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# Uber Technologies, Inc. (UBER)

## Q3 2024 Earnings Call


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# CORPORATE PARTICIPANTS

**Deepa Subramanian**
*Vice President, Investor Relations & Corporate Finance, Uber Technologies, Inc.*

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

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

# OTHER PARTICIPANTS

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

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

**Doug Anmuth**
*Analyst, JPMorgan Securities LLC*

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

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

**Ronald Josey**
*Analyst, Citigroup Global Markets, Inc.*

**Nikhil Devnani**
*Analyst, Bernstein Institutional Services LLC*

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

**Benjamin Black**
*Analyst, Deutsche Bank Securities, Inc.*


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# MANAGEMENT DISCUSSION SECTION

**Operator**: Hello, and welcome to the Uber Third Quarter 2024 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. Following the speaker's remarks there will be a question-and-answer session. [Operator Instructions]

I would now like to turn the call over to Deepa Subramanian, Vice President, Investor Relations. You may begin.

## Deepa Subramanian

*Vice President, Investor Relations & Corporate Finance, Uber Technologies, Inc.*

Thank you, operator. Thank you for joining us today, and welcome to Uber's third quarter 2024 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. 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 the forward-looking statements, please refer to the press release we issued today as well as the risks and uncertainties section described in our most recent Form 10-K and in other filings made with the SEC.

We published our quarterly earnings press release and prepared remarks, supplemental slides to our Investor Relations website earlier today, and we ask you review those documents if haven't already.

We will open the call to questions following these opening remarks from Dara and Prashanth. With that, let me hand it over to Dara.

## Dara Khosrowshahi

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

Thanks, Deepa. Uber delivered yet another strong quarter, a record quarter of profitable growth with gross bookings up 20% year-on-year in constant currency. We also generated an all-time high GAAP operating profits of more than $1 billion. This performance was powered by new records in audience and frequency as more people and more places are using Uber more often.

Our underlying platform continues to strengthen, more than 7.8 million people now drive, deliver or shop with Uber, earning more than $18 billion during the quarter. More than 25 million people are now Uber One members, up 70% year-on-year. Our advertising business grew nearly 80% year-on-year, and our autonomous strategy is working as our 14 AV partners are clearly understanding the significant value Uber can bring to their deployment plans.


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Thanks to the team for another great quarter. And before we go to Q&A, I'd like to hand it over to Prashanth to briefly reiterate our capital allocation approach.

## Prashanth Mahendra-Rajah

*Chief Financial Officer, Uber Technologies, Inc.*

Thank you, Dara. Let me add my welcome to our third quarter earnings call. I wanted to jump in quickly with an update on our share repurchase program, as well as a reminder of the capital allocation framework that we presented at the Investor Update back in February.

Our capital allocation priorities remain unchanged: responsibly investing in future growth and returning capital to shareholders. On the growth front, we believe we still have a huge amount of organic opportunity in front of us, including our fast-growing portfolio of new products, which are now cooking at $20 billion of annual GB, with geographic expansion, especially into less densely populated markets and lastly, with increasing user frequency, including through our membership efforts.

On capital returns, we plan to steadily increase our share repo in the coming quarters. Specifically, we intend to work our way towards a durable share count reduction in 2025.

Now to quickly touch on M&A, we remain extraordinary disciplined, and I want to emphasize that all opportunities are reviewed with a rigorous value creation mindset and Uber's bar for M&A has never been higher. As Dara has said, the best deal is not having to do a deal at all, and we are in that enviable position today. So, we are excited to continue on our exceptional path of organic growth while sticking to our firm commitment to you, our shareholder, of capital returns.

So, with that, let me hand it back to Deepa to open the call for questions.

## Deepa Subramanian

*Vice President, Investor Relations & Corporate Finance, Uber Technologies, Inc.*

Sarah, can we have the first question, please?


