

Uber Technologies

FY2020 results review

► **Uber reports a gradual 16.3% QoQ improvement in Gross Bookings in 4Q 2020.**

Uber's Gross Bookings reached \$58bn in FY2020, down 11% YoY. The performance was driven by the Delivery business, which reported an increase in Gross Bookings by 130% YoY to \$10bn in 4Q20 and by 109% to \$30bn in FY20. The company has 3.5mn drivers and increased the number of merchants on its platform from 450k in 1Q20 to 675k. Membership scaled up to 5mn members with Uber Pass, Eats Pass, and Postmates Unlimited, providing Uber's businesses a better frequency of usage. Uber's MAPCs increased by 19% QoQ to 93mn in 4Q20 (versus 82.4mn in our estimates) compared to 78mn in 3Q20. Delivery MAPCs grew 66% YoY in 4Q20. The number of trips increased to 1,443mn in 3Q20 from 1,150mn in 3Q20. In 4Q20, Uber's Gross bookings fell by 5.4% YoY to \$17,152mn, mostly driven by a 49.8% YoY decline in Mobility Gross bookings to \$6,789mn. The revenue in Mobility reached \$1,471mn (down 51% YoY) in 4Q20 and \$7,078mn (down 43% YoY) in FY20. Adjusted EBITDA in Mobility was \$293mn (19.9% margin) in 4Q20 and \$1,169mn in FY20. In January 2021, airport usage remains depressed, according to the company, however, commute usage has recovered in all markets with most of the markets 10-20% below 2020 levels. The average airport usage across Brazil, Australia, New Zealand, Taiwan, and Hong Kong is only 27% YoY for Gross Bookings in January 2021. In 4Q20, Delivery revenue grew to \$1,356mn from \$415mn a year ago and achieved a lower loss at an adjusted EBITDA level of \$145mn compared to a \$461mn loss a year ago. The total Delivery adj EBITDA loss was \$873mn in FY20. The company expects the Delivery EBITDA to breakeven in 2021. Despite the declining take rate in the Delivery (18.5% in 4Q20 compared to 20.7% in 4Q19), Uber expects improvements in unit economics and further growth of grocery delivery. Grocery Gross Bookings exceeded a \$1.5bn annualised run rate. Uber's adj EBITDA loss was \$2.5bn in FY20, mostly due to Corporate G&A and platform R&D. Net loss attributable to Uber was \$968mn, including \$236mn in stock-based compensation expense in 4Q20. In FY20, Uber's net loss was \$6,768mn, including \$827mn stock-based compensation. Uber reported \$1.9bn net debt as of 31 December 2020. Uber closed Postmates acquisition on 1st December 2020 with \$4bn of run-rate Gross Bookings and over 100k partnered restaurants. Uber also agreed to acquire a leading alcohol marketplace in the US Drizly for \$1.1bn in stock and cash. Uber reported over \$10bn value of investments, including stakes in Didi, Grab, Yandex.Taxi and others. Overall, results came a bit better than expected on MAPC and Gross Bookings, however, full recovery is yet to come.

► **Delivery and membership subscription will likely drive Uber's performance.**

The consolidation of Postmates provides Uber with grocery business opportunities to scale and to add new members, improving customer retention. We believe the upside from grocery deliveries is still essential, given the fast recent growth and still low penetration. Uber improved the profitability realizing over \$1bn promised savings. The recovery of the Mobility and better unit economics in both Delivery and Mobility may finally help the company to achieve adj EBITDA profitability by the end of 2021. We update our forecasts and 12-month price target to \$66.2 per share. We keep a HOLD rating unchanged.

Report date: 17 February 2021

Uber	
Main exchange	NYSE
Rating	BUY
Current Price, \$	60.65
12M Target price, \$	66.2
Current MCap, \$ mn	108,751

Uber is one of the largest ride-hailing companies globally. According to the company, it has over 65% market share in its core markets. The company offers Delivery and Freight services via its platform.

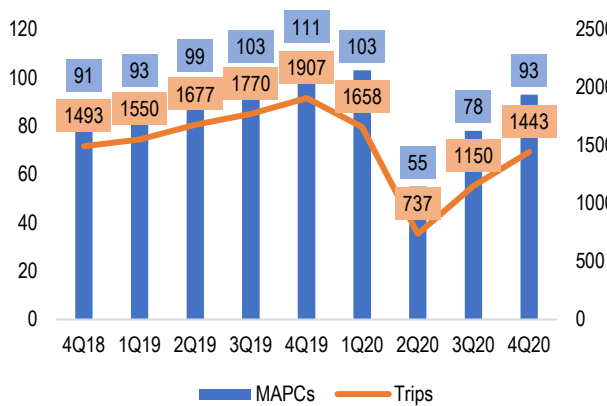
Marina Alekseenkova
Research analyst
+44 (0) 78527 00371
ma@hypothesisresearch.co.uk

