



3 Compelling Reasons to Invest in Canada Goose (TSX:GOOS) Stock Today

Description

Last year was truly a wild ride for **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)), a Canadian luxury clothing brand that was among investors' favourite stocks.

From a high of \$89.3 in November 2018, it fell in value by last year's end to \$49.6. At the time of writing, the stock is still falling in value, with current price tag at \$45.

With trade tension between the top markets for luxury goods – U.S. and China – still high and the threat of a possible recession looming, is Canada Goose stock still a viable option for investors?

Depending on how events fare out, this stock is set for a massive comeback. Here are the reasons why:

Primed for big gains

The company has a far higher than industry average forward P/E of 32.1, indicating that the company is likely to experience a significant amount of growth. According to analysts, the company is expected to grow at an impressive average rate of 28.5% annually for the next five years.

Despite ongoing trade tensions, the company saw a massive boost in its international earnings last year, and for the first time in the country's history, its global direct-to-consumer (DTC) footprint [accounted for nearly 50% of all sales](#). In the first quarter of 2019 alone, sales almost tripled in Asia and made up a quarter of the total revenue.

The figure is likely to grow significantly in the years ahead as the rapidly growing middle-class market in Asia pushes demand higher for such goods, and both the U.S. and China show signs of reaching a possible trade deal.

Strong balance sheet

Since its IPO, Canada Goose has been beating each quarterly earnings estimate. From the year 2017 to 2019, the company's revenue more than doubled from \$403.77 million to \$830 million, with gross profit increasing from \$212 million to \$516.8 million. Based on past performance, the company's revenue is expected to grow to \$920.6 million by the end of this year's first quarter.

Brand appeal

Canada Goose is one of the country's most recognizable brands, and its appeal should not be taken lightly. The brand is renowned for its quality and commands a strong sense of brand loyalty from its customers, which includes plenty of famous figures in showbiz, fashion, and professional sports.

Canada Goose jackets had appeared in several feature films and hit TV shows. Thanks to its strong brand appeal and high-profile exposure, sales are expected to increase further as the company diversifies its products outside of just winter wear.

Summary

While the stock right now is quite overvalued, due to its strong growth potential and rapid expansion in the international markets, analysts estimate a 12-month [average target price of \\$74](#) for the stock.

With it currently trading at \$45 as of this writing, the target price indicates a potentially serious upside for investors.

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jhoang

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