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# QUESTION AND ANSWER SECTION

**Operator**: Thank you. Your first question comes from the line of Eric Sheridan with Goldman Sachs. Your line is open.

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

Q

Thanks so much for the commentary, especially around the capital allocation policy. I want to come back to the concept you introduced in the letter around less dense markets. Could you go a little bit deeper in both the opportunity set, but also some of the operational dynamics of building supply as well as stimulating demand in less dense markets? And how we should be thinking about that scaling in the years ahead? Thanks so much.

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

A

Yeah, Eric. We think it's a terrific opportunity. And frankly, sometimes we kick ourselves for not recognizing it properly earlier. Uber started as a company in the middle of big cities and our biggest cities, Sao Paulo, New York, et cetera are – continue to be the largest source of demand. But continuously, we've seen that our growth outside of the core in the boroughs of New York now extending into the suburbs or in secondary and tertiary cities has been higher than the core itself almost accidentally, and this is true for Mobility and Delivery as well.

And really for us, the start of our focus on less dense areas started with Delivery. In the US, especially if you look at non-core cities, et cetera, it's 60%, 70% of the market, so the majority of the market there. Generally, it's growing faster than city centers as well. So, we've really started focusing on improving selection in those areas.

And then like you said, then building out the liquidity that's necessary in terms of both demand and supply, couriers and making sure that those couriers are busy. And that kind of cycle, that positive cycle of investing in supply and demand together, increasing liquidity, getting better ETAs, getting better service levels starts to accelerate and add to itself. And we're starting to see that now in Delivery, but not just in the US. We've extended this focus in the UK, Australia, really all over the world.

We're looking at the density by quartile of all of the areas that we deliver to or all the areas that we are giving mobility services to people to, and we are actively investing in those less dense areas. And we think the opportunity set there is very, very significant, both in Mobility and Delivery. So, we think it's early days but it is a focus of both Mobility and Delivery. And I think it will be a tailwind to our core business in terms of growth over the next two to three years and hopefully even more than that.

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

Q

Great. Thank you.

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

A

You're welcome. Next question.

**Operator**: Your next question comes from the line of Brian Nowak with Morgan Stanley. Your line is open.


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

Q

Great. Thanks for taking my questions. I have two. First of all, I wanted to sort of drill in a little bit more to the US Mobility bookings trends. Dara, if you sort of look at how the business has trended since your Investor Update. Are there any areas where you're sort of exceeded or come in a little shy versus where you thought the US rides business would be growing. And has anything changed in sort of your outlook for US rides contribution to growth over the tenure of the outlook that you gave at the Investor Update? That's the first one on US rides.

And the second one just on Phoenix and sort of Arizona around Waymo, anything you can share on sort of early signs of incremental volume to Uber from the Waymo partnership in that market? Thanks.

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

A

Sure. Absolutely. So, in terms of our US Mobility growth, the US generally has been kind of the gift that keeps on giving. It's our largest market, a little less than 50% of our GBs, but more than 50% of our profitability. So, the business continues to grow and thrive. We are seeing in the US a couple of trends. One is that we've been very public in terms of the increase – the substantial increase in commercial insurance costs really that have happened over the past two years.

And as we have passed on those increases in cost, especially in states where insurance costs are very, very high, like New Jersey or California. As we pass on those costs, we've seen the kind of the typical elasticity from consumers, which is as GBs, as price goes up, the transaction growth slows down a bit. And that elasticity is usually one-for-one. It's no different than what we've seen. And actually, we've seen our competitor do the same as well.

We are seeing weekday growth stronger than weekend growth as well. So, people are definitely getting back to work. I think like the weekend party hours, maybe consumers are a little more price sensitive in terms of whether they choose to go out or not, but weekday is very strong, and Uber for Business especially is very, very strong. Overall, it's up over 50%. I'm not sure what the US number is, but it's really strong, both in terms of selling to enterprises, selling to health, selling to transit systems as well. That is definitely a bright spot for our business as well.

