Earnings Insight

John Butters, Senior Earnings Analyst
jbutters@factset.com

January 3, 2020

Key Metrics

- **Earnings Growth:** For Q4 2019, the estimated earnings decline for the S&P 500 is -1.5%. If -1.5% is the actual decline for the quarter, it will mark the first time the index has reported four straight quarters of year-over-year earnings declines since Q3 2015 through Q2 2016.

- **Earnings Revisions:** On September 30, the estimated earnings growth rate for Q4 2019 was 2.5%. All eleven sectors have lower growth rates today (compared to September 30) due to downward revisions to EPS estimates.

- **Earnings Guidance:** For Q4 2019, 72 S&P 500 companies have issued negative EPS guidance and 35 S&P 500 companies have issued positive EPS guidance.

- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 18.3. This P/E ratio is above the 5-year average (16.7) and above the 10-year average (14.9).

- **Earnings Scorecard:** For Q4 2019 (with 3% of the companies in the S&P 500 reporting actual results), 88% of S&P 500 companies have reported a positive EPS surprise and 75% of S&P 500 companies have reported a positive revenue surprise.

S&P 500 Change in Forward 12-Month EPS vs. Change in Price: 10 Yrs.
(Source: FactSet)
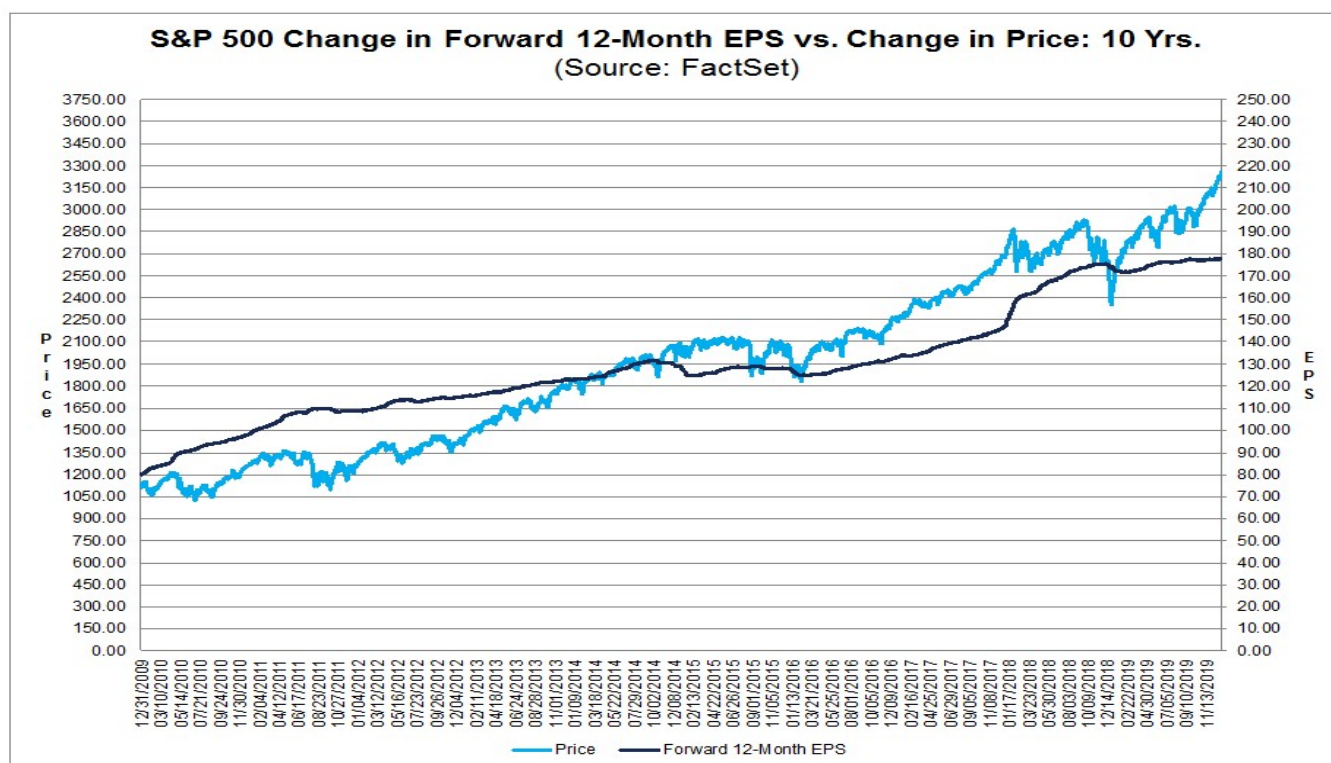
To receive this report via e-mail or view other articles with FactSet content, please go to: https://insight.factset.com/

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

FACTSET

Topic of the Week: 1

S&P 500 Likely to Report Earnings Growth for Q4

As of today, the S&P 500 is expected to report a decline in earnings of -1.5% for the fourth quarter. What is the likelihood the index will report an actual decline in earnings of -1.5% for the quarter?
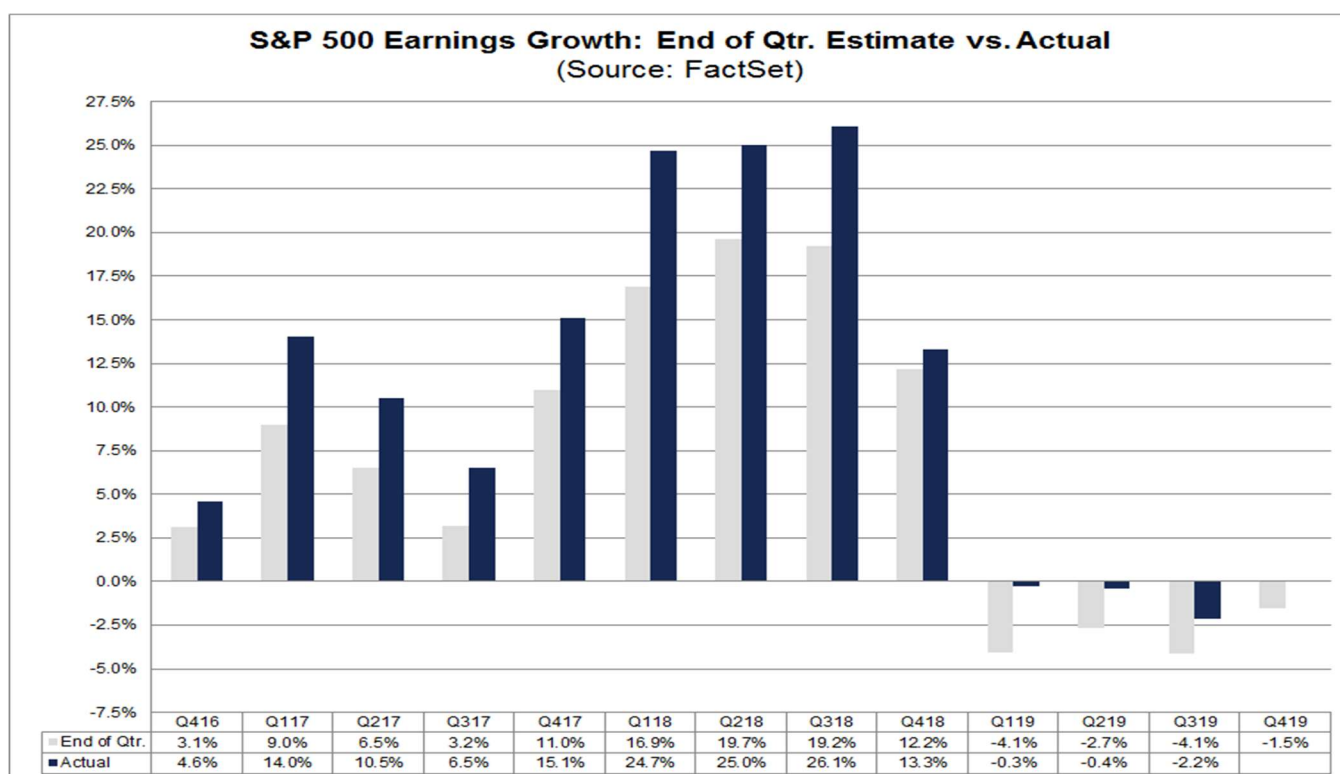
Based on the average change in earnings growth due to companies reporting positive earnings surprises, it is likely the index will report earnings growth for Q4.

When companies in the S&P 500 report actual earnings above estimates during an earnings season, the overall earnings growth rate for the index increases because the higher actual EPS numbers replace the lower estimated EPS numbers in the calculation of the growth rate. For example, if a company is projected to report EPS of $1.05 compared to year-ago EPS of $1.00, the company is projected to report earnings growth of 5%. If the company reports actual EPS of $1.10 (a $0.05 upside earnings surprise compared to the estimate), the actual earnings growth for the company for the quarter is now 10%, five percentage points above the estimated growth rate (10% - 5% = 5%).

Over the past five years on average, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 4.9%. During this same period, 72% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has typically increased by 3.6 percentage points on average (over the past 5 years) due to the number and magnitude of positive earnings surprises.

If this average increase is applied to the estimated earnings decline at the end of Q4 (December 31) of -1.5%, the actual earnings growth rate for the quarter would be 2.1% (-1.5% + 3.6% = 2.1%).

If the index does report growth of 2.1% for Q4 2019, it will mark the first time the index has reported (year-over-year) earnings growth since Q4 2018.

S&P 500 Earnings Growth: End of Qtr. Estimate vs. Actual
(Source: FactSet)

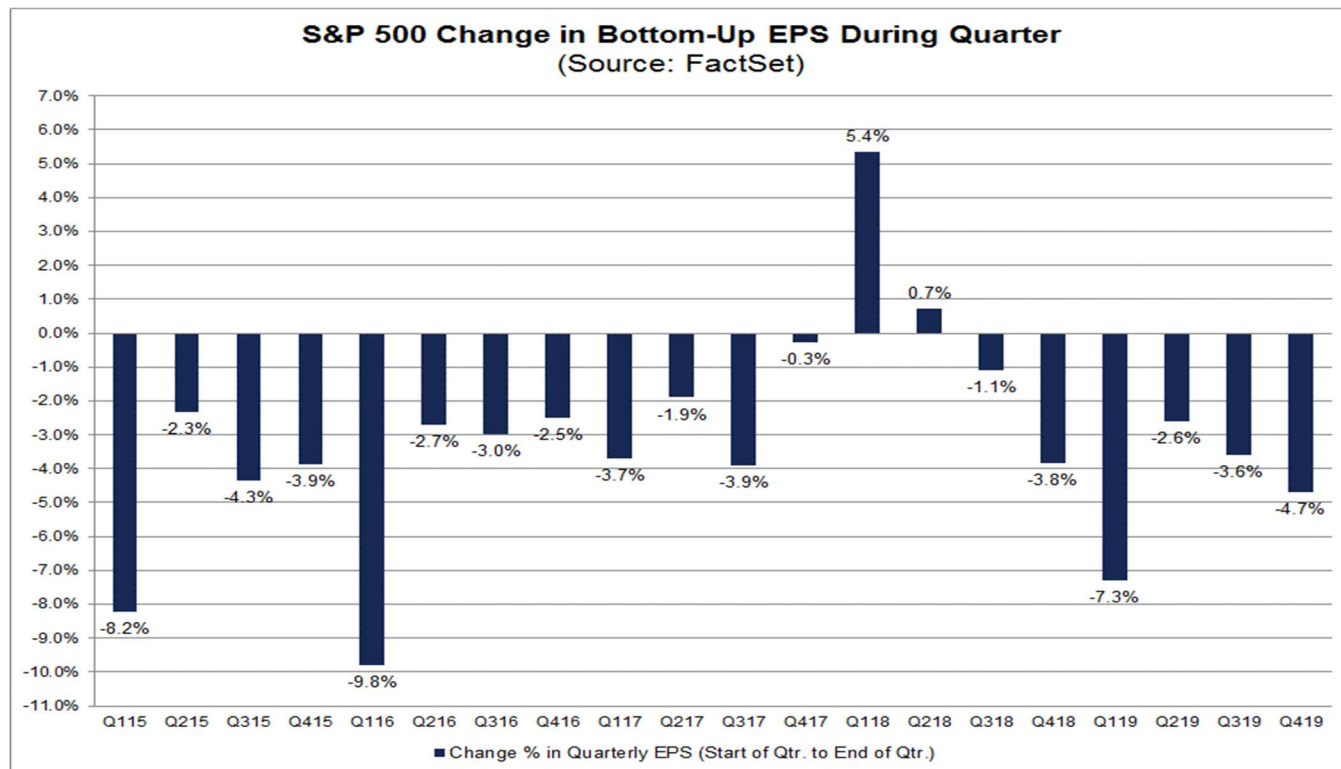|	Q416	Q117	Q217	Q317	Q417	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419
End of Qtr.	3.1%	9.0%	6.5%	3.2%	11.0%	16.9%	19.7%	19.2%	12.2%	-4.1%	-2.7%	-4.1%	-1.5%
Actual	4.6%	14.0%	10.5%	6.5%	15.1%	24.7%	25.0%	26.1%	13.3%	-0.3%	-0.4%	-2.2%	

