



## Reviewing 2017 IPOs: Canada Goose Holdings Inc.

### Description

The initial public offering (IPO) for **Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)) was one of the most hyped events the market has seen in 2017. The stock is up 11% since the March 16 IPO, and the company has since released two sets of results which have surpassed expectations.

After the first set of results in late May, the share price catapulted to an all-time high of \$32.80 in early June. Since then, it has seen a steady drop, and, as of close on August 15, the stock was priced at \$24.07 — down 0.95%. On August 10, the company released its fiscal first-quarter earnings for 2018. Sales from the wholesale business increased 38.2% to \$19.9 million in the quarter. Net loss was reported at \$12 million, or \$0.11 per share, compared \$14 million in the same period the previous year. Revenue was up 79.7% to \$28.2 million.

### The company is testing new products with customers

Canada Goose plans to launch a line of sweaters which will reach up to \$650 per item. This represents the fulfillment of a promise from the company to begin branching out into seasonal wear other than its well-known winter coats. Early reports suggest that Canada Goose customers have been receptive to the idea of other-season products, though the knitwear will be released in a limited fashion to start. Sales of coats, jackets, and sweater wear are expected to continue a steady growth pace into 2020. The new knitwear will be made in Italy, which may come as a surprise for a company that boasts about its Canada-based manufacturing.

The knitwear will be sold at select locations including Holt Renfrew, Harry Rosen, Saks Fifth Avenue, and Nordstrom, as well as in Canada Goose retail shops and the e-commerce site. Canada Goose CEO Dani Reiss expects the limited supply will help create product demand, but sales are expected to dwarf winter wear in the early stages.

### Where is the stock going?

The share price for Canada Goose was tripped up after recent quarterly results when geopolitical tensions drove investors away from growth stocks, fearing a downturn. The stock has been hovering around the \$24 mark since early August and stands to benefit from a bounce back in the general

Canadian market.

As a fashion company, Canada Goose will draw an expected degree of skepticism from investors. The industry is commonly thought to be fickle and subject to volatility, and Canada Goose is a brand name which has recently come on very strong on the back of exposure due to use by celebrities. The winter wear is also of extremely high quality — a trend the company plans to continue with its other seasonal releases.

After some profit taking during its June surge, Canada Goose offers good value to investors willing to bet on its continued popularity and innovation in outerwear.

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## Date

2025/08/25

## Date Created

2017/08/17

## Author

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