

**RATING:** 1 2 3 4 5

We project that Shopify is currently overvalued due its status as a growth company but forecast that there is long term upside and thus it is a watchlist company in part due to the continued rise of eCommerce.

52-Week Price Range  
**\$141.00 - \$149.72**

Market Capitalization  
**\$190.12Billion**

Price as of 11/16/25  
**\$146.04**

Annual Dividend Rate  
**\$0.00**

Industry  
**E-commerce**

**Recommendation Summary: Maintain on Watchlist**

**VSF Target Price: \$40.89**  
(72% Downside)

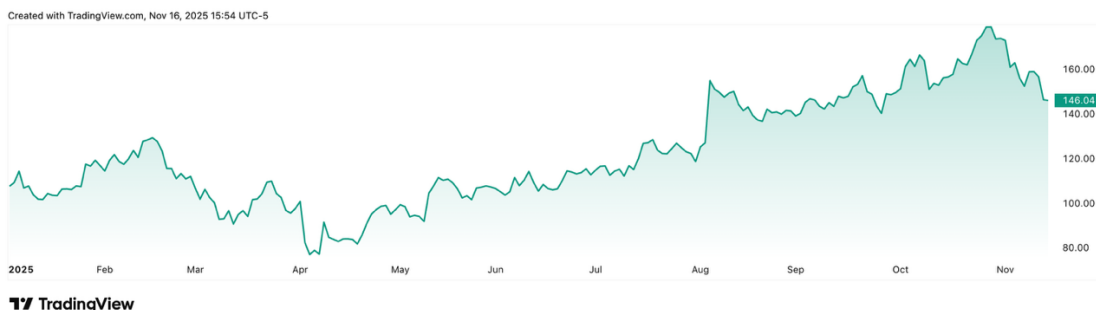
**E-commerce industry performance is POSITIVE**

The global e-commerce market generates well over **\$5T annually** and continues to expand at a mid-single-digit CAGR, driven by increasing digital adoption, social commerce, mobile shopping, and the rise of small-to-medium online businesses. The shift from offline to online retail requires scalable commerce infrastructure—an area where **Shopify** has emerged as the dominant independent platform. The commerce-enablement ecosystem, a ~\$200B+ opportunity across payments, logistics, advertising, and merchant tools, grows alongside merchants’ expanding online presence, with Shopify capturing share as it deepens its integrated product suite. With long-term structural drivers in omni-channel retail, DTC brand proliferation, and global e-commerce penetration, the industry provides both cyclical resilience and durable secular growth.

For the comparable company analysis of Shopify, it is important to recognize the distinct business model it operates, which combines elements of a full-scale e-commerce platform, a merchant-services provider, and a cloud-based software ecosystem. Because of this hybrid structure, comparable companies should be selected not only based on market capitalization or geographic reach but also on product mix, revenue drivers, and exposure to online commerce trends. We selected Adobe (ADBE) because it owns Magento, which provides enterprise-grade digital commerce capabilities; Etsy (ETSY) for its marketplace-driven seller ecosystem; GoDaddy (GDDY) for its broad suite of digital-presence and small-business tools; and Wix (WIX) for its software-driven website creation platform and expanding merchant-enablement features. Magento serves a wide range of mid-market and enterprise merchants, while Etsy’s marketplace of millions of sellers offers a contrast to Shopify’s merchant-owned storefront model. GoDaddy and Wix further illustrate the competitive landscape in website creation, hosting, and small-business enablement. Together, these public peers provide a comprehensive benchmark for evaluating Shopify’s financial profile and competitive position within the broader digital commerce ecosystem.

