



ICORD CAPITAL

INVEST - IMPACT



Uber Technologies

Credit Research

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Uber

Bond Covenants

1 Repurchase Upon Change of Control Triggering Event

In the event of a change of control triggering event, Uber must offer to repurchase the notes at 101% of the aggregate principal amount

2 Limitation on Sale and Lease-back Transactions

Uber and its subsidiaries are limited in engaging in sale and lease-back transactions involving Principal Property, unless specific conditions are met

3 Payment Obligations

Uber commits to timely payment of principal, premium, and interest on the notes

4 Limitation on Liens

Uber and its subsidiaries are restricted from incurring certain liens on Principal Property or shares of a Principal Subsidiary without equally securing the notes, subject to specified exceptions (notably, if Aggregate Debt doesn't exceed \$5 billion or 2.5x Consolidated EBITDA).

They may also extend, renew, substitute, or refinance existing permitted liens within 12 months of maturity, repayment, or prepayment, provided the refinanced debt was secured by permitted liens.

5 Suspension of Guarantees Upon Change in Ratings

Guarantees by subsidiaries may be suspended if the notes receive investment-grade ratings from at least two specified rating agencies, provided no default has occurred and is continuing

BUY

Bond Specifications

| | |
|-------------------------|--|
| Bond Type | Senior Unsecured |
| Bond Current Price | 96.57 |
| Credit Rating | BBB- (S&P) BBB (Fitch Ratings) Ba3 (Moody's) |
| Bond's Coupon | 4.5% |
| Payment Frequency | Semi-annual |
| Maturity Date | 15 August 2029 |
| Yield-to-Maturity (YTM) | 5.21% |
| Convexity | 3.42 |

Financial and Credit Analysis

| In US\$m | 2020 | 2021 | 2022 | 2023FY3 | 2024FY3 | YoY |
|-------------------|---------|---------|---------|---------|---------|--------|
| Revenue | 13,000 | 11,139 | 17,455 | 9,292 | 11,188 | +20.4% |
| Operating income | (8,596) | (4,501) | (3,834) | 394 | 1,061 | +169% |
| OPM | - | - | - | 4.2% | 9.5% | |
| Net Profit | (8,506) | (6,768) | (496) | 221 | 2,612 | +1082% |
| NPM | - | - | - | 2.4% | 23.3% | |
| Current ratio | 2.5x | 1.4x | 1.0x | 1.0x | 1.1x | |
| Quick ratio | 2.3x | 1.2x | 0.8x | 0.9x | 1.0x | |
| Total debt/equity | 51.1% | 74.6% | 75.6% | 152.2% | 105.9% | |

- Maintained net profit after covid
- Achieved the highest net profit in 2024FY3

- Maintained an acceptable liquidity
- Returned to 1:1 D/E ratio in 2024FY3

The creditworthiness of Uber is robust in 2024FY3 due to the improving profit margin. Uber will be able to repay their debt with the sufficient cash flow from its operations. Overall, we believe its strong performance.

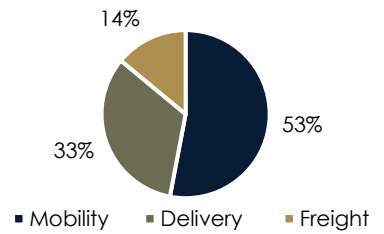
Company Overview

Mobility Uber Ride is a platform for driver and customer to match

Delivery Uber Eats allows users to order meals

Freight Connecting drivers for efficient transportation of goods

Revenue Stream



Value Proposition

1 Dynamic Pricing Model

- Uber adjusts fares based on demand, time of day, and market conditions
- This allows Uber to maximize revenue during peak times, effectively capturing higher fares when demand is strong

