From $1 to $11 in Just 2 Years: This Canadian Tech Stock Is on FIRE

Description

While everyone is busy talking about **Shopify** and its recent rally, this Canadian tech stock has recently flaunted a much steeper surge. A little-known $880 million company **Facedrive** (TSXV:FD) is an emerging start-up that offers a climate-friendly ride-sharing platform. Facedrive stock breached $11 levels this week on strong growth prospects. Notably, the stock was trading below $1 back in June 2018.

Tech stock Facedrive and its monster rally

Facedrive differentiates itself on several fronts compared to peer ride-hailing platforms. While **Uber**, the global ride-hailing giant, witnessed exorbitant growth in its early days, it was also blamed for being one of the worst polluters.

Enter Facedrive. Facedrive has a fleet of EVs, hybrids, and traditional gas-powered vehicles. It offers riders an option to choose from these vehicles. Also, riders can check the environmental impact after their ride. A percentage of the rider fare is invested in green initiatives like planting trees. Last year, Facedrive planted around 3,500 trees.

Notably, this carbon-neutral appeal could prove to be a significant competitive advantage for Facedrive.

From a financial standpoint, Facedrive is a loss-making venture at the moment. It reported revenues of $599,104 in 2019 against revenues of $13,579 in 2018. It currently has approximately 60,000 registered users and 13,000 drivers.

The company is spending heavily on research and development as well. Its expenses under this heading more than doubled in 2019 from a year earlier. Moreover, there has been a stellar increase in key areas like rider and driver registrations along with rides completed last year. Driven by the strong numbers, Facedrive stock has more than doubled since it released its 2019 earnings on April 24.

If one had invested $10,000 in Facedrive stock in June 2018, they would have accumulated a staggering $110,000 today.

A promising and socially responsible business model

Apart from ride-sharing, Facedrive is expanding in the food delivery segment as well. On May 14, it announced that it would purchase certain assets of Foodora — an online food ordering company. If completed soon, it can capitalize on the higher demand during the lockdown period.

Facedrive is also looking to grow its ride-sharing services for corporate customers. Additionally, the climate-friendly ride-hailer plans to establish in Europe before extending its presence globally. A consistent increase in market share will notably uplift Facedrive's top line in the next few quarters.

After Facedrive's epic rally in the last two months, the stock looks significantly overvalued. Thus, conservative investors could wait for a pullback. Investors with an appetite for excessive volatility can expect a high-risk, high-reward scenario.

The established players in this domain have already exhibited the growth potential of this industry. Interestingly, there is an inherent appeal in Facedrive's ride-sharing platform. Even if it is a newbie in the industry, Facedrive might not have to struggle for the market share. That's because social and ecological concerns largely drive millennials' decision making these days, and Facedrive rightly addresses that.

However, it would not be too difficult for established players to increase their fleet with eco-friendly cars. This could be a big threat to Facedrive going forward.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSXV:STER (Facedrive Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/07/27
Date Created
2020/05/16
Author
vinitkularni20