



# Q4'23 Earnings Season

Corbin's flagship *Inside The Buy-Side*® *Earnings Primer*®

January 17, 2024

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# Speaker Introduction



## Rebecca Corbin

Founder & CEO

Rebecca is Corbin Advisors' leader and a pioneer in investor relations globally; 20+ years industry veteran, innovator executive, board advisor, and subject matter expert; earnings / guidance, M&A, transformations, crisis / activism, sustainability / ESG, IPOs, shareholder value creation

### TOPICS DISCUSSED WILL INCLUDE:

- Insights and findings from our proprietary research and flagship **Inside The Buy-Side® Earnings Primer®**
- The latest views on Investor and Executive Sentiment
- Earnings KPIs and guidance expectations
- Key concerns and topics to address on upcoming earnings calls
- Capital allocation preferences
- A spotlight on exposure to China
- Sector sentiment

# About Corbin Advisors – A Differentiated Research and Advisory Firm Specializing in Value Creation

FOUNDED  
**2007**



FINANCIAL  
SERVICES  
INDUSTRY



**70+**

Talented capital markets experts with experience across buy side, sell side, investment banking, IR, corporate, and design

### Insights Group

Perception Study Practice  
—  
Market Research

### Advisory Group

IR Advisory Practice  
—  
Investor Day Practice  
—  
Special Situations

### Community Impact Group

ESG Practice  
—  
Corbin for Nonprofits

### Research Center of Excellence

Clients range from PRE-IPO to \$360B in MARKET CAP across all sectors

## PROUD TO PARTNER WITH CLIENTS ON FIVE CONTINENTS



**Corbin Analytics** – Our ever-growing repository of data-driven insights based on primary investor research and practical company experience

**900+**

**COMPANIES**

spanning profiles, sectors, size, and situations

**22K+**

**INTERVIEWS**

with the buy side and sell side on factors that impact valuation

# INSIDE THE Buy·Side

EARNINGS PRIMER®

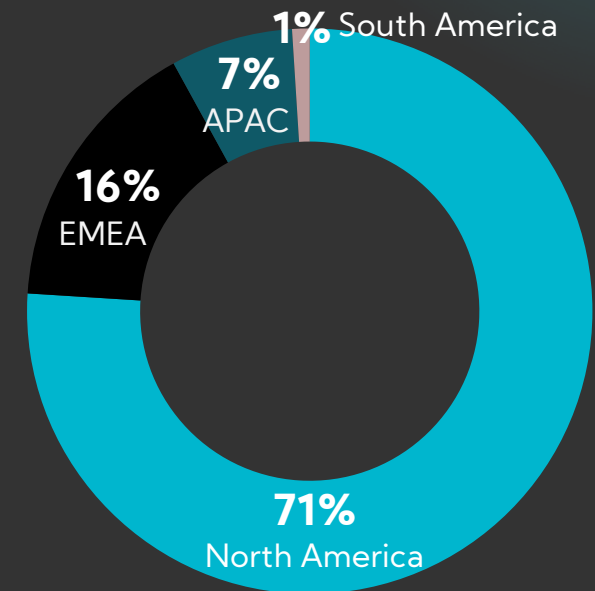
## SURVEY SCOPE



### SURVEY TIMEFRAME:

November 22, 2023 – January 2, 2024

## BY REGION



## Key Findings

1

- Investor Sentiment and Executive Tone Notably More Optimistic QoQ, Registering the Most Bullish Sentiment in Two Years
- FY 2024 Guides are Largely Anticipated to Come in Higher than 2023 Actuals

2

- With More Expecting Overall Macro Conditions to Improve in 2024, Recessional Concerns Moderate and Mindsets Shift to Prioritizing Growth
- Geopolitical Risks Continue to Permeate Responses

3

- Debt Paydown Remains the Leading Preferred Use of Cash, Support for Reinvestment Jumps QoQ
- Optimism Over U.S. Presidential Election and Tech

# A Retrospective: Perception is Reality and Sentiment is a Leading Indicator

Q2'23



Concerns Over Demand, Growth, and China Continue to Proliferate, Though Investor Sentiment and Executive Tone Bounce Off of Bearish Lows of 2022; Recession Mentions Overtake Interest Rates and Inflation

Q3'23



Known Risks Observed by the Market Remain, But Sentiment Increasingly Reflects a Neutral Stance; Investors Continue to Prioritize Margins over Growth; Geopolitical Risk — China Specifically — Dominates Mindshare

Q4'23



Concerns over Known Risks are Absorbed by Market; Investor Sentiment Continues to Improve and Is More Optimistic Relative to Prior Quarters Given Expectations for Lower Inflation and Lower Interest Rate Environment

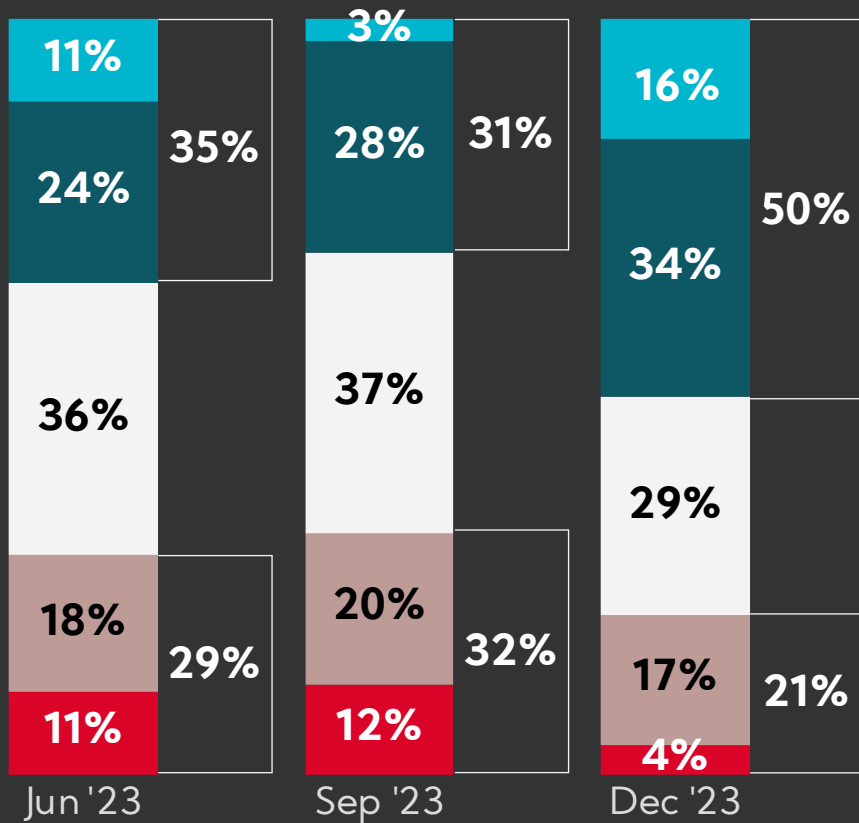
## MARKET PERFORMANCE

	Q4'23	2023
<b>U.S.</b>		
DJIA	12.5%	13.7%
NASDAQ	13.9%	44.6%
S&P 500	11.2%	24.3%
Russell 2000	13.6%	15.1%
<b>Europe</b>		
FTSE 100	1.5%	3.6%
Stoxx 600	6.4%	11.7%
<b>Asia</b>		
Hang Seng	(5.9%)	(14.2%)
Shanghai	(8.6%)	(17.3%)



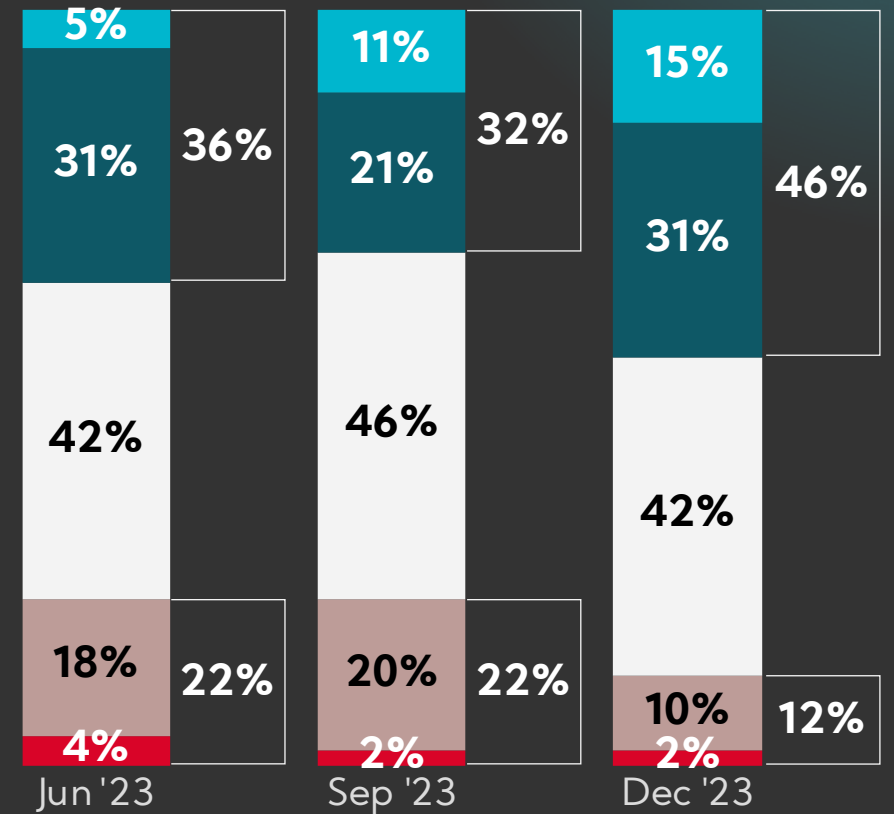
# Investor Sentiment and Perceived Executive Tone More Optimistic as a New Year Unfurls; Levels Commensurate with December 2021

