

Uber Technologies, Inc.
Q3 2023 Prepared Remarks
November 7, 2023

Dara Khosrowshahi, CEO

Q3 marked another very strong quarter for Uber. We accelerated year-over-year (YoY) growth in MAPCs, trips, and Gross Bookings while simultaneously generating record profits and strong free cash flow. MAPCs grew 15% YoY to 142 million, with monthly trips per MAPC matching our all-time high, resulting in overall trips growth of 25% YoY, which accelerated vs. Q2. Underpinning these strong demand trends are the record 6.5 million active drivers and couriers on our platform who collectively earned nearly \$16 billion in the quarter.

These results demonstrate that Uber continues to drive profitable growth at scale—and why we believe we're well positioned for the journey ahead, in good or bad macro environments. First, consumer demand on our platform remains healthy as we enter the busiest period of the year. This trend continued into Q4 as we achieved all-time highs in October for overall trips and Gross Bookings, driven by strength across both Mobility and Delivery. Our efforts around new use cases are already driving incremental user acquisition, consumer engagement, and meaningful scale. We also see tailwinds from the continued shift of consumer spending from retail to services. Second, we continue to unlock flexible earnings opportunities through leading innovation in our Driver app, bringing more than 1 million new drivers and couriers to Uber this year so far. Third, we continue to benefit from the unique and compounding advantages of our platform, as we share technological innovation and operational know-how across our multiple business lines. Lastly, in an environment of higher capital costs, we continue to improve our competitive position across our key markets, demonstrating clear separation from our competitors.

Our strategy remains the same: to build best-in-class verticals across Mobility and Delivery and amplify that leadership position through the power of our platform. I'm pleased with how the business is operating against this strategy, and our robust Q4 outlook extends our track record of delivering growth alongside profitability. With continued rigor around costs and a prudent approach to capital allocation, we are well positioned to deliver leading long-term, sustainable financial value. We are thrilled to welcome Prashanth Mahendra-Rajah to Uber as our new CFO starting tomorrow, November 8. I am confident that he will continue to build upon the great foundation Nelson helped lay over the past five years.

Mobility

Our strong Mobility momentum continued in Q3, as we posted accelerating Gross Bookings growth and record profitability, driven by improving marketplace health and consumer engagement. Mobility trips grew 29% YoY, accelerating from 26% YoY in Q2, as marketplace balance continued to improve and drove down average fares sequentially. Trip growth was led by

APAC and LatAm on strong summer travel and back-to-school trends, coupled with growth in our non-UberX portfolio. In the US, demand strengthened throughout the quarter, with a pickup in corporate travel as businesses eased travel cutbacks and announced return-to-office initiatives. Notably, our US Mobility MAPCs hit an all-time high in Q3 and the momentum continued into Q4, with US Mobility trips reaching an all-time high in October.

In Q3, active drivers were up 32% YoY and driver engagement (or monthly supply hours per active driver) was up 5% YoY. Our early investments in operational improvements and product innovation in the Uber Driver app are compounding over time, contributing to strong competitive positions. In fact, we believe our category position is at or near a multi-year high in the US, UK, Canada, and India, in large part because of our continued investments in the driver experience. In turn, this has allowed us to lessen our reliance on financial incentives, which has contributed to record-high Mobility margins. Next week we'll be hosting our second annual Only On Uber product event, where we'll talk about more new features and improvements for drivers that will build on our momentum and raise the bar for the industry.

On the demand side, we're working to broaden Mobility use cases and price segmentation to drive growth and multi-product usage. Our suite of non-UberX products like Reserve, hailables, Uber for Business, and Shared Rides continued to grow more than 80% YoY in Q3, generating \$9 billion in annualized bookings (or 13% of Mobility Gross Bookings). In other words, these products contributed one quarter of YoY absolute Mobility Gross Bookings growth, while UberX grew over 20% YoY. In Q3, we launched taxi products in New York City and Los Angeles, giving riders the upfront fare they've become accustomed to, while sending more demand to taxi drivers. In San Francisco, for example, taxi drivers who accepted UberX trips earned an average of 24% more than those who did not. With UberX Share, we're building a better shared rides product that is more scalable and financially sustainable. We continue to see strong adoption of our Moto and Auto products as well, with Q3 trips up over 100% YoY and nearly 60% YoY, respectively. In India, Auto trips represented over 40% of all trips in Q3.

