

# FiREapps Q3 2017

## CURRENCY IMPACT REPORT™

### A Survey of North American & European Corporate Earnings

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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.

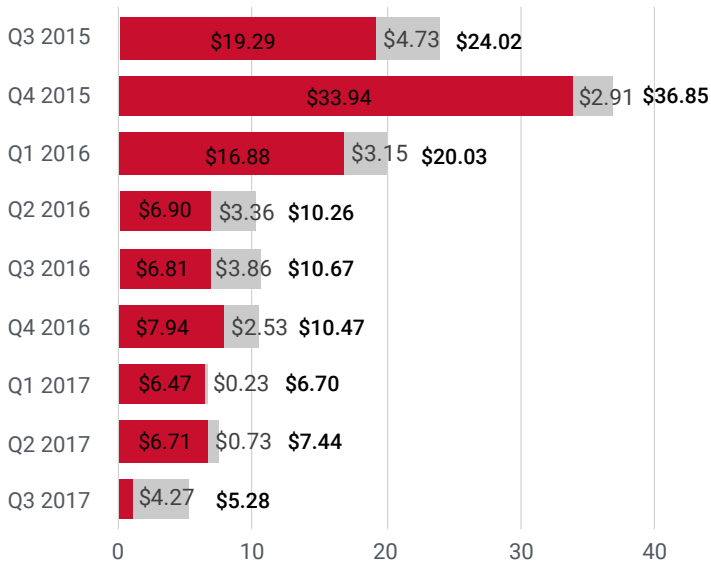


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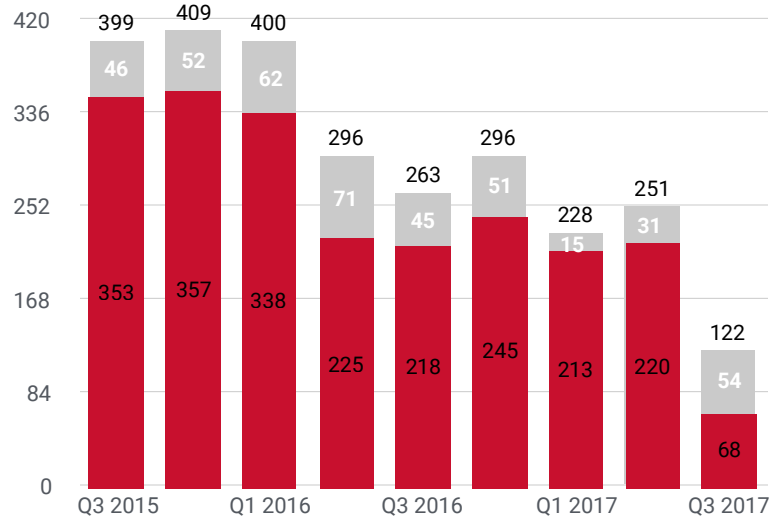
## CURRENCY IMPACT REPORT™

### Overview

## Quantified Negative Currency Impact (Billions)



## Number of Companies Reporting Negative Currency Impact



## Q3 SHOWS LARGEST EUROPEAN FX IMPACTS SINCE 2015

Q3 2017 saw the largest amount of collective negative currency impacts to European companies since Q3 2015. Up \$3.54 billion from last quarter, European multinationals reported \$4.27 billion in losses due to FX. In addition to an increase in FX impacts, European companies also saw an increase in the number of companies reporting negative currency impacts during earnings calls.

In contrast, North American companies saw a decrease in quantified negative impacts, the number of companies reporting impacts and the average earnings per share (EPS) impact (page 6).

## Top 5 Volatile G20 Currencies

	1	2	3	4	5
Q3 2017	 CAD	 IDR	 RUB	 TRY	 ARS
Q2 2017	 CNY	 IDR	 EUR	 BRL	 MXN
Q1 2017	 CNY	 KRW	 IDR	 ZAR	 MXN
Q4 2016	 KRW	 EUR	 TRY	 IDR	 AUD

## Top 5 Volatile Currencies as Weighted by GDP Percentage

	1	2	3	4	5
Q3 2017	 EUR	 CNY	 JPY	 CAD	 GBP
Q2 2017	 CNY	 EUR	 IDR	 BRL	 JPY
Q1 2017	 CNY	 KRW	 IDR	 EUR	 MXN
Q4 2016	 EUR	 KRW	 CNY	 JPY	 IDR



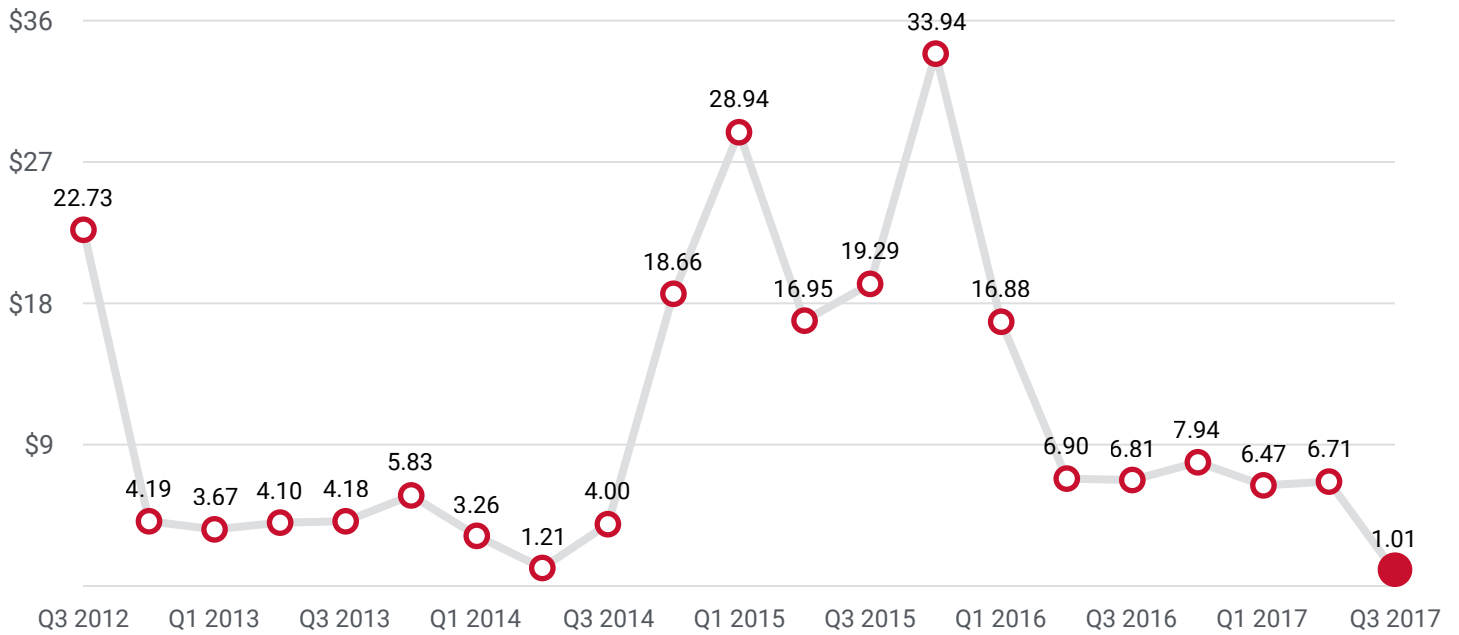
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## CURRENCY IMPACT REPORT™