Figure 1. Uber's key metrics in 4Q20 and 2020

<i>\$mn if nothing else stated</i>	2019	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	4Q20, YoY
Total gross bookings	65001	14649	15756	16465	18131	15776	10224	14745	17152	-5%
Rides/Mobility	49700	11446	12188	12554	13512	10874	3046	5905	6789	-50%
Eats/Delivery	14489	3071	3386	3658	4374	4682	6961	8550	10050	130%
Freight	737	128	167	223	219	198	212	290	313	43%
Monthly active platform, average mn	111	93	99	103	111	103	55	78	93	-16%
Trips, mn	6904	1550	1677	1770	1907	1658	737	1150	1443	-24%
Revenue	13000	3099	3166	3813	4069	3543	2241	3129	3165	-22%
Cost of revenue, exclusive D&A	6061	1681	1740	1860	1927	1786	1252	1614	1441	-25%
Operations and support	2302	434	864	498	506	503	582	365	369	-27%
Sales and marketing	4626	1040	1222	1113	1251	885	736	924	1038	-17%
Research and development	4836	409	3064	755	608	645	584	493	483	-21%
General and administrative	3299	423	1638	591	647	859	565	711	531	-18%
Depreciation and amortization	472	146	123	102	101	128	129	138	180	78%
Total costs and expenses	21596	4133	8651	4919	5040	4806	3848	4245	4042	-20%
Loss from operations	-8596	-1034	-5485	-1106	-971	-1263	-1607	-1116	-877	-10%
Interest expense	-559	-217	-151	-90	-101	-118	-110	-112	-118	17%
Other income (expense), net	722	260	398	49	15	-1795	-44	151	63	320%
Income (loss) from continuing operations before income taxes and loss from equity method investment	-8433	-991	-5238	-1147	-1057	-3176	-1761	-1077	-932	-12%

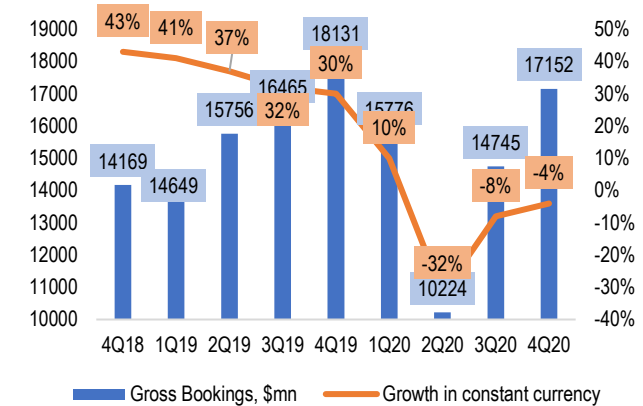
Source: companies' data, Hypothesis Research estimates

Figure 2. Uber's MAPCs (mn) and trips (mn)



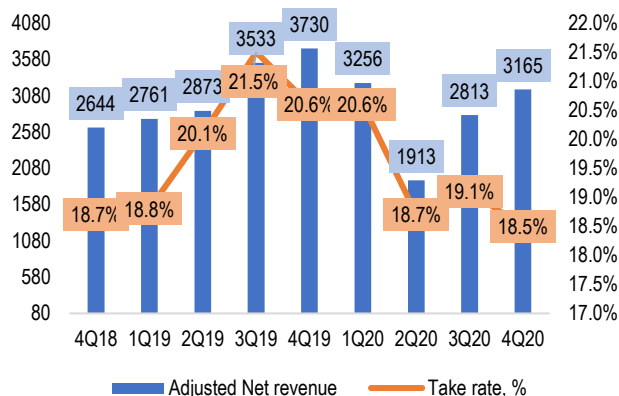
Source: company data

Figure 3. Uber's Gross Bookings (\$mn) and Gross Bookings growth in constant prices (%)



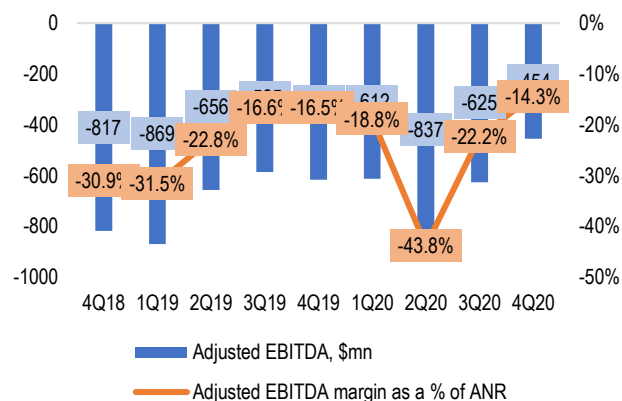
Source: company data

Figure 4. Uber's Net Revenue (\$mn) and take rate (%)



Source: company data, Hypothesis Research

Figure 5. Uber's Adjusted EBITDA (\$mn) and Adj EBITDA margin (% of ANR)



