



DOORDASH
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DoorDash IPO: The Last e-Commerce Frontier?

The DASH takes off even before its IPO debut, leaping an astonishing 85%

It will be debated from Wall Street to Main Street and everybody will have an opinion. Is DoorDash the next Facebook, Twitter or Google? Or the next Pets.com? What's it really worth? Is this the beginning of the next Dot.com bubble?

On Wednesday, December 9th, shares of DoorDash, a food delivery app, started trading on the New York Stock Exchange under the ticker symbol "DASH." On Tuesday night, prospective DASH investors saw each share priced at \$102. By the next morning, the stock was trading at \$182/share and it ended the day at about \$188. What a ride.

Wall Street was particularly keen on the DoorDash IPO because it kicks off a very busy IPO season, with Airbnb set to debut on December 10th and Wish expected to debut before the end of the year.

Thinking of Buying the DASH?

With a gain of over 85% in the first day of trading, it might be tempting to call your advisor and request that the DASH be added to your portfolio. But consider a few things first:

- The company priced its shares at \$102 on Tuesday night. Now it's \$185. What happened overnight? Nothing.

- After the 85% one-day jump, the DASH is worth about double what Uber is worth, at least on a revenue basis
- The DASH reported revenues of \$1.9 billion for the nine months ended September 30th, according to its SEC filings
- For the nine months ending September 30th last year, the DASH reported revenues of \$587 million

Here is something to consider, knowing those two revenue numbers:

- For the nine months ended September 30, 2019, the DASH had a net loss of \$533 million
- For the nine months ended September 30, 2020, the DASH had a net loss of \$149 million

So, what investors need to keep in mind is that an investment in the DASH is really an investment in a company that most recently lost almost \$150 million in 9 months (let's call it \$200 million in a year).

Is the DASH a good investment? That's a tough one to answer and only time will tell. In the meantime, if you're thinking of investing in the DASH, make sure you understand the business model. And the numbers.