



# Thor Industries (THO)

Updated March 10<sup>th</sup>, 2025 by Quinn Mohammed

## Key Metrics

<b>Current Price:</b>	\$86	<b>5 Year CAGR Estimate:</b>	12.0%	<b>Market Cap:</b>	\$4.6 B
<b>Fair Value Price:</b>	\$46	<b>5 Year Growth Estimate:</b>	25.0%	<b>Ex-Dividend Date<sup>1</sup>:</b>	04/08/2025
<b>% Fair Value:</b>	188%	<b>5 Year Valuation Multiple Estimate:</b>	-11.8%	<b>Dividend Payment Date<sup>1</sup>:</b>	04/23/2025
<b>Dividend Yield:</b>	2.3%	<b>5 Year Price Target</b>	\$139	<b>Years Of Dividend Growth:</b>	15
<b>Dividend Risk Score:</b>	D	<b>Retirement Suitability Score:</b>	D	<b>Rating:</b>	Buy

## Overview & Current Events

Thor Industries was founded on August 29<sup>th</sup>, 1980 from the acquisition of Airstream, a highly recognized name in the travel trailer industry. In 1982, Thor purchased the Canadian company General Coach, which manufactured travel trailers and fifth wheels. Thor became a public company and listed on the NYSE in 1984, under the ticker symbol THO. Since its founding, Thor has focused on a large series of acquisitions up to the present. The recreation vehicles manufacturer has a market capitalization of \$4.6 billion. Thor reports results through its three segments: North American towable recreational vehicles, North American motorized recreational vehicles, and European recreational vehicles. Thor generated \$10.0 billion in fiscal 2024 and ended its fiscal year with an RV order backlog of \$3.3 billion. On October 8<sup>th</sup>, 2024, Thor Industries announced a 4% dividend increase, from \$0.48 to \$0.50 per share quarterly.

Thor reported second quarter FY 2025 results on March 5<sup>th</sup>, 2024, for the quarter ended January 31<sup>st</sup>, 2024. The corporation reported net sales decreased by 8.6% compared to the second quarter of 2024, to \$2.02 billion. Thor reported a \$(0.01) loss per share, compared to \$0.13 EPS a year ago. Additionally, the consolidated RV backlog as of January 31<sup>st</sup> was \$3.8 billion, a 17% decrease over the prior year's \$4.7 billion.

Management has lowered its full-year fiscal 2025 guidance due to weakness in margins, now expecting net sales between \$9.0 to \$9.5 billion and earnings-per-share of \$3.30 to \$4.00 (from \$4.00 to \$5.00 previously), for a midpoint of \$3.65.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$3.79	\$4.91	\$7.09	\$8.14	\$6.40	\$4.02	\$11.85	\$20.59	\$6.95	\$4.94	<b>\$3.65</b>	<b>\$11.14</b>
<b>DPS</b>	\$1.08	\$1.20	\$1.32	\$1.48	\$1.56	\$1.60	\$1.66	\$1.72	\$1.80	\$1.92	<b>\$2.00</b>	<b>\$2.55</b>
<b>Shares<sup>2</sup></b>	52.4	52.5	52.6	52.7	55.1	55.2	55.2	55.2	53.9	53.5	<b>53.0</b>	<b>51.5</b>

Thor had grown earnings strongly from FY 2017 to FY 2022, at a compounded annual growth rate of 24%, but results began their down cycle in 2023. If we look at the longer-term picture though, since 2015, Thor has grown EPS at 3% annually. Demand for Thor's products softened in FY 2023 and 2024, and this is persisting in 2025. Additionally, the company's backlog is diminishing quickly, now valued at \$3.8 billion, which compares to net sales of \$10 billion in FY 2024. We believe that earnings reached a cyclical high in 2022 after tremendous growth, and that results will continue to normalize with this year's earnings estimate of \$3.65. Beyond 2025, we estimate the company's EPS will grow by 25% in the intermediate term as it works through the remaining backlog and improves operating efficiency from the pit of its current down cycle.

