UBER TECHNOLOGIES (UBER)

SELL | HOLD | **BUY**

Equity Research Report | April 2025

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Key Statistics

Current Price
$74.03

Target Price
$93.69

Upside
26.6%

52 Wk Range
54.84 - 87

Avg Volume
19.29M

Market Cap
154.82 B

P/E Actual
16.23x

Beta
1.37

Key Metrics

Revenue
$43.98 billion (+18% YoY)

Monthly Active Platform Consumer (MAPCs)
171 million (+14 Yoy)

Free Cash Flow
$6.9 billion (+105% Yoy)

Gross Margin
31%

Executive Summary

We recommend a BUY on Uber Technologies (UBER) with a price target of $93.69 (26.6% upside) for a 1.3% allocation in the TCM Tactical Portfolio by selling the full position of Crocs (CROX).

Business Overview

Uber Technologies Inc. is the largest global ride-hailing firm and a prominent food delivery and freight logistics firm. Since its founding in 2009, the firm has evolved into a diversified platform available in 70+ countries, with over 25 million trips facilitated daily. Uber's mission – "to ignite opportunity by setting the world in motion" – is supported by its strong network effects, highly developed pricing technology, and rapidly expanding ecosystem.

Catalysts

Our recommendation is based on three factors:

1. **Autonomous Vehicles(AV) Integration:** In 2024, Uber struck partnerships with multiple AV companies – notably a deal with Waymo (Alphabet's self-driving unit) to deploy robotaxis on the Uber network in the US, Uber also partnered with autonomous startup WeRide and Dubai's transit authority to bring self-driving vehicles to Dubai's streets.
2. **Unified Consumer Ecosystem Expansion:** Uber made two strategic moves to extend its reach beyond core mobility and food delivery—a global dining integration with OpenTable and a nationwide non-food retail partnership with Petco. These initiatives collectively reinforce Uber's super-app vision and expand its total addressable market and monetization potential.
3. **New Product Expansion – Uber for Teens:** Uber's teen account initiative has rapidly expanded into 14 major U.S. cities, all operational cities in the U.K., nine key cities in Spain, select regions in Australia, and 37 cities across India. Uber for Teens taps into a large, underserved demographic. The teen trip volume grew 50% quarter-over-quarter, improving user growth, engagement, and long-term revenue expansion.

Investment Risks

Global Recession: Lower consumer confidence and uncertainties in the global economy caused by tariffs will make Uber's revenue volatile. As COVID-19 slowed consumer spending, Uber's revenue dipped in 2020. With Uber being historically sensitive to consumer spending, Uber's revenue is at risk depending on the economy.
Fail to expand globally: As Uber expands globally to increase market share, it faces fierce competition from local companies. Although Uber offers a competitive edge in their autonomous mobility strategy and strategic partnerships, a failure in its strategy will prevent it from increasing its market share.

Regulatory and Legal Risk: Uber's business model challenges regulatory frameworks worldwide. Classifying drivers and couriers as employees rather than independent contractors is a significant risk. If laws or court rulings force Uber to treat gig workers as employees (entitling them to minimum wage, benefits, etc.), Uber's labor costs will rise substantially.

Sources: FactSet, Uber 10K Report (SEC), Uber Earnings Calls

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Company Overview

Uber Technologies Inc. (Uber) is a San Francisco-based mobility-as-a-service provider founded in 2009 by Garrett Camp and Travis Kalanick. Initially launched as “Uber Cab” with a black-car service, Uber pioneered the ride-hailing industry by connecting riders with drivers via a mobile app. Now, Uber is led by the former Expedia CEO, Dara Khosrowshahi, and has broadened its platform beyond ridesharing into food delivery, freight logistics, and more while emphasizing compliance and innovation. Today, Uber operates in approximately 70 countries and over 10,000 cities, serving over 150 million monthly active users, coordinating around 28 million daily trips, and leveraging a massive two-sided network of 6 million active drivers/ couriers to serve customers.

Business Overview

Uber operates several synergistic, platform-driven segments across global transportation and logistics markets, each designed to deepen user engagement and drive profitability. As of FY 2024, Uber generated $43.98 billion in revenue, with contributions from three core business lines: Mobility (57%), Delivery (31%), and Freight (12%).

Mobility (Rides)

- Uber’s largest and most profitable segment, Mobility, generated $25.1B in revenue and $6.5B in Adjusted EBITDA (26% margin) in 2024. Services include UberX, Black, Pool, and micromobility (e-bikes/scooters). Uber holds 76% of the U.S ride-hailing market, facilitating 11.27 billion trips globally.

Delivery (Uber Eats)

- Delivery earned $13.75B in revenue on $74.6B in gross bookings, contributing $2.47B in Adjusted EBITDA (18% margin). Beyond meals, Uber Eats now includes grocery, alcohol, pet supply delivery, and dining integration with OpenTable. In addition, Uber One and in-app ads boost engagement and monetization.

Freight

- Freight generated 5.14B in revenue (-2% Yoy) and remained unprofitable with a 74M adjusted EBITDA loss in 2024. The business operates as a digital freight broker and benefits from the Transplace acquisition despite facing cyclical headwinds. Uber is optimizing costs and exploring partnerships to improve the future performance of this segment.

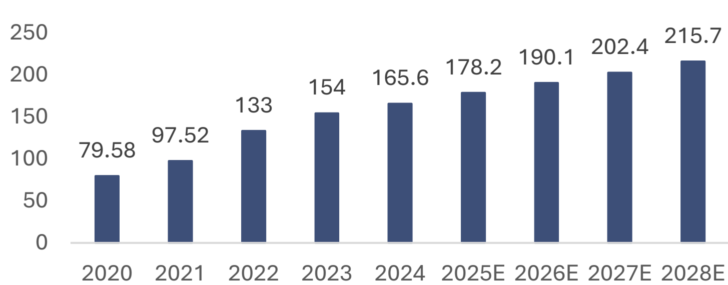
Industry Overview

The global ridesharing market was $165.5 billion in 2024 and is anticipated to grow at a 6.8% CAGR between 2028, driven by mounting travel, tourism, urbanization, and the waning appeal of car ownership among young adults. Ride-hailing is becoming integral to urban transportation networks, supported by real-time prices, app-based access, and government investment in mobility innovation.

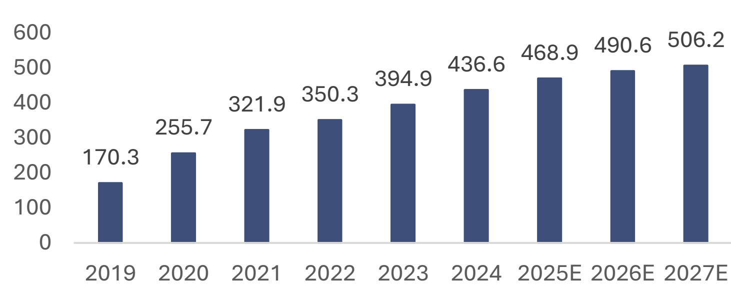
Uber Eats competes in a $436.6 billion meal delivery market expected to grow at a CAGR of 5.1% through 2027, fueled by convenience, mobile-first, and post-COVID trends. Successive generations are trending in growing numbers towards app-based systems for food, groceries, liquor, and pet food. Uber's partnership with OpenTable, combining restaurant reservations, rides, and deliveries into an integrated system, is an attempt at scale towards high-frequency cross-platform use.

Uber is a digital on-demand platform for a dispersed and large logistics industry with a 0.19% market share in transportation. Although cyclical, the freight business is going digital as shippers need real-time visibility, pricing, and capacity agility. Uber's scalable platform business model positions it well to leverage these trends. With a total TAM of more than $600 billion, Uber is well-positioned to capture structural tailwinds in each of its verticals.

