



# Eric DeLamarter and Brandon Carnovale

Half Moon Capital



**WIDE MOAT INVESTING CONFERENCE**  
**JUNE 2025**



**LYFT, INC**  
**(NYSE:LYFT)**



Half Moon Capital, LLC

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# Half Moon Capital Overview

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- Eric DeLamarter, Founder & PM and Brandon Carnovale, Senior Analyst
- Founded in 2011
- Long/Short fund focused on U.S. equities
- Fundamental analysis, longer-time horizon and best idea concentration
- Diversified sector exposure with focus on Industrials & Technology

# MOI Conferences Track Record

| <u>Year</u> | <u>Company</u>       | <u>Ticker</u> | <u>Share Price</u>   |                | <u>Change</u> |
|-------------|----------------------|---------------|----------------------|----------------|---------------|
|             |                      |               | <u>at Conference</u> | <u>Current</u> |               |
| 2024        | Enerpac Tool Group   | EPAC          | \$38.30              | \$43.35        | 13%           |
| 2023        | Keurig Dr Pepper     | KDP           | \$31.18              | \$33.52        | 8%            |
| 2022        | The Containter Store | TCS           | \$7.00               | \$41.10        | 487%          |
| 2021        | Tile Shop Holdings   | TTSH          | \$3.49               | \$6.37         | 83%           |
| 2019        | BlueLinx Holdings    | BXC           | \$10.17              | \$73.58        | 624%          |
| 2017        | Aerojet Rocketdyne*  | AJRD          | \$18.10              | \$58.00        | 220%          |
| 2016        | Tower International* | TOWR          | \$24.14              | \$31.00        | 28%           |
| 2015        | Darling Ingredients  | DAR           | \$17.75              | \$38.61        | 118%          |
| 2014        | Murphy USA           | MUSA          | \$41.83              | \$415.15       | 892%          |
| 2013        | JB Sanfilippo        | JBSS          | \$17.95              | \$65.58        | 265%          |
|             | <i>*Acquired</i>     |               |                      |                |               |

# LYFT - Q2'25 Setup

We see buy/sell-side positioned cautiously into Lyft's Q2'25 Print [8/7 est] with short interest ticking up to an 18-month high and (14) Buys (31) Holds (2) Sells putting the Sell-side on the side-lines. This negative positioning was largely ahead of Telsa's Robotaxi Day (6/22) and fears of Waymo taking market share. However, we believe Lyft is taking market share and tracking at/above the high-end of its guidance with trends accelerating sequentially.

|                       | Guidance       |                |                | Consensus        | HMC            | HMC vs Cons. |
|-----------------------|----------------|----------------|----------------|------------------|----------------|--------------|
|                       | Low            | High           | Mid            |                  |                |              |
| <b>Gross Bookings</b> | <b>\$4,421</b> | <b>\$4,582</b> | <b>\$4,501</b> | <b>\$4,499.6</b> | <b>\$4,578</b> |              |
| <i>YoY Growth</i>     | <i>10.0%</i>   | <i>14.0%</i>   | <i>12.0%</i>   | <i>11.96%</i>    | <i>13.9%</i>   | 1.7%         |
| <b>Adj. EBITDA</b>    | <b>\$115.0</b> | <b>\$130.0</b> | <b>\$122.5</b> | <b>\$127.0</b>   | <b>\$138.6</b> |              |
| <i>% GB</i>           | <i>2.6%</i>    | <i>2.8%</i>    | <i>2.7%</i>    | <i>2.8%</i>      | <i>3.0%</i>    | 9.1%         |

## Drivers:

- Not seen any impact to consumer demand from macro
- Easier YoY comparisons potentially leads to accelerating growth trajectory
- Growing rider demand with more attractive price/ETA's
- Delta Partnership drop off likely exceeding expectations
- Gross margin assumptions low despite positive insurance costs

# Investment Thesis

## Investment Thesis:

- New Mgmt leading successful turnaround
- Attractive business model with asset light, \$100mm of float income, \$0 net capex, FCF>EBITDA, over-capitalized balance sheet
- Mgmt guidance ~\$900mm FCF in 2027
- Potential to expand into Food delivery, pharmaceuticals
- Buy/sell side overly bearish on Lyft
- Heavily discounted valuation implies terminal value risk

## What The Market is Missing:

- Waymo pursuing a partnership approach (hybrid network) and not disintermediating
- AV's need to be cheaper/faster rather than a novelty experience
- AV's are TAM expanding and not taking market share from Lyft
- Lyft likely to win a major AV partnership (i.e. Waymo)
- Potentially positioning to be acquired by Amazon (Zoox)
- Gaining market share w/lower pricing and better ETA's

