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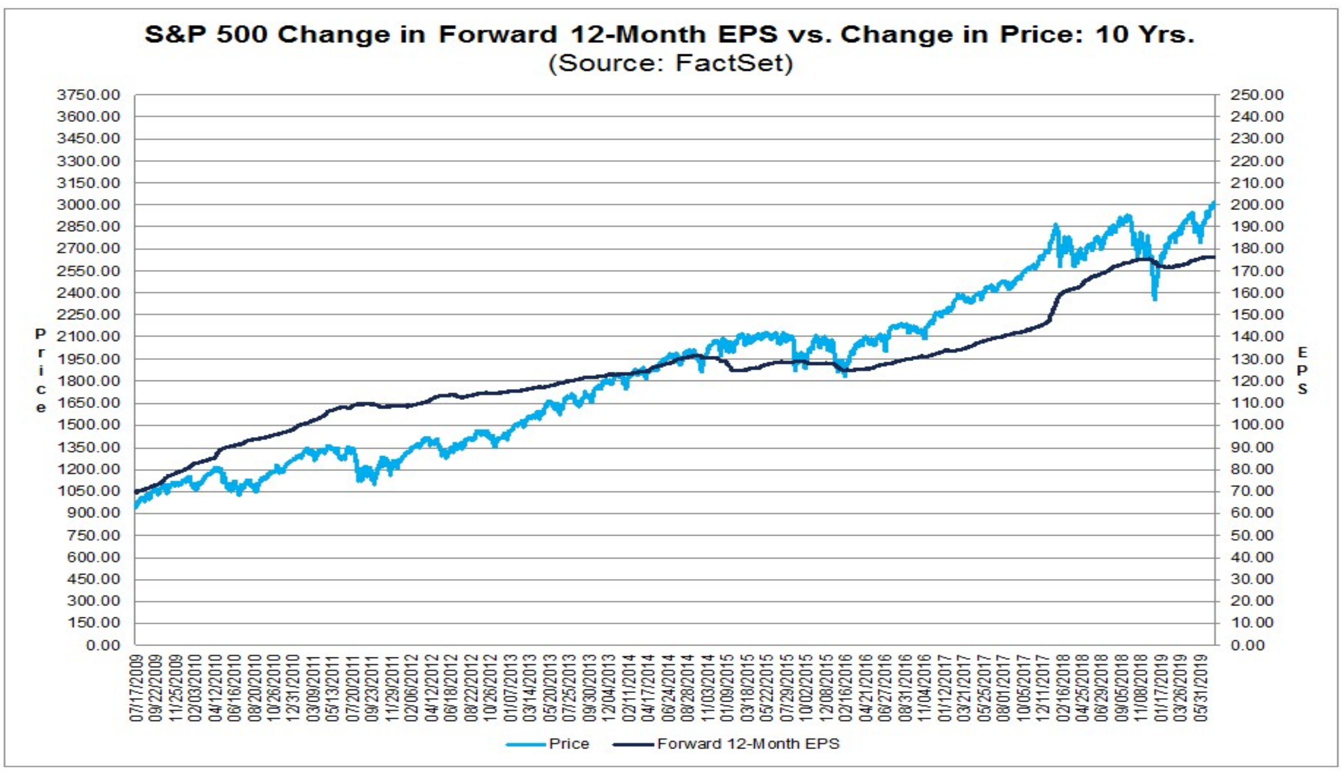
Key Metrics

- **Earnings Scorecard:** For Q2 2019 (with 16% of the companies in the S&P 500 reporting actual results), 79% of S&P 500 companies have reported a positive EPS surprise and 62% of companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q2 2019, the blended earnings decline for the S&P 500 is -1.9%. If -1.9% is the actual decline for the quarter, it will mark the first time the index has reported two straight quarters of year-over-year declines in earnings since Q1 2016 and Q2 2016.
- **Earnings Revisions:** On June 30, the estimated earnings decline for Q2 2019 was -2.7%. Six sectors have higher growth rates today (compared to June 30) due to positive EPS surprises.
- **Earnings Guidance:** For Q3 2019, 6 S&P 500 companies have issued negative EPS guidance and 5 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.0. This P/E ratio is above the 5-year average (16.5) and above the 10-year average (14.8).



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Topic of the Week:

S&P 500 Reporting Year-Over-Year Decline in Net Profit Margin for 2nd Straight Quarter

For the second quarter, the S&P 500 is reporting a year-over-year decline in earnings of -1.9%, but year-over-year growth in revenues of 3.8%. Given the dichotomy in growth between earnings and revenues, there are concerns in the market about net profit margins for S&P 500 companies in the second quarter. Given this concern, what is the S&P 500 reporting for a net profit margin in the second quarter?

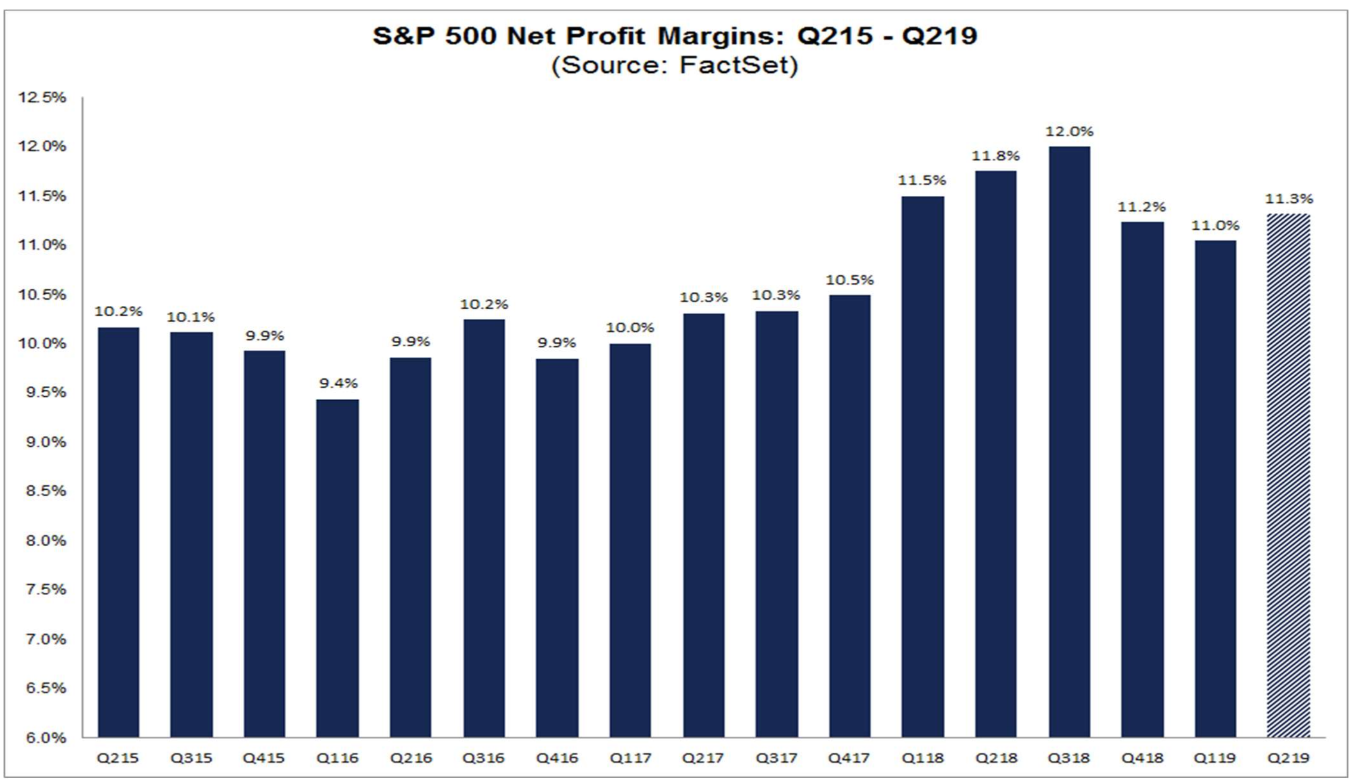
The blended net profit margin for the S&P 500 for Q2 2019 is 11.3%. If 11.3% is the actual net profit margin for the quarter, it will mark the first time the index has report two straight quarters of year-over-year declines in net profit margin since Q1 2016 and Q2 2016. Ten of the eleven sectors are reporting a year-over-year decline in their net profit margins in Q2 2019, led by the Information Technology (20.6% vs. 22.7%) sector.

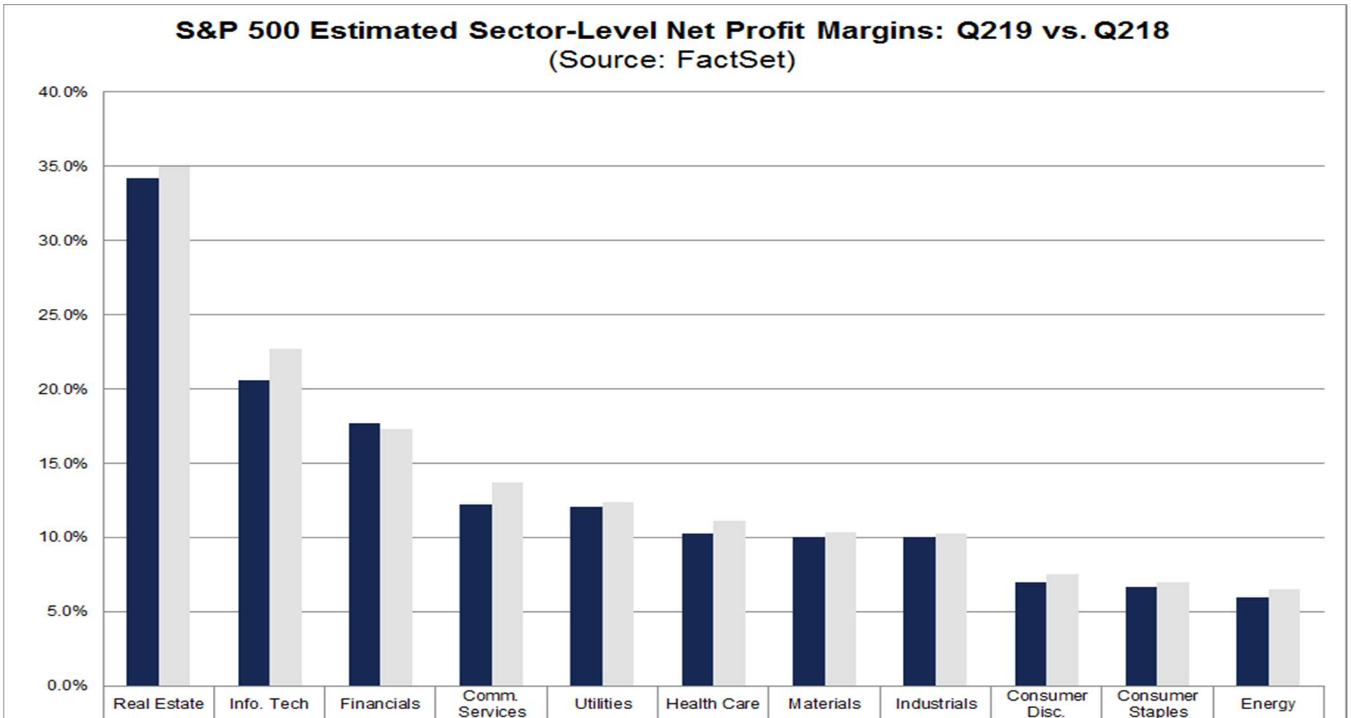
What is driving the year-over-year decrease in the net profit margin?

One factor is a difficult year-over-year comparison. In Q2 2018, the S&P 500 reported the second highest net profit margin since FactSet began tracking this data in 2008. While ten sectors are reporting a year-over-year decline in net profit margins, only one sector (Health Care) is reporting a net profit margin below its 5-year average. Higher costs are likely another factor. Of the first 22 S&P 500 companies to conduct earnings calls for Q2, 7 (or 32%) discussed a negative impact from higher wages and labor costs and 7 (or 32%) discussed a negative impact from higher raw material or other input costs. Please see our previous article on this topic for more details at this link: https://insight.factset.com/more-than-half-of-sp-500-companies-citing-negative-impact-of-fx-on-q2-earnings-calls

It is interesting to note that analysts expect the index to report slightly higher net profit margins in the second half of 2019. Based on current estimates, the estimated net profit margins for Q3 2019 and Q4 2019 are 11.6% and 11.4%. However, net profit margins are not expected to increase on a year-over-year basis until Q4 2019.

To maintain consistency, the earnings and revenue numbers used to calculate the earnings and revenue growth rates published in this report were also used to calculate the index-level and sector-level net profit margins for this analysis. In addition, all year-over-year comparisons for Q2 2019 to Q2 2018 reflect an apples-to-apples comparison of data at the company level.





	Real Estate	Info. Tech	Financials	Comm. Services	Utilities	Health Care	Materials	Industrials	Consumer Disc.	Consumer Staples	Energy
Q219	34.2%	20.6%	17.7%	12.2%	12.0%	10.3%	10.0%	10.0%	7.0%	6.7%	5.9%
Q218	35.0%	22.7%	17.3%	13.7%	12.4%	11.2%	10.4%	10.3%	7.6%	7.0%	6.5%

Q2 Earnings Season: By The Numbers

Overview

To date, 16% of the companies in the S&P 500 have reported actual results for Q2 2019. In terms of earnings, the percentage of companies reporting actual EPS above estimates (79%) is above the 5-year average. In aggregate, companies are reporting earnings that are 7.0% above the estimates, which is also above the 5-year average. In terms of sales, the percentage of companies (62%) reporting actual sales above estimates is above the 5-year average. In aggregate, companies are reporting sales that are 0.9% above estimates, which is also above the 5-year average.

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings decline for the second quarter is -1.9% today, which is smaller than the earnings decline of -3.1% last week. Positive earnings surprises reported by companies in the Financials and Information Technology sectors were mainly responsible for the decrease in the overall earnings decline during the week. If -1.9% is the actual decline for the quarter, it will mark the first time the index has reported two straight quarters of year-over-year declines in earnings since Q1 2016 and Q2 2016. Five sectors are reporting (or are expected to report) year-over-year growth in earnings, led by the Financials sector. Six sectors are reporting a year-over-year decline in earnings, led by the Materials, Information Technology, and Energy sectors.

The blended revenue growth rate for the second quarter is 3.8% today, which is slightly above the revenue growth rate of 3.7% last week. Positive revenue surprises reported by companies in the Financials sector were mainly responsible for the small increase in the overall revenue growth rate during the week. If 3.8% is the final growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q3 2016 (2.7%). Eight sectors are reporting (or are projected to report) year-over-year growth in revenues, led by the Communication Services and Health Care sectors. Three sectors are reporting a year-over-year decline in revenues, led by the Materials sector.

Looking at the second half of 2019, analysts see a decline in earnings for the third quarter followed by mid-single-digit earnings growth in the fourth quarter.

The forward 12-month P/E ratio is 17.0, which is above the 5-year average and above the 10-year average.

During the upcoming week, 144 S&P 500 companies (including 10 Dow 30 components) are scheduled to report results for the second quarter.

Scorecard: More Companies Beating EPS and Sales Estimates than Average

Percentage of Companies Beating EPS Estimates (79%) is Above 5-Year Average

Overall, 16% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 79% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 18% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year (76%) average and above the 5-year (72%) average.

At the sector level, the Communication Services (100%), Health Care (100%), and Real Estate (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (0%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+7.0%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 7.0% above expectations. This surprise percentage is above the 1-year (+5.2%) average and above the 5-year (+4.8%) average.

The Information Technology sector (+10.0%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Micron Technology ($1.05 vs. $0.79), Red Hat ($1.00 vs. $0.87), and Microsoft ($1.37 vs. $1.21) have reported the largest positive EPS surprises.

The Financials (+8.6%) sector is reporting the second largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Jefferies Financial Group ($2.14 vs. $0.24), Goldman Sachs ($5.81 vs. $4.89), Capital One Financial ($3.37 vs. $2.89), and JPMorgan Chase ($2.82 vs. $2.50) have reported the largest positive EPS surprises.

Market Rewarding Earnings Beats

To date, the market is rewarding positive earnings surprises more than average and punishing negative earnings surprises slightly more than average.

Companies that have reported positive earnings surprises for Q2 2019 have seen an average price increase of +1.4% two days before the earnings release through two days after the earnings. This percentage increase is above the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q2 2019 have seen an average price decrease of -2.7% two days before the earnings release through two days after the earnings. This percentage decrease is slightly larger than the 5-year average price decrease of -2.6% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (62%) is Above 5-Year Average

In terms of revenues, 62% of companies have reported actual sales above estimated sales and 38% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is below the 1-year average (63%) but above the 5-year average (60%).

At the sector level, the Real Estate (100%) sector has the highest percentage of companies reporting revenues above estimates, while the Materials (0%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.9%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 0.9% above expectations. This surprise percentage is below the 1-year (+1.1%) average but above the 5-year (+0.8%) average.

Revisions: Decrease in Blended Earnings Decline this Week Due to Financials and Technology

Decrease in Blended Earnings Decline This Week Due to Financials and Technology

The blended (year-over-year) earnings decline for the second quarter is -1.9% today, which is smaller than the earnings decline of -3.1% last week. Positive earnings surprises reported by companies in the Financials and Information Technology sectors were mainly responsible for the decrease in the overall earnings decline during the week.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($2.82 vs. $2.50), Wells Fargo ($1.30 vs. $1.17), and Goldman Sachs ($5.81 vs. $4.89) were significant contributors to the overall decrease in the earnings decline for the index during the week. As a result, the blended earnings growth rate for the Financials sector improved to 4.5% from 0.4% over this period.

In the Information Technology sector, the positive EPS surprise reported by Microsoft ($1.37 vs. $1.21) was a substantial contributor to the overall decrease in the earnings decline for the index during the week. As a result, the blended earnings decline for the Information sector fell to -10.0% from -11.9% over this period.

Increase in Blended Revenue Growth This Week Due to Financials

The blended (year-over-year) revenue growth rate for the second quarter is 3.8% today, which is above the revenue growth rate of 3.7% last week. Positive revenue surprises reported by companies in the Financials sector were mainly responsible for the increase in the overall revenue growth rate during the week.

Financials Sector Has Seen Largest Increase in Earnings since June 30

The blended (year-over-year) earnings decline for Q2 2019 of -1.9% is smaller than the estimate of -2.7% at the end of the second quarter (June 30). Six sectors have recorded an improvement in earnings growth since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by Financials (to 4.5% from 0.6%) sector. Four sectors have recorded a decrease in earnings growth during this time due to downward revisions to earnings estimates and negative earnings surprises, led by the Energy (to -9.9% from 0.1%) sector. The Real Estate (1.2%) sector has recorded no change in earnings growth since June 30.

Financials Sector Has Seen Largest Increase in Revenues since June 30

The blended (year-over-year) revenue growth rate for Q2 2019 of 3.8% is equal to the estimate of 3.8% at the end of the second quarter (June 30). Five sectors have recorded an improvement in revenue growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Financials (to 2.5% from 1.8%) sector. Four sectors have recorded a decrease in revenue growth during this time due to downward revisions to revenue estimates and negative revenue surprises, led by the Energy (to -1.6% from -0.7%) and Materials (to -15.4 from -14.6%) sectors. Two sectors (Health Care and Industrials) have recorded no change in revenue growth since June 30.

Year-Over-Year Earnings Decline: -1.9%

The blended (year-over-year) earnings decline for Q2 2019 is -1.9%, which is below the 5-year average earnings growth rate of 7.3%. If -1.9% is the actual decline for the quarter, it will mark the first time the index has reported two straight quarters of year-over-year declines in earnings since Q1 2016 and Q2 2016. It will also mark the largest year-over-year decline in earnings reported by the index since Q2 2016 (-3.2%).

