Jun 24, 2021

lululemon athletica (LULU)

$359.40 (As of 06/23/21)

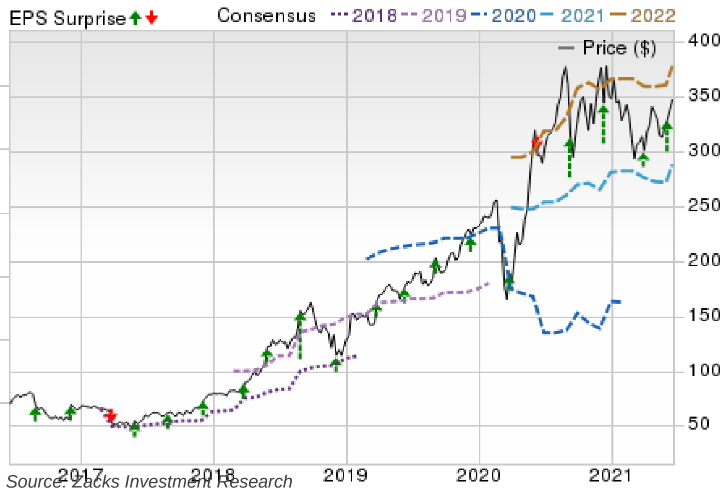
Price Target (6-12 Months): **$381.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 11/12/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:B
	Value: D | Growth: A | Momentum: B	

Summary

Shares of lululemon outpaced the industry in the past three months owing to solid business fundamentals combined with strong brand positioning in the athletic apparel space as well as continued growth in e-commerce operations, which also aided first-quarter fiscal 2021 results. During the quarter, the company's top and the bottom line beat estimates and increased year on year. Moreover, the company reported robust growth compared with the first quarter of fiscal 2019. Results gained from growth across regions and rebound in in-store sales. Management noted that the strong business momentum has continued into the second quarter. Further, its financial position keeps it on track to deliver on its Power of Three growth strategy. However, elevated SG&A expense and airfreight costs remain a headwinds, which is likely to persist in the near term.

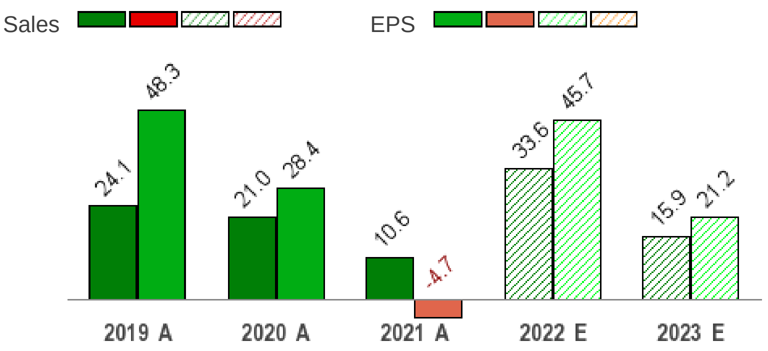
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$399.90 - $269.28**
20-Day Average Volume (Shares)	**1,170,474**
Market Cap	**$46.7 B**
Year-To-Date Price Change	**3.2%**
Beta	**1.34**
Dividend / Dividend Yield	**$0.00 / 0.0%**
Industry	**Textile - Apparel**
Zacks Industry Rank	**Top 14% (35 out of 252)**
Last EPS Surprise	**27.5%**
Last Sales Surprise	**9.8%**
EPS F1 Estimate 4-Week Change	**8.0%**
Expected Report Date	**09/14/2021**
Earnings ESP	**0.0%**
P/E TTM	**63.7**
P/E F1	**52.5**
PEG F1	**2.9**
P/S TTM	**9.4**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2023	1,460 E	1,529 E	1,539 E	2,365 E	6,811 E
2022	1,226 A	1,326 E	1,309 E	2,038 E	5,879 E
2021	652 A	903 A	1,117 A	1,730 A	4,402 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2023	$1.49 E	$1.45 E	$1.68 E	$3.87 E	$8.30 E
2022	$1.16 A	$1.12 E	$1.32 E	$3.23 E	$6.85 E
2021	$0.22 A	$0.74 A	$1.16 A	$2.58 A	$4.70 A

