Uber

Equity Research Report

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Introduction

Uber operates a multi-sided platform business model that connects independent service providers such as drivers, couriers, and freight carriers with consumers and enterprises who are seeking transportation, delivery, and logistics services (Uber Technologies Inc., 2025, p. 4). Uber operates an asset-light, highly scalable model, as they do not own vehicles or inventory (Kaminska, 2020). Instead, Uber provides the technological infrastructure that enables real-time matching of supply and demand (Uber Technologies Inc., 2025, pp. 4-5).

Uber organises its operations into three primary reportable segments: Mobility, Delivery and Freight (Uber Technologies Inc, 2025, p. 4).

Mobility

Mobility is Uber's core and largest segment. It is offered in more than 70 countries and supported by advanced matching algorithms and dynamic pricing (Uber Technologies Inc., 2025, p. 4). The strong network effects means that as the number of riders increases, more drivers are attracted, creating a virtuous cycle whilst improving reliability and utilisation.

Delivery

Delivery services such as Uber Eats, grocery, and convenience have expanded Uber into a broader logistics platform (Uber Technologies Inc., 2025, p. 4).

Freight

Uber Freight is a digital brokerage connecting shippers and carriers. Although it is less profitable compared to the other segments, it expands Uber into enterprise logistics (Uber Technologies Inc., 2025, p. 4).

Industry Overview and Competitor Landscape

Industry Size and Growth

The ride and broader mobility as a service industry has expanded rapidly due to urbanization, smartphone penetration, digital payments, and platform-based business models. Global ride-hailing revenue was approximately USD 160-185 billion in 2023, with an expected CAGR of ~10% through the decade (Statisa Mobility Market Outlook, 2024' Mordor Intelligence, 2024). The industry forms part of a wider shared-mobility market projected to exceed USD 1.4 trillion by 2030 (OECD International Transport Forum, 2022).

Market Structure and Industry Characteristics

Ride-hailing platforms operate as two-sided digital market where user adoption and driver supply mutually reinforce platform value. Rochet and Tirole's (2003) seminal work on two-sided markets highlights how pricing, network effects, and cross-group externalities shape competition. Empirical analyses of ride-hailing support these mechanisms. Cohen et al. (2016) shows that real-time matching significantly reduces search costs and increases driver utilisation relative to taxi markets. This argument supports the high forecasted growth rate of ride hailing platforms.

Industry competition remains oligopolistic and highly regional. High fixed costs in technology, safety, and regulatory compliance, combined with the strong network effects required for efficient matching, create substantial barriers to entry. Search and matching frictions make scale a critical determinant of wait times and liquidity, reinforcing the advantages of incumbent platforms (Cramer and Krueger, 2016). Algorithmic pricing is another structural feature of the industry. Chen and Sheldon (2016) show that dynamic pricing increases supply elasticity and improves market efficiency during periods of excess demand.

External Industry Trends

Urban population growth continues to outpace rural population growth. The United Nations forecasts an increase in the global population living in urban areas over the next couple of decades from a current 55% to 68% by 2050, in conjunction with the increasing population, this creates sustained demand for flexible urban mobility (UN DESA, 2023). Concurrently, the cost of vehicle ownership has increased. AAA (2023) estimates the average annual cost of owning in a new car in the United States to be USD $12,182, strengthening the appeal of usage-based mobility.

Industry boundaries have blurred between mobility, food delivery, and last-mile logistics. Academic research characteristics this as “ecosystem competition” where platforms seek complementarities across services (Jacobides et al., 2018). Cross-platform usage increases user retention and raises switching costs. The global online food-delivery market surpassed USD 1 trillion in 2023 (Statista Digital Economy Outlook, 2024), creating strategic incentives for mobility platforms to diversify.

Autonomous-vehicle (AV) development represents a long-term structural shift. The National Highway Traffic Safety Administration (NHTSA, 2023) reports expanding pilot deployments across several U.S. cities. AV adoption would reduce labour costs but shift competitive power toward firms controlling driverless fleets and software. Academic studies anticipate significant industry restructuring as AV costs decline (Fagnant and Kockelman, 2015).

Regulatory Fragmentation

Regulation varies widely across countries and municipalities. The European Platform Work Directive, U.S. labour-classification rules, and local licensing requirements shape cost structures and operational flexibility. Research shows that regulatory restrictions directly influence platform pricing, driver supply, and competitive outcomes (Frailberger and Sundararajan, 2017).

North America

Competition is largely a duopoly between Uber and Lyft, Lyft report 709 million rides in 2023, while Uber completed 9.4 billion trips globally in 2023 across mobility and delivery (Lyft, 2024; Uber Technologies, 2024). Competitors primarily differentiate through wait times, geographic density, and pricing algorithms.

China

China's ride-hailing market is dominated by Didi. Academic studies emphasise China's "platform enclosure" dynamics, where domestic mobility services integrate with super-app ecosystems that combine payments, logistics, and local services (Zhu and Furr, 2016). Competition from Meituan, T3 mobility, and other local platforms is increasing, supported by data-localisation rules and regulatory protection.

Southeast Asia

Grab is the leading regional platform, operating a super-app integrating ride-hailing, deliveries and payments. GoTo competes in Indonesia with combined mobility, food-delivery, and fintech services. Peer-reviewed analyses of Southeast Asian digital markets show high loyalty to integrated ecosystems, which strengthens regional incumbents (Chong et al., 2021).

Europe, Middle East, and Africa

Bolt has become a major competitor in Europe, offering ride-hailing, scooters, e-bikes, and delivery. The OECD (2022) finds that Europe's stricter licensing rules reduce the number of operators and raise entry costs, benefiting established players but limiting rapid scale gains.

