

Calcbench Guide

Earnings Releases & Non-GAAP Metrics



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What We Do



Calcbench harnesses the power of XBRL to provide cutting edge tools for academic research and teaching.

We make working with complicated, detailed financial data faster and easier than ever before.

- **Robust:** 12,000+ company universe with **300 million+** data points
- **Relevant:** Multiple products for accessing data and footnote text to meet your workflow
- **Timely:** Real-time updates of the data as companies file
- **Accurate:** Continuous data quality monitoring and updates
- **Intuitive:** XBRL tag mapping to streamline complexity

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All About Earnings Releases



Part I: Background on Earnings Releases, Non-GAAP, and Operating Metrics

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All About Earnings Releases



Earnings press releases are a standard way for public companies to report highlights from a recently ended quarter to the public before they submit formal SEC filing.

Not every company issues an earnings release. The style and information contained in the release will vary from company to company. The numbers are not audited.

Earnings releases generally **take two forms, preliminary and standard.** Some companies use both, others only one or the other.

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A **preliminary earnings release** usually contains a small set of ‘preliminary’ financial results (that is, subject to change), such as revenue and cash flow. The numbers are often heavily rounded or presented in ranges.

This gives investors a summary of the quarter just ended even while final numbers are still being confirmed.

Supermicro® Announces First Quarter Fiscal 2018 Preliminary Financial Information
SAN JOSE, Calif.--, October 26, 2017 (BUSINESS WIRE) -- Super Micro Computer, Inc. (NASDAQ:SMCI), a global leader in high-performance, high-efficiency server, storage technology and green computing, today announced preliminary financial information for its fiscal first quarter ended September 30, 2017.
Preliminary Fiscal First Quarter Highlights
The Company expects to report the following financial results for the quarter ended September 30, 2017:
<ul style="list-style-type: none">• Net sales in a range of \$675 million to \$685 million compared to its previous guidance range of \$625 million to \$685 million• GAAP gross margin in the range of 13.2% to 13.4%• Non-GAAP gross margin in the range of 13.3% to 13.5%• GAAP fully diluted earnings per share in the range of \$0.16 to \$0.20• Non-GAAP fully diluted earnings per share in a range of \$0.26 to \$0.30 compared to its previous guidance range of \$0.30 to \$0.40
<small>The GAAP gross margin range of 13.2% to 13.4% that the Company expects to report includes stock-based compensation expense of \$0.4 million. The Company expects to report non-GAAP gross</small>

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A **standard earnings release** will normally contain final numbers presented in greater detail. The majority of companies include at least a full income statement. Many will contain a balance sheet and even cash flow statement as well.

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<p>SAN JOSE, Calif.--, October 26, 2017 (BUSINESS WIRE) -- Super Micro Computer, Inc. (NASDAQ:SMCI), a global leader in high-performance, high-efficiency server, storage technology and green computing, today announced preliminary financial information for its fiscal first quarter ended September 30, 2017.</p> <p>Preliminary Fiscal First Quarter Highlights</p> <p>The Company expects to report the following financial results for the quarter ended September 30, 2017:</p> <ul style="list-style-type: none">• Net sales in a range of \$675 million to \$685 million compared to its previous guidance range of \$625 million to \$685 million• GAAP gross margin in the range of 13.2% to 13.4%• Non-GAAP gross margin in the range of 13.3% to 13.5%• GAAP fully diluted earnings per share in the range of \$0.16 to \$0.20• Non-GAAP fully diluted earnings per share in a range of \$0.26 to \$0.30 compared to its previous guidance range of \$0.30 to \$0.40 <p><small>The GAAP gross margin range of 13.2% to 13.4% that the Company expects to report includes stock-based compensation expense of \$0.4 million. The Company expects to report non-GAAP gross</small></p>

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Earnings releases are published in advance of a firm's formal 10-K or 10-Q reports. The releases **may also include useful information not found in the 10-K or 10-Q** at all:

- Non-GAAP financial metrics
- Guidance on expected future performance
- Industry specific operating metrics (also non-GAAP)

All About Earnings Releases



Non-GAAP Financial Metrics

These 'adjusted' metrics are a firm's attempt to tell its story on its own terms. The metrics are derived from formal GAAP numbers, but include adjustments to help analysts better understand the company's results.

