Food Delivery Tech: Battle for the European Consumer

Research by

dealroom

data contribution from

prioridata

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About Dealroom

- Founded in 2013 in Amsterdam, Dealroom provides a 360° view on Europe's high-growth industries, tracking over 500,000 companies and 10,000 investors in Europe and beyond
- Dealroom enables venture capital & private equity firms, corporates, consultants and investment banks to find growth opportunities, conduct market intelligence research, and stay ahead of developments
- Data is sourced and consolidated from multiple sources, including: internal manual research; contributions from over 12,000 local market experts such as journalists, VCs and founders; automatic data feeds and crawlers; machine learning and natural language processing to organise data and spot below the radar companies
- Dealroom membership is free

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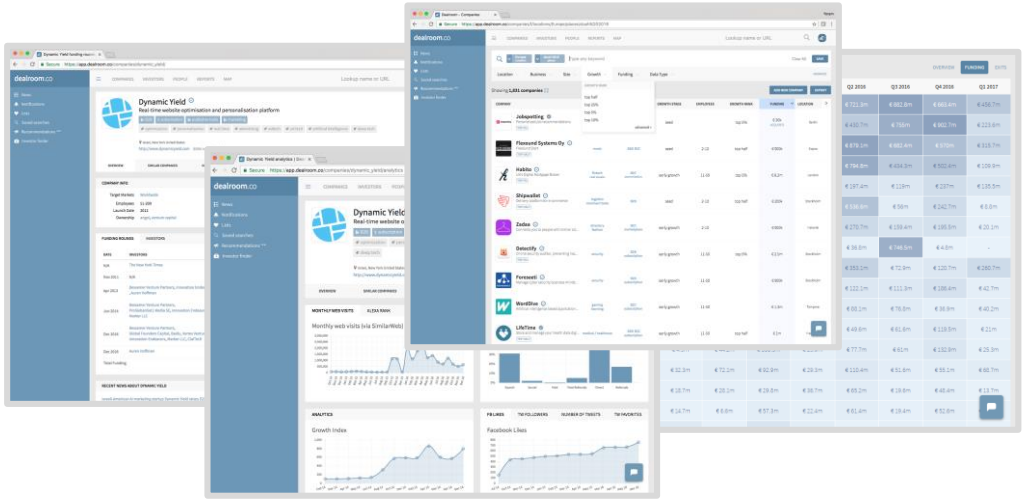
Consolidating multiple data sources…

- 12,000+ contributors (founders, VCs, analysts)
- Automatic data feeds and web crawlers
- Manual curation & research by Dealroom
- Machine learning and natural language processing

… resulting in rich data-driven intelligence



About Priori Data

- Priori Data is a leading mobile market intelligence company
- Priori's solutions provide customers with insights to help them understand, benchmark, and track their mobile market share so that they can **win their mobile markets**
- Priori enables app businesses, agencies, marketers, and analysts to benchmark performance against competitors, reveal competitor mobile strategy, discover new opportunities, and identify emerging trends in the app stores
- The Company was founded in Berlin in 2013 by alumni of Morgan Stanley, Google, and the University of Cambridge

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Priori's crawlers collect **Public Data** from App Stores...

APPS	PUBLISHERS	TOP CHARTS	COUNTRIES	LANGUAGES
4m+	**1m+**	**35k+**	**57**	**35**

...which is combined with **Confidential Data** from partners

PARTNER APPS	PARTNER PUBLISHERS	MONTHLY DOWNLOADS	MONTHLY REVENUE
20k+	**1k+**	**150m+**	**$50m+**

Resulting in global, real-time **Proprietary Data** on apps

Competitive Tracking

Market Trends

API

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1. **Introduction**
2. Food tech economics
3. Consolidation wave
4. Market size and market share
5. Investment and exits

Introduction

About this report	▪ This report combines proprietary data from Dealroom and Priori Data with annual reports, investor presentations and equity research from Just Eat, Takeaway.com and Rocket Internet. SimilarWeb data was used for online usage ▪ By combining these data-points, a market model was constructed to estimate the size and market share of key European markets
Eating habits	▪ Consumers are seeking convenience, resulting in a drive towards on-demand delivery and away from home-cooking ▪ Supermarkets are most likely to lose in this trend. Prepared grocery models (HelloFresh) are gaining scale, but economically not validated yet ▪ Majority of restaurants see trend as “a good thing for business” according to a recent UK survey by Morgan Stanley
Consolidation and IPOs	▪ Just Eat and Takeaway.com have so far benefitted the most from this trend, through asset-light software-only operations with 50%+ margins ▪ Both outperformed: Just Eat’s share price more than doubled in 2 years since it’s IPO. Takeaway.com is up > 40% since their Oct ‘16 IPO ▪ Their model requires #1 or #2 market position to be profitable. Result: a wave of consolidation, and still more M&A anticipated (France?)
Increased competition	▪ Deliveroo, Uber EATS and Amazon entered the market and scaled rapidly with a model offering full-service logistics ▪ This model involves more operating risk and requires enough population density (and higher order value) to work (Take Eat Easy failed) ▪ So far, these new models have not taken share from existing online marketplaces, but rather created a new premium market segment
Challenges	▪ Delivery Hero (38% Rocket owned) is likely getting ready to IPO. However, it is being challenged in some key markets by Takeaway (Germany, Poland) and Just Eat (Italy). It absorbed loss making Food Panda but still lacks a clear cash-cow market position anywhere ▪ Conceivable that Delivery Hero is instead acquired by someone like Priceline, Expedia, Recruit ▪ Deliveroo was hit with strikes after trying to convert its drivers to a pay-per-delivery wage ▪ Uber lost some of its aura of invincibility. But now another powerhouse is also around the corner: Amazon ▪ Fully integrated models with own kitchen have struggled to make economics work (Spoonrocket closed) but others (Sprig, Maple, Forky) are working to get the economics right
Outlook	▪ Just Eat and Takeaway.com has so far enjoyed a rapid path to profitability (Takeaway.com built a €1 billion business in relatively small market) ▪ There is still big upside, as online penetration of delivery and take-out is only about 15% in many parts of Europe (50% in UK and 30% in NL) ▪ The various models (Deliveroo vs. Just Eat) might soon converge: Just Eat is already starting to offer logistics services to restaurants to continue expanding their footprint. Delivery Hero is heavily investing in the roll-out of Foodora, its full-service logistics brand ▪ The last mile and waste reduction are key to further unlocking the potential: high hopes for autonomous delivery (e.g. Starship Technologies)

Eating habits are evolving. Convenience is the driver

Grocery Delivery

Delivery & portal

- HUBBUB – Your local shops delivered
- instacart
- Peapod
- We Deliver Local .co.uk
- honestbee
- HappyFresh

Online Supermarkets:

- redmart
- ocado
- freshdirect
- PIC NIC

Prepared Groceries

- HelloFresh
- Blue Apron
- SIMPLY COOK
- MARLEY SPOON
- Abel & Cole
- Riverford farm shop
- plated

Food Delivery

Own fleet

- UBER EATS
- foodora
- Wolt
- deliveroo
- DOORDASH – delightful delivery

Delivery software

- GRUBHUB
- EAT.CH
- Takeaway.com
- JUST EAT
- Delivery Hero
- LA RUCHE QUI DIT OUI !

Vertically integrated

- forky
- MAPLE
- PRONTO
- MUNCHERY
- SPOONROCKET
- sprig

Restaurant Bookings

- OpenTable
- tripadvisor
- yelp Reservations
- Quandoo
- Bookatable by Michelin
- zomato
- reserveout
- VELOCITY

Meal Substitutes

- soylent
- Insect
- PROTIX
- BEYOND MEAT
- Luvo – Be good to you.
- Hampton Creek
- Simris
- fairlife – believe in better milk

Agritech

- azotic TECHNOLOGIES
- AgriViet.com
- Farmeron
- PlantLab
- VITAL FIELDS
- ECF FARMSYSTEMS
- GAMAYA

Waste Reducing

- Too Good To go
- FROODLY
- Buffet GO
- YOUR LOCAL
- OptiMiam
- food loop – Save it all!
- OLIO

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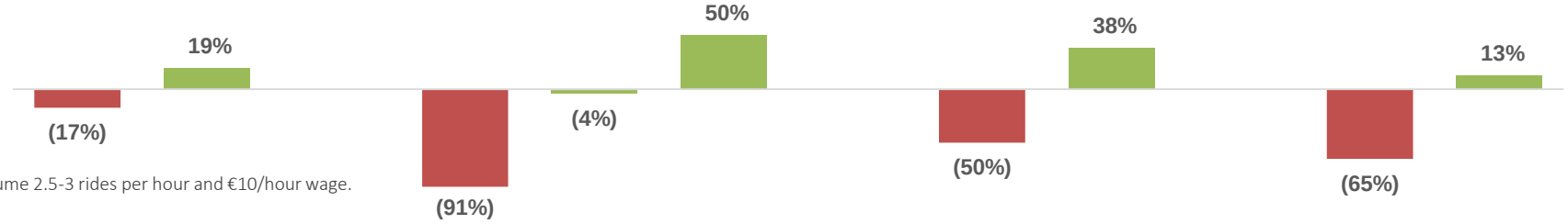
Key considerations between the various models. Operating risk ranging from low to very high

Home cooking		No cooking		
Supermarkets	**Prepared groceries**	**Software only**	**Own fleet & logistics**	**Vertically integrated**
ocado	HelloFresh	JUST EAT, Delivery Hero, Takeaway.com	foodora, deliveroo, amazon.com, UBER EATS	forky, sprig, MAPLE
Online supermarket eCommerce	Weekly boxes of around €50-100 / box	12-15% commission / restaurant does delivery	30% commission + delivery fee	Own kitchen and delivery logistics
Positives: ✓ Huge market ✓ Migration online ✓ High customer life-time value ✓ Revenues growing 15% YoY ✓ EBITDA margin 7%	**Positives:** ✓ Nearly 1 million active subscribers Avg € 750 revenue per sub ✓ Starting to focus on profitability by reducing marketing spend (but: churn and LTV are undisclosed)	**Positives:** ✓ Just Eat and Takeaway beating expectations ✓ Autonomous delivery potential ✓ New entrants (Deliveroo, Amazon, Uber are targeting different premium segment, so far) ✓ EBITDA margin 50-60% in strong markets	**Positives:** ✓ Ability to advertise on packaging and on delivery vehicles ✓ Autonomous delivery potential ✓ Own kitchen to optimize fleet utilisation ✓ Model works best in dense + affluent areas ✓ Positioned as premium	**Positives:** ✓ Entire GMV equals revenue ✓ Domino's UK has validated this business model, at scale: 10% revenue growth 25% EBITDA margin
Considerations: ✗ EBITDA-Capex negative ✗ Cooking is losing its appeal ✗ Prevailing wisdom in tech circles that this is a winner-takes-all logistics play that may well become dominated by Amazon	**Considerations:** ✗ Still EBITDA negative. Cost structure: Cost of goods 43% Fulfilment cost 35-40% Marketing cost: 30% (discretionary) Other opex: 3% = => Negative 15% EBITDA margin	**Considerations:** ✗ Difficult economics in competitive and new markets as low as 100% (FoodPanda) or close to 0% (Germany) ✗ May need to soon invest in logistics to continue growth)	**Considerations:** ✗ Foodora is highly loss making for Delivery Hero, but it continues to invest heavily in roll-out ✗ Take Eat Easy closed operations ✗ Dealing with rider strikes ✗ Amazon moving in too	**Considerations:** ✗ Operating risk: capacity utilization, minimal waste are key ✗ Spoonrocket ✗ Less choice for consumer (one menu)
Market verdict: - Market values Ocado at EBITDA multiples similar to Amazon (17-18x 2017E EBITDA)	**Market verdict:** - Push to profitability, which will curb growth	**Market verdict:** - Strong performance of public players - No clear sign of Delivery Hero IPO yet	**Market verdict:** - Strong VC backing of Deliveroo model	**Market verdict:** - Domino's is valued 17-18x EBITDA - VCs hesitant following SpoonRocket Domino's Pizza, Chipotle

