

LCI Industries

Sector: Consumer Cyclical

Industry: Recreational Vehicles

Ticker: LCII

DC Chapter of BetterInvesting - January 10, 2022

LCI Industries

Sector: Consumer Cyclical / Industry: Recreational Vehicles

- Leading supplier of original-equipment and aftermarket parts to the recreational vehicle (RV) industry.
- Supplies components for manufactured homes, buses, boats, trains, and trailers.
- Products include steel chassis; vinyl and aluminum windows; slide-out mechanisms and solutions; and awnings.
- Has 36 factories in the U.S. and Canada and approx. 5,845 employees.

Why LCI Industries?

- BetterInvesting Value Screen
- Recommended by Small Cap Informer (a buy up \$190)
- Mid-cap value stock with solid dividend (currently 2.27% - 45% payout ratio)
- Recreation vehicles remain in demand

Value Screen Criteria

- EPS R2 5 Year greater than 0.9
- Historical 10 Year Sales Growth % \geq 10.0
- Historical 10 Year EPS Growth % \geq 10.0
- PE / Historical EPS Growth between 0.0 and 1.0

RV Industry Association

Increasing Interest in RVs

- RVing is a year-round activity with 65 million Americans planning to take an RV trip in the next year and 34% of leisure travelers planning on renting an RV in the next year.
- RV shipments in November 2021 set another new record increasing by 15.6% compared to November 2020.
- Forecast for year-end 2021 RV shipments estimated at 577,200 units, a 34% gain over 2020.
- Industry growth is expected through 2022 with shipments of 600,200 units likely, a four percent rise over 2021.

LCI OVERVIEW

Industry-Leading Brands and Core Competencies



- 7 Core Competencies**
- Metal Fabrication & Welding
 - Lamination
 - Glass Fabrication
 - Cut & Sew
 - Power & Motion Systems
 - Electronics
 - Plastics Forming

Applicable Across a Number of Customer Segments

Recreational Vehicle	
Marine	
Transit & School Bus	
Equestrian & Cargo Trailers	
Heavy & Light Trucking	
Housing & Building Products	
Other (e.g. Rail and Industrials)	
OEMs	Aftermarket

NORTH AMERICA OEM

RV OEM



RV

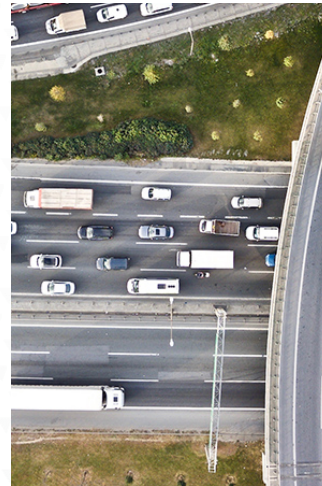
Adjacent Industries



Marine



Building Products



Commercial Vehicles



Trailers

Robust market primarily comprised of RV OEM and supported by expansion of adjacent industries through market share gains and strategic acquisitions

RV OEM

Growth Drivers & Trends



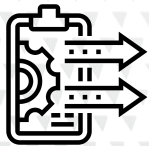
Key Drivers

- Heightened retail demand, as new consumers and their families enter the RV lifestyle and recognize the benefits of RVing
- North American RV OEM revenues up 43% YoY



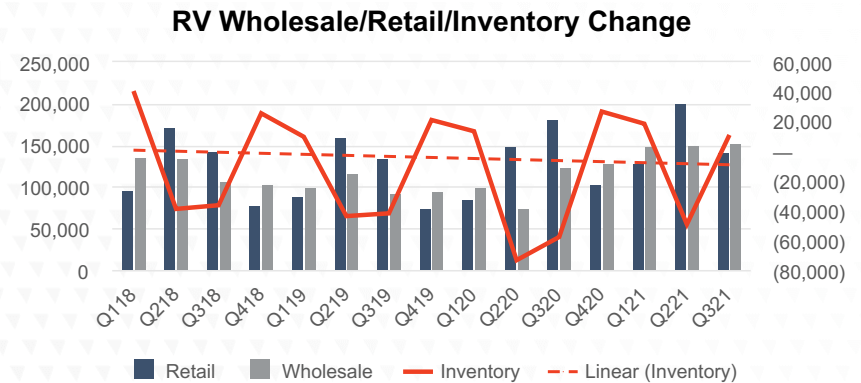
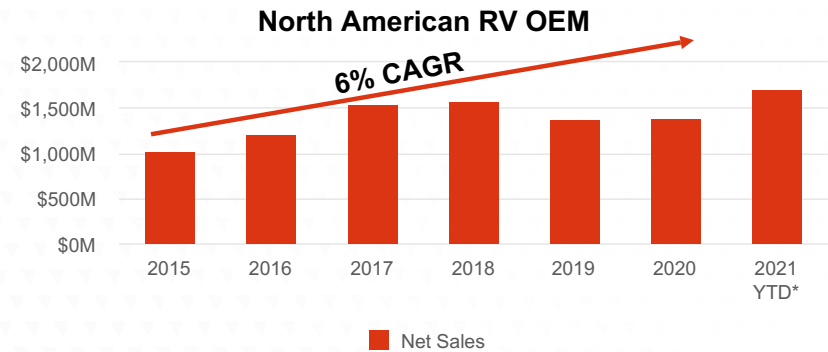
Organic Growth Expectations

- Current 2021 RVIA forecast of 580,000 units forecasts 35% increase over 2020 production as dealers continue to restock
- Executing plans to add capacity through automation and lean manufacturing initiatives to drive increased production



Content per Wholesale Unit

- Travel trailer and fifth-wheel RV content of \$3,786 for Q3 2021 (LTM basis)
- Increase of 10% over the comparable prior year period



*Year-to-date as of September 30, 2021

ADJACENT INDUSTRIES

Growth Drivers & Trends



Key Drivers

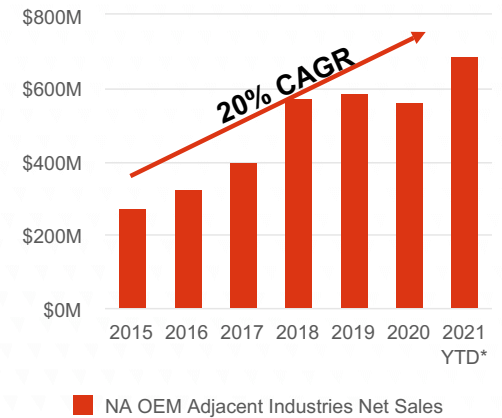
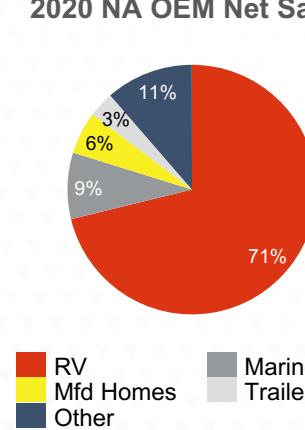
- Benefiting from similar secular tailwinds from outdoor recreation space, driving heightened long-term demand
- Strong partnerships in Marine with other leading industry brands, including Bennington and TRACKER Marine
- Expanding market presence through acquisitions
- Launched Marine customer experience initiatives to provide similar resources currently extended to RV users



