

FiREapps Q1 2018

CURRENCY IMPACT REPORT™

A Survey of North American & European Corporate Earnings

Each quarter, FiREapps analyzes the earnings calls of 1,200 publicly traded North American and European companies as part of a continued effort to provide insight into how currency impacts organizations. The companies included in this data set are large multinational firms doing business in more than one currency with at least 15 percent of their revenue coming from overseas.

The data included in this report refers only to companies that reported FX impacts in earnings calls.



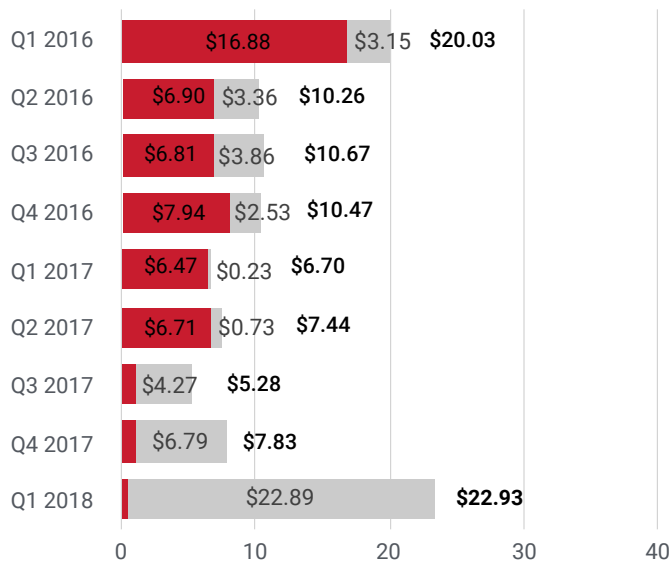


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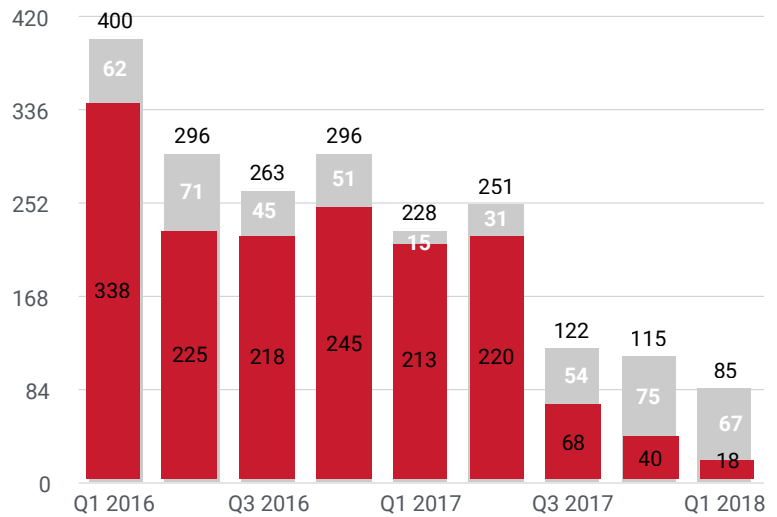
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Overview

Quantified Negative Currency Impact (Billions)



Number of Companies Reporting Negative Currency Impact



European Quantified Negative Currency Impact Triples in Q1 2018

Negative FX impacts followed European companies into 2018, with the reported quantified negative currency impacts steadily on the rise since Q1 2017. European companies saw an increase in quantified negative currency impacts more than double that of Q4 2017, while the number of companies reporting that impact was down 10 percent from the previous quarter.

Conversely, North American companies continue to report low negative impacts, reporting only \$37 million in quantified negative impacts during Q1 2018. The number of North American companies reporting has also dwindled, with a 55 percent decrease in the number of companies reporting negative impacts in Q1 2018 as compared to Q4 2017 and is down 94 percent when comparing Q1 2018 to Q1 2016.

