

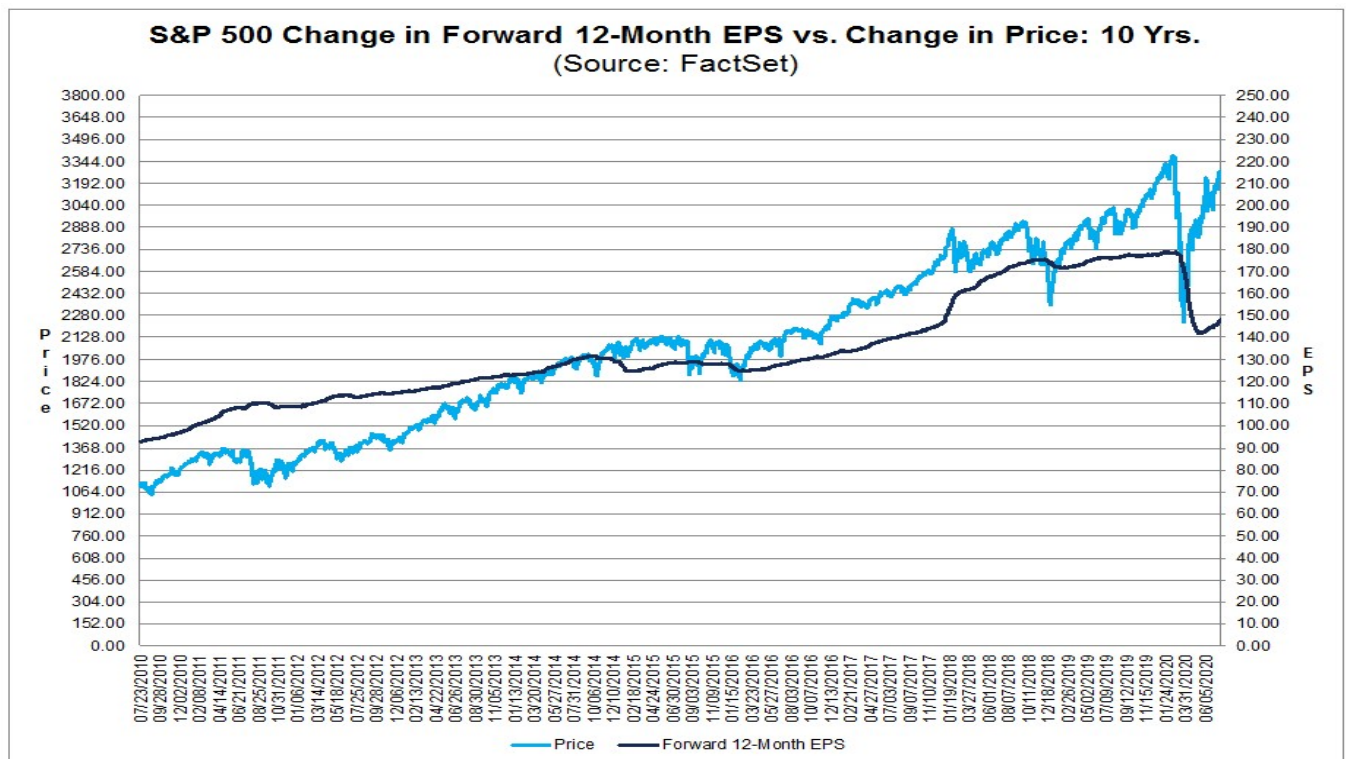
John Butters, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

July 24, 2020

Key Metrics

- **Earnings Scorecard:** For Q2 2020 (with 26% of the companies in the S&P 500 reporting actual results), 81% of S&P 500 companies have reported a positive EPS surprise and 71% have reported a positive revenue surprise.
- **Earnings Growth:** For Q2 2020, the blended earnings decline for the S&P 500 is -42.4%. If -42.4% is the actual decline for the quarter, it will mark the largest year-over-year decline in earnings reported by the index since Q4 2008 (-69.1%).
- **Earnings Revisions:** On June 30, the estimated earnings decline for Q2 2020 was -44.1%. Eight sectors have smaller earnings declines or higher earnings growth rates today (compared to June 30) due to upward revisions to EPS estimates and positive EPS surprises.
- **Earnings Guidance:** For Q3 2020, 4 S&P 500 companies have issued negative EPS guidance and 14 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.2. This P/E ratio is above the 5-year average (17.0) and above the 10-year average (15.3).



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.

Topic of the Week:

Are More S&P 500 Companies Now Providing EPS Guidance for 2020?

During each corporate earnings season, it is not unusual for companies to provide guidance on expected earnings for future quarters or for the full year. However, a number of companies are having difficulty providing estimates for future earnings due to the uncertainty surrounding the negative impacts of COVID-19. During the Q1 earnings season, 185 S&P 500 companies withdrew or did not provide annual EPS guidance, while only 100 S&P 500 companies provided annual EPS guidance. Given the large number of companies that did not provide annual EPS guidance during the Q1 earnings season, how many S&P 500 companies are providing EPS guidance for 2020 or 2021 during the Q2 earnings season to date? How many S&P 500 companies have continued to not provide or have withdrawn EPS guidance for 2020 or 2021 during the Q2 earnings season to date?

To answer these questions, FactSet searched for comments on annual EPS guidance in the Q2 earnings releases, presentations, and conference call transcripts of the 128 S&P 500 companies that had reported actual results for the second quarter through July 24. Of these 128 companies, 60 (47%) commented on EPS guidance for the current year.

Of these 60 companies, 32 (53%) stated that they were not providing EPS guidance or confirmed a previous withdrawal of EPS guidance for either FY 2020 or FY 2021. Almost all of these companies cited the uncertainty of the future economic impacts of COVID-19 as the reason for not providing or withdrawing EPS guidance for the full year. At the sector level, the Industrials (10) and Consumer Staples (7) sectors had the highest number of companies withdrawing or not providing EPS guidance for the year.

On the other hand, 28 S&P 500 companies provided EPS guidance for FY 2020 or FY 2021. Of these 28 companies, 13 provided annual EPS guidance that was higher than the previous guidance issued by the company, 6 maintained previous (annual) EPS guidance, 8 provided annual EPS guidance that was lower than the previous guidance issued by the company, and 1 initiated annual EPS guidance (no prior guidance issued). At the sector level, the Health Care (8) and Industrials (6) sectors had the highest number of companies issuing EPS guidance for the year.

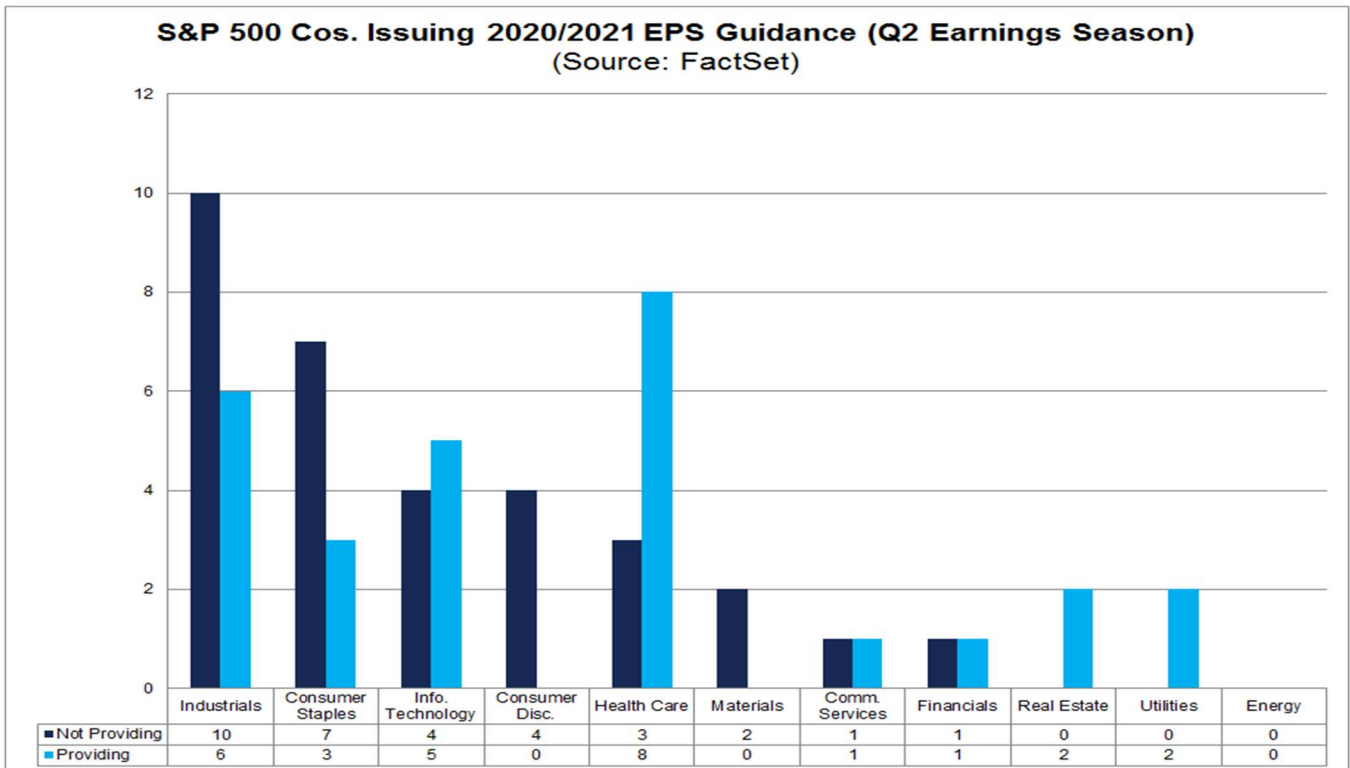
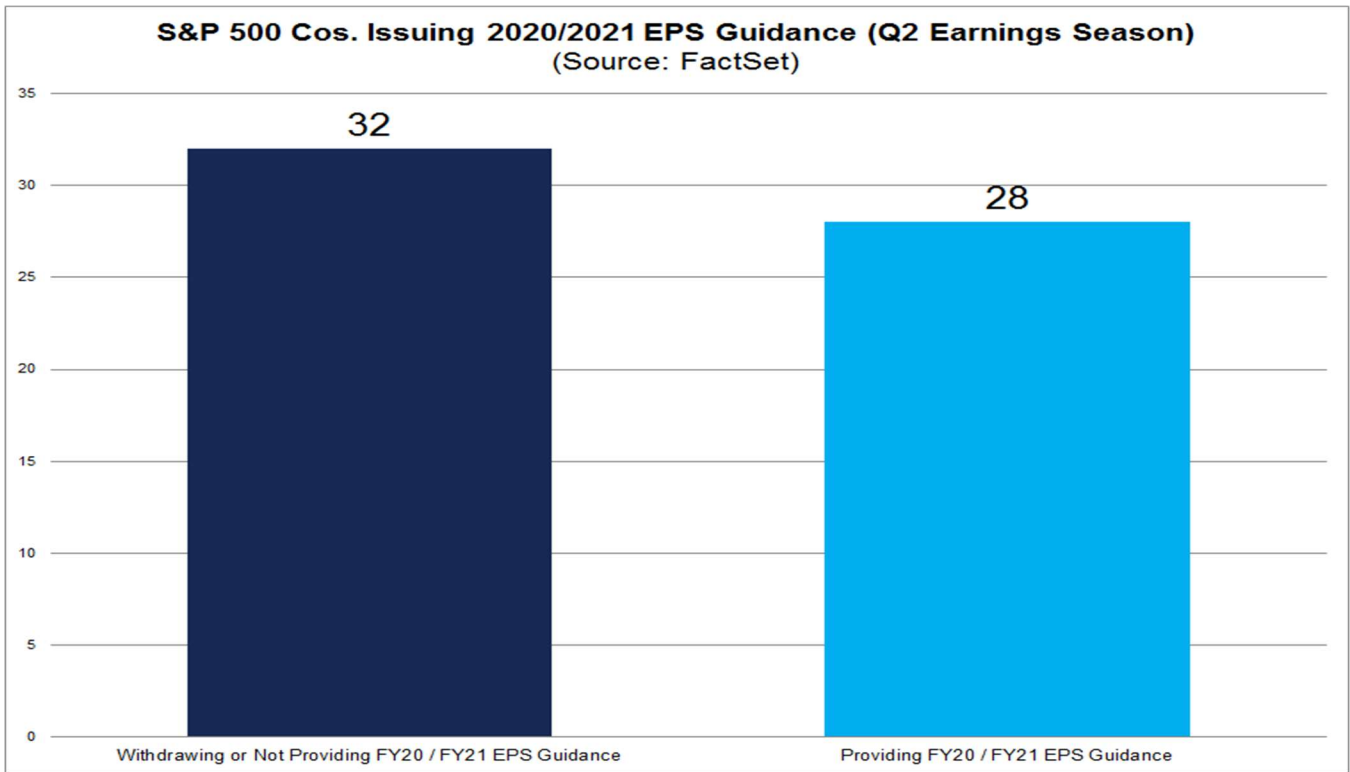
Thus, slightly more S&P 500 companies are not providing annual EPS guidance (32) than providing annual EPS guidance (28) at this point in time in the Q2 earnings season.

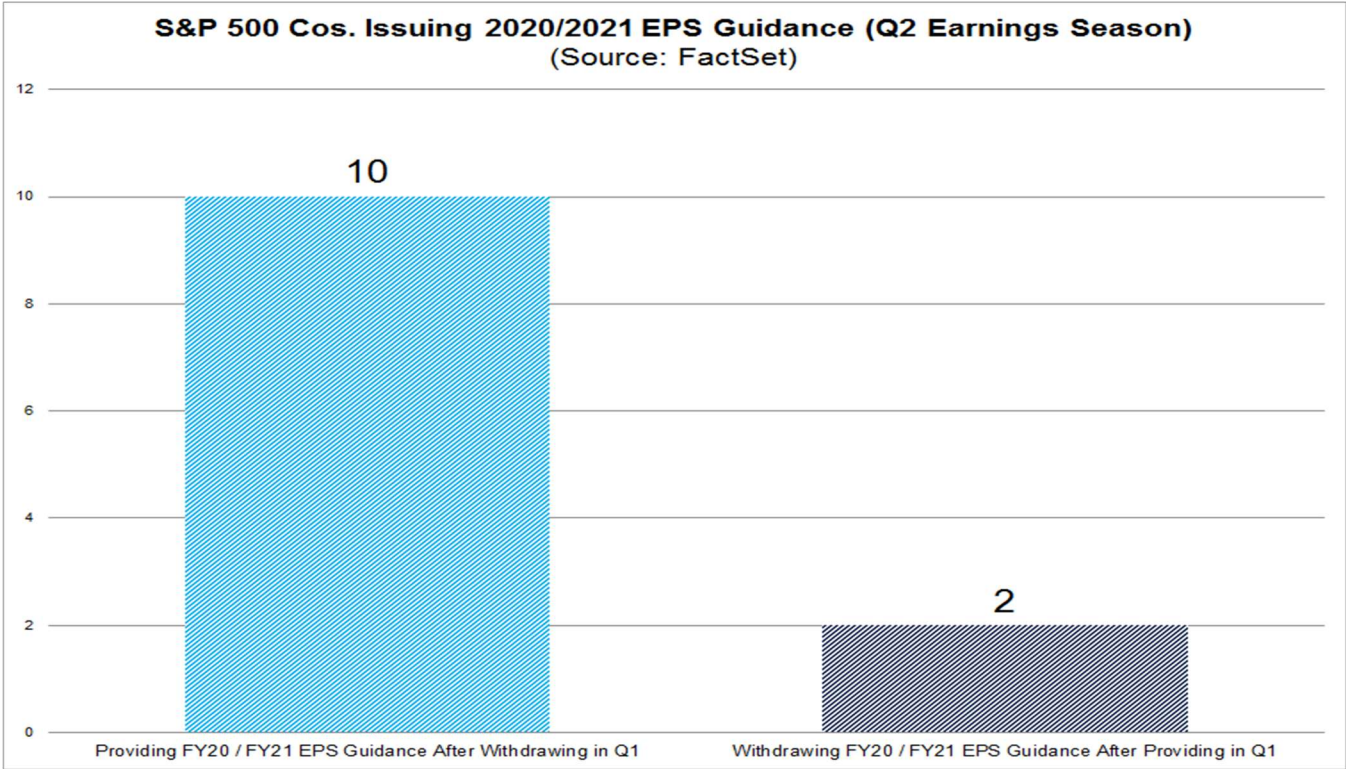
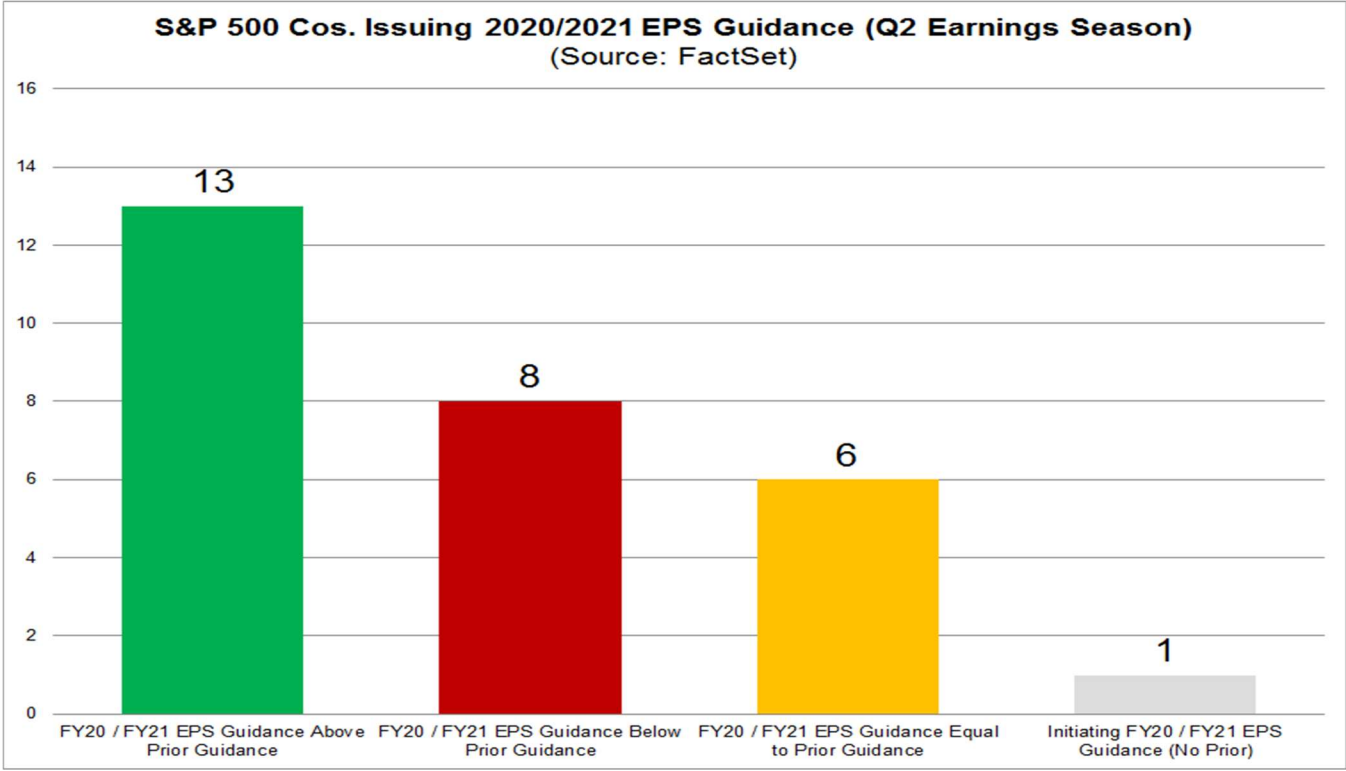
However, it should be noted there has been a 40% increase in the number of S&P 500 companies providing annual EPS guidance during the Q2 earnings season to date (28) relative to the Q1 earnings season at the same point in time on April 24 (20). This increase can be attributed in part to an uptick in the number of companies reissuing annual EPS guidance during the Q2 earnings season after withdrawing or not providing annual EPS guidance during the Q1 earnings season. To date, 10 S&P 500 companies that withdrew or did not provide annual EPS guidance during the Q1 earnings season provided annual EPS guidance during the Q2 earnings season.

It should also be noted that there has been a substantial increase in the number S&P 500 companies issuing annual EPS guidance that is higher than the previous guidance issued by the company during the Q2 earnings season to date (13) relative to the Q1 earnings season at the same point in time on April 24 (4).

Given the increase in the number of S&P 500 companies providing annual EPS guidance in Q2 after withdrawing annual EPS guidance in Q1 and the increase in the number of S&P 500 companies issuing annual EPS guidance above previous guidance, it does appear that some S&P 500 companies have better visibility on future earnings now relative to three months ago. The market will certainly continue to focus on any forward EPS guidance issued by S&P 500 companies for the remainder of the earnings season to gain as much clarity as possible on the future economic impacts of COVID-19.

A list of the 32 companies withdrawing or not providing FY 2020 or FY 2021 EPS guidance and a list of the 28 companies providing FY 2020 or FY 2021 EPS guidance during the Q2 earnings season and their comments can be found on pages 5 through 9. The 10 companies that issued annual EPS guidance during the Q2 earnings season after withdrawing annual EPS guidance during the Q1 earnings season are highlighted in **bold**.





