

UBER

Technologies Inc.

What Moves You, Moves Us!



A Peek into UBER's Evolution

Uber Technologies Inc. is an American multinational transportation technology company that operates a mobile ride-hailing service, ride-sharing service, food delivery, and freight transportation services.

- **Founded** : March 2009, San Francisco, United States
- **Founders** : Travis Kalanick, Garrett Camp
- **CEO** : Dara Khosrowshahi (30 Aug 2017 -)
- **Industry** : Ride Hailing
- **Valuation** : \$157.26 billion



Uber operates across three primary segments:

- **Mobility:** Ride-hailing services (UberX, Uber Black, etc.).
- **Delivery:** Food delivery services through Uber Eats.
- **Freight:** Uber Freight connects shippers and carriers for freight transportation.

Uber
Eats



Uber
Freight

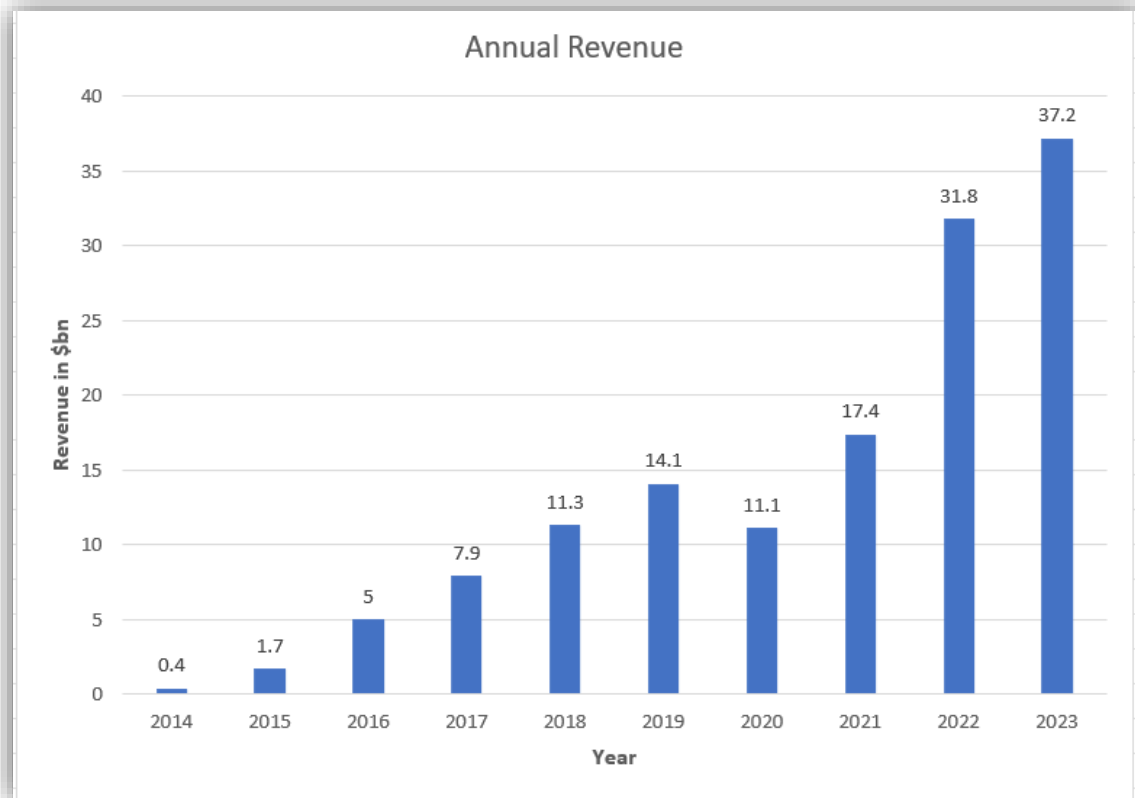
Financial Analysis Report

Objective :-

This Analysis aims to evaluate Uber's financial performance and assess its financial health by examining key financial metrics and trends.