Organic Growth Expectations

- We expect a long runway for growth in newer adjacent industries

2020 NA OEM Net Sales



*Year-to-date as of September 30, 2021

NORTH AMERICA AFTERMARKET

Growth Drivers & Trends



Key Drivers

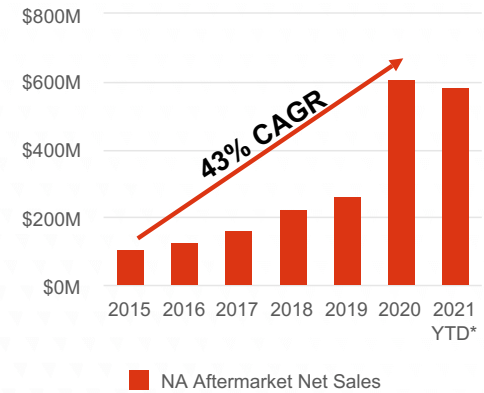
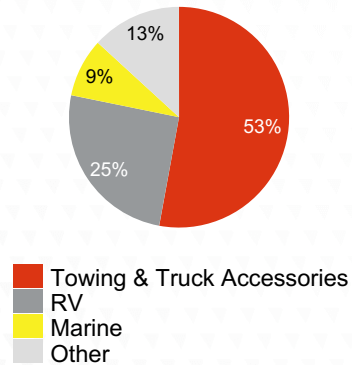
- Doubled size of Aftermarket segment with acquisition of CURT Group in 2019, opening up \$7.5B addressable market
- Secular outdoor recreation trends driving Aftermarket businesses forward
- End markets comprised of expanding industries including RV, Marine, Building Products, Trailers, Commercial Vehicles and Auto
- Strong focus on customer service to collect and utilize customer feedback serving as competitive differentiator enhancing overall experience
- Enables distribution channel diversification, with significant opportunities in e-commerce



Organic Growth Expectations

- Estimated to be double the size of the new RV market each year with higher margins
- Our aftermarket business will continue to provide diversification growth opportunities as it approaches the \$1 billion mark
- Growth in OEM units drives opportunities for Aftermarket segment

2020 NA AM Net Sales



*Year-to-date as of September 30, 2021

INTERNATIONAL

Growth Drivers & Trends



Key Drivers

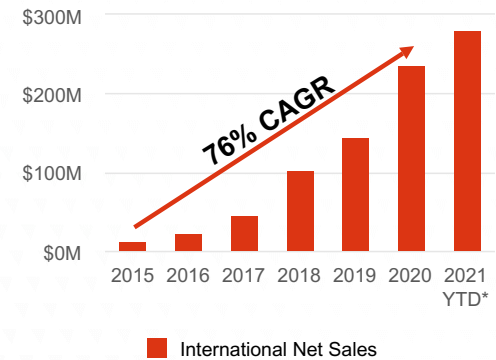
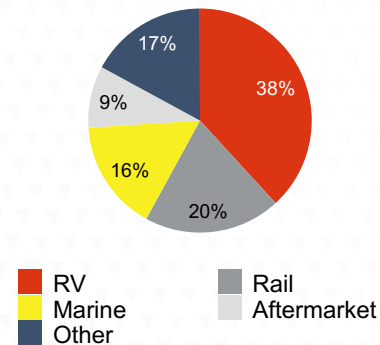
- Strong growth in 2020, with revenues increasing 62% year-over-year, supported by the four acquisitions in late 2019
- Similar to North America, European consumers increasingly turning to outdoor lifestyle for travel and vacation across the continent



Organic Growth Expectations

- Italy, the Netherlands, and the UK continue to experience similar tailwinds we saw in the U.S.
- RV, rail, and marine divisions are all forecasting significant growth over their 2020 numbers based on feedback they are getting from their customers

