

# S&P 500 Buybacks Fall 17.5% Year-over-Year to \$133.1 Billion for Q1 2017

- Q1 2017 repurchases is 1.6% less than Q4 2016 and 17.5% less than Q1 2016
- EPS support via share count reduction significantly declines
- Cash reserves set new record

NEW YORK, June 21, 2017 /PRNewswire/ -- S&P Dow Jones Indices ("S&P DJI") today announced preliminary results indicating that **S&P 500® stock buybacks**, or share repurchases, **totaled \$133.1 billion for Q1 2017. This is a 1.6% decrease from the \$135.3 billion reported for Q4 2016 and a 17.5% decrease from the \$161.4 billion reported for Q1 2016**, when companies actively supported declining share prices.

For the 12-month period ending March 2017, S&P 500 issues spent **\$508.1 billion on buybacks**, down 13.8% from \$589.4 billion for the prior 12-month period; the 12-month period ending March 2016 remains the all-time record.

Historical data on S&P 500 buybacks is available at: [www.spdji.com/indices/equity/sp-500](http://www.spdji.com/indices/equity/sp-500).

## **Key Takeaways:**

- Fewer buybacks resulted in fewer share count reductions and less earnings per share (EPS) support.
- S&P 500 issues substantially reducing their year-over-year share count, which is used to calculate EPS, declined to 14.8%, compared to 19.4% for Q1 2017 and 28.2% for Q1 2016.
- Total shareholder return totaled \$234.0 billion, down 2.1% from \$239.1 billion for Q4 2016.
- S&P 500 dividends slightly declined to \$100.9 billion, from \$103.8 billion for Q4 2016; for the 12-month period ending March 2017, the total shareholder return was \$909.6 billion, down 6.7% from \$975.0 billion for the 12-month period ending March 2016.
- 255 S&P 500 issues reduced their share count for Q1 2017, down from 281 for Q4 2016 and 324 for Q1 2016.
- Year-over-year share count reductions of at least 4%, which are seen as affecting EPS, declined to 71 issues for Q1 2017, compared to 93 for Q4 2016 and 139 for Q1 2016.

"The expenditures on share buybacks declined as share prices increased, resulting in fewer share repurchases and an impact to EPS growth," said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices**.

"Over the past two years, more than 20% of S&P 500 issues have given at least a 4% tailwind for EPS via reduced share counts; for Q1 2017, that rate dropped to 14.8%, with indications that Q2 2017 may offer even less support. Companies may have to increase EPS the old-fashioned way – by earning it."

Buybacks remained concentrated, as the top 20 issues accounted for 42.1% of all share repurchases, down from 46.7% for Q4 2016.

"The ability of companies to increase buybacks remains high, as available cash set a new record," said Silverblatt. "Net income has improved, with Q2 2017 estimates projecting additional gains, potentially setting a new record. On an issue level, the question now is where share counts end up and the overall amount of EPS support."

## **Sector Analysis:**

**Financials** increased its expenditures by 10.2%, to \$29.5 billion, the most of any sector. Financials accounted for 22.2% of all buybacks. Of note, the upcoming bank stress test results may indicate potential future actions.

**Health Care** expenditures declined 6.5% to \$27.0 billion, from \$28.9 billion, as it accounted for 20.3% of all buybacks (down from 21.4% for Q4 2016).

**Information Technology** continued strong, even as its expenditures declined 4.4% to \$27.5 billion from the prior period's \$28.7 billion; the sector represents 20.6% of all buybacks.

**Energy** buybacks more than doubled to \$2.1 billion for Q1 2017, from \$1.0 billion for Q4 2016, but still pales against the \$13.1 billion spent for Q1 2014 when oil prices were higher.

## **Issues:**

**Apple** (AAPL) spent \$7.2 billion for Q1 2017, down from \$10.9 billion for Q4 2016 but up from \$6.7 billion for Q1 2016.

**Pfizer** (PFE) was second, with \$5.0 billion, as it matched its Q1 2016 expenditure after no buybacks between Q2-Q4 2016.

**CVS Health** (CVS) was third, with \$3.6 billion, up from \$0.4 billion for Q4 2016 and \$2.1 billion for Q1 2016.

**American International Group** (AIG) came in fourth, with \$3.6 billion, up from \$3.0 billion for Q4 2016.

**Johnson & Johnson** (JNJ) rounded out the top 5, at \$3.3 billion, up from \$2.0 billion for Q4 2016.

**Exxon Mobil** (XOM) ranked 68, up from 111 last quarter (and 291 for Q3 2016), as it increased its expenditures to \$501 million from last quarter's \$250 million and \$1 million for both Q2 2016 and Q3 2016.

