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PRESENTATION

Operator

Good morning. My name is Denise, and I'll be your conference operator today. At this time, I'd like to welcome everyone to the Canada Goose Fourth Quarter 2019 Earnings Call. (Operator Instructions) I would now like to turn the call over to Patrick Bourke, Senior Director, Investor Relations. You may begin your conference.

Patrick Bourke - Canada Goose Holdings Inc. - Senior Director of IR

Thank you. Good morning and thank you for joining us today. With me are Dani Reiss, President and CEO; and Jonathan Sinclair, EVP and CFO. For today's call, Dani will begin with the highlights of our fiscal year performance and then review the priorities we are focused on in fiscal 2020 and longer-term. Following this, Jonathan will provide details on our financial results and our outlook. After our prepared remarks, we will take your questions.

Before we begin, I would like to inform you that this call, including the Q&A portion, includes forward-looking statements, including plans for our business and our outlook. Each forward-looking statement made on this call is subject to risks and uncertainties that could cause actual results to differ materially from those projected in such statements. Certain material factors and assumptions were considered and applied in making forward-looking statements. Additional information regarding these forward-looking statements, factors and assumptions appear under the heading Cautionary Note Regarding Forward-Looking Statements and Risk Factors in our annual report on Form 20-F, which is filed with the SEC and the Canadian securities regulatory authorities. It is also available on the Investor Relations sections of our website at www.canadagoose.com and in the earnings press release we have furnished today under the heading Cautionary Note Regarding Forward-Looking Statements. The forward-looking statements made on this call speak only as of today, and we undertake no obligation to update or revise any of these statements.

During the conference call, in order to provide greater transparency regarding Canada Goose's operating performance, we refer to certain non-IFRS financial measures that involve adjustments to IFRS results. Any non-IFRS measures presented today should not be considered an alternative to financial measures required by IFRS and are unlikely to be comparable to non-IFRS financial measures provided by other companies. Any non-IFRS



financial measures referenced on this call are reconciled to the most directly comparable IFRS financial measures in the table at the end of our earnings press release issued this morning, which is also available on our Investor Relations website.

With that, I will turn the call over to Dani.

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

Thanks, Patrick, and good morning, everyone. I have often said that execution is the core competency here at Canada Goose. We entered this year with very ambitious growth agenda, our biggest ever, and we have surpassed it with flying colors. What we accomplish in a single year at Canada Goose often feels like it would be 5 or 10 years at many other companies, and fiscal 2019 was no different. We have made massive progress against all of our key initiatives and I'm excited to share the highlights of those with you.

Our global platform has never been stronger. In addition to continued growth in Canada, we have made great strides in developing larger international markets. We grew annual revenue by 36.3% in The United States and by 60.5% in rest of the world. Notably, this includes our very successful expansion in Greater China, which is the world's largest luxury market. In just 1 year, we have built a really strong local team and commercially launched our direct-to-consumer business there. We are thrilled with our year 1 performance and we plan to continue our expansion with 3 new retail stores in Greater China in the upcoming year.

In just 5 years, our DTC channel has reached \$431.3 million in annual sales and just over half of our total revenue at 51.9%. To achieve this, with only 11 stores opened to date, while also delivering double-digit wholesale growth is unprecedented in our space.

This is grounded in the discipline and balance with which we have built our innovative multi-channel distribution model. We are adding newness, depth and diversity across our offering and building capabilities for the future. Along with continued leadership and innovation in parkas and lightweight down-jackets, we are seeing great results in newer categories. Across our fall winter and spring collections, we are developing new generations of hero product to add to our very strong core and we took our first step into the global footwear category with the acquisition of Baffin. This provides us with valuable expertise and infrastructure to develop a separate Canada Goose footwear collection in the next few years.

Lastly, we continued to rapidly scale our in-house production to increase capacity, support growth and drive efficiencies. In the past year alone, we on-boarded just over 1,000 new manufacturing employees and we opened 2 new facilities, one in Winnipeg and one in Montréal. And all of this was off of a much larger unit numbers, which resulted in increasing in-house production of total down-filled jacket output from 43% in fiscal 2018 to 47% this year.

As you know, Made In Canada is not just a slogan for us. Our operations, including exclusive subcontractors represent approximately 20% of the national cut-and-sew workforce today. I have always believed that Canada is the best place in the world to make premium down fill jackets. Despite the skeptics, we have proven that it does matter and it can be done profitably and at scale. The depth of our Canadian production expertise and the scale of our infrastructure is a significant competitive advantage, which will be almost impossible to replicate.

These strategic investments and achievements also drove outstanding financial results. Total revenue increased by 40.5% to \$830.5 million. Adjusted EBITDA margin expanded by 240 basis points to 27.6%. Adjusted EPS per diluted share increased by 61.9% to \$1.36.

