**Uber Technologies, Inc.**
**Q2 2023 Prepared Remarks**
August 1, 2023

## Dara Khosrowshahi, CEO

Our strategy remains to build best-in-class verticals across Mobility and Delivery and to amplify that leadership position through the power of our platform. As our Q2 results demonstrate, that strategy is working.

We reached two important milestones: our first-ever GAAP operating profit ($326 million) and our first quarter of free cash flow of more than a billion dollars ($1.14 billion to be precise).

Both of these milestones were achieved through a combination of disciplined execution, record audience, and strong engagement. Trips grew 22% year-on-year (YoY); MAPCs grew 12% YoY to 137 million, with monthly trips per MAPC growing 9% YoY to 5.6; and 6 million active drivers and couriers earned a new all-time high of $15.1 billion including tips.

**Mobility**

Our Mobility business continues to fire on all cylinders, delivering strong and profitable growth, with Trips, Gross Bookings, MAPCs, active drivers, and Adjusted EBITDA all at record highs. In Q2, Mobility Trips grew 26% YoY, driven by broad-based strength across our markets as consumer engagement continued to increase, with monthly Trips per MAPC of 5.4, up 8% YoY. In fact, US & Canada Trips are now fully recovered vs. Q2 2019, alongside a new record for MAPCs.

Paired with this strong demand environment, we continued to attract more drivers to Uber than ever before through our focus on innovation and driver satisfaction, with Mobility active drivers up 33% YoY. Driver engagement (or monthly supply hours per active driver) was up 7% YoY, while driver churn continued to be down substantially. We further expanded Upfront Fares and Upfront Destination to all of our LatAm markets, with improvements to our pricing algorithms that have increased reliability and trip conversion. Specifically, we have seen a 28% drop in unfulfilled trips in LatAm, as well as positive progress in completed trips. We also launched several new features aimed at helping drivers maximize their earnings potential, including Earnings Trends, Earnings Alerts, and local events in-app.

Our path to growth is centered on our ability to grow supply, and our focus on driver growth over the last several years has resulted in a significantly improved consumer experience. As surge and ETAs continued to improve in Q2, coupled with constructive category position trends in the US and internationally, we are seeing improved consumer engagement and conversion. With our Mobility marketplace more in balance, we are focused on driving significant demand in the years ahead – both by attracting new riders to Uber and by getting existing riders to use Uber more.

Despite our scale, we still have an enormous opportunity ahead of us: even in our major markets, less than 10% of the population over the age of 18 uses Uber on a weekly basis. That number is even lower in several large economies, including Spain, Germany, Argentina, Japan, Hong Kong, and South Korea, where we see lots of opportunity to grow. In Q2, those markets together generated over $3 billion in annualized Gross Bookings and grew over 135% YoY on a constant-currency basis. Even in our top markets like the UK, France and Canada, we see a large opportunity to grow outside our urban cores in London, Paris and Toronto, respectively. For example, our business in the UK outside of London (in cities like Manchester and Birmingham) grew roughly 45% YoY on a constant-currency basis; our improved pricing and incentive algorithms have resulted in greater affordability and improved reliability in these areas.

We are also focused on increasing rider engagement by driving usage across our Mobility portfolio beyond UberX, including Reserve, hailables, Uber for Business, and Shared Rides. We have seen that riders who use more than one Mobility product tend to spend more and stay with us longer. Our suite of non-UberX products together grew over 80% YoY in Q2, generating nearly $8 billion in annualized bookings (or 12% of Mobility Gross Bookings). We continued to improve Uber Reserve availability, including for airport pickups, while driving significant reliability improvements. We also made progress on our low-cost offerings, expanding UberX Share to 50 markets globally and Uber Moto, our bike taxi product, to additional cities in Argentina. In Q2, riders who took at least one Moto trip in a given month had 1.8x greater engagement than average.

**Delivery**

Delivery Gross Bookings YoY growth accelerated in Q2, with improving category position in a large majority of our top markets alongside meaningfully expanded profitability. We're encouraged by the underlying trends, with basket inflation starting to normalize and Trip growth picking up as a result. In Q2, Delivery Gross Bookings grew 14% YoY on a constant-currency basis, with the highest Trip growth in six quarters. Delivery frequency also hit an all-time high of 4 monthly orders per eater, up 8% YoY. Delivery Adjusted EBITDA margin expanded to over 2% of Gross Bookings as a result of improved network efficiencies, the increased contribution of advertising, and continued marketing and incentive optimization.

The US & Canada business performed well in Q2, with stable category position and a record-high Adjusted EBITDA margin. We've seen broad improvements across key input metrics like average delivery time, cost per trip, and supply hours, particularly as we continue to grow our selection across all segments, with active merchants up 9% YoY. Notably, we recently announced Domino's Pizza as a partner, winning the largest enterprise merchant not currently operating on any delivery platform in the US. As part of this multi-year partnership, the largest global pizza chain will be exclusively available on Uber Eats and Postmates in the US for the first 12 months, with an agreement to launch with Domino's on Uber Eats in all 28 countries that we jointly operate in

around the world. Like other leading brands who have joined our platform, Domino's recognized Uber Eats as a source of incremental demand to their own channel and a way to reach a broader cohort of customers who are active on Uber. This global partnership will also enable us to expand selection in the Enterprise category for tens of millions of eaters who regularly use our app and cover 70% of Domino's stores around the world. Needless to say, our partnership with Domino's highlights the value of our global scale, platform advantages, and technical leadership; we look forward to officially making Domino's available on Uber Eats in the US later this year.

