

WESTPEAK RESEARCH ASSOCIATION

Lululemon Athletica Inc. (NASDAQ: LULU)

Consumer Cyclical – Apparel Retail

Stretching Without Snapping

February 13th, 2026

Founded in 1998 by Chip Wilson, Lululemon has positioned itself as one of the premium brands in the “athleisure” industry, which integrates performance and fashion. With over 760 stores globally, they continue to redefine athletic apparel through product innovation and international expansion.

Industry Overview

Lululemon (NASDAQ: LULU) currently operates within the global athleisure industry where it makes up approximately 7% of the entire market. Since 2019, the industry has witnessed significant growth driven by a consumer desire for comfort and versatility. The athleisure industry is currently valued at approximately \$360B and is expected to grow at a CAGR of ~9%.

Thesis

While the market remains cautious after a couple of years of weaker performance, it significantly underestimates the rebound ability of Lululemon based on its historic brand resilience and upcoming change in leadership. Despite increased competition from companies like Alo Yoga and Vuori, Lululemon’s strong customer base and international expansion will continue to drive stable revenue growth in the meantime. Once a new CEO has been appointed, it will serve as a catalyst for new strategic ideation and long-term value creation.

Valuation

We initiate a **BUY** rating on Lululemon Athletica Inc. (NASDAQ: LULU) with a target price of \$344.01, representing an implied upside of 62.34%. This was derived from the Perpetuity Growth method and the Exit Multiple method weighted equally at a cumulative 90%, and the EV/2026E EBITDA and P/E 2026E implied prices weighted at a cumulative 10%. This valuation demonstrates the strength of the Lululemon brand and reflects the company’s pricing power, loyal customer base, and consistent international expansion.

Analyst: Austin Ng, BCom. '29
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Equity Research	Canada
Price Target	USD\$ 344.01
Rating	BUY
Share Price (Jan. 13 Close)	USD\$ 211.90
Total Return	62.34%

Key Statistics	
52 Week H/L	\$159.25/\$423.32
Market Capitalization	\$21.94B
Average Daily Trading Volume	\$4.24M
Net Debt	\$726.93M
Enterprise Value	\$22.66B
Net Debt/EBITDA	0.25x
Diluted Shares Outstanding	112M
Free Float	96%
Dividend Yield	N/A

	2026E	2027E	2028E
Revenue	\$11.16B	\$11.89B	\$12.81B
EBITDA	\$3.12B	\$3.31B	\$3.57B
Net Income	\$1.87B	\$1.99B	\$2.15B
EPS	\$14.64	\$14.79	\$14.93
P/E	12.70x	11.91x	11.06x
EV/EBITDA	12.26x	11.57x	10.71x



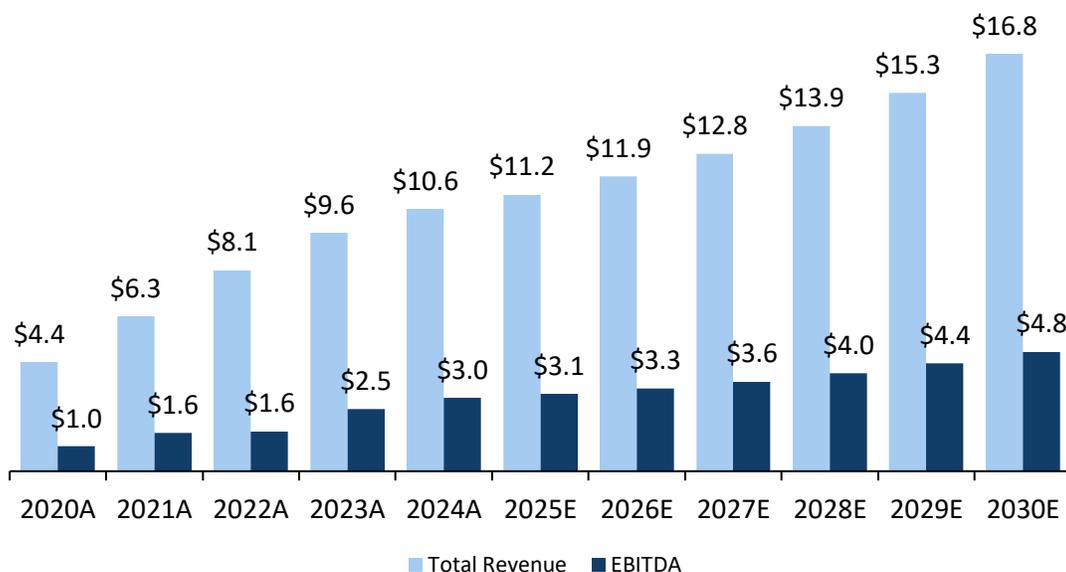
Company Overview

Business Model & Operations

Founded in 1998 in Vancouver, Lululemon has been recognized as one of the most innovative companies by TIME and Forbes for its yoga wear, athletic apparel, and other lifestyle accessories. With 767 stores and approximately 39,000 employees in over 25 countries around the world, Lululemon has established itself as a premium brand, creating high-quality products that promote a healthy lifestyle. Although they were originally known for the development of women's yoga activewear, Lululemon has expanded their products to include male and youth clothing as well. Their business model explores various methods to sell their products to consumers including company-operated stores, e-commerce, temporary locations, outlets, and more. It is important to note that Lululemon does not own any manufacturing facilities; they utilize approximately 45 suppliers from various countries in Asia to provide and supply their products. Given their reliance on international suppliers, Lululemon must also account for the effect that tariffs will have, with an estimated impact of \$240M from FY25.

