



Lifetime Brands, Inc. (LCUT)

Raise Price Target To \$27 (From \$25) As We Shift Our Valuation Basis To Initial 2023 Forecast; Increase 2021, 2022 EPS Estimates After 3Q:21 EPS Easily Outpace Our Projections

	2020		2021E		2022E		2023E	
	<u>OLD</u>	<u>NEW</u>	<u>OLD</u>	<u>NEW</u>	<u>OLD</u>	<u>NEW</u>	<u>OLD</u>	<u>NEW</u>
Mar.	(\$0.27)	\$0.13A			\$0.12	\$0.14		\$0.17
June	(0.15)	0.28A			0.14			0.16
Sep.	0.65	0.40	0.61A		0.62	0.64		0.67
Dec.	<u>0.70</u>	<u>0.57</u>	<u>0.46</u>		<u>0.86</u>	<u>0.84</u>		<u>0.92</u>
EPS	\$0.95	\$1.39	\$1.50		\$1.75	\$1.76		\$1.92
P/E			12.5x		10.6x		9.8x	

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. 1Q:20 excludes a \$1.09 charge, mostly for goodwill impairment. 2Q:20 excludes a \$0.04 charge for various non-recurring items. 1Q:21 excludes a \$0.01 net gain related to various one-time items. 2020-2023E include \$0.13-\$0.18 of annual stock-based compensation expense. Sum of quarterly EPS may not equal full-year total due to rounding and/or changes in the diluted share count. The Russell 2000 Index includes LCUT. NC = Not Covered by Sidoti & Co. LLC.

Year	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Rev.(Mil.)	\$586.0	\$587.7	\$592.6	\$579.5	\$704.5	\$734.9	\$769.2	\$871.0	\$889.1	\$915.6
GAAP EPS	\$0.11	\$0.86	\$1.08	\$0.14	(\$0.09)	(\$2.16)	(\$0.17)	\$1.49	\$1.76	\$1.92

Description: Lifetime Brands, Inc. (www.lifetimebrands.com) designs, sources and sells kitchenware, tabletop and other products used in the home. The company markets products under widely recognized brand names and trademarks, including Farberware®, KitchenAid®, Mikasa® and Pfaltzgraff® and sells products mainly to retailers and distributors. LCUT sells some products directly to consumers via its own e-commerce websites. International revenue accounted for approximately 11% of 2020 sales. Headquarters are in Garden City, NY.

- As we see it, in 3Q:21, LCUT continued to see solid underlying demand for its products, although with ongoing supply chain disruptions, reported 3Q:21 revenue below our projection.
- However, with increased product pricing and productivity enhancements, partly offset by higher operational costs, 3Q:21 EPS of \$0.61 handily topped our forecast of \$0.40.
- Given increased guidance, we raise our 2021 and 2022 EPS estimates to \$1.50 and \$1.76, respectively (from \$1.39 and \$1.75).
- With LCUT also raising its five-year financial goals, we roll out our initial 2023 EPS estimate at \$1.92.
- By our forecast, Lifetime Brands will produce average annual free cash flow per share of \$1.90 in 2021-2023, which we expect it to use mostly for debt reduction.
- Our elevated price target of \$27 is based on an unchanged 14x our newly introduced 2023 EPS estimate of \$1.92. Our former \$25 target reflected our prior 2022 EPS estimate of \$1.75.
- Given the ample upside potential our new price target implies, we argue that LCUT shares are undervalued. We maintain our Moderately Risky Rating.

LCUT easily exceeded 3Q:21 EPS expectations at \$0.61 versus our projected \$0.40. Underlying consumer demand for the company's products has remained robust even though ongoing supply chain disruptions prevented some orders from shipping in 3Q:21; instead, these orders will ship in 4Q:21. As such, revenue of \$224.8 million was flat with a year ago and below our \$240.5 million forecast. However, this was more than offset by a nearly two-percentage-point expansion of the gross margin to 37.0% as Lifetime Brands benefited from increased product pricing and favorable channel and product mix shifts partly offset by higher inventory costs; we expected a gross margin of 33.1%. Even with some adverse SG&A expense leverage, the operating margin expanded 50 basis points to 10.1% as the company

