

Uber Technologies, Inc. (NYSE: UBER)

Industry: Ride-hailing and Delivery

Target Price: **\$118.33** — **Implied Upside:** **67%**

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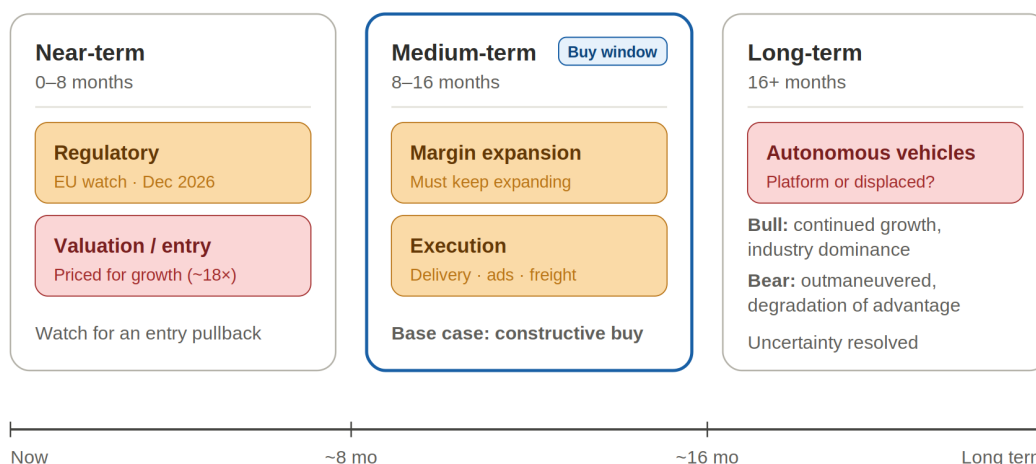
THESIS

Pareto Capital initiates coverage of Uber Technologies, Inc. with a **BUY** rating and a **\$118.33** target price over an 8–16-month horizon. Our thesis (a result of the *Pareto Paradigm*) is based on Uber’s transition from platform scale to operating leverage: as revenue continues to grow, margins have expanded, free cash flow generation has improved sharply, and leverage has declined. While regulation and autonomous vehicle disruption remain key risks, we believe Uber’s network density, multi-product ecosystem, and cash-flow profile support further upside.

Uber (NYSE: UBER) — Risk by Time Horizon

Phased view · Pareto Capital

■ Moderate ■ Elevated

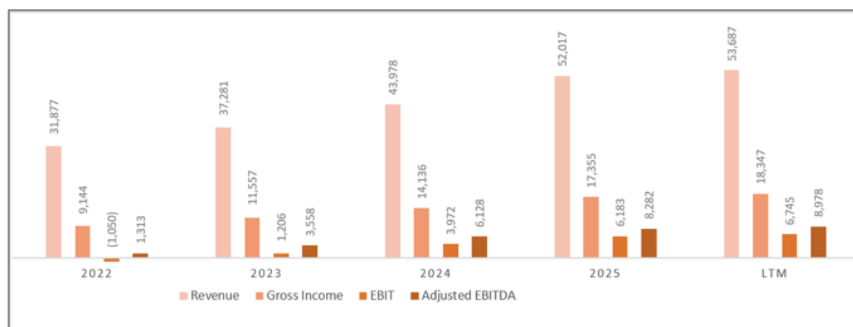


FINANCIAL ANALYSIS

We analyzed four major aspects of Uber’s financials: its 3 statement reports, ratio data, peer comparison metrics, and historical valuation multiples.¹ Below is a breakdown of key takeaways our team found.

A thorough analysis of Uber’s income statement, balance sheet, and cash flows brought a single resounding conclusion: the company is in an extremely stable financial condition. *In fact, the past two years have seen notable growth across all sectors of operation and set the stage for a continued capital-heavy future.*

