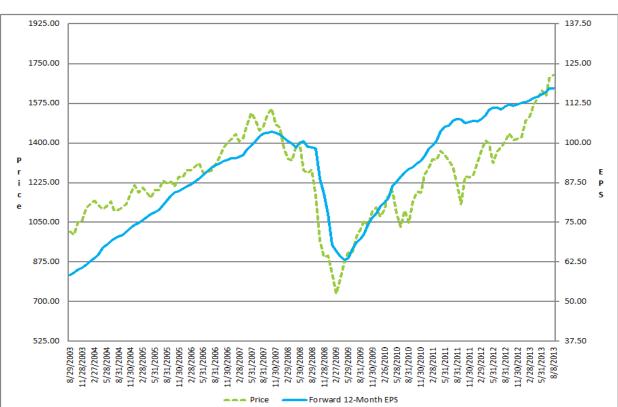


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**S&P 500** August 9, 2013

# **Key Metrics**

- + Earnings Scorecard: Of the 450 companies that have reported earnings to date for Q2 2013, 72% have reported earnings above the mean estimate and 54% have reported revenues above the mean estimate.
- **+ Earnings Growth:** The blended earnings growth rate for Q2 2013 is 2.1%. If this is the final growth rate for the quarter, it will mark the third consecutive quarter of earnings growth for the index.
- + Earnings Revisions: On June 30, the earnings growth rate for Q2 2013 was 0.6%. Six sectors have recorded an increase in earnings growth during this time, led by the Financials sector. The Telecom Services and Energy sectors have witnessed the largest decreases in earnings growth over this period.
- + **Earnings Guidance:** For Q3 2013, 68 companies have issued negative EPS guidance and 17 companies have issued positive EPS guidance.
- + Valuation: The current 12-month forward P/E ratio is 14.5. This P/E ratio is based on Thursday's closing price of 1697.48 and forward 12-month EPS estimate of \$117.25.



S&P 500 Forward 12-Month EPS vs. Price: 10-Year

All data published in this report is available on FactSet. Please contact media\_request@factset.com or 1-877-FACTSET for more information.



# **Topic of the Week**

## Retail Earnings: Optimism for Apparel and Pessimism for Department Stores in Recent Weeks

Retail has been a focus area for the markets in the last few days, as a number of retailers announced monthly same-stores sales on Thursday. Retail will likely continue be a focus area for the markets over the next two weeks, as just over half of the companies (20 out of 39) in the S&P 500 index that are scheduled to report earnings for Q2 2013 during this time frame are retailers.

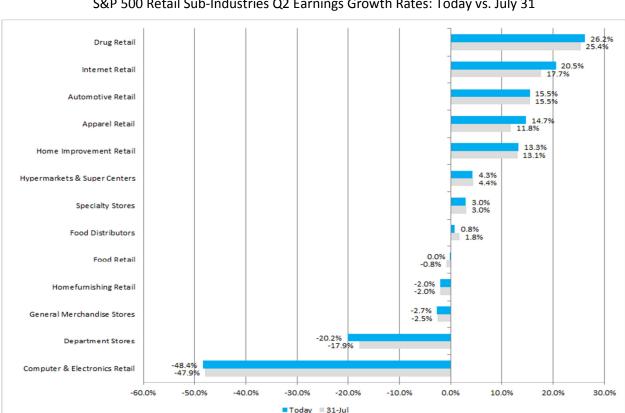
In advance of many of these retailers reporting earnings results, have there been any significant changes to expected earnings growth rates for retailers in recent weeks?

At the sub-industry level, three of the 13 sub-industries have seen changes of two percentage points or more in expected growth rates since July 31: Apparel Retail, Internet Retail, and Department Stores.

In the Retail Apparel sub-industry, the estimated earnings growth rate has improved to 14.7% from 11.8% during this time frame, mainly due to upward estimate revisions for L Brands and Gap. Since July 31, the mean EPS estimate for L Brands has jumped to \$0.59 from \$0.53, while the mean EPS estimate for Gap has risen to \$0.62 from \$0.59.

In the Internet Retail sub-industry, the blended earnings growth rate has risen to 20.5% from 17.7% over this period, due to an upward earnings surprise reported by priceline.com. The company reported actual EPS of \$9.70, relative to the mean EPS estimate of \$9.38.

In the Department Store sub-industry, the estimated earnings growth rate has fallen to -20.2% from -17.9% since July 31, mainly due to downward estimate revisions for J.C. Penney. During this time, the mean EPS estimate for J.C. Penney has dropped to -\$1.05 from -\$1.00. Kohl's (to \$1.04 from \$1.05) and Macy's (to \$0.78 from \$0.79) have also seen reductions in their mean EPS estimate over this period.



S&P 500 Retail Sub-Industries Q2 Earnings Growth Rates: Today vs. July 31



# **Q2 2013 Earnings Season: Overview**

## Companies Have Beat EPS Estimates (73%) Revenue Estimates (54%) to Date

With 90% of the companies in the S&P 500 reporting actual results, the percentage of companies reporting earnings above estimates (72%) is slightly below the four-year average, and the percentage of companies reporting revenues above estimates (55%) is below the four-year average. However, the percentage of companies reporting revenue above estimates is above 50% for the just the second time in the past five quarters.

Lowest Surprise Percentage (2.5%) since 2008 despite Large Upside Beats Reported by Financials

Overall, 450 companies have reported earnings to date for the second quarter. Of these 450 companies, 72% have reported actual EPS above the mean EPS estimate and 28% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above estimates is above the average over the past year (70%) and slightly below the average of over the past four years (73%).

At the sector level, the Financials (79%), Information Technology (78%), Materials (77%), and Health Care (76%) sectors have the highest percentages of companies reporting earnings above estimates, while the Telecom Services (57%) and Utilities (58%) sectors have the lowest percentages of companies reporting earnings above estimates.

In aggregate, companies are reporting earnings that are 2.5% above expectations. This surprise percentage is below the average over the past year (4.3%) and the average over the last four years (7.0%). If this is the final surprise percentage for the quarter, it will mark the lowest surprise percentage since Q4 2008 (-62%).

Companies in the Financials (+9.7%) sector are reporting the largest upside aggregate differences between actual earnings and estimated earnings. In this sector, companies that have reported significant upside earnings surprises include E\*TRADE Financial (+67%), Goldman Sachs (+31%), AIG (+30%), Travelers (29%), Bank of America (+27%), and JPMorgan Chase (+11%).

