

Vancouver Enterprise Forum

February 28, 2006



overview

- introduction to lululemon
- the financing decision
- the process
- key learnings



introduction to lululemon



lululemon history

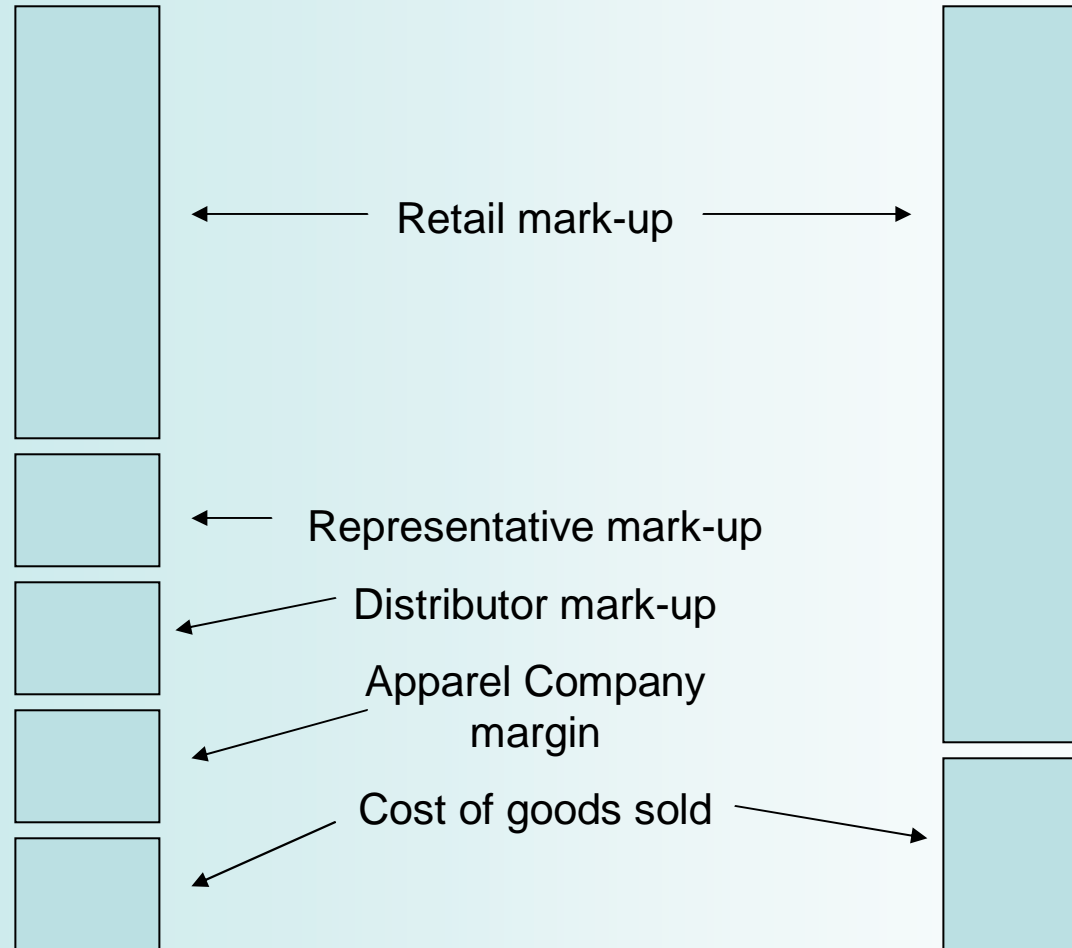
- founded in 1998 by Chip Wilson
- design studio surrounded by a retail store
- kitsilano, vancouver way of life
- create the best retail store in the world
- own the black lycra tight market
- providing components for people to live a longer, healthier and more fun life



apparel industry

Traditional Apparel

lululemon athletica



r&d

- work the floor
- design feedback
 - r&d team
 - ambassadors
 - website
 - focus groups
- technical fabrics
 - silver
 - vita-sea



lululemon culture

- personal responsibility
 - empowerment
 - goal setting
 - no complaining
- values
 - entrepreneurship
 - product
 - quality
 - fun
 - egoless
 - integrity
 - balance



the brand



the brand

- yoga-inspired technical athletic apparel
- lifestyle of fun, health, and balance (lohas)
- community
- guest experience