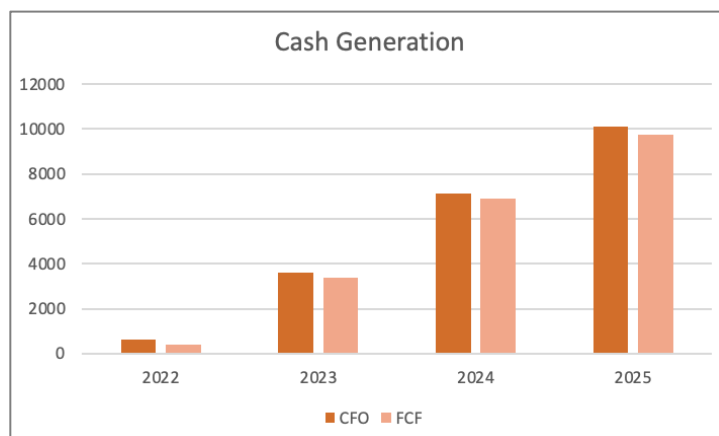
¹ All metrics quoted in US\$



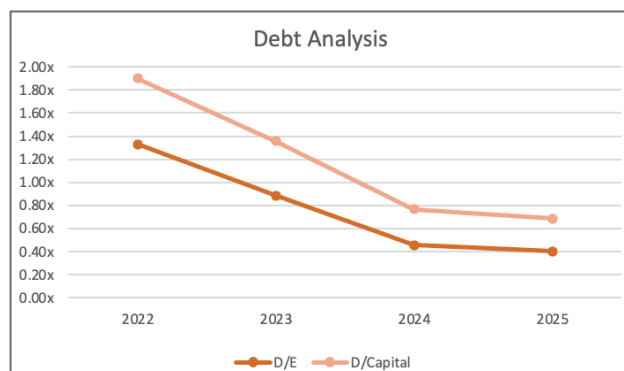
Operationally, Uber has improved on virtually all metrics. Revenue has expanded to 14% growth YoY, largely due to mobility/delivery expansion. Gross margins have improved to 33.4%, reflecting more efficient unit economics and higher operational profitment of their EBIT, adj. EBITDA, and EBIT margin all told the same story—Uber has gone from

negative percentages to major operational leverage and revenue scale since 2022. Net income is perhaps one of the strongest bottom-line turnarounds from -\$9.14B to \$10.05B. We attribute this growth to a multitude of factors, namely impressive margin growth even with the COGS constraint² on their mobility/delivery revenue lines, equity in adjacent international operators such as Didi and Grab, and maturity in the space.

The boosts in the income and balance sheet trickle down into the company and to shareholders as well. Revenue/employee has grown to ~\$1.53M, ROE and ROIC are performing strongly respectively, and debt/equity has fallen to just 0.40x, putting investors at ease with decreased leverage risk. Of course, the company has achieved all of this whilst vastly improving their cash flows; indeed, the CFO increased from \$642M in 2022 to \$10.1B in 2025 and FCF increasing from \$390M to \$9.76B likewise. Pareto expects CFI to increase due to rapid investments Uber has taken on in the past year, however we believe this growth is fueled by a well-oiled machine, to say the least.



Uber's balance sheet has also de-risked meaningfully. Liquidity remains adequate, with the current ratio improving from 1.04x in 2022 to 1.14x in 2025, while cash continues to make up a large share of current assets at roughly 59%. The acid-test ratio sits just below 1.0x, suggesting short-term coverage is not excessive, but still supported by a high-quality cash position and stronger operating cash flow. More importantly, leverage has fallen sharply: debt-to-equity declined from 1.33x to 0.40x, and debt-to-capital fell from 57% to 29%.



² There is limited extractable revenue due to labour regulations and low-cost fleets which constitute the majority of Uber's mobility/delivery operators