Top 5 Volatile G20 Currencies



Top 5 Volatile Currencies as Weighted by GDP Percentage



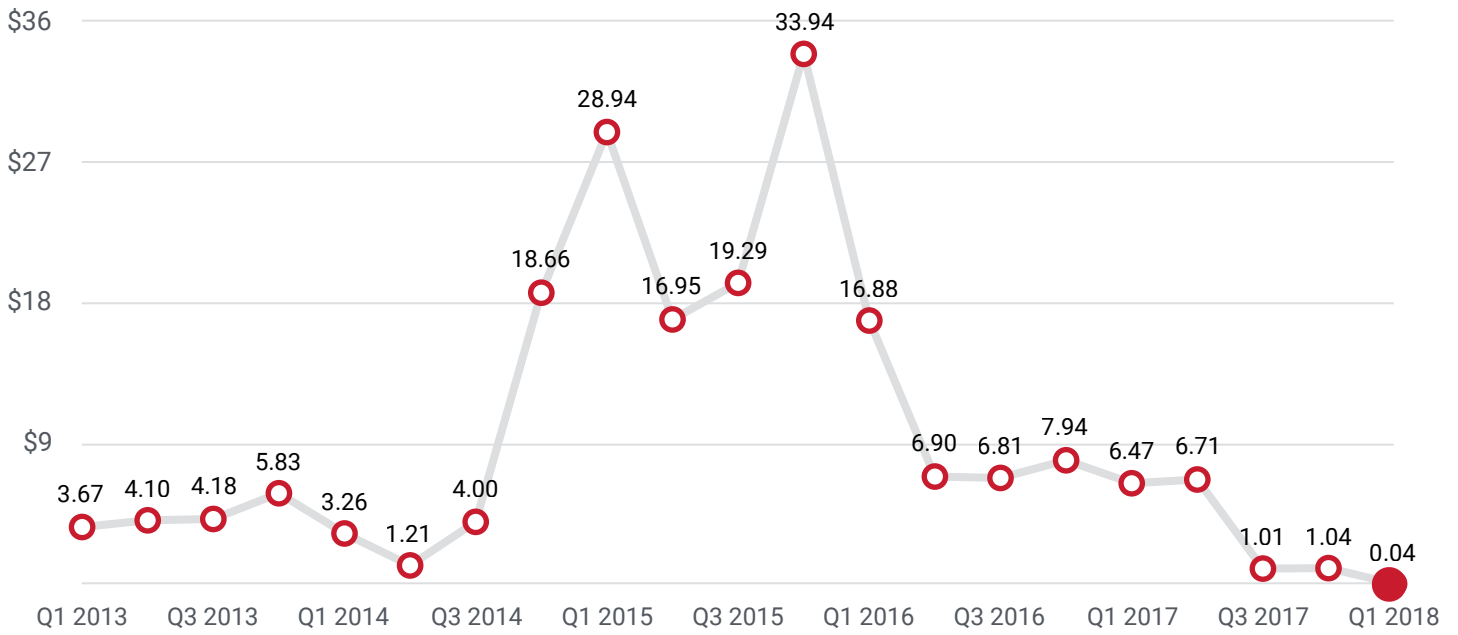


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Currency Impact on North American Corporate Earnings

Negative Currency Impact to North American Companies (Billions)



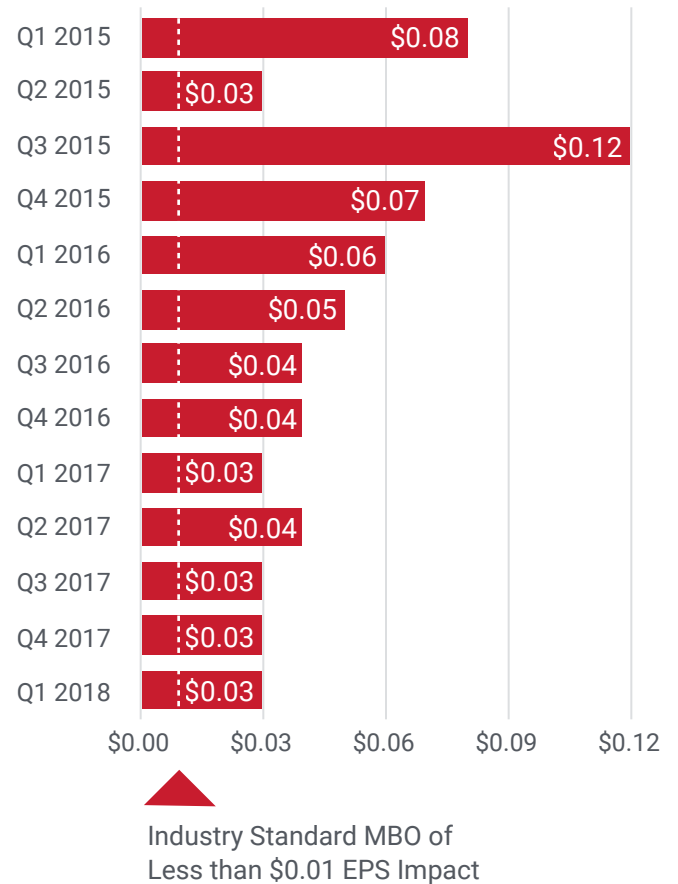
Currency Impact on North American Corporate Earnings

North American companies reported a \$37 million collective loss for Q1 2018, a decline of roughly \$1 billion from the previous quarter after what was a small uptick in Q4 2017.¹

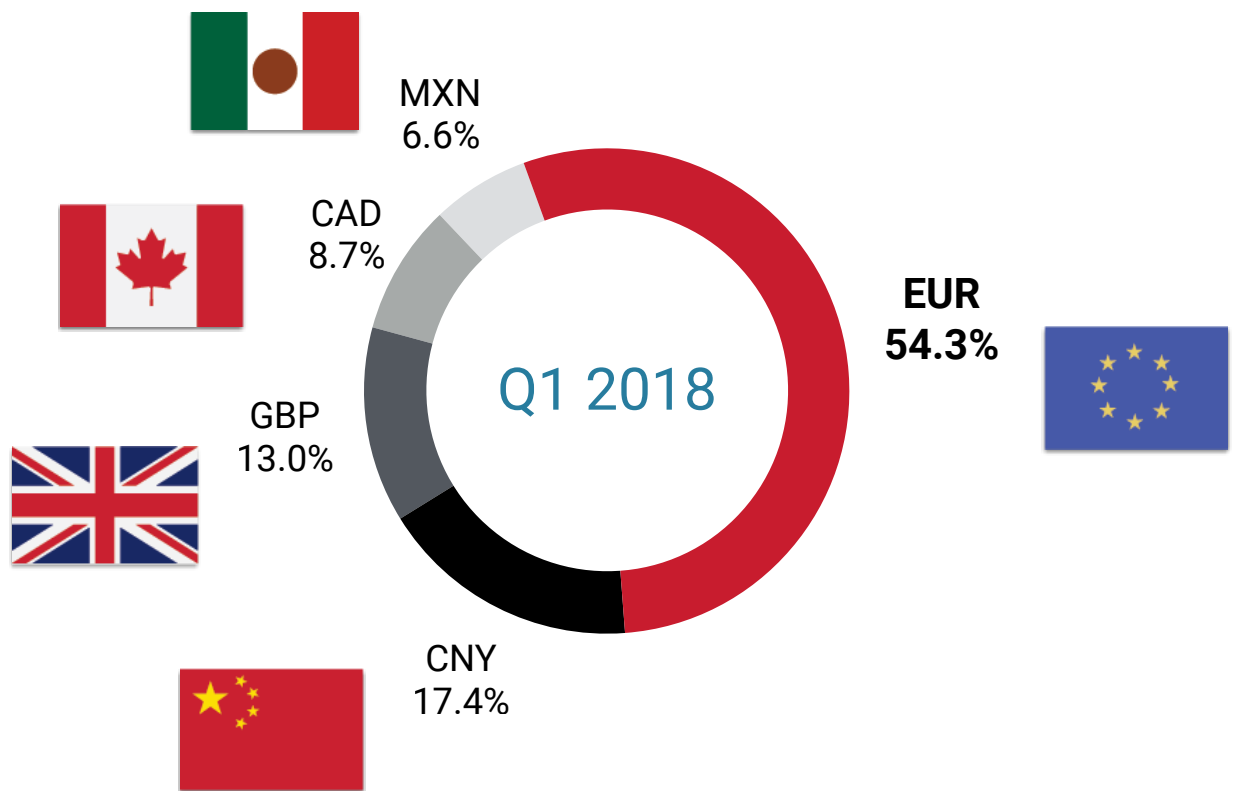
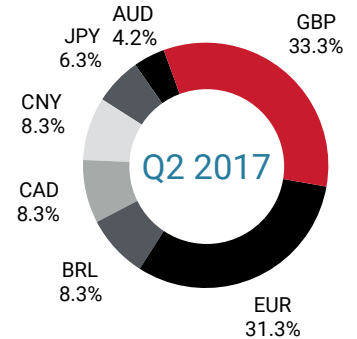
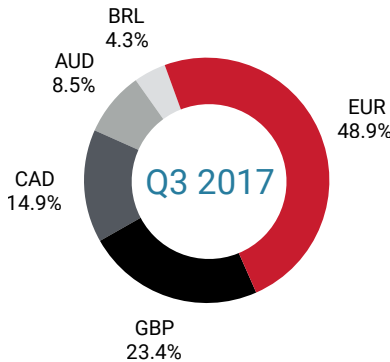
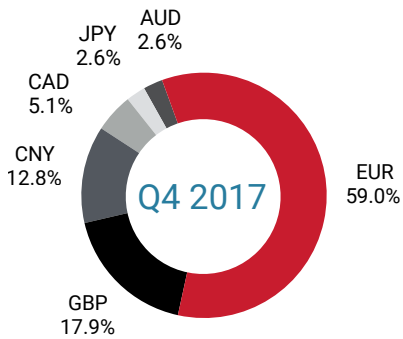
Earnings per share (EPS) impact reported by North American companies continues to sit at \$0.03 for the third quarter in a row.

