



Shopify's (TSX:SHOP) Latest Q4 2019 Earnings Reveals Why It's King of Canada Tech

Description

Investor enthusiasm is again building up on **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) after the e-commerce platform provider reported blowout earnings in Q4 2019. The fourth quarter saw a revenue jump of 47% year over year to \$505.2 million.

With actual revenue beating the \$482.1 million consensus estimates, Shopify is proving that it's the undisputed King of Canada tech. The quarterly earnings report includes worldwide sales between Black Friday and Cyber Monday. Holiday sales were over \$2.9 billion or a 61% increase versus the same period in 2018.

Milestone year

According to Shopify CEO Tobi Lütke, 2019 was a "milestone" year for the company. The number of small businesses or merchants selling goods and services to customers through its platform has grown to more than one million.

Last year, the company set aside \$1 billion to build fulfilment centres in the U.S. Shopify is challenging rivals **Amazon** and **eBay** head-on. The fulfilment investments should enable the Canadian tech champion to compete with Amazon. Merchants can deliver packages across the U.S. in no more than two days.

There was growth in the number of "partners, merchants and nodes" because of Shopify's fulfilment network. The network was a big help to sellers during the holiday shopping season.

Energize the flywheel

Shopify CEO Amy Shapero said the company would carry on in optimizing the fulfillment network this year to better help sellers. The goal is to "energize the flywheel well into the future."

Based on the blockbuster earnings, market observers are one in saying that Shopify's investments in merchant services, fulfillment and international markets appear to be paying off.

2020 full-year outlook

Analysts are projecting Shopify to turn in \$2.11 billion revenue in 2020. However, Shopify's guidance for full year 2020 is higher than consensus estimates. The company expects revenue to be around \$2.13 billion to \$2.16 billion.

The company is riding on an astonishing [momentum](#) in recent years. Merchants adopting the company's e-commerce platform are exponentially growing. In turn, Shopify continues to roll out more services for these merchants.

The latest news involving Shopify is its \$10 million contribution to become a member of **Facebook's** cryptocurrency Libra Association. Should regulators give Facebook the green light to roll out, Shopify and its one million merchants can save money. Transactions can be processed without paying credit card fees.

One-of-a-kind growth stock

Shopify's rally in 2019 was [spellbinding](#). The gain of this tech stock was 174.26%, and total return over the last three years was nearly 800%. As of this writing, Shopify is trading at \$686.57 per share and is up 32.97% year to date. More growth initiatives are in the offing.

Management will make aggressive investments this year, specifically its fulfillment network. Other investments areas are Shopify Plus, international expansion, e-commerce platform and point-of-sale improvements, and brand awareness. The recent acquisition of 6 River Systems adds a collaborative fleet of warehouse robots.

Investors are looking at the revenue growth acceleration rather than the bottom line. Shopify expects its full-year adjusted operating income in 2020 to land anywhere between breakeven and a loss of \$20 million.

For long-term investors, the Canadian tech king is a one-of-a-kind growth stock.

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