Topic of the Week: 2

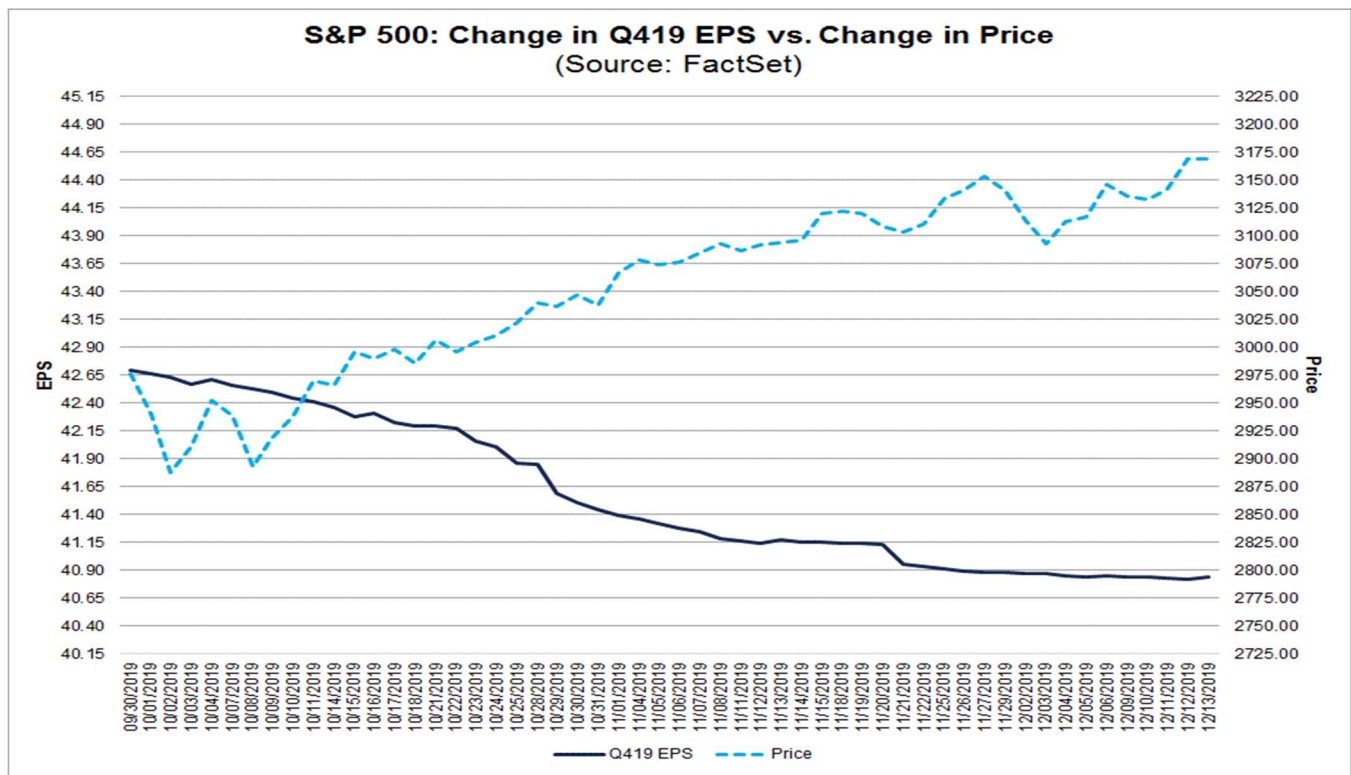## Larger Cuts than Average to S&P 500 EPS Estimates for Q4

During the fourth quarter, analysts lowered earnings estimates for companies in the S&P 500 for the quarter. The Q4 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for all the companies in the index) dropped by 4.7% (to $40.69 from $42.69) during this period. How significant is a 4.7% decline in the bottom-up EPS estimate during a quarter? How does this decrease compare to recent quarters?

During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 3.3%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 3.1%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 4.4%. Thus, the decline in the bottom-up EPS estimate recorded during the fourth quarter was larger than the 5-year average, the 10-year average, and the 15-year average.

At the sector level, all eleven sectors recorded a decline in their bottom-up EPS estimate during the quarter, led by the Consumer Discretionary (-15.0%), Energy (-13.3%), Materials (-11.5%), and Industrials (-10.4%) sectors. Overall, seven sectors recorded a larger decrease in their bottom-up EPS estimate relative to their 5-year average, six sectors recorded a larger decrease in their bottom-up EPS estimate relative to their 10-year average, and seven sectors recorded a larger decrease in their bottom-up EPS estimate relative to their 15-year average.

As the bottom-up EPS estimate for the index declined during the quarter, the value of the S&P 500 increased during this same period. From September 30 through December 31, the value of the index increased by 8.5% (to 3230.78 from 2976.74). The fourth quarter marked the 15th time in the past 20 quarters in which the bottom-up EPS estimate decreased during the quarter while the value of the index increased during this time.

S&P 500 Change in Bottom-Up EPS During Quarter
(Source: FactSet)

S&P 500: Change in Q419 EPS vs. Change in Price
(Source: FactSet)

Legend: ——— Q419 EPS   — — — Price

Q4 Earnings Season: By The Numbers

Overview

In terms of estimate revisions for companies in the S&P 500, analysts made larger cuts than average to earnings estimates for Q4 2019 during the quarter. On a per-share basis, estimated earnings for the fourth quarter decreased by 4.7% from September 30 through December 31. This percentage decline was larger than the 5-year average (-3.3%), the 10-year average (-3.1%), and the 15-year average (-4.4%) for a quarter.

However, a smaller percentage of S&P 500 companies have lowered the bar for earnings for Q4 2019 relative to recent averages. Of the 107 companies that have issued EPS guidance for the fourth quarter, 72 have issued negative EPS guidance and 35 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 67% (72 out of 107), which is below the 5-year average of 70%.

Because of the net downward revisions to earnings estimates, the estimated (year-over-year) earnings decline for Q4 2019 is -1.5% today compared to the estimated (year-over-year) earnings growth rate of 2.5% on September 30. If   -1.5% is the actual decline for the quarter, it will mark the first time the index has reported four straight quarters of year-over-year declines in earnings since Q3 2015 through Q2 2016. Five sectors are predicted to report year-over-year earnings growth, led by the Utilities and Financials sectors. Six sectors are projected to report a year-over-year decline in earnings, led by the Energy, Consumer Discretionary, and Materials sectors.

Because of the net downward revisions to revenue estimates, the estimated (year-over-year) revenue growth rate for Q4 2019 is 2.6% today compared to the estimated (year-over-year) revenue growth rate of 3.6% on September 30. 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 projected to report year-over-year growth in revenues, led by the Health Care, Utilities, and Communication Services sectors. Three sectors are predicted to report a year-over-year decline in revenues, led by the Materials and Energy sectors.

Looking at future quarters, analysts see earnings growth of between 5% and 7% for the first half of 2020.

The forward 12-month P/E ratio is 18.3, which is above the 5-year average and above the 10-year average.

During the upcoming week, four S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Earnings Revisions: Largest Estimate Cuts in Consumer Discretionary Sector

No Change in Estimated Earnings Decline for Q4 This Week

The estimated earnings decline for the fourth quarter is -1.5% this week, which is equal to the estimated earnings decline of -1.5% last week.

Overall, the estimated earnings decline for Q4 2019 of -1.5% today is below the estimated earnings growth rate of 2.5% at the start of the quarter (September 30). All eleven sectors have a recorded a decrease in expected earnings growth due to downward revisions to earnings estimates, led by the Consumer Discretionary, Materials, Energy, and Industrials sectors.

Consumer Discretionary: GM, Amazon, and Ford Lead Earnings Decrease since Sep. 30

The Consumer Discretionary sector has recorded the largest decrease in expected earnings growth since the start of the quarter (to -13.6% from 2.5%). Despite the decline in expected earnings growth, this sector has witnessed a 5.5% increase in price since September 30. Overall, 45 of the 63 companies (71%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 45 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by General Motors (to $0.21 from $1.85), Gap (to $0.35 from $0.65), Ford Motor (to $0.17 from $0.29), Amazon.com (to $4.06 from $6.60), and Hasbro (to $0.97 from $1.55). General Motors, Amazon.com, and Ford Motor have also been the largest contributors to the decrease in expected earnings for this sector since September 30.

Materials: 93% of Companies Have Seen Decline in Earnings Expectations Since Sep. 30

The Materials sector has recorded the second largest decrease in expected earnings growth since the start of the quarter (to -9.5% from 1.5%). Despite the decline in expected earnings growth, this sector has witnessed a 4.5% increase in price since September 30. Overall, 26 of the 28 companies (93%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 26 companies, 8 have recorded a decrease in their mean EPS estimate of more than 10%, led by Freeport-McMoRan (to $0.00 from $0.08) and Mosaic (to $0.03 from $0.49). Mosaic has also been the largest contributor to the decrease in expected earnings for this sector since September 30.

Energy: Exxon Mobil Leads Earnings Decrease Since Sep. 30

The Energy sector has recorded the third largest decrease in expected earnings growth since the start of the quarter (to -32.3% from -21.8%). Despite the increase in the expected earnings decline, this sector has witnessed a 5.3% increase in price since September 30. Overall, 24 of the 28 companies (86%) in the Energy sector have seen a decrease in their mean EPS estimate during this time. Of these 24 companies, 18 have recorded a decrease in their mean EPS estimate of more than 10%, led by Noble Energy (to -$0.08 from -$0.02), Apache Corporation (to -0.14 from $0.12), and Hess Corporation (to -$0.32 from -$0.15). However, Exxon Mobil (to $0.76 from $0.96), Chevron (to $1.59 from $1.81), Occidental Petroleum (to $0.04 from $0.47) and ConocoPhillips (to $0.78 from $1.03) have been the largest contributors to the decrease in expected earnings for this sector since September 30.

Industrials: Boeing Leads Earnings Decrease Since Sep. 30

The Industrials sector has recorded the fourth largest decrease in expected earnings growth since the start of the quarter (to -6.3% from 3.0%). Despite the decline in expected earnings growth, this sector has witnessed a 6.9% increase in price since September 30. Overall, 52 of the 70 companies (74%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 52 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by Boeing (to $1.94 from $4.17), Cummins (to $2.46 from $3.45), Deere & Company (to $1.29 from $1.68), and Caterpillar (to $2.38 from $2.99). Boeing and Caterpillar have also been the largest contributors to the decrease in expected earnings for this sector since September 30.

Index-Level (Bottom-Up) EPS Estimate: Above Average Decrease in Q4

The Q4 bottom-up EPS estimate (which is an aggregation of the median earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings for the index) decreased by 4.7% (to $40.69 from $42.69) from September 30 through December 31. This percentage decline was larger than the 5-year average (-3.3%), the 10-year average (-3.1%), and the 15-year average (-4.4%) for a quarter.

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, 107 companies in the index have issued EPS guidance for Q4 2019. Of these 107 companies, 72 have issued negative EPS guidance and 35 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 67% (72 out of 107), which is below the 5-year average of 70%.

Earnings Decline: -1.5%

The estimated (year-over-year) earnings decline for Q4 2019 is -1.5%. If -1.5% is the actual decline for the quarter, it will mark the first time the index has reported four straight quarters of year-over-year declines in earnings since Q3 2015 through Q2 2016.

