

Uber

# Strong outlook supports EBITDA margin expansion thesis; Buy

Reiterate Rating: BUY | PO: 53.00 USD | Price: 49.46 USD

## In-line bookings with strong profit flow through

Revenue/EBITDA were \$9.23bn/\$916mn versus Street at \$9.38bn/\$845mn, with bookings at \$33.6bn, above Street at \$33.4bn. Mobility top-line was strong (28% excluding FX bookings growth), while Delivery was in-line, and Freight missed. EBITDA at \$916mn implies 12% incremental Y/Y margins, above the 7% long-term outlook. 3Q bookings outlook at \$34-35bn (3% Q/Q at mid-point) was above Street at \$33.8bn, while EBITDA of \$975mn-\$1.025mn (9% y/y incremental margin at midpoint) was also above Street at \$919mn. Stock is down 6% versus a flat NASDAQ, possibly due to high expectations (just in-line bookings), US revenue growth slowed to 4% (Freight miss, delivery take rates), and Mobility margin was down 60bps q/q, but we see the growth, market share, and margin thesis well intact.

## EBITDA growth thesis supported by Mobility/Advertising

Uber's 3Q EBITDA guide was above Street at \$915mn, as higher-margin Mobility "continues to fire on all cylinders." Mobility Trips were up a strong 26% Y/Y in Q2, with a healthy supply of drivers (up 33% Y/Y) and still-strong frequency growth (Trips per MAPC up 8%). New Mobility Product bookings growth exceeded 80% Y/Y in Q2, with new products achieving enough scale to drive total bookings (\$2bn per quarter, or 12% of total). Advertising growth was also a highlight, with the \$650mn annual run rate up 30% from 4Q'22, driven in part by the introduction of long-form video ads.

## Maintain 2024 bookings at \$160bn, raise EBITDA to \$5.7bn

For bookings, lower Freight offsets high Mobility, but we raise our EBITDA estimate on lower opex. For Q3, we raise bookings by 1%, lower revenue by 2% (driven by Freight and Delivery), but raise EBITDA by 11% to \$1.02bn. For 2024E, we are now at bookings/revenue/EBITDA of \$160bn/\$44.0bn/\$5.7bn versus \$160.6bn/\$45.3bn/\$5.4bn prior.

## Few blemishes on a solid quarter; reiterate Buy

Overall, it was a strong quarter but possibly a less-clean beat, with some q/q volatility on take rates and margins, plus a CFO change. However, with Uber delivering 20% core-platform bookings growth (excluding FX and Freight), well above most consumer Internet peers, and with margins at 2.7% of bookings (versus Uber's 7% target and 12% y/y reported in 2Q), we think that Uber offers possibly the best 3- to 5-year EBITDA growth outlook in large-cap Internet. Given the higher margin profile, we raise our PO to \$53 from \$51 based on a higher mobility multiple (to 2.5x from 2x given a higher Mobility profit profile) in our sum-of-parts valuation. Our \$53 PO implies 25x 2024 FCF and 19x 2024 EBITDA.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	(0.26)	(4.59)	0.44	1.20	1.96
GAAP EPS	(0.29)	(4.59)	0.44	1.20	1.96
EPS Change (YoY)	93.3%	NM	NM	172.7%	63.3%
Consensus EPS (Bloomberg)			0.59	1.32	2.30
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	NM	112.4x	41.2x	25.2x
GAAP P/E	NM	NM	112.4x	41.2x	25.2x
Dividend Yield	0%	0%	0%	0%	0%
EV / EBITDA*	871.5x	36.6x	23.8x	17.1x	13.0x
Free Cash Flow Yield*	-0.7%	0.4%	2.3%	4.5%	6.7%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 9.