## **Total Shareholder Return:**

**Silverblatt** determined that **total shareholder return** through regular cash dividends and buybacks **decreased 2.1% to \$234.0 billion** for Q1 2017, down from \$239.1 billion for Q4 2016. For the 12-month period ending March 2017, shareholder return totaled \$909.6 billion, down 6.7% from the record \$975.0 billion for the 12-month period ending March 2016.

Dividends posted a 2.8% decline for Q1 2017, to \$100.9 billion, from the Q4 2016 record of \$103.8 billion. Payments totaled \$401.4 billion for the 12-month period ending March 2017, up 4.1% from \$385.6 billion for the 12-month period ending March 2016. With Q2 2017 nearing its end, the quarter could post a record.

According to Silverblatt, preliminary **cash reserves ticked up from Q4 2016**. S&P 500 Industrial (Old), which consists of the S&P 500 less Financials, Transportations and Utilities, available cash and equivalent now stands at \$1.496 trillion, surpassing the previous record of \$1.487 trillion from Q3 2016. The current cash level is 1.7 times greater than expected 2017 operating income.

"Companies' ability to increase their expenditure, be it buybacks, dividends capital expenditures or M&A, remains very high, given their cash reserves and cash flow," said Silverblatt. "Additionally, while dividend growth has slowed, Q2 2017 and full-year 2017 may post quarterly and annual records,

respectively."

"Base buyback expenditures must increase if companies wish to negate stock options, as higher stock prices can be costly and bring in additional out-of-the-money options."

"Discretionary buybacks, which are typically used to reduce share count and increase EPS, continued to decline, indicating that companies may feel they can compensate via higher earnings; if not, they have the choice to quickly increase their buybacks."

For more information about S&P Dow Jones Indices, please visit [www.spdji.com](http://www.spdji.com).

**S&P Dow Jones Indices**  
**S&P 500, \$ U.S. BILLIONS**  
**PERIOD**

(preliminary in bold)									
MARKET OPERATING AS REPORTED									
	VALUE	EARNINGS	EARNINGS	DIVIDENDS	BUYBACKS	DIVIDEND	BUYBACK	DIVIDEND & BUYBACK	DIVIDENDS & BUYBACKS
	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	YIELD	YIELD	YIELD	\$ BILLION
12 Months Mar 2017	\$20,275.97	<b>\$958.10</b>	<b>\$864.83</b>	\$401.41	<b>\$508.15</b>	1.98%	<b>2.51%</b>	<b>4.49%</b>	<b>\$909.56</b>
12 Months Mar 2016	\$17,958.30	\$865.92	\$759.06	\$385.57	\$589.41	2.15%	3.28%	5.43%	\$974.99
2016	\$19,267.93	\$919.85	\$818.55	\$397.21	\$536.38	2.06%	2.78%	4.85%	\$933.60
2015	\$17,899.56	\$885.38	\$762.74	\$382.32	\$572.16	2.14%	3.20%	5.33%	\$954.47
2014	\$18,245.16	\$1,004.22	\$909.09	\$350.43	\$553.28	1.92%	3.03%	4.95%	\$903.71
3/31/2017	\$20,276	<b>\$247.24</b>	<b>\$235.65</b>	\$100.86	<b>\$133.15</b>	1.98%	<b>2.51%</b>	<b>4.49%</b>	<b>\$234.01</b>
12/31/2016	\$19,268	\$240.11	\$207.93	\$103.82	\$135.29	2.06%	2.78%	4.85%	\$239.11
9/30/2016	\$18,742	\$247.98	\$219.46	\$98.43	\$112.20	2.10%	2.92%	5.01%	\$210.63
6/30/2016	\$18,193	\$222.77	\$201.79	\$98.30	\$127.50	2.14%	3.22%	5.36%	\$225.81
3/31/2016	\$17,958	\$208.99	\$189.37	\$96.67	\$161.39	2.15%	3.28%	5.43%	\$258.05
12/31/2015	\$17,900	\$201.95	\$163.76	\$99.39	\$145.88	2.14%	3.20%	5.33%	\$245.27
9/30/2015	\$16,917	\$224.14	\$204.58	\$95.07	\$150.58	2.22%	3.30%	5.52%	\$245.66
6/30/2015	\$18,219	\$230.84	\$201.35	\$94.45	\$131.56	2.03%	3.04%	5.07%	\$226.01
3/31/2015	\$18,303	\$228.45	\$193.05	\$93.41	\$144.13	1.98%	2.94%	4.92%	\$237.54
12/30/2014	\$18,245	\$237.14	\$202.31	\$92.80	\$132.63	1.92%	3.03%	4.95%	\$225.43
9/30/2014	\$17,519	\$262.92	\$244.00	\$89.02	\$145.19	1.96%	3.14%	5.10%	\$234.22
6/30/2014	\$17,404	\$260.50	\$240.96	\$86.65	\$116.17	1.91%	3.06%	4.98%	\$202.82
3/31/2014	\$16,700	\$243.67	\$221.82	\$81.96	\$159.28	1.93%	3.20%	5.14%	\$241.24
12/31/2013	\$16,495	\$252.10	\$236.31	\$84.98	\$129.41	1.89%	2.88%	4.77%	\$214.40
9/30/2013	\$14,960	\$239.50	\$219.13	\$79.26	\$128.16	2.05%	2.98%	5.03%	\$207.42
6/30/2013	\$14,310	\$234.84	\$221.56	\$76.67	\$118.05	2.07%	2.94%	5.02%	\$194.72
3/31/2013	\$13,979	\$229.57	\$215.76	\$70.86	\$99.97	2.06%	2.97%	5.02%	\$170.82
12/31/2012	\$12,742	\$206.84	\$184.50	\$79.83	\$99.15	2.20%	3.13%	5.33%	\$178.98
9/30/2012	\$12,881	\$214.58	\$189.64	\$69.48	\$103.72	2.07%	3.01%	5.08%	\$173.20
6/30/2012	\$12,303	\$229.69	\$195.27	\$67.31	\$111.75	2.08%	3.27%	5.35%	\$179.05
3/31/2012	\$12,730	\$219.09	\$208.15	\$64.07	\$84.29	1.95%	3.14%	5.09%	\$148.37