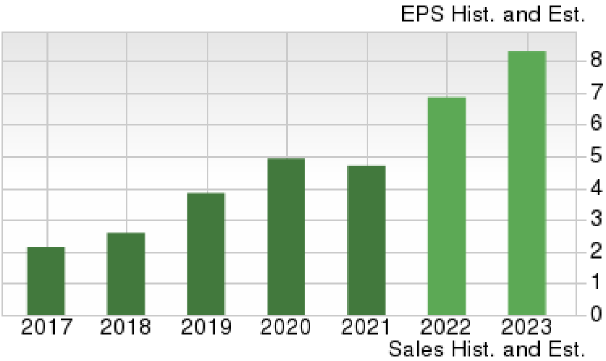
*Quarterly figures may not add up to annual.

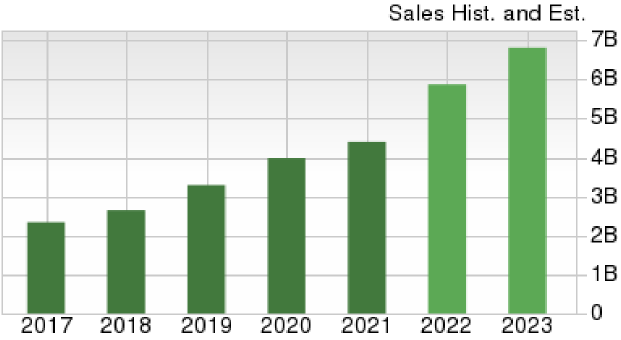
The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 06/23/2021. The report's text and the analyst-provided price target are as of 06/23/2021.

Overview

Founded in 1998 and based in Vancouver, Canada, lululemon athletica inc. is a yoga-inspired athletic apparel company that creates lifestyle components. The company designs, manufactures and distributes athletic apparel and accessories for women, men and female youth.

The company offers a line of apparel assortment, including fitness pants, shorts, tops and jackets designed for healthy lifestyle and athletic pursuits, such as yoga, training, and running as well as other sweaty and general fitness under the lululemon athletica brand name. Moreover, its fitness-related items comprise an array of accessories like bags, socks, underwear, yoga mats, instructional yoga DVDs, water bottles and other equipments.





Notably, the company sells its products primarily in North America through a chain of corporate-owned and retail stores, outlets and warehouse sales, independent franchises, and a network of wholesale accounts. Also, the company has an e-commerce site with an aim to rapidly expand its online business.

Additionally, the company has entered into license and supply agreements with partners in the Middle East and Mexico, through which they are permitted to operate lululemon branded retail locations in the United Arab Emirates, Kuwait, Qatar, Oman, Bahrain, and Mexico. Also, they have the rights to sell lululemon products via the company's e-commerce websites in these countries.

Under these arrangements, the company supplies its license partners with lululemon products, training and other support. While the initial agreement term for the Middle East expires in January 2020, the term for Mexico expires in November 2026.

Furthermore, the company conducts its business through two segments: company-operated stores and direct to consumer.

As of May 2, 2021, lululemon operated 523 company-operated stores.

Source: Zacks Investment Research

Reasons To Buy:

▲ **Impressive Q1 Results:** Shares of lululemon have gained 16.8% in the past three months compared with the industry's 7.8% growth. The stock is witnessing momentum owing to the company's robust business fundamentals combined with strong brand positioning in the athletic apparel space as well as continued growth in e-commerce operations. These trends were well exemplified in the company's first-quarter fiscal 2021 results. lululemon reported better-than-expected top and bottom lines in the fiscal first quarter. Moreover, revenues and earnings improved year over year. The quarterly performance gained from growth across all categories, channels and geographies, led by continued e-commerce expansion and rebound in in-store sales. The company witnessed a rebound in brick-and-mortar stores during the quarter, driven by improved footfall as consumers moved out to stores for their shopping needs. Also, continued momentum in the e-commerce channel was a key driver. During the quarter, the company witnessed growth of 82% in North America and 125% in international markets.

