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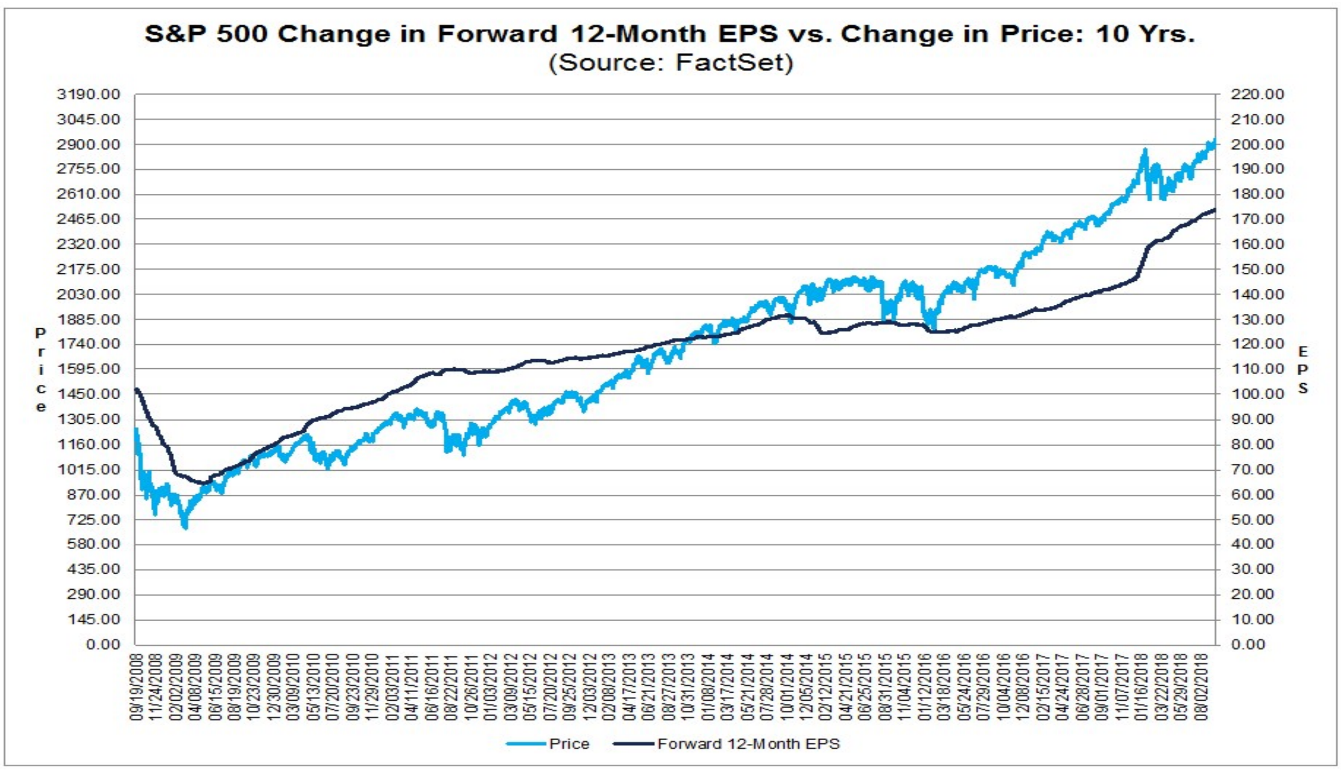
September 21, 2018

Key Metrics

- **Earnings Growth:** For Q3 2018, the estimated earnings growth rate for the S&P 500 is 19.3%. If 19.3% is the actual growth rate for the quarter, it will mark the third highest earnings growth since Q1 2011 (19.5%).
- **Earnings Revisions:** On June 30, the estimated earnings growth rate for Q3 2018 was 20.4%. Eight sectors have lower growth rates today (compared to June 30) due to downward revisions to earnings estimates.
- **Earnings Guidance:** For Q3 2018, 74 S&P 500 companies have issued negative EPS guidance and 24 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 16.9. This P/E ratio is above the 5-year average (16.3) and above the 10-year average (14.5).
- **Earnings Scorecard:** For Q3 2018 (with 8 companies in the S&P 500 reporting actual results for the quarter), 7 S&P 500 companies have reported a positive EPS surprise and 4 have reported a positive sales surprise.



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Topic of the Week: 1

Highest Percentage of Negative EPS Preannouncements for S&P 500 Since Q1 2016

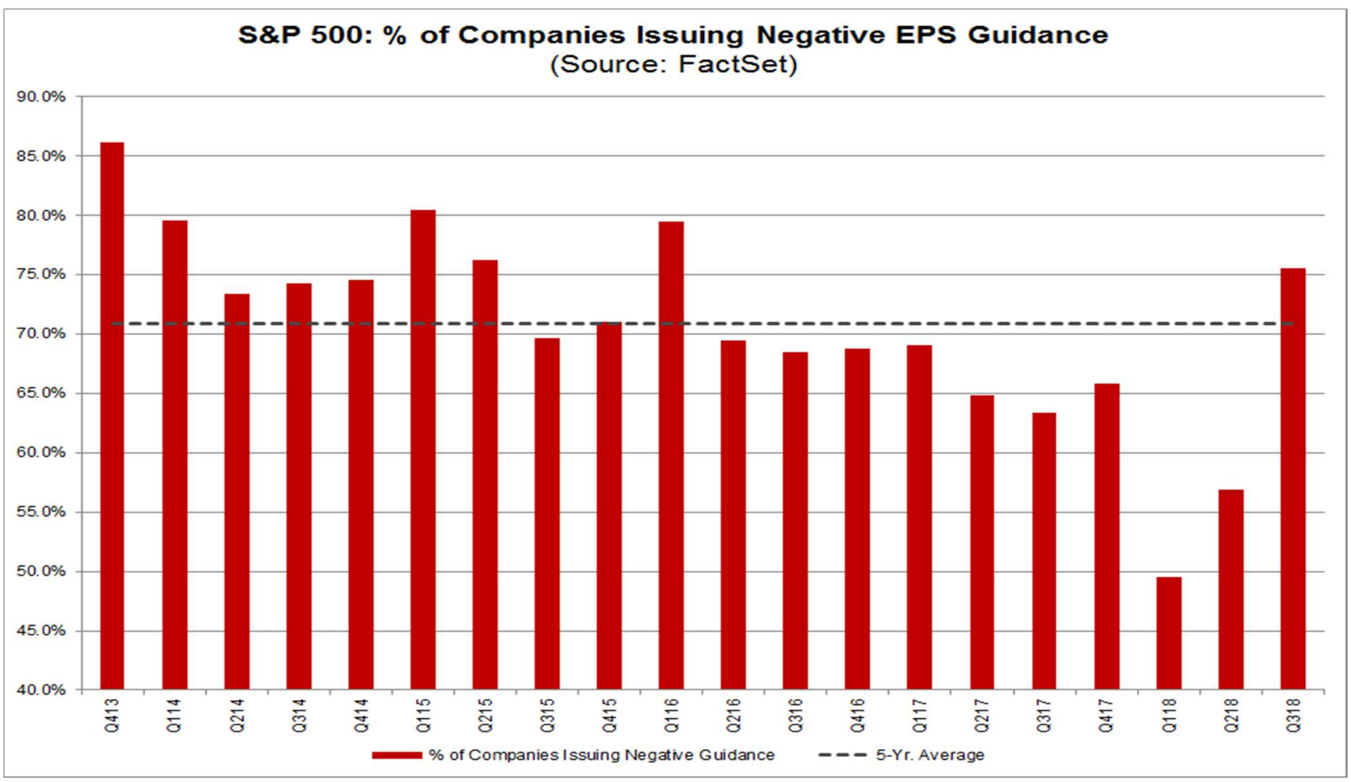
Heading into the end of the third quarter, 98 S&P 500 companies have issued EPS guidance for the quarter. Of these 98 companies, 74 have issued negative EPS guidance and 24 companies have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 76% (74 out of 98), which is above the 5-year average of 71%. If 76% is the final percentage for the quarter, it will mark the highest percentage of S&P 500 companies issuing negative EPS guidance for a quarter since Q1 2016 (79%).

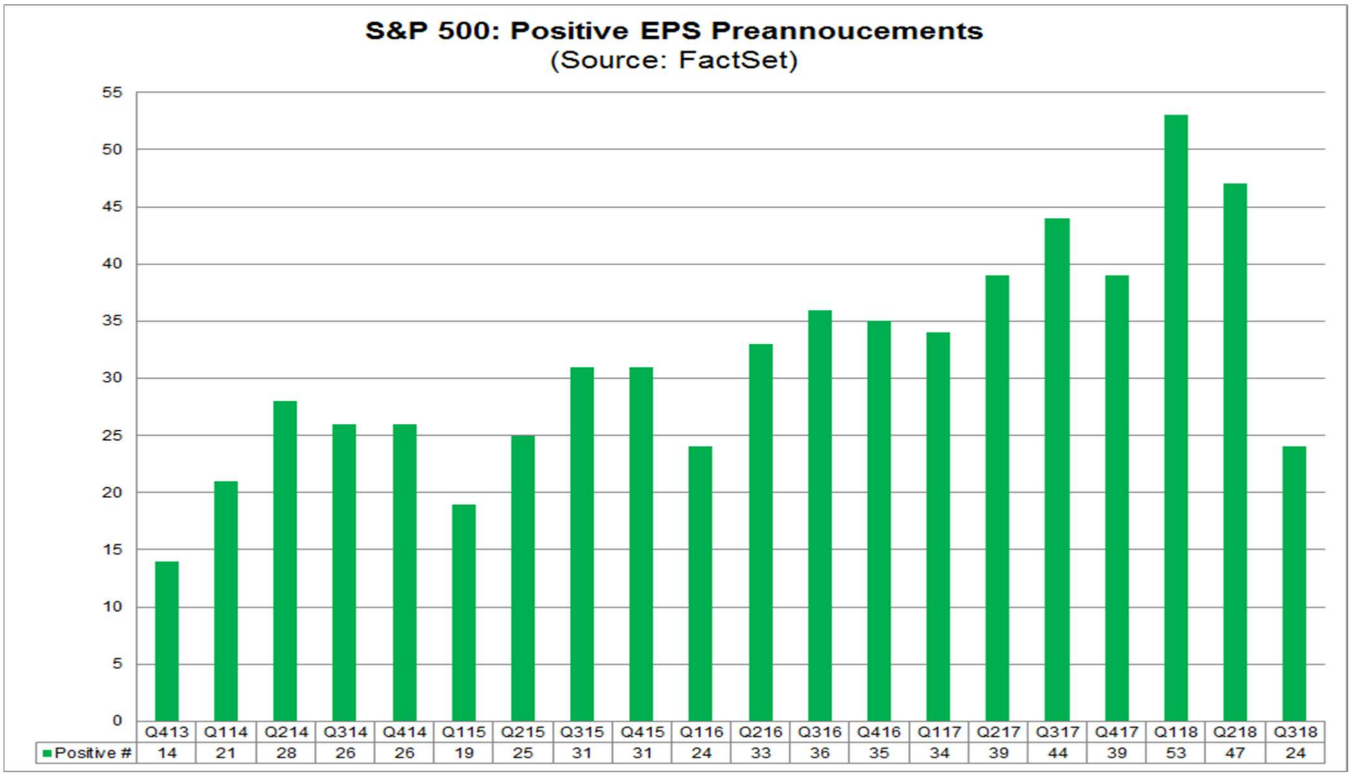
What is driving the negative sentiment in EPS guidance for the third quarter?

The number of companies issuing negative EPS for Q3 (74) is just 3% below the 5-year average (76). However, the number of companies issuing positive EPS guidance for Q3 (24) is 23% below the 5-year average (31). Thus, the low number of S&P 500 companies issuing positive EPS guidance is the main contributor to the above-average percentage of negative EPS guidance for the quarter. If 24 is the final number for the quarter, it will mark the lowest number of S&P 500 companies issuing positive EPS guidance for a quarter since Q1 2016 (also 24).

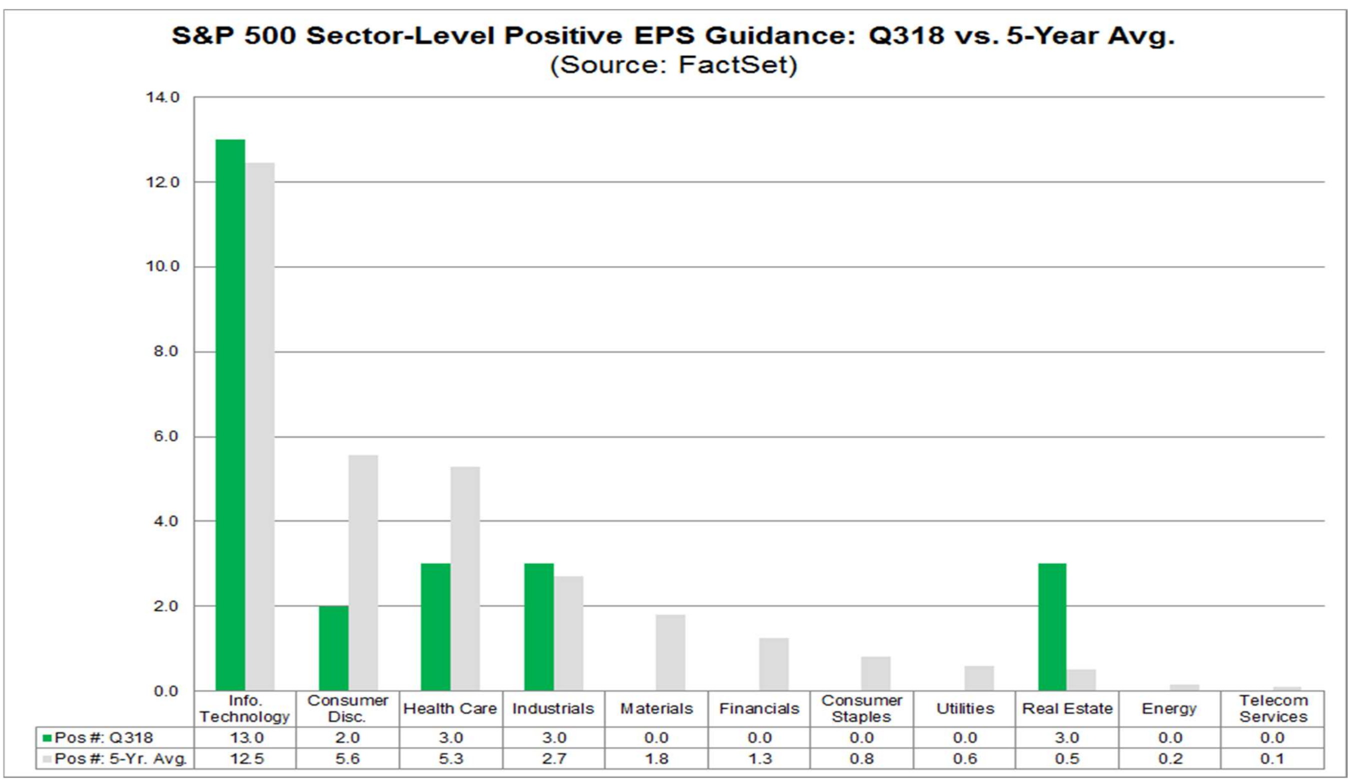
At the sector level, the Consumer Discretionary sector has seen the largest drop in the number of companies issuing positive EPS guidance for the third quarter (2) relative to the 5-year average for the sector (5.6). However, several other sectors have seen fewer companies issue positive EPS guidance for Q3 relative to their 5-year averages.

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.





	Q413	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q417	Q118	Q218	Q318
Positive #	14	21	28	26	26	19	25	31	31	24	33	36	35	34	39	44	39	53	47	24



	Info. Technology	Consumer Disc.	Health Care	Industrials	Materials	Financials	Consumer Staples	Utilities	Real Estate	Energy	Telecom Services
Pos #: Q318	13.0	2.0	3.0	3.0	0.0	0.0	0.0	0.0	3.0	0.0	0.0
Pos #: 5-Yr. Avg.	12.5	5.6	5.3	2.7	1.8	1.3	0.8	0.6	0.5	0.2	0.1

Topic of the Week: 2

Are Fewer Companies Issuing Quarterly EPS Guidance Since Comments from Buffett & Dimon?

"In both national policy and business, effective long-term strategy drives economic growth and job creation. For public companies, these same principles are true. That's why today, together with Business Roundtable, an association of nearly 200 chief executive officers from major U.S. companies, we are encouraging all public companies to consider moving away from providing quarterly earnings-per-share guidance. In our experience, quarterly earnings guidance often leads to an unhealthy focus on short-term profits at the expense of long-term strategy, growth and sustainability." -Jamie Dimon and Warren E. Buffett (Jun. 6)

Jamie Dimon and Warren Buffet made these comments regarding quarterly EPS guidance in June, after most S&P 500 companies had already issued EPS guidance for the second quarter. Heading into the end of the third quarter, have fewer companies in the S&P 500 issued quarterly EPS guidance for the quarter compared to recent averages?

The answer is yes. As of today, 98 S&P 500 companies have issued EPS guidance for the third quarter. Over the past year (4 quarters) 112 S&P 500 companies on average issued quarterly EPS guidance. Over the past 5 years (20 quarters), 107 S&P 500 companies on average issued quarterly EPS guidance. If 98 is the final number for the quarter, it will mark the lowest number of S&P 500 companies issuing EPS guidance for a quarter since Q1 2015 (97).

However, it is important to note that the decrease in the number of S&P 500 companies issuing EPS guidance for the third quarter may be due to the uncertainty surrounding trade deals and the impact of tariffs. Companies may be more reluctant than usual to issue quarterly EPS guidance (particularly positive EPS guidance) amid this uncertainty at this point in time. It will bear watching to see if a smaller number of companies issue quarterly EPS guidance in subsequent quarters after the trade and tariff situations are resolved.

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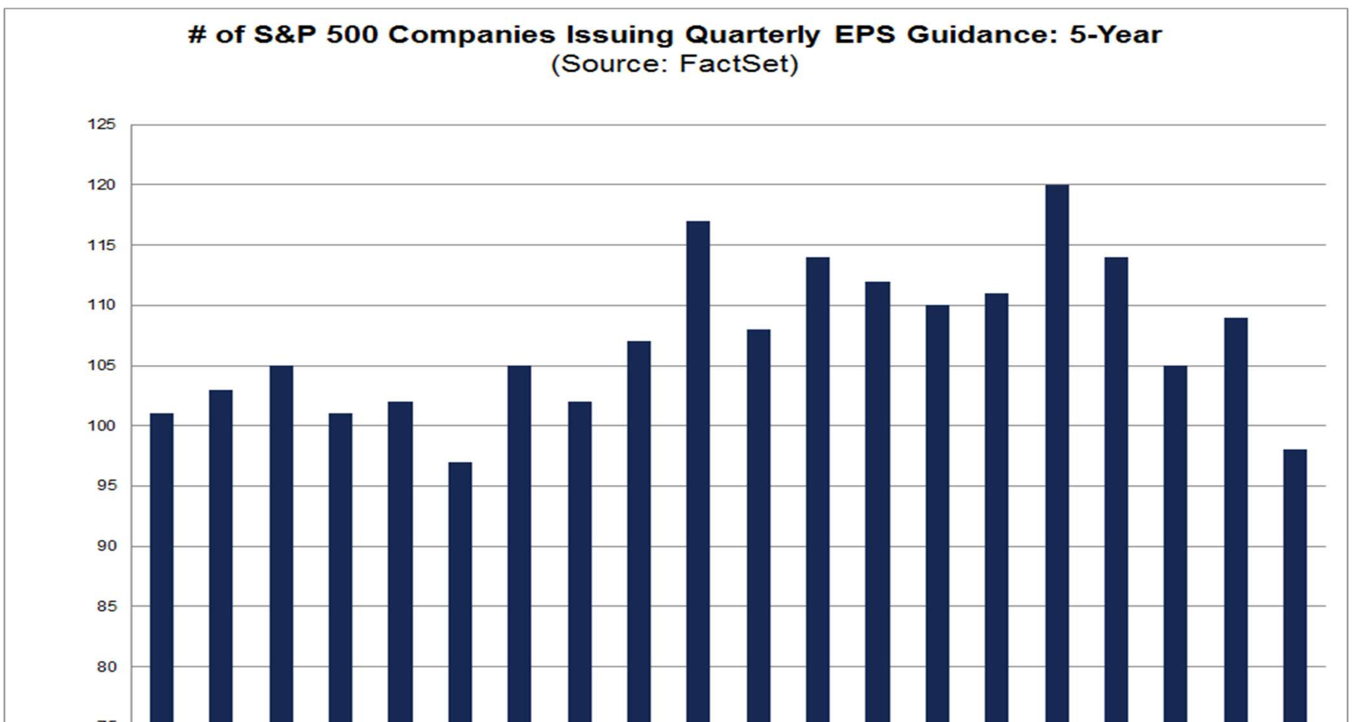


	Q413	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q417	Q118	Q218	Q318
# of Cos.	101	103	105	101	102	97	105	102	107	117	108	114	112	110	111	120	114	105	109	98

Q3 Earnings Season: By The Numbers

Overview

In terms of estimate revisions for companies in the S&P 500, analysts have made smaller cuts than average to earnings estimates for Q3 2018 to date. On a per-share basis, estimated earnings for the third quarter have fallen by 1.0% since June 30. This percentage decline is smaller than the 5-year average (-3.2%), 10-year average (-4.8%), and 15-year average (-3.9%) for a quarter.