Withdrawing or Not Providing FY20 or FY21 EPS Guidance (32)

"In light of the macroeconomic environment and the strategic shifts for Advertising Cloud, Adobe is withdrawing the annual fiscal 2020 targets provided in December 2019." -Adobe Systems (Jun. 11)

"Now, I'm not going to be providing guidance for the entire fiscal year 2021, but as I said earlier, I have a high-level of confidence that our revenue will accelerate as we move on past COVID-19." -Oracle (Jun. 16)

"The company's guest cruise operations have been in a pause for a majority of the second quarter. In addition, the company is unable to definitively predict when it will return to normal operations. As a result, the company is currently unable to provide an earnings forecast." -Carnival (Jun. 18)

"Due to uncertainty surrounding future business performance stemming from COVID-19, the Company is providing a financial outlook for the current quarter instead of its usual practice of providing an annual outlook." -Darden Restaurants (Jun. 25)

"McCormick previously withdrew its fiscal 2020 guidance on March 31, 2020. The operating environment continues to evolve and, while the company's year-to-date fiscal 2020 performance has been strong, there remains a high degree of uncertainty about the pace and shape of the COVID-19 recovery. As a result, the company is not providing new fiscal 2020 guidance at this time." -McCormick (Jun. 25)

"The impact that the COVID-19 pandemic will have on the Company's fiscal 2021 consolidated results remains uncertain. The Company does expect retail and foodservice demand levels to trend toward historical norms as the fiscal year progresses. However, the degree and timing of changes in retail and foodservice demand levels are difficult to predict with enough certainty to provide a full-year outlook at this time." -Conagra Brands (Jun. 30)

"FedEx is not providing an earnings forecast for fiscal 2021 as the timing and pace of an economic recovery are uncertain." -FedEx (Jun. 30)

"Fiscal 2021 guidance is unavailable at this time due to the uncertainty and potential impacts on the business from COVID-19." -Constellation Brands (Jul. 1)

"Due to the general economic uncertainty created by the global COVID-19 pandemic, KCS is not providing guidance on revenue, volume, operating ratio or earnings per share." -Kansas City Southern (Jul. 17)

"General Mills expects the largest factor impacting its fiscal 2021 performance will be relative balance of at-home versus away-from-home consumer food demand. This balance will be determined by factors such as consumers' ability and willingness to eat in restaurants, the proportion of people working from home, the reopening of schools, and changes in consumers' income levels. While the COVID-19 pandemic has significantly influenced each of these factors in recent months, the magnitude and duration of its future impact remains highly uncertain. As a result, the company is not currently providing an outlook for fiscal 2021 growth in organic net sales, adjusted operating profit, and adjusted diluted EPS." -General Mills (Jul. 1)

"However, the environment has remained volatile and much uncertainty remains about the duration and long-term implications of the pandemic. As a result, we are not providing a financial outlook for fiscal year 2020 at this time." -PepsiCo (Jul. 13)

"Given the uncertainty in the environment and consistent with our direction from last quarter, we're not going to provide guidance for 2020." -IBM (Jul. 20)

"As we look to the remainder of the year, we will continue to hold off on providing full year guidance, given the amount of uncertainty that remains." -Coca-Cola (Jul. 21)

"As we look ahead, the continued and significant economic and public health uncertainties created by the COVID-19 pandemic make it difficult to accurately forecast our performance in the second half of 2020. Accordingly, we are once again not providing full-year sales and EPS guidance." -Amphenol (Jul. 22)

"The improvement in our financial results was generally better and broader than we expected, but we believe it is too early for us to make any conclusive statements about the future or provide any guidance for the rest of the year." -HCA Healthcare (Jul. 22)

“Now I'll make a quick comment on guidance. As you know, we withdrew our 2020 annual guidance in early April due to the uncertainty around the pandemic and its potential impact on our customers. Now, here we are in late July and it's obviously still a very uncertain time. Similar to Q1, while we're not ready to reinstate annual guidance, we want to provide you with as much color as possible on our expectations for the current quarter.” -Thermo Fisher (Jul. 22)

“The COVID-19 recovery is very mixed around the world, with some areas back to normal activity, some slowly recovering, and some unfortunately seeing significant community spread and having to implement or reinstate restrictions. We are clearly living in uncertain times and that makes it very difficult to make any reasonable projections for the future. Therefore, we are not providing any guidance for our fourth quarter performance.” -Air Products & Chemicals (Jul. 23)

“Due to the continued lack of visibility related to COVID-19 and its economic impact, the Company is providing limited financial guidance. The Company continues to expect the total dividend payout ratio at yearend 2020 to be in the 60s% range and is targeting the low end of that range. The Company also expects gross capital investment in the \$20 billion range in 2020.” -AT&T (Jul. 23)

“Visibility to future financial performance remains impaired due to the COVID-19 pandemic. The recent increase in people contracting the virus and the actions governments are taking again in response only add to the uncertainty of the pace of the economic recovery. Therefore, we are not providing fiscal year financial guidance at this time.” -Cintas (Jul. 23)

“As John outlined earlier, we're still unable to provide guidance for the third quarter or the second half. We still see meaningful uncertainty from the impacts of the COVID pandemic as cases rise tragically in many markets, impacting shelter-in-place orders, consumer confidence and economic activity. There's also a real risk of a second COVID wave in the fall and potential for increased lockdowns. We also expect further impacts from unemployment, furloughs and salary reductions as government support programs expire in the coming weeks. Like other companies, we have very limited visibility in the depth and breadth and length of the COVID recession, or the timing or strength of a recovery until we have a broadly available vaccine. This uncertainty makes it a challenge to provide our traditional guidance for the third quarter and second half.” -Equifax (Jul. 23)

“The operating environment continues to evolve, and the company's performance improved over the course of the second quarter. The impact of recent spikes in coronavirus cases on consumer mobility, retail operations, government regulations, and the macroeconomic environment, however, remains unclear. As a result, the company is not providing new fiscal 2020 guidance at this time.” -Hershey (Jul. 23)

“As the timing and pace of an economic recovery are uncertain, we are unable to provide detailed financial guidance other than based on currently available information we now expect third quarter organic sales to be down approximately 12 to 17 percent versus prior year.” -IDEX Corporation (Jul. 23)

“Given the level of uncertainty, it is difficult to provide guidance beyond Q3 right now. Factors contributing to a heightened level of uncertainty include the duration and impact of shelter-in-place restrictions and social distancing measures, the tapering of government stimulus benefits, elevated unemployment levels, and even the November elections.” -Tractor Supply Company (Jul. 23)

“As we're not giving guidance, we want to be as helpful as we can to everybody putting their models together.” -W.W. Grainger (Jul. 23)

“As expected the second quarter was the most difficult one in terms of the impact of a pandemic on our business. While we are encouraged by the demand trends seen in June and extending into Q3, we are very mindful of the significant uncertainties which remain for the rest of the year. Because of this, we are not reinstating full year guidance, but again, want to provide our current perspective based on the information available at this time.” -Whirlpool (Jul. 23)

“Due to the evolving nature of the COVID-19 pandemic and related supply chain and market disruptions, Honeywell previously announced that it has suspended providing full financial guidance until the economic impact of COVID-19 stabilizes. The company expects ongoing top-line challenges due to the current market conditions, particularly in the aerospace and oil and gas sectors.” -Honeywell (Jul. 24)

In addition to the companies listed above, FactSet tracked companies that previously provided EPS guidance for the fiscal year but then did not directly address fiscal year EPS guidance in their Q2 earnings press release, presentation, or transcript. Most of these companies withdrew EPS guidance on an earlier date and did not confirm or discuss the withdrawal in their Q2 earnings documents. These companies are included in the total number of companies withdrawing or not providing EPS guidance.

“However, due to the heightened uncertainty surrounding this outbreak, its duration, its impact on overall demand for air travel and the possibility the outbreak spreads to other regions, the Company is withdrawing all full-year 2020 guidance issued on January 21, 2020.” -United Air Lines (Feb. 24)

“We are also withdrawing our full-year guidance until we have more clarity on the duration and severity of the current situation.” -Delta Air Lines (Mar. 10)

“Due to the evolving and uncertain impact of the COVID-19 pandemic, Danaher also announced that it is withdrawing its previously communicated 2020 financial guidance, which was provided on January 30, 2020.” -Danaher (Apr. 13)

“In summary, we are certainly in unprecedented times, and looking ahead, it's impossible to forecast our financial results for the rest of the year without knowing the answer to the two questions Steve posed earlier: when and how quickly the economy improves, and what happens to unemployment and the pace of small business recovery?” -American Express (Apr. 24)

“Due to the heightened level of uncertainty over global economic demand, the company is withdrawing all of its previously communicated full year sales and earnings guidance.” -PPG Industries (Apr. 27)

“We began the quarter on track to exceed our guidance. However, the COVID-19 pandemic and unprecedented drop in demand during March radically changed our outlook. Given the unpredictable nature of this event, we suspended our guidance for all of 2020.” -American Airlines Group (Apr. 30)

Providing FY20 or FY21 EPS Guidance Below Previous Guidance (8)

“Our full year guidance is as follows. Revenue of \$4.28 billion to \$4.3 billion. This represents an organic growth rate normalized for the year of between 0% and 1%. Adjusted EBITDA of \$1.825 billion to \$1.835 billion. This represents a margin of 42.7%. Adjusted EPS of \$2.76 to \$2.78, representing 10% year-on-year growth.” -IHS Markit (Jun. 23)

“The company introduced fiscal 2020 adjusted EPS guidance of \$4.65 to \$4.75, including estimated adverse COVID-19 impacts of \$1.03 to \$1.14 per share. This guidance assumes continued adverse impacts from COVID-19 in the fourth quarter.” -Walgreens Boots Alliance (July 9)

“Excluding specified items, projected adjusted diluted earnings per share from continuing operations would be at least \$3.25 for full-year 2020.” -Abbott (Jul. 16)

“Despite the exceptional headwinds of 2020, we expect to grow our full-year adjusted diluted EPS between plus 2% and plus 5% on a currency-neutral, like-for-like basis. This corresponds to an adjusted diluted EPS range of \$4.92 to \$5.07, including an estimated unfavorable currency impact at prevailing exchange rate of \$0.31.” -Phillip Morris International (Jul. 21)

“As a result of our first half performance and our solid order backlog, we are reinstating our annual adjusted EPS guidance to (\$5.00 to) \$5.25 per share.” -Dover (Jul. 22)

“The company is re-issuing outlooks for 2020 for revenue, EPS and available cash flow. All the following estimates assume no further disruptions related to COVID-19...The company's EPS outlook now stands at \$2.70 to \$2.95 with an adjusted EPS outlook of \$4.15 to \$4.30.” -Allegion (Jul. 23)

“Moving to full year, we are providing full year guidance, although visibility remains somewhat limited into the fourth quarter. Still, we do expect some part of the company's first half outperformance will be additive to our estimate for full year revenue. We are now forecasting revenue of \$75 billion and EPS of approximately \$4.85.” -Intel (Jul. 23)

“While full visibility remains limited with half the year behind us, we are reinstating the full year guidance. For the full year, we expect adjusted EPS to be in a range of \$2 to \$2.20, on total sales of roughly \$2.8 billion.”
-Pentair (Jul. 23)

Maintaining Previous FY20 or FY21 EPS Guidance (6)

“The Company is maintaining its full year earnings per share outlook for 2020 of net earnings of \$15.45 to \$15.75 per share and adjusted net earnings of \$16.25 to \$16.55 per share.” -UnitedHealth Group (Jul. 15)

“The company is affirming its full-year 2020 GAAP earnings forecast range of \$1.02 billion to \$1.13 billion, or \$1.88 to \$2.08 per share, based on 542 million shares, as well as its full-year operating (non-GAAP) guidance of \$2.40 to \$2.60 per share.” -FirstEnergy (Jul. 23)

“This morning, we reissued our full year 2020 outlook as follows: revenue is expected to be between \$8 billion and \$8.6 billion, an increase of approximately 3.5% to 11.3% versus the prior year; reported EPS is expected to be in the range of \$5.66 and \$7.66 and adjusted EPS to be in the range of \$6.60 and \$8.60 per share...” -Quest Diagnostics (Jul. 23)

“Turning to earnings guidance, in April we took what many considered a very bold step in this environment and provided revised FFO and FAD guidance. Most other off the REITs pulled their guidance and most of them are likely to withhold guidance again this quarter. But we feel we owe it to all of our constituents to share our views. We have a view, let's not keep it a secret and three unique months later after a ton of activity, more projection models than I care to count and reviews of those models no less than two to three times a week, there's been some movement in line items but we remain comfortable with the guidance we provided and are maintaining our FFO guidance range of \$6.60 to \$7.10 million a share and FAD of at least \$400 million.” -SL Green Realty (Jul. 23)

“For 2020, NextEra Energy continues to expect its adjusted earnings per share to be in the range of \$8.70 to \$9.20.”
-NextEra Energy (Jul. 24)

“The company continues to expect the following results for full-year 2020, and notes that this guidance assumes no significant deterioration to the macroeconomic environment or material changes to the company's bad debt reserves: Adjusted EPS growth (non-GAAP) of -2 to 2 percent.” -Verizon Communications (Jul. 24)

Providing FY20 or FY21 EPS Guidance Above Previous Guidance (13)

“The company now expects diluted EPS to be in the range of \$7.57 to \$7.70, compared with \$7.48 to \$7.70 previously.” -Accenture (Jun. 25)

“Accounting for that, we would be comfortable with your models reflecting reported adjusted EPS ranging from \$7.75 to \$7.95, a range of minus 10.7% to minus 8.4%.” -Johnson & Johnson (Jul. 16)

“And with that, our updated outlook for fiscal 2020 is as follows. Revenue in the range of \$2.585 billion to \$2.615 billion, non-GAAP operating margin of approximately 33%, GAAP EPS in the range of \$1.84 to \$1.90, non-GAAP EPS in the range of \$2.50 to \$2.56.” -Cadence Design Systems (Jul. 20)

“We have updated our full-year guidance, increasing our estimates for sales, earnings and operating cash flow, as COVID-19 mitigation plans and our outstanding performance have minimized our year-to-date impacts.” -Lockheed Martin (Jul. 21)

“Taking some assumptions into account, we're increasing our 2020 core FFO midpoint by \$0.125 and narrowing the range to \$3.70 to \$3.75 per share, including \$0.20 of net promote income. This compares to our original guidance midpoint at the beginning of the year of \$3.71 a share.” -Prologis (Jul. 21)

“Non-GAAP diluted EPS is expected to be between \$34.00 and \$36.00, an increase from the prior guidance range of \$31.50 to \$33.50.” -Biogen (Jul. 22)

“Together, these factors are expected to contribute to improved financial performance in 2020 versus the company's expectations on April 28 of 2020. As a result, we are raising our full year guidance ranges for the full year...And we expect adjusted diluted EPS to be between \$6.10 and \$6.30. This guidance assumes foreign currency rates at the end of the second quarter remain in effect for the rest of the year.” -IQVIA (Jul. 22)

“And for the full year 2020, our GAAP earnings per share outlook is \$9.45 to \$10.00 compared with the prior outlook of \$9.30 to \$10.00.” - Teledyne Technologies (Jul. 22)

“Our full year 2020 guidance is now: Non-GAAP Diluted EPS \$5.65 to \$5.85.” -Citrix Systems (Jul. 23)

“The company now expects full-year 2020 adjusted earnings per share of \$1.75 to \$1.95 on a post-split basis, versus previous guidance of \$1.58 to \$1.75, or on a pre-split basis, \$4.75 to \$5.25.” -Edwards Lifesciences (Jul. 23)

“Finally, with respect to our earnings guidance for 2020, we are projecting net operating income per share will be in the range of \$6.80 to \$7.04 for the year ended December 31, 2020. The \$6.92 midpoint of this guidance reflects a \$0.02 increase over the midpoint of our previous guidance of \$6.90. The \$0.02 increase at the midpoint is primarily attributable to the lower borrowing cost associated with our short-term debt.” -Globe Life (Jul. 23)

“Now, I'll address the outlook. The duration and impact of COVID-19 on our business remains unclear, and there continues to be uncertainty in the environment. However, our visibility is improving, and we're restoring forward-looking guidance for 2020. Compared to our original plan, we're raising our outlook for both organic sales and earnings. We're also increasing growth investment, primarily in digital advertising. On the top line, we're targeting organic sales growth of 4% to 5%, which is above our original plan of 2%, and this increase reflects a combination of improved underlying brand performance and higher demand driven by COVID...On the bottom line, our revised outlook is adjusted earnings per share of \$7.40 to \$7.60. That's up 7% to 10% year-on-year compared to our original plan of \$7.10 to \$7.35.” -Kimberly-Clark (Jul. 23)

“Full-year 2020 adjusted-diluted EPS is expected to be in a range of between \$4.15 and \$4.25, compared to a prior range of between \$3.52 and \$3.62.” -West Pharmaceutical Services (Jul.23)

Initiating FY20 or FY21 EPS Guidance – No Prior EPS Guidance (1)

“Let's talk about 2021...Adjusted diluted earnings per share is expected to decline in the range of 6% to 10%.” -Paychex (Jul. 7)

Q2 Earnings Season: By The Numbers

Overview

To date, 26% of the companies in the S&P 500 have reported actual results for Q2 2020. In terms of earnings, the percentage of companies reporting actual EPS above estimates (81%) is above the 5-year average. In aggregate, companies are reporting earnings that are 11.4% above the estimates, which is also above the 5-year average. In terms of sales, the percentage of companies reporting actual sales above estimates (71%) is above the 5-year average. In aggregate, companies are reporting sales that are 3.0% 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 second quarter is -42.4%, which is smaller than the earnings decline of -44.1% last week. Positive earnings surprises reported by companies in the Health Care and Information Technology sectors were mainly responsible for the decrease in the overall earnings decline during the week. If -42.4% is the actual decline for the quarter, it will mark the largest year-over-year decline in earnings reported by the index since Q4 2008 (-69.1%). It will also mark the fifth time in the past six quarters in which the index has reported a year-over-year decline in earnings. One sector (Utilities) is reporting year-over-year earnings growth. The other ten sectors are reporting a year-over-year decline in earnings, led by the Energy, Consumer Discretionary, Industrials, and Financials sectors.

The blended revenue decline for the second quarter is -10.1%, which is smaller than the revenue decline of -10.4% last week. Positive revenue surprises reported by companies in the Information Technology and Health Care sectors were mainly responsible for the decrease in the overall revenue decline during the week. If -10.1% is the actual decline for the quarter, it will mark the largest year-over-year decline in revenue reported by the index since Q3 2009 (-11.5%). Three sectors are reporting year-over-year growth in revenues, led by the Health Care sector. Eight sectors are reporting a year-over-year decline in revenues, led by the Energy, Industrials, and Consumer Discretionary sectors.

Looking ahead, analysts predict a (year-over-year) decline in earnings in the third quarter (-24.0%) and the fourth quarter (-12.3%) of 2020. However, they also project a return to earnings growth in Q1 2021 (12.7%).

The forward 12-month P/E ratio is 22.2, which is above the 5-year average and above the 10-year average.

During the upcoming week, 192 S&P 500 companies (including 12 Dow 30 components) are scheduled to report results for the second quarter.

Scorecard: More Companies Beating EPS Estimates and Sales Estimates Than Average

Percentage of Companies Beating EPS Estimates (81%) is Above 5-Year Average

Overall, 26% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 81% have reported actual EPS above the mean EPS estimate, 2% have reported actual EPS equal to the mean EPS estimate, and 17% 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 (71%) average and above the 5-year (72%) average.

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

Earnings Surprise Percentage (+11.4%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 11.4% above expectations. This surprise percentage is above the 1-year (+3.7%) average and above the 5-year (+4.7%) average.

The Energy sector (+76.2%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Halliburton (\$0.05 vs. -\$0.11) and Schlumberger (\$0.05 vs. -\$0.01) have reported the largest positive EPS surprises.

The Materials sector (+68.8%) sector is reporting the second largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Nucor (\$0.36 vs. \$0.09) and PPG Industries (\$0.99 vs. \$0.70) have reported the largest positive EPS surprises.

The Health Care sector (+36.8%) sector is reporting the third largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, HCA Healthcare (\$3.23 vs. -\$0.19), Intuitive Surgical (\$1.11 vs. \$0.53), Quest Diagnostics (\$1.42 vs. \$0.71), and Edwards Lifesciences (\$0.34 vs. \$0.19) have reported the largest positive EPS surprises.

The Consumer Discretionary sector (-976.3%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, NIKE (-\$0.51 vs. \$0.09) and Carnival (-\$3.30 vs. -\$1.59) have reported the largest negative EPS surprises.

Market Rewarding Positive Earnings Surprises More Than Average

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 Q2 2020 have seen an average price increase of +1.8% two days before the earnings release through two days after the earnings. This percentage increase is above 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 Q2 2020 have seen an average price decrease of -0.6% 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 (71%) is Above 5-Year Average

In terms of revenues, 71% of companies have reported actual sales above estimated sales and 29% 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 (60%).

At the sector level, the Health Care (92%) and Information Technology (86%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (0%) and Energy (25%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+3.0%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 3.0% above expectations. This surprise percentage is above the 1-year (+0.7%) average and above the 5-year (+0.7%) average.

At the sector level, the Financials (+5.9%), Industrials (+3.7%), and Information Technology (+3.6%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Energy (-2.5%) and Utilities (-1.9%) sectors are reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

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

Decrease in Blended Earnings Decline This Week Due to Health Care and Technology

The blended (year-over-year) earnings decline for the second quarter is -42.4%, which is smaller than the earnings decline of -44.1% last week. Positive earnings surprises reported by companies in the Health Care and Information Technology sectors were mainly responsible for the decrease in the overall earnings decline during the week.

In the Health Care sector, the positive EPS surprises reported by HCA Healthcare (\$3.23 vs. -\$0.19), Thermo Fisher Scientific (\$3.89 vs. \$2.89), Biogen (\$10.26 vs. \$8.02), and Danaher (\$1.44 vs. \$1.09) 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 Health Care sector decreased to -3.5% from -8.0% over this period.

In the Information Technology sector, the positive EPS surprises reported by Microsoft (\$1.46 vs. \$1.34), Texas Instruments (\$1.48 vs. \$0.88), and Intel (\$1.23 vs. \$1.11) 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 Information Technology sector decreased to -6.0% from -9.4% over this period.

Decrease in Blended Revenue Decline This Week Due to Health Care and Technology

The blended (year-over-year) revenue decline for the second quarter is -10.1%, which is smaller than the revenue decline of -10.4% last week. Positive revenue surprises reported by companies in the Health Care and Information Technology sectors were mainly responsible for the decrease in the overall revenue decline during the week.

Health Care Sector Has Seen Largest Increase in Earnings since June 30

The blended (year-over-year) earnings decline for Q2 2020 of -42.4% is smaller than the estimate of -44.1% at the end of the second quarter (June 30). Eight 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 Health Care sector (to -3.5% from -14.0%). Three sectors have recorded an increase in their earnings decline during this time due to downward revisions to earnings estimates and negative earnings surprises, led by the Energy (to -155.1% from -149.0%) sector.

