

Bloomberg Intelligence

Aritzia Equity Research



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Aritzia Growth Trends Signal Potential Upside Through 4Q: React

(Bloomberg Intelligence) -- RECENT EVENT REACTION: Aritzia's top-line momentum appears poised to carry through to year-end, likely exceeding consensus and raised guidance for revenue and margin -- before factoring in tariffs. Double-digit comparable sales are driven by boutique expansion, while new stores enter the base and online sales get a boost. Margins are climbing on fewer markdowns and better fixed-cost leverage. (07/10/25)

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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 Styles Win Sales at Higher Margin: Earnings Outlook

Post-1Q Earnings Outlook: Aritzia could surpass 2Q guidance for 19-22% sales growth (vs. analysts' 20.8%) and its profit-margin view, benefiting from store openings over the past year -- including expanded flagship locations, e-commerce gains and strong reception to its fashion offerings. Full-year Ebitda margin guidance of 15.5-16.5%, vs. 14-15% prior and 14.8% in 2024, includes a tariff impact of around 150 bps, partly offset by higher markups, cost controls and reduced China dependence. Goods sourced from China for spring/summer 2026 will constitute about 5% of the total. About 12 new boutiques and five expanded and repositioned stores are planned.

Second quarter-to-date sales show similar momentum to 1Q, with plans to launch its new mobile app and more activations such as collaborations like its Sperry x Aritzia. (07/11/25)

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Highlights From Recent Results:

- 1Q Comparable Sales Rose 19.3%, With Net Revenue of C\$663.3 Million Above Analysts' \$638.8 Million and 2Q Net Revenue Expected to Increase 19-22%, According to Guidance
- Gross Margin Expanded 320 Bps to 47.2%, 20 Bps Ahead of Consensus' 46.1%, on Leveraging Occupancy, Lower Warehousing Costs, Efficiencies
- Inventory Up 3.2%, Better Than Analysts' 13% Rise
- Adjusted EPS Increased to 42 Canadian Cents, Topping Consensus' 39 Cents, Up from 22 Cents in 1Q24

Additional Resources:

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

Chart Book

Company

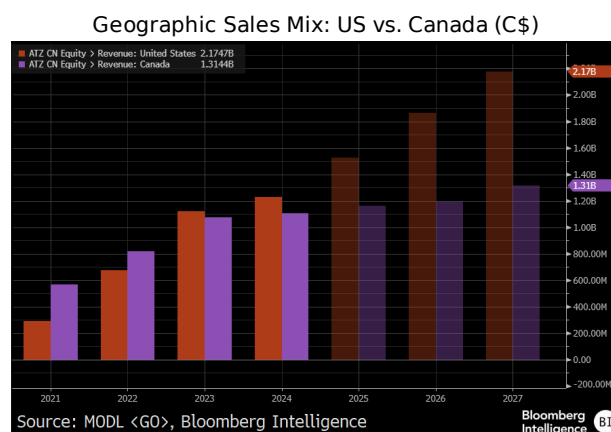
Aritzia Double-Digit Growth Tested by Mounting Tariff Pressure

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)



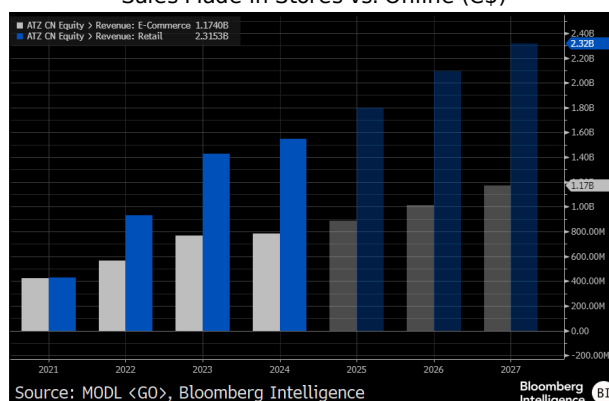
4. E-Commerce Sales Account for 33% of Revenue

(04/29/25)

