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Uber Technologies, Inc. (UBER)

Q2 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

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

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

Balaji Krishnamurthy

Vice President, Investor Relations, Uber Technologies, Inc.

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

During today's call, we will present both GAAP and non-GAAP financial measures and additional disclosures regarding these non-GAAP measures, including a reconciliation of GAAP and 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. With that, let me hand it over to Dara.

Dara Khosrowshahi

Chief Executive Officer & Director, Uber Technologies, Inc.

Thanks, Balaji. Q2 was another quarter of new records for Uber as we achieved all-time highs in both audience and frequency. This powered robust growth in trips and gross bookings, both up 18%. We also reached new highs for adjusted EBITDA, GAAP operating income and free cash flow. We're expecting more of the same strong performance in Q3 with another quarter of high teens gross bookings growth and low to mid-30s EBITDA growth.

We've already made great progress harnessing the unique power of our platform to foster deeper engagement with our consumers who visited our apps nearly 30 billion times over the past 12 months, but we're just scratching the surface of what's possible. Today, fewer than 1 in 5 of our consumers are active across both Mobility and Delivery, and we believe this can and will go much higher over time.

That's one of the reasons I'm super excited that Andrew Macdonald has stepped into the role of COO. One of Mac's primary focus areas will be supercharging our platform strategy and the growth that it can bring with our Mobility and Delivery leaders now reporting directly to him as well as the cross-platform efforts like advertising and autonomous.

While we remain as focused as ever on our core business, we continue to push forward on building the future with AV. And Q2 was jampacked. We expanded our operating zones in Austin with Waymo and Abu Dhabi with WeRide, and we also launched exclusively with Waymo in Atlanta.

And at the same time, we announced several new and expanded partnerships, including with Baidu, Lucid, Nuro and Wayve. Our autonomous momentum continues at Uber speed and we'll be ramping those deployments significantly over the next few quarters in the US and internationally. Simply put, we've never been more excited about what Uber is delivering today or the many opportunities ahead. That's why today, we announced a new $20 billion share repurchase authorization as part of our sustained focus on value creation for our shareholders. With that, let's go to questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Your first question comes from Eric Sheridan with Goldman Sachs. Your line is open.

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

Q

Thanks so much for taking the questions. Dara, I want to follow up on this theme you introduced around platform initiatives in the letter. When you think about the success you're unlocking on the platform initiative side, how much of this in your early learnings continues to come down to consumer knowledge, array of supply or even affordability in terms of driving some of this cross-platform behavior? And as you're thinking as the company continues to evolve, how do you think about one single super app under the Uber brand as opposed to having multiple apps with different utility experiences for consumers? Thanks so much.

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

A

Absolutely, Eric. It's a great question and something that, honestly, we're learning as we go. I think as it relates to platform, it's easy to talk about, but it's actually much harder to execute on the ground. A pixel that we place on the mobility app that is, for example, promoting delivery, a delivery feature could be reducing the experience of the mobility app itself. So we have to make sure that we are cross-promoting one service to the other mobility to our each business or each business to grocery, grocery user to retail in a way that is targeted and in a way that is adding value for the consumer. And the only way to get there is through super, super aggressive experimentation.

The great news is that the – those who kind of use both sides, both mobility and delivery, their retention rates are higher, they are 35% higher than single-business consumers. They generate 3 times the gross bookings and profits than single-business consumers as well. And that then allows us to market more aggressively, uniquely because the vast majority of our competition is only monoline in terms of the business that they run. So structurally, for a subset of consumers we can just pay more than anyone else can. And that structural advantage is going to continue to get better over a period of time.

Now what we're seeing now is a lot of people talk about AI and some of the AI applications are just larger models, larger models that can take more contacts from a consumer history about consumers' use, longer periods of time in terms of seasonality. And part of what we're seeing in terms of the cross-platform promotion is that we're able to pick kind of the right time to send a promotion to you. So on your way to work, maybe you pick up a Starbucks coffee with a promotion attached to it. Those kinds of magical experiences have to be hyper personalized. And again, can be optimized as a result of a bunch of optimization and model kind of tuning work.

