



### Company Overview:

Uber Technologies, Inc. is a leading provider of transportation and food delivery services around the world. In addition to its core services, Uber is also pursuing opportunities in freight and emerging transportation technologies. Uber is based in San Francisco, California.

<u>Name</u>	<u>Ticker</u>	<u>Yield</u>	<u>Growth</u>	<u>D + G</u>
Uber Technologies, Inc.	UBER	0.00%	20.00%	20.00%

### Recent Highlights:

Arguably, Uber may be one of the most controversial Large-Cap US Internet stocks for 2025. The Autonomous Vehicle (“AV”) narrative has admittedly gotten difficult, clouding the long-term outlook on the stock as it remains to be seen how the market structure for access to autonomous vehicles (“AV”) technology evolves (number of players, UBER’s access to the technology via partnerships or alternative routes). However, we also feel UBER is oversold and has room to catch up in the near term if it can chip away at the wall of worry on mobility growth and AV disruption risk (fleets are small, not hitting numbers for a while, and partnership opportunities remain). However, we firmly believe that Uber should not be trading at this size of discount to fair value, as the market should be accounting for their outlook of 35% EBITDA growth this year.

### Bull Case:

- **Autonomous Vehicles (“AV”) Will Likely Need to Partner with Network Providers** - AV developers are unlikely to manage their own robotaxi fleets over the long term. Instead, they expect the industry to involve three distinct roles: software (Waymo, Mobileye), vehicle (OEMs), and network (Uber, Lyft). We see the rideshare players as critical for maintaining economically viable vehicle utilization, reducing CapEx requirements, and aggregating demand. We’d also highlight that scaled partnerships appear distant, but UBER has taken smart steps to diversify their AV partnerships, which should help dissuade developers from attempting to circumvent rideshare network fees in the LT.
- **Continued Mobility Momentum** - We expect continued momentum for Uber’s Mobility business driven by continued strength in developed markets as well as emerging markets and newer products. Last year, Trips, Gross Bookings, MAPCs, active drivers, and Adjusted EBITDA were all at record highs. While Mobility has largely rebounded to 2019 levels, we see continued strength given: 1) continued strength in base business which Uber believes can continue to grow double digits (less than 10% of the population over the age of 18 uses Uber on a weekly basis; 2) increasing contribution from newer and emerging markets which continue to grow (Spain, Germany, Argentina, Japan, Hong Kong, South Korea); 3) Continued traction with non-UberX products which remain strong.
- **Continued Membership Growth** - UBER recently disclosed that the company now has over 25m Uber One members, up ~70% year-over-year with strong frequency (3x) levels as non-members. Uber One members now account for 35% of total bookings, up from 32% last disclosed last year. Uber One membership program, in our view, is still a work in progress but strong growth in subscriber base is encouraging.

### Bear Case:

- **Volatility Around Earnings** - Gross Bookings could miss analyst’s forecasts if rideshare and delivery penetration is saturated and/or growth decelerates against macro headwinds in Mobility/Delivery. This could pressure the multiple.
- **Volatility Around Driver Sentiment** - If the driver supply gap proves to be more of a structural challenge than a cyclical one, it could impair the growth and profitability of the rideshare model.
- **Regulatory Problems** - Uber faces regulatory overhangs regarding driver classification and fee caps on delivery commissions. Policy changes, losing regulatory battles, and negative headlines are risks to the stock.
- **Competition** - Highly competitive space, both in Mobility and Delivery. Irrational competitive practices (e.g., price cuts and aggressive use of incentives) could threaten Uber’s ability to compete successfully, potentially resulting in low/negative profitability and/or market exits.

### Overall Thesis:

Uber is a leader in the underpenetrated ride-hailing space with leading scale and #1 market share position which has enabled a successful entry into food delivery. We like the company’s scale-fueled structural advantage versus other smaller players and view it as a compounding growth story, with an increasing eye on FCF generation and capital return as it becomes part of the index. For some structural concerns to ease, we firmly believe that the multiple has the opportunity for growth if the stock starts to see good mobility growth and more autonomous vehicle partnerships (particularly with Waymo).



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