



lululemon

Lululemon Athletica Inc. (NASDAQ: LULU)

November 23, 2024

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Lululemon Athletica Inc.

Company Overview (1 of 5)

Business Description

- Lululemon Athletica Inc. is a prominent designer, distributor, and retailer of athletic apparel, footwear and accessories for both men and women
- The company's roots have built a focus on innovation, high-performance fabrics, and cultivating a strong brand community
- They currently employ ~38,000 employees and operate 711 stores in over 25 countries, primarily in North America and Mainland China
- Products include pants, shorts, tops, shoes, jackets, and accessories designed for activities such as yoga, running and cycling

Business Evolution Timeline

1998	Founded by Chip Wilson as an athletic clothing retailer for women
2000	First ever stand-alone store opened in Vancouver, British Columbia
2007	In 2007, Lululemon IPO'd on the NASDAQ, raising \$327.6M
2009	Launched online store to enhance direct-to-consumer sales
2012	Began international expansion by opening stores in Australia
2019	Acquired Mirror for \$500M to enhance interactive capabilities
2022	Power of Three 2x strategy is set to achieve growth targets by 2026
2030	Plans to manufacture 100% of products with sustainable materials

Key Management Personnel



Name	Calvin McDonald	Meghan Frank	Julie Averill
Position	CEO, President	CFO	CIO
Years Exp.	27	16	21
Previous Roles	CEO of Sephora Americas	VP of Finance J. Crew	CIO of REI

Capitalization Table¹

Share Price	\$313.14
Basic Shares Outstanding	119
Market Capitalization	\$37,142
Plus: Total Debt	--
Less: Cash	\$1,611
Plus: Minority Interest	--
Enterprise Value	\$35,531

Sources: Company Filings, lululemon.com
1. All values in US\$M (excluding per share data)

Lululemon is Still a Young Brand With Many Staple Products and Heritage Items

Company Overview (2 of 5)

Historical Product Launches And Brand Positioning Overtime

1990s – The Beginnings



Lululemon was founded in 1998 as a premium yoga apparel brand, providing yoga classes and events in their stores.

2010s – Expansion



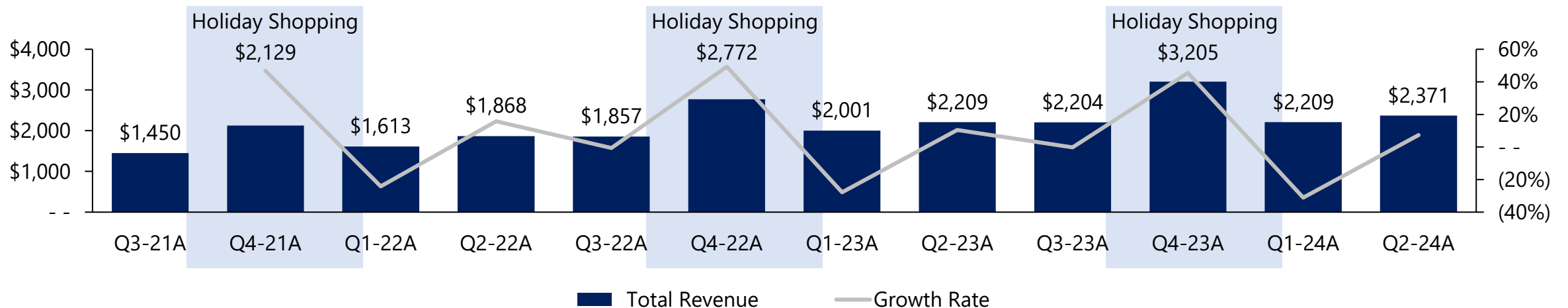
Lululemon expands its women's lines by launching collections like Align and Define. The brand also introduces non-yoga accessories and its first men's product (ABC Pant). Positioning itself as a lifestyle brand.

2020s – Mainstream Adaptation



Lululemon emphasizes underrepresented men's lines, expands its digital offerings and enters new markets, including footwear. Lululemon maintains its athleisure dominance as the work-from-home culture grows.

Lululemon's Revenues are Seasonal and Torqued Towards the Holiday Season¹

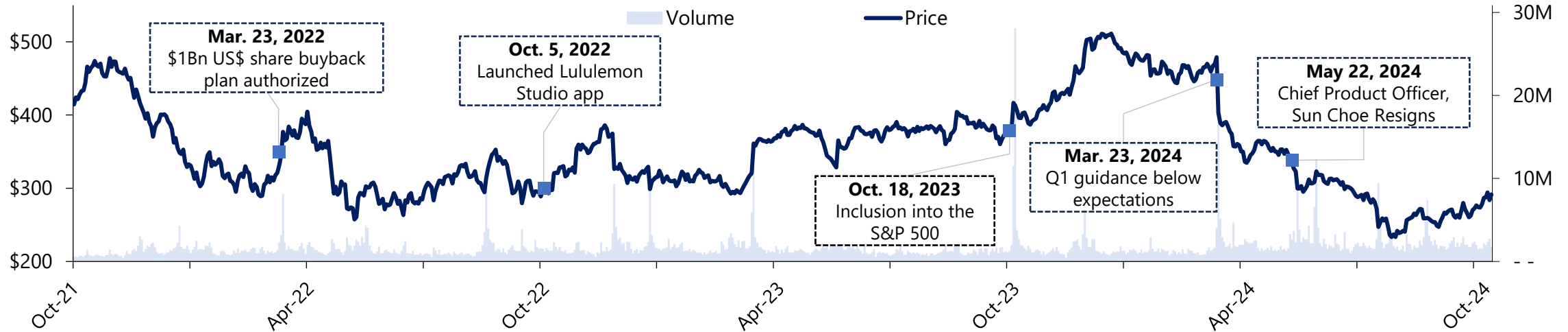


Sources: Company Filings, lululemon.com
1. All values in US\$M

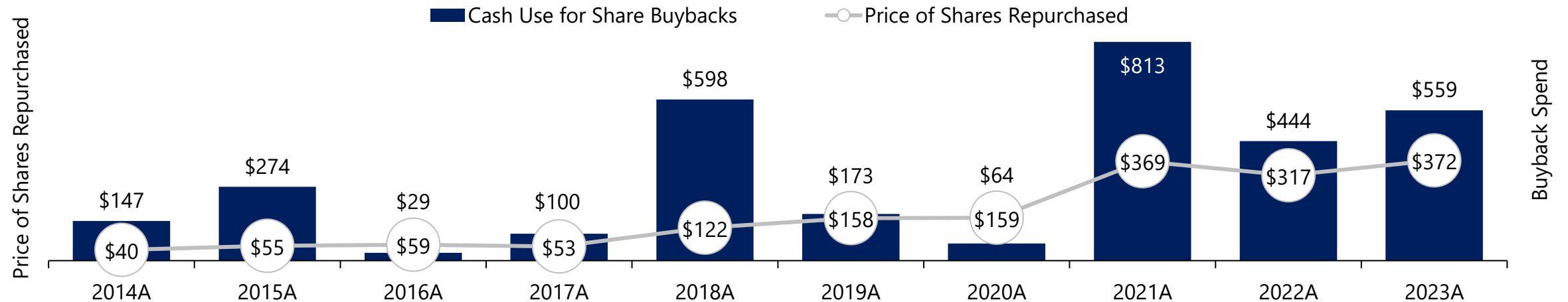
Lululemon's Recent Share Price Decline and Resilient Capital Allocation

Company Overview (3 of 5)

Price Volume Chart (3-Year)



Track Record of Core Facet of Capital Allocation Strategy: Share Buyback¹



Sources: Capital IQ, Company Filings
 1. All values in US\$M (excluding per share data)

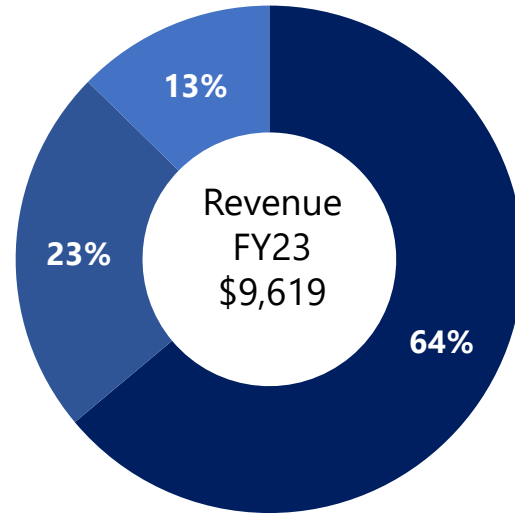
Markets and Revenue Breakdown

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Segmented Revenue by Product Line¹

- Women's
- Men's
- Other/Accessories

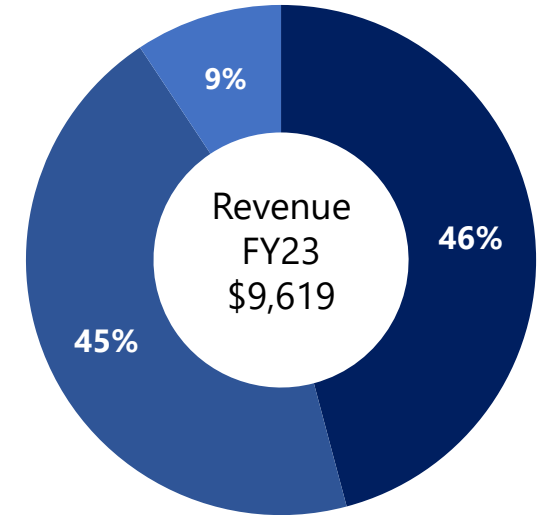
Women's – \$6,147
 Men's – \$2,253
 Other/Accessories – \$1,219



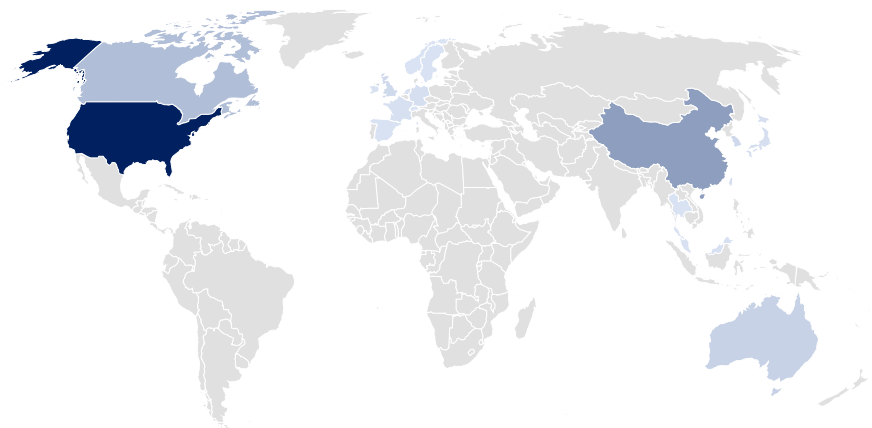
Segmented Revenue by Channel¹

- Company Operated
- E-Commerce
- Other

Company Operated – \$4,411
 E-Commerce – \$4,311
 Other – \$897



Areas of Operation



Store Count



Americas
 Store Count: 441
 Revenue Contribution: 79%
 TTM Growth: 6.8%

China Mainland
 Store Count: 131
 Revenue Contribution: 10%
 TTM Growth: 39.6%

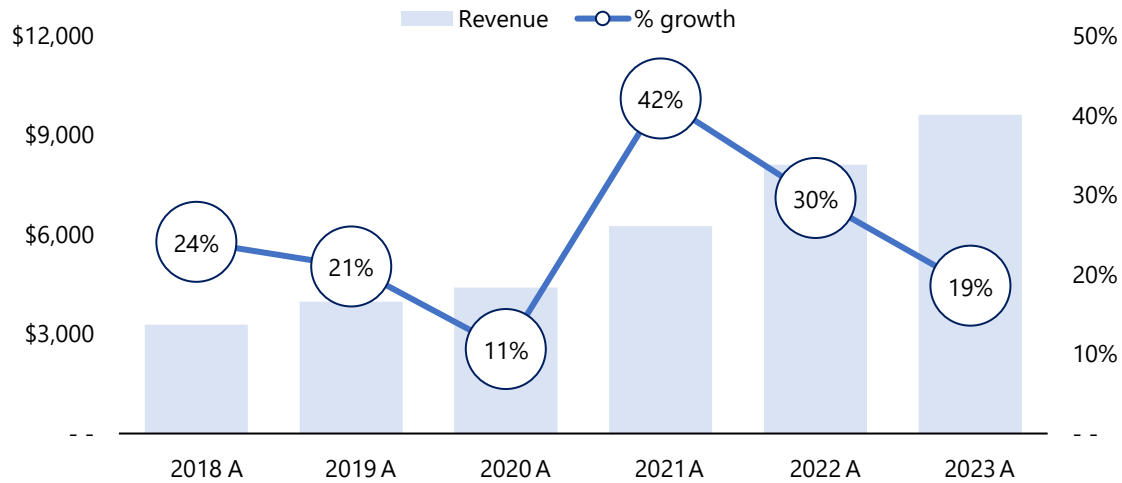
Rest of World
 Store Count: 148
 Revenue Contribution: 11%
 TTM Growth: 41.4%

