S&P Dow Jones Indices

S&P Global

S&P 500 Foreign Sales at 44.3%, Lowest Level Since 2006

NEW YORK, JULY 27, 2016: S&P Dow Jones Indices ("S&P DJI"), one of the world's leading index providers, announced today that, for S&P 500® companies with full reporting information for 2015, the percentage of sales from foreign countries decreased to levels last seen in 2006.

According to S&P DJI's annual **S&P 500 Foreign Sales Report**, the percentage of products and services produced or sold by S&P 500 companies outside the U.S. equated to 44.3% in 2015, down from 47.8% in 2014 and the 46% average from 2009-2013; in 2006, it was 43.6%.

Additional findings from the report include:

Geographic Breakdown

- **European sales** continued to increase in 2015, with Europe becoming the dominant region and accounting for 7.79% of all S&P 500 sales, up from 7.46% in 2014 and 6.80% in 2013. After declining four years in a row, U.K. sales increased to 1.86% from 0.89% in 2014.

- **Asian sales** reversed their course and decreased, representing 6.77% of S&P 500 sales, down from 7.80% in 2014 and 7.71% in 2013.

- **Canadian sales** decreased to 1.17% from 3.51% in 2014, partially due to declines in oil and commodity prices and less demand for the industry's related services and equipment.

- **African sales** decreased to 3.16% from 4.09% in 2014 and 3.55% in 2013.

Sector Analysis

- **Energy**, which held the most exposure to foreign sales, reported 57.88% of its sales as foreign, up from 56.23% in 2014.

- **Information Technology**'s exposure declined to 57.78%, down from 59.39% in 2014. In terms of its sector-level representation of total sales, however, Information Technology represented 21.93% of all foreign sales, up from 18.34% in 2014. Energy represented 15.46%, down from 21.54% in 2014.

- Both **Consumer Discretionary** and **Consumer Staples** posted lower foreign exposure, down to 37.43% and 34.95% respectively, from 41.36% and 39.14%, respectively, in 2014.

Corporate Payments

- In 2015, **S&P 500 companies continued paying more for income taxes in the U.S. than overseas**. 66.8% of payments went to the U.S., up from 61.8% in 2014 and 54.9% in 2013. Meanwhile, 33.2% of taxes were sent to foreign governments in 2015, down from 38.2% in

2014 and 45.1% in 2013. Actual payments to Washington decreased 0.4% in 2015 to $184.4 billion, down from $185.2 billion in 2014.

- Payments abroad again decreased at a double-digit rate, declining 19.9% to $91.4 billion, from $114.2 billion in 2014. The 2014 figure is 11.8% lower than the $129.5 billion paid in 2013.

Quality of Reporting

- Just over one-half of S&P 500 issues (255) reported sufficient information to facilitate producing a complete report on global sales for 2015. Of the issues that did declare foreign sales, 49.2% of them used a term similar to "foreign country", giving little breakdown of the area or country of the sales.

- Given the ongoing debate and discussion of corporate domestic and foreign tax rates and policies, as well as inversions, S&P 500 constituents have the ability to provide more specific and a higher quantity of data.

"European sales, as a percentage of all S&P 500 sales, increased in 2015 for the third consecutive year and displaced Asia as the leading sales region," **says Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices**, and author of the report**.** "While sales in Asia declined after four years of gains, U.K. reported sales increased from 2014."

If sales are relatively close at 56% from the U.S. and 44% foreign, why are the taxes more lopsided at 67% and 33%, **respectively?** S&P DJI's Silverblatt believes the initial answer could be that U.S. tax rates are much higher than foreign tax rates. As a result, the taxes due on nearly comparable incomes are greater in the U.S.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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