

Corporate Media Analysis Report: Lululemon Announces Q4 Fiscal 2023 Earnings

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March 27, 2024

OVERVIEW: This report presents Lululemon's fourth-quarter and 2023 fiscal earnings.

Revenue:

- During Q4 2023, Lululemon's total revenue increased by **16%** to reach **\$3.2 billion**, compared to **\$2.8 billion** in Q4 2022. This growth was mainly driven by the net revenue generated in America and China, with worldwide sales increasing by **12%**.
- Of the total revenue, **81%** came from the Americas, amounting to **\$2.6 billion**, up from **\$2.4 billion** in Q4 2022; sales increased overall by **7%**.
- In China, the net revenue also increased, with Q4 2023's total revenue reaching **\$290.7 million**, up from **\$163.2 million** in Q4 2022, representing a sales growth of **56%**.
- Worldwide (Excluding Americas and China) totaled **\$302.7 million** in Q4 2023 compared to **\$221.8 million** in Q4 2022, which is **9%** of total net revenue compared to **8%** in Q4 2022. Sales also increased by **32%** in Q4 2023.

Store Count:

- As of Q4 2023, Lululemon has **711** stores, up from **655** in Q4 2022.

Gross Profit:

- Lululemon's gross profit has increased by **4.3%** as net revenue reached **\$1.9 billion** in Q4 2023, compared to **\$1.5 billion** in Q4 2022.

Operating and Net Income:

- Lululemon's operating income for Q4 2023 was **\$913.9 million**, which accounted for **28.5%** of net revenue. In Q4 2022, it only accounted for **\$11.3 million** net revenue of **\$314.4 million**.

- Meanwhile, the net income in Q4 2023 was **\$669.5 million**, or **\$5.29** per diluted share, an increase from **\$0.94** in Q4 2022.

Inventory:

- Inventories decreased by **1%** to **\$1.3 billion** in Q4 2023, compared to **\$1.4 billion** in Q2 2022.

Lululemon's CEO Calvin McDonald said, "During the fourth quarter, we saw continued momentum across our channels, geographies, and merchandise categories, driven by our teams worldwide. As we step into 2024, we are focused on the significant opportunities ahead for Lululemon as we navigate the dynamic retail environment and deliver for guests through innovative new products and brand activations."

Financial Analyst Quotes

“Ahead of this earnings release, the estimate revisions trend for lululemon athletica: mixed.

While the magnitude and direction of estimate revisions could change following the company's just-released earnings report, the current status translates into a Zacks Rank #3 (Hold) for the stock” - [Zacks Equity Research](#) (Yahoo Finance, 2024)

- Although lululemon's performance has been positive, it is like a slow grind. The company's performance has been mixed with good and bad gains. Despite this, holding onto lululemon stocks may be a wise decision, as suggested by Zack, as there has been no actual huge loss yet with the company, and there is potential for significant financial gain. The company's global expansion and growth prospects are on the bright side, while the decrease in inventory may hurt future financial loss, amongst others.

While growth in North America is moderating, Lululemon Athletica's international performance

“remains hot,” Nikic said in a note. The analyst stated that he was “excited about product

innovations.” adding that the company witnessed “a solid reception to the most recent footwear

introductions, including a better-than-expected response to the first line of men's footwear.” Nikic

further wrote that front-loaded investments could drive margin pressure in the first quarter. - [Tom](#)

[Nikic](#) (Benzinga, 2024)

- Tom's analysis is accurate, as Lululemon's international market is their true selling point in Q4 2023. This is evident in their fourth-quarter revenue growth, propelled by a 54% year-on-year increase in international sales. If Lululemon can continue to innovate and expand its product line, such as with its footwear, it may quickly catch up to other athletic competitors and remain competitive. However, the downside is that their most prominent market, the United States, is not as strong and represents their most significant customer base.

Positive Sentiments

[Lululemon reports robust Q4 growth, eyes international expansion](#) (Investing.com, 2024)

- Investing.com's analysis of lululemon's Q4 2023 highlights the themes of optimism, growth, and expansion. According to them, lululemon had a robust performance, with a 16% increase in Q4 2023 revenue and a 19% rise for the year. China's mainland and international markets and the men's, women's, and accessories categories grew strongly. Lululemon also had an increased operating margin and a highly active membership program with 17 million active members and growing. Investing.com is optimistic about Lululemon's future success and growth, especially as they align with its focus on innovation, brand awareness, and competitive edge.

[Lululemon Stock Drops 16% Despite Earnings Beat, as Guidance Is Lighter Than Wall Street Expected](#) (Microsoft, 2024)

- Despite the semi-negative headline, Microsoft seems to have helped shift lululemon's stock in a positive light, shifting the narrative to its Q4 2023. In fact, "The stock's decline is attributable to guidance, not to the fourth quarter's results," as Microsoft mentions that Q4 2023 out beat analysts' predictions for top and bottom lines. Microsoft also puts lululemon's Q4 2023 performance into perspective for the market as they note that consumers are not spending like they used to pre-pandemic, so their performance is commendable. Lululemon has performed well on Wall Street, surpassing adjusted EPS and revenue growth expectations. While revenue growth in America's business has slowed, lululemon's is picking up positively. In summary, Microsoft considers lululemon's Q4 2023 to be a strong performance.

Negative Sentiments

[Lululemon Athletica's Guidance Misses the Mark](#) (Barron's, 2024)

- Analysts in Barron's piece reported a disappointing Q4 2023 for Lululemon as its shares plummeted 10.4% to \$429 in after-hours trading. Despite a 60% price surge in 2023, lululemon's performance could have been better than investors' expectations. The company faces fierce competition in the athletic space, and its competitor Nike outperformed it with a 70% improvement in second-quarter profit. According to Barron's, the company continues to reassure customers that they will be okay, but will it be enough? They added an important quote from the chief financial officer of lululemon, Meghan Frank, who said, "Looking ahead, we will stay focused on driving the business forward for the near-and long-term, while operating with agility and discipline. We are still early in our growth journey and excited about what the future holds."

[Lululemon stock tumbles as it struggles to reach American consumers: The athleisure brand's stock fell by more than 15% a day after it reported its fiscal fourth-quarter earnings](#) (Quartz, 2024)

- The headline is accurate. Lululemon's stock experienced a significant decline after the Q4 2023 report. According to Quartz, the American market is to blame for this. Although lululemon continues to expand and grow in America, consumers seem hesitant to spend. However, according to Quartz, some saving graces remain, such as the 2024 Olympics, the introduction of men's footwear, and the appeal to younger consumers.

Positive/Negative Sentiments

[Lululemon Earnings: Rare Sign of Weakness Overshadows Solid Results](#) (Morningstar, 2024)

- The Morningstar report on lululemon's Q4 2023 had positive and negative notes. While they acknowledged that Q4 2023 exceeded their expectations, they also pointed out the dip in the company's stock and slow sales in America. Morningstar rated lululemon's stock "overvalued" for now, and they do not anticipate a significant increase in its gross margins. Morningstar notes that "Lululemon has seemingly been immune to competition and economic conditions for years, but realistically speaking, its domestic store and sales growth is slowing," giving them credit where due but also foreshadowing what may come for the company.