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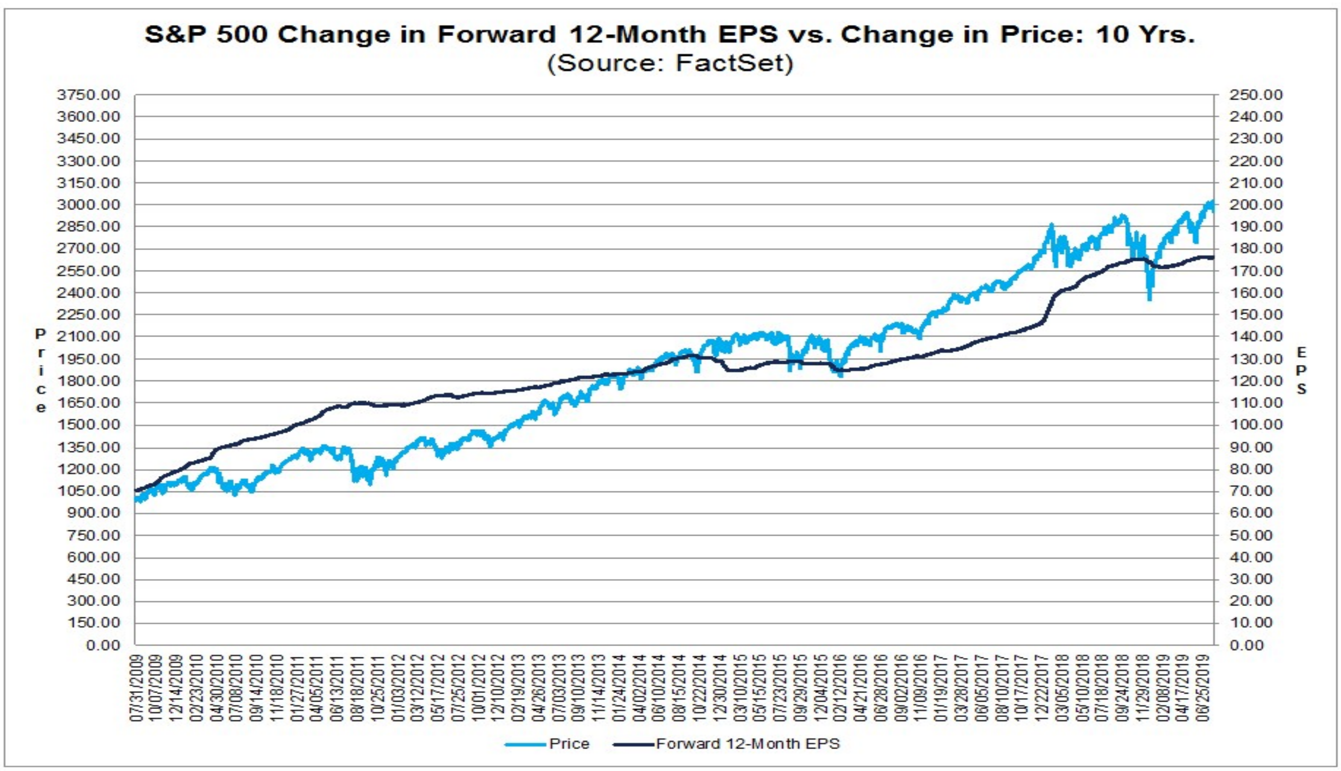
August 2, 2019

Key Metrics

- **Earnings Scorecard:** For Q2 2019 (with 77% of the companies in the S&P 500 reporting actual results), 76% of S&P 500 companies have reported a positive EPS surprise and 59% of companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q2 2019, the blended earnings decline for the S&P 500 is -1.0%. If -1.0% is the actual decline for the quarter, it will mark the first time the index has reported two straight quarters of year-over-year declines in earnings since Q1 2016 and Q2 2016.
- **Earnings Revisions:** On June 30, the estimated earnings decline for Q2 2019 was -2.7%. Six sectors have higher growth rates today (compared to June 30) due to positive EPS surprises.
- **Earnings Guidance:** For Q3 2019, 49 S&P 500 companies have issued negative EPS guidance and 19 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 16.8. This P/E ratio is above the 5-year average (16.5) and above the 10-year average (14.8).



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Topic of the Week:

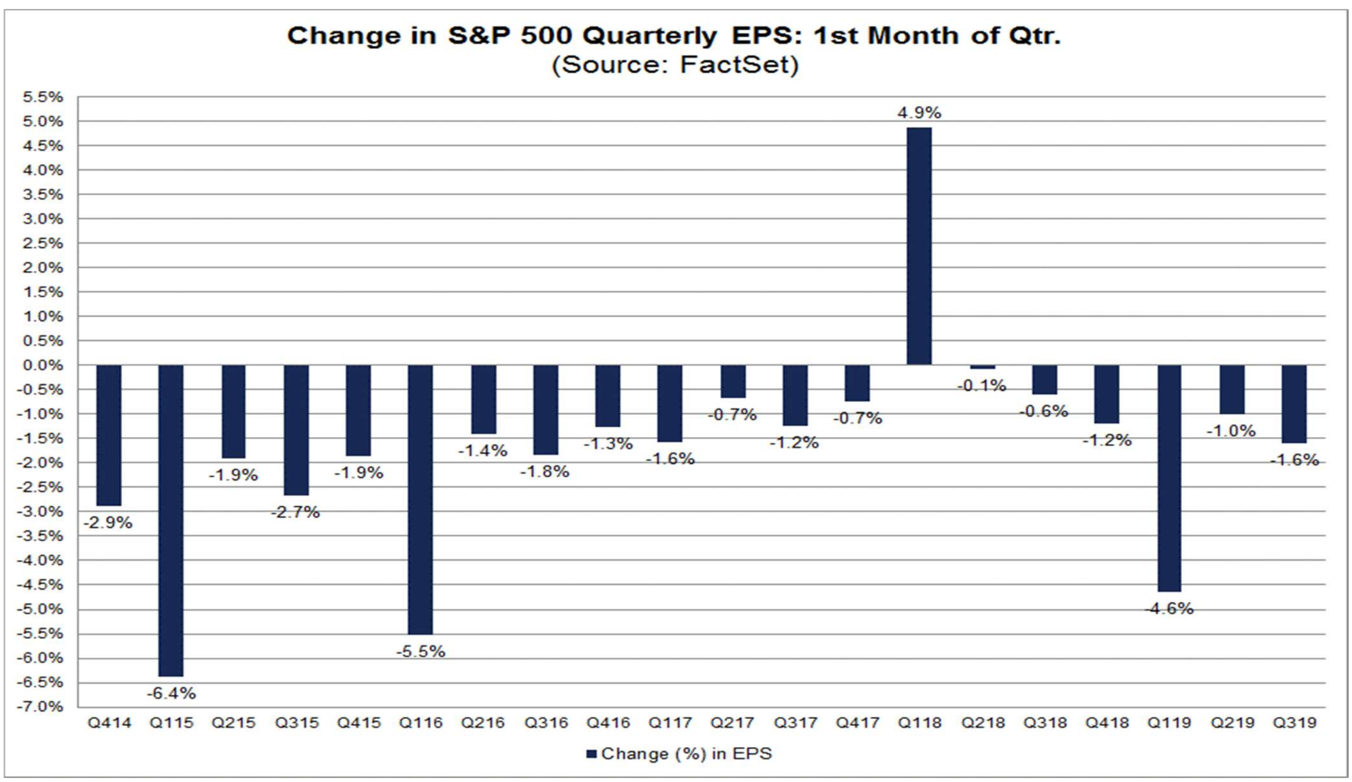
Analysts Cut S&P 500 EPS Estimates Within Average Ranges for Q3 in July

During the month of July, analysts lowered earnings estimates for companies in the S&P 500 for the third quarter. The Q3 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for all the companies in the index) dropped by 1.6% (to $42.21 from $42.90) during this period. How significant is a 1.6% decline in the bottom-up EPS estimate during the first month of 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 the first month of a quarter has been 1.7%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.2%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.8%. Thus, the decline in the bottom-up EPS estimate recorded during the first month of the third quarter was smaller than the 5-year average, larger than the 10-year average, and smaller than the 15-year average.

At the sector level, eight sectors recorded a decline in their bottom-up EPS estimate during the first month of the quarter, led by the Materials (-8.4%) and Energy (-7.4%) sectors. On the other hand, three sectors recorded an increase in their bottom-up EPS estimate during the first month of the quarter, led by the Information Technology (+1.6%) sector. Overall, seven sectors recorded a larger decrease in their bottom-up EPS estimate relative to their 5-year average, eight 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 first month of the quarter, the value of the S&P 500 increased during this same period. From June 30 through July 31, the value of the index increased by 1.3% (to 2980.38 from 2941.76). The third quarter marked the 15th time in the past 20 quarters in which the bottom-up EPS estimate decreased during the first month of the quarter while the value of the index increased over this same period.



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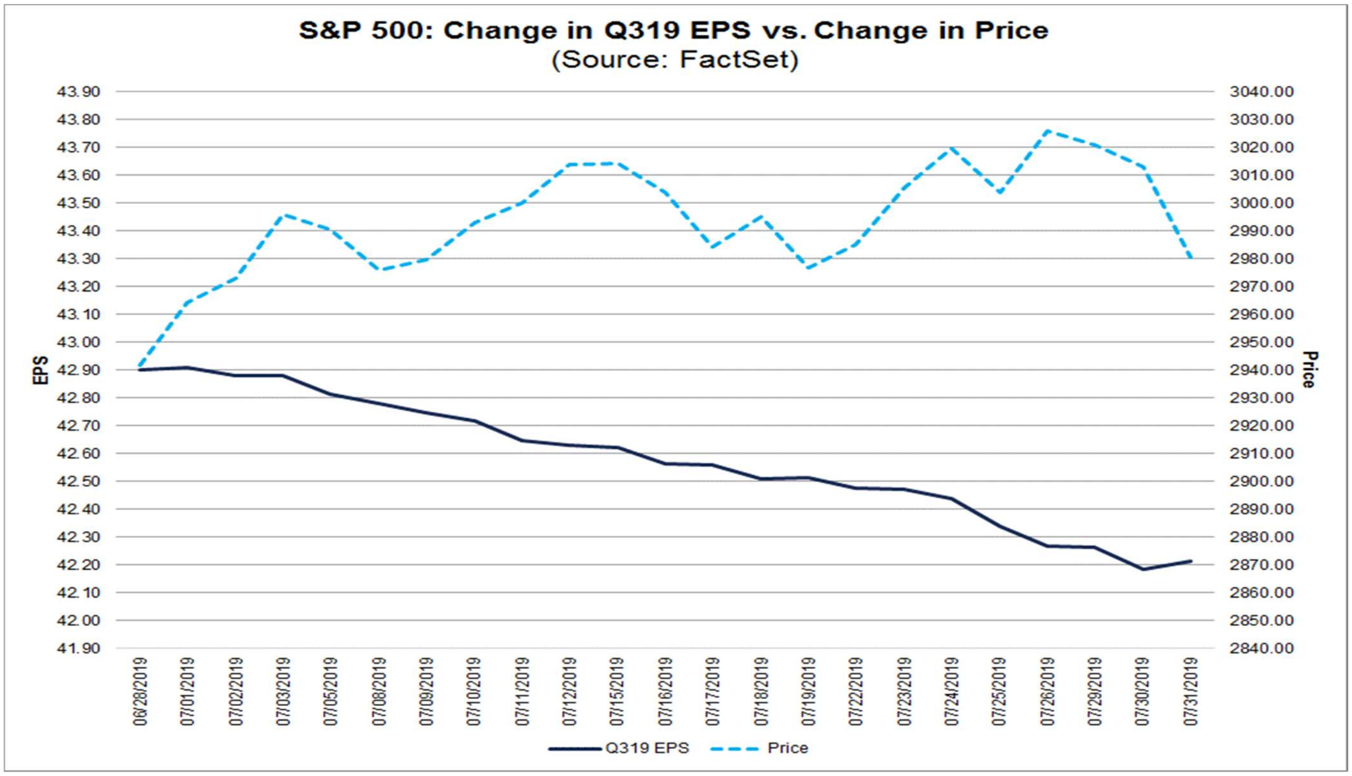

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Q2 Earnings Season: By The Numbers

Overview

To date, 77% of the companies in the S&P 500 have reported actual results for Q2 2019. In terms of earnings, the percentage of companies reporting actual EPS above estimates (76%) is above the 5-year average. In aggregate, companies are reporting earnings that are 6.0% above the estimates, which is also above the 5-year average. In terms of sales, the percentage of companies (59%) reporting actual sales above estimates is below the 5-year average. In aggregate, companies are reporting sales that are 1.0% above estimates, which is above the 5-year average.

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings decline for the second quarter is -1.0% today, which is smaller than the earnings decline of -2.7% last week. Positive earnings surprises reported by companies in multiple sectors (led by the Energy and Health Care sectors) were responsible for the decrease in the overall earnings decline during the week. If -1.0% is the actual decline for the quarter, it will mark the first time the index has reported two straight quarters of year-over-year declines in earnings since Q1 2016 and Q2 2016. Four sectors are reporting year-over-year growth in earnings, led by the Health Care and Financials sectors. Seven sectors are reporting a year-over-year decline in earnings, led by the Materials, Industrials, and Information Technology sectors.

The blended revenue growth rate for the second quarter is 4.1% today, which is above the revenue growth rate of 3.9% last week. Positive revenue surprises reported by companies in the Energy and Health Care sectors were mainly responsible for the increase in the overall revenue growth rate during the week. If 4.1% is the final growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q3 2016 (2.7%). Eight sectors are reporting year-over-year growth in revenues, led by the Communication Services and Health Care sectors. Two sectors are reporting a year-over-year decline in revenues, led by the Materials sector. One sector (Industrials) is reporting no growth (0%) in revenue.

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

The forward 12-month P/E ratio is 16.8, which is above the 5-year average and above the 10-year average.

During the upcoming week, 64 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the second quarter.

Scorecard: More Companies Beating EPS Estimates than Average

Percentage of Companies Beating EPS Estimates (76%) is Above 5-Year Average

Overall, 77% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 76% have reported actual EPS above the mean EPS estimate, 7% 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 equal to the 1-year (76%) average and above the 5-year (72%) average.

At the sector level, the Health Care (96%) sector has the highest percentage of companies reporting earnings above estimates, while the Utilities (37%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+6.0%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 6.0% above expectations. This surprise percentage is above the 1-year (+5.2%) average and above the 5-year (+4.8%) average.

The Energy (+13.9%) sector is reporting largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Apache ($0.10 vs. $0.06), HollyFrontier ($2.18 vs. $1.66), Marathon Petroleum ($1.73 vs. $1.32), and Chevron ($2.28 vs. $1.76 have reported the largest positive EPS surprises.

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The Information Technology sector (+8.3%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Micron Technology ($1.05 vs. $0.79), PayPal Holdings ($0.86 vs. $0.69), Gartner ($1.45 vs. $1.18), and Intel ($1.06 vs. $0.88) have reported the largest positive EPS surprises.

Market Rewarding Positive EPS Surprises Less Than Average

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

Companies that have reported positive earnings surprises for Q2 2019 have seen an average price increase of +0.6% two days before the earnings release through two days after the earnings. This percentage increase is below the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q2 2019 have seen an average price decrease of -3.3% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.6% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (59%) is Below 5-Year Average

In terms of revenues, 59% of companies have reported actual sales above estimated sales and 41% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is below the 1-year average (63%) and below the 5-year average (60%).

At the sector level, the Consumer Discretionary (71%), Health Care (70%), and Financials (70%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (17%), Materials (22%), and Industrials (44%) sectors have the lowest percentages of companies reporting revenues above estimates.

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

In aggregate, companies are reporting revenues that are 1.0% above expectations. This surprise percentage is below the 1-year (+1.1%) average but above the 5-year (+0.8%) average.

At the sector level, the Energy (+3.3%) and Financials (+1.9%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-3.5%) and Materials (-2.5%) sectors are reporting the largest negative (aggregate) differences between actual revenue and estimated revenues.

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

Decrease in Blended Earnings Decline This Week Due to Multiple Sectors (Led by Energy & Health Care)

The blended (year-over-year) earnings decline for the second quarter is -1.0% today, which is smaller than the earnings decline of -2.7% last week. Positive earnings surprises reported by companies in multiple sectors (led by the Energy and Health Care sectors) were responsible for the decrease in the overall earnings decline during the week.

In the Energy sector, the positive EPS surprises reported by Chevron ($2.28 vs. $1.76), Exxon Mobil ($0.73 vs. $0.66), and Marathon Petroleum ($1.73 vs. $1.32) were significant contributors to the overall decrease in the earnings decline for the index during the week. As a result, the blended earnings decline for the Energy sector improved to -1.5% from -11.2% over this period.

In the Health Care sector, the positive EPS surprises reported by Merck ($1.30 vs. $1.16), Pfizer ($0.80 vs. $0.75), Cigna ($4.30 vs. $3.74), Amgen ($3.97 vs. $3.59) and Celgene ($2.86 vs. $2.63) were substantial contributors to the overall decrease in the earnings decline for the index during the week. As a result, the blended earnings growth rate for the Health Care sector improved to 8.0% from 4.8% over this period.

Increase in Blended Revenue Growth This Week Due to Energy and Health Care

The blended (year-over-year) revenue growth rate for the second quarter is 4.1% today, which is above the revenue growth rate of 3.9% last week. Positive revenue surprises reported by companies in the Energy and Health Care sectors were mainly responsible for the increase in the overall revenue growth rate during the week.

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In the Energy sector, the positive revenue surprises reported by Exxon Mobil ($69.10 billion vs. $63.60 billion) and Valero Energy ($28.93 billion vs $24.85 billion) were significant contributors to the overall increase in the revenue growth rate for the index during the week. As a result, the blended revenue growth rate for the Energy sector improved to 0.9% from -1.0% over this period.

In the Health Care sector, the positive revenue surprises reported by McKesson ($55.73 billion vs. $54.02 billion) and Merck ($11.76 billion vs $10.96 billion) were substantial contributors to the overall increase in the revenue growth rate for the index during the week. As a result, the blended revenue growth rate for the Health Care sector improved to 13.4% from 12.7% over this period.

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

The blended (year-over-year) earnings decline for Q2 2019 of -1.0% is smaller than the estimate of -2.7% at the end of the second quarter (June 30). Six sectors have recorded an improvement in earnings growth since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Health Care (to 8.0% from 2.1%), Financials (to 5.2% from 0.6%), and Information Technology (to -7.6% from -11.9%) sectors. Five sectors have recorded a decrease in earnings growth during this time due to downward revisions to earnings estimates and negative earnings surprises, led by the Industrials (to -10.3% from -1.9%) sector.

Energy Sector Has Seen Largest Increase in Revenues since June 30

The blended (year-over-year) revenue growth rate for Q2 2019 of 4.1% is above the estimate of 3.8% at the end of the second quarter (June 30). Eight sectors have recorded an improvement in revenue growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Energy (to 0.9% from -0.7%) sector. Three sectors have recorded a decrease in revenue growth during this time due to downward revisions to revenue estimates and negative revenue surprises, led by the Materials (to -17.5 from -14.6%) and Utilities (to 0.9% from 3.3%) sectors.

Year-Over-Year Earnings Decline: -1.0%

The blended (year-over-year) earnings decline for Q2 2019 is -1.0%, which is below the 5-year average earnings growth rate of 7.3%. If -1.0% is the actual decline for the quarter, it will mark the first time the index has reported two straight quarters of year-over-year declines in earnings since Q1 2016 and Q2 2016. It will also mark the largest year-over-year decline in earnings reported by the index since Q2 2016 (-3.2%).

S&P 500 companies with more international revenue exposure are reporting a much larger decline in earnings relative to S&P 500 companies with less international revenue exposure. For S&P 500 companies that generate more than 50% of revenue outside the U.S., the blended earnings decline is -11.2%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the blended earnings growth rate is 4.4%.