2020 International Net Sales

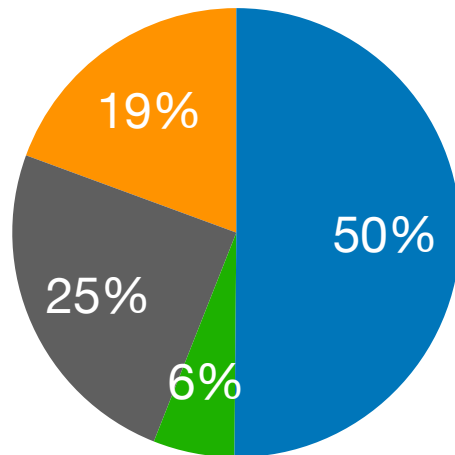


*Year-to-date as of September 30, 2021

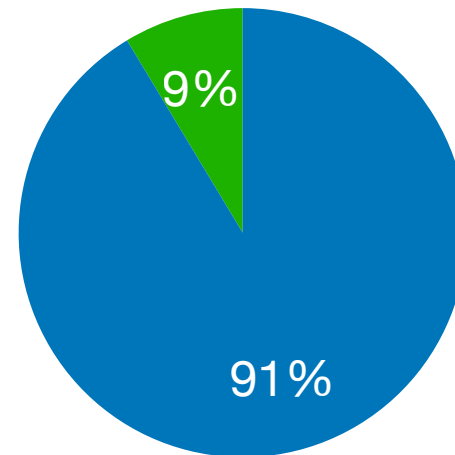
Business Segments

Nine Months Ending November 2021

- Trailers / 5th Wheel
- Motor Homes
- Adjacent Industries
- Aftermarket

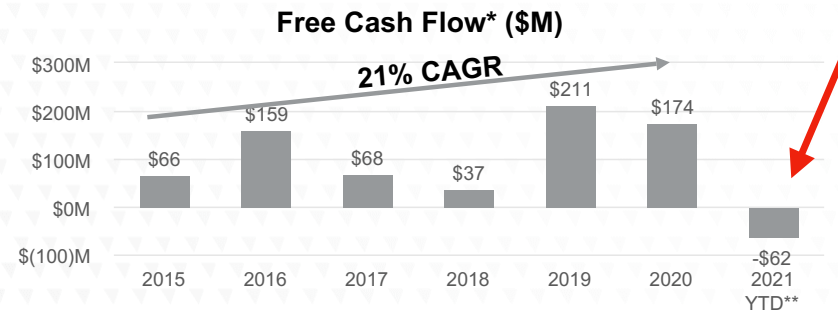
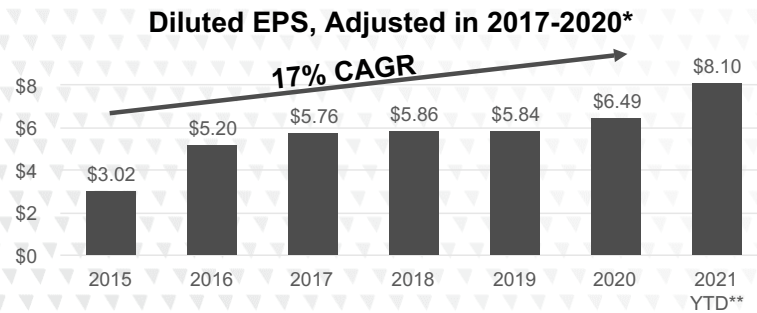
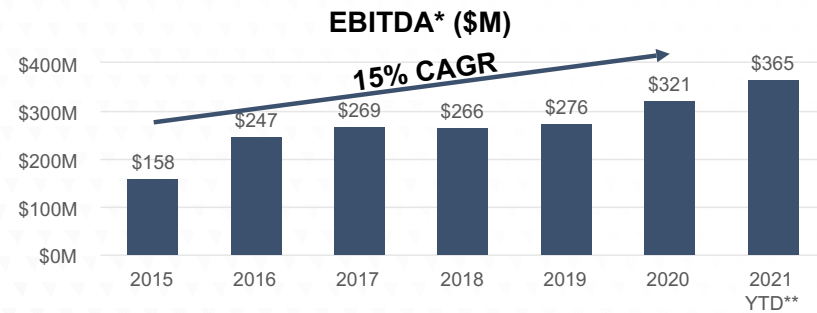
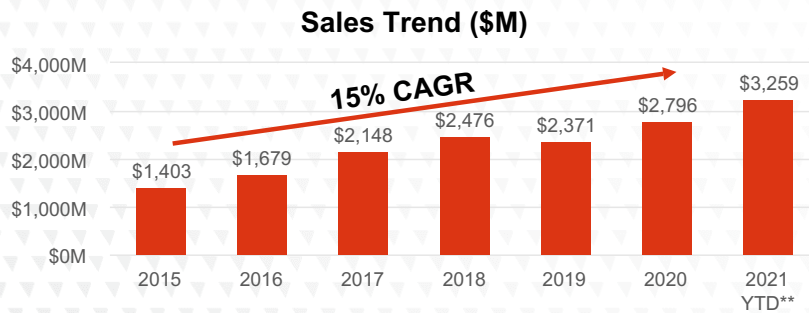


- U.S.
- International



FINANCIAL OVERVIEW

Q3 2021 net sales were up 41% year-over-year as historical levels of new consumers enter the market; Near-term impact to Free Cash Flow* due to increased CapEx, heightened inventory levels



* See the Appendix to this presentation for reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

** Year-to-date as of September 30, 2021

Management Discussion of Cash Flow

From Q3 2021 10-Q

- Net cash flows provided by operating activities were \$12.3 million in the first nine months of 2021, compared to \$212.5 million in the first nine months of 2020.
- Decrease due to changes in net assets and liabilities, net of acquisitions of businesses, which generated \$313.0 million less cash than in the first nine months of 2020.
- To address challenges with supply chain constraints, rising material costs, and a tightened labor market, LCII strategically managed working capital, including intentionally building up levels of certain inventory items and expanding production capacity.
- As a result, increases in inventory and receivables related to increased wholesale RV demand were the primary uses of cash generated from net assets. The decrease was partially offset by a \$112.8 million increase in net income, adjusted for depreciation and amortization, stock-based compensation expense, and other noncash items.

Stock Selection Guide

Value Line Data

Dec. 10, 2021 Report

Pretax Profit Margin

Income Tax Rate	21.0%
Net Profit Margin	7.7%

PPM = Net Profit Margin / (1 - Tax Rate)

PPM = 7.7% / (1-.21)

PPM = 7.7% / .79

PPM = 9.7%

3-5 Year Growth Estimate

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	16.5%	15.0%	13.5%
"Cash Flow"	24.5%	18.0%	15.5%
Earnings	38.5%	18.5%	18.5%
Dividends	--	--	13.0%
Book Value	11.0%	15.0%	16.5%

Valuation / Share Dilution

Common Shs Outst'g ^c	24.50
Avg Ann'l P/E Ratio	16.0
Relative P/E Ratio	.90
Avg Ann'l Div'd Yield	2.0%

SSG Assumptions

- Revenue growth 9%
- Pretax profit margin 9%
- Tax rate 21%
- Shares outstanding 24.5M

► Determine EPS 5 Year Forecast

Select 5 Year Forecast EPS Growth Rate:

Projection Starting Point: QUARTER [EPS = 10.01, Sales = 4,042]

Your EPS Growth Rate Forecast: 5 Year Estimate: **18.04**
 Analyst Estimate:
 Preferred Procedure Growth Calculation: 5 Year Estimate: **18.04**

Preferred Procedure Calculation			
	Defaults	Judgments	Result
Projected 5 Year Sales Growth Rate (Your Forecast):	9.0%	<input type="text" value="9"/>	6,220
Less Expenses (5 Year Avg. % Pre-Tax Profit Margin):	9.0%	<input type="text" value="9"/>	-5,660
Less Taxes (Last Year Tax Rate):	24.4%	<input type="text" value="21"/>	-118
Less Preferred Dividends (Current Preferred Dividend):	0.0	<input type="text" value="0.0"/>	0
equals Projected 5 Year Total Earnings of:			442
÷ Shares Outstanding (Current Diluted Shares in Mil.):	25.4	<input type="text" value="24.5"/>	18.05
5 Year Compound Annual EPS Growth Rate:			12.5%

