Earnings Insight

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Key Metrics

- **Earnings Scorecard**: For Q3 2020 (with 27% of the companies in the S&P 500 reporting actual results), 84% of S&P 500 companies have reported a positive EPS surprise and 81% have reported a positive revenue surprise. If 84% is the final percentage, it will tie the mark for the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008.

- **Earnings Growth**: For Q3 2020, the blended earnings decline for the S&P 500 is -16.5%. If -16.5% is the actual decline for the quarter, it will mark the second largest year-over-year decline in earnings reported by the index since Q2 2009 (-26.9%).

- **Earnings Revisions**: On September 30, the estimated earnings decline for Q3 2020 was -21.0%. Ten sectors have smaller earnings declines or higher earnings growth rates today (compared to September 30) due to positive EPS surprises.

- **Earnings Guidance**: For Q4 2020, 5 S&P 500 companies have issued negative EPS guidance and 19 S&P 500 companies have issued positive EPS guidance.

- **Valuation**: The forward 12-month P/E ratio for the S&P 500 is 21.7. This P/E ratio is above the 5-year average (17.3) and above the 10-year average (15.5).

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**Earnings Insight**

**Topic of the Week:**

*Which S&P 500 Industries Are Reporting the Largest Year-Over-Year Earnings Declines in Q3?*

For the third quarter, the S&P 500 is reporting a blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) year-over-year decline in earnings of -16.5%. At the sector level, nine of the eleven sectors in the index are reporting a year-over-year decline in earnings, led by the Energy sector (-123.6%). Diving deeper to the industry level, how many industries in the index are reporting a year-over-year decline in earnings? Which industries are reporting the largest year-over-year percentage declines? Which industries are reporting the largest year-over-year dollar-level declines?

Overall, there are 63 industries in the S&P 500 index. Of these 63 industries, 44 (70%) are reporting (or are projected to report) a year-over-year decline in earnings for the third quarter and 19 (30%) are reporting (or are projected to report) year-over-year growth in earnings for the third quarter.

Of the 44 industries reporting (or projected to report) a year-over-year decline in earnings for the third quarter, the Airlines (-313%), Hotels, Restaurants, & Leisure (-133%), and Oil, Gas, & Consumable Fuels (-129%) industries are reporting the largest percentage year-over-year declines.

The Oil, Gas, & Consumable Fuels (-$16.3 billion), Airlines (-$13.3 billion), and Hotels, Restaurants & Leisure (-$9.7 billion) industries are also reporting the largest dollar-level declines in earnings at the industry level in Q3 2020 relative to Q3 2019. Combined, these three industries account for 67% of the net $58.3 billion year-over-year decline in earnings being reported by the entire index for Q3 2020 relative to Q3 2019.

It is interesting to note that all three of these industries are projected to report significant year-over-year improvements in dollar-level earnings in 2021 relative to 2020. Because of expected losses in 2020 for all three industries, year-over-year growth rates for 2021 can’t be calculated on a percentage basis. On a dollar-level basis, the Oil, Gas, & Consumable Fuels industry is projected to report a $26.9 billion year-over-year increase in earnings in 2021 relative to 2020. The Airlines industry is projected to report a $26.1 billion year-over-year increase in earnings in 2021 relative to 2020 (though the industry is still projected to report an overall loss in 2021). The Hotels, Restaurants, & Leisure industry is projected to report a $16.3 billion year-over-year increase in earnings in 2021 relative to 2020.
Q3 Earnings Season: By The Numbers

Overview

At this point in time, the percentage of S&P 500 companies beating EPS estimates for the third quarter and the magnitude of the earnings beats are at or near record levels. As a result, the index is reporting higher earnings for the third quarter today relative to the end of last week and relative to the end of the quarter. Despite the increase in earnings, the index is still reporting the second largest year-over-year decline in earnings since Q2 2009, mainly due to the negative impact of COVID-19 on numerous industries within the index. However, the S&P 500 is projected to report year-over-year earnings growth starting in Q1 2021.