Unit economics vary widely per model and depending on market position and growth stage

		Prepared groceries (HelloFresh)		Software only (Just Eat, Takeaway, Delivery Hero)			Own fleet (Deliveroo, Uber EATS)		Fully integrated (Forky, Sprig, Maple)	
Per order:		Growth phase	Steady state	Developing markets	Developed market, but competitive	Market leadership	Lower density areas	Affluent & densely populated	Developing market	Developed leadership
	Order value	€ 75.0	€ 75.0	€ 12.0	€ 20.0	€ 20.0	€ 20.0	€ 30.0	€ 10.0	€ 20.0
x	Commission [1]	100%	100%	12%	12%	15%	30%	35%	100%	100%
=	**Net revenue per order**	**€ 75.0**	**€ 75.0**	**€ 1.4**	**€ 2.4**	**€ 3.0**	**€ 6.0**	**€ 10.5**	**€ 10.0**	**€ 20.0**
-/-	COGS	45%	40%	–	–	–	–	–	40%	30%
-/-	Labour / packaging	35%	30%	–	–	–	–	–	35%	30%
=	Product margin per order	€ 15.0	€ 22.5	€ 1.4	€ 2.4	€ 3.0	€ 6.0	€ 10.5	€ 2.5	€ 8.0
-/-	Delivery	(€ 1.5)	(€ 1.5)	-	-	-	(€ 5.0)	(€ 4.0)	(€ 5.0)	(€ 3.0)
=	Gross margin per order	€ 13.5	€ 21.0	€ 1.4	€ 2.4	€ 3.0	€ 1.0	€ 6.5	(€ 2.5)	€ 5.0
-/-	Marketing	(€ 25.0)	(€ 5.0)	(€ 1.8)	(€ 1.5)	(€ 0.5)	(€ 2.5)	(€ 1.0)	(€ 2.5)	(€ 1.0)
-/-	Other unit costs [2]	(€ 1.5)	(€ 1.5)	(€ 1.0)	(€ 1.0)	(€ 1.0)	(€ 1.5)	(€ 1.5)	(€ 1.5)	(€ 1.5)
=	**EBITDA per unit**	**(€ 13.0)**	**€ 14.5**	**(€ 1.3)**	**(€ 0.1)**	**€ 1.5**	**(€ 3.0)**	**€ 4.0**	**(€ 6.5)**	**€ 2.5**

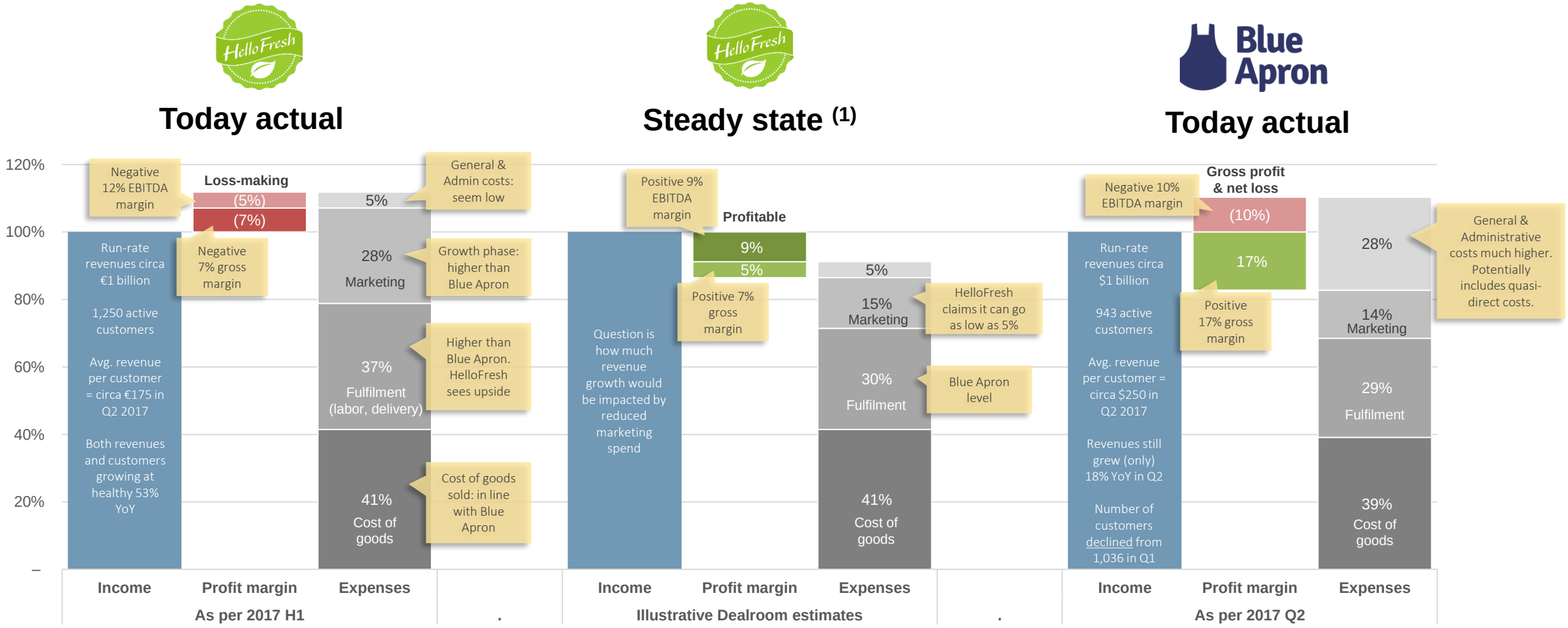
% EBITDA margins:



Source: Dealroom estimates, annual reports, interviews. Delivery costs assume 2.5-3 rides per hour and €10/hour wage.

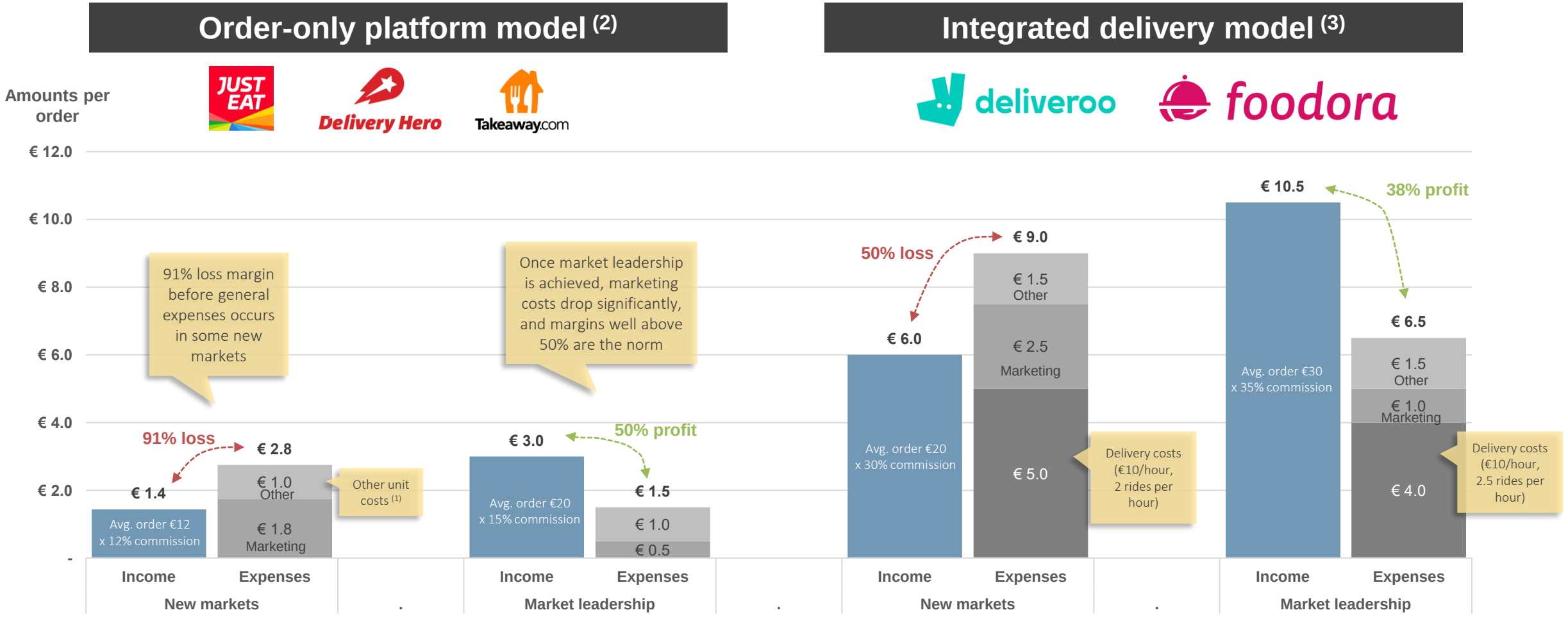
1. Blended rate net of payment fees.
2. Estimate by Morgan Stanley, Dealroom (based on public peers).

Profitability for meal kit delivery businesses: potential path to profitability for HelloFresh



Source: Dealroom estimates, company reports.

Unit economics in food delivery: path to profitability for Deliveroo (and Delivery Hero's Foodora)



Source: Dealroom estimates, company reports.

1. Other unit costs. Based on Just Eat reporting, via Equity Research.
2. Based on public reporting by Delivery Hero, Just Eat and Takeaway.com
3. Based on public reporting by Delivery Hero (Foodora), equity research and Dealroom estimates.

