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Uber Technologies, Inc. (UBER)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by. My name is Greg, and I will be your conference operator today. At this time, I would like to welcome everyone to today's Uber Q4 and Full Year 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] Thank you.

I'd now like to turn the call over to Alax Wong, Senior Director of Investor Relations. Alax?

Alaxandar Wang

Senior Director, Investor Relations, Uber Technologies, Inc.

Thank you, Greg. Thank you all for joining us today. And welcome to Uber's fourth quarter and full year 2025 earnings presentation. On the call today, we have Uber's CEO, Dara Khosrowshahi; CFO, Prashanth Mahendra-Rajah; and incoming CFO, Balaji Krishnamurthy.

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. 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, as well as risks and uncertainties described in our most recent Form 10-K and in 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, Prashanth and Balaji.

With that, let me hand it over to Dara.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

Thanks, Alax. Q4 was another great quarter for Uber. Trips on our platform accelerated again to a 15 billion annual run rate, and our audience grew to more than 200 million monthly active users. These healthy inputs drove exceptional outputs, with gross bookings up 22% year-on-year.

Looking at 2025 in full, we had our fifth consecutive year of annual gross bookings over 20%. We generated \$8.7 billion in adjusted EBITDA, up 35% and a phenomenal \$9.8 billion in free cash flow, up 42%.

We started 2026 with a ton of momentum, a scaled and profitable platform and a clear operating framework to generate durable growth. This gives us the confidence to make targeted growth oriented investments aligned with the six strategic areas of focus that we outlined last quarter.

Of course, one of these areas is autonomous. At this time last year, we laid out our views on AVs in more depth and we've done that again this quarter. With the benefit of learning from multiple AV deployments around the world, we're more convinced than ever that AVs will unlock a multi-trillion dollar opportunity for Uber.

AVs amplify the fundamental strengths of our platform; global scale, deep demand density, sophisticated marketplace technology, and decades of on-the-ground experience matching riders, drivers and vehicles, all in real time.

We also understand that there are reasonable questions being asked and a debate being had about what autonomy means for Uber, both in the short term and the long term. I'd encourage everyone to read our prepared remarks and take a look at our supplemental slides, where we lay out our latest views and why we believe our approach is proving to be the right one.

Finally, I want to take a moment to say thank you to Prashanth, who we announced this morning will be stepping down as CFO on February 16th. Whether it was getting to us the investment-grade status, spearheading our first share repurchase program or steering us through several acquisitions, Prashanth has been a great partner to me and the management team. I wish him all the best in a very exciting new opportunity that he will share more about very soon.

I'm also thrilled that Balaji will be stepping up as CFO. Balaji won't be a stranger to many of you on the call. I've worked closely with him for a long time, and I'm confident that he is the right person for this job. He knows our business inside and out. He's a bold thinker and brilliant strategist, and I'm super excited to have him join the management team at this important time for Uber.

Now I'll hand it over to Prashant and Balaji to say a few words, and then we'll take your questions.

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

Thank you, boss. First, I want to say thank you to Dara and the entire Uber management team, and of course, my heartfelt congratulations to Balaji, who I know will do a terrific job. Uber is a once-in-a-generation company. It's a dynamic, fast-moving and innovative place, and I have loved every moment of my time here, and I am extremely bullish about its future.

Over the holidays, I had a chance to take stock of where we were and all that we had achieved from delivering phenomenal growth at scale, achieving investment-grade status and returning significant cash to shareholders. At the same time, a new opportunity presented itself where I could serve America and give back to the country that has given me and my family so much. I look forward to sharing more on that soon. And in the meantime, I'll be working with Dara and Balaji to ensure both a successful and seamless transition.

Now let me hand it over to Balaji.

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.

