

FiREapps Q4 2017

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.

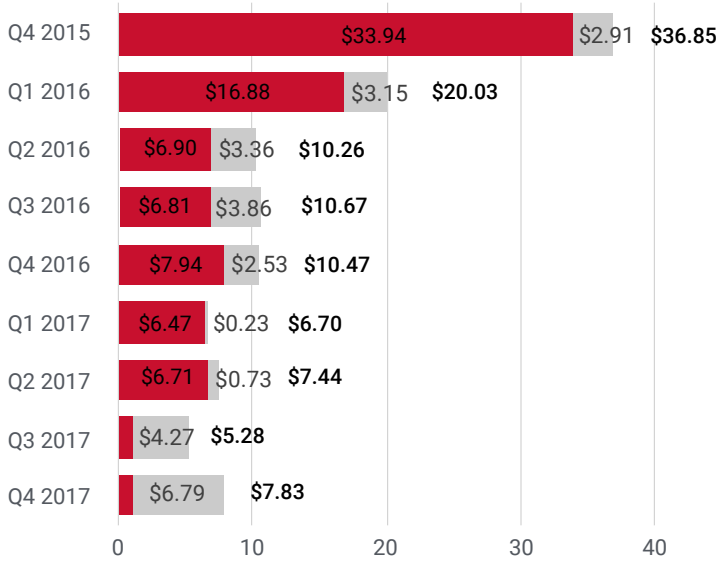


FiREapps Q4 2017

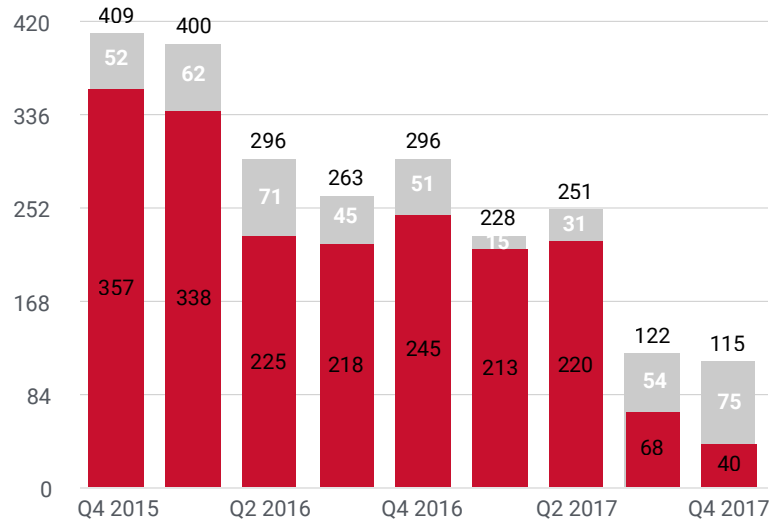
CURRENCY IMPACT REPORT™

Overview

Quantified Negative Currency Impact (Billions)



Number of Companies Reporting Negative Currency Impact



Q4 2017 CONTINUES TREND OF RISING NEGATIVE EUROPEAN IMPACTS

As we saw last quarter, negative currency impacts to European companies have been on the rise. Q4 2017 continues that trend, as the quantified negative currency impact reached \$6.79 billion for European multinationals - an increase of \$2.52 billion over last quarter and the largest negative impact reported since Q3 2015.

Additionally, the number of European companies reporting negative currency impacts has continued to increase proportionate to the increase in quantified negative impacts, with 75 companies reporting in Q4 2017, as compared to 54 in Q3 2017 and 31 in Q2 2017.

For North American corporations, the amount of quantified negative currency impact continues to stay under the \$1.5 billion mark, after reported negative impacts dropped from \$6.71 billion in Q2 2017 to \$1.01 billion in Q3 2017. However, North American multinationals did see a slight increase in impacts during Q4 2017, with reported negative FX impacts being roughly \$30 million higher than what was reported last quarter.

Top 5 Volatile G20 Currencies

	1	2	3	4	5
Q4 2017	 TRY	 IDR	 BRL	 ZAR	 SAR
Q3 2017	 CAD	 IDR	 RUB	 TRY	 ARS
Q2 2017	 CNY	 IDR	 EUR	 BRL	 MXN
Q1 2017	 CNY	 KRW	 IDR	 ZAR	 MXN

Top 5 Volatile Currencies as Weighted by GDP Percentage

	1	2	3	4	5
Q4 2017	 CNY	 EUR	 JPY	 BRL	 GBP
Q3 2017	 EUR	 CNY	 JPY	 CAD	 GBP
Q2 2017	 CNY	 EUR	 IDR	 BRL	 JPY
Q1 2017	 CNY	 KRW	 IDR	 EUR	 MXN

