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Planet Fitness, Inc. (PLNT) Q4 2025 Earnings Call Transcript

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Q4: 2026-02-24 Earnings Summary

Insights

EPS of \$0.83 **beats by \$0.04** | Revenue of \$376.26M (10.52% Y/Y) **beats by \$8.33M**

Planet Fitness, Inc. (PLNT) Q4 2025 Earnings Call February 24, 2026 8:00 AM EST

Company Participants

Stacey Caravella - Vice President of Investor Relations

Colleen Keating - CEO & Director

Jay Stasz - Chief Financial Officer

Conference Call Participants

Randal Konik - Jefferies LLC, Research Division

Simeon Siegel - Guggenheim Securities, LLC

Maksim Rakhlenko - TD Cowen, Research Division

Joseph Altobello - Raymond James & Associates, Inc., Research Division

Christopher O'Cull - Stifel, Nicolaus & Company, Incorporated, Research Division

Rahul Krotthapalli - JPMorgan Chase & Co, Research Division

Jonathan Komp - Robert W. Baird & Co. Incorporated, Research Division

Sharon Zackfia - William Blair & Company L.L.C., Research Division

Xian Siew Hew Sam - BNP Paribas, Research Division

Stephen Grambling - Morgan Stanley, Research Division

Presentation

Operator

Good morning, and thank you for joining today's Planet Fitness Q4 Earnings Conference Call. I would now like to hand the call over to Stacey Caravella, Vice President, Investor Relations, for opening remarks. Please go ahead.

Stacey Caravella

Vice President of Investor Relations

Thank you, operator, and good morning, everyone. Speaking on today's call will be Planet Fitness Chief Executive Officer, Colleen Keating; and Chief Financial Officer, Jay Stasz. They will be available for questions during the Q&A session following the prepared remarks. Today's call is being webcast live and recorded for replay. Before I turn the call over to Colleen, I'd like to remind everyone that the language on forward-looking statements included in our earnings release also applies to our comments made during the call. Our release can be found on our investor website along with any reconciliation of non-GAAP financial measures mentioned on the call with their corresponding GAAP measures. Now I will turn the call over to Colleen.

Colleen Keating

CEO & Director

Thank you, Stacey, and thank you, everyone, for joining us for the Planet Fitness Fourth Quarter earnings call. Our strong 2025 performance is a direct result of our discipline and focus on our 4 strategic imperatives. I want to personally thank our franchisees and our team members. Their passion is what fuels this brand. We ended the year with approximately 20.8 million members and a global footprint of nearly 2,900 clubs, reinforcing the quality of our member experience and our compelling value proposition. Anyone can get a great workout at Planet Fitness for an incredible value. Our financial performance was strong across the board for the year as well.

Same club sales grew 6.7%, revenue increased 12%, adjusted EBITDA 13%, and we delivered 19% growth in adjusted diluted EPS. Importantly, we opened 181 new clubs and added 1.1 million net new members in 2025. This growth occurred during the first full year of our new Classic Card membership dues, proving that the value of our brand remains unique in the industry. The progress we made on both our top line and new club growth is evidence of our powerful scale and reach and the strength of our team. Our scale provides a foundation to introduce our brand to even more people looking to improve their physical and mental health globally. There was no better way to wrap up the strong year than by taking center stage as the presenting sponsor of Dick Clark's New Year's Rockin' Eve as we've done for the past decade. With 20,000 purple hats blanketing Times Square, we ensured Planet Fitness was the brand millions of people saw as they set their 2026 wellness goals.

As we continue to grow our international presence, we see New Year's Rockin' Eve as an opportunity to put the Planet Fitness brand on a global stage. We are seeing momentum as we execute against our 4 strategic imperatives. As a reminder, they are redefining our brand promise and communicating it through our marketing, enhancing our member experience, refining our product and optimizing our format and accelerating new club growth. Let's dive into the specific progress we achieved across these areas during 2025. I'll start with redefining our brand promise. A key driver in member growth was our intentional focus on the next generation of fitness enthusiasts. The 2025 High School Summer Pass program yielded our most successful results to date with more than 3.7 million teens completing more than 19 million workouts, an all-time high.

We believe the strong year-over-year results were enhanced by the marketing emphasis on our expanded product offering, showcasing that our clubs have a strong complement of strength equipment so members can achieve the workouts they desire at Planet Fitness. We also augmented our social media strategy to reach our younger consumer and increased our use of influencers to promote the Summer Pass. Through the end of the year, we converted 8.3% of teen participants to paying members, which represents an elevation in conversion over the past 2 years. Our strong conversion rate reflects how young people prioritize their well-being, and we provide them with a judgment-free environment to start or continue their fitness journeys. Our success would not have been possible without our club team members who are instrumental in ensuring the participants first experience with Planet Fitness was positive, laying the groundwork for them to become members.

We continue to lean into our -- we are all strong on this Planet campaign, which effectively showcases our best-in-class equipment and support of atmosphere. This follows our 2025 strategic shift in our messaging approach, leading with the compelling why Planet Fitness message, followed by a why Planet Fitness now call to action to reengage lapsed members and attract new ones. Because this campaign resonated so strongly last year, we extended it into 2026. By maintaining this consistency, we avoided the cost of developing a completely new creative platform from scratch while updating creative assets, focusing on differentiators for our brand. This efficiency allowed us to redirect those savings into high-impact working media to drive even greater reach. The agreement with our franchisees to shift a portion of contributions from the local ad fund to the national ad fund for 2026, beginning in the second quarter allows us to move faster in executing on several strategic initiatives.