## INVESTOR SENTIMENT



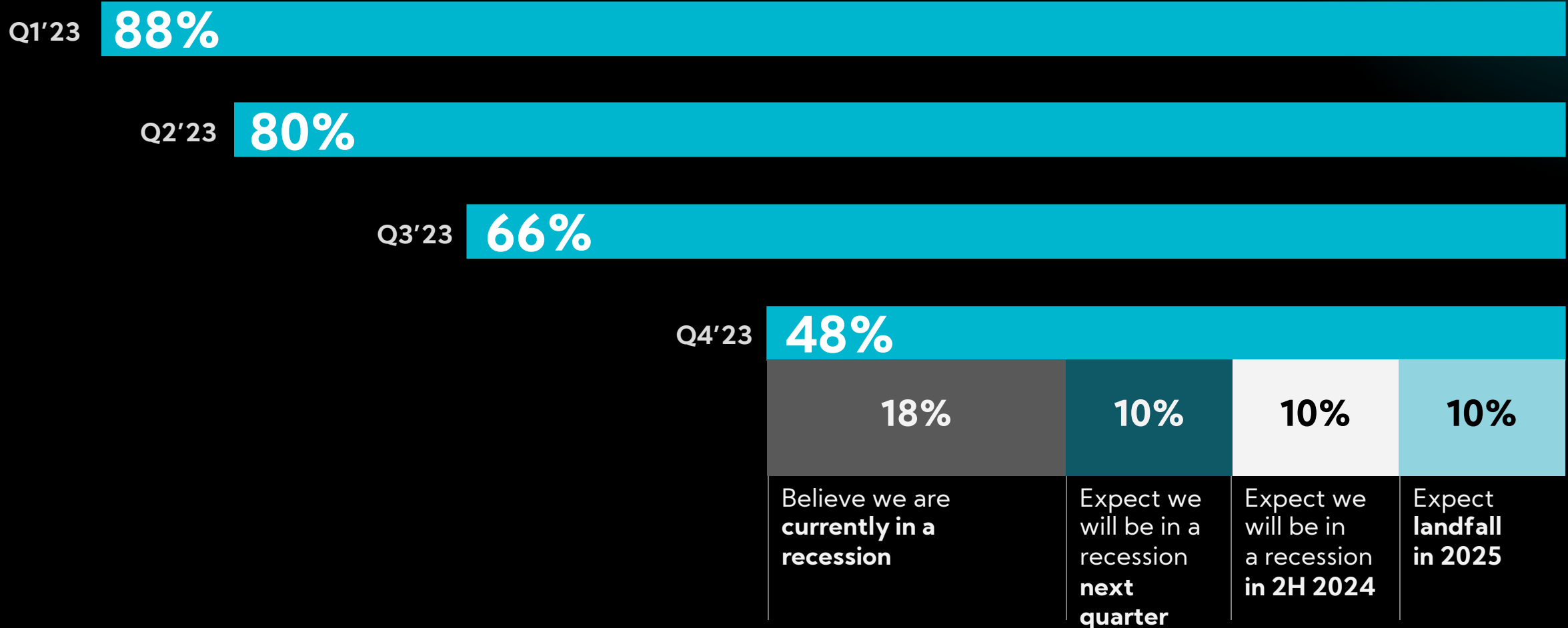
- Bullish
- Neutral to Bullish
- Neutral
- Neutral to Bearish
- Bearish

## EXECUTIVE TONE



# Recession Expectations Have Moderated Meaningfully, but Slowing Growth is a Reality for Most

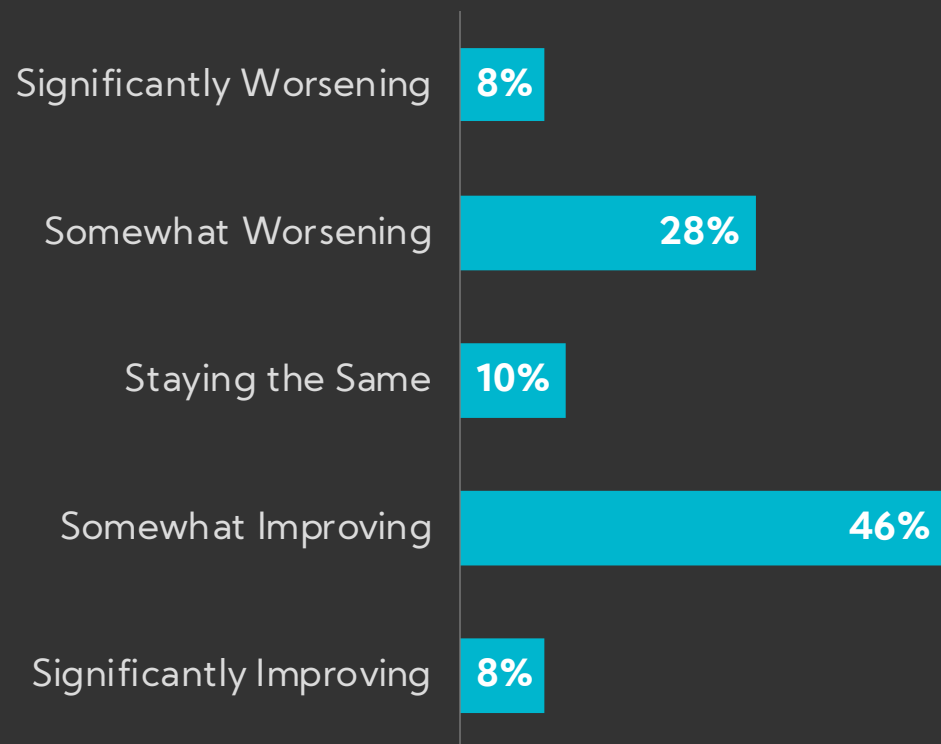
## RECESSION EXPECTATIONS



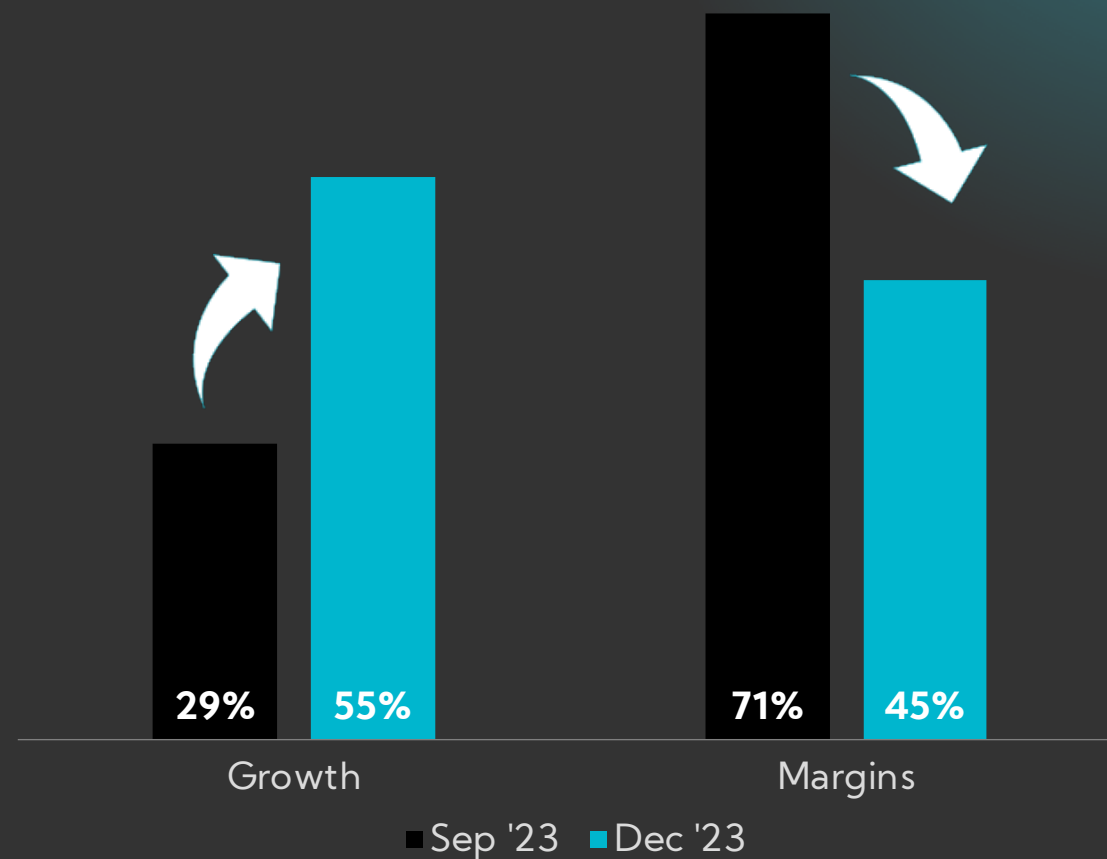


# With More Expecting Overall Macro Conditions to Improve in 2024, Bottom-Line Emphasis Reverses Course in Favor of Growth

