



Watch Our Recap on AI's Cash Flow Bomb and Earnings from Coca-Cola, Anheuser-Busch, S&P Global, Spotify, McDonald's and More

The AI race might be over before you know it. The latest filings reveal skyrocketing off-balance sheet debt as several companies struggle to keep up AI spending and avoid falling out of the race against their more profitable peers.

As for the latest earnings, some companies benefit from powerful brands. Some from network effects. Some from capital intensity and scale. But, every stock still faces the same test:

Are the company's earnings real or marketing spin?

Our latest Earnings Watch Party examined the earnings reports through that lens.

We covered:

- Whether Coca-Cola and McDonald's can sustain pricing power.
- How Shopify's growth contrasts with expectations.
- How much AI-driven demand is embedded in Applied Materials and Arista Networks.
- Whether Spotify's margins are enough to justify its valuation.
- What Robinhood's earnings say about trading activity.
- How S&P Global's old moat translates in the AI world.
- Whether BP's capital returns are cyclical or structural.
- If Cisco's transition toward recurring revenue is moving the needle.

We looked beyond the headlines and showed how we pick stocks with our reverse discounted cash flow model.

Stocks discussed in this Earnings Watch party include Coca-Cola (KO), Anheuser-Busch (BUD), S&P Global (SPGI), BP (BP), Spotify (SPOT), Robinhood (HOOD), Shopify (SHOP), Cisco (CSCO), McDonald's (MCD), Applied Materials (AMAT), Arista Networks (ANET), and more.

[See the Earnings Watch Party Replay](#)

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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.

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