

Uber Technologies

Investor Pitch Deck

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Recommendation: **Buy**

Current Price: **29.14**

Price Target: **54.80**

Upside: **88.06%**

Date: 11/28/2022

Uber



Agenda

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Investment Thesis

For Uber to increase its Mobility segment, it must introduce new service packages

Growth Opportunity

- **Product expansion** called “Uber Travel”
- Convenient booking process for frequent travelers
- Uber Eats expands, opening more than 3000 locations by 2025

Strong Competition

- Uber Mobility’s strongest competitor is Lyft
- Delivery segment faces competition from Grubhub and Doordash

Financial Characteristics

- Delivery segment has generated the **most revenue** in 2021, a 40% year over year increase
- Mobility segment is making a comeback from the **pandemic**, with 195% year over year increase in Q1 2021

Business Overview



Company Overview

Uber provides ride hailing, food delivery, and freight services

Business Description

- Uber Technologies is a ride-hailing and food delivery service company. With a market cap of \$52 billion, the company has a 31% increase in gross profit this past year.
- Operates in 3 segments: Mobility, Delivery, and Freight



Headquarters: San Francisco, CA



Founded: March 2009



Employees: 29,300



IPO: May 2019, on New York Stock Exchange

Key Financial Metrics

Key Stats

Share price: \$28.10

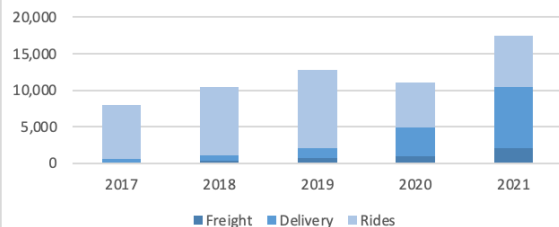
52Wk H/L: 47.6/19.9

EPS: \$4.5

EV: \$61.25 mil

Mkt Cap: \$52.6b

Annual Revenue in millions within Uber Segments



Performance

- Stock Prices declined by -36.99% this past year
- Earnings call in EPS reported in Nov1st, 2022, show a surprise of -468.22%, compared to the previous quarter which was beat by 40.93%.
- Analyst estimates this as a “Moderate Buy” rating



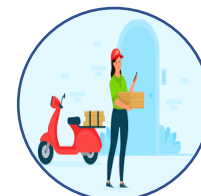
News



Product Expansion

GO Get 2022 Event announces new expansion.

Uber Travel for frequent travelers



Innovation

Uber Eats is making more than **3000** retail locations available by 2025



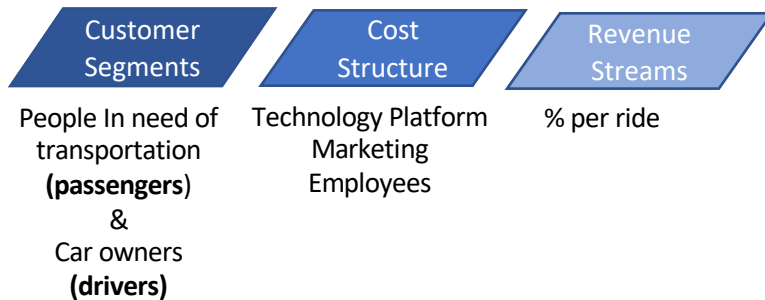
Climate Regulations

90% of rideshare miles must be **electric vehicles** by 2030

Product overview

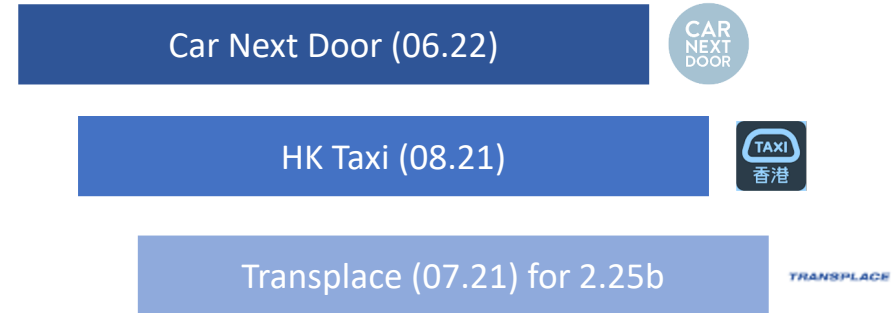
The company provides affordable rides on demand, and delivery service

