

PJT Partners: EV/EBITDA 10.0x and EV/FCF 6.7x Frame a Durability Debate Around 32.6% EPS Growth

PJT | PJT Partners Inc. | Financial Services | Investment - Banking & Investment Services | FY 2025 | 2026-06-24T12:27:16.856Z

At EV/EBITDA of 10.0x and EV/FCF of 6.7x, the valuation implies skepticism that 32.6% EPS growth and a 100% EPS beat rate will convert into durable free cash flow, particularly with free cash flow growth at -8.9%.

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
Interesting research candidate	67 / 100	76 / 100	73 / 100	0 / 100
Value / Quality Candidate			Derived from growth, expectations and execution evidence	

PRIMARY DEBATE — The debate is whether EPS growth of 32.6% and a 100% EPS beat rate across 8 quarters represent durable advisory-cycle strength or a cyclical peak, given free cash flow growth of -8.9%. Evidence: revenueBeatRate of 50% versus epsBeatRate of 100%. Interpretation: execution has been more consistent at the earnings line than at the revenue line. Implication: the market is testing whether margin expansion rather than revenue acceleration is driving results, which affects sustainability.

INVESTMENT NARRATIVE

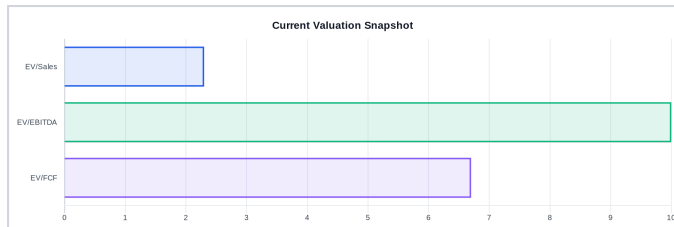
Archetype	Cyclical quality with durability debate	<p>Core Tension: supported EPS trend and beat consistency vs challenged free cash flow and only mixed revenue beats — is the earnings acceleration durable and cash-convertible?</p> <p>Market Assumption: Recent strength is not fully durable; earnings/FCF will normalize, so a low EV/FCF is appropriate despite near-term EPS beats and growth</p> <p>Trajectory: Earnings accelerating with consistent beats; double-digit revenue growth; cash flow lagging. Narrative centered on guidance and AI technology coverage</p> <p>Mispricing Hypothesis: The market applies skepticism to the durability and cash conversion of recent performance; if FCF stabilizes/recovers while EPS beats persist, multiple/FCF yield should re-rate upward from current discounted levels</p>
Company Type	Advisory-focused, asset-light investment bank (strategic advisory, capital markets, restructuring, private fund advisory)	
Key Monitoring Metric	FCF growth	

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTING EVIDENCE
EV/FCF of 6.71 and FCF yield of 15.33% imply the market is discounting sustainability	Revenue growth 14.8% (latest) and 10.9% (5Y) indicate healthy and sustained top-line expansion
FCF growth is -8.9% despite EPS growth of 32.6%, raising earnings quality/convertibility concerns	EPS growth 32.6% (latest) with a 100% EPS beat rate indicates supported execution and operating leverage
Revenue beat rate at 50% signals less consistent top-line outperformance than EPS (100% beat rate)	High ROE (76.4%) and ROIC (22.7%) reflect high-quality, asset-light economics
Coverage clusters around earnings guidance suggest focus on near-term outlook rather than structural change	Low leverage (Net Debt/EBITDA 0.27) reduces negative scenario risk and supports resilience
	EV/EBITDA ~10x appears modest given double-digit revenue growth and supported returns