However, a larger percentage of S&P 500 companies have lowered the bar for earnings for Q3 2018 relative to recent quarters. Of the 98 companies that have issued EPS guidance for the third quarter, 74 have issued negative EPS guidance and 24 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 76% (74 out of 98), which is above the 5-year average of 71%.

Because of the aggregate downward revisions to earnings estimates, the estimated year-over-year earnings growth rate for Q3 2018 has decreased from 20.4% on June 30 to 19.3% today. All eleven sectors are predicted to report year-over-year earnings growth for the quarter. Seven sectors are projected to report double-digit growth in earnings, led by the Energy, Telecom Services, Financials, and Materials sectors.

The estimated year-over-year revenue growth rate for Q3 2018 is 7.6%, which is equal to the estimate of 7.6% on June 30. All eleven sectors are projected to report year-over-year growth in revenues. Five sectors are predicted to report double-digit growth in revenue: Energy, Real Estate, Information Technology, Telecom Services, and Materials.

Looking at future quarters, analysts see double-digit earnings growth for the fourth quarter, but also see single-digit earnings growth for the first half of 2019.

The forward 12-month P/E ratio is 16.9, which is above the 5-year average and above the 10-year average.

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

Earnings Revisions: Largest Declines in Energy & Consumer Staples Sectors

No Change in Estimated Earnings Growth Rate for Q4 This Week

The estimated earnings growth rate for the third quarter is 19.3% this week, which is equal to the estimated earnings growth rate of 19.3% last week.

Overall, the estimated earnings growth rate for Q3 2018 of 19.3% today is below the estimated earnings growth rate of 20.4% at the start of the quarter (June 30). Eight sectors have recorded a decrease in expected earnings growth due to downward revisions to earnings estimates, led by the Energy, Consumer Staples, and Consumer Discretionary sectors. On the other hand, three sectors have recorded an increase in expected earnings growth since the beginning of the quarter due to upward revisions to earnings estimates, led by the Telecom Services sector.

Energy: Exxon Mobil Leads Decrease in Expected Earnings

The Energy sector has recorded the largest decrease in expected earnings growth since the start of the quarter (to 93.3% from 101.1%). This sector has also witnessed the largest decrease in price since June 30 at -1.6%. Overall, 18 of the 31 companies (58%) in the Energy sector have seen a decrease in their mean EPS estimate during this time. Of these 18 companies, 8 have recorded a decrease in their mean EPS estimate of more than 10%, led by Halliburton (to $0.51 from $0.70), Noble Energy (to $0.19 from $0.26), and Valero Energy (to $1.93 from $2.35). The decrease in the mean EPS estimates for Exxon Mobil (to $1.27 from $1.35), Valero Energy, Chevron (to $2.11 from $2.20), and Halliburton have been the largest contributors to the decrease in expected earnings for this sector since June 30. The stock prices of Chevron (-4.7%) and Halliburton (-9.6%) have declined over this period, while the stock prices of Exxon Mobil (+3.0%) and Valero Energy (+1.4%) have increased during this time.

Consumer Staples: 81% of Companies Have Seen a Decline in Earnings Expectations

The Consumer Staples sector has recorded the second largest decrease in expected earnings growth since the start of the quarter (to 5.3% from 9.7%). Despite the decline in expected earnings growth, this sector has witnessed a 6.9% increase in price since June 30. Overall, 26 of the 32 companies (81%) in the Consumer Staples sector have seen a decrease in their mean EPS estimate during this time. Of these 26 companies, 3 have recorded a decrease in their mean EPS estimate of more than 10%: Coty (to $0.07 from $0.14), Tyson Foods (to $1.31 from $1.88), and Kraft Heinz (to $0.83 from $0.93). The decrease in the mean EPS estimates for Philip Morris International (to $1.29 from $1.43), Tyson Foods, and Kraft Heinz have been the largest contributors to the decrease in expected earnings for this sector since June 30. The stock prices for both Tyson Foods (-9.3%) and Kraft Heinz (-7.9%) have decreased since the start of the quarter, while the stock price for Philip Morris (+2.7%) has increased during this period.

Consumer Discretionary: GM Leads Decrease in Expected Earnings

The Consumer Discretionary sector has recorded the third largest decrease in expected earnings growth since the start of the quarter (to 13.9% from 17.3%). Despite the decline in expected earnings growth, this sector has witnessed a 7.4% increase in price since June 30. Overall, 54 of the 76 companies (71%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 54 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by L Brands (to $0.04 from $0.17), MGM Resorts (to $0.20 from $0.40), and Under Armour (to $0.12 from $0.24). However, the decrease in the mean EPS estimates for General Motors (to $1.34 from $1.63), Lowe's Companies (to $1.04 from $1.27), and Ford Motor (to $0.32 from $0.37) have been the largest contributors to the decrease in expected earnings for this sector since June 30. While the stock prices for both General Motors (-8.4%) and Ford Motor (-11.0%) have decreased since the start of the quarter, the stock price for Lowe's Companies (+22.4%) has increased over the time frame.

Telecom Services: AT&T Leads Increase in Estimated Earnings

The Telecom Services sector has recorded the largest increase in expected earnings growth since the start of the quarter (to 37.1% from 31.8%). This sector has also witnessed an increase in price of 6.2% during this same period. All 3 companies in this sector have seen an increase in their mean EPS estimate during this time, led by CenturyLink (to $0.31 from $0.24). However, the increase in the mean EPS estimate for AT&T (to $0.93 from $0.88) is the largest contributor to the rise in expected earnings for this sector since June 30. The stock price for this company has increased by 6.0% over this same period.

Index-Level (Bottom-Up) EPS Estimate: Smaller Decline Than Average

The Q3 bottom-up EPS estimate (which is an aggregation of the median earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings for the index) has decreased by 1.0% (to $40.58 from $41.00) since June 30. This percentage decline is smaller than the 5-year average (-3.2%), 10-year average (-4.8%), and 15-year average (-3.9%) for a quarter.

Earnings Guidance: Negative EPS Guidance is Above Average for Q3

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, 98 companies in the index have issued EPS guidance for Q3 2018. Of these 98 companies, 74 have issued negative EPS guidance and 24 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 76% (74 out of 98), which is above the 5-year average of 71%.

For more details on guidance, please see pages 2 through 4.

Earnings Growth: 19.3%

The estimated (year-over-year) earnings growth rate for Q3 2018 is 19.3%. If 19.3% is the final growth rate for the quarter, it will mark the third highest earnings growth reported by the index since Q1 2011 (19.5%), trailing only the previous two quarters. All eleven sectors are expected to report year-over-year growth in earnings. Seven sectors are projected to report double-digit earnings growth for the quarter, led by the Energy, Telecom Services, Financials, and Materials sectors.

Energy: Higher Year-Over-Year Oil Prices Driving Broad-Based Growth

The Energy sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 93.3%. Higher oil prices are helping to drive the unusually high growth rate for the sector, as the average price of oil in Q3 2018 ($69.16) to date is 43% higher than the average price of oil in Q3 2017 ($48.20). At the sub-industry level, all six sub-industries in the sector are predicted to report earnings growth for the quarter: Oil & Gas Drilling (N/A due to year-ago loss), Oil & Gas Exploration & Production (3,493%), Integrated Oil & Gas (87%), Oil & Gas Storage & Transportation (60%), Oil & Gas Equipment & Services (26%), and Oil & Gas Refining & Marketing (6%).

Telecom Services: AT&T Leads Growth on Easy Comparison to Pre-Merger Earnings

The Telecom Services sector is expected to report the second highest (year-over-year) earnings growth of all eleven sectors at 37.1%. At the company level, AT&T is predicted to be the largest contributor to earnings growth for the sector. However, the estimated (dollar-level) earnings for Q3 2018 ($6.8 billion) reflect the combination of AT&T and Time Warner, while the actual earnings for Q3 2017 ($4.5 billion) reflect the standalone AT&T company. This apple-to-orange comparison is one reason why AT&T is projected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the sector would fall to 24.3% from 37.1%.

Financials: All 5 Industries Expected to Report Double-Digit Growth, Led by Insurance

The Financials sector is expected to report the third highest (year-over-year) earnings growth of all eleven sectors at 34.5%. At the industry level, all five industries in this sector are predicted to report double-digit growth in earnings: Insurance (159%), Diversified Financial Services (87%), Banks (21%), Consumer Finance (19%), and Capital Markets (13%). The unusually high growth rate for the Insurance industry can be attributed in part to an easy comparison to weak year-ago earnings due to catastrophic losses from Hurricanes Harvey and Irma. If the Insurance industry were excluded, the estimated earnings growth rate for the Financials sector would fall to 22.0% from 34.5%.

Materials: All 4 Industries Expected to Report Double-Digit Earnings Growth

The Materials sector is expected to report the fourth highest (year-over-year) earnings growth of all eleven sectors at 28.8%. At the industry level, all four industries in the sector are predicted to report double-digit earnings growth: Metals & Mining (62%), Construction Materials (48%), Containers & Packaging (31%), and Chemicals (21%).

Revenue Growth: 7.6%

The estimated (year-over-year) revenue growth rate for Q3 2018 is 7.6%. All eleven sectors are expected to report year-over-year growth in revenue. Five sectors are predicted to reported double-digit growth in revenue: Energy, Real Estate, Information Technology, Telecom Services, and Materials.

Energy: 5 of 6 Sub-Industries Expected to Report Double-Digit Growth

The Energy sector is expected to report the highest (year-over-year) revenue growth of all eleven sectors at 18.1%. At the sub-industry level, all six sub-industries are expected to report (year-over-year) revenue growth. Five of the six sub-industries in the sector are predicted to report double-digit revenue growth: Oil & Gas Drilling (28%), Oil & Gas Exploration & Production (21%), Integrated Oil & Gas (20%), Oil & Gas Refining & Marketing (19%), and Oil & Gas Storage & Transportation (19%).

Real Estate: CBRE Group Leads Growth

The Real Estate sector is expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 11.5%. At the company level, CBRE Group is predicted to be the largest contributor to revenue growth for the sector. The revenue estimate for Q3 2018 is $5.1 billion, compared to year-ago revenues of $3.5 billion. If this company were excluded, the estimated revenue growth rate for the sector would fall to 5.6% from 11.5%.

Information Technology: Internet Software Industry Leads Growth

The Information Technology sector is also expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 11.5%. At the industry level, all seven industries in this sector are predicted to report revenue growth. Three of these seven industries are projected to report double-digit revenue growth: Internet Software & Services (24%), Technology Hardware, Storage, & Peripherals (12%), and Semiconductor & Semiconductor Equipment (11%).

Telecom Services: AT&T Leads Growth on Easy Comparison to Pre-Merger Revenues

The Telecom Services sector is expected to report the third highest (year-over-year) revenue growth of all eleven sectors at 11.4%. At the company level, AT&T is predicted to be the largest contributor to revenue growth for the sector. However, the estimated revenues for Q3 2018 ($45.6 billion) reflect the combination of AT&T and Time Warner, while the actual revenues for Q3 2017 ($39.7 billion) reflect the standalone AT&T company. This apple-to-orange comparison is one reason why AT&T is projected to be the largest contributor to revenue growth for the sector. If this company were excluded, the estimated revenue growth rate for the sector would fall to 7.4% from 11.4%.

Materials: 3 of 4 Industries Expected to Report Double-Digit Earnings Growth

The Materials sector is expected to report the fourth highest (year-over-year) earnings growth of all eleven sectors at 10.0%. At the industry level, three of the four industries in the sector are predicted to report double-digit revenue growth: Construction Materials (17%), Metals & Mining (16%), and Chemicals (11%).

Looking Ahead: Forward Estimates and Valuation

20% Earnings Growth Expected For 2018, But Lower Growth Projected for 2019

For the third quarter, analysts expect companies to report earnings growth of 19.3% and revenue growth of 7.6%. While analysts currently expect earnings to grow at double-digit levels for Q4, they also expect more moderate growth in early 2019.

For Q4 2018, analysts are projecting earnings growth of 17.3% and revenue growth of 6.1%.

For CY 2018, analysts are projecting earnings growth of 20.4% and revenue growth of 8.1%.

For Q1 2019, analysts are projecting earnings growth of 7.1% and revenue growth of 6.3%.

For Q2 2019, analysts are projecting earnings growth of 7.3% and revenue growth of 4.5%.

For CY 2019, analysts are projecting earnings growth of 10.3% and revenue growth of 5.3%.

Valuation: Forward P/E Ratio is 16.9, above the 10-Year Average (14.5)

The forward 12-month P/E ratio is 16.9. This P/E ratio is above the 5-year average of 16.3, and above the 10-year average of 14.5. It is also above the forward 12-month P/E ratio of 16.1 recorded at the start of the third quarter (June 30). Since the start of the third quarter, the price of the index has increased by 7.8%, while the forward 12-month EPS estimate has increased by 3.0%.

At the sector level, the Consumer Discretionary (21.6) and Information Technology (19.0) sectors have the highest forward 12-month P/E ratios, while the Telecom Services (10.5) and Financials (12.8) sectors have the lowest forward 12-month P/E ratios. Eight sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Information Technology (19.0 vs. 14.6) and Consumer Discretionary (21.6 vs. 17.0) sectors. Three sectors have forward 12-month P/E ratios that are below their 10-year averages, led by the Telecom Services (10.5 vs. 14.0) sector.

Targets & Ratings: Analysts Project 9% Increase in Price Over Next 12 Months

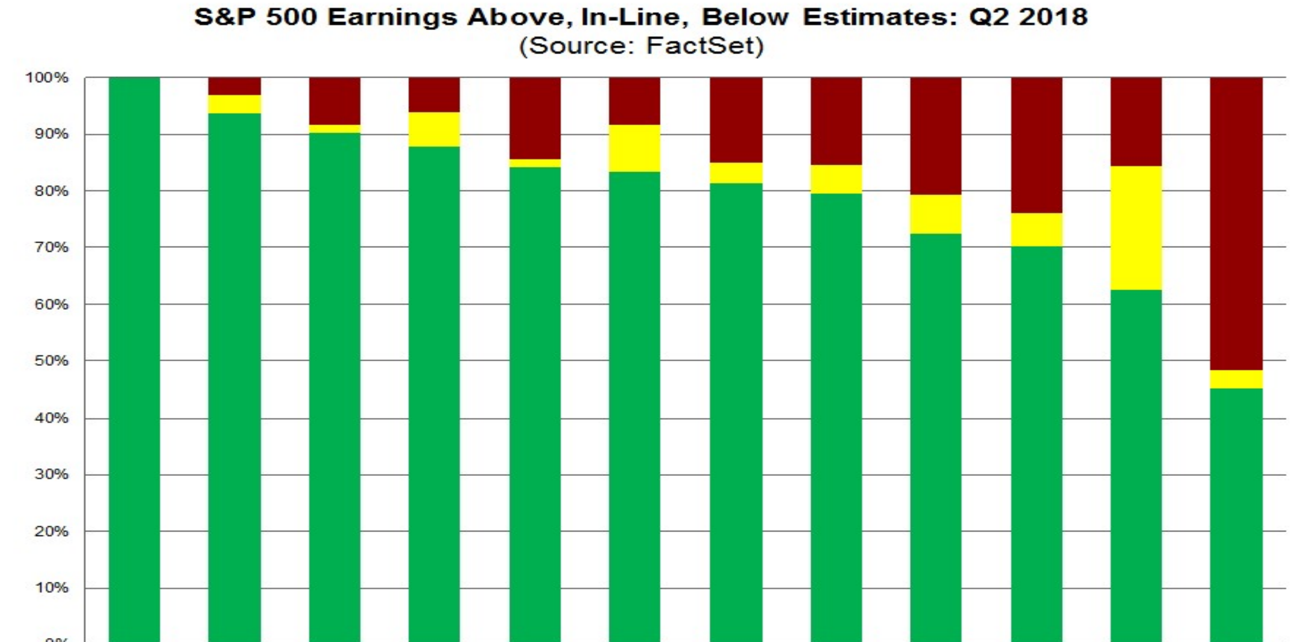
The bottom-up target price for the S&P 500 is 3189.76, which is 8.8% above the closing price of 2930.75. At the sector level, the Energy (+15.4%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Telecom Services (+4.1%) and Consumer Staples (+4.2%) 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 10,887 ratings on stocks in the S&P 500. Of these 10,887 ratings, 52.7% are Buy ratings, 41.6% are Hold ratings, and 5.7% are Sell ratings. At the sector level, the Information Technology (60%) and Energy (59%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (41%) and Telecom Services (41%) sectors have the lowest percentages of Buy ratings.

