John Butters, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

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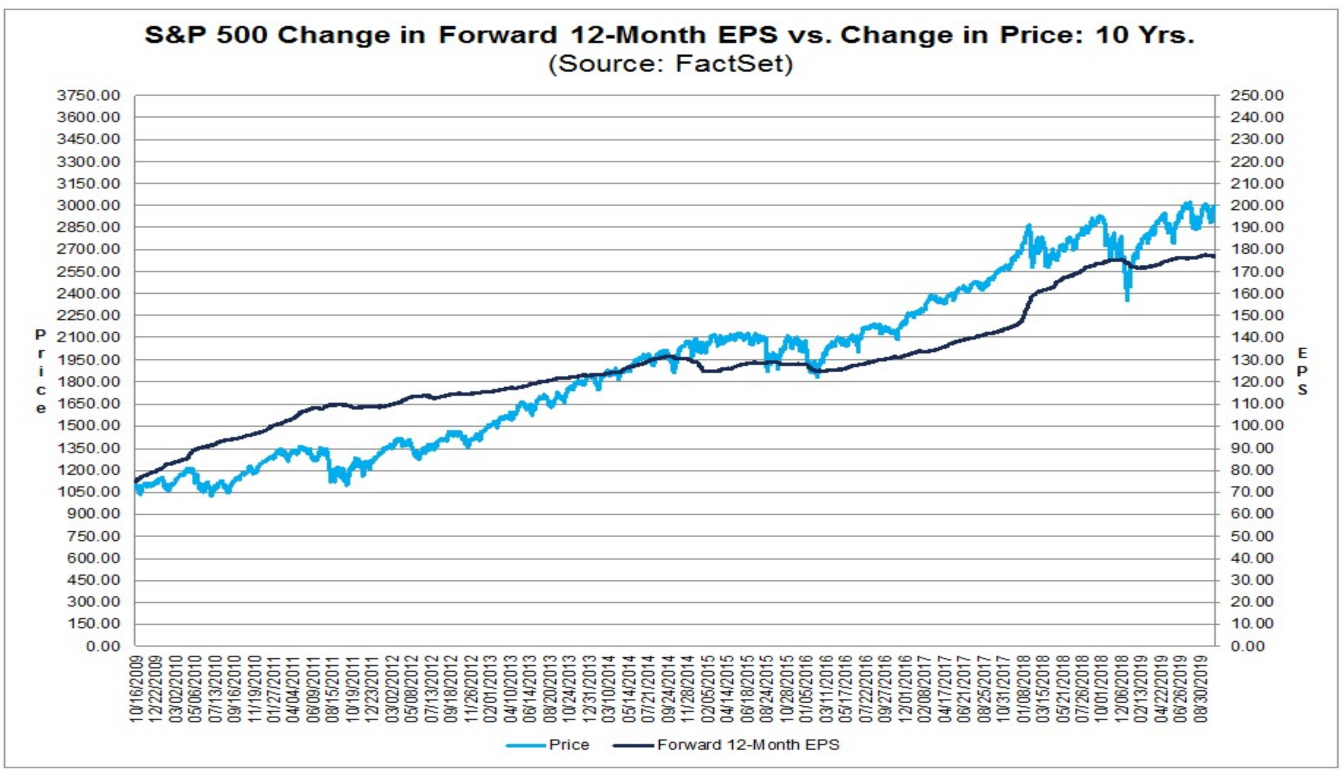
Key Metrics

- **Earnings Scorecard:** For Q3 2019 (with 15% of the companies in the S&P 500 reporting actual results), 84% of S&P 500 companies have reported a positive EPS surprise and 64% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q3 2019, the blended earnings decline for the S&P 500 is -4.7%. If -4.7% is the actual decline for the quarter, it will mark the first time the index has reported three straight quarters of year-over-year earnings declines since Q4 2015 through Q2 2016.
- **Earnings Revisions:** On September 30, the estimated earnings decline for Q3 2019 was -4.0%. Five sectors have lower growth rates today (compared to September 30) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q4 2019, 9 S&P 500 companies have issued negative EPS guidance and 4 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 (16.6) and above the 10-year average (14.9).



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Topic of the Week:

S&P 500 Reporting Year-Over-Year Decline in Net Profit Margin for 3rd Straight Quarter

For the third quarter, the S&P 500 is reporting a year-over-year decline in earnings of -4.7%, but year-over-year growth in revenues of 2.6%. 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 third quarter. Given this concern, what is the S&P 500 reporting for a net profit margin in the third quarter?

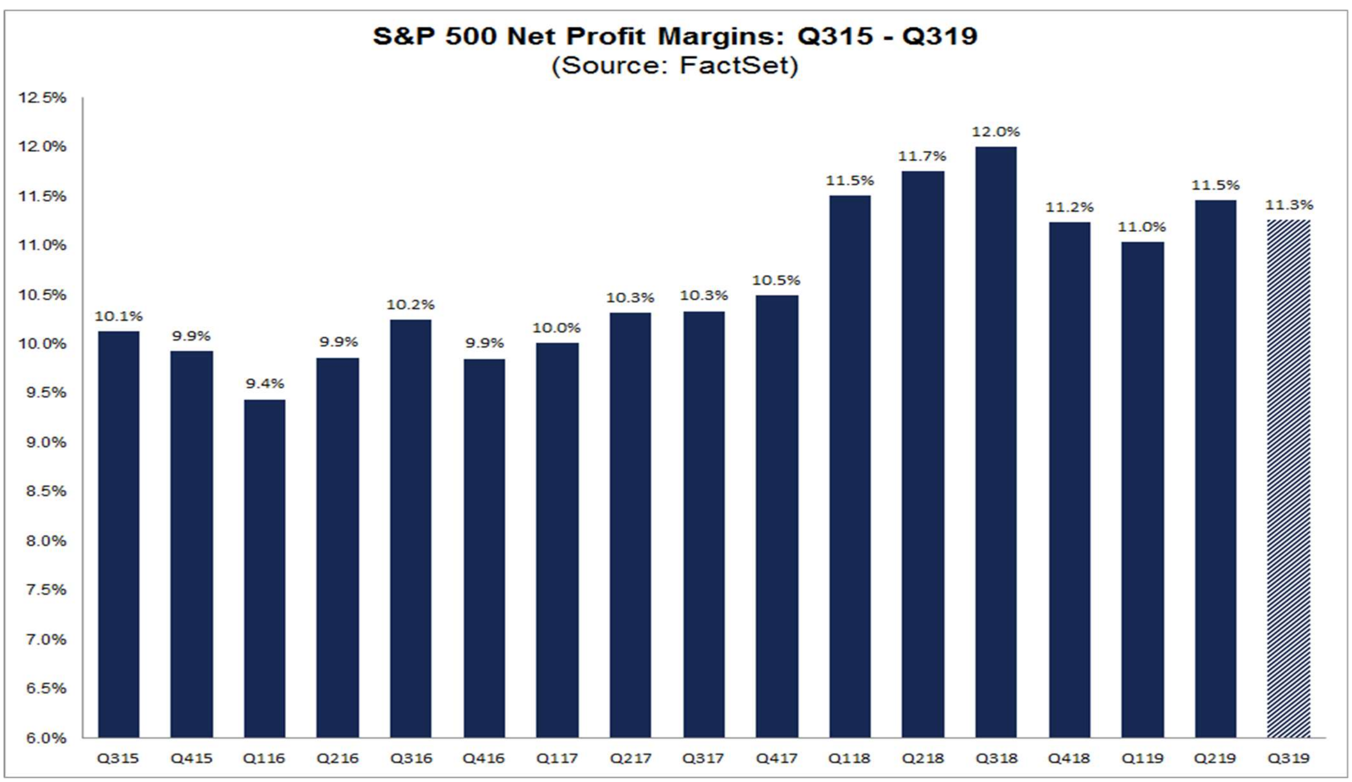
The blended net profit margin for the S&P 500 for Q3 2019 is 11.3%. If 11.3% is the actual net profit margin for the quarter, it will mark the first time the index has reported three straight quarters of year-over-year declines in net profit margin since Q1 2009 through Q3 2009. Nine of the eleven sectors are reporting a year-over-year decline in their net profit margins in Q3 2019, led by the Energy (5.4% vs. 8.1%) and Information Technology (20.6% vs. 23.0%) sectors.

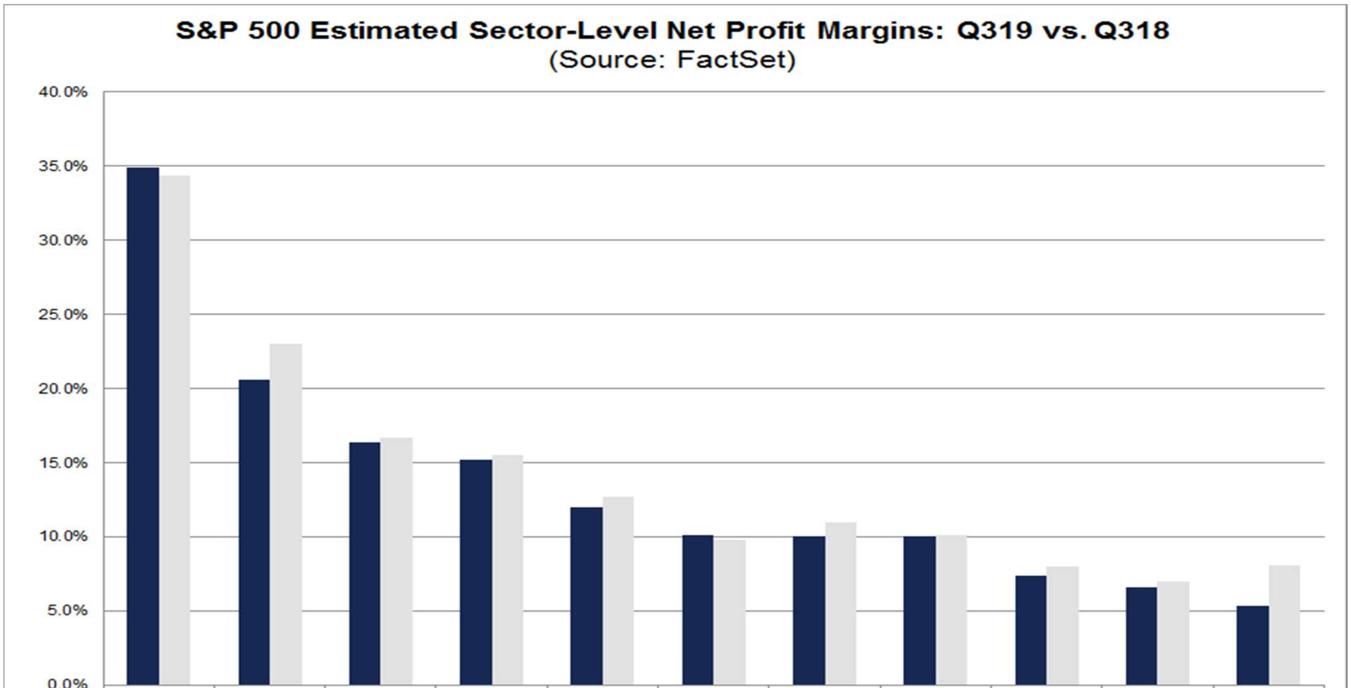
What is driving the year-over-year decrease in the net profit margin?

One factor is a difficult year-over-year comparison. In Q3 2018, the S&P 500 reported the highest net profit margin since FactSet began tracking this data in 2008. While nine 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 Q3, 7 (or 32%) discussed a negative impact from higher wages and labor costs and 5 (or 21%) discussed a negative impact from higher raw material or other input costs. Please see our previous article on this topic at this link: https://insight.factset.com/more-companies-citing-negative-impact-from-fx-than-tariffs-on-q3-earnings

Based on current estimates, the estimated net profit margins for Q4 2019, Q1 2020, and Q2 2020 are 11.1%, 11.3%, and 11.7%. Net profit margins are expected to increase on a year-over-year basis again in Q1 2020.

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 Q3 2019 to Q3 2018 (and all other year-over-year comparisons for historical quarters) reflect an apples-to-apples comparison of data at the company level.





	Real Estate	Info. Tech	Financials	Utilities	Comm. Services	Materials	Health Care	Industrials	Consumer Disc.	Consumer Staples	Energy
Q319	34.9%	20.6%	16.3%	15.2%	12.0%	10.1%	10.1%	10.0%	7.4%	6.6%	5.4%
Q318	34.4%	23.0%	16.7%	15.5%	12.7%	9.8%	11.0%	10.1%	8.0%	7.0%	8.1%

Q3 Earnings Season: By The Numbers

Overview

To date, 15% of the companies in the S&P 500 have reported actual results for Q3 2019. In terms of earnings, the percentage of companies reporting actual EPS above estimates (84%) is above the 5-year average. In aggregate, companies are reporting earnings that are 2.6% above the estimates, which is below the 5-year average. In terms of sales, the percentage of companies (64%) reporting actual sales above estimates is above the 5-year average. In aggregate, companies are reporting sales that are 1.0% 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 third quarter is -4.7%, which is equal to the earnings decline of -4.7% last week. Positive earnings surprises reported by companies in the Health Care and Financials sectors were offset by downward revisions to estimates for companies in the Energy sector, resulting in no change in the overall earnings decline for the week. If -4.7% is the actual decline for the quarter, it will mark the first time the index has reported three straight quarters of year-over-year declines in earnings since Q4 2015 through Q2 2016. Four sectors are reporting (or are expected to report) year-over-year growth in earnings, led by the Real Estate and Utilities sectors. Seven sectors are reporting a year-over-year decline in earnings, led by the Energy, Information Technology, and Materials sectors.

The blended revenue growth rate for the third quarter is 2.6%, which is slightly below the revenue growth rate of 2.7% last week. Downward revisions to revenue estimates for companies in the Energy sector, partially offset by positive revenue surprises reported by companies in the Financials sector, were mainly responsible for the small decrease in the overall revenue growth rate during the week. If 2.6% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q2 2016 (-0.2%). Eight sectors are reporting (or are projected to report) year-over-year growth in revenues, led by the Health Care sector. Three sectors are reporting a year-over-year decline in revenues, led by the Materials and Energy sectors.

Looking ahead, analysts see low single-digit earnings growth in the fourth quarter followed by high single-digit earnings growth for both Q1 2020 and Q2 2020.

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, 126 S&P 500 companies (including 12 Dow 30 components) are scheduled to report results for the third quarter.

Scorecard: More Companies Beating EPS Estimates, But By Smaller Margins

Percentage of Companies Beating EPS Estimates (84%) is Above 5-Year Average

Overall, 15% of the companies in the S&P 500 have reported earnings to date for the third quarter. Of these companies, 84% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 12% 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 (74%) average and above the 5-year (72%) average.

At the sector level, the Communication Services (100%), Consumer Discretionary (100%), Real Estate (100%), and Materials (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (50%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+2.6%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 2.6% above expectations. This surprise percentage is below the 1-year (+5.2%) average and below the 5-year (+4.9%) average.

The Consumer Services sector (+26.6%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Netflix ($1.47 vs. $1.03) has reported the largest positive EPS surprise.

The Consumer Discretionary sector (+9.9%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, NIKE ($0.86 vs. $0.70) and Lennar ($1.59 vs. $1.31) 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 less than average.

Companies that have reported positive earnings surprises for Q3 2019 have seen an average price increase of +1.9% 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 Q3 2019 have seen an average price decrease of -1.2% two days before the earnings release through two days after the earnings. This percentage decrease is smaller 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 (64%) is Above 5-Year Average

In terms of revenues, 64% of companies have reported actual sales above estimated sales and 36% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is above the 1-year average (59%) and above the 5-year average (59%).

At the sector level, the Financials (92%) and Health Care (75%) sectors have the highest percentages of companies reporting revenues above estimates, while the Communication Services (0%) and Materials (0%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.0%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 1.0% above expectations. This surprise percentage is above the 1-year (+0.9%) average and above the 5-year (+0.7%) average.

Revisions: No Change in Blended Earnings Decline this Week

No Change in Blended Earnings Decline This Week

The blended (year-over-year) earnings decline for the third quarter is -4.7%, which is equal to the earnings decline of -4.7% last week. Positive earnings surprises reported by companies in the Health Care and Financials sectors were offset by downward revisions to estimates for companies in the Energy sector, resulting in no change in the overall earnings decline for the week.

In the Health Care sector, the positive EPS surprises reported by Johnson & Johnson ($2.12 vs. $2.01) and UnitedHealth Group ($3.88 vs. $3.75) were positive contributors to earnings for the index during the week. As a result, the blended earnings growth rate for the Health Care sector improved to 3.2% from 2.3% over this period.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($2.64 vs. $2.45), Citigroup ($2.07 vs. $1.95), Bank of America ($0.56 vs. $0.54), and Morgan Stanley ($1.21 vs. $1.11) were positive contributors to earnings for the index during the week. As a result, the blended earnings decline for the Financials sector improved to -2.7% from -3.3% over this period.

In the Energy sector, downward revisions to estimates for Chevron (to $1.49 from $1.65), Exxon Mobil (to $0.67 from $0.70), and Occidental Petroleum (to $0.37 from $0.50) were negative contributors to earnings for the index during the week. As a result, the blended earnings decline for the Energy sector increased to -39.8% from -36.1% over this period.

Decrease in Blended Revenue Growth This Week Due to Energy

The blended (year-over-year) revenue growth rate for the third quarter is 2.6%, which is slightly below the revenue growth rate of 2.7% last week. Downward revisions to revenue estimates for companies in the Energy sector, partially offset by positive revenue surprises reported by companies in the Financials sector, were mainly responsible for the small decrease in the overall revenue growth rate during the week.

Energy Sector Has Seen Largest Decrease in Earnings since September 30

The blended (year-over-year) earnings decline for Q3 2019 of -4.7% is larger than the estimate of -4.0% at the end of the third quarter (September 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 Health Care (to 3.2% from 2.2%) sector. Five 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 -39.8% from -29.8%) sector.

Energy Sector Has Seen Largest Decrease in Revenues since September 30

The blended (year-over-year) revenue growth rate for Q3 2019 of 2.6% is smaller than the estimate of 2.8% at the end of the third quarter (September 30). Three 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 -0.7% from -1.6%) sector. Six 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 -9.3% from -6.8%) sector. Two sectors (Consumer Staples and Information Technology) have recorded no change in revenue growth since September 30.

Year-Over-Year Earnings Decline: -4.7%

The blended (year-over-year) earnings decline for Q3 2019 is -4.7%, which is below the 5-year average earnings growth rate of 6.9%. If -4.7% is the actual decline for the quarter, it will mark the first time the index has reported three straight quarters of year-over-year declines in earnings since Q4 2015 through Q2 2016. It will also mark the largest year-over-year decline in earnings reported by the index since Q1 2016 (-6.9%).

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 -9.8%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the blended earnings decline is -2.0%.

Four sectors are reporting (or are predicted to report) year-over-year earnings growth, led by the Real Estate and Utilities sectors. Seven sectors are reporting a year-over-year decline in earnings, led by the Energy, Information Technology, and Materials sectors.