Revenue Growth

Lululemon has witnessed consistent growth over the last few years which has primarily been driven by their direct-to-consumer (DTC) sales, global expansion, and diversification of products. In FY24, their net revenue increased 10% to \$10.6 billion, gross profit increased 12% to \$6.3B, and income from operations increased 17% to \$2.5B. 63% of their net revenue was generated from women's products, 24% was generated from men's products, and 13% came from their other products. These highlights from the last fiscal year alone demonstrate Lululemon's ability to deliver profitable and balanced growth across their products.



In 2021, Lululemon launched their “Power of Three x2 Growth” 5-year strategy to double the revenue of men’s products to \$12.5B. However, besides this aspect of the strategy, they have other goals like achieving a total net revenue CAGR of 15% by 2026, expanding their operations, and EPS growth overtaking revenue growth. One of the main drivers for this would be through their direct-to-consumer (DTC) sales which represents over 40% of their total sales. By reaching these goals by 2026, Lululemon can continue strengthening their customer engagement, reinforcing its identity as a global leader in the premium activewear market.

Brand Strategy

Lululemon’s brand strategy aims to create a premium brand that stretches beyond their products, rather, they strive to promote living a healthy lifestyle. As opposed to relying on traditional techniques, they have built their brand identity around the symbol of high-performance living. Their focus on long-term growth, international expansion, meaningful social impact, investing in online business, and innovation for the future have allowed them to differentiate themselves from competitors in the industry like Nike, Adidas, and Alo Yoga. In recent years, Lululemon has continued the expansion of their company through new initiatives such as the “Like New” resale program, fitness memberships, and the “Power of Three x2 Growth” strategy.

Industry Analysis

Market Overview

The market for athleisure and activewear has witnessed varying shifts throughout the years, driven by marketing trends, lifestyle changes, and the demand for fashion and functionality. In 2024, the entire market was worth about \$360B globally and is expected to continue expanding at a CAGR from 9.3% to 9.8%, reflecting the growing global demand for products that promote healthy lifestyles. As well, North America accounted for 38.5% of the entire market in 2024, showing that there are consistent sales and profit capabilities for Lululemon to explore.

Various distribution channels have continued to evolve through direct-to-consumer (DTC) and e-commerce platforms. However, it is important to consider various external factors that influence the market such as tariffs. With high U.S. tariffs, apparel retail has taken a significant hit which has led to increased costs for companies, higher prices for consumers, and in some cases, a potential decrease in revenue for companies. While the tariffs affect the market, companies like Lululemon that have many international suppliers will be exposed to these pressures far more than its peers. One way that they can mitigate this issue is through the “China+1” sourcing which diversifies its supply chains to reduce the reliance on China. By taking this approach, they will preserve their growth margins and profitability as much as possible, even during challenging times.

Consumer Trends

Within the last few decades, consumer shifts have constantly changed depending on the latest trends. When it comes to the athleisure and activewear market, there has been a growing demand for products that promote a healthy lifestyle while simultaneously allowing for seamless transitions from a workout to a professional setting. With millennials and Gen Z making up approximately 60% of athleisure sales in North America, it is crucial for companies to appeal directly to one of

their largest customer bases. The consumer market today has begun shifting their focus towards sustainability, brand authenticity, and ethical sourcing, meaning that companies must keep these core values in mind when developing their products.

E-commerce has seen a rise in popularity in the last couple of decades, given the influence that social media and marketing techniques have on a consumer's preferences. In the status quo, e-commerce accounts for nearly 30% of global sportswear sales, demonstrating the importance of digital marketing strategies that companies can employ. By introducing initiatives like the "Like New" resale program, Lululemon can attract customers to uphold sustainability practices while generating revenue from products that they have already created. Consumers in the world today are drawn towards personalized experiences, built upon the foundations of brand loyalty and repeat purchases. Thus, it is crucial for Lululemon to continue engaging with its customers, strengthening its unique brand identity amidst their competitors.

Investment Theses

International Expansion

International expansion has been a key revenue driver for Lululemon, serving as a major catalyst in their yearly earnings. In FY24, China witnessed a 36% YoY growth, while the Americas only witnessed a 4% YoY growth. With Lululemon operating over 760 stores globally, China currently has over 200 stores in Mainland China, growing from 99 stores in 2022. The significant expansion shows the strong consumer demand and the ability for the brand to continue expanding internationally, generating a runway for them to continue this pattern. Consumers in China have demonstrated the willingness to pay for premium brands like Lululemon, allowing them to generate strong revenue margins despite the strong macroeconomic headwinds. International revenue now accounts for 25% of total revenue; if they continue this pattern, it could eventually account for over 40% of their total revenue, driving long-term growth.

As of right now, the market is disregarding the potential for China's growth due to strong macroeconomic headwinds and uncertainty with tariffs. Because the company is known to be more prevalent in North America, the market has underestimated the international capabilities that Lululemon possesses. The market in Asia remains undersaturated which supports premium pricing. Consumers in Asia have continuously demonstrated the willingness to pay for premium prices without sacrificing margins as opposed to North America where the market has started to become oversaturated with competitors such as Alo Yoga and Vuori creating pressure on Lululemon. Thus, as the international market continues to contribute to the annual earnings, this creates a high upside as opposed to current valuation assumptions.