Global Ride-Sharing TAM (in billions USD)



Global Meal Delivery TAM (in billions USD)



Sources: FactSet, Uber 10K Report (SEC), Uber Earnings Calls, Statista

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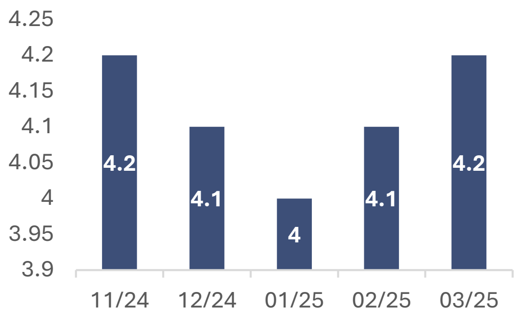
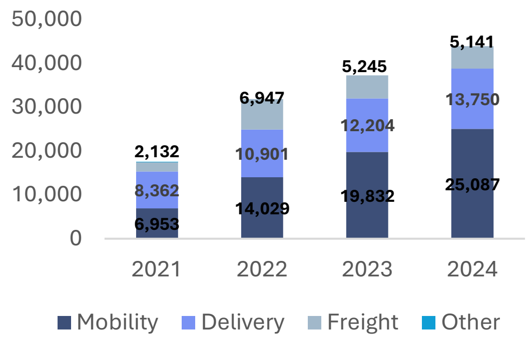
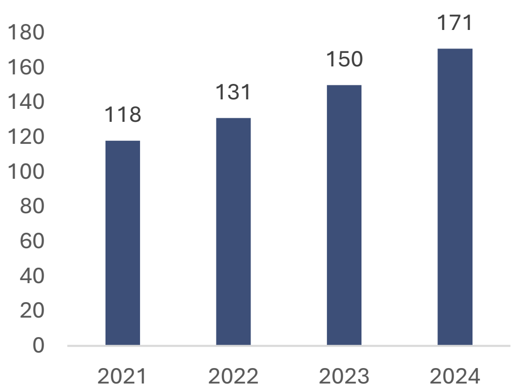
Unemployment Rate (%)



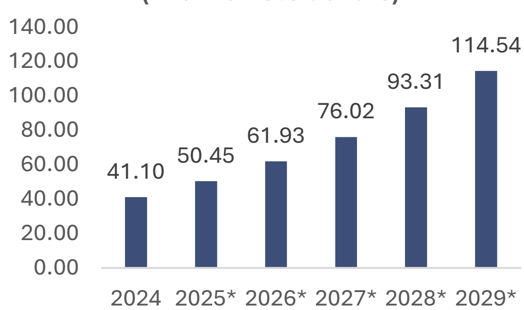
Revenue of Uber from 2021 to 2024, by segment (in million U.S dollar)



Monthly Active Platform Consumers (MAPCs, in millions)



Autonomous Car Market Size Worldwide (in billion U.S dollars)



Economic Overview

As the U.S. faces rising recession risks in the second half of 2025, driven by aggressive trade policies, elevated tariffs, and persistent inflation, Uber finds itself in a mixed economic environment. Trade tensions, the 10% blank tariffs across countries, and higher additional tariffs on selected countries with higher trade deficits disrupted markets. At the same time, inflation has weakened consumer spending, particularly on discretionary services like food delivery, potentially pressuring Uber Eats. However, ride-sharing may benefit as more consumers delay car purchases and opt for affordable transportation alternatives. Simultaneously, a softening labor market—reflected in a 4.2% unemployment rate—and the expanding gig economy are increasing the supply of drivers, boosting operational efficiency. With over one-third of U.S. workers now in gig roles and projections showing continued growth, Uber is well-positioned to leverage this labor shift. Navigating these dynamics effectively will be key to sustaining growth and profitability through a potentially volatile economic cycle.

Catalysts

1. Autonomous Vehicle (AV) Integration

Uber's integration of autonomous vehicles (AVs) through partnerships with companies like Waymo and WeRide is poised to drive significant growth by reducing operational costs, enhancing service efficiency, and expanding market reach.

By deploying AVs, Uber can substantially lower its largest expense—driver compensation, which currently constitutes 65-70% of each ride. For instance, in Austin and Atlanta, Uber has begun offering rides in Waymo's fully autonomous, all-electric Jaguar I-PACE vehicles, with plans to scale these fleets over time. This move not only reduces labor costs but also allows for continuous operation without the limitations of human drivers.

In the Middle East, Uber's collaboration with WeRide and Dubai's Road and Transport Authority aims to integrate AVs into the city's transportation network, aligning with Dubai's goal of making 25% of all journeys autonomous by 2030. Such initiatives enable Uber to tap into the $1.5B Annual Ride-Hail Market in Dubai, a tourism-driven city with 18.72 million international visitors in 2024, offering innovative services that differentiate it from competitors.

The deployment of AVs also provides Uber with vast amounts of data on routing, traffic patterns, and customer preferences. This data can be leveraged to optimize operations, improve ride-matching algorithms, and enhance the overall user experience, increasing customer satisfaction and retention.

As the global AV market is projected to grow from $50.45 billion in 2025 to $114.54 billion by 2029, Uber's early adoption and integration of AV technology position it to capitalize on this expanding market. By establishing itself as a leader in autonomous ride-hailing, Uber can attract partnerships, investments, and a loyal customer base seeking cutting-edge transportation solutions.

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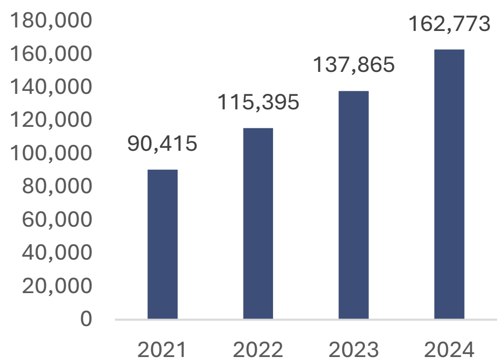
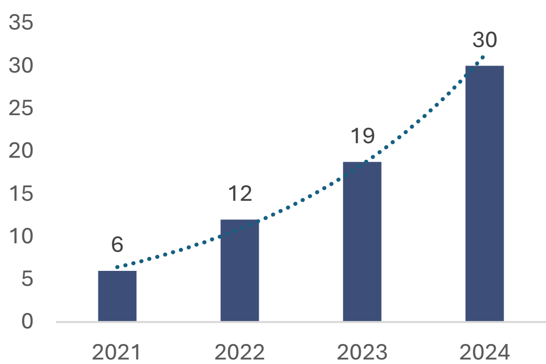
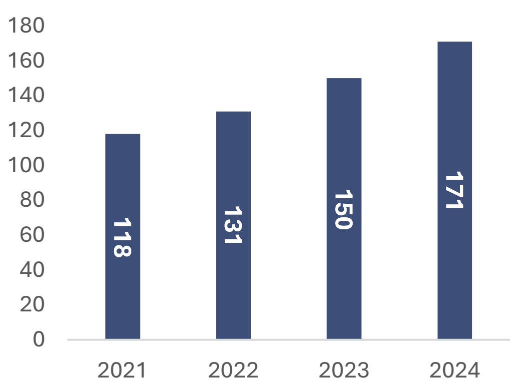
Annual Gross Bookings (In millions)



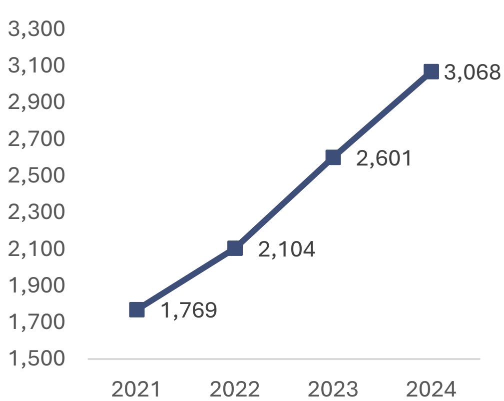
Uber One Member Base (in millions)



Monthly Active Platform Consumers (MAPCs, in millions)



Uber's Trip Volume (In millions)



TITAN CAPITAL

Sources: FactSet, Uber 10K Report (SEC), Uber Earnings Calls

Catalysts (cont.)

