



Driven to Diversify

Despite uncertainty around autonomous vehicles, Uber continues to deliver strong platform volume growth and improve profitability. With an expanding ecosystem and 202 million Monthly Active Platform Consumers (MAPCs), the monetization runway remains compelling. **We Initiate \$UBER as a BUY with a one-year price target of \$108.48**

Thesis Point 1: The market is mispricing Uber by overestimating the threat from autonomous vehicles, particularly Waymo and Tesla, while underappreciating Uber's position as a global demand aggregation platform with 202 million Monthly Active Platform Consumers (MAPCs). The bear case assumes AV adoption directly displaces Uber's core ride-hailing business, but Waymo's fleet utilization has remained ~47% despite an 8.8x increase in fleet size between 2023 and 2024. More broadly, the market is pricing in an unrealistically fast adoption curve for autonomous vehicles, when scaling is constrained by regulation, geofence operations, and capital intensity. During this transition period, AVs are not a threat but a margin-expanding tool for Uber, as they directly reduce its largest cost, driver variable costs and allow Uber to retain a greater share of its \$193.5B in gross bookings without needing additional top-line growth. In contrast, AVs operating on Uber's network in markets such as Austin and Atlanta show ~30% higher utilization, ~25% faster ETAs, and lower consumer prices. Rather than being disintermediate, Uber is positioning itself as the platform layer for autonomous mobility. With \$52B in 2025 revenue growing ~18%, 9.8B in free cash flow, and 35% YoY adj. EBITDA growth, the business remains fundamentally strong, and the Waymo sentiment is mispricing.

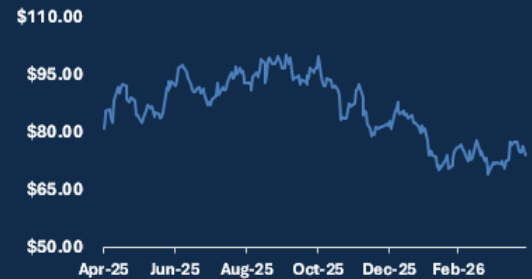
Thesis Point 2: Uber's core opportunity in delivery is not primarily about acquiring new users but about increasing monetization from the users it already has. Despite 202 million MAPCs, only about 20% use both ride-hailing and delivery. Management notes that cross-platform users generate roughly 3x the gross bookings of single-service users, making deeper engagement across Uber's ecosystem a key driver of higher revenue per user. To drive that cross-platform adoption further, Uber has been expanding what Uber Eats offers, moving beyond restaurants into grocery and retail to give users more reasons to stay within the ecosystem. As we have seen partnership with Kroger brings nearly 2,700 stores onto Uber's app, adding a high-frequency, non-discretionary use case that makes the platform stickier and its delivery revenue more predictable. With delivery already ~30% of revenue and still only present in ~32 countries versus ~75 for mobility. Uber's main lever is clear: it already has the users, and the next phase of growth comes from getting more out of each one.

Company Overview: Uber is an American platform founded in 2009 (as UberCab) by Garret Camp and Travis Kalanick that connect riders, couriers, merchants and shippers worldwide via its app-based marketplace. Headquartered in San Francisco and operating in ~70 countries (over 15,000 cities), Uber is the world's largest ridesharing company, with 202 million monthly active users and 10 million drivers on its platform. The company's platform spans three main segments Mobility, which accounts for 57% of revenue and includes ride-hailing services connecting riders with drivers; Delivery, contributing 33.2% of revenue, which covers foods and goods delivery by linking customers with restaurants, stores, and couriers; and Freight, representing 9.8% of revenue, which provides logistics services by connecting shippers with carriers. Uber's network handles on average about 42 million trips and delivery orders per day, underlining its global scale. Geographically, the company generates 50.9% of revenue from the United States and Canada, 6.4% from Latin America (LATAM), 31.5% from Europe, the Middle East, and Africa (EMEA), and 11.8% from the Asia Pacific (APAC).