Leadership Changes

As of January 1st, 2026, current CEO of Lululemon, Calvin McDonald, has stepped down and CFO Meghan Frank and COO André Maestrini are serving as the interim co-CEOs in the meantime. While many of Lululemon's competitors like Under Armour have gone through similar leadership changes, Lululemon's strong internal planning and activist oversight make their situation unique. With activist investor Elliott Management building more than a \$1B stake in the company, they have advocated for previous Ralph Lauren CEO Jane Nielsen to take over the company. Nielsen brings a plethora of experience which differs from Under Armour's situation where they have made multiple executive changes within the last 6 years

which has hindered the company more than it has helped. Historical cases suggest that leadership changes at an executive level can take a longer period to translate into stock improvement. When Nielsen originally took over Ralph Lauren in 2016, the average stock price was approximately \$81.06 until 2024 where the average stock price doubled to approximately \$177.35 with an increase of 62.85% in comparison to the previous year. Despite the slightly longer time frame, with enough patience and time, Lululemon has a strong chance of witnessing similar stock growth. In the meantime, their international expansions and growth in men's apparel will drive most of their revenue.

Valuation

Discounted Cash Flow Analysis

After the COVID-19 pandemic, revenue has begun to normalize, and we forecast Lululemon to reaccelerate its growth that is primarily driven through international expansion, men's apparel, and their premium brand loyalty. We applied a WACC of 9.7%, derived from a cost of equity reflecting a risk-free rate of 4.26%, an expected market return of 10.71%, and a levered beta of 0.97x. We used a perpetuity growth rate of 2% and a 7.0x EV/EBITDA exit multiple from the comparable companies analysis, reflecting Lululemon's status as a mature and stable company. Our DCF implies an equity value of \$37.92B, or \$337.97 per share, based on the perpetuity growth rate method. As well, the exit multiple method implies a price of \$352.62. Both methods illustrate high upside and reinforce our positive outlook on the stock.

Comparable Companies Analysis

The selected comparable companies were Abercrombie & Fitch (NYSE: ANF), Nike Inc. (NYSE: NKE), Adidas AG (ETR: ADS), Under Armour Inc. (NYSE: UAA), and Gap Inc. (NYSE: GAP). Each of these companies operates in the athleisure industry, making them strong competitors of Lululemon. It is important to note that one key competitor that was not included in this analysis was Alo Yoga, as they are not publicly traded; however, their products are directly in competition with many of Lululemon's yoga apparel. Regardless, the rest of the companies are still comparable with Lululemon, seeing as many of their products are directly in competition with one another.

These companies have market caps ranging from \$2.65B (UAA) to \$96.21B (NKE), with Lululemon being in this range, having a market cap of \$24.96B (LULU). Based on the EV/EBITDA, we can determine that the share price is \$312.76; based on the P/E implied price, the share price was determined to be \$352.13. The estimated mean P/E ratio was 20.50x, while Lululemon's was 12.70x, meaning that investors are currently expecting slower future growth. However, as established in the investment thesis, we expect this to pick back up after a few years once the new CEO is appointed.

Catalysts

Proxy Fights

Although it is evident that the North American market may be oversaturated, Lululemon has historically generated significant free cash flow to engage in large share repurchases to temporarily sustain the stock while it undergoes leadership changes. Most recently, founder Chip Wilson launched a proxy fight against the Lululemon Board by personally nominating

three people to the board amidst current issues regarding the quality of high-profile leggings being “see-through”. This proxy fight encourages proper damage control to be done to ensure that the quality of the products that Lululemon is producing is aligned with their historic success. Additionally, the \$1B USD stake that Elliott Management has built within the company has the potential to launch a secondary proxy fight towards specific initiatives like improvements to the supply chain and optimizing costs which could be beneficial in the long run. Regardless, the biggest reason for changing the leadership is to bring in a fresh set of creative minds to position the business for long-term value creation.

Risks

Leadership Uncertainty

For Lululemon, deciding the next CEO is a crucial decision, given the scrutiny that the company is under for their poor performances within the last couple of years. If Nielsen is not appointed as the CEO, there could be backlash from investors like Elliott Management. As well, it is important to note that the new CEO may not decide to prioritize the international expansion in China and could focus on revamping the products themselves. Regardless of the decision, the new cost improvements that may or may not occur could be put on hold which means that short-term margins will decrease. Regardless, the current international expansion, especially in China, along with the strength of the men’s apparel will drive the majority of Lululemon’s growth in the status quo. Long-term growth may take a few more years than our initial projections, making Lululemon a long-term investment.

Heightened Competitive Landscape

Within the last few years, Lululemon has witnessed a decline in their market shares for a variety of reasons, including competitors like Alo Yoga, Abercrombie, and Vuori that are gaining significant traction. While Alo Yoga’s success can be attributed to their new designs and promotional campaigns that have attracted customers, Lululemon’s struggles are a result of its products becoming “too predictable” as expressed by former CEO Calvin McDonald. Lululemon has continued to witness strong international growth, especially in China (36% YoY growth), despite struggles in the US (4% YoY growth) due to macroeconomic headwinds and tariffs. However, growth in China and Europe in the athleisure industry has become more of a standard instead of a competitive edge. While the revenue generated in China may continue to rise, its growth rates will decline inevitably and without innovative products, profitability will decrease. As well, with the company being based in North America, international expansion will face significant obstacles with rising tariffs, strong macroeconomic headwinds, and increased geopolitical risk. Lululemon possesses a diversified global supply chain which creates flexibility when it comes to shifting higher costs to consumers. However, with a strong reliance on international manufacturing, they would still be subject to the effects of tariffs.