We are also making good progress in several large, underpenetrated markets including Spain, Germany, Argentina, Japan, Italy, and South Korea. Notably, in Q3, despite a hyperinflationary environment, Mobility trips in Argentina grew over 150% YoY as we continue to benefit from strong taxi and Moto product-market fit and geographic expansion outside of Buenos Aires. In Japan, we made strong progress in growing our vehicle supply and were formally admitted to the national taxi association, which will allow us to further accelerate our progress in the market.

Delivery

Delivery Gross Bookings YoY growth accelerated further in Q3 while our Adjusted EBITDA margin doubled YoY. Delivery Gross Bookings grew 16% YoY on a constant-currency basis, with the highest trip growth in nearly two years and frequency reaching another all-time high. Trip growth accelerated across every region, with particular strength in the US & Canada and LatAm.

The US & Canada Delivery business performed well in Q3, with stable category position and a record-high Adjusted EBITDA margin. We continue to see improvements in key input metrics like affordability and selection, and our average delivery time in the US delivery marketplace was down more than 3 minutes YoY. These trends are contributing to increased retention and healthy eater growth, with US Delivery MAPCs at an all-time high in Q3. At the same time, our cost per trip in the US marketplace business also decreased over 5% YoY to an all-time low as we continue to benefit from technological and operational improvements. Internationally, we remain the leader in the majority of our markets and believe we gained category position in all of our top markets YoY while continuing to improve profit margins. Our category position reached all-time highs in Australia, France, Canada, Mexico, and Japan, among others.

We also continue to invest in New Verticals like grocery, convenience, and alcohol, with New Verticals Gross Bookings growth accelerating to 46% YoY on a constant-currency basis in Q3, as we continue to make progress on selection and launch key capabilities for consumers, couriers, and merchants. In Q3, we expanded our grocery selection across the US with The Fresh Market, Hy-Vee, and Save Mart. We also announced that starting in 2024, Supplemental Nutrition Assistance Program (SNAP) recipients will be able to use their benefits to access fresh groceries; in addition, we will begin accepting Managed Medicaid and Medicare Advantage plan benefits including FSA Cards, Flex Cards, and relevant waiver payments. We look forward to making further progress on driving consumer affordability and demonstrating value, with a focus on membership. As we improve our New Verticals product, we are cross-promoting more effectively, with 14% of Delivery users now ordering New Verticals.

Over the past year, Delivery margin expansion has been driven by improved network efficiencies, advertising, and marketing and incentive optimization. As a result, in Q3, we delivered a YoY incremental margin of approximately 10% as a percentage of Gross Bookings. Looking ahead, we will continue to drive healthy margin expansion and build on both existing and newer initiatives. For example, we've made solid progress on reducing order defects, like missing or inaccurate items, that are costly and create poor consumer experiences. We expect New Verticals top-line momentum coupled with technical and operational improvements to drive sustainable unit economics and improving profitability into the next year.

Freight

Consistent with our outlook, Uber Freight remained pressured by near-term category-wide headwinds as capacity in the truckload sector continues to normalize. Notably, however, Uber Freight has been able to weather these trends better than some of its competitors, as evidenced by several industry players winding down operations. While we see early signs of stability in the market, we aren't hanging our hats on an imminent rebound. In fact, it's in tougher market environments where we can further differentiate our offerings from sub-scale or traditional competitors. And it's why Uber Freight continues to diversify far beyond being a leading digital

brokerage into a full enterprise suite of technology and services that power the global movement of goods.

In Q3, we made significant progress on our product roadmap and rolled out upgrades to the Uber Freight Transportation Management System (TMS) to improve the usability of the expansive software and provide shippers with enhanced visibility, foresight and control. We also launched Insights AI, a powerful generative AI-powered insights tool that leverages large language models (LLMs) to generate and surface insights from Uber Freight's vast store of transportation data for customers to transform decision making in logistics. We remain disciplined in cost management, with Adjusted EBITDA stable sequentially. Year-to-date, we've implemented approximately \$50 million of annualized cost savings in a tough market backdrop.