Four sectors are reporting year-over-year earnings growth, led by the Health Care and Financials sectors. Seven sectors are reporting a year-over-year decline in earnings, led by the Materials, Industrials, and Information Technology sectors.

Health Care: All 6 Industries Reporting Year-Over-Year Growth

The Health Care sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 8.0%. At the industry level, all six industries in this sector are reporting growth in earnings. However, only one sector is reporting double-digit growth: Health Care Providers & Services (20%).

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

The Financials sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 5.2%. At the industry level, three of the five industries in this sector are reporting growth in earnings: Banks (10%), Insurance (7%), and Consumer Finance (4%). On the other hand, the Diversified Financial Services (-7%) and Capital Markets (-4%) sectors are reporting year-over-year declines in earnings

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At the company level, JPMorgan Chase and Wells Fargo are the largest contributors to earnings growth for the sector. JPMorgan Chase reported actual EPS of $2.82 for Q2 2019, compared to year-ago EPS of $2.29. Wells Fargo reported actual EPS of $1.30 for Q2 2019, compared to year-ago EPS of $0.98. If these two companies were excluded, the blended earnings growth rate for the sector would fall to 2.0% from 5.2%.

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

The Materials sector is reporting the highest (year-over-year) earnings decline of all eleven sectors at -17.8%. At the industry level, three of the four industries in this sector are reporting a decline in earnings: Metals & Mining (-76%), Chemicals (-8%), and Containers & Packaging (less than -1%). On the other hand, the Construction Materials (8%) industry is the only industry in the sector that is reporting earnings growth.

At the company level, Freeport-McMoRan and DuPont are the largest contributors to the (year-over-year) decline in earnings for the sector. Freeport-McMoRan reported actual EPS of -$0.04 for Q2 2019, compared to year-ago EPS of $0.58. DuPont reported actual EPS of $0.97 for Q2 2019, compared to year-ago EPS of $1.95. If these two companies were excluded, the blended earnings decline for the sector would improve to -1.4% from -17.8%.

Industrials: Boeing Leads Year-Over-Year Decline

The Industrials sector is reporting the second highest (year-over-year) earnings decline of all eleven sectors at -10.3%. At the industry level, five of the twelve industries in this sector are reporting a decline in earnings, led by the Aerospace & Defense (-50%), Construction & Engineering (-24%), and Building Products (-14%) industries. On the other hand, seven industries are reporting earnings growth, led by the Professional Services (19%), Airlines (16%), and Commercial Services & Supplies (11%) industries.

At the company level, Boeing is the largest contributor to the decline in earnings for the sector. The company reported actual EPS of -$5.82 for Q2 2019, compared to year-ago EPS of $3.33. The actual EPS of -$5.82 for Q2 2019 included a negative impact of $8.74 related to charges for the 737 MAX grounding. If this company were excluded, the blended earnings growth rate for the sector would improve to 4.3% from -10.3%.

Boeing is also the largest contributor to the earning decline for the entire S&P 500. If this company were excluded, the blended earnings growth rate for the S&P 500 would improve to 0.5% from -1.0%.

Information Technology: Micron, Apple, and Western Digital Lead Year-Over-Year Decline

The Information Technology sector is reporting the third highest (year-over-year) earnings decline of all eleven sectors at -7.6%. At the industry level, two of the six industries in this sector are reporting a decline in earnings: Semiconductors & Semiconductor Equipment (-26%) and Technology Hardware, Storage, & Peripherals (-21%). On the other hand, four industries are reporting earnings growth, led by the Software (12%) industry.

At the company level, Micron Technology, Apple, and Western Digital are the largest contributors to the decline in earnings for the sector. Micron Technology reported actual EPS of $1.05 for Q2 2019, compared to year-ago EPS of $3.15. Apple reported actual EPS of $2.18 for Q2 2019, compared to year-ago EPS of $2.34. Western Digital reported actual EPS of $0.17 for Q2 2019, compared to year-ago EPS of $3.61. If these three companies were excluded, the blended earnings growth rate for the sector would improve to 0.2% from -7.6%.

Year-Over-Year Revenue Growth: 4.1%

The blended (year-over-year) revenue growth rate for Q2 2019 is 4.1%, which is above the 5-year average revenue growth rate of 3.5%. If 4.1% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q3 2016 (2.7%).

S&P 500 companies with more international revenue exposure are reporting a much larger decline in revenues relative to S&P 500 companies with less international revenue exposure. For S&P 500 companies that generate more than 50% of revenue outside the U.S., the blended revenue decline is -2.0%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the blended revenue growth rate is 6.6%.

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Eight sectors are reporting year-over-year growth in revenues, led by the Communication Services and Health Care sectors. Two sectors are reporting a year-over-year decline in revenues, led by the Materials sector. One sector (Industrials) is reporting no growth (0%) in revenue.

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

The Communication Services sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 14.5%. At the industry level, all four industries in this sector are reporting revenue growth. Three of these four industries are reporting double-digit revenue growth: Entertainment (29%), Interactive Media & Services (21%), and Media (10%).

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

The Health Care sector is reporting the second highest (year-over-year) revenue growth of all eleven sectors at 13.4%. At the industry level, five of the six industries in this sector are reporting revenue growth for the quarter. The Health Care Providers & Services is the only industry reporting double-digit revenue growth (20%). On the other hand, the Pharmaceuticals (-1%) industry is the only industry reporting a decline in revenue.

At the company level, Cigna and CVS Health are the largest contributors to revenue growth for the sector. However, the revenue growth rates for both companies are being boosted by apples-to-oranges comparisons of post-merger revenues to pre-merger revenues. The actual revenue for Cigna for Q2 2019 ($34.38 billion) reflects the combined revenues of Cigna and Express Scripts, while the actual revenue for Q2 2018 ($11.48 billion) reflects the standalone revenue for Cigna. The revenue estimate for CVS Health for Q2 2019 ($62.63 billion) reflects the combined revenues of CVS Health and Aetna, while the actual revenue for Q2 2018 ($46.71 billion) reflects the standalone revenue for CVS Health. These apples-to-oranges comparisons are the main reason Cigna and CVS Health are the largest contributors to revenue growth for the sector. If these companies were excluded, the blended revenue growth rate for the sector would fall to 6.0% from 13.4%.

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

The Materials sector is reporting the highest (year-over-year) decline in revenue of all eleven sectors at -17.5%. At the industry level, two of the four industries in this sector are reporting a decline in revenue for the quarter: Chemicals (-25%) and Metals & Mining (-12%).

At the company level, DuPont is the largest contributor to the decline in revenue for the sector. However, the revenue decline is being boosted by an apples-to-oranges comparison of post-split revenues to pre-split revenues. The actual revenue for Q2 2019 ($5.47 billion) reflects the standalone revenue for DuPont, while the actual revenue for Q2 2018 ($24.25 billion) reflects the combined revenue for DowDuPont (DuPont, Dow, and Corteva). This apples-to-oranges comparison is the main reason DuPont is the largest contributor to the revenue decline for the sector. If this company were excluded, the blended revenue growth rate for the sector would improve to 2.6% from -17.5%.

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Looking Ahead: Forward Estimates and Valuation

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

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

At this point in time, 68 companies in the index have issued EPS guidance for Q3 2019. Of these 68 companies, 49 have issued negative EPS guidance and 19 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 72% (49 out of 68), which is above the 5-year average of 70%.

Earnings: Low Single-Digit Earnings Growth Projected for 2019

For the second quarter, S&P 500 companies are reporting a decline in earnings of -1.0% and growth in revenues of 4.1%. For the second half of 2019, analysts see a decline in earnings in the third quarter and mid-single-digit growth in earnings in the fourth quarter.

For Q3 2019, analysts are projecting a decline in earnings of -2.2% and revenue growth of 3.1%.

For Q4 2019, analysts are projecting earnings growth of 4.5% and revenue growth of 4.0%.

For CY 2019, analysts are projecting earnings growth of 1.9% and revenue growth of 4.4%.

For Q1 2020, analysts are projecting earnings growth of 9.0% and revenue growth of 5.7%.

For Q2 2020, analysts are projecting earnings growth of 10.7% and revenue growth of 6.5%.

Valuation: Forward P/E Ratio is 16.8, Above the 10-Year Average (14.8)

The forward 12-month P/E ratio is 16.8. This P/E ratio is above the 5-year average of 16.5 and above the 10-year average of 14.8. It is also above the forward 12-month P/E ratio of 16.7 recorded at the end of the second quarter (June 30). Since the end of the second quarter (June 30), the price of the index has increased by 0.4%, while the forward 12-month EPS estimate has increased by 0.1%.

At the sector level, the Consumer Discretionary (21.3) sector has the highest forward 12-month P/E ratio, while the Financials (11.9) sector has the lowest forward 12-month P/E ratio.

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

The bottom-up target price for the S&P 500 is 3295.62, which is 11.6% above the closing price of 2953.56. At the sector level, the Energy (+20.3%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Real Estate (+4.7%) and Utilities (+5.1%) 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 10,357 ratings on stocks in the S&P 500. Of these 10,357 ratings, 51.8% are Buy ratings, 41.7% are Hold ratings, and 6.6% are Sell ratings. At the sector level, the Energy (64%) sector has the highest percentage of Buy ratings, while the Consumer Staples (41%) sector has the lowest percentage of Buy ratings.

Companies Reporting Next Week: 64

During the upcoming week, 64 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the second quarter.

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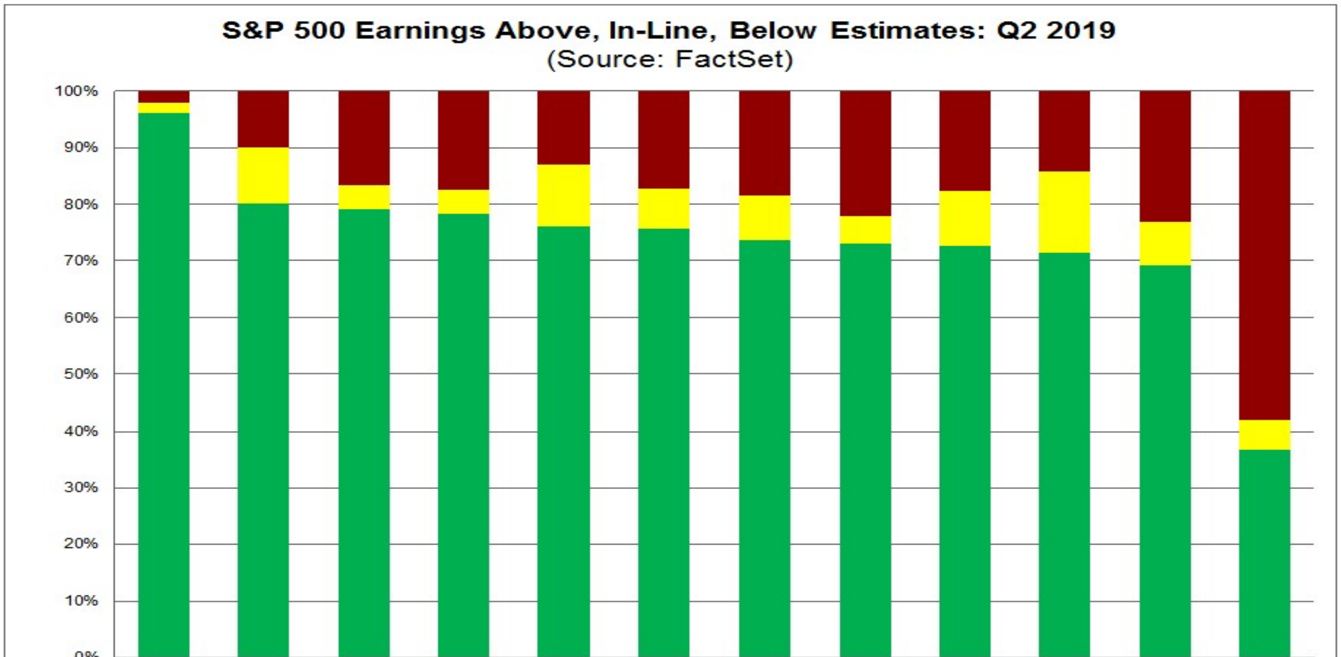
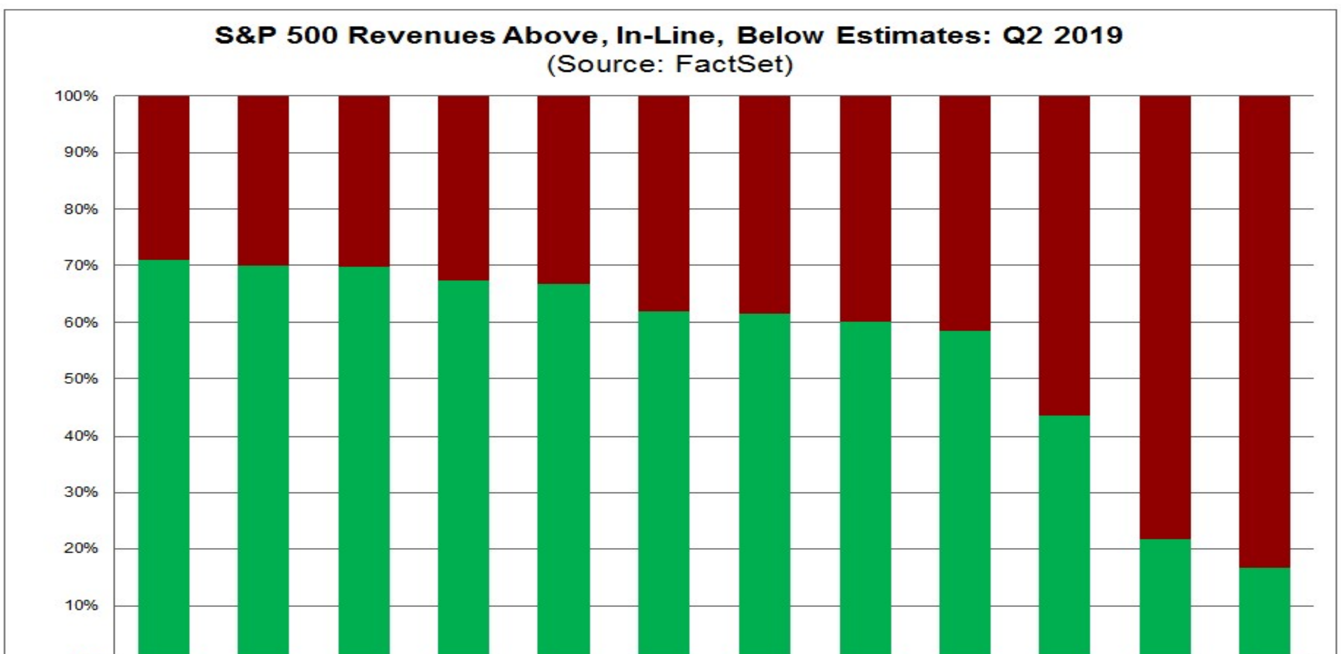
Q2 2019: Scorecard



	Health Care	Real Estate	Energy	Materials	Info. Technology	S&P 500	Consumer Disc.	Financials	Industrials	Consumer Staples	Comm. Services	Utilities
Below	2%	10%	17%	17%	13%	17%	18%	22%	18%	14%	23%	58%
In-Line	2%	10%	4%	4%	11%	7%	8%	5%	10%	14%	8%	5%
Above	96%	80%	79%	78%	76%	76%	74%	73%	73%	71%	69%	37%



	Consumer Disc.	Health Care	Financials	Info. Technology	Energy	Consumer Staples	Comm. Services	Real Estate	S&P 500	Industrials	Materials	Utilities
Below	29%	30%	30%	33%	33%	38%	38%	40%	41%	56%	78%	83%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	71%	70%	70%	67%	67%	62%	62%	60%	59%	44%	22%	17%

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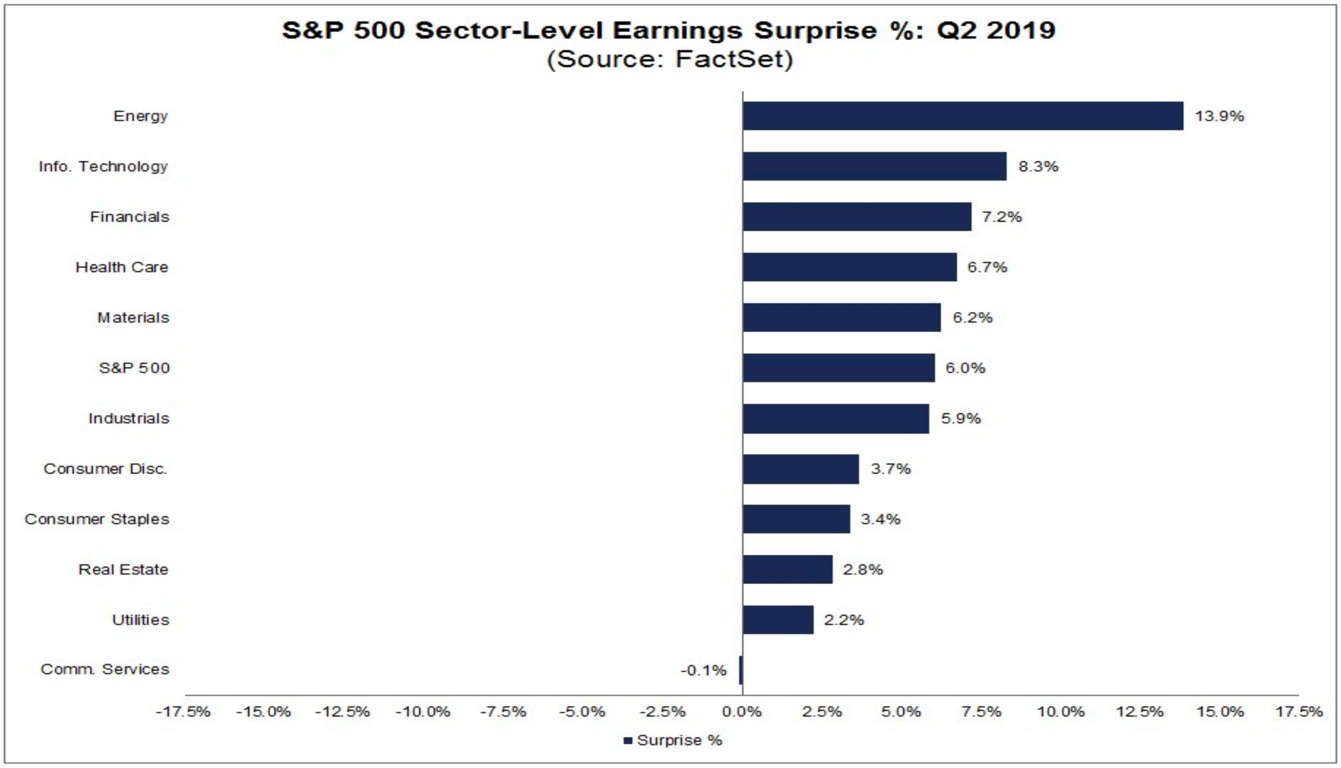
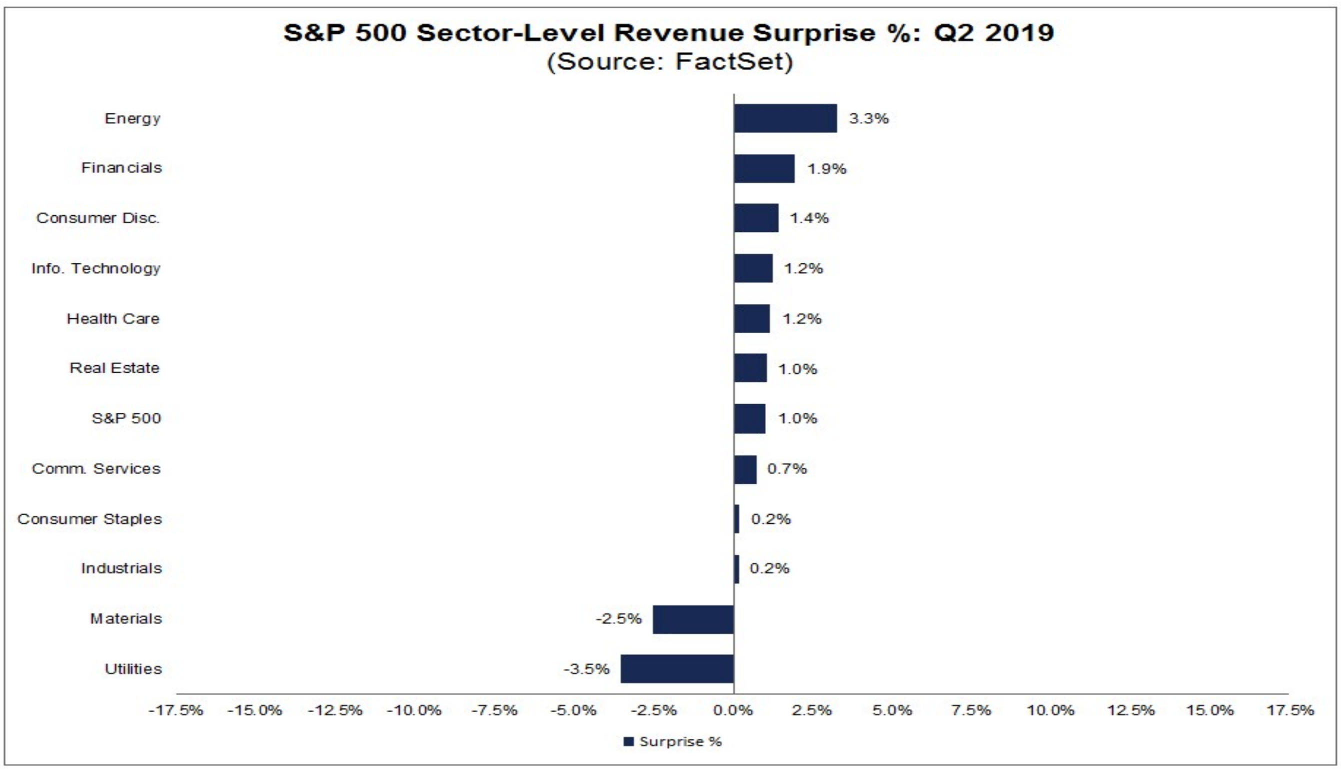
Q2 2019: Scorecard





