

Life Time

4Q23 QuickTake: EBITDA ahead; 2024 guidance ahead of Street

Reiterate Rating: BUY | PO: 20.00 USD | Price: 12.42 USD

4Q adj. EBITDA slightly ahead of re-affirmed guidance

Life Time (LTH) reported 4Q23 adjusted EBITDA of \$137.7mn (vs. our \$134.7mn) which was slightly ahead of its re-affirmed outlook on 12/27 post CFO departure announcement. Revenue of \$558.6mm (vs. our \$555.4mm) was in-line with its expectations of \$555-\$565mm. Center memberships of 763.2K was above our 754.3K estimate and declined 21.1K QoQ given normal seasonality. We reiterate Buy and \$20 PO.

1Q24 and full year 2024 guidance ahead of Street

LTH provided initial 1Q24 guidance of revenue of \$585-\$595mm (ahead of Street at \$570.5mm) and adj. EBITDA of \$142-\$146mm (vs. street at \$132.2mm). LTH expects 2024 revenue of \$2,460-\$2,500mm (ahead of street at \$2,454mm) and adj. EBITDA of \$595-\$610mm (vs. street at \$589.9mm). LTH expects to open 9-10 new centers in 2024 and expects to be free cash flow positive beginning in 2Q24. LTH intends to resume sale-leaseback transactions “once terms are in line with our long-term financial objectives.”

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Stock Data

Price	12.42 USD
Price Objective	20.00 USD
Date Established	25-Oct-2023
Investment Opinion	C-1-9
52-Week Range	11.10 USD - 22.41 USD
Mrkt Val (mn) / Shares Out (mn)	2,436 USD / 196.1
Free Float	26.2%
Average Daily Value (mn)	8.04 USD
BofA Ticker / Exchange	LTH / NYS
Bloomberg / Reuters	LTH US / LTH.N
ROE (2023E)	5.3%
Net Dbt to Eqty (Dec-2022A)	84.5%
ESGMeter™	NLA

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Timestamp: 28 February 2024 08:09AM EST

Price objective basis & risk

Life Time (LTH)

Our \$20 PO is based on an enterprise value of 9-10X our F24 adj. EBITDA estimate of \$594.0mn, a valuation more in line with other Best-in-Class Experience Membership Models.

Risks to the downside are: 1) Life Time operates in a highly competitive U.S. market with other luxury fitness providers including Equinox, high-end boutique fitness studios including F45 & Xponential Fitness, and other fitness/experience based membership models incl. country clubs, (2) rise in COVID-19 case counts could pressure Life Time recovery trends especially if case counts continue to pressure consumer sentiment, (3) strong momentum during the peak new member sign up period of mid-December/January is important for Centers to achieve strong results for the full new year, (4) Continued rise of at home fitness, including Peloton, could pressure demand for in-center fitness models, and (5) New Center construction/opening delays could push off timing of contribution from new Centers vs. current model expectations.

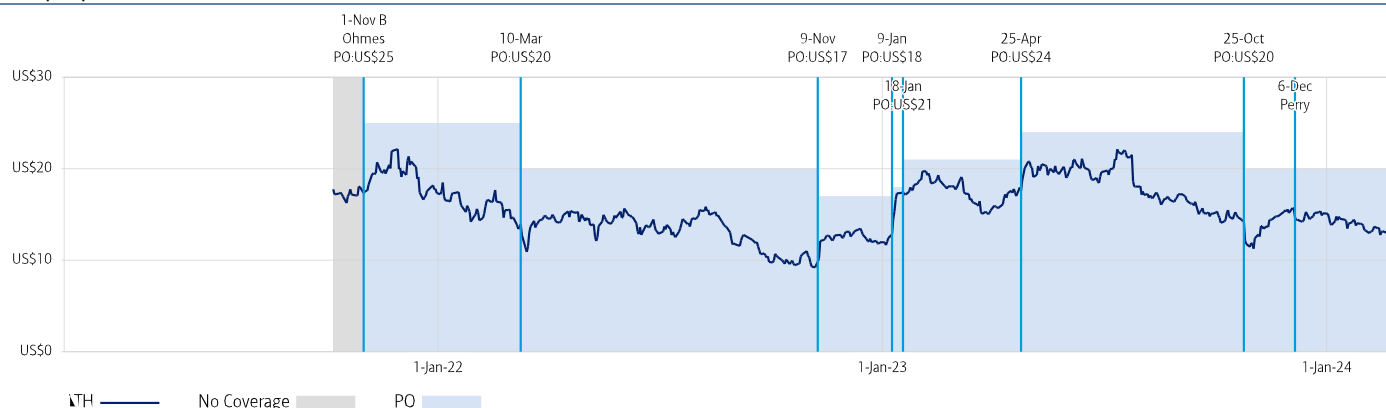
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Life Time (LTH) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Leisure Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	16	55.17%	Buy	9	56.25%
Hold	7	24.14%	Hold	5	71.43%
Sell	6	20.69%	Sell	4	66.67%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
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Sell	807	22.84%	Sell	383	47.46%

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Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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