

# CHWY (Chewy) Stock Analysis: Buy at \$22.97 | \$35 Target

By Spicer Matthews · May 10, 2026 · options.cafe

## BUY

Scale in at \$22.97 with 50% at market, add at \$21 and on a reclaim of \$25.81. Hard stop below \$20. Trim at \$32-33 and \$41.

CURRENT PRICE

**\$22.97**

12-MO TARGET

**\$35**

UPSIDE

**+52.4%**

TIMEFRAME

**12-18 Months**

CONVICTION

**MEDIUM**

RISK/REWARD

**52% up / 13% dn**

**83.3%**

Autoship % of Sales

**\$562M**

FY2025 Free Cash Flow

**0.50**

PEG Ratio

**\$0**

Traditional Debt

**19.0x**

Forward P/E

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## Executive Summary

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This CHWY stock analysis covers Chewy Inc.'s fundamentals, technicals, SEC filings, market sentiment, and insider activity as of May 2026. Here is the bottom line on Chewy stock analysis at the current \$22.97 print:

- **BUY CHWY at \$22.97 with a \$35 price target.** The thesis is structural, not earnings-driven. BC Partners just finished a \$4.15B exit after 22 months and 9 secondary offerings. Smart money (Viking Global, Holocene Advisors) has begun replacing the freed-up float. The stock is at a 52-week low at the exact moment the largest structural overhang in the company's history was cleared.
- **The business underneath is a debt-free free cash flow compounder.** FCF grew 60x in four years — from \$9M in FY2021 to \$562M in FY2025 — on \$0 traditional debt, \$879M cash, and an undrawn \$800M ABL facility. This is unusual for a low-margin retailer.
- **Autoship at 83.3% of net sales is a real subscription moat.** Net Sales Per Active Customer (NSPAC) compounded from \$372 to \$591 over five years even as gross customer count plateaued. This is consumer-staples-like recurring revenue inside a stock that the market is pricing like a struggling discretionary retailer.
- **The valuation reset is real.** Forward P/E 19x with consensus 38% EPS growth (PEG 0.50). P/S 0.76 below 1x revenue. Analyst consensus 1.52 Strong Buy with \$41.24 target = +80% upside. Even haircut to a base case \$35 target, the risk/reward is asymmetric: ~\$3 of downside to firm support at \$20 vs \$12-18 of upside to mean reversion.
- **The bear case is governance, not business.** Stock-based compensation (\$311M FY2025) exceeded GAAP net income (\$223M). Three CFOs in three years. \$950M of buybacks went directly to BC Partners' vehicle rather than open-market minority holders. CEO Sumit Singh's wife runs the highest-growth segment. These risks are real but already priced into a name trading at PEG 0.50.

Report	Signal	Key Finding
<b>Fundamentals</b>	<b>BULLISH</b>	FCF compounding \$9M → \$562M, \$0 debt, 83% Autoship, PEG 0.50
<b>SEC Filings</b>	<b>MIXED</b>	Pristine balance sheet, but 3 CFOs in 3 yrs, SBC > GAAP NI, BC buyback prices flagged
<b>Technical</b>	<b>MIXED</b>	RSI 33.6, at 52W low, all MAs bearish — but capitulation volume 1.71x average
<b>News &amp; Events</b>	<b>BULLISH</b>	89 articles in 30 days. "Strategically right tactically painful" narrative. Zacks Strong Buy.
<b>Insider/ Institutional</b>	<b>BULLISH (Structural)</b>	BC fully exited, Viking + Holocene smart money in, +3.09% Q/Q institutional accumulation
<b>Sentiment</b>	<b>MIXED</b>	Media bullish (Motley Fool, Seeking Alpha), Reddit cold, Twitter inconclusive
<b>COMPOSITE</b>	<b>MODERATELY BULLISH</b>	Four reports bullish or constructive; two mixed. No report bearish.

## CHWY Investment Thesis

Chewy at \$22.97 is the rare case where **a structural overhang has just been removed at the exact moment the stock hits a 52-week low**. For 22 months, BC Partners (Argos Holdings) liquidated approximately 190M shares — 47% of the entire company — across nine secondary offerings, suppressing every rally and topping out the stock at \$48.62 in late 2025. As of October 9, 2025, Argos Holdings owns zero CHWY shares. Smart money has begun replacing the displaced float: **Viking Global** (Ole Andreas Halvorsen, Tiger Cub) initiated a 5.70% position in December 2025, and **Holocene Advisors** (Brandon Haley, Citadel-pedigreed long/short) initiated 5.54% in May 2025. Net institutional transactions are +3.09% quarter-over-quarter despite the price weakness.

Underneath the supply/demand reset is a genuinely compounding business. Free cash flow grew from \$9M (FY2021) to \$562M (FY2025) — a 60x increase in four years on a debt-free balance sheet now sitting on \$879M of cash and an undrawn \$800M ABL facility. Gross margin expanded 310 basis points to 29.8%. Adjusted EBITDA margin went from 0.9% to 5.7%. Autoship penetration hit 83.3% of net sales (\$10.5B), creating subscription-like revenue visibility that doesn't show up in consumer e-commerce comps. NSPAC compounded from \$372 to \$591 even as gross customer count plateaued during the post-COVID unwind.

The market is currently penalizing CHWY for three things: (1) the Modern Animal vet acquisition spend that dropped the stock 6.9% on announcement, (2) revenue growth decelerating from 24% to 6%, and (3) the optically bearish CEO 10b5-1 sale on May 5. All three are misjudged on time horizon. Vet expansion is the highest-margin extension of the PracticeHub platform that already serves ~50% of US vet clinics. Growth deceleration is the natural maturation of a 21M-customer subscription business that has shifted to compounding NSPAC. The CEO sale is mechanical 10b5-1 sell-to-diversify, not signal.