New entrants have so far expanded market adding new (premium) segments, rather than challenging

	deliveroo	UBER EATS	Delivery Club	EAT.CH	Wolt	forky	Too Good To go
HQ	London	San Francisco	Moscow	Zurich	Helsinki	Athens	Copenhagen
Model	Software + feel & logistics	Software + feel & logistics	Software + portal	Software + portal	Software + logistics	Full service	Recycle
Funding (€M)	€ 430M	N/A	€ 10.9M	N/A	€ 12.4M	€ 800K	N/A
Launch year	2012	2014	2011	2008	2014	2014	2015
Monthly web users [1]	7.5M (+90%)	3M (+106%)	2.4M (+85%)	0.6 M	55 K	0.11M	63K
Cumulative app installs [1]	2.2M (+1,000% growth)	1.3M	5.7 M (+60% growth)	N/A	0.27 M	N/A	1M
Other KPIs	2,134 employees Annual Revenues: £ 130M Valuation £ 761M	N/A	52 employees	N/A	85 employees	22 employees	62 employees
Countries	**Europe**: Belgium, France, Germany, Italy, Ireland, Netherlands, UK, Spain [3]	**Europe:** Amsterdam, Bordeaux, Brussels, London, Lyon, Madrid, Manchester, Milan, Moscow, Paris, Stockholm, Vienna, Warsaw [4]	Russia	Switzerland	Estonia, Sweden, Finland	Greece	**Europe:** UK, Denmark, Norway, Germany, France, Switzerland, Austria [5]
Traction	#2 in UK, Netherlands, France after Just Eat	1.3M app installs from zero installs 12 months ago. Biggest growth in France and UK	#1 in Russia	Partnership with Just Eat (2011) #1 in Switzerland	#1 in Finland	#2 in Greece after Delivery Hero	1 M app installs from zero installs 12 months ago. Expansion to 7 countries in 2 years. #2 in Denmark after Just Eat

Source: Dealroom estimates, press releases, SimilarWeb, Priori Data.
1. In Europe. 2. ROW: Australia, Hong Kong, Singapore, UAE. 3. ROW: United states, Canada, Colombia (Bogotá), Brazil (São Paulo), Australia, Thailand, UAE, Hong Kong, Singapore, Taiwan, Japan (Tokyo), South Africa. 4. RWO: USA

Value is created in leadership markets, where the earnings are generated

	JUST EAT	Takeaway.com	Delivery Hero / foodpanda	GRUBHUB	Domino's
Scale					
Countries	15	11	40	1	6
Restaurants	62K	29K	150K	35K	1K
Gross merchandise value (GMV)	€ 3.4B	€ 1.2B	€ 3.8B	€ 3.6B	€ 0.5B
% average take-rate	16%	12%	13%	16%	100%
Net revenues (2017E)	**€ 545M**	**€ 147M**	**€ 495M**	**€ 579M**	**€ 490M**
Market position					
Market leadership in	UK, Denmark, Italy	Netherlands	Sweden, Finland	USA	UK
Market leader EBITDA margin	50% (UK)	60%	profitable		
EBITDA margin in new markets	<0%	<0%	<0%		
Group EBITDA margin (2017E)	**38%**	**<0%**	profitable ex Foodora	**29%**	**25%**
Growth					
% revenue growth ('16-'18E)	**23%**	**30%**	**30%**	**18%**	**10%**
Valuation					
Enterprise value	**€ 4.4B**	**€ 1.2B**	**c. €3.2 billion**	**€ 2.4B**	**€ 2.2B**
EV / Net sales (2017E)	8.1x	8.4x	7.5x	4.9x	4.4x
EV / EBITDA (2017E)	21.3x	-	–	16.9x	17.6x

Source: annual reports, equity research, Bloomberg.

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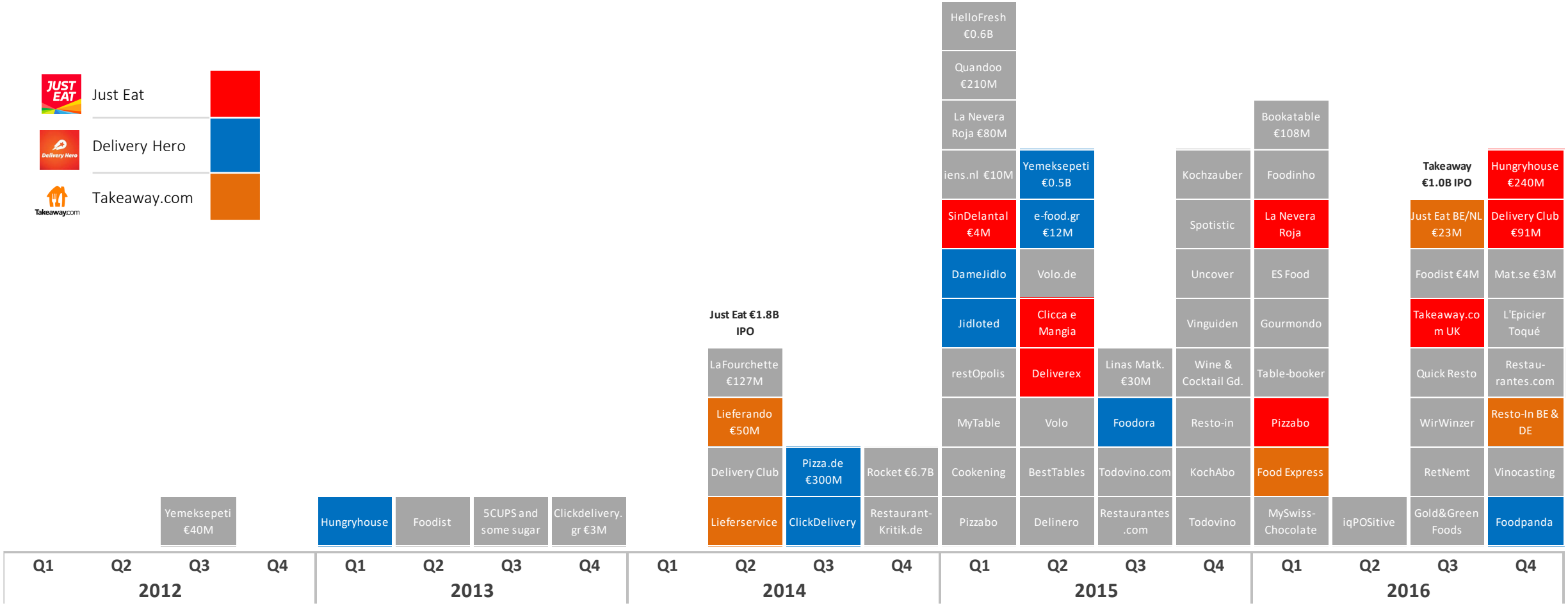
Market leadership is key for profitability. Result: consolidation and disposal of loss-making markets

	JUST EAT	Delivery Hero	foodpanda	Takeaway.com
HQ	London	Berlin	Berlin	Amsterdam
Selected brands	ALLO RESTO by JUST EAT, JUST EAT, orogo, Fill my belly, URBANBITE ONLINE FOOD DELIVERY, orderit.ca	Foodarena.ch, mjam.at, foodora, PIZZA ONLINE.FI, ClickDelivery, Dajme Jedlo Rozvoz jedla po Vašom meste, Lieferheld, e-FOOD.gr	24h.ae, EatOye! smarter way to dine, donesi.com, foodpanda, hellofood, HUNGER STATION	Pizza.be, Pyszne.pl, Lieferando.de, Thuisbezorgd.nl, Vietnammm.com, Pizza.fr, Lieferservice.at
Acquisitions	**W. Europe:** Sindelantal.com, Fillmybelly, Meal2go, Clickeat.it, Urbanbite, AlloResto, Orogo, Clicca e Mangia, DeliveRex, Hellofood IT, Takeaway UK, Hungryhouse UK, La Nevera Roja, PizzaBo IT, Eatcity.ie. **LatAm:** ifood (JV), Sindelantal.mx, Hellofood MX & BR, Foodpanda MX & BR **Canada & USA:** Grubcanada, Yummyweb, Orderit.ca, Skipthedishes. **Australia & New Zeland:** MenuLog	**W. Europe**: HungryHouse UK, EatNow UK **E. Europe:** Foodarena.ch, Efood.gr, Damejidlo, Jidloted, OnlinePizza Norden (OnlinePizza, Mat24, PizzaOnline, PizzaPortal, Mjam, WillEssen), Lieferheld.de, Pizza.de, 9coockies, Foodora. Foodpanda. **LatAm:** Hellofood LatAm, Click delivery, Subdelivery, PedidosYa. **Middle East:** Talabat.com, Yameksepeti. **Asia:** Baedaltong.	**E. Europe:** Delivery Club, Pauza.hr, Donesi.com, Netpincer.hu. **LatAm:** PedidosYa, SeMeAntoja, Superantojo, Entrega Delivery, Peixe Urbano, DeliYami, Janamesa. **Middle East:** 24h.ae, Hungerstation, EatOye. **India:** Tastykhana, Just Eat India. **Asia**: Singapore-Dine, Food Runner, Koziness, Delivery.com HK	**W. Europe:** Thuisbezorgd.nl, Pizza.fr, Pizza.be, Rsto-in BE, TanteBep.nl, Pizza.pt, Just Eat BE & NL, food-express. **E. Europe:** Lieferando, Lieferservice.ch, Pyszne.pl, Lieferservice.de, Resto-in DE **Asia:** Vietnammm.
Disposals	**W. Europe**: Just Eat BE & NL (to Takeaway) **E. Europe:** Online Pizza (Sweden, Minority stake) **LatAm:** Hellofood Brazil (to ifood) **India:** Just Eat India (to Foodpanda)	**E. Europe:** Hungryhouse UK (to Just Eat) **LatAm**: Tastykhana, PedidosYa MX, SeMeAntoja, Superantojo (to Foodpanda) **China:** Waimai Chaoren (Chinnese subsidiary)	**E. Europe:** Delivery Club (to Mail.ru) **India:** Foodpanda Indonesia closes down **LatAm:** Hello Food MX & BR (to Just Eat) Hellofood Argentina, Chile, Colombia, Ecuador and Peru (to Delivery Hero) **Asia:** Foodpanda Vietnam (to Vietnammm)	**W.Europe**: Takeaway.com UK (to Just Eat)

Consolidation wave started in 2014 and still ongoing. France and Italy could be next



1. Assumption of majority stake by Rocket Internet.

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Europe post consolidation: France and Italy remain as crowded markets

JUST EAT

Dominantly #1 in UK, Italy, Spain, Portugal, Denmark

Also #1 France

Delivery Hero

#1 in Germany (not dominant), Sweden, Finland

#2 in Poland

Present across Eastern Europe since FoodPanda acquisition in December 2016

foodpanda

Present across Eastern Europe (and Asia and LatAm)