On the other hand, companies in the Telecom Services (-13.3%), Energy (-4.7%), and Information Technology (-1.1%) sectors are reporting the largest downside aggregate differences between actual earnings and estimated earnings. In the Telecom Services sector, Sprint reported a loss (-\$0.53) that was well below the mean EPS estimate (-\$0.31). In the Energy sector, companies that reported earnings well below the expectations of analysts include Kinder Morgan (-19%), Exxon Mobil (-18%), Phillips 66 (-17%), and Chevron (-7%). In the Information Technology sector, companies that have reported substantial downside earnings surprises include First Solar (-30%), Microsoft (-21%) and Google (-12%).

Percentage of Companies Beating Revenue Estimates Above 50%

In terms of revenues, 54% of companies have reported actual sales above estimated sales and 46% have reported actual sales below estimated sales. The percentage of companies beating sales estimates is above the average recorded over the last four quarters (48%), but below the average over the previous four years (58%). If the final percentage finishes above 50%, it will mark just the second time in the last five quarters that the percentage of companies reporting revenue above estimates finished above 50%.

At the sector level, companies in the Utilities (65%) sector have the highest percentages of companies reporting revenue above estimates, while companies in the Consumer Staples (28%) sector have the lowest percentages of companies reporting revenue above estimates.

In aggregate, companies are reporting sales that are 0.9% above expectations. Over the previous four quarters on average, actual sales have exceeded estimates by 0.4%. Over the previous four years on average, actual sales have exceeded estimates by 0.7%



## Improvement in Earnings Growth This Week due to Upside Surprises in Multiple Sectors

The blended earnings growth rate for the second quarter is 2.1% this week, above the growth rate of 1.6% last week. Upside earnings surprises reported by companies in multiple sectors accounted for the increase in the earnings growth rate this past week. Due to these upside surprises, eight of the ten sectors recorded an increase in earnings growth during the week.

#### Blended Earnings Growth is 2.1%, but Falls to -3.1% excluding the Financials Sector

The blended earnings growth rate for the index for Q2 2013 is 2.1%. If this is the final growth rate for the quarter, it will mark the third consecutive quarter of earnings growth for the index after reporting an earnings decline in Q3 2011. But, it would also reflect the third-lowest earnings growth for the index in the past four years. Five of the ten sectors are reporting higher earnings relative to a year ago, led by the Financials sector. On the other hand, the Materials, Energy, and Information Technology sectors are reporting the lowest earnings growth of all ten sectors for the quarter.

Financials: Balanced Growth (28.0%) across Multiple Industries

The Financials sector has the highest earnings growth rate (28.0%) of any sector for the second consecutive quarter. It is also the largest contributor to earnings growth for the entire index. If the Financials sector is excluded, the earnings growth rate for the S&P 500 falls to -3.1%.

Seven of the eight industries in the sector are reporting double-digit earnings growth for the quarter. Five of these seven industries are reporting earnings growth of more than 20%, led by the Consumer Finance (62%), Capital Markets (38%), and Diversified Financial Services (36%) industries. The only industry reporting a year-over-year decline in earnings is the Thrift & Mortgage Finance (-21%) industry.

At the company level, JPMorgan Chase, Bank of America, Capital One Financial, Citigroup, and Goldman Sachs are the largest contributors to earnings growth for the sector.

Materials: Metals & Mining Industry Leads Decrease

The Materials sector has the lowest earnings growth rate at -9.5%. Two of the five industries in this sector are reporting a decrease in earnings, led by the Metals & Mining industry (-59%). This industry is also the top contributor to the earnings decline for the sector. If this industry is excluded, the growth rate for the sector improves to 0.9%.

Energy: Second Lowest Earnings Growth Lead by Exxon Mobil and Chevron

The Energy sector has the second lowest earnings growth of any sector at -9.2%. Four of the seven sub-industries in this sector are reporting a decline in earnings, led by the Coal & Consumable Fuels (-61%), Oil & Gas Refining & Marketing (-33%), and Integrated Oil & Gas (-19%) sub-industries. On the other end of the spectrum, the Oil & Gas Storage & Transportation (110%) and Oil & Gas Exploration & Production (35%) sub-industries have the highest earnings growth rates.

At the company level, Exxon Mobil and Chevron are the largest contributors to the earnings decrease for the sector, as both companies reported substantial year-over-year declines in EPS. Exxon Mobil reported actual EPS of \$1.55, relative to year-ago EPS of \$1.81. Chevron reported actual EPS of \$2.77, compared to year-ago EPS of \$3.56. If these two companies are excluded, the blended earnings growth rate for the Energy sector improves to 2.7%.

Information Technology: Apple and Microsoft Lead Decline

The Information Technology sector has the third lowest earnings growth of any sector at -8.2%. Four of the eight industries in this sector are reporting a decline in earnings, led by the Computers & Peripherals (-23%), Semiconductor & Semiconductor Equipment (-16%), and Software (-11%) industries. On the other end of the spectrum, the Communications Equipment (14%) industry has the highest earnings growth rate.



At the company level, Apple and Microsoft are the largest contributors to the earnings decrease for the sector, as both companies reported year-over-year declines of nearly 20% in EPS. Apple reported actual EPS of \$7.47, relative to year-ago EPS of \$9.32. Microsoft reported actual EPS of \$0.59, compared to year-ago EPS of \$0.73. If these two companies are excluded, the blended earnings growth rate for the Information Technology sector improves to -2.5%. Other companies that are substantial contributors to the earnings decline for the sector include Intel, Seagate Technology, Dell, Western Digital, and Hewlett-Packard.

#### Blended Revenue Growth Rate is 1.8%

The blended revenue growth rate for Q2 2013 is 1.8%, above the growth rate of 1.2% at the end of the quarter (June 30). Only two of the eight sectors are reporting a decline in revenue, led by the Energy sector.

The Energy sector has the lowest revenue growth rate of all ten sectors at -4.9% and is also the largest detractor to the year-over-year increase in revenues for the index. If the Energy sector is excluded, the revenue growth rate for the S&P 500 would improve to 3.1%. At the sub-industry level, only two of the seven sub-industries are reporting a decrease in revenues: Integrated Oil & Gas (-16%) and Coal & Consumable Fuels (-15%). At the company level, Exxon Mobil is the largest detractor to growth in the sector. The company reported actual revenue of \$106.5 billion, compared to year-ago revenue of \$127.4 billion. Excluding Exxon Mobil, the revenue growth rate for the Energy sector improves to 0.4%. Other companies that are significant contributors to the decline in revenue for the sector include Chevron and Hess Corporation.

On the other hand, the Utilities sector has the highest revenue growth rate at 9.2%. At the company level, Duke Energy is the largest contributors to revenue growth for the sector. If this company is excluded, the revenue growth rate falls to 6.4%.

