



Where Will Shopify Be in 1 Year?

Description

Shopify ([NYSE: SHOP](#)) has been a solid [growth stock](#) for investors, with the e-commerce platform company's share price climbing 600% over the past three years. The company's impressive share price growth has come as it has increased its sales at a rapid pace.

The latest example of Shopify's trajectory comes from the company's [second-quarter results](#), when revenue jumped 48% year over year and non-GAAP earnings per share reached \$0.14, which easily outpaced analysts' consensus estimate of \$0.02 per share.

With Shopify's meteoric sales growth and share price gains, some investors may be wondering if the company's best days may be behind it. To help answer that, let's take a look at the company's revenue growth over the past year, and one big opportunity that could keep sales climbing in the year to come.

Shopify's current trajectory and one major growth opportunity

It's worth taking a look at the company's full-year 2018 sales increase to get a better understanding of just how well Shopify's business has been performing.

Total revenue for full-year 2018 was \$1 billion, which was a 59% increase year over year from 2017's sales. Total sales have been buoyed by the company's subscription solutions and merchant solutions revenue segments, which were up 50% and 67% in 2018, respectively.

For full-year 2019, Shopify's management expects sales of \$1.52 billion at the midpoint, which would represent a 52% year-over-year increase compared to 2018. While a year-over-year sales increase of 52% would be a slight drop compared to 2018's growth, it still represents very impressive revenue gains, and it comes as Shopify has found new ways to bring additional merchants to its platform and sell them a growing list of services.

For Shopify to meet its full-year sales estimates and continue growing over the next year, the company is likely looking to its [new fulfillment service](#). Shopify announced in the second quarter that it's investing \$1 billion to set up its own Shopify Fulfillment Network, which will allow merchants to store and quickly

ship their inventory. The Fulfillment Network will combine inventory centers throughout the U.S. with machine learning software to predict the best locations to store and ship merchant inventory to optimize sales and profits for Shopify's users.

The fulfillment service represents a massive opportunity for Shopify to take on **Amazon** in the e-commerce market further, and some analysts believe it could help the company [triple its market share](#) over the next five years and boost the company's gross merchandise volume to \$200 billion in 2023, up from \$41.1 billion in 2018.

With Shopify's Fulfillment Network just getting off the ground, investors likely still have a lot to look forward to from this growing e-commerce company. While no one can be sure what will happen with Shopify over the next 12 months, the company's projected 52% sales growth for the remainder of the 2019 fiscal year and its massive potential from the company's fulfillment business make it likely that Shopify will be able to continue its impressive growth over the next year.

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