

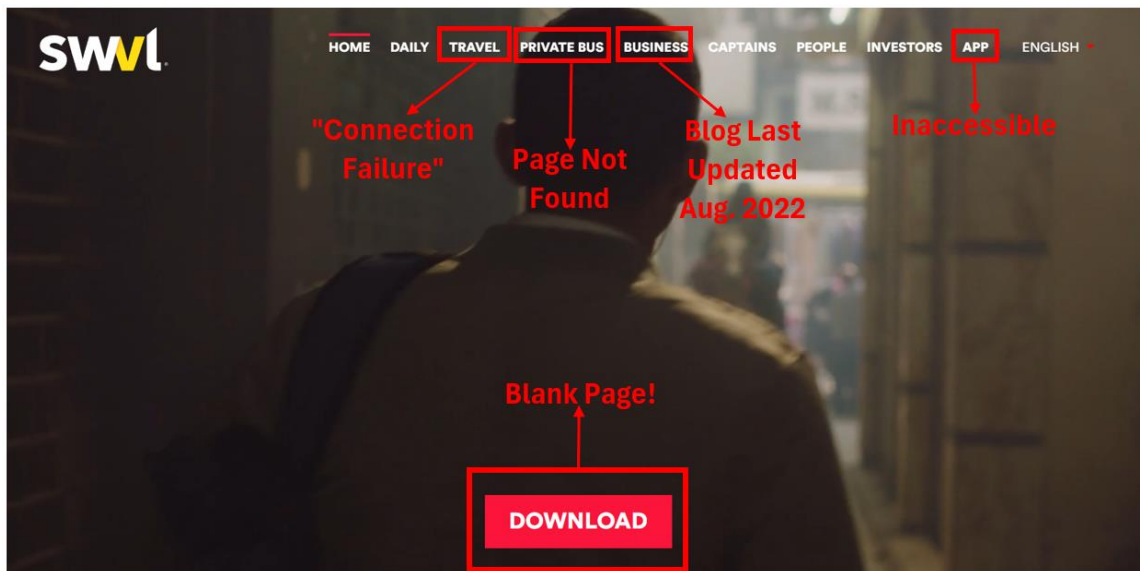
**Report Date:** 9/17/24  
**Company:** SWVL Holdings Corp  
**Ticker:** NASDAQ: SWVL  
**Industry:** Transportation  
**Stock Price (USD):** \$5.41  
**Market Cap (USD, Millions):** \$36.7



## SWVL, a “Transportation-as-a-Service” Start-up Appears to Be a Few Breaths Away from Bankruptcy

We are short SWVL Holdings Corp (SWVL) and see 100% near-term downside for this Dubai based bus-sharing app. SWVL’s dire financial condition is easy enough to determine by looking at its dismal financials, but our research into the company, including on-the-ground due diligence in Egypt, indicates that SWVL’s operations are grinding to a halt as they run out of money. They also apparently don’t even have enough money to maintain their website as many of the pages are defunct, which is particularly embarrassing considering they try to pass themselves off as a technology company.

92% of SWVL’s revenue originates in Egypt,<sup>1</sup> so we hired investigators to assess their operations and found they were nearly as dysfunctional as the company’s website. One investigator attempted to sign up as a driver, yet he never received a response from the company. Investigators we hired to act as customers had trouble even booking rides as very few routes in and around the city of Cairo were available, the primary city SWVL appears to operate in. This problem appears to be widespread as the [vast majority of recent reviews are negative](#) due to a lack of available rides. One of our investigators even remarked that he hadn’t “*seen anyone use it personally.*”



Source: SWVL’s website

<sup>1</sup> SWVL 2023 20-F, [p. 42](#)