Overall, 27% of the companies in the S&P 500 have reported actual results for Q3 2020 to date. Of these companies, 84% have reported actual EPS above estimates, which is well above the 5-year average of 73%. If 84% is the final percentage for the quarter, it will mark a tie with the previous quarter for the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. In aggregate, these companies are reporting earnings that are 17.2% above the estimates, which is also well above the 5-year average of 5.6%. If 17.2% is the final percentage for the quarter, it will mark the second largest earnings surprise percentage reported by the index since FactSet began tracking this metric in 2008, trailing only the 23.1% earnings surprise percentage recorded in the previous quarter.

Due to the number and magnitude of these positive EPS surprises, 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 smaller now relative to the end of last week and relative to the end of the third quarter. As of today, the S&P 500 is reporting a year-over-year decline in earnings of -16.5%, compared to a year-over-year decline in earnings of -18.3% last week and a year-over-year decline in earnings of -21.0% at the end of the third quarter. Positive earnings surprises reported by companies in multiples sectors (led by the Financials, Health Care, and Consumer Staples sectors) were responsible for the decrease in the overall earnings decline during the past week.

If -16.5% is the actual decline for the quarter, it will mark the second largest year-over-year decline in earnings reported by the index since Q2 2009 (-26.9%), trailing only the previous quarter. It will also mark the sixth time in the past seven quarters in which the index has reported a year-over-year decline in earnings. Two sectors are reporting year-over-year earnings growth, led by the Health Care sector. The other nine sectors are reporting a year-over-year decline in earnings, led by the Energy, Industrials, and Consumer Discretionary sectors.

In terms of revenues, 81% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 61%. If 81% is the final percentage for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. The current record is 78%, which occurred in Q4 2017. In aggregate, companies are reporting revenues that are 3.1% above the estimates, which is also above the 5-year average of 0.7%. If 3.1% is the final percentage for the quarter, it will mark the largest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008. The current record is 2.2%, which occurred in Q4 2012.

Due to the number and magnitude of these revenue surprises, the blended revenue decline for the third quarter is smaller now relative to the end of last week and relative to the end of the third quarter. As of today, the S&P 500 is reporting a year-over-year decline in revenues of -2.9%, compared to a year-over-year decline in revenues of -3.3% last week and a year-over-year decline in earnings of -3.6% at the end of the third quarter. Positive revenue surprises reported by companies in multiple sectors were responsible for the small decrease in the overall revenue decline during the past week.

If -2.9% is the actual decline for the quarter, it will mark the first time the index has reported two consecutive quarters of year-over-year revenue declines since Q1 2016 and Q2 2016. Five sectors are reporting year-over-year growth in revenues, led by the Health Care sector. Six sectors are reporting a year-over-year decline in revenues, led by the Energy and Industrials sectors.

Looking at future quarters, analysts predict a (year-over-year) decline in earnings in the fourth quarter (-11.6%) of 2020. However, they are also project a return to earnings growth starting in Q1 2021 (14.3%).
The forward 12-month P/E ratio is 21.7, which is above the 5-year average and above the 10-year average.

During the upcoming week, 183 S&P 500 companies (including ten Dow 30 components) are scheduled to report results for the third quarter.

Scorecard: Companies Reporting Record or Near-Record Performances vs. Estimates

Percentage of Companies Beating EPS Estimates (84%) is at Record-High Level

Overall, 27% 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 13% 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 (73%) average and above the 5-year (73%) average.

If 84% is the final percentage for the quarter, it will mark a tie with the previous quarter for the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008.

At the sector level, the Health Care (100%), Materials (100%), and Real Estate (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Communication Services (50%) and Utilities (50%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+17.2%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 17.2% above expectations. This surprise percentage is above the 1-year (+8.0%) average and above the 5-year (+5.6%) average.

If 17.2% is the final percentage for the quarter, it will mark the second largest earnings surprise percentage reported by the index since FactSet began tracking this metric in 2008, trailing only the 23.1% earnings surprise percentage recorded in the previous quarter.

The Industrials sector (+232.4%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, FedEx ($4.87 vs. $2.70) has reported the largest positive EPS surprise.

The Consumer Discretionary sector (+130.5%) sector is reporting the second largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Darden Restaurants ($0.56 vs. $0.05) and NIKE ($0.95 vs. $0.47) have reported the largest positive EPS surprises.

