M&A DEAL ANALYSIS
"DoorDash's $3.9 bn acquisition of Deliveroo"

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BOCCONI STUDENTS FOR COMMERCIAL AND INVESTMENT BANKING

M&A DIVISION

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M&A DEAL ANALYSIS

Acquirer: DoorDash, Inc.
Target: Deliveroo plc
Deal value: $3.9bn
Sector: Technology / Food Delivery
Type of M&A: Strategic Acquisition (All-Cash Transaction)
Announced date: 5/6/2025
Completed date: TBD

Acquirer details
Name: DoorDash, Inc.
Founding year: 2012
Headquarters: San Francisco, California
CEO: Tony Xu (2013 – Present)
Number of employees: ~20,000 (as of 2025)
Market Cap: $45.0bn
EV: $48.0bn

- Revenues: $8.6bn
- EBITDA: $720m
- EBITDA margin: 8.4%
- EV/EBITDA: 66.7x
- EV/Sales: 5.6x

(All financial data as of December 2024)

Company industry: On-Demand Delivery Platform and Logistics Platform

Target details
Name: Deliveroo plc
Founding year: 2013
Headquarters: London, United Kingdom
CEO: Will Shu (2013 – Present)
Number of employees: ~3,500

- Revenues: $2.6bn
- EBITDA: $213–238m
- EBITDA margin: ~5%
- EV: $3.0bn (transaction)
- Offer premium: $2.25/share equivalent

(All financial data as of November 2025)

Company industry: Online Food Delivery

Deal Overview

DoorDash, Inc. (NASDAQ: DASH) ("DoorDash"), a U.S.-based company that operates on-demand food delivery connecting customers to local restaurants, announced on May 6th its acquisition of Deliveroo plc ("Deliveroo"), the British equivalent. Deliveroo was valued at $3.9 billion.

The deal structure involves DoorDash acquiring the entirety of Deliveroo, with an 180-pence/share premium on every Deliveroo share held by the investors at the time. Deliveroo was bought at a price of $3.9 billion, entirely done with existing liquidity, without significant leverage.

Since its founding in San Francisco in 2012, DoorDash experiences an outstanding performance in the food-delivery industry. In 2018, only 6 years after its inauguration, it already surpasses Uber Eats in the industry, obtaining the second largest market share after Grubhub. DoorDash becomes the United States leader of the food delivery industry. It now owns 56% of the market, and as of December 31, 2020, the platform was used by 450 000 merchants, and 20 million consumers. It made its debut on the Fortune 500 list, ranked number 443.

Deliveroo was founded in 2013 and operates in many countries including the United Kingdom, France, Switzerland, Belgium, Ireland, Italy, Singapore and the UAE. In 2015 already, the company operates in 12 countries and passes the milestone of 1 million orders and 1000 restaurants partnered with the app. In august 2020, the company already collaborates with 100 000 restaurants, showing an outstanding growth in the short span of 7 years.

DoorDash's interest in Deliveroo comes from several sources. Firstly, geographic expansion, because despite being dominant in Canada, the U.S.A and Australia, DoorDash had little to no visibility in Europe. However, Deliveroo already operates in most countries in Western Europe, which is a great opportunity for DoorDash to expand. Secondly, it is also a good opportunity regarding scale and diversification. Because the margin on food is relatively thin, scaling this business across many regions lowers costs as it spreads and increases the pricing power of the company. DoorDash therefore cares to expand its presence by acquiring Deliveroo, which is a golden opportunity. In this deal, the financial advisor for DoorDash was J.P. Morgan, and the financial advisor for Deliveroo were Goldman Sachs, Allen & Company LLC, and Barclays.

Industry Overview

This acquisition involves two major players in the food delivery sector. It's an opportunity for DoorDash to conquer the market and expand geographically. It also helps the local restauration industry, as the app promotes local merchants, which is part of their "global-local commerce leader" strategy.

Key Industry Trends and Challenges

The food delivery industry is rapidly growing, trying to find all possible alternative ways of making profit through expanding their delivery not only to food, but groceries, pharmacies or retail. These strategies are made to maximize the basket size, order frequency, and consequently, profit margins. These techniques make it so that the market is rapidly expanding, with the online food delivery market having a CAGR of 9.4% from 2025 to 2030. The younger generations are also helping this industry: according to a Civic Science study, Gen Z people would be ordering food online more frequently than the older generations (2.3 vs 1.1 orders/week). Moreover, there are also other innovations in the industry, such as the subscription models, which have quickly become popular amongst food delivery companies.