S&P 500 companies with more international revenue exposure are reporting a much larger decline in earnings relative to S&P 500 companies with less international revenue exposure. For S&P 500 companies that generate more than 50% of revenue outside the U.S., the blended earnings decline is -10.8%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the blended earnings growth rate is 2.7%.

Five sectors are reporting (or are predicted to report) year-over-year earnings growth, led by the Financials sector. Six sectors are reporting a year-over-year decline in earnings, led by the Materials, Information Technology, and Energy sectors.

Financials: JPMorgan Chase and Wells Fargo Lead Year-Over-Year Growth

The Financials sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 4.5%. At the industry level, three of the five industries in this sector are reporting growth in earnings, led by the Banks (10%) industry.

At the company level, JPMorgan Chase and Wells Fargo are the largest contributors to earnings growth for the sector. JPMorgan Chase reported actual EPS of $2.82 for Q2 2019, compared to year-ago EPS of $2.29. Wells Fargo reported actual EPS of $1.30 for Q2 2019, compared to year-ago EPS of $0.98. If these two companies were excluded, the blended earnings growth rate for the sector would fall to 1.1% from 4.5%.

Materials: Freeport-McMoRan and DuPont Lead Year-Over-Year Decline

The Materials sector is reporting the highest (year-over-year) earnings decline of all eleven sectors at -18.1%. At the industry level, three of the four industries in this sector are reporting (or are expected to report) a decline in earnings: Metals & Mining (-71%), Chemicals (-9%), and Containers & Packaging (-8%). On the other hand, the Construction Materials (6%) industry is the only industry in the sector that is expected to report earnings growth.

At the company level, Freeport-McMoRan and DuPont are projected to be the largest contributors to the (year-over-year) decline in earnings for the sector. The mean EPS estimate for Freeport-McMoRan for Q2 2019 is -$0.05, compared to year-ago EPS of $0.58. The mean EPS estimate for DuPont for Q2 2019 is $0.94, compared to year-ago EPS of $1.95. If these two companies were excluded, the blended earnings decline for the sector would improve to -1.3% from -18.1%.

Information Technology: Micron Technology Leads Year-Over-Year Decline

The Information Technology sector is reporting the second highest (year-over-year) earnings decline of all eleven sectors at -10.0%. At the industry level, three of the six industries in this sector are reporting (or are predicted to report) a decline in earnings, led by the Semiconductors & Semiconductor Equipment (-31%) and Technology Hardware, Storage, & Peripherals (-22%). On the other hand, three industries are reporting (or are projected to report) earnings growth, led by the Software (12%) industry.

At the company level, Micron Technology is the largest contributor to the decline in earnings for the sector. Micron Technology reported actual EPS of $1.05 for Q2 2019, compared to year-ago EPS of $3.15. If this company were excluded, the blended earnings decline for the sector would improve to -6.6% from -10.0%.

Energy: Exxon Mobil Leads Year-Over-Year Decline

The Energy sector is reporting the third highest (year-over-year) earnings decline of all eleven sectors at -9.9%. At the sub-industry level, four of the six sub-industries in this sector are reporting (or are predicted to report) a decline in earnings: Oil & Gas Equipment & Services (-25%), Oil & Gas Refining & Marketing (-16%), Integrated Oil & Gas (-13%), and Oil & Gas Exploration & Production (-1%). On the other hand, two sub-industries are reporting (or are projected to report) earnings growth: Oil & Gas Drilling (N/A due to year-ago loss) and Oil & Gas Storage & Transportation (20%).

At the company level, Exxon Mobil is projected to be the largest contributor to the (year-over-year) decline in earnings for the sector. The mean EPS estimate for the company for Q2 2019 is $0.70, compared to year-ago EPS of $0.92. If Exxon Mobil were excluded, the blended earnings decline for the sector would improve to -5.7% from -9.9%.

Year-Over-Year Revenue Growth: 3.8%

The blended (year-over-year) revenue growth rate for Q2 2019 is 3.8%, which is above the 5-year average revenue growth rate of 3.5%. If 3.8% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q3 2016 (2.7%).

S&P 500 companies with more international revenue exposure are reporting a much larger decline in revenues relative to S&P 500 companies with less international revenue exposure. For S&P 500 companies that generate more than 50% of revenue outside the U.S., the blended revenue decline is -2.2%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the blended revenue growth rate is 6.2%.

Eight of the eleven sectors are reporting (or are expected to report) year-over-year growth in revenues, led by the Communication Services and Health Care sectors. Three sectors are reporting a year-over-year decline in revenues, led by the Materials sector.

Communication Services: 3 of 4 Industries Reporting (Year-Over-Year) Double-Digit Growth

The Communication Services sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 13.9%. At the industry level, all four industries in this sector are reporting (or are projected to report) revenue growth. Three of these four industries are reporting (or are predicted to report) double-digit revenue growth: Entertainment (29%), Interactive Media & Services (18%), and Media (10%).

Health Care: Cigna and CVS Lead Growth on Easy Comparisons to Year-Ago Pre-Merger Revenues

The Health Care sector is reporting the second highest (year-over-year) revenue growth of all eleven sectors at 12.4%. At the industry level, five of the six industries in this sector are reporting (or are predicted) to report revenue growth for the quarter. The Health Care Providers & Services is the only industry reporting double-digit revenue growth (18%). On the other hand, the Pharmaceuticals (-2%) industry is the only industry reporting a decline in revenue.

At the company level, Cigna and CVS Health are predicted to be the largest contributors to revenue growth for the sector. However, the revenue growth rates for both companies are being boosted by apples-to-oranges comparisons of post-merger revenues to pre-merger revenues. The revenue estimate for Cigna for Q2 2019 ($34.97 billion) reflects the combined revenues of Cigna and Express Scripts, while the actual revenue for Q2 2018 ($11.48 billion) reflects the standalone revenue for Cigna. The revenue estimate for CVS Health for Q2 2019 ($62.63 billion) reflects the combined revenues of CVS Health and Aetna, while the actual revenue for Q2 2018 ($46.71 billion) reflects the standalone revenue for CVS Health. These apples-to-oranges comparisons are the main reason Cigna and CVS Health are projected to be the largest contributors to revenue growth for the sector. If these companies were excluded, the blended revenue growth rate for the sector would fall to 5.1% from 12.4%.

Materials: DuPont Leads Decline on Hard Comparison to Year-Ago Pre-Split Revenues

The Materials sector is reporting the highest (year-over-year) decline in revenue of all eleven sectors at -15.4%. At the industry level, two of the four industries in this sector are reporting a decline in revenue for the quarter: Chemicals (-22%) and Metals & Mining (-12%).

At the company level, DuPont is predicted to be the largest contributor to the decline in revenue for the sector. However, the revenue decline is being boosted by an apples-to-oranges comparison of post-split revenues to pre-split revenues. The revenue estimate for DuPont for Q2 2019 ($6.02 billion) reflects the standalone revenue for DuPont, while the actual revenue for Q2 2018 ($24.25 billion) reflects the combined revenue for DowDuPont (DuPont, Dow, and Corteva). This apples-to-oranges comparison is the main reason DuPont is projected to be the largest contributor to the revenue decline for the sector. If this company were excluded, the blended revenue decline for the sector would improve to 4.5% from -15.4%.

Looking Ahead: Forward Estimates and Valuation

Guidance: % of S&P 500 Companies Issuing Negative EPS Guidance for Q3 is Below Average

The term "guidance" (or "preannouncement") is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

At this point in time, 11 companies in the index have issued EPS guidance for Q3 2019. Of these 11 companies, 6 have issued negative EPS guidance and 5 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 55% (6 out of 11), which is below the 5-year average of 70%.

Earnings: Low Single-Digit Earnings Growth Projected for 2019

For the second quarter, S&P 500 companies reporting a decline in earnings of -1.9% and growth in revenues of 3.8%. For the second half of 2019, analysts see a decline in earnings in the third quarter and mid-single-digit growth in earnings in the fourth quarter.

For Q3 2019, analysts are projecting a decline in earnings of -1.4% and revenue growth of 3.2%.

For Q4 2019, analysts are projecting earnings growth of 5.4% and revenue growth of 4.0%.

For CY 2019, analysts are projecting earnings growth of 2.3% and revenue growth of 4.4%.

For Q1 2020, analysts are projecting earnings growth of 9.5% and revenue growth of 5.9%.

For Q2 2020, analysts are projecting earnings growth of 12.0% and revenue growth of 6.7%.

Valuation: Forward P/E Ratio is 17.0, Above the 10-Year Average (14.8)

The forward 12-month P/E ratio is 17.0. This P/E ratio is above the 5-year average of 16.5 and above the 10-year average of 14.8. It is also above the forward 12-month P/E ratio of 16.7 recorded at the end of the second quarter (June 30). Since the end of the second quarter (June 30), the price of the index has increased by 1.8%, while the forward 12-month EPS estimate has increased by less than 0.1%.

At the sector level, the Consumer Discretionary (21.8) sector has the highest forward 12-month P/E ratio, while the Financials (12.1) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 8% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 3239.96, which is 8.2% above the closing price of 2995.11. At the sector level, the Energy (+18.8%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Utilities (+1.5%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

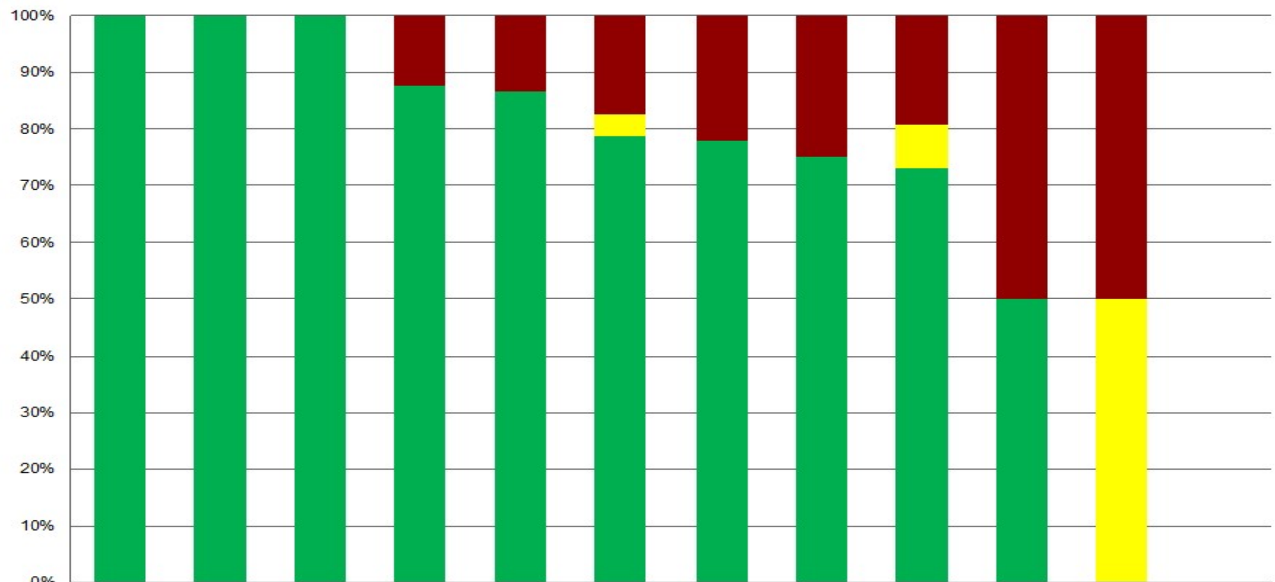
Overall, there are 10,376 ratings on stocks in the S&P 500. Of these 10,376 ratings, 51.9% are Buy ratings, 41.3% are Hold ratings, and 6.7% are Sell ratings. At the sector level, the Energy (64%) sector has the highest percentage of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

Companies Reporting Next Week: 144

During the upcoming week, 144 S&P 500 companies (including 10 Dow 30 components) are scheduled to report results for the second quarter.

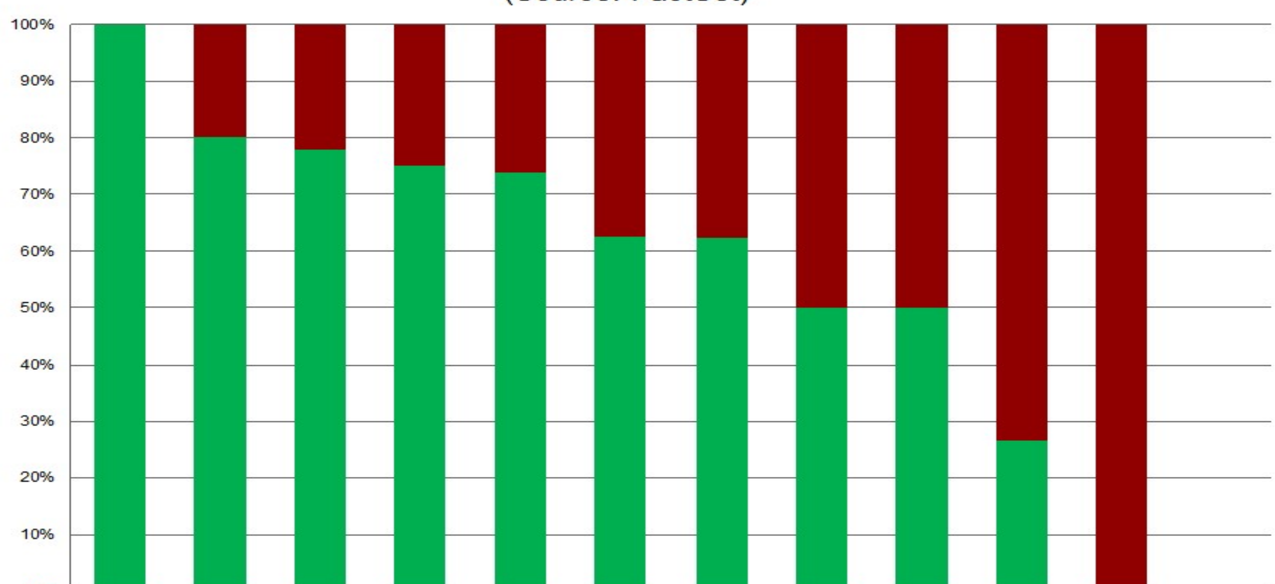
Q2 2019: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q2 2019
(Source: FactSet)



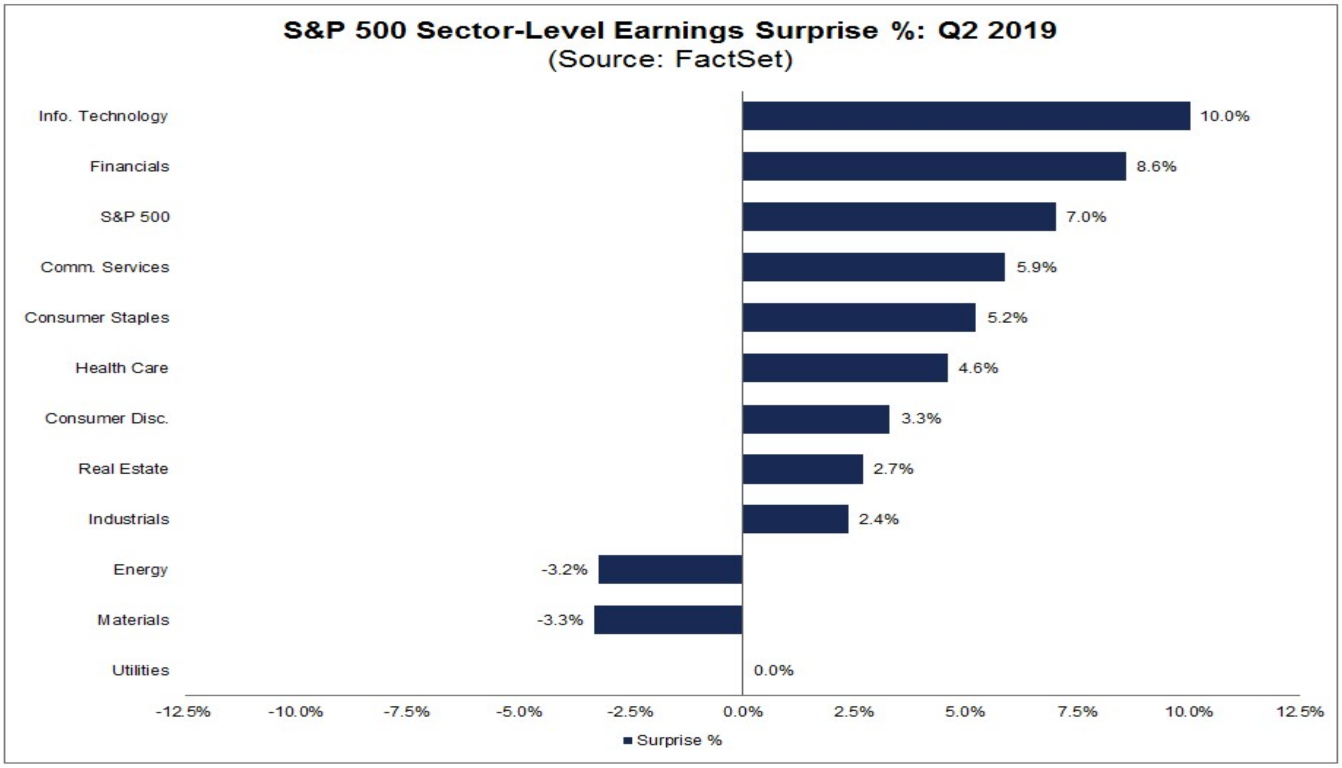
	Health Care	Real Estate	Comm. Services	Consumer Staples	Industrials	S&P 500	Info. Technology	Consumer Disc.	Financials	Materials	Energy	Utilities
Below	0%	0%	0%	13%	13%	18%	22%	25%	19%	50%	50%	0%
In-Line	0%	0%	0%	0%	0%	4%	0%	0%	8%	0%	50%	0%
Above	100%	100%	100%	88%	87%	79%	78%	75%	73%	50%	0%	0%

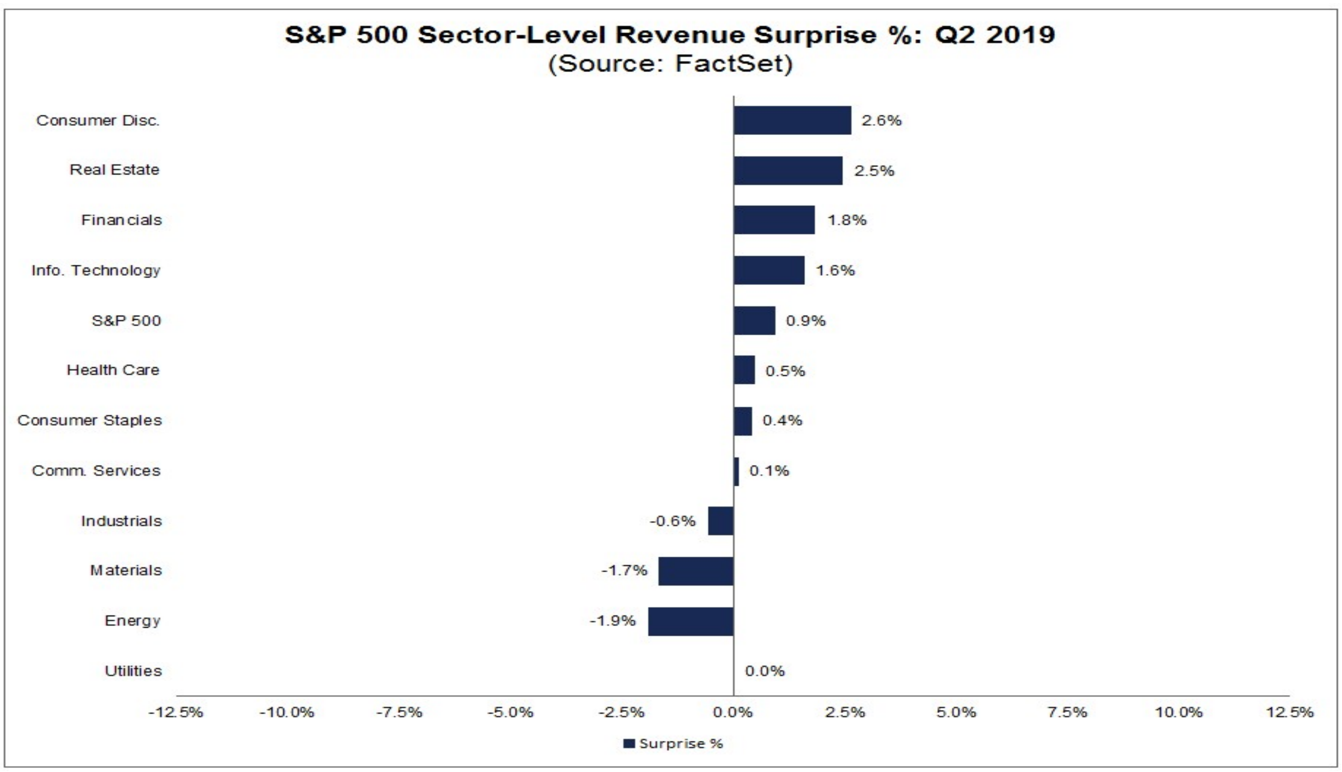
S&P 500 Revenues Above, In-Line, Below Estimates: Q2 2019
(Source: FactSet)



