

S&P 500 Q3 2023 Buybacks Up 6.1% and Impact to Earnings Per Share Continues to Decline; Buyback Tax Reduced Operating Earnings by 0.39%

- **S&P 500 Q3 2023 buybacks were \$185.6 billion, up 6.1% from Q2 2023's \$174.9 billion and down 12.0% from Q3 2022's \$210.8 billion**
- **The 12-month September 2023 expenditure of \$787.3 billion was down 19.8% from the \$981.6 billion expenditure of September 2022**
- **Financials pulled back again to \$29.3 billion from \$32.7 billion in Q2 2023 and \$46.9 billion in Q1 2023; Information Technology ticked up to \$48.6 billion from Q2's \$47.1 billion**
- **Energy pulled back to \$16.2 billion, representing 8.7% of all buybacks; whereas the sector represented 4.4% of the market value and had four issues in the top 20 for the quarter**
- **The new net buyback 1% tax reduced Q3 2023 operating earnings by 0.39% (0.34% in Q2 2023) and As Reported GAAP by 0.42% (0.38%)**

NEW YORK, December 19, 2023: S&P Dow Jones Indices ("S&P DJI") today announced the preliminary [S&P 500[®]](#) stock buybacks, or share repurchases, data for Q3 2023.

Historical data on S&P 500 buybacks are available at www.spdji.com/indices/equity/sp-500.

Key Takeaways:

- **Q3 2023 share repurchases were \$185.6 billion**, up 6.1% from Q2 2023's \$174.9 billion expenditure and down 12.0% from Q3 2022's \$210.8 billion.
- **281 companies reported buybacks of at least \$5 million for the quarter**, down from 304 in Q2 2023 and down from 319 in Q3 2022; 362 companies did some buybacks for the quarter, down from 367 in Q2 2023 and down from 384 in Q3 2022; 428 companies did some buybacks for the 12-months ending September 2023, down from 441 in the prior 12-month 2022 period.
- **Buybacks remained top heavy with the top 20 S&P 500 companies accounting for 50.9% of Q3 2023 buybacks**, down from Q2 2023's 52.0% but still above the historical average of 47.3%, and above the pre-COVID historical average of 44.5%.

- **For the 12-months ending September 2023, buybacks were \$787.3 billion, down from \$981.6 billion for the prior 12-month September 2022 period.**
- **13.5% of companies reduced share counts used for earnings per share (EPS) by at least 4% year-over-year**, down from Q2 2023's 16.3% and down from Q3 2022's 21.2%; for Q3 2023, 172 issues increased their shares used for EPS over Q2 2023 and 246 reduced them.
- **S&P 500 Q3 2023 dividends increased 0.7% to \$144.2 billion** from the prior Q2 2023's \$143.2 billion and were 2.7% greater than the \$140.3 billion in Q3 2022. For the 12-months ending in September 2023, dividends set a record \$580.2 billion payment, up 5.0% on an aggregate basis from the 12-month September 2022's \$552.4 billion.
- **Total shareholders return of buybacks and dividends increased to \$329.8 billion in Q3 2023**, up 3.7% from Q2 2023's \$318.1 billion and down 6.1% from Q3 2022's \$351.2 billion. **Total shareholder returns for the 12-months ending September 2023 decreased to \$1.367 trillion** from the 12-month September 2022 \$1.534 trillion.
- **The new 1% tax on net buybacks, which started in 2023, reduced the Q3 2023 S&P 500 operating earnings by 0.39% and As Reported GAAP earnings by 0.42%**; the proforma for full year 2022 was a 0.51% reduction for operating and a 0.58% reduction for as reported.