Five sectors are expected to report year-over-year growth in earnings, led by the Utilities and Financials sectors. Six sectors are projected to report a year-over-year decline in earnings, led by the Energy, Consumer Discretionary, and Materials sectors.

Utilities: 4 Industries to Report Year-Over-Year Growth Above 10%

The Utilities sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 19.6%. At the industry level, all five industries in this sector are expected to report growth in earnings. Four of these five industries are expected to report double-digit earnings growth: Independent Power and Renewable Electricity Producers (138%), Multi-Utilities (26%), Electric Utilities (12%), and Gas Utilities (12%).

Financials: Insurance Industry Leads Year-Over-Year Growth

The Financials sector is expected to report the second highest (year-over-year) earnings growth of all eleven sectors at 7.2%. At the industry level, three of the five industries in this sector are predicted to report growth in earnings: Insurance (42%), Capital Markets (8%), and Diversified Financial Services (7%). On the other hand, the Consumer Finance (-4%) and Banks (-1%) industries are predicted to report year-over-year declines in earnings.

Energy: 4 of 6 Sub-Industries to Report Year-Over-Year Decline of More than 20%

The Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -32.3%. At the sub-industry level, four of the six sub-industries in the sector are predicted to report a decline in earnings of more than 20%: Oil & Gas Drilling (-76%), Oil & Gas Refining & Marketing (-48%), Integrated Oil & Gas (-40%), and Oil & Gas Exploration & Production (-23%). On the other hand, the other two sub-industries in the sector are projected to report earnings growth of more than 10%: Oil & Gas Equipment & Services (27%) and Oil & Gas Storage & Transportation (14%).

Consumer Discretionary: Automobiles Industry Leads Year-Over-Year Decline

The Consumer Discretionary sector is expected to report the second largest (year-over-year) earnings decline of all eleven sectors at -13.6%. At the industry level, eight of the eleven industries in this sector are predicted to report a decline in earnings. Five of these eight industries are expected to report a double-digit decline in earnings, led by the Automobiles (-69%) industry.

At the company level, General Motors, Amazon.com, and Ford Motor are the largest contributors to the year-over-year decline in earnings for the sector. The mean EPS estimate for GM for Q4 is $0.21, compared to year-ago EPS of $1.43. The mean EPS estimate for Amazon.com for Q4 is $4.06, compared to year-ago EPS of $6.04. The mean EPS estimate for Ford Motor for Q4 is $0.17, compared to year-ago EPS of $0.30. If these three companies were excluded, the estimated decline for the sector would improve to -3.6% from -13.6%.

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

The Materials sector is expected to report the third largest (year-over-year) earnings decline of all eleven sectors at -9.5%. At the industry level, three of the four industries in this sector are predicted to report a decline in earnings: Metals & Mining (-46%), Containers & Packaging (-22%), and Chemicals (-2%). On the other hand, the Construction Materials (32%) industry is the only industry projected to report earnings growth in the sector.

At the company level, Nucor is the largest contributor to the year-over-year decline in earnings for the sector. The mean EPS estimate for Nucor for Q4 is $0.48, compared to year-ago EPS of $2.07. If this company were excluded, the estimated decline for the sector would improve to -4.0% from -9.5%.

Revenue Growth: 2.6%

The estimated (year-over-year) revenue growth rate for Q4 2019 is 2.6%. 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 projected to report year-over-year growth in revenues, led by the Health Care, Utilities, and Communication Services sectors. Three sectors 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 expected to report the highest (year-over-year) revenue growth of all eleven sectors at 10.5%. At the industry level, five of the six industries in this sector are predicted to report revenue growth for the quarter. However, the Health Care Providers & Services industry is the only industry projected to report double-digit revenue growth (14%). On the other hand, the Pharmaceuticals (<-1%) industry is the only industry projected to report a slight revenue decline.

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 Q4 2019 ($35.17 billion) reflects the combined revenues of Cigna and Express Scripts, while the actual revenue for Q4 2018 ($14.3 billion) reflects the standalone revenue for Cigna. The revenue estimate for CVS Health for Q4 2019 ($63.9 billion) reflects the combined revenues of CVS Health and Aetna, while the actual revenue for Q4 2018 ($54.42 billion) reflects mainly 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 5.3% from 10.5%.

Utilities: 3 Industries to Report Year-Over-Year Growth Above 10%

The Utilities sector is expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 9.7%. At the industry level, all five industries in this sector are expected to report growth in revenues. Three of these five industries are expected to report double-digit revenue growth: Independent Power and Renewable Electricity Producers (60%), Multi-Utilities (16%), and Electric Utilities (11%).

Communication Services: Entertainment & Interactive Media Lead Year-Over-Year Growth

The Communication Services sector is expected to report the third highest (year-over-year) revenue growth of all eleven sectors at 8.9%. At the industry level, four of the five industries in this sector are expected to report growth in revenues. Two of these four industries are expected to report double-digit revenue growth: Entertainment (25%) and Interactive Media & services (20%).

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

The Materials sector is expected to report the highest (year-over-year) decline in revenue of all eleven sectors at -15.8%. At the industry level, three of the four industries in this sector are predicted to report a decline in revenue for the quarter: Chemicals (-22%), Metals & Mining (-3%), and Container & Packaging (-1%).

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 Q4 2019 ($5.26 billion) reflects the standalone revenue for DuPont, while the actual revenue for Q3 2018 ($20.1 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 -2.3% from -15.8%.

Energy: All 6 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is expected to report the second highest (year-over-year) revenue decline of all eleven sectors at -7.8%. At the sub-industry level, all six sub-industries in the sector are predicted to report a decline in revenues. Three of these six sub-industries are expected to report a double-digit decline: Oil & Gas Drilling (-18%), Oil & Gas Exploration & Production (-18%), and Integrated Oil & Gas (-10%).

Looking Ahead: Forward Estimates and Valuation

Earnings: Near Flat Earnings Projected for 2019

For the fourth quarter, S&P 500 companies projected to report a decline in earnings of -1.5% and growth in revenues of 2.6%. For CY 2019, S&P 500 companies are predicted to nearly flat earnings (+0.3%). However, analysts see earnings growth of 5% to 7% in Q1 2020 and Q2 2020.

For CY 2019, analysts are projecting earnings growth of 0.3% and revenue growth of 3.8%.

For Q1 2020, analysts are projecting earnings growth of 5.0% and revenue growth of 4.4%.

For Q2 2020, analysts are projecting earnings growth of 6.6% and revenue growth of 4.9%.

For CY 2020, analysts are projecting earnings growth of 9.6% and revenue growth of 5.4%.

Valuation: Forward P/E Ratio is 18.3, Above the 10-Year Average (14.9)

The forward 12-month P/E ratio is 18.3. This P/E ratio is above the 5-year average of 16.7 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 9.4%, while the forward 12-month EPS estimate has increased by 0.2%.

At the sector level, the Consumer Discretionary (22.5) and Information Technology (22.1) sectors have the highest forward 12-month P/E ratios, while the Financials (13.5) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 6% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 3441.44, which is 5.6% above the closing price of 3257.85. At the sector level, the Energy (+11.2%) 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 Information Technology (+2.3%) and Financials (+2.8%) 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.

Overall, there are 10,313 ratings on stocks in the S&P 500. Of these 10,313 ratings, 50.6% are Buy ratings, 42.4% are Hold ratings, and 7.0% are Sell ratings. At the sector level, the Energy (66%) sector has the highest percentage of Buy ratings, while the Consumer Staples (39%) sector has the lowest percentage of Buy ratings.

Companies Reporting Next Week: 4

During the upcoming week, four S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Q3 2019: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q3 2019
(Source: FactSet)

	Consumer Staples	Health Care	Info. Technology	Financials	S&P 500	Industrials	Comm. Services	Consumer Disc.	Utilities	Real Estate	Energy	Materials
■ Below	9%	5%	10%	19%	19%	19%	26%	21%	25%	22%	36%	39%
■ In-Line	3%	8%	4%	3%	6%	6%	0%	6%	4%	16%	7%	7%
■ Above	88%	87%	85%	78%	76%	75%	74%	73%	71%	63%	57%	54%
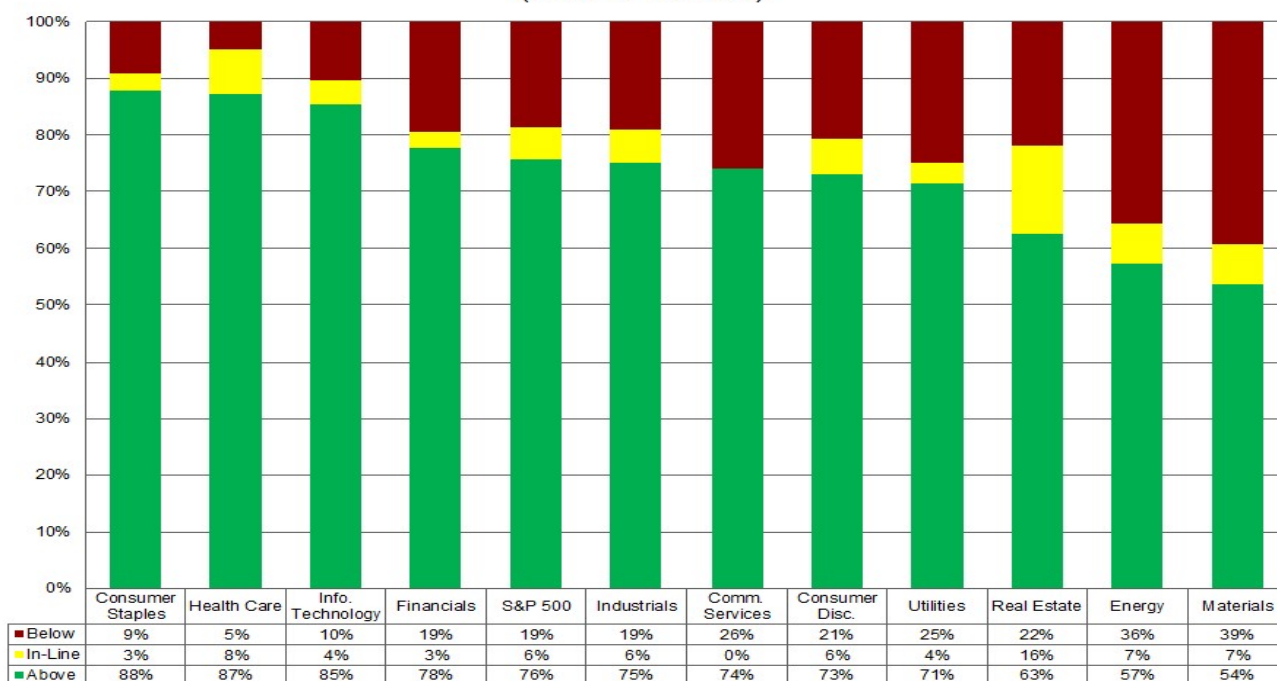
S&P 500 Revenues Above, In-Line, Below Estimates: Q3 2019
(Source: FactSet)

