



Today's Top Buy: Canada Goose

Description

There's a growing belief that we're now entering what will become the "Roaring '20s." Growth expectations are off the charts, as investors price in post-pandemic demand. Indeed, when comparing expected growth for next year over this past year, the numbers will look pretty incredible. Discretionary spending should boom, and all will be well for investors with leverage to this growth.

Accordingly, retailers are coming into focus for many investors. Indeed, top-notch brands like **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)) continue to top the list.

Here's why I think this kind of [optimism](#) is certainly deserved for Canada Goose right now.

Impressive earnings fueled by global expansion

Canada Goose has grown its sales at a compound rate of 33% over the past three years. Now, that's pretty darn impressive.

How has the company done this? Well, in two specific ways.

First, Canada Goose has been aggressively expanding globally. The company's footprint in the U.S., Asia, and Europe has become quite impressive. With global sales, particularly in growth markets like China, ready to explode, this is a great thing for investors.

Additionally, Canada Goose has been aggressively expanding its e-commerce and direct-to-consumer channels. Despite relatively poor sales (as expected) in its core retail business, Canada Goose's e-commerce sales jumped by nearly 40%. This allowed the company to beat analyst expectations and provide stellar earnings-per-share growth of 192% year over year.

Yes, Canada Goose stock is as expensive as its jackets. However, it's this way for a reason. Long-term investors have a lot to like about how this company is positioned right now.

Operating efficiencies key for long-term investors

Of late, the company has made several strategic moves to improve its operating profit margins and scale operations. Canada Goose has streamlined its production process, as well as its distribution process. The company's business model more efficiently aligns with its in-house manufacturing units and third-party subcontractors. Additionally, Canada Goose has recently shifted sales from several third-party stores to their channels.

But that's not all.

Canada Goose has done a good job of transitioning to a retail model of the future. The company's closed unprofitable stores (seven of 28), focusing more heavily on its e-commerce platform. As discussed, this strategy appears to be paying off. And long-term investors seem to like the implications of this strategic shift.

Indeed, given these efforts, along with continued optimism about the economic reopening which will come soon, there's lots of upside potential for Canada Goose stock right now. Those looking to bet on retail have a gem in this company, in my view.

CATEGORY

1. Investing

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TICKERS GLOBAL

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