



## Drone Delivery Canada (TSX:FLT): Multi-Bagger Potential

### Description

The stock market is littered with multi-baggers right now. Some stocks still have some room left. **Drone Delivery Canada** ([TSXV:FLT](#)) is probably my top pick for potential multi-bagger in 2021. Here's why.

### Drone delivery market potential

In 2020, online shopping adoption skyrocketed. Confined to their homes, people turned to e-commerce platforms like never before. This surge in traction has been clearly reflected in the top online shopping stocks. However, investors have overlooked the logistics that make this industry tick.

Billions of dollars and decades of experience have made the global supply chain remarkably efficient. However, the last-mile delivery system is still slow and archaic. Getting goods from the nearest distribution centre to your doorstep still takes far too long. Solving this bottleneck is critical for the next phase of growth in e-commerce.

Jeff Bezos seems to believe this bottleneck can be solved by commercial drones. He first mentioned this niche technology as a solution back in 2013. By 2017, his company had accumulated at least 64 drone technology-related patents. Last year, the company even received regulatory permissions to fly test drones.

In short, the world's biggest tech company is serious about this sector that's still flying under the radar.

### Market size

Early research by **Goldman Sachs** suggests the market potential could be as big as [US\\$100 billion \(CA\\$130 billion\)](#). Meanwhile, startups in the sector are nearly all worth less than \$1 billion today.

Drone Delivery Canada, for instance, is worth just \$291 billion at its current market price. If the company can capture just 1% of the overall market over the next few years, the stock could be a serious multi-bagger.

Indeed, the company is already making serious progress.

## Traction

Drone Delivery Canada has spent years refining its drone technology and seems on the verge of finally grabbing a commercial supply agreement.

So far, the company has signed test flight agreements with several major corporations. A medical facility in Ontario, two remote First Nations communities in the same province, GlobalMedic, and **Air Canada** have all agreed to test the company's drones. Last year, it also struck a partnership with European logistics/transport group **DSV Panalpina A/S**.

If any of these test programs turn into long-term service contracts, FLT stock could lift off. However, the stock remains incredibly speculative at the moment. There's no way to accurately predict if these tests will be successful or if Drone Delivery will ultimately dominate Canada's drone market.

In fact, we don't even know if last-mile deliveries by drones are practical yet. Failed science fiction dreams have cost investors billions in the past and could cost us much more in the future. With that in mind, you may want to restrict the exposure you have to FLT stock in your portfolio.

## Bottom line

Last-mile delivery is a bottleneck for online shoppers and medical emergencies. In the near future, our skies could be filled with commercial drones carrying essential medicines, consumer products and even pizza. In this scenario, Drone Delivery Canada is a potential multi-bagger.

However, the industry is deeply speculative right now. Approach with caution.

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