Beyond driving efficiencies by centralizing more of our ad spend, we are accelerating high-impact technology projects, including AI-enabled CRM and dynamic content optimization to reach new members more effectively than ever before and invest in an AI-enabled predictive churn model to help us increase member retention. Marking his first year with us this month, Chief Marketing Officer, Brian Povinelli, has made rapid progress in scaling our marketing capabilities. Key milestones include strategic hires who are driving AI-enabled member experience initiatives, national media buying and CRM work, a new social media marketing strategy as well as augmenting the team responsible for our perks and partnerships.

These moves will help us refine and better personalize our messaging, drive marketing spend efficiencies and more effectively engage and retain members. We are proud of the progress we've made so far and our strong join volume last year, and we're excited for the impact these new leaders will make on our business moving forward. I enjoy spending time in our clubs, and I particularly like spending time in our clubs in early January to hear from our club managers and get a firsthand look at volume, club traffic and what pieces of equipment are getting the most usage. Last month, I spent time in several of our corporate clubs that are part of the new Black Card amenities test. I tried a few of the new Black Card spa modalities we're currently testing, including the Dry Cold plunge and the Red Light sauna. I spoke with members who were using the new amenities as well to hear their feedback, and it was resoundingly positive.

We see an opportunity to drive both joins and upgrades as well as enhance retention with these new amenities. It's our opportunity to democratize recovery and wellness just as we did with Fitness 30 years ago. Turning now to member experience and format optimization. We are elevating the member experience through a sophisticated data-driven approach, strategically leveraging technology to drive deeper engagement and strengthen member retention. Our mobile app is a prime example. It remains a top download in the health and fitness category, serving as a touch point for our community. We know that the first 100 days of membership influence long-term retention. Our data indicates that early engagement, both digitally and in club, contributes to higher lifetime value and the emotional connection to unlock our next wave of growth.

Looking ahead, we are piloting AI-driven tools to augment our in-club trainers, providing members with personalized coaching and workout support. We're also leaning into the evolving health landscape, specifically regarding GLP-1s, as these treatments can lead to a loss of muscle mass, it's essential that users incorporate strength training to maintain their overall health. Our judgment-free environment makes us the natural partner for this growing demographic. A recent survey conducted by one of our franchisees indicated that roughly 50% of people who take a GLP-1 consider a gym membership. We see positive indicators for continued growth in demand for our offering as GLP-1s become more accessible through lower pricing and pill formats. To that end, we are seeing excellent early results from our Perks partnership with Ro. While it is still early days and too soon to run a victory lap, we can share that this has been our most successful Perks program yet with high download and conversion.

Collaborations like this help to position us at the forefront of a major shift in consumer wellness. Beyond digital perks, we're focused on the physical member experience through format optimization. We believe in giving members the ideal equipment mix designed for them to complete their workout their way. Not only has member response been favorable, the response from our franchisees has been overwhelming. In 2025, 95% of those who opened or remodeled clubs chose an optimized format. We concluded the year with nearly 80% of our entire system featuring some version of a format optimized layout or equipment offering. And finally, our efforts to accelerate new club growth. Our focus is on leveraging our collective size and scale to defend and expand our industry leadership position in the HVLP space.

Thanks to an incredible push by our total system, particularly in the last several weeks of the year, we opened 104 clubs during the fourth quarter, an all-time quarterly high for a total of 181 openings in 2025. Let me say that again because it bears repeating. This is the highest number of Q4 openings in our history. While the real estate market showed a few signs of easing in 2025, it remains highly competitive. We are navigating this by partnering with franchisees to demonstrate our unique value proposition to landlords. Specifically, how Planet Fitness drives foot traffic that benefits the entire retail center. Furthermore, we're leveraging industry relationships to capitalize on prime site opportunities emerging from retail bankruptcies.

We are also seeing success with franchisee-led acquisitions where they purchase small portfolios of regional gyms and convert them to Planet Fitness locations, an effective way of expanding our footprint in high-demand tight real estate markets. This can be beneficial from a build cost standpoint as electrical and plumbing is already in place and from a financial ramp standpoint as we have seen a solid percentage of members convert to Planet Fitness, so the club has a member base and cash flows from day 1. Our international expansion remains a key growth pillar. We are focused on scaling our presence in existing markets like Mexico, Australia and Spain, while strategically entering 1 to 2 new markets annually. A prime example of this momentum is our recent entry into Northern Mexico with a new franchisee set to develop Tijuana and Mexicali. We've also partnered with a bank to lead the Spain marketing process and have a number of interested investors as we look to convert that territory to a franchise market for accelerated growth.

We are disciplined in our approach. We're building sustainable, healthy international market positions. This deliberate strategy is yielding results as we surpassed the 1 million member milestone across our international markets last year and have now crested 200 international clubs. Our Chief Development Officer, Chip Ohlsson, recently celebrated his 1-year anniversary, during which he has strengthened his leadership team with several key appointments. He recently added a franchise sales director to his team with a focus on driving growth domestically to accelerate our outreach and expand our network of franchise partners. Finally, our commitment to member experience continues to earn prestigious third-party recognition.

We are especially proud to be named one of USA Today's Best Customer Service Companies for 2026. Planet Fitness was the highest-rated fitness brand on a list of 750 companies across a wide number of industries, a distinction based on millions of reviews measuring friendliness, competence and reliability. Exceptional service is a business imperative that builds trust and drives the loyalty essential to our long-term retention and top line growth. Now I'll turn it over to Jay.

