



Sauder Capital Markets Challenge



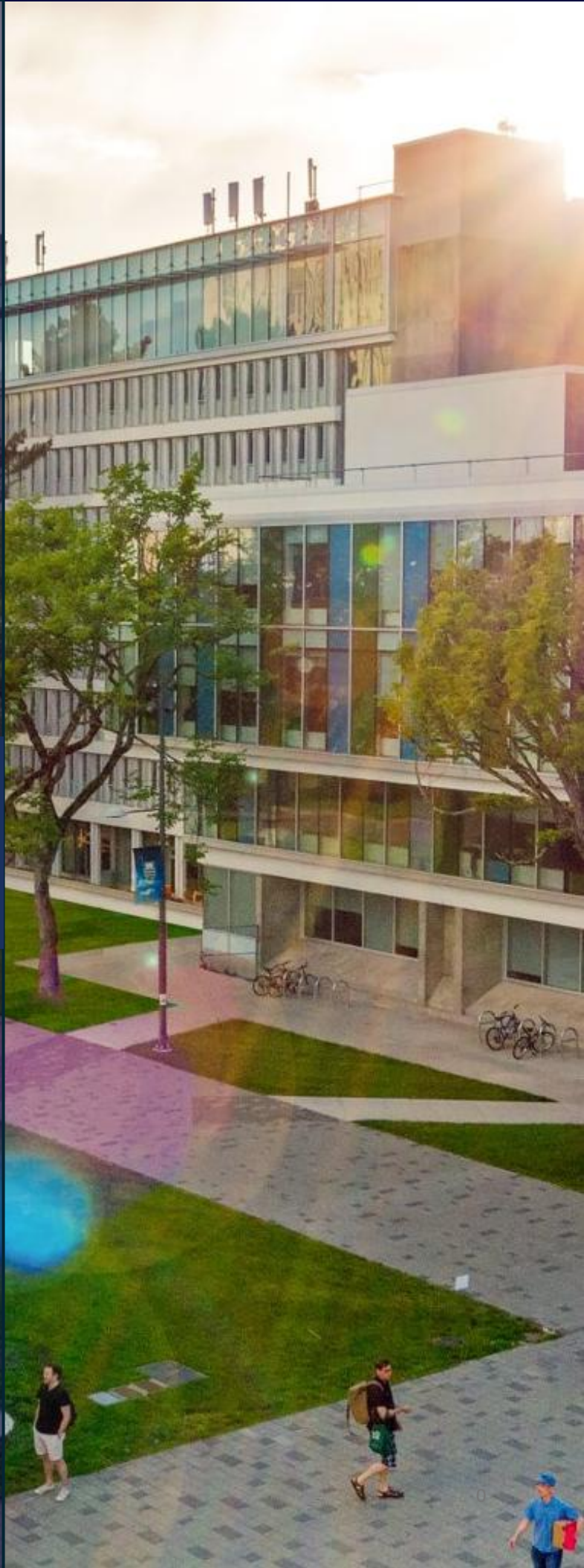
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Sauder's First Finance Case
Competition, Connecting
Students and Professionals

First Round Case Package
December 2025



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Introduction

Dear Competitors,

Founded at UBC Sauder in 2025, the Sauder Capital Markets Challenge (SCMC) is a student-run, Commerce Undergraduate Society (CUS) funded finance case competition designed to provide students with hands-on exposure to the capital markets.

SCMC was created to bridge the gap between classroom concepts and the workplace. Through rigorous, professionally crafted cases and exclusive networking opportunities, the competition offers students the chance to sharpen their analytical skills, pitch strategic recommendations, and build relationships with leading industry finance professionals.

Today, SCMC stands as a dynamic platform for students to explore various career pathways, including investment banking, private equity, corporate finance and more, while building a tight-knit community of future finance professionals.

The case offers an immersive simulation of the work of buy-side and sell-side professionals. Competitors will tackle financial modelling, market analysis, and deal structuring, gaining insight into the work of professionals in the capital markets.

Thank you for joining us in our inaugural year. We look forward to seeing your creativity, teamwork, and analytical skills come to life through this case.