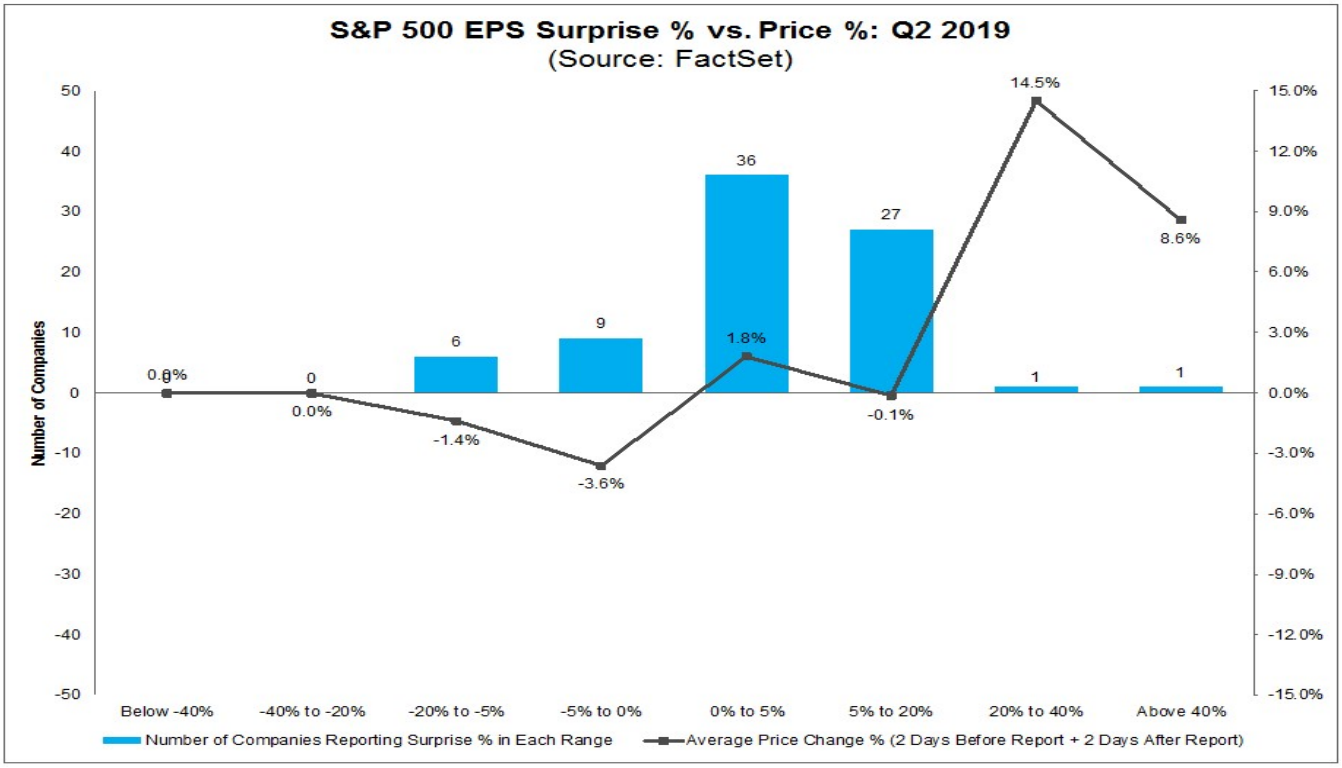
	Real Estate	Health Care	Info. Technology	Consumer Disc.	Financials	Consumer Staples	S&P 500	Comm. Services	Energy	Industrials	Materials	Utilities
Below	0%	20%	22%	25%	26%	38%	38%	50%	50%	73%	100%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	80%	78%	75%	74%	63%	62%	50%	50%	27%	0%	0%

