

Understanding Stock Value with Palantir Technologies' Net Present Value

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Palantir: Table of 10 Years' Future Revenues, Future Net Income and Net Present Value

Year Ending	Years Later	Revenue Growth Rate	Revenue	Profit Margin	Net Income	NPV
12/23/2025	1	30%	\$3,440	25%	\$860	\$782
12/23/2026	2	30%	\$4,472	25%	\$1,118	\$924
12/23/2027	3	30%	\$5,814	25%	\$1,454	\$1,092
12/23/2028	4	20%	\$6,977	20%	\$1,395	\$953
12/23/2029	5	20%	\$8,372	20%	\$1,674	\$1,040
12/23/2030	6	20%	\$10,047	20%	\$2,009	\$1,134
12/23/2031	7	12%	\$11,252	15%	\$1,688	\$866
12/23/2032	8	12%	\$12,602	15%	\$1,890	\$882
12/23/2033	9	12%	\$14,115	15%	\$2,117	\$898
12/23/2034	10	12%	\$15,809	15%	\$2,371	\$914
10-Year Total			\$92,900		\$16,577	\$9,485

	Gross Value	NPV		
Total of 10 Years' Earnings	\$16,577	\$9,485	Current Market Cap	\$182,880
Terminal Value	\$31,617	\$12,190	Net Present Value	\$21,675
Total Value of NVIDIA	\$48,194	\$21,675	Rate of Return	-88.1%

Net Present Value (NPV) is a powerful tool for evaluating a stock's intrinsic value by estimating the total value of its future net income and discounting it back to the present. By using this methodology, investors can assess whether the current market price of a stock reflects its true potential or if it is overvalued.

Let's take Palantir Technologies (PLTR) as an example: what is Palantir worth to an investor today?

Assumptions for Analysis:

	Revenue Growth	Profit Margin
Years 1-3	30%	25%
Years 4-6	20%	20%
Years 7-10	12%	15%

- **Terminal Value:** \$31.6 billion, double the revenue in year 10
- **Discount Rate:** 10%

Using these assumptions, we calculated Palantir's 10-year total revenues, net income, and terminal value. The net present value (NPV) of these projected earnings and terminal value equals \$21.7 billion. However, Palantir's current market capitalization stands at \$183 billion—nearly 8.5 times the estimated NPV.

Conclusion: This stark discrepancy raises a critical question: **What does the above analysis say about the probability of making a profit on Palantir for investors who buy or hold its stock today?**

It highlights the importance of assessing whether a company's current market price justifies its future earnings potential. For Palantir, the analysis suggests that the stock may be significantly overvalued, posing considerable risks to investors. Understanding these dynamics can help investors make more informed and prudent decisions.

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