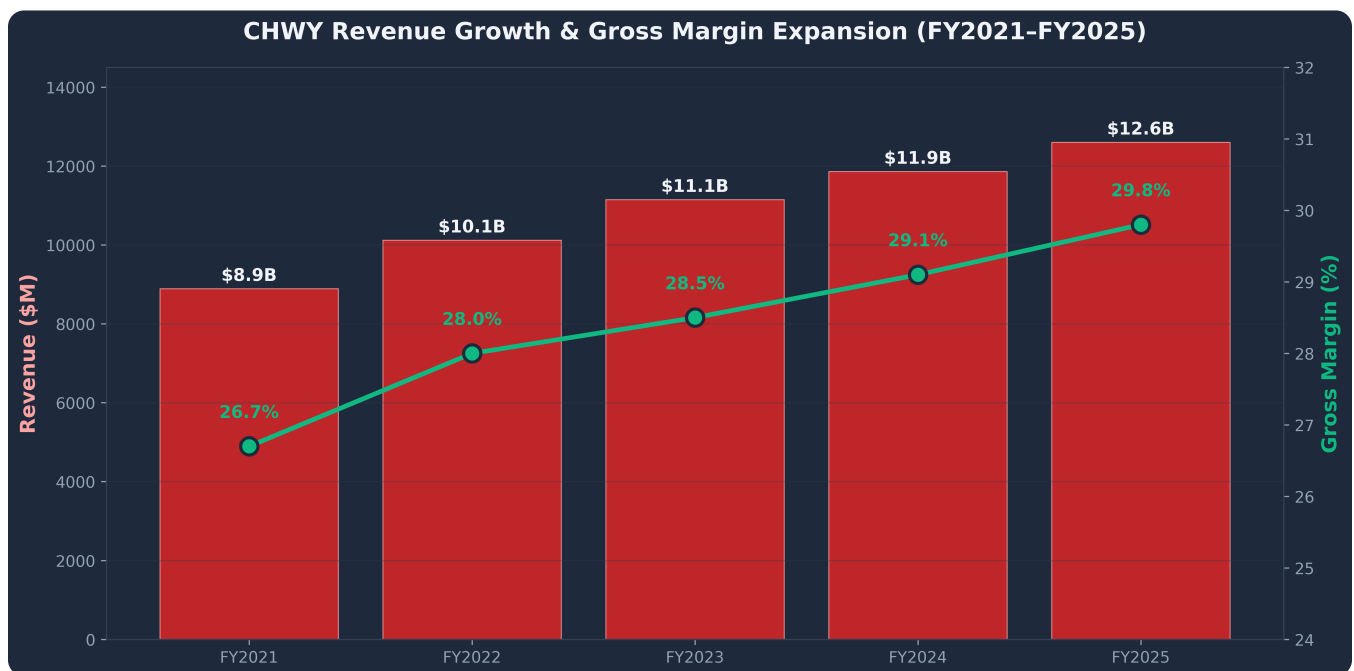
### **Key Strength**

At Forward P/E 19x with consensus 38% EPS growth, CHWY trades at PEG 0.50 — the cheapest on growth-adjusted basis since IPO. Even with a conservative haircut to the \$41 analyst consensus target, a base case \$35 implies +52% upside against ~\$3 of downside to firm support at \$20.

# CHWY Fundamental Analysis

Chewy is the largest pure-play online pet retailer in the United States, founded in 2011, acquired by PetSmart (a BC Partners portfolio company) in 2017, and IPO'd in 2019. The company runs 17 fulfillment centers totaling 9.87M square feet across the US and Canada, partners with ~4,000 brands across ~190,000 SKUs, and claims the "#1 pet pharmacy in America" title. Fiscal year ends late January / early February. Market cap is \$9.57B at \$22.97, with enterprise value of \$9.25B.

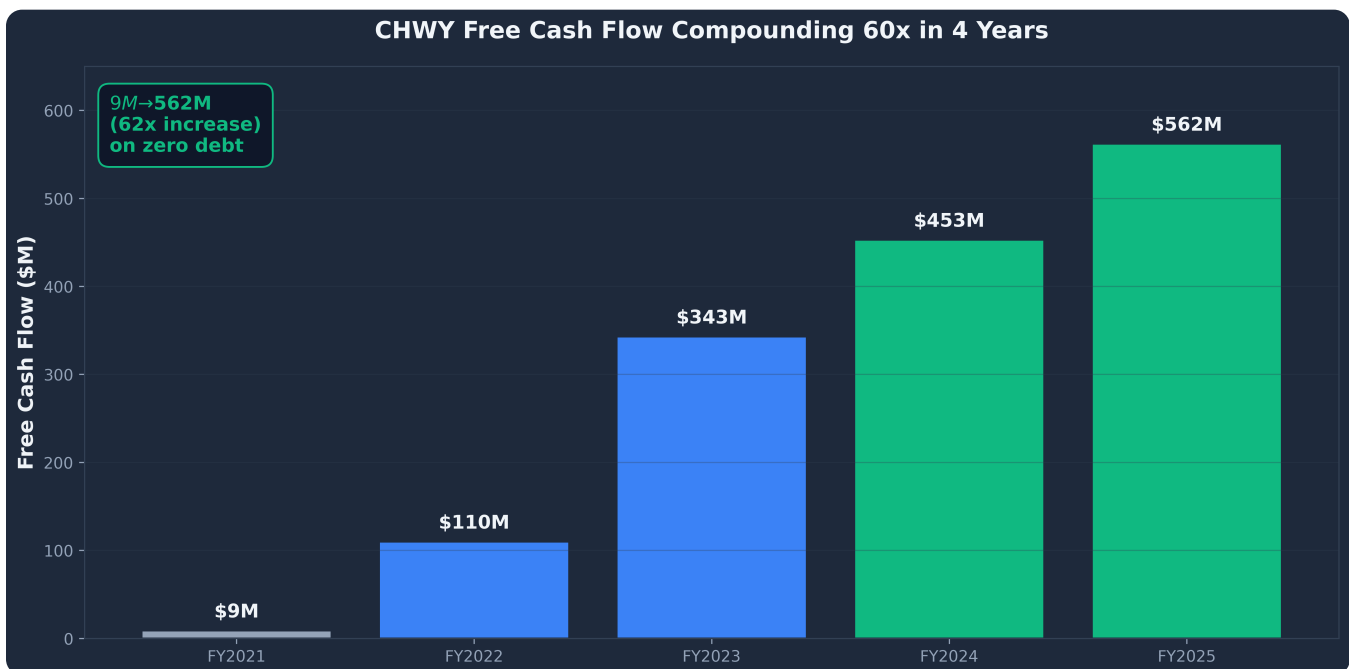
## CHWY Revenue Growth and Margin Expansion



