

Corporate Media Analysis Report



lululemon Q3 FY 2023 Earnings



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About the company

Lululemon Athletica inc (NASDAQ:LULU), the leading manufacturer and brand for athletic apparel for yoga and most other activities, has long been considered as a well-positioned stock in the Consumer Discretionary sector. The stock recently replaced Activision Blizzard Inc. (NASDAQ: ATVI) in the S&P 500. Up 52% in the past year, shares of lululemon have reached a new record high, with a 58% increase from around \$292 to \$469 over the last twelve months, outperforming the broader indices.

Is LULU overvalued? Will gain upside amid competition and domestic slowdown in the fiscal year 2024? This report will analyze business media's perception of lululemon's third quarterly fiscal 2023 performance based on positive and negative sentiments. In the last chapter, the report will provide insights based on the corporate media analysis.



Highlights

- Net revenue increased 19% to \$2.2 billion, with 49% increased internationally and 12% in North America.
- 14 net new company-operated stores opened during the third quarter.
- Faded out of lululemon Studio Mirror and entered into partnership with Peloton Interactive Inc.

CEO quote

Calvin McDonald: "This was another strong quarter for lululemon as our innovative product offerings and community activations continued to powerfully resonate with our guests globally. As we enter the holiday season, we are pleased with our early performance and are well-positioned to deliver for our guests in the fourth quarter. I am energized by the significant opportunities ahead, and would like to thank our incredible teams around the world for their continued passion and commitment to our brand."

CFO quote

Meghan Frank: "Our third quarter performance, which exceeded our expectations on the top- and bottom-line, reflects the ongoing strength of our business model and our teams' ability to successfully execute at a high level amid an uncertain macro environment. As we look to the end of our fiscal year and into 2024, we remain focused on driving long-term growth and creating value for all our stakeholders."

To check Lululemon's Q3 FY 2023 full **earnings report**, please [click here](#). To check lululemon's Q3 FY 2023 earning result **press release**, please [click here](#).

About lululemon athletica inc.

Lululemon (NASDAQ:LULU) is a technical athletic apparel, footwear, and accessories company for yoga, running, training, and most other activities, creating transformational products and experiences that build meaningful connections, unlocking greater possibility and wellbeing for all. Setting the bar in innovation of fabrics and functional designs, lululemon works with yogis and athletes in local communities around the world for continuous research and product feedback.



Key Takeaways

Many business mainstreams have provided a favorable assessment of lululemon's Q3 FY 2023 performance, expressing optimism regarding the company's sales revenue and profitability. Financial analysts from leading firms have also acknowledged the company's outperformance. However, some critical perspectives arise due to lululemon's conservative approach to holiday season guidance, which led to underestimations in predictions.

STOCKS

Lululemon Earnings: Strong Momentum Leading Into a Competitive Holiday Period

We expect to raise our fair value estimate of Lululemon stock.



David Swartz • Dec 8, 2023

Share 

Morning Star

- Indicator: **Strong** momentum // **exceed** its guidance and our expectations
- Morning Star holds a positive outlook for Lululemon in the long term. The report underscores lululemon's third quarter sales and earnings, exceeding both the company's guidance and Morning Star's expectations. However, the report also notes a perceived overvaluation of the stock, because of the ever-increasing competition in athleisure. Morning Star acknowledges the company's slow sales guidance, reasoning it with their anticipation of moderating growth in North America. This aligns with Lululemon's historical pattern of providing conservative guidance.

RETAIL

Lululemon Athletica Tops Earnings. The Stock Falls on Soft Holiday Guidance.

By [Sabrina Escobar](#) [Follow](#)

Updated Dec 07, 2023, 6:23 pm EST / Original Dec 07, 2023, 4:42 pm EST



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Reprints



Barron's

- Indicator: **beat** the Street's expectations // **top** earnings
- Barron's reported positive outlooks for Lululemon. The business outlet rationalized LULU's stock decline by attributing it to the company's conservative approach to fourth-quarter guidance. Utilizing terms such as "top earnings" and "beat the Street's expectations," the report highlighted Lululemon's strong performance in the third quarter.

BUSINESS / FINANCIAL

Lululemon Tops Profit Estimate as Sales Increase 18.7%

CEO Calvin McDonald said men were becoming a little more cautious given “uncertainty in the macro environment.”

By **EVAN CLARK**  DECEMBER 7, 2023, 6:01PM

WWD

- Indicator: **tops** profit estimate
- WWD, the authoritative voice in Women's Fashion, confirms Lululemon's revenue growth, stating "tops profit estimate" in a report's tagline. WWD rationalized that the impact on profit is attributed to Lululemon's decision to terminate its Mirror business. The report also positively outlooked on the company's sustained revenue gains.



RETAIL

Lululemon shares fall as retailer gives tepid holiday outlook despite strong start to shopping season

PUBLISHED THU, DEC 7 2023 4:14 PM EST | UPDATED FRI, DEC 8 2023 9:51 AM EST



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CNBC

- Indicator: **tepid** holiday outlook
- Certain articles maintain an unbiased and informative tone but lean towards a negative sentiment. The CNBC article titled "Lululemon shares fall as retailer gives tepid holiday outlook despite strong start to shopping season" highlights that Lululemon's sales performance did not meet Wall Street analysts' expectations. The article supports this claim by comparing quotes from the London Stock Exchange Group (LSEG)'s analysts.