Sincerely,

SCMC Organizing Team



Chair
Graydon
Lantz



VP External
Zachary
Severyn



VP External
Khaleel
Lalani



VP Competition
Griffin
Nielsen-Sendey



VP Competition
Shervin
Eshfagh



VP Finance
Enzo
Hickman



VP Conference
Jessica
Pang



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Round 1 Case



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The Case Scenario

From: Portfolio Manager, Consumer & Retail Investments

To: Consumer Goods Investment Team

Subject: Consumer Apparel Deep Dive — Nike vs. Lululemon vs. Aritzia

Good morning,

Given the recent volatility in consumer discretionary names, I'd like us to take a closer look at the **North American apparel space** — specifically **Nike, Lululemon, and Aritzia**. All three names have delivered strong brand resilience through mixed macro conditions, but their medium-term growth narratives are starting to diverge.

We need to determine which offers the most attractive risk-adjusted return profile and fits best within our portfolio's consumer allocation heading into 2026.

Please come back to me with the following:

- A full overview of one of the three businesses, including a company profile, market analysis, financial position, and any other factors you think are important to initiate a position in one of these businesses.
- A well-constructed valuation of the business and commentary on your assumptions.
- A final recommendation is presented, and an executive summary of your pitch.

Let's aim for a deck outlining your recommendations by December 31st, 2025, ahead of our Consumer Sector Review.

Let's keep this analytical but opinionated — I want to see where you'd allocate capital if we had to initiate a position in just **one** of the three.

— PM

The Case Outline

Stage 1: Fundamental Analysis

- **Goal:** Perform fundamental analysis on all three companies, **choose the one you believe offers the strongest opportunity.** Include one slide explaining your choice.
- Ask yourself:
 - What competitive advantage does this company have?
 - What are potential tailwinds or headwinds to be realized?
 - Why might the market be undervaluing this company?
- The qualitative analysis will guide you in developing assumptions for your valuation.

Stage 2: Valuation

- **Goal:** Value **only your chosen company** and understand its intrinsic and extrinsic worth and quantify drivers of upside/downside.
- Key Deliverables:
 - Discounted Cash Flow Model
 - Comparable Companies Analysis
 - Precedent Transactions Analysis
- The valuation should be reflective of your team's investment theses for each company.

Final Deliverable: Investment Pitch

- **Goal:** Construct a final pitch deck with a final investment decision for the chosen company, alongside a supporting financial model.
- Deliverable:
 - Professional pitch deck + Excel Valuation
- Required Sections:
 - Team introduction and brief biography on each member
 - Investment thesis/theses
 - Valuation overview
 - One slide summary on why you chose the company you did
- Note: the scope of your presentation should not be limited to the required sections.

