Palantir's Beats Are "Not Good Enough"

CEO David Trainer recently joined BBC News to discuss why Palantir (PLTR: $136/share) dropped despite beating on both the top and bottom lines in its 1Q26 earnings report.

The answer is quite simple: **expectations**.

Watch the PLTR Breakdown on BBC News

When we use our reverse discounted cash flow (DCF) model to quantify the expectations baked into PLTR, we see that it is the poster child of "priced for perfection."

Despite the strong earnings report, the expectations for future profit growth implied by the stock's valuation are even stronger. As a result, downside risk dwarfs upside potential because all the good news is already priced into the stock.

For example, in order to justify a price of $146/share, PLTR's price prior to earnings, the company must either:

- grow revenue 100% compounded annually for five years, OR
- grow revenue 55% compounded annually for 10 years.

In both scenarios, the company must also maintain current margins despite accelerating competition. Such lofty expectations mean that even beating on the top and bottom lines is not enough to send shares higher.

Figure 1 highlights the decision page of our reverse DCF model, which shows how much Palantir must grow its revenue and economic earnings margin (ROIC – WACC) in each of these scenarios.

Figure 1: Reverse DCF Shows Palantir is Priced for Perfection

Palantir Technologies Inc. (PLTR)

Analyst Notes : Required Cash Assumption Updated

Latest closing stock price as of May 04, 2026: $146.03*
Dividend Yield: -

Priced For Perfection

100% CAGR for 5 yrs

55% CAGR for 10yrs

Performance Hurdles	Historical Performance			Forecast 1			Forecast 2		
				Optimistic (Updated 5/4/2026)			Neutral (Updated 5/4/2026)		
Overall Rating				-			-		
	5 Yr	3 Yr	Last FYE	-25%	Latest Closing Stock Price	+25%	-25%	Latest Closing Stock Price	+25%
Stock Price	$18.21	$17.17	$177.75	$109.52	$146.03	$182.54	$109.52	$146.03	$182.54
Revenue CAGR	30.5%	41.8%	56.2%	100.0%	100.0%	100.0%	65.1%	54.9%	46.1%
Average (ROIC - WACC)	43.8%	87.9%	220.2%	120.6%	120.4%	120.4%	120.3%	120.2%	120.1%
GAP (Growth Appreciation Period)	-	-	-	4 years	5 years	5 years	8 years	10 years	13 years

† Forecast 2 automatically displays user-created forecasts in this order: Neutral, Optimistic then Pessimistic.

†† All stock prices are split adjusted.

Sources: New Constructs, LLC and company filings

Expectations matter, especially when analyzing the risk/reward of a high-flying stock such as Palantir.

At New Constructs, we leverage superior fundamental data with best-in-class valuation models to provide ratings on 10,000+ stocks, ETFs, and mutual funds. Learn more here.

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

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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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