EQUITY RESEARCH · INITIATION OF COVERAGE · MOBILITY / LOCAL COMMERCE

Uber Technologies, Inc. (NYSE: UBER)

The market is paying for 8% growth. The company is compounding at 22%.

RATING	PRICE (8/17/26)	FAIR VALUE	12-MO TOTAL RETURN	RISK / REWARD
BUY	$74.99	$91	+20.9%	2.71 : 1

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We are initiating on Uber with a **BUY** and a $91 fair value.

The stock is down 25% from its October 2025 high while the underlying business has done nothing but get better. In the second quarter of 2026 gross bookings grew 22% in constant currency to $58.0B, non-GAAP operating income grew 40%, and non-GAAP earnings per share grew 35%. Earnings are compounding at roughly twice the rate of the top line.

The gap between those two facts is the whole opportunity. We ran a reverse discounted cash flow to find out what growth the current price already pays for. The answer is **8.5% a year**, fading to 3%, on owner earnings. For that to be the right number, margin expansion has to stop almost immediately and autonomous vehicles have to disintermediate Uber inside the forecast window.

We do not think either is likely on a twelve-month view, and we are not asking you to believe anything heroic. The base case assumes free cash flow grows 13% next year and decays to 3% over a decade. That is well below what the company is doing now and still produces $91.

What we are not going to do is pretend the bears have nothing. They have one very good exhibit, and we put it on page 4 rather than burying it.

SNAPSHOT	
Market cap (diluted)	$154B
Enterprise value	$161B
Net debt	$7.3B
Q2'26 gross bookings	$58.0B
Gross bookings growth	+22% cc
Q2'26 revenue	$14.2B
Revenue growth	+12%
Non-GAAP EPS	$0.81
Non-GAAP EPS growth	+35%
Trailing free cash flow	$10.2B
EV / free cash flow	15.9x
EV / FCF, adjusted	25.0x
P/E (fwd run-rate)	24.2x
Implied growth in price	8.5%
Take rate	24.5%
From ATH close	-25%

THE CALL IN ONE PARAGRAPH · At $74.99 you are paying $161B of enterprise value for a business that produced $10.2B of trailing free cash flow while growing gross bookings in the low twenties. Strip out stock compensation and the insurance float build, which we think you must, and the honest multiple is 25.0 times, not the 15.9 times the bulls quote. That is not cheap in isolation. It is cheap relative to what it embeds, because a 25 times multiple and 8.5% implied growth are only consistent if you believe growth is about to stop. The risk is real and it is concentrated in one place: if autonomous fleets reach scale and choose to own the customer directly, Uber becomes a thinner business than the one we are modeling. Our bear case is $58, 23% below the current price. We think the odds justify the position anyway. Fair value $91.

INSIDE THIS REPORT

1 · The quarter

What actually happened in the second quarter

Uber reported the June quarter on August 5, 2026. The stock fell about 5% on the print. Understanding why requires separating three numbers that moved in three different directions.

Gross bookings, the volume measure, accelerated. They reached $58.0B, up 24% as reported and 22% in constant currency, on 3,867 million trips, up 18%. Monthly active platform consumers reached 208 million, up 16%. This was the fourth consecutive quarter above 20% growth.

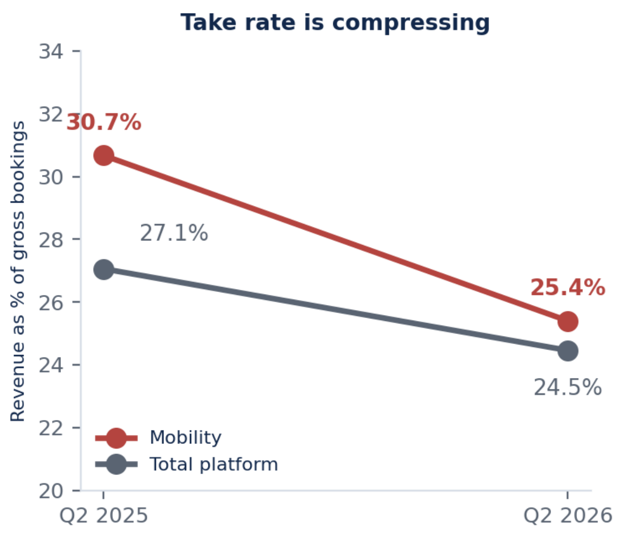
Revenue, the accounting measure, decelerated sharply. It grew only 12% to $14.2B. Uber attributes 8 percentage points of the shortfall to business model changes, meaning a shift in how certain markets are recognized rather than a change in economics. Consensus wanted $14.27B. This is the miss that moved the stock.