Key challenges however can be profitability pressure, with razor-thin margins due to costs, marketing and competitive pricing; but also differentiating themselves to attract as many customers as possible, because online delivery apps are seen as substitutes.

Global Market Overview

The online food delivery industry is present all around the world, but only a few companies own most of the market. In North America, the key players are Uber Eats, Grubhub, and DoorDash, accumulating 27% of the market share. The growth is driven by strong logistics technology with constant innovation, and high app adoption. In Europe, there is 23% of the market share, owned by Deliveroo, Just Eat, and Wolt. Its popularity is driven by urban density and multi-platform competition. Asia has the most dominant market share at a global scale, with over 40% of the market. The key players are Meituan, Grab, Zomato, and Swiggy. The attractivity of this market relies on the high population. Finally, there is Middle East and Africa, but they only add up to 10% of the market, with Talabat, Jahez, Deliveroo, mainly for young demographics and rapid digitalization. Overall, the food delivery industry has a Global CAGR of 9-10%

Consumer Behavior Insights

The behavioral insights of the consumers help a lot when making decisions for these companies, to analyze how the industry is performing, and especially in deals such as acquisitions, or mergers. In the U.S, U.K and Western European markets, the average active user orders between 1.8 and 2.5 times a week. On a more global scale, 55% of global consumers order at least once a week in 2025, compared to 34% in 2019. A clear sign of expansion in the industry, and a severe gain of popularity. According to McKinsey, the AOV (Average Order Value) in North America is $36-40, in Europe it is $28-32, and in Asia it is $20-25. The top 20% of high frequency users accounts for around 60% of the total revenue, which emphasizes the importance of loyalty programs and subscriptions.

Device and Digital Engagement

With the advances of Artificial Intelligence and the various technological innovations, digital engagement in the online food industry is very critical for higher order rates and a more efficient platform. The mobile phone has become the center of our lives, and statistics highlight this fact: 80% of all food delivery transactions are made through mobile accounts on apps. Moreover, according to McKinsey, push notifications and personalized offers increase the probability of the client to order by 3 to 5 times compared to generic normalized promotions. App Annie has shown that in 2024, consumers spent an average of 32 minutes per week scrolling and browsing in delivery apps, wondering what to order, up from 26 minutes per week in 2023. The digitalization of food ordering has given online delivery apps opportunities to find plenty of ways to make themselves more attractive, and they keep evolving in that sector.

Service Expectations

The demand in the online food delivery industry is very elastic, meaning that a subtle price change or time constraint can result in a cancellation of the order. This means that the apps and companies that monitor online food delivery must be able to propose the best service possible. A few statistics illustrate this idea. According to McKinsey, the average satisfaction rate of global delivery is 82%; however, the rate drops significantly when the delivery time exceeds 10 minutes. Moreover, according to Wifitalents, a comprehensive platform providing data-driven reports focused on market data and statistics, 45% of customers abandon an order if the delivery time exceeds 45 minutes. These statistics show that the demand is elastic, and very strict.

Deal rationale

The Deal is driven by a strong rationale: DoorDash aims to improve its position as a leading global platform in local commerce, enabling the combined entity to better serve businesses, consumers and couriers. The acquisition of Deliveroo is perfectly aligned with this view for

A key element is the complementarity of the geographic regions where the two companies operate. In fact, Deliveroo operates in nine countries, all of which are new for DoorDash. The acquirer has demonstrated success across urban, suburban and rural areas and has the opportunity to increase its footprint by leveraging Deliveroo's success in cities and large urban centers, creating a combined entity that will operate in over 40 countries, with a combined population exceeding 1 billion people. The transaction represents a major opportunity for DoorDash to penetrate into some of the largest food-delivery market's such as UK, France, Italy and UAE. The company can combine Deliveroo's urban expertise and strong brand with DoorDash's data-driven logistics and operational excellence to compete effectively with important players such as Uber eats and Just eat.

