



Shopify Inc (TSX:SHOP) Will Release Earnings Next Week: Here's What to Look for

Description

It's an exciting time to be a **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) investor. Up 60% year to date, the stock is [hitting record highs](#) almost on a daily basis. Not only that, but it arguably has the fundamentals to back up its performance: its revenue routinely grows at 50-60% year over year, and the company is increasingly posting positive adjusted earnings.

Shopify's Q1 results are scheduled to come out very soon — on April 30, to be precise. This will be a particularly interesting quarterly report from Shopify, since it will include preliminary results from some of its new initiatives, like brick-and-mortar stores, online marketing, and content. In addition to the usual items, investors will get a lot of extras to chew on when these results come out. So, without further ado, here are three things to be on the lookout for in Shopify's Q1 earnings release.

Revenue growth

Revenue growth is always the big metric Shopify investors have their eye on. Shopify is growing faster than any other large TSX tech stock: sales growth has never fallen below 50% and year-on-year increases have often been greater than 60%. However, in recent quarters, the company's revenue growth [has been decelerating](#). While the growth itself is still strong, the rate of growth is decreasing, and this has some investors worried that Shopify will run out of steam.

In the previous quarter, revenue grew at 54% year over year. This quarter, investors will want to make sure it remains in the +50% range, because the company is still burning through cash at a heady pace.

Profitability

In recent quarters, Shopify has been posting increasingly positive adjusted EPS numbers. Although positive GAAP earnings have yet to be seen, the company is inching ever closer to that benchmark. When Q1 results come out, investors will want to pay close attention to GAAP earnings. Most likely,

Shopify will report positive adjusted earnings again — but because companies are at liberty to exclude items from adjusted figures, GAAP figures are often more reliable

Results from newly launched operations

Last but certainly not least, we have Shopify's new initiatives.

2018 and early 2019 have been interesting times for Shopify. The company launched a number of new projects having little to do with its core operations. In addition to the company's eyebrow-raising foray into content production, it has also made investments in marketing tools and brick-and-mortar retail. Shopify has been criticized for many of these initiatives, which some have found to be disconcertingly out of step with the company's core operations, but that doesn't mean the initiatives won't be successful. The investments in advertising are particularly promising, as they have massive implications for the company's ability to compete with **Amazon**.

On April 30, we'll see how these and other initiatives are paying off.

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