



Superior to Shopify (TSX:SHOP): This Tech Stock Can Double Your Investment

Description

The face of Canada's [technology sector](#) rewarded investors with enormous returns (950.74%) in the last three years. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) was also number one on the 2020 TSX30 list and became **TSX**'s largest publicly listed company during the COVID year. Its market cap currently stands at \$232.35 billion.

If you were to invest today, the share price is exceedingly high at \$1,861.95. Based on analysts' forecasts, Shopify could even slide 4.15% to \$1,784.76 in the next 12 months. It might be a losing proposition even if the tech stock trades at a discount.

Meanwhile, **Evertz Technologies** ([TSX:ET](#)) isn't a tech superstar, yet market analysts recommend a strong buy rating in Q3 2021. Your investment could even double if you factor in the [generous dividend](#).

Lower GMV surge

Shopify reported blowout earnings in Q2 2021, although revenue and gross merchandise value (GMV) slid from the previous quarter. More than 175 countries and 1.75 million merchants are patrons of the Canadian e-commerce platform. The rise from an online snowboard shop to the go-to platform for entrepreneurs was indeed phenomenal.

Shop Pay, in particular, is gaining traction in the United States and is now available on **Facebook** for American merchants. Management said Shopify and non-Shopify merchants can peddle their wares on Facebook and Google in the U.S. by late 2021. According to Shopify President Harley Finkelstein, entrepreneurship remains strong, and [opportunities to thrive in a modern retail era](#) with the right tools are boundless.

Its CFO, Amy Shapero, credits merchant success, sustained e-commerce tailwinds, and strong execution are why the quarterly results were fantastic. Shopify's revenue exceeded \$1 billion for the first time a single quarter, says Shapero. Subscription and merchant solutions segments delivered strong performances.

Shopify still expects revenue to grow rapidly in 2021. However, Shapero said the growth rate or pace could be lower than in 2020. Management does not expect the GMV surge in merchant solutions in 2020 to repeat. She adds that consumer spending would rotate back to offline retail as the economic environment improves.

Essential service provider

Evertz Technologies is a small fish compared to Shopify, but the business has growth potentials too. The \$1 billion company from Burlington is a solutions provider to the television broadcast, telecommunications, and new media industries. It has the expertise to deliver complete end-to-end broadcast solutions covering all aspects of broadcast production, not to mention content creation, distribution, and delivery.

The COVID-19 pandemic disrupted operations in fiscal 2021 (year ended April 30, 2021). Evertz's total revenue and net earnings fell 21% and 39% versus fiscal 2020. Nonetheless, the company ended the year with cash and cash equivalents of \$108.8 million. Its working capital stood at \$214.5 million.

While management believes that the health crisis is temporary and Evertz is an essential service provider, the situation remains fluid. The pandemic could still impact future operations as well as overall customer demands. Thus far, in 2021, the tech stock's gain is only 2.36%. However, analysts forecast the price to climb from \$13.21 to \$16.83 (+28%) in the next 12 months. Your return would be higher if you were to include the 5.4% dividend.

Cheaper and attractive

Shopify is a top-notch tech stock, although the price is too high right now. Evertz is a cheaper option but attractive to growth and income investors with limited funds to invest.

CATEGORY

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2. Tech Stocks

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