2 Independent contractors

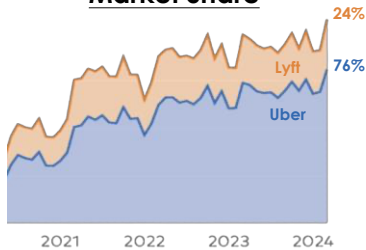
- Independent contractors reduce operational costs related to employee benefits and their cars
- Uber can scale up or down easier which enables flexibility in managing supply

3 High customer retention

- The convenient and reliable user experiences, as well as the subscription model, lead to a steady stream of repeat customers

Industry Overview

US Ride-hailing Market Share



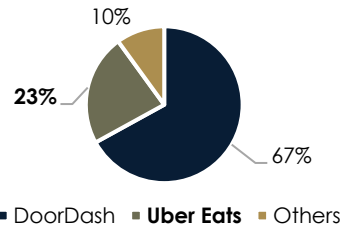
Ride-hailing Industry Growth

11.34%
Estimated CAGR (2024-2032)

212.80
Projected market volume in US\$ bn (2029)

28.6%
Projected user penetration rate (2029)

US Online Food Delivery Market Share



1 Oligopoly structure observed in the US

2 Uber Eats has a strong presence in the US after DoorDash

Online Food Delivery Growth

17.12%
Estimated CAGR (2024-2034)

314.32
Projected market volume in US\$ bn (2034)

2.5
Projected number of users in Bn (2029)

1 Riding-hailing market is duopoly in the US

2 Uber is the leading riding-hailing company with global presence

Key Drivers

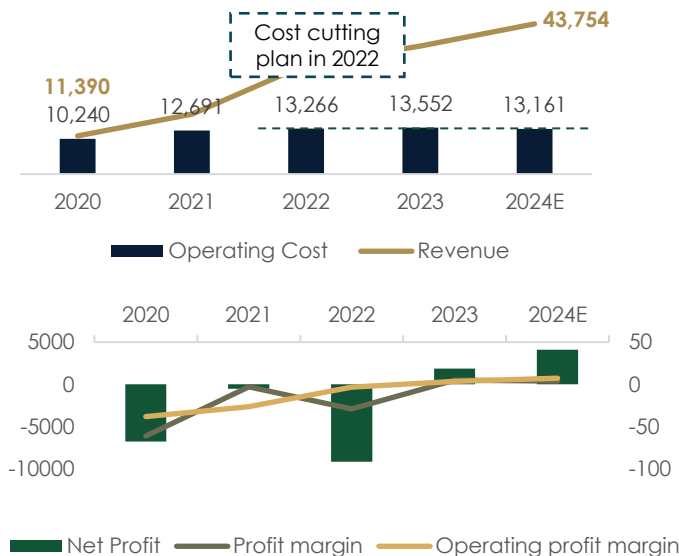
- Rising customer preference for convenience and flexibility
- Rapid urbanization with increasing disposable income
- Integration of electric and automotive vehicles

Key Drivers

- Increasing digitalization and smartphone penetration
- Technological advancement that improves delivery efficiency
- Rising customer preference for convenience

Investment Theses

1 Improving Profitability Through Cost Control and Regulatory Tailwinds



1 Revenue is predicted to increase about 4 times, driven by large increase in gross booking and strong rising demand

2 SG&A and marketing cost are flat from 2020 to 2024, contributing to low operating cost

3 Uber broke even in terms of operating and profit margins in 2023, ever since exponential growth in revenue with unchanging operational cost from 2018

4 Uber is expected to continue to generate a net profit from 2024 onwards given an increased revenue from the first 3 quarters

2020: Lawsuit Filed



Uber drivers should be classified as employees with minimum wage

2024: Case Closed



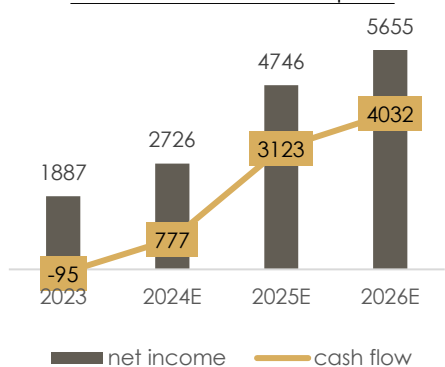
California and Massachusetts Supreme Court acknowledges Uber drivers as independent contractors

