SIGNALCORE RESEARCH

PJT Partners: 9.9x EV/EBITDA and 6.7x EV/FCF Price a Recovery Despite -8.9% FCF Growth

PJT | PJT Partners Inc. | Financial Services | Financial - Capital Markets | FY 2025 | 2026-06-12T12:42:49.299Z

> *At 9.9x EV/EBITDA and 6.7x EV/FCF, PJT's valuation reflects confidence in 32.6% EPS growth and 100% EPS beats, yet -8.9% free cash flow growth and a 50% revenue beat rate test whether the advisory cycle recovery is fully cash-backed.*

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
Interesting research candidate Value / Quality Candidate	**67 / 100**	**76 / 100**	**0 / 100**	**0 / 100**

PRIMARY DEBATE — The investable debate centers on whether 32.6% EPS growth and a 100% EPS beat rate across 8 quarters can persist in an advisory-driven model where revenue beat rate is 50% and free cash flow growth is -8.9%. Evidence of 14.8% revenue growth and 34.0% net income growth indicates operating trend, yet the decline in free cash flow challenges the assumption that deal-cycle reacceleration is fully converting to cash. The implication is that the durability of the recovery depends on cash-flow stabilization rather than headline EPS growth alone.

INVESTMENT NARRATIVE

Archetype	**Cyclical recovery with secular AI/tech tailwind**
Company Type	**Asset-light advisory-focused investment bank**
Key Monitoring Metric	**FCF growth**

Core Tension: supported EPS trend and guidance-driven optimism vs. challengedening cash generation and mixed revenue execution

Market Assumption: Deal-cycle reacceleration (including AI/tech activity) will sustain double-digit growth and translate into continued EPS beats and improving fundamentals.

Trajectory: Re-acceleration phase with supported near-term EPS trend and solid balance sheet; cash conversion lagging and revenue beats inconsistent.

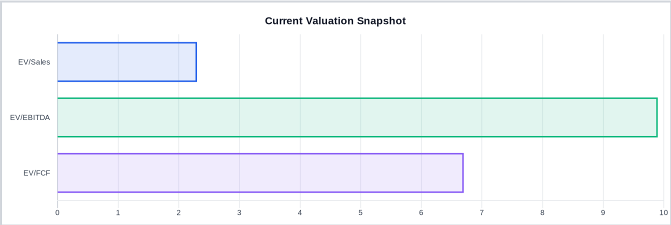
Mispricing Hypothesis: The market discounts the durability and cash-backed nature of the recovery due to recent FCF decline and mixed revenue beats; if FCF stabilizes/rebounds and EPS trend persists, EV/FCF (6.7x) can rerate closer to earnings-based multiples.

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTING EVIDENCE
Latest revenue growth: 14.8%	FCF growth: -8.9% (cash generation challengedening)
Latest EPS growth: 32.6%	Revenue beat rate: 50% (execution variability)
EPS beat rate: 100%	5Y EPS growth: 3.7% (longer-term earnings CAGR modest vs latest spike)
Narrative clusters: earnings_guidance and ai_technology	Valuation dislocation: FCF yield 15.45% vs earnings yield 4.62% suggests market skepticism on cash quality/sustainability
High capital efficiency: ROE 76.4%, ROIC 22.7%	EV/EBITDA ~9.9 implies not distressed-cheap despite high FCF yield
Low leverage: Net Debt/EBITDA 0.27x	
5Y revenue growth: 10.9%	

