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HyreCar Inc

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HyreCar is a ride-sharing play that should be on every investor's map

Price:	3.88
Market Cap:	$68.65 m

Share Information

Code:		HYRE
Listing:		NASDAQ
52 week	**High**	**Low**
	4.35	**0.89**
Sector:		**Business & education services**
Website:		**www.hyrecar.com**

Company Synopsis:
HyreCar is the carsharing marketplace for ridesharing.

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Drivers without cars; cars without drivers — maybe it's not a huge problem to be solved, but for one company, it just may be an opportunity to profit.

I'd wager most investors are familiar with private ride-hailing companies like Uber and Lyft. The private part of that description is about to end for Lyft. The company recently filed its IPO with the Nasdaq to raise up to $100 million at a valuation potentially as high as $25 billion.

Lyft posted revenue of $2.16 billion during 2018 on bookings of $8.8 billion. Despite the astronomical 528% growth in revenue, the company lost almost $1 billion in 2018. That's billion with a capital B.

READ: HyreCar stock revs up after it posts a profit for the full year on record revenue
Lyft's projected market cap between $20 billion and $25 billion may appear large, but its nothing compared to Uber's potential $100 billion-plus IPO expected later this year or early next.

While Lyft and Uber race to the public markets with lofty valuations and bottom lines deep in the red, it may surprise investors to discover there's already a public ride-sharing company trading with a market cap around $50 million. And this company stands to benefit from the rapid rise in Mobility-as-a-Service (MaaS) whether it is Lyft or Uber or another company that rises to the top.

The company? HyreCar Inc (Nasdaq: HYRE).

HyreCar isn't a traditional service like Uber or Lyft, and it doesn't compete with them either. The company acts more like a supplier and distributor in the industry. Seinfeld fans might call it an importer/exporter of cars and drivers.

The company's mission is simple: match drivers without cars to cars without drivers.

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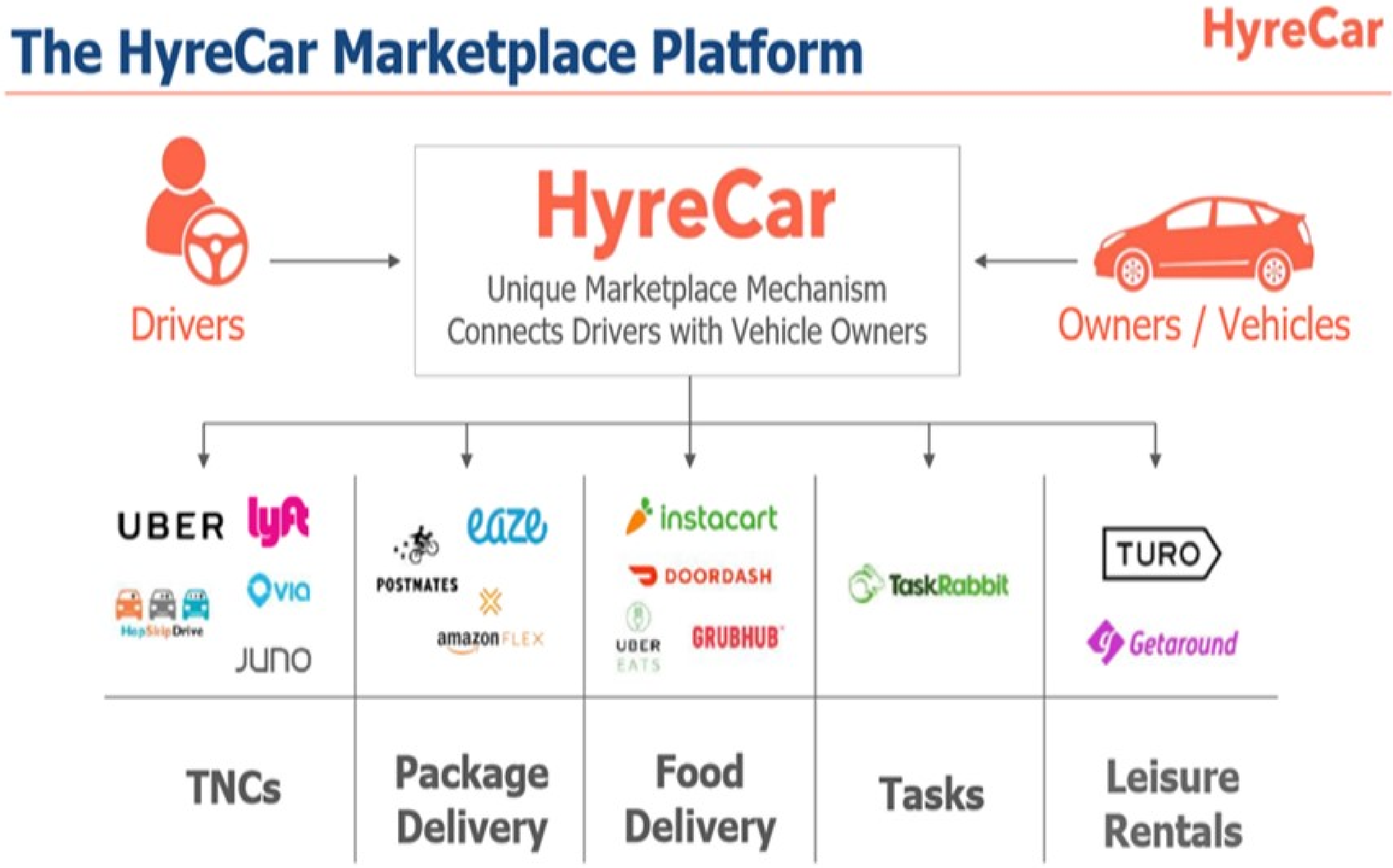

