September 16, 2025

LANDS' END, INC.
(NasdaqCM: LE)

Based in Dodgeville, Wisconsin, Lands' End Inc. is a leading digital retailer of solution-based apparel, swimwear, outerwear, accessories, uniforms, footwear, and home products. The company sells products through its e-commerce website as well as through third-party distribution channels, licensing partnerships, and company-operated retail stores. The company also has an Outfitters distribution channel through which it offers customized products to businesses and schools.

COMPANY HIGHLIGHTS

* **Global Brand Power:** In our view, Lands' End is leveraging its globally recognized brand name and long-established history as a catalog-based retailer to implement an omnichannel strategy. Lands' End captures data from its customers to adapt its product assortment to appeal to both core customers and more-solution-driven customers, who tend to be younger and less sensitive to price.

* **Innovation in Premium, Solution-Driven Categories:** Lands' End's strategy focuses on product newness and innovation, with core categories including outerwear and swimwear and their related adjacencies. Solution-based product categories, including those that provide sun protection, waterproofing, and body shaping features, now account for approximately one-third of its product mix, helping to position Lands' End as a lifestyle brand that commands higher price points, which expands margins.

* **Revenue Growth Poised to Return:** Over the past few years, Lands' End has prioritized profitable sales and less promotional activity, which drove gross margin expansion of 550 basis points (bps) in fiscal 2024, despite a 7% top-line decline. In 2Q25, Lands' End saw revenue growth from its Outfitters business, as well as its third-party marketplaces and licensing segments. We see these trends, combined with firming e-commerce sales in the U.S. and Europe, supporting a return to revenue growth in the second half of 2025 and in 2026.

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PRICE CHART

KEY STATISTICS

Key Stock Statistics	
Recent price (9/15/25)	$15.47
Fair Value Estimate	$22.00
52 week high/low	$19.88/$7.65
Shares outstanding (M)	30.7
Market cap ($M)	474.9
Dividend	NA
Yield	NA

Sector Overview	
Sector	Consumer Discretionary
Sector % of S&P 500	10.4%

Financials ($M, as of 8/1/25)	
Cash & Mkt Securities	21.3
Debt	267.6
Working Capital	154.5
Current Ratio	1.6
Payout ratio	NM
Revenue (TTM)	1315.6
Net Income (TTM)	6.0
Net Margin (TTM)	0.5%

Risk	
Beta	2.35
Inst. ownership	27%

Valuation	
P/E Forward EPS (Fiscal 2025)	29.8
EV/Revenue (FY 2025)	0.5
EV/Adjusted EBITDA (FY 2025)	7.1
Free Cash Flow Margin (FY 2024)	2.4%

Top Holders

Mr. Edward S. Lampert
Dimensional Fund Advisors LP
BlackRock Inc

Management	
President/CEO	Mr. Andrew McLean
CFO	Mr. Bernard McCracken
COO	Mr. Peter Gray
Company website	www.landsend.com

* **"Asset Light" Licensing Strategy Driving Growth:** Lands' End is executing on an "asset light" strategy, featuring multiple new markets and retail channels through which it can interact with customers. The company has established third-party partnerships, some of which are on online marketplaces and some brick and mortar formatted, with retailers including Macy's, Target, Costco, Kohl's, and Nordstrom and online through Amazon. It is also expanding a licensing retail business, which includes categories such as shoes, kids, and home, which grew more than 50% in fiscal 2024 (60% growth in 1Q25/~20% in 2Q25). We see these strategic partnerships driving traffic back to its core e-commerce website for its full product assortment.
* **Strong Balance Sheet:** As of August 1, 2025, Lands' End had $21.3 million in cash and equivalents and working capital of $154.5 million (a current ratio of 1.6). The company has reduced inventory levels for nine consecutive quarters on a year-over-year basis, while enhancing product speed to market and leveraging improvements in supply chain efficiencies. Since the start of fiscal 2022, the company has returned over $40 million of cash to shareholders through share repurchases.
* **Strategic Review Underway:** In March 2025, Lands' End initiated a process to explore strategic alternatives, after a letter from majority shareholder Edward S. Lampert requested that the company initiate a strategic sale process to maximize shareholder value.
* **Fiscal 2025 Outlook**: In September 2025, Lands' End updated its fiscal 2025 guidance to net revenue of $1.33 billion-$1.40 billion, with gross merchandise value (GMV), including branded product license sales, expected to show low-to mid-single-digit growth (previously mid-to-high-single-digit growth). The company expects adjusted EBITDA in the range of $98 million-$107 million (compared with $93 million in fiscal 2024) and adjusted net income of $19 million-$27 million (adjusted EPS of $0.62-$0.88).
* **Fair Value:** Based on our enterprise value (EV)/EBITDA analysis, we arrive at a fair value estimate of $22 per share.