NR	
Price Target: \$27	
Price: \$18.73	
Risk Rating: M	
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Key Statistics	
Analysts Covering	1
Market Cap (Mil)	\$410
Enterprise Value	\$760
52-Week Range (NASDAQ)	20-11
5-Year EPS CAGR	14%
Avg. Daily Trading Volume	48,000
Shares Out (Mil)	22.007
Float Shares (Mil)	11.979
Insider Ownership	42%
Institutional Holdings	45%
Annualized Dividend	\$0.17
Dividend Yield	0.9%
FCF Per Share (2023E)	\$2.10
FCF Yield (2023E)	11.2%
Net Cash Per Share (2023E)	(\$6.17)
Price to Book Value	1.7x
Return on Equity (2023E)	13.2%
Total Debt to Capital	49%
Interest Coverage Ratio	5.7x
Short Interest %	1.4%
Short Interest Days To Cover	6.4
Russell 2000	2,427
Russell 2000 – Last 12 Months	42.4%
LCUT – Last 12 Months	80.4%



Source: FactSet Prices

held its distribution expenses flat as a percentage of sales—despite increased labor wages due to ongoing labor productivity enhancements; we estimated an operating margin of 6.4%.

Exhibit 1: Lifetime Brands, Inc. Results Variance Analysis

In thousands of dollars except per share amounts	3Q:21 Actual	3Q:21 Estimate	Variance	% Variance	3Q:20 Actual	% Y-O-Y Change
Total revenue	\$224,777	\$240,483	(\$15,706)	-6.5%	\$224,750	0.0%
Gross profit	83,115	79,600	3,515	4.4%	78,792	5.5%
gross margin (%)	37.0%	33.1%	3.9%	3.9%	35.1%	5.5%
Operating income	22,612	15,501	7,111	45.9%	21,563	4.9%
operating margin (%)	10.1%	6.4%	3.6%		9.6%	
Net income - adjusted	13,426	8,706	4,720	54.2%	13,882	-3.3%
Diluted EPS - adjusted	\$0.61	\$0.40	\$0.22	54.2%	\$0.65	-6.2%

Sources: Company reports, Sidoti & Co., LLC estimates

NM = Not Meaningful

On the increased guidance, we boost our 2021 and 2022 EPS estimates. For 2021, LCUT now anticipates adjusted EPS of \$1.42-\$1.54 (up from \$1.28-\$1.40) and adjusted EBITDA of \$88-\$92 million (was \$84-\$88 million). This guidance still assumes 2021 revenue of \$870-\$890 million. In our view, LCUT will benefit from continued solid organic demand for its core products along with likely further expansion of its commercial food service program, international growth, the recent acquisition of Year & Day and new product development in categories such as pet, BBQ, storage and organization. We expect that, like other consumer companies, LCUT will continue to navigate ongoing supply chain disruptions and higher operating costs, which we think will result in sequentially lower near-term operating margins. Nevertheless, mainly given our higher operating margin assumptions, we raise our 2021 and 2022 EPS estimates to \$1.50 and \$1.76, respectively (from \$1.39 and \$1.75).

Our initial 2023 EPS projection is \$1.92. In conjunction with its 3Q:21 earnings release, Lifetime Brands also increased its five-year financial objectives and now expects to achieve annual revenue of \$1.25 billion and adjusted EBITDA of \$145 million (previously, \$1 billion and \$120 million, respectively, by 2026). For 2023, we estimate a revenue advance of 3% to \$915.6 million, which assumes no acquisitions. We estimate operating margin expansion of 20 basis points to 8.0% due to expected gross margin improvement and modestly favorable expense leverage. In addition, our EPS forecast assumes an approximate 11% reduction of interest expense anticipating a reduction in borrowings.

Assuming ongoing free cash flow generation, we expect LCUT to further improve its balance sheet. At the end of 3Q:21, Lifetime Brands had total debt at 49% of total capital (mostly a term loan that matures in February 2025), down from 57% at the end of 3Q:20. Following \$20.7 million in 2019 (\$1.00 per share), free cash flow more than doubled to \$42.7 million (\$2.02 per share) in 2020 given increased profitability, enhanced working capital management and much lower than usual cap-ex following the initial COVID-19 related uncertainty. We assume free cash flow of \$45.3 million (\$2.07 per share) in 2021, \$33.2 million (\$1.51) in 2022 and \$46.7 million (\$2.10) in 2023. In our view, LCUT will utilize most of its free cash flow to reduce debt; we estimate that total debt will drop to 36% of total capital by the end of 2023.