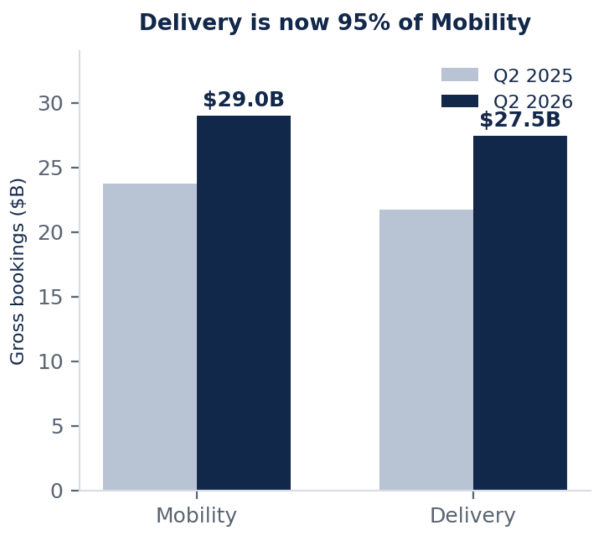
Profit, the measure that matters, compounded. Non-GAAP operating income grew 40% to $2.14B, reaching 3.7% of gross bookings against 3.3% a year ago. Free cash flow was $2.79B.

The three numbers, side by side

Metric	Q2 2025	Q2 2026	Change
Gross bookings	$46.8B	$58.0B	+24%
Revenue	$12.7B	$14.2B	+12%
Trips	3,268M	3,867M	+18%
Monthly consumers	180M	208M	+16%
GAAP operating income	$1.45B	$1.89B	+30%
Non-GAAP operating income	$1.53B	$2.14B	+40%
Non-GAAP EPS	$0.60	$0.81	+35%
Free cash flow	$2.48B	$2.79B	+13%

The pattern is consistent across the year. Non-GAAP earnings per share ran $0.71 in the December quarter, $0.72 in March, $0.81 in June, and the company guides $0.84 to $0.88 for September. Add those four and you get $3.10 of forward run-rate earnings against a $74.99 share price, or 24.2 times.





Left: revenue as a percentage of gross bookings, the take rate. Right: segment gross bookings. Source: company filings, author's calculations.

2 · Valuation

What the price already assumes

The bull case for Uber is usually stated as a multiple: the company generated $10.2B of trailing free cash flow against a $154B market capitalization, so the stock trades at roughly 16 times cash flow. We do not think that framing survives contact with the cash flow statement.

Two adjustments are mandatory. First, stock-based compensation ran $1,023M in the first half. It is a real cost to existing owners and it is absent from free cash flow by construction. Second, Uber's insurance reserves grew $830M in the half. That is genuine cash, but it is float that arrives because the business is growing and it will not keep arriving at the same rate forever.

Free cash flow basis	Amount	EV / FCF
Headline, trailing twelve months	$10.15B	15.9x
Less stock compensation	$8.11B	19.9x
Less stock compensation and float	**$6.45B**	**25.0x**

On method: trailing twelve-month free cash flow ($10,153M) and doubled first-half 2026 free cash flow ($10,156M) differ by only $3M, so we use the annualized figure above.

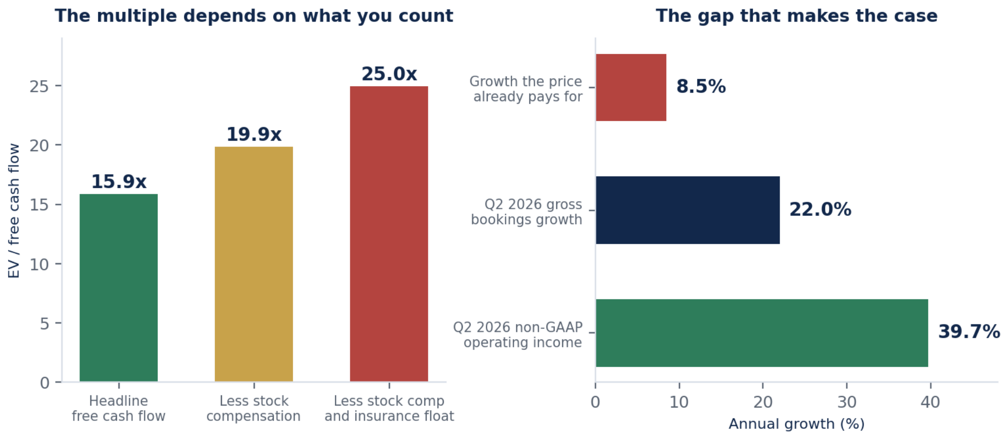
The reverse discounted cash flow

Rather than assert a fair value, we asked the inverse question: what growth rate does the current price already require? We discount owner earnings of $8.11B, being free cash flow less stock compensation, over ten years with a linear fade to 3% terminal growth.