Thank you, Prashanth, for everything you've done for Uber. And thank you, Dara, for the trust you're putting in me. It's an honor to step into this role at this moment. I'm lucky to be building from such a strong base, an accelerating core business supported by huge and increasingly active consumer, earner, and merchant base, large and growing cash flows, which we can use strategically to invest into our future, and world-class talent that is innovating and executing at scale with a go-get-it culture that is always pushing ahead. I look forward to working with Dara, the management team, our board and with all of you to solidify Uber's position as a once-in-a-generation company that stands the test of time.

With that, we'll take your questions.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

All right. Operator?

QUESTION AND ANSWER SECTION

Operator: All right. Thank you very much. [Operator Instructions] All right. It looks like our first question today comes from the line of Justin Post with Bank of America. Justin?

Justin Post

Analyst, BofA Securities, Inc.

Q

Great. I guess I'll ask about the competitive environment on AVs, and really appreciate all the slides and prepared remarks. Just wanted to think in the context of 30% of your bookings coming from major cities, which you outlined, how do you think about the impact of AV ramps from, say, Tesla or Waymo in those cities on market share and your profitability? Just high level on those things. Thanks.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

Yeah, definitely, Justin. So I think the good news on AV for us is that we view the introduction of AVs as actually an overall growth driver for the markets in which we operate, right? So San Francisco gross bookings for us have accelerated. Where we are in Austin and Atlanta as well, our bookings have accelerated. New riders to the platform is growing faster than the rest of the country. Frequency is super strong as well.

So AVs in the marketplace, whether they're competitive in SF or whether they're on our platforms, like Austin and Atlanta, are turning out to be net positives in growing the overall economic pie or the economic pie available to boom movement, so to speak.

So from that standpoint, when we look at AVs, it's fundamentally a positive opportunity, as reflected in Waymo – Waymo's latest valuation, \$110 billion, which is pretty incredible on a pre-money basis, but this is not kind of a technology that is going to replace. It's going to augment.

And then when we see our own performance as it relates to AVs, we're seeing AVs on our platform at significantly higher utilizations than kind of one-piece standalone platforms based on the publicly available data in that trips per vehicle per day are 30% higher, ETAs are better as well.

So we know that the best product today out there in the market is an AV on the Uber platform as well. And then if you look at the partnerships that we are setting up, whether it's a partnership with Waymo or NVIDIA or newest partner, Waabi or Avride or Nuro and Lucid, which kind of have a production-ready car out there.

We expect to be in 15 cities by the end of this year and then expanding beyond that as well, which should actually increase kind of the wave of kind of the AV business that we're seeing behind us. So from a top line basis, we see AV as a net positive for the ecosystem.

In terms of margins, I think AVs are going to be very similar to other products out there, which is any time we introduce a newer product, we introduce it at a lower margin than, let's say, UberX or Uber Black or Uber Reserve as we're building out liquidity, and then over a period of time margins improve.

And for example, in the deals that we're striking today with various partners, with AV partners, at scale we are going to have healthy economics based on current consumer affairs and healthy economics being positive economics, and these are deals that we're striking right now.

So from a margin standpoint, structurally, we think the AV kind of ecosystem. It'll add top. It'll be a net positive to mobility generally. The margins that we are getting – we're getting now are good positive margins. And they're fair for our partners and they're fair for us as well.

And from a competitive standpoint, at this point, AVs really haven't scaled, right. We added 50 times the trips on the Uber platform this last year than kind of the entire AV industry added. As it scales up, we expect it to be competitive. We think a lot of these players will be on our platform as they realize that utilization is structurally higher in a 3P platform.

And listen, competition is nothing new for us. We're the multi-product player. We are everywhere. We are global as well. And then with a membership program that really gets people highly, highly engaged with our platform, we're very confident in terms of what we will do in competitive market, and we're very confident that we're going to be the first choice for kind of AV manufacturers and technology companies to put their assets on our platform.

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.

A

And Justin, this is Balaji. Though, one additional thing I'd add there is, while you asked about the top markets, it's important to remember that 70% of the US is outside of the stock markets and nearly 75% of our US profits come from those markets, and those numbers have been growing because those markets are growing faster than the top 20 cities.

