Canada Goose (TSX:GOOS): Winter Is Coming

Description

Winter is coming, and **Canada Goose** (TSX:GOOS)(NYSE:GOOS) sees stronger sales as its peak season approaches. The positivity springs from the better-than-expected fiscal Q1 2020 revenue. Dani Reiss, Canada Goose's President and CEO, credit the company's outstanding operational execution for the high revenue.

Revenue climbed 59.1% to $71.1 million to beat the $54.38 analysts' estimate. In each of the last four quarters, Canada Goose has surpassed consensus EPS estimates. However, the luxury apparel maker's net loss in the quarter ended June 30, 2019, widened by 57.21% to $29.4 million compared to the previous year.

Revenue distribution

Canada Goose is off to a great start. Management did not expect sales to grow significantly in all geographies and outdo the Q1 2018 levels. In Canada, revenue rose by 40.4% led by the sales in Montreal and Vancouver.

The company was pleased with the 15.8% growth in the U.S. because the wholesale shipments were as good as last year. The online and existing stores combined to deliver strong productivity. In Europe and the rest of the world, sales grew by 79.7% owing to the significant impact of earlier wholesale shipments.

The company's top line in Asia nearly tripled, as it rose from $6.6 million to $18.1 million. Canada Goose's primary drivers in the region are the wholesale growth in Japan and direct-to-consumer (DTC) operations in Greater China. Between the two Asian markets, Japan is the standout performer.

Canada Goose's DTC channel showed a 50% increase in revenue to $34.8 million versus Q1 last year. At the same time, non-parka products are already contributing to one-third of total revenue. The quarter also saw strong out-of-season demand. Many customers also took advantage of the discount promotions and clearance sales.

Tailwinds

The business outlook for Canada Goose is more than optimistic. Investors should watch for three factors that will propel the stock to further growth. Firstly, no other company can match the way Canada Goose is rapidly scaling production capacity. It is a superior advantage going into the peak selling seasons.

Secondly, there is great momentum in non-parka categories in Asia. The company is set to develop many new products and styles specifically for Japan. The country is an international trendsetter. Canada Goose will also expand its DTC footprint in Europe and Greater China.

The company is hoping for gross margins on new products to be comparable with its down-filled parkas in the long term. The upcoming footwear products are expected to deliver best-in-class profits, too.

Lastly, Canada Goose added the last piece of the puzzle. Woody Blackford, an apparel industry veteran, will join the company to head the design and merchandising team. His focus will be on category expansion and innovation.

Soon to be a billion-dollar business

Canada Goose is no longer a seasonal business. The year-round resilience in the company's product offerings is beginning to show. The goal to become a billion-dollar business is attainable.

If Canada Goose projects at least 20% revenue growth for the next three years, you'd better believe it. The company's unique business model is evolving, and that would result in the stock's explosive growth . You can invest now or miss the luxurious gains ahead.

CATEGORY

1. Investing
2. Top TSX Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise

5. Yahoo CA

Category

1. Investing
2. Top TSX Stocks

Tags

1. Editor's Choice

Date
2025/08/28
Date Created
2019/08/29
Author
cliew