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Figure 1.

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.

Figure 2.

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

- Application Software Index
  09/20/19
- Blue Angels implied price index*
  09/12/19

* 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**

*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.

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**Figure 3.**

**S&P 500 APPLICATION SOFTWARE REVENUES PER SHARE**

(Analysts' average forecasts, ratio scale)

**Consensus Forecasts**

- Red: Annual estimates
- Blue: Forward revenues*

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**Figure 4.**

**S&P 500 APPLICATION SOFTWARE OPERATING EPS**

(Analysts' average forecasts, ratio scale)

**Consensus Forecasts**

- Red: Annual estimates
- Blue: Forward earnings*

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*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)

Latest data thru 09/12/19

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)

Latest data thru 09/12/19

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)

* 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 8.

S&P 500 APPLICATION SOFTWARE 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 forward earnings estimates.
Source: I/B/E/S data by Refinitiv.
**Figure 9.**

**S&P 500 APPLICATION SOFTWARE STRG, STEG, & LTEG**

<table>
<thead>
<tr>
<th>STRG* (17.4)</th>
<th>STEG* (18.2)</th>
<th>LTEG* (23.5)</th>
</tr>
</thead>
</table>

STEG capped at 50%

* 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.

Monthly data through 2005, weekly thereafter.

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

**Figure 10.**

**S&P 500 APPLICATION SOFTWARE VALUATION**

<table>
<thead>
<tr>
<th>Forward P/E* (34.5)</th>
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<tbody>
<tr>
<td>Relative P/E** (2.0)</td>
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<tr>
<td>PEG Ratio*** (1.5)</td>
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</tbody>
</table>

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.