External Pressure on Industry Competition

Competitive pressures in the global ride-hailing industry are shaped by three interconnected external forces: scale dynamics, ecosystem convergence and technological or regulatory disruption. First, platforms with larger trip density benefit from stronger matching efficiency, shorter wait times and higher driver utilisation, reinforcing incumbency advantages in line with evidence from Cramer and Krueger's

(2016) analysis of platform-enabled productivity gains. These advantages do not eliminate competition from strong regional players, particularly in markets where local platforms benefit from cultural fit, regulatory alignment or integration with domestic digital services.

Second, competition increasingly occurs at the ecosystem level rather than within standalone mobility markets. Jacobides et al. (2018) argue that digital ecosystems create structural switching costs and reshape competitive boundaries, a pattern evident in Asian and European markets where mobility, delivery, payments and financial services are bundled into super-app environments. These dynamic places external pressure on single-service platforms, which must match ecosystem breadth or partner with complimentary services to maintain user retention.

Third, industry cost structures and long-term positioning are shaped by labour regulation and the progression of autonomous-vehicle (AV) technology. Changes to driver classification rules directly influence pricing flexibility and margins across jurisdictions, while adoption of AV's presents asymmetric risk because firms with established partnerships or capital for autonomous-fleet integration are likely to secure structurally lower operating costs. As Fagnant and Kockelman (2015) show, widespread AV deployment would substantially alter cost curves and redistribute competitive advantage toward companies controlling autonomous platforms rather than relying solely on human-driver supply. This industry overview establishes the economic context within which firms operate.

Summary of Qualitative Factors

The ride-hailing industry is growing steadily, supported by urbanisation, smartphone adoption, and the shift toward on-demand mobility. Scale is the main driver of competitive advantage, as larger platforms such as Uber benefit from better matching, shorter wait times, and stronger network effects. The competition amongst major players in the ride-hailing industry is regional, Uber leads in the U.S., Didi in China, Grab in Southeast Asia, and Bolt in Europe, whilst regulation and labour rules vary widely and heavily influence costs. Longer term, autonomous vehicles and super-app ecosystems are likely to reshape industry economics by reducing labour dependence and raising switching costs.

Quantitative Factors

Revenue Growth

In the most recent quarter (Q3 2025), Uber reported **US$ 13.5 bn** in revenue, a **20%** YoY increase from US$ 11.2 bn in Q3 2024. (Uber.com, 2025).

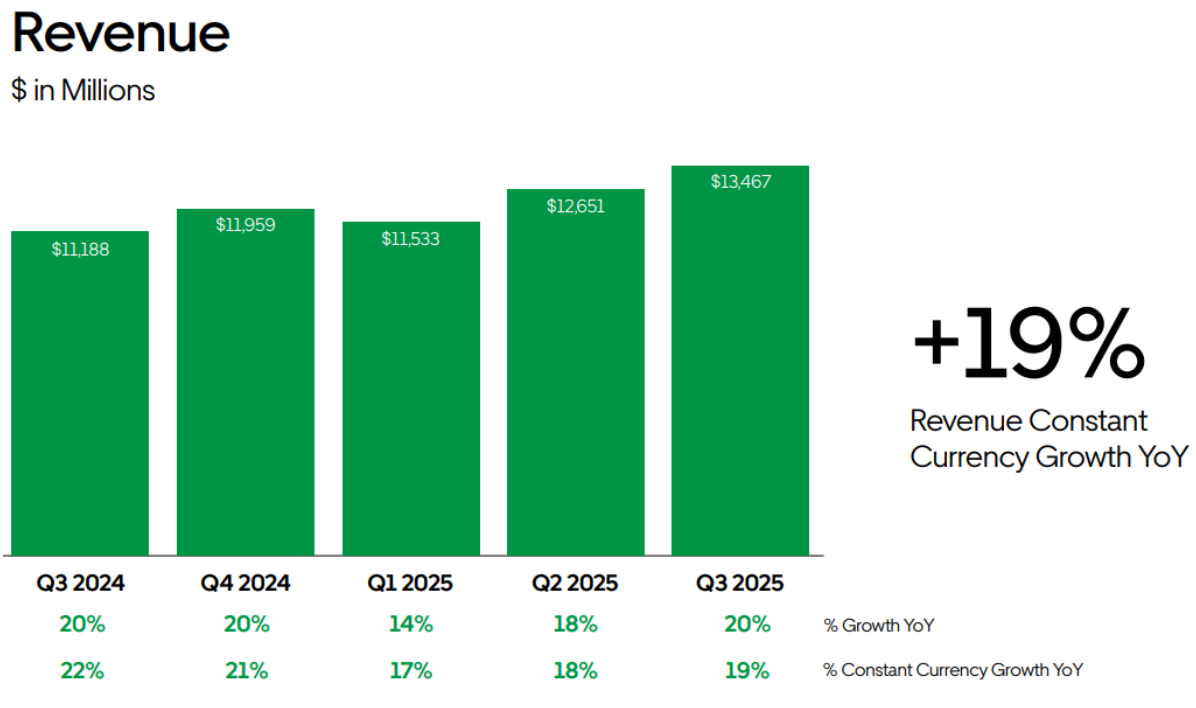


Figure 1: Uber Technologies Q3 2025 Earnings – Supplemental Data

Gross Bookings

This revenue growth is underpinned by volume expansion, as gross bookings rose by **21%** YoY to **US$ 49.7 bn** (Q3 2025) from $40.937 bn (Q3 2024) (Uber.com, 2025). Demonstrating that demand for Ubers core services continue to rise and their expansion into emerging markets has been successful.