Jay Stasz*Chief Financial Officer*

Thanks, Colleen. Our financial foundation remains exceptionally strong. I'd like to reiterate, we're extremely proud of what we delivered in 2025. Our highly franchised asset-light model continues to generate significant predictable cash flow. This has allowed us to return nearly \$800 million to shareholders through buybacks over the last 2 years while also funding strategic investments for future growth. Now to our fourth quarter results. All of my comments regarding our quarter performance will be comparing Q4 of 2025 to Q4 of 2024, unless otherwise noted. We opened 104 new clubs compared to 86. We completed 96 new club placements this quarter compared to 77 last year. We delivered system-wide same club sales growth of 5.7%. Franchisee same club sales increased 5.6% and corporate same club sales increased 6%.

Approximately 80% of our fourth quarter comp increase was driven by rate growth with the balance being net membership growth. Black Card penetration was 66.5% at the end of the quarter, an all-time high and an increase of 260 basis points from the prior year. Our ending fourth quarter member count of approximately 20.8 million was in line with our expectations. For the fourth quarter, total revenue was \$376.3 million compared to \$340.5 million. The increase was driven by revenue growth across all 3 segments, including a 9.6% increase in the Franchise segment, a 7.4% increase in the Corporate-owned club segment and a 15.3% increase in the Equipment segment. The increase in our Equipment segment revenue was driven by higher revenue from equipment sales to franchisee-owned clubs. For the quarter, replacement equipment accounted for approximately 60% of total equipment revenue compared to 58%.

For the fourth quarter, the average royalty rate was 6.7%, flat to the prior year. Our cost of revenue, which relates to the cost of equipment sales to franchisee-owned clubs was \$90.2 million, an increase of 12.1% compared to \$80.5 million. Club operations expense increased 7.1% to \$79.6 million from \$74.4 million. SG&A for the quarter was \$37.3 million compared to \$35.7 million. Adjusted SG&A was \$36.8 million or 9.8% of total revenue compared to \$34.4 million or 10.1% of total revenue. National advertising fund expense was \$21.4 million compared to \$19.4 million, an increase of 10.5%. Net income was \$60.7 million, adjusted net income was \$69 million and adjusted net income per diluted share was \$0.83.

Adjusted EBITDA was \$146.3 million and adjusted EBITDA margin was 38.9% compared to \$130.8 million with adjusted EBITDA margin of 38.4%. For the full year, adjusted EBITDA margin increased to 41.7% compared to 41.3% in the prior year. Now turning to the balance sheet. As of December 31, 2025, we had total cash, cash equivalents and marketable securities of \$607 million compared to \$529.5 million on December 31, '24. which included \$66.3 million and \$56.5 million of restricted cash, respectively, in each period. During the quarter, we refinanced approximately \$400 million of our debt that was due next year and upsized the deal to \$750 million at a blended coupon of 5.4% and executed a \$350 million accelerated share repurchase.

Now to our outlook. We knew this year would represent the lowest growth year in our 3-year algorithm for 2 primary reasons. First, the extended replacement cycle for equipment as part of our new growth model that we rolled out in '24. Second, in Q3 of last year, we sold 8 corporate-owned clubs in California. Transitioning these clubs from the corporate-owned segment to the franchise segment aligns with our asset-light strategy, yet reduces our revenue and profit year-over-year growth in '26. We've seen strong join demand during the quarter, a clear signal that our brand value and offerings are resonating. We've also experienced 2 short-term transitory items quarter-to-date. Our join trends were impacted by the storms and cold weather in late January across many of our markets, and we experienced a slightly higher cancel rate last month than anticipated. Notably, recent attrition trends are returning in line with our expectations.

Now to our guidance for '26, which incorporates the factors described earlier. We expect system-wide same club sales growth of 4% to 5%. We expect to open 180 to 190 new clubs system-wide. Like last year, we anticipate the cadence of these openings and the related 150 to 160 equipment placements to be weighted toward the second half of the year and especially the fourth quarter. We expect reequipment sales to represent approximately 70% of total segment revenue, and we expect an equipment margin rate of approximately 30%. We expect total revenue growth of approximately 9% over 2025. We expect adjusted EBITDA to grow approximately 10% over 2025. We project adjusted net income growth in the 4% to 5% range. On a per share basis, we expect adjusted diluted EPS to increase between 9% to 10%. This is based on approximately 80 million adjusted diluted weighted average shares outstanding, which includes the impact from our ASR entered into at the end of last year and our plan to repurchase approximately \$150 million worth of shares in 2026.

We anticipate 2026 net interest expense of approximately \$114 million, reflecting the annualized impact of our 2025 refinancing. Lastly, we expect capital expenditures to be up between 10% and 15% and D&A to be up approximately 10%. We reiterate our 3-year growth algorithm that we outlined at last year's Investor Day. The strategic imperatives and growth initiatives we outlined continue to build momentum, positioning us well to deliver against our long-term objectives. The fundamentals of our business are strong. The model is resilient, and we continue to generate significant cash flow that enables us to return value to shareholders. Now I'll turn the call back to the operator to open it up for Q&A.

Question-and-Answer Session

Operator

[Operator Instructions] Your first question comes from the line of Randy Konik with Jefferies.

