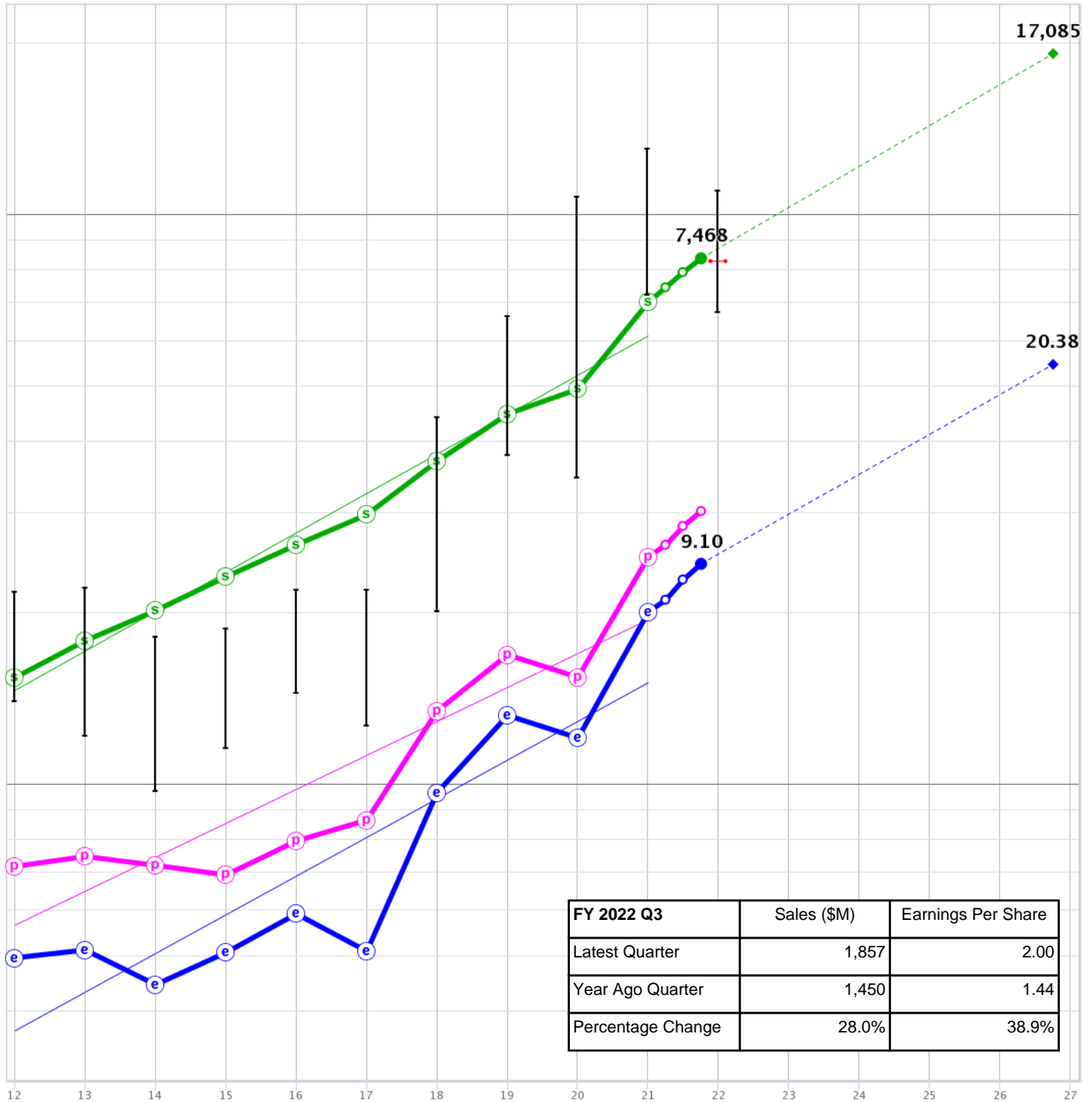


Stock Selection Guide

Company	Lululemon Athletica		Date	02/10/23	
Prepared by	PATTERSON		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Apparel Retail		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	127.8		0.5	76.4	
Debt (\$M)	1,038.5	% to Tot Cap	25.5	% Pot Dil	0.2

Symbol: LULU

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 17.3% | (3) Historical Earnings Per Share Growth | 16.9% |
| (2) Estimated Future Sales Growth | 18.0% | (4) Estimated Future Earnings Per Share Growth | 17.5% |

