEBITDA

€350m - €400m





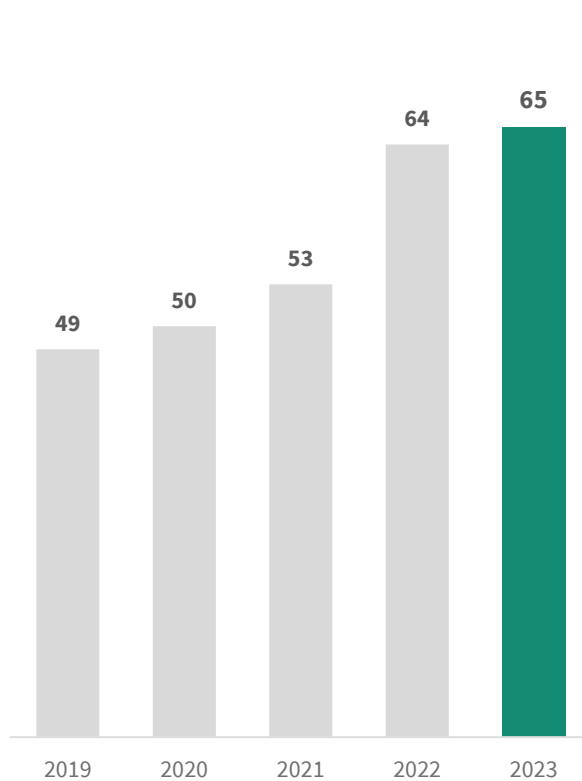
# Strategic Update Highlights



# The attractiveness of our customer base has increased significantly over time and the value we generate with our existing base is highly predictable

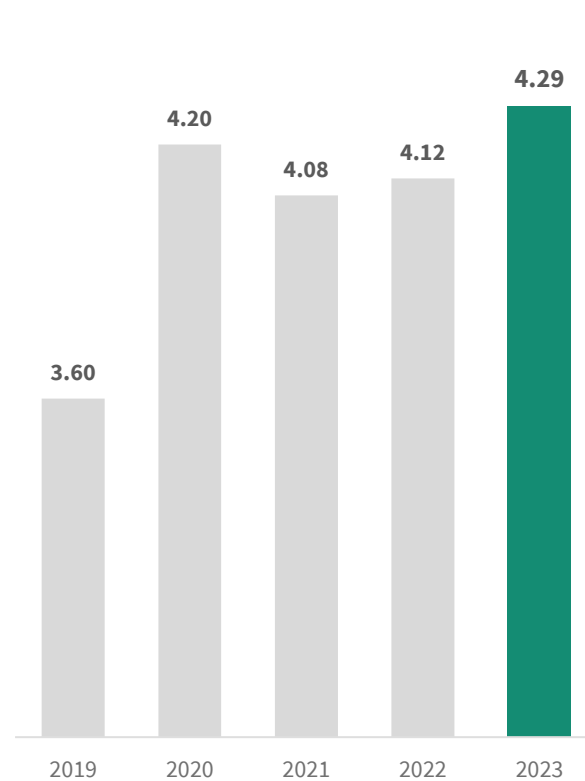
## Customers order more items...

(AOV<sup>(1)</sup>, in €)