Randal Konik

Jefferies LLC, Research Division

I guess, Jay, a question for you is when you look at the '26 guide and you think about -- you just reiterated your 3-year growth algo that you gave at the Analyst Day. Give us some perspective on what does that mean for the 2 out years in terms of shaping the revenue growth, unit expansion and EBITDA dollar growth. How are we supposed to think about that as we think further from '26 into '27 and '28.

Jay Stasz*Chief Financial Officer*

Yes. Randy, thanks for the question. And as we said, right, we knew that this year would represent the lowest growth year in the 3-year algo because of the reequipped cycle and because of the sale of the California clubs. So those impacts, if we think about that on the year-over-year growth for this year is about a 300 basis point impact to top line and about a 200 basis point, slightly north of that on the EBITDA. So obviously, that was contemplated and known. Also included in our guidance this year are, like we mentioned, just some transitory to a much lesser extent, transitory headwinds related to the weather impact and joins, which we can talk more about as well as a slight elevation in attrition versus our expectations that we saw in January, which is now normalized. But to your point, right, we have reiterated our commitment to the 3-year algorithm, and we expect to get back to those targets that we laid out both for revenue and EBITDA over the 3-year period.

And to your point, so there's a bit of a step-up in the out years. I think you guys can probably all calculate and do the math. We expected, and this is not dissimilar to what we rolled out with our 3-year algo at Investor Day. We didn't indicate that the algo was going to be an annual growth rate. But certainly, the strategic imperatives, we see the traction and they are building. And the beauty of this model is that once we start to continue to drive revenue and net member growth, there's significant flow-through to the bottom line. So we see increases in both year 2 and year 3 of that growth algo to get back to the targets we laid out.

Randal Konik*Jefferies LLC, Research Division*

Got it. And then since you brought it up, can we then follow up with trying to get a little more granular about the month of January then?

Jay Stasz*Chief Financial Officer*

Yes. So in terms of January, a couple of points that I'll talk about. From a join standpoint, we saw nice healthy join trends leading in -- for the first few weeks of January leading into the storm that started late in January. And then as we work through that storm, we had a significant impact across many of our markets. About 2,000 clubs based on our data had some form of impact, and we saw a marked difference in the relative join volumes during the storm period, the storms period in late January. And then since that time, for the markets that were impacted, we've seen a nice rebound. And then we've seen some very healthy join rates related to promotions we've run in February.

So I think those things are temporary in nature. Obviously, with the subscription model, a join that happens earlier in the year is more economically impactful and beneficial to a join that happens later in the year. And so we've reflected that as part of this guidance. It certainly, the impact is much less than the other impacts that we've discussed. And then from an attrition standpoint, slight elevation in January, right? This was the first year of a high-volume period with the ability to manage your membership with our messaging around cancel anytime. So maybe in January, it's more top of mind, just like fitness. So we have made some tweaks to our messaging and our digital platform around cancellation. And we have seen that the attrition rate has come in line in February with our expectations.

Operator

Your next question comes from the line of Simeon Siegel with Guggenheim Securities.

Simeon Siegel

Guggenheim Securities, LLC

So Jay, just for the guidance, how are you thinking about Black Card penetration and then price versus member growth embedded within those revenues? And then just because we're talking about January, just -- I guess, Colleen, we've been talking about smoothing out the seasonality of your joins. So how do you think about the significance of a challenging weather January now for Planet Fitness versus maybe how we would have thought about it historically?

Jay Stasz

Chief Financial Officer

Yes. So I can start with that. I mean, obviously, from a join standpoint, right, we've talked about -- in the past, I think historically, they talked about 60% or so of joins coming in the first quarter. Obviously, in the past couple of years, it's been higher than that. We've talked about consistently the ability to get net member growth across several quarters. So -- and I'll let Colleen speak to it more, but we've got lots of things that we can do, and we're seeing traction on the strategic imperatives to drive joins. In terms of your question on Black Card penetration, I mean, we are seeing -- in the fourth quarter, we continue to see highest ever Black Card penetration at 66.5%. So that is a benefit to rate. As we think about the guide and the comp, we're expecting about a 75-25 split, 75% being rate, 25% being volume or membership growth.

Colleen Keating*CEO & Director*

And I'll just maybe build a little bit on what you said about the January joins. And Simeon, as you've seen, we've been successfully running promotions and experiencing net member growth in quarters outside of Q1. This past year, Q4, we had net member growth prior year in the back half, we also had net member growth. So you'll continue to see us deploy marketing in quarters outside of the first quarter. And I think a couple of things important to note. Coming through 2025, with 1.1 million net new members, that was a 10% increase on net new members versus the prior year 2024.

And it was our first full year of the elevated Classic card pricing as well as the first year that we rolled out nationwide online member management. So that, coupled with, as Jay mentioned, we were seeing strong join trends coming through January prior to the storm impact. I think all of those things together give us real confidence in the momentum that we're seeing in the business.

Operator

Your next question comes from the line of Max Rakhlenko with TD Cowen.

Maksim Rakhlenko*TD Cowen, Research Division*

So first, just on the lower EBITDA and the EPS guide for 2026. Can you maybe talk about the shape of the year and how we should think about both for 1H versus 2H?

Jay Stasz*Chief Financial Officer*

Yes, Max, this is Jay, and I will speak to that. When we think about our comp guide of the 4% to 5%, a couple of things to point out, right? We are going to be lapping the nationwide rollout of member management in Q2. So when we think about the comps, we think about lower comps in the first half, and we think about higher comps in the back half as a result of that. Also, of course, as we've called out with the equipment revenue, that is notoriously backloaded. I think last year, we had 57% of our openings in the fourth quarter.