Real Estate: Industrial REITs Sub-Industry Leads Year-Over-Year Growth

The Real Estate sector is reporting the highest (year-over-year) earnings (FFO) growth of all eleven sectors at 5.1%. At the sub-industry level, six of the eight sub-industries in this sector are reporting (or are projected to report) growth in earnings (FFO). Two of these six sub-industries are reporting double-digit growth: Industrial REITs (29%) and Office REITs (16%). On the other hand, two sub-industries are expected to report a year-over-year decline in earnings (FFO): Hotel & Resort REITs (-9%) and Real Estate Services (-2%).

Utilities: Gas Utilities Industry Leads Year-Over-Year Growth

The Utilities sector is expected to report the second highest (year-over-year) earnings growth of all eleven sectors at 4.8%. At the industry level, all five industries in this sector are projected to report growth in earnings. Two of these five industries are predicted to report double-digit earnings growth: Gas Utilities (19%) and Independent Power and Renewable Electricity Producers (14%).

Energy: 2 of 6 Sub-Industries Expected to Report Year-Over-Year Decline of More than 50%

The Energy sector is reporting the largest (year-over-year) decline in earnings of all eleven sectors at -39.8%. Lower oil prices are helping to drive the decline in earnings for the sector, as the average price of oil in Q3 2019 ($56.44) was 19% lower than the average price of oil in Q3 2018 ($69.43). At the sub-industry level, three of the six sub-industries in the sector are expected to report a decline in earnings for the quarter: Integrated Oil & Gas (-51%), Oil & Gas Exploration & Production (-51%), and Oil & Gas Refining & Marketing (-18%). On the other hand, the other three sub-industries in the sector are reporting growth in earnings for the quarter: Oil & Gas Drilling (33%), Oil & Gas Storage & Transportation (19%), and Oil & Gas Equipment & Services (2%).

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 -10.1%. At the industry level, four of the six industries in this sector are reporting (or are projected to report) a decline in earnings: Semiconductors & Semiconductor Equipment (-30%), Technology Hardware, Storage, & Peripherals (-14%), Electronic Equipment, Instruments & Components (-9%), and Communications Equipment (<-1%). On the other hand, the other two industries in this sector are reporting earnings growth: Software (8%) and IT Services (5%).

At the company level, Micron Technology is the largest contributor to the (year-over-year) decline in earnings for the sector. The company reported actual EPS of $0.56 in Q3 2019, compared to year-ago EPS of $3.53. If Micron Technology were excluded, the blended earnings decline for the sector would improve to -5.5% from -10.1%.

Materials: Metals & Mining Industry Leads Year-Over-Year Decline

The Materials sector is reporting the third highest (year-over-year) earnings decline of all eleven sectors at -10.0%. At the industry level, two of the four industries in this sector are projected to report a decline in earnings: Metals & Mining (-60%) and Containers & Packaging (-16%). On the other hand, the other two industries in this sector are reporting earnings growth: Construction Materials (21%) and Chemicals (2%).

At the company level, Nucor and Freeport-McMoRan are expected to be the largest contributors to the (year-over-year) decline in earnings for the sector. The mean EPS estimate for Nucor for Q3 2019 is $0.81, compared to year-ago EPS of $2.33. The mean EPS estimate for Freeport-McMoRan for Q3 2019 is $0.00, compared to year-ago EPS of $0.35. If these two companies were excluded, the blended earnings growth rate for the sector would improve to 1.1% from -10.0%.

Year-Over-Year Revenue Growth: 2.6%

The blended (year-over-year) revenue growth rate for Q3 2019 is 2.6%, which is below the 5-year average revenue growth rate of 3.5%. If 2.6% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q2 2016 (-0.2%).

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 -2.0%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the blended revenue growth rate is 4.3%.

Eight sectors are reporting (or are projected to report) year-over-year growth in revenues, led by the Health Care sector. Three sectors are reporting (or are predicted to report) a year-over-year decline in revenues, led by the Materials and Energy sectors.

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

The Health Care sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 12.8%. At the industry level, all six industries in this sector are reporting (or are predicted to report) revenue growth for the quarter. However, the Health Care Providers & Services is the only industry reporting double-digit revenue growth (17%).

At the company level, Cigna and CVS Health are predicted to be the largest contributors to (year-over-year) 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 Q3 2019 ($34.39 billion) reflects the combined revenues of Cigna and Express Scripts, while the actual revenue for Q3 2018 ($11.46 billion) reflects the standalone revenue for Cigna. The revenue estimate for CVS Health for Q3 2019 ($63.02 billion) reflects the combined revenues of CVS Health and Aetna, while the actual revenue for Q3 2018 ($47.27 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 estimated revenue growth rate for the sector would fall to 5.4% from 12.8%.

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 -13.1%. At the industry level, two of the four industries in this sector are reporting (or are predicted to report) a decline in revenue for the quarter: Chemicals (-19%) and Metals & Mining (-10%).

At the company level, DuPont is predicted to be the largest contributor to the (year-over-year) 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 Q3 2019 ($5.44 billion) reflects the standalone revenue for DuPont, while the actual revenue for Q3 2018 ($20.12 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 estimated revenue decline for the sector would improve to 3.5% from -13.1%.

Energy: 4 of 6 Sub-Industries Reporting Year-Over-Year Decline

The Energy sector is reporting the second largest (year-over-year) decline in revenues of all eleven sectors at -9.3%. At the sub-industry level, four of the six sub-industries in the sector are reporting (or are expected to report) a decline in revenues for the quarter: Integrated Oil & Gas (-17%), Oil & Gas Exploration & Production (-16%), Oil & Gas Storage & Transportation (-11%), and Oil & Gas Drilling (-6%). On the other hand, the other two sub-industries in the sector are reporting (or are expected to report) growth in revenues for the quarter: Oil & Gas Equipment & Services (2%) and Oil & Gas Refining & Marketing (<1%).

Looking Ahead: Forward Estimates and Valuation

Guidance: Negative Guidance for Q4 is Below Average to Date

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, 13 companies in the index have issued EPS guidance for Q4 2019. Of these 13 companies, 9 have issued negative EPS guidance and 4 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 69% (9 out of 13), which is slightly below the 5-year average of 70%.

Earnings: Less Than 1% Earnings Growth Projected for 2019

For the third quarter, S&P 500 companies are reporting a decline in earnings of -4.7% and growth in revenues of 2.6%. Analysts see low single-digit earnings growth in the fourth quarter followed by high single-digit earnings growth for both Q1 2020 and Q2 2020.

For Q4 2019, analysts are projecting earnings growth of 1.5% and revenue growth of 3.2%.

For CY 2019, analysts are projecting earnings growth of 0.7% and revenue growth of 4.0%.

For Q1 2020, analysts are projecting earnings growth of 6.7% and revenue growth of 4.8%.

For Q2 2020, analysts are projecting earnings growth of 7.7% and revenue growth of 5.2%.

For CY 2020, analysts are projecting earnings growth of 10.4% and revenue growth of 5.3%.

Valuation: Forward P/E Ratio is 17.0, Above the 10-Year Average (14.9)

The forward 12-month P/E ratio is 17.0. This P/E ratio is above the 5-year average of 16.6 and above the 10-year average of 14.9. It is also above the forward 12-month P/E ratio of 16.8 recorded at the end of the third quarter (September 30). Since the end of the third quarter (September 30), the price of the index has increased by 0.7%, while the forward 12-month EPS estimate has decreased by 0.2%.

At the sector level, the Consumer Discretionary (21.4) sector has the highest forward 12-month P/E ratio, while the Financials (12.2) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 11% Increase in Price Over Next 12 Months

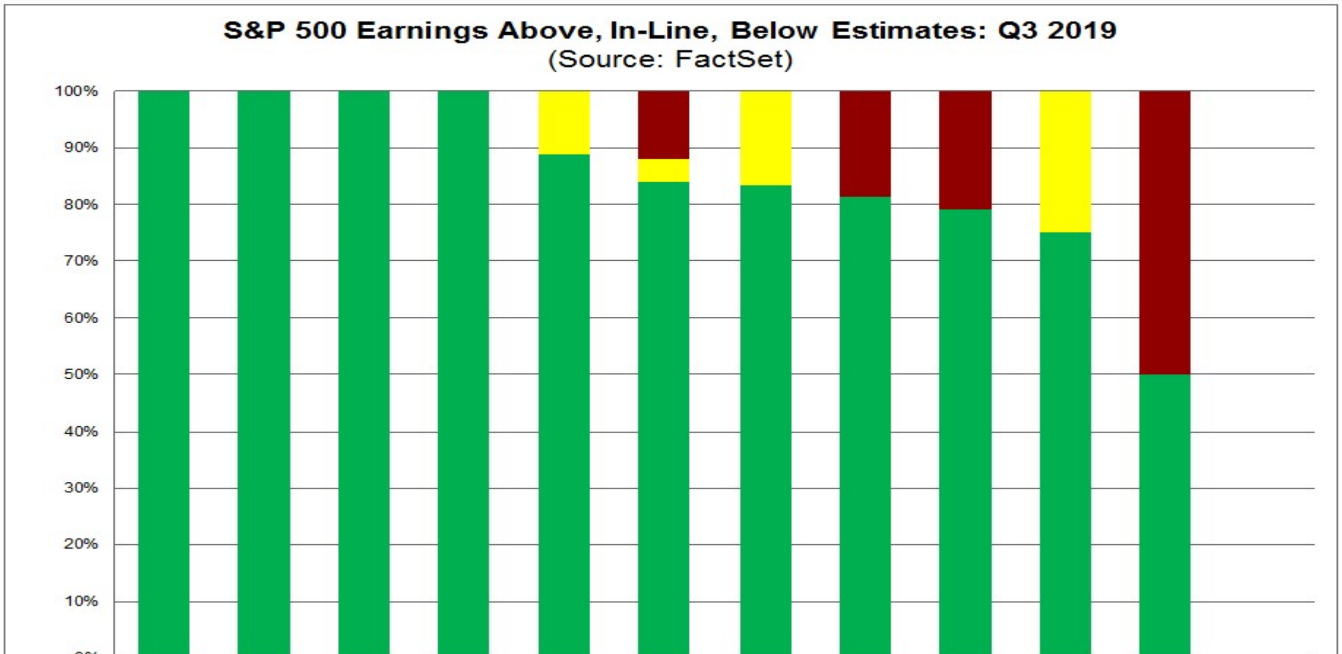
The bottom-up target price for the S&P 500 is 3323.16, which is 10.8% above the closing price of 2997.95. At the sector level, the Energy (+21.5%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Real Estate (+2.5%) and Utilities (+3.7%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price for this sector.

Overall, there are 10,340 ratings on stocks in the S&P 500. Of these 10,340 ratings, 51.4% are Buy ratings, 41.9% are Hold ratings, and 6.7% are Sell ratings. At the sector level, the Energy (66%) sector has the highest percentage of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

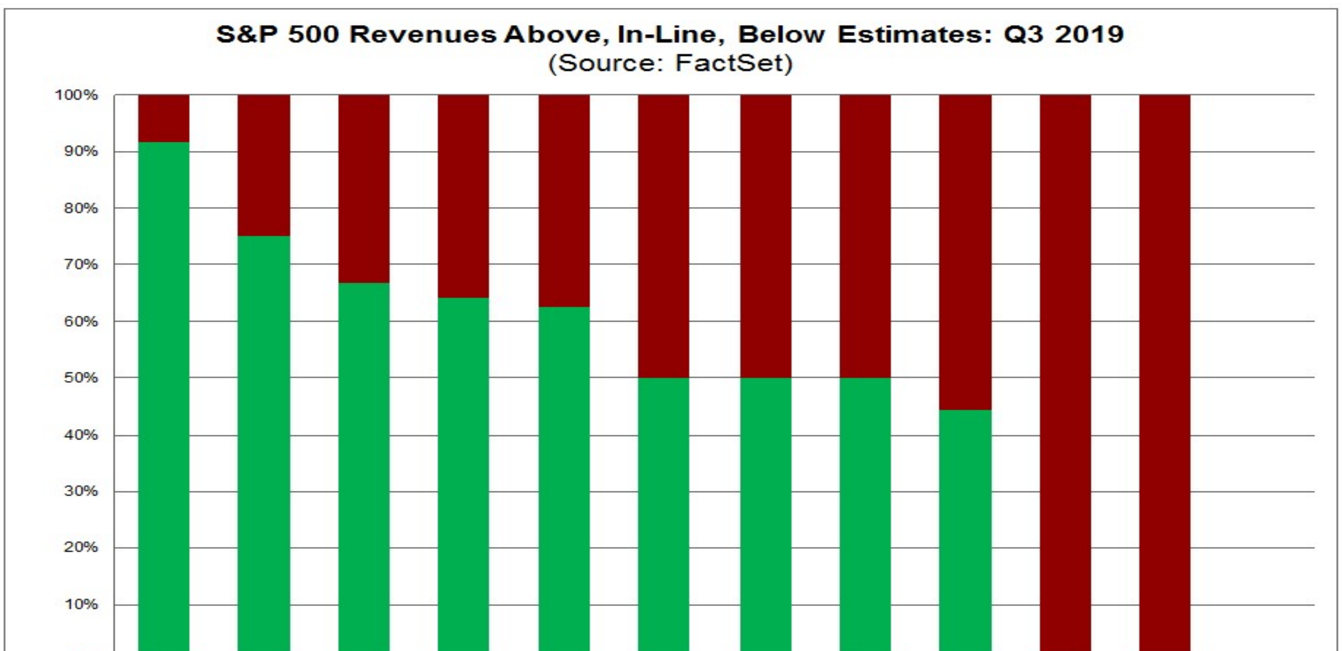
Companies Reporting Next Week: 126

During the upcoming week, 126 S&P 500 companies (including 12 Dow 30 components) are scheduled to report results for the third quarter.

Q3 2019: Scorecard

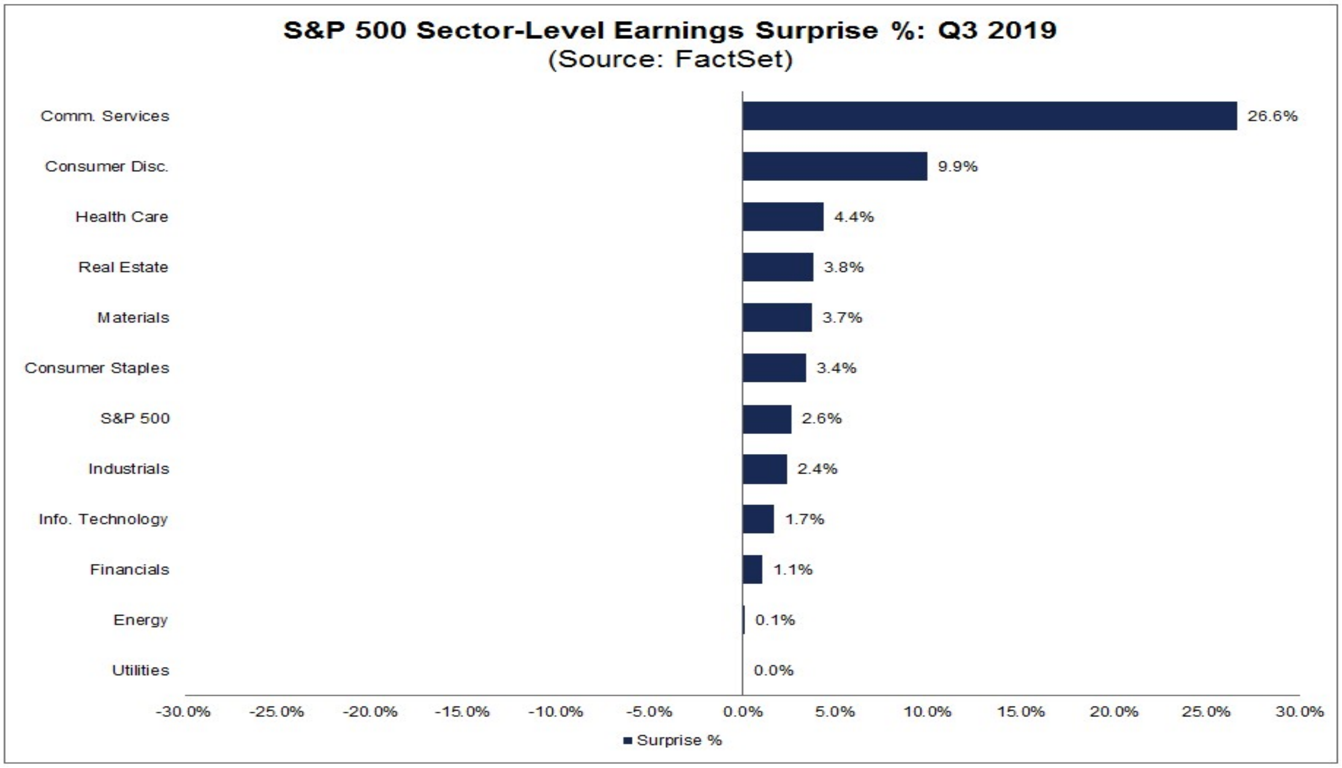


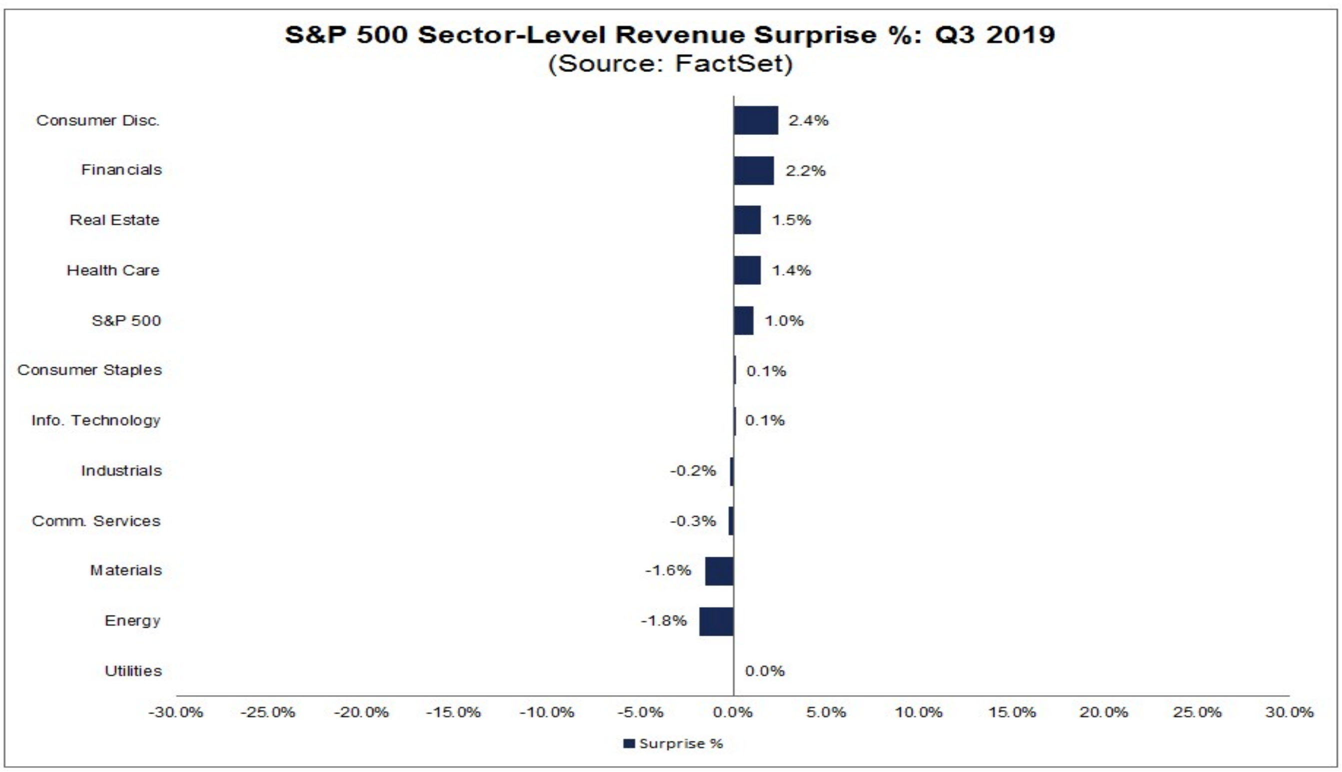
	Consumer Disc.	Comm. Services	Real Estate	Materials	Consumer Staples	S&P 500	Info. Technology	Industrials	Financials	Health Care	Energy	Utilities
Below	0%	0%	0%	0%	0%	12%	0%	19%	21%	0%	50%	0%
In-Line	0%	0%	0%	0%	11%	4%	17%	0%	0%	25%	0%	0%
Above	100%	100%	100%	100%	89%	84%	83%	81%	79%	75%	50%	0%



