

Uber

# Another strong execution Q, with capital returns plans likely coming next week

Reiterate Rating: BUY | PO: 78.00 USD | Price: 70.65 USD

## Beats on most metrics, 9.1% incremental EBITDA margins

Rev/EBITDA beat at \$9.94bn/\$1.28bn vs. Street at \$9.84bn/\$1.23bn, with Bookings growth of 22.2% y/y above Street 20.8% Y/Y. New verticals traction helped drive modest bookings upside, with Mobility New Verticals up 80% Y/Y and Grocery/Retail up 40% y/y. Revenues were in line due to accounting reclassifications that don't impact EBITDA, and Uber generated 9.1% incremental y/y EBITDA margins on bookings in the quarter, above the LT target of 7% but down slightly vs. 3Q (9.3%).

## Margin trends remain a bright spot

1Q'24 Bookings outlook of \$37-\$38.5bn bracketed Street at \$37.2bn (20% growth at mdpt), while EBITDA guide at \$1.26-\$1.34bn was above Street at \$1.25bn. Strong margin growth is being supported by advertising (Ads now \$900mn business, set to beat Uber's goal of \$1bn in '24 ad rev.) and lower customer acquisition costs with Uber One now at >19mn members (up 58% y/y and 30% of bookings/50% of US Delivery). Driver supply remains strong, with Active Drivers up 30% y/y, and Hours per Driver accelerating 5pts to 10% Y/Y. Mgmt noted US insurance renewal in March will be a headwind to Cost per Trip, though 1Q incremental margins were guided to 8.2% at high end of bookings.

## Raising above-Street Bookings & EBITDA estimates

We are modestly raising our above-Street estimates across the board; for 1Q, we raise bookings 1% to \$38.3bn, raise Revs 1% to \$10.1bn, and raise EBITDA 3% to \$1.33bn. For '25 (key for valuation), we raise to bookings/rev/EBITDA to \$192.8bn/\$51.37bn /\$8.24bn from \$190.1bn/\$51.25bn/\$8.02bn. Our incremental margin drops from 9.1% in 4Q'23 to 7.3% in 4Q'24, and we see upside potential given driver supply and ad trends.

## Steady quarterly execution continues; Reiterate Buy

No big surprises, but results showed steady execution that has driven strong stock outperformance over the past two years, with ramping Uber One membership possibly increasing Uber's overall franchise value. With strong Mobility growth & margins, we raise our Mobility multiple to 3.6x (up from 3.5x prior) and raise PO to \$78 on higher ests, asset value, and higher Mobility multiple. Our PO would represent 20x 2025E EBITDA. Next event for the stock is the virtual investor update on 2/14 which may include long-term financial targets and capital return plans. See our recent [Uber PM Level Outlook](#) for more on our Uber thesis in 2024.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	(4.59)	0.91	1.38	2.10	2.77
GAAP EPS	(4.59)	1.04	1.38	2.10	2.77
EPS Change (YoY)	NM	NM	51.6%	52.2%	31.9%
Consensus EPS (Bloomberg)			1.45	2.21	3.00
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	77.6x	51.2x	33.6x	25.5x
GAAP P/E	NM	67.9x	51.2x	33.6x	25.5x
EV / EBITDA*	51.4x	32.2x	22.4x	17.3x	14.0x
Free Cash Flow Yield*	0.3%	2.7%	3.5%	4.8%	6.0%

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

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Equity

### Key Changes

(US\$)	Previous	Current
Price Obj.	73.00	78.00
2024E Rev (m)	43,515.5	43,817.2
2025E Rev (m)	51,254.0	51,371.7
2026E Rev (m)	NA	59,414.4
2024E EPS	1.29	1.38
2025E EPS	2.02	2.10
2026E EPS	NA	2.77

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### Stock Data

Price	70.65 USD
Price Objective	78.00 USD
Date Established	7-Feb-2024
Investment Opinion	C-1-9
52-Week Range	29.22 USD - 70.68 USD
Mrkt Val (mn) / Shares Out (mn)	145,388 USD / 2,057.9
Free Float	96.1%
Average Daily Value (mn)	1504.18 USD
BofA Ticker / Exchange	UBER / NYS
Bloomberg / Reuters	UBER US / UBER.N
ROE (2024E)	19.6%
Net Dbt to Eqty (Dec-2023A)	60.1%
ESGMeter <sup>TM</sup>	High

ESGMeter 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"](#).

