



Is it Time to Consider Canada Goose Holdings Inc.?

Description

Unless you're lucky enough to be living in the tropics, you've no doubt seen an abundance of coats this winter made by **Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)). And you've probably heard about Canada Goose's foray into the market.

The Toronto-based cold-weather clothing company first opened its doors over 60 years ago, but it has caught on only in the past few years as the go-to jacket for working and traveling in cold climates. Nonetheless, an increasing number of commuters are now donning the \$900 coats as a mainstay of winter attire.

Yes, that was correct. Canada Goose makes winter coats that sell for \$900 and up, and they are everywhere. The fur hood and red logo are unmistakable on the streets of both Toronto and New York, where the company has flagship stores.

Canada Goose currently sells coats in 36 countries around the world, but over two-thirds of sales came from both Canada and the U.S. In the past few months, the coats have even attracted attention from celebrities and world leaders.

In the IPO prospectus, the company identified Germany, Italy, and Scandinavia as the next markets to expand.

The Canada Goose IPO

Last week Canada Goose went public, priced at \$17, above the initial range of \$14-16 that was cited to investors. Given the cold weather that hit the east coast last week, the timing of the IPO couldn't have been better.

In all, the company managed to sell approximately 20 million shares, which gave the company an initial value of about \$1.8 billion, netting \$340 million, which Canada Goose plans to use in part to pay down debt.

From a results perspective, despite catering to a very select niche, Canada Goose has performed

admirably over the past few years, averaging 38% growth over the past three years. Last year, Canada Goose hit \$290 million in revenue and \$26.5 million in net income.

Canada Goose is also examining other products to bring to market, including footwear, bedding, fleeces, and even raincoats. An expanding product line will be key in the long term to keep revenue flowing in.

Is Canada Goose a good investment?

Simply stated, Canada Goose is a niche product operating at the very high end of the retail market. Buying in to a stock right at the point of the IPO is rarely a great idea, as the initial price surge is typically followed with a decrease in price.

That isn't the only reason to wait out on the sidelines. The retail sector itself isn't exactly firing on all cylinders at the moment with consumer debt at record levels and increasing interest rates already becoming a reality.

While Canada Goose remains an impressive company worthy of consideration, the fact remains that at present, there is more of a reason to wait on the sidelines rather than to jump in and invest.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Investing

Date

2025/09/29

Date Created

2017/03/20

Author

dafxentiou

default watermark