



## Where Shopify (TSX:SHOP) Stock Could Be in 5 Years

### Description

An obscure snowboard shop is the least likely enterprise that could become the largest publicly listed company on the Toronto Stock Exchange (TSX). **Royal Bank of Canada** held the throne for years until **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) unseated the [banking giant](#).

Today, the company that provides an e-commerce platform for merchants worldwide has a market capitalization of \$185.35 billion. You can safely assume it's the smaller version of **Amazon.com**. In the TSX, Shopify is in a league of its own. The astonishing [rise to prominence](#) is unlike no other. But what would the future be like five years from now? The share price could be three times more.

### Phenomenal returns

The total returns of the premier tech stock are incredible. Had you invested five years ago, its total return would be 3,691.67% (106.74% CAGR). If you took a position three years back, the total return would be 920.5% (116.3% CAGR). The current share price of \$1,510.34 is 104% higher than it was a year ago. Thus far, in 2021, the year-to-date gain is only 5.08%.

In the 2019 TSX30 list, a flagship program recognizing the 30 top-performing stocks, Shopify ranked second to **Canopy Growth**. Last year — or the second edition of TSX30 — the tech stock was on the top spot, with **Ballard Power Systems** a far second.

### Spirit of entrepreneurship

Thousands of small business owners and customers converge on Shopify's e-commerce platform. First-time sellers can set up shop in minutes and peddle their products online. Web designers are charmed by the feel of the shops. Flexible pricing favours high-volume sellers. For buyers or customers, the shopping experience is fantastic.

Shopify's powerful servers provide a straightforward interface, where merchants can build the exact shop they want. Harley Finkelstein, Shopify's president, said the spirit of entrepreneurship was strong

last year. Total revenue increased by 86% to \$2.9 billion versus 2019. The company posted a net income of \$319.5 million compared with the \$124.8 million net loss in the preceding year.

Finkelstein said during the earnings presentation, "Shopify is at the heart of our merchants' businesses with entrepreneurs around the world trusting us with their livelihoods." While the company expects to grow its revenue rapidly in 2021, management did not issue specific revenue guidance for the year. Shopify predicts the revenue growth to be lower compared to the blowout figure in 2020.

## Rich ecosystem of merchants

Shopify is forward looking, and not precisely within a five-year horizon only. The goal is to build a 100-year-old company with a rich ecosystem of merchants, partners, and communities. The groundbreaking has begun following the collaboration with Operation HOPE. Shopify will help the organization create one million new black-owned businesses in the U.S. by 2030.

The company forged strategic partnerships with the Government of Canada (Go Digital Canada), the New York State government (Empire State Digital), and Australia's Victoria state government (Small Business Adaptation Program). Shopify expects to bring thousands of small businesses online and help them adapt to a digital economy.

If I were to assess where Shopify could be five years from now, it should be a massive competitor to Amazon, **eBay**, and similar players in the digital marketplace. However, the ongoing platform improvements and best-laid plans that align with industry growth trends should set Shopify apart.

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2. TSX:SHOP (Shopify Inc.)

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