And then we're not really seeing any signs of consumers trading down. Like our share product is growing very quickly as match rates continue to increase. We're investing in newer products like Uber Teens to kind of bring in this new demographic into our system and then shuttled into our system as well.

So, overall, we're quite optimistic in terms of how the US market is developing, but those insurance cost increases are definitely resulting in the kinds of slowdowns in transactions that we expected based on elasticity experimentation that we've done in the past.

I think the good news is that, while the insurance cost will continue to go up, we expect them to go up at a lower rate, so to speak, both because the market is normalizing and because we're taking a lot of action in terms of safer routes, safer drivers, encouraging drivers to drive more safely to try to get those insurance cost down, but that's kind of a slow-moving target, so to speak. So, pretty optimistic in general in terms of the US markets overall going forward.


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And then to your second question in terms of autonomous and incrementality, in Arizona and Phoenix, at this point, Brian, it's really too soon to tell. We have relatively modest number of vehicles out there. We know that the experience with Waymos is absolutely terrific. It's a delightful experience.

Riders are rating their Waymo driver at very, very high levels. And so, we love the experience that it is bringing forth. I think the real test is going to be the expansion of our partnership, and it's a significant expansion with Waymo in Austin and Atlanta. We're starting next year. You're going to get Waymos in the hundreds in those markets. And I think then we will see whether there's incrementality as it relates to autonomous or not. But we're pretty optimistic where we sit.

And I will remind you, too, that we've got 14 different AV partnerships and not only are we expanding with Waymo that we're really happy about, but you will see expansions with many of our other autonomous partners in domestic and international markets on the AV side.

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

Q

Great. Thanks, Dara.

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

A

All right. Thanks Brian. Next question, please.

**Operator**: Your next question comes from Doug Anmuth with JPMorgan. Your line is open.

**Doug Anmuth**
*Analyst, JPMorgan Securities LLC*

Q

Thanks for taking the questions. I'm going to stick with AV. Dara, can you just talk more about your goals here in doing fleet ups in AV world and some of the ways that you'll be able to drive some greater efficiencies for AV tech providers?

And then maybe you could just talk about San Francisco a little bit, perhaps any impact that you're seeing in that market from Waymo? And is there anything notable to call out on volume, frequency or loyalty in San Francisco? Thanks.

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

A

Yeah, definitely. So generally, in terms of fleet ops, the background of fleet ops is we have been partnering and working with fleets and building up our fleet operations kind of practices for years and years. Typically, we have about 15% of our global mobility supply hours come from fleets. And this is a supply that's dedicated to us. So they tend to work longer hours. They were kind of multiple shifts in terms of drivers and the supply is dedicated to us, which is terrific. And we work with these fleets in many countries in the US and Europe as well, in Spain, for example, and many other countries as well. So fleet operations is something that we built and for example, we have special tools for fleets to be able to manage our fleet, to be able to drive high utilization of their cars based on demand, et cetera.

And so, we're really extending this practice to the AV space. Housing, charging, cleaning cars can be expensive, and we think just like their advantages to a platform – a global platform being demand to drive the utilization of


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these AV fleets, we think there's also an advantage to a global player establishing fleet operations to take care of kind of the local complex logistics that happens in a more efficient way and we think more cost-effective way for our partners as well.

So, it's just another way in which we want to be kind of the best demand and operational – local operation platform for AV out there. And we're really excited to get started with Waymo, and hopefully, we can expand from there.

In terms of San Francisco, we see that Waymo is on the streets here all the time. And in the areas where Waymo operates, we do see them have category position in the high single-digits or low double-digits. We aren't seeing any effect in terms of our consumers one or the other. The price is generally at a bit of a premium to X. It's more of a, call it, a comfort electric type of a price out there. And it's a great product, and we've been competing with Lyft. And in San Francisco proper we compete with Waymo as well. But we're very happy to kind of extend our partnership with them and really start to build together in cities like Atlanta and Austin. And hopefully, that will be the dominant way forward for that partnership going forward.