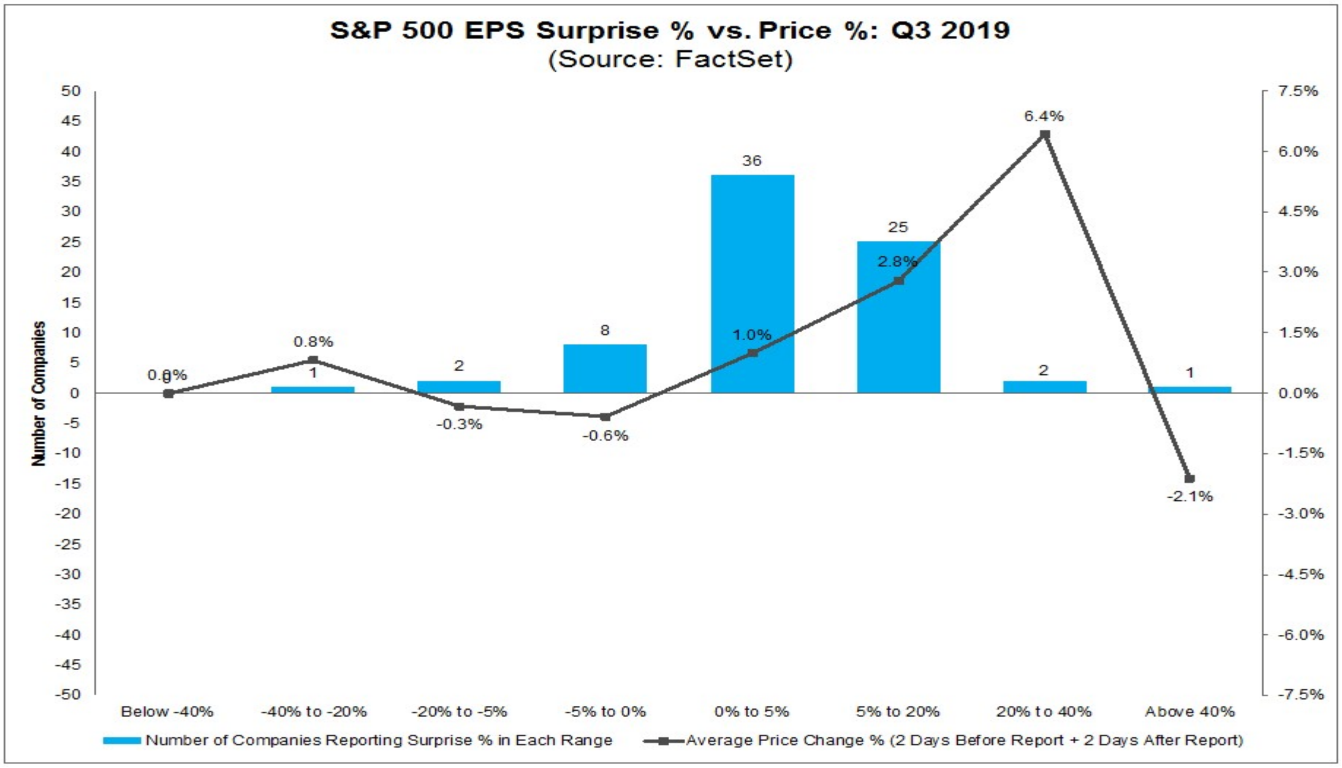
	Financials	Health Care	Real Estate	S&P 500	Consumer Disc.	Info. Technology	Industrials	Energy	Consumer Staples	Comm. Services	Materials	Utilities
Below	8%	25%	33%	36%	38%	50%	50%	50%	56%	100%	100%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	92%	75%	67%	64%	63%	50%	50%	50%	44%	0%	0%	0%

