

## Bloomberg Intelligence

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# Aritzia Equity Research



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Aritzia's 4Q View Above Analysts After 3Q Beat; 2024 Rosy: React

(Bloomberg Intelligence) -- RECENT EVENT REACTION: Aritzia's fiscal 4Q sales guidance above estimates (\$670-\$690 million vs. \$678 million) shows the brand's assortments are resonating as it opens in new markets, generating sales above hurdle rates, just as it beats 3Q sales and margin. Same-store sales rose 0.5% in 3Q (vs. consensus for a 3.9% decline) with total revenue up 4.6% (vs. negative 0.5%) and gross margin of 41.5% ahead of estimated 41.39%. (01/10/24)

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### 1. Aritzia: Equity Outlook

THESIS: Aritzia's rise in women's accessible luxury apparel, sold mostly at full price, could boost revenue 72% by 2027 in our scenario, below consensus' 77% increase. US expansion -- opening 8-10 new boutiques and expanding 3-5 existing ones annually -- will be the main driver, aided by online growth as it employs a new digital marketing plan. Ebitda margin may more than double to the low-20% range, vs. consensus for 16%, as new stores exceed targets and the more profitable US segment outweighs a mature Canadian portfolio. Increased efficiency and lower product costs can also raise profitability. (01/11/24)

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### Key Topics

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#### Multiyear US Growth

Aritzia Sales Could Double on US Expansion, Greater Awareness

Aritzia has a long runway to expand in the US, which could double sales by 2027 as brand familiarity grows and its model of combining compelling design with broad appeal in aspirational boutiques and online allows for mostly full-price selling. Ebitda margin could expand by 800 bps as the luxury fashion retailer scales up and cuts costs. (10/31/23)

### 2. Setting Up Significant White Space Potential

Aritzia's plan to lift revenue 60% to C\$3.5-C\$3.8 billion by 2026 could prove conservative, we believe. With just 48 stores in the US, the company is still early in its expansion. Its growth plan includes three parts: opening 8-10 boutiques and expanding 3-5 a year, increasing digital sales, and raising brand awareness. Aritzia's "everyday luxury" niche, with on-trend design and quality fabrics is building a strong following -- over 2 billion TikTok impressions and 2 million Instagram followers, mostly unaided by marketing. A mobile app and buy online/pick up in store have yet to debut.

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Aritzia continues to build out distribution centers and invest in technology to enhance the customer experience, increasing support to its growing footprint and adding omnichannel capabilities. It also is creating an online marketing plan. (10/31/23)

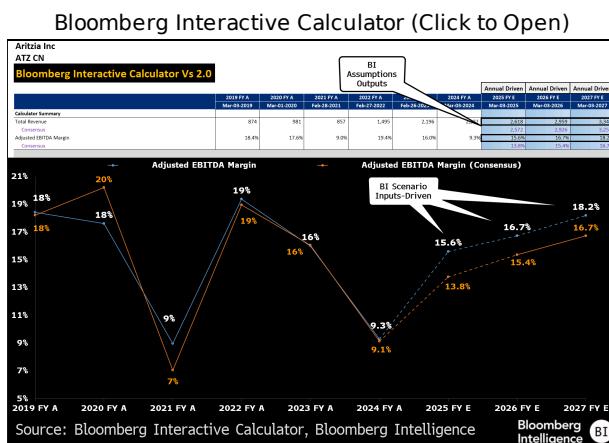
### Key Points:

- Boutiques Total 68 in Canada, 48 in the US
- Digital Was 35% of Trailing 12-Month Sales
- Seasonality: 2H Makes Up 60% of Sales
- Private Brands Are 95% of Sales: Wilfred 28%, Babaton 30%, TNA 26%, Super Puff 7-8%, Denim Forum, Sunday Best and Reigning Champ 3-4% Each
- US Accounts for 51% of Sales; Canada, 49%
- Aritzia.com Ships to 200+ Countries
- Sourcing Raw Materials: China, India, Italy, Japan, South Korea, Taiwan; Finished Goods: Cambodia, China, India, Peru, Portugal, Romania, Sri Lanka, Vietnam
- Demographic Appeal: Women 15-45 Years Old, Household Income \$100,000-\$150,000

### 3. Margin Could Climb 33% More Than Consensus

Aritzia's Ebitda margin could expand by 780 bps by 2025 from 2023, and possibly more if comparable sales are higher. Guidance is for a 500 bps improvement in 2024, but our scenario shows a 630-bp rise as increased product costs and temporary warehousing expenses give way to higher initial markups, price increases, lower material costs and efficiencies. Management targets a 19% margin by 2026 -- we think it might reach over 20% -- as the more profitable US and online segments supersede Canada.

