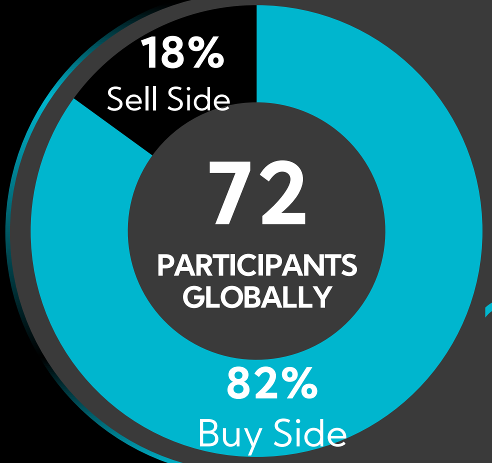
Q1'25 Earnings Season

Corbin's flagship ***Inside The Buy-Side® Earnings Primer®***

April 16, 2025

62nd Issue of Inside The Buy-Side® Earnings Primer®

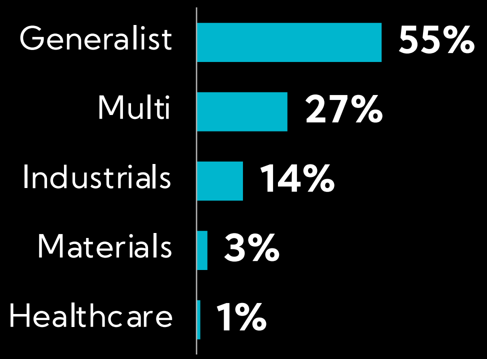
SURVEY TIMEFRAME
March 6 – April 2, 2025



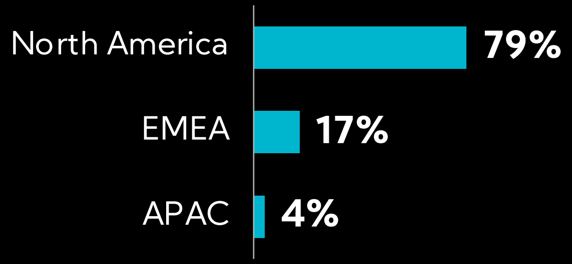
Equity Assets Under Management Total

~$5.9 Trillion

BY TYPE



BY REGION



SURVEY TIMEFRAME
April 3 – April 7, 2025

TARIFF PULSE POLL

Following the April 2nd reciprocal tariff announcement from the Trump Administration, we surveyed an **additional 40 investors and analysts** to capture real-time views and expectations regarding upcoming earnings communications.