**Doug Anmuth**
*Analyst, JPMorgan Securities LLC*

Q

Okay. Thank you.

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

A

You're welcome. Next question?

**Operator**: Next question is from Justin Post with Bank of America. Your line is open.

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

Q

Thank you. I guess just Mobility bookings decelerated 3 points to 24%. I know it's a tougher comp. But anything unusual or anything that surprised you in the quarter?

And then the incremental take rates and margins were quite strong in Mobility. How do you think about where you are on those and the drivers of growth there as we go forward? Thank you.

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

A

Yes. Justin, I'll take the first part of that. So, maybe let's start with sort of the recap of how we did for Q3. So gross bookings at 20% on constant currency. And remember, that's our fourth quarter now of clocking at least 20% growth. That came from audience and frequency as it has for the last several quarters, audience really driving the majority of that at 13% frequency at fourth. And then with the leverage that we've been able to drive the financial leverage, we are able to get EBITDA growing at almost 3x the rate of gross bookings growth.

Your comment on sort of where is Mobility headed. Really the – we've talked about trips at the Q4 level, I think, in the prepared remarks, to be similar to what we saw in Q3 with a little bit of deceleration driven by less year-over-year pricing impact and that's sort of what we're seeing down the LOB lines as well.


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So again, you should expect trip activity for Q4 to be sort of in line with what we saw in Q3 with a little bit less benefit from pricing, both you don't see as much year-on-year increase from insurance in Q4 as well as on the delivery side, you don't – you see the – some of the benefits of the efforts we're making to drive affordability impacting basket size.

So overall, we still feel kind of this is a large business that continues to grow at a very good rate. And I would say that think of Mobility growing sort of in the low 20% range on a constant currency basis in Q4 and then EBITDA margin probably flattish sequentially.

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

Q

Great. Thank you.

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

A

Next question?

**Operator**: Your next question is from Mark Mahaney with Evercore. Your line is open.

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

Q

Okay. I'll just double-click two things. On the insurance costs, so, Dara, just talk about, are those – where are those in international markets. Is that primarily a US market problem and specific state problem? Or is there – is that a global challenge, the rising insurance costs?

And then let's talk about advertising a little bit too. So that growth is pretty robust. The sustainability, that very high growth rate that you're doing 70%, 80%, the sustainability of that? Or as you think about the opportunities and particularly on the Delivery side, where do you think you are? Are there lead markets where you've got, you're at several percentage points of bookings and most of the markets you're well under 1%. Just talk about that path of adoption? Thanks a lot.

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

A

Yeah. Thank you, Mark. This is Prashanth. I'm going to take insurance and Dara is going to take ads. So, insurance is primarily a US phenomenon for us that – where we provide insurance to our drivers when they are on their way for – to pick up a rider and then again when the rider is on trip.

We talked about this in prior quarters that we've seen pretty steady increase in insurance. And this last quarter was no different. The CPI for motor vehicle insurance in the US was up 16% year-over-year in September, but that is starting to moderate. I think Dara mentioned that earlier on in one of the questions. Remember, it peaked sort of in the low-20s back in the spring.

So, as we look forward to 2025, I'd say we expect the insurance cost to continue to increase, but at a pretty significantly modulated rate compared to what we've seen over the last two years.

And as we've said many times, there's a lot of effort that we have to help drive that insurance cost down, and really bend the curve that includes the deployment of safety technologies that we're putting in, the risk


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management program we have, which includes sort of the relationships we have with our counterparties and our own captive insurance company. And perhaps most exciting is the effort that we've been making on the regulatory side in driving some those initiatives where we've actually been able to see success in insurance in a couple of states, Georgia, Texas, as two examples.

And our principle has been unchanged on this. We pass along insurance cost increases, and we pass along insurance cost decreases. So, as we make progress on insurance, you'll see us continue to pass those benefits on to our riders. Let me pass off to Dara to take your question on advertising.