At a 9.0% discount rate the market is paying for **6.5%** growth. At the 9.5% rate we use throughout this report, it is **8.5%**. Either figure is far below what the business is currently delivering.

Year-one FCF growth	Fair value	vs. price
8%	$73.45	-2.1%
10%	$79.97	+6.6%
13%	**$90.70**	**+20.9%**
15%	$98.52	+31.4%
18%	$111.36	+48.5%

The highlighted row is our base case. We are not assuming Uber keeps growing at 22%, only that free cash flow grows 13% next year and decays from there. The stock clears today's price on any assumption above roughly 9%.



3 · The bear case

The one exhibit that should worry you

We promised the bears their best evidence, so here it is without softening. **Uber's take rate is compressing, and Mobility's is compressing fast.**

Take rate (revenue / gross bookings)	Q2 2025	Q2 2026	Change
Total platform	27.1%	24.5%	-2.6 pts
Mobility	30.7%	25.4%	-5.3 pts
Delivery	18.9%	19.1%	+0.2 pts

Mobility revenue grew 1%, from $7,288M to $7,363M, while Mobility gross bookings grew 22%. Management's explanation is accounting: a shift to an agency model in certain markets means Uber books a net commission rather than a gross fare. We have read the disclosure and we find it credible.

But credible is not the same as harmless. If you are valuing Uber on revenue, or on any multiple that runs through revenue, the denominator just changed by five percentage points of Mobility take rate and you will draw the wrong conclusion. It is also fair to note that an accounting explanation for one quarter becomes a trend if it recurs, and we will be watching the September print specifically for whether Mobility revenue reaccelerates.

The second bear argument: autonomy

In July 2026, Uber and Waymo ended their exclusivity arrangement in Atlanta and Austin, and press reports suggested Waymo was weighing an exit from the partnership altogether. This is the real risk, and it is not an accounting artifact.

The bear thesis runs like this. Uber's value is demand aggregation. In a world of autonomous fleets, the fleet owner has the expensive asset, the marginal cost of a ride collapses, and the fleet owner has every incentive to own the customer relationship rather than rent it from Uber. Uber becomes a thinner intermediary earning a smaller cut of a commoditized service. In that world the terminal value in our model is far too generous.

We take this seriously enough that it drives our discount rate. We use 9.5% rather than the 9.0% we would normally apply to a business with these cash flow characteristics, precisely because the terminal question is genuinely open. That single change reduces fair value from $122 at 9.0% and 18% growth to our published $91.

A third item we are not dismissing

- Q2 buybacks fell to $518M from $1,363M a year earlier, a 62% reduction, while $1,640M went into total return swaps. Capital allocation is becoming more complex, not less.
- Uber launched a takeover bid for Delivery Hero in July 2026. A large acquisition would consume the cash that currently supports the buyback.
- A California law change opens the door to driver unionization, a live cost risk to the independent-contractor model.
- Uber Freight disclosed a data security incident in August 2026.

> **THE BEAR CASE, FAIRLY STATED ·** Mobility take rate fell 5.3 percentage points year over year, the accounting explanation for it will only be testable next quarter, and the most capable autonomous partner in Uber's largest market is actively loosening its ties. If you believe autonomy arrives inside three years rather than ten, our discount rate is too low, our terminal value is too generous, and the stock is worth $58 rather than $91. We think that timeline is wrong. We do not think it is unreasonable.

4 · The bull case

Why we think the market has this wrong

Our case does not rest on autonomy being a fiction. It rests on three things the current price does not appear to credit.

One. Delivery has become a second business, and it is not AV-exposed

Delivery gross bookings reached $27.5B in the quarter, or 95% of Mobility, growing 26% against Mobility's 22%. Delivery segment operating income grew 38% to $1,055M.