¹Impacts are likely to be underestimates as most companies with currency headwinds generally do not report them.

Average EPS Impact Reported by North American Companies



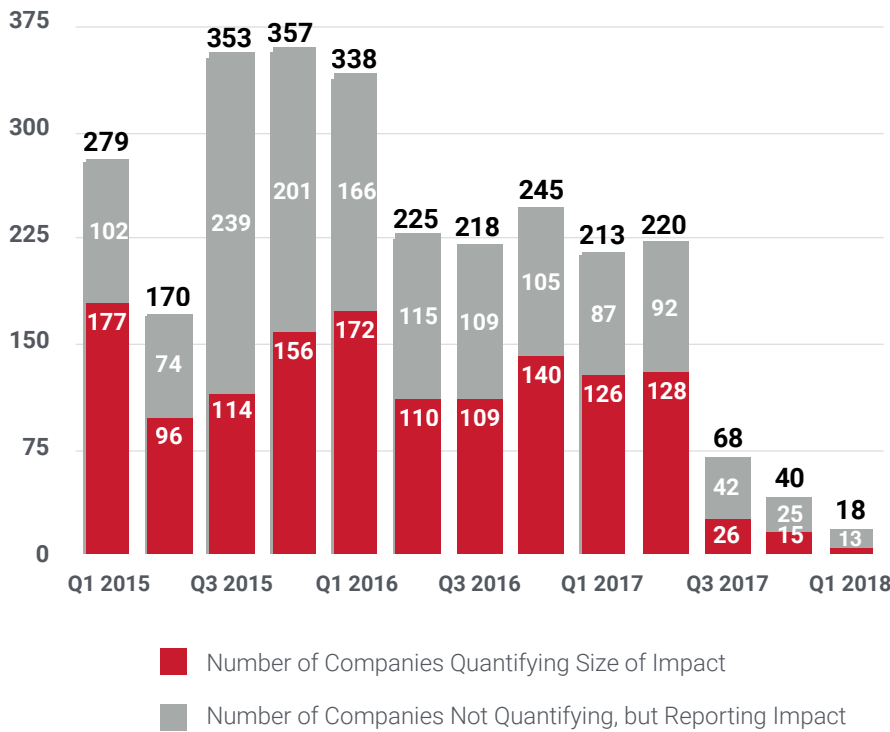
Top Currencies Referenced by North American Companies as Impactful



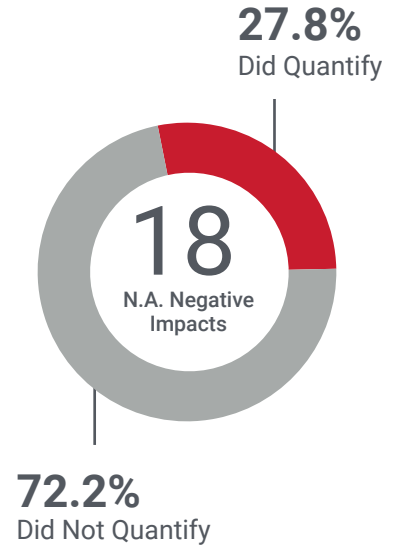
The euro (EUR) was again mentioned as the most impactful currency by North American companies, with more than half of companies naming it as impactful during Q1 2018 earnings calls. Generally mentioned as one of the most impactful currencies over the previous seven quarters, it was also named the second most volatile currency as weighted by GDP percentage (page 4).

The Chinese renminbi (CNY) was the next most referenced currency in North American earnings reports, followed by the British pound (GBP), Canadian dollar (CAD) and Mexican peso (MXN). The CNY was also named the most volatile currency as weighted by GDP percentage and the fourth most volatile G20 currency. The GBP was named fourth most volatile currency as weighted by GDP percentage (page 4).