This year, I would tell you it's around that. It might be a few points higher, so maybe closer to 60%. And then otherwise, I think if you model consistently otherwise from an equipment standpoint and then obviously, we're going to have an increase this year in the NAF revenue. And I think Brian Povinelli gave you a ballpark amount for that in -- on the Investor Day. And then otherwise, yes, it's pretty -- the comps are going to be the drivers. Obviously, we don't guide to membership. We've talked a little bit about the cadence of our membership and our ability to add members throughout the course of the year. We're probably not going to get more granular on that, but I think that should help you shape and form the model.

Maksim Rakhlenko

TD Cowen, Research Division

Just 2 quick follow-ups. Just what about on the margin side? Anything that we should think about first half versus second half because the guide does embed obviously some margin pressure. And you touched on some of the drivers. So how should we think about the year progressing?

Jay Stasz

Chief Financial Officer

And Max, you're talking about EBITDA margin standpoint?

Maksim Rakhlenko

TD Cowen, Research Division

Right.

Jay Stasz

Chief Financial Officer

Yes. So I think if you -- I think when you think about it, we've got to look at it ex NAF. We're expecting to get significant margin leverage on an ex NAF basis, even with NAF because that is obviously impactful to the EBITDA margin that we're expecting to be pretty consistent year-over-year. So I think as we think about our guidance and the way we've approached this, we think the guidance is appropriate given some of the puts and takes we've talked about. And I think what that helps us do is really set our expense structure below that. I mean, certainly, we're going to do all we can to continue to work hard and drive that top line and drive join. But we've set our expense structure with this. And if you think about where we've got leverage in the model, it's really on the SG&A.

Maksim Rakhlenko

TD Cowen, Research Division

Got it. That's helpful. And then, Colleen, what's the latest thinking around the timing of the Black Card price increase? And how do you think that it will change the complexion of the comp build as well as the Black Card mix? And then is it already embedded in the guide? Or are we going to get an update once you do roll out the Black Card price increase?

Colleen Keating

CEO & Director

Great question. So we indicated that we would roll out Black Card -- the Black Card price increase after our peak join season. For competitive reasons, we're not being overly specific, but you know our business well, and you know when our peak join season is. And I think where we took the Classic Card price increase 2 years ago is kind of a directional indication.

Q3, obviously, is our lower join quarter. So that will give you an indication of when we're anticipating to roll that out. And as we've said, as we've increased our Black Card penetration over the past couple of years, we know we have gotten some organic rate lift out of the increased penetration, and we expect to continue to get -- to be able to take impact from pricing in the comp from the Black Card price lift. And I think we've given directionally anticipated in the comp about 75%-ish coming from rate, 25-ish coming from volume.

Operator

Your next question comes from the line of Joe Altobello with Raymond James.

Joseph Altobello*Raymond James & Associates, Inc., Research Division*

First question on attrition rates. You mentioned them a couple of times this morning. I'm curious, back when you implemented click-to-cancel, are they back to where you thought they'd be in February?

Jay Stasz*Chief Financial Officer*

Joe, this is Jay, and I'll start with that. I mean, yes, from an expectation standpoint, they are back in line with our expectations for February. And like we've talked about historically, while there was an elevation after click-to-cancel last year, still -- those rates have been within historical norms. And that's when we think about the full year and how we expect it, we would expect the attrition rate to be within the historical norms. And again, we're anniversarying the national rollout of click-to-cancel in Q2 of this year. And again, from a stepping back perspective, right, there's a lot of reasons why this is the right approach strategically for member experience. We're continuing to see an increase in our conversion rates. They're up 6% in the digital join flow. Obviously, this is still a focus of the FTC and at the state level. So we think this is absolutely the right direction and place to be. And the rate has gotten back in line with our expectations.

Colleen Keating*CEO & Director*

And I think important to also point out that for the full year 2025, we were still well within historical norms on an annualized basis. And we've shared -- it's been a 3 handle average attrition rate on an annualized basis, and that's where we landed 2025 as well.

Joseph Altobello*Raymond James & Associates, Inc., Research Division*

That's helpful. And...

Colleen Keating*CEO & Director*

I'll just also add to that. We also are continuing to see of our joins mid-30% of our joins are rejoins. So we know that when we're treating our members well and giving them the opportunity to manage their membership, they're coming back to us. And I think Jay also indicated that in the join flow, we've seen about a 6% increase in conversion in the join flow since noting the ability to manage the membership in the join flow as well.

Joseph Altobello

Raymond James & Associates, Inc., Research Division

Got it. And just to shift gears to interest expense. This is probably the biggest delta, at least from my model, I was not expecting a \$29 million increase year-over-year. So maybe could you -- I understand the debt levels are up because of the upsized refi and you've got the buyback here in '26, but I still can't get the \$29 million of incremental interest expense.

Jay Stasz

Chief Financial Officer

Yes, Joe, and we can take it offline if needed. But absolutely, it's just a function of the blend -- we were giving up a coupon in the 3s and the coupon on the new tranche of debt is about 5.4%. So it includes the \$400 million that was refi plus the \$350 million incremental that allowed us to do the ASR. So that's probably one component. The only other component, obviously, there's an interest income component embedded in that. but you should be able to get pretty close.

Operator

Your next question comes from the line of Chris O'Cull with Stifel Financial Corporation.