COMPANY/INDUSTRY BACKGROUND

Based in Dodgeville, Wisconsin, Lands' End Inc. is a leading digital retailer of solution-based apparel, swimwear, outerwear, accessories, footwear, home products, and uniforms. In our view, Lands' End is leveraging its globally recognized brand name and long-established history as a catalog-based retailer to implement an omnichannel strategy.

The company sells products through its website as well as through third-party distribution channels and company-operated stores. The company also has an Outfitters distribution channel through which it offers customized apparel products to businesses and schools. We estimate that the company currently has a global customer base totaling more than 7 million.

Lands' End was founded in 1963 by Gary Comer and his partners as a sailboat hardware and equipment catalog business and has evolved into an omnichannel and multi-apparel category retailer. In recent years, catalogs have been utilized as a marketing device to help the company support its personalized solutions and to drive traffic to its core e-commerce website.

Lands' End fulfills orders to customers in approximately 130 countries outside the United States. The company owns and operates three distribution centers in Wisconsin totaling 2 million square feet and a distribution center in the U.K. of approximately 185,000 square feet.

Primary operations are based in the U.S., U.K., and Germany. Over the past two years, Lands' End has focused on maximizing revenue quality, leveraging product newness and less promotional activity to enhance profitability. In fiscal 2024, revenues declined 7%, though gross margins reached their highest level since 2017, expanding by 550 bps to nearly 48%.

Its primary operating segments are e-Commerce in the U.S. and Europe, Outfitters, Third-Party, and Retail. In recent years, U.S. e-Commerce has accounted for more than 60% of net revenues. International e-Commerce, which consists primarily of Europe but includes other international websites and third-party affiliates, has accounted for around 7.5%.

In fiscal 2024, U.S. and Europe e-Commerce revenues each declined by approximately 9% but gross margins improved by 550 bps and saw year-over-year increases in each quarter, supported by more full-price selling and limited promotions.

Although Europe results were soft in fiscal 2024 and to date in fiscal 2025, we view positively the hiring of new leadership to oversee regional operations. We see opportunity to expand in core European markets such as the U.K., France, and Germany, as Lands' End builds out a distributed commerce model similar to the U.S., collaborating with premium partners and launching region-specific websites and product assortments. We also see the European side of the business serving as a testing ground for new products before broad introduction.

The Outfitters unit leverages the Lands' End brand to sell uniform and logo apparel to businesses and their employees, as well as to student households through school relationships. Key

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PEER COMPARISON

Company	Ticker	Recent Price ($)	52-Week High ($)	52-Week Low ($)	Mkt. Cap ($MIL)	1-yr Price Change (%)	1-yr Rev Growth (%)	1 YR EPS Growth (%)	P/E Ratio	Beta	Yield (%)
LANDS' END INC	**NASDAQ: LE**	**15.47**	**19.88**	**7.65**	**475**	**3**	**NM**	**NM**	**38.7**	**2.35**	**NA**
THE GAP INC	NYSE: GAP	23.92	29.29	16.99	8875	13	1	64	10.9	2.07	2.9
GUESS? INC	NYSE: GES	16.71	20.33	8.48	870	-14	8	NM	21.7	1.29	5.4
URBAN OUTFITTERS INC	NASDAQ: URBN	71.97	80.71	34.76	6455	100	8	40	16.9	1.29	NA

industries for the business include the banking, travel, and health sectors. This business has generated approximately 15%-20% of net revenues and operates only in the U.S., though we see opportunity for international expansion over the long term.

We are encouraged by the underlying trends for the Outfitters segment, which has seen expanding gross margins, and we see Lands' End leveraging its established and differentiated brand to drive enhanced and sustained profitability through the business's multiyear contracts and more sticky revenue profile. We see Lands' End leveraging its Outfitters customer base to drive traffic back to its core e-commerce website and view positively the attractive margin potential of the Outfitters business, given the more modest marketing expense. We also view positively the recent revamping of its sales organization, which included hiring a new senior vice president/general manager for the Outfitters group.