**S&P Dow Jones Indices**  
**S&P 500 SECTOR BUYBACKS**  
**SECTOR \$ MILLIONS**

	Q1,'17	Q4,'16	Q1,'16	12MO MAR,'17	12MO MAR,'16	5-YEARS
Consumer Discretionary	\$16,196	\$20,604	\$26,671	\$79,053	\$99,480	\$397,441
Consumer Staples	\$14,469	\$11,615	\$11,708	\$46,200	\$45,725	\$223,617
Energy	\$2,107	\$979	\$2,053	\$5,816	\$11,765	\$130,584
Financials	\$29,497	\$26,772	\$26,706	\$107,148	\$98,737	\$405,830
Healthcare	\$27,010	\$28,898	\$30,626	\$83,971	\$80,049	\$364,174
Industrials	\$14,113	\$14,773	\$26,229	\$64,050	\$86,218	\$318,036
Information Technology	\$27,477	\$28,731	\$34,682	\$112,253	\$150,033	\$635,707
Materials	\$1,359	\$2,497	\$2,402	\$7,353	\$13,526	\$66,528
Real Estate	\$574	\$303		\$1,333	\$0	\$1,333
Telecommunication Services	\$191	\$69	\$12	\$708	\$1,049	\$34,790
Utilities	\$158	\$51	\$296	\$262	\$2,830	\$7,129
<b>TOTAL</b>	<b>\$133,150</b>	<b>\$135,292</b>	<b>\$161,385</b>	<b>\$508,146</b>	<b>\$589,411</b>	<b>\$2,585,168</b>

**S&P Dow Jones Indices**  
**S&P 500 20 LARGEST Q1 2017 BUYBACKS, \$ MILLIONS**  
**Company**

Ticker	Sector	Q1,'17 Buybacks \$ Million	12MO Mar,'17 Buybacks \$ Million	12MO Mar.'16 Buybacks \$ Million	5-Year Buybacks \$ Million	10-year Buybacks \$ Million	Indicated Dividend \$ Million
Apple	Information Technology	\$7,161	\$34,204	\$36,783	\$150,847	\$150,847	\$13,221
Pfizer	Healthcare	\$5,000	\$5,000	\$5,160	\$42,696	\$57,272	\$7,618
CVS Health	Consumer Staples	\$3,621	\$6,016	\$5,060	\$23,380	\$36,113	\$2,051
American Internat'l Gr	Financials	\$3,585	\$11,559	\$12,779	\$41,235	\$48,305	\$1,185
Johnson & Johnson	Healthcare	\$3,342	\$9,939	\$5,559	\$41,210	\$58,449	\$9,117
Aetna Inc. (AET)	Healthcare	\$3,300	\$3,300	\$100	\$7,302	\$15,046	\$663
JPMorgan	Financials	\$2,832	\$10,218	\$5,412	\$28,516	\$44,826	\$7,144
Bank of America	Financials	\$2,728	\$6,840	\$3,374	\$15,109	\$16,411	\$3,008
Wells Fargo	Financials	\$2,534	\$8,621	\$8,602	\$38,439	\$48,640	\$7,605
Boeing )	Industrials	\$2,500	\$6,000	\$7,752	\$24,054	\$29,456	\$3,479
Citigroup	Financials	\$2,255	\$10,241	\$6,784	\$20,778	\$22,550	\$1,773
Wal-Mart Stores	Consumer Staples	\$2,185	\$7,748	\$6,567	\$25,236	\$60,099	\$6,269
Microsoft	Information Technology	\$2,062	\$13,700	\$16,571	\$54,141	\$110,067	\$12,055
Walt Disney	Consumer Discretionary	\$2,035	\$6,608	\$8,698	\$29,054	\$46,643	\$2,467

