



## What Happened to Facedrive Stock?

### Description

Over the last year, one of the most popular Canadian stocks has been **Facedrive** (TSXV:FD). Facedrive has an exciting business model that has caused the stock to see rapid growth.

During the last few weeks of January into February earlier this year, the stock gained over 200% in that short time. And that was on the back of a 560% gain in 2020.

One of the reasons Facedrive was so popular is that investors were hungry for [EV stocks](#) or any similar companies that fit the bill.

However, today, after all that hype in 2020 and early 2021, it's down 75% from its 52-week high. There are several reasons why the stock has lost momentum.

First off, it was considerably overvalued. Even down 75% from its high, it's still overvalued today. The entire EV stock sector had become overvalued, but on top of that, Facedrive is not even really an EV stock. This is why an investment in Facedrive while it was rallying rapidly earlier this year was purely speculation.

It had a market cap of more than \$5 billion in February and had less than \$5 million in sales. That would maybe make sense if it were the first stock in its industry. It isn't, though. And the industry it does operate in, ride sharing, is already dominated by two giants.

Facedrive stock demonstrates perfectly that when you buy a speculative stock, it's extremely volatile. And when you buy a speculative stock in an industry that's already seeing a lot of speculation and is considerably overvalued, it's almost certain to end poorly.

As I'd mentioned before, Facedrive is trading 75% off its high. And in my view, it's still overvalued.

## How is Facedrive stock still overvalued?

At the current market price, Facedrive stock has a market cap of roughly \$1.5 billion. Its sales are a

little over \$7 million. So, Facedrive stock currently trades at a price-to-sales ratio of over 175 times.

Of course, what the company is doing is admirable. It's building a sustainable and equitable ride-sharing and e-commerce business. That, however, doesn't merit a massive valuation.

**Uber**, Facedrive's number one competitor, trades at a price-to-sales ratio of just nine times. The company has done \$10.5 billion in sales over the last 12 months (compared to Facedrive's \$7 million), and it's still yet to turn a profit.

Ride-sharing businesses are all about scale, so the company is a long way off from turning a profit. Facedrive stock faces some tough challenges ahead, and a \$1.5 billion market cap is considerably overvalued today.

If you're going to buy a high-potential [tech stock](#), you need to make sure you don't overpay for it and that it actually has significant potential to succeed. Here are two top tech stocks to consider today.

## Two top Canadian tech stocks to buy today

**NexTech AR Solutions** (CSE:NTAR) is a top Canadian stock to consider. Augmented reality (AR) technology has a tonne of potential in several industries. NexTech is developing its technology in several fields, including offering AR experiences, advertising for e-commerce, and even connecting people for events.

AR technology will be around for years, and the industry, as well as NexTech, are just getting started. Plus, it trades at a market cap of less than \$250 million. That's six times less than Facedrive stock's market cap, and NextTech has more than triple its revenue.

Another high-potential tech stock to consider is **Galaxy Digital Holdings** ([TSX:GLXY](#)). Galaxy is a financial services company that's a leader in the cryptocurrency industry.

In my opinion, it's one of the best ways to invest in the [cryptocurrency](#) industry. And while the momentum may have died off for a bit, the revolution has just gotten started. This is why Galaxy is an ideal stock to consider for a [long-term investment](#).

The company has several segments, including asset management, investment banking, prime brokerage services, and even its own mining operations.

These are just two of several high-potential Canadian growth stocks to consider. So, rather than overpay for Facedrive stock, I'd consider one of these top investments.

### CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

### TICKERS GLOBAL

1. TSX:GLXY (Galaxy Digital)

2. TSXV:STER (Facedrive Inc.)

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## **Author**

danieldacosta

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