

lululemon athletica inc.

2Q25 Review: Multiple Headwinds Pressure Margins

LULU's 2Q25 results were mixed: sales missed, EPS beat. 3Q/ FY25 EPS guides came in -24%/-11% below consensus, driven by new tariff impacts, product "staleness", ongoing U.S. pressure, higher spending on foundational investments, deeper use of promotions, and emerging pressure in China.

Confluence of Headwinds Impacting Outlook. LULU's 2Q25 results were a mixed bag, with a miss on sales but a beat on EPS. While 2Q25 results were mixed, guidance for 3Q25 and FY25 was lowered, with EPS guided -24% and -11% below consensus, respectively. A confluence of pressure points are converging including: 1) new tariff impacts related to both higher reciprocal tariff rates and the repeal of the de minimis exemption, 2) product "staleness", 3) sluggish comp sales performance in the U.S., 4) higher spending on foundational investments, 5) deeper use of promotions, and 6) emerging macro pressure in China's Tier 1 cities. With the company layering-in incremental tariff impacts, FY25 GM is expected to decline (300bps), worse than prior guidance calling for (110bps) of contraction, as the new guide includes an incremental de minimis impact of (170bps) due to two-thirds of U.S. e-commerce being exposed. (We originally cautioned on LULU's exposure here: [Tariff Impact Part 7: De minimis Exemption Elimination Exposure](#) - 18 Aug 2025). At the same time, the GM guidance factors-in deeper promo impacts due to increased use of markdowns, with the new FY25 promo guide calling for (50bps) of pressure, up from prior guidance calling for (10bps) to (20bps) of pressure. (We originally cautioned on LULU's promo risk here: [2Q25 Preview & Promo Tracker: Positive TPR, ULTA, URBN, VSCO; Cautious GAP, LULU](#) - 06 Aug 2025). Given the outsized number of issues impacting LULU, we remain on the sidelines, balancing our cautious view against still-strong international growth and resilient market share gains in performance apparel. In reaction to the below-consensus guidance, on 9/4/25 in after-hours trading, LULU shares traded -16% versus the S&P approximately flat.

Tariff exposure update. In FY25, tariff related pressure on GM is expected to amount to (220bps), up from prior tariff guidance of (40bps), with most of the heightened impact tied to (170bps) of de-minimis exemption impacts, and the balance attributable to higher underlying country rates. In FY26, the tariff pressure will continue, with an estimated tariff impact of ~\$320mn likely to have an outsized impact on 1H26. We note that In LULU's most recent 10-K, the company provided details on its global manufacturing mix by country: "During 2024, 40% of our products were manufactured in Vietnam, 17% in Cambodia, 11% in Sri Lanka, 11% in Indonesia, and 7% in Bangladesh, and the remainder in other regions." 3Q24 Earnings Call 12/5/24: "We have very limited exposure in China, we source approximately 3% of goods from

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LULU

EQUAL WEIGHT

Unchanged

U.S. Specialty Retail,
Apparel & Footwear

NEUTRAL

Unchanged

Price Target

USD 180.00

lowered -14% from USD 209.00

Price (04-Sep-25)

USD 206.09

Potential Upside/Downside

-12.7%

Source: Bloomberg, Barclays Research

Market Cap (USD mn)

24438

Shares Outstanding (mn)

118.58

Free Float (%)

95.20

52 Wk Avg Daily Volume (mn)

2.5

Dividend Yield (%)

N/A

Return on Equity TTM (%)

42.49

Current BVPS (USD)

35.37

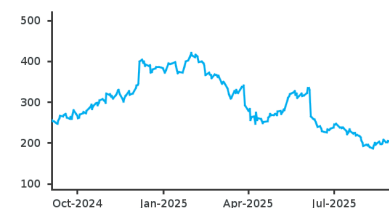
Source: Bloomberg

Price Performance

Exchange-Nasdaq

52 Week range

USD 423.32-185.95



Source: IDC

[Link to Barclays Live for interactive charting](#)

U.S. Specialty Retail, Apparel &
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China. So exposure there is relatively small. Our sourcing from Mexico is less than half a percentage, and we don't source anything from Canada."

Quarter in review. 2Q25 EPS of \$3.10 beat consensus of \$2.87 as GM of 58.5% (consensus of 57.5%) beat due to favorable mix and lower freight costs. SG&A rate of 37.8% (consensus of 38.7%) was better due to a SBC accrual reversal which occurred as the result of a "change in the probability of achieving performance conditions". Net revenue of \$2.53bn slightly miss consensus of \$2.54bn. By region and on a comparable growth constant currency (cc) basis, Mainland China increased +16% y/y, Rest of World increased +9%, while the Americas declined -3%. The company lowered guidance for FY25, seeing EPS in the range of \$12.77 to \$12.97 (prior guidance \$14.58 to \$14.78 and vs. consensus \$14.44). The FY25 guidance incorporates: net sales of \$10.85bn to \$11.00bn (from prior guidance \$11.15bn to \$11.30bn and vs. consensus is \$11.19bn); gross margin of ~56.2% (prior guidance ~58.1% and vs. consensus 57.9%); and operating margin of ~19.8% (prior guidance ~22.1% and vs. consensus ~21.7%). Management also provided guidance for 3Q25, seeing EPS in the range of \$2.18 to \$2.23 (midpoint ~24% below consensus \$2.90). The guidance incorporates: net sales of \$2.47bn to \$2.50bn (consensus \$2.56bn); gross margin of ~54.4% (consensus 56.8%); and operating margin of ~14.9% (consensus 18.9%).

Inventory. Based on our proprietary inventory analysis, LULU has posted two consecutive quarters of negative sales-to-inventory growth. In FY2Q25 the Inventory Management Spread ("IM Spread") was (1514) basis points and worsened from (861) basis points in the prior quarter. LULU's Gross Margin Return on Inventory ("GMROI") has worsened for two consecutive quarters, and its Operating Margin Return on Inventory ("OMROI") has worsened for two consecutive quarters.

Lowering estimates and PT to \$180 from \$209. Our FY25, FY26, and FY27 adj. EPS estimates are \$12.90, \$12.75, and \$13.81 (from \$14.56, \$14.91, and \$15.74), respectively, as we lower our GM estimates due to incremental tariff-related margin pressure. Our new PT of \$180 (from \$209) is based on an NTM P/E multiple of 13x (from 14x) applied to our CY27E adj. EPS of \$13.81 (from CY26E adj. EPS of \$14.91). We roll forward our PT, which is now based on our CY27 EPS estimate vs. our prior CY26 estimate.