### Currency Impact on North American Corporate Earnings



# Negative Currency Impact to North American Companies (Billions)



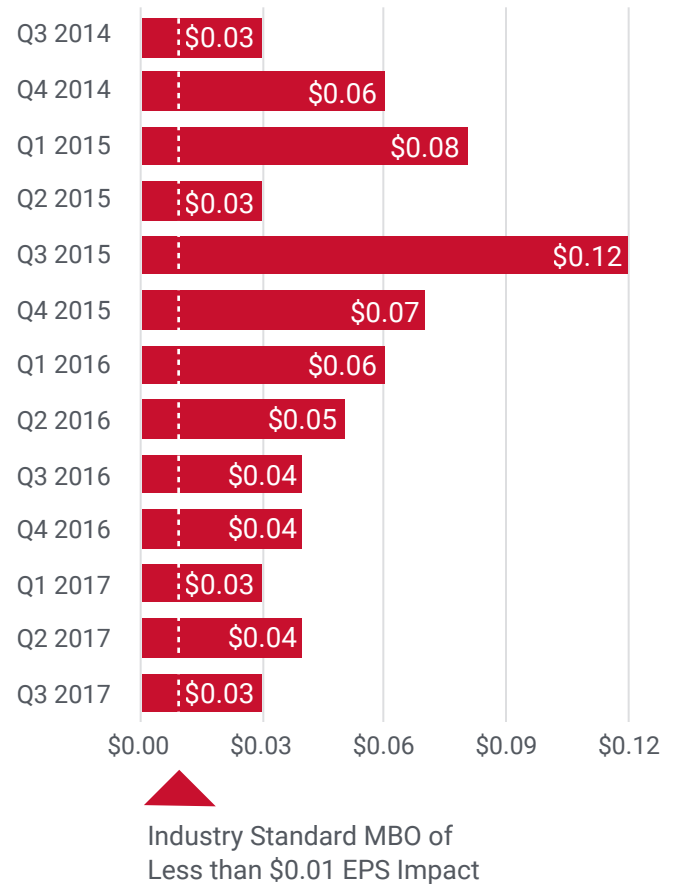
## Currency Impact on North American Corporate Earnings

A collective \$1.01 billion loss was reported by North American companies that quantified negative FX impacts for Q3 2017 – down \$5.7 billion from Q2 2017.

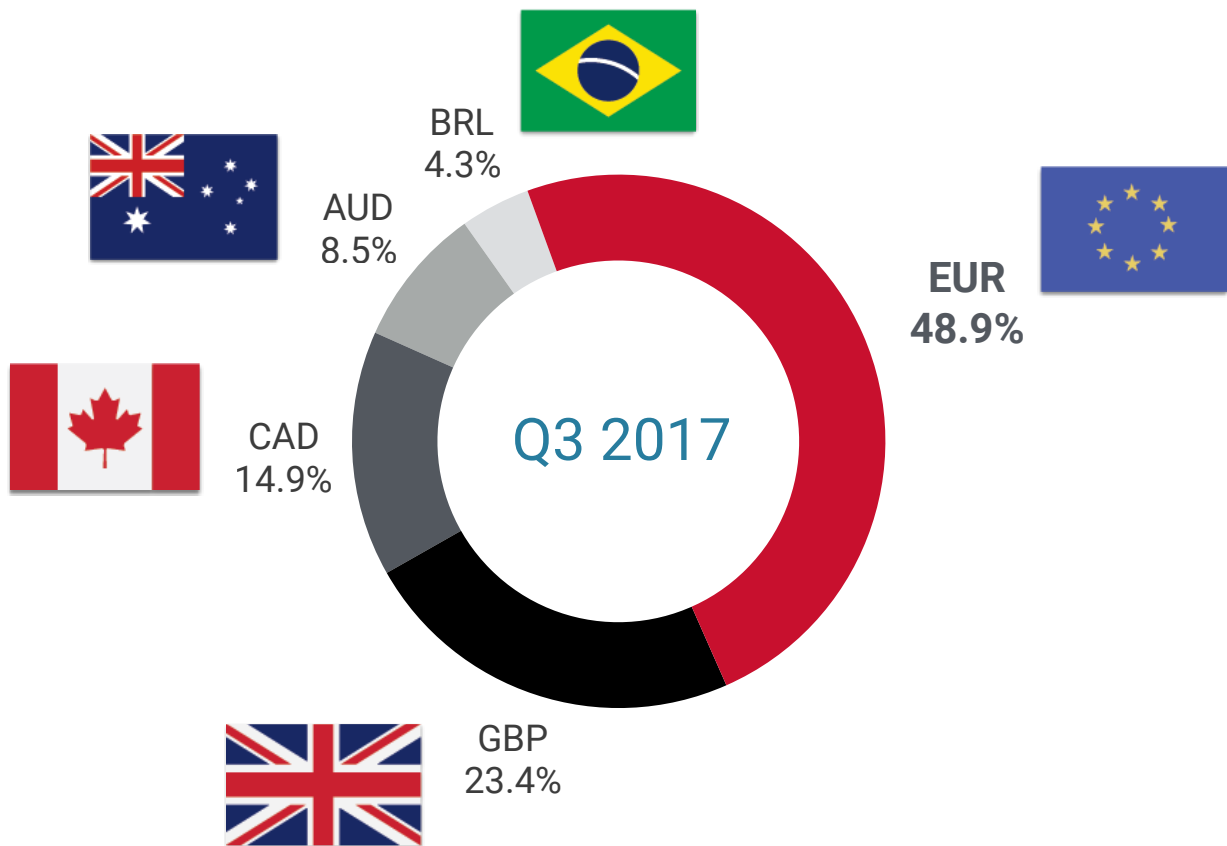
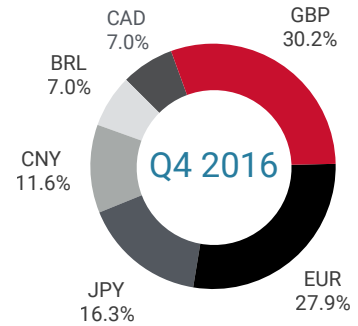
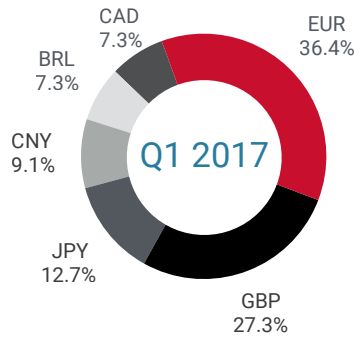
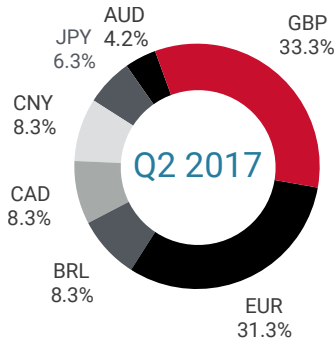
Earnings per share (EPS) impact reported by North American companies has continued to hover around \$0.03-\$0.04 mark over the past five quarters, with companies reporting an average EPS impact of \$0.03 for Q3 2017.<sup>1</sup>

