

Mossberg's Investor Digest

From the Editor...

Thank you for your subscription to Mossberg's Investor Digest.

This month's issue highlights **Andina Acquisition Corp II (Nasdaq:ANDA)**, which is currently a blank check, or Special Purpose Acquisition Company, (SPAC) will become **Lazydays Holdings, Inc. (Nasdaq: LAZY)** upon the closing of the pending merger privately-held Lazydays. The Transaction is expected to close before the end of March.

Lazydays is a dealer of new and used recreational vehicles. What makes it unique, is the scale of its dealerships. With just 5 locations and 750 employees, the company generates almost \$600 million of revenue. Annually, 500,000 people visit its locations and 5.5 million viewers visit its websites. While the Company has just one location in Florida, one in Arizona, and three in Colorado, Lazydays enjoys national recognition with help from a national TV Program called "Big Time RV", which airs on the Travel Channel. Lazydays carries more than 25 brands of RVs and the revenue mix is about 90% from RVs and 10% from service, financing and insurance.

Post-merger with greater access to capital, management plans to expand on its success to create a stronger presence geographically through a combination of organic growth and the consolidation of what is a highly fragmented RV dealer market. Favorable trends in RV sales are being driven not just by baby boomers, but also by GenXers and Millennials, which are the fastest growing demographics of RV owners. Lazydays is well positioned to benefit from these trends.

Publicly traded peer, Camping World (NYSE: CWH) trades at 11x EV/ EBITDA and the group average is 7x, so we believe it is reasonable to assume that the company should at least trade at the peer average in the coming years. By applying an 7x multiple to our forecasted 2020 EBITDA of \$49 million, we work backwards from Enterprise Value to come up with a value north of 2X the current value.

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Every month we hear ideas suggested from our large network of professional investors. Here are a few of the ideas we heard this month, but have not reviewed in detail...

Silicom Ltd. (Nasdaq: SILC) - An industry-leading provider of high-performance networking and data infrastructure solutions. Designed primarily to improve performance and efficiency in Cloud and Data Center environments. Their products are used by major Cloud players and service providers as components of their infrastructure. They have a long-term, trusted relationships with more than 150 customers throughout the world, their more than 400 active Design Wins and more than 300 product SKUs have made Silicom a "go-to" connectivity/performance partner of choice for technology leaders around the globe.

Celsion Corp. (Nasdaq: CLSN) - Is a fully integrated biopharma company focused on developing a portfolio of innovative cancer treatments, including directed chemotherapies, DNA-mediated immunotherapy, and RNA-based therapies. Celsion has 3 platform technologies providing the basis for the development of a range of therapeutics for difficult-to-treat forms of cancers. With these technologies they are working to develop and commercialize more efficient, effective, and targeted oncology therapies, maximizing efficacy while minimizing side effects common to cancer treatments.

Xperi Corp. (Nasdaq: XPER) - License innovative technologies and inventions to electronic device companies who, in turn, integrate the technologies into their own enterprise, consumer electronics and semiconductor products. Xperi's technologies and solutions are widely proliferated. Audio technologies and have shipped in billions of devices for the home, mobile and automotive markets. Imaging technologies from FotoNation are embedded in more than 25% of smartphones on the market today. Key end-markets enabled by Xperi's technology solutions include home, datacenter, mobile and automotive.

Tuesday Morning Corp. (Nasdaq: TUES) - One of the original off-price retailers, Tuesday Morning is a leading destination for unique home and lifestyle goods. They specialize in name-brand, better/best products for the home. They are known for irresistible finds at an incredible value and search the world for amazing deals to bring to their customers.

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Mossberg's Investor Digest Idea Performance

The table below shows the relative change in the value of the ideas published since September 2015 and the Russell 2000. **Performance data quoted represents past performance and does not guarantee future results.** Current performance of ideas may be lower or higher than the performance quoted.