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LULU: Quarterly and Annual EPS (USD)

	2024	2025			2026			Change y/y	
FY Jan	Actual	Old	New	Cons	Old	New	Cons	2025	2026
Q1	2.54A	2.60A	2.60A	2.60A	2.60E	2.14E	2.71E	2%	-18%
Q2	3.15A	2.90E	3.10A	2.88E	2.93E	2.83E	3.04E	-2%	-9%
Q3	2.87A	2.97E	2.21E	2.92E	3.04E	2.32E	3.08E	-23%	5%
Q4	6.14A	6.09E	4.99E	6.09E	6.34E	5.47E	6.43E	-19%	10%
Year	14.64A	14.56E	12.90E	14.44E	14.91E	12.75E	15.34E	-12%	-1%
P/E	14.1		16.0			16.2			

Consensus numbers are from Bloomberg received on 04-Sep-2025; 12:50 GMT
Source: Barclays Research

U.S. Specialty Retail, Apparel & Footwear

NEUTRAL

Lululemon Athletica Inc. (LULU)

EQUAL WEIGHT

Income statement (US\$mn)	2024A	2025E	2026E	2027E	CAGR
Revenue	10,588	10,968	11,647	12,384	5.4%
EBITDA (adj)	2,952	2,650	2,644	2,847	-1.2%
EBIT (adj)	2,506	2,173	2,144	2,326	-2.5%
Pre-tax income (adj)	2,576	2,212	2,180	2,361	-2.9%
Net income (adj)	1,815	1,547	1,526	1,653	-3.1%
EPS (adj) (US\$)	14.64	12.90	12.75	13.81	-1.9%
Diluted shares (mn)	124	120	120	120	-1.2%
DPS (US\$)	0.00	0.00	0.00	0.00	N/A
Margin and return data	2024A	2025E	2026E	2027E	Average
EBITDA (adj) margin (%)	27.9	24.2	22.7	23.0	24.4
EBIT (adj) margin (%)	23.7	19.8	18.4	18.8	20.2
Pre-tax (adj) margin (%)	24.3	20.2	18.7	19.1	20.6
Net (adj) margin (%)	17.1	14.1	13.1	13.3	14.4
ROIC (%)	47.0	31.4	27.6	27.3	33.3
ROA (%)	25.7	20.4	17.5	16.0	19.9
ROE (%)	43.8	34.9	27.7	23.3	32.4
Balance sheet and cash flow (US\$mn)	2024A	2025E	2026E	2027E	CAGR
Tangible fixed assets	3,197	3,765	4,196	4,666	13.4%
Intangible fixed assets	171	182	182	182	2.1%
Cash and equivalents	1,984	1,330	2,377	3,502	20.8%
Total assets	7,603	7,838	9,415	11,121	13.5%
Short and long-term debt	1,576	1,763	1,763	1,763	3.8%
Other long-term liabilities	139	114	114	114	-6.4%
Total liabilities	3,279	3,152	3,202	3,256	-0.2%
Net debt/(funds)	-409	433	-615	-1,739	N/A
Shareholders' equity	4,324	4,687	6,213	7,865	22.1%
Change in working capital	-289	-112	1,095	1,183	N/A
Cash flow from operations	2,273	1,432	1,979	2,115	-2.4%
Capital expenditure	-689	-816	-932	-991	N/A
Free cash flow	1,583	616	1,047	1,124	-10.8%
Valuation and leverage metrics	2024A	2025E	2026E	2027E	Average
Total debt/capital (%)	20.7	22.5	18.7	15.9	19.4
P/E (adj) (x)	14.1	16.0	16.2	14.9	15.3
EV/sales (x)	2.3	2.3	2.1	1.8	2.1
EV/EBITDA (adj) (x)	8.2	9.5	9.1	8.0	8.7
FCF yield (%)	6.5	2.5	4.4	4.9	4.6
P/BV (x)	5.9	5.3	4.0	3.1	4.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Selected operating metrics	2024A	2025E	2026E	2027E	Average
Sales growth (%)	10.1	3.6	6.2	6.3	6.5
Same store sales growth (%)	4.0	0.1	2.4	3.3	2.4
Number of stores	767	811	855	894	832
Square footage growth (%)	14.4	11.7	8.4	6.3	10.2
Inventory growth (%)	9.0	13.8	5.5	6.0	8.6
Ending square footage - Gross (k)	3	4	4	4	4

Note: FY End Jan

Source: Company data, Bloomberg, Barclays Research

Price (04-Sep-2025) **USD 206.09**
 Price Target **USD 180.00**

Why EQUAL WEIGHT?

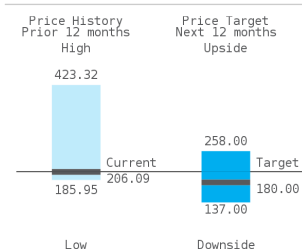
Our rating is based on: 1) positive comps in both brick-and-mortar and E-commerce channels, 2) controlled inventory levels, 3) strong brand equity, and 4) growth drivers in men's, E-commerce, and international offset by 1) slowing comps in both channels, 2) competitive pressures increasing, and 3) limited margin expansion opportunities.

Upside case **USD 258.00**

Our upside case of \$258 is based on an NTM P/E multiple of 17x applied to our CY27 earnings power of \$15.19 and assumes better-than-expected revenue growth and margin expansion.

Downside case **USD 137.00**

Our downside case of \$137 is based on an NTM P/E multiple of 11x applied to our CY27 earnings power of \$12.43 and assumes lower-than-expected revenue growth and margin pressure.

Upside/Downside scenarios

Summary Results

FIGURE 1. Retail Earnings Quality Score (in \$ millions, except per share data)

2Q25	Barclays	Consensus	LY	Actual	Act vs Barclays	Act vs Cons	Act vs. LY	REQ Score	REQ Score Max Points
Sales (\$)	\$2,555.2	\$2,543.0	\$2,371.1	\$2,525.2	-\$29.9	-\$17.8	\$154.1	0	1
Comp (%)	2.0%	2.6%	3.0%	1.0%	-1.0%	-1.6%	-2.0%	0	2
Gross Margin (%)	57.6%	57.5%	59.6%	58.5%	0.9%	0.9%	-1.1%	2	2
Operating Expense (%)	38.5%	38.7%	36.8%	37.8%	-0.7%	-0.9%	1.0%	1	1
EBIT (\$)	\$487.6	\$479.5	\$540.2	\$523.8	\$36.2	\$44.3	(\$16.4)	NA	NA
Operating Margin (%)	19.1%	18.9%	22.8%	20.7%	1.7%	1.9%	-2.0%	NA	NA
Tax Rate (%)	30.0%	NA	29.6%	30.5%	0.5%	NA	NA	NA	NA
FD Shares (M)	120.8	NA	124.9	119.7	-1.2	NA	NA	1	1
EPS (\$)	\$2.89	\$2.87	\$3.15	\$3.10	\$0.21	\$0.23	-\$0.05	1	1
Positive IM Spread	NA	NA	NA	NA	NA	NA	NA	0	1
Increasing OMROI	NA	NA	NA	NA	NA	NA	NA	0	1
RETAIL EARNINGS QUALITY SCORE								5	10