Key Findings

1

Investor Optimism Sees Sharpest Pullback in 10 Years

2

Growth Expectations Wane and Recessionary Fears Surge

3

Cash and Sector Preferences Underscore Defense Posturing

A Retrospective: Perception is Reality and Sentiment is a Leading Indicator

Q1'24

Q2'24

A Retrospective: Perception is Reality and Sentiment is a Leading Indicator

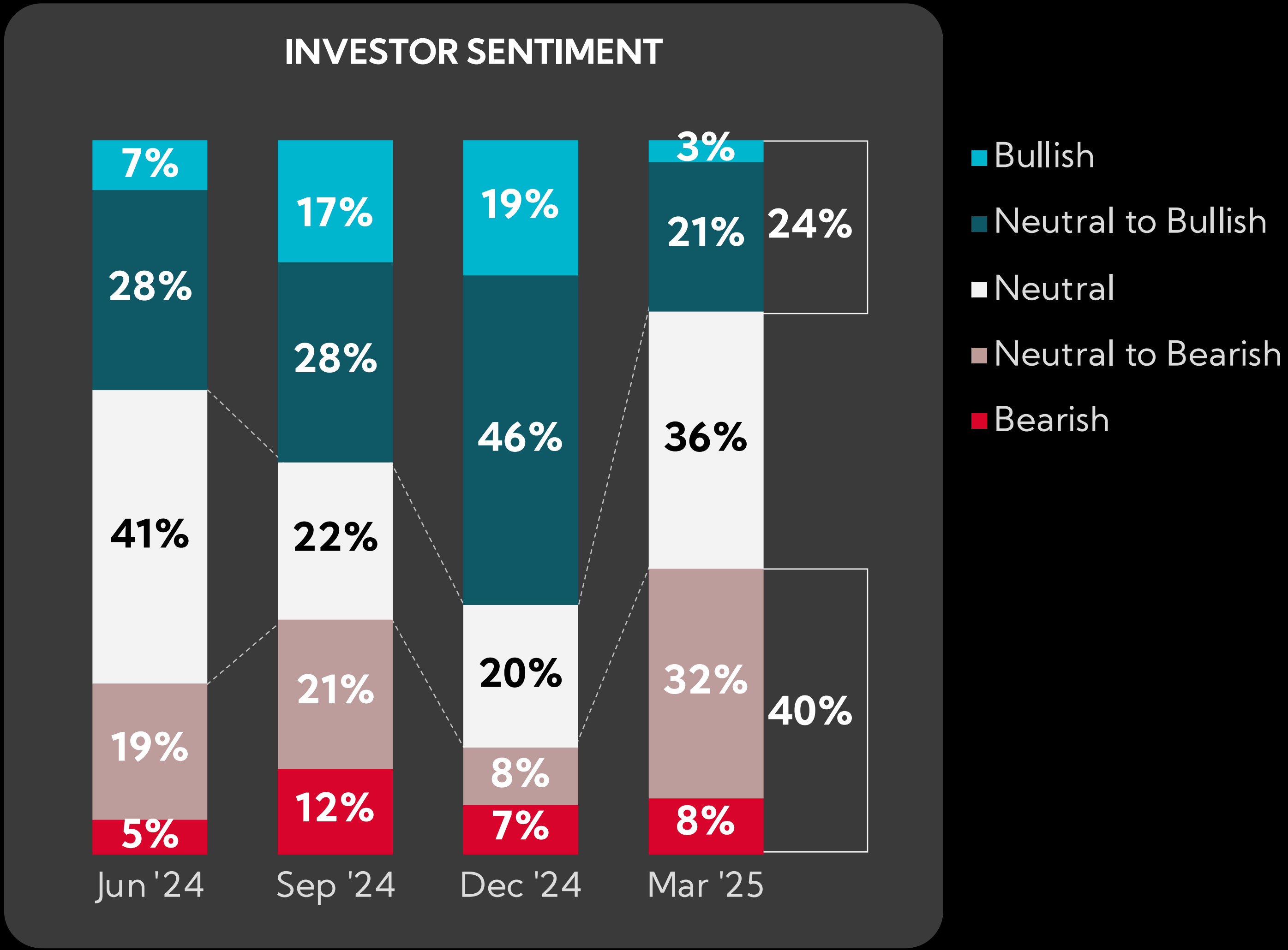
Q3’24

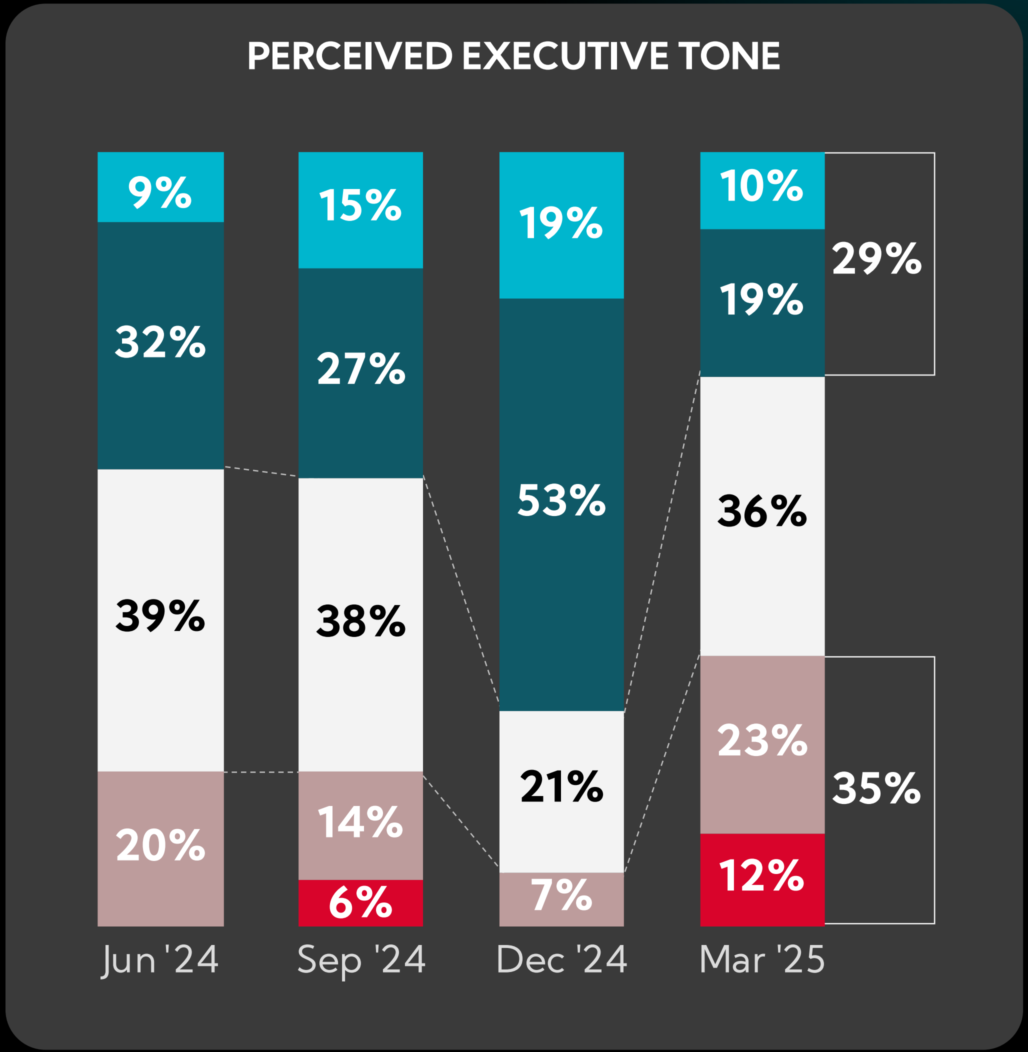
