



Will Shopify Ever Be a \$100 Billion Stock Again?

Description

Shopify Inc ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has had a fascinating history. It went public at around \$18 per share (\$1.8 in today's terms) and rose several thousand percentage points from there. At its all-time high (about \$2,100), the stock was up 5,000% in six years. The stock has crashed nearly 80% this year, taking away some of those gains. Since its [initial public offering](#) (IPO), SHOP is still up more than 1,000%, however.

At its peak, Shopify had a [market capitalization](#) (value of all the stocks on the market) well above \$100 billion. At the all-time high, the company was worth \$207 billion, making it by far the most valuable company in Canada.

Since then, Shopify has sunk below a \$100 billion valuation. It is worth "only" \$62.3 billion today. It's still a very valuable company, but nothing compared to what it was in the past. Many investors are hopeful that Shopify will reclaim its former glory in the next tech bull market, and rise back above \$100 billion. In this article, I'll attempt to gauge the chances of that happening.

What it would take for Shopify to get back to \$100 billion

With Shopify worth \$62.25 billion today, it would take a 60.6% rally for the stock to get back to its all-time high. That might sound like a lot, but such a rally would only take SHOP stock halfway to its all-time high. Going by historical standards, it appears doable.

Will we get there?

It's one thing to say that Shopify "could" get back to \$100 billion, but quite another thing to say that it will actually happen. A lot has changed at Shopify since its \$100 billion market cap days. Interest rates have risen, the company's growth has slowed down, and the COVID-19 lockdowns that fuelled so much growth for Shopify in 2020 are long gone.

Nevertheless, over a long enough period of time, SHOP could get to \$100 billion. In its most recent

quarter, Shopify grew its revenue at 22% year over year. If it keeps growing at that rate, then Shopify's revenue will double in three and a half years.

That sounds nice, but do keep in mind that SHOP stock is still fairly pricey. Shopify had US\$5.2 billion in sales in the last 12 months, which is about C\$6.8 billion. It's trading at 9.1 times sales already. If sales double, and the stock price doesn't change, then it's trading at about 4.6 times sales, which is still an above-average valuation. So, yes, Shopify could *eventually* get back to \$100 billion. However, it looks unlikely that it will retake its all-time high market cap of \$207 billion any time soon. There are some operational breakthroughs that could potentially take it there, like building an ad platform that allows the company to capture more revenue from vendors, but we aren't there yet. For now, based on historical trends, Shopify doesn't look likely to reclaim its all-time high.

Foolish takeaway

Shopify has given investors a wild ride over the last seven years. Those who got in *extremely* early have been rewarded, but those who bought in the last year have seen substantial losses. It looks like Shopify has some upside from today's levels, but not an extreme amount. It appears Shopify's post-IPO mania is over.

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