



Why Did Dye & Durham Stock Drop 14% on Wednesday?

Description

Dye & Durham ([TSX:DND](#)) shares fell 14% on Wednesday and continued to drop into Thursday after DND stock posted earnings. Investors also were not impressed with the increase in [pricing](#).

What happened?

DND stock fell 14% after the company announced earnings, yet the loss likely had nothing to do with the earnings themselves. Investors have gone cold when it comes to the legal software company mainly due to the recent price hikes.

Management announced massive price increases for 2022 — fees that are passed on to home buyers during closing. Last month, a \$200 million class-action lawsuit filed against DND stock alleged the company violated federal competition laws after reneging a promised price freeze last year — a freeze that should have lasted a further three years. Increases included a 900% increase for its Unity software.

So what?

Investors were then greeted by incredible earnings from DND stock that could show there really wasn't a need for a price hike. The company trimmed losses to \$4 million from \$21.5 million the year before. Further, revenue came to \$109.6 million from \$33.7 million last year. This came to a net loss of \$0.06 per share, up from \$0.40 the year before.

Furthermore, the quarter saw DND stock agree to acquire Link Administration Holdings and **Telus** Financial Solutions Business. So, clearly, the company isn't [worried](#) about future cash flow.

Executives defended the increase due to the “significant product enhancement and product [investments](#)” made over the last year.

Now what?

The increased revenue seems to be related to these recent acquisitions by DND stock, according to the earnings report. So, it seems the price hike could be due to keeping these acquisitions at peak performance. Meanwhile, analysts reiterated the company's outperform rating, though some cut estimates.

The average share price for DND stock is \$60 per share — a potential upside of more than double today's share price, as of writing.

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Author

alegatewolf

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