<sup>1</sup>Impacts are likely to be underestimates: most companies with currency headwinds generally do not report them and only 38 percent of the companies that reported negative impacts actually quantified their losses.

## Average EPS Impact Reported by North American Companies



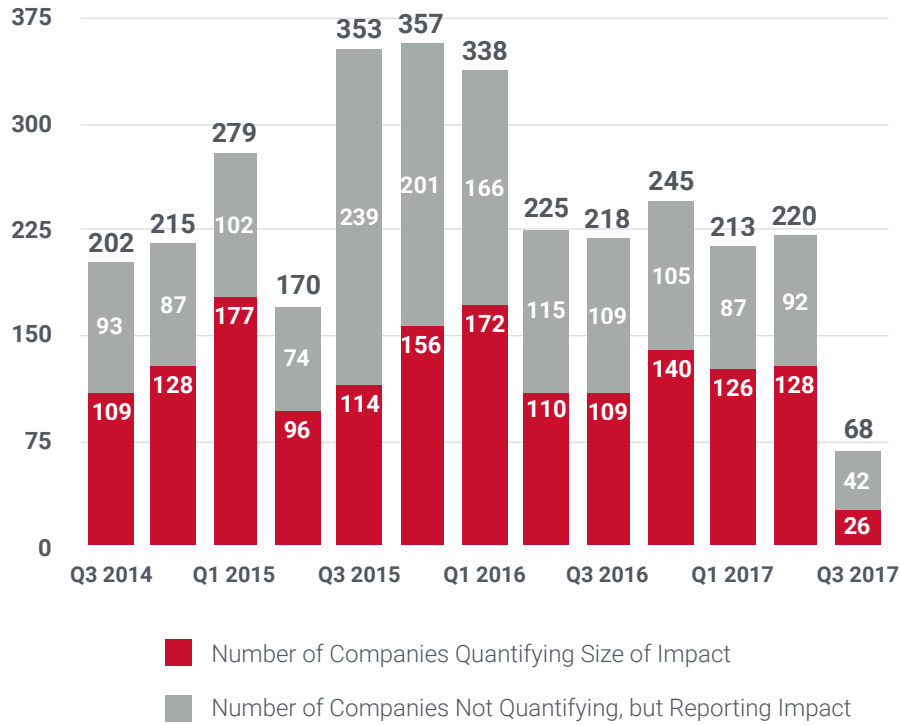
# Top Currencies Referenced by North American Companies as Impactful



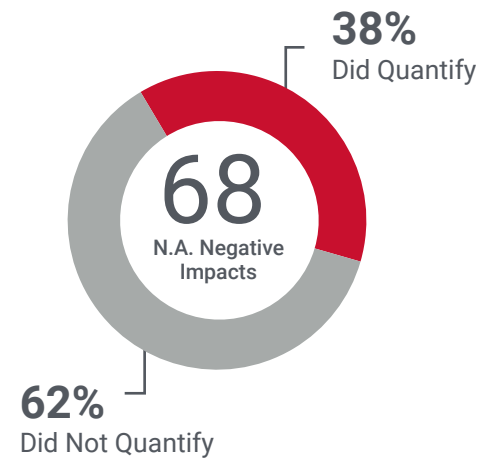
The euro was the most referenced currency in Q3 2017 earnings calls as being impactful to North American companies. The euro has continued to take a top spot, generally mentioned as the most impactful or second most impactful currency over the past three quarters, and this quarter it was also the most volatile G20 currency as weighted by GDP percentage (page 4).

The British pound was the next most referenced currency in earnings reports, followed by the Canadian dollar, Australian dollar and Brazilian real. The Canadian dollar and the British pound were also included in the top five most volatile currencies weighted by GDP percentage (page 4).

