

Just Eat PLC

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Just Eat merger may not complete, warns Deutsche Bank

A £9bn merger between Just Eat PLC (LON:JE.) and Dutch rival Takeaway.com runs the risk of not completing, according to analysts at Deutsche Bank.

In a note on Tuesday, the bank upped its target price for Just Eat to 750p from 690p, saying that while the deal was "appetising" for Takeaway.com, Just Eat-only shareholders (i.e. those without shares in Takeaway.com) would be much less satisfied as the implied offer price of 731p per share was "below market value".

READ: Just Eat confirms £9bn merger with Dutch rival Takeaway.com

Added to the fact that JE-only investors account for around 40% of the FTSE 100 firm's total share register, Deutsche said there was a risk that the merger would "not complete".

"For the short term we see high execution risk," the bank said, adding that while Takeaway.com's management had a strong track record of same-market consolidation, the merger with Just Eat would bring the company into "highly competitive regions" where the British firm had historically underinvested in delivery services.

Analysts also said that the possible synergy benefits of a merger, "being limited", would not be a reason to vote in favour, however investors could be persuaded by the "long-term potential of a "more-diversified online food-delivery group" headed by a "strong and united management team".

The merger, if approved, will result in Just Eat's shareholders receiving 0.09744 Takeaway.com shares for each share they own, together holding a 52.2% stake in the enlarged group while Takeaway.com shareholders will own the rest.

Takeaway.com's chief executive Jitse Groen will lead the combined group with Just Eat chief financial officer Paul Harrison and Mike Evans keeping their roles.

In late-morning trading on Tuesday, Just Eat's shares were 1.4% higher at 811.2p, suggesting that investors may be expecting a counter-offer.

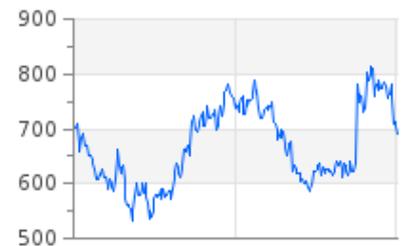
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Price: £6.92

Market Cap: £4.72 billion

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: JE.

Listing: LSE

52 week High Low
833.137 519.2

Sector: Online business & e-commerce

Website: www.just-eat.com

Company Synopsis:

Just Eat plc operates a leading global marketplace for takeaway food delivery. Headquartered in London, we use proprietary technology to offer a quick and efficient digital ordering service for 21.5 million customers and 82,300 restaurant partners. Just Eat is a member of the FTSE 100 Index.

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