



25 October 2025

Uber Technologies Inc

Buy

Current Price: \$94.10

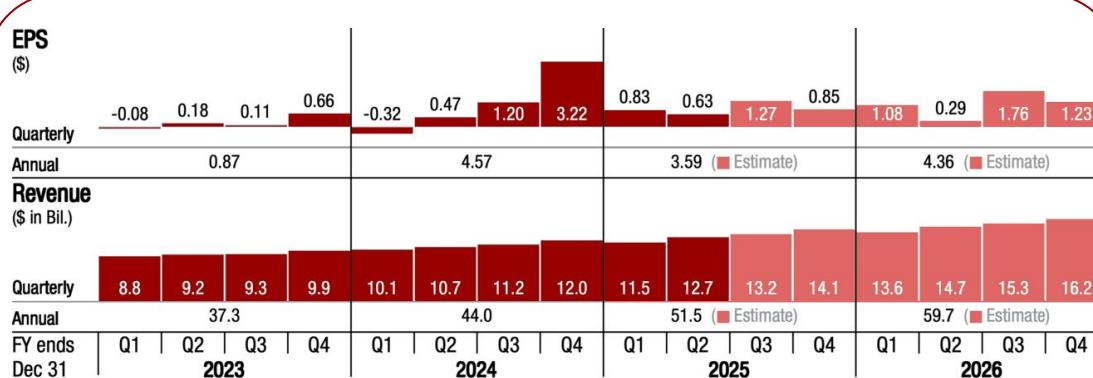
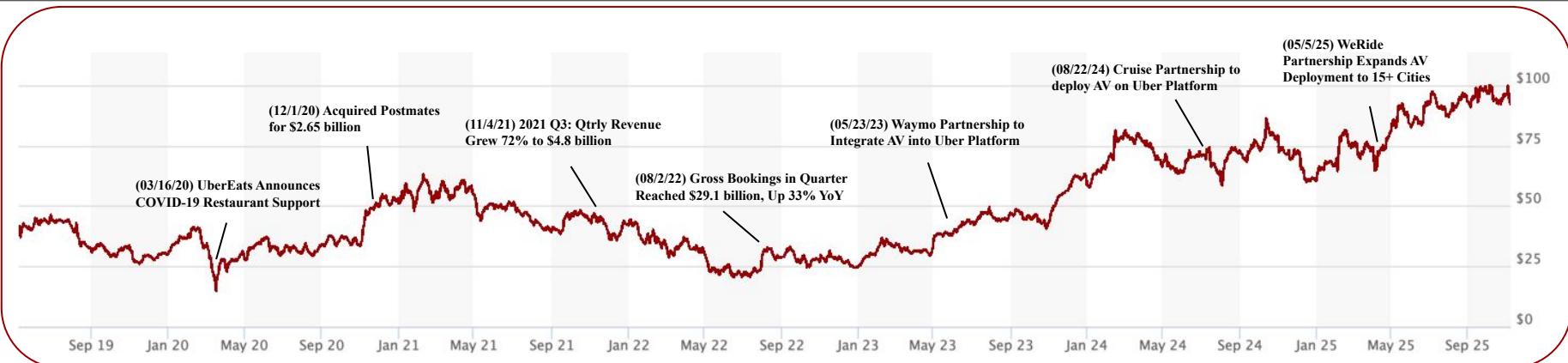
Target Price: \$127.49 (36.53% Upside)

Derek Chan

Market Overview

NYSE: UBER

Uber is a global platform connecting users to ride-hailing, grocery delivery, and freight services, powered by a growing ecosystem and Uber One subscriptions.



Profile

Dominant Player in Ride Hailing Industry with Increasing Profitability

- Uber operates the world's leading two-sided marketplace in rideshare and delivery, serving 180M+ monthly users across 10,000+ cities in 70+ countries, commanding 70% U.S. and 25% global ride-hailing market share
- Achieved first GAAP net income in 2023, now generating \$8B+ annualized FCF with EBITDA up 25% YoY and CapEx <1% of revenue
- Forward PE: 23.20, PFCF: 23.34,

Growing Business Segments

- Ride-hailing projected to reach \$342.07B by 2030, food & grocery delivery \$1.85T by 2030. Uber sustains 15-20% YoY revenue growth, 30%+ EPS growth
- Uber Ads (targeting \$1B EBITDA by 2026) and rapid Uber One subscription growth (36M+ members, +60% YoY)