VALUATIONS

Comparables	Market Data			Financial Data				Valuation			
	Price	Mkt Cap	TEV	Sales	EBITDA	EBIT	Earnings	EV/Sales	EV/EBITDA	EV/EBIT	P/E
Ticker	(\$/Share)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(x)	(x)	(x)	(x)
UBER	72	150,170	160,674	53,687	8,978	6,745	8,540	2.99x	17.90x	23.82x	17.58x
LYFT	13.99	5,870	5,192	6,517	(20)	(158)	2,856	0.80x	NM	NM	2.06x
DASH	152.96	72,078	68,982	14,721	1,745	881	926	4.69x	39.53x	78.30x	77.84x
GRAB	3.44	14,755	10,060	3,553	469	277	379	2.83x	21.45x	36.32x	38.93x
Minimum				3,553	469	277	379	0.80x	21.45x	36.32x	2.06x
Median				6,517	469	277	926	2.83x	30.49x	57.31x	38.93x
Mean				8,264	731	333	1,387	2.77x	30.49x	57.31x	39.61x
Maximum				14,721	1,745	881	2,856	4.69x	39.53x	78.30x	77.84x
Note: Financial data are TTM											
UBER - Implied Value											
	TTM Trading Multiple			TTM Financial Metric			Enterprise Value				
	Revenue	EBITDA	P/E	Revenue	EBITDA	EPS	Revenue	EBITDA	Net Income		
Minimum	0.80x	21.45x	2.06x	53,687	8,978	4.03	42,775	192,576	-		
Mean	2.83x	30.49x	38.93x	53,687	8,978	4.03	152,016	273,735	-		
Median	2.77x	30.49x	39.61x	53,687	8,978	4.03	148,789	273,735	-		
Maximum	4.69x	39.53x	77.84x	53,687	8,978	4.03	251,575	354,894	-		
Equity Value Bridge											
	Q1 Financial Standing			Equity Value			Implied Share Price				
	Cash	Debt	Shares	Revenue	EBITDA	Net Income	Revenue	EBITDA	Net Income		
Minimum	6,771	10,709	2,116	38,837	188,638	17,530	18.35	89.15	8.28		
Mean	6,771	10,709	2,116	148,078	269,797	332,001	69.98	127.50	156.90		
Median	6,771	10,709	2,116	144,851	269,797	337,766	68.45	127.50	159.62		
Maximum	6,771	10,709	2,116	247,637	350,956	663,768	117.03	165.86	313.69		
Note: EV/EBITDA gives most stable valuation											

Our valuation analysis, based on a peer comparison approach, leads to the conclusion that Uber Technologies, Inc. appears undervalued relative to its profitability metrics. Although Uber leads its peer group in revenue, EBITDA, EBIT, and net earnings, the company trades at lower EV/EBITDA, EV/EBIT, and P/E multiples than peers such as DoorDash, Inc. and Grab Holdings Limited. While competitors like Lyft, Inc. exhibit lower headline valuation multiples, these are less meaningful given their comparatively weaker profitability profiles. Greater emphasis was placed on EV/EBITDA and P/E multiples, as these metrics more accurately reflect Uber's expanding margins and strengthening earnings capacity. Although the EV/Sales methodology generated the lowest implied valuation, we consider it less representative because it does not fully capture Uber's significant operating leverage and improving profitability. Based on the weighted average of the selected implied share prices, we derive a target price of \$118.33 per share.

INDUSTRY OVERVIEW

The ride-hailing and delivery industry has undergone significant structural changes from a subsidy-led growth market into a platform-driven market. Early competition was driven by discounts, driver incentives, and aggressive customer acquisition. Nowadays, the most successful businesses services, advertising, home/retail delivery into broader "super-app" functionality. Overall, the industry operates as an asset-light marketplace: platforms do not usually own outright but rather match market demand. Business models are heavily reliant on network density—the larger the platform, the better it can do and the more efficient it is. Accordingly, one can note the abundance of big fishes often eating little ones (in less metaphoric terms, survival is of the fittest rather than the fittest).

The sector is moving from land-grab growth toward profitability and ecosystem depth. Business is expanding beyond core rides and restaurant delivery into a large portion of consumers' day-to-day lifestyles. Additionally, while the business model is ever-growing, new technology adoption is shaping up to change the paradigm throughout the rest of the decade. Autonomous vehicles (AVs) could eventually improve industry cost structures, but adoption is likely to be uneven and capital-intensive. Partnerships are on the rise, AI has become a major factor in productivity, and the industry backdrop has set up a battleground for fierce competition as the profit pie swells.

EXTERNAL/INTERNAL ANALYSES

Uber's strongest competitive advantage lies in its network density, where a larger rider base attracts more drivers, improving wait times, pricing reliability, and service availability. This creates a self-reinforcing ecosystem that becomes increasingly difficult for competitors to replicate or displace. The company operates through a diversified multi-product platform that includes Mobility, Delivery, Freight, memberships, and advertising, allowing Uber to increase user engagement while monetizing the same customer base across multiple services. In addition, Uber

benefits from strong global brand recognition, extensive geographic scale, integrated payment infrastructure, and significant amounts of routing and pricing data accumulated over time.