Q4’24

A Retrospective: Perception is Reality and Sentiment is a Leading Indicator

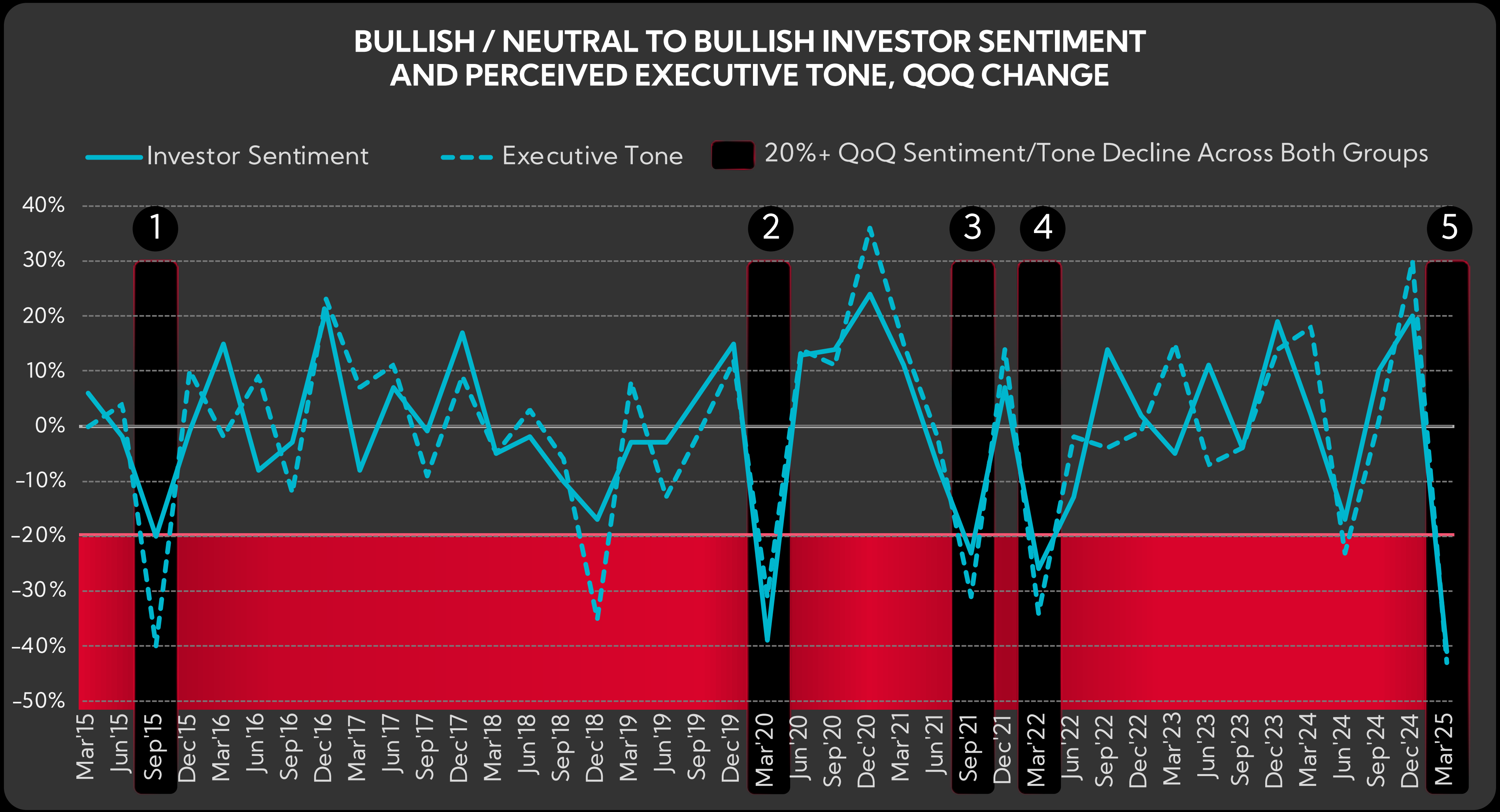
Q1'25

‘Trump Bump’ Exuberance Registered Last Quarter Sees a Stark Reversal; Results Reflect Largest QoQ Pullback in *Bullish / Neutral to Bullish* Sentiment in a Decade





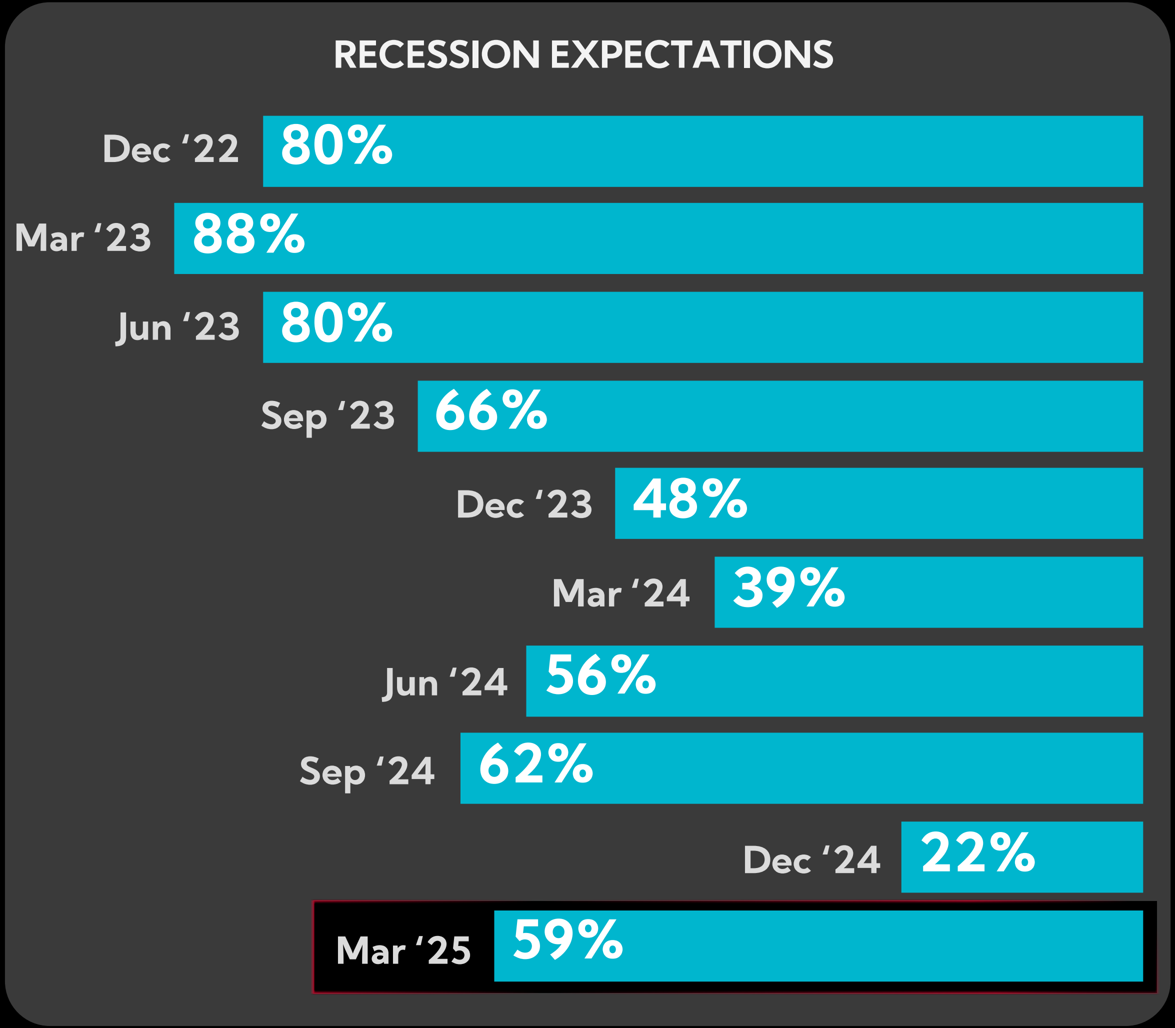
Pullbacks in *Bullish / Neutral to Bullish* Sentiment Often Serve as an Indicator for What's Ahead

