

PALANTIR Q1 2024 EARNINGS

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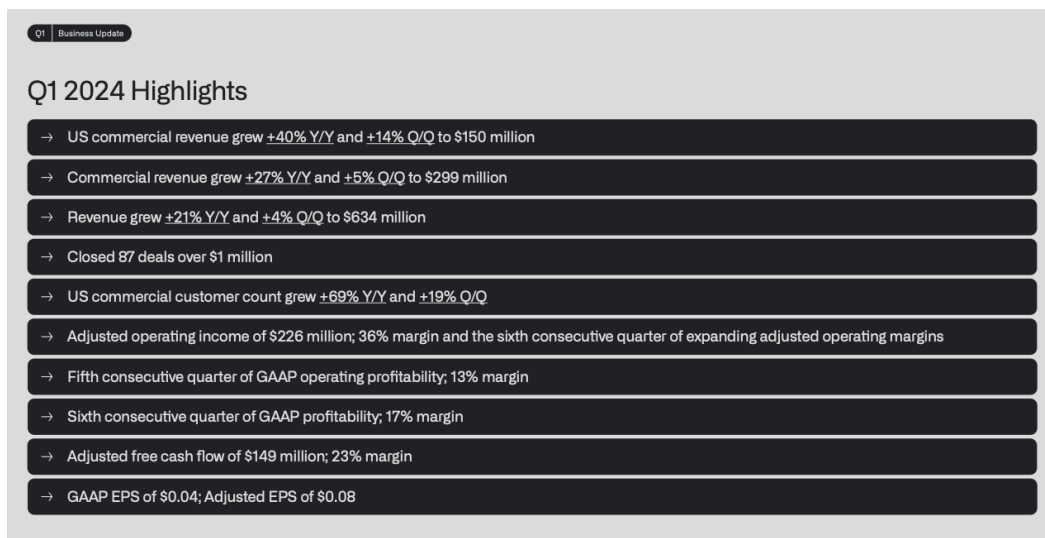
CONTEXT

Palantir Technologies reported its Q1 2024 earnings, surpassed revenue expectations with its robust 21% year-over-year growth, achieving \$634 million. While the company met consensus estimates on EPS, it delivered weaker-than-expected guidance.

Let's take a deeper look at Palantir's earnings.

FINANCIAL PERFORMANCE

During the first quarter of 2024, Palantir Technologies demonstrated strong financial performance:



1. **Revenue Growth:** Palantir's revenue was \$634 million, up 21% year over year. The growth was driven by strong momentum in its AI-powered integration platform (AIP) and substantial performance in the U.S. commercial and government sectors.
2. **Profitability:** Palantir achieved its sixth consecutive quarter of GAAP profitability, recording a GAAP net income of \$106 million. Additionally, the

company reported a GAAP operating income of \$81 million for the quarter, marking its fifth consecutive quarter of GAAP operating profit.

3. **Customer Growth:** The company's customer count grew 42% year-over-year, increasing 11% sequentially, reaching 554 customers.
4. **Commercial Success:** In the U.S. commercial sector, Palantir saw a 40% year-over-year revenue increase, totaling \$150 million for the quarter. This business area surpassed international commercial revenue for the first time, highlighting the strong domestic demand for Palantir's technologies.
5. **Total Contract Value (TCV) and Deal Value:** The total contract value booked was \$904 million during the quarter, a 128% increase year over year. Additionally, the total remaining deal value grew by 22% year over year and 6% sequentially, totaling \$4.1 billion.
6. **Cash Flow and Liquidity:** Palantir generated \$130 million in cash from operations and \$149 million in adjusted free cash flow during the quarter. The company also ended the quarter with \$3.9 billion in cash, cash equivalents, and short-term U.S. treasury securities.