Strength Analysis

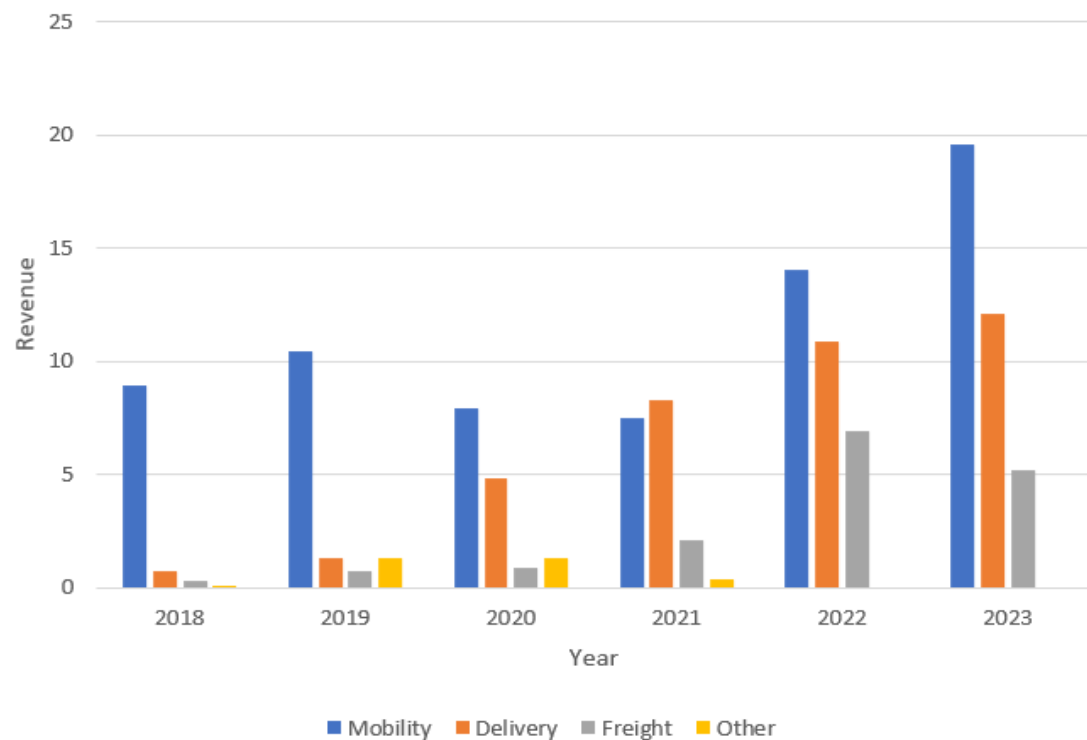
- Revenue :-



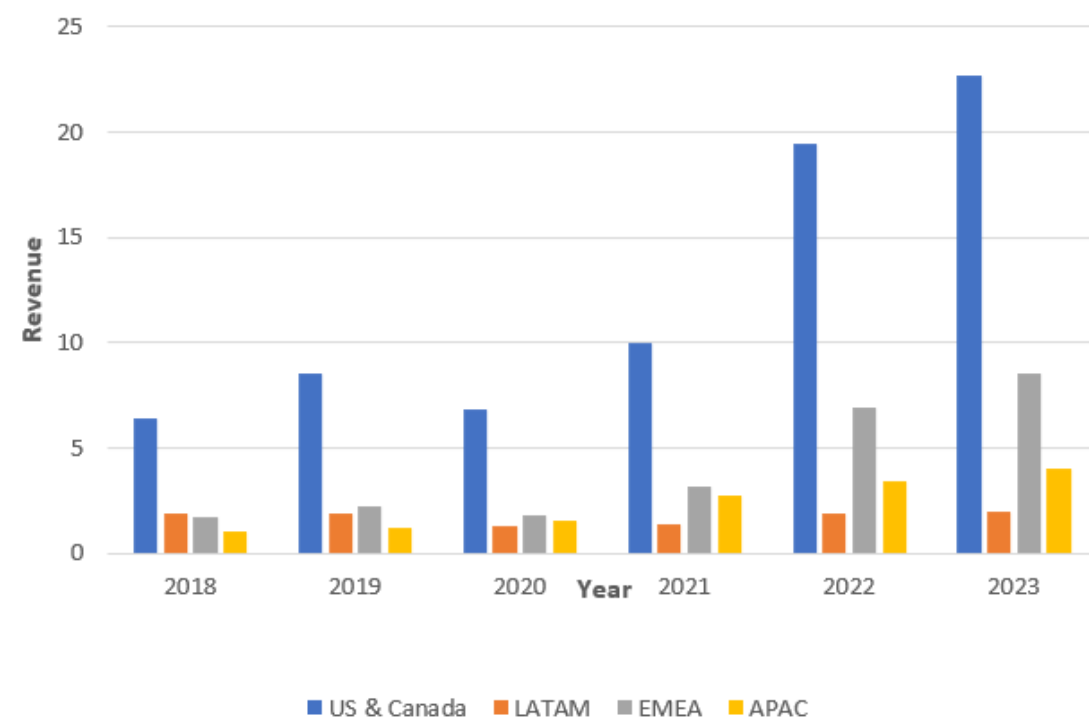
- Uber generated **\$37.2 billion revenue in 2023**, a 16% increase year-on-year.
- As of FY 2020, it experienced a sharp decline of 21%, due to corona virus pandemic.
- According to third quarter result of **2024**, Uber has already generated **\$41.995 billion in revenue**.
- Uber had a successful multi-billion-dollar **IPO**, valuing at **\$121.547 billion** as of Aug 5, 2024.