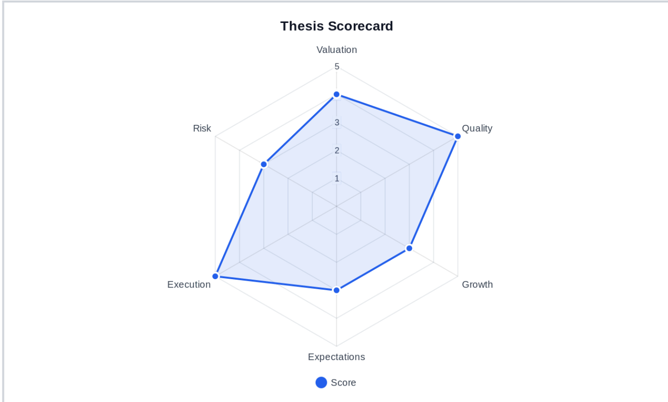
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
4	5	3	3	5	3	4
SUPPORTED	SUPPORTED	MIXED	MIXED	SUPPORTED	MODERATE	SUPPORTED



CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



THESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
9.9x	**6.7x**	**15.5%**	**22.7%**	**14.8%**	**32.6%**	**-8.9%**	**100.0%**

EXECUTIVE SUMMARY

Core Tension	supported EPS trend and guidance-driven optimism vs.
Market Assumption	Deal-cycle reacceleration (including AI/tech activity) will sustain double-digit growth and translate into continued EPS beats and improving fundamentals.
Current Pricing	At a price of $153.97 and market cap of $4.0B, the company trades at 2.3x EV/Sales, 9.9x EV/EBITDA, and 6.7x EV/FCF, with an earnings yield of 4.6% and free cash flow yield of 15.5%.
Valuation	Current EV/EBITDA of 9.9x sits modestly below the 3Y average of 11.2x, while ROIC of 22.7% exceeds the 3Y average of 15.2%, indicating valuation is not fully aligned with improved capital efficiency.
Quality	Capital efficiency is high, with ROE of 76.4% and ROIC of 22.7%, supported by an asset-light advisory model and modest invested capital of $1.9B.
Growth	Latest revenue growth of 14.8% trails the 3Y average of 18.9% but exceeds the 5Y average of 10.9%, suggesting stabilization above longer-term averages.
Cash Flow	Operating cash flow growth of -0.9% combined with free cash flow growth of -8.9% confirms that cash generation is contracting in the latest year.
Execution	Over 8 quarters, EPS beat rate is 100% with an average EPS surprise of 26.6%, while revenue beat rate is 50% with an average revenue surprise of 3.1%.
Primary Monitor	Can operating cash flow growth recover above -0.9% in the next fiscal year?

THESIS DRIVERS

SUPPORTING DRIVERS

1	EPS Beat Rate	**100.0%**
2	EPS Growth	**32.6%**
3	ROIC	**22.7%**
4	FCF Yield	**15.5%**
5	Revenue Growth	**14.8%**

CONSTRAINTS / MONITORS

1	FCF Growth	**-8.9%**

COMPANY & BUSINESS MODEL

PJT Partners Inc. operates as a prominent global investment bank, delivering specialized financial and strategic advisory services to a diverse clientele that includes corporations, financial sponsors, institutional investors, and governments around the world. The firm's comprehensive offerings encompass various crucial areas. It provides expert guidance on a wide array of strategic and capital markets transactions, such as mergers and acquisitions, divestitures, spin-offs, joint ventures, minority investments, and defensive strategies against activist shareholders or contested M&A. Furthermore, PJT advises on debt and acquisition financings, structured product offerings, public equity raises—including initial public offerings (IPOs) and Special Purpose Acquisition Company (SPAC) offerings—as well as private capital raises for early and later stage companies, alongside other capital structure optimization matters. A significant part of its service portfolio is shareholder advisory, where PJT counsels the boards and management teams of both private and public companies on cultivating supported by supplied metrics investor relationships, developing strategic investor relations, navigating environmental, social, and governance (ESG) concerns, and ensuring effective shareholder engagement. Additionally, the bank specializes in restructuring and special situations, assisting companies, creditors, and financial sponsors through intricate liability management, recapitalizations, reorganizations, debt repurchases, distressed mergers and acquisitions, and related capital raise transactions. PJT also extends its expertise to private fund advisory, facilitating fundraising across various investment strategies, and offering counsel to both general partners (GPs) and limited partners (LPs) regarding liquidity and structured solutions within the secondary market. The company was originally incorporated in 2014 as Blackstone Advisory Inc. before officially rebranding to PJT Partners Inc. in March 2015. Its headquarters are situated in New York, New York.

