



## Shopify Inc's (TSX:SHOP) Earnings Soar In Q4

### Description

**Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) just released its [Q4 earnings statement](#), and the results are as good as anyone could have asked for. Although the trend of revenue growth deceleration continued, the company's adjusted earnings climbed higher than ever, demonstrating the company's increasing profitability. The Q4 report comes after a busy quarter for the company, which saw massive sales boosts from cannabis legalization and [Black Friday](#). For investors, it's a strong sign that Canada's tech darling is a healthy operation with a bright future ahead of it.

Now, let's take a look at some highlights.

### Revenue growth: strong but slowing

I'll start with what's probably the worst news out of an overall great report: Shopify's trend of slowing revenue growth continued in Q4, with the growth rate down to 54% from 58% in Q3. Slowing growth has been cited as a major concern for company, whose high double-digit growth has failed to keep pace with its increasing costs. However, the concern is overblown: 54% is a very high growth rate, and as long as revenue growth outpaces cost increases, the company can become more and more profitable over time. And that's exactly what happened, as we're about to see.

### GAAP net loss narrows

For a few quarters now, Shopify has been reporting positive adjusted earnings, but in GAAP terms the company has struggled to break even. Although the company did not achieve positive GAAP earnings in Q4, it got a lot closer, with a \$1.5 million loss compared to \$3 million in the same quarter a year before. This means that the company cut its losses in half. Shopify's GAAP net losses are already inching closer and closer to 0, and if the company keeps it up, it's on track to deliver steady profits faster than **Amazon.com** did.

### Adjusted earnings soar

In adjusted terms, Shopify's earnings grew in Q4, at \$27.9 million compared to \$14.7 million in the same quarter a year before. That's just a hair short of doubling. With revenue growth still chugging along in the mid double digits, the company has plenty of room to keep the growth coming.

## Foolish takeaway

Shopify's Q4 earnings report delivered (almost) all the good news investors could have asked for. While the decelerating revenue growth might look bad, it's important to remember that 60% can't be maintained indefinitely. In the meantime, narrowing GAAP losses and rising adjusted earnings show that Shopify is putting its revenue to good use, delivering more and more value to shareholders every quarter. Shopify has long been the king of the Canadian tech scene. In Q4, it retained its crown with ease.

If you've ever considered buying Shopify shares, but hesitated because of uncertainty, now might just be the time to make a move.

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andrewbutton

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