Focus on emerging markets

Takeaway.com

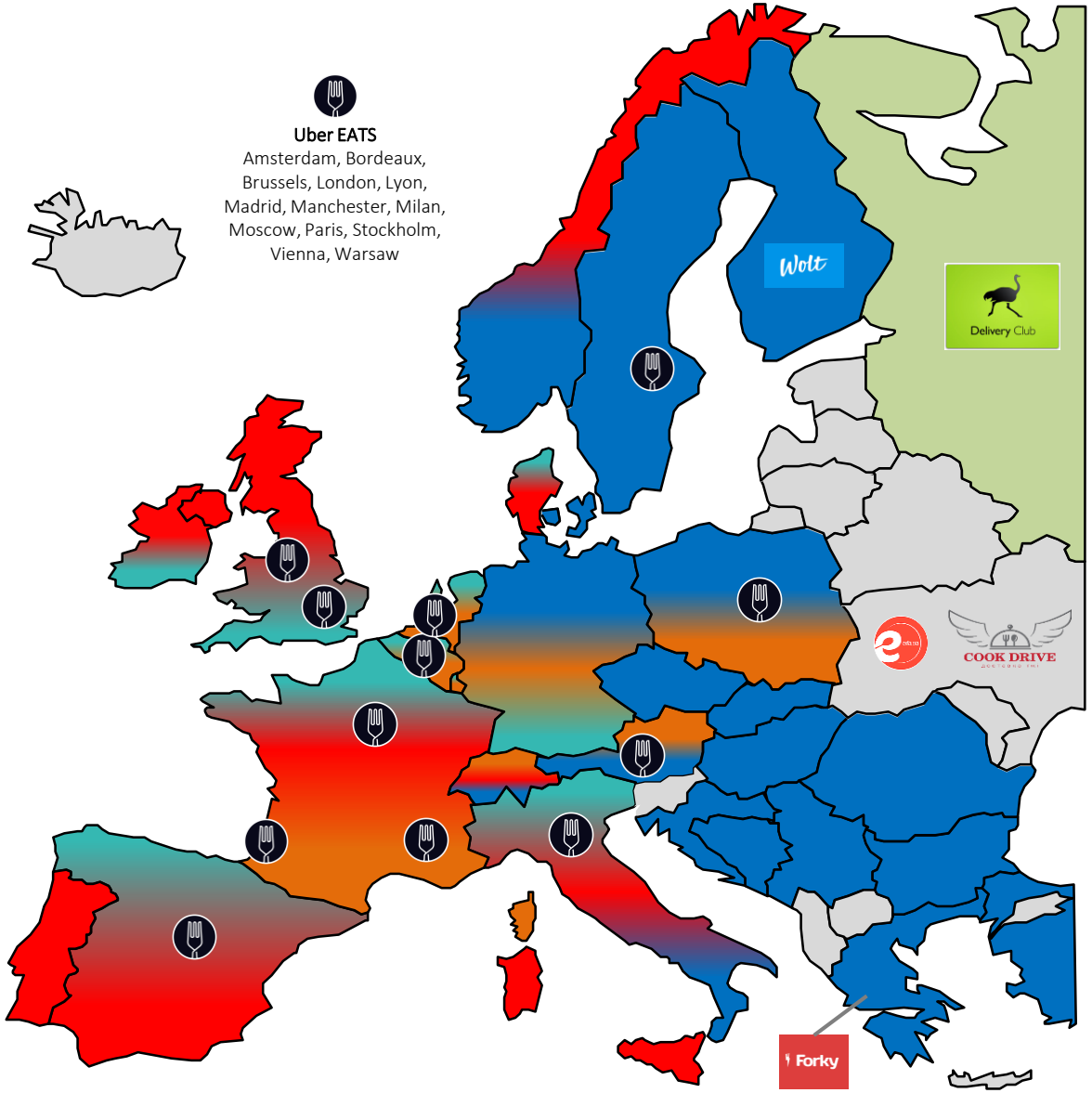
Dominantly #1 in Benelux and Poland

Strong #2 in Germany

deliveroo

Leader in premium segment

Strong #2 in France



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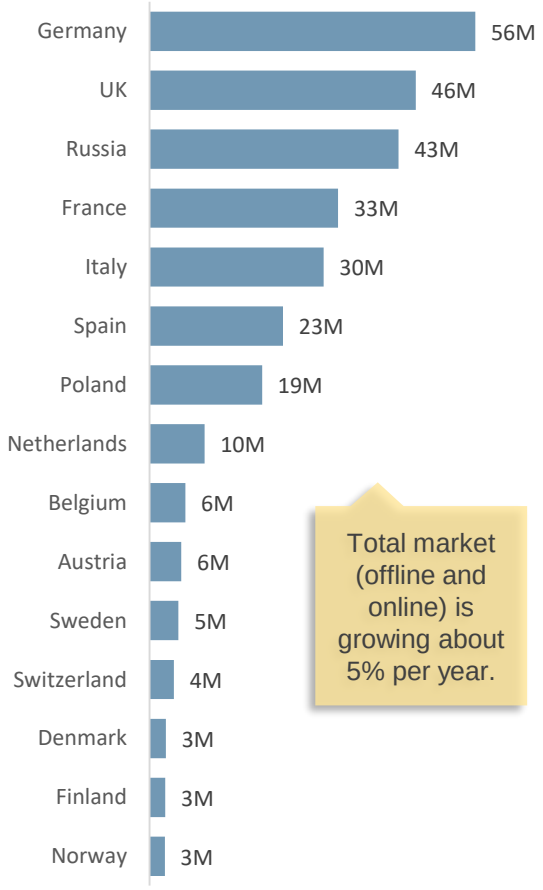
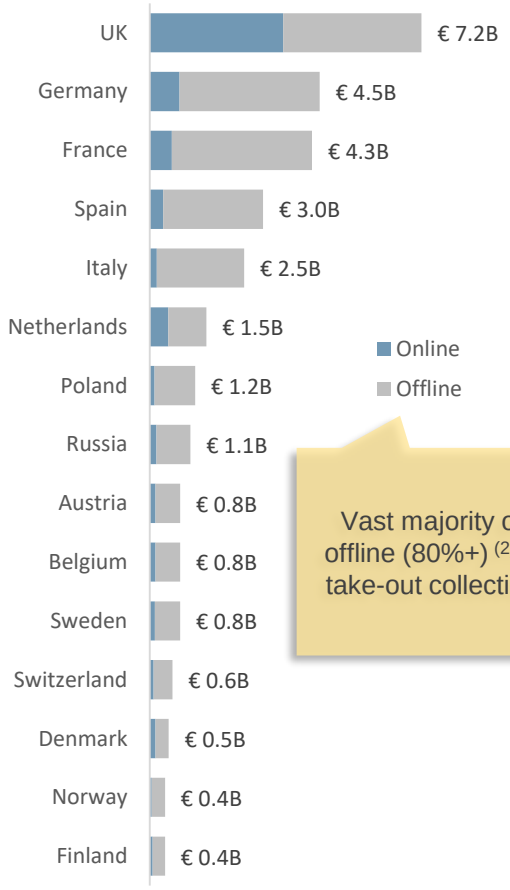
UK is by far largest market. Massive growth potential in Europe via online penetration and order frequency

People ordering food



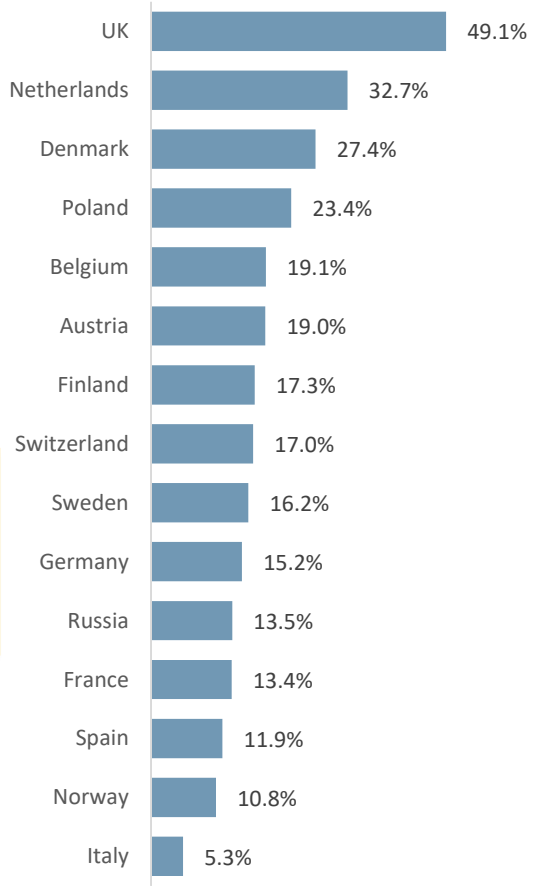
Total market (offline and online) is growing about 5% per year.

Market size (GMV) (1)