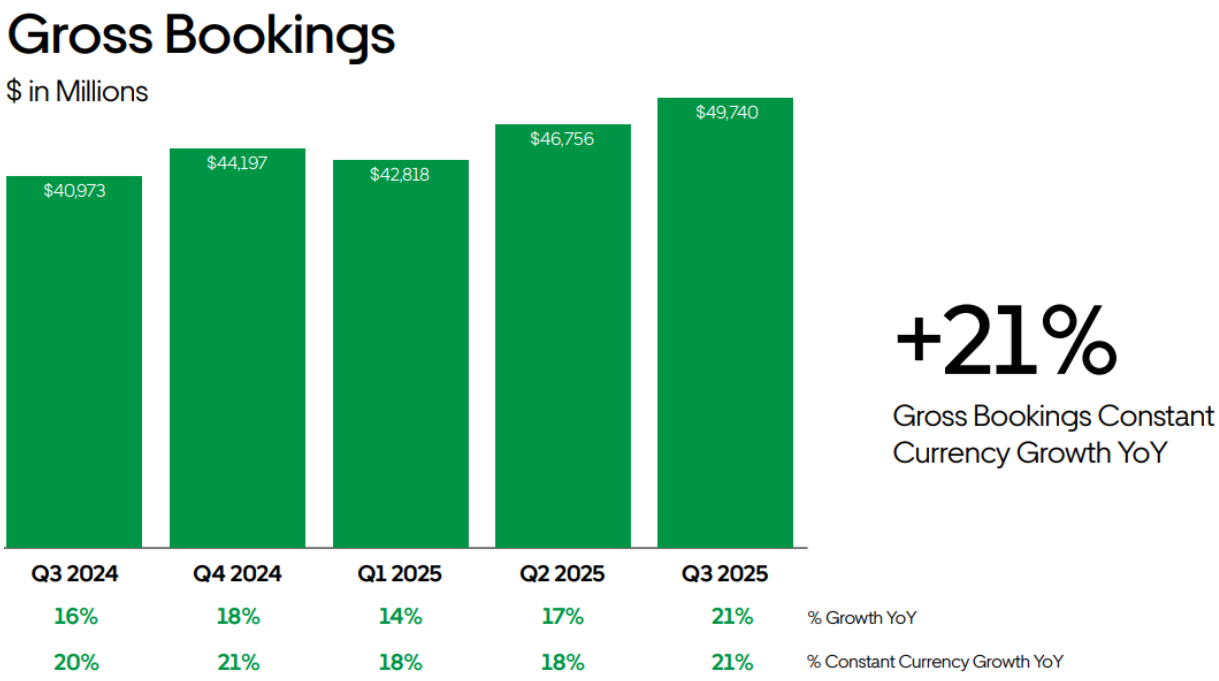


Figure 2: Uber Technologies Q3 2025 Earnings – Supplemental Data

Take Rate

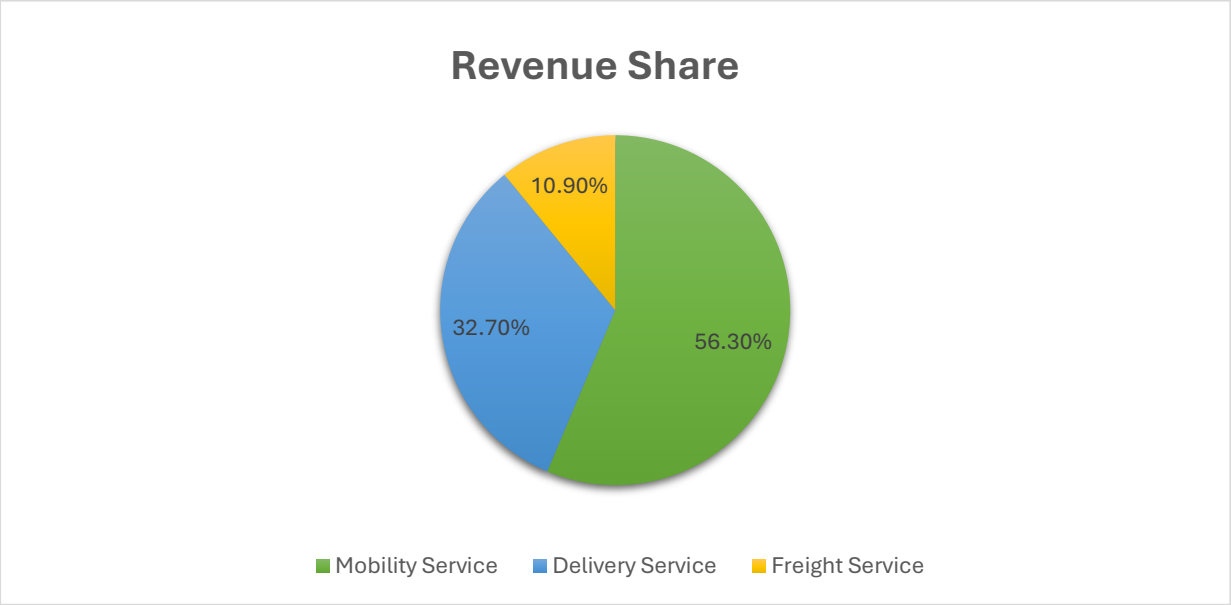
Uber's consistent trip growth (**3.51 billion trips, +22% YoY**) paired with rising **Monthly Active Platform Consumers (MAPCs, 189 million, +17% YoY)** shows strong monetisation leverage. Uber maintains a take rate (revenue share they take from drivers) of approximately **37%** (Gross bookings/Revenue). This figure has risen in recent years, resulting in Uber receiving disproportionately more revenue relative to the number of executed rides. Despite the rising take rate, the supply of uber drivers continues to grow, suggesting that driver participation remains robust even as Ubers share of fare revenue increases.

Revenue Share

Uber's Mobility Service accounts for **56.3%** of their revenue. This segment continues to expand, with mobility revenue rising **15% YoY,** and is anticipated to grow further, supported by the increasing mobility service market**.** Ubers growth is underpinned by increasing trip frequency, higher driver supply and sustained demand among both established and emerging markets. These trends suggest that Uber has a healthy core business which remains scalable and well positioned for continuous expansion.

