



Unusual Call Buying Werner Trucking

Ticker/Price: WERN (\$43.20)

Analysis:

Werner (WERN) another trucker, like **KNX**, seeing call action with 810 June \$40 being bought up to \$4.10 and 400 of the \$45 calls seeing action \$1.40. WERN has rebounded sharply and back near record highs, surprising for a Trucking name. The \$2.83B trucker is +15% YTD and trades 18X Earnings, 7.3X EV/EBITDA, and yields 0.9%. WERN is coming off a relatively flat year in 2019 and sees revenues down 5% and EPS down 20% in 2020. WERN is speaking at the BAML Transportation Conference today. WERN has 51% exposure to Retail, 20% to Manufacturing, 17% to Food/Beverage and 12% to Logistics. WERN in late April on its call noted "March 2020 freight demand was comparable to March 2019, with demand strengthening the last two to three weeks of March 2020 due in part to increased replenishment shipments for necessity-based household products. Dedicated freight demand remained steady in first quarter 2020 with above normal demand in March for store replenishment." Werner Dedicated is 58% with 4,630 trucks while One-Way is 42% with Dry Van, Expedited, Cross Border and Temperature control. Analysts have an average target of \$43.35 and short interest is high at 12% of the float. Cowen raised its target to \$39 noting the company was more upbeat than peers after eight quarters of strong dedicated opportunities and bids. RW Baird upgraded in March to Outperform with a \$42 target favoring quality, asset based truckload models with logistic offerings citing a pick-up in spot truckload activity given supply chain disruptions. Hedge Fund ownership fell 5.45% in Q4 filings, a name with high insider ownership of 26%,

Hawk Vision:



Hawk's Perspective: WERN looks good out of this consolidation, the high short float a concern, but a name that has been delivering impressive numbers, while peer **KNX** has seen even larger bullish positioning, potentially we could see consolidation in the group.

Confidence Ranking: \$\$