The headline number that bears love — revenue growth decelerating from 24% to 6% — obscures the more important story underneath. Gross margin expanded 310 basis points over four years (26.7% → 29.8%), and adjusted EBITDA margin expanded 480 basis points (0.9% → 5.7%). FY2024 was a 53-week year worth \$227M, so the FY2025 6.2% reported growth was actually 8.3% on a comparable 52-week basis.

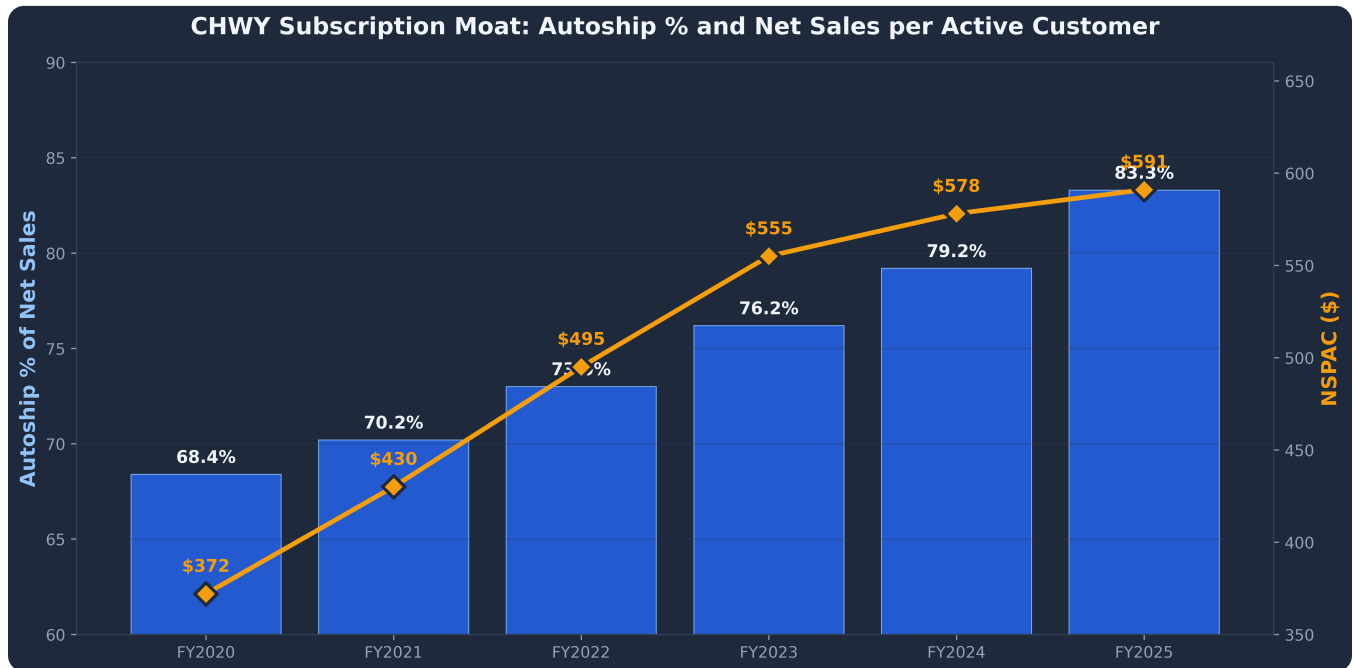
Metric (\$M)	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	8,891	10,119	11,148	11,861	12,602
Revenue YoY %	24.4%	13.6%	10.2%	6.4%	6.2%
Gross Margin %	26.7%	28.0%	28.5%	29.1%	<b>29.8%</b>
Adj. EBITDA Margin	0.9%	2.1%	3.3%	4.8%	<b>5.7%</b>
Adj. EPS	\$0.20	\$0.45	\$0.69	\$1.10	<b>\$1.27</b>

## Chewy Free Cash Flow Compounding 60x in 4 Years



Free cash flow is where the Chewy story gets interesting. FCF grew from \$9M (FY2021) → \$110M → \$343M → \$453M → \$562M (FY2025). That's a 62x increase in four years on a low-single-digit revenue growth base. Capital expenditures peaked at \$230M in FY2022 and have declined to \$129M in FY2025 even as the company opens vet clinics and pharmacy facilities — this is pure operating leverage, not a CapEx holiday. At \$22.97, the market is paying ~17x FCF for a business that grew FCF 24% year-over-year and has a debt-free balance sheet.

