



Shopify Stock: What Can You Expect From its Q2 Earnings?

Description

The earnings season has commenced, and all eyes will be on Canada's tech giant, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), this week. Shopify will be releasing its second-quarter results on July 28, and let's see what Wall Street expects from this growth stock in the June quarter.

Shopify sales forecast at \$1.04 billion

Analysts covering Shopify expect the company to post sales of US\$1.04 billion with adjusted earnings per share of US\$0.96 in Q2. In the prior-year period, the company reported sales of US\$714.34 million and earnings of US\$1.05 per share.

Wall Street will also closely watch the management guidance Shopify provides for the rest of 2021, during its earnings call. Analysts expect Shopify sales to grow by 51.7% year over year to \$4.44 billion in 2021 while earnings are forecast to rise by 12% to \$4.45 per share this year.

Shopify has crushed consensus estimates in each of the last four quarters, and it should come as little surprise if this trend sustains.

What's next for SHOP stock?

Shopify stock has been one of the top performers of the TSX ever since it went public in mid-2015. This [growth stock](#) is up a monstrous 6,520% in just over six years and is currently valued at a market cap of \$257 billion, making it Canada's largest company. Shopify stock has continued its stellar run in 2021, as it has gained 14% in the last month and close to 44% year to date.

Several analysts [raised their price target](#) for SHOP stock before the company's Q2 results. **RBC Capital Markets** increased Shopify's price target to US\$1,800 from US\$1,700, while Stifel boosted its price target to US\$1,600 from US\$1,400. Susquehanna now has a 12-month price target of US\$1,800 for Shopify, up from US\$1,500. At the time of writing, Shopify stock was trading at US\$1,643 on the NYSE.

The brokerages remain bullish on Shopify, as the company is expected to experience strong growth in its top line, despite the reopening of several economies. RBC Capital Markets has forecast the e-commerce giant to increase its merchant base by 39% year over year in Q2, which is higher than the 27% growth in Q1.

Will Shopify be Canada's first trillion-dollar giant?

Given Shopify stock is currently trading at a market cap of \$US204.5 billion, we can see that its price-to-trailing sales multiple is 52, which is extremely steep. Now, the company is forecast to touch \$10 billion in annual sales by 2024. But it's quite possible Shopify's future growth is already priced into this stock, and it will be difficult for investors to replicate their returns in the upcoming years.

However, Shopify remains part of a rapidly expanding addressable market, as the shift towards e-commerce will continue to gain momentum in 2021 and beyond. According to a report from *eMarketer*, online sales accounted for 18% of total retail sales in 2020, up from just 14% in 2019. Further, Shopify's management has forecast its total addressable market at US\$153 billion, giving it enough room to grow its revenue in the next few years.

In a nutshell, Shopify remains a top stock to place your long-term bets.

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