Financials Sector Has Seen Largest Increase in Revenues since June 30

The blended (year-over-year) revenue decline for Q2 2020 of -10.1% is smaller than the estimate of -11.0% at the end of the second quarter (June 30). Nine 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 -0.4% from -4.6%) sector. Two sectors have an increase in their revenue decline during this time due to downward revisions to revenue estimates and negative revenue surprises, led by the Energy (to -43.4% from -41.6%) sector.

Earnings Decline: -42.4%

The blended (year-over-year) earnings decline for Q2 2020 is -42.4%, which is below the 5-year average earnings growth rate of 5.5%. If -42.4% is the actual decline for the quarter, it will mark the largest year-over-year decline in earnings for the index since Q4 2008 (-69.1%). It will also mark the fifth time in the past six quarters in which the index has reported a year-over-year decline in earnings. One sector (Utilities) is reporting year-over-year earnings growth. The other ten sectors are reporting a year-over-year decline in earnings, led by the Energy, Consumer Discretionary, Industrials, and Financials sectors.

Utilities: 3 of 5 Industries Expected to Report Year-Over-Year Growth

The Utilities sector is the only sector reporting (year-over-year) earnings growth of all eleven sectors at 0.9%. At the industry level, three of the five industries in this sector are predicted to report year-over-year growth in earnings: Gas Utilities (17%), Multi-Utilities (11%), and Water Utilities (2%). On the other hand, the other two industries are reporting (or are expected to report) a decline in earnings: Independent Power & Renewable Energy Producers (-11%) and Electric Utilities (-3%).

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline of More Than 160%

The Energy sector is reporting the largest (year-over-year) decline in earnings of all eleven sectors at -155.1%. If -155.1% is the actual decline for the quarter, it will mark the largest year-over-year decline in earnings for the Energy sector since FactSet began tracking this data in Q3 2008. The current record is -107.2%, which occurred in Q1 2016. At the sub-industry level, all five sub-industries in the sector are reporting (or are projected to report) a decline in earnings. Three of these five sub-industries are predicted to report a decline in earnings of more than 160%: Integrated Oil & Gas (-176%), Oil & Gas Exploration & Production (-166%), and Oil & Gas Refining & Marketing (-163%).

Consumer Discretionary: 4 of 11 Industries Reporting Year-Over-Year Decline of More Than 180%

The Consumer Discretionary sector is reporting the second largest (year-over-year) earnings decline of all eleven sectors at -116.6%. If -116.6% is the actual decline for the quarter, it will mark the largest year-over-year decline in earnings for the Consumer Discretionary sector since FactSet began tracking this data in Q3 2008. The current record is -95.1%, which occurred in Q4 2008. At the industry level, ten of the eleven industries in this sector are reporting (or are expected to report) a decline in earnings. Four of these ten industries are reporting (or are projected to report) a decline in earnings of more than 180%: Automobiles (-308%), Textiles, Apparel, & Luxury Goods (-201%), Hotels, Restaurants, & Leisure (-198%), and Auto Components (-185%). On the other hand, the only industry expected to report earnings growth in this sector is the Diversified Consumer Services industry.

Industrials: Airlines Industry Leads Year-Over-Year Decline

The Industrials sector is reporting the third largest (year-over-year) earnings decline of all eleven sectors at -89.6%. If -89.6% is the actual decline for the quarter, it will mark the largest year-over-year decline in earnings for the Industrials sector since FactSet began tracking this data in Q3 2008. The current record is -41.3%, which occurred in Q3 2009. At the industry level, eleven of the twelve industries in this sector are reporting (or are predicted to report) a decline in earnings. Four of these eleven industries are reporting (or are projected to report) a decline in earnings of more than 50%: Airlines (-358%), Industrial Conglomerates (-71%), Machinery (-62%), and Electrical Equipment (-51%). On the other hand, the only industry reporting earnings growth in this sector is the Aerospace & Defense (30%) industry.

The Airlines industry is 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 -44.5% from -89.6%.

Financials: 3 of 5 Industries Reporting Year-Over-Year Decline of More Than 40%

The Financials sector is reporting the fourth largest (year-over-year) earnings decline of all eleven sectors at -54.4%. If -54.4% is the actual decline for the quarter, it will mark the largest year-over-year decline in earnings for the Financials sector since Q4 2008. At the industry level, four of the five industries in this sector are reporting (or are predicted to report) a decline in earnings. Three of these five industries are reporting a decline in earnings of more than 40%: Consumer Finance (-118%), Banks (-77%), and Insurance (-42%). On the other hand, the Capital Markets (6%) industry is the only industry reporting year-over-year earnings growth in this sector.

Revenue Decline: -10.1%

The blended (year-over-year) revenue decline for Q2 2020 is -10.1%, which is below the 5-year average revenue growth rate of 3.7%. If -10.1% is the actual decline for the quarter, it will mark the largest year-over-year decline in revenue for the index since Q3 2009 (-11.5%). Three sectors are reporting year-over-year growth in revenues, led by the Health Care sector. Eight sectors are reporting a year-over-year decline in revenues, led by the Energy, Industrials, and Consumer Discretionary sectors.

Health Care: 2 of 6 Industries Reporting Year-Over-Year Growth

The Health Care sector is the only sector reporting (year-over-year) revenue growth of all eleven sectors at 1.5%. At the industry level, two of the six industries in this sector are reporting year-over-year growth in revenues: Biotechnology (8%) and Health Care Providers & Services (4%). On the other hand, four industries are reporting (or are expected to report) a decline in revenues, led by the Health Care Equipment & Supplies (-17%) industry.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline of More Than 40%

The Energy sector is reporting the largest (year-over-year) decline in revenue of all eleven sectors at -43.4%. If -43.4% is the actual decline for the quarter, it will mark the largest year-over-year decline in revenue for the Energy sector since Q2 2009 (-45.3%). 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. Three of these five sub-industries are projected to report a decline in revenue of more than 40%: Oil & Gas Refining & Marketing (-49%), Oil & Gas Exploration & Production (-46%), and Integrated Oil & Gas (-43%).

Industrials: 6 of 12 Industries Reporting Year-Over-Year Decline of More Than 20%

The Industrials sector is reporting the second largest (year-over-year) revenue decline of all eleven sectors at -27.2%. If -27.2% is the actual decline for the quarter, it will mark the largest year-over-year decline in revenue for the Industrials sector since FactSet began tracking this data in Q3 2008. The current record is -15.6%, which occurred in Q2 2009. At the industry level, all twelve industries in this sector are reporting (or are predicted to report) a decline in revenues. Six of these twelve industries are reporting (or are projected to report) a decline in revenues of more than 20%: Airlines (-86%), Machinery (-31%), Industrial Conglomerates (-31%), Building Products (-25%), Electrical Equipment (-25%), and Road & Rail (-22%).

Consumer Discretionary: 4 of 11 Industries Reporting Year-Over-Year Decline of 45% or More

The Consumer Discretionary sector is reporting the third largest (year-over-year) revenue decline of all eleven sectors at -18.9%. If -18.9% is the actual decline for the quarter, it will mark the largest year-over-year decline in revenue for the Consumer Discretionary sector since FactSet began tracking this data in Q3 2008. The current record is -18.4%, which occurred in Q1 2009. At the industry level, seven of the eleven industries in this sector are reporting (or are expected to report) a decline in revenues. Four of these seven industries are reporting (or are projected to report) a decline in revenues of 45% or more: Hotels, Restaurants, & Leisure (-62%), Automobiles (-52%), Auto Components (-50%), and Textiles, Apparel, & Luxury Goods (-45%).

Looking Ahead: Forward Estimates and Valuation

Guidance: More S&P 500 Companies Issuing Positive EPS Guidance for Q3 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, 18 companies in the index have issued EPS guidance for Q3 2020. Of these 18 companies, 4 have issued negative EPS guidance and 14 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 22% (4 out of 18), which is below the 5-year average of 69%.

Earnings: Analysts Expect Earnings Decline of -20.7% for CY 2020

For the second quarter, S&P 500 companies are reporting a decline in earnings of -42.4% and a decline in revenues of -10.1%. Analysts expect an earnings decline of -20.7% and a revenue decline of -3.6% for CY 2020.

For Q3 2020, analysts are projecting an earnings decline of -24.0% and a revenue decline of -5.1%.

For Q4 2020, analysts are projecting an earnings decline of -12.3% and a revenue decline of -1.7%.

For CY 2020, analysts are projecting an earnings decline of -20.7% and a revenue decline of -3.6%.

For Q1 2021, analysts are projecting earnings growth of 12.7% and revenue growth of 3.0%.

For CY 2021, analysts are projecting earnings growth of 28.1% and revenue growth of 8.3%.

Valuation: Forward P/E Ratio is 22.2, Above the 10-Year Average (15.3)

The forward 12-month P/E ratio is 22.2. This P/E ratio is above the 5-year average of 17.0 and above the 10-year average of 15.3. It is also above the forward 12-month P/E ratio of 21.7 recorded at the end of the second quarter (June 30). Since the end of the second quarter (June 30), the price of the index has increased by 4.4%, while the forward 12-month EPS estimate has increased by 2.1%.

At the sector level, the Consumer Discretionary (45.8) sector has the highest forward 12-month P/E ratio, while the Financials (14.6) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 7% Increase in Price Over Next 12 Months

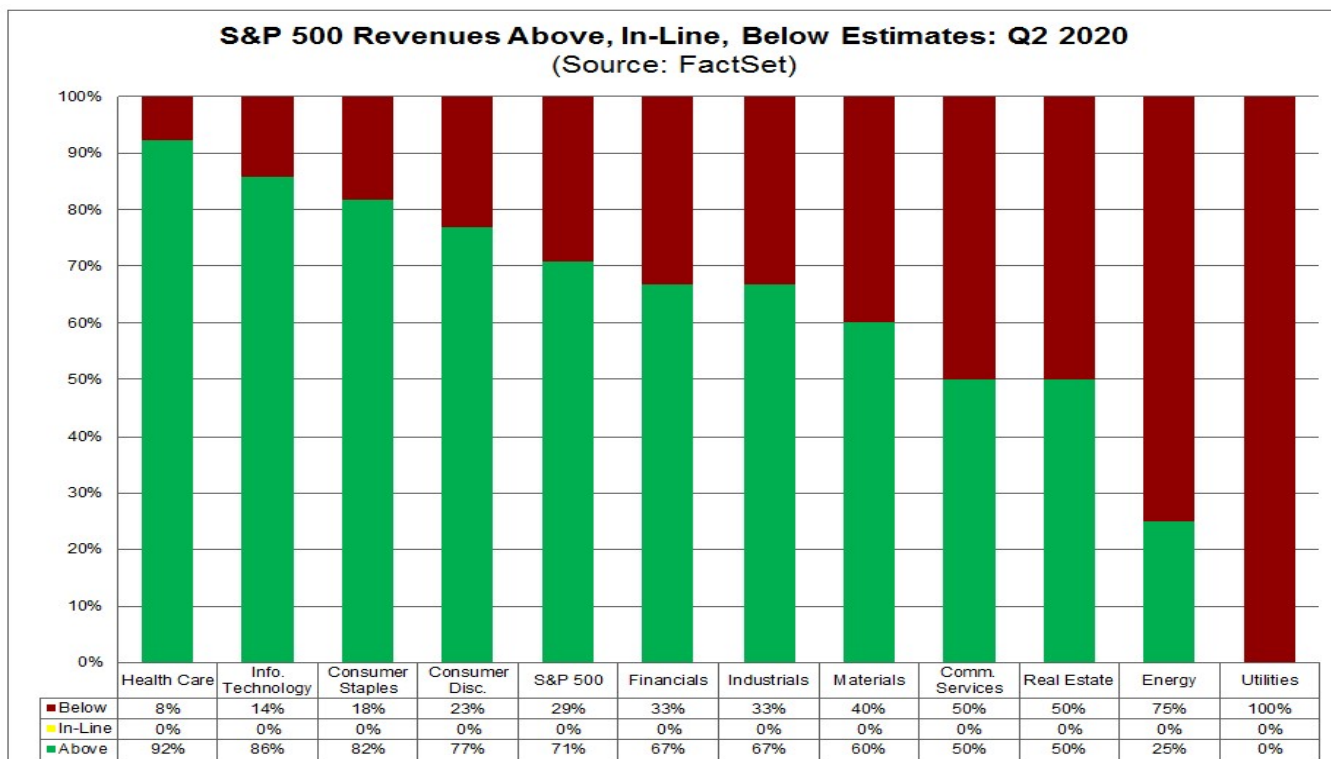
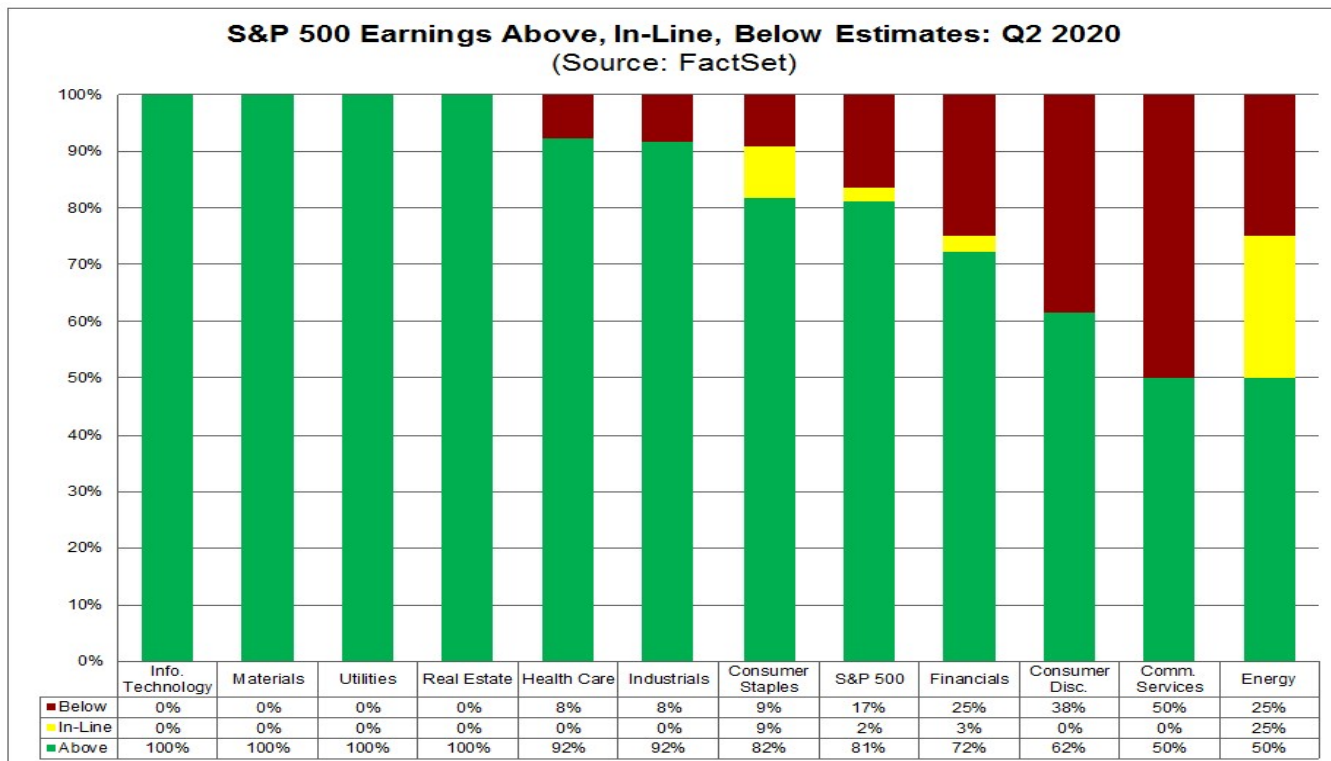
The bottom-up target price for the S&P 500 is 3463.85, which is 7.1% above the closing price of 3235.66. At the sector level, the Energy (+13.4%) and Financials (+10.2%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Materials (+0.8%) 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 10,245 ratings on stocks in the S&P 500. Of these 10,245 ratings, 52.4% are Buy ratings, 41.0% are Hold ratings, and 6.6% are Sell ratings. At the sector level, the Energy (62%) and Health Care (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) and Financials (46%) sectors have the lowest percentages of Buy ratings.

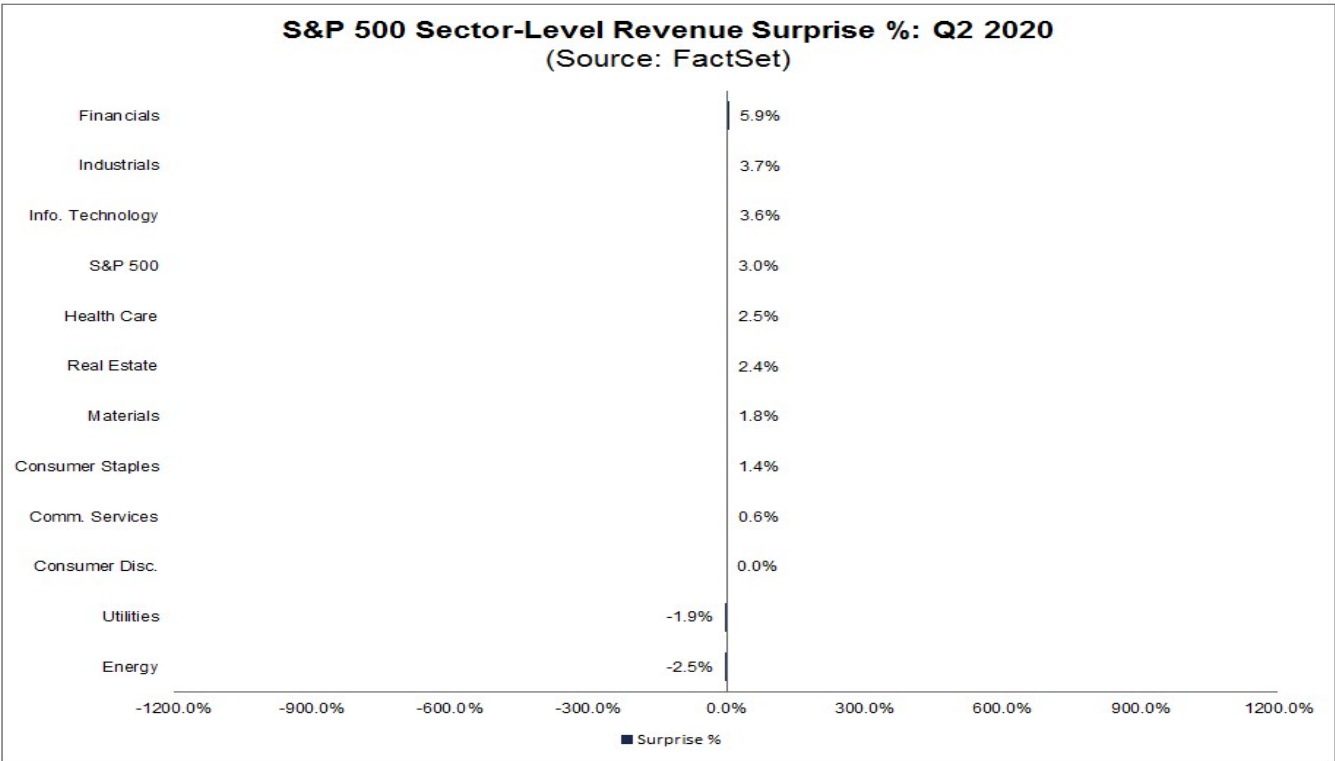
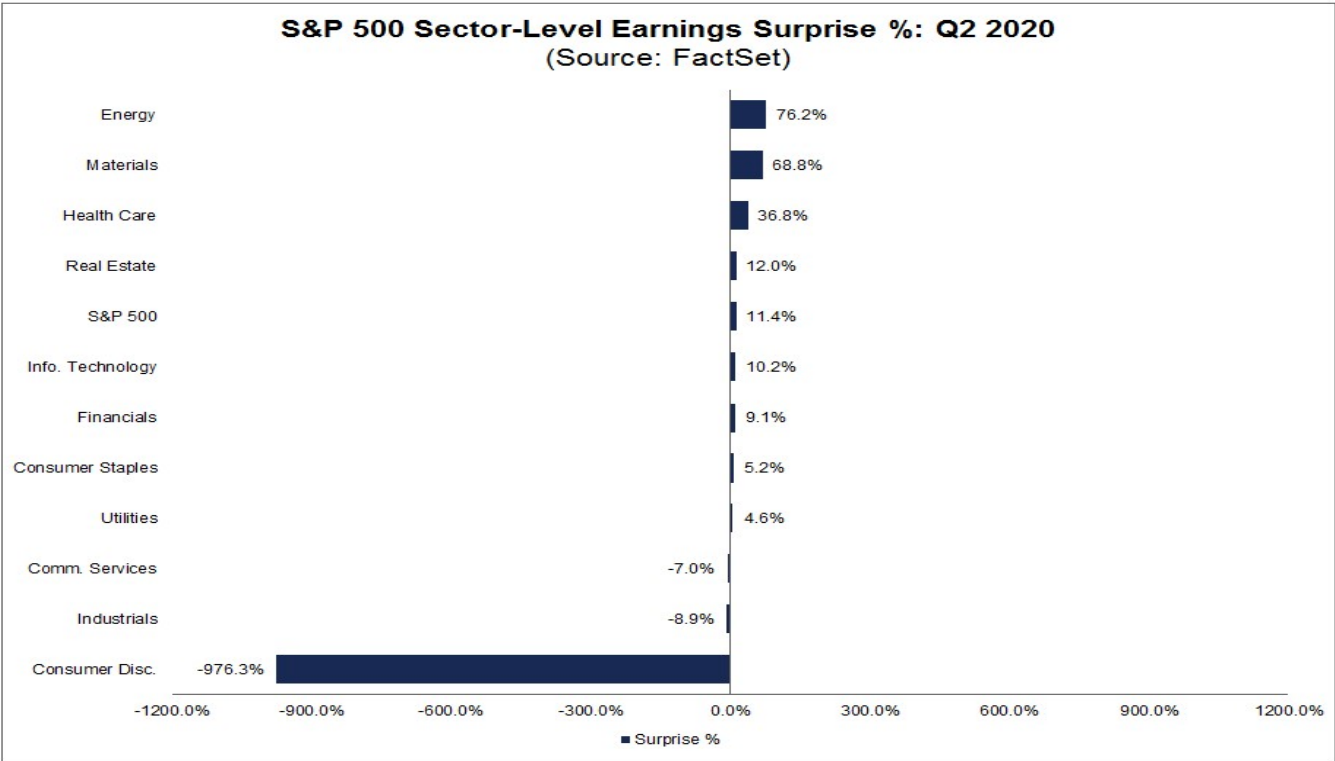
Companies Reporting Next Week: 192

During the upcoming week, 192 S&P 500 companies (including 12 Dow 30 components) are scheduled to report results for the second quarter.