To put this all in perspective, in just 2 fiscal years since going public, we have doubled our annual revenue and tripled adjusted EPS per diluted share. It says a lot about the strength and global demand for our brand and our ability to execute on that while also generating exceptional financial results.

I'm extremely proud that we have delivered on everything we said we would do and then some for the past 2 years. This is a critical part of being a good public company and earning the goodwill that we have built with our long-term shareholders. Our updated long-term outlook which Jonathan will cover later in detail has the same revenue and EPS growth metrics as last year, off of much larger numbers. This reflects our deep conviction in the path ahead and our commitment to making that happen.

Executing with discipline has been the most important thing in getting us to where we are today. And it is foundational to why we have such a long runway ahead of us. We are almost a \$1 billion company now. And to grow as fast as we have while preserving the purity of our brand is truly an unbelievable accomplishment. We have done it with only 11 bricks-and-mortar stores and no off-price distribution and at the same time, we have stayed true to our function first, DNA and our reputation for making best-in-class product.

A great example of that discipline is how we are growing in spring. Every year, our spring products have gotten better and better and without a doubt, this year's selection is the best expression of Canada Goose today. Across our entire offering, including rainwear, windwear and knitwear, we really moved the needle. Spring grew at a significantly faster rate than the rest of our business, which is exactly what we want to see at this stage of development. We are making great progress, we are learning a ton, and I'm very confident about our future in spring. One of the most powerful aspects of our fall/winter collection is that we have strong foundation of core styles that grow year-after-year and over time, they turn into enduring icons.

This year, we have followed the same strategy for spring, putting our efforts around a smaller number of hero products in order to see generations -- new generations of icons and add depth to our core in the years to come. Standout performers of this season include the women's Berkley wind jacket and men's Seawolf rain jacket. Knitwear was also a strong success and even though it's often thought of predominantly as a fall product, our knitwear sales in spring have exceeded knitwear sales in fall 2018. We see that as a great leading indicator of our momentum in this category.

With regards to all of our spring products, a first glance that esthetics is undeniably Canada Goose, but there is much more to them than great looks. From highly technical lightweight fabrics with elevated luxury finishing to protection from the element and breathability, they offer the same best-in-class functionality which has made our products so sought after.

In addition, actually having our own stores and global e-commerce site has been a game changer for commercializing new product categories, because it allows us to show the full breadth of our line, how we want, and when we want.

Spring weather these days is more unpredictable than ever and the window for the selling season is shorter and more variable than fall/winter. With that in mind, we strategically set spring floors in our retail stores early at the beginning of February with more than double the selling space allocations than we had last year. We made the decision to put the full power of our global retail network behind showcasing our best-ever spring collection. Together with compelling marketing and a focus on high-impact product moments, we drove spring awareness, traffic and conversion at a greater scale and velocity than we have ever done before.

The same is true in e-commerce where we have elevated our product storytelling, visuals and media. We are seeing consumers spend significantly more time on our site interacting with these elements and it is becoming a richer experience and a gathering place for our fans. The successful recent launch of our Nomad GORE-TEX Capsule collection was very digitally focused and is a great example of this.

This is not just a DTC story though. In wholesale, we expanded significantly and achieved our best-ever conversion levels for windwear and rainwear. Our presentation was on a whole new level this year, and at the back of great results, interest in spring is accelerating with our wholesale partners. What we have achieved and learned with spring also gives us confidence about our expansion into other product categories going forward. All of those learnings will be great guiding principles as we develop our footwear collection in the coming few years.

Lastly, circling back to the topic of execution, I would like to once again talk about our very talented team. At its core, great execution is we're having the right people in the right places supported by a culture of collaboration and a desire for excellence. The staggering amount that they have accomplished together year-after-year is a tremendous testament to this. We will never sit still or take our success for granted. We are a high growth, always evolving organization. One of my most important jobs is making sure that we build our team ahead of our growth.

When it comes to building and managing our senior leadership, my focus is on where we are going to be 5 and 10 years from now and what we are going to need to get there in the right way. This is both an art and a science. It is about developing our best people and giving them the opportunity to step up and take on new roles, while also acquiring outside talent where needed and making the 2 work harmoniously together. And most importantly, it is about empowering exceptional leaders who thrive in the Canada Goose culture within an environment where change is constant.



On that theme, we recently announced the promotion of Ana Mihaljevic to Chief Commercial Officer. Joining us in 2015, Ana has been a top performer, building our planning function from the ground up during our direct-to-consumer evolution with passionate leadership and exceptional results. I'm very excited about Ana taking the next step in her career with us, and I'm also very grateful for the contributions of Rick Wood who was pivotal in bringing together our commercial processes into a single dynamic function.

With that mandate complete, I look forward to working with him as a trusted senior adviser on the Baffin business and other projects where his extensive industry expertise will be a great value-add.