## The Autoship Subscription Moat



Autoship is the most underappreciated piece of the Chewy stock analysis. Autoship customer sales hit \$10.50B in FY2025, equaling **83.3% of net sales** — up from 68% in FY2020. This is the strongest indicator of customer stickiness. Subscription customers pre-commit, churn less, and grow Net Sales Per Active Customer (NSPAC) faster. NSPAC rose from \$372 (FY2020) to \$591 (FY2025) — that's 59% growth even while gross customer count plateaued during the post-COVID unwind. The economics resemble a consumer staples business with recurring revenue, not a discretionary retailer.

## CHWY Pristine, Debt-Free Balance Sheet

Balance Sheet Item	Value (Feb 1, 2026)
Cash + Marketable Securities	<b>\$879M</b>
Total Traditional Debt	<b>\$0</b>
ABL Revolving Facility	\$800M capacity, undrawn
Accordion Option	\$250M available
Operating Lease PV	\$557M (10.2-yr avg term)
Goodwill	\$39M (Petabyte 2022)

Zero traditional debt is unusual for a low-margin retailer. The current ratio of 0.88 looks weak in isolation but is funded by trade payables — Chewy collects from customers faster than it pays suppliers. The only goodwill on the books is \$39M from the Petabyte acquisition in 2022. This is a genuinely-built business, not a roll-up.

## CHWY Valuation Metrics and Forward P/E

Metric	Value	Interpretation
P/E (TTM)	43.92	Elevated on GAAP — depressed by SBC and FY2024 tax base effect
Forward P/E	<b>19.04</b>	Reasonable given 38% expected EPS growth
PEG	<b>0.50</b>	Cheap on growth-adjusted basis
P/S	0.76	Below 1x revenue for a 30%-gross-margin retailer
P/FCF	17.02	Reasonable for compounding FCF stream
EV/Sales	0.73	Below 1x after net cash adjustment
ROIC	21.92%	Strong capital efficiency

## Chewy Peer Comparison: CHWY vs AMZN, WMT and COST

CHWY trades at the lowest P/S of its comp group despite having the highest gross margin of any e-commerce comp and subscription-like Autoship characteristics that arguably warrant a Costco-style premium multiple.

Ticker	P/S	P/E Fwd	EV/EBITDA	Profile
<b>CHWY</b>	<b>0.76</b>	<b>19.0</b>	23.3	Online pet retailer (subscription anchor)
WMT	1.05	32.0	~17	Mass retail leader
COST	1.45	50.0	~30	Subscription retailer
AMZN	3.30	35.0	~17	Direct e-commerce competitor
TSCO	1.55	22.0	~16	Pet/farm specialty retailer

## Reframe the Multiple

The market is pricing CHWY as a structurally challenged retailer. I think it's a subscription-anchored commerce platform with optionality in vet care and ads. If CHWY traded at COST's P/S of 1.45, the stock would be at ~\$44 today.

## CHWY Technical Analysis

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CHWY is in a confirmed downtrend with all three primary moving averages stacked bearishly. SMA 200 sits at ~\$32.30, a 29% gap to current price — an extreme deviation typically seen at capitulation extremes. RSI (14) at 33.62 is near oversold and printed sub-30 intraday during the May 8 Modern Animal selloff. Relative volume is running 1.71x average on the decline, which is climactic-style action that often marks short-term lows when followed by lower-volume basing.

Indicator	Value	Signal
Price vs SMA 20	-11.02%	BEARISH (below)
Price vs SMA 50	-10.83%	BEARISH (below)
Price vs SMA 200	-28.94%	DEEPLY BELOW
RSI (14)	33.62	APPROACHING OVERSOLD
Beta	1.49	HIGH (49% more volatile than SPX)
ATR (14)	\$1.21	~5% average daily range
Relative Volume	1.71x	ELEVATED (capitulation-like)
52W Position	+1.01% off low	NEAR 52W LOW

## CHWY Support, Resistance and Price Target Levels



The first technical reversal signal is a daily close above \$25.81 (SMA 20). Above that, the next resistance is the SMA 200 at ~\$32-33, followed by the BC Partners final exit price at \$37.65 (now widely held above), the analyst consensus target at \$41.24, and the 52-week high at \$48.62. On the downside, the recent 52-week low at \$22.74 is the immediate support, with \$20 as the psychological/2024-BC-floor level, \$17-18 as the 2024 base, and \$14 as the absolute April 2024 low.

## CHWY Technical Scenarios and Trade Setups

### Bullish Case (40% probability)

**Trigger:** Daily close above \$25.81 (SMA 20) on average or higher volume.

- \$28.20 — 78.6% Fib (initial)
- \$32.67 — 61.8% Fib + SMA 200
- \$35.68 — 50% Fib (base case)
- \$41.24 — analyst consensus

### Bearish Case (35% probability)

**Trigger:** Break below \$22.74 on volume, especially on a Q1 FY2026 miss or antitrust escalation.

- \$20 — psychological + 2024 BC floor
- \$17-18 — 2024 base support
- \$14 — ultimate support (Apr 2024 low)

The remaining 25% probability is a range-bound chop between \$22-28 awaiting the Q1 FY2026 earnings catalyst.

# Chewy SEC Filings Deep Dive

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I reviewed 40 Chewy filings (FY2021 through Q3 FY2025) on [EDGAR](#). Five things stand out.

## 1. Stock-Based Compensation Dwarfs GAAP Earnings

SBC + payroll taxes were **\$311M in FY2025 vs \$223M of GAAP net income**. In FY2024, SBC (\$332M) was nearly equal to NI (\$393M, itself flattered by a \$275M tax valuation allowance release). At 2.5% of revenue, Chewy's SBC ratio is roughly 5x the typical mature retailer (~0.5%). Total RSU + PRSU overhang is 22.8M unvested + 76.5M reserved = ~99M of potential dilution, or ~24% of shares outstanding. Buybacks have offset only ~32M shares. Adjusted EPS is essentially "EPS before paying employees."