INVESTMENT THESIS

PJT Partners, an asset-light advisory-focused investment bank with $4.1B enterprise value, is in a re-acceleration phase as evidenced by 14.8% revenue growth and 32.6% EPS growth in FY2025. High capital efficiency, including ROE of 76.4% and ROIC of 22.7%, combined with low leverage of 0.27x net debt/EBITDA and a current ratio of 8.1x, supports the balance sheet resilience required in a cyclical advisory model. However, free cash flow growth of -8.9% and operating cash flow growth of -0.9% introduce tension against the 6.7x EV/FCF multiple and 15.5% free cash flow yield, suggesting the central debate is whether earnings trend is translating into durable, repeatable cash generation.

INVESTABLE DEBATE

The investable debate centers on whether 32.6% EPS growth and a 100% EPS beat rate across 8 quarters can persist in an advisory-driven model where revenue beat rate is 50% and free cash flow growth is -8.9%. Evidence of 14.8% revenue growth and 34.0% net income growth indicates operating trend, yet the decline in free cash flow challenges the assumption that deal-cycle reacceleration is fully converting to cash. The implication is that the durability of the recovery depends on cash-flow stabilization rather than headline EPS growth alone.

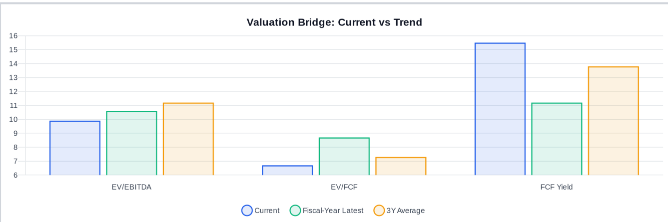
MARKET EXPECTATIONS

At a price of $153.97 and market cap of $4.0B, the company trades at 2.3x EV/Sales, 9.9x EV/EBITDA, and 6.7x EV/FCF, with an earnings yield of 4.6% and free cash flow yield of 15.5%. These metrics imply the market is pricing sustained advisory activity sufficient to support double-digit earnings growth while applying a discount to accounting earnings relative to cash generation. However, compared with the fiscal-year latest EV/FCF of 8.7x versus a 3Y average of 7.3x, the current 6.7x multiple reflects more conservative pricing relative to recent history, suggesting expectations are balanced between recovery continuation and cash-flow caution.

CURRENT VALUATION VS HISTORICAL TREND

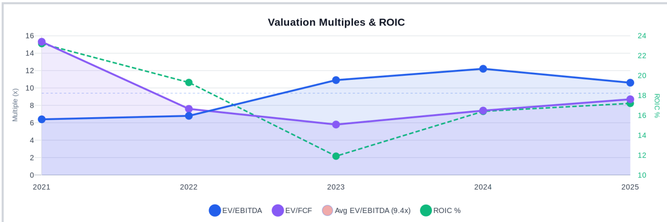
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	9.9x	10.6x	11.2x	9.4x
EV/FCF	6.7x	8.7x	7.3x	9.0x
FCF Yield	15.5%	11.2%	13.8%	12.1%

Current EV/EBITDA is 9.9x, while fiscal-year trend data shows latest EV/EBITDA of 10.6x versus a 3Y average of 11.2x. Current EV/FCF is 6.7x, while fiscal-year trend data shows latest EV/FCF of 8.7x versus a 3Y average of 7.3x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 9.9x, while fiscal-year trend data shows latest EV/EBITDA of 10.6x versus a 3Y average of 11.2x.