Uber's Delivery Services account for **32.7%** of revenues and is their fastest growing business with revenue rising **18% YoY.** This success can be largely credited to Ubers consistent investment and innovation into their Uber Eats delivery platform, with their ever increasing restaurant partners and their push to gain market share in the delivery of groceries. This area is likely to continue to benefit from the shift in consumer behaviour to prioritise convenience.

Ubers Freight Service accounts for **10.9%** of revenue. However, this revenue portion shrunk year on year falling **(2)%.** This is largely due to Uber Freight service being under pressure from macroeconomic headwinds, particularly US tariffs which has caused a significant drop in imports to US, where this service is most prominent. While Uber has a long-term vision which aims to use AI and automate this area, the short-term financials are struggling.



Earnings Growth

Net Income

Ubers Net Income Grew drastically from $2.6 billion in 2024 to **$6.6** billion in 2025 representing a **154%** growth YoY. One of the most substantial profitability inflections in the company's history. The increase highlights Ubers ability to monetise effectively by raising their take rate, controlling costs, and expanding both their delivery and mobility services.

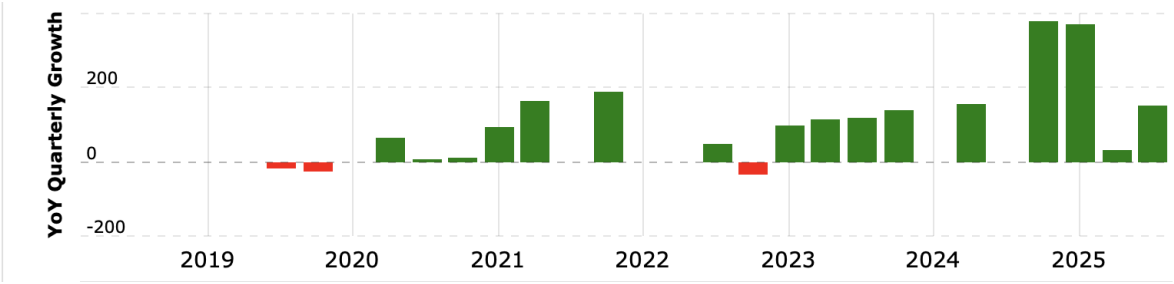


Figure 3: Macrotrends - Uber Net Income Growth YoY

EBITDA

Uber reported a **33% YoY** in EBITDA. Growing from $1.69bn in 2024 to **$2.3bn** in 2025. This growth was driven by strong revenue expansion across both ridesharing and delivery segments in combination with improved monetisation. This performance underscores the company's ability to scale its platform whilst controlling costs, resulting in higher operational leverage. The EBITDA growth also signals progress toward sustainable profitability, enhancing Uber's capacity to generate free cash flow and generate shareholder value.

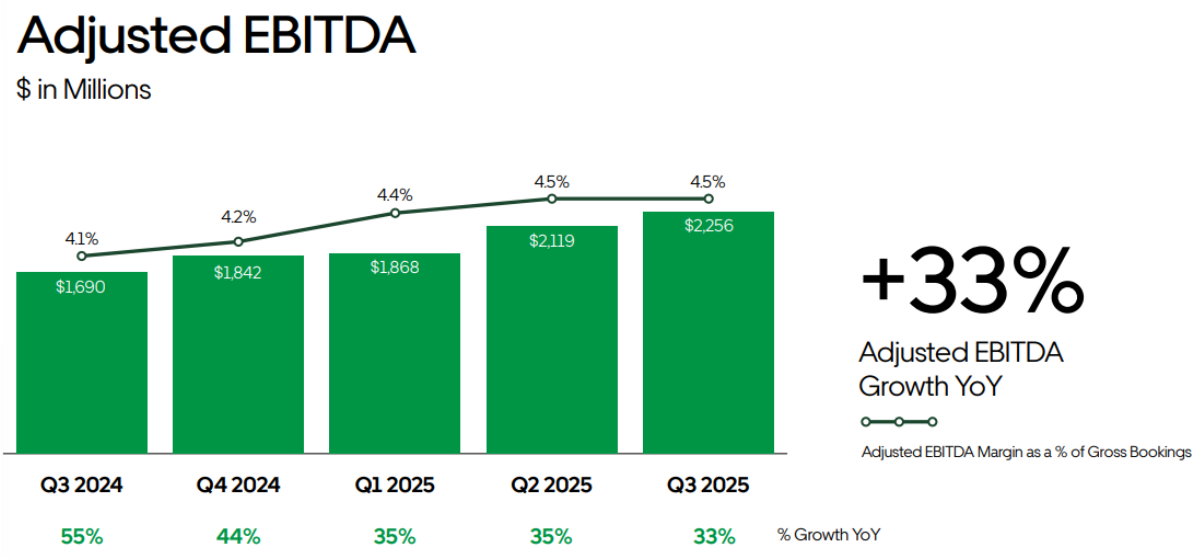


Figure 4: Uber Technologies Q3 2025 Earnings – Supplemental Data

Balance Sheet

Cash and Cash Equivalents

Ubers Cash and Cash equivalents grew from $5.9bn in 2024 to **$8.4bn** in 2025 representing **43.1% increase YoY.** This growth in liquidity positions Uber well to fund expansions without taking on more debt and also provides a cushion to adapt to economic turbulence cause by political tensions and tariffs. Moreover, having a robust

cash position allows Uber to invest in emerging opportunities, including AI technologies, when favourable conditions arise. This strong cash position is generally viewed positively by the market due to high levels of financial health. However, there are some investor concerns regarding the lack of cash utilisation

