

Palantir Technologies Inc. (PLTR)

Equity research note · Coverage review · Prepared 29 August 2026 · Prices as at the close of 28 August 2026

WATCHLIST Reaffirmed — on worse terms	Last close (28 Aug 2026)	\$186.29
	Change since 4 Aug report	+14.5%
	Market capitalisation	\$447.7bn
	Price / FY26 revenue guidance	~54.9x
	Probability-weighted fair value	\$176.80

What Has Changed Since the Last Report

The previous note on Palantir was written on 5 August, the day after the shares gained 29.5% in a single session on the second-quarter result. It reaffirmed a Watchlist rating at \$162.66, judged the shares to be at approximately fair value on a probability-weighted basis, and named two conditions that would change the answer: a retreat into the \$130-137 region, or a third quarter that held the adjusted operating margin near 60% through the expense increase management had flagged.

Neither condition has been met. The third quarter has not yet been reported and will not be until early November. Rather than retreating toward \$130, the shares have advanced a further 14.5% to \$186.29, closing above \$185 in each of the last two sessions and reaching an intraday \$188.37 on 28 August. The gap between the price and the level at which this analysis would find the shares attractive has therefore widened by roughly a quarter, and it has widened without a single new financial disclosure from the company.

That last point deserves emphasis, because it is what distinguishes this report from a routine mark-to-market. Everything the market has learned about Palantir since 5 August is second-hand: analyst commentary, options positioning, and a reiteration of ratings that were already in place. The business has not changed. The price has moved 14.5%, and the forward revenue multiple has expanded from approximately 48.7 times to approximately 54.9 times. An investor buying today is paying 12.7% more per dollar of guided revenue than one who bought three weeks ago, in exchange for one incremental data point about a single product line.

Development	Date	Assessment
Maven Smart System approaching \$1bn ARR	26 Aug	William Blair flagged the defence platform as 'surging' toward a billion-dollar annualised run rate. Genuinely incremental and genuinely positive; it is also roughly 12% of guided full-year revenue, so it supports the existing case rather than establishing a new one.
Michael Burry expanded short position	27 Aug	Scion disclosed larger short exposure to Palantir and Oracle. A sentiment marker, not evidence. Aggregate short interest actually fell over the month, from 77.9m to 68.1m shares.
Ratings reiterated, not raised	24-26 Aug	Truist and William Blair maintained Buy without published target changes; William O'Neil initiated at Buy. The last target revision of substance was Phillip Securities, \$202 to \$215, on 11 August.
Political exposure raised in coverage	27 Aug	Reporting that Palantir has begun courting Democratic legislators ahead of the midterms, against the prospect of a House flip. Relevant to a company with substantial federal revenue.
No company disclosure	5-28 Aug	No 8-K of substance, no guidance revision, no contract announcement of scale. The move is a re-rating, not a repricing on news.

Sources: moomoo news search, StockAnalysis.com analyst ratings history, as at 29 August 2026.

Valuation: The Same Argument, on Worse Terms

Palantir's investment case has never rested on the quality of the business, and nothing in this report disputes that quality. Trailing twelve-month revenue of \$6.16bn carries an 84.8% gross margin, a 42.8% operating margin and a 54.6% free cash flow margin. Return on invested capital is extraordinary, the balance sheet holds \$9.20bn of net cash against \$211m of debt, and the Altman Z-score of 128 is effectively a statement that financial distress is not a category that applies here. This is one of the highest-quality software franchises in public markets.

The case rests entirely on price, and price has moved against the buyer. At \$186.29 the market capitalisation is \$447.7bn against full-year revenue guidance of roughly \$8.155bn, or approximately 54.9 times. Against the midpoint of guided adjusted free cash flow of \$4.6bn it is approximately 97 times. On consensus adjusted earnings of \$1.60 for the current year it is approximately 116 times. Each of these is higher than three weeks ago by the full 14.5% of the price move, because none of the denominators have changed.

There is one route by which these numbers become less alarming, and it is worth stating plainly because it is the argument a buyer at this price is implicitly making. Consensus now models FY2027 revenue of \$12.18bn, growth of 48.7%. Against that figure the shares trade at approximately 36.8 times, and against FY2027 adjusted earnings of \$2.31 at approximately 81 times. The previous report judged that 39 times forward revenue would be "expensive but defensible" for this growth profile. Applied to FY2027 rather than FY2026, 39 times implies a share price of roughly \$198, which is above where the shares trade today.

