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S&P 500 Communications Equipment

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Figure 1.

S&P 500 COMMUNICATIONS EQUIPMENT STOCK PRICE INDEX*
(CSCO FFIV JNPR MSI)

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

Figure 2.

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

- Communications Equipment 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

Figure 3.

S&P 500 COMMUNICATIONS 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 COMMUNICATIONS 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.
Annual Growth Squiggles

**Figure 5.**

S&P 500 COMMUNICATIONS 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>0.6%</td>
</tr>
<tr>
<td>2012</td>
<td>8.8%</td>
</tr>
<tr>
<td>2013</td>
<td>9.9%</td>
</tr>
<tr>
<td>2014</td>
<td>-2.4%</td>
</tr>
<tr>
<td>2015</td>
<td>1.2%</td>
</tr>
<tr>
<td>2016</td>
<td>4.5%</td>
</tr>
<tr>
<td>2017</td>
<td>-1.3%</td>
</tr>
<tr>
<td>2018</td>
<td>3.7%</td>
</tr>
<tr>
<td>2019</td>
<td>5.1%</td>
</tr>
<tr>
<td>2020</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Latest data thru 09/12/19

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

**Figure 6.**

S&P 500 COMMUNICATIONS 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>9.6%</td>
</tr>
<tr>
<td>2012</td>
<td>12.7%</td>
</tr>
<tr>
<td>2013</td>
<td>15.5%</td>
</tr>
<tr>
<td>2014</td>
<td>5.6%</td>
</tr>
<tr>
<td>2015</td>
<td>1.3%</td>
</tr>
<tr>
<td>2016</td>
<td>8.4%</td>
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<tr>
<td>2017</td>
<td>2.2%</td>
</tr>
<tr>
<td>2018</td>
<td>10.1%</td>
</tr>
<tr>
<td>2019</td>
<td>16.4%</td>
</tr>
<tr>
<td>2020</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Latest data thru 09/12/19

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

**Figure 7.**

**S&P 500 COMMUNICATIONS EQUIPMENT 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 COMMUNICATIONS 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.
Figure 9.

S&P 500 COMMUNICATIONS EQUIPMENT STRG, STEG, & LTEG

(percent)

-30 -20 -10 0 10 20 30 40 50 60

LTEG* (6.4) STEG* (7.8) STRG* (3.0)

STEG capped at 50%

9/12

* 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 COMMUNICATIONS EQUIPMENT VALUATION

Forward P/E* (15.4)

0 10 20 30 40 50 60 70

Relative P/E and PEG capped at 0.5 and 3.0

Relative P/E** (0.9) PEG Ratio*** (2.4)

0 1 2 3 4

9/12

* 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.
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