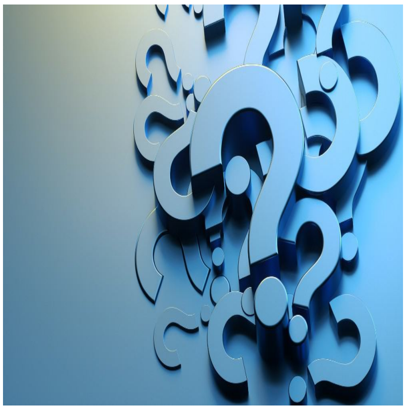

Will Canada Goose (TSX:GOOS) Stock Shoot Past $50?

Description

Canada Goose (TSX:GOOS)(NYSE:GOOS) was once an amazing stock. It went public in 2017 at $23, quickly rising above $90 the following year.

Recent history has been much different, however. Following the COVID-19 market crash, GOOS shares are down to just $32. The rapid rise gave up nearly all of its gains.

This has been a painful year to be a Canada Goose shareholder, but it's a great time to be a *new* investor. It may not be long before the stock shoots past the $50 mark.

It's all about China

It doesn't take a genius to figure out that Canada Goose got its start in Canada. In 1957, the brand was originally launched under a different name, headquartered in Toronto. Over the years, it became renowned for its unrelenting quality.

The first person to summit Everest was wearing one of its expedition suits. The company was tasked with outfitting the scientists that needed to spend months in isolation on the Antarctic continent.

These days, Canada Goose is a fashion icon, with garments often surpassing a $1,000 price tag. Just know that the company has deep, respected roots in the outdoor adventure world.

Over the decades, the company built a sizable sales base in North America. Today, roughly 70% of sales come from Canada and the U.S. While this base provides ample cash flow, growth was always expected to come from abroad. In 2019, international sales accounted for only 30% of total sales, yet these revenues grew by more than 60% year-over-year!

China, the largest luxury market in the world, is the biggest opportunity of all, yet Canada Goose just began its sales efforts there. These brand-conscious consumers are a perfect fit for Canada Goose. As the company dedicates more resources to the country, it stands to double or triple in size. This isn't even accounting for other lucrative markets like South Korea, Japan, and the E.U.

Canada Goose stock is ready

The COVID-19 crisis began in China. Retail sales there fell off a cliff. As the country recovers, however, industry sales are starting to normalize. We can see the green shoots in some recent data from Canada Goose.

"After suffering the world's first COVID-19 outbreak, China's economy is now rebounding faster than North America," reports *BNN*. "[Canada Goose] said Tuesday it is doubling its footprint in mainland China this fiscal year by adding four stores, out of seven planned openings globally."

"The retail recovery in mainland China is ahead of other regions," adds CEO Dani Reiss. By placing its bets now, Canada Goose is staying ahead of the curve, capitalizing on the resurgence as it happens.

With shares trading at $32, it doesn't appear as if the market is pricing in a recovery, yet that's exactly what the company is poised to do. Before the pandemic, GOOS stock regularly traded at 60 times earnings. At one point, the valuation surpassed 100 times earnings.

Right now, shares trade at just 23 times 2022 earnings. That's a steal if those EPS numbers come to pass. In this scenario, Canada Goose stock will easily surpass $50 within 12 to 24 months.

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