FEATURED OPTIONS RADAR REPORT

Call Buys Accumulate in Beaten Up Mobility Play

Ticker/Price: LYFT ($13.40)

Analysis:

Lyft (LYFT) unusual action the last two sessions with 9000 October $15 calls bought on 7/15 and then another 8500X traded with buyer flow on 7/18. LYFT also recently with a large opening sale of 25,000 September $12.50 straddles and has seen buyers in August and January $15 calls. LYFT shares hit fresh lows last week before rallying back to the 21-day moving average this week, an ugly chart but oversold and MACD on weekly continues to improve and near a bull crossover. VWAP from the large gap-down on results last quarter is at $17.35 as a potential upside target. LYFT is a mobility play with ridesharing its core business while also having bike/scooter segments. LYFT spent much of 2021 improving their balance sheet including divesting assets like their self-driving division and focusing on growth initiatives. YFT remains well positioned to gain share within the $1T market while their platform allows them a lot of optionality to expand beyond just ridesharing. LYFT record revenue per active rider was supported by 2 things, an increase in rideshare revenue per ride and a pickup in ride frequency. LYFT now has a market cap of $4.2B and trades 11.9X Earnings, 6X FY23 estimated EBITDA and forecasts see revenues rising 31% this year and 25% in 2023 with EBITDA growth of 166% and 123% respectively. LYFT profitability continues to improve with 87% gross margins and adjusted EBIT margins seen turning positive in FY22 along with FCF margins. LYFT will next report in early August and spoke at a JPM Tech Conference in late May, speaking on improving volumes and profitability. Analysts have an average target of $40 with short interest up 25% Q/Q to 10% of the float. KeyBanc started shares at Neutral last week as a later-stage recovery play, but driver supply investments and inflation may weigh on gradual improvements to profitability. JPM cut its target to $37 in late June though sees prices already reflecting a weaker macro environment. Wedbush started LYFT Outperform with a $32 target on 6/29 while New Street with an interesting note earlier this year saying LYFT and DoorDash (DASH) have a strong rationale for merging the companies.

Hawk Vision:

Hawk's Perspective: LYFT is starting to look cheap if it can get near its profitability goals and the potential for a tie-up with DASH makes a lot of sense to me following the recent AMZN/GrubHub deal. At $1.50 the October $15 calls could be worth a more speculative trade.

Confidence Ranking: $$