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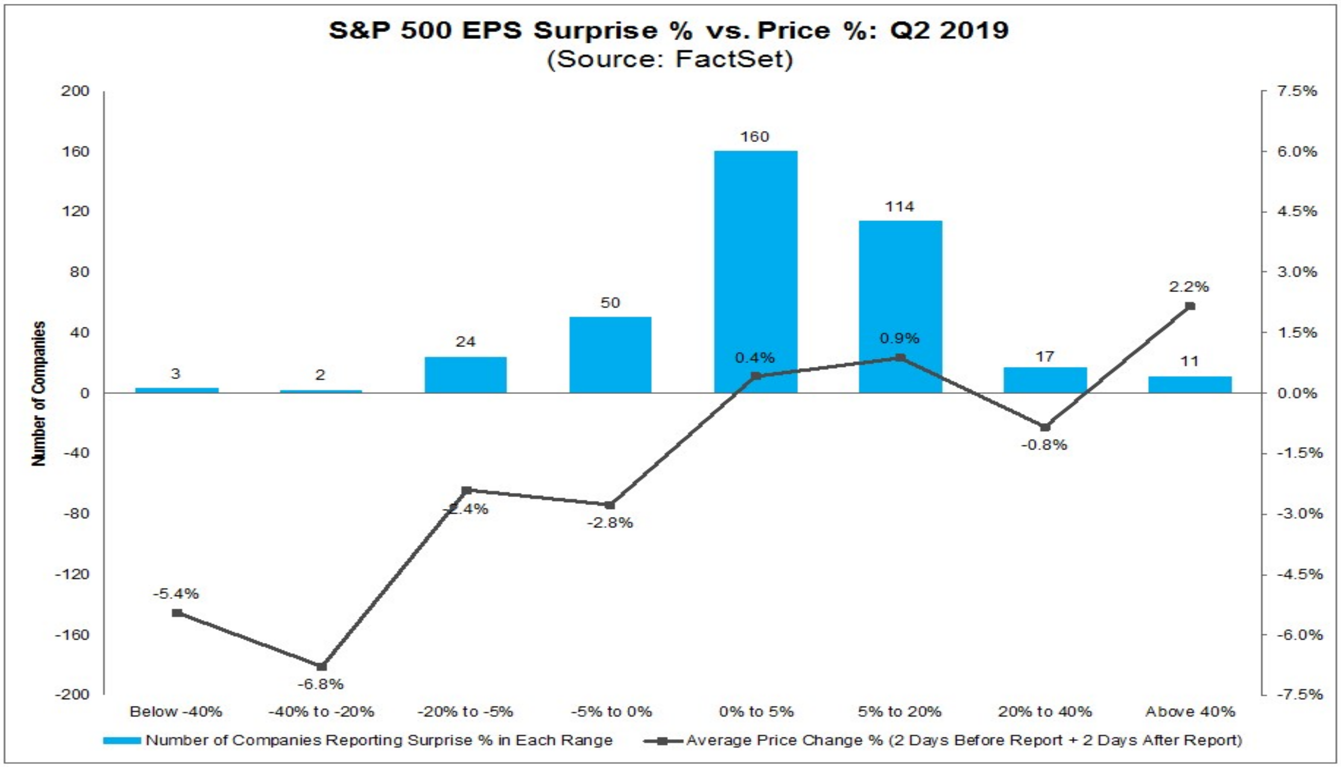
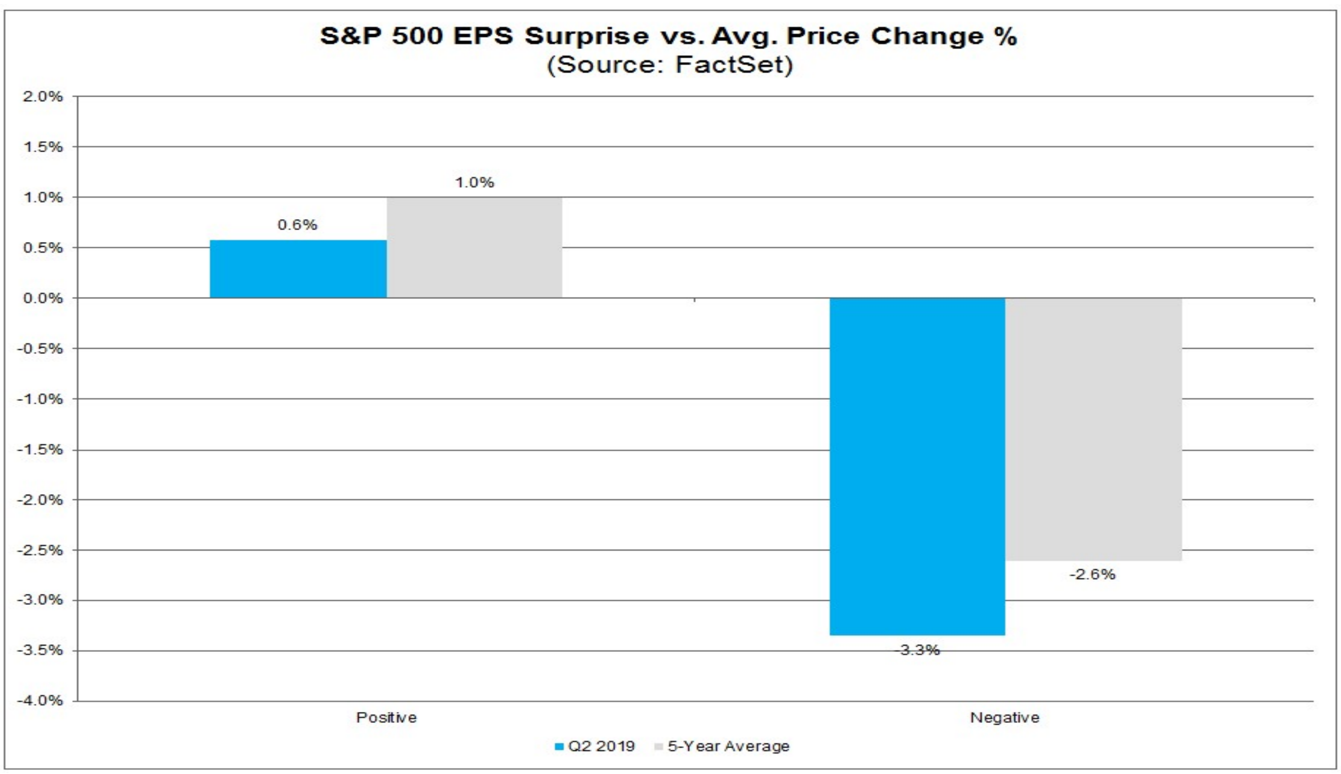
Q2 2019: Scorecard





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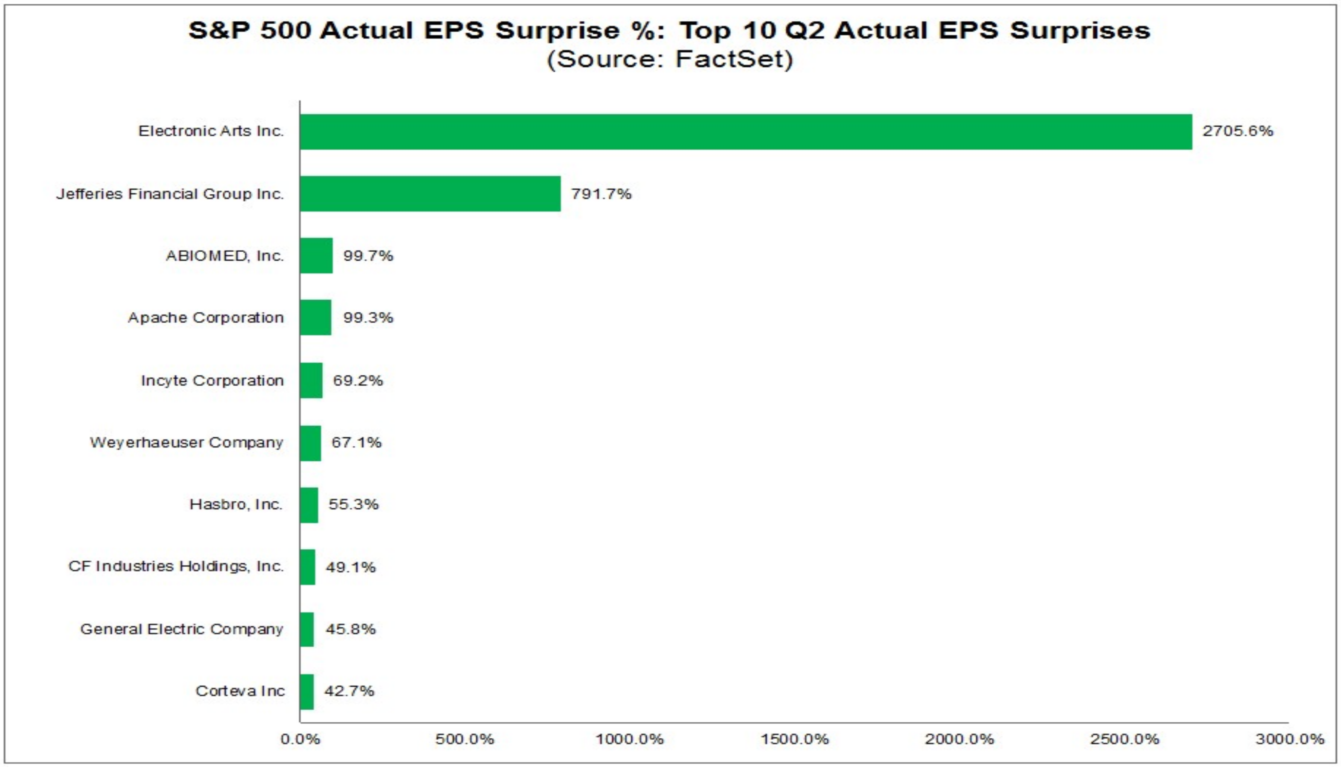
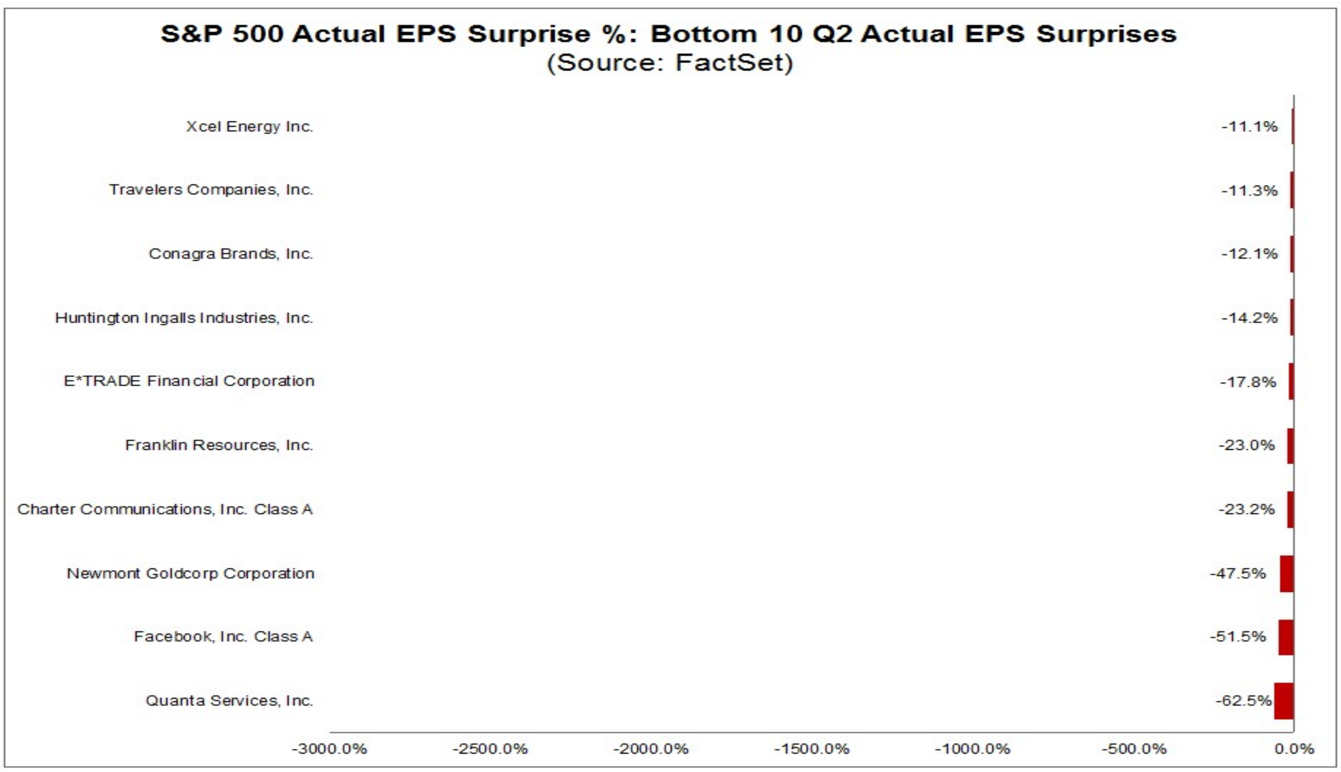
Q2 2019: Scorecard





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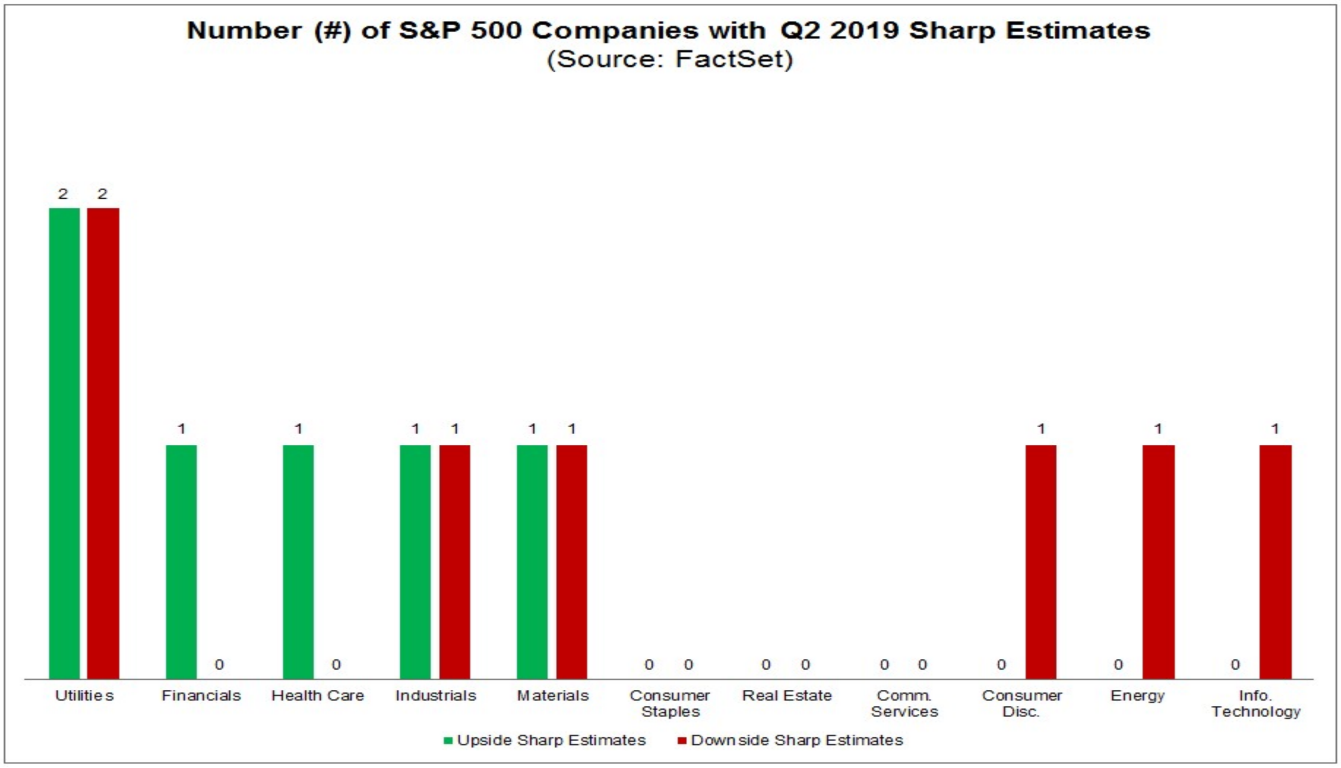
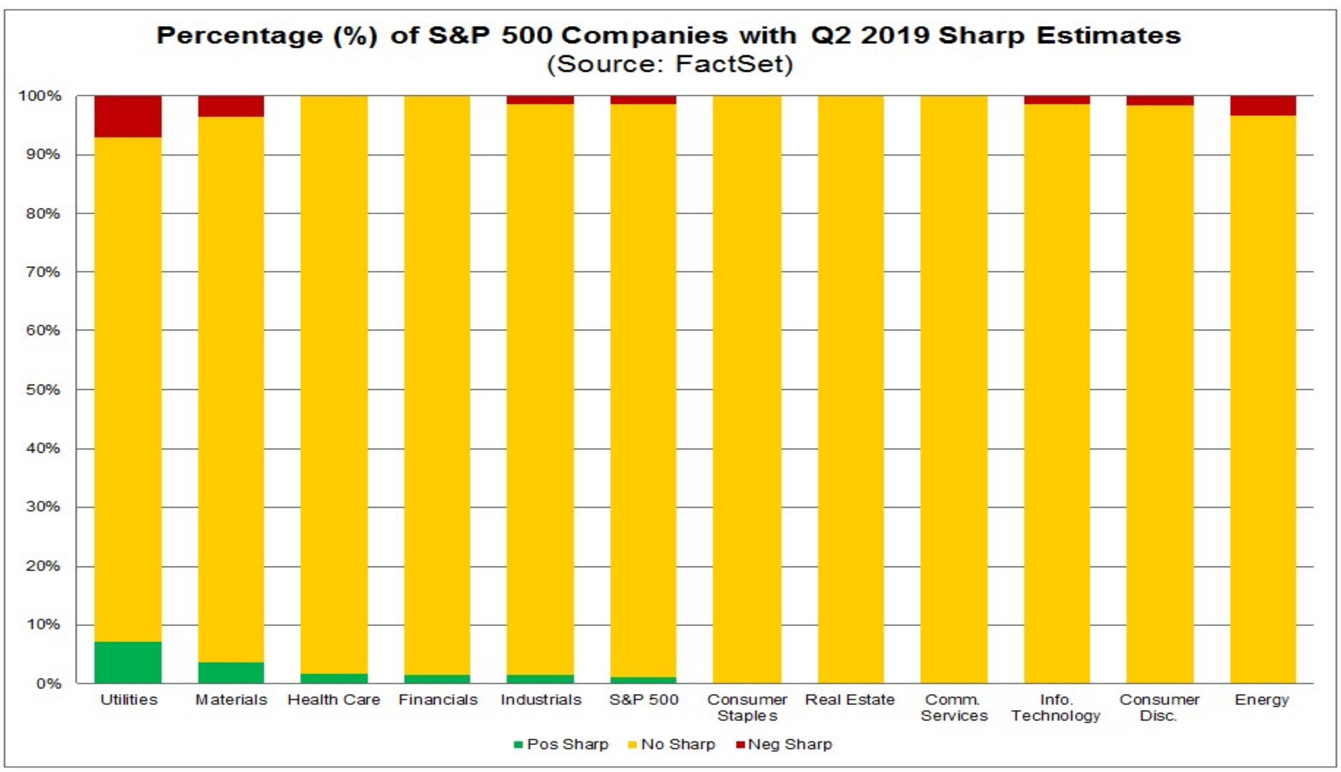
Q2 2019: Projected EPS Surprises (Sharp Estimates)