During the COVID-19 pandemic, Lululemon witnessed a 40% increase in revenue that was driven by a consumer shift towards athleisure and a home workout trend. While they were able to maximize their revenues during this time, they have underperformed in the subsequent years which has caused the market to be skeptical of Lululemon’s ability to reaccelerate its growth and regrow their market presence. Competitors like Alo have closed the gap through technology and production cycles, creating further pressure on Lululemon’s market positioning. Nevertheless, the arrival of the new CEO and continued

international expansion will further Lululemon's growth but one will need to exercise patience before Lululemon's expected growth in the future.

Recommendation

BUY

We recommend a **BUY** on Lululemon (NASDAQ: LULU), with a target price of \$344.01 and a total return of 62.34%. The premium brand loyalty and continued international expansion have placed Lululemon in a prime position to increase its revenue growth following major leadership changes.

Our target price was derived from a weighted average of the following valuation methods:

- 45% weighting on the Perpetuity Growth DCF method, projecting a share price of \$337.97
- 45% weighting on the Exit Multiple method, projecting a share price of \$352.62
- 5% weighting on the EV/EBITDA Implied Price method, projecting a share price of \$312.76
- 5% weighting on the P/E Implied Price method, projecting a share price of \$352.13

The DCF with perpetuity growth method and exit multiple method was weighted a cumulative 90% because of Lululemon's historical capabilities of generating consistent cash flow. The EV/EBITDA and P/E implied price method were weighted a cumulative 10% because of the potential impact that the leadership change will bring in the upcoming years.



Appendix 1: Discounted Cash Flow

Discounted Cash Flow Analysis																																																																																							
Discount Rate Calculation																																																																																							
<i>All Figures in mm USD</i>																																																																																							
Cost of Equity																																																																																							
Risk-free Rate	4.3%																																																																																						
Expected Market Return	10.7%																																																																																						
Market Risk Premium	6.4%																																																																																						
Levered Beta	1.0x																																																																																						
Cost of Equity	10.5%																																																																																						
Cost of Debt																																																																																							
Pre-tax Cost of Debt	2.4%																																																																																						
Effective Tax Rate	29.0%																																																																																						
Cost of Debt	1.7%																																																																																						
WACC																																																																																							
Market Value of Equity	24,570																																																																																						
Market Value of Debt	2,420																																																																																						
Total Capitalization	27																																																																																						
Cost of Equity	10.5%																																																																																						
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	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E																																																																												
EBIT	820	1,333	1,318	2,133	2,506	2,675	2,851	3,071	3,339	3,660	4,038																																																																												
Less: Tax Expense	(230)	(359)	(478)	(626)	(761)	(802)	(855)	(921)	(1,002)	(1,098)	(1,211)																																																																												
Add: Depreciation and Amortization	185	224	292	379	447	447	492	546	612	691	784																																																																												
Less: Capital Expenditures	(229)	(395)	(639)	(652)	(689)	(729)	(777)	(837)	(910)	(997)	(1,100)																																																																												
Less: Change in Net Working Capital	-	(85)	(655)	391	(167)	36	(64)	(56)	(69)	(83)	(97)																																																																												
Unlevered Free Cash Flow	546	720	(161)	1,626	1,334	1,626	1,667	1,803	1,971	2,173	2,414																																																																												
Discount Factor							0.91	0.91	0.91	0.91	0.91																																																																												
Present Value of Unlevered Free Cash Flow							1,519	1,644	1,796	1,980	2,200																																																																												
Valuation																																																																																							
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PV Sum of UFCF	9,140																																																																																						
Terminal Value	29,129																																																																																						
Enterprise Value	38,268																																																																																						
Add: Cash	2,069																																																																																						
Less: Debt	(2,420)																																																																																						
Less: Other EV Adjustments	-																																																																																						
Equity Value	37,917																																																																																						
Shares Outstanding	112																																																																																						
Implied Share Price	337.97																																																																																						
Current Share Price	211.90																																																																																						
Total Return	59.5%																																																																																						
Exit Multiple Method	7.0x																																																																																						
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<table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="5">WACC</th> </tr> <tr> <th colspan="2"></th> <th>6.5%</th> <th>7.5%</th> <th>8.5%</th> <th>9.5%</th> <th>10.5%</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Perpetuity Growth Rate</td> <td>1.0%</td> <td>449.82</td> <td>389.59</td> <td>345.21</td> <td>311.12</td> <td>284.08</td> </tr> <tr> <td>1.5%</td> <td>488.53</td> <td>416.93</td> <td>365.55</td> <td>326.84</td> <td>296.59</td> </tr> <tr> <td>2.0%</td> <td>535.80</td> <td>449.22</td> <td>389.00</td> <td>344.64</td> <td>310.56</td> </tr> <tr> <td>2.5%</td> <td>594.81</td> <td>487.94</td> <td>416.35</td> <td>364.98</td> <td>326.28</td> </tr> <tr> <td>3.0%</td> <td>670.55</td> <td>535.21</td> <td>448.64</td> <td>388.43</td> <td>344.08</td> </tr> <tr> <td rowspan="5">Exit Multiple (EV / EBITDA)</td> <td>9.0x</td> <td>443.94</td> <td>439.78</td> <td>435.70</td> <td>431.69</td> <td>427.76</td> </tr> <tr> <td>8.0x</td> <td>403.59</td> <td>399.80</td> <td>396.09</td> <td>392.45</td> <td>388.87</td> </tr> <tr> <td>7.0x</td> <td>363.23</td> <td>359.83</td> <td>356.48</td> <td>353.20</td> <td>349.98</td> </tr> <tr> <td>6.0x</td> <td>322.88</td> <td>319.85</td> <td>316.87</td> <td>313.95</td> <td>311.08</td> </tr> <tr> <td>5.0x</td> <td>282.53</td> <td>279.87</td> <td>277.26</td> <td>274.70</td> <td>272.19</td> </tr> </tbody> </table>														WACC							6.5%	7.5%	8.5%	9.5%	10.5%	Perpetuity Growth Rate	1.0%	449.82	389.59	345.21	311.12	284.08	1.5%	488.53	416.93	365.55	326.84	296.59	2.0%	535.80	449.22	389.00	344.64	310.56	2.5%	594.81	487.94	416.35	364.98	326.28	3.0%	670.55	535.21	448.64	388.43	344.08	Exit Multiple (EV / EBITDA)	9.0x	443.94	439.78	435.70	431.69	427.76	8.0x	403.59	399.80	396.09	392.45	388.87	7.0x	363.23	359.83	356.48	353.20	349.98	6.0x	322.88	319.85	316.87	313.95	311.08	5.0x	282.53	279.87	277.26	274.70	272.19
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Appendix 2: Comparable Companies Analysis

