

Uber Technologies, Inc.
Q4 2023 Prepared Remarks
February 7, 2024

Dara Khosrowshahi, CEO

Q4 was a standout quarter to cap off a standout year. Consumer activity remained healthy across the world, supported by the continued shift of spending from retail to services. Our consumer base is now bigger and more engaged than ever: audience (MAPCs) and frequency (monthly trips per MAPC) both hit new all-time highs. And for the second consecutive quarter, Gross Bookings accelerated year-over-year (YoY), to 21% on a constant currency basis. Notably, trip growth of 24% once again outpaced Gross Bookings growth. These strong top-line trends, combined with continued rigor on costs, translated to \$1.3 billion in Adjusted EBITDA and \$652 million in GAAP operating income.

2023 was a year of sustainable, profitable growth for Uber as we executed against our strategy. We grew our business by improving marketplace health and scaling new products, bolstering our competitive position in key markets. Powering this growth are the 6.8 million monthly drivers and couriers who earned nearly \$62 billion on our platform during the year, up 24% YoY on a constant currency basis. We also made important progress on key areas of strategic focus, including membership, electrification, safety, public policy, and autonomous partnerships. And we further extended our technical advantages by sharing innovations across our multiple business lines, driving differentiated results.

Turning to 2024, I want to highlight several key priorities. First, our goal is to make the Uber use case even more of an everyday reality. We'll continue to enhance the power of our platform by expanding the number of consumers who use multiple Uber products, turbocharged by our Uber One membership program. Second, we will strategically reinvest into promising new growth vectors to deliver strong multi-year growth with healthy long-term unit economics. Lastly, we will maintain our industry-leading cost structure and use our data advantage to drive more efficient pricing, matching, and incentive spend.

Our strategy is working, and we are proving ourselves to be the category-defining platform, as well as thoughtful partners to stakeholders globally. I'm energized by the pace of innovation and the momentum I'm seeing across the company. We will continue to capitalize on the large, valuable opportunities ahead of us. We remain well positioned to sustainably generate leading shareholder value over the long-term.

Mobility

The demand environment remained robust during our busiest quarter of the year, as we posted Mobility Gross Bookings growth of 28% YoY on a constant-currency basis. Notably, Latin America

and Asia Pacific saw outsized trip growth on strong holiday travel trends and growth in our non-UberX portfolio. Growth was consistent across all use cases, leading to a steady increase in both Mobility MAPCs and monthly trips per MAPC as pricing trends continued to normalize.

We made strong progress in broadening Mobility use cases and price segmentation. Our suite of non-UberX products like Reserve, Taxi, Moto, Uber for Business, and Shared Rides continued to grow more than 80% YoY in Q4, generating \$11 billion in annualized bookings (or 14% of Mobility Gross Bookings). In Q4, Shared Rides became the fourth non-UberX product to cross \$1 billion in annualized bookings as we expanded the service to 11 new markets. While Shared Rides margins are lower than UberX margins, we have seen meaningful improvements in match rates and rider opt-in – both of which are key components to building Shared Rides into a scaled, sustainable, ROI positive product. We continued to bring more taxis onto the platform, announcing that London's iconic Black Cabs will be available on Uber later this year. We are also seeing strong adoption of premium products in our business travel segment, with over 40% of corporate travel activity on Uber happening on products like Business Comfort, Uber Black, and Reserve.

Supply trends continue to improve, with active drivers up 30% YoY and driver engagement (defined as monthly supply hours per active driver) up 10% YoY. At our Only on Uber driver event, we announced more than 20 improvements to the Uber Driver app, while also taking steps to make earning on Uber both safer (with features like Record my Ride) and fairer (with improvements to our account deactivation process). Our focus on product innovation and quality, as well as the breadth of ways to earn on Uber, continues to separate us from our competitors on driver preference. We will continue to grow supply both through our traditional base and through new pools of supply, like taxis and fleets.

Delivery

Delivery Gross Bookings growth accelerated for the third quarter in a row, up 17% YoY on a constant-currency basis, while Adjusted EBITDA nearly doubled YoY and reached a record margin. In fact, Delivery Gross Bookings growth was the highest in two years, driven by focused investments in product experience and increased membership penetration. Encouragingly, an increasing percentage of our Delivery Gross Bookings growth is coming from trip and audience growth this year versus pricing last year.

