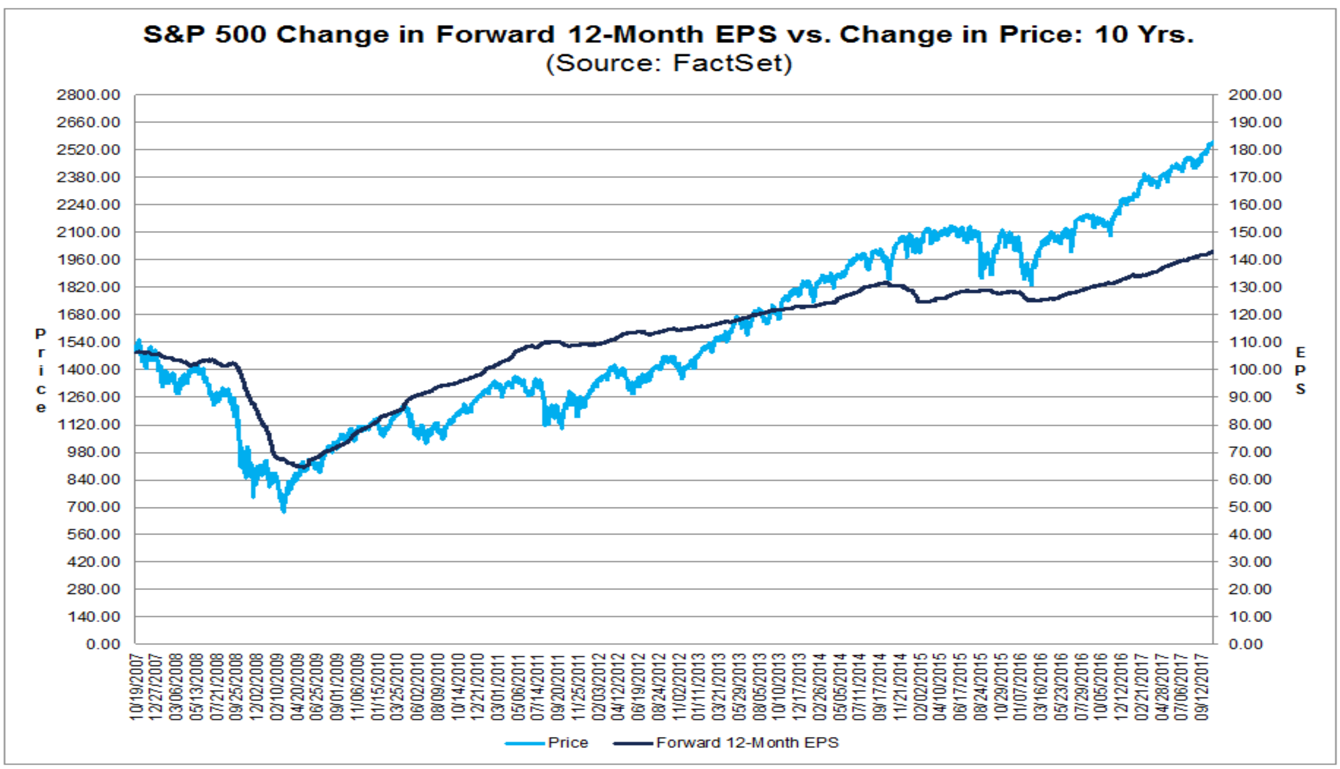
John Butters, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

October 20, 2017

Key Metrics

- **Earnings Scorecard:** For Q3 2017 (with 17% of the companies in the S&P 500 reporting actual results for the quarter), 76% of S&P 500 companies have reported positive EPS surprises and 72% have reported positive sales surprises.
- **Earnings Growth:** For Q3 2017, the blended earnings growth rate for the S&P 500 is 1.7%. Six sectors are reporting earnings growth for the quarter, led by the Energy sector.
- **Earnings Revisions:** On September 30, the estimated earnings growth rate for Q3 2017 was 3.0%. Six sectors have lower growth rates today (compared to September 30) due to downward revisions to earnings estimates and downside earnings surprises, led by the Industrials and Financials sectors.
- **Earnings Guidance:** For Q4 2017, 12 S&P 500 companies have issued negative EPS guidance and 6 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.9. This P/E ratio is above the 5-year average (15.6) and above the 10-year average (14.1).



To receive this report via e-mail, please go to www.factset.com/data/news_research/researchdesk

To view other market stories with FactSet content, please go to www.factset.com/insight

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 S&P 500 Companies as Optimistic on Tax Reform as the Stock Market?

"Under our new framework, you will dramatically cut the business tax rate so that American companies and workers can win against those foreign competitors who are winning, in many cases, because they have an unfair advantage. We will cut the corporate tax rate from 35 percent and more, all the way down to no more than 20 percent -- below the average of our major competitors from other countries." –President Trump (Oct. 11)

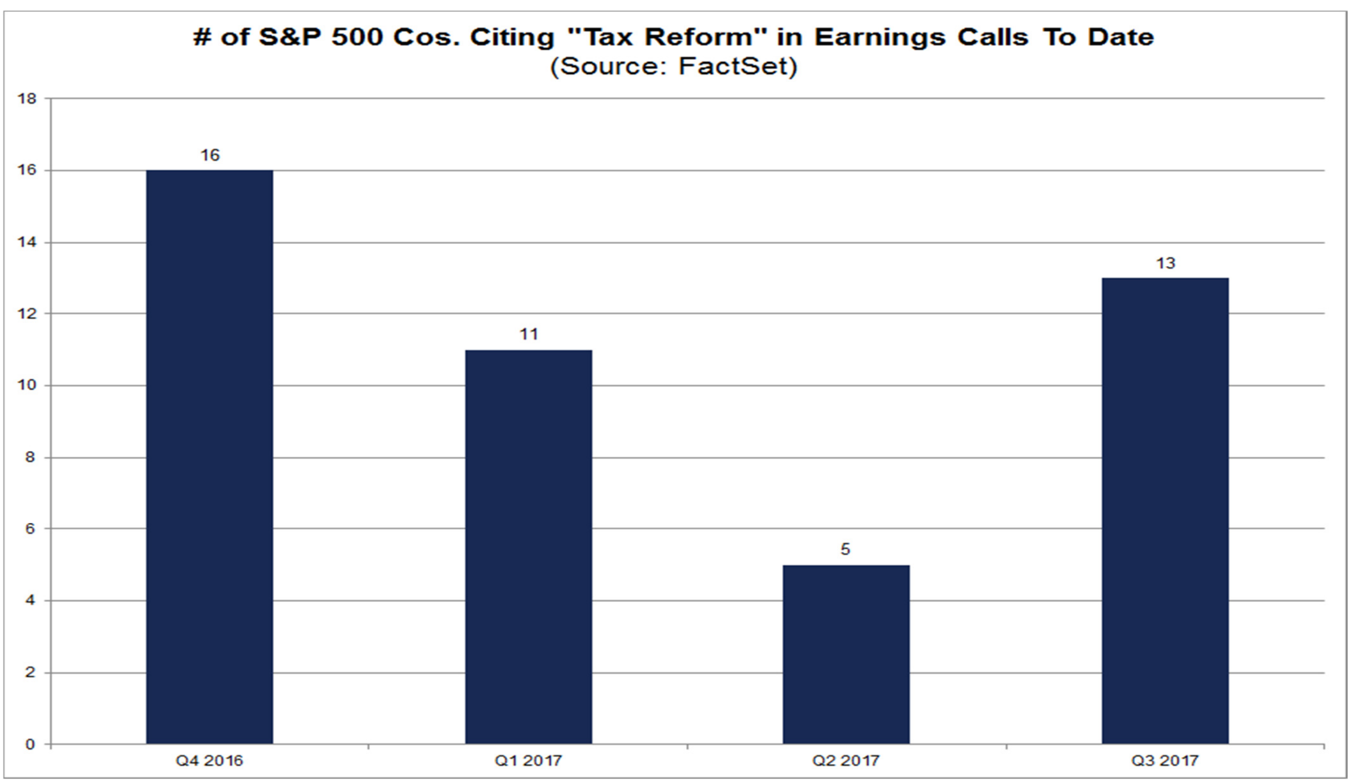
The S&P 500 and Dow Jones Industrials Average both hit all-time high values during the past week. One reason commonly cited for the recent increase in the value of these indices is renewed optimism that Congress will pass tax reform legislation soon.

During each corporate earnings season, it is not unusual for companies to comment on subjects that had an impact on their earnings and revenues for a given quarter, or may have an impact on earnings and revenues for future quarters. While the majority of S&P 500 companies will report earnings results for Q3 2017 over the next few weeks, approximately 12% of the companies in the index (59 companies) had reported earnings results for the third quarter through Wednesday (October 18). Given the renewed focus on tax reform by President Trump and Congress, have companies in the S&P 500 commented on "tax reform" during their earnings conference calls for the third quarter?

To answer this question, FactSet searched for the term "tax reform" in the conference call transcripts of the 52 S&P 500 companies that had conducted third quarter earnings conference calls through October 18.

Of these 52 companies, thirteen cited the term "tax reform" during the call. This number is above the number for Q2 2017 (5) and the number for Q1 2017 (11) through the same point in time in the earnings season. However, it does trail the number for Q4 2016 (14).

Ten of these thirteen companies expressed some positive sentiment about the potential passage or potential impact of tax reform. However, six companies also discussed some uncertainty around the timing or specific details of tax reform. Five companies stated that they (or their clients) were not going to change their outlook or strategic planning decisions due to the renewed focus on tax reform in Washington. Please see the next two pages for comments on tax reform from all 13 S&P 500 companies.



"And, secondarily, I'm still waiting to see on tax reform what that might do, and that could have an impact on our spending as well." –FedEx (Sep. 19)

"Now we still believe that we're going to see tax reform or some evolution that's going to be good for the business but on balance…" –Accenture (Sep. 28)

"This week, the bipartisan proposal came out, but it's really important that we understand the details, right, more specifics around the corporate tax rate reduction, any limitations on certain deductions, which would obviously impact us. But generally speaking, I think the legislation should benefit companies that have a higher percentage of their business in the U.S., which would be us." –ConAgra (Sep. 28)

"The macro environment remains a largely positive one. Growth, while not as high as we would like, remains consistent and we don't see too many economies in distress….And while tax reform remains *a question mark, we do like the direction the administration is going in terms of regulation….So I think as you look around the world today and if you look at the forecast being put out in terms of 2018, at the top level right now, growth is predicted to improve both in the developed and developing markets…Developed markets, we probably were somewhere around 1.5% last year, forecasted just a bit above 2% this year and I think we start to bump up hopefully towards 2.5% next year. And if we get tax reform here in the U.S., obviously, that'll act as a catalyst to those numbers."* –Citigroup (Oct. 12)

"The reality right now is, although I think everyone, and ourselves included, are hopeful obviously that tax reform is done for the right reasons and that the economy responds accordingly. At this point it's not front-and-center in the dialogue we're having with our clients about whether they should or shouldn't do a strategic deal or take an action. So I would say it is neither holding up business nor spurring business, but that could change. So at this point I'd say it's a factor, but not a driving factor and that could change." –JPMorgan Chase (Oct. 12)

"Our commercial clients continue to perform well. They continue to remain optimistic. They continue to look forward to continued implementation of a pro-growth agenda, particularly focused on meaningful tax reform." –Bank of America (Oct. 13)

"Earnings per share increased 12% over the second quarter and 50% from the third quarter of last year. Any prospects for additional rate increases, tax reform and regulatory relief are certainly positive. However, we will continue to control what we can control and believe we are well-positioned for the future to further enhance shareholder value." –Comerica (Oct. 17)

"On tax reform, which you also mentioned, that is certainly a part of our engagement with clients. And I will also note, however, that clients, it seems to us, have moved towards saying well, tax reform would be a good thing, but it's not stopping us from considering strategic acquisitions and sales right now." –Goldman Sachs (Oct. 17)

"Now a word on taxes. As the Chief Financial Officer of one of the largest U.S.-based multinational companies, I'm often asked these days about my perspective on tax reform…Having said all that and still remaining optimistic that something on this front can get done, we are not assuming reform in our 2017 guidance." –Johnson & Johnson (Oct. 17)

"And then finally, let me comment on tax….As we enter the fourth quarter with a seasonally large transaction base, we continue to see an ongoing operational tax rate of 15% plus or minus 3 points as the right range. And as you know, that's not changed since we provided EPS guidance back in January. Remember we widened the range in 2017 because of the tax reform discussions currently underway at a political level. In common with many companies, those tax reform discussions could still result in IBM taking planning actions this year…However, as we sit here today entering the fourth quarter, our views on tax remain unchanged." –IBM (Oct. 17)

"Harlan, I'm not ready to give you a definitive update on that right now. Obviously, we're paying close attention to what's going on relative to tax discussion in Washington. Your guess is as good as mine in terms of what might happen as well as the timing." –Lam Research (Oct. 17)

"This all gets even better if there's tax reforms. I'm hopeful. I wouldn't put odds on it any more than anybody else watching our government. But we're extremely hopeful of a territorial system that gives us access to our cash flows and earnings around the world at a reasonable rate and at a competitive rate, and that does make a difference to us in addressing current debt and cash flows." –Abbott Laboratories (Oct. 18)

"In terms of tax reform, I don't think our view has really changed in terms of what the impact of that might be on the company going forward. But, to be quite honest, we were in Washington here recently. And what's going to ultimately be in the tax reform bill is still moving around a lot even though that there is some framework associated with it. So we're kind of in a wait-and-see mode in all honesty." –U.S. Bancorp (Oct. 18)

Q3 2017 Earnings Season: By the Numbers

Overview

To date, 17% of the companies in the S&P 500 have reported actual results for Q3 2017. In terms of earnings, more companies (76%) are reporting actual EPS above estimates compared to the 5-year average. In aggregate, companies are reporting earnings that are 0.6% above the estimates, which is below the 5-year average. In terms of sales, more companies (72%) are reporting actual sales above estimates compared to 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 growth rate for the third quarter is 1.7% today, which is lower than the earnings growth rate of 2.0% last week. The downside earnings surprise reported by General Electric was mainly responsible for the decrease in the earnings growth rate for the index during the past week. Overall, six sectors are reporting earnings growth, led by the Energy and Information Technology sectors. Five sectors are reporting or are projected to report a year-over-year decline in earnings, led by the Financials sector.

The blended sales growth rate for the third quarter is 5.1% today, which is higher than the sales growth rate of 5.0% last week. During the past week, upside sales surprises reported by companies in the Financials and Industrials sectors were partially offset by downward revisions to sales estimates for companies in the Utilities sector, resulting in a slight uptick in the revenue growth rate for the index. Overall, ten sectors are reporting or are projected to report year-over-year growth in revenues, led by the Energy, Materials, and Information Technology sectors. The only sector reporting a year-over-year decline in revenues is the Telecom Services sector.

During the upcoming week, 189 S&P 500 companies (including 12 Dow 30 components) are scheduled to report results for the third quarter.

For Q4 2017, twelve S&P 500 companies have issued negative EPS guidance and six S&P 500 companies have issued positive EPS guidance.

The forward 12-month P/E ratio is 17.9, which is above the 5-year average and the 10-year average.

Scorecard: More Companies Beating EPS and Revenue Estimates than Average

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

Overall, 17% of the companies in the S&P 500 have reported earnings to date for the third quarter. Of these companies, 76% have reported actual EPS above the mean EPS estimate, 10% have reported actual EPS equal to the mean EPS estimate, and 14% 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 (69%) average.

At the sector level, the Health Care (100%), Telecom Services (100%), and Information Technology (91%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (33%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+0.6%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 0.6% above expectations. This surprise percentage is below the 1-year (+5.1%) average and below the 5-year (+4.2%) average.

The Materials (+58.7%) sector is reporting the largest upside aggregate difference between actual earnings and estimated earnings. On the other hand, the Industrials sector (-17.0%) is reporting the largest downside aggregate difference between actual earnings and estimated earnings.

Market Rewarding Earnings Beats and Punishing Earnings Misses

To date, the market is rewarding upside earnings surprises more than average and punishing downside earnings surprises more than average.

Companies that have reported upside earnings surprises for Q3 2017 have seen an average price increase of +1.6% two days before the earnings release through two days after the earnings. This percentage increase is above the 5-year average price increase of +1.2% during this same window for companies reporting upside earnings surprises.

Companies that have reported downside earnings surprises for Q3 2017 have seen an average price decrease of -2.9% 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 -2.4% during this same window for companies reporting downside earnings surprises.

Percentage of Companies Beating Revenue Estimates (72%) is Above 5-Year Average

In terms of revenues, 72% of companies have reported actual sales above estimated sales and 28% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is well above the 1-year average (61%) and well above the 5-year average (55%).

At the sector level, the Telecom Services (100%), Information Technology (91%), and Consumer Discretionary (90%) sectors have the highest percentages of companies reporting revenues above estimates, while the Real Estate (0%) and Consumer Staples (50%) 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 sales that are 1.0% above expectations. This surprise percentage is above the 1-year (+0.6%) average and above the 5-year (+0.5%) average.

The Information Technology (+2.0%) and Materials (+1.9%) sectors are reporting the largest upside aggregate differences between actual sales and estimated sales, while the Real Estate (-3.1%) sector is reporting the largest downside aggregate difference between actual sales and estimated sales.

Decrease in Blended Earnings Growth This Week Due To GE

Decrease in Blended Earnings Growth This Week Due to GE

The blended earnings growth rate for the S&P 500 for the third quarter is 1.7% today, which is lower than the earnings growth rate of 2.0% last week. The downside earnings surprise reported by General Electric ($0.29 vs. $0.49) was mainly responsible for the decrease in the overall earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Industrials sector declined from 2.2% to -3.3% during this period.

Slight Increase in Blended Revenue Growth This Week

The blended sales growth rate for the third quarter is 5.1% today, which is higher than the sales growth rate of 5.0% last week. During the past week, upside sales surprises reported by companies in the Financials and Industrials sectors were partially offset by downward revisions to sales estimates for companies in the Utilities sector, resulting in a slight uptick in the revenue growth rate for the index.

Industrials and Financials Sector Have Seen Largest Decreases in Earnings Growth since September 30

The blended earnings growth rate for Q3 2017 of 1.7% is smaller than the estimate of 3.0% at the end of the third quarter (September 30). Four sectors have recorded an increase in earnings growth since the end of the quarter due to upward revisions to earnings estimates and upside earnings surprises, led by the Energy (to 119.3% from 109.6%) sector. One sector (Consumer Staples) has recorded no change in earnings growth since September 30. Six sectors have recorded a decrease in earnings growth during this time due to downward revisions to estimates and downside earnings surprises, led by the Industrials (to -3.3% from 2.5%) and Financials (to -10.1% from -5.6%) sectors.

Earnings Growth: 1.7%

The blended (year-over-year) earnings growth rate for Q3 2017 is 1.7%. Six sectors are reporting year-over-year growth in earnings, led by the Energy and Information Technology sectors. On the other hand, five sectors are reporting or are expected to report a year-over-year decline in earnings, led by the Financials sector.