Source: Company data, Bloomberg consensus, Barclays Research estimates

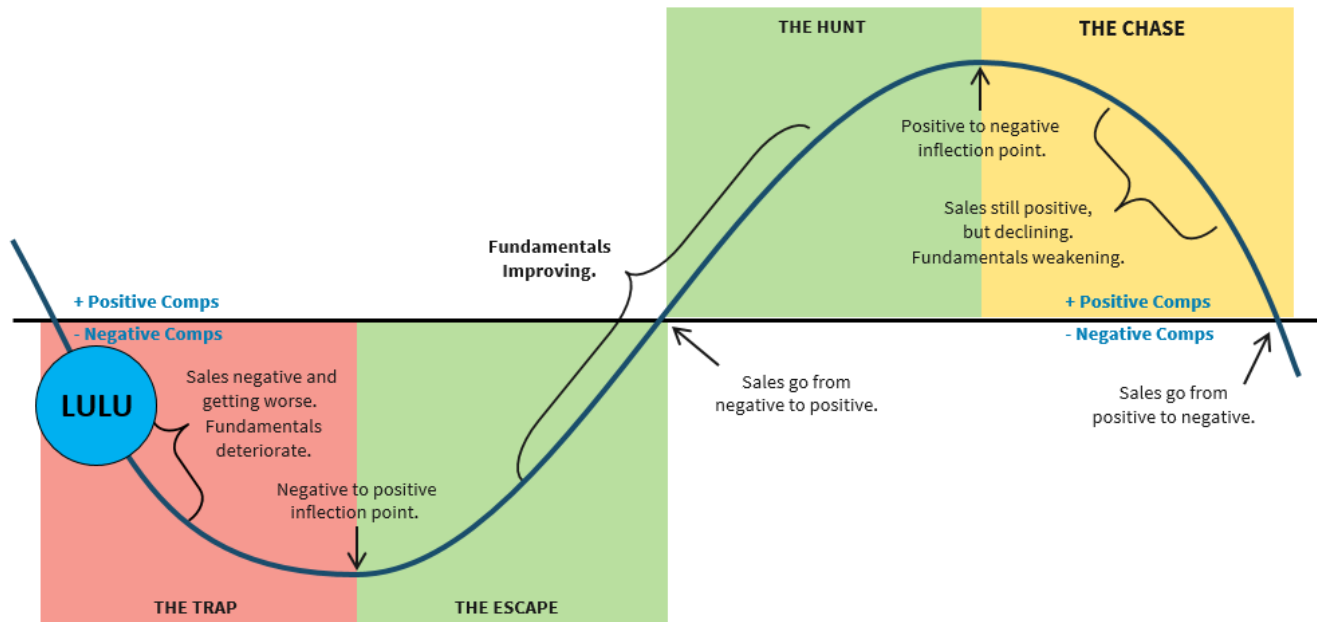
Proprietary PRISM Curve

From a fundamental perspective, we attempt to use our proprietary PRISM cycle as a leading indicator of potential sales inflection (i.e., either from positive to negative or negative to positive). Our PRISM Curve attempts to look for fundamental changes in the business model of a company, driven by proactive management decisions to stabilize margins (e.g., purge inventory, cut costs, share best practices, invest in product and brand). Figure 2 and Figure 3 below depict our model graphically and identify where we would theoretically expect to see sales and margin changes along the business model curve.

The TRAP Phase

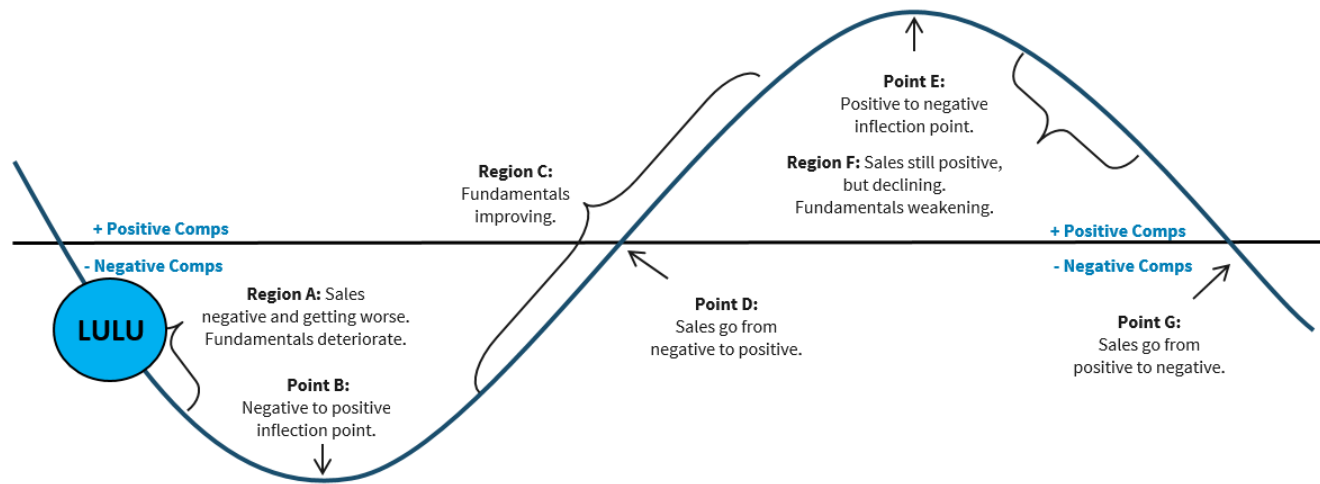
While there are four distinct phases of our PRISM Curve as per the graphics below, we believe LULU has just entered the “TRAP” phase, where fundamentals are deteriorating as competition in all categories remains stiff and pricing power is fleeting for its core franchises. As market share erodes, the lack of sales is causing operating leverage. During the TRAP phase, management’s strategy is on the defensive – meaning actions are being taken to change business trends, but the issues have not yet stabilized. Typically, the company has been leading the competitive playing field but above-average profits and growth attract new entrants, creating a more challenging competitive backdrop.

FIGURE 2. Phases of PRISM Curve Fundamental Analysis: LULU in the TRAP Phase



Source: Barclays Research

FIGURE 3. PRISM Curve Fundamental Analysis: LULU in the TRAP Phase



Source: Barclays Research

LULU 2Q25 Promo Scores

LULU: EW (Deeper, Promo Score 0/100): LULU recorded a Promo Score of 0/100 in FY2Q25, down sharply from 46/100 last quarter, marking its most promotional quarter in recent history. Recall, we measure the promo levels in the "We Made Too Much" (WMTM) clearance section, and note that during FY2Q25 this section saw a notable increase in depth and frequency of for the duration of the quarter. Average WMTM units increased 44% y/y in 2Q25 from +3% in 1Q25. LULU has already guided for GM pressure and our checks show it drove sales and conversion. The sharp inflection in WMTM activity raises questions about inventory management and full-price sell-through, particularly as the brand navigates challenges in its U.S. stores amidst a more competitive and value-sensitive consumer environment.