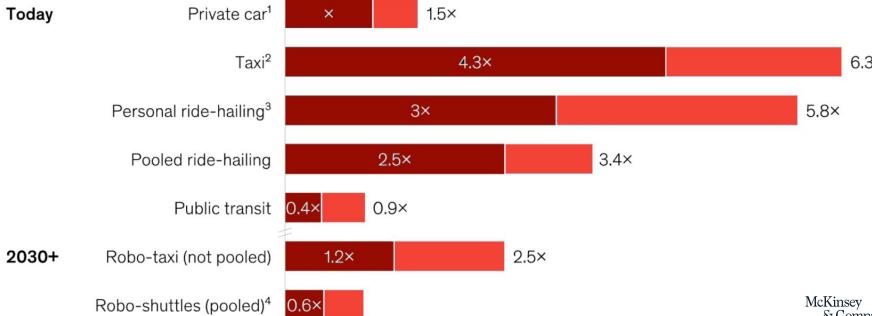
Market Sentiment - AV Presents an Existential Threat Against Uber

NYSE: UBER

Market consensus views large-scale autonomous mobility as inevitable, posing a structural disruption risk to Uber's marketplace and earnings power.

End customer cost, \$ per mile on relative basis

■ Lower range ■ Upper range



Affordable Autonomous Vehicle Future

-84%

Projected AV \$ per mile Reduction
(2024–2030+)

-60%

2030+ AV \$ per mile vs. Ride-Hailing

- McKinsey's AV 2030 projections estimate the autonomous mobility ecosystem will generate \$300–400 billion in annual revenue by 2035, with operating costs potentially falling to ~\$1.50 per passenger mile by 2030, roughly 20% above private car travel.
- Cost efficiency varies by geography and use case, but shared AVs could be 10–40% cheaper than private ownership and up to 40–50% cheaper than Uber's current driver-based model (~\$3.20 per mile).

Autonomous Vehicle Disruption and Growth

- As AV commercialization advances, street consensus anticipates a restructuring of the ride-hailing industry, predicated on the markedly lower unit economics of robo-taxi fleets.
- Scaling of self-driving services threaten Uber's contractor-based model. The market sees this future as inherently deflationary for Uber's earnings power, as automation compresses pricing, disintermediates drivers, and weakens the firm's two-sided network advantage.
- Once AV fleets reach economic parity, asset-heavy, high-margin entrants could compete at structurally lower per-mile costs, pressuring Uber's take rate and long-term earnings power.

99.3% CAGR

Projected Waymo Rider-Only VMT
Growth (2024–27)

103.6% CAGR

Projected Waymo Annual Trips
(2024–27)



Investment Thesis I - Asymmetric Opportunity: AV Integration, Not Disruption

NYSE: UBER

Autonomous vehicle integration enhances Uber's long-term value proposition rather than displacing its core ride-hailing market due to strong network effect and partnership demand

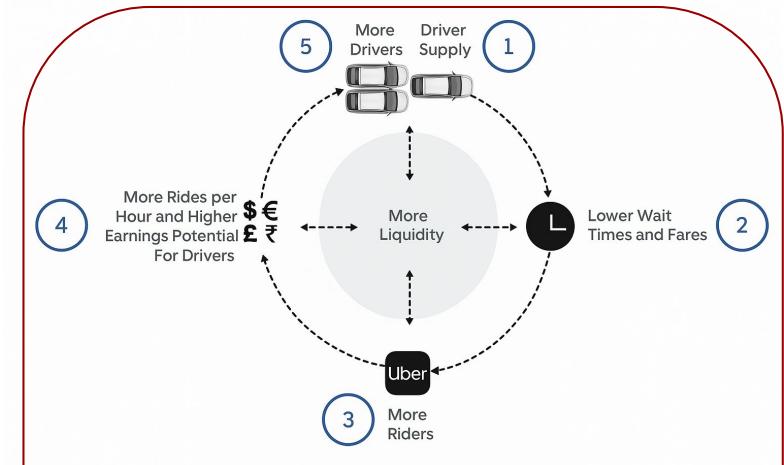
AV Companies Require Partnership for Uber's Network Advantage