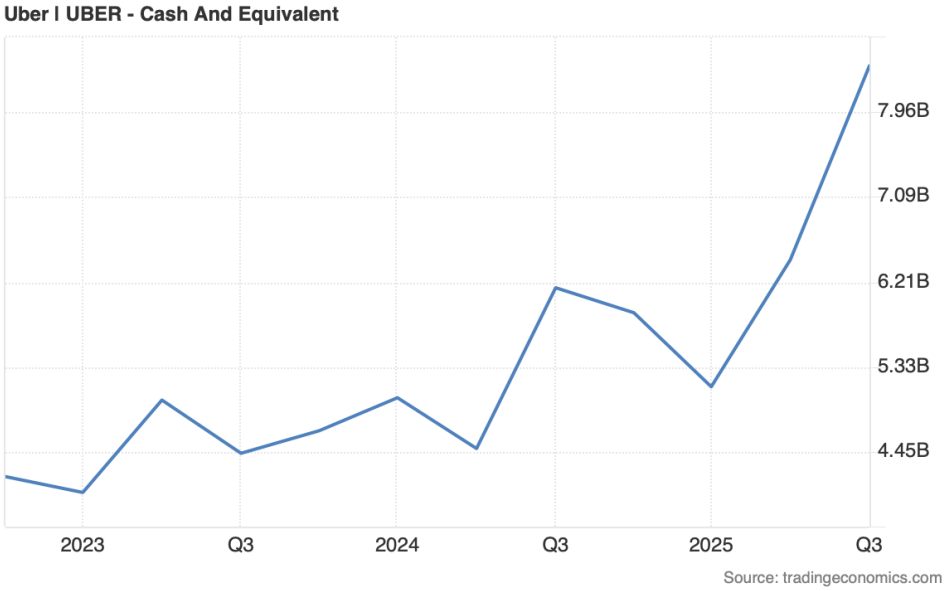


Figure 5: Trading Economics – Uber Cash and Cash equivalents

Acid Test

Ubers liabilities increased from $28.8bn in 2024 to **$34.2bn** in 2025 representing an increase 18.8%. However, at the same time total assets have increased from $51.2bn in 2024 to **$63.3bn** in 2025 meaning the overall balance sheet has strengthened. Taking the company from an original acid test ration of 1.78 in 2024 to **1.85** in 2025, showing the reduced risk of investing in uber as it the ability to pay off its debts improves.

Summary of Quantitative Factors

Uber's financials show clear momentum. Revenue and gross bookings both grew around 20% YoY, supported by strong trip growth and rising platform engagement. Mobility and Delivery continue to expand solidly, while Freight remains under pressure from U.S. trade headwinds. Profitability has improved sharply, with net income more than doubling and EBITDA up 33%, reflecting stronger monetisation and better cost control. Uber's balance sheet has also strengthened, with cash rising to $8.4bn and a higher acid-test ratio, giving the company more flexibility and reducing financial risk. Overall, the numbers point to a business scaling efficiently and becoming consistently more profitable.

Qualitative Factors

Platform Integration

Uber's shared technology platform increases retention (Uber Technologies Inc., 2024, p. 11).

Value Creation

Uber earns revenue primarily through service fees, advertising, subscriptions and geographic diversification (Uber Technologies Inc, 2025, p. 88-94).

Competitive Positioning & Moat

Uber's competitive positioning is embedded in its global scale, multi-segment platform, technological capabilities, and network effects across the Mobility, Delivery, and Freight segments. According to Uber's 2024 Annual Report, the foundation of its platform is its massive network, leading technology, operational excellence, and product expertise (Uber Technologies Inc., 2025, p. 5).

Competitive advantages (Moat components)

Network effects:

Uber benefits from network effects. Rider demand attracts more drivers, thereby improving reliability and reinforcing the use of their platform (Uber Technologies Inc., 2025, p. 5).

Technology & Data Capabilities:

Uber highlights its pricing, matching, routing, and machine learning systems as core competitive strengths (Uber Technologies Inc., 2025, pp. 4-6).

Ecosystem Integration

Uber's single platform supports operational efficiencies across all the segments (Uber Technologies Inc., 2025, p. 4).

Brand Strength

Uber identifies its brand awareness and reputation as critical to customer acquisition efficiency and global expansion (Uber Technologies Inc., 2025, p. 10)

Switching Costs

Uber states its single cross-platform membership, Uber One, aligns services across Mobility, Delivery, and Freight (Uber Technologies Inc., 2025, p. 5)

Structural Limitations

Uber operates in a highly competitive and broadly undifferentiated market. Uber also remains exposed to regulatory constraints that influence the pricing, supply, and cost structure (Uber Technologies Inc., 2025, pp. 13-19).

Regulatory & Legal Environment

The company identifies regulation as a core business risk in its Annual Report, stating that its operations are subject to a wide variety of laws and regulations in the many jurisdictions in which they operate and that changes in these frameworks could affect their business, financial condition and operating results (Uber Technologies Inc, 2025, p. 10).

Driver and Courier Classification

A central issue for Uber is the classification of drivers and couriers. In the 2024 Form 10-K, Uber states that if drivers were classified as employees, workers, or quasi-employees, their business would be affected by the associated costs of wages, benefits, and taxes. Multiple jurisdictions continue to challenge Uber's model (Uber Technologies Inc., 2025, p. 11).

Local Licensing and Mobility Regulation

In its 2024 10-K, Uber states that its Mobility products are subject to state and local rules for licensing, insurance, screening and background checks across U.S. and international jurisdictions (Uber Technologies Inc, 2025, p. 6).

Safety, Insurance, Data Protection and Privacy Regulations

Uber is subject to various safety and insurance requirements imposed on transportation platforms. Uber is also subject to strict data protection laws such as the GDPR in Europe (Uber Technologies Inc., 2025, p. 37).

Legal Proceedings and Litigation Exposure

The company outlines in the legal proceedings section of the 10-K that such cases could require significant financial resources and may impact its ability to operate in specific markets (Uber Technologies Inc., 2025, p. 11).