I think this is a very, very, common misconception, we've heard many times that Uber's profit pools are concentrated in the top cities, and it could not be further from the truth. And as you think about where AVs go in the near term, those non-top 20 markets are going to be unlikely to be addressed by AVs for a long time to come as well.

So from our perspective, not only are we going to be well positioned in those markets to be the platform of choice for our AV partners, but for the remainder of the US, it is going to be played by traditional ride-sharing operators such as Uber.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

And also just remind investors that 60% of our mobility gross bookings are international outside of the US as well. So we have a big business in the US outside of the big cities. And we have an even bigger business outside of the US as it relates to mobility.

Alexandar Wang

Senior Director, Investor Relations, Uber Technologies, Inc.

A

All right. Next question.

Justin Post

Analyst, BofA Securities, Inc.

Q

Thank you.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

You bet. Next question.

Operator: All right. Yes. Thank you. Our next question comes from the line of Eric Sheridan with Goldman Sachs. Eric, please go ahead.

Eric J. Sheridan

Analyst, Goldman Sachs & Co. LLC

Q

Thanks so much for taking the question. First, wishing you the best going forward, Prashanth and congrats Balaji on the new role. I wanted to drill down a little bit in the shareholder letter, you talked about customer growth and the momentum you have coming out of 2025. Can you lay out some of the strategic priorities and growth investments that are top of mind for you guys in terms of maintaining that momentum, in terms of new users across your products? And then also reflect on how Uber One can continue to evolve the customer lifetime relationship you have looking out over the next 12 months to 18 months? Thanks, guys.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

Yeah, absolutely. So we have been, very, very happy, in terms of our user growth and in terms of the strategy behind the user growth, I laid out in terms of – there's products, there's use cases, there's demographics and then there's geographies.

And we are introducing products along each of those different segments. If you look at the products, for example, our Moto product is a two-wheeler product. It is a much more, it's a lot cheaper and more affordable, that is bringing on significant new segments to our audience. And then we're seeing on occasions those Moto users, if it's raining, if they're on a date at night, they will upgrade to an UberX or other use – other use cases.

So just introducing newer products is one area where we get new consumers. And then there's new use cases. A new use case might be reserve, where we thought that reserve was actually going to serve people who wanted higher reliability. But it's also there's a whole customer base, much of them in the suburbs outside of the big cities that didn't find previously Uber reliability high enough for an airport trip, for a time sensitive trip.

Now they do, because we offer the reserve product. And so that is a product that has higher margins, has higher earnings for our drivers as well. At the same time is introducing new customers into the flow. Same thing for women prefer – preferred, same thing for teens, same thing for older demographic kind of the simpler product that we have. All of these are introducing our kind of newer use cases or different demographics that are coming to the platform.

And then last but not least, I'd say international and the growth that we see in the less dense markets that Balaji just referred to, this is growth outside of the mainline cities. Generally, growth in less dense markets is about, 1.5 times to 2 times more than growth in the middle of the big cities. This is as a result of, again, new supply coming on first and then new audience coming on after that supply as well. So we're very, very happy with the customer growth. And at this point we don't see any signal of it slowing down.

And then of course, what I started with, which is AVs are an entirely new use case. There are people who are curious about the product, and then there are people who absolutely love the product. And we think AVs can be another opportunity for customer acquisition.

Anything to add Balaji, to that?

A

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.

I'd just say, just adding some quantitative lens on everything, Dara said. If you think about where the crux of our growth is coming from, it's still audience growth which is very encouraging for where this business will go over the next few years.

And looking at 2025, we started the year with MAPC growth at about 14% year-on-year. We ended the year with MAPC growth at 18% year-on-year which is a very, very strong step-up. And there's a lot of runway in front of us still, as you look at that MAPC number at over 202 million monthly actives, our annual active base is over 450 million and we are continuing to improve our penetration of that base.