In 2024, the company announced a multiyear agreement with Wells Fargo, which is expected to cover 35,000 employees across over 4,000 branches. In the first quarter of 2025, Lands' End assumed a multiyear contract with Delta Airlines that began with another vendor and is expected to continue through 2027. The company has also signaled additional contracts to be announced over the balance of 2025. The school uniform channel has seen profitable back-to-school seasons over the past two years, benefiting from new segment customers after a competitor left the market.

Land's End's Third-Party segment, which accounted for approximately 6% of revenues in fiscal 2024, sells products from the same inventory as its U.S. e-Commerce unit, which we see derisking the inventory, as it increases the number of channels through which the company's products are sold. In addition, these products are managed as efficiently in terms of replenishment as items sold though the e-commerce channel.

Products sold through a growing and diversifying roster of retail partners, some via online marketplace websites and others in "brick and mortar" properties, are on a wholesale basis, through which Lands' End receives sales royalties. Retailers including Target, Macy's, Kohl's, Costco, and, most recently, Nordstrom have marketed Lands' End solution-based merchandise.

We see these relationships appealing to higher-margin, differentiated lifestyle customer segments, amplifying the brand's reach and serving as an effective marketing tool, driving customer traffic to its core e-commerce website for full product assortment and more regular purchasing. We view positively Lands' End's strategy of tailoring its product mix through these channels to reach new customer groups, which has helped to drive higher retail unit costs and order volumes. The company has estimated that up to 80% of its customers through these third-party channels hadn't shopped at Lands' End in over five years, which we view as emblematic of an effective customer-acquisition marketing tool.

Another component of Lands' End's "asset light" licensing strategy is through its expansion of private label products in noncore categories, through which it can complement its product assortment without the expense of investing in product sourcing and manufacturing. Under this model, licensed products are sold on Lands' End's website and through its distribution channels, earning Lands' End royalties on these wholesale sales. In 2Q25, Lands' End cited that its "asset light" strategy has delivered more than half of its new customer growth on virtually no capital investment.

To date, the company has launched products in the home and jewelry categories and recently converted the shoe and kidswear categories, which had previously been sold internally, to licensing arrangements. Lands' End launched a line of licensed home essential items on Amazon in 2025, consisting of approximately 40 styles, providing access points to new and existing customers, while utilizing advanced technology and marketing initiatives to drive traffic back to Lands' End's e-commerce site for the full product assortment.

Over time, we see Lands' End entering additional categories through licensing agreements, which could include hosiery and intimates, beauty/wellness, travel accessories/luggage, cold weather accessories, and fragrances. We also see Lands' End expanding its licensing business geographically into markets including Latin America and the Middle East to support GMV growth. We view positively Lands' End consigning the inventory and seamlessly selling these products through its own distribution facilities, ensuring quality control and gauging product demand and feedback.

Last, its Retail segment sells products through company-operated stores. In recent years, there were between 20 and 30 U.S. company-operated stores.

INVESTMENT THESIS

In our view, Lands' End is executing on a strategy to leverage its brand and position it as a solutions provider within a customer lifestyle category. The company has focused on inventory newness that can appeal to its core customer looking for seasonal wardrobe staples and, increasingly, those looking for solution-type garments including waterproofing, sun protection, and other product innovations.

Underpinning this strategy is its deviation from the traditional retail model of purchasing seasonal inventory and selling it down as it becomes stale, at increasingly higher promotions over time. In contrast, Lands' End has reduced its inventory by as much as 40% since the end of fiscal 2022 and reduced inventory for nine consecutive quarters on a year-over-year basis as of 2Q25, focusing on product newness and higher product quality, with more frequent replenishment of smaller ordering lots.

In our view, this is of notable relevance in the swim category, where products are sold around vacation schedules and not just based on the calendar. This has enabled the selling of more inventory year-round, at higher prices, and with less discounting, driving enhanced profit margins, inventory turns, and cash flows. That said, seasonal timing trends can still result in sales volatility, as was evident in 2Q25 for its swim apparel due to a colder spring and slower start to the swim shopping season, though momentum built across the quarter into 3Q.

To support these goals, we view positively the company's supply chain improvements, which brought product sourcing and manufacturing to more-favorable locations to shorten the length of time to receive products, and regular product flows, so that it can maximize its inventory, carry less inventory, and be faster in replenishment.