Optional templates for the valuation and pitch deck have been provided



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Company Profiles

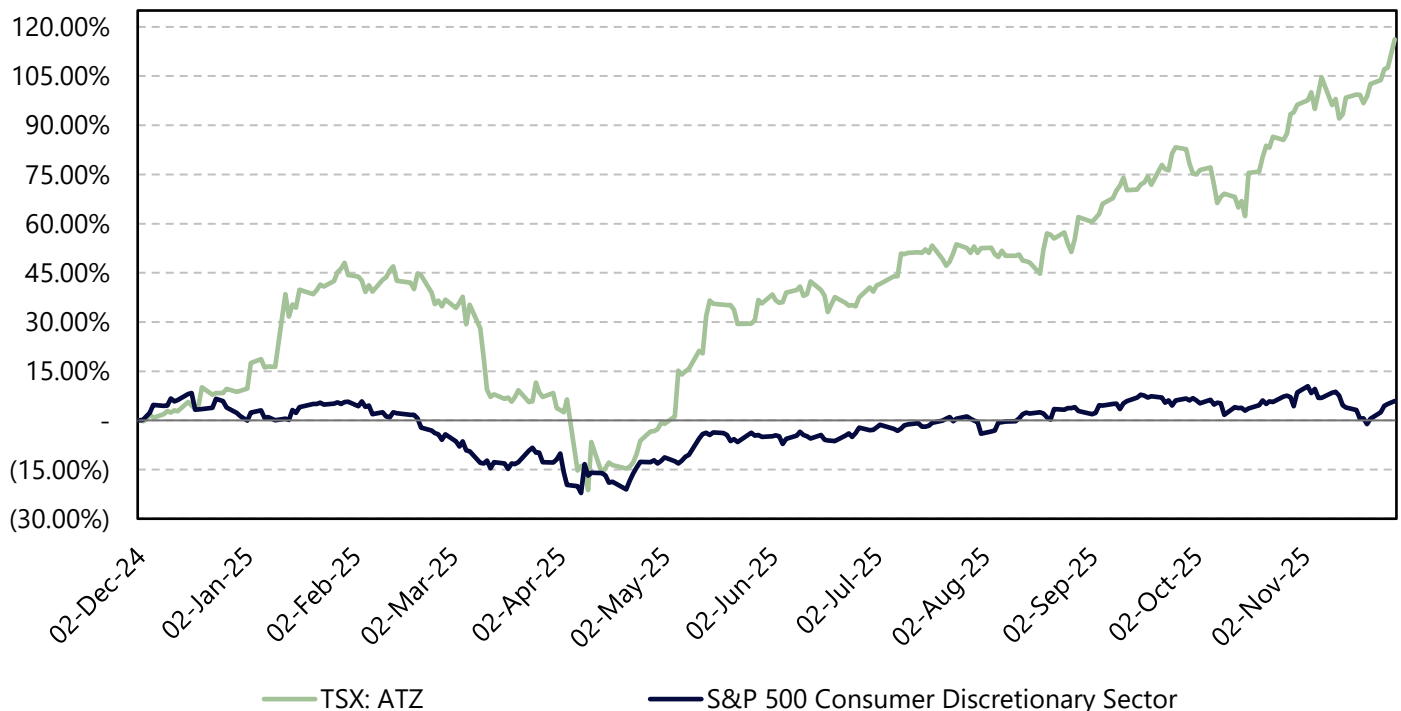


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- Aritzia is a vertically integrated “Everyday Luxury” apparel company with a fast-growing U.S. presence, combining experiential boutiques with a scaled and profitable e-commerce channel. The brand focuses on premium design, controlled distribution, and consistent product innovation.
- In FY2025, performance strengthened quarter by quarter. Q1 revenue grew 7.8% year-over-year with gross margin expanding to 44.0%. Q2 revenue increased 15.3%, and Q3 delivered 11.5% growth with gross margin rising to 45.8%. Adjusted EBITDA reached \$136 million in Q3, reflecting improving productivity and operating leverage.
- Aritzia ended FY2025 with roughly \$2.7 billion in net revenue, supported by double-digit comps and strong digital growth. Looking ahead to FY2026, management expects continued margin expansion and accelerated scale through U.S. boutique openings, digital investment, and disciplined SG&A. With rising profitability and sustained U.S. momentum, Aritzia enters FY2026 with a clear runway for growth.

Source: Aritzia Investor Relations

Share Price Performance – Aritzia (1Y)