01 August 2023

### Equity

#### Key Changes

(US\$)	Previous	Current
Price Obj.	51.00	53.00
2023E Rev (m)	38,145.9	37,435.8
2024E Rev (m)	45,281.2	44,043.8
2025E Rev (m)	52,459.3	51,455.3
2023E EPS	0.23	0.44
2024E EPS	1.12	1.20
2025E EPS	1.93	1.96

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### Stock Data

Price	49.46 USD
Price Objective	53.00 USD
Date Established	1-Aug-2023
Investment Opinion	C-1-9
52-Week Range	22.89 USD - 49.49 USD
Mkt Val (mn) / Shares Out (mn)	100,098 USD / 2023.8
Average Daily Value (mn)	1106.04 USD
BofA Ticker / Exchange	UBER / NYS
Bloomberg / Reuters	UBER US / UBER.N
ROE (2023E)	9.0%
Net Dbt to Eqty (Dec-2022A)	99.0%
ESGMeter <sup>TM</sup>	High

ESGMeter<sup>TM</sup> is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "[BofA ESGMeter Methodology](#)".

MAPC: Monthly Active Platform Customer

opex: operating expense

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# iQprofile<sup>SM</sup> Uber

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	-2.5%	5.2%	10.7%	14.2%	17.5%
Return on Equity	-3.4%	-78.7%	9.0%	17.8%	25.4%
Operating Margin	-7.7%	5.1%	10.3%	13.0%	15.1%
Free Cash Flow	(671)	389	2,274	4,499	6,744

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	NM	NM	2.7x	1.9x	1.7x
Asset Replacement Ratio	0.3x	0.3x	0.3x	0.3x	0.3x
Tax Rate	46.3%	2.1%	24.7%	21.0%	21.0%
Net Debt-to-Equity Ratio	53.3%	99.0%	57.8%	20.6%	13.2%
Interest Cover	NA	NA	NA	NA	NA

## Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	17,455	31,877	37,436	44,044	51,455
% Change	56.7%	82.6%	17.4%	17.7%	16.8%
Gross Profit	8,223	12,224	15,138	17,999	21,611
% Change	35.8%	48.7%	23.8%	18.9%	20.1%
EBITDA	128	3,048	4,695	6,522	8,567
% Change	NM	NM	54.0%	38.9%	31.4%
Net Interest & Other Income	17,772	20,922	34,788	41,550	49,058
<b>Net Income (Adjusted)</b>	<b>(496)</b>	<b>(9,142)</b>	<b>916</b>	<b>2,541</b>	<b>4,224</b>
<b>% Change</b>	<b>92.7%</b>	<b>NM</b>	<b>NM</b>	<b>177.3%</b>	<b>66.2%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	(556)	(9,141)	916	2,541	4,224
Depreciation & Amortization	902	950	830	813	823
Change in Working Capital	1,688	331	(397)	264	782
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(2,407)	8,501	1,153	1,119	1,176
Capital Expenditure	(298)	(252)	(228)	(237)	(262)
<b>Free Cash Flow</b>	<b>-671</b>	<b>389</b>	<b>2,274</b>	<b>4,499</b>	<b>6,744</b>
<b>% Change</b>	<b>68.8%</b>	<b>NM</b>	<b>484.5%</b>	<b>97.9%</b>	<b>49.9%</b>

## Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	4,295	4,208	5,715	9,552	11,075
Trade Receivables	2,439	2,779	3,416	4,072	4,555
Other Current Assets	2,085	2,262	2,724	2,975	3,396
Property, Plant & Equipment	1,853	2,082	2,116	2,116	2,116
Other Non-Current Assets	28,102	20,778	22,834	23,412	23,566
<b>Total Assets</b>	<b>38,774</b>	<b>32,109</b>	<b>36,806</b>	<b>42,128</b>	<b>44,709</b>
Short-Term Debt	1,442	1,692	1,933	2,103	2,465
Other Current Liabilities	7,582	7,161	7,456	7,903	8,988
Long-Term Debt	10,920	10,938	10,822	10,822	10,822
Other Non-Current Liabilities	3,481	3,814	4,412	4,904	5,205
<b>Total Liabilities</b>	<b>23,425</b>	<b>23,605</b>	<b>24,622</b>	<b>25,732</b>	<b>27,480</b>
<b>Total Equity</b>	<b>15,145</b>	<b>8,504</b>	<b>12,183</b>	<b>16,396</b>	<b>16,820</b>
<b>Total Equity &amp; Liabilities</b>	<b>38,570</b>	<b>32,109</b>	<b>36,806</b>	<b>42,128</b>	<b>44,301</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 9.

