

# Uber Technologies

## 3Q2021 results coming with a positive EBITDA

- ▶ **Uber reports a positive EBITDA in 3Q21.** Uber's Gross Bookings reached \$23.1bn in 3Q21, up 57% YoY and 53% YoY on a constant currency basis. Uber sees a further 33% growth of aggregate gross bookings in October 2021 over October 2019 after the reopening in New York, London, Paris, and Sydney. Mobility Gross bookings were \$9.9bn in 3Q (+67% YoY), Delivery bookings \$12.8bn (+50%), and Freight bookings grew to \$0.4bn, up 39% YoY. Trips were 1.64bn, up 39% YoY, while Monthly Active Platform Consumers (MAPCs) increased by 40% YoY to 109mn. The company improved the Mobility take rate to 22.3% including the positive effect from the UK accrual release, which contributed \$123mn in 3Q revenue (21.1% without the release), while the Delivery take rate was expanded by 220bps QoQ and 410bps YoY to 17.4%. Revenue reached \$4.8bn, up 72% YoY, including \$2.2bn in Mobility, \$2.2 in Delivery, and \$0.4bn in Freight. In 3Q21, Uber posted 122% YoY EBITDA growth in Mobility to \$544mn, improvement in Delivery loss from \$183mn to \$12mn, and in Freight from \$73mn to \$35mn. As a result, the company was able to achieve its positive EBITDA of \$8mn in 3Q21. The US airport trips increased to pre-COVID levels in 3Q, including business trips up 60% YoY. The US and Canada remain the major market for Uber with \$2.6bn revenue. US driver supply increased by 65% since January, which contributed to a better consumer experience. Drivers and couriers earned \$8.6bn on the platform in 3Q21, up 60% YoY that is above gross bookings increase of 57%. Uber for business demonstrated an annualized revenue run-rate of \$4.1bn in 3Q21, up 115% YoY. The company reported \$6.5bn in cash and cash equivalents and \$13.1bn of equity investments, including stakes in Didi, Zomato, Aurora, and others. The long-term debt was \$9.3bn as of end-September 2021. Uber completed the acquisition of Drizly, one of the leading alcohol delivery services in North America and expects some positive effect for the gross booking of Delivery in 4Q21.
- ▶ **Uber expects Gross Bookings of \$25-26bn in 4Q21, representing 46-52% YoY growth.** The adjusted EBITDA may reach \$25-75mn, including contributions from Drizly and Transplace in 4Q. Uber sold its equity interest in Yandex for \$1.0bn with the shares demerger expected in 4Q21. A higher cost of revenue is expected due to the Delivery segment business model change. The impact from the Delivery business model on cost change was \$697mn in 3Q21 and \$560mn in 2Q21. We update our model and keep our 12-month price target at \$57.4 per share. We rate the stock BUY.

**Report date:** 10 November 2021

<b>Uber</b>	
Main exchange	NYSE
Rating	BUY
Current Price, \$	45.5
12M Target price, \$	57.4
Current MCap, \$ mn	88,193

**Uber** is one of the largest ride-hailing companies globally. The company offers Delivery and Freight services via its platform.

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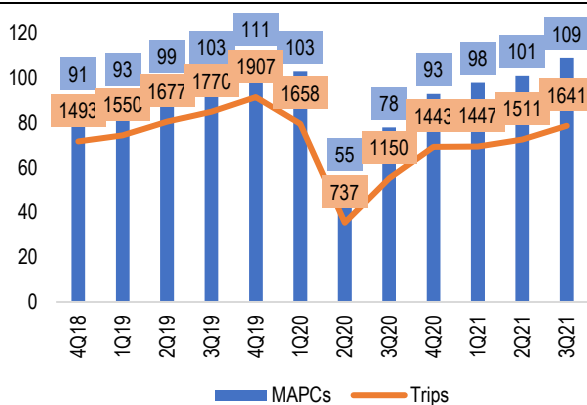
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Figure 1. Uber's key metrics

