Deliveroo reduces losses as takeaway sales soar

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International takeaway food app Deliveroo cut losses in the first half as the coronavirus pandemic boosted home deliveries, a results update showed Wednesday.

The British group, which had a poor stock market launch in March, said net losses narrowed to £108.7 million ($151.4 million, 127.7 million euros) from £126.2 million in the first six months of last year.

Despite revenue soaring 82 percent to £922.5 million, Deliveroo's costs have jumped owing to a need for more staff.

Group founder and chief executive Will Shu said in Wednesday's earnings statement that while consumer behaviour regarding takeaways may moderate as lockdowns ease, Deliveroo is "excited about the opportunity ahead".

He added that Deliveroo is seeing "strong growth and engagement" as restrictions are lifted.

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Deliveroo's initial public offering was London's biggest stock market launch for a decade, valuing the group at £7.6 billion, after the eight-year-old company enjoyed surging sales during the coronavirus lockdowns.

But its share price tumbled on launch day by almost a third from the IPO price of £3.90 as investors questioned Deliveroo's treatment of its self-employed riders.

Following Wednesday's update, Deliveroo shares were trading down 3.7 percent at £3.50.

They had shot up Monday after German rival Delivery Hero bought a five-percent stake in the group, giving confidence to its outlook despite ongoing concerns over its model.

Deliveroo recently announced plans to exit Spain after the country in May approved a labour law reform that recognises delivery riders as staff, meaning they must be provided with social benefits such as paid holidays and sick leave.

In Wednesday's statement, Deliveroo said "achieving a top-tier market position" in Spain "would require a disproportionate level of investment with highly uncertain long-term potential returns".

Its riders in the UK meanwhile recently lost a bid to join a British union as the UK Court of Appeal ruled that they are self-employed.