Vast majority of offline (80%+) (2) is take-out collection

Online penetration

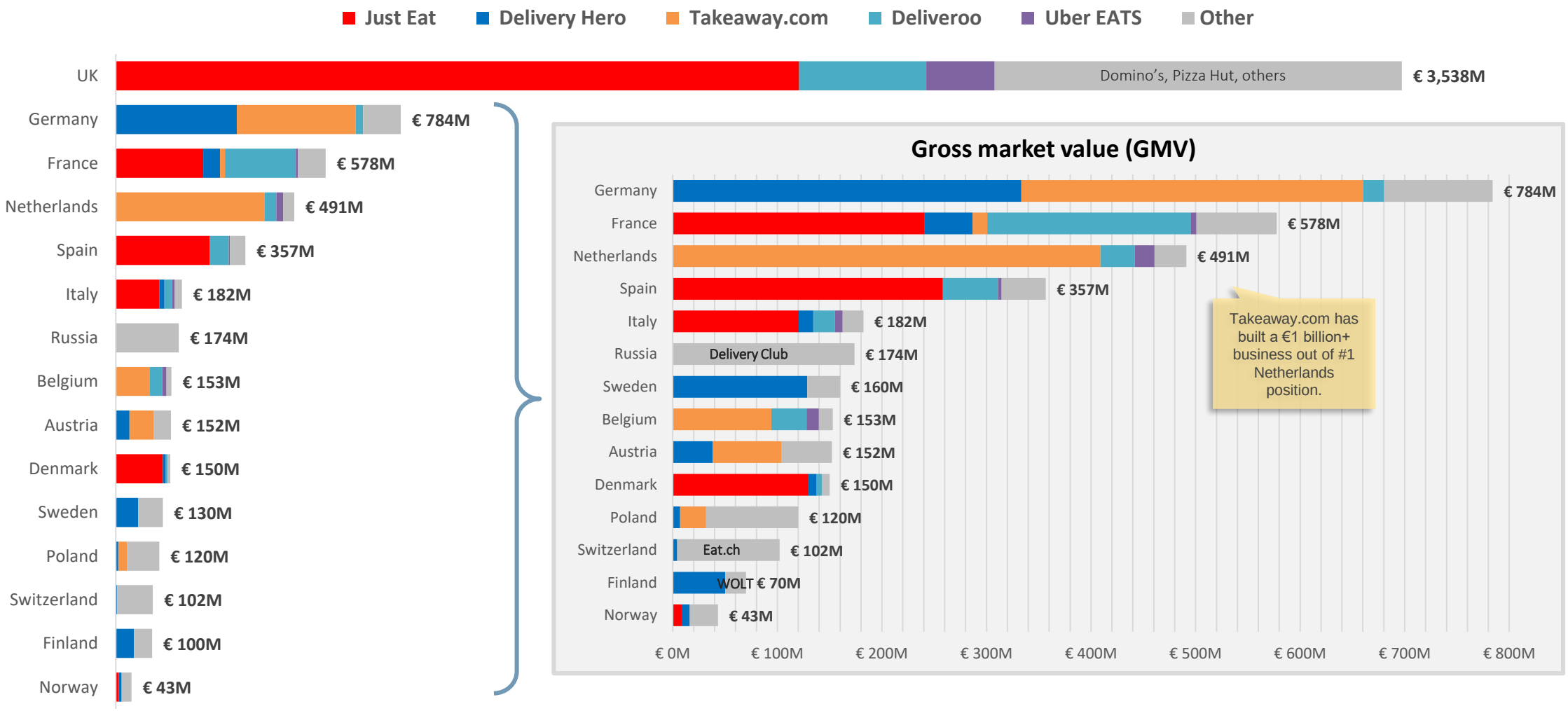


Online market (GMV) (1)

UK is by far the largest market, thanks to high order frequency and online penetration.

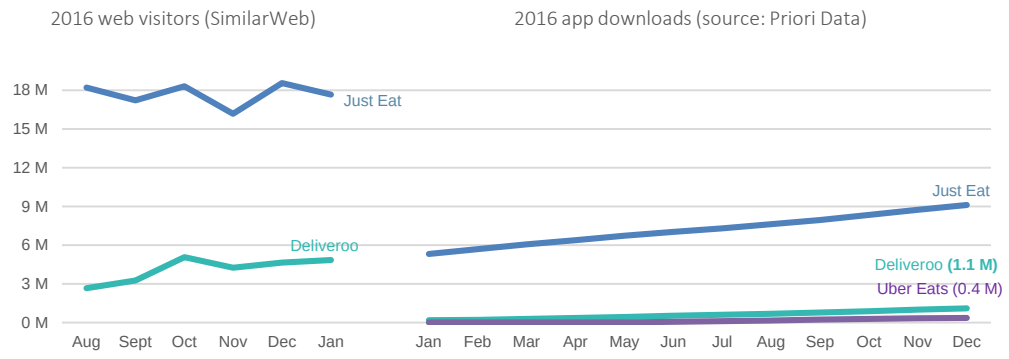
Estimates based
1. GMV = Gross Market Value.
2. Dealroom estimate based on Morgan Stanley UK survey report.

Just Eat leads UK, Spain, Italy, Denmark. Takeaway leads Benelux and Poland

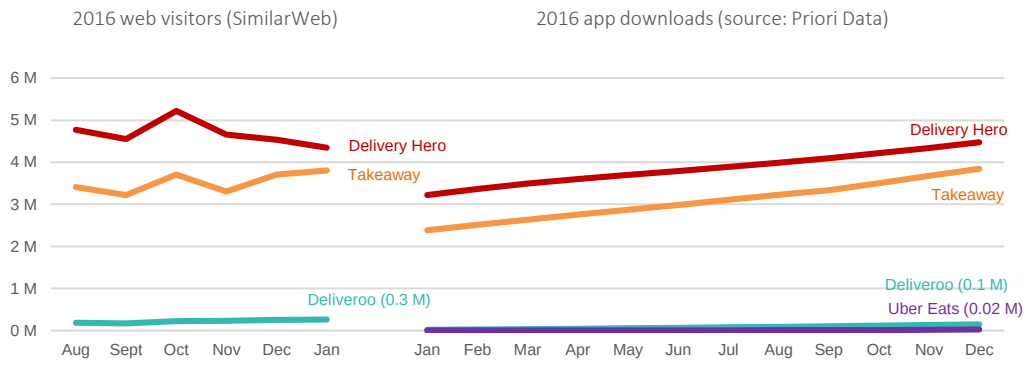


Takeaway and Delivery going head to head in Germany. Just Eat maintaining growth in UK

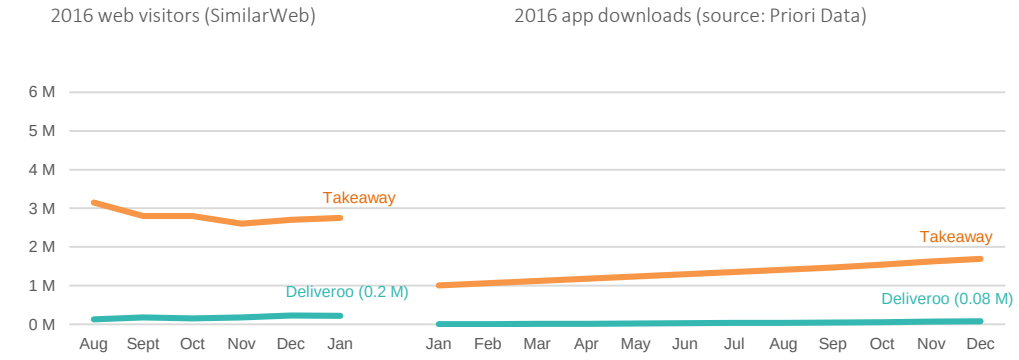
United Kingdom



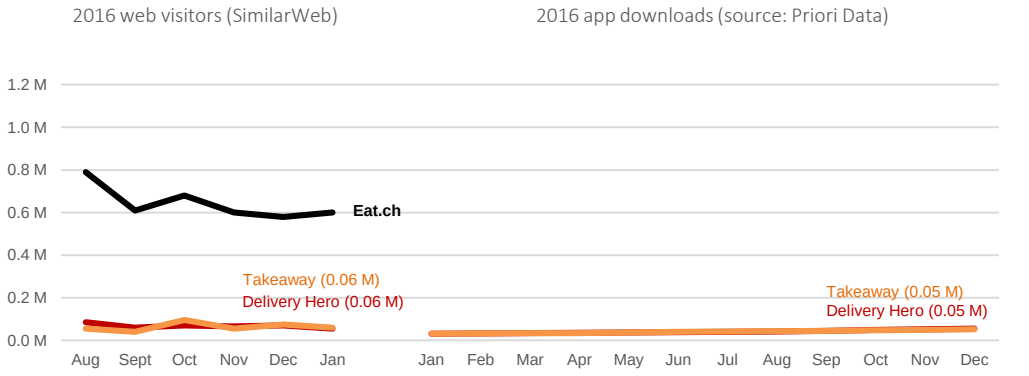
Germany



Netherlands



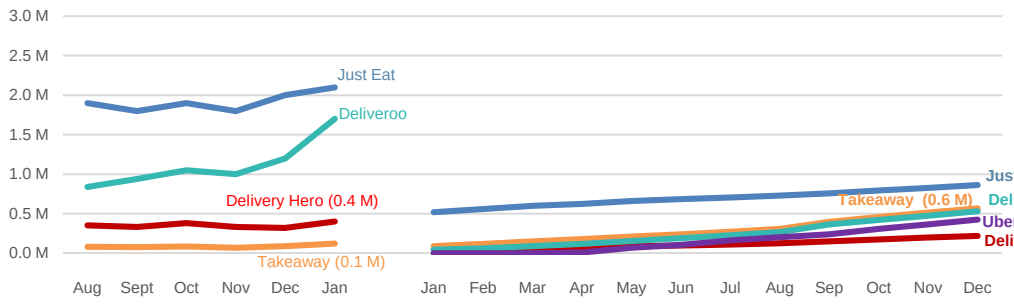
Switzerland



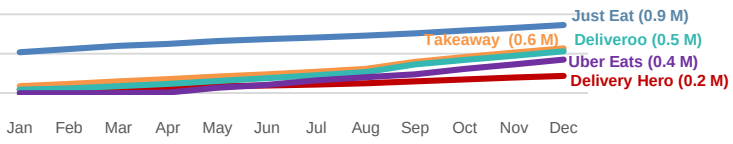
France is crowded market, consolidation likely. In Italy, Just Eat is doing very well

France

2016 web visitors (SimilarWeb)

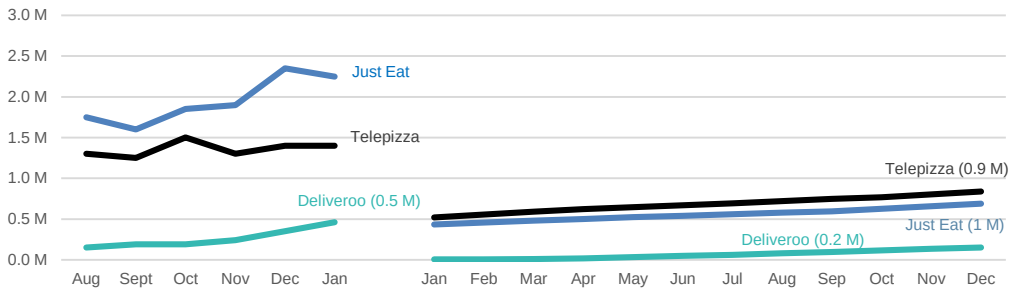


2016 app downloads (source: Priori Data)



Spain

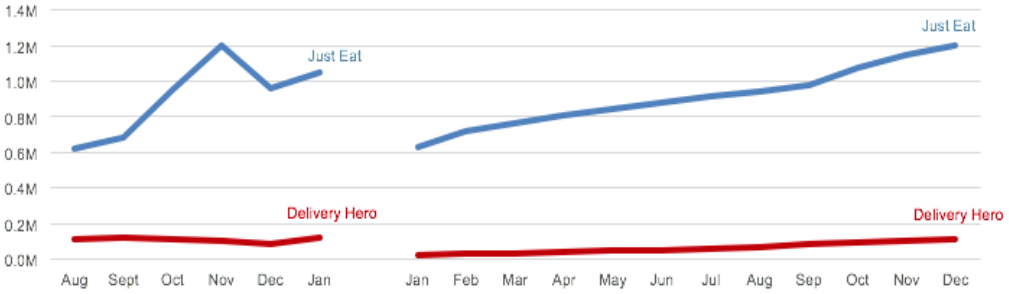
2016 web visitors (SimilarWeb)



2016 app downloads (source: Priori Data)

Italy

2016 web visitors (SimilarWeb)



2016 app downloads (source: Priori Data)