Energy: Highest Earnings Growth on Easy Comparison to Low Year-Ago Earnings

The Energy sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 119.3%. At the sub-industry level, all six sub-industries in the sector are reporting or are projected to report earnings growth: Oil & Gas Exploration & Production (N/A due to year-ago loss), Oil & Gas Drilling (N/A due to year-ago loss), Oil & Gas Equipment & Services (240%), Oil & Gas Refining & Marketing (77%), Integrated Oil & Gas (44%), and Oil & Gas Storage & Transportation (12%).

The unusually high growth rate for the sector is mainly due to unusually low earnings in the year-ago quarter. On a dollar-level basis, the Energy sector is reporting earnings of $10.0 billion in Q3 2017, compared to earnings of 4.6 billion in Q3 2016. This sector is also one of the top two contributors (along with the Information Technology sector) to earnings growth for the S&P 500. If the Energy sector were excluded, the blended earnings growth rate for the remaining ten sectors would fall to -0.2% from 1.7%.

Information Technology: Semiconductor Industry Leads Growth

The Information Technology sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 9.0%. At the industry level, five of the seven industries in this sector are reporting or are predicted to report earnings growth. Only one of these five industries is reporting double-digit earnings growth: Semiconductor & Semiconductor Equipment (31%). The Semiconductor & Semiconductor Equipment industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Information Technology sector would fall to 3.9% from 9.0%. At the company level, Micron Technology is the largest contributor to earnings growth for the sector. The company reported actual EPS of $2.02 for Q3 2017, compared to year-ago EPS of -$0.05. If Micron Technology alone were excluded, the blended earnings growth rate for the Information Technology sector would fall to 5.0% from 9.0%.

This sector is one of the top two contributors (along with the Energy sector) to earnings growth for the S&P 500. If the Information Technology sector were excluded, the blended earnings growth rate for the remaining ten sectors would fall to -0.1% from 1.7%.

Financials: Insurance Industry Leads Decline

The Financials sector is reporting the highest (year-over-year) earnings decline of all eleven sectors at -10.1%. At the industry level, two of the five industries in this sector are reporting or are predicted to report a decline in earnings, led by the Insurance industry (-66%). This industry is also the largest contributor to the earnings decline for the sector. If the Insurance industry were excluded, the blended earnings growth rate for the Financials sector would increase to 4.7% from -10.1%.

This sector is also the top detractor to earnings growth for the entire S&P 500. If the Financials sector were excluded, the blended earnings growth rate for the remaining ten sectors would rise to 4.4% from 1.7%.

Revenue Growth: 5.1%

The blended (year-over-year) revenue growth rate for Q3 2017 is 5.1%. Ten sectors are reporting or are expected to report year-over-year growth in revenues, led by the Energy, Materials, and Information Technology sectors. The only sector that is reporting a decline in revenues is the Telecom Services sector.

Energy: Highest Revenue Growth

The Energy sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 17.8%. At the sub-industry level, five of the six sub-industries in the sector are reporting or are predicted to report revenue growth: Oil & Gas Equipment & Services (53%), Oil & Gas Drilling (49%), Oil & Gas Refining & Marketing (28%), Integrated Oil & Gas (12%), and Oil & Gas Storage & Transportation (2%). On the other hand, the Oil & Gas Exploration & Production (-3%) sub-industry is the only sub-industry that is expected to report a year-over-year decline in earnings.

This sector is the largest contributor to revenue growth for the S&P 500. If the Energy sector were excluded, the blended revenue growth rate for the index would fall to 4.1% from 5.1%.

Materials: DowDuPont Leads Growth on Easy Comparison to Standalone Revenue for Dow Chemical

The Materials sector is reporting the second highest (year-over-year) revenue growth of all eleven sectors at 12.6%. At the industry level, all four industries in this sector are reporting or are predicted to report revenue growth, led by the Chemicals (16%) and Metals & Mining (11%) industries. At the company level, DowDuPont is expected to be the largest contributor to revenue growth for the sector. However, the mean revenue estimate for Q3 2017 ($17.6 billion) reflects the combined DowDuPont company, while the year-ago revenue actual for Q3 2016 ($12.5 billion) reflects the standalone Dow Chemical company. This apples-to-oranges comparison is the main reason DowDuPont is expected to be the key driver of revenue growth for the sector. If DowDuPont were excluded, the blended revenue growth rate for the sector would fall to 6.9% from 12.6%.

Information Technology: Internet Software & Services Leads Growth

The Information Technology sector is reporting the third highest (year-over-year) revenue growth of all eleven sectors at 8.3%. At the industry level, five of the seven industries in this sector are reporting or are predicted to report revenue growth. Three of these five industries are reporting double-digit revenue growth: Internet Software & Services (22%), Semiconductor & Semiconductor Equipment (14%), and IT Services (12%).

Telecom Services: 2 of 4 Companies to Report Sales Decline

The Telecom Services sector is the only sector that is reporting a (year-over-year) decline in revenues at -0.3%. Two of the four companies in the sector are projected to report a sales decline for the quarter, led by CenturyLink (-7%).

Looking Ahead: Forward Estimates and Valuation

Earnings Guidance: Below Average % of Negative EPS Guidance For Q4 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 Q4 2017. Of these 18 companies, 12 have issued negative EPS guidance and 6 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 67% (12 out of 18), which is below the 5-year average of 75%.

Growth Expected to Rebound to Double-Digit Levels after Q3

For the third quarter, companies are reporting earnings growth of 1.7% and revenue growth of 5.1%. Analysts currently expect earnings to rebound to double-digit levels over the next few quarters.

For Q4 2017, analysts are projecting earnings growth of 11.4% and revenue growth of 5.9%.

For Q1 2018, analysts are projecting earnings growth of 10.7% and revenue growth of 6.3%.

For Q2 2018, analysts are projecting earnings growth of 10.4% and revenue growth of 6.1%.

For all of 2017, analysts are projecting earnings growth of 9.2% and revenue growth of 5.9%.

Valuation: Forward P/E Ratio is 17.9, above the 10-Year Average (14.1)

The forward 12-month P/E ratio is 17.9. This P/E ratio is above the 5-year average of 15.6, and above the 10-year average of 14.1. It is also above the forward 12-month P/E ratio of 17.8 recorded at the start of the fourth quarter (September 30). Since the start of the fourth quarter, the price of the index has increased by 1.7%, while the forward 12-month EPS estimate has increased by 0.7%.

At the sector level, the Energy (28.0) sector has the highest forward 12-month P/E ratio, while the Telecom Services (12.3) sector has the lowest forward 12-month P/E ratio. Nine sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Energy (28.0 vs. 18.9) sector. One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (12.3 vs. 14.2). Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 8% Increase in Price Over Next 12 Months

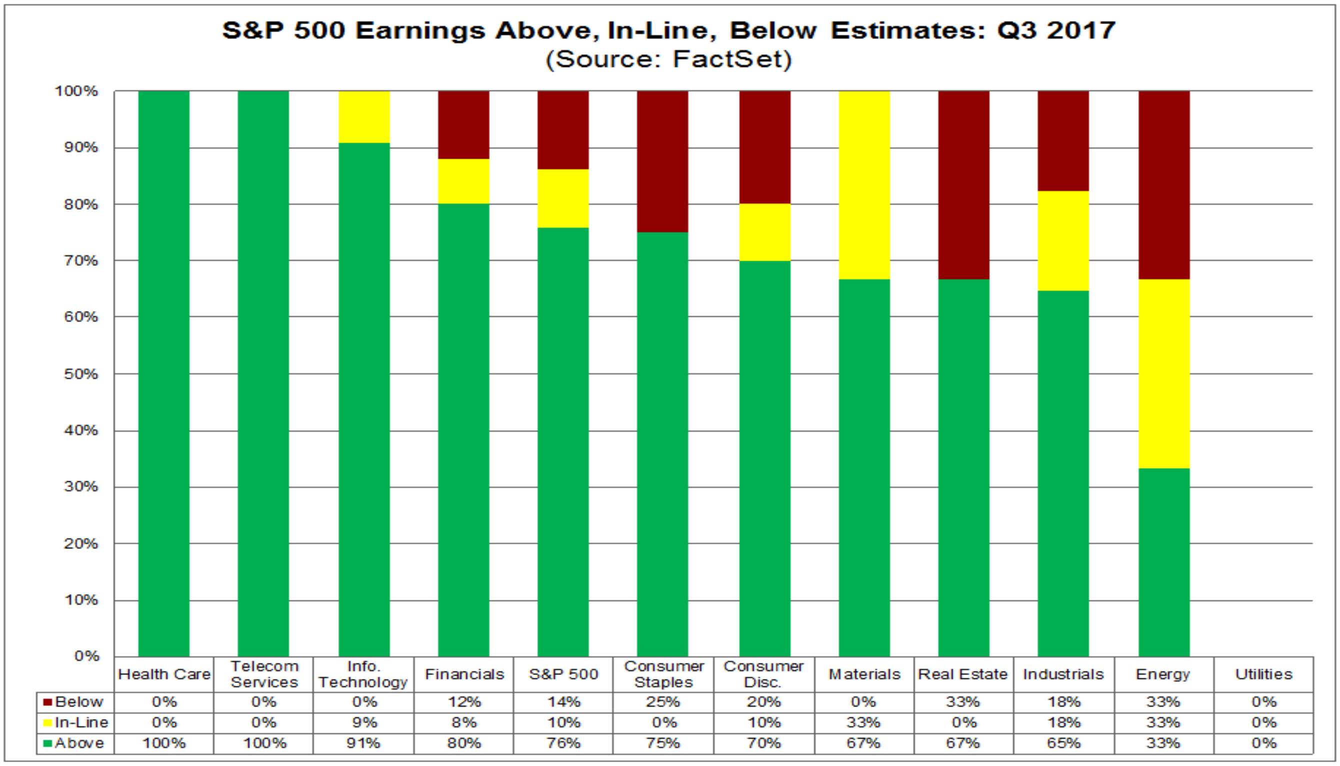
The bottom-up target price for the S&P 500 is 2762.31, which is 7.8% above the closing price of 2562.10. At the sector level, the Consumer Discretionary (+12.0%) has the largest upside difference between the bottom-up target price and the closing price, while the Utilities (+1.1%) sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 11,102 ratings on stocks in the S&P 500. Of these 11,102 ratings, 49.3% are Buy ratings, 45.4% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Information Technology (58%), Energy (56%), and Health Care (56%) sectors have the highest percentages of Buy ratings, while 6 sectors are tied for the highest percentage of Sell ratings at 6%.

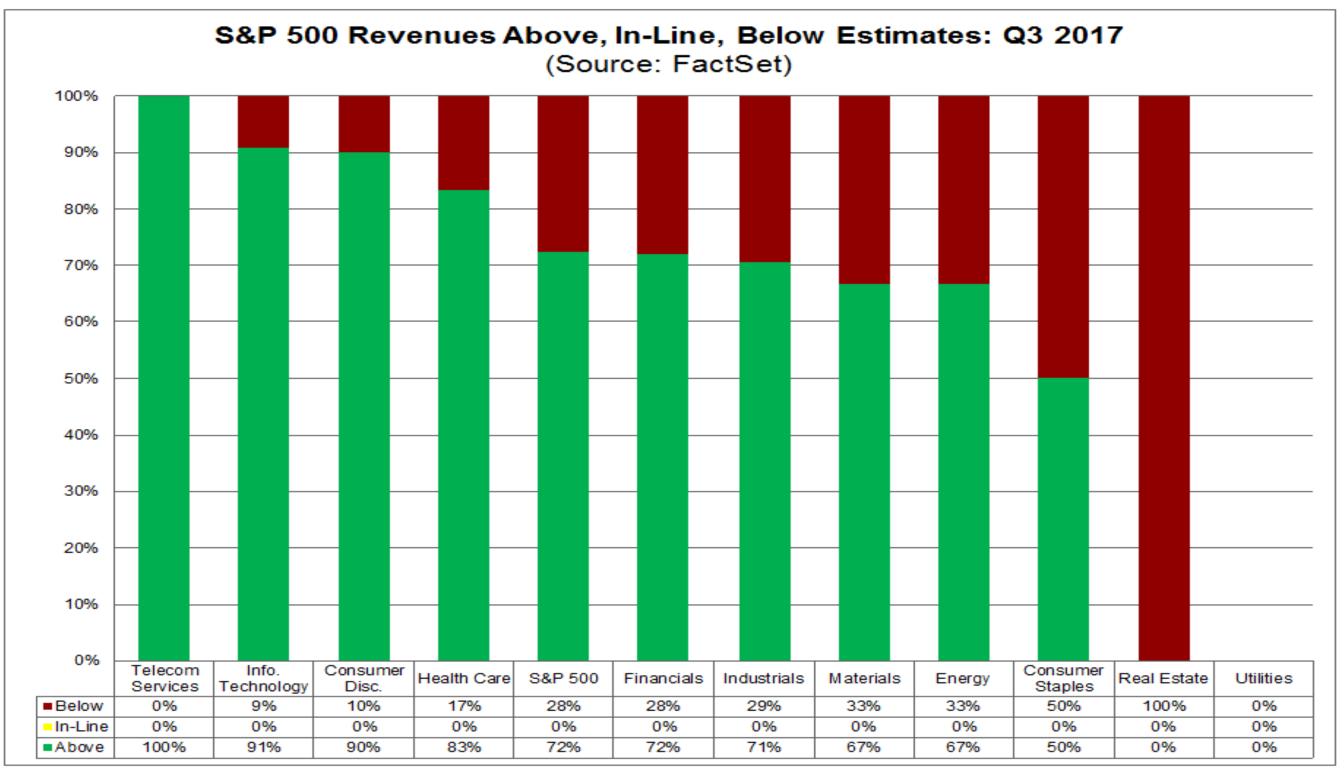
Companies Reporting Next Week: 189

During the upcoming week, 189 S&P 500 companies (including 12 Dow 30 components) are scheduled to report results for the third quarter.

Q3 2017: Scorecard

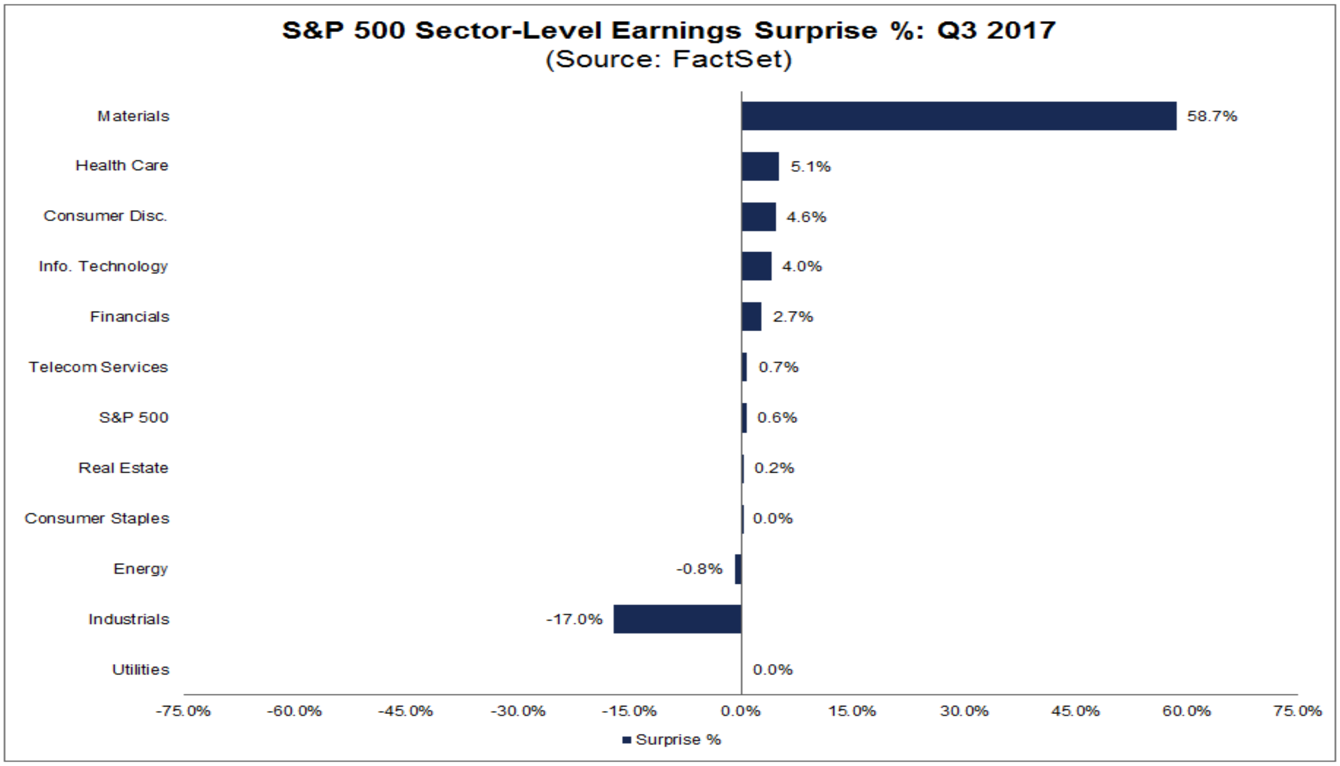


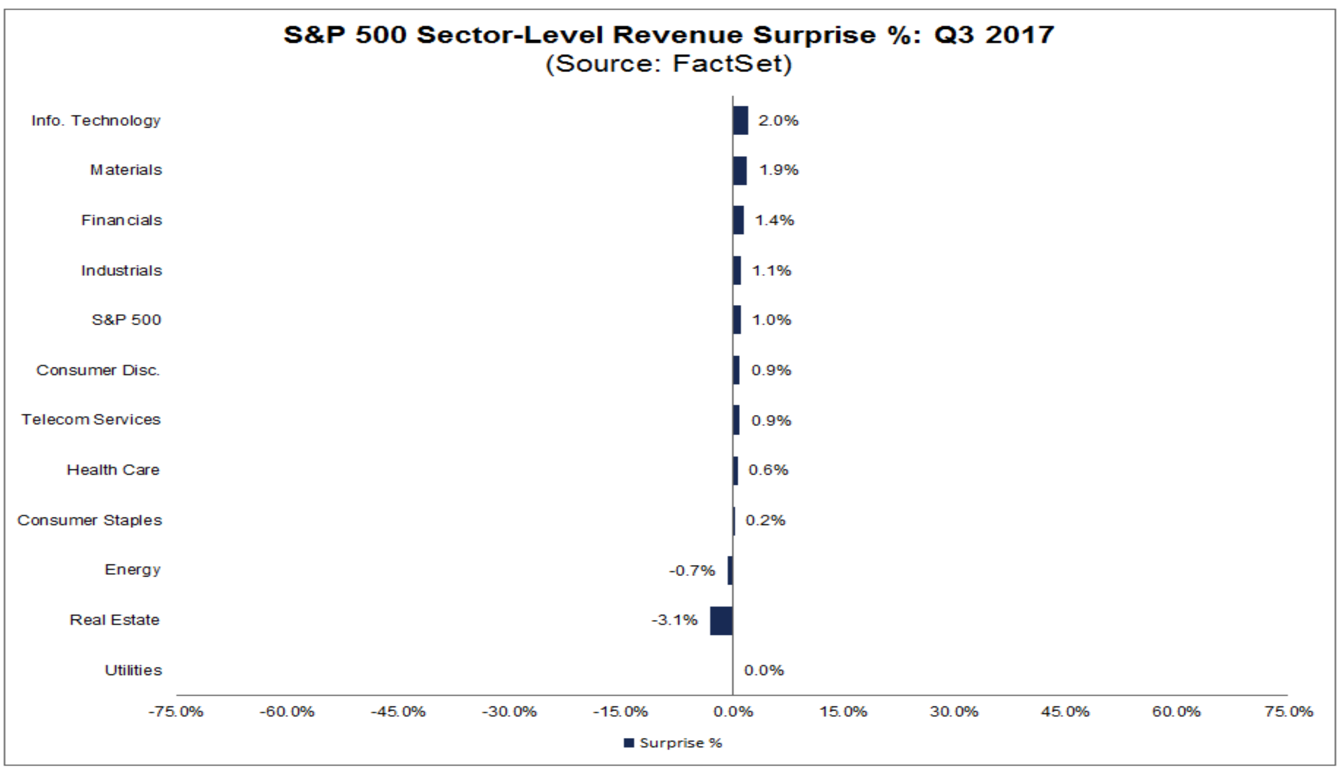
	Health Care	Telecom Services	Info. Technology	Financials	S&P 500	Consumer Staples	Consumer Disc.	Materials	Real Estate	Industrials	Energy	Utilities
Below	0%	0%	0%	12%	14%	25%	20%	0%	33%	18%	33%	0%
In-Line	0%	0%	9%	8%	10%	0%	10%	33%	0%	18%	33%	0%
Above	100%	100%	91%	80%	76%	75%	70%	67%	67%	65%	33%	0%



