



Long Idea Update: Thor Industries (THO)

Long Idea, [Thor Industries](#) (THO: \$86/share), up 30% since publish date, has been downgraded from Attractive to Neutral. This downgrade comes after we analyzed THO's 2016 10-K on September 27, 2016.

Thor still exhibits many of the fundamental strengths we highlighted in our original Long Idea report, such as rising [economic earnings](#) and improving return on invested capital ([ROIC](#)). However, the recent \$576 million acquisition of Jayco creates a drag on free cash flow ([FCF](#)), which fell from \$3 million in 2015 to -\$289 million in 2016 and knocked its FCF yield down to -6%. At the same time, the 30% increase in the stock since June 2016 makes its valuation less attractive.

The risk/reward profile on this stock no longer exhibits the significant upside potential we initially highlighted in June. We hope investors were able to participate in the 30% rise in the stock since we highlighted it to them.

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Disclosure: David Trainer, Kyle Martone, and Kyle Guske II receive no compensation to write about any specific stock, sector, style, or theme.

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