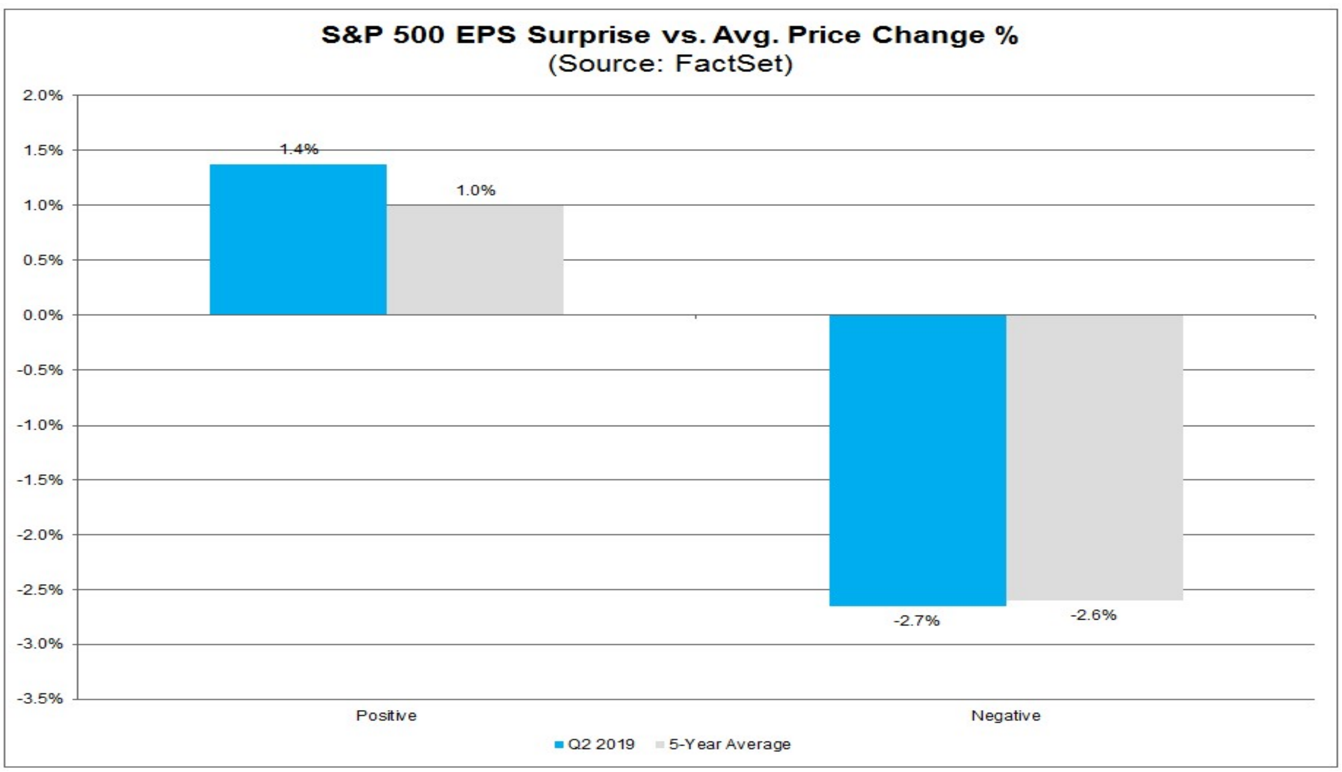
Q2 2019: Scorecard



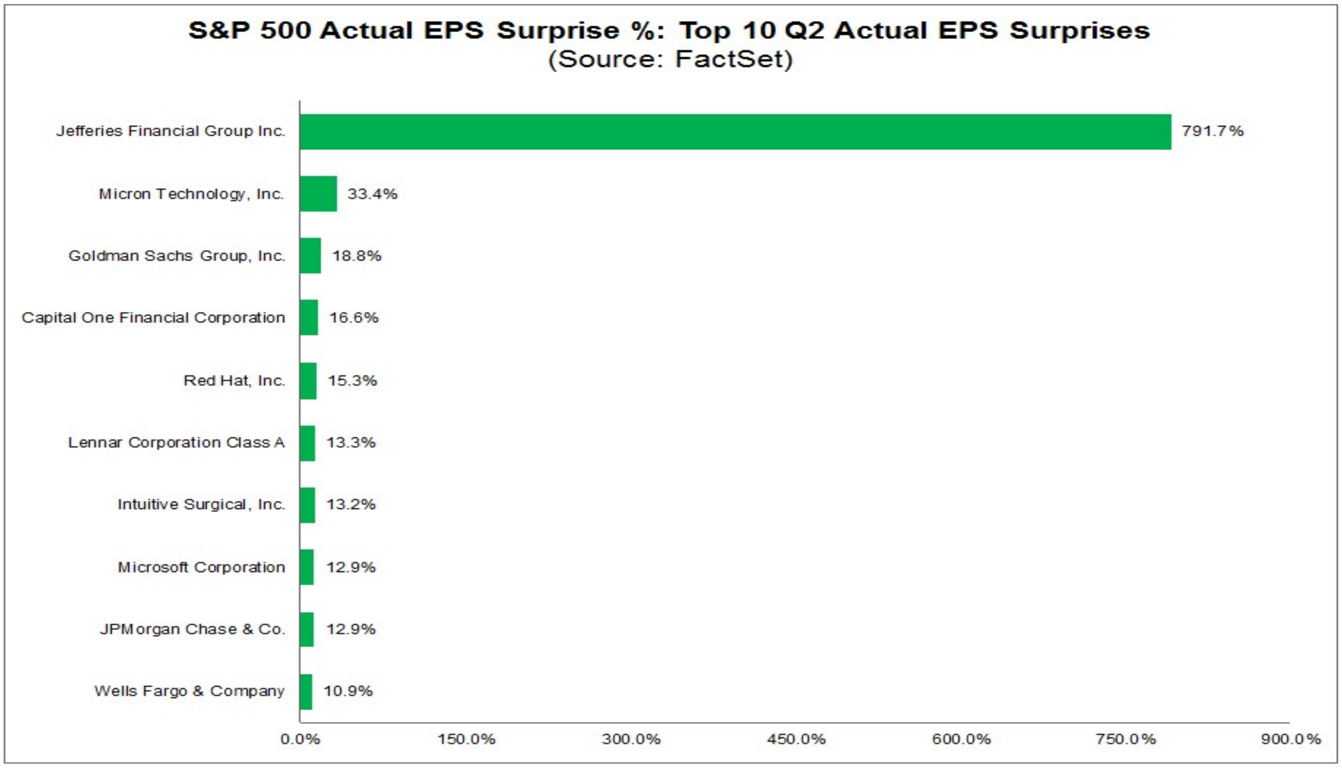


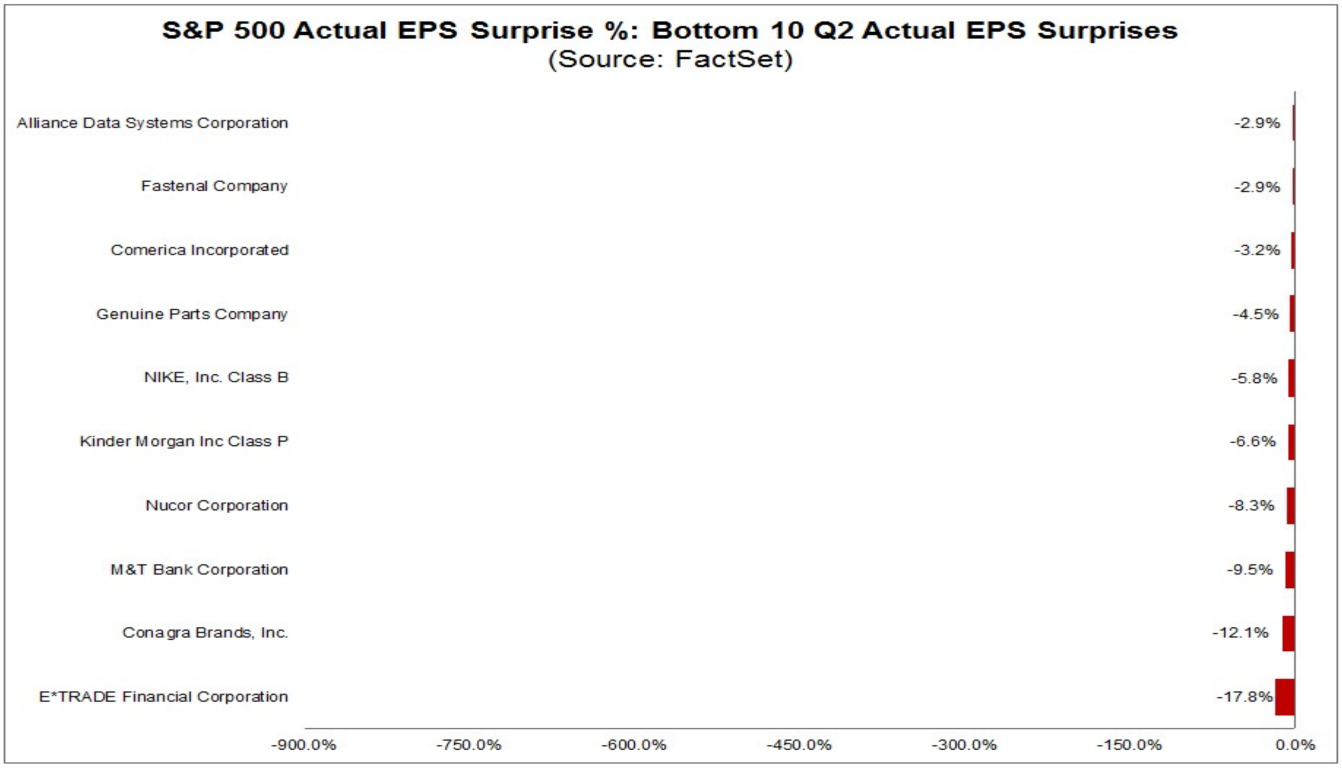
Q2 2019: Scorecard



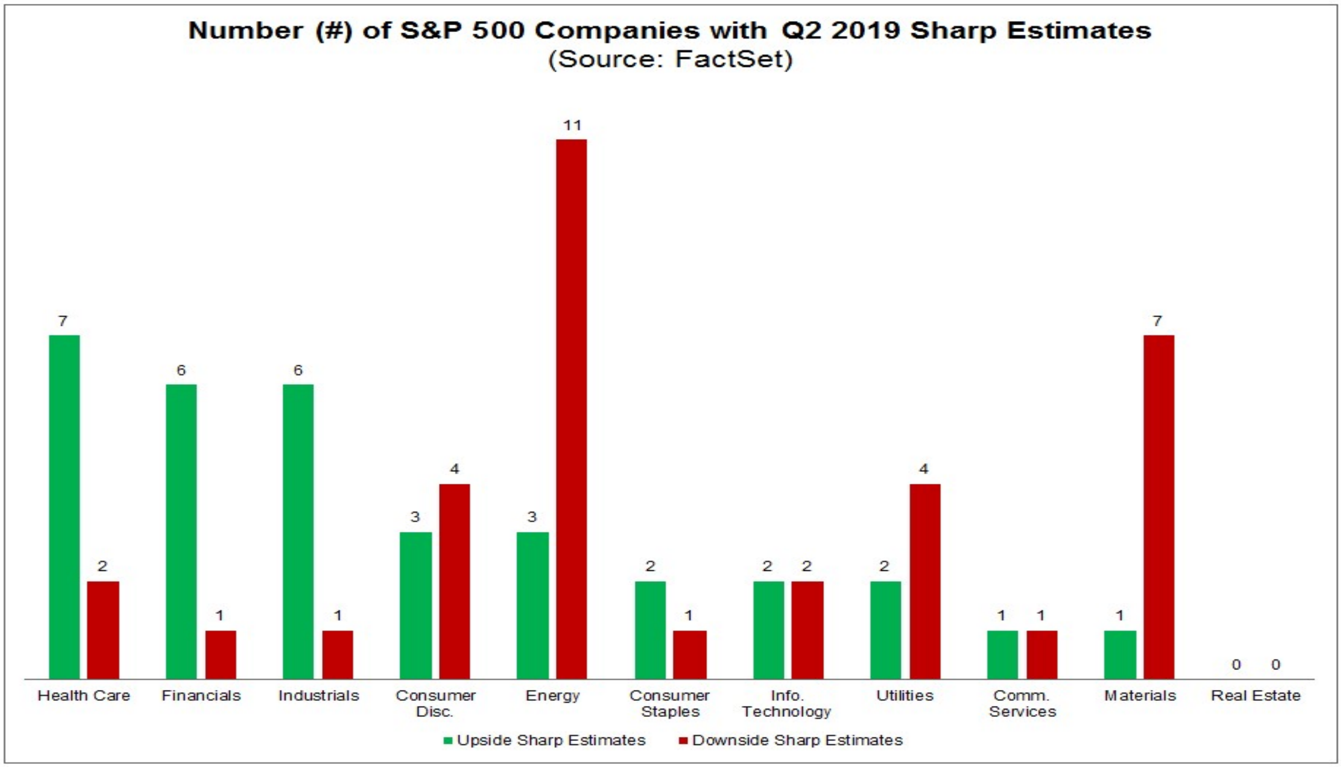


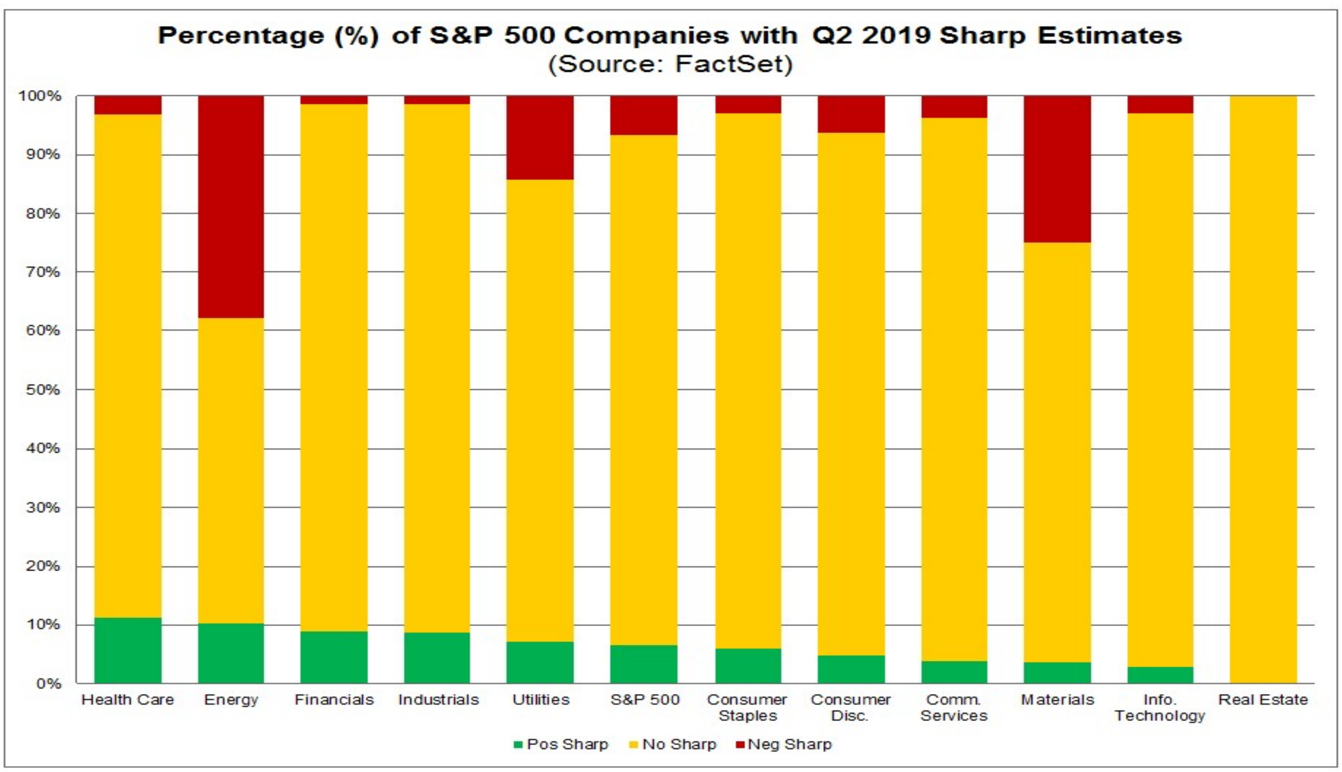
Q2 2019: Scorecard



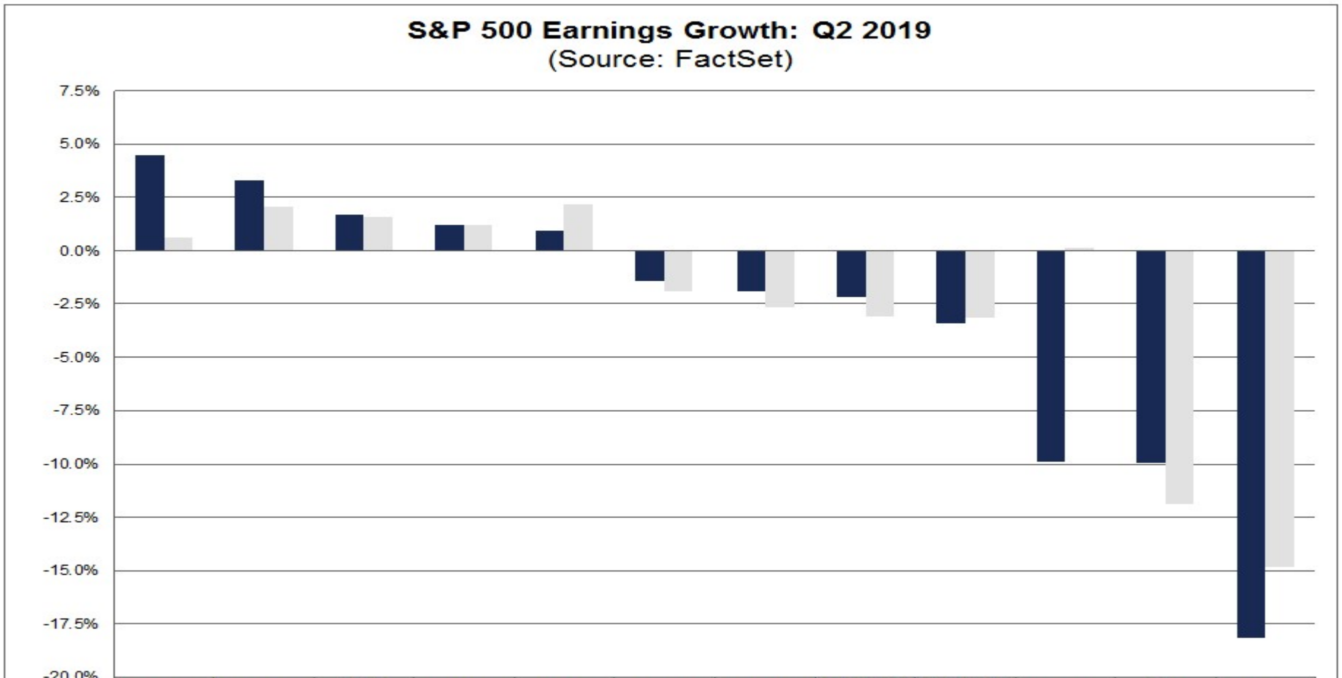


Q2 2019: Projected EPS Surprises (Sharp Estimates)

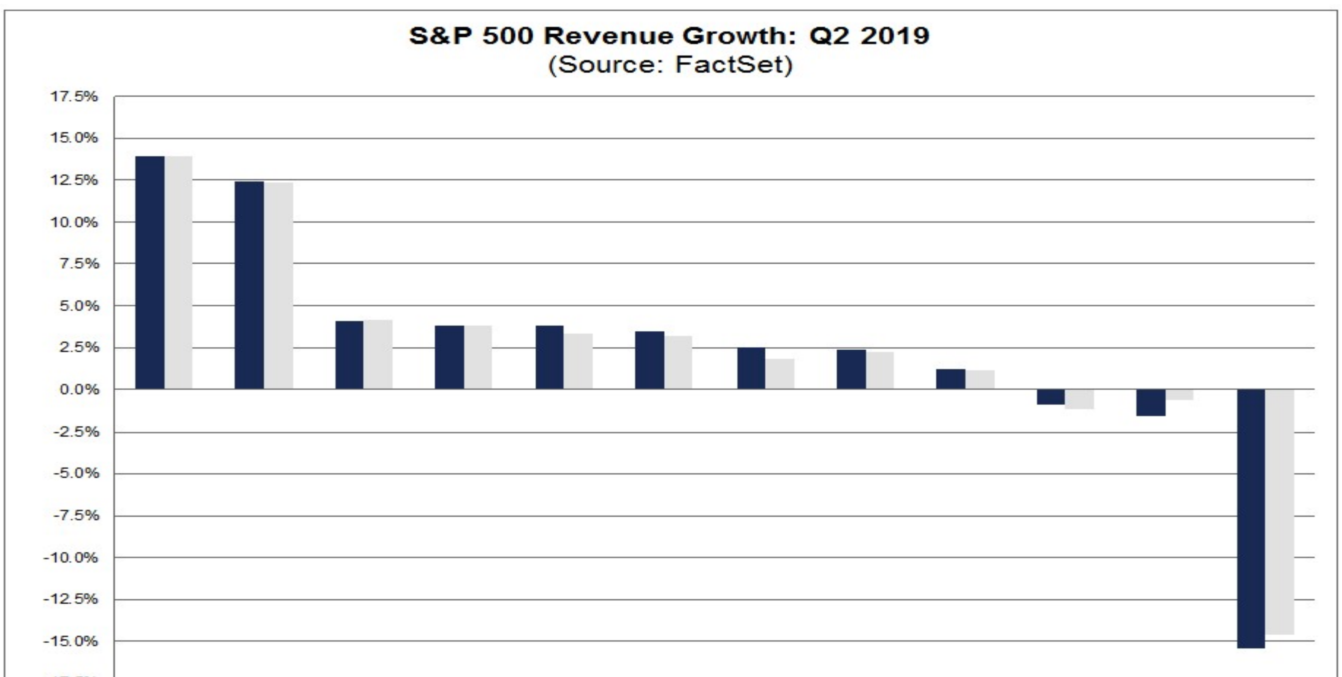




Q2 2019: Growth

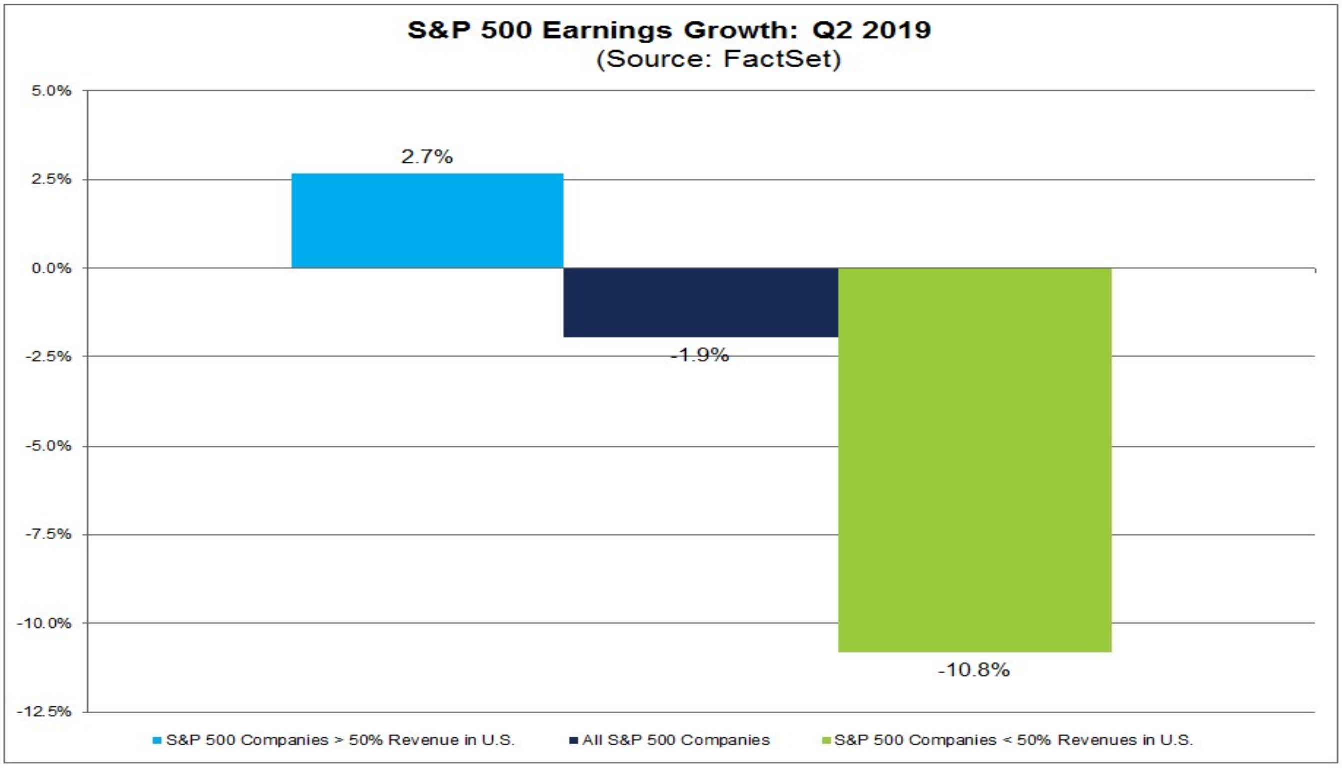


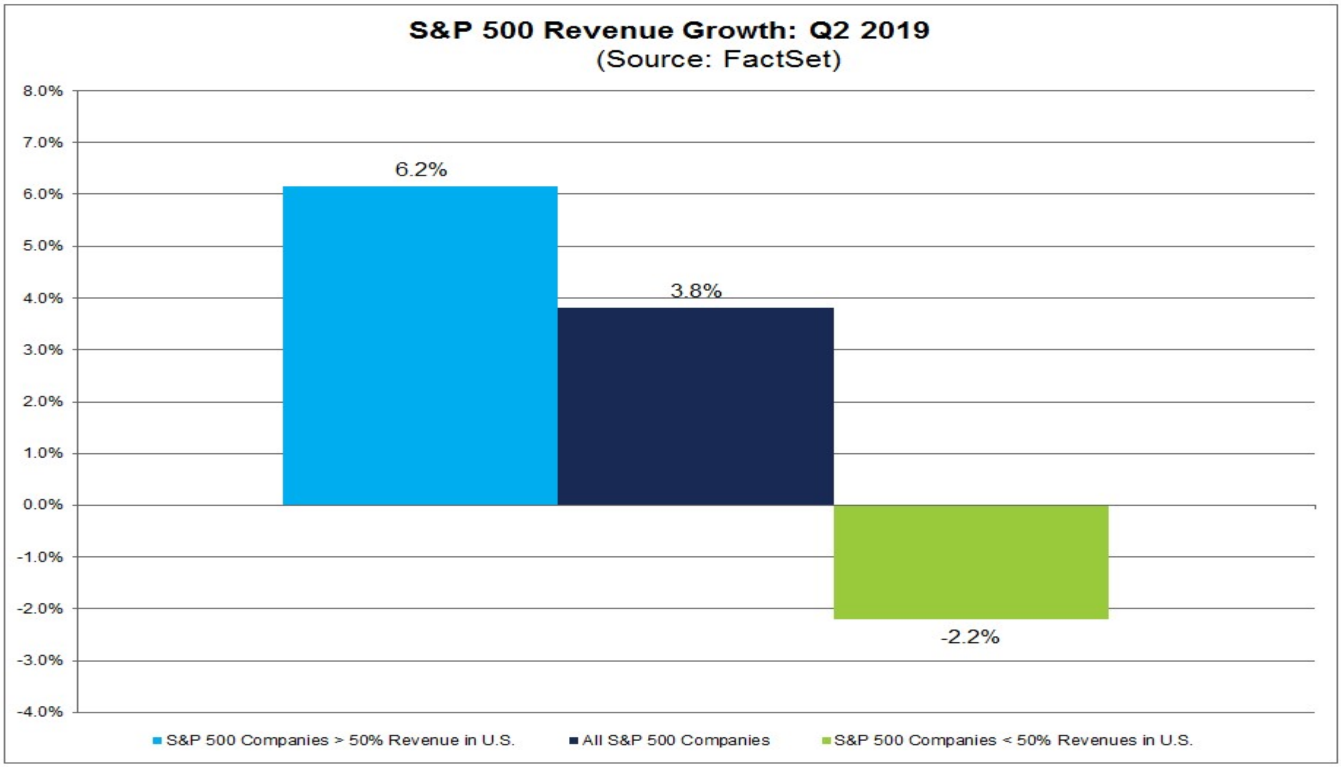
	Financials	Health Care	Comm. Services	Real Estate	Utilities	Industrials	S&P 500	Consumer Staples	Consumer Disc.	Energy	Info. Technology	Materials
Today	4.5%	3.3%	1.7%	1.2%	0.9%	-1.4%	-1.9%	-2.2%	-3.4%	-9.9%	-10.0%	-18.1%
30-Jun	0.6%	2.1%	1.6%	1.2%	2.2%	-1.9%	-2.7%	-3.1%	-3.2%	0.1%	-11.9%	-14.8%



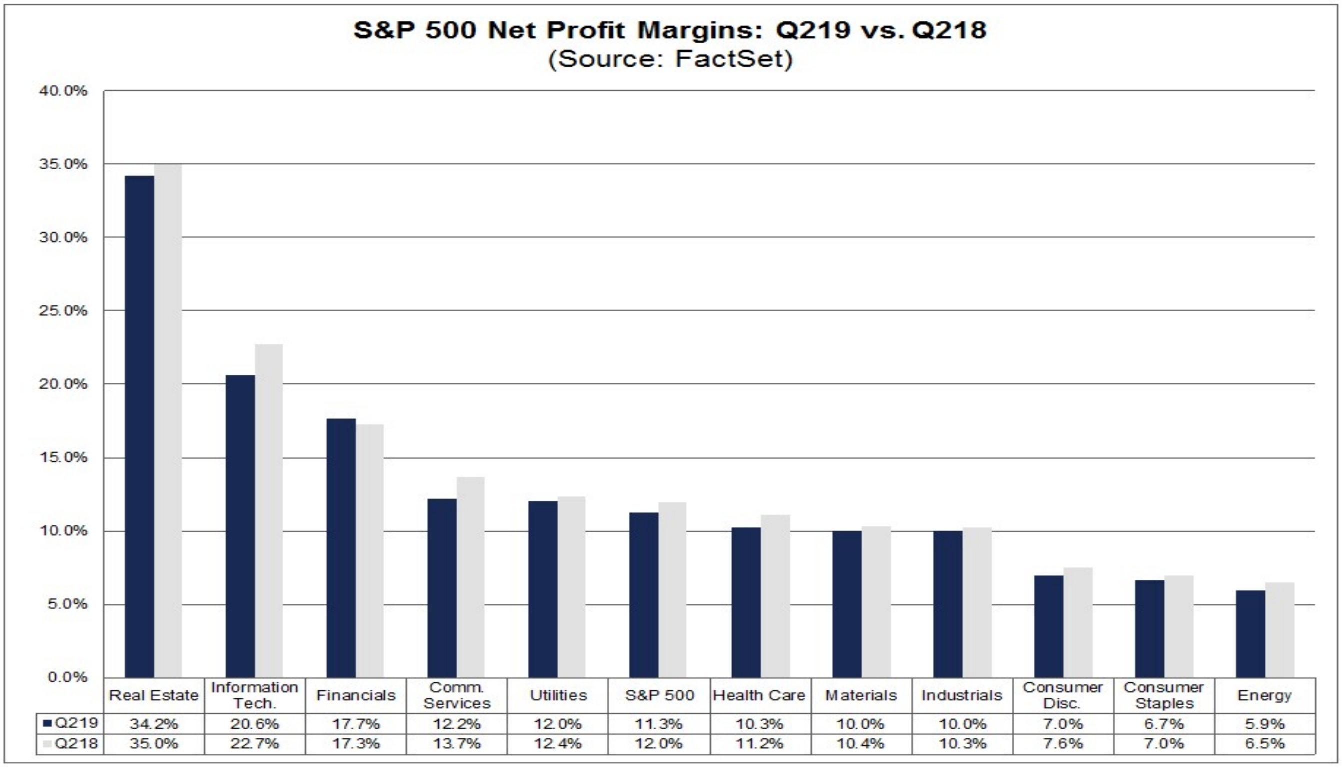
	Comm. Services	Health Care	Consumer Disc.	S&P 500	Utilities	Real Estate	Financials	Consumer Staples	Industrials	Info. Technology	Energy	Materials
Today	13.9%	12.4%	4.1%	3.8%	3.8%	3.5%	2.5%	2.4%	1.2%	-0.8%	-1.6%	-15.4%
30-Jun	14.0%	12.4%	4.2%	3.8%	3.3%	3.2%	1.8%	2.2%	1.2%	-1.2%	-0.7%	-14.6%