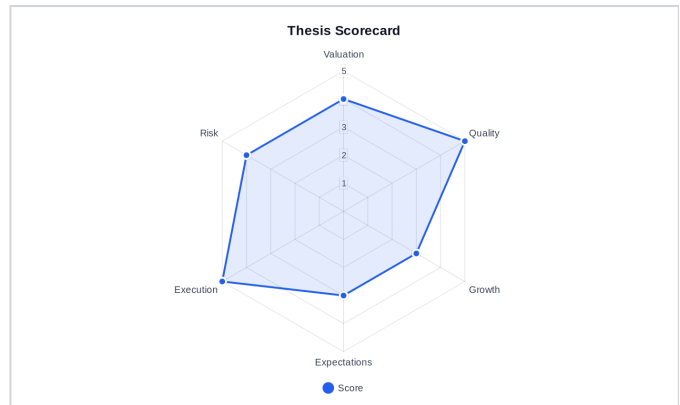
SCORECARD

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



CURRENT VALUATION SNAPSHOT

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



THEESIS 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
10.0x	6.7x	15.3%	22.7%	14.8%	32.6%	-8.9%	100.0%

EXECUTIVE SUMMARY

Core Tension	supported EPS trend and beat consistency vs challenged generating free cash flow and only mixed revenue beats — is the earnings acceleration durable and cash-convertible?
Market Assumption	Recent strength is not fully durable; earnings/FCF will normalize, so a low EV/FCF is appropriate despite near-term EPS beats and growth
Current Pricing	At a price of \$155.21 and enterprise value of \$4.1B, EV/EBITDA of 10.0x and earningsYield of 4.6% imply normalization of earnings rather than continuation of 32.6% EPS growth.
Valuation	Current EV/EBITDA of 10.0x compares with fiscal-year latestEvEbitda of 10.6x and a 3Y average of 11.2x.
Quality	ROE of 76.4% versus a 3Y average of 54.6% and ROIC of 22.7% versus a 3Y average of 15.2% demonstrate elevated capital efficiency.
Growth	Latest EPS growth of 32.6% exceeds the 3Y average of 26.0% and the 5Y average of 3.7%, indicating acceleration.
Cash Flow	Latest operatingCashFlowGrowth of -0.9% and freeCashFlowGrowth of -8.9% contrast with 3Y averages of 33.8% and 31.5%, respectively.
Execution	Across 8 quarters, epsBeatRate is 100% with averageEpsSurprisePct of 26.6%, while revenueBeatRate is 50% with averageRevenueSurprisePct of 3.1%.
Primary Monitor	Can freeCashFlowToFirm of \$656.9M expand if revenue grows 14.8%?

THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	EPS Beat Rate	100.0%	1	FCF Growth	-8.9%
2	EPS Growth	32.6%			
3	ROIC	22.7%			
4	FCF Yield	15.3%			
5	Revenue Growth	14.8%			

COMPANY & BUSINESS MODEL

PJT Partners Inc., an investment bank, provides various strategic advisory, shareholder advisory, capital markets advisory, and restructuring and special situations services to corporations, financial sponsors, institutional investors, and governments worldwide. It offers advisory services to clients on various transactions, including mergers and acquisitions (M&A), spin-offs, activism defense, contested M&A, joint ventures, minority investments, and divestitures. The company also provides advisory services for private and public company boards and management teams on strategies for building productive investor relationships with a focus on shareholder engagement; complex investor matters; and other critical strategic, governance, and shareholder matters. In addition, it offers advisory services related to debt and equity markets, including debt financings, acquisition financings, structured product offerings, public equity raises initial public offerings, private capital raises, general partner advisory, and other capital structure related matters. Further, the company provides geopolitical and policy advisory practice that assists corporate boards and management teams with navigating changing geopolitical relationships. Additionally, it

offers advisory services in the areas of liability management, and restructurings and special situations comprising bespoke financing, tort liability resolutions, distressed M&A, and chapter 11 matters, as well as to corporate clients, financial sponsors, and creditors. The company also provides private fund advisory and fundraising services for a range of investment strategies; and advisory services to general and limited partners on liquidity and other structured solutions. The company was formerly known as Blackstone Advisory Inc. and changed its name to PJT Partners Inc. in March 2015. PJT Partners Inc. was incorporated in 2014 and is headquartered in New York, New York.

