Uber Technologies, Inc.
Q3 2024 Prepared Remarks
October 31, 2024

Dara Khosrowshahi, CEO

Q3 was yet another quarter of increasingly profitable growth for Uber, with solid results in our core business alongside substantial progress in our new product portfolio and our autonomous strategy. We grew Gross Bookings 20% year-over-year (YoY) on a constant-currency basis, driven by gains in audience (MAPCs up 13% YoY) and frequency (trips per MAPC up 4% YoY), both of which were at all-time highs. These topline trends, combined with our continued cost discipline, translated to a milestone of $1 billion+ in GAAP operating income for the first time in a single quarter.

We continue to innovate in our Driver app to support the record 7.8 million drivers and couriers on our platform, who collectively earned over $18 billion during the quarter (up 21% YoY on a constant-currency basis, once again outpacing Gross Bookings growth). At our Only on Uber event in September, we announced 20+ improvements to help make earning on Uber safer, fairer, and easier, including the national rollout of Rider Verification.

On the consumer side, we continue to make Uber even more of an everyday use case. We are driving incremental user acquisition, consumer engagement, and meaningful scale as we strategically reinvest into promising new growth vectors. Our new product portfolio is now generating more than $20 billion of annualized Gross Bookings, powering nearly a quarter of all first trips globally. While these growth products are important, we are not taking our eye off our core, where we still have huge opportunities to increase consumer penetration. We believe core growth will come from both favorable long-term trends (e.g. the broad shift toward services spend and growing consumer preference for on-demand convenience) as well as geographic expansion, including expansion outside of urban cores, where our network is less dense and remains a large and valuable opportunity.

We are in the fortunate position of having strong performance in our core business, which allows us to make organic investments in new products and capabilities that will pay off for our platform over the long term. We remain confident in our ability to execute on these exciting growth opportunities, including our autonomous partnerships, while scaling our profitability.

Mobility

Mobility delivered 24% Gross Bookings YoY growth on a constant-currency basis, supported by sustained audience and frequency growth, and a record Adjusted EBITDA margin of 8% of Gross Bookings. Gross Bookings grew across use cases, with strength in weekday and airport trips. On a geographic basis, growth was led by the UK, Argentina, and Germany through robust driver growth (including via fleets), and our suite of non-UberX products like taxis, motos (two-wheelers), and Reserve.

As mentioned above, we are taking a more active approach to unlocking less dense suburban and secondary markets, in both the US and abroad. As the largest global rideshare platform, it's a common misconception that almost everyone already uses Uber. However, in the US alone, we estimate that 45% of the population lives in places without reliable on-demand service, leading to longer wait times and unfulfilled trips. Our scale and relative category position place us in the best position to take advantage of this enormous opportunity.

These markers hold great promise for growth. In the UK and France, for example, trips outside of London and Paris are growing 3-4x faster YoY than in those cities. We intend to capture this demand through improvements to our marketplace tech, including better pricing strategies for trips in these areas, which tend to have longer pickup distances. Riders in these less-dense locations are also more willing to plan ahead or wait longer for a ride, so we are bringing our full product muscle to bear to improve reliability, for instance by focusing on Reserve, Wait & Save, and UberX Priority. Lastly, we are using our platform advantage to cross-sell both consumers and earners between Mobility and Delivery.

In addition to geographic expansion, we are bringing in entirely new segments of consumers through new products, such as Teen accounts, which can significantly increase the size of our addressable audience. Teen accounts are now available in markets accounting for the majority of Gross Bookings, are highly incremental and drive strong user retention, with trips up over 40% quarter-over-quarter (QoQ). We continue to improve the product, launching features like Guardian Booking (allowing parents to book trips for their teen from their own phone) and Uber One benefit sharing between parents and teens. We also continue to make good progress against our goal of bringing every taxi on Uber, announcing our return to Denmark in partnership with a local taxi partner. This is the third country over the past year to be unlocked via taxi partnerships. Among lower-cost offerings, we recently launched our Uber Shuttle service to airports and large venues. In New York, we've launched shuttles between transit hubs in Manhattan and LaGuardia Airport. And since no self-respecting quarterly report would be complete without a reference to Taylor Swift, we also ran shuttles to and from the Eras Tour at Hard Rock Stadium in Miami. We have seen great word-of-mouth traction, with many shuttles selling out with very limited marketing to date, and are planning more airport and venue launches in the coming months.