Q2 2019: Growth

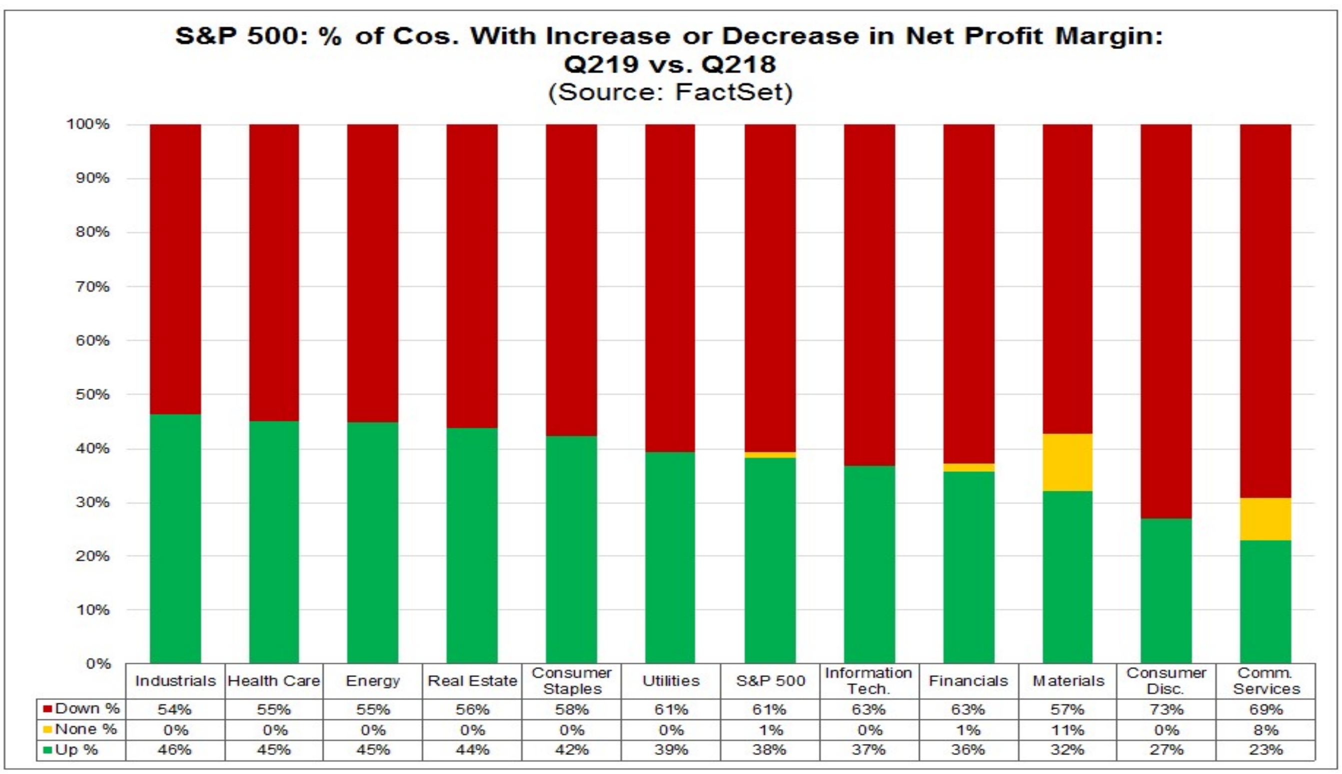




Q2 2019: Net Profit Margin

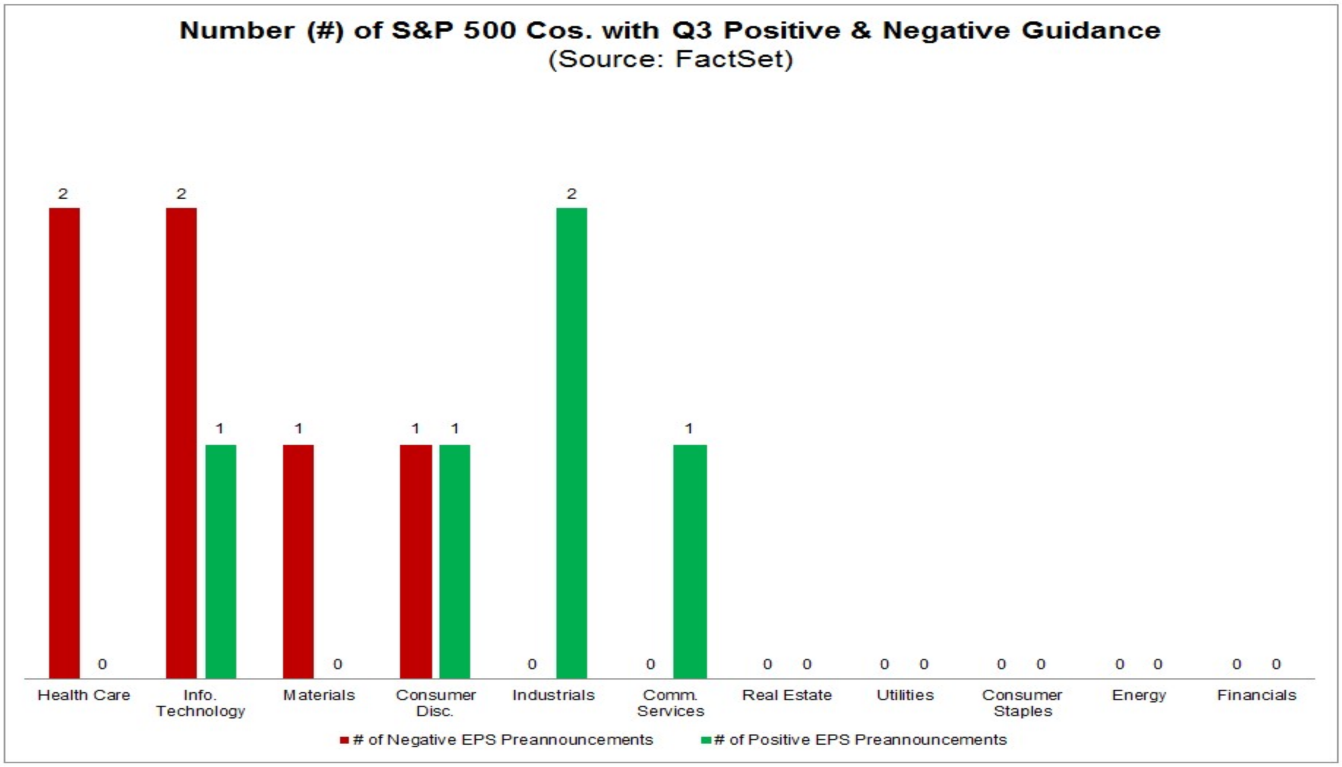


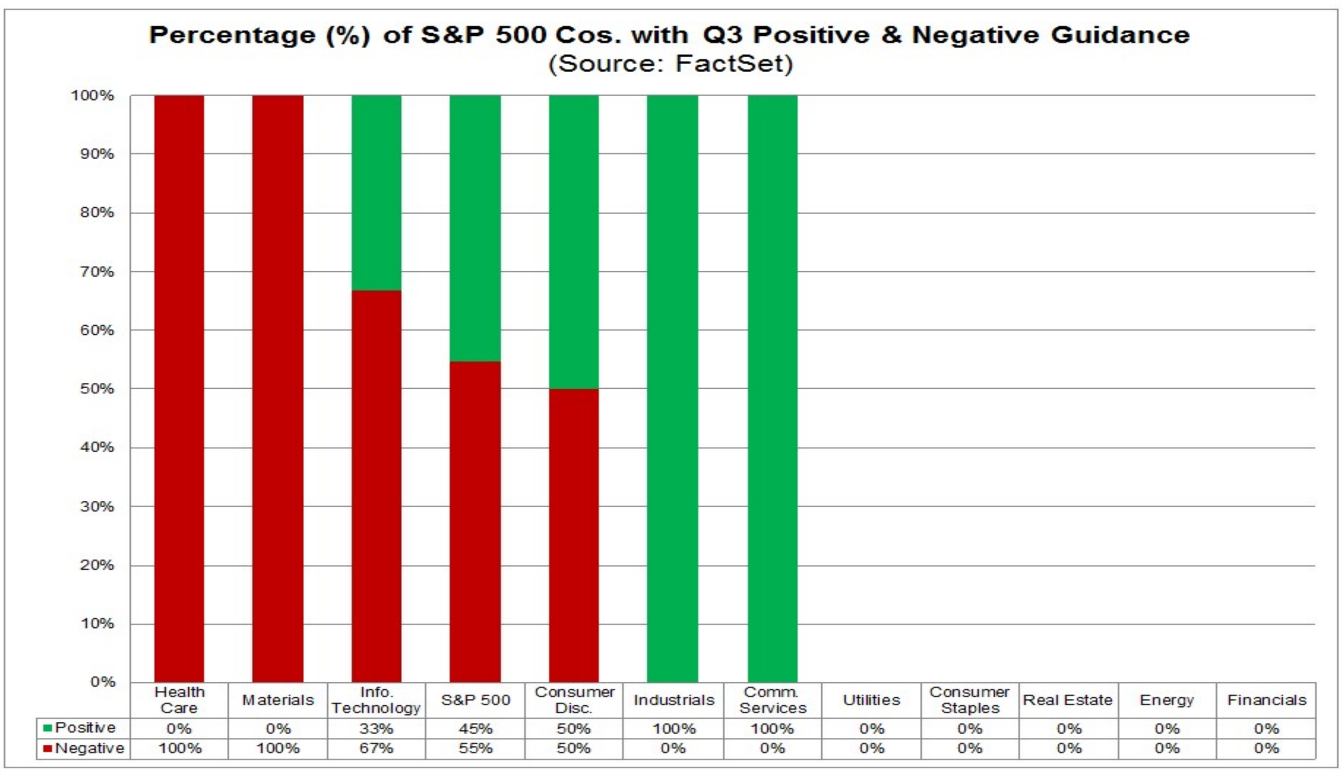
	Real Estate	Information Tech.	Financials	Comm. Services	Utilities	S&P 500	Health Care	Materials	Industrials	Consumer Disc.	Consumer Staples	Energy
Q219	34.2%	20.6%	17.7%	12.2%	12.0%	11.3%	10.3%	10.0%	10.0%	7.0%	6.7%	5.9%
Q218	35.0%	22.7%	17.3%	13.7%	12.4%	12.0%	11.2%	10.4%	10.3%	7.6%	7.0%	6.5%



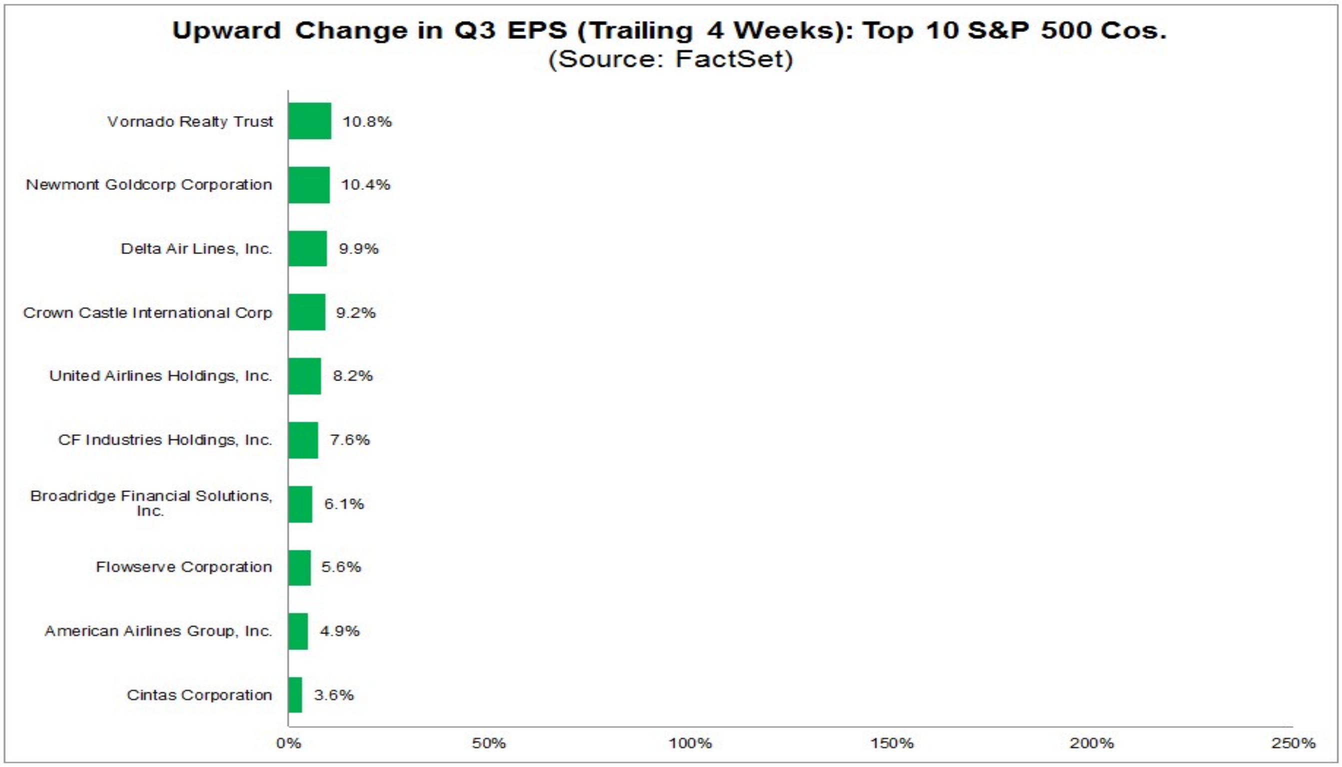
	Industrials	Health Care	Energy	Real Estate	Consumer Staples	Utilities	S&P 500	Information Tech.	Financials	Materials	Consumer Disc.	Comm. Services
Down %	54%	55%	55%	56%	58%	61%	61%	63%	63%	57%	73%	69%
None %	0%	0%	0%	0%	0%	0%	1%	0%	1%	11%	0%	8%
Up %	46%	45%	45%	44%	42%	39%	38%	37%	36%	32%	27%	23%