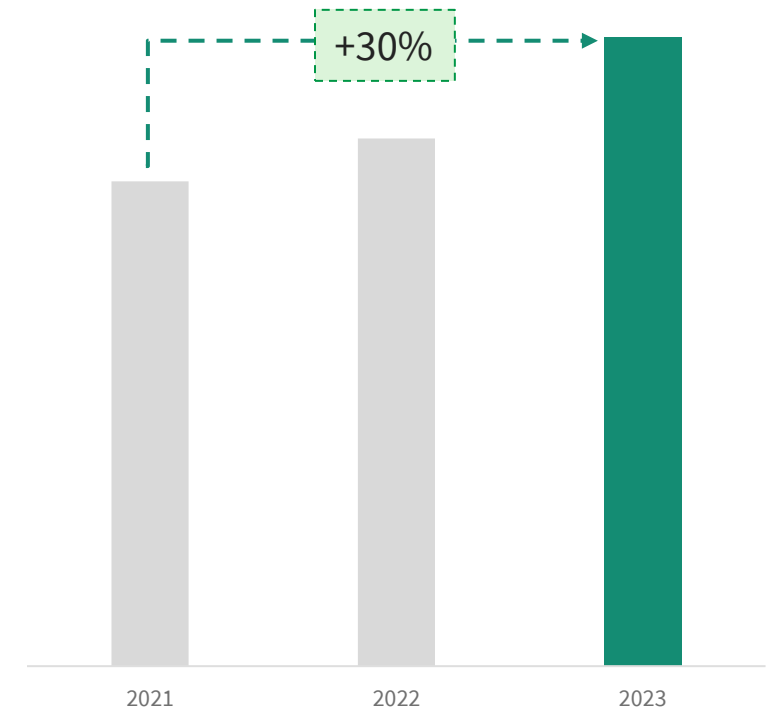
## ... at higher frequencies...

(in orders per customer)<sup>(2)</sup>



## ... leading to higher Customer Lifetime Values

(cum. net revenue per activation 10 weeks after conversion, US brands only)



<sup>(1)</sup> Average order value in Q4 of the respective year

<sup>(2)</sup> Average order rate in Q4 of the respective year

<sup>(3)</sup> Average cumulative net revenue for 10 weeks after conversion for customers acquired in Q4 of the respective year

# We are shifting focus in our meal kit business towards existing customers and stabilization of growth, as we build the muscles required for the next leg of growth



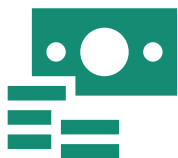
## Enhancing our physical product offering

Focus on variety and convenience



## Launch of HelloFresh Loyalty Program

Providing outstanding value to loyal customers



## Evolution of our pricing and incentives strategy

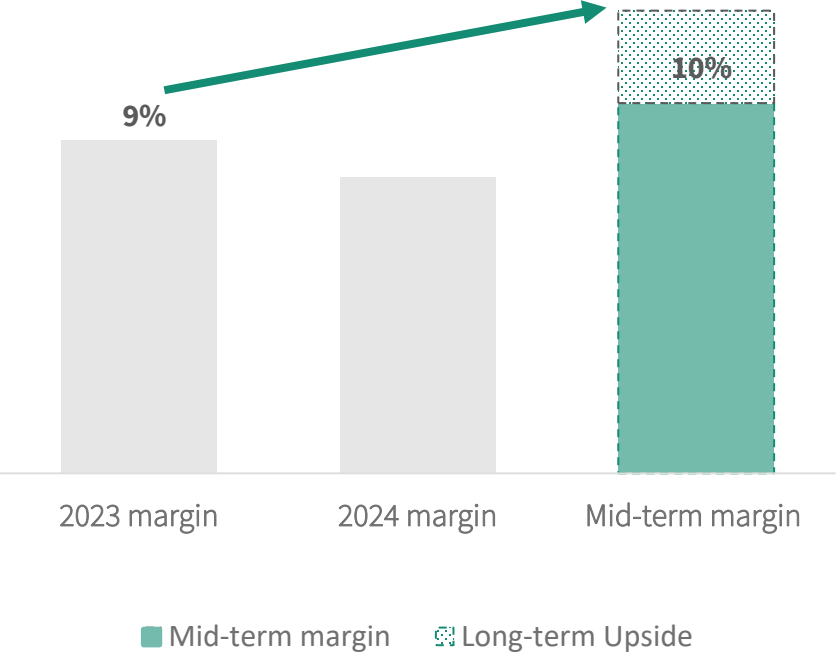
Improving the efficiency of our marketing mix

Roll-outs happening gradually over the next 12 months



# With more moderate growth expectations, we will target faster expansion of meal kit earnings than top-line in the coming years

