TIC Investment Banking

The Aggregator's Dilemma: What Has to Be True at $72



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Investment Thesis Overview: The Current Mispricing

Uber's share price has flatlined in 2026 while the broader market continues to climb. Trading around $71–$72, down from a 52-week high above $100, the stock is carrying a heavy fear discount. The analytical task is figuring out if the market is right to be afraid.

On paper, the business is maturing beautifully. 2025 revenue hit $52 billion (an 18% year-over-year jump). Adjusted EBITDA reached $8.7 billion, and the company has been printing free cash flow since crossing into GAAP profitability in 2023. Yet, the stock is paralyzed by two live narratives: autonomous vehicles (AVs) scaling through non-Uber channels, and a massive $14,8 billion ($47,60/share) takeover of Delivery Hero.

When Uber first disrupted the taxi industry, superior technology won, but the market structure remained fragmented across different cities. The open question today is whether Uber has become the vulnerable incumbent, or if history is about to rhyme, leaving multiple AV operators fighting a brutal capital war while the aggregator extracts the real value on top.

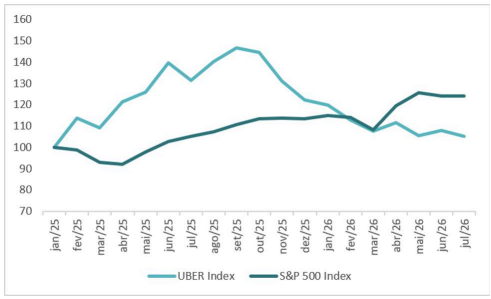


Figure 1 - Uber´s share price vs SP500

Competitive Advantage: The Localized Network Effect

Before debating how AVs might break Uber's moat, we need to define what the moat actually is.

Unlike a global social network, Uber operates a massive collection of hyper-local, radial networks. Whether moving food or moving people, the transaction is physically bound to a specific city radius. The fundamental barrier to entry is local density. Billions of completed trips feed algorithms that optimize dynamic pricing, ETA predictions, and matching. A new app simply cannot bootstrap that liquidity from zero to offer the short wait times required to build a consumer habit.

There is a slight inter-city network effect : a tourist landing in Paris opens Uber because they already trust it in Lisbon, but the core asset is strictly local dominance. Uber's scale currently dominates that local game: 202 million Monthly Active Platform Consumers (MAPCs) in 2025, with growth accelerating to 17–18%. Users are hailing rides or ordering food 16–18 times a month, crushing DoorDash (12–15) and Lyft (8–9). Tying this together is the Uber One membership, which recently crossed 50 million subscribers and now accounts for roughly half of all gross bookings.

Because the moat is a collection of city-level strongholds, the incoming AV fight will be decided exactly the same way: city by city.

The Autonomous Vehicles Paradigm

Autonomous vehicles are simultaneously Uber's existential threat and its greatest margin opportunity.

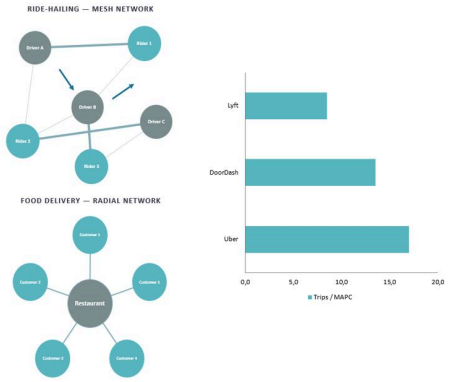


Figure 2 - Uber Networks

The Bear Case: The Desintermediation Risk

Bears look at Waymo's recent moves and see a supplier desperate for optionality. Waymo pulled its fleet from Uber's app in Phoenix in late June 2026, changing to a proprietary app, a DoorDash delivery deal, and a Via transit partnership. In Dallas, Avis manages Waymo's fleet. In Nashville, Waymo launched on Lyft. Even though Austin and Atlanta remain Uber exclusive for now, Waymo's willingness to play the field is its ultimate leverage. Every alternative channel weakens Uber's power to dictate take rates.

The consumer demand is already there. Riders actively seek out the Waymo experience: no driver, identical car conditions, and willingly pay a premium for it. Capital is also not a bottleneck. Alphabet's balance sheet can subsidize the scaling phase indefinitely.

Then there is Tesla. Despite years of missed deadlines, Tesla finally expanded a standalone robotaxi service to Miami in July 2026, publicly refusing to partner with Uber. If camera-only autonomy proves viable, Tesla holds a massive structural cost advantage. If these manufacturers successfully go direct-to-consumer, Uber is cut out of the loop entirely.