As we continue to grow in size, it is also critical that we maintain that scrappy entrepreneurial spirit and brand values that have gotten us to where we are today. In the past year alone, we on-boarded approximately 1,300 new employees. We have put a lot of effort into codifying and reinforcing our guiding principles and that has gone a long way towards cementing our unique culture. Despite our rapid growth, I can truly say that our culture is as strong today as it had ever been and is a critical ingredient for our continued success.

In summary, fiscal 2019 was another absolutely amazing year at Canada Goose. We have made great strides across all of our strategic initiatives this year, and I believe that we are still just scratching the surface of our potential. Our business, our brand and our people have never been stronger and we have incredible momentum. We are excited to continue delivering exceptional results this coming year and for the long-term.

With that, I will turn it over to Jonathan to go over the financial results in more detail and provide an overview of our fiscal guidance.

Jonathan Sinclair - Canada Goose Holdings Inc. - CFO & Executive VP

Thanks, Dani. Good morning, everyone, and thank you for joining us. As Dani just said, we made massive progress on our strategic initiatives this year, and we've delivered another set of really strong financial results. I'm excited to be here to give you an update.

With that in mind, I'm going to walk you through our numbers for the year, followed by an overview of our fiscal guidance. Please remember all numbers quoted are in Canadian dollars.

So for the year, revenue increased above our expectations by 40.5% to \$830.5 million or 39% increase on a constant currency basis. In absolute dollars, this represents an increase of \$239.3 million to our top line, well ahead of the \$187 million of growth we had in fiscal 2018.

Starting with the geographical lens, Canada reported 28.2% revenue growth and represents 35.3% of total sales. This is an outstanding result for our most developed market both in terms of brand affinity and distribution. It also speaks to the scale of our opportunities in less developed regions like Europe where we know that there is already significant demand and where the addressable luxury apparel markets are that much larger. To that point, we have also made great strides in activating key international markets this year. The U.S. went from strength to strength with revenue growing by an impressive 36.3% despite of having only 1 of our 5 new store openings.

In rest of world, which is comprised of key markets in Europe and Asia, revenue grew by 60.5%. For the first time, rest of world represented roughly the same proportion of total sales as Canada at 35%. At one level, this represents strong performances in Europe and in other Asian markets. Of course, there was a substantial impact from our successful DTC launch in Greater China with the impact of 2 new retail stores and Tmall and that contrasts with a more wholesale weighted business in the rest of the region compared to Canada and the U.S.

Moving on to channel. As Dani mentioned earlier, we have reached a major landmark on our DTC journey. Revenue increased to \$431.3 million from \$255 million last year and now represents 51.9% of total revenue. Each of our new 5 stores had great inaugural years relative to previous openings, as did Tmall on the e-commerce side. This was also complemented by strong performances from our established e-commerce markets and retail stores.

Building out a global DTC channel from scratch and achieving a 50-50 wholesale DTC split inside 5 years is a testament to both our strategy and execution. We have approached DTC in a unique way, as I said numerous times before, and we have done it with great financial discipline. But we did this with a fleet of only 12 national e-commerce markets and 11 directly-operated stores. There lies up exceptional underlying economics and



the long remaining runway. We have also achieved it alongside double-digit wholesale growth. The channel was another standout performer this year with revenue growing to \$399.2 million from \$336.2 million last year. This was driven by strong demand with existing partners as well as incremental revenue from Baffin and a modest FX tailwind.

Core to our approach are our commercial beliefs. These lead directly to our disciplined approach of building demand ahead of supply and indeed, to selectively focusing on only best-in-class partners. Kept in balance with our expanding DTC footprint, wholesale continues to play an important role in extending the reach, depth and quality of our distribution. It is a pure high-margin, low-inventory channel with sell-out rather than sell-through. We are an incredible driver of sales productivity for our partners.

Turning to gross margin. Consolidated gross margin expanded to 62.2% from 58.8% last year, driven by the higher proportion of DTC revenue and to a lesser degree, incremental gross margin expansion in each of the respective channel levels. DTC gross margin was 75.3% compared to 74.4% last year. This was primarily driven by pricing, partially offset by labor -- manufacturing labor cost increases. DTC operating income was \$234.6 million, an operating margin of 54.4% compared to \$134.7 million, an operating margin of 52.8% in fiscal 2018. This improved margin was achieved with strong sales productivity and after absorbing the impact of incremental SG&A fees to operating partners in Greater China.

Frankly, opening 5 stores and a website with the lower margin in Greater China due to those fees and achieving an annual DTC operating margin of 54.4% is an outstanding reflection of the exceptional economics that we enjoy both online and in our stores.

Wholesale gross margin was 48.1% compared to 46.9% last year. The increase primarily reflects pricing, which more than offset cost increases in manufacturing labor that we discussed throughout last year. To a lesser degree, wholesale gross margin also benefited from production efficiencies and manufacturing overhead, partly offset by product mix.