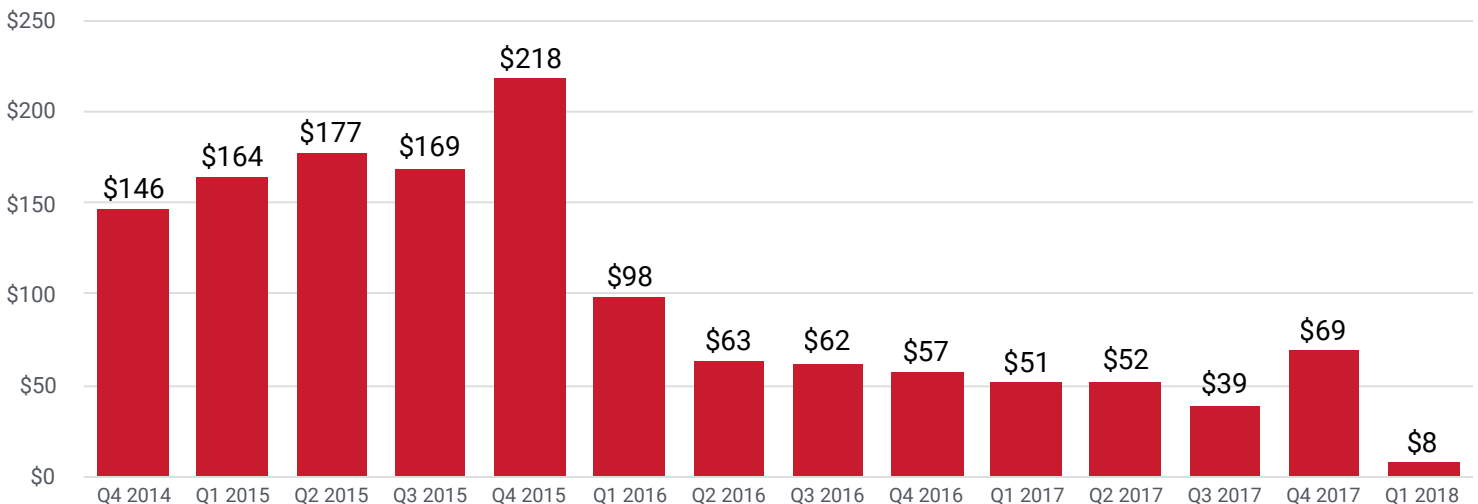
Number of North American Companies Reporting Negative Currency Impacts



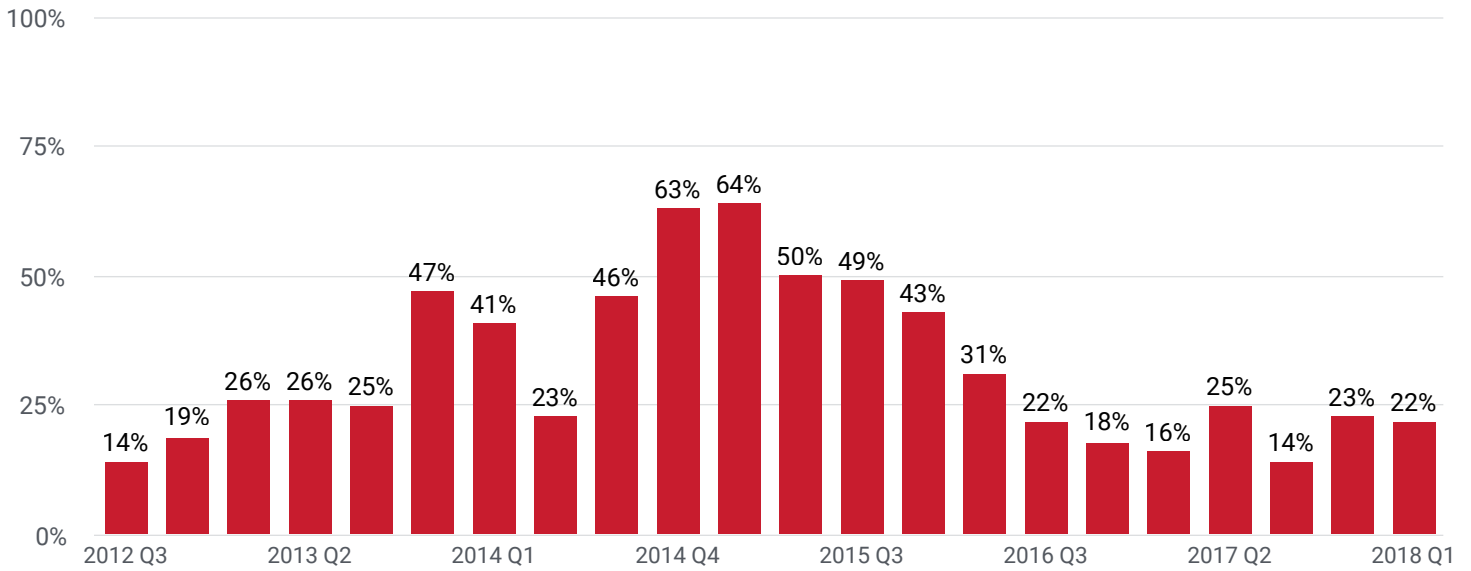
Percentage of North American Companies Quantifying Impacts



Average Negative Impact to North American Companies (Millions)



Percentage of North American Companies Reporting Impacts That Fielded Analyst Questions



The number of North American companies reporting FX impacts that fielded analyst questions decreased slightly from Q4 2017, with 22 percent of companies receiving FX-related questions when reporting quarterly earnings.