	Health Care	Financials	Info. Technology	Real Estate	Comm. Services	Consumer Disc.	S&P 500	Energy	Consumer Staples	Industrials	Materials	Utilities
■ Below	16%	20%	26%	31%	33%	40%	40%	57%	58%	59%	71%	82%
■ In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
■ Above	84%	80%	74%	69%	67%	60%	60%	43%	42%	41%	29%	18%
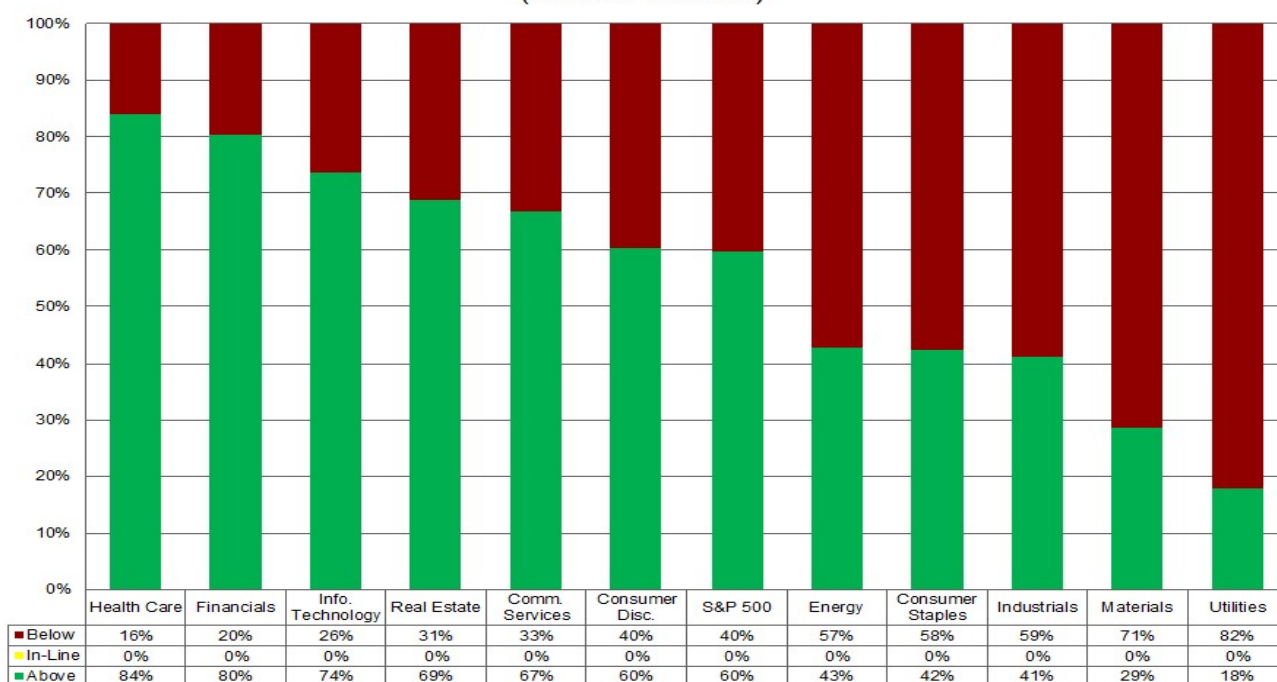
FACTSET

Q3 2019: Scorecard

S&P 500 Sector-Level Earnings Surprise %: Q3 2019
(Source: FactSet)

Sector	Surprise %
Info. Technology	6.6%
Health Care	6.6%
Consumer Staples	5.5%
Utilities	5.1%
Consumer Disc.	5.0%
S&P 500	3.8%
Materials	3.2%
Industrials	2.9%
Real Estate	1.4%
Financials	0.7%
Comm. Services	0.4%
Energy	0.2%

■ Surprise %

S&P 500 Sector-Level Revenue Surprise %: Q3 2019
(Source: FactSet)

Sector	Surprise %
Financials	2.8%
Health Care	2.3%
Real Estate	2.1%
Energy	1.6%
Info. Technology	1.2%
Consumer Disc.	1.0%
S&P 500	0.7%
Comm. Services	0.1%
Consumer Staples	0.0%
Materials	-1.5%
Industrials	-1.8%
Utilities	-5.9%

■ Surprise %

Q3 2019: Scorecard

S&P 500 EPS Surprise % vs. Price %: Q3 2019
(Source: FactSet)

Number of Companies Reporting Surprise % in Each Range ■ — Average Price Change % (2 Days Before Report + 2 Days After Report)

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

■ Q3 2019   ■ 5-Year Average

Q3 2019: Scorecard

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

Company	Surprise
Macy's Inc	1162.9%
Marathon Oil Corporation	107.0%
Gartner, Inc.	62.0%
Devon Energy Corporation	60.0%
Intuit Inc.	58.1%
Everest Re Group, Ltd.	53.1%
Helmerich & Payne, Inc.	51.3%
Netflix, Inc.	42.4%
WellCare Health Plans, Inc.	42.3%
National Oilwell Varco, Inc.	40.2%
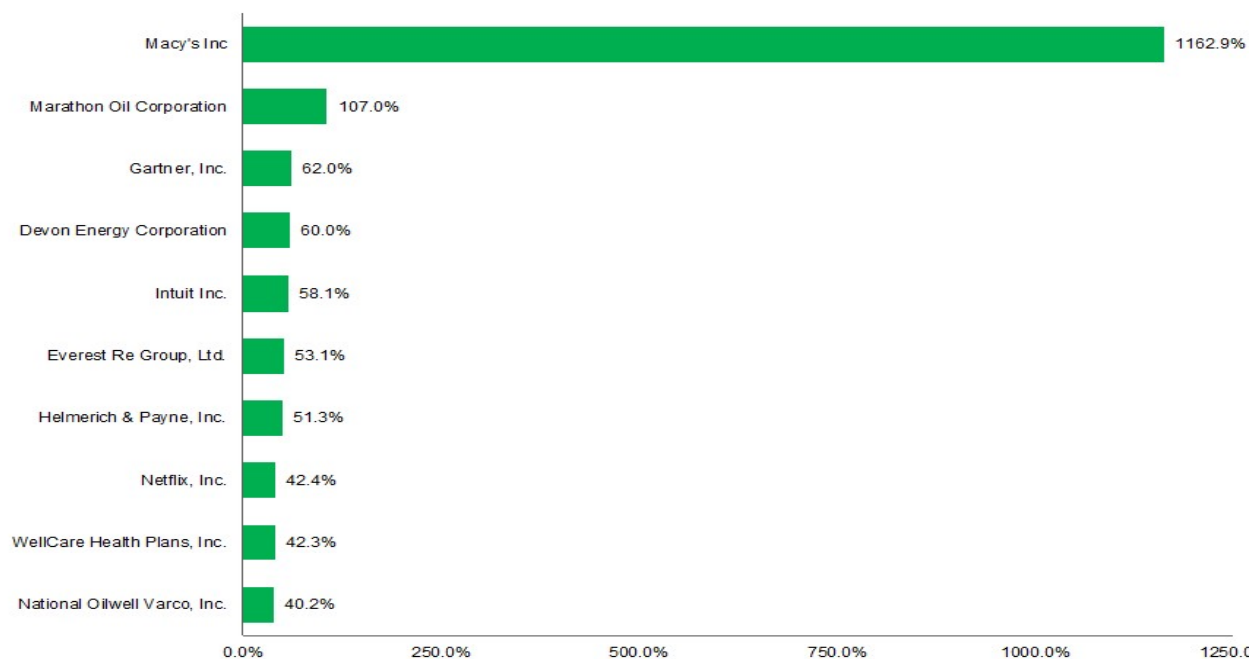
S&P 500 Actual EPS Surprise %: Bottom 10 Q3 Actual EPS Surprises
(Source: FactSet)

Company	Surprise
American International Group, Inc.	-43.8%
NortonLifeLock Inc.	-57.3%
Mosaic Company	-63.9%
ABIOMED, Inc.	-69.5%
Occidental Petroleum Corporation	-70.4%
Loews Corporation	-70.4%
TechnipFMC Plc	-76.4%
Wynn Resorts, Limited	-80.1%
NiSource Inc	-100.0%
Lincoln National Corporation	-110.4%

Q3 2019: Growth

S&P 500 Earnings Growth: Q3 2019
(Source: FactSet)

	Utilities	Health Care	Real Estate	Consumer Staples	Industrials	Comm. Services	Consumer Disc.	S&P 500	Financials	Info. Technology	Materials	Energy
Today	10.0%	8.8%	5.9%	2.3%	1.8%	0.1%	-1.0%	-2.2%	-3.2%	-5.0%	-9.6%	-39.7%
30-Sep	4.1%	2.1%	4.1%	-2.4%	0.0%	0.4%	-1.5%	-4.1%	-2.2%	-10.4%	-8.2%	-29.9%

S&P 500 Revenue Growth: Q3 2019
(Source: FactSet)

	Health Care	Comm. Services	Real Estate	Consumer Disc.	Consumer Staples	S&P 500	Info. Technology	Financials	Utilities	Industrials	Energy	Materials
Today	15.1%	6.6%	5.7%	5.6%	3.2%	3.1%	1.6%	1.0%	1.0%	-1.3%	-7.9%	-14.7%
30-Sep	12.5%	6.7%	3.4%	5.5%	3.2%	2.8%	0.3%	-1.6%	7.0%	0.9%	-6.8%	-12.4%

Q3 2019: Growth

S&P 500 Earnings Growth: Q3 2019
(Source: FactSet)

0.7%
-2.2%
-7.4%

■ S&P 500 Companies > 50% Revenue in U.S. ■ All S&P 500 Companies ■ S&P 500 Companies < 50% Revenues in U.S.

S&P 500 Revenue Growth: Q3 2019
(Source: FactSet)

5.1%
3.1%
-2.1%

■ S&P 500 Companies > 50% Revenue in U.S. ■ All S&P 500 Companies ■ S&P 500 Companies < 50% Revenues in U.S.

Q3 2019: Net Profit Margin

S&P 500 Net Profit Margins: Q319 vs. Q318
(Source: FactSet)

	Real Estate	Information Tech.	Utilities	Financials	Comm. Services	S&P 500	Industrials	Health Care	Materials	Consumer Disc.	Consumer Staples	Energy
■Q319	34.5%	21.5%	16.9%	15.9%	11.9%	11.5%	10.4%	10.4%	10.4%	7.5%	6.9%	5.3%
▢Q318	34.4%	23.0%	15.5%	16.6%	12.7%	12.1%	10.1%	11.0%	9.8%	8.0%	7.0%	8.1%

S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin: Q319 vs. Q318
(Source: FactSet)

	Utilities	Industrials	Health Care	S&P 500	Materials	Consumer Staples	Comm. Services	Information Tech.	Financials	Real Estate	Consumer Disc.	Energy
■Down %	18%	42%	44%	51%	43%	55%	56%	56%	57%	59%	63%	64%
▨None %	0%	0%	0%	1%	11%	0%	0%	0%	0%	0%	0%	0%
▧Up %	82%	58%	56%	48%	46%	45%	44%	44%	43%	41%	37%	36%

Q4 2019: EPS Guidance

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

■ # of Negative EPS Preannouncements   ■ # of Positive EPS Preannouncements

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

	Industrials	Comm. Services	Consumer Staples	Materials	Health Care	Consumer Disc.	S&P 500	Info. Technology	Real Estate	Utilities	Energy	Financials
■ Positive	0%	0%	0%	20%	22%	23%	33%	51%	57%	100%	0%	0%
■ Negative	100%	100%	100%	80%	78%	77%	67%	49%	43%	0%	0%	0%

Q4 2019: EPS Revisions

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

Company	Value
Vornado Realty Trust	91.8%
NIKE, Inc. Class B	21.8%
Carnival Corporation	19.7%
Lamb Weston Holdings, Inc.	12.9%
Cintas Corporation	11.7%
Conagra Brands, Inc.	10.4%
Federal Realty Investment Trust	8.8%
General Mills, Inc.	8.3%
Allstate Corporation	6.5%
Accenture Plc Class A	4.7%