The Financials sector has the second highest revenue growth rate of all ten sectors at 7.1%. Seven of the eight industries in the sector are reporting revenue growth, led by the Capital Markets (17%) industry. The only industry reporting a decline in revenue is the Thrifts & Mortgage Finance industry (-12%). Companies that are significant contributors to revenue growth for the quarter include Berkshire Hathaway, JPMorgan Chase, Goldman Sachs, Citigroup, and Morgan Stanley.

The Consumer Discretionary sector has the third highest revenue growth rate at 5.8%. Growth is broad-based across the sector. At the sub-industry level, 27 of the 32 sub-industries are reporting earnings growth, led by the Homebuilding (40%), Internet Retail (22%), and Home Furnishing Retail (18%) sub-industries. At the other end of the spectrum, the Education Services (-16%) and Computer & Electronics Retail (-13%) sub-industries have the lowest revenue growth rates for the quarter.

### Global Concerns: F/X Rates, Europe and China

Less Favorable F/X Rates

The U.S. dollar strengthened relative to the Japanese yen and other foreign currencies over the past year. In the year-ago quarter (Q2 2012), one dollar was equal to about \$80.05 yen on average. For Q2 2013, one dollar was equal to about \$98.74 yen on average. A number of companies have commented on the negative impact of F/X rates on revenues and earnings for the second quarter.

"Currency also had a negative 1% impact on our top line, as the dollar strengthened against most currencies, particularly the Japanese yen." —DuPont (Jul.23)

"Without the impact of the US dollar strengthening compared to foreign currencies, Oracle's reported Q3 GAAP earnings per share would have been \$0.01 higher at \$0.53, up 8%, and Q3 non-GAAP earnings per share would have been approximately \$0.01 higher." —Oracle (Jun. 20)



#### Europe

Europe is reporting a decline in economic growth relative to last year. According to FactSet Economics, the European Union recorded a decrease in GDP of 0.7% in Q1 2013, compared to growth of 0.2% in Q1 2012. A number of companies have stated that economic conditions were still weak in Europe in the second quarter, but some stated that conditions may be reaching a bottom or are improving slightly.

"It's still pretty weak in Europe. But it just seems to have – net/net, in the GE world anyhow – stabilized in Q2." –General Electric (Jul. 19)

"In Europe, the picture is not that pretty. We expect a production decline and we've upwardly adjusted it but the upward adjustments still comes up with a negative number..."—Alcoa (Jul. 8)

#### **Emerging Markets**

Economic growth for some countries in emerging markets regions has also been decreasing over the past year. According to FactSet Economics, two of the four "BRIC" countries recorded slower GDP growth. For Q1 2012, China and India recorded GDP growth of 8.1% and 5.2%, respectively. By Q1 2013, GDP growth rates for China and India had fallen to 7.7% and 3.0%.

On the other hand, Brazil has recorded an increase in GDP growth over the past year. For Q1 2013, Brazil reported GDP growth of 1.9%, above the 0.8% recorded in Q1 2012.

As a result, comments on business conditions in China and emerging markets continue to be mixed for Q2. Some companies (such as IBM, Coca-Cola, and NIKE) reported weak conditions, while others (such as Ford Motor, Johnson & Johnson, and McCormick & Co.) saw strength.

"The areas that we had more difficulty in our growth markets frankly, can be, I think, best attributed to kind of three large countries, China, Australia and Russia, and they account for about 40% of the GMU base of business. Without those three countries, GMU frankly would have been up 7%."—IBM (Jul. 17)

"As is well-publicized, China's economy has been slowing as this is now being felt in consumer spending. China's first-half retail sales were the slowest in 10 years, while much of the growth in the nonalcoholic ready-to-drink beverage industry in the second quarter came from the value-orientated water category. As a result, our volume performance in China remains soft and was even for the quarter, cycling 7% growth from prior year."—Coca-Cola (Jul. 16)

"Revenues for NIKE, Inc. increased 7 percent to \$6.7 billion, or up 9 percent on a currency neutral basis. Excluding the impact of changes in foreign currency, NIKE Brand revenues rose 8 percent with growth across each product type and in every geography except Western Europe and Greater China."—NIKE (Jun. 27)

"Asia Pacific Africa's second quarter market share was 3.6 percent, one percentage point higher than a year ago and a quarterly record. The 38 percent improvement was driven by China, where Ford's market share improved 1.5 percentage points to a quarterly record of 4.3 percent, reflecting mainly strong sales of the new Focus, Kugaand EcoSport."—Ford Motor (Jul. 24)

"Larry, we're not splitting it out specifically for all emerging markets but if we take a look at our BRIC markets – Brazil, Russia, India, China – what we're seeing is about 19% growth. "–Johnson & Johnson (Jul. 16)

"Second quarter sales in the Asia/Pacific region grew 2%, and in local currency the increase was 4%. China was the largest contributor to this increase with 11% sales growth in local currency, driven by strong sales execution at retail, revitalized packaging and expanded advertising."—McCormick & Co. (Jun. 27)



## **Domestic Concerns: Higher Interest Rates and Fiscal Policy**

#### **Higher Interest Rates**

Interest rates increased during the second quarter. The yield on 10-year Treasury bonds increased from 1.85% on March 29 to 2.49% on June 28. While a number of banks talked about the negative impact of higher rates in terms of mortgage revenues, they also stated that improving credit quality and strength in other areas of the business helped offset or will help offset lower mortgage revenues due to higher rates in the future.

"While the economy continues its slow but steady improvement, the current rate environment is obviously very different than it was just 90 days ago, when we last announced our earnings. We knew rates would eventually rise, and we've been planning for a rising rate environment for some time. The benefit of our diversified business model is that it provides opportunities to generate earnings growth over a variety of rate environments. Some of our businesses naturally do better in a lower rate environment and others benefit from rising rates." —Wells Fargo (Jul. 12)

"Rising long-term rates and higher levels of volatility in June had an impact both on the quarter as well as in terms of our mortgage outlook guidance. Our markets businesses held up well in June and our asset management platform outperformed during the backup. And importantly, remember that given the firm's positioning, rising rates will drive significant benefit in higher NNI over time." –JPMorgan Chase (Jul.12)

"At the same time, affordability remains high and despite recent interest rate increases, we have seen very little impact on sales or pricing." –Lennar (Jun. 25)

#### **Fiscal Policy**

In recent quarters, companies have also commented on the negative impact of fiscal policy issues (including healthcare legislation, the increase in the payroll tax, delay in tax refunds, and sequestration) as impediments to earnings growth in recent quarters, though the impact has not been significant in many cases. Companies have continued to cite these issues for the second quarter.

