



## Edgar Filing: LIFETIME HOAN CORP - Form 8-K

99 - Press Release, dated November 3, 2004

### Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Lifetime Hoan Corporation

By: /s/ Robert McNally  
Robert McNally  
Vice President of Finance and  
Chief Financial Officer

Date: November 3, 2004

EXHIBIT 99

LIFETIME HOAN REPORTS THIRD QUARTER 2004 RESULTS

WESTBURY, N.Y., Nov. 3, 2004 -- LIFETIME HOAN CORPORATION (NASDAQ NM: LCUT), a leading designer, marketer and distributor of housewares, today announced results for the third quarter and nine months ended September 30, 2004.

For the third quarter of 2004, net sales totaled \$51.2 million compared to \$44.1 million for the same period of the prior year. The Company reported net income of \$2.6 million, or \$0.23 per diluted share, compared to \$2.9 million, or \$0.27 per diluted share, for the third quarter of 2003.

Net sales for the nine months ended September 30, 2004 totaled \$121.4 million compared to \$98.3 million for the same period in 2003, an increase of 23.5%. Net income for the period was \$3.1 million, or \$0.28 per diluted share, compared to \$3.0 million, or \$0.28 per diluted share, last year.

Jeffrey Siegel, Chairman, President and Chief Executive Officer, commented, "Lifetime's net revenues for the third quarter increased by 16%. This significant increase notwithstanding, the results for the quarter did not meet our expectations.

"Sales did not attain our earlier forecast principally because of late delivery of merchandise from overseas. Some of our suppliers encountered difficulties with the start-up of production of new product lines. The affected product lines included our new lines of KitchenAid(R) cutlery, our new ceramic S'mores Maker(TM) and our new Smokeless Tabletop Griller(TM). In some cases, these products utilize new materials or combinations of materials that, coupled with

## Edgar Filing: LIFETIME HOAN CORP - Form 8-K

our stringent quality requirements, resulted in unexpected problems for our suppliers. As a result, a number of sales programs did not begin as scheduled during the quarter. In addition, our supply chain faced a number of other challenges, including shortages and delays in the availability of raw materials in Asia and delays caused by congestion at ports in the United States. While these start-up and other supply chain issues had a negative impact on sales, we believe they have generally been resolved and we expect the flow of merchandise to continue at satisfactory levels through the important holiday shipping season."

Mr. Siegel continued, "Many of our retail customers also faced challenges during the quarter. These resulted from high gasoline prices and severe weather in the Southeastern United States. In addition, measures instituted earlier in 2004 by a major customer to improve inventory turns and lower its in-stock position continued. Together, these factors had a negative effect on the timing and reduced the size of orders we received during the quarter, when compared to our expectations.

"Our profitability in the quarter did not meet our target, principally as a result of lower than anticipated net sales. Our gross margin percentage fell by 1.6%, reflecting proportionally higher sales of products that traditionally carry lower gross profit margins. This was due to increased sales of products sold under the KitchenAid(R) brand, which generate a lower gross profit margin due to the added cost of royalties, as well as higher sales of bakeware, functional glassware and tabletop products.

"Selling, general and administrative (SG&A) expenses rose due to the increase in the share of space in our outlet stores for which Lifetime is responsible compared with same quarter last year, as well as added costs related to strengthening our product development, sourcing and sales/marketing infrastructure. We believe that our planned investments in these areas, which had a negative impact on our profitability during the quarter, are necessary to ensure our growth and will have a positive impact on future profitability. In addition, SG&A expenses increased as a result of the acquisitions of the business and assets of USE(R) - Tools for Civilization(R), Gemco Ware and Excel."

Mr. Siegel concluded, "As a result of the third-quarter developments, we have reviewed our forecast and refined our guidance for 2004. We are lowering our net sales guidance for the year to approximately \$190 - \$197 million from \$202 - \$212 million. Consequently, we are lowering our earnings per share estimate to approximately \$0.78 - \$0.87 from \$0.95 - \$1.10."

Lifetime Hoan noted that third-quarter 2004 sales attributable to the :USE(R) - Tools for Civilization(R), Gemco Ware and Excel businesses, which the Company acquired during the last twelve months, totaled \$5.1 million.

Separately, the Company announced that its Board of Directors declared a regular quarterly cash dividend of \$0.0625 per share, payable on November 19, 2004 to shareholders of record on November 5, 2004.

