Uber Technologies, Inc.
Q4 2022 Prepared Remarks
February 8, 2023

Dara Khosrowshahi, CEO

We delivered our strongest quarter ever in Q4, capping off our strongest year. Our top-line continued to grow at very healthy rates, with over $115 billion in Gross Bookings for the year, up 33% on a constant-currency basis. At the same time, we exceeded the high end of our Adjusted EBITDA guidance for the sixth quarter in a row and delivered an incremental Adjusted EBITDA margin well ahead of our commitments. We also reached a new milestone, crossing 2 billion trips in a single quarter for the first time—an average of nearly 1 million trips per hour.

Importantly, we achieved these results while also maintaining or improving our competitive position across our key markets. And thanks to our focus on product innovation for drivers, we have met robust demand with record levels of driver and courier engagement, with 5.4 million people now earning on Uber around the world.

Our guidance for the first quarter demonstrates that we are entering the year with great momentum, with Mobility demand accelerating and Delivery remaining resilient. We will continue to hold ourselves to high standards of growth and profitability to deliver yet another record year in 2023.

Mobility

The pandemic's impact on our Mobility business is now well and truly behind us. Mobility posted its best quarter ever for Gross Bookings, MAPCs, active drivers, Adjusted EBITDA, and Adjusted EBITDA margin. Sequential growth of Gross Bookings and Trips were relatively consistent across all regions, indicative of a strong holiday travel season around the world.

Mobility MAPCs grew 17% YoY in Q4 and exceeded 100 million consumers for the first time in Uber's history. It's a big milestone, but we're excited to grow beyond it by continuing to win on reliability, value, and safety. In Q4, Mobility trips grew 24% YoY as consumer engagement ticked higher yet again, with Uber trips per MAPC increasing to 5.4 per month, from 5.0 per month a year ago.

As we've outlined previously, our strategy is to move towards being a daily use case by offering new Mobility products to consumers, whether that's pre-booking via Reserve, hailables like taxi, shared rides, micromobility, car rentals, or car-sharing. We've made solid progress on this front as our portfolio of new Mobility products has become a meaningful part of our top line, generating approximately $6 billion of annualized Gross Bookings in Q4 (or roughly 10% of Mobility Gross Bookings) and growing more than 100% YoY. In other words, this portfolio of new products

beyond traditional UberX contributed over 20% of Mobility's YoY incremental Gross Bookings in Q4. We believe the majority of these new products have line of sight to significant Gross Bookings growth over the coming years.

Against the strong demand environment, active Mobility drivers also reached an all-time high in Q4 and continued to grow further in January. As we grow Mobility bookings and improve margins, we also grow driver earnings. In Q4 alone, driver earnings reached approximately $10 billion, up 37% YoY on a constant-currency basis. Thanks to our early investment and our focus on product quality and innovation, we have clearly separated from our competitors on driver preference. This has driven meaningful category position gains globally, particularly in the US, where our position is at a nearly six-year high.

Over the past few quarters, we have discussed the rollout of a suite of new features, including Upfront Fares and Upfront Destination, that represent a foundational change in the driver experience. Since the broad rollout of these features in the US, we have seen a noticeable increase in session conversion, with an estimated 4% increase in completed trips in the US. We are now bringing this technology to more markets globally, including in the UK, where we have already seen material improvements in reliability, with a 23% drop in unfulfilled trips in UK cities outside of London. We rolled this technology out in London last week and, alongside recent substantial decreases in driver onboarding times in London, we expect similar experience improvements for riders and drivers.

Delivery

Our Delivery business continued to show resilience, growing at a healthy rate while meaningfully expanding profitability and improving our category position in a majority of our large markets. Delivery Gross Bookings growth accelerated slightly vs. Q3, growing 14% YoY overall on a constant-currency basis, with balanced growth across the US & Canada (+14% YoY) and the rest of the world (+15% YoY). Delivery trips, MAPCs, and order frequency all remained at or near all-time highs in Q4.

Throughout 2022, Delivery margins expanded significantly as a result of improved network efficiencies, the increasing contribution of Advertising, and continued marketing and incentive optimization. In Q4, Delivery's YoY incremental margin was nearly 25% as a percentage of Gross Bookings, resulting in incremental margins of roughly 22% for the full year, far above our commitment of 5%+.