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	3Q21, YoY
Total gross bookings, \$mn	14649	15756	16465	18131	15776	10224	14745	17152	19536	21900	23113	57%
Rides/Mobility	11446	12188	12554	13512	10874	3046	5905	6789	6773	8640	9883	67%
Eats/Delivery	3071	3386	3658	4374	4682	6961	8550	10050	12461	12912	12828	50%
Freight	128	167	223	219	198	212	290	313	302	348	402	39%
Monthly active platform consumers	93	99	103	111	103	55	78	93	98	101	109	40%
Trips	1550	1677	1770	1907	1658	737	1150	1443	1447	1511	1641	43%
Revenue	3099	3166	3813	4069	3248	2241	3129	3165	2903	3929	4845	55%
Cost of revenue	1681	1740	1860	1927	1491	1252	1614	1441	1710	2099	2438	51%
Operations and support	434	864	498	506	503	582	365	369	423	432	475	30%
Sales and marketing	1040	1222	1113	1251	885	736	924	1038	1103	1256	1168	26%
Research and development	409	3064	755	608	645	584	493	483	515	488	493	0%
General and administrative	423	1638	591	647	859	565	711	531	464	616	625	-12%
Depreciation and amortization	146	123	102	101	128	129	138	180	212	226	218	58%
Total costs and expenses	4133	8651	4919	5040	4511	3848	4245	4042	4427	5117	5417	28%
Loss from operations	-1034	-5485	-1106	-971	-1263	-1607	-1116	-877	-1524	-1188	-572	-49%
Interest expense	-217	-151	-90	-101	-118	-110	-112	-118	-115	-115	-123	10%
Other income (expense), net	260	398	49	15	-1795	-44	151	63	1710	1943	-1832	-1313%
Income (loss) from continuing operations	-991	-5238	-1147	-1057	-3176	-1761	-1077	-932	71	640	-2527	135%

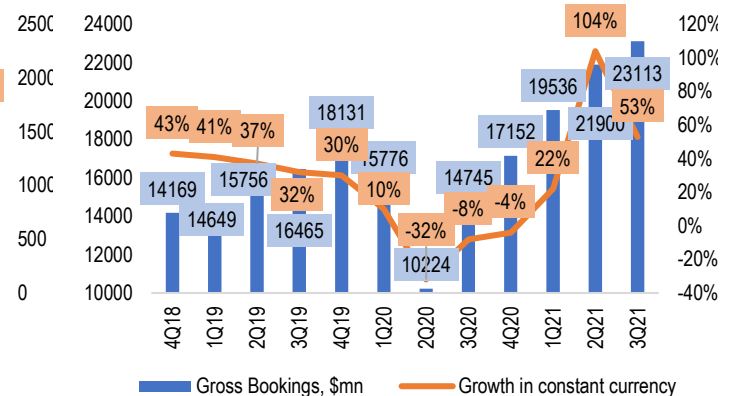
Source: companies' data, Hypothesis Research estimates