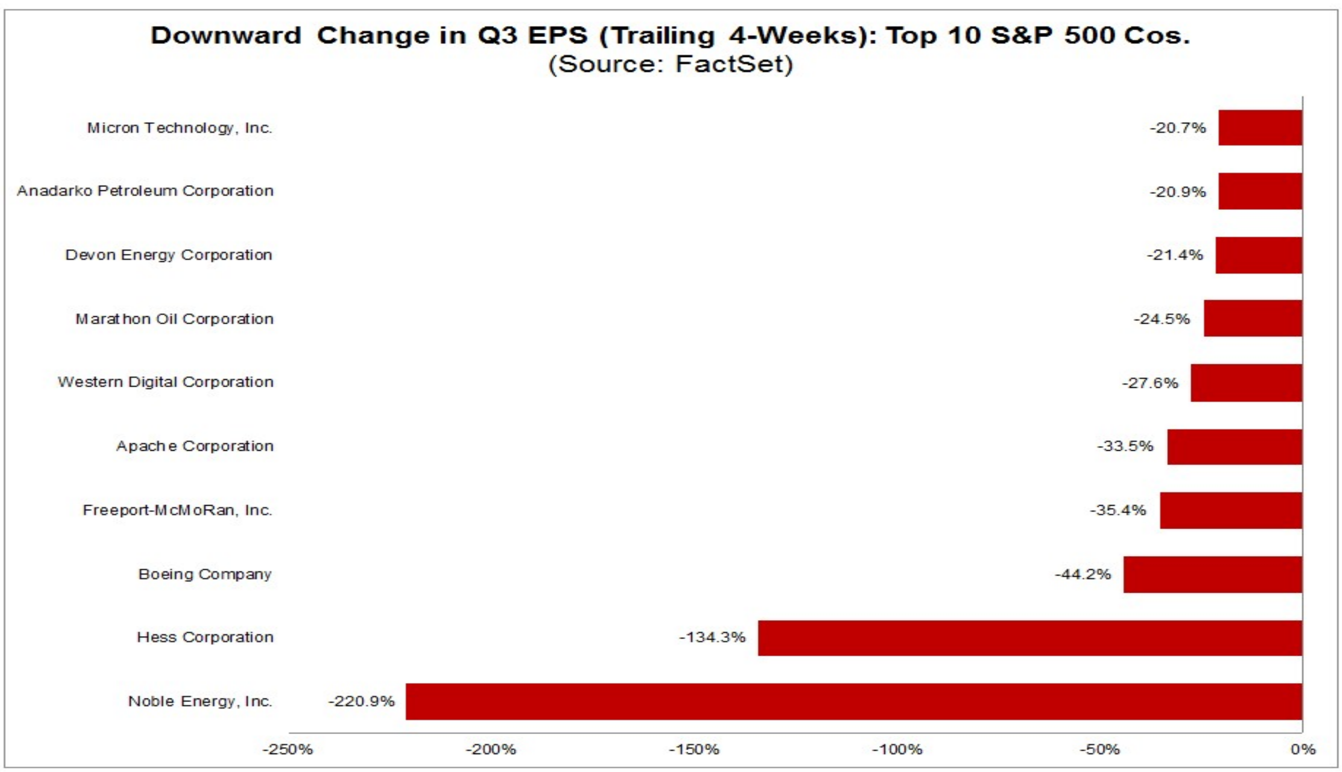
Q3 2019: EPS Guidance



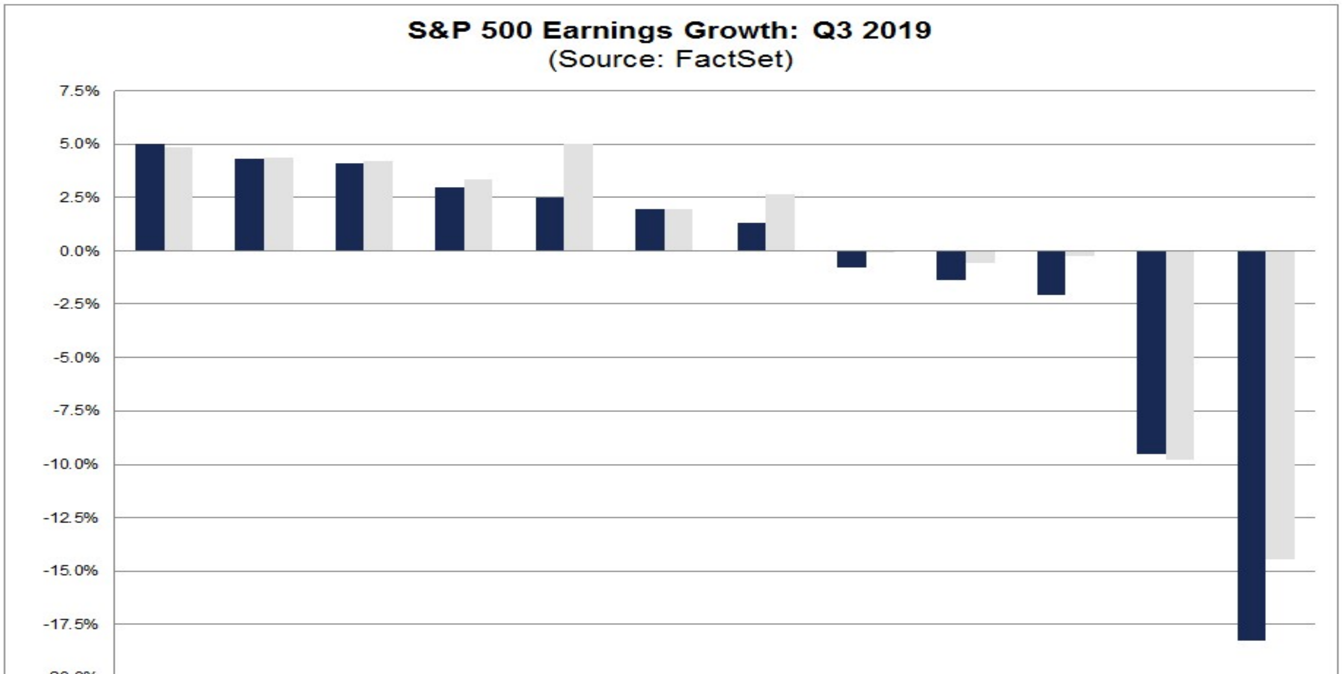


Q3 2019: EPS Revisions

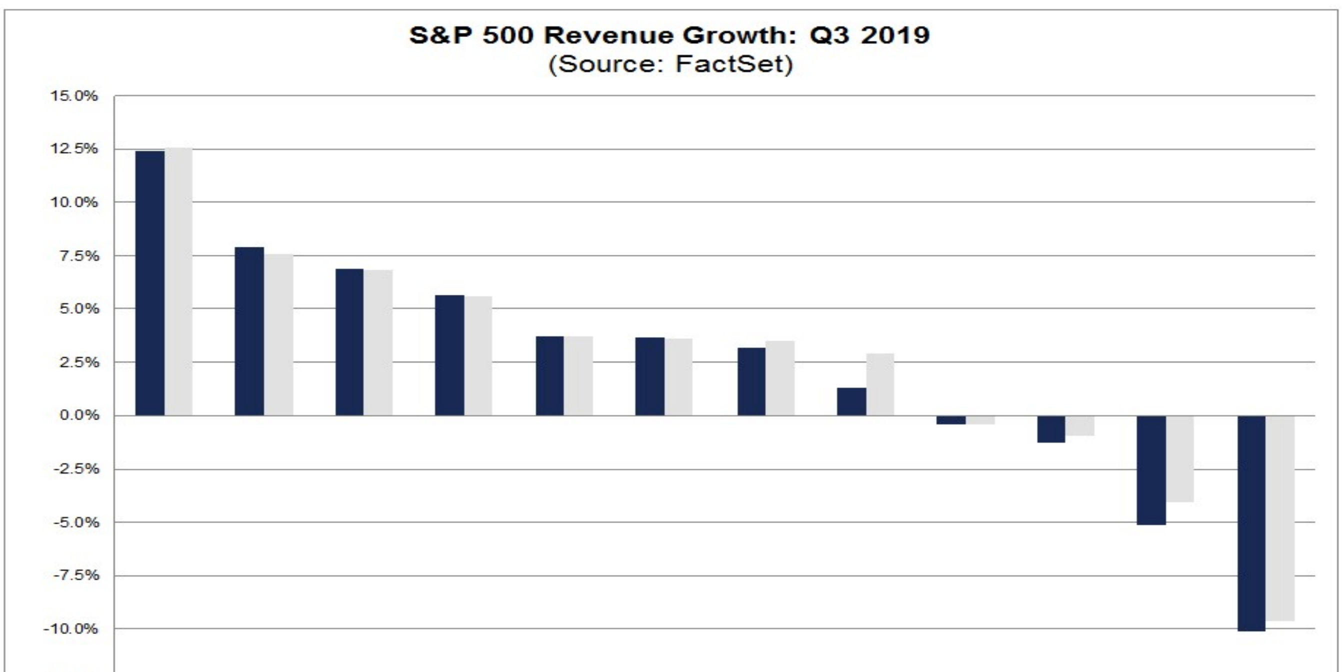




Q3 2019: Growth

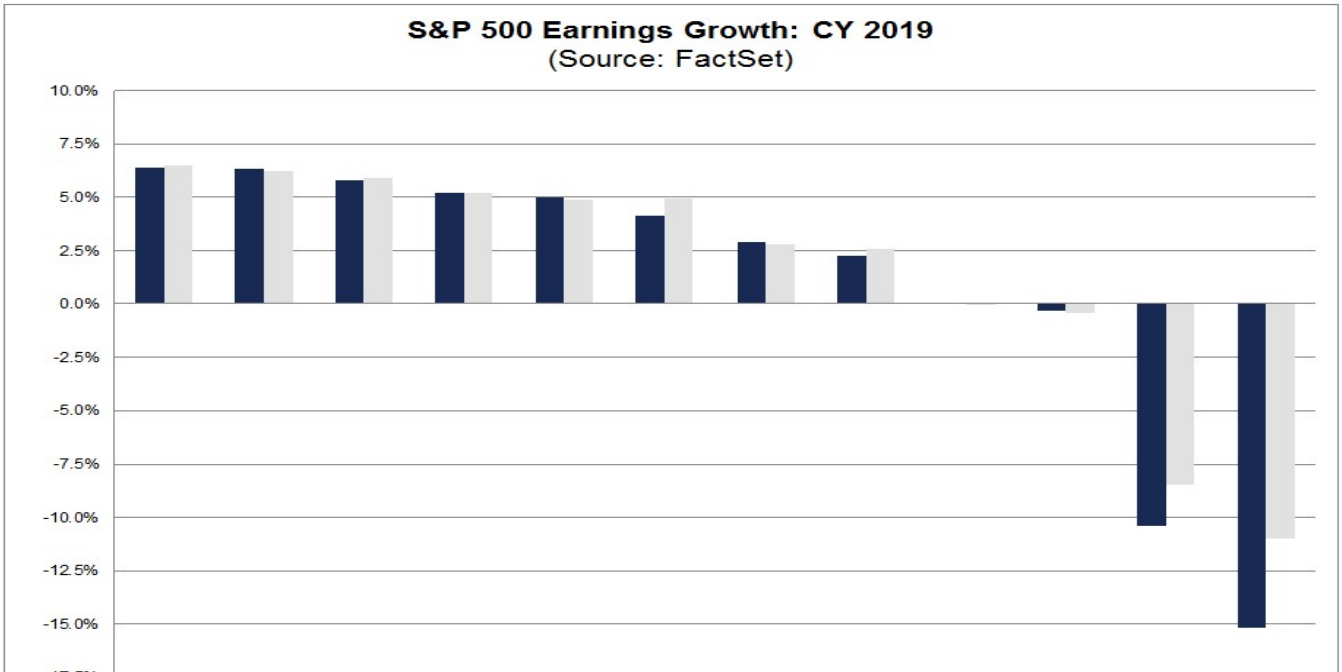


	Utilities	Real Estate	Consumer Disc.	Health Care	Industrials	Comm. Services	Financials	Consumer Staples	S&P 500	Materials	Info. Technology	Energy
Today	5.0%	4.3%	4.1%	3.0%	2.5%	1.9%	1.3%	-0.8%	-1.4%	-2.1%	-9.5%	-18.2%
30-Jun	4.8%	4.4%	4.2%	3.3%	5.0%	1.9%	2.6%	-0.1%	-0.6%	-0.3%	-9.8%	-14.4%

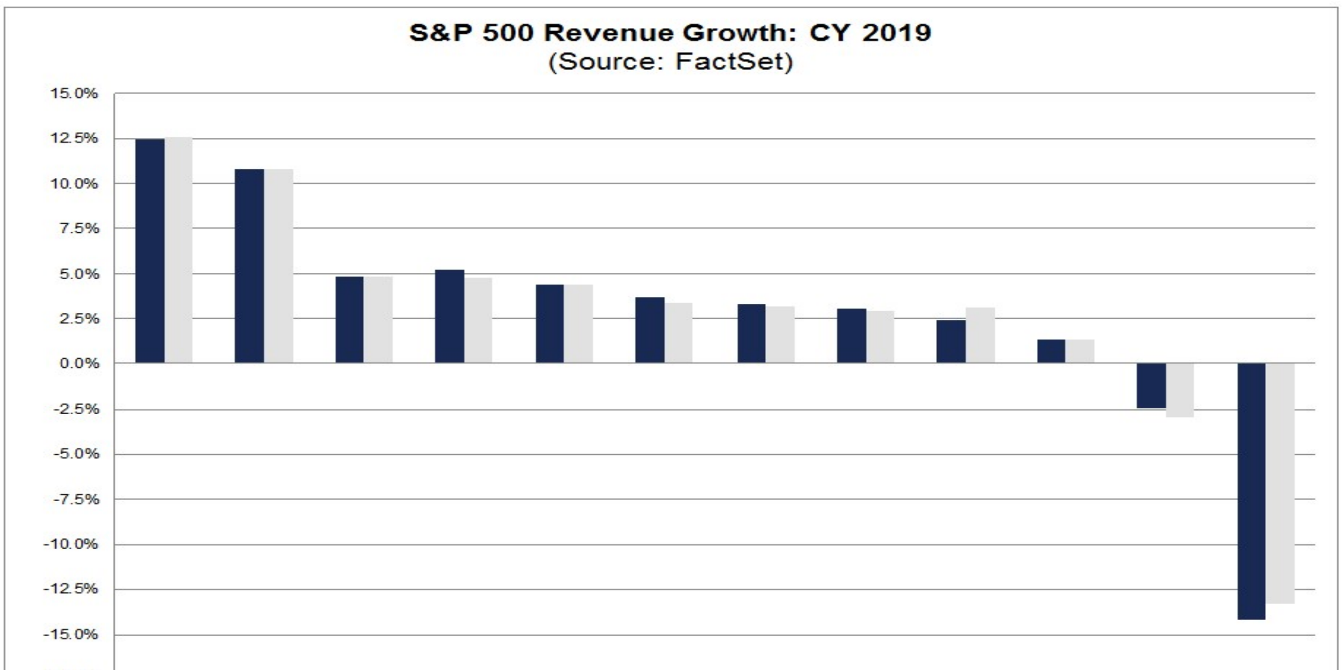


	Health Care	Utilities	Comm. Services	Consumer Disc.	Real Estate	Consumer Staples	S&P 500	Industrials	Info. Technology	Financials	Energy	Materials
Today	12.4%	7.9%	6.9%	5.7%	3.7%	3.6%	3.2%	1.3%	-0.4%	-1.2%	-5.1%	-10.1%
30-Jun	12.6%	7.6%	6.8%	5.6%	3.7%	3.6%	3.5%	2.9%	-0.4%	-0.9%	-4.1%	-9.6%

CY 2019: Growth



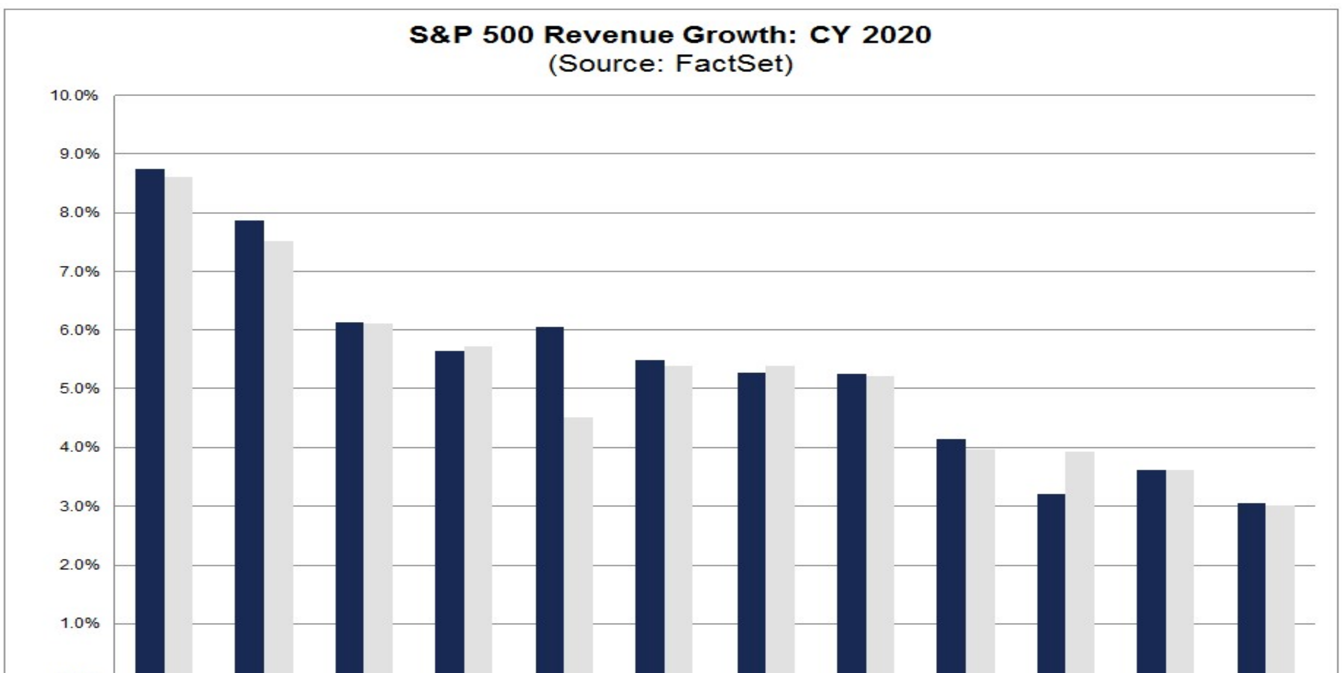
	Utilities	Financials	Consumer Disc.	Comm. Services	Health Care	Industrials	Real Estate	S&P 500	Consumer Staples	Info. Technology	Materials	Energy
Today	6.4%	6.3%	5.8%	5.2%	5.0%	4.1%	2.9%	2.3%	0.0%	-0.4%	-10.4%	-15.2%
30-Jun	6.5%	6.2%	5.9%	5.2%	4.9%	4.9%	2.8%	2.6%	0.0%	-0.4%	-8.5%	-11.0%



	Health Care	Comm. Services	Consumer Disc.	Financials	S&P 500	Utilities	Real Estate	Consumer Staples	Industrials	Info. Technology	Energy	Materials
Today	12.4%	10.8%	4.9%	5.2%	4.4%	3.7%	3.3%	3.0%	2.4%	1.3%	-2.4%	-14.2%
30-Jun	12.6%	10.8%	4.8%	4.8%	4.4%	3.4%	3.2%	2.9%	3.1%	1.3%	-2.9%	-13.3%

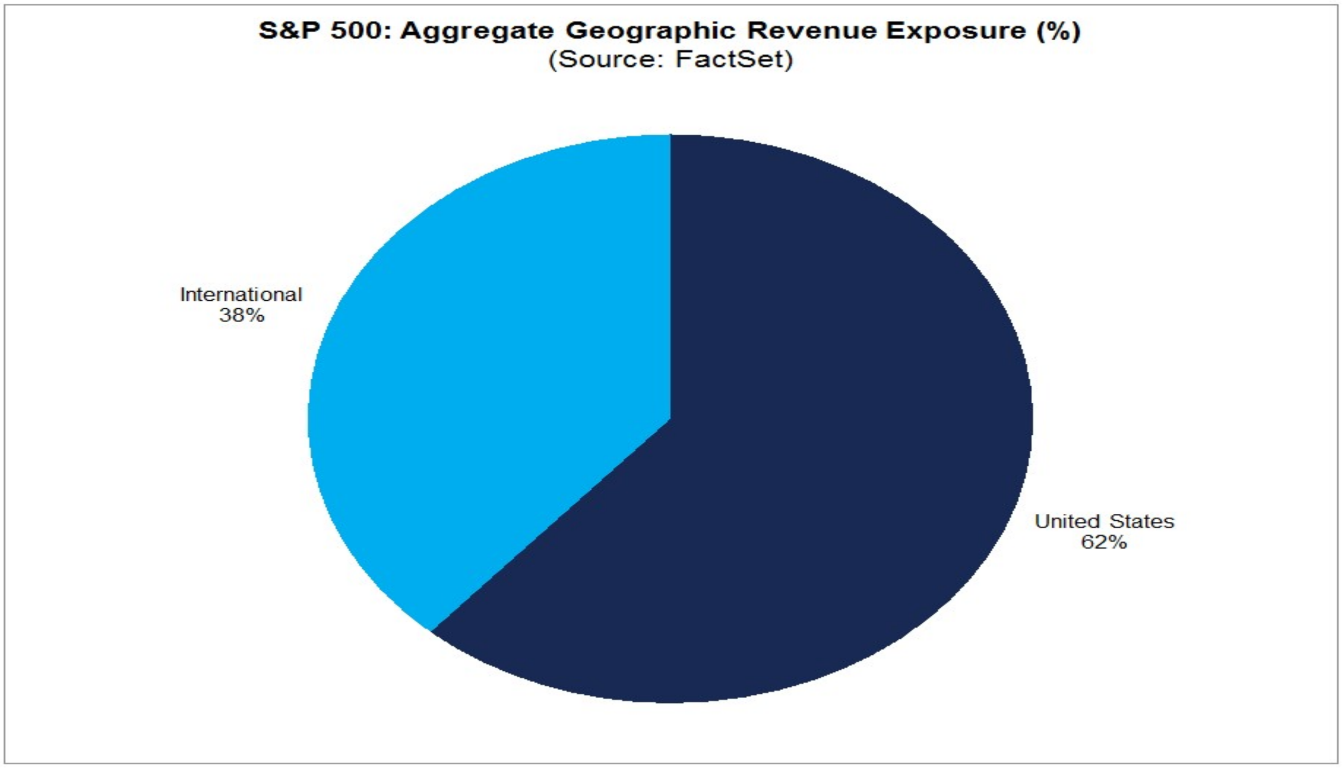
CY 2020: Growth

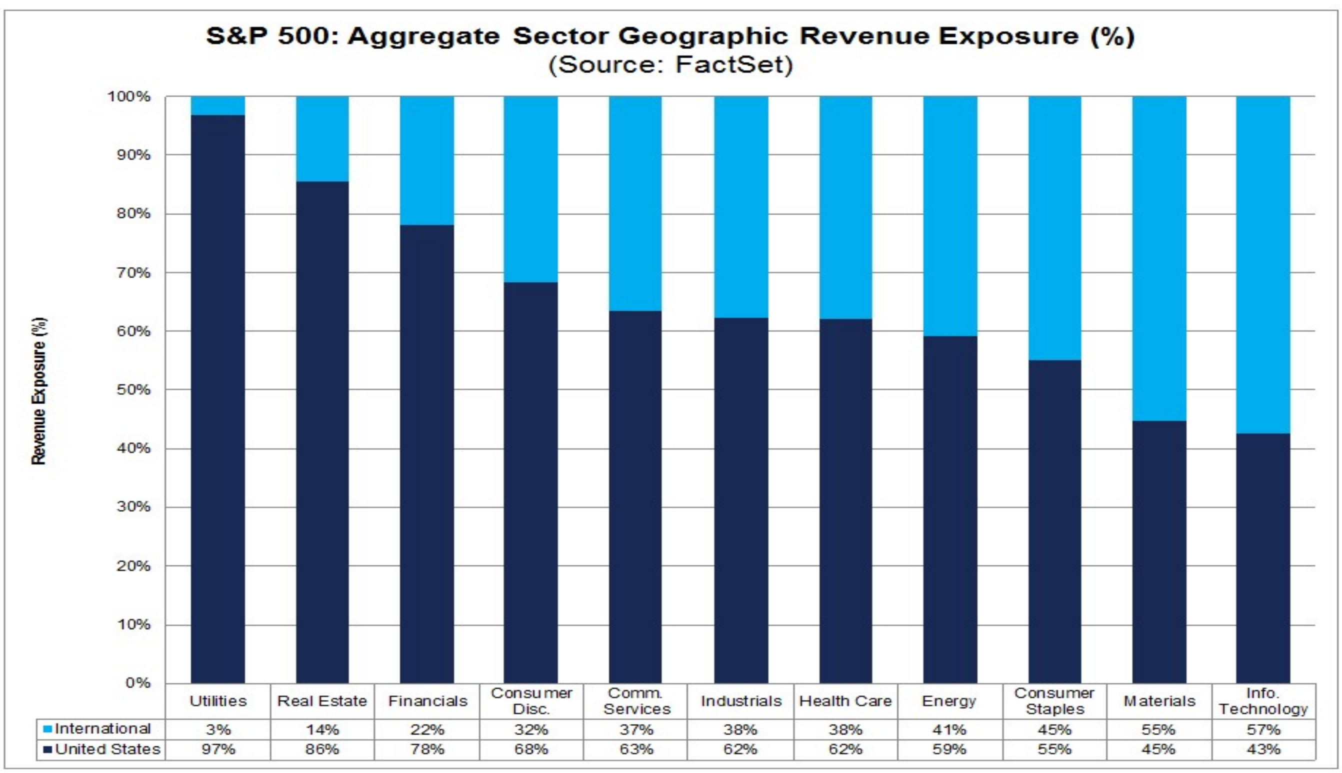
	Energy	Materials	Industrials	Consumer Disc.	Comm. Services	S&P 500	Info. Technology	Health Care	Financials	Consumer Staples	Utilities	Real Estate
Today	31.1%	15.4%	14.4%	12.4%	11.7%	10.9%	10.7%	9.4%	6.7%	6.5%	5.8%	5.9%
30-Jun	28.9%	14.5%	13.6%	12.4%	11.7%	11.1%	11.0%	9.5%	8.3%	6.4%	6.0%	6.0%