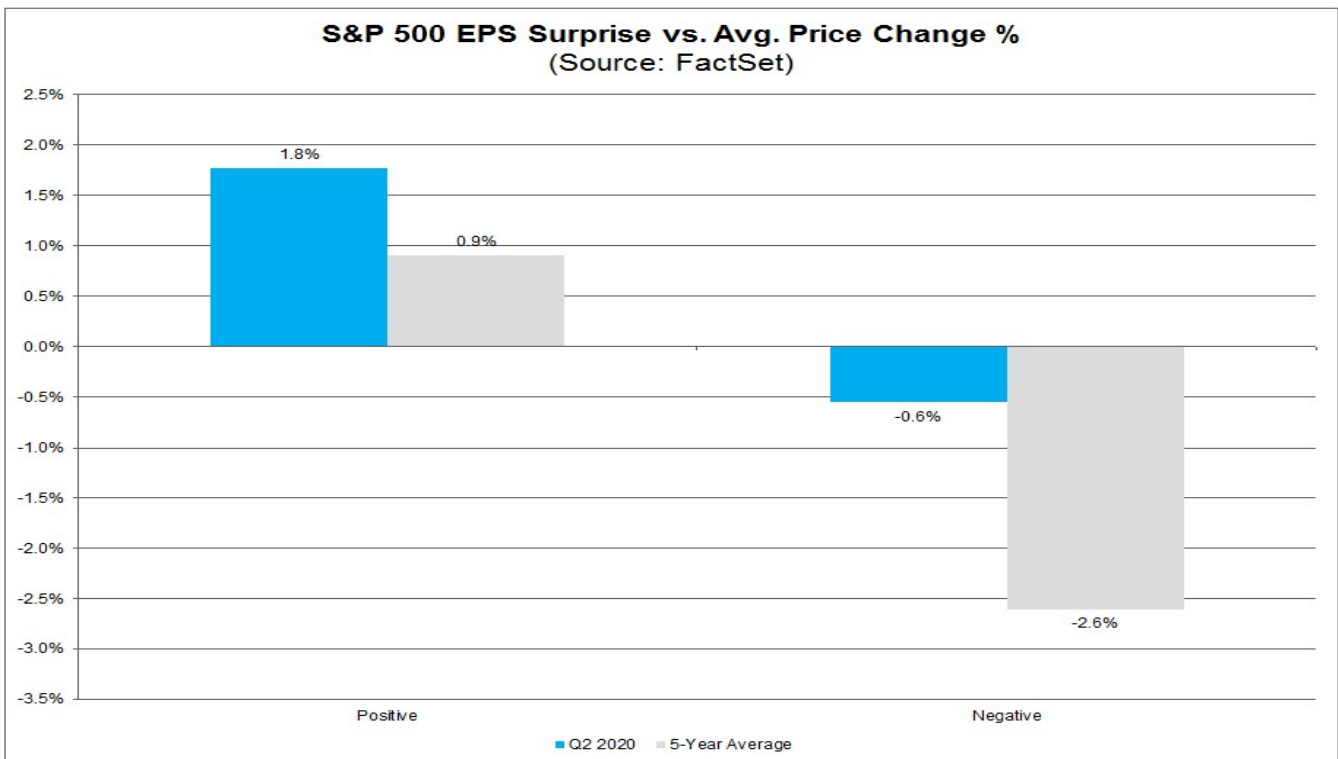
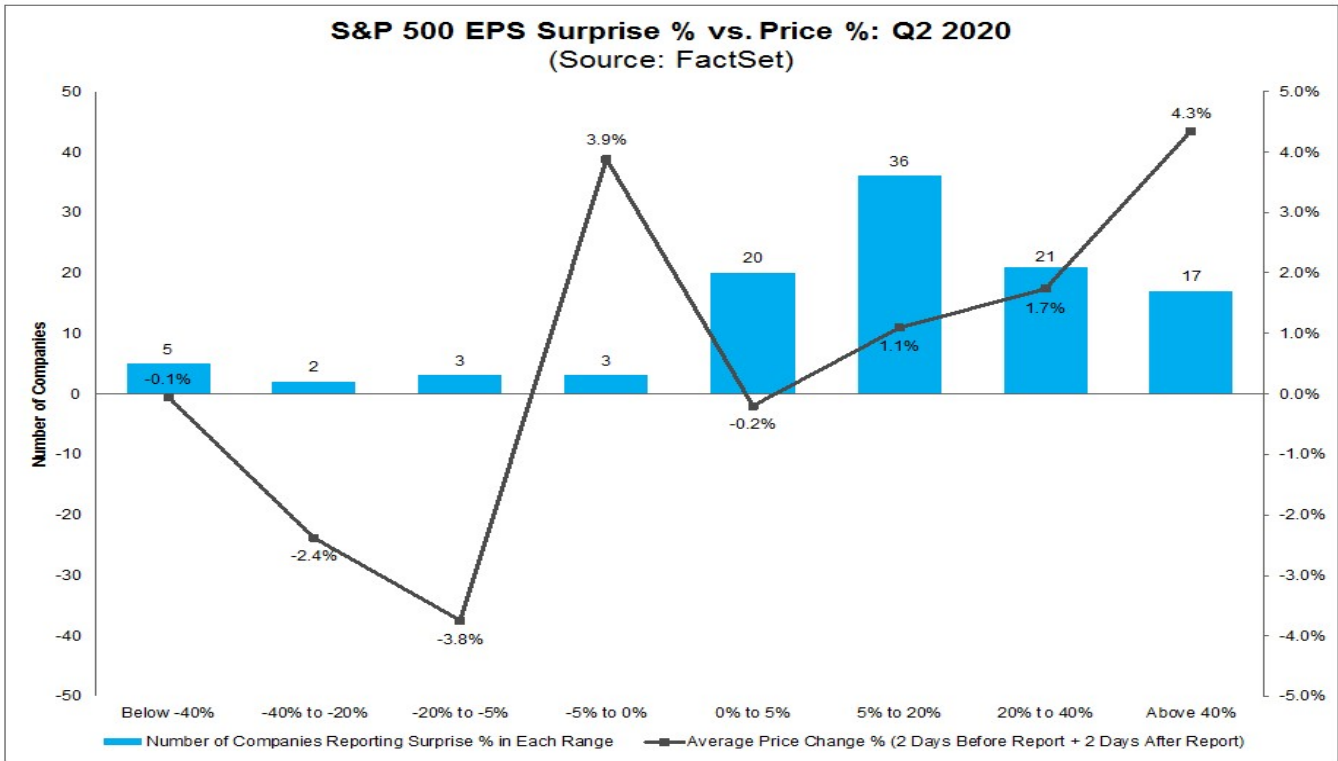
Q2 2020: Scorecard



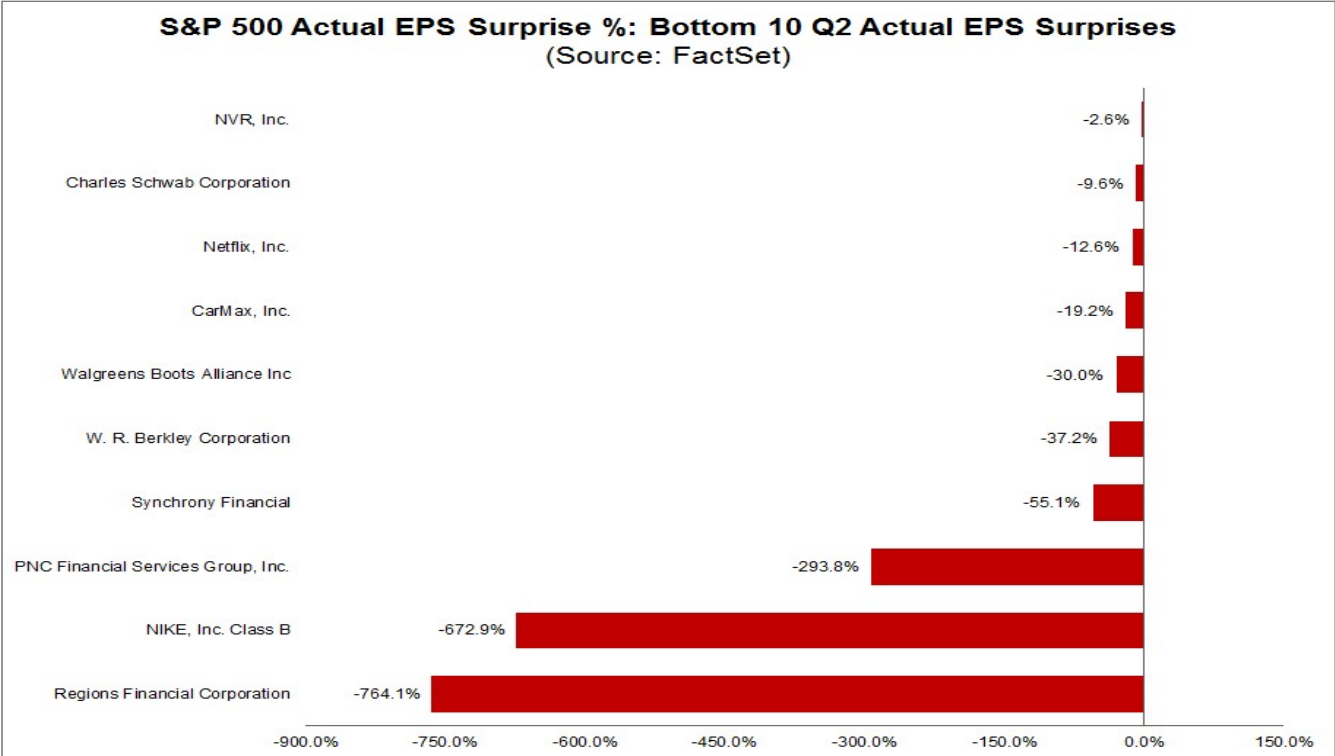
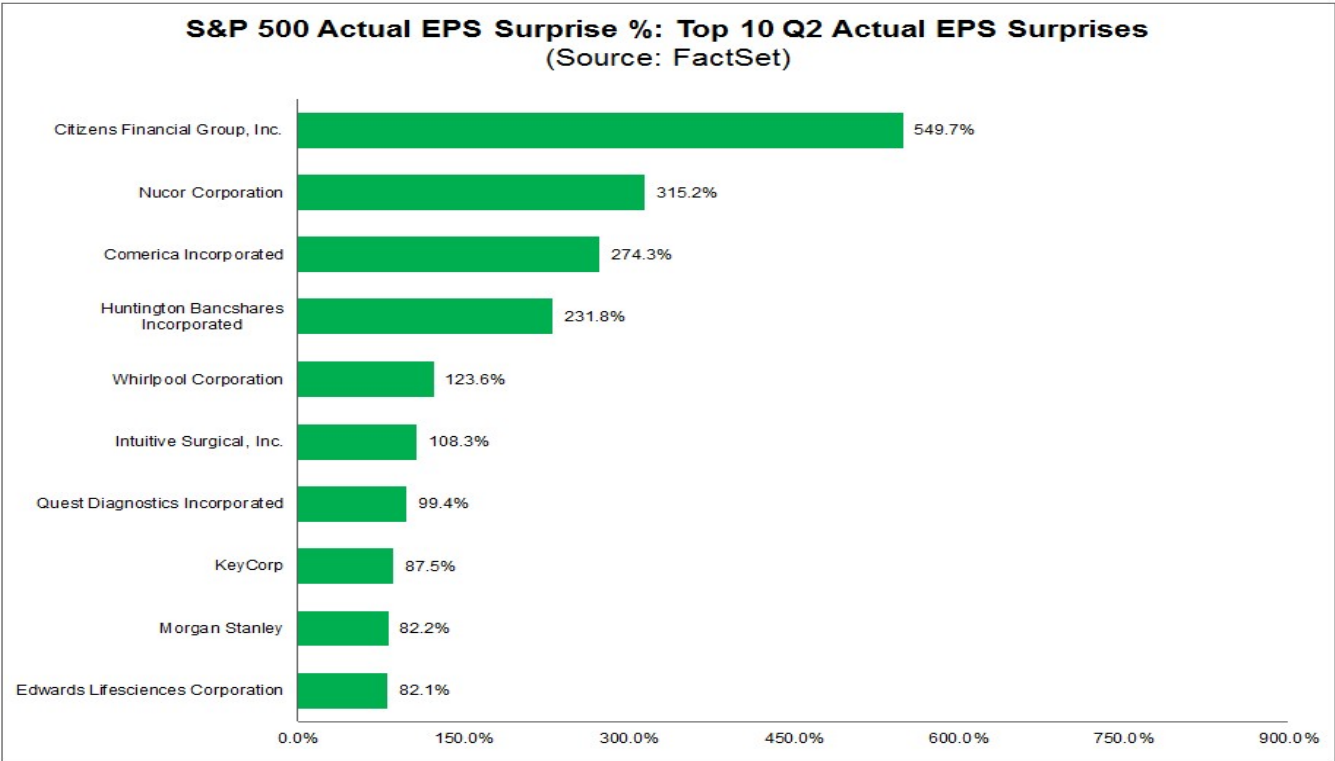
Q2 2020: Scorecard



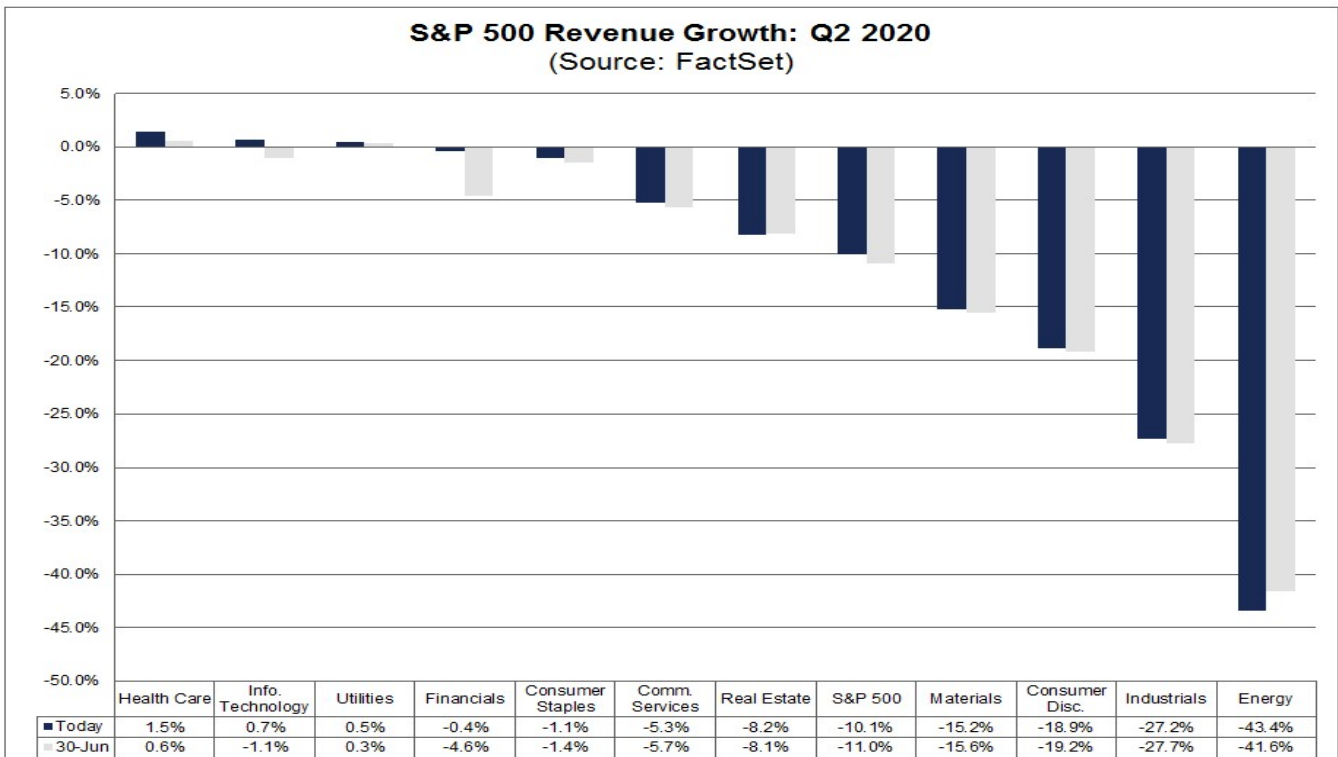
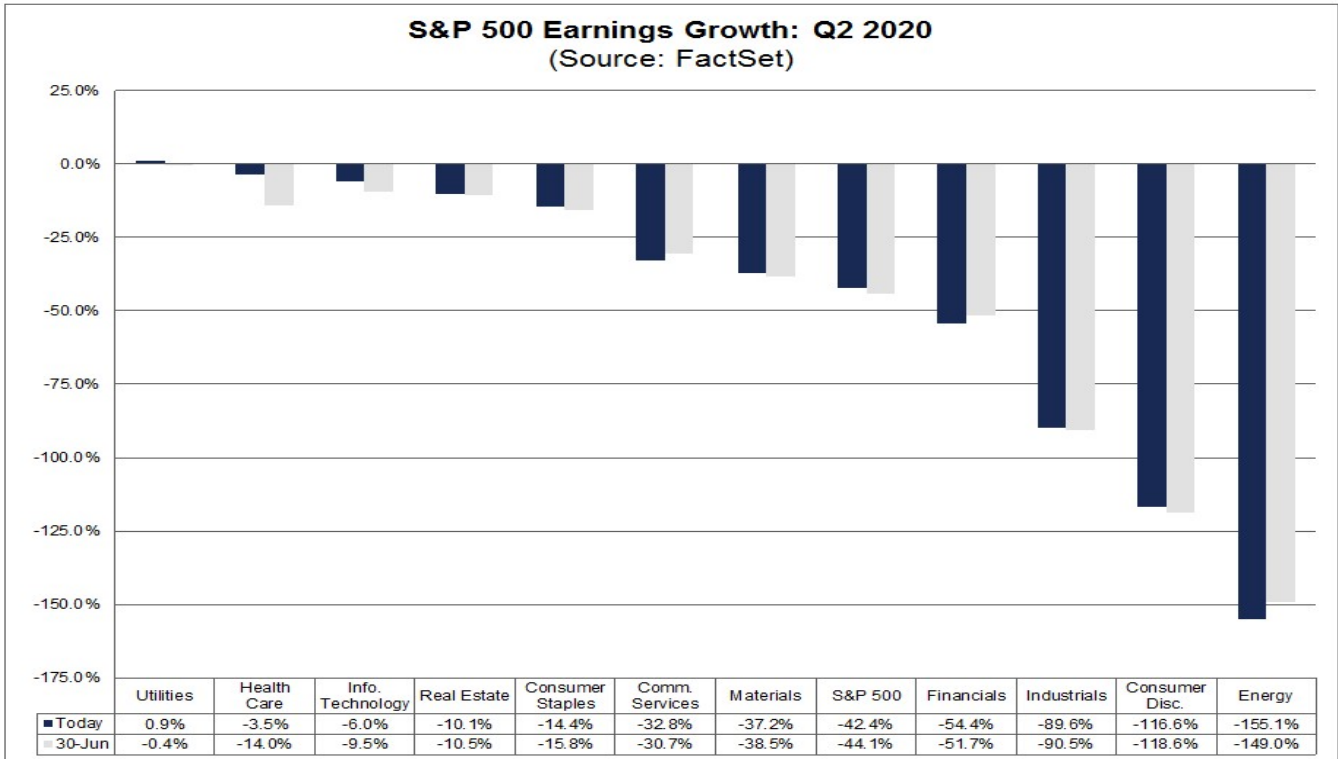
Q2 2020: Scorecard