Global
 Store Count: 720
 Sales/SQF: \$1609
 TTM Growth: 13.0%

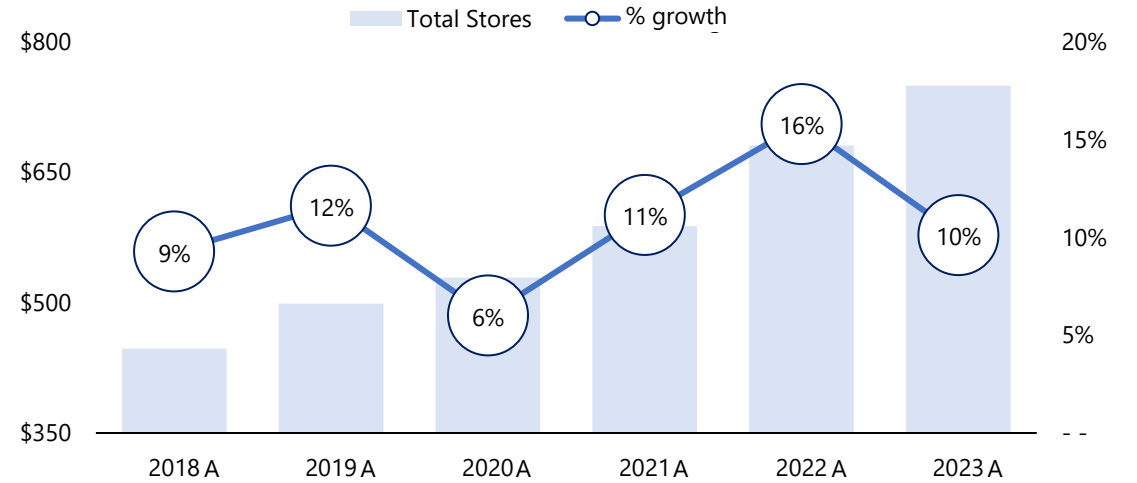
Company Operating Metrics

Company Overview (5 of 5)

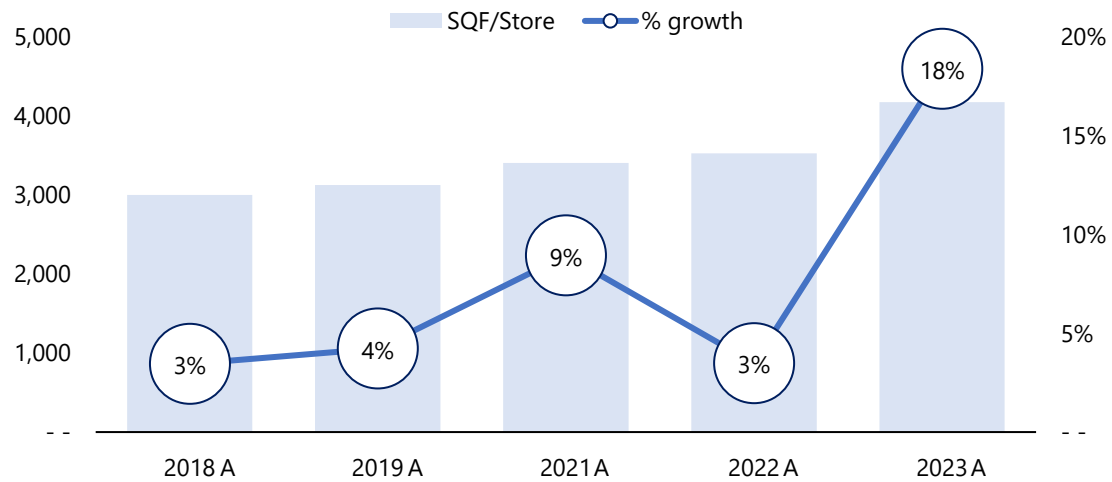
Historical Revenue Growth¹



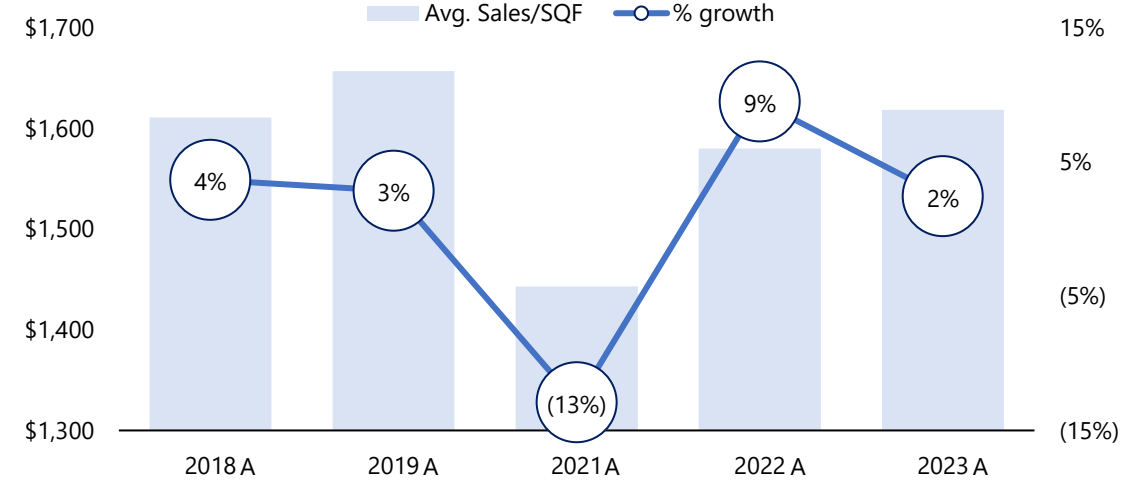
Total Company Operated and Franchised Stores¹



Square Footage per Store



Average Sales per Square Foot



Sources: Capital IQ, Company Filings
1. All values in US\$M

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Athleisure Wear

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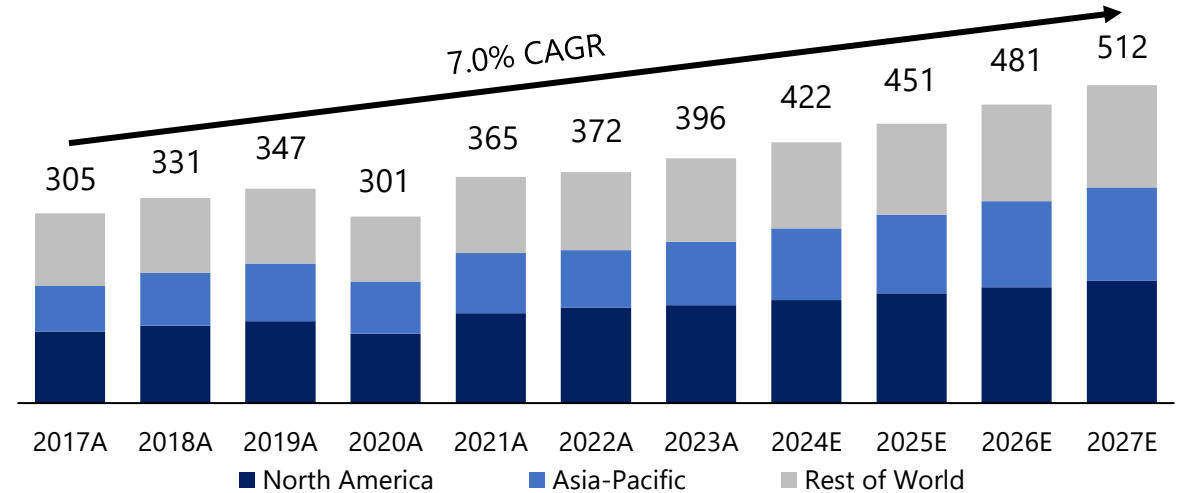
Competitive Landscape

- The majority of Athleisure brands outsource raw materials and the manufacturing portion of supply chains to various contractors
 - Lululemon has 49 manufacturing vendors and 67 fabric suppliers, while Nike has 83 manufacturing contractors across 381 factories and 169 fabric suppliers, typically located across Vietnam, Cambodia, Sri Lanka, Indonesia, Bangladesh and China
- Athleisure consumer trends are typically fast-moving, with a recent notable non-seasonal shift towards Running footwear and pivot to "dress up" attire such as Men's slacks for office use
 - Lululemon's Commission and City pants lines targets business casual wearers of both genders

Current Trends in Athleisure

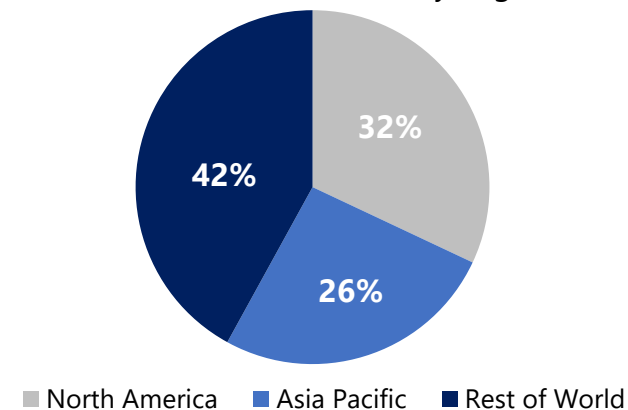
- Athleisure trends in 2024 include:
 - Sustainable fabrics such as organic cotton or recycled polyester
 - Work-ready attire including jogger, blazers and dressy sneakers
 - Functional techwear, such as reflective safety elements
 - Wide-leg pants and oversized sweaters
- In-demand Lululemon female product lines include the Scuba (Hoodie/Sweatshirt), Define (Light Jacket), Softstreme (Slacks) and Wunder Puff (Winter Coats)
- Trending male products include the Steady State (Hoodie), ABC (Slacks), License to Train (Activewear) and Pace Breaker (Running Shorts) lines

Global Sportswear Market, Retail Sales Prices¹



Major Athleisure Markets

Athleisure Market Share by Region



- Columbia Sportswear is a notable outlier, with declining US sales with China & LAAP sales growth in mid-teens CAGR
- Lululemon's China sales growth outpaced competitors at a growth rate of ~34% in 2023

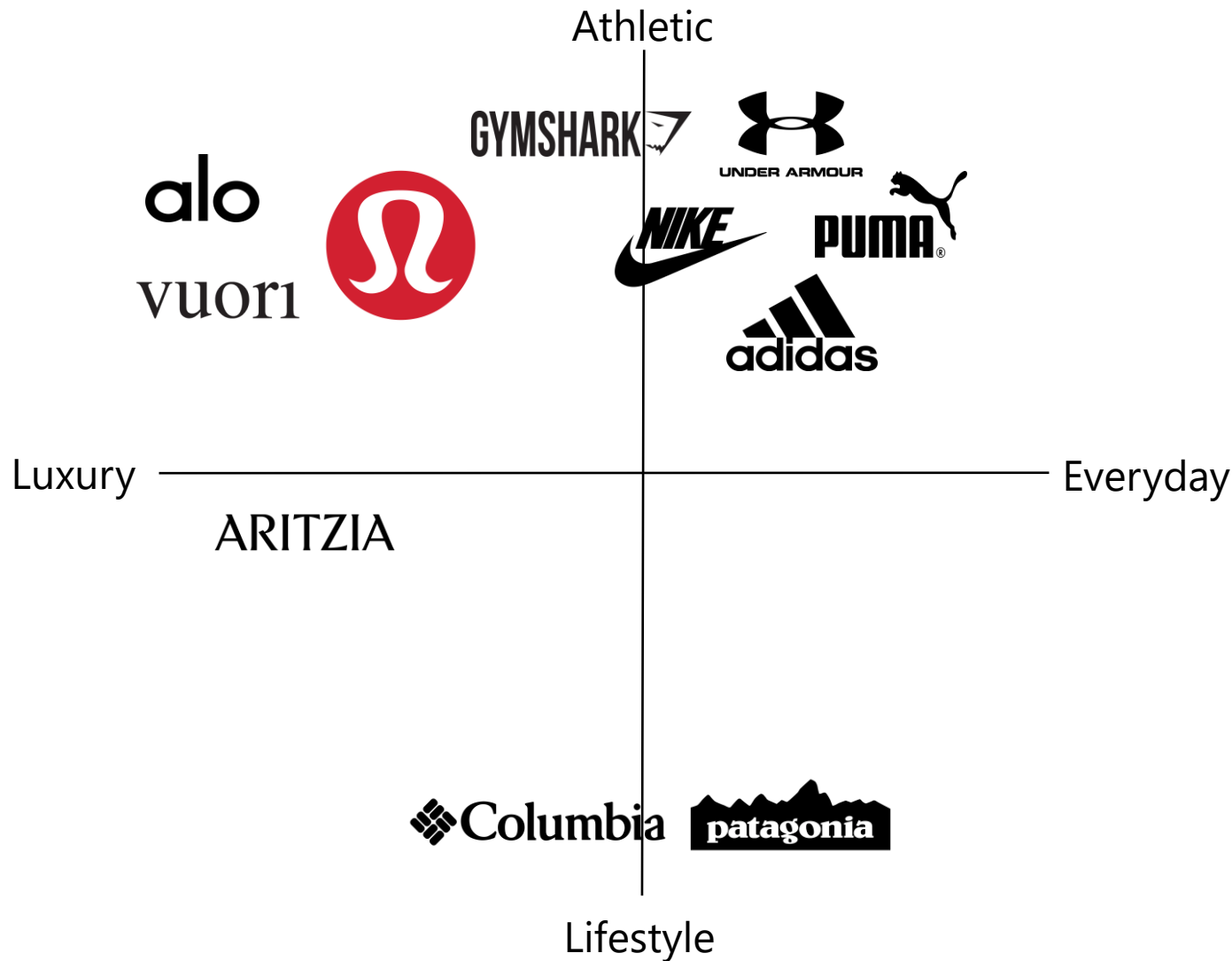
Profiles of Leading Competitors & Commentary