Delivery

Delivery Gross Bookings grew 17% YoY on a constant-currency basis for the fourth consecutive quarter, driven primarily by trip growth. This was the sixth straight quarter of Delivery MAPC YoY growth acceleration – with particular strength in the US, Canada, and Mexico – while order frequency also reached another all-time high. On the supply side, active merchant growth accelerated to 16% YoY. Based on third-party data, our category position across the vast majority of our top markets reached new highs. We also achieved another record Adjusted EBITDA margin, as we continue to generate strong operating leverage alongside healthy advertising growth and efficiency gains.

We still have a massive opportunity to both attract new users to Uber Eats and increase engagement among existing users. Notably, in September, Delivery MAPCs exceeded 50 million for the first time in Uber's history. This is a big milestone and a testament to the team's hard work improving our reliability, affordability, and product breadth. Importantly, engagement for existing Eats consumers has grown consistently; in fact, order frequency in each of our last six annual cohorts has grown every year, contributing to our sustained growth.

To drive affordability, we continue to invest in our tech that makes it easy for merchants to fund their own offers on Uber Eats. For example, as students returned to school this fall, we rolled out the Student Value Menu, a concept aimed squarely at this price-conscious segment. To help students easily find deals, the Student Value Menu appears on their home feed with a carousel of discounted items from popular enterprise brands. This way, they save time and money without having to weed through countless options. At the same time, in the US, we are helping key brands spotlight national deals on NFL game days in parallel with our exclusive NFL partnership.

We continue to strategically invest in Grocery & Retail, which we believe will strengthen the value of our platform in a profitable manner. We are making great strides in improving consumer conversion through expanded selection and discoverability. On selection, we added Spirit Halloween and H Mart in the US & Canada, launched 24-hour online grocery delivery with supermarket chain Co-op in the UK, and partnered with convenience chain Oxxo in Chile. On discoverability, we're refining our catalog integration, item availability, search functionality and merchandising capabilities. As we improve the product, we are cross-promoting more effectively, with 16% of Delivery users now ordering Grocery & Retail (up over 200 bps YoY).

We're also deepening merchant relationships through Uber Direct, our white-label delivery product, which leverages our tech and marketplace to power merchants' own first-party delivery experience. Notably, we announced an exclusive multi-year partnership with Darden Restaurants, beginning with Olive Garden later this year, while we also partnered with solutions providers including Vroom and Checkmate to enable more merchants to take advantage of Uber Direct.

Freight

Freight returned to growth, with Gross Bookings up 2% YoY, driven primarily by an increase in revenue per load, partially offset by continued pressure from category-wide headwinds. In Q3, we expanded our last-mile capabilities by integrating with Uber Direct to power same-day and scheduled delivery options for shippers. We also launched our new, industry-first Design Partner Program, which has enabled us to enhance our AI capabilities and tools by leveraging insights from the nearly 40 participating shippers who collaborate with our team to create new transportation services and products.

Platform initiatives

Our Uber One member base continued its impressive growth, now at over 25 million members, up roughly 70% YoY. We're making steady progress on adoption, with members generating 35% of combined Mobility and Delivery Gross Bookings. Members spend over 3x what non-members spend every month. In Q3, we promoted Uber One for Students through a back-to-school tour across university campuses in the US. The tour included "The One Shop," a grocery store-inspired pop-up event which showcased a selection of the best brands and products available on Uber Eats, and for which Uber One for Students members get special pricing and discounts. We also expanded Uber One for Students to Canada, with more country launches coming this year. While we're excited about increasing adoption among the strategically important student cohort, we're also focused on reinvesting in growth and expanding our suite of platform benefits, including Mobility, for members.