Technology, Innovation & Long-Term Strategy

Technology and data are at the core of Uber's business model and long-term strategy. In its 2024 Annual Report, Uber describes its technology platform and the user data it collects as integral to its operations and competition, underpinning matching, routing, payments, and safety systems across the Mobility, Delivery, and Freight segments (Uber Technologies Inc., 2025, pp. 4-5).

Technology Platform and Data Infrastructure

Uber's unified global platform supports mapping, payments and safety systems across all segments (Uber Technologies Inc, 2025, p. 4-5).

Matching, Routing and Pricing

Uber applies advanced machine learning models to improve matching, pricing, routing, and fraud detection (Uber Technologies Inc., 2025, pp. 5-14).

Product Innovation and Ecosystem Development

Uber's long-term strategy emphasises deepening the engagement rather than simply adding more users. The company has expanded from point-to-point rides to a broader suite of services, including food and grocery delivery, freight brokerage, advertising products, and cross-segment offerings such as Uber One (Uber Technologies Inc., 2025, p. 5).

Sustainability

Uber aims to become a zero-emission platform by 2040 and encourages the switch to EV through incentives and partnerships (Uber, 2025).

Management Quality & Corporate Governance

Management quality and corporate governance are critical qualitative factors for Uber's investment case. Since Uber operates globally across multiple regulatory regimes, scales rapidly, and pursues long-term strategic pivots such as delivery expansion and logistics. The calibre of its leadership and governance framework is directly relevant to risk mitigation and value creation.

Leadership and Execution Track Record

Uber's current CEO, Dara Khosrowshahi, who took over in 2017, has overseen a shift toward profitability, improved governance and global expansion. For example, across recent quarters, Uber has reported sustained growth in trips and gross bookings and has moved closer to consistent free cash flow (Uber Technologies Inc., 2025, p. 2).

Summary of Qualitative Factors

Overall, Uber presents a strong qualitative profile. Uber's asset-light platform, global reach, and technology infrastructure create advantages, supported by network effects across the Mobility, Delivery, and Freight segments (Uber Technologies Inc., 2025, p. 4-7). However, these advantages are balanced by regulatory, labour, and competitive risks, such as driver classification and local licensing requirements. Uber's innovative strategy, including technology and the switch to electric vehicles, supports future growth, while governance has improved under the current leadership. ESG progress is evident on environmental goals, even though social risks around gig-worker status remain. Uber is a high-quality platform with attractive long-term value potential, but it has to be assessed alongside elevated regulatory and execution risks.

Risk and ESG analysis

Section Introduction

Uber operates a dynamic platform across mobility, delivery and freight, exposing the company to a wide range of regulatory, operational and financial risks. Acting as a liaison between customers and institutions, whether its connecting consumers to restaurants or getting someone from point A to point B, comes with several safety, credibility and regulatory concerns. Uber's risk profile is defined by highly variable legal environments, competitive pressure and evolving expectations around safety, profitability and sustainability. This section aims to evaluate the key components driving Uber's risk profile, along with an assessment of the company's Environmental, Social and Governance (ESG) profile.

Operational and Economics risks

Driver classification risk

Explicitly stated that Uber would be adversely affected if Drivers were classified as employees or workers instead of independent contractors. This exposes the company to high legal costs, regulatory issues, and potentially fundamental operational change. (Uber Technologies Inc., 10-K report 2024)

Key considerations:

- Uber is fighting multiple global legal challenges, lawsuits and class actions arguing that drivers should be employees. Over 150,000 U.S. drivers have filed or expressed intention to file arbitration demands related to worker status against Uber
- Employee reclassification could lead to uber facing significant additional expenses, including – minimum wage laws, overtime, paid breaks, benefits, insurance etc. Uber may be forced to raise prices substantially to offset these higher costs. This can lead to, Uber's financial condition, cash flows and reputation being tarnished significantly
- Many drivers who value flexibility may leave the platform if forced into an employment model, which would weaken driver supply, increase wait times and reduce service quality

Risk conclusion:

Driver classification remains Uber's top priority regarding risks because any unfavourable rulings could force fundamental changes to the business model, negatively impacting profitability and valuation.

Intense competition and low switching costs risk

Uber operates in a highly competitive industry, where both customers and drivers face virtually no switching costs and can switch to alternative platforms with ease. Exposing the company to sustained pricing pressure and ongoing competition. (Uber Technologies Inc., 10-K report 2024)

Key considerations:

- In all three of Uber's offerings - mobility, delivery and freight, the company is surrounded by high performing competitors (e.g. Lyft, Bolt, Grab, DoorDash, Deliveroo), many of which use aggressive pricing strategies and promotions to attract users
- Riders and Customers can move between platforms instantly based on, earnings, prices, incentive offers or wait times, limiting Uber's pricing power
- Strong competition requires Uber to raise driver incentives or reduce service fees to retain users. Directly weakening margins and increased profitability prospects

Risk conclusion:

Intense competition paired with low-cost alternatives in a price-sensitive market, for both drivers and customers, represent a large risk to Uber's growth as increased incentive spending for drivers or discounted offers for customers limit Uber's pricing power, weakens profitability margins and overall increases the company's expenses.

Regulatory and Legal risks

Global licensing and operating restrictions risk

Uber operates across more than 70 countries and 15,000+ cities, exposing the business to conflicting and dynamic regulatory environments. In several key regional markets, Uber's model has been banned, suspended or forced to change, creating uncertainty around long-term growth. (Uber Technologies Inc., 10-K report 2024)

Key considerations:

- In expansion markets, namely - Argentina, Germany, Italy, Japan, South Korea, and Spain. Uber's ridesharing product has been blocked, capped or suspended. Limitations prevent Uber from expanding its mobility business in key markets
- Uber requires local licenses/permits to operate. Due to the unpredictability of future regulatory issues Uber cannot guarantee that in certain markets they can maintain or renew such licenses. Noncompliance with local requirements can lead to termination of operations in that jurisdiction.
- In several jurisdictions local regulators frequently impose new requirements and rules. Uber faces constantly evolving laws across the U.S. and international

markets, these shifting regulations threaten Uber's products in said markets or requires Uber to consistently modify its operating model

Risk conclusion:

With inconsistent local rules and ongoing uncertainty, Uber is constantly faced with international operating problems or having to cease operations in key markets. Bans, caps and any regulatory tightening constrain Uber's profitability, increases operating costs, causes uncertainty and weakens long-term growth prospects.