Valuation	We maintain our Moderately Risky rating and raise our price target to \$27 (was \$25). We are encouraged by the better-than-expected bottom-line results for 3Q:21 along with the increased guidance. We continue to argue that LCUT shares remain attractive given the strong annualized EPS gains that we anticipate through 2023 along with the company's ample free cash flow prospects. Our upwardly revised \$27 price target is based on an unchanged 14x (in line with our five-year EPS growth rate projection) our initial 2023 EPS estimate of \$1.92. Our previous \$25 target reflected our prior 2022 EPS estimate of \$1.75. Given the upside potential this target implies, we argue that shares of Lifetime Brands, Inc. remain undervalued.		
Key Risks	The economy	Retailer consolidation and de-stocking	Slow household formation

LIFETIME BRANDS, INC.

Table 1. Lifetime Brands, Inc. Income Statement

(\$ in thousands, except per share data)

	2018	2019	Mar.	June	Sept.	Dec.	2020	Mar. A	June A	Sept. A	Dec. E	2021E	Mar. E	June E	Sept. E	Dec. E	2022E	2023E
Net sales	\$704,542	\$734,902	\$145,070	\$150,140	\$224,750	\$249,209	\$769,169	\$195,653	\$186,636	\$224,777	\$263,912	\$870,978	\$187,827	\$182,903	\$240,961	\$277,372	\$889,063	\$915,564
Cost of sales	448,785	471,211	92,136	95,972	145,958	161,105	495,171	129,653	120,475	141,662	176,821	568,611	122,463	119,619	154,938	179,460	576,479	592,091
Gross profit	255,757	263,691	52,934	54,168	78,792	88,104	273,998	66,000	66,161	83,115	87,091	302,367	65,364	63,285	86,023	97,912	312,584	323,473
Distribution expenses	67,047	69,758	15,767	14,834	18,961	22,135	71,697	18,646	18,931	18,893	26,127	82,597	18,783	18,290	20,241	24,409	81,722	84,051
SG&A	162,331	160,491	41,475	34,427	38,268	41,472	155,642	38,108	35,847	41,610	43,297	158,862	38,908	36,474	42,401	44,119	161,903	166,606
Operating income	26,379	33,442	(4,308)	4,907	21,563	24,497	46,659	9,246	11,383	22,612	17,667	60,908	7,673	8,520	23,382	29,384	68,959	72,816
Interest expense	(18,004)	(20,745)	(4,736)	(4,230)	(4,128)	(4,183)	(17,277)	(3,516)	(3,819)	(3,835)	(3,791)	(14,961)	(3,782)	(3,773)	(3,815)	(3,387)	(14,756)	(13,180)
Pretax income	8,375	12,697	(9,044)	677	17,435	20,314	29,382	5,730	7,564	18,777	13,876	45,947	3,891	4,747	19,567	25,997	54,202	59,637
Income tax (expense) / benefit	(3,532)	(3,985)	3,002	(2,958)	(3,700)	(6,833)	(10,489)	(2,416)	(1,838)	(5,546)	(3,913)	(13,713)	(1,167)	(1,424)	(5,870)	(7,799)	(16,261)	(17,891)
Equity in earnings, net	660	467	339	(848)	147	1,672	1,310	(247)	393	195	250	591	300	(275)	350	475	850	850
Net income	5,503	9,179	(5,703)	(3,129)	13,882	15,153	20,203	2,830	6,119	13,426	10,213	32,825	3,024	3,048	14,047	18,673	38,792	42,596
Adjusted EPS	\$ 0.28	\$ 0.44	\$ (0.27)	\$ (0.15)	\$ 0.65	\$ 0.70	\$ 0.95	\$ 0.13	\$ 0.28	\$ 0.61	\$ 0.46	\$ 1.50	\$ 0.14	\$ 0.14	\$ 0.64	\$ 0.84	\$ 1.76	\$ 1.92
Adjustments	\$ (0.37)	\$ (2.14)	\$ (1.09)	\$ (0.04)	\$ -	\$ -	\$ (1.13)	\$ 0.01	\$ (0.02)	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GAAP EPS	\$ (0.09)	\$ (2.16)	\$ (1.36)	\$ (0.19)	\$ 0.65	\$ 0.70	\$ (0.14)	\$ 0.14	\$ 0.26	\$ 0.61	\$ 0.46	\$ 1.49	\$ 0.14	\$ 0.14	\$ 0.64	\$ 0.84	\$ 1.76	\$ 1.92
Shares Outstanding	19,452	20,697	20,745	20,824	21,285	21,673	21,180	21,771	21,796	21,946	21,971	21,871	22,006	22,031	22,081	22,106	22,056	22,191
Year-over-year growth (decline)																		
Net sales	21.6%	4.3%	(3.2)%	5.3%	4.3%	9.8%	4.7%	34.9%	24.3%	0.0%	5.9%	13.2%	(4.0)%	(2.0)%	7.2%	5.1%	2.1%	3.0%
Gross profit	18.9%	3.1%	(2.6)%	3.1%	8.0%	5.0%	3.9%	24.7%	22.1%	5.5%	(1.1)%	10.4%	(1.0)%	(4.3)%	3.5%	12.4%	3.4%	3.5%
Operating income	18.6%	26.8%	NM	NM	18.9%	24.8%	39.5%	NM	NM	4.9%	(27.9)%	30.5%	NM	NM	3.4%	66.3%	13.2%	5.6%
Adjusted EPS	(59.4)%	57.1%	NM	NM	NM	29.6%	115.9%	NM	NM	(6.2)%	(34.3)%	57.9%	NM	NM	4.9%	82.6%	17.3%	9.1%
Margin analysis																		
Gross margin	36.3%	35.9%	36.5%	36.1%	35.1%	35.4%	35.6%	33.7%	35.4%	37.0%	33.0%	34.7%	34.8%	34.6%	35.7%	35.3%	35.2%	35.3%
Distribution expenses (as a % of sales)	9.5%	9.5%	10.9%	9.9%	8.4%	8.9%	9.3%	9.5%	10.1%	8.4%	9.9%	9.5%	10.0%	10.0%	8.4%	8.8%	9.2%	9.2%
SG&A (as a % of sales)	23.0%	21.8%	28.6%	22.9%	17.0%	16.6%	20.2%	19.5%	19.2%	18.5%	16.4%	18.2%	20.7%	19.9%	17.6%	15.9%	18.2%	18.2%
Operating margin	3.7%	4.6%	NM	3.3%	9.6%	9.8%	6.1%	4.7%	6.1%	10.1%	6.7%	7.0%	4.1%	4.7%	9.7%	10.6%	7.8%	8.0%
Effective tax rate	42.2%	31.4%	NM	NM	21.2%	33.6%	35.7%	42.2%	24.3%	29.5%	28.2%	29.8%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%