## Long-term AEBITDA margin profile<sup>(1)</sup>



## Measures to improve the margin mid to long term:



**Right size the cost base and** optimize production infrastructure



Bring new automated fulfilment centers quickly **to target productivity levels**



Investments in **technology, machine learning** and **GenAI** to drive cost efficiencies

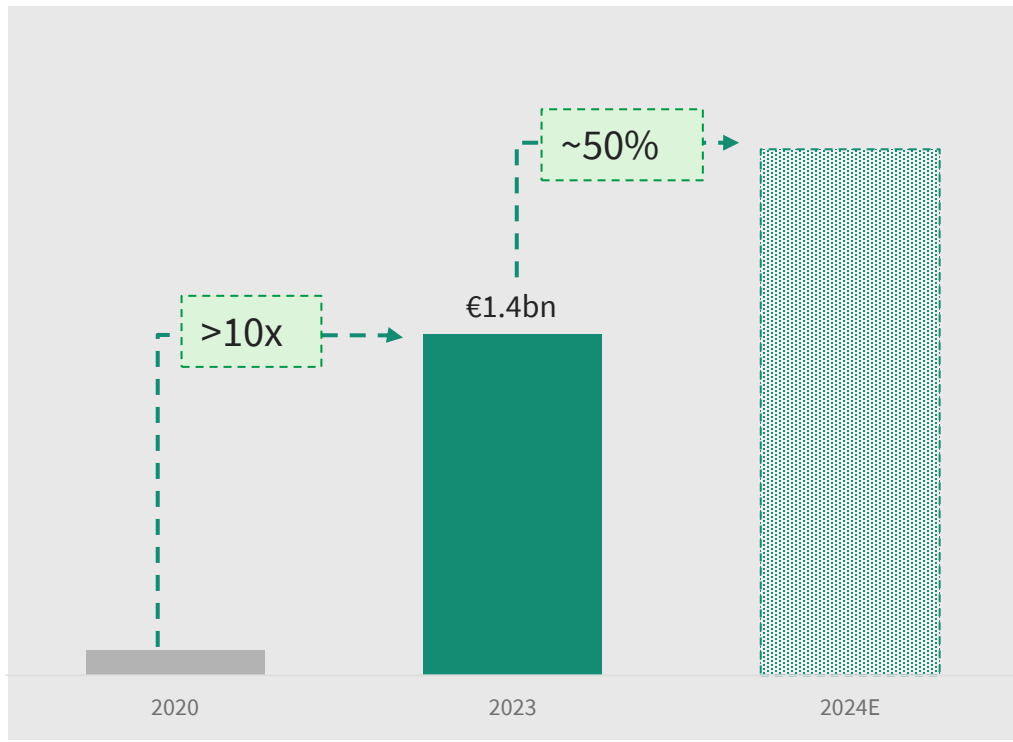


**Lower marketing costs** by moving from financial toward product incentives

<sup>(1)</sup> AEBITDA excluding holding costs, in line with segment reporting

# Growth in 2024 will be driven by RTE, which still operates at a relatively low TAM penetration and has just commenced internationalization