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

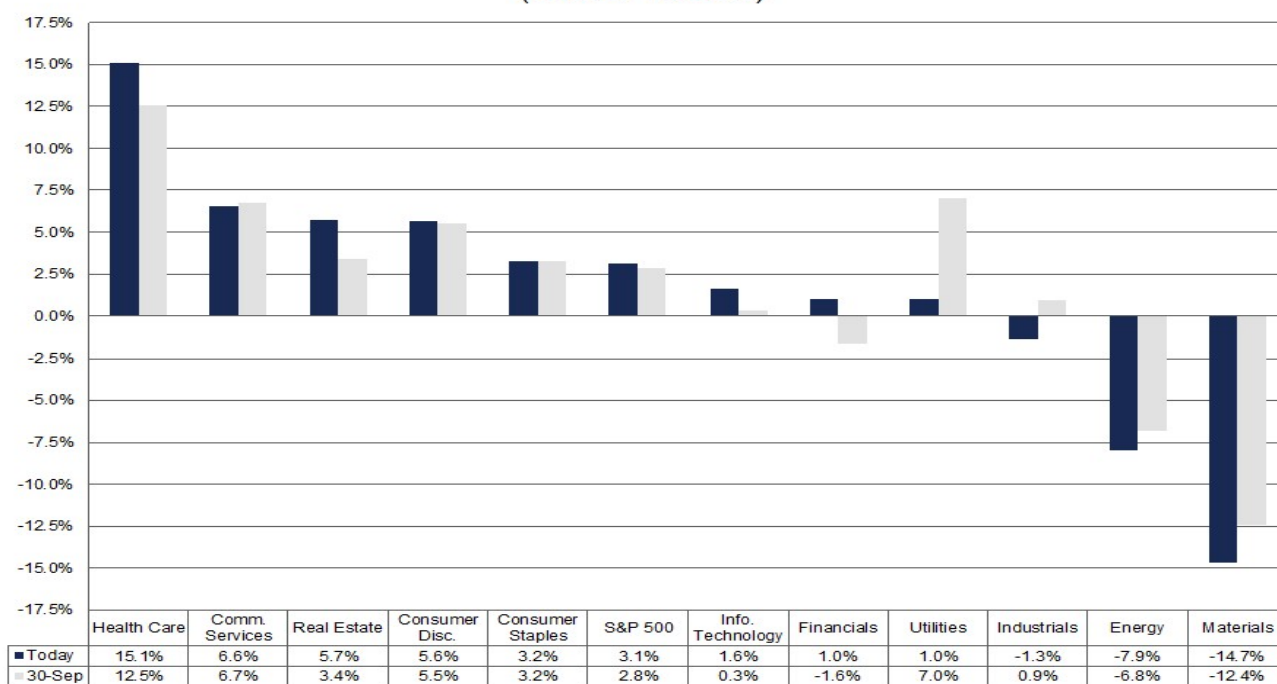| Company	Value
CarMax, Inc.	-9.5%
CF Industries Holdings, Inc.	-9.9%
FedEx Corporation	-11.6%
Apache Corporation	-17.2%
UDR, Inc.	-20.1%
Prudential Financial, Inc.	-21.8%
Occidental Petroleum Corporation	-24.2%
General Motors Company	-26.2%
Nucor Corporation	-29.5%
Mosaic Company	-53.0%

Q4 2019: Growth
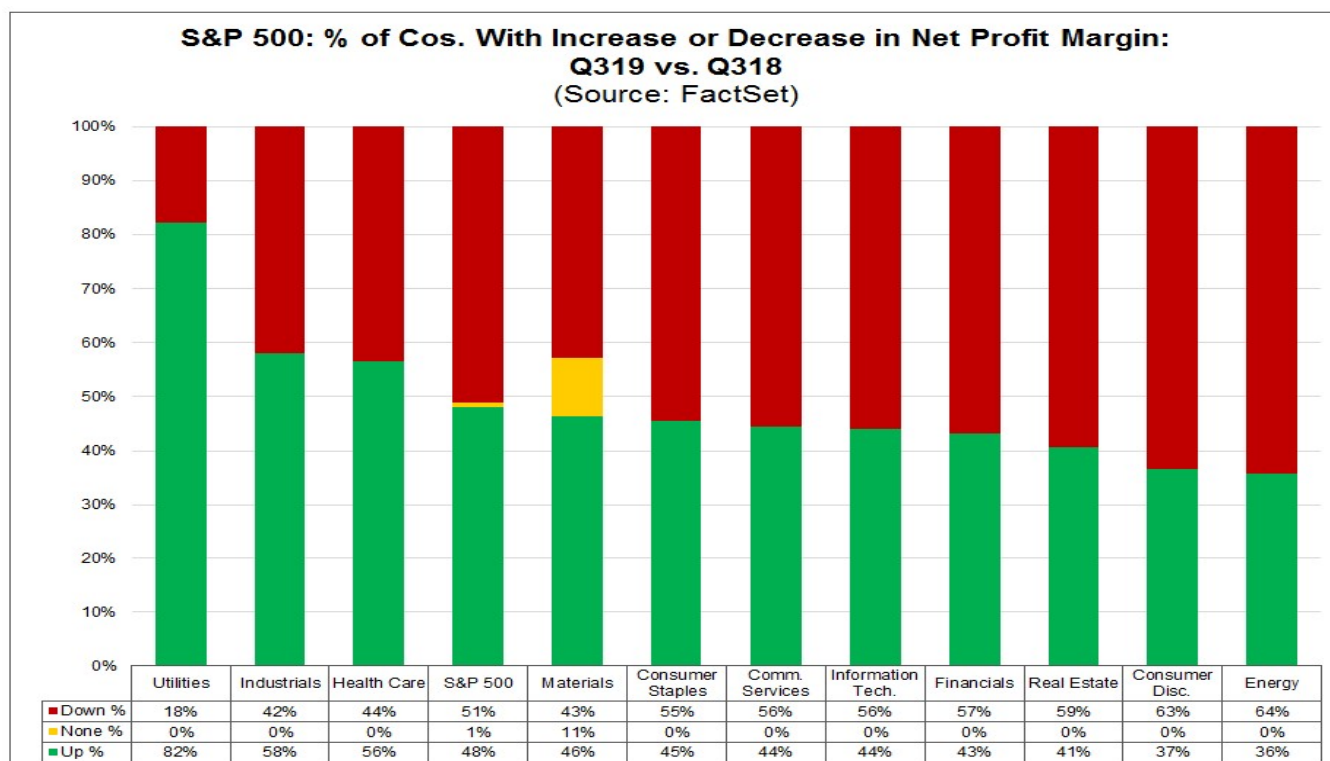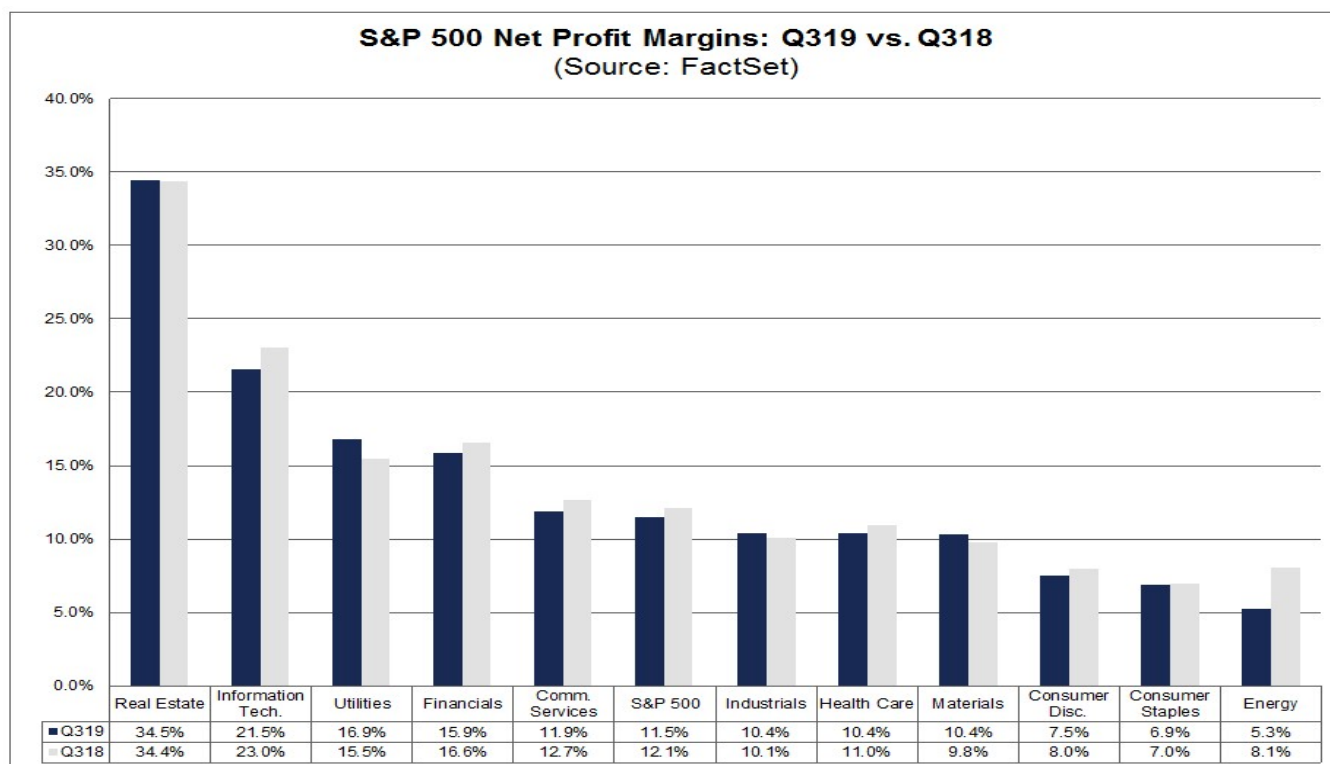
S&P 500 Earnings Growth: Q4 2019
(Source: FactSet)

	Utilities	Financials	Health Care	Comm. Services	Real Estate	Consumer Staples	S&P 500	Info. Technology	Industrials	Materials	Consumer Disc.	Energy
Today	19.6%	7.2%	5.3%	4.3%	0.4%	-0.1%	-1.5%	-1.9%	-6.3%	-9.5%	-13.6%	-32.3%
30-Sep	25.4%	9.5%	5.8%	6.2%	2.6%	1.6%	2.5%	-1.8%	3.0%	1.5%	2.5%	-21.8%

S&P 500 Revenue Growth: Q4 2019
(Source: FactSet)

	Health Care	Utilities	Comm. Services	Info. Technology	Consumer Staples	Real Estate	S&P 500	Consumer Disc.	Financials	Industrials	Energy	Materials
Today	10.5%	9.7%	8.9%	4.0%	3.3%	3.0%	2.6%	2.4%	1.0%	-2.4%	-7.8%	-15.8%
30-Sep	10.1%	4.7%	9.4%	3.7%	3.7%	3.2%	3.6%	4.8%	1.5%	2.3%	-6.1%	-12.1%

CY 2019: Growth

S&P 500 Earnings Growth: CY 2019
(Source: FactSet)

	Utilities	Health Care	Comm. Services	Financials	Real Estate	S&P 500	Consumer Staples	Info. Technology	Consumer Disc.	Industrials	Materials	Energy
Today	8.4%	8.3%	4.8%	4.4%	3.2%	0.3%	0.1%	-0.2%	-1.7%	-3.1%	-16.0%	-27.8%
30-Sep	8.0%	6.8%	6.4%	5.0%	3.2%	1.1%	-0.2%	-0.8%	2.6%	-1.1%	-14.3%	-22.3%

S&P 500 Revenue Growth: CY 2019
(Source: FactSet)

	Health Care	Comm. Services	Financials	Real Estate	Consumer Disc.	S&P 500	Utilities	Consumer Staples	Info. Technology	Industrials	Energy	Materials
Today	13.4%	10.9%	5.7%	4.3%	4.3%	3.8%	3.1%	2.8%	2.4%	-0.6%	-5.4%	-17.6%
30-Sep	12.7%	11.0%	5.2%	4.2%	4.9%	4.2%	3.4%	2.9%	2.0%	1.6%	-4.1%	-16.2%

CY 2020: Growth

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

	Energy	Industrials	Materials	Consumer Disc.	Comm. Services	S&P 500	Info. Technology	Health Care	Consumer Staples	Real Estate	Financials	Utilities
Today	21.5%	14.7%	13.3%	12.3%	12.0%	9.6%	9.5%	8.7%	5.9%	5.5%	5.1%	5.0%
30-Sep	31.2%	18.0%	15.5%	11.9%	12.5%	10.9%	10.1%	9.7%	6.6%	6.0%	5.4%	5.4%

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

	Comm. Services	Info. Technology	Health Care	Consumer Disc.	Energy	Industrials	S&P 500	Real Estate	Consumer Staples	Materials	Utilities	Financials
Today	9.1%	6.5%	6.4%	6.1%	6.0%	5.7%	5.4%	4.9%	3.4%	3.2%	3.0%	1.9%
30-Sep	9.1%	6.5%	6.3%	5.7%	8.5%	6.1%	5.7%	5.0%	3.5%	4.4%	3.2%	2.6%