Christopher O'Cull

Stifel, Nicolaus & Company, Incorporated, Research Division

Colleen, I'm trying to understand the 4% to 5% comp guide. The company should have the coming benefit of the Black Card pricing, a 25% increase, I think, in media impressions from the additional ad dollars and then just the residual benefit of the Classic Card pricing. So I mean, in the fourth quarter, comps were up almost 6%. So can you help us understand why comps are expected to slow? I mean, is this conservatism or the higher cancellation rate? I'm just trying to understand how to think about this guidance.

Colleen Keating*CEO & Director*

Yes. do you want to start?

Jay Stasz*Chief Financial Officer*

Yes. Chris, this is Jay, and I can start with that. I mean a couple of things, right? You've got to -- I mean, this is a subscription model. And when we think about our comp base, obviously, I mean, one small factor is the fact that stores enter the comp base after the 13th month. So when we opened 150 clubs in '24, those are going to largely impact '26, and that was a low club opening year compared like if you think about the 181 that we just opened, which will impact '27 really. So that's a component of it. And then the other piece is just we've got a large installed base of clubs that generate a ton of cash flow. So even to your point, with the lifts that we will see from rate, it just takes a lot to move that needle from a comp standpoint. Obviously, embedded in that comp guide is the fact that we've had a little bit higher attrition than typically, certainly year-over-year since we did the national rollout. And again, we would expect that to moderate as we lap that in Q2.

Colleen Keating*CEO & Director*

I was just going to say, I could build on that a little bit. I do think we're back -- our openings are back-end loaded. We had a very, very strong unit opening year for 2025, more than 20% lift in openings in '25 versus '24. However, as Jay said, those clubs will come into the comp base on the 13th draft. And because the openings were so back-end loaded, we had over 100 clubs opened in the fourth quarter. We'll start to experience the benefit of those in the comp base much later in the year this year. And as Jay mentioned, we're also back-end loaded in 2024 openings, but it was a significantly lower opening year with only 150 clubs opening and again, back-end loaded.

So those things certainly factored into our guide. And we also were coming up on the second anniversary of the classic card price lift that we took in June of 2024. So the most pronounced impact of that pricing has been experienced -- and then we've -- we do have the Black Card price lift modeled in our guidance. But as you know, we're going to take that after the peak join season. So it will be impactful, but not as impactful if we were taking it on the peak join season.

Christopher O'Cull*Stifel, Nicolaus & Company, Incorporated, Research Division*

Okay. And then just a question on the Ro partnership. Are there any plans to jointly market the benefit to consumers? And is the partnership designed to encourage membership retention, meaning is the Perks discount a onetime upfront benefit? Or is it structured to be an ongoing benefit?

Colleen Keating*CEO & Director*

Yes. So the Perks partnership, we just launched in late Q4 -- and the intent really is to give -- is mutually beneficial, right, to give Ro the opportunity to promote in front of 20.8 million fitness-minded members and at the same time, give our members an added benefit through discounts and the ability to convert with Ro as a complement to their commitment to health and wellness. We've done -- we've seen a number of studies on the GLP-1 impact in our business. One in particular that one of our franchisees commissioned and shared with us indicated that 50% of people who take a GLP-1 consider a gym membership, those are very, very compelling market -- customer market indicators.

So this is our first attempt to really partner with a provider, a GLP-1 provider and make the offering available to our members. And as I said, we've seen quite high pink-through and quite high conversion, but early days. We think there's more opportunity in our partnership with Ro. But again, for competitive reasons, we won't speak to what our go-forward intentions are other than to say both we and Ro have been pleased with the early results from the first partnership.

Operator

Your next question comes from the line of Rahul Krotthapalli with JPMorgan.

Rahul Krotthapalli*JPMorgan Chase & Co, Research Division*

I just wanted to revisit the comps waterfall and the member join waterfall for the clubs. Can you remind us how this currently tracks and especially for the classes of the clubs that opened in the last 2 years and then also that entered the comp base. Curious to see how this is tracking after the White Card pricing. And then as a follow-up, do you expect to see any tailwinds if rest of the industry and your competition is forced to adopt click-to-cancel at some point? Any color there would be helpful.

Jay Stasz*Chief Financial Officer*

So Rahul, this is Jay. And in regards to the comp trends, you broke up a little bit on the question, but right, we talk about when those new clubs enter in the first year of comp, they typically are comping in the 40-plus percent range. Year 2 was in the low to mid-teens. Year 3, generally speaking, is in the mid-single digits and then beyond that, low to mid-single digit, if that -- I think that was your question. And then what was the second part of the question?

Colleen Keating*CEO & Director*

Click-the-cancel -- industry and its impact on us.

Jay Stasz*Chief Financial Officer*

Yes. So I mean, I'll start and Colleen may chime in. But again, I think strategically, we think this is the right thing to do from a member experience standpoint and from a derisking the business standpoint. And from -- we are seeing lift in our digital conversions with the ability to cancel any time. So we think that sets us up well strategically and going forward to have an advantage.

Colleen Keating*CEO & Director*

I'll just say, again, we're, as Jay said, focused on doing the right thing by our members. We're seeing more and more municipalities whether at the state level or local municipal level, focused on giving consumers in subscription models, the ability to manage their subscription or manage their membership. So we believe we did the right thing and also derisked our business by kind of getting ahead of that.