## RTE Revenue (In € billions)

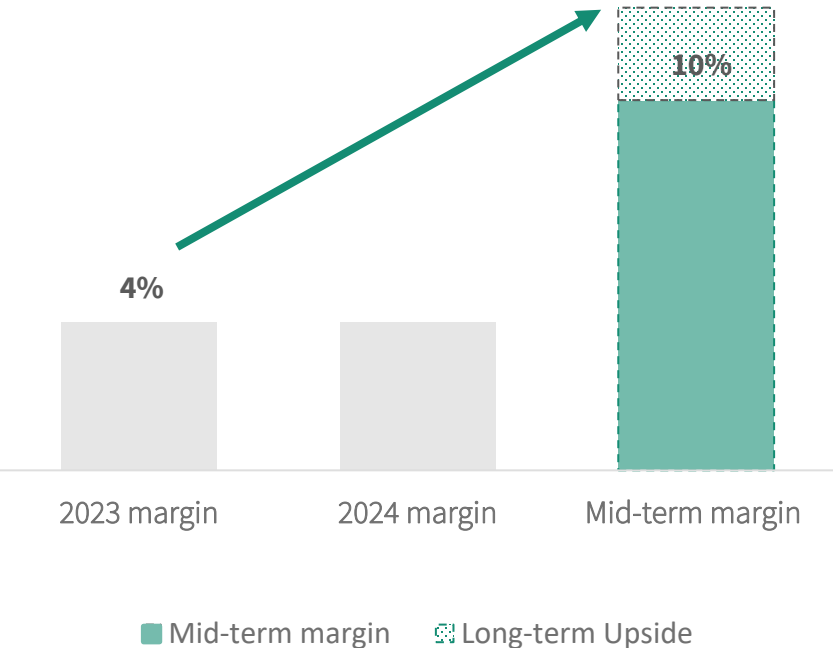


## Growth Levers



# RTE ramp-up will switch from being a margin headwind to a margin tailwind as we reach greater maturity

## Long-term AEBITDA margin profile<sup>(1)</sup>



## Capitalizing on HFG’s growth playbook and platform to improve the margin



**Higher AOV** through broadening our assortment and add-ons offering



**Productivity improvements** with increasing maturity of production network



Marketing as a % of revenue will decline as **customer base matures**



After initial investment period, newly launched **International RTE geos** will turn AEBITDA profitable

<sup>(1)</sup> AEBITDA excluding holding costs, in line with segment reporting

# Summary

Meal kits in consolidation phase in 2023 and 2024: return to sustainable growth will be a function of further improving customer experience

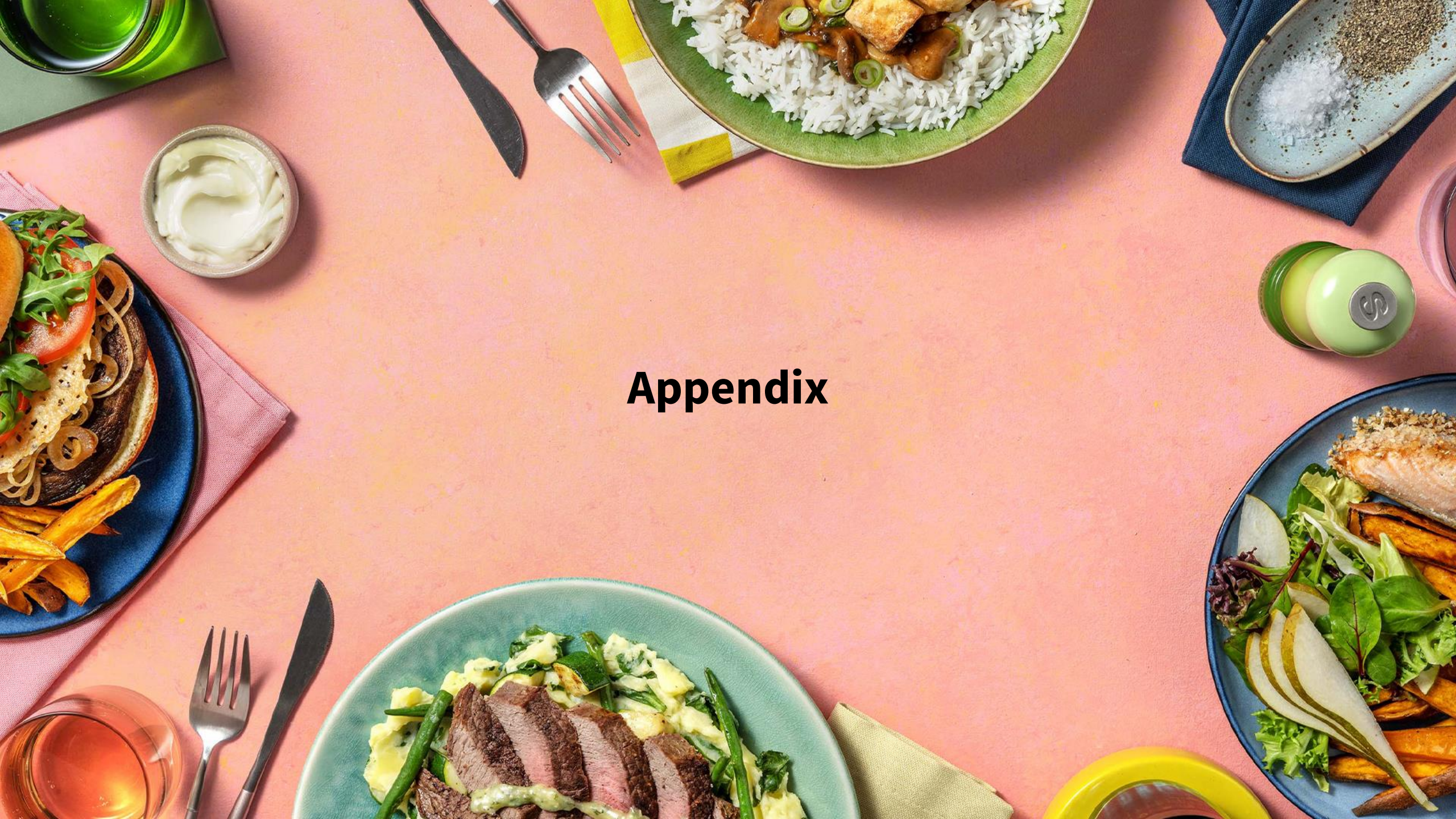
Accelerating Group revenue growth expected in 2024: driven by RTE through deploying our proven hyper scale-up playbook

