

Can Canada Goose Holdings Inc. (TSX:GOOS) Keep Up the Massive Returns?

Description

The past 12 months have been an incredible time for **Canada Goose Holdings** ([TSX:GOOS](#))([NYSE:GOOS](#)) — and for its investors. With returns in excess of 200%, Canada Goose shares have been among the top TSX performers in this period. It goes without saying that anyone who'd invested in the summer of 2017 and held until today would be sitting pretty. But is the stock still a good buy?

It helps to start by looking at the company's growth prospects.

Growing at a lightning pace

If Canada Goose's returns seem unbelievable, it helps to consider that the underlying business is growing almost as fast. Quarterly revenue has been growing at about 144% year over year, which easily makes the company one of the fastest growing on the TSX (in terms of revenue). This growth is fueled by aggressive expansion south of the border, where Canada Goose has been opening flagship stores.

The company is also [expanding aggressively in Asia](#), opening a number of retail locations and an e-commerce store in China.

In light of the above factors, Canada Goose's P/E ratio of 92 may not seem so high. Though it is well above average, earnings growth is above average, too. If we factor in price, earnings, *and* growth, Canada Goose is not an overly expensive stock.

Solid financials

Canada Goose has extremely healthy financial numbers, bolstered by its enviable position a luxury retailer. A recent Fool.ca article described Canada Goose parkas as "[Veblen goods](#)" — items for which demand actually *increases* with price!

The expected result of such "luxury" positioning is high profitability. And that's exactly what we see in Canada Goose's financial statements. The company has a solid profit margin of 16.25% and an absolutely phenomenal return on equity of 49.29% (Warren Buffett has called return on equity his "favourite metric"). The company's sales and net income are also growing rapidly, making this a financially sound company with impressive growth figures.

A diversifying product line

Until recently, Canada Goose has been known for one main product: a signature parka easily identified by a patch with the company's logo on the arm. This product was the runaway hit that drove the company's early growth.

But now, Canada Goose is branching out. On the company's website, you can find listings for a wide variety of products, ranging from parkas and bomber jackets to hats, gloves, and scarves. What started

as a company focused on one signature product is quickly evolving into a lifestyle brand with a full range of items for the chilly winter months. And, predictably, customers who have fallen in love with the iconic parkas are accessorizing with other items from the company's increasingly diverse lineup.

Bottom line

In just a few years, Canada Goose has gone from a quirky specialty fashion vendor to one of Canada's hottest companies. And it shows no signs of slowing down. With massively growing revenue and income, and plans for further expansion abroad, this company would be a welcome addition to any growth-oriented investor's portfolio.

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