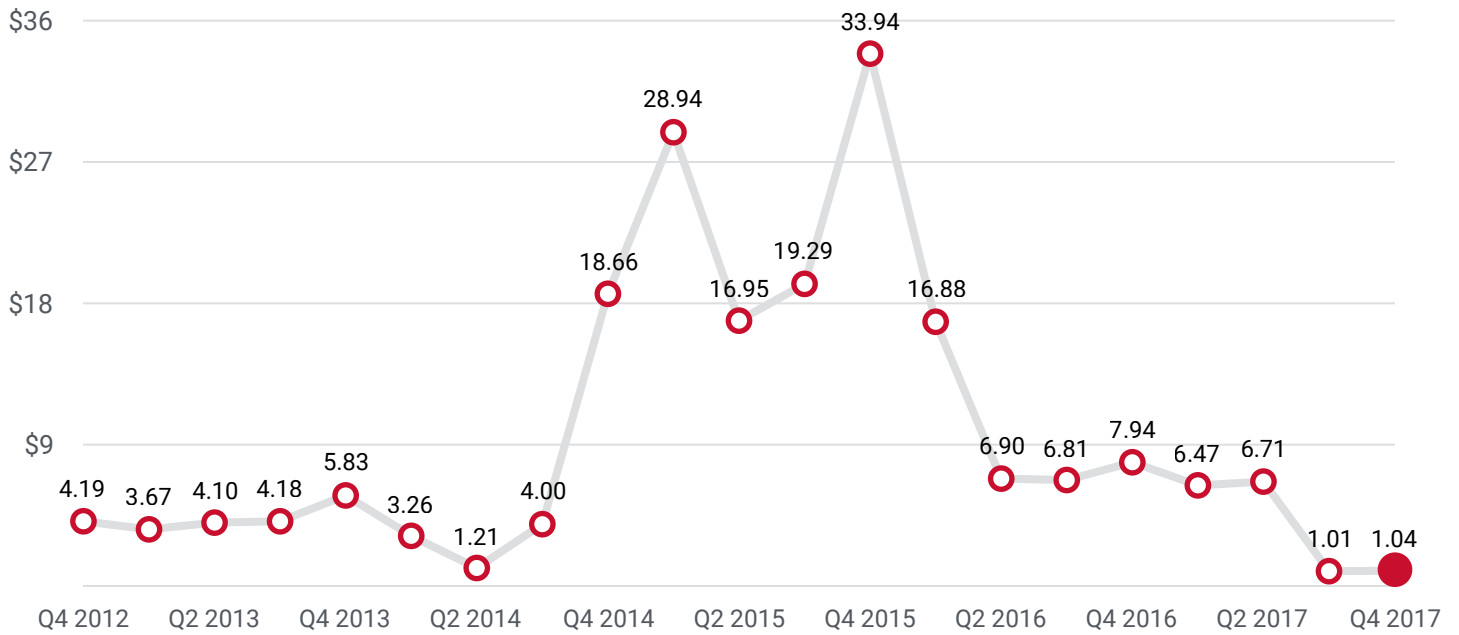


FiREapps Q4 2017

CURRENCY IMPACT REPORT™

Currency Impact on North American Corporate Earnings

Negative Currency Impact to North American Companies (Billions)



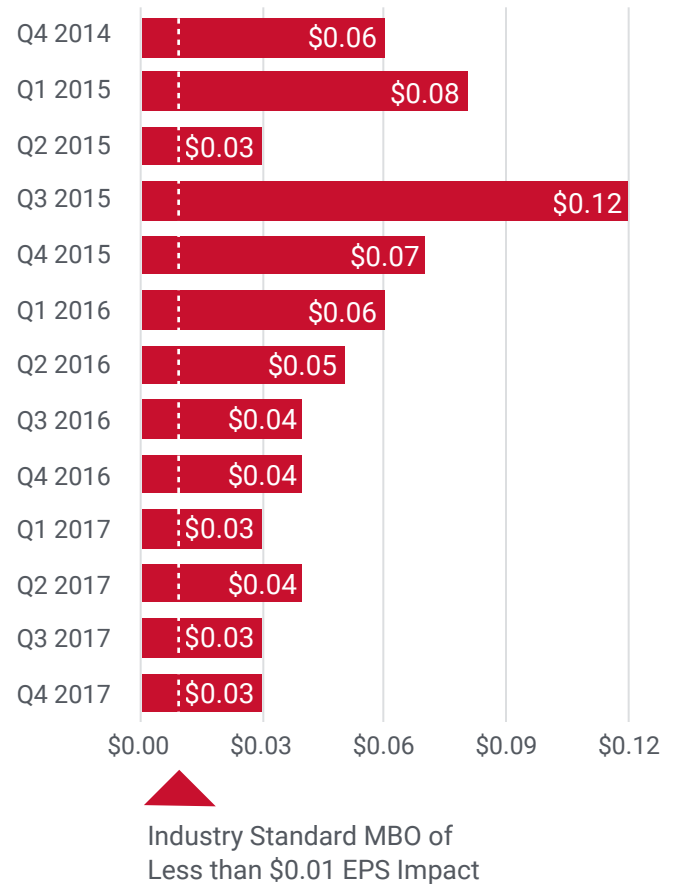
Currency Impact on North American Corporate Earnings

A collective \$1.04 billion loss was reported by North American companies that quantified negative FX impacts for Q4 2017 – up roughly \$30 million from Q3 2017.¹

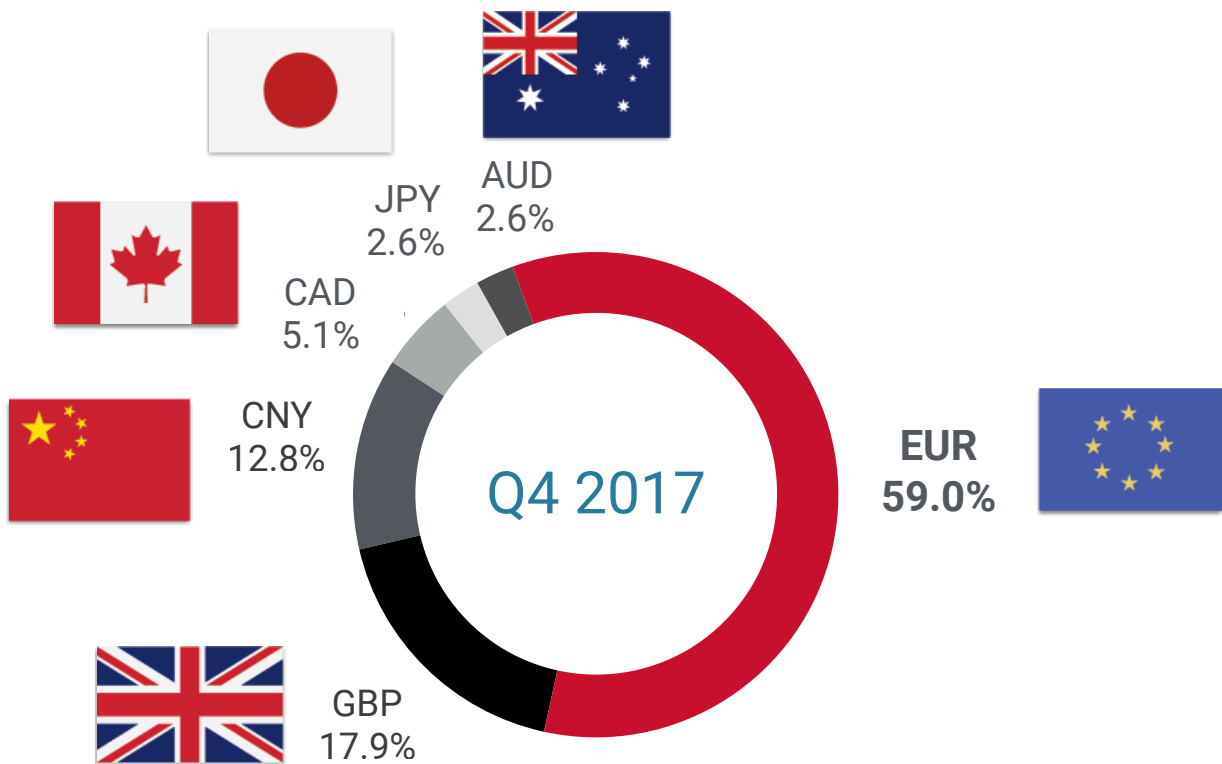
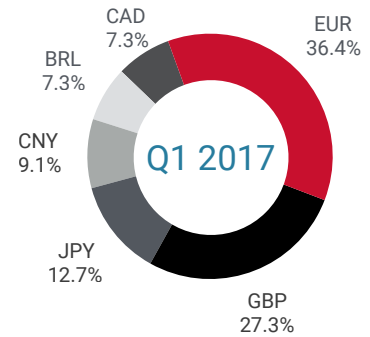
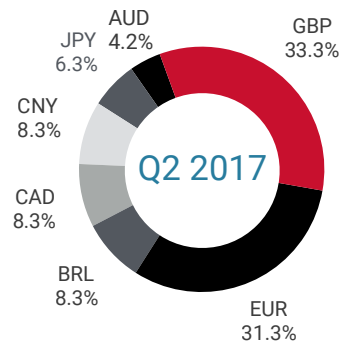
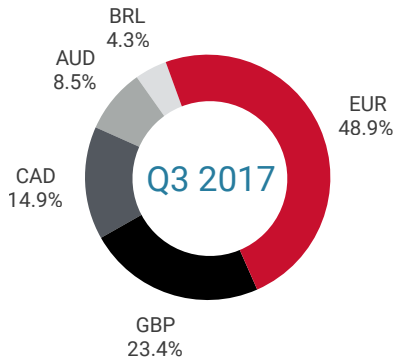
Earnings per share (EPS) impact reported by North American companies stayed stagnant at \$0.03, continuing a trend seen over the previous five quarters where EPS impact has hovered around \$0.03-\$0.04.