Agilent Caps Off 2016 with a Very Strong Quarter

Highlights:

- GAAP income from continuing operations of \$124 million, or \$0.38 per share
- **Non-GAAP income from continuing operations of \$193 million, or \$0.59 per share⁽¹⁾ versus midpoint guidance of \$0.51 per share**
- Revenue of \$1.11 billion; core revenue growth of 6.3 percent⁽²⁾ versus midpoint guidance of 1.2 percent
- First-quarter fiscal year 2017 revenue guidance of \$1.04 billion to \$1.06 billion, and non-GAAP earnings guidance of \$0.48 to \$0.50 per share⁽³⁾
- Fiscal year 2017 revenue guidance of \$4.35 billion to \$4.37 billion, and non-GAAP earnings guidance of \$2.10 to \$2.16 per share⁽³⁾

Typically non-GAAP removes non-recurring items such as restructuring costs, or non-cash items such as share-based compensation.

- [SEC rules do govern how non-GAAP data is presented](#)
- Always view non-GAAP with some skepticism

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All non-GAAP financial metrics **must include a reconciling table** to show how they were calculated. This will usually appear near the bottom of the release:

	Three Months Ended October 31,				Years Ended October 31,			
	2016	Diluted EPS	2015	Diluted EPS	2016	Diluted EPS	2015	Diluted EPS
GAAP Income from continuing operations	\$ 124	\$ 0.38	\$ 140	\$ 0.42	\$ 460	\$ 1.40	\$ 438	\$ 1.31
Non-GAAP adjustments:								
Acceleration of share-based compensation related to workforce reduction	—	—	—	—	—	—	2	0.01
Asset impairments	—	—	3	0.01	4	0.01	3	0.01
Intangible amortization	32	0.10	37	0.11	152	0.46	156	0.47
Business exit and divestiture costs	4	0.01	1	—	10	0.03	14	0.04
Transformational initiatives	6	0.02	15	0.05	38	0.12	56	0.17
Acquisition and integration costs	13	0.04	7	0.02	41	0.12	13	0.04
Impairment of investment and loans	25	0.08	—	—	25	0.08	—	—
Pension curtailment gain	—	—	—	—	(16)	(0.05)	—	—
Other	1	—	4	0.01	6	0.02	5	0.01
Adjustment for taxes ^(a)	(12)	(0.04)	(39)	(0.12)	(69)	(0.21)	(104)	(0.32)
Non-GAAP Income from continuing operations	\$ 193	\$ 0.59	\$ 168	\$ 0.50	\$ 651	\$ 1.98	\$ 583	\$ 1.74

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Guidance & Outlook

Companies often give predictions about expected performance in coming quarter or year. **Compare past actual performance to past guidance** to assess reliability of current guidance. Some firms 'guide low' so they can beat expectations. Others try to hit guidance exactly.

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Guidance may be updated as the period proceeds and new information becomes available. Any information firms share about financial standing and predictions, they must disclose publicly to everyone; generally must also file a copy of this information with the SEC in the form of an 8-K.

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Non-GAAP Industry Specific Operating Metrics

These are additional metrics that provide more detail about a firm's performance. Examples include monthly active users; backlog & bookings, comparable store sales, and customer churn.

For the year, adjusted net income was \$438.1 million, or \$4.23 per diluted share. Adjusted operating income was \$658.2 million, or 6.2 percent of revenue. Revenue was \$10.7 billion. Net cash provided by operating activities and advance payments from unconsolidated joint ventures totaled \$801.5 million. New awards were \$7.1 billion, **resulting in a backlog of \$18.5 billion at the end of 2016.**

"The fourth quarter was impacted by charges for material increases in cost-to-complete estimates in our Engineering & Construction and Fabrication

- **No strict definitions that apply across all companies.** Two companies may report the same metric but calculate it in different ways, making them incomparable.
- When studying these metrics across multiple firms, **check each one's definitions and calculations.**

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Part II: Researching Earnings Releases in Calcbench

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All About Earnings Releases



Getting Started

First, watch our **Recent Filings Page**, www.calcbench.com/recentfilings. All earnings releases arriving for the current day (or recent previous days) are listed there.

You can then click to go directly to that earnings release in our **financial statements viewer** or our **interactive disclosure viewer**.

The screenshot shows the CALCBENCH website interface. At the top, there is a navigation bar with the CALCBENCH logo and links for 'Company Detail', 'Multi-Company', and 'Analyst'. Below the navigation bar, the main heading reads 'Filings For: Wednesday, November 22, 2017'. There are links for 'Previous Day' and 'Today', and a link to 'Recent Comment Letters page'. Below this, there are filters for 'ALL', 'All 10-K/Os', 'Large', 'Mid', 'Small', 'Micro', 'Earnings Release', and 'Proxy'. The 'SORT BY' options are 'Most Recent' and 'Company Name'. The main content is a table with the following columns: Company, Time, Size, View, Financials, Document, SEC, Period, Revenue, and Assets.

