Uber Technologies, Inc.
Q2 2022 Prepared Remarks
August 2, 2022

Dara Khosrowshahi, CEO

Q2 and July highlights

After meeting investors on the heels of our earnings report in May, I wrote to Uber employees that it was clear there had been a seismic shift in the market—and that investors were placing a high value on companies that can generate significant profits, cash flow *and* durable growth.

I challenged the team to meet our profitability commitments even faster than planned, and the team delivered.

In Q2, Gross Bookings hit another all-time high of $29.1 billion, up 33% year-over-year or 36% year-over-year on a constant-currency basis, driven by audience growth of 21% year-over-year, now at 122 million MAPCs, another all-time high. Topline strength, coupled with rigorous cost and incentive discipline, translated into Adjusted EBITDA of $364 million, significantly above our guidance range. And I am extraordinarily proud to say that we generated $382 million in free cash flow (defined as net cash from operating activities less purchases of property and equipment), reaching this milestone well ahead of our goal.

Trips exceeded pre-pandemic levels, growing 24% year-over-year and 12% vs. 2019. In July, trips grew 4% month-over-month, with strength from Mobility and continued growth from Delivery despite tough comps and the impact of reopenings. We continued to add more drivers onto the Uber platform, with our global driver and courier earner base at an all-time high of almost 5 million, up 31% year-over-year, exiting Q2. (That's right: more people are earning on Uber today than before the pandemic).

We continue to benefit from a secular increase in the on-demand transportation of people and things, as well as a shift from retail spend to services spend, and we intend to continue capitalizing on these growth tailwinds in a profitable manner.

Marketplace improvements drive Mobility strength

Over the past year, we have consistently emphasized the importance of prioritizing marketplace health in our Mobility business—and we have worked diligently to increase the number of drivers who can serve growing demand.

Rather than relying solely on financial incentives, our goal has been to improve drivers' overall experience with Uber through product innovation; adding new work opportunities via Eats, Connect and more; a renewed focus on app quality; and better customer support and resolution processes. Our results in Q2 show that this strategy is working.

Driver engagement reached another post-pandemic high in Q2, and we saw an acceleration in both active and new driver growth in the quarter. Against the backdrop of elevated gas prices globally, this is a resounding endorsement of the value drivers continue to see in Uber. Consequently in July , surge and wait times are near their lowest levels in a year in several markets, including the US, and our Mobility category position is at or near a multi-year high in the US, Canada, Brazil, and Australia.

And we're not slowing down. We believe our continued focus on product innovation—and our continued investments in building trust and transparency with drivers—will solidify our lead as the preferred platform for flexible work. Last week, we hosted an event with drivers in Washington, D.C., where we announced a suite of new driver-friendly features that are only available on Uber:

- After a successful pilot, ***Upfront Fares*** will be rolling out across most of the US in the coming months. Drivers can see how much they'll earn and where they're going before accepting a trip, giving them the choice to decide if the trip makes sense for them. This has long been one of drivers' most-requested features and the feedback so far has been positive. We continue to build trust and transparency with drivers.
- Another new product, ***Trip Radar*****,** is a huge innovation in our matching technology. In addition to our normal "one-to-one" trip offers (which generally dispatch one trip to one driver), drivers can now see a list of other trip requests happening nearby and choose one that works best for them. This is a significant improvement in matching that gives drivers more options and provides consumers a better and faster experience by fulfilling more trips across the marketplace.
- We're also rolling out significant improvements to ***Uber Pro***, our driver rewards program, to better recognize and reward the most loyal drivers. And we're launching the new ***Uber Pro Card***, a debit card with cashback on gas and EV charging, starting at 2-6% based on the driver's Uber Pro status. Helping to reduce driver costs helps improve driver engagement and retention.

Drivers are not only returning to Uber—they are increasingly doing so in greener vehicles. In North America and Europe, more than 26,000 monthly active drivers completed over 13 million trips in zero-emission vehicles during Q2, with both more than quadrupling year-over-year. Notably, we are seeing strong traction with our Hertz partnership that offers drivers Tesla vehicles for rent, and we further expanded this program to Canada in Q3. More electric vehicles on the platform create a virtuous cycle which allows us to reliably offer new products like Comfort Electric, letting riders select a premium vehicle. Consumers love this option, and just last week we expanded Comfort Electric to seven more US cities. We also believe that business riders and Uber for Business (U4B) customers will increasingly favor and pay a premium for electric rides as they work to minimize their carbon footprint.