## SWVL's Financials Indicate the Firm is Nearly Out of Money

- SWVL's shares have surged 223% YTD due to posting positive net income in FY 2023. This was due to a one-off \$18.8 million contribution in the line item "other income."<sup>2</sup> Prior to this adjustment, SWVL's market cap had plunged to a mere \$5 million<sup>3</sup> before rallying after its one-time boost from "other income." The entirety of SWVL's other income is attributed to SWVL settling their debt with creditors for 15 cents on the dollar.<sup>4</sup> In our view, given SWVL's financial condition, its creditors were wise to settle for almost nothing rather than getting nothing in bankruptcy.
- SWVL appears to be nearly out of money. On December 31, 2023, SWVL had just \$2.9 million on its balance sheet, after burning \$9.1 million in operating cash flows in 2023.<sup>5</sup> The company registered a \$100 million shelf offering at the beginning of June.<sup>6</sup> We believe SWVL will struggle to sell shares without rapidly diluting its stock price into oblivion due to limited trading volume.
- SWVL initially went public in March 2022 at a \$1.5 billion valuation, projecting they would hit ~\$400 million in revenue by 2023.<sup>7</sup> Instead, SWVL earned just \$22.9 million in continuing operations revenue for their 2023 fiscal year.
- SWVL even promoted a 2025 revenue target of \$1 billion, claiming its TaaS or "Transportation-as-a-Service" platform (hasn't transportation always been a service?) would earn ~\$500 million by then.<sup>8</sup>
- This past year, SWVL was forced to sell off their European and LATAM businesses in a move management claimed was to help focus on their U.S. expansion.<sup>9</sup> However, our on-the-ground investigation in Egypt reveals that SWVL's footprint is almost entirely limited to the capital city of Cairo. In 2023, SWVL received an \$8.4 million cash infusion from the disposal of subsidiaries which helped it stay afloat.<sup>10</sup> However, SWVL already appears to have burned through these funds.
- In addition to SWVL's financial woes, Egypt devalued its currency by nearly 40% in March 2024.<sup>11</sup> The impact of this devaluation is somewhat offset by the fact that SWVL has very little liquidity left.

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<sup>2</sup> SWVL 2023 20-F, [p. 60](#)

<sup>3</sup> [Arabian Gulf Business Insight](#)

<sup>4</sup> SWVL 2023 20-F, [p. 41](#)

<sup>5</sup> SWVL 2023 20-F, [p. 67](#)

<sup>6</sup> [SWVL F-3](#), June 3, 2024

<sup>7</sup> SWVL IPO Deck, [p. 46](#) August 27, 2021

<sup>8</sup> SWVL IPO Deck, [p. 45](#) August 27, 2021

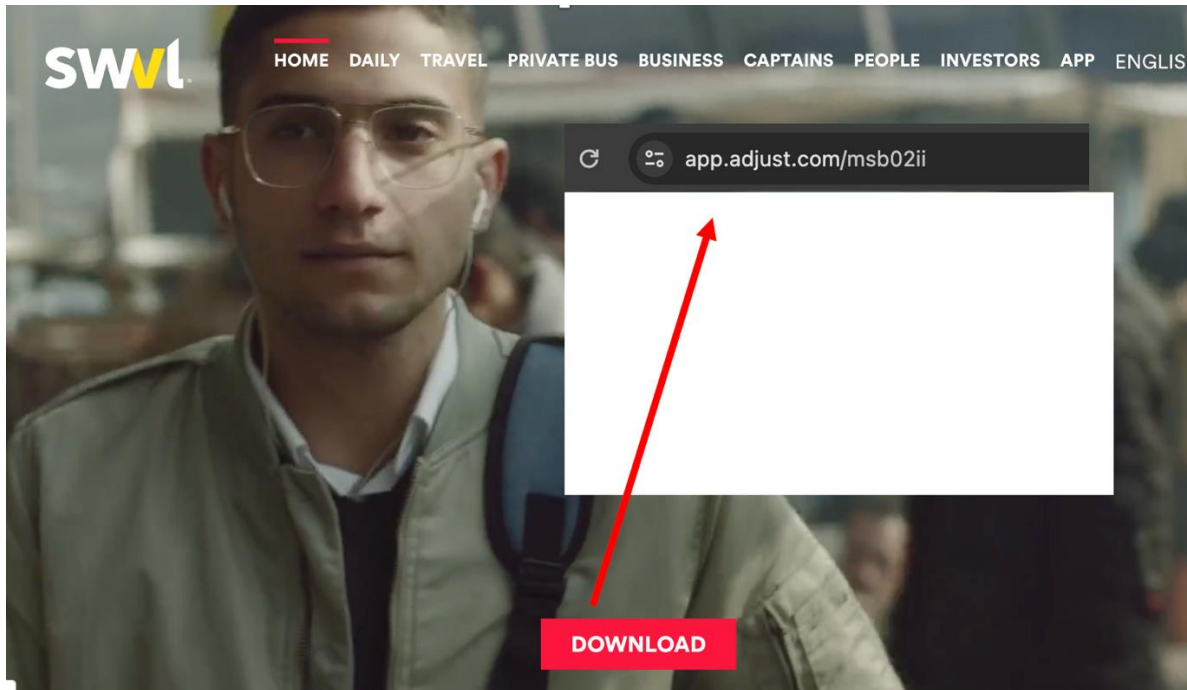
<sup>9</sup> SWVL April 2024 Investor Presentation, [p. 4](#)

