



Improvements to Our Company Models and Dynamic Data Screener

We're excited to announce that we've made additions to our [Company Model](#), [Excel Company Model](#), and [Dynamic Data Screener](#) per client feedback. Specifically, we:

1. added custom free cash flow (FCF) and FCF yield calculations to the Company Model, Excel Company Model, and Dynamic Data Screener,
2. added all the components of weighted average cost of capital (WACC) to the Dynamic Data Screener, and
3. clarified Cash Flow Statement values as either "reported cumulative" or "calculated single period" in our Company Model.

The custom FCF metrics are labeled "FCF (NOPAT - CAPEX - Common & Pref. Dividends)" and "FCF Yield (NOPAT - CAPEX - Common & Pref. Dividends)" in our model. As the label suggests, this metric calculates FCF as NOPAT minus capital expenditures and dividends. You can find this new metric in the Free Cash Flow tab of our Company Model. See Figure 1.

Figure 1: New FCF Calculation in Company Model

For The Fiscal Year Ending:	2015	2016	2017	2018	2019	2020	2021	2022	
	2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022
Free Cash Flow (FCF) Analysis (FCF = NOPAT - Change In Invested Capital)									
FCF (Free Cash Flow)		(\$3.72)	(\$10.07)	(\$9.65)	(\$71.87)	(\$23.44)	(\$186.10)	(\$19.67)	(\$99.47)
Change in FCF		-	(\$6.34)	\$0.42	(\$62.22)	\$48.43	(\$62.67)	\$166.44	(\$79.80)
FCF Growth		-	(170.3%)	4.1%	(644.7%)	67.4%	(694.0%)	89.4%	(405.7%)
FCF Yield		(1.1%)	(1.9%)	(1.0%)	(7.8%)	(1.7%)	(3.8%)	(0.4%)	(4.9%)
FCF as % of Total Revenue		(2.5%)	(5.3%)	(4.0%)	(23.6%)	(6.1%)	(37.1%)	(2.8%)	(11.0%)
FCF as % of Invested Capital		(5.8%)	(14.7%)	(12.7%)	(49.4%)	(14.2%)	(53.8%)	(6.0%)	(26.0%)
FCF as % of Net Income		21.6%	146.0%	642.1%	7,752.9%	1,295.6%	3,186.7%	55.4%	222.7%
FCF per Basic Share		(\$0.13)	(\$0.35)	(\$0.33)	(\$2.25)	(\$0.68)	(\$5.19)	(\$0.49)	(\$2.44)
FCF 2-Year Average		-	(\$6.90)	(\$9.86)	(\$40.76)	(\$47.65)	(\$104.77)	(\$102.89)	(\$59.57)
FCF 3-Year Average		-	-	(\$7.81)	(\$30.53)	(\$34.99)	(\$93.80)	(\$76.40)	(\$101.75)
FCF 4-Year Average		-	-	-	(\$23.83)	(\$28.76)	(\$72.77)	(\$75.27)	(\$82.17)
FCF 5-Year Average		-	-	-	-	(\$23.75)	(\$60.23)	(\$62.15)	(\$80.11)
FCF to Equity Holders		(\$4.04)	(\$6.40)	(\$6.39)	(\$83.63)	(\$10.32)	(\$211.33)	(\$20.66)	(\$30.01)
FCF Yield to Equity Holders		(1.3%)	(1.3%)	(0.7%)	(9.2%)	(0.8%)	(4.3%)	(0.4%)	(1.5%)
FCF to Equity Holders (excl acquisitions)		(\$4.04)	(\$6.40)	(\$6.39)	(\$83.63)	(\$10.32)	(\$158.67)	(\$73.31)	(\$12.23)
FCF Yield to Equity Holders (excl acquisitions)		(1.3%)	(1.3%)	(0.7%)	(9.2%)	(0.8%)	(3.2%)	(1.4%)	(0.6%)
FCF (excl acquisitions)		(\$3.72)	(\$10.07)	(\$9.65)	(\$71.87)	(\$23.44)	(\$133.45)	(\$72.32)	(\$81.68)
FCF Yield (excl acquisitions)		(1.1%)	(1.9%)	(1.0%)	(7.8%)	(1.7%)	(2.7%)	(1.3%)	(4.0%)
FCF (NOPAT - CAPEX - Common & Pref. Dividends)		(\$21.18)	(\$8.02)	(\$5.62)	(\$59.16)	(\$8.63)	(\$13.21)	(\$47.56)	(\$64.06)
FCF Yield (NOPAT - CAPEX - Common & Pref. Dividends)		(6.5%)	(1.5%)	(0.8%)	(6.4%)	(0.6%)	(0.3%)	(0.9%)	(3.1%)

