December 4th 2025

Team Number: 10

Student Names: William Wright, Ashvin Sivakumar, Annabella Yuan

Long: Planet Fitness (NYSE: PLNT)

Current Price: $109 **Target Price:** $143 (+30% upside)

Company Overview

Business Description

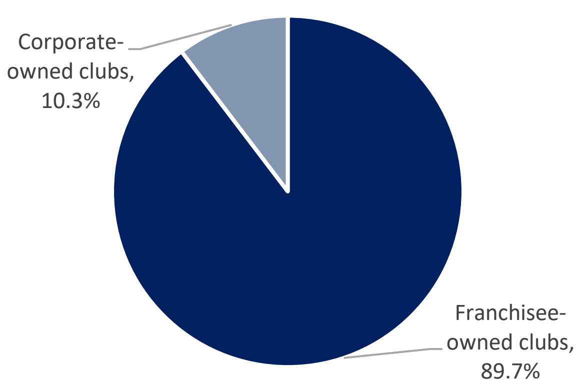
- **Planet Fitness (NYSE: PLNT)** is a global leader in franchising and operating fitness centers around the world, with 20.8m members and 2,762 clubs globally.
- The company offers a unique value proposition designed to appeal to a broad audience, with standard memberships at only $15 per month
- Founded in 1888 and headquartered in Elgin, Illinois, they have diversified through acquisitions, with over 110 deals since 2000 in building up their 3 segments.

Key Financials and Trading Statistics

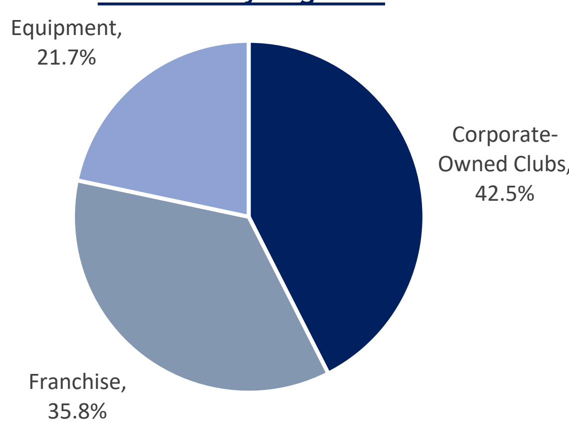
Current Price ($)	109	52W High / Low ($)	114.4 / 87.7
Market Cap ($M)	9,110	Avg. Volume (mm)	1.62
Enterprise Value ($M)	11,203	Float (%)	93.9%
24 Revenue ($M)	1,181	Short Interest (%)	8.94%
23-'25 CAGR (%)	10.7%	NTM EV/EBITDA (x)	18.7
24 GM (%)	84.4%	26E P/E (x)	32.5
24 EBITDA ($M)	487.7	LTM ND/EBITDA (x)	3.3
EBITDA Margin (%)	41.2%	LTM Q3'25 ROA	7.7%
2024 EPS ($)	2.59	Dividend Yield (%)	-

Revenue Breakdown

Clubs by Ownership Model



Revenue by Segment



Same-Club-Sales

Sources: Capital IQ, MIDD Documents

Investment Theses

PLNT is a fantastic risk-adjusted opportunity today with a time horizon > 1 year. The company, the global leader in it's space, combines a recession-resilient and high-quality business model with improving growth drivers for outsized returns

Thesis 1: Unit Growth Reacceleration

- We believe that **PLNT's unit growth and revenue growth will be above consensus** as
  - Unit growth reaccelerates to ~200 stores a year as franchisee unit economics improve
  - Improved real estate availability clears the path for increased units

Thesis 2: Same-Club-Sales Shine

- We believe that **PLNT's same-club-sales will continue to compound, driving organic growth and margins** as
  - Investors overemphasise churn risks which are more benign than thought
  - PLNT's high-value model, with recent pricing power, helps maintain margin stability at a system-level
  - PLNT's unique position as "essential wellness infrastructure"

Investment Thesis 1

The market misses that PLNT has a clear path to return to strong unit growth as franchisee unit economics improve

PLNT Franchisee Unit Economics have historically been top tier, but have suffered recently from higher build-out costs

- Build-out costs up 30% since Covid have reduced recent post-Covid franchisee unit economics. However, not withstanding this, mature 4-wall EBITDA for a PLNT franchise is top of the industry for franchisors. Despite AUVs 10% below the peer average, double the advertising fund contribution and royalties that are 40% higher, PLNT has 4-wall EBITDA margins that are three-fold that of peers