And at the end of the day, I touched on the mid-30% rejoin rate. We think that's probably the biggest impact -- favorable impact is when we've empowered our members to manage their membership. They feel good about their relationship with us. And the top 2 reasons why we see people cite a cancellation reason are they moving or lack of time. So it's nothing to do with experience or lack of desire. And when they consider rejoining a gym or a club, a large proportion of them come back to Planet Fitness.

Operator

Your next question comes from the line of Jonathan Komp with Baird.

Jonathan Komp

Robert W. Baird & Co. Incorporated, Research Division

Could you share a little bit more on the join trends that you're seeing? And do you see opportunity to make up for some of the pockets of weakness that you mentioned and still add close to the number of members that you added in 2025? Is there any reason that that's not realistic at this stage?

Colleen Keating

CEO & Director

Yes. I'll start maybe and just say we were seeing very strong join trends coming through the tail end of 2024 and coming -- tail end of 2025 and coming into 2026 prior to the weather impact. So that gives us a lot of confidence around the fact that we've got great secular tailwinds and people are more fitness-minded than ever before. So to your point, John, we're confident in our ability to drive strong member growth through the balance of the year. And again, I'll cite the results that we had in 2025, which were a 10% lift in net member growth over the prior year despite the fact that we rolled out online member management and had full year impact of the Classic Card price lift.

I think the other thing is as our -- we look at consumer data -- in addition to our lapsed members and the strong results we're seeing with rejoins, as we shared at the Investor Day, active adults in the U.S. likely to pay is somewhere in the neighborhood of 50 million to 60 million people and fitness paying members who could have the opportunity to convert to Planet also in the 60 million people. So the opportunity to continue to drive joins, have our marketing reach this broad fitness-minded audience is something that we feel really confident about.

Jonathan Komp*Robert W. Baird & Co. Incorporated, Research Division*

Okay. Great. And then, Jay, one follow-up on the full year outlook for adjusted EBITDA. You guided to 10% growth. I think you explained 200 basis points of the difference versus the mid-teens 3-year average that you highlighted in November. Could you just maybe bridge the gap the remainder of the difference there, the other 300 basis points or maybe 200 to 300 basis points? Are there any other investments upfront hitting the first year or opportunities the next 2 years after to drive greater leverage? Just any color there.

Jay Stasz*Chief Financial Officer*

Yes, Jon, for sure. So again, we knew about the headwinds coming in. We knew that this year would be the lowest growth year in our 3-year algo. The intent was not that, that 3-year algo was an annual growth rate for each year. So there's a ton of good things happening, like Colleen mentioned in her prepared remarks around the strategic imperatives. And those things will build and gain traction and gain momentum. We talked about the first 100 days. We talked about the Black Card spa amenities. We talk about improving the app in terms of training. So there's lots of good things going on. Obviously, we're focused on joins. We're focused on retention. So as we think about that, the power of this model is that -- and again, we think the guidance is appropriate. That has helped us set the expense structure in a very good way. So once we start to have this flywheel continue to compound, which we expect in the future years, there's significant opportunity from a flow-through and growth perspective.

Colleen Keating*CEO & Director*

I might have -- I might add to that, too, just the momentum we're seeing with the younger consumer as well. And as we think about the potential for lifetime value, High School Summer Pass, we were just shy of 3 million participants last year, 3.7 million this year and an increased conversion rate to paying members at the conclusion of that. So I think lots of strong momentum from a join volume and the fact that one of the big drivers is obviously unit openings, and we came off an incredibly strong year of unit openings in 2025 with more than 20% lift in unit openings year-on-year, '25 versus '24.

Operator

Your next question comes from the line of Sharon Zackfia with William Blair.

Sharon Zackfia

William Blair & Company L.L.C., Research Division

I think one of the big wildcards you had entering this year was the increase to the NAV fund. And I know there's been a lot of -- it sounds like noise in the first couple of months of the quarter for various reasons. But how do you think about that wildcard in terms of increased impressions and kind of more shots on goal as we go throughout the rest of the year as it relates to member growth?

Colleen Keating

CEO & Director

So I'll start and then, Jay, if you want to chime in, you're welcome to. But -- so you're right in that we had the 1% shift from the LAF coming into the NAV for 2026. However, we asked our franchisees to keep their LAF spending whole for Q1, and we're anticipating that shift to have the most impact in Q2, Q3 and Q4. And some of the new capabilities that shift in dollars to the NAF -- some of the new capabilities that will enable are things like the dynamic content optimization and the enhanced AI-enabled CRM as well as helping to fund the predictive churn model that we've got under development and we'll have in pilot in the fairly near term.

So it's funding the building of some of those capabilities that will make our marketing even more effective over the longer term. When you think about DCO dynamic content optimization or dynamic creative optimization, it will enable us to customize our marketing messaging and better tailor it to the consumer that we're attempting to reach based on kind of the shopping behavior that we see from that consumer. And the same with AI-enabled CRM, it will give us greater insights into consumers and consumer motivation and enable us to be more precise in how we target those prospective customers, particularly as we're looking to reach those active likely to pay or fitness paying members that are using other brands or other modalities.

Sharon Zackfia

William Blair & Company L.L.C., Research Division

And Colleen, how do we think about your use of \$1 down? I know it's up a bit year-over-year through February. Is that something that is more of a lever that you'll use as well after you take the Black Card price increase to kind of bolster the Classic Card membership joins?

