



Should Investors Buy Facedrive Stock Today?

Description

In the last few months, **Facedrive** (TSXV:FD) had provided investors with absolutely [insane volatility](#). Indeed, the rapid stock price decline Facedrive investors saw of more than 65% from its peak speaks to this.

Like other high-profile meme stocks, Facedrive has been viewed as a [short squeeze](#) opportunity by many. And it appears retail investors have been successfully able to move this stock in a big way in the past. It's a small cap stock with a small-ish stock price, decent short interest, and a float that can be manipulated. Accordingly, it's understandable why this stock may be a target of retail investor interest.

That said, from a fundamentals and value perspective, there's no reason to own this stock. The company still trades at 1,800-times sales, despite its 65% correction. It earned roughly \$1 million last year, but is valued at \$1.7 billion.

I don't know about you, but I've honestly never seen a company this overvalued in a long time.

Accordingly, here are a couple reasons why I'd avoid this stock right now.

Facedrive's business model isn't ground-breaking

Investors are on the search for growth today. Finding innovative companies with ground-breaking business models and growth prospects is the goal here.

Unfortunately, this can't be said about Facedrive.

Indeed, the company's business model appears to me to be really no different than other ride-sharing services. The minuscule company has embarked on a mission to be the next **Lyft** ([NASDAQ:LYFT](#)) or **Uber** ([NYSE:UBER](#)). As valiant as that sounds, in practicality, I'm not seeing the reality of such a scenario as likely.

This is because I don't see a unique value proposition with Facedrive that would suggest the company

can effectively compete and thrive in this sector. Its competitors are massive, and the company will first need to worry about survival over the near-term. It's burning through a tonne of cash as it works on expanding its influence.

The hype doesn't match the reality

Facedrive has been able to ride the coattails of incredibly optimistic sentiment in the EV space of late. Indeed, the company's acquisition of **Steer** last year is often pointed to as the key differentiating factor that will set Facedrive apart from its peers.

However, I think investors need to question this thesis. Reportedly, the EV options available on Facedrive's platform are not even close to being solely-EV options right now. Additionally, it's unclear why drivers with EV vehicles would choose the Facedrive platform over its competitors.

Currently, Facedrive only operates in a few key markets in North America. This is far from a full-fledged competitor in the ride-sharing space. And the companies other offerings don't scream "innovation" to me right now.

Accordingly, I'd suggest investors look elsewhere for growth today.

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