Industry Overview (2 of 5)

Company	LTM Revenue	EBITDA Margin	Commentary on Strategy	Comparability to Lululemon (out of 10)	Threat to Lululemon (out of 10)	Revenue Segment (most recent FY)
	\$50.0Bn	14.4%	<ul style="list-style-type: none"> North America & EMEA segments growing faster than APAC/China by a ~10% 5-Year CAGR Pivoting away from classic footwear toward sport/running 	8	8	Footwear – 68% Apparel – 28% Equipment – 4%
	\$9.2Bn	7.0%	<ul style="list-style-type: none"> Rapidly gaining market share in running footwear Successful partnerships with track & field, golf, basketball and motorsports athletes in H1 2024, boosted product lines 	6	6	EMEA – 45% Americas – 40% Greater China – 8% APAC – 7%
	\$5.7Bn	6.5%	<ul style="list-style-type: none"> Digital marketing strategy shift to compelling storytelling and full price selling versus offering discounts Recent decline (last few quarters) in APAC sales due to softening macro conditions 	7	6	Apparel – 68% Footwear – 25% Accessories – 7%
	\$500M	N/A	<ul style="list-style-type: none"> By focusing initially on a niche market (men's athleisure), Vuori was able to develop a distinctive product As Vuori expands its brick-and-mortar presence, it is taking a community-centric approach 	7	8	Direct to Consumer – 60% Wholesale – 40%
	\$275M	N/A	<ul style="list-style-type: none"> Alo's strategy combines strong branding, community engagement, and digital innovation By creating a lifestyle brand that extends beyond just clothing, Alo is differentiating itself in the athleisure market 	9	9	Direct to Consumer – 70% Retail – 10% Wholesale – 20%

Competitor Brand Mapping – Leading Competitors Positioned on "Luxury" to "Athletic Wear" Spectrum

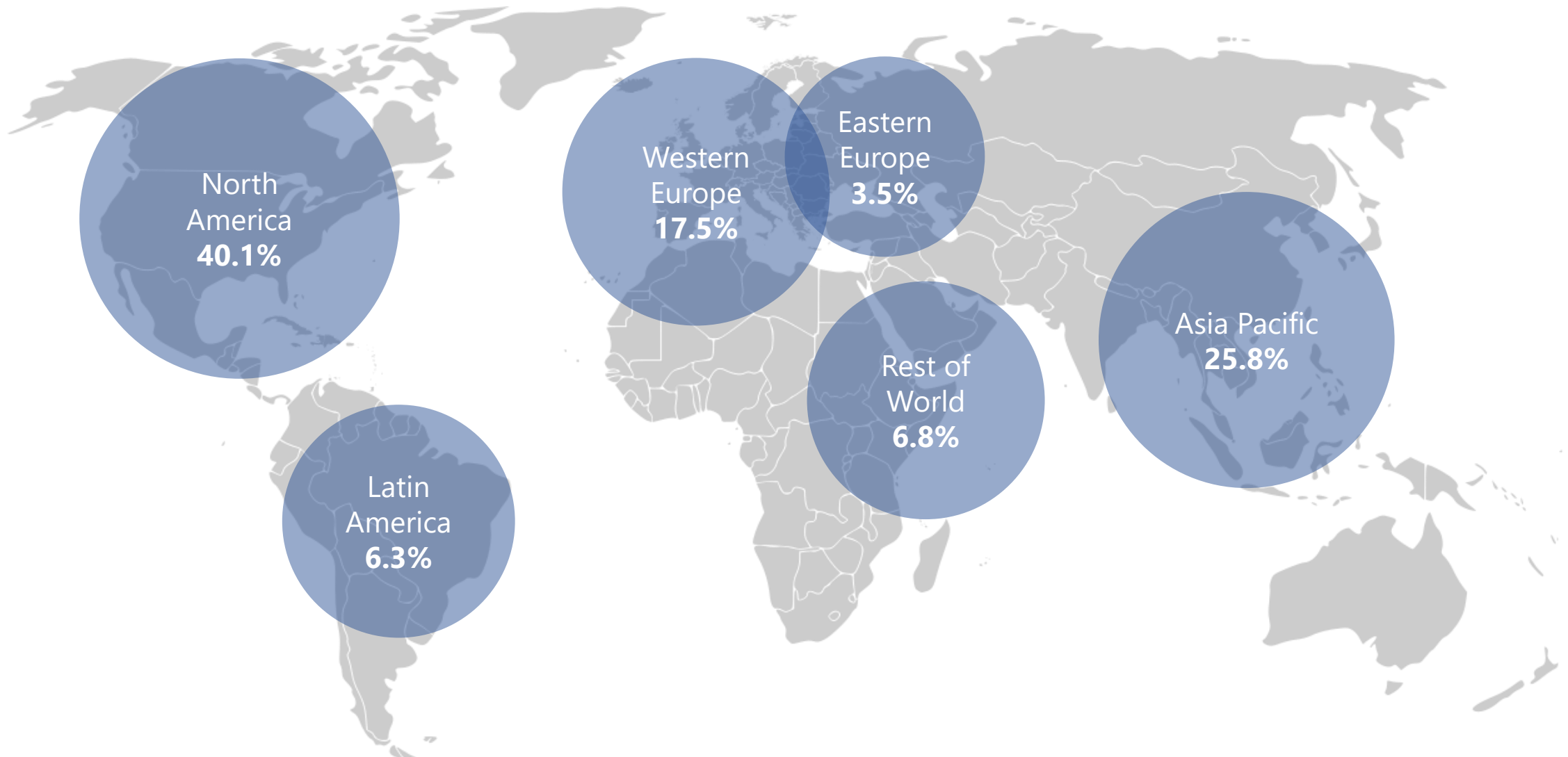
Industry Overview (3 of 5)



- 1 Athletic:** Brands that highlight the performance, training and recovery benefits of their products, typically aimed towards younger athletes such as college-level varsity athletes. Their marketing strategies include sponsorships from star athletes such as Tiger Woods, LeBron James or Michael Jordan.
- 2 Everyday:** Brands that market themselves as a part of your everyday attire, leaning more towards the "Leisure" in "Athleisure". These brands typically prioritize comfort, durability and style in addition to an athletic component.
- 3 Luxury:** Brands that craft a story of upscale exclusivity and oftentimes a certain lifestyle as well. These brands will typically recruit influencers or fashion models as ambassadors or sponsors. For instance, Alo Yoga partners with runway models such as Kendall Jenner, Bella Hadid or Barbara Palvin.
- 4 Lifestyle:** These brand associate themselves with a certain lifestyle, with a popular one being the outdoorsy hiker or camper with their family. Lifestyle brands typically highlight the functionality of their products, such as water-resistant and thermal-conductive winter jackets.

4-Year Market Share Growth By Geography – 2023A Calendar Year Sportswear Market Retail Sales

Industry Overview (4 of 5)



4-Year Market Share Growth By Geography – 2027E Calendar Year Sportswear Market Retail Sales

Industry Overview (5 of 5)

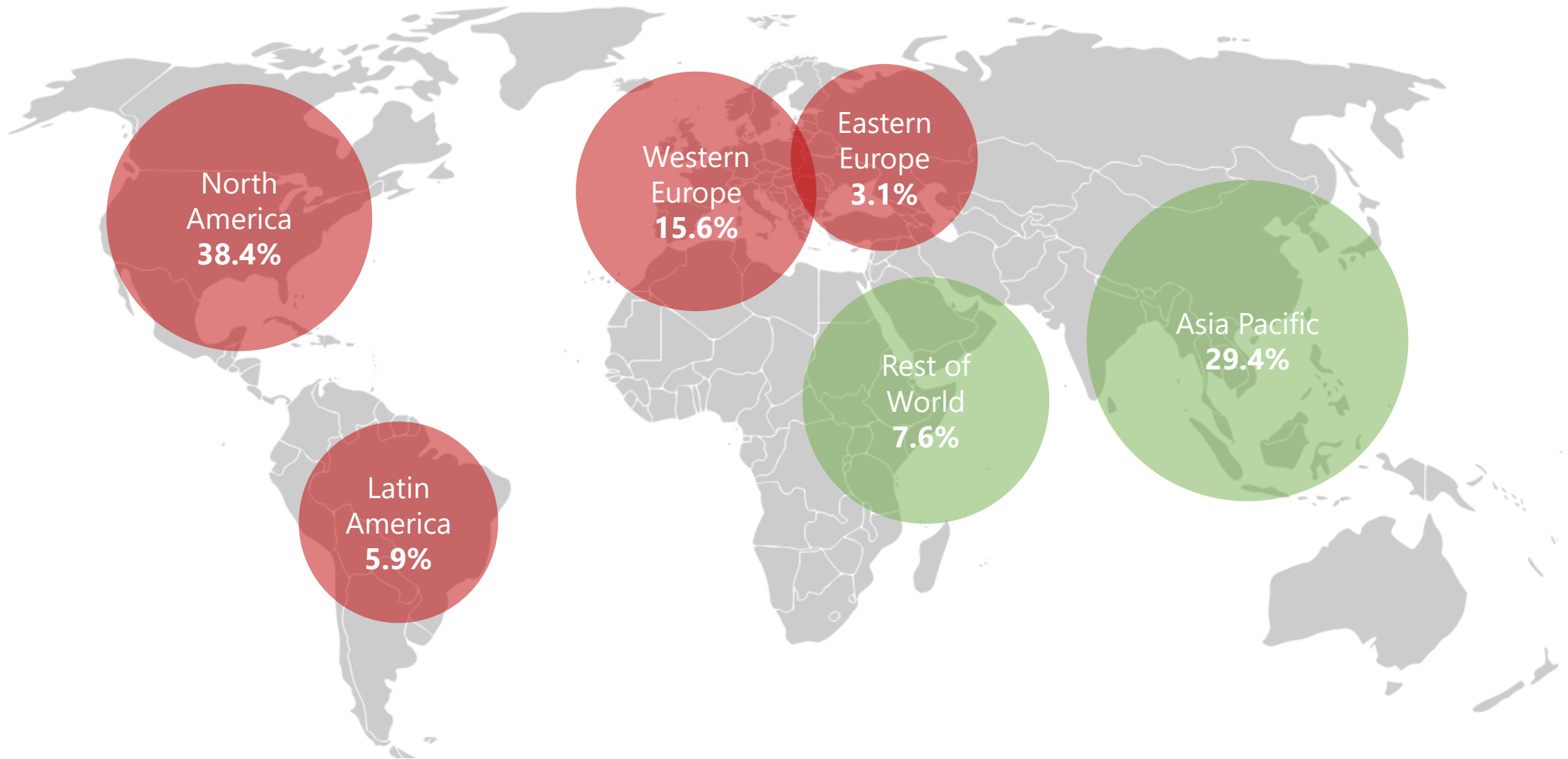


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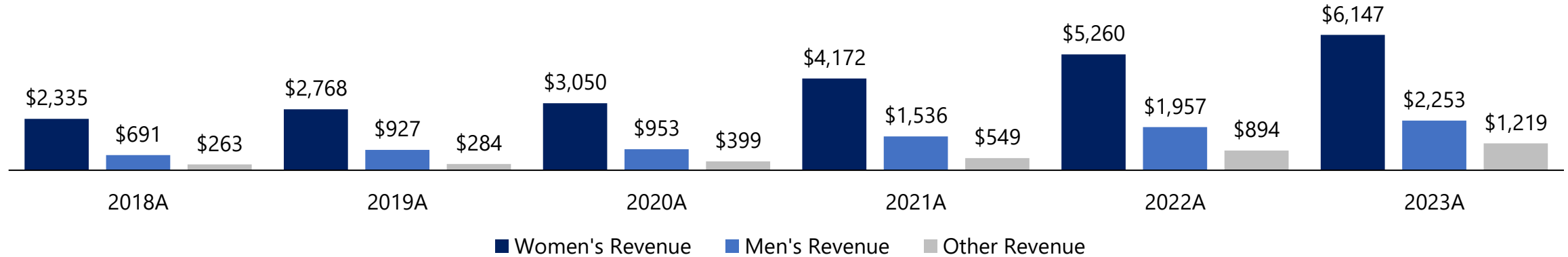
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Lululemon's Men's Department is Significantly Underrepresented Compared to its Women's Section

