

Lifetime Brands (LCUT)

Price:	\$14.88	Net Tang. Bk Value Incl. Cash, Excl.	\$168,170,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$224,065,775.00
Market Cap:	\$188,976,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$20,499,155.00
Cash:	\$1,180,000	NTBVIC/Market Downside Recovery:	88.99%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$71,620,000	Op. Cash Flow:	\$20,499,155	Year 5 Disposition Price:	\$285,563,240.00
Net Cash:	-\$70,440,000	Implied Years to Fill Gap:	1.01		
Enterprise Value:	\$259,416,000	Today's Equity if 5x Op. CF:	\$229,667,465		
		Net Tang. Book+ Gain Disposition:			\$285,563,240.00
Shares Outstanding:	12,700,000	IRR:			8.61%
		Price:			\$22.49
		Target Market Cap:			\$285,563,240
		Target Enterprise Value:			\$356,003,240

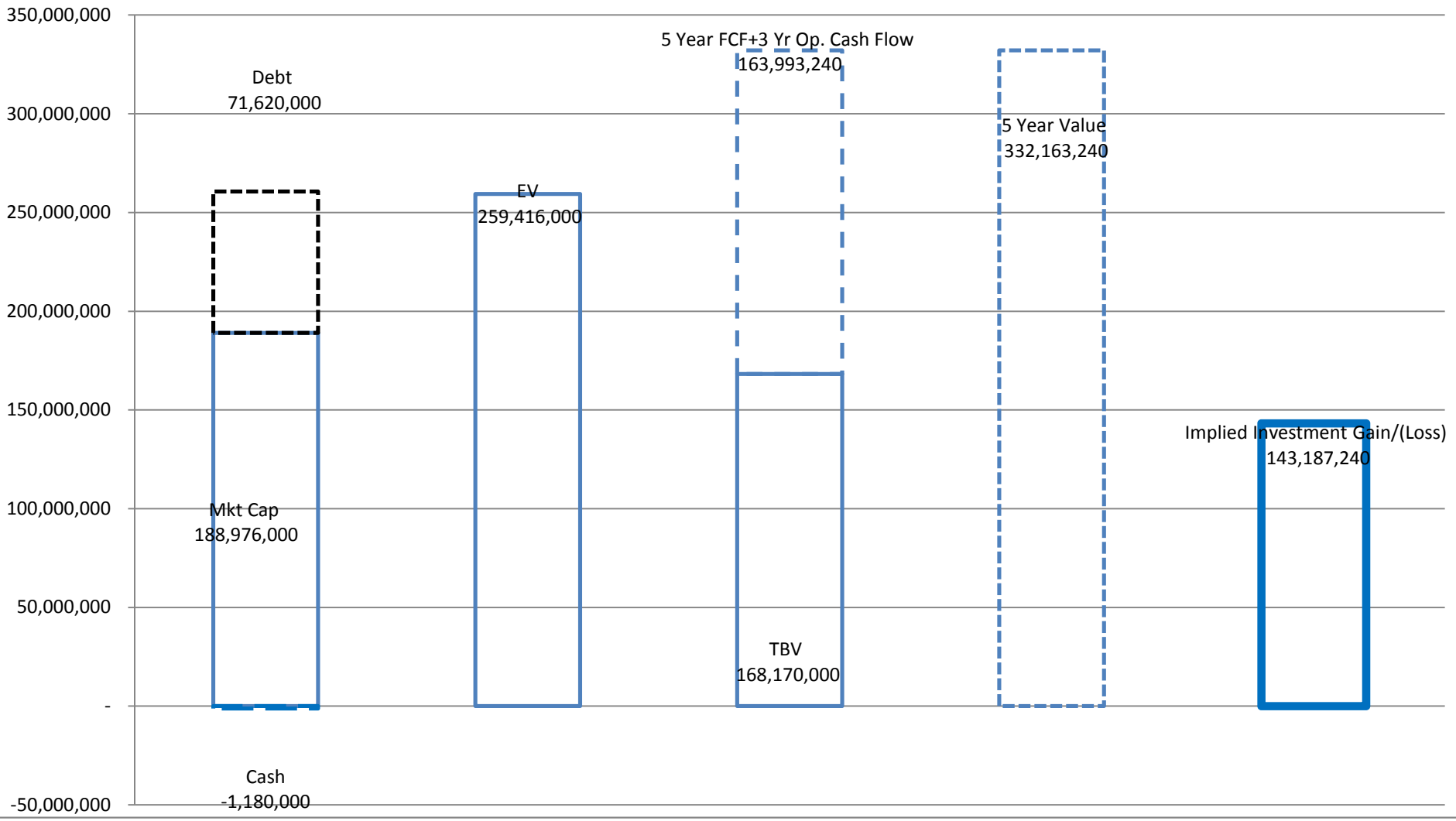
* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