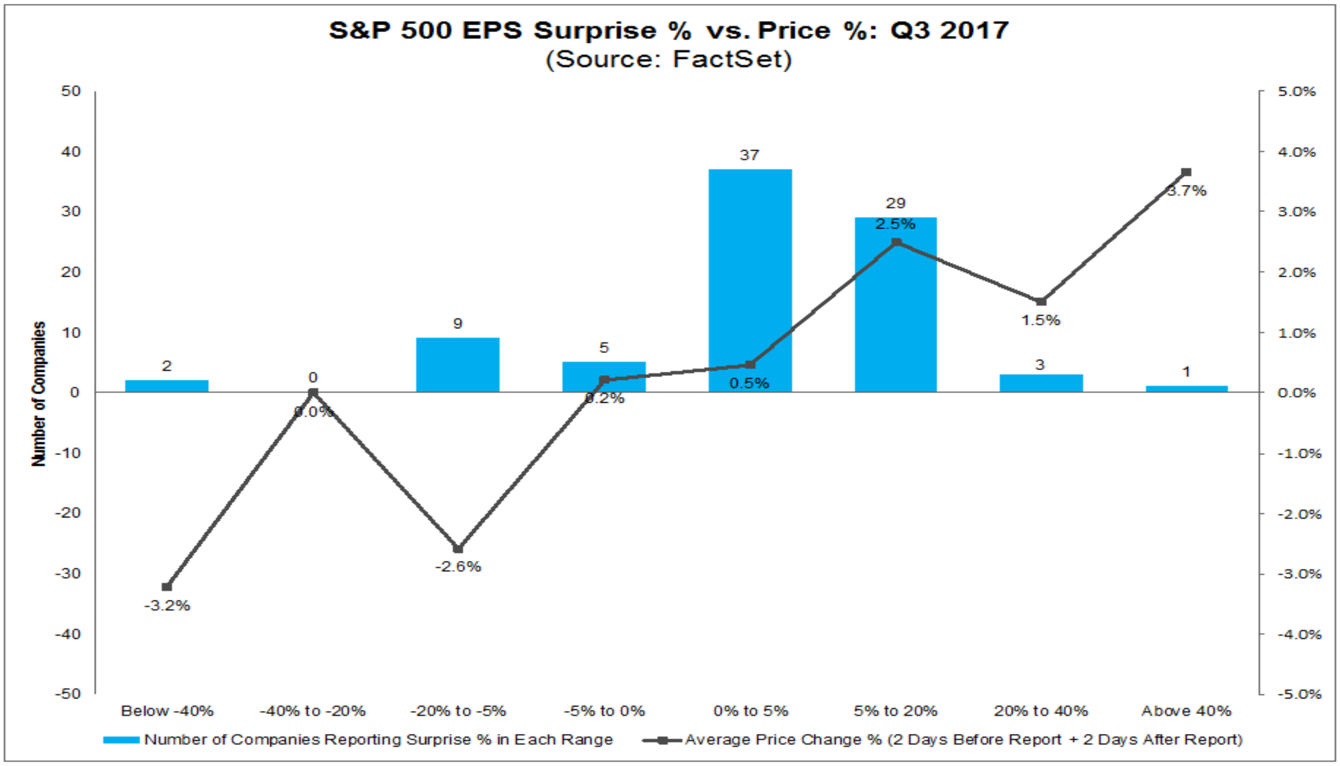
	Telecom Services	Info. Technology	Consumer Disc.	Health Care	S&P 500	Financials	Industrials	Materials	Energy	Consumer Staples	Real Estate	Utilities
Below	0%	9%	10%	17%	28%	28%	29%	33%	33%	50%	100%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	91%	90%	83%	72%	72%	71%	67%	67%	50%	0%	0%