2. Unified Consumer Ecosystem Expansion

Uber’s expansion into a unified consumer ecosystem through partnerships with OpenTable and Petco represents a strategic leap beyond core mobility and food delivery, unlocking access to high-frequency, lifestyle-driven consumer segments. In March 2025, Uber integrated OpenTable into its platform across six major markets, tapping into a global dining market valued at over $1.5 trillion and leveraging OpenTable’s 1 million+ restaurant network and 1.7 billion annual diners to boost cross-platform engagement. Simultaneously, Uber’s partnership with Petco brings 15,000+ SKUs of pet supplies into the Uber Eats app, giving it a foothold in the $150 billion global pet care market, which has shown resilient consumer spending even during downturns.

These moves expand Uber’s total addressable market, increase basket size, and enhance loyalty through the Uber One membership ecosystem, where bundled benefits across rides, delivery, dining, and retail promote stickiness. As of Q4 2024, Uber One had over 19 million paying members, representing more than 30% of U.S. monthly active platform users, and members contributed over 50% of total gross bookings, according to Uber’s earnings call.

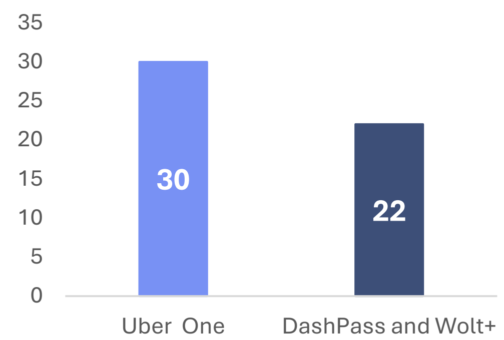
According to internal estimates, Uber One users spend nearly 2x more on the platform annually compared to non-members. By becoming a one-stop lifestyle platform, Uber is evolving into a “daily utility,” increasing user lifetime value (LTV) and reducing churn through high-frequency use cases like pet supplies and dining logistics. According to Uber’s internal data, cross-platform users (those who use both Mobility and Delivery) are 3x more likely to remain active after 12 months than single-service users. These integrations deepen consumer engagement and diversify revenue streams across verticals with strong secular tailwinds, broadening Uber’s utility across daily verticals and positioning it in multiple high-growth sectors.

3. Uber For Teens Expansion

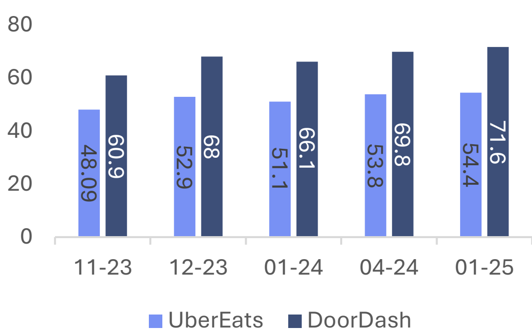
Uber’s expansion into the teen rider segment marks a compelling new growth catalyst under its “Uber for Teens” initiative. Launched in 2023 and rapidly scaled by 2025, the program is now available in over 250 U.S. cities, 26 new countries across the EMEA, APAC, and LatAm Regions, all operational cities in the U.K., nine major cities in Spain, select regions in Australia, and 37 cities across India. By tapping into a large, previously underserved demographic, Uber has opened a new revenue stream while fostering long-term brand loyalty. Teen trip volume surged 50% quarter-over-quarter, reflecting strong demand and product-market fit. This segment contributes to Uber’s broader platform growth, which saw 3.1 billion total trips in 2024 (up 18% YoY) and 171 million Monthly Active Platform Consumers (up 14% YoY).

Safety remains a core differentiator: teen accounts include real-time trip tracking, PIN verification, audio recording, and parental spending limits. By introducing users to the ecosystem earlier in life, Uber boosts customer lifetime value and retention. As the only ride-hailing platform offering a dedicated teen account program at scale, Uber has carved out a unique competitive advantage in a space with minimal direct competition, solidifying its role not just as a convenience provider, but as a trusted daily utility for families.

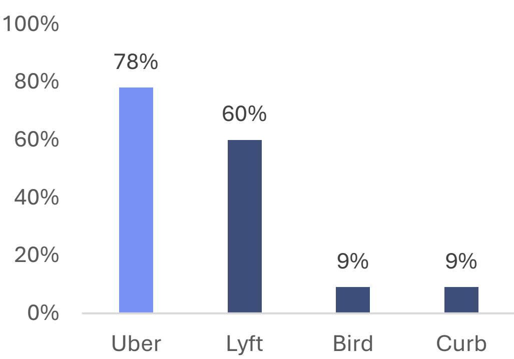
Number of Premium Monthly Subscription (In millions)



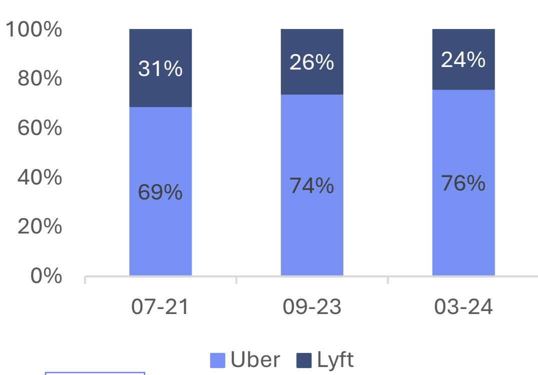
Web Traffic of Uber Eats and DoorDash Worldwide (In millions)



Ride-Sharing Providers Used in the U.S Between 10/2022 - 09/2024



Market share between Uber vs Lyft in the U.S



Competitive Analysis

1. Uber vs DoorDash

Uber and DoorDash are the two leading delivery firms in the U.S., but they differ significantly in scope, strategy, and global positioning. DoorDash now enjoys an estimated 65% market share of the U.S. food delivery market, with Uber Eats at around 23%. But Uber's advantage lies in its international reach—operating in 45+ countries, whereas over 90% of DoorDash's revenues are still from the U.S. Uber's Delivery segment generated $13.75 billion of revenue on $74.6 billion of gross bookings in 2024, compared to DoorDash's $8.6 billion of revenue on ~$66 billion of bookings. Uber One also has over 19 million subscribers worldwide, giving it a powerful cross-vertical loyalty engine, while DoorDash's DashPass has an estimated 18 million subscribers, but just for delivery.

Uber's integrated ecosystem allows for cost savings and user loyalty—its drivers can flip between rideshare and delivery, which improves utilization. DoorDash, on the other hand, is a pure-play delivery competitor without a ride-hailing business, which limits flexibility. Uber's partnership with OpenTable will enhance user engagement, increase basket size, and strengthen Uber One loyalty. In contrast, DoorDash's platform focuses on food and grocery delivery, with fewer cross-vertical touchpoints. Uber is also investing in autonomous vehicles with partners like Waymo and WeRide, while DoorDash is investing only in optimizing manual logistics. In the near term, DoorDash's scale and operational expertise in U.S. delivery makes it a challenging backdrop for Uber to gain meaningful share without promotional intensity. However, Uber's multi-vertical strategy, international diversification, and cross-platform monetization provide a long-term edge. Suppose Uber can continue to expand Uber One penetration, deliver bundled value across services, and improve delivery unit economics. In that case, it can gradually erode DoorDash's market leadership, particularly in urban areas where consumers utilize multiple services.

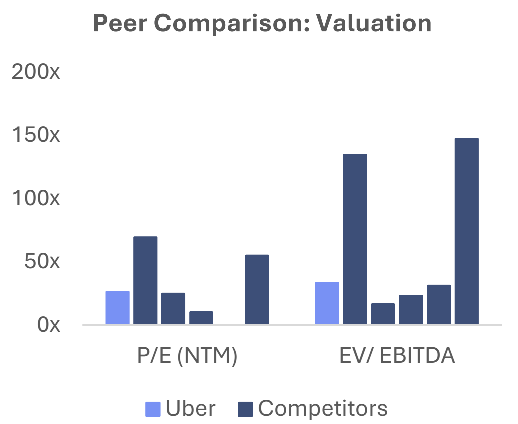
Last, while DoorDash wins in near-term U.S. delivery volume, Uber's more comprehensive platform, superior global footprint, and growing delivery revenues suggest it is set up to capture incremental market share and margin upside over the longer term.