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



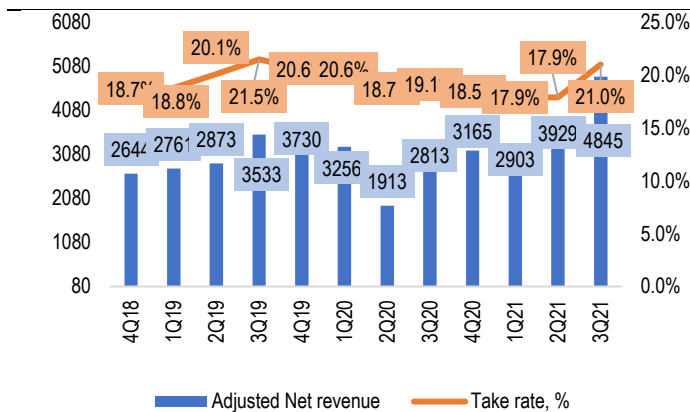
Source: company data

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



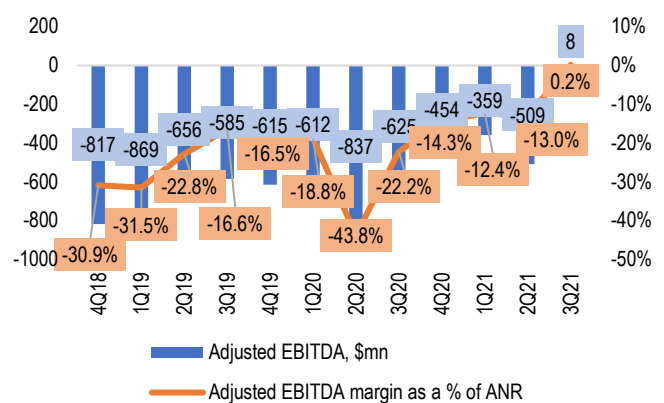
Source: company data

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



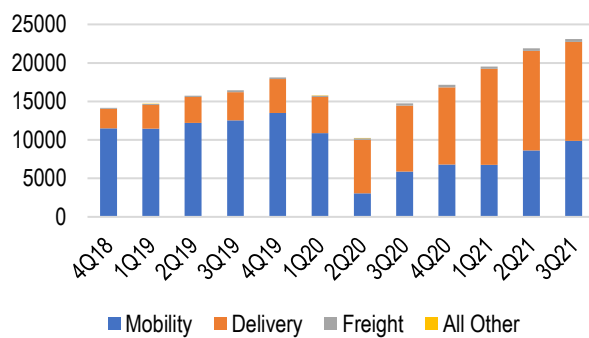
Source: company data

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



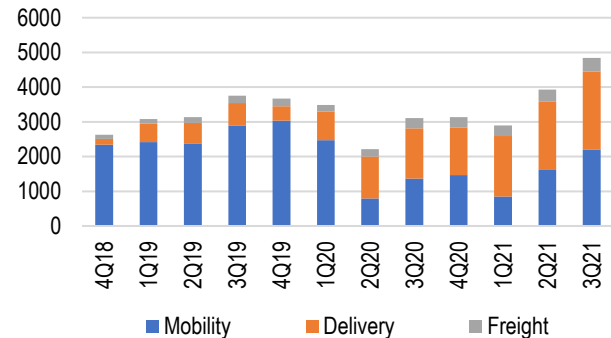
Source: company data

**Figure 6. Uber's Gross bookings by segment, \$mn**



Source: company data

**Figure 7. Uber's net revenues by segment, \$mn**



Source: company data

**Figure 8. Uber condensed income statement, \$mn**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	495	1,995	3,845	7,932	11,270	13,000	11,139	16,898	19,696	22,867	26,382	31,664
Costs and expenses												
Cost of revenue	388	1,077	2,228	4,160	5,623	6,061	5,154	8,298	9,423	10,743	12,193	13,778
Operations and support	165	466	881	1,354	1,516	2,302	1,819	1,855	2,078	2,327	2,607	2,906
Sales and marketing	245	626	1,594	2,524	3,151	4,626	3,583	5,407	4,727	4,573	4,881	5,383
Research and development	81	348	864	1,201	1,505	4,836	2,205	2,197	2,462	2,744	3,034	3,483
General and administrative	249	740	981	2,263	2,082	3,299	2,666	2,319	2,203	2,093	1,989	1,889
Depreciation and amortization	11	77	320	510	426	472	575	604	634	666	699	734
Total costs and expenses	1,139	3,334	6,868	12,012	14,303	21,596	16,002	20,710	21,528	23,146	25,402	28,173
Loss from operations	-644	-1,339	-3,023	-4,080	-3,033	-8,596	-4,863	-3,813	-1,832	-279	981	3,491
Interest expense		-179	-334	-479	-648	-559	-458	-460	-460	-460	-460	-460
Other income (expense), net	-7	-85	139	-16	4,993							
Income (loss) from continuing operations	-651	-1,603	-3,218	-4,575	1,312	-8,433	-6,946	-1,452	-2,292	-740	520	3,030
Provision for (benefit from) income taxes	2	-13	28	-542	283	45	-192	-109	269	-20	14	84
Net income (loss) from continuing operations	-653	-1,590	-3,246	-4,033	987	-8,512	-6,788	-1,576	-2,561	-719	506	2,947
EPS	-1.6	-3.9	-7.9	-9.5	2.2	-6.8	-3.9	-0.8	-1.4	-0.4	0.3	1.6

