



## 2 Stocks That Could Tap Into the Billion-dollar Market for Face Masks

### Description

Believe it or not, face masks could be a billion-dollar opportunity. Countries across the world have made it compulsory to wear a face mask indoors where physical distancing is impossible. That means the world needs roughly seven billion masks over the next year.

In fact, analysts estimate that global face mask sales crossed US\$74.90 billion in the first quarter of 2020 alone. Demand could be even higher if there's a second wave of coronavirus cases or a viable vaccine isn't developed in time.

Some of Canada's top retail companies already stock these masks and have the ability to tap into this billion-dollar market. Here are two retailers who could add millions to their top line over the next year.

### Canadian Tire

**Canadian Tire** ([TSX:CTC.A](#)) saw sales of N95, KN95, P2 and medically certified spike during the first few months of the outbreak. In fact, the company attracted plenty of criticism for raising the price of these face masks when they were in limited supply. Eventually, the company set up a relief fund and donated protective gear to those on the frontlines of this crisis.

Now, the company's average face mask costs between \$1 and \$10. With supply chain issues resolved, these critical accessories are now fully stocked across the country. If demand for these face masks remains elevated throughout 2020, Canadian Tire's revenue should be noticeably higher for the year.

The stock has lost roughly 16% of its value year to date. It now trades at an enterprise value-to-revenue ratio of 1. The stock also offers a 3.8% dividend yield. That seems like an attractive valuation for a company that provides an essential service during this crisis.

### Aritzia

Unlike Canadian Tire, **Aritzia's** ([TSX:ATZ](#)) face masks are not industrial-grade or medically certified. Instead, they're fashionable, which is equally important for most consumers. The company currently has a cotton face mask listed for \$10. Aritzia generated \$980 million in revenue last year, so selling

millions of these masks should move the needle.

Aritzia's stock is up roughly 80% since mid-March. As the company's online sales boom and stores reopen across Canada, investors could expect a sustained recovery. Face mask sales could add incremental value. Currently trading at just 23 times annual earnings, this growth stock seems fairly priced.

My *Fool* colleague, Robin Brown, dug into the numbers and believes Aritzia stock is ["too cheap to miss."](#) In fact, the only other stock he recommends in that article is Canadian Tire, which bolsters my conviction in these two picks.

## Bottom line

A face mask could be essential throughout 2020. Many provinces and cities have made these accessories mandatory. That's a grim reality. As millions of Canadian stock up on reusable and industrial-grade masks throughout the year, the market could be hundreds of millions domestically.

Retailers such as Aritzia and Canadian Tire already have these masks on shelves, which should enhance sales and add value for shareholders.

Investors may be underestimating the size of the face mask market. That could present an opportunity for savvy investors with these stocks on their radar.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)

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