Revenue per segment and region

Revenue per Segment



Revenue per Region



Revenue per segment and region

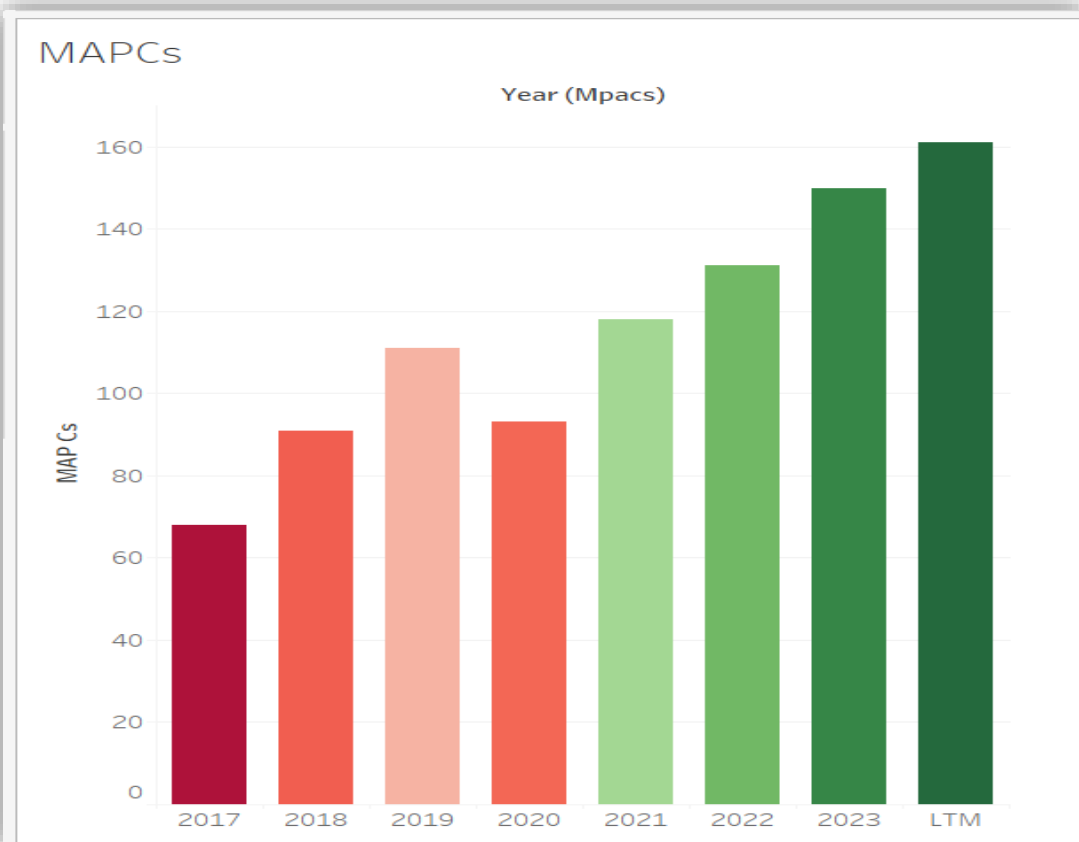
- Uber works on “**surge pricing model**”. As a result the Mobility sector has resulted in being the highest contributor to the annual revenue, generating \$19.6 billion out of \$37.2 billion total revenue.
- While the Freight segment had showed a decline of 24% in FY23, the Uber Eats founded in 2016 has resulted as a valuable investment done by uber.
- Uber Eats increased revenues by over 200% in 2020 and prevented a much higher loss of revenue .

- **US & Canada** are the **largest source of revenue** for Uber, generating over \$27 billion in 2023.
- Uber's revenue from **Latin America** has fluctuated over time.
- While **Europe, Middle East, and Africa** has seen strong year-on-year growth.
- **Asia Pacific** consist of more competitors for uber, such as OLA in India, DiDi in China, etc.

