

# Lyft

## FY2020 results review

- Lyft reports \$570mn revenue, a \$70m QoQ improvement in 4Q20.** Lyft's adjusted EBITDA loss was \$150m in 4Q20 compared to \$240m loss in 3Q20 and \$131m loss in 4Q19. The number of active riders reached 12.6mn in 4Q20 compared to 12.5mn in 3Q20, below our expectations of 13.3mn. However, the revenue per active rider improved from \$39.9 in 3Q20 to \$45.4 in 4Q20. The contribution margin was 55.5% in 4Q compared to 49.8% in 3Q20. The company reduced driver acquisition and engagement spend. Net loss was \$458m in 4Q20, including \$138m of stock-based compensation and related expenses compared to a \$356m net loss in 4Q19. Contribution decreased 43% YoY to \$316m in 4Q20 from \$549.5m in 4Q19. The company reported \$2.3bn of unrestricted cash, cash equivalents, and short-term investments as of 31 December 2020. The company's revenue was \$2.4bn in FY20 compared to \$3.6bn in 2019, down 35% YoY. The adjusted net loss was \$828.9mn in 2020 compared to \$651.8mn in 2019. Adjusted EBITDA loss was \$755.2mn in 2020 versus \$678.9mn in 2019. Lyft issued \$747.5mn in aggregate principal amount of 1.5% convertible senior notes due 2025 with an effective conversion price of \$73.83. Lyft reported \$3.2bn investments and restricted cash on the balance sheet as of the end of 2020. Operating in the US and Canada, Lyft is heavily exposed to the pandemic situation in North America.
- The slow ridesharing market recovery forced a tighter cost control but delayed the profitability.** We expect the number of active riders to reach a pre-crisis level in 2022. The U.S. vaccination targets 90% of the population to get the first vaccine by the end of February 2022, up from 13% as of 23 February 2021. The decline in new Covid cases and vaccination progress will provide a basis for the ridesharing market recovery. The international flights re-opening, however, is not expected widely before the summer of 2021, delaying the growth of mobility. The change in rideshare rides shows a 51% YoY decline in January 2021 compared to a 52% YoY decline in December 2020. In January 2021, Lyft has a 32% US rideshare market versus Uber's 68%. We adjust our forecast and 12-month price target to \$68.9 from \$44.1. We re-iterate the BUY rating.

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**Report date:** 25 February 2021

**Lyft**

Main exchange	Nasdaq
Rating	BUY
Current Price, \$	57.7
12M Target price, \$	68.9
Current MCap, \$ mn	18,327

Lyft is a ridehailing company operating in more than 300 cities of the US and Canada.

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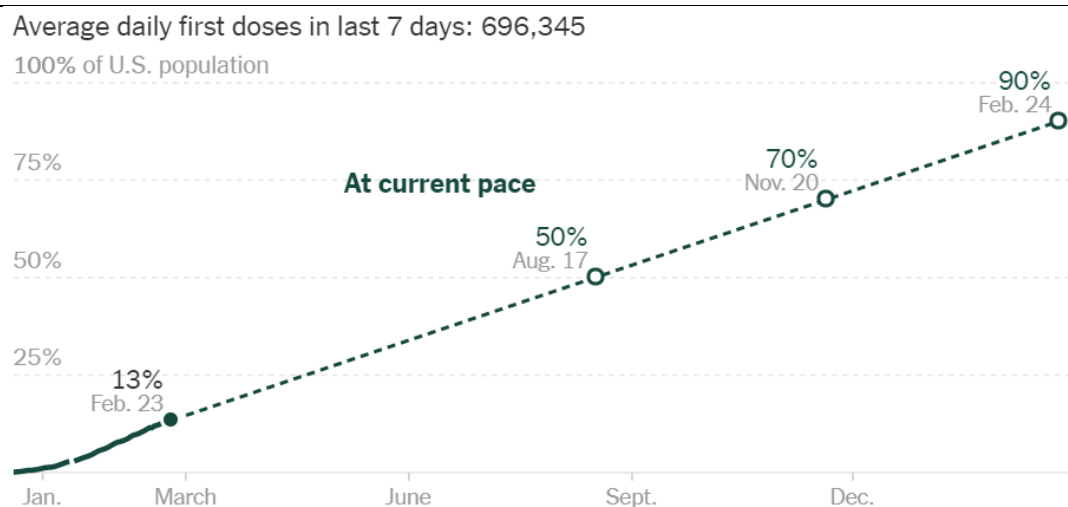


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 Marina Alekseenkova  
 Research analyst  
 +44 (0) 78527 00371  
 ma@hypothesisresearch.co.uk
 

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**Figure 1. The current vaccination rate is based on average daily increase in first doses administered over the past week.**



Source: Centers for Disease Control and Prevention | Note: Data from Dec. 20 to Jan. 12 are for all doses administered. Data for Jan. 13 is unavailable. Projections could change if additional vaccines are authorized.