Co. sells kitchenware to national chain stores like Macys, Walmart. Walmart is a 15% revenue customer. The Co. imports most of their products from China and sells them at a mark up. So, for a \$100 pot and pan set, it costs \$65 to import the goods into America. For a \$50 pot, takes \$30 to import it.

The Co. has minimal manufacturing operations, namely a seasonings business in Massachusetts.

There is a 89% Net tangible book/price downside protection, and the Co. seems be make a \$20MM operating cash flow, with only \$5MM in maintenance Capex. 60% of business comes in the 3rd to 4th quarter, so we have to wait for the December season to see whether the Co. maintained the \$20MM in operating cash flow generation.

We believe the business is a buy from a value stand point and will include in our portfolio.



Debt
71,620,000

Mkt Cap
188,976,000

Cash
-1,180,000

EV
259,416,000

TBV
168,170,000

5 Year FCF+3 Yr Op. Cash Flow
163,993,240

5 Year Value
332,163,240

Implied Investment Gain/(Loss)
143,187,240

Lifetime Brands, Inc., is a Delaware corporation. The Company designs, sources and sells branded kitchenware, tabletop and other products used in the home and markets its products under a number of recognized brand names and trademarks, which are either owned or licensed by the Company, or through retailers' private labels. The Company sells its products to retailers and distributors and sells a limited selection of its products directly to consumers through its Internet websites. The Company's product categories include two categories of products that people use to prepare, serve and consume foods, Kitchenware (kitchen tools and gadgets, cutlery, cutting boards, bakeware, cookware and novelty housewares) and Tabletop (dinnerware, flatware and glassware); and one category, Home Solutions, which comprises other products used in the home (food storage, pantryware, spices and home décor). The Company's top brands and their respective product categories are: Farberware®, KitchenAid®, Mikasa®, Pfaltzgraff®, Kamenstein®, Cuisinart®, Elements®, Melannco®, Wallace Silversmiths®, Misto®, Fred®, V&A®, Royal Botanic Gardens Kew®. The Company operates in two business segments: the Wholesale segment, which is the Company's main business that designs, markets and distributes its products to retailers and distributors, and the Retail Direct segment in which the Company markets and sells a limited selection of its products through its Pfaltzgraff®, Mikasa®, Lifetime Sterling® and Housewares Deals® and Internet websites. The Company sources almost all of its products from suppliers located outside the United States, primarily in the People's Republic of China. The Company manufactures its sterling silver products at a leased facility in San Germán, Puerto Rico and fills spices and assembles spice racks at its owned Winchendon, Massachusetts distribution facility. As a manufacturer and distributor of consumer products, the Company is subject to the Consumer Products Safety Act in the United States and the Consumer Protection Act in the United Kingdom.

