Docebo's Earnings Were Surprisingly Decent

Description

Docebo (TSX:DCBO)(NASDAQ:DCBO) released its earnings yesterday. As is typical with medium-cap tech these days, it missed analyst estimates by a wide margin. Analysts had been expecting -$0.09 in EPS, the company actually delivered -$0.21. Predictably, the stock tanked after the results came out. However, the release actually wasn't bad if we look at metrics other than the bottom line. Revenue beat estimates by $110,000, and other profitability metrics were quite solid.

Earnings recap

In the first quarter, Docebo delivered the following:

- $32.1 million in revenue, up 47%.
- $29 million in subscription revenue, up 47%.
- $25.5 million in gross profit, up 43%.
- -$0.21 in EPS, worsened by -$0.04.
- -$2 million in cash used in operations, improved by $200,000.

As you can see, the revenue and cash flow metrics were generally pretty strong. GAAP earnings missed expectations, but the quarter showed overall growth in the business. This wasn't the kind of release that would have you running out to buy a stock. But it wasn't terrible.

What does the future hold?

As we've seen so far, Docebo's earnings release was far from the worst big tech put out for the first quarter of 2022. In the same period, when **Shopify's** revenue-growth rate got cut in half, Docebo's stayed very strong. That was very encouraging.

At the same time, we can ask questions about where Docebo's business is going in the long term. DCBO makes online software for e-learning. It allows companies to make self-directed training modules for companies. In the COVID-19 era, this was very much in vogue, because the pandemic necessitated working — and training — from home. Today, it could be less necessary. The COVID-19 pandemic is mostly waning. While the virus itself is still with us, most jurisdictions are moving toward fewer and fewer restrictions over time. Accordingly, employers are calling more of their workers back to the office.

It could be that Docebo's service will fall out of favour in the coming year like many pandemic-era favourites did. However, it's far from certain that it will. Even when employees work from the office, training often features an online component. Training videos eliminate the need to have an employee take time off from their usual duties to train a new hire. So, perhaps, demand for Docebo's service will remain. Certainly, it held steady into the first quarter, as DCBO's revenue beat showed.

Foolish takeaway

Docebo stock was a big winner in the COVID-19 era. Its service was perfectly suited to the economic conditions at the time, and its stock was rewarded with a truly breathtaking rally. At one point, DCBO was up 600% over one year!

Today, DCBO is giving up some of its gains. Down 65% from all-time highs, it has seen better days. Markets evidently didn't take the recent release well. However, the numbers contained in it weren't entirely bad. Net losses persisted, but growth was still very strong. That's more than a lot of tech companies can say these days. Still, it would be wise to proceed with caution with DCBO. Growth stocks that are losing money are very much out of fashion these days.

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