



The Shocking Truth about the Value of Quantum Computing Inc.

In a recent client training session, we analyzed the future cash flow expectations baked into Quantum Computing Inc. (QUBT), one of the most popular stocks in the market these days.

What we found might shock you. I know I was surprised to see just how much future success was priced into QUBT.

We've Seen this Movie Before

The problem with QUBT and other quantum computing stocks is the same problem we all saw with internet stocks, social media stocks, blockchain stocks, and AI stocks. In the early stages, they are all priced as if they will be the winner, there will not be any real competition, and the companies will enjoy outrageously high profits while the rest of the world stands and watches in awe.

The Fallacy of the Prevailing Narrative

Just as we explained in [DeepSeek Is a Wake-Up Call for NVIDIA and Other Hype Stocks](#), disruption is more the rule than the exception in modern business, especially in the tech world. The early leaders in a new trend are rarely the long-term winners. So, anytime stock valuations get to the point where they are embedding monopoly-level revenue and margins, investors should slam on the brakes.

The Honest Narrative on QUBT

As we do for all of our [Reverse DCF Case Studies](#), we use our models to quantify the future performance of the company required to justify the current stock price.

Specifically, our model shows that to justify ~\$10/share, Quantum Computing would have to:

1. grow revenue at 256% compounded annually for 6 years while also
2. improving its return on invested capital (ROIC) from -31% to 164%, or higher than Google (GOOGL), Meta (META), Amazon (AMZN), Apple (AAPL), Microsoft (MSFT) or Amazon (AMZN).

I think it is fair to say that this stock has shockingly high expectations for future cash flows embedded in its stocks price. Keep in mind, we are not saying the company will not meet these expectations. We are telling investors what hurdles the company must clear for the stock to be fairly valued at its current price.

To be clear, an investor would have to believe that the company's future performance would be significantly better than what's baked into the current price to believe there was material upside in the stock.

The Shocking Truth Re: QUBT's Valuation

Explaining the Market-Implied GAP

At the end of the training session, we tie this reverse DCF analysis back to our Stock Rating for the [Market-Implied Growth Appreciation Period \(GAP\)](#) for QUBT.

So, be sure to watch to the end if you're interested in how this important criteria works. Note, we did a [special training](#) on how this criteria is a good predictor of future stock price performance.

More Honest Narratives

With our DCF model, it's easy and only takes a few seconds to quantify the impact of anything that affects future revenues, margins, and cash flows.

If you're interested in seeing more examples of how our DCF model works, I recommend checking out the Reverse DCF Case Studies [here in our Online Community](#). To sign up to our Online Community, complete [this form](#).

Our community is free to join as is access to the Reverse DCF case studies.



How To Avoid the Landmines

Whenever stocks get that expensive, it is only a matter of time before they fall back to earth as the law of competition inevitably proves the expectations for future cash flows to be overly optimistic.

We have multiple [Model Portfolios](#), including our [Zombie Stocks](#) list, to warn investors of stocks to avoid and alert them to stocks that get our Attractive rating. We also provide best-in-class ratings for stocks, ETFs, and mutual funds.

We hope you enjoy this research. Feel free to share with friends and colleagues!

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Disclosure: David Trainer, Kyle Guske II, and Hakan Salt receive no compensation to write about any specific stock, style, or theme.

Questions on this report or others? Join our [online community](#) and connect with us directly.



It's Official: We Deliver the Best Fundamental Data in the World

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. The stock market is missing footnotes – and only we have that critical data.
2. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
3. Our proprietary drives novel alpha. Our measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

In [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves our Robo-Analyst technology overcomes material shortcomings in legacy firms' data collection processes to provide superior [fundamental data](#), [earnings](#) models, and [research](#). More [details](#).

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

Ernst & Young 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 Harvard Business School. 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.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are [here](#).



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