FIGURE 4. LULU Promotional Analysis

2Q25	lululemon athletica
5/12/2025	Deeper
5/19/2025	Deeper
5/26/2025	Deeper
6/2/2025	Deeper
6/9/2025	Deeper
6/16/2025	Deeper
6/23/2025	Deeper
6/30/2025	Deeper
7/7/2025	Deeper
7/14/2025	Deeper
7/21/2025	Deeper
7/28/2025	Deeper
8/4/2025	Deeper

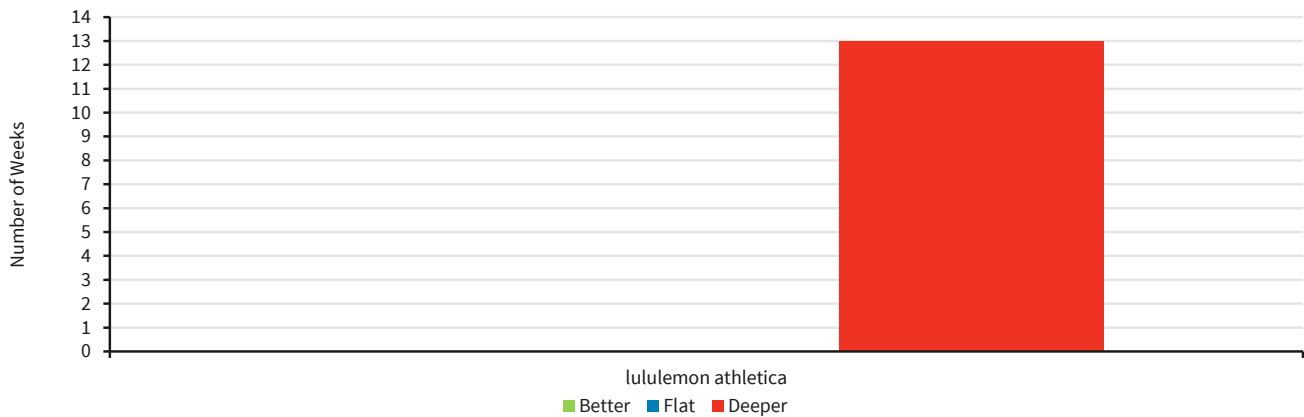
Fiscal Year End January
Source: Barclays Research

FIGURE 5. LULU Totals & Quarter Rating

Totals & 2Q25 Rating	
Ratings	lululemon athletica (weeks)
Better	0
Flat	0
Deeper	13
2Q25 Rating:	Deeper

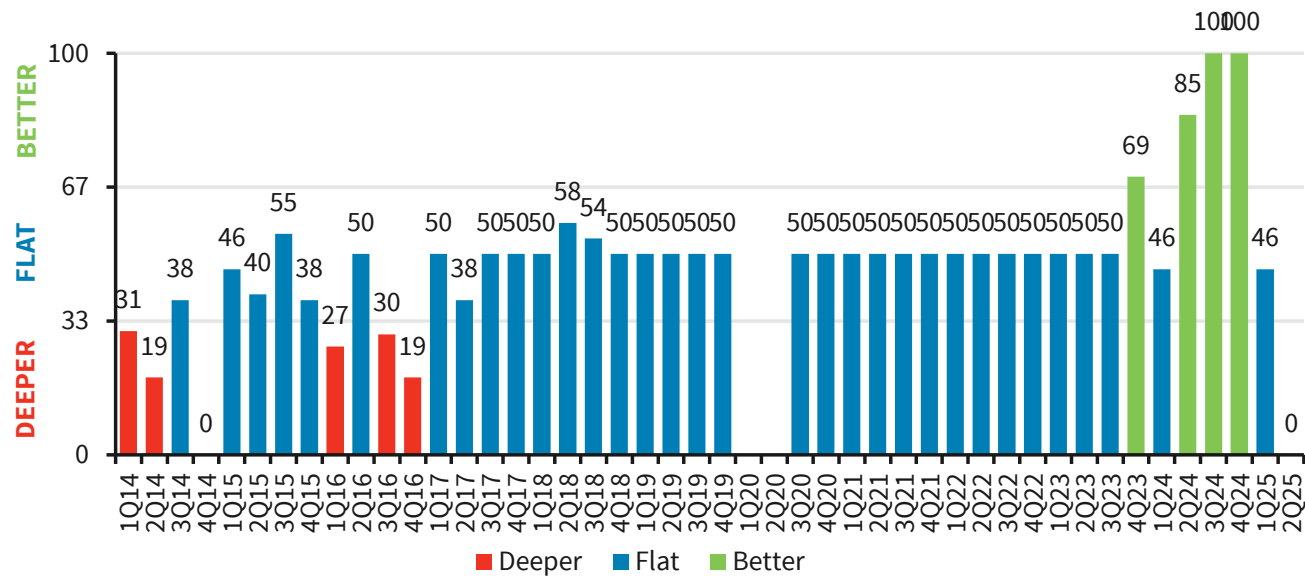
Fiscal Year End January
Source: Barclays Research

FIGURE 6. LULU Promotional Cadence Charts



Fiscal Year End January
Source: Barclays Research

FIGURE 7. LULU Absolute Promo Tracker Score 1Q14 – Present (0 Worst to +100 Best)



Note: Due to COVID no data was gathered for 1Q20 and 2Q20. Fiscal Year End January
Source: Company websites and emails; Barclays Research

Tariff Exposure

Reach out to request our proprietary Tariff QuikCalc model [here](#).

Tariff exposure update. In FY25, tariff related pressure on GM is expected to amount to (220bps), up from prior tariff guidance of (40bps), with most of the heightened impact tied to (170bps) of de-minimis exemption impacts, and the balance attributable to higher underlying country rates. In FY26, the tariff pressure will continue, with an estimated tariff impact of ~\$320mn likely to have an outsized impact on 1H26.

Prior tariff commentary. The company provided an updated view of tariff impacts in FY25 guidance, now seeing (40bps) of GM pressure from tariffs, up from the prior guide which saw (20bps) of tariff pressure. The company expects 2Q25 to see the largest impact, with a (60bps) impact before mitigation strategies can begin to offset in 2H25. On this note, the company indicated a willingness to pursue strategic price increases on a small portion of its assortment. In LULU's most recent 10-K, the company provided details on its global manufacturing mix by country: "During 2024, 40% of our products were manufactured in Vietnam, 17% in Cambodia, 11% in Sri Lanka, 11% in Indonesia, and 7% in Bangladesh, and the remainder in other regions." On the 3Q24 Earnings Call 12/5/24: "We have very limited exposure in China, we source approximately 3% of goods from China. So exposure there is relatively small. Our sourcing from Mexico is less than half a percentage, and we don't source anything from Canada."

