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# Uber Technologies, Inc. (UBER)

Q1 2025 Earnings Call

## CORPORATE PARTICIPANTS

**Balaji Krishnamurthy**

*Vice President, Investor Relations & Chief Financial Officer, Mobility & Delivery, Uber Technologies, Inc.*

**Prashanth Mahendra-Rajah**

*Chief Financial Officer, Uber Technologies, Inc.*

**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

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## OTHER PARTICIPANTS

**Doug Anmuth**

*Analyst, JPMorgan Securities LLC*

**Eric J. Sheridan**

*Analyst, Goldman Sachs & Co. LLC*

**Brian Nowak**

*Analyst, Morgan Stanley & Co. LLC*

**Ross Sandler**

*Analyst, Barclays Capital, Inc.*

**Mark Mahaney**

*Analyst, Evercore ISI*

**Justin Post**

*Analyst, BofA Securities, Inc.*

**Kenneth J. Gawrelski**

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**Shweta Khajuria**

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**Michael Morton**

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**Nikhil Devnani**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Hello, and welcome to the Uber First Quarter 2025 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions]

I would now like to turn the conference over to Balaji Krishnamurthy, Vice President, Strategic Finance and Investor Relations. You may begin.

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### Balaji Krishnamurthy

*Vice President, Investor Relations & Chief Financial Officer, Mobility & Delivery, Uber Technologies, Inc.*

Thank you, operator. Thank you for joining us today, and welcome to Uber's first quarter 2025 earnings presentation. On the call today, we have Uber CEO, Dara Khosrowshahi; and CFO, Prashanth Mahendra-Rajah.

During today's call, we will present 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, and actual results may differ materially from these forward-looking statements. 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 as well as risks and uncertainties described in our most recent Form 10-K and in our other filings made with the SEC.

We published our quarterly earnings press release, prepared remarks and supplemental slides to our Investor Relations website earlier today. And we ask you to review those documents if you haven't already. We will open the call to questions following brief opening remarks from Dara.

With that, let me hand it over to Dara.

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### Dara Khosrowshahi

*Chief Executive Officer & Director, Uber Technologies, Inc.*

Thanks, Balaji. We're off to a strong start this year against a dizzying backdrop of headlines on trade and economic policy. Each component of our multi-year growth framework is humming. Our audience grew 14% to 170 million monthly active consumers. Engagement strength continued with trips up 18% and with retention rates hitting all-time highs globally. And Gross Bookings grew in line with trips, fueled by strength across both Mobility and Delivery.

We see this as robust, healthy growth; growth that's coming from engagement and frequency, not just price. We think that's the right way to maximize long-term free cash flow per share. And in Q1, we generated record adjusted EBITDA of \$1.9 billion, up 35% year-on-year and free cash flow of \$2.3 billion. The Uber team has been

in major execution mode. We launched with Waymo in Austin with around 100 cars that are all exceptionally utilized.

We announced five AV partnerships with deployments to come in the US, Europe and the Middle East. We signed a partnership with OpenTable to integrate dining, delivery and transportation for our customers. And we went live with our Delta SkyMiles partnership. And we announced the acquisition of Trendyol GO to supercharge our future growth in Turkey. And that is all just in the last two months.

Looking ahead, our Q2 outlook should underscore our expectation to reliably deliver more of the same, strong top line growth, combined with even stronger profitability growth, setting us well for the seasonally stronger second half of the year.

And as I said to my team, I feel great about where we stand. We're on solid footing with a clear strategy and ambitions that have never been higher. And that's why I'm emphasizing that good is not going to be good enough. We need to be great to continue deliver for the people in cities that we serve and, of course, for all of you.

So with that, let's get some questions going.

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## Balaji Krishnamurthy

*Vice President, Investor Relations & Chief Financial Officer, Mobility & Delivery, Uber Technologies, Inc.*

Thank you. Operator, we're ready.

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# QUESTION AND ANSWER SECTION

**Operator:** Thank you. Your first question comes from the line of Doug Anmuth with JPMorgan. Please go ahead.

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## Doug Anmuth

*Analyst, JPMorgan Securities LLC*

Thanks for taking the questions. I have two. First, just on Mobility, as you've worked to keep prices low, curious what kind of elasticity you think you're seeing in terms of the response and how that's showing up in rides. And then on AV, you talked about almost 100 cars in Austin on the way to hundreds. What are you seeing there in terms of the utilization of those Waymo's relative to some of their other markets? Thanks.