In Q1, lululemon witnessed a rebound in in-store sales driven by improved traffic as consumers moved to stores for shopping. Also, continued momentum in the e-commerce channel was a key driver.

Moreover, the company reported robust growth compared with the first quarter of fiscal 2019. Earnings per share were up 56.8%, while net revenues improved 57% from first-quarter fiscal 2019. On a two-year compounded annual growth rate basis, revenues rose 25%.

▲ **Robust E-commerce Trend:** lululemon is witnessing strong momentum in its e-commerce channel. During first-quarter fiscal 2021, the company witnessed a 50% surge in comps in its digital channel. This in turn boosted the company's overall direct-to-consumer revenues. Direct-to-consumer sales rose 55% to 545.1 million and were up 50% in constant currency. Direct-to-consumer revenues represented 44.4% of the company's total revenues compared with 54% in first-quarter fiscal 2020. In the digital channel, revenues increased 61%, on a two-year CAGR basis, benefiting from notable strength in traffic and conversions. The company has been witnessing robust traffic trends, driven by both new and existing guests, while conversion continues to gain from positive customer responses for its enhancements on the e-commerce sites and mobile app.

Looking ahead, the company expects to capture the growing online demand and ensure robust shopping experience through its accelerated e-commerce investments this year. It has been investing in developing sites, building transactional omni functionality and increasing fulfillment capabilities. The company continues to strengthen omni-channel capabilities such as curbside pickups, same day deliveries and BOPUS (buy online pick up in store). It is enhancing features like search, browse, checkout, personalization and payment methods across online platforms. Further, the company plans to boost online category offerings and creative content. For fiscal 2021, e-commerce growth is likely to be partly offset by a modest decline in the fiscal second quarter. The company anticipates e-commerce sales in the fiscal second quarter to decline modestly from the prior-year quarter, as it laps the height of COVID-related channel shifts and online warehouse sales. On a two-year CAGR basis, e-commerce sales are anticipated to increase 55% in the fiscal second quarter. Also, it expects e-commerce sales to increase modestly in the fiscal third and fourth quarters. Consequently, it expects e-commerce sales growth in high-single digits for fiscal 2021 relative to the outsized strength seen in 2020.

▲ **Growth in Store Business:** lululemon witnessed a rebound in brick-and-mortar sales driven by an increase in store traffic as consumers returned to stores for shopping. In the fiscal first quarter, revenues at company-operated stores advanced 106% year over year to $536.6 million. On a two-year CAGR basis, sales in the store channel increased 3%. Additionally, management pointed out that in-store productivity improved 88% from the comparable fiscal 2019 levels. As the economies open after the easing of COVID-led restrictions, lululemon had 93% of its global stores open as of the end of the fiscal first quarter. The company continues to remain focused on investments to enhance in-store experience. It is leveraging its stores to facilitate omni-channel capabilities, including the buy online pickup in store and ship-from-store. It has implemented several strategies to improve guest experience and reduce wait time. These include, virtual waitlist, mobile POS and appointment shopping. These functionalities enable reducing the time of waiting in line to enter the store, as well as allow customers to complete some transactions like returns, exchanges and purchase of gift cards without entering the store. In second-quarter fiscal 2021, the company expects flat in-store sales on a two-year CAGR basis. Additionally, the company plans to continue expanding its store base. In fiscal 2021, it expects to open 45-55 net new stores. This includes 35-40 stores in international markets.

▲ **Gross Margin Expansion:** In first-quarter fiscal 2021, lululemon's gross profit increased 109% year over year. Meanwhile, gross margin expanded 580 basis points (bps) year over year to 57.1%. On a two-year basis, gross margin increased 320 bps on a 220-bps leverage in occupancy, product team costs and depreciation, an 80-bps increase in product margin, and 20 bps of favorable foreign exchange. The increase in product margin was mainly driven by lower markdown than 2019, offset by higher airfreight expenses due to the COVID-19 outbreak.