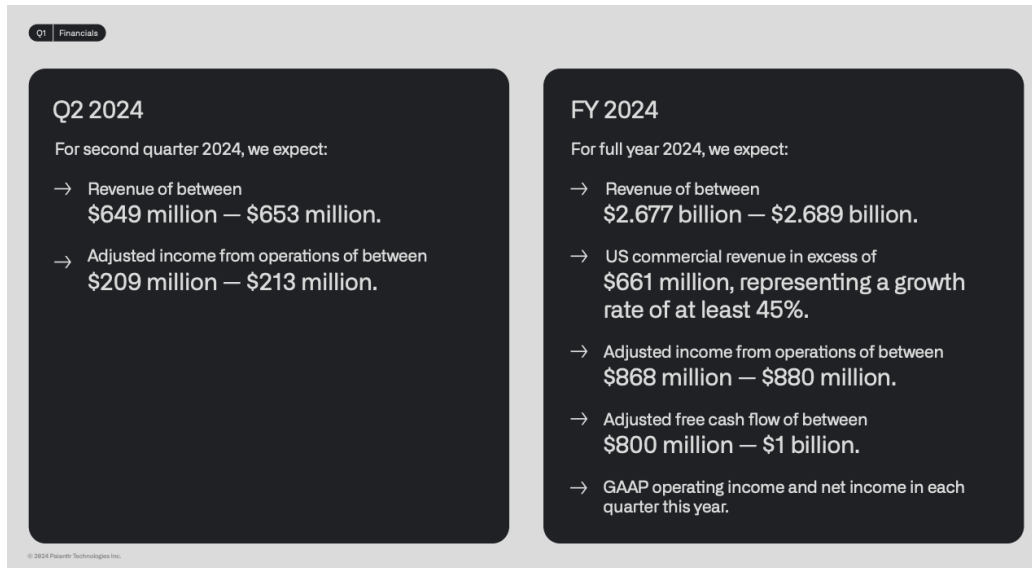
NON-FINANCIAL HIGHLIGHTS

During its earnings conference call, Palantir Technologies noted several significant non-financial highlights that reflect the company's strategic advancements and operational successes:

1. **Expansion in Customer Base:** Palantir added 41 net new customers in its U.S. commercial sector alone, demonstrating the broadening appeal and adoption of its AIP.
2. **Strategic Government Contracts:** A significant milestone was the U.S. Army's decision to award Palantir over \$178 million as the sole prime contractor to build a next-generation targeting node under the TITAN program. This is the first time a software company has won a prime contract for a hardware system.
3. **International Government Initiatives:** Internationally, Palantir continued its critical work on projects such as the U.K. NHS federated data platform and provided defense capabilities to allied partners globally.
4. **Enhanced Training and Development:** The company has conducted numerous boot camps, with over 915 organizations participating. These boot camps are integral to Palantir's strategy of educating potential clients about its platforms and driving faster adoption and implementation.

GUIDANCE & OUTLOOK

Palantir Technologies Inc. provided a positive outlook and guidance for the coming periods, reflecting confidence in its continued growth trajectory and strategic initiatives.



1. Revenue Guidance:

- For Q2 2024, Palantir expects revenue to be between \$649 million and \$653 million.
- For the full year 2024, Palantir has raised its revenue guidance to between \$2.677 billion and \$2.689 billion. This updated guidance represents a significant increase, underpinned by solid performance in the first quarter and anticipated continued demand.

2. Commercial Revenue Expectations:

- Palantir is particularly bullish about its U.S. commercial business, raising the U.S. commercial revenue guidance to exceed \$661 million for 2024. This expectation reflects a growth rate of at least 45%, indicating robust demand and successful customer expansion in this segment.

3. Operational Income:

- The company expects adjusted income from operations to be between \$209 million and \$213 million for the second quarter of 2024.
- For the full year, adjusted income from operations guidance has been increased to between \$868 million and \$880 million, suggesting strong profitability and efficient operational management.

4. Cash Flow Projections:

- Palantir expects adjusted free cash flow of between \$800 million and \$1 billion for 2024. This forecast underscores the company's effective cash management and operational efficiency.

5. **Profit Expectations:**

- Palantir anticipates maintaining GAAP operating income and net income in each quarter of 2024, continuing the profitability trend as demonstrated in the first quarter.

6. **Investment Strategy:**

- Given the robust performance and positive outlook, Palantir intends to boost investment in resources, particularly in the U.S., emphasizing AI and specific defense opportunities.

7. **Margin Expansion:**

- The company's margin expansion is expected to continue, driven by strong unit economics and the scalability of its business model.

8. **Long-term Strategic Focus:**

- Palantir is focused on long-term business building. It plans to continue landing new customers and expanding those relationships as its products gain traction and demonstrate meaningful impact within enterprises.

Palantir's guidance and outlook are highly optimistic. It projects strong growth and profitability based on the solid momentum of its commercial and government segments, particularly driven by the widespread adoption and successful implementation of its AIP platform.

ANALYSIS

Palantir's Q1 2024 earnings show a company in robust health, underpinned by strong revenue growth and strategic expansions, particularly in the U.S. commercial sector. Posting a 21% year-over-year increase in revenue to \$634 million, the company beat expectations and underscored the successful adoption of its AIP platform. The platform has become a cornerstone of Palantir's growth strategy, driving significant customer acquisition and retention.

Palantir's guidance anticipates strong continued demand, with strategic investments planned to further fuel its expansion, particularly in the AI and defense sectors. While the company projects increasing expenses in line with these investments, its strategic focus appears well-calibrated to harness growth opportunities without compromising on its profitability trajectory.

Palantir continues to effectively navigate the complexities of rapid technological change and market dynamics. Its performance and optimistic outlook suggest that Palantir is not just maintaining its course but is strategically positioning itself for sustained growth and industry leadership. It has solid traction and momentum; there's no indication of that changing on the predictable horizon.



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