APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Uber Technologies Inc. Q3 2025 Results

Share Price	US$92,12
Date	07 November 2024

RESULTS SUMMARY

Uber reported strong third quarter revenue growth, supported by continued product innovation and improved affordability of rides. Trip volumes grew at their fastest pace since 2023, with mobility recording its highest growth in the company's history outside of the post-COVID rebound. Quarterly revenue rose 20% to US$13.47bn, slightly above expectations.

Management continues to focus on passing insurance savings on to consumers. Recent court case wins in several US states, including California, have reduced the company's liability insurance requirements. Uber's captive insurance segment also improved as new data and driver incentives helped enhance driving habits.

Adjusted EBITDA increased 33% to a record US$2.3bn, with the margin on Gross Bookings rising 40bps year-on-year to 4.5%. Operating income grew at a slower 5% and came in below estimates as legal and regulatory costs increased, which are not factored into adjusted EBITDA. EPS for the quarter was US$3.18. up from US$1.25, which was driven by a once-off US$4.9bn tax valuation benefit.

OUR LONG-TERM INVESTMENT VIEW

- Uber is the largest ride-hailing provider globally, operating in 70 countries and more than 15 000 cities, with 75% market share within the US. Its scale has been built on strong network effects between their drivers and customers/riders.
- Growth comes from adding new users and increasing how often they use Uber's services. Product improvements and sharper pricing across both mobility and delivery have supported this. Customers who use both services spend 3.4 times more, making cross-selling a key growth driver. Given that only about 20% of users currently use both platforms, there is significant room for expansion.
- Uber became profitability for the first time in 2023 as revenue growth led to efficient scale. With a capital-light business model, annual free cash flow has risen to over US$8bn and return on invested capital has exceeded 25% by the third year of profitability. We expect continued margin expansion, which should enable EPS to outpace revenue growth.
- Autonomous Vehicles (AVs) offer both opportunity and risk. Robotaxi operators could either partner with Uber or build their own apps. We believe large-scale AV deployment favours partnering with Uber. Uber has the largest network of customers globally and a partnership would be a simple plug and play. More importantly, high utilisation rates are required for AV economics to work, and Uber's rich data that helps predict where and when trips are needed, can enable this.

UNPACKING THE Q3 2025 RESULTS

High-level numbers

- **Revenue** increased 20% y-o-y to US$13.57bn, supported by a 21% rise in Gross Bookings. Trips increased 22% , monthly active platform customers (MAPCs) grew 17% and monthly trips per MAPC rose 4%.
- **Adjusted EBITDA margin** increased by 40bps y-o-y to 4.5% of Gross Bookings, driven by scale benefits and lower customer acquisition costs. Operating income grew a slower 5% due to
- **Autonomous vehicles:** AVs remain central to both the bull and bear cases for Uber. The recently announced partnership with Nivida is positive, as Nvidia's hardware and software can be integrated into any OEM's Level 4 AVs. Management expects AVs to be operating in at least 10 cities by the end of 2026. The current rollout, primarily led by Waymo, is showing progress but remains unprofitable. Management

higher legal and regulatory expenses.

- **Diluted EPS** was US$3.11, up from US$1.20 in the prior year, mainly due to a tax valuation release on the company's turn to profitability over the last few years.
- **Free cash flow** grew 5% y-o-y. Trailing 12-month free cash flow reached US$8.7bn, more than 45% higher than the same period last year.
- In at Q3, Uber held US$9bn in cash and short-term investments and US$11.8bn in debt, resulting in net debt of US$2.8bn. The balance sheet remains robust with net debt to EBITDA below 1.5x.

Key segment performance

- **Mobility:** Gross Bookings rose 20% y-o-y to US$25.1bn, with revenue up at the same rate. Growth was supported by the segment's strongest trip volumes growth since the post-COVID rebound, helped by localised product initiatives and passing insurance savings to customers. Adjusted EBITDA was US$2bn, up 21% with an 8.1% margin to Gross Bookings.
- **Delivery:** Gross Bookings increased 25% y-o-y to US$23.3bn, with revenue rising 29%. Management continues to invest heavily in expanding the Grocery and Retail (G&R) offering. While growth rates are not disclosed, G&R is growing well above food delivery and has reached a US$12bn annual Gross Bookings run rate. Adjusted EBITDA was US$921m, up 47% with a 3.9% margin to Gross Bookings.

indicated that AV profitability is still a few years away.

- **Freight:** Gross Bookings and revenue were US$1.3bn, flat y-o-y. The segment remains small and runs at a slight loss.

Looking ahead

Managements expects another solid quarter, guiding Q4 Gross Bookings to US$52.25bn – US$53.75bn, representing 17% - 21% y-o-y growth.

Adjusted EBITDA is forecast at US$2.41bn – US$2.51bn, up 31% - 36% y-o-y. The midpoint implies an EBITDA to Gross Booking margin of 4.64%, extending the margin expansion trend.

Future Gross Bookings growth should benefit from ongoing product and pricing initiatives, better cross-selling across the platform and rising advertising revenue.

We expect margin expansion to continue over the medium term, although management plans to moderate the pace to support investment in long-term growth opportunities.

With mid-teen revenue growth and higher earnings expected, we believe the current share price still offers attractive value.

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