Lululemon

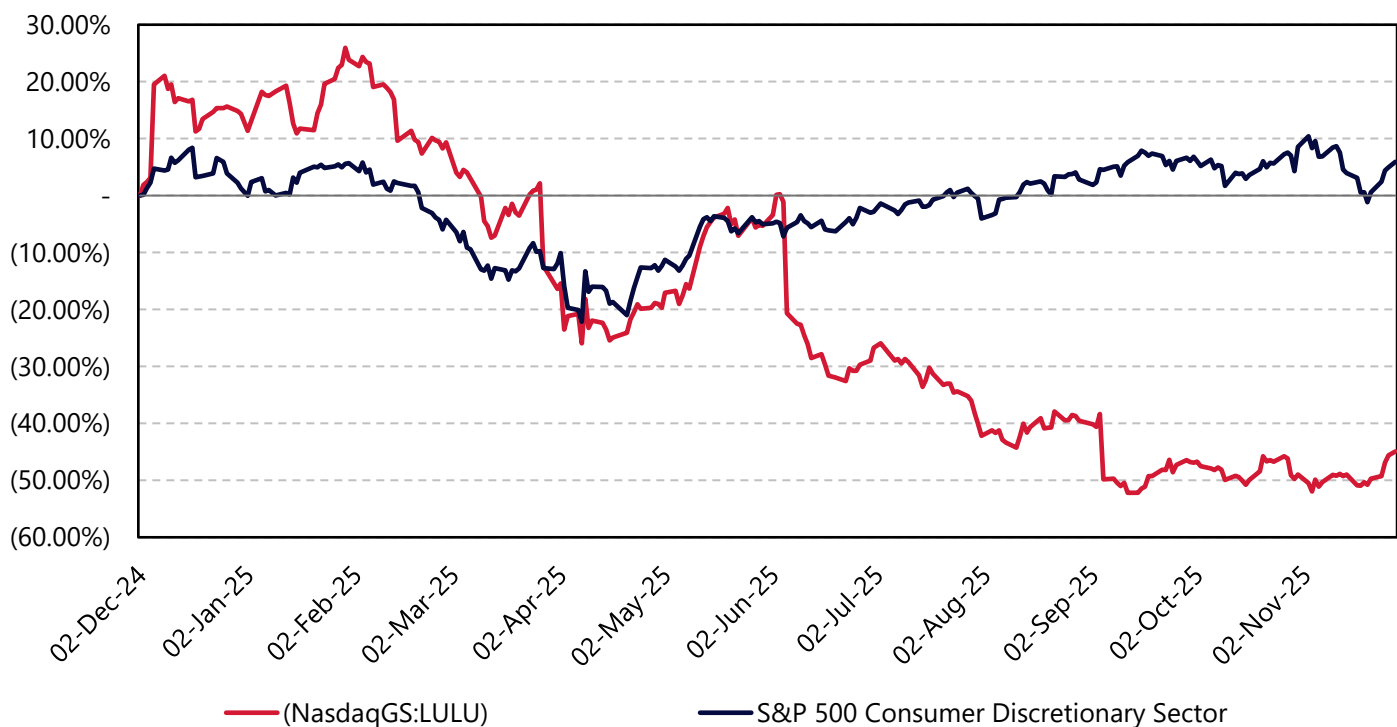
NASDAQ: LULU



- Lululemon Athletica combines a premium athletic and lifestyle apparel line with a vertically integrated retail and digital business model that spans North America and increasingly global markets.
- In Q1 2025, net revenue rose by ~7% year-over-year to ~US\$2.37 billion, with a gross margin of ~58.3%. In Q2 2025, net revenue reached ~US\$2.53 billion (~7% growth YoY), with its gross margin remaining relatively constant. Guidance for fiscal year 2025 (year ending Feb 2025) is for net revenue of US\$10.85-11.00 billion, implying modest top-line growth from the prior year under challenging macro and tariff headwinds.
- Lululemon continues expanding its global footprint and is leaning on its direct-to-consumer and international segments to offset softness in certain regional markets. Lululemon has sustainably maintained gross margins above 50% and retains structural strength. 2025 guidance calls for only moderate growth, underscoring that near-term success hinges on execution and macro resolution.

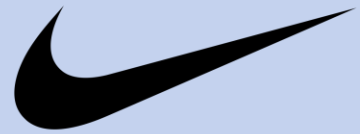
Source: Lululemon Investor Relations

Share Price Performance – Lululemon (1Y)