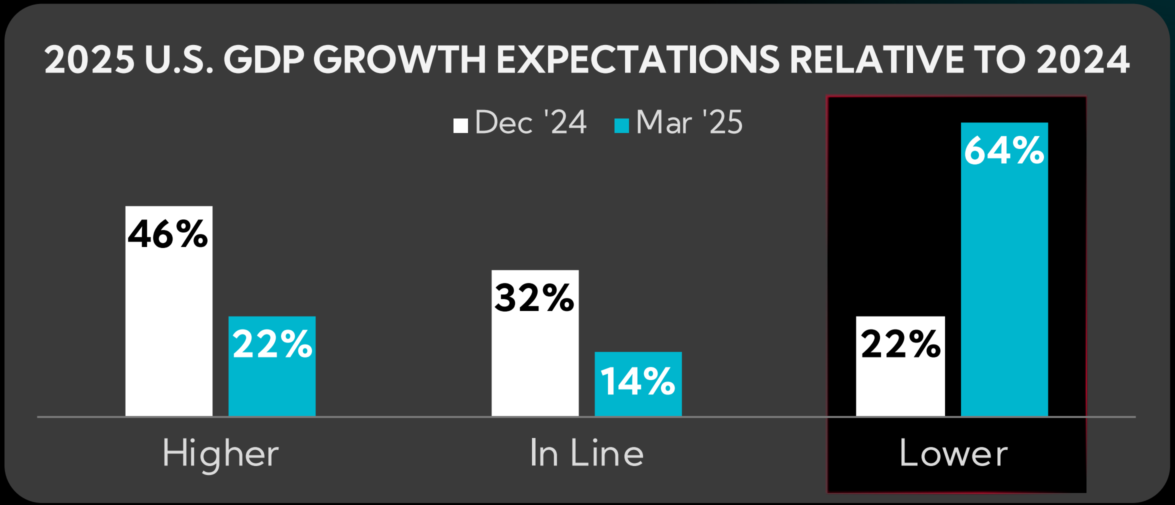


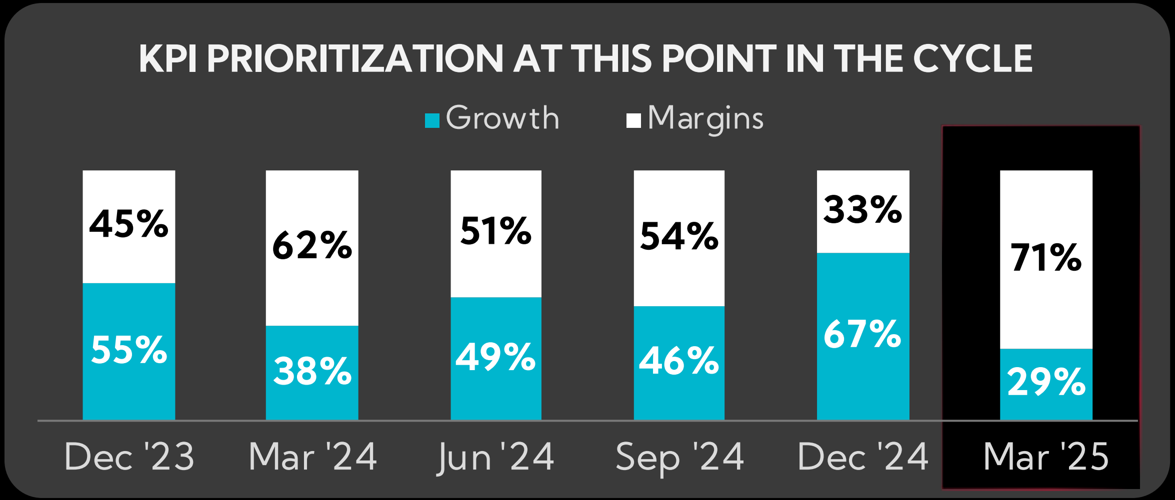
20%+ QoQ Sentiment/ Tone Decline Period	6-Month Peak-to-trough Drawdown[1]
Sep '15	(13%)
Mar '20	(10%)
Sep '21	(13%)
Mar '22	(22%)
Avg	(15%)
10-Yr Avg.	(8%)

[1] Peak-to-trough calculations based on S&P 500 price movements 6 months following the last day of the period (e.g., September 30, 2015 – March 30, 2016)

