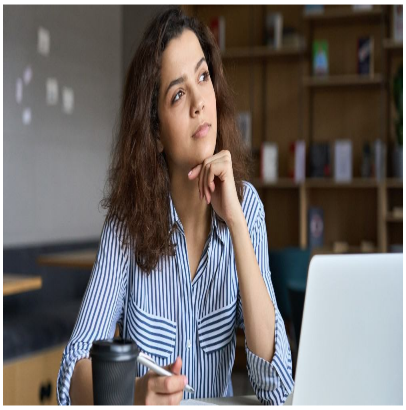

1 Canadian Value Stock You Won't Regret Buying Today

Description

The main Canadian market index has seen a healthy recovery in the last couple of months after posting its worst quarterly losses in over two years by losing 9% of its value in June. While the recent optimism has helped many beaten-down stocks recover, some fundamentally strong stocks still look really cheap.

Such stocks might not remain cheap for very long, however, as easing inflationary pressures and continued strength in consumer confidence might help these stocks rally in the near term. That's why it could be a rare opportunity for investors in Canada to add some of these quality value stocks to their stock portfolios to hold for the long term. In this article, I'll talk about one of the best Canadian value stocks you can buy today.

One top Canadian value stock to buy today

When choosing a value stock to invest in, it's important for investors to pay attention to a company's financial growth trends and its fundamental outlook. Considering these parametres, I find **Aritzia** (TSX:ATZ) one of the best cheap stocks to bet on in Canada today.

This Vancouver-based company currently has a market cap of about $5.1 billion as its stock trades with about 15% year-to-date losses at $34.71 per share. While this value stock has risen by about 11% in August so far, it's still underperforming the broader market by a wide margin year to date, making it look undervalued.

Analyzing its financial growth trends

In its fiscal year 2022 (ended in February), Aritzia posted a solid 74.3% YoY (year-over-year) sales growth to $1.5 billion, exceeding analysts' estimates. Besides its strong sales growth across channels, the Canadian apparel designer and retailer's strong positive growth in the United States boosted investors' confidence. These factors also helped Aritzia report an outstanding 178% YoY jump in its adjusted earnings for the fiscal year to $1.53 per share.

In the first quarter of its fiscal year 2023, the strong momentum continued in Aritzia's overall business, as it registered a solid 65% YoY jump in its total revenue to $407.9 million. Similarly, the company registered an 84.2% YoY jump in its adjusted earnings for the quarter to $0.35 per share, crushing Street analysts' expectation of $0.30 per share.

Strengthening outlook

Most retail companies have been facing big challenges due to the global supply chain disruptions for the last couple of years. Despite these challenges, along with inflationary pressures, Aritzia has managed its inventory and logistics remarkably well with the help of strategic inventory management. This strength is clearly visible in its recent sales growth trends.

These positive factors encouraged the company's management to raise its fiscal 2023 revenue guidance in July. Now, Aritzia expects its sales for the fiscal year to be in the range of $1.875 billion to $1.9 billion, reflecting a 25% to 27% YoY increase.

Foolish bottom line

Continued strength in Aritzia's business growth in the U.S. market across its retail and e-commerce channels looks promising, which has the potential to drive a sharp recovery in its stock in the coming months. That's why long-term investors in Canada may consider buying this value stock before it's too late.

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