

Edgar Filing: lululemon athletica inc. - Form 10-Q

lululemon athletica inc.  
Form 10-Q  
December 09, 2015  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 1, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-33608

lululemon athletica inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-3842867  
(I.R.S. Employer  
Identification No.)

1818 Cornwall Avenue  
Vancouver, British Columbia  
(Address of principal executive offices)

V6J 1C7  
(Zip Code)

Registrant's telephone number, including area code:  
604-732-6124

Former name, former address and former fiscal year, if changed since last report:  
N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Edgar Filing: lululemon athletica inc. - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At December 3, 2015, there were 128,749,784 shares of the registrant's common stock, par value \$0.005 per share, outstanding.

Exchangeable and Special Voting Shares:

At December 3, 2015, there were outstanding 9,803,819 exchangeable shares of Lulu Canadian Holding, Inc., a wholly-owned subsidiary of the registrant. Exchangeable shares are exchangeable for an equal number of shares of the registrant's common stock.

In addition, at December 3, 2015, the registrant had outstanding 9,803,819 shares of special voting stock, through which the holders of exchangeable shares of Lulu Canadian Holding, Inc. may exercise their voting rights with respect to the registrant. The special voting stock and the registrant's common stock generally vote together as a single class on all matters on which the common stock is entitled to vote.

---

Table of Contents

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1.	<u>3</u>
	<u>3</u>
	<u>4</u>
	<u>5</u>
	<u>6</u>
	<u>7</u>
Item 2.	<u>14</u>
Item 3.	<u>27</u>
Item 4.	<u>28</u>
<u>PART II. OTHER INFORMATION</u>	
Item 1.	<u>29</u>
Item 1A.	<u>29</u>
Item 2.	<u>38</u>
Item 6.	<u>39</u>
<u>SIGNATURES</u>	<u>40</u>

Table of Contents

## PART I

## FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

lululemon athletica inc.

## CONSOLIDATED BALANCE SHEETS

(Unaudited; Amounts in thousands, except per share amounts)

	November 1, 2015	February 1, 2015
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$403,446	\$664,479
Accounts receivable	12,463	13,746
Inventories	357,753	208,116
Prepaid income taxes	124,776	40,547
Other prepaid expenses and other current assets	30,066	24,124
	928,504	951,012
Property and equipment, net	346,705	296,008
Goodwill and intangible assets, net	25,407	26,163
Deferred income tax assets	10,759	16,018
Other non-current assets	10,184	7,012
	\$1,321,559	\$1,296,213
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$5,845	\$9,339
Accrued inventory liabilities	40,250	22,296
Accrued compensation and related expenses	44,074	29,932
Income taxes payable	46,829	20,073
Unredeemed gift card liability	35,123	46,252
Other accrued liabilities	36,207	31,989
	208,328	159,881
Deferred income tax liabilities	3,524	3,633
Other non-current liabilities	49,748	43,131
	261,600	206,645
Stockholders' equity		
Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding	—	—
Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 9,804 and 9,833	—	—
Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 9,804 and 9,833	—	—
Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 129,581 and 132,112	648	661
Additional paid-in capital	246,814	241,695
Retained earnings	1,003,331	1,020,619
Accumulated other comprehensive loss	(190,834	) (173,407
	1,059,959	1,089,568
	\$1,321,559	\$1,296,213

See accompanying notes to the unaudited interim consolidated financial statements



Table of Contents

lululemon athletica inc.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited; Amounts in thousands, except per share amounts)

	Thirteen Weeks Ended November 1, 2015	Thirteen Weeks Ended November 2, 2014	Thirty-Nine Weeks Ended November 1, 2015	Thirty-Nine Weeks Ended November 2, 2014
Net revenue	\$479,693	\$419,396	\$1,356,247	\$1,194,722
Cost of goods sold	254,896	208,308	713,548	590,583
Gross profit	224,797	211,088	642,699	604,139
Selling, general and administrative expenses	156,619	129,932	439,906	385,294
Income from operations	68,178	81,156	202,793	218,845
Other income (expense), net	(2,890	) 1,814	(1,519	) 5,347
Income before income tax expense	65,288	82,970	201,274	224,192
Income tax expense	12,135	22,519	52,643	96,012
Net income	\$53,153	\$60,451	\$148,631	\$128,180