



3 Canada Goose (TSX:GOOS) Quotes Investors Should Hear

Description

It hasn't been an easy year for **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)) shareholders. Over the past year, the company's stock is down by 22%, In fact, the company has been mired in a downward trend since 2018.

On the bright side, this luxury retailer released strong fourth-quarter results. A net loss of \$0.12 per share was inline with expectations, while revenue of \$140.9 million beat by \$10.4 million. In the three days following earnings, the company's share price jumped by almost 15%.

Much of the good news came during Canada Goose's conference call during which Dani Reiss, President and CEO made several positive statements. He clearly has "great confidence in (their) future."

Timing of the Pandemic

As it turns out, the [pandemic](#) could not have come at a better time for Canada Goose. The company's first quarter is the slowest of the year. In 2019, the first quarter accounted for just 7% of total revenue.

We are now in early June and economies are starting to reopen, which means the April to June quarter is likely to be the worst in terms of revenue suspension for the retail industry. According to Reiss:

"For Canada Goose specifically, this coincides with a time of year when our revenue is already at its lowest. This reduces the impact [indiscernible] a long runway before we hit our peak selling season in the winter."

Canada Goose's strong financial position

The current economic shutdown is testing balance sheets worldwide, forcing even the most shareholder friendly companies to focus on cash preservation. Canada Goose is no different.

Management is taking steps to conserve cash and reduce cash outflows. As of June 1, the company has access to over \$350 million in liquidity, of which approximately \$120 million is cash on hand. It believes to be well prepared for a variety of potential pandemic scenarios.

“As a high margin business with a clean balance sheet, we remain firmly in control of our destiny and know that we have the financial resources to weather the storm.”

Strong words from Mr. Reiss as he reassures investors.

A top brand

The one thing the pandemic has not changed is the company’s brand. Canada Goose remains one of the top luxury brands in the world and its products are arguably best in class.

It is also “...setting aggressive targets and firm deadlines around our carbon footprint and key raw materials in our supply chain” as it looks to re-establish itself as a good corporate citizen.

Whereas most retailers turn to manufacturers overseas, Canada Goose has been steadfast in its approach – products are manufactured on home soil. As it turns out, this is proving to be a competitive advantage.

As the country dealt with PPE shortages, Canada Goose answered the call. It quickly shifted to manufacturing PPE and is now producing 100,000 gowns a week — at cost. As Dani Reiss said:

“I have always believed that our Canadian manufacturing infrastructure was a strategic asset, but never more so than now...with eight factories across the country, nobody in Canada was better positioned to help.”

Overall, it was a strong quarter. The positive undertones of the conference call is reassuring and [Canada Goose is poised](#) to emerge from this pandemic in a solid position.

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