Company	Data Year	AUVs (in $m)	Royalty %	Advertising %	4-wall EBITDA Margin	4-wall EBITDA margin (after royalty)	4-wall EBITDA (after royalty & advertising)
Chick-Fil-A	2023	$9.37	15.0%	1.6%	30.8%	15.8%	14.2%
Chili's	2024	$3.60	4.0%	9.3%	18.7%	14.7%	5.4%
Culver's	2023	$3.49	4.0%	2.5%	20.6%	16.6%	14.1%
Buffalo Wild Wings	2023	$3.34	5.0%	3.9%	N/A	N/A	N/A
McDonald's	2024	$3.06	4.5%	4.0%	14.8%	10.3%	6.3%
Panera Bread	2023	$2.95	5.0%	5.7%	16.6%	11.6%	5.9%
Applebee's	2024	$2.59	4.0%	4.3%	N/A	N/A	N/A
Crunch Fitness	2022	$2.16	5.0%	2.0%	26.2%	21.2%	19.2%
Jack in the Box	2024	$2.01	5.0%	5.0%	11.7%	6.7%	1.7%
Wendy's	2024	$2.00	4.0%	3.0%	15.4%	11.4%	8.4%
Wingstop	2024	$1.99	6.0%	5.3%	26.3%	20.3%	15.0%
Taco Bell	2024	$1.99	5.5%	4.3%	24.5%	19.0%	14.8%
IHOP	2023	$1.97	4.5%	3.5%	N/A	N/A	N/A
Denny's	2024	$1.92	5.8%	3.1%	17.9%	12.2%	9.0%
Planet Fitness	2024	$1.81	7.0%	9.0%	42.2%	35.1%	26.1%
Valvoline	2024	$1.63	6.0%	3.0%	22.0%	16.0%	13.0%
Sonic Drive-In	2023	$1.59	5.0%	4.2%	10.9%	5.9%	1.8%
Popeyes Louisiana Kitchen	2024	$1.55	5.0%	4.0%	16.5%	11.5%	7.5%
Carl's Jr.	2023	$1.50	4.0%	6.0%	17.1%	13.1%	7.1%
Take 5 Oil Change	2023	$1.42	7.0%	5.0%	39.8%	32.8%	27.8%
Burger King	2024	$1.42	4.5%	4.0%	14.5%	10.0%	6.0%
Tim Hortons	2024	$1.36	5.3%	4.0%	15.6%	10.4%	6.4%
Dunkin'	2023	$1.32	5.9%	5.0%	23.0%	17.1%	12.1%
Jersey Mike's	2023	$1.30	6.5%	5.0%	19.0%	12.5%	7.5%
Arby's	2023	$1.29	4.0%	4.2%	N/A	N/A	N/A
Papa John's	2024	$1.21	5.0%	6.0%	12.0%	7.0%	1.0%
Hardee's	2023	$1.17	4.0%	5.5%	12.2%	8.2%	2.7%
KFC	2024	$1.11	4.5%	4.5%	12.2%	7.7%	3.2%
Jiffy Lube	2023	$0.95	5.0%	4.0%	N/A	N/A	N/A
Domino's	2024	$0.91	5.5%	6.0%	10.2%	4.7%	-1.4%
Pizza Hut	2024	$0.65	6.0%	4.8%	-0.6%	-6.6%	-11.4%
Subway	2023	$0.55	8.0%	4.5%	8.0%	0.0%	-4.5%
Anytime Fitness	2023	$0.43	2.2%	3.5%	22.8%	20.6%	17.0%
Average		**$1.99**	**5.4%**	**4.5%**	**18.6%**	**13.1%**	**8.4%**
Median		**$1.59**	**5.0%**	**4.3%**	**16.9%**	**11.9%**	**7.3%**

Source: Franchise Disclosure Documents, 10-Ks, Canaccord Genuity estimates

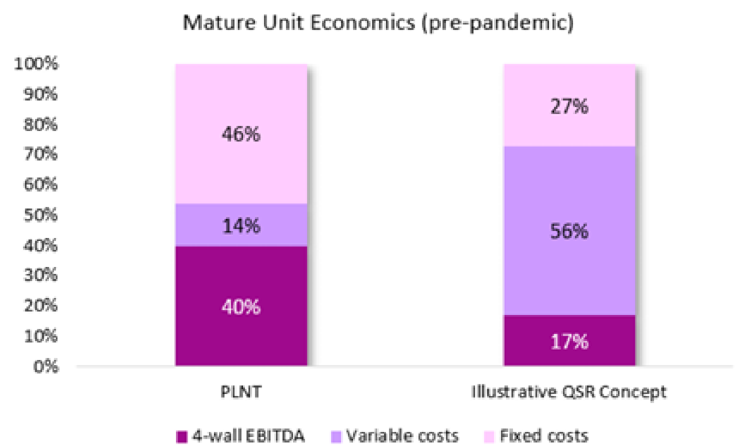
Sources: Broker Research, Franchise DisclosureDouments

Investment Thesis 1

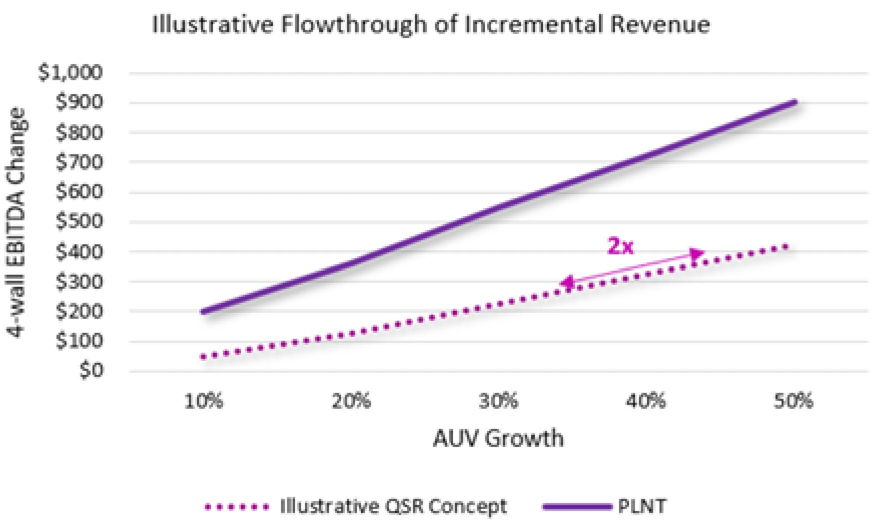
The market misses that PLNT has a clear path to return to strong unit growth as franchisee unit economics improve

PLNT's unique unit economics allow for higher flow-through of AUV increases

- A typical QSR franchise has to grow twice as fast as a PLNT franchisee does in order to generate the same EBITDA margin
- This strong flow-through on incremental revenue growth makes PLNT franchises very attractive to potential franchisee candidates, **raising the potential pool of franchisees**



Source: Company Reports; Note: Illustrative QSR concept reflects 2/3 variable and 1/3 fixed costs



Sources: Broker Research, Franchise DisclosureDouments

Investment Thesis 1

The market misses that PLNT has a clear path to return to strong unit growth as franchisee unit economics improve

PLNT franchisees have weathered Covid but are still below pre-pandemic levels

- Sales and margins dropped hard in 2020 and were still below 2019 levels by 5% and 370bps as of 2023, with a mild recovery into 2024 scratching 2019 levels
- Unlevered IRRs that were 30%+ pre-Covid have since been pushed down closer to 20% due to Covid, increased construction costs (+30%), and higher interest rates