## OVERALL MACRO CONDITIONS IN 2024 RELATIVE TO 2023



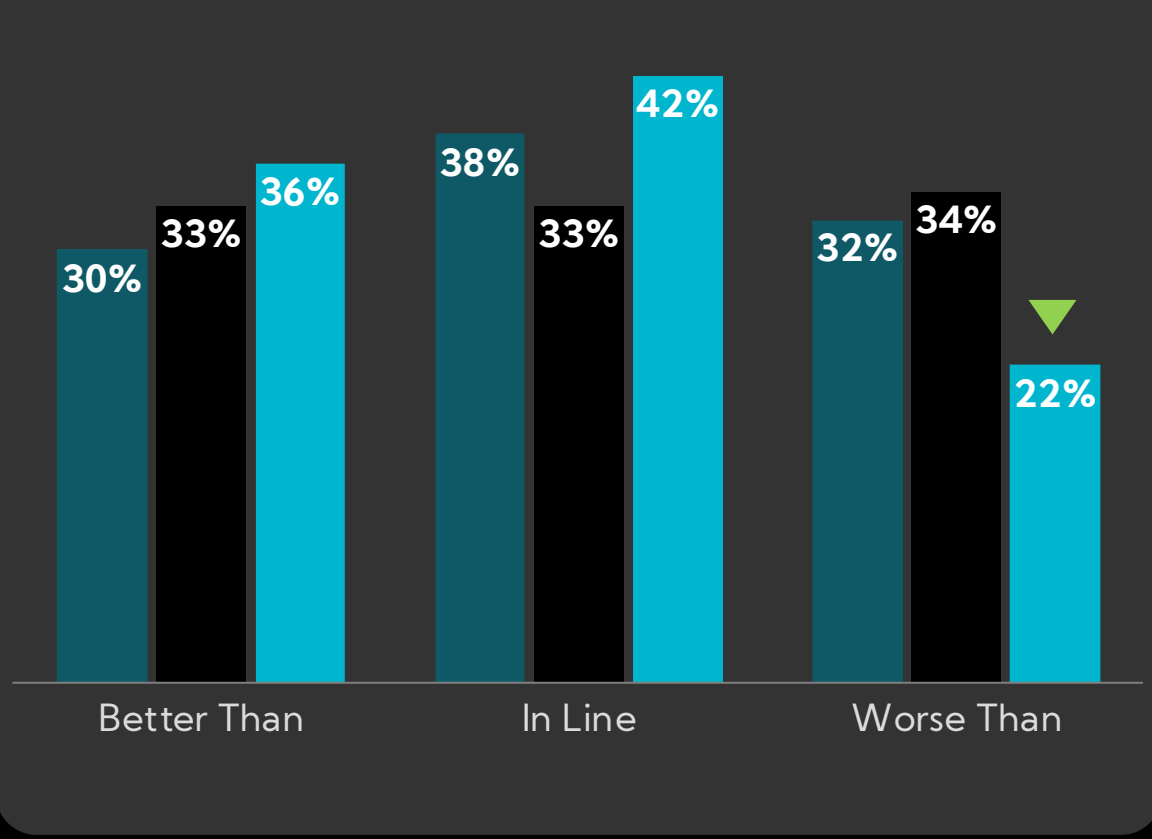
## KPI PRIORITIZATION AT THIS POINT IN THE CYCLE



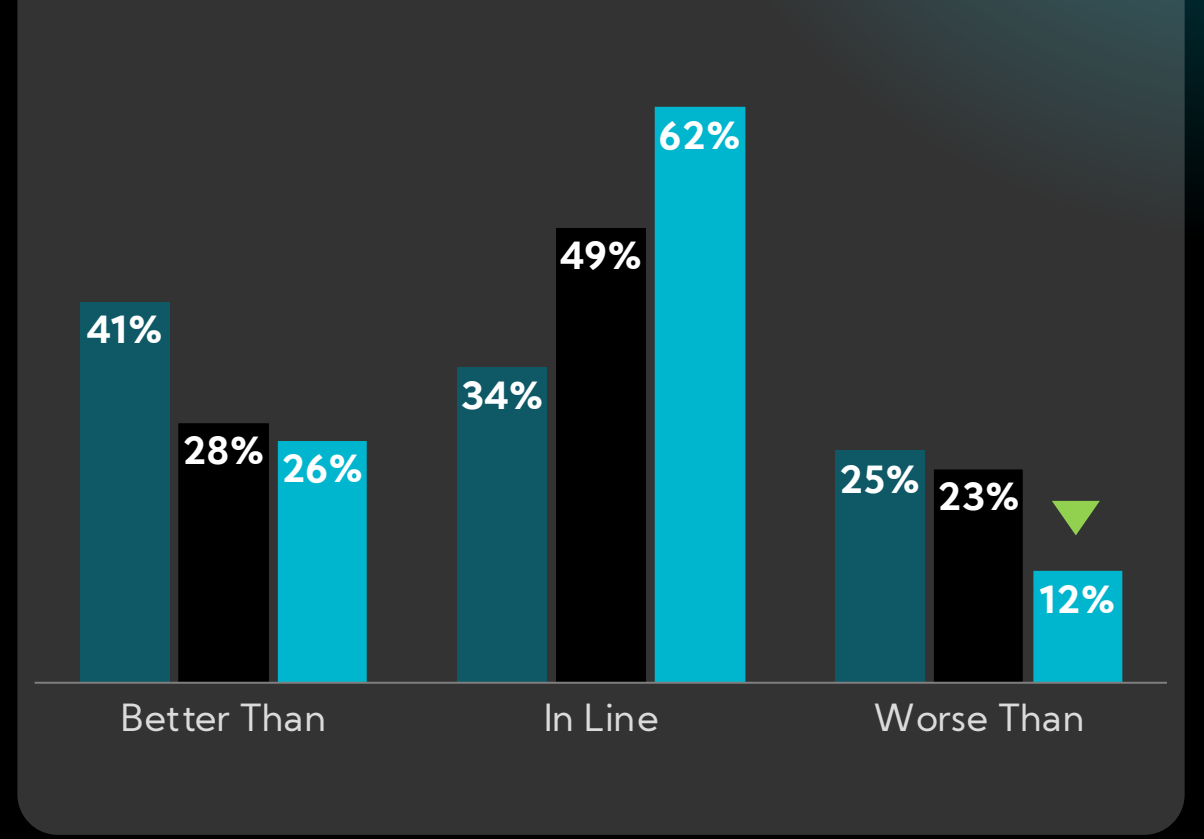
# Expectations are for 2023 Earnings Results to Largely be In Line with Last Quarter and Consensus...