Company Name:		Lifetime Brands			Income Statement	
Ticker Symbol:	LCUT	Market Capitalization:	\$188,976,000.00	Revenue:	\$478,490,000.00	100.0%
Last Price:	\$14.88	Total Debt:	\$71,620,000.00	Cost of Goods Sold:	\$301,700,000.00	63.1%
Net Cash/Share:	-\$5.55	RCH Total Cash:	\$1,180,000.00	Gross Profit:	\$176,790,000.00	36.9%
Net Cash to Last Price:	-37.27%	Net Cash/(Debt):	-\$70,440,000.00	EBITDA:	\$33,550,000.00	7.0%
Shares Outstanding:	12,700,000	Enterprise Value:	\$259,416,000.00	Net Income:	\$17,840,000.00	3.7%
Industry:	Home Furnishings & Fixtures	Current EV/Share:	\$20.43			
Sector:	Consumer Cyclical	EBITDA:	\$35,300,000.00	Balance Sheet		
Institutional Ownership:	54.91%	EV/EBITDA Multiple:	7.35	Cash:	\$1,180,000.00	
Mutual Fund Ownership:	18.65%	EV/EBITDA Multiple Average Year 1-5:	7.71	Short Term Investment:	\$0.00	
Insider Ownership:	22.16%	EV/FCF Multiple (excluding acquisition):	14.62	A/R:	\$112,000,000.00	
Float:	85.00%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	16.74	PP&E:	\$30,000,000.00	
			Upper Range			
			DCF: EV/EBITDA Terminal Value			
Technicals		Implied TV from 3 X EV/EBITDA Multiple	\$73,026,000.00	A/P:	\$24,000,000.00	
52 week low:	\$9.00	Enterprise Value	\$73,026,000.00	Deferred Tax:	\$3,610,000.00	
Today from 52 week low:	65.33%	Cash at Year 5:	\$78,675,775.00	Other Liabilities:	\$47,530,000.00	
52 week high:	\$16.35	Debt at Year 5:	\$71,620,000.00	Short term Debt:	\$9,620,000.00	
Today from 52 week high:	9.88%	Equity Value Year 5:	\$80,081,775.00	Long Term Debt:	\$62,000,000.00	
Analyst/Consensus		Equity/Share at Year 5:	\$6.31	Liabilities:	\$146,760,000.00	
Analyst Sales Growth FY1:	5.40%	Annualized Return:	-15.78%	Retained Earnings:	\$28,000,000.00	
Analyst Sales Growth FY2:	5.20%	Lower Range				
SN Valuation Estimate FY1:	0.00%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value				
SN Valuation Estimate FY2:	0.00%	Year 5 Net Tangible Assets excluding cash and debt	\$176,840,000.00	Paid-In Capital:	\$144,130,000.00	
Analyst Earnings Estimate FY1:	\$1.22	Enterprise Value	\$176,840,000.00	Treasury Stock:	\$0.00	
Analyst Earnings Estimate FY2:	\$1.43	Cash at Year 5:	\$78,675,775.00	Stockholder's Equity:	\$168,170,000.00	
SN Valuation Earnings Est. FY1:	\$1.28	Debt at Year 5:	\$71,620,000.00	Cash Flow		
SN Valuation Earnings Est. FY2:	\$1.29	Equity Value Year 5:	\$183,895,775.00	Net Income:	20,950,000.00	
Multiples		Equity/Share at Year 5:	\$14.48	Depreciation/Amortization:	9,320,000.00	
Market Value to Book:	1.12	Annualized Return:	-0.54%	Change in Working capital:	-3,580,000.00	
EV to Book:	1.54	EVA				
Market Value to Tangible Net Assets:	2.34	EVA today:	\$166,533,636.55	Cash from Operating Activities:	22,700,000.00	
P/E Ratio:	10.59	EVA in 5 Years:	\$217,480,317.91	Cash from Investing Activities:	-4,960,000.00	
Trailing P/E Ratio:	10.71	EVA/Share:	\$17.12	Cash from Financing Activities:	-2,180,000.00	
Forward P/E Ratio:	10.48	Cash at Year 5:	\$78,675,775.00			
Beta:	2.3	Debt at Year 5:	\$71,620,000.00	Profitability Margins		
Dividend:	0.13	Equity Value Year 5:	\$224,536,092.91	Debt to Equity:	42.59%	
Dividend Yield:	0.87%	Equity/Share at Year 5:	\$17.68	Return on Assets:	6.67%	
Dividend Date:	Nov 15, 2013	Annualized return:	5.48%	Return on Capital:	8.74%	
Ex-Dividend Date:	Oct 30, 2013					
Competitors						
Average EV to EBITDA:	N/A	Current Net Tangible Asset				
Company EV to EBITDA:	7.35	Net Tangible Asset/Share:	\$13.16	Return on Equity:	12.46%	
Average EV to EBIT:	N/A	Net Tangible Asset/Share in Year 5:	\$17.57			
Company EV to EBITA:	9.99	Annualized return:	5.94%			
		Current Equity Price:	\$14.88			
		Selling at Discount?	Premium			
		Appreciation Potential:	-11.53%			