## Catalysts:

- Tesla Robotaxi launch 6/23
- New AV partnerships (i.e., Waymo/Zoox)
- New complementary partnerships (i.e., Instacart, Doordash, Delta, Chase, etc)
- Repurchasing ~11% s/o or \$750mm
- Closing of FREENOW acquisition (\$200mm)
- Q2'25 Beat/Raise
- Insider Buys

### Market Data

|                |         |
|----------------|---------|
| Market Cap:    | \$6.7B  |
| Share Price:   | \$15.90 |
| ▲ - YTD:       | 23.3%   |
| Beta:          | 2.22x   |
| % Float Short: | 14.00%  |

### Valuation

|       | 2025E | 2026E |
|-------|-------|-------|
| P/EPS | 14.0x | 11.4x |
| P/FCF | 9.5x  | 9.0x  |

### Scenario Analysis

|                  |              |
|------------------|--------------|
| 6:1x Risk/Reward |              |
| Bull Case:       | \$40 (+152%) |
| Base Case:       | \$26 (+64%)  |
| Downside:        | \$12 (-25%)  |

# Successful Turnaround Creating Opportunities

The new Management executed an impressive turnaround of Lyft over the past 2 years. Now that its U.S. mobility business is in a strong position, we believe Management will increasingly look to further utilize its driver base beyond rideshare and into new markets.

## Turnaround Milestones Achieved

- Regained price competitiveness w/Uber
- Achieved faster ETA's than Uber
- Lowered incentives per ride while accelerating demand
- Favorable insurance renewal leading to gross margin expansion
- Materially reduced surge pricing
- Achieved profitability through scale & reduced opex
- Reducing share dilution
- Restructured "light vehicles" segment
- New product intro's: Lyft Media, Women+ Connect, PriceLock, Lyft Silver,

## Growth Opportunities

- International expansion (FREENOW acquisition)
- Expand beyond top 25 metros (tier 2 cities)
- Grocery Delivery or Instacart partnership
- Food Delivery or further DoorDash partnership integration
- New airline partnership to replace Delta
- Continue to improve 66% retention
- Major AV partnership (i.e., Waymo)



# Amazon Acquisition Target

We see Lyft as a very natural acquisition target for Amazon or its AV subsidiary Zoox. Jeff Bezos and Lyft CEO David Risher have a multiple-decades relationship. Lyft's captive driver base could play a pivotal role in last mile delivery for Whole Foods, pharmaceutical delivery, and parcel delivery.



## Predictions 2025: Amazon Will Buy Lyft

By Anita Ramaswamy

## 'I'm copying his strategy': Lyft's CEO is poaching his turnaround plan from his former boss—Jeff Bezos

BY ELEANOR PRINGLE  
REPORTER

May 15, 2023 at 6:37 AM EDT



David Risher (left) was one of Jeff Bezos's (right) earliest employees at Amazon. Now Risher plans to cash in on the lessons he learned.  
LYFT: COURTESY OF LYFT; RIGHT: KIMMY TUNG—WIREIMAGE/GETTY IMAGES

### Thank You, David Risher

David, from the store launches you oversaw to your focus on customer experience, you've been a big part of what we've built. You've epitomized what being at Amazon.com is all about: working hard, having fun, making history. Your contributions will live forever in the form of an ever-evolving Amazon.com. The well-earned stories you will have to tell your grandchildren will only get better as we continue to build on the foundation you helped pour.

On behalf of myself and everyone here at Amazon.com, you have our sincere and strong thanks,

A handwritten signature in black ink, appearing to read 'Jeff'.

Jeff Bezos  
February 2002

PS: In tribute to David, this Easter egg will reside on the Amazon.com Web site in perpetuity. Also, since every page must sell (and since I'm sure David would want it no other way), here's an opportunity to buy something! :)

## Amazon to acquire autonomous driving startup Zoox

Darrell Etherington 6:35 AM PDT · June 26, 2020

# Potential Waymo Partnership

**Consensus View:** Investors are severely penalizing Lyft for not having a major AV partnership.

**HMC View:** This is the wrong way to analyze Lyft. Waymo & Lyft previously had partnerships and during this time Lyft had a \$18B pre-IPO valuation.