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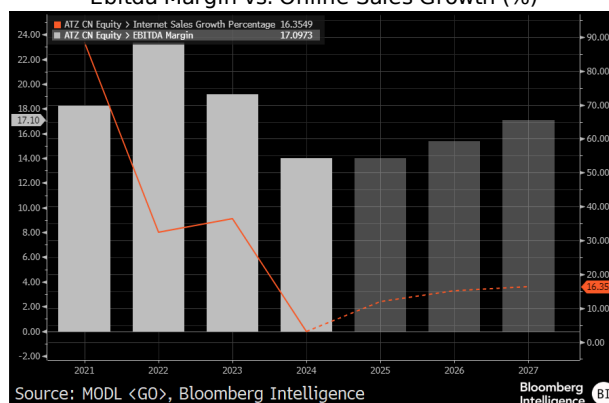
Sales Made in Stores vs. Online (C\$)



5. US Online Growth Drives Higher Margin Before Tariff Wall

(04/29/25)

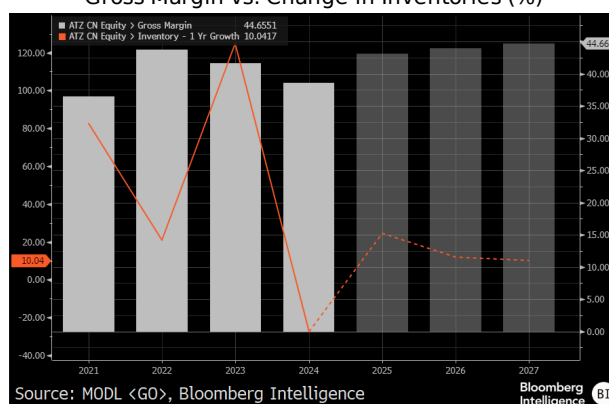
Ebitda Margin vs. Online Sales Growth (%)



6. Higher Inventory Turns Aid Gross Margin

(04/29/25)

Gross Margin vs. Change in Inventories (%)

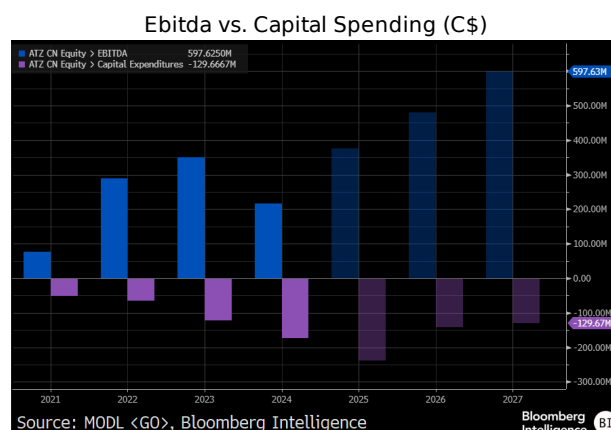


7. Excess Cash Conversion Could Rise as Ebitda Margin Expands

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(04/29/25)



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
SY CAGR Sales Growth	10.7	9.6	2.9	9.5	9.6	7.7	12.4
Family Apparel	1.3	1.1	-3.0	1.7	1.5	0.5	0.5
Women's Apparel	4.2	4.1	-1.6	3.7	3.9	2.8	3.5
American Eagle Outfitters Inc.	4.1	5.6	1.3	6.8	5.6	5.4	4.3
Abercrombie & Fitch Co.	-2.7	-0.7	-2.3	2.2	1.1	3.6	6.4
Aritzia Inc.	18.3	18.1	9.6	17.5	24.2	21.7	22.8
Gap Inc/The	0.5	-0.1	-2.7	1.4	-0.3	-2.1	-1.6
J Jill Inc.	9.1	7.4	-5.4	-1.7	-2.5	-3.1	-2.4
Kontoor Brands Inc.			-7.0	-3.3	-1.4	-1.2	0.5
Levi Strauss & Co.	3.6	3.9	-0.2	4.8	4.7	2.1	2.0
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	3.4	7.1	2.8	5.5	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
Kontour Brands Inc	12.0	12.2	10.9	14.3	13.8	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				12.8	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	6.2	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	6.4	6.1	6.3	5.7	5.3	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
Kontour 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	3.3	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	4.1

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
Kontour Brands Inc	17.1	10.8	88.3	167.9	123.1	74.2	63.7
Levi Strauss & Co	31.8	31.3	-8.9	37.3	31.9	12.6	10.5
Oxford Industries Inc	14.6	13.6	-20.5	28.8	31.2	10.9	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	31.2

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
Kontour 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	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	0.3	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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