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

A

Yeah. Absolutely. So advertising, we're obviously very, very pleased with the growth of our advertising business. We've always said that in Delivery, it can get to 2% plus of gross bookings. We're in the mid-1%. So, we're right in between 1% and 2% at this point. So, we're making good progress there.

And if I were to generally split our advertising business into kind of four different categories: one is the CPC kind of bidding for placement for small businesses. That business continues to progress really, really well. We're able to increase the number of monetizable impressions per user session, so kind of increasing the ad load a little bit with little or no penalty to the user experience because the ads are really targeted. We're showing high-quality restaurant and high-quality choices to users as well. So, our kind of SMB, small medium business, CPC business continues to grow at very, very high rates.

Our penetration with enterprise is generally a little bit lower than SMB advertisers, but that is growing quickly as well. And some of the larger enterprises, they're looking to target different consumers, they're looking to target different segments of the day, for example, might be breakfast, it might be lunch, it might be dinner or they're looking for consumers that are net new or incremental. So, kind of the tools that we're building for enterprises are a bit more sophisticated in terms of tracking, targeting, et cetera. We're making really good progress there with our ads team.

And then we're really focused on our sponsored listing product. This is for groceries. And these are CPGs, et cetera, the Cokes and Pepsis of the world who can advertise on our grocery product in order to increase their share in our marketplace. And we're very, very early in the development of that product.

We're launching about eight different markets now, again, looking to mature tool set for the enterprise advertisers. And then at the same time, we just have to keep building our grocery business to be bigger and to become an absolutely necessary buy for the big brands out there, the big global brands out there. And based on the growth rates that we see in our grocery business and the number of partners that we're bringing in, we're quite optimistic that we are getting there.

And then the other area that we're pretty excited about is our Mobility Advertising. These are our journey ads. We are really kind of restricting that space to very, very high-quality advertisers.

Click-through rates are two to three times that of industry averages. So, the advertising is getting the attention of the riders. We're very careful there not to hurt the rider experience, which is – which kind of is as a result of our focus on ad quality.


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We are – we recently announced a partnership with T-Mobile Advertising solutions to bring our JourneyTV offerings to about 50,000 vehicles across the US. So, we think that will be another jump start to our Mobility Advertising solutions as well that we're quite optimistic about.

Ultimately, we think Mobility Advertising is an opportunity for us to increase margins, but also increase the ability for drivers to earn more with these tablets, for example, in their cars to the extent that it improves driver earnings and their quality of life, we think that's a terrific thing as well.

So very pleased with how the ad team and tech teams are delivering, and we think we are midway along this journey and have plenty of room for growth ahead of us in all three areas, whether it's CPC or sponsored listings or Mobility solutions.

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

Q

Thank you very much.

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

A

You're welcome. Next question.

**Operator**: Next question is from Ron Josey with Citi. Your line is open.

**Ronald Josey**
*Analyst, Citigroup Global Markets, Inc.*

Q

Great. Thanks for taking the question. Maybe, Dara, I wanted to stick on the Delivery side a little bit here. And understand just what's driving the MAPCs and frequencies? I think we said in the letter MAPCs exceeded $50 million in the quarter, frequency reached all-time highs.

And so I just want to understand on the Delivery. Can you talk about just how are new MAPCs coming on for restaurants? Or has that evolved a little bit more to newer verticals, just given the investments and awareness around grocery and pretty much everything that Uber has to offer. I guess that's question number one.

And then question number two on frequency overall. 25 million Uber One members globally, teen trips up 40%. We'd just love to hear your thoughts on just other initiatives on driving greater frequency across the platform. So one is on Delivery, two is on overall frequency. Thank you.

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

A

Yeah, absolutely. So on Delivery, listen, we're pleased with the results. It's another quarter of 17% growth in terms of gross bookings. And listen, on the MAPC side in terms of audience, first of all, Delivery is – it's a big category.

I think the growth in the category continues to surprise many, many including ourselves and it is the main line Uber Eats business that is bringing on the new audience, I would say, significantly assisted by Mobility as well.