Company	Time	Size	View	Financials	Document	SEC	Period	Revenue	Assets
AstroNova, Inc.	07:39		View	Financials	Earnings	SEC	3Q 2018	Rev \$28,760,000 +23.2%	Assets \$110,320,000
DEERE JOHN CAPITAL CORP	06:28		View		Earnings	SEC			
DEERE & CO	06:06		View	Financials	Earnings	SEC	Y 2017	Rev \$8,017,700,000 +23.0%	Assets \$65,786,300,000
ZYNEX INC	06:02		View	Financials	Earnings	SEC	3Q 2017	Rev \$6,820,000 +88.0%	Assets \$5,984,000
COPART INC	06:01		View	Financials	Earnings	SEC	1Q 2018		

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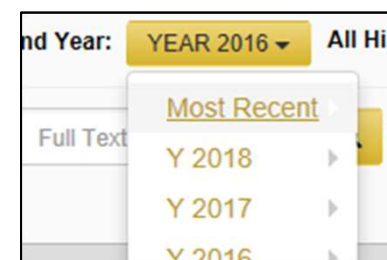
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All About Earnings Releases



Research Using the Disclosure Viewer

1. Pick a company (or group of companies) you want to research ([more here](#)).
2. Choose Earnings Release from dropdown list of disclosure topics.
3. If interested in the most recent releases, select 'Most Recent' from period menu.
4. Otherwise, select a period and year, or pick 'All History' to see the company's data over a period of time.



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All About Earnings Releases



Read the filings, and then...

1. Export individual tables to Excel.
2. Highlight a specific period's numbers for ease of use.
3. Look at number histories.

		Three Months Ended September 30, 2016
(Loss) income from continuing operations per diluted share	\$	(0.34)
Non-cash pension risk transfer expense		0
Restructuring and other items ⁽¹⁾		0
Merger and acquisition related inventory step-up expense, net of LIFO		0

Highlight Period:	Ending: 9/30/2016
---none---	
4-2016	
3-2016	
0-2015	
4-2015	
3-2015	
0-2014	

Continuing operations and	\$2.53	of adjusted earnings per diluted share from continuing operations of \$7.7 billion and adjusted free cash flow of \$1.03 billion
Improvements		
strategy by investing		adjusted free cash flow - Generated:
ends and returning \$		Y-2017 (11/2/2017) \$1,220,000,000
		4Q-2017 (11/2/2017) \$271,000,000
		3Q-2017 (8/3/2017) \$473,000,000
		2Q-2017 (4/26/2017) \$109,000,000
		1Q-2017 (1/24/2017) \$369,000,000
		Y-2016 (11/7/2016) \$1,030,000,000
		4Q-2016 (11/7/2016) \$226,000,000
		3Q-2016 (8/4/2016) \$373,000,000
diluted share	\$	(0.34)
		\$ 0.59

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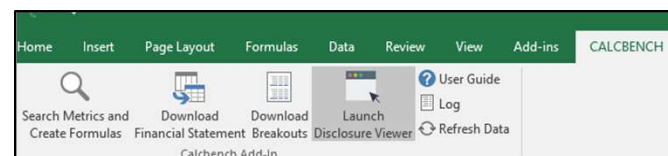
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All About Earnings Releases



Use the Excel Add-In

1. Open our disclosure viewer from Excel...



2. Go through same steps on previous page, and then **click on numbers, or whole tables, to populate your model:**

	Year Ended December 31,	
(In thousands, except per-share data)	2016	2015
Revenues:		
Net premiums earned - insurance	\$ 921,269	\$ 913,908
Service revenue	168,894	177,216
Net investment income	113,466	81,517
Net gains (losses) on investments and other financial instruments	26,721	35,693
Other income	1,672	3,689
Total revenues	1,238,452	1,197,523
Expenses:		
Provision for losses	285,788	198,185
Policy acquisition costs	23,499	24,424
Direct cost of services	114,174	92,715
Other operating expenses	244,896	242,492
Interest expense	81,112	81,101
Loss on impaired conversion and debt extinguishment	76,278	84,302
Amortization and impairment of intangible assets	13,211	13,996
Total expenses	759,768	697,425
Pretax income from continuing operations	483,686	497,429
Income tax provision	178,433	166,780

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All About Earnings Releases



Research using the **Company-in-Detail** page: (www.calcbench.com/detail)

If full financial statements are in a press release, we will merge that data with existing financial statements for the company — in line-item detail as always!