Sources: Company data, Sidoti & Company, LLC estimates; NM = Not Meaningful

LIFETIME BRANDS, INC.

Table 2. Lifetime Brands, Inc. Statement of Cash Flows

(\$ in thousands, except per share data)

	2018	Mar.	June	Sept.	Dec.	2019	Mar.	June	Sept.	Dec.	2020	Mar. A	June A	Sept. A	2021E	2022E	2023E
Operating activities																	
Net income (GAAP)	\$ (1,720)	\$ (4,867)	\$ (11,513)	\$ (13,519)	\$ (14,516)	\$ (44,415)	\$ (28,164)	\$ (3,977)	\$ 13,913	\$ 15,221	\$ (3,007)	\$ 3,067	\$ 5,789	\$ 12,571	\$ 31,640	\$ 38,792	\$ 42,596
Adjustments																	
SKU rationalization	-	-	-	8,500	-	8,500	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	23,329	6,359	6,290	6,122	6,344	25,115	6,234	6,061	6,090	6,279	24,664	5,958	5,765	5,837	23,397	24,300	25,802
Amortization of debt discount	1,543	438	438	436	436	1,748	441	437	448	448	1,774	443	433	433	1,309	-	-
Mark to market loss on interest rate derivatives	-	-	-	-	-	-	2,251	164	-	-	2,144	-	-	-	(664)	-	-
Deferred rent	57	544	612	(106)	(1,050)	-	-	-	-	3,291	3,291	-	-	-	(1,554)	170	170
Non-cash lease expense	-	-	-	-	1,047	1,047	702	1,318	-	-	2,379	-	-	-	(1,089)	-	-
Deferred income taxes	2,086	-	-	-	(1,073)	(1,073)	-	-	-	(1,861)	(1,861)	-	-	-	794	577	577
Stock compensation expense	4,135	907	1,193	1,505	1,436	5,041	1,326	1,420	1,575	1,630	5,951	1,444	1,328	1,201	5,373	5,300	5,300
Undistributed equity earnings	(545)	116	69	210	(738)	(343)	(339)	848	(147)	(1,620)	(1,258)	247	(393)	(195)	(591)	(850)	(850)
Loss on early retirement of debt	66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible asset/goodwill impairment	2,205	-	8,500	1,248	33,242	42,990	20,100	-	-	-	20,100	-	-	-	-	-	-
Contingent consideration fair value adjustment	(1,774)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities																	
Accounts receivable	8,020	33,097	1,087	(71,527)	35,084	(2,259)	46,801	(31,153)	(68,103)	8,695	(43,760)	38,978	10,819	(49,304)	7,452	(203)	(4,843)
Inventory	(13,819)	(13,314)	(27,586)	(25,295)	58,740	(7,455)	6,788	(4,390)	(39,701)	8,324	(28,979)	(6,479)	(7,826)	(39,812)	5,343	(25,822)	(7,101)
Prepaid expenses	540	214	(1,782)	2,324	(5,013)	(4,257)	(401)	1,183	2,791	(2,485)	1,088	2,121	810	1,802	452	138	(599)
Accounts payable and other	(4,595)	(3,475)	19,062	27,878	(38,357)	5,108	(18,148)	57,578	61,368	(45,077)	55,721	(10,746)	(1,770)	36,609	(20,355)	(2,726)	1,214
Income taxes receivable	(1,442)	(2,550)	(6,697)	13,681	(4,569)	(135)	(3,904)	3,033	2,448	-	1,577	-	(1,750)	1,750	-	(279)	(279)