Business Model



Business Model: Multi-sided platform business model

Latest Acquisitions



In total, 16 acquisitions, spent over \$10.33 billion

Sales Segment Split



Mobility Segment

- 2 customer segments: riders and drivers
- Web browser or mobile app
- Technology platform



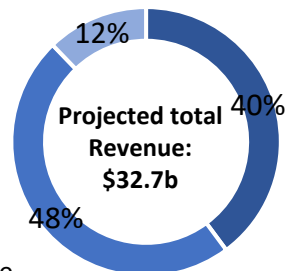
Delivery Segment

- Internationally, the most popular booking service
- Delivered by car, bike, scooter



Freight Segment

- Market Access allows Uber to be transparent about costs and quotes
- More than 50,000 carriers



Product Split

Mobility Segment

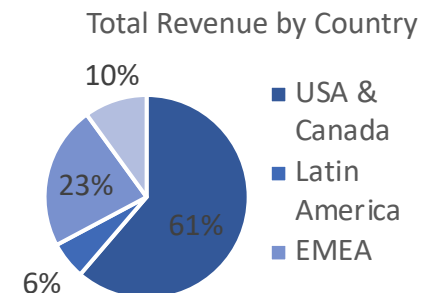
- Rapid **comeback in 2021** from the pandemic
- Cheaper than regular taxis

Delivery Segment

- **Growing** market segment for uber, grew 44% year over year in 2021

Freight Segment

- Manages shipping and carriers
- Largest digital active carrier network



Market and industry overview



Market and Industry Overview

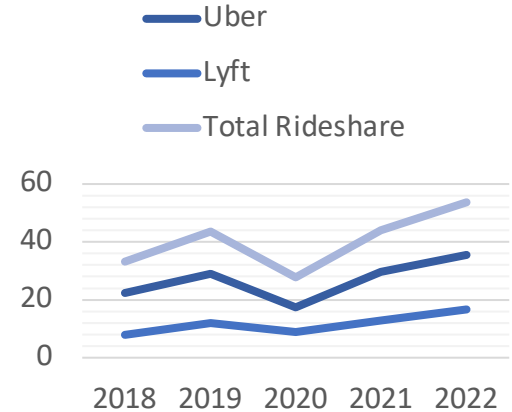
Electronic Data Processing Industry and Technology Sector

Transportation Mobility Industry Description

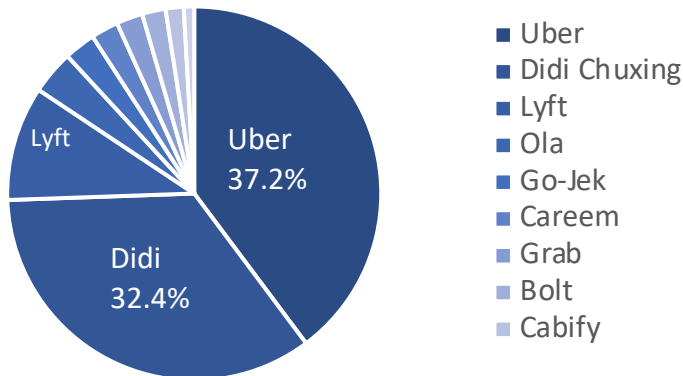
- Tech sector is comprised of businesses that **sell services** in electronics, and IT
- US Tech sector is growing by 6.7% in 2022
- Must keep up with the latest technology, and easily **adapt to change**
- Market growth is largest in **Asia Pacific** attributed to high population growth and increase in urbanization
- In the global market, Didi is the leading player
- Uber still dominates, taking 72% of the spending

Development of Industry in US

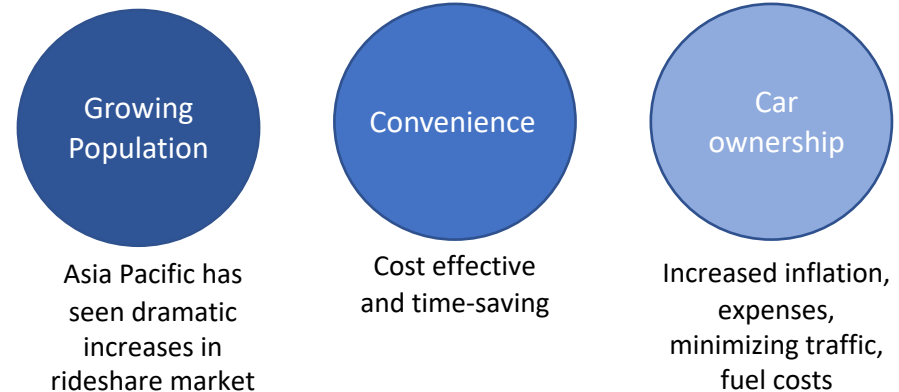
- Pandemic plummeted sales for rideshare companies, and they are continuing to rebound from it
- Projected to grow at a **CAGR** of 16.6%.



