G170

NUMBERS

PROFITS PERK UP AT LARGE U.S. COMPANIES

By Tara Kalwarski/Charts by Laurel Daunis-Allen

Companies in the Standard & Poor's 500-stock index reported operating profits of $122 billion in the second quarter — much better than the inflation-adjusted losses of $800 million reported for the fourth quarter of 2008. But earnings remain down from a year earlier, and many sectors have yet to see profit margins improve.

Making money again: Real operating earnings at big U.S. companies have climbed back to levels first hit in 1998

INFLATION-ADJUSTED OPERATING EARNINGS AT S&P 500 COMPANIES*

BILLIONS OF 2009 DOLLARS

250
200
150
100
50
0
-50

'88 '90 '92 '94 '96 '98 '00 '02 '04 '06 '08 '09

*Q2 '09 is estimated

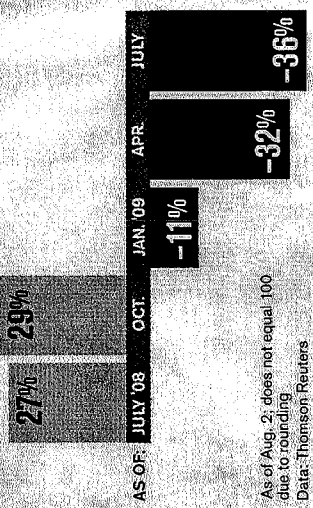Data: Standard & Poor's; Bureau of Labor Statistics

WHERE MARGINS ARE GETTING FATTER

Profit margins at health-care, utility, consumer staples, and consumer discretionary companies have actually improved in the past year
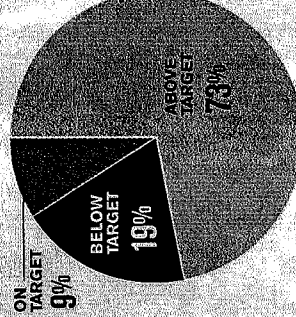
PERCENT

16
14
12
10
8
6

Faint praise: The majority of S&P 500 companies have surpassed earnings targets. But that's not saying much, since expectations had fallen so low.
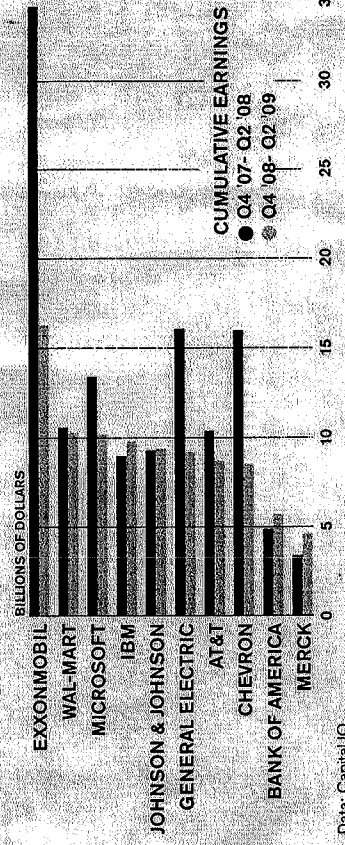
Q2 '09 S&P 500 ACTUAL EARNINGS*

ABOVE TARGET 73%

ON TARGET 9%

BELOW TARGET 19%

Q2 '09 S&P 500 EARNINGS GROWTH ESTIMATES

AS OF: JULY '08   OCT.   JAN. '09   APR.   JULY

27%   29%   -11%   -32%   -36%

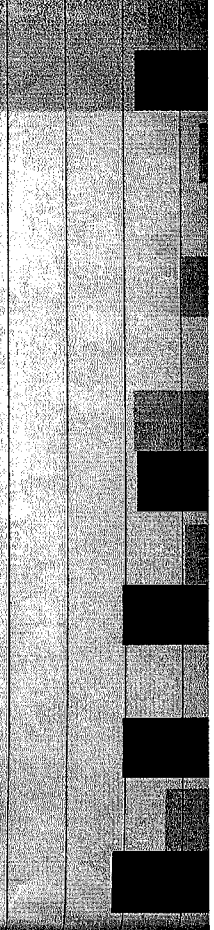*As of Aug. 2; does not equal 100 due to rounding
Data: Thomson Reuters

Playing catch-up: Net income reported by many of America's most profitable companies remains below year-earlier levels.

