



## Will Canada Goose Holdings Inc. (TSX:GOOS) Stock Soar to Triple-Digits This Year?

### Description

**Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)) stock has climbed an incredible 115% in 2018 as of close on June 18. Back in mid-May I'd advised investors to [remain cautious](#) over its valuation. It is time for me to eat some crow, er . . . goose.

Canada Goose has been a world-beater since its initial public offering in March of last year. Shares are up over 400% from its original IPO price of \$17.00. Outstanding sales and an ambitious path forward have paved the way for this outstanding performance. Can it continue? Let's take a look at its fourth-quarter and full-year results for 2018.

Canada Goose released its fiscal 2018 Q4 and full-year results on June 15. For the full year, total revenue climbed 46.4% to \$591.2 million. Wholesale revenue increased 16.5% to \$336.2 million and direct-to-consumer revenue surged 121.3% to \$255 million. This represented 43.1% of total revenue compared to 28.5% in the prior year.

In the beginning of this year, Canada Goose expressed confidence that it could [drive its e-commerce business](#) to represent 50% of total sales. It has done a remarkable job of nearing this ambitious goal. Canada Goose opened eight e-commerce sites during the 2018 fiscal year.

The company saw gross profit increase to \$347.6 million compared to \$212.1 million in the prior year. Wholesale gross margin was 46.9% with higher margin jackets from the fall/winter collection contributing to the increase, direct-to-consumer gross margin fell to 74.4% in part due to foreign exchange fluctuations.

Canada Goose also provided its outlook for fiscal 2019. The company has projected annual revenue growth of "at least" 20% as well as adjusted EBITDA margin expansion of 50 basis points at minimum. Canada Goose also estimates annual growth in adjusted net income per diluted share of 25% or more. Naturally, its growth projections are also dependent upon economic conditions.

On the same day of its earnings release, Canada Goose also revealed the next phase of its retail

expansion. This involves the opening of three new stores in Short Hills, N.J., Montreal, and Vancouver. Canada Goose has announced that the stores will be opened ahead of the 2018 holiday shopping season.

### Should you buy today?

Canada Goose is now threatening the triple-digit mark, which is an incredible achievement. Credit is due to its top-notch marketing team and its rapid response to the mass anxiety following Q3 results. Canada Goose is responding to demand and is also charting an aggressive strategy in Asia. This makes it an enticing growth stock long-term, but what about today?

It is difficult to doubt the leadership at Canada Goose and its brand, but its valuation is simply too high at this stage to recommend the stock. Investors should look for entry points heading into this summer, but this may be a challenge after these impressive numbers. In any case, the company has proven that it is more than capable of executing on its strategic vision. It will be interesting to see how the brand develops going forward.

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### Date

2025/09/19

### Date Created

2018/06/19

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