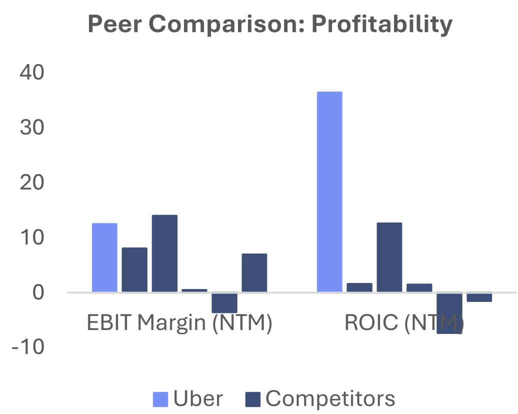
2. Uber vs Lyft

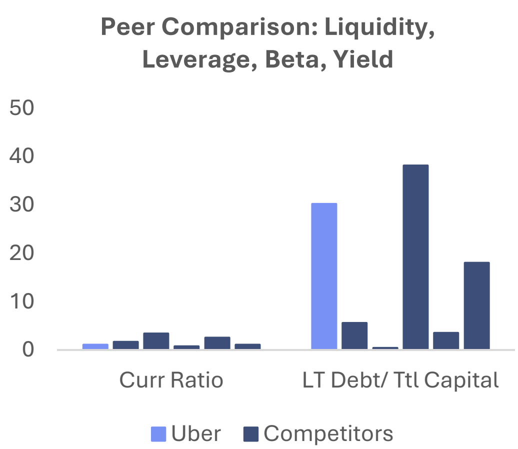
Uber holds a clear competitive edge over Lyft due to its global scale, diversified services, and stronger financial position. While Lyft operates only in the U.S. and Canada, Uber spans 70+ countries and offers ride-hailing, Uber Eats, Freight, and advertising, giving it multiple revenue streams. In 2024, Uber generated $25.1B in Mobility revenue, compared to Lyft's $4.4B, underscoring Uber's dominance.

Uber's large driver base (7.8 M+) and trip volume (11.3B in 2024) provide data advantages and better pricing optimization. Additionally, Uber invests in autonomous vehicles through partnerships with Waymo and WeRide, while Lyft has exited the AV space. Lyft's narrower focus and smaller scale make it more vulnerable to domestic economic shifts and less flexible in driving long-term growth.

While Lyft remains competitive in U.S. ride-hailing, Uber's global reach, cross-platform ecosystem, and capital resources position it more strongly for sustainable growth and market share gains, even within Lyft's home turf.







Earnings Estimate	P/E Multiplier	FCF Yield Multiplier	Wtd. Multiples Valuation
$ 105.31	$ 103.00	$ 65.00	**$ 91.10**
1.0	1.0	1.0	< Weight

DCF Valuation Sensitivity Analysis (Base Case)

TGR \ WACC	8.4%	9.4%	10.4%	11.4%	12.4%
1.0%	$111.26	$97.08	$85.90	$76.87	$69.42
1.5%	$117.73	$101.88	$89.58	$79.75	$71.72
2.0%	$125.22	$107.33	$93.69	$82.94	$74.25
2.5%	$133.97	$113.57	$98.31	$86.48	$77.02
3.0%	$144.34	$120.78	$103.57	$90.44	$80.10

Peer Comparison

1. Valuation

Uber ranked in 4th place overall among its peers on valuation, showing that they are more expensive than their peers. They ranked 5th place on P/B and 4th place on EV/Sales and EV/EBITDA, showing that they are more costly for their book value, sales, and EBITDA than their peers. They are ranked 3rd place on forward P/E and 2nd place for FCF/Share, which shows that the company is cheaper than its peers for their earnings and free cash flow. Although Uber is more expensive than its peers, Uber's valuation is justified because of its growth potential and lower P/E compared to its peers.

2. Profitability

Uber ranked 4th overall, showing less profitability than some of its peers. Although Uber has the lowest gross margin compared to its peers, it has the second-highest EBIT margin of 12.51, showing strong profitability for its operation. They also have a significantly higher ROIC of 36.43 and the second-highest ROE of 20.21, indicating good returns. Although their overall profitability rank is 4th, their high EBIT margin, ROIC, and ROE demonstrate their strong profitability

3. Liquidity

Uber ranked in 4th place overall because of its higher debt compared to its peers. They ranked 5th on their current ratio of 1.07, net debt/EBITDA of 0.83x, and LT debt/capital of 30.23. However, they rank 1st place for their EBITDA/interest expense, putting them in a strong position for covering debt in the short term. Although they incur more debt than their peers, their current ratio is within a healthy range, putting them in a stable financial position.

4. Summary

In conclusion, Uber has weaker financial metrics than its competitors regarding valuation and liquidity. However, with its strong profitability, such as its EBIT margin, ROIC, and ROE, Uber is in a strong position to generate significant cash flows to continue its substantial growth.

Multiples Valuation

With a peer average P/E of 37.20x, FCF Yield of 6.12%, and forecasted EPS, the weighted multiples valuation provides a fair value of $91.10 with a 23% undervaluation. The P/B, EV/Sales, and EV/EBITDA multipliers were not included because of their unrealistic multiples and price targets.

Discounted Cash Flow Model

The DCF sensitivity analysis shows that the target price is susceptible to the WACC, as a 1% decrease from 0.4% increases the price by $11.18 to $17.21. The terminal growth rate is not as sensitive since a 0.5% increase in the price results in a 2.0% increase from $2.77 to $8.75.

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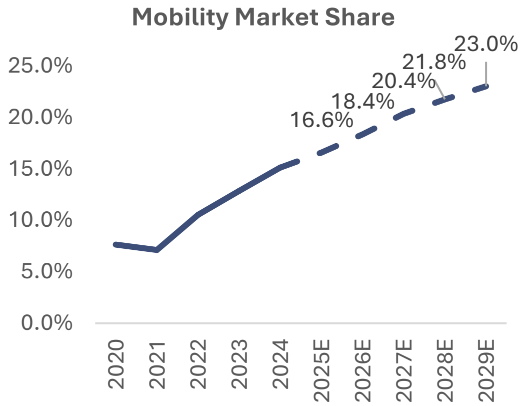
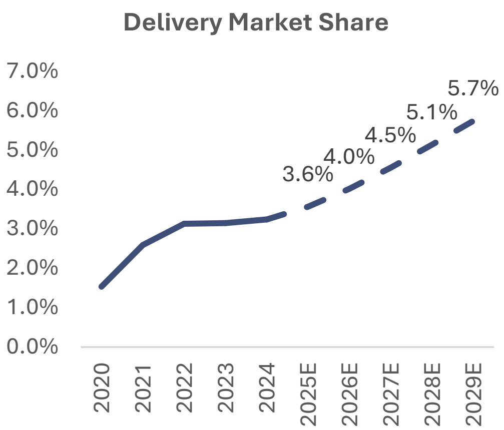
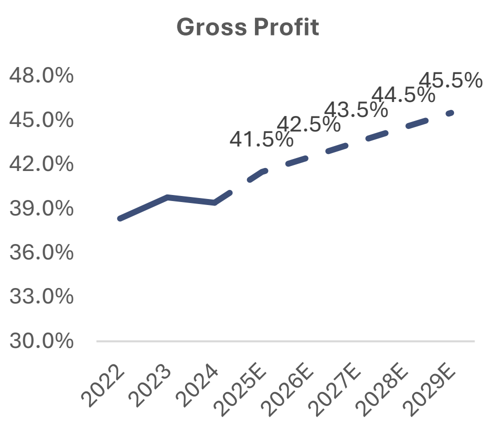
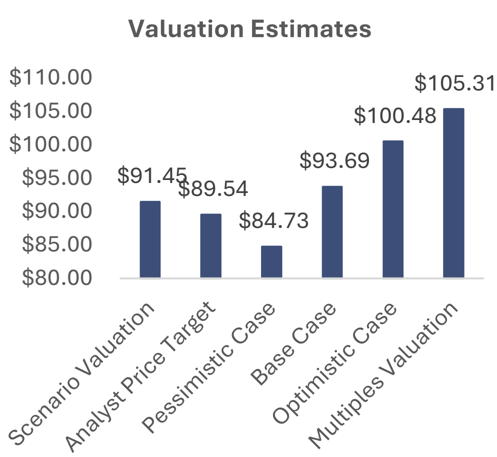








Discounted Cash Flow Model (cont.)

