

Uber posts big loss as pandemic clobbers ridesharing, despite delivery offset

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Uber delivered a hefty loss in the fourth quarter of 2020 as the pandemic hit its ridesharing operations, even as it saw spectacular growth in food delivery

Uber on Wednesday reported another hefty loss in the final three months of 2020, though the company's food delivery operations partly offset the hit taken from the decline in ridesharing during the pandemic.

Thanks to that offset, the loss of \$968 million was narrowed slightly from \$1.1 billion in the same period a year earlier, according to Uber.

Revenue in the quarter was \$3.2 billion, a 16-percent decrease from the same period a year earlier.

"While 2020 certainly tested our resilience, it also dramatically accelerated our capabilities in local commerce," Uber chief executive Dara Khosrowshahi said.

Uber said its "mobility" segment, which includes [ride-hailing](#), was down 52 percent from a year earlier, while its delivery operations—including its Uber Eats meal service—saw a revenue jump of 224 percent.

This has the potential to be a "banner year" for Uber, as vaccination programs get people back to summoning rides and the company expands its delivery of alcohol and groceries as well as take-away restaurant meals, according to eMarketer analyst Eric Haggstrom.

Uber early this month announced it was acquiring Drizly, a startup specializing in delivery of beer, wine and spirits, for some \$1.1 billion and would integrate it with Uber Eats.

The two firms said Drizly, which operates in some 1,400 US municipalities and one Canadian province, would become a subsidiary of Uber and that its services would be available via Uber Eats as well as the separate Drizly app.

Uber last year introduced a grocery delivery service through another acquisition, Cornershop.

"Uber's continued expansion into alcohol and grocery delivery will help capture even more consumer spending in two large, rapidly digitizing

markets," Haggstrom said.

Vaccine green light?

Khosrowshahi was optimistic about the road ahead for Uber, expecting new users won by its restaurant meal delivery service would become ride-share customers after pandemic lifestyle restrictions ease.

"We have proven in big markets in Brazil and Australia that as these markets open up the mobility business comes back, and it will start growing again," Khosrowshahi said on an earnings call.

"There is no doubt in my mind that in 2022 and 2023 our mobility business will grow at substantial, double digit rates."

Khosrowshahi has lobbied for Uber drivers to be made part of the Covid-19 vaccination effort, being given inoculations and then providing rides in the broader effort.

Daniel Ives at Wedbush Securities said the results represent "another major step in the right direction" and suggest an improving picture as Uber emerges from the pandemic.

"The company is clearly seeing a rebound in ridesharing metrics and coupled with a leaner expense structure is setting a stage for snapback in growth and profitability," Ives said in a research note.

Flying taxis

Uber has been buckling down endure the pandemic.

The San Francisco-based firm sold its air transport unit to flying taxi

maker Joby Aviation in a deal that closed last month.

Joby acquired Uber expertise and software, and the ability to offer its all-electric, vertical take-off and landing passenger aircraft on the ride-hailing giant's app.

While financial terms of the deal were not disclosed, they included Uber investing \$75 million into Santa Cruz-based Joby, which has said it hopes to have its flying taxis in operation as early as 2023.

Uber in January also closed the sale of its autonomous car division to Amazon and Hyundai-backed Aurora, in a deal that gives Uber a 26 percent stake in the startup developing self-driving technology.

As part of the deal, Uber and Aurora teams will merge.

The companies expect the self-driving technology to be initially put to use for long-haul trucking.

Uber Freight—which matches truckers and shippers similar to how riders are matched with drivers in the ridesharing app—saw revenue rise 43 percent to \$313 million in the final quarter of last year.

Uber shares skidded more than 4 percent in after-hours trade following the results.

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