The Energy sector (+92.6%) sector is reporting the third largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Halliburton ($0.11 vs. $0.08) and Schlumberger ($0.16 vs. $0.13) have reported the largest positive EPS surprise.

Market Punishing Negative Earnings Surprises More Than Average

To date, the market is rewarding positive earnings surprises at average levels but punishing negative earnings surprises more than average.

Companies that have reported positive earnings surprises for Q3 2020 have seen an average price increase of +0.9% two days before the earnings release through two days after the earnings release. This percentage increase is equal to the 5-year average price increase of +0.9% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q3 2020 have seen an average price decrease of -3.4% two days before the earnings release through two days after the earnings. This percentage decrease is 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 (81%) is at Record-High Level

In terms of revenues, 81% of companies have reported actual revenues above estimated revenues and 19% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (61%) and above the 5-year average (61%).
If 81% is the final percentage for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. The current record is 78%, which occurred in Q4 2017.

At the sector level, the Consumer Staples (100%), Health Care (100%), and Materials (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (0%) and Real Estate (33%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+3.1%) is at Record-High Level

In aggregate, companies are reporting revenues that are 3.1% above expectations. This surprise percentage is above the 1-year (+0.9%) average and above the 5-year (+0.7%) average.

If 3.1% is the final percentage for the quarter, it will mark the largest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008. The current record is 2.2%, which occurred in Q4 2012.

At the sector level, the Consumer Discretionary (+7.1%) and Industrials (+4.4%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-9.7%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

Revisions: Decrease in Blended Earnings Decline this Week Due to Surprises in Multiple Sectors

Decrease in Blended Earnings Decline This Week Due to Positive Surprises in Multiple Sectors

The blended (year-over-year) earnings decline for the third quarter is -16.5%, which is smaller than the earnings decline of -18.3% last week. Positive surprises reported by companies in multiple sectors (led by the Financials, Health Care, and Consumer Staples sectors) were responsible for the decrease in the overall earnings decline for the index during the week.

In the Financials sector, the positive EPS surprises reported by Capital One Financial ($5.05 vs. $2.14) and Discover Financial Services ($2.45 vs. $1.55) were substantial contributors to the decrease in the earnings decline for the index during the week. As a result, the blended earnings decline for the Financials sector decreased to -5.5% from -9.2% over this period.

In the Health Care sector, the positive EPS surprises reported by Thermo Fisher Scientific ($5.63 vs. $4.33) and Danaher ($1.72 vs. $1.36) were significant contributors to the decrease in the earnings decline for the index during the week. As a result, the blended earnings growth rate for the Health Care sector increased to 3.8% from 1.6% over this period.

In the Consumer Staples sector, the positive EPS surprises reported by Procter & Gamble ($1.63 vs. $1.42) and Coca-Cola ($0.55 vs. $0.46) were substantial contributors to the decrease in the earnings decline for the index during the week. As a result, the blended earnings growth rate for the Consumer Staples sector improved to 0.9% from -2.7% over this period.

Decrease in Blended Revenue Decline This Week Due to Multiple Sectors

The blended (year-over-year) revenue decline for the third quarter is -2.9%, which is smaller than the revenue decline of -3.3% last week. Positive revenue surprises reported by companies in multiple sectors were responsible for the small decrease in the overall revenue decline during the past week.

Financials Sector Has Seen Largest Increase in Earnings since September 30

The blended (year-over-year) earnings decline for Q3 2020 of -16.5% is smaller than the estimate of -21.0% at the end of the third quarter (September 30). Ten sectors have recorded a decrease in their earnings decline or an increase in earnings growth since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Financials sector (to -5.5% from -22.8%). The Energy sector (to -123.6% from -111.4%) is the only sector that has recorded an increase in its earnings decline during this time.
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Financials Sector Has Seen Largest Increase in Revenues since September 30

The blended (year-over-year) revenue decline for Q3 2020 of -2.9% is smaller than the estimate of -3.6% at the end of the third quarter (September 30). Eight sectors have recorded a decrease in their revenue decline or an increase 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 -4.9%) sector. One sector (Real Estate) has witnessed no change in its revenue decline (-5.5%) since September 30. Two sectors have recorded an increase in their revenue decline or a decrease in revenue growth during this time due to downward revisions to revenue estimates and negative revenue surprises, led by the Energy (to -33.1% from -31.0%) sector.