As we're doing that, frequency, while it is growing at a slower rate, that is more a function of our cohorts coming on and maturing from there. What we are seeing is our new rider cohorts, new eater cohorts are exhibiting much stronger retention than prior year's cohorts. And part of it is driven by our focus on early lifecycle investments.

We're ensuring that consumers we're acquiring retain better through the early part of their engagement with Uber's platform. Then as we introduce them to multiple products that we are serving our consumers with which, at this point, 40% of consumers in Q4 were using more than one Uber product. And then finally, our membership program which has been a key investment area and still is growing 55% year-on-year that then supercharges that cohort that we are acquiring.

So there's a lot of runway here. And we feel pretty good about the investments we're making. And we're being quite deliberate in measuring the LTV-to-CAC ratios on that.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

All right. Next question.

Operator: Great. Thank you, Eric. And our next question is from the line of Brian Nowak with Morgan Stanley. Brian, please go ahead.

Q

Brian Nowak

Analyst, Morgan Stanley & Co. LLC

Thanks for taking my questions. I have two. One on autonomous, one on capital returns. Dara, I appreciate all the color on autonomous in the letter. I wanted to give you one more shot to kind of refute one of the other concerns.

The history of technology with capital-intensive heavy investment technologies often kind of shows the technology will migrate toward winner-take-most at-scale. Can you just sort of walk us through why you don't think AV will go that way when safety is so important to scaling AV the next 3, 5, 10 years? That's the first one.

Then the second one, maybe for Balaji or Prashanth, I think throughout 2025, you talked about sort of a 50% free cash flow commitment to shareholders. Are you still sort of maintaining that philosophy? Or what is sort of the reinvestment versus capital return philosophy as we look at 2026? Thanks.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

Yeah, absolutely. As it relates to AV and winner-take-most, listen, I think this is true of technology platforms. And I would remind you that as it relates to mobility and now increasingly delivery, Uber is the winner who has taken most.

And that wasn't always the case. It is because of how we built the fact that we have this international footprint, the fact that we go broader than our competitors, and the fact that we are multi-product and have built those products organically within the system. So we are the winner-take-most kind of product as it relates to mobility and delivery, certainly outside of the US.

I think hardware is fundamentally different in that if you look at the OEM industry, there are many, many car manufacturers. Manufacturing is local, you have local champions, et cetera. And if you look at the trend as it relates to AV, it looks more and more like our vision of the future, which is 10 years from now, every single car, a new car sold, is going to have L4 or L3, full L3 and L4 software attached with it. In that kind of a world, we think we will have many, many suppliers, not just one or two suppliers.

And if you look at AV now, there are multiple players who are getting to the finish line. Obviously, Waymo is – while they're not finished, they are safer than humans, which is terrific. You have players like Pony. You have WeRide. You've got Baidu in China who has developed AV-ready technology, whom we are partnering with outside of the US as well.

And then there are many other partners in the US, Waabi, Wayve in the UK, Waabi in Canada, Wayve in the UK, Nuro here in the US and Avride in the US. And then of course, the biggie, NVIDIA that is developing a hardware platform, sensor stack, compute stack, which we believe will be industry standard, and now is actually building out full self-driving software as well.

So with all of the players in the space, the fact that it has been solved multiple times by multiple software providers with NVIDIA kind of setting an industry standard as well, we're very confident that, one, AVs will be a net positive to the mobility sector, in other words, it will expand the category. And we are the winner-take-most player as it relates to 3P. And we think that the 3P kind of marketplace will be very, very large and will be very, very healthy.

Alaxandar Wang

Senior Director, Investor Relations, Uber Technologies, Inc.

A

Balaji, you want to take the second?

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.

A

Sure. So we did lay out our capital allocation priorities in quite a lot of detail. But just to quickly summarize how we think about this, our first priority is to ensure that we are making appropriate reinvestments behind the opportunities we're seeing in our core business.