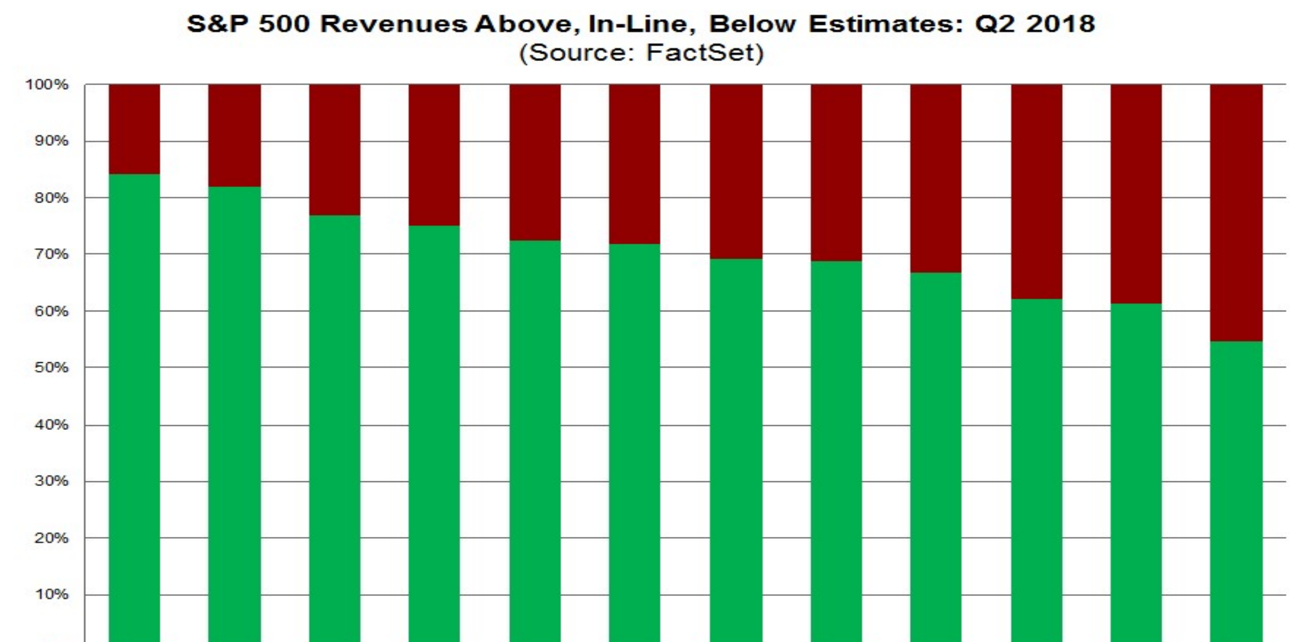
Companies Reporting Next Week: 8

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

Q2 2018: Scorecard

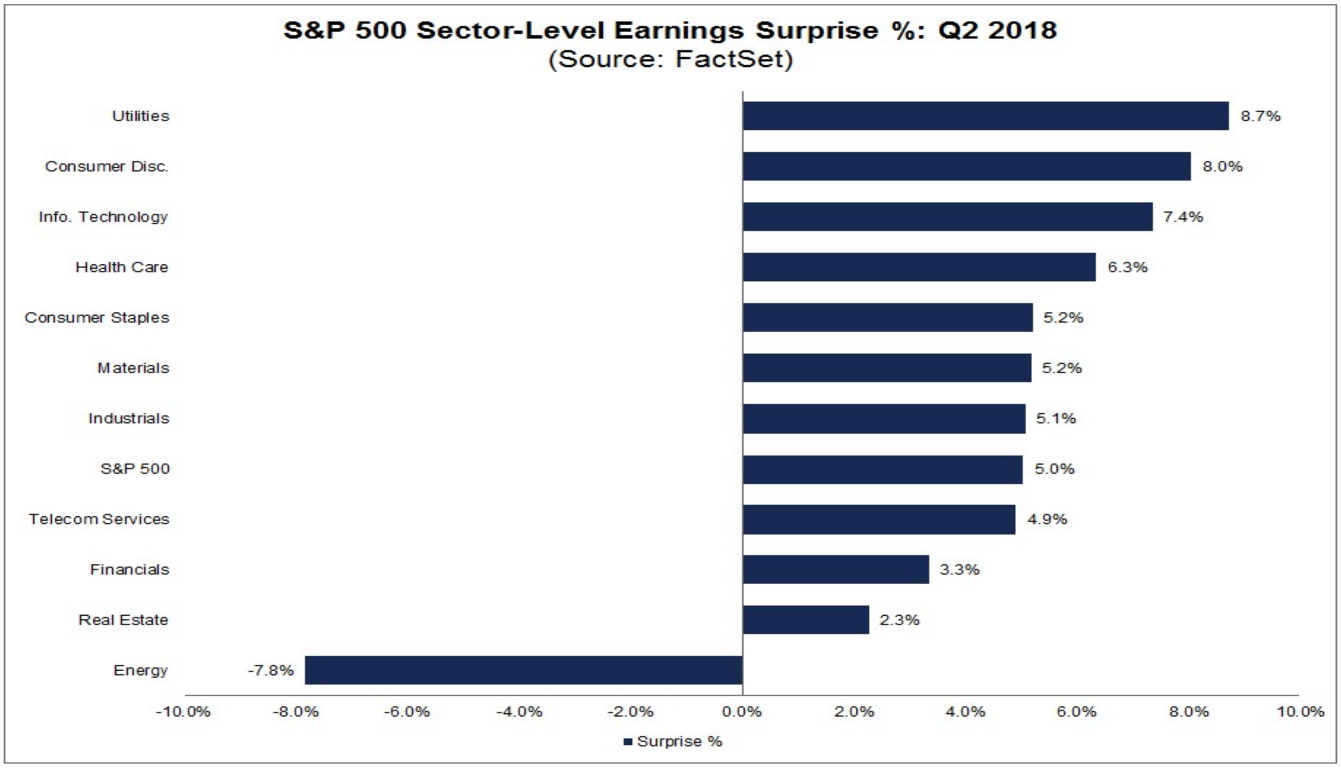


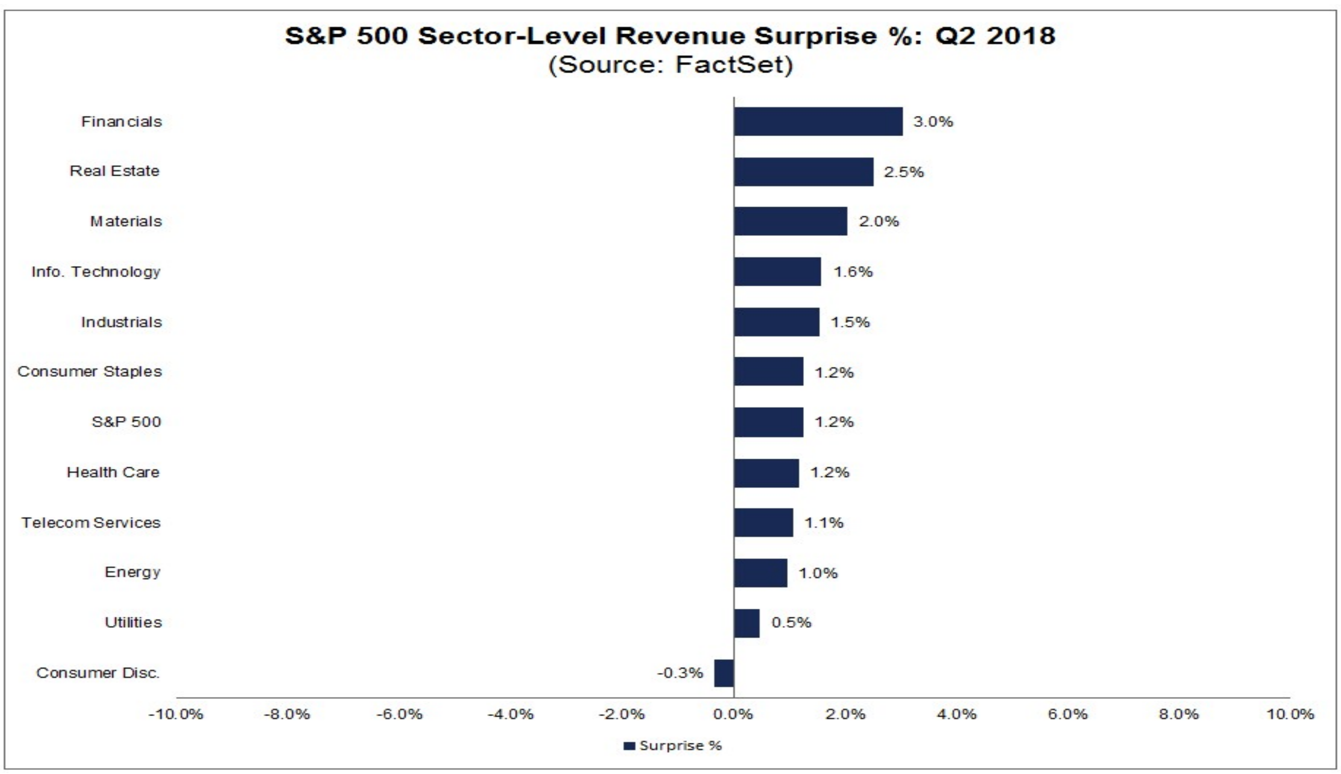
	Telecom Services	Health Care	Info. Technology	Consumer Staples	Industrials	Materials	Consumer Disc.	S&P 500	Utilities	Financials	Real Estate	Energy
Below	0%	3%	8%	6%	14%	8%	15%	15%	21%	24%	16%	52%
In-Line	0%	3%	1%	6%	1%	8%	4%	5%	7%	6%	22%	3%
Above	100%	94%	90%	88%	84%	83%	81%	80%	72%	70%	63%	45%



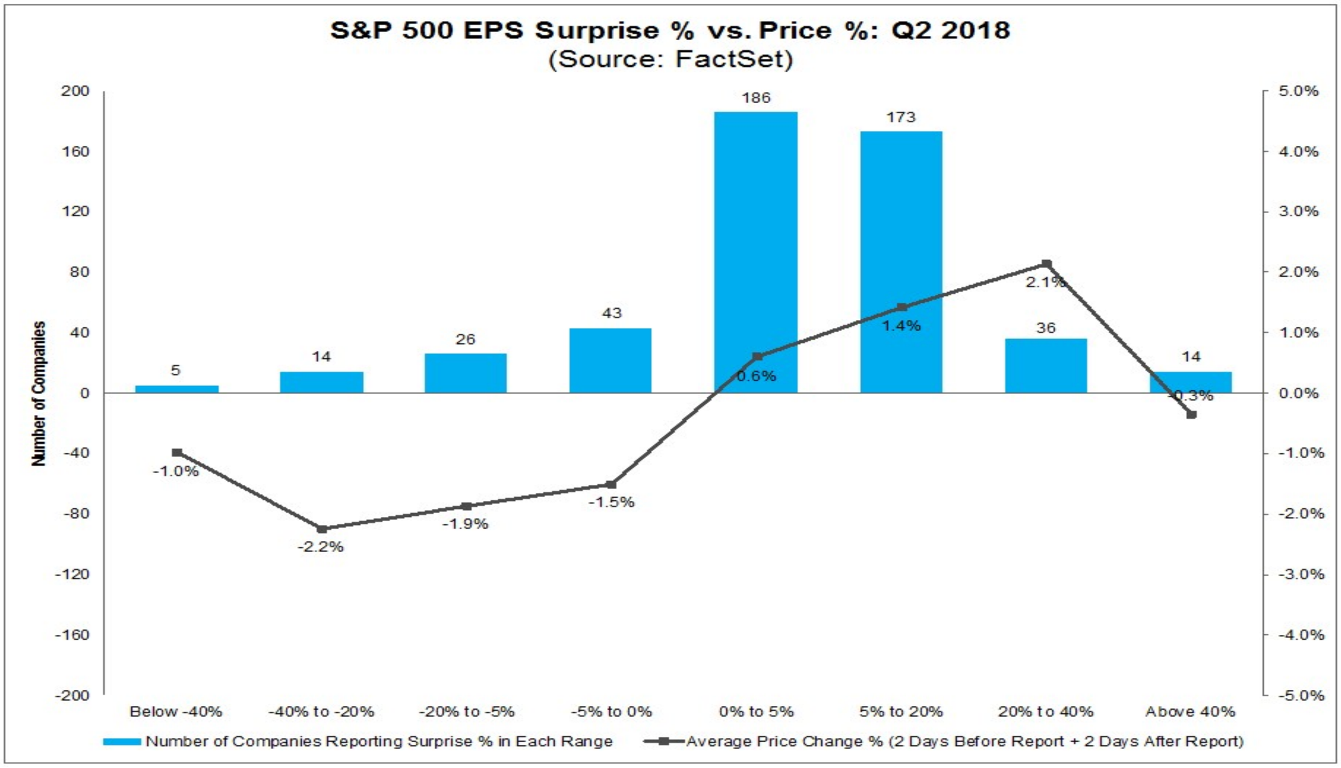
	Health Care	Info. Technology	Industrials	Materials	S&P 500	Real Estate	Financials	Consumer Disc.	Telecom Services	Utilities	Energy	Consumer Staples
Below	16%	18%	23%	25%	28%	28%	31%	31%	33%	38%	39%	45%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	84%	82%	77%	75%	72%	72%	69%	69%	67%	62%	61%	55%