Data privacy risks

Due to the nature of Uber's business model, it is required to process large volumes of highly sensitive data, such as, real-time location, identity details and payment details. This exposes Uber to significant obligations under global privacy, data protection and cybersecurity acts. As regulations tighten, Uber is faced with legal and financial risks if it fails to comply. (Uber Technologies Inc., 10-K report 2024)

Key considerations:

- Uber's presence in several international jurisdictions exposes it to a wide range of data privacy laws (EU's GDPR, California's CCPA, Brazil's LGPD). Noncompliance results in significant fines and restrictions.
- Uber manages highly sensitive personal information on both drivers and customers, meaning any breach or misuse could cause severe reputational damage and allow new lawsuits or sanctions on the company.
- Such data protection laws are highly complex and constantly evolving, making the firms implementation of these requirements highly uncertain and potentially inconsistent. These changes add ongoing operational and compliance burdens.

Risk conclusion:

Data privacy and regulatory compliance represent big risk for Uber, failure to meet evolving requirements can result in substantial fines, operational disruption and reputational harm. Given the sensitivity of the data being handled by Uber, complex cross-jurisdictional acts pose significant challenges to the company's growth prospects, operational stability and financial condition.

ESG Analysis

Uber's Environmental, social and governance (ESG) profile reflects the company's reputation as a global delivery and mobility platform. Operating across several jurisdictions with changing environmental and social regulations, Uber must comply with all legal requirements to operate in certain markets. (Uber Technologies Inc., 10-K report 2024)

Environmental Factors (E)

Key considerations:

- Uber doesn't own most vehicles on its platform, so its direct emissions are low. However, the company's emissions from driver-owned vehicles account for most of its environmental footprint
- Exposed to regulatory pressure to transition to lower-emission mobility particularly in the EU, UK and US. May require Uber to incentivise EV usage, increasing operating costs
- Ability to meet environmental goals largely depends on external factors – availability of EVs to drivers, ample access to EV chargers, shifting regulations and governmental changes.

Environmental conclusion:

Uber's environmental exposure is largely driven by emissions from driver-owned vehicles rather than internal operations, placing constant pressure on the company to support the transition to lower-emission mobility. Complying with environmental regulations in key markets, alongside the possibility of incentivising EVs to drivers, may increased operational costs and weaken margins. (Uber Technologies Inc., 10-K report 2024)

Social Factors (S)

Key considerations:

- Uber faces ongoing action over driver pay, benefits and classification. These issues incur large legal fees and pose reputational and regulatory problems on the company.
- The company processes highly sensitive personal data (location, identity, payment). Misuse or breach of this information has major social and reputational burdens beyond regulatory fines.
- Uber faces lawsuits related to driver and rider safety. Any negative media coverage or major incidents significantly hinders consumer trust and negatively impacts reputation, beyond fines and lawsuits.

Social conclusion:

With labour rights, safety and privacy driving the majority of problems here, social risk is the most prevalent issue here. These factors directly affect trust, public and legal scrutiny and Ubers license to operate. While the company has taken steps to improve safety reporting and support, social risks continue to present large challenges to growth and brand strength. (Uber Technologies Inc., 10-K report 2024)

Governance Factors (G)

Key considerations:

- Uber has an independent chair, majority-independent board and fully independent audit and governance committees. The board oversees critical risk areas like safety, cyber security, data privacy and regulatory compliance.
- The company enforces strict compliance systems, including a formal insider trading policy that prohibits trading on non-public information, restricts hedging and short selling. These mechanisms reduce legal and reputational risk.
- Board's compensation framework ties a portion of executive pay to ESG-linked performance metrics – safety outcomes, EV progress, social experiences and metrics. These components incentivise to achieve sustainability-related objectives.

Governance conclusion:

With an independent board structure dedicated to oversight of key risk areas, implementation of compliance systems and incentivised ESG-linked pay. Governance is an overall strength for Uber, their systems support long-term stability, risk mitigation and ethical operations. (Uber Technologies Inc., Proxy report 2025)

Risks and ESG Summary

Uber operates in a highly complex and competitive environment, the company's long-term outlook is heavily shaped by dynamic international regulations, operational and reputational risks. Driver classification, intense competition, licensing restrictions and data privacy obligations all pose challenges that can negatively impact margins, operational stability and market access. ESG related pressures, particularly around worker rights, safety and environmental concerns, all add to the company's operating burdens. However, Uber has made progress in governance through strengthening board oversight, enforcement of strict compliance systems and incentive schemes tied to sustainability outcomes.

Overall, Uber's ability to manage regulatory uncertainty, maintaining trust amongst driver and customers and navigating ESG expectations will be central to growing the company long term.

Valuation

With a solid understanding of the key aspects of Uber's business, this valuation incorporates insights from all sections of the report to provide a comprehensive view of the company's fair value, helping determine whether it is undervalued and a suitable investment for the university-managed fund. All financial data used in the model is drawn from Uber's 10-K filings, quarterly earnings releases, and supplementary data from StockAnalysis.com.

Method

The most appropriate approach to valuing Uber is the Discounted Cash Flow (DCF) method, given Uber's reasonably forecastable future cash flows and the significance of its intrinsic value drivers, including network effects and economies of scale.

