



Could Shopify (TSX:SHOP) Stock Still Be a Millionaire Maker?

Description

May 21, 2021, marks the fifth year of **Shopify's** ([TSX:SHOP](#))([NYSE:SHOP](#)) market debut on the Toronto Stock Exchange and New York Stock Exchange. If you were a regular TSX investor who bought 679 shares worth \$21,218.75 then, you'd be a [certified millionaire](#) five years later with \$1,000,696.62 in the bank.

On Friday, May 21, 2021, Shopify traded at \$1,473.78 per share, or 4,616% higher than \$31.25 on May 15, 2015. I suppose many Canadians became millionaires, because they believed in the growth potential of the e-commerce platform.

TSX's largest publicly listed company by market cap (\$183.31 billion) started as an online store for snowboarding equipment. Given the many business improvements since half a decade ago, is Shopify still a [millionaire maker](#) if you were to invest today?

Phenomenon in waiting

Shopify had humble beginnings and started as Snowdevil in 2004. The founders used Ruby on Rails, an open-source web application framework, to set up the online store to showcase snowboarding equipment. Six years later, in 2010, the company launched a Build-A-Business competition, where participants created businesses using the Shopify App Store.

After three years, Shopify Payments came into the picture. Merchants can accept credit cards without a third-party payment gateway involvement. Because of the successful launch of its iPad-centric POS system, which accepted credit card payments, Shopify received \$100 million in Series C funding on year-end 2013.

The stage was ready for Shopify to go public simultaneously in the U.S. and Canada stock exchanges on May 15, 2021. What made the tech stock more appealing was the decision of **Amazon.com** to close its Amazon Webstore services for merchants in September 2015. The American multinational tech company picked Shopify as the preferred migration provider.

TSX 30 List

The TSX introduced the TSX 30 on September 26, 2019. It features the 30 top-performing stocks over a three-year period. Shopify was in the number two spot. A year later, in the second edition of the flagship program, the e-commerce platform ranked first with its 1,043% three-year performance. **Ballard Power Systems** was a far second with 459%.

Over the last three years, Shopify's average annual revenue growth is 63.9%. In 2020, the year-over-year growth was 85.63%. For the first time since 2014, the company reported profits for the full year 2020. Shopify's net income was US\$319.5 million on US\$2.9 billion revenues.

Growing partnerships

Shopify is not only signing small- and medium-sized online businesses; it's supporting its business partners as well. **Global-E Online** debuted on the NASDAQ on May 12, 2021. Shopify bought a US\$193 million pre-IPO stake in the US\$4.47 billion direct-to-consumer cross-border e-commerce platform.

In early 2021, Shopify earned nearly \$2 billion from **Affirm's** IPO, also on the NASDAQ. The latter is the partner in Shop Pay Installments, a "buy now, pay later" financing service for U.S. merchants. Shopify has an 8% ownership stake in the financial technology company.

Normalized growth pace

Shopify expects consumer spending to rotate back to offline retail and services once the economic environment improves due to the ongoing vaccination campaigns. It also anticipates a normalized growth pace in e-commerce activities.

Still, management sees revenue growing rapidly in 2021, although at a lower rate than in 2020. Investors would have to gauge whether Shopify is worth buying at its current share price based on the business outlook.

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