SN VALUATION

LBO Pro Forma Income Statement

Name:

Lifetime Brands

Ticker:

LCUT

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	415.04	443.17	444.42	486.84	486.84	486.84	486.84	486.84	486.84
COGS	257.84	273.77	282.06	310.05	311.58	311.58	311.58	311.58	311.58
Gross margin	157.20	169.40	162.36	176.79	175.26	175.26	175.26	175.26	175.26
SG&A	138.98	138.51	137.78	148.38	150.92	150.92	150.92	150.92	150.92
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	2.62	0.76	0.00	2.43	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	15.60	29.03	24.58	25.98	24.34	24.34	24.34	24.34	24.34
Interest income/(expense)	-13.19	-9.35	-7.75	-5.90	-7.14	-7.14	-7.14	-7.14	-7.14
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	2.42	19.67	16.83	20.07	17.20	17.20	17.20	17.20	17.20
Tax	1.88	4.60	6.13	5.20	6.02	6.02	6.02	6.02	6.02
Income after tax	0.54	15.07	10.70	14.87	11.18	11.18	11.18	11.18	11.18
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	2.17	2.72	3.36	6.08	5.05	5.22	5.26	5.23	5.23
Net income	2.71	17.78	14.07	20.95	16.23	16.40	16.44	16.41	16.41
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.21	\$1.40	\$1.11	\$1.65	\$1.28	\$1.29	\$1.29	\$1.29	\$1.29
P/E (historical today's price; forecasted intrinsic price)	69.73	10.63	13.43	9.02	12.65	13.59	14.73	16.03	17.40
Revenue Growth	N/A	6.78%	0.28%	9.55%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	77.69%	23.39%	36.42%	25.91%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-13.85%	-12.04%	-7.94%	-6.15%	-11.52%	-11.52%	-11.52%	-11.52%	-11.52%
Margins									
COGS	62.12%	61.78%	63.47%	63.69%	64.00%	64.00%	64.00%	64.00%	64.00%
Gross margin	37.88%	38.22%	36.53%	36.31%	36.00%	36.00%	36.00%	36.00%	36.00%
SG&A	33.49%	31.50%	31.00%	30.48%	31.00%	31.00%	31.00%	31.00%	31.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.63%	0.17%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	3.76%	6.55%	5.53%	5.34%	5.00%	5.00%	5.00%	5.00%	5.00%
Interest income/(expense)	-3.18%	-2.11%	-1.74%	-1.21%	-1.47%	-1.47%	-1.47%	-1.47%	-1.47%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	0.58%	4.44%	3.79%	4.12%	3.53%	3.53%	3.53%	3.53%	3.53%
Tax	0.45%	1.04%	1.38%	1.07%	1.24%	1.24%	1.24%	1.24%	1.24%
Income after tax	0.13%	3.40%	2.41%	3.05%	2.30%	2.30%	2.30%	2.30%	2.30%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.52%	0.81%	0.76%	1.25%	1.04%	1.07%	1.06%	1.07%	1.06%
Net income	0.65%	4.01%	3.17%	4.30%	3.33%	3.37%	3.38%	3.37%	3.37%