- Over the past 15 years, Uber has gained 180M MAU, created the most efficient routing algorithm, and the best driver to rider matching system. It's strongest asset is its network between riders and drivers
- The liquidity flywheel reinforces utilization: more riders attract more drivers, reducing wait times and fares.
- Waymo and other AV firms remain structurally disadvantaged in managing intraday demand volatility. Fixed-capacity AV fleets are inherently inelastic, leading to undersupply during peaks and idle inefficiency off-peak.
 - Uber's large, flexible driver base reflexively meets demand surges, providing instant supply elasticity.
- AV firms will partner with Uber to leverage its scale, brand equity, and network efficiency for instant access to liquidity, pricing, and routing advantages that would otherwise take years and significant capital to build. Facing prohibitive costs in developing standalone networks, players like Waymo are better positioned as collaborators, achieving higher utilization and revenue per mile through Uber's platform.
 - Uber has 20 AV partnerships across Mobility, Delivery, and Freight network, focused on deploying vehicles and aggregating demand.
 - Uber is central to the AI revolution: advanced driving systems require massive data, and Uber has the world's most relevant mobility dataset, billions of trips across 70 countries covering every weather, traffic, and edge case imaginable.
- Uber may employ REIT-style model, financing but not owning AV fleets, to maintain competitive parity. Should competitors vertically integrate, Uber's M&A flexibility with smaller AV firms ensures adaptability.

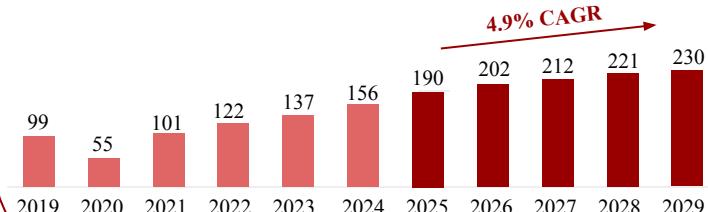
Current AV Partnerships



Uber's Liquidity Network



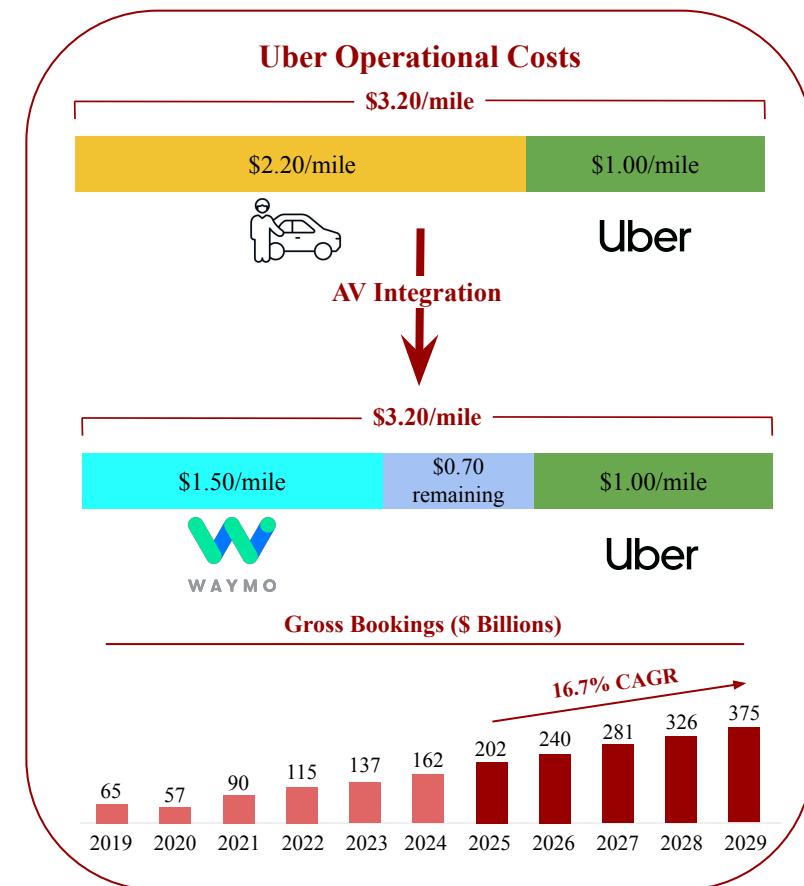
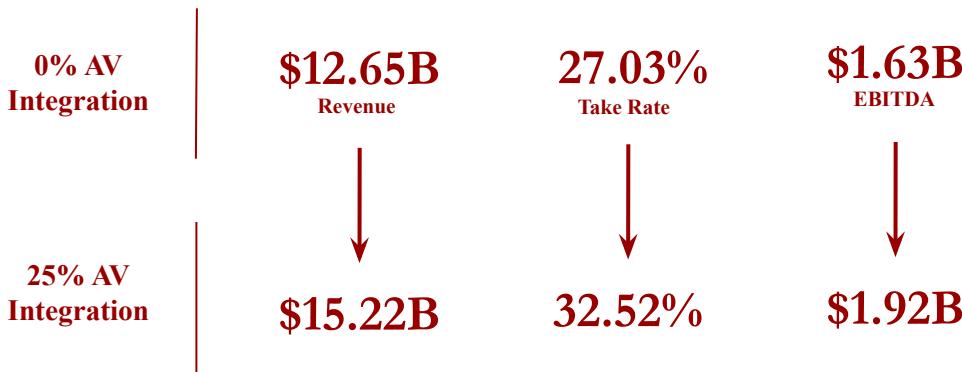
Monthly Active Users (Millions)



