

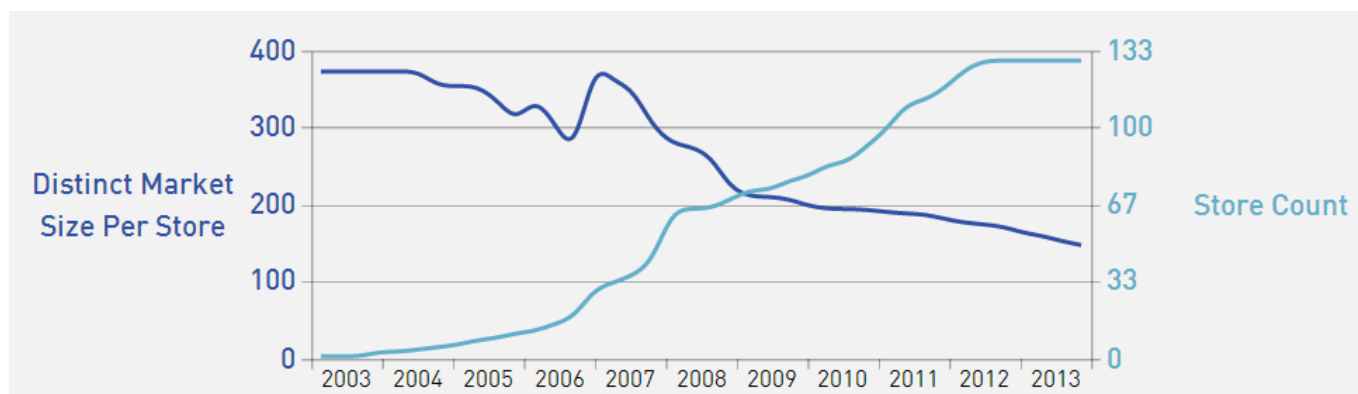
Would You Short This Company?

Date: April 21, 2014

1. A specialty retailer trading at 25x earnings.
2. With negative same store sales comps:

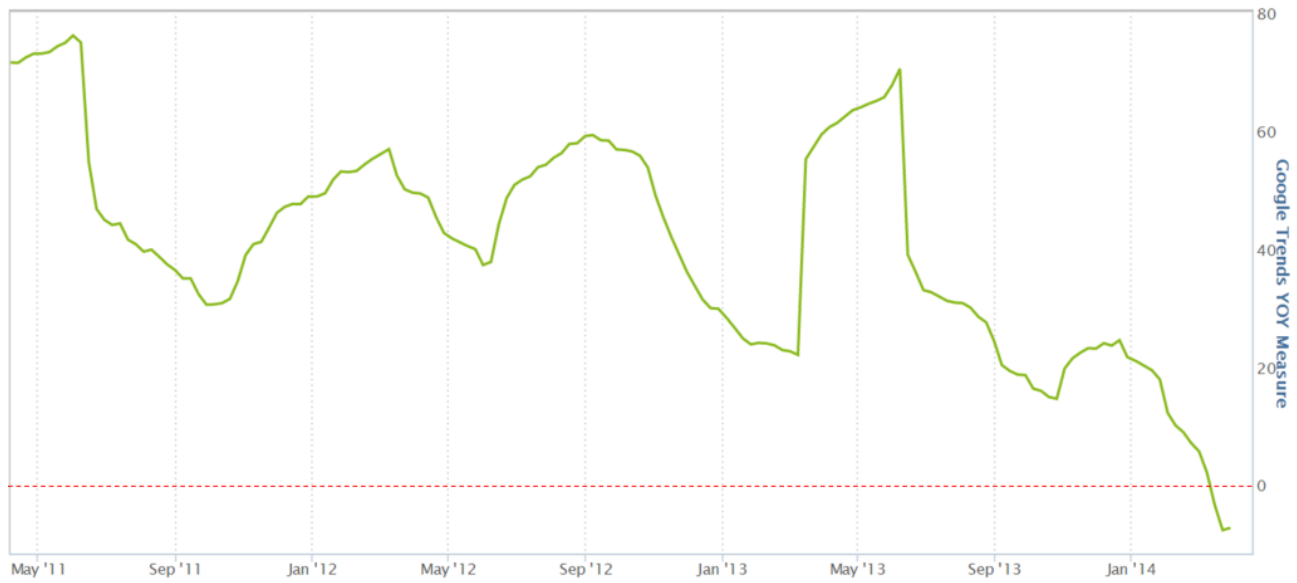
	Previous Q4 2013	Updated Q4 2013
Revenue	\$535M - \$540M	\$513M - \$518M
Store Comp	Flat	low to mid single digits negative
Combined Comp	8%	low single digits positive
EPS	\$0.78 - \$0.80	\$0.71 - \$0.73

3. Expanding into new locations with lower population density and income than current stores (which implies margin pressure going forward):



Note: Distinct Market Size per Store is comprised of spending on women's apparel and sporting goods in a 10-mile radius trade area. Source: Signal Data.

4. With worldwide online search trends that recently turned negative (side note: if you aren't tracking worldwide search trends, you are missing out on huge alpha opportunities in the consumer / tech space; the correlation between search to sales is not insignificant - see [here](#)):



Would you short this company?

To me, the answer is clear: the time to short LULU is now.