Uber and Waymo have partnered to launch robotaxi services in Atlanta and Austin, Texas.  
Credit: Robin Marchant / Getty Images for Uber and Waymo

May 7, 2019

Partnering with Lyft  
to serve more riders  
in Metro Phoenix

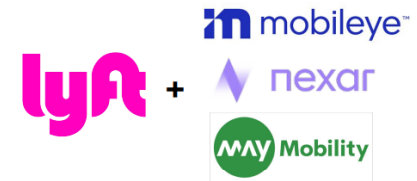


COMPANY NEWS  
John Krafchik, CEO



## Lyft Announces Autonomous Partnerships

- Lyft is connecting drivers, riders, AVs, and partners to create new opportunities in a hybrid model.
- Our rideshare network will continue to evolve as millions have the opportunity to earn – whether they drive, put their AVs into service, or both.
- We see AVs as a TAM expansion opportunity.
- We expect more partnerships to follow.



Starting in 2025, Lyft riders in Atlanta will have the opportunity to be matched with an AV.

(Q3'24 IR deck)

The New York Times

*Lyft and Waymo Reach Deal to  
Collaborate on Self-Driving Cars*

(5/14/17)

# AV's Are Far from Practical

A recent study from Obi, an app that aggregates real-time pricing and pick-up times from Waymo Uber, & Lyft, analyzed over 90,000 offer records and has confirmed our view and Management's commentary. Besides being slower and more expensive, further limitations include driving at night, inclement weather, and geo-restrictions.

## Key Takeaways

- Waymo's self-driving car rides to be consistently more expensive
- Lyft offered the lowest average price
- At peak hours, Waymo's average price to be about \$11 more expensive than a Lyft and nearly \$9.50 pricier than an Uber.
- Greater variability in its pricing than with Uber or Lyft as Waymo's pricing is likely "not as sophisticated"
- ~40% of riders say they'd pay the same or less than Uber/Lyft

**Differences in Prices Between Waymo, Uber and Lyft in Price per Kilometer**

|       | Average Price | Standard Deviation | Median Price | Avg price/km |
|-------|---------------|--------------------|--------------|--------------|
| LYFT  | \$14.44       | \$1.92             | \$14.22      | \$7.99       |
| UBER  | \$15.58       | \$2.22             | \$15.36      | \$8.36       |
| WAYMO | \$20.43       | \$3.65             | \$19.52      | \$11.22      |

*"Colloquially, there is an idea that autonomous vehicles are something that will erode driver jobs and put drivers at risk. And I think the irony of what we've seen is that it's actually quite expensive to run an AV, and that that's not going to be happening, at least in the near term," - Ashwini Anburajan, Obi's Chief Revenue Officer*

# Scenario Analysis

|                               | Scenario Analysis |          |          |
|-------------------------------|-------------------|----------|----------|
|                               | Bear              | Base     | Bull     |
| <b>Free Cash Flow - 2025E</b> | \$457             | \$775    | \$850    |
| ▲ - % vs Cons.                | -35%              | 10%      | 21%      |
| <b>P/ FCF - NTM</b>           | 11.0x             | 14.0x    | 20.0x    |
| <b>Equity Value</b>           | \$5,032           | \$10,857 | \$17,000 |
| <b>Price Target</b>           | \$11.87           | \$25.60  | \$40.09  |
| % (+/-)                       | -25%              | 61%      | 152%     |

## Bull Case

- Accelerating Bookings growth throughout 2025
- Waymo Partnership
- Enters expansion category
- Exceeds 2027 guidance

## Base Case

- Low-Teens Bookings Growth
- Continued market share gainer
- Margin expansion to 10% EBIT margins
- \$500mm share buyback

## Bear Case

- Bookings slow to Low-DD/HSD
- Gross margins contract
- AV adoption accelerates
- Opex leverage reverses

# Significant Valuation Discount

| Lyft, Inc (NASDAQ:LYFT)      |                |
|------------------------------|----------------|
| Shares Outstanding           | 424.0          |
| (x) Share Price              | \$ 15.91       |
| <b>Market Capitalization</b> | <b>\$6,746</b> |

| Trading Metrics |         |
|-----------------|---------|
| ADV-\$          | \$222.4 |
| S/I - % Float   | 13.9%   |
| Beta            | 2.22x   |

| Valuation          | HMC    |        |        | Consensus |        |        |
|--------------------|--------|--------|--------|-----------|--------|--------|
|                    | FY2025 | FY2026 | FY2027 | FY2025    | FY2026 | FY2027 |
| P/ Adj. EPS        | 11.1x  | 9.0x   | 7.9x   | 14.0x     | 11.4x  | 9.0x   |
| P/ FCF             | 8.7x   | 8.8x   | 6.2x   | 9.6x      | 9.0x   | 8.0x   |
| P/ Adj. FCFE - SBC | 14.7x  | 14.6x  | 8.5x   | 17.4x     | 15.3x  | 12.4x  |