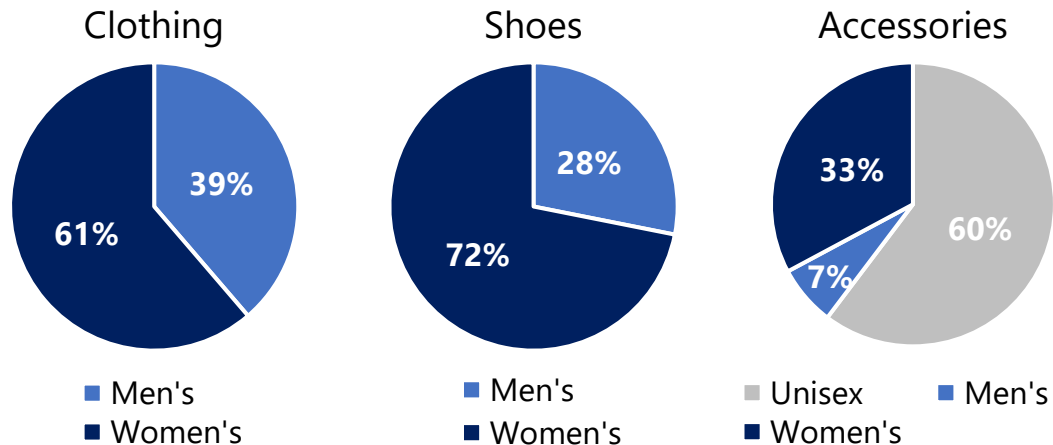
Investment Thesis I (1 of 2)

Revenue has Constantly Been Dominated by Women's Product Line¹

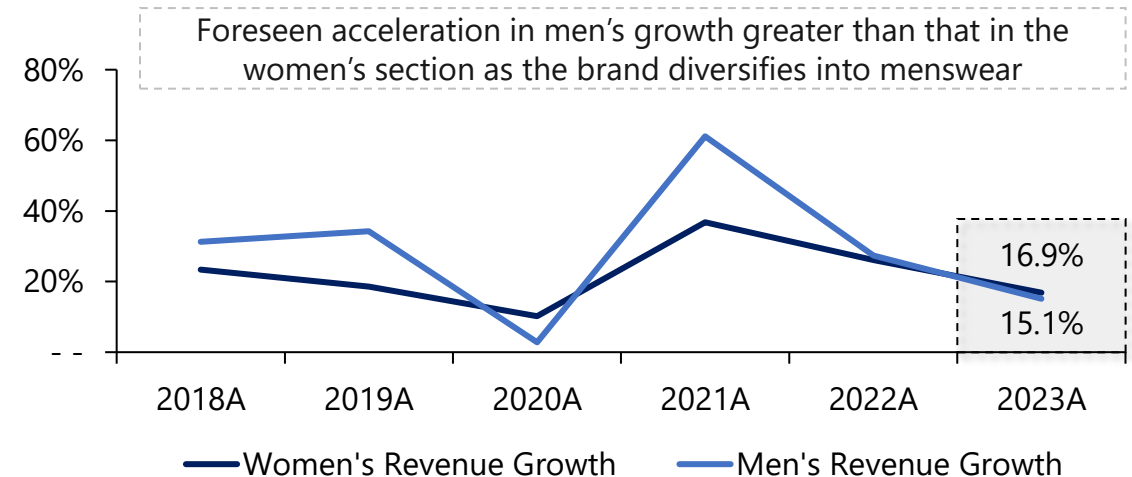


Lululemon current holds ~1.6% market share in men's apparel and a ~2.8% share in women's apparel in North America

Gender Distribution Of Items On Lululemon.com



Segment Revenue Growth Over Past Six Years



Sources: Bloomberg, Capital IQ, lululemon.com, Statista
1. All values in US\$M

Key Partnerships with Professional Athletes and Influencers will Increase Men's Brand Awareness/Equity

Investment Thesis I (2 of 2)

Professionals Increase Exposure and Reinforce Quality

Management will continue to cultivate brand campaigns with high-performance male athletes, enhancing brand awareness. Below are some of their most prominent partnerships. Among these leagues, **male viewership accounts for approximately two-thirds of the total audience.**



August 2024 – Odell Beckham Jr. and DK Metcalf partner with Lululemon to promote loungewear. **Cumulatively they have >20M followers across social media.**



September 2024 – Lululemon partners with the NHL and Fanatics to create athleisure gear for fans. Prominent figures in Connor Bedard, John Tavares, and Mark Stone.

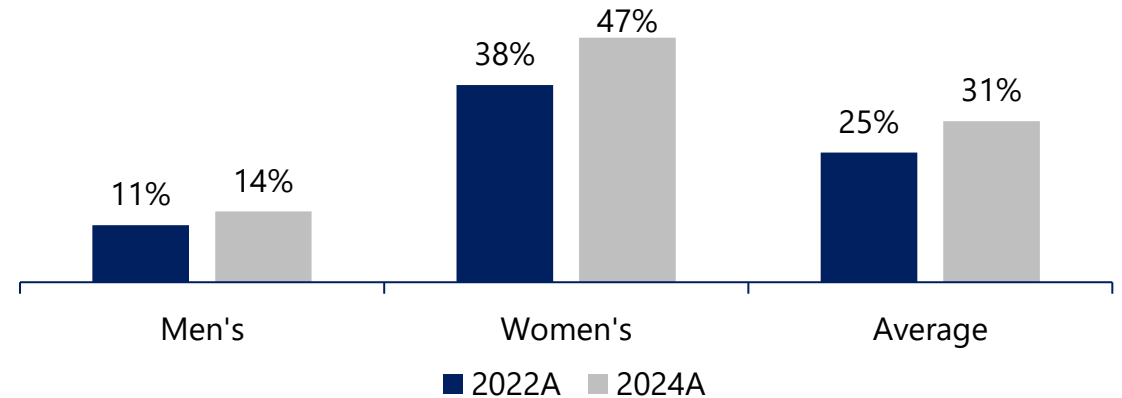


September 2023 – NBA All-Star Jordan Clarkson launches a collection that sells out immediately.



January 2024 – World number 43 and fan favourite golfer Min Woo Lee signs with Lululemon.

Lululemon Unaided Brand Awareness in the U.S.



Limited brand awareness restricts Lululemon's ability to sell to male audience

Case Study: Firms Entering Into New Sports

Asics – Running



1970s – Asics originally founded in 1949 as a basketball shoe company enters into running space which now makes up ~56% or ~\$1.8bn USD.

Nike – Golf



1980s – Nike enters golf space through shoes and apparel. Through strategic partnerships with numerous players including Tiger Woods, revenue peaked at \$800 million in 2013.

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Investment Thesis I (2 of 2)

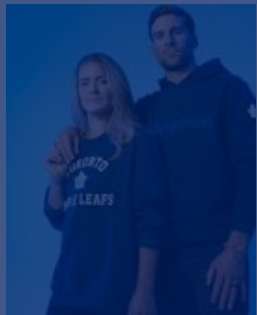
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Lululemon's lack of men's awareness means partnerships in professional sports provide massive topline opportunities



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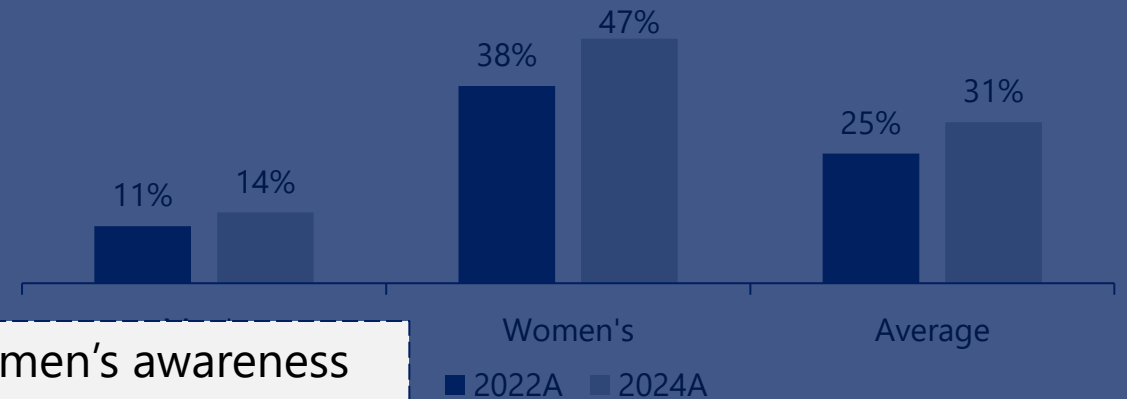


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Bringing Into New Sports

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Capitalizing on Consumer Preferences and Increased Quality in a Growing Athleisure Market

Investment Thesis II (1 of 3)

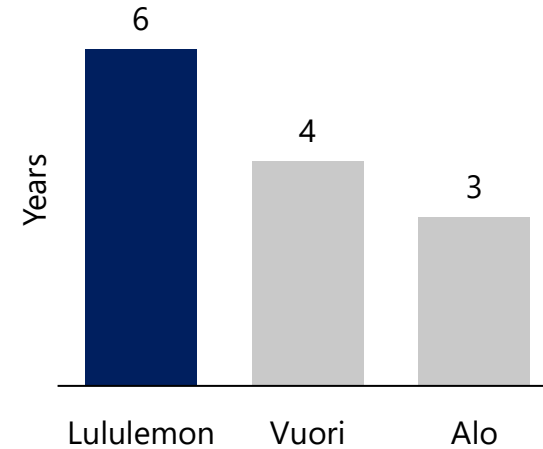
Lululemon's Timeless Brand Provides Outstanding Value

- 1 Confidence:** Participants gravitate towards athleisure that makes them feel confident. Lululemon's clothing gives customers confidence through a combination of high-quality materials, functional design, and a focus on comfort and style.
- 2 Trendiness:** Women (especially younger demographics) participants care about being on trend with athleisure purchases. Lululemon has built a strong community through local events, yoga classes, and ambassador programs.
- 3 Versatility:** Participants either sought out one piece that could be worn to the gym and out; or, contrastingly, bought different athleisure pieces for different purposes (working from home versus going to the gym).

Consumers View Lululemon Essentials as an Investment: Due to its high-quality clothing and brand most consumers see athleisure as an investment – leggings, sports bras, shorts, and joggers are in this category.

Consumers View Athleisure Outerwear as "Pricey": In contrast to essential items, winter jackets and outerwear from athleisure brands are often seen as overpriced, with customers purchasing primarily for style.

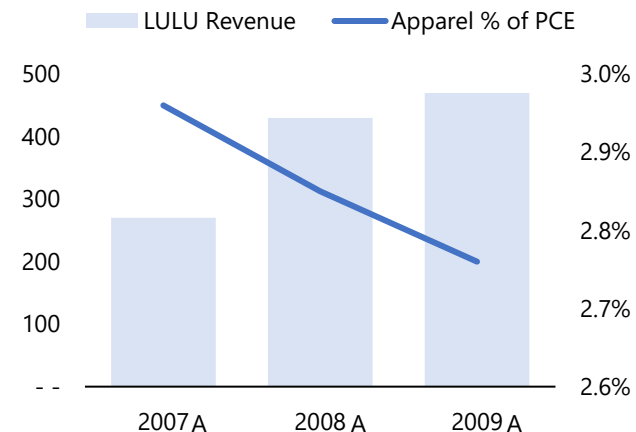
Average Lifespan of Leggings of Athleisure Brands



As athleisure trends shift, Lululemon is forecasted to exceed expectations, driven by consumers valuing their products over other brands.

Lululemon's products don't follow a fad and are seen as more classic with materials being viewed as an investment in high quality clothing.

Lululemon is the Highest Quality in the Athleisure Market



Lululemon's resilience in the face of economic downturns highlights the strength of its brand, customer loyalty, and the quality of its products. During times of financial strain, consumers and investors alike tend to become more selective, gravitating toward companies that offer long-term value and reliability.