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## Dara Khosrowshahi

*Chief Executive Officer & Director, Uber Technologies, Inc.*

Yes, absolutely. So, Doug, on Mobility, the elasticity that we're seeing is similar to the past, usually for \$1 of increase in terms of price, transactions are negatively affected. Now, there's short-term elasticity and long-term elasticity. There's elasticity that you see in session and then we think there's longer-term elasticity, which is as you tend to kind of get used to prices not increasing as much as they were in the past couple of years, how do your habits change, how does sessioning change.

So we're happy with the results that we saw in terms of the pricing that we were able to deliver to the consumers, as we saw the insurance headwinds ease a little bit. And hopefully, we'll keep that going. There was also kind of a mix shift in terms of trips, a bit more growth internationally than the US, especially in the travel sector, that affected overall price/mix, so to speak. But so far, I'd say so good in terms of elasticity.

In terms of AV in Austin, we're very, very encouraged with what we're seeing. Obviously, Waymo has a safety track record second to none. Consumers are loving the product. Opt-in rates are very, very healthy. And the ratings are healthy. The team on the ground is doing a terrific job in terms of repairs and cleaning and recharging the cars, et cetera, to make sure that the Waymo's are available for rides.

And then when the Waymo's are available for rides, they are very, very busy. So we're seeing a very high utilization of the vehicles in terms of trips per vehicle per day. As a matter of fact, the average Waymo in Austin is busier than 99% of Austin drivers, as defined by kind of the number of trips per day for Waymo as well.

So very, very encouraging early days. We are going to continue to increase the vehicle count in Austin. And we're super-excited for expansion in Atlanta, as well as some of the other AV announcements that we've made and the expansion that we see, both in the US and especially outside the US as well.

**Doug Anmuth**

*Analyst, JPMorgan Securities LLC*

Thank you, Dara.

Q

**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

You're welcome. Next question?

A

**Operator:** Your next question comes from the line of Eric Sheridan with Goldman Sachs. Please go ahead.

**Eric J. Sheridan**

*Analyst, Goldman Sachs & Co. LLC*

Thank you so much for taking my question. I want to know if we could go a little bit deeper on the broader competitive landscape. If you could give us a bit of an update on what you're seeing competitively, especially around either pricing dynamics or incenting supply and demand across both Mobility and Delivery? And if there were any specific geos you wanted to call out from a competitive intensity standpoint. Thank you.

Q

**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

Yeah, Eric, these markets continue to be very competitive on a global basis. In terms of Mobility, we've got a strong competitor domestically here in Lyft. I think we're more focused on competing with each other on service, on quality. Obviously, insurance is something that's hit both of us as well. So I'd say the competitive intensity in the US is pretty consistent.

A

And then internationally, of course, we got Bolt in Europe and DiDi in Latin America. They're strong competitors. They continue to focus on expansion. And I think as you see by our results, we're the number one player in the vast majority of markets in which we operate. And even in a very competitive markets, our category position continues to be market leading.

And then the same in Delivery as well. Obviously, the US market is highly competitive. We're seeing terrific growth both in terms of top line, in terms of margin, in terms of our grocer and retail business that accelerated this quarter versus last quarter.

And then you are seeing some consolidation in the sector, in the food delivery sector. We were early to the game in terms of growing internationally organically. We're seeing some consolidation happening, inorganic consolidation happening. And that's to be expected in markets that are as large and as competitive as ours. So I'd say no change. We can't rest for a second. And because of our global position and because of the unique platform that we have, we think we can hold our own and then some.

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**Eric J. Sheridan***Analyst, Goldman Sachs & Co. LLC*

Great. Thank you.

Q

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**Dara Khosrowshahi***Chief Executive Officer & Director, Uber Technologies, Inc.*

You're welcome. Next question?

A

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**Operator:** Your next question comes from the line of Brian Nowak with Morgan Stanley. Please go ahead.

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**Brian Nowak***Analyst, Morgan Stanley & Co. LLC*

Great. Thanks for taking my questions. I have two, one on Austin and one on US Mobility. Just going back to Austin, Dara, can you sort of walk us through how you're thinking about a size of a fleet or an internal timeline or target when Austin Waymo combined with Austin human drivers could sort of better be matched supply/demand to drive incremental volumes to Uber overall? When do you think that could happen?

