

# Lyft

## 3Q2021 – record driver activation and margin

- Lyft reports \$864mn revenue in 3Q21, up 73% YoY and a record contribution margin of 59.4%.** The number of active drivers increased by 11% QoQ and 51% YoY to 18.9mn. The Revenue per active rider also improved from \$39.9 in 3Q20 to \$45.6 in 3Q21. Lyft also saw high demand for bikes and scooters in 3Q21. Net loss was \$71.5mn in 3Q21 compared to a net loss of \$495.5mn in 3Q20. Net loss includes \$203.3mn of stock-based compensation and related payroll expenses. The company reported an adjusted net income of \$17.8mn in 3Q21 versus an adjusted net loss of \$280.4mn a year ago. Lyft adjusted EBITDA was \$67.3mn in 3Q21 compared to \$23.8mn in 2Q21 and an adj EBITDA loss of \$239.7mn a year ago. The company sold certain assets related to the self-driving division to Woven Planet for \$515mn payable in several installments, including a \$165mn payment upfront and \$350mn payable over a five-year period. The recognised pre-tax gain associated with this transaction was \$119.3mn in 3Q21. Lyft decreased operating expenses as a percentage of revenue due to cuts of cost of revenue, operations and support, S&M as a percentage of revenue. Lyft received an impressive result on supply investments with 34% QoQ new driver activations growth in 3Q.
- Lyft expects 2022 revenue to exceed the 2021 level. In 4Q21, the company's revenue guidance is \$930-940mn.** The guidance includes a seasonal decrease in micro-mobility revenue in North America. Lyft expects the contribution margin to remain at 59% in 4Q21, and to remain above the pre-COVID level in the post-COVID environment. Lyft's adj EBITDA guidance is \$70-75mn for 4Q with 8% adj EBITDA margin. The company expects a positive adj EBITDA for FY2021, which is an important milestone. We believe the company's focus on profitability improvement with essential cost cuts provided an impressive result in a challenging market. At the same time, slower growth in the recovering environment and insufficient incentives to bring supply on the platform may hold back the financial performance. We adjust our forecasts and a 12-months target price to \$58.3 from \$61.9 per share. We re-iterate the BUY rating for Lyft.

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**Report date:** 23 November 2021

**Lyft**

Main exchange	Nasdaq
Rating	BUY
Current Price, \$	45.7
12M Target price, \$	58.3
Current MCap, \$ mn	15,585

Lyft is a ridehailing company operating in the US and Canada.

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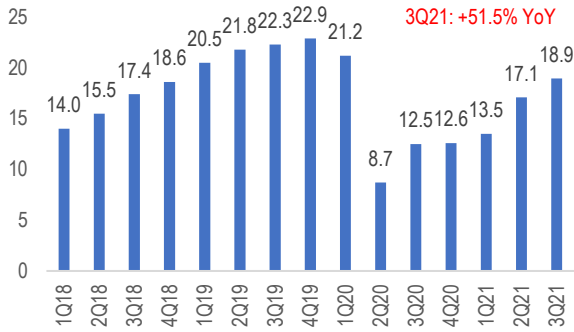
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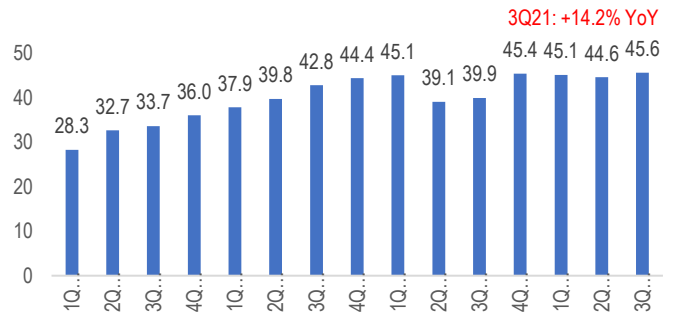

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**Figure 1. Lyft active riders, mn**