Key Trends

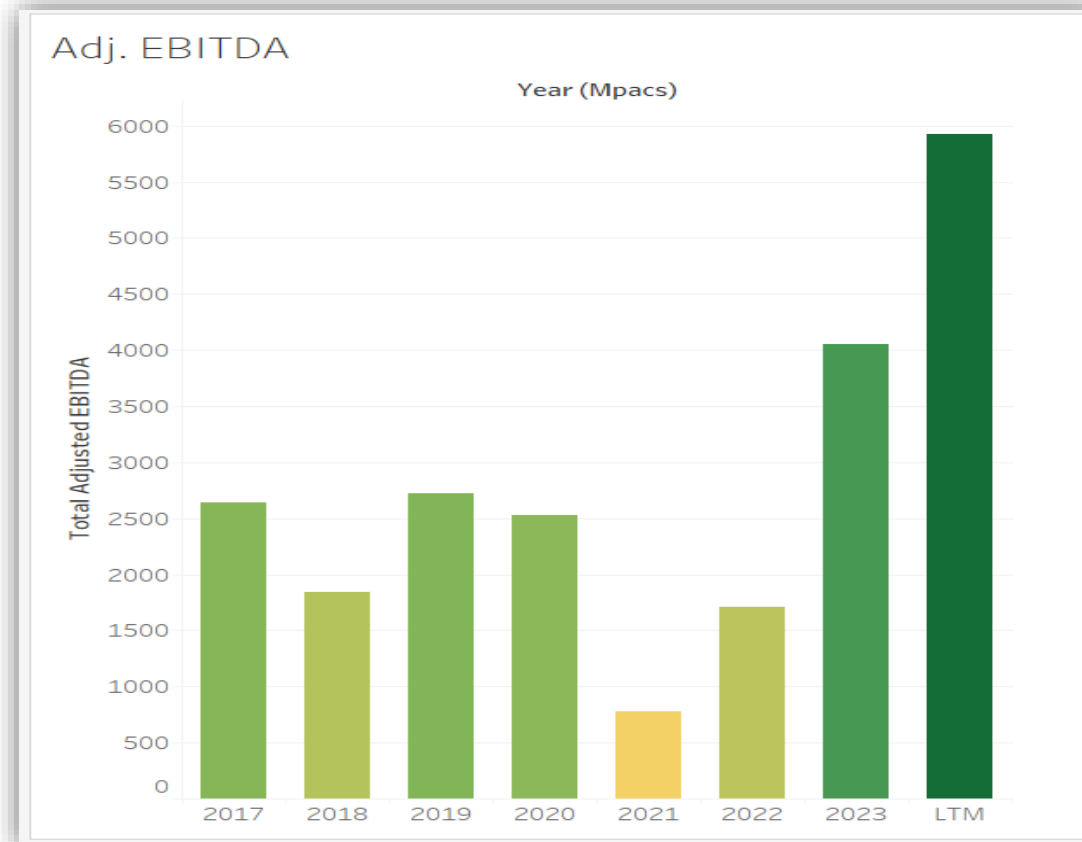
- **Gross Bookings** :- Uber generated \$137 billion in gross bookings in 2023, a **19%** increase year-on-year, because of its easy to use web-app and payment options.
- **Users** :- **137 million** people used Uber in 2023, about 88 million of those use Uber Eats. This was possible because of the target market strategy – “UBER – Everyone who needs a ride”, targeting everyone’s need’s.
- **Trips** :- Uber drivers completed 9.4 billion trips in 2023, with a **23%** increase year-on-year. Approximately 17.4 million trips are taken everyday through uber.
- **Funding** :- Uber received **\$20.9 billion** funding from 2011 to 2019 from a laundry list of investors, including Alphabet, Benchmark and SoftBank Ventures.

MAPCs



Uber saw a **15% CARG** growth year-on-year, with **\$140 M** as Monthly Active Platform Users.

