|  |  |
| --- | --- |
| **Rating:** | BUY |
| **Price (2025/09/12, $):** | $18,32 |
| **Target Price ($):** | $145,46 |
| **52-Week Price Range:** | $12,90 - $15,81 |
| **Market Cap. ($m):** | $6 425,8 |
| **Research Analyst:**  Nkgopoleng Sebake |  |

**Lyft, Inc** (NASDAQ: LYFT)

**BUY RECOMMENDATION**

Solid past performance positions Nasdaq for steady future gains.

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# **Industry Research – Ridesharing and Mobility**

The global ridesharing industry is experiencing robust growth, driven by increasing urbanization, rising smartphone adoption, and growing preference for on-demand mobility solutions over car ownership. The market is highly competitive, with major players including Uber, Lyft, Didi, and regional providers, creating pressure on pricing and service differentiation.

### Porter’s Five Forces:

* **Threat of new entrants: Moderate** – regulatory hurdles and network effects protect incumbents, but technology-enabled startups can still enter niche markets.
* **Bargaining power of suppliers: Low** – drivers are independent contractors, but driver retention and incentives are critical.
* **Bargaining power of buyers: High** – riders can easily switch between apps, making loyalty and experience key differentiators.
* **Threat of substitutes: Moderate** – public transit, personal vehicles, and micromobility options (scooters, bikes) provide alternatives.
* **Industry rivalry:** High – competition focuses on pricing, geographic expansion, service quality, and partnerships.

### PEST Analysis:

* Political/Regulatory: Labor classification rules, safety regulations, and insurance requirements affect cost structure and operations.
* Economic: Macroeconomic factors such as GDP growth, disposable income, and fuel prices influence demand for ridesharing services.
* Social: Increasing preference for sustainable transport, urban mobility solutions, and convenience drives adoption.
* Technological: Advances in app platforms, AI routing, and autonomous vehicles enhance operational efficiency and user experience.

Overall, the ridesharing industry is poised for continued growth, with incumbents leveraging technology, partnerships, and brand recognition to maintain competitive advantage while navigating regulatory and economic challenges.

### Financial Guidance:

Lyft delivered a strong Q2 2025, reporting record Gross Bookings of $4.49 billion, up 12% year over year, and revenue of $1.59 billion, an 11% increase from Q2 2024. Net income reached $40.3 million, compared to $5.0 million in the prior year, representing 0.9% of Gross Bookings. Adjusted EBITDA grew 26% to $129.4 million, with a margin of 2.9%, while net cash provided by operating activities totalled $343.7 million and free cash flow reached $329.4 million. During the quarter, Lyft repurchased 12.8 million shares for $200 million.

Operationally, Lyft saw 234.8 million rides, a 14% year-over-year increase, and active riders reached a record 26.1 million, up 10% from Q2 2024. The company strengthened strategic partnerships with Baidu, United Airlines, and others, while Lyft Silver adoption and dual-app driver preference continued to grow, supporting engagement and retention.

Looking ahead to Q3 2025, which includes two months post-Freenow acquisition, Lyft expects rides to grow in the mid-teens percentage range year over year. Gross Bookings are projected between $4.65 billion and $4.80 billion, up 13–17% year over year, with Adjusted EBITDA expected to range from $125 million to $145 million, representing approximately 2.7–3.0% of Gross Bookings. Lyft continues to focus on operational excellence, market expansion, and leveraging strategic partnerships to drive long-term growth.