Lower Unit Economics of AV allows incremental cost savings proportional to increases in integration

Unit Economics and Cost Convergence

- Driver compensation remains Uber's single largest variable expense, with an average ride cost of ~\$3.20 per mile, of which ~\$2.20 accrues to drivers and ~\$1.00 is retained by Uber, for a 27–30% take rate. Under this structure, Q2 2025 \$32.18B is paid to drivers from gross bookings of \$46.8B with \$12.65B in revenue.
 - Projected AV operating cost of ~\$1.50 per mile vs. \$2.20 for human drivers implies a **31.8% cost reduction**. Total Cost of Drivers: \$32.18B. Total Cost of AV fleet (100% integration): \$21.94B
- At theoretical full automation (100% AV integration), Uber could achieve **\$10.24B in cost savings** from reduced human-related expenses, net of AV costs, equivalent to a **~2,188 bps** take rate uplift to ~48.9% from 39.8%.
- Even under partial adoption (25% AV penetration), Uber would realize \$2.57B in quarterly cost savings, expanding take rate by ~549 bps to 32.52%.
 - Each 1% increase in AV integration reduces driver payouts proportionally, generating **~\$105M in quarterly net savings** directly accretive to revenue.
 - Every 10 % increase in AV penetration incrementally adds an estimated \$100–110M to quarterly EBITDA, implying **~\$1.1B in annualized UFCF** upside at 25% integration, before reinvestment.



Investment Thesis I Continued II - AV Integration Sensitivity Table 2025 Q2

NYSE: UBER

Baseline assumptions - AV costs : 1.50/3.20 \$/mile, Human driver costs: 2.20/3.20 \$/mile, Gross Bookings Volume: \$46.8B, EV/EBITDA: 26.60, EBITDA Margin: 11.05%

AV Integration as % of Gross Bookings	Amount Paid to Drivers (\$B)	Amount Paid to AV Fleet (\$B)	Cost Savings (\$B)	Revenue (\$B)	Take Rate %	Δ Take Rate (bps)	Annualized EBITDA uplift (\$B)	Estimated Upside from Current Share Price
0%	32.18	—	—	12.65	27.03%	—	—	—
5%	30.57	1.09	0.52	13.17	28.14%	+111	0.228	+3.02%
10%	28.96	2.19	1.03	13.68	29.23%	+109	0.456	+6.17%
25%	24.13	5.48	2.57	15.22	32.52%	+329	1.14	+15.40%
50%	16.09	10.97	5.12	17.77	37.97%	+545	2.26	+30.50%
75%	8.04	16.45	7.69	20.34	43.46%	+549	3.40	+46.00%
100%	—	21.94	10.24	22.89	48.91%	+545	4.52	+61.18%

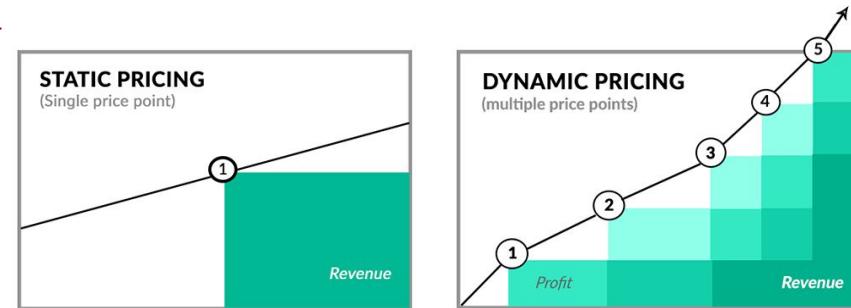
Investment Thesis II - Strong Earnings Power