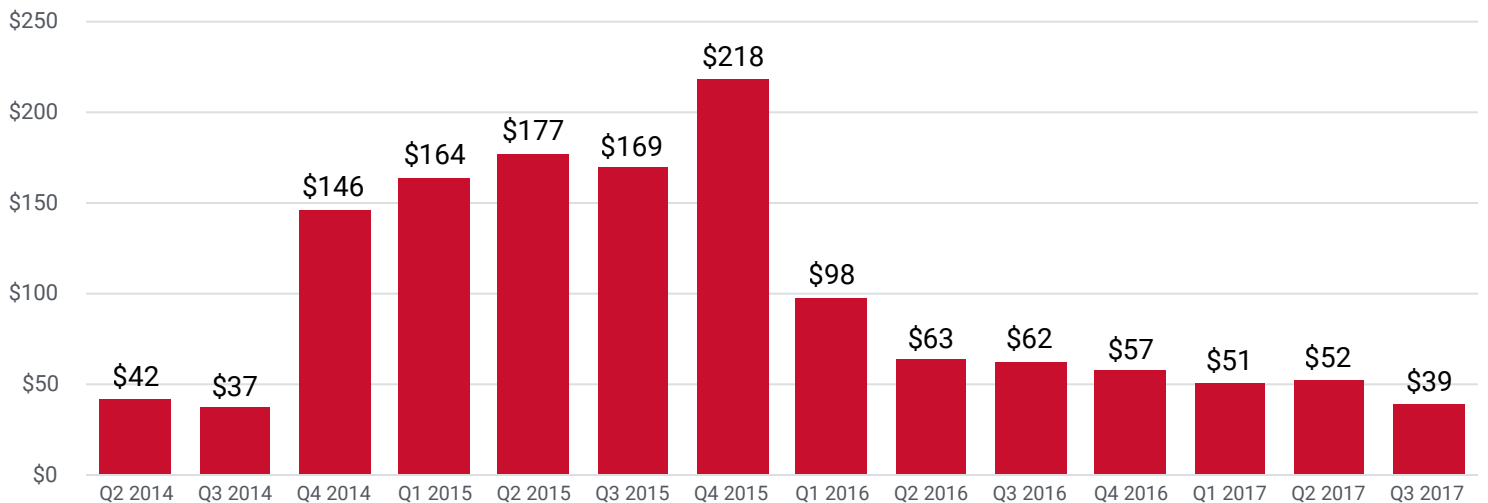
## Number of North American Companies Reporting Negative Currency Impacts