That arithmetic is real, and it is how expensive shares become reasonable ones without falling. It should nonetheless be resisted here, for a specific reason. The FY2027 figure is not a guided number but a consensus estimate that assumes growth decelerates only from 83% to 49%. Whether that deceleration is orderly is precisely the question under examination. Rolling the denominator forward to a year that has not been guided, in order to justify a price paid today, is to assume the answer to the question being asked. The honest framing is that the shares are expensive on every number the company has actually committed to, and merely very expensive on a number the street has estimated.

Valuation measure	4 Aug 2026	28 Aug 2026	Change
Share price	\$162.66	\$186.29	+14.5%
Market capitalisation	~\$397bn	\$447.7bn	+12.8%
Enterprise value	—	\$438.5bn	Net cash \$9.2bn
Price / FY26 revenue guidance	~48.7x	~54.9x	+12.7%
Price / guided adjusted FCF	~86x	~97x	+12.8%
Price / FY26 consensus adj. EPS	—	~116x	\$1.60 estimate
Price / FY27 consensus revenue	—	~36.8x	\$12.18bn estimate
Price / FY27 consensus adj. EPS	—	~81x	\$2.31 estimate
Price / trailing free cash flow	—	133x	TTM FCF \$3.36bn
Probability-weighted fair value	\$163.84	\$176.80	Price now 5.4% above

Market capitalisation, enterprise value and trailing figures from StockAnalysis.com as at 29 August 2026. Forward multiples are this analysis's calculation from the stated price and the cited guidance or consensus figures, not company measures.

The Fair-Value Gap Has Opened

The probability-weighted fair value in this report rises to \$176.80 from \$163.84, and it is worth being precise about why, because a rising fair value alongside a downgraded valuation score looks contradictory until the components are separated.

Two things lifted the estimate. The scenario horizon has rolled forward, so each case is now anchored on a fuller view of FY2027 rather than a view formed the day after the second quarter. And the Maven data point supports a modest increase in the bull-case weighting, from 32% to 33%, at the expense of the bear. Neither is a large adjustment, because neither reflects a large change in the business.

The price rose 14.5% over the same period. Fair value rose 7.9%. On 4 August the shares traded 0.7% above the weighted estimate, which is fair value within any reasonable margin of error. They now trade 5.4% above it. The direction of travel is what matters more than the magnitude: the business improved slightly, the price improved considerably more, and the margin of safety, which was already absent, is now negative.

Risks

Risk	Probability	Severity	Comment
Valuation compression	High	High	At ~54.9x forward revenue, the deceleration consensus itself already models — 83% to 49% — is enough to compress the multiple materially without any operational failure
Q3 margin step-down	High	Medium	Management flagged higher government cloud-hosting costs and a significant Q3 expense increase for seasonal hiring and product investment. The 62% adjusted operating margin was a peak, not a run rate
No margin of safety	High	Medium	Price sits 5.4% above weighted fair value and 29.6% above the 50-day average. A 4.1% daily true range means a routine two-week drawdown would exceed the entire remaining upside to the average target
Federal budget and political shift	Medium	Medium	US government remains a large revenue share. Reporting on 27 August described the company hedging its political exposure ahead of midterms in which control of the House is contested
Competition in enterprise AI	Medium	Medium	Hyperscalers continue to move up the stack into agentic and applied AI deployment
Concentrated derivative positioning	Medium	Low	3.67m contracts of open interest with 553k traded on 28 August alone. Options-driven flow can amplify moves in both directions and is not an expression of fundamental view
Dilution	Low	Low	Share count up 1.79% year on year and flat quarter on quarter; a modest but persistent headwind

Technical Position

The shares gapped from \$125.65 to \$162.66 on 4 August and have spent the three weeks since consolidating the gain rather than giving it back, which is constructive. Price sits above every computable moving average, and the 26-28 August advance to \$186.29 took out the post-gap range on rising volume.

Two details temper that. The price is 29.6% above its 50-day average and 8.9% above its 20-day, which is extended even allowing for the gap. More notably, the relative strength index has fallen from 72.8 on 4 August to 69.2 on 28 August while the price rose 14.5% over the same span, and the MACD histogram has compressed to +0.17 from a wide positive spread. Higher price on weaker momentum is a mild negative divergence. It is a short window and should not be overweighted, but it argues against treating the consolidation as a base from which the next leg is assured.