## 2. BC Partners Used Chewy's Cash to Buy Themselves Out

Of the \$1.2B in FY2024-FY2025 share repurchases, approximately \$950M was direct purchases from BC Partners' vehicle **Buddy Chester Sub LLC** at progressively higher prices (\$28.49 → \$29.40 → \$31.32 → \$41.75). Only ~\$210M was open-market repurchases benefiting minority holders. Chewy effectively funded its sponsor's exit instead of returning capital to remaining shareholders. The remaining \$250M authorization is small relative to the float.

## 3. Three CFOs in Three Years

Date	Event
Jul 2023	Mario Marte (long-tenured CFO) resigns
Dec 2023	David Reeder appointed CFO with \$16.8M new-hire equity grant
May 2025	Reeder departs after 15-month tenure; total comp \$27.8M
Feb 2026	Christopher Deppe (ex-Amazon, internal VP Finance since 2022) promoted to CFO

CFO churn at this rate is a serious governance red flag — typically signals tension with the CEO or strategic/accounting disagreements. The Reeder \$27.8M for 15 months of work is particularly jarring.

## 4. CEO's Wife Runs the Highest-Growth Segment

CEO Sumit Singh's wife, **Aseemita Malhotra, is President of Healthcare at Chewy** — the company's highest-growth vertical. Both Singh and Malhotra adopted 10b5-1 plans on January 16, 2026. Malhotra's plan authorizes 76,710 shares; Singh's plan authorizes up to 612,185 shares through January 2027. This is a related-party concentration that doesn't show up in most retail screens.

## 5. Management Credibility Scorecard

Promise	Outcome	Verdict
Grow active customers continuously	Customers fell in FY2022 / FY2023	<b>MISSED</b>
Sustained revenue growth + margin expansion	Growth slowed 14% → 6%, but margins did expand	<b>MIXED</b>
Launch Canada + international expansion	3 years in, no revenue disclosure, \$95M foreign NOL	<b>BEHIND</b>
Chewy Vet Care — 8 clinics FY2024	18 operational + 25 with leases by FY2025	<b>DELIVERED</b>
Adj. EBITDA margin improvement	0.9% → 5.7% over 4 years	<b>DELIVERED</b>
Free cash flow generation	\$9M → \$562M in 4 years	<b>STRONGLY DELIVERED</b>
Buyback execution	~\$950M to BC Partners vs ~\$210M open market	<b>QUESTIONABLE</b>

### Hidden Gem: Sponsored Ads

Sponsored ads were disclosed only as a margin driver (60bp gross margin lift in FY2025), but structurally this is a high-margin ad-tech business leveraging first-party data on 21M active customer relationships. If Chewy formally segments and discloses ad revenue, this could be a re-rating catalyst on its own.

## CHWY News and Catalysts

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CHWY has received above-baseline media coverage this month — 89 articles in the last 30 days, 44 in the last 7. Sentiment breaks down as 38 neutral / 30 bullish / 21 bearish. The dominant narrative is "strategically right, tactically painful": analysts and writers across [Motley Fool](#), [Seeking Alpha](#), [simplywall.st](#), and BNN Bloomberg argue the long-term moves are correct but the market is punishing the spend.

### Recent Headlines

Date	Source	Headline	Tone
May 8, 2026	MarketBeat	CHWY Hits New 1-Year Low at \$22.73	Bearish
May 8, 2026	Pet Food Processing	Chewy Expands Into Vet Services With Modern Animal Acquisition	Neutral
May 7, 2026	The Motley Fool	Chewy Is Down 25% This Year — Investors Should Be Eager to Buy	Bullish
May 5, 2026	GeekWire	Amazon VP Is Now Chewy CTO	Bullish
May 5, 2026	Investing.com	CEO Sumit Singh Sells \$2.24M In Stock (10b5-1)	Bearish
Apr 24, 2026	Seeking Alpha	Chewy: Durable Demand And Consistent Earnings Growth	Bullish
Apr 17, 2026	Yahoo Finance / Zacks	Zacks Upgrades CHWY to Strong Buy	Bullish
Apr 14, 2026	MarketBeat	Tanking Stocks Announcing Buybacks (CHWY Included)	Bullish

## Upcoming Catalysts

Date	Event	Bull / Bear Outcome
Late May / Early June 2026	Q1 FY2026 Earnings (primary catalyst)	Customers 21M+, Autoship 84%+ / Customer decline, SBC outpaces FCF
Ongoing	Buyback execution at sub-\$25	\$100M+ open market = conviction / Quiet quarter = none
Q1 FY2026	SmartPak Equine first revenue (\$175M Feb 2026 deal)	Accretive / Margin drag
Q2 FY2026 (~Sept 2026)	Modern Animal first integration disclosure	Unit economics positive / Open-ended spend
Ongoing	California antitrust developments	Resolves manageably / Material damages
March 2027	FY2026 10-K with potential ads segment breakout	Sponsored ads formal segment / No disclosure

## CHWY Market Sentiment

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The internet's read on CHWY at \$22.97 is bifurcated: financial media is bullish, Reddit has gone cold, and Twitter is dominated by spam. This media/retail divergence often precedes inflection points — when retail rediscovers a name that media has been bullish on, multiple expansion can be sharp.