INVESTMENT THESIS

PJT Partners operates an asset-light advisory model, reflected in ROE of 76.4% and ROIC of 22.7%, yet the core tension is that EPS growth of 32.6% contrasts with free cash flow growth of -8.9%. Evidence: EV/FCF of 6.7x and FCF yield of 15.3% sit alongside incomeQuality of 2.4. Interpretation: the valuation embeds skepticism that recent earnings acceleration will convert into stable free cash flow. Implication: the central question is whether advisory-driven earnings at a \$4.0B market cap can sustain high returns while restoring cash-flow trend. Revenue growth of 14.8% versus a 5Y average of 10.9% indicates sustained top-line expansion, while EPS growth of 32.6% versus a 3Y average of 26.0% suggests operating leverage within an advisory model. However, latest free cash flow growth of -8.9% versus a 3Y average of 31.5% introduces tension. Interpretation: earnings trend is outpacing cash realization. Implication: durability depends on whether free cash flow stabilizes closer to its historical 31.5% 3Y growth rate. Balance sheet metrics show netDebtToEbitda of 0.27 and currentRatio of 8.1 with workingCapital of \$576.9M. Interpretation: low leverage and liquidity buffer cyclicality typical in investment banking. Implication: financial risk is limited, so valuation debate centers on earnings durability rather than solvency.

INVESTABLE DEBATE

The debate is whether EPS growth of 32.6% and a 100% EPS beat rate across 8 quarters represent durable advisory-cycle strength or a cyclical peak, given free cash flow growth of -8.9%. Evidence: revenueBeatRate of 50% versus epsBeatRate of 100%. Interpretation: execution has been more consistent at the earnings line than at the revenue line. Implication: the market is testing whether margin expansion rather than revenue acceleration is driving results, which affects sustainability.

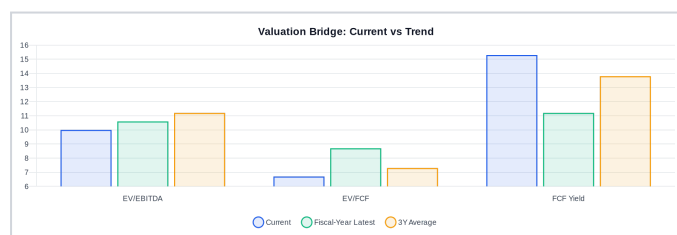
MARKET EXPECTATIONS

At a price of \$155.21 and enterprise value of \$4.1B, EV/EBITDA of 10.0x and earningsYield of 4.6% imply normalization of earnings rather than continuation of 32.6% EPS growth. EV/FCF of 6.7x and freeCashFlowYield of 15.3% imply caution that free cash flow to firm of \$656.9M may not expand given free cash flow growth of -8.9%. Interpretation: the valuation embeds durability risk despite ROIC of 22.7%. Implication: stabilization in free cash flow growth is central to shifting expectations.

CURRENT VALUATION VS HISTORICAL TREND

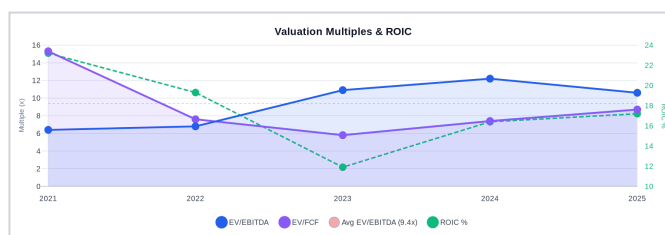
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	10.0x	10.6x	11.2x	9.4x
EV/FCF	6.7x	8.7x	7.3x	9.0x
FCF Yield	15.3%	11.2%	13.8%	12.1%

Current EV/EBITDA is 10.0x, 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 10.0x, while fiscal-year trend data shows latest EV/EBITDA of 10.6x versus a 3Y average of 11.2x.