I do think that Andrew Macdonald, Mac, we call him, heading both Mobility and Delivery kind of solve the structural problem because to some extent, the teams who are optimizing for the mobility app, they just want to optimize for Mobility and for Delivery, even though they're part of one company. Now both of those organizations are under one person, which structurally allows us to be more aggressive on the platform.

And then as you know, our membership program is a huge part of the platform with Uber One 36 million members, and these members spend 3 times more.

We have been debating as to Eric, your question on the super app. We've been debating it internally. Now to some extent, when you go to the rides app, it is a super app. You'll see a delivery tab on the rides app. We are building out our experience. If you look at our supplemental slides, which actually has delivery and grocery and a bunch of other choices on the rides app. And the rides app today drive $10 billion of bookings or delivery kind of bookings on the Mobility app. It's about 12% of annualized delivery gross bookings.

So in some ways, we're slowly kind of moving towards a super app of source. But what we're trying to have is the best of both worlds, a highly tuned mobility app, a highly tuned delivery app, both of which talk to each other and take targeted moments to promote each other as opposed to kind of broad promotion that can seem like anti-consumer to some extent. This is a long journey. I think we're in the second inning. And with our product teams and our tech teams focused on it and Mac as the COO, I think the journey towards the fourth, fifth innings is going to be easier than the first two innings, so to speak.

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

Q

Appreciate it. Thank you.

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

A

You bet. Next question.

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

Brian Nowak
Analyst, Morgan Stanley & Co. LLC

Q

Great. Thanks for taking my questions. I have two. The first one on the core platform. So the MAPC growth up 10 million quarter-over-quarter and the Uber One member growth up 6 million quarter-over-quarter, both really good numbers, really good results. So the question is, is there any changes that sort of came through this quarter that drove that faster growth? And how do we think about the durability of this faster growth going forward?

And then secondly, on autonomous, Dara, I think in the past, you've talked about the number of AV rides deployed across the network, I think it's 1.5 million last quarter. Any update on how large that is or ways we can think about quantifying the Waymo utilization on Uber's network? Thanks.

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

A

Sure, absolutely. So, Brian, in terms of audience growth, which was super healthy at 15%. There are many ways in which we're expanding audience. But I'd say one of the ways that I'll talk about is some of the lower-cost products that we're introducing. So for example, Moto, which are two-wheelers that are coming in a bunch of our developing markets now, it is over kind of $1.5 billion in gross bookings, growing 40%. A bunch of them on the premium side as well, our premium business is now over $10 billion, growing 35% and our reserve business continues to grow 60%.

So the strategy that you're seeing from us, which is to target consumers, different demographics, whether they're demographics in terms of income, whether they're demographics in terms of age, building a teens product, or building a product for an elder audience. These are new consumers that are coming on to our platform. And then when they come into our platform, we find that they use multiple products per the discussion that we have there.

So we'll get someone in on Moto. But if it's date night or if it's raining, they'll use UberX, and they start kind of get introduced into the platform as well. So we are very, very pleased in terms of audience.

And I would tell you that while a lot of people think, hey, everyone that I know uses Uber, et cetera, in our top 10 markets, for consumers who are 18 years and older, only about 20% of them come to us on a monthly basis. So there's a ton of audience that we can continue expanding into. And at this point, we're not seeing any signal whatsoever that audience growth is slowing down.

Uber One, we've been very, very happy about growing 60%, 36 million members. I think one of the differences that you're going to see in Uber One is. Uber One has always been a huge hit as it relates to Delivery. It has been a bit more difficult in terms of introducing it to the Mobility audience, the incremental use on delivery showed up on day 1. But on mobility, the incrementality as a result of Uber One has been something that we've had to work on.