Wholesale operating income was \$149.2 million, an operating margin of 37.3% compared to \$120.6 million or an operating margin of 35.9%. The increase in wholesale operating margin was primarily driven by the channels gross margin expansion. These improvements were also made despite a headwind from purchase price adjustments to the cost of goods related to the Baffin acquisition.

Unallocated corporate expenses were \$169.1 million compared to \$107.8 million in fiscal '18. This was driven by planned investments to support growth in marketing, corporate headcount, and IT and including our Greater China operations.

Unallocated depreciation and amortization was \$18 million compared to \$9.4 million last year, driven by the store opening program. Combined, this resulted in total operating income of \$196.7 million compared to \$138.1 million last year.

On a non-IFRS basis, adjusted EBITDA was \$229.6 million compared to \$149.2 million in fiscal '18 with adjusted EBITDA margin expanding 240 basis points to 27.6% ahead of our expectations.

Net income was \$143.6 million or \$1.28 per diluted share compared to \$96.1 million or \$0.86 per diluted share last year. Adjusted net income was \$151.6 million or \$1.36 per diluted share compared to \$94.1 million or \$0.84 a share with a growth of 61.9%, again well above our expectations.

Turning to the balance sheet. We ended the quarter with net debt of \$63.8 million and net working capital of \$188 million. As we discussed last quarter, net working capital has increased due to the planned seasonal build of inventory for future growth, especially during peak demand in fiscal 2020. We ended the year with very clean in-market inventory in both channels. We're right where we want to be at this point to deliver on our targets for the coming year, consistent with the full year impact of our store opening program in fiscal '19, our announced opening program for fiscal '20, our development in China which has a longer supply chain and our expanded production capacity.

Now turning to our guidance for fiscal 2020. As the business scales, delivering higher percentages on larger numbers means our quantum high percentages on larger numbers -- means our quantum of growth is accelerating. This rate is the bar on the standards of execution and performance we must deliver. Notwithstanding this, we currently expect annual revenue growth of at least 20%. This assumes the opening of 8 new retail stores and 1 digital concept store. We have previously announced 6 stores to which we can now add a further 3 in Greater China. I want to point out that

the digital concept store will be an experiential and experimental showroom to support local e-commerce sales in the Greater Toronto area. Our guidance also assumes annual wholesale revenue growth in the high single digits, including the full year benefit of the Baffin acquisition.

Adjusted EBIT margin expansion is guided at, at least 40 basis points relative to our adjusted EBIT margin of 24.9% in fiscal 2019. As a result of the IFRS 16 lease accounting standard coming into effect, we are moving away from adjusted EBITDA as a supplementary measure of operating income and margin. With operating lease expenses being shifted to depreciation and interest charges with the exception of contingent rent, adjusted EBITDA is no longer a meaningful measure for this business in our view. Lastly, we are guiding to annual growth of an adjusted EPS per diluted share of at least 25%.

Given the outperformance of the business this year, we are also updating our long-term guidance for the period from fiscal 2020 to fiscal 2022 as follows: annual average revenue growth of at least 20%; adjusted EBIT margin expansion of at least 100 basis points in fiscal 2022 relative to fiscal 2019; and lastly, average annual growth in adjusted EPS per diluted share of at least 25%.

So in summary, fiscal 2019 was our best-ever by a wide margin, building on the exceptional achievements of fiscal 2018. It is a great confirmation that we are on the right path. We have come a long way in a short time, both operationally and financially. Yet we all have the feeling that we are still just getting started. We are extremely excited about what lies ahead. And I look forward to speaking with you again on our next call to update you on progress.

Now I will turn it back to Dani for some closing remarks

Dani Reiss - Canada Goose Holdings Inc. - Chairman, President & CEO

Thank you, Jonathan. As I have said before, we are very pleased with our results for fiscal 2019 and we continue to believe that we have an amazing set of opportunities in front of us. Before finishing, I just want to quickly touch on our new concept store in Toronto, which Jonathan mentioned briefly when discussing the guidance. Both experiential and experimental, this will be an immersive fusion of digital and physical elements bringing our storytelling and best-in-class products to life in totally new ways. I'm so proud of what we have done with our innovative and award-winning Cold Rooms this past year, and I'm excited to continue pushing the boundaries on this front. So stay tuned as there is more to come later and I look forward to updating you on that in the coming months.

And with that, I will turn it over to the operator to begin our Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Erwan Rambourg with HSBC.

Erwan Rambourg - HSBC, Research Division - Global Co-Head of Consumer & Retail Equity Research and MD

Two questions, please. So firstly, on margin expansion. Margin expansion last year was better than expected despite an increase in wages and other headwinds. So I understand Q1 wage because of seasonality, but the increase this year is just a slight one, so I'm just wondering if you can tell us what gives and how you would think about gross margin versus SG&A deleverage growth for the year that just started?