Most Impacted North American Industries



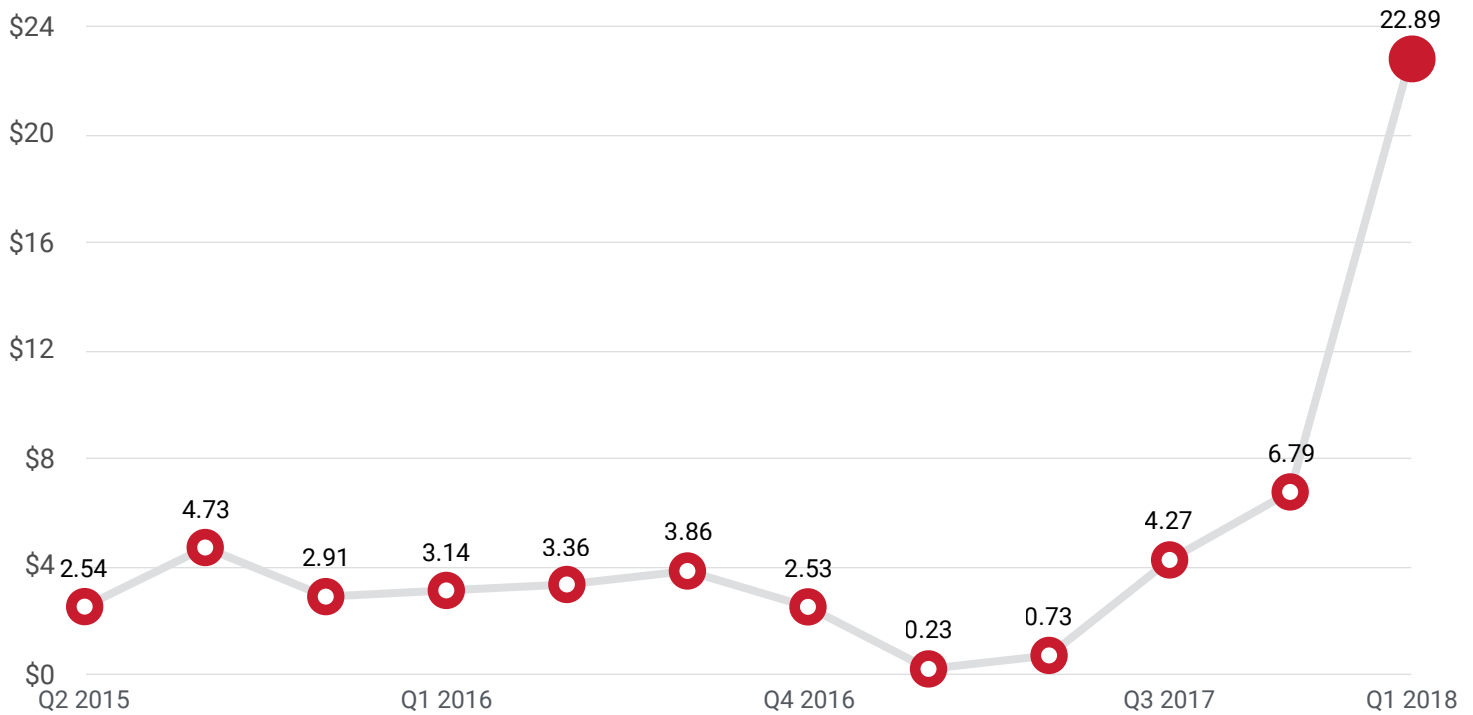


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Currency Impact on European Corporate Earnings

Negative Currency Impact to European Companies (Billions)



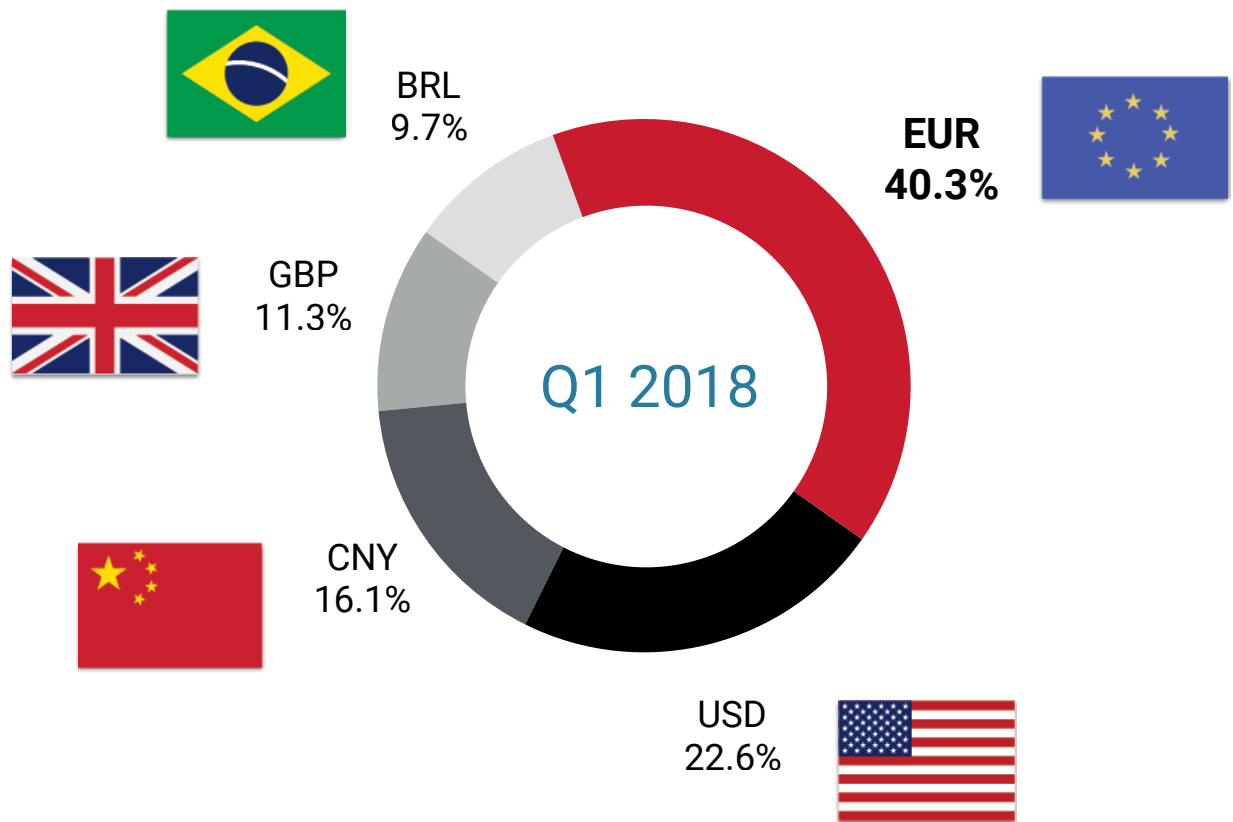
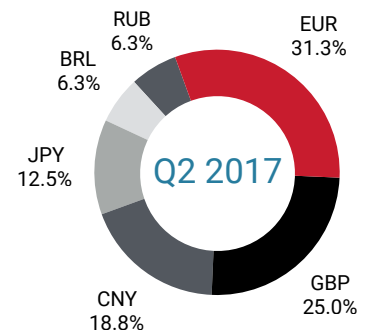
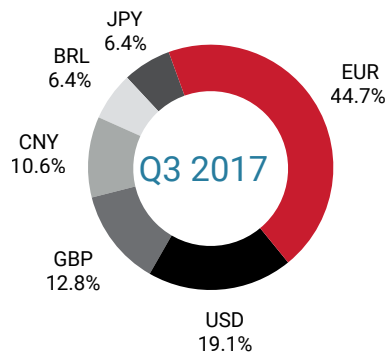
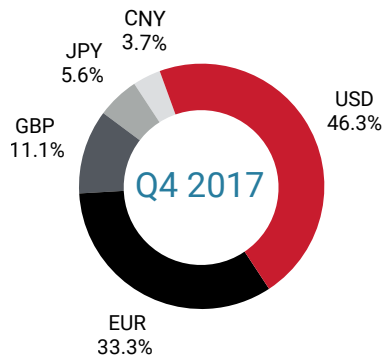
Currency Impact on European Corporate Earnings