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We have the unique differentiator in our marketplaces, which is we have our Mobility business with an Eats tab right on top of it and also actively cross-promoting users between Mobility and Delivery, and increasingly now from Delivery to Mobility as well.

So about a third of our new audience comes from Mobility business, and it's a lower-cost audience and obviously very much engaged with the platform. But we are continuing to invest in increasing advertising and increasing brand spend all around the world and the message that's landing with Uber Eats is obviously a message that is resonating, we gain category position as a result of kind of that increasing audience and Delivery in 10 of our top 10 markets.

So more people are hearing about us and it is resulting in category position gains that we're very happy about. And then for us, in terms of frequency, number one is just the quality of service, increasing selection, making sure that on-time rates continue to increase, making sure that unfulfilled or errors in terms of deliveries, not getting what you wanted continues to decrease.

So we are continuing to kind of grind if you want to call it that, in terms of customer experience. The better you are, the more people stay with you, and you want to avoid those situations where something happens, something unexpected happens or a poor experience happens, which can cause that consumer to look for alternatives.

And then once we have that core experience improved, then the focus is on membership. Members spend 3 times more than nonmembers. Retention rates are higher for members as well. And with 25 million members, up 70% year-on-year, you can see the momentum as it relates to that part of our business as well. So I think it's all coming together very well. And you can see it in the – both the top line results and our margins continue to increase, and in terms of our category position improving versus our competitors as well.

**Ronald Josey**
*Analyst, Citigroup Global Markets, Inc.*
A

Thank you, Dara.

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

You're welcome. Next question.

**Operator**: Your next question comes from Nikhil Devnani with Bernstein. Your line is open.

**Nikhil Devnani**
*Analyst, Bernstein Institutional Services LLC*
Q

Hi, there. Thank you for taking the question and the commentary on capital allocation. It seems like in other areas of the business, whether it's Darkstores and Delivery or autonomous vehicles, you've opted for more of a partnership approach to stay capital efficient. So, I guess, could you just remind us how you think about partnering versus buying your way into a new a new vertical or new market? What makes an acquisition a better path in your mind?

And where does further expansion and diversification of the Uber platform to adjacent opportunities fit in your priority set right now considering the transition that is happening around the core business with autonomous vehicles? Thank you.


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

A

Thanks, Nikhil. We're going to do this in two parts. I'm just going to do a refresher on how we are thinking about capital allocation to give everyone the opportunity to make sure, then I'll let Dara kind of talk about how we do those trade-offs between when partnership makes sense.

So just as a reminder to everyone, and I said this at the start of the call, our number one priority is responsible organic investments aligned with the growth strategy, focused on what's going to drive free cash flow. We've got plenty of opportunity ahead of us. We've talked about on the Mobility side, things like hailables, on Delivery we have our groceries and our direct business. And then we have the terrific U4B platform, which sort of spans both products.

Back in February, we also said liquidity was important to us, and we had a goal of getting to investment grade. We actually got there much faster than we were expecting. In Q3 of this year, we hit IG, which is a great accomplishment for us. And now it really allows us to focus on really the return of that excess capital to shareholders. So we will continue to selectively evaluate M&A, but it's a really high bar, and it's going to have to be both strategic value and financially accretive. I think foodpanda is a terrific example of how we think about that, where it was a clear win both strategically where Taiwan is such a great market for Uber Eats given its high frequency and great membership coverage. And then financially, the deal is very accretive with the likelihood that we'll get an incremental $150 million in EBITDA pretty shortly after we close.

So beyond that, get our capital back to shareholders. And again, I made this point in the opening, but I want to rephrase – restate it. The repo program is the primary vehicle on that. And now we feel pretty good that we're going to be at a share count reduction in 2025. So having said that, I'll pass back to Dara now to get into when do partnerships make sense.