5 Uber has scored victory in recent lawsuits in different states of America, signaling favorable legal conditions and setting a useful precedent for Uber

| Aspects | Independent contractor | Employee |
|---------------|--|---|
| Payment | Paid per ride | Regulatory salary, may require minimum wage |
| Resources | Drivers provide their own vehicles | Uber provide vehicles for drivers |
| Benefit | No benefits (eg: health insurance, retire plans) | Often entitled benefits according to law |
| Working hours | Flexible | Fixed |

2 Debt Repayment Plans Potentially Improving Uber's Credit Rating

Uber Financials in US\$ Mn

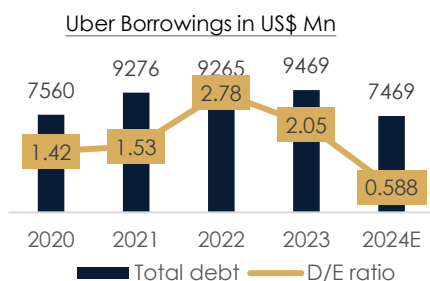


1 CAGR of Mobility and Food Delivery Gross Booking are expected to be 13.3% and 12.4% respectively (2023-2026)

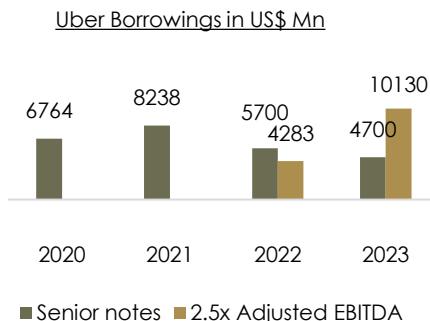
2 Uber recorded a 24% YoY increase in trips taken in 2024. We are expecting an 8% YoY increase for 2026, given increasing unique customers and average trips taken per customer

3 Given Uber never and will not distribute dividend in near future, high expected net income will generate a strong cash flow for the firm to redeem more of its loans

Investment Theses



Though Uber's US\$5Bn cash pool (as of FY23) is sufficient for operational and debt redemption needs, it has relied on debt for expansion throughout the years, its historical gearing ratio is constantly over 1.5x (high and risky for a tech company)



Potential Catalysts

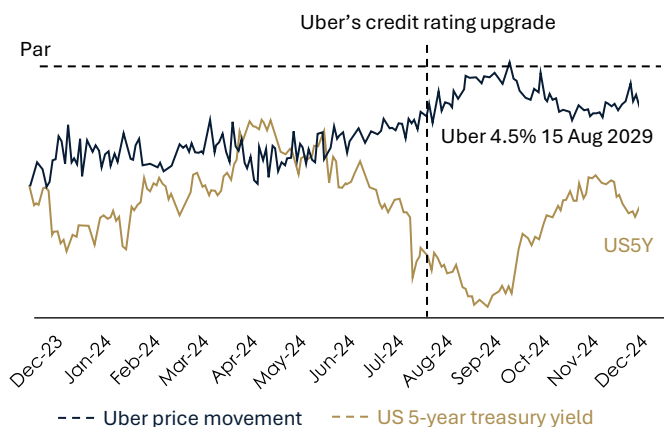
- 1 Uber's debt level is expected drop from 2024 onwards as the firm announced to redeem US\$2Bn of debt by 2024Q4
- 2 Limit of indebtedness covenant¹ for this tranche of bond protects debtholders and ensure that Uber is not able to borrow even more in the future

Results

By keeping a close watch on covenant limits, Uber was able issue the first investment grade bond due to improved financial health and is on-track to BBB+ in 2026E

