



4 Reasons I'd Buy Aritzia Stock

Description

In recent years many [retail stocks](#) have struggled. E-commerce continues to become more popular, and the pandemic had a significant effect on many retail companies. But not all are being impacted negatively. In fact, **Aritzia** ([TSX:ATZ](#)) has been one of the hottest growth stocks to buy for years, especially in the retail space.

Today the stock is hosting its first-ever investor day, which could provide some catalysts for the share price, especially after the strong earnings it just posted from its most recent quarter.

So if you're looking for high-quality growth stocks that you can buy and hold for the long haul, here are four reasons why Aritzia is one of the best to consider.

Aritzia stock continues to post impressive growth even in the current economic environment

One of the most significant reasons why Aritzia is such an excellent stock to buy right now is that while the economy has slowed down, its growth hasn't.

Aritzia has been rapidly expanding its business for years now. The retailer has a massive runway for growth, yet roughly 60% of its stores are located in Canada. So the company has a tonne of potential to expand across the U.S.

In addition, it not only continues to expand its store count but it's also rapidly growing its [same-store sales](#). No doubt, operations have been impressive at its brick-and-mortar locations. But that's not the only reason Aritzia has been so successful.

Aritzia stock has done an incredible job launching its e-commerce platform

One of the most significant reasons that Aritzia has been a top performer in recent years, especially through the pandemic, has been the popularity of its e-commerce platform.

Aritzia decided early to focus on building a high-quality platform for buyers across the world to use. And through the pandemic, it was a major source of sales for the company.

However, even after store closures have ended, its e-commerce operations have been crucial to its success. True, e-commerce helps Aritzia reach consumers in regions where it has little or no physical presence. Moreover, it helps the company to decide where to expand its store network next.

Aritzia's boutiques are major cash cows

As crucial as Aritzia stock's e-commerce platform has been, it doesn't look like the company will stop opening up new brick-and-mortar locations any time soon. The economics around its boutiques are just too attractive.

According to Aritzia, when it opens new boutiques, it takes just 12 to 24 months for the stores to earn back the cash needed to open them. This shows what cash cows its locations are and just how much growth potential Aritzia has over the coming years as it continues to target opening 10 new locations each year.

The stock is now ultra-cheap

Before looking at any company's valuation, it's crucial to make sure the business operations are high-quality. Also ask, is this a company that you want to own for the long haul?

And since Aritzia checks all those boxes, it's worth looking at just how the stock is valued in this environment. Notably, it offers investors an attractive entry point today.

Although the stock isn't usually the cheapest, it has been this year. ATZ stock has recovered somewhat thanks to its consistently impressive earnings reports. Yet, it still offers investors a significant bargain today.

Trading at just over \$54 a share, Aritzia has a forward price-to-earnings ratio of just 27.2 times. This valuation is well below its five-year average of 35.6 times.

Therefore, while this high-quality growth stock still trades at a compelling valuation, it's one of the best stocks to buy now and hold for the long haul.

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