the financing decision

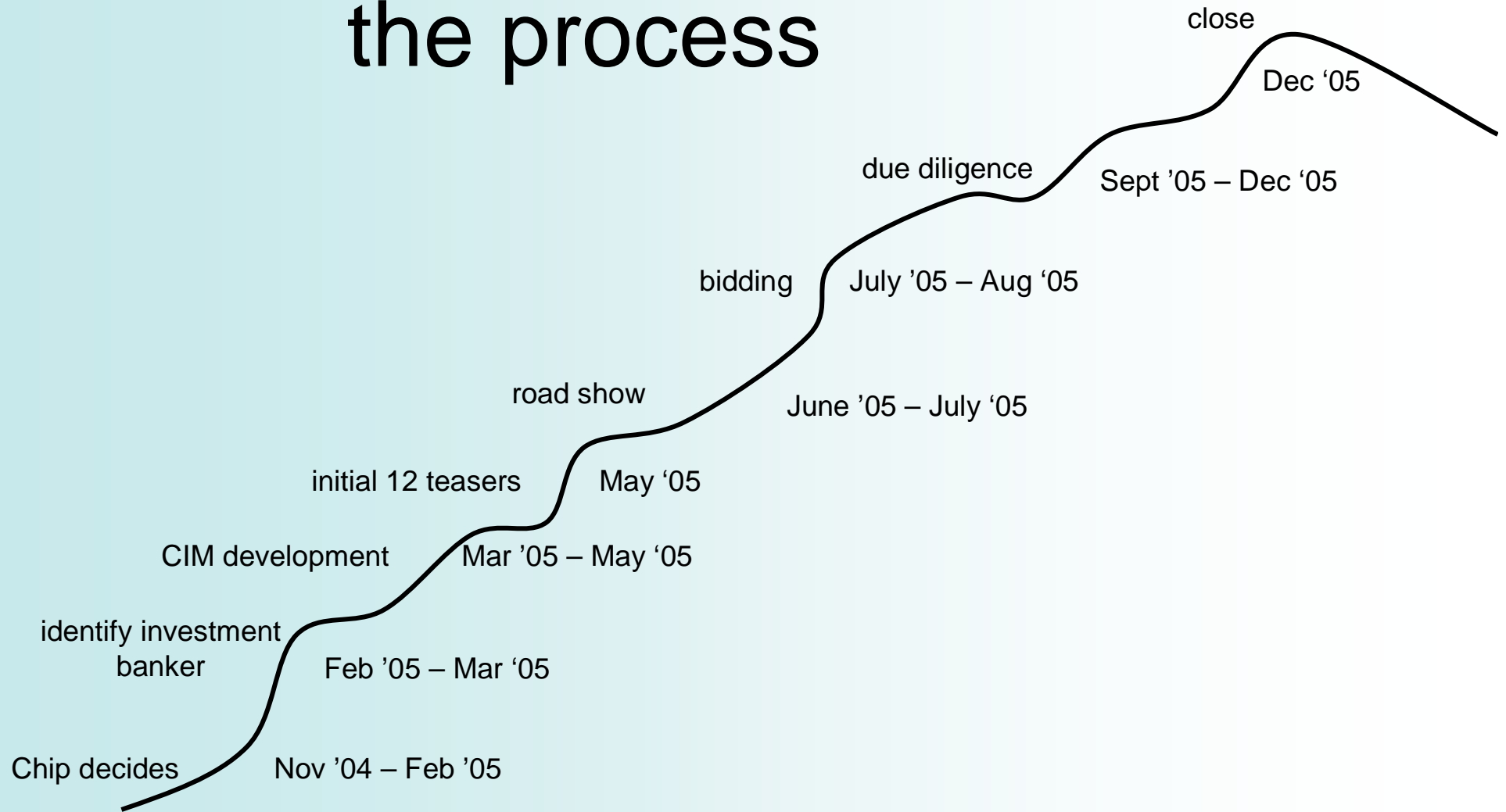


the financing decision

- timing, timing, timing...
 - markets are flush
 - mystique of our brand
 - seeking new management skills
 - needing leverage in the usa



the process



key learnings



key learnings

- know thyself
 - know what you need
 - consistent story – brand
 - strengths and weaknesses
 - growth story
 - needs analysis
 - how desperate are you?



key learnings

- timing
 - we have been approached annually for 5 years (75+ times)
 - previous few times value would have been too low
 - have faith in yourself but know when to jump
 - understand you can bail out of the process at anytime



key learnings

- the CIM
 - be thorough (saves you time)
 - be honest and commit to success
 - be self-aware
 - understand your business plan
 - be clear and honest on your needs



key learnings

- managing the process
 - use a middle-person
 - commit resources
 - enroll team
 - control outside voice – know key messages



key learnings

- people
 - understand this is a partnership
 - selection and fit – skills and cultural
 - what are your personal limitations – do you need to change seats? can your ego handle it?
 - set up your partners to win – right people on the right seat of the bus



results

- \$108 million for 48% - value \$225M
- 12-13 times trailing 12 months
- % equity to staff
- cash to all staff
- board of directors
- new CEO



Thank you!

