

Uber posts biggest quarterly loss ever after stock payouts

August 9 2019, by Cathy Bussewitz



In this May 28, 2019, file photo Jump electric bike share bicycles by Uber are seen along Mission Beach boardwalk in San Diego. Uber reports financial results Thursday, Aug. 8. (AP Photo/Gregory Bull, File)

Uber lost \$5.24 billion in the second quarter—its largest quarterly loss

ever—after making huge stock-based payouts in the months following its initial public offering.

The ride-hailing giant said Wednesday it paid \$3.9 billion in stock-based compensation and expenses during the quarter. It also paid \$298 million in stock and cash to drivers to show appreciation in connection with its IPO.

The loss per share including those expenses totaled \$4.72 while revenue jumped 14% to \$3.17 billion. Analysts surveyed by FactSet expected a loss of \$2.03 per share on revenue of \$3.31 billion, on average, but those analysts typically exclude one-time expenses such as IPO-related costs.

Uber continued to spend heavily on sales and marketing, which includes costly promotions designed to attract riders and drivers. Those expenses grew to \$1.22 billion, up 71% compared to last year. The cost of price wars and retaining drivers while competing with rivals such as Lyft has been a strain on its ability to turn a profit.

"We could push the company to break even if we wanted to, frankly, but I think what you will see from us is...lower losses going forward while at the same time we aggressively invest in new growth levers," said Uber CEO Dara Khosrowshahi in a conference call with reporters. "But there's no doubt in my mind that eventually the business will be a break even and profitable business."

Khosrowshahi said he expects 2019 to be the company's peak loss year and for the losses to be smaller over the next two years.



In this May 10, 2019, file photo Uber CEO Dara Khosrowshahi, third from left, attends the opening bell ceremony at the New York Stock Exchange, as his company makes its initial public offering. Uber reports financial results Thursday, Aug. 8. (AP Photo/Richard Drew, File)

Khosrowshahi said he's confident in the scale of Uber's ridesharing business and its technical capabilities. He does not expect the Eats food delivery business to be profitable next year or the year after, but said "I think what we have is a great combination of a ride business that is going to turn more profitable over the next couple years, that will allow us to invest aggressively in the Eats business and also carry a bottom line that improves."

Uber Technologies Inc.'s shares fell 6% in after-hours trading.

Uber saw double-digit revenue growth in the U.S., Europe, Middle East, Africa and Asia Pacific regions, but revenue fell 24% to \$417 million in Latin America.

Gross bookings, which is the total dollar value of rides and Uber Eats meals and the amount paid by freight shippers, reached \$15.76 billion, up 31%—or 37% in constant currency—compared with the same time last year.

The number of monthly active Uber Eats users grew more than 140% compared to last year, and more than 40% of new Eats customers had never used Uber's platform before. The Eats business is booming in Japan, Khosrowshahi said.

Revenue for the Uber Eats service rose 72% to \$595 million, while ridesharing revenue grew just 2% to \$2.35 billion because of the one-time driver appreciation payments, the company said.

California lawmakers are pushing a bill to classify ridesharing drivers as employees. Khosrowshahi, on a conference call with investors, said he believes there's a better path forward, where drivers could be given minimum earnings, benefits and a voice in decisions that affect their livelihood.

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