NYSE: UBER

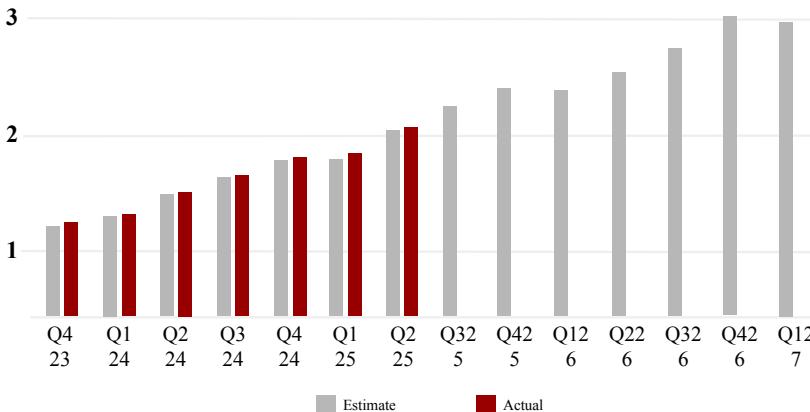
Continued robust earnings exceed expectations and greater leverage to exercise earnings power from established user base through dynamic pricing

Delivery Driven Profitability and Accelerating Cash Flow

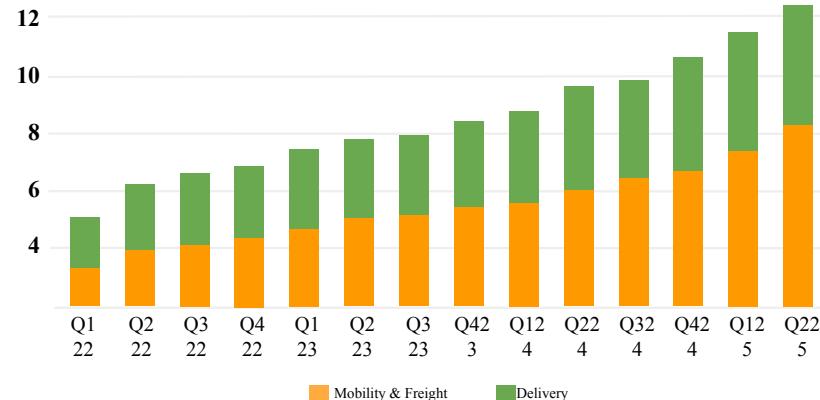
- Approximately half of Uber's revenue mix stems from Delivery, where automation risk remains longer-dated relative to autonomous ride-hailing. Uber Eats continues to outperform expectations, with Delivery trips and Gross Bookings up 17% and 20% YoY, respectively, marking the ninth consecutive quarter of MAPC growth acceleration. Delivery Adjusted EBITDA margin reached 4.0%, with EBITDA and margins expanding nearly 9x and 6x, respectively, over the past three years.
- After years of negative FCF and subsidized pricing to gain market share, Uber has reached an inflection point, leveraging dynamic pricing to optimize revenue while sustaining retention. Ride prices have nearly doubled, yet users continue paying premiums with higher lifetime value and cross-platform engagement.
 - Adjusted EBITDA grew 35% YoY to a record \$2.1B, with margins expanding 60 bps to 4.5% of Gross Bookings. GAAP operating income rose 82% YoY to \$1.5B, while free cash flow reached \$8.5B, representing 114% conversion of Adjusted EBITDA.



EBITDA Actual and Forecasted (\$B)