## Q4'23 EARNINGS EXPECTATIONS

### VERSUS PRIOR QUARTER (Q3)



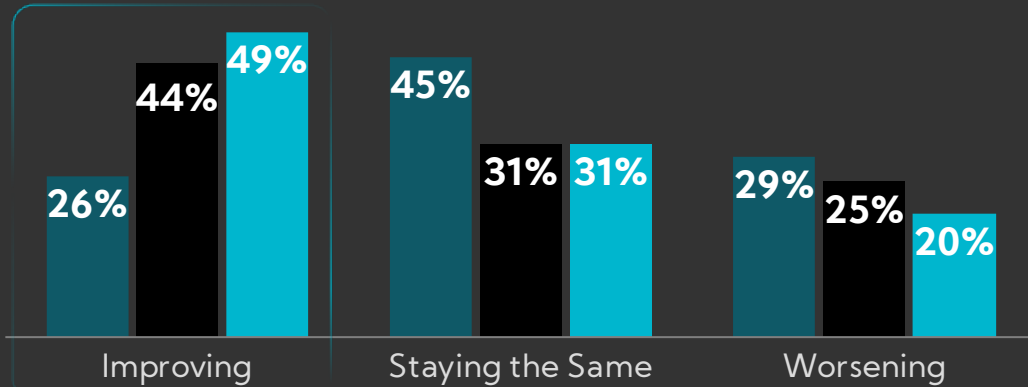
### VERSUS CONSENSUS



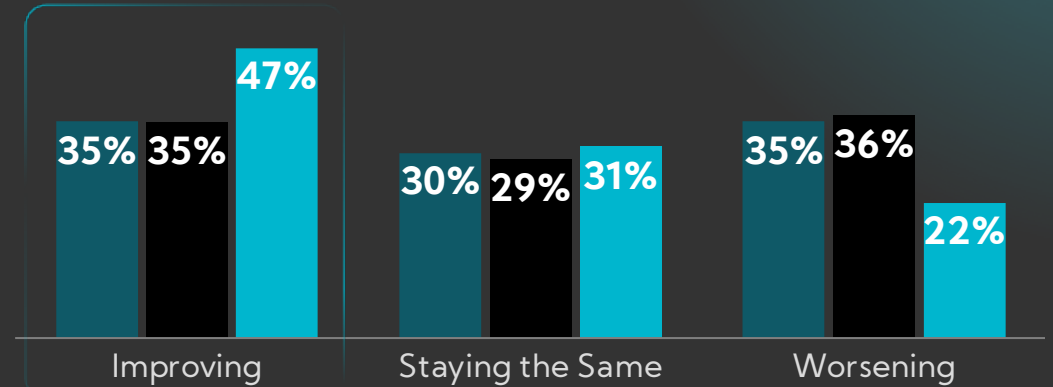
■ Jun '23 ■ Sep '23 ■ Dec '23

# Improving KPIs Largely Expected Across the Board, with Fewer than One-Quarter Anticipating a Sequential Deceleration

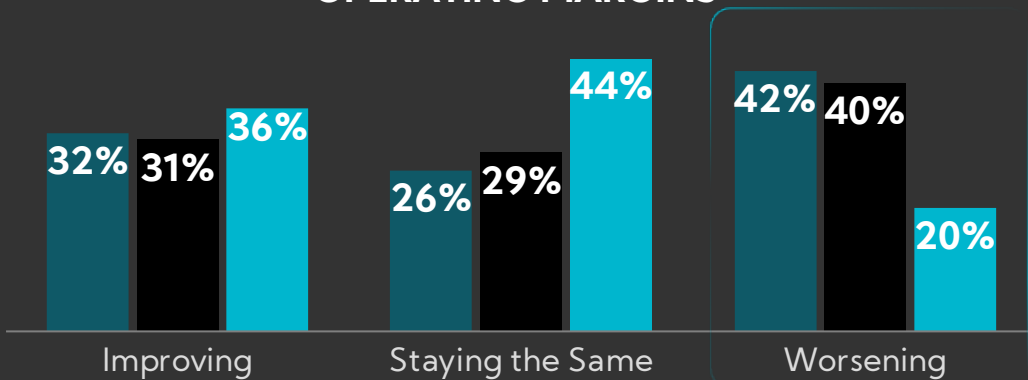
## REVENUE



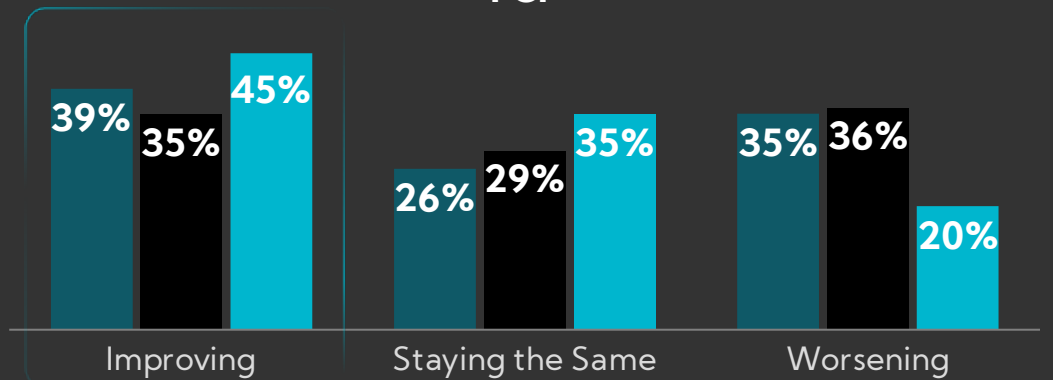
## EPS



## OPERATING MARGINS



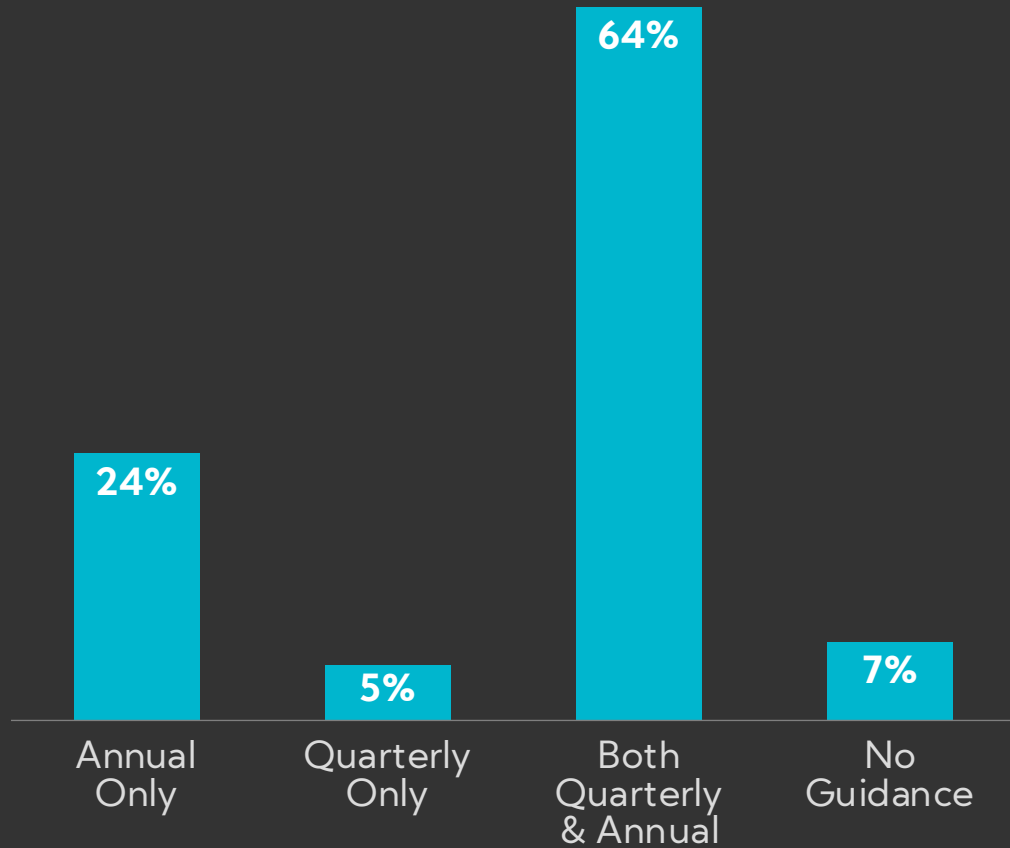
## FCF



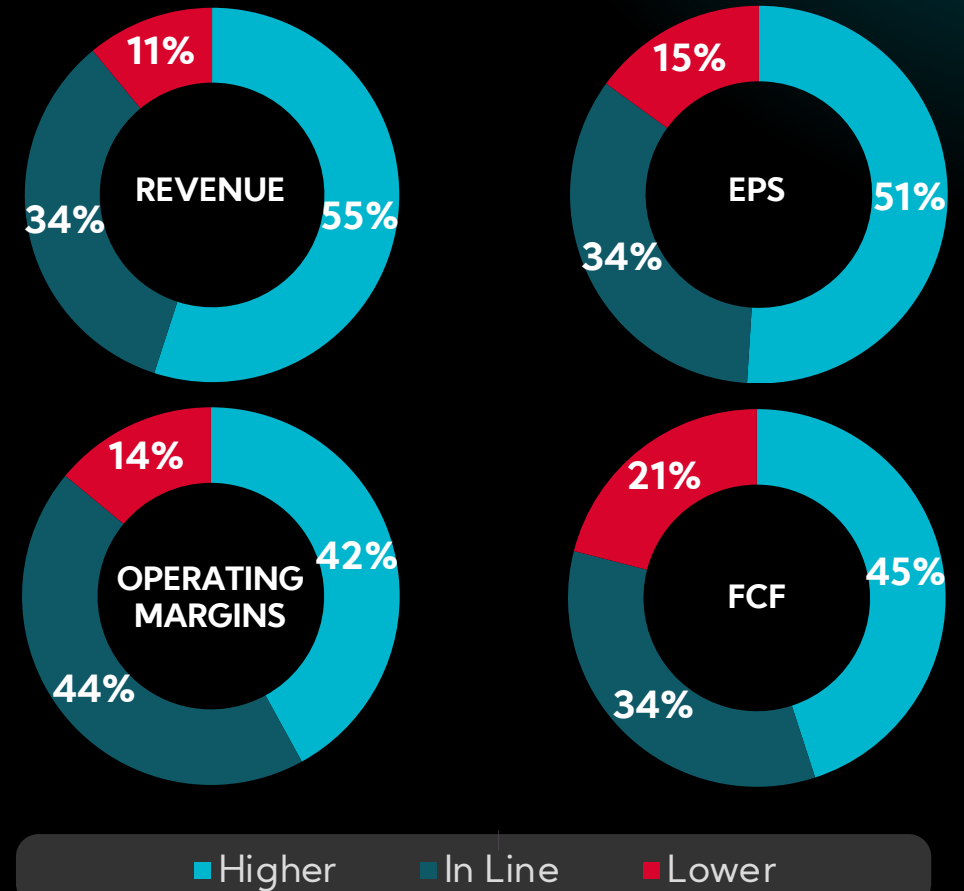
■ Jun '23 ■ Sep '23 ■ Dec '23

# 2024 Guidance Expected to be Higher than 2023 Actuals

## COMPANY-ISSUED GUIDANCE PREFERENCE



## FULL-YEAR 2024 GUIDANCE EXPECTATIONS RELATIVE TO 2023 ACTUALS



# Margins and Expense Management, While Still a Topic of Interest, Drop Precipitously After Being the #1 Focus Area for Four Consecutive Quarters

TOPICS OF INTEREST ON UPCOMING EARNINGS CALLS		Sep '23	Dec '23
1	2024 Outlook	39%	<b>31%</b> (-8pts)
2	Margins, Expense Management	63%	<b>28%</b> (-35pts)
3	Capital Allocation	16%	<b>26%</b> (+10pts)