VALUATION MULTIPLES & ROIC OVERLAY

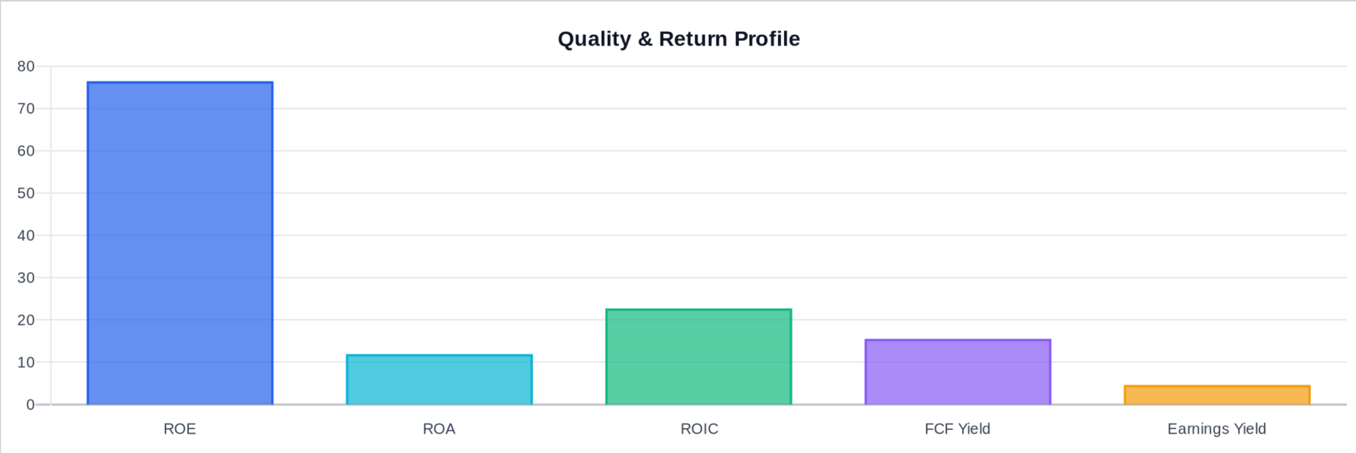
Current EV/EBITDA of 9.9x sits modestly below the 3Y average of 11.2x, while ROIC of 22.7% exceeds the 3Y average of 15.2%, indicating valuation is not fully aligned with improved capital efficiency.

VALUATION ANALYSIS

Current EV/EBITDA of 9.9x sits modestly below the 3Y average of 11.2x, while ROIC of 22.7% exceeds the 3Y average of 15.2%, indicating valuation is not fully aligned with improved capital efficiency. Meanwhile, current EV/FCF of 6.7x compares to a 3Y average of 7.3x, yet free cash flow growth of -8.9% contrasts with a 3Y average FCF growth of 31.5%, implying the multiple embeds skepticism that historical cash expansion will immediately resume. The valuation case therefore rests on whether ROIC of 22.7% and FCF yield of 15.5% can persist without further cash-flow contraction.

QUALITY & CAPITAL EFFICIENCY

Capital efficiency is high, with ROE of 76.4% and ROIC of 22.7%, supported by an asset-light advisory model and modest invested capital of $1.9B. Net debt/EBITDA of 0.3x and working capital of $576.9M reinforce balance sheet flexibility. Income quality of 2.4 and a cash conversion cycle of 59.7 days indicate earnings are supported by cash conversion, though not without variability. The implication is that the business model can generate elevated returns in favorable deal environments, but quality must be evaluated alongside cash-flow trends.



QUALITY & RETURN PROFILE

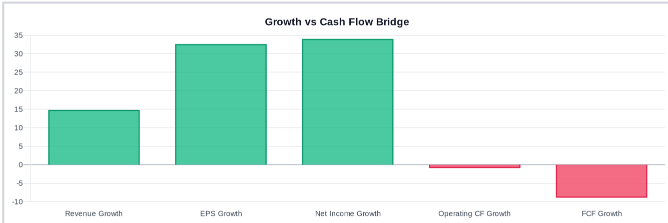
Capital efficiency is high, with ROE of 76.4% and ROIC of 22.7%, supported by an asset-light advisory model and modest invested capital of $1.9B.

