



This Little-Known Canadian Tech Stock Could Be Your Best Bet in 2020

Description

Tech stocks have led market indexes higher for years, driven by the success of companies like **Netflix Inc**, **Facebook, Inc.**, and **Microsoft Corporation**. But it's not just the large tech companies that have major upside. Smaller, more niche firms are carving out valuable positions in high-growth verticals that could fuel 500% growth over the next decade and beyond.

These stocks are rare to find, and often require a bit of early risk, but if you want true [multi-bagger potential](#), these are the companies you have to buy.

There are several TSX stocks with the potential to explode over the coming decade, but one in particular has an opportunity to reinvent the way things are done in today's world.

More than play

You've likely heard of a drone. Maybe you've seen one flying in-person. It's possible that you own one yourself. Whatever your experience has been, it's best to throw it out. That's because drones aren't just for personal enjoyment or entertainment purposes like cinematography.

Consider Rwanda. There are hundreds of remote communities that often take hours (even days) to travel to. If you need blood in one of these communities, you're likely in trouble. That is, you were, until startup Zipline teamed up with the Rwandan government to deliver blood supplies by drone. It's also experimented with other critical medical supplies that are difficult to source in remote areas, but are fairly easy to deliver via drone.

Already, drones have saved thousands of lives through a single use-case in a single country. What else can be achieved through drones? How many other countries can benefit beyond Rwanda, which holds just 0.1% of the world's population?

Coming to Canada

Canada actually has a lot of parallels with Rwanda. It has hundreds of remote communities, many of which are only accessible via aircraft. Additionally, the sizes of the two countries makes even road-connected communities difficult to access. It can take hours to resupply some rural communities.

Apart from life-saving applications, it's also difficult (and expensive) to ship small items to these communities. If a power station goes down during winter, and a small part is needed to fix the system, it could take days and a huge price premium to source the part. With drones, the part could be delivered in hours for significantly less. Faster and cheaper is a winning combination. That's exactly what **Drone Delivery Canada Corp** ([TSXV:FLT](#)) is looking to achieve.

If Drone Delivery Canada can master domestic drone delivery, it could instantly save consumers and businesses millions of dollars per year while slashing delivery times. The market is assigning a low \$150 million valuation as the business establishes its underlying infrastructure. Once online, that valuation could rise immensely.

Globally, the drone delivery market is expected to hit \$10 billion by 2022. The market size could approach \$30 billion by 2027. The opportunity in Canada is likely only around \$1 billion, but that's significantly higher than the level at which Drone Delivery is valued, a wide gap considering it has the largest lead by far.

Due to the high margins that a drone delivery business could achieve, it wouldn't be surprising to see the stocks garner a valuation multiple of around 3 times sales. If it could capture just 25% of the ultimate market, Drone Delivery stock would be worth \$750 million, or 500% above its current price.

It'll take some patience, but if management can prove it's making progress in 2020, expect that valuation gap to close quickly.

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