The boost to margin in 2024 will have four components: 150 bps from select price increases and lower product costs; 150-200 bps from 150 initiatives, including better processes and vendor negotiations saving C\$60 million annualized; 125 bps from eliminating temporary warehousing; and sales leverage. (01/09/24)



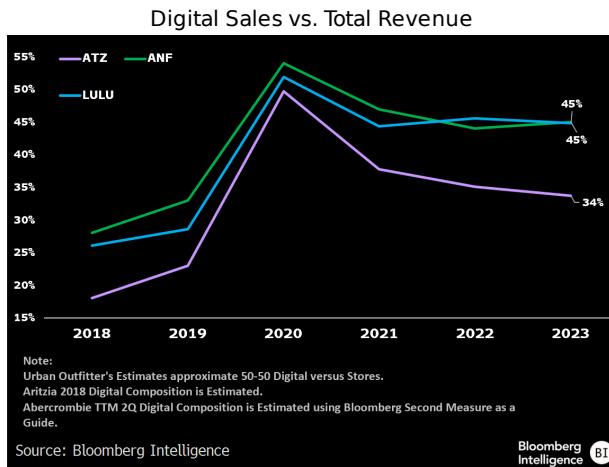
### 4. Digital Sales Appear Poised to Double by 2027

Aritzia's C\$800 million of digital sales could rise to C\$1.6 billion by 2027 on store openings. That's as it attracts new customers, expands performance-based digital marketing from almost none previously and launches omnichannel capabilities, including buy online/pick up-in-store and buy online/ship-from-store. Omnichannel customers spend 3X single channel shoppers and have higher retention rates. A trial that launched in Canada in early September surpassed expectations, and a US rollout is set for early 2024.

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Critical to Aritzia's plan to double digital sales over the next three years is personalizing shopping via the eCommerce 2.0 initiative. Its customization uses geography and preferences to create relevant product assortments from the company's wide offering. (01/09/24)



### 5. New Marketing Strategy Can Add Fuel to Growth

Aritzia is developing its third growth vector -- raising brand awareness -- by incorporating a marketing plan that's primarily focused on digital. The initiative still is in its early stages as the company builds a team and formulates a plan, but some limited paid search in 2H could boost sales, generating a bigger benefit in 2024. Stores and social media postings have been the primary drivers to raising brand awareness.

In our channel checks, an Aritzia stylist of five years said that sales at its Los Angeles flagship climbed when it garnered over 2 billion views on TikTok from customer postings. (10/31/23)

#### Bloomberg Transcript

"We've just started up the digital marketing...the majority of that is to protect and propel our brand and our product franchises and of course overall to drive traffic and conversion...the early indicators...we're performing at industry, if not better than industry, when we are compared to many in our peer set."

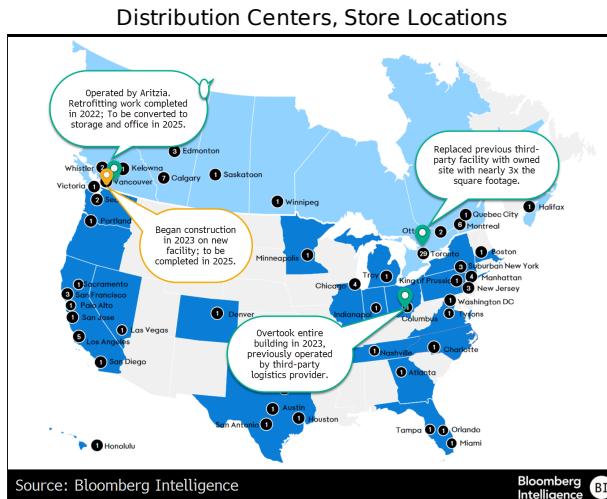
Jennifer Wong - Chief Executive Officer, Aritzia  
2Q Earnings call transcript, May 2, 2024  
Quote located on page 9, click to view entire transcript

### 6. Distribution Network Is Set to Grow

The recent opening of Aritzia's Toronto distribution center is expected to boost operating margin by 125 bps in 2024 once it subleases remaining vacated facilities and since temporary fulfillment functions have ended. Within five weeks of coming online, Toronto is performing at 90% of targeted productivity, with fill rates equal to those of the company's British Columbia center. The 150,000-square-foot structure in BC will be replaced by a 380,000-sq-ft facility nearby, which is set to break ground next year.

