

Bloomberg Intelligence

Aritzia Long-Term Drivers

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1. Aritzia's US Store Build-Out, Online Marketing to Fuel Growth

(Bloomberg Intelligence) -- Aritzia's US store footprint could triple over the next several years from 48 currently, with 100 locations identified as meeting its standards. As recent boutique openings exceed hurdle rates and new e-commerce marketing takes hold, sales and margin expansion may top expectations, provided that Middle East instability doesn't escalate. The company's model of selling mostly at full price -- we estimate that it makes up 80% of sales -- distinguishes Aritzia in a US market loaded with promotions. Only Lululemon takes a similar tack, which is likely a big factor in its 26% Ebitda margin.

Aritzia's 2027 target for a 19% Ebitda margin can be exceeded by 100-200 bps as the company begins to market online, since the fast growing US e-commerce business is more profitable than in-store. (11/07/23)

Bloomberg Interactive Calculator (Click to Open)

Aritzia Inc ATZ CN					
Bloomberg Interactive Calculator					
Aritzia Inc					
	2022	2023	2024	2025	2026
Key Drivers					
Total Revenue					
E-Commerce	564	770	793	925	1,153
Y/Y Change	32.5%	36.4%	3.0%	16.6%	24.7%
Consensus			793	925	1,153
Retail	930	1,426	1,513	1,605	1,808
Y/Y Change	115.6%	53.3%	6.1%	6.1%	12.6%
Consensus			1,513	1,605	1,808
Key Financial Metrics					
Total Revenue	1,495	2,196	2,306	2,530	2,961
Consensus			2,300	2,588	2,973
Operating Margin	15.8%	13.1%	7.0%	12.7%	14.4%
Consensus			6.9%	12.0%	13.4%
Diluted EPS	1.36	1.63	0.78	1.75	2.50
Consensus			0.86	1.85	2.46

Source: Bloomberg Interactive Calculator, Bloomberg Intelligence

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