The Discounted Cash Flow Model projects a price target from $84.73 to $100.48, implying a 14.5% to 35.8% upside from the current share price of $74.02.

Revenue

The mobility segment revenue was forecasted based on Uber's market share in the worldwide ride-sharing market. With autonomous vehicle integration, Uber for teens, and superior service compared to its competitors as growth drivers, we forecasted Uber's market share to increase from 15.1% in 2024 to 23.0% in 2029 for the base case.

The delivery segment revenue was forecasted based on Uber's global meal delivery market share. With growth drivers such as the integration of OpenTable, partnership with Petco, and superior service, we forecasted Uber's market share to increase from 3.2% in 2024 to 5.7% in 2029 for the base case.

The freight segment revenue is expected to grow at a CAGR of 5% from 2024 to 2029 for the base case due to its anticipated increase in volume caused by Uber's ability to capture more market share.

Gross Profit Margins

For the base case, we expect gross profit margins to increase from 39.4% in 2024 to 45.5% in 2029 due to higher volumes resulting in lower revenue costs historically. As revenue increases due to higher trip volumes, the gross profit margin is also expected to increase.

SG&A

We expect SG&A to decrease from 33.0% in 2024 to 21.5% in 2029 for the base case because of Uber's efforts to reduce costs. In 2024, with decreases in expenses such as consumer discounts, promotions, R&D, and driver background check costs, they decreased SG&A from 36.8% in 2023 to 33.0% in 2024 (% of sales). We expect Uber to continue reducing SG&A costs due to economies of scale and efforts made by Uber to remove redundant costs.

WACC

We used a WACC of 10.4%, which is a conservative approach compared to FactSet's WACC of 8.62% due to high volatility in the technology sector.

Terminal Growth Rate

We used a terminal growth rate of 2.0% due to the stable growth in the mobility, autonomous vehicles, and meal delivery markets.

Valuation Summary

Across all valuation scenarios, Uber is undervalued between 14.4% and 39.6%. Our weighted scenario valuation assumes 20% for the pessimistic case, 60% for the base case, and 20% for the optimistic case. The pessimistic case is a delayed global expansion for Uber due to slowing consumer spending and higher competition. The optimistic case is faster than expected global expansion due to higher consumer confidence and Uber's higher competitiveness. The weighted scenario valuation resulted in $91.45, slightly higher than the analyst price target. The multiple valuation was calculated through forecasted EPS from the DCF, resulting in a price target of $105.31.

ESG

Environmental:

Uber is actively positioning itself as a leader in low-emission mobility:

- As of 2024, 9.0% of trip miles in Europe and 8.2% in the U.S./Canada were completed using zero-emission vehicles (ZEVs)—a meaningful step toward decarbonizing ride-hailing.
- Strategic partnerships with Tesla, Ford, bp Pulse, Hertz, and Carrefour help drivers access EVs and charging infrastructure.
- Uber Green, Comfort Electric, and Electric BodaMoto are being deployed across key regions to accelerate EV adoption.
- Sustainable packaging pilots launched in London, San Francisco, and Taipei, in collaboration with Visa and DeliverZero, show growing environmental stewardship in Uber Eats.
- Uber released a Climate Transition Plan and participated in COP28, and its decarbonization targets have been approved by the Science-Based Targets Initiative (SBTi).

Social:

Uber's scale—6.8M earners generating $62B in 2023—positions it as a major actor in the gig economy:

- Offers flexible earning opportunities in 10,000+ cities, with no minimum shifts or hours.
- Legal agreements in France, Washington State, and New York enable workers to maintain contractor status while receiving new protections like minimum earnings and paid leave.
- Safety tools such as real-time tracking, dashcams, audio recording, and rider identity verification resulted in 99.9% of trips in 2023 being incident-free.
- Workforce diversity efforts are gaining traction: Uber fulfilled 14 of 15 racial equity commitments, implemented an 18-week global parental leave, and published a Civil Rights Assessment in 2024.
- Community programs include the Health Access Fund (137,000 free rides to health oranizations) and 72,000 grants for underserved areas in 19 countries.

Governance:

- Governance remains Uber's lowest ESG pillar, with a Permutable AI governance score of 24/100, reflecting risks tied to ethical oversight, regulatory pressure, and historical controversies.
- Recent progress includes enhanced reporting, civil rights audits, and DEI accountability—but scrutiny remains elevated due to Uber's labor model and past legal disputes.

Sources: FactSet, Uber 10K Report (SEC), Uber Earnings Calls

Investment Risks

1. Revenue Volatility Amid Global Recession

Uber's revenue is closely tied to consumer spending patterns. During the COVID-19 pandemic, the company experienced a significant downturn, with Q4 2020 revenue declining by 16% year-over-year despite a 13% quarter-over-quarter increase. This underscores Uber's vulnerability to global economic slowdowns. In a recession, reduced discretionary spending could lead to decreased demand for ride-hailing and delivery services, adversely affecting Uber's financial performance. This risk is probably due to the trade policies implemented by the current administration, which are causing disruptions to businesses and decreasing consumer confidence in the economy.

2. Challenges in Global Expansion: Competition and Localization

While Uber aims to increase its global market share, it faces intense competition from well-established local players. For instance, Uber invested approximately $2 billion in China but ultimately sold its operations to Didi Chuxing after failing to gain significant traction. Similarly, in India, Uber's competitor BluSmart recently suspended operations due to regulatory issues, highlighting the volatile nature of emerging markets. These examples illustrate the complexities and risks associated with international expansion, including regulatory challenges and the need for market-specific strategies. Although Uber offers a competitive edge in their autonomous mobility strategy and strategic partnerships, a failure in its strategy will prevent it from increasing its market share.

3. Regulatory & Labor Classification Risk

Uber faces growing global pressure to reclassify its drivers as employees rather than independent contractors. Courts and lawmakers in key markets—such as the U.K., France, Spain, the Netherlands, and Mexico—have introduced or upheld policies mandating employment status for gig workers. Mexico's 2024 law requires profit-sharing and full labor benefits. In the U.S., while Proposition 22 remains in effect in California, legal challenges continue, and new federal labor rules could tighten contractor definitions. If Uber is required to reclassify drivers, it would face significantly higher labor costs, including wages, benefits, taxes, and retroactive liabilities. The change would also reduce driver flexibility and force a fundamental shift in Uber’s operating model. Despite progress through regional agreements (e.g., New York, U.K.), the risk of fragmented regulation remains high and could materially impact Uber’s cost structure and margins.

Portfolio Impact

We recommend selling the full position of Crocs (CROX) to add a 1.3% allocation of Uber Technologies (UBER) to the TCM Tactical Portfolio.