Together, these factors provide meaningful cost efficiencies and convenience advantages that smaller competitors struggle to match. While the report successfully identified Uber's economic moat, it would also benefit from a brief overview of how the company's business model and operating segment's function. Including this context would strengthen the analysis by providing clearer insight into how Uber generates revenue and leverages its ecosystem across business lines. This is an area that can be further developed in future reports to improve the overall depth and completeness of the analysis.

In general: Uber's external environment is broadly supportive for long-term growth. Nevertheless, the company remains exposed to regulation, trust, and technology disruption.

Political – *the largest risk is driver classification*: Uber is unlikely to be banned in major markets, but governments may increasingly require minimum earnings, benefits, insurance, or stronger worker protections. This could raise compliance costs and pressure margins.

Economical – *Uber is moving from a high-growth platform toward a more mature cash-flow business*: Its large user base, high trip volume, and growing gross bookings suggest that the platform is becoming closer to a daily utility than a purely discretionary service. However, demand and margins remain exposed to inflation, fuel prices, consumer spending, and foreign exchange.

Social – *Uber benefits from convenience culture and habit formation*: Consumers increasingly use Uber across rides, delivery, groceries, and travel, making the ecosystem stickier. The main social risk is trust. Safety incidents, weak driver relations, or negative public perception of gig work could damage the brand and increase regulatory pressure.

Technological – *autonomous vehicles are the most important long-term variable*: AVs could lower the importance of human drivers and improve efficiency, but they could also force Uber to move away from its asset-light model through fleet investment, partnerships, or higher capital commitments. The key question is whether Uber can remain in the marketplace layer in an autonomous transportation world.

Legal – *Uber faces material risk from lawsuits, privacy rules, consumer protection claims, safety liability, and labour disputes*: These risks matter because they can create direct financial costs through fines, settlements, refunds, insurance expenses, or forced changes to business practices.

Environmental – *Uber's sustainability goals are not a major near-term thesis driver because the company does not own most vehicles on its platform*: However, the transition toward EVs and lower-emission transportation may affect brand reputation, city-level access, and future compliance requirements. Overall, environmental factors are secondary compared with labour regulation, legal exposure, and autonomous vehicle disruption.

Overall, the PESTLE analysis suggests that Uber's demand environment remains strong, but its future upside depends on whether the company can protect margins while managing regulation, trust, legal exposure, and the transition to autonomous mobility.

RISKS & VERDICT

A thorough analysis of Uber led Pareto Capital to adopt the following risk analysis and conclusion. It is obvious that Uber's financial profile has materially improved since 2022. Revenue grew from \$31.9B to \$52.0B in 2025, while operating margin moved from -3.3% to 11.9%. Free cash flow was the clearest plus point: FCF rose from \$390M to \$9.76B, with FCF margin expanding to 18.8%. Leverage has also become less concerning, with debt-to-equity

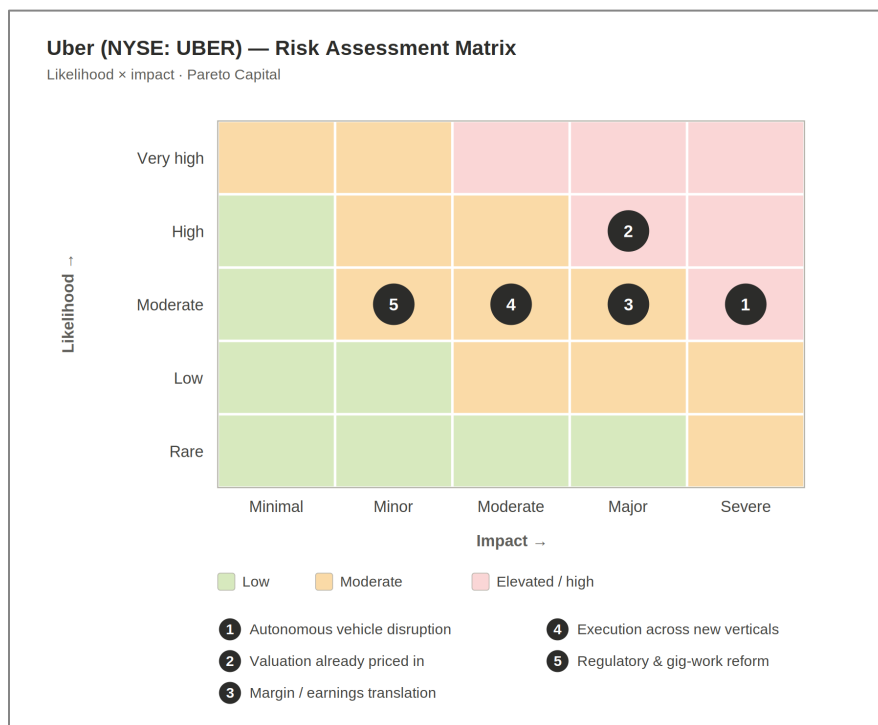
falling from 1.33x to 0.40x. It suffices to say, the heavy lifting of getting the company out of financial burden the past three years has been successfully accomplished, setting the stage for much potential throughout the rest of the decade.