GROWTH TRAJECTORY

Latest revenue growth of 14.8% trails the 3Y average of 18.9% but exceeds the 5Y average of 10.9%, suggesting stabilization above longer-term averages. EPS growth of 32.6% exceeds the 3Y average of 26.0% and far surpasses the 5Y average of 3.7%, indicating current earnings acceleration relative to the longer cycle. However, free cash flow growth of -8.9% diverges from the 3Y average of 31.5% and 5Y average of 24.7%, signaling that the recovery is earnings-led rather than cash-led.

HISTORICAL GROWTH TRENDS

Latest revenue growth of 14.8% trails the 3Y average of 18.9% but exceeds the 5Y average of 10.9%, suggesting stabilization above longer-term averages.



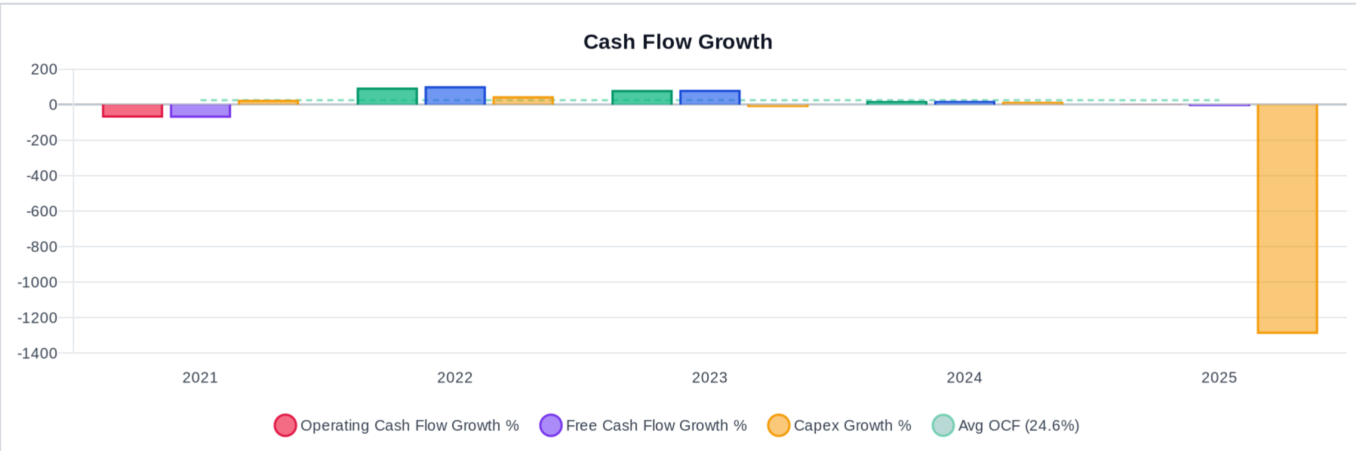
GROWTH VS CASH FLOW BRIDGE

Latest revenue growth of 14.8% trails the 3Y average of 18.9% but exceeds the 5Y average of 10.9%, suggesting stabilization above longer-term averages.

CASH FLOW GROWTH & CONVERSION

Operating cash flow growth of -0.9% combined with free cash flow growth of -8.9% confirms that cash generation is contracting in the latest year. This contrasts with 3Y average operating cash flow growth of 33.8% and 3Y average free cash flow growth of 31.5%, indicating a deceleration in conversion trend. Given the advisory model's reliance on transaction timing, the implication is that sustained recovery requires reacceleration in operating cash flow rather than relying solely on earnings expansion.

Capex growth of -1290.6% and capex/revenue of 2.7% versus a 3Y average of 1.1% indicate investment intensity has fluctuated, yet the negative free cash flow growth of -8.9% alongside -0.9% operating cash flow growth suggests conversion challengedness is driven more by operating cash dynamics than capital expenditure expansion. The implication is that stabilization in operating cash flow is the primary metric to monitor rather than capex moderation.



