

Bloomberg Intelligence

Aritzia Equity Research



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Aritzia's Styles Win Big Sales, High Margin With Upside: React

(Bloomberg Intelligence) -- RECENT EVENT REACTION: Aritzia's double-digit comparable sales growth appears sustainable as assortments resonate -- even at higher price points, helping to offset tariffs -- driven by US e-commerce and rising brand awareness. Adjusted Ebitda margin consistent with consensus' 16% may have upside, despite 280 bps of tariff headwinds. (10/09/25)

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1. Aritzia's US Push, Affordable Luxury Fuel Growth: Equity Outlook

THESIS: Aritzia is expanding rapidly in the US, where its accessible luxury women's apparel is largely sold at full price. Solid store and e-commerce performance could push 2025 sales beyond consensus for 18% growth, with 35% of fall and winter inventory to arrive by Aug. 1. Planned store openings (12) and expansions (five), along with the benefit of a full year of sales from 2024 openings and Canada's recent top-line improvement, can support gains. Ebitda margin is set to expand about 200 bps on higher initial markups, reduced warehousing costs, less clearance and fixed-cost leverage, with levies on Chinese and other imports reducing that to 150 bps after 100 bps of mitigation. (07/14/25)

Financial Review

Earnings

2. Aritzia's Fashions Fuel Strong Sales, Margin: Earnings Outlook

Post-2Q Earnings Outlook: Aritzia could exceed 3Q guidance for 20-23.5% sales growth (vs. analysts' 17.2%) and its profit-margin outlook, driven by recent store openings -- including expanded flagships -- along with e-commerce gains and the strong reception to its fashion offerings. Full-year Ebitda margin guidance of 15.5-16.5% was sustained despite higher tariff pressure (280 bps vs. 150 bps prior), and compares with 14.8% in 2024. Margin growth reflects higher markups, cost controls and reduced reliance on China. Goods sourced from China for spring/summer 2026 should account for around 5% of the total. About 12 new boutiques (six in 3Q) and five expanded and repositioned stores are planned for the full year.

The company targets midteens comparable-sales growth in 3Q. (10/09/25)

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Highlights From Recent Results:

- 2Q Comparable Sales Rose 21.6%, With Net Revenue of C\$812.1 Million Above Analysts' C\$752 Million and 3Q Net Revenue Expected to Gain 20-23.5%, Based on Guidance
- Gross Margin Expanded 359 Bps to 43.8%, 250 Bps Ahead of Consensus, Driven by Occupancy Leverage and Efficiencies, More Than Offsetting 220 Bps of Tariffs
- Inventory Up 9%, Above Estimates for 1% Increase
- Adjusted EPS Climbed to 59 Canadian Cents, Topping Consensus' 39 Cents and Up From 21 Cents in 2Q24

Additional Resources:

- Earnings Release | NSN »
- Earnings Call Transcript | DOCV »

Chart Book

Company

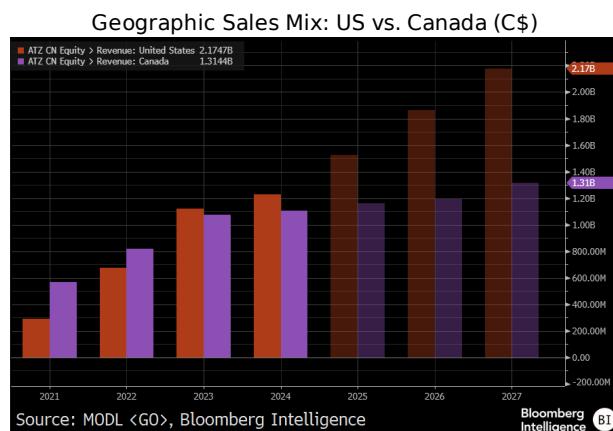
Aritzia Double-Digit Growth Tested by Mounting Tariff Pressure

Aritzia's US expansion has room to run, given it has fewer than 60 stores, a fairly quick payback on new ones (usually about one year) and scope to boost online sales. Most US specialty apparel retailers operate hundreds of stores -- 200-500-plus in some cases. Digital marketing can aid US online growth. Yet higher tariffs on merchandise sourced overseas -- particularly from China -- could cause shortages and pressure margin.