One of the newer products that we're very excited about is actually surge savings. This is the number one product that our Mobility consumers have asked for. Surge is necessary for us to improve reliability across the network, but a lot of our users don't like it to be frank. So surge savings is an opportunity for members to save during those surges and kind of pay prices closer to what they're used to, and we think that can drive membership as well.

So one of the reasons why you're seeing membership grow as fast as it grows is while it's highly optimized for Delivery, call it, 80% of where we're going to get to, in Mobility, it's like not nearly as optimized and we're very much earlier kind of in the path in terms of introducing membership to our mobility users and coming out with kind of spectacular products like the surge savings that we talked about. So both early the teams are doing well, and we expect that execution to continue.

In terms of AV, it is very, very early. In terms of the development of AV. I think the commercialization is going to take time, but we're going to be in the lead in terms of commercialization. Austin launch continues to go really well in terms of utilization, Atlanta launch has been – it's early, but the Atlanta launch has been great. And in both cases, the average Waymo is busier than 99% of our drivers in terms of completed trips per day.

And then what we're also seeing is that having Waymos as part of our product is – it looks like it has kind of a positive halo effect on the overall system in terms of people being excited to use an AV, it's certainly showing up in Austin. Too early to show up in Atlanta, but it's something that we're looking at closely. And then obviously, beyond Waymo, there's a big ecosystem out there, May Mobility, Avride, Volkswagen, Nuro, Lucid and then a lot of players in the rest of the world, WeRide, Pony, Baidu, Wayve and Momenta. So lots of partnerships here. And really, the focus now is how do we bring this product to market as quickly as possible because it looks like from a consumer standpoint and from a safety standpoint, it's a real hit.

Brian Nowak
Analyst, Morgan Stanley & Co. LLC

Q

Thanks, Dara.

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

A

All right. Next question? You're welcome.

Operator: Thank you. The next question is from Michael Morton with MoffettNathanson. Your line is open.

Michael Morton
Analyst, MoffettNathanson LLC

Q

Hi. Good morning. Thank you for the question. Dara, maybe a great time to follow up on those AV comments you just made. And I wanted to dig in a little bit on the Lucid and Nuro partnership that was announced. There were some investor concerns that this partnership, in particular, with the capital around it was a negative read through for the relationship with Waymo and then also just capital intensity, a little surprising for marketplaces.

Could you maybe speak to why this might not be the best framework for thinking about that partnership? And then some high-level thoughts on how you're envisioning owning some of the AV assets versus divesting them to fleet operators and how investors could expect to see this play out over the next several years? Thank you.

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

A

Yeah. Absolutely, Michael. Listen, we're very, very excited about the partnership with Nuro and Lucid-Nuro is a leading software player, obviously, excellent management and Lucid as well, one of the leading EV manufacturers out there with great tech. So we think it's terrific.

Listen, we – I've said it before, we are a supply-led company. The more drivers there are in the ecosystem that we can amalgamate with our platform, the better our service becomes, and that applies with robotic and autonomous drivers as well. So we are investing, absolutely investing in the software players and the hardware players to bring that to the fore. And the fact that we are able to work with Nuro and Lucid speaks very well to AV supply going forward. The more supply there is, both humans and AVs, again, the better our platform is.

And I think from our standpoint, the good news is that, as you've seen with our cash flow and our capital allocation, we can afford to invest aggressively in the autonomous space and at the same time, to return plenty of capital to our shareholders. So it's not an either/or.

I do think that you will see us do more deals like Nuro-Lucid in the early days of autonomous as we're proving out the economics of the marketplace. How much can one of these cars make? Now, the signal that we see with Waymo is based on the trips per day being at a 99th percentile in terms of utilization, that news is great.