	Comm. Services	Energy	Info. Technology	Consumer Disc.	Industrials	S&P 500	Health Care	Real Estate	Materials	Financials	Consumer Staples	Utilities
Today	8.7%	7.9%	6.1%	5.6%	6.0%	5.5%	5.3%	5.2%	4.1%	3.2%	3.6%	3.1%
30-Jun	8.6%	7.5%	6.1%	5.7%	4.5%	5.4%	5.4%	5.2%	4.0%	3.9%	3.6%	3.0%

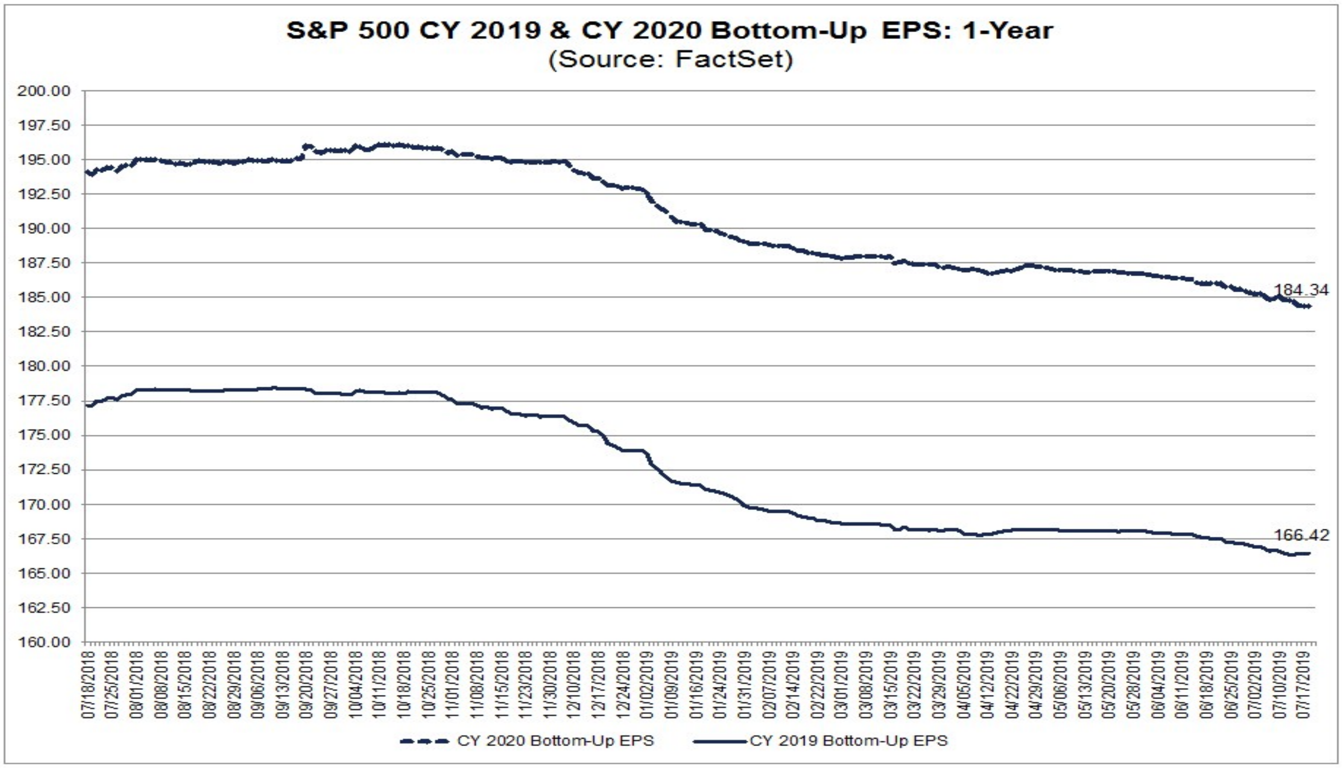
Geographic Revenue Exposure

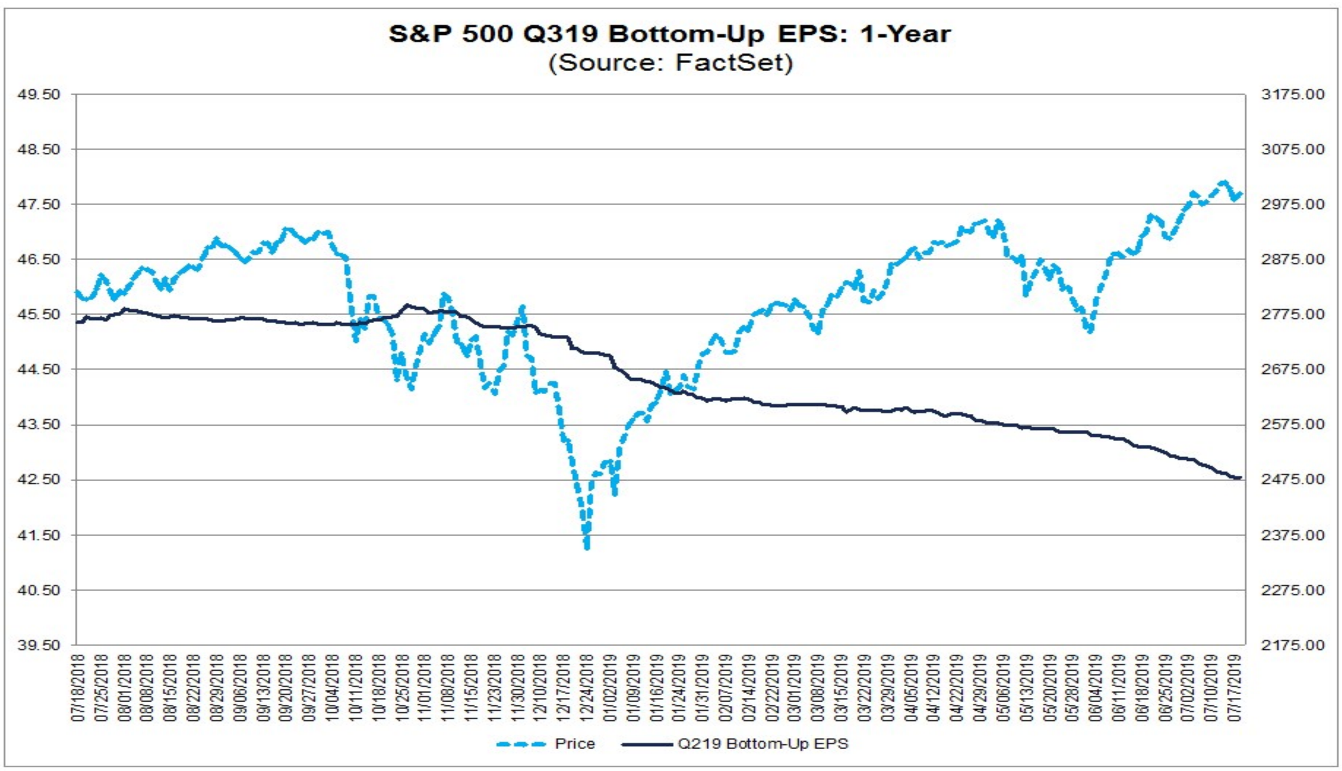




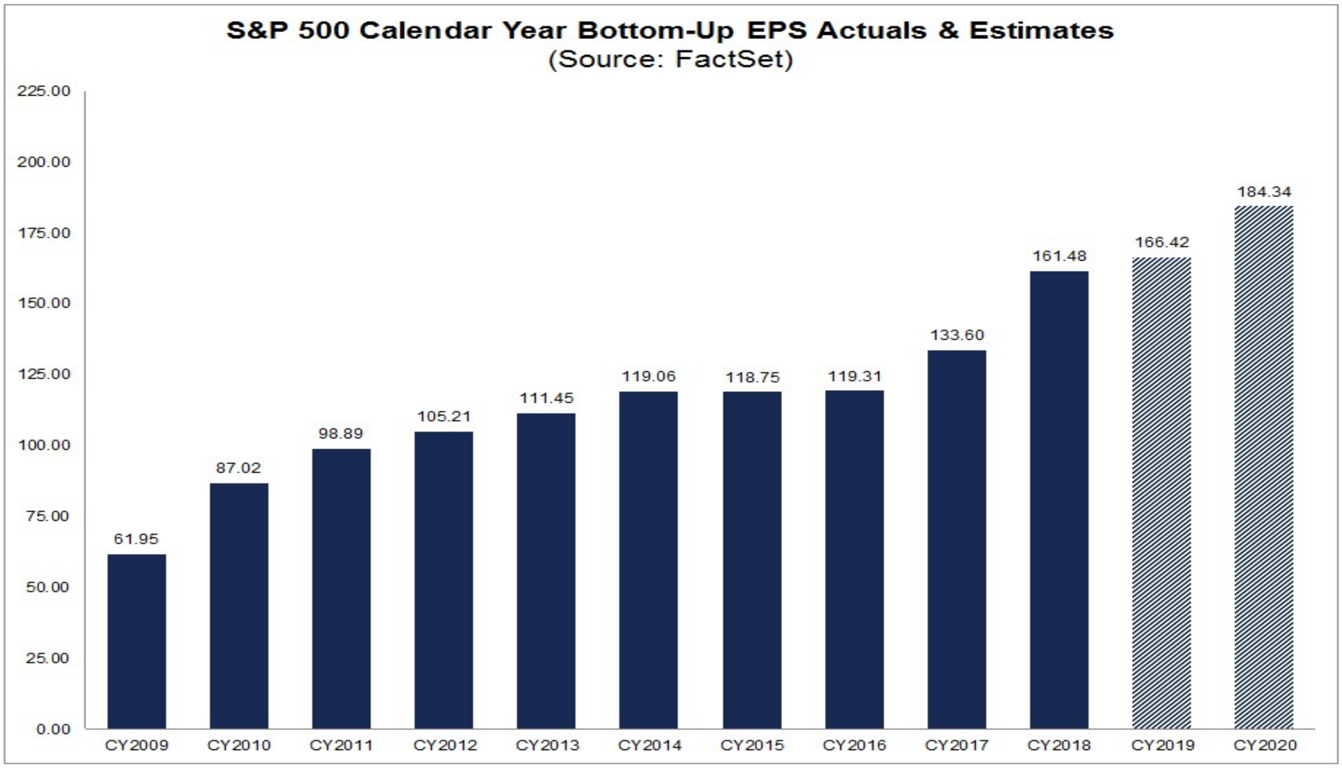
	Utilities	Real Estate	Financials	Consumer Disc.	Comm. Services	Industrials	Health Care	Energy	Consumer Staples	Materials	Info. Technology
International	3%	14%	22%	32%	37%	38%	38%	41%	45%	55%	57%
United States	97%	86%	78%	68%	63%	62%	62%	59%	55%	45%	43%