2 EVALUATING Management

Lululemon Athletica

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Last 5 Year Avg.
% Pre-tax Profit on Sales	27.8%	25.0%	21.3%	17.9%	18.0%	17.4%	21.8%	22.6%	18.6%	21.3%	20.3%
% Earned on Equity	34.7%	26.6%	21.7%	24.5%	25.2%	16.8%	34.0%	39.0%	27.1%	36.2%	30.6%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	27.5%	23.8%	24.3%	15.1%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 309.40 (02/10/23) **52-WEEK HIGH** 410.70 **52-WEEK LOW** 251.51

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2017	81.9	47.3	1.90	43.1	24.9	0.00	0.0	0.0
2018	164.1	74.9	3.61	45.5	20.7	0.00	0.0	0.0
2019	247.5	141.0	4.93	50.2	28.6	0.00	0.0	0.0
2020	399.9	128.8	4.50	88.9	28.6	0.00	0.0	0.0
2021	485.8	269.3	7.49	64.9	36.0	0.00	0.0	0.0
AVERAGE		132.3		46.3	27.8		0.0	
CURRENT/TTM			9.10	45.1	27.6	0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 37.0					CURRENT PRICE EARNINGS RATIO: 34.0			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 34.0 X Estimate High Earnings/Share 20.38 = Forecasted High Price \$ 693.0

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 23.8 X Estimate Low Earnings/Share 9.10 = Forecasted Low Price \$ 216.6

(b) Avg. Low Price of Last 5 Years 132.3

(c) Recent Market Low Price 128.8

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 216.6

C ZONING using 25%-50%-25%

Forecasted High Price 693.0 Minus Forecasted Low Price 216.6 = 476.4 Range. 25% of Range 119.1

Buy Zone 216.6 to 335.7

Hold Zone 335.7 to 573.9

Sell Zone 573.9 to 693.0

Present Market Price of 309.40 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{693.0 - 309.40}{309.40 - 216.6} = \frac{383.56}{92.80} = 4.1$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{693.0 - 309.40}{309.40} = 2.2397 \times 100 = 223.97 - 100 = 124.0$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{309.40} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{34.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{28.90} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 17.5 %
Average Yield 0.0 %
Annualized Rate of Return 17.5 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 13.7 %
Average Yield 0.0 %
Annualized Rate of Return 13.7 %

Notes: LULU 2/11/23

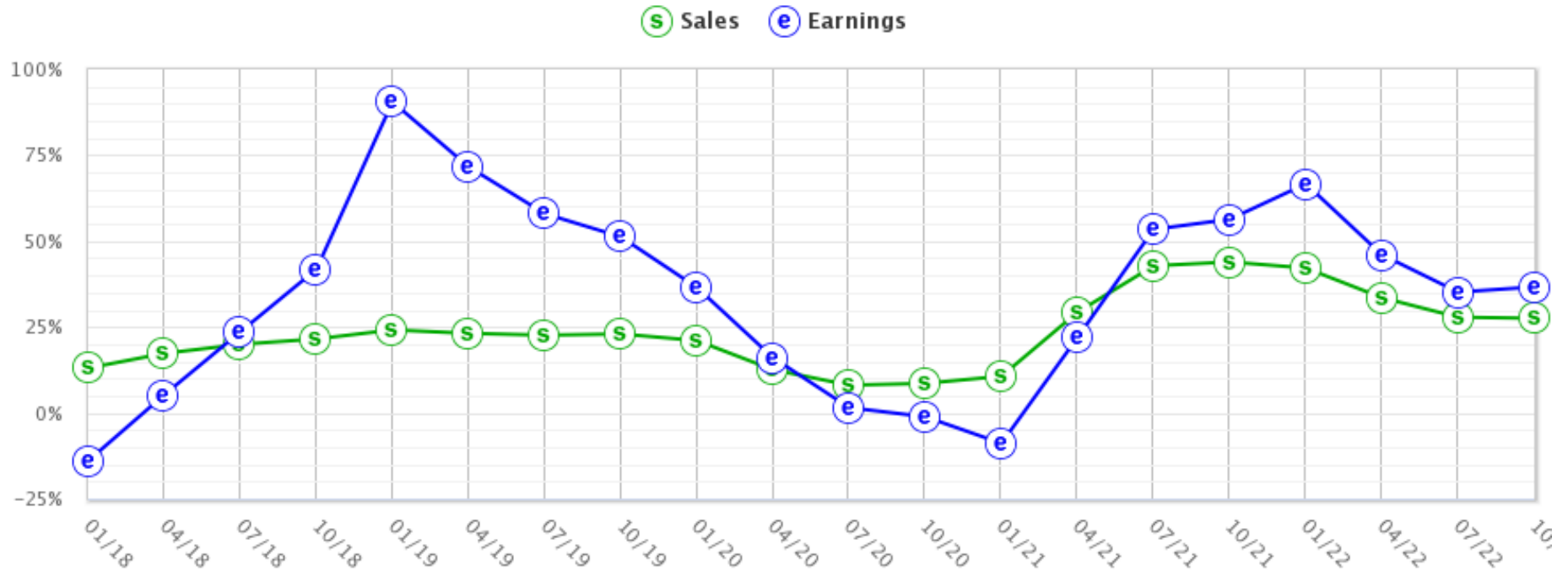
Date	Subject	Description	Type
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Study Audit: LULU 2/11/23