4	Demand	20%	<b>26%</b> (+6pts)
5	Growth	24%	<b>23%</b> (-1pt)
6	Labor	17%	<b>21%</b> (+4pts)

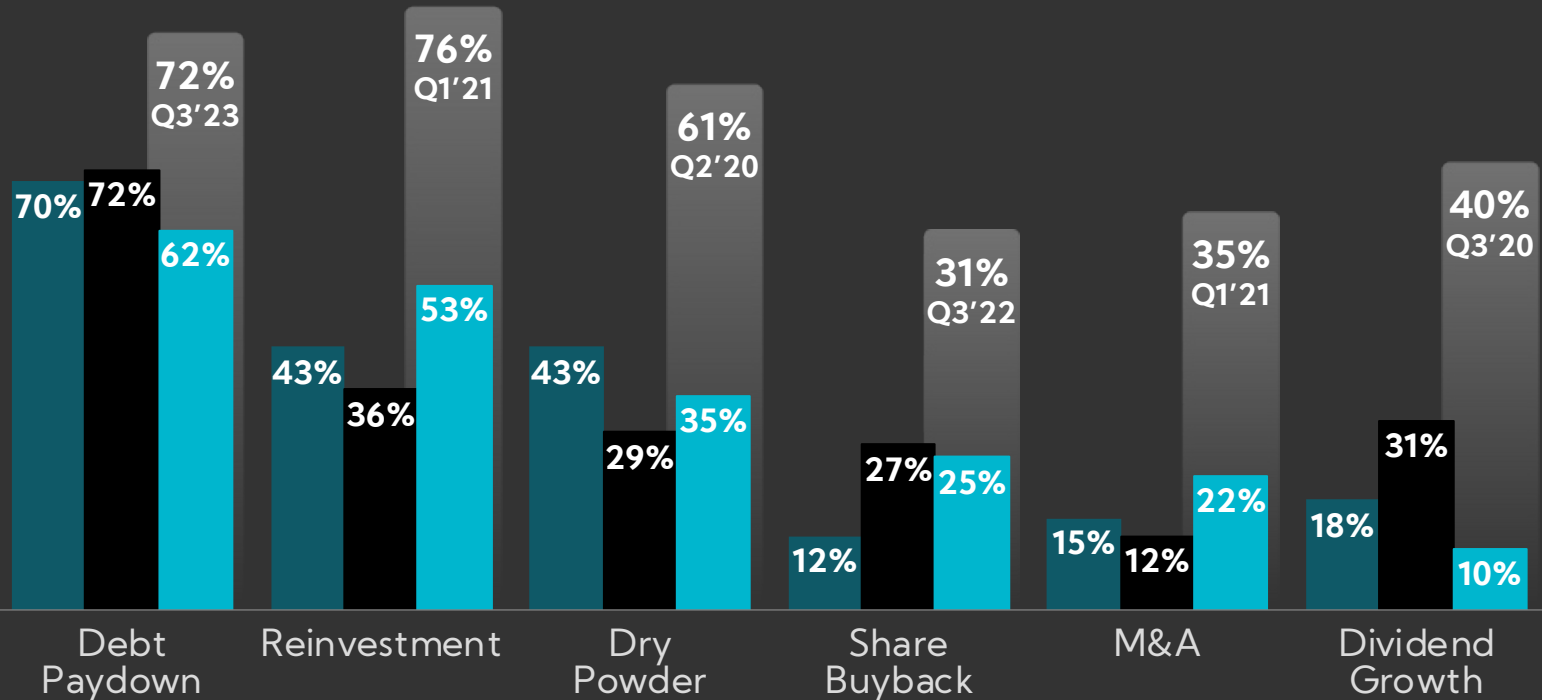
**Capital Allocation**  
in focus with more resolve around the prospects of 2024 and the capital markets opening

# Preference for Debt Paydown, While Still the Leading Preferred Use of Cash, Recedes from Survey Record; Investors Exhibit Renewed Interest in Reinvestment and, for Some, M&A

## PREFERRED USES OF CASH

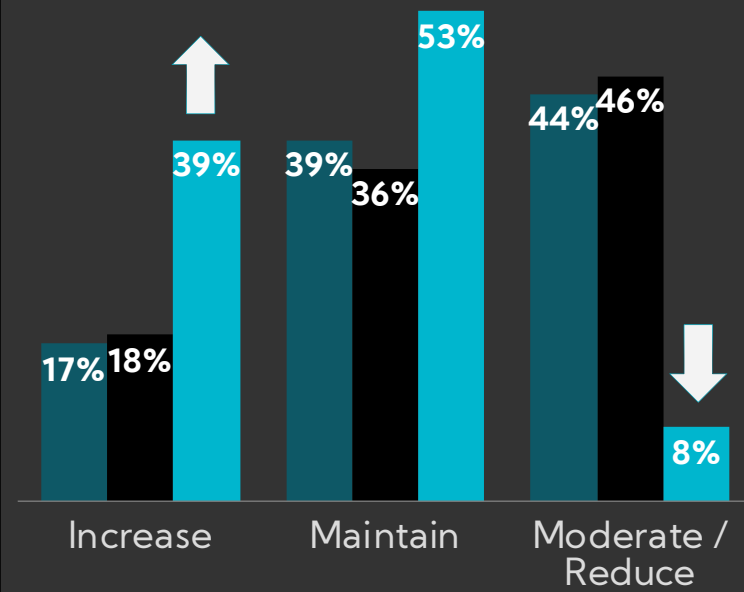
In Descending Order of Top Two Preferences

■ Jun '23 ■ Sep '23 ■ Dec '23 ■ 5-year High



## GROWTH CAPEX PREFERENCES

■ Jun '23 ■ Sep '23 ■ Dec '23



# Geopolitical Risks Continue to be Cited by More Than Half of All Participants as the Leading Concern for the Second Consecutive Quarter

TOP CONCERNS FROM AROUND THE GLOBE		Sep '23	Dec '23
1	Geopolitical Risks	71%	51% (-20pts)
2	Monetary Policy	46%	45% (+1pt)
3	U.S. Politics	29%	35% (+6pts)
4	Slowing Growth	10%	22% (+12pts)
5	Global Macro Uncertainty	24%	22% (-2pts)
6	Consumer Health	15%	16% (+1pt)