We are in a good position where even as we make those investments, we are throwing off a lot of cash. As we said, we were already generating about \$10 billion of free cash flows, growing 40% as of the last year. So that gives us a lot of room to make investments and ensuring that we are advancing our AV strategy and potentially evaluating any selective bolt-on M&A opportunities as they come along.

And then that still leaves us with a significant amount of cash that we can return to shareholders. So this is not a trade-off for us in the sense that we are choosing one or the other. We're able to do all of these things in parallel.

As to your question on whether we would be returning 50% of free cash flows, based on our current visibility into what we are seeing, as well as the fact that our stock remains really cheap, we will continue to be aggressive buyers of our stock. And you should expect that it continues at a steady cadence. And we are on track to reducing our share count by a healthy amount as we go forward.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

And I think the good news here is, you know, with our free cash flow generation and our expectation of the free cash flow generation increasing going forward, we can do both. We can invest appropriately as it relates to growth. And then at the same time, we are going to continue reducing the share count because ultimately, all of us are shareholders. And we think right now, the opportunity to buy back shares is pretty awesome.

Brian Nowak

Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you, both.

Alexandar Wang

Senior Director, Investor Relations, Uber Technologies, Inc.

A

Okay. Next.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

You bet. Next question?

Operator: Thanks, Brian. And our next question comes from the line of Mark Mahaney with Evercore. Mark, please go ahead.

Mark Mahaney

Analyst, Evercore ISI

Q

Okay. Thanks. Two questions. You talked about acceleration in the US trips and gross bookings in 2026. So that's a little bit unusual. You don't normally see businesses at scale at your scale accelerating. So just go through a couple of factors, the biggest reasons for confidence in that acceleration.

And then I know this question has come up in the past, your willingness to deploy capital into AV fleets, like how capital – any changes in your thinking about how capital intensively you want to run your AV business going forward? Thanks a lot.

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.

A

Sure. Thanks, Mark. I'll take US acceleration and Dara will take the second question. So when you think about our US business, what we have been seeing for the last few years up until the beginning of 2025, we had a lot of inflationary impacts from insurance, in particular, in the US, which we had passed on to the market in the form of consumer pricing, and it was driving a slowdown in the business. But throughout the last year, we have held prices relatively consistent.

And as we look forward with the amount of insurance reform and product-driven hundreds of millions of dollars of cost savings that we are seeing, we are in a position where insurance is going from a deleveraging cost item to something that gives us leverage and that allows us to hold prices flat or better in certain markets. So that price consistency has a huge impact on long-term elasticity of demand. And the longer we can do this, the better the outcomes for us are, and we feel pretty good about our core business accelerating in the US as we do that.

In addition to that, there is our barbell strategy that is also having a pretty meaningful impact on opportunities that we see here. We talked about both the low end and the high end growing 40% in the last year. And that's true even in the US and products like Wait and Save are showing a lot of momentum as well as products on the other side, XXL, shuttle expansion at airports. So I think there's a lot of opportunity on those products.

And then finally, our expansion into sparser markets, which Dara already referred to earlier, which are growing as much as 1.5 times faster than dense markets but only 20% of global mobility trips, there's a lot of opportunity in the US for us to improve reliability and target our product offerings in the sparse markets. Dara?

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

Yeah. Mark, in terms of the investments that we're making in AV and the capital efficiency, one is we're certainly investing in the players in AV in terms of the software players in AV. So our latest investment was, for example, in Waabi, which is a leading AV provider of trucks and is getting into passenger mobility as well, which is terrific. And for example, as part of that investment, the first 25,000 passenger vehicles that they produce on their platform will be exclusive on Uber as well.

So we are putting our capital up in order to guarantee supply going forward. And as I said, much of that supply is going to be on profitable economics, which is terrific. And we will continue making these kinds of commitments Nuro, Lucid for example, and others to come.

