



Why I Finally Added Canada Goose (TSX:GOOS) Stock to My TFSA

Description

I've been sitting on the sidelines for two years, kicking myself for not investing in **Canada Goose** (TSX:GOOSE)([NYSE:GOOS](#)) at its IPO. In 2017, Canada Goose debuted on the TSX at \$17 per share and skyrocketed to a price of \$80 in just over one year.

The stock reached its all-time high last November at a price of \$92.18. The stock looked poised to continue its trajectory, but a pullback in May gave me the green light to buy the stock.

Here's why I finally added Canada Goose to my TFSA.

Quality brand

Canada Goose makes high-quality products. Every coat comes with a lifetime guarantee. Even though the prices of the coats start at \$500, they are especially popular with millennials and Generation X.

The company knows the value of brand loyalty and has done an excellent job marketing to this demographic.

Canada Goose controls its inventory carefully. The products are rarely discounted and never sold at off-price retailers. According to CEO Dani Reiss, "We have no discount outlet stores, and we have no strategy to ever have those – unlike most brands. And the way we achieve that is by making sure that we don't make too much stuff."

Quality acquisitions

Last year, Canada Goose acquired Canadian outdoor footwear maker Baffin for \$32.5 million. To lead this initiative, Canada Goose recently announced the appointment of Woody Blackford, who will steer the company's global design and merchandising organization. Blackford joins the company after a six-year stint at **Columbia Sportswear**.

Regarding the acquisition of Baffin and the appointment of Blackford, Reiss noted, “We have a massive opportunity to define and develop this market in a way that no other brand can. There is still a lot of strategic and commercial work to be done, and we won’t compromise quality for speed.

However, adding Woody to the organization and the expertise that we already have from Baffin are important parts of the puzzle to accelerate our journey.”

Quality marketing

Canada Goose, once known only for its winter outerwear, is expanding into clothing for all seasons. The company’s direct-to-consumer revenue from non-parka products doubled relative to Q1 last year and topped 30% for the first time in the company’s history. The company added lightweight down outerwear, knitwear, and rainwear to its product offerings last year.

Ever since Canada Goose jackets appeared in several Hollywood hits in 2006, the company has been showcased in numerous feature films and TV shows. Canada Goose uses invite-only previews to increase demand for specialty products.

In June, the company featured white Expedition parkas through a global digital Basecamp community with an invite-only preview, resulting in pre-sales of 70% of the total inventory.

The sell-out of heavy-duty winter parkas in the middle of summer is testament to the company’s marketing savvy.

First-quarter results

In the first quarter, overall [revenue rose 59.1% to \\$71.1 million](#). In Canada, revenue increased by 40.4%, boosted by results from new outlets in Vancouver and Montreal. In the U.S., revenue growth increased 15.8%.

In Europe and the rest of world, revenue rose by 79.7% and in Asia, [the top line nearly tripled to \\$18.1 million from \\$6.6 million](#). Canada Goose opened a flagship store in Beijing in late 2018.

The company reported a total operating loss of \$27.5 million. Adjusted EBITDA was a \$25.9 million loss compared to a loss of \$17.3 million last year. The company attributed the larger loss to increased SG&A investments, as well as an increase in spending for store openings.

The bottom line

Canada Goose is a great Canadian company that produces sought-after products. While the company is known for its winter wear, the company is rapidly expanding its product offerings to include garments for all seasons, as well as footwear.

Although its expansion into China may be hampered by the unknowns of ongoing trade tensions, the company has firm footing in North America and Europe. I firmly believe that Canada Goose will soar once again and was very happy to add it to my TFSA for its long-term potential.

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