## Company Sector

Internet/e-Commerce

## Company Description

Uber is a mobility platform that services 63 countries, 750+ ridesharing markets, and 500+ Eats markets, and nearly half of Core Platform Revenue is generated outside of the U.S. The company's now has over 100mn monthly customers with revenues generated from Mobility, Delivery and Freight services.

## Investment Rationale

Uber should benefit from secular shifts to the sharing economy (Mobility), time saving services (Delivery), and a move to more efficient marketplaces (Freight). We are constructive on fundamentals given a large total addressable market (TAM) and technology advances that likely lower driver dependency and improve margins. We think the stock should trade at a premium to direct peers given share leadership and potential network effects.

## Stock Data

Average Daily Volume 22,362,232

## Quarterly Earnings Estimates

	2022	2023
Q1	-3.03A	-0.08A
Q2	-1.32A	0.19A
Q3	-0.61A	0.13E
Q4	0.29A	0.19E

## Uber Q2 Earnings Review

Revenue/EBITDA was \$9.23bn/\$916mn versus Street at \$9.38bn/\$845mn, with Bookings at \$33.6bn (16% y/y, 3pt deceleration from 1Q, 4pt deceleration excluding FX), slightly above Street at \$33.4bn. Mobility top-line was strong (28% excluding FX bookings growth), while Delivery revenues (take rates on revenue recognition changes) were pressured, and Freight missed. EBITDA at \$916mn represented 12% incremental Y/Y margins, above Uber's 7% long-term outlook.

Uber's 3Q outlook of \$34bn-\$35bn in gross bookings was above Street at the midpoint (Street at \$33.9bn) and implies 18% Y/Y growth at the midpoint (closer to 21% excluding Freight). EBITDA guidance of \$975mn-\$1.025bn compares to Street at \$919mn and implies a 9% incremental y/y EBITDA margin at the midpoint, above the 7% incremental margin implied in Uber's 2024 EBITDA guidance. Results/commentary suggested that competitive pressures from Lyft pricing is not impacting profitability. In our preview, based on historical trends, we suggested that guidance of \$33.5-\$34.5bn in bookings and \$890-940mn in EBITDA was likely, and Uber's outlook beat our expectations.

For Mobility, management noted that the business "continues to fire on all cylinders," with bookings coming 2% above Street, revenue at \$4.89bn (approximately 21.2% normalized take rate for comparison, or 29.3% including accounting change), and EBITDA at \$1.17bn (\$39mn above Street). For Q2, Mobility Trips were up 26% Y/Y, Active Drivers were up 33% Y/Y, and Trips per User were up 8% Y/Y. New launches include Upfront Fares and Upfront Destination in all LATAM markets, better Uber Reserve availability, and expansion of UberX Share to 50 markets globally. Uber noted that its surge pricing rates were also down significantly in Q2, with driver estimated times of arrival (ETAs) also improving. Mobility margins were down slightly q/q (60bps), which could reflect a modest impact from competition, though Uber highlighted investments in new products and emerging markets.

For Delivery, bookings came in at \$15.6bn (in line with Street), with revenue of \$3.1bn (14% y/y growth, 16.4% normalized take rate), and Delivery EBITDA at \$329mn coming in \$24mn above Street. The Delivery incremental margin was 13% on bookings, well above long-term guidance for 5% Delivery margins, but it did decline from a 23% margin last quarter due to lapping cost-per-transaction improvements. The Delivery Take Rate improved 20bps Q/Q excluding accounting changes from the business model. Versus DoorDash, management noted "relatively stable" share trends in the US but with a greater focus on profitability than gaining share.

Other key announcements and platform initiatives this quarter included the following: 1) Uber is expanding Uber One to 15 countries, with One now contributing 27% of gross bookings and cross-platform loyalty programs growing (14% of Uber Cash earned redeemed on Delivery). 2) The advertising business reached a \$650mn revenue run rate, with New Verticals Sponsored Items ads launching in the US, Canada, France, and Australia, as well as new full-length video ads across the entire platform, including Mobility. 3) It is accelerating adoption of large language-based models (LLM) to produce recommendations for consumers and help engineers with producing code more efficiently. 4) It announced a multi-year strategic partnership with Waymo to ensure that its vehicles can be deployed on the Uber platform. 5) It indicated that CFO Nelson Chai will be stepping down, with a departure date of January 5, 2024, with the search for replacement under way.