Adj. EBITDA

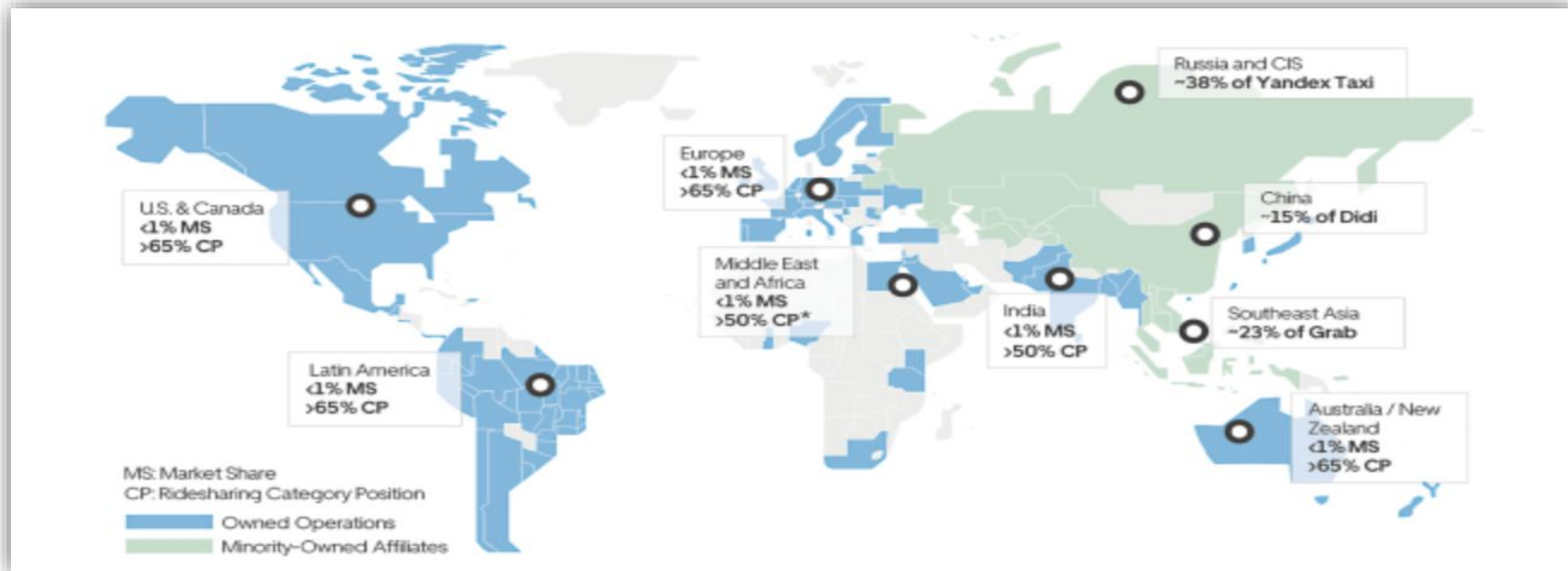


With a **2.9%** increase in its margin, uber generated a total of **\$4.1 bn** Adj. EBITDA in FY23.

Special Features

- Uber use '**Surge Pricing Model**' – though opposed by many, it proved to be a way to get more drivers in areas with less available rides. Hence increasing high earnings.
- For driver's it uses '**Vehicle Leasing Program**' to attract more driver's. As one doesn't have to own a vehicle to get started. This helps attract new driver's and onboard them fast in their respective targeted countries.
- Uber consist of approximately **7.8 million driver's** worldwide.
- Uber takes their **commission** and transfers the rest to the driver. Uber claims that they charge their drivers a **25%** fee on all fares, yet reports vary.
- Marketing :- **Referral Marketing Strategy** helped uber attract more user's in its initial days and proved to be an effective strategy in foreign expansion of the company.

Global Brand Recognition



- Uber has branded itself as **‘UBER = Ridesharing’**.
- Having its presence in over **70** countries worldwide with an approx. of **10,500** cities, is the first ridesharing brand that comes to mind when new users are looking for ridesharing apps.
- Currently, Uber’s market share in the US is **68%** and **32,4%** worldwide.