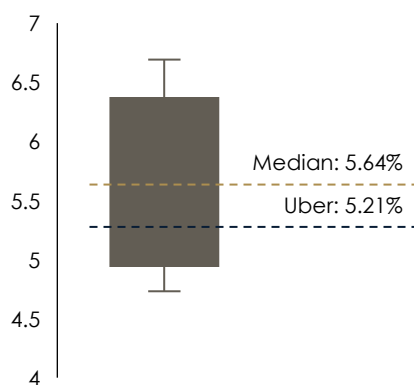
Bond Comparable

Yield Comparison



Market pricing in improving credit rating expectation explains Uber's bond increasing price movement but has since tempered down

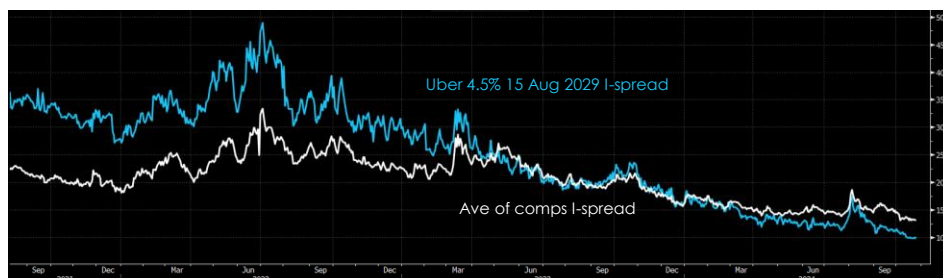
Peer Bond Comparison



Key assumptions: similar industry and relatively similar maturities

Uber's YTM sits on the top quartile of its industry peers, indicating market perception of decreasing credit risk

I-spread, G-spread, Z-spread



- Since inception, Uber's I-spread for this tranche of bond generally decreased
- Narrowing spreads compared to average of peers signals lower credit risk

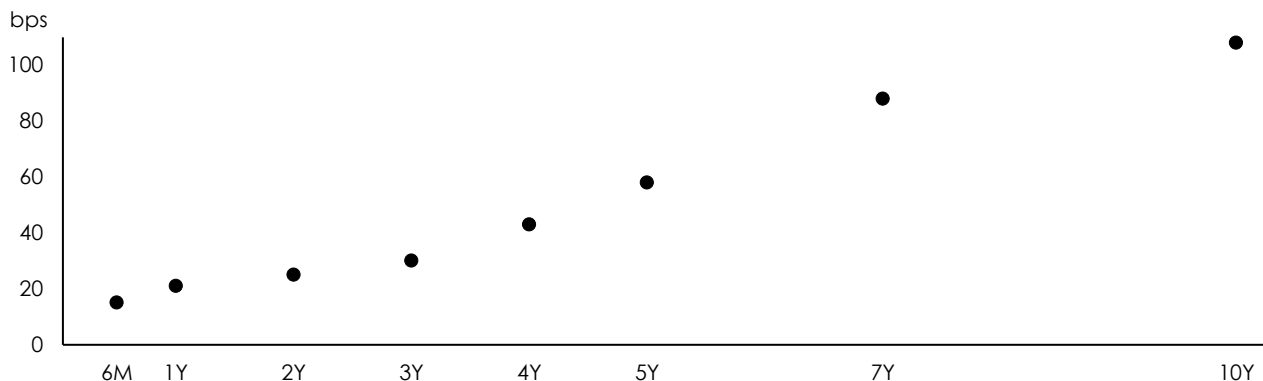


- Since inception, Uber's g-spread also generally decreased
- Narrowing spreads compared to average of peers signals stronger investors' confidence



- Uber's z-spread also generally decreased
- Narrowing spreads compared to the average of peers signals closer discount rates to the risk-free curve