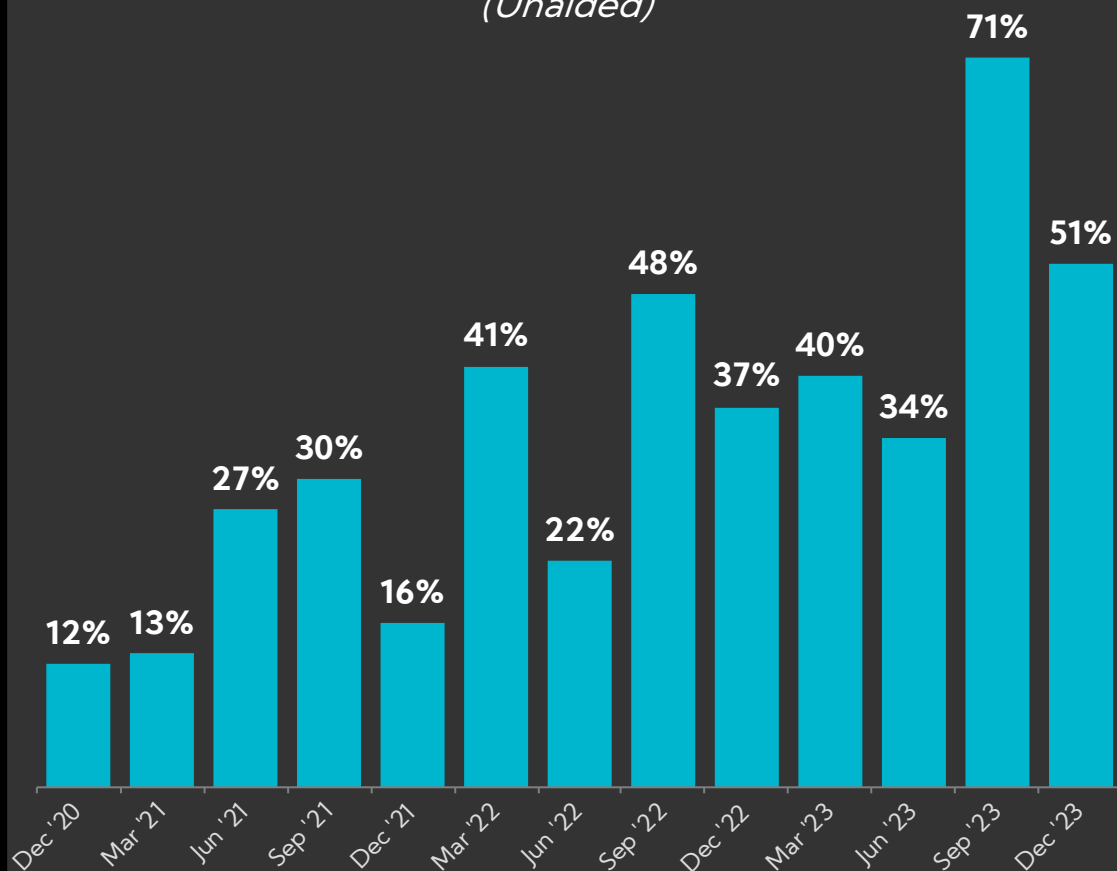
**18%**  
Cite War



# Geopolitical Issues are Increasingly Influencing the Calculus of the Capital Markets and How Companies Communicate

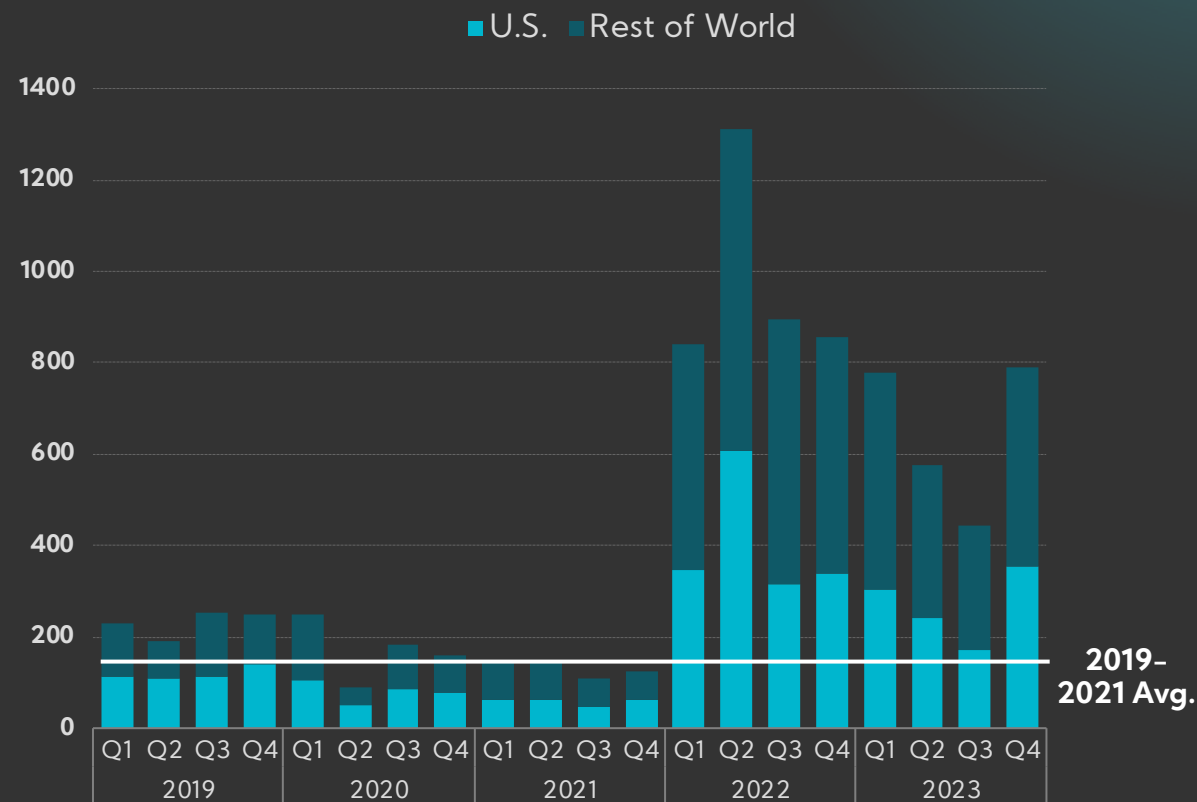
## GEOPOLITICAL RISKS AS AN INVESTOR CONCERN

(Unaided)



## "GEOPOLITICS" MENTIONS WITHIN EXECUTIVE COMMENTARY

(All Companies >\$1B Market Cap, n=2,718)



# India and 'Far East' Asian Countries (Ex-China) Expected to Improve Over the Next Six Months; UK Now Sees More Anticipating Improvement for the First Time Post Brexit

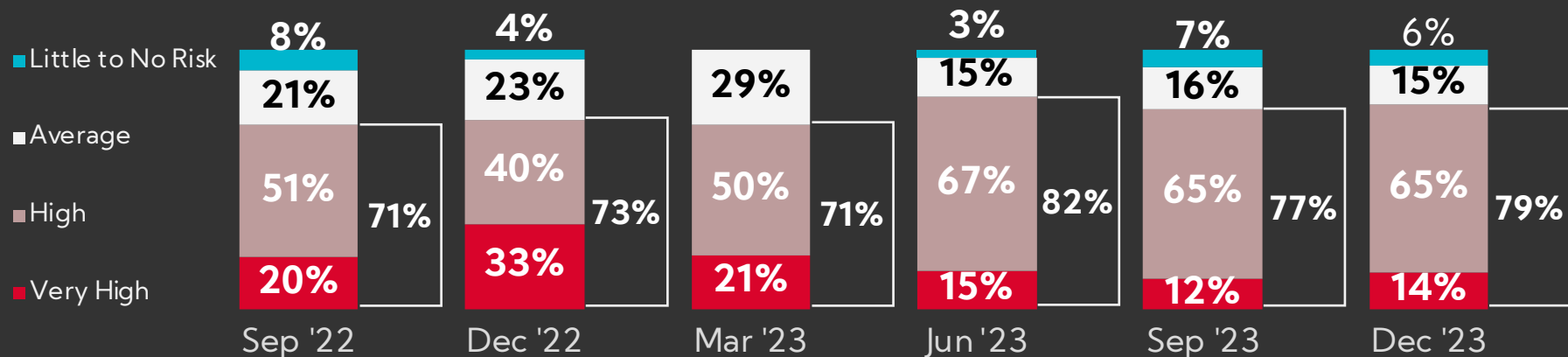
		QoQ Δ
<b>AUSTRALIA</b>		
Improve	32%	+17pts
Worsen	18%	-27pts
<b>BRAZIL</b>		
Improve	39%	+9pts
Worsen	13%	-13pts
<b>CANADA</b>		
Improve	32%	+24pts
Worsen	18%	-24pts
<b>2</b>	<b>CHINA</b>	
Improve	33%	+14pts
Worsen	43%	-22pts
<b>3</b>	<b>EASTERN EUROPE</b>	
Improve	30%	+16pts
Worsen	38%	-12pts

		QoQ Δ
<b>1</b>	<b>INDIA</b>	
Improve	63%	+9pts
Worsen	3%	-4pts
<b>3</b>	<b>JAPAN</b>	
Improve	52%	+11pts
Worsen	3%	-4pts
<b>LATIN AMERICA</b>		
Improve	23%	+4pts
Worsen	19%	UNCH
<b>MEXICO</b>		
Improve	42%	-10pts
Worsen	10%	-5pts
<b>1</b>	<b>RUSSIA</b>	
Improve	18%	+7pts
Worsen	70%	-8pts

