



## Aritzia Inc. (TSX:ATZ) Makes a Great Stocking Stuffer This Holiday

### Description

The last time I set foot in an **Aritzia** ([TSX:ATZ](#)) store was late October. My wife and I were doing some early holiday shopping at Yorkdale Mall in Toronto while in town visiting family.

The place was slammed.

Since then, the few times I've walked by the Aritzia in the Halifax Shopping Centre near where I live, it's also been packed with people spending money.

### I've seen the light

I was the biggest [Doubting Thomas](#) when it came to Aritzia's business, but over the past year or so, I've become a convert.

Why?

Busy stores certainly help. Perhaps that's why analysts are also getting more excited about its stock.

"Importantly, U.S. sales growth accelerated to 40% from 20.5% in Q1, a clear sign of growing brand awareness that is driving higher traffic and conversion," said **Canaccord Genuity** analyst Camilo Lyon in October. "With a majority of new store openings in F20 expected to be in the U.S., we expect these positive sales trends and rising brand awareness to persist for the foreseeable future."

Americans are starting to find out about Aritzia.

In the second quarter, the retailer's U.S. stores accounted for 30% of revenue, up considerably from 25% a year earlier. Add to this the growth rate alluded to by Lyon in the previous paragraph and it's not hard to imagine Aritzia's U.S. stores accounting for more than 50% of its overall revenue sometime in fiscal 2019 or early in fiscal 2020.

If you've followed **Lululemon's** growth over the years, you'll know that it didn't start generating more revenue from the U.S. until fiscal 2011, six years after launching sales south of the border.

Aritzia might not get to that point quite as fast, but it will be close. What's important is that it blows through that number and never looks back.

## Where to next?

The Canaccord analyst raised his price target for Aritzia by a buck in October to \$21 — 19% higher than where it's currently trading, providing investors who buy ATZ stock with some nice potential upside in 2019.

Lyon also sees the retailer earning \$0.82 a share in fiscal 2019 and \$0.93 a share in fiscal 2020. That's a forward 2020 P/E ratio of 18.9, a reasonable multiple given same-store sales are growing in the double digits, and it hasn't even scratched the surface in the U.S.

Like Lululemon, the U.S. can make or break you. It was kind to LULU. Aritzia's recent sales growth in the U.S. suggests it too faces a prosperous future south of the border.

CEO and founder Brian Hill certainly thinks so.

"We think we're just at the tip of the iceberg as far as our recognition in the United States [goes]," Hill stated in October.

The company continues to invest in its infrastructure, including making investments to grow its e-commerce business. Although it doesn't break out its online results, the fact that it's shipping to over [220](#) countries suggests it soon will.

As far as I can tell, the potential growth in the U.S. and its online sales suggest Aritzia stock is the perfect stocking stuffer this holiday season.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Investing

**Date**

2025/08/23

**Date Created**

2018/12/12

**Author**

washworth

default watermark

default watermark