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



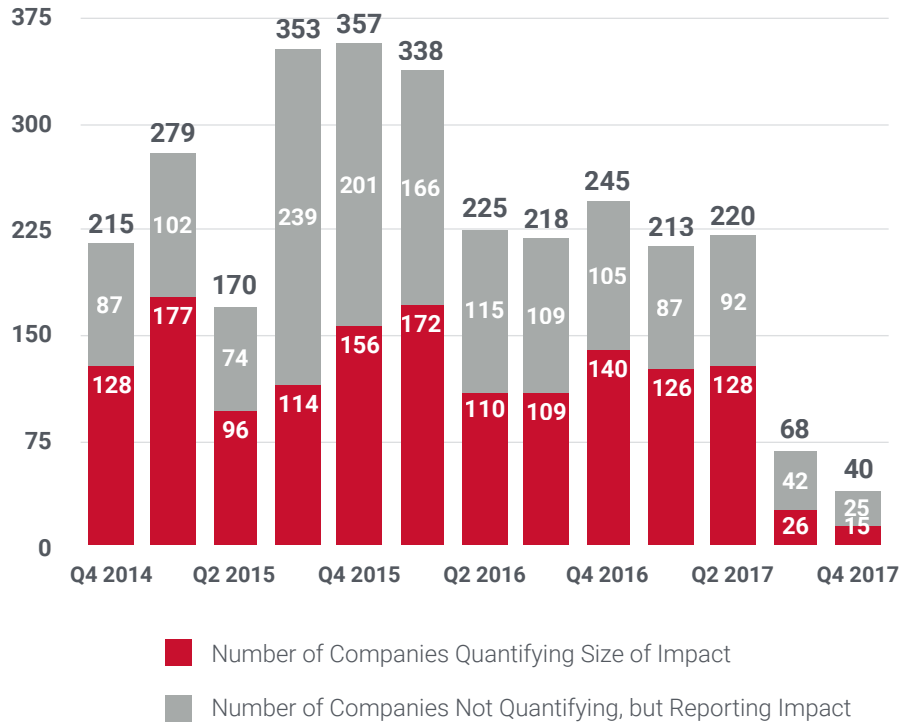
Top Currencies Referenced by North American Companies as Impactful



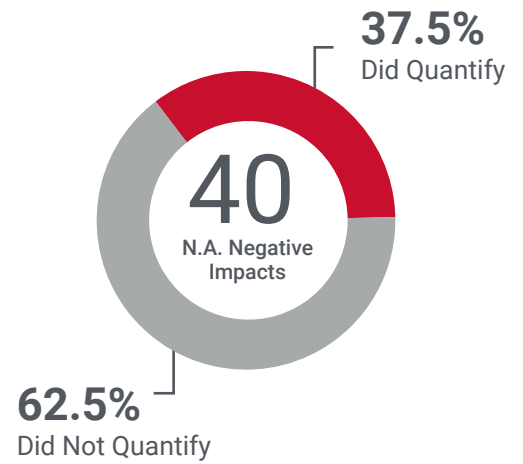
In Q4 2017, the euro was referenced as the most impactful currency to North American companies for the second quarter in a row. Generally mentioned as the most impactful or second most impactful currency over the past five quarters, 59 percent of North American companies referenced it as impactful in Q4 2017 – and it once again topped the list as one of the most volatile G20 currencies as weighted by GDP percentage (page 4).

The British pound was the next most referenced currency in North American earnings reports, followed by the Chinese renminbi, and Canadian dollar, with the Australian dollar and Japanese yen tying for the fifth most mentioned currency. The Euro, British pound, Chinese renminbi and Japanese yen were also included in the top five most volatile currencies as weighted by GDP percentage (page 4).

