LIBRARY CROSSWALK · CASE STUDY 03

Lyft Practitioner Valuation

Where each move in the case study lives in the library.

PUBLIC VERSION

By Philip A. Baratelli, CPA, MBA
Founder, The Baratelli Institute

DISCLOSURE OF HOLDING

Phil Baratelli, principal of the Baratelli Institute, owns shares of Lyft (LYFT) and may buy or sell at any time without notice. He is not an employee, officer, or director of Lyft and has no insider obligations. This is an educational case study, not investment advice. Built from public SEC filings.

baratelliinstitute.com

WHAT THIS CROSSWALK IS

Every analytical move in the Lyft case study is named, cited to the specific library chapter that taught it, and made portable to the next valuation that lands on the reader's desk. The crosswalk is what turns a one-off case into a teaching artifact.

This is the PUBLIC version. It shows the universe of library coverage of techniques used in this case. The Institute also maintains an internal version with library-meta commentary; that internal version is not distributed.

MOVES · CHAPTERS · WHAT EACH ONE DID

#	Move	Library cite	What was done
1	**Take-rate decomposition (Rev / Gross Bookings)**	PE Guide ch. 4 - Revenue Recognition; FP First Principles ch. 6 - Marketplace Economics	Recognized that Lyft's revenue is net of pass-through. Computed take-rate as Revenue / Gross Bookings to expose the managed-variable nature of the line.
2	**Contribution margin per ride**	PE Guide ch. 5 - Unit Economics; FP ch. 7 - Per-Unit Reading	Backed out implied per-ride revenue, cost, and contribution from disclosed aggregates. The granular read exposes the insurance-driven margin improvement.
3	**Adjusted EBITDA reconciliation**	PE Guide ch. 6 - Non-GAAP Reconciliation; FP ch. 8 - The Adjustments You Should Believe	Read adjusted EBITDA bridge to identify which add-backs are recurring (SBC) vs one-time (restructuring) vs cash (insurance reserves).
4	**Insurance reserve walk**	CFO Guide ch. 11 - Reserve Accounting	Identified that FY24 cost-of-revenue benefited from prior-period reserve favorable development. Applied a normalizing haircut for valuation purposes.
5	**WACC build from CAPM**	PE Guide ch. 9 - DCF Mechanics; CFO Guide ch. 14 - Cost of Capital	Built WACC explicitly: 10Y UST + Beta x ERP for cost of equity; converted YTM + tax adjustment for cost of debt; MV weights.
6	**Beta selection - levered vs unlevered**	PE Guide ch. 9 - DCF Mechanics; FP ch. 12 - Risk Decomposition	Used 2Y monthly regression beta of 1.65 (levered); discussed re-levering for capital-structure assumptions.
7	**Two terminal-value methods (Gordon + Exit Mult)**	PE Guide ch. 10 - Terminal Value	Averaged Gordon (FCF perpetuity) and Exit Multiple (EBITDA x mult) to avoid relying on any single method's failure mode.
8	**Mid-year discount convention**	PE Guide ch. 9 - DCF Mechanics	Cash flows discounted from mid-period (period - 0.5) to reflect intra-year timing.
9	**Peer-discount adjustment with named components**	PE Guide ch. 12 - Trading Comps; FP ch. 14 - Why Multiples Differ	Applied 30% EV/Rev / 15% EV/EBITDA discount to peer median; each discount component (US-only, AV, scale) named and quantified.
10	**Sum-of-the-parts triangulation**	PE Guide ch. 13 - SOTP; FP ch. 15 - Segment Multiples	Built SOTP with Rideshare (EBITDA mult), Bikes (sales mult), Media (ad-tech mult) - each segment gets its appropriate lens.

#	Move	Library cite	What was done
11	**Optionality valuation (Lyft Media)**	FP ch. 17 - Optionality You Can't Ignore; CFO Guide ch. 18 - Real Options Lite	Modeled Lyft Media at ad-tech multiple (6x sales); flagged that consolidated DCF systematically under-counts the optionality.
12	**Sensitivity table - two-variable**	PE Guide ch. 11 - Sensitivity & Scenarios	Built two cross-tabulated sensitivities (Rev CAGR x Exit Mult; AV-arrival x Terminal margin) to bracket the outcome.
13	**AV-arrival as discrete-event input**	PE Guide ch. 11 - Sensitivity & Scenarios; FP ch. 19 - Scenario Architecture	Treated AV disruption as a discrete-event variable (year of arrival) with a margin-haircut multiplier, rather than burying it in a single terminal margin number.
14	**Regulatory option-value via beta premium**	FP ch. 12 - Risk Decomposition; CFO Guide ch. 14 - Cost of Capital	Reflected AB5-style regulatory exposure as a beta premium (1.65 vs 1.30 unlevered sector) rather than modeling a specific reclassification scenario.
15	**SBC as true economic cost**	PE Guide ch. 7 - SBC Treatment; FP ch. 9 - The Add-Backs You Should Not Believe	Computed UFCF both standard (SBC added back) and SBC-adjusted (treated as cash compensation). Reader sees both.
16	**Holding disclosure on every customer-facing surface**	Library Standards - Disclosure Practice	Standard ownership disclosure (Phil owns LYFT, no insider obligations, public SEC filings, not investment advice) appears on cover, front-matter, every page footer, deck cover slide, deck footers, model cover, model footers, summary tab, website page footer.
17	**Insurance accrual investigation - our analytical question (NOT company disclosure)**	CFO Guide ch. 11 - Reserve Accounting; PE Guide ch. 11 - LBO Cash Flow Construction	We surface the hypothesis that the LBO model materially understates cash for debt paydown if a portion of the insurance reserve build is conservative. The Note 8 reserve roll-forward data is SEC-disclosed; the interpretation (Scenario A vs Scenario B framing) is Phil's. The accounting may be entirely appropriate.
18	**AV operational thesis 'Who Pays for the Atoms?' - our reframe (NOT consensus)**	FP First Principles ch. 8 - Replacement Cost; PE Guide ch. 14 - Capital-Intensive vs Platform Business Models	The consensus AV narrative is treated by all sell-side coverage as a rideshare-displacement risk. We reframe the question to 'who bears the capital and operating costs after the driver is removed' - and use the Hertz/Avis fleet-ownership cost structure as our analogy. The analogy and the reframe are ours.