Comparable Company Analysis									
All Figures in mm USD									
Company	Ticker	Balance Sheet Data		EV / EBITDA			Price / Earnings		
		Equity Value	Enterprise Value	2026E EV/EBITDA	2027E EV/EBITDA	2028E EV/EBITDA	2026E P/E	2027E P/E	2028E P/E
Nike Inc.	(NYSE: NKE)	97,542	98,039	13.40x	12.89x	12.51x	30.36x	29.19x	28.34x
Adidas AG	(ETR: ADS)	33,659	31,646	11.05x	10.73x	10.42x	38.31x	37.20x	36.11x
Gap Inc.	(NYSE: GAP)	10,234	13,374	8.36x	8.04x	7.80x	12.11x	11.54x	11.09x
Abercrombie & Fitch	(NYSE: ANF)	5,318	5,497	6.47x	6.22x	6.04x	9.39x	8.94x	8.60x
Under Armour Inc.	(NYSE: UAA)	2,507	2,601	15.99x	15.67x	15.37x	12.34x	12.10x	11.98x
Lululemon	(NASDAQ: LULU)	37,917	38,268	12.26x	11.57x	10.71x	12.70x	11.91x	11.06x
High		97,542	98,039	15.99x	15.67x	15.37x	38.31x	37.20x	36.11x
75th Percentile		65,601	64,843	14.70x	14.28x	13.94x	34.33x	33.19x	32.23x
Median		10,234	13,374	11.05x	10.73x	10.42x	12.34x	12.10x	11.98x
Mean		29,852	30,231	11.05x	10.71x	10.43x	20.50x	19.79x	19.22x
25th Percentile		3,912	4,049	7.41x	7.13x	6.92x	10.75x	10.24x	9.85x
Low		2,507	2,601	6.47x	6.22x	6.04x	9.39x	8.94x	8.60x
				EV / EBITDA Implied Price		P / E Implied Price			
High				\$459.11	\$450.05	\$661.75	\$642.48		
75th Percentile				\$418.06	\$407.99	\$590.52	\$573.32		
Median				\$313.42	\$304.20	\$215.24	\$213.11		
Mean				\$312.76	\$304.44	\$352.13	\$342.02		
75th Percentile				\$207.13	\$201.00	\$182.18	\$175.17		
Low				\$180.35	\$175.00	\$159.11	\$152.99		

Appendix 3: Operating Model

Operating Model											
All Figures in mm USD											
	31-Jan-21	30-Jan-22	29-Jan-23	28-Jan-24	02-Feb-25	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
x	Model Drivers - Revenue Growth										
Revenue Growth											
Americas		40.3%	28.6%	11.9%	3.9%	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%
People's Republic of China		74.8%	31.0%	66.5%	35.8%	25.0%	24.0%	23.0%	22.0%	21.0%	20.0%
Rest of World		33.7%	40.1%	39.6%	31.1%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Total Revenue Growth, %		42.2%	29.6%	18.6%	10.1%	5.4%	6.6%	7.7%	8.7%	9.6%	10.3%
x	Margin Analysis										
Gross Margin											
Total Gross Margin, % of Revenue		56.0%	57.7%	55.4%	58.3%	59.2%	59.0%	59.0%	59.0%	59.0%	59.0%
SG&A % Revenue											
Total SG&A, as a % of Revenue		36.6%	35.6%	34.0%	35.3%	35.5%	35.0%	35.0%	35.0%	35.0%	35.0%