European companies saw a steep increase in negative currency impacts in Q1 2018, more than tripling the negative impacts from the previous quarter to \$22.89 billion.²

Only 67 of the 350 Europe-based multinationals analyzed reported headwinds in Q1 2018. Of those, 54 quantified their negative impacts (page 13).

² Impacts are likely to be underestimates as most companies with currency headwinds generally do not report them.

Top Currencies Referenced by European Companies as Impactful

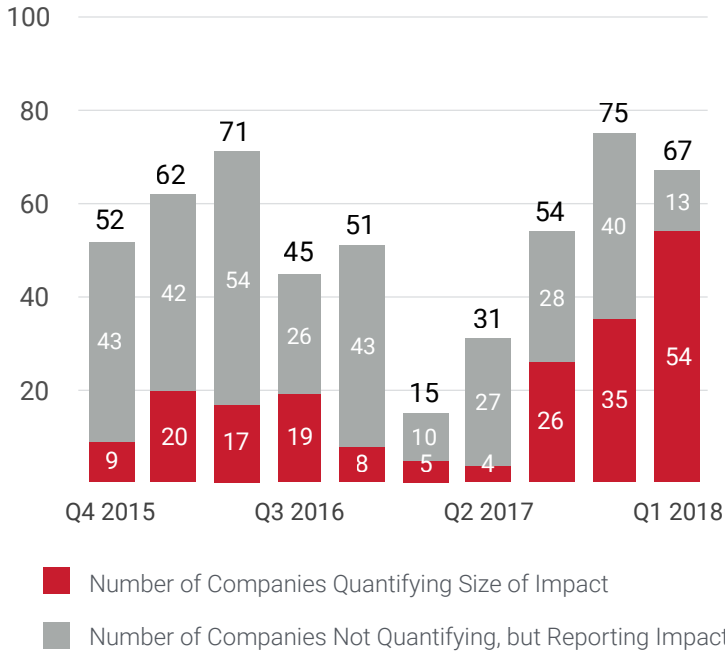


The euro (EUR) was most mentioned as impactful by European companies, followed by the U.S. dollar (USD), Chinese renminbi (CNY), British pound (GBP) and Brazilian real (BRL).

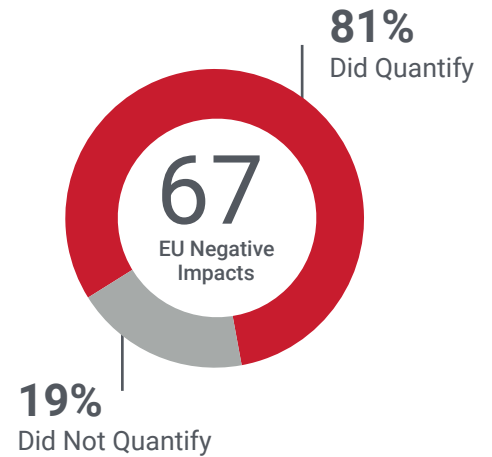
As weighted by GDP percentage, EUR was the second most volatile currency, while CNY was the most volatile and GBP was the fourth most volatile (page 4).

Of the top five most volatile G20 currencies, CNY was the fourth most volatile and BRL was this fifth most volatile (page 4).

