

## GM2 CASE STUDY

### Virtual Internship

07/14/2023

XYZ is a private equity firm in US. Due to remarkable growth in the Cab Industry in last few years and multiple key players in the market, it is planning for an investment in Cab industry.

**Objective:** Provide actionable insights to help XYZ firm in identifying the right company for making investment.

With the advent of the internet, we have all the information needed for a company, like revenue stream, products, financials, and other data. Using this, we can analyze the desired stock in detail to assess whether it is viable for investment or not.

Key takeaways:

- Revenue, earnings, and future growth are important data points we can look at
- Net profit margin, return on equity, and P/E ratio are among the key financial ratios
- Charts of stock prices to make trading decisions

Using Lyft rideshare and Uber for my comparisons. It is seen that Lyft sold 32.5 million shares at \$72 per share. It is currently priced around \$55. Had they priced it at \$50 and it increased to \$55 quickly, we would claim this was a success but Lyft would have \$500 million less in its treasury funds.

Uber on the other hand, holds a momentum style score of A. Shares of Uber Technologies have increased 42.13% in the last year. The S&P 500 has only moved to 13.09% and 21.92%, respectively. XYZ should also pay attention to UBER's average 20-day trading volume. As volume is a useful item in many ways, and the 20-day average establishes a good price-to-volume baseline; a rising stock with above average volume is generally a bullish sign, whereas a declining stock on above average volume is typically bearish. Uber is currently averaging 19,337,684 shares for the last 20 days.

In my opinion, I would recommend that XYZ invest in UBER, rather than any other rideshare company considering the following points;

*Customer Reach:* Uber has higher customer reach in over 100 countries while Lyft and others have little or no presence in most countries.

*Customer Retention:* We have analyzed this in two segments: at least 5 drive and at least 10 drive with the same cab company. And we found that Uber is doing far better than others in both these segments.

*Age wise Reach:* Uber has customers in all age group and it's been observed that it's even popular in 60+ age group as equally as its in 18-25 age group.

*Income wise Reach:* All rideshare companies are very popular in high and medium income class but here also Uber is performing better and offering their services to all the three income class group (low, medium and high)

On the basis of above point, we will recommend Uber for investment.