Barclays Tariff "QuikCalc" Model assumptions. We update our Tariff "QuikCalc" model analysis, which now assumes global tariff assumptions effective 8/7/25. Our prior tariff analysis assumed 30% China and 10% Rest of World (excluding Mexico and Canada). Note our estimate of Tariff on Goods Imported to the US is a gross unmitigated amount for a full year, and we calculate the price increase necessary to mitigate full tariff cost (absent other mitigation strategies). Our updated tariff calculator under 8/7/25 effective rates suggests that for LULU total average unit cost will increase by 11.9% with pass-through to the US market only increasing prices by 5.7% (see [Figure 8](#)).

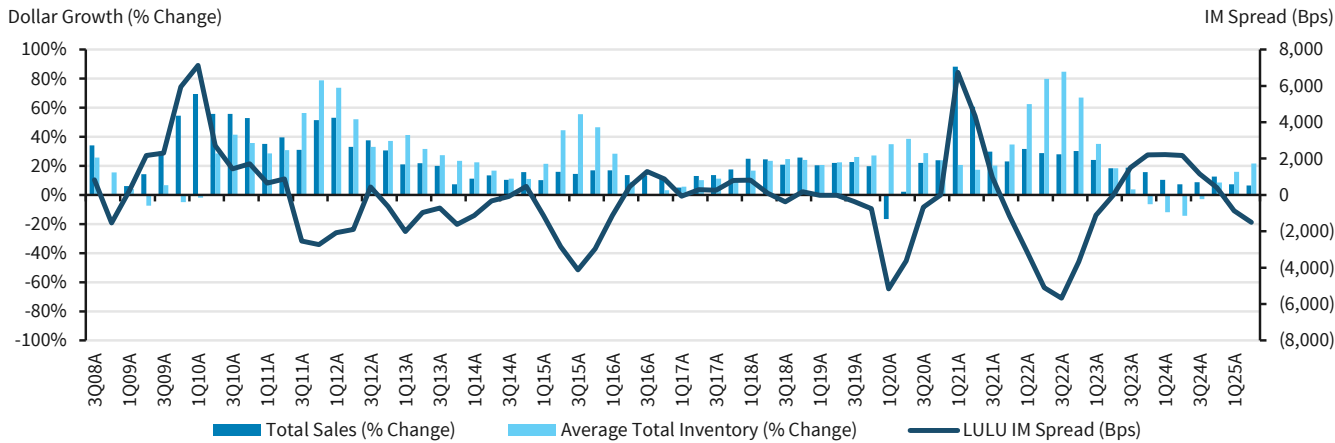
FIGURE 8. LULU Estimated Tariff Impact on P&L - For Illustrative Purposes Only

	FY 2025E (5)		NO AUR INCREASE (1)		AUR INCREASE ANALYSIS (1)		
	LULU ex Tariff	% of Net Sales	LULU with Tariff	% of Net Sales	LULU with Tariff	% of Net Sales	AUR Increase
Net Sales (6)	\$11,285.5	100.0%	\$11,285.5	100.0%	\$11,681.8	100.0%	3.5%
U.S. Revenues	6,910.2	61.2%	6,910.2	61.2%	7,306.5	62.5%	5.7%
Non-U.S. Revenues	4,375.3	38.8%	4,375.3	38.8%	4,375.3	37.5%	0.0%
EBIT (6)	2,552.5	22.6%	2,156.2	19.1%	2,552.5	21.8%	
U.S. EBIT	1,562.9	22.6%	1,166.6	16.9%	1,562.9	21.4%	
Non-U.S. EBIT	989.6	22.6%	989.6	22.6%	989.6	22.6%	
COS (2) (6)	4,655.9	41.3%	5,052.2	44.8%	5,052.2	43.2%	8.5%
U.S. COS	2,850.9		3,247.2		3,247.2		13.9%
Non-U.S. COS	1,805.1		1,805.1		1,805.1		0.0%
Tariff on U.S. Goods	0.0	0.0%	396.3	3.5%	396.3	3.4%	
Gross Profit (6)	6,629.6	58.7%	6,233.3	55.2%	6,629.6	56.8%	
U.S. Gross Profit	4,059.4		3,663.1		4,059.4		
Non-U.S. Gross Profit	2,570.3		2,570.3		2,570.3		
COS Breakdown							
Non-Product COS, Incl ROD (3) % of Sales	11.8%		11.8%		11.8%		
Non-Product COS, Incl ROD (3) \$	1,331.69	11.8%	1,331.69	11.8%	1,331.69	11.4%	
U.S. Non-Product COS (3)	815.41	11.8%	815.41	11.8%	815.41	11.2%	
Non-U.S. Non-Product COS	516.29	11.8%	516.29	11.8%	516.29	11.8%	
Product COS \$	3,324.2	29.5%					
U.S. Product COS \$	2,035.4	29.5%					
Non-U.S. Product COS \$	1,288.8						
Product Gross Profit \$	7,961.3	70.5%					
U.S. Product GP \$	4,874.8	70.5%					
Non-U.S. Product GP \$	3,086.5	70.5%					
Product Gross Margin %	70.5%						
U.S. Product GM %	70.5%						
Non-U.S. Product GM %	70.5%						
Percent Sourced Outside the US (%)	100%						
U.S. Product from Outside the US (COS \$)	2,035.4						
Non-U.S. Product from Outside the US (COS \$)	1,288.8						
Incrmt'l Tariff on Goods Imported to U.S. (%)	19.5%						
Tariff on Goods Imported to U.S. (\$)	396.3						
Percent Increase to Product AUC (4)	11.9%						
Bps impact on Margins	351						

Note: (1) AUR stands for Average Unit Retail. (2) COS stands for Cost of Sales. (3) ROD stands for Rent Occupancy Depreciation. (4) AUC stands for Average Unit Cost. (5) Fiscal Year End January. (6) Bloomberg consensus estimate as of 4/1/25.
Source: Company filings, Company commentary, Barclays Research

