

Lyft shares rocket 62% over a typo in the company's earnings release

February 14 2024, by Matt Ott



In this Jan. 31, 2018, file photo, a Lyft logo is installed on a Lyft driver's car in Pittsburgh. Lyft shares jumped 62% after the bell Tuesday, Feb. 13, 2024 thanks in part to a typo in the the ride-hailing company's earnings release that sent investors' auto-trading algorithms — also known as “bots” — into a buying frenzy. Credit: AP Photo/Gene J. Puskar, File

Lyft shares jumped 62% after the closing bell Tuesday thanks in part to a typo in the ride-hailing company's earnings release that appears to have sent investors' auto-trading algorithms—or "bots"—into a buying frenzy.

Lyft's fourth-quarter report initially forecast that an important profit metric was expected to climb by 500 basis points, or 5%, in 2024. However, the company informed investors about five minutes after the original release that there was one zero too many in that number and corrected it to 50 basis points, a much more realistic 0.5%.

Shares retreated after the correction, but remain more than 37% higher—at \$16.69 per share—in early Wednesday trading because the company topped most Wall Street expectations for the quarter.

Lyft's gross bookings beat Wall Street forecasts, rising 17% year-over-year to \$3.7 billion. Lyft's guidance for first-quarter bookings between \$3.5 and \$3.6 billion also came in higher than projections.

The San Francisco company earned 19 cents per share in the period, more than doubling the 8 cents that industry analysts were expecting.

Lyft has appeared to turn things around since the last quarter of 2022, when it posted a whopping loss of 76 cents per share. In the four subsequent quarters of 2023, Lyft has easily beat profit targets, twice posting profits when Wall Street was expecting losses.

The company has long played second-fiddle to rival Uber, which softened the pandemic ride demand slump by expanding rapidly into food delivery.

The profit metric that contained the typo on Tuesday is referred to as adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) margin expansion, which is calculated as a percentage of

gross bookings, according to Lyft.

With Wednesday's boost, Lyft shares are now in the green for 2024, up more than 11% to date.

© 2024 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Lyft shares rocket 62% over a typo in the company's earnings release (2024, February 14) retrieved 9 May 2024 from <https://techxplore.com/news/2024-02-zeros-lyft-rocket-typo-bot.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.