FACTSET

Geographic Revenue Exposure

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

International
38%

United States
62%

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

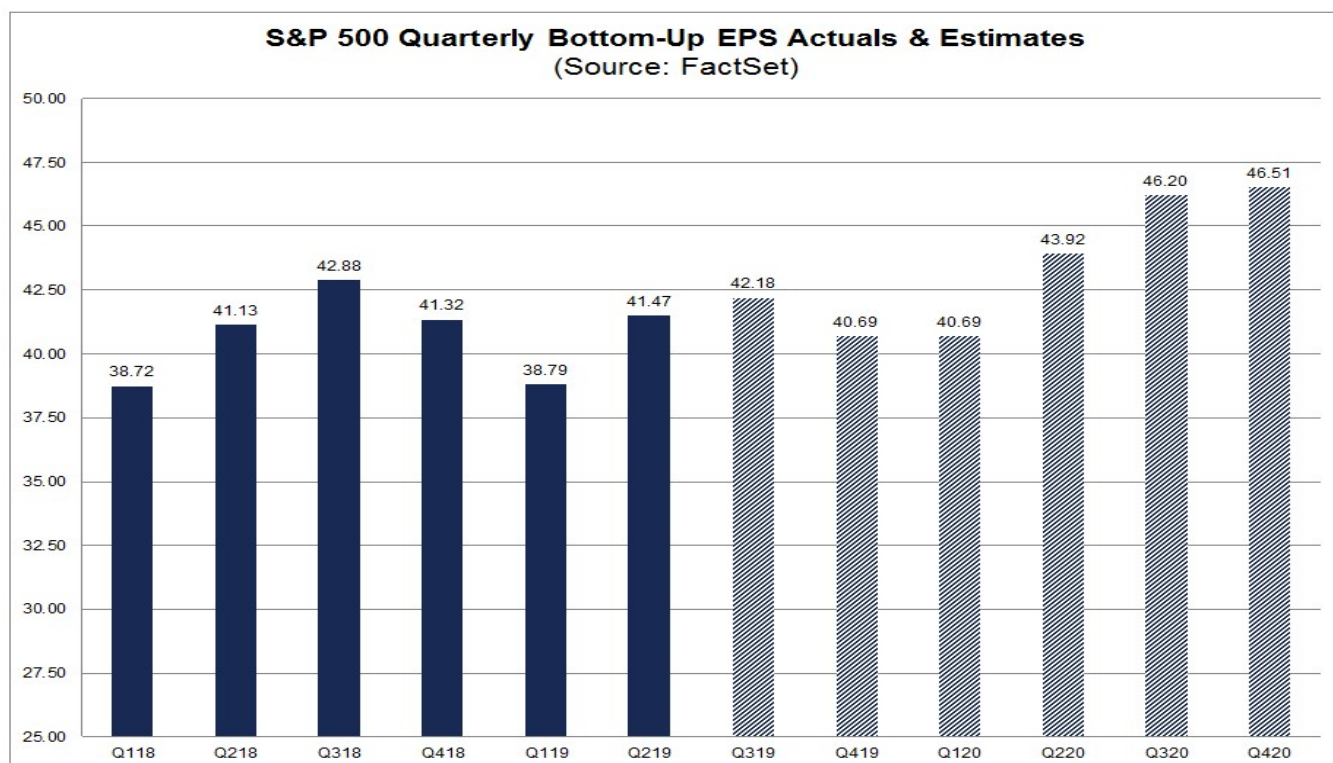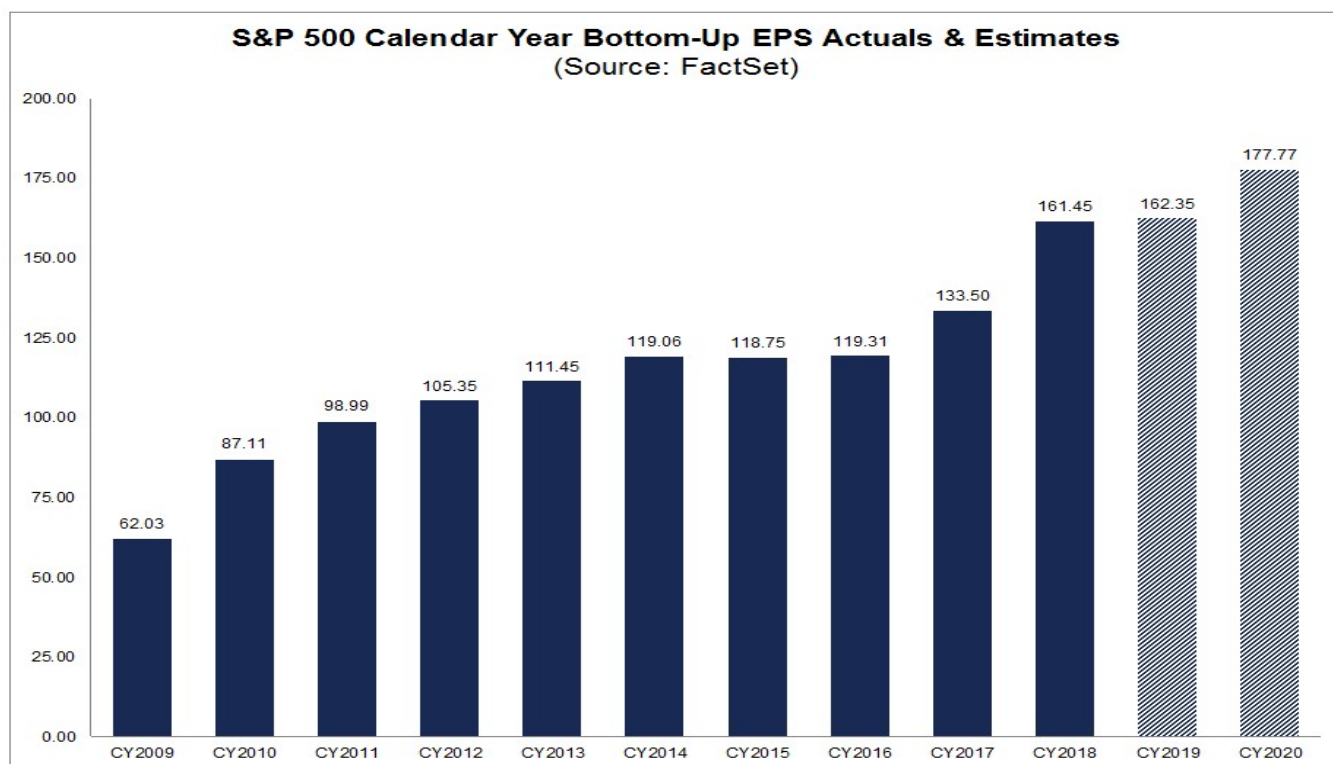|	Utilities	Real Estate	Financials	Consumer Disc.	Industrials	Comm. Services	Health Care	Energy	Consumer Staples	Materials	Info. Technology
International	3%	15%	22%	32%	36%	37%	37%	41%	45%	55%	56%
United States	97%	85%	78%	68%	64%	63%	63%	59%	55%	45%	44%

Bottom-up EPS Estimates: Revisions

S&P 500 CY 2019 & CY 2020 Bottom-Up EPS: 1-Year
(Source: FactSet)

177.77

162.35

- - - CY 2020 Bottom-Up EPS ——— CY 2019 Bottom-Up EPS

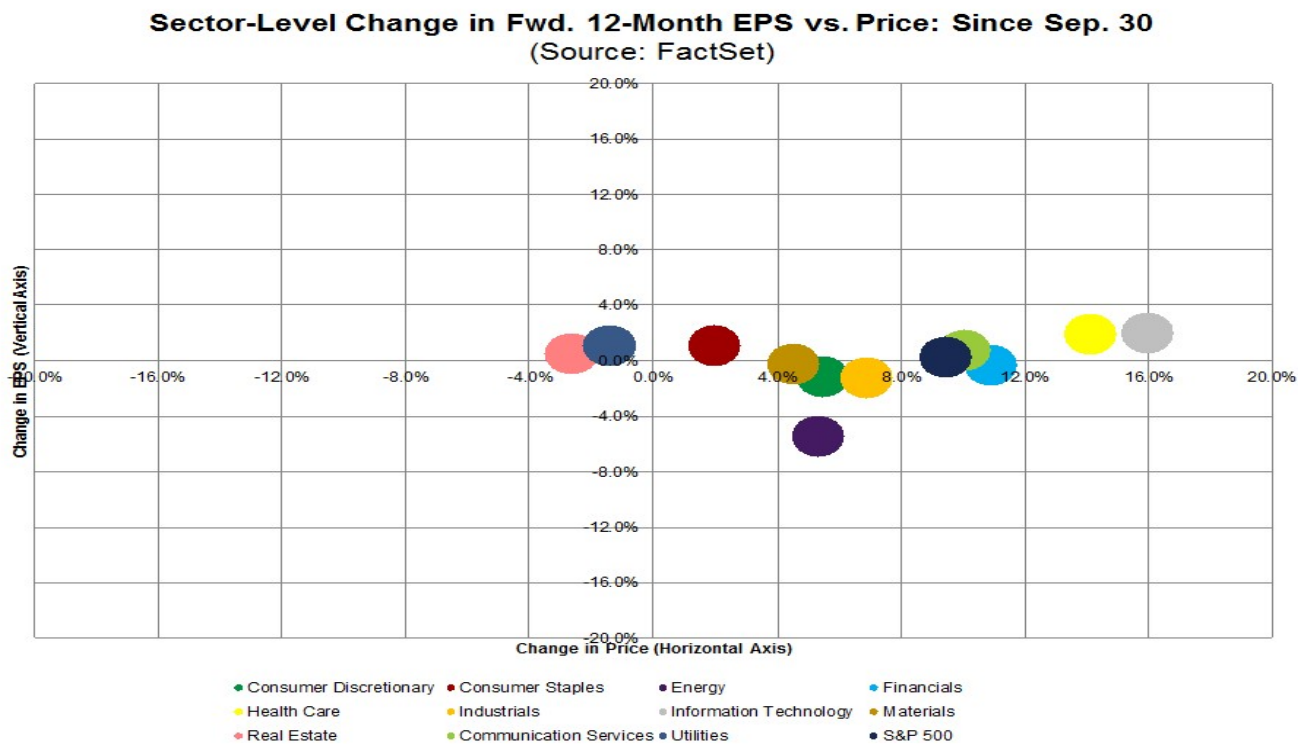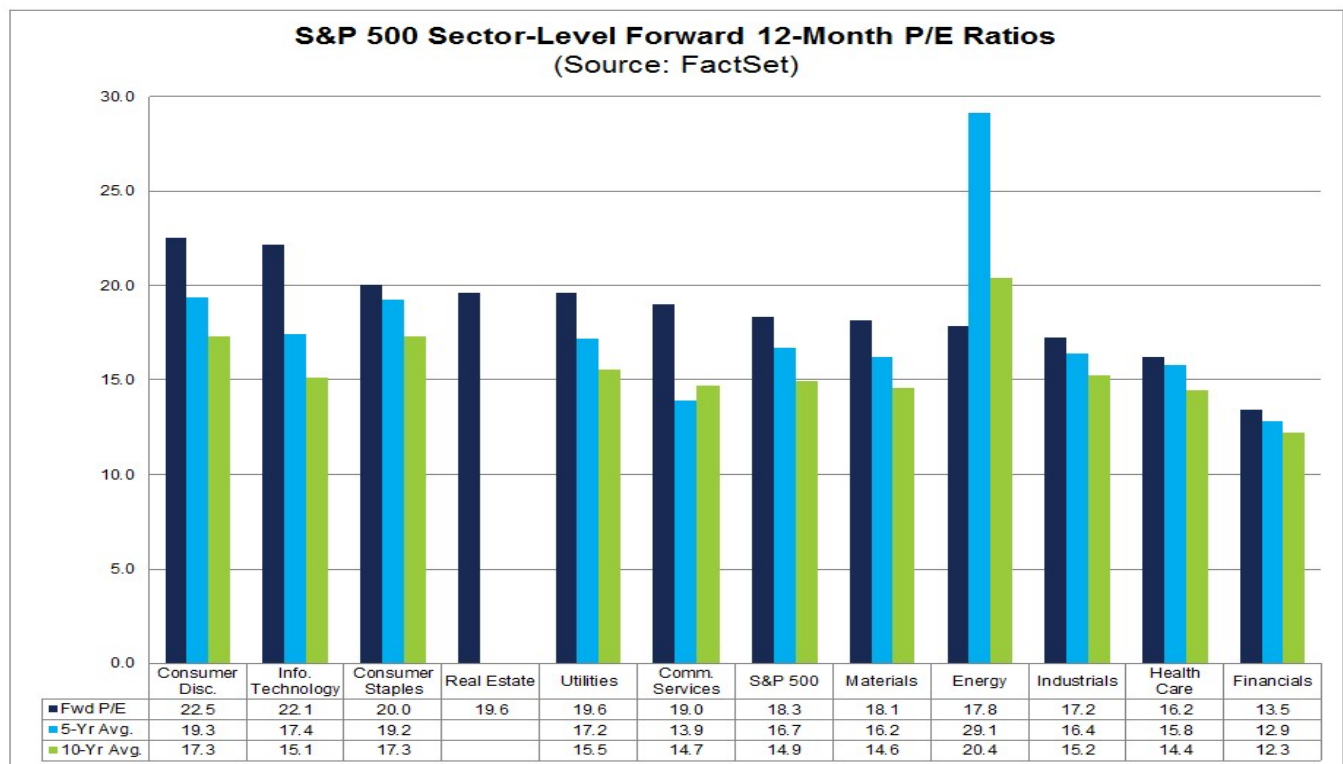**S&P 500 Q419 Bottom-Up EPS: 1-Year**
(Source: FactSet)