Procter & Gamble	PG	Consumer Staples	\$2,001	\$5,233	\$3,504	\$23,982	\$58,464	\$7,052
Intuitive Surgical	ISRG	Healthcare	\$2,000	\$2,034	\$182	\$4,574	\$5,254	\$0
Bristol-Myers Squibb	BMJ	Healthcare	\$2,000	\$2,000	\$231	\$4,733	\$6,869	\$2,609
Visa	V	Information Technology	\$1,582	\$6,934	\$4,907	\$24,070	\$43,261	\$1,226
General Electric	GE	Industrials	\$1,578	\$16,681	\$8,060	\$40,642	\$63,330	\$8,376
Humana	HUM	Healthcare	\$1,574	\$1,607	\$391	\$3,850	\$4,826	\$239
<b>Top 20</b>			<b>\$55,875</b>	<b>\$174,483</b>	<b>\$146,476</b>	<b>\$643,848</b>	<b>\$926,728</b>	<b>\$97,158</b>
<b>S&amp;P 500</b>			<b>\$132,627</b>	<b>\$508,146</b>	<b>\$589,411</b>	<b>\$2,585,168</b>	<b>\$4,322,063</b>	<b>\$431,794</b>
<b>Top 20 % of S&amp;P 500</b>			<b>42.13%</b>	<b>34.34%</b>	<b>24.85%</b>	<b>24.91%</b>	<b>21.44%</b>	<b>22.50%</b>
Gross values are not adjusted for float								

#### S&P Dow Jones Indices

##### S&P 500 20 Largest Quarterly Buybacks, \$ Millions, as of Q1 2017, no issues added for Q1 2017

\$ MILLIONS	QUARTER	COMPANY	SECTOR	
\$17,971	Q1 2014	Apple	Information Technology	1
\$17,000	Q3 2014	Apple	Information Technology	2
\$16,000	Q2 2013	Apple	Information Technology	3
\$15,707	Q2 2007	International Business Machines	Information Technology	4
\$13,253	Q3 2015	Apple	Information Technology	5
\$12,852	Q2 2012	Johnson & Johnson	Healthcare	6
\$12,318	Q4 2016	Allergan plc (AGN)	Healthcare	7
\$12,183	Q3 2012	Johnson & Johnson	Healthcare	8
\$10,851	Q4 2016	Apple	Information Technology	9
\$10,723	Q3 2007	Home Depot	Consumer Discretionary	10
\$10,166	Q2 2016	Apple	Information Technology	11
\$10,000	Q2 2015	Apple	Information Technology	12
\$9,859	Q4 2007	Transocean	Energy	13
\$9,179	Q4 2006	Exxon Mobil	Energy	14
\$9,465	Q1 2008	Exxon Mobil	Energy	15
\$8,845	Q4 2008	Exxon Mobil	Energy	16
\$8,761	Q2 2008	Exxon Mobil	Energy	17
\$8,663	Q3 2008	Exxon Mobil	Energy	18
\$8,463	Q3 2007	Exxon Mobil	Energy	19
\$8,166	Q1 2014	International Business Machines	Information Technology	20
<b>\$230,425</b>		<b>TOP 20</b>		

#### S&P Dow Jones Indices

##### S&P 500 Q1 2017 Buyback Report

SECTOR	DIVIDEND YIELD	BUYBACK YIELD	COMBINED YIELD
Consumer Discretionary	1.55%	3.09%	4.64%
Consumer Staples	3.01%	2.45%	5.46%
Energy	2.98%	0.48%	3.45%
Financials	1.77%	3.57%	5.33%
HealthCare	1.69%	2.85%	4.55%
Industrials	2.14%	3.00%	5.14%
Information Technology	1.54%	2.54%	4.08%
Materials	2.10%	1.24%	3.35%
Real Estate	3.47%	0.43%	3.91%
Telecommunication Services	4.90%	0.15%	5.05%
Utilities	3.40%	0.04%	3.43%
<b>S&amp;P 500</b>	<b>2.10%</b>	<b>2.48%</b>	<b>4.57%</b>

Uses full values (unadjusted for float)

Dividends based on indicated; buybacks based on the last 12-months ending Q1,'17

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<https://press.spglobal.com/2017-06-21-S-P-500-Buybacks-Fall-17-5-Year-over-Year-to-133-1-Billion-for-Q1-2017>