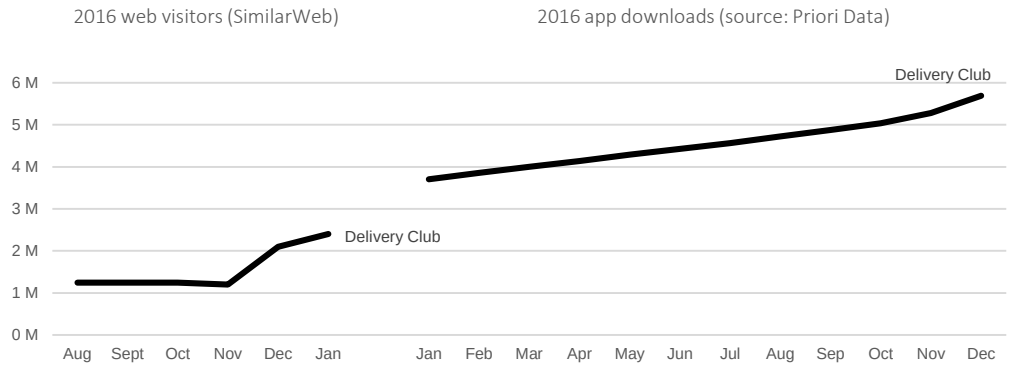
Greece

2016 web visitors (SimilarWeb)

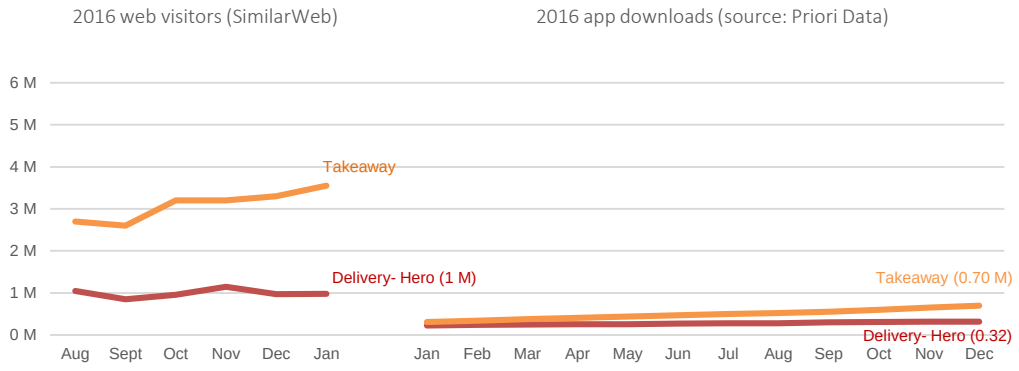
2016 app downloads (source: Priori Data)

Takeaway is outperforming in Poland. Mobile penetration in Russia is growing fast

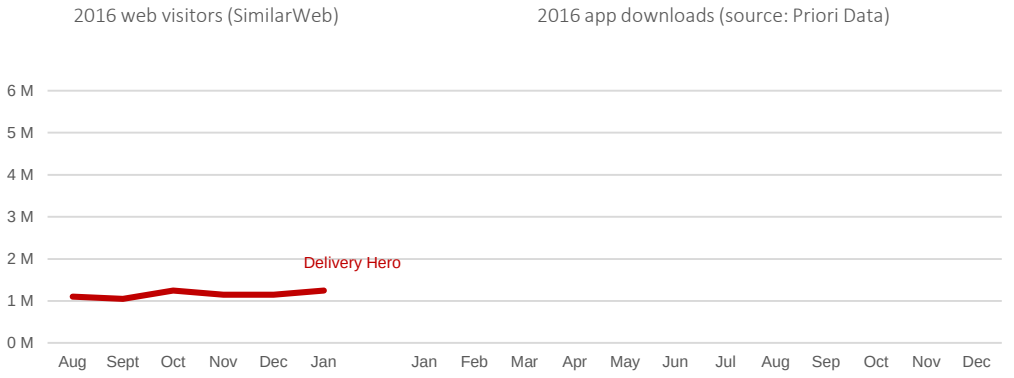
Russia



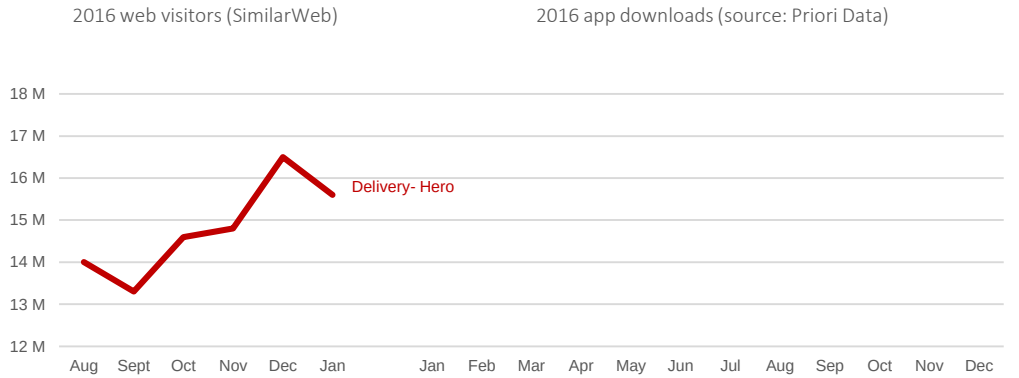
Poland



Czech Republic



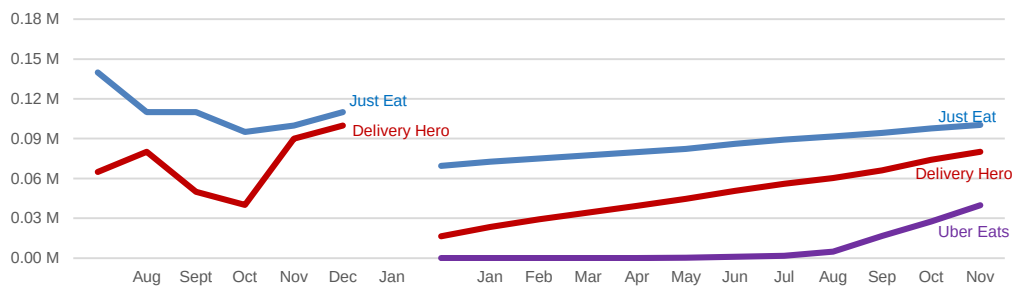
Turkey



Nordics so far less crowded. Growth in relatively calm markets. Wolt is a strong local player

Norway

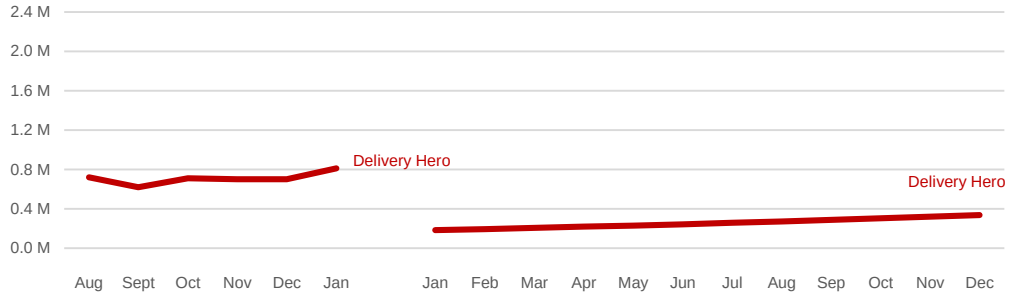
2016 web visitors (SimilarWeb)



2016 app downloads (source: Priori Data)

Sweden

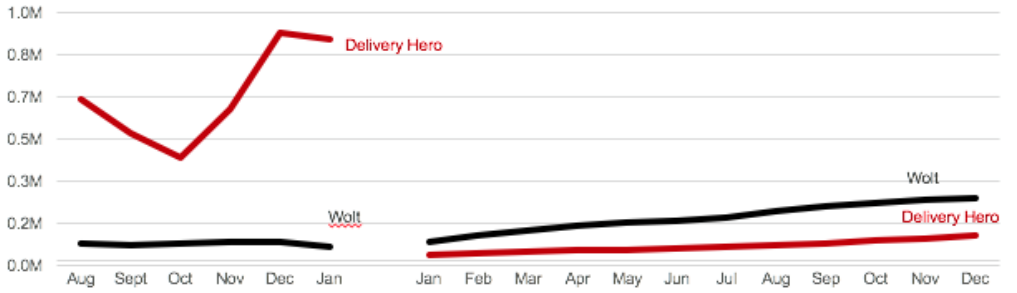
2016web visitors (SimilarWeb)



2016 app downloads (source: Priori Data)

Finland

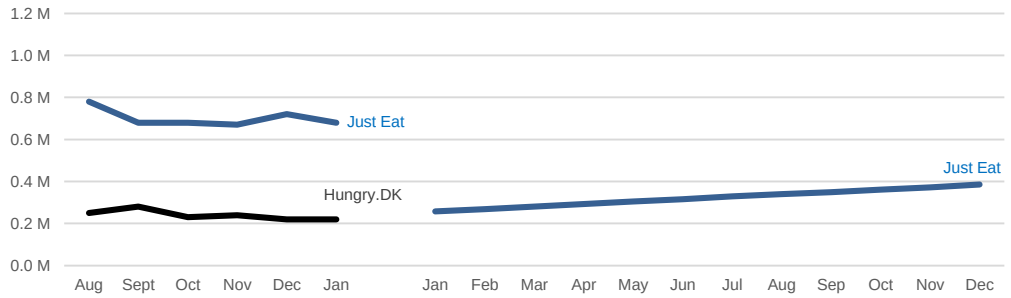
2016 web visitors (SimilarWeb)



2016 app downloads (source: Priori Data)

Denmark

2016 web visitors (SimilarWeb)



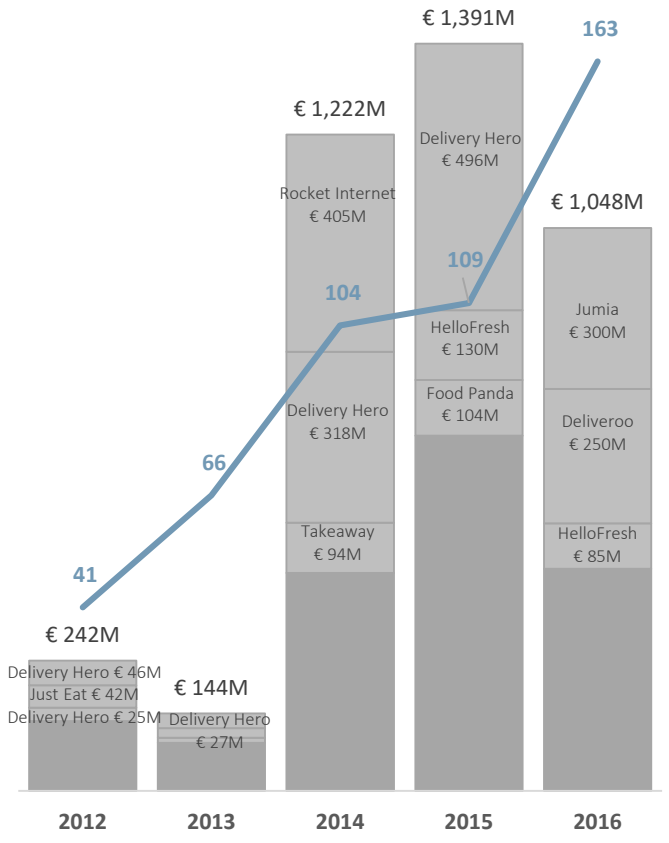
2016 app downloads (source: Priori Data)