## Reddit Activity

Subreddit	Activity	Tone
r/wallstreetbets	LOW (cooling)	Last post Sept 2025 oversold thesis — buyers wiped out
r/stocks	VERY LOW	Indifferent
r/investing	NONE	Off the radar
r/ValueInvesting	LOW but recent	Polarized; bull OP, bear top comments

## Bull vs Bear Community Arguments

### Bull (Financial Media)

- "Down 25% YTD — investors should be eager to buy" (Motley Fool)
- Consumer-staples-like demand profile (Seeking Alpha)
- 83% Autoship locks in loyal customers (r/WSB)
- Vet expansion to ~275 clinics by 2030 (Morgan Stanley)
- Zacks Strong Buy upgrade April 17
- Private-label margin push (Frisco, Vibeful, Get Real)

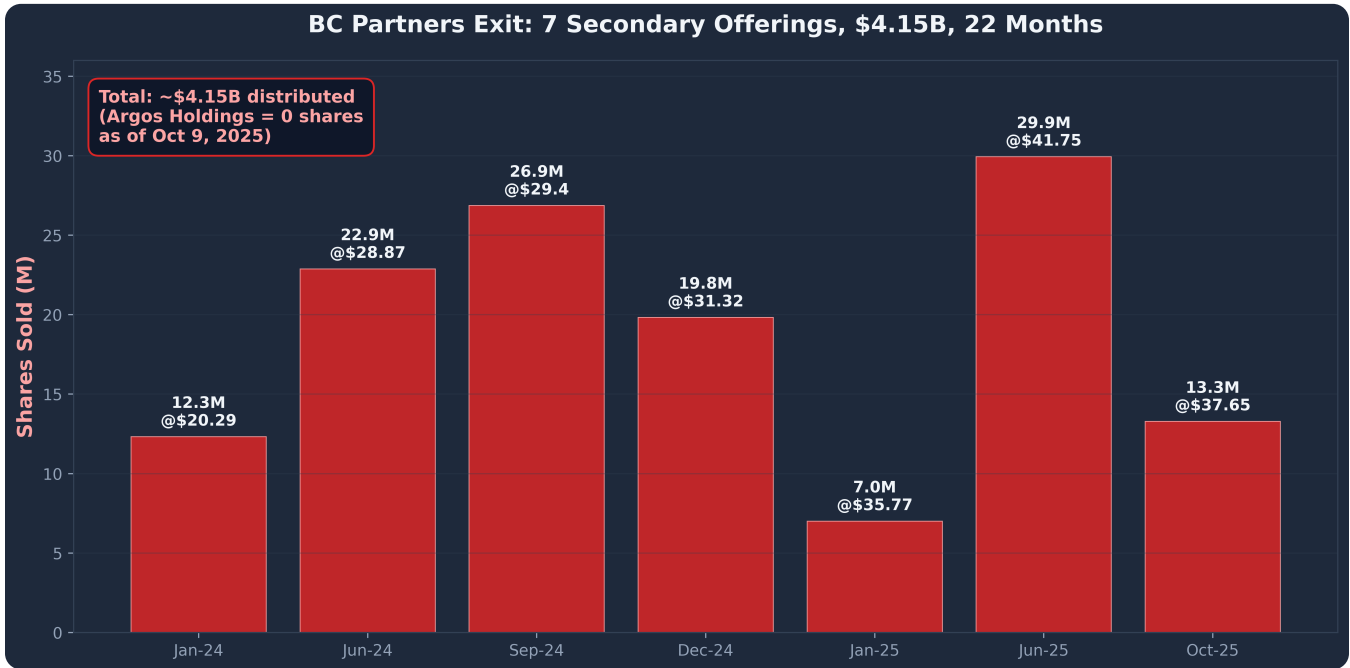
### Bear (Reddit Value Crowd)

- "Stock down 26% in 10y, 77% in 5y" (r/ValueInvesting)
- "SBC of \$307M+ eats free cash flow; only \$60M real FCF"
- "No moat, 2% net income margin, dilution treadmill"
- "Vets hate Chewy" — vet clinic headwind
- Canada/EU 3 yrs in — no revenue disclosure
- P/FCF doesn't justify 80% upside scenarios

## CHWY Insider and Institutional Activity

The single most important data point in the entire CHWY stock analysis: **Argos Holdings = 0 shares as of October 9, 2025**. After 22 months and nine secondary offerings totaling ~\$4.15B, the pre-IPO controlling sponsor has fully exited. Combined with net institutional accumulation of +3.09% Q/Q despite the price drop, this is the most constructive structural setup CHWY has had since IPO.

## BC Partners (Argos Holdings) Exit Timeline



Date	Shares (M)	Price	Value
Jan 9, 2024	12.32	\$20.29	-\$250M
Jun 26, 2024	22.88	\$28.87	-\$660M
Sep 23, 2024	26.87	\$29.40	-\$790M
Dec 13, 2024	19.83	\$31.32	-\$621M
Jan 6, 2025	7.00	\$35.77	-\$250M
Jun 25, 2025	29.94	\$41.75	-\$1,250M
<b>Oct 9, 2025</b>	<b>13.28</b>	<b>\$37.65</b>	<b>-\$500M (FULLY EXITED)</b>

## Smart Money Entries

**5.70%**

Viking Global  
(Halvorsen, Tiger Cub)  
~\$310M position Dec 2025

**5.54%**

Holocene Advisors  
(Brandon Haley, Citadel-bred)  
Initiated May 2025

**+3.09%**

Net Inst. Trans  
Q/Q accumulation despite drawdown

## Insider Activity (5-Year Summary)

Metric	Value
Total Insider Buys (5y)	5 trades / +422K shares / +\$12.3M
Total Insider Sells (5y)	124 trades / -141M shares / -\$4.66B
Buy : Sell Ratio	\$1 buys per \$378 sells
BC Partners share of sales	~\$4.15B (89% of all sales)
Only insider buyer in 5 years	Director James A. Star (5 buys, 2021-2023)
Most recent insider sale	CEO Singh, May 4, 2026 (\$2.24M, 10b5-1)

### The Insider Conviction Gap

Only one director — James Star — has ever bought CHWY in five years, and he stopped buying after December 2023. CEO Sumit Singh has sold \$77M+ via 10b5-1 plans with no offsetting open-market purchase. Officer comp is heavily SBC-weighted but no officer has chosen to buy meaningful additional stock with their own cash. The structural BC Partners exit story is real, but insider conviction signaling is entirely absent.