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-06-30	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	0.68	3.35	2.97	1.87	1.18			1.18	16.679155	32.18	47.68	63.18	78.68
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	0.68	3.35	2.97	1.87	1.18			1.18	16.68	32.18	47.68	63.18	78.68
Accounts Receivable	61.55	72.80	77.75	97.37	112.00			112.00	112.00	112.00	112.00	112.00	112.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	61.55	72.80	77.75	97.37	112.00			112.00	112.00	112.00	112.00	112.00	112.00
Total Inventory	103.93	99.94	110.34	104.58	112.55			112.55	112.55	112.55	112.55	112.55	112.55
Prepaid Expenses	7.68	5.05	5.26	5.39	8.68			8.68	8.68	8.68	8.68	8.68	8.68
Other Current Assets	0.00	1.12	2.48	3.54	3.36			3.36	3.36	3.36	3.36	3.36	3.36
Current Assets	173.84	182.26	198.80	212.75	237.77	0.00	0.00	237.77	253.269155	268.77	284.27	299.77	315.27
PP&E, Gross	91.16	92.98	98.69	0.00	100.00			100.00	105.00	110.00	115.00	120.00	125.00
Change in Depreciation	11.47	9.81	8.40	9.32	9.32			9.32	9.32	9.32	9.32	9.32	9.32
Accumulated Depreciation	49.54	56.88	64.37	0.00	70.00			70.00	79.32	88.64	97.96	107.28	116.60
PP&E, Net	41.62	36.10	34.32	0.00	30.00			30.00	25.68	21.36	17.04	12.72	8.40
Goodwill	0.00	0.00	0.00	5.08	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	37.64	30.82	46.94	52.76	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	20.34	24.07	34.52	43.69	43.24			43.24	43.24	43.24	43.24	43.24	43.24
Other long term assets	3.27	4.35	4.17	2.87	2.93			2.93	2.93	2.93	2.93	2.93	2.93
Long Term Assets	102.87	95.34	119.95	104.40	76.17			76.17	71.85	67.53	63.21	58.89	54.57
Total Assets	276.71	277.60	318.75	317.15	313.94	0.00	0.00	313.94	325.12	336.30	347.48	358.66	369.84
Accounts Payable	21.89	19.41	18.98	18.55	24.00			24.00	24.00	24.00	24.00	24.00	24.00
Accrued Expense	29.83	31.96	33.88	33.35	25.00			25.00	25.00	25.00	25.00	25.00	25.00
Other current Liabilities	0.89	5.04	2.10	3.62	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	52.61	56.41	54.96	55.52	49.00	0.00	0.00	49.00	49.00	49.00	49.00	49.00	49.00
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	24.60	4.10	15.00	11.38	9.62			9.62	9.62	9.62	9.62	9.62	9.62
Long term Debt	70.53	73.56	82.62	84.59	62.00	0.00	0.00	62.00	62.00	62.00	62.00	62.00	62.00
Capital Lease Obligations	0.09	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	95.22	77.66	97.62	95.97	71.62	0.00	0.00	71.62	71.62	71.62	71.62	71.62	71.62
Deferred Income tax	4.45	1.43	5.38	3.51	3.61			3.61	3.61	3.61	3.61	3.61	3.61
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	20.44	14.48	14.60	21.57	22.53			22.53	22.53	22.53	22.53	22.53	22.53
Total Liabilities	172.72	149.98	172.56	176.57	146.76	0.00	0.00	146.76	146.76	146.76	146.76	146.76	146.76
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.12	0.12	0.12	0.13	0.13		0.00	0.13	0.13	0.13	0.13	0.13	0.13
Additional Paid-in capital	129.66	131.35	137.47	142.49	144.00	0.00	0.00	144.00	144.00	144.00	144.00	144.00	144.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-18.95	1.31	14.46	33.85	28.00			28.00	39.18	50.36	61.54	72.72	83.90
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-6.81	-5.18	-5.88	-3.96	-3.96		0.00	-3.96	-3.96	-3.96	-3.96	-3.96	-3.96
Total Equity	104.02	127.60	146.17	172.51	168.17	0.00	0.00	168.17	179.35	190.53	201.71	212.89	224.07
Liability + Equity	276.74	277.58	318.73	349.08	314.93	0.00	0.00	314.93	326.11	337.29	348.47	359.65	370.83
Variance	-0.03	0.02	0.02	-31.93	-0.99			-0.99	-0.99	-0.99	-0.99	-0.99	-0.99
Debt/Equity	0.92	0.61	0.67	0.56	0.43			0.43	0.40	0.38	0.36	0.34	0.32
Inventory Turnover	3.99	4.43	4.03	4.66	4.33			4.33	4.33	4.33	4.33	4.33	4.33
Inventory Turnover Days	91.40	82.31	90.62	78.41	84.38			84.38	84.38	84.38	84.38	84.38	84.38
Days Inventory Outstanding	147.12	133.24	142.79	123.11	131.85			132.50	131.85	131.85	131.85	131.85	131.85
Accounts Receivable Turnover	6.74	6.09	5.72	5.00	4.35			4.35	4.35	4.35	4.35	4.35	4.35
Accounts Receivable Turnover Days	54.13	59.96	63.86	73.00	83.97			83.97	83.97	83.97	83.97	83.97	83.97
Days Payable Outstanding	30.99	25.88	24.56	21.84	28.11			28.25	28.11	28.11	28.11	28.11	28.11
Days Sales Outstanding	54.13	59.96	63.86	73.00	83.97			73.00	83.97	83.97	83.97	83.97	83.97
Cash Conversion Cycle	170.27	167.32	182.08	174.28	187.70			177.25	187.70	187.70	187.70	187.70	187.70
Net tangible assets/share	\$5.23	\$7.62	\$7.81	\$9.03	\$13.24				\$14.12	\$15.00	\$15.88	\$16.76	\$17.64