Update Study

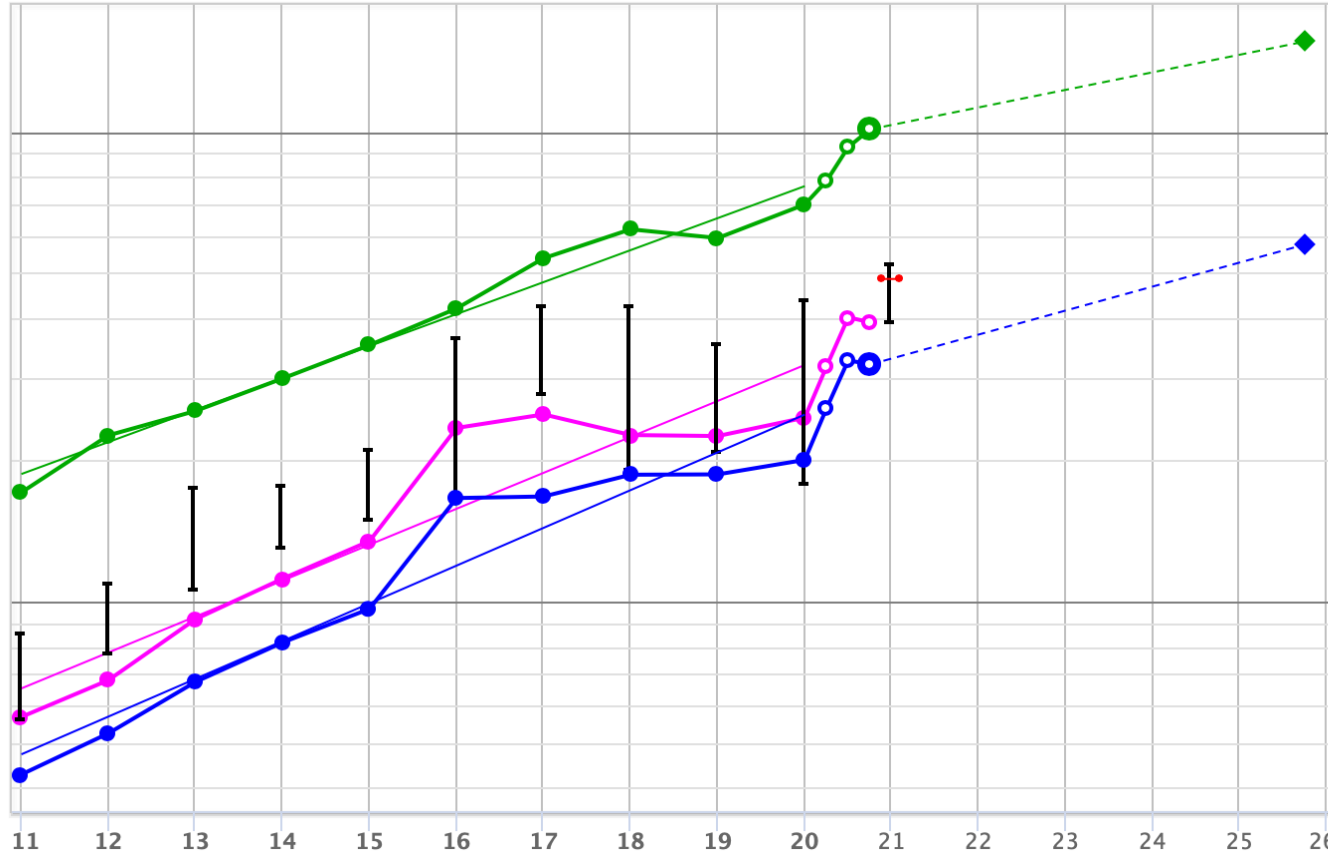
Historical Data

▼ Sales

2011	681
2012	901
2013	1,016
2014	1,191
2015	1,403
2016	1,679
2017	2,148
2018	2,476
2019	2,371
2020	2,796

2021 Q1	3,137
2021 Q2	3,705
2021 Q3	4,042

[► Pre-Tax Profit Margin](#)
[► Taxes](#)
[► Diluted Shares Outs](#)
[► Sales Growth Trend](#)
[► EPS Growth Trend](#)



Projection Starting Point

Annual Quarter Trend

Recent Quarterly Figures

FY2021 QuarterEnding (09/21)

	Sales	EPS
Latest Quarter	1,165	2.49
Year Ago Quarter	828	2.70
Percentage Change	40.8%	-7.8%

Analyst Consensus Estimates

Sales 2 Year Estimate:
EPS Long Term Estimate:

Legend

- Sales
- Pre-Tax Profit
- Prices Hi/Lo
- EPS
- Book Value/Share
- Free Cash Flow/Share
- Dividend
- Total Debt
- Net Income
- Shares Outstanding
- Sales Detailed Estimates
- EPS Detailed Estimates

Reset Chart

Compare Peers

Price Earnings History

3. PRICE EARNINGS HISTORY as an indicator of the future

CLOSING PRICE (01/07/22): 152.28

HIGH THIS YEAR: 163.33

LOW THIS YEAR: 122.99

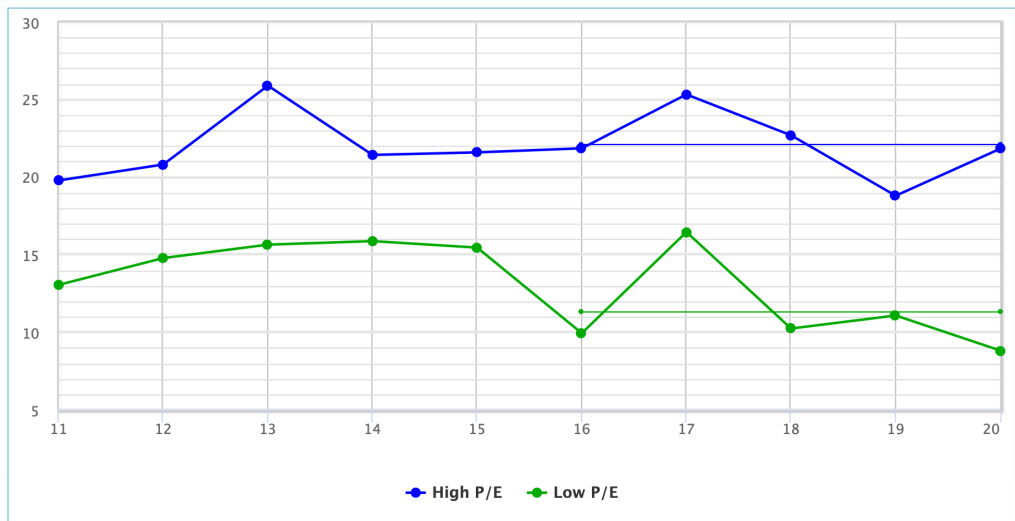
Year	A		B	C	D	E	F	G	H
	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield	
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100	
2016	113.7	51.7	5.20	21.9	9.9	1.40	26.9%	2.7%	
2017	132.7	86.3	5.24	25.3	16.5	2.05	39.1%	2.4%	
2018	132.3	59.7	5.83	22.7	10.2	2.35	40.3%	3.9%	
2019	109.8	64.7	5.84	18.8	11.1	2.55	43.7%	3.9%	
2020	136.9	55.3	6.27	21.8	8.8	2.80	44.7%	5.1%	
AVERAGE		63.5		22.1	11.3		38.9%		
CURRENT/TTM			10.01			3.60	36.0%		
AVERAGE PRICE EARNINGS RATIO: 16.7					CURRENT PRICE EARNINGS RATIO: 15.2				