## Positives from the Quarter

- **EBITDA guidance above Street.** 3Q EBITDA guidance of \$975mn-\$1.025bn was above Street at \$919mn (we suggested \$890mn-\$940mn in our preview), implying approximately 9% Y/Y incremental EBITDA margins at the midpoint, above Uber's target of 7%+ incremental EBITDA margins to meet the company's \$5bn 2024 target.
- **Positive GAAP operating profit, FCF over \$1 bn.** Uber reported positive GAAP operating profit of \$326mn and free cash flow of \$1.14bn. Per Uber, management "will evaluate returning excess capital to shareholders as cash flows ramp." With consistent GAAP profitability, Uber has potential to be included in the S&P 500 index.
- **New Mobility Product growth exceeds 80% Y/Y, growing as a percent of total.** Management disclosed that New Products (taxis, Reserve, Uber for Business) grew over 80% Y/Y to reach \$8bn in gross bookings on a run-rate basis (12% of total Mobility gross bookings).
- **Gaining category market share in top markets.** Uber gained Mobility category market share in eight of the top-10 markets. According to management, gains were driven by lower estimated times of arrival as a result of strong driver supply (\$15.1bn in total earnings for Drivers and Couriers) and pricing optimization.
- **High-margin advertising at a \$650mn run rate.** Advertising reached \$650mn in run-rate revenue in 2Q, which is still just 0.50% of gross bookings excluding Freight. Assuming 40% margins, ads contributed an outsized 7% of total EBITDA for the quarter. We are constructive on Uber's 2024 target of \$1bn in ad revenue, driven by initiatives including New Vertical Sponsored listing for consumer packaged goods advertisers and the rollout of long-form video.

## Negatives from the Quarter

- **Mobility EBITDA margin declines sequentially.** Mobility EBITDA margin as percent of revenue was 23.9%, 60bps lower than 1Q (-30bps excluding UK accounting impact), driven by a seasonally low 2Q Take Rate and investments in LatAm (particularly Brazil) and APAC investments. Further consumer incentives for New Products include that the expansion of UberX Share pressured EBITDA margins.
- **Freight drags on overall growth.** Segment revenue of \$1.28bn declined 19% Y/Y and missed Street by 9.6%. The company called out seasonally weak spot rates but expects pressure to continue in the near term as Uber manages the business near breakeven EBITDA. Freight is expected to trend flat Y/Y given significantly easier comps in 3Q.
- **Incremental Delivery EBITDA margin decelerates.** On Bookings, Delivery Incremental EBITDA margins decelerated to 13% from 23% last quarter. The company called out tougher comps in 2H'23, including lapping of consumer incentives optimization as well as Cost-per-Transaction improvements. Although cost optimizations are now being rolled out Internationally, they are providing less uplift than in prior-quarter rollouts in the US and Canada.

# Actuals versus Estimates

Uber reported revenue/EBITDA of \$9.23bn/\$916mn versus Street at \$9.38bn/\$845mn. Gross Bookings of \$33.6bn (15.6% y/y growth) were slightly above Street at \$33.5bn, but total revenue came in at \$9.23bn (14.3% y/y growth), which was 1.6% below Street at \$9.38bn. Take Rate in Delivery (19.6% versus Street at 20.2%), and weakness in Freight (10% miss versus Street) pressured revenue. Adj. EBITDA of \$916mn (9.9% EBITDA Margin on revenue, 5.4pts leverage Y/Y) was 8.5% above Street at \$845mn and delivered strong 12% incremental EBITDA margins Y/Y, above Uber's 7%+ target. Gross margin was in line with our estimates at 40.2% and delivered roughly 4pts of leverage Y/Y.

