



Camping World Puts Bought into Rebound

Ticker/Price: CWH (\$9.45)

Analysis:

Camping World (CWH) with 5,000 December \$10 puts bought today from \$1.25 to \$1.45 to open, 7X average volume and set to open the most notable position in open interest. Shares have rebounded about 35% off of 52-week lows since August and now back into resistance from the August gap down around \$10. Shares are also running into declining trend resistance from the May highs and room back to \$8 and then new lows. The \$877M company trades 9.7X earnings, 0.2X sales, and 37X FCF with a 3.2% yield. Expectations have come down quite a bit this year from around \$3/share in EPS next year to \$1.07 with revenues around 2% growth again. CWH has been hit by a number of issues in 2019 including softer RV sales with demand from some key demographics (esp. younger demographics) tapering off. On 8-27, an industry trade group noted that July shipments had fallen 23% Y/Y while RVIA has showing total shipments in August and Sept. also trailing 2018, so potential for a tough comp. CWH is also under pressure from tariffs. Analysts have an average target for shares of \$13 with 2 buy ratings, 8 hold, and 1 sell. BAML cutting their outlook for the RV sector on 9-4 and now sees "little obvious relief in sight" after months of soft North American RV wholesale shipment and retail registration checks. The firm has \$7 PT for CWH. JP Morgan downgrading to Neutral on 8-8 seeing profitability continuing to worsen into year-end as even a modest decline in unit volumes will be a hit to EBITDA. Short interest is 21.8%. Hedge fund ownership rose 23% in Q2. Abrams Capital a 5%+ holder with 5.1M shares. The company has also seen insider buying from its CEO and CFO around \$8.25 to \$9.

Hawk Vision:



Hawk's Perspective: CWH remains one of the lower quality names and continue to see further downside for shares, never want to be worst of breed in a worsening industry backdrop.

Confidence Ranking: \$\$