Nike

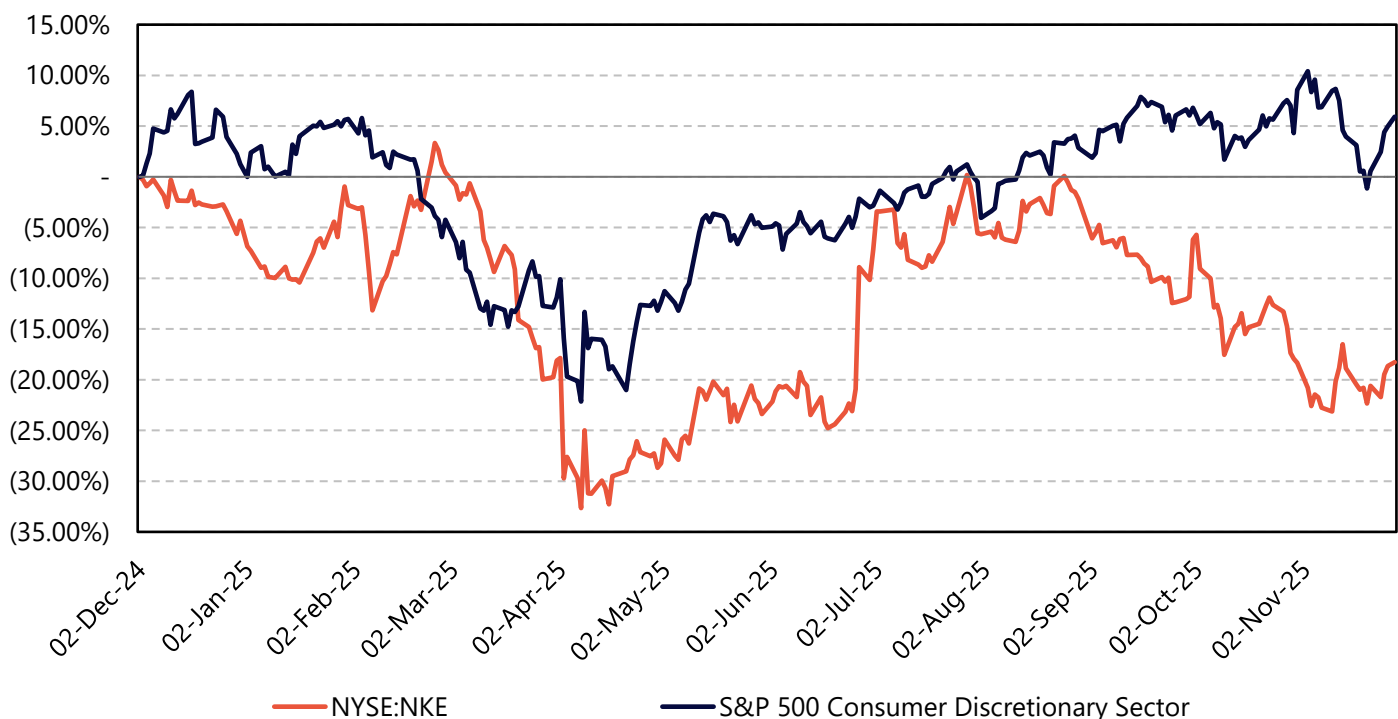
NYSE: NKE



- NIKE, Inc., headquartered in Beaverton, Oregon, remains the global leader in athletic footwear, apparel and equipment.
- FY2025 marked a steep reset: revenues fell to US \$46.3 billion, down 10% year-on-year, and Q4 revenue was US \$11.1 billion, down 12% Gross margin in Q4 slumped 440 bps to 40.3% as discounting and channel mix weighed. The company returned ~US\$5.3 billion to shareholders in FY2025 via dividends and buybacks.
- Under incoming CEO Elliott Hill, NIKE is executing a "Sport Offence" turnaround strategy, refocusing on innovation, brand leadership, and the U.S. wholesale channel. The core question for investors is whether this turnaround timing aligns with macro/consumer headwinds (e.g., Chinese demand softness, elevated tariffs, digital deceleration).

Source: Nike Investor Relations

Share Price Performance – Nike (1Y)



Submission Rules



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Submission Details

Deliverables Submission

- **Deadline:** 11:59 pm PST on December 31, 2025
- **Submission:** Please email your completed work and all attachments to **info@scmc-ubc.ca** with the subject line: **TeamName_Round1_Submission**.
 - Only one member from each team should submit.

Naming Convention

- **Presentation:** Submit your completed slide deck in a **PDF** format with the corresponding file name: **TeamName_Round1.pdf**.
- **Excel Model:** Submit your completed Excel model with the corresponding file name: **TeamName_Round1.xlsx**.

Additional Information

- **Proofreading:** We encourage all teams to thoroughly proofread their slide decks to ensure the highest level of professionalism in their deliverables.
- **Late Submissions:** We will not be accepting any late submissions. Our policy is strict to ensure fairness among all competing teams.
- **Criteria:** Submissions will be evaluated holistically by the SCMC team, considering factors such as clarity of analysis, creativity of approach, the rationale behind key assumptions, and the overall quality of the presentation.
- **Template:** Read all instructions for the Excel valuation template. You may add features, but do not delete any components.
- **Slide Master:** Please utilize the slide master tab for the PowerPoint template.
- **Layout:** Participants are encouraged to use the provided PowerPoint template; however, participants are also allowed to use their own PowerPoint templates.

Questions

- **Contact:** Additional questions about the case and submission details can be addressed to info@scmc-ubc.ca



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Valuation Guide



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Valuation Guide

Discounted Cash Flow

Purpose

- The purpose of a discounted cash flow (DCF) analysis is to estimate a company's intrinsic value by projecting its future cash flows and discounting them back to their present value. By grounding the valuation in the firm's underlying ability to generate cash over time, a DCF provides a forward-looking assessment that reflects the company's fundamentals rather than market sentiment.