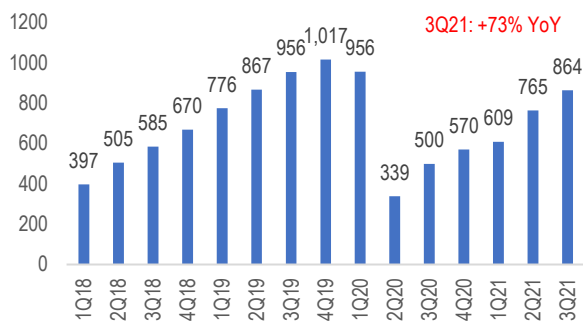
Source: company data

**Figure 2. Lyft revenue per active rider, \$**



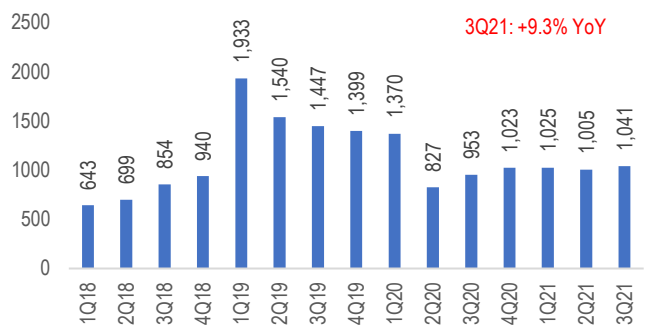
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**Figure 3. Lyft revenue, \$mn**



