Forget Uber (NYSE:UBER) and Give a “Lyft” to Your Portfolio With This TSX Stock

Description

Ride-hailing giants **Uber** (NYSE:UBER) and **Lyft** created investor frenzy when the two went public in 2019. Uber went public at a price of $45 per share and traded marginally higher than its IPO price before losing significant momentum.

The recent COVID-19-led sell-off decimated Uber stock; it fell to a record low of $13.71. It has since rebounded to currently trade at $33.14. However, it’s still trading 25% below its IPO price. Similarly, Lyft went public at $72 per share and fell to a low of $16 per share in March 2020. Lyft stock is trading at $30.7, which is still 57% below its IPO price.

Despite the tepid performance and pullback, both these companies fail to generate investor optimism given their huge market presence and expanding addressable markets.

Uber continues to report a non-GAAP loss in a macro environment that is highly volatile and uncertain. In the March quarter, Uber reported revenue of $3.5 billion and a net loss of $612 million. Though this loss narrowed down from $869 million in the prior-year quarter, it also reported $2.1 billion in write-downs that increased its GAAP loss to $2.9 billion.

Uber Eats reported sales of $819 million and an adjusted EBITDA loss of $313 million in Q1. This vertical is burning cash at a fast clip and erased a significant portion of company profits. Uber Eats is finding it difficult to stay relevant in a space that has multiple players and low-profit margins.

Uber recently raised capital via debt offerings and ended the March quarter with $9 billion in cash. However, given its cash burn and long-term debt of $5.7 billion, we can see why investors are nervous about long-term sustainability.

This TSX stock can gain market share from Uber and Lyft

One ride-sharing platform that is well poised to disrupt this space is **Facedrive** (TSXV:FD). The company went public in 2019 and closed trading at $2.05 on the first day. It has since returned a massive 1,115% since then. I started covering Facedrive recently, and the stock has already gained an impressive 40% in less than a week.

Facedrive is a company with an environment-friendly mission that aims to help customers make sustainable transportation choices. The company provides customers with an option to check the environmental impact after every ride, and this eco-friendly appeal is bound to attract the millennial generation.

Facedrive has a slew of hybrid, gas-powered, and electrical vehicles in its fleet with over 78,000 users, according to its latest presentation. It remains optimistic about long-term growth and forecasts the ride-sharing platform to grow from US$235 billion in 2019 to US$365 billion in 2023. Comparatively, the Canadian ride-sharing market is forecast to grow at 9.5% between 2018 and 2024.

Facedrive is tiny compared to Uber and Lyft. While Uber sales of $14.2 billion in 2019, Lyft sales were $3.62 billion. Comparatively, Facedrive reported just $600,000 in sales for 2019. However, Facedrive's long-term prospects remain intact, and the company can create significant wealth in the upcoming decade.

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