Platform initiatives

In Q3, we expanded Uber One to 18 countries, growing our member base to 15 million members. We're making especially strong progress with Delivery adoption, with members now generating over 40% of Delivery Gross Bookings. As Uber One scales, we continue to explore new opportunities to improve member acquisition and retention, further strengthening the strategic value of the program in a financially sustainable way. For example, we've been expanding our Uber One Exclusives program. In the US, we launched two national enterprise brand exclusives (Wendy's and Wingstop) and saw strong member engagement with those offers. In Mexico, we've partnered with major brands including Coca-Cola and Mattel's Barbie for exclusive members-only offers. We're also rolling out new benefits like Member Quests, which are reward-based tasks to encourage members to unlock additional benefits within a specified timeframe.

Our advertising business continues to scale profitably, as our advertiser base grew over 70% YoY to more than 445,000 businesses of all sizes. In Q3, we expanded Post-Checkout Ads on Uber Eats, which let non-restaurant merchants advertise in the Eats app, to several key international markets. Further, we expanded in-car tablet advertising to new US markets, including Las Vegas, Miami, Philadelphia, and Washington D.C..

Autonomous vehicles

We continue to execute on our autonomous aggregation strategy, and recently launched our mobility partnership with Waymo in Phoenix. This marks the first time that fully autonomous rides, without a human driver behind the wheel, are available for riders on the Uber platform. We also recently signed a long-term commercial deal with Aurora to progress towards offering autonomous rides to Uber customers. The deal will launch after their commercial driverless launch for trucks, but we have already begun integration work. In under two years, we have expanded to 10 autonomous partnerships across Mobility, Delivery, and Freight, highlighting the value Uber can bring to autonomous providers. Our scale means we can bring unparalleled consumer demand, in addition to relationships with hundreds of thousands of merchants. In turn,

that means our AV partners will ensure their vehicles are highly utilized, resulting in better economics for them. We are well positioned to add substantial value for our AV partners and the cities we serve.

Nelson Chai, CFO

Financial recap

Both Gross Bookings and Adjusted EBITDA surpassed the high end of our Q3 outlook. Gross Bookings growth accelerated to 20% YoY on a constant-currency basis, as we generated Gross Bookings of \$35.3 billion. Combined Mobility and Delivery Gross Bookings increased 23% YoY on a constant-currency basis. Foreign exchange was a tailwind of roughly \$290 million YoY (or roughly 100 bps), in line with our expectations. At a segment level, Mobility Gross Bookings reached another all-time high and grew 30% YoY on a constant-currency basis, driven by growing consumer engagement across use cases. Delivery Gross Bookings grew 16% YoY on a constant-currency basis, driven primarily by volume growth as basket size inflation continued to normalize. Freight Gross Bookings remained flat QoQ, consistent with our expectations, largely due to continued macroeconomic headwinds impacting the brokerage industry.

We grew our revenue by 10% YoY on a constant-currency basis to \$9.3 billion. Certain business model changes negatively impacted revenue by \$521 million and combined Mobility and Delivery YoY revenue growth by approximately 8 percentage points. As a reminder, these model changes required a reclassification of the cost of some promotions from sales and marketing expense to contra-revenue, with no economic difference to our operating income or Adjusted EBITDA. Although these model changes can cause our revenue and revenue margins to fluctuate in the near term, the changes enhance our service offering and pricing flexibility, as well as create opportunities for new revenue streams.

We maintained our focus on operational efficiency and disciplined expense management, which contributed to all-time high Adjusted EBITDA of \$1.1 billion (note: foreign exchange was a \$20 million YoY tailwind). This result represents a record Adjusted EBITDA margin of 3.1% of Gross Bookings and an incremental margin of 9% YoY. At a segment level, Mobility Adjusted EBITDA was \$1.3 billion, with a margin of 7.2% of Gross Bookings. Delivery Adjusted EBITDA was \$413 million, with a margin of 2.6% of Gross Bookings. Freight Adjusted EBITDA was a loss of \$13 million.

In Q3, we improved our GAAP operating profitability, with income from operations of \$394 million, compared to income from operations of \$326 million and a loss of \$495 million in Q2 2023 and Q3 2022, respectively. GAAP income from operations improved QoQ due to improved operating performance and lower stock-based compensation expense. We demonstrated strong operating leverage in Q3, with GAAP operating expenses as a percentage of Gross Bookings declining on a YoY basis across the board. Net headcount was down roughly 1% QoQ from Q2, driven by

disciplined hiring and a reduction to the size of our recruiting team. We expect to demonstrate further operating leverage over the coming quarters.