HSD: high single digit

# iQprofile<sup>SM</sup> Uber

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	5.2%	13.0%	14.2%	15.7%	16.4%
Return on Equity	-78.7%	18.8%	19.6%	21.5%	21.4%
Operating Margin	5.1%	10.9%	14.1%	16.0%	17.3%
Free Cash Flow	389	3,963	5,137	6,998	8,763

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	NM	2.2x	1.8x	1.6x	1.5x
Asset Replacement Ratio	0.3x	0.3x	0.3x	0.3x	0.3x
Tax Rate	2.1%	9.0%	20.0%	20.0%	20.0%
Net Debt-to-Equity Ratio	99.0%	60.1%	27.5%	-2.7%	-24.9%
Interest Cover	NA	NA	NA	NA	NA

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	31,877	37,281	43,817	51,372	59,414
% Change	82.6%	17.0%	17.5%	17.2%	15.7%
Gross Profit	12,224	14,820	17,412	20,913	24,598
% Change	48.7%	21.2%	17.5%	20.1%	17.6%
EBITDA	3,048	4,875	7,001	9,061	11,229
% Change	NM	59.9%	43.6%	29.4%	23.9%
Net Interest & Other Income	20,922	35,598	41,323	48,870	56,761
<b>Net Income (Adjusted)</b>	<b>(9,142)</b>	<b>1,887</b>	<b>2,959</b>	<b>4,590</b>	<b>6,100</b>
<b>% Change</b>	<b>NM</b>	<b>NM</b>	<b>56.8%</b>	<b>55.1%</b>	<b>32.9%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(9,141)	2,156	2,959	4,590	6,100
Depreciation & Amortization	950	823	808	822	951
Change in Working Capital	331	766	548	679	672
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	8,501	441	1,071	1,155	1,333
Capital Expenditure	(252)	(223)	(249)	(248)	(293)
<b>Free Cash Flow</b>	<b>389</b>	<b>3,963</b>	<b>5,137</b>	<b>6,998</b>	<b>8,763</b>
<b>% Change</b>	<b>NM</b>	<b>918.8%</b>	<b>29.6%</b>	<b>36.2%</b>	<b>25.2%</b>
Share / Issue Repurchase	0	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	0	0	0	0	0

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	4,208	5,407	8,860	15,016	22,805
Trade Receivables	2,779	3,404	4,086	4,805	5,280
Other Current Assets	2,262	2,486	3,199	3,164	3,156
Property, Plant & Equipment	2,082	2,073	2,073	2,073	2,073
Other Non-Current Assets	20,778	25,329	28,371	29,217	30,093
<b>Total Assets</b>	<b>32,109</b>	<b>38,699</b>	<b>46,589</b>	<b>54,274</b>	<b>63,408</b>
Short-Term Debt	1,692	2,016	2,864	3,335	3,686
Other Current Liabilities	7,161	7,438	8,130	8,675	8,751
Long-Term Debt	10,938	11,009	11,009	11,009	11,009
Other Non-Current Liabilities	3,814	5,554	6,391	6,761	7,384
<b>Total Liabilities</b>	<b>23,605</b>	<b>26,017</b>	<b>28,393</b>	<b>29,780</b>	<b>30,829</b>
<b>Total Equity</b>	<b>8,504</b>	<b>12,682</b>	<b>18,196</b>	<b>24,493</b>	<b>32,579</b>
<b>Total Equity &amp; Liabilities</b>	<b>32,109</b>	<b>38,699</b>	<b>46,589</b>	<b>54,274</b>	<b>63,408</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 21,290,612