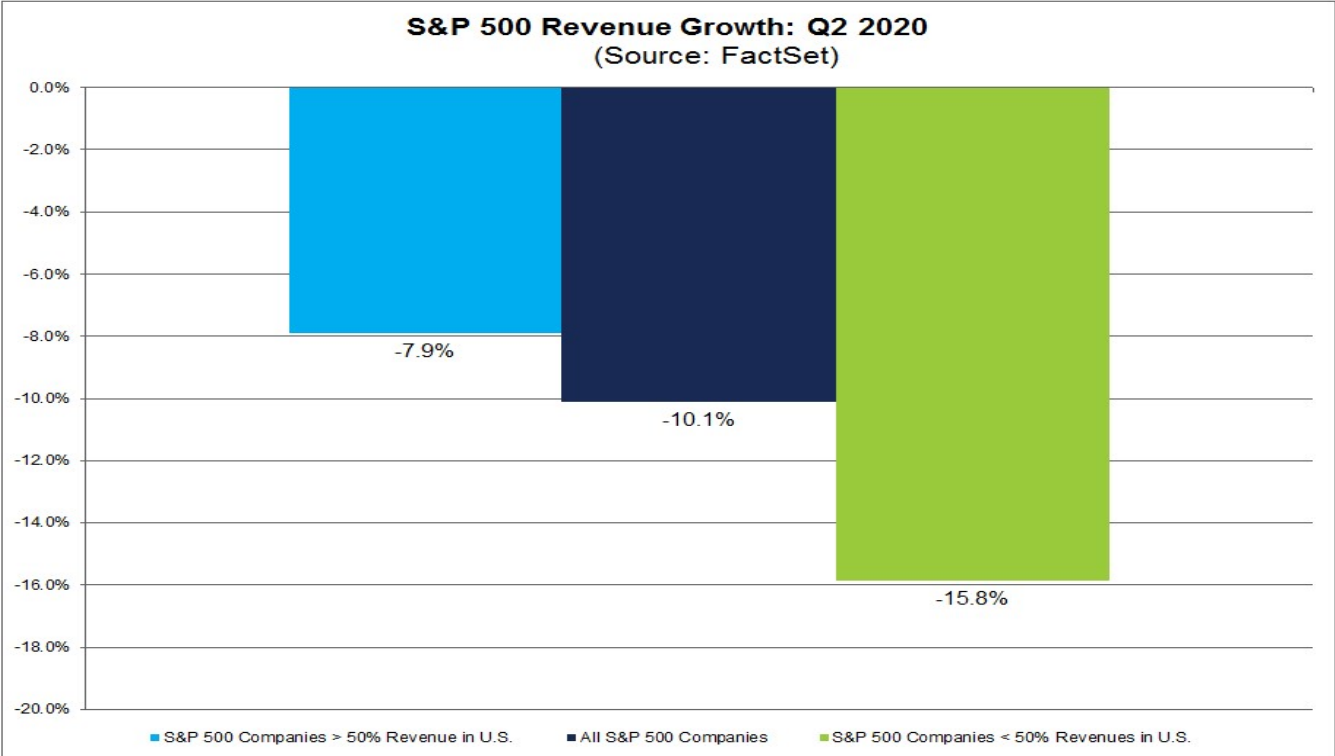
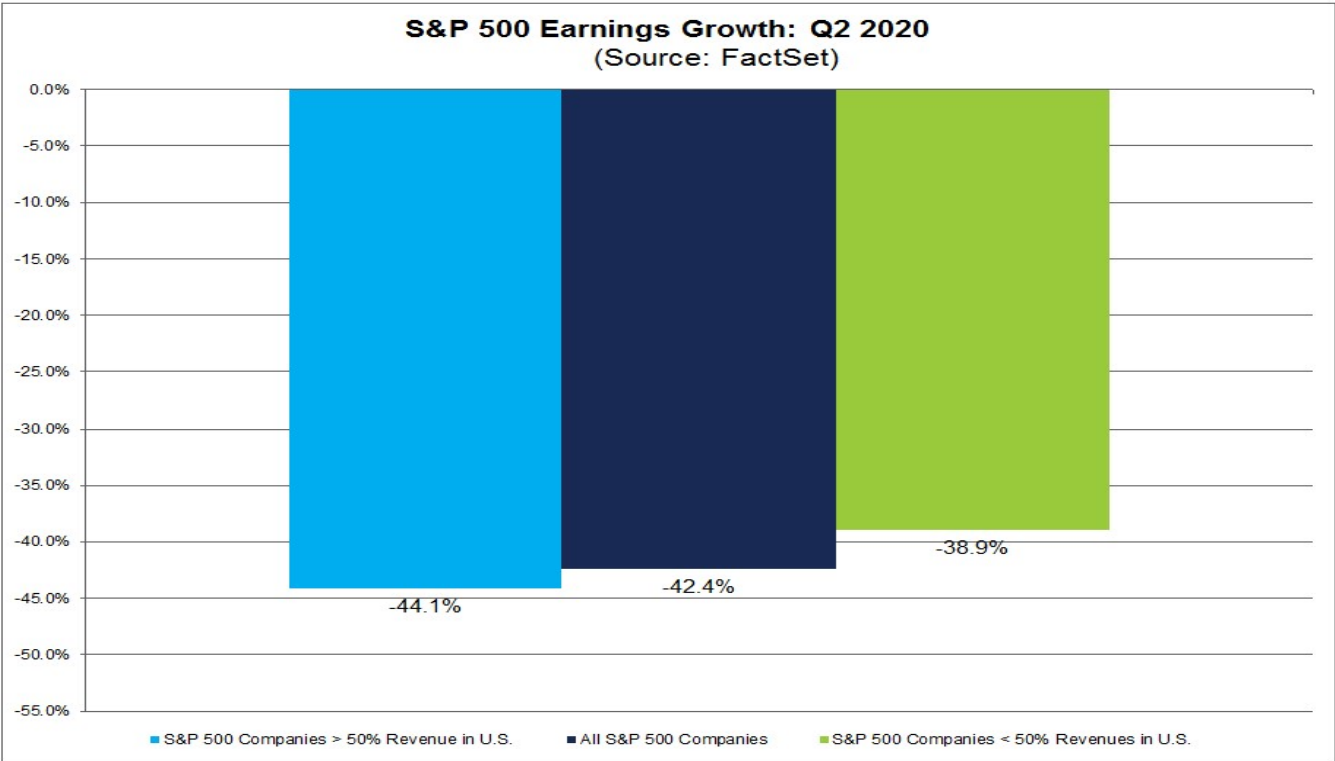
Q2 2020: Scorecard



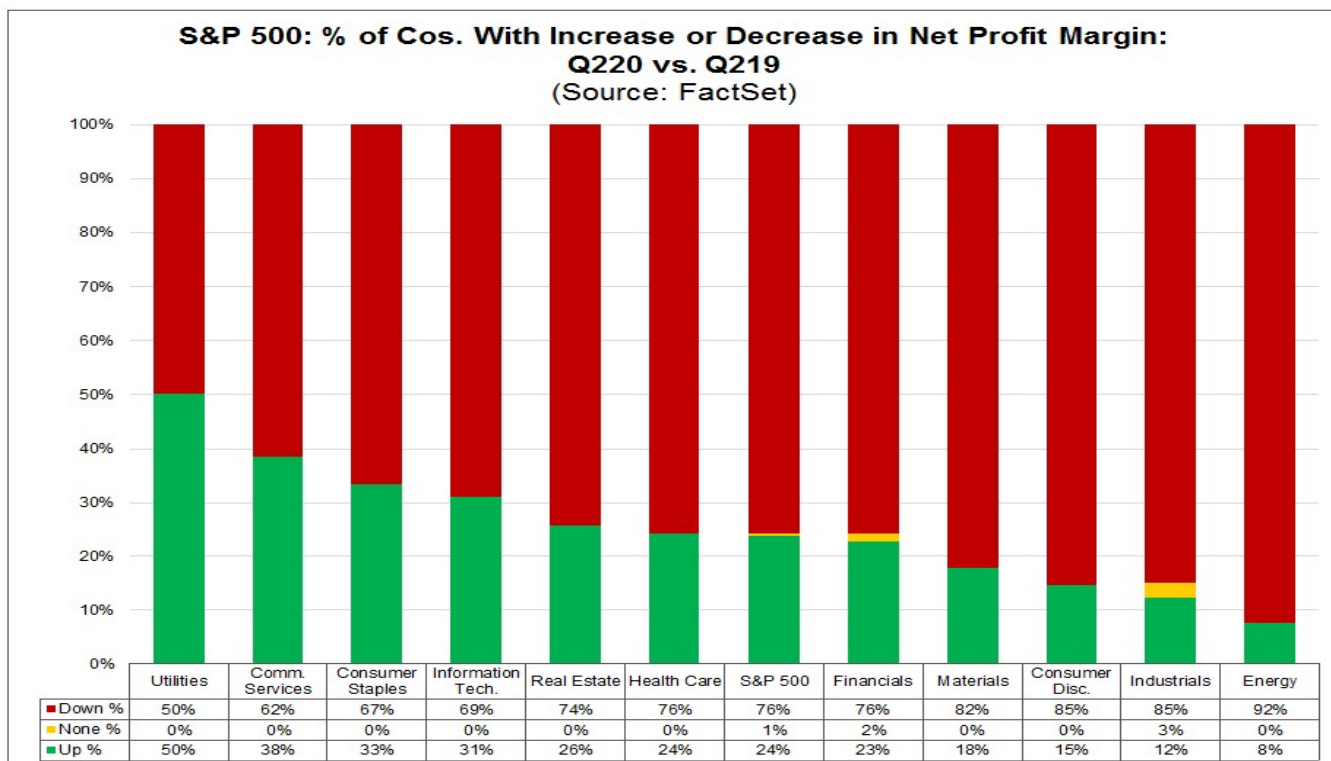
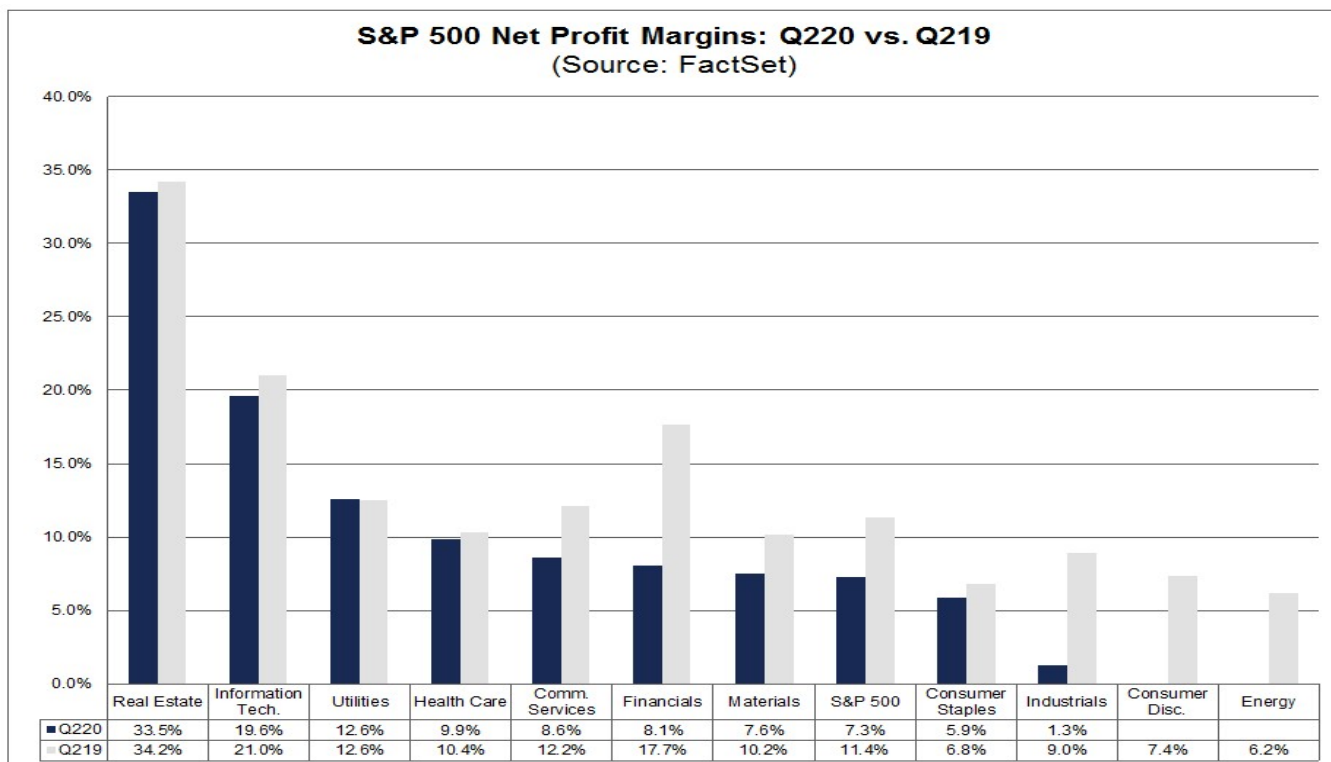
Q2 2020: Growth



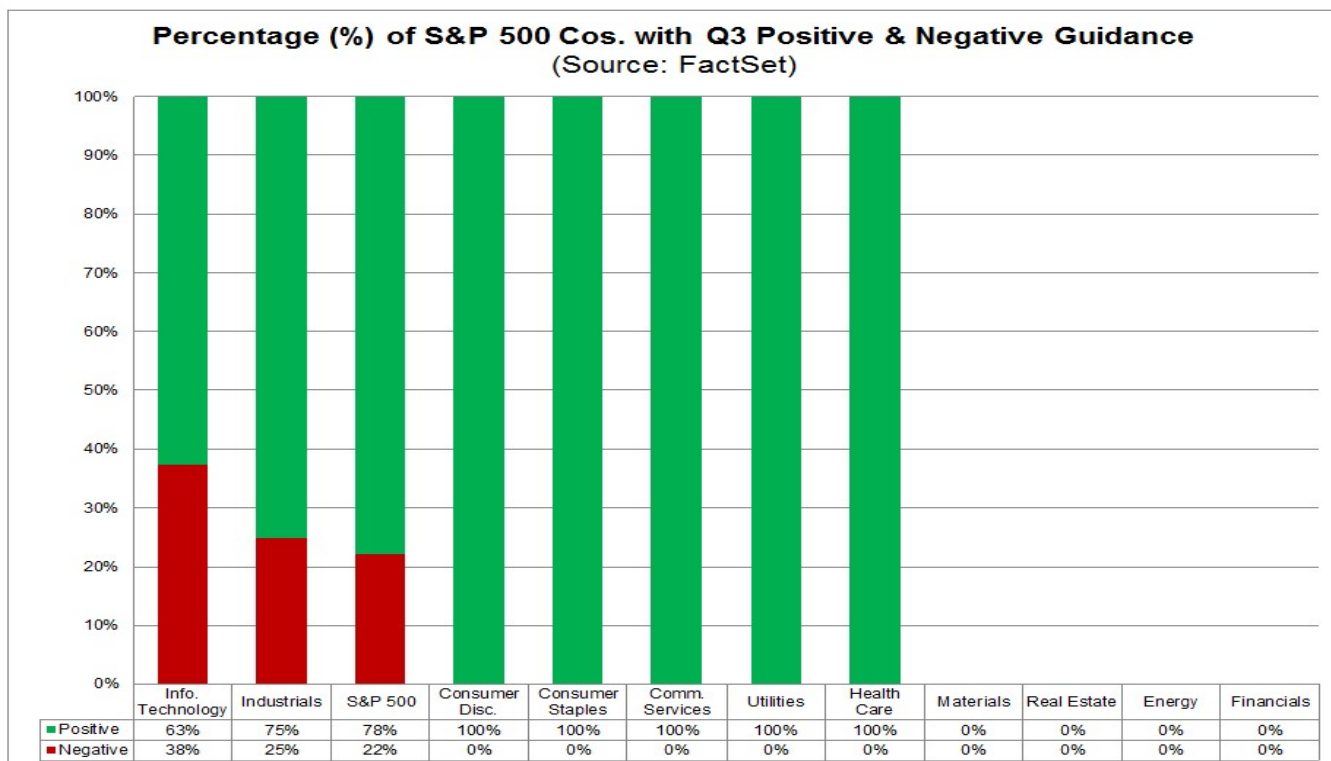
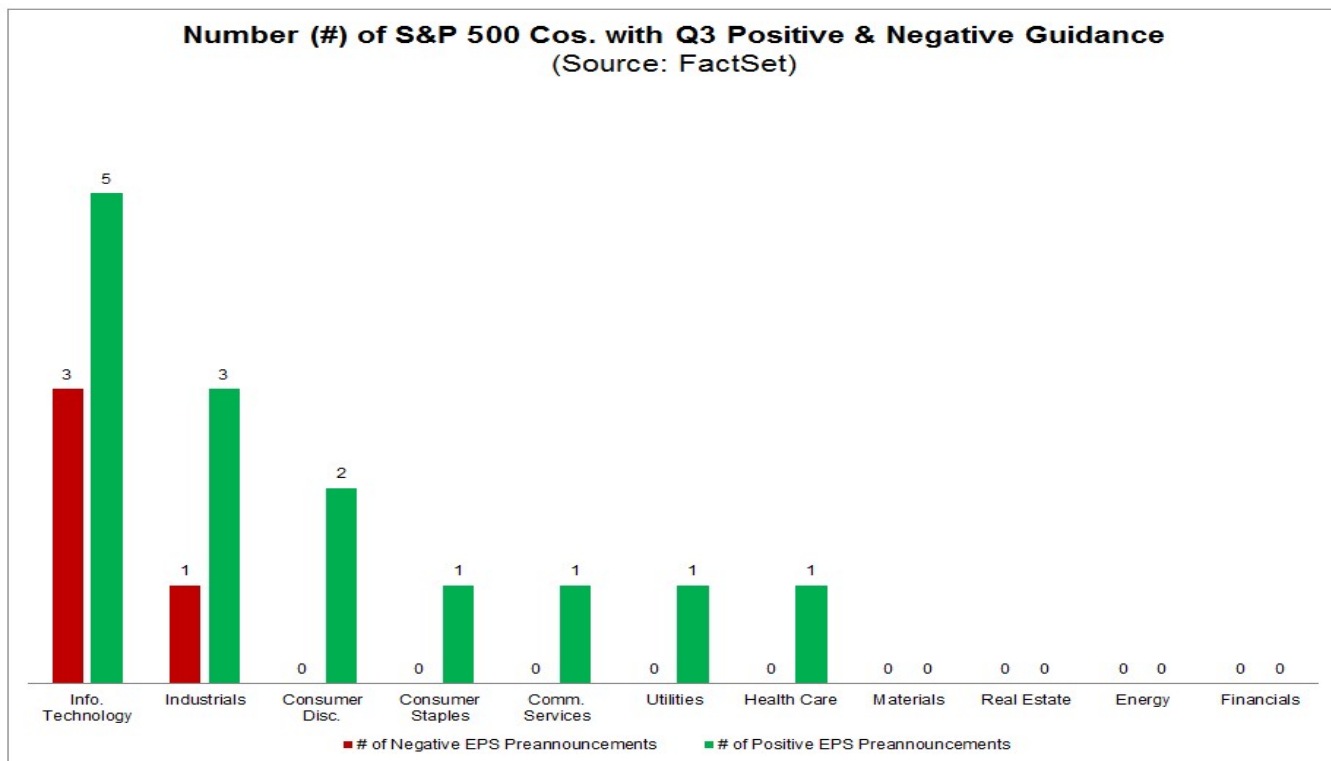
Q2 2020: Growth



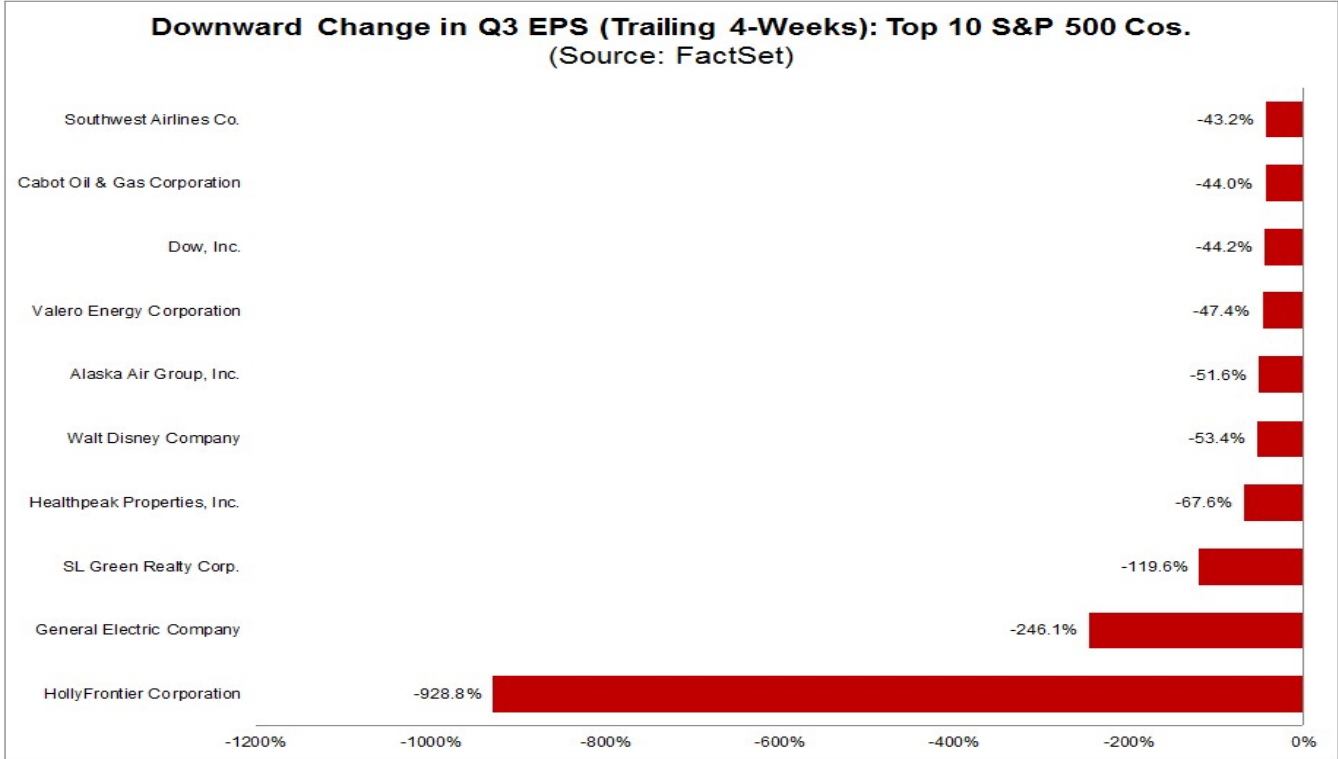
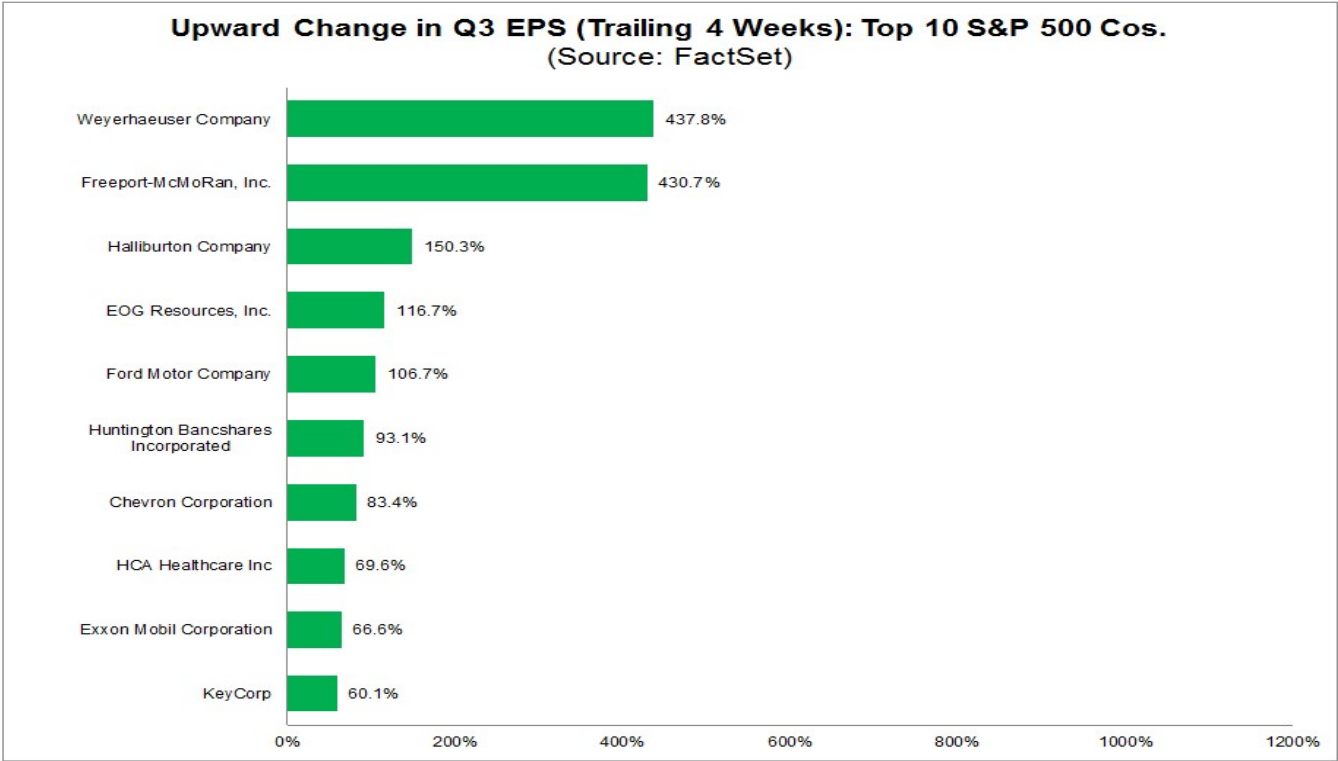
Q2 2020: Net Profit Margin