So once we prove out the revenue model, how much these cars can generate on a per day basis, there will be plenty of financing to go around, third-party financing. We've talked to private equity players. We've talked to banks, et cetera. And while it will take some time, we're very confident that these assets are going to be financeable. And for us, we believe it's a competitive advantage for us to be able to use a relatively modest part of our cash flow to fund kind of the catalyst to get things started here. So we think it's great news. We've got obviously something to prove to shareholders. We always do. But I think it reflects kind of the catalytic potential that we can bring to the market.

Michael Morton
Analyst, MoffettNathanson LLC

Q

Thank you.

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

A

Anything you want to talk to, Prashanth?

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

A

Maybe just to remind folks, as we've said in the past, that as we think about our investments in AV, we want to think about them in terms of where will we use capital to take equity positions in some of the software players or ecosystem players to help them kick-start their development and where does Uber being part of their cap table sort of add to their credibility.

We're going to continue to recycle some of the proceeds from the minority stakes that we have to fund some of those investments. You've seen us do that already and expect us to continue to do more of that over the coming quarters.

Second, expect us to use some of our cash flow in a more capital structure as we may need to invest either in real estate, in facilities or as we announced with Lucid actually in vehicles. Exactly as Dara said, this is really to help us build our learning base and to build enough information for us to be able to engage more credibly with financing partners having run these at scale ourselves and then be able to bring them into the fold with real data on how they can earn a return in this space?

And then lastly is obviously AVs today are not profitable. That has been a pretty consistent investment approach for Uber as we go into markets and go into products starting at a loss, we build scale, we build our experience. And then over time, we know exactly the levers that are necessary to turn to get that to profitability. You've seen us do that in multiple growth bets as well as in the Delivery business when we started and expect that to be the same for AV.

I'll just call back to – we announced a $20 billion authorization today in part to make it clear that returning the cash generated from this enterprise to shareholders remains our number one concern. And so the investments that we're going to be making in this area are going to pale sort of in comparison to that.

All right. Thanks for the question. And can we get the next question?

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

Justin Post
Analyst, BofA Securities, Inc.

Q

Great. Thanks. A couple of more questions on AVs. In the letter, you talked about we are increasingly focused on broadening OEM partnerships. So really, maybe talk about that and your partnership pipeline here for the next six months or so? And then second, with a lot of news about Tesla expanding, how do you think about that? And maybe just give us an update on your share and growth in the San Francisco and L.A. markets? Thank you.

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

A

Yeah, absolutely. So Justin, in terms of OEMs, what we're seeing is that the development of software actually AD software has really been accelerated based on these larger AI models. There are some approaches that are kind of perception models interpreting the world and then prediction models that decide what to do. Some players like Tesla and Wayve, for example, are going with single models. But whatever the approach is, it is really accelerating in terms of time to market. And we actually think the harder part of commercialization is going to be hardware, bringing on hardware platforms and hardware partners that can build these platforms at scale affordably because today, at least AV vehicles that are able to be deployed at scale are pretty expensive.

We've obviously made the Lucid announcement. We are talking to all of the major OEMs in the space, and we're confident that over the next couple of years, we will have OEM partners. And again, because we bring a ton of demand, we've got a great balance sheet that we can invest in order to prove out the financing of these models, we think we're in a great position to do so.

So stay tuned. You'll see more announcements with OEMs. And then there are certain players like Baidu who also have established, not just software platforms but also hardware platforms that look to be effective at scale and quite affordably, which is terrific. The Apollo Go for is one example of that.

And then in terms of Tesla, listen, we see them on the streets right now, the deployment that we're observing is very, very small. So we haven't measured any change in terms of trends, both in Austin and/or San Francisco. It's something that we'll watch. And again, we said it before, this is a very, very big market. There will be no winner-take-all. And I think you're going to see a lot of experimentation early on with lots of different models. Waymo's working with us, Waymo is going direct, are working with a number of other players. You'll see a panoply of models, but we are confident that based on our platform, based on our ability to balance kind of supply and demand peaks and valleys, we think we'll be the leading third-party platform out there. And with a market that is going to grow and expand the way AV promises to, I think, will be a winner, but we won't be the only winner.