## Quarterly Earnings Estimates

	2023	2024
Q1	-0.08A	0.26E
Q2	0.19A	0.31E
Q3	0.10A	0.37E
Q4	0.67A	0.43E

# Uber Q4 Earnings Review

Rev/EBITDA was \$9.94bn/\$1.28bn vs. Street at \$9.84bn/\$1.23bn, with Bookings of \$37.6bn (22% y/y, 1pt accel vs. 3Q), above Street at \$37.1bn. Mobility bookings grew 28% y/y ex-FX, a 2pt decel vs. 3Q, while Delivery grew 17% (1pt accel ex-FX). Freight revenue of \$1.28bn contracted 50bps q/q, but accelerated 10pts on a y/y basis to -17% y/y. Uber delivered 9.1% incremental EBITDA margins on Bookings, well above the long-term target of 7% and Street at 8.8%, boosted by advertising growth (now >\$900mn business) and improved supply (active drivers up 30% y/y). That said, 4Q incremental margins dropped slightly from 3Q, with a growing contribution of lower-margin new vertical revenues a possible headwind.

Midpoint of Uber's 1Q outlook of \$37-\$38.5bn in gross bookings was above Street at \$37.2bn and suggests 20% y/y growth at the midpoint (2pt decel). Guidance assumes Freight bookings will be flat q/q, suggesting still-negative but improving trends at -9% y/y. EBITDA guide of \$1.26bn-\$1.34bn beat Street at \$1.25bn, and implies an 8.2% incremental margin at the high end of the range, above Uber's 7% L.T. Target but below 4Q.

For Mobility, Bookings came in at \$19.29bn (29% y/y growth, 1pt deceleration on a 7pt easier comp), vs. Street at \$19.10bn, with Mobility Revenue 3% above Street and Mobility EBITDA 4% above. On a normalized basis (ex-accounting change), the Mobility take rate was up 139bps Y/Y, and up 20bps Q/Q. The Mobility Margin came in at 26%, which was 2pts leverage Y/Y, 0.7pts leverage Q/Q. Mgmt noted strong trip growth in LATAM and APAC, with a "steady increase" in MAPCs and frequency. Traditional UberX bookings grew over 20% Y/Y, and mgmt noted strong growth in key geos, including 150% Y/Y growth in Argentina (one of Uber's seven key Rides growth markets).

For Delivery, Bookings grew 19% y/y (17% ex-FX), beating Street by 2%, with Revenue slightly below Street but EBITDA \$37mn above Street. Ex-accounting changes, the Delivery Take Rate of 14.6% was flat Y/Y, but down 50bps Q/Q. Despite the slightly lower take rate, the Delivery EBITDA Margin was up 7pts Y/Y, and up 1.2pts Q/Q, driven by improved network efficiencies, advertising, and "incentive optimization". Mgmt noted "accelerating growth" in US&C, with growth driven by user & frequency growth (rather than pricing growth last year). Internationally, mgmt noted that market share broadened across all top international markets.

## Growing contribution from New Verticals

Mobility New Verticals grew over 80% Y/Y, reaching an \$11bn run rate (14% of Mobility GBs), with Shared Rides exceeding a \$1bn run rate (though mgmt noted Shared Rides margins remain lower than UberX margins). For Delivery, mgmt noted that Grocery & Retail Bookings (formerly known as New Verticals) grew 40% Y/Y, decelerating 6pts Q/Q, but contributing 20% of Delivery's overall growth, and reaching 10% of total Delivery GBs. New retail partners during the quarter included Big Lots and Sprouts.

## Driver Supply up 30%

Driver Supply remained strong, with Active Drivers up 30% Y/Y (2pt decel vs. last quarter), and Hours per Active Driver up 10% Y/Y (5pt acceleration). Mgmt disclosed that the average Delivery time was down 3 minutes Y/Y, also indicating strong supply and efficiency. Despite the faster speeds, Cost per Delivery also dropped by 5% Y/Y in the US decreased, reaching an all-time low, driven by technological and operational efficiency. Mgmt disclosed that total Monthly Drivers and Couriers reached 6.8mn in 2023, with Driver Earnings up 24% Y/Y ex-FX (slightly higher than GBs growth).