We are leveraging our platform strength and scale to meet a broader range of consumer mobility needs and price points. In Q2, we rolled out Uber Reserve, our pre-booking option, to nearly 55 global airports. Scheduled rides such as Reserve, are one of our fastest-growing Mobility products, already at a $2 billion Gross Bookings run rate, with higher margins than UberX. We also expanded UberX Share to New York, Los Angeles, Chicago, San Francisco and many other US cities. This reimagined shared rides option is economically sustainable for Uber and aligns our interests with riders and drivers. Finally, we continued executing towards our goal of getting every taxi on Uber by 2025, including launching a partnership with IT Taxi, the largest taxi dispatcher in Italy, bringing nearly 12,000 taxis onto the Uber platform.

Looking forward, we remain confident that our Mobility business can significantly scale both topline and profitability while delivering an exceptional experience for consumers and earners.

Delivery profitability inflection

Delivery Gross Bookings remained steady sequentially, growing 7% year-over-year or 12% year-over-year on a constant-currency basis. We had yet another strong quarter in the US & Canada, with Gross Bookings up 25% year-over-year excluding, and 21% year-over-year including, Postmates. Importantly, we held the US category position gains we made in the second half of 2021 while continuing to expand profitability. Notably, we recently added Wingstop as a partner in the US; like other leading brands who have joined our platform, they recognized Uber Eats as a source of incremental demand over their previously exclusive delivery partner. Based on early order volume, we anticipate that Wingstop will become a top Uber Eats partner in the months ahead.

Conversely, our international Delivery business posted more moderate constant currency growth (down 5% year-over-year but up 3% year-over-year on a constant-currency basis). This was consistent with the category and our expectation of modest growth against a tough comparison. For context, our international business significantly outpaced US & Canada growth in the early quarters of the pandemic. On a 2-year compounded growth basis, which normalizes for those differences, our US & Canada and international Delivery businesses showed similar growth in Q2'22 (roughly 40% CAGR on a constant currency basis).

We've been laser-focused on Delivery profitability, as we intend to lead the category in this transition, just as we did in Mobility. Our Delivery margins are expanding significantly as a result of improved network efficiencies, increasing contributions from Advertising, and continued incentive optimization against relatively stable consumer demand. As a result, in Q2, we delivered record Delivery Adjusted EBITDA of $99 million and demonstrated a year-over-year incremental margin of 27% as a percentage of Gross Bookings, well above our goal of 5%+ on a full-year basis.

Even as we expand Delivery profitability, we invested strategically in New Verticals like grocery, convenience and alcohol, which we believe can be profitable and will strengthen the value of our platform over time. We recently launched a revamped grocery product experience on Uber Eats, showcasing new features like live order tracking, closed store shopping, and item replacements that make shopping more convenient, intuitive, and reliable. Against a backdrop of reduced capital availability that is forcing smaller, unprofitable competitors to pull back, we believe that our investment against this massive opportunity will bear fruit over time.

We plan to continue to deliver strong Delivery incremental margins and significantly higher absolute EBITDA levels for the balance of the year. We are currently witnessing slower category growth and ongoing FX headwinds, but we won't chase growth for growth's sake. We remain confident that Delivery has a significant growth runway for many years to come, as on-demand delivery becomes the standard for consumers. Our scale and marketplace tech allow us to improve network efficiencies, and our platform gives us a customer and earner acquisition and retention advantage—significant advantages which will allow us to invest through the cycle, emerge stronger than the rest of the field, all while demonstrating a significant profit expansion for Delivery.

Platform initiatives

We believe that our platform—having a growing number of both Mobility and Delivery services—affords us a significant competitive advantage that will compound over time. Each new service added to our platform widens our customer acquisition funnel, strengthens usage frequency, and adds more earning opportunities for drivers and couriers. And because we can cross-promote services across the platform to both consumers and earners, we benefit from lower acquisition costs and can generate higher lifetime value.

We bring all components of the platform together with Uber One, which is now available in seven countries, including most recently in the UK, Canada, Australia, and New Zealand. Through the year, we have bolstered this program with third-party partnerships, including Hulu and Disney+ in the US and Amazon Prime in Japan. Notably, in Japan, where we already have a strong Delivery category leadership position, our Amazon Prime partnership drove meaningful contributions with strong growth in new members and with a considerable engagement uplift post offer sign-up. Our member base now stands at roughly 10 million members globally, and we expect adoption to expand much further over time.

Our platform advantage extends to our enterprise clients as well. U4B Gross Bookings significantly outpaced our consumer business in the quarter. Managed U4B Gross Bookings nearly doubled year-over-year in the US & Canada to a $1 billion annualized run-rate. Internationally, U4B is supporting Uber's growth in our emerging high-potential countries, with U4B Gross Bookings growing by multiples in Germany and Italy, and more than doubling in Spain.

On the product front, we rolled out Group Ordering and Bill Splitting features, which are already seeing strong traction with customers.