Revenue and Operations Statement
(average of the middle third of corporate PLNT locations)

Calendar Year Results	2018	2019	2020	2021	2022	2023
Net Revenue	**$1,936,142**	**$1,970,356**	**$1,175,266**	**$1,577,400**	**$1,751,721**	**$1,874,496**
Net Revenue $/Sq. Ft.	$102.51	$110.67	$62.76	$82.80	$89.88	$95.26
Operating Costs and Expenses						
Payroll Related	$309,157	$323,731	$253,760	$330,136	$335,212	$316,997
Marketing Expenses	$157,975	$153,451	$80,822	$136,967	$151,568	$155,853
Royalties	$133,640	$136,063	$80,611	$111,709	$122,942	$137,618
Utilities	$70,845	$64,721	$47,152	$63,274	$67,422	$71,307
Supplies and Maintenance	$96,268	$87,033	$63,018	$70,214	$74,166	$82,413
Miscellaneous	$84,166	$85,676	$54,772	$77,398	$86,843	$99,248
Total Operating Costs and Expenses, Excluding Rent	**$852,050**	**$850,674**	**$580,135**	**$789,699**	**$838,153**	**$863,435**
EBITDAR	**$1,084,092**	**$1,119,682**	**$595,130**	**$787,701**	**$913,568**	**$1,011,061**
EBITDAR margin	56.0%	56.8%	50.6%	49.9%	52.2%	53.9%
Rent Expense	$345,878	$361,940	$322,591	$369,016	$397,336	$357,967
Total Operating Costs and Expenses	**$1,197,928**	**$1,212,614**	**$902,726**	**$1,158,715**	**$1,235,489**	**$1,221,402**
EBITDA	**$738,214**	**$757,742**	**$272,540**	**$418,685**	**$516,232**	**$653,094**
EBITDA margin	38.1%	38.5%	23.2%	26.5%	29.5%	34.8%

Source: Franchise Disclosure Documents, Canaccord Genuity

Sources: Broker Research, Franchise DisclosureDouments

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Investment Thesis 1

The market misses that PLNT has a clear path to return to strong unit growth as franchisee unit economics improve

However, the new growth model kicking in will greatly boost IRRs for franchisees

- PLNT has now completely **revamped** their franchisee strategy with a *New Growth Model*, since 2023, implementing changes to value engineer the box without downgrading the customer experience.
- PLNT's new franchise model has: (1) Reduced beginning capital from \$3m to \$2.7m with no initial franchise fee of US \$20k (2) Remodeled once every 12 years instead of the previous 10, (3) Re-equipped once every 7 years rather than the previous 5
- Planet Fitness targets >10% construction cost savings via a smaller lobby/front desk and right-sized locker rooms to remove underutilized spaces and make room for more customers to work out.
- PLNT has also recently increased pricing for Classic membership to \$15 from \$10 as of 2024, further driving unit economics for franchisees
- This reduces the capex and op-ex needed for franchisees of PLNT, while increasing potential capacity of users for each gym, improving unit economics.
- With **contractual obligations from franchisees** to guarantee a minimum of 500 stores by 2027, tracking to a higher unit growth range supported by this contractual floor, given that 150 franchisee clubs are expected to be opened by end 2025
- **positive for growth**

- IRRs on franchised clubs are now being driven higher, with cohorts that opened since 2H24 tracking a mid-20s IRR target, supported by the new growth model and last year's Classic price increase.
    - 95% of developing/renovating clubs elected the new format in 2025, a strong signal of franchisee buy-in and **signalling a high flow-through of the new model to incremental units,**

Figure 2: PLNT New Growth Model

	New Model	Previous Model
Franchise Agreements	• 12- year Franchise Agreement • \$0 Initial Fee[3] • Remodel at Renewal – Year 12 • \$20K Renewal Fee	• 10-year Franchise Agreement • \$20K Initial Fee • Remodel at Renewal – Year 10 • \$20K Renewal Fee
Re-Equips[1]	• Cardio Re-Equip Years 5, 6, 7 • Strength Re-Equip Year 7, 8, 9	• Cardio Re-Equip Year 5 • Strength Re-Equip Year 7
Initial Investment[2]	• Targeted 5-10% Reduction for New Club Investment • Targeted 5-10% Reduction for Remodel	• New Club Capital ~\$3M • Remodel ~\$1M
Area Development Agreements	• 6-Month Cure Periods	• Limited 12-Month Grace Periods
Join Fee	• Percentage-Based Fee or all Joins (regardless of join channel)	• \$5 Web Join Fee on all Digital out of club joins

As of December 31, 2024, our franchisees have contractual obligations to open approximately 900 additional clubs, including more than 500 over the next three year- *PLNT 2024 10-K*

Sources: Broker Research, Franchise Disclosure Douments

Investment Thesis 1

The market misses that PLNT has a clear path to return to strong unit growth as real estate availability improves

A swath of recent retail bankruptcies has left more white space for new PLNT stores

- Historically, PLNT's unit growth has been constrained due to an unavailability of real estate – there simply were other tenants occupying real estate in malls or locations where a PLNT would otherwise set up.
- The specific retail space Planet Fitness needs—typically **20,000 square foot boxes** located in neighborhood shopping centers or free-standing retail buildings—has been tough to come by. The retail space market had been operating at near-historic lows for availability.