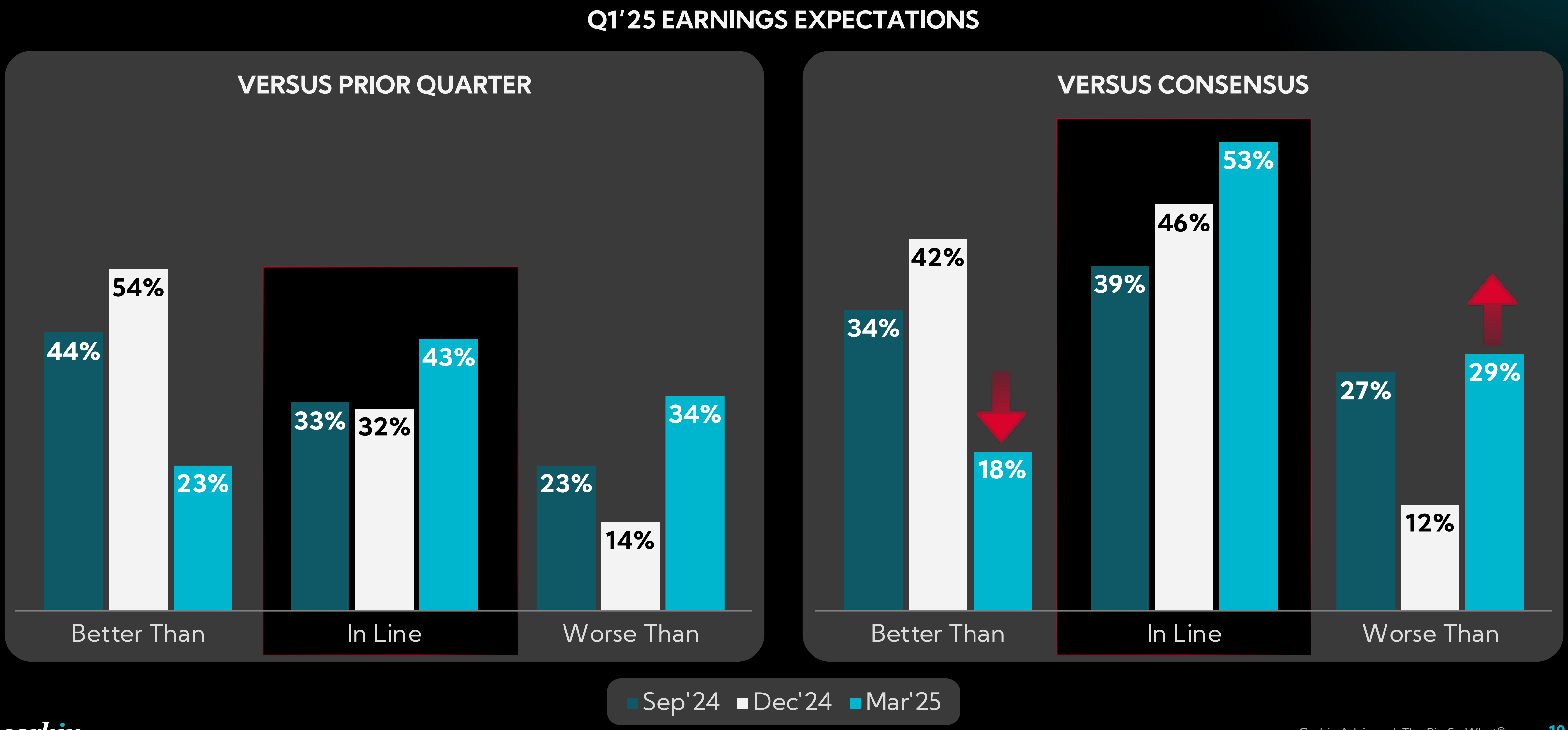
Recession Expectations Spike as 2025 GDP Growth Outlooks Deteriorate Precipitously QoQ