Review Advised	Category	Explanation
✓	Historical Earnings Growth	Is this company's earnings growth sufficiently consistent? R-Squared (5 yr): 0.87
✓	Historical Earnings Growth	It appears that some historical data may be irrelevant for forecasting future growth. Therefore, you may wish to eliminate some data as outliers. R-Squared (10 yr): 0.80
✓	Future P/Es	Do you want to rely upon investors paying more than 30 times earnings for this stock in order for you to make money? Average High P/E Forecast: 34.0

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Quarterly Data									Last 12 Months Data										
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit			Sales	Income Tax			%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales	
10/22	2.00	38.9	352.8	19.0	36.7	1,856.9	28.0	27.6	9.10	1,605.2	21.5	7,467.8	437.0	27.2	36.6	33.7	27.5		
07/22	2.26	42.1	401.4	21.5	37.9	1,868.3	28.8	27.9	8.54	1,510.4	21.4	7,061.3	409.8	27.1	35.1	31.7	27.8		
04/22	1.48	33.3	260.3	16.1	34.2	1,613.5	31.6	27.0	7.87	1,400.1	21.1	6,643.6	382.2	27.3	46.0	42.9	33.5		
01/22	3.36	33.3	590.7	27.7	29.3	2,129.1	23.1	26.5	7.50	1,333.9	21.3	6,256.6	358.4	26.9	66.7	62.8	42.1		
10/21	1.44	30.9	258.0	17.8	26.2	1,450.4	29.8	27.2	6.66	1,200.2	20.5	5,857.1	326.6	27.2	56.3	53.7	43.9		
07/21	1.59	140.9	291.1	20.1	134.7	1,450.6	60.7	28.5	6.32	1,146.5	20.8	5,524.1	319.2	27.8	53.4	52.0	42.8		
04/21	1.11	404.5	194.0	15.8	472.0	1,226.5	88.1	25.3	5.39	979.5	19.7	4,976.4	276.4	28.2	21.9	22.4	29.3		

