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CASE STUDY 03 · LYFT, INC. (NASDAQ: LYFT)

CONSOLIDATION CATALYST ADDENDUM · JULY 17, 2026

Uber's \$14.8B Delivery Hero deal reframes Lyft as a strategic-buyer target.

A five-page update to Institute Case Study 03 (May 22, 2026).

Prepared July 19, 2026 · LYFT close \$15.52 (July 17) · Deal announced July 16, 2026

Why this addendum exists

On July 16, 2026, Uber Technologies announced a voluntary takeover offer of €41.50 per share, or approximately \$14.8 billion in aggregate equity value, to acquire the German food-delivery company Delivery Hero. The offer represents a **127% premium** over Delivery Hero's unaffected three-month average share price before May 8, 2026, and approximately a 34% premium over the three-month average immediately before the announcement. In a separate transaction, New York-based SSW Partners agreed to acquire Delivery Hero's operations in 14 additional markets for approximately \$1.6 billion.

The Institute's May 22, 2026 Lyft case study argued that Lyft's market price reflected an SBC-narrative overhang while ignoring approximately \$1.12B of trailing free cash flow, aggressive buyback activity that reduced FY2025 share count by roughly 18 million shares, and an asset-light business model more valuable than the market credited. That case set a valuation floor from intrinsic FCF economics. Lyft's **Q1 2026 10-Q** (filed May 8, 2026) confirmed and accelerated the pattern: management repurchased **21.3 million shares for \$303 million at an average price of \$14.24**, taking share count from 400.9M at year-end 2025 to 382.5M at March 31, 2026 — a 4.6% reduction in a single quarter. Management explicitly described the buyback as an opportunistic response to what they viewed as a share-price dislocation. The average repurchase price of \$14.24 functions as a **management-implied valuation floor**: the level at which the operator with the best information about the business was actively deploying corporate capital.

The Uber-Delivery Hero announcement adds a new floor: the **strategic-buyer take-out floor**. Consolidators in mobility, delivery, and last-mile logistics have demonstrated willingness to pay 100%+ premiums for scale. Lyft, at a \$5.89B market cap and approximately a 19% trailing free-cash-flow yield, is now the most obvious remaining at-scale acquisition target in North American mobility.

A metric note before the analysis. Lyft's reported trailing P/E ratio of approximately 2.3x is distorted by a one-time non-cash tax benefit — the release of a deferred-tax-asset valuation allowance under ASC 740 when management concluded that future taxable income was sufficiently probable to allow utilization of the company's NOL carryforwards. That release flowed through the income statement as a negative income tax provision, inflating trailing net income and producing a headline P/E that overstates the underlying earnings power of the business. Every reference in this addendum uses free cash flow, enterprise value, and take-out equity value rather than P/E for this reason.

Read this addendum alongside the full May 22, 2026 case study. The baseline case walks the DCF, comps, SOTP, capital allocation, NOL, and share-trajectory analysis at the \$13.90 May close. This addendum layers the Uber-Delivery Hero catalyst onto that framework and derives a strategic-buyer floor. The two documents together are the complete Institute view on Lyft. Full Case Study (Memo, Model, Deck): baratelliinstitute.com/case-study-lyft

1. The Uber-Delivery Hero deal facts

Metric	Value	Notes
Announcement date	July 16, 2026	Voluntary takeover offer
Offer price per share	€41.50 cash	All-cash consideration
Aggregate equity value	~\$14.8B	~\$13.7B adjusted for prior stake
Premium to unaffected 3-mo avg	127%	Reference date May 8, 2026
Premium to pre-announce 3-mo avg	~34%	Partially priced in
Markets acquired by Uber	50	\$42B FY2025 gross bookings
Markets sold to SSW Partners	14	\$1.6B, \$11B GB
Combined market count	99	Largest platform ex-China

Sources: Uber IR announcement July 16, 2026; Bloomberg, TechCrunch, WSJ.

2. Why Lyft is the coherent next target

Uber-Delivery Hero matters for Lyft in a specific way. Uber was never a viable acquirer of Lyft — a #1 + #2 horizontal combination in defined U.S. ride-share market share would face insurmountable Sherman Section 7 review. That was true before Uber-Delivery Hero and remains true after. What Uber-Delivery Hero establishes is the **sector-consolidation premium precedent**: delivery-and-mobility consolidators will pay 100%+ premiums to buy scale when available. Lyft is the largest at-scale North American mobility platform still trading independently.