VALUATION MULTIPLES & ROIC OVERLAY

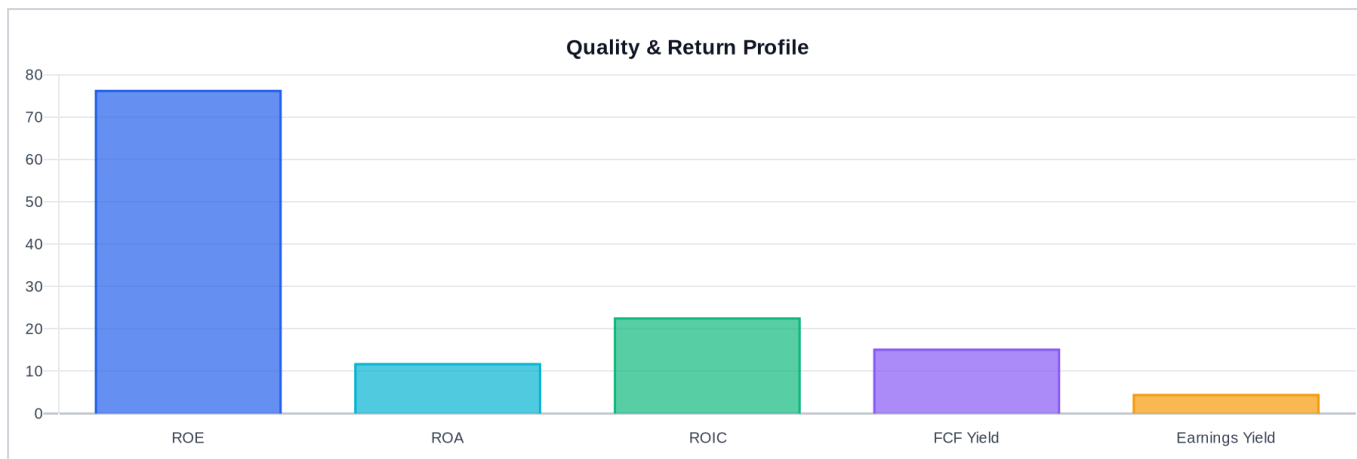
Current EV/EBITDA of 10.0x compares with fiscal-year latestEvEbitda of 10.6x and a 3Y average of 11.2x.

VALUATION ANALYSIS

Current EV/EBITDA of 10.0x compares with fiscal-year latestEvEbitda of 10.6x and a 3Y average of 11.2x. Evidence: top-level EV/EBITDA 10.0x and avgEvEbitda3Y 11.2x. Interpretation: the multiple is slightly below recent history. However, latestEvFcf of 8.7x exceeds the 3Y average of 7.3x, while current EV/FCF is 6.7x. Implication: valuation on cash flow reflects caution relative to historical averages, consistent with free cash flow growth of -8.9%. The earningsYield of 4.6% against ROE of 76.4% suggests the price does not fully capitalize current return on equity if durability holds.

QUALITY & CAPITAL EFFICIENCY

ROE of 76.4% versus a 3Y average of 54.6% and ROIC of 22.7% versus a 3Y average of 15.2% demonstrate elevated capital efficiency. Interpretation: the advisory model converts limited tangible assets into high returns. IncomeQuality of 2.4 indicates earnings exceed operating cash flow in the period. Implication: while return metrics support valuation, cash-flow alignment must improve to reinforce earnings quality.



QUALITY & RETURN PROFILE

ROE of 76.4% versus a 3Y average of 54.6% and ROIC of 22.7% versus a 3Y average of 15.2% demonstrate elevated capital efficiency.

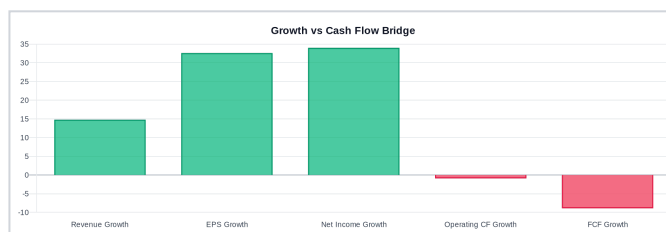
GROWTH TRAJECTORY

Latest EPS growth of 32.6% exceeds the 3Y average of 26.0% and the 5Y average of 3.7%, indicating acceleration. Revenue growth of 14.8% compares to a 3Y average of 18.9%, suggesting moderation from recent peaks but above the 5Y average of 10.9%. Interpretation: earnings are accelerating faster than revenue. Implication: operating leverage is present, but sustainability depends on advisory-cycle stability.