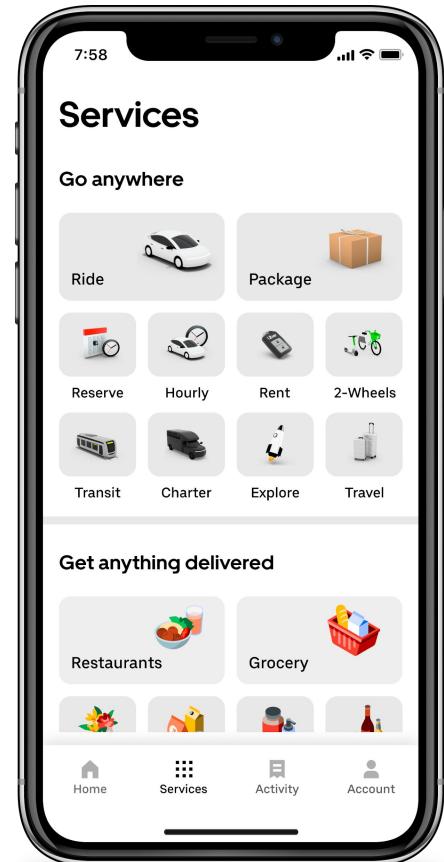
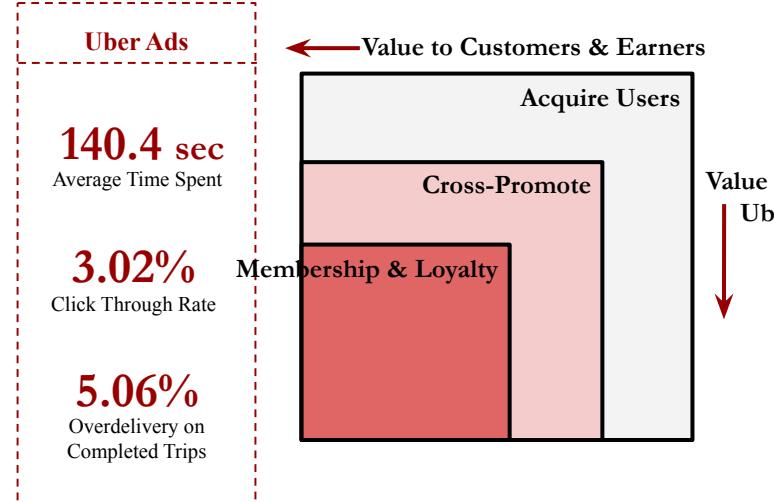
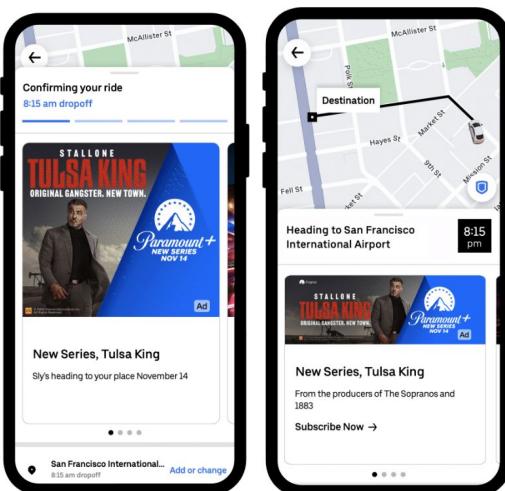
Revenue by Segment (\$B)



Management initiatives to encourage cross platform usage between users and enhance lifetime value and unit economics per user

Cross-platform Growth Driving Engagement, Monetization, and Ecosystem Expansion

- Uber is building one super app within their ecosystem, vertically integrating all their main platforms of consumer service.
- It's easier to convert existing users into cross-platform ones than to acquire new customers. Cross-platform users engage more, have 35% higher retention, and generate over 3x the Gross Bookings and profits of single-business users. With fewer than 1 in 5 consumers active across both services, Uber's 30 billion sessions and 600+ million unique visits offer major untapped growth potential.
- Cross-service offerings are strong, generating \$10 billion (12%) of Delivery Gross Bookings via the Eats view, with 30% of first-time Delivery users acquired through the Uber app. Despite this, ~30% of Mobility riders haven't tried Delivery and ~75% haven't tried Grocery & Retail. Uber One Subscription service added 36 million members in Q2 (+60% YoY), who now drive over 40% of total Gross Bookings.
- High-value member benefits for users to remain within the Uber ecosystem include surge savings, 10% credit back on Lime trips, and free unlocks. Uber Ads is emerging as a high-margin, capital-light growth vertical that enables restaurants to deploy precisely targeted, data-driven campaigns. Uber One Member Day was created to replicate Amazon Prime Day and aggregate users to engage in cross-platform services, which added 500,000 incremental members over the course of the week.