## Exhibit 1: Actual vs. Estimates

Revenue/EBITDA of \$9.23bn/\$916mn versus Street at \$9.38bn/\$845mn

Actuals versus Estimates	2Q23A		% Difference
	Actual	BofA Estimate	
<b>KPIs</b>			
MAPCs	137.0	136.6	0.3%
Trips (millions)	2,282.0	2,285.3	-0.1%
<b>Bookings</b>			
Mobility Bookings	16,728	16,705	0.1%
Delivery Bookings	15,595	15,680	-0.5%
Freight	1,279	1,411	-9.3%
<b>Gross Bookings</b>	<b>33,601</b>	<b>33,796</b>	<b>-0.6%</b>
y/y Growth	15.6%	16.2%	-0.7%
<b>Total Revenue</b>			
Mobility Revenue	4,894	4,828	1.4%
Delivery Revenue	3,057	3,246	-5.8%
Freight Revenue	1,279	1,411	-9.3%
<b>Total Revenue</b>	<b>9,230</b>	<b>9,484</b>	<b>-2.7%</b>
y/y Growth	14.3%	17.5%	-3.1%
<b>Take Rates</b>			
Mobility Take Rate	29.3%	28.9%	0.4%
Delivery Take Rate	19.6%	20.7%	-1.1%
<b>Adj. Income Statement</b>			
Cost of Revenue	5,515	5,672	-2.8%
Operations and Support	616	612	0.6%
Sales and Marketing	1,192	1,328	-10.2%
Research and Development	488	493	-1.0%
General and Administrative	503	531	-5.3%
<b>Operating Income (Loss)</b>	<b>916</b>	<b>848</b>	<b>8.0%</b>
<b>Tax Rate</b>	14%	8%	-77.0%
GAAP Net Income	394	75	-427.4%
<b>GAAP EPS</b>	<b>\$0.18</b>	<b>\$0.04</b>	<b>-386.1%</b>
FD Shares	2,079	2,018	3.1%
<b>Adjusted EBITDA</b>	<b>\$916</b>	<b>\$848</b>	<b>8.0%</b>
EBITDA Margin (% of Revenue)	9.9%	8.9%	1.0%

Source: Company reports, BofA Global Research

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## Estimate Changes

For 3Q'23E, we raise our gross bookings estimate slightly to \$34.4b (+1% from prior) but lower our revenue estimate to \$9.44bn from \$9.61bn prior. We now project EBITDA of \$1.015bn, an 11% increase from our prior \$913mn projection. For 2023E, we raise our gross bookings estimate by \$200mn to \$135.6bn, lower our revenue estimate by 2% to \$37.4bn, and raise our EBITDA estimate by 5% to \$3.87bn. For 2024E, we slightly adjust our gross bookings/revenue projection down to \$159.9bn/\$44.0bn from \$160.6bn/\$45.3bn prior but raise our EBITDA estimate by 5% to \$5.71bn (versus the \$5bn 2024 target).

### Exhibit 2: Estimate Changes

For 3Q, we are now at revenue/EBITDA of \$9.44bn/\$1.02bn versus \$9.61bn/\$913mn prior.

