



Planet Fitness Bulls Follow Big CEO Buy, Big Long-Term Opportunity

Ticker/Price: PLNT \$64.89

Analysis:

Planet Fitness (PLNT) with 2,500 May \$70/\$85 call spreads bought today for \$3.60 and follows buyers yesterday in the April \$70 calls. Earlier this week, the May \$62.50 calls and August \$60 calls were bought for over \$500k each while the April \$75/\$80 call spread remains in OI from 2-27. PLNT saw its CEO buy \$1.6M in stock this week as well at \$67.24, the first open market buy in the name in more than four years. PLNT shares have sold off from 52-week highs recently and back at 6-month VPOC around \$60.75 where they're bouncing a bit. A move back above the 8-EMA at \$69 would set up for a rebound play back into the low-volume gap to \$80. The \$6.03B company trades 26.79X earnings, 8.75X sales, and 27.5X cash with low-20% EPS growth and 12.5% revenue growth. PLNT sold off on earnings and their outlook but a company that has historically been conservative on long-term outlook, especially unit openings. They continue to post strong SSS growth, up 8.6%, while growing store count by 118% over the last five years. International remains a big, untapped opportunity with just 55 stores and mostly in Canada. Analysts have an average target for shares of \$85. Cowen positive on 3-3 seeing the pullback as a big opportunity given its superior affordability and global unit growth potential. Jefferies with a \$100 PT as Q4 results show their moat continues to widen and still sees US units more than doubling. The firm also think PLNT has massive room for price increases. Short interest is 5.5% and down from around 7.5% in January. Hedge fund ownership fell near 4% in Q4 filings. Southpoint Capital, Steadfast Capital, and Valinor all notable buyers.

Hawk Vision:



Hawk's Perspective: PLNT has some obvious headline risks with Covid-19 and people potentially pulling back on memberships or exposure to community environments like the gym but the long-term opportunity remains big and the CEO buy this week a nice vote of confidence. Today's candle looks notable and short-term can be traded vs the low.

Confidence Ranking: \$\$