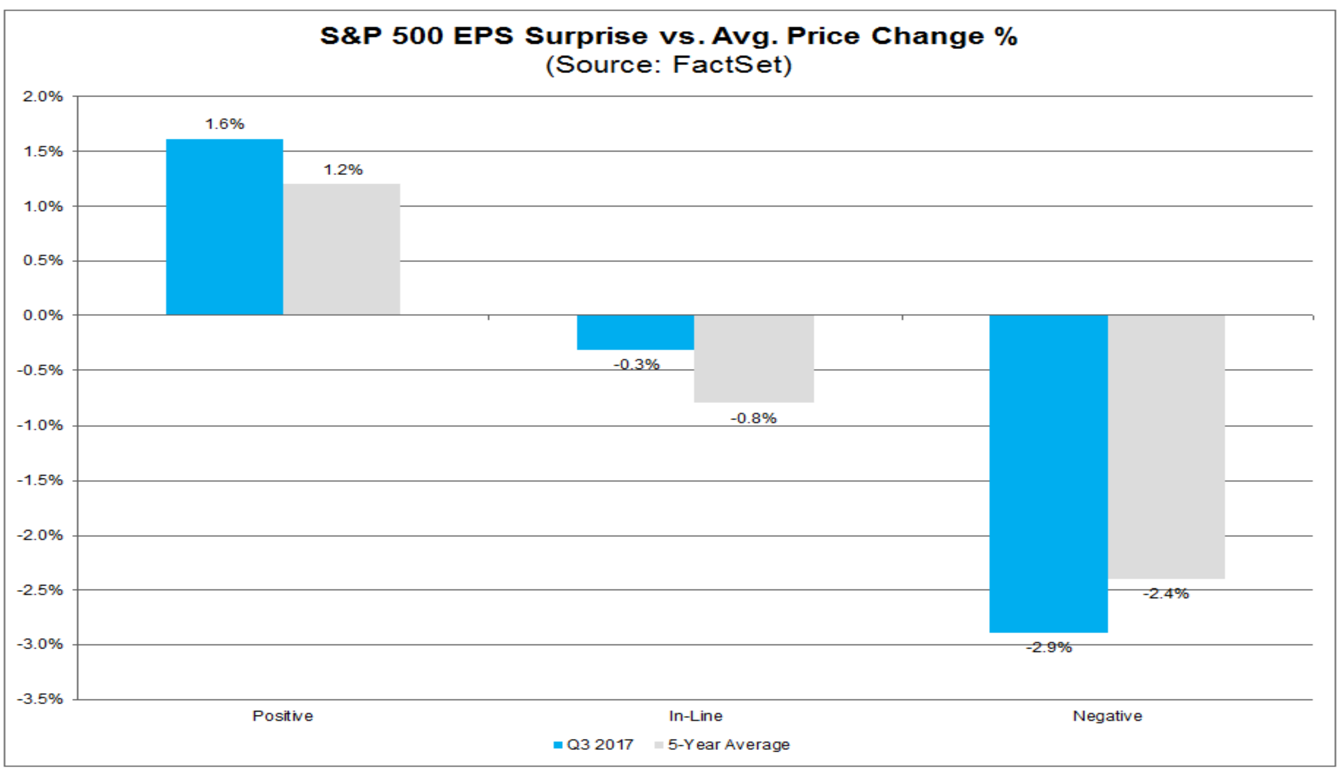
Q3 2017: Scorecard



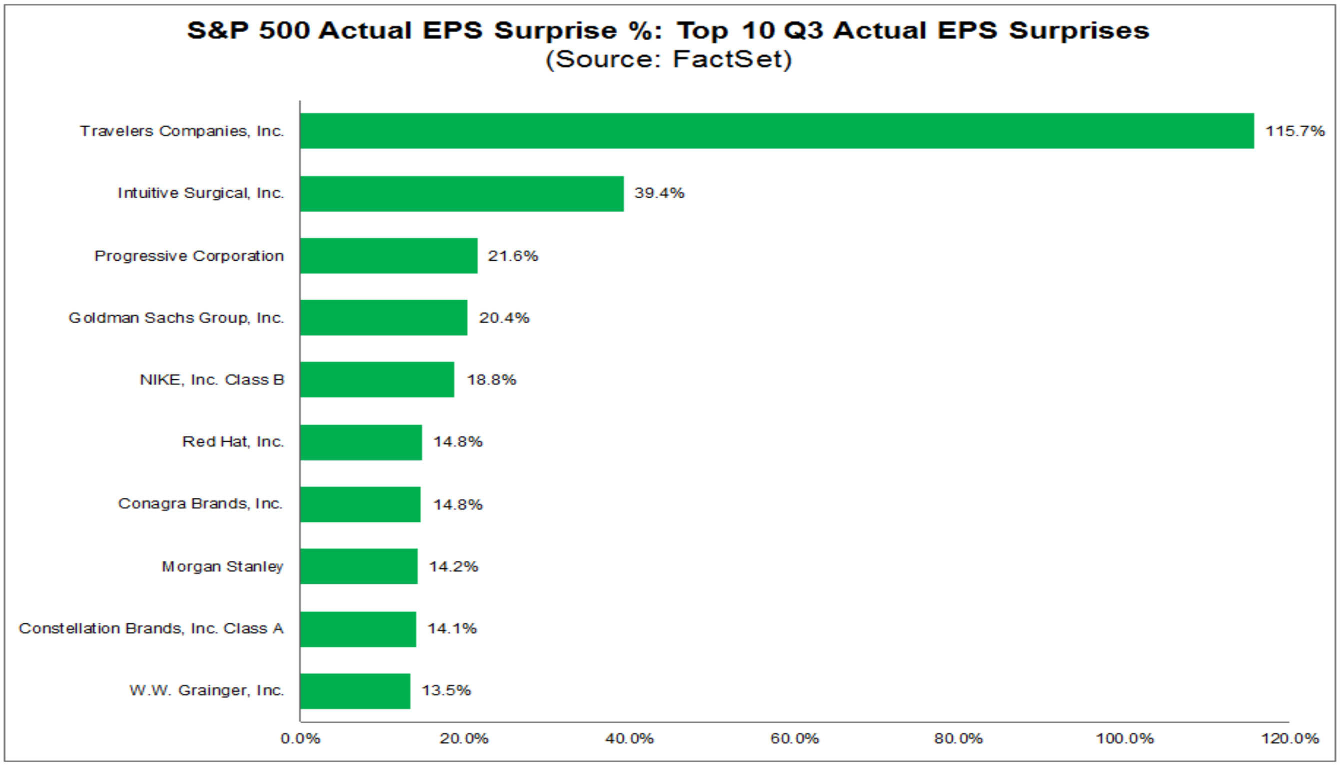


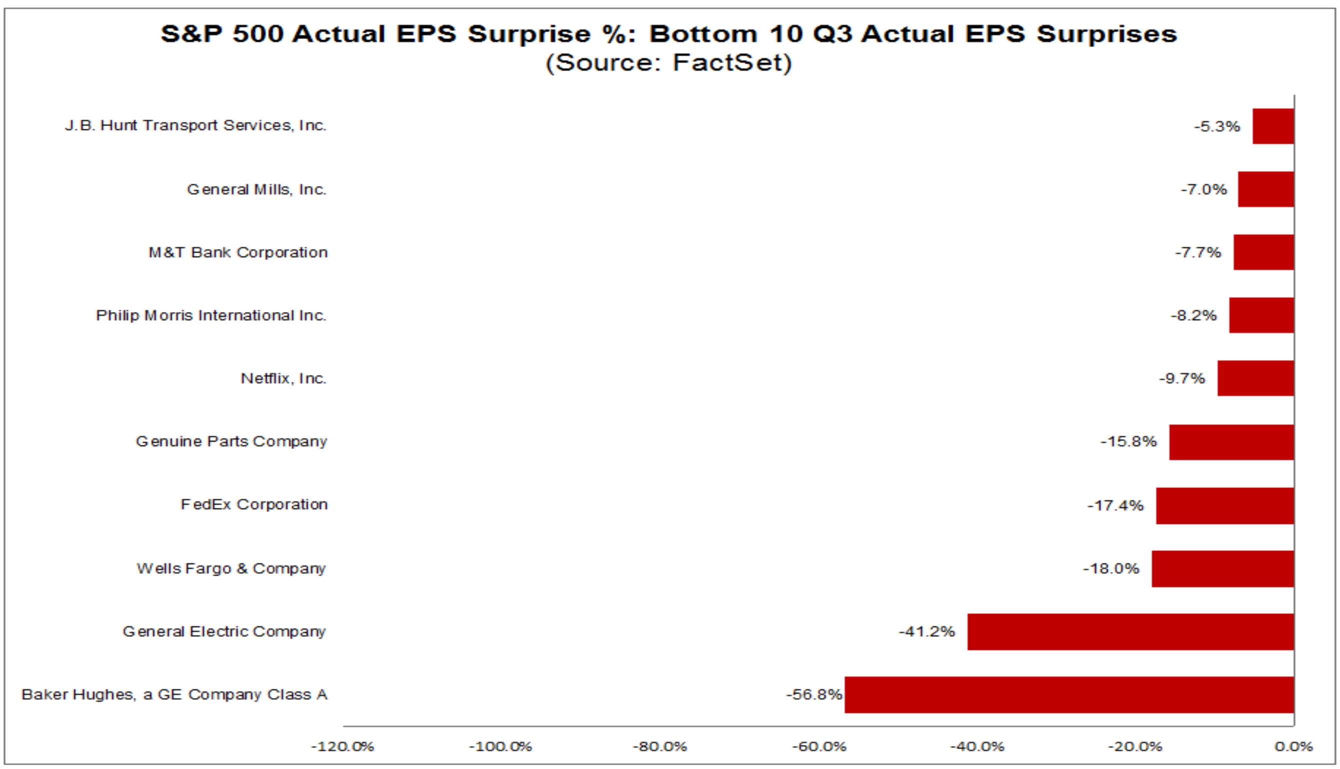
Q3 2017: Scorecard



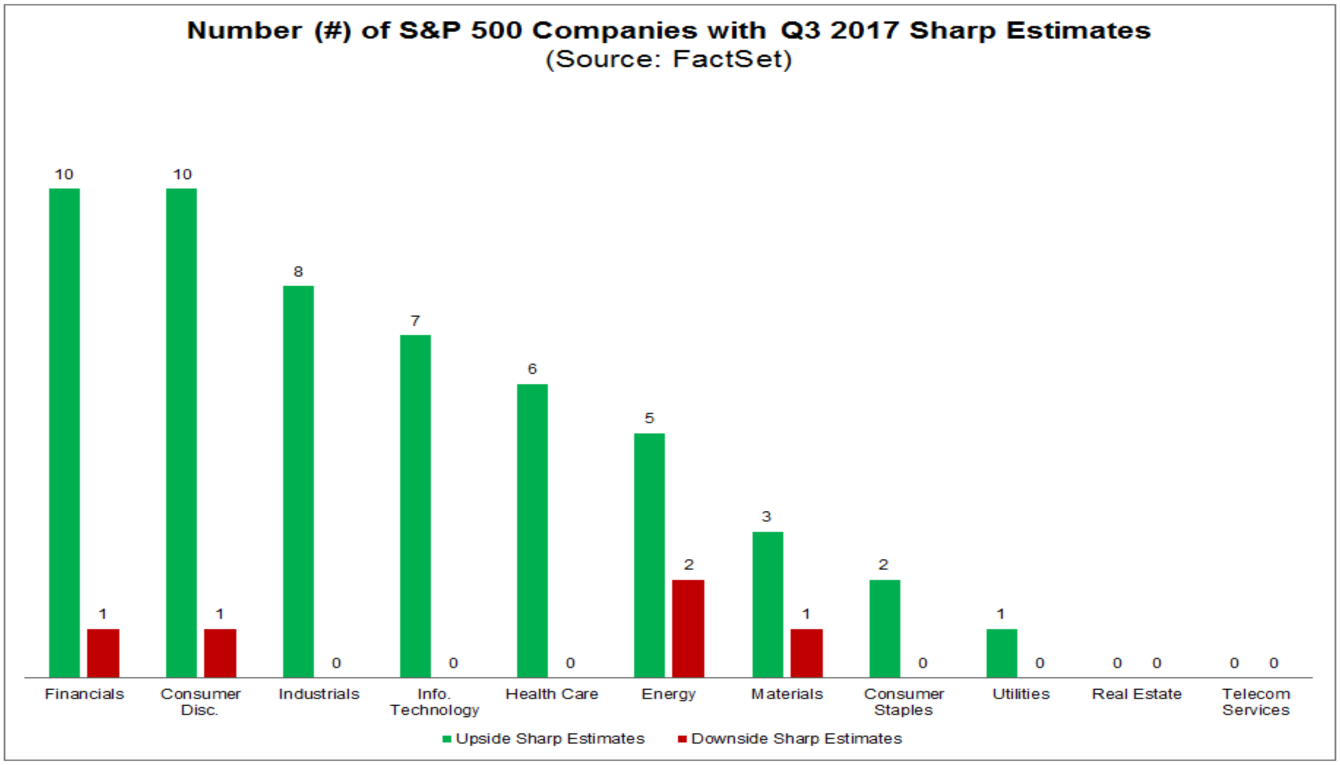


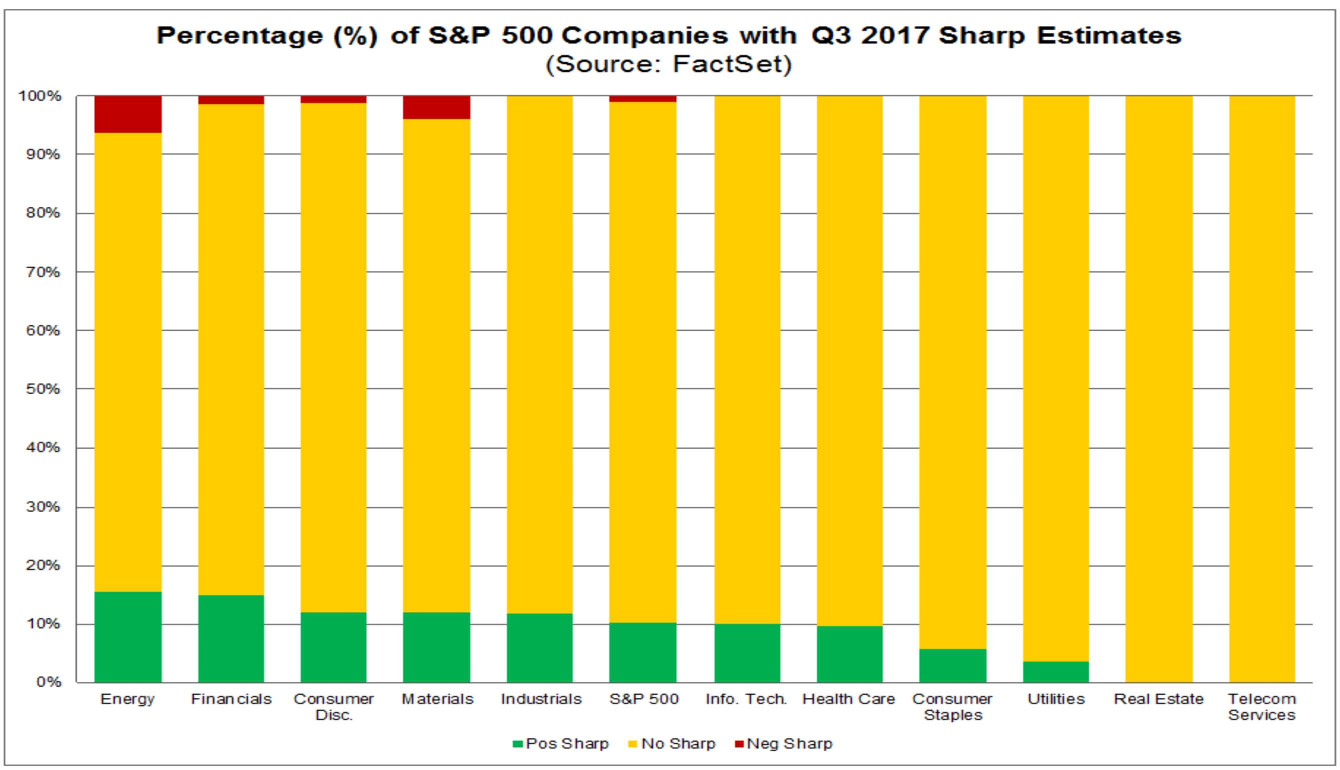
Q3 2017: Scorecard



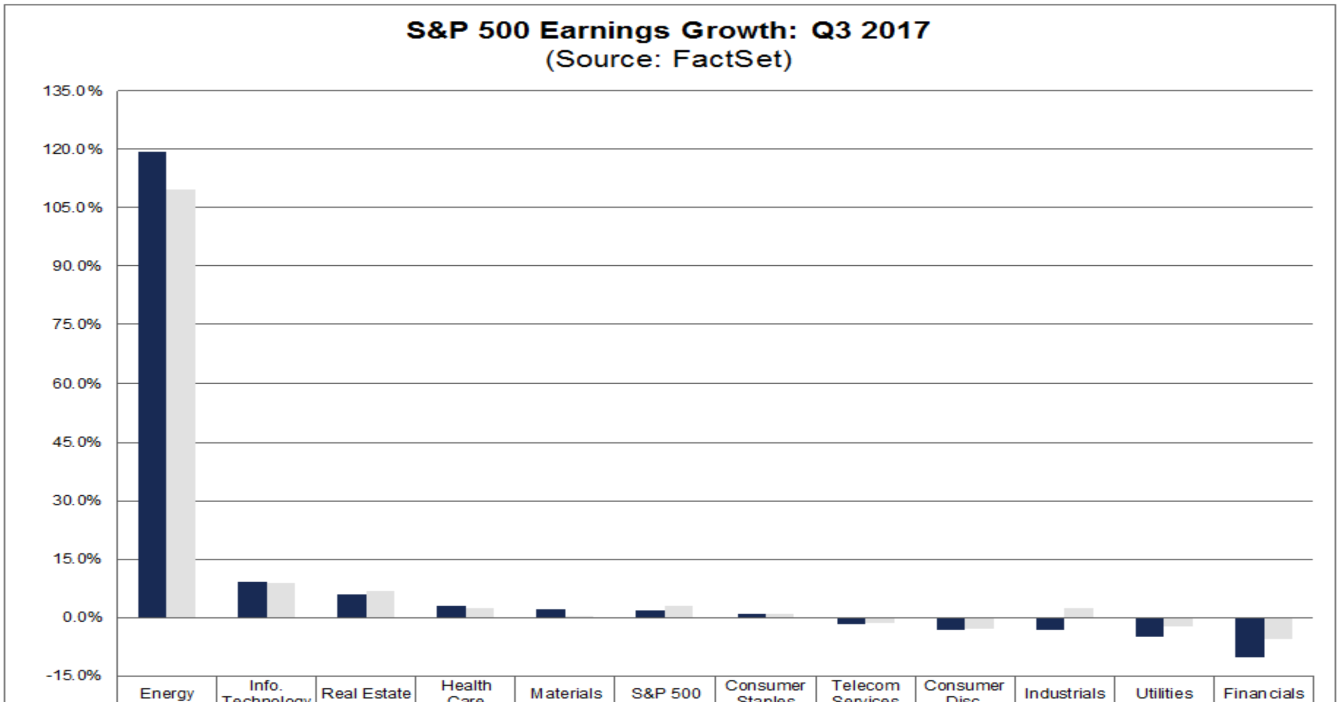


Q3 2017: Projected EPS Surprises (Sharp Estimates)

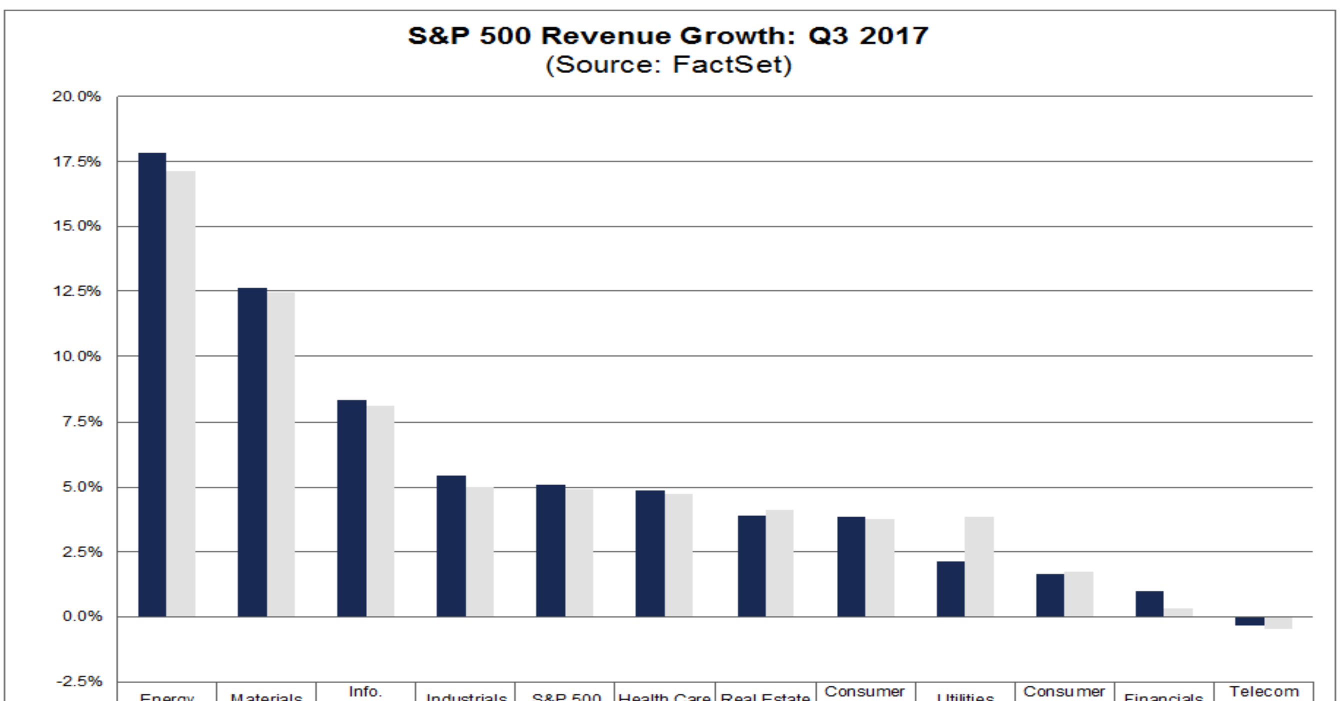




Q3 2017: Growth



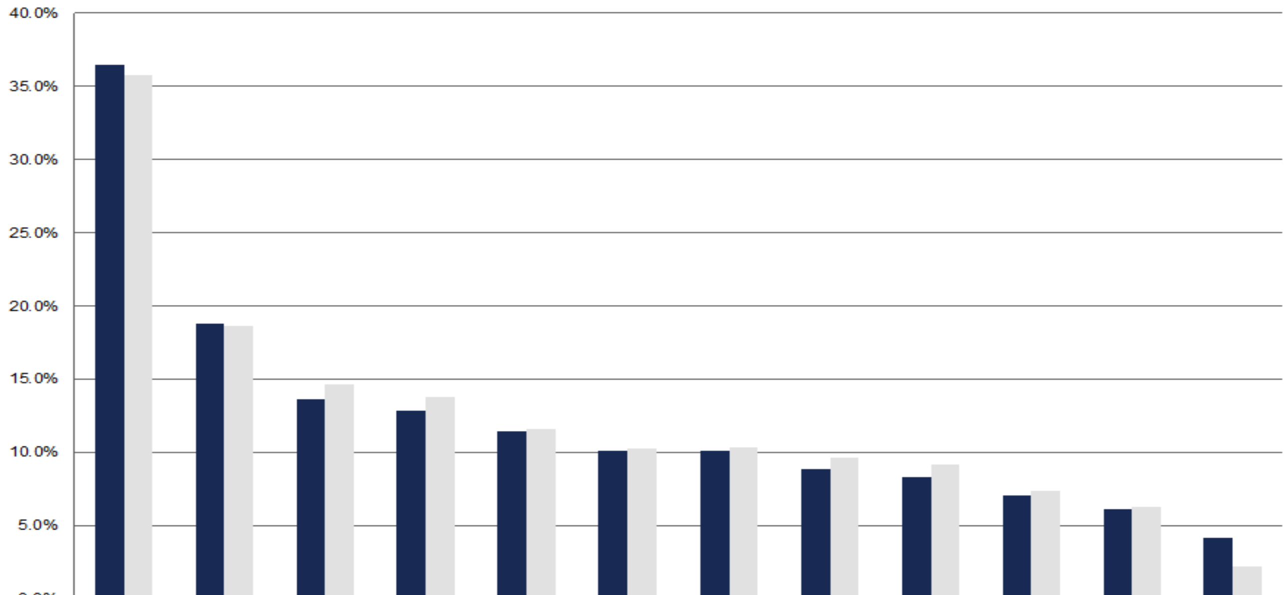
	Energy	Info. Technology	Real Estate	Health Care	Materials	S&P 500	Consumer Staples	Telecom Services	Consumer Disc.	Industrials	Utilities	Financials
Today	119.3%	9.0%	5.9%	3.1%	2.1%	1.7%	1.0%	-1.6%	-3.2%	-3.3%	-4.9%	-10.1%
30-Sep	109.6%	8.8%	6.8%	2.5%	0.5%	3.0%	1.0%	-1.4%	-2.8%	2.5%	-2.3%	-5.6%



	Energy	Materials	Info. Technology	Industrials	S&P 500	Health Care	Real Estate	Consumer Staples	Utilities	Consumer Disc.	Financials	Telecom Services
Today	17.8%	12.6%	8.3%	5.4%	5.1%	4.9%	3.9%	3.9%	2.1%	1.6%	1.0%	-0.3%
30-Sep	17.1%	12.5%	8.1%	5.0%	4.9%	4.8%	4.1%	3.8%	3.9%	1.7%	0.3%	-0.5%

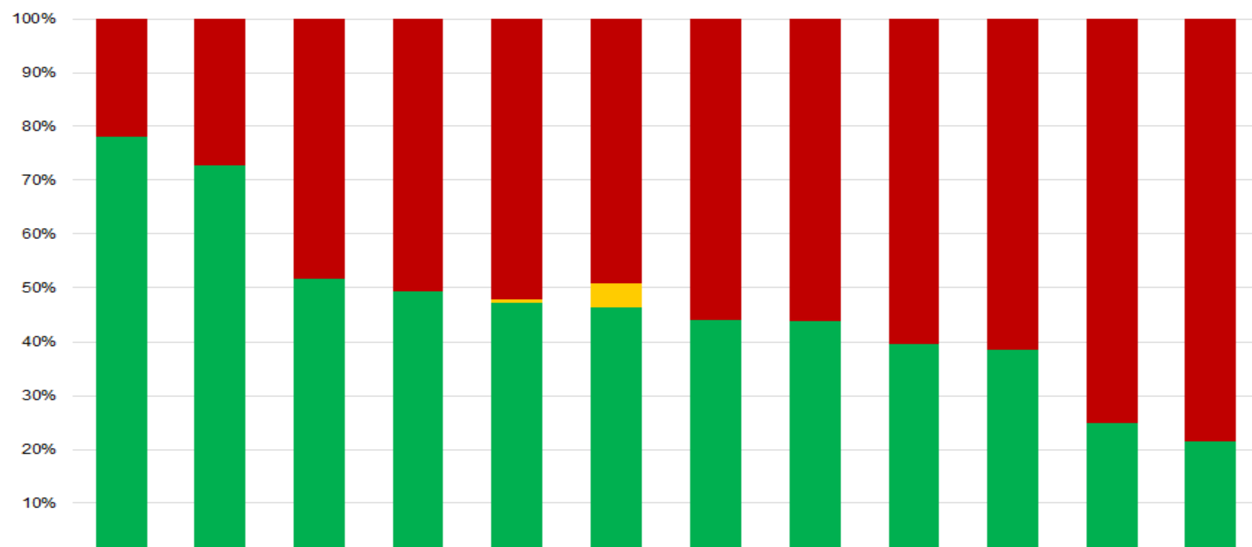
Q3 2017: Net Profit Margin

S&P 500 Net Profit Margins: Q317 vs. Q316
(Source: FactSet)



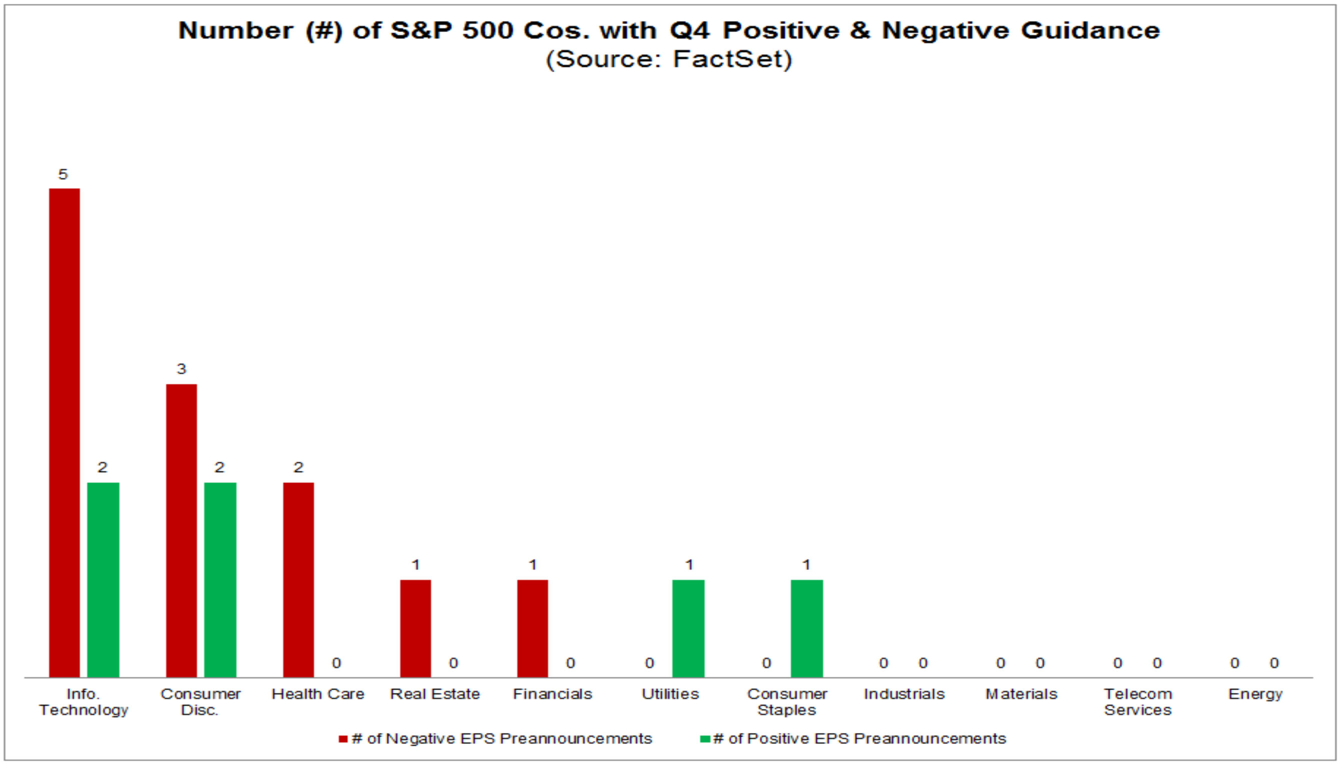
	Real Estate	Information Tech	Financials	Utilities	Telecom Services	Health Care	S&P 500	Industrials	Materials	Consumer Disc.	Consumer Staples	Energy
Q317	36.5%	18.7%	13.6%	12.9%	11.5%	10.1%	10.1%	8.9%	8.3%	7.1%	6.1%	4.2%
Q316	35.8%	18.6%	14.7%	13.8%	11.7%	10.3%	10.4%	9.7%	9.2%	7.4%	6.3%	2.2%

