



## April Sale: 2 Cheap Retail Stocks to Buy Today

### Description

North American indices have regained momentum in the early days of April, but there are still some cheap stocks available for opportunistic investors. The S&P/TSX Composite Index was up 248 points in early afternoon trading on April 8. U.S. President Donald Trump has continued to express his desire to “open up” the American economy “sooner rather than later.” Canadian governments have given no timeline, but pressure will be high in the face of an American reopening.

Today, I want to look at two undervalued retail stocks that are well positioned to erupt once the lockdowns come to an end. Let's dive in!

### Cheap clothing stock: Aritzia

**Aritzia** ([TSX:ATZ](#)) was my [top clothing stock](#) back in the summer of 2018. Shares of Aritzia have dropped 37% month over month at the time of this writing. It has put together a solid track record and qualifies as a cheap stock in early April. The company provided a business update in mid-March in response to the COVID-19 pandemic.

Management announced the closure of all retail locations until further notice. However, it reiterated its confidence in Aritzia's fundamentals going forward. The company has worked to build up its e-commerce offering in previous years. Consumers will still be able to order Aritzia items from the website. Its Concierge and Distribution Centre will remain open, albeit with extra precautions and flexible hours.

Shares of Aritzia were up 4.47% in early afternoon trading on April 8. The stock possesses a favourable price-to-earnings ratio of 17 and a high price-to-book value of 4.7. Aritzia still boasts attractive growth potential and is my favourite bet in the clothing space on the Canadian market.

### Sleep Country Canada

**Sleep Country Canada** ([TSX:ZZZ](#)) engages in retailing mattresses and bedding related products in

Canada. A little over a year ago today, I'd discussed why Sleep Country was an [attractive value pick](#). Shares of Sleep Country have dropped 44% over the past month. This cheap stock is well worth targeting right now.

In late March, Sleep Country announced the temporary closing of all "Sleep Country" and "Dormez-vous" retail stores across Canada. The company released its fourth-quarter and full-year 2019 results on March 4. For the full year, revenue increased 14.3% to \$89.4 million and same-store sales moved up by 0.3%. Sleep Country opened 12 new stores over the course of the year, and its operating EBITDA rose by 47.4% to \$155.9 million.

The company remains a stalwart in the mattress and bedding space in Canada. When conditions normalize, investors will have good reason to renew their faith in Sleep Country going forward. Shares last had a very favourable P/E ratio of 7.1 and a P/B value of 1.2. Moreover, the company announced a quarterly dividend of \$0.195 per share in its Q4 report. This now represents a tasty 7.4% yield.

Both cheap retail stocks are worth your attention as we approach the midway point in April. When conditions inevitably normalize, retailers can expect a flurry of new activity.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:ZZZ (Sleep Country Canada)

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