Source: company data

Figure 6. Uber condensed income statement, \$mn

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	11,270	13,000	11,139	15,501	18,057	20,940	24,115	27,302	30,347
Costs and expenses									
Cost of revenue, excl D&A	5,623	6,061	5,154	6,709	7,613	8,679	9,851	11,132	12,523
Operations and support	1,516	2,302	1,819	1,855	2,078	2,327	2,607	2,906	3,226
Sales and marketing	3,151	4,626	3,583	4,056	4,334	4,188	4,461	4,641	4,704
Research and development	1,505	4,836	2,205	2,015	2,257	2,513	2,773	3,003	3,186
General and administrative	2,082	3,299	2,666	2,319	2,203	2,093	1,989	1,889	1,795
Depreciation and amortization	426	472	575	604	634	666	699	734	771
Total costs and expenses	14,303	21,596	16,002	17,588	19,120	20,466	22,380	24,305	26,205
Loss from operations	-3,033	-8,596	-4,863	-2,087	-1,063	473	1,735	2,996	4,142
Net income (loss) attributable to Uber	977	-8,506	-6,768	-2,439	-1,414	118	1,345	2,571	3,686
EPS	2.2	-6.8	-3.9	-1.4	-0.8	0.1	0.8	1.4	2.1
Adjusted EBITDA	-1,867	-3,431	-3,121	-316	738	2,306	3,601	4,897	6,080

Source: company data, Hypothesis Research estimates

Figure 7. Uber condensed balance sheet, \$mn

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total current assets	8658	13925	9882	13979	13893	14090	15079	15478	17717
Total assets	23988	31761	33252	38114	38536	39259	41896	44120	48330
Total current liabilities	4259	5639	6865	9386	10876	12550	14399	16256	18033
Total liabilities	17196	16578	19498	26799	28635	29240	30532	30184	30709
Total stockholders' deficit	-7385	14501	12266	10614	9200	9318	10663	13235	16921
Total liabilities, mezzanine equity, and stockholders' deficit	23,988	31,761	33,252	38,114	38,536	39,259	41,896	44,120	48,330

Source: company data, Hypothesis Research estimates

Figure 8. Comparable multiples

Company name	Market Capitalization, \$mn	Enterprise Value, \$mn	Last reporting year	P/E Fwd 1Y	P/E Fwd 2Y	P/E Fwd 3Y	EV/EBITDA 1Y fwd	EV/EBITDA 2Y fwd	EV/EBITDA 3 fwd	EV/Revenues 1y fwd	EV/Revenues 2y fwd	EV/Revenues 3y fwd
Alphabet	1,415,311	1,293,649	44,196	30.01	25.90	22.68	15.37	13.08	11.80	5.74	4.93	4.30
Amazon	1,650,539	1,617,174	44,196	68.08	48.11	35.29	22.21	17.65	14.53	3.41	2.90	2.52
Apple	2,272,605	2,307,822	44,100	30.36	28.88	27.64	23.30	22.99	22.19	6.94	6.65	6.37
Facebook	770,295	708,864	44,196	23.60	19.94	16.97	12.82	10.83	9.27	6.57	5.49	4.74
Alibaba Group	724,705	693,846	43,921	25.75	22.05	18.28	21.54	17.46	13.92	6.30	4.81	4.00
Tencent Holdings	922,015	938,208	43,830	48.67	38.45	30.79	34.41	28.93	23.19	12.62	10.18	8.49
Netflix	246,480	254,583	44,196	56.32	42.88	32.36	38.16	29.93	23.39	8.46	7.31	6.38
eBay	42,875	46,955	44,196	15.33	13.73	12.47	11.18	10.25	9.72	3.94	3.68	3.47
Target Corp	95,863	102,488	43,862	20.45	21.62	19.76	11.43	11.98	11.53	1.10	1.14	1.09
Tesla	783,356	777,165	44,196	191.02	151.65	124.32	87.34	66.27	51.04	16.15	12.55	10.63
General Motors	77,233	165,845	44,196	10.35	8.83	8.73	12.30	10.42	9.88	1.18	1.12	1.13
Volkswagen	106,042	280,185	43,830	11.51	6.68	5.57	7.98	6.58	5.83	1.06	0.94	0.89
SNAP	93,470	92,607	44,196	384.62	105.42	53.70	242.76	83.09	43.41	24.66	18.01	13.65
Twitter	57,186	53,201	44,196	82.18	60.90	50.92	36.63	28.76	24.39	11.14	9.38	8.10
Naver Corp	58,766	58,666	44,196	43.64	35.04	26.82	34.39	28.24	23.83	9.68	8.09	6.61
Lyft	18,305	16,698	44,196	NaN	180.39	67.43	NaN	65.00	25.39	5.40	3.77	3.00
Uber	112,245	114,466	44,196	NaN	NaN	303.74	NaN	84.43	34.91	7.06	5.16	4.19

Source: company data, Hypothesis Research estimates

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