LCI Industries (LCII)

Updated May 21st, 2025 by Felix Martinez

Key Metrics

Current Price:	$89	**5 Year Annual Expected Total Return:**	13.0%	**Market Cap:**	$2.3B
Fair Value Price:	$108	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	05/30/25
% Fair Value:	82%	**5 Year Valuation Multiple Estimate:**	4.0%	**Dividend Payment Date:**	06/13/25
Dividend Yield:	5.2%	**5 Year Price Target**	$138	**Years Of Dividend Growth:**	9
Dividend Risk Score:	F	**Sector:** X		**Rating:**	Hold

Overview & Current Events

LCI Industries (NYSE: LCII), founded in 1956, is a leading supplier of engineered components for the recreational vehicle (RV) and transportation industries. Headquartered in Elkhart, Indiana, the company manufactures and distributes a wide range of products, including chassis, awnings, furniture, and appliances, serving both original equipment manufacturers (OEMs) and the aftermarket. LCI Industries has built a reputation for innovation, with its CURT towing and suspension products among its standout offerings. Its market presence spans North America and Europe, making it a key player in the RV and adjacent markets. LCI Industries has a market capitalization of approximately $2.3 billion.

On May 6th, 2025, LCI Industries reported first quarter Fiscal 2025 results. The company Q1 2025 net sales of $1.046 billion, up 8% from $968 million in Q1 2024, driven by a 15% increase in RV OEM sales and 6% growth in Aftermarket sales. Net income rose 35% to $49.4 million, or $1.94 per diluted share, from $36.5 million, or $1.44 per share. Adjusted net income, excluding debt extinguishment loss, was $55.6 million, or $2.19 per share, up 52%. Adjusted EBITDA grew 23% to $110.9 million, with a margin of 10.6%, and operating profit margin improved to 7.8% from 6.0%. Operating cash flow increased to $43 million from a $7 million outflow. LCI returned $57.6 million to shareholders via $28.3 million in share repurchases and $29.4 million in dividends ($1.15 per share).

The OEM segment's net sales rose 8.6% to $823.6 million, with RV OEM sales up 15% due to an 18% increase in North American RV shipments, though Adjacent Industries sales fell 2%. OEM operating profit surged to $62.0 million (7.5% margin) from $32.8 million (4.3% margin), driven by higher sales, lower material costs, and labor efficiencies. Aftermarket sales grew to $222.0 million, but operating profit fell to $19.3 million (8.7% margin) from $24.7 million (11.8% margin) due to lower-margin product mix and capacity investments. April 2025 sales were $392 million, up 3% year-over-year.

LCI refinanced its debt, issuing $460 million in 3% convertible notes due 2030, repurchasing $368 million of 1.125% notes due 2026, and securing a $400 million term loan due 2032 and a $600 million revolver due 2030. Liquidity stood at $826 million, with $231 million in cash. The company acquired Trans/Air and Freedman Seating, adding $200 million in annual revenue to its bus market portfolio. CEO Jason Lippert highlighted operational flexibility and strategic diversification, targeting $5 billion in organic revenue by 2027 and an 85 basis point margin improvement in 2025, despite macroeconomic challenges.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$3.20	$5.20	$5.76	$5.86	$5.84	$6.49	$11.32	$15.48	$2.52	$5.60	***$6.75***	***$8.61***
DPS	$2.00	$1.40	$2.05	$2.35	$2.55	$2.80	$3.45	$4.05	$4.20	$4.30	***$4.61***	***$5.61***
Shares[1]	24.7	24.9	25.4	25.5	25.1	25.3	25.4	25.5	25.4	25.5	***25.6***	***25.8***

LCI Industries' growth prospects are anchored in its focus on innovation, market share expansion, and strategic diversification. The company has consistently introduced new, high-demand products, such as its CURT towing and suspension lines, which have strengthened its presence across key RV and automotive markets. Additionally, its strategic

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

acquisitions and investment in operational efficiencies position it well to capitalize on a rebound in demand for recreational vehicles and marine products. The company earnings over the past ten years has been slightly positive of 6.4% Compound Annual growth Rate (CAGR) and over the last 5 year it has been 0.8% CAGR. We expect the company to grow earnings by 5% over the next five years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	19.0	20.7	22.6	11.1	18.3	19.9	13.8	6.0	48.5	18.5	***13.2***	***16.00***
Avg. Yld.	3.3%	1.3%	1.6%	3.5%	2.4%	2.2%	2.2%	4.4%	3.3%	4.2%	***5.2%***	***4.1%***

The company has a current valuation of 13.2x earnings, lower than its ten-year average of 19.9x earnings. However, a fair PE of 16X earnings is a good base case. Thus, this suggests that the company has a 4.0% valuation tailwind. The current dividend yield is higher than its ten-year average of 2.8%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

