

Kevin Romanteau - May 2023

x **UBER - Unit Economics**

| | 2020 | 2021 | 2022 | % yoy |
|-----------------------------------|-----------|-----------|-----------|-------|
| Monthly Active Platform Consumers | 93 | 118 | 131 | 11% |
| Trips | 5,025 | 6,368 | 7,642 | 20% |
| Gross Bookings | \$57,897 | \$90,415 | \$115,395 | 28% |
| Revenue | \$11,139 | \$17,455 | \$31,877 | 83% |
| Operating Loss | (\$4,863) | (\$3,834) | (\$1,832) | |
| Adjusted EBITDA | (\$2,528) | (\$774) | \$1,714 | |

| | | | |
|--------------------------|----------------|----------------|----------------|
| Booking per Trip | \$11.52 | \$14.20 | \$15.10 |
| Revenue per Trip | \$2.22 | \$2.74 | \$4.17 |
| Operating Loss per Trip | (\$0.97) | (\$0.60) | (\$0.24) |
| Adjusted EBITDA per Trip | (\$0.50) | (\$0.12) | \$0.22 |

| FY 31/12 | per trip | | | % sales | | | L2Y |
|-----------------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|---------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | |
| Gross Bookings | \$57,897 | \$90,415 | \$115,395 | \$11.52 | \$14.20 | \$15.10 | 31.1% |
| Revenue | \$11,139 | \$17,455 | \$31,877 | \$2.22 | \$2.74 | \$4.17 | 88.2% |
| % take rate | 19.2% | 19.3% | 27.6% | 19.2% | 19.3% | 27.6% | 8.4% |
| Cost of Revenue | (\$5,154) | (\$9,351) | (\$19,659) | (\$1.03) | (\$1.47) | (\$2.57) | 150.8% |
| Gross Profit | \$5,985 | \$8,104 | \$12,218 | \$1.19 | \$1.27 | \$1.60 | 34.2% |
| % margin | 53.7% | 46.4% | 38.3% | | | | |
| Operating & Supports | (\$1,819) | (\$1,877) | (\$2,413) | (\$0.36) | (\$0.29) | (\$0.32) | bps |
| Sales & Marketing | (\$3,583) | (\$4,789) | (\$4,756) | (\$0.71) | (\$0.75) | (\$0.62) | -172.46 |
| Research & Development | (\$2,205) | (\$2,054) | (\$2,798) | (\$0.44) | (\$0.32) | (\$0.37) | -110.18 |
| General & Administrative | (\$2,666) | (\$2,316) | (\$3,136) | (\$0.53) | (\$0.36) | (\$0.41) | -140.96 |
| Depreciation & Amortization | (\$575) | (\$902) | (\$947) | (\$0.11) | (\$0.14) | (\$0.12) | -21.91 |
| Operating Loss | (\$4,863) | (\$3,834) | (\$1,832) | (\$0.97) | (\$0.60) | (\$0.24) | |

| x Uber Economics | 2022 | Future? | % changes |
|-----------------------------------|-----------------|----------------|-----------|
| Booking per Trip | \$15.10 | \$16.61 | 10.0% |
| Revenue per Trip | \$4.17 | \$5.01 | 20.0% |
| COGS per Trip | (\$2.57) | (\$2.83) | 10.0% |
| Gross profit per Trip | \$1.60 | \$2.18 | |
| Sales & Marketing | (\$0.62) | (\$0.60) | (3.0%) |
| Other Opex per Trip | (\$1.22) | (\$1.16) | (5.0%) |
| Operating profit per Trip | (\$0.24) | \$0.42 | |
| Trip Now | | 6,368 | |
| Trip Future | | 12,000 | |
| Operating Profit per Trip | | \$0.42 | |
| Potential Operating Profit | | \$5,001 | |
| Potential NOPAT (@25% Tax) | | \$3,751 | |
| Diluted Shares | | 1,895 | |
| Pro-Forma EPS | | \$1.98 | |
| Current Market Cap | | \$65,915 | |
| Current Stock Price | | \$33.01 | |
| Pro-Forma P/E | | 16.7x | |

| x Uber FCF | | |
|-------------------|------------|------------------|
| 2016 | (\$4,542) | |
| 2017 | (\$2,239) | |
| 2018 | (\$2,099) | |
| 2019 | (\$4,756) | |
| 2020 | (\$3,230) | |
| 2021 | (\$559) | |
| 2022 | \$390 | |
| Current MCAP | \$65,915 | |
| | | <i>% of mcap</i> |
| Trailing 6yr burn | (\$17,035) | (25.8%) |
| Trailing 3yr burn | (\$3,399) | (5.2%) |

| Comments |
|---|
| <p>**Pros</p> <p>Uber has many characteristics of an interesting stock</p> <p>Huge TAM (total addressable market)</p> <p>Fast growing revenue from \$11bn in FY2020 to \$31bn in FY2022 (+31%)</p> <ul style="list-style-type: none"> - Take rate increase 840bps over L2Y - Transformational product with super-fans |
| <p>**Cons</p> <p>Stock has been very weak since IPO</p> <ul style="list-style-type: none"> - IPO at \$42, trading now at ~\$33 (-20%) current mkt cap. \$65bn - Sales & Marketing still ~15% of revenue in FY2022, level of threat losing mkt share? - Despite reaching big scale, has been cash incinerator - Trailing 6yr burn (\$12,493m) or ~20% of current mkt cap - Trailing 3yr burn (\$3,399m) or (5.2%) of current mkt cap |
| <p>**Conclusion</p> <p>The company must improve unit level economics to achieve profitability & FCF generation</p> <p>Currently still losing (\$0.24) operating profit per trip (vs. \$0.97 in 2020)</p> <p>If Uber can get GP/trip to ~\$2.18 and OP/trip to ~42c, the stock is interesting, implied PE ~16x</p> <p>Will the company dynamics support an increase in driver take rate and a significant reduction in sales & marketing?</p> <p>Challenging to reduce marketing due to the competitive threat from LYFT?</p> |