

Uber Technologies Inc. (NYSE:UBER)

Underweight

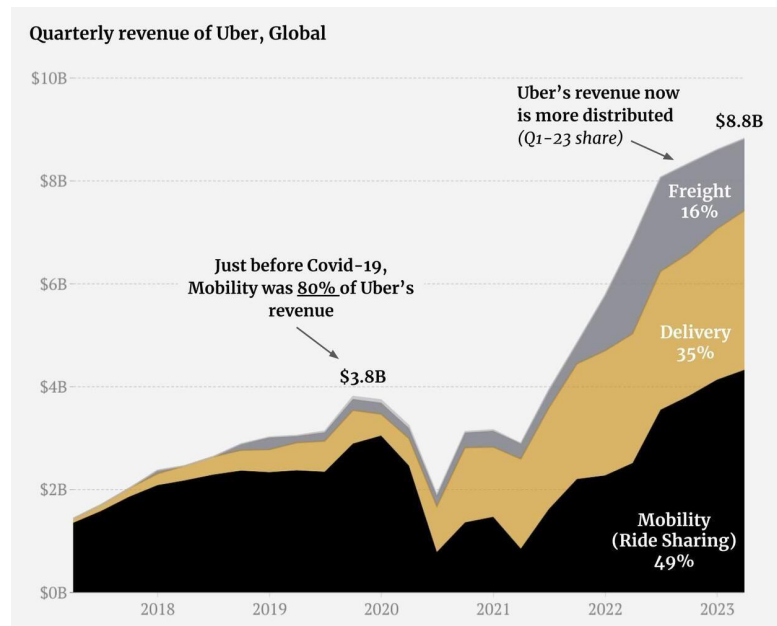
Current Price: \$90.99

Target Price: \$139.53 (53.34% Upside)

Forecast Window: 2024-2029

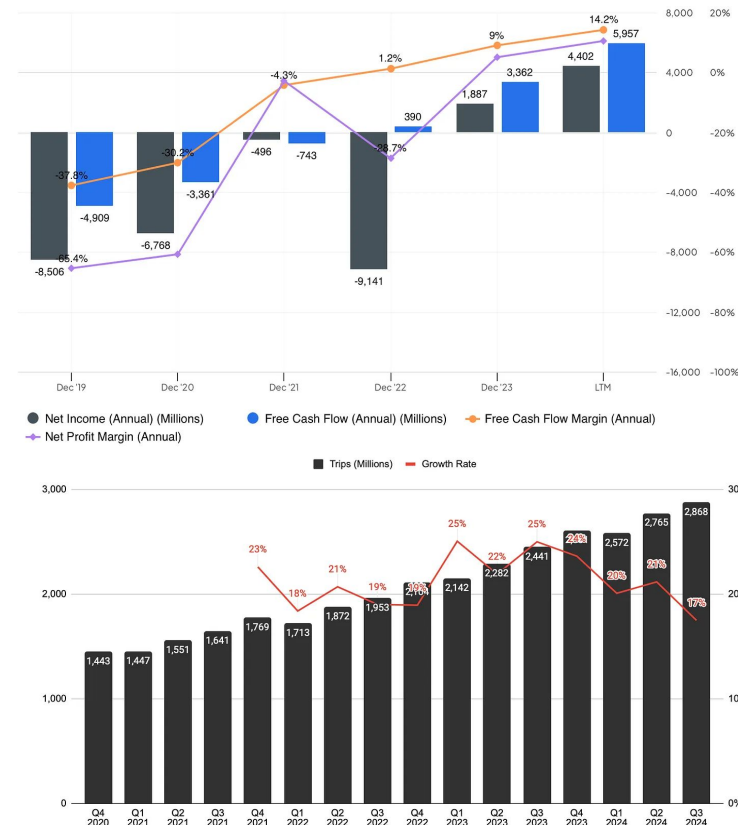
Derek Chan

- **World's Leading two-sided marketplace across mobility (ride sharing) and Delivery (Uber Eats), with growing freight arms**
- **Vanguard of massive growth markets**
 - **180M+ Monthly customers, operating in 10,000+ cities across 70 countries with unparalleled brand recognition**
 - **Controls 25% of global ride hailing and 70% of the U.S market**
- **Decades of revenue runway and scalability**
 - **Ride-hailing market expected to reach \$216B by 2028, while online food and grocery delivery is estimated to reach \$1.85T by 2029**
- **Currently trading at 15.42x P/E over fears of autonomous vehicle disruption despite consistent mid-to-high teens revenue growth and 30%+ EPS growth**
 - **Market's AV concerns create a mispricing against long-term fundamentals.**