Q

Then the second one, maybe just kind of drilling a little more into US Mobility, any update on sort of how quickly US Mobility is growing and sort of how the suburbs versus the more urban areas are trending? Thanks.

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**Dara Khosrowshahi***Chief Executive Officer & Director, Uber Technologies, Inc.*

Yeah. Brian, in terms of Austin, we're really focused on making sure that the experience, every single day, is an excellent experience. We're absolutely growing the fleet. It's going to be over 100 vehicles soon, based on the trends that we're seeing.

A

And really, the focus is on keeping the utilization of the vehicles at the high levels that we're seeing and making sure that safety and customer experience aren't compromised in any way. At this point, where not really a goal in Austin isn't necessarily for incremental trips one way or the other. It's just to make sure that every single ride is the perfect ride.

What we see over the long-term is, if we provide a service that is highly reliable where the every single trip is exceptional, prices are reasonable, ETAs are predictable, then over a period of time, the business grows, and we are able to gain category position, and we see more consumers kind of coming on to our platform.

The fact is that less than 20% of adults 18 and over, use our platform on a regular basis. So we think there's plenty of room for growth. So the focus right now is kind of day-to-day, making sure we get it right and making sure that the streets of Austin are safe.

You want to talk to the second question?

**Prashanth Mahendra-Rajah***Chief Financial Officer, Uber Technologies, Inc.*

A

Yeah, Brian, it's Prashanth. I'll take the second part, and that it was on Mobility growth. So maybe let's set some context. For the last couple quarters, I think three quarters now, we've had about 19% year-over-year trip growth. So very strong trip growth. And as we look at what we've incorporated into the guide, we're thinking that it should be around the same and that we're fortunate, it's still very heavily led by audience growth.

When we look at that conversion from trip growth to GB growth, we are starting to see the gap between trips and Gross Bookings narrow a bit, because we've been able to pass along lower insurance costs, primarily here in the US. You might remember, we indicated that in the latter part of the year, that we would expect better insurance costs in this year, and that's exactly how it's turning out.

The other item, that Dara made mention of earlier in one of his answers, is we are seeing a slightly higher mix of international trips. And that's a bit due to that lower inbound US travel, which comes with lower Gross Bookings per trip. But despite sort of the – this mix shift, you'll notice that we were able to print all-time high margins for the quarter.

So we're able to really continue to pass those insurance costs through. There's no economic impact of that to our shareholders. And we're able to put the margins and continue to show that sort of margin accretion story.

And then lastly, I think you asked a bit about growth in the suburbs versus the urbans, a metric that we're now able to share is that sparser markets, which are growing at a faster rate than our core, represent about 20% on a trip basis for Mobility. So we're continuing to see great growth in those sparser markets because it's growing faster, but it's also a sizable percentage of the overall Mobility value.

**Brian Nowak***Analyst, Morgan Stanley & Co. LLC*

Q

Great. Thank you, both.

**Prashanth Mahendra-Rajah***Chief Financial Officer, Uber Technologies, Inc.*

A

We'll go to the next question, operator.

**Operator:** Your next question comes from the line of Ross Sandler with Barclays. Please go ahead.

**Ross Sandler***Analyst, Barclays Capital, Inc.*

Q

Great. Just question on the Delivery margin and a callout you guys made in the prepared remarks. So you said that restaurant delivery has profit margins that are modestly lower than UberX profit margins.

So that's an interesting nugget in itself. I guess the question is, looking at that, what does that say about the cadence of margin expansion at grocery and retail? I think you also said that, that part is at a 2018 kind of equivalent maturity.

And then how much of the restaurant margin being way up there is because of advertising, just because of time in market and the usual kind of retention cadence, et cetera, any thoughts on that?

**Prashanth Mahendra-Rajah**

*Chief Financial Officer, Uber Technologies, Inc.*

A

Sure. Thank you, Ross. It's Prashanth. I'll go ahead and take that. So Delivery has been a pretty incredible profit story for us. If you look at the results for the quarter, Delivery margins are at 3.7% of GBs. That's up 70 bps versus where it was just a year ago, very strong expansion.

Now, that margin expansion is primarily being driven by advertising and the leverage we're getting just from scale, the OpEx leverage that we get from scale. And that's been a fairly consistent driver of what's been behind the margin expansion over the last couple quarters.

