



19 September 2017

SHARE REPURCHASE MONTHLY INVESTMENT BANKING

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REPURCHASE MARKET UPDATE: August 2017

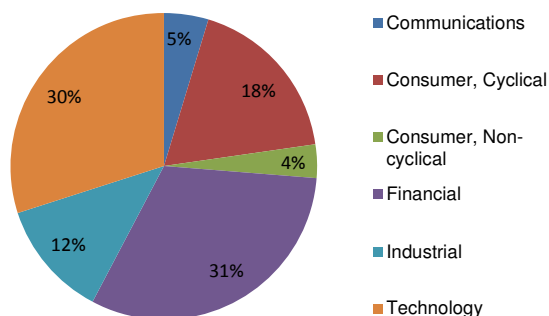
SHARE REPURCHASE:

August is typically a quieter month in the capital markets and this August was no different when it came to repurchase announcements. With large authorizations few and far between, volumes remained low on a bump in number of announcements. This led to an average authorization of \$417M, the lowest since pre-2014. More on low volumes included in our Q2 Review.

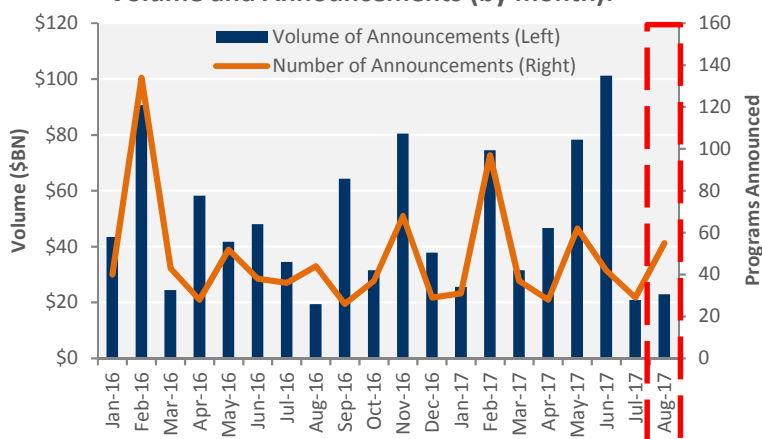
- Six announcements of \$1BN+, three \$2BN+, and zero \$5BN+.
- 55 companies announced share repurchase plans greater than \$25MM in August, representing ~\$23BN in volume.
- New share repurchase authorizations were led by Fidelity National (FIS; \$4BN) and Aflac (AFL; \$3.25BN), followed by Allstate (ALL; \$2BN).
- Financials and Technology were the two most active sectors in volume of announcements, combining for over 60%.

AUGUST ANNOUNCEMENTS AND VOLUME

August Announcements (by volume):



Volume and Announcements (by month):

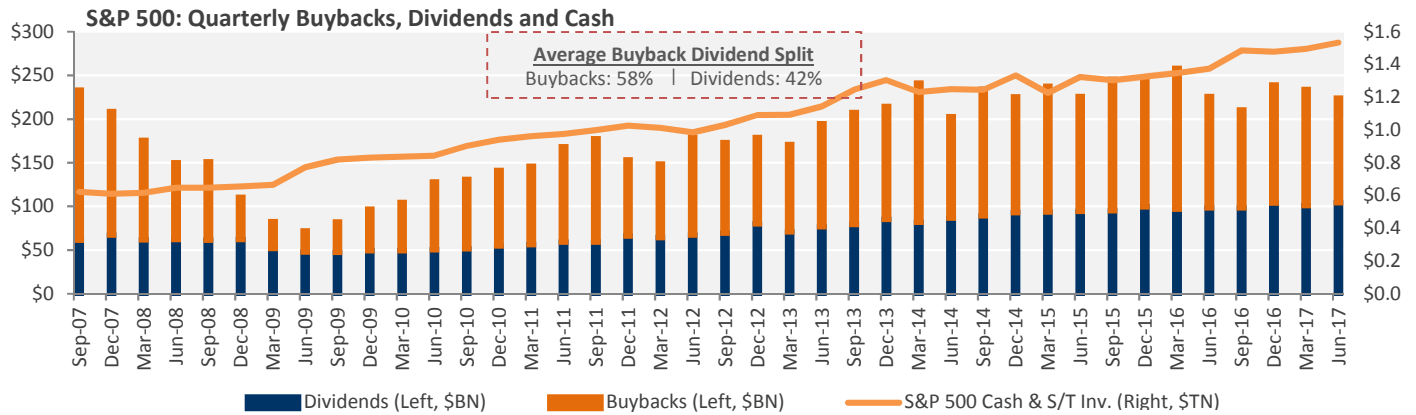


AUGUST SHARE REPURCHASE ANNOUNCEMENTS (> \$1BN)