"The Affordable Care Act includes new costs such as the transitional reinsurance fee, which is scheduled to begin in 2014, and other associated administrative and reporting expenses. As a result, we expect fiscal 2014 medical expenses, as a percent of revenue, to be higher than fiscal 2013 by 10 to 30 basis points."—Cintas (Jul. 15)

"Year-over-year earnings comparisons will also be adversely affected approximately six cents per diluted share by the projected costs associated with the next phase of implementation of the Affordable Care Act." –Darden Restaurants (Jun. 21)

"We expected – as expected and consistent with last quarter, the Americas region continued to be impacted by the uncertainty in the federal government spending." –Red Hat (Jun. 19)

### **EPS Guidance: Negative for Q3**

At this stage of the earnings season, 85 companies in the index have issued EPS guidance for the third quarter. Of these 85 companies, 68 have issued negative EPS guidance and 17 have issued positive EPS guidance. As a result, 80% (68 out of 85) of the companies that have issued EPS guidance for the third quarter have issued negative EPS guidance. This percentage is consistent with the percentage recorded in the previous quarter at this time (79%), but well above the 5-year average of 62%.

At the sector level, the Industrials sector has the highest percentage (91%) of companies issuing negative EPS guidance for the third quarter (with a minimum of five companies issuing EPS guidance). Ten of the eleven companies in this sector that have issued EPS guidance have issued negative EPS guidance.



## Estimated Earnings Growth for Third Quarter Drops to 4.3% from 6.7%

Due in part to negative EPS guidance, analysts have lowered earnings expectations for the third quarter. The estimated earnings growth rate for Q3 2013 is 4.3%, down from an estimate of 6.7% at the start of the quarter (June 30). Eight of the ten sectors have recorded a decline in expected earnings during this time, led by the Materials, Information Technology, and Energy sectors.

The Materials sector has seen the largest drop in expected earnings growth (to 1.4% from 15.2%) since the start of the quarter. Companies in the Metals & Mining industry have witnessed the largest cuts to estimates during this time, including U.S. Steel (to -\$0.45 from -\$0.18), Allegheny Technologies (to \$0.01 from \$0.29), Newmont Mining (to \$0.29 from \$0.60), and Alcoa (to \$0.06 from \$0.10). The Mosaic Company (to \$0.72 from \$1.18) has also recorded a substantial drop in estimates during this time.

The Information Technology sector has witnessed the second largest decrease (along with the Energy sector) in expected earnings growth (to 1.6% from 5.5%) since June 30. Companies that have recorded substantial reductions in EPS estimates include Teradyne (to \$0.44 from \$0.60), KLA-Tencor (to \$0.67 from \$0.86), First Solar (to \$1.05 from \$1.32), Motorola Solutions (to \$1.01 from \$1.22), and Microsoft (to \$0.57 from \$0.68).

The Energy sector has recorded the second largest decrease (along with the Information Technology sector) in expected earnings growth (to -0.5% from 3.4%) since the beginning of the quarter. Companies that have seen significant reductions in EPS estimates include Consol Energy (to \$0.10 from \$0.21), Marathon Petroleum (to \$2.08 from \$2.92), Nabors Industries (to \$0.19 from \$0.25), Tesoro (to \$1.63 from \$2.17), and Williams Companies (to \$0.13 from \$0.17).

## Earnings Growth Rebound Still Projected for 2<sup>nd</sup> Half 2013, But Little Revenue Growth

Although analysts have reduced earnings growth expectations for Q3 2013 (to 4.3% from 6.7%) and Q4 2013 (to 10.8% from 11.9%) since June 30, they still expect a significant improvement in earnings growth in the second half of 2013 relative to the  $1^{st}$  half of 2013.

For Q3 2013, only one sector is projected to see double-digit earnings growth: Financials (11.9%).

For Q4 2013, five of the ten sectors are predicted to see double-digit earnings growth: Financials (27.9%), Industrials (18.1%), Telecom Services (15.8%), Materials (15.4%), and Consumer Discretionary (13.8%).

However, estimated revenue growth rates for both Q3 2013 (2.9%) and Q4 2013 (0.8%) are expected to be below estimated earnings growth rates, particularly for Q4 2013. No sector is expected to see double-digit revenue growth in either quarter.

#### Valuation: Forward P/E Ratio is 14.5, above the 10-Year Average (14.1)

The current forward 12-month P/E ratio for the index is 14.5. This P/E ratio is based on Thursday's closing price of 1697.48 and forward 12-month EPS estimate of \$117.25.

At the sector level, the Consumer Discretionary (17.5) and Consumer Staples (17.1) sectors have the highest forward 12-month P/E ratios, while the Energy (12.4) and Financials (12.4) sectors have the lowest forward 12-month P/E ratios.

The P/E ratio of 14.5 for the index as a whole is well above the prior 5-year average forward 12-month P/E ratio of 12.9, and above the prior 10-year average forward 12-month P/E ratio of 14.1.

It is also above the forward 12-month P/E ratio of 14.1 recorded one month ago. During the past month, the price of the index rose 3.5%, while the forward 12-month EPS estimate increased by 0.8%.

At the sector level, the Materials (to 15.3 from 14.0) sector saw the largest increase in the forward 12-month P/E ratio over the past month. The Telecom Services (to 14.7 from 16.9) sector the largest decrease in the forward 12-month P/E ratio over the past month.



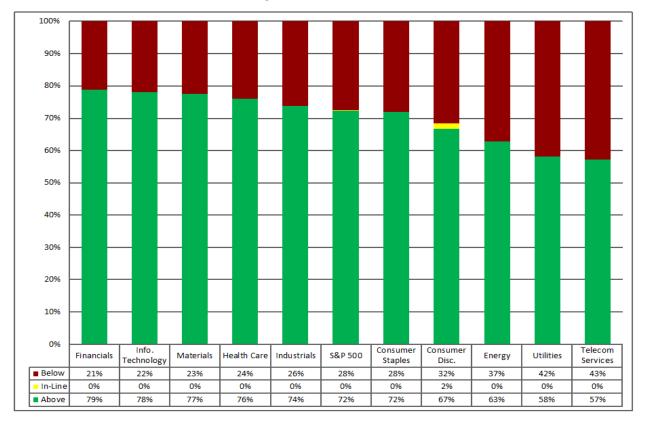
## **Companies Reporting Next Week: 13**

The "peak" weeks the Q2 2013 earnings season are now finished. During the upcoming week, two Dow 30 companies (Cisco Systems and Wal-Mart Stores) and 13 S&P 500 companies are scheduled to report earnings for the second quarter.