Source: New Constructs, LLC

In the Dynamic Data Screener, members can access the new FCF metric under the Operational section and the new FCF yield metric under the Valuation section.

We also added all the components of WACC to the Dynamic Data Screener under the Operational section. Members can now use the Dynamic Data Screener to access and screen by:

1. cost of Debt After Tax,
2. cost of Equity,
3. cost of Preferred Equity, and
4. WACC.



Figure 2: New Criteria in the Dynamic Data Screener

The screenshot shows the 'Screeners' section of the New Constructs website. It features a navigation bar with 'Education', 'Research', 'Portfolios', 'Ratings', 'Screeners', and 'Data'. Below this is a sub-navigation bar with 'Stocks', 'ETFs and Mutual Funds', 'Dynamic Data', '1-Click Reports', and 'Dashboards (Beta)'. A process flow diagram indicates three steps: 'Step 1: Select Criteria', 'Step 2: Select Companies', and 'Step 3: View Results'. The 'Add New Criteria' form includes fields for 'Type' (Valuation), 'Metric' (Accounting Book Value), 'Qualifier' (all), 'Value in millions', and 'Period' (Current/TTM). The 'Load Saved Criteria' section shows a dropdown for 'Bank Stocks Stats-Bloomberg'. The 'Selected Criteria' table lists six metrics, with a red box highlighting the first two and a callout bubble labeled 'New criteria' pointing to the first row.

Metric	Qualifier	Period	Edit	Copy	Remove
1 FCF Yield (NOPAT - CAPEX - Common & Pref. Dividends)	all (%)	Current/TTM			
2 FCF (NOPAT - CAPEX - Common & Pref. Dividends)	all (millions)	Current/TTM			
3 Cost of Debt After Tax	all (%)	Current/TTM			
4 Cost of Preferred Equity	all (%)	Current/TTM			
5 Cost of Equity	all (%)	Current/TTM			
6 WACC (Weighted Average Cost of Capital)	all (%)	Current/TTM			

