



## Canada Goose Holdings Inc. (TSX:GOOS) and Aritzia Inc. (TSX:ATZ) Still Belong in Your Portfolio This Fall

### Description

Statistics Canada released a comprehensive report on retail sales in the month of July on September 21. Overall retail sales rose 0.3% to \$50.9 billion with food and beverage stores and gasoline stations leading the way. Clothing and clothing accessories stores were only up 1.1% from the prior quarter but posted 5.9% growth year over year.

The fall season is when many clothing retailers begin to see a marked increase in activity before the main rush in November and December. Today, we are going to look at two clothing retailers that have performed well in 2018. Will the respective stocks finish strong in the fall and early winter of 2018? There is good reason to think so. Let's find out why.

#### Canada Goose ([TSX:GOOS](#))([NYSE:GOOS](#))

Canada Goose stock has surged 82% in 2018 as of close on October 4. Shares are down 1.6% over a three-month span dating back to early July. The stock reached an all-time high of \$91.50 in mid-June but has since fallen and stagnated.

Canada Goose is expected to release its fiscal 2019 second-quarter results in early November. In the first quarter, the company saw revenue increase 58.5% year over year to \$44.7 million. The summer season is quiet for Canada Goose, but sales received a boost, as Canada Goose has worked to offer different season looks. Its direct-to-consumer revenue climbed to \$23.2 million compared to \$8.3 million in Q1 fiscal 2018.

For fiscal 2019, Canada Goose is forecasting 20% revenue growth and expects adjusted EBITDA margin expansion of at least 50 basis points. It also projects growth in adjusted net income per diluted share of at least 25%. Canada Goose should also be targeted, as its [Asia expansion](#) holds enormous long-term growth potential.

#### Aritzia ([TSX:ATZ](#))

Back in early July, I'd discussed why Aritzia had emerged as [my top clothing stock](#) to own in 2018.

Aritzia stock fell 1.5% on October 4. Shares have dipped 5.8% over the past week, but the stock is still up 27% in 2018 so far. The company released its fiscal 2019 second-quarter results after trading closed on the same day.

Aritzia reported comparable sales growth of 11.5% in the quarter compared to 5.4% growth in the prior year. The company continued to post strong growth in its e-commerce business and in its store network. Net revenue climbed 18% to \$205.4 million and adjusted EBITDA surged 59.6% to \$33 million. Adjusted net income increased 76.3% to \$18.3 million. Aritzia also opened three new stores in the quarter in San Diego, Washington, D.C., and another in the Greater Toronto Area.

For the first six months of fiscal 2019, Aritzia has posted net revenue of \$372.4 million, representing a 16.7% increase from the prior year. Adjusted net income has climbed 46.8% to \$33.5 million. The company reiterated its positive outlook for the remainder of the fiscal year. These results should give investors more confidence as we move into the busy season for clothing retailers. Aritzia remains a top growth option in this sector.

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