| Earnings                   | HMC            |                |                |                | Consensus      |                |                | HMC vs Consensus |        |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|--------|
|                            | FY2024         | FY2025         | FY2026         | FY2027         | FY2025         | FY2026         | FY2027         | FY2025           | FY2026 |
| <b>Revenue</b>             | <b>\$5,786</b> | <b>\$6,592</b> | <b>\$7,627</b> | <b>\$8,535</b> | <b>\$6,471</b> | <b>\$7,277</b> | <b>\$8,171</b> | 2%               | 5%     |
| YoY Growth                 | 31.4%          | 13.9%          | 15.7%          | 11.9%          | 11.8%          | 12.5%          | 12.3%          |                  |        |
| <b>Gross Profit</b>        | <b>\$2,515</b> | <b>\$2,898</b> | <b>\$3,353</b> | <b>\$3,752</b> | <b>\$2,724</b> | <b>\$3,096</b> | <b>\$3,449</b> | 6%               | 8%     |
| Gross Margin               | 43.5%          | 44.0%          | 44.0%          | 44.0%          | 42.1%          | 42.5%          | 42.2%          |                  |        |
| <b>Adj. EBITDA</b>         | <b>\$382</b>   | <b>\$638</b>   | <b>\$859</b>   | <b>\$1,028</b> | <b>\$513</b>   | <b>\$650</b>   | <b>\$811</b>   | 24%              | 32%    |
| Margin                     | 6.6%           | 9.7%           | 11.3%          | 12.0%          | 7.9%           | 8.9%           | 9.9%           |                  |        |
| <b>Adj. EBIT</b>           | <b>\$253</b>   | <b>\$497</b>   | <b>\$709</b>   | <b>\$882</b>   | <b>\$377</b>   | <b>\$498</b>   | <b>\$654</b>   | 32%              | 42%    |
| Margin                     | 4.4%           | 7.5%           | 9.3%           | 10.3%          | 5.8%           | 6.8%           | 8.0%           |                  |        |
| <b>Adj. Net Income</b>     | <b>\$391</b>   | <b>\$616</b>   | <b>\$793</b>   | <b>\$928</b>   | <b>\$477</b>   | <b>\$580</b>   | <b>\$762</b>   |                  |        |
| <b>Adj. EPS</b>            | <b>\$0.95</b>  | <b>\$1.43</b>  | <b>\$1.78</b>  | <b>\$2.01</b>  | <b>\$1.13</b>  | <b>\$1.39</b>  | <b>\$1.77</b>  | 26%              | 28%    |
| YoY Growth                 | 59%            | 50%            | 24%            | 13%            | 19%            | -3%            | 0%             |                  |        |
| <b>Adj. FCF - Reported</b> | <b>\$766</b>   | <b>\$775</b>   | <b>\$766</b>   | <b>\$1,092</b> | <b>\$705</b>   | <b>\$747</b>   | <b>\$843</b>   | 10%              | 3%     |
| Margin                     | 13.2%          | 11.8%          | 10.0%          | 12.8%          | 10.9%          | 10.3%          | 10.3%          |                  |        |
| FCF Conversion             | 200%           | 122%           | 89%            | 106%           | 137%           | 115%           | 104%           |                  |        |

# Key Risks

- Uber has increasingly become more price conscious and focused on Lyft's lower prices
- Lyft has been left out of the major AV partnerships and might not win one
- Tesla's Full-Self Driving capabilities could be a shortcut to disintermediating the need for rideshare
- Heavy regulatory focus on driver employment status, compensation and taxi conflicts
- AV's present an opportunity to significantly lower the cost per mile and could become a growth/margin headwind

# Appendix

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## Half Moon Capital, LLC

# Biographies



**Eric DeLamarter**  
*Portfolio Manager  
& Founder*

## **Investing Experience:** (16 years)

- Stelliam Investment Management – Research Analyst
- Lineage Capital – Private Equity Associate
- RBC Capital Markets – Investment Banking Analyst
- Merrill Lynch – Equity Research Associate

## **Education:**

- Columbia Business School – MBA, Applied Value Investing
- University of Michigan – B.A.



**Brandon Carnovale**  
*Senior Analyst*

## **Investing Experience:** (8 years)

- MAK Capital (\$1B AUM) – Research Analyst
- Marathon Partners Equity Management (\$220mm AUM) – Research Analyst
- Western Reserve Partners – Investment Banking Analyst, M&A

## **Education:**

- Wehle School of Business at Canisius College – B.S., Finance



# Half Moon Capital

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