Finally, our Advertising offering continues to scale. The number of merchants advertising on Uber nearly doubled year-over-year again, to more than 230,000. We continued to expand the coverage of our Advertising products, including to Australia and New Zealand with the creation of a local sales team. Globally, we continued to scale our Advertising team, and intend to continue to do so over the next several quarters.

Autonomous vehicle deployment updates

Uber Freight and Waymo Via announced a long-term strategic partnership to connect their technologies and deploy autonomous trucks at scale on the Uber Freight network. As part of the long-term agreement, Waymo Via intends to reserve billions of miles of its goods-only capacity for the Uber Freight network. Uber Freight is uniquely positioned to combine shipments from its $17 billion of freight under management to maximize utilization of autonomous and human-driven trucks, and continuously optimize routes once the technology is deployed, driving savings and improving service and reliability for shippers.

We believe Uber will serve as a partner of choice for autonomous technology providers across Mobility, Delivery and Freight. In 2022, we have already started pilot deployments with Aurora (Freight) in Texas and Motional (Delivery) and Serve Robotics (Delivery) in Los Angeles, and we have more in the pipeline.

Nelson Chai, CFO

Financial recap

We posted very strong results in Q2, with Gross Bookings growing 36% year-over-year on a constant-currency basis to $29.1 billion, in the upper half of our guidance range. The continued strength of the US dollar was a headwind of roughly $750 million year-over-year (or roughly 340bps) and an incremental headwind of roughly $175 million relative to our Gross Bookings guidance, adjusting for which our results would have been closer to the high end of our guidance range. At a segment level, Mobility showed strong sequential Gross Bookings improvement, while Delivery and Freight were roughly flat sequentially.

Adjusted EBITDA of $364 million was significantly better than our guidance range, with strong results across our segments (note: foreign exchange was a $32 million year-over-year headwind and a $5 million headwind relative to our guidance). This result represents an Adjusted EBITDA margin of 1.3% of Gross Bookings, and an incremental margin of 12.2% year-over-year, well above our commitment to deliver at least 7% incremental margins for the full year. Mobility generated Adjusted EBITDA of $771 million, to reach a record high margin of 5.8%. Delivery Adjusted

EBITDA significantly improved both sequentially and year-over-year to $99 million, with a margin of 0.7%. And Freight reported a second quarter of Adjusted EBITDA profitability.

Balance sheet and liquidity

Turning to our balance sheet and liquidity position: we continue to maintain a strong liquidity position, ending the quarter with $4.4 billion in cash and cash equivalents, with our equity stakes marked at $5 billion. During Q2, our equity stakes portfolio was meaningfully impacted by overall market and company-specific volatility, driving a $1.7 billion unrealized pre-tax loss related primarily to the mark-to-market of our stakes in Aurora, Grab, and Zomato. 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. While we intend to monetize some of our stakes at an appropriate time, we have sufficient liquidity to give us the flexibility to maintain all of these positions, with the aim of maximizing value for Uber and our shareholders.

Free cash flow (FCF) and capital allocation

We generated $382 million of FCF, exceeding Adjusted EBITDA during the quarter, benefiting from strong working capital inflows as a result of the strong sequential Mobility top-line growth off the Omicron-impacted Q1 base.

At our Investor Day, we discussed our capital allocation approach. We prioritize investments in attractive markets where we are positioned to win, with a focus on initiatives that strengthen our platform, which in turn lower our customer acquisition costs and increase the lifetime value of consumers and earners. Even as we have invested in several growth initiatives, including Delivery's New Verticals, geographic expansion, advertising, Uber for Business, taxis, moto, auto and others, we are now demonstrating our ability to generate significant and expanding excess profitability and free cash.

We are at an inflection point in our profitability and FCF generation. As our cash flows ramp, and with the potential monetization of our equity stakes, we will evaluate opportunities to drive shareholder value with excess capital. Over time, we aim to optimize our capital structure to reach an investment-grade status and we will measure return of capital to shareholders against other potential uses.

Outlook

Based on quarter-to-date trends, we expect Mobility Gross Bookings to be up sequentially, and Delivery Gross Bookings to be roughly flat sequentially.

With that context, for Q3:

- We expect total company Gross Bookings to be between **$29.0 billion and $30.0 billion**, representing year-over-year growth of **25% to 30%**, or roughly **29% to 34%** growth on a constant-currency basis.
- We expect total company Adjusted EBITDA of **$440 million to $470 million**.

At our Investor Day in February 2022, we communicated our targets for 2024, with Gross Bookings of $165 billion to $175 billion and Adjusted EBITDA of $5 billion. Our year-to-date results are a strong endorsement of the progress we are making, and we are confident in our ability to deliver on those goals.

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, when available.

All second-quarter 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 Q2 financial review and our Q2 supplemental slides deck for additional disclosures that provide context on recent business performance.