

Uber reports surprise profit in Q2

August 1 2023



Strong demand for customer rides and Uber eats enabled the ride-hailing company to report a second-quarter profit.

Uber reported a surprise profit on Tuesday, pointing to strong growth in its core mobility and delivery businesses despite missing revenue estimates.

Profits for the second quarter were \$394 million, compared with a loss of \$2.6 billion in the year-ago period.

The results included the company's first-ever quarterly operating profit. Its results were also boosted by a gain in Uber's equity investments.

"It's a great day," Chief Executive Dara Khosrowshahi said on CNBC.

"Everything came together this quarter," he said. "The team executed really well and we plan to be profitable for every quarter going forward."

Revenues rose 14 percent to \$9.2 billion, but stood below the \$9.3 billion expected by analysts.

The company scored sharp increases in revenues tied to customer rides and delivery, more than offsetting declines in its much smaller freight business.

"People are buying more services," Khosrowshahi said of the fall in freight. "But our mobility and delivery businesses are growing at huge rates and larger than ever."

Khosrowshahi also cited "cost discipline" as a driver, with general and administrative expenses down sharply from the year-ago period.

Shares of Uber fell more than 6 percent to \$46.42 in after-market trades as investors weighed whether the company missing revenue expectations for the quarter was a sign of the road ahead.

Some analysts remained optimistic about the San Francisco-based company's potential, particularly given recent partnerships with Alphabet-owned autonomous car company Waymo and US pizza chain Domino's.

Waymo is to make its robotaxis available on the Uber platform, starting in the Arizona city of Phoenix, under the terms of a strategic partnership announced in the recently ended quarter.

The Domino's alliance will let people have orders from the restaurants delivered through Uber, according to the companies.

"We positively view Uber's recent agreement with Domino's and expanded Waymo partnership," CFRA analyst Angelo Zino said in a note to investors.

Earnings brought in by Uber's delivery unit more than tripled while those at the shared rides unit rose 52 percent when compared with the same period a year earlier, according to the earnings report.

Wedbush analyst Dan Ives viewed Uber as a having a "leading competitive position" in travel and mobility, and was encouraged by what he described as a healthy core business at the tech firm.

© 2023 AFP

Citation: Uber reports surprise profit in Q2 (2023, August 1) retrieved 12 May 2024 from <https://techxplore.com/news/2023-08-uber-profit-q2.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--