



## Uber Technologies, Inc - Stock Analysis Report

### 1) Company Overview & Financials

#### 1.1) Introduction

Uber is a technology on-demand platform which uses a global network, leading technology, outstanding service levels and product expertise to power movement from one point to the other. The company develops technology applications for more than one type of services, to facilitate the contact between the customer and independent providers of those services.

Uber's technologies are currently available in more than 70 countries worldwide, covering more than 10,000 cities in all continents. It doesn't operate in China and Southeast Asia.

Uber in numbers: it is a public company nowadays, founded in 2009, it has in 2022 approximately 29,300 employees, which are led by the CEO - Dara Khosrowshahi. It is headquartered in San Francisco and it is estimated to have over 110 million users that order rides or foods at least once a month.

UBER was rated in the stock market in 2019, when they closed their IPO by selling 180 million shares of their common stock, which by that date was sold by the price of 45USD per share.

This corporation's mission is very clear: "We reimagine the way the world moves for the better".

#### 1.2) Segments

Uber works 3 main segments, and in 2021 the segment that received more gross bookings was Delivery, followed by mobility.

- a) Mobility: Product that connects the customers with drivers of cars, motorbikes, minibuses, taxis or auto-rickshaws, who provide rides. Also is included on this segment the "Uber for Business", Financial Partnerships, Transit and vehicle solutions offerings.
- b) Delivery: This segment was launched in 2016 and consists on food delivery, offering their consumers to search for restaurants nearby, order a meal and either pick-up at the restaurant or have the meal delivered, and in certain markets they also provide groceries and convenience store goods delivery.
- c) Freight: The less known one, but Uber believes it is revolutionizing the logistics industry in a global way. It consists on connecting carriers with shippers on Uber platform, giving carriers upfront, transparent pricing and the ability to book a shipment, making the process way faster and simpler for carriers.

### 1.3) 2021 Results / Financials

The total gross revenue of the corporation in 2021 was 17.455 millions of US dollars, reflecting a big increase comparing to the last 2 years. The annual report shows that the company have had incurred significant net losses and, in the end of 2021, they had a deficit of 23,6 billion US dollars. The covid 19 pandemic contributed a lot to these results.

It is expected that their available cash and cash equivalents, together with credit facilities, will be enough for their expected operational cash needs during 2022, but extra capital may be needed to be raised to continue supporting the objectives and strategy of the company.

In the last year, the company made more investments than in 2020, and the total “Uber Technologies, Inc” stockholder’s equity has increased in 18% in 2021.

Also, as of December 31<sup>st</sup> 2021, they have issued 5.0 billion shares of common stock with a par value of 0.00001 USD per share. And by that date, no dividends have been declared.

Adjusted EBITDA profitability was achieved in 2021 (86 millions USD in the last quarter of 2021), so the company is getting through the worst years caused by the pandemic and has showed a good recover in 2021.

In terms of their segments, Delivery, in the end of 2021 was 3 times larger that in was when the pandemic started, so it’s a segment that earned a lot with the side effects of this world’s crisis.

In terms of the company strategy, we can analyze that UBER has been always trying to grow opportunities, through diversification and by creating new products, as we can see in the two fig. below:

