



## Has Canada Goose Holdings Inc. Flown Away?

### Description

**Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)) is now up over 17% for June as analysts continue to bump up their price targets. Canada Goose is a high-end outerwear brand that has done a fantastic job of penetrating new markets outside Canada. The company is growing its revenue, margins, and earnings ridiculously fast, and if the management team can continue to execute, I think Canada Goose may be a very intriguing holding for cyclical-growth investors who aren't afraid of volatility.

Canada Goose has grown at a CAGR of 38.3% over the last three years, and if the company can continue this impressive streak, there's no question the stock will skyrocket. I believe Canada Goose may become a powerful global brand over the next few years if the management team can continue to increase market share through its expansion initiatives. There's a tonne of room to expand in the U.S. as well as across other parts of the globe. According to a study, only 16% of Americans are aware of Canada Goose, while 66% of Canadians know of the brand.

If Canada Goose can make Americans more aware of its brand, then the company stands to profit big time from the strengthening U.S. economy under President Trump's pro-business policies. As consumer spending rises over the next few years, more conspicuous goods like thousand-dollar parkas will go flying off the shelves.

As you'd expect, Canada Goose is soon going to experience the effects of seasonality. As we enter the summer season, it's likely we'll see the stock come to a slowdown. The stock is really expensive with a price-to-earnings multiple of 88.5; over the short to medium term, prudent growth investors would be wise to maintain patience and wait for a better entry point, which may happen in the coming months.

Canada Goose has terrific fundamentals and a huge amount of upward momentum, but if you're bearish on the markets, then Canada Goose is probably one of the worst stocks you could own in a downturn. The bull market is getting old, and if a crash were to happen, I'd expect extremely cyclical stocks like Canada Goose to get hit harder than the rest of the market. If you go long on Canada Goose, just make sure you take profits off the table at some point, because a \$1,200 parka is a tough

sell during times of recession.

Personally, I'm on the sidelines because shares are trading at such a rich valuation. It's possible that the stock could continue to soar, but I believe the easy profits have already been made.

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