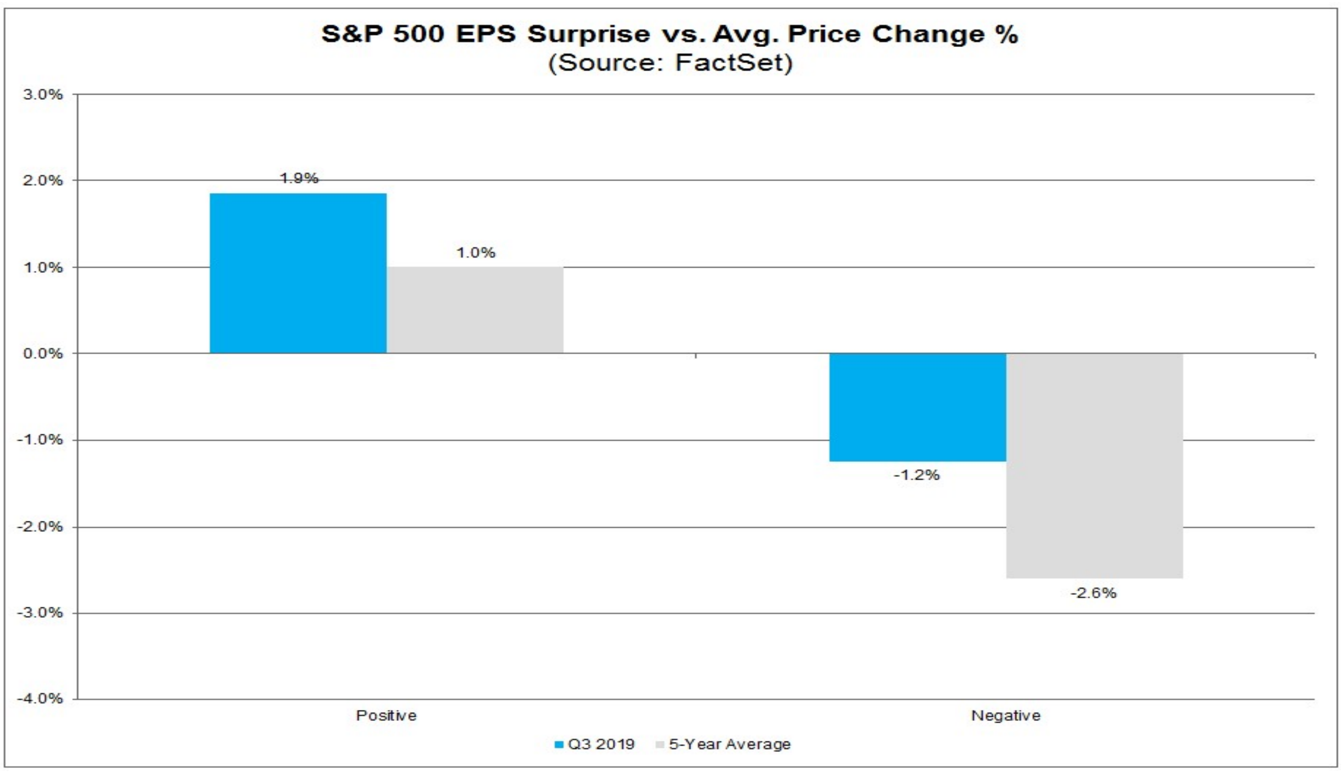
Q3 2019: Scorecard



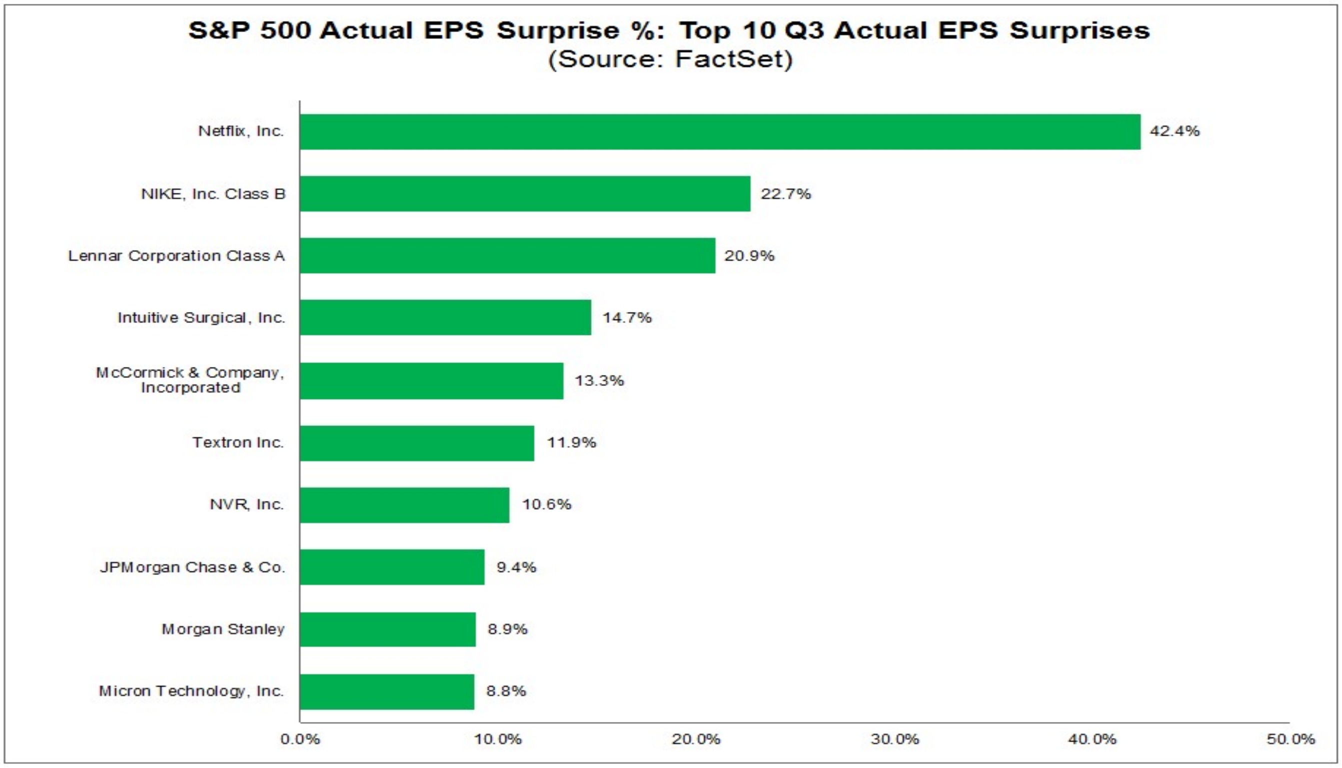


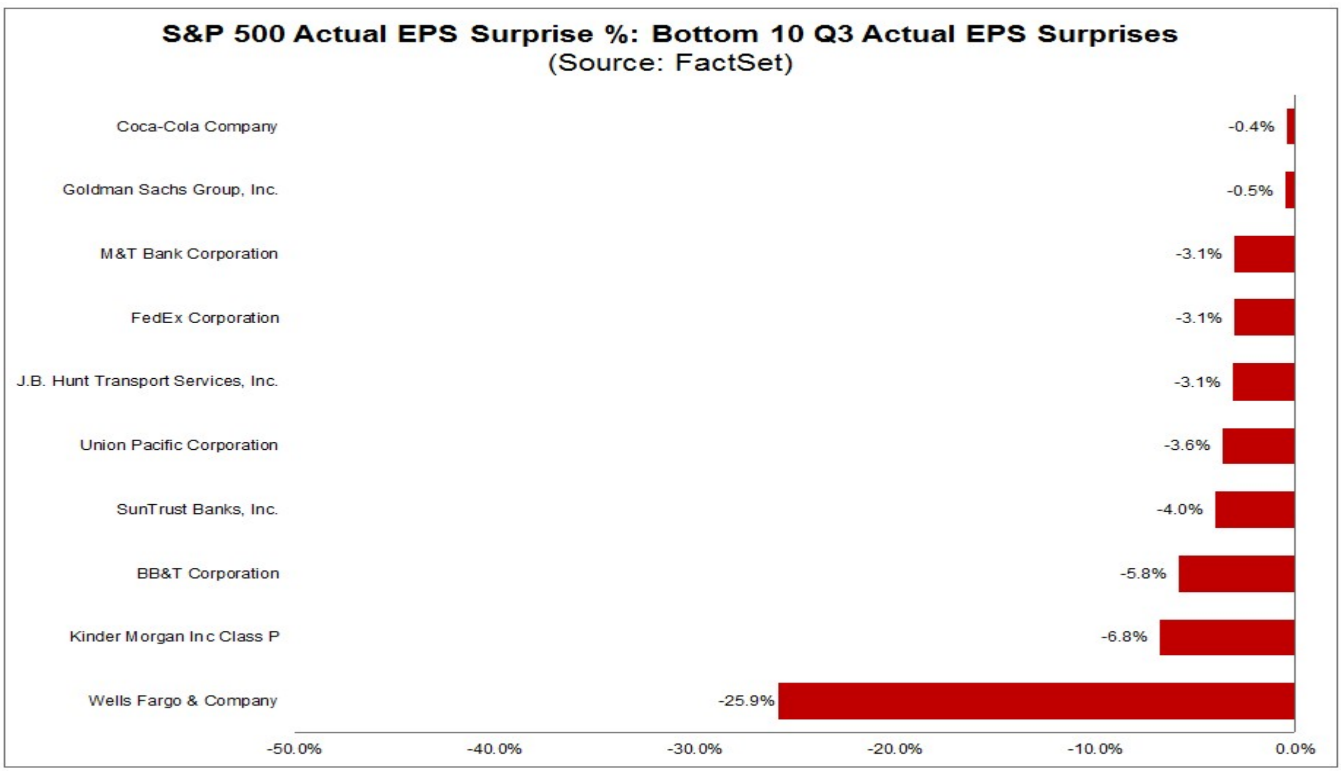
Q3 2019: Scorecard



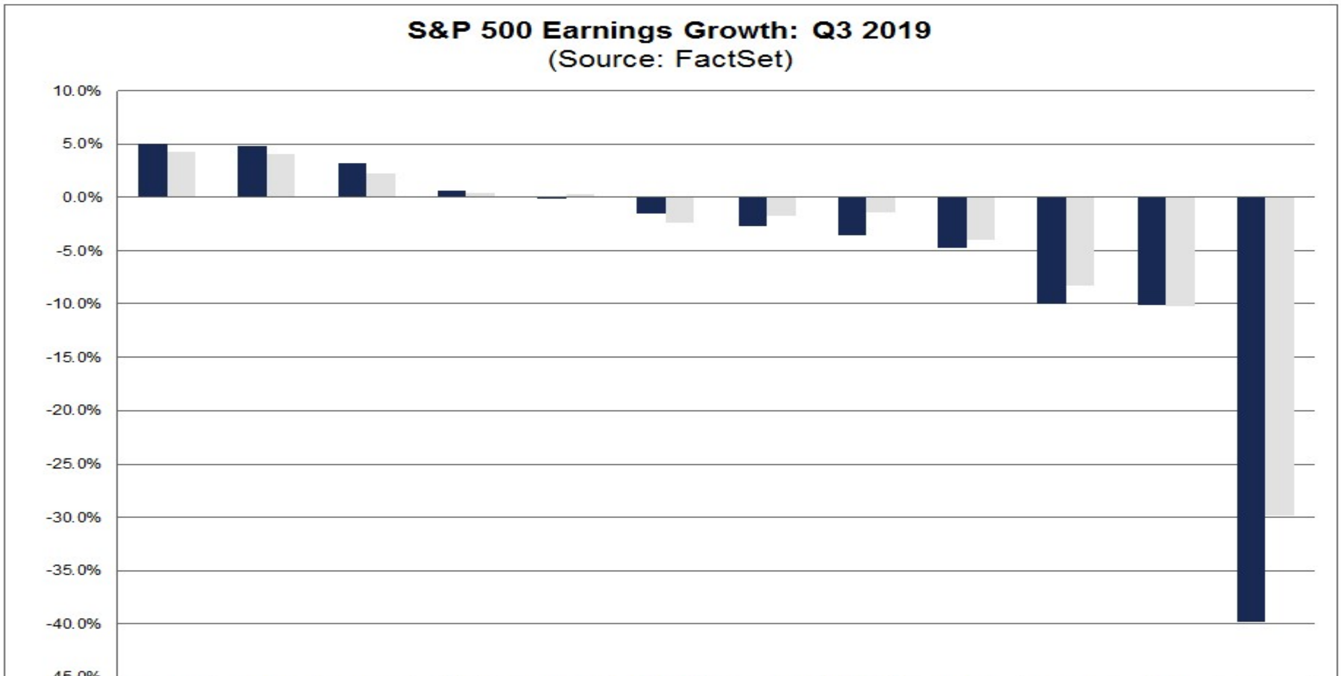


Q3 2019: Scorecard

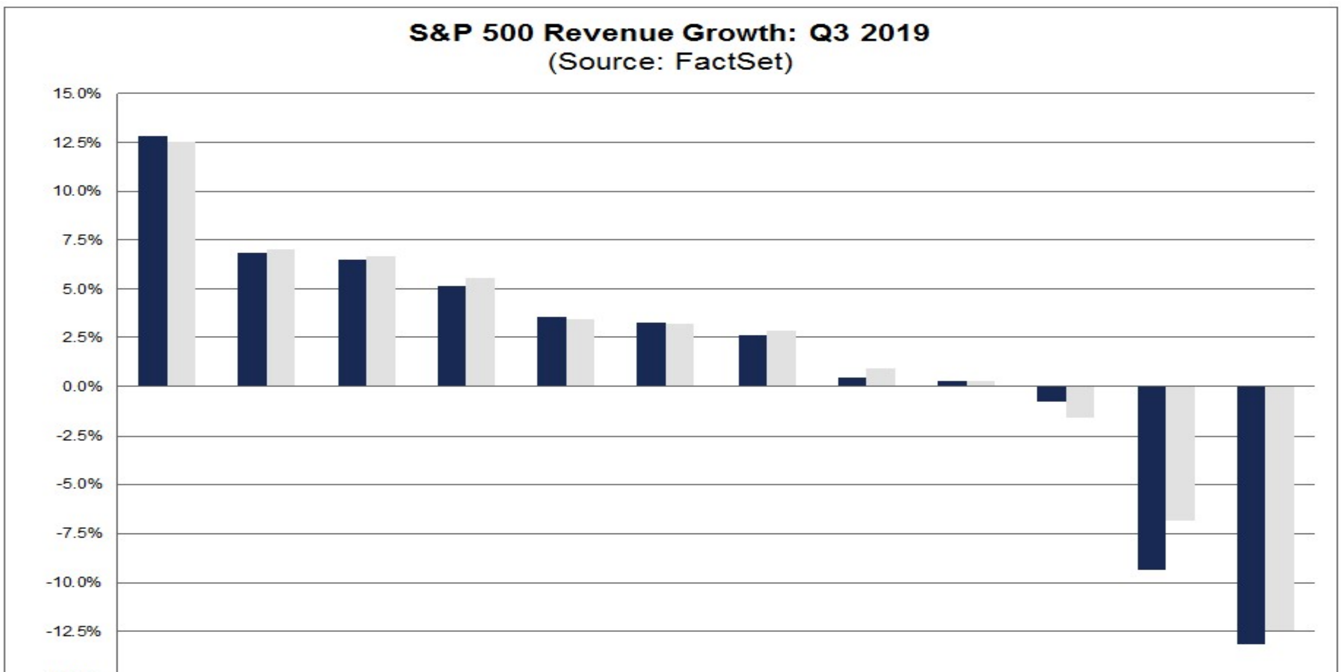




Q3 2019: Growth

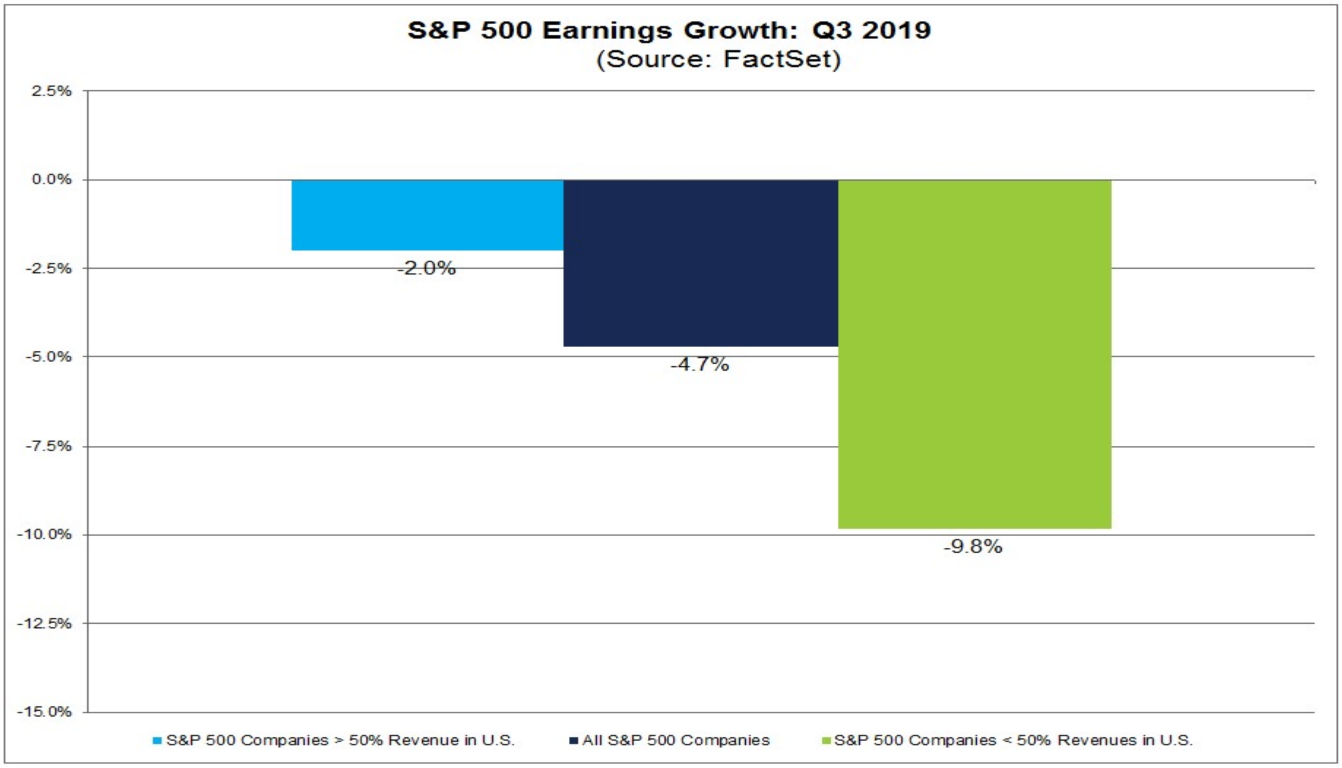


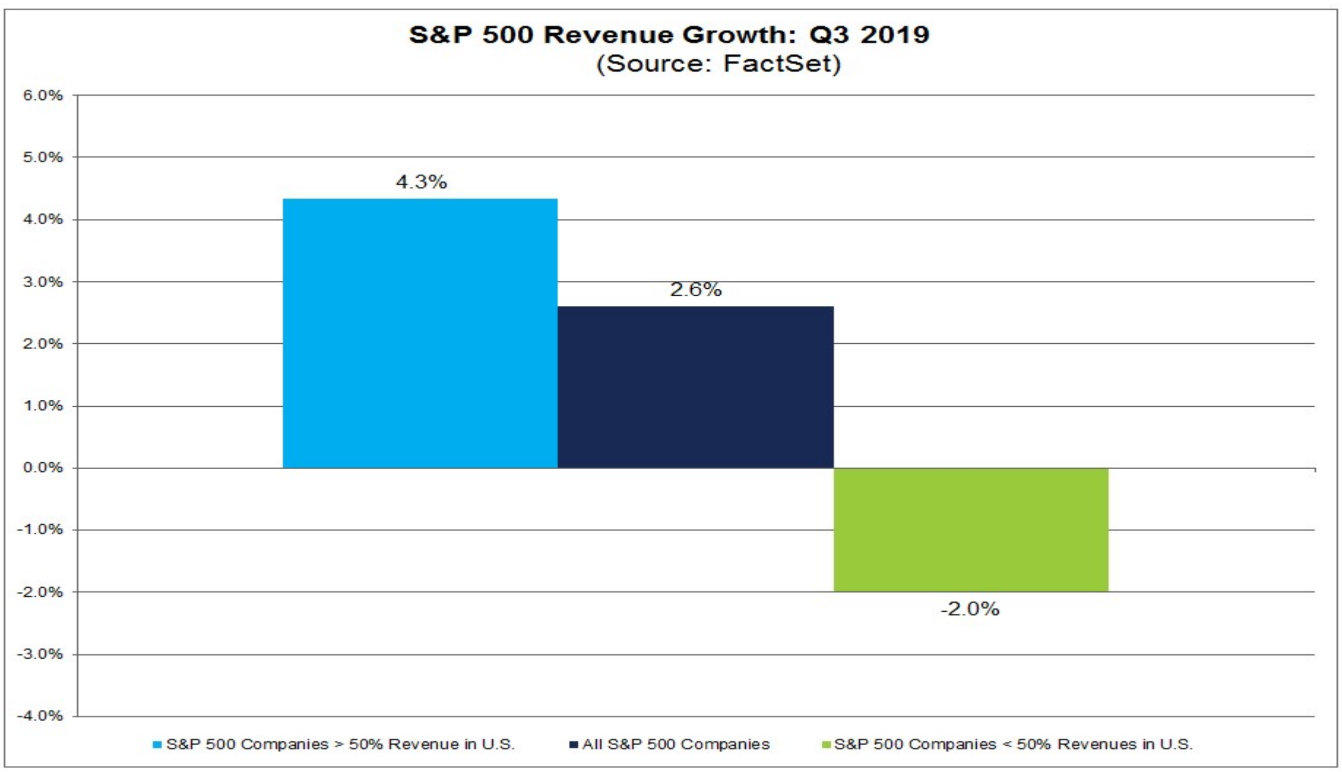
	Real Estate	Utilities	Health Care	Comm. Services	Industrials	Consumer Staples	Financials	Consumer Disc.	S&P 500	Materials	Info. Technology	Energy
Today	5.1%	4.8%	3.2%	0.6%	-0.1%	-1.5%	-2.7%	-3.6%	-4.7%	-10.0%	-10.1%	-39.8%
30-Sep	4.3%	4.0%	2.2%	0.4%	0.3%	-2.4%	-1.7%	-1.5%	-4.0%	-8.3%	-10.2%	-29.8%



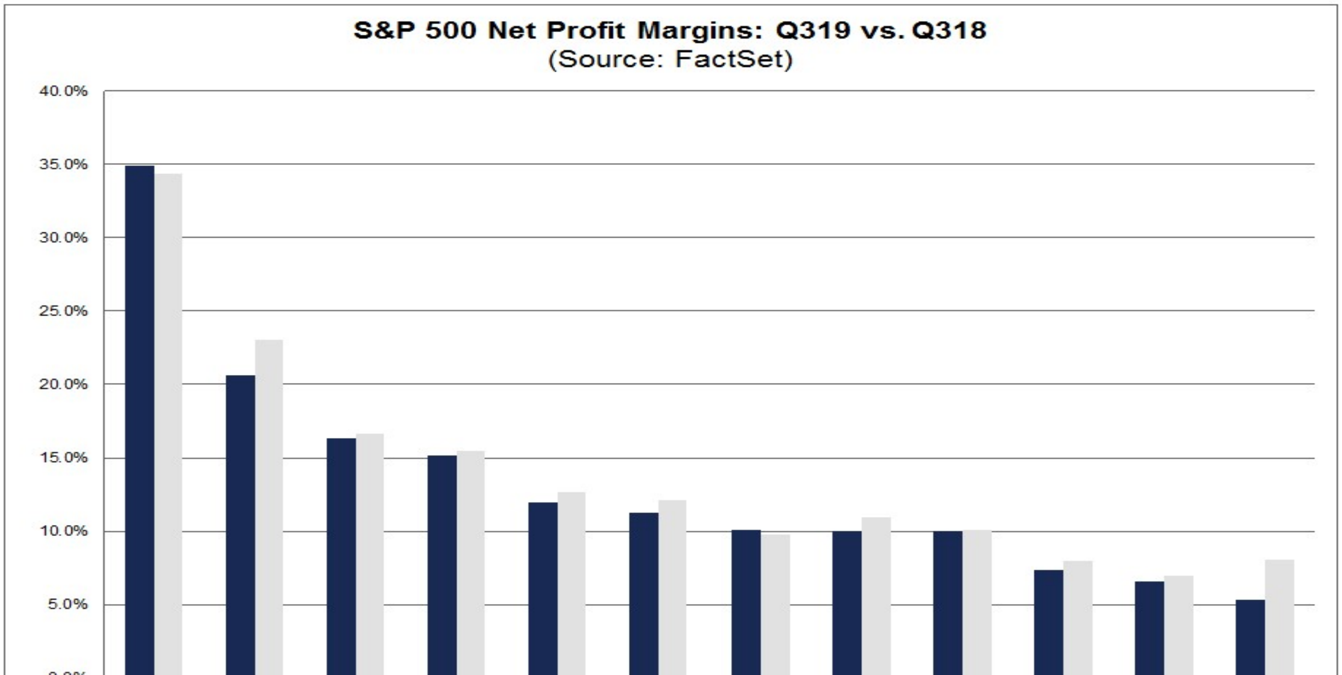
	Health Care	Utilities	Comm. Services	Consumer Disc.	Real Estate	Consumer Staples	S&P 500	Industrials	Info. Technology	Financials	Energy	Materials
Today	12.8%	6.8%	6.5%	5.1%	3.6%	3.2%	2.6%	0.4%	0.3%	-0.7%	-9.3%	-13.1%
30-Sep	12.5%	7.0%	6.7%	5.5%	3.4%	3.2%	2.8%	0.9%	0.3%	-1.6%	-6.8%	-12.4%

