Just Eat reports €486 million loss despite soaring sales as it spends heavily on marketing

J

ust Eatbosses today insisted the food delivery giant's losses have peaked as it revealed a €486 million first-half post-tax loss despite soaring sales.

The Amsterdam-headquartered firm reported revenues up 52% to €2.6 billion (£2.2 billion) in the six months to July, compared with €1.8 billion (£1.5 billion) in the first half of 2020.

UK orders were up 76% to 135 million, which Just Eat said was "double absolute growth of competitors" like Deliveroo and Uber Eats. The firm saw triple-digit order growth in London.

Like Deliveroo, Just Eat has splashed out on marketing and expansion in recent months, including its well-known Euros ad campaign. Marketing expenses increased by 204% to €295 million in the period, up from €97 million in the first half last year.

Just Eat Takeaway.com formed in January 2020 when Takeaway.com completed a £6 billion merger with British firm Just Eat. In June it completed a major £5.75 billion takeover of US rival GrubHub, making it the largest food delivery service outside China.

READ MORE

- Just Eat delivers 135m orders in six months but heavy

promotions hit profits
- Jobs and pay jump as UK bounces back from pandemic
- Fewer Britons doing weekly shop online, Kantar data reveals
- SPONSORED

  Everything you need to know about travelling abroad this summer

The company now has shares in New York, Amsterdam and London.

Just Eat is currently facing challengers in its key German market. In the US Grubhub was up 27% to 134 million orders in the half.

Today the firm said “Just Eat Takeaway.com has reached the peak of its absolute losses in the first half of 2021”.

It said: “Improved profitability will be driven by the growth and increased scale of the business, flexibility from the widening price gap, product and technology improvements, operational efficiencies, as well as fee caps which are expected to partly fall away going forward.”

The firm reiterated that it expects more than 45% order growth in the full year, with gross group transaction value expected to reach €28 to €30 billion.

Bosses said the company is looking at its “developing” grocery offering as a growth opportunity, and is looking to sell its 33% stake in Brazil-based delivery business iFood to realise cash “if the appropriate offer is made”. Just Eat revealed it has already rejected a €2.3 billion offer for the stake.

Chief executive, Jitse Groen, said: “In the first six months of this year, Just Eat Takeaway.com continued to invest significantly, predominantly in the historically underinvested legacy Just Eat countries.

“Our consumer base, restaurant selection and order frequency have strongly increased, which will lead to improved profitability going forward.”

Just Eat’s share price has fallen by more than 20% in 2021, and it has faced criticism from activist shareholder US-based Cat Rock Capital, which holds a 4% stake. Last month Cat Rock called on Just Eat to explore “strategic options” to prop up the price.

It said “deeply flawed communication” was to blame for Just Eat being “deeply undervalued”.

At the time, Just Eat told the FT: “Just Eat Takeaway.com has a regular dialogue with all its shareholders and we take all their views very seriously.

“As announced previously, we will be hosting a capital markets day in October to provide the market with increased visibility on how we will capitalise on the exciting, long-term growth opportunities that we have across our business.”

The firm’s shares rose by 3.3% in early trading on Tuesday to €74.7