



Why Shopify (TSX:SHOP) Stock Gained 33.74% in 2021

Description

At writing, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) shares are up by 33.74% year to date, as the Canadian tech giant continues to outperform the broader market in 2021. To give you a comparison, the **S&P/TSX Composite Index** rose by an impressive 16.74% in the same time.

[Investing in technology](#) has become a major trend for Canadian stock market investors ever since the likes of Shopify and **Lightspeed Commerce** have started providing them with multi-bagger returns.

Considering that Shopify stock is up by over 5,200% since its IPO just over six years ago, it makes sense for investors to continue flocking to the Canadian tech sector's blue-eyed darling stock. Of course, the past returns might seem irrelevant to current investors who want to see whether it can still provide them with significant capital growth at these levels.

Today, I will discuss why Shopify stock is still performing well on the stock market and whether it would be a worthwhile investment for you to consider today.

All guns blazing

Shopify is a company that offers a commerce platform and related services to clients worldwide. It is the go-to company for many merchants who want to run online businesses across multiple channels, including traditional and digital retail operations. Its comprehensive product range and services have empowered merchants to better manage their products and inventory, process orders and payments, and even fulfill and ship their orders.

The platform and services offered by the company have also helped merchants source their products, capitalize on the analytics and reporting it offers to improve their profit margins, and garner profitable customer relationships. E-commerce is a [revolutionary industry](#) that boomed due to the pandemic, and Shopify was well positioned to capitalize on the unexpected tailwinds.

Remember that Shopify stock was already performing well before the pandemic. However, the changing global landscape provided it a much-needed boost to continue posting strong figures.

For better context, COVID-19 and ensuing lockdowns forced most retailers to rapidly adopt a digital presence because brick-and-mortar stores were closed. These conditions became ideal for Shopify, because it led to the company increase its sales by 86% on a year-over-year basis in 2020 — a time when most companies were struggling to figure out what to do due to the pandemic.

Experts anticipate Shopify to increase its sales by almost 60% this year and by over 30% next year, despite already posting such impressive figures.

Overbought stock

At its current share price, Shopify stock boasts a market capitalization of \$232.76 billion and a price-to-sales multiple of 60.47. The stock is trading for a premium of \$1,867.25 per share, and it is a very expensive stock right now. Its revenue-growth rates continue to accelerate, but once they normalize, we could soon see Shopify stock begin trading for more reasonable multiples.

Foolish takeaway

Shopify is a critical part of the booming e-commerce industry. The pandemic created the tailwinds necessary to accelerate the growth of this industry. But we will likely see the industry continue growing in the post-pandemic era. Shopify exceeded \$1 billion in quarterly sales for the first time ever during the second quarter of fiscal 2021.

While it is difficult to imagine that Shopify will turn into a multi-trillion-dollar company, it is not entirely impossible. If there is one Canadian company with the potential to reach those enormous figures, it is Shopify. Investors interested in [buying and holding the stock](#) for the long run could see stellar shareholder returns, even at these prices.

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