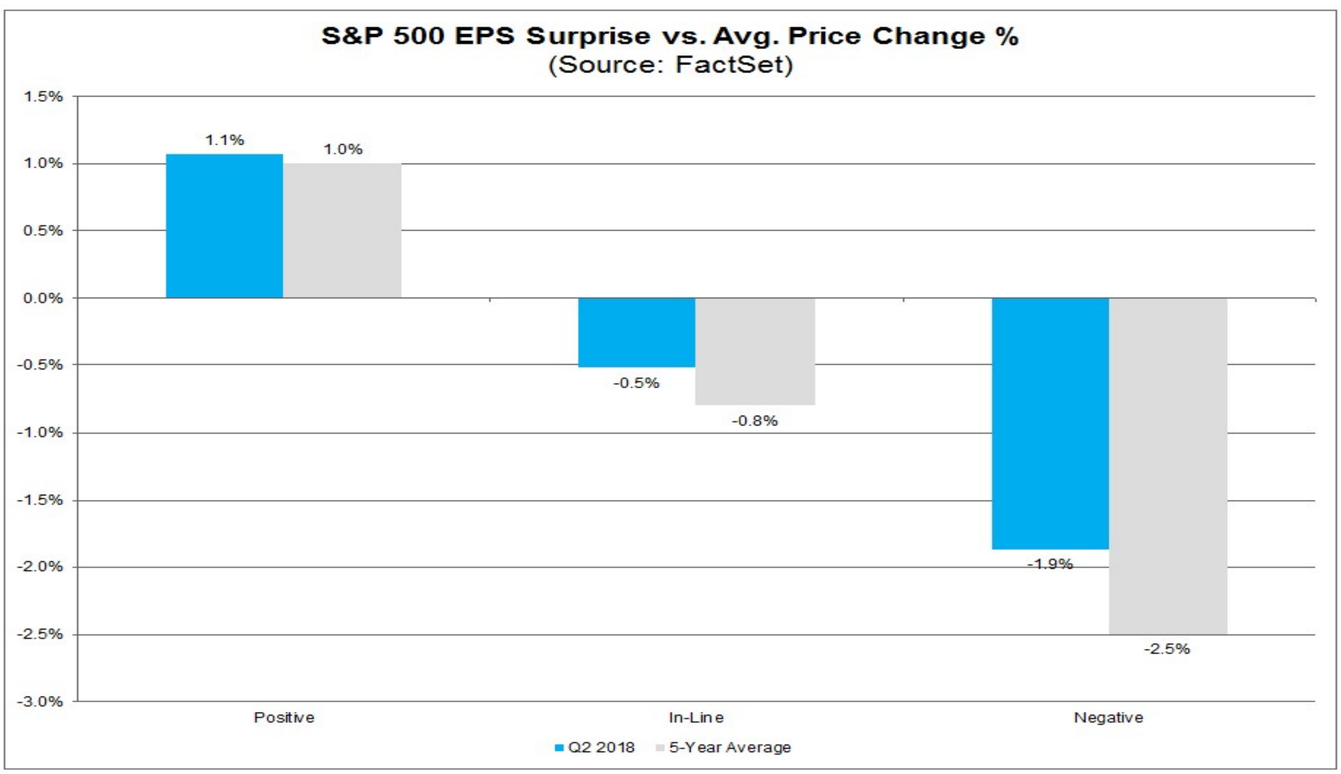
Q2 2018: Scorecard



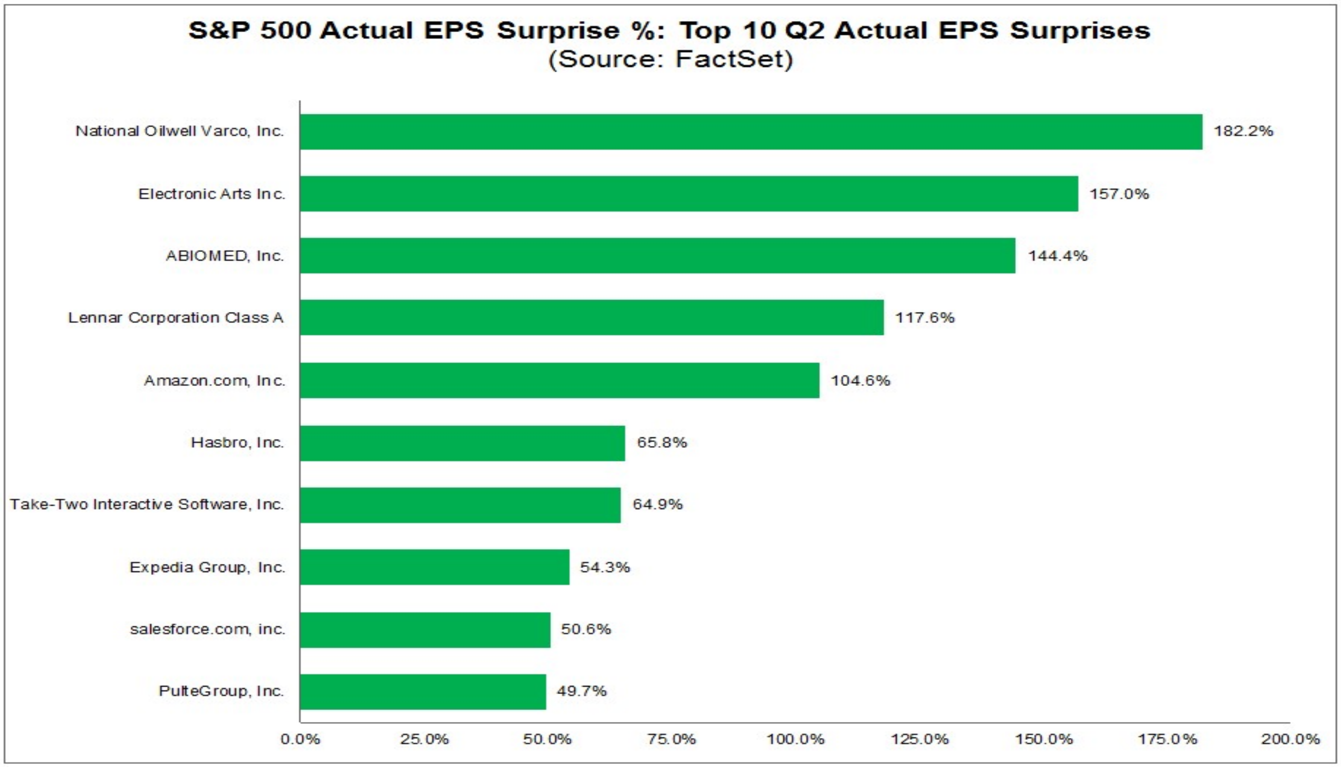


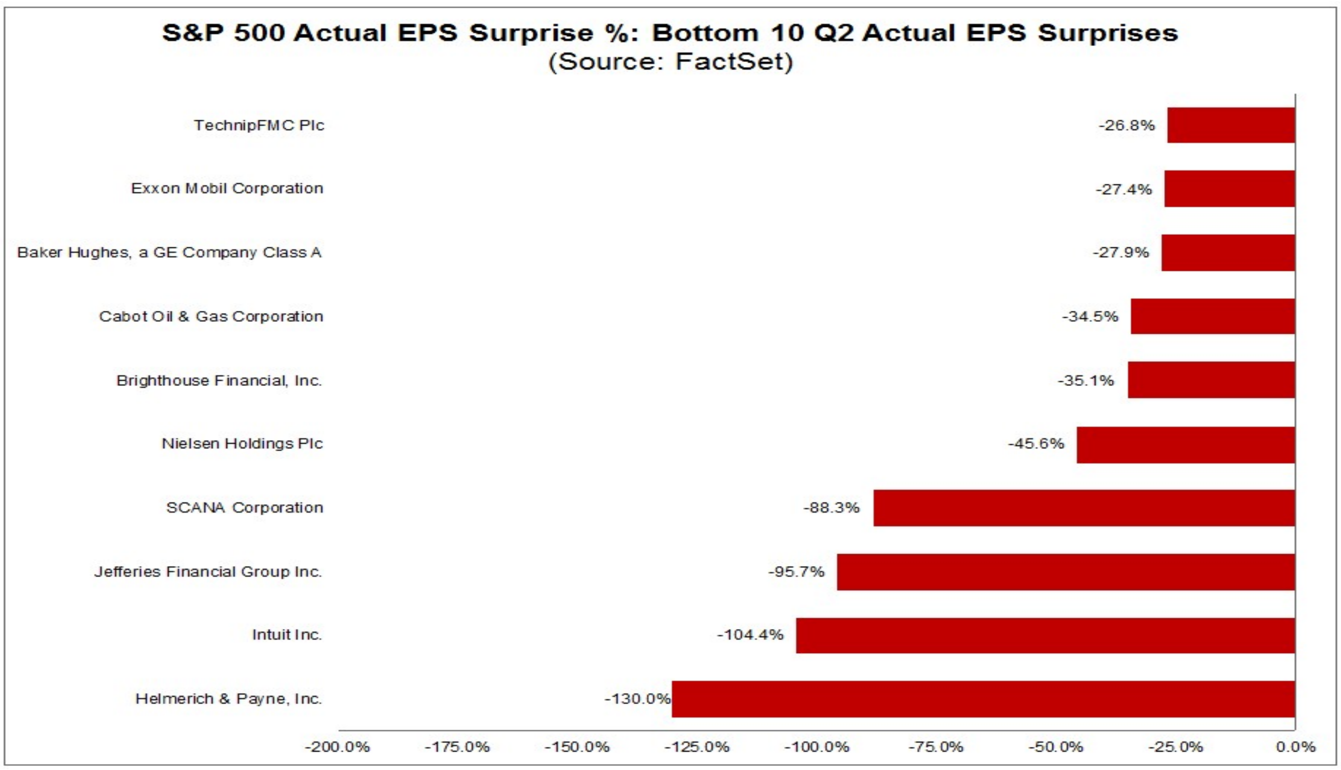
Q2 2018: Scorecard



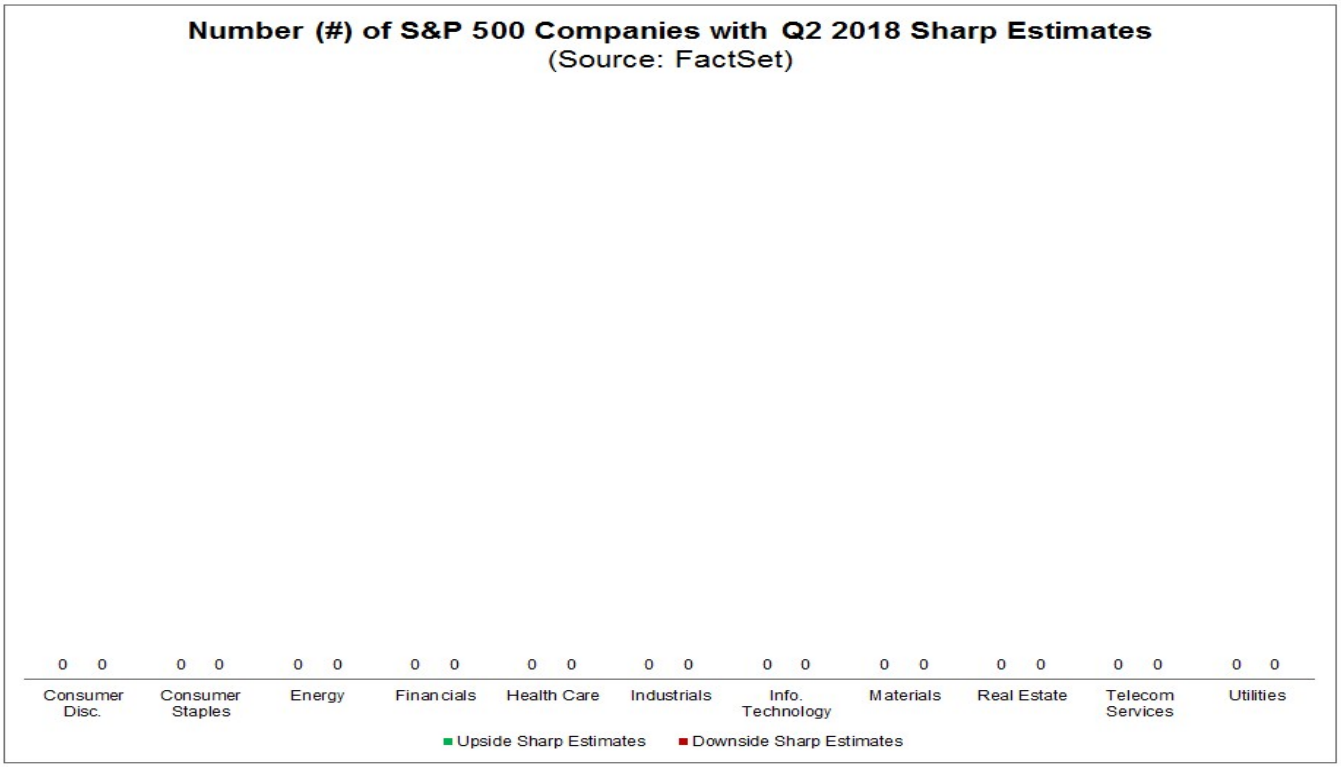


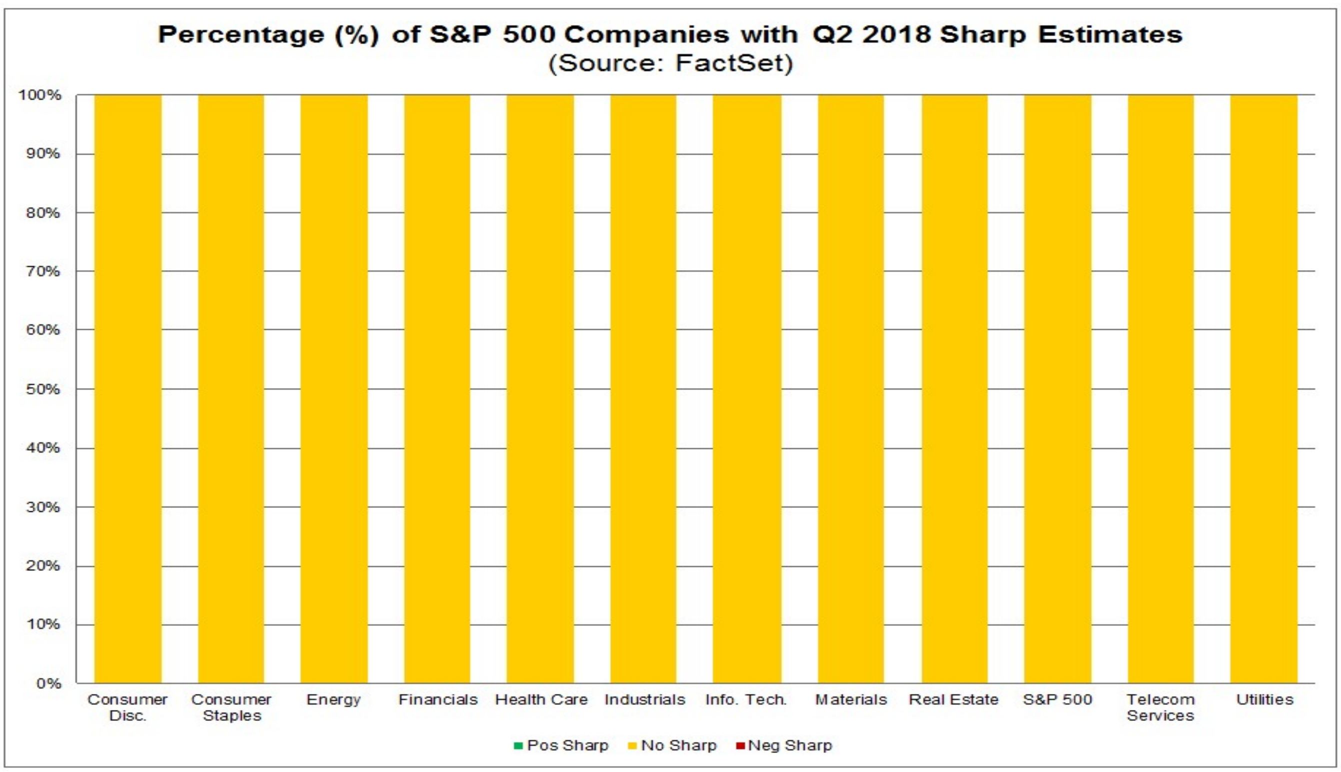
Q2 2018: Scorecard



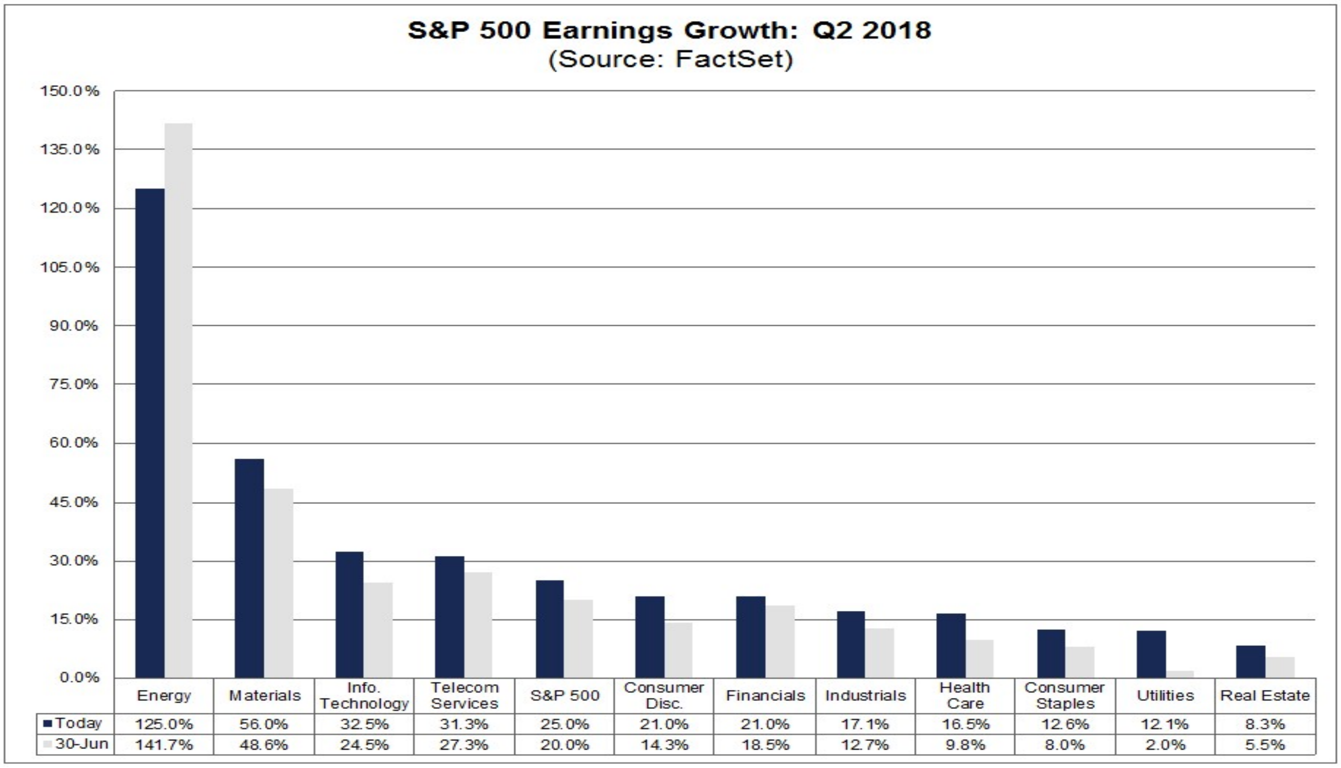


Q2 2018: Projected EPS Surprises (Sharp Estimates)

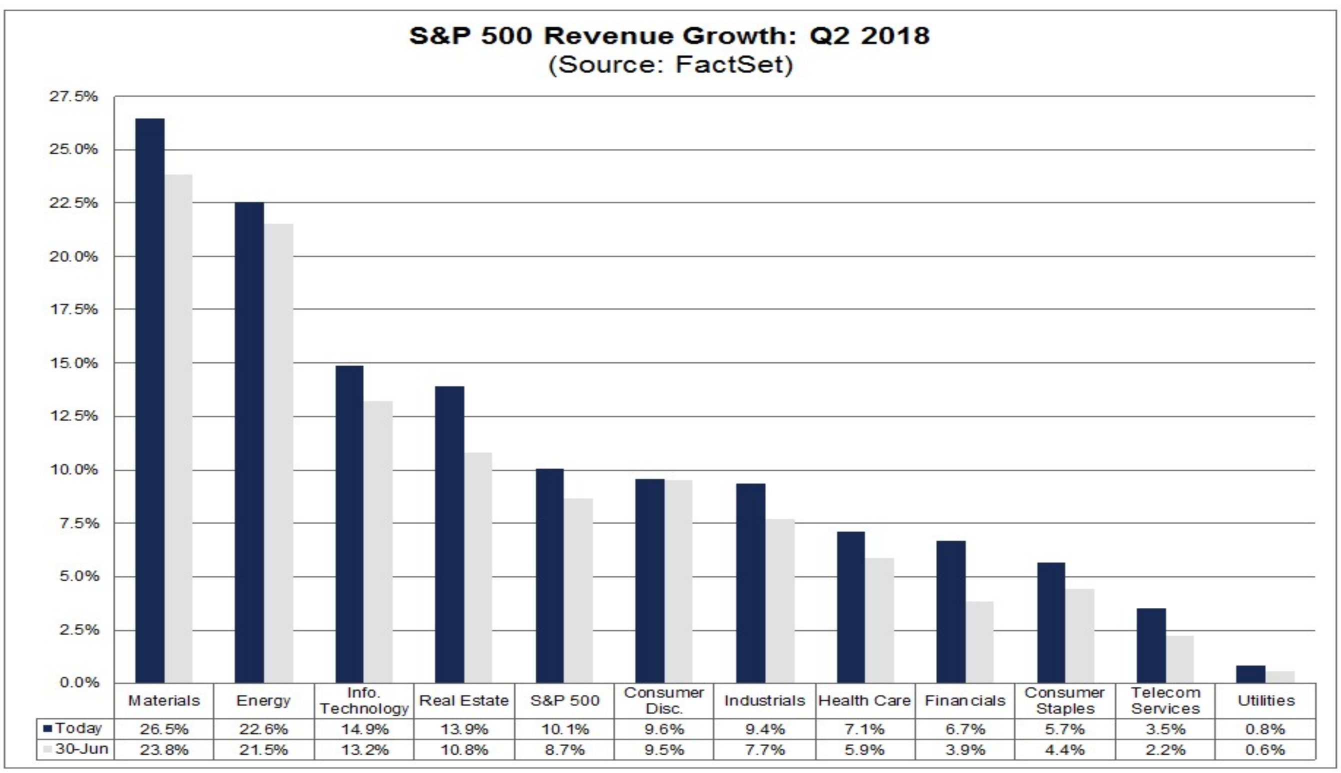




Q2 2018: Growth

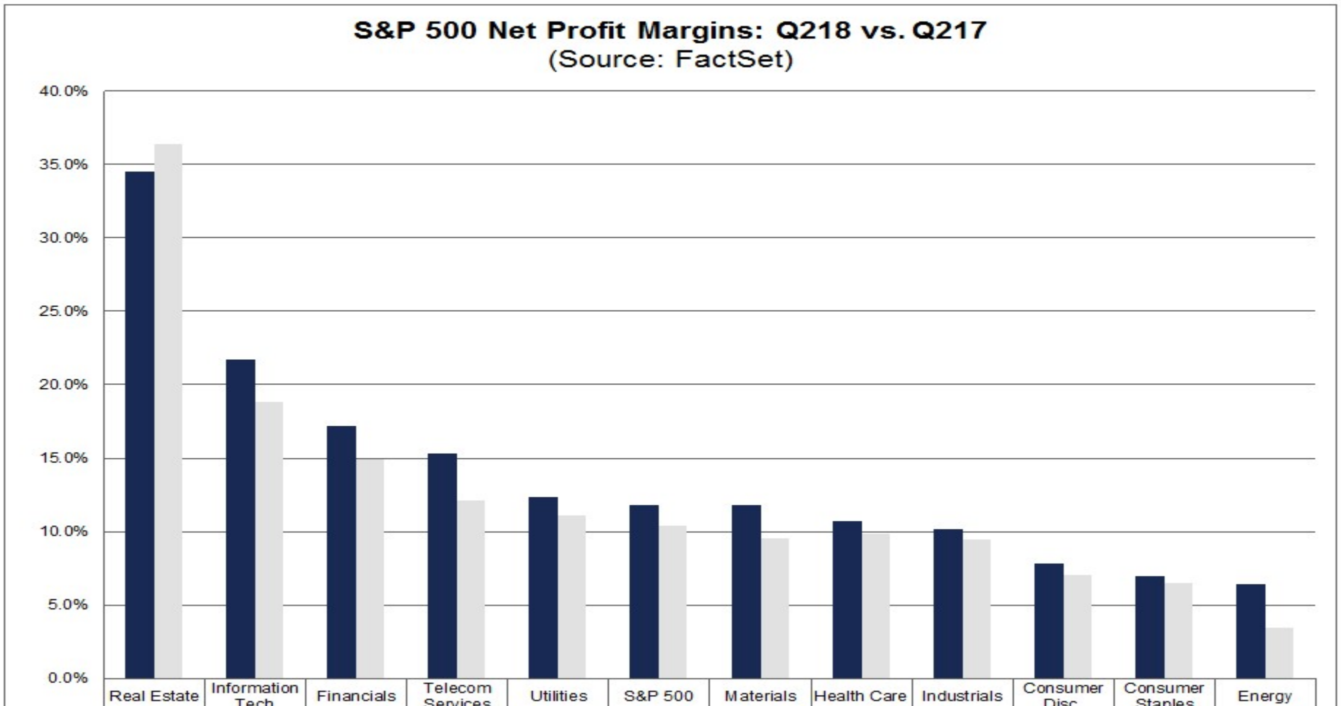


	Energy	Materials	Info. Technology	Telecom Services	S&P 500	Consumer Disc.	Financials	Industrials	Health Care	Consumer Staples	Utilities	Real Estate
Today	125.0%	56.0%	32.5%	31.3%	25.0%	21.0%	21.0%	17.1%	16.5%	12.6%	12.1%	8.3%
30-Jun	141.7%	48.6%	24.5%	27.3%	20.0%	14.3%	18.5%	12.7%	9.8%	8.0%	2.0%	5.5%

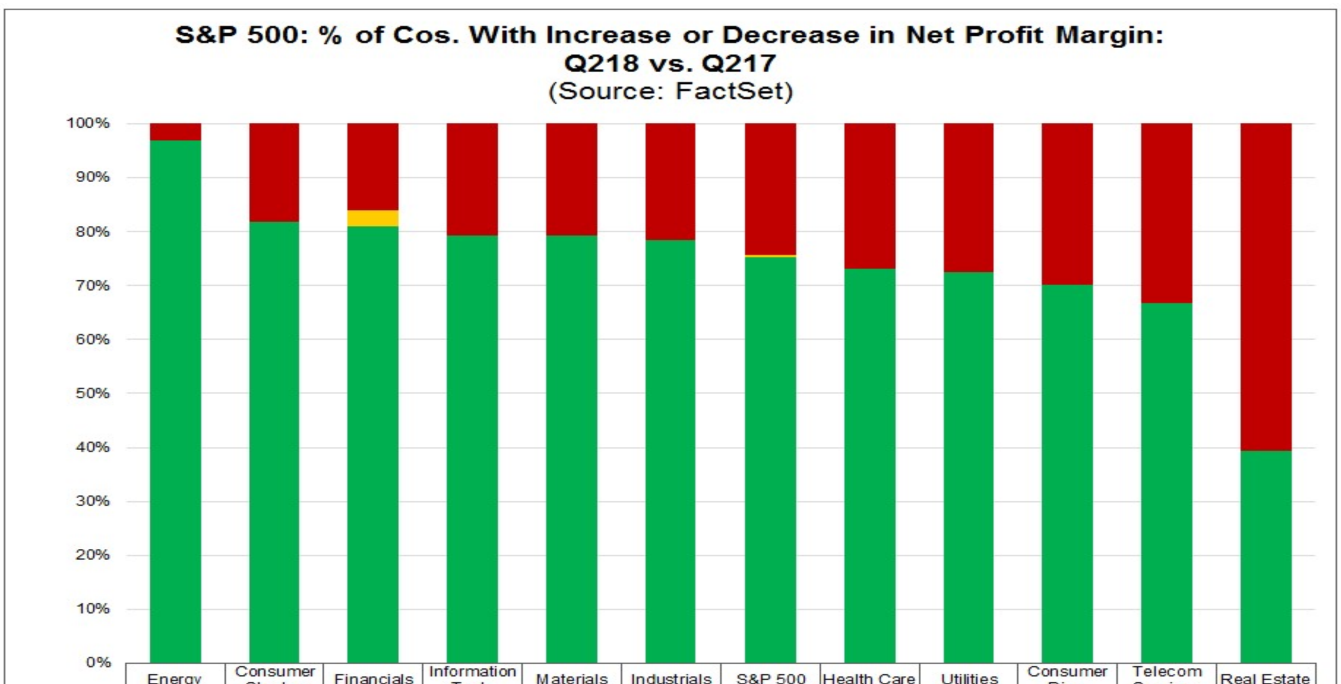


	Materials	Energy	Info. Technology	Real Estate	S&P 500	Consumer Disc.	Industrials	Health Care	Financials	Consumer Staples	Telecom Services	Utilities
Today	26.5%	22.6%	14.9%	13.9%	10.1%	9.6%	9.4%	7.1%	6.7%	5.7%	3.5%	0.8%
30-Jun	23.8%	21.5%	13.2%	10.8%	8.7%	9.5%	7.7%	5.9%	3.9%	4.4%	2.2%	0.6%

