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IPOS

Uber IPO Filing Shows Growth Leveling Off

Company's ride-hailing revenue little changed over past six months

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Uber Technologies Inc. made its IPO papers public Thursday, revealing some of the secrets of a company with big, global ambitions that faces slowing growth in its core ride-hailing business.

San Francisco-based Uber on Thursday disclosed the so-called S-1 filing it had made privately with the Securities and Exchange Commission in December.

The filing shows that the spectacular growth Uber has enjoyed in its core ride-hailing business has leveled off lately. The company's revenue from ride-hailing—excluding items such as driver referrals and some incentives—was $2.31 billion in the fourth quarter, little changed over the prior six months.

The filing represents a major step for Uber toward its highly anticipated public listing, which would be the biggest in a year expected to be full of them. It sets up the company to begin trading in early May following a so-called roadshow beginning in late April, in which Uber would pitch the shares to investors.

The company is aiming for a valuation of as much as $100 billion, which, although below some prior expectations, would make it the biggest new issue since Alibaba Group Holding Ltd went public in 2014 with an initial market value of $169 billion, according to Dealogic.

Uber plans to list its shares on the New York Stock Exchange under the symbol UBER.

The filing document exposes to wider public view a 10-year-old company that has changed how millions of people get from place to place and represents one of Silicon Valley's biggest recent success stories: Uber's growth has been explosive, with overall revenue jumping from just $495 million in 2014 to $11.27 billion last year.

But that growth hasn't come cheaply. The company's total losses on operations—excluding items like sales of business units—totaled more than $10 billion between 2016 and 2018, and were $3.03 billion last year alone. That is an astounding sum for any large corporation, even a cash-hungry startup. Uber has raised nearly $20 billion since its founding, including from debt—by far the most ever for any U.S. startup, according to PitchBook.

And Uber is under stiff competitive threat. The company's market share in ride-hailing, from which it still draws most of its revenue, has been flagging amid fierce competition and a series of prior missteps. Uber said its ride-hailing market share "generally declined in 2018 in the substantial majority of the regions in which we operate," hurt by subsidies and discounts by competitors. Uber had 67% of U.S. ride-hailing market share in February, down from 78% two years earlier, according to Second Measure Inc., which analyzes credit card transactions.

The filing also shows a company that—unlike Lyft Inc., its chief U.S. rival—has built big businesses in Europe, India and Latin America and whose ambitions stretch beyond ride-hailing.

Uber also operates a food-delivery service called Uber Eats, a trucking business called Uber Freight and a shared scooter and bike arm called Jump. Eats has grown quickly, from virtually nothing a few years ago to represent more than 13% of Uber's total net revenue in 2018, or $1.5 billion.

Still, it is a highly competitive business as venture capital has flooded into competitors like DoorDash. Freight and bikes and scooters brought in $373 million in revenue.

Lyft, by contrast, focuses mainly on ride-hailing in the U.S. and Canada. Its revenue more than doubled last year to $2.2 billion, and it recorded a net loss of $911 million.

Lyft, which itself debuted late last month, provides something of a cautionary tale for Uber. It sold shares at $72, above where the company had previously been valued and its initial target. But the stock has stumbled badly and is now trading roughly 15% below its IPO price, closing Thursday at $61.01.

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Uber officials and their underwriters plan to be conservative with pricing, seeking to avoid a similar outcome, according to people familiar with their thinking. Uber recently provided documentation to holders of its convertible notes that sets a potential price range of $48 to $55 a share, The Wall Street Journal reported Wednesday.

That would equate to an aggregate valuation of between $90 billion and $100 billion, including the roughly $10 billion Uber expects to raise in the offering. The company's most recent private valuation was $76 billion, when it sold a roughly $500 million stake to Toyota Motor Corp. in 2018.

Unlike many companies debuting, Uber won't have supervoting shares and touted that in the filing. Uber, which was buffeted by scandals when co-founder Travis Kalanick was chief executive, listed the ways it has improved its governance, including replacing a prior supervoting structure with a one-share, one-vote setup. It noted that "continuing governance changes will help us to scale our business responsibly, effectively manage risk, and act with integrity and accountability to all stakeholders."

Atop a list of bullet points about how Uber does business, the company, now helmed by CEO Dara Khosrowshahi, wrote: "We do the right thing. Period."

Mr. Kalanick, who stepped down as CEO in 2017 but still sits on the board, currently holds roughly 8.6% of Uber's shares, the filing shows. SoftBank Group Corp.'s Vision Fund has roughly 16%, while venture-capital firm Benchmark owns 11%. Saudi Arabia's Public Investment Fund and Alphabet Inc. each hold roughly 5%.

Uber also outlined its strategy for autonomous driving, which has been a source of controversy after one of the company's self-driving cars struck and killed a pedestrian in Arizona last year.

Uber said in the filing that it plans to roll out self-driving vehicles gradually and that drivers will "remain a critical and differentiating advantage for us." The company said it spent nearly $1.1 billion on research and development for its autonomous-vehicle division and other related technology development between 2016 and 2018.

In March, the Journal reported that a consortium including SoftBank was in late-stage talks to invest $1 billion or more in the autonomous unit, at a valuation of between $5 billion and $10 billion.

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Corrections & Amplifications
Uber Technologies Inc.'s freight and bikes and scooters divisions brought in $373 million in revenue in 2018. An earlier version of this article incorrectly stated the divisions brought in $225 million in revenue. (April 11, 2019)