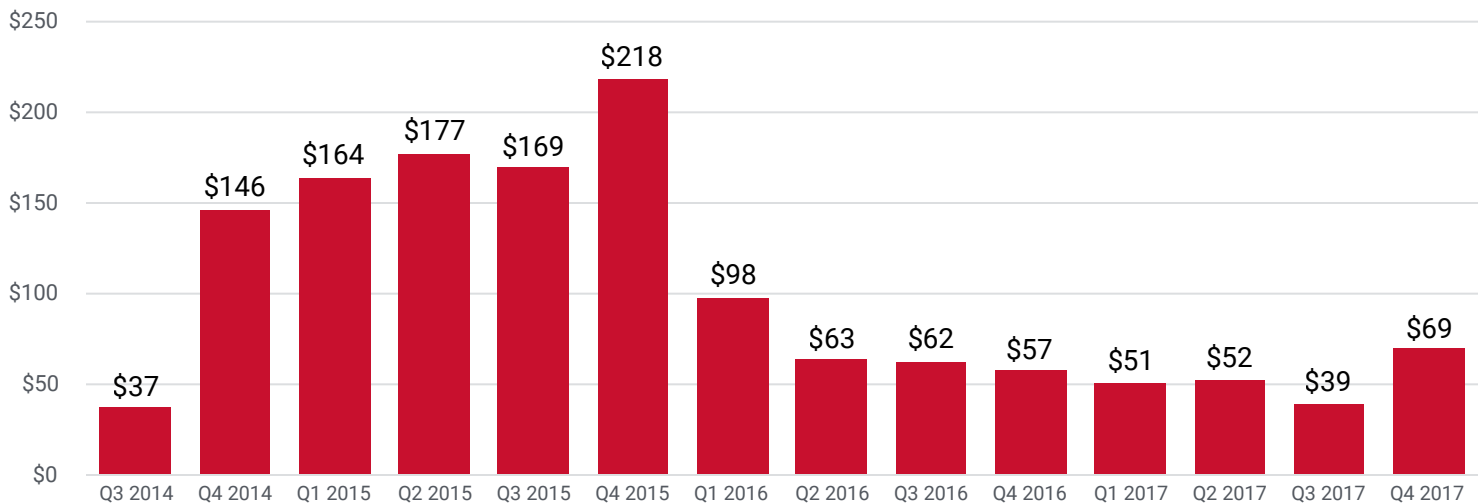
Number of North American Companies Reporting Negative Currency Impacts



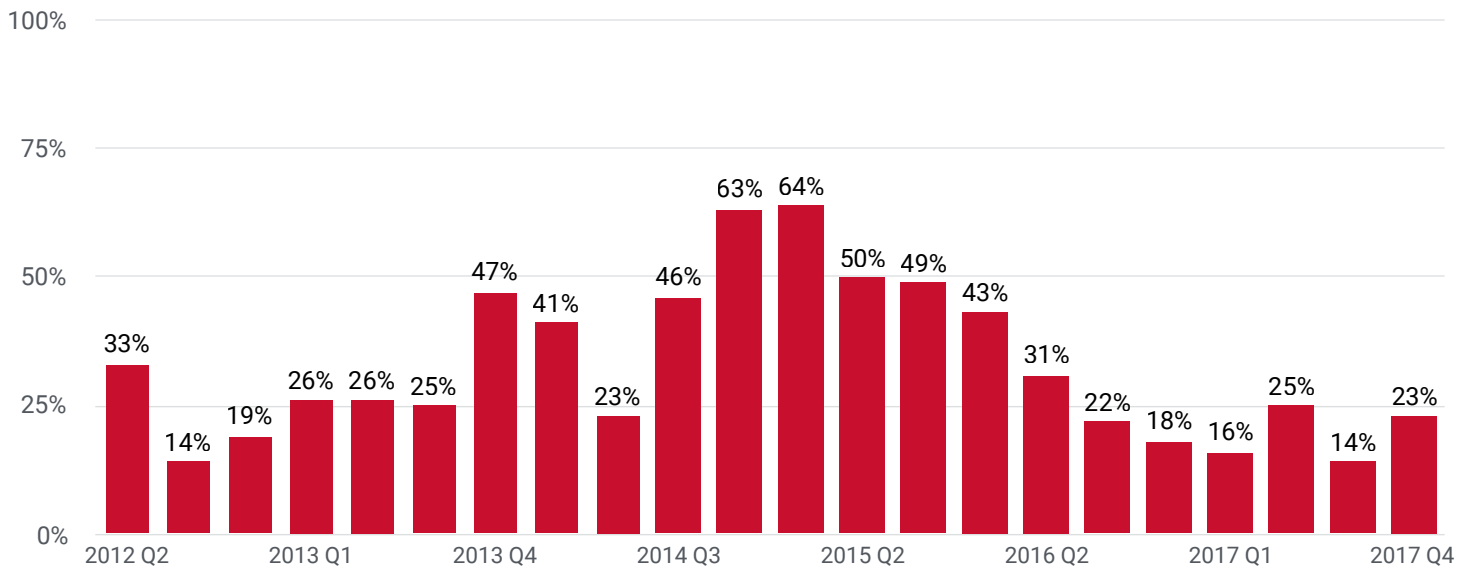
Percentage of North American Companies Quantifying Impacts



Average Negative Impact to North American Companies (Millions)