To access live data and charts, please click on the links under the images below. (04/29/25)

3. US Sales Over Half of Total, With Upside to 62% by 2026

(04/29/25)

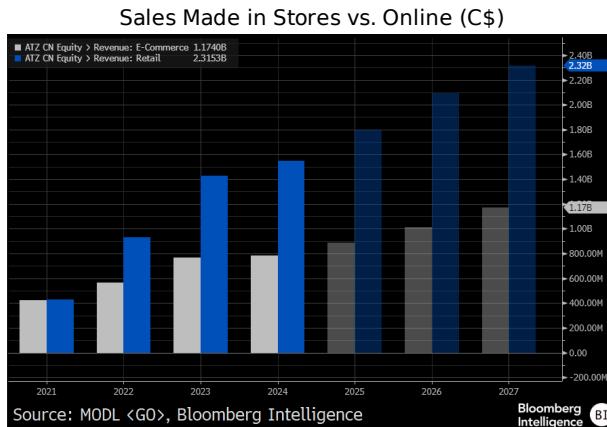


4. E-Commerce Sales Account for 33% of Revenue

(04/29/25)

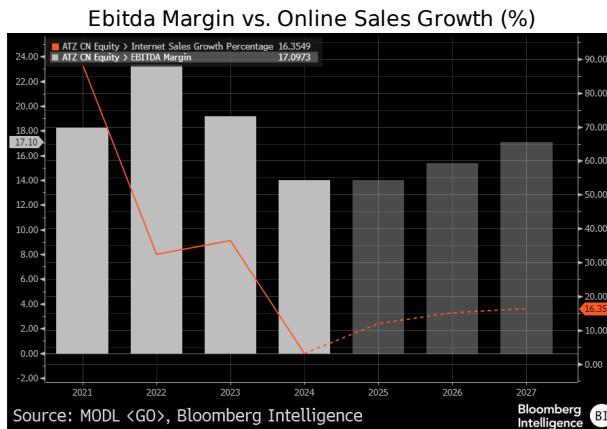
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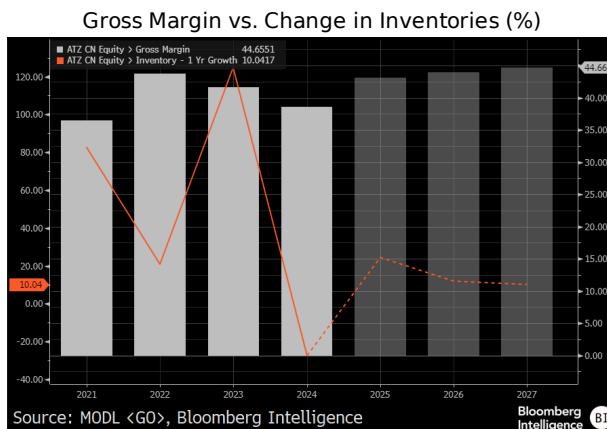
5. US Online Growth Drives Higher Margin Before Tariff Wall

(04/29/25)



6. Higher Inventory Turns Aid Gross Margin

(04/29/25)



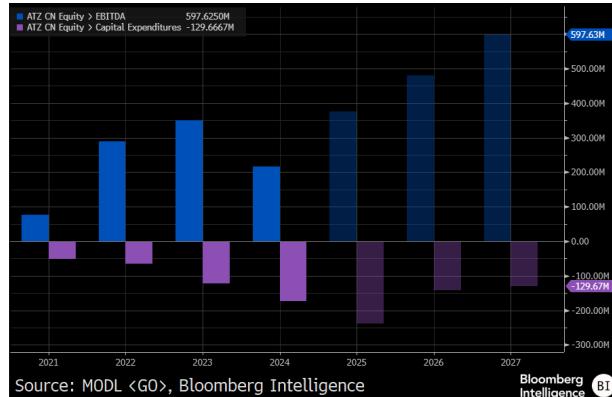
7. Excess Cash Conversion Could Rise as Ebitda Margin Expands

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(04/29/25)

Ebitda vs. Capital Spending (C\$)



Peers

Aritzia's Luxury for Everyday Offers Niche to Millennials, Gen-Z

Aritzia's sales-growth prospects appear solid, given its accessible luxury is a draw to its core millennial and Gen-Z cohort. More than 90% of sales are derived from its own brands, including Babaton, Wilfred and Sunday Best. Margin upside prospects are catalyzed by tariffs, though over time it could expand on price hikes, lean inventories and US online growth.

