

Lululemon forecasts upbeat holiday quarter, shares rise 7 percent

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Canadian yoga and leisure apparel maker Lululemon Athletica Inc on Wednesday reported a higher-than-expected profit and gave an upbeat holiday-quarter forecast, sending its shares up nearly 7 percent in after-hours trading.

Vancouver-based Lululemon said that its holiday season was off to a great start, with the company experiencing its highest traffic and largest sales ever on Black Friday and on Cyber Monday.

The company said it expects holiday-quarter sales of \$870 million to \$885 million and an adjusted profit of \$1.19 to \$1.22 per share.

Analyst on average were expecting revenue of \$866 million and a profit of \$1.17 per share, according to Thomson Reuters I/B/E/S.

Total comparable sales rose 8 percent in the third quarter, fueled by double-

digit growth in online traffic.

Analysts on average had expected a 5.3 percent rise in same-store sales.

The company said its targeted marketing efforts helped it attract new customers to its stores and website and also generate more sales from loyal shoppers.

Lululemon also said innovative new fabrics used in its women's pants, launched in the third quarter, were a hit with customers, improving sales in the category by 24 percent.

"While other players in the sports and athleisure market struggle, Lululemon continues to go from strength to strength," Kevin Wathey, a consultant at research firm GlobalData Retail, said.

"The (Q3 comparables sales growth) ... underlines the fact that Lululemon is still attracting new customers and is getting existing shoppers to spend more at both its stores and online."

Chief Executive Laurent Potdevin said the strong results put the company on track to achieve its target of \$4 billion in annual revenue in 2020.

The company's net income fell 13.8 percent to \$58.9 million, or 43 cents per share, in the quarter ended Oct. 29, mainly due to an asset impairment charge of \$21 million.

Excluding items, the company earned 56 cents per share, beating the average analyst estimate of 52 cents.

Net revenue rose 13.7 percent to \$619 million.

The company's board also approved a \$200 million stock repurchase program.

Lululemon's shares, which closed at \$67.66, were up at \$72.05 after the bell.