We are pleased with the progress we have made scaling and adding new capabilities to our advertising business, which grew nearly 80% YoY. In Q3, we focused on continuing to improve our ad tech suite to drive better ad formats and measurement functionalities. On the ad formats front, we piloted our First Impression ad format, which allows advertisers to temporarily "take over" the home feed to promote new products or offers. On measurement, we rolled out new capabilities for Grocery & Retail merchants, including sales reporting and category position estimates. For the Mobility business, we began to integrate our exclusive partnership with T-Mobile Advertising Solutions, which will bring our JourneyTV offering to over 50,000 vehicles across the US, enabling advertisers to utilize the insights, geo-targeting, and reach made possible through our scale and first-party data.

Autonomous vehicles

We expanded our partnership with Waymo to bring autonomous ride-hailing to Austin and Atlanta in early 2025, available only through the Uber app. As part of the expanded partnership, Uber will provide fleet management services (including vehicle cleaning, repair, and other general depot operations) via a third-party fleet ops partner. Fleet management is a unique capability we've developed through our deep, existing partnerships with professional fleet operators around the world. We've built dedicated tools, technology and APIs to support and streamline fleets' interface with Uber that will be invaluable in an AV world. In fact, today over 15% of our global Mobility supply hours come from fleets.

We also announced five new AV partnerships: Cruise, Coco, Wayve, WeRide, and Avride. As a result, we now have 14 AV partners across Mobility, Delivery, and Freight. We know that deploying AVs via Uber's hybrid marketplace offers faster access to marketplace tech, pricing, marketing, and demand generation, and we're excited that more and more AV operators are recognizing these benefits, too. Importantly, our platform also offers an incredible scale advantage that drives asset utilization. Our focus is on demonstrating the high value Uber brings to the AV ecosystem, and we look forward to launching and scaling our new and expanded partnerships over the coming quarters.

Prashanth Mahendra-Rajah, CFO

Financial recap

Q3 was another solid quarter for Uber, as we generated Gross Bookings of $41.0 billion, up 20% YoY on a constant-currency basis and in-line with our guidance midpoint. Similar to the last few quarters, we saw that combined Mobility and Delivery demand was stronger internationally. The US grew Gross Bookings 17% YoY in Q3. Foreign exchange was a headwind of $1.4 billion YoY or approximately 400 bps, in-line with our expectations. This was primarily driven by the devaluation of the Argentine peso, Brazilian real, and Mexican peso against the US dollar, which was an outsized headwind for Mobility. We grew revenue by 22% YoY on a constant-currency basis to $11.2 billion. Revenue growth outpaced Gross Bookings growth primarily due to lower supply incentives and refunds and appeasements, coupled with advertising revenue growth.

We converted this sustained top-line growth into strong profitability, with all-time high Adjusted EBITDA of $1.7 billion, up 55% YoY, and a record Adjusted EBITDA margin of 4.1% of Gross Bookings, an increase of 100 bps YoY. Adjusted EBITDA margin expansion YoY was driven by an improvement in our revenue margin and operating leverage across overhead costs. On a GAAP basis, we generated income from operations of $1.1 billion, a quarterly record. Income from operations improved YoY due to strong operating performance and lower stock-based compensation expense. Net income for the quarter was $2.6 billion, which included a $1.7 billion net unrealized pre-tax gain related to the revaluation of our equity investments. Our GAAP net income may continue to see swings from quarter-to-quarter due to equity stakes on our balance sheet.