To access live data and charts, please click on the links under the images below. (06/10/25)

8. Five-Year Compound Annual Growth Rate 6.5x Peer Average

(06/10/25)

Specialty Apparel Retail Five-Year CAGR (%)

Name	2018	2019	2020	2021	2022	2023	2024
• 5Y CAGR Sales Growth							
► Family Apparel	10.7	9.6	2.9	9.5	9.6	7.7	12.4
▼ Women's Apparel	1.3	1.1	-3.0	1.7	1.5	0.5	0.5
American Eagle Outfitters Inc	4.2	4.1	-1.6	3.7	3.9	2.8	3.5
Abercrombie & Fitch Co	4.1	5.6	1.3	6.8	5.6	5.4	4.3
Aritzia Inc	-2.7	-0.7	-2.3	2.2	1.1	3.6	6.4
Gap Inc./The	18.3	18.1	9.6	17.5	24.2	21.7	22.8
J Jill Inc.	0.5	-0.1	-2.7	1.4	-0.3	-2.1	-1.6
Kontoor Brands Inc	9.1	7.4	-5.4	-7	-2.5	-3.1	-3.2
Levi Strauss & Co	3.1	3.0	-7.0	-3.3	1.4	1.2	0.5
Oxford Industries Inc	3.8	4.1	-5.0	2.2	5.4	7.2	6.2
PVH Corp.	3.4	3.8	-2.3	2.2	0.2	-0.9	-2.7
Ralph Lauren Corp	-3.3	-4.2	-9.9	-1.3	0.8	1.0	2.8
Tapestry Inc	4.6	3.4	5.0	8.3	2.5	2.1	
Urban Outfitters Inc	5.1	3.7	0.0	5.1	5.8	5.5	6.9
Victoria's Secret & Co						-5.3	-3.7

Source: Bloomberg Intelligence

9. Ebit Margin Below Peer Average as Tariffs Offset Upside

(06/10/25)

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US Specialty Apparel Retail Ebit Margins

Name	2018	2019	2020	2021	2022	2023	2024
EBIT Margin	16.8	16.4	11.9	21.2	15.9	16.1	16.4
Family Apparel	7.4	6.4	7.1	2.8	5.3	7.4	7.4
Women's Apparel	9.7	8.8	2.9	12.4	11.6	10.1	10.1
American Eagle Outfitters Inc	6.5	4.4	0.2	12.0	5.4	7.1	8.3
Abercrombie & Fitch Co	3.9	2.3	1.7	9.6	2.9	11.4	15.0
Aritzia Inc	13.3	13.1	5.5	15.8	13.1	8.1	12.5
Gap Inc/The	8.2	6.4	6.4	5.5	0.0	4.1	7.4
J Jill Inc	9.4	3.4	-18.1	10.1	13.0	14.1	13.9
Kontoor Brands Inc	12.0	12.2	10.9	14.3	13.9	12.8	14.6
Levi Strauss & Co	10.6	4.1	12.4	11.6	9.0	10.2	
Oxford Industries Inc	8.2	8.8	-5.7	15.3	16.6	13.8	9.0
PVH Corp	10.1	9.4	-0.5	10.7	9.5	10.1	10.0
Ralph Lauren Corp	11.5	10.3	4.8	13.4	13.7	12.4	13.2
Tapestry Inc	15.8	8.8	18.8	18.2	17.6	18.7	
Urban Outfitters Inc	9.7	6.5	0.6	9.0	4.7	7.7	8.6
Victoria's Secret & Co				12.6	8.9	5.3	6.0

Source: Bloomberg Intelligence

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10. Inventory Turns Above Industry Average

(06/10/25)

