



Shopify's Earnings Were Incredible: The Stock's on Sale

Description

When it comes to the technology space, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) remains one of my [top picks](#) on the **TSX** right now. Yes, this stock continues to be expensive. However, there are certainly valid reasons for that.

This long-term growth gem has provided investors with jaw-dropping capital appreciation in recent years. Since the company's Initial Public Offering (IPO), Shopify has done nothing but outperform. Indeed, those who continue to hold this stock have locked in some nice capital gains. For those holding Shopify in a Tax-Free Savings Account (TFSA) — the preferable vehicle of choice for such an investment — such problems are moot.

However, Shopify is one of those stocks investors should consider owning in any portfolio. Here's why.

Shopify smashes revenue and earnings expectations

As things (hopefully) move toward a new normal, expectations that e-commerce growth could slow has taken Shopify's share price on a downward journey of late. Indeed, many of these fears are likely accurate.

However, Shopify's recent earnings tells a different story. The company's Q1 earnings did much to eliminate these concerns from investors' minds. Continued acceleration in gross merchandise value across the Shopify ecosystem took even the most bullish analysts by surprise. And other high-profile figures are now stepping into Shopify in a big way at these levels.

Famed investor Cathie Woods recently took on a significant stake in Shopify. As per her recently filed 13-F, one of Ark Management's biggest additions this past quarter was Shopify. Ms. Woods has put Shopify and **Amazon** in a similar league in recent comments. Accordingly, retail investors appear to be taking notice.

Shopify's growth rate is perhaps the key reason for this. On a year-over-year basis, the company grew its revenue by its standard near-triple-digit rate. For growth investors, that's the sort of growth that's

hard to come by with any stock in the market today. As we progress further into the recovery and Shopify expands, those sorts of growth numbers are going to be harder to come by.

However, all indications are that Shopify's set to continue this pace of growth for some time.

Bottom line

As per projections of eMarketer, e-commerce sales via social media will grow by approximately 35% in 2021. Indeed, this growth will not be disrupted as more and more consumers are now making purchases via social media platforms, such as **Facebook** and **Twitter**.

It seems that Shopify is well positioned to make the most of the booming social media space. The fact that this company enables small-scale businesses to set up their very own online store conveniently sets them apart from other e-commerce businesses, such as Amazon.

Shopify's growth thesis remains solid as of today. Now that the shares of this tech company are selling at a discount, I have no doubt that investors will begin to see the opportunity with this stock, as Cathie Woods has recently.

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