In second-quarter fiscal 2021, management expects gross margin to expand from the last year's COVID-impacted quarter and increase 30-50 bps from second-quarter fiscal 2019. Gross margin growth relative to the fiscal 2019 comparable period can be attributed to higher e-commerce sales along with occupancy cost leverage due to the slowing down of store openings in 2020 and the level of rent reductions. The gross margin for fiscal 2021 is expected to expand 150-120 bps year over year, compared with the previously mentioned 100-150 bps expansion. The company reported modest gross margin growth in fiscal 2020.

▲ **Upbeat View:** lululemon provided expectations for the second quarter and raised its view for fiscal 2021. Management notes that the strong business momentum has continued into the second quarter. Further, its financial position keeps it on track to deliver on its Power of Three growth strategy. For second-quarter fiscal 2021, the company expects net sales of $1.3-$1.33 billion, indicating a two-year CAGR growth of

21-23%. Adjusted earnings are anticipated to be $1.10-$1.15 per share, whereas it reported 74 cents in the prior-year quarter. Notably, the company reported earnings per share of 96 cents in second-quarter fiscal 2019. For fiscal 2021, it expects net revenues of $5.83-$5.91 billion compared with $5.55-$5.65 billion stated earlier. This includes the contribution of $250-$275 million from the MIRROR buyout. Adjusted earnings per share are now expected to be $6.73-$6.86 compared with $6.30-$6.45 mentioned earlier. This includes a modest dilution of 3-5% related to the MIRROR acquisition.

- **Power of Three Strategic Plan:** lululemon is on track with the its five-year Power of Three plan, which aims at doubling sales in the men's and digital categories, and quadrupling sales in the international unit by 2023. This five-year plan focuses on three core objectives – product innovation, augmenting omni-guest experiences and market expansion. Notably, the company is witnessing positive consumer response for its merchandise. Going forward, the company remains optimistic about the innovations it plans to bring in its assortments for both men and women. Management plans to keep investing in strategies to maintain customer footfall, including efforts to augment store base and enhancing shopping experiences. Driven by these plans, the company had earlier anticipated to deliver sales growth in the low-teens in the next five years. lululemon also expects some annual benefits of this plan, which include modest gross margin improvement, slight reduction in SG&A costs, operating growth in excess of sales growth, earnings per share growth equal to or more than operating income growth, and capital expenditure of about 6-8% of sales.

- **Strong Financial Position:** lululemon remains well-poised financially to steer through the coronavirus situation. Notably, it ended third-quarter fiscal 2020 with total liquidity of $1.6 billion, which indicates a strong financial position. This included $1,179.7 million of cash and cash equivalents, and $400 million available under its revolving credit facility. To retain its financial strength, management is evaluating expense structure and capital investments for store opening and remodeling projects. It incurred a capital expenditure of $64 million in the fiscal first quarter compared with $52 million reported in first-quarter fiscal 2020. The capital spending is mainly related to investments in digital channel and analytics capabilities, supply chain, technology to support business growth, and store capital for new locations, relocations and renovations.

Reasons To Sell:

- **Valuation Looks Stretched:** Considering Price-to-Earnings (P/E) ratio, lululemon looks pretty overvalued when compared with broader industry and the S&P 500. The stock has a trailing 12-month P/E of 63.67x compared with 54.49x for the industry and 28.05x for the S&P 500. Its trailing 12-month P/E ratio is below the median level of 73.66x and the high level of 94.83x scaled in the past year. These factors profess that the stock's valuation is quite stretched.

lululemon expects continued pressure from higher airfreight costs owing to port congestion and capacity constraints, stemming from the pandemic. Also, higher SG&A expense is a concern.

- **Higher Costs Weigh:** lululemon continues to witness higher airfreight expenses and SG&A costs, which have been weighing on the bottom line to some extent. In first-quarter fiscal 2021, the company gross margin growth relative to second-quarter fiscal 2019 was offset by higher airfreight costs related to COVID-19. Additionally, SG&A expense of $496.6 million increased 65.8% year over year and 69.5% on a two-year basis. SG&A expenses, as a percentage of sales, declined 550 bps year over year and increased 310 bps on a two-year basis to 40.5%. The deleverage from the 2019 levels was mainly due to the consolidation of MIRROR's results this year along with higher depreciation expenses, owing to accelerated investments to support the e-commerce business and COVID-related operating channel costs.