Market Share of Ride-Sharing Brands Globally

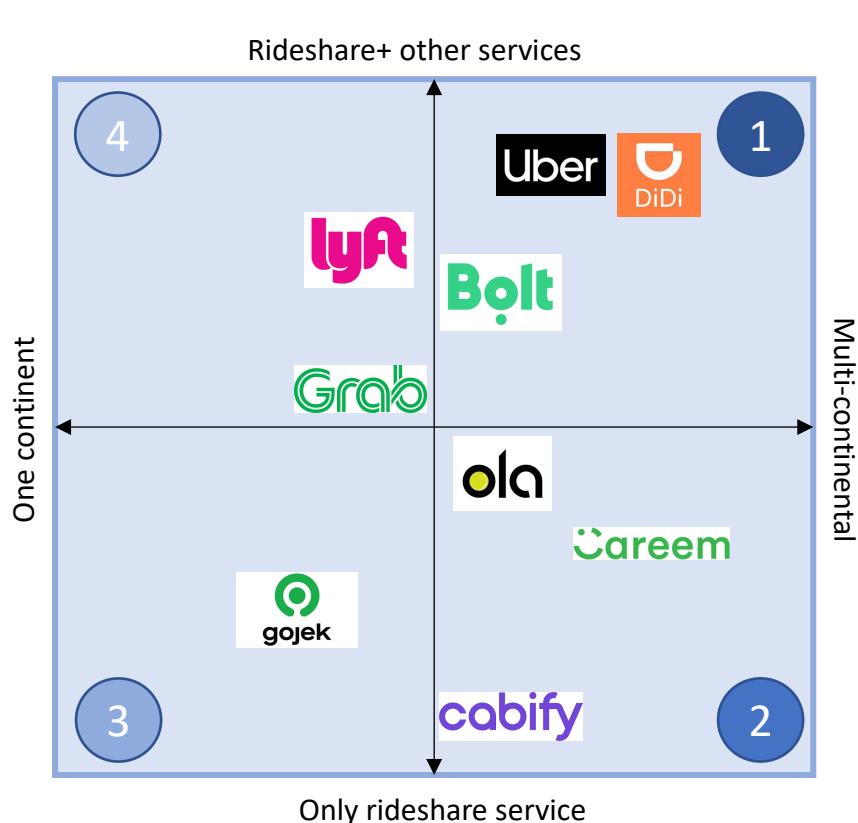


Industry Growth Drivers



Competitor Analysis

Strong competition in multicontinental companies that diversify services



- 1 Multi-continental diversified brands**
 - Dominated by the leading players in the market
 - Strong in food delivery service from mobile devices
 - Uber's top revenue in 2021 was from Uber Delivery
- 2 Multi-continental rideshare brands**
 - These brands are starting to partner with expanding companies
 - Uber is targeting this market globally
- 3 One continent rideshare service**
 - Smaller market share of companies
 - Uber's main goal is to expand rideshare primarily within North America
 - Go Jek was established in Indonesia as a call center, and has been turned into ride services
- 4 One continent diversified brands**
 - Popular and quickly growing among urban centers
 - Uber is expected to open 3000 more locations for Delivery service

Financial Analysis



Valuation

The intrinsic value derived from the DCF Analysis concludes the price target of __

Valuation Distribution and key Inputs

WACC (6.18%)

- Cost of Debt: 5% | Cost of Equity: 7%
- Financing Structure: 83.1% Equity
- Terminal Growth rate: 2%

Capital Expenditures

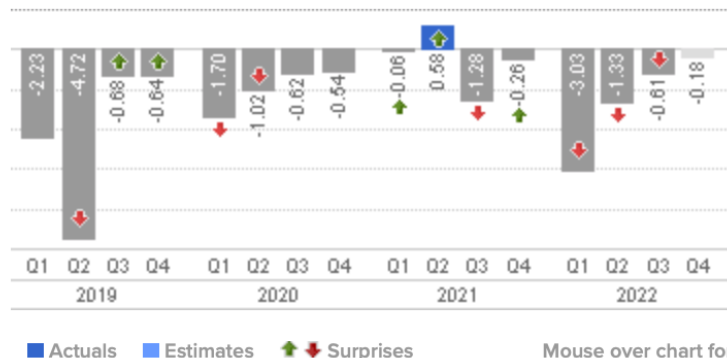
- During the pandemic, Uber increased their capex by 5.2%

