



Buy Now: Shopify (TSX:SHOP) Has Untapped Potential

Description

The incredible growth story that is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) continues to showcase incredible long-term growth potential far beyond what many investors would have thought just a few short years ago. At the time of writing, Shopify is trading at over \$365, reflecting a whopping 94% year-to-date gain, and in the past two-year period the company has seen a nearly 200% increase.

To put that into perspective, during the holiday season, Shopify closed at just over \$161. Granted, just about every single stock had a dismal Christmas, but in the case of Shopify, the stock shot back up shortly thereafter to help realize those impressive gains. Here's another tidbit to process: Shopify is set for even *further* gains over the next two-year period.

To understand why Shopify is going to see additional gains, let's first take a moment to understand why Shopify has exploded in the past few months, which comes down to opportunity and results.

Shopify's opportunity

Shopify entered the market at nearly perfect timing. The incredible success of internet-based retailers was (and still is) wreaking havoc on traditional brick-and-mortar retailers, leaving them with few options other than Shopify to establish a quick, scalable, and customizable storefront experience. The fact that Shopify expanded that opportunity beyond the initial storefront to include a growing number of plug-ins and enhancements to help businesses manage everything from inventory levels and support streams to analytics provided a cradle-to-grave experience that remains unmatched in the industry.

Shopify's commitment to improving upon that opportunity is evident in the slew of acquisitions that the company has made, which, including the most recent deal for New York-based wholesale platform Handshake, puts the total count to three in the past six-month period.

In terms of market potential, Shopify boasts over 800,000 active storefronts encompassing over \$100 billion worth of sales traversing its platform.

Incredibly, that's only a drop in the bucket as Shopify actively looks at an [aggressive expansion](#) to hit

more international markets. By way of example, in the fiscal 2018 year, just 22% of company revenue was derived from outside Canada and the U.S. A coordinated effort to expand into international markets, as the company recently suggested, could provide a real catalyst to further growth.

Shopify's results

Finally, we get to Shopify's results. In the most recent quarter ending March 31, 2019, Shopify reported total revenue of \$320.5 million, reflecting a 50% increase over the same period last year. Subscription revenue also saw a notable increase of 40% over the same quarter last year, coming in at \$140.5 million. Merchant solutions revenue realized a 58% increase to \$180 million over the same period last year.

Overall, the company reported an adjusted operating loss of \$1.4 million in the quarter, representing 0.4% of revenue.

That lack of profitability is often cited as a concern among more skeptical investors, but in reality, the company is still very much in a startup mode, where heavy investments are being made to produce the type of growth and results that could provide profits in the future. Suffice to say that Shopify has seen revenues grow by double digits with each passing quarter, and the company has surpassed forecasts for an incredible 16 consecutive quarters.

In other words, Shopify remains an excellent long-term option for investors looking for [long-term growth](#).

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