Earnings Decline: -16.5%

The blended (year-over-year) earnings decline for Q3 2020 is -16.5%, which is below the 5-year average earnings growth rate of 4.0%. If -16.5% is the actual decline for the quarter, it will mark the second largest year-over-year decline in earnings for the index since Q2 2009 (-26.9%), trailing only the previous quarter (-31.6%). It will also mark the sixth time in the past seven quarters in which the index has reported a year-over-year decline in earnings. Two sectors are reporting year-over-year earnings growth, led by the Health Care sector. The other nine sectors are reporting a year-over-year decline in earnings, led by the Energy, Industrials, and Consumer Discretionary sectors.

Health Care: 4 of 6 Industries Reporting Year-Over-Year Growth

The Health Care sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 3.8%. At the industry level, four of the six industries in this sector are reporting year-over-year growth in earnings: Life Sciences, Tools, & Services (38%), Biotechnology (13%), Pharmaceuticals (7%), and Health Care Technology (4%). On the other hand, two industries are reporting (or are predicted to report) a decline in earnings: Health Care Providers & Services (-8%) and Health Care Equipment & Supplies (-7%).

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Decline of More Than 120%

The Energy sector is reporting the largest (year-over-year) decline in earnings of all eleven sectors at -123.6%. Lower year-over-year oil prices are contributing to the earnings decline for this sector, as the average price of oil for Q3 2020 ($40.92) was 27% below the average price for oil in Q3 2019 ($56.44). At the sub-industry level, four of the five sub-industries in the sector are reporting (or are projected to report) a decline in earnings. Three of these four sub-industries are reporting (or are predicted to report) a decline in earnings of more than 120%: Oil & Gas Refining & Marketing (-160%), Integrated Oil & Gas (-136%), and Oil & Gas Exploration & Production (-123%). The only sub-industry in the sector reporting year-over-year growth in earnings is the Oil & Gas Storage & Transportation (5%) sub-industry.

Industrials: Airlines Industry Leads Year-Over-Year Decline

The Industrials sector is reporting the second largest (year-over-year) earnings decline of all eleven sectors at -58.9%. At the industry level, ten of the twelve industries in this sector are reporting (or are predicted to report) a decline in earnings. Three of these ten industries are reporting (or are projected to report) a decline in earnings of more than 40%: Airlines (-313%), Industrial Conglomerates (-50%), and Aerospace & Defense (-41%). On the other hand, the only two industries reporting earnings growth in this sector are the Air Freight & Logistics (14%) and Professional Services (1%) industries.

The Airlines industry is also the largest contributor to the year-over-year decline in earnings for the sector. If the five companies in this industry were excluded, the blended earnings decline for the sector would improve to -24.1% from -58.9%.

Consumer Discretionary: 4 of 10 Industries Reporting Year-Over-Year Decline of More Than 25%

The Consumer Discretionary sector is reporting the third largest (year-over-year) earnings decline of all eleven sectors at -34.2%. At the industry level, seven of the ten industries in this sector are reporting (or are expected to report) a decline in earnings. Four of these seven industries are reporting (or are projected to report) a decline in earnings of more than 25%: Hotels, Restaurants, & Leisure (-133%), Auto Components (-29%), Textiles, Apparel, & Luxury Goods (-28%), and Automobiles (-27%). On the other hand, three industries in this sector are reporting (or are expected to report) earnings growth: Multiline Retail (16%), Household Durables (16%), and Specialty Retail (10%).
Revenue Decline: -2.9%

The blended (year-over-year) revenue decline for Q3 2020 is -2.9%, which is below the 5-year average revenue growth rate of 3.4%. If -2.9% is the actual decline for the quarter, it will mark the first time the index has reported two consecutive quarters of year-over-year revenue declines since Q1 2016 and Q2 2016. Five sectors are reporting year-over-year growth in revenues, led by Health Care sector. Six sectors are reporting a year-over-year decline in revenues, led by the Energy and Industrials sectors.