## Uber One Subscribers at 19 million, advertising at \$900mn run rate

Management noted that membership reached 19 million subs, now generating 30% of Gross Bookings (up 7pts Y/Y), and generating 50% of US Delivery bookings (up 10pts Y/Y). The subscription was launched in 7 new markets in 4Q, bringing it to 25 markets globally. UK subs grew 50% Q/Q in 4Q, driven by a successful ad campaign. For



Advertising, mgmt disclosed the annual run-rate for Ad Revenue now exceeds \$900mn. New Ad products include Sponsored Items for alcohol, and new Ad markets include Japan, Taiwan, and Spain. There were 150+ new ad features launched in 2023, including Post-checkout Display Ads, Sponsored Search, and Journey Video.

### More to come next week

Mgmt also noted that it plans to “provide an update” at the analyst day next week as it pertains to capital returns (likely buybacks and/or dividends), and also noted a “very clear path” to an investment grade credit rating. FCF conversion dropped slightly in Q4 relative to Q3 due to slightly higher legal & tax cash outflows. Uber also recognized a \$1.0bn unrealized gain in asset value related to its minority stakes. For the year, FCF was \$4.0bn, just under EBITDA at \$4.1bn, and we expect over \$5.0bn in 2025, providing Uber with ability to buyback stock and pay down debt.

## Positives from the Quarter

- **Mobility New Verticals growth of 80% y/y beat our projection.** Non-UberX products (Reserve, Taxi, Moto, and more) grew more than 80% y/y (stable vs. 3Q) to \$11bn in annualized bookings. Shared Rides is now the fourth non-UberX product to reach \$1bn in annualized bookings.
- **Advertising on track to beat \$1bn+ revenue goal.** Advertising in Q4 reached a \$900mn revenue run-rate and is on track to beat Uber’s goal of \$1bn in ’24 revenue. We estimate advertising growth can contribute 50bps to incremental EBITDA margins in 2024, helping offset cost-per-trip headwinds associated with insurance.
- **Driver engagement accelerated 5pts to 10% y/y.** Active drivers on Uber increased by 30% y/y and driver engagement (hrs per driver) by 10%, equaling a roughly 40% y/y increase in supply. Strong supply growth in Q4 helped drive Mobility take rates up 40bps q/q to 28.7%, outside of typical seasonality when driver incentives are usually higher.
- **EBITDA Guidance beats Street.** Uber’s EBITDA guide for \$1.26-\$1.34bn was above Street’s \$1.25bn. That said, we think there will be continued optimism for more upside given progress in Ads and strong driver supply.

## Negatives from the Quarter

- **Guidance suggests a slowdown in incremental margins.** Q4 incremental margins at 9.1% compressed slightly from Q3 at 9.3%, and assuming the high-end of both Bookings and EBITDA, we get to an 8.2% incremental EBITDA margin. We note, however, if Uber hits high end of EBITDA and midpoint of bookings guidance, incremental margins would be just over 9%.
- **Mobility bookings decelerated in 4Q.** Despite strong contribution from new verticals, mobility bookings growth decelerated to 28% ex-FX from 30% last quarter. Excluding new verticals, estimated growth fell to 23% from 26%.
- **FCF conversion drops.** FCF as a percent of Adjusted EBITDA fell to 60%, from 83% in Q3 and 124% in Q2. Per Uber, the timing of quarter-end could create some unevenness with cash collections and payouts, and the company prefers to look at FCF on a trailing twelve-month basis (with TTM FCF conversion a strong 98%).
- **Insurance commentary suggests ongoing headwinds.** Not a surprise, but insurance cost per trip is expected to be a y/y headwind following the renewal in March. Uber is proactively taking steps to lower insurance costs (risk control, improved tech, and legislation) and we expect a HSD% increase in insurance costs, below data from the Bureau of Labor Statistics indicating motor vehicle insurance inflation rose 20% y/y in December.

