On Benzinga's PreMarket Prep to Discuss 3Q20 Earnings Season

We joined Benzinga's PreMarket Prep on October 14, 2020 to discuss some of the stocks featured in our Earnings Distortion Scorecard: Week of 10/12/20-10/16/20 report and what to expect during the 3Q20 earnings season.

Watch the Benzinga PreMarket Prep Interview

Figure 1 contains 10 stocks expected that earn a "Strong Miss" Earnings Distortion Score.

These stocks, which include Texas Instruments (TXN), ServiceNow (NOW), Pfizer (PFE), Eli Lily & Company (LLY), Roper Technologies (ROP), Boston Scientific (BSX), Newmont Goldcorp (NEM), Digital Realty Trust (DLR), Aptiv, PLC (APTV), and AMETEK (AME), are more likely to miss expectations when they report earnings over the next couple of weeks.

Figure 1: 10 Stocks More Likely to Miss Expectations

Company	Ticker	EPS Estimate	Expected Earnings Date	Earnings Distortion Score
Texas Instruments, Inc.	TXN	$1.26	10/20/20	Strong Miss
ServiceNow Inc	NOW	$1.03	10/21/20	Strong Miss
Pfizer Inc.	PFE	$0.71	10/27/20	Strong Miss
Eli Lilly & Company	LLY	$1.71	10/27/20	Strong Miss
Roper Technologies, Inc.	ROP	$3.03	10/27/20	Strong Miss
Boston Scientific Corp	BSX	$0.25	10/28/20	Strong Miss
Newmont Goldcorp Corp	NEM	$0.84	10/29/20	Strong Miss
Digital Realty Trust, Inc.	DLR	$0.23	10/29/20	Strong Miss
Aptiv, PLC	APTV	$0.70	10/29/20	Strong Miss
AMETEK Inc.	AME	$0.93	10/29/20	Strong Miss

Sources: New Constructs, LLC and company filings

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

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Footnotes adjustments matter. We are the ONLY source.

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Learn more.

Quotes from HBS & MIT Sloan professors on our research:

Get better research:

"…the NC dataset provides a novel opportunity to study the properties of non-operating items disclosed in 10-Ks, and to examine the extent to which the market impounds their implications." – page 20

Pick better stocks:

"Trading strategies that exploit cross-sectional differences in firms' transitory earnings produce abnormal returns of 7-to-10% per year." – Abstract

Avoid losses from using other firms' data:

"…many of the income-statement-relevant quantitative disclosures collected by NC do not appear to be easily identifiable in Compustat…" – page 14

Build better models:

"Core Earnings [calculated using New Constructs' novel dataset] provides predictive power for various measures of one-year-ahead performance…that is incremental to their current-period counterparts." – page 4

Exploit market inefficiencies:

"These results … suggest that the adjustments made by analysts and Compustat to better capture core earnings are incomplete. Moreover, the non-core items identified by NC produce a measure of core earnings that is incremental to alternative measures of operating performance in predicting an array of future income measures." – page 26

Fulfill fiduciary duties:

"An appropriate measure of accounting performance for purposes of forecasting future performance requires detailed analysis of all quantitative performance disclosures detailed in the annual report, including those reported only in the footnotes and in the MD&A." – page 33-34

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