BILLIONS OF DOLLARS

EXXONMOBIL
WAL-MART
MICROSOFT
IBM
JOHNSON & JOHNSON
GENERAL ELECTRIC
AT&T
CHEVRON
BANK OF AMERICA
MERCK

0   5   10   15   20   25   30   35

CUMULATIVE EARNINGS
● Q4 '07 - Q2 '08
● Q4 '08 - Q2 '09

Data: Capital IQ

NET INCOME AS A SHARE OF TOTAL REVENUE BY S&P 500 SECTOR*
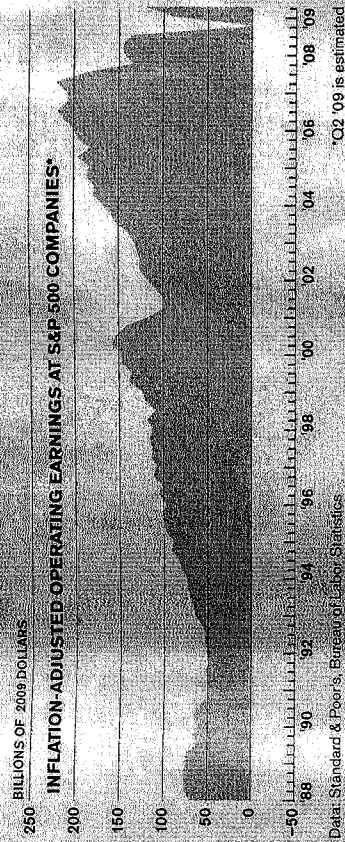
● Q2 '08
● Q2 '09

PROFITS PERK UP AT LARGE U.S. COMPANIES
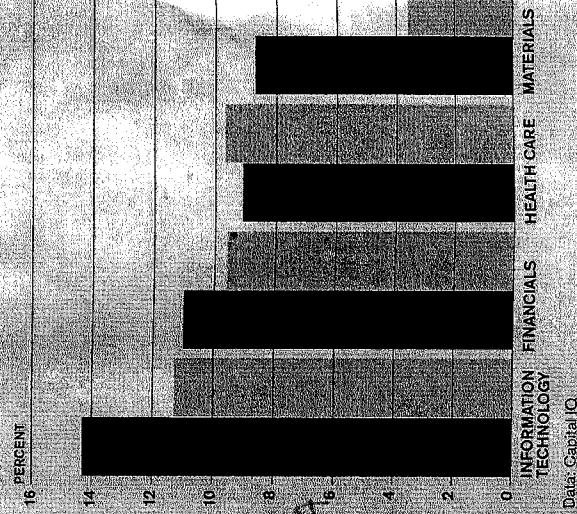
By Tara Kalwarski/Charts by Laurel Daunis-Allen

Companies in the Standard & Poor's 500-stock index reported operating profits of $122 billion in the second quarter—much better than the inflation-adjusted losses of $800 million reported for the fourth quarter of 2008. But earnings remain down from a year earlier, and many sectors have yet to see profit margins improve.

Making money again: Real operating earnings at big U.S. companies have climbed back to levels first hit in 1998

INFLATION-ADJUSTED OPERATING EARNINGS AT S&P 500 COMPANIES*

BILLIONS OF 2000 DOLLARS

250 · 200 · 150 · 100 · 50 · 0 · -50

'88 '90 '92 '94 '96 '98 '00 '02 '04 '06 '08 '09

*Q2 '09 is estimated

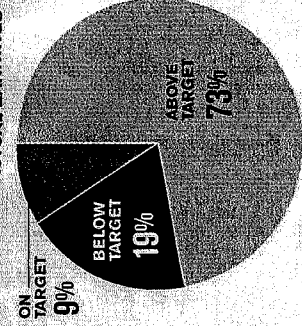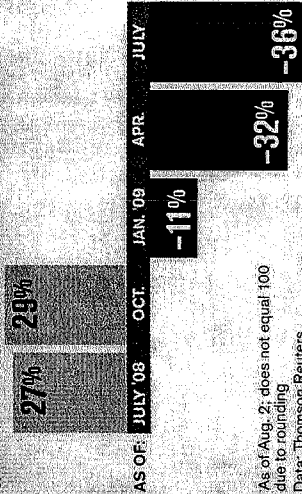Data: Standard & Poor's, Bureau of Labor Statistics

WHERE MARGINS ARE GETTING FATTER

Profit margins at health-care, utility, consumer staples, and consumer discretionary companies have actually improved in the past year.

