



Is Facedrive Stock a Buy in November?

Description

Facedrive (TSXV:FD) is a stock that's had one of the most eventful years of any Canadian company. However, the tech stock, which quickly became one of the most popular stocks among investors earlier this year, has had a rough couple of months lately.

After finally bottoming out to complete a 98% fall from its high back in the first quarter, the stock has seen a choppy few months of trading, reflecting the speculative investment that it's been.

Facedrive started out with a noble idea. The company wanted to build a ride-sharing model underpinned by a sustainable and equitable business model. Unfortunately, for Facedrive stock, though, the timing couldn't have been worse with the pandemic.

Because of this, the company has tried to shift its focus, but so far to no avail. Over the last 12 months, Facedrive has managed a meagre \$13 million in sales. Not only is that clearly very low, but it gives Facedrive a price-to-sales ratio of 9.2 times, which is considerably higher than its two main ride-sharing competitors.

Uber and **Lyft** have [price-to-sales ratios](#) of 6.1 times and 6.6 times, respectively. And these are companies that are already well established in the ride-sharing industry with significant footprints and sales in the billions.

So, Facedrive stock is certainly not priced attractively, but that doesn't necessarily mean the stock is not worth an investment, especially if you can buy Facedrive stock cheaper in the coming weeks, considering how volatile it's been lately.

Are there any reasons for an investment in Facedrive stock?

When Facedrive decided to transition to other industries, such as e-commerce, the move seemed like it could be beneficial. The company was struggling to gain traction in the highly competitive ride-sharing industry at a time when the demand for ride sharing was almost non-existent.

However, the company hasn't executed on these expansion plans, and the stock has only continued to suffer. It didn't help that it was bid up to insane valuations to start the year and has had a tonne of downward momentum ever since.

Now that it's bottomed, though, you may think it's [undervalued](#). However, as we saw above by its valuation, it's actually still slightly overvalued. So, unless the company can do something drastic to turn the business around, I'd avoid the stock.

It's worth noting that insiders at Facedrive have been consistently selling their stock, which also doesn't bode well for the future of the company. Often when businesses are cheap, you'll see insiders buying shares, as they are aware of the significant discount the company is trading at.

So, with a valuation that still makes it look expensive, no real long-term strategy, and consistent selling from insiders, I would avoid Facedrive stock. If you still think it may have potential, you could keep it on a watchlist and monitor its progress. For now, though, there is nothing that makes the company a compelling buy.

Instead, if you're looking for a cheap Canadian tech stock that does have significant potential to rally, **Drone Delivery Canada** ([TSXV:FLT](#)) seems like a much better choice.

A top Canadian growth stock to buy today

Drone Delivery is another cheap micro-cap stock on the venture exchange. And while it's by no means a sure thing, in my opinion, the stock, as well as its industry, has far more potential than Facedrive. In addition, although it has seen some speculation from investors, it's been a far less-speculative stock than Facedrive.

One of the first benefits that Drone Delivery Canada has is that it doesn't face as heavy of competition from incumbents in the industry. Drones are still relatively new, and companies continue to improve on their designs and capabilities. Plus, Drone Delivery doesn't just design its own drones. It's also created the entire logistics platform that they can run on.

The company has been working since 2014 to perfect its product. And now, with several pilot projects up and running commercially, Drone Delivery stock is closer to massive growth than ever before.

So, if you're looking for a small Canadian growth stock with significant potential, I'd forget Facedrive. There are far more companies out there, like Drone Delivery, that offer better opportunities for growth.

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