



GOOS BEARISH ALERT

Dec. 18, 2020



Bearish Opportunity Alert: **GOOS**

Actionable Trade Idea

Sell Short Canada Goose Holdings Inc. (NYSE:GOOS) stock above \$30/share**

Alternative approaches would include selling OTM call options with a strike price 5% above the current price of the stock each month to generate income until a position is established.

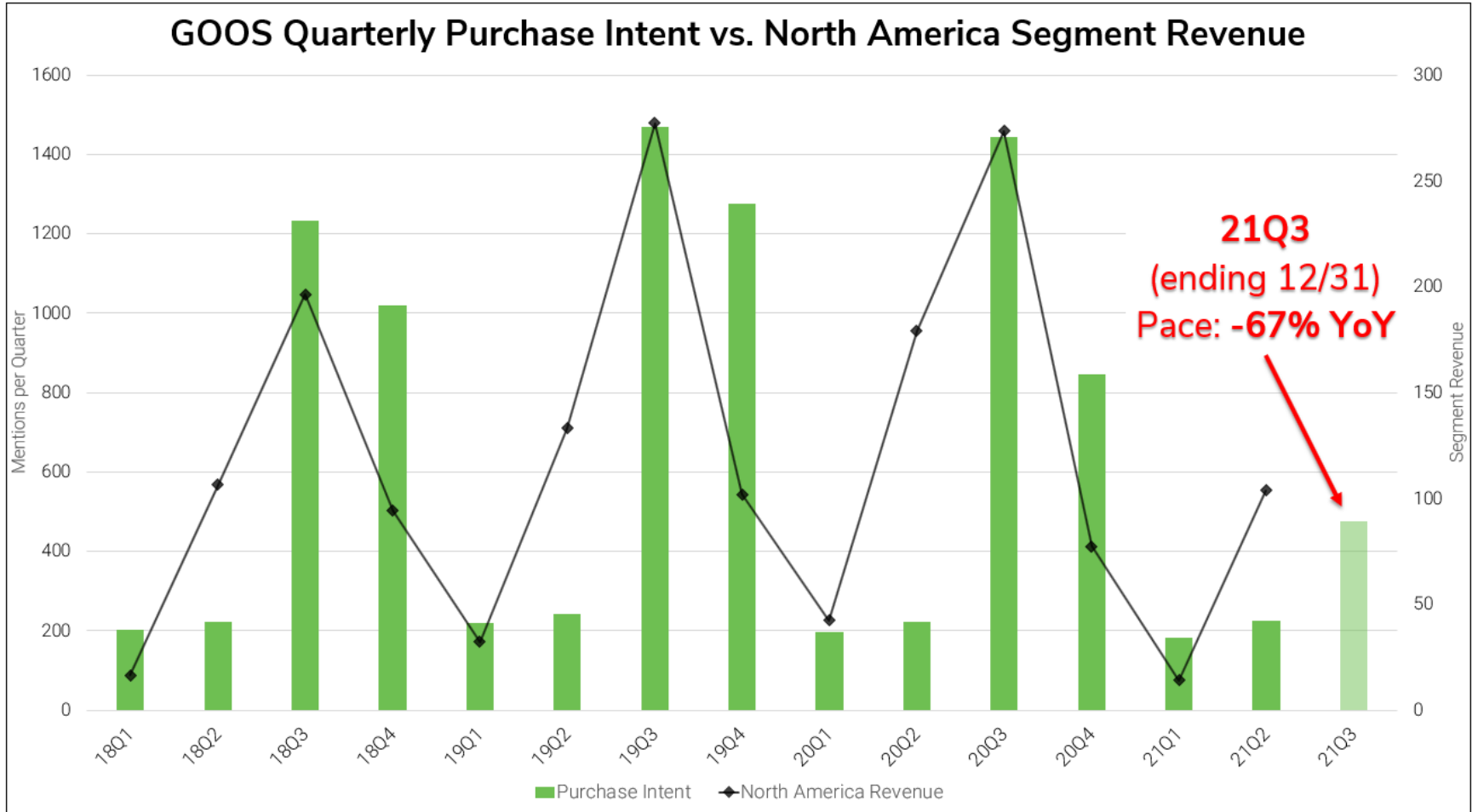
We believe the stock could be in for a significant correction of 25-30% within the next year.

**ON ALL TRADES, it is important to use proper risk management to correctly allocate and protect your capital. One popular exit strategy for bearish trades is a 25% trailing stop.

