



Shopify Inc. (TSX:SHOP): You Won't Believe How Much This Stock Is up Since 2015

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) released its fourth-quarter and full-year 2019 numbers earlier this week and, once again, the company knocked results out of the park.

The company's total revenue surpassed US\$500 million for its latest quarter, which translates into an explosive growth rate of 47% on a year-over-year basis. This handily beat analyst expectations, which pegged Shopify's sales for the quarter at US\$482 million.

Shopify's merchants — which have now surpassed 1 million in total — sold more than US\$20 billion worth of merchandise in the quarter. Collectively, these merchants represent the second-largest source of online sales, trailing only **Amazon**.

The company also reported a solid profit for the quarter, with the adjusted bottom line coming in at US\$0.43 per share. Analysts, meanwhile, expected Shopify to earn US\$0.24 per share. A beat on the top line is good; to exceed both revenue and earnings expectations is fantastic.

Not surprisingly, Shopify shares soared on the news. The stock was up as much as 15% immediately after earnings, although it has since given back a little bit of that ground. Shares easily surpassed \$700, settling into a range around the \$740 level on the Toronto Stock Exchange.

After yet another blowout quarter, I feel like some investors might be taking Shopify for granted. People don't really appreciate how much wealth CEO Tobi Lütke and his team have created for shareholders. Let's take a closer look at just how wealthy you'd be today [if you invested in Shopify a mere five years ago](#).

Unbelievable returns

It's amazing just how fast things can change in the technology sector. Shopify's longer-term growth has been especially astounding.

In 2014, the company generated US\$105 million in sales, which represented essentially a doubling of 2013's sales. It had just over 162,000 merchants using its platform. Shopify also lost a little over US\$22 million in 2014, but that's not surprising.

And remember, it was still a privately held company back in 2014. Shares didn't start trading on the Toronto Stock Exchange until 2015.

The company has come a long way since its 2015 IPO. It launched Shopify Capital, which gives cash advances and loans to merchants, using its vast sources of data to determine good credit risks. It has quietly become one of North America's largest payment processors, a part of the business it continues to grow offline, too. And its centralized shipping platform has proven popular, boasting a 45% participation rate.

Naturally, all this has resulted in some terrific returns. A great deal has happened in just five years.

Shopify shares debuted on the New York Stock Exchange at US\$17 each. By the end of its first trading day, the stock was above US\$31 per share. As I write this, shares currently trade hands for US\$554.86.

That represents a total return of 3,164%. No, that's not a typo. That's how much Shopify shares are up over the last five years.

In fact, the company didn't even need five years to post that return. Remember, 2015's IPO wasn't until May.

Regardless, it represents an excellent investment. *A \$10,000 investment in Shopify stock at the IPO is now worth \$316,388.* That's the kind of return that can make or break your whole portfolio.

The bottom line

I don't know if Shopify can post similar returns going forward or whether it'll settle down as a stock that goes up a mere 20% or 25% per year. It might even crash. Nobody really knows what the future will bring.

But one thing is for sure. The company has been an excellent performer. I sure wouldn't bet against [Shopify stock](#), that's for sure.

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