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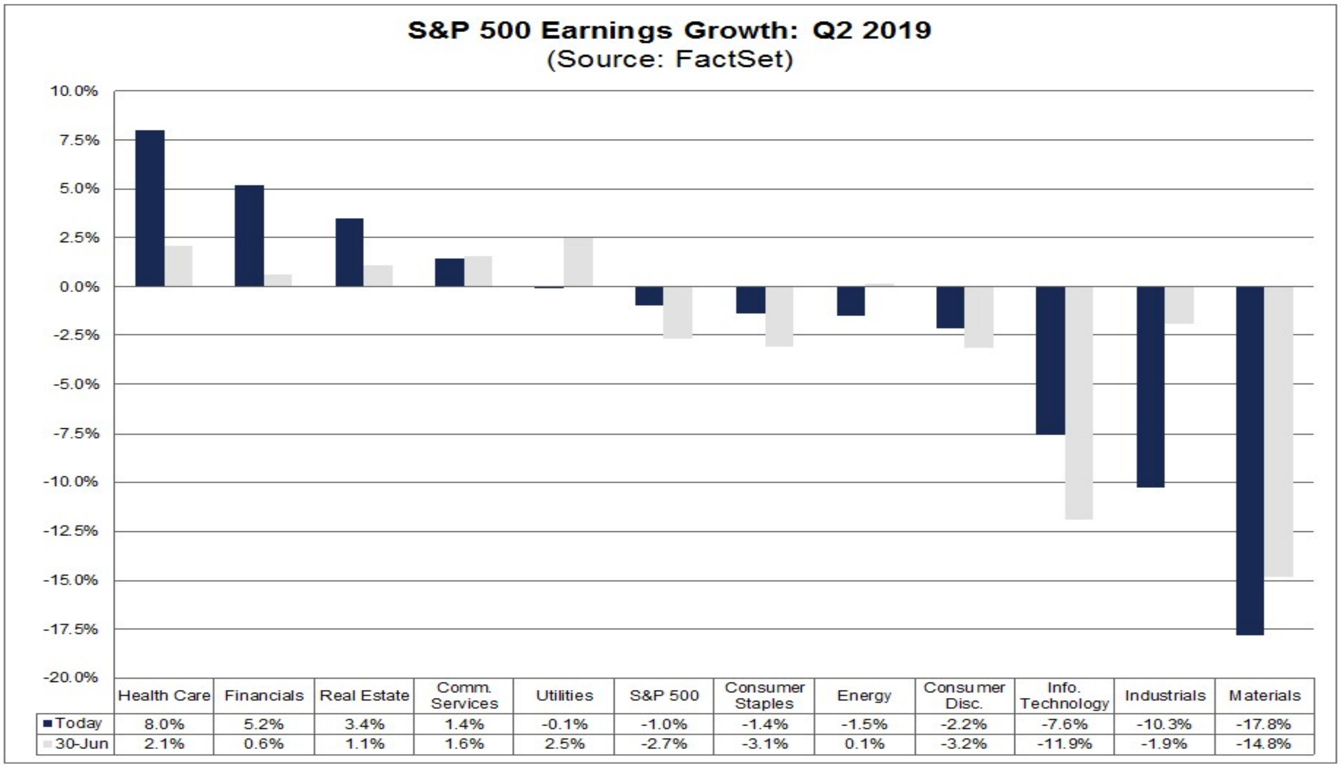
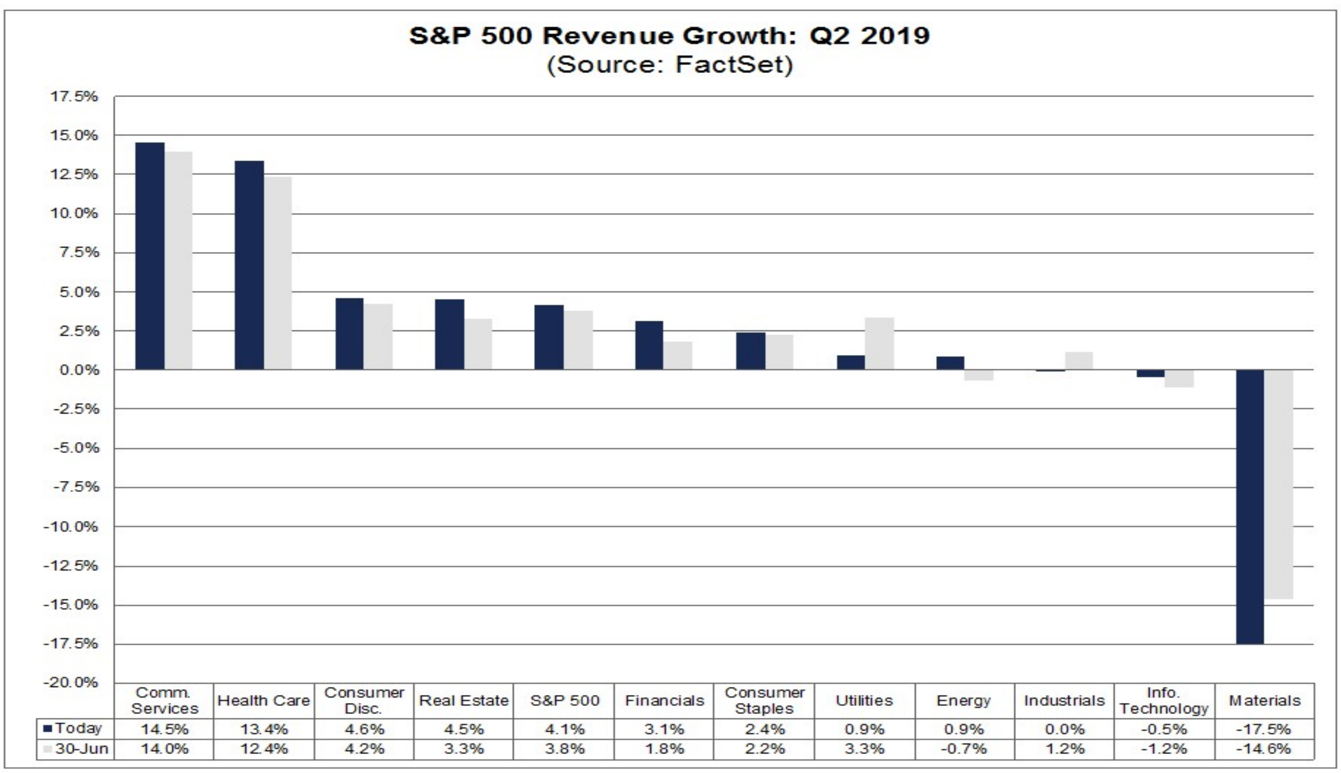
Q2 2019: Growth



	Health Care	Financials	Real Estate	Comm. Services	Utilities	S&P 500	Consumer Staples	Energy	Consumer Disc.	Info. Technology	Industrials	Materials
Today	8.0%	5.2%	3.4%	1.4%	-0.1%	-1.0%	-1.4%	-1.5%	-2.2%	-7.6%	-10.3%	-17.8%
30-Jun	2.1%	0.6%	1.1%	1.6%	2.5%	-2.7%	-3.1%	0.1%	-3.2%	-11.9%	-1.9%	-14.8%



	Comm. Services	Health Care	Consumer Disc.	Real Estate	S&P 500	Financials	Consumer Staples	Utilities	Energy	Industrials	Info. Technology	Materials
Today	14.5%	13.4%	4.6%	4.5%	4.1%	3.1%	2.4%	0.9%	0.9%	0.0%	-0.5%	-17.5%
30-Jun	14.0%	12.4%	4.2%	3.3%	3.8%	1.8%	2.2%	3.3%	-0.7%	1.2%	-1.2%	-14.6%

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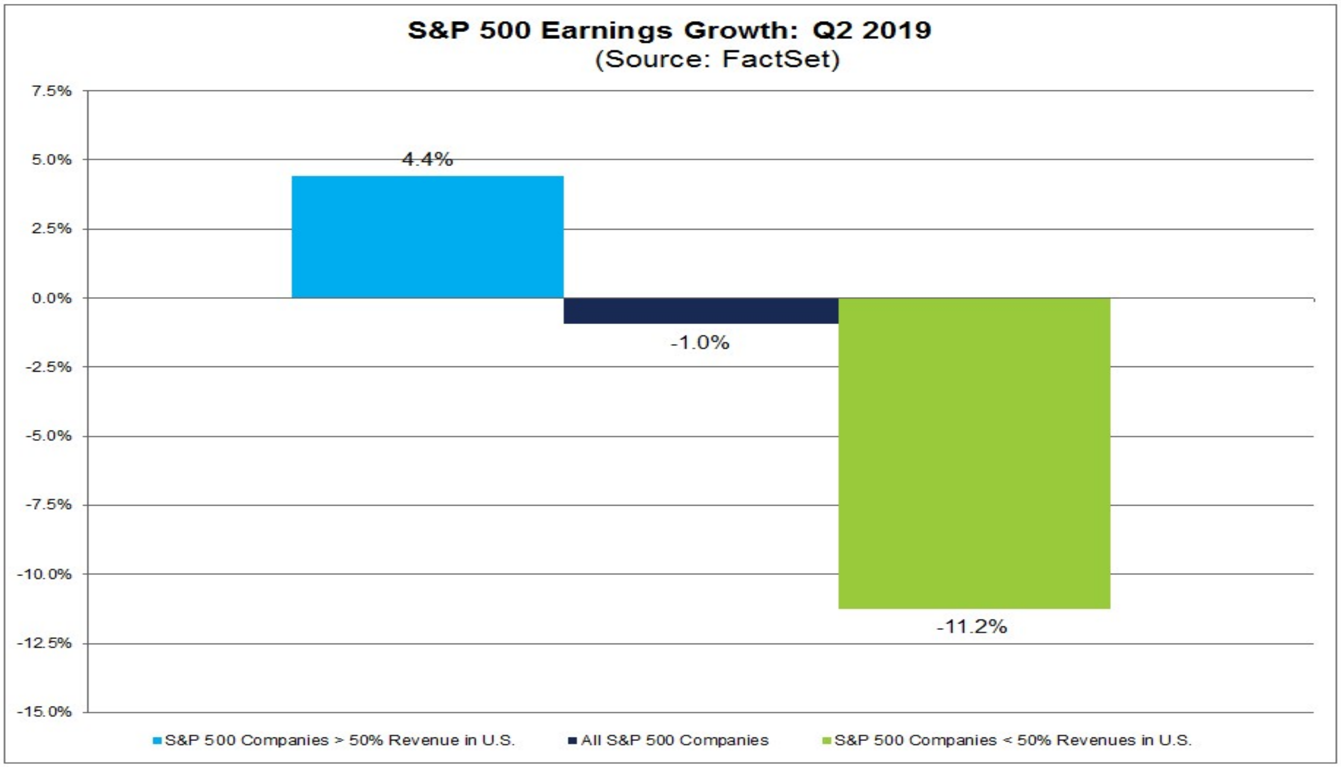
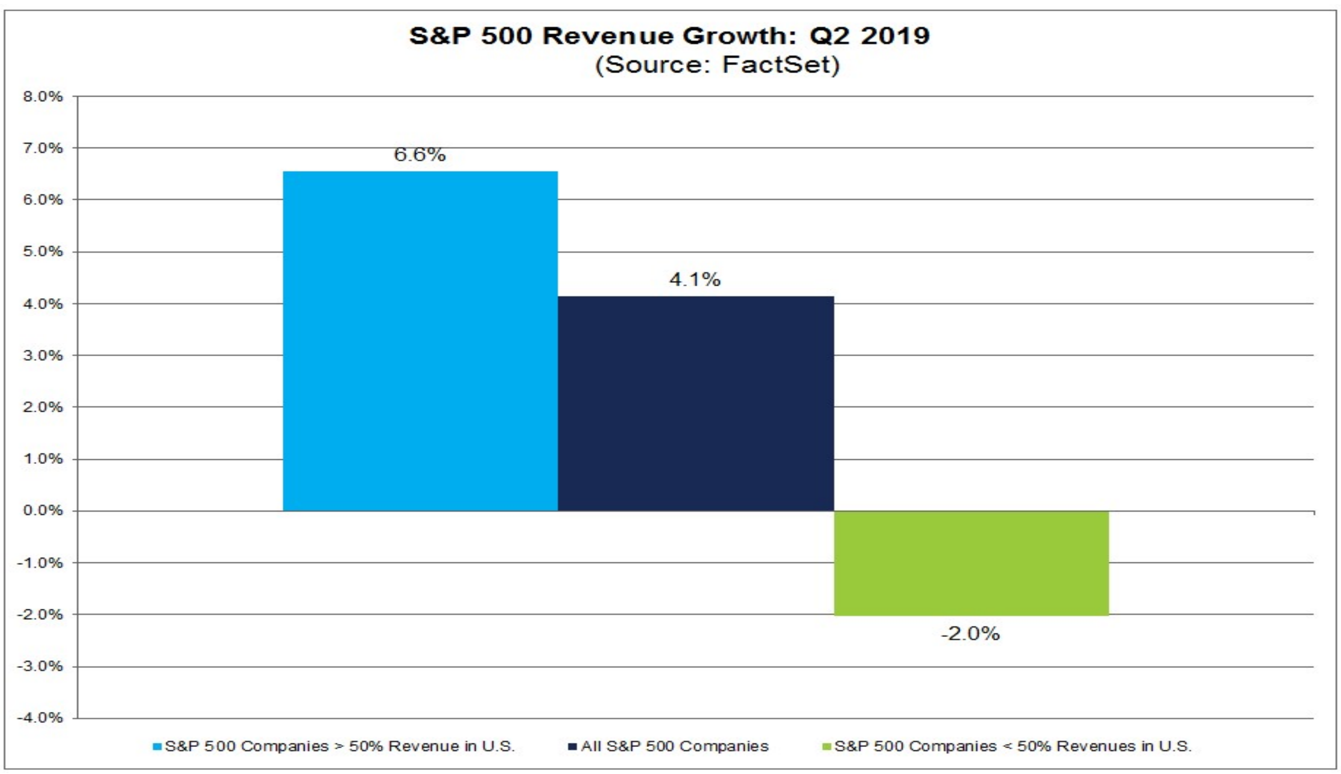
Q2 2019: Growth





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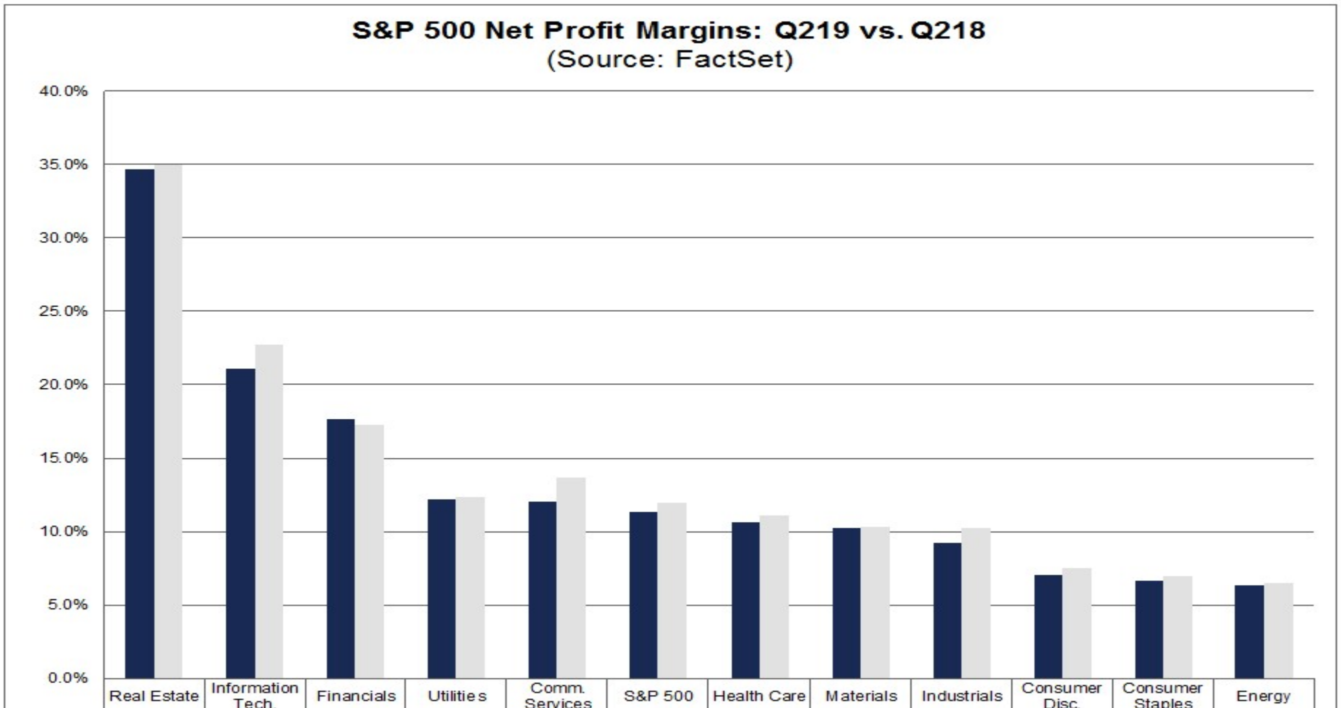
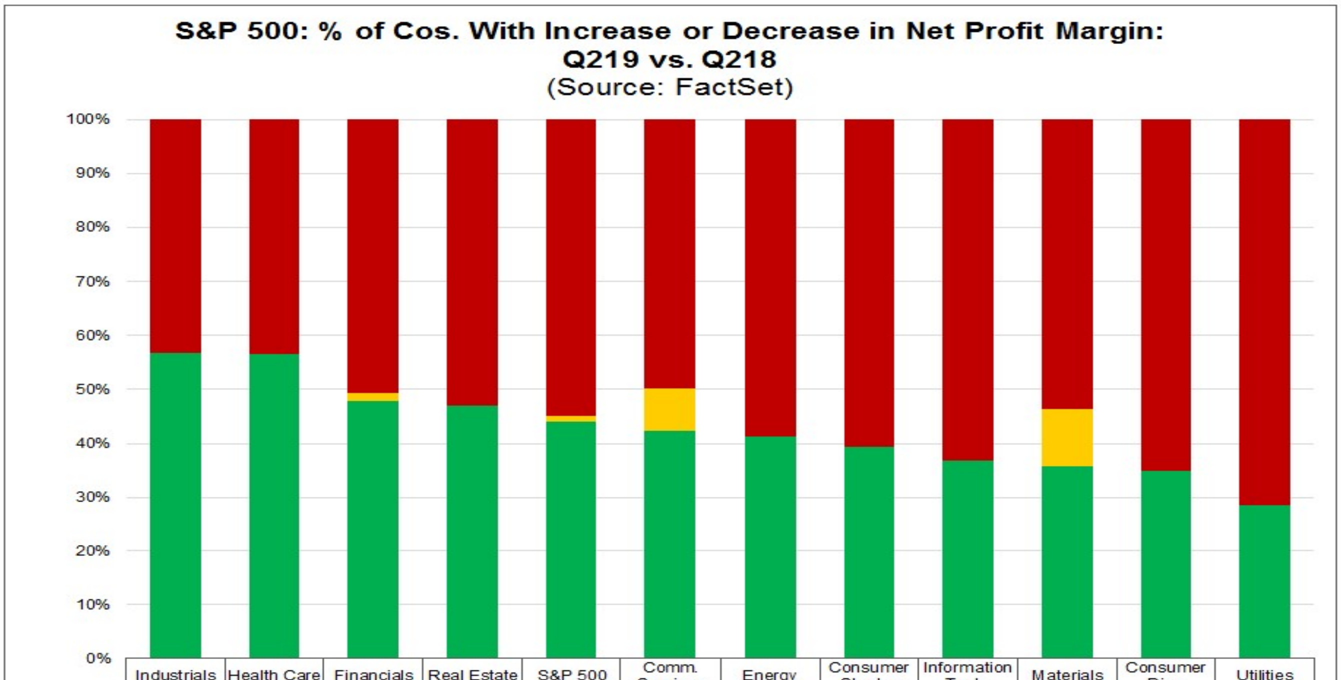
Q2 2019: Net Profit Margin