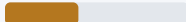
Indicator (28 Aug 2026)	Value	Reading
Close	\$186.29	Period high; intraday high \$188.37
SMA20	\$171.02	Price 8.9% above
SMA50	\$143.75	Price 29.6% above — extended

Indicator (28 Aug 2026)	Value	Reading
SMA100	\$141.21	Price 31.9% above
SMA200	\$151.37	Price 23.1% above (source: StockAnalysis.com)
EMA20 / EMA50	\$168.98 / \$153.64	Both rising
RSI(14)	69.2	Overbought; down from 72.8 on 4 Aug despite a higher price
MACD / signal / histogram	11.26 / 11.08 / +0.17	Still positive, but momentum has flattened
ATR(14)	\$7.72	4.1% of price
Volume, 20-day average	47.1m	Above the 50-day average of 43.0m
100-session range	\$106.37 - \$188.37	Price at the upper extreme

Indicators computed by this analysis from 100 daily OHLCV sessions (8 April to 28 August 2026) supplied by Alpha Vantage. The 200-day average cannot be derived from a 100-session window and is quoted from StockAnalysis.com rather than estimated.

Scorecard

One score moves. Valuation falls from 2 to 1, because the multiple expanded 12.7% against unchanged fundamentals. Technical Setup falls from 5 to 4 on the momentum divergence described above. Every other factor is held, including Risk: the deterioration is a valuation event and is booked once, in the valuation score, rather than counted twice.

Category	Score	Comment
Business Quality	 9/10	42.8% trailing operating margin on 84.8% gross margin; unchanged
Financial Strength	 9/10	\$9.20bn net cash, \$3.36bn trailing free cash flow, debt/equity 0.02
Competitive Advantage	 8/10	157% net dollar retention; Maven nearing \$1bn ARR supports the case
Management	 9/10	Raised FY26 revenue and US commercial guidance materially in August
Growth Potential	 9/10	83% guided FY26 growth; consensus models 49% for FY27
Valuation	 1/10	~54.9x forward revenue, up from ~48.7x, on no new company disclosure
Risk (10 = lowest risk)	 3/10	High risk: valuation leaves no room for error; Q3 margin step-down flagged
Technical Setup	 4/10	Above all averages but 29.6% over the 50-day, with momentum flattening

Overall Investment Score: 61 / 100

Scored 1-10, where 10 is always best, including Risk. Weightings: valuation 20, growth 16, risk 15, business quality 14, competitive advantage 12, management 10, financial strength 8, technicals 5. Valuation carries the heaviest weight because it is the only factor that has ever determined the rating on this company. The previous report displayed a total of 66/100, which does not reconcile with its own published factor scores and weightings; those inputs produce 63.8. The comparison above uses the recomputed figure, so the change is 63.8 to 61.3. The prior report's Risk score already ran in this direction (3 = high risk) and required no restatement.

Recommendation: Watchlist (reaffirmed)

The rating is unchanged, but the reasoning behind it has hardened, and that is a different statement from a simple reaffirmation. Three weeks ago the shares sat at approximately fair value and the argument was that the odds no longer favoured the buyer. Today they sit 5.4% above weighted fair value and the argument is that the odds have moved further against him, on a re-rating unaccompanied by any disclosure from the company.

A downgrade to Avoid was considered and rejected. The previous report named the condition that would trigger one — net dollar retention falling materially below 130% — and that condition has not arisen, because there has been no reporting

period since. Downgrading on price alone, when the stated trigger is a fundamental one, would substitute momentum for analysis in the opposite direction to the more common error. Nothing about this business has deteriorated. It has simply become more expensive.

The published watch level does need resetting, and this is the practical change in this report. The \$130-137 region was chosen in early August because the 20-, 50- and 100-day averages clustered there. They no longer do: the 20-day now sits at \$171, the 50-day at \$144, the 100-day at \$141 and the 200-day at \$151, fanned out by the August gap rather than converged. On the numbers, \$130-137 remains where roughly 39 times FY2026 revenue sits, but it is now 30% below the market and a decline of that order would almost certainly carry a fundamental cause rather than being a simple retracement.