**Figure 2. Lyft's key metrics**

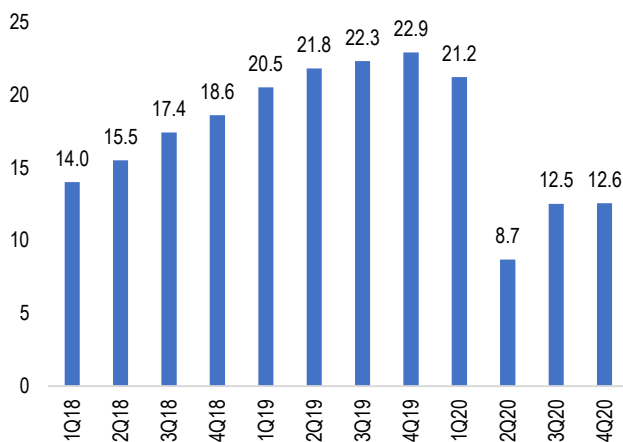
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Active riders, mn eop	18.6	22.9	13.7	15.7	18.8	20.7	22.8	25.1	27.6
Growth, %	48%	23%	-40%	25%	20%	10%	10%	10%	10%
Revenue per active rider, \$ (Dec)	36.0	44.4	42.4	46.2	48.9	53.8	58.2	62.2	66.6
Growth, %	32%	23%	-5%	9%	6%	10%	8%	7%	7%
<b>Profit and loss statement</b>									
<i>in \$mn, if not otherwise stated</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Revenue	2,157	3,616	2,365	2,755	3,504	4,240	5,037	5,928	6,978
Costs and expenses									
Cost of revenue	1,243	2,177	1,448	1,476	1,565	1,690	1,825	1,972	2,129
Operations and support	338	636	454	472	529	582	628	678	733
Research and development	301	1,506	909	826	876	890	907	889	977
Sales and marketing	804	814	416	496	701	763	806	949	1,116
General and administrative	448	1,186	946	964	1,121	1,272	1,259	1,423	1,535
Total costs and expenses	3,134	6,319	4,173	4,235	4,792	5,197	5,425	5,911	6,490
Loss from operations	-978	-2,703	-1,808	-1,480	-1,288	-958	-389	18	487
Interest income, net	66	103	-33	-64	-88	-86	-85	-56	-72
Other income, net	1	0	44	0	0	0	0	0	0
Loss before income taxes	-911	-2,600	-1,797	-1,545	-1,376	-1,044	-473	-38	415
Provision for income taxes	1	2	-45	-38	-289	-219	-99	-8	87
Net profit / loss	-911	-2,602	-1,753	-1,506	-1,087	-825	-374	-30	328

Source: companies' data, Hypothesis Research estimates

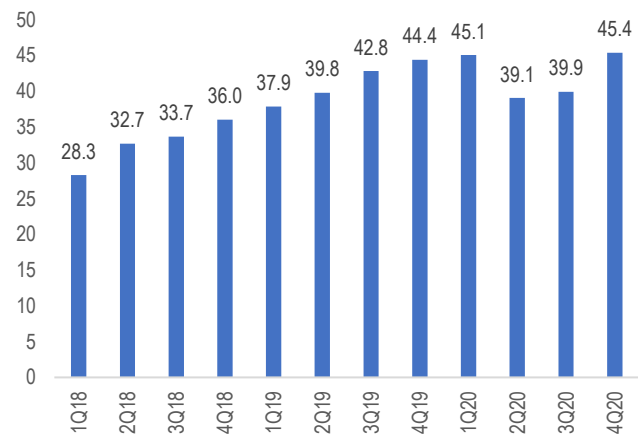
**Figure 3. Lyft condensed balance sheet**

<i>in \$mn, if not otherwise stated</i>	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cash and cash equivalents	1,106	518	358	320	87	312	132	189	94	150
Short-term investments	1,285	1,520	2,492	1,931	1,449	1,477	1,507	1,537	1,568	1,599
Prepaid expenses and other current assets	173	283	397	343	400	508	615	731	860	1,012
Total current assets	2,564	2,320	3,247	2,594	1,935	2,298	2,254	2,457	2,522	2,761
Property and equipment, net	14	109	189	313	1,046	1,608	2,016	2,318	2,512	2,735
Goodwill	0	152	159	183	177	172	167	162	157	152
Intangible assets, net	4	118	83	66	60	54	48	42	36	31
Restricted cash and cash equivalents	73	187	205	119	121	131	142	153	165	178
Restricted investments	361	864	1,361	1,102	1,212	1,091	982	883	1,016	1,168
Other assets and investments	1	9	7	27	28	28	29	29	30	30
Total assets	3,017	3,760	5,691	4,679	4,900	5,790	6,131	6,632	7,130	7,870
Total current liabilities	697	1,449	2,451	2,074	2,905	3,992	5,069	6,642	6,713	7,000
Other liabilities	15	30	4	18	21	27	33	39	46	54
Total liabilities	712	1,479	2,837	3,003	4,730	6,707	7,873	8,747	9,275	9,688
Total stockholders' equity (deficit)	-1,979	-2,871	2,854	1,676	170	-917	-1,742	-2,115	-2,146	-1,818
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	3,017	3,760	5,691	4,679	4,900	5,790	6,131	6,632	7,130	7,870