The item that I'd probably highlight there is that our cost per trip continues to show great improvement. That's the benefit of the scale we have – declining. It declined both quarter-over-quarter and year-over-year.

In the Delivery profitability numbers, that includes our grocery and retail, which you made reference to. Remember that we said in Q4 of last year, grocery and retail hit breakeven for variable contribution.

And in Q1, it's now starting to accrete at variable contribution level. So that grocery and retail business has great upside. And it's going to continue to grow, both as a result of advertising, but also as we continue to improve selection. I will call out one item that may not be notable to everyone, is incremental margins for Delivery in Q1 were 9%. So with that very strong top line growth, it's a reflection of what just the earnings power of this business can be, with continuing to seek that opportunity to drive margin expansion.

Having said that, as we've said consistently in our calls, we need to always find a balance between growing profitability and growing the top line. So I don't want to over commit to a – the growth in Delivery profitability. We're looking for steady margin expansion, so we can continue to invest in growing the top line of the business, given that we have so many opportunities to invest in.

**Balaji Krishnamurthy**

*Vice President, Investor Relations & Chief Financial Officer, Mobility & Delivery, Uber Technologies, Inc.*

A

Next question, please.

**Operator:** Your next question comes from the line of Mark Mahaney with Evercore. Please go ahead.

**Mark Mahaney**

*Analyst, Evercore ISI*

Q

Okay. Thanks. I'll try to – first, just on the insurance headwinds, do you feel like that's mostly behind you now? Just talk about where you think ongoing leverage against insurance costs are. And is that something that's kind of structural to the industry? Or are those things kind of workarounds or improvements that you've been able to do?

And then, Dara, in terms of AV partners – and you've got a pretty good view on all the different offerings that are out there. Waymo is doing a fantastic job. Who do you think is coming – who do you think in the marketplace is closest to Waymo now in terms of having the ability to roll out at a decent scale, a true AV experience? Thanks.

**Prashanth Mahendra-Rajah**

*Chief Financial Officer, Uber Technologies, Inc.*

A

Dara, why don't you take the Waymo one first and then I'll close with insurance.



**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

A

Yeah, sure. Mark, it's hard to tell exactly who has what capability because AV is still very, very early in terms of development. I'll tell you that, listen, in China, you have AV product that has – is in market today, from WeRide, who's a partner in Abu Dhabi and Dubai and expanding in 15 countries. Pony, whom we expect to introduce to the Middle East sometime and Baidu as well, these – they have essentially AVs running in Chinese cities right now, very challenging traffic conditions and conditions generally.

And then there are a lot of other players that are showing incredible promise as well. We announced a partnership with: May Mobility; with VW; with Momenta as well, where we expect to see an AV development deployment in Europe as well; and Avride. So this is a technology that has been proven. Waymo is definitely the leader there, but there are many other players investing in the space. And we expect to see a number of successful companies in the space, hopefully partnering with us.

**Prashanth Mahendra-Rajah**

*Chief Financial Officer, Uber Technologies, Inc.*

A

Yeah. So, Mark, on the insurance question, if you remember, in Q4 of last year, we indicated that for 2025, we thought insurance increases would moderate and more likely be in the high-single, perhaps low-teens area, and we actually overestimated it. CPI print for March was coming in at 7% year-over-year, and that's the lowest we've seen in almost three years.

So as we think about our US Mobility insurance cost expectation for the balance of the year, we're thinking that it will continue to be a very modest headwind of high-single digits through 2025. And that is meaningfully lower than we've seen in the last two years. And certainly, given the rate of growth for the US Mobility business, that's going to create some leverage for us. But as I said in my prior response, we intend to pass those opportunities onto consumers.

Now, where we are getting some incremental strength from the great efforts of our team are in a few areas. First, on safety tech, some great innovation that we're driving in this space, including giving our drivers insight into how their driving behavior is being scored. And that is now live in all US markets, and drivers are responding very favorably to being able to understand their actions like speeding, harsh breaking, acceleration, et cetera. So that's one element that we've now deployed across the US.

On the policy side, which has also been an area that we've been talking about for a while, we're getting some great momentum there. For example, just in this first quarter, a tort reform bill is in Georgia, awaiting the Governor's signature. And if we get through that, that's going to be a meaningful step to combat some of the legal system abuse and is going to help us continue to drive down insurance costs over time. And we have other bills in other states, like Nevada and Texas, and continue to have some good discussions in other areas.