Income taxes payable	(353)	-	-	1,442	(1,182)	260	-	-	1,521	3,468	4,989	2,156	(6,951)	2,016	(397)	422	425
Net cash provided by operating	19,175	17,469	(10,327)	(47,101)	69,831	29,872	33,687	32,522	(17,001)	(4,395)	44,813	36,282	5,849	(27,533)	51,108	39,819	62,411
Investing activities																	
Purchases of property & equipment	(7,902)	(1,393)	(2,474)	(3,751)	(1,551)	(9,169)	(1,222)	(158)	(265)	(437)	(2,082)	(674)	(1,823)	(864)	(5,787)	(6,500)	(15,700)
Business acquisitions	(216,527)	-	-	-	-	-	-	-	-	-	-	(178)	-	-	(178)	-	-
Net proceeds from sale of property	249	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash used in investing	(224,180)	(1,393)	(2,474)	(3,751)	(1,551)	(9,169)	(1,222)	(158)	(265)	(437)	(2,082)	(852)	(1,823)	2,197	(2,904)	(6,500)	(15,700)
Financing activities																	
Proceeds (repayments) of borrowings, net	(53,980)	(16,493)	18,076	46,264	(60,833)	(12,986)	42,991	(53,857)	(2,951)	15	(13,802)	(37,763)	(1)	1,600	(41,852)	(27,750)	(28,888)
Payments for stock repurchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from stock options	286	-	133	-	(1)	132	-	-	-	-	184	551	142	877	-	-	-
Excess tax benefits from stock options	(561)	(232)	(158)	-	(9)	(399)	(299)	(187)	-	(145)	(631)	(2,160)	(1,025)	(1)	(3,186)	-	-
Payment of capital lease obligations	(77)	(6)	(6)	(74)	(92)	(25)	(25)	(25)	(77)	(152)	(45)	2	(28)	(71)	-	-	-
Cash dividend paid	(3,273)	(906)	(880)	(907)	(878)	(3,571)	(934)	(3)	(925)	(1,789)	(3,651)	(1,010)	(947)	(956)	(3,869)	(4,040)	(4,040)
Net cash from financing	205,288	(17,637)	17,165	45,351	(61,795)	(16,916)	41,733	(54,072)	(3,901)	(1,996)	(18,236)	(40,794)	(1,420)	757	(48,101)	(31,790)	(32,928)
Effect of foreign exchange	(236)	57	28	(273)	124	(64)	(285)	(38)	305	116	98	42	98	(84)	(19)	300	380
Increase (decrease) in cash	47	(1,504)	4,392	(5,774)	6,609	3,723	73,913	(21,746)	(20,862)	(6,712)	24,593	(5,322)	2,704	(24,663)	85	1,829	14,164
Cash - beginning of period	7,600	7,647	6,143	10,535	4,761	7,647	11,370	85,283	63,537	42,675	11,370	35,963	30,641	33,345	35,963	36,048	37,877
Cash - end of period	7,647	6,143	10,535	4,761	11,370	11,370	85,283	63,537	42,675	35,963	35,963	30,641	33,345	8,682	36,048	37,877	52,041
Free cash flow (cash from operations less cap-ex)	11,273	16,076	(12,801)	(50,852)	68,280	20,703	32,465	32,364	(17,266)	(4,832)	42,731	35,608	4,026	(28,397)	45,321	33,319	46,711
Free cash flow per share	\$ 0.58	\$ 0.78	\$ (0.62)	\$ (2.47)	\$ 3.29	\$ 1.00	\$ 1.56	\$ 1.55	\$ (0.81)	\$ (0.22)	\$ 2.02	\$ 1.64	\$ 0.18	\$ (1.29)	\$ 2.07	\$ 1.51	\$ 2.10