Company	Pub. Date	Original Price	Recent Price	Change	Russell 2000 Change Since Pub.	Relative Perf. vs. Russell 2000
Calloway Golf Company (NYSE: ELY).	30-Sep-15	\$8.39	\$15.55	85.3%	39.6%	45.7%
New Gold (NYSE: NGD).	31-Oct-15	\$2.47	\$2.52	2.0%	32.2%	-30.2%
Townsquare Media (NYSE: TSQ)	30-Nov-15	\$11.43	\$7.07	-38.1%	28.2%	-66.4%
Build-A-Bear Workshop (NYSE: BBW)	31-Dec-15	\$11.72	\$9.20	-21.5%	35.3%	-56.8%
Dycom Industries, Inc (NYSE: DY)	31-Jan-16	\$62.18	\$110.35	77.5%	48.4%	29.1%
Rackspace Hosting, Inc. (NYSE: RAX)	29-Feb-16	\$21.54	\$32.00	48.6%	48.6%	0.0%
Kopin Corporation (Nasdaq:KOPN)	31-Mar-16	\$1.66	\$3.08	85.5%	37.9%	47.6%
PAR Technology Group (NYSE: PAR)	30-Apr-16	\$6.39	\$11.17	74.8%	35.9%	38.9%
Full House Resorts Inc. (Nasdaq: FLL)	30-May-16	\$1.60	\$3.15	96.9%	33.6%	63.3%
Control4 Corporation (Nasdaq: CTRL)	30-Jun-16	\$7.99	\$24.16	202.4%	33.4%	169.0%
KapStone Paper and Packaging Corporation (NYSE: KS)	31-Jul-16	\$14.28	\$34.88	144.3%	25.9%	118.3%
Ampco-Pittsburgh Corp. (NYSE: AP)	31-Aug-16	\$11.12	\$10.50	-5.6%	23.9%	-29.5%
Select Comfort Corporation (Nasdaq: SCSS)	30-Sep-16	\$22.51	\$32.50	44.4%	22.8%	21.6%
Northwest Pipe Co. (NWPX)	31-Oct-16	\$13.16	\$17.34	31.8%	29.0%	2.8%
Mitel Networks Corporation (Nasdaq: MITL)	30-Nov-16	\$7.25	\$8.22	13.4%	16.2%	-2.8%
Black Box Corporation (Nasdaq: BBOX)	31-Dec-16	\$15.25	\$2.03	-86.7%	13.2%	-99.9%
RadNet, Inc. (Nasdaq: RDNT)	31-Jan-17	\$5.80	\$10.05	73.3%	12.8%	60.5%
Guidance Software, Inc. (Nasdaq: GUID)	28-Feb-17	\$6.60	\$7.10	7.6%	10.8%	-3.2%
Calgon Carbon Corporation (NYSE: CCC)	31-Mar-17	\$14.25	\$21.38	50.0%	10.9%	39.1%
LRAD Corporation (Nasdaq: LRAD)	30-Apr-17	\$1.51	\$2.22	47.0%	9.7%	37.3%
Trecora Resources (NYSE: TREC)	31-May-17	\$10.65	\$11.15	4.7%	12.1%	-7.4%
EVINE Live Inc. (Nasdaq: EVLV)	30-Jun-17	\$1.00	\$1.13	13.0%	8.6%	4.4%
LSI Industries Inc. (Nasdaq: LYTS)	31-Jul-17	\$8.38	\$7.91	-5.6%	7.8%	-13.4%
Cooper Tire & Rubber Company (NYSE: CTB)	31-Aug-17	\$33.80	\$31.60	-6.5%	9.3%	-15.8%
RealNetworks, Inc. (Nasdaq: RNWK)	30-Sep-17	\$4.78	\$2.83	-40.8%	3.1%	-43.9%
NCI Building Systems, Inc. (NYSE: NCS)	30-Oct-17	\$15.65	\$16.53	5.6%	3.1%	2.5%
TransAct Technologies, Inc. (Nasdaq: TACT)	30-Nov-17	\$13.60	\$14.00	2.9%	-0.5%	3.4%
Regis Corporation (NYSE: RGS)	30-Dec-17	\$15.36	\$16.28	6.0%	0.1%	5.9%
Team, Inc. (NYSE: TISI)	30-Jan-18	\$16.95	\$16.50	-2.7%	-2.9%	0.3%
				Average	31.4%	17.9%
						13.5%

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Best Idea Profile: Andina Acquisition Corp (Nasdaq:ANDA)/ Lazydays Holdings, Inc., (Nasdaq: LAZY)

DESCRIPTION:

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Post-merger with greater access to capital, management plans to expand on its success to create a stronger presence geographically through a combination of organic growth and the consolidation of what is a highly fragmented RV dealer market.

Andina Acquisition Corp II (Nasdaq:ANDA) Lazydays Holdings, Inc. (Nasdaq: LAZY)* Investment Data (as of 2/28/18)

Recent Price	\$9.85
52-Week Range	\$9.51 - \$10.46
Fiscal Year End	November
Dividend	N/A
Yield	N/A
Shares Outstanding*	11.7 M
Average Trading Volume (3 mos)	30,000
Market Capitalization	\$117 M
Net Debt*	\$91 M
Enterprise Value (EV)	\$201 M
TTM Revenue**	\$591 M
EV/ Revenue	0.4x
2017 EBITDA*	\$29 M
EV/EBITDA	7.2x
Book Value Per Share	N/A
*proforma from company presentation	
**proforma from SEC Filings	

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KEY INVESTMENT CONSIDERATIONS:

Favorable Secular Trends are driving strong growth trends in RV sales

Favorable trends in RV sales are being driven not just by baby boomers, but also by GenXers and Millennials, which are the fastest growing demographics of RV owners. Lazydays is well positioned to benefit from these trends.