We remain the leader in the majority of our international markets and believe we gained category position in all of our top markets YoY – while expanding profit margins. Our category position in Australia and Japan hit all-time highs given improvements to the consumer experience (lower order defect rates and more timely orders), strong membership growth, and a normalized competitive environment.

Even as we expand Delivery profitability, we are thoughtfully investing in New Verticals like grocery, convenience, and alcohol, which we believe will be profitable and strengthen the value of our platform. New Verticals generated $6 billion of annualized Gross Bookings in Q2 (10% of Delivery Gross Bookings), with YoY growth accelerating vs. Q1 as we launched key features and capabilities such as catalog enhancements, revamped replacements, feed enhancements, courier pick and pack, and much more. As we improve the product, we are cross promoting more effectively, with 13% of Delivery users ordering New Verticals (up over 300 bps YoY).

Lastly, in Q2, we expanded our sustainability program to include Delivery, with a goal to eliminate emissions on deliveries globally by 2040, and end all unnecessary plastic waste from deliveries by 2030. With nearly one million merchants in more than 30 markets working with Uber Eats, alongside millions of couriers, we have an important opportunity to help deliver a greener future.

**Freight**

Uber Freight continued to be pressured by category-wide headwinds with industry spot rates seasonally weak - a trend we expect to continue in the near term. Despite the challenging environment, Uber Freight continues to expand its solutions to better support shippers throughout the entire freight lifecycle, as well as offer steady and reliable partnership to shippers who are increasingly turning to managed services to help navigate ongoing market complexity. Uber Freight expanded its presence in Mexico in Q2 and scaled services to support different cross-border points as we have seen nearshoring to Mexico rapidly gaining traction among shippers.

While we continue to innovate, we do so with discipline. Rigorous cost management resulted in a $9 million quarter-on-quarter (QoQ) improvement in Adjusted EBITDA and we took further action in July to reduce headcount on the back of realized efficiency gains in a tough market backdrop. Looking past the near-term headwinds, we are confident that Freight's technology, shipper

platform, and marketplace flywheel will drive a long-term cost advantage and profitable growth over time.

**Platform initiatives**

We expanded Uber One, our cross-platform membership program, to 15 countries, continuing to grow our member base, now generating 27% of total Gross Bookings. We are now offering cash back for Mobility trips in the US, Australia, and New Zealand, allowing Uber customers to spend however they want, on Mobility or Delivery, on a business or a personal trip. We believe Uber Cash drives a more efficient membership flywheel, generating higher incrementality and retention. While still early, the cross-platform engagement potential is promising, as 14% of Uber Cash earned on Mobility in the US is being redeemed on Delivery.

Our advertising business continues to scale profitably, reaching a $650+ million revenue run-rate. We launched New Verticals Sponsored Items in the US, Canada, France, and Australia, enabling consumer packaged goods (CPG) advertisers to feature priority products within the Uber Eats app. This will increase discoverability of relevant products and brands for consumers, and we expect to continue expanding the ad format internationally. Dozens of leading CPG brands are already advertising on Uber and we see the potential for CPG ads to drive higher penetration of Gross Bookings over time. In addition, we announced the launch of full-length video ads across Mobility, Uber Eats and Drizly, unlocking connected TV advertising budgets as brands look to connect with audiences in contextually relevant moments.

Underpinning all of the above is our technology infrastructure, where we continue to improve the productivity of our people and the reliability of our systems. In Q2, we accelerated our adoption of new large language models (LLMs) and machine learning capabilities. Following positive trials, we recently rolled out GitHub Copilot for our engineers, which we believe will support faster tech development and shorter launch cycles. We are also working on proprietary LLM-based models to produce better recommendations for consumers, which we think can drive incremental demand, product trial, and higher basket sizes. The vast majority of the Uber marketplace is powered by machine learning technologies and we fully intend to continue innovating on the cutting edge of AI across a broad range of our activity.

**Autonomous and electric vehicles**

We announced a new, multi-year strategic partnership with Waymo to make its autonomous vehicles available on Uber, starting later this year in Phoenix. We believe Uber is the natural choice for AV operators like Waymo looking to deploy their technology in the real world. Our scale means we can bring unparalleled consumer demand, in addition to relationships with hundreds of thousands of merchants. In turn, that means our AV partners will ensure their vehicles are highly utilized, resulting in better economics for them. We are well positioned to add substantial value for our AV partners and the cities we serve.