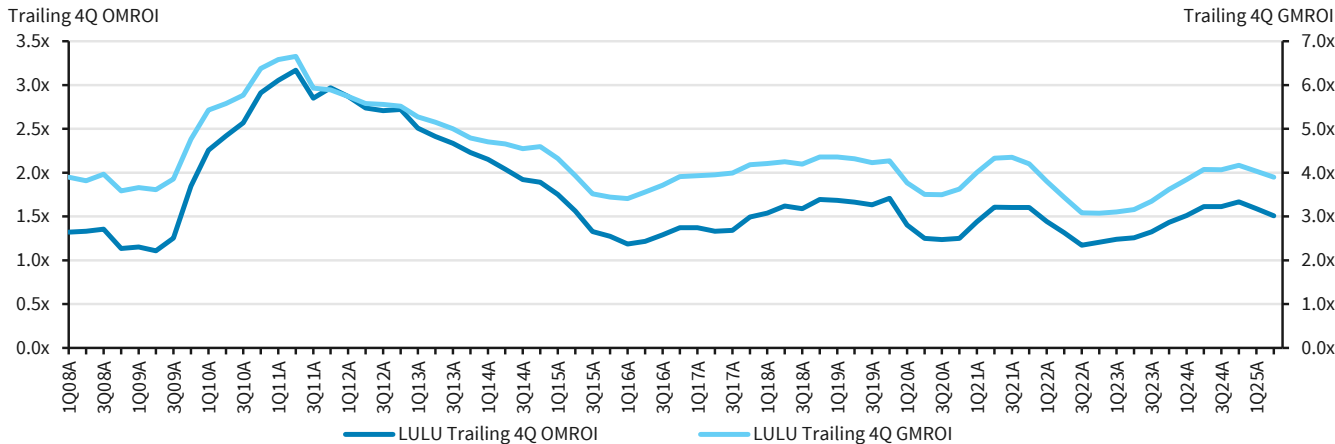
Inventory Management Spread, GMROI, and OMROI

FIGURE 9. Historical Change in Total Sales Vs. Average Inventory (IM Spread), FY3Q08A – Present



Fiscal Year End January
Source: Company data, Barclays Research

FIGURE 10. Historical GMROI/OMROI Analysis, FY1Q08A – Present



Fiscal Year End January
Source: Company data, Barclays Research

Model Changes

FIGURE 11. Model Changes (in \$ millions, except per share data)

	New						Old						Consensus					
(\$mm, except per share)	2Q25A	3Q25E	4Q25E	FY25E	FY26E	FY27E	2Q25E	3Q25E	4Q25E	FY25E	FY26E	FY27E	2Q25E	3Q25E	4Q25E	FY25E	FY26E	FY27E
Total Revenue	\$2,525	\$2,496	\$3,576	\$10,968	\$11,647	\$12,384	\$2,557	\$2,565	\$3,662	\$11,155	\$11,844	\$12,521	\$2,543	\$2,558	\$3,721	\$11,183	\$11,926	\$12,135
Adj Gross Profit	1,477	1,357	1,950	6,167	6,374	6,806	1,472	1,457	2,203	6,515	6,852	7,244	1,463	1,453	2,186	6,479	6,894	7,021
Adj. SG&A	953	986	1,111	3,995	4,230	4,480	984	956	1,163	4,047	4,325	4,573	984	970	1,173	4,056	4,377	4,352
Adj. Operating Income	524	371	839	2,173	2,144	2,326	488	501	1,040	2,468	2,528	2,671	480	483	1,013	2,423	2,516	2,669
Adj Net Income	\$371	\$264	\$598	\$1,547	\$1,526	\$1,653	\$350	\$359	\$736	\$1,760	\$1,802	\$1,902	\$344	\$344	\$720	\$1,730	\$1,804	\$1,883
EPS (adjusted, diluted)	\$3.10	\$2.21	\$4.99	\$12.90	\$12.75	\$13.81	\$2.90	\$2.97	\$6.09	\$14.56	\$14.91	\$15.74	\$2.87	\$2.88	\$6.04	\$14.39	\$15.29	\$16.32
Gross Margin	58.5%	54.4%	54.5%	56.2%	54.7%	55.0%	57.6%	56.8%	60.2%	58.4%	57.9%	57.9%	57.5%	56.8%	58.7%	57.9%	57.8%	57.9%
Adj. SG&A % of Sales	37.8%	39.5%	31.1%	36.4%	36.3%	36.2%	38.5%	37.3%	31.8%	36.3%	36.5%	36.5%	38.7%	37.9%	31.5%	36.3%	36.7%	35.9%
Adj. Operating Income Margin	20.7%	14.9%	23.5%	19.8%	18.4%	18.8%	19.1%	19.5%	28.4%	22.1%	21.3%	21.3%	18.9%	18.9%	27.2%	21.7%	21.1%	22.0%
	New vs. Old						New vs. Consensus											
(% Change, except margin)	2Q25E	3Q25E	4Q25E	FY25E	FY26E	FY27E	2Q25E	3Q25E	4Q25E	FY25E	FY26E	FY27E	2Q25E	3Q25E	4Q25E	FY25E	FY26E	FY27E
Total Revenue	-1%	-3%	-2%	-2%	-2%	-1%	-1%	-2%	-4%	-2%	-2%	2%	-1%	-2%	-4%	-2%	-2%	2%
Adj Gross Profit	0%	-7%	-12%	-5%	-7%	-6%	1%	-7%	-11%	-5%	-8%	-3%	1%	-7%	-11%	-5%	-8%	-3%
Adj. SG&A	-3%	3%	-4%	-1%	-2%	-2%	-3%	2%	-5%	-2%	-3%	3%	-3%	2%	-5%	-2%	-3%	3%
Adj. Operating Income	7%	-26%	-19%	-12%	-15%	-13%	9%	-23%	-17%	-10%	-15%	-13%	9%	-23%	-17%	-10%	-15%	-13%
Adj Net Income	6%	-26%	-19%	-12%	-15%	-13%	8%	-23%	-17%	-11%	-15%	-12%	8%	-23%	-17%	-11%	-15%	-12%
EPS (adjusted, diluted)	7%	-26%	-18%	-11%	-14%	-12%	8%	-23%	-17%	-10%	-17%	-15%	8%	-23%	-17%	-10%	-17%	-15%
Gross Margin	0.94%	-2.40%	-5.65%	-2.17%	-3.13%	-2.90%	0.95%	-2.42%	-4.22%	-1.70%	-3.08%	-2.90%	0.95%	-2.42%	-4.22%	-1.70%	-3.08%	-2.90%
Adj. SG&A % of Sales	-0.72%	2.25%	-0.70%	0.14%	-0.19%	-0.34%	-0.93%	1.59%	-0.46%	0.15%	-0.39%	0.31%	-0.93%	1.59%	-0.46%	0.15%	-0.39%	0.31%
Adj. Operating Income Margin	1.66%	-4.65%	-4.95%	-2.31%	-2.94%	-2.56%	1.88%	-4.01%	-3.76%	-1.86%	-2.69%	-3.21%	1.88%	-4.01%	-3.76%	-1.86%	-2.69%	-3.21%

Fiscal Year End January

Source: Company filings, Bloomberg Consensus, Barclays Research estimates

Income Statement

FIGURE 12. Income Statement (in \$ millions, except per share data)