  For second-quarter fiscal 2021, the company anticipates continued impacts from air freight costs, owing to port congestions and capacity constraints. Additionally, the company expects gross margin for fiscal 2021 to include a 50-bps negative impact of additional freight costs. It expects SG&A expenses for the fiscal second quarter to deleverage 400 bps compared with the second quarter of fiscal 2019. The deleverage mainly relates to higher depreciation due to accelerated investments to support the e-commerce business in 2020 and 2021, consolidation of MIRROR's results this year, and COVID-led costs, including labor for stores that remained closed. For fiscal 2021, the company anticipates a year-over-year SG&A deleverage of 30-50 bps driven by the consolidation of MIRROR for the year and investment in MIRROR brand building.

- **Higher Inventory Levels:** lululemon's inventory increased 17% year over year to $733 million as of the end of first-quarter fiscal 2021. The company continues to face headwinds related to capacity constraints and supply chain challenges at the ports and reduced air freight capacity. On a two-year CAGR basis, inventory levels were up 29%. The company continues to anticipate further delayed inventory receipts owing to issues related to port congestions due to COVID impacts in some regions. At the end of second-quarter fiscal 2021, the company expects inventory levels to increase about 25-30% compared with the end of second-quarter fiscal 2019.

- **Competition:** lululemon is an elite and premium activewear brand which had established itself as a market leader in the yoga apparel segment. However, the company is facing stiff competition from leading brands like Gap, NIKE, Nordstrom, L Brands and Under Armour, as well as other private and boutique brands to capture market share in the female yoga, running, dancing and stylish casual compression pant product lines. Apart from this, Amazon.com is also extending activewear offerings, thus intensifying the competition.

- **Macroeconomic Challenges:** The apparel retail industry is consumer-driven and hence, very sensitive to the health of the economy. Spending on apparel and accessories is heavily dependent on the personal disposable income of consumers. Macroeconomic challenges such as high household debt and unemployment levels may restrain consumer spending on these items.

Last Earnings Report

lululemon Q1 Earnings & Revenues Beat on Improved Traffic

Quarter Ending	04/2021
Report Date	Jun 03, 2021
Sales Surprise	9.83%
EPS Surprise	27.47%
Quarterly EPS	1.16
Annual EPS (TTM)	5.64

lululemon reported robust first-quarter fiscal 2021 results, with the top and bottom lines surpassing the Zacks Consensus Estimate as well as improving year over year. Strength across all segments contributed to growth, led by continued e-commerce expansion and rebound in in-store sales. Also, the company noted that all key metrics reflected marked improvements compared with the first quarter of fiscal 2019, which represents the pre-pandemic level.

Management notes that the strong business momentum has continued into the second quarter. Further, its financial position keeps it on track to deliver on its Power of Three growth strategy. Consequently, it provided expectations for the second quarter and raised its view for fiscal 2021.

Q1 Numbers

lululemon's adjusted earnings of $1.16 per share in the fiscal first quarter beat the Zacks Consensus Estimate of 91 cents and increased substantially from earnings of 23 cents in the year-ago quarter.

The Vancouver, Canada-based company's quarterly revenues advanced 88% year over year to $1,226.5 million and surpassed the Zacks Consensus Estimate of $1,117 million. On a constant-dollar basis, revenues increased 83%. Top-line growth was driven by strength across all categories, channels and geographies. A rebound in brick-and-mortar stores, driven by improved footfall as consumers moved out to stores for their shopping needs, aided sales growth. Also, continued expansion in the e-commerce channel was a key driver.

Compared with the first quarter of fiscal 2019, earnings per share were up 56.8% from 74 cents, while net revenues improved 57%. On a two-year compounded annual growth rate basis, revenues rose 25%.

In the reported quarter, revenues at company-operated stores advanced 106% to $536.6 million. Direct-to-consumer sales rose 55% to 545.1 million and were up 50% in constant currency. Direct-to-consumer revenues represented 44.4% of the company's total revenues compared with 54% in first-quarter fiscal 2020. Additionally, management pointed out that in-store productivity improved 88% from the comparable fiscal 2019 levels.