Meal kit cost base to be right-sized to match growth path

Long term AEBITDA margins should trend toward > 10% for every business unit: mix shifts and different maturity stages hide underlying profitability currently

We are actively working on identifying and scaling the next \$bn business line



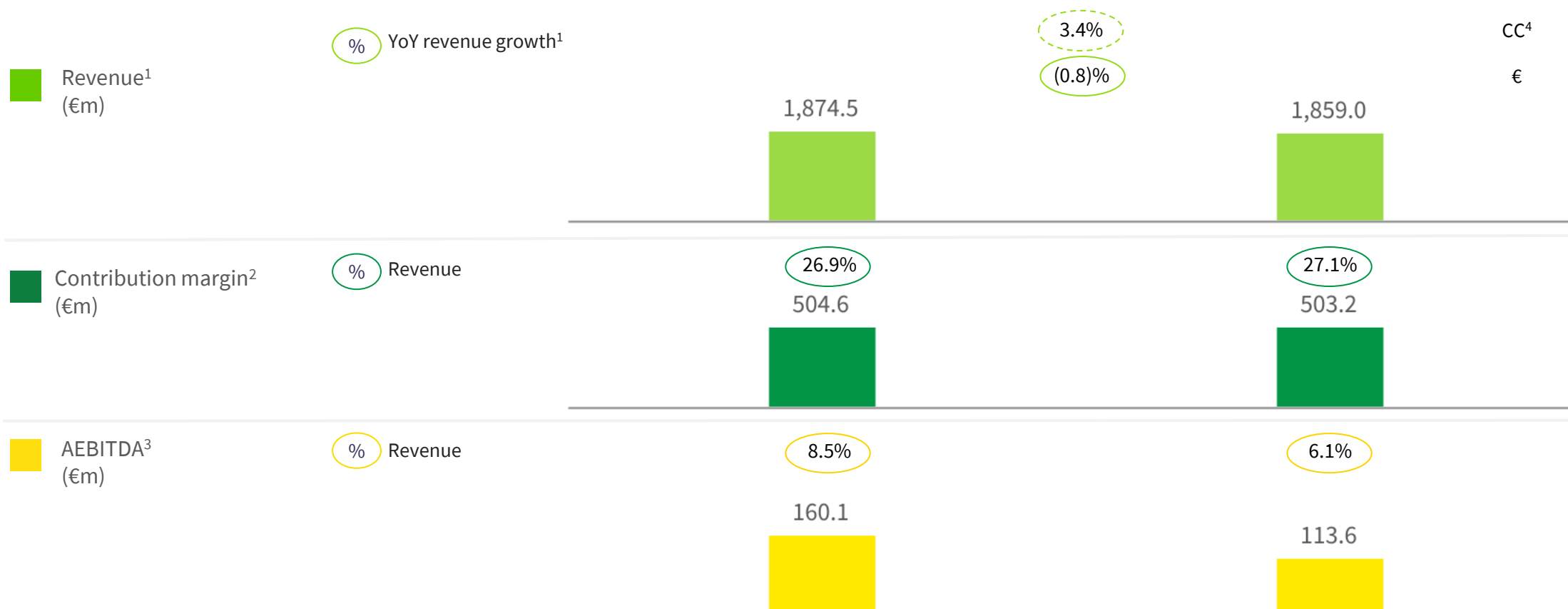


**Appendix**



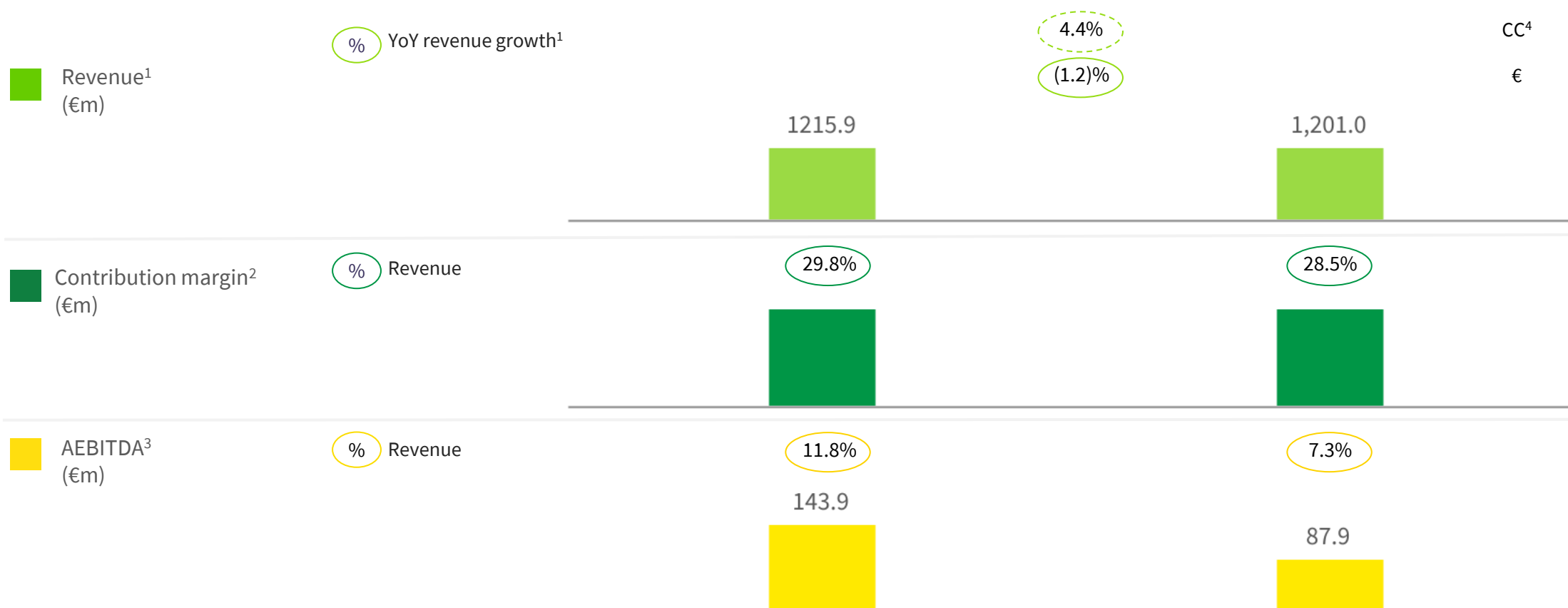
# Group: Operational and Financial KPIs

	Q4 22	Q4 23
Active Customers (m)	7.11	6.64
Average Order Rate	4.12	4.29
Average Order Value (€)	63.7	65
Average Order Value constant currency (€)	63.7	67.8