	FY23A	1QA Apr-25	2QA Jul-24	3QA Oct-24	4QA Feb-25	FY24A	1QA May-25	2QA Aug-25	3QE Oct-25	4QE Feb-26	FY25E	1QE May-26	2QE Aug-26	3QE Oct-26	4QE Feb-27	FY26E	FY27E
Total Net Sales	\$9,619.278	\$2,208.891	\$2,371.078	\$2,396.660	\$3,611.497	\$10,588.126	\$2,370.660	\$2,525.219	\$2,495.671	\$3,576.364	\$10,967.914	\$2,491.326	\$2,679.103	\$2,661.762	\$3,814.872	\$11,647.062	\$12,383.996
Cost of Goods Sold	3,986.164	933.823	958.893	995.054	1,429.545	4,317.315	987.534	1,048.017	1,138.484	1,626.644	4,800.679	1,137.452	1,192.255	1,227.561	1,716.050	5,273.318	5,578.259
Gross Profit	5,633.114	1,275.068	1,412.185	1,401.606	2,181.952	6,270.811	1,383.126	1,477.202	1,357.187	1,949.720	6,167.235	1,353.873	1,486.848	1,434.201	2,098.822	6,373.744	6,805.737
SG&A Expenses	3,402.228	842.426	871.959	910.945	1,139.784	3,765.114	944.501	953.388	986.013	1,110.814	3,994.716	997.558	1,012.826	1,046.310	1,173.450	4,230.144	4,480.178
Earnings Before Interest and Taxes	2,230.886	432.642	540.226	490.661	1,042.168	2,505.697	438.625	523.814	371.174	838.906	2,172.519	356.315	474.022	387.891	925.372	2,143.599	2,325.559
EBITDA	2,610.270	528.401	643.799	604.260	1,175.761	2,952.221	553.154	643.529	492.086	961.027	2,649.796	479.658	598.598	513.712	1,052.452	2,644.419	2,846.714
Other/Interest Income (Expense), Net	43.059	23.283	17.994	13.743	15.360	70.380	11.786	9.737	9.000	9.000	39.523	9.000	9.000	9.000	9.000	36.000	35.280
Income Before Taxes	2,273.945	455.925	558.220	504.404	1,057.528	2,576.077	450.411	533.551	380.174	847.906	2,212.042	365.315	483.022	396.891	934.372	2,179.599	2,360.839
Income Tax	651.630	134.504	165.298	152.534	309.125	761.461	135.839	162.646	115.953	250.132	664.570	109.595	144.907	119.067	280.312	653.880	708.252
Income (Loss) from Continuing Operations	1,622.315	321.421	392.922	351.870	748.403	1,814.616	314.572	370.905	264.221	597.774	1,547.471	255.721	338.115	277.823	654.060	1,525.720	1,652.587
Non-Controlling Interest	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Income (Loss) from One Time/Disc Operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Income Attributable to LULU	1,622.315	321.421	392.922	351.870	748.403	1,814.616	314.572	370.905	264.221	597.774	1,547.471	255.721	338.115	277.823	654.060	1,525.720	1,652.587
Basic Earnings (Loss) Per Share After Disc Ops	\$12.80	\$2.55	\$3.15	\$2.87	\$6.15	\$14.67	\$2.61	\$3.10	\$2.21	\$5.00	\$12.91	\$2.14	\$2.83	\$2.32	\$5.47	\$12.76	\$13.82
Diluted Earnings (Loss) Per Share - GAAP	\$12.20	\$2.54	\$3.15	\$2.87	\$6.14	\$14.20	\$2.60	\$3.10	\$2.21	\$4.99	\$12.90	\$2.14	\$2.83	\$2.32	\$5.47	\$12.75	\$13.81
Diluted Earnings (Loss) Per Share - Non GAAP	\$12.77	\$2.54	\$3.15	\$2.87	\$6.14	\$14.64	\$2.60	\$3.10	\$2.21	\$4.99	\$12.90	\$2.14	\$2.83	\$2.32	\$5.47	\$12.75	\$13.81
Weighted Avg S/O - Basic	126.726	125.989	124.721	122.697	121.683	123.735	120.632	119.600	119.600	119.600	119.858	119.600	119.600	119.600	119.600	119.600	119.600
Weighted Avg S/O - Fully Diluted	127.060	126.336	124.857	122.803	121.895	123.935	120.843	119.680	119.680	119.680	119.971	119.680	119.680	119.680	119.680	119.680	119.680
% of Sales Ratios																	
Gross Margin	58.6	57.7	59.6	58.5	60.4	59.2	58.3	58.5	54.4	54.5	56.2	54.3	55.5	53.9	55.0	54.7	55.0
Advertising, SG&A Expense Ratio	35.4	38.1	36.8	38.0	31.6	35.6	39.8	37.8	39.5	31.1	36.4	40.0	37.8	39.3	30.8	36.3	36.2
Operating Margin	23.2	19.6	22.8	20.5	28.9	23.7	18.5	20.7	14.9	23.5	19.8	14.3	17.7	14.6	24.3	18.4	18.8
Pretax Margin	23.6	20.6	23.5	21.0	29.3	24.3	19.0	21.1	15.2	23.7	20.2	14.7	18.0	14.9	24.5	18.7	19.1
Net Margin	16.9	14.6	16.6	14.7	20.7	17.1	13.3	14.7	10.6	16.7	14.1	10.3	12.6	10.4	17.1	13.1	13.3
Tax Rate	28.7	29.5	29.6	30.2	29.2	29.6	30.2	30.5	30.5	29.5	30.0	30.0	30.0	30.0	30.0	30.0	30.0
YOY % Change																	
Total Net Sales	18.6	10.4	7.3	8.7	12.7	10.1	7.3	6.5	4.1	(1.0)	3.6	5.1	6.1	6.7	6.7	6.2	6.3
Gross Profit	23.7	10.8	8.8	9.5	14.6	11.3	8.5	4.6	(3.2)	(10.6)	(1.7)	(2.1)	0.7	5.7	7.6	3.3	6.8
SG&A	23.0	12.4	6.4	7.9	15.2	10.7	12.1	9.3	8.2	(2.5)	6.1	5.6	6.2	6.1	5.6	5.9	5.9
Operating Income	24.7	7.8	12.7	12.5	14.0	12.3	1.4	(3.0)	(24.4)	(19.5)	(13.3)	(18.8)	(9.5)	4.5	10.3	(1.3)	8.5
Pretax Income	26.8	11.4	14.7	13.1	13.5	13.3	(1.2)	(4.4)	(24.6)	(19.8)	(14.1)	(18.9)	(9.5)	4.4	10.2	(1.5)	8.3
Net Income	25.9	10.7	15.0	9.7	11.8	11.9	(2.1)	(5.6)	(24.9)	(20.1)	(14.7)	(18.7)	(8.8)	5.1	9.4	(1.4)	8.3
EPS	26.8	11.8	17.2	13.2	16.1	14.7	2.3	(1.5)	(23.0)	(18.6)	(11.9)	(17.9)	(8.8)	5.1	9.4	(1.2)	8.3
Store Fundamentals																	
Beginning Stores	655	711	711	721	749	711	767	770	784	803	767	811	813	831	849	811	855
Stores Opened - Total	56	0	10	28	18	56	3	14	19	8	44	2	17	17	6	42	37
Stores Closed - Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Stores EOP - North America	438	440	441	459	462	462	462	467	477	477	477	477	482	488	488	488	497
Number of Stores EOP - ANZ (Australia/New Zealand)	41	40	41	41	41	41	41	41	41	41	41	41	42	42	42	42	43
Number of Stores EOP - ASIA (China/Sth Kor/Sgpr/Ma)	176	176	184	193	207	207	210	217	226	233	233	235	244	253	259	259	282
Number of Stores EOP - EMEA (Europe/Middle East)	48	47	47	47	47	47	47	49	49	49	49	49	51	53	53	53	57
Total LULU Stores EOP	711	711	721	749	767	767	770	784	803	811	811	813	831	849	855	855	894
Number of Stores at End Of Period - Total	711	711	721	749	767	767	770	784	803	811	811	813	831	849	855	855	894
Total Comparable Sales (Constant Dollars)	14.0	7.0	3.0	3.0	4.0	4.0	1.0	1.0	-1.0	-0.7	0.1	1.5	2.2	3.0	3.0	2.4	3.3
Americas Comp	9.0	0.0	(2.0)	(2.0)	0.0	(1.0)	(1.0)	(3.0)	(5.0)	(4.0)	(3.3)	(1.0)	0.0	1.0	1.0	0.3	2.0
China Mainland Comp	46.0	33.0	23.0	24.0	27.0	27.0	8.0	16.0	13.0	10.0	11.8	10.0	10.0	10.0	10.0	10.0	9.0
RoW Comp	33.0	26.0	20.0	20.0	17.0	20.0	7.0	9.0	9.0	8.0	8.3	7.5	7.5	7.5	7.5	7.5	5.0
OLD Comp Figures Below																	
Total Gross Square Feet (end of year, millions)	2,967					3,372					3,716					4,038	4,320
YOY % change	15%					14%					10%					9%	7%
Average Store Size (square feet)	4,173					4,396					4,483					4,547	4,597
YOY % change	6%					5%					2%					1%	1%
Average Store Sales Per Store (millions)	\$6,458					\$6,777											
YOY % change	9%					5%											
Store Sales per Average Gross Square Foot	\$1,592					\$1,580											
YOY % change	3%					-1%											