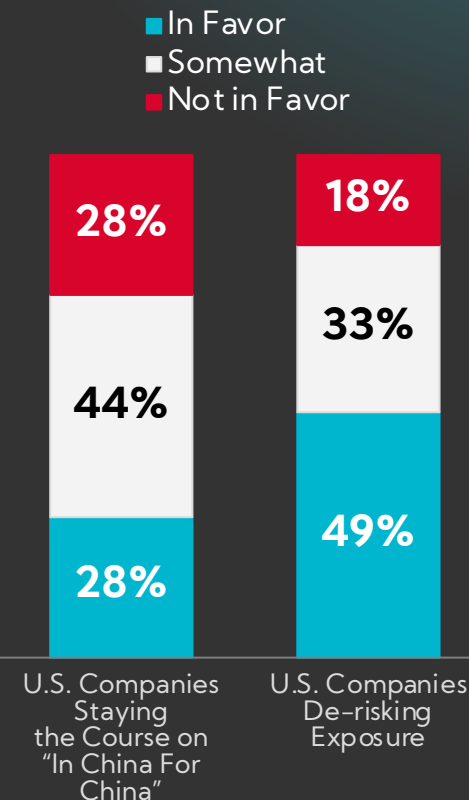
		QoQ Δ
<b>2</b>	<b>SOUTHEAST ASIA</b>	
Improve	57%	+21pts
Worsen	3%	-15pts
<b>TAIWAN</b>		
Improve	29%	-1pt
Worsen	0%	-15pts
<b>UK</b>		
Improve	40%	+29pts
Worsen	30%	-23pts
<b>U.S.</b>		
Improve	37%	+7pts
Worsen	29%	-8pts
<b>WESTERN EUROPE</b>		
Improve	32%	+25pts
Worsen	36%	+5pts

# Investors Continue to Assign a High Level of Risk to Companies with Exposure to China, with Most In Favor of De-risking Exposure

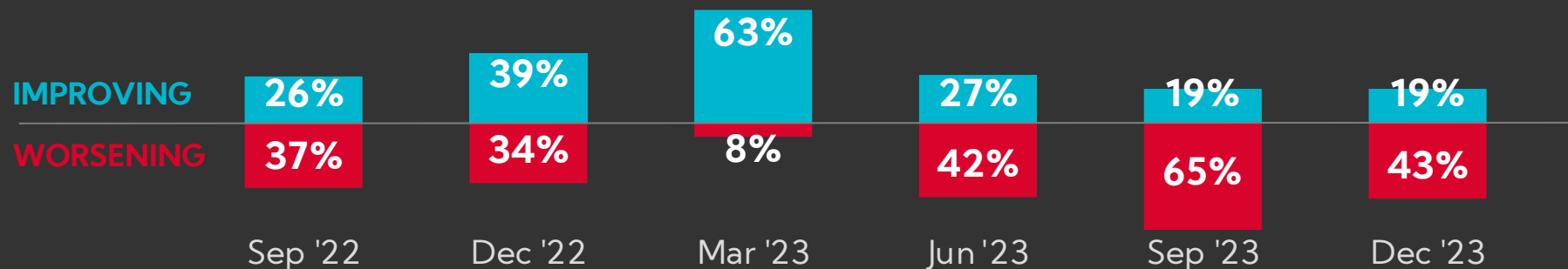
## LEVEL OF RISK ASSIGNED TO COMPANIES WITH BUSINESS / OPERATIONAL EXPOSURE TO CHINA



## PREFERENCES TOWARD COMPANY STRATEGIES FOR CHINA

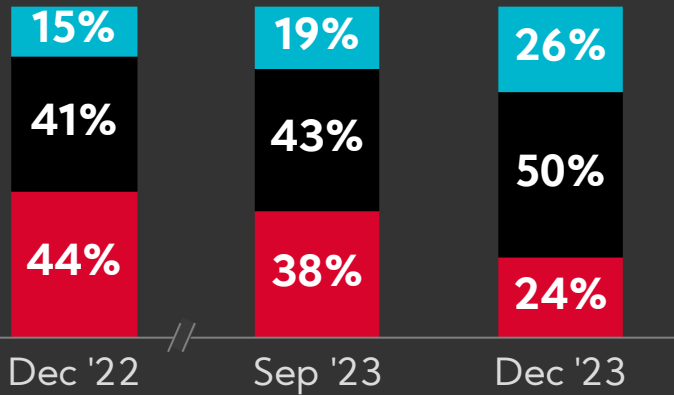


## INVESTOR VIEWS ON THE CHINESE ECONOMY OVER THE NEXT 6 MONTHS

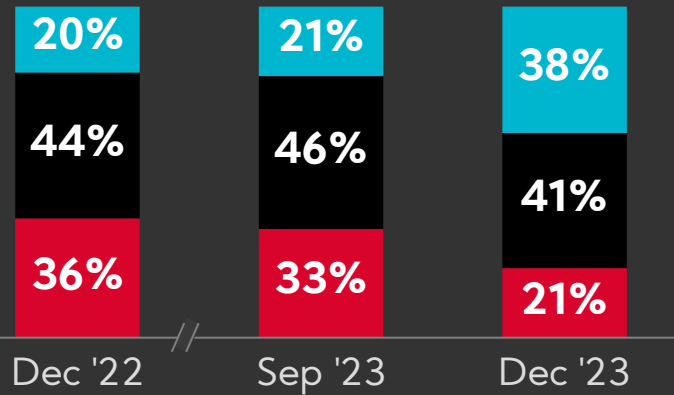


# Views on Key Economic Indicators Over the Next Six Months: Sentiment Improves Across all Benchmarks, Both Sequentially and YoY