“The share count impact on EPS decreased for the fourth consecutive quarter, even as companies increased their overall buybacks due to the counter impact of both share issuance and option exercising coverage. While buybacks supported share price, only 13.5% of the issues saw a materially significant increase (of at least 4%) in their EPS due to share count reduction, compared to 21.2% in Q3 2022. Additionally, fewer companies did buybacks, demonstrating a growing concern over cash expenditures. Companies with strong cashflows however continued to aggressively do buybacks, as the top 20 issues accounted for over half of the buybacks in Q3 2023,” said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices.**

“Given the market’s expectations for interest rates to decline even as higher-for-longer interest rates continue, companies may be shy of financing buybacks going forward as discretionary buybacks may need to be financed from ongoing operations. For Financials, the new banking regulations are seen as limiting buybacks, as purchases may be used for option coverage, with minimal discretionary purchases, which reduce share count and increase EPS. Top-tier cash-flow issues however are seen as continuing their buybacks and positively impacting their EPS. Notably, and potentially adding to the cost later in 2024, is the ongoing budget discussions and quest for government income as increasing the 1% buyback tax appears to be an attractive target from both sides of the aisle.”

1% Buyback Excise Tax for 2023:

The new 1% excise tax on net buybacks reduced Q3 2023 operating earnings by 0.39%, up from Q2's 0.34% and down from the proforma 0.46% for Q3 2022, as the proforma 2022 was 0.51%. The tax on As Reported GAAP earnings increased to 0.42%, up from the Q2 2023 0.38%, down from the proforma 0.52% for Q3 2022, as the proforma 2022 rate was 0.58%.

Silverblatt added: “The 1% tax remains an expense but has not impacted overall buybacks at this point. Given the initial 1% buyback tax had bipartisan support and has remained an attractive cash generator for the government, there is an expectation that some increase or potential change to the type of buybacks that are taxed will remain on the table into next year.

Given that corporate sensitivity to costs has increased, a buyback tax rate of 2%, down from a 2.5% rate when companies were less sensitive, was seen as impacting both buybacks and the EPS of share-count-reduction as some of the expenditures may shift from buybacks to dividends. However, any shift would not be on a-dollar-for-dollar basis as dividends remain a long-term pure cash-flow item which must be incorporated into corporate budgets.”

Q3 2023 GICS® Sector Analysis:

Information Technology maintained its lead in buybacks. For Q3 2023, the sector increased their expenditure 3.0% to \$48.6 billion, representing 26.2% of all S&P 500 buybacks. This compared to the \$47.1 billion spent in Q2 2023, which represented 27.0% of all buybacks; for Q3 2022, the sector spent \$60.8 billion, 25.2% higher. For the 12-month September period the sector spent \$199.3 billion, down 28.6% from the prior period’s \$279.2 billion.

Financials pulled back again for the quarter, as concerns over new regulations and declining margins increased. The sector pulled back in Q2, Q3 and Q4 2022 over economic issues and to protect their dividends, but then started up again in Q1 2023. For Q3 2023, Financials spent \$29.3 billion on buybacks, accounting for 15.8% of all S&P 500 buybacks, down from the Q2 2023 expenditure of \$32.7 billion and the \$46.9 billion from Q1 2023. For the 12-month September 2023 period, Financials spent \$131.4 billion, down from \$150.4 billion for the 12-month September 2022 period. Given the current banking environment and new regulatory requirements, Financials may limit their current buybacks as they again look to protect their dividends.

Energy decreased their buybacks for the fourth consecutive quarter, after significantly increasing them in the years prior. For Q3 2023, Energy expenditures declined 11.1% to \$16.2 billion, representing 8.7% of the buybacks compared to the prior quarter’s \$18.3 billion, and were 26.3% lower than Q3 2022’s \$22.0 billion level. For the 12-month period ending in September 2023, Energy spent \$73.6 billion on buybacks, up 42.8% from the prior period’s \$51.6 billion.

Health Care buybacks increased 11.6% for the quarter, spending \$15.0 billion in Q3 2023, representing 8.1% of all buybacks, compared to \$13.4 billion in Q2 2023. The quarter was down 25.8% from the Q3 2022’s \$20.2 billion. For the 12-month September period, the sector spent \$76.0 billion, down 24.3% from prior 12-month period’s \$100.3 billion.