LIBRARY GUIDES APPLIED

The Lyft case study exercises material from the following Institute guides. Each guide is a standalone reference; the crosswalk above names the specific chapter for each move.

Guide	Chapters touched	Use in Lyft case
PE Guide (Private Equity)	ch. 4, 5, 6, 7, 9, 10, 11, 12, 13	DCF mechanics, comps, SOTP, sensitivity, SBC
FP First Principles	ch. 6, 7, 8, 9, 12, 14, 15, 17, 19	Marketplace economics, multiples, risk, optionality
CFO Guide	ch. 11, 14, 18	Reserve accounting, cost of capital, real options
Tax Guide	(not material here)	NOL utilization minor; not a primary case driver
FO Guide (Family Office)	(allocation lens - not used in case)	Reader's own allocation question - outside scope

CHAPTER DEEP DIVE · HOW EACH CHAPTER SHOWED UP

PE Guide ch. 9 - DCF Mechanics

The Lyft DCF is a textbook application: explicit forecast horizon (FY26-FY30), terminal value via two methods (Gordon perpetuity + exit EBITDA multiple) averaged, mid-year discount convention, WACC built from CAPM components. The case study DCF tab in the model is intentionally self-documenting - column labels match the chapter worked example so the reader can place the move.

PE Guide ch. 10 - Terminal Value

The case applies the chapter discipline of using two terminal-value methods and reporting both. Gordon growth alone is sensitive to (WACC - g) blowups; exit multiple alone is sensitive to multiple selection. Averaging the two is the chapter recommended practice; the model implements it directly.

PE Guide ch. 11 - Sensitivity and Scenarios

The two cross-tab sensitivities (Rev CAGR x Exit Mult; AV-arrival x Term margin) implement the chapter framework for two-variable sensitivities. The novel extension is the use of a discrete-event variable (AV-arrival year) on one axis rather than a continuous one - this is the F2S candidate flagged in the internal version.

PE Guide ch. 12 - Trading Comps

The peer median is computed across Uber, DASH, ABNB. The 30 percent / 15 percent discount adjustment is explicit. The chapter discipline of naming each discount component (US-only, AV, scale) and quantifying each is followed - this avoids the all-too-common we-applied-a-25-percent-discount without explanation.

PE Guide ch. 13 - Sum-of-the-Parts

SOTP applied with segment-appropriate multiples: Rideshare at EBITDA multiple, Bikes at sales multiple, Media at ad-tech sales multiple. The chapter teaches that SOTP wins when segment economics differ materially - exactly the Lyft case because Media gross margin profile differs from Rideshare.

FP First Principles ch. 6 - Marketplace Economics

The take-rate decomposition reflects this chapter framing of a two-sided marketplace: bookings is the gross flow, revenue is the platform slice, and the take-rate is the managed variable that encodes pricing power, driver-incentive intensity, and competitive dynamics. The chapter mental model is directly applicable to Lyft.

FP ch. 14 - Why Multiples Differ

The peer-discount section walks the chapter framework explicitly: identify the structural differences (geography, vertical mix, profit history, scale), quantify each, and aggregate to a discount that is defensible component-by-component. This is the chapter central lesson.

FP ch. 17 - Optionality You Cannot Ignore

Lyft Media is the canonical example of optionality that a consolidated DCF systematically under-counts. The chapter prescription is to value the optionality with its own multiple (here: 6x sales, ad-tech anchor) and surface it in the SOTP - which is what the case study does.

CFO Guide ch. 11 - Reserve Accounting

The insurance reserve favorable-development read in the FY24 numbers is exactly the kind of footnote read the chapter trains for. The chapter discipline is to identify reserve walks in the MD and A, quantify the income-statement impact, and normalize for valuation purposes. The case study applies this without fanfare; the model contribution-margin trajectory reflects the normalization.

CFO Guide ch. 14 - Cost of Capital

WACC built bottom-up: CAPM for cost of equity (Rf + Beta x ERP), YTM-derived cost of debt (with marginal-tax adjustment), MV weights. The chapter discipline of reporting each input separately - so the reader can override any one - is followed in the Assumptions tab.

DISCLOSURE · METHODOLOGY · DISCLAIMER

Disclosure of holding

Phil Baratelli, principal of the Baratelli Institute, owns shares of Lyft (LYFT) and may buy or sell at any time without notice. He is not an employee, officer, or director of Lyft and has no insider obligations. This is an educational case study, not investment advice. Built from public SEC filings. The Baratelli Institute did not contact Lyft or any of its representatives in preparing this analysis.

What this crosswalk is

A teaching artifact that names every analytical move in the Lyft case study and cites it to the library chapter where the technique is taught. The Institute publishes the math; the crosswalk makes the math portable to the next situation that lands on the reader desk.

Educational publication

The Baratelli Institute is an educational publisher. Nothing in this document constitutes investment advice, legal advice, tax advice, or a solicitation to buy or sell any security.

Published May 24, 2026 · (c) The Baratelli Institute · baratelliinstitute.com · Mentoring at Scale