Net Cash

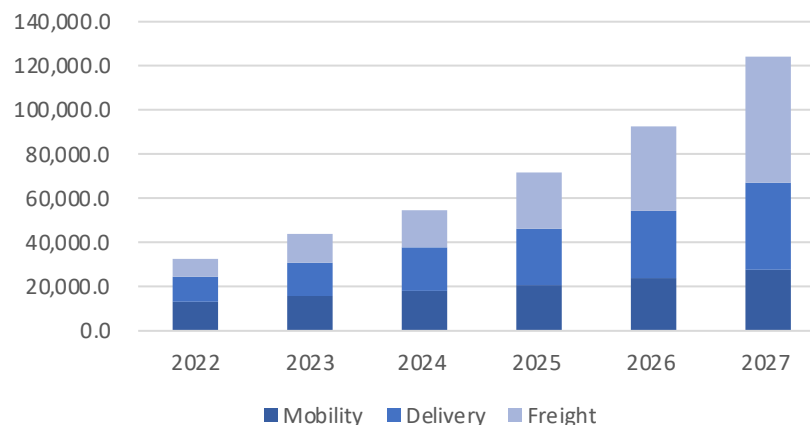
- Cash on hand has decreased over 20% annually since 2019.
- 2022 year was \$5.5billion

Historic & Projected Financials

Earnings History & Projections



Projected Revenue by Segment



Analysis

Revenue Growth

- Uber freight grows a lot, making up 46% of the revenue in 2027.
- Increased online shopping, higher population, means more shipment

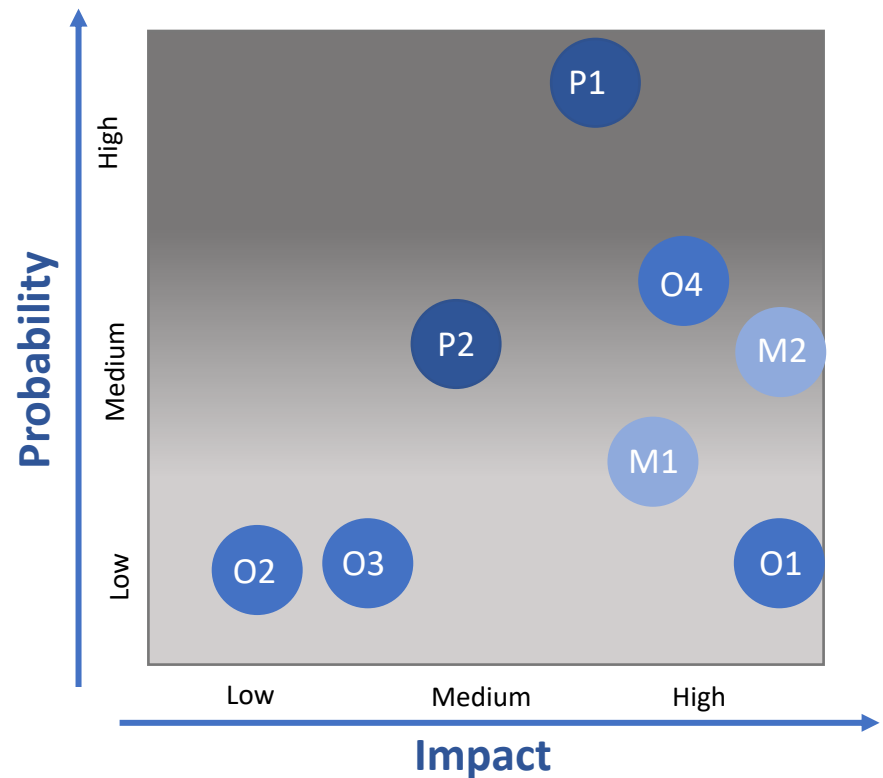
Overall Growth

- DCF shows that stock price will go towards **54.80**
- **88.06% upside**

Risk Analysis

Risk Categories: Operational (O) - Market (M) – Political (P)