# NA: Operational and Financial KPIs

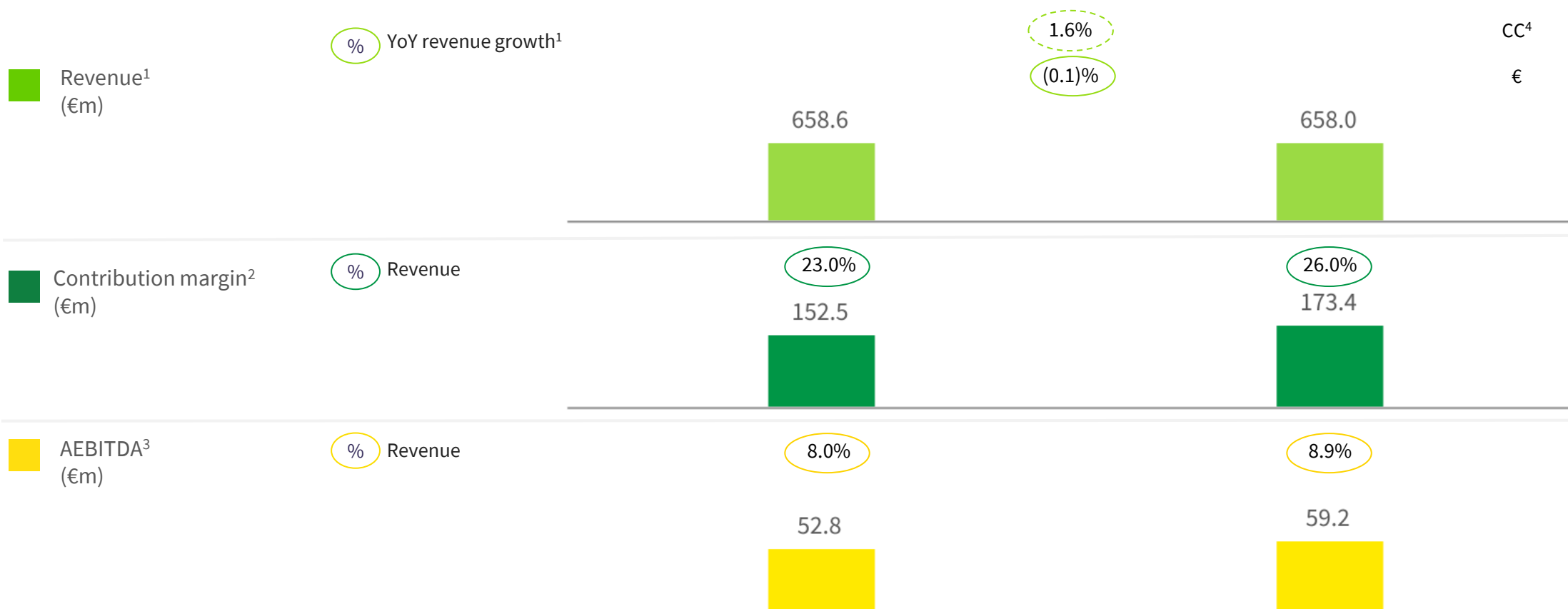
	Q4 22	Q4 23
Active Customers (m)	3.84	3.63
Average Order Rate	4.20	4.33
Average Order Value (€)	75.4	76.3
Average Order Value constant currency (€)	75.4	80.6



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. Contribution margin is defined as revenue less cost of goods sold and fulfilment expenses, excluding share-based compensation expenses.  
 3. AEBITDA is calculated by adjusting EBITDA for special items and share-based compensation expenses; AEBITDA margin is defined as % of revenue.  
 4. Based on constant currency.