The company will fund opportunistic strategic investments (such as increasing production capacity), of which acquisitions are a large part, to continue growing. Additionally, it will repurchase shares as the opportunities arise. In fiscal 2024, Thor repurchased approximately 721K shares for \$68.4 million.

<sup>1</sup> Estimate

<sup>2</sup> In millions

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Thor Industries is also expecting increases in its customer base. According to its 2024 annual camping report, Kampgrounds of America (KOA) claims that the number of camping households increased 23% in the last decade, with active camping households soaring 68%. Furthermore, the number of households that camped three or more times per year has nearly doubled since 2014. Also, the number of RV rentals in 2020 and 2021 grew greatly amid the pandemic. These new campers and RV renters are likely to become purchasers of RVs and sustain the demand for Thor’s products, as these have historically been frequent paths-to-purchase for first-time RV buyers.

On the other hand, auto tariff policies are likely to drive a meaningful headwind to the business in the near term.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.0	11.9	13.3	14.7	10.7	13.2	12.9	4.6	11.0	21.0	23.5	12.5
Avg. Yld.	1.9%	2.1%	1.4%	1.2%	2.3%	2.3%	1.4%	2.0%	1.9%	1.8%	2.3%	1.8%

Thor’s price-to-earnings multiple appears to be overvalued based on lower FY 2025 earnings and a still elevated share price, and we see the valuation shrinking to meet our fair value estimate of 12.5 times earnings, which is its 5-year average valuation. We therefore expect a -11.8% headwind to total annual returns from valuation contraction over time.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

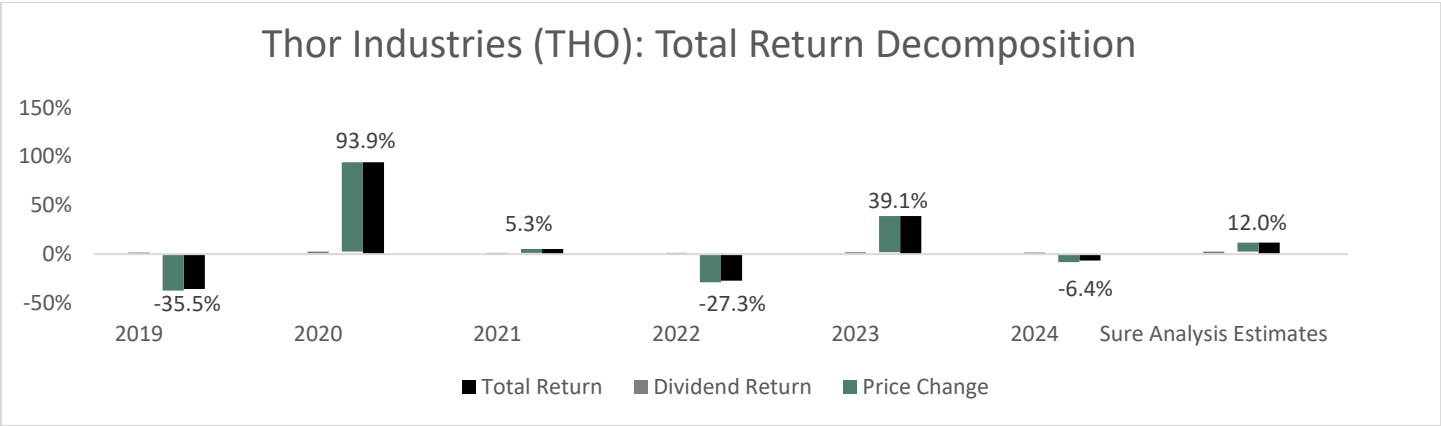
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	28%	24%	19%	18%	24%	40%	14%	8%	26%	39%	55%	23%