Balance sheet and liquidity

We continue to maintain a strong liquidity position, ending the quarter with \$5.2 billion in unrestricted cash, cash equivalents, and short-term investments, with our equity stakes marked at \$5.1 billion. During Q3, we recognized a \$96 million unrealized pre-tax loss related to the revaluation of our equity investments. Our GAAP net income may continue to see swings from quarter-to-quarter due to the large size of equity stakes on our balance sheet. We continue to have sufficient liquidity to give us the flexibility to maintain these positions, with the aim of maximizing long-term value for Uber and our shareholders.

Free cash flow (FCF) and capital allocation

We generated \$905 million of FCF in Q3, an increase of \$547 million YoY, compared to Adjusted EBITDA of \$1.1 billion. Note that Q3 FCF includes a \$622 million cash outflow related to the payment of an UK HMRC VAT assessment we disclosed in our Q2 2023 earnings release. As a reminder, FCF conversion on a quarterly basis can fluctuate due to working capital seasonality and the timing of cash payments, among other factors, and we encourage investors to evaluate our FCF on an annual basis. We expect Q4 FCF to be impacted by cash outflows related to a number of discrete legal and tax matters. On a trailing twelve month basis, we generated \$2.3 billion of FCF, compared to Adjusted EBITDA of \$3.4 billion. Overall, we are pleased with our underlying FCF generation, demonstrating the significant earnings power of the business.

As we have previously discussed, we are focused on achieving investment-grade credit ratings over the coming years. Our commitment to achieving investment-grade credit ratings should provide investors comfort that we will continue to methodically expand profitability over the coming years, while being disciplined on capital allocation and managing our capital structure. This means that we will have a high bar for any M&A opportunities, and our organic growth efforts will have a critical focus on unit economics as we continue to scale globally.

We are pleased with the progress we have made on improving profitability and generating cash flow. As our cash flow continues to ramp, and with a new CFO coming on board, next quarter we expect to provide an update on returning capital to shareholders. We believe that our approach will position us to have the lowest cost of capital relative to our competitors, serving as a significant competitive advantage and allowing us to continue to grow our scale and platform advantages over the long run.

Outlook

Based on quarter-to-date trends, for Q4:

- We expect Gross Bookings between **\$36.5 billion and \$37.5 billion**, growing **18% to 21%** on a constant-currency basis. We expect combined Mobility and Delivery Gross Bookings growth of 20% to 23% on a constant-currency basis.
 - We expect **Trips to grow at least 20% YoY**.
 - Our outlook assumes a roughly 2 percentage point headwind QoQ, translating to a roughly 1 percentage point currency tailwind YoY, representing reported YoY growth of 19% to 22%.
 - We expect Freight Gross Bookings to be roughly flat QoQ.
- We expect Adjusted EBITDA of **\$1.18 billion to \$1.24 billion**.

With our year-to-date performance and Q4 outlook, we are on track for full-year Gross Bookings of \$137 billion, up 20% on a constant-currency basis, with Adjusted EBITDA of roughly \$4.0 billion, translating to an incremental margin of 10%. Our performance thus far should give investors confidence in our ability to deliver on our long-term financial commitments. We remain focused on scaling GAAP operating profitability and free cash flow while also making strategic investments to appropriately fund growth initiatives that will carry us into the future.

Forward-Looking Statements Disclaimer

These prepared remarks include both GAAP and non-GAAP financial measures. Additional disclosures regarding these non-GAAP measures, including a reconciliation of GAAP to non-GAAP measures, are included in the press release, supplemental slides and our filings with the SEC, each of which is posted to investor.uber.com.

Certain statements in this presentation and on this call are forward-looking statements. You should not place undue reliance on forward-looking statements. Actual results may differ materially from these forward-looking statements, and we do not undertake any obligation to update any forward-looking statements we make today, except as required by law.

For more information about factors that may cause actual results to differ materially from forward-looking statements, please refer to the press release we issued today and in other filings made with the SEC.

All Q3 growth rates reflect year-over-year growth and are on a constant-currency basis, unless otherwise noted. Lastly, we ask you to review our earnings press release for a detailed Q3 financial review and our Q3 supplemental slides deck for additional disclosures that provide context on recent business performance.