So overall, I think that the energy that we are spending on insurance, both because we have a captive that allows us to create tension on pricing, we have an organization of engineers that's really working on finding new technologies and the efforts that we're doing on the policy side are going to continue to make this a more favorable situation for us than it has been over the past couple of years.

**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

A

And, Mark, I just stress on the policy angle that US drivers are not less safe than drivers internationally. The cost of insurance that has to be paid on to consumers outside of the US is de minimis compared to the US. So this is just – is a huge part of inflation that consumers are experiencing. We're hoping that local policymakers and the administration in place, want to fight inflation as much as we do because really this inflation is caused by abuse of the legal system. It's entirely unnecessary. And we're hoping that policymakers can work with us to bring prices down for consumers and more of the fares going into the drivers' pockets. That, we really think, is a win-win.

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**Balaji Krishnamurthy***Vice President, Investor Relations & Chief Financial Officer, Mobility & Delivery, Uber Technologies, Inc.*

A

Okay. Next question?

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**Mark Mahaney***Analyst, Evercore ISI*

Q

Okay. Thank you very much.

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**Dara Khosrowshahi***Chief Executive Officer & Director, Uber Technologies, Inc.*

A

You're welcome.

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**Operator:** Your next question comes from the line of Justin Post with Bank of America. Please go ahead.

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**Justin Post***Analyst, BofA Securities, Inc.*

Q

Great. Thanks. Just would like a question on the macro. You mentioned maybe slower airport trips, but any impact on Mobility, rides or pricing or Delivery lower AOVs or anything like that on the macro or contemplated going forward? And then can you give us an update on competition in Bay Area and San Francisco – sorry, Bay Area and LA? I know those are areas where Waymo's operating. Just any update on the competition there. Thank you.

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**Dara Khosrowshahi***Chief Executive Officer & Director, Uber Technologies, Inc.*

A

Yeah, absolutely. So in terms of macro, Justin, we're watching it pretty closely. We don't see any signals that I'd describe as significant. Audience growth is very consistent with last quarter, up 14%, Frequency is consistent as well. We are looking to modulate price increases, and you saw that in our results as well. But we're not seeing – like basket size is continuing to increase. So I think that would be a leading indicator to the extent that there was macro uncertainty.

We're not seeing trade downs in terms of the kinds of restaurants that our eaters are eating at. So it's absolutely something that we're watching, but we don't see any signal, as of yet, in terms of the consumer. And remember, the categories that we operate in, these are restaurants, transportation, grocery, tend to be categories that are quite consistent, even during periods of macro uncertainty.

So I think from a relative standpoint, we're a little bit less subject to these issues. But right now, we don't see any signal whatsoever. And hopefully, it will remain the same. And you kind of see that in the guidance, which is pretty consistent in terms of top line with this quarter.

In terms of San Francisco and LA, the competitive environment, pretty stable, Justin. We're not seeing any change there. We are very supportive of Mayor Lurie's plans to kind of get San Francisco going again. And we think that will benefit all of the competitors in that marketplace.

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**Justin Post**

*Analyst, BofA Securities, Inc.*

Great. Thank you.

Q

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**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

You're welcome. Next question?

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**Operator:** Your next question comes from the line of Ken Gawrelski with Wells Fargo. Please go ahead.

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**Kenneth J. Gawrelski**

*Analyst, Wells Fargo Securities, LLC*

Thank you. Two, if I may, please. The first, maybe one for Prashanth. Given the affordability initiatives and the commentary on insurance, but also your kind of preview of the Go-Get event later this month, could you talk about the impact potentially on Mobility margins in second half of this year and beyond?

Q

And then one for Dara, please. If you could talk – expand a little bit more about your view of the AV landscape, kind of both inside the US and outside the US, when do you see software-enabled AV solutions as a scaled commercial option? Thank you.

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**Prashanth Mahendra-Rajah**

*Chief Financial Officer, Uber Technologies, Inc.*

Yeah, Ken. So let me – I'm reluctant to guide for the second half, but I can say this, that we are committed to continually showing steady margin improvement on a year-over-year basis. But as we've said many times, we're going to manage the P&L across both lines of businesses and striking that really tough balance of investing for growth, when we have so many opportunities to invest in, while continuing to drive the profitability of the company.