Specialty Apparel Retail Inventory Turns

Name	2018	2019	2020	2021	2022	2023	2024
Inventory Turnover	5.2	6.1	5.8	6.4	5.8	5.6	5.5
Family Apparel	3.4	3.4	2.7	2.9	2.9	3.0	3.1
Women's Apparel	4.1	4.0	3.5	3.8	3.5	3.4	3.7
American Eagle Outfitters Inc	6.2	4.4	6.1	6.3	5.7	5.5	5.1
Abercrombie & Fitch Co	3.3	3.4	2.9	3.0	3.1	3.3	3.4
Aritzia Inc	5.6	5.6	4.1	4.4	3.8	3.5	4.3
Gap Inc/The	5.0	4.8	3.9	3.7	3.8	4.2	4.4
J Jill Inc	3.1	3.5	2.8	3.3	3.6	3.4	3.2
Kontoor Brands Inc	3.3	3.1	3.9	3.1	2.8	3.2	
Levi Strauss & Co	3.1	3.0	2.5	2.8	2.3	2.0	2.0
Oxford Industries Inc	3.1	3.1	2.4	3.6	3.1	3.0	3.4
PVH Corp	2.6	2.7	2.2	2.8	2.5	2.4	2.4
Ralph Lauren Corp	3.1	3.2	2.1	2.4	2.2	2.2	2.4
Tapestry Inc	2.7	2.3	2.3	2.4	2.0	2.0	
Urban Outfitters Inc	7.2	7.0	6.4	6.4	5.8	6.0	6.2
Victoria's Secret & Co				4.9	4.9	4.1	3.9

Source: Bloomberg Intelligence

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11. Return on Equity Below Group Average

(06/10/25)

US Specialty Apparel Retail Return on Equity

Name	2018	2019	2020	2021	2022	2023	2024
Return on Equity	33.4	30.7	9.9	49.3	20.0	19.1	25.0
Family Apparel	12.8	12.9	-4.6	19.2	6.4	20.8	24.8
Women's Apparel	18.1	11.1	-7.7	30.4	25.9	17.8	25.3
American Eagle Outfitters Inc	20.7	15.1	-17.9	33.4	8.3	10.2	18.8
Abercrombie & Fitch Co	6.1	3.5	-11.4	29.8	0.4	37.9	47.8
Aritzia Inc	23.9	25.7	5.6	35.2	30.8	10.6	21.8
Gap Inc/The	30.0	10.2	-22.4	9.6	-8.2	20.8	28.8
J Jill Inc	15.5	+101.9					55.2
Kontoor Brands Inc	17.1	14.8	88.3	167.9	123.1	74.6	63.7
Levi Strauss & Co	31.8	31.3	-3.9	37.3	3.9	12.6	10.5
Oxford Industries Inc	14.6	13.6	-20.5	23.8	31.2	10.5	15.7
PVH Corp	13.1	7.2	-21.6	19.0	3.9	13.1	11.7
Ralph Lauren Corp	12.8	12.9	-4.6	23.3	21.0	26.5	29.5
Tapestry Inc	19.0	-22.5	30.1	30.9	41.0	31.5	
Urban Outfitters Inc	21.4	11.4	0.1	19.3	9.0	14.7	17.6
Victoria's Secret & Co				-6.5	112.5	108.7	27.3

Source: Bloomberg Intelligence

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12. Net Leverage Ratio a Tad Above Peer Average

(06/10/25)

US Specialty Apparel Retail Net Leverage

Name	2018	2019	2020	2021	2022	2023	2024
Net Debt/EBITDA	0.4	-2.2	2.7	2.7	5.3	90.3	3.1
Family Apparel	0.3	2.0	3.5	1.4	2.6	1.4	1.7
Women's Apparel	-0.1	6.4	2.8	1.3	1.8	1.4	1.2
American Eagle Outfitters Inc	-0.8	1.5	4.3	1.3	1.4	0.9	1.1
Abercrombie & Fitch Co	-1.4	1.6	0.8	0.5	1.5	0.2	0.1
Aritzia Inc	-0.2	1.9	2.7	0.7	1.6	2.0	1.3
Gap Inc/The	-0.1	2.6	7.7	2.4	3.7	1.9	1.2
J Jill Inc	2.0			2.9	2.1	1.7	1.4
Kontoor Brands Inc	-0.3	3.8	3.7	1.9	1.9	1.6	1.1
Levi Strauss & Co	0.5	0.0	2.8	1.1	1.4	2.0	1.7
Oxford Industries Inc	0.0	1.4		0.2	1.2	1.5	1.6
PVH Corp	1.9	3.1		1.5	2.8	1.7	1.8
Ralph Lauren Corp	-1.5	1.0	0.9	0.5	1.1	0.7	0.4
Tapestry Inc	0.3	29.0	0.9	1.4	1.5	0.9	
Urban Outfitters Inc	-1.4	1.7	2.2	0.8	1.1	0.4	0.1
Victoria's Secret & Co		29.7	2.3	1.4	2.1	2.6	2.5

Source: Bloomberg Intelligence

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