



Is Canada Goose Holdings Inc. the Next Shopify Inc.?

Description

When it comes to **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)), the Initial Public Offering (IPO) market has been very good to investors over the past year. For those who purchased shares just over one year ago, the gain has been close to 250%.

As the company facilitates online business for small- and medium-sized businesses, there has been fantastic momentum, translating to an increase in revenues over the past year. Clearly, this part of the market is expanding.

Investors wanting to find the next fantastic investment opportunity (post-IPO) may want to turn their attention to shares of **Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)). The company has been trading since March of this year and is currently up nearly 35%. Last Friday, shares hit a new high of \$29.39 per share and closed more than 15% higher than the day before. Investors have made a significant part of their return from this increase.

The company is in the business of selling outerwear (clothing) for men, women, and children. It reported revenues which beat out the number from last year by over 20%. The company, with a year-end of March 31, announced revenues for the most recent quarter of \$51 million, which is 21.89% higher than the previous year's amount of \$41.9 million. On an annual basis, the total revenues increased from \$290 million to over \$403 million in the most recent fiscal year. The total increase was close to 39% for the entire fiscal year!

The quarterly loss for the company was \$0.23 per share in comparison to a loss of \$0.09 for the year earlier. For the entire fiscal year, things are much better. The earnings per share are currently \$0.22 per share in comparison to \$0.26 one year ago.

While positive earnings are always a good thing, potentially the best news is the increase in cash flow from operations (CFO). During the previous fiscal year, the company experienced negative cash flow, showing that operations still needed to reach a point of stability before company management could focus on the bottom line. Fast forward one year, and the CFO is nothing short of \$39 million!

With the company now generating positive cash flows, the next step will be the delivery of consistent

profit to shareholders. The challenge, however, will be the seasonality of revenues faced by the company. With a focus on outdoor apparel, the company will obviously be making the majority of the annual revenues during the fall season as Canadians head into the winter season.

For investors looking for a fantastic investment, shares of Canada Goose Holdings Inc. may still offer incredible potential at a price of \$29.17, but the incredible returns of 250% (or more) may be another challenge.

Investors have to consider the ability of an apparel company to scale quickly vs. the opportunity for an internet company to scale even faster.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:GOOS (Canada Goose)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/07/31

Date Created

2017/06/09

Author

ryangoldsman

default watermark