



\$10,000 Invested in Shopify in January Is Worth \$27,000 Today

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has been an exemplary growth stock for a long time. It's not that the growth has been uniform, all the way from its IPO. But it has been powerful. The company literally grew from a stock valuation in mid-double digits all the way to four digits in just five years. If you had bought into the company at its IPO, you would now be sitting at 40 times the initial capital.

While this kind of growth isn't unprecedented, it's definitely rare — especially one that goes on for so many years before stabilizing or running out. People have been wondering when Shopify stock is going to run out of growth. But if this year's growth is an indicator of Shopify's true potential, it might not stop making its investors rich for at least a few more years.

\$10,000 in Shopify in January

Shopify is currently trading at \$1,461, making it the second most expensive stock presently trading on the **TSX**. Constellation Software has claimed the first spot. At the start of this year, Shopify was trading at \$530 per share.

The current price is about 2.7 times what the company was trading at in January. If you had invested \$10,000 in Shopify in January, you would now have \$27,000.

The company has almost tripled its investors' money in seven months. And if you had been even savvier, and invested around 17th March when the company hit his lowest mark for the year, your shares would now be worth about \$28,900.

This growth rate in that short a time is rare and certainly justifies the excessive overvaluation of the stock, its 300 times price to earnings ratio and 28.3 times price to book.

Is this growth sustainable?

Shopify is on a growth rate that might make it into a trillion-dollar company like **Amazon** in three years.

But that kind of growth might [be too ambitious](#). Still, it's not hard to see why investors are putting so much stock on this stock.

The latest earnings from the company (second quarter), proved to investors that it's at the right growth track. However, the actual sales and profits are still far behind the stock price and it might take a lot of time to catch up.

The company almost doubled its revenues from the last quarter and grew its gross profit by nearly 83%. Compared to the previous two quarters, where comprehensive income was negative, this year company reported \$46.6 million.

The company is growing its assets at an incredible pace and taking care of its liabilities. Its long-term liabilities have actually shrunk from what they were last year.

Foolish takeaway

E-commerce has a bright future and a lot of room to grow. And within the e-commerce ecosphere, Shopify has a rock-solid presence. The company spends a lot of its money on research and cultivating more potent business opportunities. It's already powering over a million businesses worldwide and contributed over \$319 billion to the global economy.

There are very few companies that can compete with what Shopify on equal footing, and if the company maintains and grows the same way it has [been growing](#) for the past five years, the stock might actually expand even more.

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