



2 Micro-Cap Stocks Have Burnt Investor Wealth in 2019: 1 Is a “Buy”

Description

Micro-cap stocks have the potential to increase investor wealth significantly. But due to their small size and low market visibility, they also carry a certain amount of risks. Here, we look at two such stocks that have lost considerable market value in 2019. However, one of them might be a winner over the long run.

Drone Delivery Canada

Shares of **Drone Delivery Canada** ([TSXV:FLT](#)) are trading at \$0.68, which is 63.5% below its 52-week high. The stock gained over 1,600% between 2015 and 2018 when it rose from \$0.12 to \$2.08. The stock is currently trading at \$0.68, which is 67% below its 2018 high.

Drone Delivery Canada is valued at \$119 million and fell over 8% yesterday. In 2015, investors were optimistic about Drone Delivery’s execution and were hoping that the company would soon scale up to enter international markets.

The market potential for companies such as Drone Deliver remains attractive, as there are huge chunks of the population in Canada and worldwide that are still grappling with on-time delivery issues.

FLT aims to develop a drone delivery solution that is cost effective, scalable, and that provides logistic services across different verticals including retail. The company is working with several clients on pilot projects to develop a comprehensive logistics solution.

FLT has entered a commercial agreement with Vision Profile Extrusions “to deploy a drone delivery platform for the use of Vision between its properties in Vaughan, Ontario.” These routes are already approved by Transport Canada and the drone has a capacity up to 10 lbs.

Driven by such partnerships, analysts expect FLT’s sales to increase from \$1.47 million in 2019 to \$10.9 million in 2020. Its earnings are also estimated to rise by 28.6% in 2019 and 60% in 2020. FLT should be posting an adjusted profit by the end of 2021.

In case FLT manages to successfully scale its operations, the stock will reach record highs sooner rather than later. FLT [has a first-mover advantage and a huge addressable market](#) that makes it ripe for a turnaround.

Namaste Technologies

Shares of **Namaste Technologies** (TSXV:N) are trading at \$0.40. The stock is trading 84% below its 52-week high and is currently valued at \$129 million. Namaste is unlike the traditional cannabis stock. It does not manufacture cannabis. Namaste is an online retail company that has expanded its SKU significantly over the years.

The company has been plagued with [several issues over the last year](#). This includes a constant fall in quarterly revenue as well the resignation of the company CEO and auditor earlier this year. The ex-CEO was, in fact, found to have committed securities fraud.

Namaste has the largest cannabis e-commerce platform around the world. It has gained traction in 20 countries and is also eyeing inorganic growth. Namaste acquired a 49% stake in Pineapple Express Delivery, which is a Manitoba-based medical cannabis delivery firm.

It is also looking to get ready for Cannabis 2.0 with its 49% stake in Choklat. While Namaste is viewed as the **Amazon** in the high-growth cannabis delivery segment, it competes with high growth tech heavyweight **Shopify** in this space.

Though the stock has declined significantly in the last year, there is a lot of uncertainty surrounding cannabis companies. There are concerns over cannibalization by the illegal market, rising inventory levels, as well as regulatory issues, and Namaste stock can be further impacted heading into 2020.

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