PERCENT

16 · 14 · 12 · 10 · 8 · 6 · 4 · 2 · 0

INFORMATION TECHNOLOGY · FINANCIALS · HEALTH CARE · MATERIALS

Data: Capital IQ

Faint praise: The majority of S&P 500 companies have surpassed earnings targets. But that's not saying much, since expectations had fallen so low

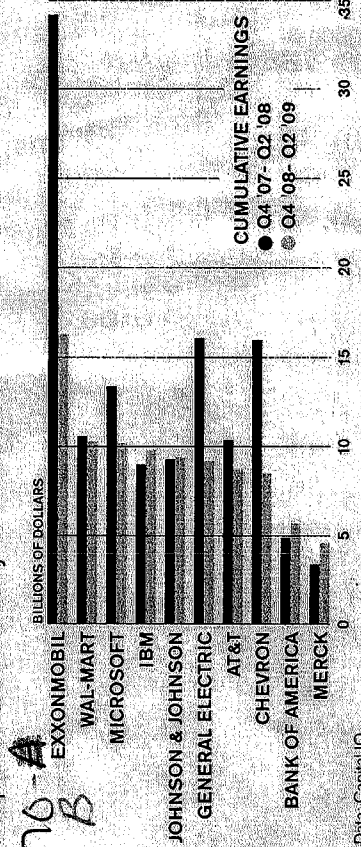Q2 '09 S&P 500 ACTUAL EARNINGS*

ABOVE TARGET 73%
BELOW TARGET 19%
ON TARGET 9%

Q2 '09 S&P 500 EARNINGS GROWTH ESTIMATES

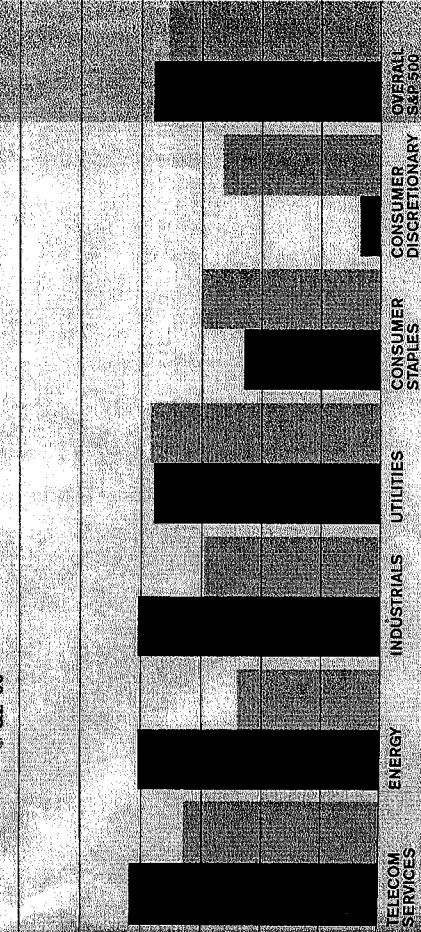| AS OF:	JULY '08	OCT.	JAN. '09	APR.	JULY
	27%	29%	-11%	-32%	-36%

As of Aug. 2; does not equal 100 due to rounding

Data: Thomson Reuters

Playing catch-up: Net income reported by many of America's most profitable companies remains below year-earlier levels.

CUMULATIVE EARNINGS
● Q4 '07 - Q2 '08
● Q4 '08 - Q2 '09

BILLIONS OF DOLLARS

0 · 5 · 10 · 15 · 20 · 25 · 30 · 35

EXXON MOBIL · WAL-MART · MICROSOFT · IBM · JOHNSON & JOHNSON · GENERAL ELECTRIC · AT&T · CHEVRON · BANK OF AMERICA · MERCK

Data: Capital IQ

NET INCOME AS A SHARE OF TOTAL REVENUE BY S&P 500 SECTOR*
● Q2 '08
● Q2 '09

TELECOM SERVICES · ENERGY · INDUSTRIALS · UTILITIES · CONSUMER STAPLES · CONSUMER DISCRETIONARY · OVERALL S&P 500

*Calculated for the 465 S&P 500 companies that had reported Q2 2009 earnings as of Aug. 17