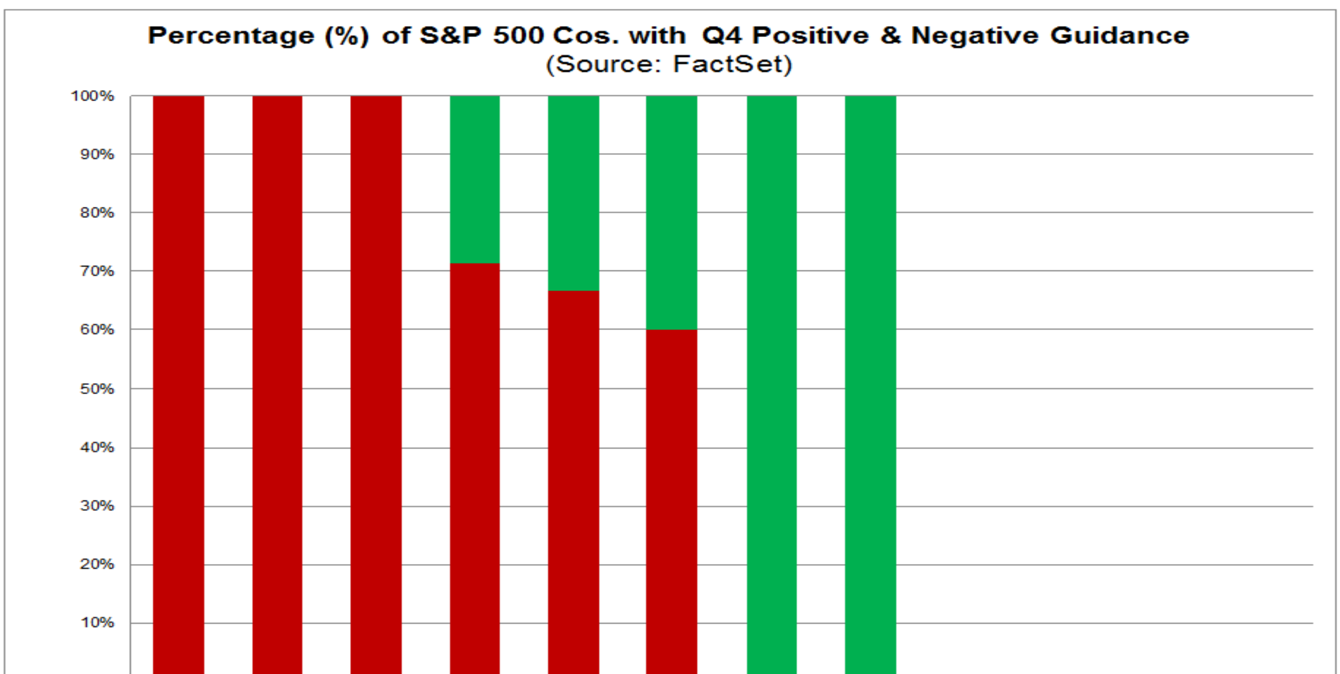
S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin: Q317 vs. Q316
(Source: FactSet)



	Energy	Real Estate	Health Care	Information Tech.	S&P 500	Financials	Consumer Staples	Materials	Industrials	Consumer Disc.	Telecom Services	Utilities
Down %	22%	27%	48%	51%	52%	49%	56%	56%	60%	61%	75%	79%
None %	0%	0%	0%	0%	1%	4%	0%	0%	0%	0%	0%	0%
Up %	78%	73%	52%	49%	47%	46%	44%	44%	40%	39%	25%	21%

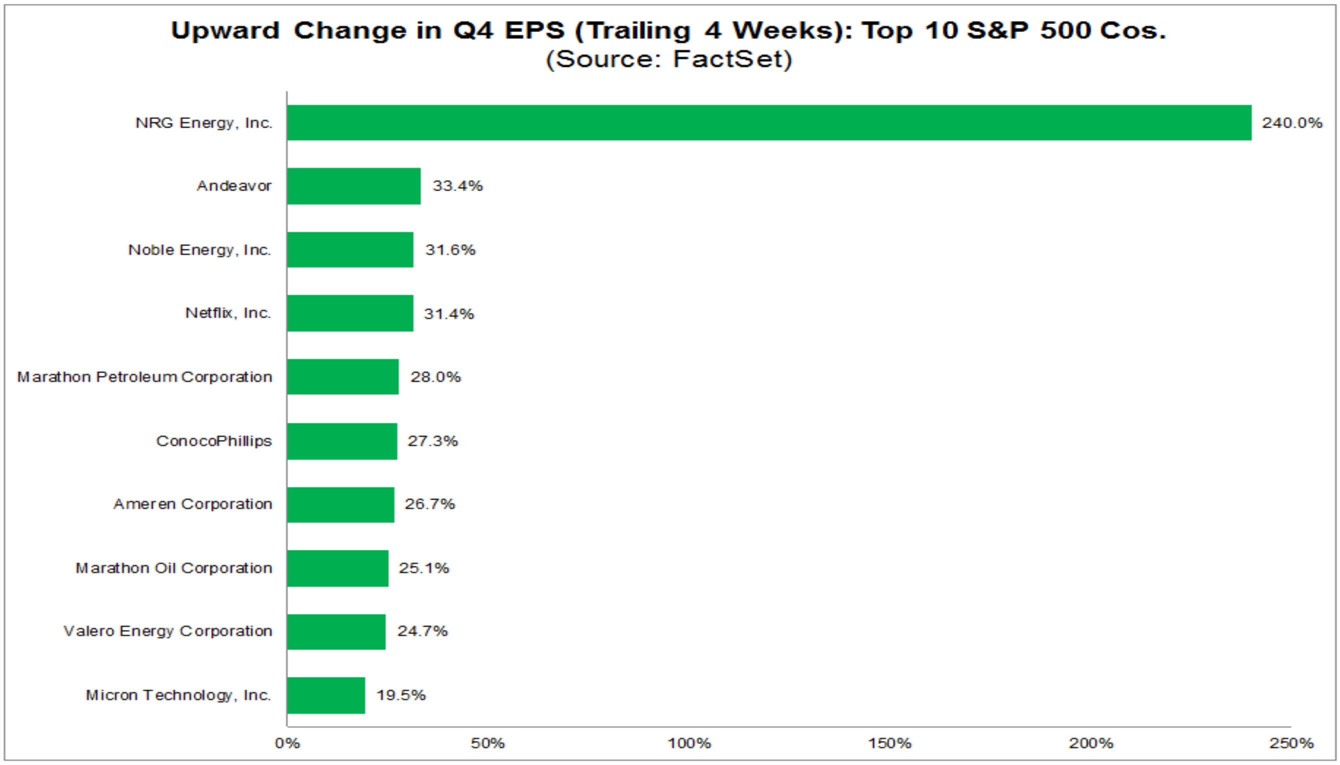
Q4 2017: Guidance

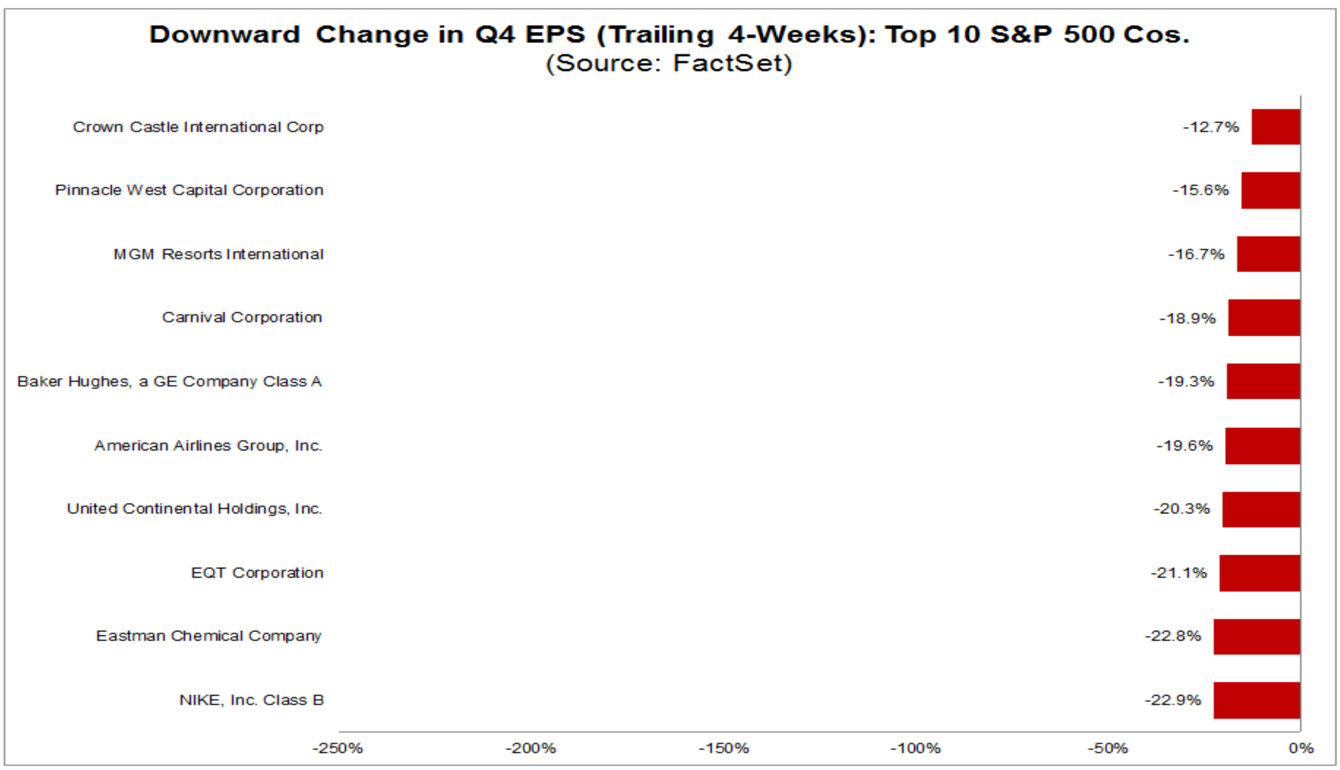




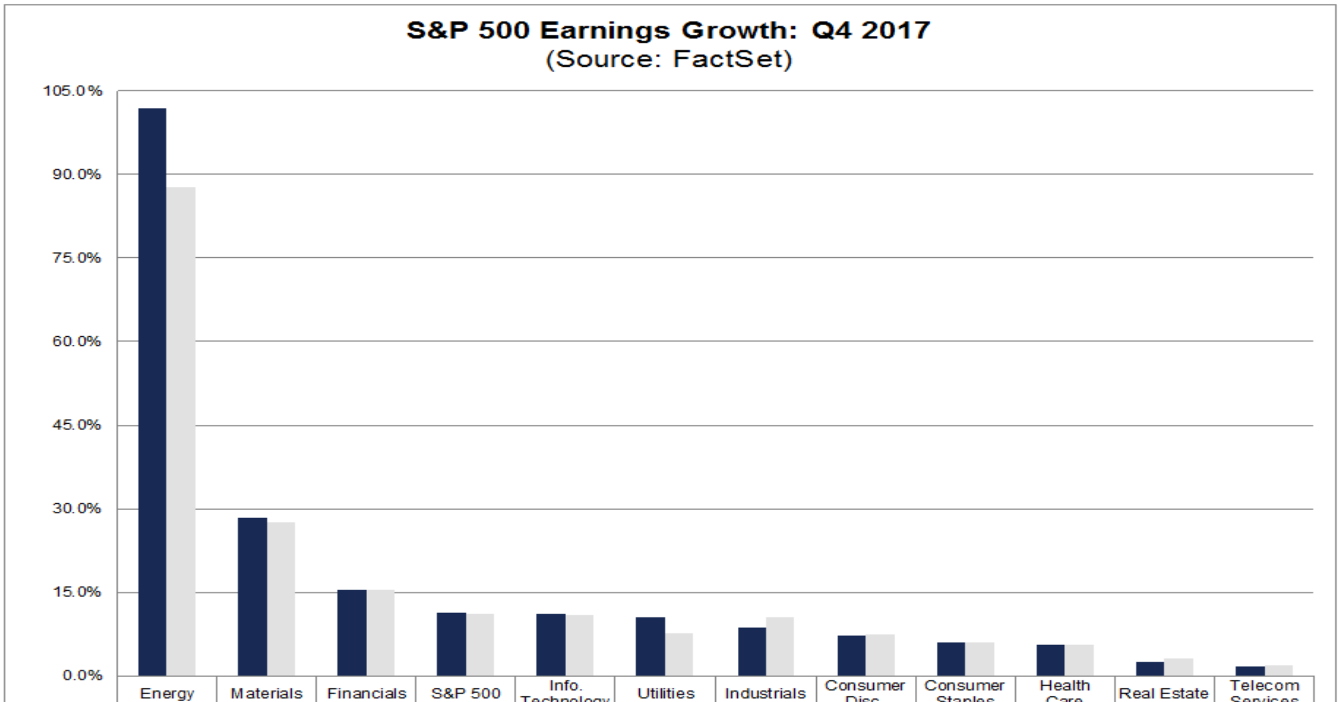
	Health Care	Financials	Real Estate	Info. Technology	S&P 500	Consumer Disc.	Utilities	Consumer Staples	Industrials	Telecom Services	Materials	Energy
Positive	0%	0%	0%	29%	33%	40%	100%	100%	0%	0%	0%	0%
Negative	100%	100%	100%	71%	67%	60%	0%	0%	0%	0%	0%	0%

Q4 2017: EPS Revisions

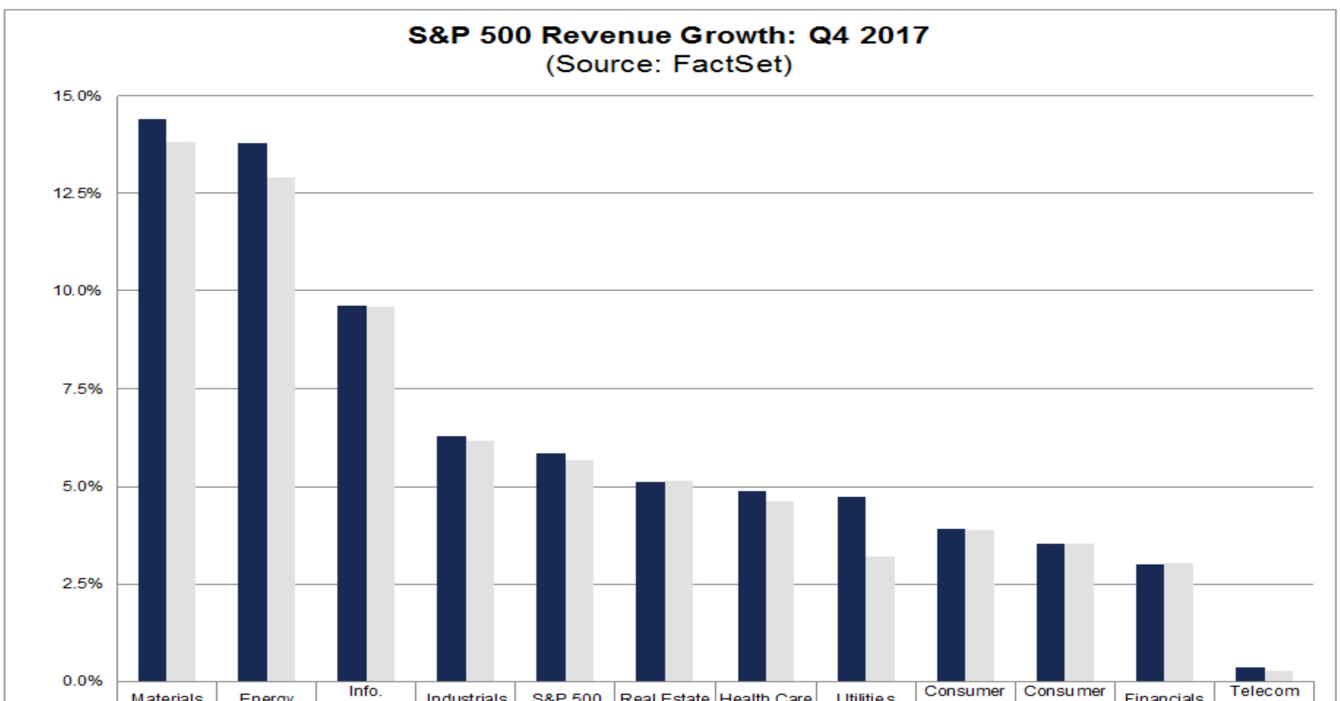




Q4 2017: Growth

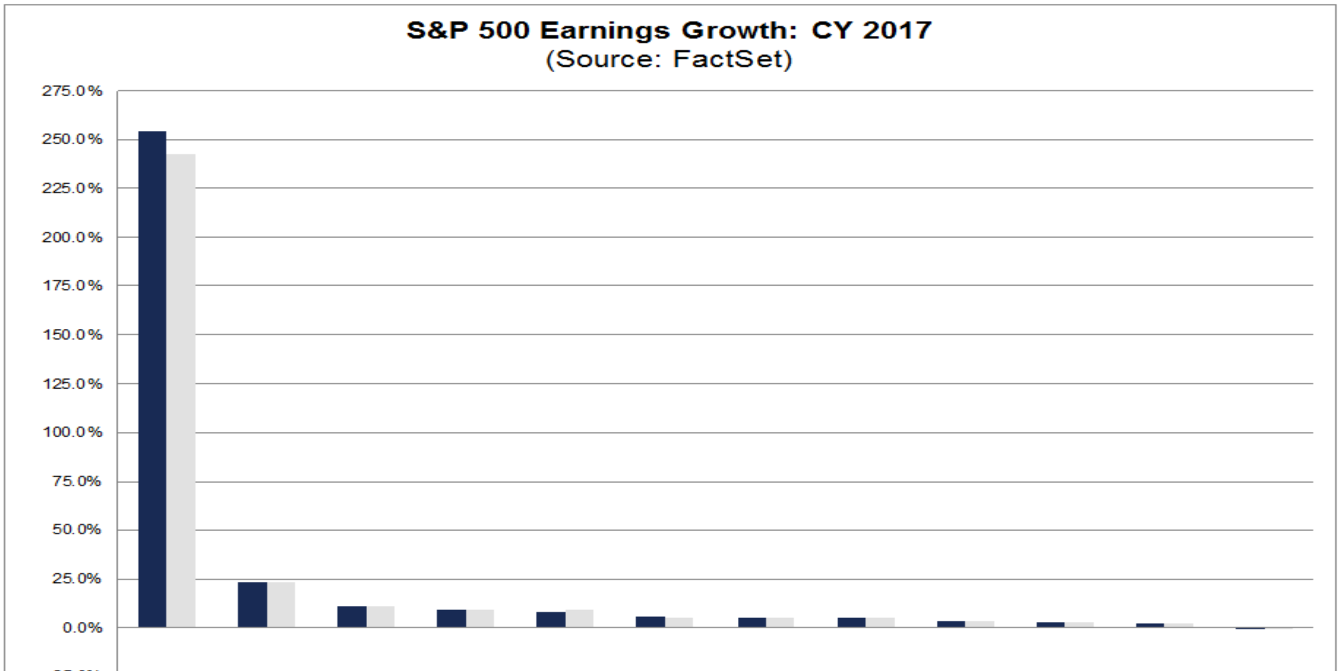


	Energy	Materials	Financials	S&P 500	Info. Technology	Utilities	Industrials	Consumer Disc.	Consumer Staples	Health Care	Real Estate	Telecom Services
Today	101.8%	28.4%	15.4%	11.4%	11.2%	10.5%	8.7%	7.2%	6.0%	5.6%	2.6%	1.6%
30-Sep	87.8%	27.6%	15.6%	11.2%	11.0%	7.6%	10.5%	7.4%	5.9%	5.6%	3.1%	2.0%