Health Care: 5 of 6 Industries Reporting Year-Over-Year Growth

The Health Care sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 8.4%. At the industry level, five of the six industries in this sector are reporting year-over-year growth in revenues: Biotechnology (22%), Life Sciences, Tools, & Services (16%), Health Care Providers & Services (8%), Pharmaceuticals (7%) and Health Care Equipment & Supplies (2%). On the other hand, the only industry expected to report a decline in revenue is the Health Care Technology (-4%) industry.

It should be noted that the revenue growth rates for some of the larger contributors to revenue growth for this sector are being boosted by apples-to-oranges comparisons of post-merger revenues in Q3 2020 to pre-merger revenues in Q3 2019, including Centene, Bristol Myers Squibb, and AbbVie.

Energy: 4 of 5 Sub-Industries Reporting Year-Over-Year Decline of More Than 25%

The Energy sector is reporting the largest (year-over-year) decline in revenue of all eleven sectors at -33.1%. Lower year-over-year oil prices are contributing to the revenue decline for this sector. As the average price of oil for Q3 2020 ($40.92) was 27% below the average price for oil in Q3 2019 ($56.44). At the sub-industry level, all five sub-industries in the sector are reporting (or are predicted to report) a year-over-year decline in revenue. Four sub-industries are reporting (or are projected to report) a decline in revenue of more than 25%: Oil & Gas Refining & Marketing (-39%), Oil & Gas Exploration & Production (-39%), Integrated Oil & Gas (-29%), and Oil & Gas Equipment & Services (-29%).

Industrials: Airlines Industry Leads Year-Over-Year Decline

The Industrials sector is reporting the second largest (year-over-year) revenue decline of all eleven sectors at -16.5%. At the industry level, eleven of the twelve industries in this sector are reporting (or are predicted) to report a decline in revenues. Six of these eleven industries are reporting (or are projected to report) a double-digit decline in revenues, led by the Airlines (-74%) industry. On the other hand, the Air Freight & Logistics (11%) industry is the only industry in the sector reporting year-over-year revenue growth for the quarter.

The Airlines industry is also the largest contributor to the year-over-year decline in revenue for the sector. If the five companies in this industry were excluded, the blended revenue decline for the sector would improve to -7.9% from -16.5%.
**Looking Ahead: Forward Estimates and Valuation**

**Guidance: More S&P 500 Companies Issuing Positive EPS Guidance for Q4 to Date**

To date, more S&P 500 companies are issuing positive earnings guidance than average. At this point in time, 24 companies in the index have issued EPS guidance for Q4 2020. Of these 24 companies, 5 have issued negative EPS guidance and 19 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 79% (19 out of 24), which is well above the 5-year average of 32%.

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.

**Earnings: Analysts Expect Earnings Decline of -16.7% for CY 2020**

For the third quarter, S&P 500 companies are reporting a decline in earnings of -16.5% and a decline in revenues of -2.9%. Analysts expect an earnings decline of -16.7% and a revenue decline of -2.6% for CY 2020.

For Q4 2020, analysts are projecting an earnings decline of -11.6% and a revenue decline of -1.0%.

For CY 2020, analysts are projecting an earnings decline of -16.7% and a revenue decline of -2.6%.

For Q1 2021, analysts are projecting earnings growth of 14.3% and revenue growth of 3.1%.

For Q2 2021, analysts are projecting earnings growth of 44.1% and revenue growth of 13.5%.

For CY 2021, analysts are projecting earnings growth of 24.2% and revenue growth of 7.9%.

**Valuation: Forward P/E Ratio is 21.7, Above the 10-Year Average (15.5)**

The forward 12-month P/E ratio is 21.7. This P/E ratio is above the 5-year average of 17.3 and above the 10-year average of 15.5. It is also above the forward 12-month P/E ratio of 21.5 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 2.7%, while the forward 12-month EPS estimate has increased by 1.8%.