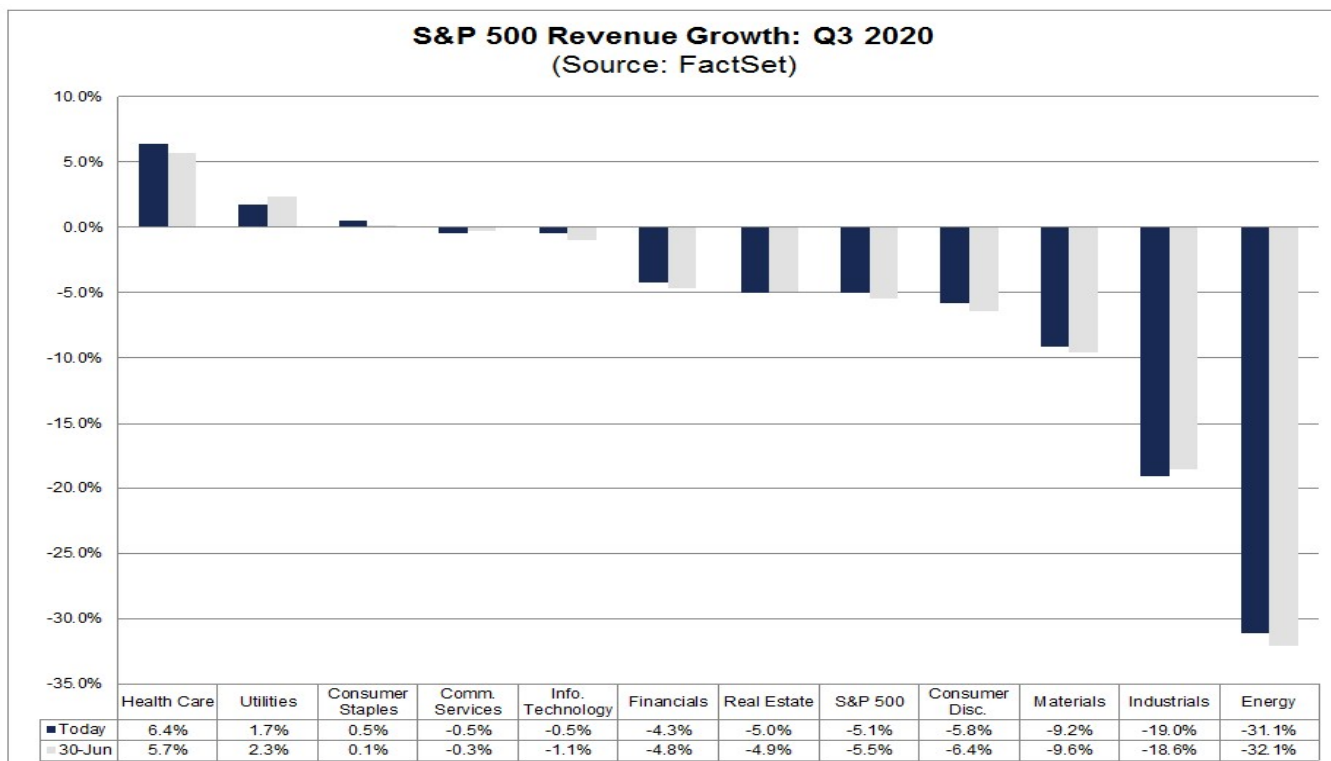
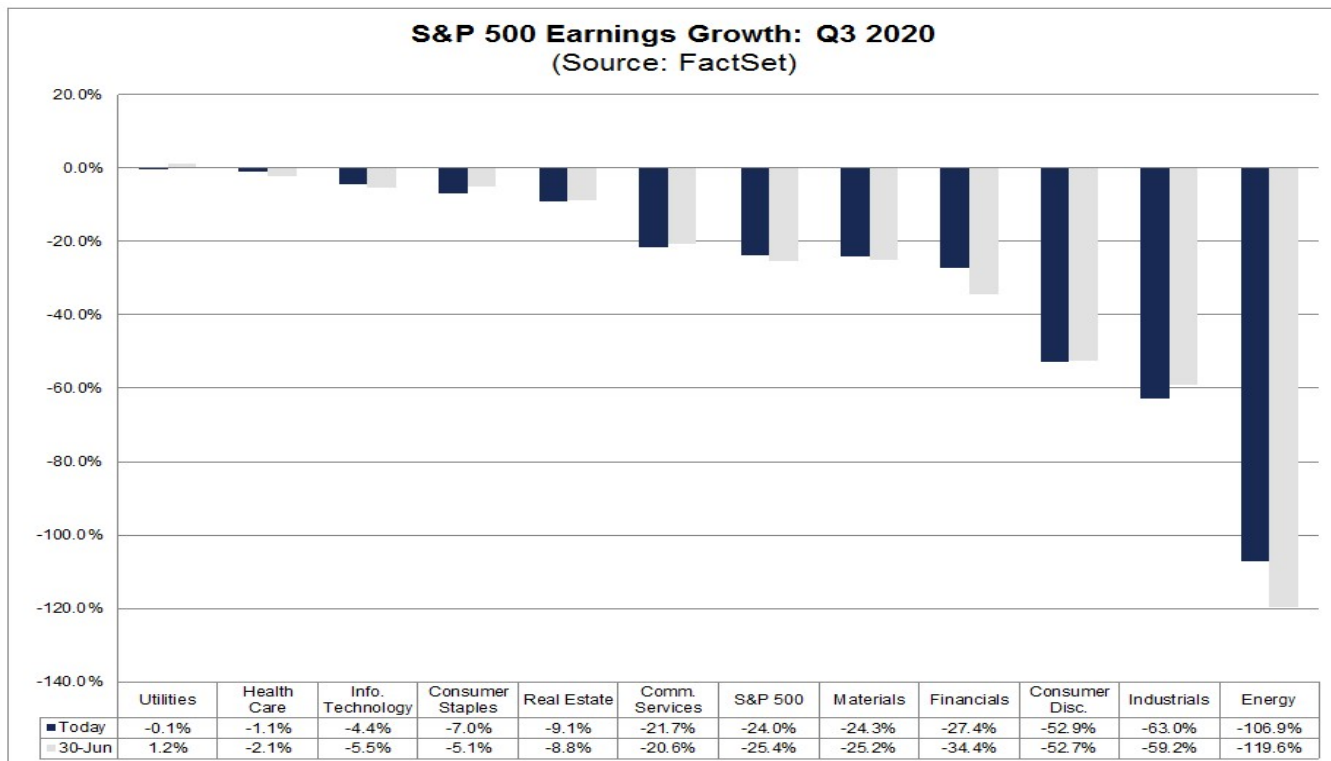
Q3 2020: EPS Guidance



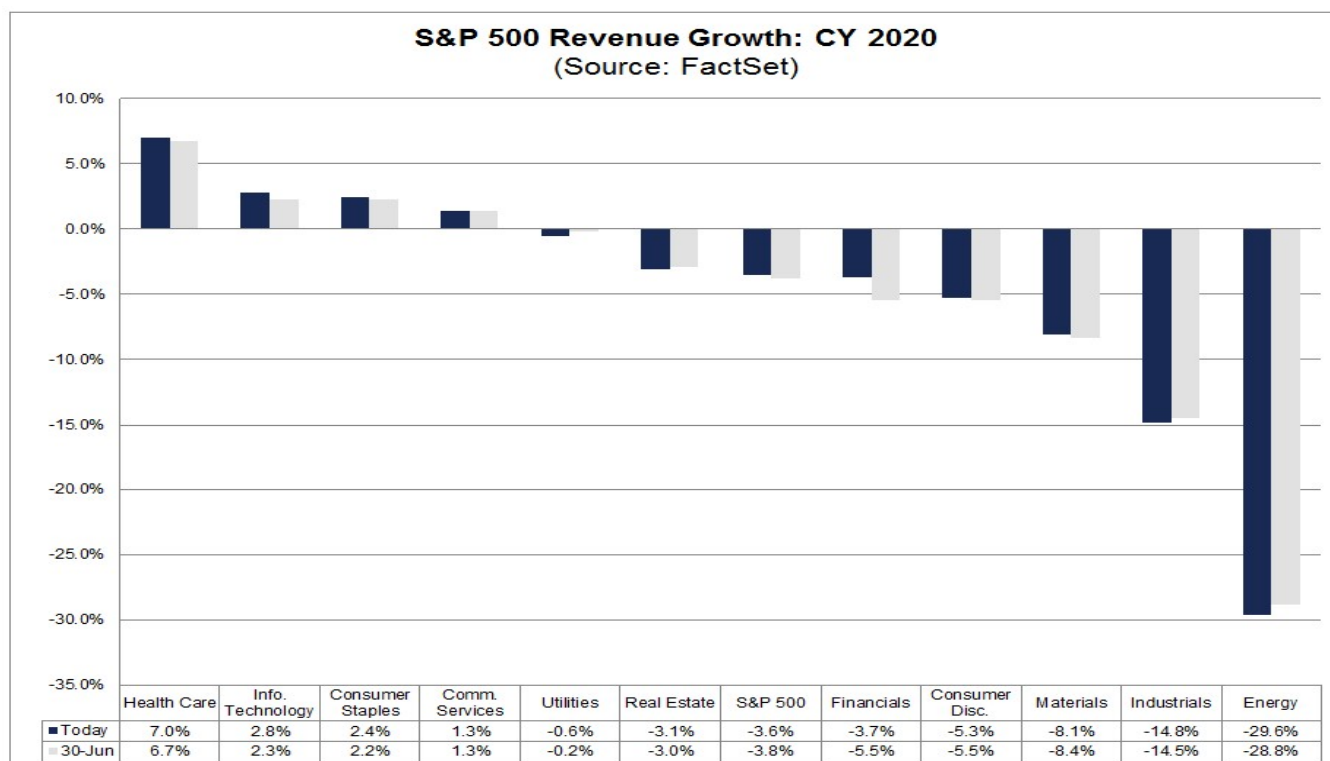
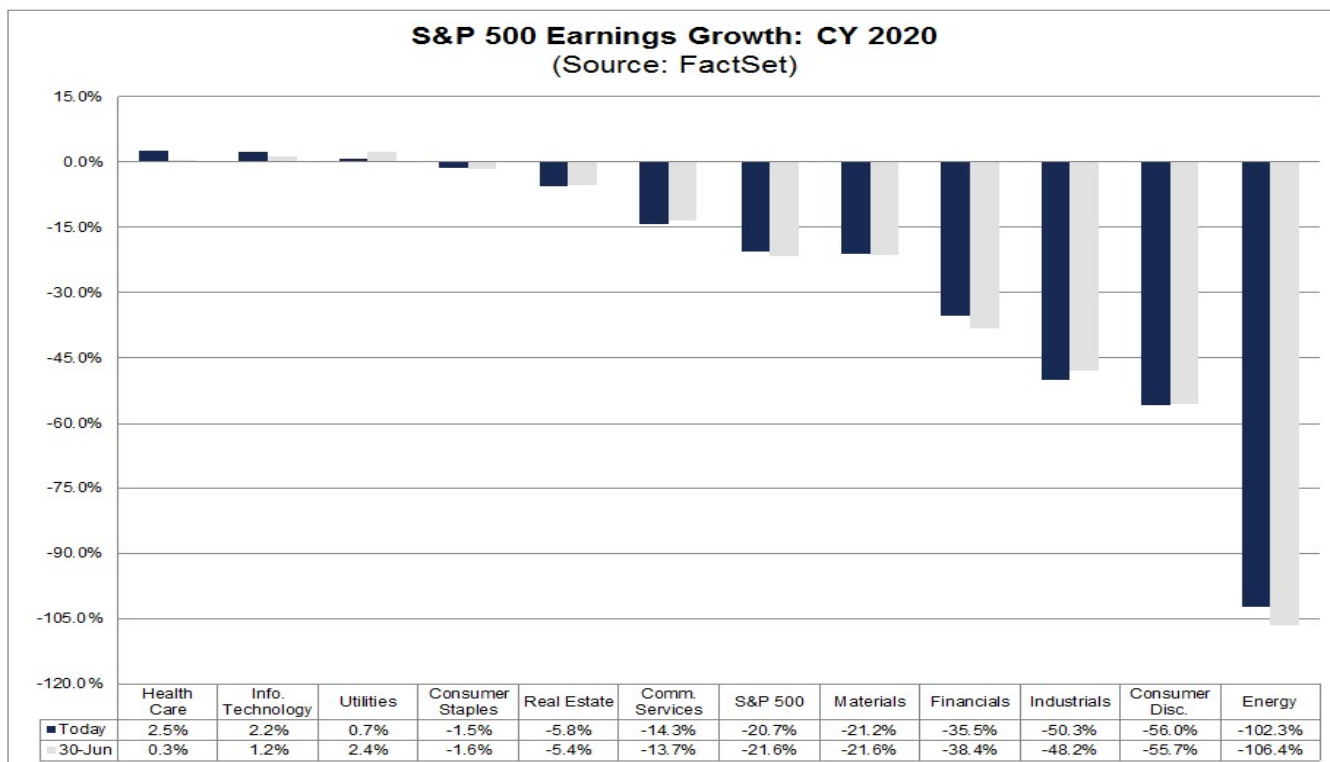
Q3 2020: EPS Revisions



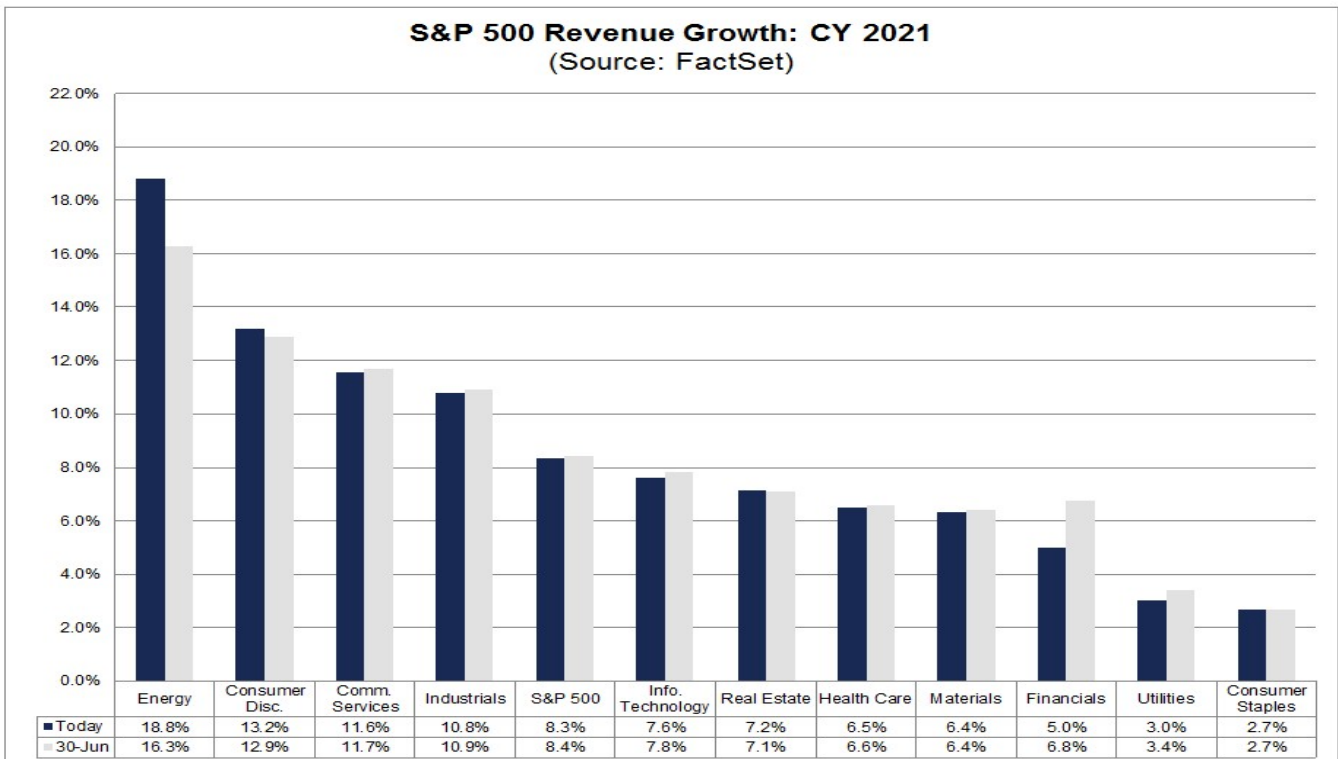
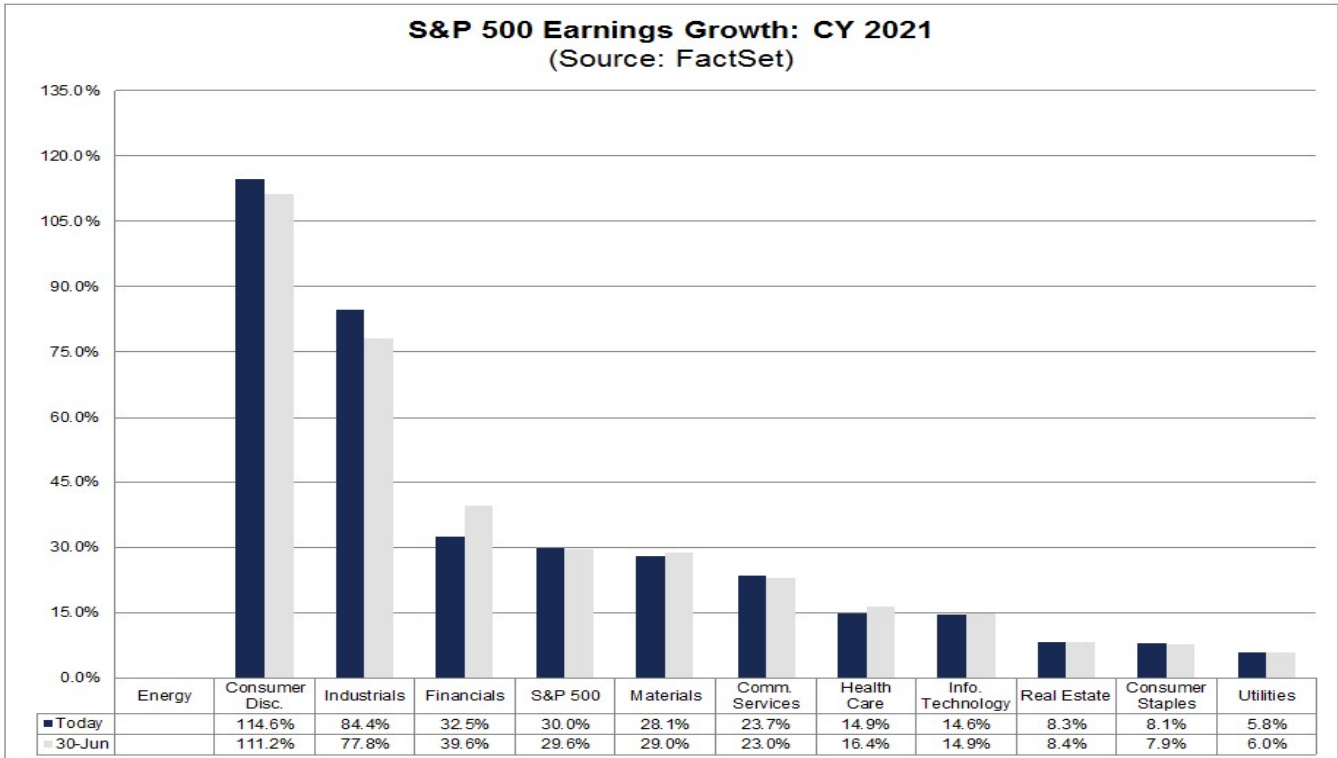
Q3 2020: Growth