The company operates three distribution centers: two in Canada (including the new 550,000-sq-ft Toronto facility) and one in Columbus, Ohio, that will double to 480,000 sq ft once the entire building is taken over later this year. Retrofits made to existing locations also will allow Aritzia to handle additional volume. (10/31/23)

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### Expanding US Footprint

Aritzia's US Boutique Expansion Potential Looms Large (Correct)

Aritzia can triple US sales by 2027 -- boosting revenue by almost C\$700 million, we believe -- as it opens boutiques in new markets and expands existing units. The women's accessible-luxury apparel retailer may add 40-50 US shops to its current 48 and has identified 100 locations. With established peers operating well over 300 stores, growth potential is substantial. (Corrects possible revenue increase.) (11/03/23)

### 7. Adding 33% More Stores by 2025 Could Lift US Sales 51%

Aritzia's US sales may rise at a 20% CAGR through 2025, our analysis shows. It's adding 18 stores to the 54 expected to be opened by the end of 2023, with newer and expanded sites outperforming hurdle rates. The company plans to open 8-10 boutiques and expand 3-5 existing ones each year, doubling the square footage in some cases. Including an anticipated lift in e-commerce sales and, to a lesser extent, from same-store sales, Aritzia can add more than C\$625 million to US revenue over two years.

Stores that opened in 2022 raised digital revenue by as much as 80%. There's opportunity to increase online sales separate from store growth as the Canadian company employs specific e-commerce measures. The digital sales scenario considers gains from new stores, plus recent performance-based marketing and personalization strategies. (01/09/24)

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### US Boutique Expansion Scenario Analysis

(CAD millions)	% of Total	2022	2023	2024 CE	2025 CE	2026 CE	2027 CE
Total Revenues (Actual/CE)		\$2,196	\$2,332	\$2,572	\$2,926	\$3,255	\$3,584
Ebitda (Actual/CE)		\$351	\$217	\$356	\$454	\$547	\$614
Ebitda Margin		16%	9%	14%	16%	17%	17%
Bricks & Mortar	66%	\$1,426	\$1,647				
Digital	34%	\$770	\$785				
US Store Platform		46	51	59	68	77	86
Number of New Stores (Avg Sq Ft = 8,000)		7	5	8	9	9	9
Scenario Sales Added (80% of 1st Year)				\$59	\$70	\$72	\$72
Prior Year(s) Maturation Lift**				\$30	\$30	\$40	\$43
Number of Store Expansions				4*	3	3	3
Scenario Sales Added (70% of Store's Prior Sales)				\$46	\$27	\$27	\$27
Sales Contribution From New Store Openings/Expansions				\$135	\$127	\$139	\$142
Cumulative Sales Lift From New Stores (including maturation cycle)				\$135	\$262	\$401	\$544
Scenario US Same Store Sales				3.8%	3.8%	3.8%	3.8%
US Store Sales Est		\$728	\$814	\$979	\$1,143	\$1,325	\$1,517
Scenario US E-Commerce Sales Growth				25.0%	30.0%	35.0%	37.5%
US E-Commerce Sales		\$393	\$413	\$516	\$671	\$906	\$1,246
Total US Sales		\$1,121	\$1,226	\$1,495	\$1,814	\$2,231	\$2,762
Scenario Same Store Sales				1.5%	2.0%	3.0%	2.0%
Sales From Stores in Canada		\$1,075	\$1,106	\$1,122	\$1,145	\$1,179	\$1,203
Total Revenues		\$2,196	\$2,332	\$2,618	\$2,959	\$3,410	\$3,965
Note:							
**2024 Store Expansions Consider Repositioning to Larger Flagships at Higher Productivity; 2 in NYC and 1 in Chicago.							
**Gradual Incremental Sales Lift; Newer Stores Typically Mature Over Three Years.							