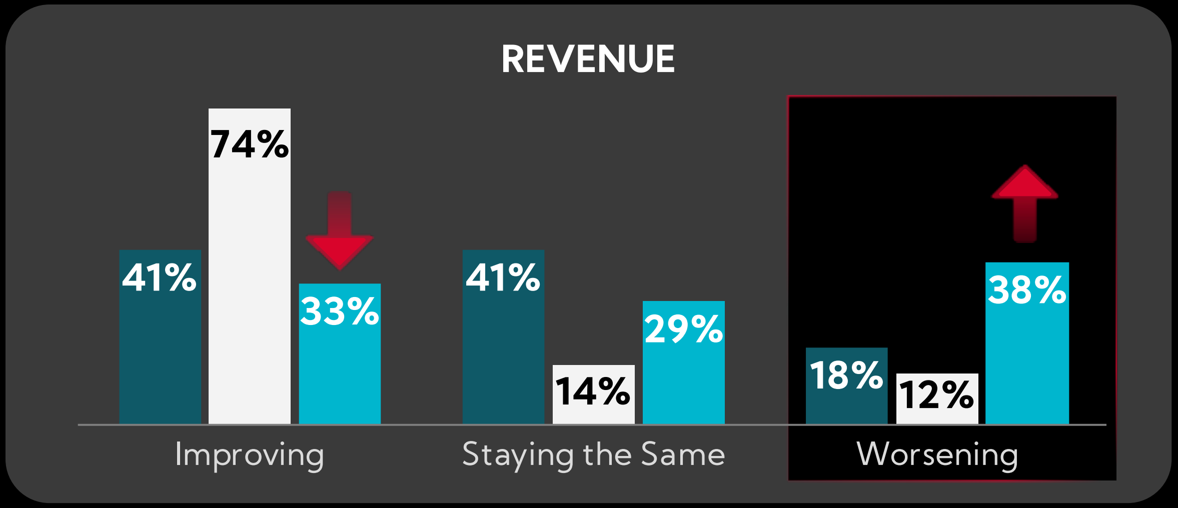


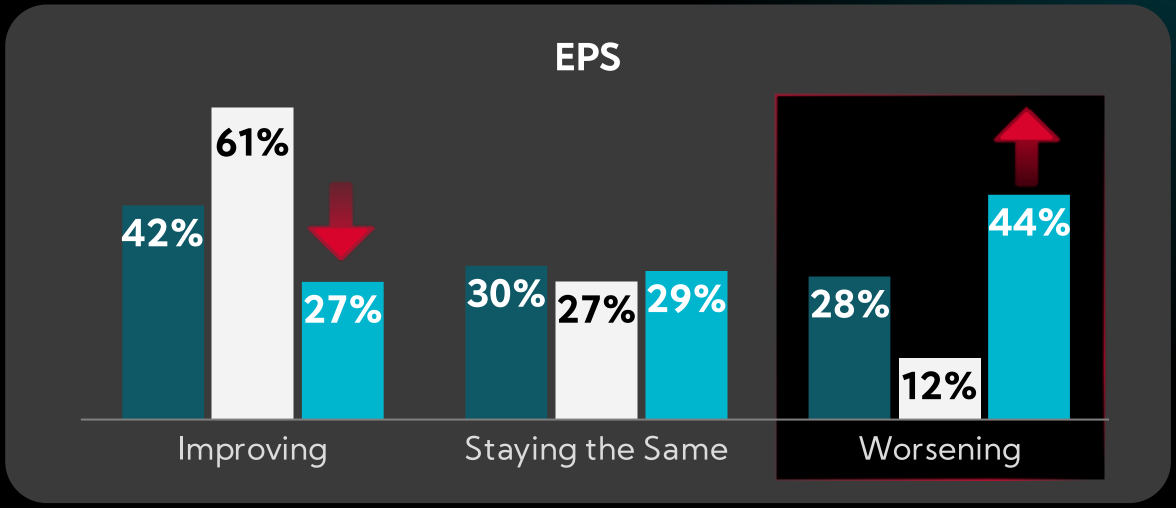


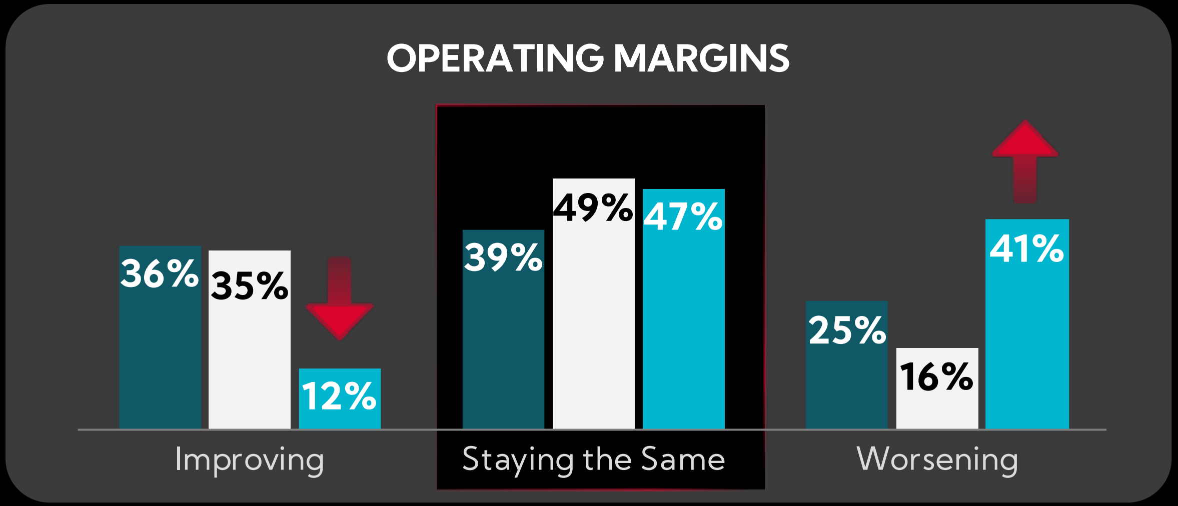
Most Expect Results to Be Flat QoQ and In Line with Consensus though Expectations for Beats Fall More Than Two-fold and Misses More Than Double