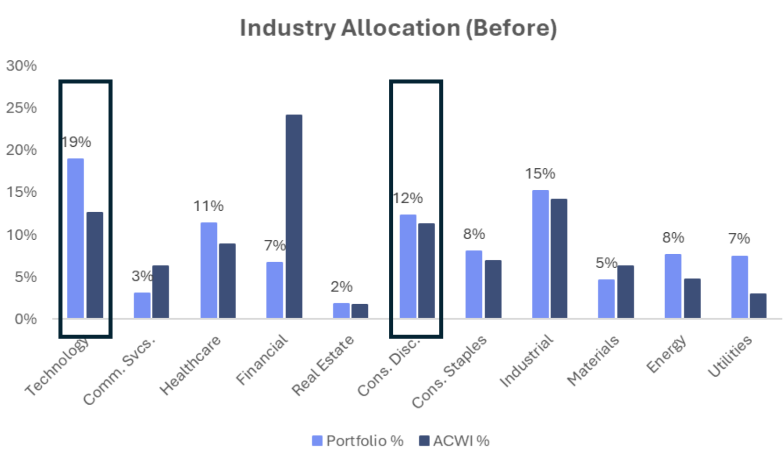
As the Investment Policy Statement of the Tactical Portfolio states, the strategy is to blend of less correlated assets to generate lower volatility than the U.S. stock market. Uber's low correlation to the major holdings of the Tactical Portfolio aligns with the investment objective.

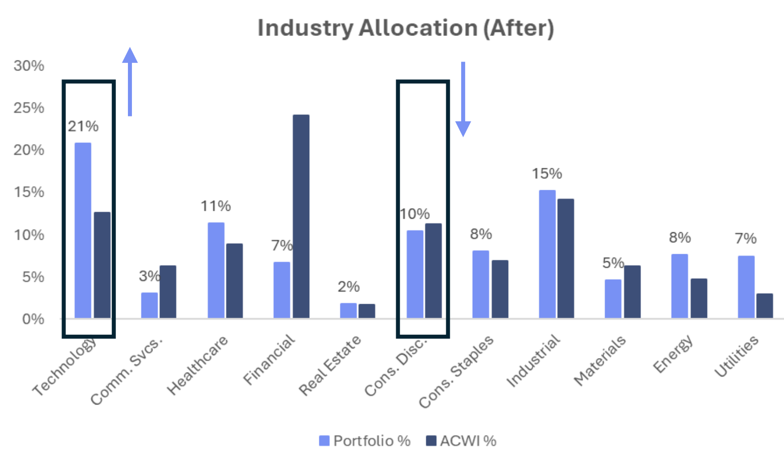
Asset Correlations

Name	Ticker	UBER	CROX	ACWI	GQEPX	SCHD	VDIGX	COWZ	FHLC	MLPX	SMH	FSUTX
Uber Technologies Inc	UBER	1.00	0.28	0.53	0.39	0.43	0.46	0.42	0.38	0.39	0.49	0.23
Crocs Inc	CROX	0.28	1.00	0.62	0.41	0.46	0.51	0.48	0.46	0.47	0.58	0.42
iShares MSCI ACWI ETF	ACWI	0.53	0.62	1.00	0.80	0.89	0.90	0.87	0.81	0.72	0.81	0.66
GQG Partners US Select Quality Eq Inv	GQEPX	0.39	0.41	0.80	1.00	0.74	0.81	0.71	0.77	0.59	0.63	0.53
Schwab US Dividend Equity ETF	SCHD	0.43	0.46	0.89	0.74	1.00	0.92	0.93	0.82	0.78	0.60	0.68
Vanguard Dividend Growth Inv	VDIGX	0.46	0.51	0.90	0.81	0.92	1.00	0.85	0.86	0.68	0.58	0.71
Pacer US Cash Cows 100 ETF	COWZ	0.42	0.48	0.87	0.71	0.93	0.85	1.00	0.74	0.82	0.62	0.64
Fidelity MSCI Health Care ETF	FHLC	0.38	0.46	0.81	0.77	0.82	0.86	0.74	1.00	0.57	0.55	0.60
Global X MLP&Energy Infrastructure ETF	MLPX	0.39	0.47	0.72	0.59	0.78	0.68	0.82	0.57	1.00	0.45	0.54
VanEck Semiconductor ETF	SMH	0.49	0.58	0.81	0.63	0.60	0.58	0.62	0.55	0.45	1.00	0.40
Fidelity Select Utilities	FSUTX	0.23	0.42	0.66	0.53	0.68	0.71	0.64	0.60	0.54	0.40	1.00
Based on monthly returns from Jan 2016 to Jul 2024		0.40	0.47	0.81	< Average correlation between fund candidates and existing positions							

The purchase will be funded by selling a 1.3% allocation of Crocs due to their financial and operational headwinds and consumer attraction plateau. With their recent acquisition of a shoe brand, HEYDUDE, they incurred $1.5 billion in long-term debt. Although its revenue increased by $1.2 billion after the acquisition, its COGS increased by $809 million, and its gross margins decreased by 9%. With little cost synergies and significant long-term debt, the acquisition inflicted financial and operational headwinds on the company. As unit sales have been plateauing over the last few quarters, it could be caused by a weaker consumer attraction to the brand. Therefore, Crocs does not provide adequate growth potential for the Tactical Portfolio.

The trade decreases the portfolio's consumer discretionary sector exposure by 2% and increases the technology sector exposure by 2%.





Appendix

Exhibit 1: WACC Model

WACC			
		Risk Free Rate	4.3%
Share Price	74.02	Equity Risk Premium	4.4%
# of shares (mm)	2141	Beta	1.15
Market EV ($mm)	158,506	Cost of Equity	9.4%
Short term debt ($mn	1461		
Long term debt ($mm	9975		
Cash ($mm)	6438	Interest Expense	523
Net Debt ($mm)	4998	Cost of Debt	10.5%

	Cost	% of EV		
Equity	9.4%	96.8%		
Debt	10.5%	3.2%		
WACC	**9.5%**	100.0%	Terminal Growth	2.0%

	Cost	% of EV
Equity	9.4%	96.8%
Debt	10.5%	3.2%
WACC	**9.5%**	
Adj Multiplier	1.1	
Adjusted WACC	**10.4%**	

Exhibit 2: Operating Assumptions

Operating Assumptions

	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Gross Profit	5,985.0	8,104.0	12,218.0	14,824.0	17,327.0	21,237.3	25,368.5	30,262.9	35,154.1	40,389.4
% of sales	53.7%	46.4%	38.3%	39.8%	39.4%	41.5%	42.5%	43.5%	44.5%	45.5%
Optimistic						42.0%	43.0%	44.0%	45.0%	46.0%
Base						41.5%	42.5%	43.5%	44.5%	45.5%
Pessimistic						41.0%	42.0%	43.0%	44.0%	45.0%
Street						40.2%	41.0%	42.1%	41.5%	42.0%
SG&A	10,848.0	11,938.0	14,050.0	13,714.0	14,528.0	13,305.3	14,922.7	16,348.9	17,774.5	19,085.1
% of sales	97.4%	68.4%	44.1%	36.8%	33.0%	26.0%	25.0%	23.5%	22.5%	21.5%
Optimistic						25.5%	24.5%	23.0%	22.0%	21.0%
Base						26.0%	25.0%	23.5%	22.5%	21.5%
Pessimistic						27.0%	26.0%	24.0%	24.0%	22.0%
Street						28.4%	26.9%	26.1%	23.9%	23.1%