Capitalizing on Consumer Preferences and Increased Quality in a Growing Athleisure Market

Investment Thesis II (1 of 3)

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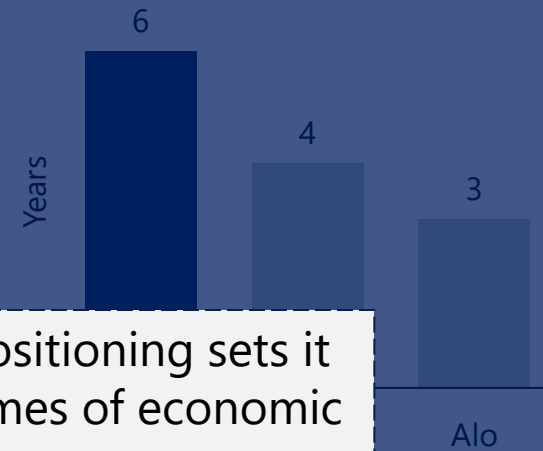
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Lululemon's unique positioning sets it up to outperform in times of economic uncertainty

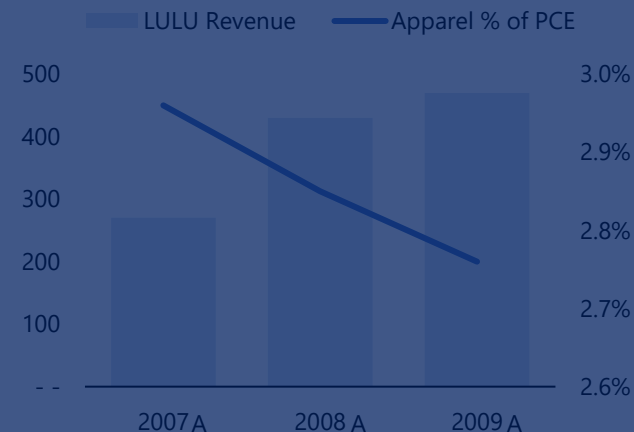
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Fast-Paced Growth from International Expansion – Special Emphasis on China

Investment Thesis II (2 of 3)

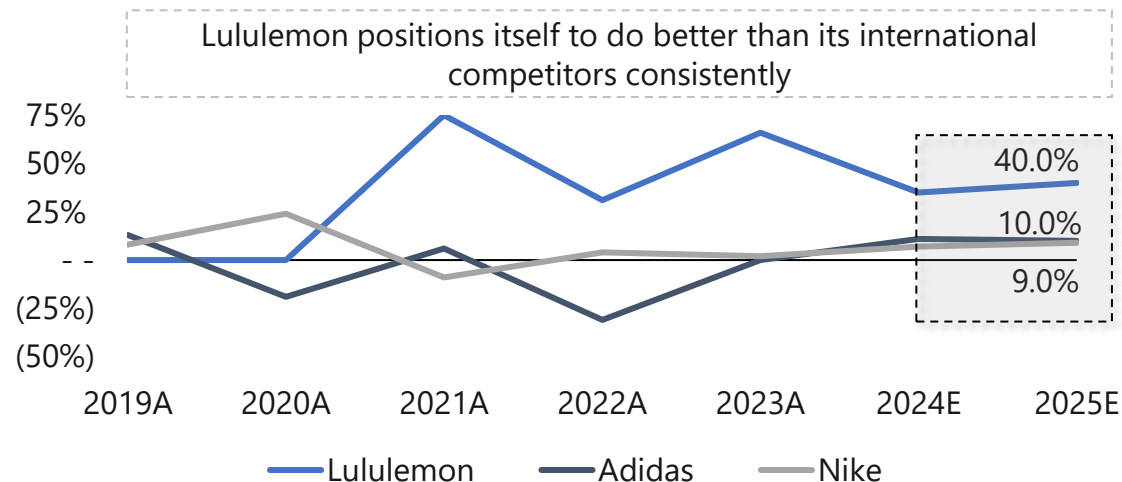
Expansionary Plans and Funding

- Lululemon currently has 127 stores operating in the People’s Republic of China (as of 2023), up from 90 the year prior
- As of March 2024, Lululemon plans on opening 35-40 new stores in China, as compared to 45 – 50 internationally last year
- The athleisure giant has a strong balance sheet, allowing it to adequately meet its liquidity needs and capital expenditure requirements
- Excess cash on hand of US\$1.6Bn and undrawn revolving credit of US\$393.7M will help facilitate the rapid expansion process
- A bestselling pair of Lululemon yoga pants costs ¥1,000 (US\$141) – 3 to 6 times more than similar products from local brands

Healthy China 2030 Initiative

- Introduced in 2016, Healthy China 2030 aims to improve public health and wellness by promoting healthier lifestyles, reducing preventable diseases, and expanding the healthcare system
- Although brand awareness in China is only 15% (vs. 36% in North America) of total addressable market, Lululemon’s nature of organic growth is set to dominate the growing market attributed by said initiative
- Lululemon can charge 15 – 20% higher prices in China, making margins comparable to North America in the short run
- Due to the proximity to factories and higher toppling means they should experience expansion in the long term

Annual Growth in China Versus Competitors



Price Positioning Comparison¹

	American Competitors	Lululemon America	Chinese Competitors	Lululemon China
	\$60	\$98	\$40	\$120
	\$35	\$78	\$26	\$109
	\$42	\$66	\$35	\$70

Capitalizing on Unique Positioning – Special Emphasis on China

Investment Thesis II (3 of 3)

Lululemon’s Reliable Quality to be Replicated – Hermes Case Study

1 Product Innovation



“The concept of luxury was not so much one of exclusivity but one of perfection”

2 Patient Approach



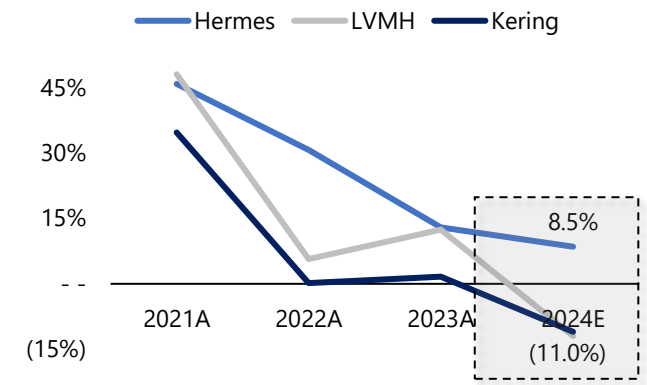
“Chinese consumers are attracted to the idea of luxury” – Xia Ding, JD.com

3 Collaborations

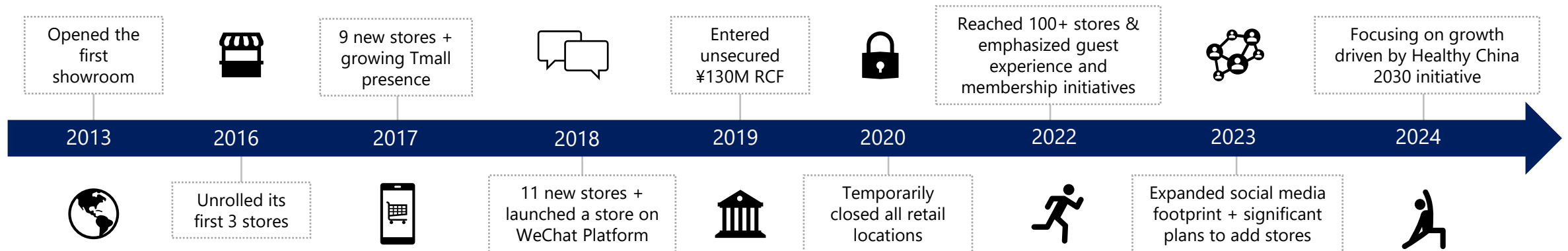


“Media channels have fostered excellent communication with younger buyers”

Result



Lululemon’s China-Focused Timeline



Capitalizing on Unique Positioning – Special Emphasis on China

Investment Thesis II (3 of 3)

Lululemon’s Reliable Quality to be Replicated – Hermes Case Study

1 Product Innovation



“The concept of luxury was not so much one of exclusivity but one of perfection”

2 Patient Approach



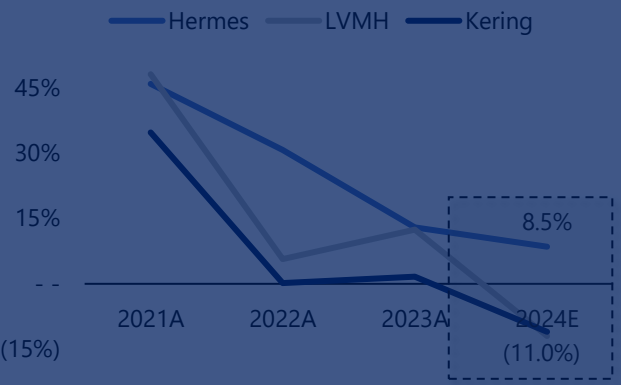
“Chinese consumers have a different idea of luxury”

3 Collaborations



Lululemon’s strategy and luxury positioning have placed them to outperform in the Chinese market

Result



Lululemon’s China-Focused Timeline

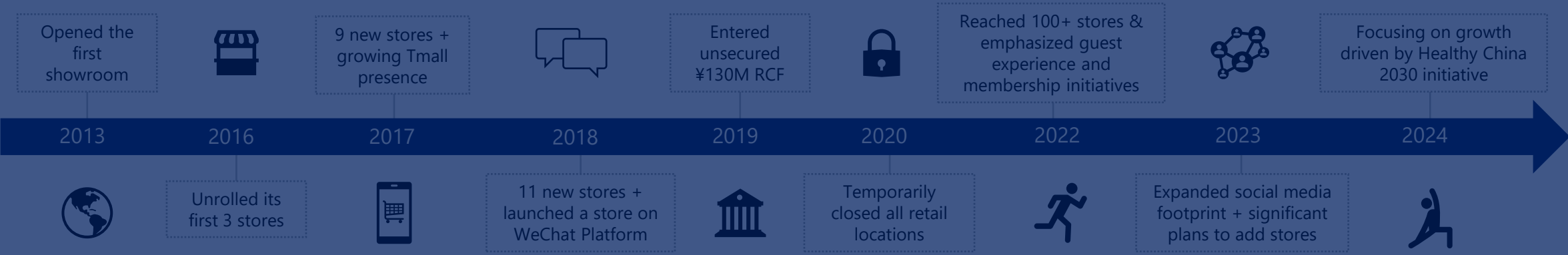


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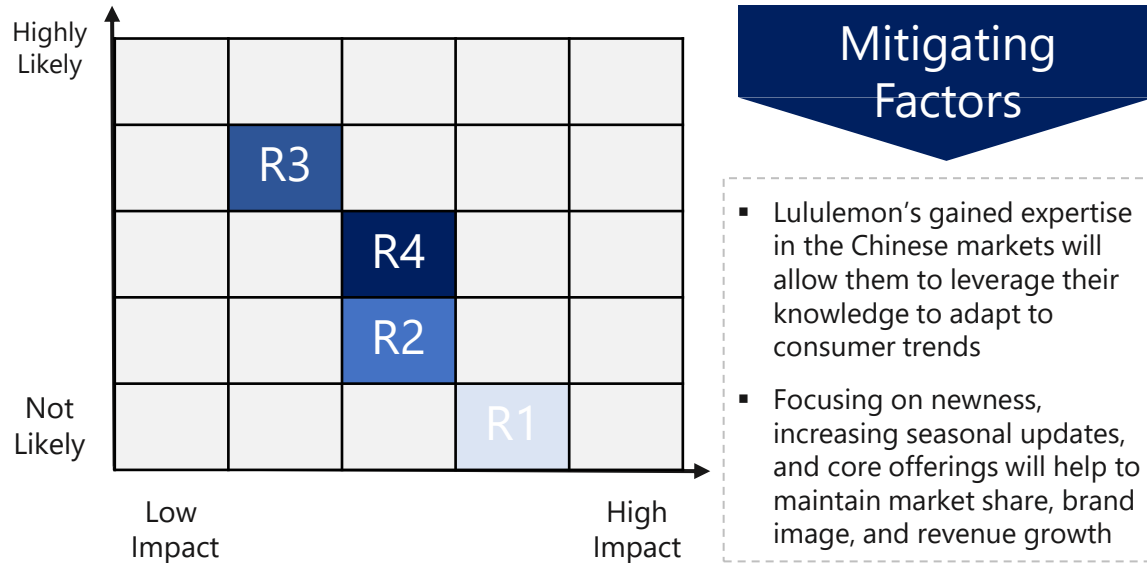
Valuation

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Leveraging Expertise in Foreign Markets and Optimizing Newness Will Mitigate Potential Downside

Risks & Catalysts (1 of 2)

Impact of Risks



R1 – High Dependence on Select Vendors

R2 – Competitors Taking Market Share

R3 – Stronger USD Hindering Revenues from RoW

R4 – Increase in Anticipated Cost of Growth

Short-Term Risks

Risk #1

Lululemon relies on few vendors and manufacturers for a large portion of production. High reliance on these vendors could imply issues with production and manufacturing.

Risk #2

Increased competition and loss of market share from competitors such as Vuori and Alo Yogo may force heavier spending marketing, which could impact margins.

Long-Term Risks

Risk #3

Since China is becoming an integral part of Lululemon's total revenue, a stronger USD would imply lesser revenue contributions by the Chinese market.

Risk #4

Higher than expected cost of growth during Power of Three x2 growth plan, could discount expected revenue growth for forecasted periods.

Investment in Key Expansion Opportunities Will Benefit Future Growth

Risks & Catalysts (2 of 2)

Short and Long-Term Catalysts

Future Impact on Lululemon



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Lululemon Athletica Inc.