Estimate Changes	3Q23E			2023E			2024E		
	Prior	New	% Chg.	Prior	New	% Chg.	Prior	New	% Chg.
<b>KPIs</b>									
MAPCs (Monthly Active Platform Consumers)	137.6	138.9	1%	146.7	147.6	1%	158.5	159.4	1%
Trips (millions)	2,341.3	2,362.3	1%	9,248.5	9,288.9	0%	10,592.3	10,696.9	1%
<b>Bookings</b>									
Mobility Bookings	17,105	17,406	2%	67,111	67,584	1%	82,175	82,752	1%
Delivery Bookings	15,463	15,723	2%	62,488	62,778	0%	72,029	71,712	0%
Freight	1,453	1,278	-12%	5,819	5,251	-10%	6,401	5,463	-15%
<b>Gross Bookings</b>	<b>34,021</b>	<b>34,407</b>	<b>1%</b>	<b>135,419</b>	<b>135,612</b>	<b>0%</b>	<b>160,605</b>	<b>159,927</b>	<b>0%</b>
y/y Growth	16.8%	18.2%	1%	17.4%	17.5%	0%	18.6%	17.9%	-1%
<b>Total Revenue</b>									
Mobility Revenue	4,943	5,083	3%	19,377	19,699	2%	23,809	24,224	2%
Delivery Revenue	3,216	3,082	-4%	12,949	12,486	-4%	15,071	14,357	-5%
Freight Revenue	5,819	5,251	-10%	5,819	5,251	-10%	6,401	5,463	-15%
<b>Total Revenue</b>	<b>9,613</b>	<b>9,442</b>	<b>-2%</b>	<b>38,146</b>	<b>37,436</b>	<b>-2%</b>	<b>45,281</b>	<b>44,044</b>	<b>-3%</b>
y/y Growth	15.2%	13.2%	-2%	19.7%	17.4%	-2%	18.7%	17.7%	-1%
<b>Adj. Income Statement</b>									
Cost of Revenue	5,739	5,609	-2%	22,754	22,297	-2%	26,796	26,044	-3%
Operations and Support	625	617	-1%	2,452	2,450	0%	2,680	2,608	-3%
Sales and Marketing	1,298	1,209	-7%	5,141	4,860	-5%	5,886	5,403	-8%
Research and Development	500	491	-2%	1,978	1,950	-1%	2,170	2,134	-2%
General and Administrative	538	502	-7%	2,123	2,013	-5%	2,335	2,145	-8%
<b>Adj. Operating Income (Loss)</b>	<b>913</b>	<b>1,015</b>	<b>11%</b>	<b>3,699</b>	<b>3,865</b>	<b>5%</b>	<b>5,414</b>	<b>5,710</b>	<b>5%</b>
GAAP Net Income	-17%	-25%	45%	-17%	-25%	45%	-8%	-21%	163%
GAAP Net Income	462	916	98%	462	916	98%	2,337	2,541	9%
<b>GAAP EPS</b>	<b>\$0.07</b>	<b>\$0.13</b>	<b>99%</b>	<b>\$0.23</b>	<b>\$0.44</b>	<b>97%</b>	<b>\$1.12</b>	<b>\$1.20</b>	<b>7%</b>
FD Shares	2,049	2,069	1%	2,049	2,069	1%	2,080	2,121	2%
<b>Adjusted EBITDA</b>	<b>\$913</b>	<b>\$1,015</b>	<b>11%</b>	<b>\$3,699</b>	<b>\$3,865</b>	<b>5%</b>	<b>\$5,414</b>	<b>\$5,710</b>	<b>5%</b>
EBITDA Margin (% of Revenue)	9.5%	10.8%	1.2%	9.7%	10.3%	0.6%	12.0%	13.0%	1%

Source: BofA Global Research estimates

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# Valuation

We raise our PO to \$53 from \$51 based on our higher mobility estimates and an increased Mobility multiple due to higher expected margins. Our sum-of-the-parts (SOTP) implies a 2024 EV/revenue multiple of 2.5x for Mobility (from 2x previously), 3x for Delivery (unchanged, implies 0.6x bookings), and 1x for Freight. Our SOTP valuation implies segment values of \$61bn for Mobility, \$44bn for Delivery, and \$5.5bn for Freight, which implies a total Enterprise Value of \$110bn. Based on a net realizable value of investments of \$3.9bn, we estimate a target market cap of \$110bn. Our PO of \$53 is based on 2.1bn shares outstanding.

## Exhibit 3: Uber Valuation

Our PO of \$53 implies a blended 2.5x 2024 P/Sales multiple

Segment	2024E Revenue	Multiple	Enterprise Value	Prior
Mobility	\$24,224	2.5x	\$60,559	2.2x
Delivery	\$14,357	3.0x	\$43,774	3.0x
Freight	\$5,463	1.0x	\$5,463	1.0x
<b>Enterprise Value</b>			<b>\$109,796</b>	
<b>Net Cash</b>				
2023E Cash			\$5,715	
2023E Debt			(\$9,255)	
<b>Add: 2022E Net Cash</b>			<b>(\$3,540)</b>	
<b>Minority-owned Affiliates</b>				
Investments (B/S)			\$5,167	
Less: Liquidity and Valuation Discount			25%	
<b>Add: FV of Investments</b>			<b>\$3,875</b>	
<b>Market Capitalization</b>			<b>\$110,132</b>	
Diluted Shares Outstanding			2,061	
<b>Price Objective</b>			<b>\$53</b>	

Source: BofA Global Research

	2024E Revenue multiple
Lyft:	0.8x
DoorDash:	3.2x

BofA GLOBAL RESEARCH



## Price objective basis & risk

### Uber (UBER)

Our SOTP applies an EV/2024E Revenue valuation of 2.5x for Mobility, 3.0x revenue for Delivery, and 1.0x revenue for Freight, which are slight premiums to peers given potential network effects. Our SOTP valuation implies segment values of \$61bn for Mobility, \$44bn for Delivery, and \$5.5bn for Freight, which implies a Total Enterprise Value for Uber of \$110bn. Including assets we estimate a target market cap of \$110bn. Our Price Objective of \$53 is based on 2.1bn shares outstanding.