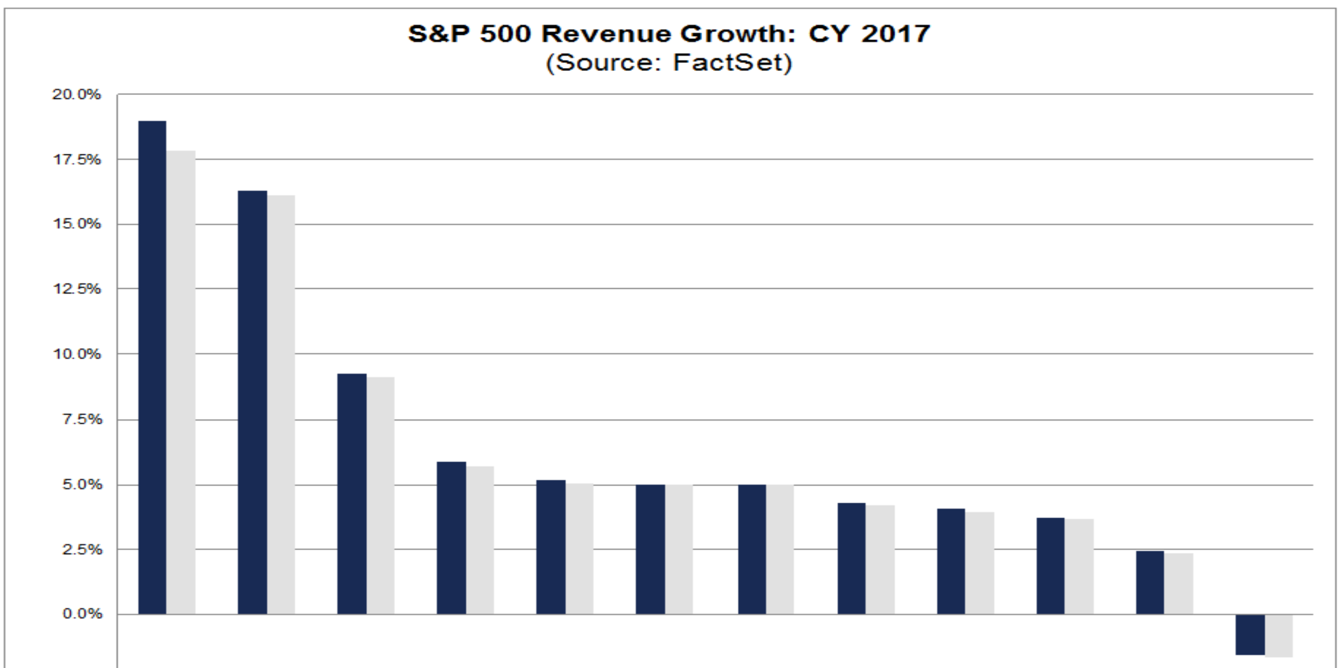


	Materials	Energy	Info. Technology	Industrials	S&P 500	Real Estate	Health Care	Utilities	Consumer Staples	Consumer Disc.	Financials	Telecom Services
Today	14.4%	13.8%	9.6%	6.3%	5.9%	5.1%	4.9%	4.7%	3.9%	3.5%	3.0%	0.4%
30-Sep	13.8%	12.9%	9.6%	6.2%	5.7%	5.2%	4.6%	3.2%	3.9%	3.5%	3.0%	0.3%

CY 2017: Growth

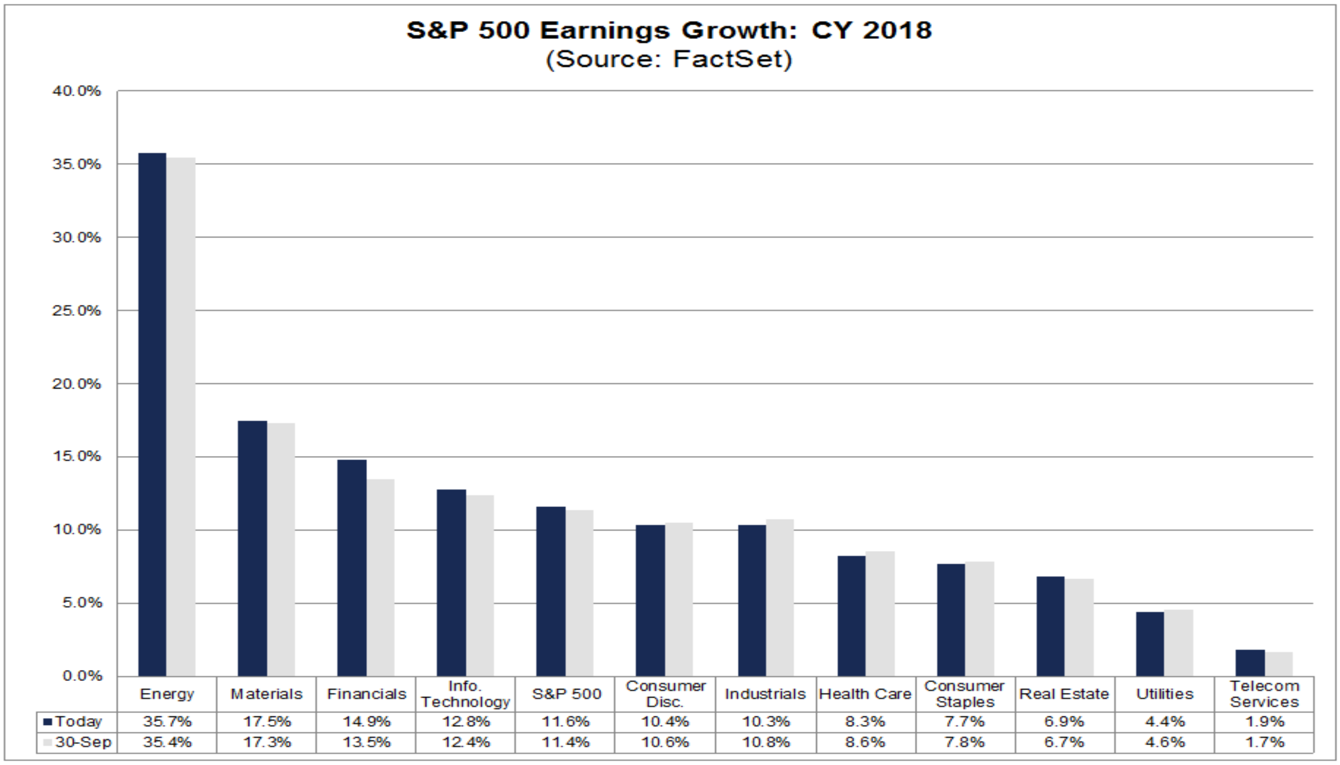


	Energy	Materials	Info. Technology	S&P 500	Financials	Health Care	Industrials	Real Estate	Consumer Disc.	Consumer Staples	Utilities	Telecom Services
Today	254.6%	23.4%	11.3%	9.2%	7.9%	5.5%	4.9%	4.9%	3.5%	2.8%	2.1%	-0.5%
30-Sep	242.7%	23.3%	11.0%	9.3%	9.2%	5.4%	5.2%	5.3%	3.6%	2.8%	2.2%	-0.3%

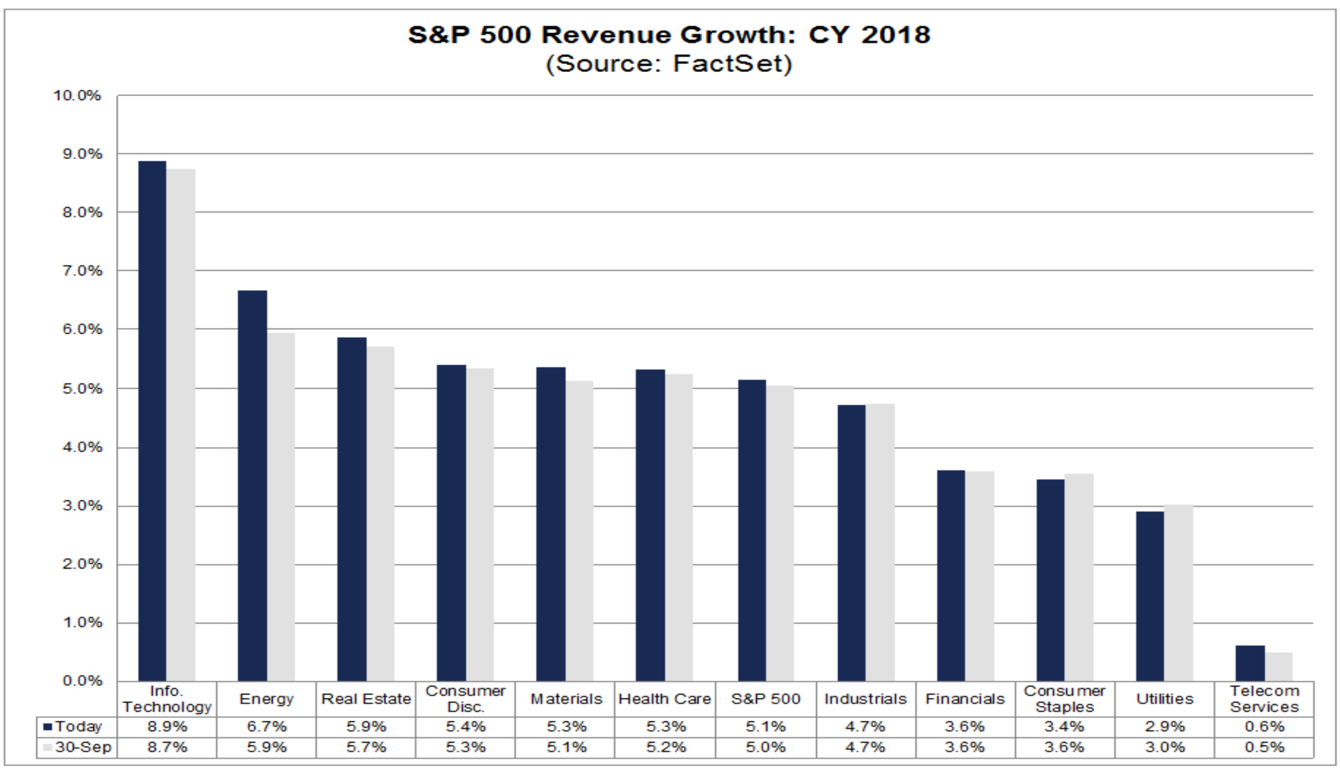


	Energy	Materials	Info. Technology	S&P 500	Health Care	Utilities	Real Estate	Industrials	Financials	Consumer Disc.	Consumer Staples	Telecom Services
Today	19.0%	16.3%	9.3%	5.9%	5.2%	5.0%	5.0%	4.3%	4.1%	3.7%	2.5%	-1.5%
30-Sep	17.8%	16.1%	9.1%	5.7%	5.1%	5.0%	5.0%	4.2%	3.9%	3.7%	2.4%	-1.6%

CY 2018: Growth

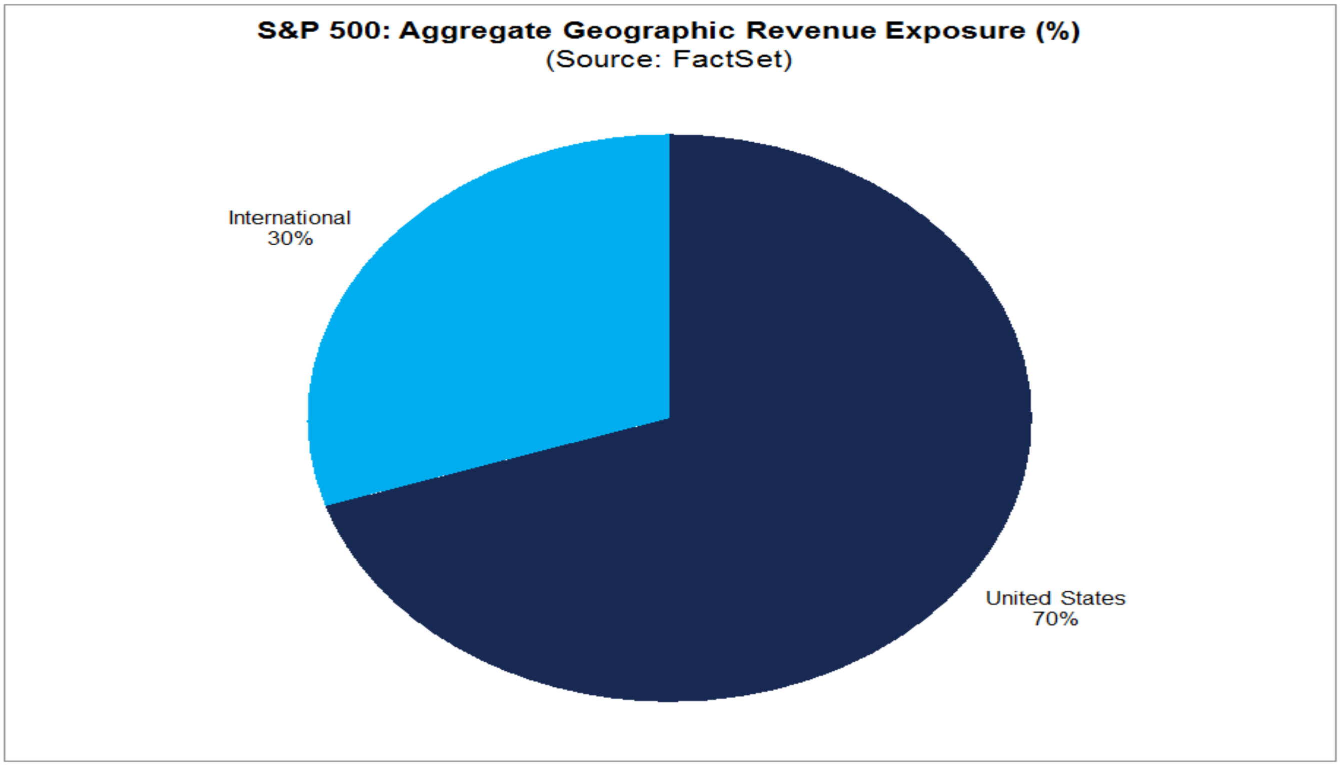


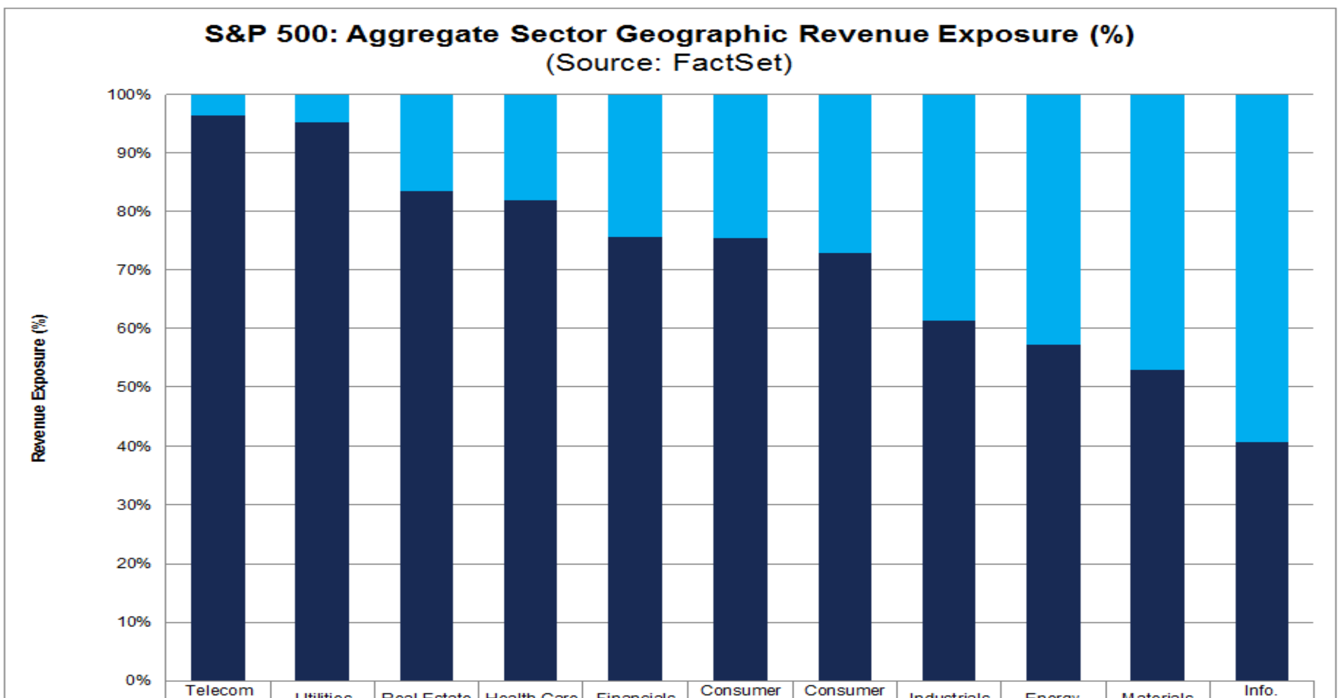
	Energy	Materials	Financials	Info. Technology	S&P 500	Consumer Disc.	Industrials	Health Care	Consumer Staples	Real Estate	Utilities	Telecom Services
Today	35.7%	17.5%	14.9%	12.8%	11.6%	10.4%	10.3%	8.3%	7.7%	6.9%	4.4%	1.9%
30-Sep	35.4%	17.3%	13.5%	12.4%	11.4%	10.6%	10.8%	8.6%	7.8%	6.7%	4.6%	1.7%



	Info. Technology	Energy	Real Estate	Consumer Disc.	Materials	Health Care	S&P 500	Industrials	Financials	Consumer Staples	Utilities	Telecom Services
Today	8.9%	6.7%	5.9%	5.4%	5.3%	5.3%	5.1%	4.7%	3.6%	3.4%	2.9%	0.6%
30-Sep	8.7%	5.9%	5.7%	5.3%	5.1%	5.2%	5.0%	4.7%	3.6%	3.6%	3.0%	0.5%