Of note, **Real Estate** significantly increased their Q3 2023 buybacks to \$853 million from their Q2 2023 pullback of a minimal \$71 million and was up 7.5% over the Q3 2022 \$793 million expenditure. For the 12-month September 2023 the sector spent \$2.2 billion, compared to the 2022 period’s \$3.7 billion.

Issues:

The five issues with the highest total buybacks for Q3 2023 were:

- **Apple (AAPL):** continued to dominate the issue level buybacks, as it again spent the most of any issue with its Q3 2023 expenditure ranking as the 13th highest in S&P 500 history. For the quarter, the company spent \$21.3 billion, up from Q2 2023’s \$19.9 billion (the 17th largest in index history). Apple holds 18 of the top 20 record quarters (Meta Platforms holds #12 and QUALCOMM holds #14). For the 12 months ending in September 2023, Apple spent \$83.0 billion on buybacks, down from the prior 12-month

period's \$95.6 billion. Over the five-year period Apple has spent \$417 billion, and \$641 billion over the ten-year period.

- **Alphabet (GOOG/L)**: \$15.8 billion for Q3 2023, up from the \$15.0 billion in Q2 2023; the 12-month expenditure was \$60.7 billion versus the prior period's expenditure of \$57.4 billion.
- **Meta Platforms (META)**: \$5.7 billion for Q3 2023, up from \$2.6 billion in Q2 2023; the 12-month expenditure was \$26.1 billion versus the prior period's \$45.6 billion.
- **Microsoft (MSFT)**: \$4.8 billion for Q3 2023, down from \$5.7 billion in Q2 2023; the 12-month expenditure was \$21.5 billion versus the prior period's \$30.6 billion.
- **NVIDIA (NVDA)**: \$4.6 billion for Q3 2023, up from \$3.7 billion in Q2 2023; the 12-month expenditure was \$10.4 billion versus the prior period's \$10.6 billion.

For more information about S&P Dow Jones Indices, please visit

<https://www.spglobal.com/spdji/en/>.