<sup>10</sup> SWVL 2023 20-F, [p. 68](#)

<sup>11</sup> [Bloomberg](#)

## Anyone Home? SWVL’s Website Does Not Appear to Work

SWVL’s homepage features a prominent red download button<sup>12</sup>, but clicking that button redirects you to a blank page. The same issue occurs for the [travel page](#), same for the [private bus](#) pages, and the [app page](#).<sup>13</sup> These website issues have been unresolved for at least the last three months since we began checking. Additionally, the blog has not been updated since August 2022.<sup>14</sup>



**Source:** SWVL’s website

We tried to make an account with a US phone number, but SWVL’s app appears unable to allow users with a U.S. phone number to successfully make an account. Our investigator explained:

*“Let’s say you’re traveling Egypt from the U.S. and you sign up with an American phone number, you can’t use the app”*

SWVL claims that 73% of ticket fare sales comes from this TaaS model selling B2B.<sup>15</sup> However, when attempting to book a private bus or arrange travel via SWVL’s website, neither link worked. The wayback [machine](#) indicates that at least some of these pages worked previously.

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<sup>12</sup> SWVL’s red download button on the homepage works in Arabic, but not in English or Spanish. We find this problematic considering SWVL seeks to expand to the U.S & use American investors capital to expand its operations.

<sup>13</sup> See <https://app.adjust.com/msb02ii> (where you are redirected after clicking the download button), and <https://swvl.com/travel> (which is one of tabs on the home page).

<sup>14</sup> SWVL website, [blog page](#).

<sup>15</sup> SWVL 2023 20-F, [p. 64](#) “Total Ticket Fares” (B2B fares [\$16.64m]/Total Ticket Fares [\$22.85]) = 72.8%

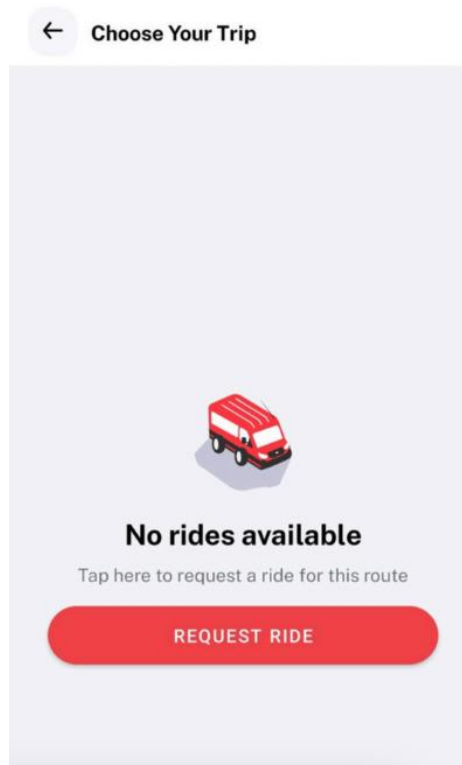
We find it difficult to believe that SWVL is landing large B2B deals when its website appears barely operational. How hard pressed for cash does a business need to be before it stops maintaining its basic webpages?