Delivery earns 3.8% of gross bookings against Mobility's 7.6%, so the mix shift is dilutive to blended margin. That is a real cost. But an autonomous car does not carry a burrito up three flights of stairs, and the market appears to be applying Mobility's terminal risk to the entire enterprise.

Two. Uber responded to the Waymo problem by refusing to have one partner

Since July 2026 Uber has expanded its partnership with Pony.ai to deploy more than 2,000 robotaxis across four European cities plus the Middle East, signed Hinomaru Kotsu to operate an autonomous fleet pilot in Tokyo, and taken an investment in and partnership with Zipline for drone delivery. The strategic posture is deliberate: convert a single-partner dependency into a portfolio in which no supplier has leverage.

Autonomous supply is capital-intensive and rolls out city by city under separate regulatory regimes. Demand aggregation across 70 countries is not easily rebuilt. Uber has 208 million monthly consumers and 50 million Uber One members who account for roughly half of gross bookings. That is the asset the bear case has to destroy, and destroying it takes longer than a twelve-month horizon.

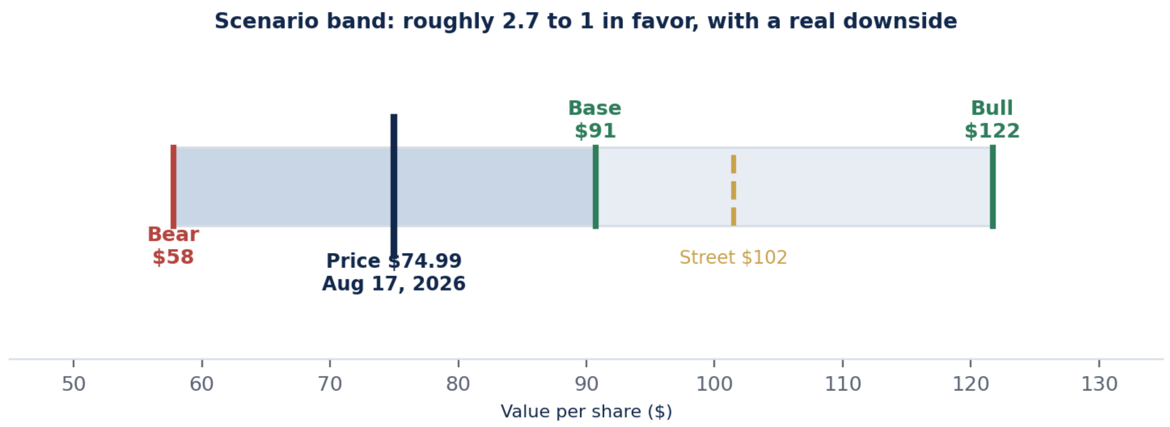
Three. The earnings are higher quality than they look

Two details in the reconciliations deserve credit. Uber's non-GAAP operating income of $2,143M does **not** add back the $550M of stock compensation in the quarter. Most companies presenting a non-GAAP operating figure do add it back. Separately, management stated that adjusted EBITDA, which does exclude stock compensation, is no longer a key measure and is being retired.

We will be even-handed about the other direction. GAAP diluted earnings per share of $1.17 includes a $1,600M pre-tax benefit from revaluing Uber's equity investments. Tax that at the 24% non-GAAP rate and strip it out and clean GAAP earnings per share is $0.57, which is *below* the $0.81 non-GAAP figure. The difference sits mostly in legal and regulatory reserve changes that management excludes. Investors quoting the GAAP number as evidence of a cheap multiple are quoting a number inflated by a one-time gain.

5 · Scenarios

What has to be true, in each direction



	Bear	Base	Bull
Year-one FCF growth	6%	13%	18%
Discount rate	10.5%	9.5%	9.0%
Fair value	**$57.77**	**$90.70**	**$121.68**
Return from today	**-23.0%**	**+20.9%**	**+62.3%**

Bear: what would have to happen

Waymo exits the Uber partnership entirely and begins operating consumer-facing demand in major US metros. Mobility take rate keeps compressing beyond the accounting explanation. The Delivery Hero acquisition completes at a full price and the buyback stops. Free cash flow grows 6% and investors demand 10.5% for the terminal uncertainty. Fair value $58, a 23% loss.

Base: what we actually expect

Autonomous rollout continues but slowly and through partners. Mobility revenue reaccelerates once the model change laps. Delivery keeps growing in the mid-twenties and its margin keeps expanding. Free cash flow grows 13% and fades. Fair value $91, a 21% gain.

