# Q3 2018 EARNINGS

*lululemon has achieved a high level of success over the past year and has established a solid foundation to continue to build our future. It's been exciting to see guests around the world respond so strongly to our product offerings and improved digital experience. I look forward to what's ahead for our brand as we strive to exceed the expectations of our guests.*

*– Calvin McDonald, Chief Executive Officer*

## Q3 FINANCIAL HIGHLIGHTS

| NET REVENUE | COMBINED COMP (constant dollar) | GROSS MARGIN | OPERATING MARGIN | ADJUSTED EPS |
|---|---|---|---|---|
| $747.7M | +18%[1] | 54.4% | 18.2% | $0.75 |
| +21% | | +220bps[2] | +80bps[2] | +34%[2] |

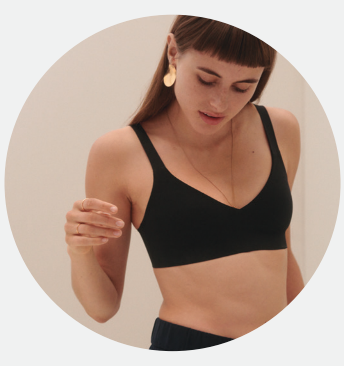
## Product

**CONTINUE TO DRIVE NEWNESS AND TECHNICAL INNOVATION**

**OUTERWEAR COMPS STRONG IN WOMEN'S AND MEN'S**

Significant opportunity in bras

**LAUNCHED LIKE NOTHING BRA**



Strong guest response to

**MR. PORTER CAPSULE COLLECTION**

## Digital

**MOMENTUM REMAINS STRONG**

+46%[1]

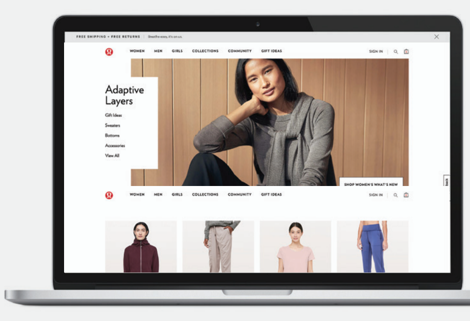
E-commerce Comp (constant dollar)

>30%

**INCREASE IN TRAFFIC TO E-COMMERCE SITE**

+90%

**GROWTH IN EMAIL FILE**



**GUEST ACQUISITION**

+41%

## North America

**TESTING NEW LOYALTY PROGRAM**

**AGILE STORE FORMATS CONTINUE TO EXCITE CURRENT AND NEW GUESTS**


43

**SEASONAL STORES ATTRACTING NEW GUESTS**

## International

**ASIA MARKET GROWTH**

+61%

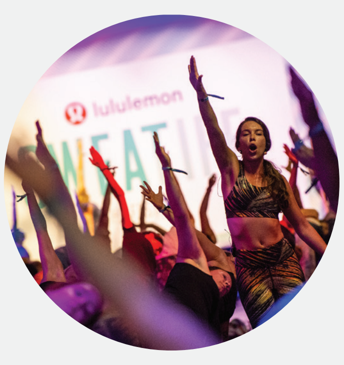
**EMEA MARKET GROWTH**

+50%

**OPENED FIRST STORE IN OSAKA, JAPAN**

(opened 10.31.18)

**HOSTED 1ST SWEATLIFE BERLIN**

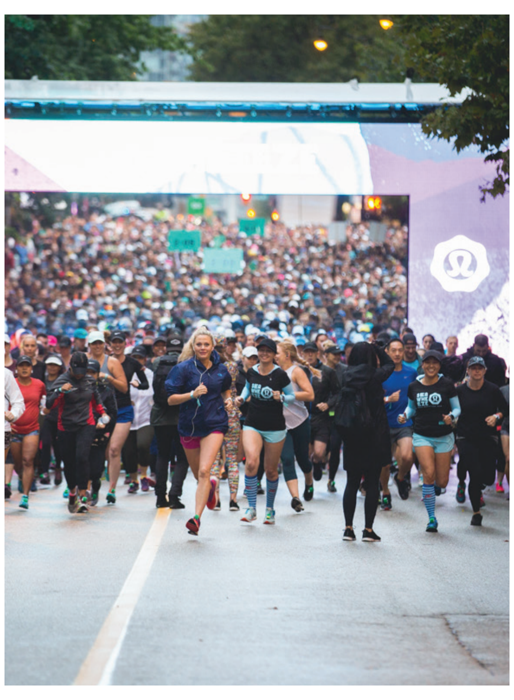


ENDED Q3 WITH

**426 STORES GLOBALLY**

## UNDERPINNED BY OUR UNIQUE CULTURE, COMMUNITY AND PURPOSE-LED BRAND

**ROYAL OPERA HOUSE: COLLABORATED WITH FRANCESCA HAYWARD**



**SEAWHEEZE 2018: 10,000 RUNNERS FROM AROUND THE WORLD**

**GHOST RACE X STRAVA: 35,000 PEOPLE REGISTERED**

**UNROLL CHINA: THIRD ANNUAL EVENT ACROSS EIGHT CITIES**

## REMAIN ON TRACK TO ACHIEVE OUR 2020 GOAL OF $4BN REVENUE

## GUIDANCE

**Q4 2018**

$1.115B–$1.125B

REVENUE

$1.64–$1.67

DILUTED EPS

**FY 2018**

$3.235B–$3.245B

REVENUE

$3.65–$3.68[3]

ADJUSTED DILUTED EPS

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This infographic contains "forward-looking statements," such as statements 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; changes in duties and tariffs; the results of any governmental or other third party audits or related disputes; actions of activist stockholders; 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 Q3 2018 compared to Q3 2017.

| | Combined Comped | E-Commerce Revenue | Store Comp |
|---|---|---|---|
| GAAP sales increase | 17% | 44% | 6% |
| Adjustments due to foreign exchange rate changes | 1 | 2 | 1 |
| Increase in constant dollars | 18% | 46% | 7% |

[2] These changes in Gross Margin, Operating Margin, and Adjusted Diluted EPS are as compared to the Adjusted Gross Profit, Adjusted Gross Margin and Adjusted Diluted EPS for Q3 2017.

The adjusted financial measures 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::

***Adjusted financial measures***

In Q3 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.

| Q3 2017 | Gross Margin (%) | Operating Margin (%) | Diluted EPS ($) |
|---|---|---|---|
| GAAP measure | 52.0% | 13.8% | $0.43 |
| ivivva restructuring costs | 0.2% | 3.6 | 0.13 |
| Adjusted non-GAAP measure | 52.2% | 17.4% | $0.56 |

In Q3 2018 we increased the provisional amount recorded for the mandatory one-time transition tax on accumulated undistributed foreign earnings under the U.S. Tax Cuts and Jobs Act. The adjusted financial measures exclude this cost.

| Q3 2018 | Diluted EPS ($) |
|---|---|
| GAAP measure | $0.71 |
| ivivva restructuring costs | 0.04 |
| Adjusted non-GAAP measure | $0.75 |

[3] Our adjusted EPS guidance for fiscal 2018 excludes adjustments to the provisional amounts recorded in connection with the U.S. Tax Cut and Jobs Act

| Guidance for fiscal 2018 | Diluted EPS ($) |
|---|---|
| GAAP measure | $3.61 to $3.64 |
| ivivva restructuring costs | 0.04 |
| Adjusted non-GAAP measure | $3.65 to $3.68 |

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Please refer to our third 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 December 6, 2018 which is available at www.sec.gov.