Q2 2018: Net Profit Margin

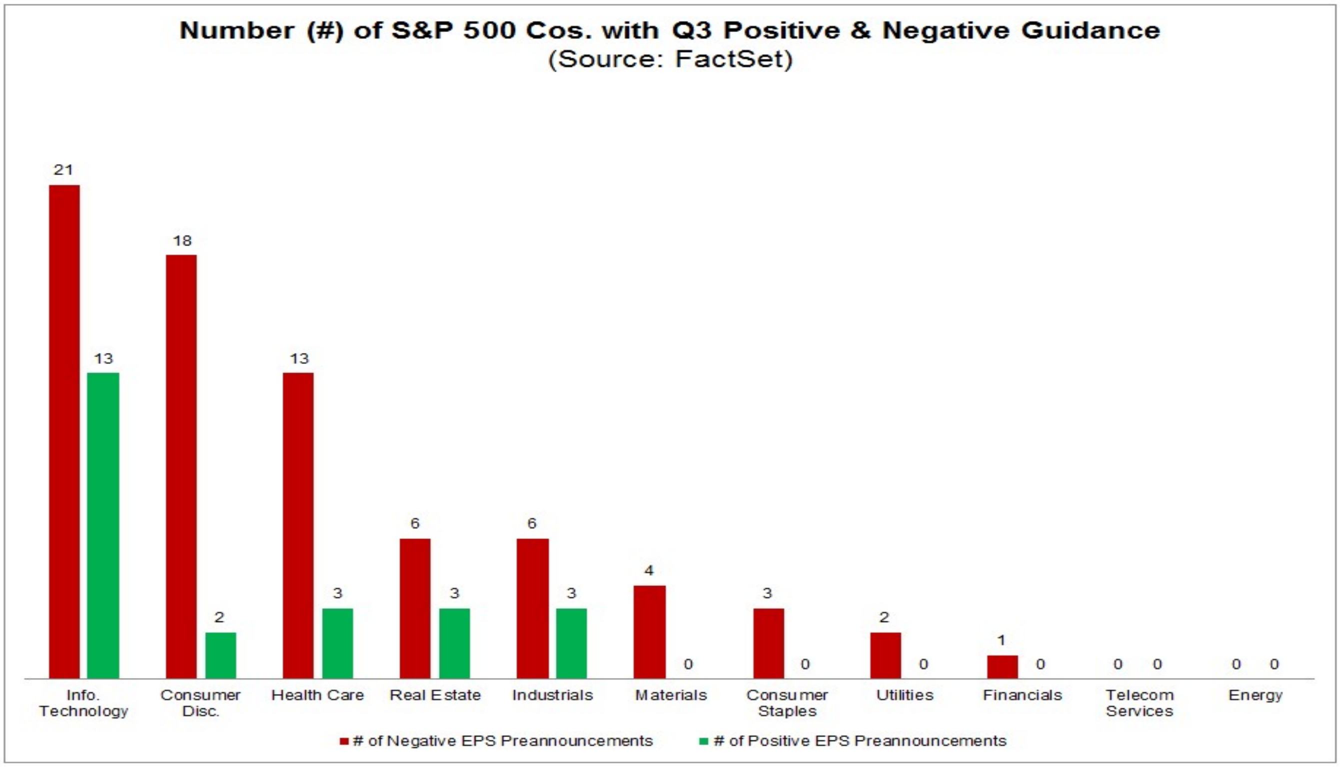


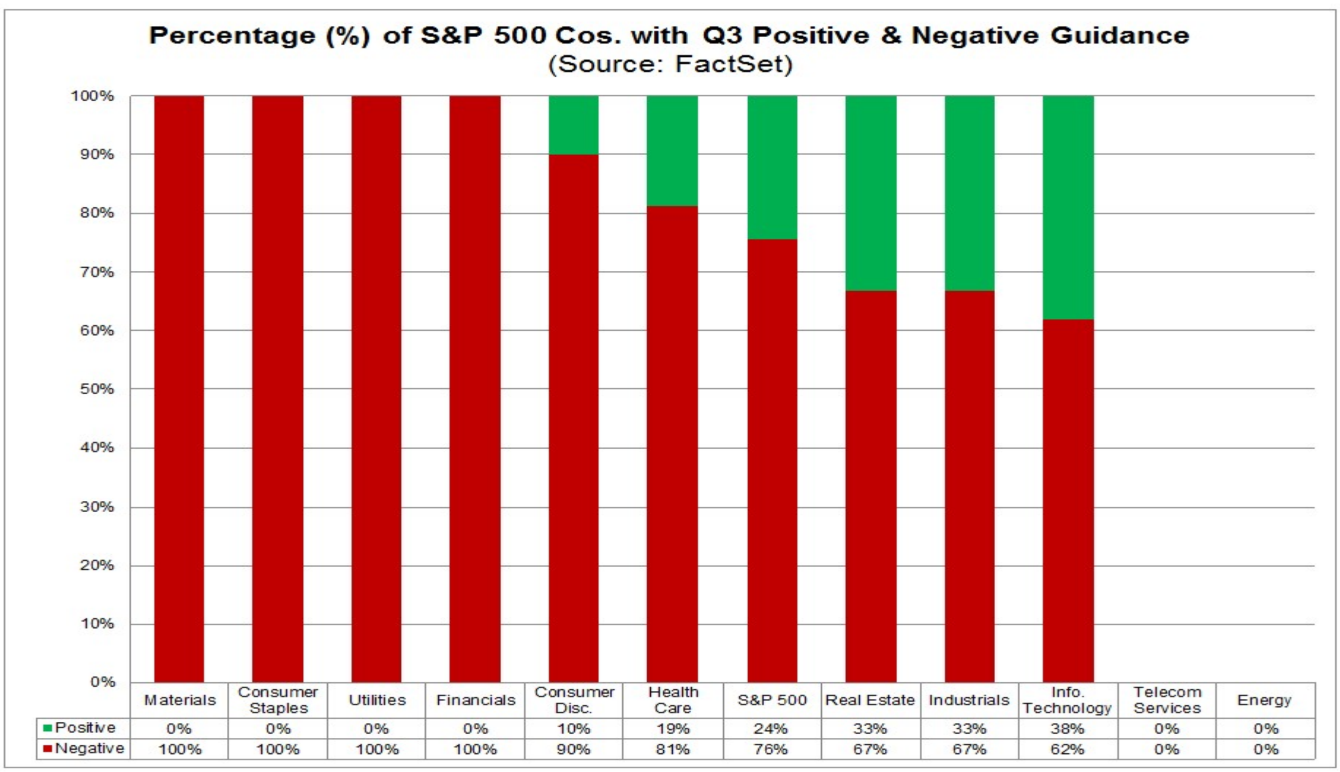
	Real Estate	Information Tech	Financials	Telecom Services	Utilities	S&P 500	Materials	Health Care	Industrials	Consumer Disc.	Consumer Staples	Energy
Q218	34.5%	21.7%	17.2%	15.4%	12.4%	11.8%	11.8%	10.7%	10.2%	7.8%	7.0%	6.4%
Q217	36.4%	18.8%	15.0%	12.1%	11.1%	10.4%	9.6%	9.9%	9.5%	7.1%	6.6%	3.5%



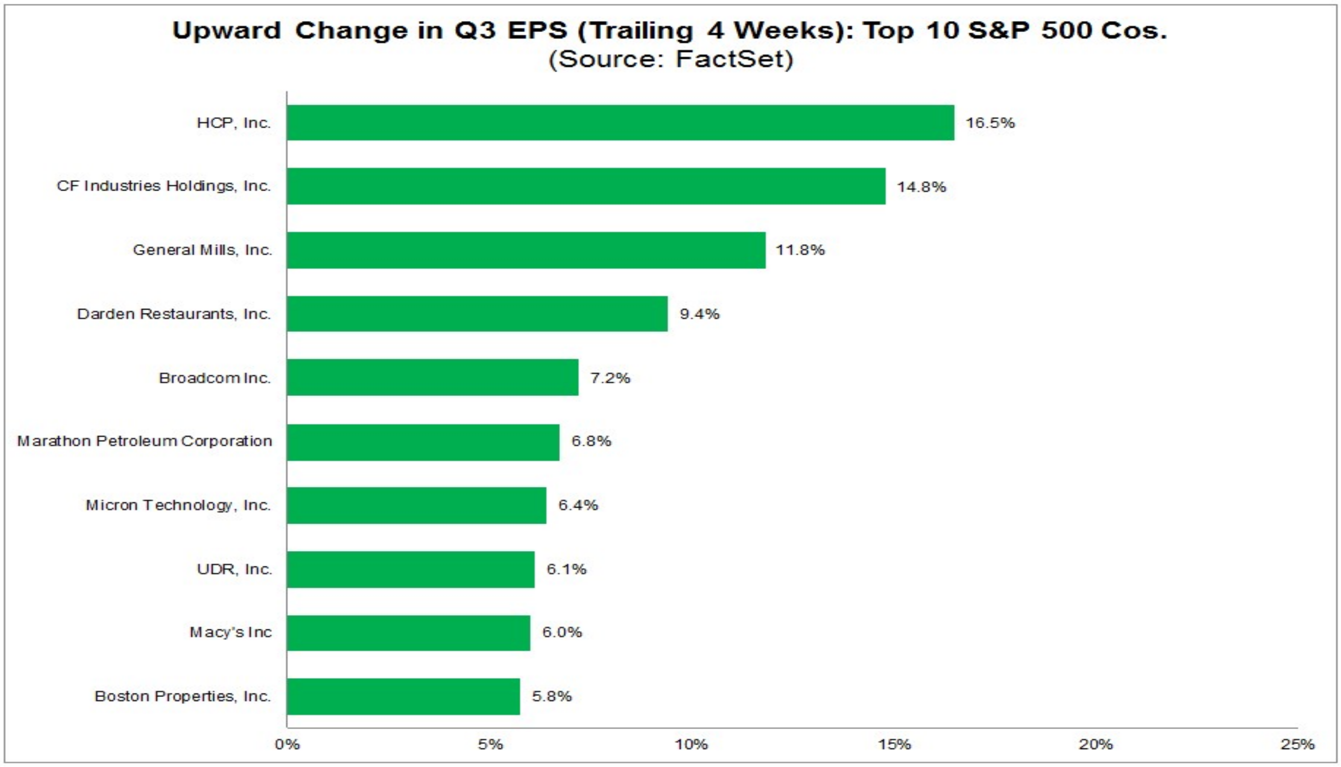
	Energy	Consumer Staples	Financials	Information Tech.	Materials	Industrials	S&P 500	Health Care	Utilities	Consumer Disc.	Telecom Services	Real Estate
Down %	3%	18%	16%	21%	21%	22%	24%	27%	28%	30%	33%	61%
None %	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	97%	82%	81%	79%	79%	78%	75%	73%	72%	70%	67%	39%