Currently, it is estimated that 40% of the 50,000 drivers applying monthly to services like Lyft and Uber do not own a qualifying vehicle. On the flip side, there are owners with idle vehicles that have no desire to work as a driver, but who could leverage that vehicle for revenue. This not only includes private citizens, but also automobile dealers, OEMs, and fleet companies.

HyreCar works as an intermediary, a matchmaker of ideal vehicle(s) and qualified driver(s). Simply put, a driver, who wants to drive for a ride-sharing company like Uber or Lyft, rents an idle vehicle from a franchise or independent car dealer or even a private individual, and all this occurs through the HyreCar marketplace platform.

The drivers pay rent from which HyreCar deducts its share along with an insurance premium to cover both driver and owner. The remaining amount is sent to the vehicle's owner. It is a fantastic opportunity for dealerships, OEMs, and fleet operators to capitalize on vehicle inventories, generating revenue from an industry like ride-sharing that it seen as a threat to the traditional dealer models.

Revenue growth exceeding 200% for fiscal year 2018 hints HyreCar's platform holds promise. Not only was the company the No. 1 independent activator of new Lyft drivers in the US, but gross profits and gross profits margins soared in the fourth quarter as the power of the company's scalable business model began to take hold.

Last month, the company provided preliminary revenue guidance for 2018. HyreCar anticipates full-year revenue of $10 million with gross profits growing 1,500% to reach $4.9 million. For the fourth quarter alone, management anticipates revenue of $3.3 million, a 162% increase versus the fourth quarter of 2017. Revenue growth exceeding 200% for fiscal year 2018 hints HyreCar's platform holds promise.

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Despite improving revenue and profit margin metrics, HyreCar still must contend with cash burn and losing money. They still hold $6.8 million in cash on the balance sheet against no debt and anticipate reaching positive operating cash flow by the middle of 2019; however, if the company fails to reach this goal they could be faced with a need for additional capital by the end of the year.

HyreCar possesses the ability to easily identify where driver demand is highest and target scaling efforts specifically in those locations. With little inventory of its own, the company has the potential to grow geometrically as ride-sharing expands internationally. Additional competitors to Uber and Lyft act as catalysts to HyreCar's top and bottom lines.

While it's easy to call this an Uber or Lyft tangent opportunity, MaaS goes beyond ride-sharing. Revenue opportunities exist for package deliver, last-mile delivery, basic errands/tasks, leisure rentals, and food delivery. We already see these services from companies like Postmates, Amazon, Eaze, Instacart, GrubHub, DoorDash, Uber Eats, TaskRabbit, Turo, and Getaround.

It's unlikely HyreCar can grow to the same levels as Uber, Lyft, or GrubHub, but with a first-mover advantage in the MaaS market, the potential upside probably outweighs the forthcoming IPOs from Lyft and Uber.

For investors consider an investment in the MaaS space, HyreCar should be on their map.

--At the time of publication, Collins had no positions in the stocks mentioned.

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