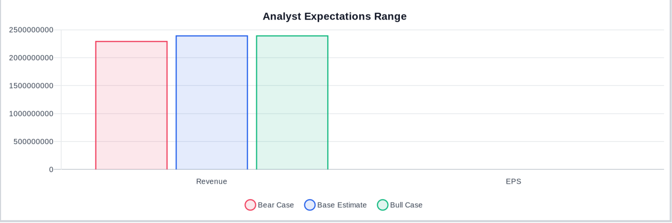
CASH FLOW GROWTH — OCF, FCF & CAPEX

Operating cash flow growth of -0.9% combined with free cash flow growth of -8.9% confirms that cash generation is contracting in the latest year.

ANALYST EXPECTATIONS

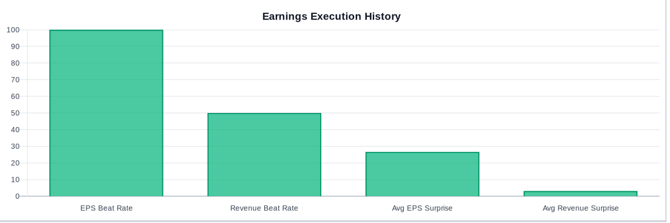
Next Revenue Estimate	**$2.4B**
Revenue Bull Case	**$2.4B**
Revenue Bear Case	**$2.3B**
Next EPS Estimate	**11.28**
EPS Bull Case	**11.65**
EPS Bear Case	**11**
Revenue Dispersion	**4.42%**
EPS Dispersion	**5.75%**
Revenue Coverage	**1**
EPS Coverage	**1**

Next revenue estimate of $2.4B and next EPS estimate of $11.28 imply continued advisory trend, with revenue dispersion of 4.4% and EPS dispersion of 5.7% indicating contained estimate variability. However, analyst coverage of 1 for both revenue and EPS limits breadth of external validation. Given 14.8% latest revenue growth and 32.6% EPS growth, expectations appear Reasonable relative to recent performance, though limited coverage increases reliance on execution consistency.



ANALYST EXPECTATIONS RANGE

Next revenue estimate of $2.4B and next EPS estimate of $11.28 imply continued advisory trend, with revenue dispersion of 4.4% and EPS dispersion of 5.7% indicating contained estimate variability.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate is 100% with an average EPS surprise of 26.6%, while revenue beat rate is 50% with an average revenue surprise of 3.1%.

EXECUTION QUALITY

Quarters Analysed	**8**
EPS Beat Rate	**100.0%**
Revenue Beat Rate	**50.0%**
Avg EPS Surprise	**26.6%**
Avg Revenue Surprise	**3.1%**
EPS Beats / Misses	**8 / —**
Revenue Beats / Misses	**4 / 4**

Over 8 quarters, EPS beat rate is 100% with an average EPS surprise of 26.6%, while revenue beat rate is 50% with an average revenue surprise of 3.1%. This pattern shows execution has been supporteder at the earnings line than the revenue line, consistent with operating leverage in advisory fees. The implication is that estimate credibility for EPS is supported by history, while revenue variability reflects transaction timing sensitivity.

The 100% EPS beat rate across 8 quarters and contained EPS dispersion of 5.7% support credibility of the $11.28 next EPS estimate. However, a 50% revenue beat rate and revenue dispersion of 4.4% indicate top-line outcomes are less predictable. The implication is that earnings expectations are more execution-backed than revenue expectations, but continued credibility depends on avoiding a reversal in free cash flow growth of -8.9%.

BULL / BASE / BEAR SCENARIOS

BULL CASE

If revenue reaches the bull-case estimate of $2.4B and EPS reaches $11.65 while ROIC remains at 22.7%, then the 9.9x EV/EBITDA multiple would be supported by sustained earnings acceleration and capital efficiency.