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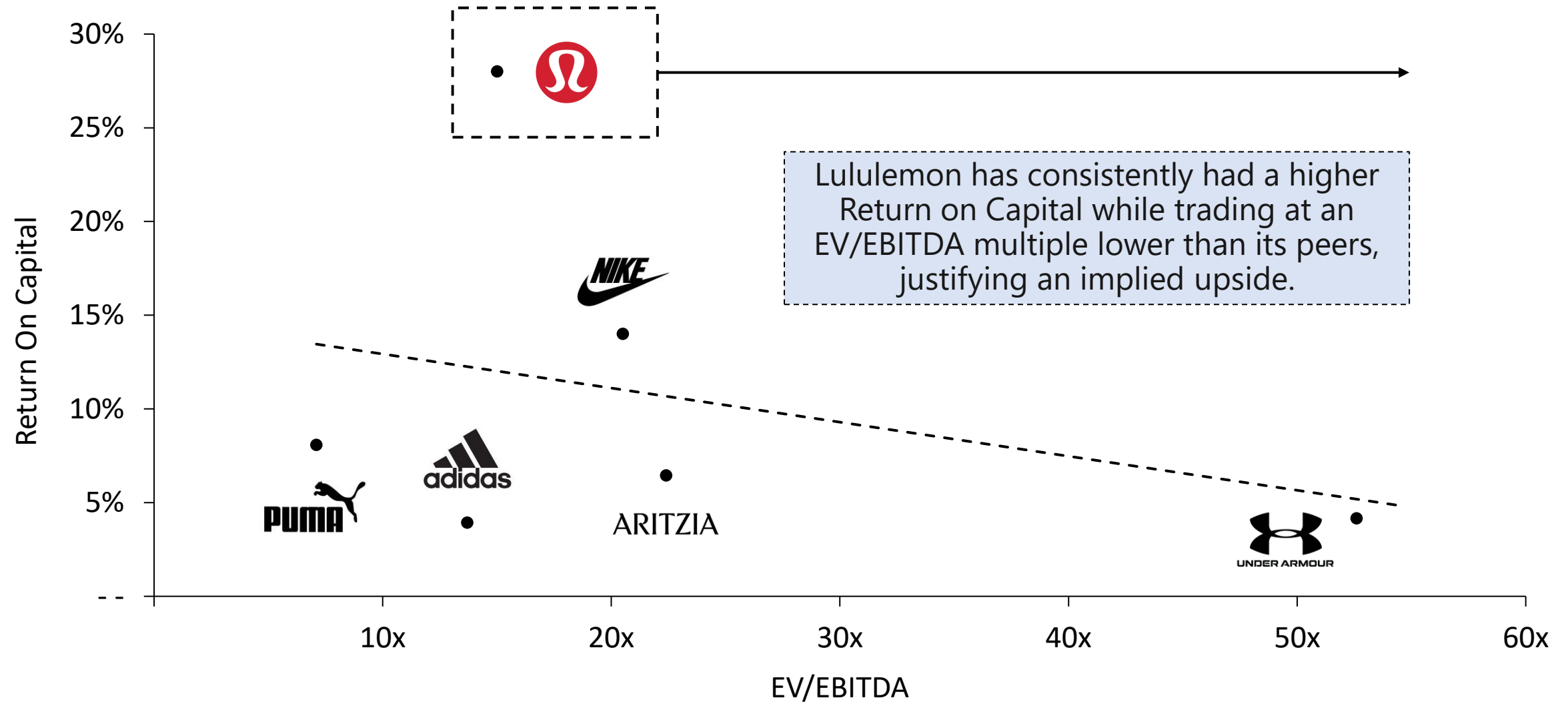
Risks & Catalysts

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Comparable Companies Return on Capital

Valuation (1 of 4)



Comparable Companies Analysis

Valuation (2 of 4)

Company Name	Ticker	Equity Value (\$M)	Enterprise Value (\$M)	EV/EBITDA			P/E			EBITDA Margin		Revenue Growth	
				2023A	2024E	2025E	2023A	2024A	2025E	2024E	2025E	2024E	2025E
Under Armour	UAA	\$4,564	\$5,365	12.2x	11.9x	16.9x	17.1x	18.6x	36.7x	7.9%	6.2%	(3.4%)	(10.4%)
PUMA SE	PUM	\$6,829	\$8,768	9.0x	8.6x	7.7x	22.4x	21.6x	16.7x	11.6%	12.1%	2.6%	7.3%
Adidas	ADS	\$39,638	\$43,823	29.6x	17.9x	13.8x	NM	55.7x	30.0x	10.6%	12.6%	7.6%	9.8%
Nike	NKE	\$120,315	\$122,147	18.0x	17.2x	21.6x	23.7x	19.9x	29.3x	13.8%	11.9%	0.3%	(7.4%)
Aritzia	ATZ	\$5,641	\$6,420	14.0x	17.7x	12.5x	26.3x	53.4x	28.8x	15.6%	19.9%	6.2%	10.7%
Mean				16.6x	14.7x	14.5x	22.4x	33.9x	28.3x	11.9%	12.5%	2.7%	2.0%
Median				14.0x	17.2x	13.8x	23.1x	21.6x	29.3x	11.6%	12.1%	2.6%	7.3%
Lululemon Athletica Inc.	LULU	\$35,849	\$34,238	17.0x	13.2x	11.5x	41.9x	23.1x	19.8x	26.9%	28.5%	18.6%	8.9%

Valuation	Multiple			Implied Share Price			Implied Return			
	Metric	Lower Limit	Mean	Upper Limit	Lower Limit	Mean	Upper Limit	Lower Limit	Mean	Upper Limit
P/E 2024E		19.3x	33.9x	40.7x	\$252	\$443	\$532	(16.6%)	46.5%	76.0%
EV/EBITDA 2024E		10.2x	14.7x	17.5x	\$245	\$345	\$409	(19.0%)	14.1%	35.3%
P/E 2025E		22.7x	28.3x	29.7x	\$347	\$432	\$454	14.9%	43.1%	50.2%
EV/EBITDA 2025E		10.1x	14.5x	15.6x	\$277	\$392	\$422	(8.4%)	29.6%	39.6%

Discounted Cash Flow Analysis

Valuation (3 of 4)

- Revenue is based on total operating SQF and store count by region, emphasizing growth in Mainland China
 - Management guidance was used to forecast the near-term, up to 2025E, while long-term reflects the street
 - Operating leases are forecasted to have a large impact on organic growth, with margins in line with street
- WACC: 11.1%
 - Exit Multiple: 14.5x
 - Terminal Growth Rate: 2.5%

Discounted Cash Flow Analysis	2018A	2019A	2020A	2021A	2022A	2023A	Q1-2024A	Q2-2024A	Q3-2024E	Q4-2024E	2024E	Q1-2025E	Q2-2025E	Q3-2025E	Q4-2025E	2025E	2026E	2027E	2028E	2029E	2030E
(in millions of USD)	02-03-19	02-02-20	01-31-21	01-30-22	01-29-23	01-28-24	04-28-24	07-28-24	10-28-24	01-31-25	01-31-25	04-27-25	07-27-25	10-27-25	01-31-26	01-31-26	01-31-27	01-31-28	01-31-29	01-31-30	01-31-31
Years											0.20	0.45	0.70	0.95	1.20	1.20	2.20	3.20	4.20	5.20	6.20
Revenue	\$3,288	\$3,979	\$4,402	\$6,257	\$8,111	\$9,619	\$2,209	\$2,371	\$2,531	\$3,362	\$10,472	\$2,661	\$2,668	\$2,637	\$3,938	\$11,904	\$13,160	\$14,364	\$15,515	\$16,601	\$17,560
% growth		21.0%	10.6%	42.1%	29.6%	18.6%	(31.1%)	7.3%	6.7%	32.8%	8.9%	(20.8%)	0.3%	(1.2%)	49.4%	13.7%	10.5%	9.1%	8.0%	7.0%	5.8%
Cost of Goods Sold	1,472	1,756	1,938	2,648	3,618	4,010	934	959	1,071	1,423	4,386	1,112	1,112	1,097	1,634	4,954	5,446	5,930	6,390	6,837	7,232
Gross Profit	\$1,816	\$2,223	\$2,464	\$3,609	\$4,492	\$5,609	\$1,275	\$1,412	\$1,460	\$1,939	\$6,086	\$1,549	\$1,556	\$1,540	\$2,304	\$6,950	\$7,713	\$8,434	\$9,125	\$9,764	\$10,328
% margin	55.2%	55.9%	56.0%	57.7%	55.4%	58.3%	57.7%	59.6%	57.7%	57.7%	58.1%	58.2%	58.3%	58.4%	58.5%	58.4%	58.6%	58.7%	58.8%	58.8%	58.8%
SG&A	1,110	1,334	1,646	2,225	2,757	3,397	842	872	895	941	3,550	1,047	1,050	1,037	1,103	4,237	4,634	5,032	5,422	5,805	6,144
Other Operating Expenses	0	0	5	9	9	5	--	--	1	2	3	1	1	1	2	6	7	8	8	9	9
Operating Income	\$706	\$889	\$813	\$1,375	\$1,726	\$2,207	\$433	\$540	\$564	\$996	\$2,532	\$500	\$505	\$502	\$1,199	\$2,707	\$3,073	\$3,394	\$3,695	\$3,950	\$4,174
% margin	21.5%	22.3%	18.5%	22.0%	21.3%	22.9%	19.6%	22.8%	22.3%	29.6%	24.2%	18.8%	18.9%	19.0%	30.4%	22.7%	23.3%	23.6%	23.8%	23.8%	23.8%
Taxes	209	263	241	407	511	654	128	160	167	295	750	148	150	149	355	801	910	1,005	1,094	1,170	1,236
EBT	\$497	\$626	\$572	\$968	\$321	\$1,554	\$305	\$380	\$397	\$701	\$1,783	\$352	\$355	\$353	\$844	\$1,905	\$2,163	\$2,389	\$2,601	\$2,780	\$2,938
% margin	15.1%	15.7%	13.0%	15.5%	4.0%	16.2%	13.8%	16.0%	15.7%	20.9%	17.0%	13.2%	13.3%	13.4%	21.4%	16.0%	16.4%	16.6%	16.8%	16.7%	16.7%
% growth			(8.6%)	69.2%	(66.8%)	384.0%	(52.7%)	24.9%	4.3%	76.7%	14.7%	(49.8%)	0.9%	(0.5%)	138.8%	6.9%	2.7%	1.2%	0.8%	(0.1%)	(0.1%)
Plus: D&A	122	162	185	224	292	379	96	104	110	146	456	116	116	115	171	518	573	625	675	723	764
Less: Capital Expenditures	(226)	(283)	(229)	(395)	(639)	(652)	(131)	(145)	(174)	(231)	(680)	(173)	(173)	(171)	(256)	(773)	(855)	(933)	(1,007)	(1,078)	(1,140)
Changes in NWC	(5)	(153)	(29)	3	(637)	408	(356)	(29)	(94)	167	(312)	114	95	86	209	504	457	407	349	277	184
Unlevered Free Cash Flow	\$388	\$352	\$499	\$801	(\$663)	\$1,689	(\$87)	\$310	\$239	\$784	\$1,247	\$409	\$393	\$383	\$969	\$2,154	\$2,338	\$2,489	\$2,618	\$2,702	\$2,746
PV of UFCF	\$388	\$352	\$499	\$801	(\$663)	\$1,689	(\$87)	\$310	\$239	\$784	\$241	\$390	\$365	\$347	\$854	\$1,899	\$1,855	\$1,776	\$1,681	\$1,562	\$1,429
% margin	11.8%	8.8%	11.3%	12.8%	(8.2%)	17.6%	(3.9%)	13.1%	9.5%	23.3%	11.9%	15.4%	14.7%	14.5%	24.6%	18.1%	17.8%	17.3%	16.9%	16.3%	15.6%
% growth		(9.5%)	41.8%	60.6%	(182.8%)	(354.6%)	(107.2%)	(458.4%)	(22.8%)	227.5%	(26.2%)	(47.8%)	(3.9%)	(2.6%)	152.9%	72.8%	8.5%	6.4%	5.2%	3.2%	1.7%

Discounted Cash Flow Analysis Summary

Valuation (4 of 4)

Valuation Summary: Exit Multiple

Valuation Results – Exit Multiple	
PV of Projection Period	\$10,442
% of Enterprise Value	21.9%
Terminal Year EBITDA	\$4,939
Exit Multiple	14.5x
Terminal Value	\$71,612
PV of Terminal Value	37,252
% of Enterprise Value	78.1%
Implied Enterprise Value	\$47,695
Less: Net Debt	(\$1,611)
Implied Equity Value	\$49,306
Total Shares Outstanding	119
Implied Share Price	\$415.69
Implied Upside	37.5%

		Exit Multiple				
		13.5x	14.0x	14.5x	15.0x	15.5x
WACC	10.1%	\$414	\$426	\$437	\$449	\$460
	10.6%	\$404	\$415	\$426	\$438	\$449
	11.1%	\$394	\$405	\$416	\$427	\$438
	11.6%	\$385	\$396	\$406	\$417	\$427
	12.1%	\$376	\$386	\$396	\$407	\$417

Valuation Summary: Gordon Growth

Valuation Results – Gordon Growth	
PV of Projection Period	\$10,442
% of Enterprise Value	20.6%
Terminal Year EBITDA	\$4,939
Perpetuity Growth Rate	2.5%
Terminal Value	\$57,282
PV of Terminal Value	\$40,304
% of Enterprise Value	79.4%
Implied Enterprise Value	\$50,746
Less: Net Debt	(\$1,611)
Implied Equity Value	\$49,136
Total Shares Outstanding	119
Implied Share Price	\$413.26
Implied Upside	36.7%

		Perpetuity Growth Rate				
		1.5%	2.0%	2.5%	3.0%	3.5%
WACC	10.1%	\$417	\$438	\$462	\$489	\$520
	10.6%	\$397	\$416	\$437	\$460	\$488
	11.1%	\$379	\$395	\$414	\$435	\$459
	11.6%	\$362	\$377	\$394	\$413	\$434
	12.1%	\$347	\$361	\$376	\$393	\$412

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Lululemon Athletica Inc.: BUY