Attribute	Lyft	Why it matters to acquirer
Market capitalization	\$5.89B	Small enough for multiple acquirers to absorb
Trailing FCF yield (mkt cap)	~19%	\$1.12B TTM FCF / \$5.89B mkt cap; no ASC 740 noise
TTM free cash flow	\$1.12B	Real cash generation; marketplace economics
52-week range	\$12.40 - \$25.54	Current price 25% above low, 39% below high
Q1 2026 buyback avg price	\$14.24	Management-implied floor; today's price 9% above
Business model	Asset-light marketplace	No fleet, no depreciation, no residual risk
Rider base	~24M active (FY2025)	Direct U.S. distribution channel
AV strategy	Partner-network model	Waymo, Tesla, third-party AV partnerships intact
Geographic focus	North America	Complementary to non-US delivery footprint

3. Who could actually acquire Lyft

Four buyer profiles have the balance-sheet capacity and strategic rationale to run a take-out at a 40-60% premium. This is a scan of who could, not a prediction of who will.

Acquirer	Strategic rationale	Balance-sheet capacity	Regulatory posture
DoorDash (DASH)	Combine delivery + ride-share; monetize DASH driver base for mobility; defensive vs. Uber.	\$5B+ cash + strong equity currency	Minor labor overlap; less horizontal issue than Uber
Instacart (CART)	Ride-share + grocery + last-mile stack; positioning against DoorDash-Uber duopoly.	\$2B cash + potential debt or stock consideration	Minimal horizontal overlap; clean FTC path
Amazon	Fold Lyft into Amazon logistics + Prime + Whole Foods delivery; natural extension of Amazon Flex.	\$100B+ cash; absorbs \$10B trivially	Higher scrutiny; may require divestitures
International logistics buyer	PIF, Mubadala, Alibaba-type; NA entry play analogous to Uber's DHER move.	Sovereign capacity ample	CFIUS review required for sovereign buyer

The strategic-buyer floor is set by the fact that at least one of these acquirers *could* move — not by which is most likely to.

4. Take-out math

Scenario	Premium	Take-out /shr	Equity check	Reference
Conservative bid	+20%	\$18.62	~ \$7.1B	Board-approval floor
Typical mid-premium	+40%	\$21.73	~ \$8.3B	Modal tech M&A
DHER pre-announce	+50%	\$23.28	~ \$8.9B	DHER 34% + uplift
DHER unaffected (extreme)	+127%	\$35.23	~ \$13.4B	Full unaffected multiple

Center-of-range take-out floor: **\$21-23 per share**, a 40-50% premium consistent with typical technology M&A and the DHER pre-announcement multiple. That is \$8.3-8.9B of aggregate equity, well within the balance-sheet capacity of the buyers in Section 3. The Institute's prior probability-weighted intrinsic estimate of **\$25.83** (May 22, 2026 case study) sits above this range — the strategic-buyer floor and the intrinsic-value ceiling converge. Note also that the **Q1 2026 management buyback at \$14.24 average** establishes a lower floor at the operator level; even a modest 30% premium to that buyback reference produces \$18.51 — still above today's price.

5. Why the AV analogy matters

The Lyft case study's central editorial claim — that Lyft owning the AV fleet would convert it from an asset-light marketplace into a Hertz/Avis-style fleet operator — is what makes Lyft an *attractive* acquisition target. An acquirer is buying the asset-light distribution platform, not the fleet.

A delivery consolidator already runs its own asset-light logistics. It does not want fleet-management complexity. It wants distribution reach, rider demand, and marketplace network effects. Lyft's commitment to a partner-network AV model (Waymo, Tesla, third-party AV networks) makes it uniquely acquirable. If Lyft ever announced fleet ownership, the acquisition-target thesis in this addendum would collapse.

Two signals to track: (i) confirmed strategic-buyer interest, which validates the floor above; (ii) Lyft announcing fleet ownership, which invalidates the thesis. Absent either, Lyft at \$15.52 continues to trade at a discount to both the Institute's intrinsic estimate and the strategic-buyer floor.

6. Institute verdict

The Uber-Delivery Hero transaction is empirical evidence that sector consolidators pay 100%+ premiums for scale in mobility and delivery. Lyft is the largest remaining independent North American mobility platform, with real FCF, an asset-light structure a consolidator would preserve, and a valuation that makes a 40-60% premium bid accretive on day one.

The Institute's prior triangulated valuation (base case \$25.75, prob-weighted \$25.83) converges with the strategic-buyer floor derived here (\$21-23 base, \$35 extreme) and sits above the operator-implied buyback floor at \$14.24. Intrinsic estimate, take-out floor, and management-revealed floor rarely align in the same range. In Lyft's case they do — suggesting the current market price of \$15.52 is understating all three.

This addendum takes no price target, no recommendation, and no forecast of when or whether a strategic buyer moves. It observes that as of July 17, 2026, the case for Lyft as an acquisition target has moved from speculative to concrete.

Where to go next

Read the full May 22, 2026 case study for the underlying DCF, comps, SOTP, capital allocation, NOL walk, and share-trajectory analysis. This addendum layers the July 2026 catalyst onto that framework; both are needed for the complete Institute view.

- Full Case Study (Memo, Model, Deck, Library Crosswalk): baratelliinstitute.com/case-study-lyft
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