## Percentage of North American Companies Quantifying Impacts

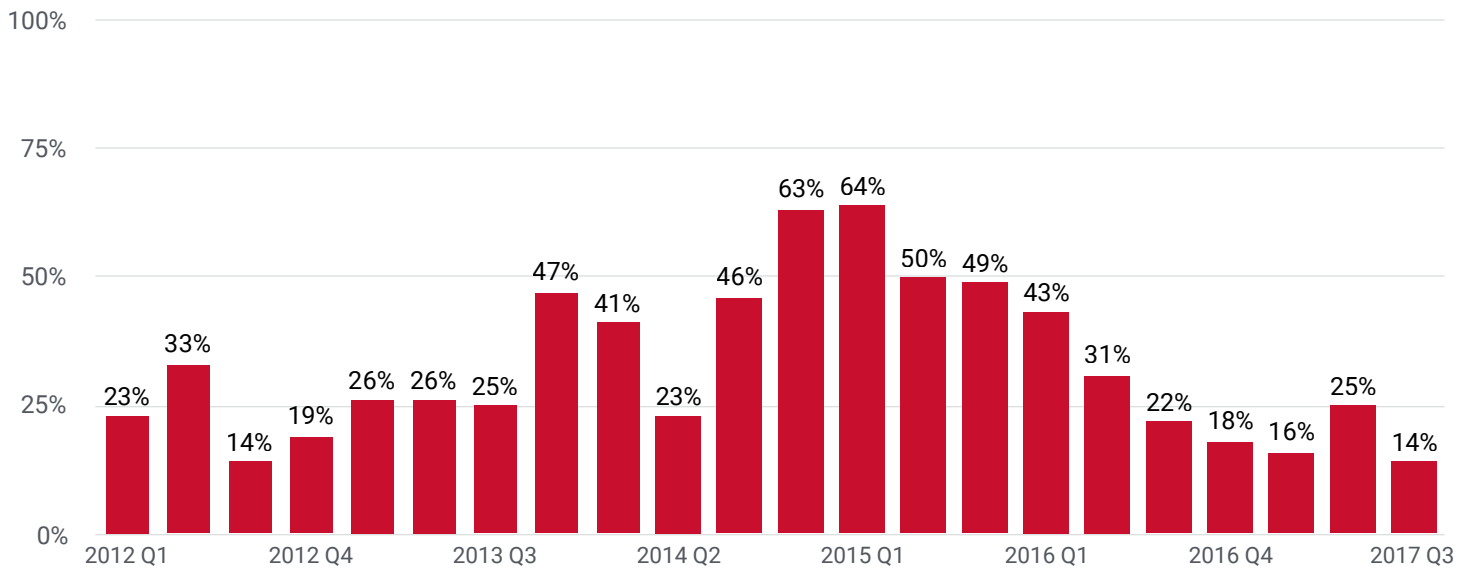


## Average Negative Impact to North American Companies (Millions)



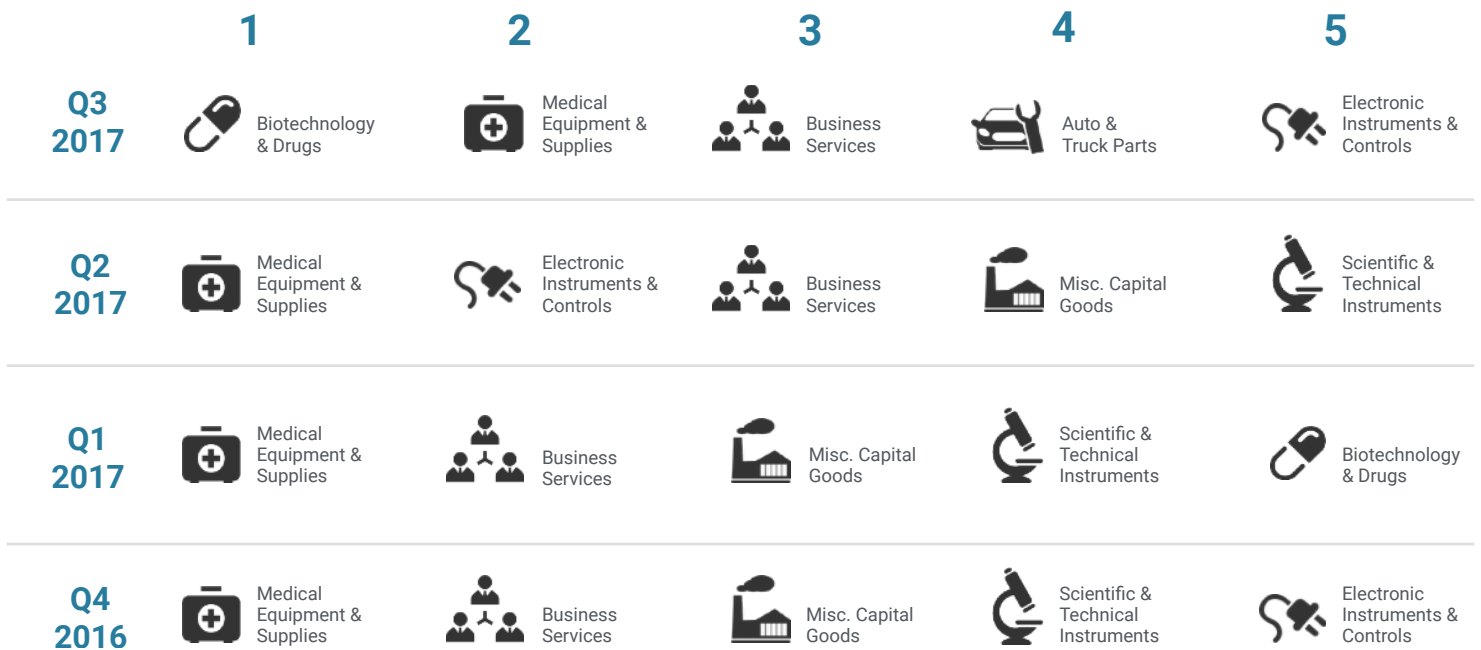


# Percentage of North American Companies Reporting Impacts That Fielded Analyst Questions



At 14 percent, the number of North American companies reporting impacts that fielded analyst questions on FX during Q3 2017 earnings calls is the lowest it has been since Q3 2012 and is down 11 percent from the previous quarter.

