



Model Enhancement: Compare Past & Implied Future Profits

We're excited to announce enhancements to the [Decision page](#) of our [Company Valuation Models](#).

[Institutional members](#) can now compare, in a single chart, the past performance of key metrics with the future performance implied by the stock price. You can see examples of these charts in the valuation section of our [Long Idea](#) and [Danger Zone](#) reports, e.g. [see Figure 11 in this report](#). These charts help investors visualize the differences between past performance and future expectations baked into a stock for the multiple forecast scenarios clients can program into our [reverse DCF models](#).

Clients can chart past vs future performance for these metrics:

- Revenue
- Net operating profit before-tax
- Net operating profit after-tax ([NOPAT](#))
- Free cash flow ([FCF](#))
- Return on invested capital ([ROIC](#))
- NOPAT margins
- Average [invested capital turns](#)
- [Economic earnings](#)
- Average [invested capital](#)
- Invested capital

Figure 1 shows the new Decision page charting capabilities.



Figure 1: Historical and Implied Future Performance Chart – Decision Page

New Constructs® **Results** Financials Metrics Marked-Up Filings

Decision Forecast Overrides DCF Drivers DCF Review WACC Review

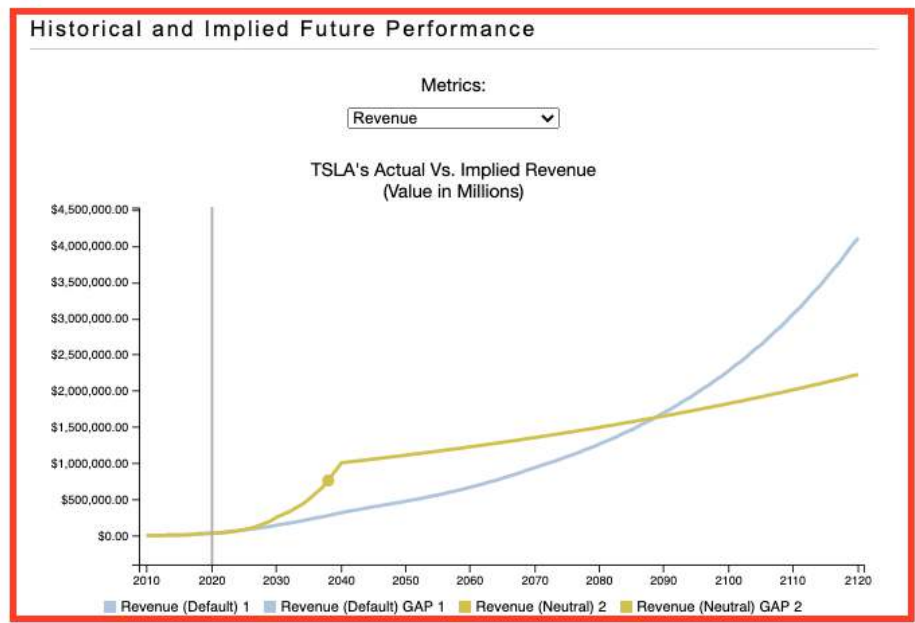
Tesla Inc (TSLA)
 Analyst Notes : New 10-Q & Forecast 10/27/20 | Focus List (Short) Model Portfolio Oct 2020
 Latest closing stock price as of Oct 28, 2020: \$406.02*
 Dividend Yield: -
 Overrides are active.

Performance Hurdles	Historical Performance			Forecast 1			Forecast 2		
				Default (Updated 10/27/2020)			Neutral (Updated 9/28/2016)		
Overall Rating				Unattractive			Neutral		
	5 Yr Avg	3 Yr Avg	Last FYE	-25%	Stock Price	+25%	-25%	Stock Price	+25%
Stock Price	\$240.01	\$311.35	\$418.33	\$304.51	\$406.02	\$507.52	\$304.51	\$406.02	\$507.52
Revenue CAGR	57.0%	44.6%	14.5%	5.3%	5.3%	5.3%	22.2%	21.0%	4.6%
ROIC - WACC	-12.6%	-9.9%	-6.3%	72.3%	72.3%	72.3%	55.9%	80.2%	402.3%
GAP (Growth Appreciation Period)	-	-	-	> 100 years	> 100 years	> 100 years	15 years	18 years	> 100 years

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

TSLA - Implied Share Prices for Forecast 1 vs Forecast 2

The "Latest Closing Stock price" provided above is the closing price from the last day the company's stock was traded.