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

A

Yeah. So generally, when we look at partner versus acquisitions, et cetera, or whether we want to actively get into an area, really, we ask ourselves, one is, can we really get into an area with a proper focus? Is it substantially related to the core?

And then second is like can we add value? And the example of Darkstores for example, we just concluded when we looked at that segment, there are millions of retailers out there. It is all they do. And we, as a tech-first company, couldn't add a bunch of value to what these retailers are doing, and we'd rather partner with them to extend their reach and then to complement their services in certain segments, for example, fulfilling for them, our direct business that allows some of these retailers to fulfill whatever product that they're serving like a Walmart or an Apple.

So if we can't uniquely add value, if it can't be a core focus of the company we'll look to partner. And for example with autonomous, we were in that business, but it wasn't kind of our main business, and we've decided to partner with a bunch of different players out there. The Waymos of the world, the Cruises of the world, the WeRides of the world, where autonomous is all we do, and we can bring them the complement, which is our demand and our operations – local operations, which allows them to monetize the substantial investments that they are making.

In terms of adjacencies and how we look at them, we will typically because of the power of the platform, we will typically experiment with different adjacencies. We've – on Delivery, obviously, we started with food. We've gone


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into grocery. You're going to see us getting deeper into any and all kinds of local retail as well. And with Mobility, we started with cars, and we're going two-wheelers and three-wheelers and buses and trains, et cetera, and we'll continue to kind of test out some of these adjacencies.

Typically, we look for behaviors that are frequent, meaning you can get multiple interactions per month, and also can benefit from our expertise in terms of real-time local logistics as well. Our ability to match and price based on inventory on a given day that can change substantially from 9 a.m. to noon to 8 p.m. when we're pricing out our service, unlike many – unlike traditional retailers, we don't even know what our inventory is. So we have to kind of do a scan of our real-time inventory in every market that we operate. It makes it a very, very challenging, but really interesting technical problem to be able to scan that inventory quick enough and then price that both on the demand side and the supply side.

So, where there are circumstances where we can bring value to that and where the customer interaction tends to be highly frequent or can take advantage of our local logistics and pricing and matching capability, that's where we'll look to act. At first, typically, we like to build things organically. We've built a ton of businesses. Eats was built organically here. So building organically as part of the DNA of this company. And then if we see something really interesting, we will look at acquisitions. But again, like Prashanth said, we will be very disciplined in terms of those acquisitions because the bar for return on investment is quite high at our shop right now.

**Nikhil Devnani**
*Analyst, Bernstein Institutional Services LLC*

Q

Thank you. Appreciate it.

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

A

You're very welcome. Next question.

**Operator**: The next question is from Ross Sandler with Barclays. Your line is open.

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

Q

Hey, guys. Just going back to the autonomous questions. So I guess on the Waymo partnership, why only two cities? Why not something much broader? Is that an option in the future? And then you guys are an investor in Wayve. Could you talk about how you see the second tier of the Robotaxi market behind Waymo and Tesla evolving? When do you see that next wave of companies and fleets conceivably being on the road and on Uber specifically? Thanks.

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

A

Yeah, Ross, in terms of the two cities, really what you want to get is the proper liquidity in a city anytime that you launch. And with Waymo as well and many other AV players, there's a need to kind of map different cities and map both originations and destinations.

So there's an investment that goes into launching these cities. So it doesn't make sense to getting into 20 or 30 cities in kind of a thin way, you want to go into a city with the proper investment in your depots, in your infrastructure, in your mapping, et cetera, so that you start getting a return on capital.


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And Waymo and ourselves thought that these two cities are very attractive cities to launch it. And hopefully, we can go from there. But really, the focus right now is to make sure that Austin and Atlanta work the way that we believe that they will.

In terms of other players out there, it's really hard to generalize. I think that Waymo is clearly the leader in the industry, but there are many other players who are developing this technology. And these cars are live in many cities around the world, certainly in China as well. And so you will see deployments of other autonomous partners on the Uber network, so to speak, outside the US coming up in 2025.