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
01/21	2.52	10.5	457.0	26.4	9.2	1,729.5	23.8	27.8	4.50	819.4	18.6	4,401.9	211.3	25.8	-8.9	-8.7	10.6
10/20	1.10	14.6	204.3	18.3	15.0	1,117.4	22.0	29.7	4.26	780.9	19.2	4,069.8	203.3	26.0	-1.2	-3.9	8.5
07/20	0.66	-31.3	124.1	13.7	-26.9	902.9	2.2	30.0	4.12	754.4	19.5	3,868.5	195.3	25.9	1.5	-2.4	8.0
04/20	0.22	-70.3	33.9	5.2	-74.1	652.0	-16.7	15.6	4.42	800.1	20.8	3,848.9	199.9	25.0	16.0	8.2	12.5
01/20	2.28	38.2	418.6	30.0	25.2	1,397.5	19.7	28.8	4.94	897.4	22.6	3,979.3	248.4	27.7	36.5	25.5	21.0
10/19	0.96	35.2	177.8	19.4	28.9	916.1	22.5	29.1	4.31	813.1	21.7	3,749.3	236.9	29.1	51.2	27.3	22.9
07/19	0.96	35.2	169.8	19.2	25.1	883.4	22.1	26.4	4.06	773.3	21.6	3,580.8	230.0	29.7	58.0	31.7	22.6
04/19	0.74	34.5	131.2	16.8	22.4	782.3	20.4	26.4	3.81	739.2	21.6	3,420.9	225.6	30.5	71.6	41.9	23.1
01/19	1.65	87.5	334.3	28.6	29.8	1,167.5	25.7	34.7	3.62	715.3	21.8	3,288.3	224.6	31.4	90.5	55.5	24.1
10/18	0.71	65.1	137.9	18.5	59.2	747.7	20.8	31.6	2.85	638.5	20.9	3,049.7	230.6	36.1	41.8	59.6	21.5
07/18	0.71	97.2	135.8	18.8	95.3	723.5	24.5	29.5	2.57	587.2	20.1	2,921.0	212.6	36.2	23.6	44.3	19.9
04/18	0.55	139.1	107.2	16.5	131.4	649.7	24.9	29.9	2.22	520.9	18.7	2,778.6	189.2	36.3	5.2	26.4	17.3
01/18	0.88	-11.1	257.5	27.7	30.4	928.8	17.6	53.5	1.90	460.0	17.4	2,649.2	170.2	37.0	-14.0	8.8	13.0
10/17	0.43	-14.0	86.6	14.0	-7.4	619.0	13.7	32.0	2.01	400.0	15.9	2,510.3	125.5	31.4	-2.9	1.9	11.1
07/17	0.36	-7.7	69.5	12.0	-6.7	581.1	12.9	29.9	2.08	406.9	16.7	2,435.7	122.7	30.2	6.7	11.8	11.0
04/17	0.23	-30.3	46.3	8.9	-18.9	520.3	5.0	32.6	2.11	412.0	17.4	2,369.2	122.3	29.7	11.1	15.4	11.1
01/17	0.99	16.5	197.5	25.0	18.1	789.9	12.2	31.1	2.21	422.7	18.0	2,344.4	112.9	26.7	15.7	14.7	13.8
10/16	0.50	31.6	93.6	17.2	43.4	544.4	13.5	27.1	2.07	392.5	17.4	2,258.7	103.5	26.4	12.5	9.0	15.3
07/16	0.39	14.7	74.5	14.5	10.6	514.5	13.6	28.1	1.95	364.1	16.6	2,194.0	88.3	24.3	3.7	-3.6	15.6
04/16	0.33	-2.9	57.1	11.5	-16.7	495.5	17.0	20.6	1.90	357.0	16.7	2,132.5	87.7	24.6	1.6	-6.1	16.1
01/16	0.85	9.0	167.2	23.7	5.2	704.3	16.9	29.8	1.91	368.5	17.9	2,060.5	99.4	27.0	15.1	-3.8	14.7
10/15	0.38	-9.5	65.3	13.6	-21.3	479.7	14.4	18.6	1.84	360.2	18.4	1,958.7	97.6	27.1	12.9	-5.2	14.2
07/15	0.34	3.0	67.4	14.9	-3.4	453.0	15.9	29.3	1.88	377.9	19.9	1,898.4	110.5	29.2	13.3	-3.3	13.3
04/15	0.34	161.5	68.6	16.2	-4.0	423.5	10.1	30.3	1.87	380.3	20.7	1,836.1	112.0	29.5	8.7	-5.2	12.6
01/15	0.78	4.0	158.9	26.4	2.1	602.5	15.6	30.3	1.66	383.1	21.3	1,797.2	154.2	40.2	-13.1	-3.5	12.9
10/14	0.42	-6.7	83.0	19.8	-11.5	419.4	10.4	27.1	1.63	379.9	22.1	1,715.7	152.2	40.1	-14.2	-4.0	10.3
07/14	0.33	-15.4	69.8	17.9	-13.1	390.7	13.4	30.1	1.66	390.7	23.3	1,676.2	158.8	40.7	-9.8	1.8	12.3
04/14	0.13	-59.4	71.4	18.6	6.0	384.6	11.2	73.4	1.72	401.2	24.6	1,630.0	162.6	40.5	-6.5	7.0	14.0
01/14	0.75	1.4	155.7	29.9	1.1	521.0	7.3	29.5	1.91	397.1	25.0	1,591.2	117.7	29.6	3.8	4.1	16.1
10/13	0.45	15.4	93.8	24.7	14.3	379.9	20.0	29.5	1.90	395.5	25.4	1,555.7	116.7	29.5			
07/13	0.39	0.0	80.3	23.3	12.5	344.5	21.9	29.7	1.84	383.7	25.7	1,492.3	113.7	29.6			

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data									
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit			Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
04/13	0.32	0.0	67.4	19.5	-8.9	345.8	21.0	29.8	1.84	374.8	26.2	1,430.4	101.2	27.0				
01/13	0.74		154.0	31.7		485.5		29.0										
10/12	0.39		82.0	25.9		316.5		30.1										
07/12	0.39		71.4	25.2		282.6		19.1										
04/12	0.32		74.0	25.9		285.7		36.5										