



Will Canada Goose (TSX:GOOS) Stock Double Again?

Description

Canada Goose ([TSX:GOOS](#))([NYSE:GOOS](#)) stock just doubled. From March to November, shares moved from \$22 to \$44. That's a 100% return in just eight months.

Here's the thing: shares could double again!

In 2018, Canada Goose stock was valued above \$90. That's 100% higher than today's price.

What needs to happen for another double to occur? Is this your chance to make some quick money?

This wasn't a surprise

When Canada Goose shares bottomed at \$22 in March, I was quick to remind readers that the company wasn't going away anytime soon.

"Founded in 1957, Canada Goose has a pedigree that can't be replicated overnight," I'd [argued](#) on March 31, 2020. "The first Canadian to ever summit Mount Everest was wearing Canada Goose gear. The scientists in Antarctica also don its merchandise. Roughly 5% of all Canadians owns one of the company's jackets. That's incredible considering they're priced at \$1,000 each."

At the time, no one knew how much pain the world would experience from COVID-19. Government shutdowns were just beginning, and the ultimate impact they would have on retail sales was unknown. The entire industry sold off.

But there was one characteristic about this stock in particular that I still loved.

"The long-term international growth opportunity is still intact," I'd highlighted. "It will just be a year or two delayed. If you have the patience, Canada Goose stock is an outright bargain following the market crash."

Will Canada Goose stock double?

My original argument was that international growth will eventually send the stock much higher. The rebound occurred much faster than many anticipated.

“Canada Goose is getting a boost from China, which has been more successful in containing the virus and turned into one of the few bright spots of the world economy,” [reported Bloomberg](#) on November 5. “Direct sales in China, where the company is already adding four new stores this fiscal year, climbed more than 30%.”

International growth was always the story here, but many people didn’t realize it. That’s because North American sales still account for two-thirds of companywide sales. International sales comprise just one-third of revenue.

But here’s the thing: North American sales are growing at 25% per year, while international sales are growing at 60% per year! It doesn’t take a mathematician to realize that the future of Canada Goose will be abroad.

If GOOS stock doubles again, it will be from international sales traction. What needs to happen for there to be another 100% in upside?

When shares traded at their all-time highs in 2018, the stock was valued at 150 times earnings. During the March correction, they traded at just 25 times earnings. Right now, they’re valued at around 70 times earnings.

The biggest thing to understand is that EPS is understated right now due to the pandemic. Analysts expect the company to earn just \$0.65 per share this year.

Next year, EPS could be nearly \$1.50. So, that 70 times earnings price tag could quickly be reduced to something around 30 times earnings. That’s well under the stock’s historical trading range.

Could Canada Goose stock double again? Absolutely, but the gains won’t be quick. Long-term investors will be the ones to profit.

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rvanzo

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