Steps

- Start by gathering the company's historical financial statements and identifying the key drivers that will inform your projections, such as revenue growth, margins, capital expenditures, and working capital needs. These inputs can be sourced from financial databases like S&P Capital IQ, Yahoo Finance, or any platforms available through your school.
- Next, build out the forward-looking financial model using the provided Excel template. Populate all required fields, including revenue forecasts, expense assumptions, capital investment requirements, and free cash flow calculations.
- Ensure that your assumptions are consistent, reasonable, and supported by historical performance or industry benchmarks.
- In a discounted cash flow analysis, the primary focus is on estimating future free cash flows and determining an appropriate discount rate, typically the weighted average cost of capital (WACC). Once the cash flows and discount rate are entered, the template will help to compute the present value of these cash flows and generate an implied valuation range for the business.

Perpetual Growth Vs. Exit Multiple Method

- **Exit Multiple Method:** Estimates terminal value by applying a market-based multiple (e.g., EV/EBITDA) to the company's projected financial metric in the final forecast year, reflecting how similar businesses are valued in the market.
- **Perpetual Growth Method:** Calculates terminal value by assuming the company's free cash flows grow at a stable, long-term rate indefinitely, capturing intrinsic value independent of market multiples.

Valuation Guide

Comparable Companies Overview

Purpose

- The purpose of a comparable companies analysis is to determine whether a company is under- or overvalued compared to its peers. This is often done by comparing multiples to establish a valuation range reflective of current market sentiment.

Steps

- Screen comparable companies using a financial database such as S&P Capital IQ or Yahoo Finance, filtering by industry, size, and geography.
- Once you have selected peer companies, using the Excel template we have provided you with, fill in the required fields. Forward-looking financials can be found using any financial databases you have access to through your educational institution. In a comparable companies analysis, it is best practice to focus on forward-looking multiples to capture current market sentiment.
- The template will auto-populate a valuation range using the data you have inputted.

Pros	Cons
Reflects current market sentiment: Uses up-to-date trading multiples, making it highly relevant in fast-moving markets.	Market volatility impacts results: Multiples can fluctuate with short-term market swings or investor sentiment.
Widely applicable: Easy to perform across most industries, as public comps are often available.	Difficult to find perfect peers: Differences in growth, margins, business models, or geographic exposure can reduce comparability.
Objective and transparent: Based on observable market data, reducing reliance on subjective assumptions.	May not capture control premiums: Unlike precedent transactions, trading multiples reflect minority stakes and may undervalue a company in an M&A context.

Valuation Guide

Precedent Transactions Analysis

Purpose

- The purpose of a precedent transactions analysis is to assess a company's value by examining prices paid in recent acquisitions of similar businesses. By analyzing the transaction multiples buyers have historically been willing to pay, this method helps establish a valuation range that reflects real-world deal premiums and prevailing market conditions at the time of the transactions.

Steps

- Screen relevant precedent transactions using a financial database such as S&P Capital IQ or Yahoo Finance, filtering by industry, business model, deal size, geography, and transaction type.
- Once you have selected the appropriate deals, use the Excel template we have provided to fill in all required fields, including deal value, and the target's financials **at the time of the transaction announcement**. Historical financials and deal metrics can be sourced from any financial databases available through your educational institution.
- In a precedent transactions analysis, it is best practice to focus on the multiples implied by the prices paid in these completed deals. The template will auto-populate a valuation range using the transaction data you have inputted.

Pros

Reflects real-world pricing: Based on actual acquisition prices, capturing what buyers have historically been willing to pay.

Includes control premiums and synergies: Incorporates premiums commonly paid for control, strategic fit, or expected synergies.

Useful in M&A contexts: Particularly relevant for sell-side or fairness opinions where takeover valuations matter.

Cons

Market conditions may differ: Older deals may not reflect current economic, industry, or financing environments.

Limited sample size: Truly comparable transactions can be few, especially in niche sectors.

Deal-specific factors distort multiples: Unique synergies, strategic motives, or distressed situations can inflate or depress valuations, reducing comparability.



We look forward to reviewing
your submissions.

Sincerely,

SCMC Organizing Team



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