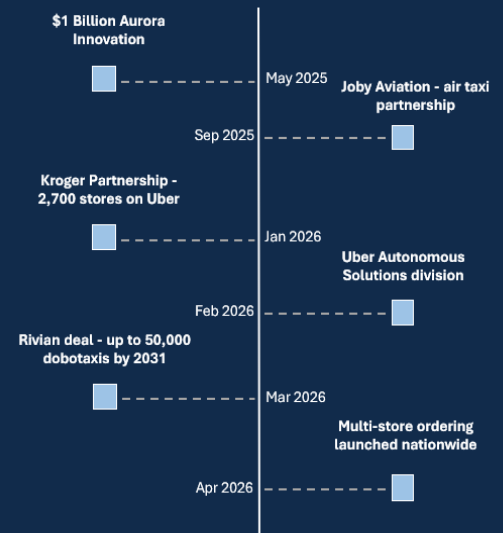


TICKER:	\$UBER
RATING:	BUY
PRICE:	\$77.12
PRICE TARGET:	\$108.48
MARKET CAP:	\$152.4bn
52-W RANGE:	\$68.46- \$101.99
NTM P/E:	22.94x
IMPLIED UPSIDE:	45%

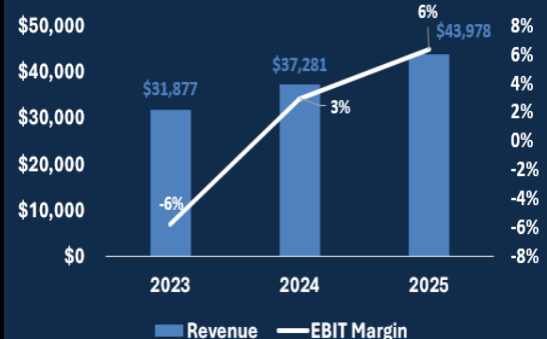
1 Year Price History



Recent Events Timeline



EBIT Margin with Annual Revenue



Risk 1: A meaningful regulatory risk facing Uber is the ongoing legal debate around driver classification. Currently, Uber classifies its drivers as independent contractors rather than employees. However, this classification is actively being challenged in courts, by legislators, and by government agencies across both the United States and internationally. If drivers were to be reclassified as employees on a scale, Uber would face a significant increase in labor costs that would directly compress margins and materially disrupt the unit economics that underpin its long-term profitability.

Risk 2: Uber operates in highly competitive, fragmented markets across ride-hailing, food delivery, and logistics, where customers typically choose the cheapest or fastest option. Because these services are highly commoditized, pricing becomes the key drivers of demand and Uber must stay closely aligned with consumer willingness to pay and industry pricing. This limits pricing power and puts ongoing pressure on margins, as maintain scale requires continuous investment in competitive pricing and network density across global markets.

Catalysts: A near term catalyst the market appears to be underestimating is the 2026 FIFA world Cup, hosted across major U.S. cities where Uber already generates significant ride volume. The precedent is compelling when the 2022 World cup was hosted in the Middle East, **Uber reported a 116% YoY growth in its EMEA segment** driven almost entirely by tournament-related traffic. With an estimated 10 million international travelers expected to attend, many coming from key Uber markets such as Sao Paulo and London where soccer culture runs deep, Uber is well positioned to capture that demand surge across both mobility and delivery. Looking further ahead, the 2028 Summer Olympics in Los Angeles represents another significant demand catalyst in one of Uber's most important domestic markets, creating a multi-year event driven tailwind that is not currently reflected in consensus estimates.

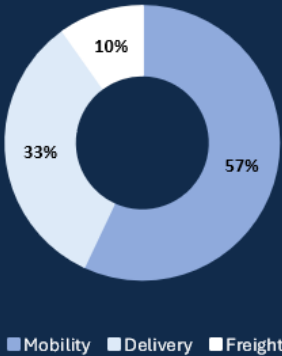
Valuation

DCF Analysis (\$mm)						
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030
Revenue	52,017	60,000	68,800	78,381	88,669	99,566
Revenue Growth	18%	15%	15%	14%	13%	12%
Mobility	29,670	35,000	40,250	45,784	51,507	57,302
Delivery	17,248	20,000	23,600	27,671	32,237	37,314
Freight	5,099	5,000	4,950	4,925	4,925	4,950
EBIT	5,565	8,210	10,767	12,825	15,140	17,710
EBIT Margin	11%	14%	16%	16%	17%	18%
Tax Expense	4,346	1,500	1,725	2,214	2,802	3,499
Effective Tax Rate	78%	18%	16%	17%	19%	20%
NOPAT	1,219.00	6,709.78	9,042.29	10,610.79	12,337.83	14,211.62
D&A	747	750	1,032	1,078	1,108	1,120
Capex	336	350	447	500	554	610
Changes in NWC	(1,554)	(1,200)	(2,064)	(2,351)	(2,660)	(2,987)
UFCF	3,184	8,310	11,691	13,540	15,552	17,709
PV of FCF		8,083	10,596	11,261	11,868	12,400