Show / Hide Price/Earnings Chart

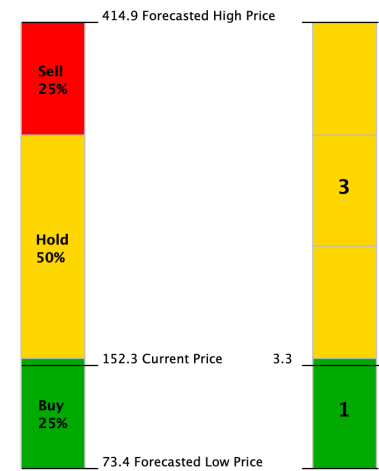
Compare Peers

Evaluate Management

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg	Trend
% Pre-Tax Profit on Sales	7.1%	6.4%	7.7%	8.0%	8.2%	11.9%	9.9%	7.8%	8.1%	7.5%	9.0%	
% Return on Equity	10.8%	13.1%	14.4%	16.2%	17.6%	24.2%	20.2%	19.7%	18.8%	18.0%	20.2%	
% Debt To Capital	0.0%	0.0%	0.0%	3.8%	10.2%	8.3%	7.1%	29.4%	47.8%	48.2%	28.2%	



Potential Gain vs Loss



Five-Year Potential

5. FIVE-YEAR POTENTIAL

A. CURRENT YIELD

$$\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{3.60}{152.28} = 0.0236 = 2.4\%$$

B. AVERAGE YIELD - USING FORECAST HIGH P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast High P/E}} = \frac{33}{23.0} = 1.4\%$$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast Average P/E}} = \frac{33}{18.50} = 1.8\%$$

C. COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Price Appreciation	22.2%
Average Yield	1.4%
Annualized Rate of Return	23.6%

COMPOUND ANNUAL RETURN - USING FORECAST AVERAGE P/E

Annualized Price Appreciation	17.0%
Average Yield	1.8%
Annualized Rate of Return	18.8%

SSG Results Summary

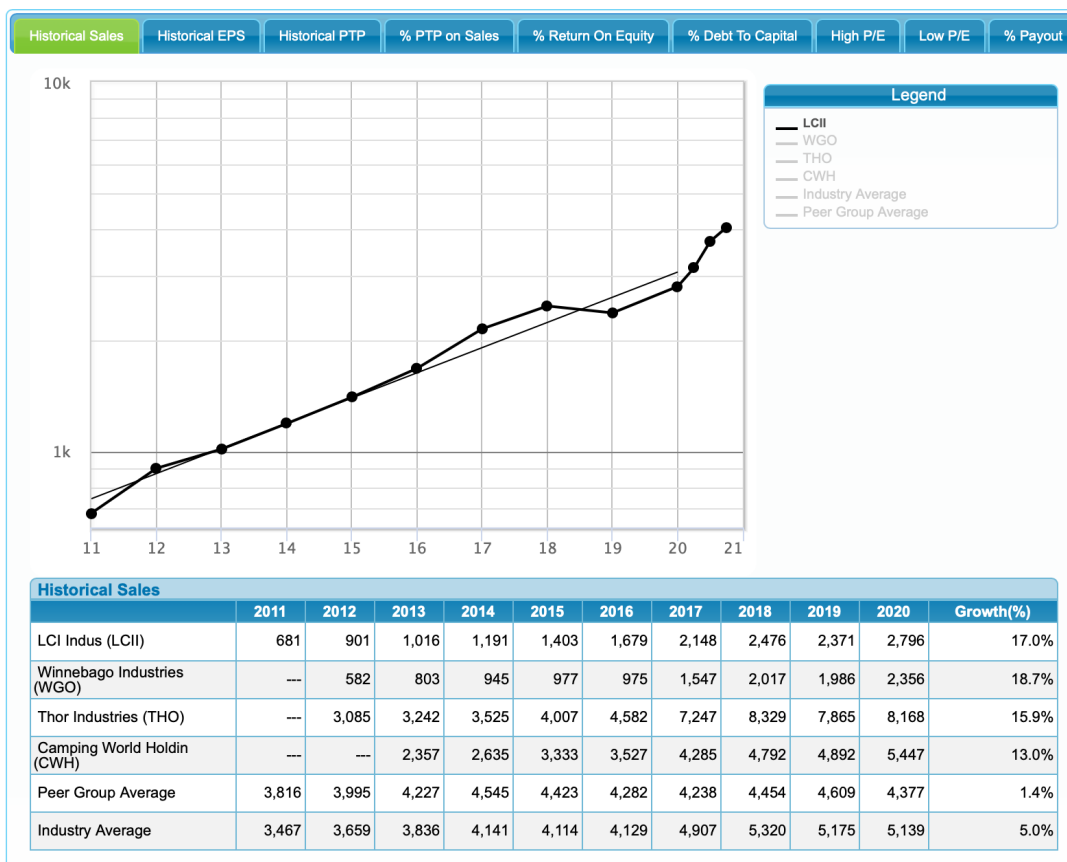
Zone:	BUY
Upside Downside Ratio:	3.3 To 1
Total Return (High P/E):	23.6%
Projected Return (Avg P/E):	18.8%
Buy price to satisfy US/DS of 3 to 1 and 15% total return:	158.8
Buy Below price based on zoning selection:	158.8
Closing Price (01/07/22):	152.28

Peer Comparison

Historical EPS

Peers

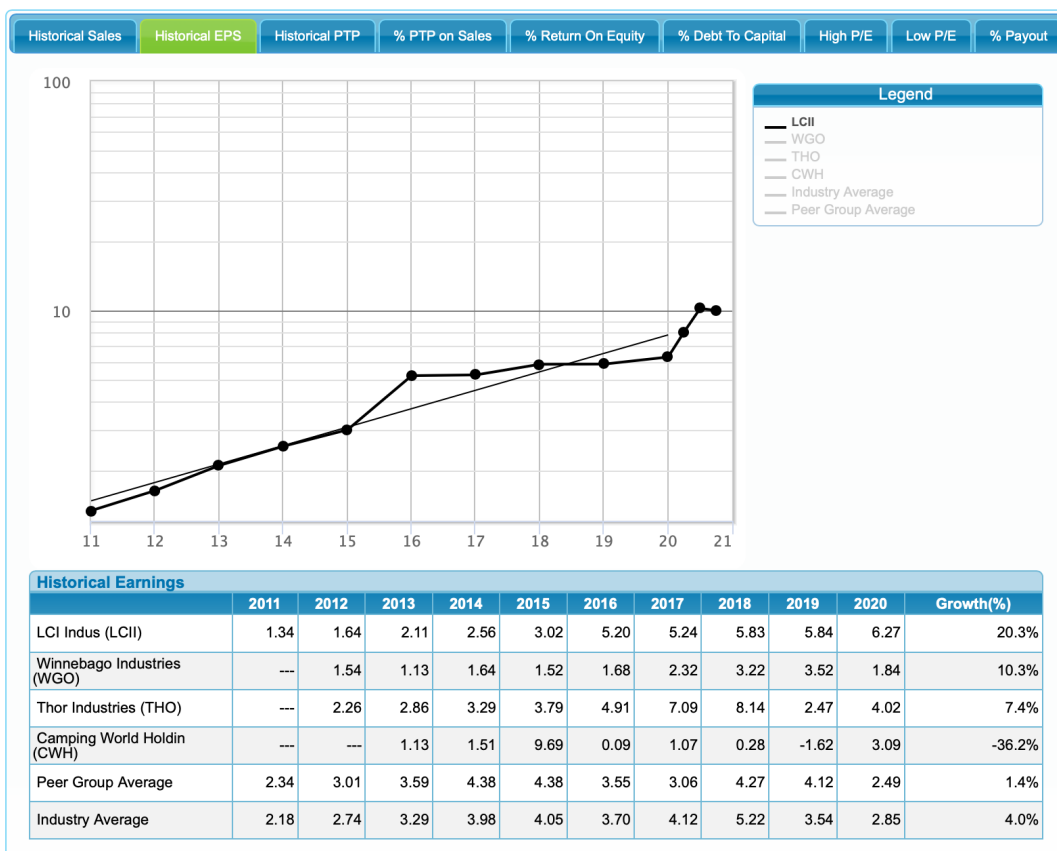
- LCI Industries
- Winnebago
- Thor Industries
- Camping World