Source: Bloomberg Intelligence

Bloomberg BI

### 8. Boutiques' Draw Begets Strong Economics

Aritzia's stores -- located exclusively in triple-A-rated malls, lifestyle centers and streets -- average 8,000 square feet. They generate C\$8 million in sales in their first year, which we believe can grow to C\$13 million in three. The boutiques feature an array of high-quality, well-designed apparel and draw a broad range of middle- to higher-income female customers. Stores opened over the past year fully covered the initial investment within 12 months -- some in 10, ahead of the company's target of 12-18 months, meaning their economics were better than expected.

Aritzia's new-shop metrics are stronger than Lululemon's two-year payback and C\$1,400 in sales per square foot. (01/09/24)

#### Aritzia New Stores vs. Peers

Aritzia Inc. (ATZ CN)	Lululemon Athletica Inc. (LULU US)	Abercrombie & Fitch (ANF US)
US Store Base 2023	51	367
US Store Sales in 5 Years CE	101	377
Implied CAGR (%)	14.5%	1.6%
2024 Comparable Sales CE	4%	10%
New Store Payback Timeframe	12-18 Mo	2 Years
(CAD millions)	(USD millions)	(USD millions)
Average 1st Year Sales/Store	\$8	
2nd Year Sales/Store Est	\$1,000	
Implied CAGR (%)	10%	10%
Sales/Mature Store	\$13	
Sales Per Sq Ft	\$1,400	
	Sales Per Sq Ft	
	\$1,400	
	Sales Per Sq Ft*	
	\$771	

\*Estimated Figures.  
Article Invests \$3 Million Net for a New Store; Lululemon, \$1 Million.

Source: Bloomberg Intelligence

Bloomberg BI

### 9. Relying on Triple-A Real Estate, at a Discount

With many US apparel retailers closing stores after overbuilding, Aritzia is on track to more than double its number of boutiques in high-traffic, triple-A locations over the next five years -- and still have the ability to double its footprint again. Existing stores are being expanded as well, lifting sales above expectations. Instead of retrenching during the pandemic, Aritzia grabbed the opportunity to secure superior, larger flagship locations in New York (at triple the previous size) and Chicago, along with other locations -- all at reduced costs. The flagships are set to open in 2024. (11/01/23)

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### Bloomberg Transcript

"We are disciplined and patient and do not compromise on our real estate selections. We look for AAA real estate, whether that be in a shopping center, a street or lifestyle center. We choose locations that have high productivity, heavy traffic and top-performing adjacencies. We have a prioritized target list that we go after.... Not a lot of retailers can say this, but all of our stores are profitable.... We're able to negotiate favorable economics and lease conditions as a result of our exquisite boutiques and great sales productivity."

Karen James - Executive vice president for real estate, Aritzia  
Investor day transcript, Oct. 27, 2022

Quote located on page 15, click to view entire transcript

### Sustainability Plays Catch-Up

#### Aritzia's Sustainability Program Needs a Lift to Join Peers

Aritzia's ESG journey, which began in 2017 when it established a baseline for greenhouse gas emissions, will set more targets in 2024 (for GHG and water use) and establish sustainability goals for 2026 and 2027. That includes verifying that 100% of supplier facilities are fair and safe, as well as using 100% sustainable cotton and 45% recycled polyester. (11/02/23)

### 10. Materials Sourcing Comes Under Focus

Aritzia aims to lower suppliers' water consumption by shifting to recycled materials and working with Better Cotton. In 2022, about 32% of its materials were cotton, with 60% of it sourced sustainably: 50% from Better Cotton, 9% from organic and about 1% from recycled. That was a tad below American Eagle (with 62% sustainably sourced cotton) but well ahead of Abercrombie & Fitch (23%). Synthetics (polyester and nylon) accounted for 44% of materials, with 22% of that recycled (19% polyester and 3% nylon). American Eagle uses polyester for only 28% of its fabrics, sourcing 25% of it from recycled fibers.

