



Is Canada Goose Stock Worth Buying Before its Earnings Event Next Week?

Description

Canada Goose Holdings ([TSX:GOOS](#))([NYSE:GOOS](#)) stock is continuing to trade on a negative note for the sixth consecutive month. GOOS stock has lost more than 11% of its value in May so far after sliding by 51% in the previous five months combined. The company is gearing up to announce its fourth-quarter and fiscal year 2022 earnings next week on May 19.

Before I explain why I find Canada Goose stock worth buying ahead of its upcoming earnings event, let's take a quick look at its recent financial performance and analysts' expectations from its upcoming earnings.

Canada Goose's recent financial performance

Canada Goose is a Toronto-based apparel designer and retailer with a market cap of about \$2.7 billion. Apart from its home market, Asia and the United States are among its biggest three markets based on its fiscal year 2021 (ended in March 2021) revenue numbers.

Overall, the ongoing growth trend in Canada Goose's top line looks impressive, as it has been beating Street analysts' revenue estimates for the last 11 quarters in a row. Despite challenges due to COVID-related restrictions in the first two quarters of its fiscal year 2021, its annual revenue didn't drop significantly, thanks to its surging e-commerce sales. The company reported total revenue of \$904 million that fiscal year — down about 6% YoY (year over year). An outstanding 123% YoY jump in its global e-commerce revenue helped the apparel company limit its revenue decline rate.

Things are getting better

In the third quarter of its fiscal year 2022 (ended in March 2022), Canada Goose's revenue [rose](#) by 24% YoY to \$586 million, exceeding analysts' estimates. While its adjusted earnings for the quarter jumped by 41% YoY to \$1.42 per share — they [missed](#) analysts' estimate of \$1.45 per share by a narrow margin.

Notably, Q3 2022 was the first time the company posted slightly lower-than-expected quarterly earnings after consistently beating estimates in the previous six quarters. Overall, Canada Goose has shown strong improvement in its retail productivity with margin expansion in the ongoing fiscal year so far.

What to expect from Canada Goose's fiscal 2022 earnings

Street analysts expect Canada Goose's annual revenue to cross the \$1 billion mark for the first time in the fiscal year 2022. According to these estimates, the company could report total revenue of \$1.1 billion — up 22% YoY. It's also expected to report around a 39% YoY jump in its adjusted earnings to \$1.07 per share in fiscal 2022 with a stronger profit margin.

Why GOOS stock is worth buying now

Even if we ignore its significantly improving fundamentals in fiscal 2022 for a moment, GOOS stock hasn't seen much appreciation in the last few years, despite its solid financial growth, making it look undervalued. Between its fiscal year 2017 and 2021, the company's revenue and adjusted earnings increased by 124% and 79%, respectively.

However, after posting 50% gains in the calendar year 2018, its stock has dived by 55% since then. The recent market weakness could be one of the reasons keeping the stock under pressure lately. Given that, it could be the right time for long-term investors to take advantage of the recent selloff in Canada Goose stock and buy it cheap before it's too late.

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