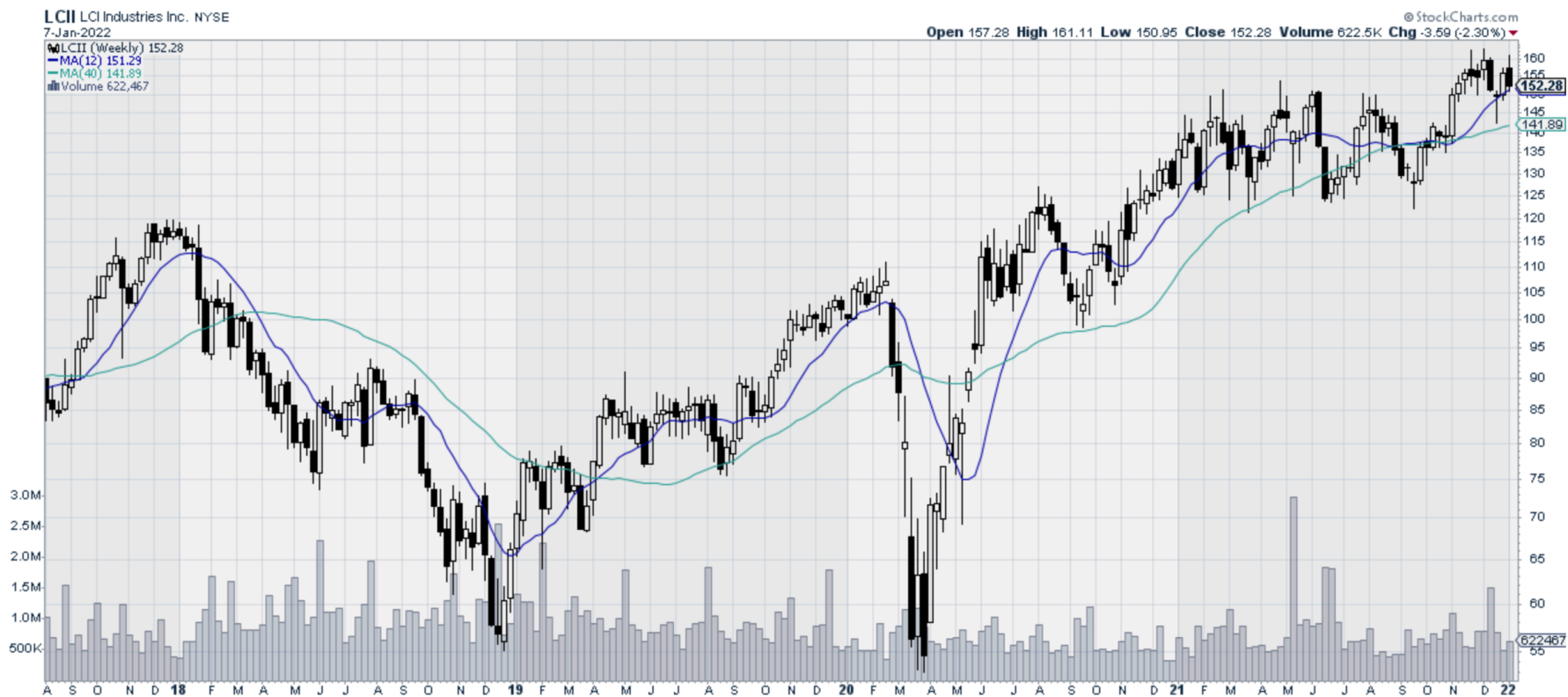
Historical EPS

Peers

- LCI Industries
- Winnebago
- Thor Industries
- Camping World



Weekly Price Chart



Daily Price Chart



Pros and Cons

Reasons to Buy

- Strong RV demand into 2022
- Diversified and synergetic business segments
- Price is fairly valued with upside potential
- Dividend protects downside

Cautions

- Inflation (steel and aluminum)
- Qualified worker shortage
- Increased debt to equity ratio
- Cash flow declined in 2021
- Uncertain economy