Furthermore both DoorDash and Deliveroo share a deep commitment to continuously improve the consumer experience. Deliveroo's focus on improving its consumer value proposition closely aligns with DoorDash's focus on improving the combination of selection, quality and affordability provided to consumers. Similarly, DoorDash and Deliveroo are aligned in their dedication to serving merchants across multiple categories in local commerce, enabling local businesses to connect with consumers in their communities, solving mission-critical challenges such as consumer acquisition and demand generation and an exceptional logistics experience. These shared principles drive more orders and more revenue for merchants, resulting in greater earnings opportunities for couriers. DoorDash and Deliveroo both have a strong record of protecting and strengthening independent work, including by combining attractive flexible work with greater security for couriers. This shared vision provides a strong foundation upon which the Enlarged Group intends to build further improvements in consumer retention, order frequency and the consumer experience overall.

The Acquisition is also driven by considerable cost synergies, that allow the combined entity to leverage its size eliminating redundant functions and streamlining operations. In particular DoorDash's preliminary due diligence has identified redundant functions that will allow the enlarged entity to reduce it costs by implementing headcount reductions in some areas, with a potential reduction of 1-3% of total employees.

Furthermore Deliveroo's directors believe that the deal will allow to develop Deliveroo's full potential for the benefit of all stakeholders and it will improve consumer retention, order frequency, and the overall consumer experience. Deliveroo believes that DoorDash will be an excellent long-term partner and has a significant track record of nurturing and investing in the brands it acquires. Deliveroo values the fact that DoorDash intends to invest in Deliveroo's business in the UK and other Deliveroo geographies to drive growth and expand Deliveroo's positive impact in the communities in which it operates. The global presence of the Enlarged Group will enable it to implement best practices, use scale to invest in innovation and, ultimately, to enhance our proposition for all stakeholders.

Deal Structure

On May 6, 2025, DoorDash, Inc. announced a definitive agreement to acquire Deliveroo plc in an all-cash transaction, where Deliveroo's shareholders will receive 180 pence for each held share, representing a substantial premium to the Deliveroo's market value prior the announcement, 44% above the company's pre-deal closing price. This offer values the entire issued and to be issued shares at £2.9 Billion in equity value (on a fully diluted basis). This implies an enterprise value of approximately £2.4 Billion, corresponding to an

EV/EBITDA multiple of about 13.4×, based on Deliveroo's 2025 adjusted EBITDA guidance of £170–190 million.

DoorDash will fund the transaction through a combination of existing cash reserves and committed bridge financing facility mainly arranged by J.P. Morgan Chase Bank, ensuring that the company can provide the certainty of funds required under the UK takeover code. Any borrowings made under the Bridge Credit Agreement, will mature 364 days after the transaction's closing date and bear interest, at the Company's option, at a per annum rate equal to the base rate plus a spread of either 0.625% or 0.750% or an adjusted term Secured Overnight Financing Rate ("SOFR") plus a spread of either 1.625% or 1.750%, in each case, with the spread determined based on the Company's senior, unsecured debt ratings. After completion, DoorDash is expected to refinance the loan with long-term debt or a bond issuance.

To comply to Uk regulations DoorDash deposited cash funds into an escrow account managed by J.P. Morgan, this funds will be converted from USD to GBP and will be used to partially settle the acquisition price. The company has also entered into a USD/GBP forward contract to lock the exchange rate and eliminate currency risk until closure.

The transaction will not have a massive impact on DoorDash's leverage, with a Net debt / EBITDA post-deal expected to stay below 1.0 ×, keeping DoorDash investment-grade.

Risks and Implications

Material risks for DoorDash include several factors from the Deliveroo acquisition: integration, regulation, financial exposure, and competitive pressure. These will form the near-term and medium-term outlook for returns on the £2.9bn transaction.

Short-Term Risks

Integration Complexity: DoorDash will need to align the technology, logistics systems, and data structures of Deliveroo with its own. The companies have different software frameworks and rider incentive models. Any disruption in dispatch or order flow would affect delivery times and customer retention. The integration will require the alignment of commercial processes across the UK, France, Italy, and other Deliveroo markets whose unit economics differ from DoorDash's core markets. The risk of cultural transition also remains relevant, since the local teams within Deliveroo will have to work under the auspices of a new performance structure. Any loss of managers or engineers would ultimately slow down product execution and weaken the competitive positioning of Deliveroo in key markets.