Aritzia lags behind peers in reducing or eliminating polybags, having only begun a test. But 80% of its retail bags are made from 40% post-consumer waste paper, with handles either 30% recycled or 100% recyclable. (11/02/23)

Aritzia Use of Recycled Materials

	2021		2022	
	% Sustainable	% Recycled	% Sustainable	% Recycled
Nylon	N.A.	1%	N.A.	3%
Cashmere*	60%	1%	60%	1%
Polyester	N.A.	8%	N.A.	19%
Cotton	60%	<1%	60%	<1%
Down**	100%	4%	98%	2%
Wood-Based Cellulosic***	100%	N.A.	100%	N.A.
All Animal-Derived	10%	N.A.	26%	N.A.
All Synthetic Materials	5%	N.A.	9%	N.A.

Note:  
\*44% and 61% of Styles Contained a Lower-Impact Material in 2021 and 2022, respectively.  
\*\*Evaluated through Good Cashmere Standard (GCS)  
\*\*\*Evaluated through Responsible Down Standard (RDS)  
\*\*\*\*Fibers from Non-Endangered or Non-Habitat forests

Bloomberg Intelligence BI

Source: Company Filings, Bloomberg Intelligence

### 11. Emissions Targets to Be Set in 2024

Since it's younger and smaller than peers, Aritzia has also been later to establish some ESG goals. Next year, it aims to set targets to lower Scope 1, 2 and 3 greenhouse gas emissions. American Eagle by 2022 had already cut Scope 1 and 2 emissions by 31% from its 2018 base, and Abercrombie has decreased its emissions by 38%. For reducing water usage, Aritzia expects to create a strategy by 2025. Yet American Eagle saved 13 gallons per pair of jeans in 2022, and

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Abercrombie has cut water use in denim production by 30% since 2019 -- three years ahead of plan.

Aritzia hasn't set diversity and inclusion targets, but said 73% of senior leadership roles and 40% of board seats are held by women. It hasn't reported on race or ethnicity. (11/02/23)

Apparel Sustainability Comparison

	Aritzia Inc. Goal Progress	American Eagle Goal Progress	Abercrombie & Fitch Goal Progress
Greenhouse Gas	Establish GHG Emission Targets by 2024  Submitted Letter of Intent to the Science Based Targets	Reduce Carbon Emissions 40% by 2030  23% Renewable Energy Sources in 2022	Reduce Scope 1, 2 GHG Emissions 47% by 2030  Reduced Scope 1, 2 Emissions 38% in 2022
Sustainable Products	100% In-Scope Higg FEM Verified Fabric Supplier Facilities  97% of Finished-Goods Supplier's Environmental Evaluations	100% Sustainably Sourced Cotton, 50% Polyester by 2028  62% of Cotton was Sustainable in 2022	Source 25% Better Cotton by 2025  Achieved 23% in 2022
Packaging Materials	90% Lower-Impact, Recyclable Materials by 2026  Select Products Transported Without Polybags	Reduce Plastic 30% by 2028  N/A	Undefined  N/A
Waste or Water	Establish Water-Usage Reduction Strategy by 2024  Better Cotton Partnership on Efficient Water Usage	Reduce Water per Jean Production 30% by 2023  13 Gallons Saved Per Pair of Jeans	Reduce Denim Production Water 30% by 2022  30% Reduction in 2019
Diversity & Inclusion	Undefined  40% of Board are Women	Undefined  50% of Board is Diverse by Gender, Ethnicity	Leadership, Board 50+ Directors URC*  66% of Board are Women
	100% Participation in Employee Survey  88% in 2022	49% of Executives are Women  Well-Being, Empowerment Programs for 50,000 Supply Chain Workers	6% as of 2022

Note:  
\* "URC" -- Under Represented Communities

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Source: Bloomberg Intelligence

## Financial Review

### Earnings

#### 12. Aritzia Sales Turn Up on Assortment, Expansion: Earnings Outlook

**Post-3Q Earnings Outlook:** Aritzia's comparable sales may gain in fiscal 4Q, which along with two new store openings and digital ad spending (vs. none in 4Q22), could help the apparel retailer beat consensus and achieve top-line growth near the high end of its guidance (including an extra week). Outerwear sales, led by its Super Puff franchise and wool coats, were up year over year. Gross margin, which fell 180 bps in 3Q, is predicted to be flat to up slightly in 4Q, with about \$15 million in savings from its Smart Spending initiative and more profitable US online sales.