Our Valuation assumes a **12.0x EV/EBITDA exit multiple**, supported by EBITDA margins expanding to **19%**, driven by continued integration of AVs into Uber's business model. We forecast a **14.3% CAGR**, which is below historical growth, reflecting a more mature growth profile while still incorporating upside from AV expansion, Uber Eats scale, and incremental demand from major global events such as the Olympics and FIFA World Cup. This Framework captures a balanced view of steady long-term growth with optional upsides from strategic and macro catalysts.

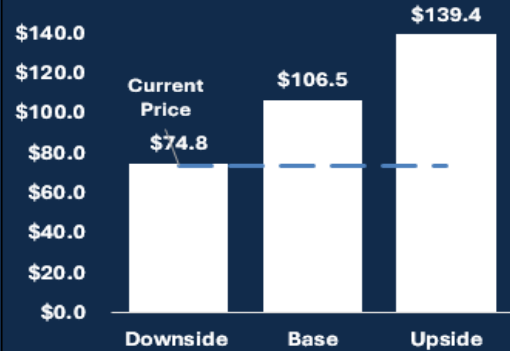
Conclusion: We rate Uber a BUY, supported by its ongoing transition from a ride-hailing company into a full-scale everyday commerce platform. The company that was once reliant on mobility has now expanded into food delivery, grocery, retail, and is rapidly integrating autonomous vehicles into its network. With 202 million MAPCs, deep cross platform engagement, and a delivery segment still underpenetrated. Uber has significant runway ahead. Although competitive pressure from DoorDash and regulatory uncertainty around AV deployment remain key risks, we believe continued category expansion and the long-term cost advantages of autonomous vehicles will drive meaningful margin improvement and sustained top-line growth. We initiate coverage with a **BUY rating and a price target of \$108, implying a 45% upside** from current levels.

Revenue Segments

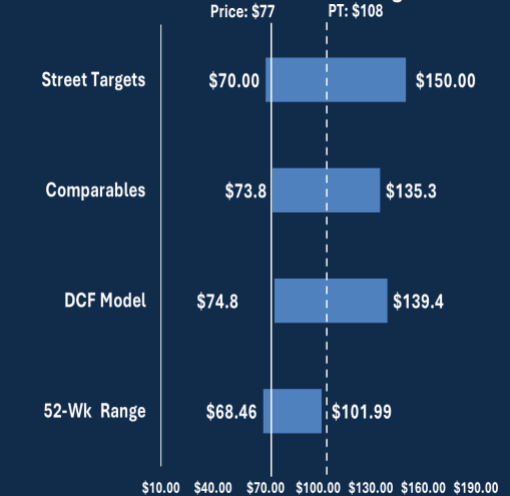


Terminal Value	
Perpetuity Growth Method	
2034 FCF	\$19,986
Growth	1.00%
Terminal Value	\$248,882
PV of Terminal Value	\$159,119
PV of Projection Period	\$66,796
PV of Terminal Value	\$159,119
Implied TEV	\$225,916
(-) Debt	\$12,302
(+) Cash	\$7,633
Implied Equity Value	\$221,247
Basic Shares Outstanding	2037
Implied Share Price	\$108.62
Upside/Downside	47.74%

Risk vs. Reward - DCF Cases



Football Field Valuation Range



Income Statement (\$mm)	2025A	2026E	2027E	2028E	2029E	CAGR%
Revenue	52,017	60,000	72,100	86,002	101,769	18.3%
EBITDA	6,312	8,960	14,060	17,523	21,626	36.1%
EBIT	5,565	8,210	12,978	16,340	20,354	38.3%
NOPAT	1,219	6,710	10,899	13,519	16,586	92.1%