At the same time, we're talking with financial players and the statistics that we're seeing as it relates to the production of AVs in terms of trips per vehicle, per day, in terms of the utilization, the revenue generation of each vehicle and then of course, the profitability of each vehicle, we work with fleet partners to run the fleets, clean them, keep them charged up, et cetera, repair them.

We have the largest fleet ecosystem in the world and as a result, we will be able to scale those operations in a way and have a lower kind of variable cost basis we believe, and the largest global footprint than any player, because we already are global.

As part of that, we are talking to financial institutions, private equity players, banks, et cetera, who are already, in some cases lending to our fleet partners. These fleet partners usually are going out and buying EVs and that will transition to AVs as well. So this is something that is absolutely going to happen.

You will see news on kind of fleet financing for both AVs and EVs going forward. So while we will make commitments and these commitments are for profitable economics, we do think that we will have a very, very healthy financing ecosystem both in terms of equity and debt, just like Marriott doesn't have to own its hotels. You've got Ritz that own their hotels and kind of make an appropriate return on equity. You will see the same thing in the future on fleets. We're very, very early on that path, but we're quite confident we're going to get there. And the whole ecosystem is going to finalize, just as you see data centers financialize as well.

Q

Mark Mahaney

Analyst, Evercore ISI

Okay. Thanks, Dara. Congratulations, Balaji. Wishing you all the best, Prashanth.

A

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.

Thank you, Mark.

A

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

Thank you.

A

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

Thanks a lot, Mark.

Q

Operator: Great. Thanks, Mark. And our next question comes from the line of Doug Anmuth with JPMorgan. Doug, please go ahead.

A

Doug Anmuth

Analyst, JPMorgan Securities LLC

Great. Thanks for taking the questions. Just on AVs, can you talk about how you see data and simulation accelerating the path to market for those kind of AV 2.0 software players? And then on the 15 markets that could be deployed by the end of this year, what are the key unlocks or hurdles just to get those up and running, either through regulatory, manufacturing or safety or anything else? Thanks.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

Yeah, absolutely. Doug. So we're very, very excited on the data and simulation space. Generally sim capabilities with larger models, with stronger compute, sim capabilities in the industry, are getting much, much stronger. Waabi, for example, who I talked about is one of the leading players as it relates to simulations and what the newer sim capability is able to do is take a piece of data and then run thousands of different sim scenarios so that you can create the long tail cases that can be so difficult in the real world. You can create them in simulation, you can have multiple kind of instances and branches to train your models and prepare them for the real world.

Now, the real world is different. And the real world can create unexpected circumstances. Like, for example, the San Francisco blackout, where Waymo had a very, very difficult time negotiating, so to speak.

So getting real-world data is incredibly important. And the good news is we're incredibly well-positioned to do so. We're partnering with NVIDIA to kind of build a real-world data collection factory that's looking to collect over 3 million hours of real-world specific data to passenger AV, pick-ups, drop-offs, all of the things that Uber drivers have to – all the complexity that Uber drivers have to deal with.

We and NVIDIA are going to be collecting that data and then providing it to our partners as well. So if there's one area where the smaller player has a disadvantage, it is data. But we and NVIDIA are teaming up to democratize AV data, real-world data, and provide it to the entire AV ecosystem. You combine that with advanced simulation

capability that many of our partners are developing or have, and you get to a roadmap, a very fast roadmap to AV readiness for many, many players.

In terms of the 15 cities that we expect to be in, listen, these are – you got to strike a deal with partners.

Obviously, you have to make sure that there's capital for the vehicles. We are setting up depots, acquiring real estate, making sure we have the charging infrastructure in place. And then, of course, our government relations team is working with the regulators on the ground to make sure that we're ready to go.

And then, of course, we have to work with our partners on the safety case. Safety is incredibly important as it relates to AV. Usually, we will launch with a driver in vehicle and then over a period of time, like we have in Abu Dhabi, we will take drivers out of the vehicle and kind of have full AV capability. So we – this is kind of machinery that we have built and we're learning on and I think that we're going to get faster as we go along here.