FORBES > MONEY > MARKETS

Lululemon Stock Up 57% This Year, Where Is It Headed?

Trefis Team Contributor

Great Speculations Contributor Group

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Dec 21, 2023, 08:00am EST

Forbes

- Indicator: slightly **overbought** // **modest** declines // **inconsistent** increase
- Many articles critique Lululemon's stock performance in the upcoming seasons. For example, titled 'Lululemon Stock Up 57% This Year, Where Is It Headed?', an article from Forbes emphasized that LULU's stocks are slightly overbought and could see modest declines in the long term. The reasons given are primarily macro factors including the company's inclusion in the S&P 500 index, and an improving stock market sentiment in November 2023. Additionally, the major business outlet highlighted LULU stock's increase has been inconsistent, suggesting shareholders remain skeptical about holding the company's stock.

NEWS

LULU Stock Slides After Lululemon Outlook Misses Forecasts



HARRISON MILLER | 04:47 PM ET 12/07/2023

Investor's Business Daily

- Indicator: taking chips **off** the table // confidence was largely **played out**
- Investor's Business Daily maintains an overall positive stance on Lululemon in its reports, highlighting the company's outperformance that exceeded Q3 estimates. Despite this success, the stock saw a decline subsequent to the company's revenue outlook falling short of analysts' predictions. Investor's Business Daily reinforces its perspective by citing analysts' opinions. Wells Fargo analyst Ike Boruchow suggests that the company may be largely "played out."

Retail & Consumer

Lululemon's bleak holiday-quarter targets overshadow strong Q3

By Annett Mary Manoj and Ananya Mariam Rajesh

December 7, 2023 3:31 PM PST · Updated 4 months ago



Reuters

- Indicator: **bleak** // overshadow
- Terms "bleak" and "overshadow" were employed in the headline to characterize the anticipated holiday season. The article raised concerns regarding the company's forecast for its upcoming quarterly report. Lululemon's pricing strategy, which targets the high-end consumers, was criticized as potentially leading to a decline in their top lines.



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- **Morgan Stanley** analyst Alexandra Steiger maintained their Strong Buy rating on the stock by raising their price target by 12.8% from \$437 to \$493 on December 8, 2023.
 - Steiger noted that Lululemon's Q3 2023 results "met a high bar" and that Q4 "appears similarly set up for a beat." in a report. Stegier explained their reiterated Strong Buy rating by referencing "the prospect for positive next twelve months EPS revisions, an uncommon upside event path in the Retail space."
 - **TD Cowen** analyst John Kerman raised his price target to \$553.
 - Kerman said that Lululemon is "scaling at a very rapid rate" benefiting from international growth, with China has been a "tremendous growth vehicle" for the apparel company, and emphasized that China's local competition doesn't operate "in the same price points and level of innovation that Lululemon does".
 - Kerman also highlighted that "there's going to be a lot of upside to consensus, particularly the EPS line"
 - **Telsey Advisory Group** analyst Dana Telsey increased the price target to \$520 from \$450 and reiterated an Outperform rating.
 - Telsey remains encouraged that LULU continues to deliver strong results while investing in future growth opportunities, and expects continued momentum in the business despite a challenging and uncertain operating environment.
 - **UBS** boosted the price target to \$470 from \$429 and kept the Neutral rating, and Bernstein lifted it to \$400 from \$366 while reaffirming a Market Perform rating.
 - **Morgan Stanley** analyst Alex Straton lifted the price target to \$493 from \$437 and maintained an Overweight rating.
 - **Goldman Sachs** analyst Brooke Roach expressed optimism, raising the price target from \$464 with a Buy rating.
 - Needham analyst Anna Andreeva raised the price target to \$525 from \$470 and maintained the Buy rating.

News Set a Positive Tone

The current market sentiment towards LULU appears primarily positive. According to Yahoo Finance, from December 2023 to March 2024, the recommendation trends for LULU have gradually shifted from a Strong Buy to a Buy. As of the article's drafting date, Yahoo Finance has maintained a recommendation rating of 2.1, indicating a solid Buy sentiment.

Analysts Remains Positive

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High-quality growth in international sales

Several top-rated analysts lift Lululemon price target and rate lululemon as a high-quality growth, following its reported third-quarter earnings beat. Common highlights and reasonings given to the price target raise are lululemon's innovation abilities, the international expansion particularly within the China market, and its historical conservative approach to their earnings guidance.



Lululemon Athletica Inc. (NASDAQ: LULU) has surged 52% in the past year, outshining it as a key player in athletic apparel. Boasting a 19% net revenue increase to \$2.2 billion and strategic moves like partnering with Peloton, the company showcases robust Q3 FY 2023 performance.

Media analyses, from positive reviews by Morning Star, Barron's, and WWD, to cautious voices like CNBC and Forbes, reflect diverse sentiments. Analysts, including Morgan Stanley and Goldman Sachs, foresee high-quality growth. Market trends, evident in Yahoo Finance's 2.1 rating, reflect a prevailing positive sentiment.

Lululemon's resilience, innovative strategies, and global expansion position it favorably amidst fluctuating perceptions, pointing it well for continued success in the dynamic world of athletic apparel.

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