Revenue Bull Case $2.4B | **EPS Bull Case $11.65** | **ROIC 22.7%**

BASE CASE

If revenue aligns with the next estimate of $2.4B and EPS reaches $11.28 while EV/EBITDA remains at 9.9x, then valuation would remain aligned with mid-cycle advisory activity and current capital returns.

Next Revenue Estimate $2.4B | **Next EPS Estimate $11.28** | **EV/EBITDA 9.9x**

BEAR CASE

If free cash flow growth remains at -8.9% and revenue trends toward the bear-case estimate of $2.3B while EV/FCF stays at 6.7x, then the valuation would reflect ongoing skepticism that earnings expansion converts to cash.

Free Cash Flow Growth -8.9% | **Revenue Bear Case $2.3B** | **EV/FCF 6.7x**

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
37%	**50%**	**13%**	**70 / 100**

12–24 MONTH CONDITIONAL OUTLOOK

With next revenue estimate at $2.4B and latest revenue growth of 14.8%, continuation above the 5Y average of 10.9% would indicate sustained advisory activity.

Next EPS estimate of $11.28 builds on 32.6% EPS growth, and maintenance of EPS beats near the historical 100% rate would reinforce estimate stability.

If EV/EBITDA remains near 9.9x while ROIC holds at 22.7%, valuation would remain consistent with current return metrics.

Execution quality will be assessed by whether EPS beat rate remains near 100% and revenue beat rate improves from 50%.

If free cash flow growth reverses from -8.9% to positive territory while revenue approaches $2.4B, the recovery narrative would be supported by cash evidence rather than earnings alone.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can operating cash flow growth recover above -0.9% in the next fiscal year?	If free cash flow growth improves from -8.9% to above the 3Y average of 31.5%, then the cash-backed recovery case strengthens.	If free cash flow growth declines further below -8.9% while EV/FCF remains at 6.7x, then valuation would not be supported by cash trends.
Will EPS growth sustain above the 3Y average of 26.0%?	If ROIC rises above the 3Y average of 15.2% and sustains above 22.7%, then capital efficiency would further support the current 9.9x EV/EBITDA multiple.	If EPS growth falls below the 5Y average of 3.7% from the current 32.6%, then the recovery classification challengedens.
Can EV/FCF remain below the 3Y average of 7.3x if FCF yield stays at 15.5%?	If revenue growth exceeds the 3Y average of 18.9% from the current 14.8%, then top-line trend would align with EPS growth of 32.6%.	If ROIC falls below the 3Y average of 15.2% from 22.7%, then capital efficiency would no longer justify a 9.9x EV/EBITDA multiple.

RISK & THESIS MONITOR

Can operating cash flow growth recover above -0.9% in the next fiscal year?