You can see this on the **Company-in-Detail** page for the particular company:

	4Q 2016 *preliminary* 10/1/2016 to 12/31/2016 SEC	%chg	3Q 2016 7/1/2016 to 9/30/2016 SEC	%chg	2Q 2016 4/1/2016 to 6/30/2016 SEC	%chg	1Q 2016 1/1/2016 to 3/31/2016 SEC	%chg	4Q
Revenue	\$62,467,000	(8.91%)	\$68,578,000	(3.61%)	\$71,144,000	(1.66%)	\$72,345,000	17.99%	
Cost of sales	\$15,385,000	(2.27%)	\$16,415,000	(8.39%)	\$17,919,000	(6.43%)	\$19,151,000	18.99%	
Gross Profit	\$47,082,000	(9.74%)	\$52,163,000	(2.00%)	\$53,225,000	0.06%	\$53,194,000	17.64%	
Gross Margin %	75.37%		76.05%		74.81%		73.53%		
Selling, general, and administrative	\$40,468,000	(6.32%)	\$43,210,000	(10.35%)	\$48,201,000	2.72%	\$46,926,000	18.25%	
Income from operations	\$6,614,000	(26.32%)	\$8,953,000	78.20%	\$5,024,000	(19.85%)	\$6,268,000	13.26%	
Operating Margin %	10.59%		13.05%		7.05%		8.65%		
Other income (expense)									
Interest and dividend income, net	\$43,000	(29.33%)	\$60,000	(7.69%)	\$65,000	(43.48%)	\$115,000	(45.50%)	
Other income (expense)	\$3,000		(\$2,000)		\$3,000		(\$24,000)		
Nonoperating Income (Expense)	\$46,000	(20.63%)	\$58,000	(14.71%)	\$68,000	(25.27%)	\$91,000	(77.70%)	
Income from continuing operations before income taxes	\$6,660,000	(26.09%)	\$9,011,000	76.56%	\$5,092,000	(19.92%)	\$6,359,000	7.02%	
Provision for income taxes	\$2,547,000	(13.54%)	\$2,946,000	73.81%	\$1,695,000	(19.25%)	\$2,099,000	2.89%	
Income from continuing operations	\$4,113,000	(19.25%)	\$6,065,000	73.81%	\$3,397,000	(19.25%)	\$4,260,000	(19.25%)	

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Research using the **Company-in-Detail** page: (www.calcbench.com/detail)

We also collect some of the individual data topics contained in earnings releases. Click the **Guidance & Non-GAAP Metrics** button to see values for the focus company:

Agilent Technologies Inc (A)

Period Type: Annual: Quarterly: Combined: Cumulative: ? Explore by Individual Filing | As-Originally-Reported: Off On | Currency Native

Financial Statements Documents Numeric Footnotes Quick Reports All Filings Ownership Revisions Segments

OPERATIONS BALANCE SHEET CASH FLOWS OPERATIONS (Parenthetical) COMPREHENSIVE INCOME COMPREHENSIVE INCOME (Parenthetical) B/P

Reverse Order Highlight Revised Facts (34) **Guidance & Non-GAAP Metrics** / 1,000

	Y 2018 11/1/2017 to 10/31/2018	%chg	Y 2017 11/1/2016 to 10/31/2017	%chg	Y 2016 11/1/2015 to 10/31/2016 10-K 8-K Proxy
Guidance / Outlook:					
Revenue	\$4,720,000,000 to \$4,740,000,000		\$4,350,000,000 to \$4,370,000,000		\$4,150,000,000 to \$4,170,000,000
Earnings Per Share - Non-GAAP	\$2.50 to \$2.56		\$2.10 to \$2.16		\$1.85 to \$1.91
Operating Cash Flow	\$970,000,000				\$740,000,000

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All About Earnings Releases



Research using the Multi-Company page: (www.calcbench.com/detail)

1. Select a company or group of companies you're interested in ([more here](#)).
2. We standardize some non-GAAP metrics, guidance, and operating metrics so you can see the history over time.
3. Find these standardized metrics in the metric explorer:

Operating Income Y-2016	
Total :	\$1,402,8
Average :	\$2,81
Revenue, Non-GAAP	\$7,223,000,000
Cost of Revenue, Non-GAAP	\$3,185,000,000
EBITDA, Non-GAAP	\$9,384,000,000
Gross Profit, Non-GAAP	\$4,810,445,000
Operating Income, Non-GAAP	\$1,412,000,000
Net Income, Non-GAAP	\$475,200,000
Operating Cash Flow, Non-GAAP	\$1,493,602,000
Free Cash Flow, Non-GAAP	\$787,598,000
Funds From Operations, Non-GAAP	\$137,000,000
Earnings Per Share, Non-GAAP	

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Other questions? Just ask!
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