## Help! I can't find a SWVL Route

SWVL operates a network of buses and vans via third-party drivers known as “captains” in Egypt and the UAE. Notably, 92% of SWVL’s revenue came from Egypt in its last fiscal year.

Right off the bat, our investigators informed us Uber, Didi, and local buses either offered more convenient and/or affordable options in Cairo, Egypt’s capital city. When we asked one of our investigators how popular Uber was, he responded “*everyone uses it.*” We think this indicates significant trouble for the company.<sup>16</sup> Amazed that SWVL’s operations appeared largely limited to Cairo, we tasked an investigator with finding routes to different Egyptian cities from Cairo – a service SWVL purportedly offers on the app. Our investigation told us “*I’ve tried 8 other cities and the only response I get is no rides available.*”

Our investigators found that SWVL’s routes within Cairo appear exceedingly limited. We dispatched investigators throughout metropolitan Cairo who repeatedly said that they were unable to find available routes through SWVL.



*A common result when looking for rides on SWVL*

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<sup>16</sup> SWVL purportedly offers intracity services in Alexandria, the only other Egyptian city it offers intracity service in. However, our investigators were unable to find any available rides in Alexandria and [this article](#) from July 2022 states SWVL has suspended operations in Alexandria.

One investigator reported that SWVL appeared to service just 11 of what he identified as the 20 most popular routes in the Greater Cairo region.

SWVL Route Availability			
Pickup Point	Dropoff Point	Available Route	Unavailable Route
Cairo	Alexandria	X	
Cairo	Hurghada	X	
Cairo	Sharm El Sheikh	X	
Cairo	Luxor		X
Cairo	Aswan		X
Cairo	Port Said	X	
Cairo	Ismailia	X	
Cairo	Suez	X	
Cairo	Minya	X	
Cairo	Asyut		X
Heliopolis	Giza		X
Maadi	Tahrir Square		X
Nasr City	Mohandessin	X	
Downtown Cairo	6th of October City		X
New Cairo	Tahrir Square		X
Heliopolis	Downtown		X
Cgiza	Downtown Cairo	X	
New Cairo	Maadi	X	
Zamalek	Helipolis	X	
Madinaty	Shorouk		X

**Source:** Wolfpack Analysis, Wolfpack Investigator

This further corroborates several recent [app reviews](#) we've seen surrounding SWVL, alleging the service does not provide enough routes and that service is unreliable.

**July 10, 2024:** *“Was good at the beginning, but the service has become so bad recently. Not recommended An update as of July 2024, it is horrific now, don't use this app. Either the captains or the customer service are horrible. No tracking, trips are cancelled without notice, you can call within the refund time, and they charge you, and nobody responds to complaints from customer service. The worst ever.”*

**July 11, 2024:** *“Unreliable app. Sometimes buses don't show up, or they are late, and sometimes they break down. Their customer service is a nightmare”*