## Q2 2013: Scorecard

Q2 2013 Earnings: Above, In-Line, Below Estimates



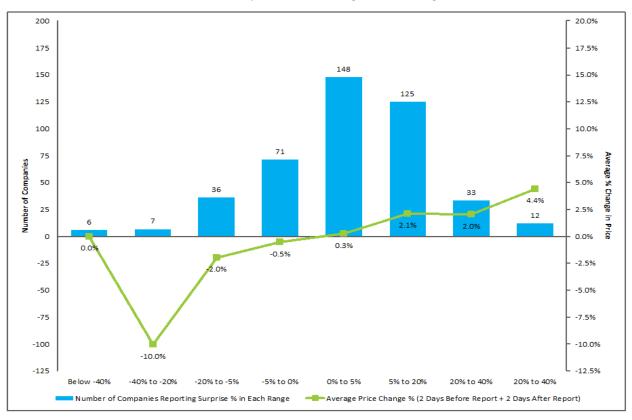
Q2 2013 Revenues: Above, In-Line, Below Estimates



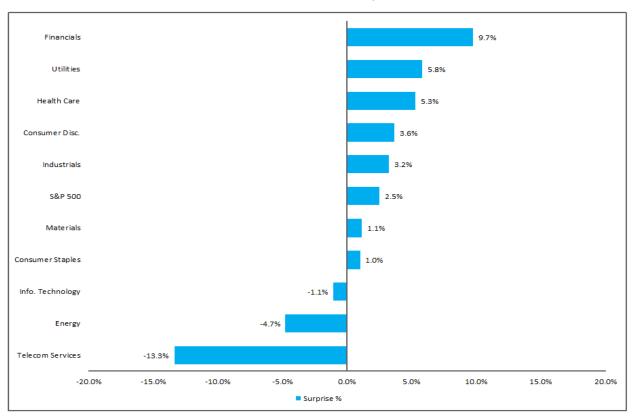


## Q2 2013: Scorecard

Q2 2013: Surprise % vs. Average Price Change %



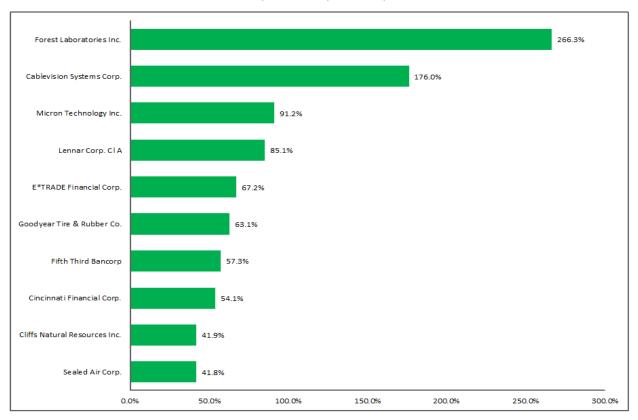
Q2 2013: Sector Level Surprise %



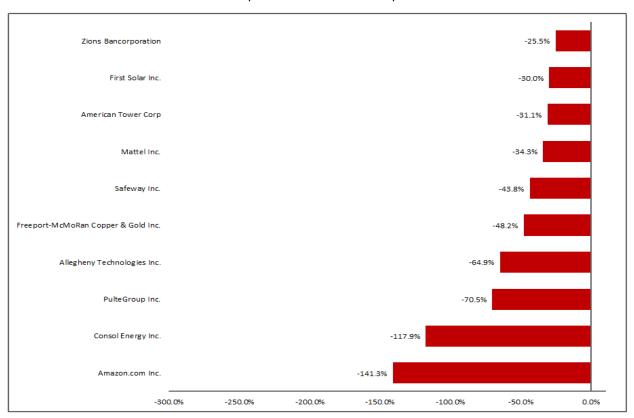


# Q2 2013: Scorecard

EPS Surprise %: Top 10 Companies



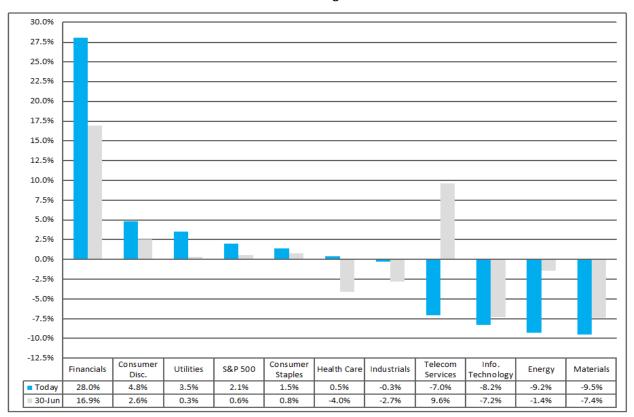
EPS Surprise %: Bottom 10 Companies



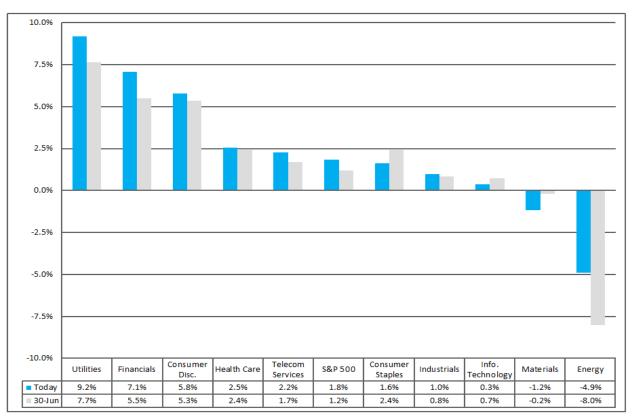