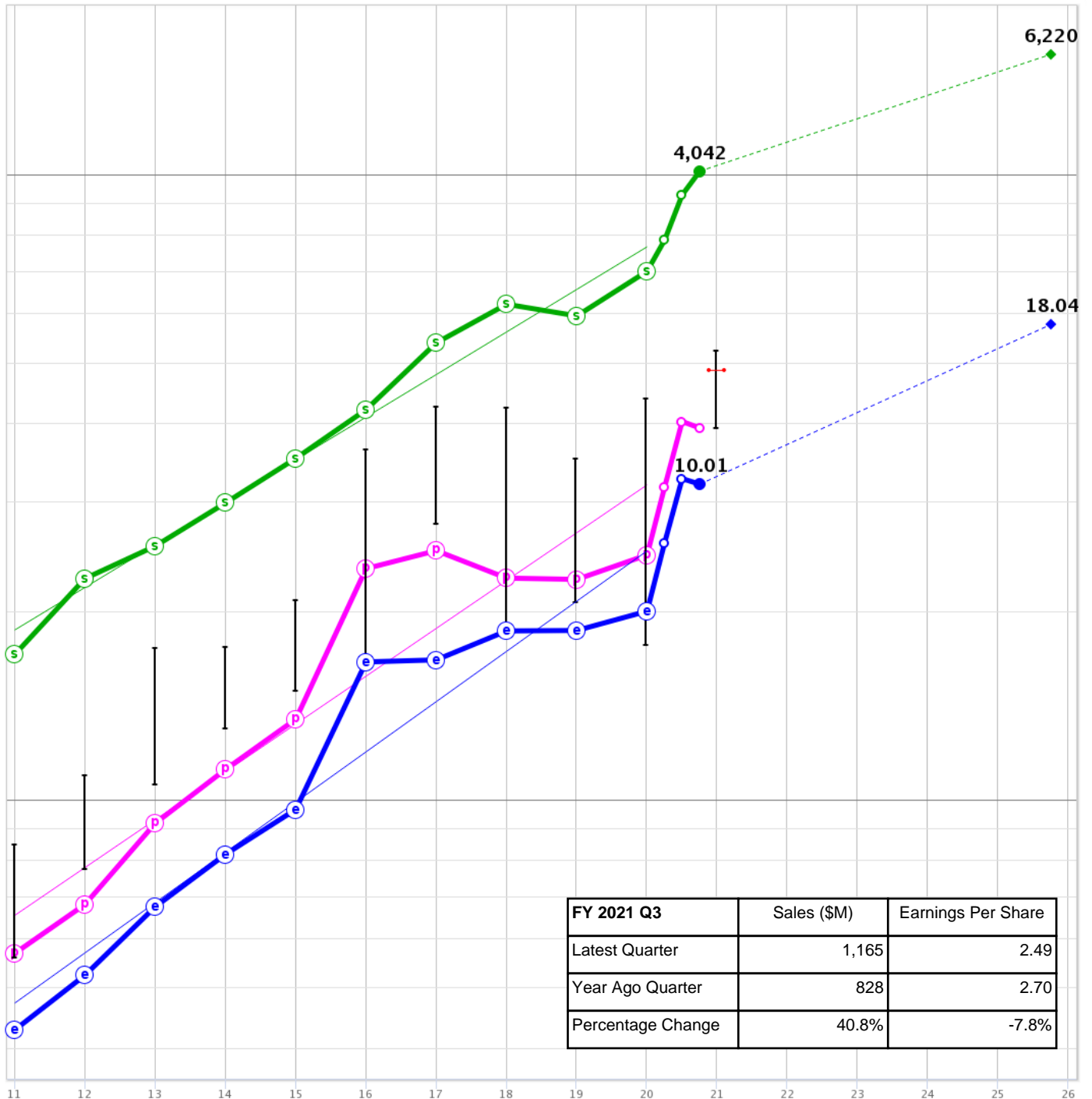
Buy Zone Up To \$159

Stock Selection Guide

Company	LCI Indus		Date	01/07/22	
Prepared by	HUGHES JR		Data taken from	BI Stock Data	
Where traded	NYS		Industry	Recreational Vehicles	
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	25.4	7.9	83.9		
Debt (\$M)	1,259.0	% to Tot Cap	55.0	% Pot Dil	0.5

Symbol: LCI

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 17.0% | (3) Historical Earnings Per Share Growth | 20.3% |
| (2) Estimated Future Sales Growth | 9.0% | (4) Estimated Future Earnings Per Share Growth | 12.5% |

2 EVALUATING Management

LCI Indus

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Last 5 Year Avg.
Pre-tax Profit on Sales	7.1%	6.4%	7.7%	8.0%	8.2%	11.9%	9.9%	7.8%	8.1%	7.5%	9.0%
% Earned on Equity	10.8%	13.1%	14.4%	16.2%	17.6%	24.2%	20.2%	19.7%	18.8%	18.0%	20.2%
% Debt To Capital	0.0%	0.0%	0.0%	3.8%	10.2%	8.3%	7.1%	29.4%	47.8%	48.2%	28.2%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 152.28 (01/07/22)

HIGH THIS YEAR 163.33

LOW THIS YEAR 122.99

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2016	113.7	51.7	5.20	21.9	9.9	1.40	26.9	2.7
2017	132.7	86.3	5.24	25.3	16.5	2.05	39.1	2.4
2018	132.3	59.7	5.83	22.7	10.2	2.35	40.3	3.9
2019	109.8	64.7	5.84	18.8	11.1	2.55	43.7	3.9
2020	136.9	55.3	6.27	21.8	8.8	2.80	44.7	5.1
AVERAGE		63.5		22.1	11.3		38.9	
CURRENT/TTM			10.01			3.60	36.0	
AVERAGE PRICE EARNINGS RATIO: 16.7				CURRENT PRICE EARNINGS RATIO: 15.2				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 23.0 X Estimate High Earnings/Share 18.04 = Forecasted High Price \$ 414.9

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 14.0 X Estimate Low Earnings/Share 5.24 = Forecasted Low Price \$ 73.4

(b) Avg. Low Price of Last 5 Years 63.5

(c) Recent Market Low Price 55.3

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{3.60}{5.06\%} = 71.1$

Selected Forecasted Low Price \$ 73.4

C ZONING using 25%-50%-25%

Forecasted High Price 414.9 Minus Forecasted Low Price 73.4 = 341.5 Range. 25% of Range 85.4

Buy Zone 73.4 to 158.8

Hold Zone 158.8 to 329.5

Sell Zone 329.5 to 414.9

Present Market Price of 152.28 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{414.9 - 152.28}{152.28 - 73.4} = \frac{262.60}{78.88} = 3.3$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{414.9 - 152.28}{152.28} = 2.7245$ X 100 = 272.45 - 100 = 172.4 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{2.80}{152.28} = 0.0236 = 2.4\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{33.0\%}{23.00} = 1.4\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{33.0\%}{18.50} = 1.8\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 22.2 %
Average Yield 1.4 %
Annualized Rate of Return 23.6 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 17.0 %
Average Yield 1.8 %
Annualized Rate of Return 18.8 %

TIMELINESS 3 Lowered 5/15/20	High: 28.1	26.8	34.1	54.6	55.3	65.2	113.6	132.7	132.3	109.8	136.9	163.3	Target Price Range		
SAFETY 3 New 8/4/06	Low: 17.9	17.5	24.2	33.0	40.4	46.7	51.7	86.3	59.7	64.7	55.3	123.0	2024	2025	2026
TECHNICAL 5 Lowered 12/10/21	LEGENDS — 12.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession														
BETA 1.20 (1.00 = Market)															

18-Month Target Price Range
Low-High Midpoint (% to Mid)
 \$121-\$270 \$196 (30%)

2024-26 PROJECTIONS

Price	Gain	Ann'l Total Return
High 320	(+110%)	22%
Low 215	(+40%)	11%

Institutional Decisions

	10/2021	20/2021	30/2021
to Buy	114	116	114
to Sell	120	107	115
Hld's(000)	23252	24792	24731