Execution and Transition Risk: The £2.9bn acquisition puts pressure on DoorDash to demonstrate progress in 2026. It may take longer than expected to integrate data systems or to align product development across regions, delaying the realization of synergies. Competition could actively target Deliveroo's restaurant partners during the transition period, lowering the expected revenue contributions. Short-term order volume variability in Europe, being more seasonal than North America, may restrict early KPI visibility. In all, this further raises pressure on management to report detailed integration milestones and to uphold performance in the core U.S. business while devoting resources to Europe.

Regulatory and Legal Hurdles: Regulatory clearance was unconditional, but UK and EU regulators will further monitor market share concentration. In case DoorDash-Deliveroo attains a dominant position, further scrutiny might be applied. The risk of labor regulation is high. New gig worker rules in Europe could raise costs related to riders and reporting requirements. Cross-border use of data under GDPR will add compliance requirements to integrating user databases.

Funding and Financial Exposure: The £2.9bn transaction reduces DoorDash's liquidity and increases vulnerability to interest rate conditions. Further capital may be needed if Deliveroo underperforms or integration expenses exceed expectations. Movements in USD, GBP, and EUR change consolidated costs and reported margins. Investors will be focused on the combined balance sheet.

Medium/Long Term Risks

Competitive pressure: Competition from Uber Eats and Just Eat Takeaway would ensure a response to protect share in core European cities. This would be through either price competition or targeted promotions, thereby reducing expected margin benefits. Grocery delivery is highly competitive, and sensitive to cost structures.

Retention and Cohesion: Losing senior operators or engineers in Deliveroo's markets would result in slowing down strategy delivery. Clear incentive structures will be important to maintain the execution speed of new geographies.

Labor and Digital Platform Policy: Changes in European labor policy might increase fixed costs associated with rider employment obligations. A broader set of digital platform rules could imply more demanding data standards or reporting requirements across markets.

Profitability and Valuation: Deliveroo's historic breakeven performance creates a risk of early earnings dilution. Weak order growth in Europe, or higher integration costs, would affect future valuations and limit DoorDash's strategic flexibility.

Macro and FX Exposure: Operations across nine new markets expose the combined entity to economic cycles, inflation, and currency volatility, increasing the variability in reported financial results.

Market reaction

The market had mixed reactions over the DoorDash- Deliveroo deal, as Deliveroo shareholders welcomed the premium offer, while investors in DoorDash remained cautious due to price and integration risks.

Deliveroo Shareholders: The shares of Deliveroo closed around 17% higher following the news, staying fractionally below the 180p offer as a vote of confidence in completion. For many shareholders, this was viewed as a good opportunity for an exit, given the poor performance post IPO. The fact no competing bids were seen suggested the offer price was sufficient.

DoorDash Shareholders: DoorDash's shares fell about 1 per cent in premarket trading. Investors questioned the value of paying £2.9bn for a slower growth European business. Analysts were also split, with some welcoming the strategy of global expansion and others pointing to valuation and operational challenges. Shares of DoorDash were flat into the consummation of the deal after strong earnings and priced-in market expectations.

Analyst Commentary
Analysts focused on three key themes:
- Strategic fit and scale benefits in Europe
- Regulatory clarity reduces the risk of intervention
- Financial trade-off between growth potential and margin pressure.

Some analysts saw the move as a logical extension, while for others, there was limited upside without visible efficiency gains. The absence of regulatory obstacles was reassuring to the markets but did not eliminate the concerns about integration complexity.

Stakeholder Reactions Beyond Markets

• Restaurants showed moderate concerns about long-term bargaining powers; the immediate impact, however, was limited.

• Riders spoke about concern for future working conditions; nothing changed immediately.

• There was very little reaction from customers, and most questions were about possible app integrations or changes in features.

Deal Advisors

DoorDash, Inc.

Financial Advisors: J.P. Morgan Cazenove Ltd. (Advisor)

Legal Advisors: Addleshaw Goddard LLP, Latham & Watkins (London) LLP

Deliveroo plc

Financial Advisors: Allen & Co. LLC (Advisor), Barclays PLC (Advisor), Goldman Sachs International Bank (Advisor, Fairness Opinion, Special Committee)

Legal Advisors: White & Case LLP

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