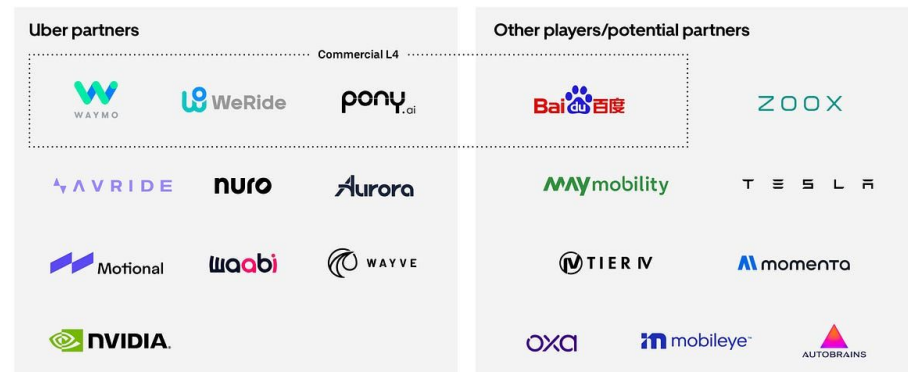


- **Ease of scalability as increased adoption lowers wait times, strengthens algorithmic matching, attracting more users and supply, reinforcing network effects**
- **Achieved first GAAP net income in 2023, now generating \$6B+ in FCF annualized with improving EBITDA margins**
- **Retains optimized operating leverage with Capex <1% of revenue while EBITDA grows 25% YoY**
- **Monthly Active platform consumers consistently grows 15.4% YoY, up to 180M in Q2 2025**
- **Strong retention of users and growth of total annual trips**
 - Reached 6.1 trips/month per user by Q2 2025
 - Achieved annual total of 11.3B trips, up 19% YoY

Uber Technologies, Inc. (UBER)



- **Uber holds 70% of US rideshare market against Lyft's 30%, with higher driver liquidity, faster wait times, and stronger brand recognition**
- **Uber partners with AV developers like Waymo, retaining market share without significant R&D burn**
- **Near term catalysts include Uber Ads, with a \$1B EBITDA target by 2026**
 - **Rapid growth of Uber One subscription service (36M+ members) with 60% YoY providing recurring revenue**
 - **Lyft lacks a similar subscription model**
- **Long Term catalysts include AV partnerships with Waymo, Aurora, Motional**
 - **Ability to lower costs while avoiding capital drain**



- **AV disruption at least a decade away, still allowing Uber to generate strong cash flow**
- **Instead of displacement by AV, Uber is positioned as the key demand aggregator for AV fleets through partnerships**

Intrinsic Value Estimate

- Current Share Price: \$90.99
- Intrinsic Value Estimate: \$139.53
 - Upside Potential 53.34%
- DCF analysis using WACC of 9%, long term growth rate of 5%, and EV/EBITDA multiple of 15x
- Enterprise Value: \$288.3B
- Equity Value: \$296.4B
- Shares Outstanding: 2.12B

FCF Calculation		Wacc Calculation	
Annualized Assumptions (2025 Q2 in Millions of USD\$)		Assumptions (2025 Q2 in Millions of USD\$)	
EBIT	7092	Equity Value	188900
Tax Rate %	3%	Debt Value	9578
Depreciation & Amortization	1384	Cost of Debt	3.45%
Capex	356	Tax Rate	2.80%
Non-cash Working Capital	1796	10Y Treasury	4.28%
Unlevered Free Cash Flow		Beta	1.43
EBIT	7092	Market Return	8%
Tax	-198.576	Cost of Equity	9.60%
D&A	1384	E / D+E	95%
Capex	-356	D / D+E	5%
Non-cash Working Capital	-1796		
Free Cash Flow	6125.424	WACC	9%

Period	0	1	2	3	4	5
FCF	6125	7350	8820	10584	12701	15241
Terminal Value						380183.2
Discount Factor		0.917431	0.84168	0.772183	0.708425	0.649931
PV of FCF		6743.119	7423.618	8172.79	8997.709	9905.604
PV of TV						247093
Enterprise Value		288335.9				
Enterprise Value to Equity Value						
Enterprise Value		288335.86				
Cash and Marketable Securities		16700				
Total Debt		8650				
Equity Value		296385.86				
Shares Outstanding		2124.181				
Implied Share Price		139.52947				