Lands' End currently manufactures in Turkey and Mexico, which are closer to its core Western European and U.S. distribution networks, which has sped up the inventory supply chain by as much as two months or more and the replenishment of certain high-demand products. We view this as a key differentiator to its retail peers, as Lands' End has accelerated the time between product development, sourcing, and ready for sale, which can help with product testing and subsequent broader rollout. We also see its modest exposure to China, which the company estimates accounts for less than 10% of its recent inventory orders, most notably on cashmere and other fabrics, limiting the potential impact of tariffs imposed on China-produced goods.

In the second quarter of fiscal 2025, the business delivered its 10th consecutive quarter of year-over-year margin expansion. Margin expansion has come from both targeted promotions and product newness, driving higher-quality sales and improved inventory management and achieving a lower cost on its products due in part to favorable fabric costs and lower transportation costs. We think the company's improvement in margin expansion has been underappreciated by investors.

In our view, Lands' End has successfully repositioned the brand and its product assortment to appeal to both single-category customers that replenish core items and newer, more-solution-oriented/lifestyle customers. The company refers to these stratified segments as "resolvers" and "evolvers," respectively. We are encouraged by data showing that its customer base is shifting toward the younger demographic, which we think validates its marketing focus to penetrate higher-growth segments. The company has cited approximately one-third of its product mix focusing on such higher-end technical solution items. While we note that Lands' End saw some customer attrition during the 2024 holiday shopping season due to the more limited marketing and markdown strategy, we view the decision to focus on the profitability of its new customers as prudent for long-term operational success.

Over the past couple of years, Lands' End's focus on product innovation has produced new product patents and new products including garments with sun protection. It recently introduced the water-resistant Wanderweight™ packable jacket and women's swimwear with UV-resistant and body-sculpting features in its WaveShaper™ swimsuit line. In 2024, the company cross-pollinated its Wanderweight™ and Squall™ franchises, creating a waterproof puffer jacket that saw strong demand.

Lands' End is also leveraging technology to enhance its digital presence, by virtue of up to 90% of its business being conducted online. It utilizes data and analytics to better understand customer-shopping behaviors, to drive inventory management and replenishment. The company has developed artificial intelligence–driven tools to enhance areas including product search and segmented and personalized campaigns across multiple platforms, including its uniforms business.

In addition, Lands' End has fine-tuned its customer database to maximize its catalog distribution and drive future purchases and plans to implement a new enterprise resource planning system to better integrate its systems to better support its speed, personalization, loyalty, merchandizing, and marketing initiatives. We see its True Fit sizing tool supporting enhanced product personalization.

In fiscal 2024 and into fiscal 2025, the company has cited successful marketing initiatives and additional plans for new events to promote its tote bags, a primary customer acquisition product that can be personalized, through pop-up stores in key seasonal tourist destinations that have enabled the company to expand its customer file while driving traffic to its website to enhance conversion rates.

In our view, Lands' End has successfully utilized social media and influencers to expand its reach and attract new customers that fit its younger target demographic, citing billions of media impressions annually. In 2Q25, Lands' End cited more than 100% growth in Instagram followers and social media traffic up nearly 19% over the same period in the prior year (nearly 60% in the June/July period, year over year).

RECENT DEVELOPMENTS

Lands' End shares are listed on the Nasdaq Capital Market under the symbol "LE." In 2024, the stock rose by 37%, compared with a 23% increase for the S&P 500. Year-to-date in 2025, the stock has risen 18%, compared with a 12% increase for the S&P 500.

In September 2025, Lands' End reported results for 2Q25, which saw a roughly flat change in GMV. Its Outfitters business saw 5% revenue growth, and third-party and licensing net revenues increased by 14.3% and 19.7%, respectively, partially offsetting declines in e-commerce revenues in both the U.S. and Europe. Gross margin expanded by 90 bps to 48.8% over the prior-year period. Adjusted net loss per share was $0.06, compared with a $0.02 per share loss in the same period a year ago.

In September 2025, Lands' End revised its guidance for fiscal 2025, expecting net revenue to be between $1.33 billion and $1.40 billion (down from $1.45 billion), with low-to-mid-single-digit GMV growth (compared with mid-to-high-single-digit growth previously). The company expects adjusted EBITDA to be in the range of $98 million (up from $95 million) to $107 million. On an adjusted basis, the company projects net income of $19 million (up from $15 million)-$27 million (adjusted diluted EPS of $0.62-$0.88, up from $0.48-$0.86).