We continue to be encouraged by the progress we have made in the US and the UK, our two biggest Delivery markets. In 2021, we were not the category leader in either market and we were deeply unprofitable. In 2022, our teams have turned these markets profitable, while also maintaining or gaining category position. In the US, our tech and operational improvements drove a significant reduction in cost per trip, resulting in over $500 million of annual cost savings,

allowing us to reinvest into growth initiatives while still delivering strong margin expansion. We are also pleased with the traction of Uber One in the US, where over 40% of Delivery Gross Bookings now come from Uber One members. In the UK, we are now growing faster than the category while also turning profitable as a result of improved restaurant selection and stronger adoption of Uber One.

We are entering 2023 with continued healthy growth for Delivery. Despite tough comps due to the Omicron wave of early 2022, Delivery trips continued to grow YoY in January, and Gross Bookings were up nearly 10% YoY on a constant-currency basis (both globally and in the US & Canada). We expect bookings growth to accelerate in February and March as Omicron comps normalize. As we have done over the past year, we will drive technical and scale efficiencies to fund disciplined investments in new Delivery verticals while expanding profit margins and maintaining or growing our category position.

Freight

Consistent with our expectations, it was a challenging quarter for Uber Freight, driven by category-wide headwinds. A weaker demand environment drove a top- and bottom-line miss against our plan for Q4, and we continue to expect relatively muted trends in the near term. Given that backdrop, the Uber Freight team, now fully integrated with Transplace and operating more independently, has taken steps to lower their cost base, including by reducing headcount by roughly 150 employees in January.

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 updates

Uber One, our cross-platform membership program, is now available in 12 countries. Our member base nearly doubled to approximately 12 million members, and members now generate more than a quarter of Uber's total Gross Bookings. Uber One adoption is driven by the consumer value proposition embedded in the program: in the US, an Uber One membership pays for itself after just two Eats orders, and the average Uber One member saves $27 per month across Mobility and Delivery. At the same time, Uber One members are quite valuable to Uber: members show a 15% increase in retention, with 4x the monthly spend of non-members. Later this week, we're excited to be back on the Super Bowl stage with a campaign centered on Uber One.

Our Advertising business continues to scale nicely, exceeding a $500 million annual revenue run rate and growing our advertising base over 80% YoY to more than 315,000 businesses small and large. We are well on our way to delivering on our goal of $1 billion in Advertising revenue in 2024. We continued to invest in new ads products and advertiser tools, growing the number of

ads surfaces and formats available on Uber from 2 to 7 throughout the year. On the Mobility side, we launched Journey Ads last quarter across 8 markets. We've seen great interest from advertisers and strong engagement metrics across the early Journey Ads campaigns that have been run globally so far. We also recently launched an in-car tablet pilot in the US. Along with cartop ads, we believe in-car tablets can help reduce prices for consumers while also putting more money in drivers' pockets.

Nelson Chai, CFO

Financial recap

We delivered strong results in Q4, with Gross Bookings growing 26% YoY on a constant-currency basis to $30.7 billion, in the upper half of our guidance range. Foreign exchange was a headwind of roughly $1.7 billion YoY (or roughly 670 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 7% sequentially (constant currency), ahead of our expectations. Freight Gross Bookings decreased sequentially, largely due to continued macroeconomic headwinds impacting the brokerage industry.

We demonstrated strong operating leverage in Q4, with total operating expenses declining on an absolute dollar basis sequentially (both on a GAAP and non-GAAP basis), with a spend reduction across the board: we delivered sequential reductions in GAAP Operations & Support, Sales & Marketing, Research & Development, and General & Administrative costs. We intend to drive continued operating rigor and deliver further efficiencies in the coming quarters.

As a result, Adjusted EBITDA of $665 million was significantly better than our guidance range, with strong results across our segments (note: foreign exchange was a $100 million YoY headwind). This result represents an Adjusted EBITDA margin of 2.2% of Gross Bookings and an incremental margin of nearly 12% YoY. On a full-year basis, we delivered an incremental margin of 10% YoY, above our commitment to deliver at least 7% incremental margins. Mobility Adjusted EBITDA was $1,012 million, reaching another record-high margin of 6.8% of Gross Bookings. Delivery Adjusted EBITDA significantly improved both sequentially and YoY to $241 million, with a margin of 1.7% of Gross Bookings. Freight was modestly negative on an Adjusted EBITDA basis given difficult category headwinds.

Balance sheet and liquidity

We continue to maintain a strong liquidity position, ending the quarter with $4.3 billion in unrestricted cash, cash equivalents, and short-term investments, down $554 million quarter-on-quarter. Our equity stakes were marked at $5.2 billion. During Q4, we recognized a $756 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. While we intend to monetize some of our stakes at an appropriate time, we continue to have sufficient liquidity to give us the flexibility to maintain all of these positions, with the aim of maximizing value for Uber and our shareholders.