## CHWY Risk Factors

Below are the material risks to the CHWY stock analysis thesis, ranked by probability and impact.

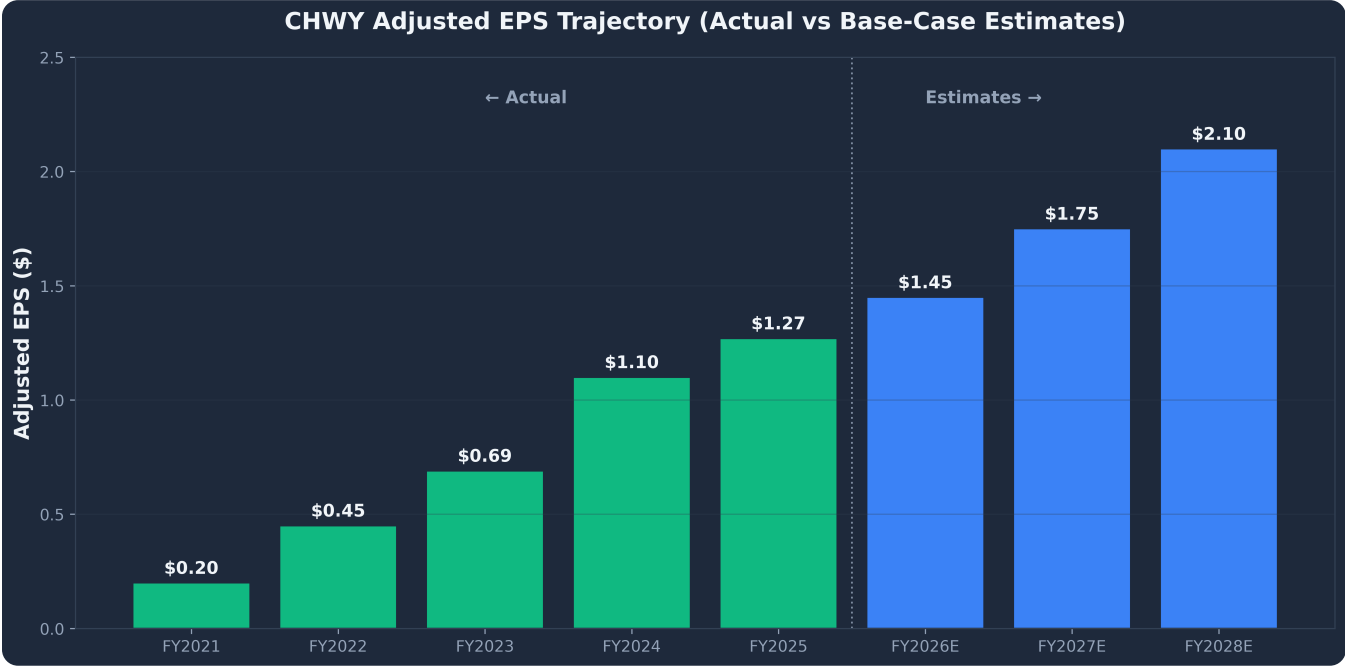
Risk	Probability	Impact	Mitigation
Active customer count plateaus or declines again	HIGH	<b>HIGH</b>	Stop at \$20 if customers < 21M in Q1 FY2026
SBC continues to exceed GAAP NI — dilution treadmill	HIGH	<b>MEDIUM</b>	Already priced in — PEG 0.50 reflects this
New CFO Deppe has another short tenure	MEDIUM	<b>HIGH</b>	Sentiment-killer if it happens; trim immediately
Canada/international expansion definitively fails	MEDIUM	<b>MEDIUM</b>	Limited downside — only \$95M foreign NOL
Amazon Pharmacy + Walmart pet sub erode share	MEDIUM	<b>MEDIUM</b>	Watch Pet Health YoY trend
California antitrust case escalates with damages	LOW	<b>MEDIUM</b>	Watch major outlet coverage for escalation
Vendor concentration (top 3 = 39% of sales)	LOW	<b>MEDIUM</b>	Mature relationships; manageable
Tariffs (Mexico/China) impact private-label margin	MEDIUM	<b>MEDIUM</b>	Diversify suppliers; pass through pricing

### Stop-Loss / Thesis-Broken Level: \$20

A break below \$20 on a Q1 FY2026 earnings miss or material antitrust development invalidates the bullish setup. At \$20 the technical damage extends to \$17 quickly. This is the line where the structural BC-exit thesis no longer carries the day.

# CHWY Conclusion and Price Targets

## Adjusted EPS Trajectory



## 3-Scenario Earnings Model

Scenario	FY2026E Rev	FY2027E Rev	FY2027 EBITDA Margin	FY2027 Adj EPS
<b>Bear</b>	\$13.0B (+3%)	\$13.3B (+2%)	5.5%	\$1.15
<b>Base</b>	\$13.6B (+8%)	\$14.7B (+8%)	7.0%	\$1.75
<b>Bull</b>	\$13.9B (+10%)	\$15.5B (+12%)	8.0%	\$2.30

## Valuation Analysis

Method	Inputs	Implied Price
Base P/E	FY2027 EPS \$1.75 × 20x	<b>\$35.00</b>
Base EV/EBITDA	FY2027 EBITDA \$1.03B × 15x + \$850M net cash	\$39.00
P/FCF	FY2027 FCF \$720M × 20x P/FCF	\$34.00
DCF (10% disc, 3% term)	5-yr FCF forecast w/ base case	\$37.00
Bull P/E	FY2027 EPS \$2.30 × 22x	\$50.00
Bear P/E	FY2027 EPS \$1.15 × 14x	\$16.00
<b>Analyst Consensus</b>	<b>1.52 Strong Buy</b>	<b>\$41.24</b>

