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BI Focus: Aritzia's Triple-A Focus Nets Growth

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Aritzia's Accessible Luxe Points to Outsized US Growth: BI Focus

(Bloomberg Intelligence) -- Thesis: Aritzia's profit margin could climb by a third more than analysts forecast by 2025 and sales top consensus on streamlined operations and ramped-up US expansion, based on our analysis. The largest advance may come this year, with the retailer cutting warehousing costs, hiking prices and lowering product expenses. Its small US presence and burgeoning Super Puff franchise indicate a growth opportunity after the stock dropped about 40% in 2023. (01/09/24)

1. New Stores, Online Sales and Tailwinds Could Lift Margin

We believe these catalysts could act as important triggers for this idea in the coming months.

(01/09/24)

Timeline of Key Catalysts:

- January: Urban Outfitters and Abercrombie, Frequented by Aritzia Customers, Are Expected to Report 4Q Sales Update Ahead of ICR Conference
- January: Aritzia Reports 3Q Earnings; Management Sees Net Sales Flat to Slightly Down, With Gross Margin Falling 200 Bps; Company Likely Provides Indication That December Sales Rose
- May: Aritzia Reports 4Q Results, Likely Provides Guidance for the Coming Year; Consensus Sees Operating Margin of 12% vs. 7% Expected in 2023

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