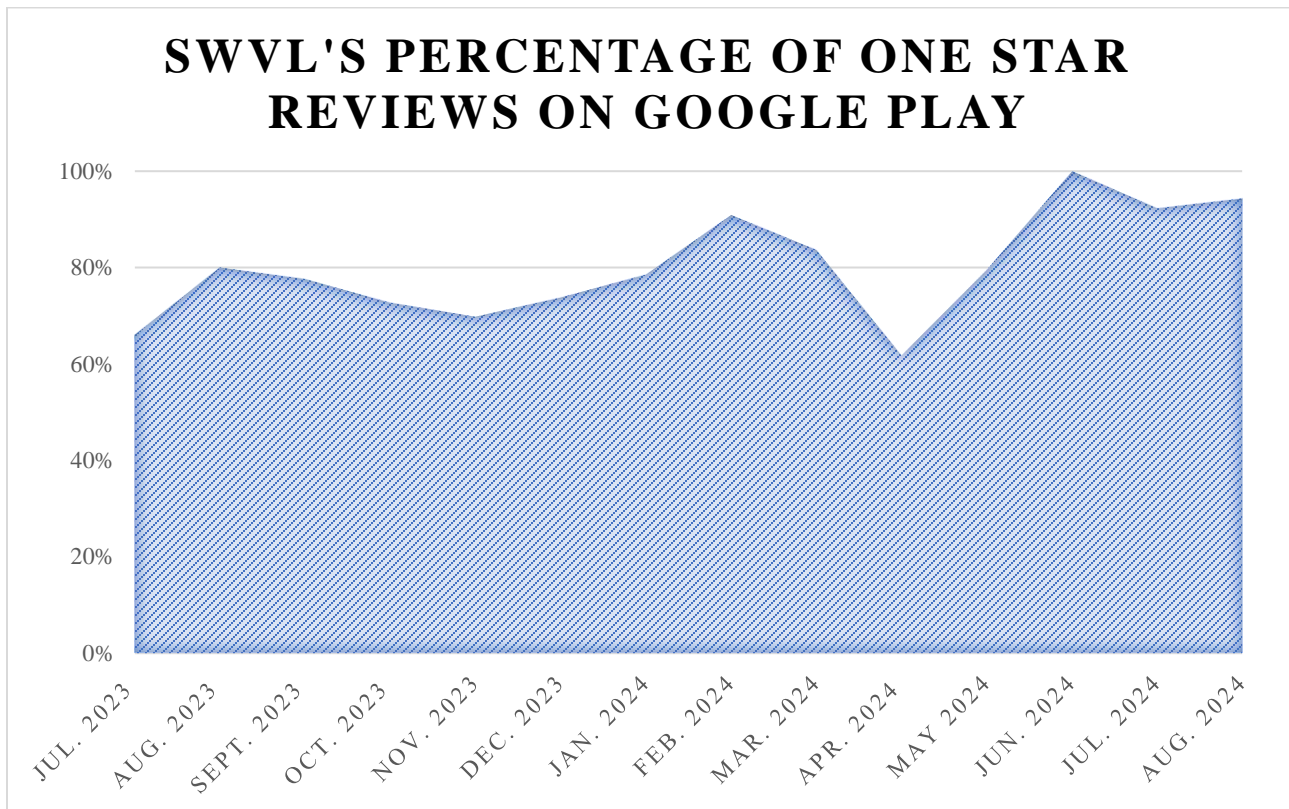
**August 18, 2024:** *“Fake app. They have no real rides and their customer service sucks. My last 7 trips (city to city) were cancelled on time of departure. One year ago they were the best ever.”*

**September 8, 2024:** *“Swvl can always get worse! Not only they cancel their travel trips when it's too late for you to find an alternative, they also take your money if you paid by wallet credit or have a prepaid package! This morning they stole 240 pounds from me in this way and they don't even admit their trip was cancelled! Stay away if you don't wanna get robbed!”*

Another investigator said that there was a shortage of routes as SWVL passengers commonly find that SWVL doesn't cover all areas of Cairo. Our investigator told us that people prefer using Uber as they know Uber will be able to deliver them to their destination whereas on SWVL there is a great deal of uncertainty on if a route to your destination exists!

SWVL also struggles to compete on price. Our investigators noted that local city buses are a fraction of the cost of a SWVL whereas Uber Shuttles (vans) are marginally more or less depending on the location but tend to offer much greater reliability.

