Get Cozy This Winter With Canada Goose (TSX:GOOS) Stock

Description

Once one of the companies soaring on the TSX, **Canada Goose Holdings** (TSX:GOOS)(NYSE:GOOS) has started to look like an ugly duckling after all. Falling out of favour with investors, the company saw an unexpected decline in 2019. For the first time since the company went public, Canada's luxury winter clothes brand looks like it might not be keeping shareholders all that cozy this winter — or will it?

A great start with the IPO

Canada Goose quickly became one of the star performers on the TSX after the launch of its IPO. The stock climbed up from the initial price offering of $17 up to $45 within the space of 12 months. The company was not the largest IPO in 2017, but it was one of the best in the year.

2018 was not a great year for a lot of stocks on the TSX. Just like many other companies, Canada Goose began to see a dip in its stock price last year. Unlike most of the other companies, however, Canada Goose did not seem to shake off the decline. The stock price has fallen fast and hard over the years. The question is, Is Canada Goose going for a discount right now?

An excellent performance

While the stock might not be doing well on the TSX, Canada Goose as a company maintains a decent balance sheet. The winter luxury collection manufacturer doubled income between 2017 and 2019. The holdings company has annual earnings amounting to $860 million — and $530 million of that amount is gross profit.

The company continues to perform well. Canada Goose reported a total income of $71.1 million in the Q1 of fiscal 2020. The amount is an almost 60% increase in revenue year over year. International markets continue to help the company garner substantial profits. Canada Goose reported a 79% growth in its European segment as well as the rest of the world, while it saw a 40% growth in the domestic market.

There is more to it. Canada Goose has beaten all the earnings estimates for each quarter for the past 10 quarters since its IPO. The company continues to expect growth in revenue by an average of 25% every year for the next half-decade.

U.S. and China tensions affecting Goose

Trade tensions between two of the largest economies in the world are creating the headwinds that continue to affect Canada Goose's share price. Despite the challenges posed by trade tensions, the company continues to drive higher sales. Canada Goose has every intent to expand operations in China — the world's largest luxury goods market.

Foolish takeaway

As we hurtle toward the holiday seasons in the cold Canadian winters, it is time to decide whether or not the luxury winter clothes company is a good buy. At the time of writing, the company's stock trades for $54.75 per share. Analysts expect the target price to reach up to $68 for the shares after 12 months.

It already seems like Canada Goose is recovering from the dip. If the sales in this winter season exceed sales as they have for the past several quarters, I think Canada Goose could even have the potential to double in value in the coming years.

CATEGORY

1. Investing

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

Date
2025/07/06
Date Created
2019/11/05
Author
adamothman