Market Crash: Canada Goose (TSX:GOOS) Stock Is the “Buy” of the Decade

Description

Canada Goose Holdings (TSX:GOOS)(NYSE:GOOS) once held great promise. But the recent market crash has shifted sentiment quickly. If you want to buy a high-growth stock at a major discount, now is your chance.

After Canada Goose went public in 2017, the stock quickly quadrupled. The coronavirus market crash recently sent shares *below* the original IPO price. That’s despite three years straight of double-digit profit growth.

As we’ll see, there are legitimate reasons for the sudden decline. But if you can look beyond the current market crash, Canada Goose has the potential to quadruple in size *yet again* over the next few years.

Capitalize on the market crash

It’s important to look at how Canada Goose was doing *before* the market crash. This will give us some indication on how the business might perform once conditions normalize.

In 2017, the company posted sales of $404 million. In 2018, sales reached $591 million. By 2019, they surpassed $830 million. Long story short, this company was growing revenue by leaps and bounds every year.

Profitability was also on the rise. In 2017, EBIT margins were 18.5%. In 2018, they grew to 23.1%. Last year, they hit 24.9%. Yet again we have very encouraging data points. The company was able to rapidly grow sales, while boosting profitability at the same time.

Between 2017 and 2019, EPS went from $0.43 to $1.36. That means shares trade at just 22 times 2019 earnings. The company's 2020 fiscal year actually ends this month. Even based on dramatically lowered expectations, shares will likely trade at under 20 times earnings by the end of March. Considering shares traded as high as 150 times earnings in 2018, the current valuation is a relative steal.

Why have shares been hit so hard from the market crash? It's the same factor that fueled historical sales growth: international expansion.

In 2019, one-third of sales came from Canada, with another one-third from the United States. The remaining sales stemmed from international sources like Europe and Asia. International sales were still a minority, but investors were expecting that to change quickly.

In 2019, international sales grew by more than 60%! Sales growth in Canada and the U.S. was 28% and 36%, respectively. The future is clearly international. That was great news considering Canada Goose had only begun investing in lucrative markets like China, which is the largest luxury market in the world. China's brand-conscious consumers were a perfect fit for the company's $1,000 jackets.

Then the coronavirus bear market began. Canada Goose was disproportionately impacted by the market crash due to its exposure to Asian markets.

But here's the thing: the coronavirus meltdown will pass. Whether it's two months or 12 months, markets will normalize. When it does, Canada Goose will capitalize, leveraging its world-renowned brand and 60-year reputation for quality.

The market crash will impact short-term demand, but it won't erase Canada Goose's long history of quality products. Nor will it eliminate China's lucrative luxury market. Now trading at 2017 prices, despite several years of expansion and another decade of growth ahead of it, Canada Goose looks like the buy of the decade.

Build your buy list now

Canada Goose isn't the only bargain stock that needs your attention. The market crash has created dozens of opportunities to snap up cheap stocks with bright futures. The time to build your buy list is *now*. Leave no stone unturned.

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