# Actuals vs. Estimates

Uber reported rev/EBITDA was \$9.94bn/\$1.28bn vs. Street at \$9.84bn/\$1.23bn, with Bookings of \$37.6bn (22% y/y) above Street at \$37.1bn (slight Mobility & Delivery beats). Overall, Uber generated \$1.28bn of EBITDA, which was 5% above Street at \$1.23bn. Uber delivered 9.1% incremental EBITDA margins (on bookings), above Uber's long-term target of 7% and Street at 8.8%, boosted by advertising growth (now >\$900mn business) and improved supply (active drivers up 30% y/y).

## Exhibit 1: Actuals vs. Estimates

Uber reported rev/EBITDA was \$9.94bn/\$1.28bn vs. Street at \$9.84bn/\$1.23bn

	4Q23A				
Actuals vs. Estimates	Actual	BofA	Diff.	Street	Diff.
KPIs					
MAPCs	150	150	0%	148	1%
Trips (millions)	2,601	2,585	1%	2,548	2%
Mobility					
Bookings	19,285	19,213	0%	19,097	1%
Revenue	5,537	5,437	2%	5,390	3%
Take Rate	28.7%	28.3%	0.4	28.2%	0.5
Adj. EBITDA	1,446	1,392	4%	1,392	4%
% margin (on bookings)	7.5%	7.2%	0.3	7.3%	0.2
Incremental EBITDA margin	9.9%	8.8%	1.1	8.8%	1.1
Delivery					
Bookings	17,011	16,749	0	16,759	2%
Revenue	3,119	3,082	0	3,145	-1%
Take Rate	18.3%	18.4%	(0.1)	18.8%	(0.4)
Adj. EBITDA	476	462	3%	439	8%
% margin (on bookings)	2.8%	2.8%	0.0	2.6%	0.2
Incremental EBITDA margin	8.7%	9.1%	(0.4)	8.1%	0.6
Freight					
Revenue	1,280	1,286	0%	1,282	0%
Adj. EBITDA	(14)	(13)	9%	(13)	5%
% margin	-1.1%	-1.0%	(0.1)	-1.0%	(0.1)
Total					
Gross Bookings	37,575	37,248	1%	37,138	1%
y/y	22.2%	21.1%	1.1	20.8%	1.4
Total Revenue	9,936	9,805	1%	9,836	1%
y/y	15.4%	13.9%	1.5	14.4%	1.0
Take Rate	26.4%	26.3%	0.1	26.8%	(0.3)
Adj. EBITDA	1,283	1,242	3%	1,226	5%
% margin	12.9%	12.7%	0.2	13.4%	(0.5)
Incremental EBITDA margin	9.1%	8.9%	0.2	8.8%	0.3
Adj. Income Statement					
Cost of Revenue	6,048	5,952	2%	5,883	3%
Operations & Support	646	657	-2%	640	1%
Sales & Marketing	912	941	-3%	983	-7%
Research & Development	483	493	-2%	477	1%
General & Administrative	564	520	9%	540	4%
Adjustments					
Depreciation & Amortization	203	208	-2%	217	-6%
Stock-based compensation	469	497	-6%	502	-7%
Tax Rate	7.3%	20.0%	(12.7)	16.4%	(9.2)
GAAP Net Income	1,429	455	214%	351	307%
GAAP EPS	\$0.67	\$0.21	\$0.46	\$0.66	\$0.01
FD Shares	2,122	2,121	0%	2,098	1%
Guidance					
Gross Bookings	\$37-\$38.5bn	\$37.9bn		\$37.2bn	
Adj. EBITDA	\$1.26-\$1.34bn	\$1.29bn		\$1.25bn	

Source: Company reports, Bloomberg, BofA Global Research

BofA GLOBAL RESEARCH



## Estimate Changes

For 1Q'24E, we raise our gross bookings estimate by 1% to \$38.3bn, we raise our Revenue estimate by 1% to \$10.1bn, and we raise our EBITDA estimate by 3% to \$1.33bn.