A notable risk is that Uber's valuation already reflects much of this improvement. Its EV/EBITDA multiple has compressed from extreme levels, but at roughly 18x TTM, the stock still depends on continued EBITDA growth, margin expansion, and durable free cash flow. Rapid diversification has been in the focus of Uber in the past calendar year, yet one may find that putting one's eggs in many baskets can be a timely and precarious matter. Indeed, to continuously grow and raise the target share price ceiling is dependent on more external factors than Uber might like.

Strategically, the largest uncertainty—beyond near-term regulatory perils—is autonomous vehicles. AVs could strengthen Uber's role as the leading demand aggregator if partners such as Waymo, Rivian, Lucid, or other fleet operators use Uber's network to scale rides. In that scenario, the firm benefits from more supply, better utilization, and a stronger marketplace without fully owning the hardware risk. The bear case says otherwise: AV operators build their own consumer apps, remove drivers from the cost structure, and reduce Uber's role to a lower-margin distribution layer. Uber also faces execution risk across newer growth areas such as delivery, advertising, parking, freight, and international super-app expansion. Growth, in Uber's case, can always become a double-edged sword.

In our view, regulation remains pertinent to consider when evaluating when to enter a position, albeit with an uncertain threat level. Rather than dive deep into the legislative possibilities, our team chose to learn the present facts and consider the threat of impact, a notion we found to be moderate at best. Driver classification, labour rules, insurance costs, and city-level operating restrictions could pressure margins, especially in the EU (recall Dec. 2026 as posing a crucial turning point) and other markets where gig-work reform is less settled. Nevertheless, we believe the current financial health would allow Uber to weather short-term pricing adjustments whilst they adapt.

Our base view is constructive, but not unrestrictedly bullish. Uber's operating momentum, cash-flow strength, and network scale support a positive medium-term outlook. Given the upside implied by our financial trend analysis (there is notable undervaluation presently), we view the stock as an attractive medium-term buy over the next 8–16 months.



APPENDIX

Income Statement	2022	2023	2024	2025	LTM	Q1/2026
Revenue	31,877	37,281	43,978	52,017	53,687	13,203
% Growth		17%	18%	18%	-	14%
Gross Income	9,144	11,557	14,136	17,355	18,347	4,998
% Margin		31%	32%	33%	34%	33%
EBIT	(1,050)	1,206	3,972	6,183	6,745	1,824
% Margin		3%	9%	12%	13%	45%
Adjusted EBITDA	1,313	3,558	6,128	8,282	8,978	2,389
% Growth		171%	72%	35%	-	34%
Net Income	-9,141	1,887	9,856	10,053	8,540	263
% Growth		121%	422%	2%	-15%	-85%