- P1 Climate regulation rule in 2030, 90% of rideshare miles must be electric vehicles
- P2 Unions formed by drivers, demand higher income
- O1 High risk of cyber security threats (real time info is mobile and available)
- O2 Safety: subject to robbery, abuse, safety issues
- O3 Multiple lawsuits, affects image and reputation
- O4 Increased inflation-gas is more costly
- M1 Stock fell 51% during the first half of 2022
- M2 Economic sensitivity



Share Price Catalysts

Potential Growth Opportunities and Investments

Macroeconomic Conditions

Increased inflation leads to high insurance costs, leading to **lower consumer spending**. Switching to low-cost alternatives

Business Expansion

~Completed acquisition of Postmates in Q1 2021
~Merger with Aurora to commercialize self-driving cars

Industry Growth

Economics strength of the rideshare industry is growing, and there is more **positive outlook** on this sector, growing market share

Increase in Expenses

Latest 10Q reports Uber may **lower** fares to remain in the competitive market
Expenses will increase, and profit is difficult to maintain

EPS 2017-2022

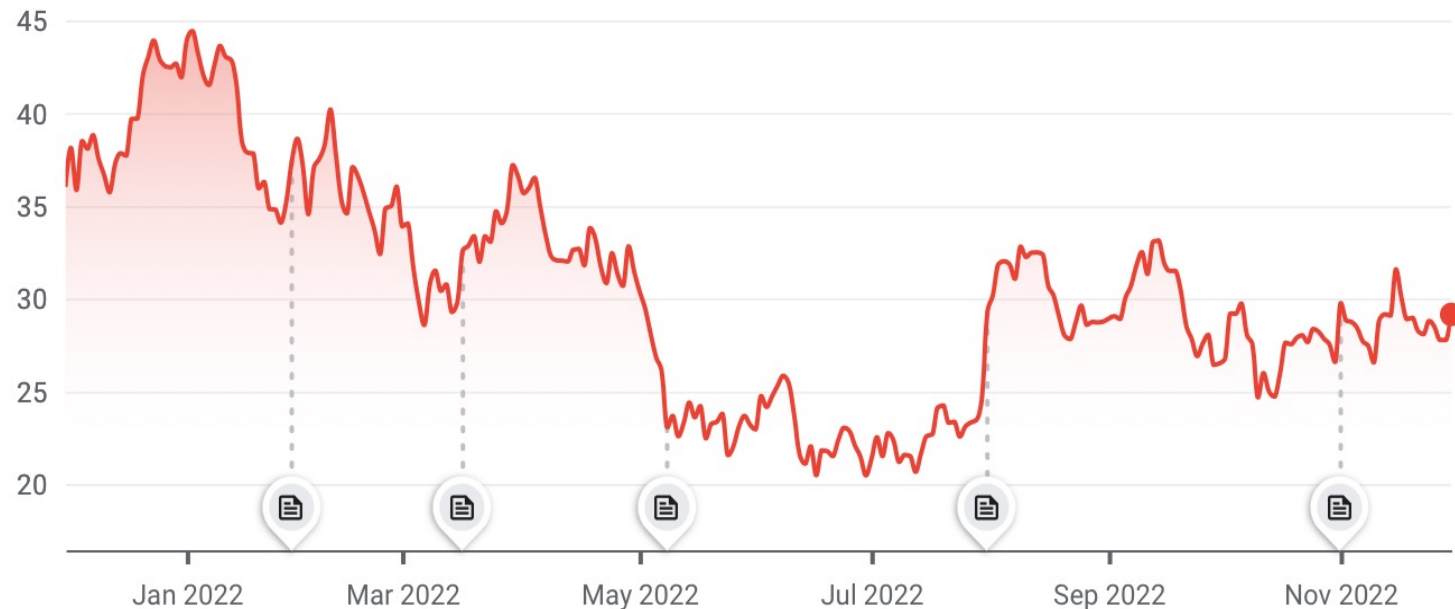
Most recent EPS \$-0.61, a 52% decline year-over-year
2021 annual EPS was \$-0.29, a 92% decline from 2020
2020 annual EPS was \$-3.86, a 43% decline from 2019

Conclusion



Conclusions: Buy

Overall, there are more growth catalysts than negative catalysts



- Last close is 28.25, and the implied share price in 5 years will be between 34 and 75.6, averaging 54.80
- Upside of 88.06%, a **strong buy**
- Product expansion for growth opportunity
- Growing business segment: Freight services

Sources

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