S&P 500 Industry Briefing: Biotechnology

January 8, 2016

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Figure 1.

S&P 500 BIOTECHNOLOGY INDEX*
(Alxn AMGN BIIB BXLT CELG GILD REGN VRTX)

--- 200-day moving average.
* Ratio scale.
Source: Standard & Poor’s Corporation and Haver Analytics.

Figure 2.

S&P 500 BIOTECHNOLOGY INDEX, FORWARD EARNINGS, & VALUATION

* Implied price index calculated using forward earnings times forward P/Es.
Source: Standard & Poor’s Corporation and Thomson Reuters I/B/E/S.
**Earnings**

**Figure 3.**

*S&P 500 BIOTECHNOLOGY OPERATING EARNINGS PER SHARE*
(analysis average forecasts, ratio scale)

Consensus Forecasts
- Red: Annual estimates
- Blue: Forward earnings*

Source: Thomson Reuters I/B/E/S.

**Figure 4.**

*S&P 500 BIOTECHNOLOGY NET EARNINGS REVISIONS* *

*Three-month moving average of the number of forward earnings estimates up less number of estimates down, expressed as a percentage of the total number of estimates.
Source: Thomson Reuters I/B/E/S.
Figure 5.

S&P 500 BIOTECHNOLOGY REVENUES PER SHARE
(Analysts’ average forecasts, ratio scale)

Consensus Forecasts
- Annual estimates
- Forward revenues*

Source: Thomson Reuters I/B/E/S.

Figure 6.

S&P 500 BIOTECHNOLOGY PROJECTED PROFIT MARGIN
(Using analysts’ average earnings and revenues forecasts)

Consensus Forecasts
- Annual estimates
- Forward profit margin*

Source: Thomson Reuters I/B/E/S.
**Earnings Growth & Valuation**

**Figure 7.**

*S&P 500 BIOTECHNOLOGY LTEG VS STEG (percent)*

- **LTEG** (16.6)
- **STEG** (9.4)

* STEG: 12- month (52-week) forward consensus expected earnings growth. LTEG: 5-year forward consensus expected earnings growth. Monthly data through 2005, then weekly.

Source: Thomson Reuters I/B/E/S.

**Figure 8.**

*S&P 500 BIOTECHNOLOGY VALUATION*

- **Forward P/E***
- **Relative P/E**
- **PEG Ratio***

* Price divided by 12-month forward consensus expected operating earnings per share.

** Sector or industry forward P/E relative to S&P 500 forward P/E.

*** Sector or industry forward P/E relative to sector or industry consensus 5-year LTEG forecast.

Source: Thomson Reuters I/B/E/S.
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