> I think just a **recent report by CoStar, just over 4% vacancy rate. So that's been a factor, right, in finding that great well-situated 20,000 square foot box to build the Planet Fitness.** So we've augmented our real estate team. We have a Vice President of Real Estate, who's really partnering with our franchisees to help them identify where space is coming online- *PLNT CEO, Q1'25 Earnings Call*

Date	Company	Category	# of Store closures	Revenue (last FY)
6/1/2025	At Home	Chapter 11	26	Private
March 2025	Forever 21	Chapter 11	354	Private
December 2024	Container Store	Chapter 11	104 (no closures)	$0.9B
November 2024	Franchise Group Inc (American Freight)	Chapter 11	~330	Private
September 2024	Big Lots	Chapter 11	~1,400 (360 F24 | 1,000 F25/+)|	$4.7B
August 2024	Rite Aid	Chapter 11	~800 (150 F23 | 650 F24+)	
July 2024	Conn's	Chapter 11	~550	$1.2B
June 2024	Walgreens	Closure	~1,200 (259 F24 | 500 F25 | 400 F26/+)	$139B
March 2024	Family Dollar	Closure	~1,000 (677 F24 | 300 F25/+)	$13.8B
May 2024	rue21	Chapter 11 (3x)	~540	Private
April 2024	Express	Chapter 11	~100	$1.9B
April 2024	99 Cents Only Stores	Chapter 11	~370	Private
March 2024	JOANN	Chapter 11	~850 (no closures)	$2.2B
March 2024	The Body Shop US	Chapter 7	50	Private
10/17/2023	Z Gallerie	Chapter 11	21	Private
9/12/2023	Instant Brands	Chapter 11	NA	Private
9/11/2023	Noble House Home Furnishings, LLC	Chapter 11	NA	Private
8/16/2023	Christmas Tree Shops	Chapter 7	82	Private
7/6/2023	Tuesday Morning	Chapter 7	489	$749M
6/14/2023	The Rockport Company, LLC	Chapter 11	NA	Private
4/23/2023	Bed Bath & Beyond	Chapter 11	872	$5.3B
4/16/2023	David's Bridal, LLC	Chapter 11	300	Private
4/11/2023	Amerimark Interactive, Inc.	Chapter 11	NA	Private
3/31/2023	Shoe City	Chapter 11	39	Private
1/23/2023	Serta Simmons Bedding	Chapter 11	NA	Private
1/18/2023	United Furniture	Chapter 11	N/A	Private
1/17/2023	Party City	Chapter 11	829	$2.0B

Source: Company reports and J.P. Morgan estimates

However, this has now begun to abate with new real estate availability opening up – thousands of big box retailers shut their doors over the last 2 years, providing new sites of second-generation space opportunities where PLNT can convert the real estate and enter the market quickly

PLNT is also highly desirable for landlords – due to its high resilience, with 0 permanent club closures for financial reasons throughout Covid-19, driving co-tenancy traffic where 89% of members shop at retailers near the club and 76% combining gym trips with other shopping, and complementary traffic timing, helping to drive traffic on weekdays when most retail center traffic is on weekends

Combined with the new growth model, management has come up with new, smaller footprint clubs that help to fill locations, while also investing in new people to help franchisees, hiring a dedicated franchise sales leader to recruit new, smaller owner-operators and expand its broker network to source more conversion opportunities. Additionally, they established a new corporate development team in 2024 to size the real estate opportunity for new franchisees and help select real estate

> We've been really pleased out of the gate with not just the tenants, tenants like ALDI and Burlington and Ross and TJX and Planet Fitness – Brixmor Property Group CEO, Citi Conference 2025

Sources: Broker Research, Franchise Disclosure Douments

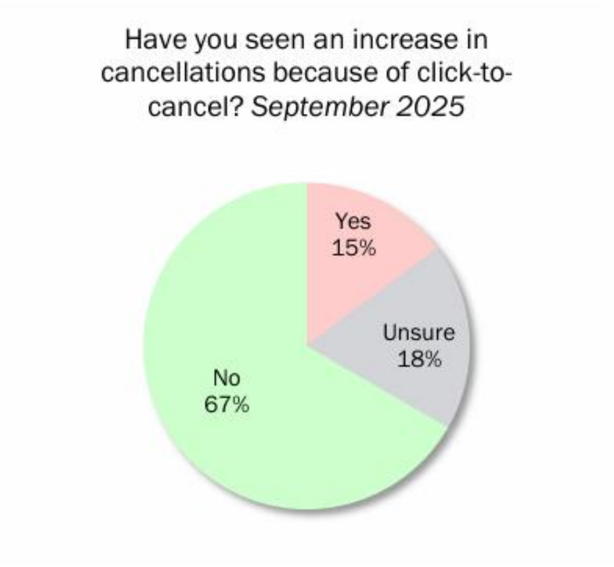
Investment Thesis 2

Investors overemphasize churn risks which are more benign than thought

Investor worries of churn due to click-to-cancel should be abated

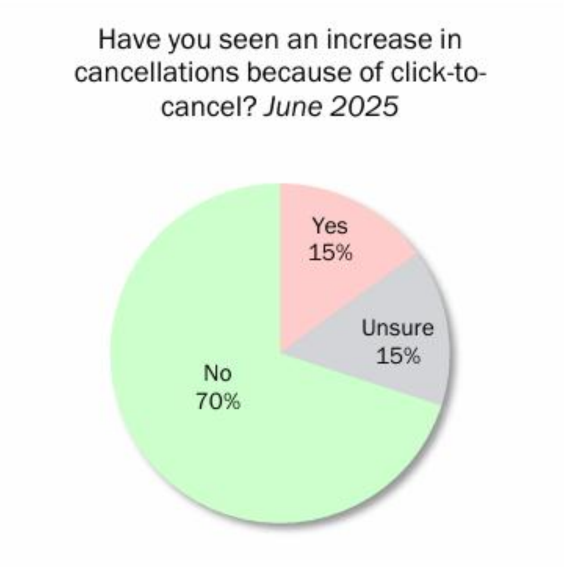
- Post the price increase of White Card and roll-out of click-to-cancel for PLNT, franchisee checks indicate that franchisee checks indicate churn has stabilized closer to 4.2%-4.3%, down from 5 6% right after click-to-cancel roll-out, and slightly above the 3.5% to 4.0% churn some franchisees were seeing before full roll-out of click-to-cancel. Some franchisees still see churn a little higher but "not enough to matter," and some say click-to-cancel has helped their customer acquisition.