Source: company data, Hypothesis Research estimates

**Figure 9. Uber condensed balance sheet, \$mn**

	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Assets</b>									
Cash and cash equivalents	4393	6406	10873	5647	6731	5470	4173	3217	3664
Restricted cash and cash equivalents	142	67	99	250	324	324	324	324	324
Accounts receivable, net of allowance of \$28 and \$34, respectively	739	919	1214	1073	1628	1897	2203	2541	3050
Prepaid expenses and other current assets	425	860	1299	1215	1573	1635	1757	1929	2139
Assets held for sale	1138	406	0	517	0	0	0	0	0
<b>Total current assets</b>	<b>6837</b>	<b>8658</b>	<b>13925</b>	<b>9882</b>	<b>10255</b>	<b>9326</b>	<b>8457</b>	<b>8012</b>	<b>9177</b>
Restricted cash and cash equivalents	1293	1736	1095	1494	2894	3373	3916	4518	5423
<b>Investments</b>	<b>5969</b>	<b>10355</b>	<b>10527</b>	<b>9052</b>	<b>13774</b>	<b>14049</b>	<b>14049</b>	<b>15454</b>	<b>17000</b>
Equity method investments	0	1312	1364	1079	1097	1097	1097	1097	1097
Property and equipment, net	1192	1641	1731	1814	1766	1735	1715	1702	1694
Intangible assets, net	54	82	71	1564	1408	1267	1140	1026	924
Goodwill	39	153	167	6109	6353	6607	6872	7147	7433
Other assets	42	51	88	124	346	360	374	389	405
<b>Total assets</b>	<b>15426</b>	<b>23988</b>	<b>31761</b>	<b>33252</b>	<b>39141</b>	<b>39038</b>	<b>38820</b>	<b>40520</b>	<b>44385</b>
Accounts payable	213	150	272	235	304	316	340	373	414
Short-term insurance reserves	469	941	1121	1243	1221	1423	1652	1906	2288
Accrued and other current liabilities	2713	3157	4050	5112	6481	7555	8771	10119	12145
Liabilities held for sale	452	11	0	100	0	0	0	0	0
<b>Total current liabilities</b>	<b>3847</b>	<b>4259</b>	<b>5639</b>	<b>6865</b>	<b>8190</b>	<b>9487</b>	<b>10966</b>	<b>12611</b>	<b>15070</b>
Long-term insurance reserves	1527	1996	2297	2223	3372	3931	4564	5265	6319
Long-term debt, net of current portion	3048	6869	5707	7560	10880	10336	8269	6615	3308
Other long-term liabilities	3351	4072	1412	1306	1244	2309	2681	3093	3712
<b>Total liabilities</b>	<b>11773</b>	<b>17196</b>	<b>16578</b>	<b>19498</b>	<b>25308</b>	<b>27766</b>	<b>28267</b>	<b>29462</b>	<b>30380</b>
<b>Total stockholders' deficit</b>	<b>-8557</b>	<b>-7385</b>	<b>14501</b>	<b>12266</b>	<b>13132</b>	<b>10571</b>	<b>9852</b>	<b>10358</b>	<b>13304</b>
<b>Total liabilities, mezzanine equity, and stockholders' deficit</b>	<b>15426</b>	<b>23,988</b>	<b>31761</b>	<b>33252</b>	<b>39141</b>	<b>39038</b>	<b>38820</b>	<b>40520</b>	<b>44385</b>

Source: company data, Hypothesis Research estimates

Figure 12. Comparable multiples

Company name	Market Cap., \$mn	Enterprise Value, \$mn	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	1,979,032	1,851,566	27.29	26.52	23.18	17.40	15.24	13.42	7.28	6.23	5.49
Amazon	1,813,677	1,801,551	87.13	69.25	45.56	25.65	20.79	16.02	3.83	3.26	2.77
Apple	2,474,249	2,537,177	26.12	24.24	23.59	20.69	20.02	18.96	6.64	6.33	6.05
Facebook	932,919	875,423	23.99	23.52	19.63	13.80	12.91	10.82	7.44	6.24	5.29
Alibaba Group Holding	435,425	405,757	17.41	15.23	12.27	13.61	11.24	9.06	2.87	2.40	2.05
Tencent Holdings	595,632	619,878	28.96	24.02	19.55	19.44	17.65	14.59	6.91	5.84	4.95
Netflix	290,572	298,539	61.23	49.99	38.94	44.35	35.14	28.21	10.05	8.76	7.62
eBay	46,299	40,842	18.65	16.51	14.55	10.30	9.77	9.28	3.92	3.70	3.56
Target Corp	124,528	129,939	19.49	19.35	18.32	11.63	11.75	11.27	1.24	1.22	1.18
Tesla	1,013,281	1,006,781	167.00	125.20	101.32	92.21	63.91	52.08	19.68	14.36	11.84
General Motors	85,108	176,292	8.77	8.68	8.33	14.13	11.15	10.12	1.38	1.16	1.10
Volkswagen	141,878	311,167	6.72	5.96	5.50	6.53	6.29	5.94	1.08	1.02	0.97
SNAP	88,249	87,019	144.56	90.54	44.56	185.97	90.19	40.61	21.65	15.57	10.78
Twitter	42,939	39,778	431.74	58.31	40.59	58.99	25.17	18.84	7.82	6.45	5.28
Naver Corp	57,779	58,114	3.98	37.04	30.93	36.68	29.12	24.45	10.10	8.25	6.94
Lyft	19,169	17,530	NaN	61.77	29.86	187.91	36.57	20.11	5.51	3.97	3.26
<b>Uber</b>	<b>85,757</b>	<b>90,121</b>	<b>NaN</b>	<b>NaN</b>	<b>135.42</b>	<b>NaN</b>	<b>60.76</b>	<b>24.85</b>	<b>5.36</b>	<b>3.49</b>	<b>2.76</b>

Source: Refinitiv

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