Appendix 4: Income Statement

Income Statement											
Revenue	4,402	6,257	8,111	9,619	10,588	11,156	11,892	12,809	13,925	15,261	16,838
Cost of Goods Sold	(1,938)	(2,648)	(3,618)	(4,010)	(4,317)	(4,574)	(4,876)	(5,252)	(5,709)	(6,257)	(6,903)
Gross Profit	2,464	3,609	4,492	5,609	6,271	6,582	7,016	7,557	8,216	9,004	9,934
Amortization	(5)	(9)	(9)	(5)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
SG&A	(1,609)	(2,225)	(2,757)	(3,397)	(3,762)	(3,905)	(4,162)	(4,483)	(4,874)	(5,341)	(5,893)
Impairment of goodwill and other assets	-	-	(408)	(75)	-	-	-	-	-	-	-
Acquisition-related expenses	(30)	(41)	-	-	-	-	-	-	-	-	-
Operating Profit	820	1,333	1,318	2,133	2,506	2,675	2,851	3,071	3,339	3,660	4,038
Gain on disposal of assets	-	-	10	-	-	-	-	-	-	-	-
Other Income (Expense), net	(1)	1	4	43	70	-	-	-	-	-	-
Tax Expense	(230)	(359)	(478)	(626)	(761)	(802)	(855)	(921)	(1,002)	(1,098)	(1,211)
Net Income	589	975	855	1,550	1,815	1,872	1,996	2,150	2,338	2,562	2,827
Tax Rate	28.1%	26.9%	35.9%	28.8%	29.6%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%

Appendix 5: Balance Sheet

Balance Sheet											
Assets											
Cash	1,151	1,260	1,155	2,244	1,984	2,069	2,200	2,475	2,927	3,592	4,512
Inventory	647	966	1,447	1,324	1,442	1,491	1,590	1,712	1,861	2,040	2,251
Accounts Receivable	62	77	133	125	120	137	146	157	171	187	206
Prepaid and receivable income taxes	139	119	186	184	182	176	171	165	160	153	145
Prepaid Expenses	125	193	239	185	251	294	313	337	366	402	443
Total Current Assets	2,124	2,615	3,159	4,061	3,980	4,166	4,418	4,846	5,485	6,374	7,557
Property, Plant and Equipment	746	928	1,270	1,546	1,781	2,063	2,348	2,639	2,936	3,243	3,559
Right-of-use lease assets	735	804	969	1,266	1,416	1,416	1,416	1,416	1,416	1,416	1,416
Goodwill	387	387	24	24	160	160	160	160	160	160	160
Intangible assets, net	80	71	22	-	12	12	12	12	12	12	12
Deferred income tax assets	7	6	6	9	17	17	17	17	17	17	17
Other non-current assets	107	132	156	187	238	238	238	238	238	238	238
Total Assets	4,185	4,942	5,607	7,092	7,603	8,072	8,609	9,327	10,264	11,459	12,958
Liabilities											
Accounts Payable	172	290	173	348	271	329	351	378	411	450	497
Accrued liabilities and other	227	331	399	349	559	527	562	605	658	721	795
Accrued compensation and related expenses	130	205	248	326	205	317	338	364	396	434	479
Current lease liabilities	166	189	208	249	275	275	275	275	275	275	275
Current income taxes payable	8	134	174	12	183	183	183	183	183	183	183
Unredeemed gift card liability	156	208	251	306	308	308	308	308	308	308	308
Other current liabilities	24	49	38	40	38	38	38	38	38	38	38
Current Liabilities	883	1,405	1,492	1,631	1,840	1,978	2,055	2,151	2,269	2,409	2,575
Non-current lease liabilities	633	692	862	1,154	1,301	1,301	1,301	1,301	1,301	1,301	1,301
Non-current income taxes payable	43	38	29	16	-	-	-	-	-	-	-
Deferred income tax liabilities	59	53	55	30	98	98	98	98	98	98	98
Other non-current liabilities	9	14	20	29	41	41	41	41	41	41	41
Total Liabilities	1,627	2,202	2,458	2,860	3,279	3,417	3,495	3,591	3,708	3,849	4,015
Shareholders Equity											
Common Stock	1	1	1	1	1	1	1	1	1	1	1
Additional paid-in capital	389	423	475	575	638	733	834	943	1,061	1,191	1,334
Retained earnings	2,346	2,513	2,926	3,920	4,110	4,345	4,704	5,217	5,918	6,843	8,033
Accumulated other comprehensive loss	(177)	(196)	(253)	(264)	(424)	(424)	(424)	(424)	(424)	(424)	(424)
Total Equity	2,559	2,740	3,149	4,232	4,324	4,654	5,114	5,736	6,556	7,610	8,943