Figure 3: This time around, 67% of surveyed clubs have not seen more cancellations because of click-to-cancel…



Source: Canaccord Genuity proprietary survey

Figure 4: …relatively in line with June's 70%



Source: Canaccord Genuity proprietary survey

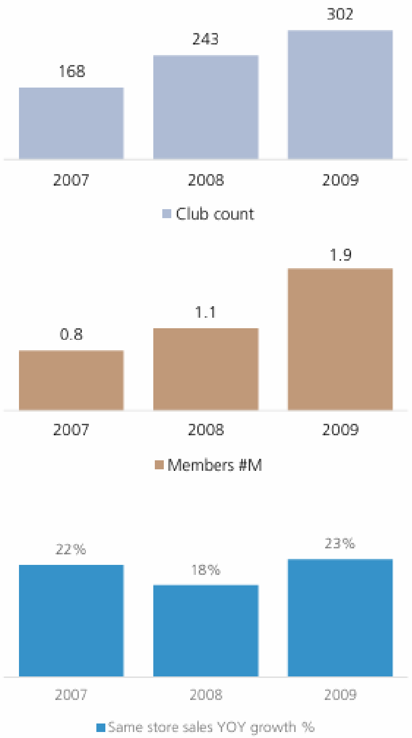
Sources: Capital IQ, MIDD Documents, Peer Documents, Broker Research, Expert Calls

Investment Thesis 2

PLNT's business model remains resilient in recessions

Previous downturns also show PLNT's resilience in recessions

- During the 08'09 crisis, PLNT grew new club openings by +24% and same store sales by +18-23%



Source: Company reports, UBS Investment Research

Sources: Capital IQ, MIDD Documents, Peer Documents, Broker Research, Expert Calls

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Investment Thesis 2

PLNT’s business model remains resilient in recessions

PLNT has the scale advantage over it’s peers

Logo	Company	Q3 2022	Today	% Change
	Planet Fitness	2,353	2,722	16%
	Next 18 HVLP Competitors Combined	1,436	1,472	3%
	Crunch	400	450	13%
	Workout Anytime	182	200	10%
	Esporta Fitness	149	11	-93%
	blink Fitness	107	57	-47%
	Fit4Less	101	100	-1%
	Retro Fitness	88	120	36%
	YouFit Health Clubs	80	71	-11%
	EOS Fitness	69	162	135%
	Vasa Fitness	50	61	22%
	The Edge Fitness Clubs	42	43	2%
	Fitness Connection	41	47	15%
	Chuze Fitness	36	62	72%
	Club4Fitness	30	40	33%
	Club Fitness	19	19	0%
	10 Fitness	13	13	0%
	Xperience Fitness	11	1	-91%
	10Gym	10	10	0%
	Maxx Fitness Clubzz	8	5	-38%

Source: Company reports, company websites, Canaccord Genuity estimates

- With 85% more units than its next 18 HVLP peers combined, as well as competitive fees relative to scaled High-Value Low-Price peers, PLNT dominates the industry, giving it advantages in marketing, scale, and attracting new members, helping to generate a flywheel where better experience drives more demand, which drives more units, which drives more scale.

Sources: Capital IQ, MIDD Documents, Peer Documents, Broker Research, Expert Calls

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Investment Thesis 2

PLNT's business model remains resilient in recessions

PLNT also continues to provide great value to customers

- Almost exclusively a volume story historically, PLNT increased the price of its Classic (White) Card in June 2024 for the first time in 30 years
- PLNT has two classes of membership: a Classic Card (or White Card), which is a membership exclusively at the club the member joins; and a Black Card, which has several different amenities that can be used within that home club or any other club. The fee for the Black Card, introduced in 2005, has been increased just three times – most recently in May 2022. If the fee increases simply tracked inflation (CPI) since 2005, the Black Card represents buying power of $41.63 today, so $24.99 provides great value (a 40% discount)
- The White Card was always sacrosanct and stayed at $10 for nearly 30 years – until last June. In 2023, the company experimented with different price levels for the White Card, testing $12.99, $14.99, and $15.00 per month. The test wasn't getting people to join, it was getting them to stay at the higher price. The test apparently went well, because on June 28, 2024, the $15 pricing for new White Card members took effect. Existing White Card members who joined prior to increase were locked in at the $10 monthly membership fee. The company expects that, after one year of the price being in effect, existing clubs will see a +LSD%/+MSD% increase to AUVs, with a greater impact to new clubs, as most White Card members would be paying $15.
- PLNT surprisingly provides **better relative value than COST, the Gold Star of retailers, for price adjustments tied to inflation. It must be doing something right**

Figure 17: The $10 card from 1994 has nearly $22 of buying power today, so the $15 card today still provides great value (~30% discount)

Month	Year	Classic Card Price	CPI equivalent	Relative to CPI
	1994	$10.00	$10.00	0%
June	2024	$15.00	$21.49	-30%
Today		$15.00	$21.73	-31%

Source: Company reports, U.S. Bureau of Labor Statistics, Canaccord Genuity

Figure 18: COST's recent membership fee increase leaves it 20% below a fee tied to CPI

Month	Year	Costco Gold Star Membership Fee	CPI equivalent	Relative to CPI
	1983	$25.00	$25.00	0%
	1992	$30.00	$35.30	-15%
	1995	$35.00	$38.42	-9%
April	1998	$40.00	$41.54	-4%
Sept	2000	$45.00	$44.40	1%
May	2006	$50.00	$51.76	-3%
Nov	2011	$55.00	$57.83	-5%
June	2017	$60.00	$62.62	-4%
Sept	2024	$65.00	$80.60	-19%
Today		$65.00	$81.20	-20%

Source: Company reports, U.S. Bureau of Labor Statistics, Canaccord Genuity

Sources: Capital IQ, MIDD Documents, Peer Documents, Broker Research, Expert Calls

Valuation 1 - Model Upside

DCF Model shows 35% upside with 3x upside/downside, leading to strong risk-reward ratio