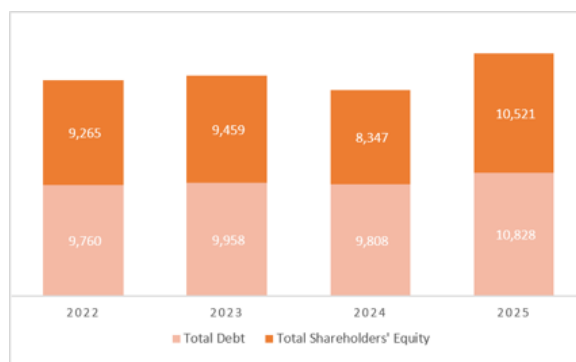
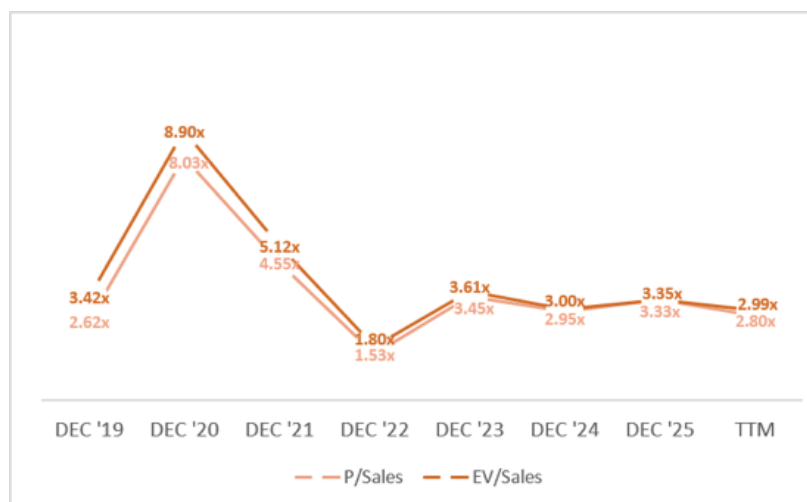
Revenue Build	2022	2023	2024	2025
Mobility	14,029	19,832	25,087	29,670
% Growth		102%	41%	26%
Delivery	10,901	12,204	13,750	17,248
% Growth		30%	12%	25%
Freight	6,947	5,245	5,141	5,099
% Growth		226%	-24%	-2%
Total Rev Reconcile	31,877	37,281	43,978	52,017

Balance Sheet	2022	2023	2024	2025
Liquidity				
Cash as % of Current Asset	54%	55%	61%	59%
Cash as % of Asset	16%	16%	15%	13%
Current Ratio	1.04x	1.19x	1.07x	1.14x
Acid Test Ratio	0.96x	1.09x	0.99x	0.98x
Leverage				
ST Debt & Curr. Portion LT Debt	495	499	1,461	307
Long-Term Debt excl Lease Obligations	9,265	9,459	8,347	10,521
Total Debt	9,760	9,958	9,808	10,828
Total Shareholders' Equity	9,265	9,459	8,347	10,521
Total Capitalization	19,025	19,417	18,155	21,349
D/E	1.33x	0.89x	0.45x	0.40x
D/Capital	57%	47%	31%	29%

Cash Flow Statement	2022	2023	2024	2025
CFO	642	3,585	7,137	10,099
% Growth		458%	99%	42%
CFO/Rev	2%	10%	16%	19%
CFI	(1,637)	(3,226)	(4,028)	(3,673)
% Growth		97%	25%	-9%
CFF	15	(95)	(1,236)	(5,604)
% Growth		-733%	1201%	353%
FCF	390	3362	6895	9763
% Growth		762%	105%	42%
FCF/Rev	1%	9%	16%	19%

Working Capital Analysis	2022	2023	2024	2025
Revenue	31,877	37,281	43,978	52,017
COGS	21,786	24,901	29,105	33,915
A/R, Net	2,779	3,404	3,333	3,827
A/P	728	790	858	1,013
DSO	32 days	30 days	28 days	25 days
DPO	12 days	11 days	10 days	10 days
CCC	20 days	19 days	18 days	15 days

Valuation Ratios	DEC '19	DEC '20	DEC '21	DEC '22	DEC '23	DEC '24	DEC '25	TTM
P/Sales	2.62x	8.03x	4.55x	1.53x	3.45x	2.95x	3.33x	2.80x
% Growth		206%	-43%	-66%	125%	-15%	13%	-16%
P/E					70.49x	13.23x	17.29x	17.58x
% Growth						-81%	31%	2%
EV/EBIT					111.58x	33.23x	28.15x	23.82x
% Growth						-70%	-15%	-15%
EV/EBITDA					66.32x	28.03x	25.12x	17.90x
% Growth						-58%	-10%	-29%
EV/Sales	3.42x	8.90x	5.12x	1.80x	3.61x	3.00x	3.35x	2.99x
% Growth		160%	-43%	-65%	100%	-17%	11%	-11%



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