Contents

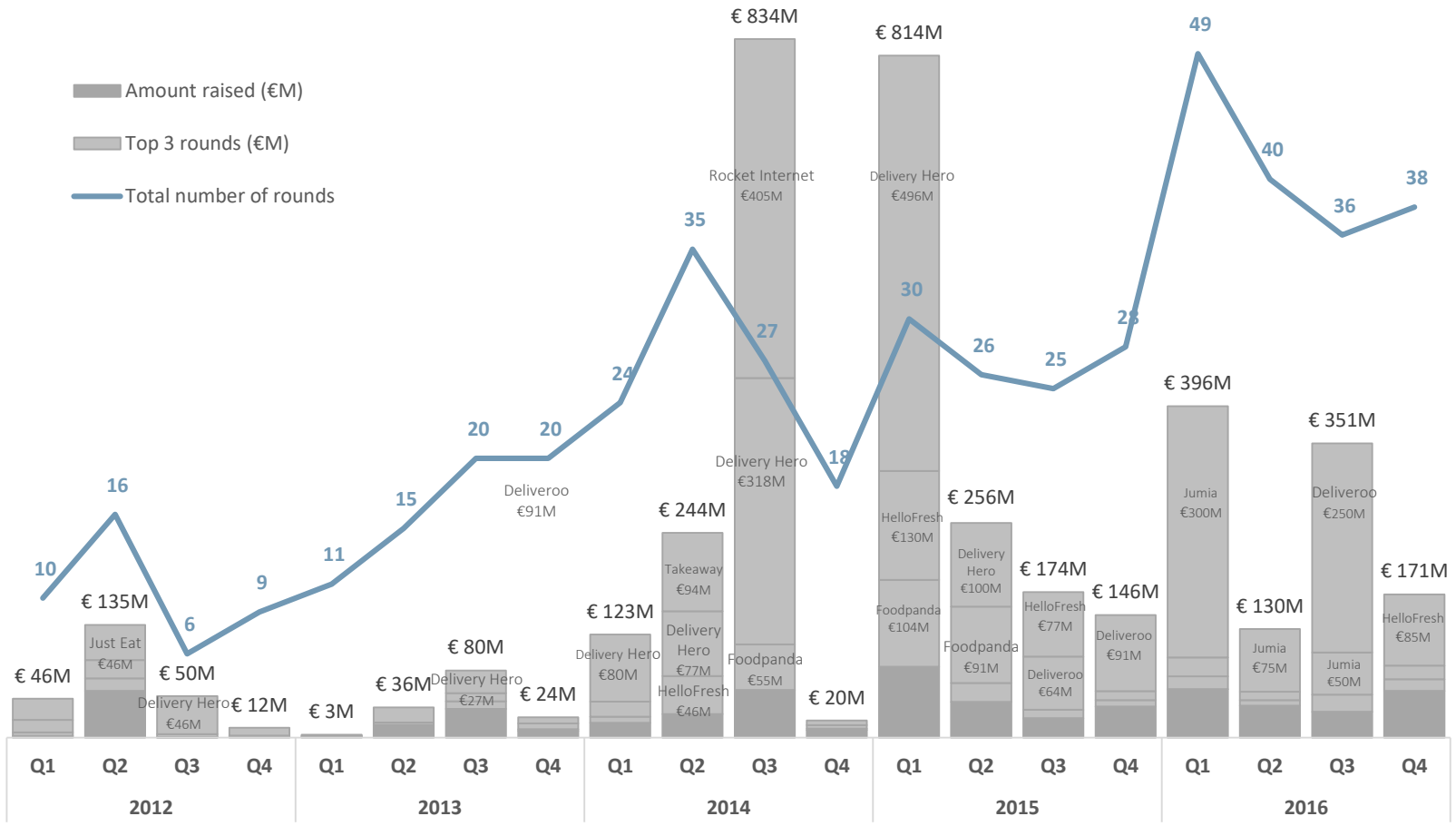
1. Introduction
2. Food tech economics
3. Consolidation wave
4. Market size and market share
5. **Investment and exits**

Mega-rounds have slowed down due to focus on profitability. But number of rounds is still increasing

Annual food tech funding



Quarterly food tech funding



A large number of VCs are still heavily invested in the Food Tech space

Investors

Fabrice Grinda, Oleg Tscheltzoff

Neil Rimer

Thomas Griesel

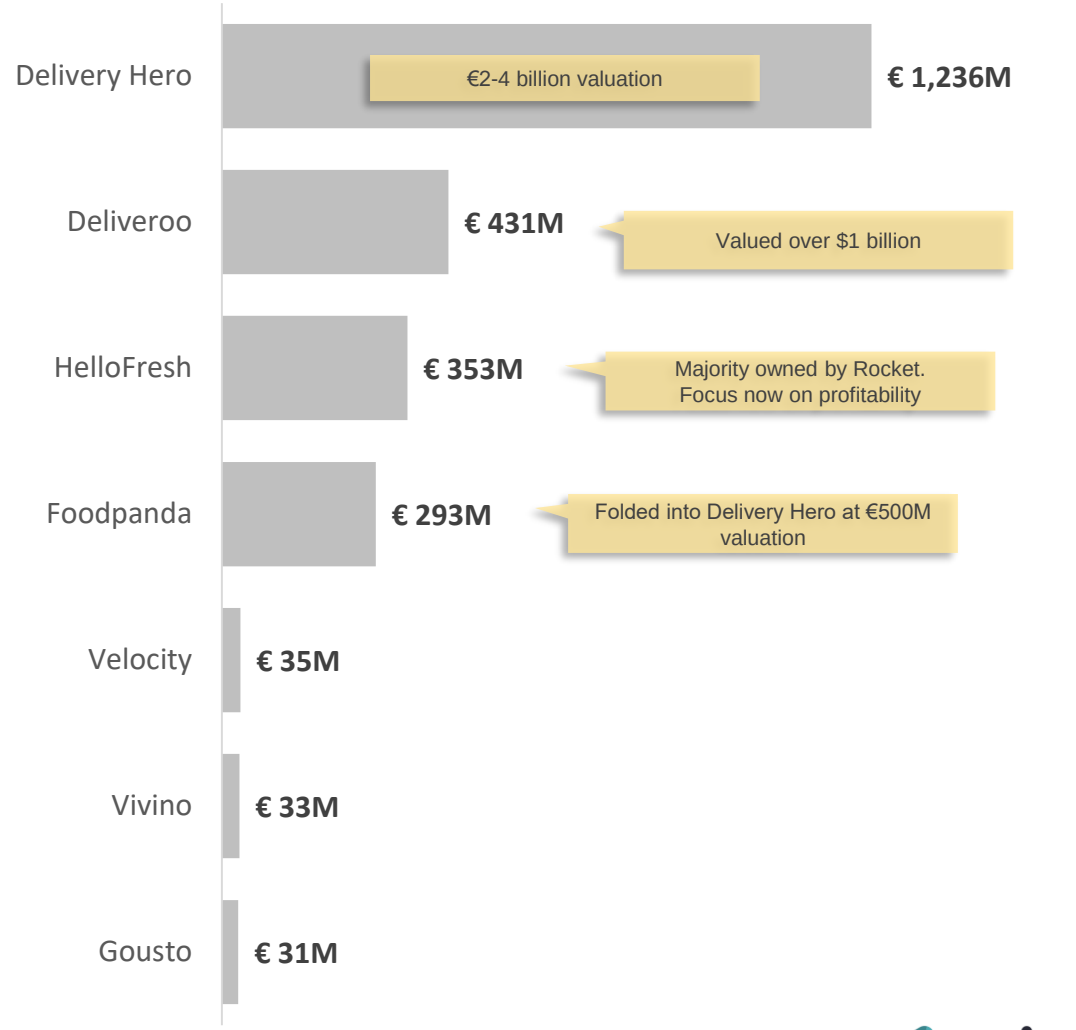
Kiren Tanna, Benjamin Bauer, Ralf Wenzel, Masoud Kamali, Ralf Wenzel, Masoud Kamali

