



Aritzia's Mind-Blowing Numbers Show it's 1 of the Best Stocks You Can Buy!

Description

For most [retail stocks](#), the last few years have been a struggle. Even before the pandemic, many retailers were already dealing with increased competition coming from e-commerce. In recent years, there's been a noticeable divergence in the performance of retail stocks. And of all the retail stocks that have performed well, one of the best to buy, without a doubt, has to be **Aritzia** ([TSX:ATZ](#)).

There are several reasons why Aritzia has been a top performer and continues to be one of the best stocks to buy. But first, let's start with its business model.

One of the reasons that the company is so popular and its products resonate with consumers is that it's carved out its own niche in the women's fashion industry. Aritzia sells apparel and accessories that have the quality, look and feel of luxury products, but they are priced more affordably.

The company is vertically integrated and has created several different brands under which it sells its products. This is why Aritzia has been so successful at growing its business, why the company's economics are so attractive, and why it's one of the best stocks you can buy.

Aritzia's numbers show why it's one of the best stocks to buy now

For years, Aritzia has been a top growth stock, and a closer look at its numbers shows that the stock still has a long runway for growth ahead of it.

Over the past five years, from its fiscal 2018 through fiscal 2022, Aritzia has grown its revenue at a compounded annual growth rate (CAGR) of 19%. In addition, over that period, its adjusted [EBITDA](#) grew at a CAGR of 22% and its adjusted net income at a CAGR of 24%. That's impressive and consistent growth, especially for a retail stock that had to weather the storm through the pandemic.

However, thanks to Aritzia's incredible e-commerce platform and the fact that nearly half of its sales are coming online, the company has continued its impressive growth and, after its recent selloff, has

quickly become one of the best Canadian stocks to buy.

But while its performance driving e-commerce sales has been impressive, Aritzia's boutiques are at the core of its business operations and can help drive the most growth.

Right now, the company has just 108 boutiques. What's even more exciting, though, is that less than 40% of its locations are in the U.S., giving it a massive runway for growth. Already this year, the company is planning to open another eight to 10 locations — almost all planned for the U.S.

However, with nearly half of its revenue coming from online, you may be wondering why the company is continuing to invest capital in opening up brick-and-mortar locations.

The boutiques are key to Aritzia's business. In addition to generating sales, the boutiques also create significant brand awareness and have helped contribute to Aritzia's consistently growing market share.

Furthermore, Aritzia's products are so popular that these boutiques are typically cash flow positive within 12-24 months. Those are truly impressive numbers and another main reason why Aritzia is one of the best retail stocks you can buy.

The growth potential going forward looks just as promising

In addition to the fact that Aritzia has a tonne of room to grow in the U.S., the company also has plenty of other opportunities to expand its operations — another reason it's one of the best stocks you can buy.

Recently, the company has expanded into men's apparel, taking a majority stake in a sporting apparel design house. However, it also continues to invest in improving its e-commerce platform and growing its brand awareness, both of which it's done a fantastic job of in the past.

Therefore, with the stock now trading over 40% off its high, it's now well undervalued and one of the best stocks you can buy. Trading at a forward price-to-earnings ratio of just 21 times, not only has Aritzia not been this cheap since the selloff at the start of the pandemic, but that's an attractive valuation for such a high-quality growth stock.

If you're looking to take advantage of today's market environment, there's no question that Aritzia is one of the best stocks you can buy.

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