



Canada Goose vs. Aritzia: Which Is the Better Buy Today?

Description

The Canadian retail space has been hit hard by the COVID-19 pandemic. Retailers who heavily relied on brick-and-mortar locations were forced to undergo dramatic transformations just to survive during this crisis. Today, I want to look at two clothing companies that were well-positioned to face these challenges. **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)) and **Aritzia** ([TSX:ATZ](#)) have been two of the most reliable stocks in this space. Which is the better buy right now? Let's find out.

Why Canada Goose has surged in 2021

Canada Goose is a top designer, manufacturer, and seller of performance luxury apparel. Back in February, I'd [suggested](#) that Canada Goose was a stock to focus on ahead of the spring. Its shares have climbed 31% in 2021 as of early afternoon trading on June 2. The stock is up 67% from the prior year.

The company released its fourth-quarter fiscal 2021 results on May 13. Total revenue rose 33% from the prior year to \$208 million. Meanwhile, global e-commerce revenue soared 123% on the back of high double-digit growth and low triple-digit growth in all major existing markets. Net income increased to \$2.9 million or \$0.03 per diluted share compared to \$2.5 million or \$0.02 per diluted share in the previous year.

Canada Goose projects annual direct-to-consumer revenue to approach 70% of total revenue in fiscal 2022. It also anticipates that total revenue will exceed \$1.0 billion for the full year. A more active winter on the horizon in 2021 and 2022 should also provide a boost to Canada Goose sales.

Is Aritzia still a top clothing stock on the TSX?

Aritzia is a Vancouver-based women's fashion brand. It designs and sells apparel and accessories for women across North America. In February, this was another stock I [suggested](#) that investors target as the economy recovers. Shares of Aritzia have climbed 14% in 2021. The stock is up 43% year over year.

Investors got to see its Q4 2021 results on May 11. Unfortunately, its gains were more muted compared to Canada Goose amid a very challenging year. Net revenue dropped 2.9% to \$267 million in the fourth quarter. However, it still posted strong e-commerce revenue growth of 81%. The company managed to open seven new boutiques and repositioned three existing boutiques in promising real estate locations.

Overall, e-commerce revenue rose 88% to \$425 million for the full fiscal year. However, retail revenue dropped 42% to \$431 million. Aritzia had bolstered its e-commerce offerings since it debuted on the **TSX**. This was still not enough to overcome the impact of the pandemic, however. Adjusted net income came in at \$26 million – down from \$97 million in fiscal 2020.

Fortunately, Aritzia is well-positioned to make a comeback on the back of a broader reopening in Canada. While the country has lagged behind its peers in this area, it has finally gained momentum due to an improved vaccine rollout in the spring.

Which stock is the better buy today?

Canada Goose proved to be in a better position to weather the winter of the COVID-19 pandemic over the past year. I'm still bullish on the stock as many Canadians will enter the second half of 2021 with more disposable income. Consumers may be gearing up to splurge on luxury apparel in the months ahead. I'm picking Canada Goose over Aritzia in early June.

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Date

2025/07/04

Date Created

2021/06/02

Author

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