The Bull Case: Market Aggregation and Peak Utilization

The strongest argument for Uber's survival lies in the fundamental shape of ridehail demand. Commuter traffic violently peaked around the morning and evening rush hours. A pure AV fleet sized to cover those peaks will sit idle and bleed cash for the rest of the day.

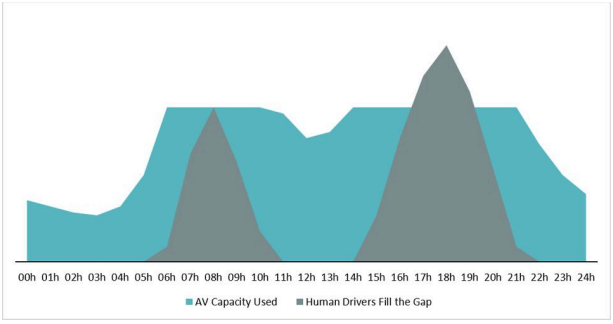


Figure 3 - AV capacity used and human drivers filling the gap over a 24-hour period

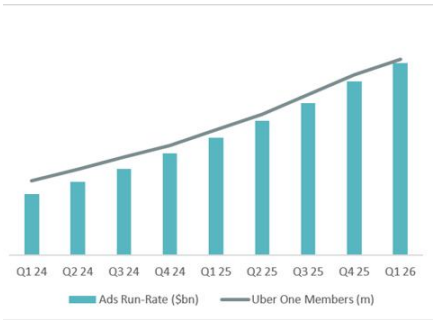


Figure 4 - Growth in Ads Run-Rate and Uber One membership

A fleet sized for average daily demand will completely miss the most profitable rush hours, angering customers.

Human drivers solve this naturally by self-selecting into peak times to chase surge pricing. Uber's marketplace is the only mechanism that currently solves the exact utilization problem that dictates whether a high-capex AV earns its cost of capital. This is why plugging an AV into Uber maximizes its return. In Austin, the approximately 100 Waymo vehicles operating on the Uber network were reportedly busier than 99% of human drivers, proving that AV supply thrives when plugged into dense, aggregated demand.

Uber knows this and is aggressively building a portfolio of options to keep AV supply fragmented. The company has announced over 20 AV partnerships, including a major joint AI data factory with Nvidia targeting 100k robotaxis by 2027, plus deals with Lucid, Nuro, Wayve, and Baidu. By providing the unglamorous fleet services: charging, cleaning, and depots. Uber is positioning itself as the indispensable operating system for any financial owner looking to deploy AVs as yield-generating assets.

Unit Economics: The Pricing and Take-Rate Dynamics

Long-term AV rides will be cheaper because the driver cost is gone. But Uber's slice of the pie (the take rate) can be structurally higher since there is no human wage to protect. The split is simply between Uber and a fleet owner seeking an asset return. Cheaper rides trigger the Jevons paradox: lower prices unlock massive volume expansion. Gross bookings per trip might fall, but a higher take rate on significantly higher volumes is a winning equation. The danger lies in the capital-intensity branch.

If partnerships stall and Uber is forced to buy its own autonomous fleets, the story instantly shifts from an asset-light cash machine to a capex-heavy operator.

The Base Case: Technological Coexistence

Coexistence is the most likely outcome. AVs will absorb the predictable, dense, off-peak base load, while human drivers flex into the peaks, bad weather, and complex new cities. Like the taxi wars before it, superior technology will win, but the market will remain plural.

High-Margin Catalysts: Advertising and Subscription Revenue

While the market obsesses over robots, an incredibly high-margin ad business is compounding inside the app. Ads crossed a $2 billion annualized run-rate in 2025, growing roughly 50% year-over-year, and breaking past the 2% of gross bookings ceiling management previously set. Because ads are near-pure margin, every argument about user growth doubles as a bull case for ad inventory.

This ecosystem is glued together by Uber One. With 50 million members driving half of all bookings, the subscription creates deep behavioral lock-in. The recent integration of 700,000 Expedia hotel listings is not about immediate revenue, it's about turning the app into an inescapable daily habit.

The CEO's playbook

Dara Khosrowshahi spent 12 years running Expedia, a business built on aggregating fragmented hotel supply it didn't own and monetizing the resulting demand. Substitute "hotel rooms" with "autonomous vehicles," and Uber's strategy is the exact same playbook. Hotels owned the assets, Expedia owned the customer habit. Today, AV makers own the cars. Uber intends to own the routing.

But the Expedia years also revealed the primary failure mode: brands with enough gravity will eventually bypass the aggregator to drive direct bookings. Aggregators only win when supply remains heavily fragmented. This deep understanding of platform mechanics explains why Uber is aggressively partnering with every AV startup it can find.