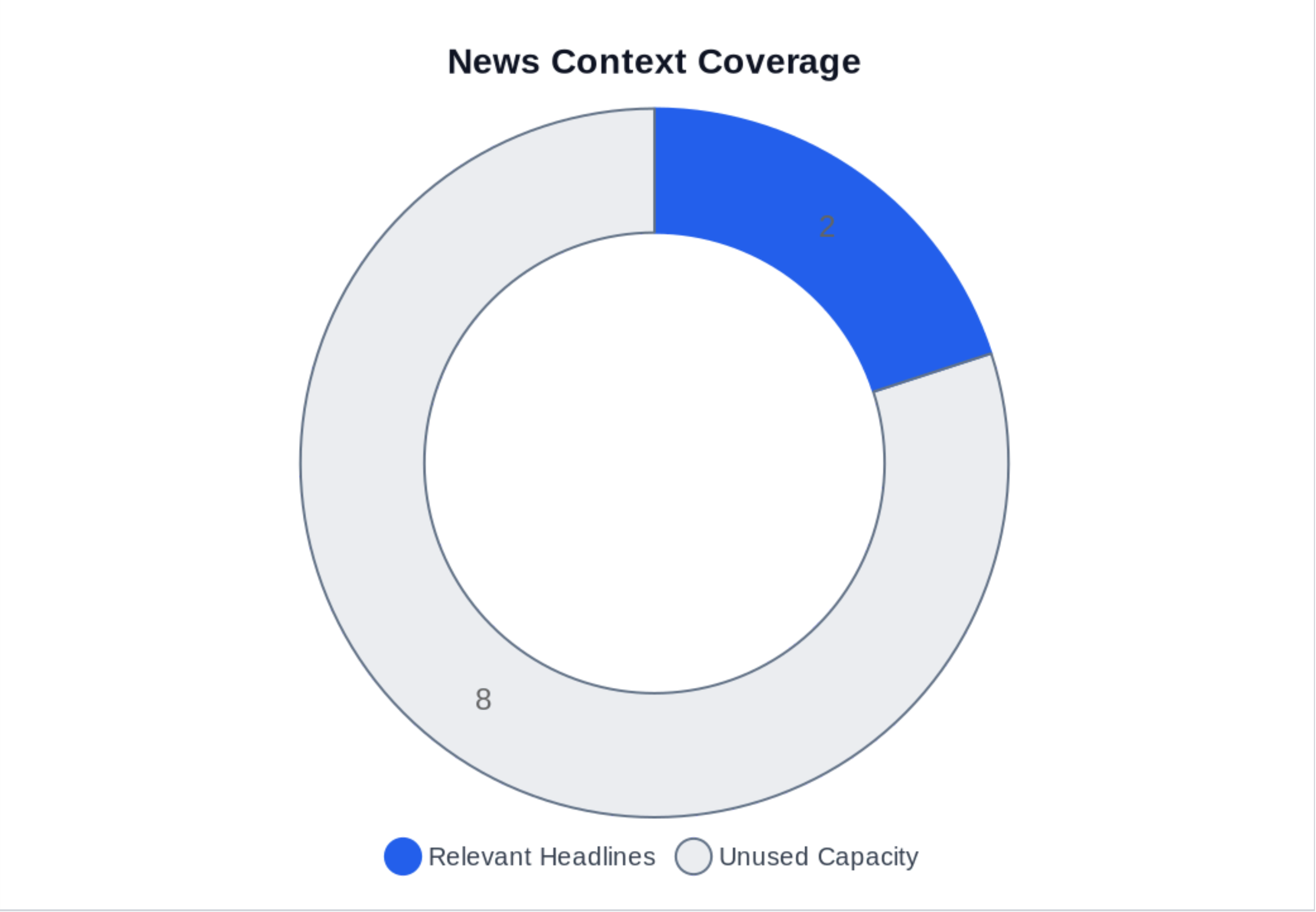
RISK ASSESSMENT

DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	3 / 5	Moderate
Execution Risk	1 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	1 / 5	Low
Overall Risk	3 / 5	Moderate
Composite Risk Score	**2.2 / 5**	

- Operating Cash Flow Growth -0.9%
- Free Cash Flow Yield 15.5%
- Income Quality 2.4

NEWS NARRATIVE

The headline "PJT Partners Inc. Reports Record First Quarter 2026 Results; Announces $800 Million Repurchase Authorization" is relevant to monitoring capital allocation alongside free cash flow to equity of $480.4M, but additional evidence is required to determine financial impact. The headline regarding reporting first quarter 2026 results aligns with the 100% EPS beat rate across 8 quarters, yet further data is required to assess durability.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: earnings_guidance, ai_technology.

INVESTMENT VIEW

EVIDENCE BALANCE	CONVICTION	RISK LEVEL	CLASSIFICATION
Positive evidence balance	**High**	**Moderate**	**Value / Quality Candidate**

Core Thesis: *At 9.9x EV/EBITDA and 6.7x EV/FCF, PJT's valuation reflects confidence in 32.6% EPS growth and 100% EPS beats, yet -8.9% free cash flow growth and a 50% revenue beat rate test whether the advisory cycle recovery is fully cash-backed.*

Primary Risk: Free Cash Flow Growth -8.9%

Monitor: Can operating cash flow growth recover above -0.9% in the next fiscal year?