For 2024E, we raise bookings/rev/EBITDA to \$165.8bn/\$43.82bn/\$6.19bn from \$163.8bn/\$43.52bn/\$6.00bn prior. For 2025E, we raise bookings/rev/EBITDA to \$192.8bn/\$51.37bn/\$8.24bn from \$190.1bn/\$51.25bn/\$8.02bn prior.

### Exhibit 2: Estimate Changes

For 1Q'24E, we are at bookings/rev/EBITDA of \$38.3bn/\$10.09bn/\$1329mn vs. \$37.9bn/\$10.04bn/\$1295mn prior.

Estimate Changes	1Q'24E			2024E			2025E		
	Prior	New	% Chg.	Prior	New	% Chg.	Prior	New	% Chg.
<b>KPIs</b>									
MAPCs	149	149	0.4%	166	168	1%	181	183	1%
Trips (millions)	2,598	2,609	0.4%	11,215	11,322	1%	12,885	13,123	2%
<b>Mobility</b>									
Bookings	19,176	19,176	0%	85,379	85,980	1%	100,748	102,008	1%
Revenue	5,465	5,523	1%	24,467	24,803	1%	29,217	29,478	1%
Take Rate	28.5%	28.8%	0.3	28.7%	28.8%	0.2	29.0%	28.9%	(0.1)
EBITDA	1,459	1,475	1%	6,484	6,586	2%	8,093	8,150	1%
% margin (on bookings)	7.6%	7.7%	0.1	7.6%	7.7%	0.1	8.0%	8.0%	(0.0)
Incremental EBITDA margin	9.5%	9.9%	0.4	9.5%	9.5%	(0.0)	10.5%	9.8%	(0.7)
<b>Delivery</b>									
Bookings	17,430	17,821	2%	73,038	74,616	2%	83,263	84,856	2%
Revenue	3,259	3,297	1%	13,715	13,767	0%	15,903	15,911	0%
Take Rate	18.7%	18.5%	(0.2)	18.8%	18.5%	(0.3)	19.1%	18.8%	(0.3)
EBITDA	456	495	8%	2,090	2,172	4%	2,624	2,695	3%
% margin (on bookings)	2.6%	2.8%	0.2	2.9%	2.9%	0.0	3.2%	3.2%	0.0
Incremental EBITDA margin	7.0%	7.4%	0.4	6.2%	6.1%	(0.1)	5.2%	5.1%	(0.1)
<b>Freight</b>									
Revenue	1,316	1,274	-3%	5,334	5,247	-2%	6,134	5,983	-2%
EBITDA	-	(6)	#DIV/0!	27	(6)	-123%	49	48	-2%
% margin	0.0%	-0.5%	(0.5)	0.5%	-0.1%	(0.6)	0.8%	0.8%	-
<b>Company-Wide</b>									
<b>Gross Bookings</b>	<b>37,922</b>	<b>38,271</b>	<b>1%</b>	<b>163,751</b>	<b>165,843</b>	<b>1%</b>	<b>190,145</b>	<b>192,847</b>	<b>1%</b>
y/y	20.7%	21.8%	1.1	19.1%	20.3%	1.2	16.1%	16.3%	0.2
Total Revenue	10,041	10,093	1%	43,516	43,817	1%	51,254	51,372	0%
y/y	13.8%	14.4%	0.6	17.1%	17.5%	0.4	17.8%	17.2%	(0.5)
Take Rate	26.5%	26.4%	(0.1)	26.6%	26.4%	(0.2)	27.0%	26.6%	(0.3)
<b>Adj. EBITDA</b>	<b>1,295</b>	<b>1,329</b>	<b>3%</b>	<b>6,003</b>	<b>6,193</b>	<b>3%</b>	<b>8,021</b>	<b>8,239</b>	<b>3%</b>
% margin	12.9%	13.2%	0.3	13.8%	14.1%	0.3	15.7%	16.0%	0.4
Incremental EBITDA margin	8.2%	8.3%	0.1	7.6%	7.7%	0.0	7.6%	7.6%	(0.1)
<b>Adj. Income Statement</b>									
Cost of Revenue	6,075	6,117	1%	26,214	26,405	1%	30,496	30,459	0%
Operations & Support	663	649	-2%	2,703	2,672	-1%	2,973	3,016	1%
Sales & Marketing	964	949	-2%	4,262	4,162	-2%	4,972	4,863	-2%
Research & Development	512	505	-1%	2,118	2,123	0%	2,358	2,367	0%
General & Administrative	532	545	2%	2,217	2,264	2%	2,435	2,427	0%
<b>Adjustments</b>									
Depreciation & Amortization	201	202	1%	802	808	1%	820	822	0%
Stock-based compensation	481	482	0%	1,947	1,943	0%	2,032	2,027	0%
Tax Rate	20.0%	20.0%	-	20.0%	20.0%	-	20.0%	20.0%	-
GAAP Net Income	519	554	7%	2,772	2,959	7%	4,411	4,590	4%
<b>GAAP EPS</b>	<b>\$0.24</b>	<b>\$0.26</b>	<b>\$0.02</b>	<b>\$1.29</b>	<b>\$1.38</b>	<b>\$0.09</b>	<b>\$2.02</b>	<b>\$2.10</b>	<b>\$0.08</b>
FD Shares	2,134	2,135	0%	2,149	2,150	0%	2,184	2,185	0%