Can we get the next question, please? Thank you.

Operator: 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 have two, one for Dara, one for Prashanth. Dara, just in terms of mobility, how are consumers responding to the pricing growth deceleration just tied to the moderating insurance pressures? And I guess what gives you confidence in US mobility trips accelerating in 3Q?

And then Prashanth, is there any more color that you can add around the buyback and just kind of loosely how you think about overall timeframe, just given that the $7 billion from a couple of years ago, kind of started somewhat slowly. It's ramped more now, but any more color there would be helpful? Thanks.

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

A

Yeah, Doug, in terms of – I'll answer the first one. In terms of the response of pricing, it's been really positive. So there is a sensitivity to pricing on kind of a session level, right, if someone sees a ride for $20 and then sees a ride for $17, the conversion on those two sessions are going to be different. But there's also the person who saw the $17 ride has a greater proclivity of coming back to us two days later, three weeks later, et cetera. So there's kind of a delayed reaction to pricing which we're now able to – with some of the data scientists out there who are really terrific, we're able to measure.

And that's exactly what we're seeing in the US, which is if you measure kind of bringing prices down, and I think the good news here to be clear is we're just passing on these insurance savings. So our profit per ride in the US is up on a year-on-year basis. This is – it's insurance money passed right to consumers.

What we're seeing in the US is that there are some session benefits or in-session benefit, but there's a delayed benefit to consumers then coming back to the app more and that's absolutely showing up in July, where transaction growth accelerated nicely versus Q2. And our expectation based on our being able to continue to pass on insurance savings for the balance of the quarter is that the same trends are going to show up in the balance of the quarter. The trends generally are getting better as the quarter progresses, which gives us confidence in Q2, and hopefully, that will continue into Q4 – sorry, Q3 and then go into Q4.

Prashanth, do you want to take the next one?

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

Yeah. Thank you. Thanks, Dara. So Doug, maybe a couple of points on the buyback to help folks understand how we think about it. As this business has inflected and we have started to generate meaningful cash flow, returning that cash to our shareholders is a key priority for us. We've already executed over 60% of our authorization from last spring, when it was originally authorized.

So today's $20 billion is in addition to the roughly $3 billion that is yet to be executed. So I know that sometimes folks get confused on that. So think of it as $23 billion to execute over the next couple of periods here. That represents about 12% of our market cap and really is a reflection of how great we feel about the cash flow generation that's in front of us.

So if you look at our history now, we've been allocating around 50% of our free cash flow to buybacks. I think that's a fair sort of way for you to think about how we will execute the capital return over the coming years. That gives us also a good sort of way to benchmark how we want to design our programs every quarter. So you should expect this to be sort of a multiyear plan. We will be active every quarter. But of course, we always reserve the opportunity that if there is a meaningful dislocation, we're going to get very opportunistic in the market.

And just a reminder that we made a commitment last year in our Investor Day that we were going to turn the curve and start reducing our share count. And now in the second quarter, we've actually taken share count down 1%, and you'll see that trend continue for the next couple of years.

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

Next question, please?

Doug Anmuth
Analyst, JPMorgan Securities LLC
Q

Great. Thank you, both.

Operator: Next question comes from Ross Sandler with Barclays. Your line is open.

Ross Sandler
Analyst, Barclays Capital, Inc.
Q

Great. This is probably for Prashanth, but could we put a dollar amount on the vehicle commitment from these OEM partnership deals over the next few years? Or is there a framework that we can think about this? Is this hundreds or thousands of vehicles per partnership? I know the Lucid deal had that 20,000-vehicle commitment. Like how much do you think Uber will be taking on of that 20,000?

And then the second part of the question is just, it seems like the Waymo partnership is more of an asset-light version of this. So how important is expanding with Waymo in new cities beyond the two that have been announced? Thank you.