Observed sales rose in December, according to Bloomberg Second Measure, on higher transactions and slightly lower average transaction value. Our channel checks found stores busy on ordinarily slower days (Monday and Tuesday) early in the month. (01/10/24)

#### Highlights From Recent Results:

- 3Q Comparable Sales Up 0.5%, With 4Q Net Revenue Expected to Rise 5-8%, Including 53rd Week, Based on Guidance
- Gross Margin Drops 180 Bps (Less Than 200-Bp Guidance) to 41.5% on Markdowns, Amortization of Pre-Opening Costs for Flagship Boutiques; Partially Offset by Lower Warehousing and Freight Costs
- Inventory Down 21.9%, Expected to Be Optimized by End of Fiscal 2024
- Adjusted EPS Reaches 47 Canadian Cents, Topping Consensus' 41 Cents

#### Additional Resources:

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

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### Long-Term Drivers

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

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**

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**Aritzia Inc**

	2022	2023	2024	2025	2026
<b>Total Revenue</b>					
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

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**Key Financial Metrics**

Total Revenue	1,495	2,196	2,306	2,530	2,961
Consensus			2,300	2,588	2,873
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

### Valuation

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#### Valuation Multiple Subdued

##### Aritzia Multiple Downplays Potential for Growth, Brand Franchise

Aritzia's lease-adjusted enterprise value at 6.3x forward Ebitdar is slightly above the multiples of slower-growing peers Abercrombie and Urban Outfitters and below Lululemon, which boasts a higher margin. But Aritzia's multiple could improve as sales climb, select brands (like the Super Puff) gain traction and Ebitda margin expands. (11/06/23)

#### 14. Fundamentals Can Support Higher Multiple

Aritzia's lease adjusted EV multiple of 6.3x appears low, based on 2024 consensus and the retailer's prospects for midteens sales growth. That's just a small premium to Urban Outfitters (including the Anthropologie and Free People brands) and Abercrombie & Fitch -- top destinations

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for Aritzia customers. It's also above Oxford Industries (Tommy Bahama, Johnny Was), which has lower expected growth (3%) but higher cash conversion (54%). Aritzia's valuation can increase as sales climb and Ebitda margin rises (with a company target at 19% by 2026, and we believe may reach the low 20% range). The multiple at Lululemon, also a top Aritzia customer haunt, trades well higher on strong marquee metrics.

Select Aritzia private brands -- like Super Puff jackets -- appear to be gaining a strong following that add franchise value. (11/06/23)

### Forward Adjusted Enterprise Value

2024 Consensus Estimates (in millions)	Aritzia Inc.	Lululemon Athletica	Urban Outfitters	Abercrombie & Fitch	Oxford Industries	American Eagle
3 Year Forward Sales CAGR	15.8%	12.2%	4.0%	1.9%	3.0%	2.9%
Revenues	\$2,588	\$10,892	\$5,342	\$4,142	\$1,641	\$5,250
Gross Margin	42%	58%	33%	61%	64%	39%
Ebitda	\$385	\$2,875	\$544	\$525	\$286	\$598
Ebitda Margin	15%	26%	10%	13%	17%	11%
% Chg in Margin vs. 2019	+15%	0%	9%	79%	40%	0%
Ebitdar	\$530	\$3,310	\$948	\$931	\$364	\$1,007
Excess Cash Flow Conversion *	37%	42%	36%	36%	54%	46%
Excess Cash Return on Equity **	6%	2%	6%	6%	12%	8%
Debt + PVOL (0.8x****)	\$1,161	\$3,486	\$3,229	\$3,543	\$678	\$3,275
Adj Net Debt Leverage:	1.9x	0.3x	2.8x	2.8x	1.7x	2.7x
Market Capitalization	\$2,370	\$51,059	\$3,241	\$3,188	\$1,342	\$3,616
Adj EV to Forward Ebitdar	6.3x	15.7x	6.2x	6.2x	5.3x	6.3x

\* Excess Cash Flow After Consensus Working Capital Changes Before Dividends Divided by Ebitda.  
\*\* Excess Cash Flow Divided by Equity Market Capital.  
\*\*\* 1.8x 2024 Forward Ebitdar / 2024 EV  
\*\*\*\* 2026 Oxford Industries & American Eagle Outfitters Grown From 2025 Consensus  
\*\*\*\*\* Aritzia Year-End Cash Estimated; Consensus Appears High