Q3 2019: Growth

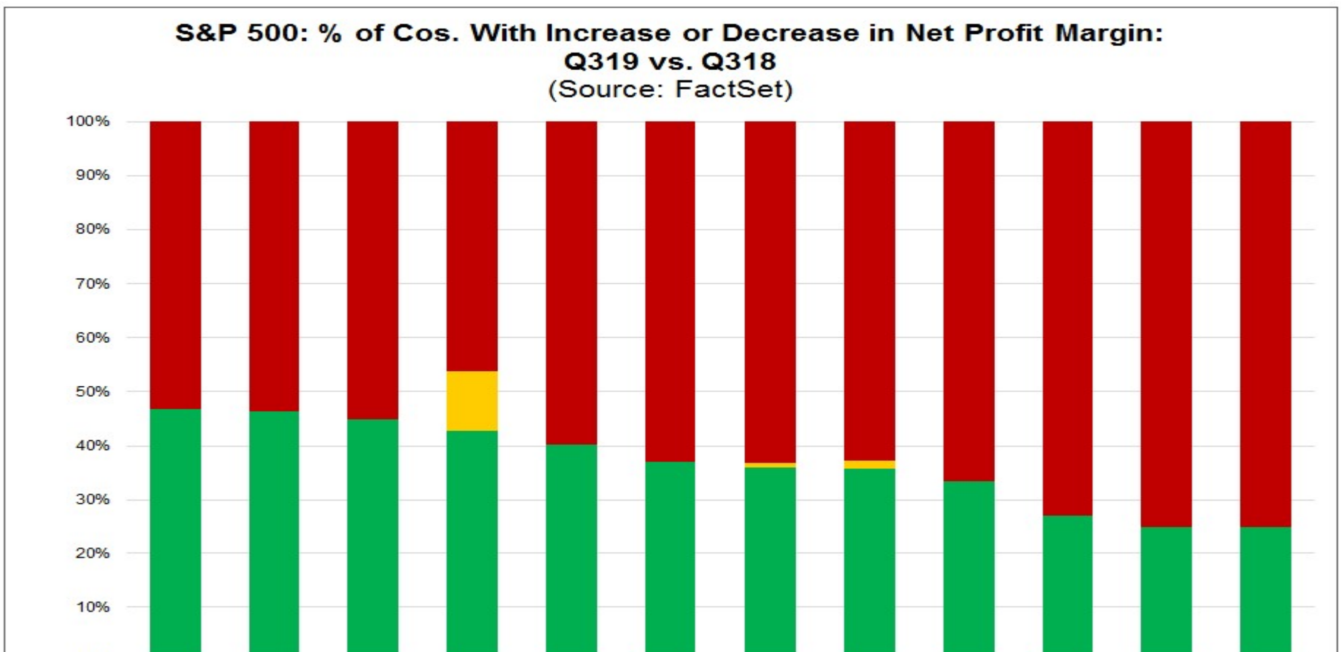




Q3 2019: Net Profit Margin

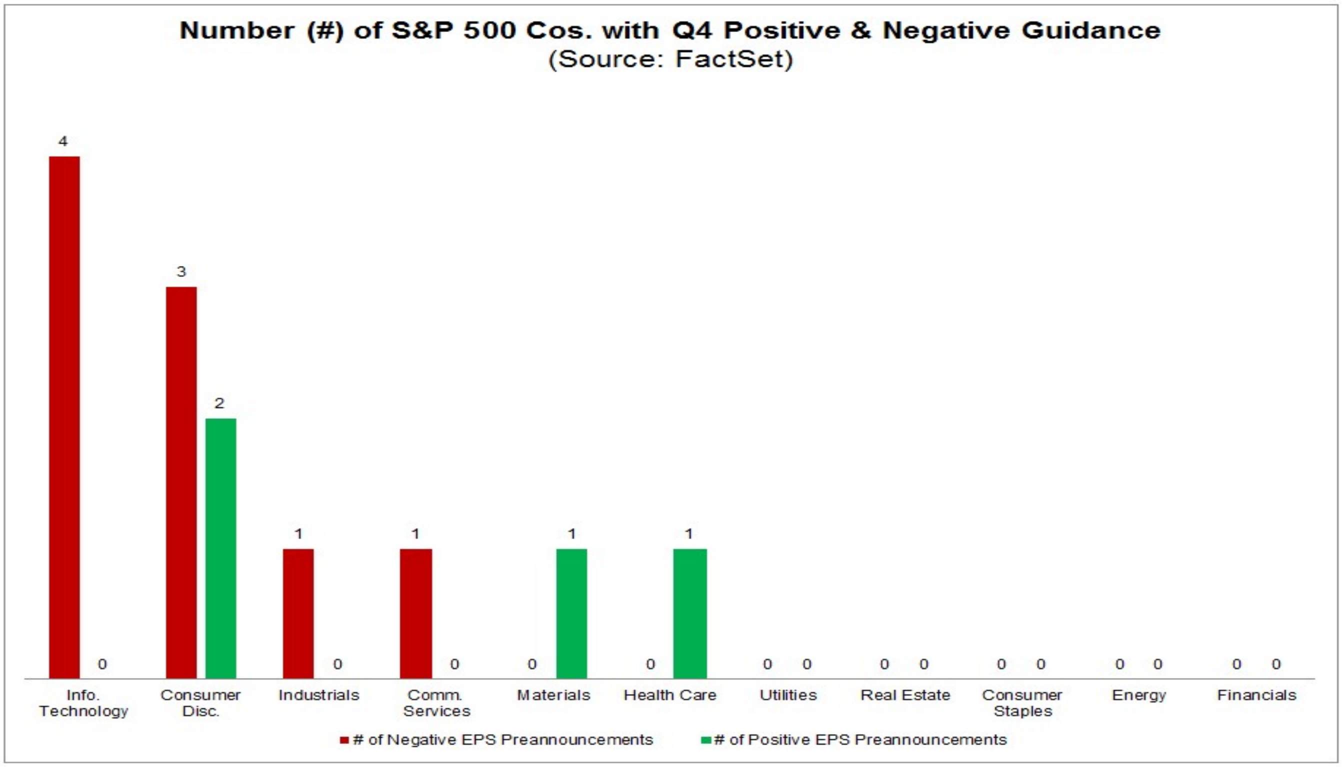


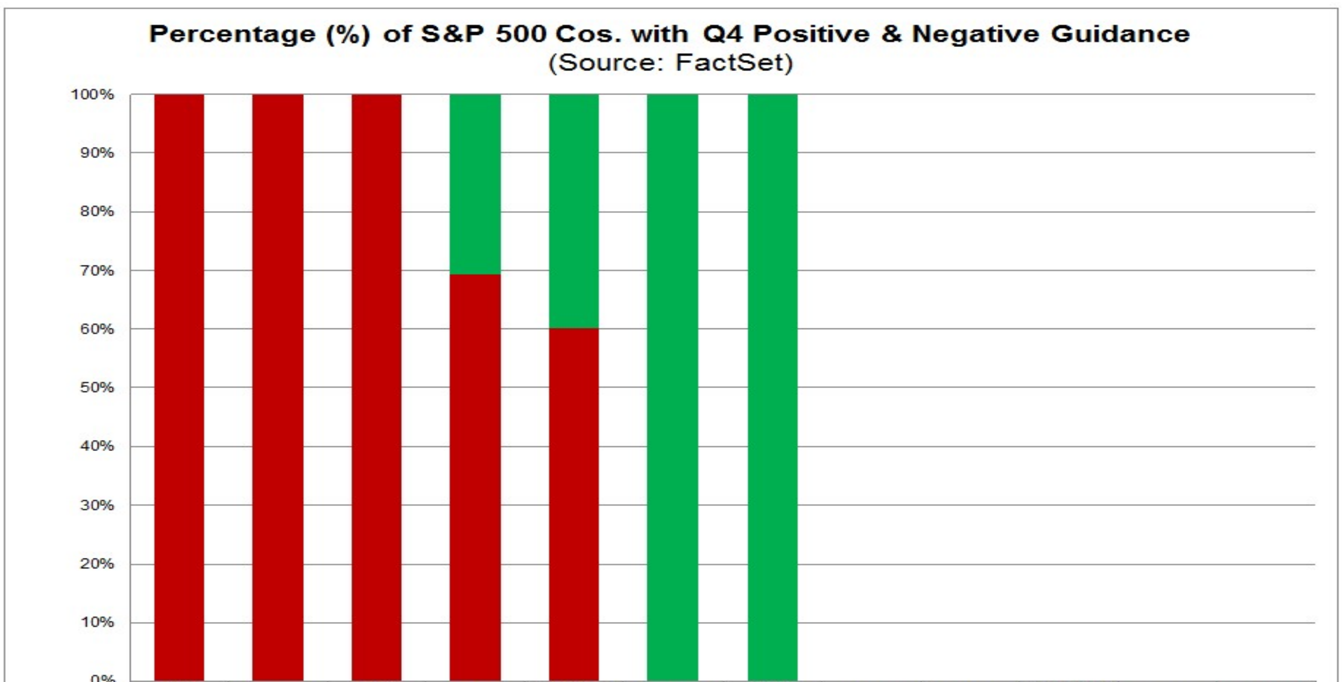
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Materials	Health Care	Industrials	Consumer Disc.	Consumer Staples	Energy
Q319	34.9%	20.6%	16.3%	15.2%	12.0%	11.3%	10.1%	10.1%	10.0%	7.4%	6.6%	5.4%
Q318	34.4%	23.0%	16.7%	15.5%	12.7%	12.1%	9.8%	11.0%	10.1%	8.0%	7.0%	8.1%



	Real Estate	Utilities	Industrials	Materials	Health Care	Comm. Services	S&P 500	Financials	Consumer Staples	Consumer Disc.	Energy	Information Tech.
Down %	53%	54%	55%	46%	60%	63%	63%	63%	67%	73%	75%	75%
None %	0%	0%	0%	11%	0%	0%	1%	1%	0%	0%	0%	0%
Up %	47%	46%	45%	43%	40%	37%	36%	36%	33%	27%	25%	25%

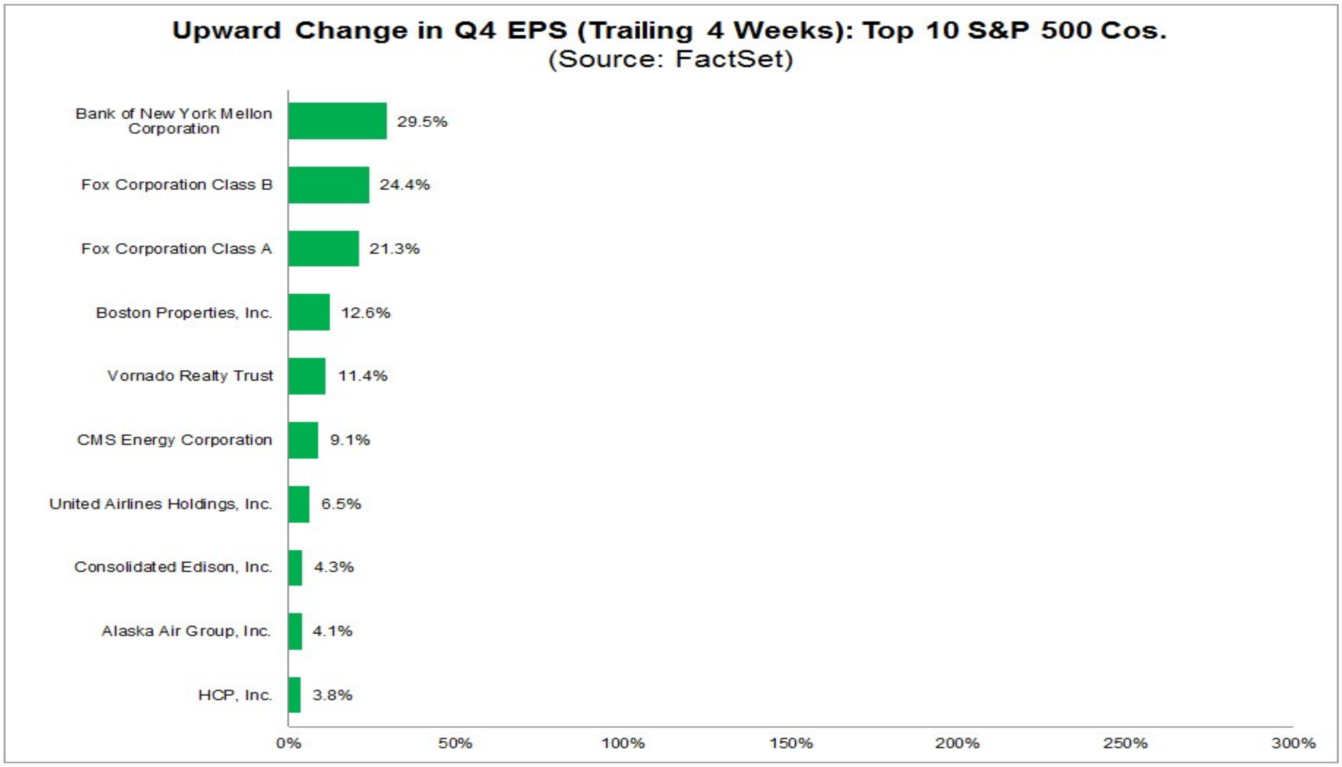
Q4 2019: EPS Guidance

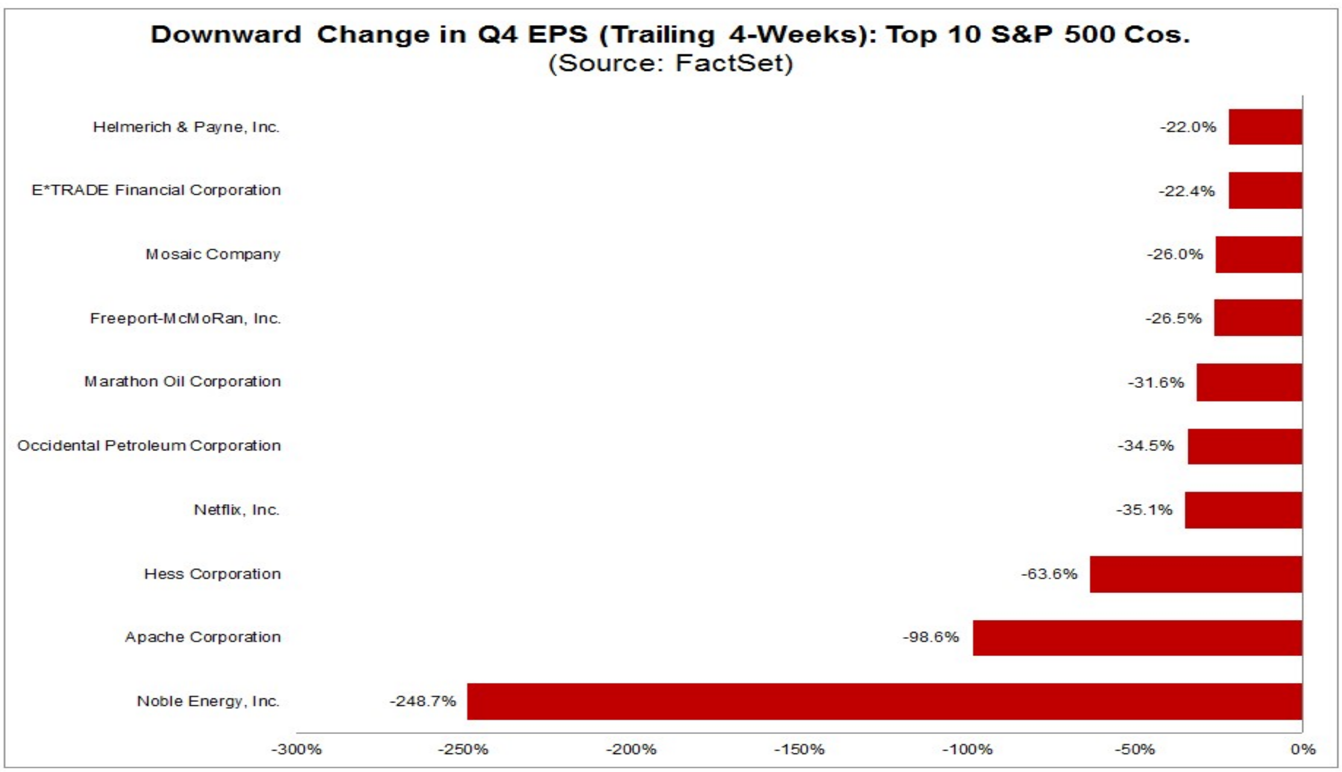




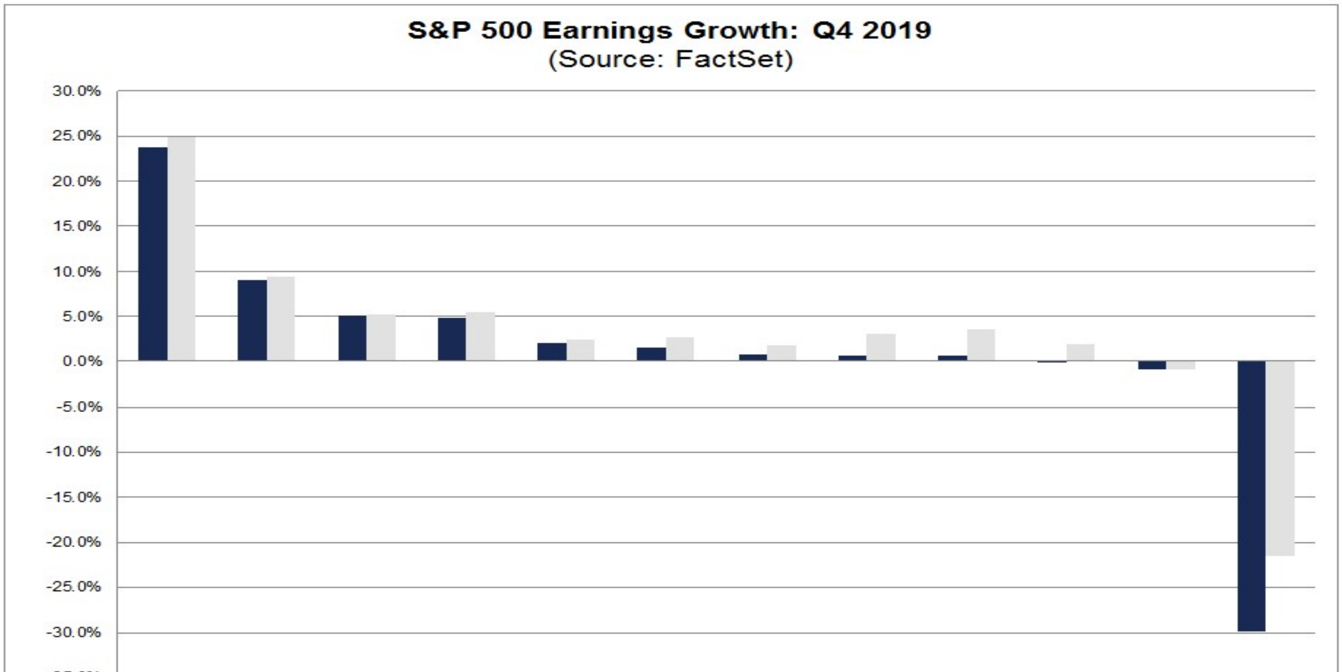
	Info. Technology	Industrials	Comm. Services	S&P 500	Consumer Disc.	Materials	Health Care	Utilities	Real Estate	Consumer Staples	Energy	Financials
Positive	0%	0%	0%	31%	40%	100%	100%	0%	0%	0%	0%	0%
Negative	100%	100%	100%	69%	60%	0%	0%	0%	0%	0%	0%	0%

Q4 2019: EPS Revisions

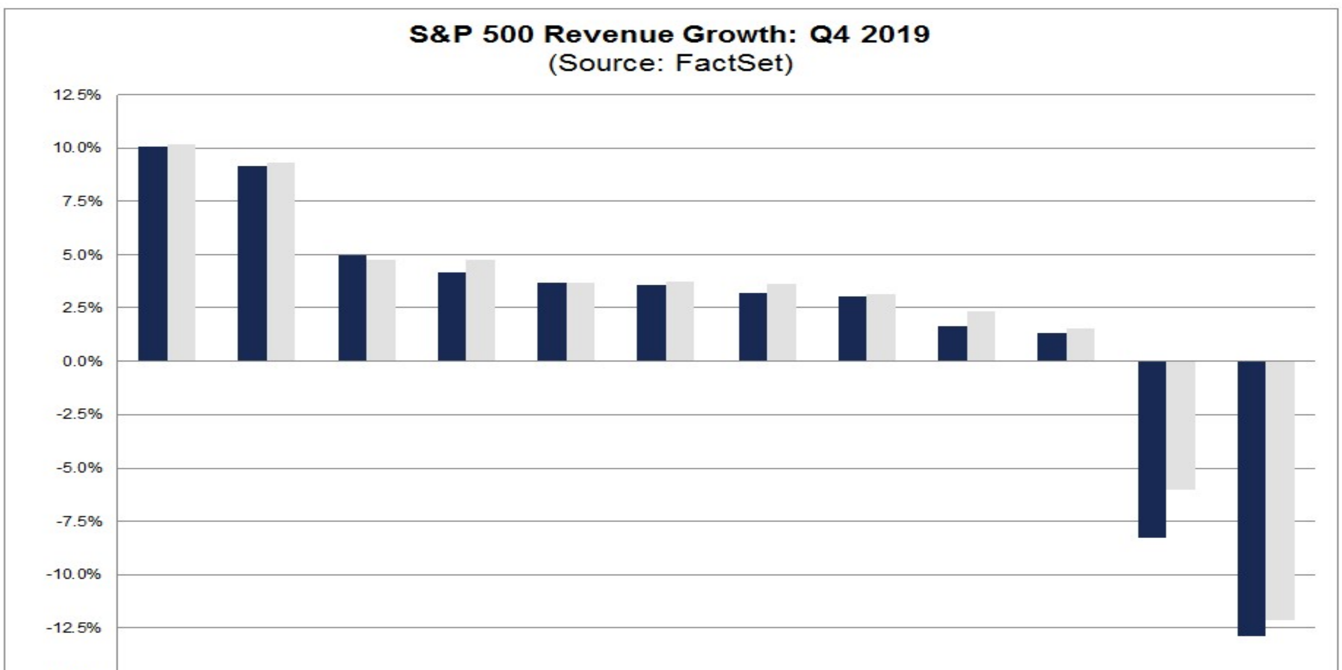




Q4 2019: Growth

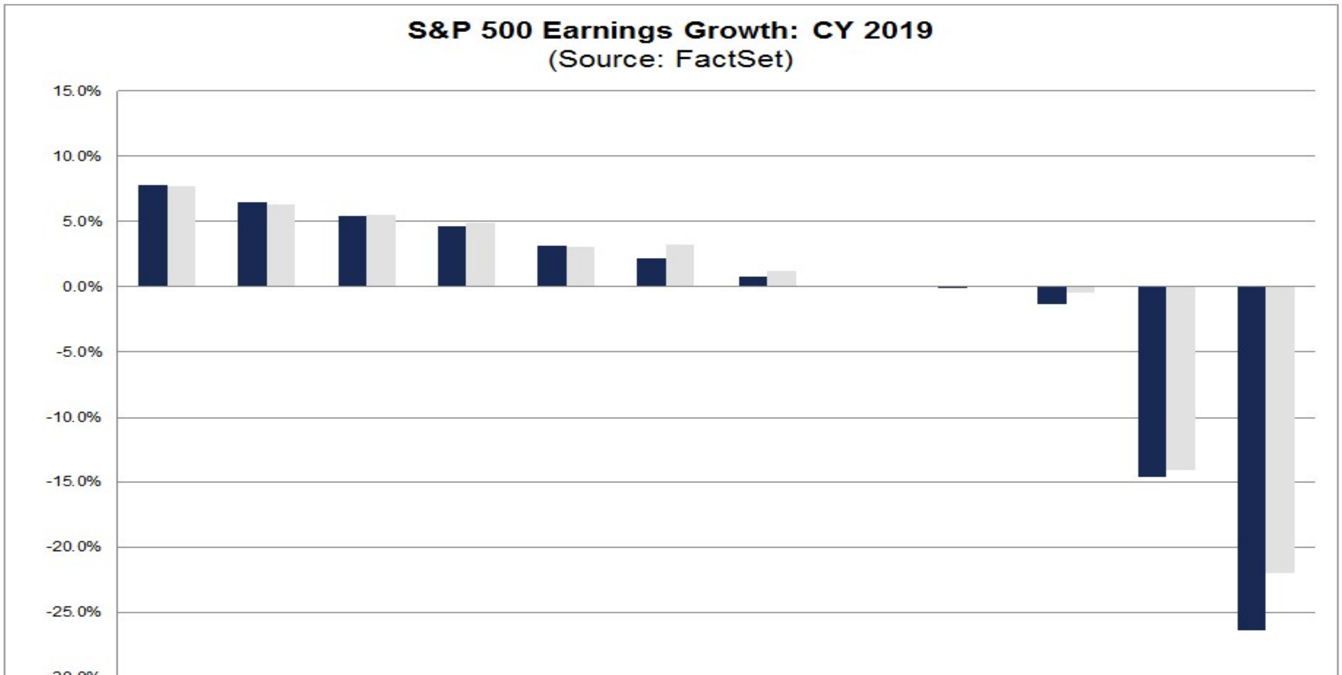


	Utilities	Financials	Health Care	Comm. Services	Real Estate	S&P 500	Consumer Staples	Consumer Disc.	Industrials	Materials	Info. Technology	Energy
Today	23.7%	9.1%	5.0%	4.8%	2.1%	1.5%	0.8%	0.6%	0.6%	0.0%	-0.9%	-29.8%
30-Sep	24.9%	9.4%	5.2%	5.4%	2.4%	2.7%	1.8%	3.0%	3.5%	1.9%	-0.9%	-21.5%