## **Q2 2013: Growth**

#### Q2 2013 Earnings Growth



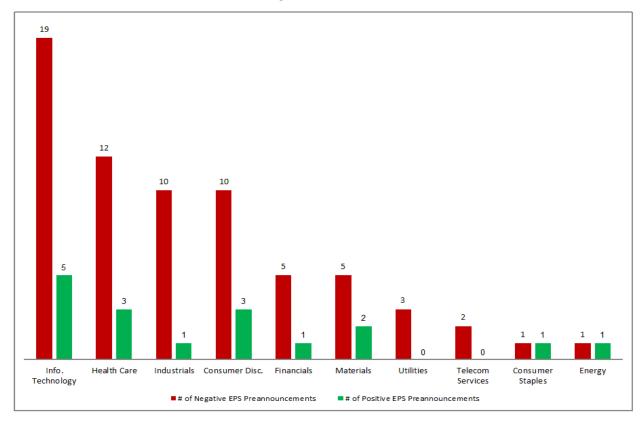
### Q2 2013 Revenue Growth





## Q3 2013: Guidance

## Number of Positive & Negative EPS Preannouncements: Q3 2013

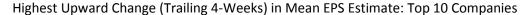


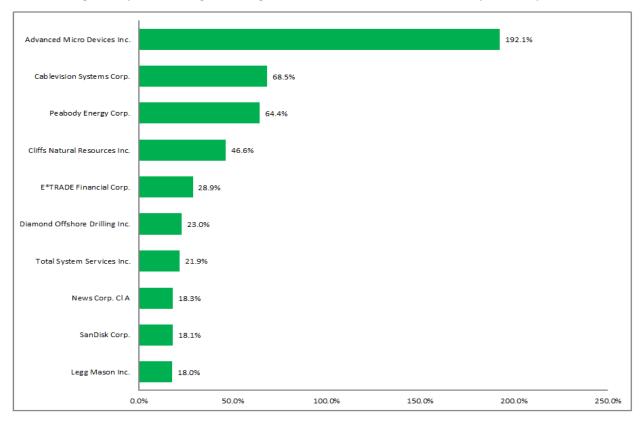
## Percentage of Positive & Negative EPS Preannouncements: Q3 2013



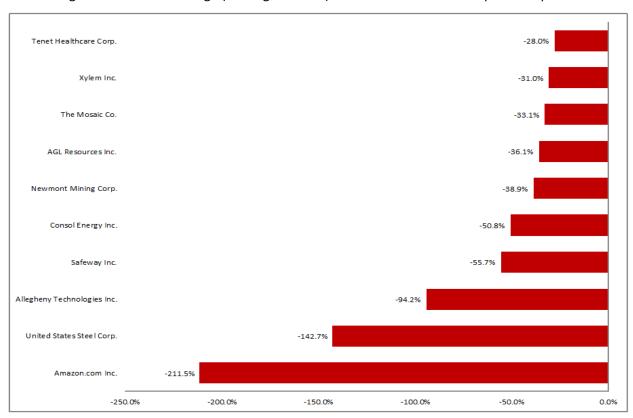


# Q3 2013: EPS Revisions





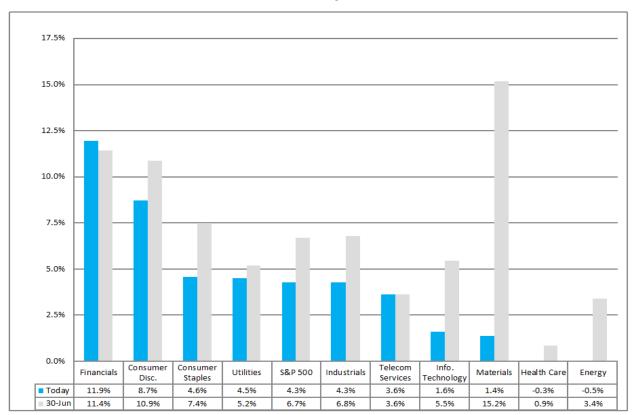
Highest Downward Change (Trailing 4-Weeks) in Mean EPS Estimate: Top 10 Companies