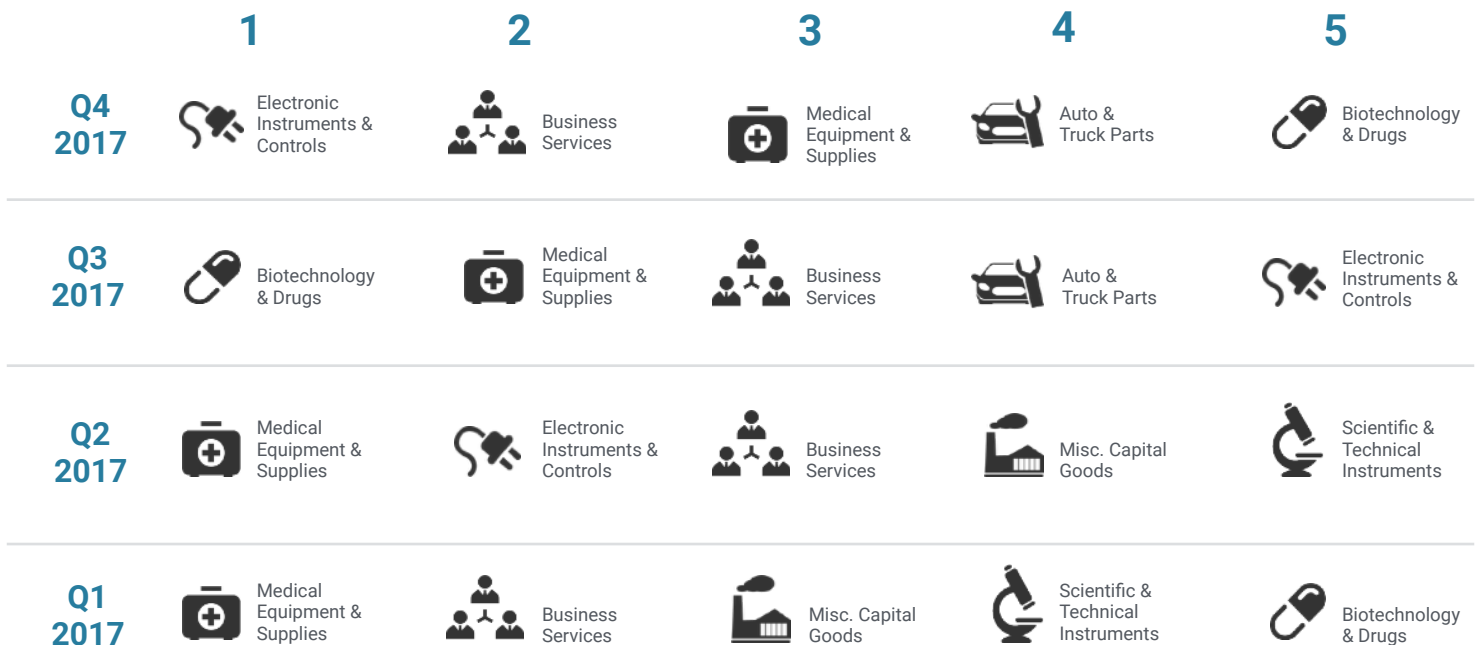


Percentage of North American Companies Reporting Impacts That Fielded Analyst Questions



The number of North American companies reporting FX impacts that fielded analyst questions has increased since Q3 2017, with 23 percent of companies receiving FX-related questions when reporting quarterly earnings.

Most Impacted North American Industries



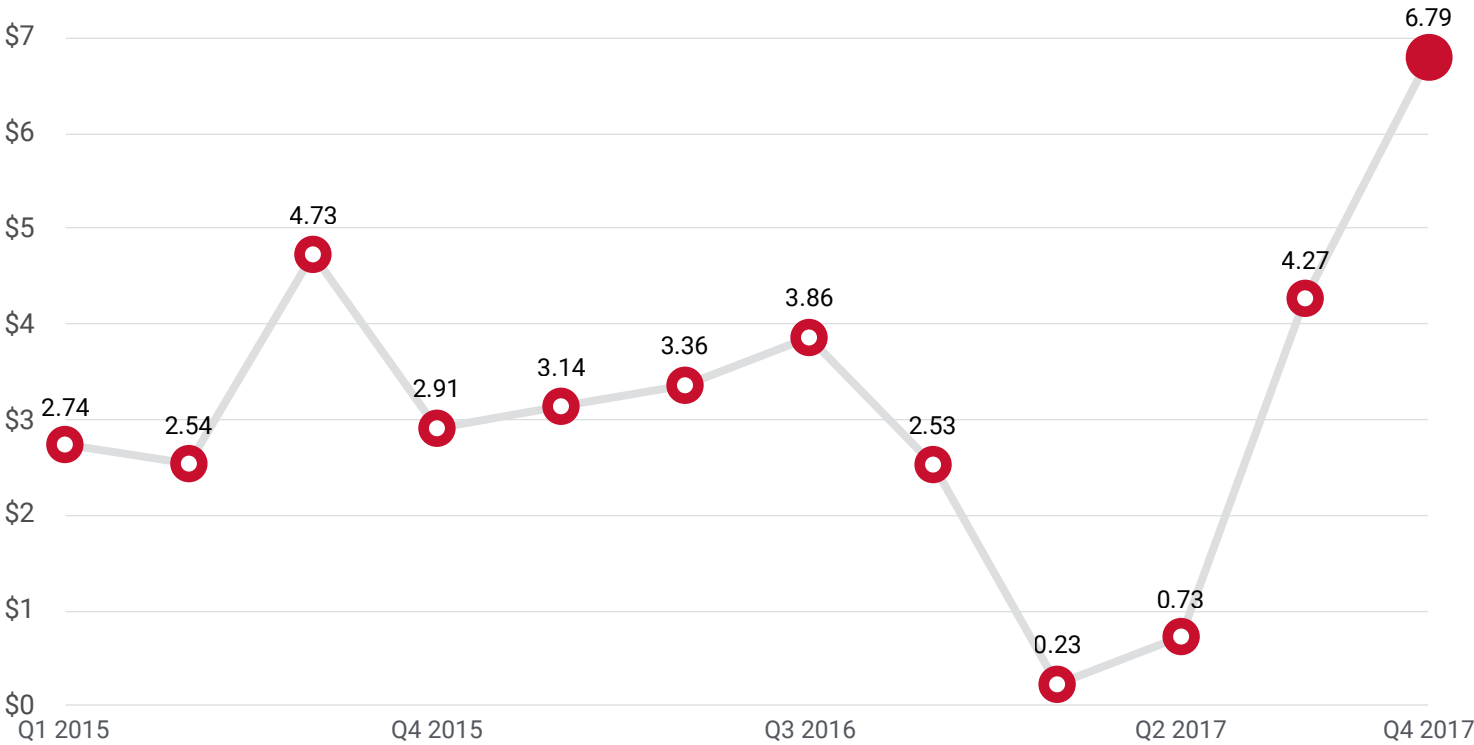


FiREapps Q4 2017

CURRENCY IMPACT REPORT™

Currency Impact on European Corporate Earnings

Negative Currency Impact to European Companies (Billions)