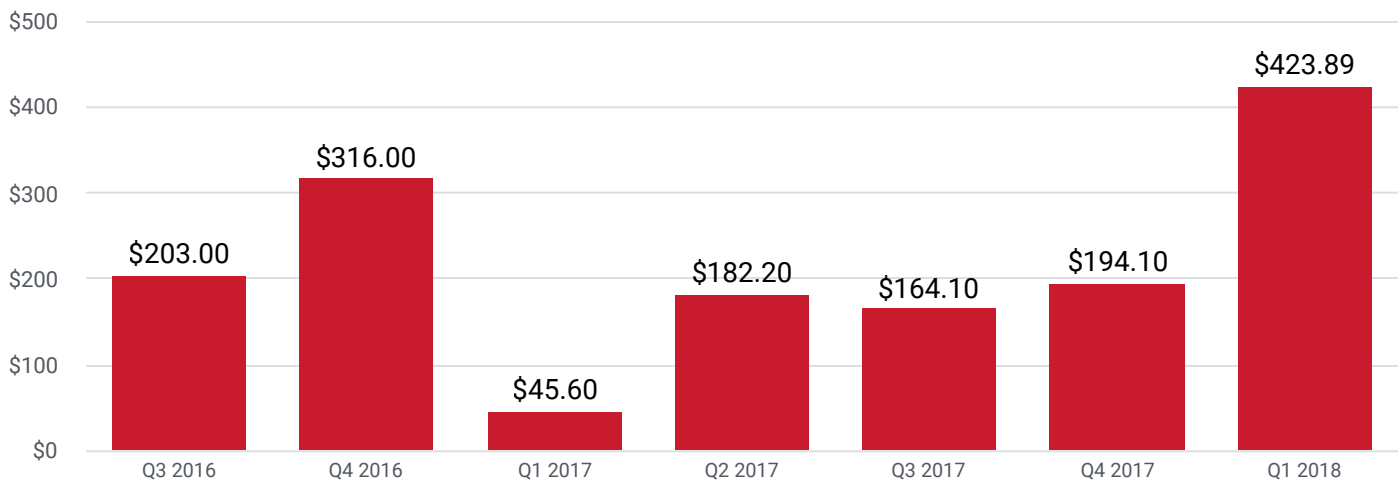
Number of European Companies Reporting Negative Currency Impact



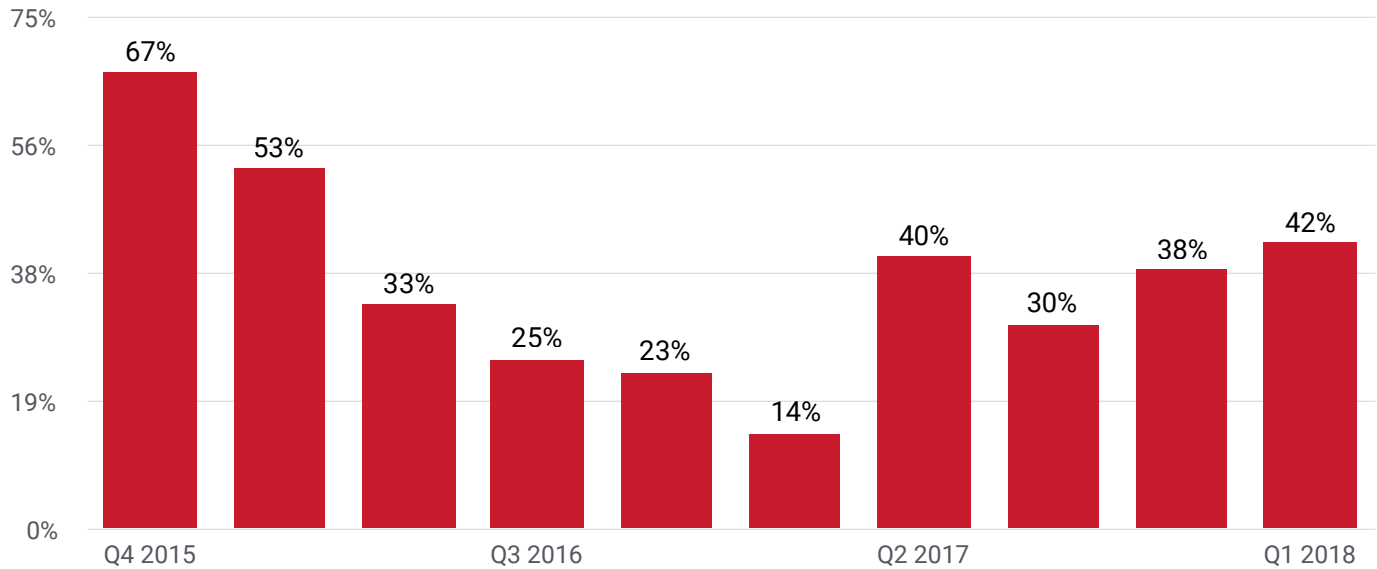
Percentage of European Companies Quantifying Impacts



Average Negative Impact to European Companies (Millions)