A

We shared some pretty strong profit expansion in the Mobility business this quarter on a sequential basis and on a year-over-year basis. I would not take that as an indicator for how you want to model the balance of year. I think that steady margin expansion throughout the cycle of this company on a year-over-year basis is how you want to model us out.

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**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

Yeah. In terms of AV, we're seeing a ton of innovation in the marketplace that we're actually quite excited about. And generally, you see [ph] literally (26:42), I would say, AV tech was based on heuristics, a bunch of if- thens, based on different scenarios that were being built.

A

And we're seeing players like Waymo and a number of others move more and more the heuristics logic into large transformer models to create more flexibility, better scalability, better cost, et cetera. And those kinds of models also have the benefit of not having to be over fit to a particular compute or hardware or sensor stacks as well.

They are generalizable in terms of where they drive and they're more generalizable in terms of the hardware kit that's necessary, the sensor kit, et cetera.

So, that is all moving in the right direction as far as separating the software stack from the hardware stack. I think a lot of you probably saw the announcement of Waymo partnering up with Toyota. That's just indicative, we think, of where AV is going, which is you've got pure-play software developers increasingly offering more sophisticated AV platforms to the OEMs around the world. And a world in which, 10 years from now, every single new car sold comes with Level 4, Level 5 AV, we think is a terrific outcome in terms of safety for the streets and also our platform, which will allow any player, any owner of those vehicles, whether it's financial institutions, et cetera, to monetize those vehicles at the highest utilizations, so that they've got the lowest cost of capital.

So the direction that we're seeing is absolutely, it's very encouraging. There are some players out there that are pure, call it, next-generation large models, end-to-end models as well.

These are the Wayve's or the Waabi's of the world in trucking or Momenta as well. And that is a more pure AI kind of direction, which has been incredibly promising in terms of the pace of development and, again, the generalizability of the software, both in terms of where it's driving and the hardware kits as well.

So the innovation that we see is pretty incredible. We are obviously working with many of these partners around the world. I think we've got an excellent point of view as to who the leaders are and you're seeing us partner with many of the leaders in the industry.

So hopefully, more to come, and we've announced, I think, five partnerships in the past week. It is coming fast and furious. And the innovation and the development there is pretty exciting for us.

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**Kenneth J. Gawrelski**

*Analyst, Wells Fargo Securities, LLC*

Thank you, both.

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**Balaji Krishnamurthy**

*Vice President, Investor Relations & Chief Financial Officer, Mobility & Delivery, Uber Technologies, Inc.*

Next question?

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**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

You're welcome.

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**Operator:** Your next question comes from the line of Shweta Khajuria with Wolfe Research. Please go ahead.

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**Shweta Khajuria**

*Analyst, Wolfe Research LLC*

Thanks a lot for taking my questions. There are two on Delivery please. Dara, could you please talk about your affordability efforts? In your letter, you talked to four key areas, and affordability was one of them. So if you could please expand on that, that would be great.

Q

And then the second is just in Europe, in particular, we have seen now you have a majority stake you just announced. And then DoorDash announced Deliveroo. So could you please talk to that market? How fast is it growing? What does the competitive landscape look like there? And how do you view consolidation? Thanks a lot.

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**Dara Khosrowshahi***Chief Executive Officer & Director, Uber Technologies, Inc.***A**

Yeah, absolutely. So in terms of Delivery, we are very focused on affordability as it relates to Delivery as well. And the two efforts that I would point out, one is membership.

So membership essentially is our lowering prices, no delivery fee, for example, for members and for the most loyal customers that we've got. Members tend to have higher retention. They spend three times more than non-members as well. And our membership program now, with 30 million members, is delivering billions of discounts, so to speak, for those members.

And our penetration of membership continues to increase on Delivery. It's over 60% now. And in certain markets, it's at the 70-plus percent mark as well. So we think more members getting better deals, getting more discounts, is a good thing. And that's part of our business that continues to grow.

The second area of focus that I'd point out are what we call merchant-funded offers. These are essentially offers that merchants can put into the system. I just enjoyed one a couple nights ago. It's kind of buy one, get one free or other kinds of discounts.

Merchants like those discounts because their cost of food isn't necessarily – they get to kind of use the cost of food as the discount. And they can enjoy a margin on their food. And we're seeing higher and higher percentages of merchant-funded offers in the marketplace. Merchants who put these offers into the marketplace increase their visibility in the marketplace and are able to increase their sales in the marketplace as well.

