



## Canada Goose Holdings Inc. (TSX:GOOS) Records a Strong Q4 as Sales Soar More Than 140%

### Description

**Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)) released its fourth-quarter results on Friday. The company saw another quarter of impressive growth, as its sales were up over 144% from a year ago, and it also recorded an \$8 million profit on sales of \$125 million, which is a big improvement from the \$23 million loss that Canada Goose recorded this time last year.

The quarter wrapped up what has been a very strong year for Canada Goose, as revenues for the full year increased by 46%, and profits more than quadrupled. The company netted an overall profit margin of 16%.

Let's take a closer look at the earnings release to see what was behind the strong results and to assess whether the stock is a good buy today.

### Online sales fueling the company's growth

It's easy to see why Canada Goose has been able to grow so well and profit so much: its online sales are booming. In fiscal 2018, wholesale sales were up 16.5%, but it was the direct-to-consumer (DTC) segment that soared, with revenues rising by 121.3%.

The DTC segment made up more than 43% of sales, and that number is likely to rise as the popularity of the brand grows around the world.

### Big improvement in costs

What impressed me even more than the company's sales growth was the efficiency it gained. Despite revenues more than doubling in Q4, selling, general, and administrative (SG&A) expenses rose only 11%. Last year, the company's SG&A costs were higher than its quarterly sales, but this quarter those expenses came down significantly and were just 49% of revenue.

Another improvement was higher up the income statement, as the company's gross margin rose from 54.4% a year ago up to 62.7%, which is a significant increase in just one year.

### Even more growth to come?

In the earnings release, the company said that for the 2019 fiscal year it anticipates sales to rise by at least 20%. The company looks to have chosen a conservative number given how optimistic CEO Dani Reiss is about the prospects for the company, particularly in other markets.

In the release, he stated, "These results reinforce my belief that we are still just scratching the surface of our global potential. As we continue to bring more Canada Goose to more of the world, we are resolutely focused on the long term and what we need to get there. Fiscal 2019 will be another exciting year, as we make significant strategic investments in infrastructure and people to support our foundation for enduring growth."

Earlier it was announced that the company would be expanding into China, and by the sounds of this, that could just be the start for the company as it looks to become a global brand.

### Is Canada Goose a buy on these results?

Canada Goose had a terrific quarter, and the company's expansion efforts are going to help ensure that the growth isn't limited by the potential that exists in Canada.

The stock is a great buy that has already yielded [significant returns](#) for investors. In the past year, the share price has more than doubled, and since [being listed](#) on the TSX, it has grown 178%.

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