lululemon athletica inc.

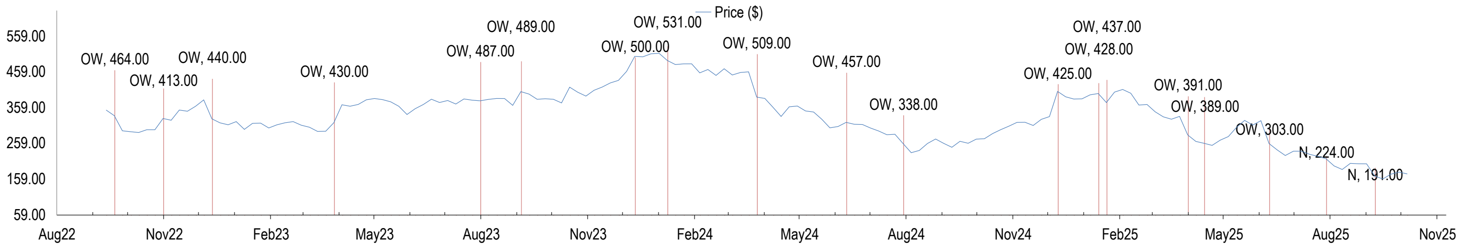
WORLD TRADE SECURITIES

10 October 2025

Equity Research

Recommendation	Price Target	PT End Date	Price	Upside/Downside to PT
Neutral	$191.00	31-Dec-26	$167.51	14.02%

lululemon Athletica Inc. designs and retails athletic clothing products. The Company produces fitness pants, shorts, tops and jackets for yoga, dance, running, and general fitness. lululemon serves customers worldwide.



Note: All analysts forecasts are as of last note published on 05-Sep-2025

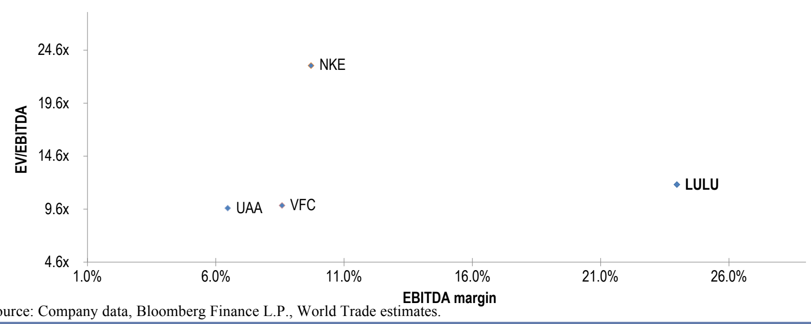
The Upside/Downside to PT is calculated based on the previous day's closing price which is quoted above.

Source: Bloomberg Finance L.P., World Trade estimates.

Key Financials ($mn, year end Jan)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	9,619	10,588	10,920	11,511	12,220
EBITDA	2,610	2,952	2,618	2,502	2,558
EBIT	2,231	2,506	2,159	2,019	2,045
Pretax Income	2,274	2,576	2,200	2,060	2,086
Net Profit	1,622	1,815	1,535	1,437	1,455
Total Assets	7,092	7,603	7,861	8,354	8,876
Shareholder Equity	4,232	4,324	4,550	4,987	5,442
Adjusted Net Debt/(Cash)	n/a	n/a	n/a	n/a	n/a
Capex	(652)	(689)	(744)	(815)	(892)
Free Cash Flow to firm	1,644	1,583	1,224	1,060	1,023
EPS ($)	12.77	14.64	12.84	12.33	12.71
DPS	n/a	n/a	n/a	n/a	n/a
Key Ratios	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
EBITDA Margin	27.1%	27.9%	24.0%	21.7%	20.9%
EBIT Margin	23.2%	23.7%	19.8%	17.5%	16.7%
Net Margin	16.9%	17.1%	14.1%	12.5%	11.9%
Payout Ratio	n/a	n/a	n/a	n/a	n/a
Net Debt/Equity (excl MI)	n/a	n/a	n/a	n/a	n/a
FCF Yield	7.7%	7.6%	6.1%	5.4%	5.3%
P/E	13.1x	11.4x	13.0x	13.6x	13.2x
EV/EBITDA	12.0x	10.6x	11.9x	12.5x	12.2x
ROE	44.0%	42.4%	34.6%	30.1%	27.9%