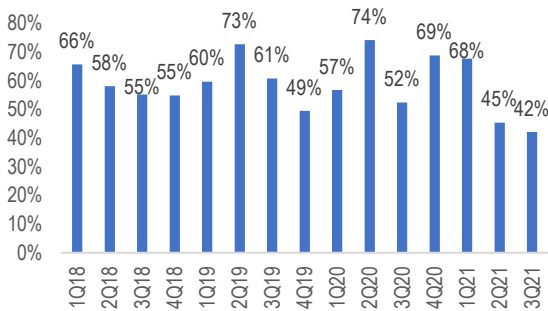
Source: company data

**Figure 4. Lyft total costs and expenses, \$mn**



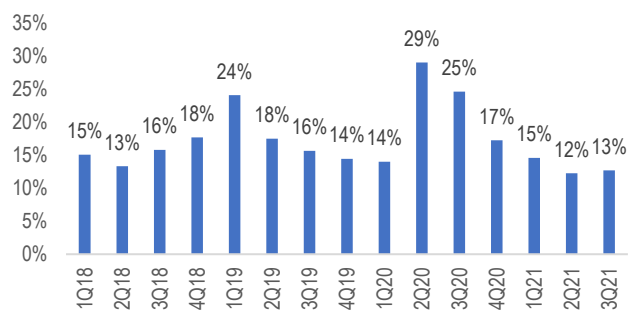
Source: company data

**Figure 5. Lyft cost of revenue as % of revenue**



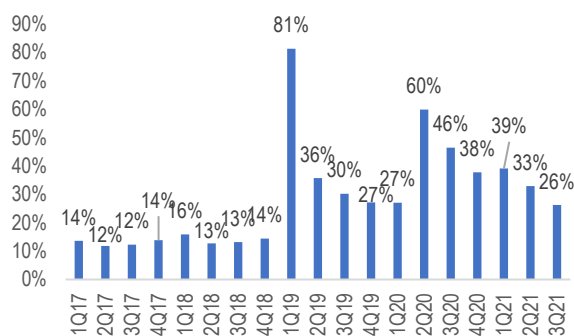
Source: company data

**Figure 6. Lyft operations and support cost as % of revenue**



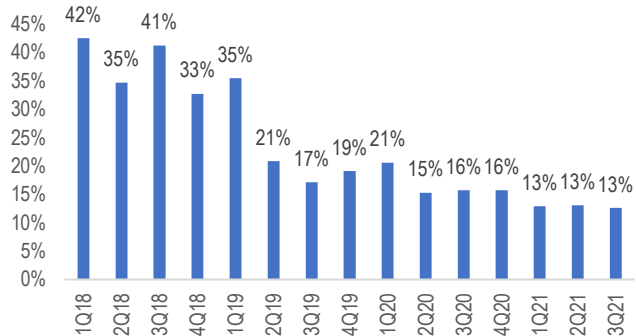
Source: company data

**Figure 7. Lyft R&D cost as % of revenue**



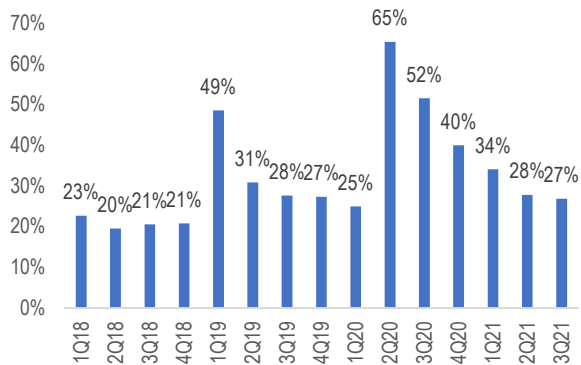
Source: company data

**Figure 8. Lyft S&M cost as % of revenue**



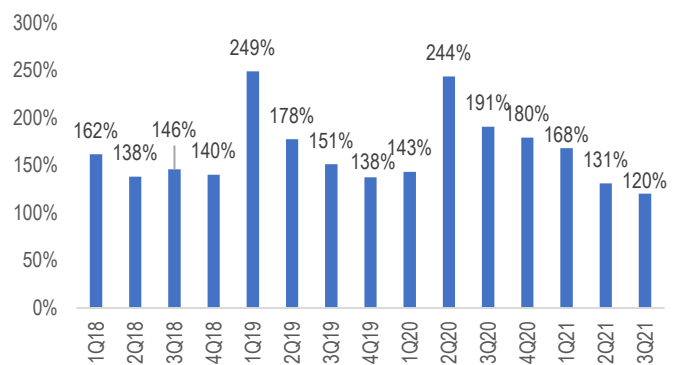
Source: company data

Figure 9. Lyft G&amp;A cost as % of revenue



Source: company data

Figure 10. Lyft total costs and expenses as % of revenue



Source: company data

Figure 11. Lyft consolidated statements of operations, \$mn

\$mn if not otherwise stated	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	1,060	2,157	3,616	2,365	3,142	3,942	4,856	5,612	6,425	7,151
Costs and expenses										
Cost of revenue	660	1,243	2,176	1,448	1,563	1,720	1,823	1,932	2,048	2,171
Operations and support	184	338	636	454	463	486	535	572	612	655
Research and development	137	301	1,506	909	943	985	1,068	1,122	1,285	1,430
Sales and marketing	567	804	814	416	377	473	728	842	964	1,073
General and administrative	221	448	1,186	946	880	867	1,068	1,010	1,157	1,144
Total costs and expenses	1,768	3,134	6,318	4,173	4,226	4,532	5,223	5,479	6,066	6,473
Loss from operations	-708	-978	-2,702	-1,808	-1,084	-590	-367	133	359	678
Interest income, net	20	66	0	-33	-51	-51	-51	-51	-51	-51
Other income, net	0	1	103	44	45	45	46	47	48	49
Loss before income taxes	-688	-911	-2,600	-1,797	-1,090	-595	-371	130	357	676
Provision for income taxes	1	1	2	-45	13	-125	-78	27	75	142
Net profit / loss	-688	-911	-2,602	-1,753	-1,103	-470	-293	102	282	534
EPS, \$/share	-2.4	-3.2	-11.4	-5.6	-3.3	-1.4	-0.9	0.3	0.8	1.6