## Most Impacted North American Industries



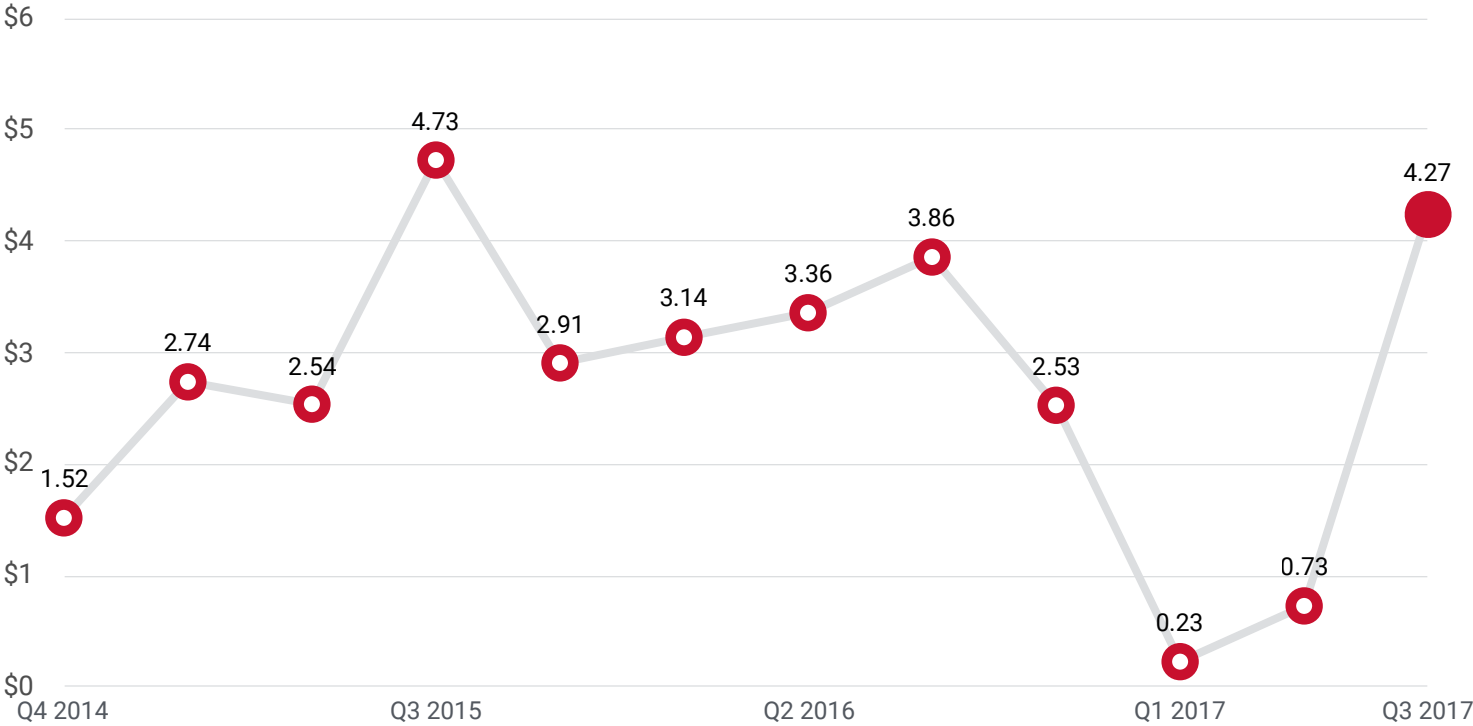


# FiREapps Q3 2017

## CURRENCY IMPACT REPORT™

### Currency Impact on European Corporate Earnings

# Negative Currency Impact to European Companies (Billions)



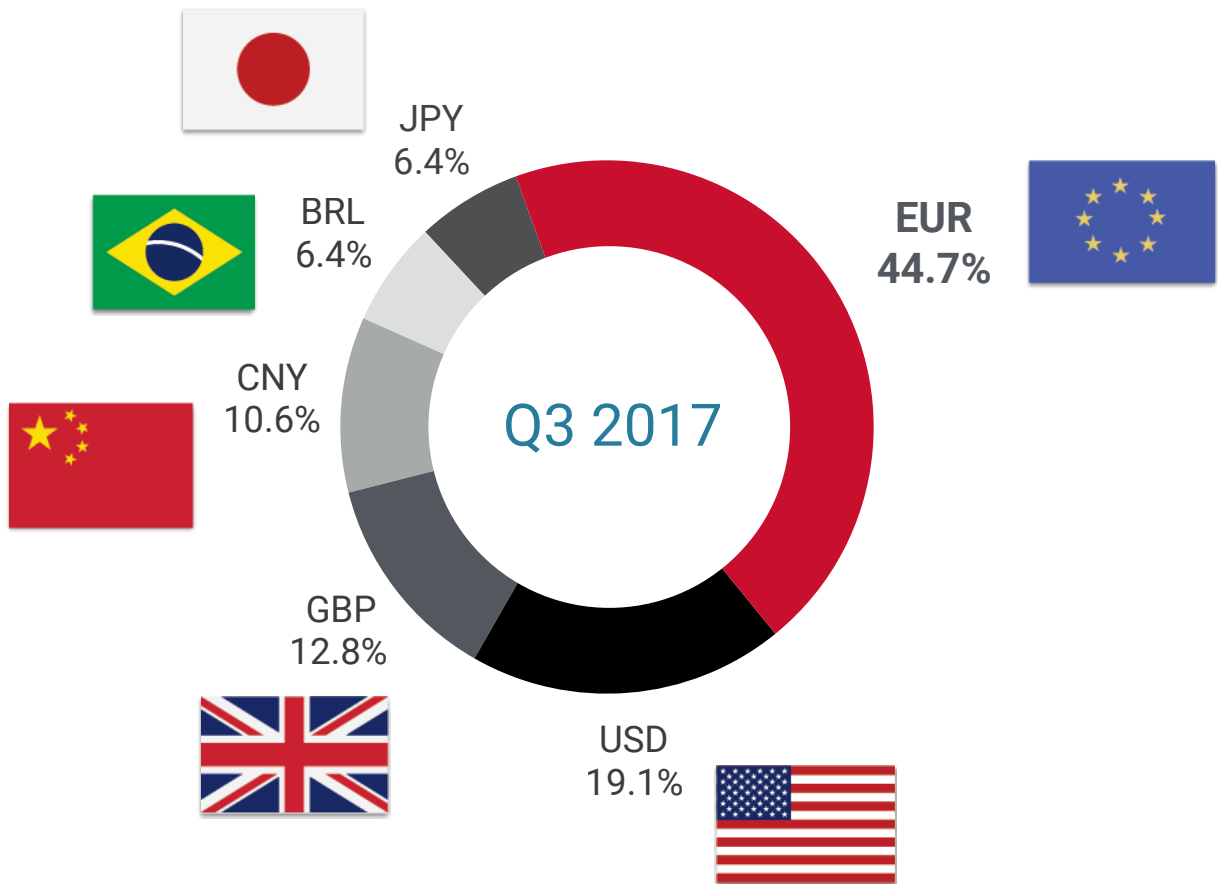
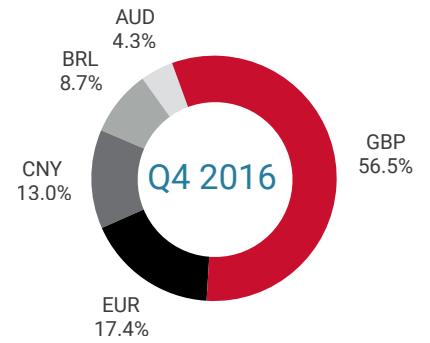
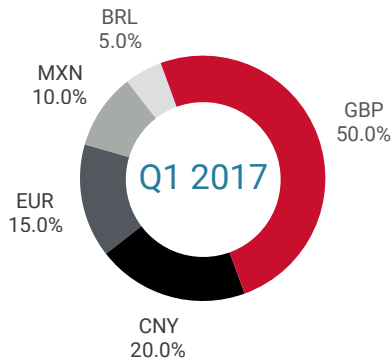
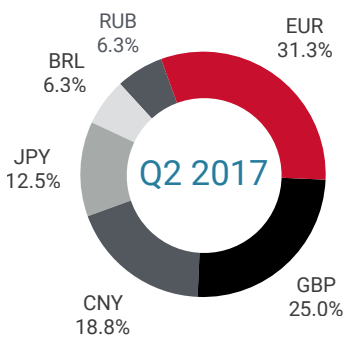
## Currency Impact on European Corporate Earnings

In the third quarter of 2017, 54 of the 350 Europe-based multinationals analyzed by FiREapps reported negative currency impacts to their earnings (headwinds).

Of the corporations reporting headwinds, 26 quantified their impacts, nearly seven times more than Q2 2017, accounting for a collective loss of €3.63 billion (\$4.27 billion) due to FX.<sup>2</sup>

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

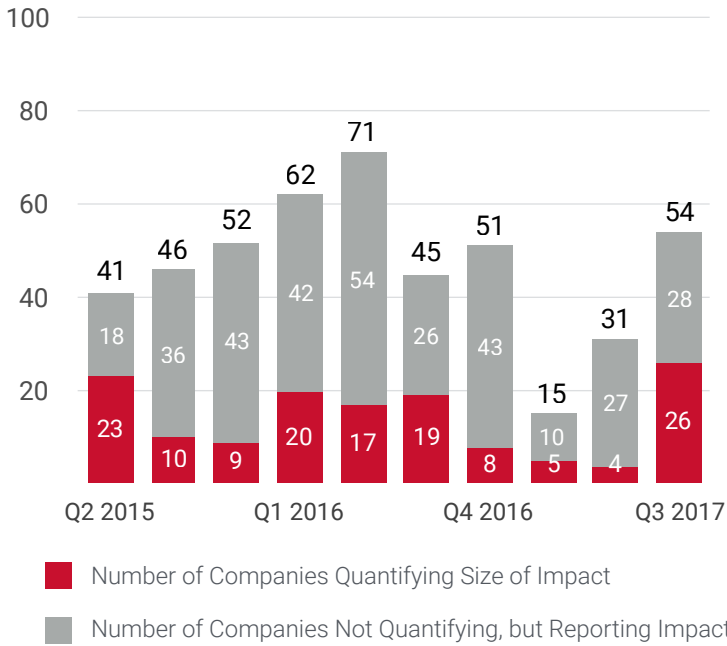
# Top Currencies Referenced by European Companies as Impactful



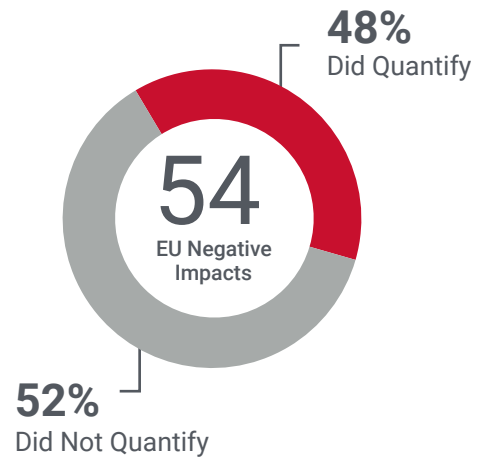
For the second quarter in a row, the euro was most mentioned as being impactful to European corporations.