- - - Price ——— Q419 Bottom-Up EPS
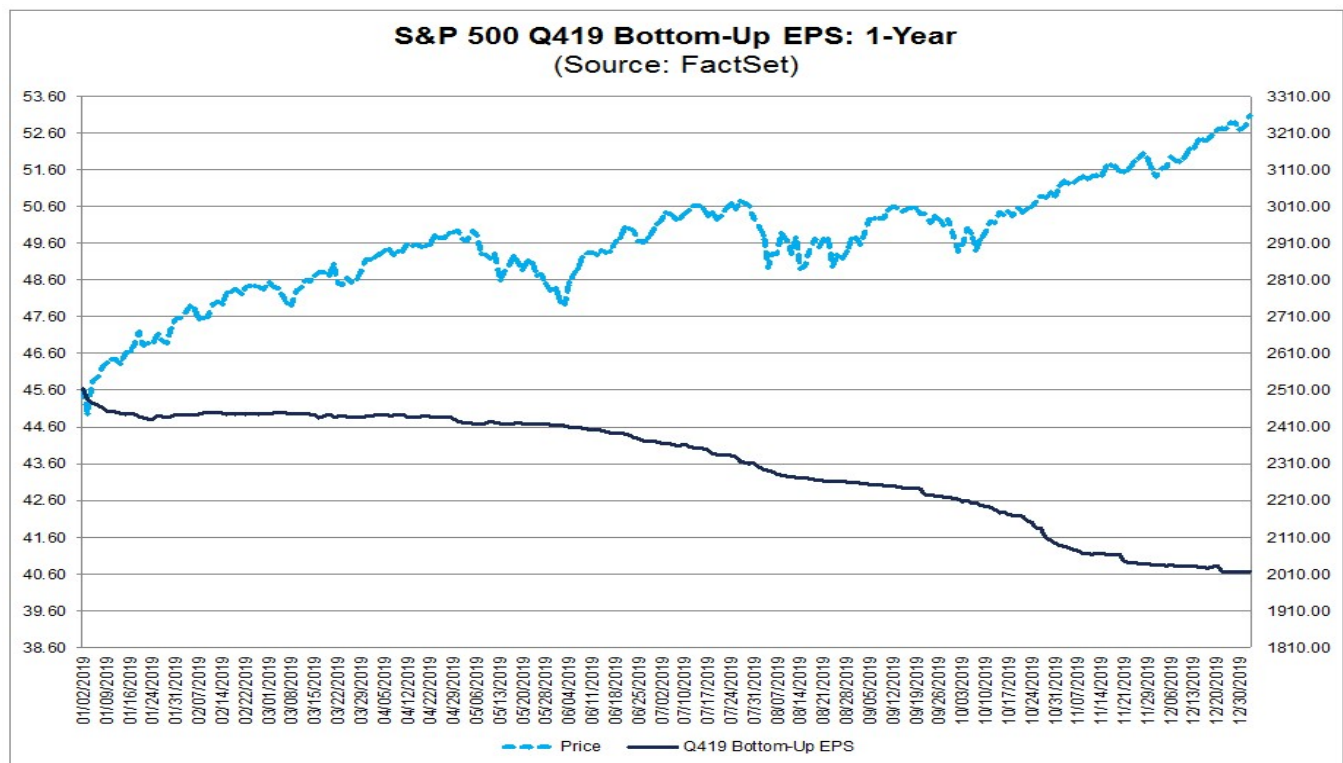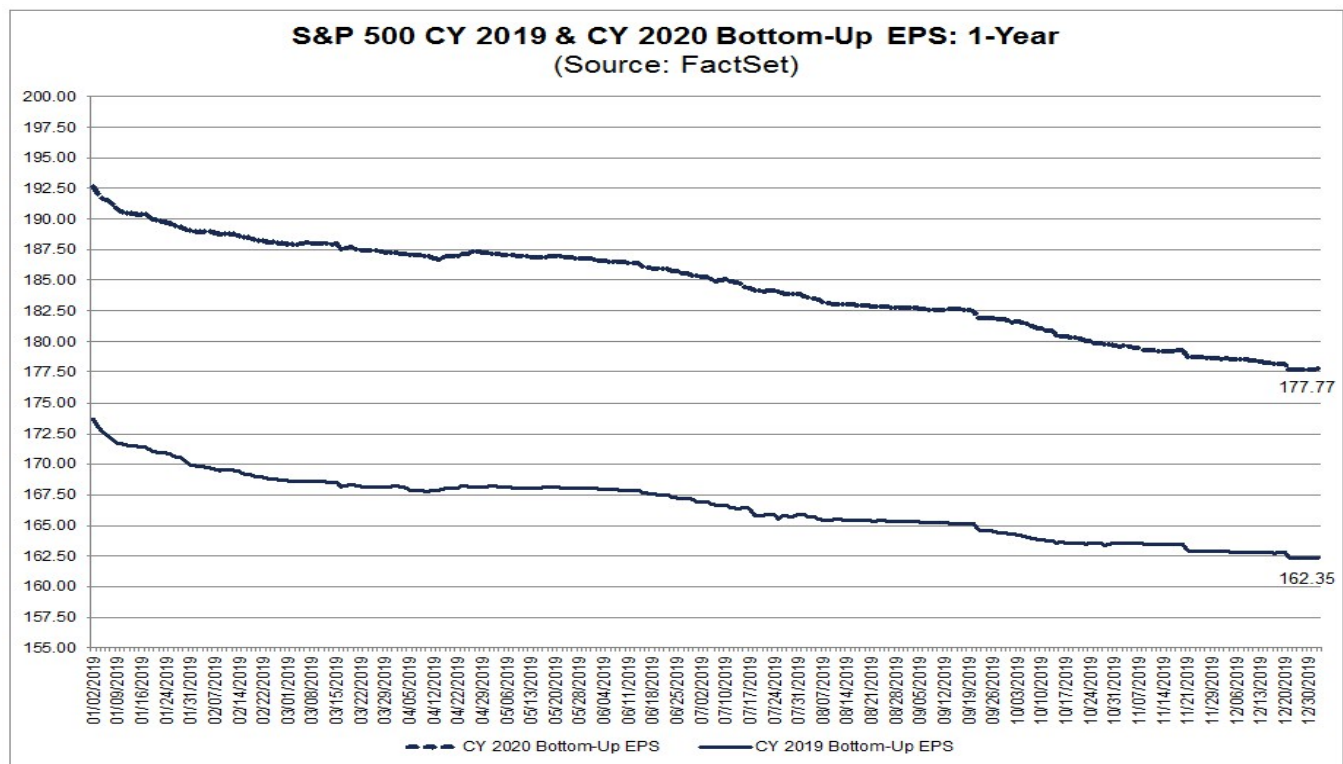
FACTSET

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)

FACTSET

Forward 12M P/E Ratio: Sector Level

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

	Consumer Disc.	Info. Technology	Consumer Staples	Real Estate	Utilities	Comm. Services	S&P 500	Materials	Energy	Industrials	Health Care	Financials
Fwd P/E	22.5	22.1	20.0	19.6	19.6	19.0	18.3	18.1	17.8	17.2	16.2	13.5
5-Yr Avg.	19.3	17.4	19.2		17.2	13.9	16.7	16.2	29.1	16.4	15.8	12.9
10-Yr Avg.	17.3	15.1	17.3		15.5	14.7	14.9	14.6	20.4	15.2	14.4	12.3

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

Legend:
- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Information Technology
- Materials
- Real Estate
- Communication Services
- Utilities
- S&P 500

Forward 12M P/E Ratio: 10-Years

S&P 500 Change in Forward 12-Month EPS vs. Change in Price: 10 Yrs.
(Source: FactSet)

Legend: Price — Forward 12-Month EPS

S&P 500 Forward 12-Month P/E Ratio: 10 Years
(Source: FactSet)

Legend: Forward 12-Month P/E — 5-Year Avg. Forward 12-Month P/E — 10-Year Avg. Forward 12-Month P/E

Trailing 12M P/E Ratio: 10-Years

S&P 500 Change in Trailing 12-Month EPS vs. Change in Price: 10 Years (Source: FactSet)