At the sector level, the Consumer Discretionary (35.7) sector has the highest forward 12-month P/E ratio, while the Financials (13.5) 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 3833.16, which is 11.0% above the closing price of 3453.49. At the sector level, the Energy (+34.0%) 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 (+3.3%) 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 10,348 ratings on stocks in the S&P 500. Of these 10,348 ratings, 53.5% are Buy ratings, 39.8% are Hold ratings, and 6.7% are Sell ratings. At the sector level, the Energy (61%), Health Care (61%), and Communication Services (60%) sectors have the highest percentages of Buy ratings, while the Financials (47%), Consumer Staples (47%), and Real Estate (47%) sectors have the lowest percentages of Buy ratings.

**Companies Reporting Next Week: 183**

During the upcoming week, 183 S&P 500 companies (including 10 Dow 30 components) are scheduled to report results for the third quarter.
Q3 2020: Scorecard

(Source: FactSet)

(Source: FactSet)
Q3 2020: Scorecard

S&P 500 Sector-Level Earnings Surprise %: Q3 2020
(Source: FactSet)

- Industrials: 232.4%
- Consumer Disc.: 130.5%
- Energy: 92.6%
- Materials: 27.8%
- Financials: 24.3%
- S&P 500: 17.2%
- Health Care: 15.6%
- Consumer Staples: 12.9%
- Info. Technology: 4.7%
- Real Estate: 2.3%
- Utilities: 1.6%
- Comm. Services: 0.5%

S&P 500 Sector-Level Revenue Surprise %: Q3 2020
(Source: FactSet)

- Consumer Disc.: 7.1%
- Industrials: 4.4%
- Financials: 3.9%
- Health Care: 3.7%
- Materials: 3.3%
- S&P 500: 3.1%
- Consumer Staples: 2.8%
- Info. Technology: 1.6%
- Comm. Services: 1.0%
- Energy: 0.5%
- Real Estate: 0.3%
- Utilities: -0.7%
Q3 2020: Scorecard

S&P 500 EPS Surprise % vs. Price %: Q3 2020
(Source: FactSet)

S&P 500 EPS Surprise vs. Avg. Price Change %
(Source: FactSet)
Q3 2020: Scorecard

**S&P 500 Actual EPS Surprise %: Top 10 Q3 Actual EPS Surprises**
(Source: FactSet)

<table>
<thead>
<tr>
<th>Company</th>
<th>Surprise %</th>
</tr>
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<tbody>
<tr>
<td>Garden Restaurants, Inc.</td>
<td>975.0%</td>
</tr>
<tr>
<td>Align Technology, Inc.</td>
<td>254.2%</td>
</tr>
<tr>
<td>Capital One Financial Corporation</td>
<td>136.4%</td>
</tr>
<tr>
<td>NIKE, Inc. Class B</td>
<td>101.8%</td>
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<td>Lamb Weston Holdings, Inc.</td>
<td>94.3%</td>
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<td>FedEx Corporation</td>
<td>80.8%</td>
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<tr>
<td>Goldman Sachs Group, Inc.</td>
<td>74.7%</td>
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<tr>
<td>Comerica Incorporated</td>
<td>72.3%</td>
</tr>
<tr>
<td>Whirlpool Corporation</td>
<td>54.4%</td>
</tr>
<tr>
<td>SVB Financial Group</td>
<td>53.6%</td>
</tr>
</tbody>
</table>

**S&P 500 Actual EPS Surprise %: Bottom 10 Q3 Actual EPS Surprises**
(Source: FactSet)

<table>
<thead>
<tr>
<th>Company</th>
<th>Surprise %</th>
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</thead>
<tbody>
<tr>
<td>American Express Company</td>
<td>-2.8%</td>
</tr>
<tr>
<td>VeriSign, Inc.</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Northern Trust Corporation</td>
<td>-4.5%</td>
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<tr>
<td>Trust Financial Corporation</td>
<td>-5.7%</td>
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<tr>
<td>Wells Fargo &amp; Company</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Domino's Pizza, Inc.</td>
<td>-10.6%</td>
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<tr>
<td>Citizens Financial Group, Inc.</td>
<td>-12.4%</td>
</tr>
<tr>
<td>Synchrony Financial</td>
<td>-14.3%</td>
</tr>
<tr>
<td>Netflix, Inc.</td>
<td>-18.2%</td>
</tr>
<tr>
<td>TechnipFMC Plc</td>
<td>-22.5%</td>
</tr>
</tbody>
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Q3 2020: Growth

