S&P 500 Industry Briefing: IT Consulting & Services

September 20, 2019

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
# Table Of Contents

S&P 500 IT Consulting & Services

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Price Index</td>
<td>1</td>
</tr>
<tr>
<td>Forward Revenues &amp; Earnings with Annual Squiggles</td>
<td>2</td>
</tr>
<tr>
<td>Annual Growth Squiggles</td>
<td>3</td>
</tr>
<tr>
<td>Margins &amp; NERI</td>
<td>4</td>
</tr>
<tr>
<td>Forward Growth &amp; Valuation</td>
<td>5</td>
</tr>
</tbody>
</table>
Figure 1.

S&P 500 IT CONSULTING & SERVICES STOCK PRICE INDEX*
(ACN CTSH DXC IBM IT LDOS)

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

Figure 2.

S&P 500 IT CONSULTING & SERVICES INDEX, FORWARD EARNINGS, & VALUATION

IT Consulting & Services Index
09/20/19

Blue Angels Implied Price Index*
09/12/19

Implied price capped at $35 due to very low or negative forward earnings.
* Implied price index calculated using forward earnings times forward P/Es.
Source: Standard & Poor’s and I/B/E/S data by Refinitiv.
* 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 3.

**S&P 500 IT CONSULTING & SERVICES 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 IT CONSULTING & SERVICES 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 IT CONSULTING & OTHER SERVICES ANNUAL REVENUE GROWTH FORECASTS**
(based on analysts’ consensus estimates, percent, weekly)

**S&P 500 IT CONSULTING & OTHER SERVICES ANNUAL EARNINGS GROWTH FORECASTS**
(based on analysts’ consensus estimates, percent, weekly)

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

Figure 7.

S&P 500 IT CONSULTING & SERVICES PROJECTED PROFIT MARGIN
(using analysts’ average earnings and revenues forecasts)

Consensus Forecasts
- Annual estimates
- Forward profit margin* (12.5)

* 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 IT CONSULTING & SERVICES 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 IT CONSULTING & SERVICES STRG, STEG, & LTEG (percent)**

- LTEG* (5.7)
- STEG* (3.7)
- STRG* (3.8)

*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 IT CONSULTING & SERVICES VALUATION**

- Forward P/E* (14.2)
- Relative P/E** (0.8)
- PEG Ratio*** (2.5)

P/E capped at 5 and 60.

Relative P/E and PEG capped at 0.5 and 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.