In the second quarter of 2025, Lands' End announced a new outfitters contract with Delta Airlines, which it assumed from another vendor and will run through 2027.

In March 2025, Lands' End's board of directors initiated a process to explore strategic alternatives, including a sale, merger, or similar transaction involving the company, to maximize shareholder value. The previous month, LE disclosed receipt of a letter from Edward S. Lampert requesting that the company initiate a strategic sale process to maximize shareholder value.

EARNINGS & GROWTH ANALYSIS

As mentioned earlier, Lands' End has reshaped its revenue mix and product assortment over the past few years, including reducing its inventory to drive more-frequent replenishment and more full-price sales. We also note annual revenue growth comparisons have been negatively impacted by concluding large Outfitters contracts in fiscal 2023 and the shift of its shoes/kidswear product lines to licensing agreements.

We note that 2Q25 results saw revenue growth from its Outfitters business, as well as its third-party marketplaces and licensing segments. We see these trends, combined with firming e-commerce sales in the U.S. and Europe, supporting a return to revenue growth in the second half of 2025 and in 2026.

For fiscal 2025, we project revenues of $1.37 billion, above the mid-point of its guidance range, and $1.42 billion in fiscal 2026, which would represent 1% and 4% growth, respectively. With the expansion of its Third-Party business, through which Lands' End earns royalties, we are encouraged by Lands' End's guidance for growth in total GMV sales, which the company uses as an indicator of customer engagement with its brand across both the B2B and B2C channels.

We anticipate continued growth in gross profit margins, attributable to the company's focus on prioritizing higher-quality sales and inventory turnover. We see tailwinds including lower supply chain transport and freight costs, lower promotional activity, favorable fabric input costs, and a modest impact from tariffs, given its global sourcing. We think the company's multichannel distribution should introduce more "asset light" elements into the commercial strategy while leveraging the inventory. For the year, we project gross margins of 49% in fiscal 2025 and 49.3% in fiscal 2026, up from 47.9% in fiscal 2024, more modest than the bps increases seen over the past two years.

We expect Lands' End to support the continued expansion of its customer base through increased marketing investments, which resulted in a 380 bps increase in fiscal 2024 to 41.2% of revenues. We forecast SG&A costs as a percentage of revenues around 41.7% in fiscal 2025 and 41.4% in fiscal 2026. We anticipate higher marketing spending as a percentage of revenues in the first three quarters of the year and less in the fourth quarter, as Lands' End focuses on its targeted customer demographic to drive higher lifetime customer values, rather than competing for lower-gross-margin customers during the holidays.

For adjusted EBITDA, which excludes restructuring, goodwill impairments, and other nonrecurring items, we expect $101 million and $112 million for fiscal 2025 and fiscal 2026, respectively, up from $93 million in fiscal 2024. We see this validating the company's strategic focus on higher-quality sales and balance sheet/inventory efficiency.

We forecast net income of $15.8 million (EPS of $0.52) and $25.4 million (EPS of $0.83) in fiscal 2025 and 2026, respectively. On an adjusted basis, including restructuring charges and other items, we see net income of $23.8 million (adjusted EPS of $0.77, above the mid-point its guidance range) and $29.6 million (adjusted EPS of $0.97) in fiscal 2025 and fiscal 2026, respectively. We anticipate Lands' End continuing to repurchase shares over time, thus increasing its earnings leverage.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating for Lands' End is Medium-High. As of August 1, 2025, the company had $21.3 million in cash and equivalents, compared with $16.2 million at the end of fiscal 2024. It also saw an increase in accounts receivable to $39.0 million from $27.4 million a year earlier. We expect receivables to continue to increase over time, on an absolute basis, as the company's revenue base among licensing partners expands.

Working capital was $154.5 million, resulting in a current ratio of nearly 1.6. Lands' End had a $241 million long-term debt balance and $35 million in borrowings on its revolving asset-based lending facility. In March 2025, the company amended this facility to extend its maturity and reduce the maximum borrowings from $275 million to $225 million to better match its inventory strategy and limit interest obligations on unused capacity.

