S&P 500 Industry Briefing: Semiconductor Equipment

January 13, 2020

Dr. Ed Yardeni
516-972-7683
eyardeni@yardeni.com

Joe Abbott
732-497-5306
jabott@yardeni.com

Please visit our sites at
www.yardeni.com
blog.yardeni.com

testing outside the box
## Table Of Contents

**S&P 500 Semiconductor Equipment**
- Stock Price Index ........................................ 1
- Forward Revenues & Earnings with Annual Squiggles .. 2
- Annual Growth Squiggles ................................ 3
- Margins & NERI .......................................... 4
- Forward Growth & Valuation ............................. 5
Figure 1.

S&P 500 SEMICONDUCTOR EQUIPMENT STOCK PRICE INDEX*
(AMAT KLAC LRCX)

* 200-day moving average.

* Ratio scale.

Source: Standard & Poor’s and Haver Analytics.

Figure 2.

S&P 500 SEMICONDUCTOR EQUIPMENT INDEX, FORWARD EARNINGS, & VALUATION

* Implied price index calculated using forward earnings times forward P/Es.

Source: Standard & Poor’s Corporation and I/B/E/S data by Refinitiv.
**Figure 3.**

**S&P 500 SEMICONDUCTOR EQUIPMENT 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 SEMICONDUCTOR EQUIPMENT OPERATING EARNINGS PER SHARE**
(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.
**S&P 500 SEMICONDUCTOR EQUIPMENT ANNUAL REVENUE GROWTH FORECASTS**
(based on analysts’ consensus estimates, percent, weekly)

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-14.9%</td>
</tr>
<tr>
<td>2012</td>
<td>0.1%</td>
</tr>
<tr>
<td>2013</td>
<td>0.5%</td>
</tr>
<tr>
<td>2014</td>
<td>19.1%</td>
</tr>
<tr>
<td>2015</td>
<td>6.8%</td>
</tr>
<tr>
<td>2016</td>
<td>11.1%</td>
</tr>
<tr>
<td>2017</td>
<td>32.2%</td>
</tr>
<tr>
<td>2018</td>
<td>24.3%</td>
</tr>
<tr>
<td>2019</td>
<td>-10.9%</td>
</tr>
<tr>
<td>2020</td>
<td>11.0%</td>
</tr>
<tr>
<td>2021</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

Latest data thru 01/02/20

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>34.7%</td>
</tr>
<tr>
<td>2012</td>
<td>-35.7%</td>
</tr>
<tr>
<td>2013</td>
<td>-19.5%</td>
</tr>
<tr>
<td>2014</td>
<td>60.4%</td>
</tr>
<tr>
<td>2015</td>
<td>6.0%</td>
</tr>
<tr>
<td>2016</td>
<td>42.1%</td>
</tr>
<tr>
<td>2017</td>
<td>65.7%</td>
</tr>
<tr>
<td>2018</td>
<td>48.1%</td>
</tr>
<tr>
<td>2019</td>
<td>-21.5%</td>
</tr>
<tr>
<td>2020</td>
<td>15.7%</td>
</tr>
<tr>
<td>2021</td>
<td>17.4%</td>
</tr>
</tbody>
</table>

Latest data thru 01/02/20

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

*S&P 500 SEMICONDUCTOR EQUIPMENT PROJECTED PROFIT MARGIN*

(using analysts’ average earnings and revenues forecasts)

**Consensus Forecasts**

- **Annual estimates**
- **Forward profit margin* (23.4)**

* 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.

---

**S&P 500 SEMICONDUCTOR EQUIPMENT 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.
**Forward Growth & Valuation**

**Figure 9.**

S&P 500 SEMICONDUCTOR EQUIPMENT STRG, STEG, & LTEG (percent)

- LTEG* (11.3)
- STEG* (17.7)
- STRG* (10.4)

STEY capped at -50% and 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 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 SEMICONDUCTOR EQUIPMENT VALUATION

- Forward P/E* (16.3)

P/E capped at 5 and 60.

Relative P/E and PEG capped at 0.5 and 3.0

- Relative P/E** (0.9)
- PEG Ratio*** (1.4)

* 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.