S&P 500 Earnings Growth: Q3 2020
(Source: FactSet)

S&P 500 Revenue Growth: Q3 2020
(Source: FactSet)
Q3 2020: Growth

S&P 500 Earnings Growth: Q3 2020
(Source: FactSet)

S&P 500 Revenue Growth: Q3 2020
(Source: FactSet)
Q3 2020: Net Profit Margin

S&P 500 Net Profit Margins: Q320 vs. Q319
(Source: FactSet)

S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:
Q320 vs. Q319
(Source: FactSet)
Q4 2020: EPS Guidance

Number (#) of S&P 500 Cos. with Q4 Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with Q4 Positive & Negative Guidance
(Source: FactSet)
Q4 2020: EPS Revisions

**Upward Change in Q4 EPS (Trailing 4 Weeks): Top 10 S&P 500 Cos.**
(Source: FactSet)

- Darden Restaurants, Inc.: 98.6%
- Devon Energy Corporation: 96.1%
- Vornado Realty Trust: 78.5%
- Wells Fargo & Company: 73.1%
- PNC Financial Services Group, Inc.: 52.7%
- Citigroup Inc.: 34.4%
- Dow, Inc.: 31.5%
- Synchrony Financial: 20.1%
- Goldman Sachs Group, Inc.: 29.6%
- Wayfair Inc.: 29.2%

**Downward Change in Q4 EPS (Trailing 4-Weeks): Top 10 S&P 500 Cos.**
(Source: FactSet)

- ConocoPhillips: -37.8%
- Chevron Corporation: -43.6%
- United Airlines Holdings, Inc.: -45.7%
- Valero Energy Corporation: -58.2%
- Exxon Mobil Corporation: -62.6%
- Phillips 66: -62.7%
- Fox Corporation Class A: -81.0%
- Fox Corporation Class B: -83.0%
- Apartment Investment & Management Co Class A: -145.5%
- Las Vegas Sands Corp.: -661.9%
Earnings Insight

Q4 2020: Growth

S&P 500 Earnings Growth: Q4 2020
(Source: FactSet)

S&P 500 Revenue Growth: Q4 2020
(Source: FactSet)
CY 2020: Growth

S&P 500 Earnings Growth: CY 2020
(Source: FactSet)

S&P 500 Revenue Growth: CY 2020
(Source: FactSet)
CY 2021: Growth

S&P 500 Earnings Growth: CY 2021
(Source: FactSet)

S&P 500 Revenue Growth: CY 2021
(Source: FactSet)
Geographic Revenue Exposure

**S&P 500: Aggregate Geographic Revenue Exposure (%)**
(Source: FactSet)

- International: 40%
- United States: 60%

**S&P 500: Aggregate Sector Geographic Revenue Exposure (%)**
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>International (%)</th>
<th>United States (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>2%</td>
<td>98%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>18%</td>
<td>82%</td>
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<tr>
<td>Financials</td>
<td>22%</td>
<td>78%</td>
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<td>Consumer Disc.</td>
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<td>70%</td>
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<td>Industrials</td>
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<td>Health Care</td>
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<td>Comm. Services</td>
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<tr>
<td>Energy</td>
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<td>50%</td>
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<tr>
<td>Consumer Staples</td>
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<td>44%</td>
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<tr>
<td>Materials</td>
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<td>45%</td>
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<tr>
<td>Info Technology</td>
<td>57%</td>
<td>43%</td>
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</table>
Bottom-up EPS Estimates: Revisions
Bottom-up EPS Estimates: Current & Historical

S&P 500 Calendar Year Bottom-Up EPS Actuals & Estimates
(Source: FactSet)

S&P 500 Quarterly Bottom-Up EPS Actuals & Estimates
(Source: FactSet)
Forward 12M P/E Ratio: Sector Level

S&P 500 Sector-Level Forward 12-Month P/E Ratios
(Source: FactSet)

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Sep. 30
(Source: FactSet)
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)

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

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