



## 3 Reasons Why Canada Goose (TSX:GOOS) Stock Is Up 87% So Far in 2018

### Description

Stock in **Canada Goose Holdings** ([TSX:GOOS](#))([NYSE:GOOS](#)) is [up more than 87% in 2018](#) and has gained more than 213% since the company came to market with its initial public offering (IPO) back in March last year.

This newly minted iconic Canadian brand continues to ride the wave of momentum led by its fashionable parkas boasting industry-leading technology that allows Canadians across the country to withstand the nation's harsh winter temperatures.

Canada Goose has been around for more than 60 years now, but it wasn't until it opened a new company headquarters located in downtown Toronto back in 2014 that things really started to take off.

After significantly expanding its manufacturing capacity, it wasn't long before the company's eye-catching outerwear could be seen all over the city's downtown streets. By the end of 2014, it was officially recognized by the federal government for employing 6% of Canada's entire cut and sew labour market.

While it continues to focus on innovation and providing Canadians with new and desirable products to meet a growing array of outdoor fashion needs – including a line of lighter wear available on the company's webpage – there are a couple of other significant drivers behind management's plan to continue the company on its current growth trajectory.

One is continued reinvestment in its successful e-commerce platform.

Canada Goose products are available in over 2,200 points of distribution, including 12 online markets.

In 2015, it expanded into its first international market, the United States, following that up with a foray into the United Kingdom and France in 2016.

In 2018 it has continued that expansion by entering several European markets as well as an introduction into the Chinese market in January of this year.

In four years, management has been able to grow its international business from zero to over \$250 million, and the international business has made up over 40% of the company's sales so far in 2018.

Most of that international growth is being led through its e-commerce or direct-to-consumer channels.

Not only has the strength of its e-commerce platform helped to reduce overhead expenditures on things like rent and staffing employees to oversee traditional brick-and-mortar locations, but it has also helped drive efficiencies in managing working capital costs, all of which has helped to contribute to higher margins, including a 628 basis point expansion for its gross profit margin in 2018.

### **It's not too late to get in...**

But what's really interesting is that despite the huge appreciation in GOOS stock over the past couple of years, there's reason to believe that the current rally may still have legs.

Keep in mind that this is still a relatively unknown brand outside of Canada's borders and that it has only been in several of these new international markets for less than a couple of years.

In its most recent investor presentation, management has stated that were it to achieve a market penetration equal to what it enjoys in Canada across its other global markets, it could triple current unit demand.

That indeed would be [a very favourable climate](#) for the current shareholders of GOOS stock.

*Stay Smart. Stay Hungry. Stay Foolish.*

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. NYSE:GOOS (Canada Goose)
2. TSX:GOOS (Canada Goose)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## **Category**

1. Investing

## **Date**

2025/08/23

## **Date Created**

2018/09/21

Author  
jphillips

default watermark

default watermark