Consumer Demand:

- Consumer Mentions of buying Canada Goose brand outerwear are down -65% in the past 90 days vs. the prior year
- Demand typically reaches an annual peak in the company's third fiscal quarter (Oct. 1st–Dec. 31st)
- Third quarter revenue accounts for approximately 50% of sales for the entire year

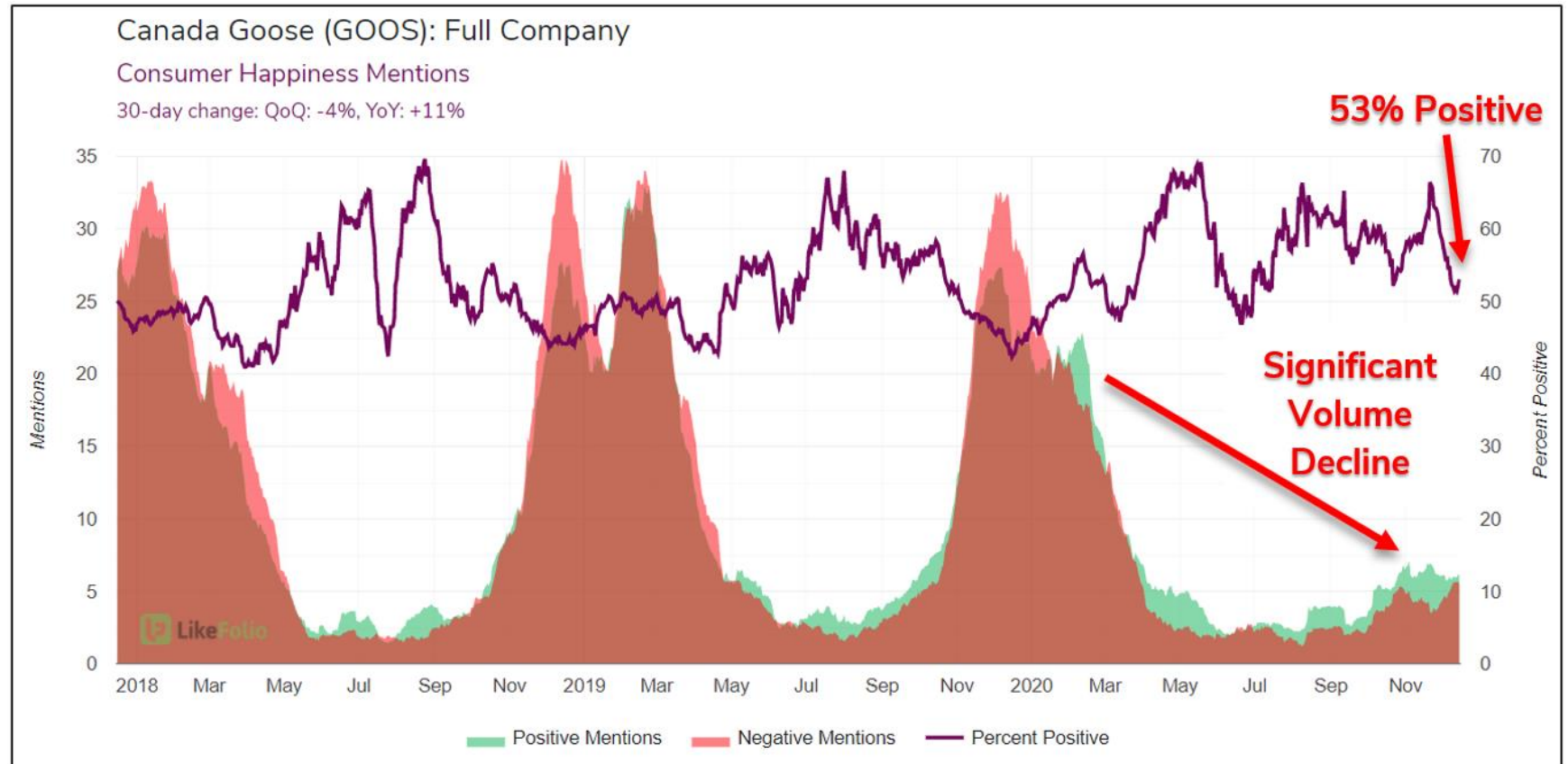
GOOS: Demand Crumbling at Critical Time



Consumer Happiness:

- Despite a massive YoY decline in total sentiment mentions, Consumer Happiness is still relatively low: 53% positive in the past month
- Canada Goose is losing significance with its critics as well as the average consumer – Even animal rights activists, a longtime source of opposition, seem to have lost interest