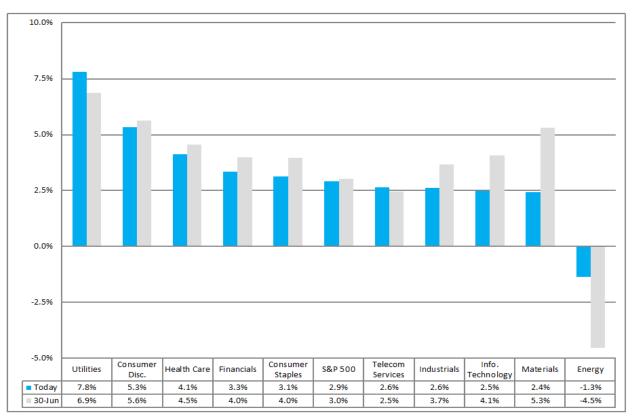


## Q3 2013: Growth

## Q3 2013 Earnings Growth



Q3 2013 Revenue Growth



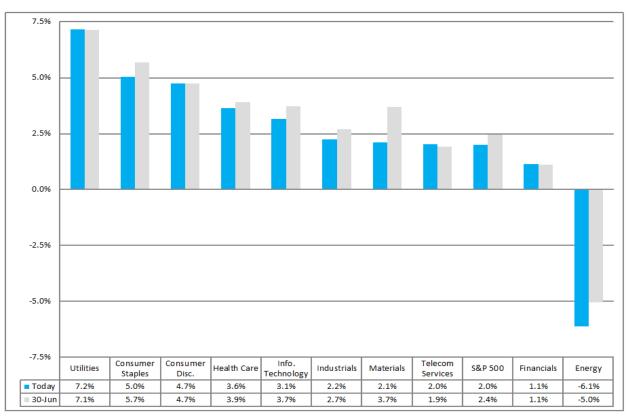


## CY 2013: Growth

## CY 2013 Earnings Growth



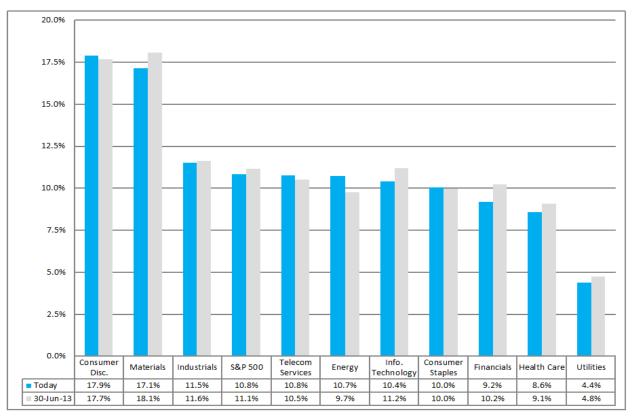
## CY 2013 Revenue Growth



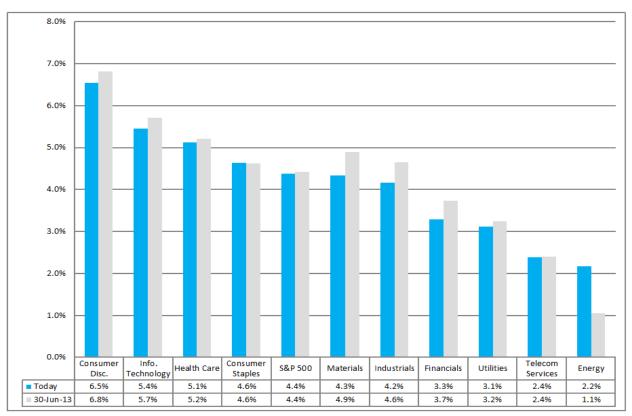


## CY 2014: Growth

## CY 2014 Earnings Growth

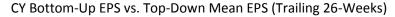


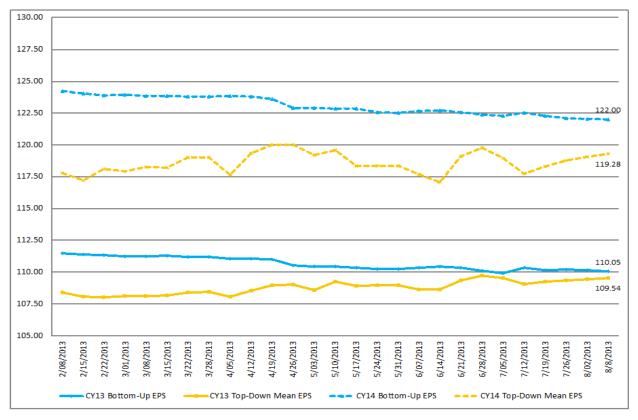
CY 2014 Revenue Growth





# **Bottom-up EPS Estimates: Revisions**





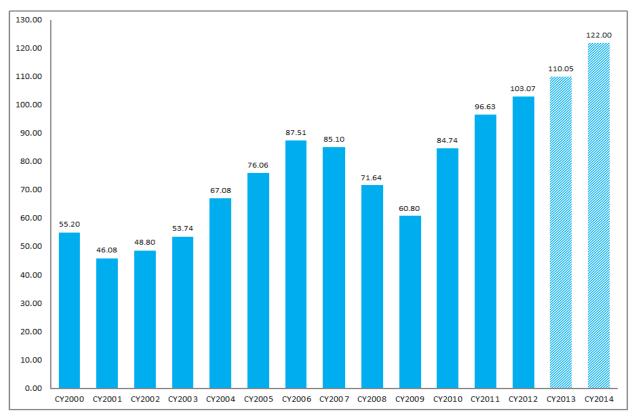
Change in Q213 Bottom-Up EPS vs. Price (Trailing 26-Weeks)



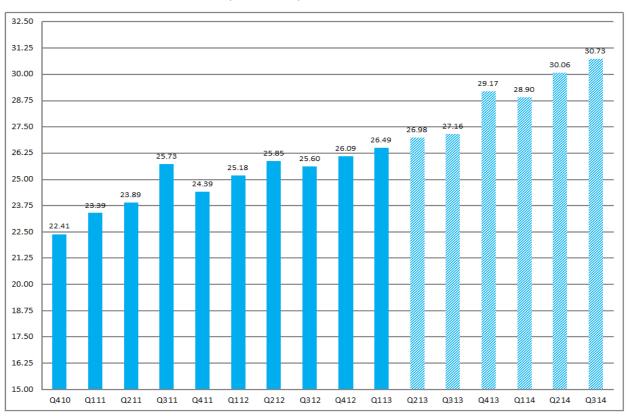


# **Bottom-up EPS Estimates: Current & Historical**





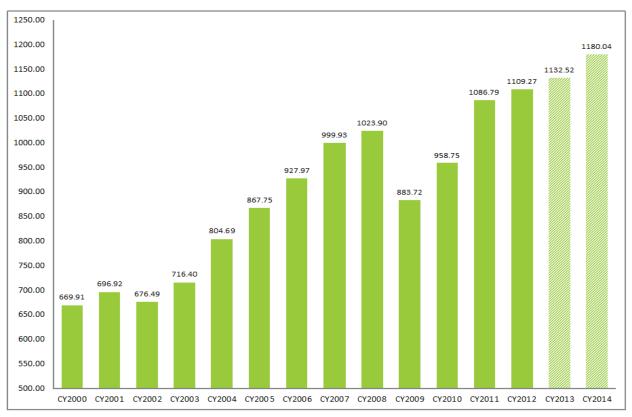
## Quarterly Bottom-Up EPS Actuals & Estimates



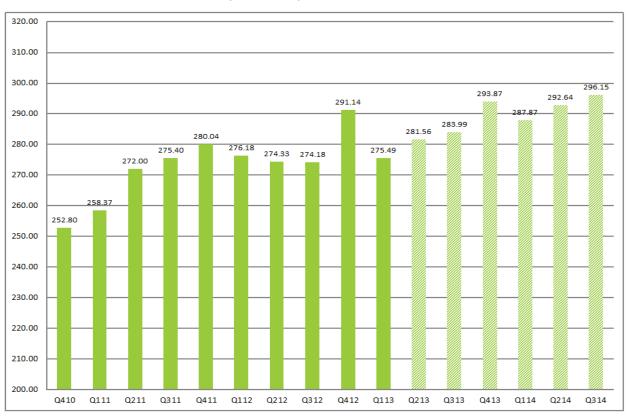


# **Bottom-up SPS Estimates: Current & Historical**





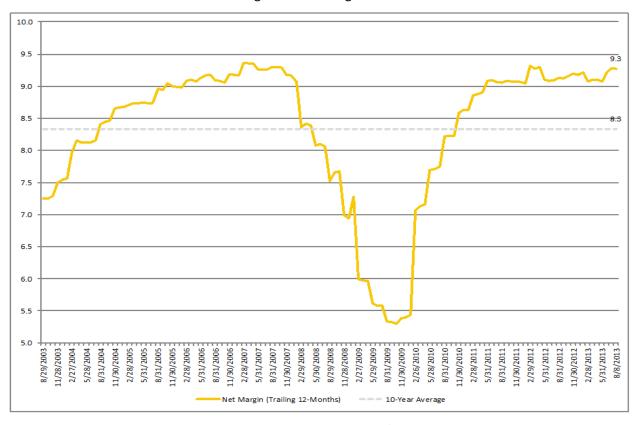
## Quarterly Bottom-Up SPS Actuals & Estimates