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.

A

And I would just add that while you're thinking about what it takes to launch, in parallel we have to think about what it takes to scale as well. Launching will have all of the impediments and work that Dara talked about, but this is going to be a game of avoiding bottlenecks down the road.

So in parallel, we need OEMs to start ramping capacity. And as you've seen us talk about tens of thousands of vehicles already announced in a few partnerships, we will have a lot more of those kind of OEM relationships coming down the pipe. And over time, we expect those commitments to get financialized and for asset owners to take ownership of those. But in the first few years, we are going to be stepping in with some vehicle purchases as well.

Doug Anmuth

Analyst, JPMorgan Securities LLC

Q

Thank you, both.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

You bet, Doug.

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.

A

Thanks, Doug.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

Next question.

Operator: And our next question comes from the line of Michael Morton with MoffettNathanson. Michael, please go ahead.

Michael Morton

Analyst, MoffettNathanson LLC

Q

Good morning. Thank you for the questions and congratulations on the new seat, Balaji. I was wondering, AVs require investors to think about things long term. If you could talk about the different stages and the duration in which you expect them to play out. So we're in stage one today, like launching in small – like small launches in markets like San Francisco.

Can you talk about how we get to the tens of thousands of AVs on Uber's network over the next several years? And I know it's a moving target, but how the market should expect that to play out? Thank you.

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.

A

Sure. Thanks, Morton. I'll take this one. So as you think about these deployments, especially on Uber's network, what we are going to be solving for initially is to get base load supply from AVs to meet the demand at the trough of the week's demand curve. So as you saw in the slide we have on the deployment in Austin, we are at this point able to deliver very, very consistent demand to the AVs on the roads in the market. And if you think about the Saturday to Monday drop for our network, which is about 45%, for AVs, that number is much more consistent, right?

So we are able to do that. And the first stage will be launching in multiple markets and getting to that kind of a consistent base load supply. As we move from that to larger scale, the goal for us there is going to be that the vehicle platform cost needs to come down and it needs to be able to expand the TAM for us in a meaningful way, because we should be able to lower costs to consumers at that stage. And at that point we can go beyond the trough level demand and start moving towards more medium levels there.

Eventually in a very long term, we can think about majority of supply coming from AVs in certain markets, but that future is far, far away given where the OEMs are on their production ramp curves.

So I think, again, going back to the question of how do we get to tens of thousands of vehicles? That question, the answer is going to be common for every player out there. It will come down to how quickly OEMs can ramp production here. And for OEMs, this is going to be a challenge where they have to think through, novel new use case where they're thinking through tens of thousands of vehicles versus the millions of vehicles that they produce on their traditional cars and off take commitments like the ones we are talking about with our partners will come in to play a big role there and financialization of those assets is important from there.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

A

And, Mike, just one thing that I would add, if you really think about the long, long game, one of the key elements is going to be what companies are able to utilize these cars in the troughs, where they will largely not be busy and are having delivery and freight as part of our logistics ecosystem, gives us an opportunity to actually use these vehicles at a structurally higher utilization than anyone else.

We have the network utilization. We've already demonstrated that our network is driving higher utilization, even in a circumstance where supply is really low. As supply increases, the utilization advantage that we have both on the mobility-only network, but then for delivery, for freight, for last-mile delivery, is going to be super interesting and it's a structural advantage that we have that's not available to any other player.

Alexandar Wang

Senior Director, Investor Relations, Uber Technologies, Inc.

A

Greg, we'll take one last question, please.

Operator: Okay. Thanks for that question. And the final question then comes from the line of John Colantuoni with Jefferies. John, please go ahead.

John Colantuoni

Analyst, Jefferies LLC



Great. Thanks for taking my questions. Starting with advertising, the advertising business has continued to see impressive growth, with penetration and delivery now exceeding your prior target of 2%. Maybe you can update us on how you're thinking about the long term potential of delivery, advertising, and any key opportunities you see to keep growing that business at a fast pace?