CDS Spread



Scenario Analysis

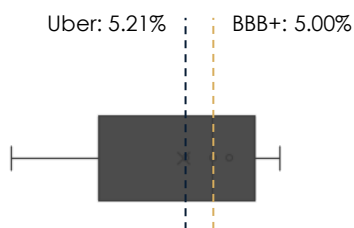


1 We predict that the interest rate would cut 175bps by 2026, aligning with the Federal Reserve's long-term inflation rate target of 2%

2 We also think that there is more room for improvement of Uber's credit rating by 2026E to BBB+. Its peers with that credit rating commands a median of 5.0%

Financial Impact of interest rate cut

| | 2025E | 2026E |
|-------------------------|-------|-------|
| Year till maturity | 3.75 | 2.75 |
| Predicted interest rate | 3.10% | 2.36% |
| Modified duration | 3.41 | |
| % change in bond price | 3.41% | 5.98% |



2 Financial Impact of credit risks cut

| | 2025E | 2026E |
|------------------------|-------|-------|
| Year till maturity | 3.75 | 2.75 |
| Modified duration | 3.41 | |
| Credit risk premium | 21bps | |
| % change in bond price | 3.44% | 6.02% |

In our default scenario, we predict a upside potential of **12.4%** in 2026

Key Risks and Potential Mitigations

A Slower interest rate cuts

As inflation and other key economic measures of the US economy largely drives interest rate decisions from the Federal Reserve, lesser-than-anticipated interest rate cuts will generate limited price appreciation for the bond, given its convexity

B Increasing tariffs

- President Trump's tariff increase on imported vehicles is likely to affect the supply of drivers in the ride-hailing sector
- However, we think that the tariff policy may affect inflation expectations in the US in the short term

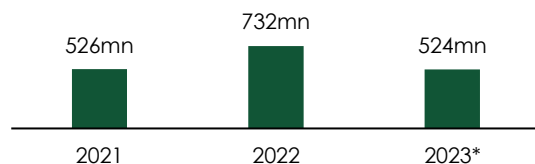
Mitigation

We chose to speculate on a bond with shorter maturity to decrease the effect of interest rate fluctuation to the bond price to mitigate the risk.

C Current autonomous driving trends

- President Trump's policy to loosen autonomous driving and the mature technology may foster a boom of platforms specializing in auto-driving tech
- The rise in auto-driving may decrease the demand for drivers, changing the competitive landscape in the ride-hailing service industry

D Ongoing litigation and regulatory issues



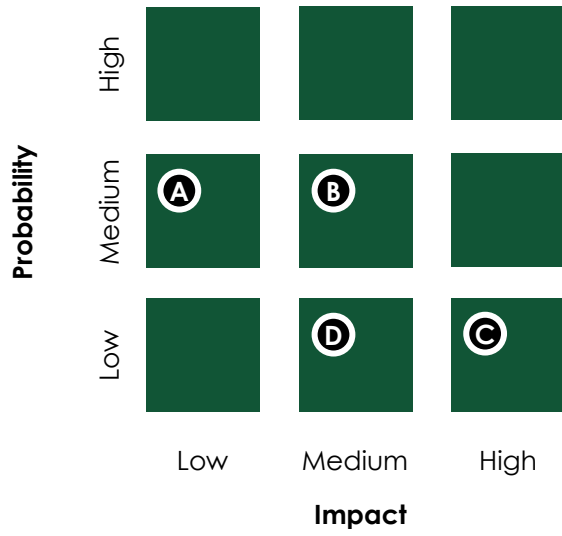
- Historical legal settlement cost is significant
- However, there has been fewer cases of lawsuits and lower settlement costs

Mitigation

- Uber's investment in auto-driving technology like ATG and establishing strong partnerships with companies (Aurora and Volvo) reduces obsolescence risk of Uber's main operations

- We continue to estimate a similar level of such costs moving forward to be conservative, as there are still numerous cases with varying levels of uncertainty
- We will also monitor the legal changes in different region

Risk Matrix



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