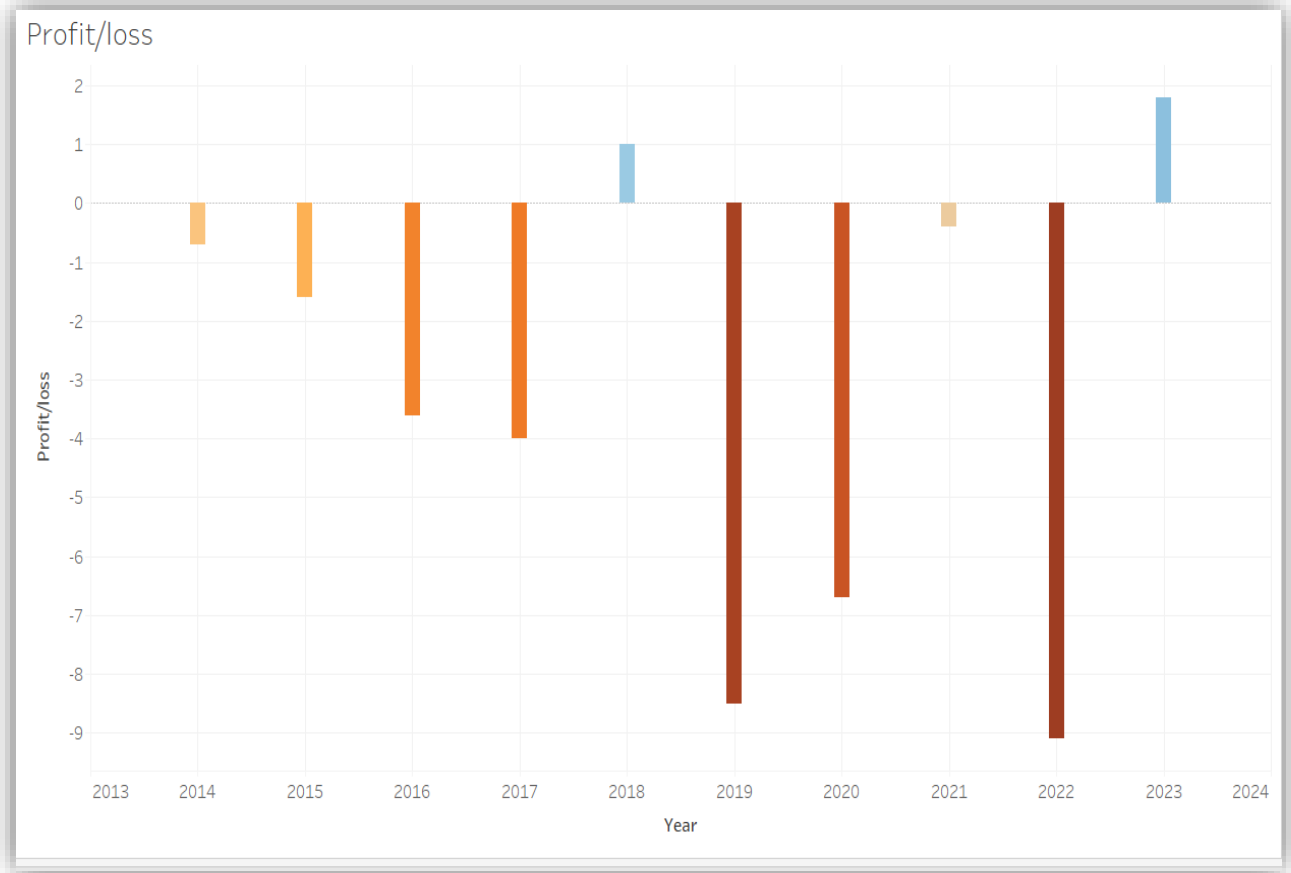
Other factors influencing Uber's growth

- Low operational cost on assets.
- Convenience in using the App.
- Affordable pricing rates.
- Constant review based system.
- Diverse company portfolio.