And then secondly on cash allocation. CapEx to sales looks pretty low. I think you also announced a buyback. How does this play out versus accelerating a retail rollout? And linked to that, I know you said you are adding 8 stores this year, where do you see yourselves at the end of the 2022 plan in terms of your retail footprint?



Jonathan Sinclair - Canada Goose Holdings Inc. - CFO & Executive VP

So thanks, Erwan. I think it's really important to remember where you are in a different place today. Now we have come a very long way in a very short space of time when it comes to margin. Over the past few years, the pace of the DTC mix shift, which is our single most important margin lever, has been significantly faster than expected alongside a material uplift in channel productivity. As a result, when it comes to the EBITDA margin, our key metric historically, we expanded to 27.6% from 20.1% in just 2 fiscal years and outperforming 2 sets of 3-year guidance in the process.

From where we are today, DTC is now the primary driver of the business and making the uplift of DTC sales much less dramatic. Productivity levels are also very elevated and we have most retail stores operating in off-peak periods as well as in the peak periods and hence we will continue to make strategic corporate SG&A investments ahead of our growth, particularly in those new markets.

We continue to feel very good about our runway on margin but for these reasons, the trajectory going forward is being guided on a more gradual basis albeit practiced with at least.

Erwan Rambourg - HSBC, Research Division - Global Co-Head of Consumer & Retail Equity Research and MD

Right. Right. And then maybe how you think about gross margin relative to SG&A leverage as you invest in the business?

Jonathan Sinclair - Canada Goose Holdings Inc. - CFO & Executive VP

So I think, as far as gross margin is concerned, we continue to see a number of forward factors in gross margin led by pricing, led by scale, but we reinvest that sometimes in cost price inflation, equally in product development as we develop the categories outside of the core parkas category. But net of that -- in the net, we expect to see overall gross margins continue to improve on a very gentle basis in channel and obviously influenced by the continuing channel mix shift.

And then when it comes to the capital expenditure needs in the business and buyback, the capital expenditure is increased from last year and that fully addresses our capital requirement in terms of continuing to feel the growth and the size of the retail fleet on the one hand, develop our manufacturing capability and capacity on the second hand and invest in systems and technology to enable us to stay ahead in that dimension as well. That is ample investment in the business. Last year, we invested handsomely in capital expenditure. We continue to do it this year, and the reason that we are contemplating the buyback and announcing it is because in the end, this is a highly cash generative business and we can, therefore, address all of our expansion needs and still generate excess cash and we believe this is a good use of excess cash.

Erwan Rambourg - HSBC, Research Division - Global Co-Head of Consumer & Retail Equity Research and MD

And just coming back to where you project may be the number of the size of your retail footprint by the end of the 3-year plan. You're adding 8 this year. Is this the run rate or could you accelerate that?

Jonathan Sinclair - Canada Goose Holdings Inc. - CFO & Executive VP

So I'll summarize you're asking, we are not quantifying planned openings beyond fiscal '20. There are both commercial and competitive sensitivities beyond it. But as we have done in the past, we will articulate our outlook for annual openings in the coming year when we announce our results. What I would say is we've demonstrated a historical pace to our retail openings and you should assume that, that's the pace we can sustain going forward.

Operator

Your next question comes from Omar Saad with Evercore ISI.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

I wanted to ask a little bit more about the inventory build. It seems philosophically, if you look back historically, the company is building inventory more aggressively earlier in the season for the winter ahead. It seems that there has been a little bit of a philosophical and operational shift around the approach to inventory. Maybe you could help us understand why the company is making those moves. And maybe also if you could help us understand if the bigger inventory build of product earlier in the year ahead of winter is designed to help you fill the demand in that -- those DTC channels you keep talking about, whether it's your own stores that you're building, 8 new ones, or the e-commerce side of it, because obviously that is in a lot of cases the highest kind of return on incremental inventory that's available to fulfill demand, but if you can kind of give us a broader picture on all those issues that would be really appreciated.

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

Thanks, Omar. It's Dani. There is no question that we need more inventory to satisfy our DTC channels and we're building inventory ahead of demand. Our inventory position is exactly where we want to be from a commercial perspective, both in the composition of the inventory and the size of the inventory. And as I had just mentioned, the increase was driven by planned growth throughout fiscal 2020. In a way that this reflects the change in our model of building demand ahead of supply, we are absolutely not afraid of being sold out, perhaps, we kind of like it. And we do not sell in off-price channels anyway. So I think it's important to remember that. Jonathan?

Jonathan Sinclair - *Canada Goose Holdings Inc. - CFO & Executive VP*

Yes. I think there's a couple of other things I'd add. Unlike most brands, we are a manufacturer as well as a wholesaler and retailer. And therefore, the buildup for inventory for future growth happens much earlier on our balance sheet. So we produce evenly throughout the year relative to seasonally concentrated demand.

