

# Lululemon shares rise on better-than-expected Q3 earnings

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Lululemon Athletica Inc (NASDAQ:LULU) stock jumped about 7% after Thursday's closing bell as the athletic apparel brand's third quarter earnings topped estimates.

Revenue was up 7% year-over-year at \$2.6 billion, ahead of estimates of \$2.49 billion.

Earnings per share (EPS) came in at \$2.59, significantly higher than analysts' expectations of roughly \$2.21.

Comparable sales rose 1% overall, or 2% on a constant dollar basis, supported by strong international performance.

International comparable sales grew 18%, offsetting a 5% decline in the Americas, where revenue decreased 2%. In contrast, international revenue increased 33% compared to the prior year.

Gross profit increased to \$1.4 billion, though gross margin declined 290 basis points to 55.6%. Operating income fell 11% to \$435.9 million, and operating margin dropped 350 basis points to 17%.

During the period, Lululemon opened 12 net new company-operated stores, bringing its total store count to 796.

Lululemon CEO Calvin McDonald said the company is focused on improving its US business while maintaining momentum internationally. "We are beginning to make progress against our action plan and continue to expect to see the impact of this work in 2026," McDonald said in a statement.

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