Ann Date	Company	Ann Amt (\$MM)	Mkt Cap (\$MM)	% of Mkt Cap Ann'd	Mult of 30d ADTV	Industry Group
8/2/17	Fidelity National Information Services Inc	4,000	\$30,162	13.3%	35.2x	Software
8/8/17	Aflac Inc	3,250	\$32,108	10.1%	25.0x	Insurance
8/1/17	The Allstate Corp	2,000	\$32,884	6.1%	9.2x	Insurance
8/11/17	Check Point Software Technologies Ltd	1,000	\$17,315	5.8%	12.9x	Computers
8/14/17	VMware Inc	1,000	\$40,154	2.5%	5.8x	Software
8/31/17	Sally Beauty Holdings Inc	1,000	\$2,442	40.9%	25.4x	Retail
Mean		\$2,042	\$25,844	13.1%	18.9x	
Median		\$1,500	\$31,135	8.1%	19.0x	

A REVIEW OF Q2 2017 SHARE REPURCHASES

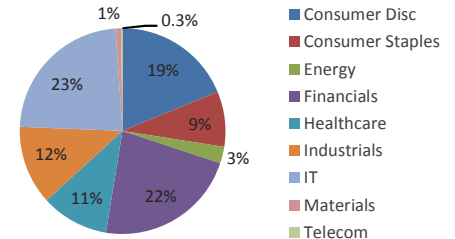
There's been a trend recently and it continued into the second quarter of 2017: buyback volumes decrease while cash holdings increase. \$120BN was repurchased by S&P 500 companies in Q2, down -9.8% from Q1 and -5.8% YoY. With about half of all sectors experiencing less volume, declines this quarter were led by Healthcare, trimming \$14.3BN from Q1 volumes. Increases largely from Consumer Disc. and Energy netted a \$13BN drop in volume over the previous quarter. As shown in the graph below, there's been a notable U-turn in quarterly buyback volumes since Q1'16, while cash on corporate balance sheets keeps climbing to record highs. Could this be a holding pattern waiting for potential legislative reform? We retain our view that buybacks will rebound due to the cash sitting on the sidelines and continued shareholder expectations.



Q2 '17 Shareholder Return

- In Q2'17, total shareholder return (buybacks and dividends) in the S&P 500 dropped 4.2% from Q1 to \$224BN and down -1% Y-o-Y.
- The split between buybacks and dividends for the quarter was 54% to 46%, respectively, with dividends capturing their second greatest share since 2010 on record payment volumes (\$104BN).

Q2 '17 Sector Breakdown



Largest S&P 500 Q2'17 Buybacks (\$BN):

Company	Sector	Q2'17	% of S/O	LTM	5-YEAR	10-YEAR
Apple	Information Technology	\$7.1	0.6%	\$31.1	\$157.9	\$157.9
Charter Communications	Consumer Discretionary	\$3.3	3.9%	\$5.7	\$5.9	\$6.6
JPMorgan	Financials	\$3.0	1.0%	\$10.4	\$30.1	\$46.0
Home Depot	Consumer Discretionary	\$2.6	0.8%	\$8.4	\$34.7	\$54.3
Boeing	Industrials	\$2.5	2.3%	\$6.5	\$26.6	\$31.4
Walt Disney	Consumer Discretionary	\$2.4	1.2%	\$7.5	\$31.1	\$47.1
American International Group	Financials	\$2.4	4.3%	\$11.2	\$41.7	\$49.7
Wells Fargo	Financials	\$2.3	0.9%	\$8.7	\$38.7	\$49.9
Wal-Mart Stores	Consumer Staples	\$2.3	0.9%	\$7.9	\$27.5	\$62.4
Bank of America	Financials	\$2.2	1.0%	\$7.7	\$17.3	\$18.0
Johnson & Johnson	Healthcare	\$1.9	0.5%	\$9.5	\$30.2	\$59.9
Citigroup	Financials	\$1.8	1.1%	\$10.7	\$22.6	\$24.3
Microsoft	Information Technology	\$1.8	0.8%	\$11.8	\$54.9	\$104.6
Visa	Information Technology	\$1.7	0.9%	\$6.9	\$25.3	\$45.0
Alphabet	Information Technology	\$1.6	0.2%	\$2.7	\$8.2	\$9.1
Intel	Information Technology	\$1.6	0.8%	\$4.0	\$25.2	\$55.4
IBM	Information Technology	\$1.5	1.0%	\$4.6	\$38.2	\$93.3
Comcast	Consumer Discretionary	\$1.5	0.7%	\$5.1	\$22.2	\$32.5
Goldman Sachs Group	Financials	\$1.5	1.7%	\$5.8	\$27.6	\$46.9
Cisco Systems	Information Technology	\$1.3	0.7%	\$4.3	\$26.5	\$60.1
Top 20		\$46.4	1.3%	\$170.4	\$692.4	\$1,054.3
S&P 500		\$120.1	0.6%	\$500.8	\$2,593.5	\$4,284.4

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