Appendix - DCF Valuation

NYSE: UBER

Income Statement Projection for Uber

Dollars in millions

	Historical Year					Projected Year						
	2020A	2021A	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P	2030P	2031P
Revenue	\$11,140.0	\$17,450.0	\$31,880.0	\$37,280.0	\$43,980.0	\$51,456.6	\$59,689.7	\$68,643.1	\$78,596.4	\$89,599.8	\$101,695.8	\$114,916.3
% Change	0.00%	56.64%	82.69%	16.94%	17.97%	17.00%	16.00%	15.00%	14.50%	14.00%	13.50%	13.00%
Total Revenue	\$11,140.0	\$17,450.0	\$31,880.0	\$37,280.0	\$43,980.0	\$51,456.6	\$59,689.7	\$68,643.1	\$78,596.4	\$89,599.8	\$101,695.8	\$114,916.3
Cost of Revenue	\$7,200.0	\$11,880.0	\$22,730.0	\$25,720.0	\$29,840.0	\$34,763.6	\$40,152.0	\$45,974.0	\$52,180.5	\$58,963.9	\$66,334.4	\$73,631.2
% Change	0.00%	65.00%	91.33%	13.15%	16.02%	16.50%	15.50%	14.50%	13.50%	13.00%	12.50%	11.00%
Gross Profit	\$3,940.0	\$5,570.0	\$9,150.0	\$11,560.0	\$14,140.0	\$16,693.0	\$19,537.7	\$22,669.1	\$26,415.9	\$30,635.9	\$35,361.4	\$41,285.1
Selling, General, & Administrative	\$6,140.0	\$7,310.0	\$7,400.0	\$7,190.0	\$7,050.0	\$8,178.0	\$9,322.9	\$10,534.9	\$11,799.1	\$13,097.0	\$14,406.7	\$15,703.3
Research and Development	\$2,120.0	\$2,050.0	\$2,800.0	\$3,160.0	\$3,110.0	\$3,607.6	\$4,148.7	\$4,729.6	\$5,368.1	\$6,065.9	\$6,824.1	\$7,643.0
Other Operating Expenses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0							
Total Operating Expenses	\$8,260.0	\$9,360.0	\$10,200.0	\$10,350.0	\$10,160.0							
Operating Income (EBIT)	(\$4,320.0)	(\$3,790.0)	(\$1,050.0)	\$1,210.0	\$3,980.0							
						\$4,907.4	\$6,066.0	\$7,404.6	\$9,248.7	\$11,473.0	\$14,130.6	\$17,938.7

Discounted Cash Flow Analysis for Uber

Dollars in millions

Less: Taxes @ 15%	\$648.0	\$568.5	\$157.5	(\$181.5)	(\$597.0)	(\$736.1)	(\$909.9)	(\$1,110.7)	(\$1,387.3)	(\$1,721.0)	(\$2,119.6)	(\$2,690.8)
Net Operating Profit After Taxes (NOPAT)	(\$3,672.0)	(\$3,221.5)	(\$892.5)	\$1,028.5	\$3,383.0	\$4,171.3	\$5,156.1	\$6,294.0	\$7,861.4	\$9,752.1	\$12,011.0	\$15,247.9
Plus: Depreciation	\$420.0	\$463.0	\$424.0	\$461.0	\$443.0	\$403.5	\$409.9	\$401.5	\$415.5	\$423.2	\$431.6	\$440.3
Plus: Amortization	\$155.0	\$439.0	\$523.0	\$362.0	\$294.0	\$288.2	\$292.8	\$286.8	\$296.8	\$302.3	\$308.3	\$314.5
Less: Capital Expenditures	(\$616.0)	(\$298.0)	(\$252.0)	(\$223.0)	(\$242.0)	(\$335.7)	(\$377.5)	(\$400.7)	(\$494.8)	(\$549.6)	(\$615.6)	(\$683.3)
Less: Change in Net Working Capital	(\$732.0)	(\$1,680.0)	(\$335.0)	(\$165.0)	(\$2,370.0)	(\$2,210.0)	(\$1,921.7)	(\$1,671.1)	(\$1,453.1)	(\$1,263.6)	(\$1,098.8)	(\$955.4)
Unlevered Free Cash Flow	(\$4,445.0)	(\$4,297.5)	(\$532.5)	\$1,463.5	\$1,508.0	\$2,317.3	\$3,559.7	\$4,910.4	\$6,625.9	\$8,664.3	\$11,036.5	\$14,363.9
Discounted UFCFs	(\$4,445.0)	(\$4,297.5)	(\$532.5)	\$1,463.5	\$1,508.0	\$2,138.2	\$3,030.9	\$3,858.0	\$4,803.6	\$5,796.1	\$6,812.7	\$8,181.6
Quarter into Projection						1	2	3	4	5	6	7