The revised level is \$145-160. That band spans the 50-day and 200-day averages, corresponds to a market capitalisation of roughly \$348-384bn, and implies 43 to 47 times FY2026 revenue and 29 to 32 times FY2027 consensus revenue. It is still not cheap. It is the level at which the distribution of outcomes modelled below would offer a positive expected return rather than a negative one. Given a 4.1% average true range and a decline from \$160 to \$106 as recently as this June, a move of that size is entirely ordinary for this share.

What would change the view	Level or condition	Direction
Price retracement into the average cluster	\$145-160	Toward Buy
Q3 result holding adjusted operating margin near 60% through the flagged expense increase	Early November 2026	Toward Buy
Net dollar retention falling materially below 130%	Any reporting period	Toward Avoid
FY2027 guidance below consensus \$12.18bn when first issued	Q4 result, February 2027	Toward Avoid
Continued advance with no accompanying disclosure	Above ~\$210	Toward Avoid

Scenario Analysis

Scenario	Prob.	Path	Fair value	Conditions
Bull	33%	FY27 revenue ~\$13.5bn	\$250	Growth holds near 65%, Maven and adjacent defence programmes scale, adjusted operating margin sustains above 45%; market pays ~44x FY27 revenue
Base	45%	FY27 revenue ~\$12.2bn	\$168	Consensus path of 49% growth; margin normalises after the flagged Q3 step-up; multiple compresses toward ~33x on the larger base
Bear	22%	FY27 revenue ~\$11.0bn	\$85	Growth decelerates toward 35%, hosting-cost and hiring pressure persists, multiple de-rates toward ~18x as the AI premium unwinds

Probabilities sum to 100%. Probability-weighted fair value: \$176.80, approximately 5.4% below the 28 August close of \$186.29. The previous report's weighted value of \$163.84 sat 0.7% below the then-price; the gap has widened from effectively nil to 5.4%. Fair values are derived by this analysis from the stated revenue paths and multiples on 2.40bn shares outstanding.

Final Verdict

Palantir is a business worth owning and \$186.29 is not the price at which to start owning it.

The quality question was settled three weeks ago and nothing since has reopened it. A company compounding revenue at 83% while earning a 42.8% operating margin on a trailing basis, funding itself entirely from operations, holding \$9.2bn of net cash and retaining 157% of its existing customers' spending is a rare asset by any standard. Maven approaching a billion dollars of annualised run rate is a further point in its favour, and the analyst community has responded by reiterating

Buy ratings almost uniformly.

The difficulty is that the market has now bid the shares to the point where the average of those same analysts' price targets, \$191.68, sits 2.9% above the current price. The consensus view and the market price have converged, which is generally the moment at which a position stops being a disagreement with the crowd and becomes an agreement with it at full valuation. On the numbers the company has actually guided to, the shares trade at nearly 55 times revenue and 97 times free cash flow.

What has changed in three weeks is not the company but the terms. In early August the shares were at fair value and the case for waiting rested on the absence of a margin of safety. Today the shares are above fair value and the case for waiting rests on the presence of a negative one. That is a worse starting point for the same rating, and it should be read as such rather than as a routine reaffirmation. The \$145-160 band, or a third quarter that demonstrates the margin structure survives the flagged expense increase, remain the two things that would change the answer.

Sources

StockAnalysis.com — Palantir Technologies statistics, valuation and analyst forecast pages, as at 29 August 2026 · Alpha Vantage — daily OHLCV series, 8 April to 28 August 2026 · moomoo news search — Palantir news items, 25 to 28 August 2026, including William Blair on Maven ARR (via Seeking Alpha and TipRanks) and Scion short-position reporting · Beating The Bull — Palantir Technologies report, 5 August 2026 · Palantir Technologies Q2 2026 results and earnings call transcript, 3 August 2026, as cited in the prior report.

This document is produced for informational and educational purposes only. It is not financial advice, not a recommendation to buy or sell any security, and does not take account of any individual's circumstances or objectives. Figures are drawn from the sources listed above as at 29 August 2026 and may subsequently change. No earnings call has taken place since the 3 August second-quarter call reviewed in the previous report, so no new transcript exists for this period; the quarter's results and guidance are carried forward from that report and were not re-derived here. Forward multiples, scenario fair values, the probability-weighted estimate and all moving-average distances are this analysis's own calculations from the cited inputs and are not company measures. This report supersedes the Palantir Technologies report issued on 5 August 2026.