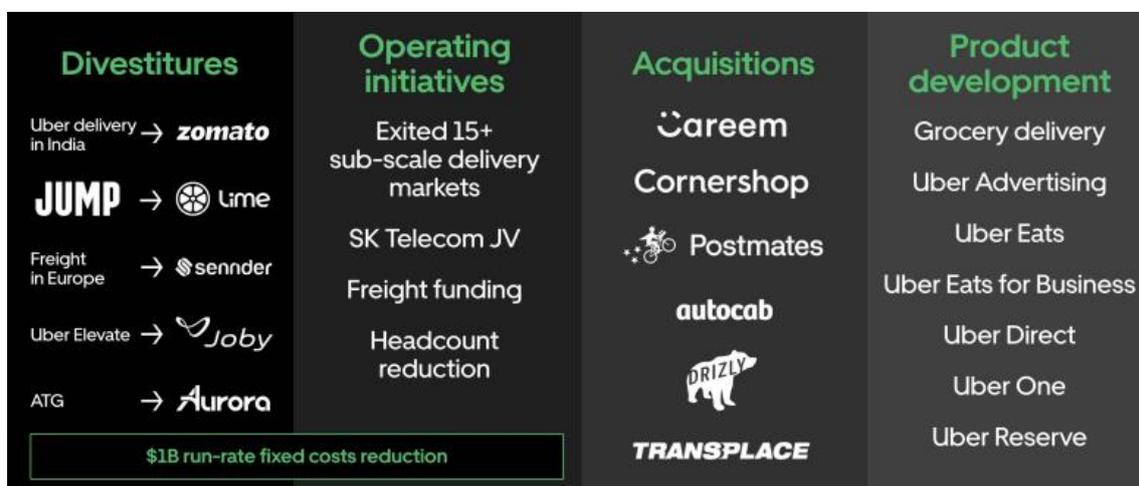


Fig. 1: Source: UBER investor Day 2022 presentation

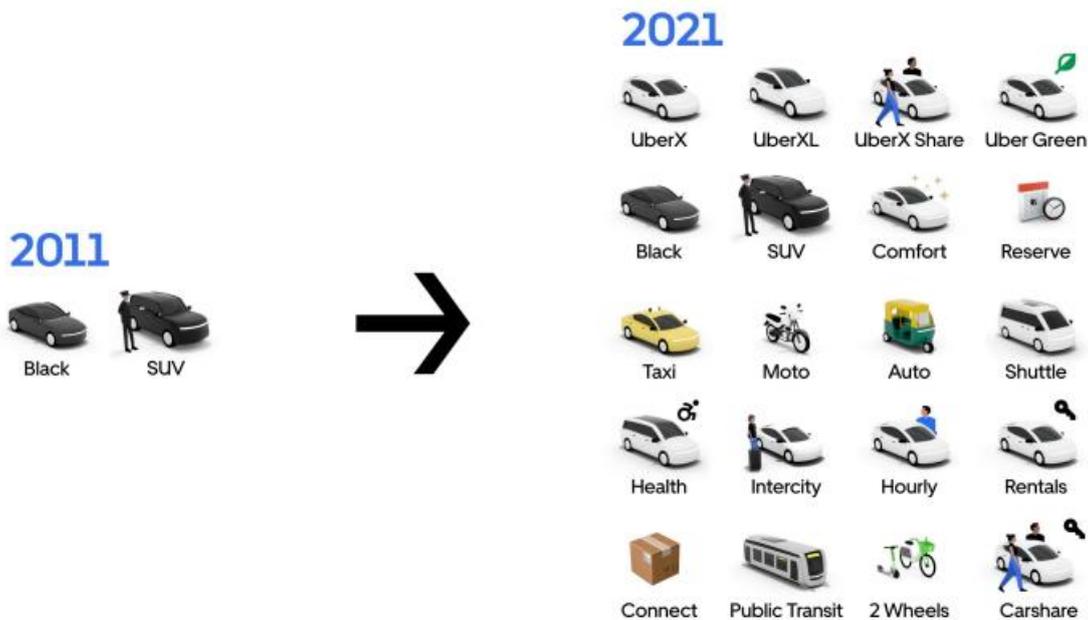


Fig. 2: Source: UBER investor Day 2022 presentation

Another interesting input to analyze is the opportunity UBER found on developing their B2B market, for which in 2021, they have achieved a total addressable market of 600-800 Billion USD, with mobility segment leading the B2B market.

## 2) Sector Overview

### 2.1) Summary and Market concentration

UBER operated in a growing competitive industries and it has many different competitors on each of the markets where it operated. In the strongest market, the USA in terms of mobility we can observe that UBER’s main competitor is “Lyft”, a popular ride-hailing service with a very similar business model to UBER. Other competitors are Curb, Ola, Grab, Didi Chuxing.

In the Middle East and Asis, UBER faces a very fierce copetition from “Careem”, again with a similar business model.

Threat of new etrants in low, as it doesn’t require a huge amount of cots to build a similar business and the business model is quite easy to copy and it is an attactive market, which is continuously growing. For the customers there’s almos no cost to change to substitutes.

Suppliers have a high bargaining power, as well as the customers.

In 2021 UBER was considered the largest mobility platform in the world, with 8 leading positions in their top 10 markets. UBER is working to unlock their growth unitl 2024 in large markets they want to conquer and were they are not yet a household name (Spain, Germany and South Korea). In terms of Delivery, it is considered also as the largest delivery platform worldwide, except for China, with 7 leading positions in their top 10 markets

In 2021, the existing standard taxi industry is twice the size of mobility business, so one of the company's strategic objectives is to get every taxi on Uber platform by 2025. At this moment, there are only 27 countries where Uber taxi operates.

UBER is also leading the world's transition to EVs vehicles and that provides the company with a good negotiation power.

As for Freight segment, UBER has been visionary and it's the largest digital freight marketplace (Nuber 1 recommended carrier app), although that industry is not in a good shape (carriers are not growing their businesses, drivers are aging out, they suffer from an inefficient capacity sourcing, shipper costs are going up and there is a devastating environment impact produced by this industry).

