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**Figure 1.**

**S&P 500 SYSTEMS SOFTWARE STOCK PRICE INDEX***
(FTNT MSFT NLOK NOW ORCL)

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200-day moving average.

* Ratio scale.

Source: Standard & Poor’s and Haver Analytics.

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**Figure 2.**

**S&P 500 SYSTEMS SOFTWARE INDEX, FORWARD EARNINGS, & VALUATION**

- **Systems Software Index**
  04/01/21

- **Blue Angels Implied Price Index***
  03/25/21

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

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

S&P 500 SYSTEMS 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 SYSTEMS SOFTWARE 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.
Figure 5.

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

- 2011 (9.5)
- 2012 (4.2)
- 2013 (4.4)
- 2014 (8.3)
- 2015 (3.4)
- 2016 (-0.4)
- 2017 (5.9)
- 2018 (10.4)
- 2019 (10.6)
- 2020 (12.2)
- 2021 (13.3)
- 2022 (10.5)

Latest data thru 03/25/21

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

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Figure 6.

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

- 2011 (19.6)
- 2012 (4.3)
- 2013 (1.6)
- 2014 (-0.1)
- 2015 (-7.0)
- 2016 (9.0)
- 2017 (15.8)
- 2018 (14.8)
- 2019 (18.6)
- 2020 (20.7)
- 2021 (24.8)
- 2022 (9.3)

Latest data thru 03/25/21

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

Figure 7.

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

Consensus Forecasts
- Annual estimates
- Forward profit margin* (33.0)

* 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 SYSTEMS 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.
Forward Growth & Valuation

Figure 9. S&P 500 SYSTEMS SOFTWARE STRG, STEG, & LTEG

(percent)

- LTEG* (17.0)
- STEG* (12.7)
- STRG* (11.2)

*S 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 SYSTEMS SOFTWARE VALUATION

- Forward P/E* (28.5)
- Relative P/E** (1.3)
- PEG Ratio*** (1.7)

* 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.