Appendix

Exhibit 3: Revenue Segments Forecast

Revenue Segments	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Net Revenue	11,139.0	17,455.0	31,877.0	37,281.0	43,978.0	51,174.3	59,690.6	69,569.8	78,998.0	88,767.9
% growth	-14.3%	56.7%	82.6%	17.0%	18.0%	16.4%	16.6%	16.6%	13.6%	12.4%
Street						50,379.0	57,684.0	65,908.0	73,502.0	81,270.0
Mobility Revenue	6,090.0	6,954.0	14,029.0	19,832.0	25,087.0	29,602.7	34,931.1	41,218.7	46,989.4	53,098.0
Market Share	7.7%	7.1%	10.5%	12.9%	15.1%	16.6%	18.4%	20.4%	21.8%	23.0%
TAM	79,580.0	97,520.0	133,000.0	154,000.0	165,600.0	178,200.0	190,100.0	202,400.0	215,700.0	230,367.6
% growth		22.5%	36.4%	15.8%	7.5%	7.6%	6.7%	6.5%	6.6%	6.8%
Optimistic						16.8%	18.7%	20.7%	22.3%	23.9%
Base						16.6%	18.4%	20.4%	21.8%	23.0%
Pessimistic						16.5%	18.1%	19.9%	21.2%	22.5%
Street						16.3%	17.7%	20.0%	20.9%	22.0%
Delivery Revenue	3,904.0	8,362.0	10,901.0	12,204.0	13,750.0	16,225.0	19,145.5	22,400.2	25,760.3	29,109.1
Market Share	1.5%	2.6%	3.1%	3.1%	3.2%	3.6%	4.0%	4.5%	5.1%	5.7%
TAM	254,700.0	323,000.0	348,400.0	387,900.0	424,500.0	455,700.0	477,200.0	492,500.0	501,300.0	507,000.0
% growth		26.8%	7.9%	11.3%	9.4%	7.3%	4.7%	3.2%	1.8%	1.1%
Optimistic						3.59%	4.08%	4.67%	5.27%	5.89%
Base						3.56%	4.01%	4.55%	5.14%	5.74%
Pessimistic						3.50%	3.88%	4.28%	4.71%	5.13%
Street						3.50%	3.88%	4.26%	4.65%	5.10%
Freight Revenue	1,145.0	2,139.0	6,947.0	5,245.0	5,141.0	5,346.6	5,614.0	5,950.8	6,248.4	6,560.8
% growth		86.8%	224.8%	-24.5%	-2.0%	4.0%	5.0%	6.0%	5.0%	5.0%
Optimistic						4.0%	6.0%	6.0%	6.0%	5.0%
Base						4.0%	5.0%	6.0%	5.0%	5.0%
Pessimistic						3.0%	4.0%	5.0%	6.0%	4.0%
Street						3.2%	4.6%	5.0%	6.1%	4.5%

Appendix

Exhibit 4: Base Case Discounted Cash Flow Model

	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
						Estimates				
Revenue	11,139.0	17,455.0	31,877.0	37,281.0	43,978.0	51,174.3	59,690.6	69,569.8	78,998.0	88,767.9
% growth	-14.3%	56.7%	82.6%	17.0%	18.0%	16.4%	16.6%	16.6%	13.6%	12.4%
Gross Profit	5,985.0	8,104.0	12,218.0	14,824.0	17,327.0	21,237.3	25,368.5	30,262.9	35,154.1	40,389.4
% of sales	53.7%	46.4%	38.3%	39.8%	39.4%	41.5%	42.5%	43.5%	44.5%	45.5%
SG&A Expense	10,848.0	11,938.0	14,050.0	13,714.0	14,528.0	13,305.3	14,922.7	16,348.9	17,774.5	19,085.1
% of sales	97.4%	68.4%	44.1%	36.8%	33.0%	26.0%	25.0%	23.5%	22.5%	21.5%
EBIT (Op. Income)	(4,863.0)	(3,834.0)	(1,832.0)	1,110.0	2,799.0	7,932.0	10,445.9	13,914.0	17,379.6	21,304.3
% of sales	-43.7%	-22.0%	-5.7%	3.0%	6.4%	15.5%	17.5%	20.0%	22.0%	24.0%
Tax Expense	(192.0)	(492.0)	(181.0)	213.0	(5,758.0)	951.8	1,358.0	2,226.2	3,128.3	3,834.8
% of EBIT	3.9%	12.8%	9.9%	19.2%	-205.7%	12%	13%	16%	18%	18%
NOPAT	(4,671.0)	(3,342.0)	(1,651.0)	897.0	8,557.0	6,980.2	9,087.9	11,687.7	14,251.2	17,469.5
% growth	-91.6%	-28.5%	-50.6%	-154.3%	854.0%	-18.4%	30.2%	28.6%	21.9%	22.6%
D&A	575.0	902.0	947.0	823.0	711.0	767.6	776.0	834.8	869.0	887.7
% of sales	5.2%	5.2%	3.0%	2.2%	1.6%	1.5%	1.3%	1.2%	1.1%	1.0%
Working Capital										
Current Assets, less cas	3,985.0	3,893.0	4,361.0	5,812.0	5,807.0					
Current Liabilities, less	5,835.0	8,383.0	8,358.0	8,955.0	10,015.0					
Net Working Capital	(1,850.0)	(4,490.0)	(3,997.0)	(3,143.0)	(4,208.0)	(5,117.4)	(5,969.1)	(7,304.8)	(8,294.8)	(9,764.5)
% of sales	-16.6%	-25.7%	-12.5%	-8.4%	-9.6%	-10.0%	-10.0%	-10.5%	-10.5%	-11.0%
Change in NWC						909.4	851.6	1,335.8	990.0	1,469.7
CapEx	(616.0)	(298.0)	(252.0)	(223.0)	(242.0)	(255.9)	(238.8)	(243.5)	(237.0)	(266.3)
% of sales	5.5%	1.7%	0.8%	0.6%	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%
Unlevered Free Cash Flow						8,401.3	10,476.7	13,614.8	15,873.2	19,560.6
% growth							24.7%	30.0%	16.6%	23.2%
% of sales						16.4%	17.6%	19.6%	20.1%	22.0%

Period	1	2	3	4	5	6
	Discounted Cash Flows					
	2023	2024	2025	2026	2027	TV
Unlevered FCF	8,401.3	10,476.7	13,614.8	15,873.2	19,560.6	256,997
PV of FCF	7,609.7	8,595.4	10,117.4	10,684.2	11,925.5	156,683

TGR	2.0%
WACC	10.4%

Implied Equity Value	
Sum of PV Cash Flow	205,615
(-) Net Debt	4998
Equity Value	**200,617**
# of Shares (mm)	2141
Implied Share Price	**$93.69**
Upside	**26.6%**

Appendix

Exhibit 5: Optimistic Case Discounted Cash Flow Model

	2020	2021	2022	2023	2024	Estimates 2025E	2026E	2027E	2028E	2029E
Revenue	11,139.0	17,455.0	31,877.0	37,281.0	43,978.0	51,562.7	60,664.5	70,904.0	80,999.0	91,501.5
% growth	-14.3%	56.7%	82.6%	17.0%	18.0%	17.2%	17.7%	16.9%	14.2%	13.0%
Gross Profit	5,985.0	8,104.0	12,218.0	14,824.0	17,327.0	21,656.3	26,085.7	31,197.8	36,449.5	42,090.7
% of sales	53.7%	46.4%	38.3%	39.8%	39.4%	42.0%	43.0%	44.0%	45.0%	46.0%
SG&A Expense	10,848.0	11,938.0	14,050.0	13,714.0	14,528.0	13,148.5	14,862.8	16,307.9	17,819.8	19,215.3
% of sales	97.4%	68.4%	44.1%	36.8%	33.0%	25.5%	24.5%	23.0%	22.0%	21.0%
EBIT (Op. Income)	(4,863.0)	(3,834.0)	(1,832.0)	1,110.0	2,799.0	8,507.8	11,222.9	14,889.8	18,629.8	22,875.4
% of sales	-43.7%	-22.0%	-5.7%	3.0%	6.4%	16.5%	18.5%	21.0%	23.0%	25.0%
Tax Expense	(192.0)	(492.0)	(181.0)	213.0	(5,758.0)	1,020.9	1,459.0	2,382.4	3,353.4	4,117.6
% of EBIT	3.9%	12.8%	9.9%	19.2%	-205.7%	12%	13%	16%	18%	18%
NOPAT	(4,671.0)	(3,342.0)	(1,651.0)	897.0	8,557.0	7,486.9	9,764.0	12,507.5	15,276.4	18,757.8
% growth	-91.6%	-28.5%	-50.6%	-154.3%	854.0%	-12.5%	30.4%	28.1%	22.1%	22.8%
D&A	575.0	902.0	947.0	823.0	711.0	773.4	788.6	850.8	891.0	915.0
% of sales	5.2%	5.2%	3.0%	2.2%	1.6%	1.5%	1.3%	1.2%	1.1%	1.0%
Working Capital										
Current Assets, less cas	3,985.0	3,893.0	4,361.0	5,812.0	5,807.0					
Current Liabilities, less	5,835.0	8,383.0	8,358.0	8,955.0	10,015.0					
Net Working Capital	(1,850.0)	(4,490.0)	(3,997.0)	(3,143.0)	(4,208.0)	(5,156.3)	(6,066.5)	(7,444.9)	(8,504.9)	(10,065.2)
% of sales	-16.6%	-25.7%	-12.5%	-8.4%	-9.6%	-10.0%	-10.0%	-10.5%	-10.5%	-11.0%
Change in NWC						948.3	910.2	1,378.5	1,060.0	1,560.3
CapEx	(616.0)	(298.0)	(252.0)	(223.0)	(242.0)	(257.8)	(242.7)	(248.2)	(243.0)	(274.5)
% of sales	5.5%	1.7%	0.8%	0.6%	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%
Unlevered Free Cash Flow						8,950.8	11,220.1	14,488.6	16,984.4	20,958.6
% growth							25.4%	29.1%	17.2%	23.4%
% of sales						17.4%	18.5%	20.4%	21.0%	22.9%
Period					1	2	3	4	5	6