	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Health Care	Materials	Industrials	Consumer Disc.	Consumer Staples	Energy
Q219	34.6%	21.1%	17.7%	12.2%	12.1%	11.4%	10.6%	10.3%	9.2%	7.1%	6.7%	6.3%
Q218	35.0%	22.7%	17.3%	12.3%	13.7%	12.0%	11.2%	10.4%	10.3%	7.6%	7.0%	6.5%



	Industrials	Health Care	Financials	Real Estate	S&P 500	Comm. Services	Energy	Consumer Staples	Information Tech.	Materials	Consumer Disc.	Utilities
Down %	43%	44%	51%	53%	55%	50%	59%	61%	63%	54%	65%	71%
None %	0%	0%	1%	0%	1%	8%	0%	0%	0%	11%	0%	0%
Up %	57%	56%	48%	47%	44%	42%	41%	39%	37%	36%	35%	29%

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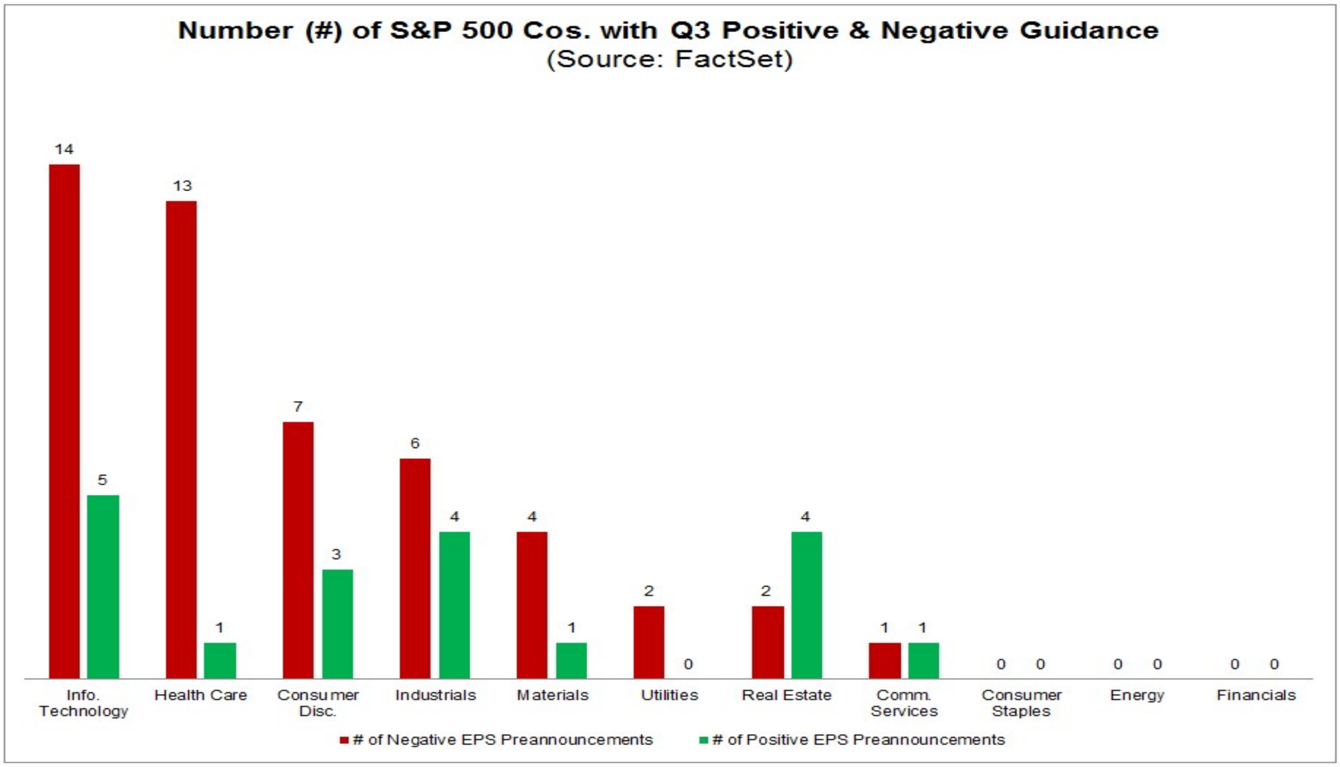
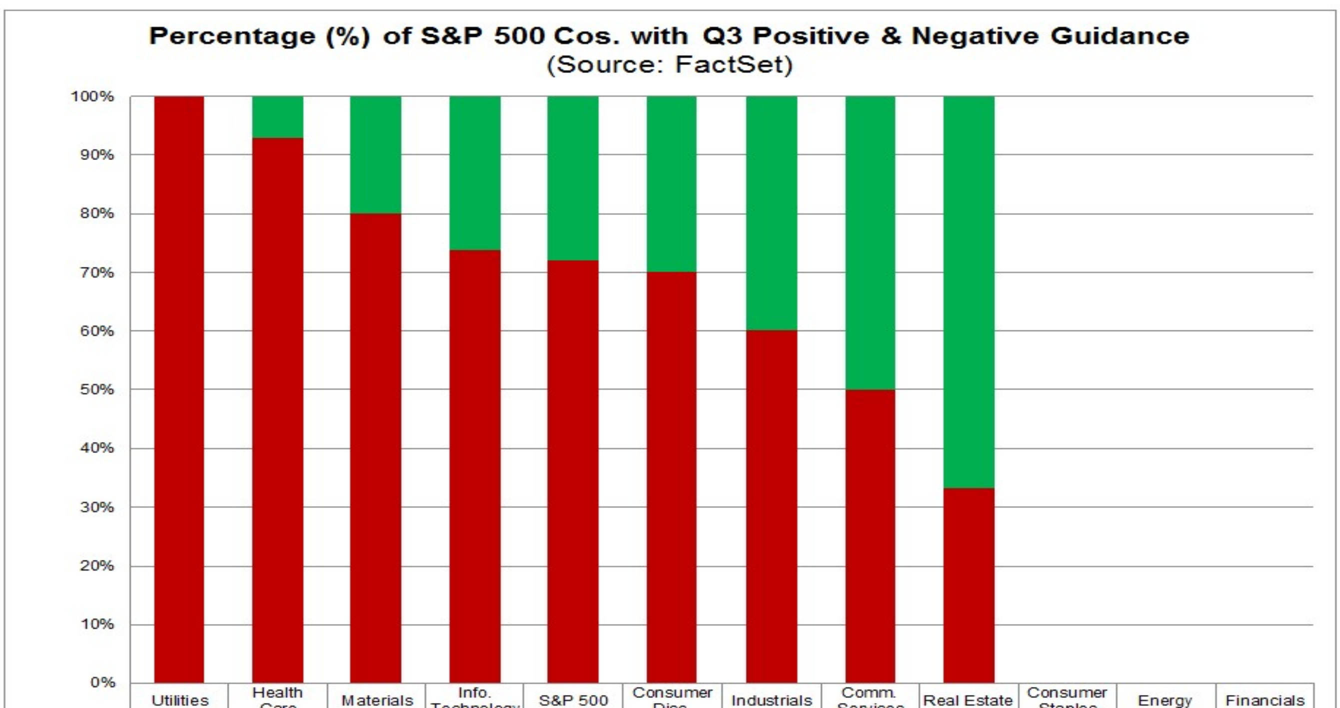
Q3 2019: EPS Guidance





	Utilities	Health Care	Materials	Info. Technology	S&P 500	Consumer Disc.	Industrials	Comm. Services	Real Estate	Consumer Staples	Energy	Financials
Positive	0%	7%	20%	26%	28%	30%	40%	50%	67%	0%	0%	0%
Negative	100%	93%	80%	74%	72%	70%	60%	50%	33%	0%	0%	0%

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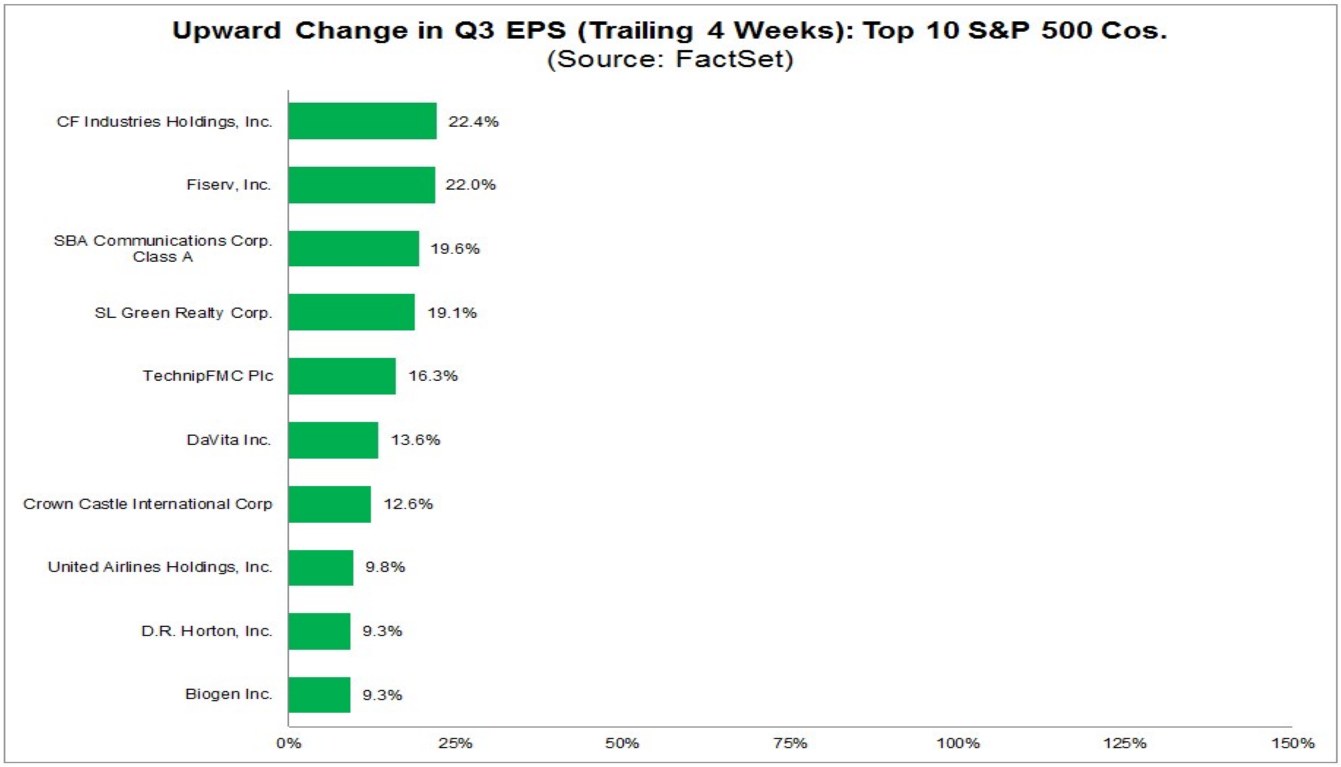
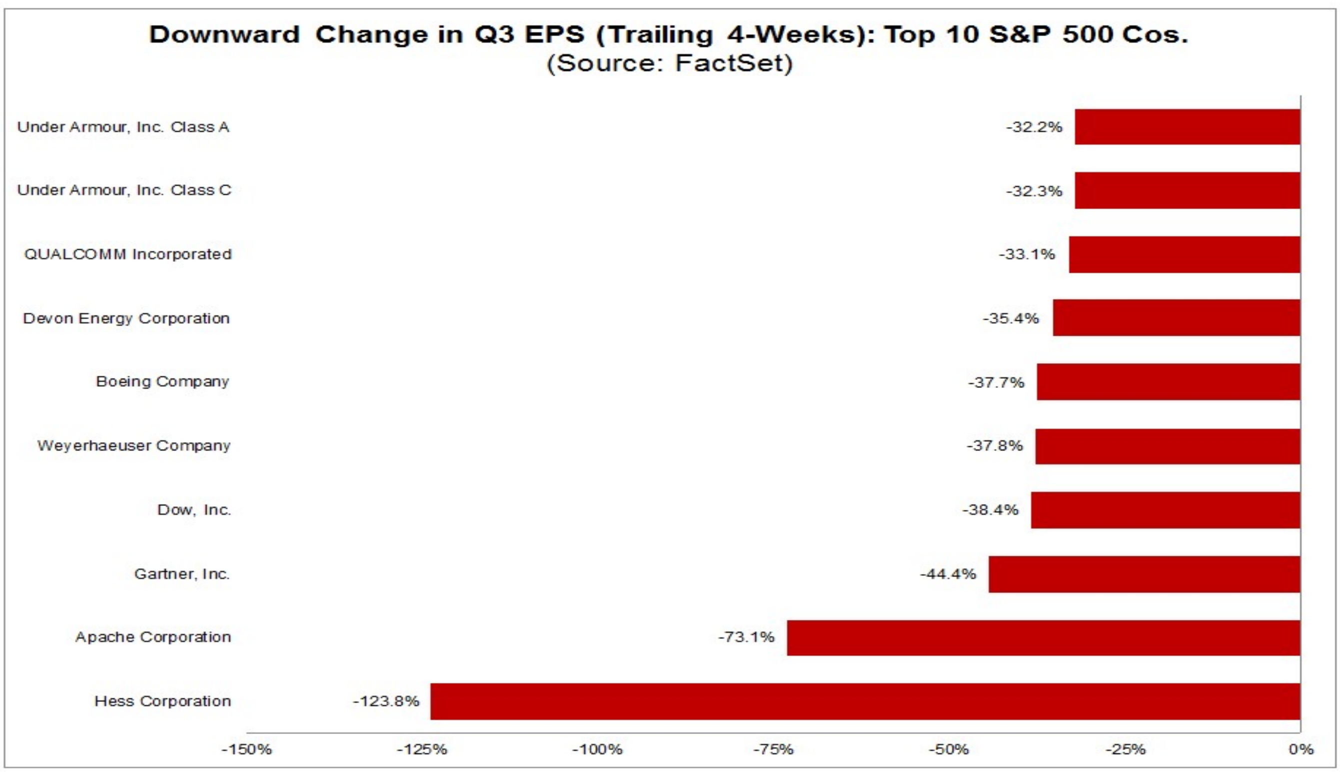
Q3 2019: EPS Revisions





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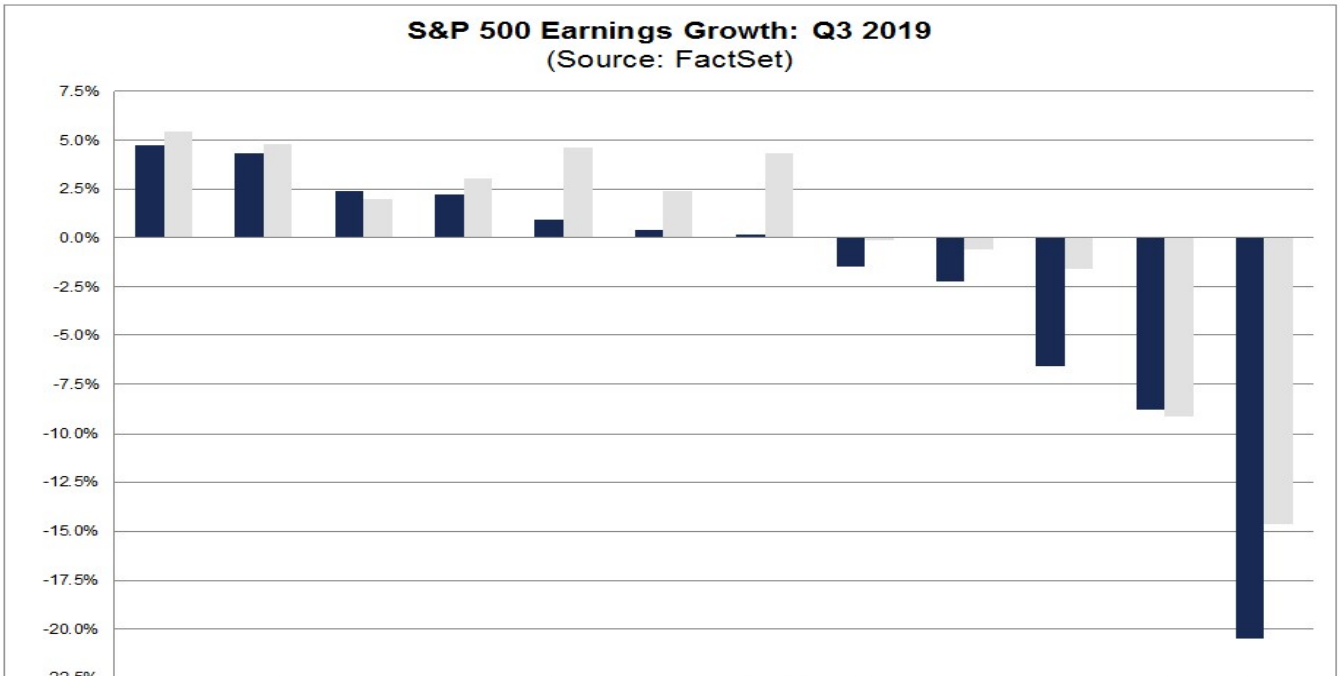
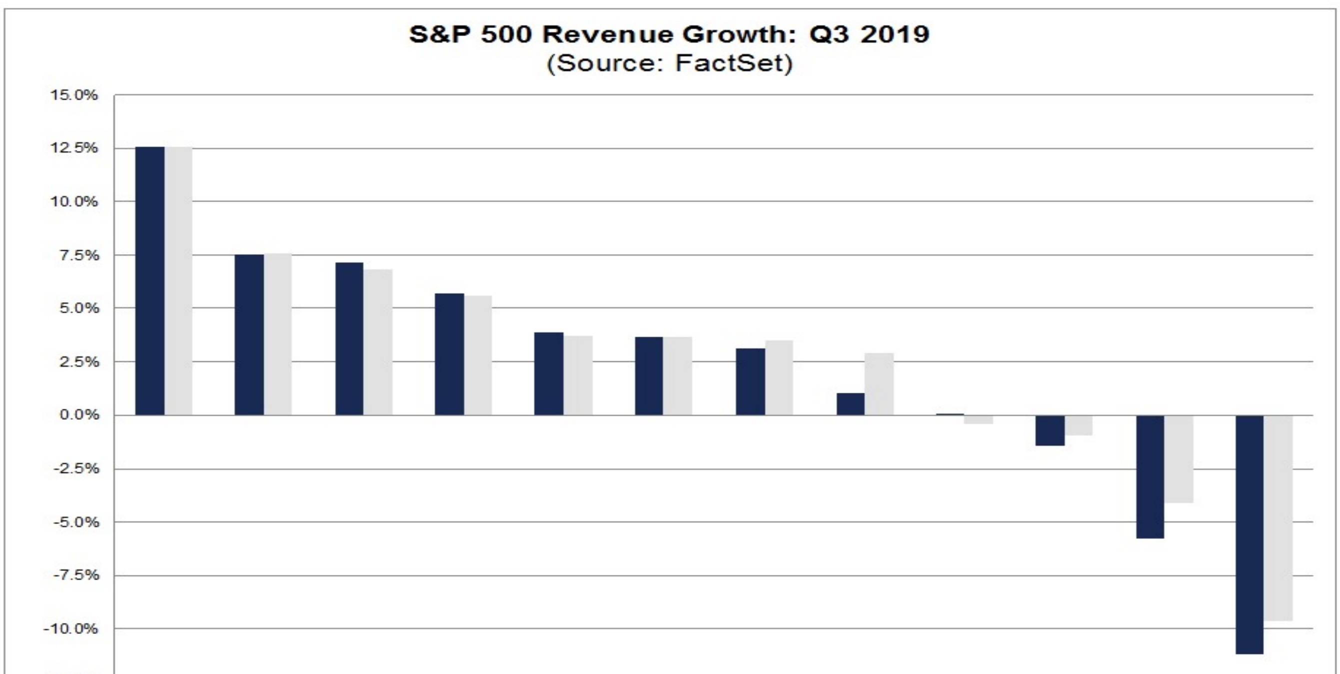
Q3 2019: Growth



