



FEATURED OPTIONS RADAR REPORT



Planet Fitness Bulls Position for Recovery into Year-End

Ticker/Price: PLNT (\$58.60)

Analysis:

Planet Fitness (PLNT) another reopening play with a bullish spread this morning as 6,000 January \$50 puts are sold to buy \$62.5/\$75 call spreads. PLNT has seen recent buyers in the Jan. 2022 \$40 calls for \$22.50 as well as 1,750 January \$100 calls in early August. Shares are working out of a bull flag today after clearing a downtrend from the June highs and back above its 50-day with room up to \$64.5 in the near-term. PLNT is carving out a higher-low on the weekly with a bullish MACD cross and lots of potential upside above \$70 with shares trading near \$90 earlier this year. The \$4.75B company trades 35X earnings and 9X sales with plenty of cash on hand and no significant near-term maturities. PLNT took down estimates quite a bit in the Spring but still sees over \$800M in revenues in FY22 vs \$430M in 2020. PLNT has struggled with the shutdown and concerns around gym and 'out-of-home' exercise spaces but now running at about 60% pre-COVID capacity and stabilization in their largest markets. The company has used the current shift in sentiment to accelerate their digital strategy with a 25% jump in users on their iFit platform which is helping them engage with current customers and bring in new ones. They noted in July that adoption of their app was an all-time high with 60% of new members using the app and busiest sign-up period outside of January which is seasonally their busiest times. PLNT's CEO laid out the long-term vision for his company post-COVID in July and noted they're in a prime position to come out stronger given the incredibly fragmented market they operate in (over 40,000 independent gyms in the US). PLNT thinks they will be a massive share gainer as many smaller operations choose not to reopen and that'll mitigate most of the initial losses they face to members moving towards alternatives like home gyms. They also note that their franchise structure allows them to be more aggressive in supporting franchisees in areas where they see opportunity including capitalizing on the weaker real estate market where they can potentially get prime locations at a big discount on a long-term lease. Analysts have an average target for shares of \$72. Jefferies positive on 8-17 noting that traffic is stabilizing and PLNT gyms in hotspot areas like FL and TX are outpacing peers and the overall industry average. Wedbush positive on 6-29 noting that they see PLNT as a long-term winner of COVID as brick-and-mortar clubs shrink and consolidate. Short interest is 12%. Hedge fund ownership rose 2% in Q2, Samlyn Capital with a new 1.5M share position. PLNT has seen a lot of insider activity into the weakness including nearly \$4M in open market buys from its CEO, a \$900K buy from the CFO in March, and a \$500K buy from its President.

Hawk Vision:



Hawk's Perspective: PLNT has all the makings of returning to be a great story under great leadership, tough in the current environment, but a name that likely pays off as we start to look at easy Y/Y comps.

Confidence Ranking: \$\$