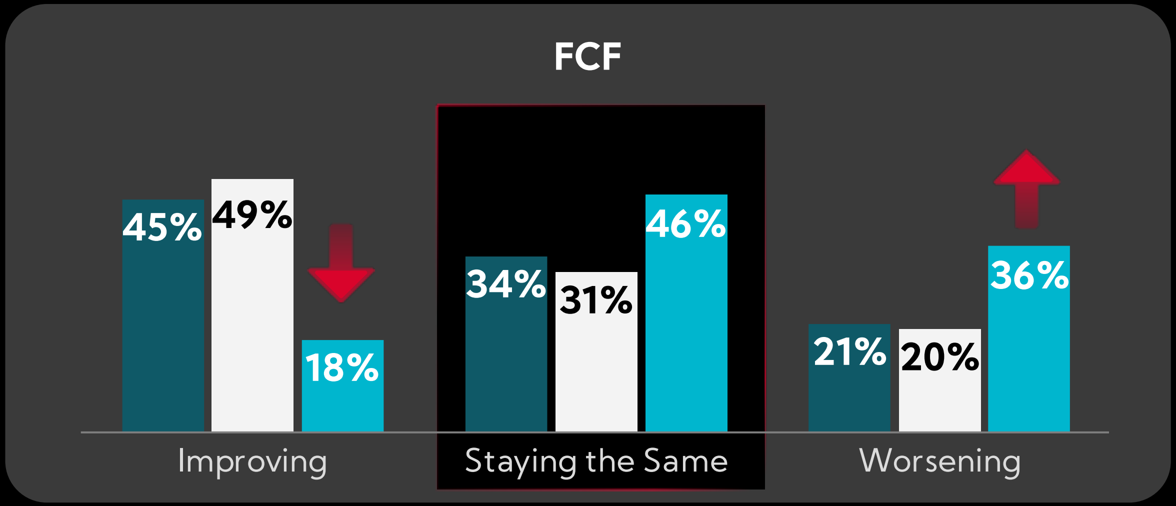


For KPIs, More Expect Worsening Conditions than Improving



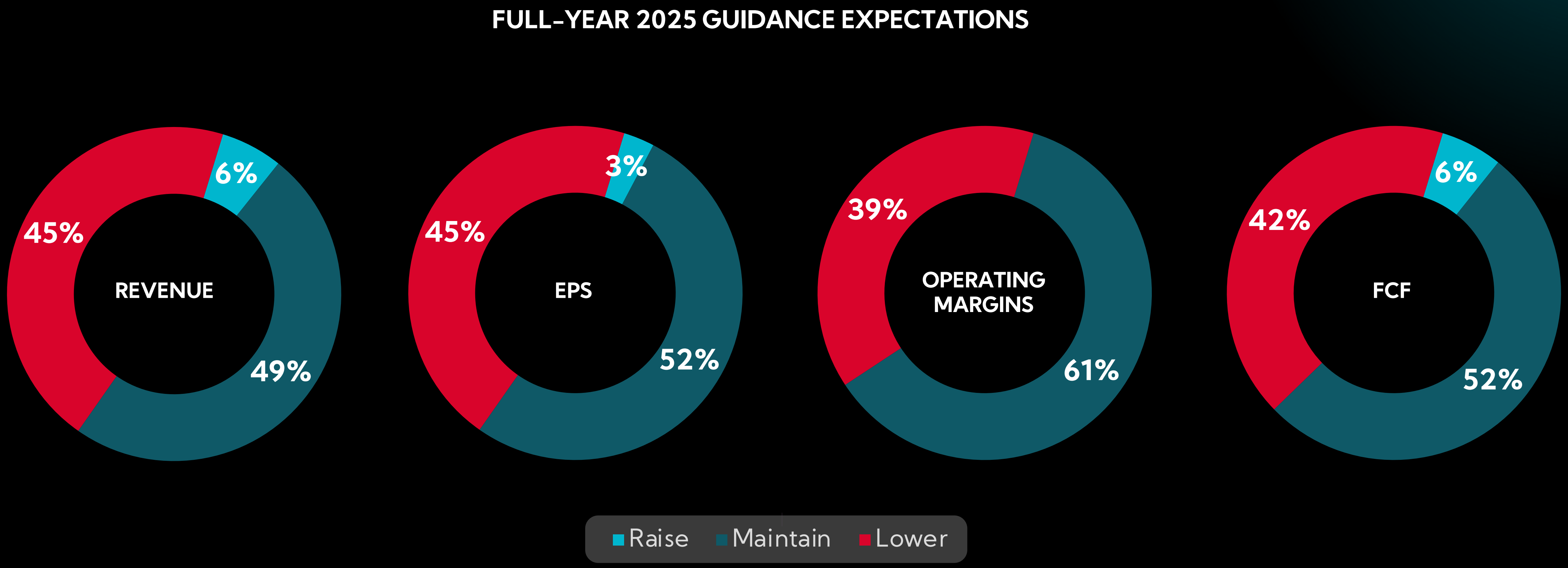






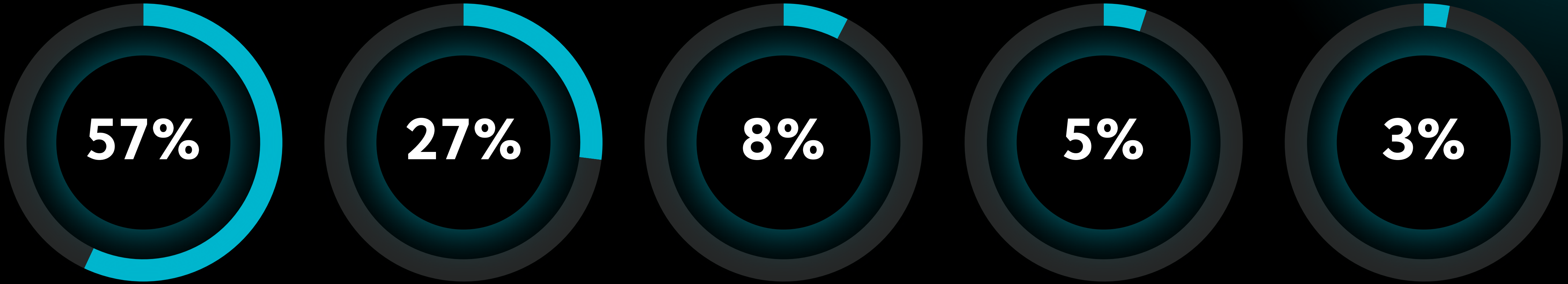
Sep'24 Dec'24 Mar'25

Views Are Relatively Divided on Whether Companies Will Maintain or Lower Guides



[1] Survey responses captured prior to April 2nd reciprocal tariff announcement

Tariff Spotlight: Shifts in Earnings Outlooks



I now expect a meaningful downgrade to earnings forecasts across most sectors

I expect modest downside to earnings, but limited to select sectors with high import exposure

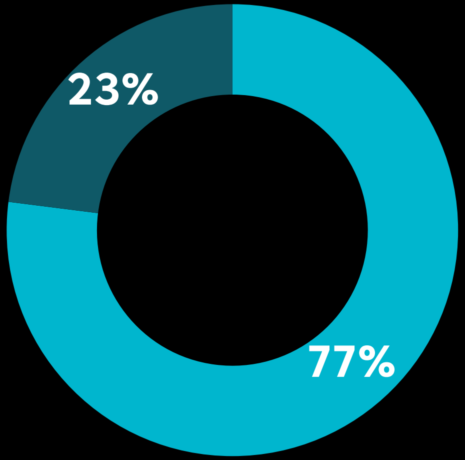
Too early to say – I need more clarity from companies before adjusting expectations

I see elevated risk and will be closely watching company commentary

I believe companies will offset most of the impact through pricing or other mitigation strategies

Including Tariff Impacts in Guidance Is Expected… Provided They Can Be Responsibly Procured

ANNUAL GUIDANCE EXPECTATIONS REGARDING TARIFFS



- Include impact of tariffs in guidance updates
- Do not include impact of tariffs in guidance updates

TARIFF PULSE POLL

TOPICS TO ADDRESS

1. **Impact / Exposure Disclosure** (Cost, Revenue Margin)
2. **Mitigation Efforts** (Pricing Actions, Cost Savings to Offset)
3. **Demand, Customer Conversations**
4. **Guidance and Scenario Analysis** (Best, Base, Worst Case)
5. **Capex Shifts**
6. **Manufacturing Footprint Adjustments**

60% of investors exhibit understanding if companies elect to rescind guides

Already, Some Have Elected to Withdraw Annual Guides

Delta Air Lines Announces March Quarter 2025 Financial Results

Given current uncertainty, **Delta** is not reaffirming full year 2025 financial guidance and will provide an update later in the year as visibility improves.

Revenue Environment and Outlook

"**Delta** delivered revenue of $13 billion, 3.3 percent higher than last year, consistent with revised guidance. Through the quarter, diverse, high-margin revenue streams showed resilience, improving over prior year and approaching 60 percent of total revenue," said **Glen Hauenstein**, **Delta**'s president.

"Based on current trends, we expect June quarter total revenue to be down 2 percent to up 2 percent over prior year, with continued resilience in prem loyalty and international partially offsetting Domestic and main cabin softness. 2025 is playing out differently than we expected at the start of the ye a result, we are adapting to current conditions while staying true to our long-term strategy."

- **Record March quarter revenue supported by diverse revenue streams**: **Delta**'s year-over-year revenue growth of up 3.3 percent in the March qu was driven by the resilience of diversified revenue streams, which contributed nearly 60 percent of total revenue in the March quarter and grew single digits over prior year. Adjusted total unit revenue (TRASM) was down 1.0 percent from the March quarter of 2024.
- **Premium and loyalty highlight the strength of Delta's core customer**: Premium revenue growth continues to outpace main cabin, growing 7 per on a year-over-year basis in the March quarter. American Express remuneration of $2.0 billion was a March quarter record, up 13 percent year- year, driven by strong cobrand spend and acquisitions.
- **International revenue grew mid-single digits year-over-year**: Pacific revenue grew 16 percent on double-digit capacity growth, with unit revenu inflecting positive. Transatlantic revenue was up 5 percent over prior year, with unit revenue up 8 percent. *Latin America* revenue grew 5 percent over prior year with modestly negative unit revenue growth.
- **Corporate growth moderated** February and March. For the technology sectors.

