



Drone Delivery Canada (TSX:FLT): Will This Make You a Millionaire?

Description

Will **Drone Delivery Canada** ([TSXV:FLT](#)) stock make you rich? I certainly hope so, since I [added the stock to my portfolio](#) a few months ago. Since then, Drone Delivery Canada stock has been flying (pun intended). It's up 44.6% over just the past month.

Now, investors like me must consider whether it's prudent to take some profits off the table or let the stock soar. Here's a closer look at what the company needs to do to justify its valuation and why the stock is a potential (but speculative) millionaire maker.

Nascent technology

To be clear, Drone Delivery Canada is a small player in a relatively nascent industry. Look up at the sky, and you'll notice a dearth of flying drones delivering packages. That's because the concept is still very much in the testing phase. This means Drone Delivery Canada has absolutely no concrete delivery contracts or agreements at the moment.

However, the company has considerable traction with testing partners. It's been conducting delivery trials for a medical facility in Ontario, two remote First Nations communities in the same province, GlobalMedic and **Air Canada**. This month, it also struck a partnership with European logistics/transport group **DSV Panalpina A/S**.

Meanwhile, the company is actively seeking approvals and partnerships to offer services in the United States, which could potentially be the largest market for it in the future.

All things considered, Drone Delivery Canada has been making tangible strides this year. It could be on the cusp of a major deal with a logistics or medical partner that unlocks revenue.

Drone delivery Canada stock valuation

At its current price, Drone Delivery Canada is worth \$165 million. That makes it a sizable private tech company. Like any other tech company of this size, DDC needs to gain substantial market share in an emerging industry within a few years.

Some expert estimates suggest the market for drone deliveries could grow at 32% compounded annually for the next five years. By 2026, the global industry could be worth US\$34.5 billion (CA\$44.7 billion). By extension, the market could be worth \$100 billion or more by 2030.

Drone Delivery Canada needs to capture at least 6-8% of this industry to deliver sizable results. If the company's valuation soars to \$6 billion within the next decade, it could turn a \$25,000 investment into \$1 million over that period.

Caveats

Small, unproven tech startups like Drone Delivery Canada certainly have the potential to be millionaire makers. In fact, investors must demand a multifold return within a few years to justify the inherent risks of such investments.

However, investors must recognize that things could easily turn sour if the company's trials fail or the team is unable to win profitable contracts soon. This stock is highly speculative, and investors should probably limit the exposure they have to it. For me, FLT stock is just about 1% of my portfolio. Good luck!

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vraisinghani

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