DCF Valuation shows clear upside

	EV/EBITDA	Return	Weight	Ret. x Weight	Weighted Ret.
Bear	10x	-11.2%	25%	-3%	+30% Price Target: US $143
Base	15x	33%	50%	17%	
Bull	18x	63%	25%	16%	

Exit EV/EBITDA	WACC 7%	8%	9%	10%	11%
9 x	-16.2%	-18.2%	-20.1%	-22.0%	-23.8%
12 x	11.5%	8.8%	6.2%	3.8%	1.3%
15 x	39.1%	35.8%	32.6%	**29.5%**	26.5%
18 x	66.8%	62.8%	59.0%	55.2%	51.6%
21 x	94.5%	89.8%	85.3%	81.0%	76.8%

Good Risk/Reward

3x Upside/Downside
Limited downside and trading at a large discount to private market value and peers

50% Base

Assumes the spin-off of RK & FP and a strong kickstarted replacement cycle in 2026

25% Bull

Bull case prices in additional contribution from innovation and market share tailwinds fetching a higher multiple.

25% Bear

Limited downside to Covid multiples from today. Downside is based on further deferred capex by the industry.

Clear Upside on Forward EV/EBITDA

Valuation Summary: 2026 NTM EV/EBITDA	Bear Case	Base Case	Bull Case
2027 EBITDA ($M)	730	800	840
NTM EV/EBITDA Multiple	13 x	15 x	18 x
Total Enterprise Value ($M)	**9,125.00**	**12,000.00**	**15,120.00**
(-) Net Debt ($M)	(1,658)	(1,658)	(1,658)
Total Equity Value ($M)	7,467.00	10,342.00	13,462.00
(/) Shares Outstanding (M)	82	82	82
Target Price	91.06	126.12	164.17
Upside / (Downside)	-16.5%	15.7%	50.6%
Probability	20%	50%	30%
Weighted Return		20%	

Exit Multiples

Bear - 13x EV/EBITDA
Assuming the market extrapolates churn noise further and ignores resiliency.

Base - 15x EV/EBITDA
15x falls short of the 17-18x avg PLNT trades historically but we see this as fair whilst the market slowly uncovers value.

Bull - 18x EV/EBITDA
18x marks PLNT's higher historical average multiple during its time of strength.

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Valuation 1 - Operating Model

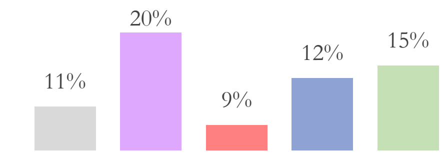
Double-clicking on assumptions

Key Drivers show clear conservatism and clear divergence from consensus

Case	Cons.	Hist.	Bear	Base	Bull

Commentary

Revenue CAGR

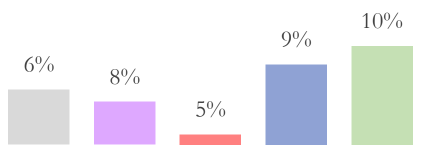


Bear Slower growth as PLNT struggles with unit expansion.

Base Successfully implements pricing and international expansion.

Bull Tailwinds of fitness add to expansion & market share gains.

SSS %

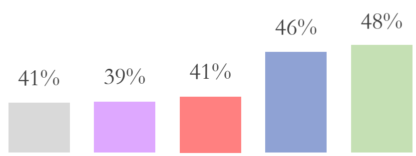


Bear Churn noise is real and click to cancel worries come to fruition.

Base Churn revers to normalized levels and so does SSS.

Bull Improved locations and member experience drive growth.

EBITDA Margin

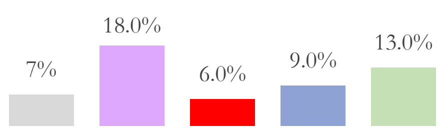


Bear Margins stay flat as management struggle to execute.

Base Reduced unit costs and pricing power aid margins.

Bull Lower real estate costs flow through from new units and aid pricing power growth with black-card.

Membership Growth



Bear Membership growth chugs along from priced in tailwinds

Base Better App experience and value proposition bolsters membership growth.

Bull Membership experience, value proposition and black card value aid market share gains.

Sources: Valuation Model

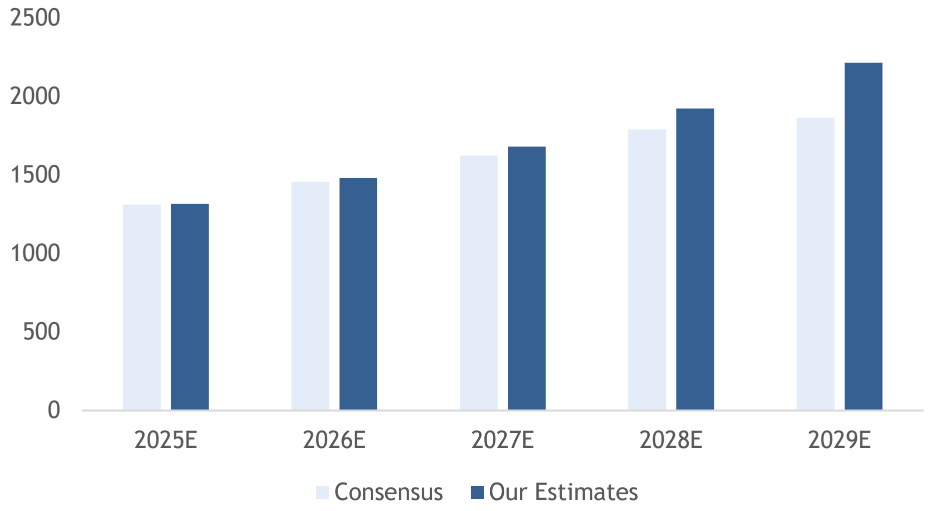
Note: Consensus revenue CAGRs, ROIC and EBITDA margins assume no spin-offs/divestitures. We assume spin-offs and divestitures for end-2026, and compare revenue CAGR using consensus FP/RK revenue estimates and our CFS revenue estimate