Our DTC business is increasingly global and that requires much more regional staging to support it. The lead times for getting product into Europe and into Greater China and in particular PRC, are much longer than they are for North America. So as we've done in the past, you should expect it to continue to build up our inventory in the quarters to come ahead of the peak fall and winter demand.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

That's very helpful. And one follow-up. Is it fair to say looking back over the last quarter, as you said, you kind of build to what you think the demand and the level you want to supply for the whole winter season, and if you are -- and you are not afraid to be out of stock, is it fair to say winter 2018-2019 this past season that the -- you let the inventory run out in that fiscal first quarter and maybe weren't able to service demand that was there as it remained colder later in the quarter. Is that a fair conclusion?

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

I think that we are very careful how we managed our inventory. And oftentimes we have inventory that we have built for next year already, and we are very careful in making sure that we don't use too much of that too early. We also do plan inventory for that period of the year. And the year played out the way we and -- the year and the end of the year played out the way that we expected it to play out, and we beat our own expectations when it came to that, so we are very happy with how that worked.

Operator

Your next question comes from Michael Binetti with Crédit Suisse.

Michael Charles Binetti - *Crédit Suisse AG, Research Division - Research Analyst*

So I'm just trying to think ahead here since the growth opportunity is so big, but this is the third year in a row where you've delivered revenue growth at or around 40%, very healthy growth rate by any standard, but it's also the third year in a row where you've guided the forward year growth rate to be cut in half. So it's natural this time of the year for people in our position to have a difficult time kind of looking forward and thinking alongside you on that. Maybe you could help us gauge where you actually see what you spoke to earlier as some of the real headwinds coming online from areas of the business that are getting to larger numbers that have some scale headwinds to the growth rate or maybe even just think ahead on some of the components like what kind of square footage is baked in this year, what kind of pricing is baked in, and maybe how new e-commerce markets that you will be turning on to help us just think a little bit through the components this year of how you're getting to a growth rate for the year that's again half of what you've delivered historically?

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

Yes, I think that -- I mean it's important to note that the guidance that we have put out there and I'll turn it over to Jonathan in a minute to talk a bit more about it, but we practice it with at least. And I think that's important to note. I think that -- I know that we are very confident about our growth opportunities ahead of us and all the levers that we have to pull and the different ways we can grow.

We have lots of whitespace in all of our markets and still remains accessible to us, growth with our wholesale partners, growth in direct-to-consumer and converting our -- and moving to higher percentage of direct-to-consumer sales and the demand is extremely healthy for our brand, and we continue to sell out at full price.

And so I think that our guidance is appropriate as we start the year and practice with at least, I think that it puts us -- I think it's the right way to start the year and it puts us in an appropriate place and we'll update it as needed. Jonathan, anything to add to that?

Jonathan Sinclair - *Canada Goose Holdings Inc. - CFO & Executive VP*

We've got a number of key areas in which we are expanding the business as you've heard in terms of store openings, continuing to develop product range. We've got -- this is a business which guides responsibly on the one hand and on the other hand is very much a growth engine.

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

I just want to add that, like we have -- I'm really proud and I know we all are, we have been able to overachieve on every measure anyway you look at it for the last 2 years as a public company. And I believe that there are opportunities that are as big today as they've ever been. And the way that we've guided has not changed and I think that the fact that we're not changing it is a great indication of how strong we think that our opportunities can drive.

Michael Charles Binetti - *Crédit Suisse AG, Research Division - Research Analyst*

Okay. Fair enough. If I could follow up. Do you know -- it sounded like when you're speaking about the spring, you said spring in stores, in February, a little early. And here at least in the U.S. is extremely cold through February and into March. Do you feel like you left any business on the table in the quarter as you try to get some of the new spring stuff you're excited about. And I guess, just rolling that forward, as we think about first quarter how to think that revenue growth there? Do you -- same posture you feel like you said the first core -- sorry, first quarter you said the floor is early for fall similar to the way you did in spring?

Dani Reiss - Canada Goose Holdings Inc. - Chairman, President & CEO

Yes, I think to your first comment with sale on the table, I mean it's difficult to speculate about that sort of stuff. I think that -- what I will point out is that we grew 40% on the year, right, and so our business this year, we had a tremendous year and we grew 40% and shape of the sale has shifted a little bit, and that's normal to happen, and have those kinds of fluctuations from one year to the next.

I think that our ability to make long-term strategic decisions to drive business categories that are new and have it work is awesome. And we were able to do that with spring and really see that category grow at a really fast rate because of our ability to do that in our own stores and online and I think that -- that we were able to do that and also grow 40%, and also grow EPS at the rate that we did, I think is phenomenal and so I am not worried haven't left any kind of sale on the table.

Jonathan Sinclair - Canada Goose Holdings Inc. - CFO & Executive VP

And actually if you think about it, the average selling prices for spring product versus fall product are probably a little bit lighter. So actually it's a more remarkable achievement on the revenue line as a result.

