

MEMORANDUM — Planet Fitness, Inc. (NYSE: PLNT) Valuation

To: Investment Committee From: Equity Research Analyst Re: Step 6 — DCF sensitivity, scenarios & football field

Basis: FY2023A 10-K financials, 5-yr projection (FY2024E–FY2028E). Active scenario: Base case. \$ per share unless stated.

1. Bottom Line

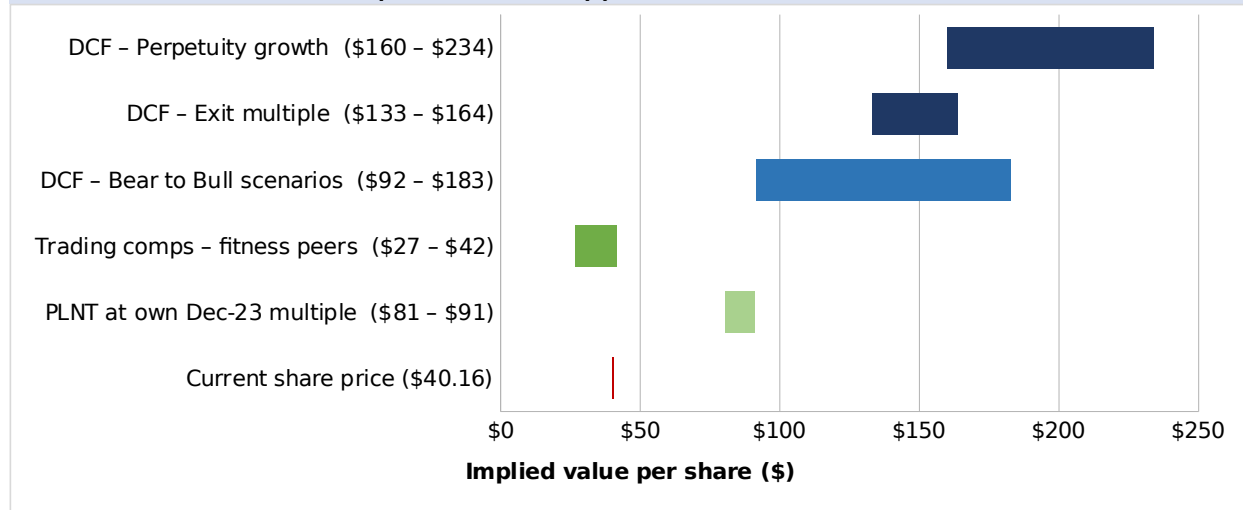
Our DCF supports an intrinsic value of \$160–\$234 per share (perpetuity growth) and \$133–\$164 (exit multiple) in the Base case, vs. a current price of \$40.16. Across Bear-to-Bull scenarios the blended DCF spans \$92–\$183. By contrast, fitness peer multiples imply only \$27–\$42, and PLNT's own Dec-2023 multiple implies \$81–\$91.

The gap between intrinsic and market value is the story: the DCF is only as good as the assumption that PLNT sustains double-digit revenue growth while SG&A grows with inflation (driving strong operating leverage). We therefore present a range rather than a point estimate and treat the comps / own-multiple bars as the market-implied floor.

2. Valuation Summary

Methodology	Low	High	Midpoint	Mid vs. Price
DCF – Perpetuity growth	\$160.00	\$233.95	\$196.98	390%
DCF – Exit multiple	\$133.13	\$163.80	\$148.47	270%
DCF – Bear to Bull scenarios	\$91.64	\$182.88	\$137.26	242%
Trading comps – fitness peers	\$26.64	\$41.54	\$34.09	(15%)
PLNT at own Dec-23 multiple	\$80.57	\$91.22	\$85.90	114%
Current share price			\$40.16	

3. Valuation Football Field — Implied Share Price (\$)



4. Scenario Analysis (toggle on Inputs tab)

Case	Yr 5 Rev (\$mm)	Yr 5 EBITDA %	DCF – Gordon	DCF – Exit	Upside (avg)
Bear — 9% → 5% growth, GM to 80.0%	\$1,502	45.6%	\$104.47	\$78.82	128%
Base — 14.4% growth, 82.3% GM held flat	\$2,096	57.6%	\$190.72	\$148.14	322%
Bull — 16% → 14% growth, GM to 84.0%	\$2,155	60.0%	\$205.69	\$160.07	355%

5. What Drives the Range — Key Risks

- Terminal value dominates. PV of terminal value is 86% of Gordon-growth EV. Each ± 50 bp on WACC moves the value by roughly $\pm \$26$ /share (Table 1), so the discount rate is the single biggest swing factor.
- Discount rate looks low. WACC of 6.6% leans on a 4.17% pre-tax cost of debt (securitized notes) and book debt weights. A higher cost of debt or market-value weights would push WACC up and value down sharply.
- Operating leverage assumption. SG&A and other opex grow only with inflation, so EBITDA margin expands from 39% (FY2023A) to 58% by Yr 5 in the active case. If costs scale with club growth, margins and value compress.
- Growth durability. Revenue compounds at the case growth rates (active Yr 1: 14.4%). Consumer slow-down, saturation of the HVLP model or slower franchisee openings would move results toward the Bear case.

6. Conclusion

On our model assumptions PLNT screens as materially undervalued, but the valuation is highly assumption-sensitive and sits well above where the market prices comparable fitness businesses. We would anchor on the lower end of the DCF range and seek validation of (i) sustainable club-growth / pricing, (ii) cost scaling, and (iii) a market-based WACC before acting. Sources: company 10-K (FY2023); peer multiples from Jefferies Fitness Sector Update Q4-2023 (12/31/2023).