Our US & Canada business displayed broad-based operational improvements, with accelerating Gross Bookings YoY growth and record profitability. We've seen tremendous momentum in membership, which now represents nearly 50% of US Delivery Gross Bookings (up 10 percentage points YoY) with strong retention levels. Outside of the US, we continue to be encouraged by the progress we have made to broaden our leading competitive position across our top international markets. In addition, we jointly launched with Domino's in Taiwan and announced pilots in the UK and Ireland, after scaling across the US.

In 2023, we significantly expanded Delivery margins through improved network efficiencies, advertising, and marketing and incentive optimization. We also launched over 100 initiatives to root out a host of customer experience problems that can arise during deliveries. We continue to be laser focused on these fundamental operational improvements, which contribute to higher consumer satisfaction as well as margin expansion.

Even as we expand Delivery margins, we are strategically investing in Grocery & Retail (formerly referred to as New Verticals) which also includes categories such as convenience and alcohol. Grocery & Retail generated \$7 billion of annualized Gross Bookings in Q4 (or 10% of Delivery Gross Bookings), growing roughly 40% YoY on a constant-currency basis. For perspective, Grocery & Retail Gross Bookings accounted for 20% of Delivery's overall YoY growth. We completed the integration of Cornershop and launched several new features that drove a clear impact on key consumer metrics like new user acquisition and frequency. We also continued to make progress on Grocery & Retail selection in the US, bringing merchants like Big Lots, Sprouts Farmers Market, and Eataly onto the platform.

Freight

Freight Gross Bookings were stable sequentially and remained pressured by near-term category-wide headwinds, as capacity in the trucking sector continues to normalize. In Q4, we started to onboard several new enterprise customers, including food and beverage-industry leader Danone North America, to the Transportation Management business, driven in part by enhanced Uber Freight Transportation Management System (TMS) capabilities. We also launched our new Emissions Dashboard to provide shippers with comprehensive insights into their network's emissions across all modes. We remain disciplined in cost management, with Adjusted EBITDA stable sequentially. We are seeing some glimmers of light in terms of spot freight rates, but it's far too soon to assume the glimmer will turn into a trend.

Platform initiatives

Our Uber One member base continued its impressive growth, now at 19 million members across 25 countries. We believe Uber One is the best membership offer in the space, with the best "content" – or the most ways to save – as evidenced by our steady progress on adoption, with members generating 30% of Mobility and Delivery Gross Bookings (up 700 bps YoY). In addition to geographic expansion, we're driving new member growth through brand campaigns and user experience improvements, such as rolling out a prompt to convert non-members to members during the Delivery checkout process. In the UK, our member base grew over 50% QoQ as consumers responded positively to our brand campaign with Robert De Niro and Asa Butterfield. We've also seen meaningful increases in member retention and engagement by reducing payment failures and cancellations, expanding Member Quests, and more than doubling our Annual Plan adoption through initiatives like our Black Friday campaign in the US.

Our advertising business continues to scale profitably, reaching a \$900 million revenue run-rate for Q4. We expanded Sponsored Items on Uber Eats to the alcohol category and to new markets across Latin America. We also launched 150+ product features and experiments in 2023 across our Mobility and Delivery surfaces, including Post-Checkout display and video, Sponsored Search, and Journey video. Further, we continued our direct sales global expansion with the addition of Japan, Taiwan, and Spain. As we look ahead, we are focused on growing demand with businesses and merchants of all sizes, both on and off our platform, by improving our ranking and bidding algorithms and strengthening our ad tech capabilities across video, targeting, insights, measurement, and attribution.

Autonomous vehicles

We have 10 autonomous partnerships across Mobility, Delivery, and Freight, highlighting the value Uber can bring to autonomous providers. As of Q4, riders have taken tens of thousands of autonomous, fully electric rides on Uber and we are achieving high rider ratings via our hybrid marketplace, which matches the right riders to the right autonomous vehicle trips. Our hybrid network enables incremental autonomous commercialization while preserving reliability and convenience. As such, our autonomous partners have seen high rates of utilization on Uber. We remain confident in our ability to best aggregate autonomous demand. Our scale means we can bring a massive consumer base, industry-leading matching and routing technology, in addition to relationships with hundreds of thousands of merchants; in turn, that means our AV partners can ensure their vehicles are highly utilized, resulting in better economics for them, while delivering an excellent experience to consumers. We are well positioned to add substantial value for our AV partners and the cities we serve.