Shukri Shammas, Tom Glocer, DIG Investments, Alex Madonald

Henrik Rosendahl, Janus Friis, Suranga Chandratillake

Mark Evans

Selected top funded tech companies

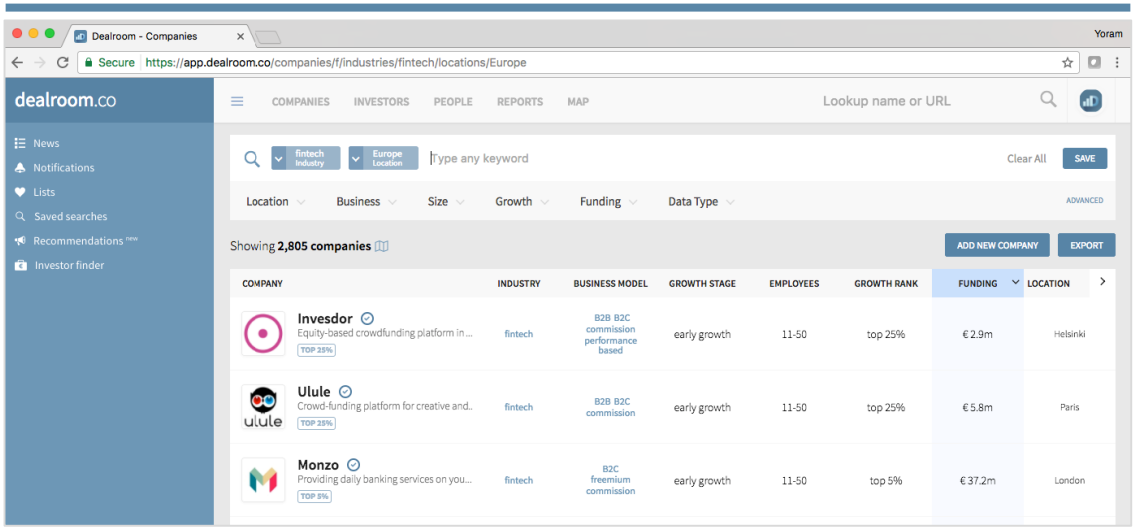


Selected top VC-backed exits in FoodTech so far

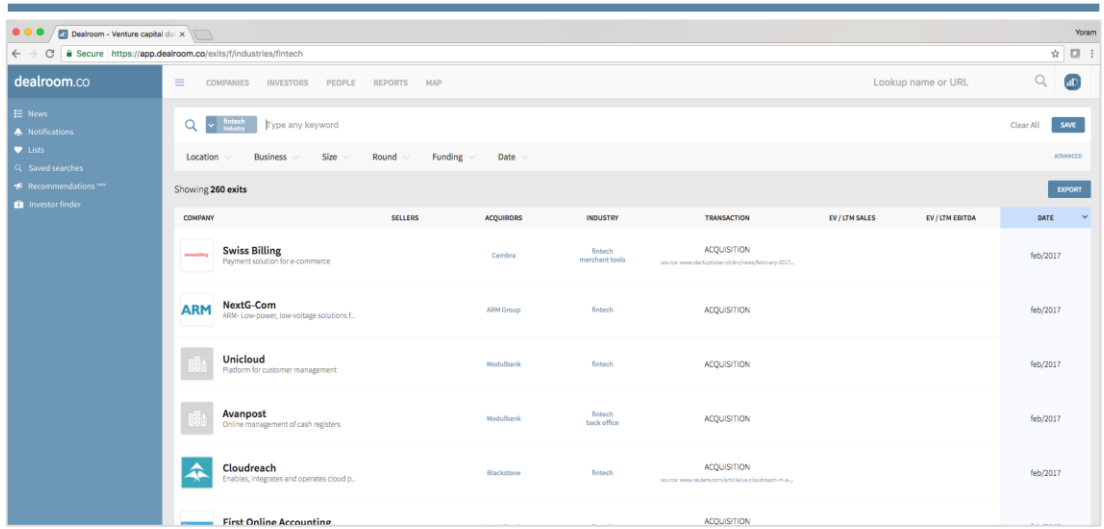
Company	Transaction	Investors
Just Eat	**£ 1.5B** IPO	Index Ventures, Redpoint, Vitruvian Partners, Venrex Investment Management, greylockpartners., Axon Capital
Takeaway	**€ 1.B** IPO	PrimeVentures, Macquarie
Yemeksepeti	**$ 589M** acquisition by Delivery Hero	General Atlantic
LaFourchette	**$ 140M** acquisition by TripAdvisor	Partech Ventures, Serena Capital, Optium
Quandoo	**€ 210M** acquisition by Recruit Holdings	HV Holtzbrinck Ventures, Piton Capital, DN Capital, Cherry Ventures, Vonestook Ventures, Texas Atlantic Capital
La nevera roja	**€ 80M** acquisition by just eat	"la Caixa", Rocket Internet
Bookatable	**€ 108M** acquisition by Michelin	Kreos Capital, Wellington Management, Balderton capital
Delivery Club	**$ 100M** acquisition by mail.ru group	Guard Capital, phenomen ventures, foodpanda, (add)ventures

More online resources

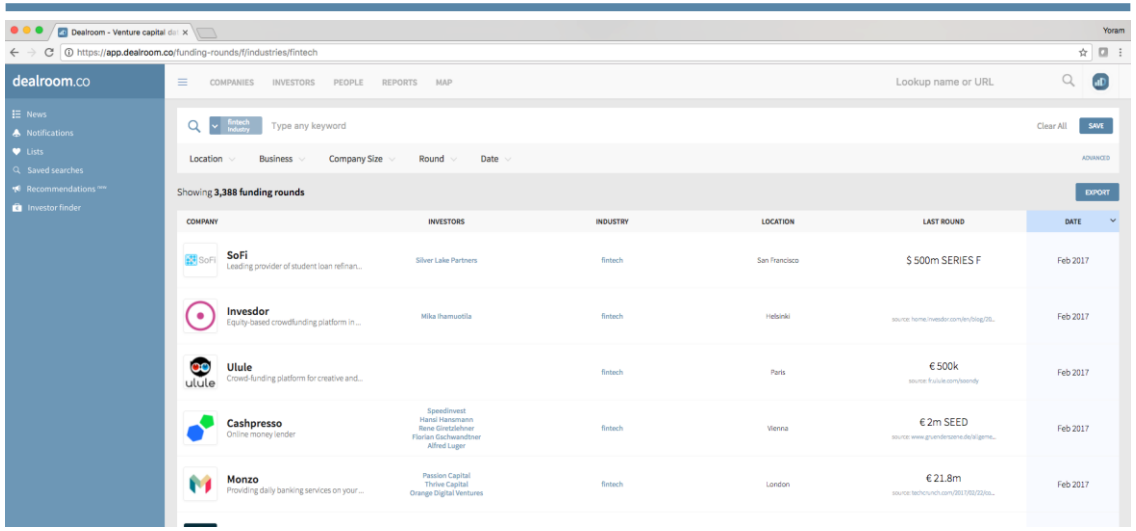
Food Companies



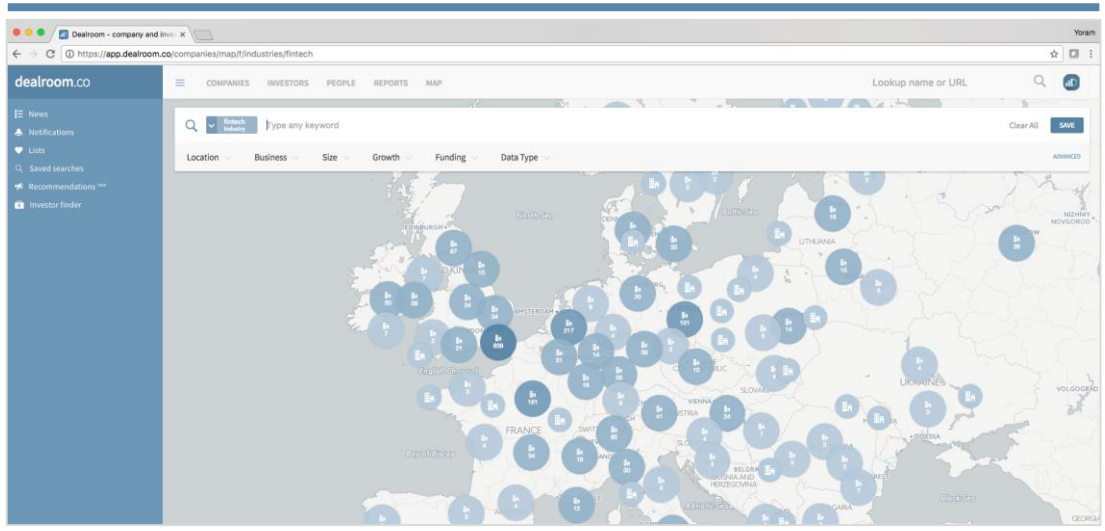
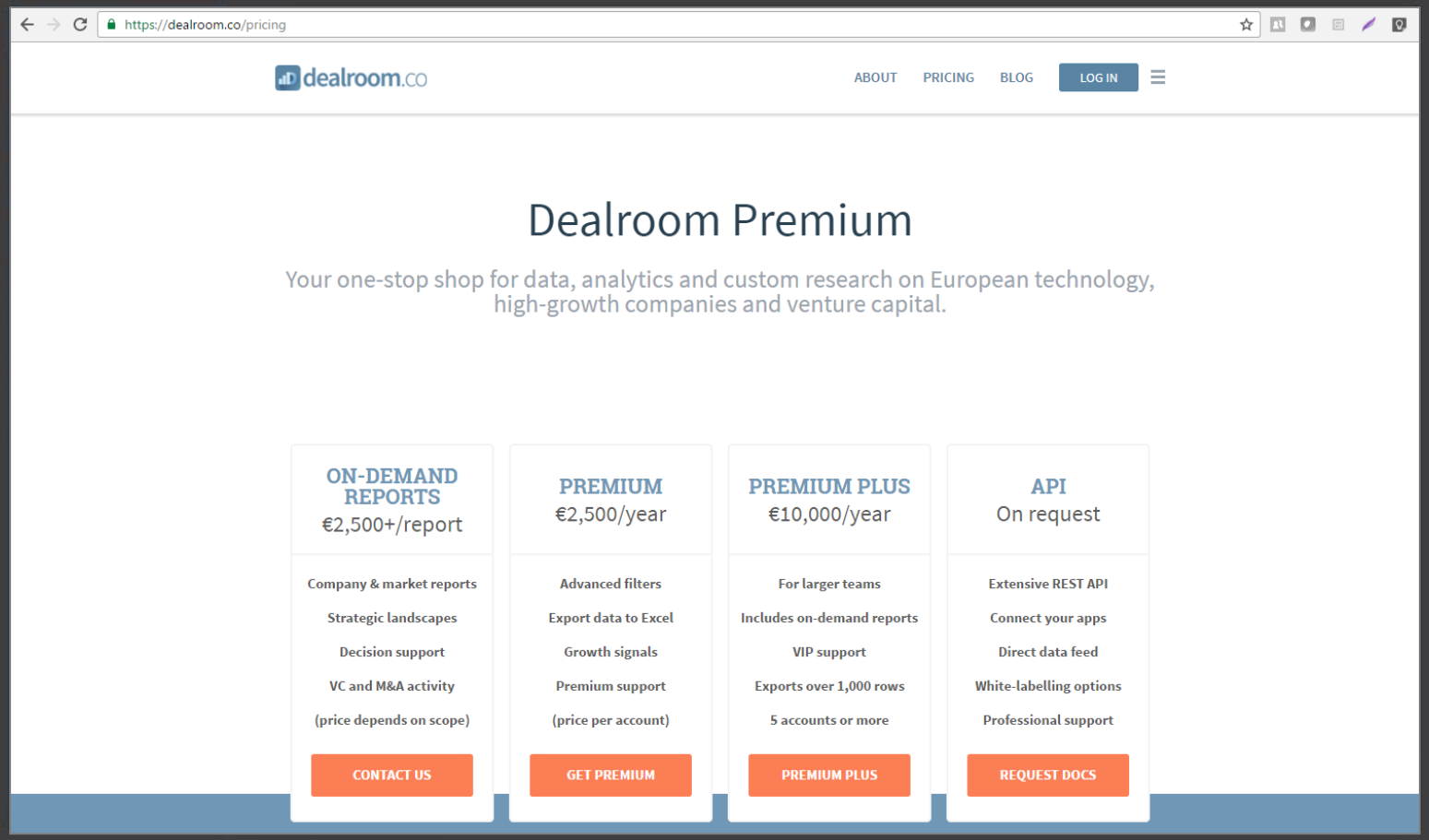
Food Exits



Food Funding Rounds



Food Map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