In early 2024, the company entered into a $260 million term loan that matures in December 2028, refinancing a loan that was set to mature in September 2025. These initiatives should help to continue to reduce interest expense, which declined to $40.4 million in fiscal 2024 from $48.3 million in fiscal 2023. We project interest expense of $36.8 million and $35 million, respectively, in fiscal 2025 and 2026.

Net inventory was $301.8 million as of August 1, 2025, compared with $312.0 million a year earlier. The company continues to reduce inventory and improve its efficiency by implementing speed-to-market initiatives. As of 2Q25, Lands' End had reduced its inventory for nine consecutive quarters on a year-over-year basis and as much as 40% from its peak of $425.5 million (30% from peak at the end of 2Q25 due to seasonal ordering patterns). We see Lands' End's reduction in inventory and use of more frequent, small inventory purchases having a profound impact on its balance sheet. Lands' End expects capital expenditures of around $25 million in fiscal 2025.

In fiscal 2024, the company achieved multiyear highs across various financial metrics, including gross margin, inventory turnover, and average cash conversion cycle. Its gross margin has expanded by 970 bps since fiscal 2022; inventory turnover was 2.5-times, up from 2.3-times to 2.4-times in the prior two years; and the average cash conversion cycle of 90.7 days marked the lowest level since 2019. These improvements have helped the company to expand profitability, despite a 12% revenue decline over the same period.

Net cash provided by operating activities was $53.1 million and $130.6 million for fiscal 2024 and fiscal 2023, respectively. In fiscal 2024, net cash used in investing activities was $35 million, up from $34.9 million in the prior fiscal year. Net cash used in financing activities was $26.6 million, compared with $110.1 million during fiscal 2023.

Since the start of fiscal 2022, Lands' End has returned more than $40 million to shareholders through share repurchases. In March 2024, its board authorized a new repurchase program for up to $25 million of common stock through March 31, 2026. In fiscal 2024, Lands' End repurchased nearly $13 million worth of its shares. As of August 2025, it had $8.8 million remaining, after repurchasing $4.5 million of its shares in 1H25.

Lands' End does not pay a dividend and we do not expect the company to initiate such a policy over the near term.

MANAGEMENT

Andrew McLean has been Lands' End's chief executive officer since January 2023 and is a member of its board. Mr. McLean's career spans more than 20 years, including retail experience leading organizational growth for several Fortune 500 and start-up companies. Prior to joining Lands' End, Mr. McLean held various C-level executive roles with American Eagle Outfitters. Previously, Mr. McLean held leadership roles at global retailers Liz Claiborne Inc. and Gap Inc., after beginning his career in strategy consulting with AT Kearney.

Bernard McCracken has been Lands' End's chief financial officer since September 2023, after being elevated from interim chief financial officer and previous roles as VP, controller, and chief accounting officer. Before joining Lands' End, Mr. McCracken held previous senior corporate accounting and controller positions with The Children's Place Inc. and Footstar Inc., after working at such firms as Deloitte & Touche LLP, The Leslie Fay Companies, and Loehmann's Inc.

Lands' End's board of directors includes six independent directors of the seven total members, including an independent chair, which we view favorably for its corporate governance.

As of August 2025, Edward S. Lampert, former chairman of Sears, owned 56% of Lands' End's outstanding shares of common stock, and the stock was approximately 27% held by institutions.

RISKS

Risks for an investment in Lands' End include its operating in a highly competitive industry, with many retail and apparel options, both in store and online; the company's reliance on the fourth fiscal quarter (approximately one-third of its annual revenues) due to the holiday shopping season, which can experience volatility due to macroeconomic challenges and discretionary consumer sentiment metrics; potential for quarterly sales volatility due to seasonal and weather-related trends; potential for supply chain disruptions or cost variability due to issues including higher freight costs and inventory transportation availability; exposure to tariffs for goods manufactured in various global jurisdictions, though we note that China currently accounts for less than 10% of its recent inventory orders; and maintaining a functioning e-commerce platform. In addition, we see some vendor concentration risk; in recent years, the top 10 vendors have accounted for nearly half of its merchandise purchases in dollars.

VALUATION

Over the past 52 weeks, Lands' End shares have traded in a range of $7.65-$19.88 and are currently trading above the mid-point of the range, near $15.50.

We attribute the volatility, in part, to concerns over Lands' End's top-line softness, as it resets its revenue base to focus on more full price sales and increasing third-party and licensing revenues, as part of an "asset light" strategy. Despite a softer 2Q25, Lands' End signaled toward improving momentum for the second half of 2025 and beyond. In addition, we see the potential for weakening consumer sentiment amid uncertainty in the U.S. economy contributing to its volatility.