Another signal that SWVL's service is continuing to deteriorate is that many of the app's reviews are one-star. For example, the graph below highlights this trend showing the total percentage of SWVL's Google Play reviews which are one-star.

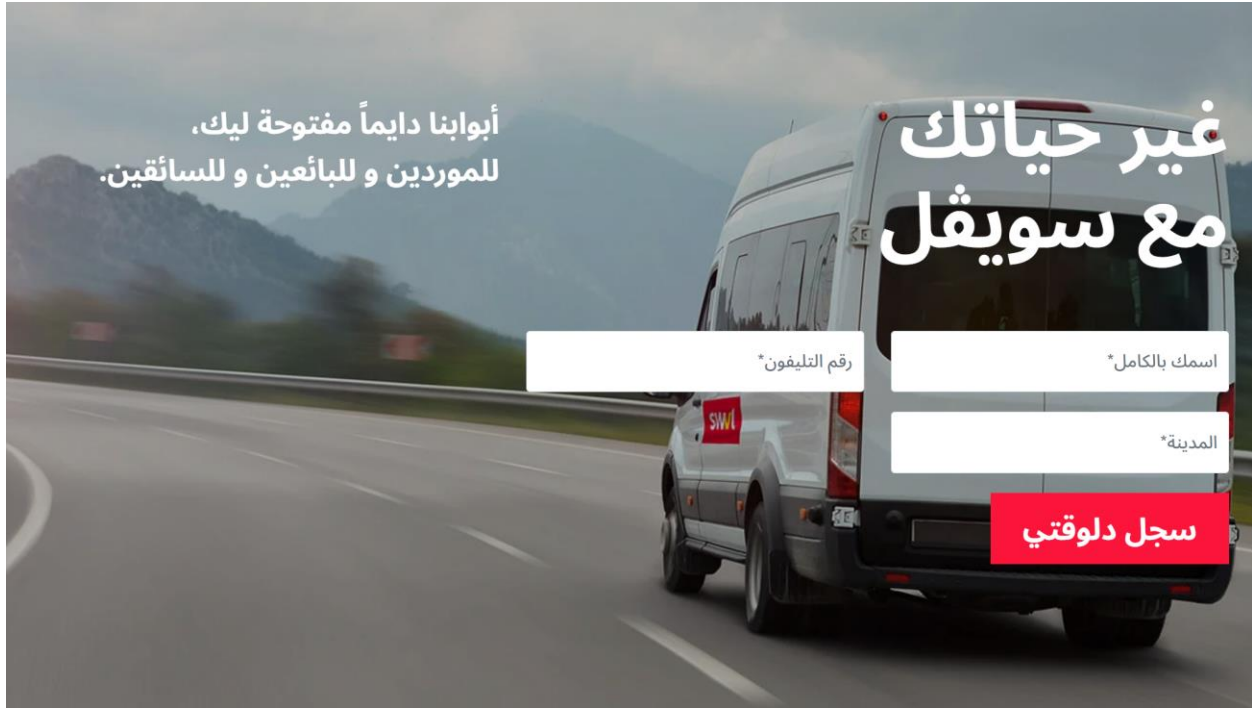


**Source:** Google Play Store, Wolfpack Analysis

As seen above, the proportion of 1-star reviews is increasing for SWVL's app on the Google Play Store. In our opinion, the increasing proportion of 1-star reviews suggests that users are increasingly becoming dissatisfied with SWVL's app and the service its drivers provide. Looking back to June 2024, 100% of SWVL's Google Play Store reviews were negative – July and August do not look much better.

## SWVL Does Not Appear to Be Hiring New Drivers

We dispatched an investigator to apply for a position as a “captain” on SWVL’s website. Captains are the drivers of SWVL’s routes, shuttling people around Cairo with their own minibuses or vans. We would anticipate that if SWVL were showing any positive signs of financial health, they would be willing to hire on new captains to cover what it appears to be a consistent route shortage across Cairo. Our investigator was asked for minimal information to apply on SWVL’s website. Below is SWVL’s blank application in Arabic.



