

Proactive Group

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Blue Apron surges as it serves up smaller-than-expected fourth-quarter loss

Shares of Blue Apron Holdings Inc (NYSE:APRN) surged on Tuesday morning after the ingredient-and-recipe meal kit service reported a smaller-than-expected fourth-quarter loss.

In the three months ended December 31, net losses narrowed to US\$39.1mln, or 20 US cents per share; smaller than the US\$26.07mln, or 39 US cents per share, loss it made last year.

Analysts had been expecting a loss of nearer to 27 US cents per share for the quarter.

Operational improvements

Blue Apron said the surprise beat was driven by operational improvements at its New Jersey fulfilment center.

That news will be welcomed by investors, with the company having previously struggled to overcome several well-publicized operational issues over the past year or so, with the stock down by almost three-quarters since it started trading towards the end of June.

As expected, revenues fell 13% during the fourth-quarter to US\$187.7mln due to a fall in customer orders as Blue Apron scaled back its marketing efforts.

Towards the end of 2017, then-chief financial officer Brad Dickerson said the business would continue to curb its marketing spend in the final few months of the year which would likely hit revenues.

Blue spent US\$25.2mln, or 13.4% of its revenue, on marketing in the final quarter of 2017, down from US\$37.1mln (Q4 2016: 17.2%) in the same period a year earlier.

Customer numbers dipped 15% year-on-year and 13% compared to the prior quarter, although the average revenue per customer rose slightly to US\$248 (Q4 2016: US\$246).

New boss encouraged by progress

"We are methodically implementing operational improvements to drive our business and are encouraged by the progress we've made since last quarter, particularly in margin which contributed to improvement in our bottom-line performance," said new chief executive Brad Dickerson.

"Our top priority remains continuing to drive operational efficiencies that will propel significant improvement in our net loss and adjusted EBITDA in 2018.

Share Information

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"We also believe there are extensive opportunities to diversify and evolve the business in new ways to expand our reach and deepen our engagement with customers and we are sharpening our focus on these windows of opportunity."

Blue Apron shares gained 6.3% to US\$3.60 early on Tuesday. Last summer they were as high as US\$11.

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