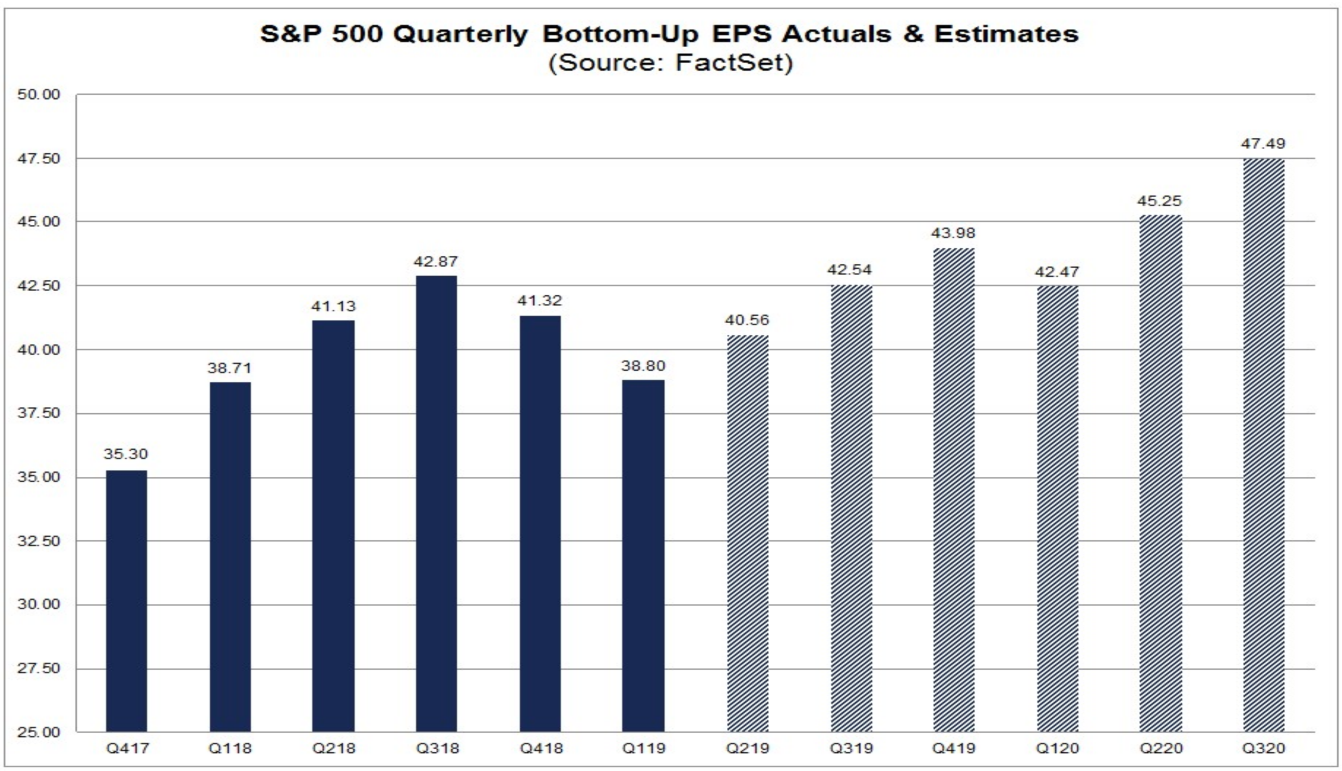
Bottom-up EPS Estimates: Revisions



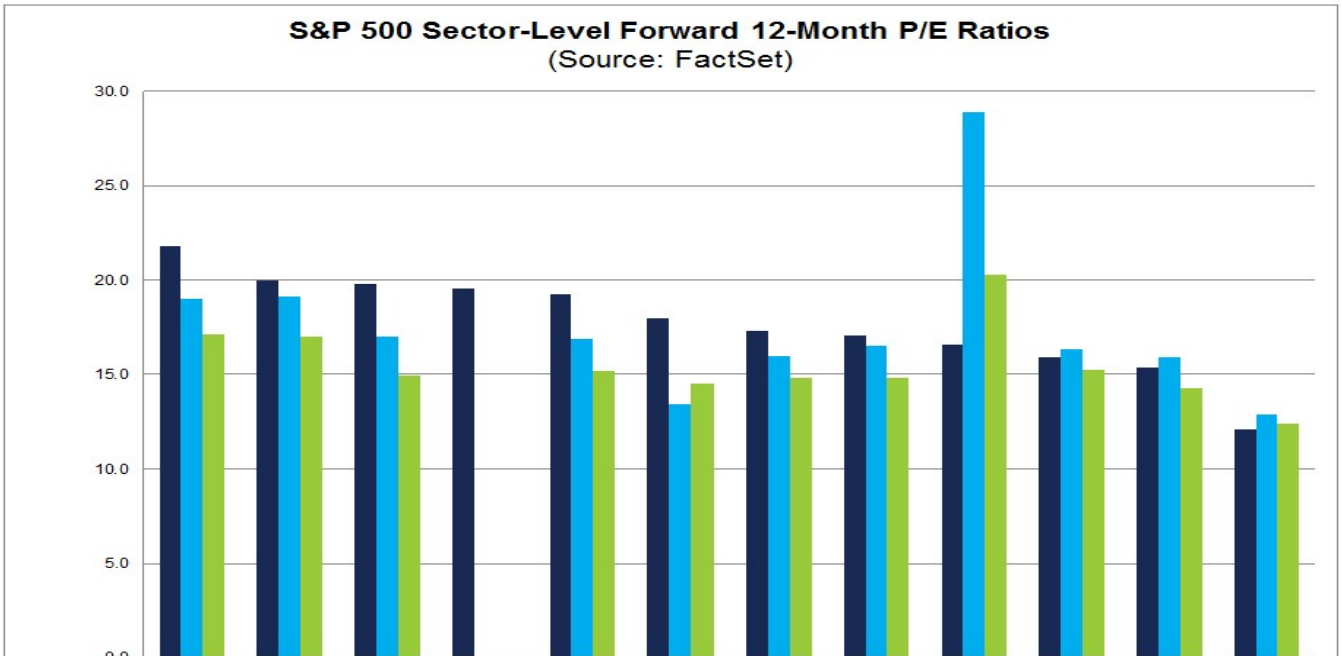


Bottom-up EPS Estimates: Current & Historical

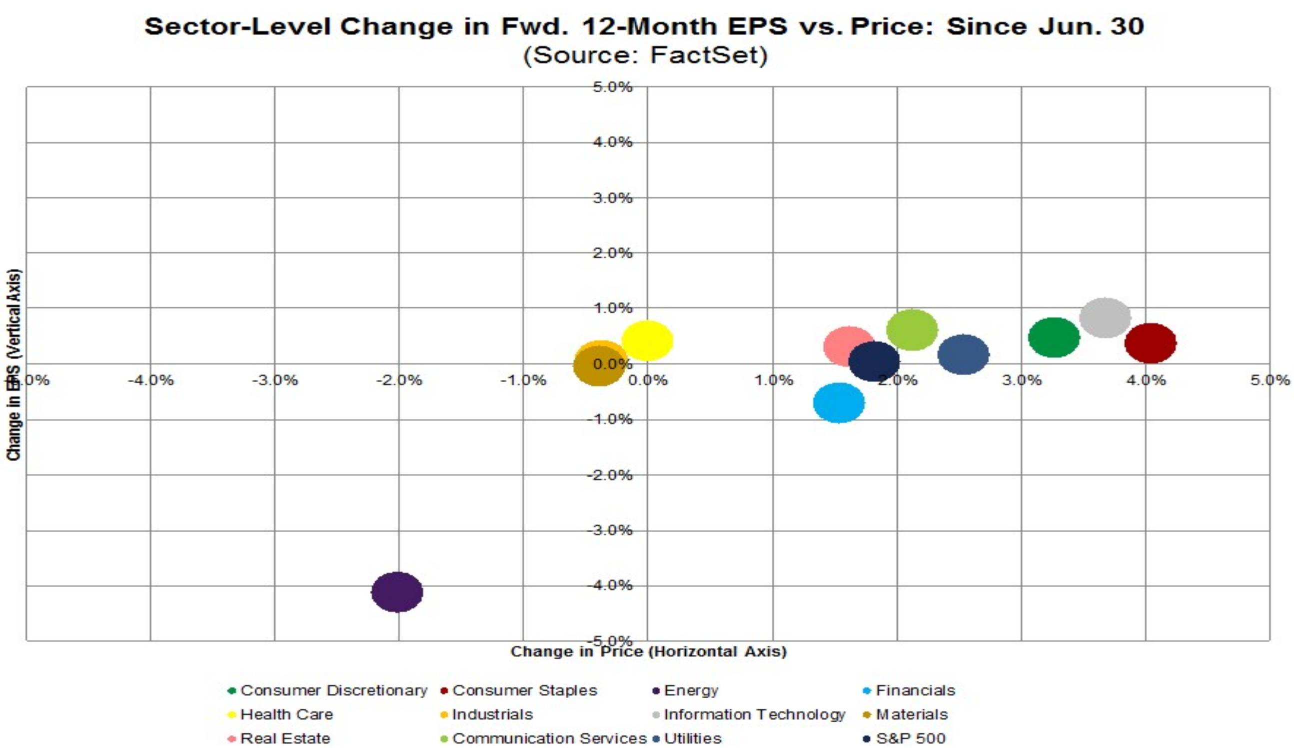




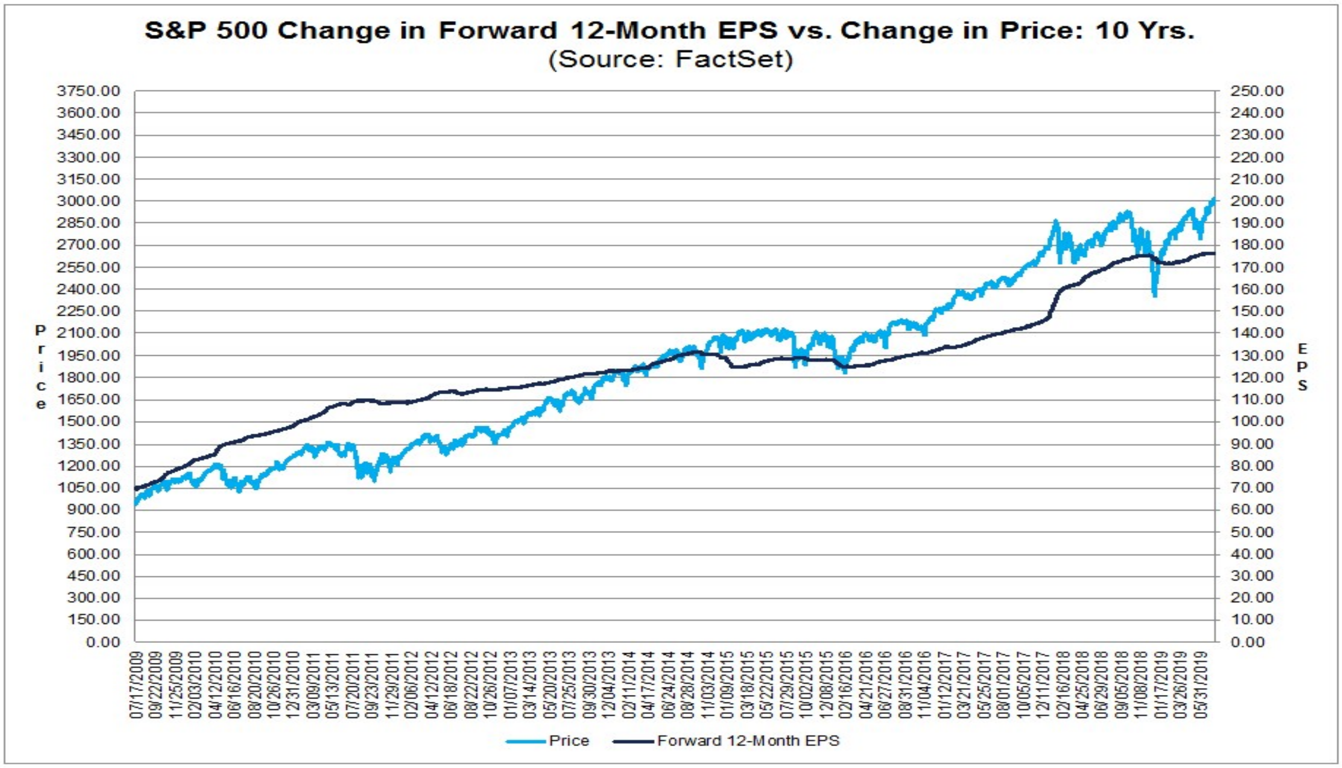
Forward 12M P/E Ratio: Sector Level

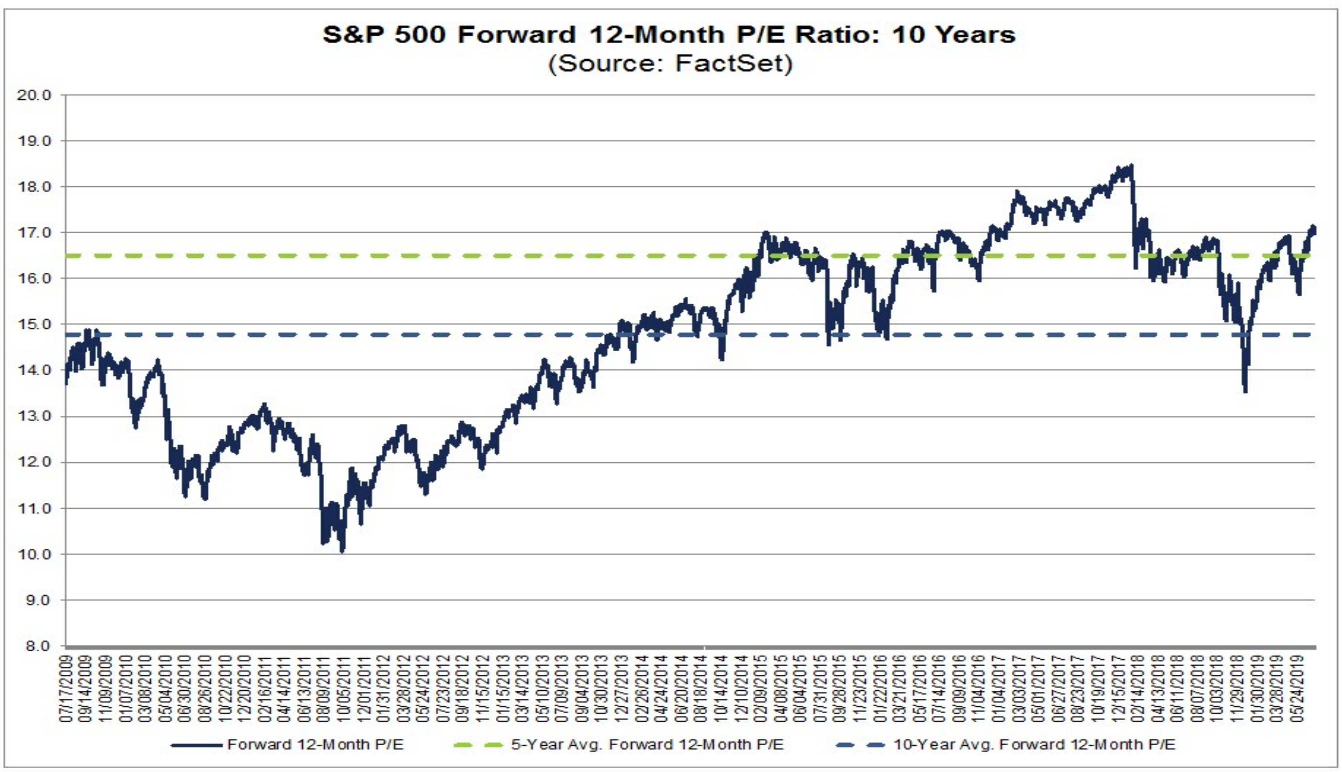


	Consumer Disc.	Consumer Staples	Info. Technology	Real Estate	Utilities	Comm. Services	Materials	S&P 500	Energy	Industrials	Health Care	Financials
Fwd P/E	21.8	19.9	19.8	19.5	19.2	17.9	17.3	17.0	16.5	15.9	15.3	12.1
5-Yr Avg.	19.0	19.1	17.0		16.9	13.5	15.9	16.5	28.9	16.3	15.9	12.9
10-Yr Avg.	17.1	17.0	14.9		15.2	14.5	14.8	14.8	20.3	15.2	14.2	12.4

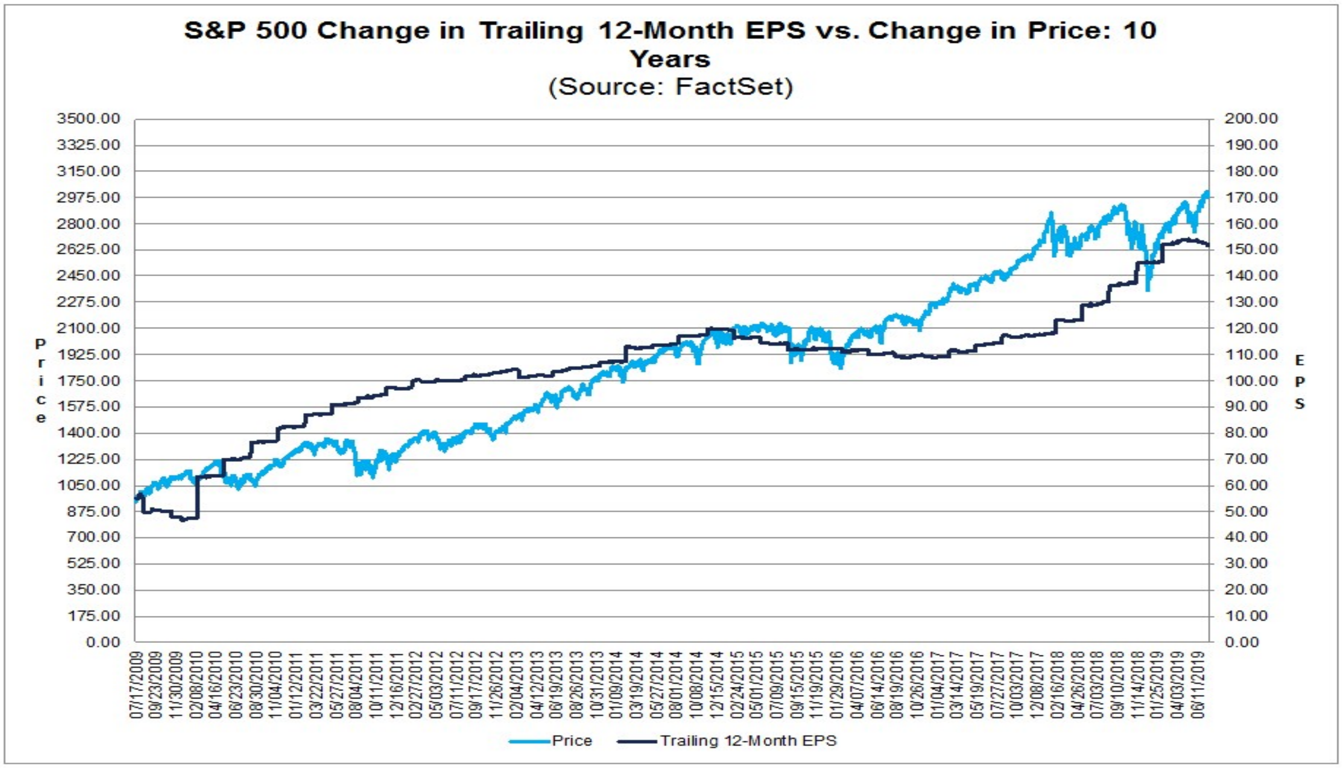


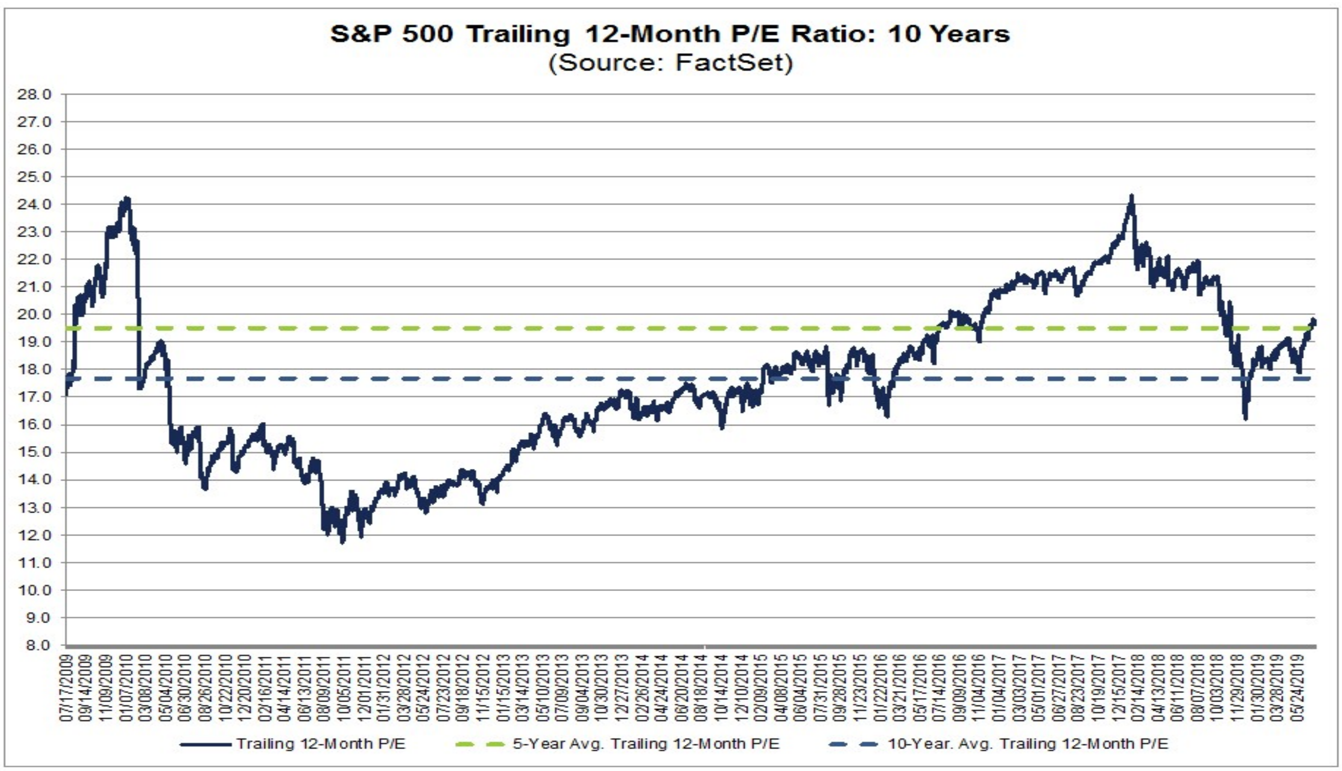
Forward 12M P/E Ratio: 10-Years





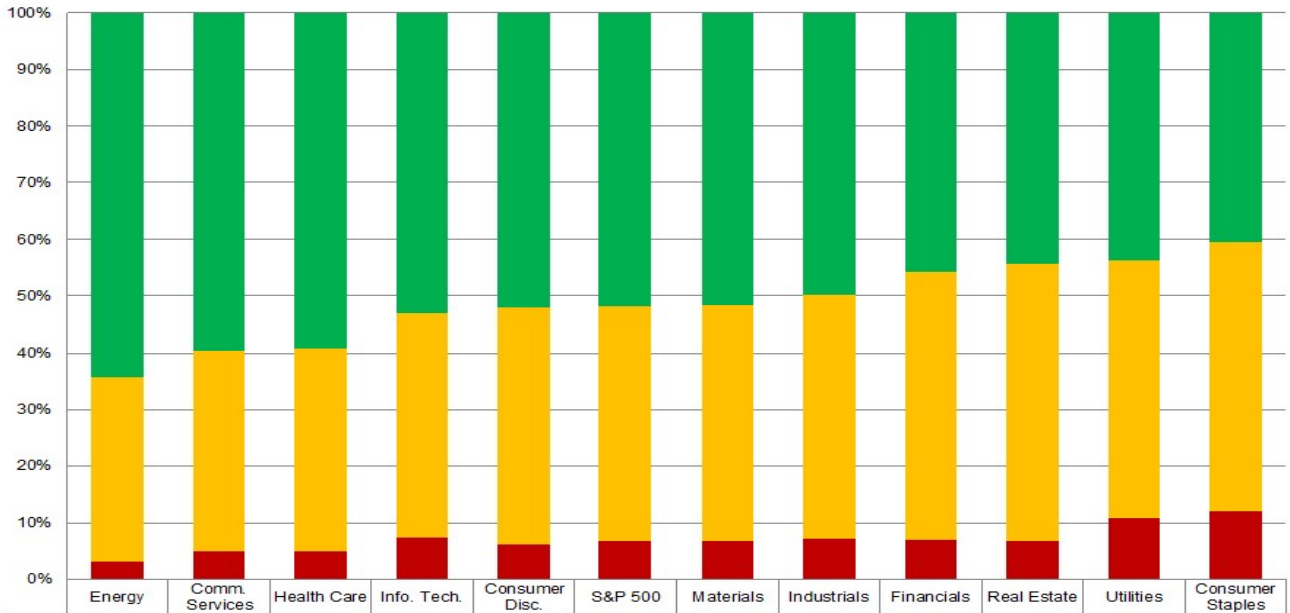
Trailing 12M P/E Ratio: 10-Years





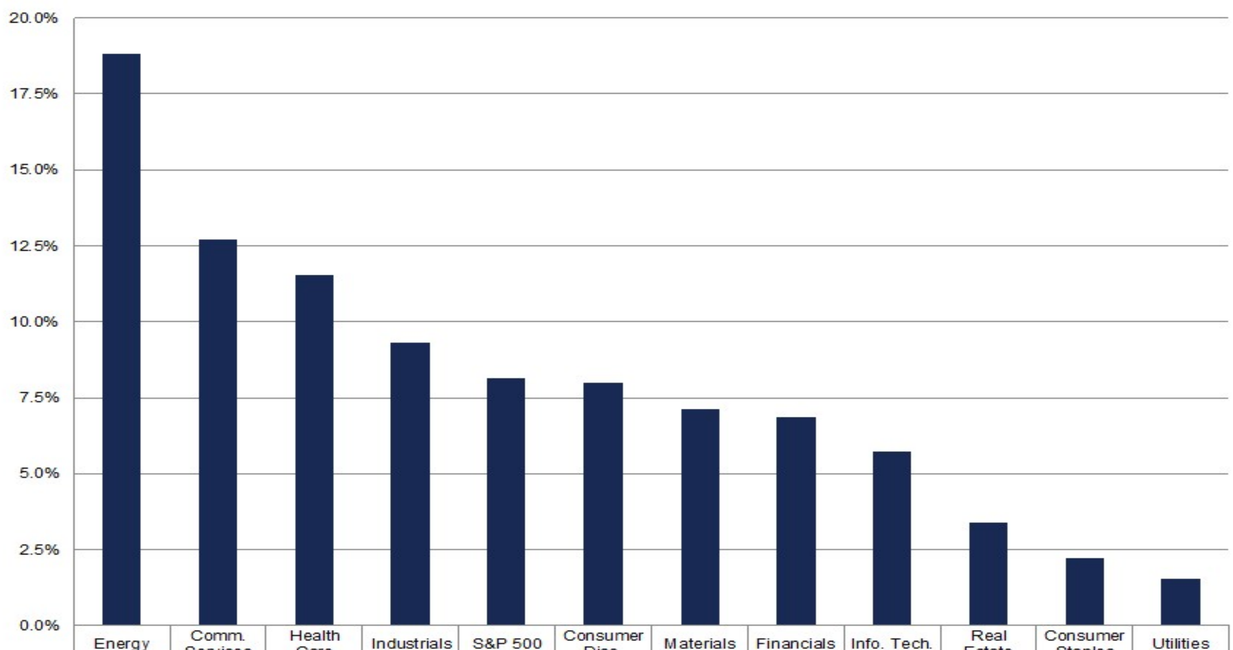
Targets & Ratings

S&P 500: Percentage of Buy, Hold, and Sell Ratings
(Source: FactSet)



	Energy	Comm. Services	Health Care	Info. Tech.	Consumer Disc.	S&P 500	Materials	Industrials	Financials	Real Estate	Utilities	Consumer Staples
Buy	64%	60%	59%	53%	52%	52%	52%	50%	46%	44%	44%	40%
Hold	33%	36%	36%	40%	42%	41%	42%	43%	47%	49%	45%	47%
Sell	3%	5%	5%	7%	6%	7%	7%	7%	7%	7%	11%	12%

S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price
(Source: FactSet)



	Energy	Comm. Services	Health Care	Industrials	S&P 500	Consumer Disc.	Materials	Financials	Info. Tech.	Real Estate	Consumer Staples	Utilities
Target/Close	18.8%	12.7%	11.5%	9.3%	8.2%	8.0%	7.1%	6.9%	5.7%	3.4%	2.2%	1.5%

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