



How This Little-Known TSX Stock Thrashed Shopify (TSX:SHOP) in 2020

Description

The tech titan **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has been the top gainer this year among Canadian giants. It has been consistently rallying for the last few years and has soared more than 160% so far in 2020. Interestingly, the upward climb can still continue, given the momentum and its improved growth prospects.

However, there is one small Canadian stock that has significantly outperformed Shopify this year. A Canadian tech company **Facedrive** (TSXV:FD) has been really unstoppable in the last few months. It has soared more than 700% so far this year. We first [underlined](#) the strong prospects of this tech start-up in May 2020. At writing, the stock is trading at \$18.

Facedrive stock's wild journey from \$2 to \$18

Facedrive is a \$1.5 billion ride-hailing platform that has EVs, hybrids, and traditional gas-powered vehicles in its fleet. It gives riders an option to choose from these. Interestingly, riders can check the environmental impact after each of their rides. Also, a percentage of the rider fare is invested in environmental initiatives like planting trees.

More and more millennials could turn to Facedrive because of its eco-friendly appeal. The company has seen a notable surge in the number of rides completed, which has substantially boosted its top line. It has not yet been able to report a profit, but the revenue growth has been quite encouraging.

Strong growth prospects

Facedrive is currently operating in the Greater Toronto Area, Hamilton, London, Kitchener, Waterloo, Guelph, Cambridge, Orillia, and Ottawa. It plans to expand its geographical footprint to Europe and the U.S. in the next few years.

Conventional players could feel the heat, as this transportation-as-a-service provider enters in larger markets in the next few years. It is also aggressively growing in corporate ride-sharing and online food-

delivery segment.

The global ride-sharing industry is one of the sectors that offer promising and healthy growth prospects. Early entrants like **Uber** witnessed strong growth in its early days.

Challenges

Facedrive indeed differentiates itself from peers based on its unique business model. However, peers building a more environmentally friendly fleet can create a significant risk for Facedrive. Also, how it works to expand geographically amid the pandemic and shutdowns will be interesting to see.

Importantly, Facedrive stock looks extremely expensive after its steep rally this year. It might continue to trade volatile and can be a risky bet for conservative investors.

However, we have seen how market participants overlook fundamentals and pay premiums to stocks with strong growth prospects, particularly in the tech space. What could be a more appropriate example other than [Shopify](#)? It has been running well ahead of its underlying financials for the last few years.

On similar lines, investors could continue to pay higher for Facedrive's attractive growth potential. Interestingly, the stock might continue to climb higher in the long term if it translates its unmatched climate-friendly business into lasting financial growth.

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Author

vinitkularni20

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