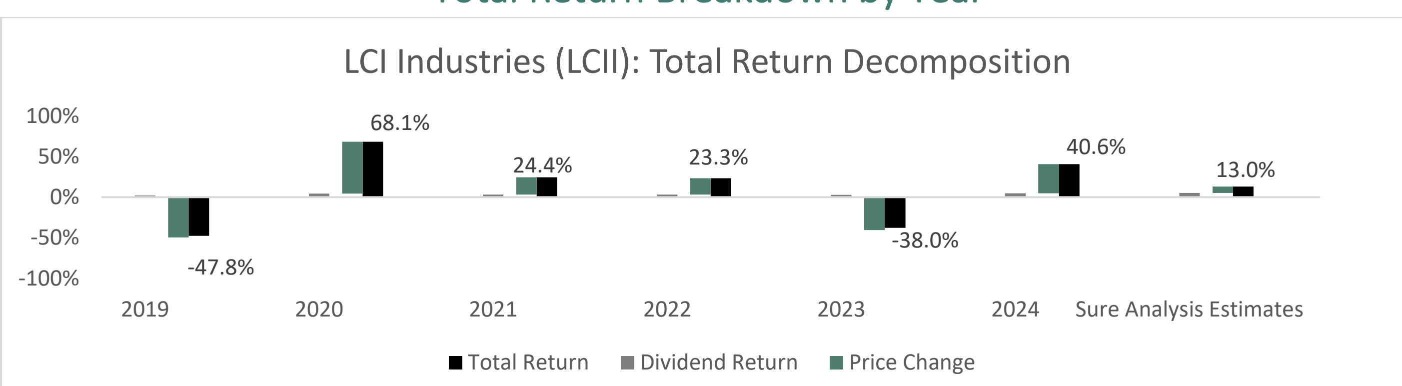
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	63%	27%	36%	40%	44%	43%	30%	26%	167%	77%	***68%***	***65%***

LCI Industries possesses a competitive advantage through its diverse product portfolio, innovation-driven strategy, and dominant market position in the RV industry. Its ability to capture market share with proprietary products, such as CURT towing systems and RV components, enhances customer loyalty and strengthens its brand. During the Great Recession, the company demonstrated resilience by leveraging its diversified revenue streams, focusing on operational efficiencies, and expanding its aftermarket business to offset weaker OEM demand. Similarly, in recent downturns, LCI Industries has shown adaptability by capitalizing on growth in adjacent markets and sustaining profitability through disciplined cost management and strategic acquisitions. The company as a good book balance. The company has a debt/equity ratio of 0.8 and an interest coverage of 9.2.

Final Thoughts & Recommendation

Investing in LCI Industries carries risks tied to its dependence on the cyclical recreational vehicle (RV) and marine markets, which are highly sensitive to economic downturns and consumer discretionary spending. Additionally, rising interest rates, inflation, and supply chain disruptions could further pressure demand and operational costs. The company's growth prospects also rely on successful innovation and strategic acquisitions, which may not always yield the anticipated returns. We expect the company to have an annually rate of return of 13.0% for the next five years. However, we rate the company as a hold at the current price.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,403	1,679	2,148	2,476	2,371	2,796	4,473	5,207	3,785	3741
Gross Profit	306	429	493	520	539	706	1,043	1,273	776	880
Gross Margin	21.8%	25.5%	23.0%	21.0%	22.7%	25.3%	23.3%	24.5%	20.5%	23.5%
SG&A Exp.	186	228	279	322	339	483	645	720	653	661
D&A Exp.	42	46	55	68	75	98	112	129	132	126
Operating Profit	120	201	214	199	200	223	398	553	123	218
Operating Margin	8.6%	12.0%	10.0%	8.0%	8.4%	8.0%	8.9%	10.6%	3.3%	5.8%
Net Profit	74	130	133	149	147	158	288	395	64	143
Net Margin	5.3%	7.7%	6.2%	6.0%	6.2%	5.7%	6.4%	7.6%	1.7%	3.8%
Free Cash Flow	66	157	65	37	211	174	(210)	472	465	328
Income Tax	40	70	80	44	45	51	94	130	19	46

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	623	787	946	1,244	1,863	2,298	3,288	3,247	2,959	2895
Cash & Equivalents	12	86	26	15	35	52	63	47	66	166
Accounts Receivable	42	57	82	122	200	269	320	214	215	200
Inventories	171	189	275	341	394	494	1,096	1,030	768	737
Goodwill & Int. Ass.	185	202	254	357	693	876	1,063	1,070	1,038	978
Total Liabilities	184	237	293	538	1,062	1,390	2,195	1,866	1,604	1508
Accounts Payable	30	51	79	78	99	185	282	144	184	188
Long-Term Debt	50	50	50	294	631	738	1,303	1,119	847	757
Shareholder's Equity	439	550	653	706	801	908	1,093	1,381	1,355	1387
D/E Ratio	0.11	0.09	0.08	0.42	0.79	0.81	1.19	0.81	0.63	0.55

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	12.7%	18.4%	15.3%	13.6%	9.4%	7.6%	10.3%	12.1%	2.1%	4.9%
Return on Equity	17.8%	26.2%	22.1%	21.9%	19.4%	18.5%	28.8%	31.9%	4.7%	10.4%
ROIC	16.5%	23.8%	20.4%	17.4%	12.0%	10.3%	14.2%	16.1%	2.7%	6.6%
Shares Out.	24.7	24.9	25.4	25.5	25.1	25.3	25.4	25.5	25.4	25.5
Revenue/Share	56.92	67.34	84.64	97.23	94.51	110.72	175.90	204.09	148.80	146.67
FCF/Share	2.68	6.30	2.58	1.44	8.42	6.89	(8.26)	18.49	18.28	12.86

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.