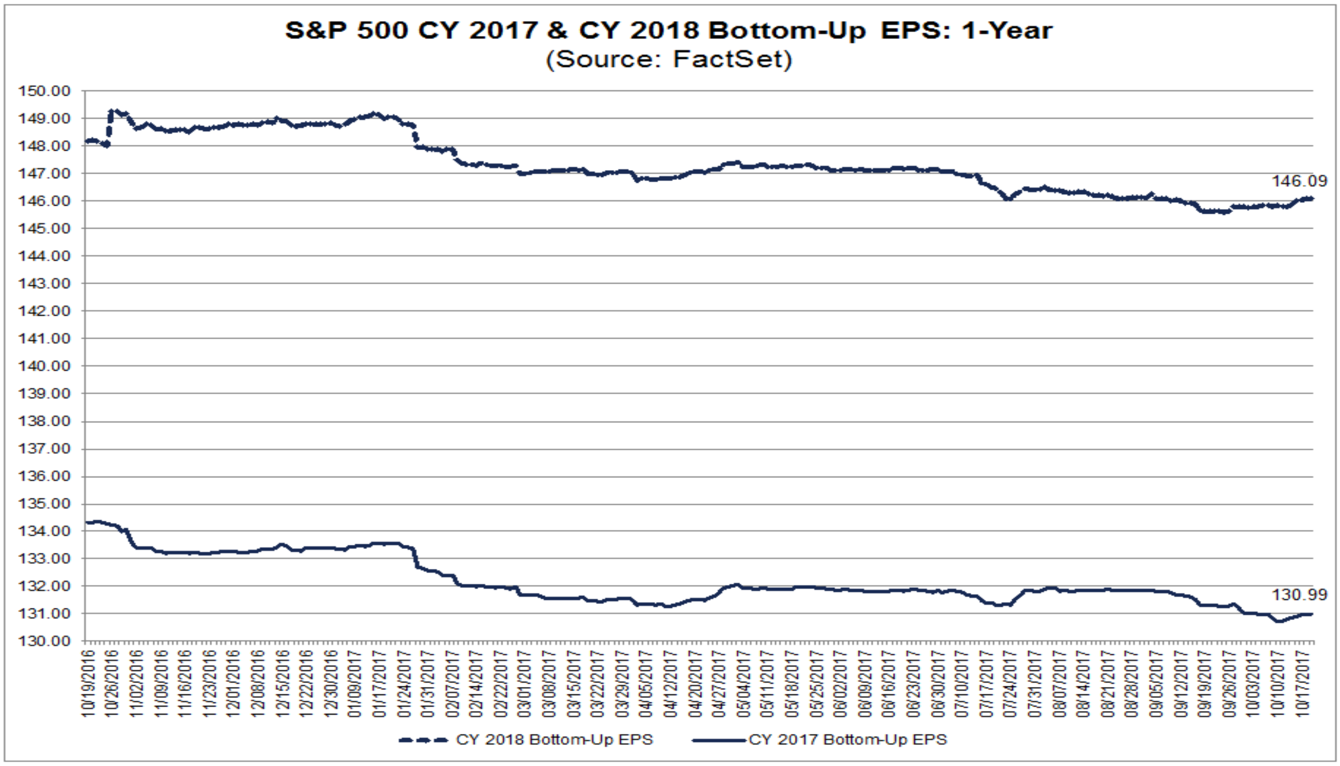
Geographic Revenue Exposure

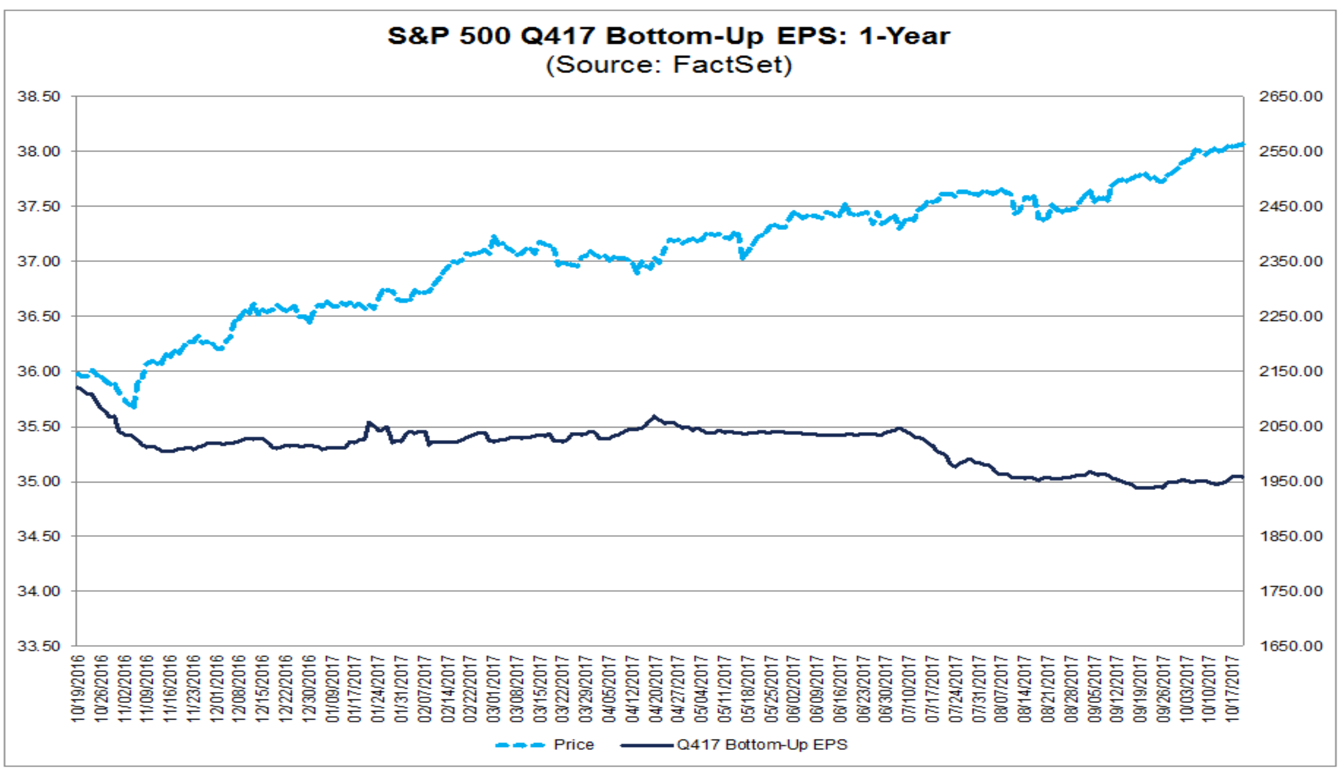




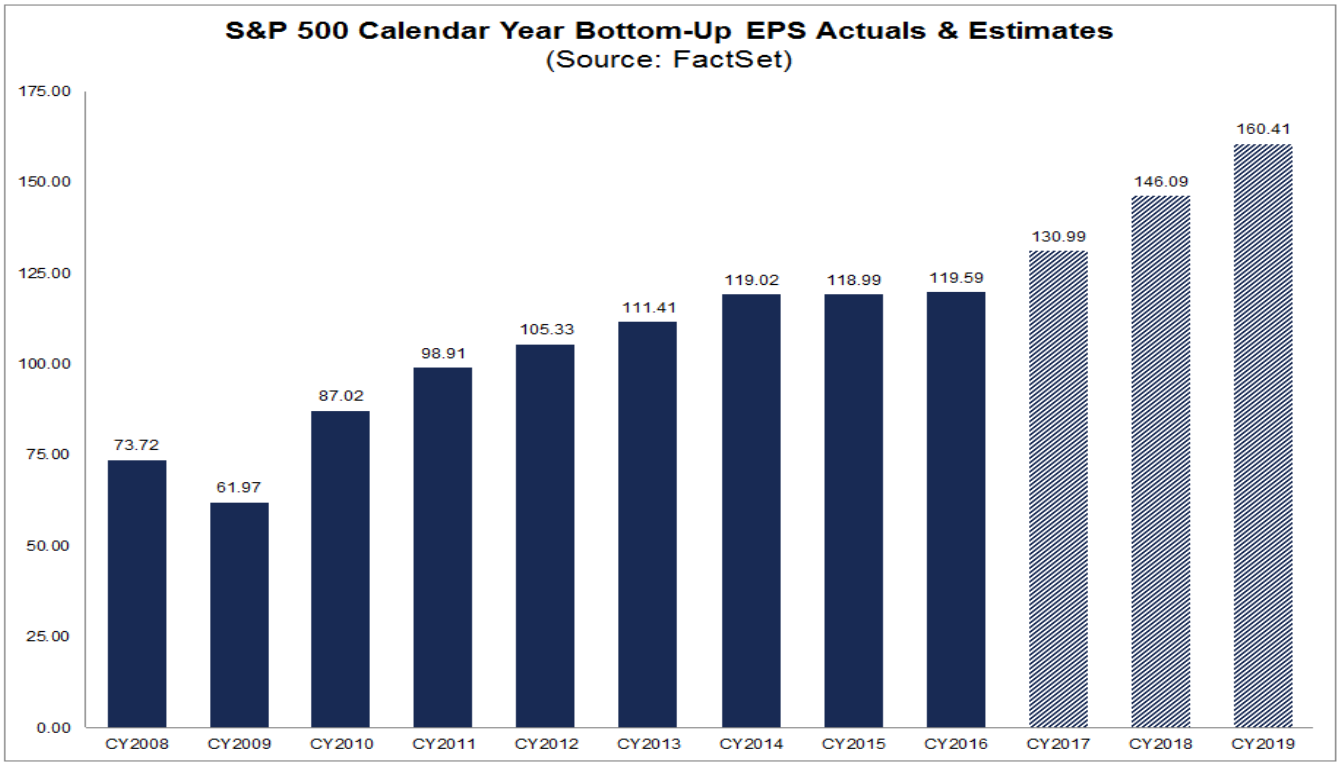
	Telecom Services	Utilities	Real Estate	Health Care	Financials	Consumer Disc.	Consumer Staples	Industrials	Energy	Materials	Info. Technology
International	4%	5%	17%	18%	24%	24%	27%	39%	43%	47%	59%
United States	96%	95%	83%	82%	76%	76%	73%	61%	57%	53%	41%

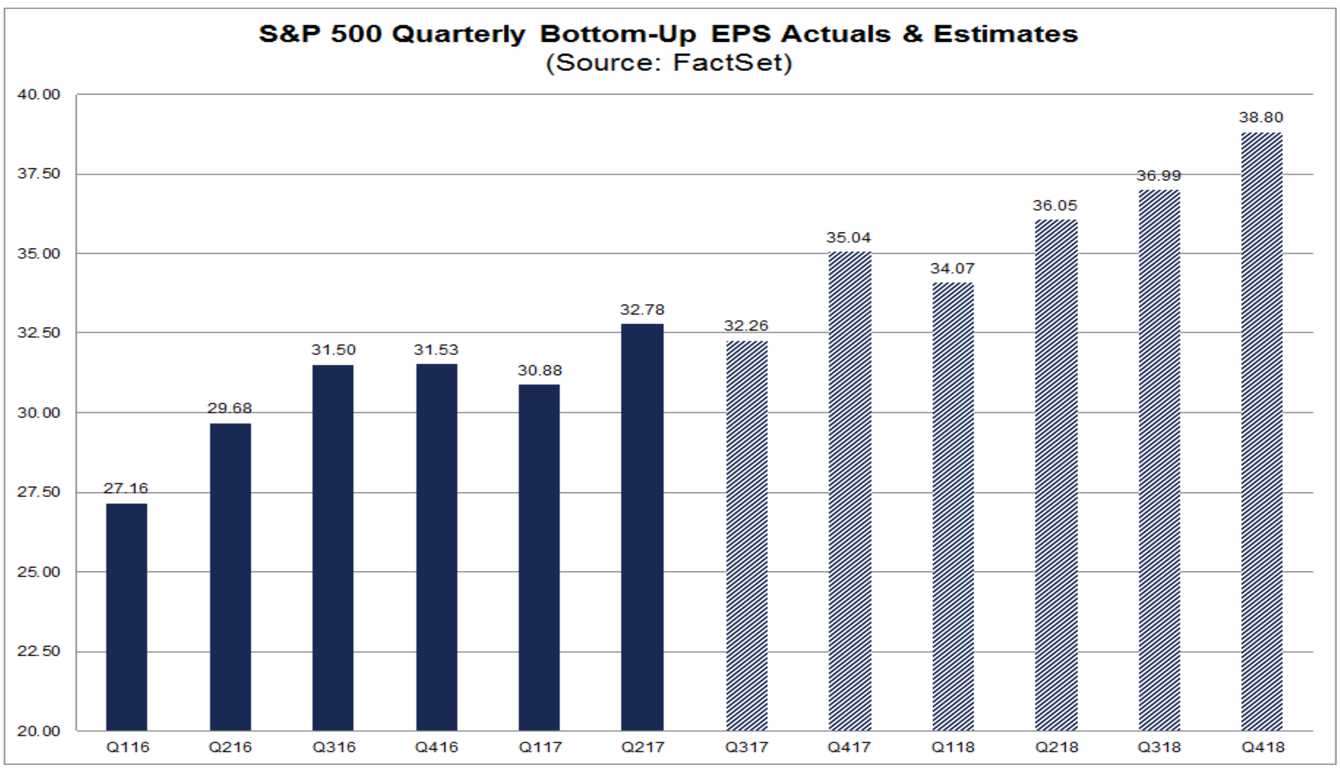
Bottom-up EPS Estimates: Revisions





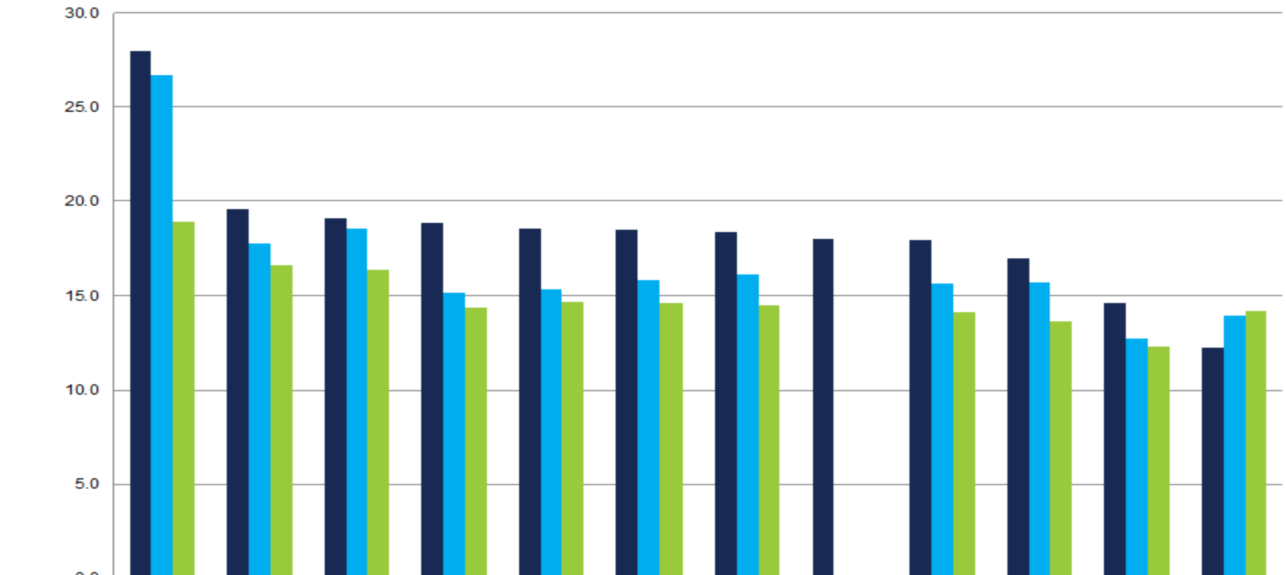
Bottom-up EPS Estimates: Current & Historical