Valuation 1 – DCF Model

Financials vs Consensus

Forecast vs. Consensus (Base Case) shows clear differentiation

Revenue Differentiation vs Consensus



Adj. EBITDA Differentiation vs Consensus

- We are clearly ahead of consensus on both Revenue and Adj. EBITDA for CFS, driving the valuation uptick
- Key to our differentiation is the:
  - We see higher unit count than the street, driven by our belief that PLNT can accelerate unit openings to 185-190
  - **International upside** and expectation of accelerated unit openings, replicating the successful Spain model.
  - **Stronger SSS & Price driven growth,** we expect 60%+ of SSS growth will be driven by ~75% rate and aid margins.
  - **Secular trade-down tailwinds.** High value low price dominance should capture market share from expensive boutiques in a K-shaped economy.
- Beyond our financial differentiation, the market values PLNT as a discretionary retailer. We value it as an infrastructure asset with recurring, price-inelastic cash flows.

Event Path and Catalysts

Now

- Q3 results confirm the **$15 Classic Card price point is holding**, with 80% of comp growth driven by rate -> guidance raised, giving investors comfort in the Planet 2.0 execution.

1H 2026

- Marketing efficiency unlock as the implementation of the $45m ad fund to the national level **drives media efficiency and supports member acquisition** without increasing franchisee costs.
- Black card Spa rollout justifies and supports pricing growth.

2H 2026

- The pricing power level is pulled with Black Card price increasing to $29.99 post-peak join season. This flows to the bottom line, **creating a step-function increase in EBITDA**.
- Unit growth accelerates as PLNT expands into retail locations that have closed down, driving traffic and serving as convenience -> gaining market share.

Onwards

- PLNT consistently hits Low-Double digit Revenue and mid-high teens EPS growth, forcing a valuation re reating.
- As PLNT realizes this algorithm the market should stop valuing PLNT as a discretionary retailer and value it as a subscription utility.

We believe PLNT hits our target price as the market recognizes the 'Black Card' pricing lever and 6-7% unit growth algorithm, re-rating the stock from a retailer to a **High-Yield Subscription Utility**.

Risks and Mitigants

Risks	Mitigants
Valuation Premium & Multiple Compression PLNT trades higher than leisure peers and any deceleration could trigger a de-rating	▪ Structural "Private Equity Floor": Massive recent PE activity in high-margin franchising (Blackstone/Jersey Mike's, Roark/Subway) creates a valuation backstop. ▪ The "Utility" Re-Rating: PLNT warrants a permanent premium over discretionary retailers due to its recurring, price-inelastic revenue model (Subscription Utility vs. Retailer)
Franchisee ROI & Development Squeeze Persistently high interest rates and construction costs (~$3M per box) could compress franchisee IRRs, stalling the 6-7% unit growth target	▪ Unit Economic Arbitrage: Even with cost pressure, PLNT franchisees generate ~42% EBITDA margins, vastly superior to QSR alternatives (Wendy's ~15%), ensuring continued developer demand. ▪ The Pricing Lever: The upcoming Black Card price hike (to $29.99) flows directly to margins, restoring franchisee IRRs to the historically attractive mid-20% range.
“Peak Gym” / Saturdation Skepticism that the U.S. market can support the long-term target of 5,000 clubs, with fears that PLNT is approaching full maturity.	▪ The "Un-Gym" Demographic: PLNT targets the 80% of the population that avoids traditional gyms. Current 21M membership is only ~6% of the US population, leaving massive white space. ▪ Access vs. Utilization: The business model monetizes 'Access Capacity' rather than active usage, allowing for higher member density per square foot than competitors. ▪ Gen Z Tailwind: This cohort is joining at higher rates than any previous generation, expanding the addressable market.

Appendix 1

Value-Added Research

Expert Interviews

- Multiple expert interviews with customers and peers

Channel Checks

- Channel checks at 3 Planet Fitnesses to understand the business and landscape

Media

- Youtube videos of customers and employees at PLNT
- Facebook, Reddit comments on PLNT

AI

- Coded a proprietary AI tool to evaluate PLNT governance with respect to large peer set

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Appendix 2

Media Mash

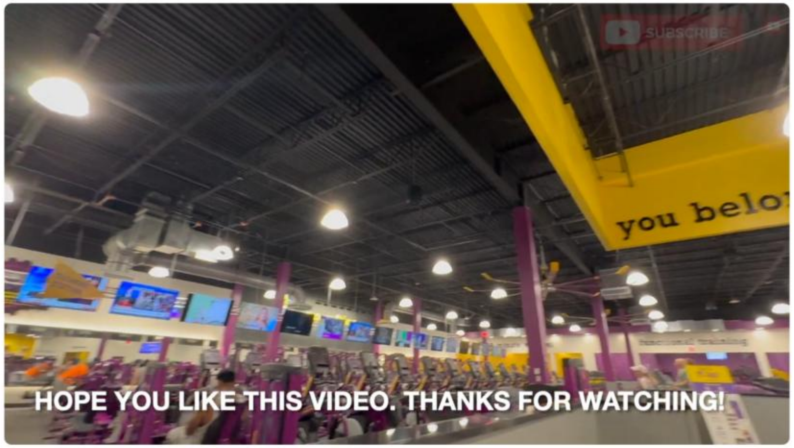
r/GYM • 2y ago
[deleted]

Unpopular Gym Opinion: Planet Fitness is a great gym

General Discussion

The only people who have no business working out at pf are powerlifters. For everyone else it's a great option. Totally affordable, tones of equipment, and a great environment. We really do advocate for the judgement free zone. That goes for the 400 lb guys trying to lose some weight, and the beefy guys trying to add an inch to their biceps. We get both, and everyone in between. I manage the planet fitness in my area, so I know for a fact there is no discrimination against big guys. I work out there everyday and I'm 6'4 / 230 lbs. Hell, my boss is literally an ifbb pro, and he works out at planet fitness. Our lunk alarm is set off every night to signal 10 min till close, and that's it. We've NEVER had a pizza Friday either. You might say "that's just your planet fitness". But I know for a fact that every location in our district is ran exactly like this. It kinda sucks because I genuinely love working at this gym, but everyone memes on us non stop for stuff that isn't even true