Operator

Your next question comes from Simeon Siegel with Nomura Instinet.

Stephen James McManus - Nomura Securities Co. Ltd., Research Division - Research Analyst

This is Steve McManus on for Simeon. Just had a question on the labor pressure. I wanted to see if you guys can give us some more color on the magnitude during the quarter, both with respect to DTC and wholesale segment margins and maybe how should we think about that moving into FY '20?

Jonathan Sinclair - Canada Goose Holdings Inc. - CFO & Executive VP

I think whether we are looking at wholesale segment margin or the DTC segment margin, they are in great places. They both improved very significantly in the year. And to be honest, you would always expect some forward pressure on cost. And part of our job is to balance that and make sure that we continue to move the overall margin ahead on an annual basis.

Within the year and across quarters, you're going to see noise but ultimately, the pricing architecture and production efficiencies that we achieve more than fund any price pressures that we have to face. So both in the current year and prospectively, this is not a source of concern to us at all.

Operator

Your next question comes from Mark Petrie with CIBC.

Mark Robert Petrie - CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Research Analyst

You talked a lot about the introduction and success in rainwear and knitwear, but you could just give a little color about the adoption of those categories by geography? I know you are not going to go into specifics, but sort of more interested in any color around what's driving the adoption, if you see it more in regions with more sort of favorable climate for that type of product or do you think it's more just driven by brand awareness?

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

I think it's both actually. I think that we are very careful on how we -- in our development process as you know, and making sure that our products are all quintessentially can-to-use products esthetically and functionally. I think that -- yes, sure, there is no question that having a broader assortment of products that are functional in different variety of climates is an important thing. And it's -- there is no question for that reason rain products have done particularly well in our Asian marketplaces, Beijing and Hong Kong in particular.

Mark Robert Petrie - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Research Analyst*

And then I just want to come back to the guidance question. The growth targets for the 3-year outlook versus the 1 year are the same effectively except for the slight difference in margins. As you stressed earlier, maintaining growth percentages implies greater dollar growth. So I guess just at the margin, does this reflect sort of incremental drivers entering the business in the out years or is it just sort of conservatism about the performance in any one single year?

Jonathan Sinclair - *Canada Goose Holdings Inc. - CFO & Executive VP*

I think -- I come back to the fact we guide responsibly and the fact that we refresh this guidance because we outgrow it. And that's happened over the last couple of years. So yes, we guided at these levels, but we guide responsibly in any one particular year on an at-least basis, and that at-least basis applies to both the current year and the perspective period.

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

I think it also is worth -- I know that we feel that these growth numbers and the guidance that we're providing are significant numbers and we don't want to get ahead of ourselves. It will be irresponsible. We think that these are very healthy growth objectives.

Jonathan Sinclair - *Canada Goose Holdings Inc. - CFO & Executive VP*

And that's -- these sort of growth rates, double the revenue of the business every 4 years and double the earnings every 3. So those are, we believe, are strong statements as well for the business.

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

Yes. Hard to do.

Operator

Your next question comes from Robby Ohmes with Bank of America Merrill Lynch.

Robert Frederick Ohmes - *BofA Merrill Lynch, Research Division - MD*

I actually had a follow-up question, I think, on Omar's question. Just maybe you could help us just sort of think through more clearly the D2C in the fourth quarter was up 29%, but you almost doubled your stores versus last year and you went into the quarter with a very strong inventory position. And so I'm just mathematically to get to only a 29%, I have to either assume that the stores you opened last year are comping negative or your dotcom business slowed pretty significantly from the growth that it was generating. Can you just help us think about how the D2C wasn't stronger given everything heading into the quarter?



Jonathan Sinclair - *Canada Goose Holdings Inc. - CFO & Executive VP*

Thanks. As you recall from quarter 3, we noted earlier consumer purchasing of full winter product versus the previous year. We saw this trend across our business and it wasn't driven by a specific customer demographic. And that's why we gave very defined parameters for revenue growth and our guidance update reflecting that and frankly, we are very pleased we outperformed them.

Regarding the regional take, the growth rates clearly aren't apples-to-apples because we have added 2 retail stores in Tmall in Greater China and that has an outsized mechanical impact as you have a lot of new revenue at full value flowing into a more wholesale weighted base. With that said, Europe and the other Asian markets also performed strongly. In Canada and the U.S., you see the timing shifts in the numbers more as you have a much more developed D2C contribution and less incremental new unit growth relative to that from new stores.

Operator

Your next question comes from Ike Boruchow with Wells Fargo.

Irwin Bernard Boruchow - *Wells Fargo Securities, LLC, Research Division - MD and Senior Specialty Retail Analyst*

Dani, Jonathan, congrats on a great year. I guess maybe -- I understand that we need to think about your business on a 12-month basis and I definitely appreciate that. But seasonally, just for us -- to help us understand a couple of things, I guess Jonathan, could you elaborate on the comment in the press release about meaningfully higher losses in Q1 year-over-year and how exactly we should think about that?

