



Will Shopify (TSX:SHOP) Be a Trillion-Dollar Stock by 2030?

Description

If any Canadian stock is going to hit a \$1 trillion market cap, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is probably it. Worth \$250 billion (or US\$196 billion), it has a real chance of getting there. Historically, SHOP has risen more than 100% per year. If it keeps up these gains, it will only take two years for the stock to get to a trillion. So the potential is there. The question is, will SHOP actually keep up the growth needed to take it to that level?

How *other* companies got to a trillion

To gauge Shopify's potential to [get to a trillion-dollar market cap](#), we can look at other stocks that have already achieved the feat. That way, we can assess whether Shopify has similarities to these companies.

The first company we can look at is **Amazon** ([NASDAQ:AMZN](#)). Amazon is the world's largest e-commerce company. Like Shopify, Amazon facilitates online sales. Its business model is a little different from SHOP's in that it holds inventory and also has a cloud business. But the core business has the same ultimate goal: making money from people shopping online.

How did Amazon hit a \$1 trillion market cap?

For one thing, it took a very long time. [AMZN went public in 1997](#) and didn't reach a \$1 trillion market cap until 2020. If that history is any indication, then SHOP has a long way to go before it is worth \$1 trillion. However, Amazon went public at a much more modest valuation than SHOP did. When it went public, AMZN was worth just \$438 million.

SHOP, on the other hand, was already at \$1.5 billion when it went public. So, Shopify had a bit of a head start, which means that if it matches Amazon's returns, it will reach \$1 trillion in fewer years.

Another example we can look at is **Meta Platforms** (NASDAQ:FB). FB went public at a \$104 billion market cap in 2012, at hit \$1 trillion in 2021. That's nine years. While Meta isn't that similar to Shopify as a business, its timeline to \$1 trillion looks like it could be similar. SHOP hit \$250 billion six years

after its initial public offering (IPO). If it continued rising at 100% a year, it would hit \$1 trillion in 2023. That would take it to a trillion just slightly faster than Facebook got there: eight years versus nine.

Shopify's growth metrics

As we've seen, Shopify could easily hit a \$1 trillion market cap if it maintains growth comparable to that of Amazon and Facebook. If it maintains its own historical rate of appreciation, it would hit \$1 trillion in just two years. That's very promising, but will it actually happen?

Here's what we know:

In its most recent quarter, SHOP grew revenue by 46%. In the quarter before that, it was 57%. In the four quarters ended Q1 2020, revenue grew by more than 90%. The company's single best showing on revenue ever was in the first quarter, when sales grew at 110%. That kind of growth in sales would easily support a stock doubling every year—assuming it was reasonably valued to begin with.

However, SHOP's revenue growth has been decelerating recently, and its stock was already quite expensive before this year. So while I wouldn't bet against SHOP hitting \$1 trillion by 2030, I don't see it happening within two years.

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