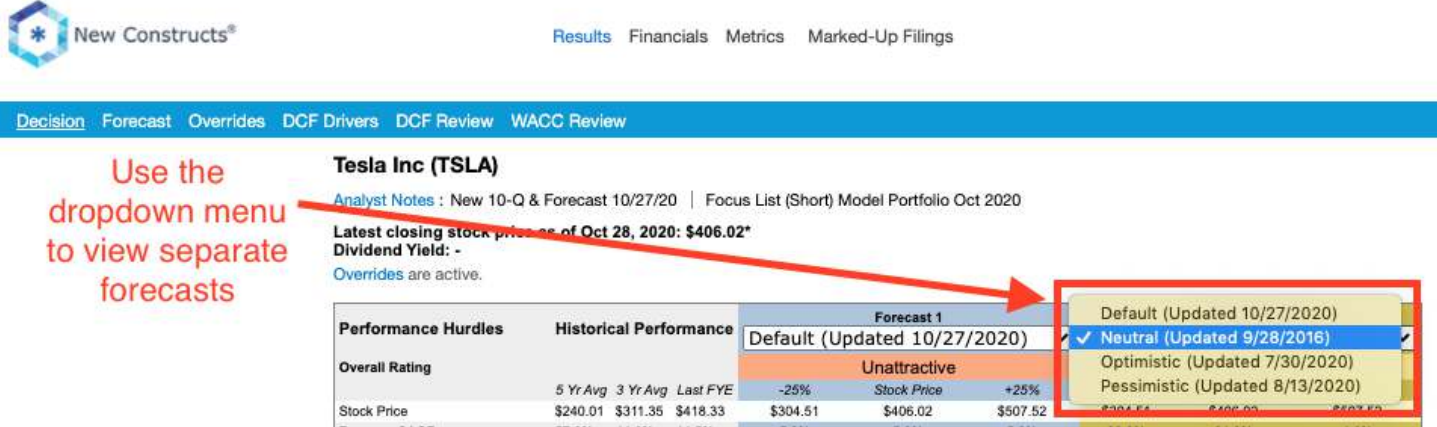


Sources: New Constructs, LLC and company filings.



To create your own Historical and Implied Future Performance chart, first create a custom forecast scenario on the [Forecast page](#). Then, select the Forecast scenario you'd like to view in the chart from the Forecast scenario dropdown menu on the Decision page, per Figure 2.

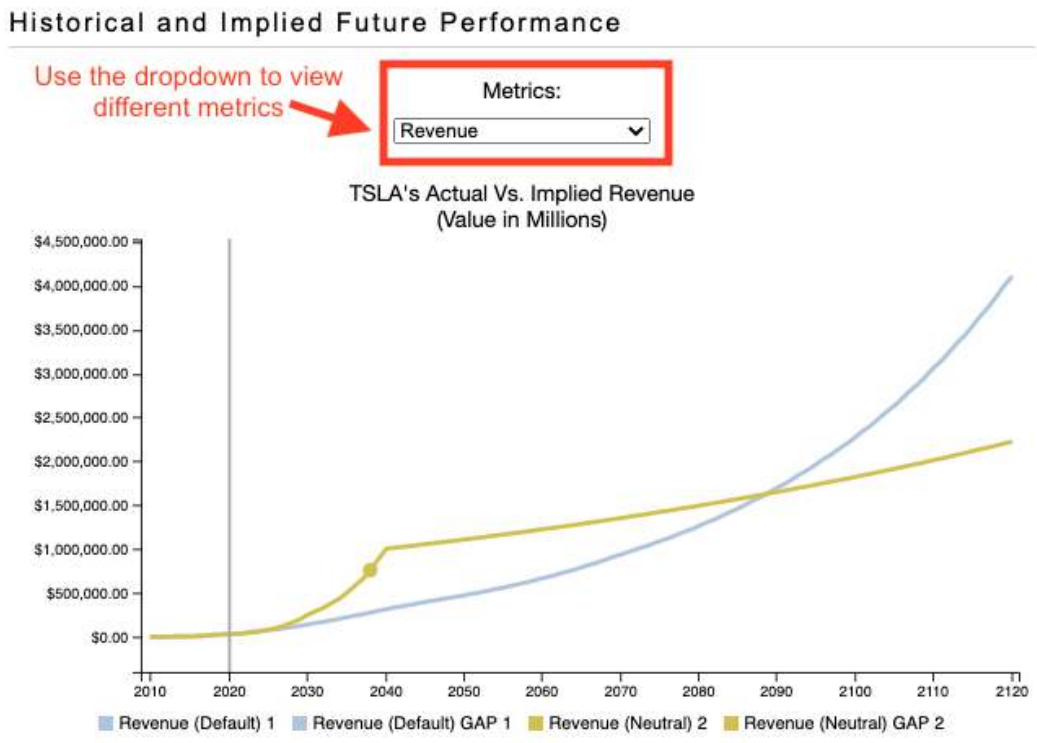
Figure 2: DCF Forecast Visualized: Select Your Custom Forecast