# **Fundamentals**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Financial (Thousands)** | **2024A** | **2025E** | **2026E** | **2027E** | **2028E** | **2029E** | **2030E** |
| Revenue | 5 786 016,0 | 5 988 679,4 | 6 148 195,3 | 6 468 328,0 | 6 798 064,7 | 7 137 693,5 | 7 487 511,2 |
| Net Income | 22 784,0 | 35 400,0 | 52 244,7 | 122 885,5 | 191 149,2 | 246 148,6 | 251 153,4 |
| Adjusted EBITDA | 382 284,0 | 226 204,0 | 333 343,4 | 446 249,3 | 556 536,0 | 650 669,7 | 743 667,5 |
| Free Cash Flow | 766 300,0 | 670 337,0 | 873 007,0 | 1 056 051,9 | 1 226 736,6 | 1 431 023,5 | 1 635 752,7 |
| ROE | 3,48% | 4,97% | 12,17% | 17,45% | 19,16% | 23,65% | 24,45% |
| ROA | 0,46% | 0,90% | 2,71% | 4,13% | 4,83% | 5,49% | 5,84% |
| Debt/Equity | 0,7x | 0,5x | 0,4x | 0,3x | 0,3x | 0,1x | 0,1x |
| Debt/EBITDA | 1,5x | 2,8x | 1,9x | 1,5x | 1,2x | 0,4x | 0,4x |

We expect the company to deliver steady top-line growth, with revenue forecast to increase from $5,8 billion in 2024 to $7,5 billion by 2030, supported by structural industry tailwinds and continued market share gains. Net income is projected to expand more rapidly than revenues, rising from $22,8 million in 2024 to over $251 million by 2030, driven by operating leverage and disciplined cost management. Adjusted EBITDA is anticipated to grow strongly, reaching $310 million in 2030, which may reflect conservative assumptions or cyclical headwinds.

Free cash flow generation is expected to remain robust throughout the forecast horizon, increasing from $766 million in 2024 to over $1.6 billion by 2030. This positions the company to reinvest in growth while also strengthening balance sheet flexibility. We anticipate capital efficiency to improve, with Return on Equity (ROE) increasing from 3,48% in 2024 to 24.45% by 2030 and Return on Assets (ROA) rising from 0,46% to around 5,84% over the same period.

We also expect leverage metrics to improve materially, with Debt-to-Equity declining from 0,7x in 2024 to just 0,1x by 2030, and Debt-to-EBITDA falling from 1,5x in 2024 to below 0,4x by 2030. These trends indicate a strengthened credit profile, reduced balance sheet risk, and enhanced financial resilience.

Overall, we forecast that the company will transition from modest profitability and higher leverage to stronger earnings power, improved returns, and a significantly de-risked balance sheet, supporting sustainable long-term value creation for shareholders.

# **Valuations**

### Discounted Cashflows



Our discounted cash flow (DCF) valuation indicates that Lyft's equity is materially undervalued relative to its current trading price. The model projects a significant financial transformation, forecasting a rapid ascent to profitability and robust, growing free cash flows over a five-year explicit forecast period. This analysis underpins our constructive view on the stock, reflecting a belief that the market has yet to fully price in the company's successful strategic pivot from growth-at-all-costs to a disciplined, profitable enterprise. The intrinsic value derived suggests a compelling opportunity for investors.

**Key Assumptions**

The valuation is built upon several critical inputs. We employ a discount rate (WACC) of 13.0%, which incorporates the elevated risk profile inherent to the competitive ride-sharing industry and broader market uncertainties. For the terminal value, we utilize a blended approach, averaging the result of a perpetuity growth model (3.0% rate) and an exit multiple method (16.0x EV/EBITDA), to enhance the robustness of our conclusion. Furthermore, the model assumes an effective tax rate of 14.0% and includes projections for capital expenditures and working capital investments necessary to fund the company's continued growth and operational scaling.

**Cash Flow Profile**

The financial forecast depicts a powerful turnaround narrative. We project Lyft will generate positive EBIT beginning in 2026, with earnings growing substantially to approximately $560 million by the end of 2030. This drive towards profitability is expected to fuel significant unlevered free cash flow generation, which we forecast to rise from $662 million in 2025 to over $1.57 billion in 2030. This impressive cash flow growth is a central tenet of our valuation thesis and demonstrates the considerable operational leverage embedded within Lyft's platform model as it scales.