Exhibit 2: Estimate Changes

For 1Q'24E, we are at bookings/rev/EBITDA of \$38.3bn/\$10.09bn/\$1329mn vs. \$37.9bn/\$10.04bn/\$1295mn prior.

	1Q'24E	2024E	2025E
Source: Company reports, Bloomberg, BofA Global Research			

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Valuation

Our SOTP applies an EV/2025E Revenue valuation of 3.6x for Mobility, 3.0x revenue for Delivery (implies 0.6x bookings), and 0.7x revenue for Freight, which are slight premiums to peers given potential network effects. Our SOTP valuation implies segment values of \$106bn for Mobility, \$48bn for Delivery, and \$4.2bn for Freight, which implies a Total Enterprise Value for Uber of \$158bn. Based on Net Debt of \$0.6bn and a realizable value of investments of \$8.2bn we estimate a target market cap of \$166bn. Our Price Objective of \$78 is based on 2.1bn shares outstanding. Our \$78 PO would represent 20x 2025E EBITDA.

Exhibit 3: Valuation

Our PO implies 20x 2025E EBITDA

Segment	2025E Revenue	Multiple	Enterprise Value	Prior		2025E Revenue multiple
Mobility	\$29,478	3.6x	\$106,121	3.5x	Lyft:	0.8x
Delivery	\$15,911	3.0x	\$47,732	3.0x	DoorDash:	3.6x
Freight	\$5,983	0.7x	\$4,188	0.7x		
Enterprise Value			\$158,041			
Net Cash						
2024E Cash			\$8,860			
2024E Debt			(\$9,459)			
Add: 2022E Net Cash			(\$599)			
Minority-owned Affiliates						
Investments (B/S)			\$10,880			
Less: Liquidity and Valuation Discount			25%			
Add: FV of Investments			\$8,160			
Market Capitalization			\$165,602			
Diluted Shares Outstanding			2135			
Price Objective			\$78			

Source: BofA Global Research estimates, company report

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## Price objective basis & risk

### Uber (UBER)

Our SOTP applies an EV/2025E Revenue valuation of 3.6x for Mobility, 3.0x revenue for Delivery (implies 0.6x bookings), and 0.7x revenue for Freight, which are slight premiums to peers given potential network effects. Our SOTP valuation implies segment values of \$106bn for Mobility, \$48bn for Delivery, and \$4.2bn for Freight, which implies a Total Enterprise Value for Uber of \$158bn. Based on Net Debt of \$0.6bn and a realizable value of investments of \$8.2bn we estimate a target market cap of \$166bn. Our Price Objective of \$78 is based on 2.1bn shares outstanding. Our PO implies 20x 2025E EBITDA.