Fiscal Year End January

Source: Company Filings, Barclays Research estimates

Analyst(s) Certification(s):

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lululemon athletica inc. (LULU, 04-Sep-2025, USD 206.09), Equal Weight/Neutral, CE/J

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U.S. Specialty Retail, Apparel & Footwear

Abercrombie & Fitch Co. (ANF)	American Eagle Outfitters, Inc. (AEO)	Bath & Body Works Inc. (BBWI)
Burlington Stores, Inc. (BURL)	Canada Goose Holdings, Inc. (GOOS)	Capri Holdings Limited (CPRI)
Carter's Inc. (CRI)	Columbia Sportswear (COLM)	Cricut, Inc. (CRCT)
Crocs, Inc. (CROX)	Deckers Outdoor Corp (DECK)	DICK'S Sporting Goods, Inc. (DKS)
FIGS, Inc. (FIGS)	Foot Locker, Inc. (FL)	G-III Apparel Group, LTD. (GIII)

Gildan Activewear Inc. (GIL)	Groupe Dynamite Inc. (GRGD.TO)	Hanesbrands Inc. (HBI)
Kohl's Corp. (KSS)	Kontoor Brands, Inc. (KTB)	Levi Strauss & Co. (LEVI)
lululemon athletica inc. (LULU)	Macy's Inc. (M)	National Vision Holdings, Inc. (EYE)
Nike, Inc. (NKE)	On Holding AG (ONON)	Pet Valu Holdings Ltd. (PET.TO)
PVH Corp. (PVH)	Ralph Lauren Corporation (RL)	Ross Stores, Inc. (ROST)
Skechers U.S.A, Inc. (SKX)	Tapestry, Inc. (TPR)	The Gap, Inc. (GAP)
The TJX Companies, Inc. (TJX)	Ulta Beauty, Inc. (ULTA)	Under Armour, Inc. (UAA)
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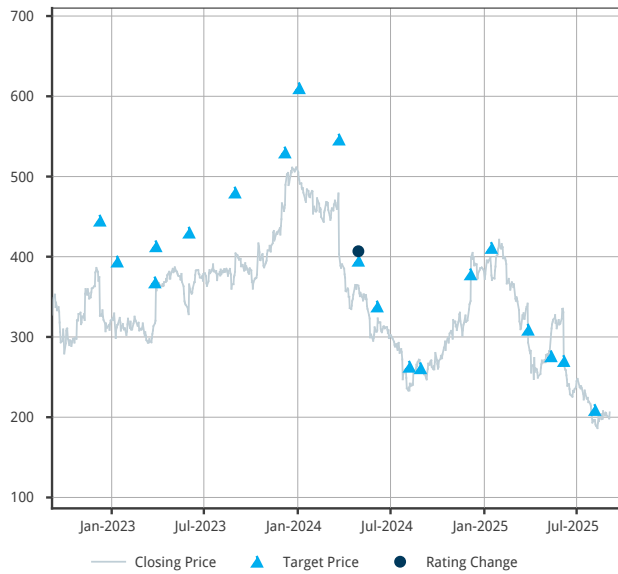
Stock Rating: **EQUAL WEIGHT**

Industry View: **NEUTRAL**

Closing Price: **USD 206.09** (04-Sep-2025)

Rating and Price Target Chart - USD (as of 04-Sep-2025)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
06-Aug-2025	195.07		209.00
06-Jun-2025	330.78		270.00
12-May-2025	282.43		276.00
28-Mar-2025	341.53		309.00
15-Jan-2025	388.74		411.00
05-Dec-2024	344.81		378.00
29-Aug-2024	259.01		261.00
07-Aug-2024	236.90		263.00
05-Jun-2024	308.27		338.00
29-Apr-2024	364.70	Equal Weight	395.00
22-Mar-2024	478.84		546.00
04-Jan-2024	498.02		610.00
07-Dec-2023	464.67		530.00
31-Aug-2023	381.26		480.00
02-Jun-2023	328.35		430.00
29-Mar-2023	320.31		413.00
27-Mar-2023	313.45		368.00
12-Jan-2023	311.96		394.00
09-Dec-2022	374.51		445.00

On 04-Sep-2022, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 446.00.

Source: Bloomberg, Barclays Research

*This is the closing price referenced in the publication, which may not be the last available closing price at the time of publication.

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Valuation Methodology: Our price target of \$180 is based on an NTM P/E multiple of 13x applied to our CY27 EPS estimate of \$13.81.

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