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC		24-26
31.16	33.63	30.48	23.72	18.11	25.89	30.59	39.95	43.55	49.80	57.61	67.83	86.04	99.59	94.69	111.15	171.95	187.75	Revenues per sh	216.35	
2.12	2.15	2.61	1.34	d.25	2.04	2.27	2.79	3.33	3.97	4.76	7.10	8.04	8.72	8.86	10.19	15.00	17.00	"Cash Flow" per sh	22.05	
1.56	1.42	1.80	.53	d1.10	1.26	1.34	1.64	2.11	2.56	3.02	5.20	5.76	5.86	5.84	6.27	10.75	12.50	Earnings per sh A	16.75	
..	..	..	..	..	..	..	..	..	..	..	1.40	2.05	2.35	2.55	2.80	3.45	3.86	Div'ds Decl'd per sh D	5.28
1.22	1.03	.40	.20	.14	.46	1.09	1.42	1.40	1.78	1.19	1.80	3.49	4.82	2.32	2.28	5.55	4.00	Cap'l Spending per sh	4.60	
7.81	9.45	11.47	12.03	11.11	11.00	12.45	12.60	13.45	16.52	18.01	22.23	26.15	28.41	31.97	36.11	43.10	51.60	Book Value per sh B	80.00	
21.48	21.68	21.93	21.53	21.96	22.12	22.27	22.56	23.32	23.91	24.36	24.75	24.96	24.86	25.05	25.16	25.30	25.30	Common Shs Outst'g C	24.50	
14.5	20.9	18.2	36.5	..	17.0	16.9	17.5	19.9	18.8	19.0	15.6	18.6	15.9	15.4	17.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.0	
.77	1.13	.97	2.20	..	1.08	1.06	1.11	1.12	.99	.96	.82	.94	.86	.82	.88			Relative P/E Ratio	.90	
..	..	..	..	..	..	..	..	..	..	..	1.7%	1.9%	2.5%	2.8%	2.6%			Avg Ann'l Div'd Yield	2.0%

CAPITAL STRUCTURE as of 9/30/21
 Total Debt \$1086.4 mill. Due in 5 Yrs. \$738.2 mill.
 LT Debt \$1012.1 mill. LT Interest \$25.0 mill.
 (50% of Cap'l)

Leases, Uncapitalized:	\$29.9 mill.
Pension Asset-12/20	\$61.9 mill. Oblig. \$96.7 mill.
Common Stock	25,272,517 shs. as of 10/29/21
MARKET CAP:	\$3.8 billion (Mid Cap)
CURRENT POSITION (SMILL.)	2019 2020 9/30/21
Cash Assets	35.4 51.8 72.6
Receivables	200.0 268.6 394.8
Inventory (Avg Cst)	393.6 493.9 790.7
Other	41.8 55.5 102.4
Current Assets	670.8 869.8 1360.5
Accts Payable	99.3 184.9 297.3
Debt Due	17.9 17.8 74.3
Other	154.1 213.7 312.5
Current Liab.	271.3 416.4 684.1

ANNUAL RATES

Past 10 Yrs. of change (per sh)	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	16.5%	13.5%
"Cash Flow"	24.5%	15.5%
Earnings	38.5%	18.5%
Dividends	..	13.0%
Book Value	11.0%	16.5%

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	650.5	684.5	604.2	536.6	2475.8
2019	592.2	629.1	586.2	564.0	2371.5
2020	659.7	525.8	827.7	783.0	2796.2
2021	1000	1094	1165	1091	4350
2022	1170	1225	1305	1050	4750

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	1.86	1.86	1.33	.82	5.86
2019	1.38	1.89	1.42	1.14	5.84
2020	1.12	.52	2.70	1.92	6.27
2021	2.93	2.67	2.49	2.66	10.75
2022	3.05	3.20	3.45	2.80	12.50

QUARTERLY DIVIDENDS PAID D

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.50	.50	.50	.55	2.05
2018	.55	.60	.60	.60	2.35
2019	.60	.65	.65	.65	2.55
2020	.65	.65	.75	.75	2.80
2021	.75	.90	.90	.90	

BUSINESS: LCI Industries, Inc. (formerly Drew Indus.), through its wholly-owned Lippert Components subsidiary, is a leading supplier of original-equipment and aftermarket parts to the recreational vehicle (RV) industry. Also supplies components for manufactured homes, buses, boats, trains, and trailers. Products include steel chassis; vinyl and aluminum windows; slide-out mechanisms and

LCI Industries has brought Furrion Holdings into the fold. Indeed, in early September, the parts supplier to the recreation vehicle (RV) industry completed its previously-announced acquisition of Hong Kong-headquartered Furrion in a deal that values the supplier of space-saving stoves and other made-for-RV appliances at approximately \$147 million. According to management, Furrion was recently on pace to generate roughly \$230 million in overall sales in 2021. It is on record saying that it hopes to double the size of Furrion's business within the span of two years or so. With that in mind, we have raised our 2021 and 2022 share-net estimates for LCI by \$0.35 and \$0.95, respectively, largely to reflect the addition of Furrion.

The long-term picture still seems pretty bright. To wit, management recently figured that LCI's current end markets represent an annual sales opportunity of more than \$11 billion over and above the roughly \$2.8 billion that the company generated in 2020. Notably, the business of supplying aftermarket parts alone is tabbed as a \$5 billion opportunity

beyond the \$607 million in category sales that LCI posted last year. A recent surge in the total number of RVs on the road augurs well for aftermarket sales. So, too, does, greater overall RV utilization. To wit, owners of recreational vehicles not only have increased their personal use of late but are more frequently renting out their Winnebagos through popular Web sites such as Outdoorsy and RVShare.

We do have some concerns here. Among them is the risk that the growing popularity of RVing will wane, as the COVID-19 crisis fades and people generally have more options when it comes to leisure travel. Near term, LCI may also continue to face challenges finding enough skilled labor and boosting production capacity.

Shares of LCI Industries are ranked 3 (Average) for relative year-ahead price performance. At the recent quotation, venturesome buy-and-hold investors should do well here. To wit, the midpoint of our 3 to 5-year Target Price Range implies average annual returns of roughly 16% out to 2024-2026.

Nils C. Van Liew *December 10, 2021*

(A) Diluted earnings per share. Excludes non-recurring losses: '09, \$1.36; '17, \$0.52. Includes non-recurring losses: '14, \$0.05; '15, \$0.18. May not sum due to rounding. Next earnings report due early Feb. (B) Includes intangibles. In '20: \$875.6 mill., \$34.87/sh. (C) In millions, adjusted for split. (D) Special dividend of \$1.50 a share paid on 12/28/10. Special dividends of \$2.00 per share paid on 12/20/12, 1/6/14, and 4/10/15. Regular dividend initiated 4/15/16. Div's historically paid early March, mid-May, Aug., and Dec.

Company's Financial Strength	B++
Stock's Price Stability	45
Price Growth Persistence	75
Earnings Predictability	65