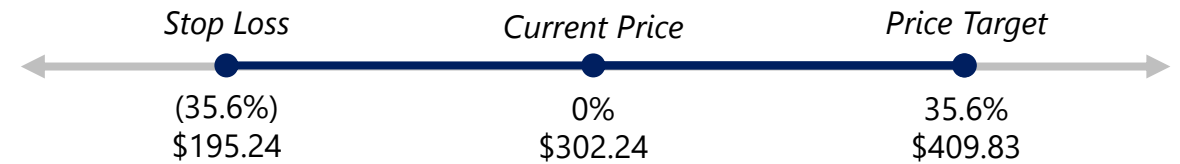
Recommendation

Football Field Analysis



Weighted Valuation

Analysis	Price	Weight	Upside
DCF, Perpetuity	\$413.26	30.0%	36.7%
DCF, Exit Multiple	\$415.69	30.0%	37.5%
Comparables	\$402.85	40.0%	33.3%
Weighted Average	\$409.83	100.0%	35.6%



Recommendation

- 1 Lululemon has a significant growth opportunity in its men's segment as they diversify their menswear and reinforce quality with high profile partnerships
- 2 Given Lululemon's resilience in any economic environment, consumers view the brand as a high-quality investment in athleisure wardrobes
- 3 The brand has a high runway for growth in the Chinese market as it begins to grow store openings and use its market expertise to appeal to consumers

Appendix



Forecast Assumptions

Appendix A

Revenue	Lululemon Athletica Inc.	<p>Revenue forecast is segmented into 3 regions with company operated stores in the Americas, Mainland China, and Rest of World; E-commerce and Other Revenue comprise the remaining revenue segments, with Other Revenue primarily dominated by franchise stores.</p> <p>Projections are primarily driven by growth in company operated stores, which is dominated by Mainland China. Modest growth in Sales / SQF positively contributed to revenue forecasts while all revenue assumptions were derived from short-term management guidance and theses outlooks.</p>
	SG&A	<p>Street estimates used in the short-term with modest operating margin growth in the longer term to reflect management guidance moving forward.</p>
EBIT Margin	D&A	<p>Straight lined at 67% of capital expenditures, aligning with management guidance.</p>
	Capital Expenditures	<p>Aligned with management guidance until 2025E, followed by street estimates going forward.</p>
Terminal Value		<p>TGR of 2.5%, aligning with long-term industry growth forecasts and 14.5x EMM based on comparables.</p>
WACC	Cost of Equity	<p>Cost of equity is 11.1%, calculated using a beta of 1.20, risk free rate of 4.3%, and MRP of 5.7%.</p>
	Cost of Debt	<p>Capital structure consists of 100% equity, thus Lululemon's WACC is equal to the cost of equity.</p>

Income Statement

Appendix B

Income Statement	2018A	2019A	2020A	2021A	2022A	Q1-23	Q2-23	Q3-23	Q4-23	2023A	Q1-24	Q2-24	Q3-24	Q4-24	2024E	Q1-25	Q2-25	Q3-25	Q4-25	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	3,288	3,979	4,402	6,257	8,111	2,001	2,209	2,204	3,205	9,619	2,209	2,371	2,531	3,362	10,472	2,661	2,668	2,637	3,938	11,904	13,160	14,364	15,515	16,601	17,560
% growth		21.0%	10.6%	42.1%	29.6%		10.4%	(0.2%)	45.4%	18.6%	(31.1%)	7.3%	6.7%	32.8%	8.9%	(20.8%)	0.3%	(1.2%)	49.4%	13.7%	10.5%	9.1%	8.0%	7.0%	5.8%
Cost Of Goods Sold	1,472	1,756	1,938	2,648	3,618	850	911	948	1,302	4,010	934	959	1,071	1,423	4,386	1,112	1,112	1,097	1,634	4,954	5,446	5,930	6,390	6,837	7,232
Gross Profit	1,816	2,223	2,464	3,609	4,492	1,151	1,299	1,257	1,903	5,609	1,275	1,412	1,460	1,939	6,086	1,549	1,556	1,540	2,304	6,950	7,713	8,434	9,125	9,764	10,328
% margin	55.2%	55.9%	56.0%	57.7%	55.4%	57.5%	58.8%	57.0%	59.4%	58.3%	57.7%	59.6%	57.7%	57.7%	58.1%	58.2%	58.3%	58.4%	58.5%	58.5%	58.6%	58.7%	58.8%	58.8%	58.8%
% growth		19.3%	10.4%	36.6%	36.6%		7.1%	4.1%	37.4%	10.8%	(28.3%)	2.7%	11.7%	32.8%	9.4%	(21.8%)	0.0%	(1.4%)	49.0%	12.9%	9.9%	8.9%	7.8%	7.0%	5.8%
SG&A	1,110	1,334	1,646	2,225	2,757	748	817	843	990	3,397	842	872	895	941	3,550	1,047	1,050	1,037	1,103	4,237	4,634	5,032	5,422	5,805	6,144
Other Operating Expenses	0	0	5	9	9	2	2	1	--	5	--	--	1	2	3	1	1	1	2	6	7	8	8	9	9
Operating Income	706	889	813	1,375	1,726	401	479	413	914	2,207	433	540	564	996	2,532	500	505	502	1,199	2,707	3,073	3,394	3,695	3,950	4,174
% margin	21.5%	22.3%	18.5%	22.0%	21.3%	20.1%	21.7%	18.7%	28.5%	22.9%	19.6%	22.8%	22.3%	29.6%	24.2%	18.8%	18.9%	19.0%	30.4%	22.7%	23.3%	23.6%	23.8%	23.8%	23.8%
Net Interest Income (Expense)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Non Operating Income	9	8	7	(41)	(394)	8	7	(65)	18	(31)	23	18	--	--	41	--	--	--	--	--	--	--	--	--	--
EBT	715	897	819	1,334	1,333	409	487	348	932	2,176	456	558	564	996	2,574	500	505	502	1,199	2,707	3,073	3,394	3,695	3,950	4,174
% margin	21.8%	22.6%	18.6%	21.3%	16.4%	20.5%	22.0%	15.8%	29.1%	22.6%	20.6%	23.5%	22.3%	29.6%	24.6%	18.8%	18.9%	19.0%	30.4%	22.7%	23.3%	23.6%	23.8%	23.8%	23.8%
Taxes	231	252	230	359	478	119	145	99	262	626	135	165	167	295	762	140	141	141	336	758	860	950	1,034	1,106	1,169
Net Income	484	646	589	976	855	290	342	249	669	1,550	321	393	397	701	1,812	360	364	362	863	1,949	2,212	2,444	2,660	2,844	3,005
% margin	14.7%	16.2%	13.4%	15.6%	10.5%	14.5%	15.5%	11.3%	20.9%	16.1%	14.6%	16.6%	15.7%	20.9%	17.3%	13.5%	13.6%	13.7%	21.9%	16.4%	16.8%	17.0%	17.1%	17.1%	17.1%
EPS	\$3.98	\$5.20	\$4.71	\$7.91	\$6.99	\$2.38	\$2.81	\$2.05	\$5.53	\$12.80	\$2.67	\$3.31	\$3.34	\$5.95	\$15.71	\$3.14	\$3.18	\$3.18	\$7.62	\$17.19	\$20.05	\$22.87	\$25.73	\$28.48	\$31.19
% growth		30.7%	(9.5%)	68.2%	(11.6%)	(66.0%)	18.1%	(27.0%)	169.4%	83.0%	(51.7%)	24.2%	1.0%	77.8%	22.7%	(47.3%)	1.4%	(0.1%)	139.8%	9.4%	16.6%	14.1%	12.5%	10.7%	9.5%

- 6.5-year projection period is used to account for modest expansion in operating margins and tapering growth in international regions
- Interest expense is flat lined to reflect Lululemon's historical debt free capital structure, which is projected to stay constant; interest income is treated the same to align with historically reported numbers
- Income tax expense is forecasted at 28%, slightly below the current effective tax rate of 29.6% to reflect normalized tax levels
- Forecasted EPS is slightly more favourable than street estimates to reflect an increase in brand awareness for Lululemon's men's segment and internationally as specified in the investment theses

Balance Sheet

Appendix C

Balance Sheet	2018A	2019A	2020A	2021A	2022A	Q1-23	Q2-23	Q3-23	Q4-23	2023A	Q1-24	Q2-24	Q3-24	Q4-24	2024E	Q1-25	Q2-25	Q3-25	Q4-25	2025E	2026E	2027E	2028E	2029E	2030E	
Assets																										
Cash And Equivalents	881	1,093	1,151	1,260	1,155	951	1,108	1,092	2,245	2,245	1,901	1,611	1,947	2,370	2,370	2,608	2,843	3,038	3,591	3,591	4,367	4,838	5,236	5,536	5,715	
Accounts Receivable	36	40	62	77	133	107	106	107	125	125	126	126	506	672	672	532	533	527	787	787	657	717	775	829	877	
Inventory	405	519	647	1,009	1,447	1,580	1,661	1,664	1,324	1,324	1,345	1,429	1,339	1,219	1,219	1,158	1,123	1,115	1,131	1,131	1,096	1,125	1,231	1,426	1,719	
Prepaid Expenses	57	65	82	98	142	143	143	137	137	137	147	151	128	135	135	150	150	149	158	158	173	188	202	217	229	
Other Current Assets	50	91	182	171	282	272	307	367	231	231	249	256	309	411	411	325	326	322	482	482	532	581	628	672	710	
Total Current Assets	1,429	1,808	2,125	2,615	3,159	3,054	3,324	3,365	4,061	4,061	3,769	3,572	4,229	4,806	4,806	4,772	4,976	5,151	6,149	6,149	6,826	7,450	8,071	8,679	9,251	
Net Plant, Property & Equipment	567	1,361	1,481	1,731	2,239	2,306	2,446	2,463	2,811	2,811	2,825	2,918	2,951	3,036	3,036	3,092	3,150	3,206	3,290	3,290	3,572	3,879	4,211	4,567	4,942	
Goodwill	--	24	387	387	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	
Other Intangibles	27	0	155	71	22	140	18	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Deferred Tax Assets, LT	27	31	7	6	6	6	6	6	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
Other Long-Term Assets	35	56	32	132	156	42	174	165	187	187	202	222	222	222	222	222	222	222	222	222	222	222	222	222	222	
Total Assets	2,085	3,281	4,185	4,942	5,607	5,572	5,993	6,023	7,093	7,093	6,829	6,745	7,435	8,096	8,096	8,119	8,380	8,612	9,694	9,694	10,652	11,583	12,537	13,500	14,448	
Liabilities																										
Accounts Payable	96	80	172	290	173	287	299	309	348	348	262	317	483	642	642	508	510	504	752	752	628	686	741	793	838	
Accrued Expenses	199	232	284	449	533	382	501	543	561	561	394	463	497	523	523	582	583	576	613	613	671	728	785	840	889	
Revolver	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Curr. Port. of Leases	--	128	166	189	208	211	217	217	249	249	254	278	274	279	279	282	286	290	293	293	306	318	329	338	347	
Curr. Income Taxes Payable	67	26	8	134	174	30	21	27	12	12	53	19	34	60	60	29	29	29	69	69	78	86	94	100	106	
Unearned Revenue, Current	107	120	156	208	251	224	216	213	306	306	268	251	265	353	353	279	280	277	413	413	457	498	538	576	609	
Other Current Liabilities	31	33	97	135	153	122	133	138	154	154	152	140	152	202	202	160	160	158	236	236	261	285	308	329	348	
Total Current Liabilities	500	620	883	1,405	1,492	1,257	1,386	1,448	1,631	1,631	1,384	1,469	1,706	2,059	2,059	1,839	1,848	1,833	2,376	2,376	2,400	2,601	2,794	2,977	3,138	
Long-Term Debt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Long-Term Leases	--	611	633	692	862	889	977	951	1,154	1,154	1,148	1,181	1,211	1,230	1,230	1,242	1,262	1,278	1,293	1,293	1,349	1,402	1,450	1,493	1,531	
Def. Tax Liability, Non-Curr.	14	43	59	53	55	55	55	54	30	30	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	
Other Non-Current Liabilities	124	54	52	52	49	52	41	44	45	45	48	34	34	34	34	34	34	34	34	34	34	34	34	34	34	
Total Liabilities	639	1,329	1,627	2,202	2,458	2,251	2,459	2,496	2,860	2,860	2,609	2,712	2,980	3,352	3,352	3,144	3,173	3,174	3,732	3,732	3,813	4,066	4,307	4,533	4,732	
Common Stock	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Additional Paid In Capital	315	356	389	423	475	478	505	536	575	575	570	589	589	589	589	589	589	589	589	589	589	589	589	589	589	
Retained Earnings	1,347	1,821	2,346	2,513	2,926	3,119	3,268	3,305	3,920	3,920	3,944	3,752	4,175	4,464	4,464	4,695	4,927	5,157	5,681	5,681	6,559	7,237	7,950	8,687	9,436	
Comprehensive Inc. and Other	(217)	(225)	(177)	(196)	(253)	(278)	(240)	(316)	(264)	(264)	(295)	(310)	(310)	(310)	(310)	(310)	(310)	(310)	(310)	(310)	(310)	(310)	(310)	(310)	(310)	
Minority Interest	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Equity	1,446	1,952	2,559	2,740	3,149	3,320	3,534	3,526	4,232	4,232	4,220	4,032	4,455	4,744	4,744	4,975	5,207	5,437	5,961	5,961	6,839	7,517	8,230	8,967	9,716	
Total Liabilities And Equity	2,085	3,281	4,185	4,943	5,607	5,572	5,993	6,023	7,092	7,092	6,829	6,744	7,435	8,096	8,096	8,119	8,380	8,611	9,693	9,693	10,652	11,583	12,537	13,499	14,448	