Appendix 6: Cash Flow Statement

x Cash Flow Statement											
Cash from Operating Activities											
Net Income	589	975	855	1,550	1,815	1,872	1,996	2,150	2,338	2,562	2,827
Depreciation and amortization	185	224	292	379	447	447	492	546	612	691	784
Lululemon Studio obsolescence provision	-	-	63	24	-	-	-	-	-	-	-
Impairment of goodwill and other assets, restructuring costs	-	-	408	75	-	-	-	-	-	-	-
Gain on disposal of assets	-	-	(10)	-	-	-	-	-	-	-	-
Stock-based compensation expense	51	69	78	94	90	95	101	109	118	130	143
Derecognition of unredeemed gift card liability	(14)	(19)	(23)	(29)	(36)	-	-	-	-	-	-
Settlement of derivatives not designated in a hedging relationship	4	15	(39)	33	(48)	-	-	-	-	-	-
Deferred income taxes	35	(5)	3	(28)	57	-	-	-	-	-	-
Accounts receivable	-	-	(59)	7	2	(17)	(9)	(11)	(14)	(16)	(19)
Inventories	(97)	(324)	(573)	67	(156)	(49)	(98)	(123)	(149)	(179)	(211)
Prepaid and receivable income taxes	(54)	20	(67)	2	(2)	6	5	5	6	7	8
Prepaid expenses and other current assets	(71)	(82)	(55)	41	(72)	(42)	(19)	(24)	(29)	(35)	(41)
Other non-current assets	(49)	(18)	(37)	(53)	(73)	-	-	-	-	-	-
Accounts payable	83	118	(107)	177	(57)	58	22	27	33	39	47
Accrued liabilities and other	99	104	65	(72)	193	(32)	35	43	53	63	74
Accrued compensation and related expense	(7)	75	47	70	(112)	113	21	26	32	38	45
Current and non-current income taxes payable	(24)	121	36	(173)	157	-	-	-	-	-	-
Unredeemed gift card liability	48	71	68	84	42	-	-	-	-	-	-
Right-of-use lease assets and current and non-current lease liabilities	13	13	24	38	24	-	-	-	-	-	-
Other current and non-current liabilities	11	30	(3)	12	2	-	-	-	-	-	-
CFO	803	1,389	966	2,296	2,273	2,450	2,545	2,749	2,999	3,300	3,657
Cash from Investing Activities											
Purchase of P&E	(229)	(395)	(639)	(652)	(689)	(729)	(777)	(837)	(910)	(997)	(1,100)
Settlement of net investment hedges	(15)	(23)	48	(2)	50	-	-	-	-	-	-
Acquisition, net of cash acquired	(453)	-	-	-	(154)	-	-	-	-	-	-
Other investing activities	1	(10)	21	(1)	(5)	-	-	-	-	-	-
CFI	(696)	(428)	(570)	(654)	(798)	(729)	(777)	(837)	(910)	(997)	(1,100)
Cash from Financing Activities											
Proceeds from settlement of stock-based compensation	15	18	12	42	20	-	-	-	-	-	-
Taxes paid related to net share settlement of stock-based compensation	(32)	(50)	(35)	(33)	(35)	-	-	-	-	-	-
Repurchase of common stock	(64)	(813)	(444)	(559)	(1,637)	(1,637)	(1,637)	(1,637)	(1,637)	(1,637)	(1,637)
Other financing activities	-	(1)	(0)	(0)	(0)	-	-	-	-	-	-
CFF	(81)	(845)	(467)	(549)	(1,653)	(1,637)	(1,637)	(1,637)	(1,637)	(1,637)	(1,637)
Effect of foreign currency exchange rate changes on cash and cash equivalents	30	(7)	(34)	(4)	(82)	-	-	-	-	-	-
Total Cash Flow	57	109	(105)	1,089	(260)	84	131	275	452	666	920
Starting Cash Balance	1,094	1,151	1,260	1,155	2,244	1,984	2,069	2,200	2,475	2,927	3,592
Ending Cash Balance	1,151	1,260	1,155	2,244	1,984	2,069	2,200	2,475	2,927	3,592	4,512

Appendix 7: PP&E Schedule

x PP&E Schedule											
Property, Plant & Equipment											
Starting Property, Plant & Equipment	1,436	746	928	1,270	1,546	1,781	2,063	2,348	2,639	2,936	3,243
Capex	229	395	639	652	689	729	777	837	910	997	1,100
Depreciation	(185)	(224)	(292)	(379)	(447)	(447)	(492)	(546)	(612)	(691)	(784)
PPE Plug	(1)	0	(0)	0	(0)	-	-	-	-	-	-
Ending Property, Plant & Equipment	746	928	1,270	1,546	1,781	2,063	2,348	2,639	2,936	3,243	3,559
Capex as a % of Revenue	5.2%	6.3%	7.9%	6.8%	6.5%						
D&A as a % of Capex	80.9%	56.8%	45.7%	58.2%	64.8%	61.3%	63.3%	65.3%	67.3%	69.3%	71.3%

Appendix 8: Shareholder Equity Schedule

x Shareholder Equity Schedule											
Retained Earnings											
Starting Retained Earnings	2,346	2,346	2,513	2,926	3,920	4,110	4,345	4,704	5,217	5,918	6,843
Net Income	589	975	855	1,550	1,815	1,872	1,996	2,150	2,338	2,562	2,827
Share Repurchases	(64)	(813)	(444)	(559)	(1,637)	(1,637)	(1,637)	(1,637)	(1,637)	(1,637)	(1,637)
Retained Earnings Plug	(525)	4	2	3	12	-	-	-	-	-	-
Ending Retained Earnings	2,346	2,513	2,926	3,920	4,110	4,345	4,704	5,217	5,918	6,843	8,033
APIC											
Starting APIC	-	389	423	475	575	638	733	834	943	1,061	1,191
(+) SBC	51	69	78	94	90	95	101	109	118	130	143
(+/-) APIC Plug	-	(35)	(26)	7	(27)	-	-	-	-	-	-
Ending APIC	389	423	475	575	638	733	834	943	1,061	1,191	1,334
Margin											
Revenue Growth	-	42.2%	29.6%	18.6%	10.1%	5.4%	6.6%	7.7%	8.7%	9.6%	10.3%