And I think that autonomous kind of ecosystem will continue to expand across many different partners because the potential of the market, both in terms of saving a bunch of lives with safer drivers out there, but the potential in terms of extending Mobility and making available to many, many more people and at a reasonable price is just so significant that many players are going to go after that opportunity. And I think we've shown with all of our partnerships that we are by far the best partner in terms of driving utilization and working locally with some of these partners. So stay tuned, you're going to see more launches coming up.

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

Sara, we'll take our final question now.

**Operator**: Thank you. Your final question comes from the line of Benjamin Black with Deutsche Bank. Your line is open.

**Benjamin Black**
*Analyst, Deutsche Bank Securities, Inc.*
Q

Great. Thank you for taking my questions. Can you just talk a little bit about the broader consumer landscape, how favorable is the state of the macro environment for you in some of your larger markets? What proof points or KPIs do you guys track that may give you confidence that it's not deteriorating. And then the second one is on Uber Direct.

Do you need to supplement that business with some incremental investments to drive deeper penetration? And in terms of your Darden deal, it's exclusive. Is that sort of the right way to think about the direction of travel for the structure of future partnerships? Thank you

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

Yeah. So I think generally, consumer demand continues to be strong, especially on services, spend on services still isn't where it was pre-pandemic. So I think all service players travel, for example, Booking.com, I think reported last night, pretty strong results. So all kind of services providers are enjoying this.

And if you look for us, audience is an all-time high, frequency is at an all-time high, our consumer retention is up globally year-on-year in both Mobility and Delivery similar to the past couple of quarters as well. We're not seeing any signs of trade down in Delivery. It's something that we look at. So eaters are ordering more from kind of the $2 bucket versus the $1 bucket in terms of our own ratings and in all top markets

So it looks like the consumer is strong. And when you look at US and Mobility, gross bookings in the US, for example, they grew 17%, which is a very solid number. And then International actually grew faster than that. So


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international markets continue to be very, very strong, which is something that we are quite happy about. And then we continue to see very strong spend on the corporate side as well.

U4B growth rates are very strong. 50% constant currency growth as we continue to penetrate into new accounts, but actually existing accounts continue to grow as well, and about 50% of our U4B business is premium, which is kind of black and comfort, et cetera. We're not seeing any signs of trade down there. So for now, the consumer – all the consumer signs are strong, and we're certainly hoping that they stay that way.

And then in terms of Direct, we continue to invest aggressively in Direct actually. You see the partners – the partnerships with Darden. And some of the partnerships that we have are exclusive and some are not exclusive. It really depends. It's hard to generalize. There are some players who want multiple partners. I think one of the benefits that we bring in the Direct business that we are global in nature.

So one partner, especially global brands, can partner with us and we can integrate into their tech ecosystem and we can deliver for them in New York, and we can deliver for them in any international – in Tokyo as well. And there are very few – there's no one else who really have the global scope that we do.

But as it relates to Direct, we're actively increasing our engineering head count there and continuing to sign up more partnerships and also deepen our capabilities in terms of the services that we offer our partnerships. It's one of the fastest-growing parts of our business. And we think the extension of Direct beyond just same-day delivery into kind of more fundamental parts of the fulfillment ecosystem is a real potential opportunity for us going forward.

### Benjamin Black
*Analyst, Deutsche Bank Securities, Inc.*

Q

Thank you very much.

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

All right. So I think that's it. Thank you, everyone, for joining. A huge thank you to the Uber team for all of the efforts that undergird kind of what Prashanth and I and Deepa report to the Street. Another good quarter, and we're looking forward to closing out 2024 with a strong Q4. And I think Prashanth, we're going to be talking to some of the investors in a couple...

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

Yeah. Thank you, Dara. We're going to be in Toronto, Miami, Boston and San Francisco over the next couple of weeks. So if that corresponds with anyone's interest, please reach out to Deepa. We'd love to see you.

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

All right. Thanks, everyone.

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


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