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

A

Thanks, Ross. I'm going to take the first part of that, and I'll let Dara take the second part of it. I think probably the best way to think about the investments, going back to, I think, what I said for Doug earlier, is we are committing that at least half of our cash flow generation over the coming years will go to share repurchase, and that's sort of the message we wanted to send with that very strong $20 billion share repurchase. We will recycle the proceeds from our minority stakes as best as those are opportunistic to allow us to fund some of the equity investments in our AV players.

So for us, the – what we've concluded is a modest redeployment of our free cash flow makes a big difference for the partners that we are working with. So I would think more about the impact that we can create with our partners which is outsized reflective of the amount of cash flow we're generating. So I wouldn't – I don't want to give you a size on it except to say that you should be comfortable that a lot of our cash will continue to go back to shareholders. As Dara mentioned, I think earlier that – or it might have been on CNBC this morning, that we will always continue to look at inorganic moves that make sense for us, like the Trendyol Go deal that we did last quarter, which has been great for us on growth. And then beyond that, that leaves us some capacity to continue to help build out this ecosystem. And then with the question on Waymo, I'll let Dara take that one.

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

A

Yeah. Absolutely. So in general, in terms of Waymo, Ross, really our focus is making sure that we're executing incredibly well on the deployments that we have now, both in terms of Austin and Atlanta and both are going really well. We would love to have more Waymos on our platform, both in Austin and Atlanta and in additional cities. But I don't want to comment on when and if that's going to happen. But clearly, it's something that our consumers love. And clearly, the Waymos on the Uber network are very, very busy and producing economic value. And so hopefully, we certainly know we're going to expand in the cities that we're in. And hopefully, we'll have more to tell you over a period of time.

In terms of the specific business model, again, I don't want to comment on that. But I would tell you that we see kind of three different business models coming in generally depending on whom we're working with. It's going to be what I would call the merchant model. And under a merchant model we will essentially pay a partner a certain dollars for – per trip per day or dollar per day. And so the partner will have a kind of revenue that is very, very predictable. And we will take the risk on monetizing our network. And again, we have more demand than anyone else. So we will be able to, I think, sign up for revenue levels that other people just can't. So the merchant model really kind of creates an advantage for us.

Then there's an agency model. Agency model, think of it as a rev share. It's kind of the model that we have with our driver partners now. Driver takes a certain percentage, we take a certain take rate as well, and you essentially have a revenue share based on – and if you do well in a market, that's great. If you do less on a market, it's kind of risk sharing. Then there's another model which where we might or financing partner might own the assets and then essentially, you're buying cars and then there will be a licensing model as it relates to the software. So there will be a – whether it's monthly licensing or per mile licensing, you can imagine lots of different models out there.

So those, I think, are how the marketplace is going to shape up. I think you'll see all three of those models in our marketplace over the next five years. And it's going to depend on really the needs of our partner. But we're very confident as to being able to kind of build the most robust economic and operational ecosystem as it relates to AV within the Uber network.

Anything to add, Prashanth?

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

A

Yeah, I think, Ross, maybe just circling back to the first answer I gave you. One element I probably should have added is I wouldn't conclude that by purchasing vehicles, the economics are going to be worse. In fact, our analysis is that the Nuro-Lucid deal will probably yield better economics for us because of it's a collective deal and we just get the efficiencies of having the vehicle and having the software integration in there. So our view is actually, we're probably going to do better on that from an economic standpoint.

Ross Sandler
Analyst, Barclays Capital, Inc.

Q

Thank you.

Balaji Krishnamurthy
Vice President, Investor Relations, Uber Technologies, Inc.

A

Operator, we'll take the last question.

Operator: Thank you. Your last question will come from Benjamin Black with Deutsche Bank. Your line is open.

Benjamin Black
Analyst, Deutsche Bank Securities, Inc.