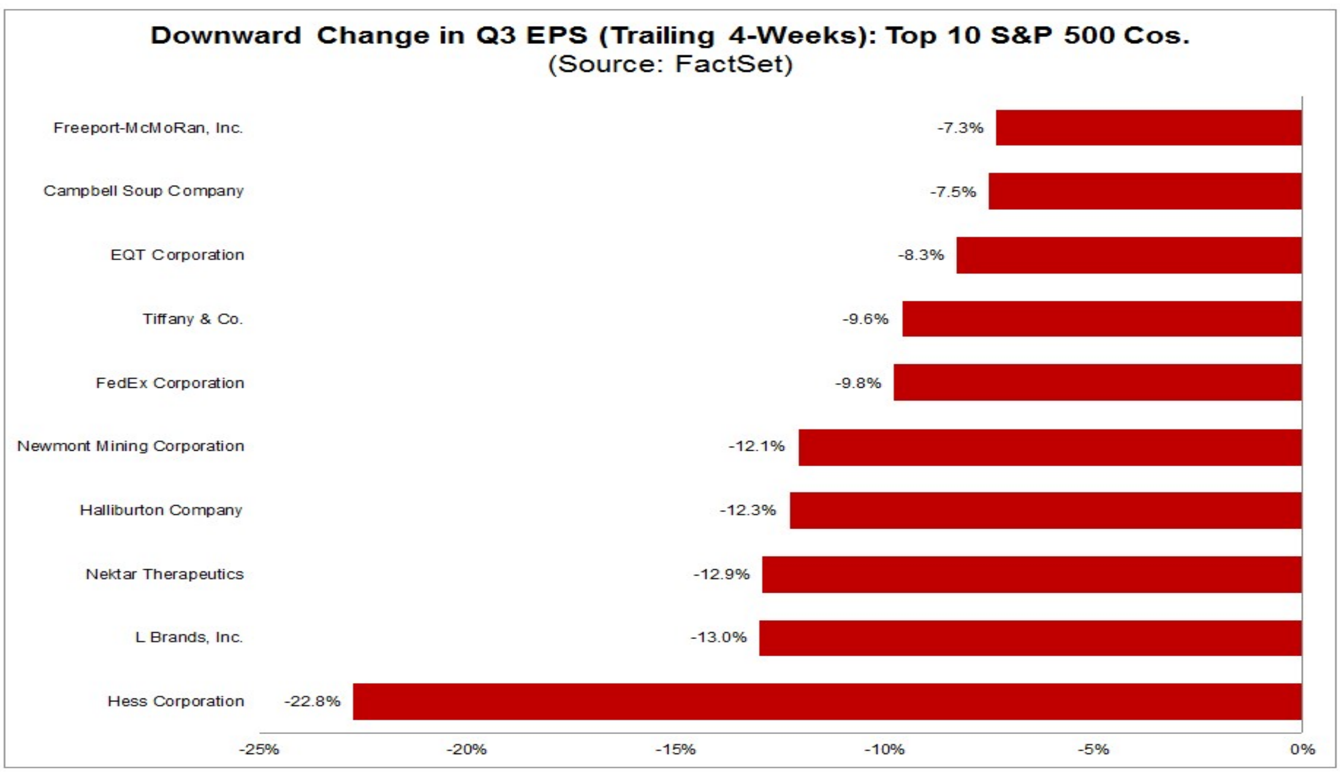
Q3 2018: EPS Guidance



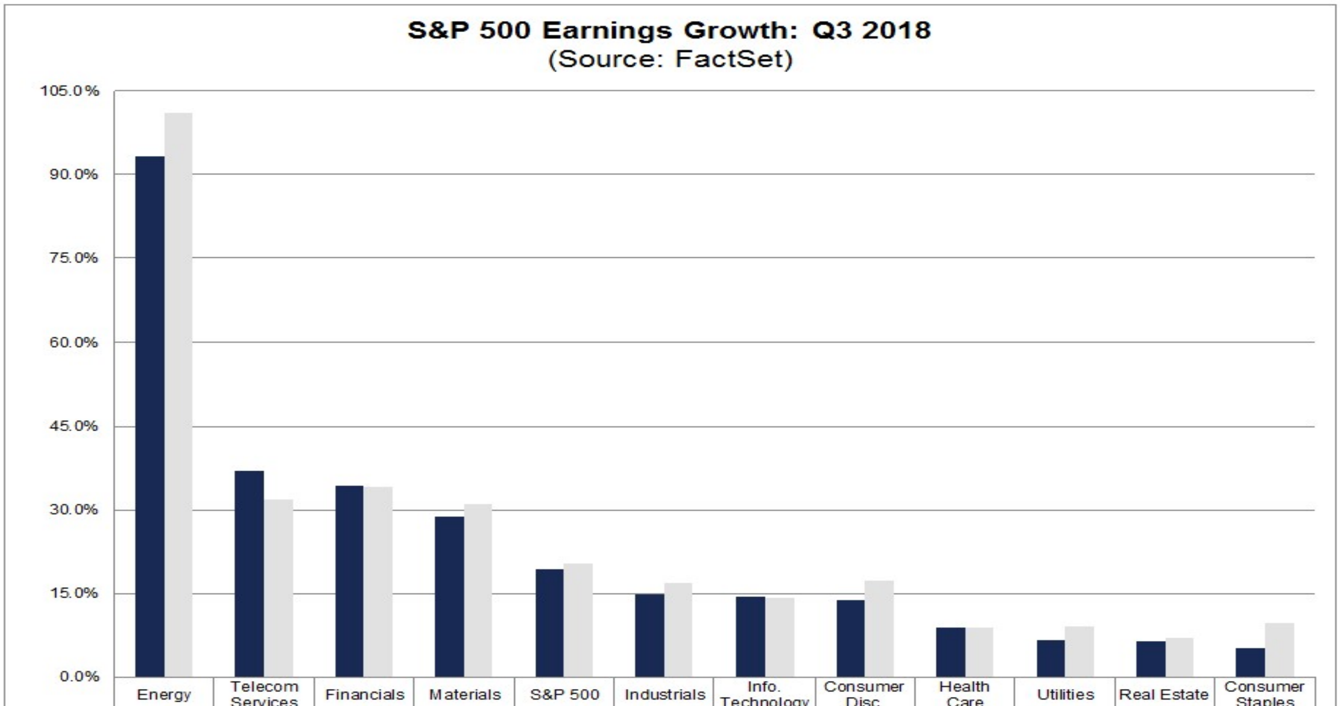


Q3 2018: EPS Revisions

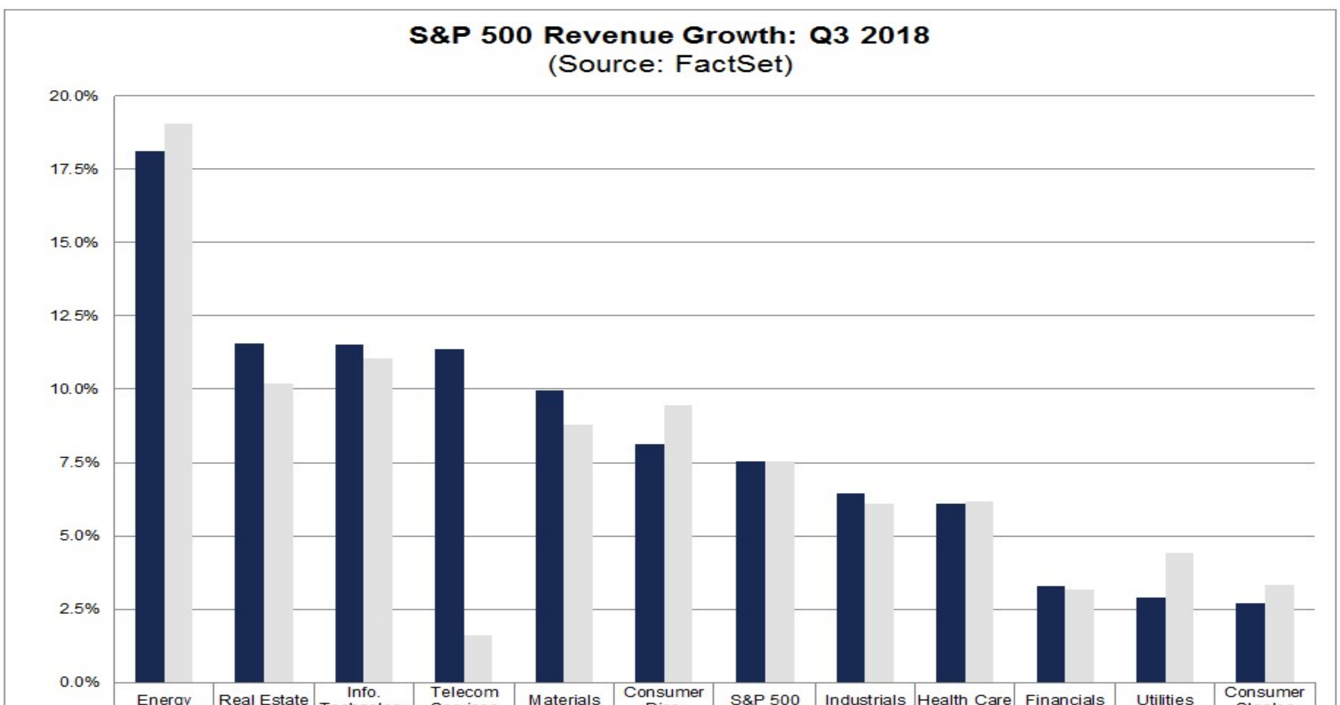




Q3 2018: Growth

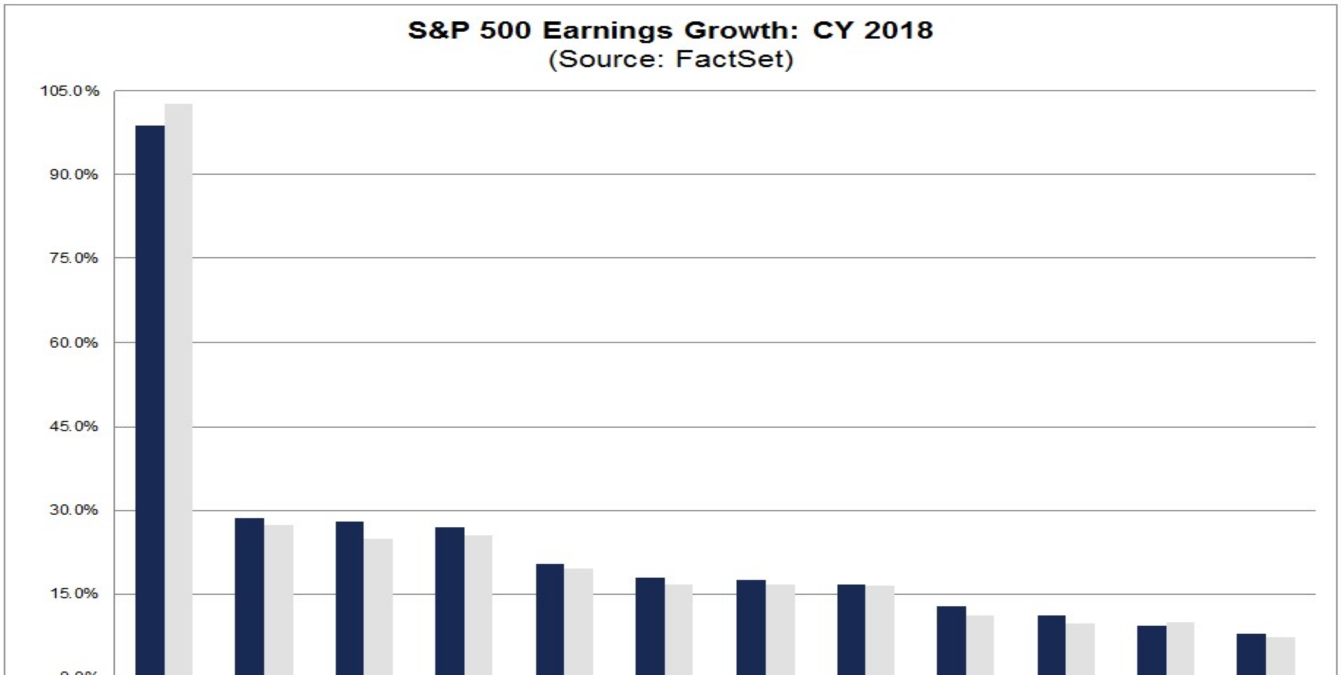


	Energy	Telecom Services	Financials	Materials	S&P 500	Industrials	Info. Technology	Consumer Disc.	Health Care	Utilities	Real Estate	Consumer Staples
Today	93.3%	37.1%	34.5%	28.8%	19.3%	14.9%	14.5%	13.9%	8.9%	6.6%	6.5%	5.3%
30-Jun	101.1%	31.8%	34.1%	31.2%	20.4%	17.0%	14.2%	17.3%	9.0%	9.1%	7.2%	9.7%

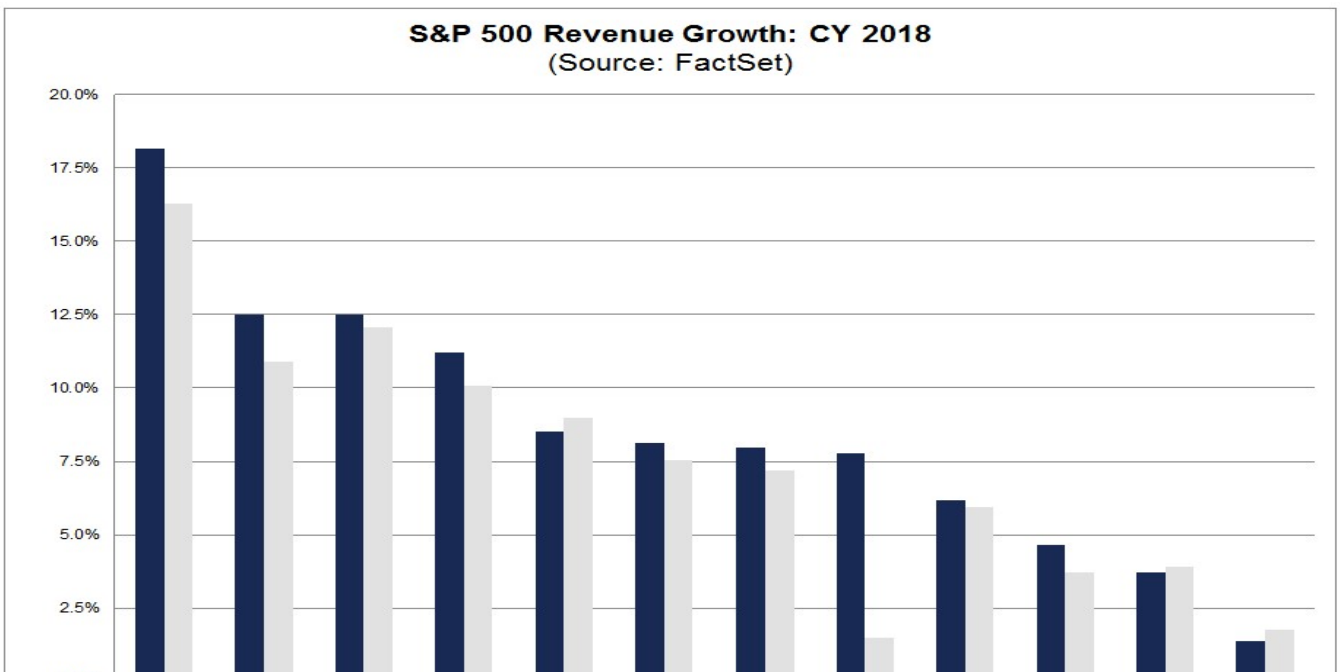


	Energy	Real Estate	Info. Technology	Telecom Services	Materials	Consumer Disc.	S&P 500	Industrials	Health Care	Financials	Utilities	Consumer Staples
Today	18.1%	11.5%	11.5%	11.4%	10.0%	8.2%	7.6%	6.5%	6.1%	3.3%	2.9%	2.7%
30-Jun	19.1%	10.2%	11.0%	1.6%	8.8%	9.5%	7.6%	6.1%	6.2%	3.2%	4.4%	3.4%

CY 2018: Growth

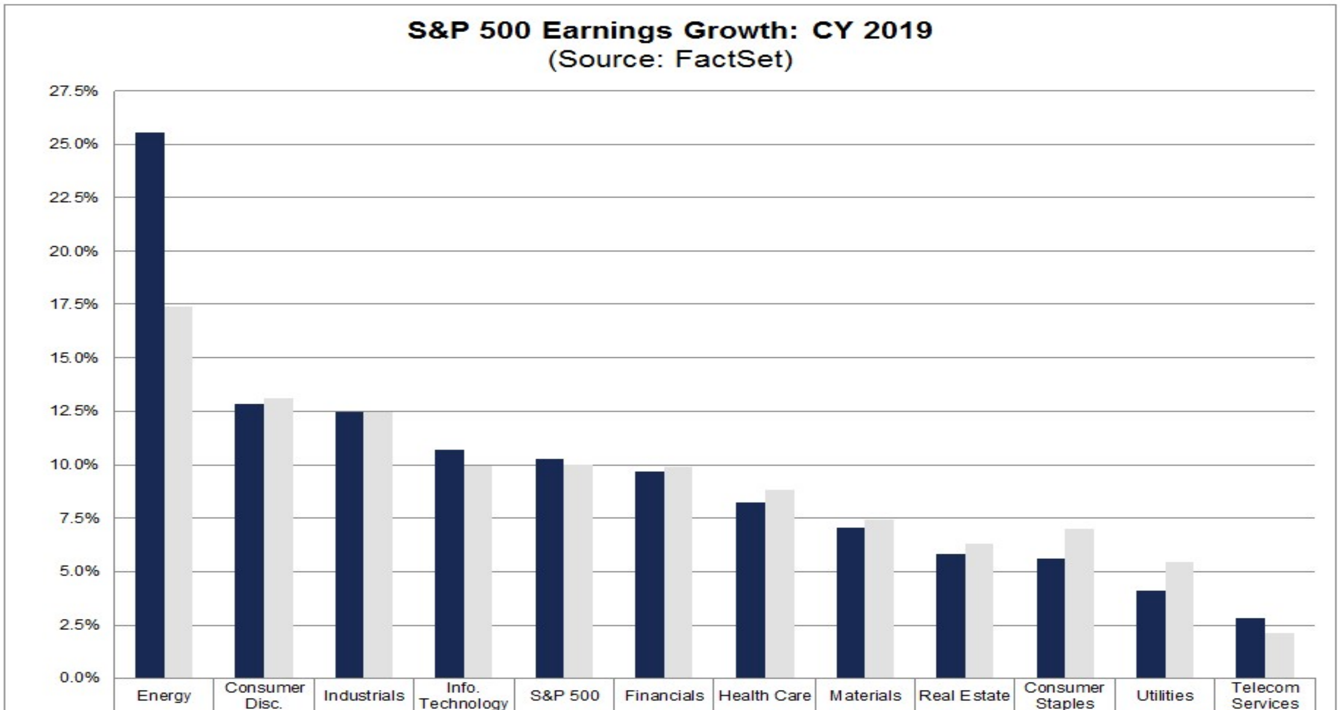


	Energy	Materials	Telecom Services	Financials	S&P 500	Industrials	Consumer Disc.	Info. Technology	Health Care	Utilities	Consumer Staples	Real Estate
Today	98.7%	28.7%	28.0%	27.0%	20.4%	17.9%	17.5%	16.7%	12.9%	11.3%	9.3%	7.9%
30-Jun	102.7%	27.3%	24.9%	25.6%	19.6%	16.6%	16.8%	16.6%	11.2%	9.8%	10.0%	7.3%

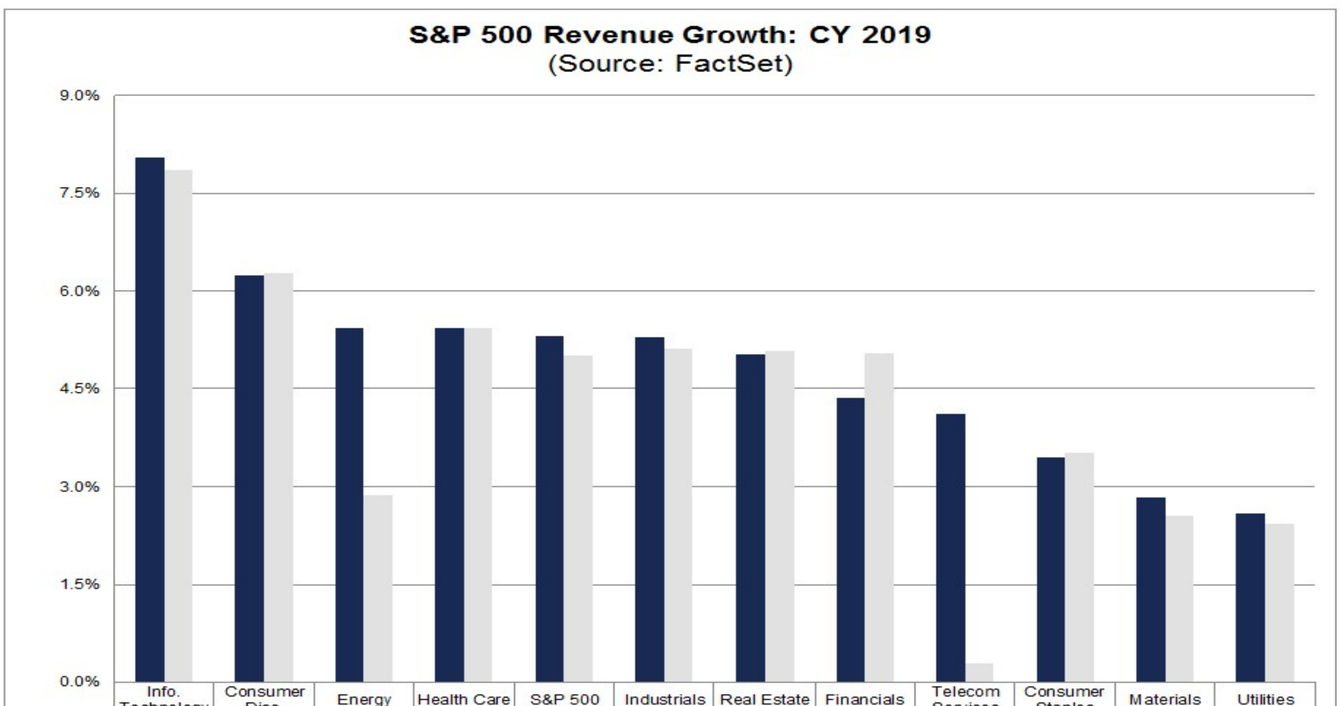


	Energy	Real Estate	Info. Technology	Materials	Consumer Disc.	S&P 500	Industrials	Telecom Services	Health Care	Financials	Consumer Staples	Utilities
Today	18.1%	12.5%	12.5%	11.2%	8.6%	8.1%	8.0%	7.8%	6.2%	4.7%	3.7%	1.4%
30-Jun	16.3%	10.9%	12.1%	10.1%	9.0%	7.6%	7.2%	1.5%	5.9%	3.7%	3.9%	1.8%

CY 2019: Growth

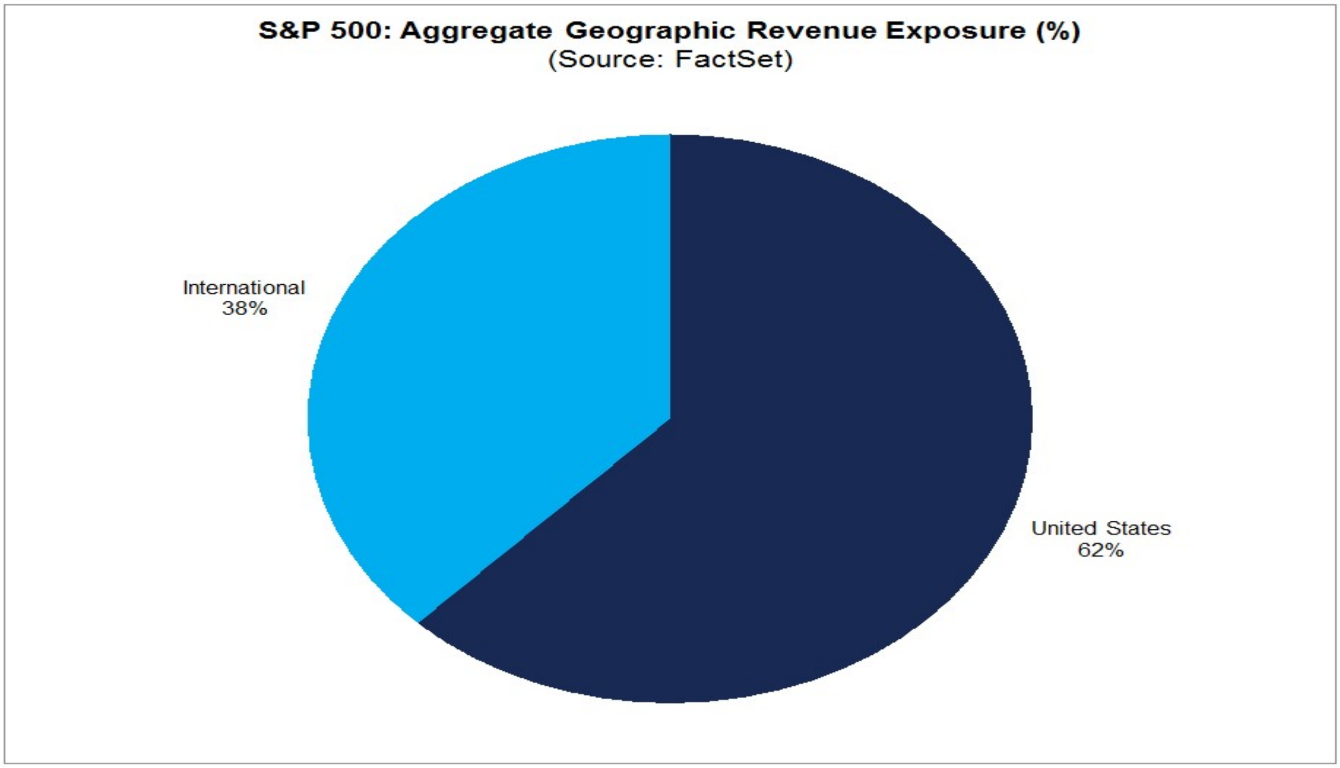


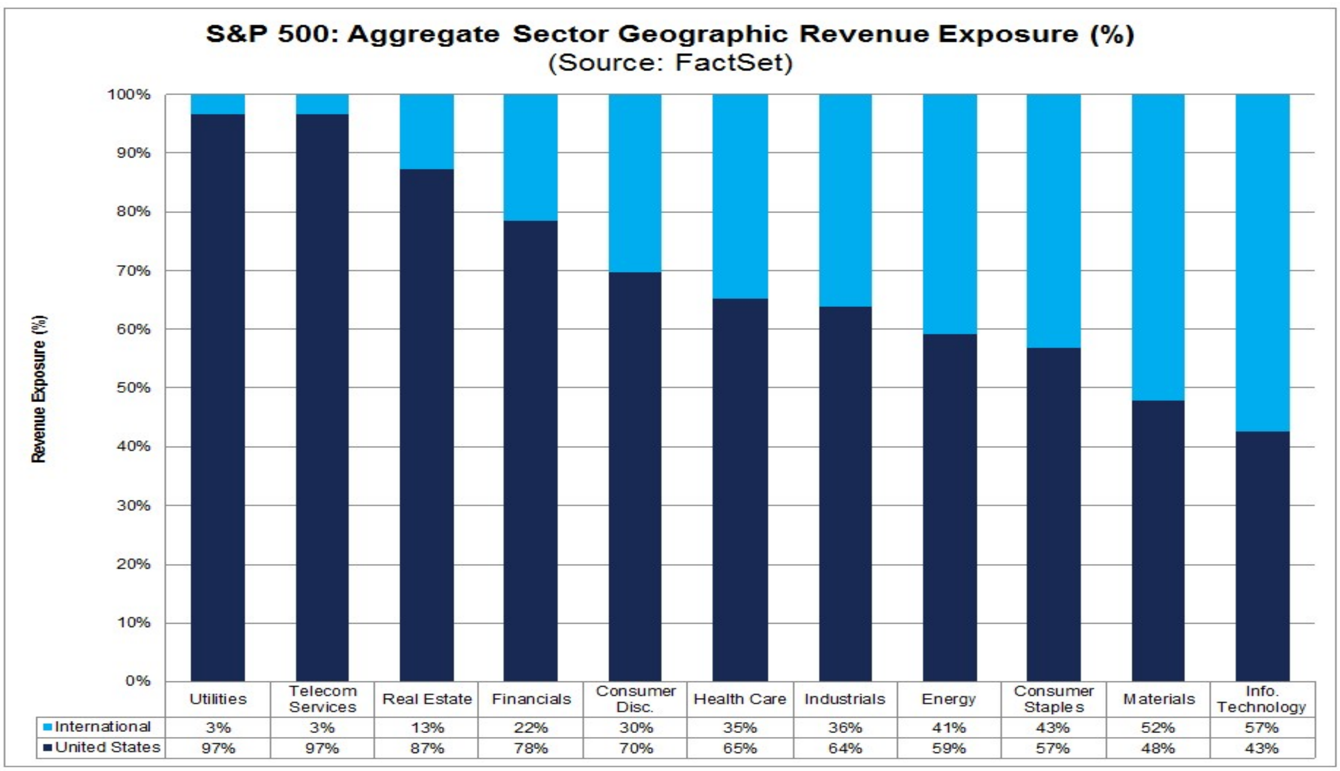
	Energy	Consumer Disc.	Industrials	Info. Technology	S&P 500	Financials	Health Care	Materials	Real Estate	Consumer Staples	Utilities	Telecom Services
Today	25.6%	12.8%	12.5%	10.7%	10.3%	9.7%	8.2%	7.1%	5.9%	5.6%	4.1%	2.8%
30-Jun	17.4%	13.1%	12.5%	10.0%	10.0%	9.9%	8.8%	7.4%	6.3%	7.0%	5.5%	2.1%