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	2.71	20.26	14.07	20.95	11.18	11.18	11.18	11.18	11.18
Depreciation	11.47	9.81	8.40	9.32	9.32	9.32	9.32	9.32	9.32
Net Income + Depreciation	14.18	30.07	22.47	30.27	20.50	20.50	20.50	20.50	20.50
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.73	-2.69	-1.22	-3.01	0.00	0.00	0.00	0.00	0.00
Non Cash Items	3.85	1.38	0.28	-0.98	0.00	0.00	0.00	0.00	0.00
Change in Working capital	45.22	1.34	-9.34	-3.58	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-11.25	-4.95	-19.62	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	3.99	-10.40	5.76	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	2.63	-0.21	-0.13	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-2.48	-0.43	-0.43	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	63.98	30.10	12.19	22.70	20.50	20.50	20.50	20.50	20.50
Capital Expenditures Expenditures	-2.34	-2.86	-4.96	-4.96	-5.00	-5.00	-5.00	-5.00	-5.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.41	0.07	-25.68	-17.24	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-1.93	-2.79	-30.64	-22.20	-5.00	-5.00	-5.00	-5.00	-5.00
Financing Cash flow items	0.02	-3.12	-0.76	0.15	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	-0.91	-1.25	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.06	0.17	0.23	0.58	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-64.92	-21.69	19.35	-1.66	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-64.84	-24.64	17.91	-2.18	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.17	0.57	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	3.48	0.68	3.35	2.97	1.18	16.68	32.18	47.68	63.18
Net Change in Cash	-2.80	2.67	-0.38	-1.10	15.50	15.50	15.50	15.50	15.50
Ending Cash Balance	0.68	3.35	2.97	1.87	16.68	32.18	47.68	63.18	78.68
Capex to Revenue	0.56%	0.65%	1.12%	1.02%	1.03%	1.03%	1.03%	1.03%	1.03%
Depreciation to Sales	2.76%	2.21%	1.89%	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	14.83%	16.43%	17.49%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Distributable FCF/EV Yield	23.92%	10.53%	-7.11%	0.19%	5.97%	5.97%	5.97%	5.97%	5.97%
Dividend Yield	0.00%	0.00%	-0.48%	-0.66%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	61.64	27.24	8.14	18.99	15.50	15.50	15.50	15.50	15.50

SN VALUATION

LBO Debt Schedule

Ticker:

LCUT

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-1.10	15.50	15.50	15.50	15.50	15.50
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	71.62	71.62	71.62	71.62	71.62	71.62
Current Portion Debt Balance	9.62	9.62	9.62	9.62	9.62	9.62
Long Term Debt Balance	62.00	62.00	62.00	62.00	62.00	62.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%
Interest Expense		7.16	7.16	7.16	7.16	7.16
Cash Balance		1.87				
Interest @ 1.0%		0.02	0.02	0.02	0.02	0.02
Net Interest Expense/(Income)		7.14	7.14	7.14	7.14	7.14
Net Interest Rate		11.52%	11.52%	11.52%	11.52%	11.52%
EBITDA		24.34	24.34	24.34	24.34	24.34
EBITDA/Interest Expense Coverage		3.40	3.40	3.40	3.40	3.40