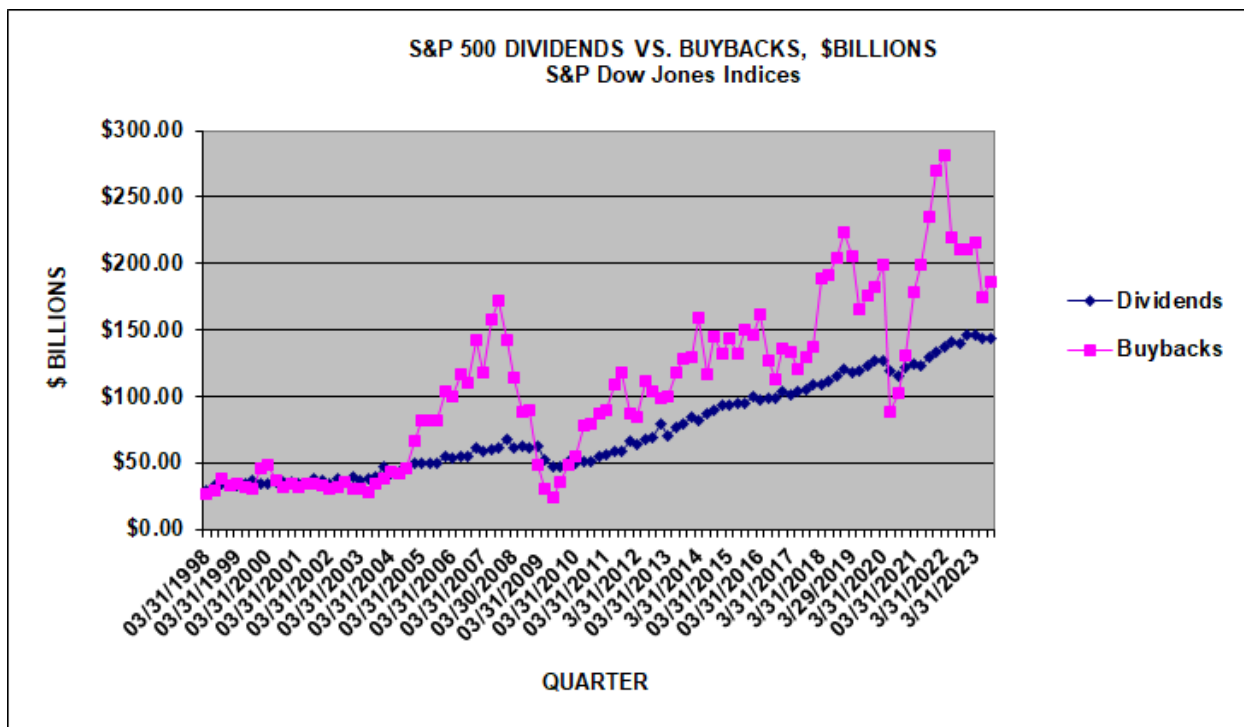
| S&P Dow Jones Indices | | | |
|--|--------------------|------------------|--------------------|
| S&P 500 proforma net buyback tax impact | | | |
| | TAX | TAX % OF | TAX % OF |
| | \$ BILLIONS | OPERATING | AS REPORTED |
| Q3 2023 | \$1.70 | 0.39% | 0.42% |
| Q2 2023 | \$1.55 | 0.34% | 0.38% |
| Q1 2023 | \$1.98 | 0.45% | 0.49% |
| 2022 proforma | \$8.47 | 0.51% | 0.58% |
| 2021 proforma | \$7.93 | 0.45% | 0.47% |