The U.S. dollar is the second most referenced currency as being impactful, followed by the British pound and Chinese yuan, which have been mentioned as impactful currencies for the previous three quarters as well. The Brazilian real and Japanese yen also made appearances as currencies that impacted European companies.

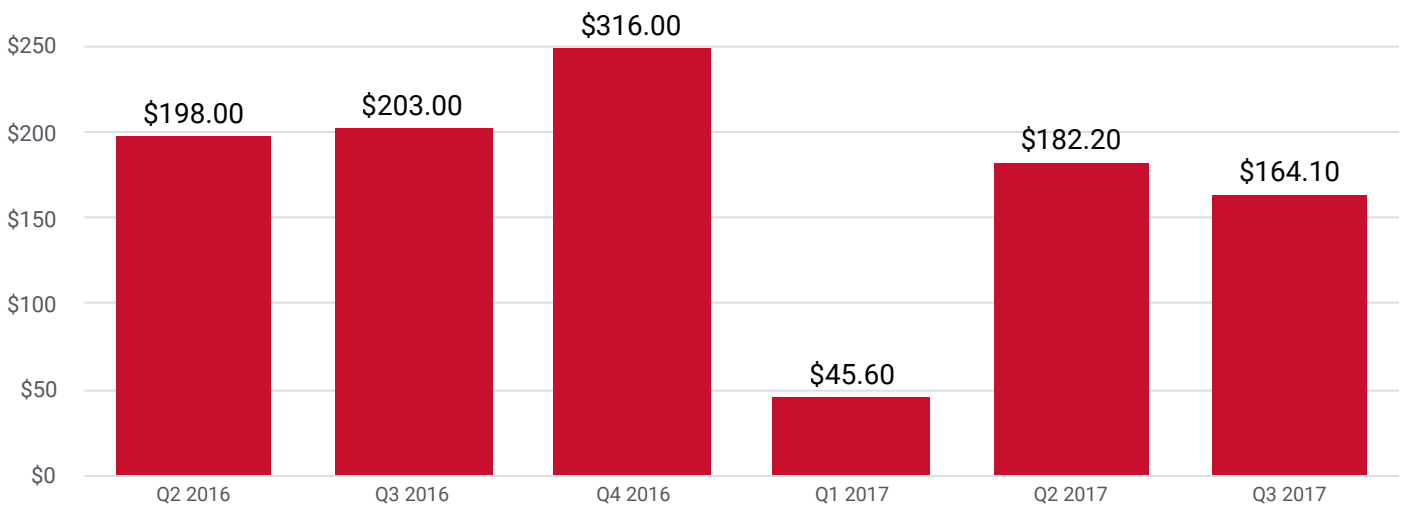
## Number of European Companies Reporting Negative Currency Impact



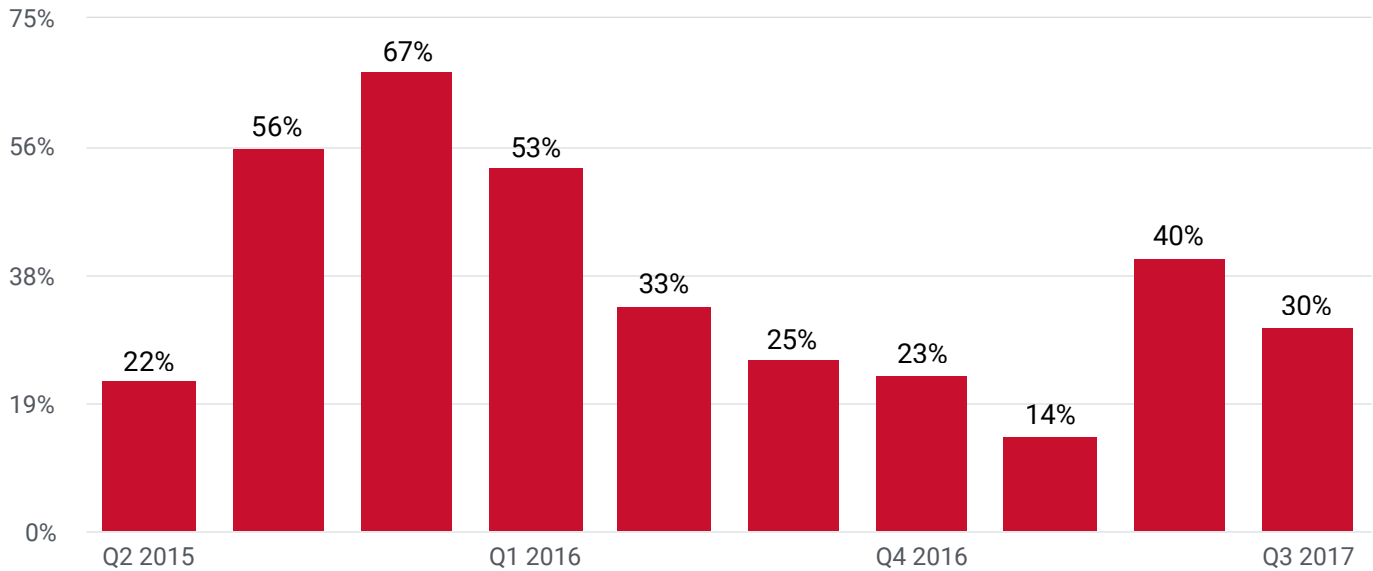
## Percentage of European Companies Quantifying Impacts



