



Bulls Target Top Mobility Play as Restrictions Ease, Summer Seasonality Set

Ticker/Price: LYFT (\$36)

Analysis:

Lyft (LYFT) the October \$40 calls being bought 1500X early for \$4 and follows the October \$37.50 calls opening 1325X yesterday. LYFT has seen buyers position for upside into earnings recently as well with the May 6th (W) call spreads while the January \$52.50 calls with nearly 7000X bought in late March. The October \$22.50 puts and June \$25 puts sold to open in mid-March as well. LYFT has been week since early 2021 and now back at a big volume gap from November 2020 when the first COVID vaccine was introduced. Shares are in a big weekly descending wedge under \$40 and a breakout has explosive potential back to \$46 and then up to \$52.50 which was last year's POC. The \$12.4B company trades 25X earnings, 3.85X earnings, and 5.5X cash. LYFT spent much of 2021 improving their balance sheet including divesting assets like their self-driving division and focusing on growth initiatives. The company has seen a bounceback in active drivers, +34% in Q4, while rideshare numbers hit a post-COVID record as restrictions were pulled back in many major cities. They noted in February that Omicron temporarily lowered demand but they bounced back quickly and LYFT expects this pattern of shorter recoveries to become the normal with new variants as the Summer moves on. Analysts have an average target for shares of \$59 with a Street High \$80. Evercore adding to their TAP Outperform list ahead of earnings noting that the Street's Q1 and Q2 revenue estimates are overly conservative based on a large batch of positive recovery data points the firm sees. In addition, they note that Lyft avoids the rising forex headwinds and exposure to a potentially softening Western Europe that others may be impacted by as a North America only service. Short interest is 8.25%. Hedge fund ownership fell marginally in Q1. Rakuten remains a top institutional holder while Alkeon and Bailie Gifford top funds.

Hawk Vision:



Hawk's Perspective: LYFT weekly is back at an important level and sets up for a potentially explosive move back above \$40 while I think the company is uniquely isolated from a lot of factors impacting peers

Confidence Ranking: \$\$