



## Why Dye & Durham Stock Plunged 16% Last Week

### Description

### What happened?

Shares of **Dye & Durham** ([TSX: DND](#)) tanked by about 16% to \$17.97 per share last week to post its biggest weekly losses since the first week of May. With this, DND stock underperformed the broader market by a wide margin, as the **TSX Composite Index** ended the week with a 3.3% decline. The latest round of heavy selling in the stock has extended its year-to-date losses to a massive 60%.

### So what?

Last week's sharp selloff in Dye & Durham stock came after a [Bloomberg report](#) claimed that the Canadian software company is considering walking away from the **Link Administration Holdings** acquisition deal, citing people familiar with the matter. Link Group is a Sydney-based software firm that primarily provides record-keeping technology and information solutions to the superannuation administration industry. The **Australian Securities Exchange**-listed Link Group currently has a [market cap](#) of about AU\$2 billion.

Dye & Durham originally announced the agreement to acquire Link Group in December last year in a deal worth \$3.2 billion, reflecting a 15% premium over Link's then share price. However, Link's shares have seen nearly 17% value erosion since then. Following this, Dye & Durham reduced its proposal from a cash consideration of AU\$5.50 per Link's share to AU\$4.30 per share in June.

The Canadian software company expected this acquisition to help it expand its global footprint and customer base in business-to-business software and information service solutions segments. That's why investors might be reacting negatively to the possibility of it walking away from the deal, triggering a selloff in DND stock.

### Now what?

While the speculations about Dye & Durham walking away from the Link Group acquisition deal might

keep its stock volatile in the near term, I still find really attractive for long-term investors — especially when it's down 60% year to date. In its fiscal year 2022 (ended in June), analysts expect its total sales to more than double on a year-over-year basis to around \$482 million with the help of consistently growing demand for its cloud-based software solutions. Given that, investors may want to take advantage of the recent selloff in DND stock to buy this amazing growth stock at a big bargain.

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1. Investing
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1. TSX:DND (Dye & Durham Limited)

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