## **2.2) Regulations**

UBER has worked a lot to be a regulated service globally, in the 72 countries where the company operates. The company operates in a very complex legal and regulatory industry, subject to several rules that vary from country to country.

Also, the laws and regulations related to UBER activity are continually evolving and may be interpreted in a way that may harm their business, and as so, this is one of the areas to which the company has to devote more care.

## **3) Risks & Opportunities**

According to 2021 UBER'S annual report, the main risks are the following:

- COVID pandemic, which have lowered the demand and impacted a lot their business since March 2020
- In case UBER drivers will have to be classified as employees instead of independent contractors, it will affect the business at a high level
- Easiness of new competitors to enter the market, may put in risk the success of the company, as there may appear more low-cost competitors (it is a market with low switching costs and low barriers to enter), and this may make UBER to lower even more their prices
- Operating expenses are expected to increase and huge investments in new offerings and on developing technology are in place, which will affect the company's profitability if these investments are not reflected on customers adherence or on generated revenue
- It UBER will not be able to optimize their organizational structure, their financial performance will also be affected
- UBER is too dependent on the income generated by the ride-sharing in metropolitan areas (lack of portfolio differentiation)
- As an online business, UBER may suffer cyberattacks, or fata privacy breaches, as we have been seen happening a lot for the past years, which could destroy the brand awareness and send customers away and may require the company to spend a lot of money on compensating the damages

- In 2021 UBER declared they require additional capital to support the growth of their business and to help them facing and surpassing their competition
- Its business is subject to diverse government and legal regulations, which vary from country to country which can block the business to grow in some regions
- UBER may not be able to protect their intellectual property
- Their common stock's market price has been volatile and it can happen that the corporation will not meet their investor's expectations

In a summarized note, according to UBER investor day 2022, the main risks that provoke some uncertainty on the company stakeholders are: the outcome of a tax case before UK tax authority related to classification as a transportation provider; the pandemic context; growing competition; the company's financial performance and their ability to attain a positive cash flow; the investments in new products; their ability to keep attracting drivers, consumers and other partners to their platform; and the brand reputation.

#### 4) Past & future stock Performances

##### 4.1. Past performances

Entering the stock market (2019) made a huge difference to the performance of UBER, as we can analyze from the fig. below:

### Evolution since IPO

Solid execution against a challenging environment



Fig. 3: Source: UBER investor Day 2022 presentation

In the end of the year 2021, UBER showed the following results:

- 25.9 billion USD on gross booking (representing an 11% increase from 2017 till 2021)
- A total of 1.8billion trips (+23% increase)
- 86millions of USD adjusted EBITDA (+ 540millions USD year over year)

UBER expects to achieve a positive growth curve after this pandemic, with estimated gross bookings in 2023 of 143 billions of USD (which represents 53 billion of USD more than in the end of 2021).

As per UBER stock performance over the last years, we can look at the following chart:

## Uber Stock Performance

(As of Friday Closing)

Stock Price	Previous Close	52 wk Range	Market Cap	Shares	Average Volume	EPS
\$35.98	\$35.68	\$28.28 - \$61.50	\$70.3B	1.95B	33.4M	-\$0.26

## Uber Financials Summary

In Thousands, USD	TTM 31-Dec-2021	FY 2021 31-Dec-2021	FY 2020 31-Dec-2020	FY 2019 31-Dec-2019
EV	86,156,158	86,156,158	92,983,173	46,566,940
Revenue	17,455,000	17,455,000	11,139,000	13,000,000
EBITDA	323,000	323,000	(5,968,000)	(7,636,000)
Net Income	(496,000)	(496,000)	(6,768,000)	(8,506,000)
Total Assets	38,774,000	38,774,000	33,252,000	31,761,000
Total Debt	11,105,000	11,105,000	9,627,000	7,734,000

Public Fundamental Data provided by Morningstar, Inc. [disclaimer](#)

*Fig 4: Source: PitchBook as per April 1<sup>st</sup> 2022*

In April 1<sup>st</sup> 2022, the stock prices of “UBER technologies, Inc” is 35.98 USD, representing a change of +0.84% from the day before. And it has reached a minimum of 35.88 and a maximum of 36.00.

On that day Uber Technologies, Inc. had a last hour trading volume of 16,793,293USD with a total of 1,954,960,000 shares traded during the last day. The current market capitalization of Uber Technologies, Inc. is 70,339,461,120.00 USD.

If we look at the share price of Uber Technologies, Inc. over the last year, we see it hit a high of 61.50 USD and a low of 28.28 USD, so at this moment the market price of their stocks is quite low.

Shares of Uber Technologies, Inc. had an EPS of \$-0,285.