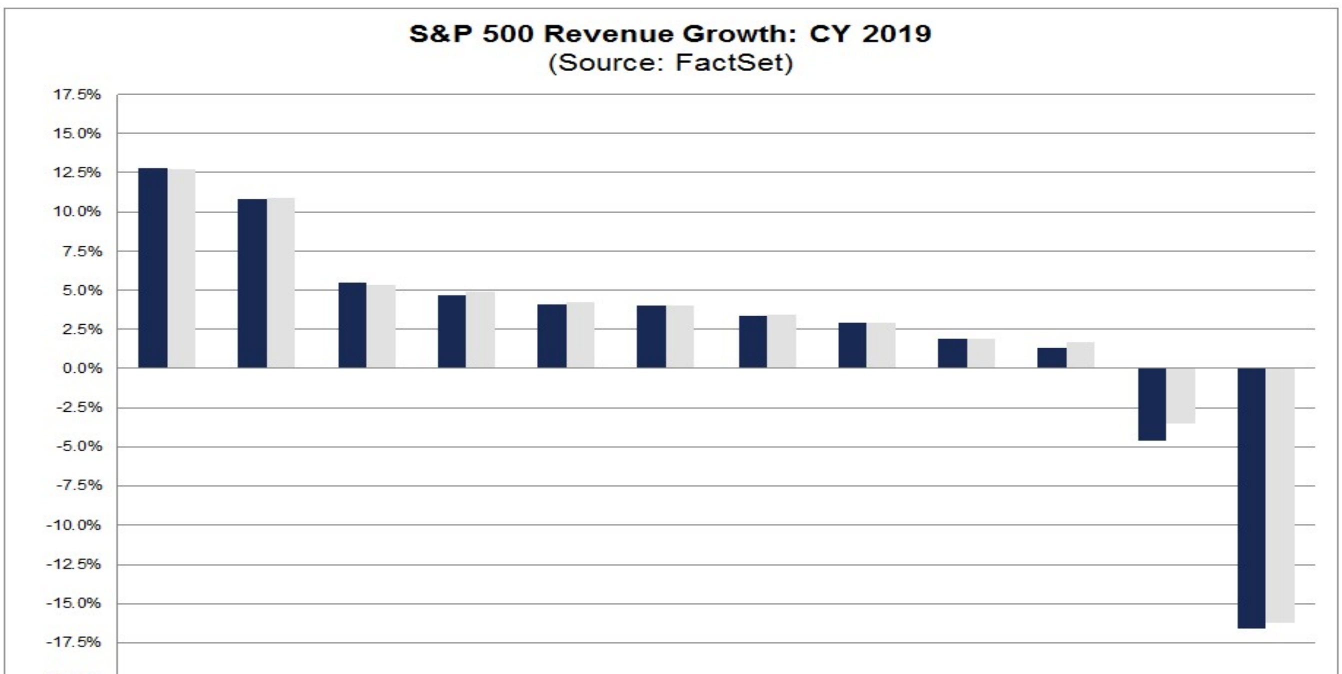


	Health Care	Comm. Services	Utilities	Consumer Disc.	Info. Technology	Consumer Staples	S&P 500	Real Estate	Industrials	Financials	Energy	Materials
Today	10.1%	9.2%	4.9%	4.2%	3.6%	3.6%	3.2%	3.0%	1.7%	1.3%	-8.2%	-12.9%
30-Sep	10.2%	9.3%	4.7%	4.7%	3.7%	3.7%	3.6%	3.1%	2.3%	1.5%	-6.0%	-12.1%

CY 2019: Growth

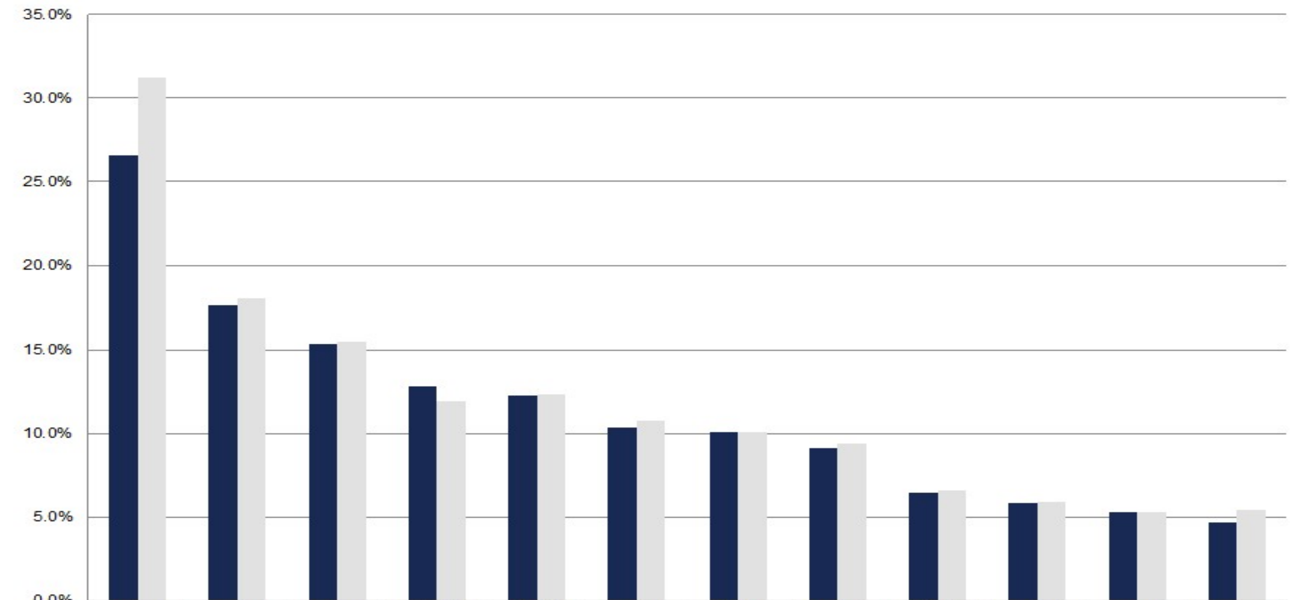


	Utilities	Health Care	Comm. Services	Financials	Real Estate	Consumer Disc.	S&P 500	Info. Technology	Consumer Staples	Industrials	Materials	Energy
Today	7.7%	6.4%	5.4%	4.6%	3.1%	2.1%	0.7%	-0.1%	-0.1%	-1.4%	-14.6%	-26.4%
30-Sep	7.7%	6.3%	5.5%	4.9%	3.0%	3.2%	1.2%	-0.1%	0.0%	-0.5%	-14.0%	-21.9%

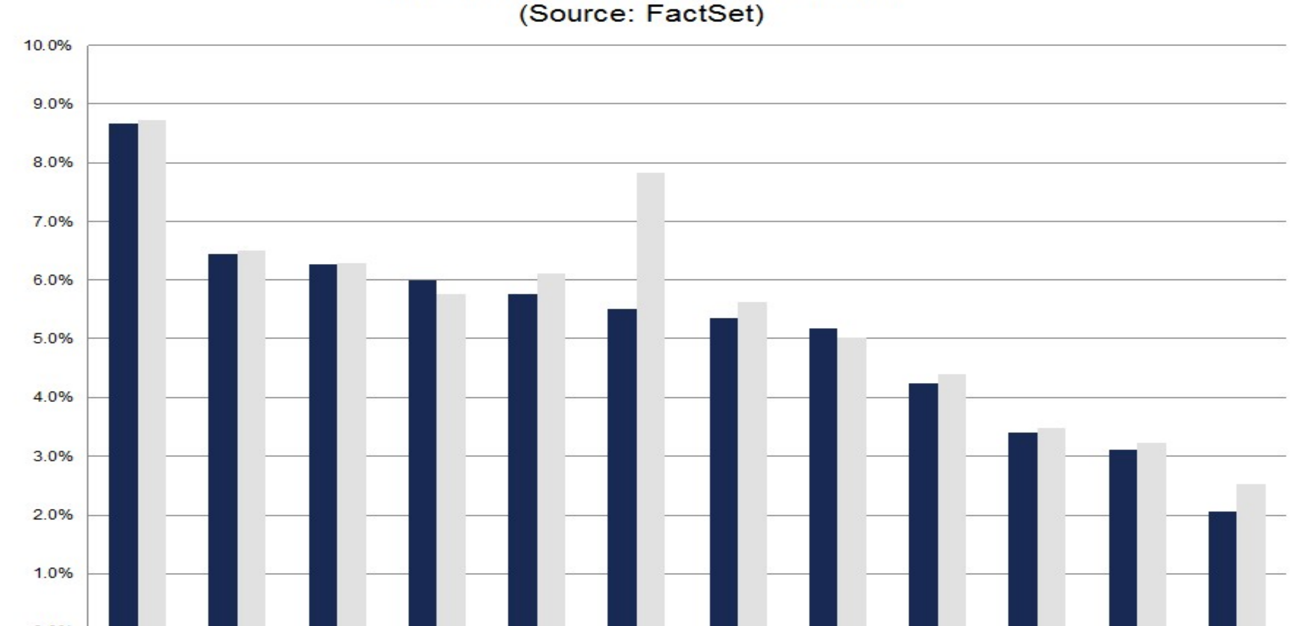


	Health Care	Comm. Services	Financials	Consumer Disc.	S&P 500	Real Estate	Utilities	Consumer Staples	Info. Technology	Industrials	Energy	Materials
Today	12.8%	10.8%	5.5%	4.6%	4.0%	4.0%	3.4%	2.9%	1.9%	1.3%	-4.6%	-16.6%
30-Sep	12.7%	10.9%	5.3%	4.9%	4.2%	4.0%	3.4%	2.9%	1.9%	1.6%	-3.5%	-16.2%

CY 2020: Growth

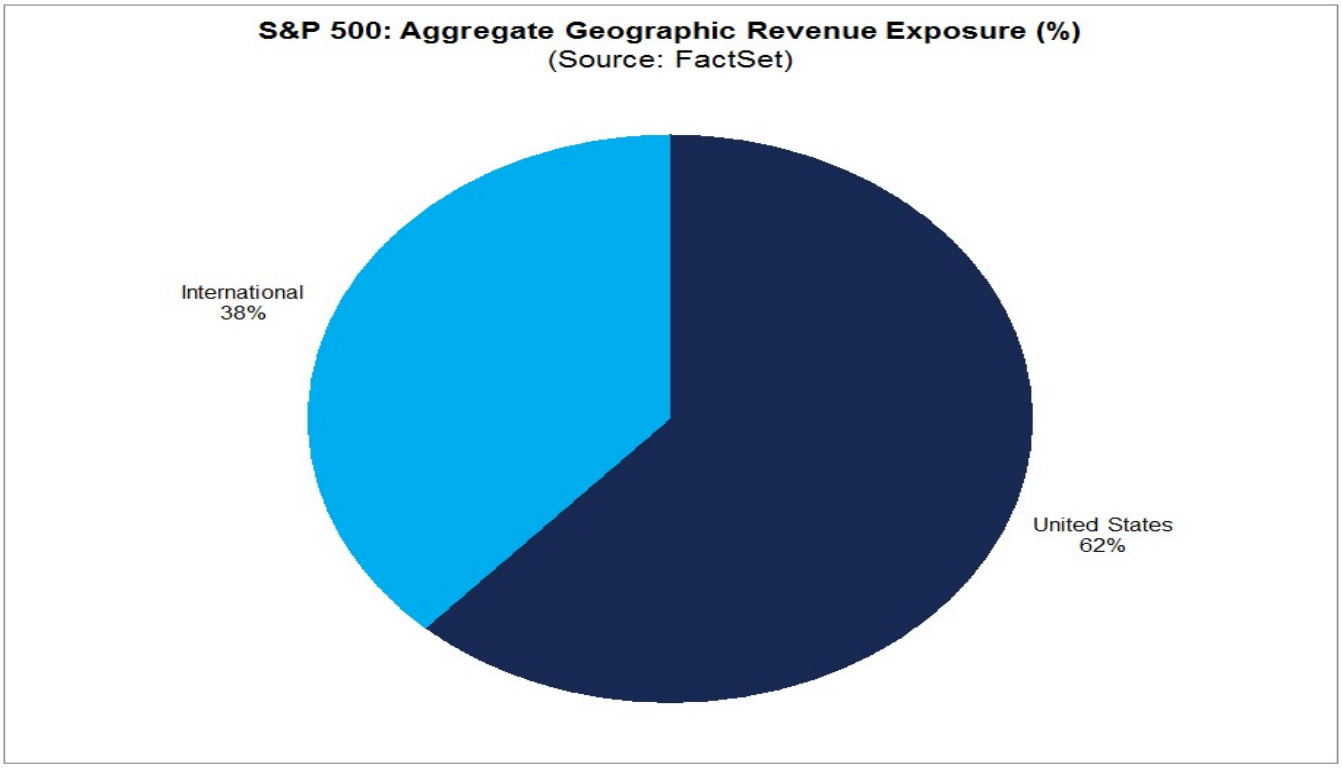


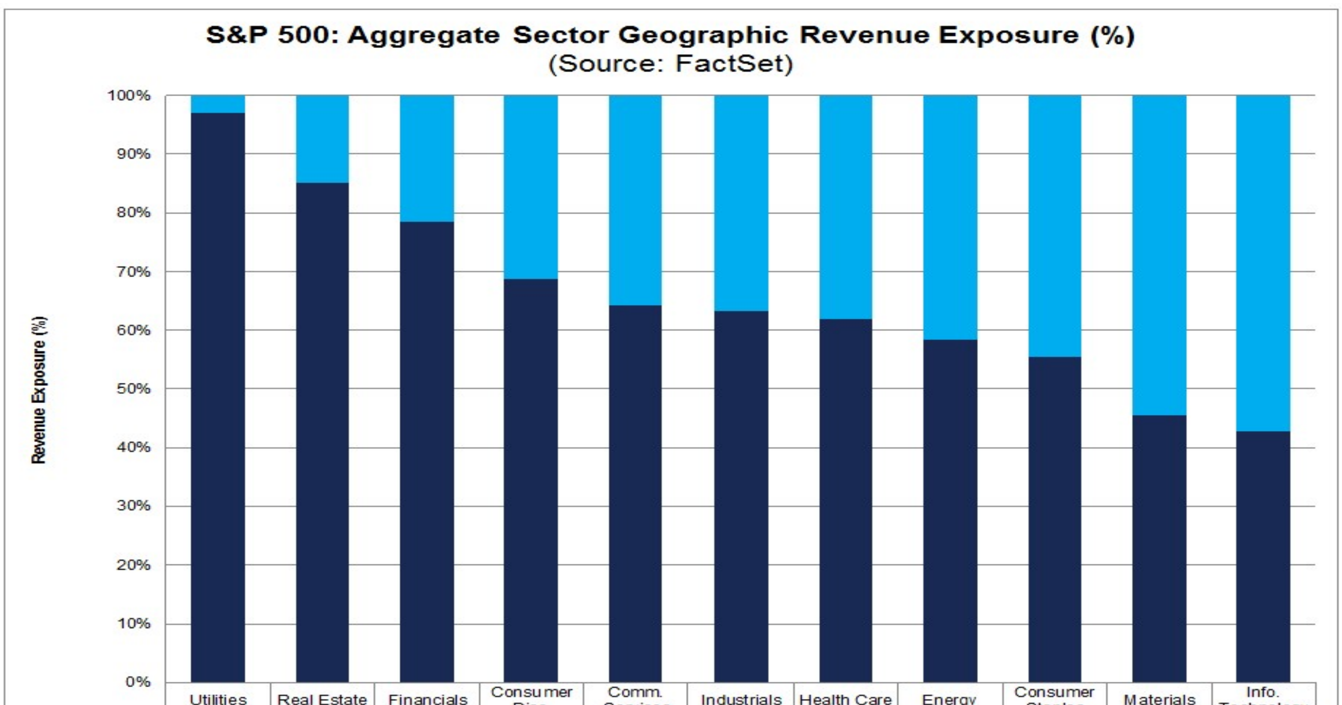
	Energy	Industrials	Materials	Consumer Disc.	Comm. Services	S&P 500	Info. Technology	Health Care	Consumer Staples	Real Estate	Utilities	Financials
Today	26.6%	17.6%	15.4%	12.8%	12.2%	10.4%	10.1%	9.1%	6.4%	5.9%	5.3%	4.7%
30-Sep	31.2%	18.0%	15.5%	11.9%	12.4%	10.8%	10.1%	9.4%	6.6%	5.9%	5.3%	5.4%



	Comm. Services	Info. Technology	Health Care	Consumer Disc.	Industrials	Energy	S&P 500	Real Estate	Materials	Consumer Staples	Utilities	Financials
Today	8.7%	6.4%	6.3%	6.0%	5.8%	5.5%	5.3%	5.2%	4.2%	3.4%	3.1%	2.1%
30-Sep	8.7%	6.5%	6.3%	5.8%	6.1%	7.8%	5.6%	5.0%	4.4%	3.5%	3.2%	2.5%