Bloomberg Intelligence

Source: Company Filings, Bloomberg Intelligence

### 15. Super Puff Brand's Value Could Top C\$300 Million

The Super Puff brand may have an enterprise value, distinct from Aritzia, that exceeds C\$300 million, or about 1.5x revenue -- just a tad above the multiple at Canada Goose and almost three turns below Moncler, based on our analysis. The assortment features exceptional design and function with prices about a third those of Canada Goose and lower still than Moncler. Outerwear typically boasts higher margins than other apparel, which can support a larger sales multiple.

The Super Puff, which we calculate accounts for 5-10% of Aritzia sales, has been sought by shoppers because of its fashion and fit, array of colors and options, and performance in freezing temperatures. It took off in 2018 when Kendall Jenner sported a bright red Super Puff, and other celebrities have flocked to the jackets. (01/09/24)

### The Super Puff Valuation Scenario

2024 Consensus Estimates (in Millions)							
Aritzia 2024 Revenue Est. (\$CAD)	\$2,588						
Super Puff Mix Est.	7.5%						
Super Puff Revenue Est.	\$194						
Mid EV/Sales	1.5x						
	1.2x	1.3x	1.4x	1.5x	1.6x	1.7x	1.8x
\$ 150	\$180	\$195	\$210	\$225	\$240	\$255	\$270
\$ 160	\$192	\$208	\$224	\$240	\$256	\$272	\$288
\$ 170	\$204	\$221	\$238	\$255	\$272	\$289	\$306
\$ 180	\$216	\$224	\$244	\$270	\$288	\$306	\$324
\$ 190	\$228	\$247	\$266	\$285	\$304	\$323	\$342
\$ 200	\$240	\$260	\$280	\$300	\$320	\$340	\$360
\$ 210	\$252	\$273	\$294	\$315	\$336	\$357	\$378
\$ 220	\$264	\$285	\$308	\$330	\$352	\$374	\$399
\$ 230	\$276	\$299	\$322	\$345	\$368	\$391	\$414
\$ 240	\$288	\$312	\$336	\$360	\$384	\$406	\$430
\$ 250	\$300	\$325	\$350	\$375	\$400	\$425	\$450
	3 Year Forward Sales CAGR	Revenues	EBITDA	EBITDA Margin (%)	EV/SALES	EV/EBITDA	
Canada Goose	16%	\$1,486	\$307	21%	6.1x		
Moncler SpA	9%	€3,252	€1,288	40%	4.2x	12.7x	

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Source: Company Filings, Bloomberg Intelligence

### 16. Ebitda Multiple Tops Many Peers While Stock Trails

Aritzia's enterprise valuation-to-forward Ebitda of 6.2x is above Abercrombie's (5.5x) and Urban Outfitters' (4.9x), but well below Lululemon's (17.4x). The latter's premium is likely due to its

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strong international expansion, comparable sales growth and high Ebitda margin (26% vs. 15% at Aritzia and less at Abercrombie and Urban Outfitters). Aritzia's multiple lead on Abercrombie and Urban Outfitters could grow as its sales increase -- possibly by the midteens -- and its margin rises to its historical high-teens or possibly above 20%.

Aritzia's shares have underperformed peers and the broader market for the past year, falling 59% as the company's rapid sales growth slowed sharply. Abercrombie advanced 260%, Urban Outfitters, 52%, and Lululemon, 27%, while the S&P 500 gained 18%. (11/06/23)

Apparel Brands Forward Relative-Value Analysis



Source: RV <GO>, Bloomberg Intelligence

### 17. Enterprise Multiple Is Half Its Historical Trend

Aritzia's expansion potential in the US and new digital growth drivers could boost its multiple of enterprise value-to-forward Ebitda back toward its historical median above 12x. Its peers' multiples -- at 4.9x-17.4x -- also are below their medians, except for Abercrombie. Aritzia is further than peers from its historical trend. Abercrombie's is 3.3x, Urban Outfitter's, 5.3x, and Lululemon's, 21x. (11/06/23)

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Source: GF <GO>, Bloomberg Intelligence

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