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					
BB+					
BB	BB	BB	BB	BB	BB
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Lifetime Brands

Ticker:

LCUT

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	121.23	125.85	143.84	188.77	204.27	219.77	235.27	250.77	266.27
Total Assets	276.71	277.60	318.75	313.94	325.12	336.30	347.48	358.66	369.84
X1	0.44	0.45	0.45	0.60	0.63	0.65	0.68	0.70	0.72
Retained Earnings	-18.95	1.31	14.46	28.00	39.18	50.36	61.54	72.72	83.90
Total Assets	276.71	277.60	318.75	313.94	325.12	336.30	347.48	358.66	369.84
X2	-0.07	0.00	0.05	0.09	0.12	0.15	0.18	0.20	0.23
EBITDA	15.60	29.03	24.58	25.98	24.34	24.34	24.34	24.34	24.34
Total Assets	276.71	277.60	318.75	313.94	325.12	336.30	347.48	358.66	369.84
X3	0.06	0.10	0.08	0.08	0.07	0.07	0.07	0.07	0.07
Market Value of Equity	188.98	188.98	188.98	188.98	205.24	222.91	242.09	262.93	285.56
Total Liabilities	172.72	149.98	172.56	146.76	146.76	146.76	146.76	146.76	146.76
X4	1.09	1.26	1.10	1.29	1.40	1.52	1.65	1.79	1.95
Net Sales	415.04	443.17	444.42	486.84	486.84	486.84	486.84	486.84	486.84
Total Assets	276.71	277.60	318.75	313.94	325.12	336.30	347.48	358.66	369.84
X5	1.50	1.60	1.39	1.55	1.50	1.45	1.40	1.36	1.32
Altman Z Score	2.77	3.25	2.91	3.44	3.51	3.59	3.68	3.78	3.88

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	168.17	179.35	190.53	201.71	212.89	224.07				224.07
Annual Change		11.18	11.18	11.18	11.18	11.18				
Annual FCF	17.74	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	46.50
Annual Op. Cash Flow	22.70	20.50	20.50	20.50	20.50	20.50	20.50	20.50	20.50	
Annual PP&E Investment	(4.96)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	
Today's Tangible Book Value	168.17	178.10	188.63	199.77	211.57	224.07				270.56
Intrinsic Value IRR	5.91%									
Market Price	188.98	203.04	218.15	234.38	251.82	270.56				270.56
Market Price IRR	7.44%									

Debt	50.00%	94.49
Equity	50.00%	94.49
Total	100.00%	188.98

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	168.17	94.49	100.14	105.79	111.44	117.09	122.74				
Goodwill	0	20.81	20.81	20.81	20.81	20.81	20.81				
Debt	62	156.49	156.49	156.49	156.49	156.49	156.49				
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%				
Additional Interest Expense		8.51	8.51	8.51	8.51	8.51					
Tangible Book Value	168.17	73.68	79.33	84.98	90.63	96.28	101.93				101.93
Annual Change			5.65	5.65	5.65	5.65	5.65				
Annual FCF	17.74	9.97	9.97	9.97	9.97	9.97	9.97	9.97	9.97	9.97	29.91
Annual Net Income	20.95		5.65	5.65	5.65	5.65	5.65	5.65	5.65	5.65	
Annual Op. Cash Flow	22.70	14.97	14.97	14.97	14.97	14.97	14.97	14.97	14.97	14.97	
Dividend Payments											
Annual PP&E Investment	(4.96)		(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	
Debt Paydown	0.00							0.00	0.00	0.00	
Sale Price in Year 5											131.85
Capital Left for Equity Investor											131.85
Dividend Payments											0.00
Total Cash In Flow											131.85
Invested Equity	94.49	101.00	107.96	115.40	123.35	131.85					
IRR	6.89%										

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	28.25
Cash Flow (Year 6-8)	29.91
	58.16

<u>Value Dilution</u>	
Debt	94.49
Goodwill	20.81
Additional Interest	42.53
	157.82