And second, with delivery growth accelerating to multi-year highs, maybe you could just talk about drivers of that faster growth and proprietary perspective on sustainability in the coming quarters? Thanks.

Balaji Krishnamurthy

Incoming Chief Financial Officer, Uber Technologies, Inc.



Thanks, John. I'll take ads and Dara will take delivery. So on ads, we're very, very pleased with the momentum that we're seeing. As you rightly pointed out, we had many years ago talked about 2% as the potential ceiling for penetration with delivery advertising. What we are seeing is that, the opportunity size here is potentially much larger.

And as we think through where we are on the journey with enterprises versus SMBs, SMBs – SMB ad penetration is a lot higher than 2%. And enterprise year-on-year growth is now outpacing SMBs by a lot more. So in a way, enterprise advertising is catching – playing catch up, and that means there's going to be a lot of runway here. At the same time, our products on grocery and retail and mobility are a lot more nascent, and there's going to be opportunity for us to grow there as well. Dara, you want to take delivery quickly?

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.



Yeah, absolutely. So in terms of delivery, I'd say there are five factors as it relates to the growth rate. First, I would say just the basics of selection. Our selection still in many countries is 30%, 40% of addressable market, our selection in the US, especially in less dense markets, in small and medium businesses is not where we want to be. So you will see – you already saw an increase in terms of the acceleration in the number of merchants that we have on the platform. You should expect to continue to see that.

We are continuing to invest in a sales force, obviously enabled by AI, et cetera, so it's as efficient as can be, but our selection growth is accelerating and as you grow selection, you have more items to sell. You have newer restaurants bring new audience, and at the same time you increase conversion. So selection is number one. And we have plenty of selection to go through.

Second is growth in less dense areas, especially in the US. Our category position in the suburbs is significantly lower than category position in the big cities. And we are making progress there as it relates to selection and as it relates to just the reliability of the service, we are growing significantly faster in less dense areas than dense areas, both in the US and outside of the US.

Third is, newer products that we're selling on Eats. I talked about this going into grocery and retail. That's another trillion dollar opportunity. And we continue to add grocery partners. We've got 5 of the top 10 in the US that is going to expand. We'll have announcements coming up. And then for example, we have newer announcements like multi-year exclusive with Kohl's that is the largest grocer in Australia that we're very happy to be partnering with. So, newer products along with selection is the third.

Fourth for us is membership, 46 million members growing faster than 50%, our members overall on the platform – this is not just delivery, but overall on the platform are getting close to 50% of our gross bookings. We're not quite there, but we will pass 50%. And these members are super sticky, whether it's ordering food or ordering groceries or getting a charger at Best Buy or getting an AV ride, these are very, very sticky members.

And then last but not least, is continued expansion into newer markets. Our international footprint on Eats is not quite what it is with our mobility business. Every time we launch Eats along with mobility, we just have a structural advantage over the other players and we're able to grow category position. We were the number three in the UK. We're number one, all organic. We launched from scratch in Germany and now are neck and neck with the top player in Germany in a lot of individual cities. So, we have kind of – Japan was another organic launch and we're by far the number one player in Japan.

So there's still some international growth behind delivery. And I think those five elements, selection, less dense areas, newer products, grocery and retail, membership and then some new international launches are going to position us to continue to grow top line at very healthy rates and increase our margins at the same time.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

All right. I think that is it. So thank you, everyone, for joining us on the call. Huge thank you for the Uber team on delivering another great, great year. And then another big thank you to Prashanth...

Prashanth Mahendra-Rajah

Chief Financial Officer, Uber Technologies, Inc.

Thank you, Dara.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

... for helping us get through this journey, [audio gap] a very different company than it was when you joined. And a lot of that is because of your leadership. And then, I think you have prepared Balaji very, very well to carry on kind of what you started and get us to the next level. So big congrats to Balaji.

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