



Why Docebo Fell 13% on Wednesday

Description

Docebo ([TSX:DCBO](#))([NASDAQ:DCBO](#)) saw shares fall 13% on January 5, as of writing this article. This came after an announcement the learning management software company allowed major a shareholder to sell its shares.

What happened?

Docebo stated it would allow Intercap Equity to sell up to US\$200 million of its existing shares to the public. Docebo will not have anything further to do with the at-the-market [program](#) and won't receive any sales from it either. Sales aren't expected until March 2022 under the company's insider trading policy.

Intercap Equity invests in companies, stating on the company website the goal of helping entrepreneurs build "successful and enduring companies." Intercap helps companies like Docebo with going public, mergers and acquisitions, private debt and more.

So what?

The question that Motley Fool investors have now is, why would Intercap choose now to divest itself of Docebo shares? This is certainly a red flag, after months of seeing the share price of Docebo drop further and further. As of writing, Docebo is down 40% from 52-week highs.

The thing is, according to analysts, Docebo stock looks incredibly undervalued. The consensus target price remains at about \$120. That would give the stock a potential upside of 69% as of writing.

What investors should then be wondering is, what does Intercap know that we don't?

Now what?

This news also came out as the next earnings report comes closer, expected Mar. 10, 2022. Wall Street analysts peg the company with reporting US\$29.85 million for this next quarter. This would be an improvement of 59% year over year. Docebo managed to beat estimates during the last [quarter](#) as well. It reported \$0.02 earnings per share, up \$0.07 from the expected loss of \$0.05.

But even with analyst recommendations and buys across the board, you can't help the move of the market. The [tech](#) industry as a whole has seen a drop in share price, as investors get out of riskier areas in favour of sure things. But this latest news is definitely something future investors should consider before seeing today's share price as a deal or a dud.

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