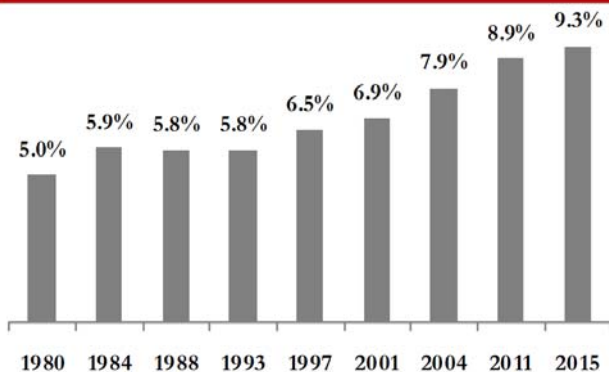
People Like to Play Outdoors

- 61% of U.S. households went camping in 2016
- 3.4 million U.S. households went camping for the first time over the last 3 years
- There was \$887 Billion spent on the "outdoor economy" in 2016
- 37 million North American Families go Camping at least 1x per year (22% are RV Campers)
- 72% of people camping in 2016 were GenX or Millennials

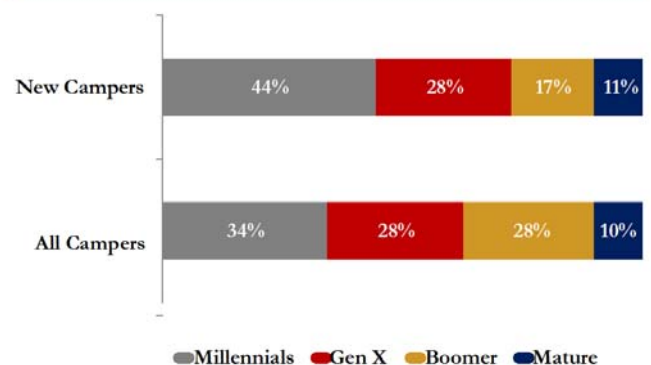
RV Ownership Rates Increasing

- 9 million households own an RV
- Baby Boomers are retiring at a rate of 10,000 per day will reach 65 through 2030
- GenX and Millennials have continually posted the largest gains in RV ownership rates

RV OWNERSHIP % AMONG U.S. HOUSEHOLDS⁽³⁾

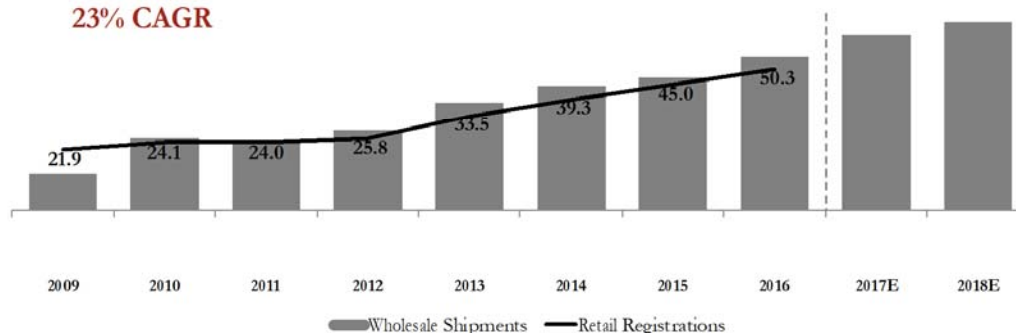


RV OWNERSHIP DEMOGRAPHICS⁽³⁾



Motorized Unit Volumes (North America, in thousands)

Wholesale Shipments:
23% CAGR



Source: Company Presentation

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KEY INVESTMENT CONSIDERATIONS:

Strategic Growth Drivers

Geographic Expansion – With only five locations, the company has plenty of room for growth. There is opportunity for organic growth by filling out the regions where it currently operates and leveraging the assets it has in Florida, Arizona and Colorado. In addition, there are lots of greenfield opportunities in states like Texas, upper Midwest, California, Ohio Valley where the Company may choose to enter through acquisition.

Consolidating a fragmented market – The RV dealer market is highly fragmented with mostly smaller companies comprising the 2,200 base of dealers in the U.S. Only 6% of them generate more than \$25 million of revenue. The company will benefit by expanding the sales and profitability of the acquired businesses by implementing best practices, as well as adding the benefits of scale and scope to these businesses.