In the digital channel, revenues increased 61%, on a two-year CAGR basis, benefiting from strength in traffic and conversions. The company has been witnessing robust traffic trends, driven by both new and existing guests, while conversion continues to gain from positive customer responses for its enhancements on the e-commerce sites and mobile app.

Moreover, it witnessed growth of 82% in North America and 125% in international markets.

Margins

Gross profit advanced 109% year over year to $700.3 million in first-quarter fiscal 2021. Meanwhile, gross margin expanded 580 basis points (bps) year over year to 57.1%. On a two-year basis, gross margin increased 320 bps on a 220-bps leverage in occupancy, product team costs and depreciation, a 80-bps increase in product margin, and 20 bps of favorable foreign exchange. The increase in product margin was mainly driven by lower markdown than 2019, offset by higher airfreight expenses due to the COVID-19 outbreak.

SG&A expenses of $496.6 million increased 65.8% year over year and 69.5% on a two-year basis. SG&A expenses, as a percentage of sales, declined 550 bps year over year and increased 310 bps on a two-year basis to 40.5%. SG&A expense leverage on a year-over-year basis is mainly related to a higher top line than the COVID-impacted first-quarter fiscal 2020. The deleverage from the 2019 levels was mainly due to the consolidation of MIRROR's results this year along with higher depreciation expenses, owing to accelerated investments to support the e-commerce business and COVID-related operating channel costs.

Adjusted income from operations rose 479% year over year to $201.5 million in the fiscal first quarter. Adjusted operating margin of 16.4% expanded 1,110 bps year over year and contracted 10 bps on a two-year basis.

Store Updates

In the fiscal first quarter, the company opened three stores and closed one. As of May 2, 2021, it operated 523 stores. As the economies open after the easing of COVID-led restrictions, it currently has 93% of its stores open across the globe.

In fiscal 2021, the company expects to open 45-55 net new company-operated stores compared with 40-50 openings stated earlier. This includes 35-40 stores in the international markets.

Financials

lululemon exited the fiscal first quarter with total liquidity of $1.6 billion, which indicates a strong financial position. This included $1,179.7 million of cash and cash equivalents, and 400 million available under its revolving credit facility. Further, its stockholders' equity was $2,639.9 million as of May 2, 2021. Inventories were up 17% year over year to $732.9 million.

In first-quarter fiscal 2021, the company generated an operating cash flow of $214.1 million. It incurred a capital expenditure of $64 million in the fiscal first quarter compared with $52 million reported in first-quarter fiscal 2020. The capital spending is mainly related to investments in digital channel and analytics capabilities, supply chain, technology to support business growth, and store capital for new locations, relocations and renovations.

For fiscal 2021, the company anticipates incurring a capital expenditure of $365-$375 million versus $335-$345 million mentioned earlier.

Outlook

For second-quarter fiscal 2021, it expects net sales of $1.3-$1.33 billion, indicating a two-year CAGR growth of 21-23%. The company currently has 93% of its stores open. On a two-year CAGR basis, it expects flat in-store sales, whereas e-commerce sales are anticipated to increase 55%. However, the company anticipates e-commerce sales in the fiscal second quarter to decline modestly from the prior-year quarter, as it laps the height of COVID-related channel shifts and online warehouse sales. Nonetheless, it expects e-commerce sales to increase modestly in the fiscal third and fourth quarters.

Additionally, management expects gross margin to expand from the last year's COVID-impacted quarter and increase 30-50 bps from second-quarter fiscal 2019. Gross margin growth relative to the fiscal 2019 comparable period can be attributed to higher e-commerce sales along with occupancy cost leverage due to the slowing down of store openings in 2020 and the level of rent reductions.

However, the company anticipates continued impacts from air freight costs, owing to port congestions and capacity constraints. It expects SG&A expenses for the fiscal second quarter to deleverage 400 bps compared with the second quarter of fiscal 2019. The deleverage mainly relates to higher depreciation due to accelerated investments to support the e-commerce business in 2020 and 2021, consolidation of MIRROR's results this year, and COVID-led costs, including labor for stores that remained closed.

Adjusted earnings are anticipated to be $1.10-$1.15 per share, whereas it reported 74 cents in the prior-year quarter. Notably, the company reported earnings per share of 96 cents in second-quarter fiscal 2019.