S&P 500 Trailing 12-Month P/E Ratio: 10 Years (Source: FactSet)
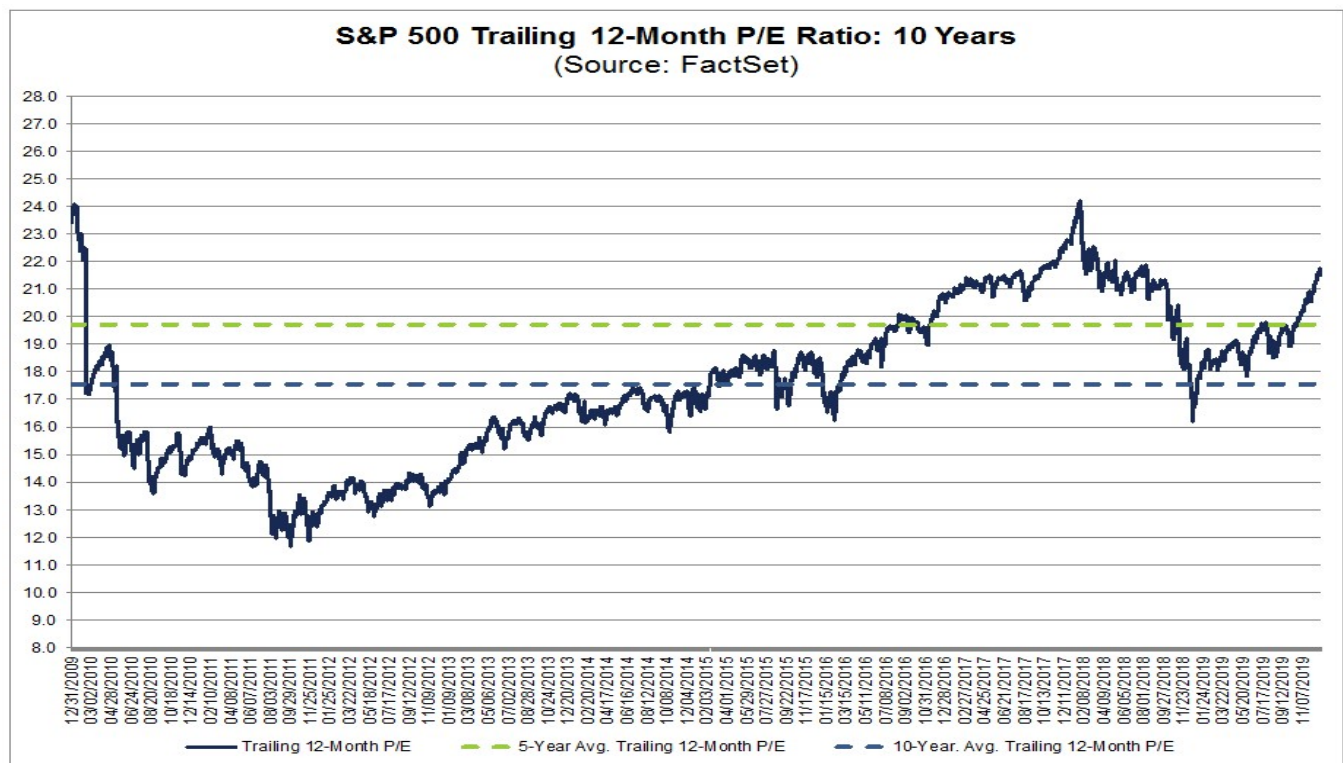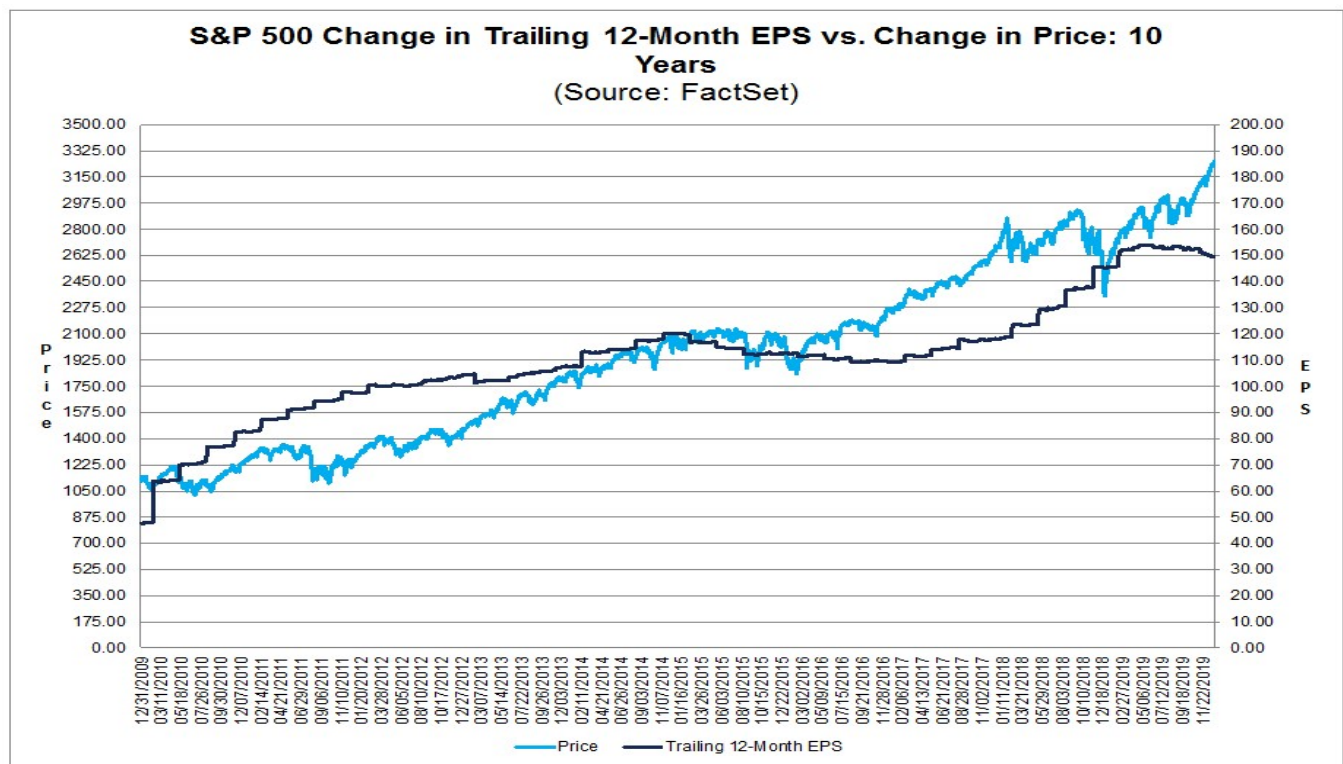
Targets & Ratings

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

	Energy	Comm. Services	Health Care	Info. Tech.	S&P 500	Materials	Consumer Disc.	Industrials	Real Estate	Financials	Utilities	Consumer Staples
■ Buy	66%	60%	59%	53%	51%	50%	48%	46%	44%	43%	42%	39%
■ Hold	31%	33%	37%	40%	42%	42%	45%	46%	50%	49%	47%	49%
■ Sell	3%	7%	5%	7%	7%	7%	6%	8%	6%	9%	11%	12%
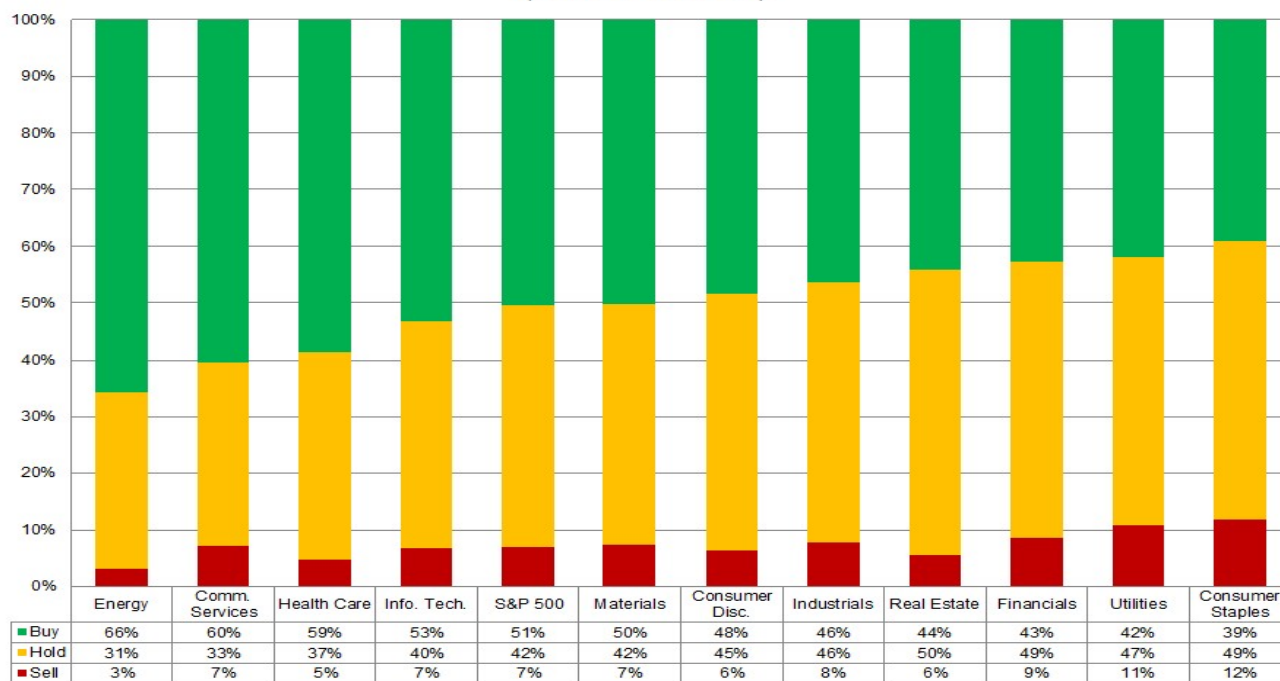
S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price
(Source: FactSet)

	Energy	Consumer Disc.	Comm. Services	Materials	Real Estate	Health Care	Consumer Staples	S&P 500	Utilities	Industrials	Financials	Info. Tech.
■ Target/Close	11.2%	9.7%	9.0%	8.3%	7.7%	6.5%	5.9%	5.6%	4.9%	4.7%	2.8%	2.3%

FACTSET
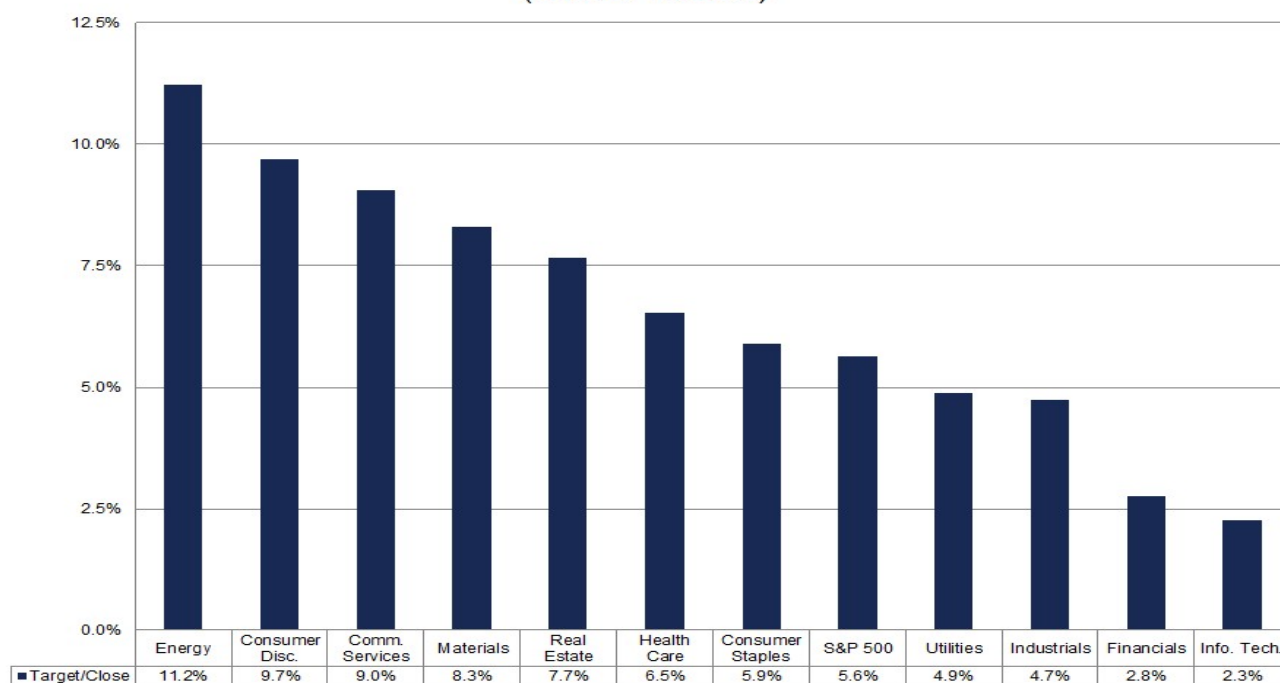
Important Notice
The information contained in this report is provided "as is" and all representations, warranties, terms and conditions, oral or written, express or implied (by common law, statute or otherwise), in relation to the information are hereby excluded and disclaimed to the fullest extent permitted by law. In particular, FactSet, its affiliates and its suppliers disclaim implied warranties of merchantability and fitness for a particular purpose and make no warranty of accuracy, completeness or reliability of the information. This report is for informational purposes and does not constitute a solicitation or an offer to buy or sell any securities mentioned within it. The information in this report is not investment advice. FactSet, its affiliates and its suppliers assume no liability for any consequence relating directly or indirectly to any action or inaction taken based on the information contained in this report.

FactSet aggregates and redistributes estimates data and does not conduct any independent research. Nothing in our service constitutes investment advice or FactSet recommendations of any kind. Estimates data is provided for information purposes only.

FactSet has no relationship with creators of estimates that may reasonably be expected to impair its objective presentation of such estimate or recommendation. FactSet redistributes estimates as promptly as reasonably practicable from research providers.

About FactSet
FactSet (NYSE:FDS | NASDAQ:FDS) delivers superior content, analytics, and flexible technology to help more than 126,000 users see and seize opportunity sooner. We give investment professionals the edge to outperform with informed insights, workflow solutions across the portfolio lifecycle, and industry-leading support from dedicated specialists. We're proud to have been recognized with multiple awards for our analytical and data-driven solutions and repeatedly ranked as one of Fortune's 100 Best Companies to Work For® and a Best Workplace in the United Kingdom and France. Subscribe to our thought leadership blog to get fresh insight delivered daily at insight.factset.com. Learn more at www.factset.com and follow on Twitter: www.twitter.com/factset.