HISTORICAL GROWTH TRENDS

Latest EPS growth of 32.6% exceeds the 3Y average of 26.0% and the 5Y average of 3.7%, indicating acceleration.



GROWTH VS CASH FLOW BRIDGE

Latest EPS growth of 32.6% exceeds the 3Y average of 26.0% and the 5Y average of 3.7%, indicating acceleration.

CASH FLOW GROWTH & CONVERSION

Latest operatingCashFlowGrowth of -0.9% and freeCashFlowGrowth of -8.9% contrast with 3Y averages of 33.8% and 31.5%, respectively. Interpretation: cash-flow trend has deteriorated relative to history. CapexGrowth of -1290.6% indicates capex volatility, while capexToRevenue of 2.7% exceeds the 3Y average of 1.1%. Implication: free cash flow contraction, not revenue, is the primary monitoring metric.

Operating cash flow growth of -0.9% alongside free cash flow growth of -8.9% indicates that cash conversion is challenged in the latest year. IncomeQuality of 2.4 and cashConversionCycle of 59.7 days indicate advisory receivables timing influences cash realization. Implication: conversion must revert toward historical averages to align with 32.6% EPS growth.



CASH FLOW GROWTH — OCF, FCF & CAPEX

Latest operatingCashFlowGrowth of -0.9% and freeCashFlowGrowth of -8.9% contrast with 3Y averages of 33.8% and 31.5%, respectively.

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

NextRevenueEstimate of \$2.4B and nextEpsEstimate of \$11.28 are based on analystCoverageRevenue of 1 and analystCoverageEps of 1, limiting estimate breadth. RevenueDispersionPct of 4.4% and epsDispersionPct of 5.7% suggest contained dispersion. Interpretation: expectations are Reasonable relative to 14.8% revenue growth and 32.6% EPS growth. Implication: limited coverage increases single-estimate risk despite stable dispersion.



ANALYST EXPECTATIONS RANGE

NextRevenueEstimate of \$2.4B and nextEpsEstimate of \$11.28 are based on analystCoverageRevenue of 1 and analystCoverageEps of 1, limiting estimate breadth.



EXECUTION HISTORY

Across 8 quarters, epsBeatRate is 100% with averageEpsSurprisePct of 26.6%, while revenueBeatRate is 50% with averageRevenueSurprisePct 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

Across 8 quarters, epsBeatRate is 100% with averageEpsSurprisePct of 26.6%, while revenueBeatRate is 50% with averageRevenueSurprisePct of 3.1%. Interpretation: execution has exceeded earnings expectations more consistently than revenue expectations. Implication: margin performance has driven positive scenario versus estimates.

Given 100% EPS beats over 8 quarters and average EPS surprise of 26.6%, historical execution supports credibility of nextEpsEstimate of \$11.28. However, revenueBeatRate of 50% introduces uncertainty around the \$2.4B revenue estimate. Interpretation: earnings guidance credibility exceeds top-line visibility. Implication: credibility is supported but not uniformly across metrics.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
<p>If revenue reaches the revenueBullCase of \$2.4B and EPS reaches the epsBullCase of \$11.65 while EV/EBITDA remains at 10.0x, then earnings durability would be evidenced against a backdrop of ROIC at 22.7%, supporting the valuation case.</p> <p>Revenue Bull Case \$2.4B EPS Bull Case \$11.65</p> <p>ROIC 22.7%</p>	<p>If revenue aligns with nextRevenueEstimate of \$2.4B and EPS aligns with nextEpsEstimate of \$11.28 while EV/FCF remains at 6.7x, then the narrative remains centered on steady advisory activity with monitoring of free cash flow growth at -8.9%.</p> <p>Revenue Estimate \$2.4B EPS Estimate \$11.28</p> <p>EV/FCF 6.7x</p>	<p>If revenue falls toward the revenueBearCase of \$2.3B and EPS falls toward the epsBearCase of \$11.00 while free cash flow growth remains at -8.9% and EV/EBITDA stays at 10.0x, then the valuation would reflect cyclical normalization rather than durable expansion.</p> <p>Revenue Bear Case \$2.3B EPS Bear Case \$11.00</p> <p>FCF Growth -8.9%</p>