Source: company data, Hypothesis Research estimates

Figure 12. Lyft condensed Balance sheet data, \$mn

\$mn if not otherwise stated	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total current assets	2,564	2,320	3,247	2,594	2,258	2,291	2,516	2,848	3,438	4,189
Property and equipment, net	14	109	189	313	382	408	442	466	527	588
Goodwill	0	152	159	183	179	174	168	163	158	154
Intangible assets, net	4	118	83	66	60	54	48	42	36	31
Restricted cash and cash equivalents	73	187	205	119	150	163	174	185	197	209
Restricted investments	361	864	1,361	1,102	992	1,041	1,145	1,317	1,515	1,742
Other assets	1	9	6	27	93	95	97	99	101	103
Total assets	3,017	3,760	5,691	4,679	4,362	4,538	4,975	5,565	6,480	7,580
Accounts payable	67	32	39	84	90	98	104	111	118	125
Insurance reserves	377	810	1,378	987	1,037	1,301	1,603	1,852	2,120	2,360
Accrued and other current liabilities	253	606	940	954	1,119	1,404	1,730	1,999	2,288	2,547
Total current liabilities	697	1,449	2,451	2,074	2,311	2,884	3,538	3,962	4,526	5,032
Other liabilities	15	30	4	18	18	30	38	43	50	55
Total liabilities	712	1,479	2,837	3,003	3,229	3,875	4,605	5,092	5,725	6,291
Total stockholders' equity (deficit)	-1,979	-2,871	2,854	1,676	1,133	663	370	473	754	1,289
Total liabilities and stockholders' equity (deficit)	3,017	3,760	5,691	4,679	4,362	4,538	4,975	5,565	6,480	7,580

Source: company data, Hypothesis Research estimates

Figure 13. Lyft 12-month DCF indicative fair Market Cap sensitivity, \$mn

GROWTH RATE	WACC					
	7.2%	8.2%	9.2%	10.2%	11.2%	12.2%
0.5%	17,634	15,071	13,103	11,546	10,285	9,244
1.5%	20,337	17,002	14,538	12,646	11,149	9,936
2.5%	24,179	19,604	16,398	14,029	12,209	10,769
3.5%	30,077	23,303	18,904	15,821	13,542	11,791
4.5%	40,292	28,982	22,467	18,235	15,269	13,077
5.5%	62,314	38,816	27,936	21,668	17,596	14,741

Figure 14. Comparable multiples – consensus

Company name	Market Cap., \$mn	EV, \$mn	P/E Fwd 1Y	P/E Fwd 2Y	P/E Fwd 3Y	EV/ EBITDA 1Y fwd	EV/ EBITDA 2Y fwd	EV/ EBITDA 3 fwd	EV/ Revenues 1y fwd	EV/ Revenues 2y fwd	EV/ Revenues 3y fwd
Alphabet	1,947,134	1,819,668	26.80	26.05	22.78	17.10	14.98	13.19	7.16	6.13	5.40
Amazon	1,811,820	1,799,694	87.00	69.99	45.57	25.64	20.83	16.05	3.82	3.25	2.76
Apple	2,641,758	2,704,686	27.91	25.87	25.20	22.15	21.34	20.38	7.08	6.75	6.45
Facebook	948,608	891,112	24.38	23.86	19.88	14.06	13.18	11.03	7.57	6.35	5.38
Alibaba Group Holding	371,358	345,989	16.17	14.36	12.10	13.12	10.96	9.14	2.53	2.15	1.83
Tencent Holdings	592,729	616,541	28.94	25.47	20.81	18.76	17.95	15.05	6.95	5.98	5.11
Netflix	291,994	299,961	61.55	50.26	39.14	44.56	35.31	28.34	10.10	8.80	7.66
eBay	46,055	40,598	18.54	16.36	14.44	10.24	9.74	9.28	3.90	3.69	3.54
Target Corp	117,615	124,624	18.40	18.12	16.68	11.04	10.97	10.49	1.17	1.14	1.10
Tesla	1,145,319	1,138,819	188.90	140.39	112.92	104.33	71.53	57.80	22.25	16.14	13.40
General Motors	93,006	184,190	9.62	9.50	9.13	14.67	11.57	10.47	1.43	1.22	1.17
Volkswagen	134,193	297,569	6.49	5.79	5.37	6.45	6.26	5.92	1.06	1.01	0.96
SNAP	79,299	78,069	129.25	80.83	40.16	166.60	80.84	36.42	19.43	13.97	9.67
Twitter	37,830	34,669	379.70	51.42	35.75	51.42	21.91	16.39	6.81	5.62	4.60
Naver Corp	55,211	55,965	3.84	35.75	29.85	35.67	28.32	23.78	9.82	8.02	6.75
Lyft	15,496	13,857	NaN	51.00	24.13	148.53	28.66	15.90	4.36	3.16	2.58
Uber	82,649	85,800	NaN	NaN	143.82	NaN	59.17	23.68	5.04	3.33	2.64

Source: Refinitiv

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