



Why MongoDB Shares Fell 21% Last Month

Description

What happened

Shares of **MongoDB** ([NASDAQ: MDB](#)) fell 20.9% in September 2019, [according to data from S&P Global Market Intelligence](#). The database software developer's slide started with a merely solid [earnings report](#) that failed to excite investors.

So what

MongoDB saw second-quarter sales rising 67% year over year, landing at \$99.4 million. On the bottom line, net losses were reduced from \$0.34 to \$0.26 per diluted share. Your average Wall Street analyst would have settled for a net loss of \$0.28 per share on revenues in the neighborhood of \$91.7 million.

But the company's third-quarter earnings guidance was only in line with the analyst views at the time despite a slightly more optimistic revenue prognosis. For high-octane growth stocks like MongoDB, that's not always enough to preserve the stock's seat in Wall Street's nosebleed section. The stock plunged 17% over the next three days.

Now what

Several analysts followed up on MongoDB's results with rosy reports on their own, often raising their price targets on the stock to at least \$180 per share. Barclays analyst Raimo Lenschow expected these results to trigger a short squeeze and drive the stock much higher at the drop of a hat.

That didn't happen. At this point, MongoDB's stock has nearly doubled over the past 52 weeks despite a 16% decline in the past three months. You can call it a discount if you like, though it's always hard to call MongoDB a value stock when both earnings and free cash flows are negative.

[That's life in the fast lane](#) — MongoDB's \$7.4 billion market cap is built on investor expectations of continued hypergrowth for the foreseeable future.

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1. Investing
2. Tech Stocks

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1. Syndicated

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1. NASDAQ:MDB (MongoDB)

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Author

anders-bylund

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