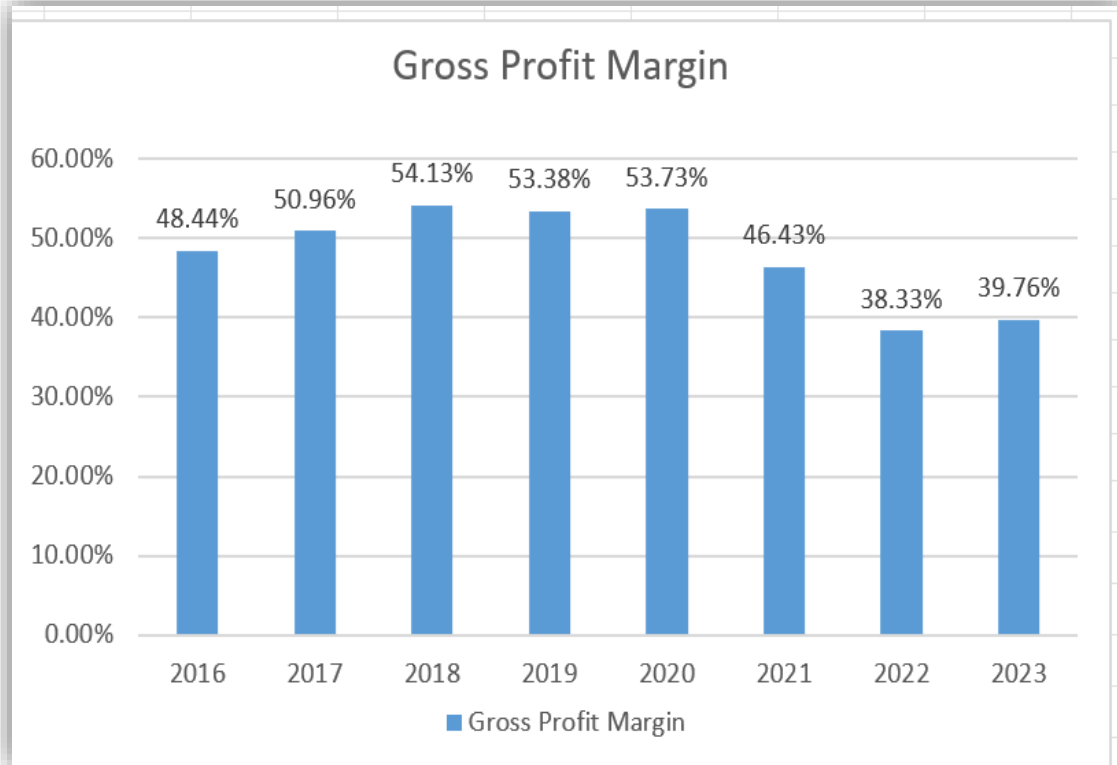


Weakness Analysis

- Uber had its **second profitable year** in 2023, part of a two year effort by the company to reduce costs and other expenditures.
- FY18 was the first profitable year for uber.
- In FY23 Uber Technologies generated **ROE** of 17.8% and **ROA** of 5%, after continuous decline over the years.
- Uber has to keep its fares low and can't increase its commission per trip leading to **low-profit margins**.

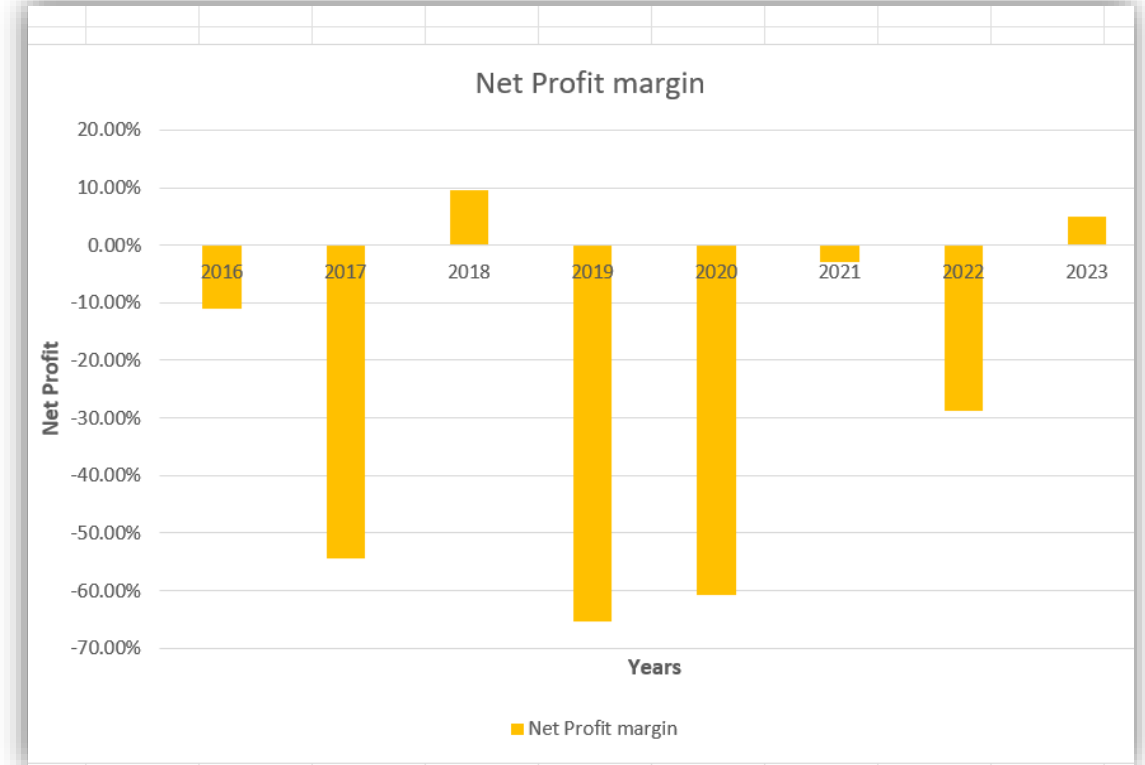


Gross Profit Margin



- Changes in driver pay rates directly impact gross profit.
- Uber's gross profit margin has been declining over the long term, with **39.76%** as of FY23.

Net Profit Margin



- Uber has generated **23.35%** as its net profit margin as per march 2024.
- Only FY18 and FY23 has resulted in increase in net profit margins.