# International: Operational and Financial KPIs

	Q4 22	Q4 23
Active Customers (m)	3.26	3.01
Average Order Rate	4.03	4.23
Average Order Value (€)	49.4	51.0
Average Order Value constant currency (€)	49.4	51.9



# Profit and Loss Statement

	3 months ended		Change %	12 months ended		Change %
	31-Dec-23	31-Dec-22	YoY	31-Dec-23	31-Dec-22	YoY
Revenue	1,859.0	1,874.5	(0.8)%	7,596.6	7,607.2	(0.1)%
Procurement Expense	(670.1)	(642.1)	4.4%	(2,675.6)	(2,620.3)	2.1%
Fulfilment Expense	(692.0)	(733.2)	(5.6)%	(2,910.7)	(3,070.7)	(5.2)%
Contribution Margin	496.9	499.2	(0.5)%	2,010.3	1,916.2	4.9%
<i>% of Revenue</i>	27.1%	26.9%	0.2pp	26.9%	25.5%	1.3pp
Marketing Expense	(356.7)	(303.6)	17.5%	(1,440.5)	(1,284.2)	12.2%
G&A	(97.0)	(93.6)	3.7%	(411.0)	(366.5)	12.1%
Other Operating Income (Expenses)	(16.4)	(7.4)	121.3%	(48.1)	(24.6)	95.3%
EBIT	33.7	85.6	(60.6)%	112.5	217.4	(48.2)%
<i>% of Revenue</i>	1.8%	4.6%	(2.8)pp	1.5%	2.9%	(1.4)pp
Financial Result	(47.1)	0.8	(5990.7)%	(17.3)	(7.8)	122.2%
EBT	13.6	38.5	(64.6)%	73.3	200.0	(63.3)%
Income Tax (Expense) / Benefit	(25.0)	(5.0)	401.6%	(55.2)	(74.9)	(26.2)%
Net Income / (Loss)	(11.3)	33.5	(133.9)%	18.1	125.1	(85.5)%
<b>Reconciliation starting at EBIT</b>						
EBIT	33.7	85.6	(60.6)%	112.5	217.4	(48.2)%
D&A	67.7	52.7	28.6%	231.3	165.8	39.5%
EBITDA	101.5	138.3	(26.6)%	343.8	383.2	(10.3)%
<i>% of Revenue</i>	5.5%	7.4%	(1.9)pp	4.5%	5.0%	(0.5)pp
SBC	13.3	(1.2)	nm	82.0	55.5	47.9%
Special Items	(1.1)	23.0	(104.8)%	21.7	38.7	(43.8)%
AEBITDA	113.6	160.1	(29.0)%	447.6	477.4	(6.3)%
<i>% of Revenue</i>	6.1%	8.5%	(2.4)pp	5.9%	6.3%	(0.4)pp

# Balance Sheet & Cash Flow Statement

In MEUR	As at 31-Dec-23	As at 31-Dec-22
<b>Assets</b>		
Non-current assets	1,756.4	1,623.0
Cash and cash equivalents	433.1	504.0
Other current assets	391.7	408.2
<b>Total assets</b>	<b>2,581.3</b>	<b>2,535.2</b>
<b>Equity and liabilities</b>		
Equity	1,019.0	959.6
Non-current liabilities	649.3	605.1
Current liabilities	913.0	970.5
<b>Total equity and liabilities</b>	<b>2,581.3</b>	<b>2,535.2</b>
In MEUR	2023	2022
<b>Cash and cash equivalents at the beginning of the period</b>	<b>504.0</b>	<b>827.1</b>
Net Cash flows from operating activities	383.8	313.4
Net Cash flows from investing activities	(339.6)	(443.8)
of which M&A	(36.1)	(25.6)
Net Cash flows from financing activities	(110.8)	(204.3)
Effects of exchange rate changes and other changes on cash and cash equivalents	(4.2)	11.5
<b>Cash and cash equivalents at the end of the period</b>	<b>433.1</b>	<b>504.0</b>





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