Downside risks are 1) multiple compression given macro economic exposure, 2) slowing user/revenue growth due to competitive initiatives from Lyft or DoorDash, 3) new competition from self-driving technology companies, and 4) new regulations, fees, and/or minimum wages.

## Analyst Certification

I, Justin Post, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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### US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	Arhaus, Inc	ARHS	ARHS US	Curtis Nagle, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	Expedia	EXPE	EXPE US	Justin Post
	Meta Platforms Inc	META	META US	Justin Post
	Peloton	PTON	PTON US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Tempur Sealy International Inc.	TPX	TPX US	Curtis Nagle, CFA
	Uber	UBER	UBER US	Justin Post
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
<b>NEUTRAL</b>				
	1stDibs.com	DIBS	DIBS US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	eBay	EBAY	EBAY US	Curtis Nagle, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Overstock.com Inc	OSTK	OSTK US	Curtis Nagle, CFA
	Pinterest	PINS	PINS US	Justin Post
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA



## US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Snap	SNAP	SNAP US	Justin Post
<b>UNDERPERFORM</b>				
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA

**IQmethod<sup>SM</sup> Measures Definitions****Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

**Quality of Earnings**

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

**Valuation Toolkit**

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

**Numerator**

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

**Numerator**

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

**Denominator**

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Shareholders' Equity

Sales

N/A

N/A

**Denominator**

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

**Denominator**

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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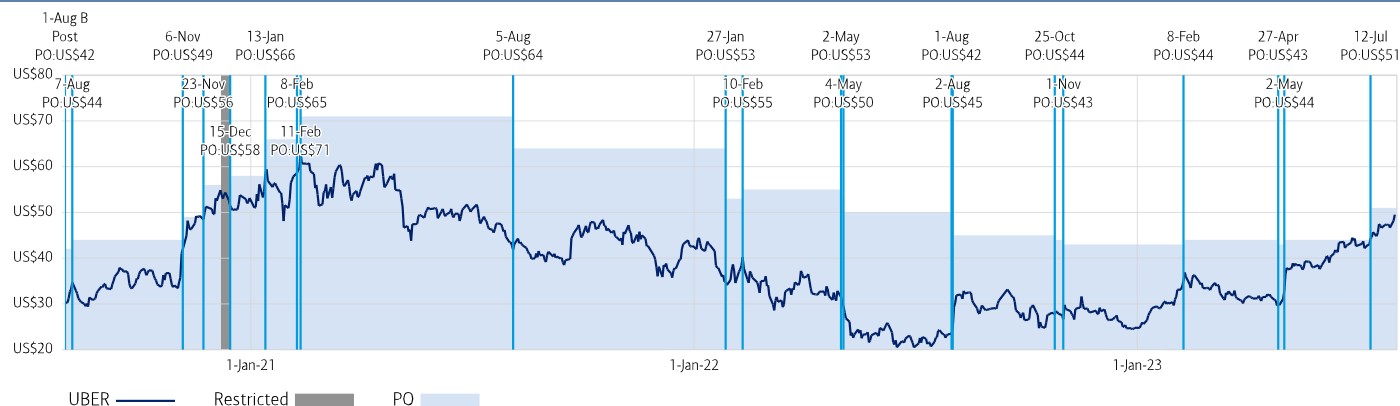
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### Uber Technologies (UBER) Price Chart



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### Equity Investment Rating Distribution: Technology Group (as of 30 Jun 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	212	53.13%	Buy	103	48.58%
Hold	89	22.31%	Hold	45	50.56%
Sell	98	24.56%	Sell	30	30.61%

### Equity Investment Rating Distribution: Global Group (as of 30 Jun 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1877	53.28%	Buy	1040	55.41%
Hold	815	23.13%	Hold	464	56.93%
Sell	831	23.59%	Sell	385	46.33%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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