Appendix 9: Working Capital Schedule

Working Capital Schedule											
Accounts Receivable											
BOP Balance	62	77	133	125	120	137	146	157	171	187	187
Increases/(Decreases)	15	56	(8)	(5)	17	9	11	14	16	19	19
EOP Balance	62	77	133	125	120	137	146	157	171	187	206
Days Sales Outstanding	4.1 Days	4.7 Days	4.9 Days	4.2 Days	4.5 Days						
Accounts Payable											
BOP Balance	172	290	173	348	271	329	351	378	411	450	450
Increases/(Decreases)	172	117	(117)	176	58	22	27	33	39	47	47
EOP Balance	172	290	173	348	329	351	378	411	450	497	497
Days Payables Outstanding	31.8 Days	23.3 Days	23.7 Days	26.2 Days	26.3 Days						
Inventory											
BOP Balance	647	966	1,447	1,324	1,442	1,491	1,590	1,712	1,861	2,040	2,040
Increases/(Decreases)	647	319	(124)	118	49	98	123	149	179	211	211
EOP Balance	647	966	1,447	1,324	1,491	1,590	1,712	1,861	2,040	2,251	2,251
Days Inventory Outstanding	111.2 Days	121.8 Days	126.1 Days	116.9 Days	119.0 Days						
Prepaid and receivable income taxes											
BOP Balance	139	119	186	184	182	176	171	165	160	153	153
Increases/(Decreases)	139	(20)	(2)	(1)	(6)	(5)	(5)	(6)	(7)	(8)	(8)
EOP Balance	139	119	186	184	176	171	165	160	153	145	145
% of Tax Expenses	60.4%	33.2%	38.9%	29.4%	21.9%	19.9%	17.9%	15.9%	13.9%	11.9%	11.9%
Prepaid Expenses											
BOP Balance	125	193	239	185	251	313	337	366	402	443	443
Increases/(Decreases)	125	67	(54)	67	42	19	24	29	35	41	41
EOP Balance	125	193	239	185	251	313	337	366	402	443	443
% of Revenue	2.8%	3.1%	2.9%	1.9%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Accrued Liabilities and Other											
BOP Balance	227	331	399	349	559	527	562	605	658	721	721
Increases/(Decreases)	227	104	(51)	211	(32)	35	43	53	63	74	74
EOP Balance	227	331	399	349	527	562	605	658	721	795	795
% of COGS + SG&A	6.4%	6.8%	6.3%	4.7%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Accrued Compensation and Related Expenses											
BOP Balance	130	205	248	326	205	317	338	364	396	434	434
Increases/(Decreases)	130	75	78	(122)	113	21	26	32	38	45	45
EOP Balance	130	205	248	326	317	338	364	396	434	479	479
% of COGS + SG&A	3.7%	4.2%	3.9%	4.4%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Memo											
Revenue	4,402	6,257	8,111	9,619	10,588	11,156	11,892	12,809	13,925	15,261	16,838
COGS	1,938	2,648	3,618	4,010	4,317	4,574	4,876	5,252	5,709	6,257	6,903
SG&A	1,609	2,225	2,757	3,397	3,762	3,905	4,162	4,483	4,874	5,341	5,893
Tax Expenses	230	359	478	626	761	802	855	921	1,002	1,098	1,211

Appendix 10: Revenue Build Schedule

Revenue Build Schedule											
	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
All Figures in mm USD	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Revenue Build											
Net Revenue by Geography											
United States	3,105	4,346	5,654	6,346	6,483	6,548	6,679	6,879	7,155	7,512	7,963
% growth		40%	30%	12%	2%	1%	2%	3%	4%	5%	6%
Canada	673	954	1,163	1,285	1,412	1,426	1,454	1,498	1,558	1,636	1,734
% growth		42%	22%	11%	10%	1%	2%	3%	4%	5%	6%
Mexico	-	-	-	-	33	37	40	44	49	54	59
% growth					10%	10%	10%	10%	10%	10%	10%
Americas	3,778	5,301	6,818	7,632	7,928	8,010	8,174	8,422	8,761	9,202	9,756
% growth		40%	29%	12%	4%	1%	2%	3%	4%	5%	6%
China Mainland	-	-	577	964	1,361	1,702	2,110	2,595	3,166	3,831	4,598
% growth			67%	41%	25%	25%	24%	23%	22%	21%	20%
Hong Kong SAR, Taiwan, and Macau SAR	-	-	105	171	180	225	279	343	419	507	608
% growth			62%	6%	25%	24%	23%	22%	21%	20%	
People's Republic of China	298	520	682	1,135	1,542	1,927	2,389	2,939	3,585	4,338	5,206
% growth		75%	31%	67%	36%	25%	24%	23%	22%	21%	20%
Rest of world	326	436	611	853	1,119	1,219	1,329	1,449	1,579	1,721	1,876
% growth		34%	40%	40%	31%	9%	9%	9%	9%	9%	9%
Total revenue	4,402	6,257	8,111	9,620	10,589	11,156	11,892	12,809	13,925	15,261	16,838
% growth		42.2%	29.6%	18.6%	10.1%	5.4%	6.6%	7.7%	8.7%	9.6%	10.3%

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