Appendix - DCF Sensitivity Analysis

NYSE: UBER

DCF Sensitivity Analysis for Uber

Dollars in millions

Discount Rate	PV of Cash Flows 2020-2027	B Present Value of Residual at Exit Multiple of:			C Enterprise Value at Exit Multiple of:		
		23.0x	24.0x	25.0x			
7.4%	(\$7,196.5)	\$301,268.06	\$314,366.67	\$327,465.28	\$294,071.6		
7.9%	(\$7,157.1)	\$294,350.44	\$307,148.29	\$319,946.13	\$287,193.3		
8.4%	(\$7,118.1)	\$287,622.56	\$300,127.89	\$312,633.22	\$280,504.5		
8.9%	(\$7,079.3)	\$281,078.37	\$293,299.17	\$305,519.97	\$273,999.0		
9.4%	(\$7,040.9)	\$274,712.05	\$286,656.05	\$298,600.05	\$267,671.2		
D		E Equity Value at Exit Multiple of:			F Per Share Value at Exit Multiple of:		
Discount Rate	Net Debt (1)	23.0x	24.0x	25.0x	23.0x	24.0x	25.0x
		\$287,613.6	\$300,712.2	\$313,810.8	\$129.6	\$135.5	\$141.4
7.4%	\$6,458.0	\$280,735.3	\$293,533.1	\$306,331.0	\$126.5	\$132.3	\$138.0
7.9%	\$6,458.0	\$274,046.5	\$286,551.8	\$299,057.1	\$123.5	\$129.1	\$134.8
8.4%	\$6,458.0	\$267,541.0	\$279,761.8	\$291,982.6	\$120.6	\$126.1	\$131.6
8.9%	\$6,458.0	\$261,213.2	\$273,157.2	\$285,101.2	\$117.7	\$123.1	\$128.5

WACC Calculation	
Equity Value	196180
Debt Value	\$12,340.0
Cost of Debt	5.05%
Tax Rate	15.00%
10Y Treasury	4.00%
Beta	1.47
Market Return	7.15%
Equity Risk Premium	3.15%
Cost of Equity	8.63%
E / (D+E)	94.08%
D / (D+E)	5.92%
WACC	8.37%

Discount Rate	PV of Cash Flows 2020-2027	B Present Value of Residual at Growth Rate of:			C Enterprise Value at Growth Rate of:		
		4.0%	5.0%	6.0%			
7.4%	-\$7,196.5	\$187,220.97	\$268,694.41	\$468,894.42	\$180,024.5		
7.9%	-\$7,157.1	\$159,303.71	\$216,827.81	\$335,794.36	\$152,146.6		
8.4%	-\$7,118.1	\$137,862.19	\$180,459.74	\$258,967.38	\$130,744.1		
8.9%	-\$7,079.3	\$120,900.24	\$153,583.51	\$209,023.10	\$113,820.9		
9.4%	-\$7,040.9	\$107,164.88	\$132,940.07	\$174,000.96	\$100,124.0		
D		E Equity Value at Growth Rate of:			F Per Share Value at Growth Rate of:		
Discount Rate	Net Debt (1)	4.0%	5.0%	6.0%	4.0%	5.0%	6.0%
		\$173,566.5	\$255,039.9	\$455,239.9	\$78.2	\$114.9	\$205.2
7.4%	\$6,458.0	\$145,688.6	\$203,212.7	\$322,179.2	\$65.7	\$91.6	\$145.2
7.9%	\$6,458.0	\$124,286.1	\$166,883.6	\$245,391.3	\$56.0	\$75.2	\$110.6
8.4%	\$6,458.0	\$107,362.9	\$140,046.2	\$195,485.8	\$48.4	\$63.1	\$88.1
8.9%	\$6,458.0	\$93,666.0	\$119,441.2	\$160,502.1	\$42.2	\$53.8	\$72.3

Growth Method	
Terminal Value growth rate	5%
UFCF in 2031	\$14,363.9
Terminal Value	\$447,213.9
PV of Terminal Value	\$254,731.6
PV of Unlevered Free Cash Flows	\$34,621.2
Enterprise Value	\$289,352.8
Less: Debt	(\$12,340.0)
Less: Minority Interest	(\$11.0)
Less: Preferred Stock	\$0.0
Add: Cash & Cash Equivs	\$5,893.0
Equity Value	\$282,894.8
Shares Outstanding	2219.00
Equity Value Per Share	\$127.49