The payout ratio is elevated against its average, but remains fairly covered, so the dividend can be considered safe and should continue to grow in the years to come, we forecast by around 5.0%. The company is more focused on growth than the dividend currently. Thor took a beating in the great financial crisis, as earnings of \$2.41 in 2007 fell to \$0.31 at the bottom of 2009. By 2007, the dividend was cut almost in half. The company does not have strong recession resiliency. The company exceeded its 2007 results as of 2014 and since then has performed well. THO operates in a competitive market with low barriers to entry, and it believes the price, design, value, and quality of its products plus the warranty coverage and service it offers allow it to compete favorably.

## Final Thoughts & Recommendation

We see Thor Industries as a strong growth stock in the vehicle manufacturing business, which has been weighed down by higher interest rates, cautious consumers, and tariff policy. Still, the company has a backlog worth almost \$4 billion. Going forward we believe Thor can produce 12% total annualized returns, stemming from 25% EPS growth, and a 2.3% dividend yield, partly offset by an -11.8% valuation headwind. THO earns a buy rating for risk-tolerant investors.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	4,007	4,582	7,247	8,329	7,865	8,168	12,317	16,313	11,120	10040
Gross Profit	558	726	1,044	1,165	973	1,118	1,895	2,806	1,596	1452
Gross Margin	13.9%	15.9%	14.4%	14.0%	12.4%	13.7%	15.4%	17.2%	14.4%	14.5%
SG&A Exp.	251	306	420	477	536	634	870	1,116	870	895
D&A Exp.	31	53	98	93	149	196	231	284	277	277
Operating Profit	291	392	560	632	361	387	908	1,533	585	424
Operating Margin	7.3%	8.6%	7.7%	7.6%	4.6%	4.7%	7.4%	9.4%	5.3%	4.2%
Net Profit	199	257	374	430	133	223	660	1,138	374	265
Net Margin	5.0%	5.6%	5.2%	5.2%	1.7%	2.7%	5.4%	7.0%	3.4%	2.6%
Free Cash Flow	206	289	304	328	378	434	398	748	773	405
Income Tax	91	125	182	203	52	52	184	322	125	83

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,503	2,325	2,558	2,779	5,660	5,771	6,654	7,408	7,261	7021
Cash & Equivalents	183	210	223	275	426	539	446	312	441	501
Accounts Receivable	244	370	454	467	479	588	796	849	544	502
Inventories	246	404	460	538	828	716	1,369	1,755	1,653	1367
Goodwill & Int. Ass.	482	885	821	766	2,329	2,391	2,500	2,922	2,797	2648
Total Liabilities	438	1,060	981	841	3,565	3,426	3,706	3,807	3,277	2947
Accounts Payable	163	264	329	287	552	637	915	822	736	628
Long-Term Debt	0	360	145	0	1,903	1,667	1,607	1,767	1,303	1134
Shareholder's Equity	1,065	1,265	1,577	1,938	2,084	2,320	2,922	3,593	3,976	4067
D/E Ratio	0.00	0.28	0.09	0.00	0.91	0.72	0.55	0.49	0.33	0.28

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	13.7%	13.4%	15.3%	16.1%	3.2%	3.9%	10.6%	16.2%	5.10%	3.72%
Return on Equity	19.5%	22.0%	26.3%	24.5%	6.6%	10.1%	25.2%	34.9%	9.89%	6.59%
ROIC	19.5%	19.1%	22.4%	23.5%	4.5%	5.6%	15.4%	22.9%	7.0%	5.06%
Shares Out.	52.4	52.5	52.6	52.7	55.1	55.2	55.2	55.0	53.9	53.7
Revenue/Share	75.2	87.13	137.4	157.6	145.6	147.4	221.2	295.17	206.50	187.07
FCF/Share	3.86	5.50	5.77	6.21	6.99	7.84	7.14	13.53	14.36	7.56

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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