We're seeing growth in both. And we think that is partially responsible for the consistently high Gross Bookings growth that we're seeing in Delivery, both in the US and internationally as well.

And then to your question, in terms of competition, especially Europe, we're really, really happy about our results in Europe. We recently, we believe, got to the number one category position in the UK with Eats, entirely organically. We didn't have to buy our way into glory, so to speak. France remains a top market for us.

And we think that Germany, for example, is a market that holds a significant amount of promise. I think we launched in Germany three to four years ago. And our category position continues to increase in Germany as we invest in that market, both on the Mobility and Delivery side.

So we're seeing very encouraging trends in Europe. And, frankly, it's not a surprise to see some of our competitors look to expand there inorganically. We like organic expansion more. We've been investing for years in these marketplaces. And I think it shows in our results.

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**Shweta Khajuria***Analyst, Wolfe Research LLC***Q**

Thank you, Dara. That was helpful.

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**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

You're welcome. Next question?

A

**Operator:** Your next question comes from the line of Michael Morton with SVB MoffettNathanson. Please go ahead.

**Michael Morton**

*Analyst, MoffettNathanson LLC*

Good morning, everybody. Thank you for the question. One on Delivery and then one on Mobility. First, Delivery. As we see the continued adoption of these large language models introducing shopping experiences, they seem to be preferring different retailers and, let's just say, the two giants in which we're all aware of. And it seems like a natural opportunity for Uber to work in partnership with these retailers you already work with to deliver the local inventory. So, Dara, I was curious any possibility of partnerships with the ChatGPTs of the world?

And then I think one for Prashanth on the sparse markets. Could you talk about the duration of this opportunity and the ability to continue offsetting some of the natural deceleration you've seen in some of your urban markets? And then maybe help investors think about the margin profile of the sparse Mobility markets compared to your core kind of urban markets? Thank you so much.

Q

**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

Yeah. I think on Delivery and large language models, we're very, very early in terms of the development of these – of the models and their application to consumer experiences or enterprise technology. And I wouldn't say that right now, our focus is to kind of push volume from one merchant to the other. It's really to focus on improving the customer experience.

And it starts in smaller waves. So for example, we're using larger models in terms of our restaurant and grocery search so that we understand more about the context of the consumer. We get to know the consumer more and we're able to surface better results, higher quality results in terms of search, in terms of the sort order of restaurants that we're offering you or the promotions that we're offering you as well.

And then we absolutely are working with OpenAI's of the world and the other leading LLMs and LLM companies in terms of some of the agents that are being built and being able to offer kind of an Uber experience that is seamless and delightful, that you can talk to as well. I stress that it's very, very early in experimentation phase. And we're going to be working with them to understand what the possibilities are. We have unique access to transportation inventory. We are global, obviously. We have human drivers. We have AV drivers. We have food available, grocery available. So I think we're kind of the partner of choice for many of these players. But right now, the focus is how do you build consumer experiences that are delightful?

How do you make every single service of ours a little bit more optimized for consumers? And then, we'll deal with the after-effects later in terms of merchant concentration. It's just not something we're focused on right now. Prashanth, you want to take the other one?

A

**Prashanth Mahendra-Rajah**

*Chief Financial Officer, Uber Technologies, Inc.*

A

I will. I'll take the second one. Thanks for the question, Michael. Maybe I could start with just a gentle correction to a comment you made about deceleration. It may surprise folks to know that the vast majority of our top 20 cities are still continuing to grow at double-digit rates.

So we are still seeing very strong growth in our core areas. But what we do see is, we see the opportunity to increase the length of time that that core business can grow at attractive rates by investing into these sparse markets. And we're already seeing great indications.

For example, in Mobility, I think I had already mentioned that 20% of our trips are now coming from sparser markets, and those are growing even faster than the urban core. Having said all that, I think the way to maybe – to capture all this is once these markets hit sort of the full investment profile and they're running well, margins are very much in line with what we see in our other markets.

And the rate at which we're investing is we're launching hundreds of new cities in 2025. So there's plenty of room for us to run here. Obviously, there's an investment period before they achieve those more continuity-level margin profiles, but that's all part of the growth opportunities that we see in front of us.

**Michael Morton**

*Analyst, MoffettNathanson LLC*

That's great. Thank you.