### 4.2. Future Projections:

As for the company future projections, the expected growth is very positive:

## Next 3 years: Expect growth and profitability acceleration

	FY 2018	FY 2021	FY 2024 (Expected)	
Gross Bookings 3-year CAGR	\$58B	\$90B 22%	\$165B to \$175B 22% to 25%	Revenue growth expected to <b>exceed</b> Gross Bookings growth
Adjusted EBITDA (% of GB)	-\$1.8B -3.7%	-\$0.8B -0.9%	~\$5B ~3%	
Incremental Margin (Implied)		~3%	~7%	Committed to <b>healthy profitability expansion</b> , while opportunistically reinvesting excess profitability into longer-term growth initiatives

Fig 5: Source: Uber Investor Day 2022 Presentation

## Expect positive free cash flow by Q4 '22, with significant conversion by 2024

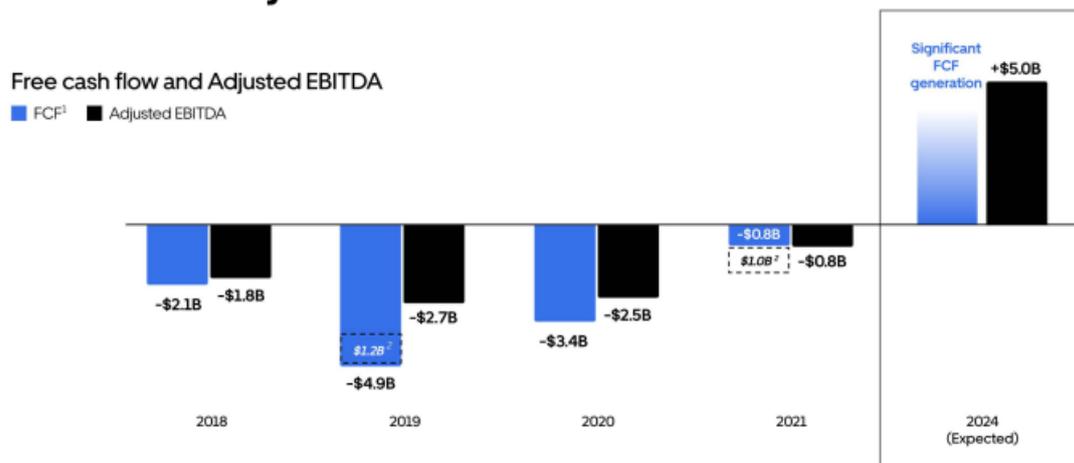


Fig 6: Source: Uber Investor Day 2022 Presentation

The expected revenue in 5 years, by calculating the Compound Annual Growth Rate is 24,7% and the 5 years Average EBITDA Margin is -3.3%

## 5) Peer Comparison

We are considering the main competitor of UBER to be LYFT, so below we can find the peer comparison, comparing similar indicators.

UBER shares price in April 1<sup>st</sup> 2022 was: 35.98 USD

LYFT shares price in April 1<sup>st</sup> 2022 was: 37.52 USD

### 5.1) Price-to-Earnings (P/E):

The ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).

UBER: 165.96

LYFT: 132.68

### 5.2) EV / Sales:

The ratio of the market value of a company's shares (share price) over its book value of equity.

UBER: 4.28

LYFT: 3.83

### 5.3) EV/ EBIT

UBER: -144.25

LYFT: -15.24

### 5.3) EV/ EBITDA

UBER: 217.18

LYFT: -15.24

## 6) Conclusions

It's not an easy decision, if it is a smart decision to invest in UBER stocks at this moment, or not. There is a lot of different forecasts on the variation of their stock prices in the future, and from one side we can see from the year 2022 results, that the company is still in the red line, but the predictions for the next years in terms of expected results and new products being developed, makes us feel more confident.

So, in my opinion it may be a risky decision to invest in UBER stocks at this moment, based of what we analyze from their financial statements in 2021 and to all the potential risks detailed on this report. Although UBER expects a record of their adjusted EBITDA margin in 2022 and are working on new products and segments to bring more income, I believe this is still a phase of uncertainty for the company financially speaking.

According to their Annual report in 2021, due to the volatility of their stock's prices, it is not guaranteed that an investor will be able to resell their shares at or above the price they have paid, so it is a big possibility that we will lose money. UBER shares are currently changing a lot during the day, that's why it is considered to be very volatile.

On the day that I have analyzed UBER stocks performance (April 1<sup>st</sup> 2022), the stock moved 3.05%, from the minimum to the maximum price achieved, which follows more or less the last week's average volatility rate of their stocks (3.62%).

Also, comparing to the stock price when they entered the stock market in 2019 (45USD) to the price it is sold now, we can see that is went down in almost 10 USD after these 4 first years, so I don't believe this is a good indicator.

#### 7) Sources:

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