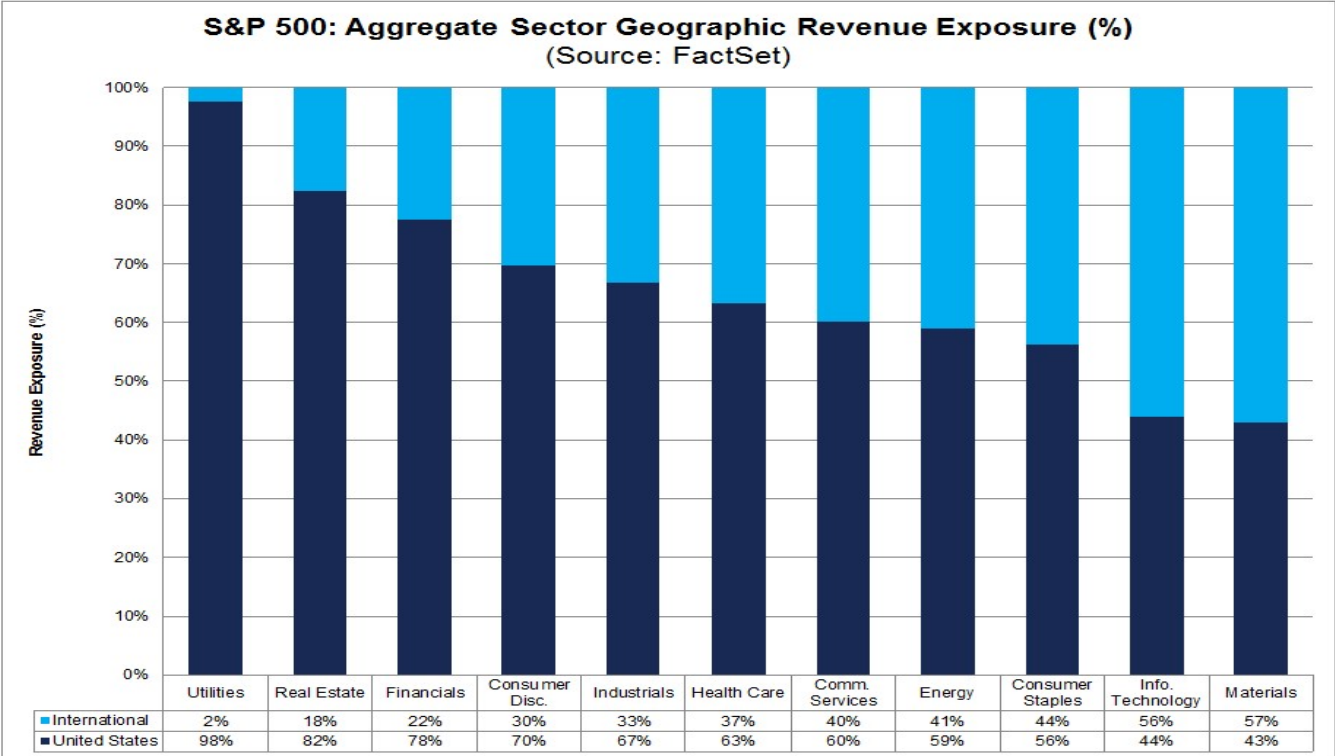
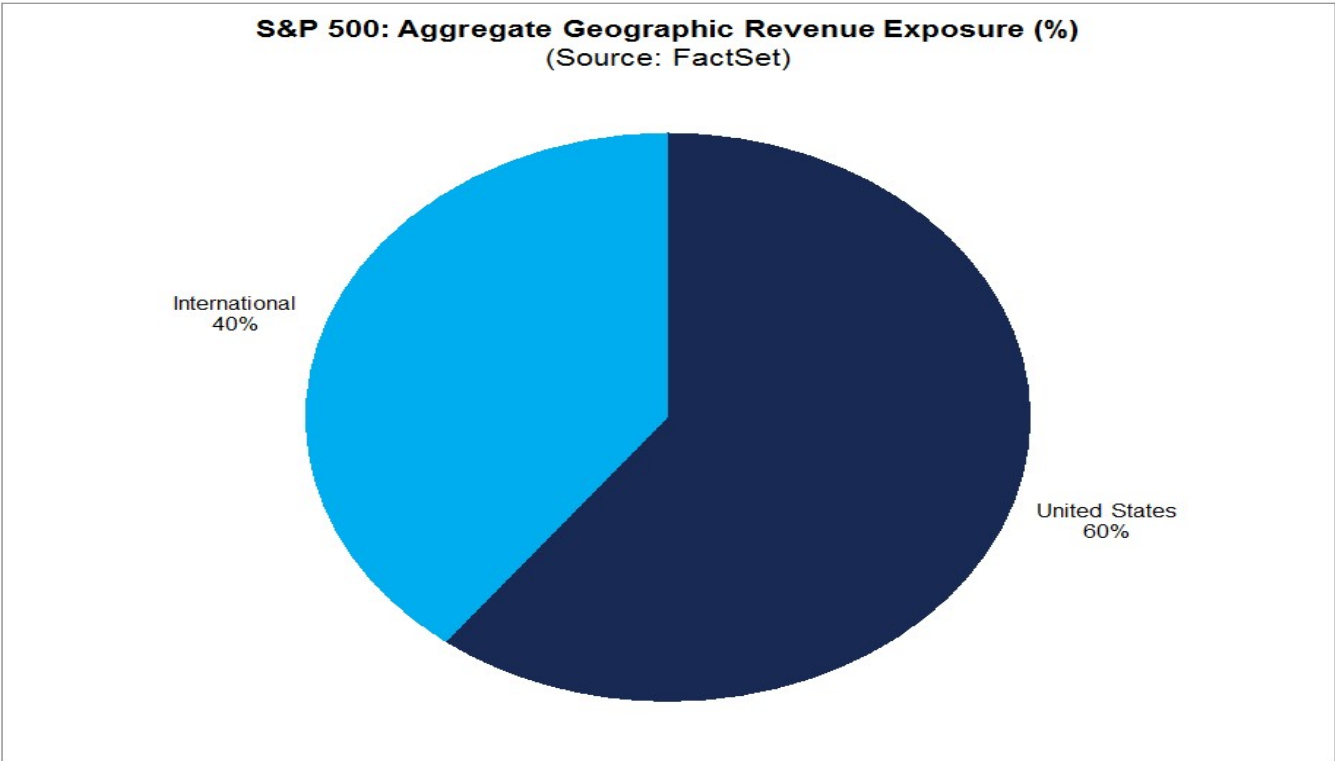
CY 2020: Growth



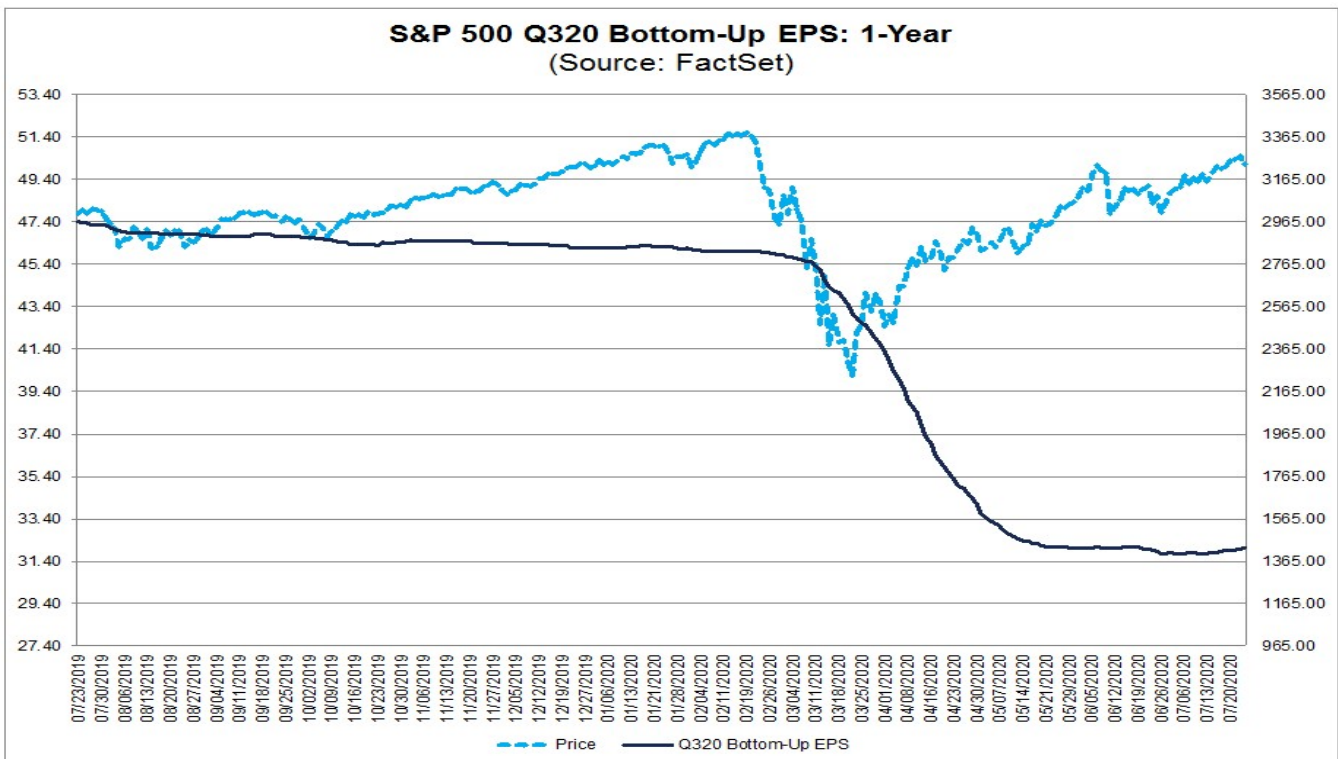
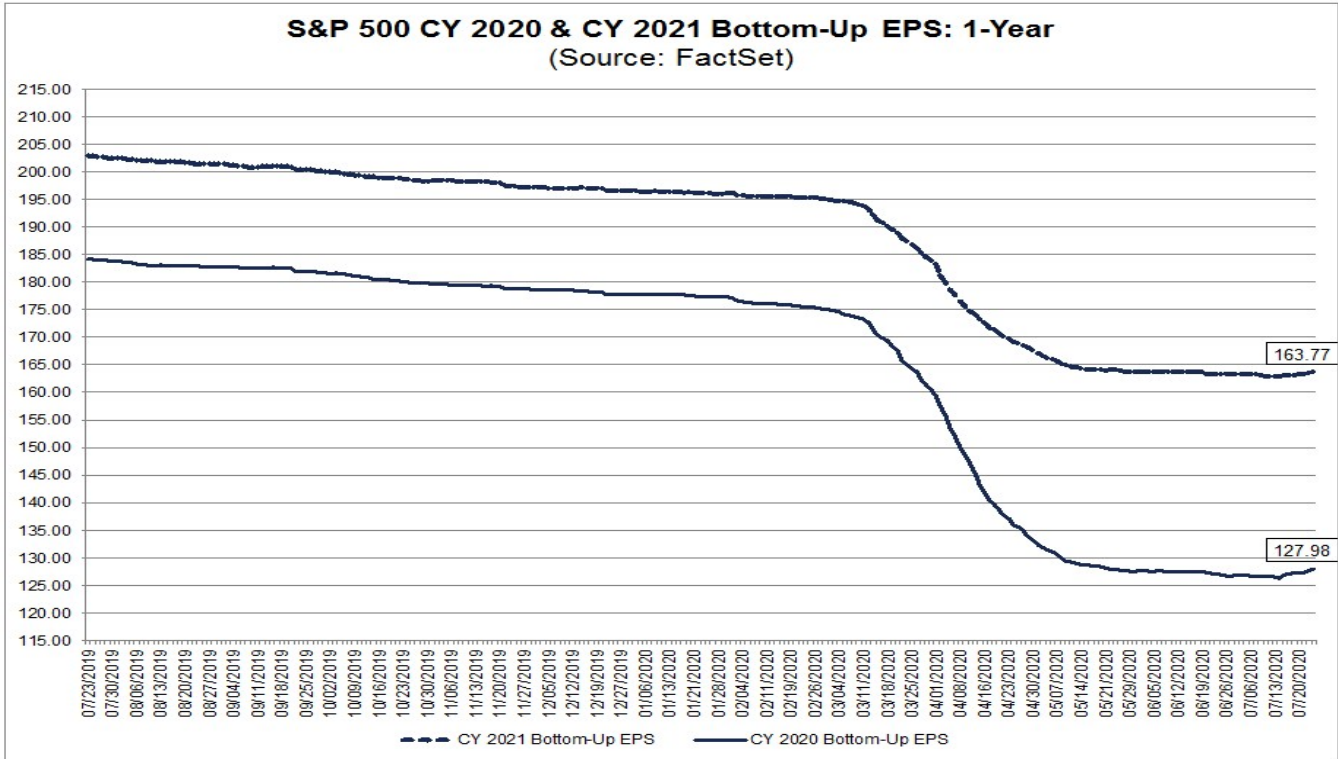
CY 2021: Growth



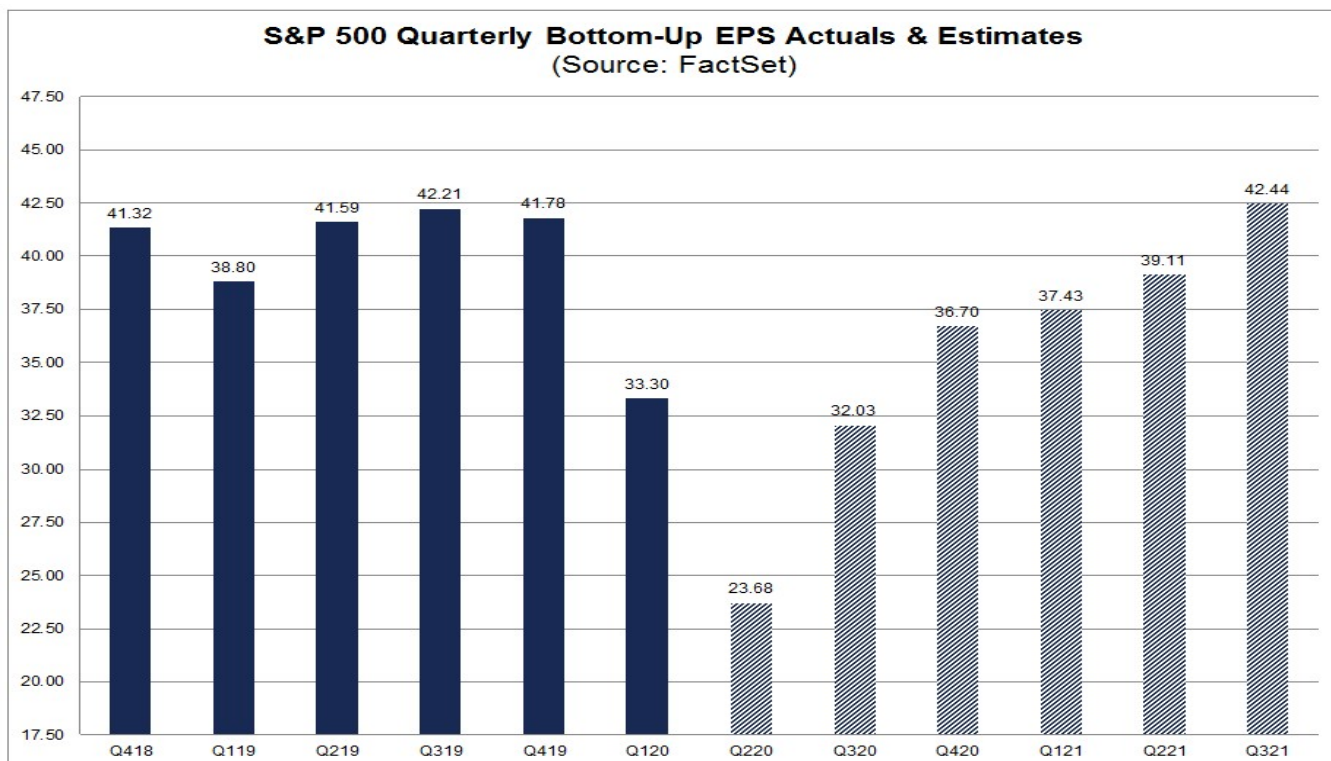
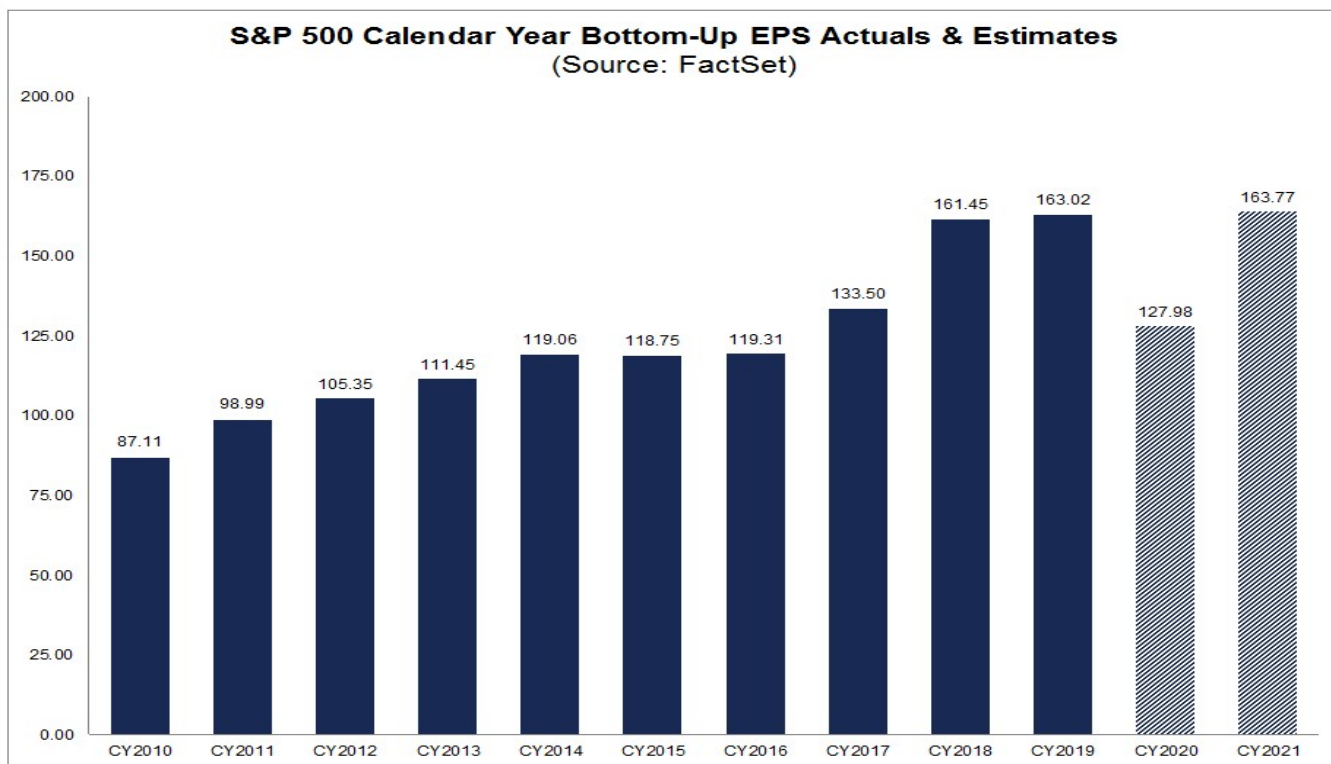
Geographic Revenue Exposure