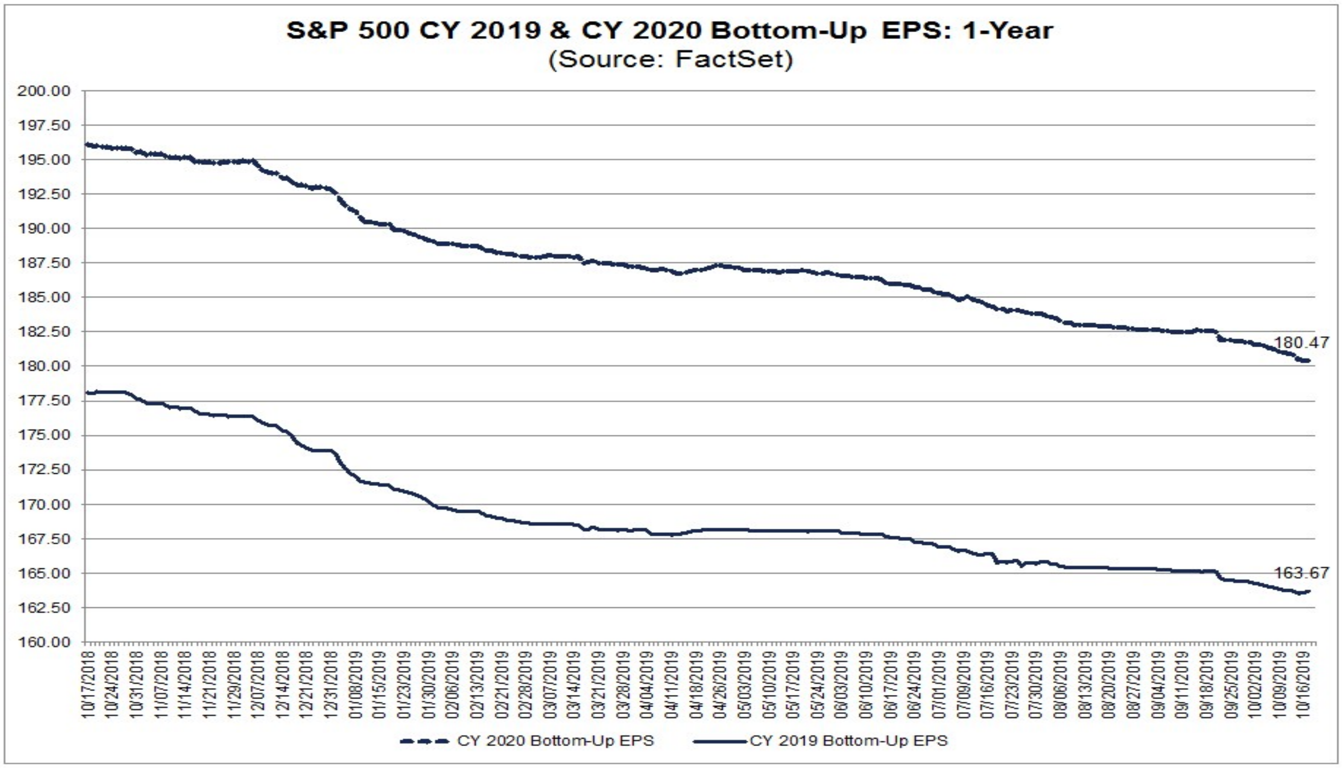
Geographic Revenue Exposure

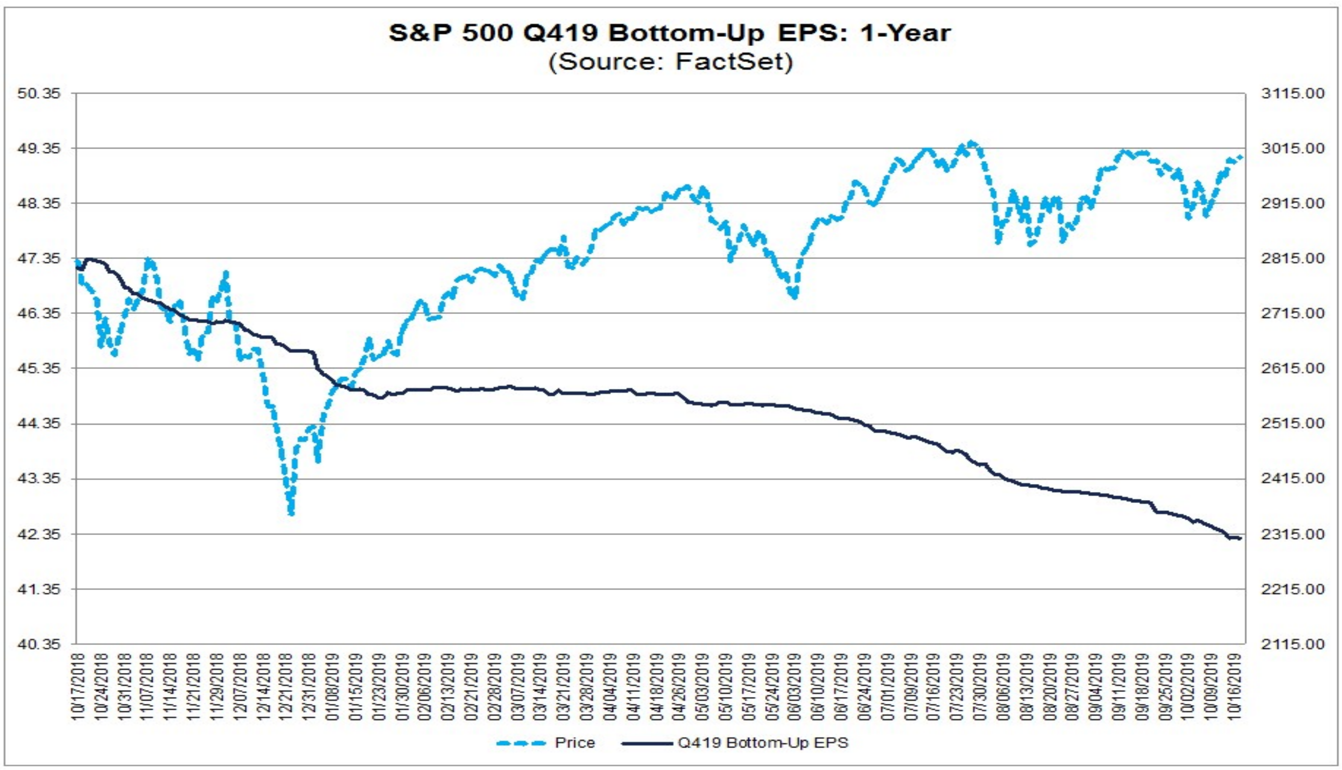




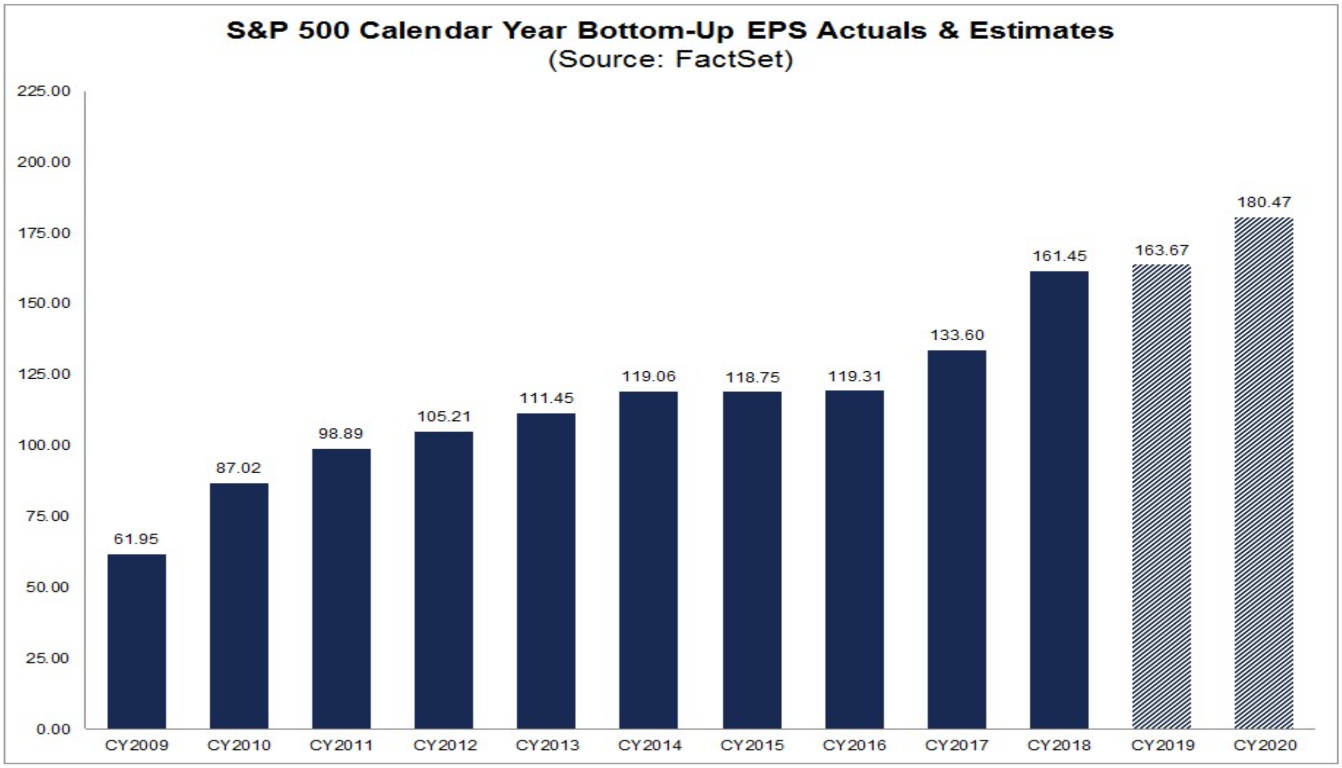
	Utilities	Real Estate	Financials	Consumer Disc.	Comm. Services	Industrials	Health Care	Energy	Consumer Staples	Materials	Info. Technology
International	3%	15%	22%	31%	36%	37%	38%	42%	45%	54%	57%
United States	97%	85%	78%	69%	64%	63%	62%	58%	55%	46%	43%

