



3 Key Reasons to Buy Shopify (TSX:SHOP) Stock Today to Hold Forever

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has proved to be one of the best [Canadian tech stocks](#) in the last few years. The stock has yielded a massive 4,448% positive return in the last five years, while it has risen by more than 800% in the last three years alone. Since it went public in 2015, the company has continued to register massive improvements in its financials that have helped its stock yield such extraordinarily high returns.

Despite its massive rally since its listing on the **TSX**, Shopify stock could still be worth buying. Here are three of the key factors that could help it inch up further in the coming years.

Continued growth even in uncertain times

Last year, when the pandemic-related woes started bothering many industries, Shopify became a big winner. The company surprised everyone by reporting more than 90% year-over-year (YoY) sales growth in the final three quarters of 2020. In fact, the company crushed analysts' consensus sales estimates by nearly 40% in the second quarter last year.

In my opinion, it's not easy to find a fundamentally strong tech company to invest in with proven its ability to consistently grow even in times of uncertainty.

Its sales growth accelerated further in the first quarter this year as it rose by 110% YoY to US\$989 million. During the quarter, the company [posted](#) a massive 1038% YoY rise in its adjusted net profit to US\$254 million, which was also 166% higher than analysts' consensus estimates of US\$96 million.

While Shopify's sales growth rate might drop slightly in the coming quarters, it still may remain much stronger than most of its peers.

Shopify's growth story hasn't ended

This was the time when most small- and medium-sized businesses had to face financial hardship due

to the pandemic-related shutdowns and restrictions across the world.

In such difficult times, Shopify's easy-to-use innovative e-commerce services came as a big relief for many such businesses — increasing the demand for its products and services. SHOP helped many businesses quickly build their secure online presence and played a critical role in their survival.

Most businesses that joined Shopify's e-commerce platform might continue to stick to it even after the pandemic as they now know its ease of use and scalability, among other benefits. That's why I believe Shopify's growth story hasn't ended yet; rather, it has just started.

Underperformed the market until May

Despite all the positive factors that I've highlighted so far, Shopify stock [underperformed the broader market](#) by a wide margin in the first five months of 2021. Its stock rose by just 3% during this period against a 13.2% jump in the **S&P/TSX Composite Index**. It seemingly reflects how its stock largely remained undervalued in the first few months of the year.

Recently its stock rally started surging by 22.5% in June. Including last month's sharp gains, Shopify stock has risen by 26% on a year-to-date basis. You may want to add its stock to your portfolio right now, as it might have just started another long-term rally.

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