This 1 Millionaire-Maker Stock Could Be Among the Most Undervalued TSX Stocks in 2021

Description

The shares of **Shopify** (TSX:SHOP)(NYSE:SHOP) are trading on a slightly positive note in June. However, the stock has underperformed the broader market in 2021 so far. As of June 15, Shopify stock has risen by 12.3% compared to nearly 16% gains in the **TSX Composite Index**.

While some critics may give you some odd reasons to justify Shopify's underperformance this year, I don't find much substance in their arguments. In contrast, I can give you several reasons why its stock deserves much more appreciation than it has seen this year.

Here are some key factors why I think Shopify stock could be one of the most undervalued stocks on the TSX right now.

The absolutely solid trend in financials

The ongoing trend in Shopify's overall financials is absolutely stunning — so much so that it's difficult to find any other Canadian tech stock with a similarly solid financial track record. This Ottawa-based tech giant's Q1 adjusted earnings rose by 958% YoY (year over year) to US$2.01 per share. It crushed analysts' consensus estimates by nearly 167%.

Shopify's total sales for the quarter rose by 110% YoY to US$989 million — also 16% better than analysts' expectations. Since the fourth quarter of 2020, many of the critics have been arguing that Shopify's sales and earnings might drop significantly in the coming quarters. However, their claims have turned out to be false. In fact, the company's merchant sales growth accelerated further in the first quarter. In addition, the kind of convenience and ease its e-commerce platform provides to businesses is worth noting. That's one of the reasons behind Shopify's overall success in recent years.

Will Shopify's growth trend turn negative in the near term?

This is one of those rare companies that managed to register remarkable business growth during the

COVID period. The nationwide shutdowns and travel restrictions forced many businesses to sell their products and services online last year. This became one of the key growth drivers for Shopify's revenue as such businesses found Shopify's e-commerce solutions much easier to manage.

In my opinion, most small and medium businesses that subscribed to Shopify's e-commerce platform during the pandemic period might continue to use its services going forward. This is because most businesses with limited resources and limited digital infrastructure might find it difficult to manage their e-commerce platform by themselves.

While I expect Shopify's sales growth trend to normalize in the coming quarters, its growth could continue to remain much higher than most other Canadian businesses.

Buy this millionaire-maker stock today

About a year ago, Shopify announced a partnership with the retail giant **Walmart**. After this partnership, Shopify merchants were able to sell their products on Walmart.com with the help of a newly launched channel. Unlike many other large tech companies, Shopify's management mainly focuses on consistently innovating new ways to help its subscribers and merchants with the help of new technology and partnerships.

Shopify's consistent efforts to improve its products and services are likely to help it grow multifold in the coming years and drive huge growth. These positive factors could keep a long-term rally in its stock going, I believe. That's why you may want to include Shopify's stock portfolio today.

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