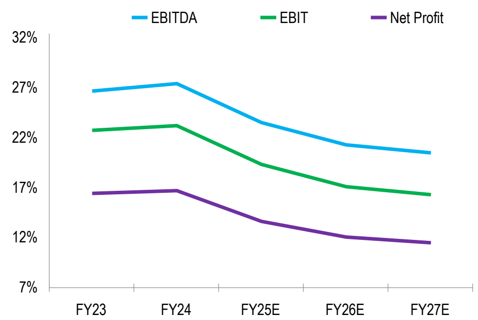
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Chart FY25



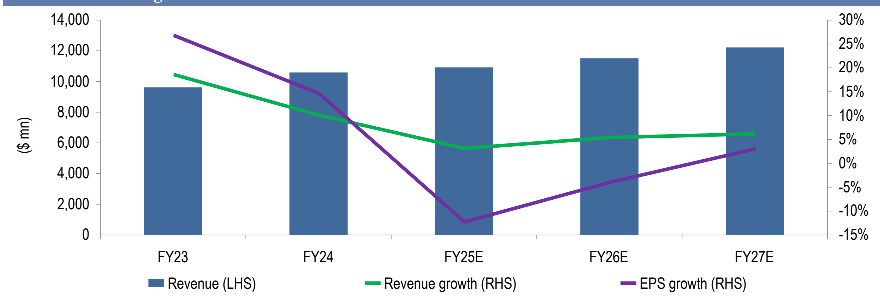
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Margin Analysis (LULU)



Source: Company data, World Trade estimates.

Revenue and EPS growth



Source: Company data, World Trade estimates.

Company Data

Market Cap (USDmn)	21,163
Shares O/S (mn)	126
Float	94.3%
Dividend Yield	n/a
EPS ($)	12.84
3M - Avg daily volume (mn)	4.82
52 wk High/Low ($)	423.32-159.25

WTS EPS Estimate		BBG EPS Estimate	
FY25E	FY26E	FY25E	FY26E
12.84	12.33	12.95	12.97

Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Analysis	Ticker	Fiscal Year End	Last Note Published	Rating	Price Target	Mkt Cap ($mn)	EV/EBITDA		P/BV		P/E		ROE	
Local peers							**FY25E**	**FY26E**	**FY25E**	**FY26E**	**FY25E**	**FY26E**	**FY25E**	**FY26E**
NIKE, Inc.	NKE	2025/5	01-Oct-25	OW	$100.00	96,376	23.1x	30.3x	7.3x	4.9x	30.1x	46.0x	23.3%	12.7%
Under Armour, Inc.	UAA	2025/3	08-Aug-25	UW	$5.00	2,029	9.7x	14.2x	n/a	n/a	15.3x	124.7x	6.7%	0.9%
V.F. Corporation	VFC	2025/3	01-Aug-25	N	$15.00	5,176	9.9x	9.1x	n/a	n/a	17.7x	18.1x	18.7%	18.7%
Global peers														
lululemon athletica inc.	**LULU**	**2024/1**	**05-Sep-25**	**N**	**$191.00**	**21,163**	**11.9x**	**12.5x**	**n/a**	**n/a**	**13.0x**	**13.6x**	**34.6%**	**30.1%**
Median							10.9x	13.3x	7.3x	4.9x	16.5x	32.0x	21.0%	15.7%
Mean							13.7x	16.5x	7.3x	4.9x	19.1x	50.6x	20.8%	15.6%
High							23.1x	30.3x	7.3x	4.9x	30.1x	124.7x	34.6%	30.1%
Low							9.7x	9.1x	7.3x	4.9x	15.3x	18.1x	6.7%	0.9%

Source: Company data, World Trade estimates.

Investment Thesis

While lululemon remains underpenetrated Internationally relative to peers with a notable opportunity to scale brand awareness, our work points to a normalizing pace of growth in China Mainland & product assortment challenges in the US have driven elevated markdowns & a more moderate revenue growth profile for the business, with higher fixed cost leverage hurdles across ROD and SG&A expenses further constraining multi-year margins. We rate shares of LULU Neutral.

Valuation

We lower our Dec '26 price target to $191 (vs. $224 prior) based on ~15x our FY27 EPS (in line with Non-Distressed retail peers).

Risks to Rating and Price Target

While LULU has a substantial sq. ft. growth opportunity both domestically and internationally, this comes with risk given the execution and focus needed to efficiently open low-double-digit square footage growth while supporting comp growth through product innovation. In addition, the economic climate, particularly the employment picture, can affect consumer spending and the sportswear industry. A greater-than-expected downturn in household spending could cause sales trends to decelerate below our current assumptions, rendering our estimates too high. Roughly 40% of the company's revenues are generated outside of the United States, w/ downside risk to our price target if the USD strengthens further & upside risk to our price target if the US and China Mainland accelerate to faster growth vs. our model.