## Bull and Bear Targets

### Bull Case (\$40-50)

- Gross margin expands 30% → 32%, EBITDA 6% → 8%
- FY2027 adj. EPS reaches ~\$2.00-2.30
- Multiple re-rates as Autoship subscription moat is recognized
- Sponsored ads segment formally broken out
- Smart money (Viking, Holocene) accumulation continues
- 20-22x P/E = \$40-50

### Bear Case (\$15-18)

- Growth decelerates further to 3-4%
- Margin expansion stalls as private-label saturates
- SBC dilution accelerates relative to operating leverage
- Amazon Pharmacy / Walmart erode high-growth segments
- FY2027 adj. EPS flat at \$1.15-1.30
- 12-14x P/E = \$15-18 (forward multiple to retail trough)

## Action Plan

Parameter	Action
<b>Position size</b>	1.5%-3% of portfolio (Beta 1.49 = high volatility)
<b>Entry strategy</b>	50% at \$22.97, 25% on \$21 retest, 25% on confirmed reclaim of SMA 20 (\$25.81)
<b>Hard stop</b>	\$20 — below this, technical damage extends to \$17 quickly
<b>Trim level 1</b>	\$32-33 (SMA 200) — take 25% off
<b>Trim level 2</b>	\$41 (analyst consensus) — take another 25% off
<b>Hold core through</b>	\$50+ retest of ATH zone
<b>Time horizon</b>	12-18 months for full target realization

For investors who prefer options to outright stock, CHWY's high beta (1.49) and current oversold setup make it a candidate for a [cash-secured put strategy](#) at the \$20 or \$22.50 strike — either get assigned at favorable prices or collect premium. With Autoship-driven recurring revenue and a debt-free balance sheet, CHWY also fits the profile of stocks suitable for [the wheel strategy](#) at the right entry point. Review the [criteria for selecting the best stocks for the wheel strategy](#), and if you already own CHWY shares above the current price, see [how to lower your stock basis using options](#). For more research like this CHWY stock analysis, browse all of my [stock analysis reports](#) or visit the [Options Cafe homepage](#).

## Frequently Asked Questions

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### Is CHWY a good stock to buy in 2026?

At \$22.97, CHWY rates a Buy with a \$35 price target and 12-18 month time horizon. The thesis is structural rather than earnings-driven. BC Partners has just completed a \$4.15B exit after nine secondary offerings over 22 months, removing the largest known share-supply overhang in the company's history. Smart money — Viking Global (5.70%) and Holocene Advisors (5.54%) — has begun replacing the freed-up float. Underneath the supply/demand reset is a debt-free FCF compounder (\$562M FY2025 FCF on \$0 traditional debt) with an 83.3% Autoship subscription moat. Forward P/E 19x with PEG 0.50 makes the risk/reward asymmetric.

### What is the CHWY price target for 2026?

My base case is \$35 by mid-2027 (+52% from \$22.97), supported by a \$1.75 FY2027 adjusted EPS estimate × 20x multiple. The bull case is \$40-50 if margin expansion continues and sponsored ads is formally broken out as a segment. The bear case is \$15-18 if growth decelerates below 5% and SBC dilution accelerates. Analyst consensus is \$41.24 with a 1.52 Strong Buy rating — my \$35 target builds in a haircut for governance and SBC dilution risk.

### Should I buy or sell CHWY stock?

I rate CHWY a Buy at \$22.97, but with strict position sizing (1.5%-3% of portfolio) and a hard stop at \$20. The setup is asymmetric — approximately \$3 of downside to firm support versus \$12-18 of upside to mean reversion targets. The right approach is scaling in: 50% at market, 25% on a \$21 retest, and 25% on a confirmed reclaim of the SMA 20 at \$25.81. Trim 25% at \$32-33 (SMA 200) and another 25% at \$41 (analyst consensus). Sell only if customers fall below 21M in Q1 FY2026 or if the stock breaks below \$20 on volume.

### What is the CHWY stock forecast for 2026 and beyond?

For FY2026 my base case has revenue at \$13.6B (+8%), adjusted EBITDA margin at 6.3%, and adjusted EPS of \$1.45. For FY2027 base case revenue is \$14.7B (+8%) with EBITDA margin 7.0% and adjusted EPS \$1.75. For FY2028 base case revenue is \$15.8B (+7%) with EBITDA margin 7.8% and adjusted EPS \$2.10. The key drivers are vet vertical optionality, SmartPak Equine integration, NSPAC compounding, and sponsored ads margin lift. The biggest swing factor is whether sponsored ads gets formally broken out as a segment — that disclosure alone could re-rate the multiple.

## Why has Chewy stock dropped so much?

CHWY is down 30% year-to-date and 67% over five years for three reasons. First, BC Partners' 22-month \$4.15B distribution suppressed every rally since 2024 by adding supply on top of any demand. Second, revenue growth decelerated from 24% to 6% as the company matured past its COVID pull-forward customer base. Third, the Modern Animal vet acquisition (April 2026) plus an optically bearish CEO 10b5-1 sale on May 5 drove the final leg down to the \$22.74 52-week low. The current setup is constructive because the first reason — BC distribution overhang — is now permanently resolved, and the other two are misjudged on time horizon.

Sources: [SEC EDGAR filings](#), [Finviz](#), [Polygon.io](#), [Google News](#), [Reddit](#), [Twitter/X](#). Report compiled May 10, 2026.

**Disclaimer:** This analysis represents Spicer Matthews' personal research and opinion. It is not financial advice. Always do your own due diligence before making investment decisions. Options Cafe and Spicer Matthews may hold positions in securities mentioned. Past performance does not guarantee future results.