

Uber shares skid as losses widen

November 5 2019, by Glenn Chapman



Uber CEO Dara Khosrowshahi says that despite wider losses, the company's core rideshare business is moving toward profitability

Uber shares skidded Monday after the ride-hailing giant reported widening losses in the just-ended quarter as it boosted investment in new services and features.

San Francisco-based Uber reported a loss of \$1.2 billion, up from a loss of \$986 million a year ago.

Uber revenue was up 30 percent to \$3.8 billion in the quarter on growth in its shared rides service as well as its Eats restaurant meal delivery service and its Freight platform that matches shippers with truckers.

"Our results this quarter decisively demonstrate the growing profitability of our Rides segment," said Uber chief executive Dara Khosrowshahi.

The number of people using Uber's platform monthly grew 26 percent to 103 million, while the number of trips taken by riders rose 31 percent to nearly 1.8 billion, according to the [earnings report](#).

Uber shares were down more than five percent in after-market trade that followed release of the earnings figures.

Some of the downward pressure on Uber's [stock price](#) could be due to concerns about what will happen when a "lock-up" period preventing early investors, founders and employees from selling shares ends Wednesday.

"There is a lot of supply that is going to hit the marketplace, so you don't know what is really going to happen," Uber chief financial officer Nelson Chai said of shares being unlocked.

Steering to profit?

Chai and Khosrowshahi said on an earnings call that they felt Uber was on a road to be profitable by the end of 2021.

"We don't think there is a big, magic bullet," Chai said.

"We will just continue to grind it out quarter after quarter."

The company is moving to broaden its offering beyond traditional ridesharing into services ranging from scooters and electric bikes to a planned "flying car" operation.

Khosrowshahi has said he wants Uber to be a versatile app that becomes "the operating system for your everyday life."

Revenue taken in at Eats restaurant meal delivery service grew 64 percent, while Freight revenue was up 78 percent, according to Uber.

Uber recently agreed to take a majority stake in Cornershop, an online grocery provider in Chile, Mexico, and which recently expanded to Peru and Canada.

It Cornershop does well at part of the Uber platform there, it will be extended to other parts of the world.

Uber executives said that after early years focused on rapid growth the company is shifting to becoming more efficient as it leverages the strength of its platform, reach and brand.

Uber in September announced it was laying off about eight percent of its product and engineering teams as it tries to map a route to profitability.

In July, Uber cut 400 jobs from its marketing team of more than 1,200 workers.

After debuting in May at \$45 for the initial public offering—translating to a market value of \$82 billion—Uber shares went into reverse.

Uber shares were trading at \$29.40 after market hours on Monday.

Gig economy

While the firm has lost billions since offering its first rides in 2011 in its home city of San Francisco, it envisions becoming the "Amazon of transportation" in a future where people [share](#) instead of owning vehicles.

Meanwhile, California legislation set to take effect next year could slam the brakes on the so-called "gig economy" by requiring rideshare firms to treat contract drivers as employees.

The law challenges the business model of the rideshare platforms and others which depend on workers taking on "gigs" as [independent contractors](#).

Uber has said it has no plans to immediately reclassify drivers as employees in January, when the law takes effect.

Uber and rival Lyft are backing a statewide ballot measure that will ask voters to replace the law with a pay and benefits plan for drivers pitched by the companies.

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