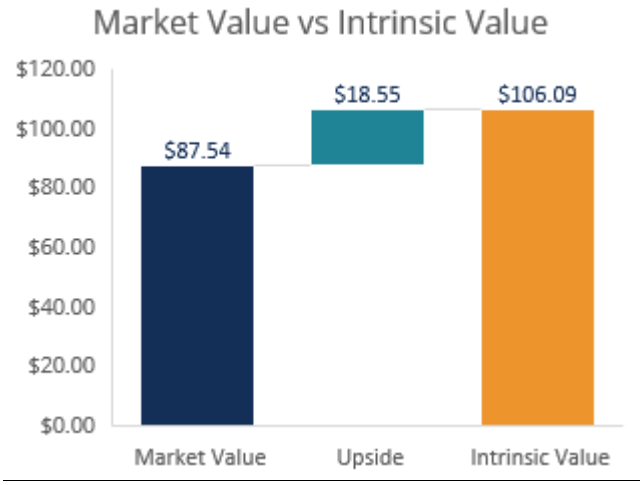
Peer comparison will also be utilised in the analysis to support the findings and provide a better understanding for the fair value of Uber.

Discounted Cash Flow

Assumptions	
Tax Rate	21%
Discount Rate	8%
Perpetural Growth Rate	3%
EV/EBITDA Mulltiple	34.0x
Transaction Date	01/01/2026
Fiscal Year End	31/12/2026
Current Price	87.54
Shares Outstanding	2,080,000,000
Debt	13,340,000,000
Cash	9,086,000,000
Capex	305,000,000

Revenue	60,000,000,000	67,440,000,000	74,184,000,000	80,860,560,000	87,329,404,800
EBIT Margin	9%	10%	11%	12%	12%
EBIT	5,400,000,000	6,744,000,000	8,160,240,000	9,703,267,200	10,479,528,576
D&A	730,000,000	744,600,000	759,492,000	774,681,840	790,175,477

Discounted Cash Flow	Entry	2026	2027	2028	2029	2030	Exit
Date	*01/01/2026*	*30/06/2026*	*30/06/2027*	*30/06/2028*	*30/06/2029*	*30/06/2030*	*30/06/2030*
Time Periods		*0*	*1*	*2*	*3*	*4*	
Year Fraction		*0.50*	*1.00*	*1.00*	*1.00*	*1.00*	
EBIT		5,400,000,000	6,744,000,000	8,160,240,000	9,703,267,200	10,479,528,576	
Less: Cash Taxes		1,134,000,000	1,416,240,000	1,713,650,400	2,037,686,112	2,200,701,001	
Plus: D&A		730,000,000	744,600,000	759,492,000	774,681,840	790,175,477	
Less: Capex		305,000,000	305,000,000	305,000,000	305,000,000	305,000,000	
Less: Changes in NWC		375	611	398	511	272	
Unlevered FCF		4,690,999,625	5,767,359,389	6,901,081,202	8,135,262,417	8,764,002,780	
(Entry)/Exit	(186,337,200,000)						281,854,197,530
Transaction CF	-	2,332,469,258	5,767,359,389	6,901,081,202	8,135,262,417	8,764,002,780	281,854,197,530
Transaction CF	(186,337,200,000)	2,332,469,258	5,767,359,389	6,901,081,202	8,135,262,417	8,764,002,780	281,854,197,530



DCF Summary

Based on a DCF valuation as of 1 January 2026, I forecast Uber's revenue to grow from $60bn in 2026 to approximately $87bn in 2030, with EBIT margins expanding from 9% to 12% as operating leverage, scale efficiencies, and the growth of higher-margin segments (advertising, subscriptions, logistics) improve profitability. Using a WACC of 8% and a long-term perpetual growth rate of 3%, the model produces an enterprise value of $224.9bn. After adjusting for $13.34bn of debt and $9.09bn of cash, the implied equity value is $220.7bn, or $106.09 per share. This suggests the shares are undervalued relative to the current market price of $87.54. The valuation is sensitive to margin assumptions, revenue growth, and the chosen discount rate, but under the base-case assumptions the intrinsic value exceeds the prevailing market valuation.

Peer Comparison

On a price to earnings basis, Uber trades at a significantly lower multiple than their main U.S. based competitors. However, this discrepancy is largely explained by the fact

that both Lyft and DoorDash have considerably lower profit margins, which inflates their P/E ratios and makes comparisons less meaningful.

If instead we compare Uber to the S&P500 where the average P/E ratio is ~25, we see that Uber is trading much lower than the broader U.S. market, suggesting that Uber is priced more conservatively than typical U.S. companies. This is especially rare for technology companies with high levels of scalability.

Fair Value Estimate

Putting everything together, both the DCF and the P/E comparison point in the same direction.
The DCF suggests a value of around **$106 per share**, which is noticeably higher than the current price. When you cross-check this against the relative valuation, Uber also looks inexpensive: it trades on a much lower P/E than competitors like Lyft and DoorDash (largely because their earnings are far weaker), and it's even below the S&P 500's average P/E of about 25, something you rarely see for a large, profitable tech-driven platform.

Taking these results as a whole, a **fair value somewhere in the region of $100–110 per share** seems reasonable. This range reflects both the cash-flow fundamentals and how the market typically values companies of a similar size and profile.

Investment Recommendation

Overall, the valuation work indicates that Uber is trading below its estimated fair value. The DCF points to a value in the $100–110 range, and the relative P/E comparison supports the view that the market is not fully reflecting the company's improving profitability and cash-flow outlook. Given this combination of factors, the appropriate recommendation is to buy the stock, with the expectation that the share price has room to appreciate as Uber continues to strengthen its financial performance.

Conclusion

Uber is a scalable, cash-generative platform with strengthening fundamentals and attractive long-term economics. While regulatory risk remains a key threat, the company's improving margins, strong balance sheet and platform diversification support a favourable investment outlook. Based on the valuation analysis and risk assessment, Uber appears undervalued and suitable for the university-managed fund

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