@cerebralcortechreviews1426 9 months ago
Kev, keep showing this great content and the Planet Fitness videos. There are a lot of negative people in the comments trashing Planet Fitness. Planet Fitness is the no. 1 gym in the world for a reason. It's a great gym. Disregard the negatively in the comments. 💪
15 Reply
1 reply
@KevTheTrainer 9 months ago
Appreciate your support! I believe people can get an absolutely great workout in at Planet Fitness as well! Will continue making content there. You got it
3 Reply



Gym with me | Planet Fitness Mini Tour | PF Black Card Perks | PF Amenities
Jy Bautista 350 subscribers Subscribe 825 Share Save
49K views 2 years ago YORK

- An account with only 350 subscribers had 49k views for a Planet Fitness vlog
- Mass-market fitness trainer account with >65k subscribers

@nicknack6042 3 years ago
I joined planet fitness 3 years ago and have lost 140 pounds. Best decision I ever made honestly. No shame here, I fuck with those purple machines.
1.3K Reply
36 replies

@dreambox9831 3 years ago (edited)
Quick lesson on Planet Fitness, it wasn't created for men. The founder of the gym created a place where his wife could workout without being stared at or hit on. Basically a place where women could workout comfortably. Hints the purple vibe, lunk alarm, and lack of power training equipment
Show less
2.1K Reply

- Comments on videos about the benefits/use-cases of PLNT gyms

@Sharpe1502 1 year ago
My dad was homeless for a while and would sleep outside a 24 hour gym. He told me if I was ever desperate, get a gym membership. No one's there at night, so you can work out, maintain good hygiene, stay hydrated and always have a bathroom.
Show less
31K Reply
50 replies

@kokana24 1 year ago
Gyms do more for homeless people then our own government.
24K Reply

- One of our teammates **used to compete in powerlifting** – though he's never used a Planet Fitness till now, and isn't the target demographic, he recognizes that there's still great value and a great demographic that benefits from gyms like Planet Fitness – e.g., top posts on r/planetfitnessmembers are all about weight loss

Sources: Our Research

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Appendix 3

AI Governance Analysis

- We developed a proprietary AI tool that helps to analyse governance changes in public companies by looking at recent filings such as 8-Ks and proxy statements, and aggregating it across large amounts of data to make evaluations on the quality of governance
- Our tool flagged that **MIDD** is increasingly well-positioned on governance, especially compared to some industrial machinery peers.

Company	Governance Rating	Improvement/Worsening	Use of ROIC as Compensation Metric	Presence of Extensive Governance Red Flags
MIDD	Strong	☑	Yes, newly added	Minimal
TTC	Strong	☑	Yes, newly added	Minimal
TKR	Mixed	☒	Yes	Extensive
DCI	Mixed	=	No	Moderately Extensive
GTLS	Mixed	☒	Yes	Extensive
CNH	Mixed	=	Yes	Mild
GGG	Mixed	=	No	Mild
LECO	Mixed	☒	No, removing ROIC	Moderately Extensive
ESAB	Strong	☑	No	Minimal

EXECUTIVE SUMMARY OF KEY GOVERNANCE FINDINGS:

- **Strong Pay-for-Performance Alignment:** The company demonstrates robust alignment between executive pay and performance. The CEO's total compensation decreased by 10.8% in fiscal 2024, driven by an 85.6% reduction in the annual cash bonus due to missed EBITDA targets. Similarly, the 2022-2024 long-term incentive plan paid out below target (87%) due to a negative Total Shareholder Return (TSR) modifier, in stark contrast to the above-target payout for the prior performance period.
- **Activist-Driven Strategic and Governance Changes:** A recent Cooperation Agreement with activist investor Garden Investment Management, L.P. has catalyzed significant change. This includes the appointment of activist Ed Garden to the Board and, notably, the Compensation Committee. Concurrent with this agreement, the company announced a major strategic pivot: the planned spin-off of its Food Processing business, signaling a direct response to shareholder pressure for value creation.
- **Significant Board Refreshment:** The Board has undergone substantial refreshment, significantly reducing average director tenure from approximately 11.3 years to 6.4 years. This was driven by the retirement of a 46-year tenured director and the appointment of four new independent directors since the start of 2024, including two appointed as part of the activist settlement.
- **Persistent Governance Weaknesses:** Despite positive compensation practices, structural governance weaknesses remain. Shareholder rights appear limited, with no mention of proxy access or the ability for shareholders to call special meetings or act by written consent. Additionally, the timing of annual equity grants for the CEO has been variable year-over-year (August vs. May), creating a potential risk for opportunistic grant timing.

IV. Overall Conclusion from Proxy Comparison

- **Improved:** Governance practices, particularly around board composition and pay-for-performance, have improved.
  - **Board Refreshment:** The retirement of a long-tenured director and the addition of four new independent directors since early 2024 has significantly reduced the average board tenure and brought fresh perspectives to key committees, including Compensation and Audit.
  - **Strong Pay-for-Performance:** The compensation program has proven its effectiveness by substantially reducing CEO and NEO cash bonuses in a year of underperformance and by applying a negative TSR modifier to reduce LTI payouts, demonstrating strong alignment with shareholder interests.
  - **Stable (Negative):** Key structural weaknesses persist. Shareholder rights remain poor, with no apparent ability to call special meetings, act by written consent, or utilize proxy access. The variable timing of LTI grants remains a potential risk.
  - **Overall:** The tangible improvements in board composition and the demonstrated rigor of the pay-for-performance framework outweigh the persistent structural weaknesses, leading to a conclusion of overall improvement in governance and shareholder alignment over the past year.

Sources: Company Filings, Our Research