**Source:** SWVL’s website

Our investigator entered his real name and phone number into the application above yet no one from SWVL ever reached out to him. We would think SWVL would be interested in hiring new captains considering [reviews](#) of their captains have been quite poor:

**June 5, 2024:** “Very bad, rides get delayed and cancelled many times without prior notice, they just send you a notification at the time of the trip or max 10 minutes before, which leaves you with nearly no other option especially on inter-city trips that are between 12 and 6 AM. Many times the ride just gets delayed but the captain doesn't show up and just switches off his phone! & They have no method of contact to provide assistance in such situations besides email!! Very poor and unprofessional”

**June 6, 2024:** “I had bad experience with this company, I am sick of them, they are not professional, drivers always change the time of trip. It happened once that the driver went without picking me up despite of waiting him more than 1 hour”

**August 31, 2024:** “Fraudulent service, they take your money and the drivers never show up or answer your calls. Do not deal with them.”

Despite these reviews and lack of routes SWVL appears to offer, our investigator never received a response from SWVL. Given the company's dire financial condition, we view this degradation of the company's operations as a sign the company is quietly gasping its last breaths.

## **SWVL's Positive Net Income Is Due to a One-Off Debt Restructuring Event**

On April 30<sup>th</sup>, SWVL reported a net profit of \$3.1 million for their 2023 fiscal year<sup>17</sup> compared to a net loss of \$123.1 million in FY 2022.<sup>18</sup> This was due to other income of \$18.8 million. The entirety of SWVL's other income stemmed from a settlement with their creditors in 2023. SWVL's creditors agreed to settle their debt for an 85% discount provided SWVL made "[prompt payment](#)" on the new discounted amount.

In our view, this shows how little faith SWVL's creditors have in SWVL's ability to turn things around. SWVL sold off several assets and initiated a Portfolio Optimization Program "ceasing all the growth plans ... to avoid defaulting under several agreements."<sup>19</sup>

As of December 31, 2023, SWVL only had \$2.9 million in cash, incinerating \$9.1 million in operating cash flow in 2023.<sup>20</sup> SWVL apparently does not have the capital necessary to grow its business in Egypt. In fact, our on-the-ground diligence shows operations are withering away with its users uncertain if SWVL is competent enough to take them from Point A to Point B.

SWVL reported 18% gross margins for continued operations<sup>21</sup>, requiring significant economies of scale in Egypt to achieve profitability. With \$10.3 million in G&A spend in 2023 despite excessive restructuring, we estimate SWVL will need \$57 million in 2024 revenues just to break even<sup>22</sup> – requiring SWVL to grow revenues 149% year-over-year. Yet, our due diligence indicates SWVL is contracting.

## **Conclusion**

In our opinion, SWVL has overpromised and undelivered to investors, leaving the company on the verge of bankruptcy. The company's business model has clearly failed as the company has accumulated losses of \$329 million.<sup>23</sup> With just \$2.9 million in cash and cash equivalents, we strongly believe, as my British friend Freddy would say, that they are *proper fucked*. We do not believe SWVL will make it to 2025 without significant dilution. Potential downside—100%.

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<sup>17</sup> SWVL 6-K, [April 30, 2024](#)

<sup>18</sup> SWVL 2022 20-F, p. F-1

<sup>19</sup> SWVL 2023 20-F, [p. 41](#)

<sup>20</sup> SWVL 2023 20-F, [p. 67](#)

<sup>21</sup> SWVL 20-F, [p. 58](#)

<sup>22</sup> \$57 million (revenue) \* 18% (gross margin) = \$10.2 million - \$10.2 million (2023 G&A spend) = \$0 i.e. breakeven

<sup>23</sup> SWVL 2023 20-F, p. 67



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