That said, we see these overhangs more than discounting the solid gross margin expansion, superior inventory management, and prospects for continued GMV expansion. As such, we think the current valuation does not reflect the company's financial health and its organic revenue growth prospects.

The stock is trading at a discount to a peer group of global apparel retail brands, recently trading at an enterprise value/revenue multiple around 0.5-times our fiscal 2025 revenue estimate of $1.37 billion, which compares with a multiple over 2-times for the peer group. On a forward adjusted EBITDA basis, the stock is currently trading at an EV/EBITDA multiple of 7.1-times our fiscal 2025 adjusted estimate of $101 million, which is at the low end of its three-year average between 7-times and 8-times and well below a peer level above 11-times.

We think the stock warrants a multiple closer to peers, though we expect the shares to remain volatile as LE continues to reset its revenue base and conducts its strategic review. Thus, we apply a 9-times multiple to our fiscal 2025 adjusted EBITDA estimate and, after adjusting for net debt, we arrive at a fair value for LE shares of $22.

Steve Silver,
Argus Research Analyst

INCOME STATEMENT

Growth Analysis ($MIL)	FY 2022	FY 2023	FY 2024	Q1 2025	Q2 2025	Q3 2025E	Q4 2025E	2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	2026E
Revenue	1555.4	1472.5	1362.9	261.2	294.1	340.0	474.7	1370.0	276.9	318.1	345.1	480.0	1420.1
Gross Profit	593.8	625.5	653.3					670.9					699.7
SG&A	527.4	550.2	561.8					571.5					588.5
Operating Income	24.7	-77.5	51.0					58.0					70.0
Adjusted EBITDA	70.5	84.3	92.9	9.5	14.1	24.8	52.6	101.0	11.5	20.4	26.1	54.2	112.2
Interest Expense	39.8	48.3	40.4					36.8					35.0
Pretax Income	-14.7	-131.8	10.5					21.6					35.8
Tax Rate (%)	NA	NA	18					27					29
Net Income	-12.5	-130.7	6.2	-8.3	-3.7	3.8	24.0	15.8	-6.3	-0.1	5.7	26.1	25.4
EPS ($)	-0.38	-4.09	0.20	-0.27	-0.12	0.12	0.78	0.52	-0.21	0.00	0.19	0.86	0.83
Adjusted EPS	-0.23	-0.15	0.40	-0.18	-0.06	0.18	0.83	0.77	-0.17	0.03	0.22	0.89	0.97
Diluted Shares	33.1	32.0	31.3					30.8					30.5
Dividend Per Share ($)	NA	NA	NA					NA					NA
Growth Rates (%)													
Revenue	-5	-5	-7					1					4
Operating Income	NM	NM	NM					14					21
Adjusted EBITDA	NA	20	10					9					11
Net Income	NM	NM	NM					155					61
EPS	NM	NM	NM					160					60
Adjusted EPS	NM	NM	NM					93					26
Valuation Analysis													
Price ($): High	21.12	10.81	19.88					NA					NA
Price ($): Low	6.61	5.98	7.64					NA					NA
PE: High	21.3	NA	NA					NA					NA
PE: Low	6.7	NA	NA					NA					NA
PS: High	0.4	0.2	0.4					NA					NA
PS: Low	0.1	0.1	0.2					NA					NA
Yield: High	NA	NA	NA					NA					NA
Yield: Low	NA	NA	NA					NA					NA
Financial & Risk Analysis ($MIL)													
Cash	39.6	25.3	18.8					NA					NA
Working Capital	259.2	150.4	142.9					NA					NA
Current Ratio	1.9	1.6	1.6					NA					NA
LTDebt/Equity (%)	88.6	103.1	99.0					NA					NA
Total Debt/Equity (%)	98.2	115.1	99.0					NA					NA
Ratio Analysis													
Gross Profit Margin	38.2%	42.5%	47.9%					49.0%					49.3%
Operating Margin	2%	NM	4%					4%					5%
Net Margin	NM	NM	0%					1%					2%
Return on Assets	1.7%	2.4%	4.0%					NA					NA
Return on Equity	NM	NM	2.6%					NA					NA
Op Inc/Int Exp	0.6	NM	1.3					1.6					2.0

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