



## This Is 1 Growth Stock You Need to Buy Before Its Earnings

### Description

One of Canada's top retail brands **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)) will be announcing its fiscal first quarter of 2020 (year ending in March) results on August 14, 2019. So, what can we expect from the luxury retail leader in the first-quarter?

Analysts expect Canada Goose to post revenue of \$54.74 million in the first quarter, a rise of 22.5% year-over-year. Its earnings per share (or EPS) are however expected to fall by 50% to -\$0.24.

In the first quarter of 2019, Canada Goose reported sales of \$44.7 million and earnings of -\$0.16. So, will Canada Goose be able to meet these estimates? Going by recent history, it sure can.

Canada Goose has managed to beat analyst earnings estimates in each of the last four quarters. It reported EPS of \$0.09 in the fourth quarter of 2019, 80% higher than estimates of \$0.05.

The company beat estimates of \$0.81 in the third quarter of 2019 by 18.5% with reported EPS of \$0.96. Canada Goose beat earnings estimates of \$0.26 in the second quarter of 2019 by 76.9% with EPS of \$0.46.

It reported earnings of -\$0.16 in the first quarter of 2019, 23.8% higher than estimates of -\$0.21.

## What will drive Canada Goose sales in the first quarter of 2020?

Canada Goose has focused on key strategies to drive sales higher in 2020 and beyond. The company's primary focus is [on growing international sales](#) and gaining global penetration. Canada Goose products are already sold in 49 countries.

The products are available across 12 national e-commerce platforms and 11 directly operated retail stores.

Canada Goose's global expansion drove sales in 2019. It grew sales by 36.3% in the United States during 2019 while sales from Rest of the World rose by a significant 60.5%.

Canada Goose management is overly optimistic about the growth potential in Greater China which it considers to be the largest luxury market in the world.

The company wants to strengthen brand affinity among current and potential customers. This will help bring back loyal customers resulting in repeat purchases. It aims to enhance the wholesale network and ensure the product reaches the target audiences.

This growth has led to a surge in capital expenditure. Canada Goose increased its manufacturing employee base by 1,000 in 2019. It has opened manufacturing facilities in Montreal and Winnipeg. While Canada Goose sales rose 40.6% in 2019, its capital expenditure rose by 16%.

## How did Canada Goose stock perform since the last earnings?

Canada Goose reported its fourth-quarter (fiscal 2019) earnings on May 29. The stock has since declined over 12% to its current price of \$58.4 per share. The recent trade war escalation between the United States and China also drove the stock price lower by 4.7% since the start of August 2019. Canada Goose stock is still trading 39% below its 52-week high.

Does this pullback provide an opportunity for potential investors? Canada Goose expects its sales to rise at a compound annual growth rate of 20% between 2020 and 2022. Revenue is estimated to reach \$1.4 billion in fiscal 2022.

Its estimated earnings growth is far higher at 25% between 2020 and 2022. The stock is trading at a forward PE multiple of 27 which is not too expensive for a high growth stock.

Canada Goose shares have returned 154% since its initial public offer in March 2017. This stock is undervalued and expected to move higher in the second half of this year.

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