## Edgar Filing: LIFETIME HOAN CORP - Form 8-K

Lifetime Hoan has scheduled a conference call Wednesday, November 3, at 11:00 a.m. Eastern time to discuss third-quarter-2004 results and additional matters. The dial-in number for the call is (706) 634-1218. A replay of the call will also be available through Wednesday, August 4, and can be accessed by dialing (706) 645-9291, conference ID #1541466. A live webcast of the call will be broadcast at the Company's web site, [www.lifetime.hoan.com](http://www.lifetime.hoan.com). For those who cannot listen to the live broadcast, an audio replay of the call will also be available on the site.

Lifetime is a leading designer, marketer and distributor of kitchenware, cutlery & cutting boards, bakeware & cookware, pantryware & spices, tabletop and bath accessories, marketing its products under various trade names including Farberware(R), KitchenAid(R), Cuisinart(R), Hoffritz(R), Sabatier(R), DBK-Daniel Boulud Kitchen(TM), Joseph Abboud Environments(R), Roshco(R), Baker's Advantage(R), Kamenstein(R), CasaModa(TM), Hoan(R), Gemco(R) and :USE(R). Lifetime's products are distributed through almost every major retailer in the United States.

The information herein contains certain forward-looking statements including statements concerning the Company's future prospects. These statements involve risks and uncertainties, including risks relating to general economic conditions and risks relating to the Company's operations, such as the risk of loss of major customers and risks relating to changes in demand for the Company's products, as detailed from time to time in the Company's filings with the Securities and Exchange Commission.

Tables to Follow

COMPANY CONTACT:

Robert McNally  
Chief Financial Officer  
(516) 683-6000

INVESTOR RELATIONS:

Harriet Fried  
Lippert/Heilshorn  
& Associates, Inc.  
(212) 838-3777 or  
[hfried@lhai.com](mailto:hfried@lhai.com)

LIFETIME HOAN CORPORATION  
INCOME STATEMENT  
(in 000's, except per share data)

	Three Months Ended September 30, (Unaudited)		
	2004	2003	% Increase (Decrease)
Net Sales	\$51,241	\$44,068	16.3%
Cost of Sales	30,553	25,552	19.6%
Distribution Expenses	5,562	5,337	4.2%
SG&A	10,579	8,163	29.6%
Income from Operations	4,547	5,016	(9.4%)

Edgar Filing: LIFETIME HOAN CORP - Form 8-K

Interest Expense	268	189	41.8%
Other Income	(14)	(16)	(12.5%)
Income Before Taxes	4,293	4,843	(11.4%)
Tax Provision	1,709	1,956	(12.6%)
Net Income	\$2,584	\$2,887	(10.5%)
Diluted Earnings Per Share from Net Income	\$0.23	\$0.27	
Weighted Average Shares	11,281	10,784	

Nine Months Ended  
September 30,  
(Unaudited)

	2004	2003	% Increase (Decrease)
Net Sales	\$121,399	\$98,302	23.5%
Cost of Sales	71,396	55,982	27.5%
Distribution Expenses	15,007	14,103	6.4%
SG&A	29,302	22,742	28.8%
Income from Operations	5,694	5,475	4.0%
Interest Expense	536	480	11.7%
Other Income	(45)	(51)	(11.8%)
Income Before Taxes	5,203	5,046	3.1%
Tax Provision	2,071	2,038	1.6%
Net Income	\$3,132	\$3,008	4.1%
Diluted Earnings Per Share from Net Income	\$0.28	\$0.28	
Weighted Average Shares	11,217	10,660	

LIFETIME HOAN CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)  
(unaudited)

September 30,      September 30,  
2004                      2003

ASSETS

Edgar Filing: LIFETIME HOAN CORP - Form 8-K

CURRENT ASSETS		
Cash and cash equivalents	\$ 689	\$ 213
Accounts receivable, net	31,067	28,114
Merchandise inventories	64,053	56,357
Prepaid expenses and other current assets	8,607	5,909
TOTAL CURRENT ASSETS	104,416	90,593
PROPERTY AND EQUIPMENT, net		
PROPERTY AND EQUIPMENT, net	19,727	19,985
INTANGIBLES, net	29,803	23,660
OTHER ASSETS	2,213	2,120
TOTAL ASSETS	\$ 156,159	\$ 136,358
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	\$ 27,200	\$ 26,500
Accounts payable and trade acceptances	8,721	7,482
Other current liabilities	22,303	20,100
TOTAL CURRENT LIABILITIES	58,224	54,082
DEFERRED RENT & OTHER LONG TERM LIABILITIES		
DEFERRED RENT & OTHER LONG TERM LIABILITIES	1,800	722
DEFERRED INCOME TAX LIABILITIES	3,300	1,412
LONG-TERM DEBT	5,000	-
STOCKHOLDERS' EQUITY	87,835	80,142
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 156,159	\$ 136,358