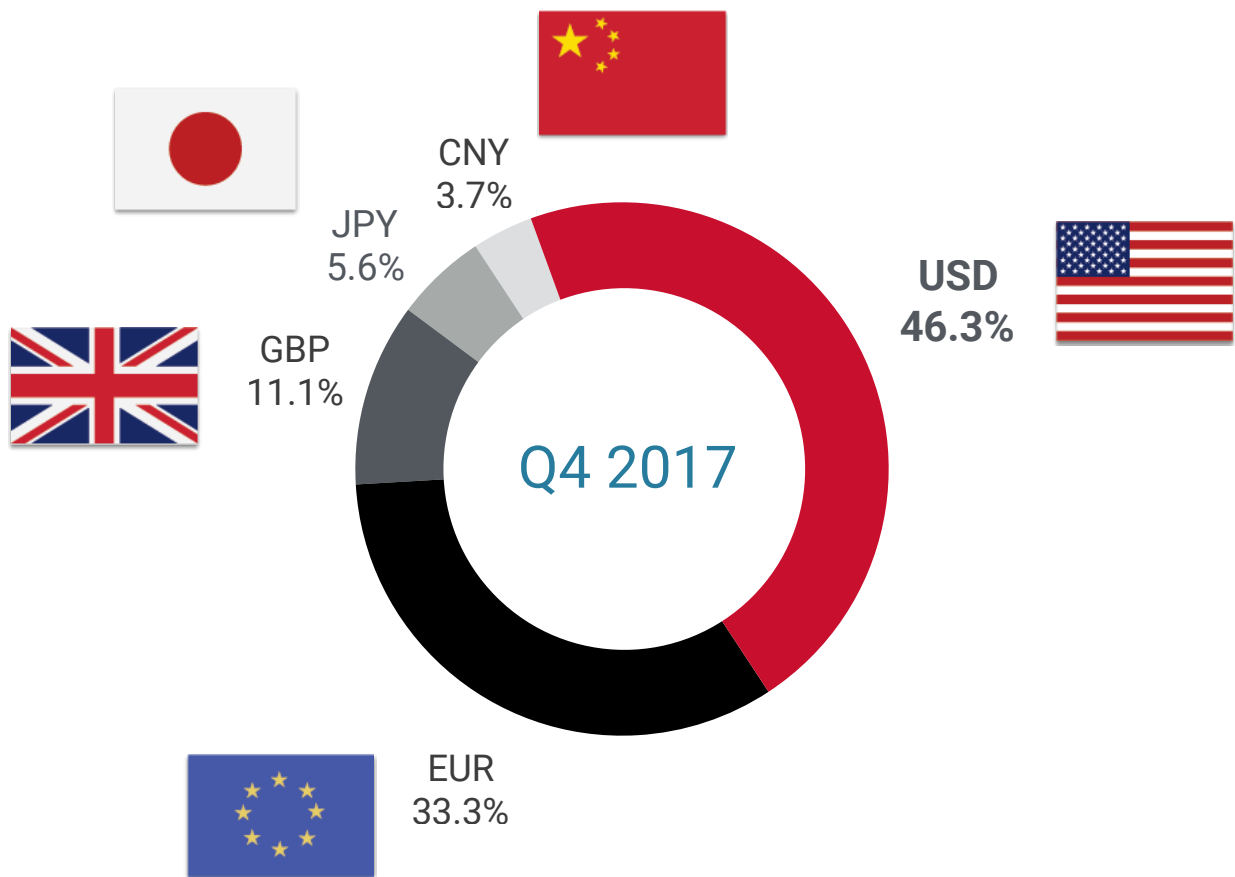
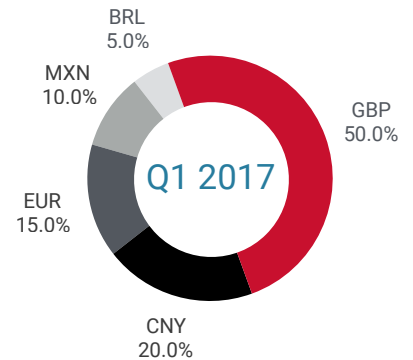
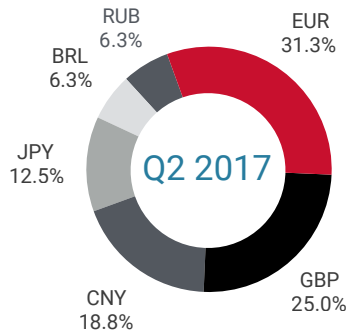
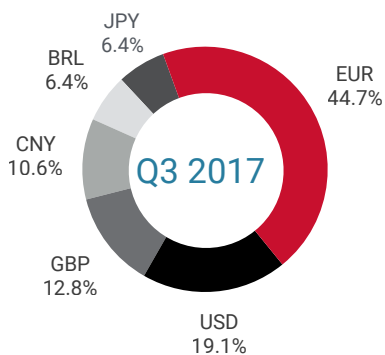
Currency Impact on European Corporate Earnings

In the fourth quarter of 2017, 75 of the 350 Europe-based multinationals analyzed by FiREapps reported negative currency impacts to their earnings (headwinds).

Of the corporations reporting headwinds 35 quantified their impacts, accounting for a collective loss of €8.31 billion (\$6.79 billion) due to FX.²

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

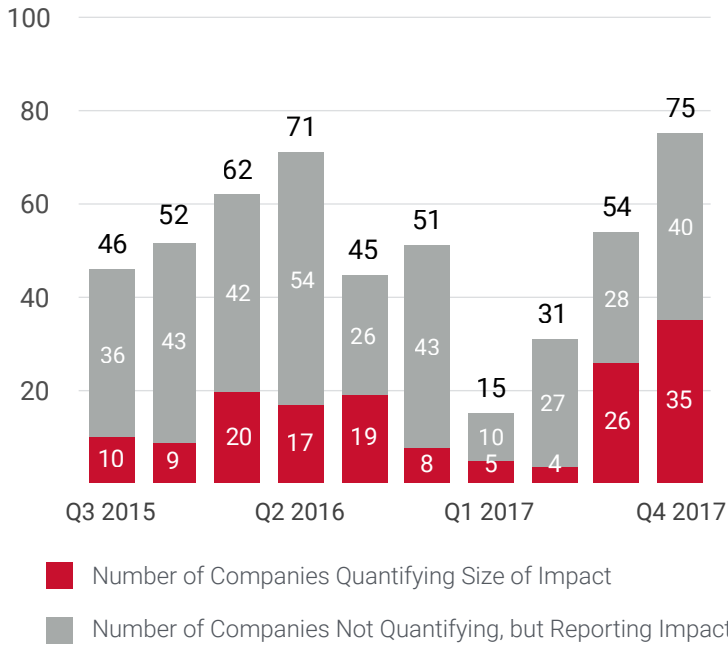
Top Currencies Referenced by European Companies as Impactful



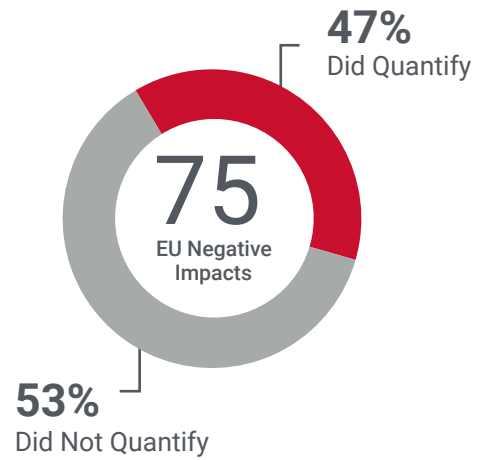
For the first time in 2017, the U.S. dollar was most mentioned as being impactful to European corporations.

The euro was the second most referenced currency as being impactful to European companies, followed by the British pound, Japanese yen, and Chinese renminbi. With the exception of the U.S. dollar, the currencies most mentioned as impactful to European companies in Q4 2017 were also four of the most volatile currencies as weighted by GDP percentage (page 4).

