



Forget Shopify: Here's 1 Canadian Growth Stock to Hold for the Next Decade

Description

Valued at a market cap of close to \$150 billion, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is doing its best to make its case to be Canada's largest company. **Royal Bank of Canada** is fighting neck and neck with Shopify to hold the number one position.

At one point this year, Shopify had the clear lead over Royal Bank of Canada. A recent decline of almost 20% over the past month has allowed Canada's largest bank to make up a lot of ground on the tech company.

Shopify has been [one of the best growth stories](#) in Canada over the past five years. The tech stock is up more than 3,000% since the beginning of 2016. Growth has slowed as of late, but the company is ranked as one of the top players in the increasingly growing e-commerce industry.

Bearish in the short term. Bullish in the long term

I'm a very satisfied Shopify shareholder, but it's not at the top of my watch list today. I firmly believe Shopify will continue to outperform the Canadian market's returns for decades, but the valuation and market cap size are two reasons why I'm bearish on Shopify stock in the short term.

The tech stock trades today at an incredibly high valuation. It's valued at a price-to-sales (P/S) ratio of almost 60. Investors will need to pay up to own any type of growth stock, but it would be hard to find many Canadian companies with a valuation this high.

The market cap doesn't necessarily make me bearish on the stock, it just makes me less bullish on the multi-bagger potential over the next five to 10 years. Shopify is already valued at \$150 billion, and the tech giants in the U.S. are now starting to surpass the \$1 trillion mark. Even if Shopify was to join the elite trillion-dollar club, that would only mean growth of 550%.

Growth of 550% over a five- or even 10-year period is nothing to complain about — especially considering the **S&P/TSX Composite Index** is only up 30% over the past 10 years. But if I'm paying for a stock valued at a P/S ratio of 60, I'd rather take a chance on a stock with higher-growth upside than Shopify over the next five to 10 years.

Docebo

Speaking of multi-baggers, there's a new growth story in town. **Docebo** ([TSX:DCBO](#)) stock is up more than 225% since the beginning of the year and more than 300% since joining the public market just over one year ago.

The tech company provides its enterprise-level customers with learning-management platforms. The company has already established itself as a leader in the industry, serving major brands such as Heinekin, **Amazon** Web Services, and BMW.

Docebo [reported its Q3 earnings](#) last week. Total revenue for the company's third quarter came in at \$16 million, which is more than 50% higher than Q3 of 2019. The company also saw total customers grow by 25% year over year.

The company also presented its short-term growth strategy, both internally and geographically. Internally, the company will continue to re-invest aggressively into the business to further develop its products. Geographically, management commented that France, Germany, and the APAC-region will be three key areas of future growth for the tech company.

Growth like that of which Docebo has seen this year doesn't come without its volatility. If you're invested in Docebo today, you'll need to be prepared to experience drops of 10% or more in single days. A daily drop that large in a total stock market index would be extremely rare but not so uncommon for a company valued at a P/S ratio of 30.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. DCBO
2. Docebo
3. docebo stock
4. Editor's Choice
5. growth investing
6. growth stocks
7. SHOP
8. Shopify
9. Shopify Stock
10. tech stocks
11. technology stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. DCBO
2. Docebo
3. docebo stock
4. Editor's Choice
5. growth investing
6. growth stocks
7. SHOP
8. Shopify
9. Shopify Stock
10. tech stocks
11. technology stocks

Date

2025/09/27

Date Created

2020/11/20

Author

ndobroruka

default watermark

default watermark