**Valuation Implications**

The output of our DCF model yields an intrinsic enterprise value of $11.16 billion. After accounting for the company's substantial net cash position of approximately $1.08 billion, we arrive at an equity value of $12.24 billion. This translates to a target price of $30.11 per share, representing a potential upside of 61.8% from the current price. The model implies an internal rate of return (IRR) of 28% for an investment at the current market price, signaling an attractive risk-adjusted return potential.

**Conclusion**

In conclusion, our DCF analysis supports an Overweight rating for Lyft with a price target of $30.11. The valuation captures the essence of the company's improved investment narrative: a leading, scaled platform that is now demonstrating a clear path to sustainable profitability and strong cash generation. While the forecast is contingent on the successful execution of management's strategy and stable competitive dynamics, we believe the current market valuation fails to adequately reflect this improved fundamental outlook. Key initiatives such as Price Lock subscriptions and strategic autonomous vehicle partnerships provide potential upside to our base-case model.

### Comparable Company Analysis (Comps)



**Overview of Peer Group**

Lyft has been benchmarked against a select group of large-cap, high-growth application software companies, including Uber Technologies, Salesforce, ServiceNow, Intuit, and Adobe. This peer set represents leading SaaS and platform businesses that, like Lyft, operate asset-light models, enjoy network effects, and are valued on growth and future profitability potential. Uber is included as the most direct competitor, providing a crucial reference point for the mobility and delivery platform sector.

**Analysis of Valuation Multiples**

The analysis reveals a significant disparity in Lyft's valuation relative to the peer group. On a sales basis, Lyft trades at a substantial discount, with an EV/Sales multiple of **0.9x** compared to the group average of **9.4x** and median of **7.0x**. This discount reflects the market's scepticism regarding Lyft's path to profitability and its ability to achieve scale efficiencies similar to its more established peers. However, on a forward-looking EBITDA basis, Lyft's multiple of **38.9x** aligns closely with the group average of **40.5x** and slightly exceeds the median of **37.6x**. This suggests that when valued on near-term profit metrics, the market is beginning to price Lyft in line with its sector, acknowledging its recent achievement of positive adjusted EBITDA.

**Key Takeaways and Implications for Lyft**

The comps analysis presents a dual narrative. The deep discount on sales multiples indicates that Lyft is priced for significantly lower growth and margin expansion than its software peers, representing a potential opportunity if the company can execute on its profitability targets. The convergence of its EBITDA multiple with the group average is a positive signal, validating management's recent progress in improving unit economics and cost discipline. A significant outlier is Lyft's elevated EV/EBIT multiple, which is distorted by its EBIT only recently approaching breakeven. This makes the multiple highly volatile and less informative than the EBITDA-based valuation at this stage in the company's lifecycle.

**Conclusion and Investment Perspective**

From a comparables perspective, Lyft's valuation appears to be in a transitional phase. The stock is not being valued as a traditional high-growth software company but is being re-rated closer to its peers as it demonstrates proof of its profitable business model. The analysis suggests that if Lyft can continue to grow revenue while expanding its EBITDA margins consistent with its guidance, a further re-rating towards the group's median sales multiple could be justified, representing significant upside. The key investment debate centers on whether Lyft can truly achieve the best-in-class margins of its software comps or if it will perpetually trade at a discount due to the capital-intensive and competitive nature of the mobility market.

# **Valuation and Target Price Analysis**

Lyft operates in the growing ridesharing and mobility industry, driven by urbanization, smartphone adoption, and demand for on-demand transport. The market is highly competitive, with major players like Uber, Didi, and regional providers. Key industry dynamics include regulatory challenges, high buyer bargaining power, and rapid technological advancements in app platforms and autonomous vehicles. Despite these pressures, Lyft is expected to deliver steady revenue growth from $5.79 billion in 2024 to $7.49 billion by 2030, supported by operating leverage, cost discipline, and continued market share gains. Net income is projected to rise from $22.78 million to $251.15 million over the same period, with adjusted EBITDA reaching $743.67 million and free cash flow increasing to $1.64 billion, signalling strong operational efficiency and balance sheet strength.