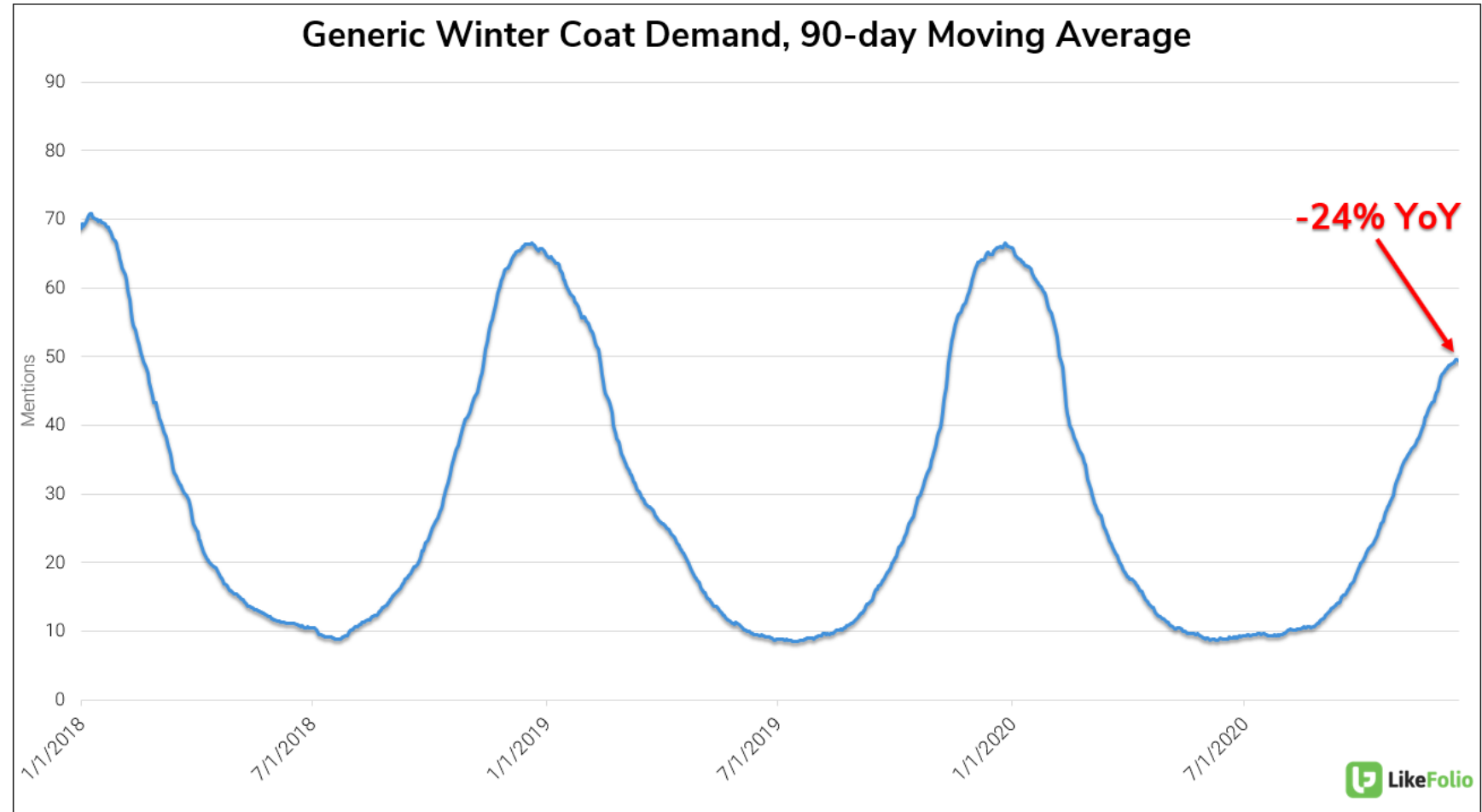
GOOS: Sentiment Shows Irrelevance



Winter Coat Demand:

- Consumer Mentions of shopping for and buying winter coats, jackets, and parkas have decreased **-24% YoY** in the past 90 days
- Given the ongoing prevalence of “stay at home” orders in the U.S. and Canada, it’s unsurprising that warm winter outerwear isn’t at the top of consumers’ shopping lists this year.

GOOS: Demand for Coats is Down



GOOS: The Bottom Line

- All three metrics (consumer demand, sentiment, and macro behaviors) are red for GOOS.
- Canada Goose has reported 3 consecutive YoY declines in quarterly revenue. Sales in the [recently-reported 21Q2](#) fell -34% below the previous year. However, Wall St. expects to see revenues in the current quarter down just -2% YoY — 21Q3 is scheduled to report in early February of 2021.
- LikeFolio data has shown that a record number of people are shopping online. Yet, **digital-specific demand for winter coats has not demonstrated a substantial YoY improvement** in the past 90 days.
- **Caveat:** Historically, the North American segment has contributed the largest portion of total sales, but that could change very soon. During the [21Q2 earnings conference call](#), CEO Dani Reiss & CFO Jonathan Sinclair Mentioned 'China' a combined **25 times**, while mentioning 'North America' just **4 times**. Although LikeFolio data can't account for the growing Chinese market, the management team **all but confirmed the lack of demand we've seen from English-speaking consumers**.

Purchase Intent Mentions for the company show an incredibly alarming decline in demand during the most critical quarter of the year. Home-bound consumers do not have a great need for new outerwear and have even less reason to splurge on expensive, name-brand gear. Barring immense sales growth from China and other foreign markets, we're expecting to see GOOS's revenues continue to decline YoY and a resulting decline in the stock price.

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LikeFolio

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