For fiscal 2021, it expects net revenues of $5.83-$5.91 billion compared with $5.55-$5.65 billion stated earlier. This includes the contribution of $250-$275 million from the MIRROR buyout. The company now expects e-commerce sales growth in high-single digits relative to the outsized strength seen in 2020. E-commerce growth is likely to be partly offset by a modest decline in the fiscal second quarter. Nonetheless, it expects e-commerce sales to increase modestly in the fiscal third and fourth quarters.

The gross margin for fiscal 2021 is expected to expand 150-120 bps compared with the previously mentioned 100-150 bps expansion. The company reported modest gross margin growth in fiscal 2020. The gross margin for fiscal 2021 is anticipated to include a 50-bps negative impact of additional freight costs. The company anticipates a year-over-year SG&A deleverage of 30-50 bps for fiscal 2021 on the consolidation of MIRROR for the year and investment in MIRROR brand building.

Adjusted earnings per share are now expected to be $6.73-$6.86 compared with $6.30-$6.45 mentioned earlier. This includes a modest dilution of 3-5% related to the MIRROR acquisition.

Valuation

lululemon shares are up 3.2% in the year-to-date period but up nearly 21.7% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 8.5% but the Zacks Consumer Discretionary sector is down 0.6% in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 57.4% and 32.8%, respectively.

The S&P 500 index is up 14.7% in the year-to-date period and 43.6% in the past year.

The stock is currently trading at 48.36X forward 12-month earnings, which compares to 21.26X for the Zacks sub-industry, 28.89X for the Zacks sector and 21.61X for the S&P 500 index.

Over the past five years, the stock has traded as high as 74.84X and as low as 19.31X, with a 5-year median of 34.93X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $381 price target reflects 51.31X forward 12-month earnings.

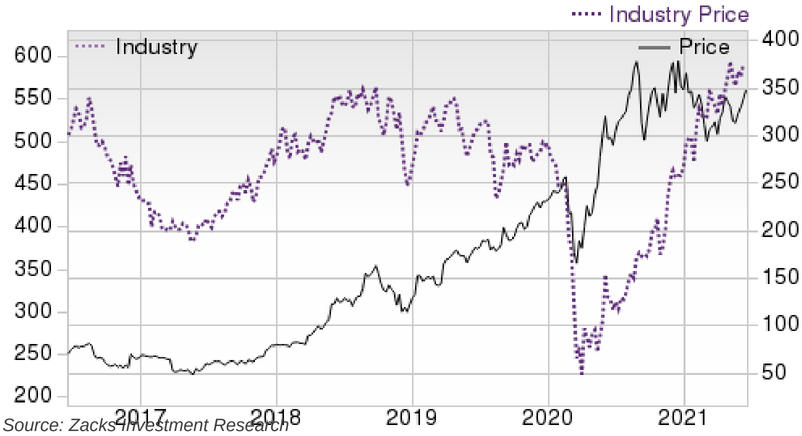
The table below shows summary valuation data for LULU

Valuation Multiples - LULU

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	48.36	21.26	28.89	21.61
	5-Year High	74.84	29.21	35.36	23.83
	5-Year Low	19.31	13.28	16.24	15.31
	5-Year Median	34.93	18.14	20.34	18.05
P/S F12M	Current	7.5	2.78	2.66	4.69
	5-Year High	11.2	3	2.95	4.74
	5-Year Low	2.47	1.45	1.73	3.21
	5-Year Median	5.28	2.09	2.52	3.72
EV/EBITDA TTM	Current	37.8	30.37	14.32	17.1
	5-Year High	54.97	38.24	18.1	17.74
	5-Year Low	11.52	10.67	8.35	9.63
	5-Year Median	23.14	19	12.49	13.47

As of 06/22/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 14% (35 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Columbia Sportswear Company **(COLM)**	Outperform	2
Guess, Inc. **(GES)**	Outperform	1
GIII Apparel Group, LTD. **(GIII)**	Outperform	2
Gildan Activewear, Inc. **(GIL)**	Outperform	1
PVH Corp. **(PVH)**	Outperform	1
HUGO BOSS **(BOSSY)**	Neutral	3
Under Armour, Inc. **(UAA)**	Neutral	2
V.F. Corporation **(VFC)**	Neutral	3

