



## Shopify (TSX:SHOP) Stock Could Be Headed to \$2,000 in 2021

### Description

What a 2020 it's been for white-hot shares of **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). Amid continued pandemic tailwinds, Shopify stock continues to defy the laws of gravity. The stock is now up over 240% from its lows in March and over 202% year to date. With a nosebleed-level valuation that continues swelling to unfathomable heights, Shopify stock remains one of the riskiest bets on the TSX, not just in terms of downside risk but upside risk as well.

You see, Shopify stock may never fall to a level that would appease value-conscious investors. Who would have thought the name would have been a bargain back in the ominous depths of March, when the stock was still north of 20 times sales (that's sales, not earnings)?

Amid the [coronavirus meltdown](#), I'd pounded the table on Shopify stock, noting that I thought the plunge in the stock made no sense, given Shopify was likely one of few firms to view the pandemic as a tailwind or some sort of growth story accelerator. If you were one of the few courageous investors who recognized Mr. Market's pricing blunder when it came to Shopify stock, you're probably pleased with the incredible upside correction.

But if you missed the boat on Shopify, it may not be too late, as Shopify stock's momentum could easily carry into the new year.

## Shopify stock: A winner that'll probably keep on winning in 2021

Never bet against Shopify. The stock has defied short-sellers and has somehow continued to clock in blowout quarter after blowout quarter thanks to its brilliant founder and CEO Tobias Lütke, a leader that I've noted in prior pieces is worthy of the same kind of "visionary founder premium" as the likes of an Elon Musk.

"It's simply unrealistic to expect *any* company to blow out the numbers every quarter unless you're speaking of a company like Shopify — a company that not only has room to run in its explosive market

but also has a visionary founder whose genius is comparable to the likes of an Elon Musk.” [I wrote back in February](#), urging investors to buy Shopify stock on a dip. “Sometimes you have genius managers who are well worth the ridiculously off-the-charts price of admission... With that in mind, Shopify rightfully deserves a ‘visionary founder’ premium.”

Back then, Shopify shares were trading at 38 times sales, a ridiculously expensive multiple that would make most value investors cringe. Today, Shopify stock is even more expensive, with shares trading at 61 times sales at the time of writing. There’s been a considerable amount of multiple expansion, but for good reason; the pandemic has likely accelerated Shopify’s growth story by a few years. Even after the pandemic concludes, I don’t suspect the strength in Shopify will, as the firm continues to build upon its sustained strength.

Unlike most other firms that have experienced a mere pull-forward in demand (toilet paper companies), Shopify is likely seeing a sustained boost to its business. So, the magnitude of multiple expansion, while unprecedented, may not be as absurd as it seems.

## The Foolish takeaway

Going into 2021, there’s a real chance that Shopify stock may need to consolidate to give sales a chance to catch up. The likelier scenario, I believe, is that sell-side analysts will be the ones that will continue chasing the name with their price target hikes after the fact.

Should the stock dip, many folks are more than willing to go against the grain with the name, given the incredible growth story. If you’ve yet to get skin in the game, I certainly wouldn’t be against nibbling into a quarter or fifth position here, as you look to average into a position over time.

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