Sources: New Constructs, LLC and company filings.

Utilize the Metrics dropdown menu to view different metrics from the chosen forecast scenario. Figure 3 compares the implied future revenue from the Neutral and Default scenarios to Tesla's (TSLA) historical revenue.

Figure 3: DCF Forecast Visualized: Revenue Historical and Implied Future Performance Chart



* The grey vertical line in the chart above is placed on the current year. All values to the left of the vertical line are historical values. All values to the right of the vertical line are future values, implied by the current valuation.

Sources: New Constructs, LLC and company filings.

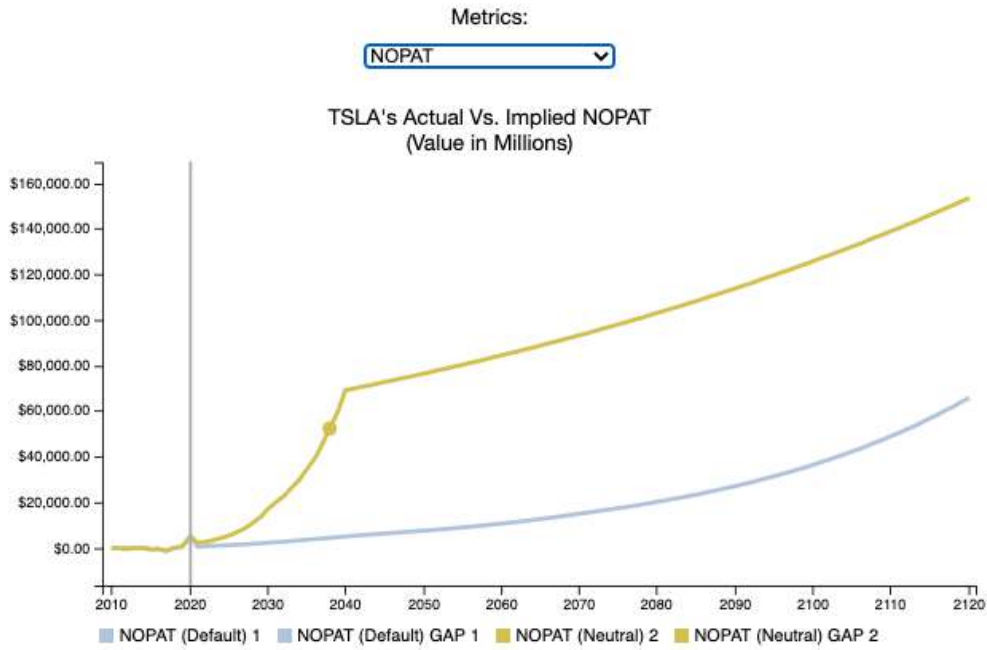


Figure 4 compares the implied future NOPAT from the Neutral and Default scenarios to Tesla’s historical NOPAT.

Note the dot on the line indicates the market implied growth appreciation period ([GAP](#)), or the DCF forecast year that generates a price closest to the current price.

Figure 4: DCF Forecast Visualized: NOPAT Historical and Implied Future Performance Chart

Historical and Implied Future Performance



* The grey vertical line in the chart above is placed on the current year.
All values to the left of the vertical line are historical values.
All values to the right of the vertical line are future values, implied by the current valuation.

Sources: New Constructs, LLC and company filings.

Please contact us at support@newconstructs.com if you have any questions.

This article originally published on [October 30, 2020](#).

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

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Footnotes adjustments matter. We are the ONLY source.

We provide ratings, models, reports & screeners on U.S. 3,000 stocks, 700 ETFs and 7,000 mutual funds.

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This [paper](#) compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.

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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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