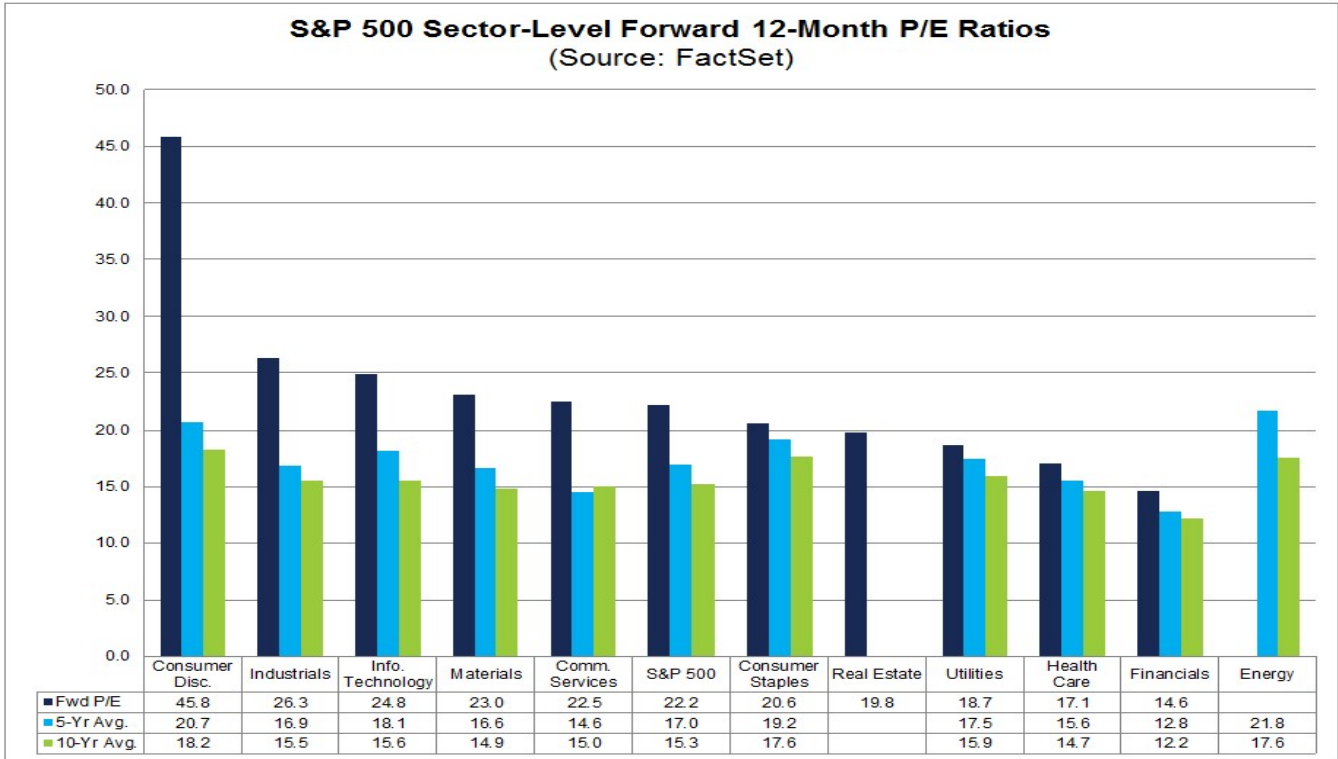
Bottom-up EPS Estimates: Revisions



Bottom-up EPS Estimates: Current & Historical

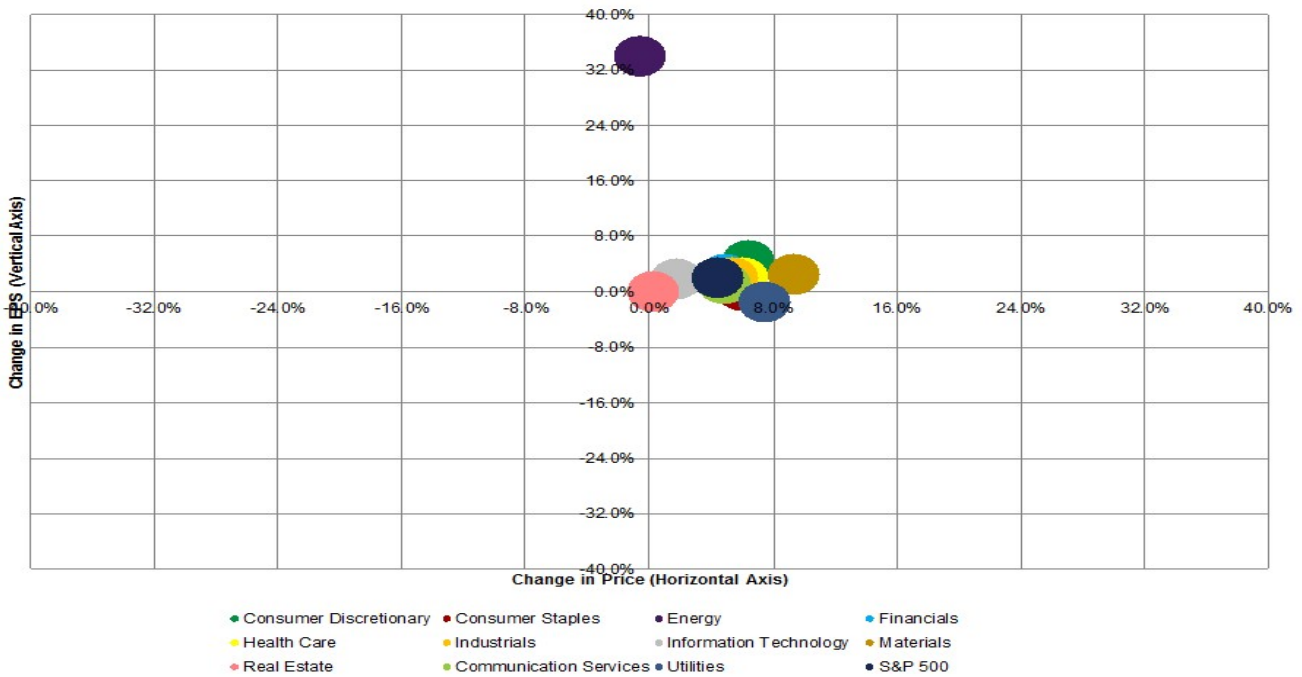


Forward 12M P/E Ratio: Sector Level

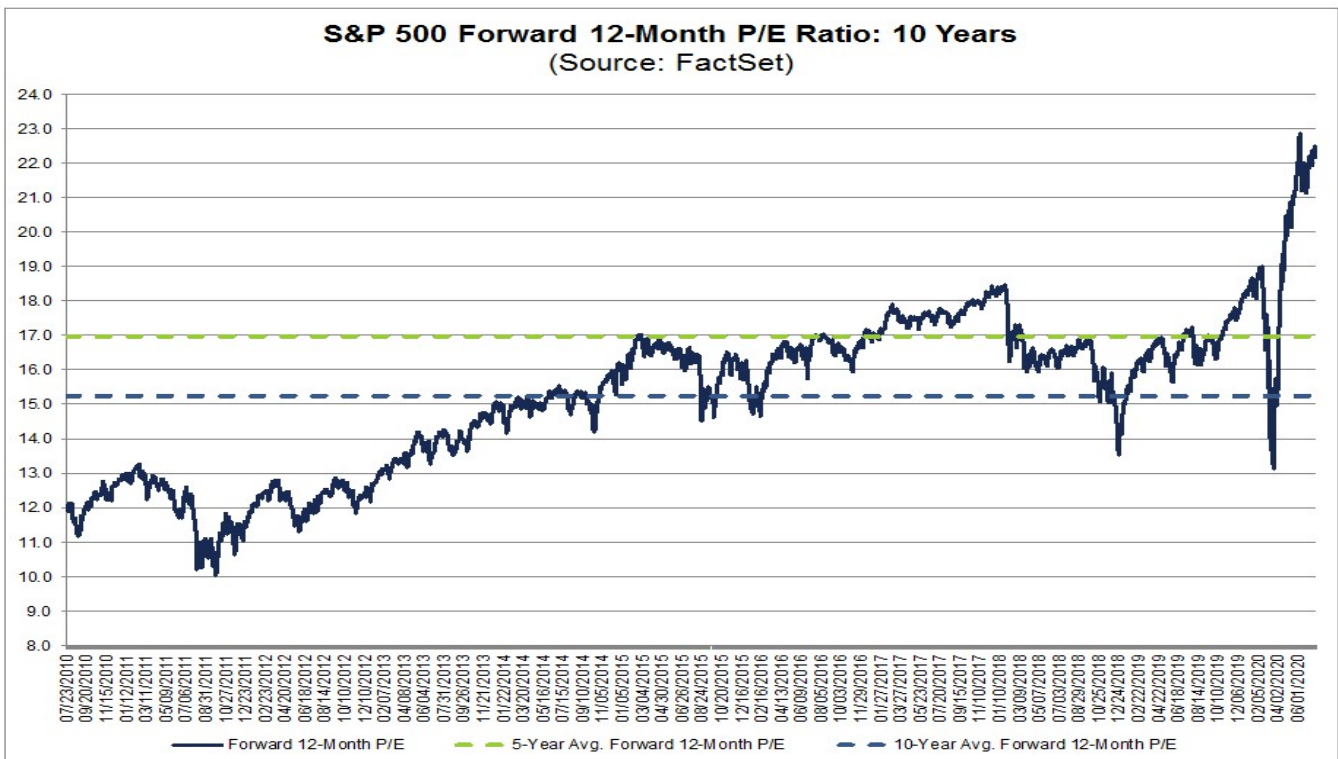
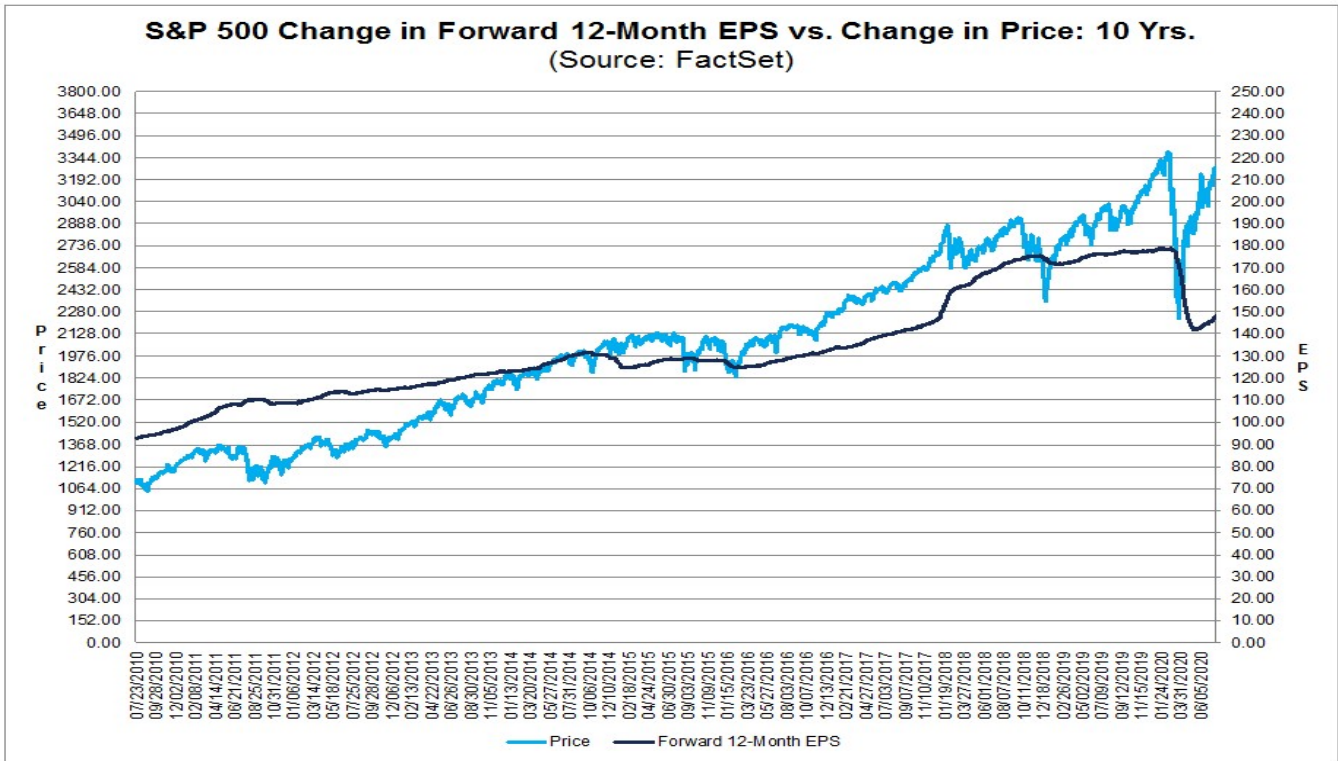


Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Jun. 30

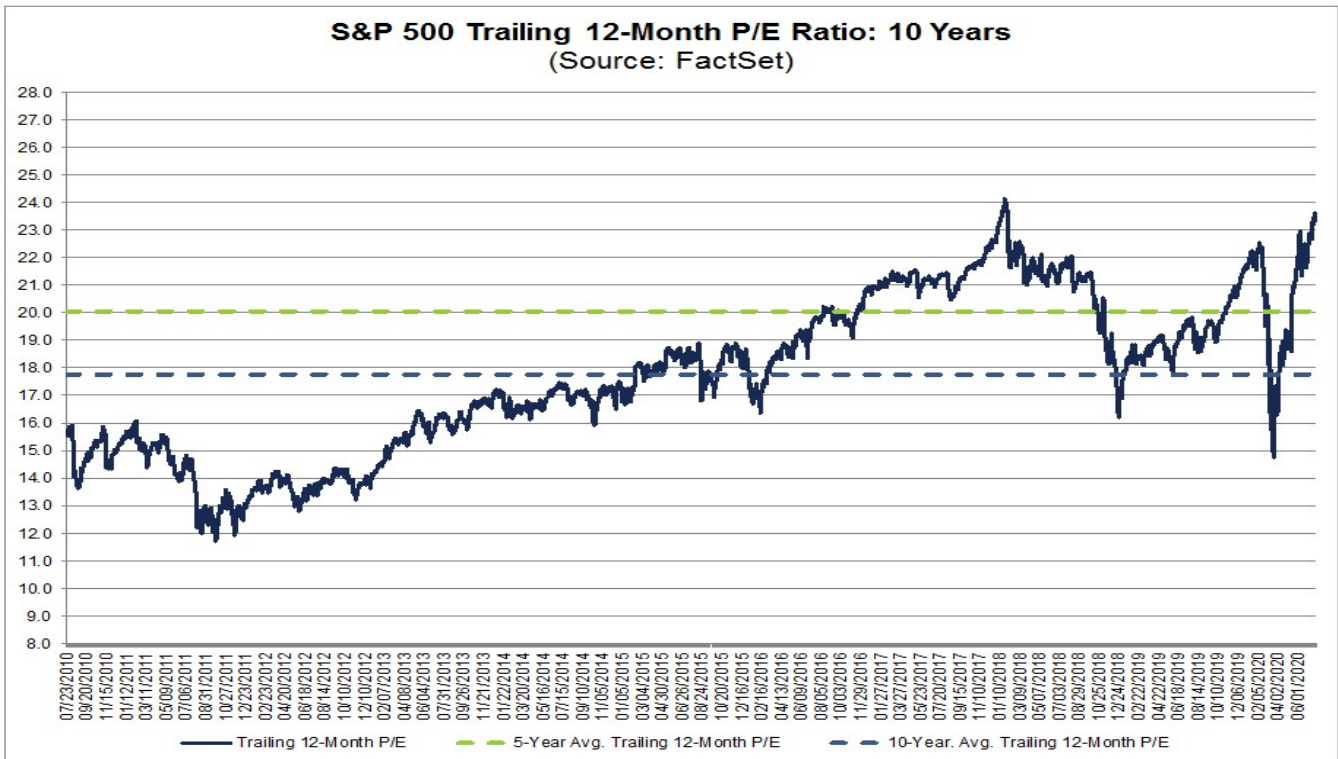
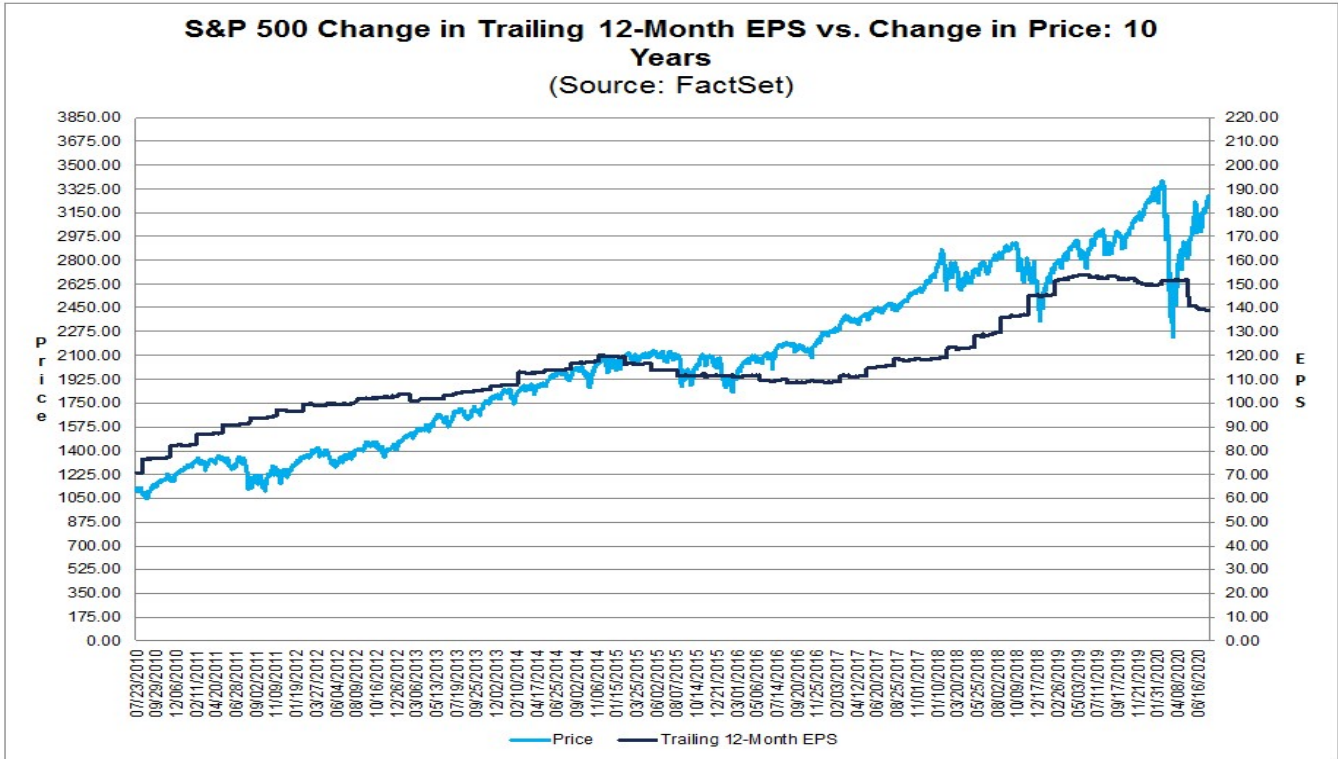
(Source: FactSet)



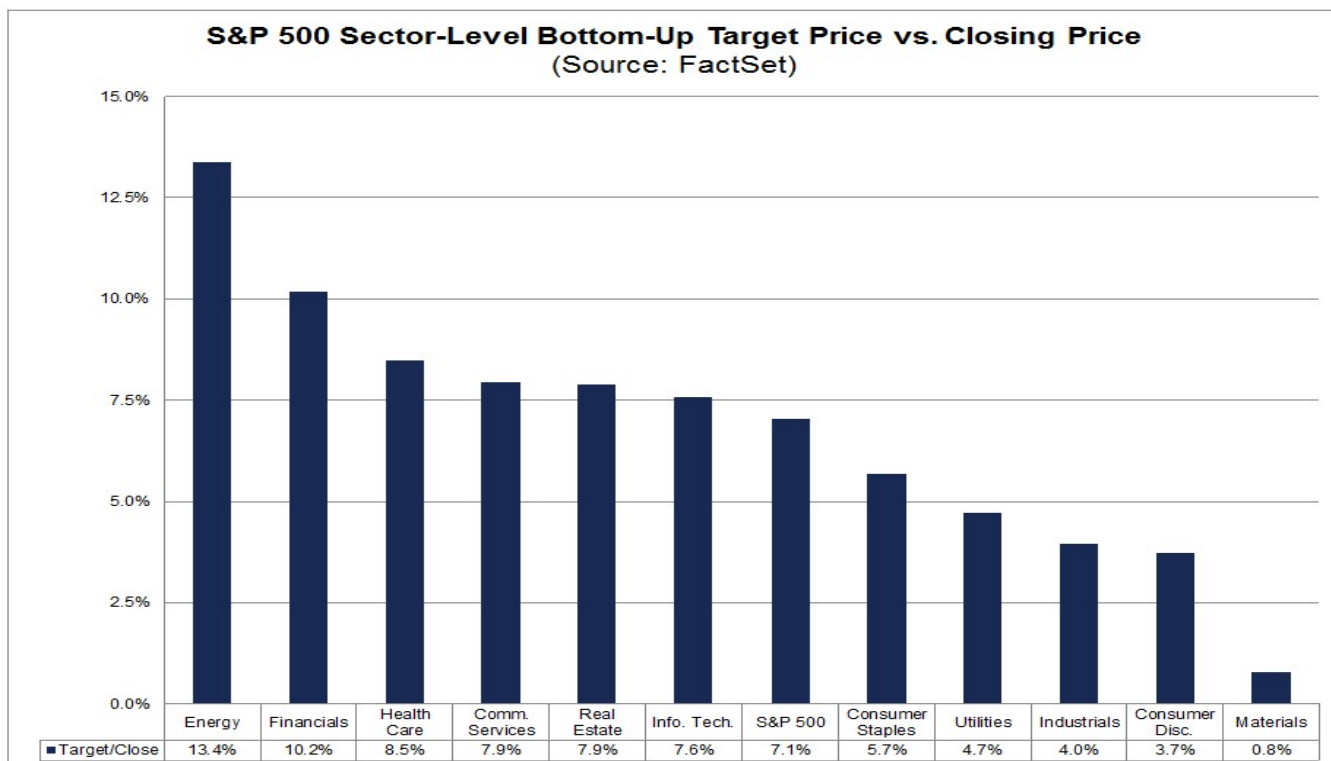
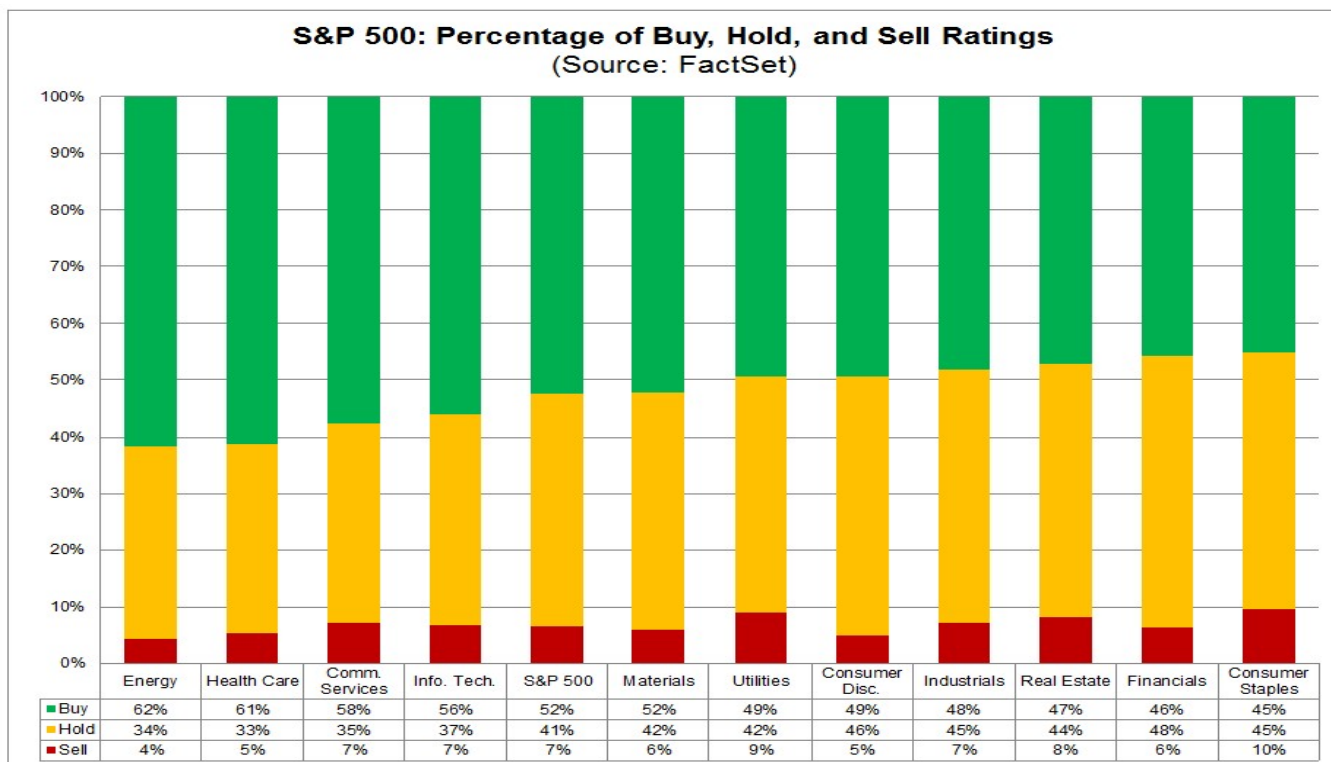
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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.