Source: companies' data, Hypothesis Research estimates

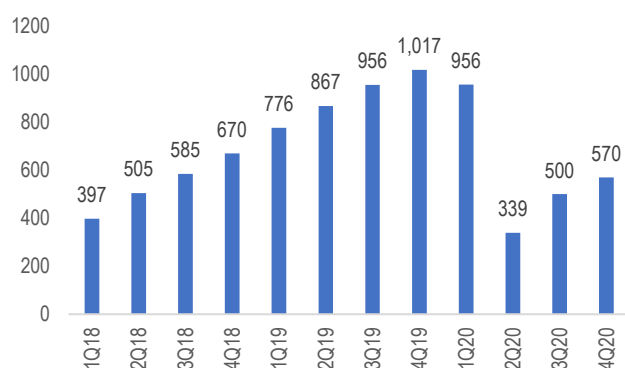
**Figure 4. Lyft active riders, mn**

Source: company data

**Figure 5. Lyft revenue per active rider, \$**

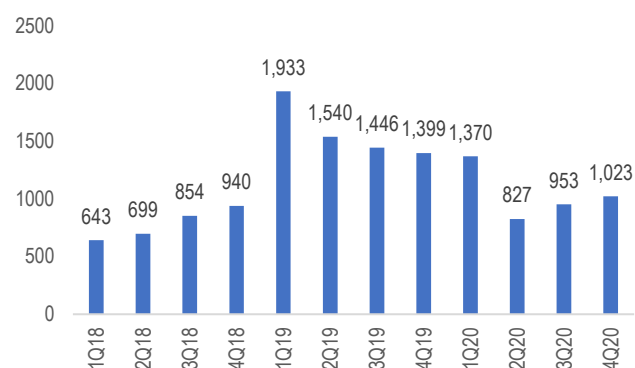
Source: company data

Figure 6. Lyft revenue, \$mn



Source: company data

Figure 7. Lyft total costs and expenses, \$mn



Source: company data

Figure 8. Comparable multiples – consensus

Company name	Market Capitalization, \$mn	Enterprise Value, \$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	1,388,331	1,266,669	29.44	25.31	22.24	15.07	12.82	11.55	5.62	4.83	4.21
Amazon	1,601,709	1,568,344	66.15	46.92	34.73	21.54	17.13	14.09	3.30	2.81	2.44
Apple	2,115,300	2,150,517	28.25	26.88	25.73	21.71	21.42	20.68	6.47	6.20	5.93
Facebook	741,334	679,903	22.67	19.15	16.32	12.51	10.55	9.04	6.29	5.26	4.54
Alibaba Group Holding	687,232	656,413	24.42	20.91	17.34	20.40	16.54	13.18	5.97	4.56	3.79
Tencent Holdings	874,896	891,068	46.32	36.29	29.02	32.64	27.50	22.07	12.00	9.67	8.07
Netflix	236,409	244,512	54.02	41.12	31.03	36.65	28.74	22.47	8.13	7.02	6.12
eBay	41,888	45,968	14.93	13.42	12.19	10.94	10.04	9.52	3.86	3.60	3.39
Target Corp	94,641	101,266	20.18	21.41	19.55	11.31	11.88	11.39	1.09	1.13	1.08
Tesla	685,815	679,624	167.24	132.76	108.84	76.38	57.95	44.64	14.12	10.97	9.30
General Motors	74,899	160,402	9.82	8.14	7.69	11.90	10.08	9.56	1.14	1.09	1.08
Volkswagen	112,019	286,895	12.22	7.13	5.94	8.14	6.68	5.93	1.08	0.96	0.90
SNAP	95,642	94,779	397.01	106.02	52.93	255.29	85.29	43.45	25.16	18.25	13.67
Twitter	56,262	52,277	80.93	59.87	49.92	36.06	28.31	23.97	10.94	9.21	7.96
Naver Corp	57,705	57,607	43.25	34.73	26.59	34.08	27.98	23.60	9.60	8.02	6.55
Lyft	18,042	16,435	NaN	182.51	37.54	NaN	63.12	26.49	5.38	3.77	2.99
Uber	102,396	104,617	NaN	NaN	173.75	NaN	76.27	31.89	6.42	4.68	3.76

Source: Thomson Reuters

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