And then when we look at your largest contributing quarter Q3, I think, the last 2 years 65% or 70% of your EBIT has come from that quarter. Should we expect that to continue or should that maybe grow in terms of importance for the year? Just trying to understand the seasonality of the business as things -- as the business evolves.

Jonathan Sinclair - *Canada Goose Holdings Inc. - CFO & Executive VP*

Yes. I think the DTC expansion is something that will affect the shape of our numbers in the context of the growth trajectory that we are on. You will see a significantly higher proportion of revenue and profit in the back half of the year. And that means that both in Q3 and ultimately in Q4, but particularly Q3, which is the key quarter. That will also manifest itself in materially larger losses in Q1.

And when you think about that, we are also activating markets and investing behind them in a marketing sense, both at the time of launch and ahead of that launch. And so those investments are also happening ahead of the realization of the revenue. So you put those 2 together and that's what brings more weight to bear in the first quarter.

Operator

Your next question comes from James Allison with Barclays.

James G. Allison - *Barclays Bank PLC, Research Division - Research Analyst*

So it looks like your entrance into Italy from a DTC perspective will start with a retail store prior to an e-commerce offering. Can you walk us through your thinking here and can we expect a similar approach to other markets that you have yet to establish a DTC presence?

Jonathan Sinclair - *Canada Goose Holdings Inc. - CFO & Executive VP*

So we are present in Europe in e-commerce. And at the same time, we are also -- we have made our store announcements for European openings, both in France and in Italy. Against that context, it's the same strategy.

James G. Allison - *Barclays Bank PLC, Research Division - Research Analyst*

Okay. And I appreciate that. And so looking at your e-commerce rollout in the years to come, obviously there is still some whitespace. For your 3-year outlook, have you built any activations of new markets into that as well? So just stripping out the new retail store, but looking at e-commerce specifically because we haven't had kind of a new market activated other than China in the last couple of years?

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

Yes. We are working really actively at being able to build it for our e-com platform for consumers to be able to buy any of our products from anywhere in the world and we'll speak about that more when there is more to say about that. And with regards to this, we are excited about it, and it's important. And with regards to the store in Milan, that is super exciting for us. And it's a market that was ahead of us for a long time. And I believe with strong brand awareness, I think that store is going to be a really exceptional store for us. I think opening stores and the fact that we are opening 2 in Europe this year as well I think is really important. And I think as Jonathan alluded to earlier, our percentage of DTC in Europe in general and our opportunity there to really move the needle, I think that the store openings in Europe this year are a massive part of that.

Operator

Your last question comes from Jonathan Komp with Baird.

Jonathan Robert Komp - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Just maybe one more question on the D2C business. I want to maybe just understand how you're forecasting the business a little better. And I guess, really the question is when you look forward, I think you're implying maybe less dollar growth in 2020, understanding that's open-ended than you had in 2019 and I know you are opening more stores. So just want to maybe understand, any color you are willing to share on the productivity of the new stores you are opening or what's in place already.

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

Yes. I think Jon, all our stores have been really productive, all of our new stores have been great. And we expect our stores we open this year to follow along in those footsteps. I think our implied growth is substantial for next year, I think as substantial, if not, more so than any year, and we're super excited to get out and deliver more exceptional results.

Jonathan Sinclair - *Canada Goose Holdings Inc. - CFO & Executive VP*

Yes. I mean, on the one hand, we had a great performance in fiscal '19 and we are clearly going to get the full year impact of those new units. We have announced 8 new units as well as a digital store for the coming year. Tmall app was obviously significant last year. That's not something that will repeat. And by the definition, we'll have a concept store out there, which is experiential and experimental rather than in the model of our traditional stores.

But that said, we've got great productivity in the stores that we are opening, great economics. We're sustaining the margins so that we believe this is a very strong operating model going forward.



Jonathan Robert Komp - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Okay. Great. And then just one separate question. I don't know if you're willing to talk about the initial results. The new ERP system that looks like it's in place. Could you just comment on how that's gone and any issues or if it's been pretty smooth in the initial implementation?

Jonathan Sinclair - *Canada Goose Holdings Inc. - CFO & Executive VP*

I have been doing these for 20 years. I have never come across one that's gone as well as this.

Operator

There are no further questions queued up at this time. I will turn the call back over to Dani Reiss.

Dani Reiss - *Canada Goose Holdings Inc. - Chairman, President & CEO*

Great. Thank you, and thank you all so much for taking the time to be here with us today. As always, we appreciate your interest and support in Canada Goose and for Canada Goose. And we look forward to updating you again on our progress when we report our fiscal results for our first quarter of the year and the results for that. So thank you very much and go Raptors.

Operator

This concludes today's conference call. You may now disconnect.

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