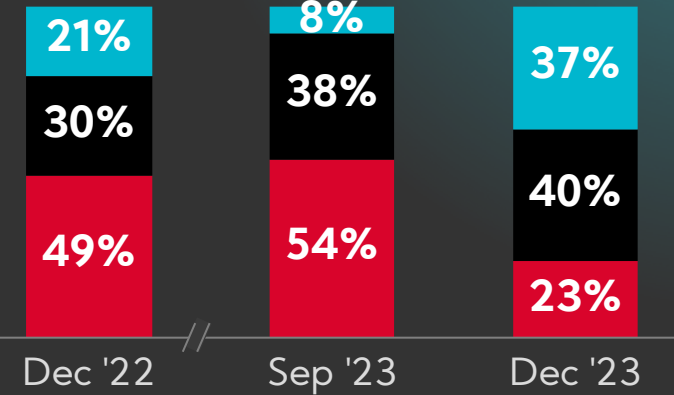
GLOBAL CAPEX



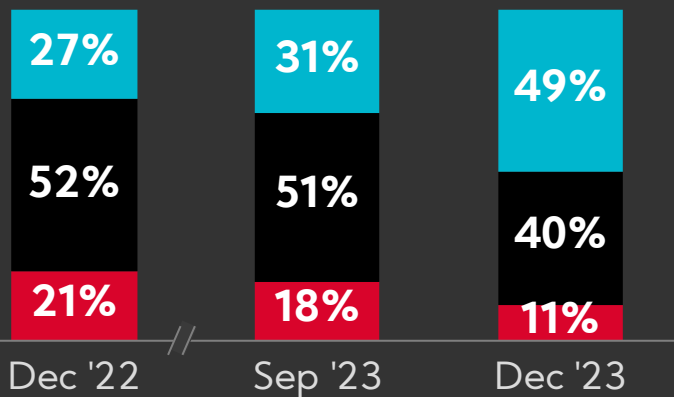
GLOBAL PMI



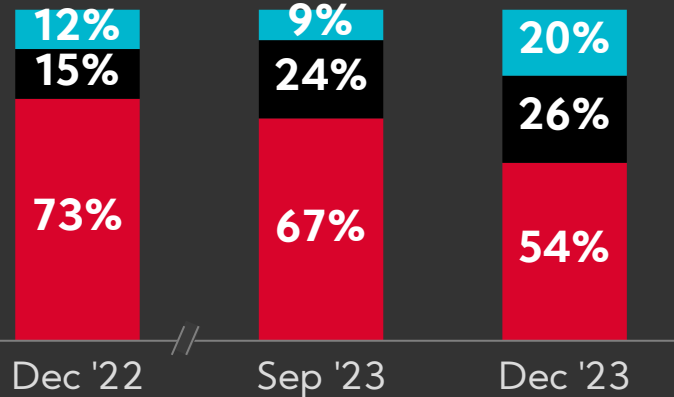
CONSUMER CONFIDENCE



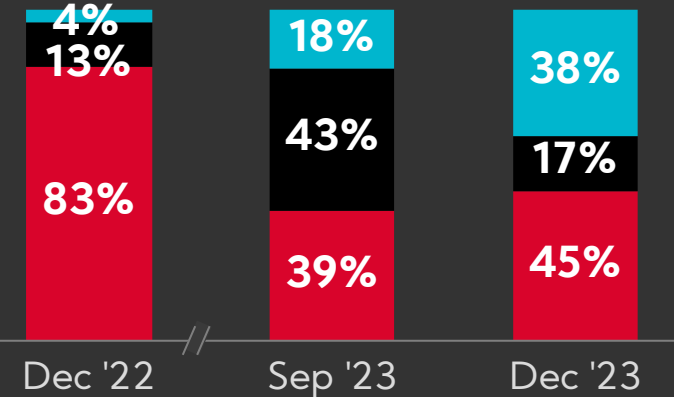
OIL & GAS MARKET HEADWINDS



NON-RESI CONSTRUCTION



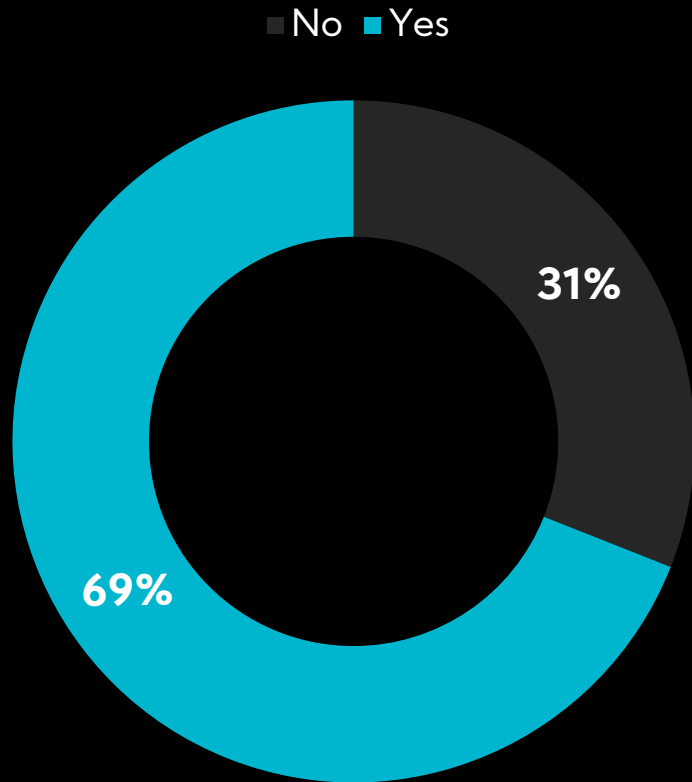
U.S. RESI CONSTRUCTION



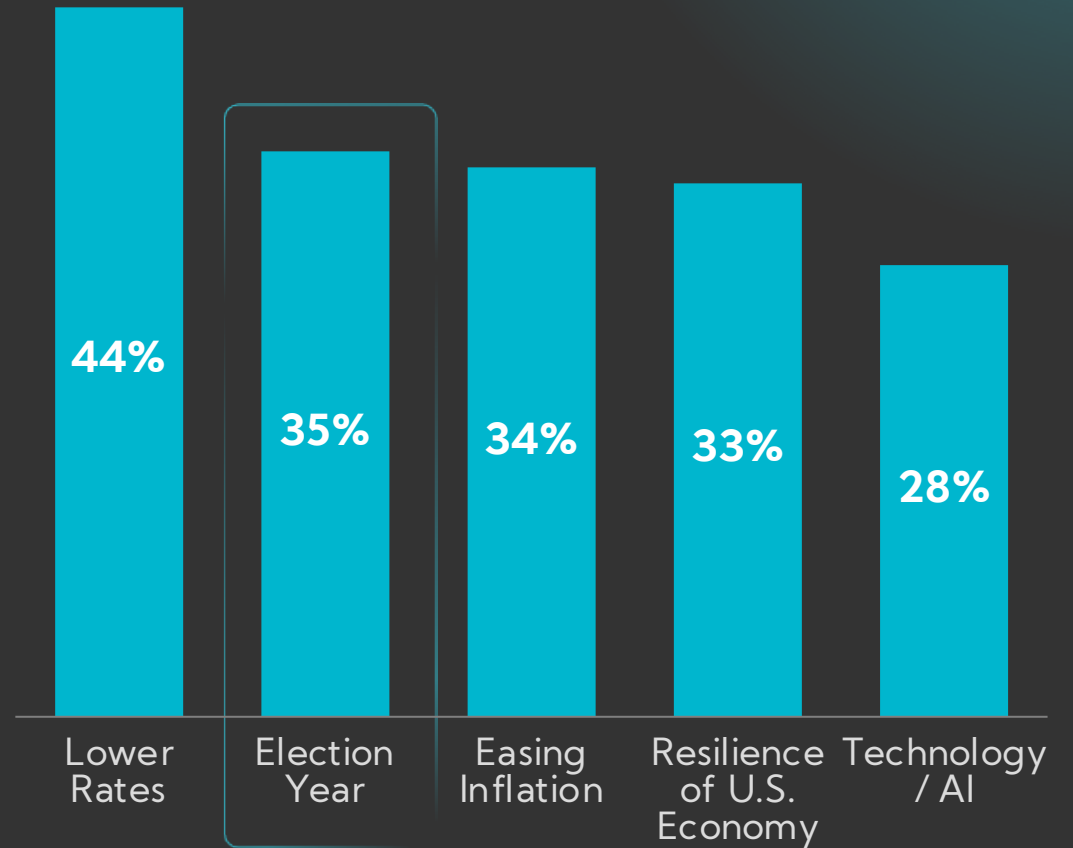
■ Improving ■ Staying the Same ■ Worsening

# More Than Two-Thirds are Factoring the Upcoming U.S. Presidential Election into Investment Strategies

## U.S. ELECTION A FACTOR IN INVESTMENT STRATEGY

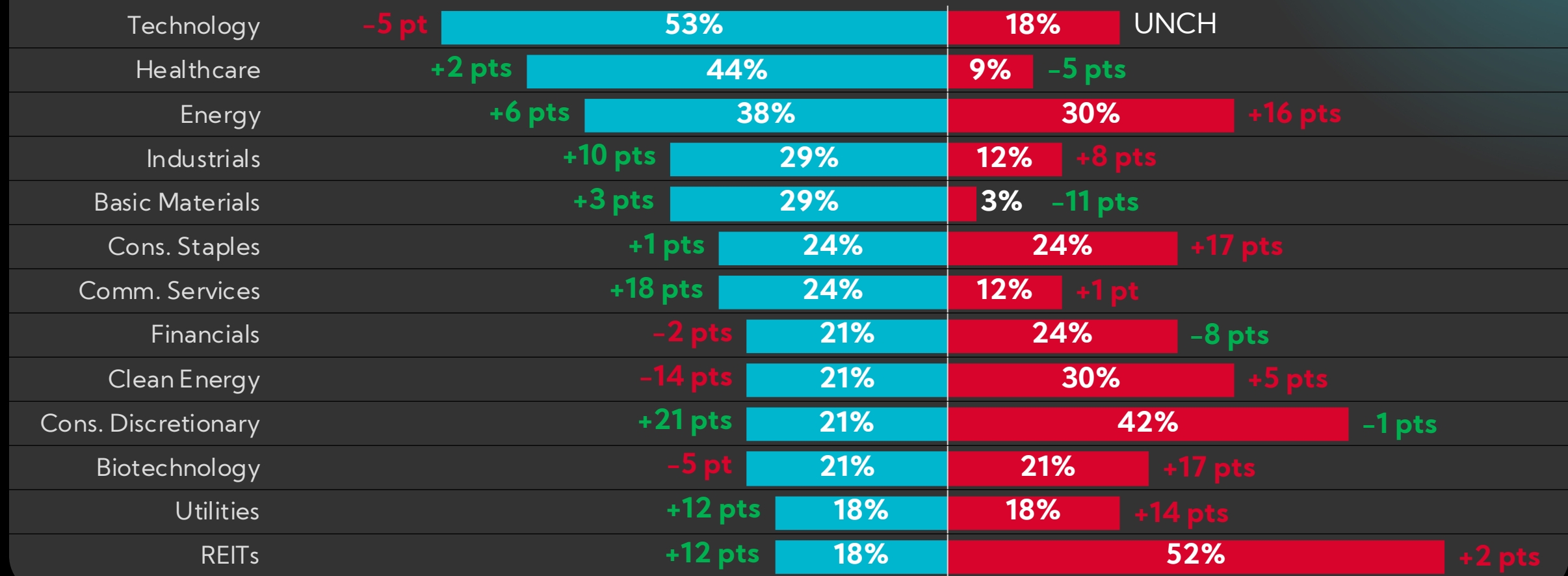


## LEADING REASONS FOR OPTIMISM



# Tech Continues to Reign Supreme as the Top Bullish Bet for the Fourth Consecutive Quarter, While REITs Garner the Same Distinction from Bears; Investors Divided Over Energy

## BULLS VS. BEARS





# Thank You for Joining Us



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