Lyft slashes workforce in face of major hit from pandemic

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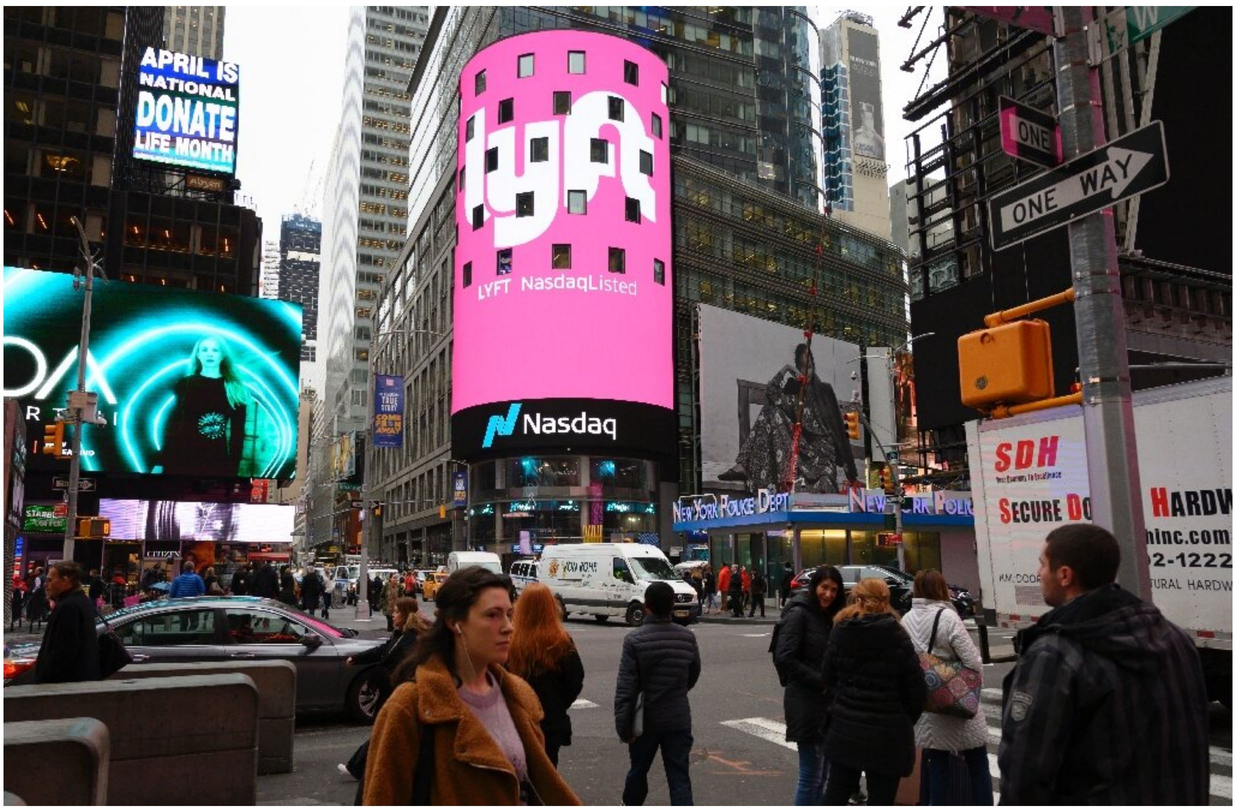

Lyft says it remains unclear when its ridesharing operations will recover from the coronavirus pandemic

Lyft said Wednesday it plans to shed nearly a thousand workers to help the ride-sharing group survive the pandemic's hit to its business.

The San Francisco group said it would reduce its payrolls by 17 percent—about 982 people—and furlough another 288 workers.

The job cuts are part of a restructuring plan to reduce expenses "in light of the ongoing economic challenges resulting from the COVID-19 pandemic and its impact on the company's business," Lyft said in a filing with the Securities and Exchange Commission.

Lyft expected to spend as much as $36 million on restructuring costs including employee compensation and the shutdown of some facilities, according to the filing.

Lyft is temporarily trimming base pay for remaining employees, including top executives, the statement said.

It remains unclear when, or if, lifestyles will return to a time when people will once again feel comfortable hopping in cars with strangers for shared rides from Lyft or Uber drivers.

Shares in Lyft rose on the news, as investors grappled with the news of more upheavals in the economic landscape due to the pandemic.

Uber, Lyft and other "sharing economy" stars have a rough road ahead given how the pandemic is changing lifestyles, Global Equities Research analyst Trip Chowdhry contended in a note to investors.

"Covid-19 has given another blow to the whole concept of 'Shared Economy'," Chowdhry said.

"Basically, 'share and get infected.'"

Both Lyft and its larger rival Uber have been fighting efforts in a number of jurisdictions to classify its drivers as employees instead of independent contractors.

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