Bull: the case we are not underwriting

Uber becomes the default demand layer for third-party autonomous fleets, taking a durable cut without owning the vehicles. Delivery reaches Mobility's margin structure. Free cash flow compounds at 18% and the terminal risk premium disappears. Fair value $122. We mention this to be complete, not because we are underwriting it.

Sensitivity: fair value by growth and discount rate

	8% growth	10% growth	13% growth	15% growth	18% growth
r = 8.5%	$88	$96	$109	$118	$134
r = 9.5%	$73	$80	$91	$99	$111
r = 10.5%	$63	$68	$77	$84	$95
r = 11.5%	$55	$60	$67	$73	$82

Shaded cell is the published base case. The table is deliberately unflattering at the corners: at an 11.5% discount rate the stock is worth less than today's price unless free cash flow compounds above 15%. Readers who believe the autonomy threat is imminent should use the bottom rows and reach a different conclusion than we do.

6 · Risk matrix

What would change our mind

Risk	Likelihood	Impact	What we watch
Waymo exits the partnership entirely	Medium	High	Metro-level exclusivity announcements; Waymo consumer app downloads
Mobility take rate keeps falling after the model change laps	Medium	High	Q3 2026 Mobility revenue growth versus gross bookings growth
Delivery Hero deal completes at a full price	Medium	Medium	Deal terms, financing mix, buyback pace after close
Driver reclassification or unionization raises unit costs	Medium	High	California implementation; EU platform work directive
Buyback continues to shrink	Medium	Medium	Quarterly repurchase line versus the total return swap line
AV partner concentration in Chinese suppliers draws restrictions	Low	Medium	Pony.ai European deployment approvals
Insurance reserve development runs against Uber	Low	High	Reserve build versus gross bookings growth

The scoring commitment

Per our published scoring protocol, this call is dated and will be scored against the S&P 500 total return over twelve months. Initiation price $74.99 on August 18, 2026. **Scoring date: August 18, 2027.** The rules were fixed before this report was written and are published at twocommainvestor.com/scoring.html. We publish our misses.

Where we could be wrong in method, not just in outcome

- We treat the insurance reserve build as a non-recurring benefit and strip it entirely. If the float is genuinely durable while Uber grows, we are understating owner earnings and fair value is higher.
- We use a single discount rate across a business with two very different risk profiles. A sum-of-the-parts treating Delivery separately would likely produce a higher number.
- Our terminal growth of 3% is a convention, not a forecast. It carries more of the valuation than we would like, which is inherent to discounting a business whose terminal state is contested.

7 · Disclosures

Method, sources, and conflicts

Sources

Every financial figure in this report is transcribed from a primary source and computed by script. No figure was typed by hand or taken from a secondary summary.

- Uber Technologies Q2 2026 earnings press release, filed as Exhibit 99.1 to Form 8-K, August 5, 2026.
- Uber Technologies Q4 and full-year 2025 earnings press release, February 4, 2026.
- Uber Technologies Q1 2026 earnings press release, May 6, 2026.
- Closing price of $74.99 on August 17, 2026, per S&P Global Market Intelligence and CBOE consolidated tape data, cross-verified against a second independent quote source.

Reference price verification

Consistent with our corrections policy, the reference price was checked against multiple independent sources before this report was written. Two sources agreed on the August 17, 2026 close of $74.99; a third quoted $75.01 and was rejected as an outlier. The prior session closed at $75.95. Readers who find an error in any figure here should write to contact@twocommainvestor.com and we will publish a dated correction.

Position disclosure

The author holds no position, long or short, in Uber Technologies (NYSE: UBER) and has no plans to initiate one within 72 hours of publication. The author holds no position in any company named in this report as a partner, supplier, competitor, or acquisition target, including Alphabet, Pony.ai, Zipline, Lyft, Delivery Hero, and Serve Robotics. 2 Comma Investor receives no compensation from any company mentioned. No company mentioned reviewed this report before publication.

Method

Fair value is a ten-year discounted cash flow on owner earnings, defined as free cash flow less stock-based compensation, with a linear fade from the year-one growth rate to 3% terminal growth, discounted at 9.5%. Net debt of $7,332M is deducted. Per-share figures use the Q2 2026 diluted weighted-average share count of 2,050.2 million. Restricted cash and restricted investments are excluded from the cash balance because they collateralize insurance reserves and are not available to shareholders.

Nature of this publication

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