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Lyft Stock Spikes As It Expects To Lose Less Money In 2019

Lyft stock soared as much as 13% after-hours as the ride-hailing company posted a better than expected quarter and lowered its guidance for losses. The gains were then cut in half as Lyft announced it was planning to end its stock lock-up period a month early.

The company posted $867 million in revenue, up 72% year-over-year, smashing analyst expectations of revenue of around $809 million, per FactSet estimates. Still, the company is losing money. For the second quarter, Lyft lost $644.2 million, up from $178.9 the same quarter a year ago. A big part of the loss ($296.6 million) came from stock-based compensation related to how it pays its employees.

Lyft also improved its guidance on losses for the year. The company had previously expected to lose between $1.15 billion to $1.175 billion. That's since been lowered to $850 million to $875 million. Lyft CFO Brian Roberts had previously said that 2019 was expected to be the "peak loss year", but in an earnings call with analysts and reporters, he said it's likely that 2018 was actually the peak of losses now that it's shaved another $300 million off its guidance.

Lyft also counts 21.8 million active riders, up 41% year-over-year, but that growth will face headwinds into the second half of the year, Roberts said. The company recently raised prices, and it will have to contend with fall and winter weather when people are less likely to jump on bikes and scooters.

Whether Lyft and Uber can stem the losses and ever reach a break-even point has been an increasing point of concern for investors. Lyft's stock has been trading down from its IPO in March and the price sank further in late July when its COO Jon McNeill announced he was leaving after a year with the ride-hailing company.

Uber's stock nudged up 4% in after-hours trading on the news of Lyft's improved loss guidance. The ride-hailing rival will report its earnings on Thursday and is expected to post over $3 billion in losses, largely due to Uber's IPO expenses.

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