Cash Flow Statement

Appendix D

Cash Flow Statement	2018A	2019A	2020A	2021A	2022A	Q1-23	Q2-23	Q3-23	Q4-23	2023A	Q1-24	Q2-24	Q3-24	Q4-24	2024E	Q1-25	Q2-25	Q3-25	Q4-25	2025E	2026E	2027E	2028E	2029E	2030E
Net Income	484	646	589	976	855	290	342	249	669	1,550	321	393	397	701	1,812	360	364	362	863	1,949	2,212	2,444	2,660	2,844	3,005
Depreciation & Amort.	122	162	185	224	292	84	94	98	103	379	96	104	110	146	456	116	116	115	171	518	573	625	675	723	764
(Gain) Loss From Sale Of Assets	--	--	--	--	(10)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Asset Writedown & Restructuring	--	--	--	--	408	--	--	75	--	75	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Stock-Based Compensation	29	46	51	69	78	21	24	25	23	94	26	22	26	35	108	27	28	27	41	123	139	155	170	185	200
Curr. Income Taxes Payable	52	(41)	(18)	125	40	(144)	(10)	7	(15)	(162)	41	(34)	15	26	48	(32)	0	(0)	40	8	9	8	8	6	6
Other Operating Activities	(5)	10	26	(9)	(59)	(1)	19	34	(54)	(1)	(0)	(13)	--	--	(13)	--	--	--	--	--	--	--	--	--	--
Change in Net Working Capital	61	(153)	(29)	3	(637)	(206)	53	(97)	657	408	(356)	(29)	(94)	167	(312)	81	36	1	55	174	101	28	(50)	(140)	(246)
Cash from Operations	743	669	803	1,389	966	46	477	390	1,384	2,342	128	443	454	1,075	2,100	553	544	505	1,171	2,773	3,035	3,260	3,463	3,618	3,729
Capital Expenditure	(226)	(283)	(229)	(395)	(639)	(137)	(146)	(163)	(207)	(652)	(131)	(145)	(174)	(231)	(680)	(173)	(173)	(171)	(256)	(773)	(855)	(933)	(1,007)	(1,078)	(1,140)
Cash Acquisitions	--	--	(453)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Investing Activities	(17)	5	(14)	(33)	69	(1)	0	1	(2)	(2)	(1)	10	--	--	9	--	--	--	--	--	--	--	--	--	--
Cash from Investing	(243)	(278)	(696)	(428)	(570)	(138)	(145)	(162)	(209)	(654)	(132)	(135)	(117)	(206)	(590)	(159)	(149)	(151)	(238)	(696)	(786)	(868)	(949)	(1,025)	(1,094)
Change in Debt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Issuance of Common Stock	18	18	15	18	12	(17)	(14)	9	17	(4)	3	2	--	--	6	--	--	--	--	--	--	--	--	--	--
Repurchase of Common Stock	(598)	(173)	(63)	(813)	(444)	(98)	(193)	(212)	(54)	(556)	(298)	(585)	--	(446)	(1,329)	(157)	(159)	(159)	(381)	(855)	(1,473)	(1,921)	(2,117)	(2,292)	(2,456)
Total Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Financing Activities	(10)	(22)	(32)	(51)	(35)	--	16	(2)	(2)	12	(34)	(5)	--	--	(39)	--	--	--	--	--	--	--	--	--	--
Cash from Financing	(590)	(177)	(80)	(845)	(467)	(115)	(190)	(205)	(38)	(548)	(329)	(588)	--	(446)	(1,363)	(157)	(159)	(159)	(381)	(855)	(1,473)	(1,921)	(2,117)	(2,292)	(2,456)
Foreign Exchange Rate Adj.	(19)	(2)	30	(7)	(34)	4	16	(40)	16	(4)	(11)	(11)	--	--	(21)	--	--	--	--	--	--	--	--	--	--
Net Change in Cash	(109)	212	57	109	(105)	(204)	157	(16)	1,153	1,135	(343)	(291)	337	423	125	238	236	195	553	1,221	776	471	397	300	180
Beginning Cash	991	881	1,093	1,151	1,260	1,155	951	1,108	1,092	1,155	2,245	1,901	1,611	1,947	2,245	2,370	2,608	2,843	3,038	2,370	3,591	4,367	4,838	5,236	5,536
Ending Cash	881	1,093	1,151	1,260	1,155	951	1,108	1,092	2,245	2,245	1,901	1,611	1,947	2,370	2,370	2,608	2,843	3,038	3,591	3,591	4,367	4,838	5,236	5,536	5,715

Revenue Breakdown & Scenario Analysis

Appendix E (1 of 3)

Revenue Drivers Scenario Analysis	Q3-2024E	Q4-2024E	2024E	Q1-2025E	Q2-2025E	Q3-2025E	Q4-2025E	2025E	2026E	2027E	2028E	2029E	2030E
Number of Stores													
Base Case	735	747	747	754	766	776	785	785	819	851	880	906	929
Bear Case	732	743	739	755	762	775	782	770	798	823	845	864	880
Bull Case	740	750	754	758	768	777	786	800	843	883	920	954	985
Net Additions													
Base Case	13	12	35	7	12	10	9	38	34	32	29	26	23
Bear Case	10	8	28	8	8	9	6	31	28	25	22	19	16
Bull Case	18	15	43	11	14	11	10	46	43	40	37	34	31
Average SQF / Store													
Base Case	4,568	4,568	4,568	4,781	4,781	4,781	4,781	4,781	4,781	4,781	4,781	4,781	4,781
Bear Case	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197
Bull Case	4,796	4,796	4,796	4,796	4,796	4,796	4,796	4,796	4,796	4,796	4,796	4,796	4,796
Total Square Feet (000s)													
Base Case	3,301	3,412	3,412	3,497	3,583	3,668	3,753	3,753	3,916	4,069	4,208	4,333	4,443
Bear Case	3,190	3,281	3,281	3,347	3,412	3,476	3,539	3,539	3,675	3,800	3,911	4,008	4,090
Bull Case	3,549	3,597	3,597	3,635	3,683	3,727	3,770	3,770	4,043	4,235	4,413	4,577	4,726
Total Square Feet Growth													
Base Case	3.5%	3.4%	15.0%	2.5%	2.4%	2.4%	2.3%	10.0%	4.3%	3.9%	3.4%	3.0%	2.6%
Bear Case	N/A	2.9%	10.6%	2.0%	1.9%	1.9%	1.8%	7.9%	3.8%	3.4%	2.9%	2.5%	2.1%
Bull Case	N/A	1.4%	21.2%	1.1%	1.3%	1.2%	1.2%	4.8%	7.3%	4.8%	4.2%	3.7%	3.3%
Sales / SQF													
Base Case	317	563	1,609	387	398	398	507	1,689	1,774	1,849	1,914	1,967	2,006
Bear Case	254	451	1,287	310	318	318	405	1,352	1,419	1,479	1,531	1,573	1,605
Bull Case	349	619	1,770	426	437	437	558	1,858	1,951	2,034	2,105	2,163	2,207

Revenue Breakdown & Scenario Analysis

Appendix E (2 of 3)

Americias Scenario Analysis	Q3-2024E	Q4-2024E	2024E	Q1-2025E	Q2-2025E	Q3-2025E	Q4-2025E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue													
Base Case	793	1,154	3,533	909	950	969	1,256	4,084	4,458	4,757	5,038	5,293	5,519
Bear Case	768	1,115	3,469	884	933	949	1,235	4,000	4,351	4,533	4,921	5,174	5,397
Bull Case	833	1,192	3,612	934	975	969	1,601	4,479	4,681	4,960	5,214	5,439	5,629
Growth %													
Base Case	(54.5%)	45.5%	N/A	(21.2%)	4.5%	2.0%	29.6%	15.6%	9.2%	6.7%	5.9%	5.1%	4.3%
Bear Case	N/A	45.2%	N/A	(20.8%)	5.5%	1.8%	30.1%	15.3%	8.8%	4.2%	8.6%	5.1%	4.3%
Bull Case	N/A	43.2%	N/A	(21.7%)	4.4%	(0.6%)	65.2%	24.0%	4.5%	5.9%	5.1%	4.3%	3.5%
Mainland China Scenario Analysis	Q3-2024E	Q4-2024E	2024E	Q1-2025E	Q2-2025E	Q3-2025E	Q4-2025E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue													
Base Case	226	245	925	215	234	241	325	1,015	1,194	1,368	1,527	1,669	1,788
Bear Case	216	235	904	208	227	232	315	982	1,135	1,309	1,474	1,623	1,752
Bull Case	236	256	945	233	241	249	337	1,059	1,342	1,502	1,648	1,774	1,878
Growth %													
Base Case	(27.9%)	8.4%	N/A	(12.3%)	8.6%	3.3%	34.8%	9.8%	17.7%	14.5%	11.7%	9.3%	7.1%
Bear Case	N/A	8.6%	N/A	(11.5%)	9.4%	2.0%	35.9%	8.6%	15.6%	15.4%	12.5%	10.1%	8.0%
Bull Case	N/A	8.6%	N/A	(9.2%)	3.5%	3.6%	35.1%	12.1%	26.7%	11.9%	9.7%	7.7%	5.8%
Rest of World Scenario Analysis	Q3-2024E	Q4-2024E	2024E	Q1-2025E	Q2-2025E	Q3-2025E	Q4-2025E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue													
Base Case	248	209	1,055	231	240	243	313	1,027	1,097	1,183	1,257	1,318	1,364
Bear Case	235	203	1,036	225	221	237	297	980	1,055	1,147	1,227	1,295	1,348
Bull Case	262	217	1,077	250	253	256	325	1,084	1,143	1,223	1,291	1,345	1,383
Growth %													
Base Case	(21.3%)	(16.0%)	N/A	10.7%	4.0%	1.3%	28.7%	(2.6%)	6.8%	7.8%	6.3%	4.9%	3.5%
Bear Case	N/A	(13.6%)	N/A	10.7%	(1.6%)	7.1%	25.3%	(5.4%)	7.7%	8.7%	7.0%	5.5%	4.1%
Bull Case	N/A	(17.1%)	N/A	15.0%	1.3%	1.2%	27.0%	0.6%	5.5%	7.0%	5.6%	4.2%	2.8%

Revenue Breakdown & Scenario Analysis

Appendix E (3 of 3)

E-Commerce Scenario Analysis	Q3-2024E	Q4-2024E	2024E	Q1-2025E	Q2-2025E	Q3-2025E	Q4-2025E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue													
<i>Base Case</i>	1,050	1,570	4,436	1,080	1,028	976	1,850	4,934	5,556	6,151	6,733	7,291	7,813
<i>Bear Case</i>	1,005	1,149	3,970	835	976	955	1,289	4,440	4,991	5,642	6,259	6,864	7,444
<i>Bull Case</i>	1,121	2,085	5,022	1,175	1,031	930	2,763	5,427	6,142	6,713	7,273	7,802	8,264
Growth %													
<i>Base Case</i>	N/A	49.5%	N/A	(31.2%)	(76.8%)	(9.6%)	80.0%	11.2%	12.6%	10.7%	9.5%	8.3%	7.1%
<i>Bear Case</i>	N/A	14.4%	N/A	(27.4%)	(75.4%)	14.4%	32.2%	11.8%	12.4%	13.1%	10.9%	9.7%	8.4%
<i>Bull Case</i>	N/A	86.1%	N/A	(43.6%)	(79.5%)	(20.9%)	168.1%	8.1%	13.2%	9.3%	8.3%	7.3%	5.9%
Other Scenario Analysis	Q3-2024E	Q4-2024E	2024E	Q1-2025E	Q2-2025E	Q3-2025E	Q4-2025E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue													
<i>Base Case</i>	213	184	874	227	217	207	194	844	854	906	960	1,030	1,077
<i>Bear Case</i>	185	160	822	175	207	198	181	760	844	851	902	955	1,028
<i>Bull Case</i>	226	195	898	253	228	217	199	897	1,030	1,075	1,078	1,105	1,126
Growth %													
<i>Base Case</i>	(13.1%)	(13.4%)	N/A	22.9%	(4.3%)	(4.5%)	(6.5%)	(3.5%)	1.2%	6.0%	6.0%	7.3%	4.5%
<i>Bear Case</i>	N/A	(13.7%)	N/A	9.4%	18.8%	(4.8%)	(8.4%)	(7.5%)	10.9%	0.9%	6.0%	5.8%	7.7%
<i>Bull Case</i>	N/A	(13.7%)	N/A	29.8%	(9.8%)	(4.8%)	(8.4%)	(0.1%)	14.8%	4.4%	0.3%	2.5%	1.8%