Q

Great. Thank you for taking the questions. Dara, you mentioned the Barbell strategy within US mobility. I guess when you look across the spectrum of opportunities across the curve, where do you see the greatest incremental opportunity for mobility in the US? Is this more sort of on the lower-priced offering? Or is there still a lot of room to run on the higher end as well?

And then can you just dig a little bit deeper into your comments around externalizing your technical capabilities in the letter? Are you talking about data licensing opportunities within AV? And if so, how big could that become? Thank you.

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

A

Yeah, absolutely. Ben, I'd say in terms of the Barbell strategy, it is both. It is low cost and premium. I would say that premium is easier to execute on. There is clearly a consumer want in terms of paying more for higher reliability. That's essentially what the reserve product is, and/or paying more for a nicer car, which is kind of the premium product.

I would also say that our Uber for Business is also growing nicely over 30% on a year-on-year basis. So I think premium near term in terms of profitability is – has higher potential, call it, over the next three years. The lower-cost product is a harder product for us to pull off and because we have to kind of drive efficiency across the network.

And one of those instantiations is wait and save where you accept lower reliability and, as a results, are able to pay less or our Uber share product where essentially your – you will take maybe a longer ride, maybe a little bit of a detour sharing that car with someone else and again, saving money on that.

The lower-end product, I think, ultimately is kind of the greater opportunity in terms of trips, in terms of TAM. But over the next three years, our lower-end product, is costing us a margin that we think is appropriate in terms of the investments that we're making in our future.

Expect us to continue on the Barbell strategy, and you'll see similar things as it relates to our delivery business, priority delivery, paying up for priority delivery in order to get your delivery faster or accepting some delay in your delivery and again, saving some costs. So this Barbell strategy is something that we're using both in mobility and delivery and they both carry significant promise there.

In terms of externalizing our tech capabilities, this is something that I'm really excited about. And just like a really simple example is our Advertising business and our Direct business. If you think about Uber Eats, there are two pieces of value that Uber Eats brings. There's audience to an SMB restaurants that it brings and then this fulfillment capability, which is getting the food to the home and we separated those two capabilities into an advertising business that's growing incredibly healthy, very, very high margin and a Direct business where essentially we deliver on demand for our customers, who may have brought those consumers to their front door on their own through their own app.

You should expect to see more of that. So for example, data collection for AV is absolutely something that we're working on. I'd say it's not really something that I'm looking to make profits on but really helping AV get to market faster. And then one area that we're really excited about is kind of one way to look at Uber is it is a platform for work. We've got almost 9 million people who are earning on our platform, and they can earn in different ways other than driving or transporting things.

An example of that is actually our Uber AI solutions, which is one of the really exciting parts of our business growing very quickly off of too small a base I tell that team at this point. But they are engaging in data labeling, translation, map labeling, tuning algorithms, et cetera. And these are sometimes drivers on our platform, sometimes kind of specialists that we bring on to the platform, but it's using the core Uber capability, which is sending out tasks to earners all over the world, you're just going to see a different kind of earner that is going to work for kind of the really exciting kind of AI developments that you see all over the world.

So that is another example of our externalizing our platform and it's – we are many conversations with our tech teams as to what else we can do with our platform capabilities globally. So something that we're quite excited about.

Benjamin Black
Analyst, Deutsche Bank Securities, Inc.

Q

Very helpful. Thank you.

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

A

All right. I think is that it, Balaji?

Balaji Krishnamurthy
Vice President, Investor Relations, Uber Technologies, Inc.

A

Yeah, let's wrap it up there.

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

All right, everyone. Thank you very much for joining us. We really appreciate your taking the time, and a big thank you to the Uber teams. Balaji and Prashanth and I get to talk about the results, but it's the teams on the ground who are delivering every day. So a special thank you to all the teams who delivered another great quarter for us. Thanks, everyone, and we'll talk to you next quarter.

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