Other Factors influencing its Low Profitability

- **Expansion delusion** :- When it comes down to make a sustainable business, 'Growth' is not everything one needs to focus on. Growth and Profitability should go hand-in-hand.
- **Workculture** :- Toxic workculture leads to scandals which tarnish the brand's image in public's eye.
- **Profit/loss** :- After years of being unprofitable, it has started to lose public trust, resulting in a decline in brand's value .
- **Worker Dependency** :- Driver's behavior is unpredictable. And it has cost heavily to the Uber's image in recent years, after harassment and abuse complaints started increasing.
- **Replacable** :- Uber considers itself as a Tech company, and its tech can easily be replaced with even more advanced versions. Southeast Asia is already flooded with its competitors.

Opportunities

- **Diversification :-**

- Users who used both Uber and Uber Eats booked an average of **11.5** trips per month, versus only **4.9** trips for those using only a single Uber service.
- Uber Freight also grew by **64%** in Q2 of 2021 and earned **\$348** million.

- **New Markets :-**

- Uber is eyeing opportunities to invest and grow its company portfolio.
- This mainly include :-
 1. Self-Driving cars like Uber AGT.
 2. Uber OOH – Advertising on wheels, etc.

Threats

- **Driver Retention** :- Unsatisfied drivers tend to switch to uber's rival platforms.
- **Low Wages** :- Its reported that uber pays a lot less to its driver's than it claim to be.
- **Local law and regulations** :- Different regions have different law and enforcements. Non-compliance with local laws incurs fines and results in bad publicity.
- **Competitions** :- Ridesharing, food and services market has become more saturated. This arises more difficulties for uber to retain its customers and increase its profitability.

Market Competitors Analysis

Sr.no	Parameter	UBER	DIDIY	GRAB	LYFT	CAR	HTZ
1	Company name	Uber Technologies,	DiDi Global Inc.	Grab Holdings Limited	Lyft, Inc.	Avis Budget Group, Inc	Hertz Global Holdings, Inc.
2	Origin	USA	China	Malaysia	USA	USA	USA
3	Established	2010	2012	2012	2021	2010	2016
4	Market cap	138.91	21.89	18.08	5.38	2.97	1.16
5	Enterprise value	140.42	17.35	12.66	4.7	29.21	19.63
6	Employees	30,800	19,328	10,604	2,945	21,250	27,000
7	Revenue	41.96	28.97	2.69	5.46	11.84	9.19
8	Revenue per share	20.14	5.9	0.68	13.51	331.97	30.02
9	Revenue Growth (yoy)	16.70%	13.30%	21.65%	25.41%	-1.43%	-0.31%
10	Gross Profit	13.7	4	1.12	1.85	3.45	-299
11	Gross Profit Margin	32.71%	13.82%	41.62%	33.88%	29.11%	-2.49%
12	EBITDA	3.44	0.441	-0.07	-0.012	1.84	-1.09
13	EBITDA margin	8.21%	1.52%	-2.61%	-0.23%	15.55%	-11.87%
14	Net Income	4.4	1.13	-0.096	-0.065	0.396	-2.73
15	Net Income Margin	10.49%	3.90%	-3.57%	-1.20%	3.34%	-29.71%
16	Operating Income	2.68	-0.068	-0.217	-0.158	1.71	-1.25
17	Return on Equity	34.33%	6.04%	-2.48%	-11.61%	—	-134.17%
18	Return on Assets	7.72%	-0.65%	-1.27%	-3.40%	4.91%	-1.27%
19	Asset Turnover	1.01	1.44	0.3	1.12	0.36	0.38
20	Capital Expenditures	-0.253	-0.333	-0.076	-0.98	-3.2	-3.2

Market Competitors Analysis

- Currently, Uber's market share in the US is 68% and 32,4% worldwide.
- After aggressively competing in markets, in 2018 they decided to retreat from some markets instead of trying to “win at all costs”.
- But instead of completely giving up on markets, Uber used its leverage as an established player to **acquire stakes in local competitors**.
- Uber acquired 15.4% of Chinese Didi, 38% of Russia's Yandex Taxi, and 23.2% of Southeast Asia's Grab.

Final Thoughts

- Uber is defined for its '**Determination**'.
- Determination to stick to their brand motive of being a technical company rather than a transport and its market disrupting strategies.
- Uber showed us how an **empathic leadership** can make a huge difference when it comes to an aggressive industry like business.
- How taking a step back, rethinking the motive, reevaluating the strategies, and leaving behind old beliefs can reshape a company's branding, and increase its value and evaluation.

Resources used :-

1. SEC reports of uber from 2015 to 2024.
2. <https://www.businessofapps.com/data/uber-statistics/>
3. Company website
4. Various articles.

Thank You !