Dealer Size by Revenue	
Over \$1 billion	1
\$500 million to \$1 billion	3
\$100 million to \$500 million	15
\$50 to \$100 million	30
\$25 to \$50 million	75
\$0 to \$25 million	2,050
Total	2,174

Source: Company Presentation

Strong Management

Bill Murnane, Chairman and Chief Executive Officer – Former Chairman of Lazydays, Mr. Murnane became CEO in 2016. Previously he was a former principal and operating partner at Wayzata Investment Partners (Multi-\$billion PE firm), specializing in turn-arounds, and was CEO of Innovex (\$Billion+ electronics manufacturer). It is unusual to have an executive of with Mr. Murnane's skills and experience involved with a small company with a \$200 million enterprise value and clearly he has plans to make this a much larger business and is excited about the opportunities. As he said in the call announcing the transaction, "I fairly quickly realized that this was a tremendous opportunity and something that I personally wanted to pursue."

Maura Berney, Chief Financial Officer – Ms. Berney joined in June 2017 as CFO and brings experience overseeing the finance function for more than 100 dealerships at AutoNation that totaled revenue of more than \$7 billion. At AutoNation Ms. Berney was involved with the integration of several acquisitions, as well as increasing back office efficiencies.

Lorne Weil, Vice-Chairman – Lorne Weil will serve as Vice-Chairman post transaction. He was previously the Chairman and CEO of Scientific Games, a company he helped grow from \$50 million to more than \$2 billion in annual sales. He also was Chairman of Inspired Entertainment and successfully completed another SPAC company that invested in Tecnoglass.

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Valuation

	2017	2018	2019	2020
Acquisitive Growth		100	100	100
Organic Growth		24	29	34
Revenue	592	715	844	978
EBITDA	30	36	42	49
EBITDA Margin	5.0%	5.0%	5.0%	5.0%
Net Debt	90	93	91	86
Free Cash Flow		21	25	29
Acquisitions		24	24	24
EV/ EBITDA Multiple				7x
Enterprise Value				342
Market Cap				305
Shares Outstanding				11.7
Price Per Share				21.90

Our back of the envelop valuation above makes the following assumptions regarding valuation:

Revenue: We assume a 4% organic revenue growth rate annually over the next three years. Given the strong secular trends in the RV industry this may prove to be conservative. We assume roughly \$300 million in acquired revenue, roughly \$100 million each year. We normally don't try to forecast acquisitive revenue due to the obvious uncertainties, nevertheless this will clearly be part of the company's strategy. We assumed \$300 million, because this was the amount of acquired revenue that could be acquired without making significant changes to the company's capital (net debt). This too has assumptions (detailed below)

EBITDA Margin: EBITDA margin is 5%, which is consistent with the company's YTD performance. To be conservative we expect no change to EBITDA performance, although there are likely efficiencies to be gained as the company leverages overhead cost over a larger footprint.

Free Cash Flow: We assume 60% of EBITDA will convert into free cash flow, which is consistent recent performance.

Acquisitions: We assume acquisitions can be made at approximately 6x acquired-company EBITDA and assume acquired companies historically produce 4% EBITDA margin. Post-acquisition, we assume acquired revenue will generate company-average EBITDA margin of 5%.

Valuation: Publicly traded peer, Camping World (NYSE: CWH) trades at 11x EV/ EBITDA and the group average is 7x, so we believe it is reasonable to assume that the company should at least trade at the peer average in the coming years. By applying an 7x multiple to our forecasted 2020 EBITDA of \$49 million, we work backwards from Enterprise Value to come up with a value north of 2X the current value.

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The value proposition of the digest is essentially an "Idea Generator". During the course of my 18-year career in capital markets, I've had the chance to meet and work closely with some very smart professional investors who have consistent track records of outperforming the market indexes. Some of these investors, which include mutual fund managers, hedge fund managers, and other professional investors, are kind enough to share their best ideas with me. I conduct my own analysis of their ideas and publish summaries of those ideas I think represent timely investment opportunities. Over time, I trust the majority of these ideas will pan out and help subscribers generate index-beating returns.

The goal of the Best Idea Profiles in this newsletter is to briefly describe the most relevant investment merits and risks of a company. It is not intended to be an exhaustive report including every detail. With limited space available, I am forced to include only those data points that I feel are most important for subscribers to know before they begin their own due diligence. Thank you for your interest in Mossberg's Investor Digest.

Disclosures

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*As of February 2018, the publisher owns shares of CUBI, RGS, TISI, RNWK, TREC, EVLV, MITL, KOPN, TACT, FLL, and DSNY.

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