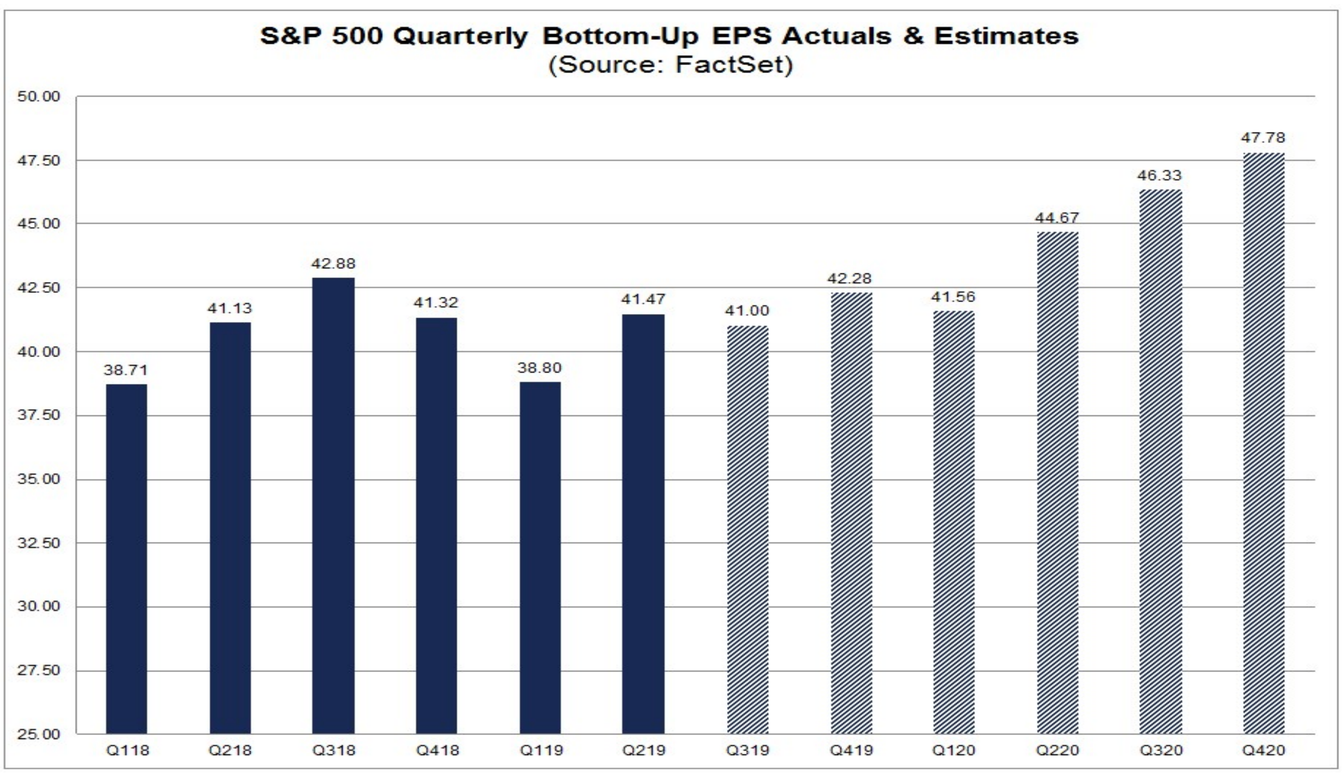
Bottom-up EPS Estimates: Revisions



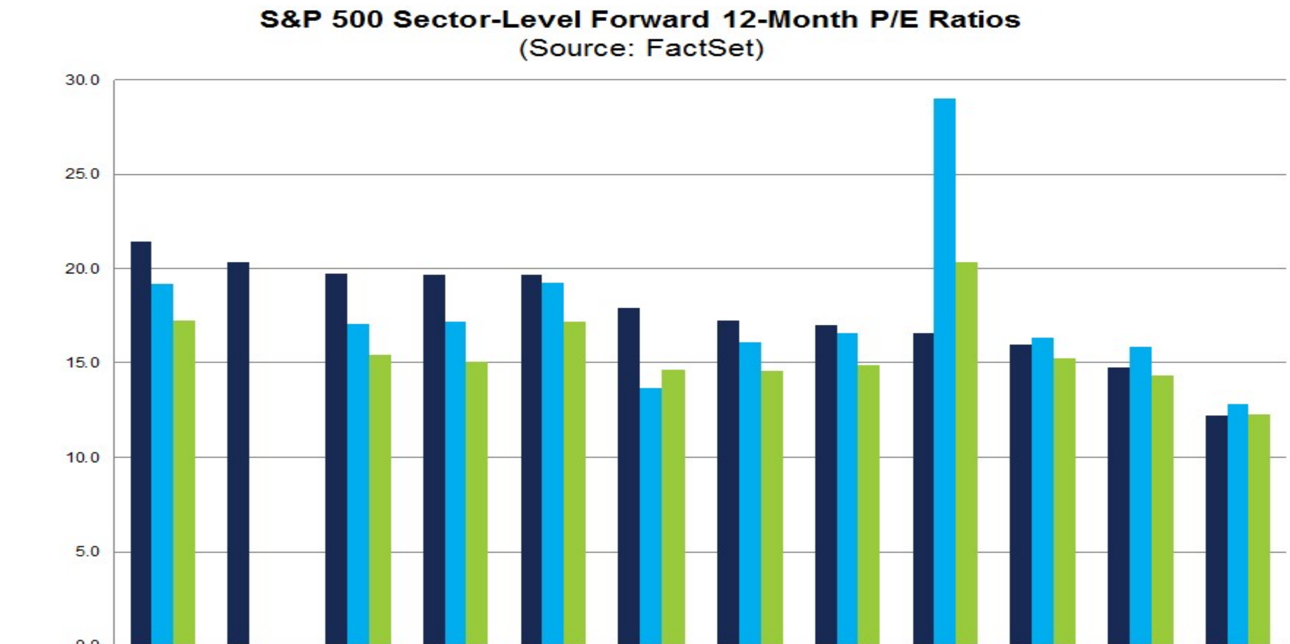


Bottom-up EPS Estimates: Current & Historical

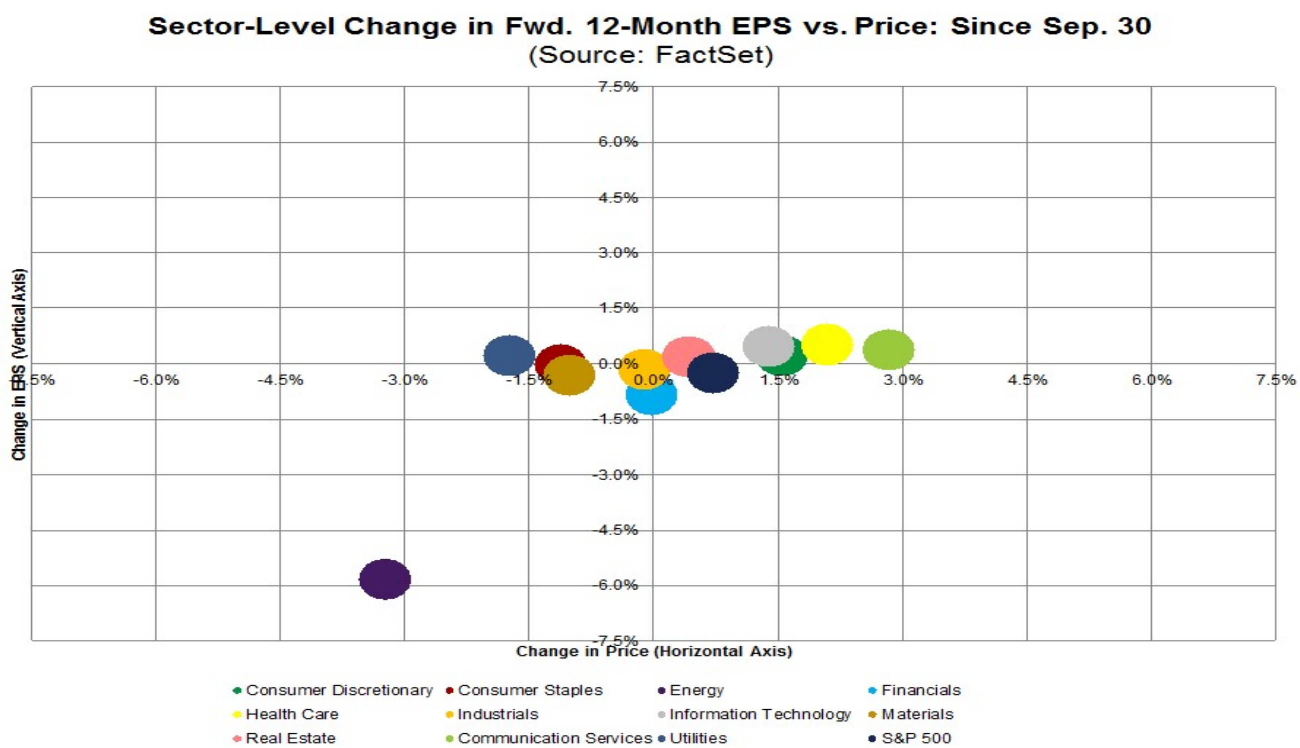




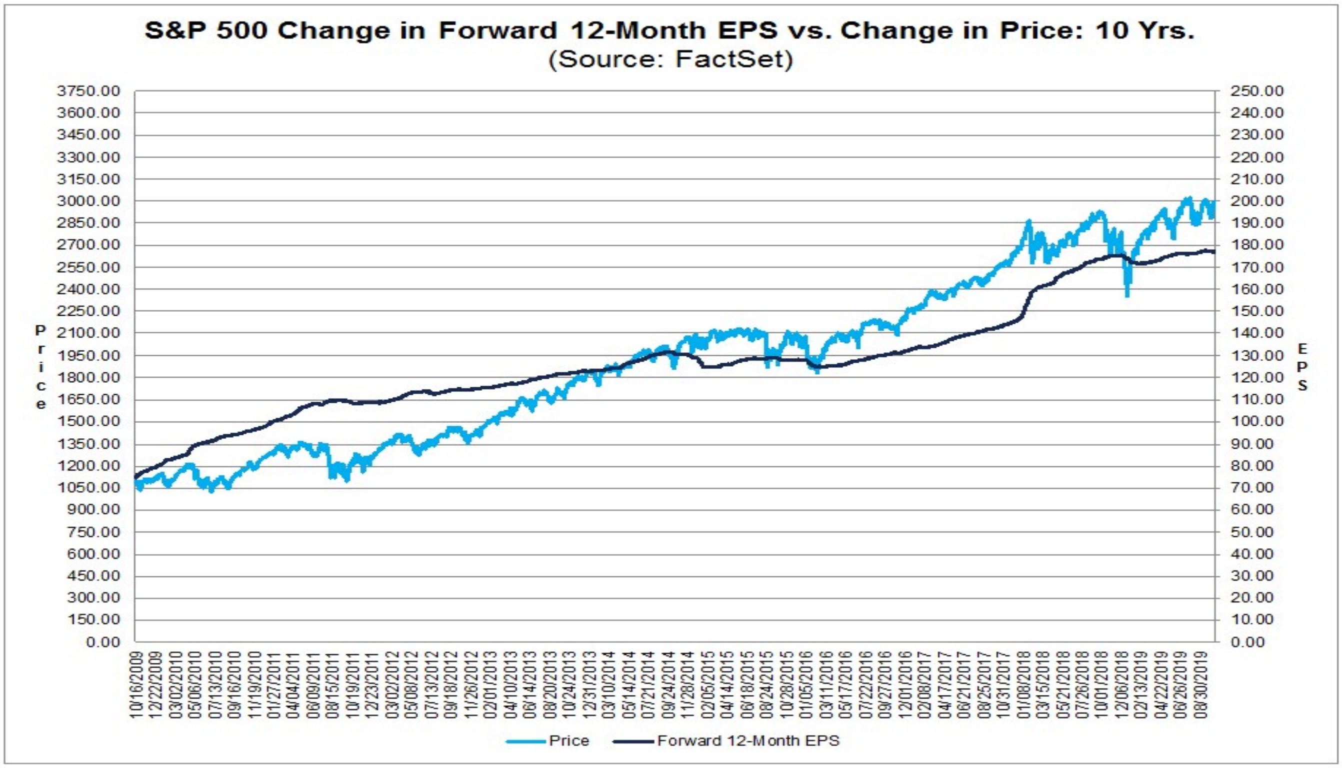
Forward 12M P/E Ratio: Sector Level

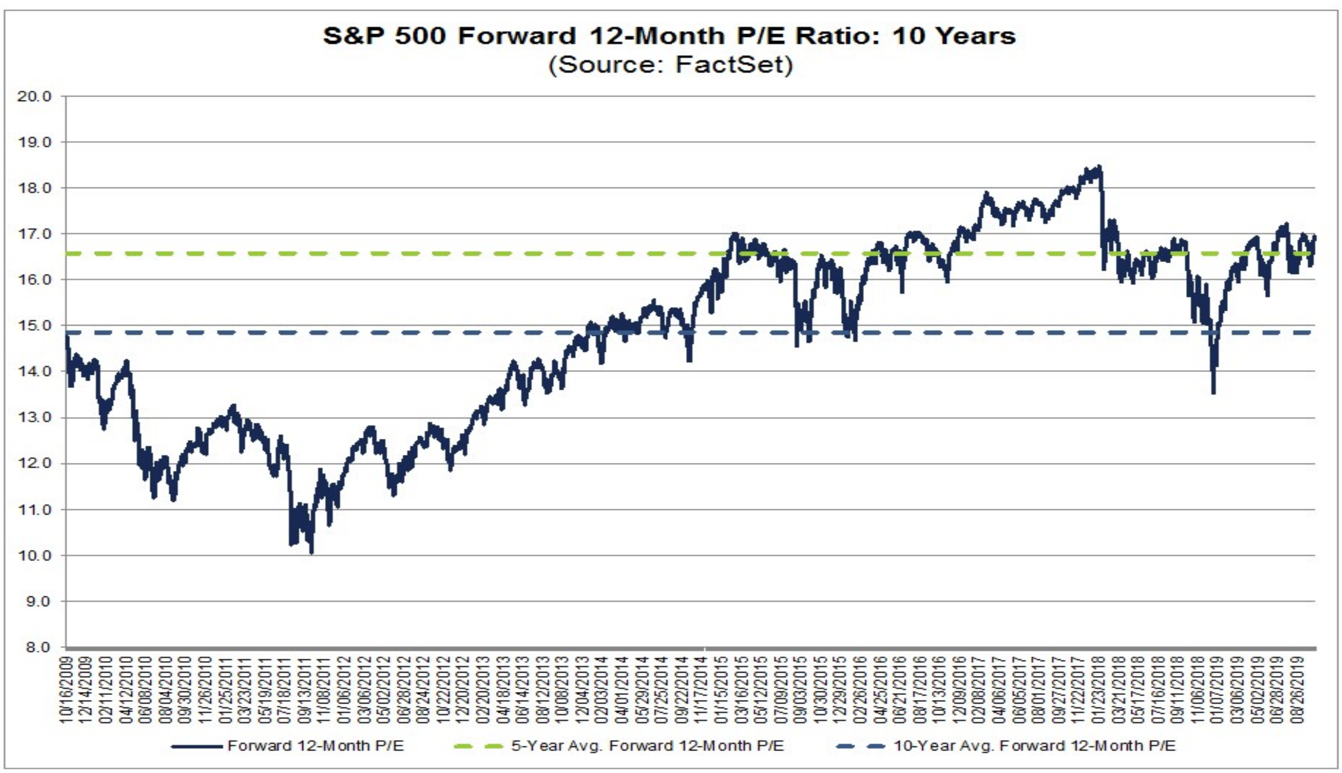


	Consumer Disc.	Real Estate	Utilities	Info. Technology	Consumer Staples	Comm. Services	Materials	S&P 500	Energy	Industrials	Health Care	Financials
Fwd P/E	21.4	20.3	19.7	19.7	19.7	17.9	17.2	17.0	16.5	16.0	14.7	12.2
5-Yr Avg.	19.2		17.1	17.2	19.2	13.7	16.0	16.6	29.0	16.3	15.8	12.9
10-Yr Avg.	17.2		15.4	15.0	17.2	14.6	14.6	14.9	20.3	15.2	14.3	12.3

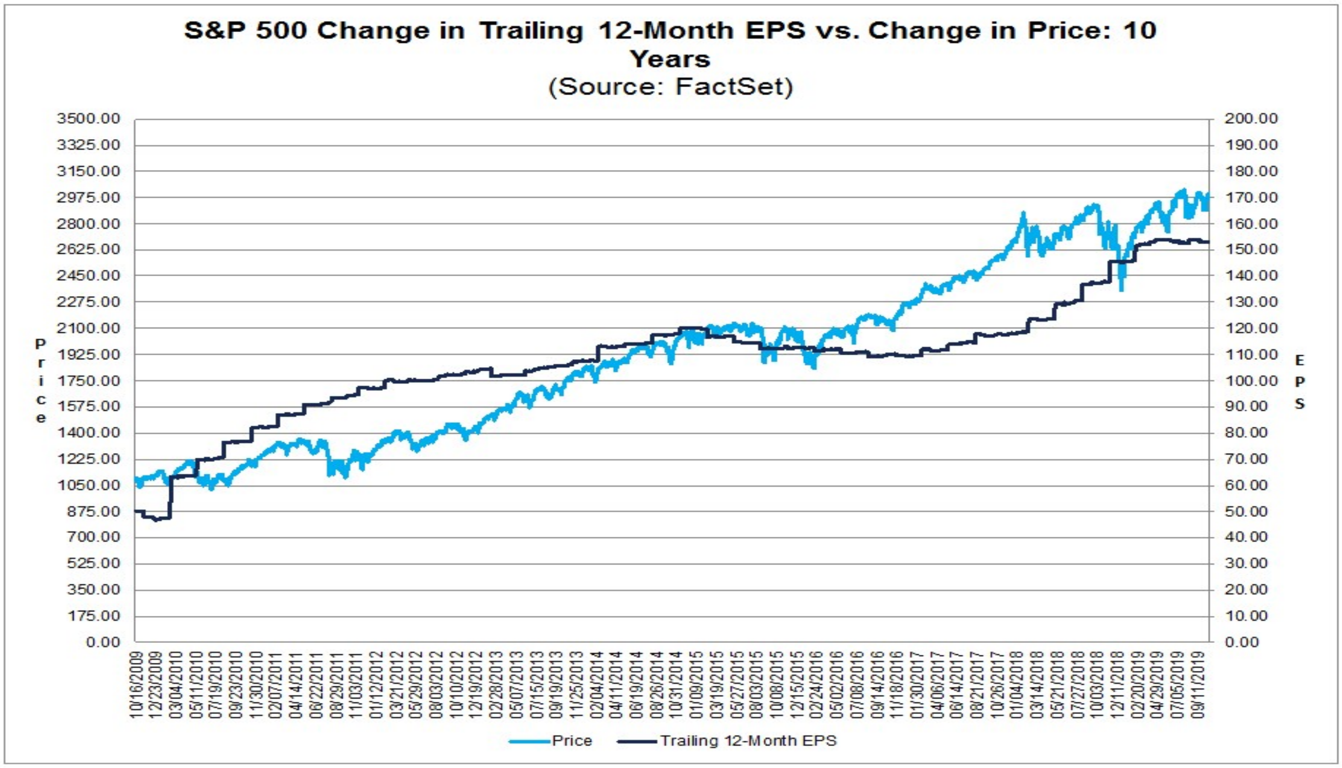


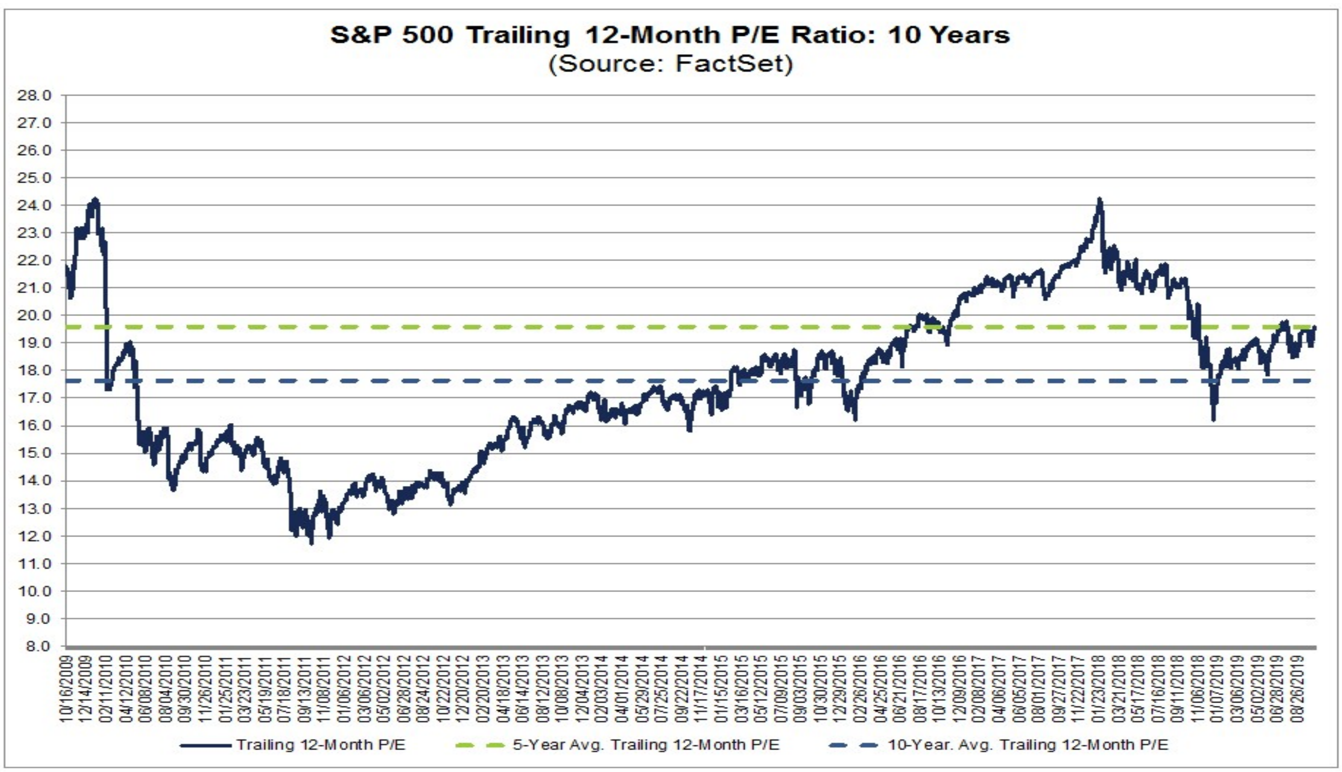
Forward 12M P/E Ratio: 10-Years





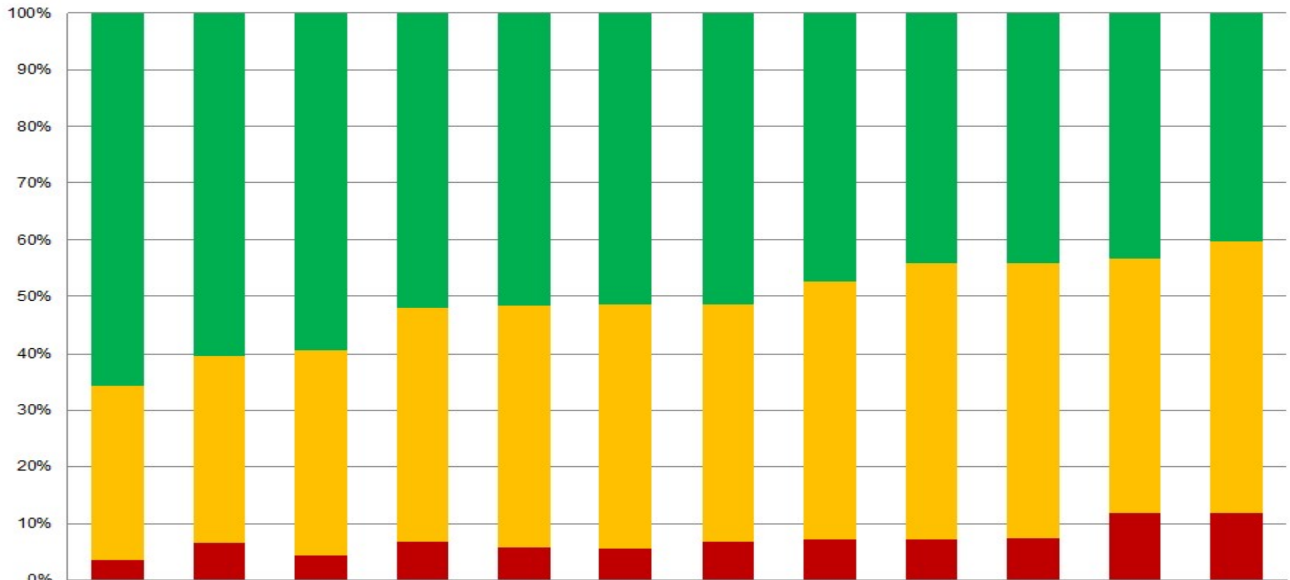
Trailing 12M P/E Ratio: 10-Years





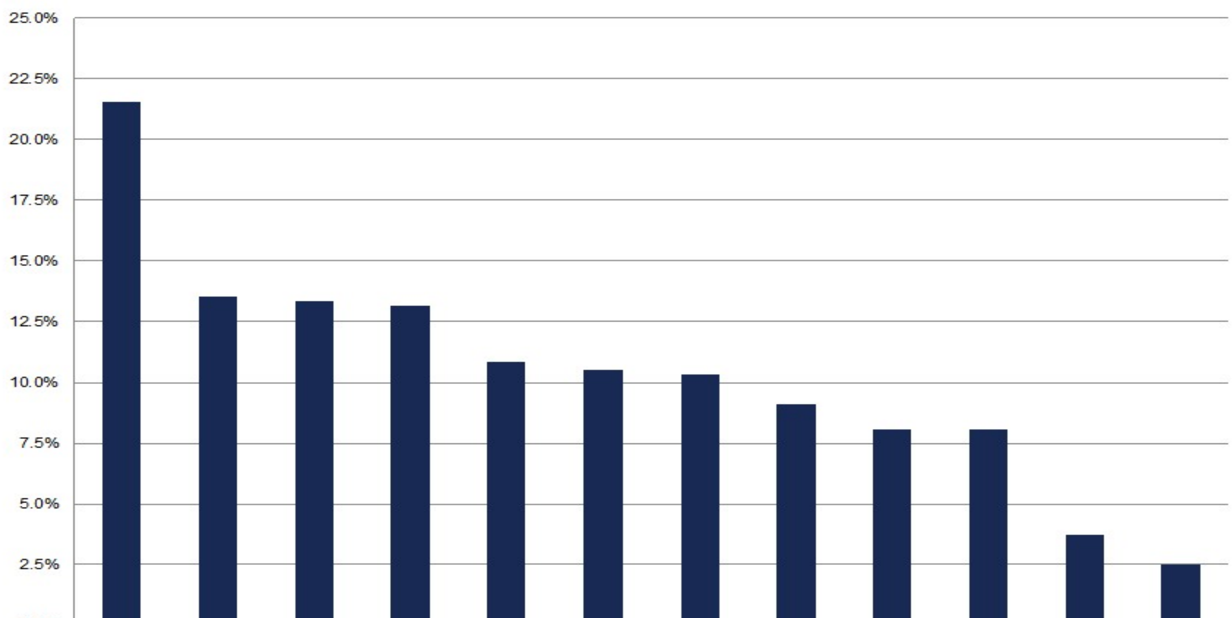
Targets & Ratings

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



	Energy	Comm. Services	Health Care	Info. Tech.	Materials	Consumer Disc.	S&P 500	Industrials	Real Estate	Financials	Utilities	Consumer Staples
Buy	66%	61%	59%	52%	52%	52%	51%	47%	44%	44%	43%	40%
Hold	31%	33%	36%	41%	43%	43%	42%	45%	48%	48%	45%	48%
Sell	3%	7%	4%	7%	6%	6%	7%	7%	7%	7%	12%	12%

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



	Energy	Comm. Services	Health Care	Consumer Disc.	S&P 500	Info. Tech.	Materials	Industrials	Consumer Staples	Financials	Utilities	Real Estate
Target/Close	21.5%	13.5%	13.3%	13.1%	10.8%	10.6%	10.4%	9.1%	8.1%	8.1%	3.7%	2.5%

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