Sources: Company data, Sidoti & Company, LLC estimates

LIFETIME BRANDS, INC.

Table 3. Lifetime Brands, Inc. Balance Sheet

(\$ in thousands, except per share data)

	2018	Mar.	June	Sept.	2019	Mar.	June	Sept.	2020	Mar. A	June A	Sept. A	2021E	2022E	2023E
Current assets															
Cash and equivalents	\$ 7,647	\$ 6,143	\$ 10,535	\$ 4,761	\$ 11,370	\$ 85,283	\$ 63,537	\$ 42,675	\$ 35,963	\$ 30,641	\$ 33,345	\$ 8,682	\$ 36,048	\$ 37,877	\$ 52,041
Accounts receivable	125,292	92,727	91,109	161,935	128,639	80,273	111,361	180,289	170,037	131,251	120,494	169,223	162,264	162,467	167,310
Inventory	173,601	187,278	205,607	229,947	173,427	164,711	168,928	209,825	203,164	210,265	218,184	256,922	197,463	223,284	230,386
Prepaid expenses	10,822	10,897	12,724	9,842	14,140	13,395	12,249	9,619	12,129	10,128	9,140	8,991	13,272	13,134	13,733
Income taxes receivable	1,442	3,992	10,690	-	1,577	5,499	2,466	-	-	-	1,750	-	-	279	558
Total current assets	318,804	301,037	330,665	406,485	329,153	349,161	358,541	442,408	421,293	382,285	382,913	443,818	409,047	437,042	464,028
Property and equipment, net															
Operating lease right-of-use assets	25,762	26,069	26,563	28,229	28,168	26,846	25,100	23,839	23,120	22,168	22,544	21,629	21,167	19,026	24,822
Investments	-	91,837	109,757	108,323	106,871	103,056	99,883	98,126	96,543	94,804	92,517	89,211	95,388	96,613	97,838
Intangible assets	22,582	22,185	20,935	20,347	21,289	20,153	17,020	17,734	20,032	21,135	23,778	22,144	22,144	22,144	22,144
Other assets	338,847	336,434	331,314	316,343	280,471	254,773	250,515	247,180	244,025	239,927	235,762	231,014	228,368	212,709	196,811
Total assets	708,572	780,390	822,701	883,732	770,023	758,469	753,802	831,846	807,481	762,428	759,562	809,807	779,958	793,183	813,097
Current liabilities															
Revolver	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of term loan	1,253	10,757	13,261	4,264	8,413	8,175	13,527	18,522	17,657	11,569	11,530	8,549	8,185	8,185	8,185
Accounts payable	38,167	32,016	48,495	67,784	36,173	27,706	66,678	109,509	66,095	60,570	55,392	60,594	71,876	68,861	70,508
Accrued expenses	45,456	48,597	50,966	58,252	52,060	42,462	62,114	81,167	80,050	74,625	78,067	108,579	55,290	57,384	58,756
Income taxes payable & other	-	10,257	11,163	15,161	10,661	10,769	10,660	12,851	16,268	19,089	12,300	14,549	15,871	16,293	16,718
Total current liabilities	84,876	101,627	123,885	145,461	107,307	89,112	152,979	222,049	180,070	165,853	157,289	192,271	151,222	150,723	154,167
Deferred rent & other															
Deferred income taxes	23,339	10,071	10,055	10,987	13,431	16,786	17,376	17,611	17,927	15,694	16,618	16,223	16,373	16,543	16,713
Operating lease liabilities	16,090	16,194	16,052	15,896	13,685	14,074	12,661	12,829	10,714	12,158	10,833	11,031	11,508	12,085	12,662
Revolver	-	96,818	114,630	113,506	112,180	108,922	106,195	104,183	102,355	100,349	97,644	93,978	104,380	105,605	106,830
Term loan	42,080	26,490	44,913	91,212	32,822	74,438	27,383	25,654	27,302	-	-	1,600	1,600	1,600	1,600
Stockholders' equity	279,493	276,311	263,104	247,925	236,317	200,927	194,871	211,793	230,136	233,406	241,801	255,975	261,834	301,335	341,658
Total liabilities & equity	708,572	780,390	822,701	883,732	770,023	758,469	753,802	831,846	807,481	762,428	759,562	809,807	779,958	793,183	813,097
Ratio analysis															
DSO	65	46	46	80	64	40	55	88	66	58	51	75	68	67	67
Inventory turnover	2.6x	2.5x	2.3x	2.1x	2.7x	2.8x	2.8x	2.3x	2.6x	2.5x	2.6x	2.1x	2.8x	2.6x	2.6x
Total Debt-To-Total Capital	52.3%	51.2%	53.9%	58.8%	55.6%	62.6%	59.2%	57.1%	55.2%	51.4%	50.5%	49.3%	48.1%	41.6%	35.6%
Net cash (debt) per share	\$ (14.59)	\$ (13.85)	\$ (14.49)	\$ (16.97)	\$ (13.68)	\$ (12.13)	\$ (10.55)	\$ (11.24)	\$ (11.44)	\$ (9.92)	\$ (9.80)	\$ (10.94)	\$ (9.41)	\$ (8.02)	\$ (6.17)
Book value per share	\$ 13.66	\$ 13.47	\$ 12.81	\$ 12.04	\$ 11.38	\$ 9.69	\$ 9.36	\$ 9.95	\$ 10.62	\$ 10.72	\$ 11.09	\$ 11.66	\$ 11.92	\$ 13.66	\$ 15.40
Tangible book value per share	\$ (2.90)	\$ (2.93)	\$ (3.32)	\$ (3.32)	\$ (2.13)	\$ (2.60)	\$ (2.67)	\$ (1.66)	\$ (0.64)	\$ (0.30)	\$ 0.28	\$ 1.14	\$ 1.52	\$ 4.02	\$ 6.53
Average ROE	2.2%	3.5%	4.1%	3.5%	3.6%	3.1%	3.7%	6.9%	8.5%	13.2%	17.2%	16.6%	13.8%	13.9%	13.2%