	Utilities	Real Estate	Comm. Services	Health Care	Industrials	Financials	Consumer Disc.	Consumer Staples	S&P 500	Materials	Info. Technology	Energy
Today	4.8%	4.3%	2.4%	2.2%	0.9%	0.4%	0.2%	-1.5%	-2.2%	-6.6%	-8.8%	-20.5%
30-Jun	5.4%	4.8%	2.0%	3.0%	4.6%	2.4%	4.3%	-0.1%	-0.6%	-1.6%	-9.1%	-14.6%



	Health Care	Utilities	Comm. Services	Consumer Disc.	Real Estate	Consumer Staples	S&P 500	Industrials	Info. Technology	Financials	Energy	Materials
Today	12.6%	7.5%	7.1%	5.7%	3.9%	3.7%	3.1%	1.0%	0.1%	-1.4%	-5.7%	-11.2%
30-Jun	12.6%	7.6%	6.8%	5.6%	3.7%	3.6%	3.5%	2.9%	-0.4%	-0.9%	-4.1%	-9.6%

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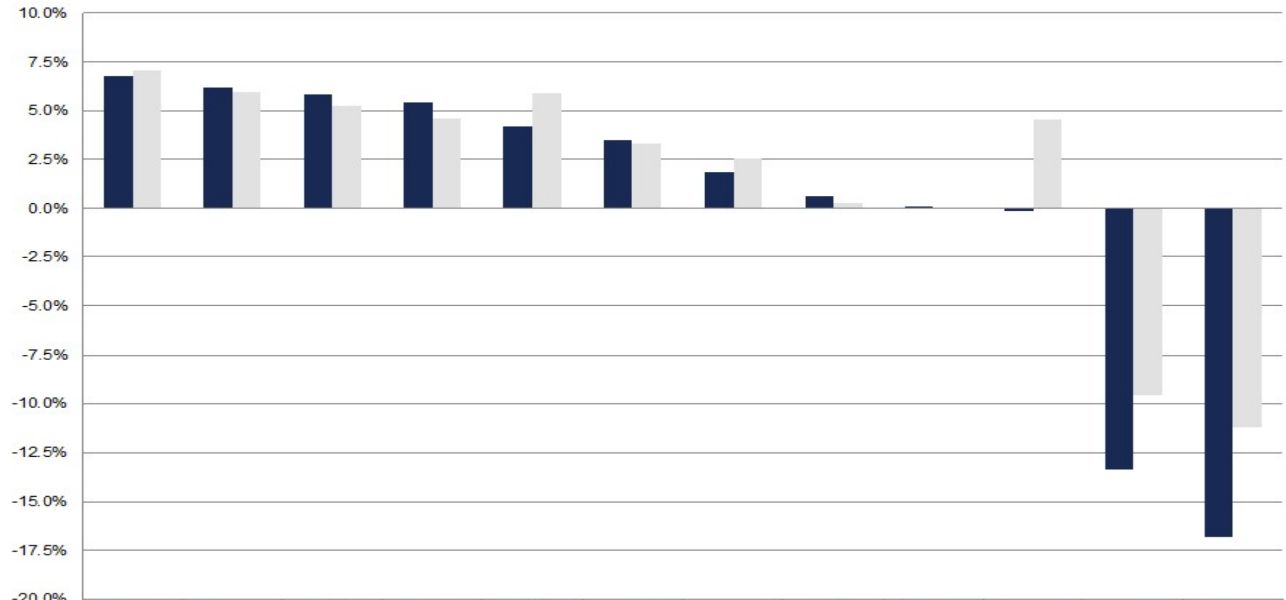
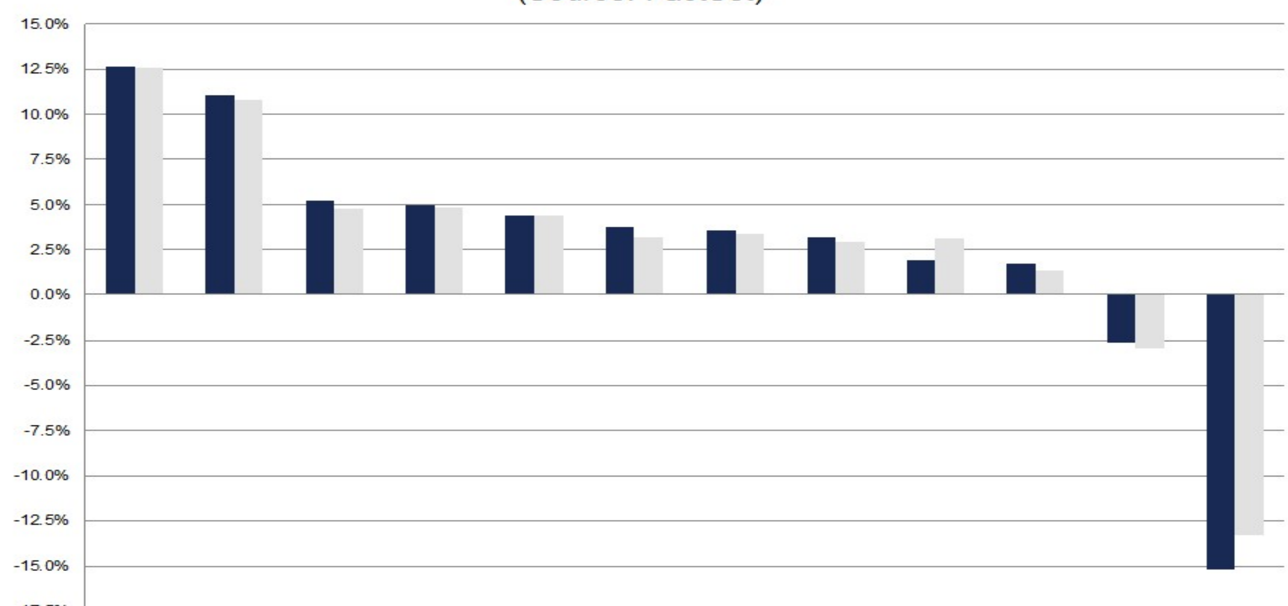
CY 2019: Growth

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



	Utilities	Financials	Comm. Services	Health Care	Consumer Disc.	Real Estate	S&P 500	Info. Technology	Consumer Staples	Industrials	Materials	Energy
Today	6.8%	6.2%	5.8%	5.4%	4.2%	3.5%	1.9%	0.6%	0.1%	-0.1%	-13.4%	-16.8%
30-Jun	7.0%	5.9%	5.2%	4.6%	5.9%	3.3%	2.6%	0.3%	0.0%	4.5%	-9.5%	-11.2%

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



	Health Care	Comm. Services	Financials	Consumer Disc.	S&P 500	Real Estate	Utilities	Consumer Staples	Industrials	Info. Technology	Energy	Materials
Today	12.6%	11.0%	5.2%	5.0%	4.4%	3.7%	3.6%	3.2%	1.9%	1.7%	-2.6%	-15.2%
30-Jun	12.6%	10.8%	4.8%	4.8%	4.4%	3.2%	3.4%	2.9%	3.1%	1.3%	-2.9%	-13.3%

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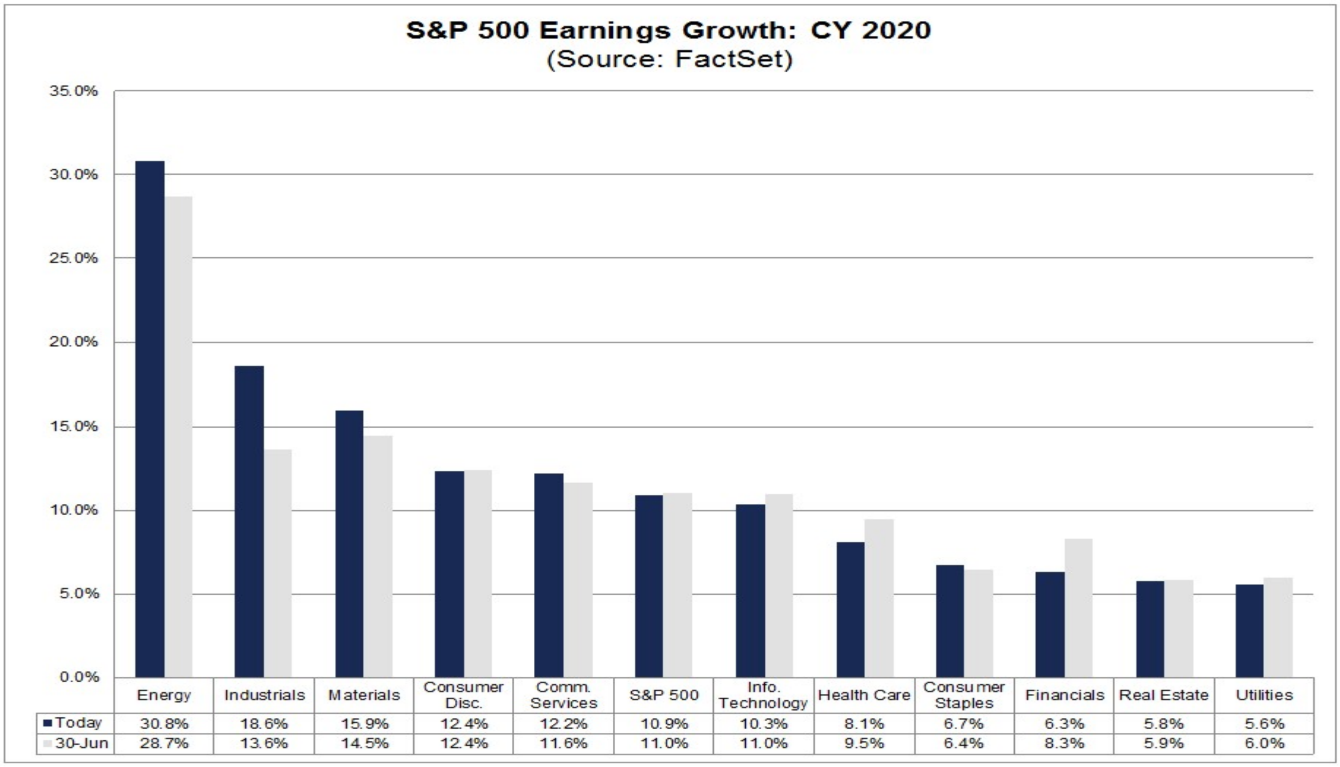
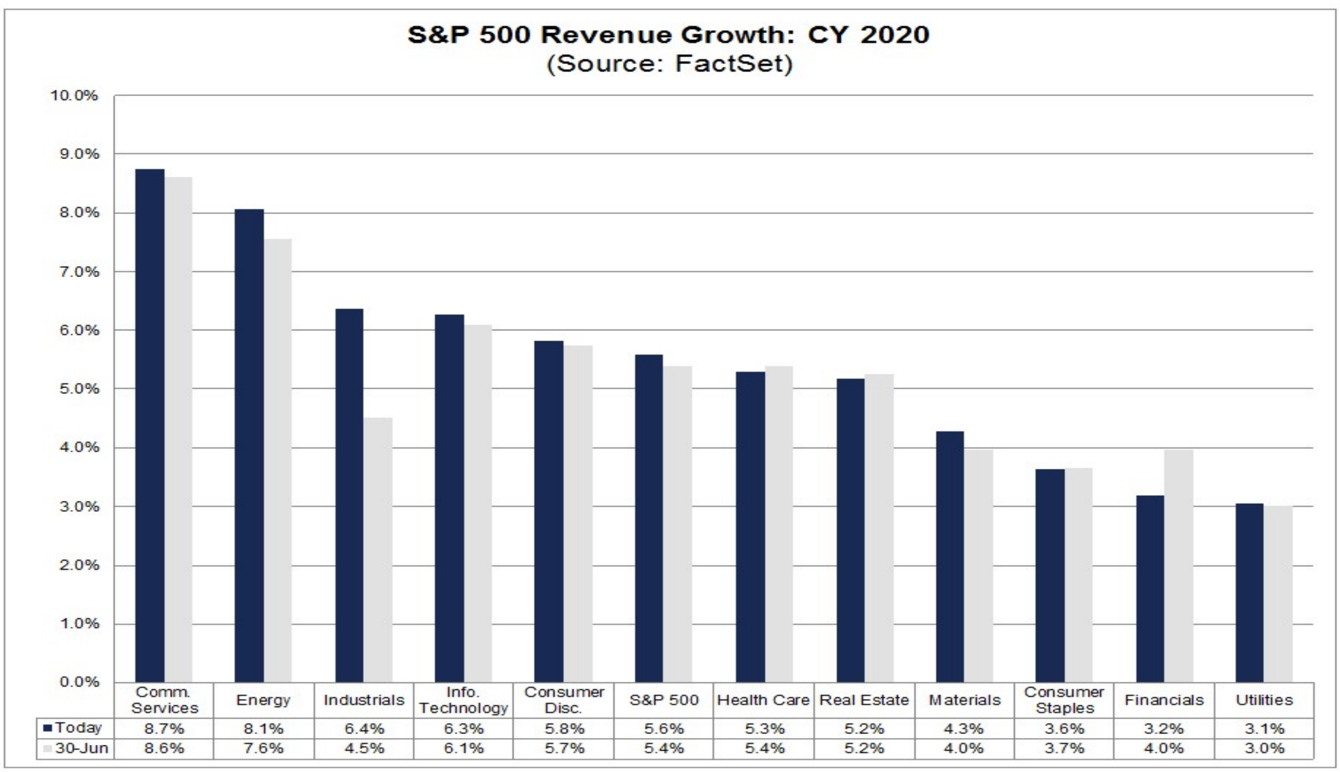
CY 2020: Growth



	Energy	Industrials	Materials	Consumer Disc.	Comm. Services	S&P 500	Info. Technology	Health Care	Consumer Staples	Financials	Real Estate	Utilities
Today	30.8%	18.6%	15.9%	12.4%	12.2%	10.9%	10.3%	8.1%	6.7%	6.3%	5.8%	5.6%
30-Jun	28.7%	13.6%	14.5%	12.4%	11.6%	11.0%	11.0%	9.5%	6.4%	8.3%	5.9%	6.0%



	Comm. Services	Energy	Industrials	Info. Technology	Consumer Disc.	S&P 500	Health Care	Real Estate	Materials	Consumer Staples	Financials	Utilities
Today	8.7%	8.1%	6.4%	6.3%	5.8%	5.6%	5.3%	5.2%	4.3%	3.6%	3.2%	3.1%
30-Jun	8.6%	7.6%	4.5%	6.1%	5.7%	5.4%	5.4%	5.2%	4.0%	3.7%	4.0%	3.0%

