

Deliveroo eyes first ever dividend amid resilient demand

Deliveroo shareholders could receive their first ever dividend later this year a decade after the meal takeaway app was founded in London.

The company, arguably the UK's best-known tech unicorn, said resilient customer demand meant it was in a position to return up to £250 million cash to investors.

The could be in the form of either a special dividend, a tender offer or a share buyback, said CEO Will Shu, who co-founded the business with his childhood friend Greg Orlowski in February 2013.

Shu said: "Given we're well ahead we're confidently saying we're going to propose a return to shareholders.

"We've got our investment pot, we've got our rainy day fund and now we've got surplus money to give back. We're going to be consulting with shareholders to figure out what works... typically the three options are a share buyback, a tender offer or a special dividend."

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The firm said it will decide on a method for the capital return by September. Its shares rose 3.3% to 128p this morning.

The prospect of a potential dividend marks a milestone in the London-based firm's treacherous path to profitability.

Once hailed a "British tech success story" by then-Chancellor Rishi Sunak, Deliveroo's fortunes took a turn after its botched IPO saw shares tumble as a number of major investors, including Aviva, BMO and Legal & General, said they would not be participating, citing concerns over the company's gig economy-style employment practices and fears turning a profit could be permanently out of reach.

But the business today upgraded its earnings guidance after a robust first-half performance saw losses narrow.

Deliveroo said it would make pre-tax earnings of between £60 to 80 million, ahead of the £20 to £50 million it previously guided, after losses fell to £82.9 million from £153.8 million the previous year.

Neil Shah, director of research at Edison Group, commented: "With 'cutting back' on the minds of many consumers, Deliveroo's interim results display its commitment to its delivery of resilient and adaptable business.

"Its strategic focuses on streamlining marketing efforts, optimising overheads, and harnessing the power of advertising, seem to be positioning the company well.

"The decision to return £250 million of structural surplus capital to shareholders reflects Deliveroo's commitment to rewarding its investors."

Revenue climbed 5% to just above £1 billion for the first six months of the year, as average order sizes grew 10% to £24.20. Order numbers slipped back 6% to 145 million.

Demand in the UK proved more robust, with order numbers broadly flat.

Shu said Hawaiian food had become the most popular in London, after a surge in demand for Poké bowls. Semi-skimmed milk, bananas and white wine were the most popular grocery orders.