Sources: Company data, Sidoti & Company, LLC estimates

Sidoti & Company, LLC

Appendix

Required Disclosures

Required Disclosures

Lifetime Brands, Inc. (LCUT-\$18.73) NR Price Target: \$27 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
PT	3/14/19	9.4		20	
PT	4/10/19	9.2		17	
PT	11/7/19	7.3		13	
Rating	11/27/19	15.1	Suspended	13	
Initiation	1/31/20	6.5	NR	11	M
PT	3/20/20	5.2		9	
PT	8/6/20	7.8		11	
PT	9/15/20	9.4		13	
PT	11/5/20	11		15	
PT	11/24/20	14.1		17	
PT	2/22/21	13.4		17	
PT	3/10/21	15.1		19	
PT	4/30/21	14.7		19	
PT	5/6/21	14.6		21	
PT	5/21/21	15.4		23	
PT	7/19/21	14.2		23	
PT	8/5/21	16.9		25	
PT	8/20/21	17.9		25	

Lifetime Brands, Inc. (LCUT)



Source: FactSet Prices

Valuation	We maintain our Moderately Risky rating and raise our price target to \$27 (was \$25). We are encouraged by the better-than-expected bottom-line results for 3Q:21 along with the increased guidance. We continue to argue that LCUT shares remain attractive given the strong annualized EPS gains that we anticipate through 2023 along with the company's ample free cash flow prospects. Our upwardly revised \$27 price target is based on an unchanged 14x (in line with our five-year EPS growth rate projection) our initial 2023 EPS estimate of \$1.92. Our previous \$25 target reflected our prior 2022 EPS estimate of \$1.75. Given the upside potential this target implies, we argue that shares of Lifetime Brands, Inc. remain undervalued.		
Key Risks	The economy	Retailer consolidation and de-stocking	Slow household formation

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