**Balaji Krishnamurthy**

*Vice President, Investor Relations & Chief Financial Officer, Mobility & Delivery, Uber Technologies, Inc.*

Operator, we'll take our last question, please.

**Operator:** And your last question comes from the line of Nikhil Devnani with Bernstein. Please go ahead.

**Nikhil Devnani**

*Analyst, Bernstein Research*

Hi. Thanks for taking my questions. I have two on Mobility, please. First, how should we think about the slope of deceleration in Mobility Gross Bookings over the next year? Q1 stepped down by several points. And maybe that's just pricing and mix given the trip growth comments. But how do we get comfortable with Mobility bookings not decelerating more aggressively here in the quarters to come?

And then, separately, a follow-up on the less dense markets, do you think the frequency opportunity in these markets is the same as your larger cities? I would imagine there's far more car ownership and some reliability differences. So how do you think about the opportunity set on a frequency basis relative to your core urban centers? Thank you.

**Prashanth Mahendra-Rajah**

*Chief Financial Officer, Uber Technologies, Inc.*

Thanks, Nikhil. I'll start and then hand off to Dara. I think the – if you go back to the algorithm, it is bookings equals trips times our average price.

And if you look at the strong growth that we've been putting up over the last several quarters, those have all been built on top of a 19% year-over-year trip growth for the last three quarters. And our indication is that Q2 is going to be in a similar vein. The contributor to those trip growth continues to be heavily led by audience growth. And so



that narrowing of the delta between trips and Gross Bookings is coming from, as I mentioned, a little bit of mix because we saw higher international mix, and the favorable versus expected delta on insurance costs.

So we would sort of, I guess, softly let you think about balance of year Gross Bookings should – you shouldn't be looking for a deceleration. You should be looking for that trip growth to continue to be led heavily by audience growth and then we'll have to see what – where the pricing opportunities continue to be provided by insurance.

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**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

A

And, Nikhil, I'd just add in terms of Mobility trip growth as well is that the base trip growth, the core trip growth, is supercharged by the growth in less dense areas as well. And some of the growth bets that we've had in terms of lower-cost products, two-wheelers and three-wheelers are growing incredibly quickly. Our Taxi business continues to grow. We're not even close to the majority of taxis in the world. And as we add more taxi supply, trip growth continues to grow and kind of extends the runway of our growth there.

And then, of course, shared rides, both in terms of high-capacity vehicles that bring the price envelope down and/or X Share are products that essentially allow a single driver to serve multiple riders as well. So we've got a business that continues to have a lot of growth runway. We're expanding into new markets, both geographically, but into less dense markets. And there's a whole portfolio of newer products that continue to grow faster than the core, so to speak, that have substantial runways ahead of them.

In terms of frequency in the less dense areas, our less dense initiative really started with Delivery. And what we're seeing is that in those markets, you actually typically have families ordering, et cetera. And the frequency that we see in Delivery continues to grow in both dense markets and less dense markets. So it's unclear as to whether expansion into less dense markets would hurt frequency on the Delivery side if certainly frequency continues to increase in Delivery. So we're very happy as it relates to those results.

On Mobility, I do think that you're right. People will have – car ownership will be higher in suburbs, et cetera. So I would expect frequency in Mobility as we extend into these lower dense – less dense areas to be a headwind. I do think that price will be a tailwind, especially as it relates to Reserve.

In some of these markets, people kind of use Reserve in order to drive reliability in the suburbs. About 40% of Reserve trips are now not related to travel as well. So it's becoming kind of a everyday habit going out to dinner. And I do think that the concentration of Reserve in these less dense markets is going to be higher than in urban markets, as people are willing to pay a premium for higher reliability in these less dense markets.

So I do think frequency will be lower, but I think pricing and margins as it relates to product mix will be higher.

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**Nikhil Devnani**

*Analyst, Bernstein Research*

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Thank you, both.

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**Dara Khosrowshahi**

*Chief Executive Officer & Director, Uber Technologies, Inc.*

All right. I think that's it, operator, for the call. Thank you, everyone, for joining us this quarter and a huge thank you to the Uber team as well as our partners. None of this would be possible without the hard work of the team.



So thank you to the team. And we'll see you next quarter. And hopefully, this will be the start of a strong year for the company.

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**Operator:** This concludes today's conference call. Thank you for joining. You may now disconnect.

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