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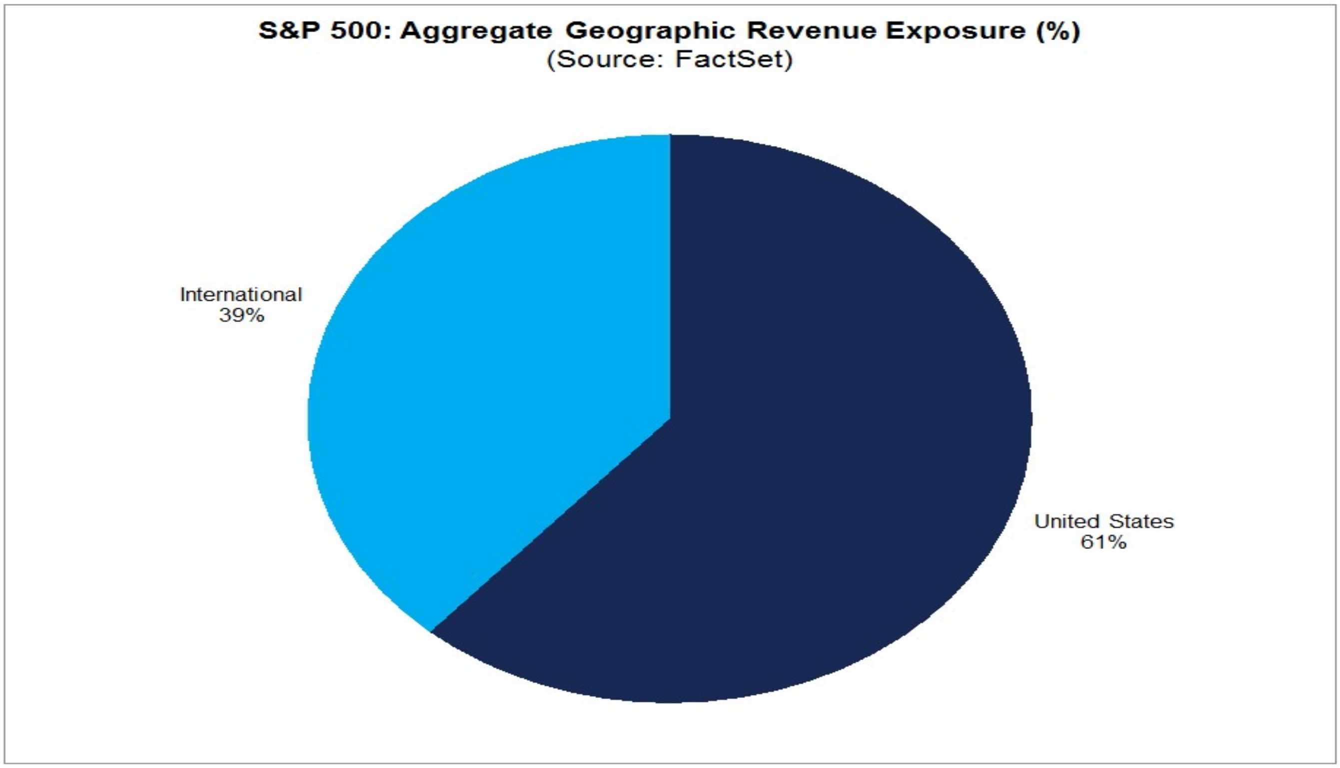
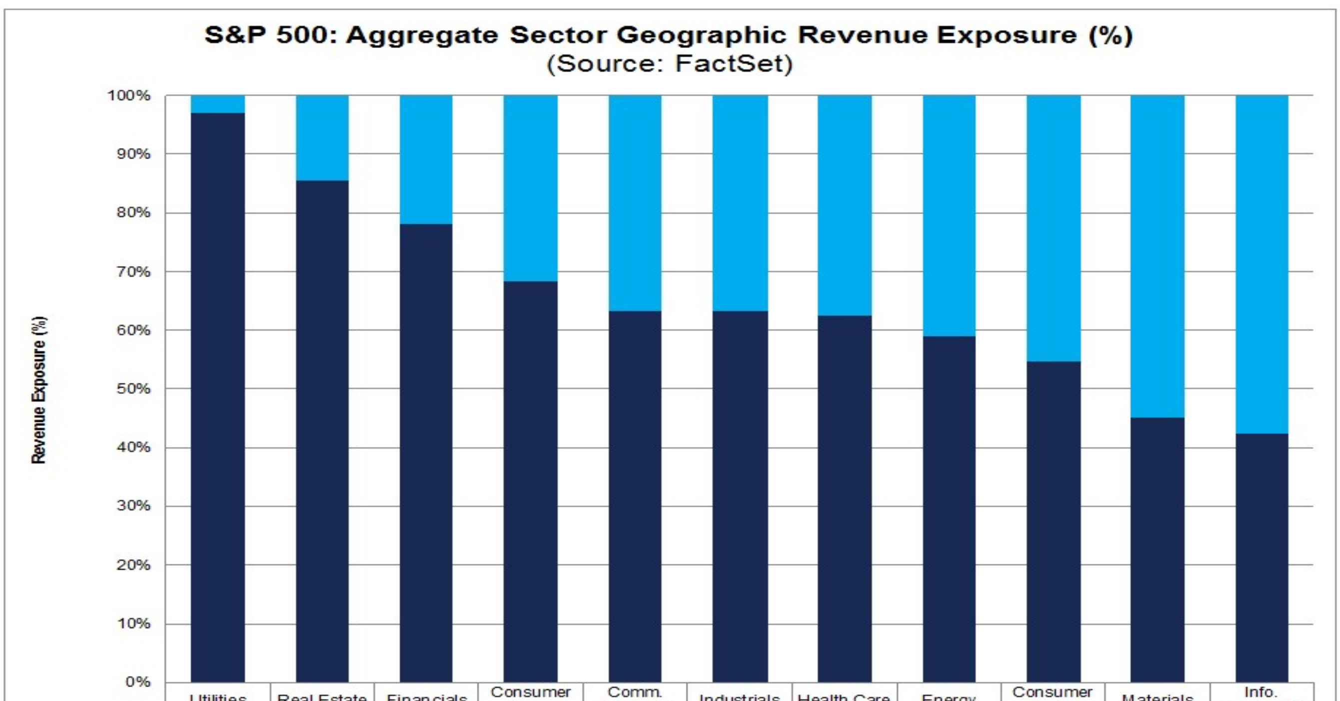
Geographic Revenue Exposure





	Utilities	Real Estate	Financials	Consumer Disc.	Comm. Services	Industrials	Health Care	Energy	Consumer Staples	Materials	Info. Technology
International	3%	14%	22%	32%	37%	37%	38%	41%	45%	55%	58%
United States	97%	86%	78%	68%	63%	63%	62%	59%	55%	45%	42%

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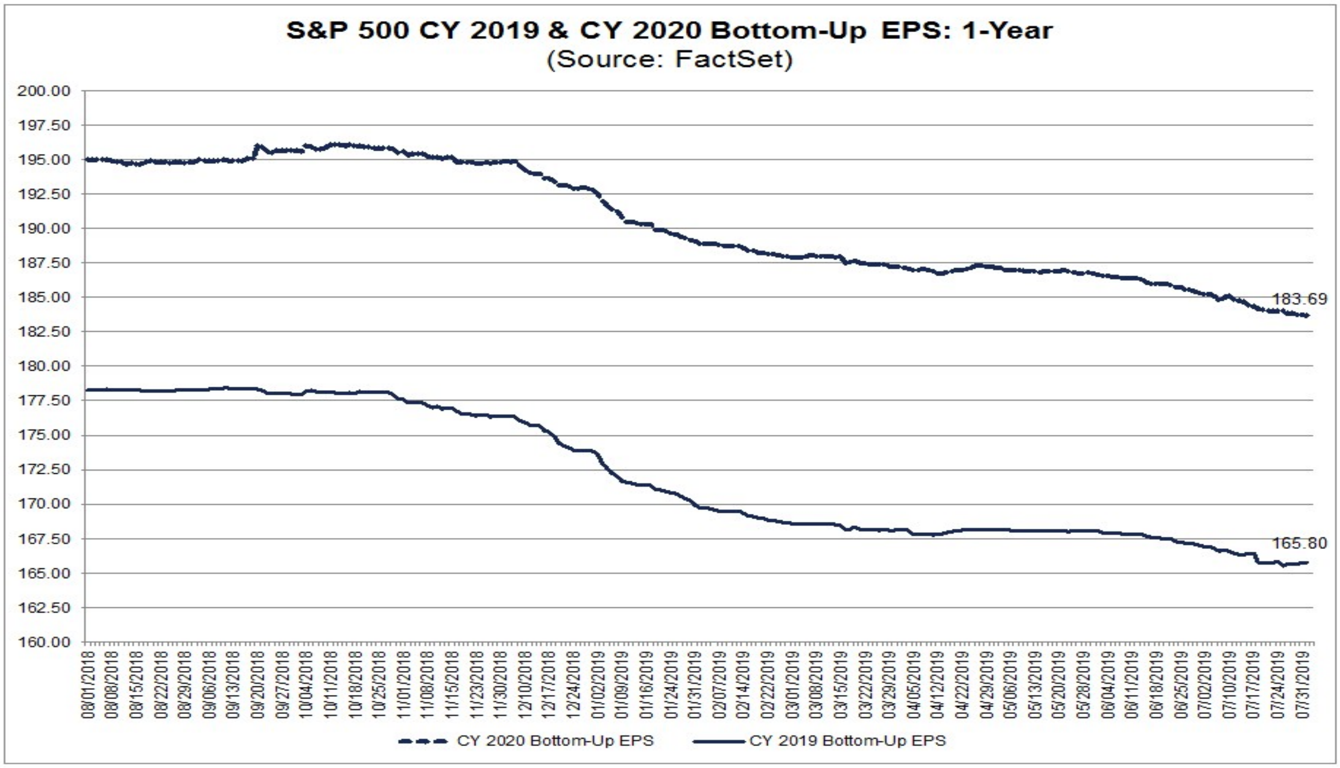
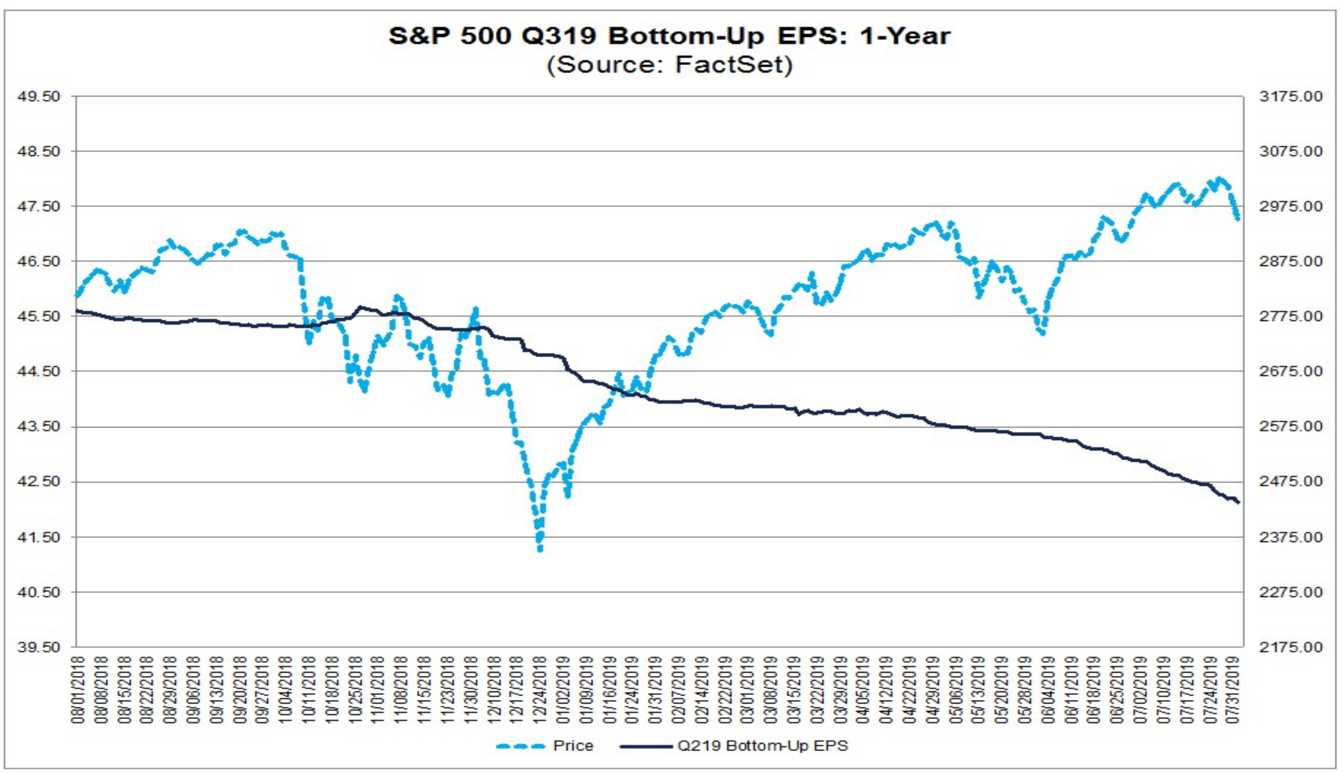
Bottom-up EPS Estimates: Revisions





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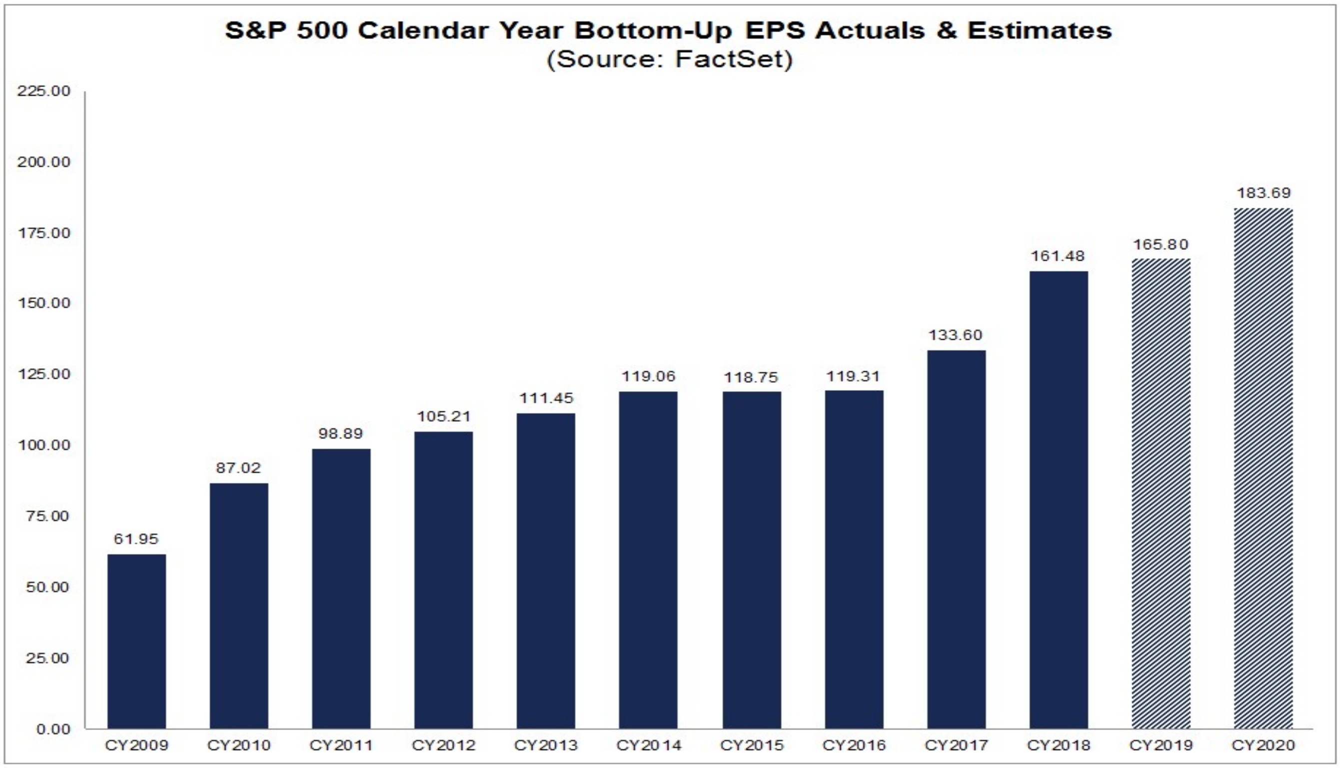
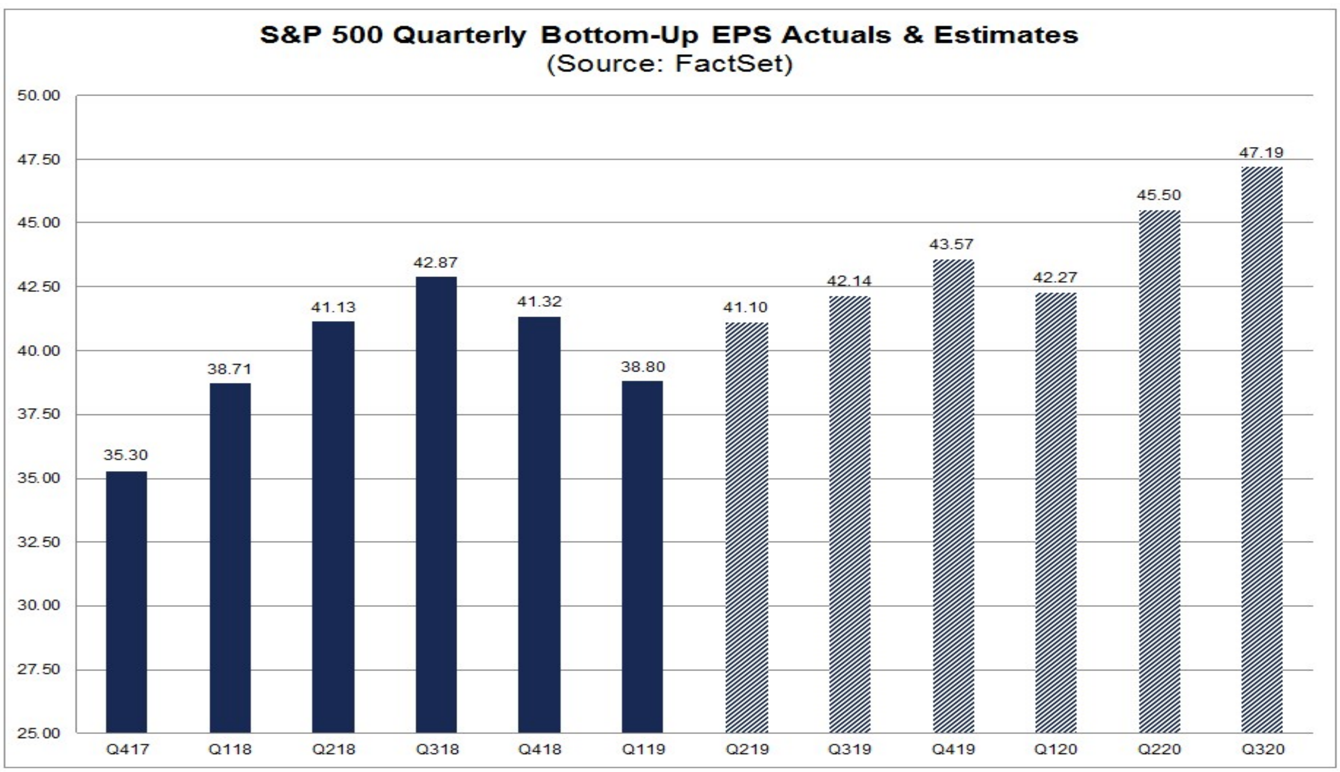
Bottom-up EPS Estimates: Current & Historical





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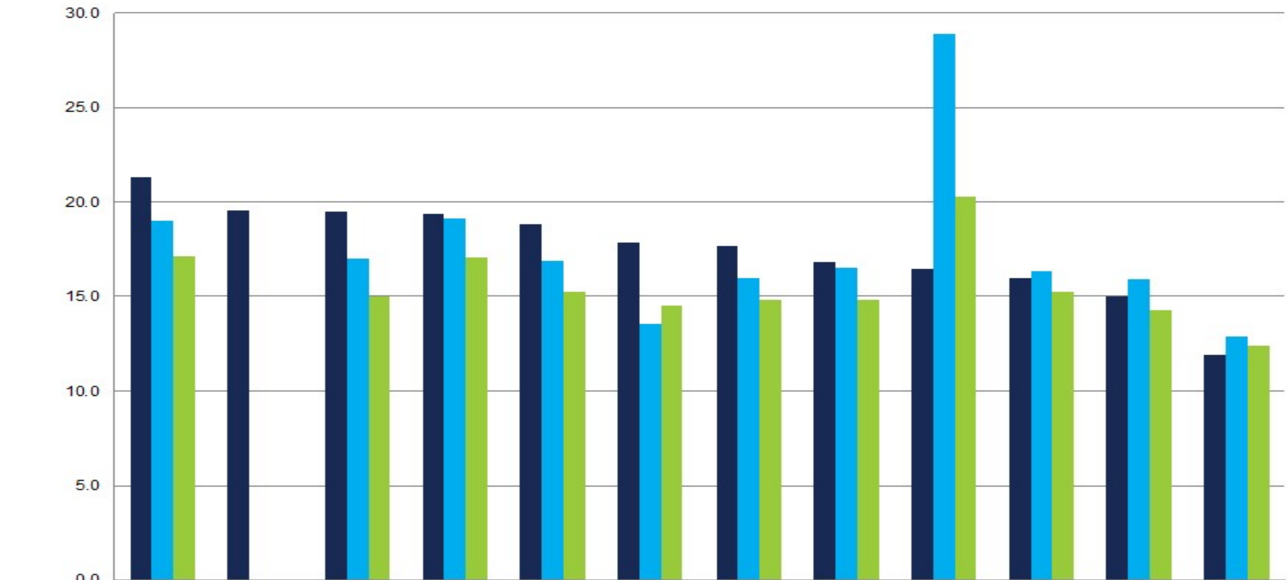
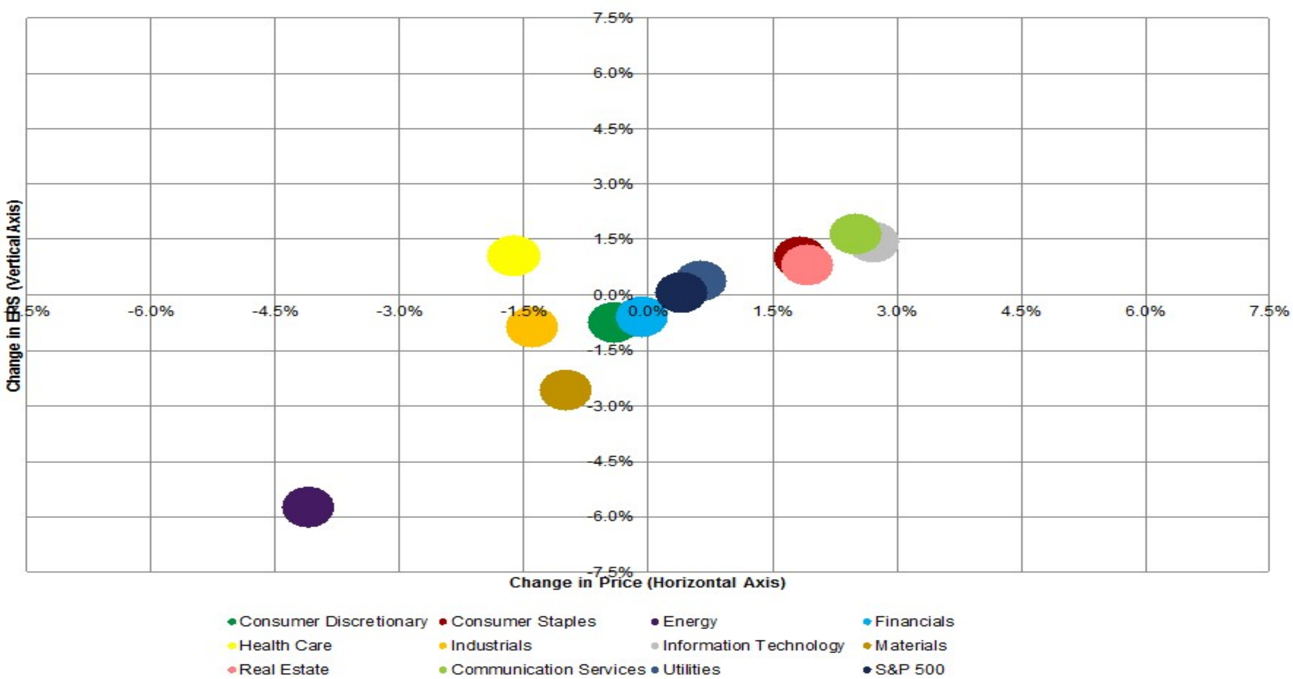
Forward 12M P/E Ratio: Sector Level