Ticker	Company	Share Price (\$)	Shares Outstanding	Equity Value	EV/Revenue	EV/EBITDA	P/E	1 yr price change (%)
SHOP	Shopify Inc	146.04	1,313,000	191,750,520	21.2x	146.8x	94.9x	33.56%
ADBE	Adobe Inc	331.11	435,300	1,780,000	0.5x	1.2x	0.3x	15.20%
ETSY	Etsy Inc.	57.1	107,070	6,113,697	2.2x	18.9x	20.2x	7.82%
GDDY	GoDaddy Inc.	131.07	141,360	18,528,055	2.9x	23.2x	19.8x	40.58%
WIX	Wix.com Ltd.	126.92	55,900	7,094,828	4.5x	60.8x	51.3x	36.35%

**YTD: Shopify’s stock has climbed meaningfully year-to-date, rising from around a low of \$76.89 in April to above \$179 by early October. The move reflects renewed investor confidence in the company’s improving operating leverage, stronger merchant adoption, and continued momentum across its payments and commerce solutions.**



Fiscal Year End-	2021	2022	2023	2024	TTM
Revenue (\$B)	4.61	5600	7.06	8.88	10.696
Net Income (\$B)	2.914	-3.46	0.132	2.019	1.781
Free Cash Flow (\$B)	0.484	-0.186	0.905	1.597	1.903
Cash Balance (\$B)	2.502	1.649	1.413	1.498	N/A

Fiscal Year End-	2021	2022	2023	2024	2025 (E)*
EPS Growth (%)	2.03	-5.02	2.83	1.45	6.5
Gross Margin (%)	53.78	49.18	49.8	50.36	38.25
Operating Margin	68.1	-64.7	2.62	25.09	20
FCF Margin (%)	10.53	-3.32	12.82	17.98	41.26

Category	Risks	Mitigants
<b>E-Commerce Cyclicity</b>	Online retail spending fluctuates with consumer sentiment, inflation, and macroeconomic cycles, which can slow GMV growth and reduce merchant services revenue (payments, capital, logistics)	Shopify's platform spans millions of merchants across size tiers, categories, and regions, reducing dependency on any single segment. Its integrated tools—Shopify Payments, Shop Pay, Capital, and POS—help increase merchant stickiness and recurring revenue even during periods of softer consumer demand.
<b>Competitive Pressure</b>	The e-commerce infrastructure market is highly competitive, with Amazon, WooCommerce, BigCommerce, and emerging social commerce platforms introducing alternatives for sellers. Competitive pressure could weigh on merchant additions or take-rate expansion.	Shopify offers the most complete independent commerce platform with deep integrations (payments, fulfillment partners, checkout, POS) and a superior developer ecosystem. Shop Pay's high conversion rates and platform extensibility create switching costs that competitors struggle to replicate
<b>Merchant Dependence and Churn</b>	A large portion of Shopify's merchants are SMBs, a segment prone to higher failure rates during economic slowdowns, potentially impacting subscription revenue and GMV growth.	Shopify has steadily expanded into larger enterprises (Shopify Plus), which have lower churn, higher GMV, and longer lifecycles. Its multi-channel capabilities and suite of revenue-enabling tools (ads, payments, checkout, B2B) drive retention and stronger unit economics.

### Comparables Analysis is Fairly Negative

We believe that Shopify if trading at an overvalued price in the short term do its comparables multiples. That said, Shopify is a growth stock while some of the other comparable companies are not and thus, we anticipate better multiples and valuations as it surpasses this period of young company rapid growth.

Comps Summary			
Price Targets	EV/Revenue	EV/EBITDA	P/E
Maximum	21.2x	146.8x	94.9x
75th Percentile	5.4x	82.8x	51.3x
Average	6.9x	55.6x	37.3x
25th Percentile	2.9x	10.0x	19.8x
Minumim	0.5x	1.2x	0.3x
Shopify	21.2x	146.8x	94.9x

### Relative valuation is Negative

This chart compares Shopify's current stock price with recent bank valuations, illustrating a wide range of analyst expectations. VSF stands as the most conservative at **\$40.89**, reflecting caution around decelerating growth, rising competitive pressure in e-commerce infrastructure, and uncertainty around near-term expansion and consumer sentiment. UBS and Morgan Stanley set more moderately bullish targets of **\$165** and **\$192**, pointing to durable subscription revenue and steady merchant adoption. J.P. Morgan, with a target of **\$180**, underscores Shopify's strong ecosystem and expanding enterprise penetration. KeyBanc remains the most optimistic at **\$200**.