We also continue to make strides towards our electrification and sustainability goals. In Q2, we launched Uber Green in Australia, India, and Italy, making it available in more than 140 cities globally. We also expanded our pilot program with Ford to offer flexible leases on Ford Mustang Mach-E models to drivers in Los Angeles. Finally, we added smart charging features and an improved EV charging map to the Uber Driver app, helping drivers plan when it is most cost- and time-efficient to charge their vehicles.

## Nelson Chai, CFO

**Financial recap**

We delivered strong Q2 results, with Gross Bookings growing 18% YoY on a constant-currency basis to $33.6 billion, in the upper half of our guidance range. Excluding Freight, we generated Gross Bookings growth of 21% YoY on a constant-currency basis. Foreign exchange was a headwind of roughly $690 million YoY (or roughly 240 bps), in line with our expectations. At a segment level, Mobility Gross Bookings reached another all-time high, driven by growing consumer engagement across use cases, while Delivery Gross Bookings grew 14% YoY on a constant-currency basis. Freight Gross Bookings decreased sequentially, and missed our expectations, largely due to continued macroeconomic headwinds impacting the brokerage industry.

As a result of disciplined cost management across the board, Adjusted EBITDA of $916 million was significantly better than our guidance range, with strong results across Mobility and Delivery (note: foreign exchange was a $48 million YoY headwind). This result represents an Adjusted EBITDA margin of 2.7% of Gross Bookings and an incremental margin of 12% YoY. At a segment level, Mobility Adjusted EBITDA was $1.2 billion, with a margin of 7.0% of Gross Bookings. Delivery Adjusted EBITDA was $329 million, with a margin of 2.1% of Gross Bookings. Freight Adjusted EBITDA was a loss of $14 million.

In Q2, we delivered on our commitment to generate quarterly GAAP operating profitability in 2023, with income from operations of $326 million, compared to losses of $262 million and $713 million in Q1 2023 and Q2 2022, respectively. GAAP income from operations improved QoQ due to improved operating performance and lower legal, tax, and regulatory costs, partially offset by modestly higher stock-based compensation (SBC) expense. We demonstrated strong operating leverage in Q2, with GAAP operating expenses as a percentage of Gross Bookings declining on a YoY and QoQ basis across the board. Net headcount was down roughly 1% QoQ in Q2, and we expect to demonstrate further operating leverage over the coming quarters.

**Balance sheet and liquidity**

We continue to maintain a strong liquidity position, ending the quarter with $5.5 billion in unrestricted cash, cash equivalents, and short-term investments, with our equity stakes marked at $5.1 billion. During Q2, we recognized a $386 million 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 $1.1 billion of FCF in Q2, a quarterly record and an increase of $757 million YoY, compared to Adjusted EBITDA of $916 million. As a reminder, FCF conversion on a quarterly basis can fluctuate due to working capital seasonality and timing of cash payments, among other factors, and we encourage investors to evaluate our FCF on an annual basis. In all, we are pleased with our underlying FCF generation, demonstrating the significant earnings power of the business.

As we have previously discussed, we are focused on achieving investment-grade credit ratings over the coming years. Our commitment to achieving investment-grade credit ratings should provide investors comfort that we will methodically continue to scale profitability through 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 have a critical focus on unit economics as we continue to scale globally.

Over the next few quarters, we will evaluate returning excess capital to shareholders as our cash flows ramp, and with any potential further monetization of our equity stakes over the long term.

We believe that our approach will position us to have the lowest cost of capital relative to our competitors, serving as a significant competitive advantage and allowing us to continue to grow our scale and platform advantages over the long run.

**Outlook**

Based on quarter-to-date trends, for Q3:

- We expect Gross Bookings between **$34 billion and $35 billion**, growing **19% to 22%** excluding Freight and on a constant-currency basis. Including Freight, we expect Gross Bookings growth of 16% to 19% on a constant-currency basis.
    - We expect **Trips to grow at least 20% YoY**.
    - Our outlook assumes a roughly 1 percentage point currency YoY tailwind in Q3.

    - In addition, we expect Freight Gross Bookings to be roughly flat QoQ.
- We expect Adjusted EBITDA of **$975 million to $1.025 billion**.

This quarter's profitability milestone is an important step, but it's just a step. When it comes to delivering on our mission and building a generational company, we know that our profitability is a means, not an end. We remain focused on scaling GAAP operating profitability and free cash flow while also making disciplined investments to appropriately fund growth initiatives that will carry us into the future.

## Dara Khosrowshahi, CEO

**Conclusion**

Over the past four years, we've grown our annualized Gross Bookings by over $70 billion while improving our annualized Adjusted EBITDA and free cash flow by over $6 billion and nearly $9 billion, respectively. We are proud of the tremendous progress we've made, particularly at our scale and in such an unpredictable macro environment. With continued rigor around costs and a balanced capital allocation approach, we are well positioned to sustain strong incremental profit generation. We also know that expectations – rightly – are only getting higher, and we will continue to rise to the occasion.

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## 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 second-quarter 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 Q2 financial review and our Q2 supplemental slides deck for additional disclosures that provide context on recent business performance.