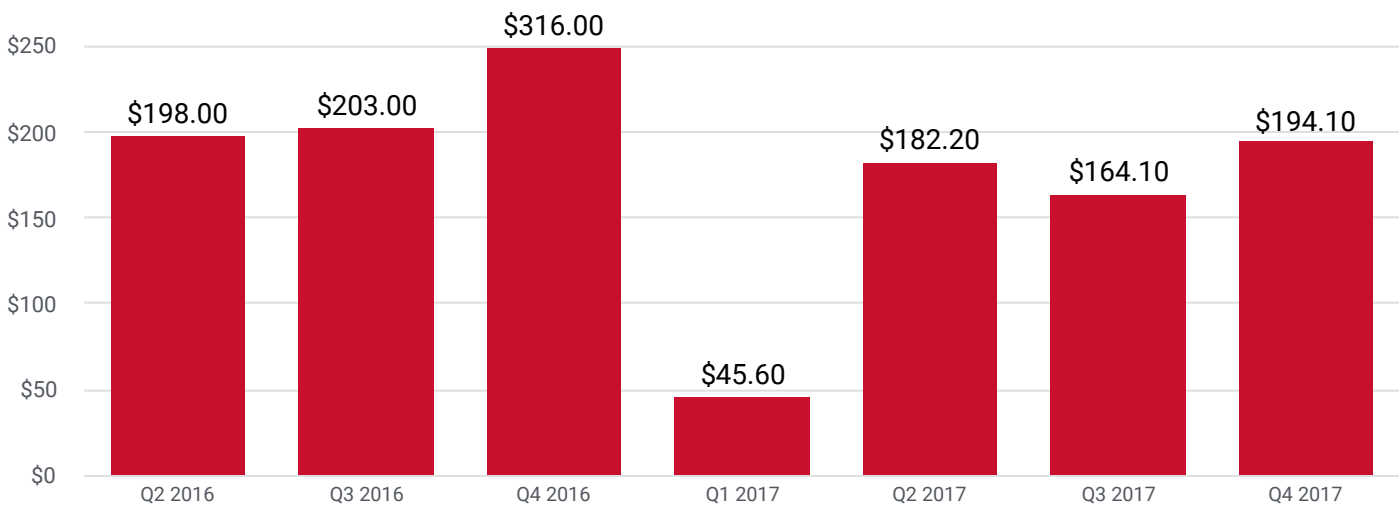
Number of European Companies Reporting Negative Currency Impact



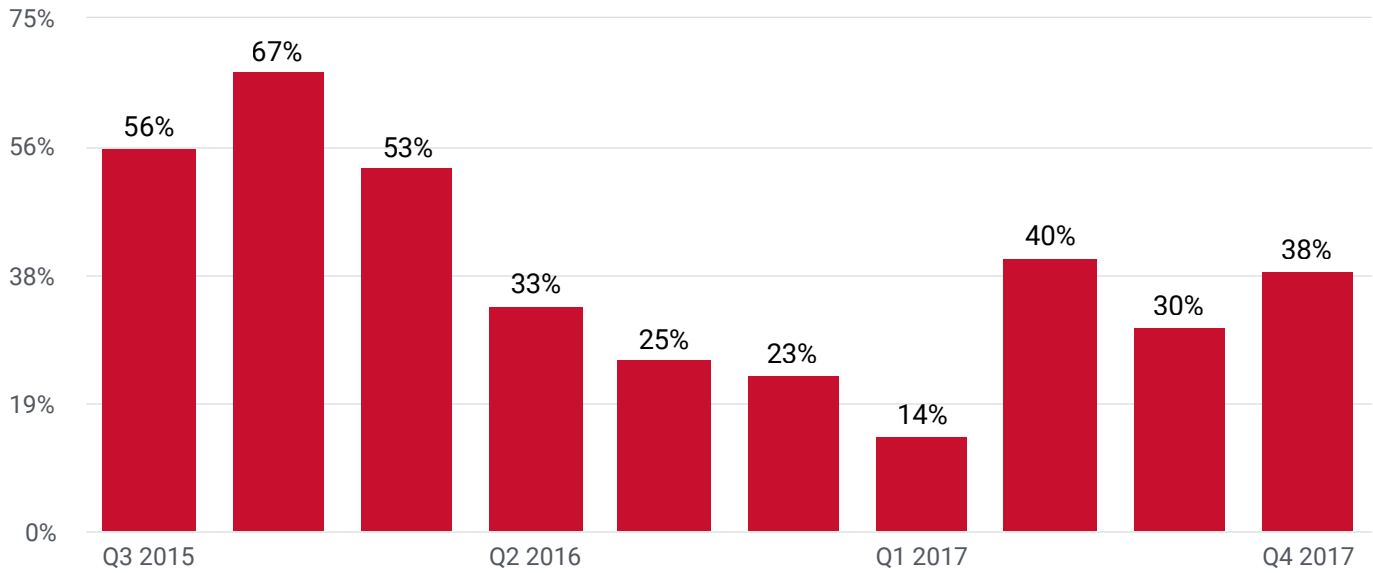
Percentage of European Companies Quantifying Impacts



Average Negative Impact to European Companies (Millions)

