



Forget Facebook: This Canadian Tech Stock Is a Much Better Buy!

Description

Social media giant Facebook, now called **Meta Platforms** (NASDAQ:FB) has been a solid wealth creator for long-term investors. FB stock has in fact gained close to 800% since its IPO in 2012. Comparatively, the S&P 500 is up 316.7% in dividend-adjusted gains in this period.

However, over the last few years, Facebook has come under fire with respect to how the company conducts business. These issues were exacerbated [by the whistleblower scandal](#) that erupted last month.

Now, investors might wonder if the best days of Facebook are behind it, or if the technology behemoth will continue to generate market-beating returns to investors in the future.

Meta is by far the most popular social media platform in the world, and its platforms include Facebook, Instagram, WhatsApp, and Messenger. However, a former data scientist from Meta alleged the company's algorithms increased user engagement by spreading misleading and controversial content.

These allegations have resulted in increased scrutiny from policymakers in several countries, some of whom are even asking for the company to split into different entities.

But Meta continues to grow at a rapid pace and is forecast to increase its sales by 37% to US\$117.77 billion in 2021 and by 19.5% to US\$141 billion in 2022. Its adjusted earnings might also rise at an annual rate of 22% in the next five years.

Facebook is the second-largest digital-ad platform in the world [valued at a market cap](#) of over US\$900 billion, at the time of writing. It is poised to outpace the broader markets going forward but will find it difficult to replicate its historical gains. Here's one Canadian tech stock that can beat FB's stock returns in the upcoming decade.

Shopify is a better bet compared to Facebook

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is the largest Canadian company in terms of market cap and has

gained close to 6,000%, since its IPO in mid-2015. Despite these monstrous gains, it remains a solid bet for growth investors.

In the last 12 months, Shopify has reported revenue of US\$4.2 billion, indicating a year-over-year growth rate of 64% since Q3 of 2018. Similar to most other tech companies that have an asset-light model, Shopify enjoys high operating leverage, allowing it to expand earnings at a faster pace compared to revenue. In the last year, Shopify's free cash flow stood at US\$458.2 million compared to a negative US\$30.6 million in the same period in 2018.

Shopify has estimated its total addressable market at US\$153 billion, which provides the company with enough opportunities to grow its revenue in 2021 and beyond.

It ended Q3 with US\$7.52 billion in cash and just US\$1.1 billion in debt, which suggests Shopify can deploy capital and increase capital expenditure as well as consider highly accretive acquisitions in the next few quarters.

Shopify continues to expand its portfolio of products and solutions, which will help it onboard merchants at a significant pace. Right now, Shopify has close to two million merchants on its platform, making it one of the fastest-growing companies in Canada, despite its massive size.

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3. TSX:SHOP (Shopify Inc.)

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