Turning to our cash flow, on a trailing twelve month basis, we generated a record $6.0 billion of free cash flow (FCF), compared to Adjusted EBITDA of $5.9 billion, representing a conversion of 100%+. Our strong underlying FCF generation demonstrates the significant earnings power of this business. As a reminder, FCF conversion can fluctuate on a quarterly basis due to working capital seasonality and the timing of cash payments, among other factors, and we encourage investors to evaluate our FCF on an annual basis.

Capital structure

In Q3, Uber achieved investment grade credit ratings from Standard & Poor's, Moody's, and Fitch. Building on this milestone, we successfully completed an inaugural $4 billion debt offering to refinance high coupon and secured debt, resulting in a roughly 125 basis points reduction to our total cost of debt. We'll consider additional opportunities to reduce our interest costs over time as we further optimize our capital structure.

We continue to maintain a strong liquidity position, ending the quarter with $9.1 billion in unrestricted cash, cash equivalents, and short-term investments, up $2.8 billion QoQ. Note that we held an additional approximately $2 billion in unrestricted cash which we expect to use in Q4 to redeem existing debt. In addition, our equity stakes were marked at $7.9 billion, the majority of which are publicly listed. These equity stakes provide us with strategic insights and we aim to maximize long-term value for Uber and our shareholders.

Our capital allocation priorities remain unchanged:

1. Our top priority is investing in growth to support our core business and capital-efficient opportunities to further generate durable FCF growth;
2. We plan to maintain financial policies and ample liquidity consistent with a solid investment grade rating to support our expanding marketplace. In support of this, we refinanced our credit facility, removing the secured structure and doubling our revolver capacity to $5 billion, bolstering our available liquidity and enabling us to improve our cash efficiency over time;
3. Selectively evaluate acquisition opportunities that are aligned with our strategy. We continue to hold a high bar for any M&A opportunities, and our successful organic growth efforts will keep a critical eye on healthy unit economics as we continue to scale globally;
4. Return excess capital to shareholders through stock repurchases.

We repurchased $375 million of common stock in Q3, bringing our total share repurchases year-to-date to $700 million. We plan to steadily increase our share repurchases in the coming quarters and aim to work our way towards durable share count reduction in 2025.

Outlook

Based on quarter-to-date trends, for Q4:

- We expect Gross Bookings between **$42.75 billion and $44.25 billion**, growing **16% to 20%** YoY on a constant-currency basis.
    - We expect Trips growth YoY to be similar compared to Q3'24.
    - Our outlook assumes a roughly 2 percentage point currency headwind to total reported YoY growth, including a roughly 5 percentage point currency headwind to Mobility's reported YoY growth.
- We expect Adjusted EBITDA of **$1.78 billion to $1.88 billion**, which represents **39% to 47%** YoY growth.

With our year-to-date performance and Q4 outlook, we are on track for full-year Gross Bookings growth of 20% YoY on a constant-currency basis, with Adjusted EBITDA growth of approximately 60% YoY. Our performance thus far should give investors confidence in our ability to deliver on our 2026 commitments.

Forward-Looking Statements Disclaimer

These prepared remarks include both GAAP and non-GAAP financial measures. Additional disclosures regarding these non-GAAP measures, including a reconciliation of GAAP to non-GAAP measures, are included in the press release, supplemental slides and our filings with the SEC, each of which is posted to investor.uber.com.

Certain statements in this presentation and on this call are forward-looking statements. You should not place undue reliance on forward-looking statements. Actual results may differ materially from these forward-looking statements, and we do not undertake any obligation to update any forward-looking statements we make today, except as required by law.

For more information about factors that may cause actual results to differ materially from forward-looking statements, please refer to the press release we issued today and in other filings made with the SEC.

All Q3 growth rates reflect YoY growth and are on a constant-currency basis, unless otherwise noted. Lastly, we ask you to review our earnings press release for a detailed Q3 financial review and our Q3 supplemental slides deck for additional disclosures that provide context on recent business performance.