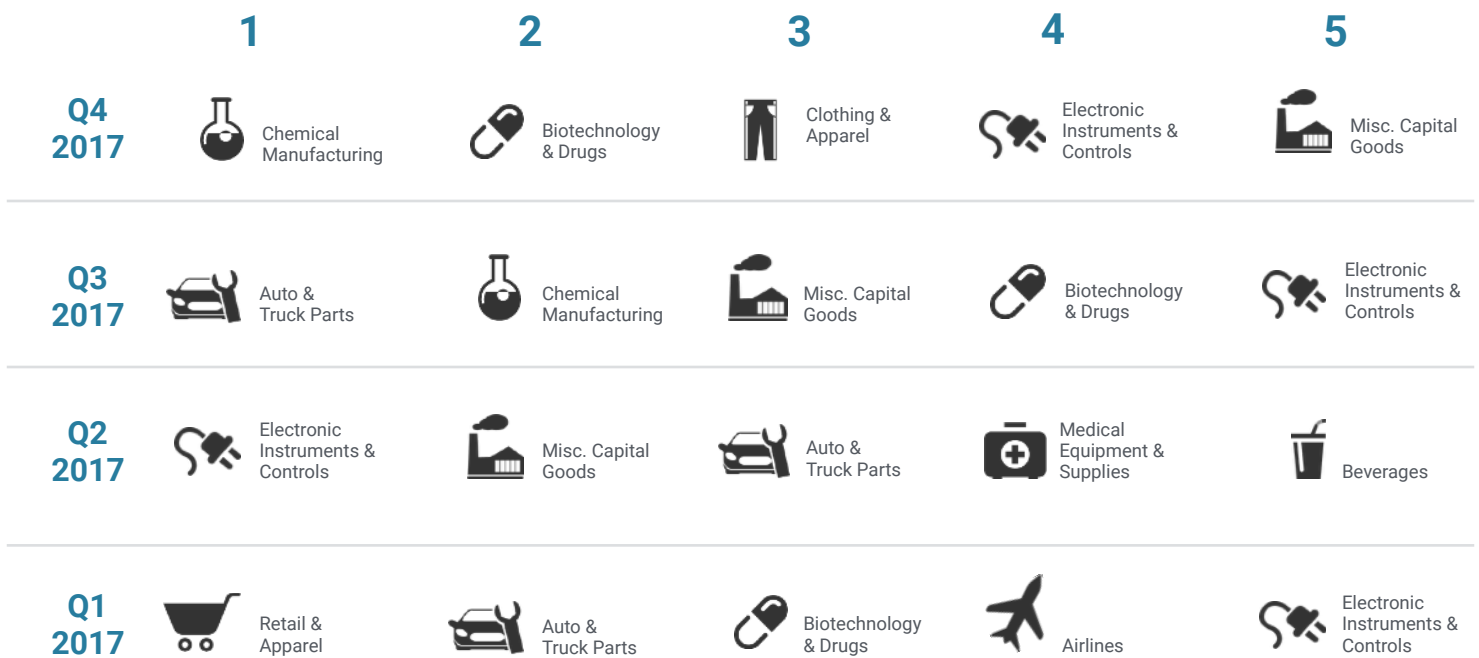


Percentage of European Companies Reporting Impacts That Fielded Analyst Questions



In Q4 2017 earnings calls, 38 percent of European companies that quantified impacts fielded analyst questions, as compared to 30 percent in Q3 2017.

Most Impacted European Industries



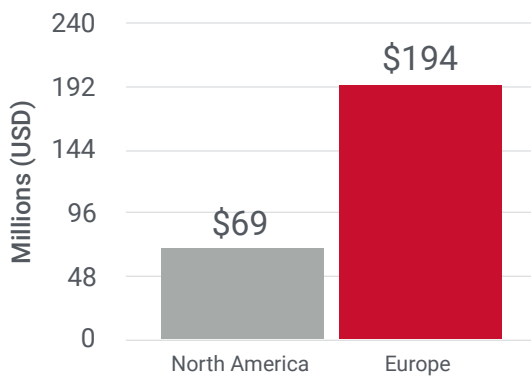


FiREapps Q4 2017

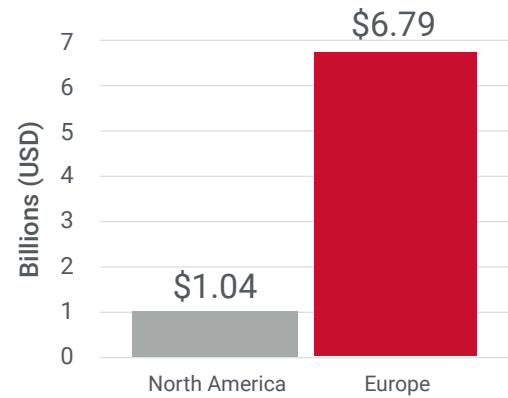
CURRENCY IMPACT REPORT™

Comparison of Q4 2017
Currency Impact to North American
& European Companies

Average Quantified Negative Currency Impact in Q4 2017 (Millions)

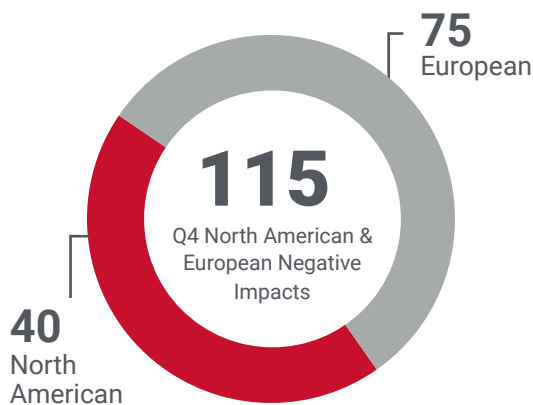


Size of Quantified Negative Currency Impact in Q4 2017 (Billions)

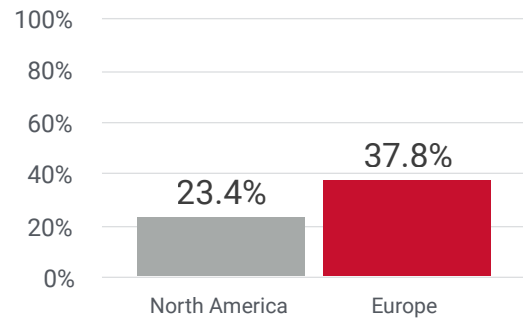


\$7.83 Billion Total Negative Q4 Impact

Number of Companies Reporting Negative Currency Impacts in Q4 2017



Percentage of Companies Reporting Impacts That Fielded Analyst Questions in Q4 2017



Summary: FiREapps Q4 2017 Currency Impact Report™

- › The total quantified negative impact in Q4 2017 was nearly 49 percent higher than Q3 2017, totaling \$7.83 billion, with \$6.79 billion of that impact having been reported by European companies.
- › 115 North American and European companies reported global headwinds in Q4 2017. Of those companies, 50 quantified FX impacts.
- › The euro was most mentioned as being impactful by North American companies, while the U.S. dollar was most mentioned by European companies as being impactful.
- › North America saw a decrease in the number of companies reporting negative currency impacts as quantified negative impacts remain low. Meanwhile European companies continued to see an increase in companies reporting negative impacts as the amount of sustained negative FX impacts has increased.



FiREapps is the leading provider of corporate currency analytics and FX exposure management technologies. Established in 2006, FiREapps developed the first solution to automate foreign exchange exposure management for multinational companies. Through a combination of software solutions and expert analysis, FiREapps helps companies ensure they're accurately measuring and managing their FX exposures. Numerous Fortune 500 companies rely on FiREapps technology to help them reduce FX risk and increase efficiency every day.

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