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
34%	50%	16%	69 / 100

12-24 MONTH CONDITIONAL OUTLOOK

Revenue growth of 14.8% versus a 5Y average of 10.9% suggests above-cycle expansion if nextRevenueEstimate of \$2.4B is achieved.

EPS growth of 32.6% and nextEpsEstimate of \$11.28 imply continued operating leverage if margins persist.

EV/EBITDA of 10.0x relative to a 3Y average of 11.2x suggests valuation is not above recent norms if ROIC remains at 22.7%.

EPS beat rate of 100% over 8 quarters indicates historical execution consistency against estimates.

With EV/FCF at 6.7x and FCF growth at -8.9%, the narrative will center on whether free cash flow stabilizes toward its 3Y average growth of 31.5%.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can freeCashFlowToFirm of \$656.9M expand if revenue grows 14.8%?	If freeCashFlowGrowth rises from -8.9% to above the 3Y average of 31.5%, then the cash conversion concern would ease.	If EPS growth falls below 0.0% from 32.6%, then the earnings acceleration argument challenged.
Will incomeQuality of 2.4 converge toward operating cash flow growth above 0.0%?	If ROIC increases above 22.7% while EV/EBITDA remains at 10.0x, then capital efficiency would further support the valuation case.	If ROE declines below the 3Y average of 54.6% from 76.4%, then capital efficiency leadership would erode.
Can ROIC of 22.7% remain above the 3Y average of 15.2% through advisory cycles?	If revenueGrowth exceeds the 3Y average of 18.9%, then top-line acceleration would reinforce EPS durability.	If netDebtToEbitda rises above 0.27 while freeCashFlowGrowth remains at -8.9%, then balance sheet resilience would be challenged.



RISK & THESIS MONITOR

Can freeCashFlowToFirm of \$656.9M expand if revenue grows 14.8%?

