



Facedrive (TSX:FD) Stock Is up 1,400% Since IPO: Should You Buy, Hold, or Sell?

Description

Shares of ride-hailing platform **Facedrive** (TSXV:FD) have been on an absolute tear ever since it went public back in September 2019. Facedrive stock is currently trading at \$31, which means it has returned 1,400% since its IPO. However, it is also trading 50% below its record high of \$60 it touched in February 2021.

Facedrive focuses on expansion

Similar to **Uber** and **Lyft**, Facedrive is a ride-sharing company. The Canada-based organization allows users to book a ride in electric and hybrid automobiles as well as in traditional gasoline vehicles. Facedrive aims to expand its ride-sharing services in other Canadian cities as well as in international markets such as the U.S. and Europe.

Further, the company is also focused on growing other business verticals that include Facedrive Marketplace, Facedrive Health, Facedrive Social, and Facedrive Foods.

Now, Facedrive Foods is the company's food delivery vertical, which is similar to Uber Eats. Last month, FD claimed total orders exceeded 4,500 meal deliveries each day. It has partnered with 4,650 restaurants and has around 260,000 active users on its platform that is operational in 19 Canadian cities.

Facedrive Foods explained it has successfully capitalized on the shift in consumer behaviour amid the pandemic. As the number of storefronts and restaurants continue to limit their offerings to delivery and take out, the volume of online orders has grown at an exponential rate.

Facedrive Foods recently introduced grocery delivery services with an extended delivery radius enabling service access for residents in remote areas that have been underserved by conventional providers.

An EV subscription service platform

Facedrive also announced [it will launch Steer](#), which is one of the fastest-growing electric vehicle subscription services in North America. Steer is a U.S.-based monthly vehicle subscription service that was acquired by Facedrive last September.

Facedrive explained this acquisition will complement its ride-sharing and food delivery services. Steer aims to challenge traditional car ownership and accelerate the shift towards environmentally friendly transportation.

The automotive subscription market is expected to grow by US\$9.15 billion between 2020 and 2024. Further, this acquisition should be significantly accretive towards FD's top-line growth, as Steer has already achieved millions in recurring revenue in the last 12-month period.

The Foolish takeaway

We can see why investors remain bullish on Facedrive stock. It is looking to rapidly expand in several business verticals via acquisitions as well as organically. However, there are [several concerns surrounding the company](#).

One is its high valuation. In the first nine months of 2020, Facedrive reported sales of \$747,976. Though top-line growth doubled year over year, it will difficult for the company to sustain its market cap of \$1.72 billion.

In the last three quarters, the company reported a cumulative operating loss of \$14.7 million, which means it has to keep raising equity capital to offset its massive cash burn. So, investors will have to brace for several rounds of shareholder dilution.

Facedrive is part of multiple growth verticals. But the company has to successfully gain massive traction via its platform, improve bottom line at a stellar pace, and achieve economies of scale over time.

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