Colleen Keating*CEO & Director*

So we've talked a little bit about the advertising that we want a compelling message that showcases the value of Planet Fitness and then that you can get strong at Planet Fitness. So we call that kind of the YPF, why Planet Fitness messaging. And then we use an offer as a compelling kind of reason to join now. So the brand building is why Planet Fitness and then a compelling financial offer is kind of why Planet Fitness now or the call to action to drive joints and conversions within a specific time line. So we'll continue to use a balance of brand building messaging as well as landing on a call to action that may include a financial inducement.

Operator

Your next question comes from the line of Xian Siew with BNP Paribas.

Xian Siew Hew Sam*BNP Paribas, Research Division*

I wanted to follow up about the 30% or 30% rejoin rate. Can you maybe talk about the time between maybe members are leaving the system and coming back? Or is there any -- is that time away from the system getting shorter as you're seeing kind of more of this trend? Curious to hear about that.

Colleen Keating*CEO & Director*

We continue to market to former members on a very consistent basis. We're continuing to test different time lines. So as for example, and again, for competitive reasons, I won't be super specific, but we used to perhaps wait a little bit longer before we would come back to them with a rejoin offer. We're testing marketing that approaches them during a narrower lapsed period and again, evaluating the effectiveness of each of the different marketing offers to our former lapsed members. I think the most important thing that we are seeing is this increase in rejoin rate, and it's really in the mid-30s. I think we finished the quarter 34.5%, am I right?

Jay Stasz*Chief Financial Officer*

34.8%.

Colleen Keating*CEO & Director*

34.8% for Q4 rejoin rate. So it's really solidly mid-30s, slightly more than 1/3 of our joins lapsed members returning to our system.

Xian Siew Hew Sam*BNP Paribas, Research Division*

Okay. And then maybe just on the GLP-1s, is there any other way to think about what you're seeing so far? I know it's early days, but are you starting to see members on GLP-1s join the system? I know the Ro partnership, but maybe just kind of what you're seeing so far in terms of the GLP-1 member trends and what the potential could be?

Colleen Keating*CEO & Director*

Yes. So again, we don't -- while we don't track specifically the proportion of our members on GLP-1s, given the size of our member population, and we believe it's representative of kind of the nationwide utilization, which is roughly about 13% today. I think importantly, when you think about a GLP-1 user and the fact that they're embarking on a journey of health and wellness for themselves, and perhaps we're not a gym member before, might be a first-time gym goer.

And we know that gymtimidation is real. We feel like for the GLP-1 user, our brand, Planet Fitness, we are perfectly positioned to meet that customer and support them as they look to combat loss of muscle mass with strength training and also be in an environment that's welcoming and without gymtimidation, judgment-free as they embark on their fitness journey. So we see this as an opportunity for us to continue to expand our reach.

Operator

Your next question comes from the line of Stephen Grambling with Morgan Stanley.

Stephen Grambling*Morgan Stanley, Research Division*

Just wanted to go back to kind of marrying up the '26 guide versus the longer-term guide, but actually focus more on cash and specifically CapEx. It looks like you've got that growing or expected to grow 10% to 15% this year. Last year was kind of in a similar range. I know you mentioned this is more around corporate-owned clubs. So is that something that we should be thinking could be front-loaded in that? Or should we be thinking that there's consistent kind of growth there? And any thoughts around potentially selling additional corporate-owned properties or clubs?

Jay Stasz

Chief Financial Officer

Yes. So I can start with that. The CapEx, I think, was a little bit lower in the last year, maybe around 6% growth. So to your point, we're maybe always a little conservative in the way we think about that CapEx. And that -- the driver of that are a couple of things. It is our corporate-owned clubs. Of course, we've got the new clubs. And then this year, we are undertaking a fair amount of relocations and remodels or at least planned. Also from a modeling standpoint, obviously, we've talked about Spain and recycling that capital and getting that in the hands of a franchisee to develop that. But we have, from a CapEx standpoint, modeled continued development in Spain on our balance sheet this year.

So I think that rate of growth is a reasonable way to think about it in the model going forward. We will continue to build cash throughout the model. And of course, we've talked about continuing to invest in buybacks to return value to shareholders. And in terms of recycling capital and looking at other corporate clubs, I mean, we're always going to look at opportunities and options as they come up. We're right around the 90%, 10% split between franchise and corporate owned. And we think in this business, that's a good balance, especially given the 4-wall profitability.

Colleen Keating

CEO & Director

Yes. I think it's important to say we are out to market or we've engaged a banker to go to market for Spain. We would love to bring in a great franchise partner to help us accelerate growth in Spain because those clubs are performing very well. And we're seeing ramps in a new market like Spain that are akin to our ramp new club ramps, member ramps that we see domestically. And then just on the California clubs, I think it's important to note, that was a bit of a geographic outlier for us.

This was an efficiency play as well as the opportunity to put that market in the hands of a well-capitalized franchisee who had a good operational infrastructure on the West Coast because majority of our corporate clubs are on the East -- Northeast, Southeast. So this was an efficiency play as well as an opportunity to recycle capital with that sale.

Operator

There are no further questions at this time. I would now like to turn the call back to Colleen Keating, CEO, for closing remarks. Go ahead.

Colleen Keating

CEO & Director

Thank you, and thank you for all the thoughtful questions. In closing, I'll just reiterate our performance in 2025 demonstrates the immense power of our model. We remain laser-focused on our 4 strategic imperatives, which do serve as the foundation for our next chapter of growth and our unwavering commitment to delivering long-term shareholder value. Thank you.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.

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