RISK ASSESSMENT

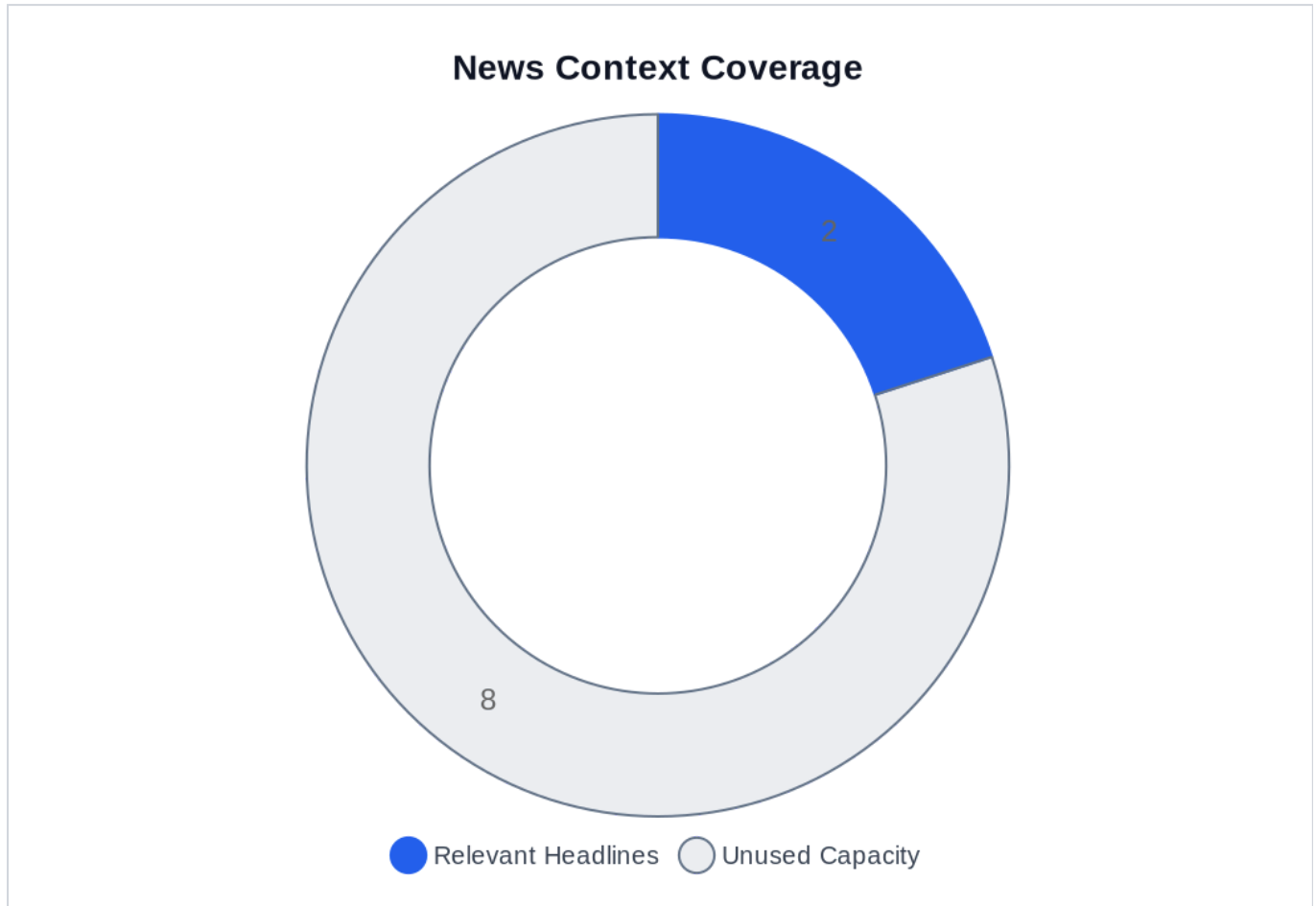
DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	3 / 5	Moderate
Execution Risk	1 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	1 / 5	Low
Overall Risk	4 / 5	Elevated

Composite Risk Score 2.3 / 5

- CashConversionCycle of 59.7 days exposes timing risk in advisory receivables.
- CapexToRevenue of 2.7% versus a 3Y average of 1.1% affects free cash flow variability.
- FreeCashFlowYield of 15.3% depends on sustaining freeCashFlowToFirm of \$656.9M.

NEWS NARRATIVE

The headline "PJT Partners Inc. Reports Record First Quarter 2026 Results; Announces \$800 Million Repurchase Authorization" is relevant to monitoring capital allocation given buybackGrowth of 17%, but additional evidence is required to determine financial impact. The headline "PJT Partners Inc. to Report First Quarter 2026 Financial Results and Host a Conference Call on April 28, 2026" relates to earnings visibility alongside an EPS beat rate of 100%, but does not alter the free cash flow growth of -8.9%.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: earnings_guidance, ai_technology.

INVESTMENT VIEW

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

Core Thesis: At EV/EBITDA of 10.0x and EV/FCF of 6.7x, the valuation implies skepticism that 32.6% EPS growth and a 100% EPS beat rate will convert into durable free cash flow, particularly with free cash flow growth at -8.9%.

Primary Risk: Free cash flow growth at -8.9% versus a 3Y average of 31.5%.

Monitor: Can freeCashFlowToFirm of \$656.9M expand if revenue grows 14.8%?