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Textile - Apparel

	LULU	X Industry	S&P 500	Industry Peers: BOSSY	COLM	GIII
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Outperform
Zacks Rank (Short Term)	3	-	-	3	2	2
VGM Score	B	-	-	B	B	D
Market Cap	46.74 B	1.62 B	30.14 B	3.97 B	6.64 B	1.55 B
# of Analysts	10	4	12	2	4	6
Dividend Yield	0.00%	0.00%	1.35%	0.06%	1.04%	0.00%
Value Score	D	-	-	B	C	C
Cash/Price	0.03	0.08	0.06	0.04	0.13	0.26
EV/EBITDA	45.34	9.95	17.08	15.11	20.16	13.34
PEG F1	2.86	1.30	2.05	NA	0.72	1.03
P/B	17.71	3.43	4.08	4.29	3.55	1.14
P/CF	58.43	19.20	17.37	10.45	25.99	20.62
P/E F1	52.47	19.44	20.93	44.24	22.99	11.86
P/S TTM	9.39	0.95	3.37	1.24	2.60	0.71
Earnings Yield	1.91%	5.13%	4.67%	2.22%	4.35%	8.43%
Debt/Equity	0.00	0.42	0.66	0.00	0.00	0.38
Cash Flow ($/share)	6.15	1.55	6.83	1.08	3.85	1.55
Growth Score	A	-	-	B	A	F
Historical EPS Growth (3-5 Years)	25.81%	-9.26%	9.59%	-33.84%	0.39%	2.57%
Projected EPS Growth (F1/F0)	45.71%	116.94%	21.62%	157.95%	168.36%	275.24%
Current Cash Flow Growth	-0.80%	-34.25%	0.99%	-40.23%	-42.75%	-61.45%
Historical Cash Flow Growth (3-5 Years)	19.03%	-5.38%	7.28%	-5.79%	1.98%	-11.55%
Current Ratio	2.34	2.02	1.39	1.32	3.80	3.81
Debt/Capital	0.00%	32.03%	41.51%	0.00%	0.00%	27.33%
Net Margin	14.17%	2.46%	11.95%	-14.84%	6.40%	4.11%
Return on Equity	31.50%	7.04%	16.48%	-41.86%	9.25%	7.54%
Sales/Assets	1.27	0.94	0.51	1.06	0.94	0.91
Projected Sales Growth (F1/F0)	33.14%	13.98%	9.48%	-12.52%	21.99%	25.58%
Momentum Score	B	-	-	C	D	C
Daily Price Change	1.94%	0.00%	0.51%	5.03%	0.05%	0.16%
1-Week Price Change	2.74%	-3.24%	0.00%	-4.11%	-4.69%	-9.75%
4-Week Price Change	10.80%	0.00%	1.39%	0.49%	-2.22%	2.30%
12-Week Price Change	13.25%	5.07%	7.27%	39.78%	-6.83%	7.09%
52-Week Price Change	19.24%	85.79%	35.61%	80.48%	25.62%	133.70%
20-Day Average Volume (Shares)	1,170,474	36,031	1,876,146	1,185	350,227	525,661
EPS F1 Estimate 1-Week Change	1.94%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	8.05%	0.00%	0.03%	0.00%	1.39%	15.54%
EPS F1 Estimate 12-Week Change	5.15%	5.84%	3.59%	6.25%	6.50%	11.51%

EPS Q1 Estimate Monthly Change	15.30%	0.00%	0.00%	NA	-36.36%	88.24%

Source: Zacks Investment Research

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we maintain a balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	A
Momentum Score	B
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forwardlooking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a mediumterm price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

# of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the mostrecent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every $1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at $35 and expected to earn $3 per share in the current fiscal year (F1), would be 0.0857 (3/35 = 0.0857) or 8.57%. In other words, for $1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow ($/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every $1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every $1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated $2.50 in sales for every $1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is $1.10 now versus $1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from $1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.