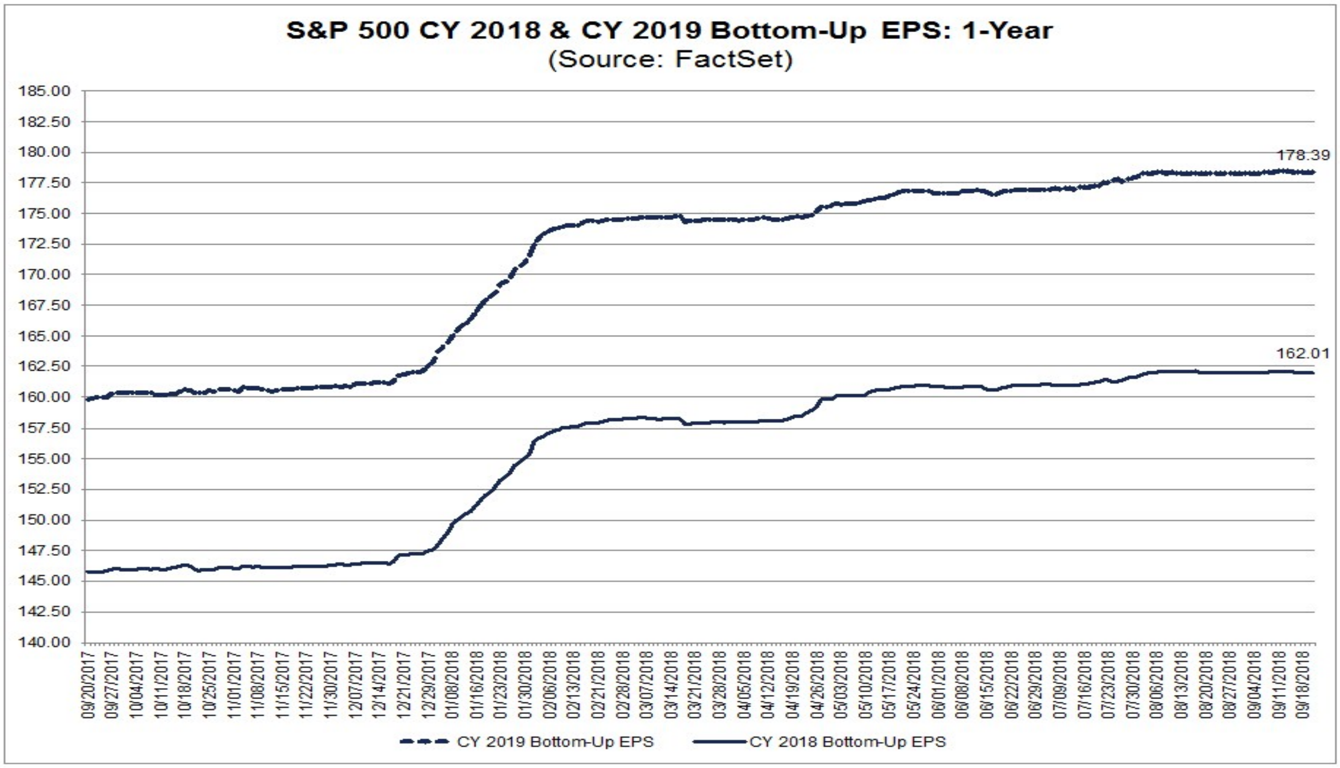
	Info. Technology	Consumer Disc.	Energy	Health Care	S&P 500	Industrials	Real Estate	Financials	Telecom Services	Consumer Staples	Materials	Utilities
Today	8.0%	6.2%	5.4%	5.4%	5.3%	5.3%	5.0%	4.4%	4.1%	3.5%	2.8%	2.6%
30-Jun	7.9%	6.3%	2.9%	5.4%	5.0%	5.1%	5.1%	5.0%	0.3%	3.5%	2.6%	2.4%

