



Shopify Inc.: Could This Stock Hit \$200 in 2017?

Description

Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#)) is up more than 120% this year and has rallied a staggering 275% in the past 12 months.

Let's take a look at Canada's latest tech darling to see if more gains could be on the way.

What is Shopify?

The company provides cloud-based, multi-channel commerce solutions for small- and medium-sized businesses.

Essentially, it is a plug-and-play retail solution for anyone who wants to sell products on a website, a mobile app, across social media, or even out of a physical store location.

In the past, getting this kind of capability together would cost a fortune, meaning it was only available to big companies. Now, Shopify's subscription-based solutions make it possible for just about anyone to get into the retail game.

The numbers

Shopify continues to grow at an impressive rate. The company reported Q1 2017 revenue of \$127.4 million, representing a 75% increase over the same period last year.

Subscription Solutions revenue rose 60% to \$62.1 million as a record number of merchants joined the platform in the quarter. Merchant Solutions revenue increased 92% to \$65.3 million, driven by strong growth in Gross Merchandise Volume.

The company reported a net loss of \$13.6 million for Q1 2017, or \$0.15 per share, compared to a net loss of \$8.9 million, or \$0.11 per share, in Q1 2016.

Shopify finished Q1 2017 with \$396 million in cash compared to \$190 million at the end of March 2016.

Outlook

Shopify is targeting 2017 revenue of \$615-630 million with an operating loss of \$69-73 million, and an adjusted operating loss of \$14-18 million.

New products

The company continues to develop additional products to make life easier for its merchants.

The Shopify Point-of-Sale Card Reader will provide chip and swipe capability to merchants who are selling at markets or pop-up events. Orders will seamlessly connect with the online store.

Shopify Pay will provide merchants with an option to offer their customers the ability to securely save their shipping and credit card information. This would reduce the checkout to a simple two-step process.

Plus clients will be able to offer a password-protected wholesale store for bulk orders, all managed within the existing store.

Is the stock headed to \$200?

Shopify trades for \$130 per share at the time of writing, which means it would have to jump more than 50% from this point through the end of the year.

Given the strong momentum, anything is possible, especially if the Q2 results come in better than expected.

As such, we could see the stock hit \$200 by the end of December.

Should you buy now?

Shopify is doing all the right things, and the opportunity across the globe is simply massive. Online shopping has grown significantly in recent years, but it still represents a small part of the overall picture, and mobile retail is really just getting started.

A pullback in the stock should definitely be expected, but when that will happen is anyone's guess, and it could be from a price point that is much higher than where Shopify trades today.

If you can stomach a bit of volatility and have a buy-and-hold investing style, it might be worthwhile to start nibbling. Waiting hasn't proven to be a wise move so far this year.

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