



Planet Fitness Bulls Add into 200-day MA

Ticker/Price: PLNT (\$67.38)

Analysis:

Planet Fitness (PLNT) buyers of 1450 September \$70 calls today up to \$1.20 and follows buyers of more than \$740K in October \$70 calls yesterday. Those October calls also seeing another 750 bought today up to \$2.30. Shares have been in a strong long-term trend and back at the rising 200-day MA this week for the first time since April 2017. The 20-day MA is notable above at \$71.75 and a move higher targets the big VPOC at \$77 as MACD and RSI both reset to overly sold levels. The \$6.23B company trades 35X earnings, 9.7X sales, and 45.5X FCF. PLNT expects 56% EPS growth in FY19 with growth in the next two years of 23.25% and 20.35%. Revenue estimates are for growth of 12.3% and 11.23%. PLNT is coming off a strong quarter with comps up 8.8% and raising their expectations for store openings to 260 in 2019, a record. PLNT benefits from scale and their predictable model with revenues from royalties, vendor commissions and annual fees. Analysts have an average target for shares of \$77.50. Jefferies raising their PT to \$90 on 8-7 as the company benefits from a trend toward wellness and has a low-price model "that is unbeatable." They think enhanced consumer proximity is Planet Fitness's next step for domination which will lead to a further acceleration in member share and drive sales, earnings, and cash flow higher. Short interest is 5.1% and down from around 8.9% in late 2018. Hedge Fund ownership rose 4.7% in Q2. Junto Captail, Hitchwood Capital, and Armistice Capital all notable holders.

Hawk Vision:



Hawk's Perspective: PLNT has been a strong name for a while now and recent pullback to the 200-day gives a nice short-term spot to trade against.

Confidence Ranking: \$\$