## Average Negative Impact to European Companies (Millions)

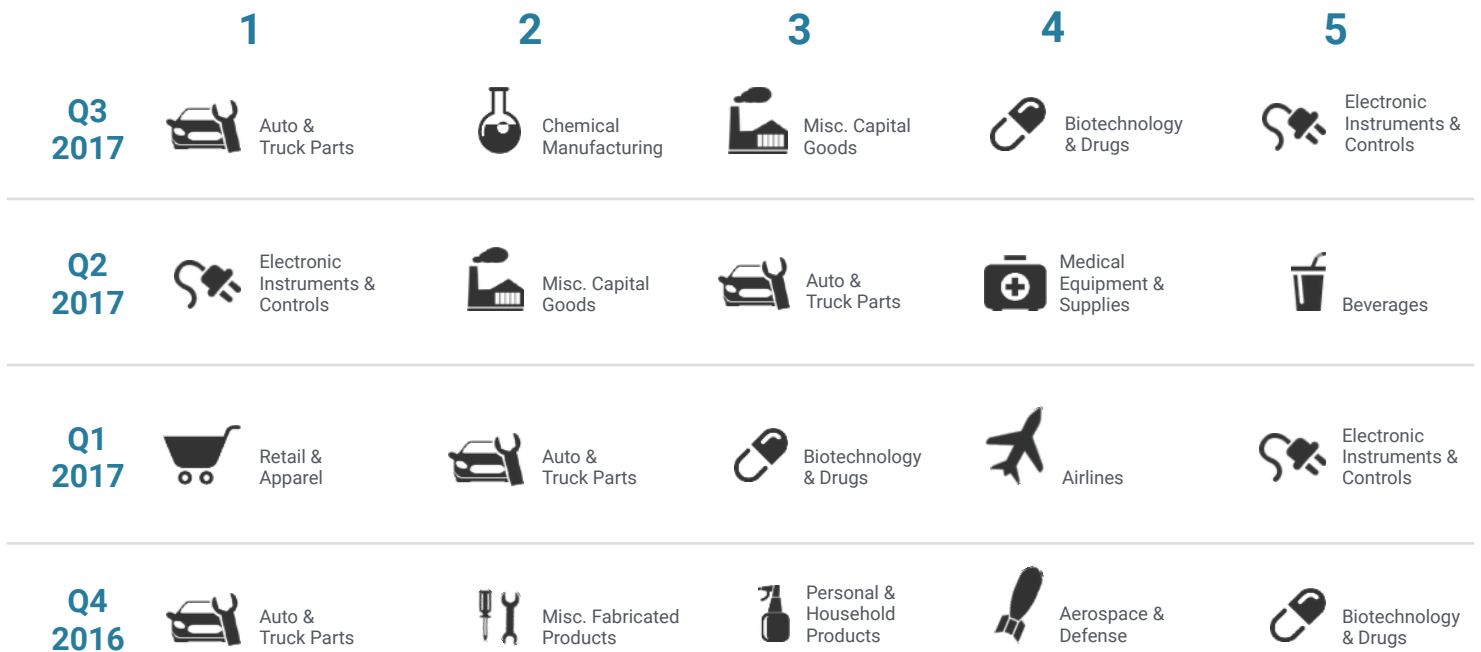


# Percentage of European Companies Reporting Impacts That Fielded Analyst Questions



In Q3 2017 earnings calls, 30 percent of European companies that quantified impacts fielded analyst questions, as compared to 40 percent in Q2 2017.

## Most Impacted European Industries





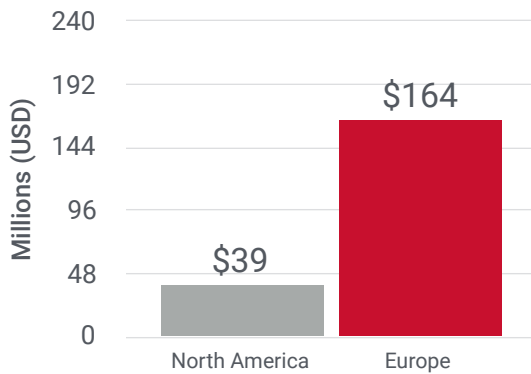


# FiREapps Q3 2017

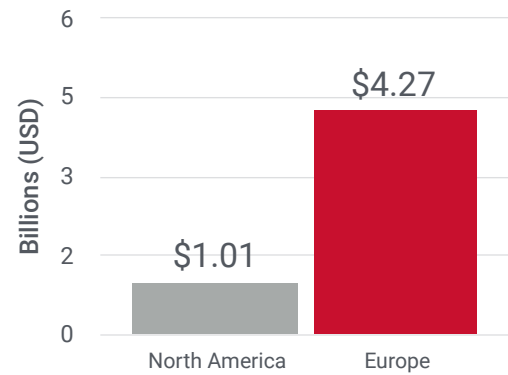
## CURRENCY IMPACT REPORT™

Comparison of Q3 2017  
Currency Impact to North American  
& European Companies

## Average Quantified Negative Currency Impact in Q3 2017 (Millions)

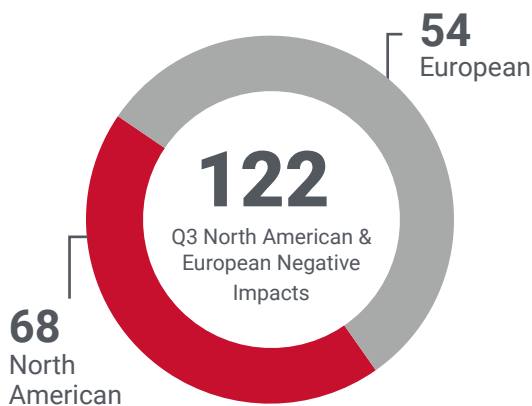


## Size of Quantified Negative Currency Impact in Q3 2017 (Billions)

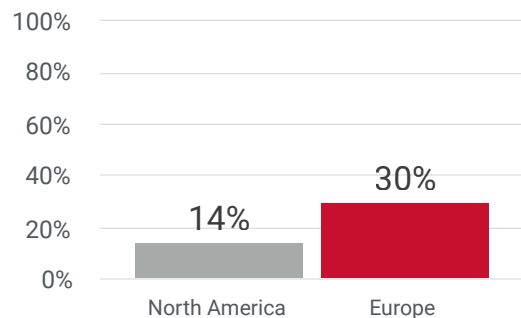


\$5.28 Billion Total Negative Q3 Impact

## Number of Companies Reporting Negative Currency Impacts in Q3 2017



## Percentage of Companies Reporting Impacts That Fielded Analyst Questions in Q3 2017



## Summary: FiREapps Q3 2017 Currency Impact Report™

- › The total quantified negative impact in Q3 2017 was nearly 30 percent lower than Q2 2017, totaling \$5.28 billion, with \$4.27 billion of that impact reported by European companies.
- › 122 North American and European companies reported global headwinds in Q3 2017. Of those, 52 (42.6 percent) quantified their impact.
- › The euro was most mentioned as being impactful by both North American corporates and European companies.
- › North America saw a decrease in the number of companies reporting negative currency impacts, while European companies saw an increase.



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.