Capital Allocation Strategy: Share Repurchases vs. CapEx

Uber's $20 billion share repurchase program highlights a severe capital tension. If the asset-light partnership model fails, buyback capacity and AV fleet capex will violently compete for the same cash. Uber is already hedging its bets, committing upwards of $10 billion to AV programs, charging hubs, and data collection.

Meanwhile, bolt-on acquisitions like SpotHero (parking integration) show where Uber still prefers to deploy capital: small, adjacent bets that deepen the super-app ecosystem.

M&A Strategy: The Delivery Hero Consolidation

Uber's history with Delivery Hero reveals its exact playbook for consolidation in a moderately concentrated market. It started in May 2024 with a $950 million bid for DH's foodpanda business in Taiwan, alongside a $300 million equity investment. The logic was pure scale: bigger platforms mean denser routes and better unit economics.

But Taiwan's regulators blocked the deal in December 2024, citing the danger of a combined 90% market share. The deal failed precisely because its strategic logic was too good, it implied excessive market power. Uber walked away, paid a $250 million termination fee, and DH eventually sold the asset to Grab for just $600 million.

M&A Deal Math and Event Timeline

Company / Deal	EV / Forward EBITDA	Context
Uber / Delivery Hero	15,5x	Indicative midpoint of 15–16x; proposed €33 vs. shareholder ask of €40
DoorDash / Deliveroo	13,4x	Comparable European food-delivery transaction
Prosus / Just Eat Takeaway	12,5x	Comparable strategic acquisition

Date	Event	Strategic significance
Dec-25	FTC blocks Taiwan transaction	Regulatory execution risk
Mar-26	Taiwan business sold to Grab	Portfolio reshaping / capital recycling
May-26	Aspex stake acquisition crosses 30%	Potential control / mandatory-offer implications

Figure 5 - Uber's Delivery Hero consolidation strategy: key transactions, valuation multiples, and strategic milestones.

Rather than retreat, Uber went global. Using the equity stake left over from the Taiwan deal, Uber bought blocks from Prosus and Aspex, pushing its ownership past Germany's 30% mandatory-offer threshold. In May 2026, Uber floated a massive €10 billion takeover approach (€33/share), which DH shareholders rejected, anchoring closer to €40. At roughly 15-16x forward adjusted EBITDA (above precedent deals like DoorDash/ Deliveroo at 13.5x), Uber is paying a premium.

The strategic prize is dominating EMEA and hedging its exposure in the US. But the bear case is obvious: buying European food delivery does absolutely nothing to stop Waymo and Tesla from stealing mobility market share in America. Furthermore, navigating antitrust regulators across 20+ overlapping markets virtually guarantees forced divestitures that will shrink the deal's ultimate value.

Uber Freight: Logistics Optionality Freight

Uber Freight remains a small, flat-growth digitization play. It offers optionality if AV trucking matures (bolstered by Uber's ~25% stake in Aurora), but it is not the swing factor for this thesis. It operates entirely in the background.

Valuation Implied Scenarios: Reverse-Engineering $72

Valuations do not fall from the sky. They are mechanical reflections of top-line growth, margin sustainability, and target multiples. Instead of trying to guess an absolute price target, it is much more rigorous to reverse-engineer what operational reality the market is currently pricing in at $72.

- **The Bear World:** The aggregator gets bypassed. Waymo and Tesla capture the consumer directly. In this scenario, Uber doesn't just face margin pressure from having to buy its own capital-heavy fleet; it suffers a catastrophic collapse in revenue growth as it bleeds market share. Top-line stagnation severely compresses the target multiple (pushing EV/Revenue well below the current ~2.5x). A true bear case, driven by a structural loss of volume, pushes the intrinsic value drastically lower than current levels.

- **The Base World (~$78 implied value):** Coexistence becomes the norm. Uber serves a massive chunk of AV trips at slightly higher take rates while maintaining its asset-light posture. Growth normalizes, margins are protected, and cash flow remains highly efficient. At a conservative 2.5x EV/Revenue multiple, this balanced scenario aligns almost perfectly with the current ~$72 share price, demanding a standard mid-teens discount for execution risk.

- **The Bull World (~$99 implied value):** Uber successfully fragments AV supply, effectively becoming the toll bridge for the industry. Lower fares unlock a Jevons volume kick, drastically accelerating top-line growth. Coupled with successful M&A synergies in Europe, the compounding cash flow justifies aggressive multiple expansion and robust upside.

With uncertainty this wide, the debate is not about whether AV risk exists. It is about whether a modest discount to a highly defensible base-case value provides enough of a margin of safety. When superior technology arrived during the last decade, the incumbent taxi industry died, yet the ultimate winner was the aggregator. Whether history rhymes is exactly what you are being paid to underwrite at $72.

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