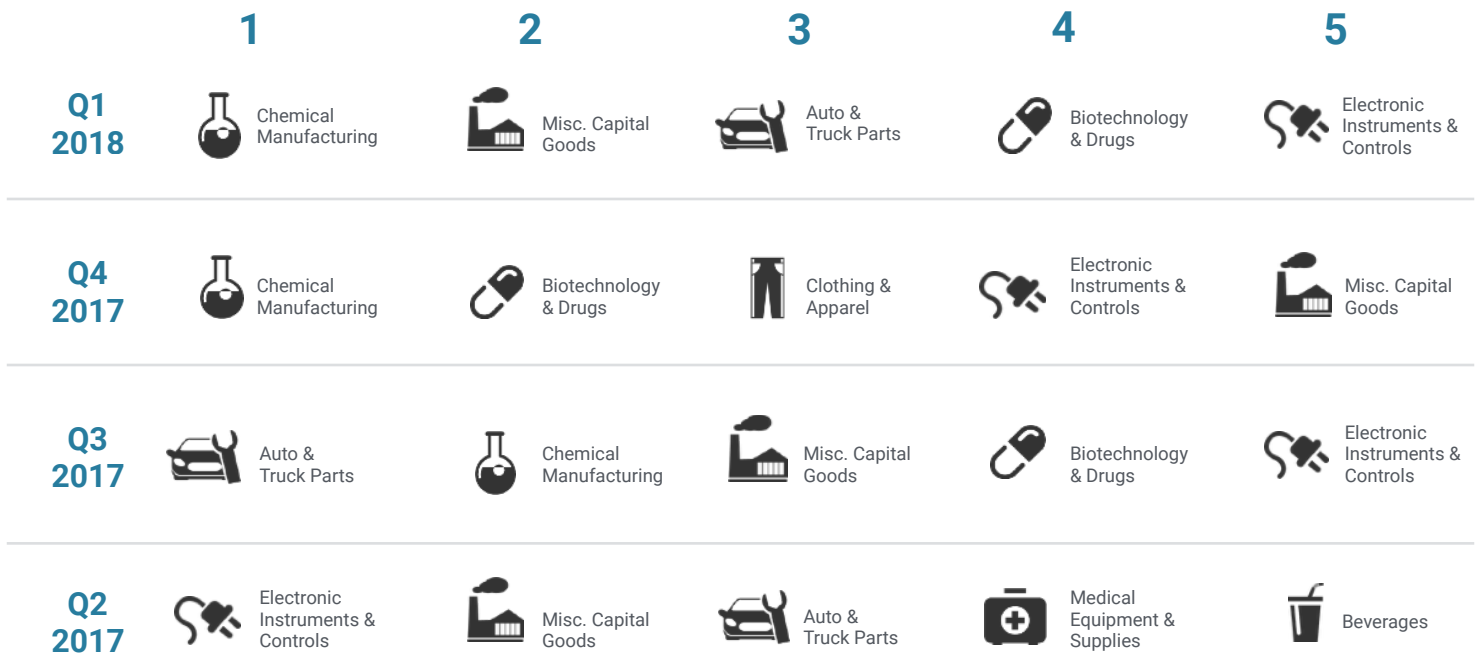


Percentage of European Companies Reporting Impacts That Fielded Analyst Questions



In Q1 2018 earnings calls, 42 percent of European companies that quantified impacts fielded analyst questions, as compared to 38 percent in Q4 2017.

Most Impacted European Industries



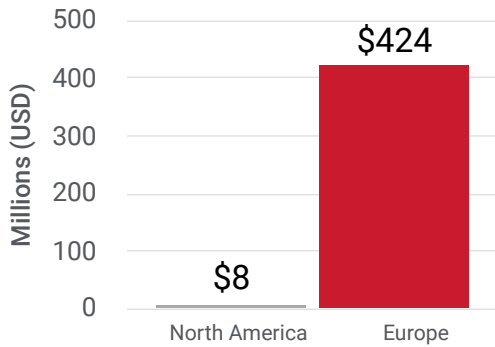


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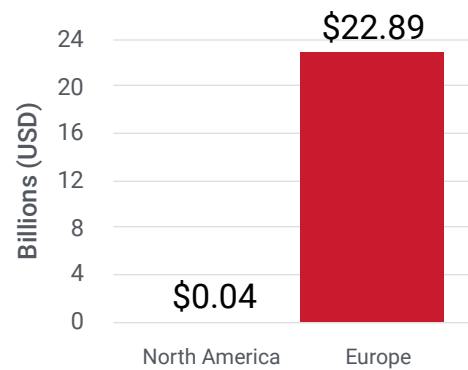
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Comparison of Q1 2018
Currency Impact to North American
& European Companies

Average Quantified Negative Currency Impact in Q1 2018 (Millions)

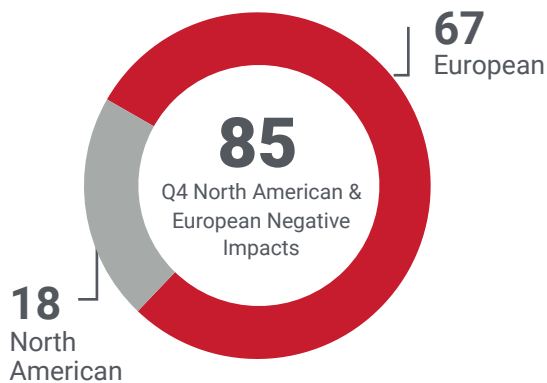


Size of Quantified Negative Currency Impact in Q1 2018 (Billions)

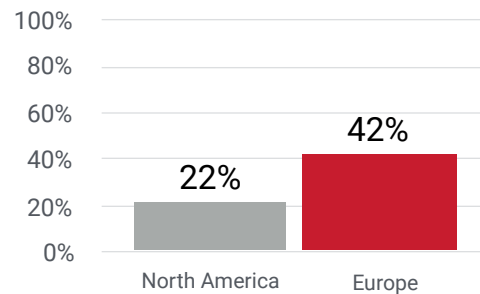


\$22.93 Billion Total Negative Q4 Impact

Number of Companies Reporting Negative Currency Impacts in Q1 2018



Percentage of Companies Reporting Impacts That Fielded Analyst Questions in Q1 2018



Summary: FiREapps Q1 2018 Currency Impact Report™

- › The total quantified negative impact in Q1 2018 was nearly 193 percent higher than Q4 2017, totaling \$22.93 billion, with \$22.89 billion of that impact having been reported by European companies.
- › 85 North American and European companies reported currency headwinds in Q1 2018. Of those companies, 59 quantified FX impacts.
- › The euro was most mentioned as being impactful by both North American and European companies.
- › There was a decrease in the number of North American companies reporting and quantifying negative currency impacts, as quantified negative impacts remain low.
- › As negative impacts to European companies continued to climb in Q1 2018, there was a decrease in the number of companies reporting overall but an increase in the number of companies quantifying negative impacts.



FiREapps is the leading provider of cloud-based enterprise currency management (ECM) solutions for currency exposure management and enterprise currency analytics. Established in 2005, FiREapps developed the first solution to automate foreign exchange exposure management for multinational companies. Today, the company provides automated solutions to support the analysis and management of currency exposure, as well as the assessment and reporting of how currencies can impact corporate financial performance.

FiREapps is headquartered in Scottsdale, Arizona, with offices in Portland, London and Frankfurt.