lululemon

Q1 2018 EARNINGS

"We are pleased with our continued strong results for the first quarter of 2018. This successful start to the year reaffirms our strategic priorities and I would like to thank our team for their passion and commitment to connecting with guests around the world."

–Glenn Murphy, Executive Chairman of the Board, lululemon

Q1 FINANCIAL HIGHLIGHTS

NET REVENUE	COMBINED COMP SALES	GROSS MARGIN	OPERATING MARGIN	EPS
$650M +25%	+19%[1]	53.1% +270bps[2]	16.1% +400bps[2]	$0.55 +72%[2]

STRONG MOMENTUM CONTINUES AS WE EXECUTE OUR STRATEGIC GROWTH INITIATIVES

PRODUCT

DOUBLE-DIGIT COMP
ACROSS CORE BUSINESSES

SCALING INNOVATION
SCIENCE OF FEEL

NEW PRODUCT PIPELINE

Q1 LAUNCHES:

WOMEN'S: SPEED UP BRA
MEN'S: CITY SWEAT

Q2 AND BEYOND:
EMBRACE MOVEMENT COLLECTION

EXPANDED OTC (OFFICE, TRAVEL, COMMUTE) OFFERING

NORTH AMERICA

POSITIVE COMPS
AND TRAFFIC

AGILE, TAILORED STORES
CO-LOCATED • LOCAL • SEASONAL

FOCUS ON GUEST
EDUCATION

ENHANCING OMNI-CHANNEL
NEARLY
300
SHIP-FROM-STORE LOCATIONS

INTERNATIONAL

53%
INTERNATIONAL
REVENUE GROWTH

PARTICULAR STRENGTH IN ASIA:
OVER
100%
REVENUE GROWTH

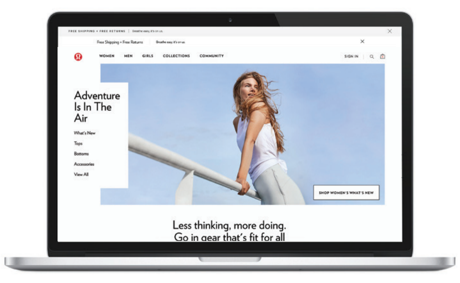
NEW STORE OPENINGS INCLUDING
SEOUL
•
BERLIN
•
FRANKFURT
•
GUILDFORD, UK

DIGITAL

+60%[1]
E-COMMERCE REVENUE

IMPROVED DIGITAL MARKETING

ELEVATED
GUEST EXPERIENCE



POSITIVE TRAFFIC AND CONVERSION TRENDS
CONTINUE INTO Q2

ENDED Q1 WITH
411 STORES GLOBALLY

ENABLED BY OUR UNIQUE CULTURE, COMMUNITY CONNECTIONS AND PURPOSE-LED BRAND

CHAMPIONING PAY EQUITY
ACROSS OUR ORGANIZATION

CELEBRATING INTERNATIONAL WOMEN'S DAY
EVENTS IN 11 GLOBAL CITIES

LET YOUR MIND RUN FREE
LAUNCHED 360° PURPOSEFUL RUN CAMPAIGN

OPTIMISTIC ABOUT OUR PLANS FOR Q2 AND BEYOND

UPDATED GUIDANCE

Q2 2018

$660M–$665M
REVENUE

$0.46–$0.48
DILUTED EPS

FY 2018

$3.040B–$3.075B
REVENUE

$3.10–$3.18
DILUTED EPS

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This infographic contains "forward-looking statements," such as our guidance and outlook statements, which are based on our current expectations but they involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. These risk and uncertainties include (but are not limited to) our ability to maintain the value and reputation of our brand; our highly competitive market and increasing competition; our reliance on third-party suppliers to provide fabrics for and to produce our products; an economic downturn or economic uncertainty in our key markets; increasing product costs and decreasing selling prices; changing consumer habits and decreasing traffic in our stores; our ability to anticipate consumer preferences and successfully develop and introduce new, innovative and updated products; our ability to safeguard against and respond to cyber security breaches; our ability to expand internationally and to grow our e-commerce business globally; the fluctuating costs of raw materials; the imposition of new trade restrictions or changes in existing trade restrictions; changes in tax laws or unanticipated tax liabilities; increasing labor costs and other factors associated with the production of our products in South and South East Asia; fluctuations in foreign currency exchange rates; our exposure to various types of litigation; and other risks and uncertainties included in our most recent reports on Form 10-K and Form 10-Q filed with the SEC.

[1] These metrics are non-GAAP financial measures and are not intended to be considered in isolation or as a substitute to the financial information prepared and presented in accordance with GAAP. A reconciliation of these non-GAAP financial measures to their most directly comparable GAAP measure follows:

Constant dollar changes in comparable sales and revenues
The below changes in comparable sales and revenues are for Q1 2018 compared to Q1 2017.

	Combined Comp Sales	E-Commerce Revenue
GAAP sales increase	20%	62%
Adjustments due to foreign exchange rate changes	(1)	(2)
Increase in constant dollars	19%	60%

[2] These changes in Gross Margin, Operating Margin, and Diluted EPS are as compared to the Adjusted Gross Margin, Adjusted Operating Margin, and Adjusted Diluted EPS for Q1 2017.

The adjusted financial measures for Q1 2017 are non-GAAP financial measures and are not intended to be considered in isolation or as a substitute to the financial information prepared and presented in accordance with GAAP. A reconciliation of these non-GAAP financial measures for Q1 2017 to their most directly comparable GAAP measure follows:

Adjusted financial measures
In Q1 2017 we recognized certain costs in connection with the restructuring of our ivivva operations.
The adjusted financial measures exclude those restructuring costs, and their related tax effects.

Q1 2017	Gross Margin (%)	Operating Margin (%)	Diluted EPS ($)
GAAP measure	49.4%	8.7%	$0.23
ivivva restructuring costs	1.0	3.4	0.9
Adjusted non-GAAP measure	50.4%	12.1%	$0.32

No restructuring costs were incurred in Q1 2018.

Please refer to our first quarter earnings release which is available at http://investor.lululemon.com/ and to our quarterly report on Form 10-Q filed with the SEC on May 31, 2018 which is available at www.sec.gov.