Free cash flow (FCF) and capital allocation

Q4 FCF was an outflow of $303 million, largely driven by the $733 million UK HMRC tax settlement we disclosed in our Q3 2022 earnings release. Excluding that settlement, FCF would have been an inflow of $430 million during the quarter, improving from Q2 and Q3 2022 levels. For the full year, we generated FCF of $390 million including the UK settlement or $1,123 million excluding it, compared to Adjusted EBITDA of $1,713 million.

Our capital allocation approach prioritizes investments in attractive markets where we are positioned to win, with a focus on initiatives that strengthen our platform. These initiatives support our expanding profit margins by lowering our customer acquisition costs and increasing the lifetime value of consumers and earners. We are committed to delivering profitable growth and are highly disciplined in this strategy.

We expect our cash flows to ramp over the next few quarters, and with the potential monetization of our equity stakes, we will evaluate opportunities to drive shareholder value with excess capital. Over time, we aim to optimize our capital structure to achieve investment-grade credit ratings, and we will measure return of capital to shareholders against other potential uses.

Outlook

We continued to see strong top-line trends in January, with strength in both Mobility and Delivery demand. Notably, total YoY trip growth accelerated in January, with Mobility trips in US & Canada approaching full recovery to 2019 levels. Based on quarter-to-date trends, we expect YoY trip growth to exceed 20% in Q1 (compared to 19% in Q4 2022 and 20% for full year 2022), partly as we lap Omicron comps and as we see stronger Mobility engagement globally.

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

- We expect Gross Bookings to grow **20% to 24%** on a constant-currency basis, translating to Gross Bookings between **$31 billion and $32 billion**. Our outlook assumes a roughly 3 percentage point currency headwind in Q1, representing reported YoY growth of 17% to 21%.
- We expect Adjusted EBITDA of **$660 million** to **$700 million**.

In 2022, we made good progress on profitability expansion and we remain on track to deliver on our commitments. Looking ahead, we are also focused on achieving profitability on a GAAP basis.

Based on our current forecasts, we expect to achieve quarterly GAAP operating income profitability in 2023.

Dara Khosrowshahi, CEO

Conclusion

Even as consumer spending on our platform remains robust, the heightened macroeconomic uncertainty is top of mind for us, as indeed it is for our shareholders. Despite that uncertainty, I am more confident than ever in our prospects. We continue to benefit from the shift of consumer spending from goods to services, with spending on services still below pre-pandemic levels, according to US Bureau of Economic Analysis (BEA) data.

Mobility demand and supply are rapidly improving, and we expect the business to remain resilient in a downturn. Although Uber did not exist during the last global recession, consumer spending on local transportation was quite resilient in 2008-09, according to US BEA data. Our own experience through localized recessions gives us confidence in the defensive characteristics of the business and our ability to adjust. As such, we believe Mobility will continue to grow through the current foreseeable scenarios.

Delivery has shown itself to be far more resilient than most businesses that benefited from the pandemic, and we expect it to be even more habitual as we increase Uber One adoption and add more selection across the world. Entering 2023, we are continuing to see healthy growth in Delivery, along with receding competitive intensity in many parts of our global footprint.

Our extensive cost actions in 2020 and 2021, combined with early caution on cost growth in 2022, have allowed us to drive operating leverage. Excluding Freight (where the Transplace acquisition makes comparisons less meaningful), our headcount has grown roughly 10% since the end of 2019, even as we grew Gross Bookings more than 60% over the same period. Since Q2 2022, when we adopted a more cautious stance on costs, we have added headcount very selectively, numbering in the hundreds. We will maintain this rigor throughout 2023 and beyond to deliver healthy growth with minimal headcount additions.

Finally, we expect capital discipline will prove to be a decisive factor in improving growth and profitability outcomes for Uber. As investors raise the bar on earnings quality, we expect to deliver on these expectations—with quarterly positive GAAP operating income this year. In contrast, we are only beginning to see some (but not yet all) competitors pivot to profitability, and we expect this transition will gain traction across the industry over the coming quarters.

Our global scale, the power of our multi-product platform, our profitable operations, and our strong balance sheet are allowing us to appropriately invest in technology, marketing, and

operations, resulting in improving category position and expanding profitability. But we're far from complacent, and we look forward to accelerating our momentum in the year ahead.

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, when available.

All fourth-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 Q4 financial review and our Q4 supplemental slides deck for additional disclosures that provide context on recent business performance.