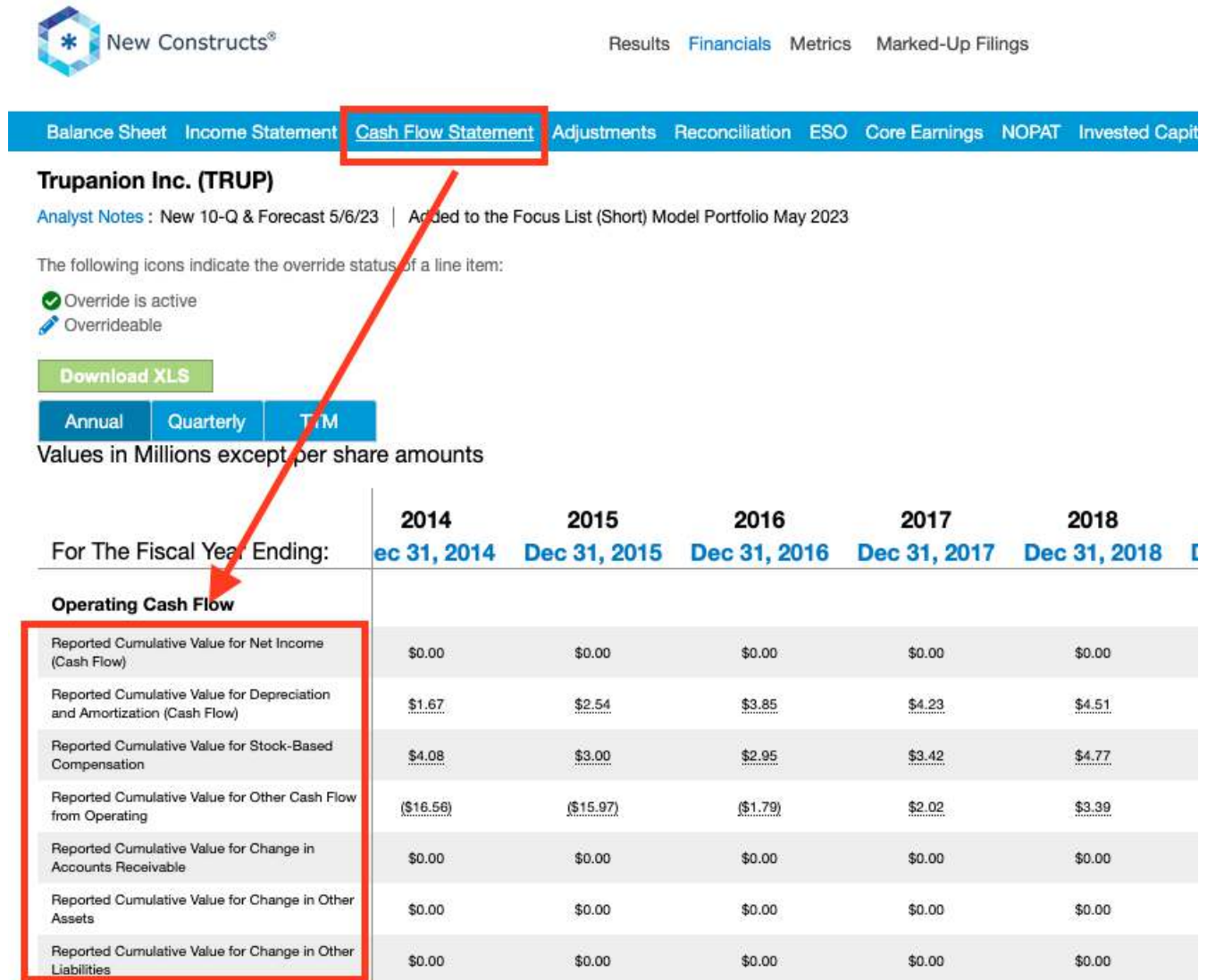
Due to the variety of disclosure language, certain items may be combined when the actual value cannot be determined. For example, R&D may be included in other operating expense; see model for more details.

Source: New Constructs, LLC

Lastly, we added clarification to Cash Flow Statement values in our Company Model and Marked-Up Filings. We added "Reported Cumulative Value" or "Calculated Single Period Value" to each line item to help users understand the type of value that is collected from the Cash Flow Statement. Figure 3 shows these descriptors on the Cash Flow Statement tab of our Company Model.



Figure 3: New Cash Flow Statement Labels in Company Model



Source: New Constructs, LLC

Want access to our models? Contact us about an Institutional membership [here](#).

This article was originally published on [May 17, 2023](#).

Disclosure: David Trainer, Robbie Woodward, Kyle Guske II, and Italo Mendonça receive no compensation to write about any specific stock, sector, style, or theme.

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1. Legacy fundamental datasets suffer from significant inaccuracies, omissions and biases.
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Key quotes from the paper:

- “[New Constructs’] *Total Adjustments* differs significantly from the items identified and excluded from Compustat’s adjusted earnings measures. For example... 50% to 70% of the variation in *Total Adjustments* is not explained by *S&P Global’s (SPGI) Adjustments* individually.” – pp. 14, 1st para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2nd para.

Superior Models

A top accounting firm features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg’s in [Getting ROIC Right](#). See the [Appendix](#) for direct comparison details.

Key quotes from the paper:

- “...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [as New Constructs does] can investors get an accurate calculation of ROIC.” – pp. 8, 5th para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2nd para.

Superior Stock Ratings

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Indiana’s Kelley School of Business. Bloomberg features the paper [here](#).

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3rd para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3rd para.

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