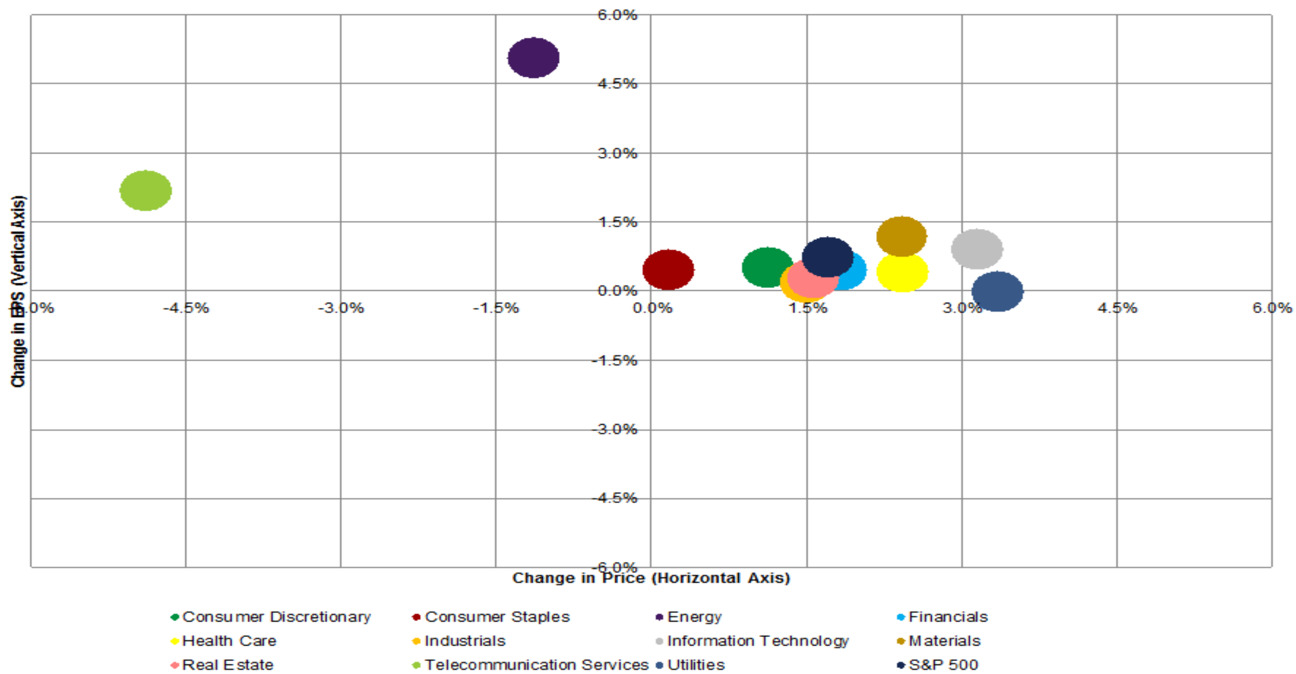
Forward 12M P/E Ratio: Sector Level

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

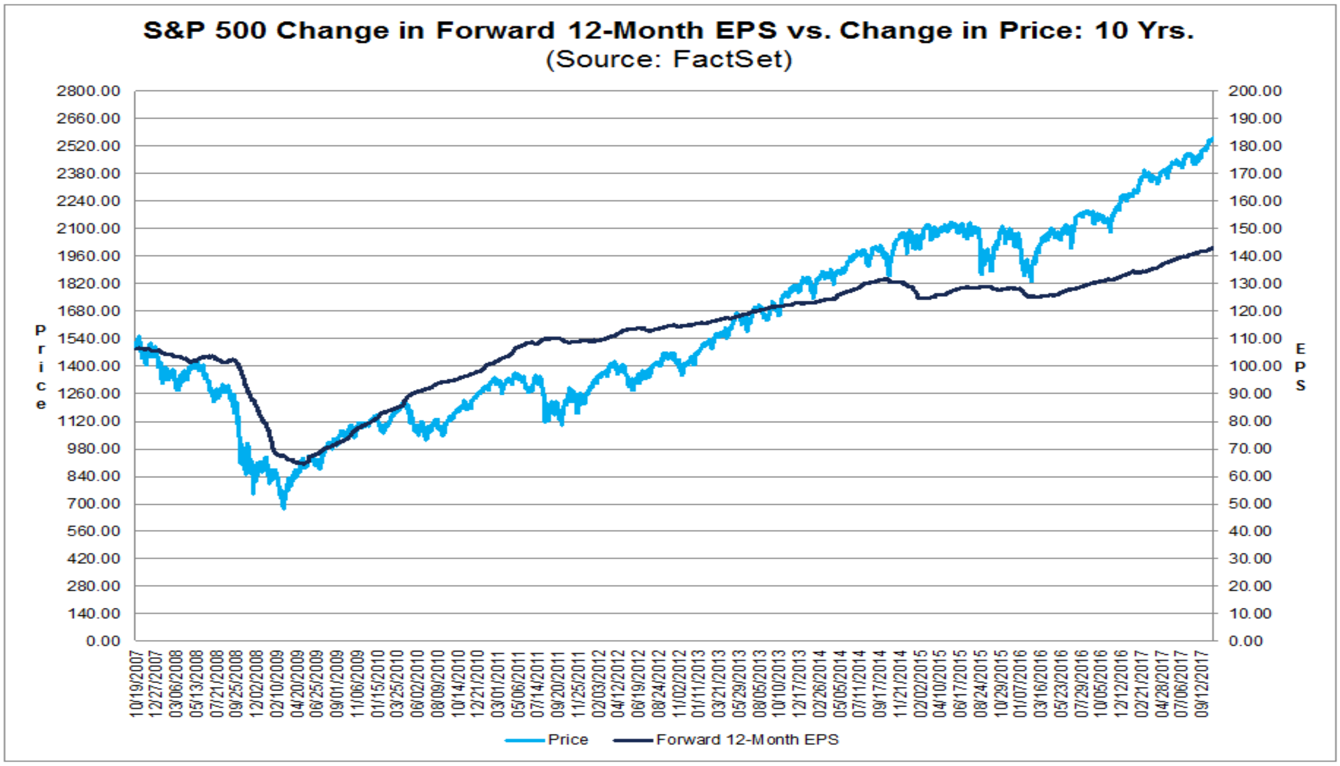


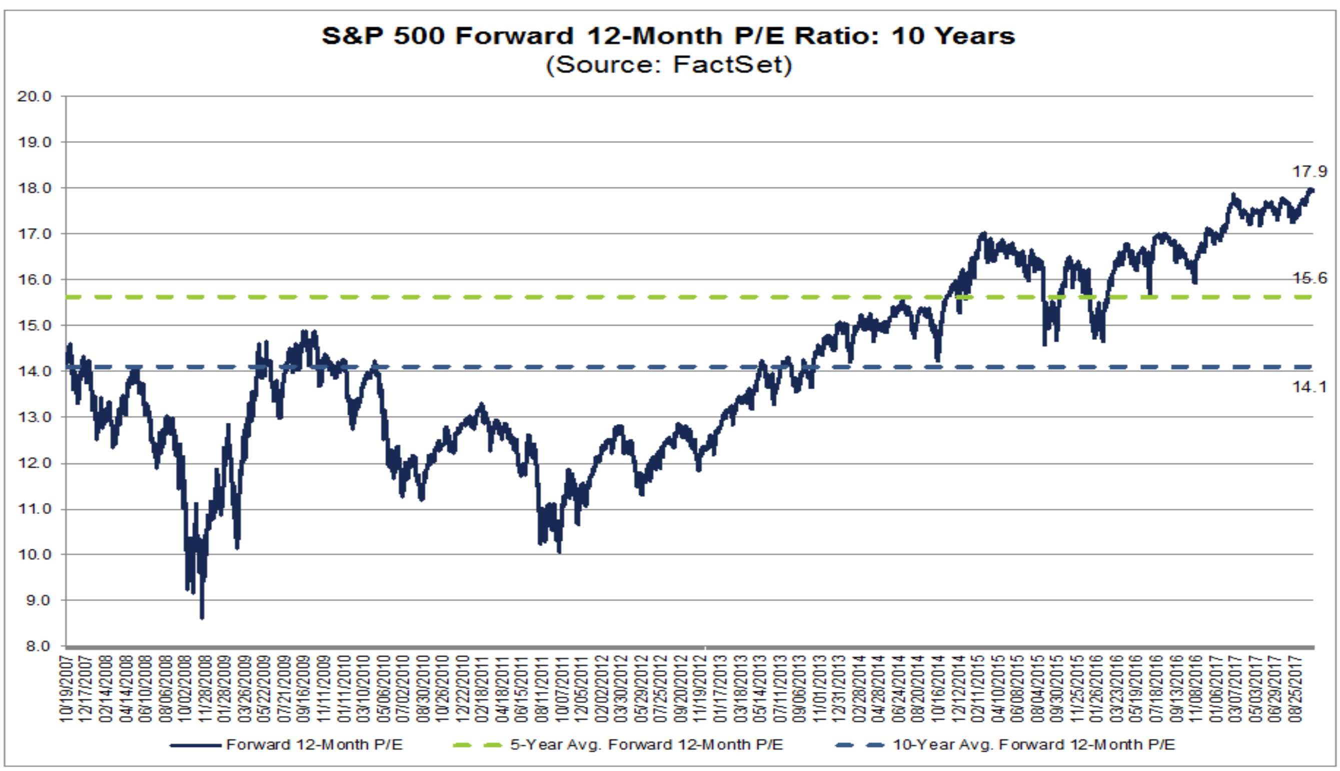
	Energy	Consumer Disc.	Consumer Staples	Info. Technology	Materials	Industrials	Utilities	Real Estate	S&P 500	Health Care	Financials	Telecom Services
Fwd P/E	28.0	19.6	19.1	18.8	18.5	18.5	18.3	18.0	17.9	16.9	14.6	12.3
5-Yr Avg.	26.7	17.8	18.6	15.1	15.3	15.8	16.1		15.6	15.7	12.7	13.9
10-Yr Avg.	18.9	16.6	16.3	14.4	14.6	14.6	14.5		14.1	13.6	12.3	14.2

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

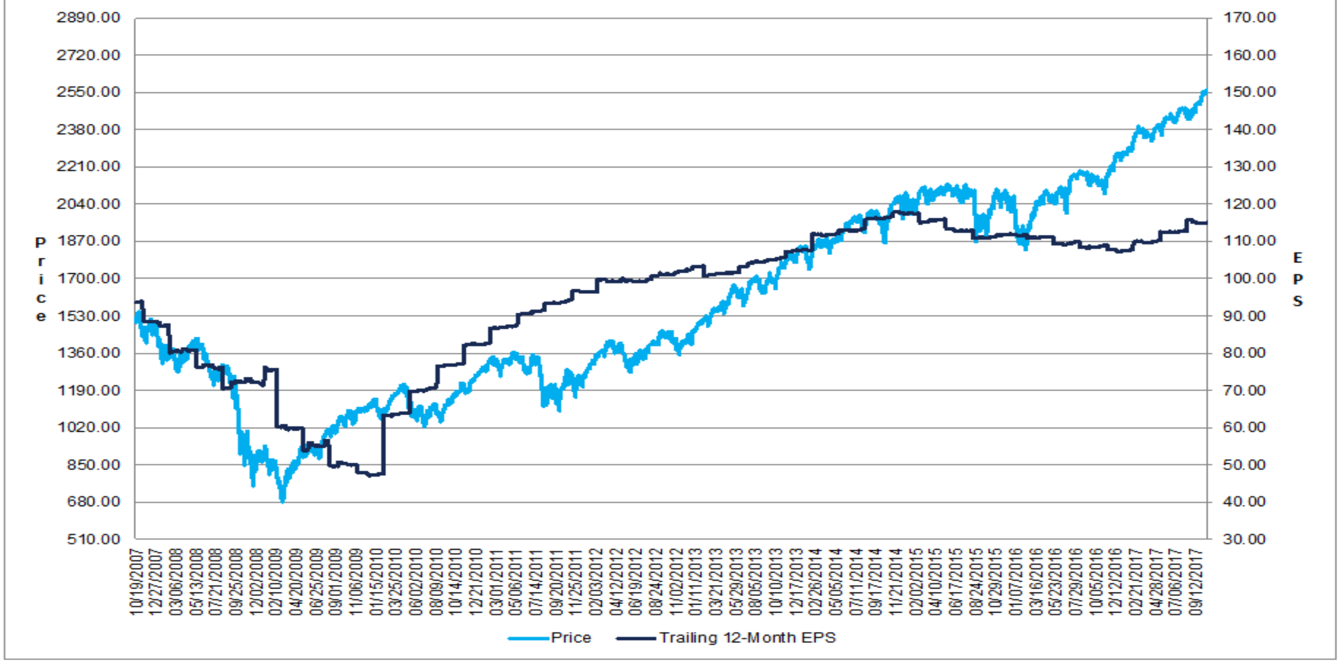


Forward 12M P/E Ratio: Long-Term Averages

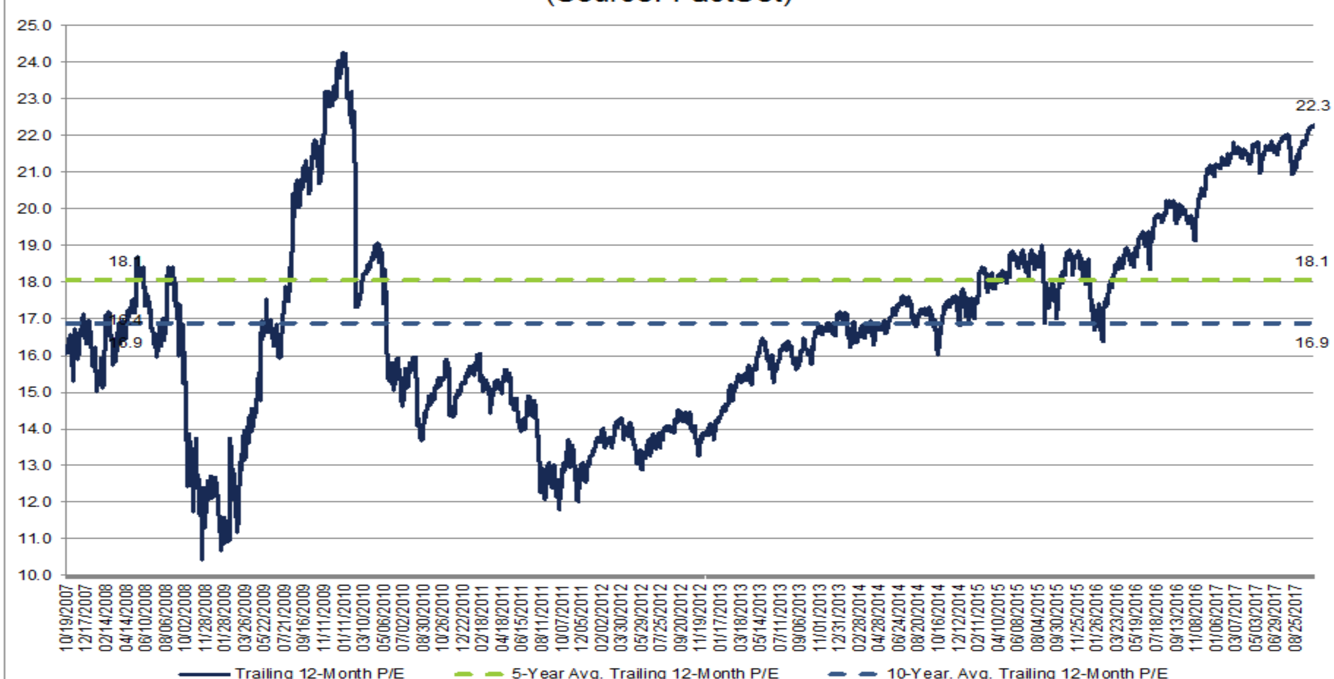




Trailing 12M P/E Ratio: Long-Term Averages

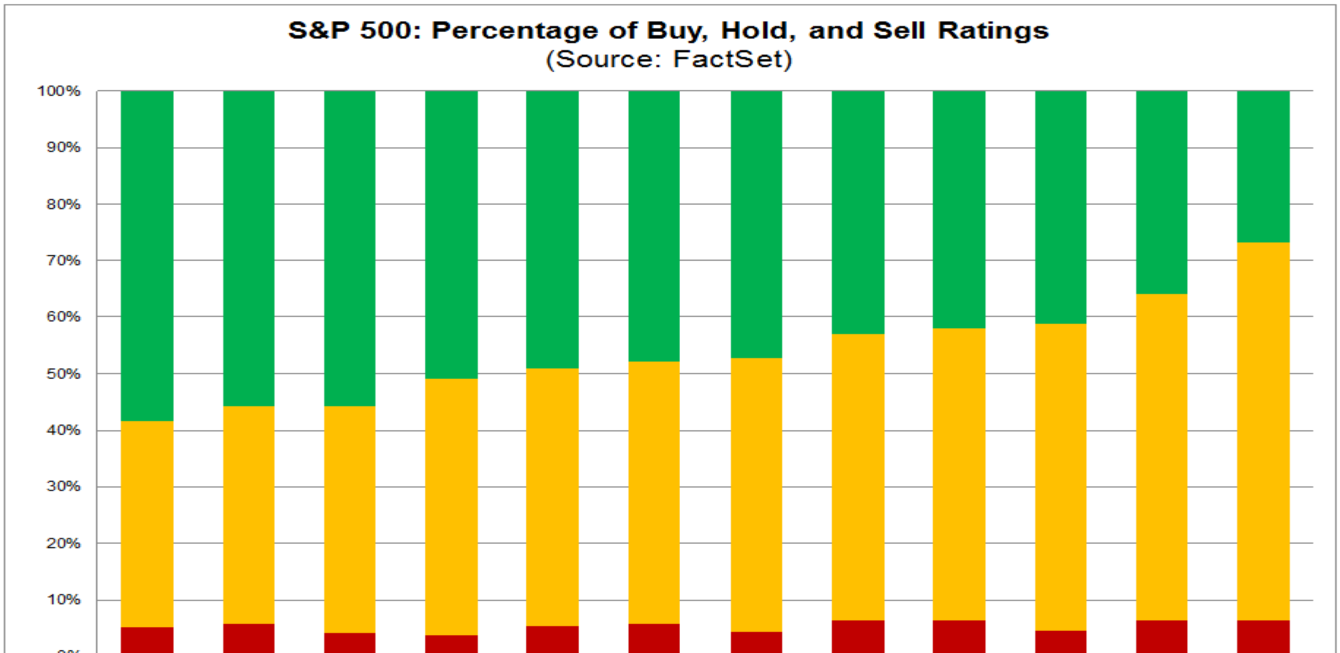


S&P 500 Change in Trailing 12-Month EPS vs. Change in Price: 10 Years
(Source: FactSet)

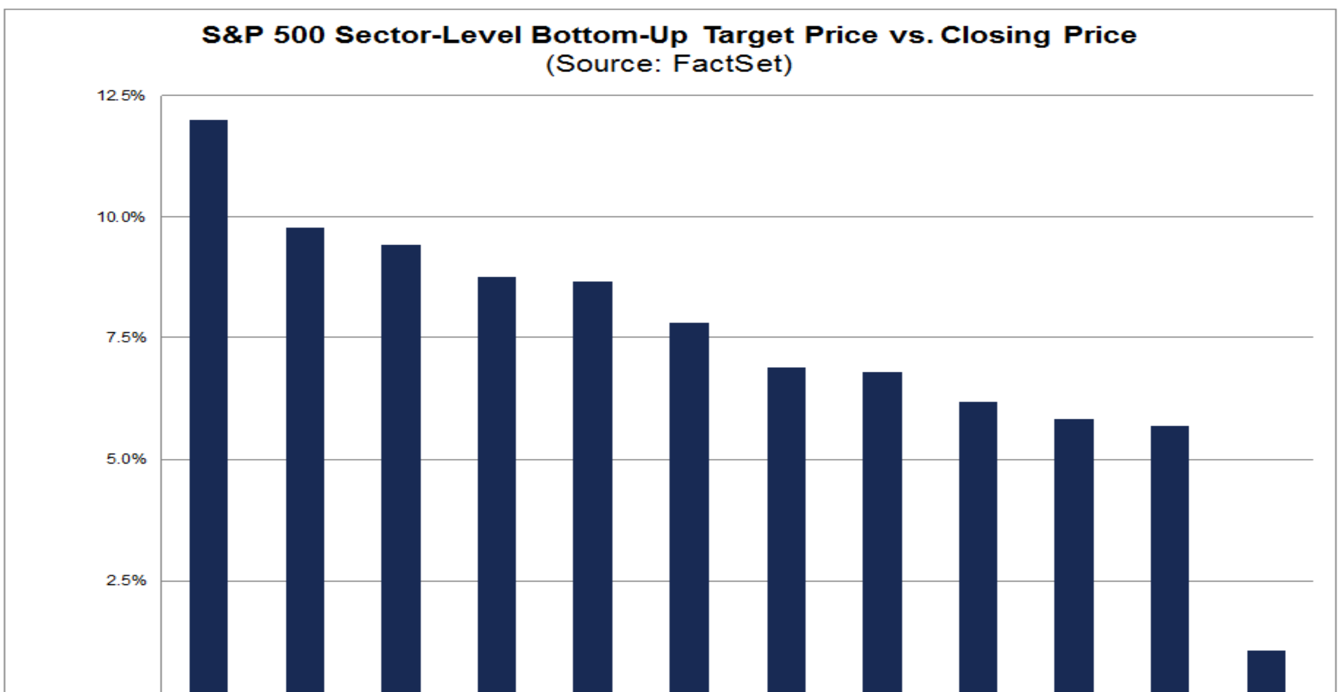


S&P 500 Trailing 12-Month P/E Ratio: 10 Years
(Source: FactSet)

Targets & Ratings



	Info. Tech.	Energy	Health Care	Materials	S&P 500	Consumer Disc.	Industrials	Financials	Consumer Staples	Real Estate	Utilities	Telecom Services
Buy	58%	56%	56%	51%	49%	48%	47%	43%	42%	41%	36%	27%
Hold	37%	38%	40%	45%	45%	46%	48%	51%	52%	54%	58%	67%
Sell	5%	6%	4%	4%	5%	6%	4%	6%	6%	5%	6%	6%



	Consumer Disc.	Consumer Staples	Telecom Services	Info. Tech.	Energy	S&P 500	Real Estate	Health Care	Materials	Industrials	Financials	Utilities
Target/Close	12.0%	9.8%	9.4%	8.7%	8.6%	7.8%	6.9%	6.8%	6.2%	5.8%	5.7%	1.1%

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 analytics, service, content, and technology to help more than 66,000 users see and seize opportunity sooner. We are committed to giving investment professionals the edge to outperform, with fresh perspectives, informed insights, and the industry-leading support of our 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.