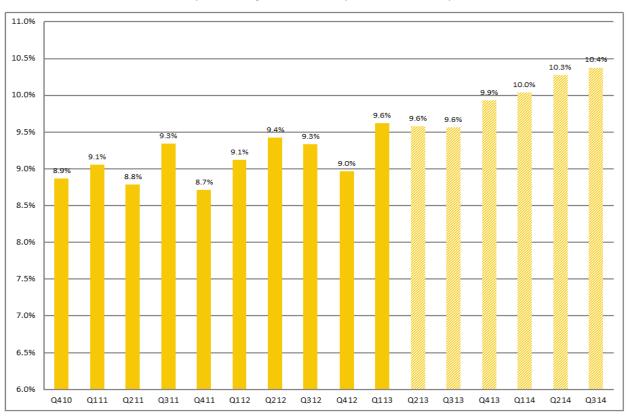


# **Net Margins: Current & Historical**

Trailing 12M Net Margin: 10 Years

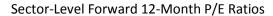


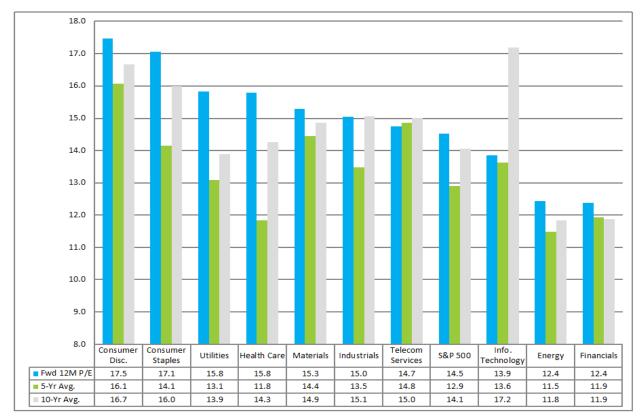
## Quarterly Net Margins (Bottom-Up EPS / Bottom-Up SPS)



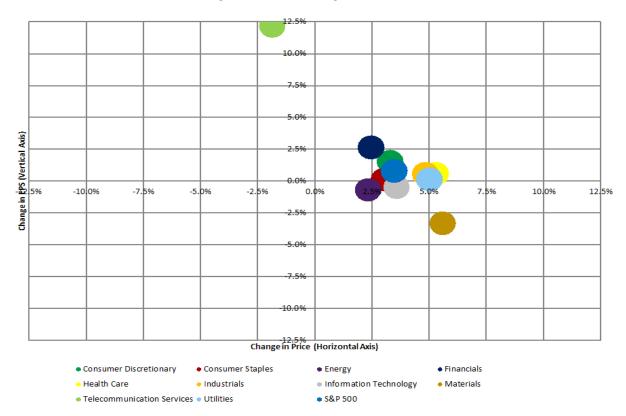


# Forward 12M Price / Earnings Ratio: Sector Level



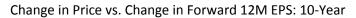


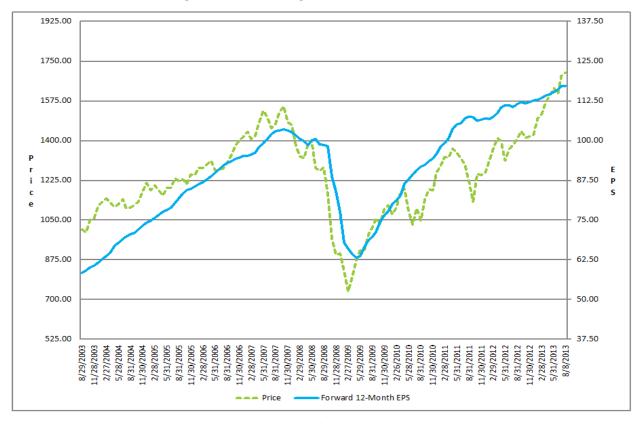
Sector-Level Change in Price vs. Change Forward 12M EPS: 1-Month



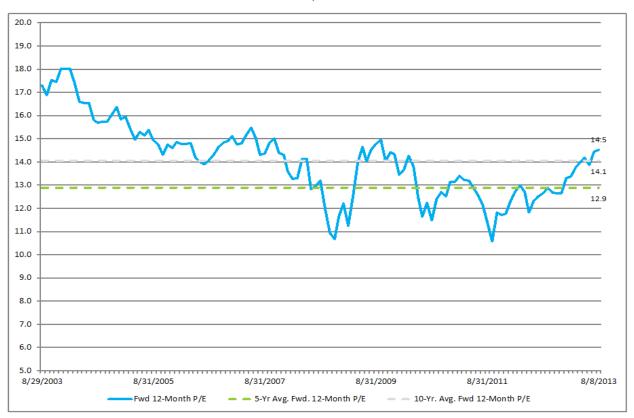


# Forward 12M Price / Earnings Ratio: Long-Term Averages



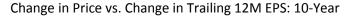


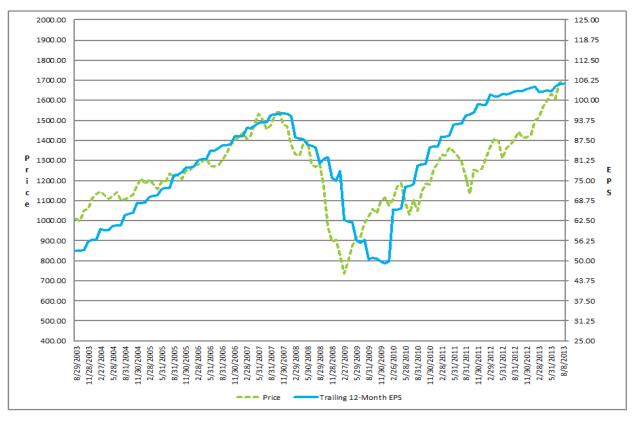
## Forward 12M P/E Ratio: 10-Year



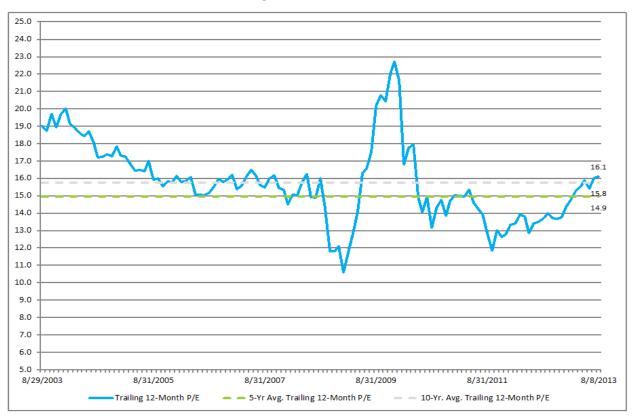


# **Trailing 12M Price / Earnings Ratio: Long-Term Averages**





Trailing 12M P/E Ratio: 10-Year





## **Important Notice**

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