Margin & Growth Data	2025A	2026E	2027E	2028E	2029E	AVG%
EBITDA Margin	12.1%	14.9%	19.5%	20.4%	21.3%	17.6%
EBIT Margin	10.7%	13.7%	18.0%	19.0%	20.0%	16.3%
Revenue Growth	18.3%	15.3%	20.2%	19.3%	18.3%	18.3%
EBIT Growth	98.8%	47.5%	58.1%	25.9%	24.6%	51.0%

Valuation Metrics	2025A	2026E	2027E	2028E	2029E	AVG%
P/FCF	47.2x	18.1x	11.0x	9.0x	7.4x	18.5x
EV/Sales	3.0x	2.6x	2.1x	1.8x	1.5x	2.2x
EV/EBITDA	24.5x	17.3x	11.0x	8.8x	7.2x	13.8x
FCF Yield	2.1%	5.5%	9.1%	11.1%	13.5%	8.3%

Comparable Companies

\$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
Avis Budget Group, Inc. (NasdaqGS:CAR)	\$15,682	\$43,847	-17.6x	\$11,652	\$1,136
Lyft, Inc. (NasdaqGS:LYFT)	\$5,518	\$4,997	2.1x	\$6,316	(\$33)
DoorDash, Inc. (NasdaqGS:DASH)	\$79,424	\$77,221	85.6x	\$13,717	\$1,218
Grab Holdings Limited (NasdaqGS:GRAB)	\$16,648	\$11,409	67.7x	\$3,370	\$257
Uber Technologies, INC	\$153,943	\$155,061	16.0x	\$52,017	\$6,312

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth	Rate LF
Avis Budget Group, Inc. (NasdaqGS:CAR)	38.6x	24.0%	9.7%	8.6%	(1.2%)	
Lyft, Inc. (NasdaqGS:LYFT)	-150.5x	33.9%	(0.5%)	(2.7%)	9.2%	
DoorDash, Inc. (NasdaqGS:DASH)	63.4x	51.8%	8.9%	6.1%	27.9%	
Grab Holdings Limited (NasdaqGS:GRAB)	44.4x	39.7%	7.6%	2.4%	20.5%	
Uber Technologies, INC	24.6x	38.5%	12.1%	10.7%	18.3%	

High	63.40x	51.8%	12.1%	10.7%	27.9%
75th Percentile	44.39x	39.7%	9.7%	8.6%	20.5%
Average	4.09x	37.6%	7.6%	5.0%	14.9%
Median	38.60x	38.5%	0.0%	6.1%	18.3%
25th Percentile	24.57x	33.9%	7.6%	2.4%	9.2%
Low	-150.51x	24.0%	-0.5%	-2.7%	-1.2%

Uber Technologies, INC

Implied Enterprise Value (25th Percentile)	\$	155,061
Implied Enterprise Value (Median)	\$	243,629
Implied Enterprise Value (75th Percentile)	\$	280,209

Implied Share Price (25th Percentile)	\$	73.84
Implied Share Price (Median)	\$	117.32
Implied Share Price (75th Percentile)	\$	135.28

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	4.33%
Beta	1.17
Risk Free Rate	4.35%
Cost of Equity	8.71%
Weighted Average Cost of Debt	5.35%
Tax Rate	321.00%
Cost of Debt	0.31%
Total Equity	\$149,421
Total Debt	\$4,669
Equity/Total Capitalization	92.55%
Debt/Total Capitalization	7.45%
WACC	9.03%

Downside Case: Our downside case assumes AVs disrupt Uber's driver network while delivery expansion stalls, pressuring both volume and margins., At a 12x EV/EBITDA multiple, this implies a price target of \$79.28, representing 7.49% upside.

Upside Case: Our upside case assumes successful AV integration lowers costs while delivery continues to scale through new categories and geographies. AT an 18x EV/EBITDA multiple, this implies a price target of \$168.30, representing significant upside from current levels.

Disclosures and Ratings: Bluegrass Capital Research does not hold any professional relationships with the securities mentioned in this report. Our ratings are defined as follows: **Buy** (expected to outperform the market), **Hold** (expected to perform in line with the market), and **Sell** (expected to underperform the market), typically over a 12-month horizon. This report is for educational and informational purposes only and should not be considered as financial advice.