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



	Consumer Disc.	Real Estate	Info. Technology	Consumer Staples	Utilities	Comm. Services	Materials	S&P 500	Energy	Industrials	Health Care	Financials
Fwd P/E	21.3	19.5	19.5	19.4	18.8	17.8	17.7	16.8	16.4	15.9	15.0	11.9
5-Yr Avg.	19.0		17.0	19.1	16.9	13.5	16.0	16.5	28.9	16.3	15.9	12.9
10-Yr Avg.	17.1		15.0	17.0	15.2	14.5	14.8	14.8	20.3	15.2	14.3	12.4

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



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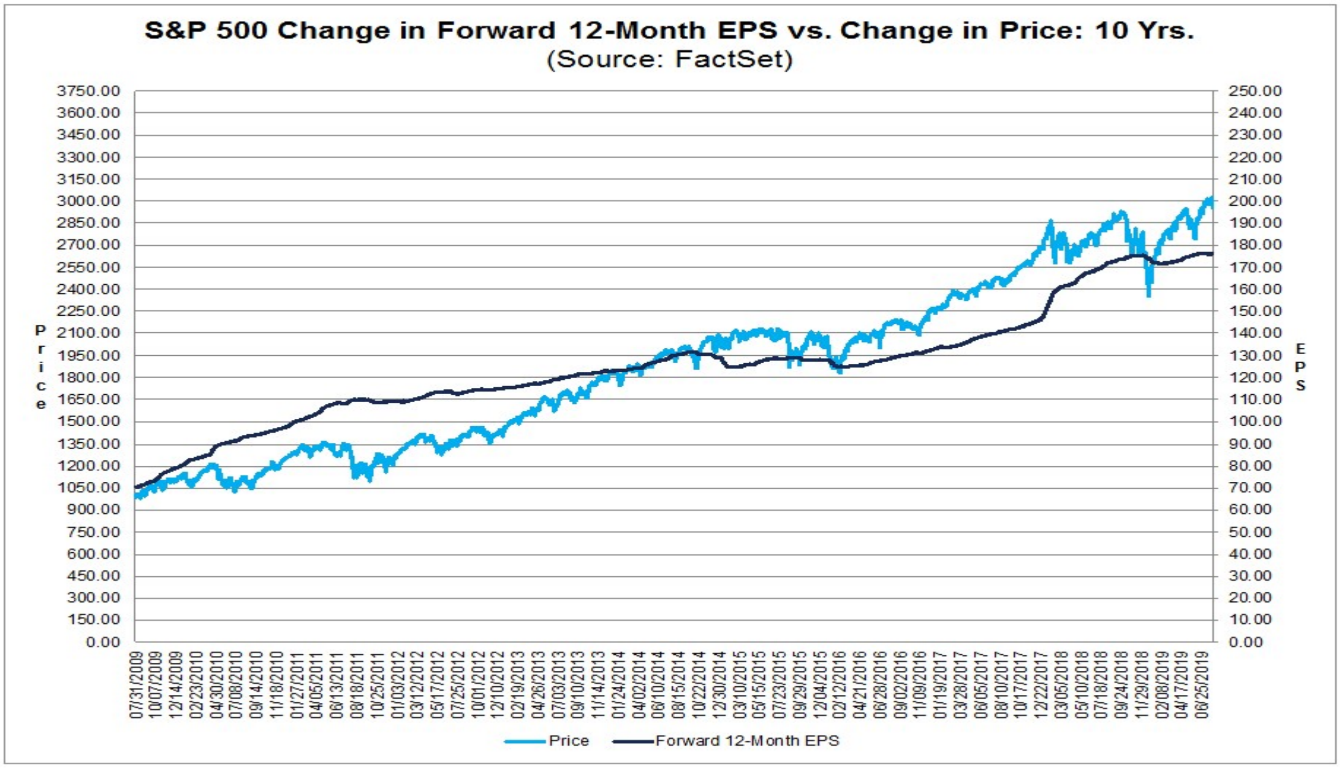
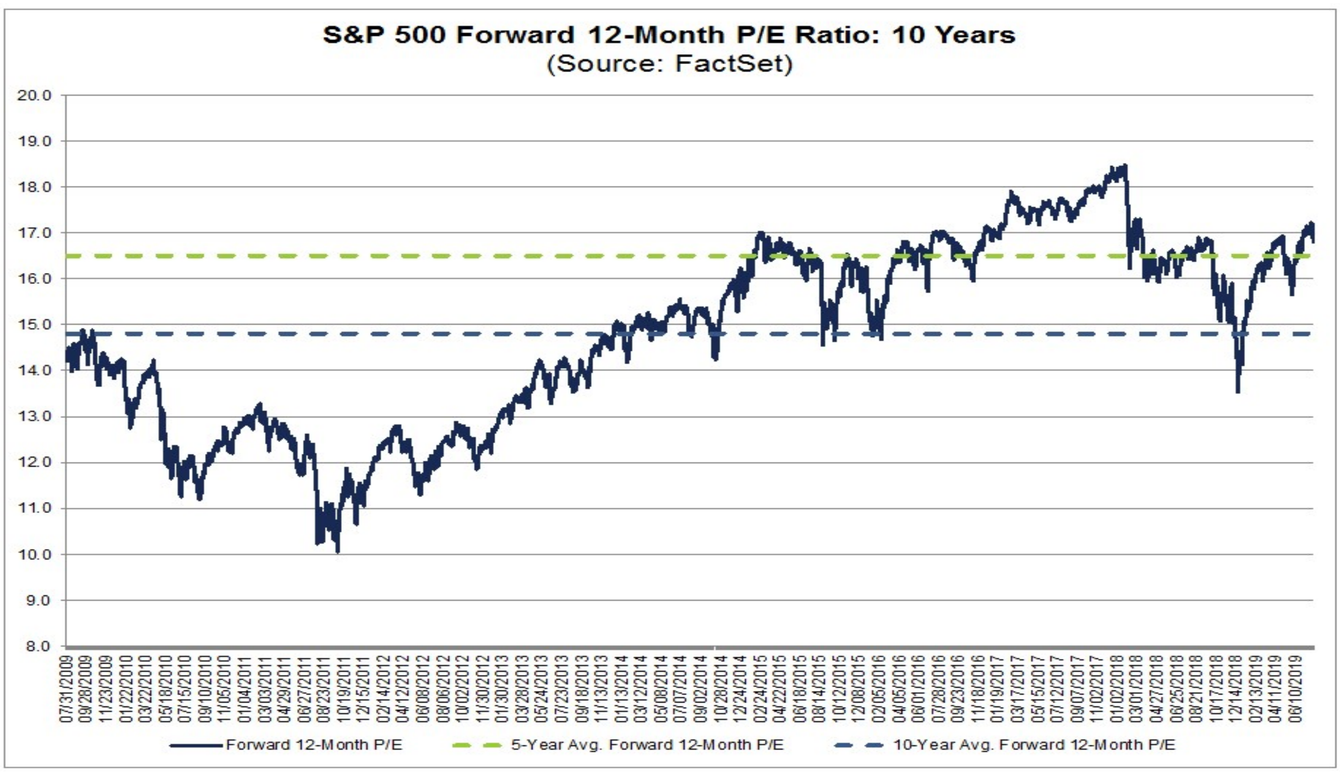
Forward 12M P/E Ratio: 10-Years





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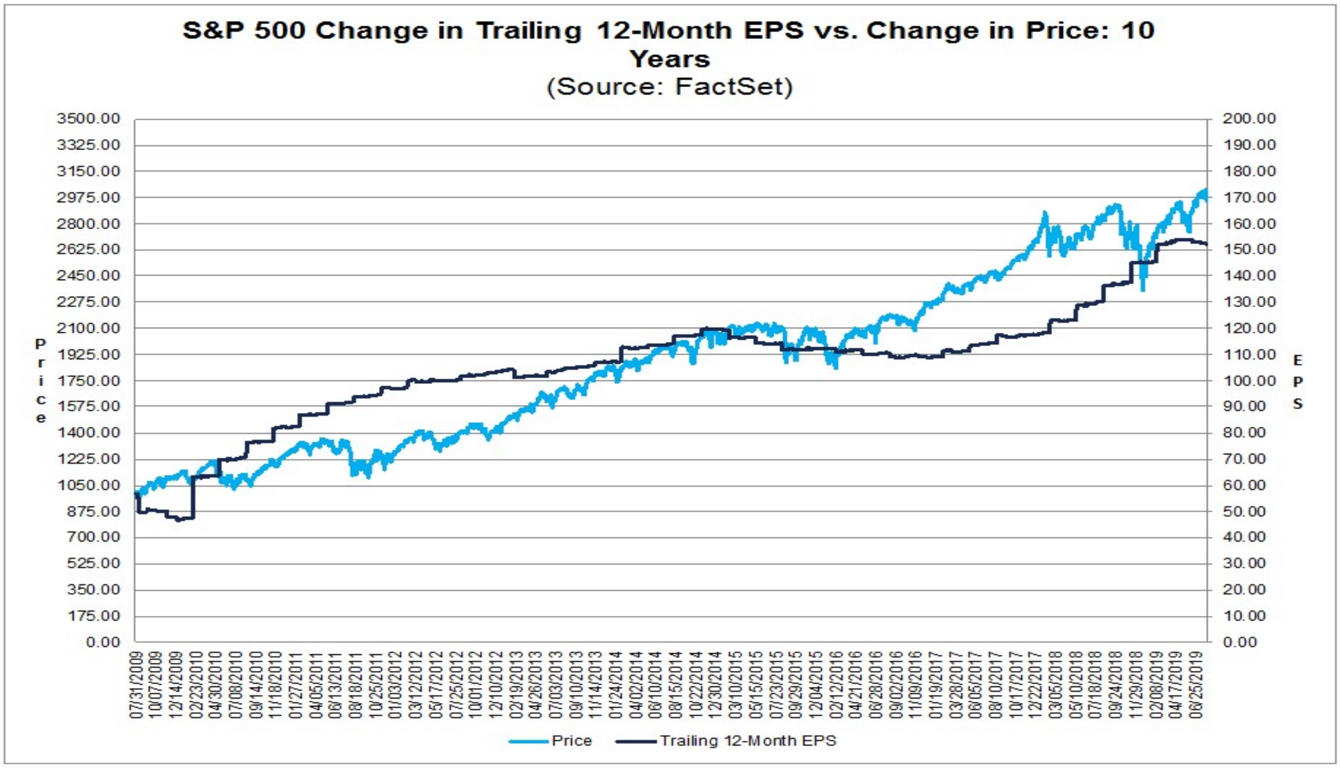
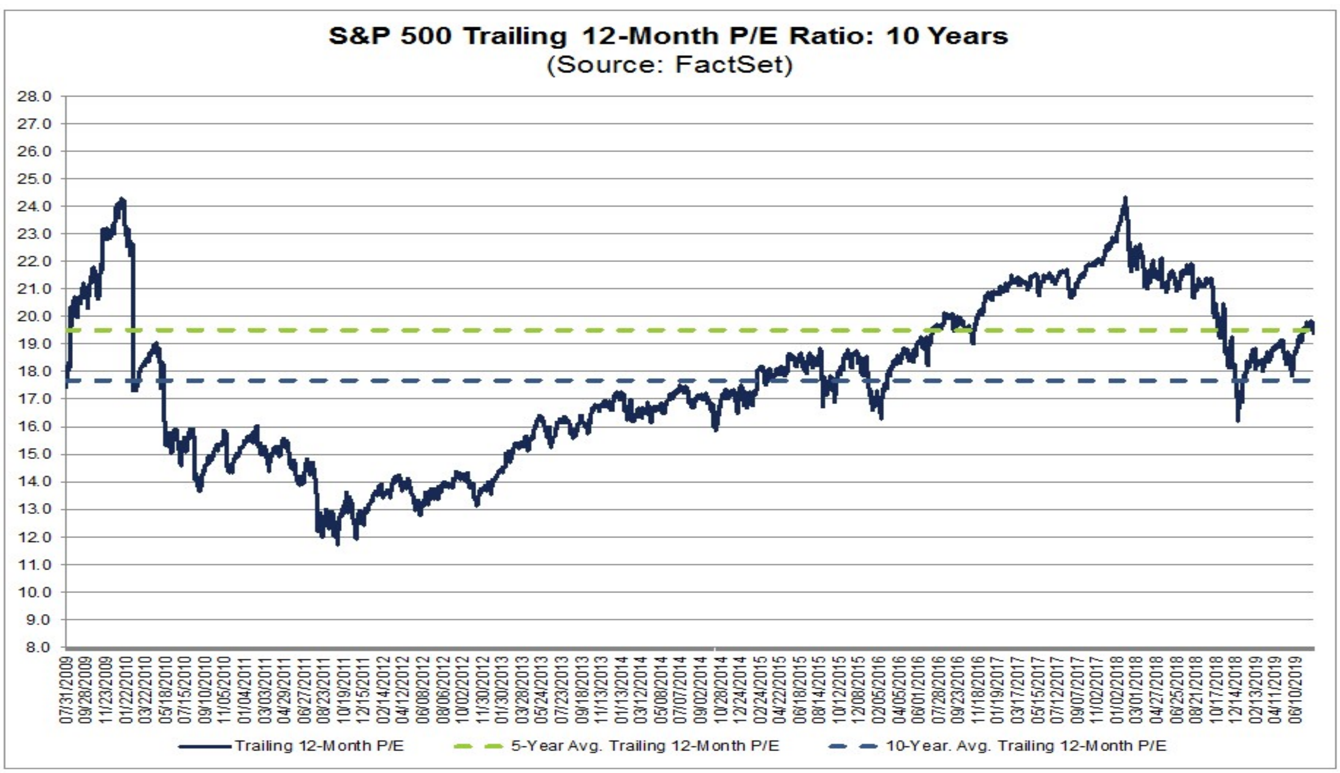
Trailing 12M P/E Ratio: 10-Years





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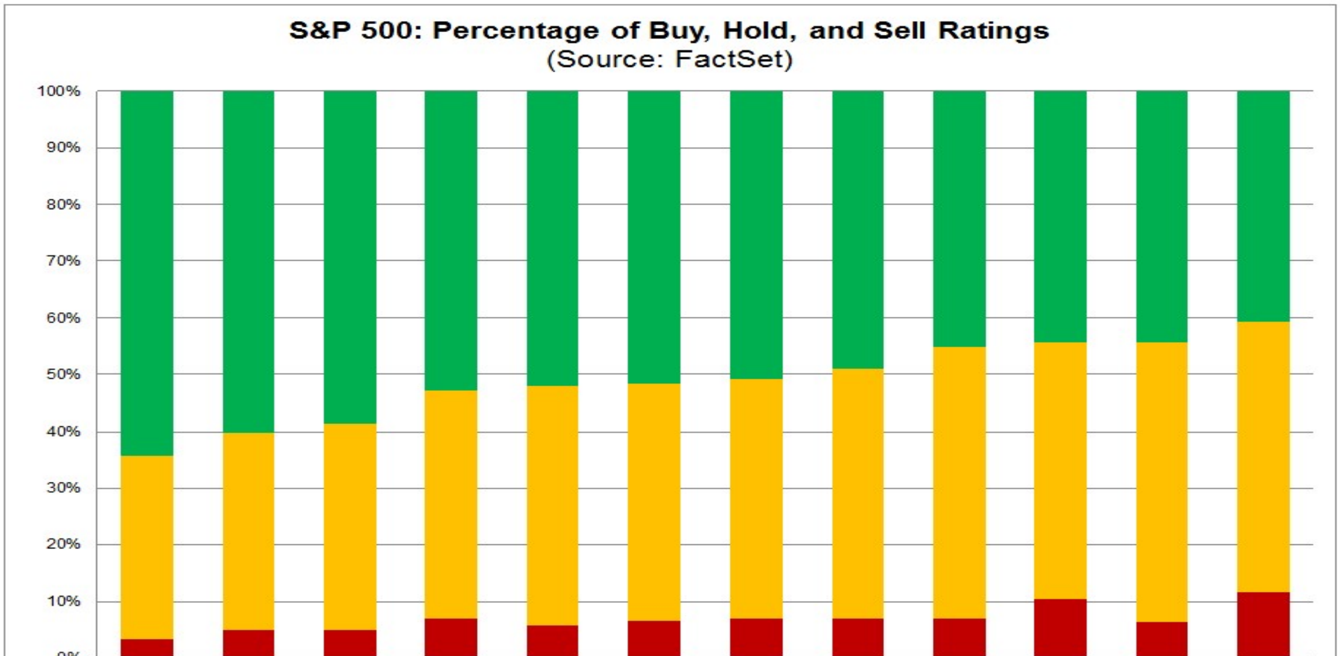
Targets & Ratings



	Energy	Comm. Services	Health Care	Info. Tech.	Consumer Disc.	S&P 500	Materials	Industrials	Financials	Utilities	Real Estate	Consumer Staples
Buy	64%	60%	59%	53%	52%	52%	51%	49%	45%	44%	44%	41%
Hold	32%	35%	36%	40%	42%	42%	42%	44%	48%	45%	49%	48%
Sell	3%	5%	5%	7%	6%	7%	7%	7%	7%	10%	6%	12%

	Energy	Comm. Services	Health Care	Consumer Disc.	Industrials	S&P 500	Info. Tech.	Financials	Consumer Staples	Materials	Utilities	Real Estate
Target/Close	20.3%	15.1%	13.6%	13.1%	11.8%	11.6%	10.2%	9.7%	8.8%	8.7%	5.1%	4.7%

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