



## Why Canada Goose Holdings Inc. Fell 3% on Thursday

### Description

**Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)), one of the world's leading makers of performance luxury apparel, released its fiscal 2018 first-quarter earnings results Thursday morning, and its stock opened for trading up over 6%, but it gave up those gains throughout the trading session and ended the day down just over 3%. Let's break down the quarterly results to figure out what we should do with the stock now.

### Breaking down Canada Goose's Q1 results

Here's a quick breakdown of eight of the most notable financial statistics from Canada Goose's three-month period ended on June 30, 2017, compared with the same period in 2016:

Metric	Q1 2018	Q1 2017	Change
Wholesale revenue	\$19.9 million	\$14.44 million	37.8%
Direct-to-Consumer (DTC) revenue	\$8.31 million	\$1.26 million	560.5%
Total revenue	\$28.21 million	\$15.7 million	79.7%
Gross profit	\$13.24 million	\$4.66 million	184.2%
Gross margin	46.9%	29.7%	1,720 basis points
Adjusted EBITDA	(\$13.57 million)	(\$7.48 million)	81.3%
Adjusted net loss	(\$13.23 million)	(\$9.53 million)	38.8%
Adjusted net loss per share	(\$0.13)	(\$0.10)	30%

### What should you do with Canada Goose now?

It was a fantastic quarter overall for Canada Goose, as it has continued to achieve very strong growth in both its wholesale and DTC segments. Its results also came in well above the consensus estimates of analysts, which called for an adjusted loss of \$0.19 per share on revenue of \$17 million.

In the press release, the company noted that it will be opening five new retail stores in fiscal 2018, that it has already launched four of the seven new e-commerce markets that it had planned for the year,

and that it is “well positioned for our upcoming peak selling season and beyond,” which leads me to believe that Canada Goose can continue to deliver double-digit growth in the quarters and years ahead.

With all of this information in mind, I think the market’s initial reaction of sending Canada Goose’s stock higher was correct, so I think the decline represents a very attractive entry point for long-term investors who are interested in investing in one of Canada’s best growth stocks.

## CATEGORY

1. Investing

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## Date

2025/08/25

## Date Created

2017/08/11

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