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.

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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
	DoorDash	DASH	DASH US	Michael McGovern
	DoubleVerify Holdings, Inc.	DV	DV US	Omar Dessouky, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Expedia	EXPE	EXPE US	Justin Post
	Integral Ad Science Holding Corp.	IAS	IAS US	Omar Dessouky, CFA
	LegalZoom	LZ	LZ US	Michael McGovern
	Match Group	MTCH	MTCH US	Curtis Nagle, CFA
	Meta Platforms Inc	META	META US	Justin Post
	Pinterest	PINS	PINS US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Squarespace, Inc.	SQSP	SQSP US	Michael McGovern
	Uber	UBER	UBER US	Justin Post
	Udemy Inc	UDMY	UDMY US	Curtis Nagle, CFA
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Wix.com	WIX	WIX US	Michael McGovern
<b>NEUTRAL</b>				
	ACV Auctions	ACVA	ACVA US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Beyond Inc	BYON	BYON US	Curtis Nagle, CFA
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	Bumble	BMBL	BMBL US	Curtis Nagle, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	Duolingo	DUOL	DUOL US	Curtis Nagle, CFA
	eBay	EBAY	EBAY US	Justin Post
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Instacart	CART	CART US	Justin Post
	Magnite, Inc.	MGNI	MGNI US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post



## US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA

## UNDERPERFORM

	Chewy Inc	CHWY	CHWY US	Curtis Nagle, CFA
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Curtis Nagle, CFA
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA
	Shutterstock	SSTK	SSTK 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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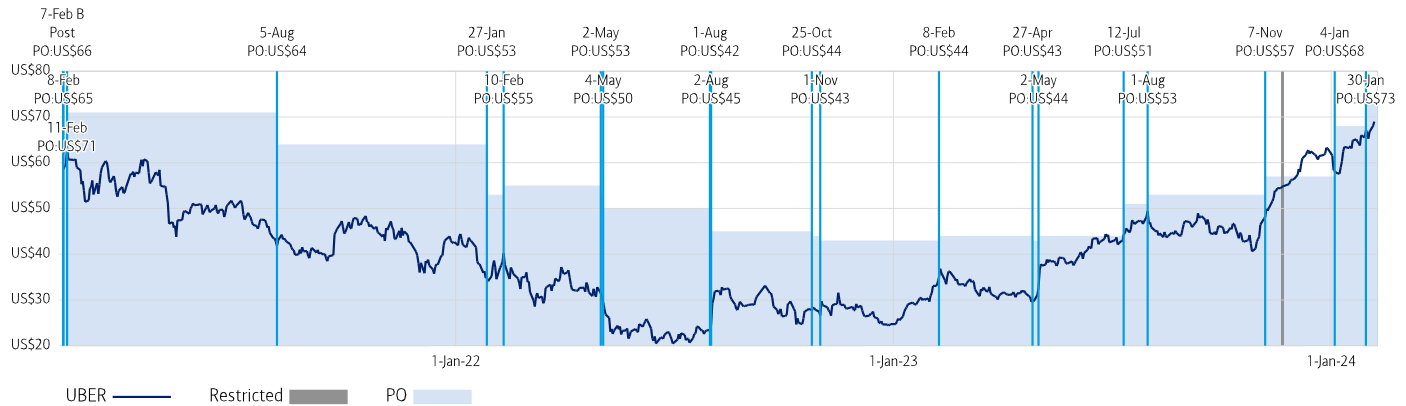
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## Important Disclosures

### Uber Technologies (UBER) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<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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