Prashanth Mahendra-Rajah, CFO

Financial recap

Both Gross Bookings and Adjusted EBITDA surpassed the high end of our Q4 outlook. Gross Bookings growth accelerated to 21% YoY on a constant-currency basis (23% excluding Freight), as we generated Gross Bookings of \$37.6 billion. Foreign exchange was a tailwind of roughly \$500 million YoY (or roughly 160 bps). We grew our revenue by 13% YoY on a constant-currency basis to \$9.9 billion. As a reminder, certain business model changes, which have no real economic impact to profitability, negatively impacted revenue reporting by \$529 million and combined Mobility and Delivery YoY revenue growth by approximately 7 percentage points.

We maintained our focus on operational efficiency and disciplined expense management, which contributed to all-time high Adjusted EBITDA of \$1.3 billion (note: foreign exchange was a \$30 million YoY tailwind). This result represents a record Adjusted EBITDA margin of 3.4% of Gross Bookings, an increase of 130 bps YoY.

In Q4, we also improved our GAAP operating profitability, with income from operations of \$652 million, compared to \$394 million and a loss of \$142 million in Q3 2023 and Q4 2022, respectively. Income from operations improved QoQ due to improved operating performance and lower stock-based compensation expense. We demonstrated strong operating leverage in Q4, with GAAP operating expenses as a percentage of Gross Bookings declining on a YoY basis across the board. Net headcount was down roughly 5% QoQ from Q3, driven by role eliminations as part of M&A integrations. For the full year 2023, net headcount was down 7% YoY. We expect to demonstrate further operating leverage over the coming quarters through headcount discipline.

Balance sheet and liquidity

We continue to maintain a strong liquidity position, ending the quarter with \$5.4 billion in unrestricted cash, cash equivalents, and short-term investments, with our equity stakes marked at \$6.1 billion. During Q4, we recognized a \$1.0 billion 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 the large size of equity stakes on our balance sheet. We continue to have sufficient liquidity to give us the flexibility to maintain these positions, with the aim of maximizing long-term value for Uber and our shareholders.

Free cash flow (FCF) and capital allocation

We generated \$768 million of FCF in Q4, an increase of \$1.1 billion YoY, compared to Adjusted EBITDA of \$1.3 billion. Note that Q4 FCF includes cash outflows related to a number of discrete legal and tax matters we disclosed in our Q3 2023 earnings release. As a reminder, FCF conversion on a quarterly basis can fluctuate 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. On a trailing twelve month basis, we generated \$3.4 billion of FCF, compared to Adjusted EBITDA of \$4.1 billion. Overall, we are pleased with our underlying FCF generation, demonstrating the significant earnings power of the business.

We remain on a very clear path to an investment grade credit rating, which continues to be an important part of our overall capital structure focus. This commitment should provide investors comfort that we will continue to methodically ramp FCF over the coming years, while being disciplined on capital allocation and managing our capital structure. This means that we will have a high bar for any M&A opportunities, and our organic growth efforts will keep a critical eye on healthy unit economics as we continue to scale globally.

We are pleased with the progress we have made on improving profitability and generating cash flow. We plan to provide an update on returning capital to shareholders as part of a broader capital allocation framework at our Investor Update next week.

Outlook

Based on quarter-to-date trends, for Q1:

- We expect Gross Bookings between **\$37.0 billion and \$38.5 billion**, growing **18% to 23%** on a constant-currency basis.
 - Our outlook assumes a roughly 1 percentage point currency headwind to reported YoY growth.
 - We expect Freight Gross Bookings to be roughly flat QoQ.
- We expect Adjusted EBITDA of **\$1.26 billion to \$1.34 billion**.

In 2023, we achieved an important profitability milestone of quarterly and full-year positive GAAP operating income. Adjusted EBITDA remains our primary profitability metric, but we recognize it excludes certain expenses like stock-based compensation, which is a real and important cost to operating our business. Looking ahead, we are focused on improving the scale and quality of our profitability and look forward to accelerating our momentum over the coming quarters.

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 Q4 growth rates reflect year-over-year growth and are on a constant-currency basis, unless otherwise noted. Lastly, we ask you to review our earnings press release for a detailed Q4 financial review and our Q4 supplemental slides deck for additional disclosures that provide context on recent business performance.