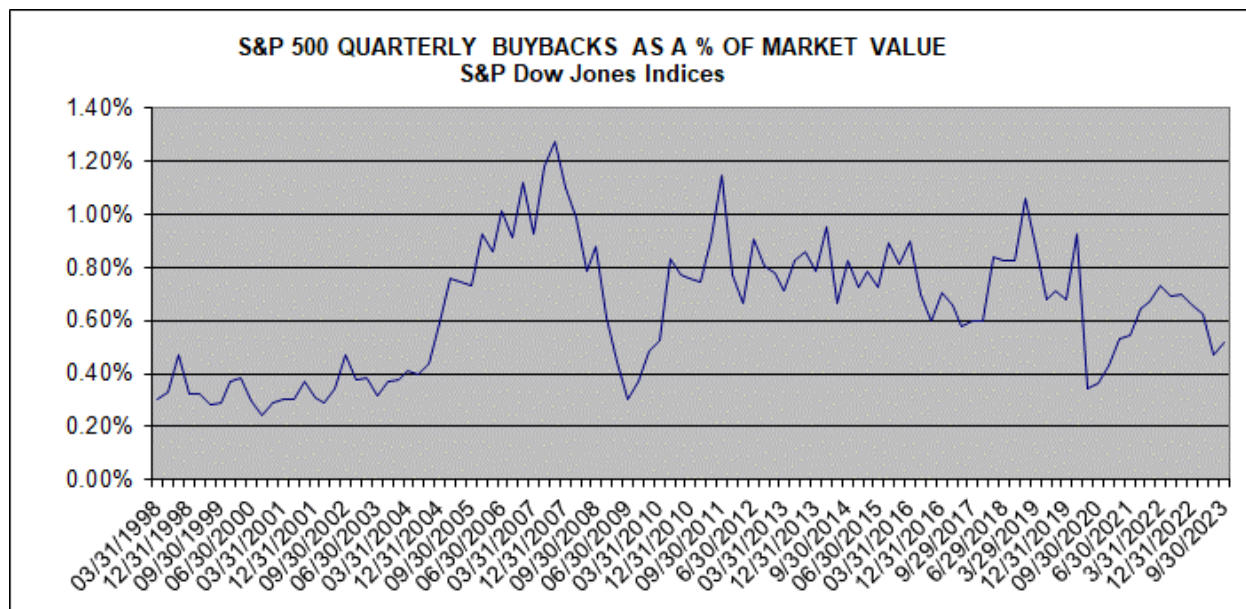
| S&P Dow Jones Indices | | | | | | | | | | |
|--|--------|------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|------------------------------------|----------------------------------|-----------------------------------|-------------------------------------|
| S&P 500 20 LARGEST Q3 2023 BUYBACKS, \$ MILLIONS | | | | | | | | | | |
| Company | Ticker | Sector | Q3 2023 Buybacks \$ Million | Q2 2023 Buybacks \$ Million | Q3 2022 Buybacks \$ Million | 12-Months Sep,'23 \$ Million | 12-Months Sep,'22 \$ Million | 5-Year Buybacks \$ Million | 10-Year Buybacks \$ Million | Indicated Dividend \$ Million |
| Apple | AAPL | Information Technology | \$21,315 | \$19,863 | \$24,736 | \$82,981 | \$95,625 | \$416,839 | \$641,080 | \$14,108 |
| Alphabet | GOOGL | Communication Services | \$15,787 | \$14,969 | \$15,392 | \$60,720 | \$57,362 | \$207,078 | \$223,822 | \$0 |
| Meta Platforms | META | Communication Services | \$5,657 | \$2,590 | \$7,365 | \$26,141 | \$45,600 | \$120,644 | \$138,170 | \$0 |
| Microsoft | MSFT | Information Technology | \$4,831 | \$5,704 | \$5,573 | \$21,503 | \$30,585 | \$125,924 | \$187,717 | \$22,289 |
| NVIDIA | NVDA | Information Technology | \$4,570 | \$3,739 | \$3,779 | \$10,373 | \$10,579 | \$24,501 | \$30,212 | \$395 |
| Exxon Mobil | XOM | Energy | \$4,412 | \$4,340 | \$4,494 | \$17,767 | \$10,634 | \$29,597 | \$52,276 | \$15,375 |
| Bristol-Myers Squibb | BMJ | Health Care | \$4,000 | \$905 | \$585 | \$7,571 | \$8,336 | \$28,289 | \$31,309 | \$5,014 |
| Visa | V | Financials | \$3,756 | \$3,048 | \$2,106 | \$12,231 | \$11,709 | \$49,752 | \$78,476 | \$3,342 |
| Comcast | CMCSA | Communication Services | \$3,543 | \$2,051 | \$3,525 | \$11,285 | \$11,868 | \$27,846 | \$54,416 | \$4,774 |
| Chevron | CVX | Energy | \$3,334 | \$4,340 | \$3,697 | \$14,698 | \$5,386 | \$26,151 | \$32,422 | \$10,717 |
| Marathon Petroleum | MPC | Energy | \$2,819 | \$3,068 | \$3,908 | \$9,067 | \$9,496 | \$22,100 | \$30,829 | \$1,319 |
| T-Mobile US | TMUS | Communication Services | \$2,691 | \$3,661 | \$567 | \$13,619 | \$790 | \$34,905 | \$37,008 | \$1,346 |
| Booking Holdings | BKNG | Consumer Discretionary | \$2,640 | \$3,099 | \$1,990 | \$10,232 | \$4,282 | \$26,024 | \$36,814 | \$0 |
| Deere & Company | DE | Industrials | \$2,553 | \$2,147 | \$1,120 | \$7,246 | \$3,647 | \$15,434 | \$22,105 | \$1,603 |
| Netflix | NFLX | Communication Services | \$2,500 | \$645 | \$0 | \$3,545 | \$224 | \$4,370 | \$4,370 | \$0 |
| JPMorgan Chase & Co. | JPM | Financials | \$2,382 | \$2,477 | \$0 | \$7,549 | \$5,284 | \$65,565 | \$114,787 | \$12,206 |
| DuPont de Nemours | DD | Materials | \$2,001 | \$0 | \$252 | \$5,279 | \$1,650 | \$12,581 | \$22,302 | \$661 |
| Salesforce | CRM | Information Technology | \$1,925 | \$1,949 | \$1,677 | \$8,251 | \$1,677 | \$9,928 | \$9,928 | \$0 |
| Mastercard | MA | Financials | \$1,908 | \$2,419 | \$1,552 | \$9,699 | \$7,755 | \$34,382 | \$53,532 | \$2,197 |
| Valero Energy | VLO | Energy | \$1,787 | \$942 | \$877 | \$5,988 | \$2,781 | \$10,672 | \$18,725 | \$1,441 |
| Top 20 | | | \$94,411 | \$81,956 | \$83,195 | \$345,745 | \$325,270 | \$1,292,582 | \$1,820,300 | \$96,787 |
| S&P 500 | | | \$185,615 | \$174,924 | \$210,843 | \$787,260 | \$981,593 | \$3,851,950 | \$6,746,002 | \$592,684 |
| Top 20 % of S&P 500 | | | 50.86% | 46.85% | 39.46% | 43.92% | 33.14% | 33.56% | 26.98% | 16.33% |