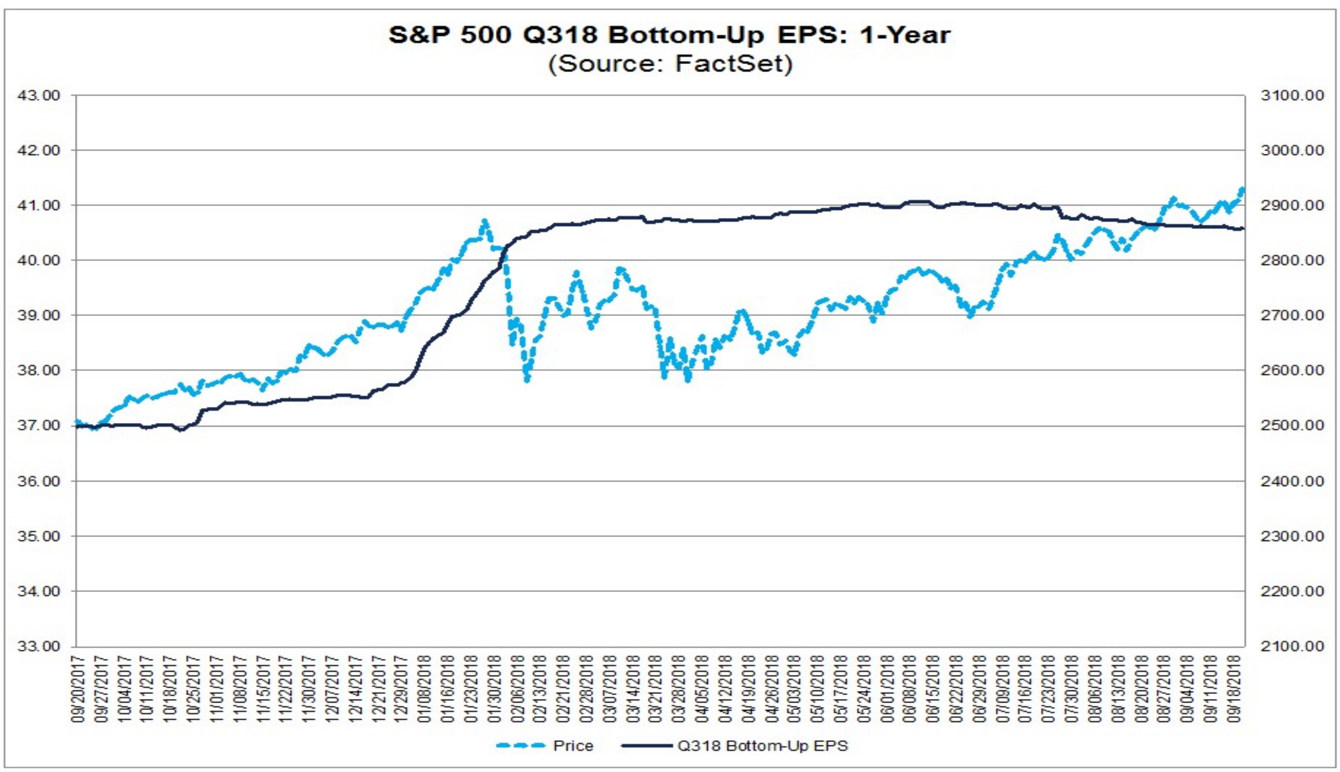
Geographic Revenue Exposure



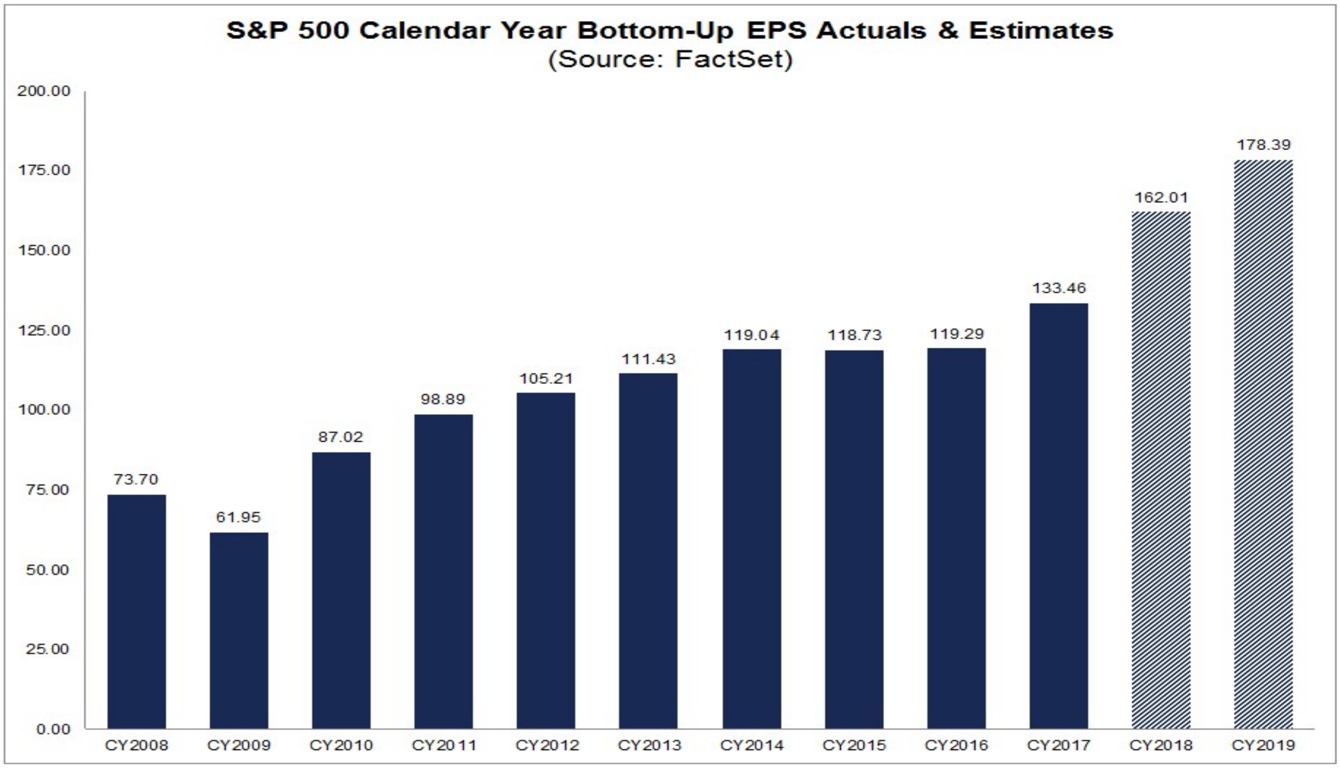


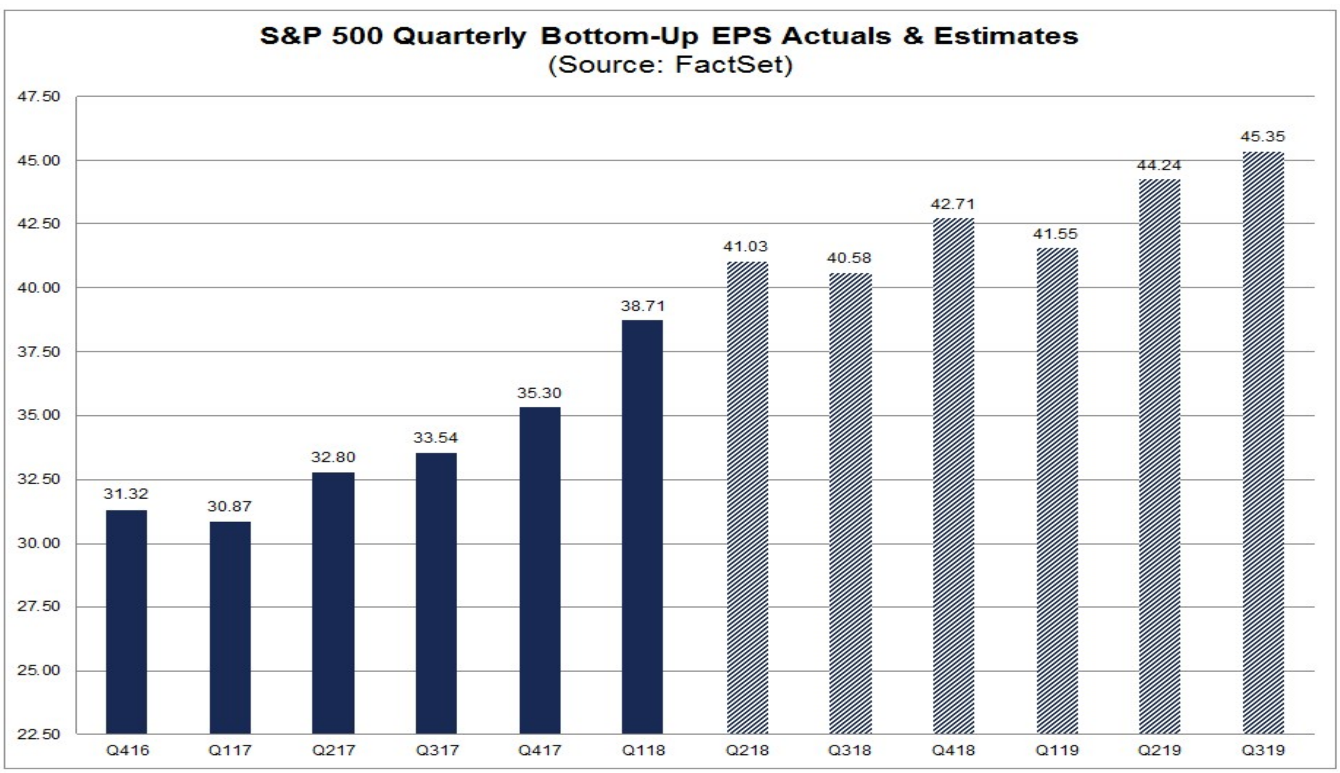
Bottom-up EPS Estimates: Revisions



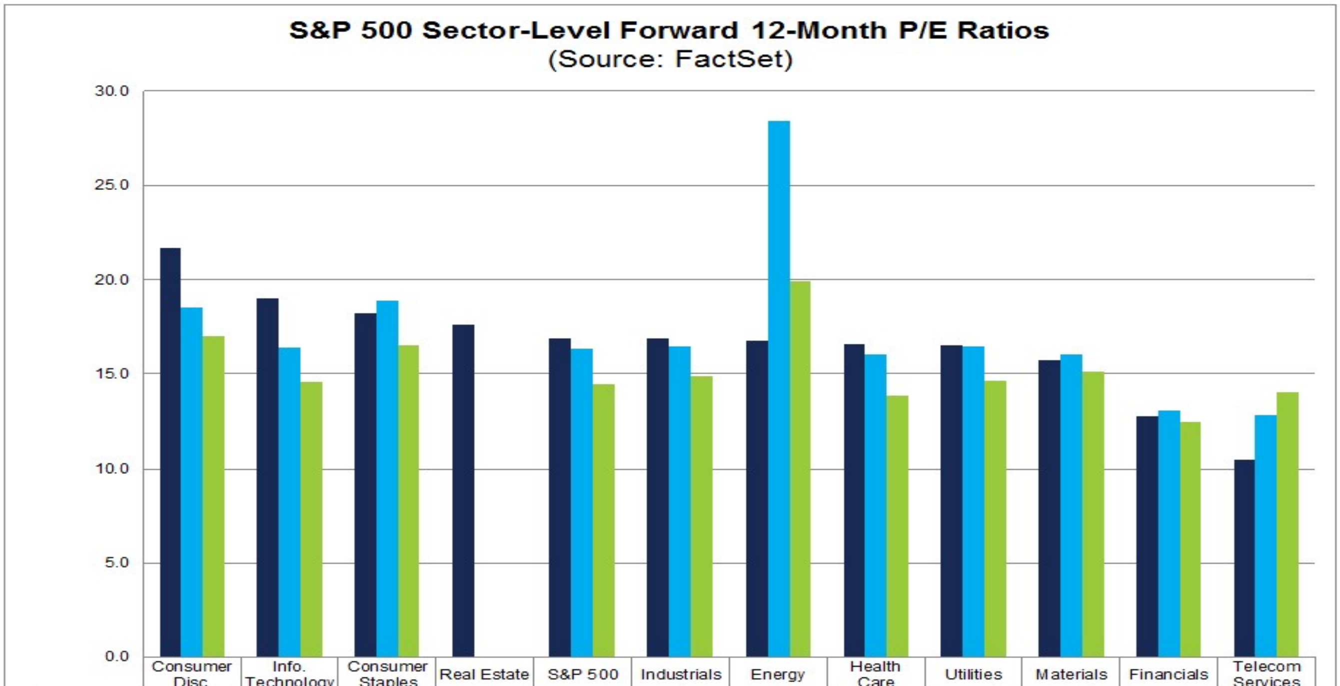


Bottom-up EPS Estimates: Current & Historical

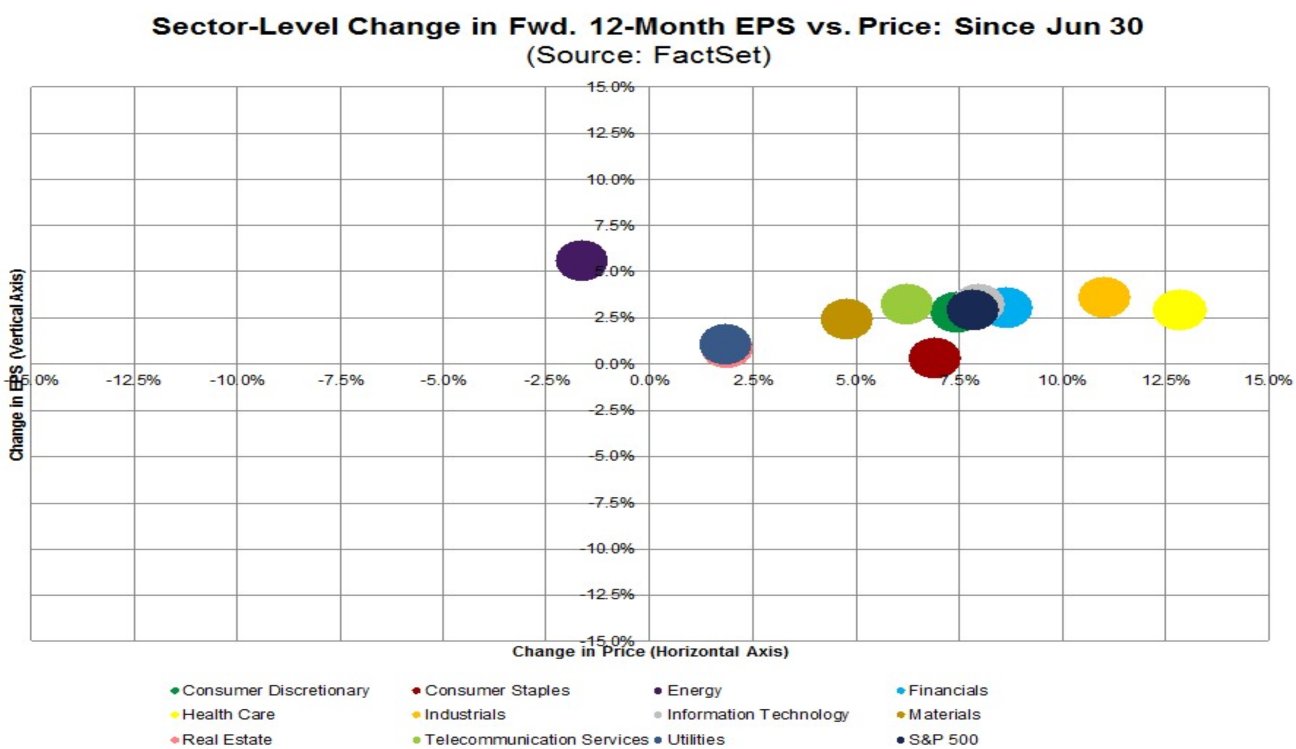




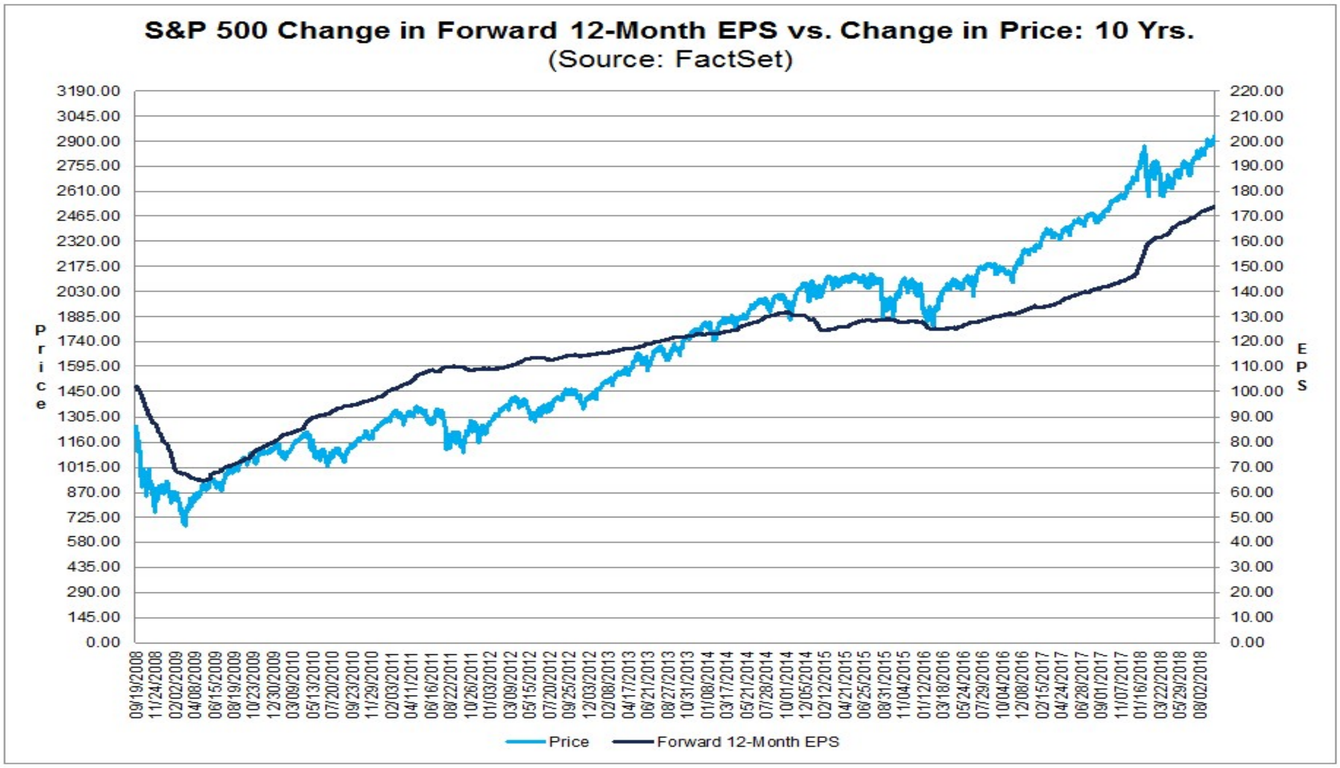
Forward 12M P/E Ratio: Sector Level

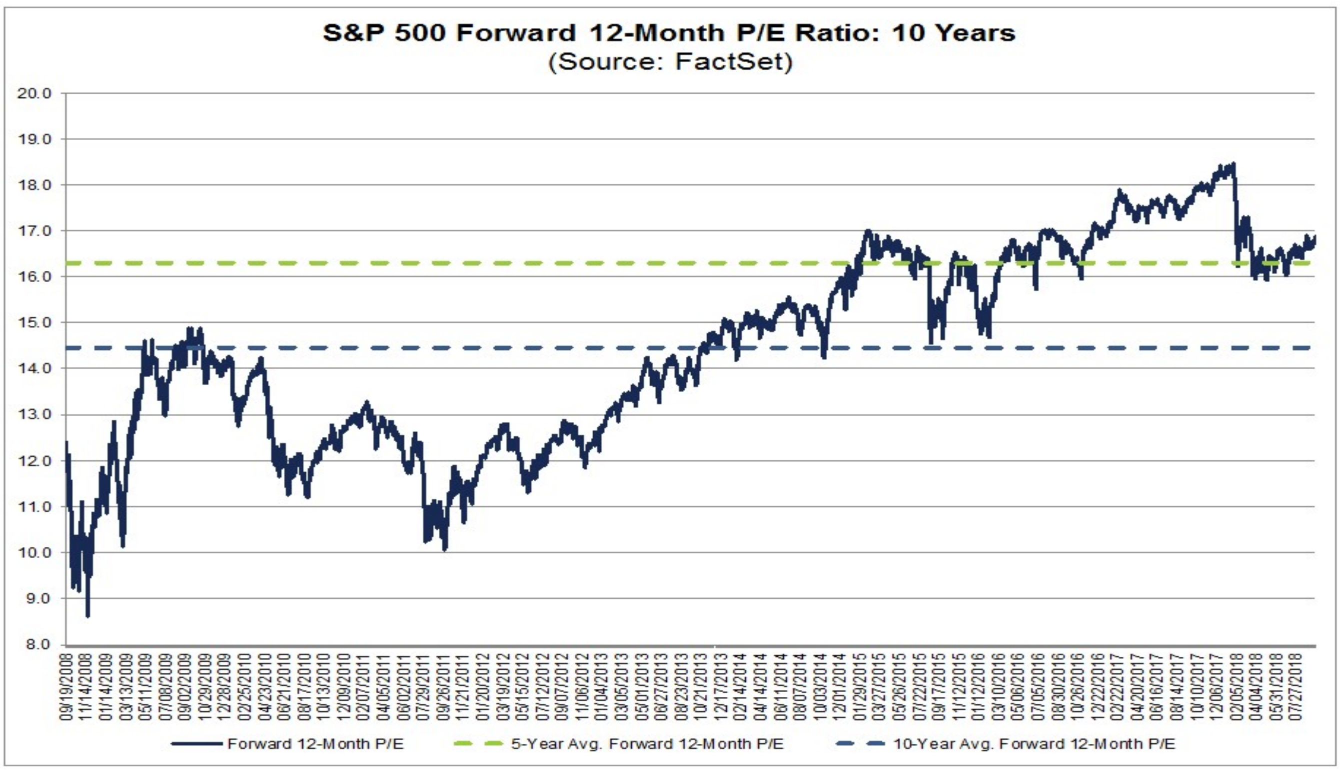


	Consumer Disc.	Info. Technology	Consumer Staples	Real Estate	S&P 500	Industrials	Energy	Health Care	Utilities	Materials	Financials	Telecom Services
Fwd P/E	21.6	19.0	18.2	17.6	16.9	16.8	16.8	16.6	16.5	15.7	12.8	10.5
5-Yr Avg.	18.5	16.4	18.9		16.3	16.4	28.4	16.0	16.4	16.0	13.1	12.9
10-Yr Avg.	17.0	14.6	16.5		14.5	14.9	19.9	13.8	14.6	15.1	12.5	14.0

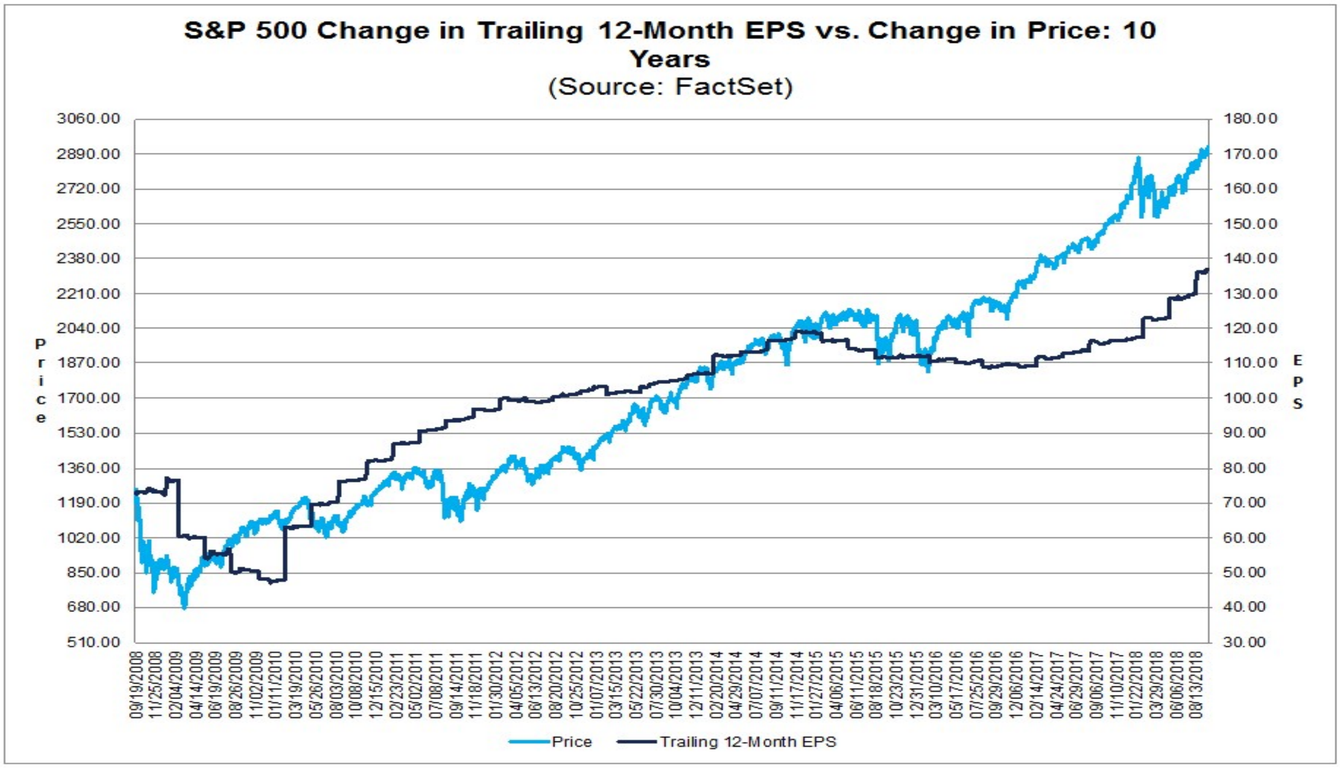


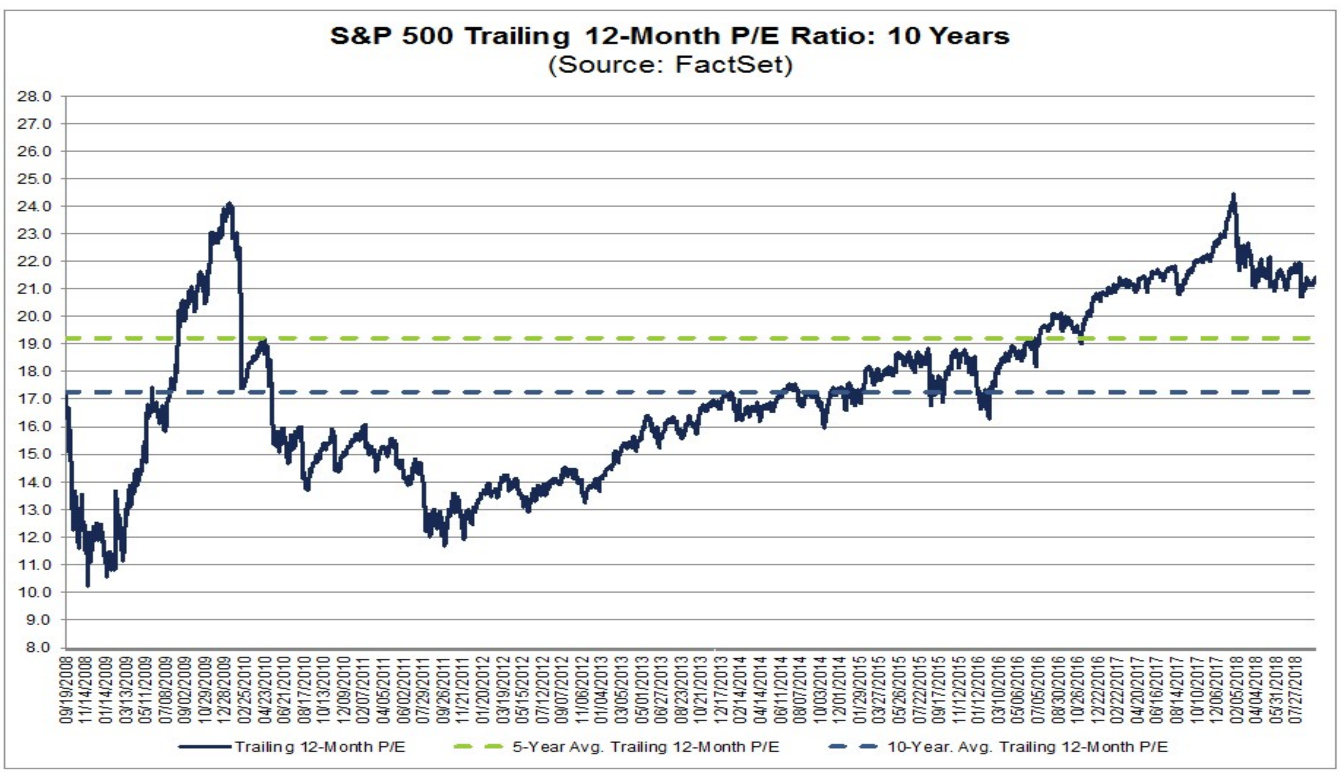
Forward 12M P/E Ratio: Long-Term Averages



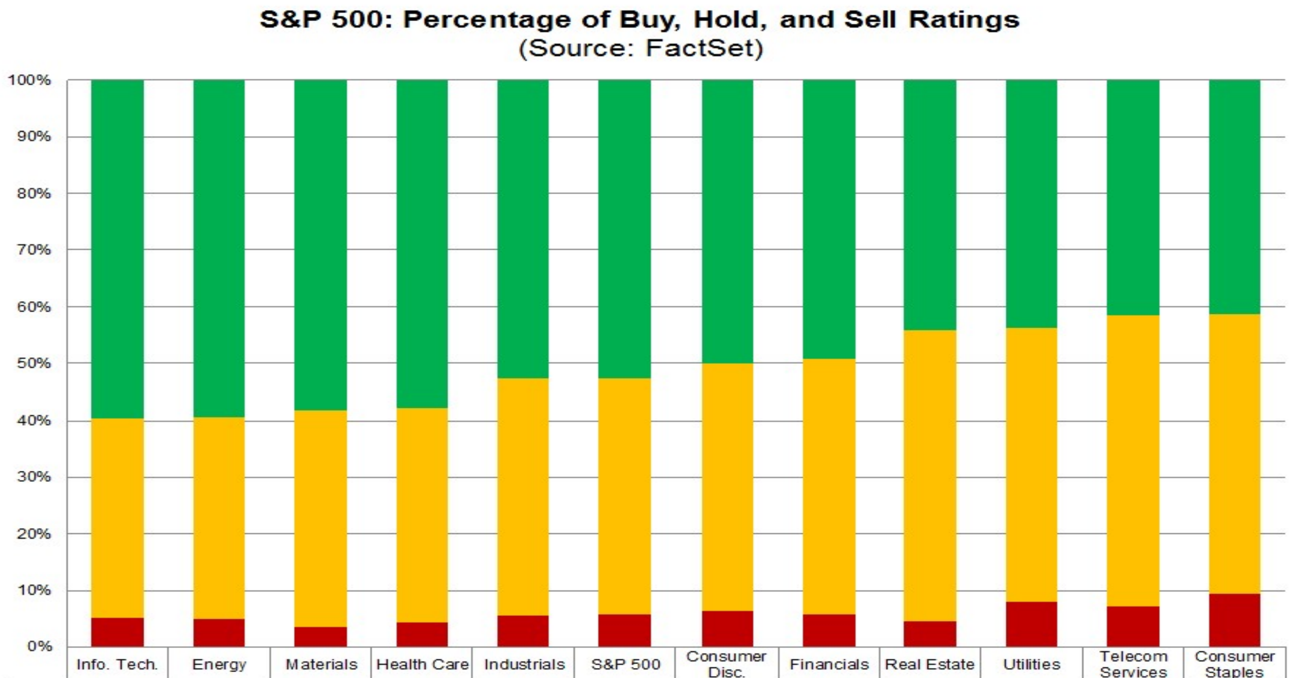


Trailing 12M P/E Ratio: Long-Term Averages





Targets & Ratings



	Info. Tech.	Energy	Materials	Health Care	Industrials	S&P 500	Consumer Disc.	Financials	Real Estate	Utilities	Telecom Services	Consumer Staples
Buy	60%	59%	58%	58%	53%	53%	50%	49%	44%	44%	41%	41%
Hold	35%	36%	38%	38%	42%	42%	43%	45%	51%	48%	51%	49%
Sell	5%	5%	4%	4%	6%	6%	6%	6%	5%	8%	7%	9%

	Energy	Materials	Info. Tech.	Consumer Disc.	S&P 500	Financials	Industrials	Real Estate	Health Care	Utilities	Consumer Staples	Telecom Services
Target/Close	15.4%	11.7%	11.4%	9.2%	8.8%	8.7%	7.7%	6.2%	5.7%	5.2%	4.2%	4.1%

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