Our discounted cash flow (DCF) analysis indicates an intrinsic enterprise value of $11.16 billion. After adjusting for net cash of $1.08 billion, we derive an equity value of $12.24 billion, translating to a target price of $30.11 per share. Comparable company analysis supports this view, with Lyft’s forward-looking EBITDA multiple aligning closely with peers, suggesting that the market is beginning to price in profitability.

**Recommendation:** Based on robust projected financial performance, improving profitability, and a de-risked balance sheet, we assign an Overweight rating to Lyft. The target price of $30.11 implies a potential upside of 61.8% from the current market level, offering attractive risk-adjusted return potential for investors.

# **Technical Analysis**

**Price Action and Gaps**  
On the daily chart, there is a fair value gap between approximately $89–$90 that has not yet been retested. This gap may act as a short-term support zone if the stock pulls back, providing a potential entry point for investors seeking to add to positions near value-support levels.

**Moving Averages**  
NDAQ is trading above both the 50-day and 200-day moving averages on daily and weekly charts, indicating that the long-term trend remains bullish. On the daily chart, the 50-day MA is closer to the current price, suggesting that shorter-term momentum is still supportive, though near-term consolidation could occur.

**MACD**

* Weekly chart: The MACD (4.47) remains above the signal line (3.84), indicating ongoing upward momentum and no immediate trend reversal.
* Daily chart: A bearish crossover around the 2.20 level signals short-term momentum weakening, which may coincide with minor price corrections.

**RSI**

* Weekly chart: The RSI is around 73.16, above the RSI-based moving average of 68.39, indicating the stock is in an overbought condition in the medium term.
* Daily chart: A bearish crossover at the 70 level suggests near-term price pressure, reinforcing the possibility of a short-term pullback.

**Fibonacci Retracement Levels**  
Key retracement levels to watch are $94, $92.80, and $91.70, which could serve as support zones during any short-term correction. These levels align closely with the fair value gap and moving average support, providing multiple confluences for potential buying interest.

**Summary**  
Overall, Nasdaq remains in a long-term uptrend, supported by both weekly moving averages and positive MACD momentum. However, near-term indicators on daily charts, including bearish MACD and RSI crossovers, suggest the possibility of a short-term pullback toward the $91–$92 price zone

# **Risk Management Analysis**

**Key Risk Overview**

Lyft operates in a highly competitive and fast-changing industry, facing operational, regulatory, and financial risks. While management has strategies to mitigate these, the inherent uncertainties of the business model require close monitoring.

**Profitability and Business Model Risks**

Lyft’s ability to sustain GAAP profitability remains uncertain. High dependence on balancing rider demand and driver incentives, combined with rising costs from newer, capital-intensive ventures (e.g., bikes, scooters, Express Drive), could pressure margins and cash flow.

**Competitive Pressures**

Competition from Uber and other mobility providers is intense. With low switching costs, both riders and drivers can easily move between platforms, forcing Lyft into pricing and incentive battles that threaten profitability and market share.

**Regulatory and Legal Risks**

Driver classification remains Lyft’s most critical regulatory challenge. Any reclassification of drivers as employees would significantly increase costs and threaten the business model. Ongoing litigation and evolving regulatory frameworks on insurance, safety, and data privacy add further uncertainty.

**Financial and Execution Risks**

While Lyft maintains a net cash position, convertible debt obligations require disciplined cash flow management. New initiatives, such as Lyft Media and autonomous vehicle partnerships, carry high execution risks. Broader macroeconomic downturns or shocks could also reduce rider demand.

# **Recommendations**

**Investment Rating:** Buy

**Entry Price:** $91 - $92

**Exit Target Price:** $145,46

**Current Price (September 2025):** $95.62

**Implied Upside: ~**58,11%

Based on comprehensive valuation and financial analysis, I recommend a Buy rating for *NASDAQ, Inc.* (NASDAQ: NDAQ). The stock presents a compelling investment opportunity driven by strong fundamentals, favorable valuation, resilient earnings capacity, and upside technical positioning.