Gross values are not adjusted for float

| S&P Dow Jones Indices | | | |
|--|-------------------|------------------|-------------------|
| S&P 500 Q3 2023 Buyback Report | | | |
| SECTOR | DIVIDEND YIELD | BUYBACK YIELD | COMBINED YIELD |
| Consumer Discretionary | 0.80% | 1.80% | 2.59% |
| Consumer Staples | 2.79% | 0.99% | 3.78% |
| Energy | 3.54% | 4.69% | 8.23% |
| Financials | 1.89% | 2.83% | 4.71% |
| HealthCare | 1.77% | 1.55% | 3.32% |
| Industrials | 1.70% | 1.98% | 3.68% |
| Information Technology | 0.80% | 1.70% | 2.51% |
| Materials | 2.09% | 2.03% | 4.12% |
| Real Estate | 3.63% | 0.23% | 3.86% |
| Communications Services | 1.06% | 4.70% | 5.75% |
| Utilities | 3.51% | 0.22% | 3.73% |
| S&P 500 | 1.57% | 2.08% | 3.65% |
| Uses full values (unadjusted for float) | | | |
| Dividends based on indicated; buybacks based on the last 12-months ending Q3,'23 | | | |

| Share Count Changes (Y/Y diluted shares used for EPS) | >=4% | <=-4% |
|--|--------|--------|
| Q3 2023 | 4.44% | 13.54% |
| Q2 2023 | 4.22% | 16.27% |
| Q1 2023 | 4.02% | 18.47% |
| Q4 2022 | 5.01% | 19.44% |
| Q3 2022 | 7.21% | 21.24% |
| Q2 2022 | 8.42% | 19.84% |
| Q1 2022 | 7.62% | 17.64% |
| Q4 2021 | 10.06% | 14.89% |
| Q3 2021 | 10.22% | 7.41% |
| Q2 2021 | 11.02% | 5.41% |
| Q1 2021 | 10.40% | 5.80% |
| Q4 2020 | 9.02% | 6.01% |
| Q3 2020 | 8.62% | 9.62% |





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S&P Dow Jones Indices Media Contacts:

April Kabahar

(+1) 917 796 3121

april.kabahar@spglobal.com

Alyssa Augustyn

(+1) 773 919 4732

alyssa.augustyn@spglobal.com

S&P Dow Jones Indices Index Services:

Howard Silverblatt

Senior Index Analyst

(+1) 973 769 2306

howard.silverblatt@spglobal.com