Shopify Inc (SHOP)

Cloud Digital Commerce Power Play

Muhammad Nabil
muhammadnabil@msec.com.my
(603) 2201 2100



TradingView

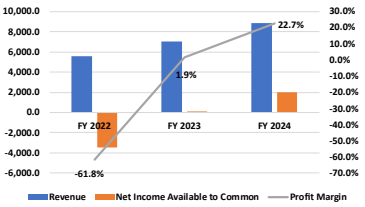
Shopify Inc

Company profile
Shopify is a cloud-based application-software provider focused on commerce solutions that help merchants sell products and services through multiple channels, including social, mobile and even in-store purchases.

Technical Data	
Price	151.07
R1	164.00
R2	166.00
S1	141.00
S2	139.00

M+ Research, Bloomberg

Financial Snapshot



M+ Research, Bloomberg

Technical Outlook

Uptrend intact position. SHOP has rallied +30% YTD. However, with the RSI approaching the overbought level, we expect price to consolidate around and the support band of USD139-141, provided volume remains steady, before resuming its upward trajectory toward the resistance area of USD164-166. A break below USD139 or the shorter-term EMAs would invalidate the setup.

Trading Catalysts

Earnings recap. SHOP's payments volume remained overall stable in Q2, which is better-than-anticipated given the uncertainties surrounding Trump's protectionist trade policies. We also believe consumer demand remains robust, as reflected in Amazon's retail growth, which accelerated by 6pts QoQ on the heels with positive guidance.

SHOP's growth levers. We like SHOP given its i) strong position to attract larger merchants to its platform, with CapEx to expand both its offline and AI offerings, allowing it to build a more economically insulated revenue stream; ii) its affluent consumer base is relatively inelastic, enabling merchants to pass on inflationary pressures.

Grabbing market share in Cloud Digital Commerce. Shopify holds ~25% of the $8.8bn cloud-digital commerce market, 10 percentage points ahead of Salesforce. We opine the share could rise given its strong position to attract larger merchants, compounded by its growing international footprint.

Peer Comparison

Company	Ticker	Price (USD)	Market Cap (USD'bn)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)	RSI	ST Trend
Shopify Inc	**SHOP**	**151.1**	**196.5**	**136.5**	**96.0**	**22.0**	**22.7**	**Overbought**	**Up**
SalesForce Inc	CRM	240.9	230.3	34.8	20.7	NM	16.4	Oversold	Down
ServiceNow Inc	NOW	874.1	181.8	0.0	0.0	NM	13.0	Oversold	Down
Intuit Inc	INTU	761.6	212.4	58.5	33.8	NM	18.2	Negative bias	Up
Arista Networks Inc	ANET	139.3	175.1	56.1	47.2	33.6	40.7	Overbought	Up
Avg ex-Shopify Inc			**199.9**	**37.3**	**25.4**	**33.6**	**22.1**		

Source: Bloomberg, M+ Research

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