TGR	2.0%	
WACC	10.4%	

Discounted Cash Flows	2023	2024	2025	2026	2027	TV
Unlevered FCF	8,950.8	11,220.1	14,488.6	16,984.4	20,958.6	275,364
PV of FCF	8,107.4	9,205.3	10,766.7	11,432.1	12,777.8	167,882

Implied Equity Value	
Sum of PV Cash Flow	220,171
(-) Net Debt	4998
Equity Value	**215,173**
# of Shares (mm)	2141
Implied Share Price	**$100.48**
Upside	**35.8%**

Appendix

Exhibit 6: Pessimistic Case Discounted Cash Flow Model

	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
						Estimates				
Revenue	11,139.0	17,455.0	31,877.0	37,281.0	43,978.0	50,597.0	58,350.6	67,054.3	75,557.5	84,119.6
% growth	-14.3%	56.7%	82.6%	17.0%	18.0%	15.1%	15.3%	14.9%	12.7%	11.3%
Gross Profit	5,985.0	8,104.0	12,218.0	14,824.0	17,327.0	20,744.8	24,507.3	28,833.4	33,245.3	37,853.8
% of sales	53.7%	46.4%	38.3%	39.8%	39.4%	41.0%	42.0%	43.0%	44.0%	45.0%
SG&A Expense	10,848.0	11,938.0	14,050.0	13,714.0	14,528.0	13,661.2	15,171.2	16,093.0	18,133.8	18,506.3
% of sales	97.4%	68.4%	44.1%	36.8%	33.0%	27.0%	26.0%	24.0%	24.0%	22.0%
EBIT (Op. Income)	(4,863.0)	(3,834.0)	(1,832.0)	1,110.0	2,799.0	7,083.6	9,336.1	12,740.3	15,111.5	19,347.5
% of sales	-43.7%	-22.0%	-5.7%	3.0%	6.4%	14.0%	16.0%	19.0%	20.0%	23.0%
Tax Expense	(192.0)	(492.0)	(181.0)	213.0	(5,758.0)	850.0	1,213.7	2,038.5	2,720.1	3,482.6
% of EBIT	3.9%	12.8%	9.9%	19.2%	-205.7%	12%	13%	16%	18%	18%
NOPAT	(4,671.0)	(3,342.0)	(1,651.0)	897.0	8,557.0	6,233.6	8,122.4	10,701.9	12,391.4	15,865.0
% growth	-91.6%	-28.5%	-50.6%	-154.3%	854.0%	-27.2%	30.3%	31.8%	15.8%	28.0%
D&A	575.0	902.0	947.0	823.0	711.0	759.0	758.6	804.7	831.1	841.2
% of sales	5.2%	5.2%	3.0%	2.2%	1.6%	1.5%	1.3%	1.2%	1.1%	1.0%
Working Capital										
Current Assets, less ca	3,985.0	3,893.0	4,361.0	5,812.0	5,807.0					
Current Liabilities, less	5,835.0	8,383.0	8,358.0	8,955.0	10,015.0					
Net Working Capital	(1,850.0)	(4,490.0)	(3,997.0)	(3,143.0)	(4,208.0)	(5,059.7)	(5,835.1)	(7,040.7)	(7,933.5)	(9,253.2)
% of sales	-16.6%	-25.7%	-12.5%	-8.4%	-9.6%	-10.0%	-10.0%	-10.5%	-10.5%	-11.0%
Change in NWC						851.7	775.4	1,205.6	892.8	1,319.6
CapEx	(616.0)	(298.0)	(252.0)	(223.0)	(242.0)	(253.0)	(233.4)	(234.7)	(226.7)	(252.4)
% of sales	5.5%	1.7%	0.8%	0.6%	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%
Unlevered Free Cash Flow						7,591.2	9,422.9	12,477.5	13,888.7	17,773.4
% growth							24.1%	32.4%	11.3%	28.0%
% of sales						15.0%	16.1%	18.6%	18.4%	21.1%

TGR	2.0%
WACC	10.4%

Period	1	2	3	4	5	6
	Discounted Cash Flows					
	2023	2024	2025	2026	2027	TV
Unlevered FCF	7,591.2	9,422.9	12,477.5	13,888.7	17,773.4	233,516
PV of FCF	6,875.9	7,730.8	9,272.2	9,348.4	10,835.9	142,368

Implied Equity Value	
Sum of PV Cash Flow	186,431
(-) Net Debt	4998
Equity Value	**181,433**
# of Shares (mm)	2141
Implied Share Price	**$84.73**
Upside	**14.5%**

Appendix

Exhibit 7: Porter's Five Forces

1. Rivalry Among Existing Firms – High

Uber faces intense competition in both ride-hailing and delivery due to low switching costs, service commoditization, and regional rivals like Lyft, DiDi, and DoorDash. While Uber benefits from global scale and platform synergies, price wars and promo spending remain key threats to margins.

2. Threat of New Entrants – Low

High capital requirements, strong brand loyalty, regulatory hurdles, and deep network effects protect Uber from new entrants in most mature markets. With a massive user and driver base, Uber benefits from economies of scale that would be extremely difficult for any startup or niche player to replicate. Even if a new entrant offered a compelling service, high switching costs—especially for drivers and frequent users—would make it tough to gain traction. Most small players also lack the capital or infrastructure to scale at Uber's level. As a result, Uber's competitive position is well-defended in key regions, and the company views existing players—not new entrants—as its primary competitive threat.
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3. Threat of Substitutes - Moderate

For mobility, substitutes include public transportation, walking, biking, or owning a car, and face competition from other major players. For delivery, alternatives like cooking at home or dining in can reduce demand, especially in tougher economic conditions. During periods of inflation or recession, consumers tend to cut back on discretionary spending, increasing the risk of substitution. That said, with ongoing tariff uncertainty and rising vehicle costs, many consumers may delay purchasing a car, which could favor ride-hailing as a flexible alternative. Similarly, while at-home cooking is on the rise, pressuring food delivery, Uber's scale and convenience still retain value for many users. Overall, the threat of substitutes remains moderate, influenced by broader economic sentiment and evolving consumer habits.

4. Bargaining Power of Buyers – High

Consumers can easily switch between apps like Uber, Lyft, and DoorDash with minimal friction. Price sensitivity is high, especially for lower-income or younger users. Uber One helps build loyalty, but customer retention remains a challenge in commoditized services.

5. Bargaining Power of Suppliers – Moderate

While individual drivers have limited power, the collective influence of gig workers is rising due to regulatory changes and unionization efforts. Reclassification of drivers as employees in certain markets could significantly increase costs and operational complexity.

Appendix

Exhibit 8: Uber Eats Market Share

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