

Mossberg's Investor Digest

Best Idea Profile:

EveryWare Global, Inc. (NASDAQ:EVRY)

DESCRIPTION:

EveryWare Global designs and sells tabletop and food preparation products for consumers and foodservice companies. EveryWare operates globally in the United States, Canada, Mexico, Latin American, Europe and Asia. Its products include flatware, dinnerware, crystal stemware, glassware, cutlery, candle and floral glass, and kitchen tools and accessories. EveryWare was formed in 2012 through the merger of Anchor Hocking, LLC and Oneida Ltd., both of which were founded in the 1800's. EveryWare's headquarters are in Lancaster, Ohio.

KEY INVESTMENT CONSIDERATIONS:

Accelerating International Growth – International sales growth of 25% in the second quarter exceeded even the strong company-wide growth. EveryWare acquired two businesses in the United Kingdom and signed a Brazilian licensing agreement that strengthens its international presence and underscores the commitment to building globally. The Brazilian agreement is with Ana Maria Braga, a well-known Brazilian television personality, author and publisher. EveryWare products will be branded and sold under Ana Maria Braga brand names, establishing a foothold for the company in a \$1.2 billion and growing tabletop market in Brazil. It also expects recovery in Europe, and growth in Korea, Mexico and China.

Product Strength – Tabletop purchasing decisions by consumers and institutions are highly influenced by brand reputation and EveryWare's iconic brands, Oneida and Anchor Hocking, are first and eighth, respectively in brand awareness. EveryWare has a leading market position in nearly all of the major categories in which it competes and expects all four of its segments to grow in 2014. The company has more than 9,000 products and is innovative and aggressive in its product introductions.

Blue-Chip Customers – EveryWare has extensive long-term relationships with a highly diversified blue-chip customer base: in consumer markets, Walmart, Crate & Barrel, Publix, Target; in foodservice, Hyatt, Marriott, Hilton, Royal Caribbean; in specialty, Constellation Brands, Pampered Chef. Its largest customer, Wal-Mart, represents 14% of sales but has had a 25-year relationship. In fact, the top ten customers have been with the company for an average of 25 years. No other customer accounts for more than 4% of sales.

Diversification – The business is diversified by channel and by customer. The consumer and foodservice markets each make up a third of the company's sales, with the other third in specialty and international markets. Its top five customers make up a quarter of sales, with the next five customers representing 11%.

Barriers – In addition to the difficulty of replicating brand awareness, management estimates that it would require approximately \$250 million of invested capital to replicate its capabilities. There have been no new tabletop glass production facilities opened in North America in the last three decades, with no known plans underway. EveryWare is well positioned to continue growing with only minimal incremental capital required.

VALUATION:

EveryWare has excellent prospects in the second half and 2014 through organic growth and acquisitions. Its recurring revenue model with high replenishment rates for its products gives investors solid downside support. The stock appears attractively priced relative to its peers. The company reports third-quarter financial results next week.

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Investment Data (as of 10/24/13)

Recent Price	\$10.87
52-Week Range	\$9.33 - \$13.74
Fiscal Year End	Dec
Dividend	NA
Yield	NA
Shares Outstanding	18.0 M
Average Trading Volume (3 mos)	29k
Market Capitalization	\$196 M
Cash	\$559 K
Long-term Debt	\$280 M
Enterprise Value (EV)	\$481 M
Book Value	\$(2.98)
TTM Revenue	\$427 M
P/ Revenue	0.5x
TTM EPS	\$(3.48)
P/ EPS	NA
TTM EBITDA	\$41 M
EV/ EBITDA	11.8 x

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