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**S&P 500 Application Software**

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S&P 500 APPLICATION SOFTWARE STOCK PRICE INDEX*
(ADBE ADSK ANSS CDNS CRM CTXS INTU SNPS)

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

S&P 500 APPLICATION SOFTWARE INDEX, FORWARD EARNINGS, & VALUATION

Application Software Index
03/12/20
Blue Angels implied price index*
03/05/20

* Implied price index calculated using forward earnings times forward P/Es.
Source: Standard & Poor’s and I/B/E/S data by Refinitiv.
Forward Revenues & Earnings with Annual Squiggles

Figure 3.

S&P 500 APPLICATION SOFTWARE REVENUES PER SHARE
(analysts' average forecasts, ratio scale)

Consensus Forecasts
- Annual estimates
- Forward revenues*

* Time-weighted average of consensus estimates for current year and next year. Monthly through December 2005, then weekly.
Source: I/B/E/S data by Refinitiv.

Figure 4.

S&P 500 APPLICATION SOFTWARE OPERATING EPS
(analysts' average forecasts, ratio scale)

Consensus Forecasts
- Annual estimates
- Forward earnings*

* Time-weighted average of consensus estimates for current year and next year. Monthly through December 2005, then weekly.
Source: I/B/E/S data by Refinitiv.
Figure 5.

S&P 500 APPLICATION SOFTWARE ANNUAL REVENUE GROWTH FORECASTS* (based on analysts’ consensus estimates, percent, weekly)

- 2011 (15.7)
- 2012 (11.6)
- 2013 (5.6)
- 2014 (12.2)
- 2015 (8.5)
- 2016 (13.9)
- 2017 (13.3)
- 2018 (18.9)
- 2019 (21.0)
- 2020 (17.1)

Latest data thru 03/05/20

Source: I/B/E/S data by Refinitiv.

Figure 6.

S&P 500 APPLICATION SOFTWARE ANNUAL EARNINGS GROWTH FORECASTS* (based on analysts’ consensus estimates, percent, weekly)

- 2011 (20.8)
- 2012 (9.0)
- 2013 (-15.6)
- 2014 (3.3)
- 2015 (13.2)
- 2016 (26.0)
- 2017 (22.8)
- 2018 (42.7)
- 2019 (24.1)
- 2020 (16.0)
- 2021 (19.1)

Latest data thru 03/05/20

Source: I/B/E/S data by Refinitiv.
**Margins & NERI**

* Time-weighted average of the consensus estimates for current year and next year. Monthly through December 2005, weekly thereafter.
Source: I/B/E/S data by Refinitiv.

**Figure 7.**

S&P 500 APPLICATION SOFTWARE PROJECTED PROFIT MARGIN
(using analysts’ average earnings and revenues forecasts)

Consensus Forecasts
- Annual estimates
- Forward profit margin* (23.6)

* 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 forward earnings estimates.
Source: I/B/E/S data by Refinitiv.

**Figure 8.**

S&P 500 APPLICATION SOFTWARE NET EARNINGS REVISIONS*

* Time-weighted average of the consensus estimates for current year and next year. Monthly through December 2005, weekly thereafter.
Source: I/B/E/S data by Refinitiv.
**Forward Growth & Valuation**

**Figure 9.**

S&P 500 APPLICATION SOFTWARE STRG, STEG, & LTEG (percent)

- STEG capped at 50%
- LTEG* (21.7)
- STEG* (16.4)
- STRG* (16.6)

Monthly data through 2005, weekly thereafter.
Source: I/B/E/S data by Refinitiv.

* STEG is year-ahead forward consensus expected short-term earnings growth. STRG is year-ahead forward consensus expected short-term revenue growth. LTEG is five-year forward consensus expected long-term earnings growth.

**Figure 10.**

S&P 500 APPLICATION SOFTWARE VALUATION

- Forward P/E* (38.2)
- Relative P/E** (2.2)
- PEG Ratio*** (1.8)

Relative P/E and PEG capped at 3.0

* 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: I/B/E/S data by Refinitiv.