



Is Shopify (TSX:SHOP) Stock a Better Buy Than Apple (NASDAQ:AAPL)?

Description

Investing in tech is a great way for investors to try and maximize their returns. Tech stocks offer investors some of the most attractive growth opportunities. And when it comes to comparing two of them, there's no better place to start than an exciting young stock like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), which has been soaring over the years, and **Apple** ([NASDAQ:AAPL](#)), which continues to be one of the biggest and best-known names in the industry.

The big question for Apple is whether there's enough growth left

Apple isn't the growth engine it once was, and in its 2019 fiscal year, sales were actually down from the previous year. And things may get worse, as consumers may find it hard to justify buying expensive iPhone devices should economic conditions deteriorate.

But one way the company is trying to lessen its dependence on hardware is to pivot towards services like Apple Music and Apple TV. And while that will generate additional revenue for the company, it'll also bring with it a lot of expenses as well, especially when it comes to its Apple+ streaming service, which will go head to head with many big competitors in the streaming industry, including **Netflix** and **Disney**.

Profits are going to be important, because while Apple may generate growth from these new services in the future, it may not be enough to make up for the company's slowing hardware sales. The company has slowed down since the death of Jobs, and while it still enjoys a cult following, achieving double-digit growth is not going to come easy for Apple. In just two of its past seven years has the company's annual sales growth come in at more than 10%.

The company does offer a modest [dividend](#) of around 1% per year, but that may not be enough to justify investing in Apple today, especially given it trades at around 25 times its earnings. That's a hefty premium for a stock that may find it challenging to generate consistent, long-term growth.

Is Shopify the better buy?

Shopify has been seeing its growth rate slow down over the years as well, but in 2019 its top line still grew by 47%. Finding a stock that can generate 40% growth or better is hard to come by, and that's a big reason why Shopify stock has won over a lot of investors. Over the past two years, shares of Shopify are up close to 300% compared to Apple's returns of around 80% during that time.

The downside for Shopify is that hitting breakeven is still a very big challenge for the company. But given the company's rapid growth, investors have been more than willing to accept that in return for what's otherwise been an amazing growth stock thus far. And with Shopify announcing that it would be getting involved in [fulfillment](#), there could be a lot more potential growth for the company over the long term.

Bottom line

There's no doubt that Shopify has more attractive growth prospects today but trading at more than 50 times sales, investors are paying a mammoth premium for the stock. Apple, by comparison, trades at only five times its revenue and is likely more appealing for value investors.

But with the excitement surrounding Shopify these days, and Apple's exposure to a Chinese market that's become very volatile of late, Shopify looks to be the better buy for growth-oriented investors today.

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Date

2025/08/21

Date Created

2020/02/29

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