



Shopify (TSX:SHOP) Stock Can Double From Here!

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is easily one of the most expensive stocks on the **TSX**. Yet, it goes to show that winners can continue winning. After stock price action that consolidated with a slight tilt upwards since June 2020, the tech giant rallied 11%, propelling on record first-quarter results.

Why Shopify stock is unstoppable

The shift to digital commerce strengthened in 2020 and remained strong going into 2021 during the pandemic.

Management pointed out that “Discovering new buyers is a top pain point for businesses.” As a result, Shopify’s multi-channel selling capabilities are one of the key value offerings it’s providing to merchants and entrepreneurs.

Shopify continues to innovate and think of new ways to help its merchants make sales. For example, Shopify launched **Facebook** Shops in May 2020 which saw the number of shops more than quadruple from a year ago. In Q1, Shopify also expanded its marketing partnership with TikTok internationally to an additional 14 countries in North America, EMEA, and APAC.

For each capability that Shopify brings, it makes it stickier for businesses to stay with Shopify, which has integrated all the back-end tools that are needed: payments system, marketing, analytics, apps, inventory and fulfillment, order management, etc.

Shopify stock’s Q1 2021 results

Here are the key takeaways from Shopify stock’s first-quarter results versus Q1 2020 from a year ago.

- Revenues climbed 110% to US\$988.6 million
- Subscriptions Solutions revenue rose 71% to US\$320.7 million, primarily thanks to new merchants joining the platform

- Merchant Solutions revenue accelerated 137% to US\$668.0 million, primarily due to growth of Gross Merchandise Volume (GMV)
- Monthly recurring revenue climbed 62% to US\$89.9 million.
- GMV rose 114% to US\$37.3 billion
- Operating income was US\$118.9 million or 12% of revenue, versus a loss year over year
- Net income was US\$1,258.4 million, or US\$9.94 per share, versus a loss a year ago
- At the end of Q1, Shopify had US\$7.87 billion in cash, cash equivalents, and marketable securities compared with US\$6.39 billion at the end of 2020, thanks to the roughly US\$1.55 billion of gross proceeds raised from an equity offering at US\$1,315 per share that completed in February 2021.

Shopify displayed stellar results in Q1. More merchants joining and merchants making greater sales as a whole all contributed to Shopify's superb revenue growth rate.

Shopify is often compared to an early **Amazon**, which could spice up profits anytime it wants but refrains from doing so because it's still allocating resources to innovate and grow rapidly. Meanwhile, Shopify doesn't forget to push out equity offerings opportunistically to raise funds for its expansion plans.

Should you buy Shopify stock now?

I suggested investors consider purchasing Shopify stock at about US\$1,100 per share. The e-commerce stock is trading about 18% higher today. Yet, the near-term analyst price target suggests the stock still provides a small discount of about 10%. Interested investors can therefore still [consider buying a partial position](#) today.

Remember that the growth stock is above-average volatile with a recent beta of 1.44. So, leave room to add to the stock whenever it dips meaningfully by, say, 10%.

The e-commerce trend is intact. A few years from now, [Shopify stock](#) could double from here.

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Date

2025/09/14

Date Created

2021/04/29

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