Frontier Air Pulls 2025 Guidance as Volatility Upends Industry

By Mary Schlangenstein
April 10, 2025 at 3:26 PM CDT

Save | Translate | Listen 0:44

The parent of Frontier Airlines withdrew its financial guidance for 2025 as fallout from President Donald Trump's trade war saps demand for plane travel.

The carrier now expects a loss in the first quarter after a weak March brought in less revenue than expected, according to a regulatory filing Thursday from Frontier Group Holdings Inc. The company said it was unable to reaffirm its full-year outlook due to the "uncertain environment."

Logitech Reaffirms FY 2025 Financial Outlook; Withdraws FY 2026 Financial Outlook Due to Tariff Environment

LAUSANNE, Switzerland & *SAN JOSE, Calif.*--(BUSINESS WIRE)-- **SIX SWISS Exchange Ad hoc announcement pursuant to Art. 53 LR – Logitech International** (SIX: LOGN) (Nasdaq: LOGI), reaffirmed its financial outlook for its fiscal year ended March 31, 2025. Given the continuing uncertainty of the tariff environment, the Company withdrew its outlook for Fiscal Year 2026.

- **Current Fiscal Year 2025 outlook**: Logitech confirmed its current Fiscal Year 2025 outlook of between $4.54 billion and $4.57 billion in net sales, representing year-over-year sales growth of 5.4% and 6.4% in US dollars, and 6.2% to 7.1% in constant currency, and non-GAAP operating income between $755 million and $770 million.
- **Withdrawal of Fiscal Year 2026 outlook**: Logitech withdrew its outlook for Fiscal Year 2026 given the continuing uncertainty of the tariff environment.

Topics of Interest for Upcoming Earnings Calls

65% of investors report seeing evidence of pull-forward purchasing

64% **Tariffs**
(↑ 41pts)

64% **Growth, Demand**
(↓ 3pts)

41% **Margins, Pricing**
(↑ 4pts)

30% **Policy Impacts, Uncertainty**
(↑ 16pts)

27% **Capex, Capital Priorities**
(↓ 2pts)

16% **Consumer Behavior**
(↑ 9pts)

Top Concerns from Around the Globe

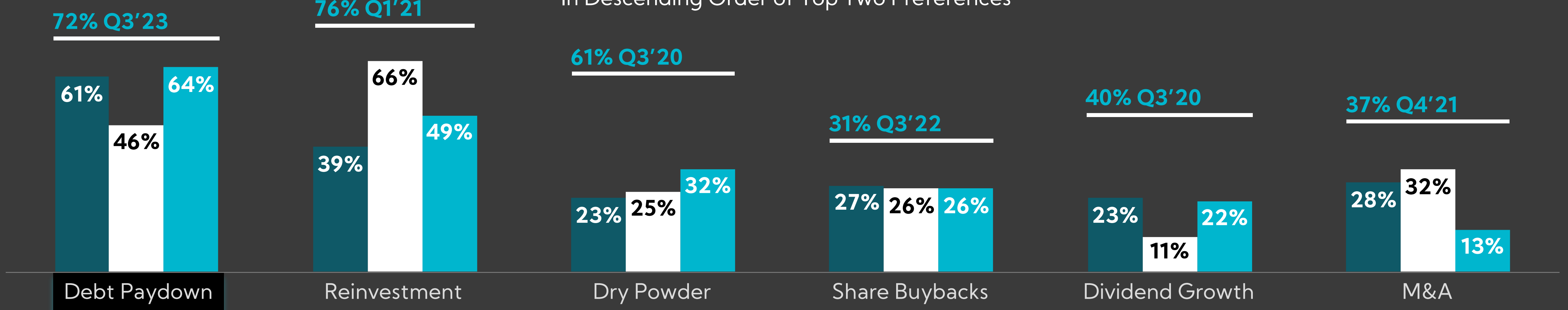
Rank	Concern	Q1'25 (Unaided)	Change
1	**Tariffs**	55%	↑ 10pts
2	**Economic Slowdown**	53%	↑ 41pts
3	Policy Uncertainty	47%	↓ 13pts
4	Monetary Policy	23%	↓ 3pts
5	Inflation	20%	↓ 8pts
6	Consumer Health	19%	↑ 4pts

Again, **tariff concerns top the list**, followed by a **sharp uptick in economic slowdown** commentary

Debt Paydown Reignites as the Leading Preferred Cash Usage; Reinvestment Holds Firm in Second Place, Followed by Renewed Interest in Dry Powder, Underscoring Recessionary Concerns

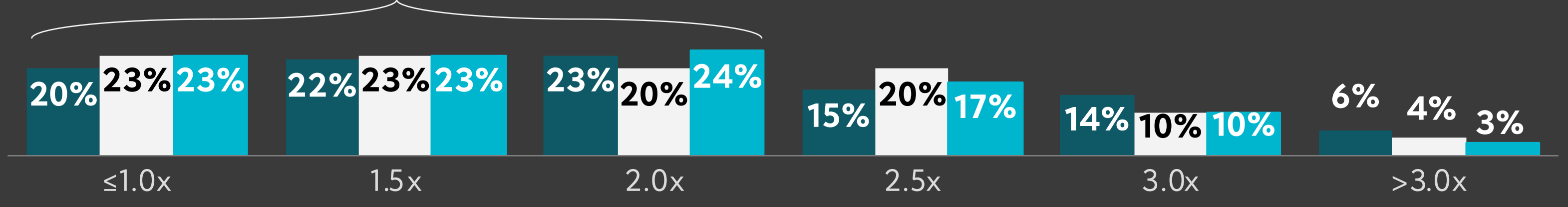
PREFERRED USES OF CASH

In Descending Order of Top Two Preferences



THRESHOLDS FOR IDEAL NET DEBT-TO-EBITDA

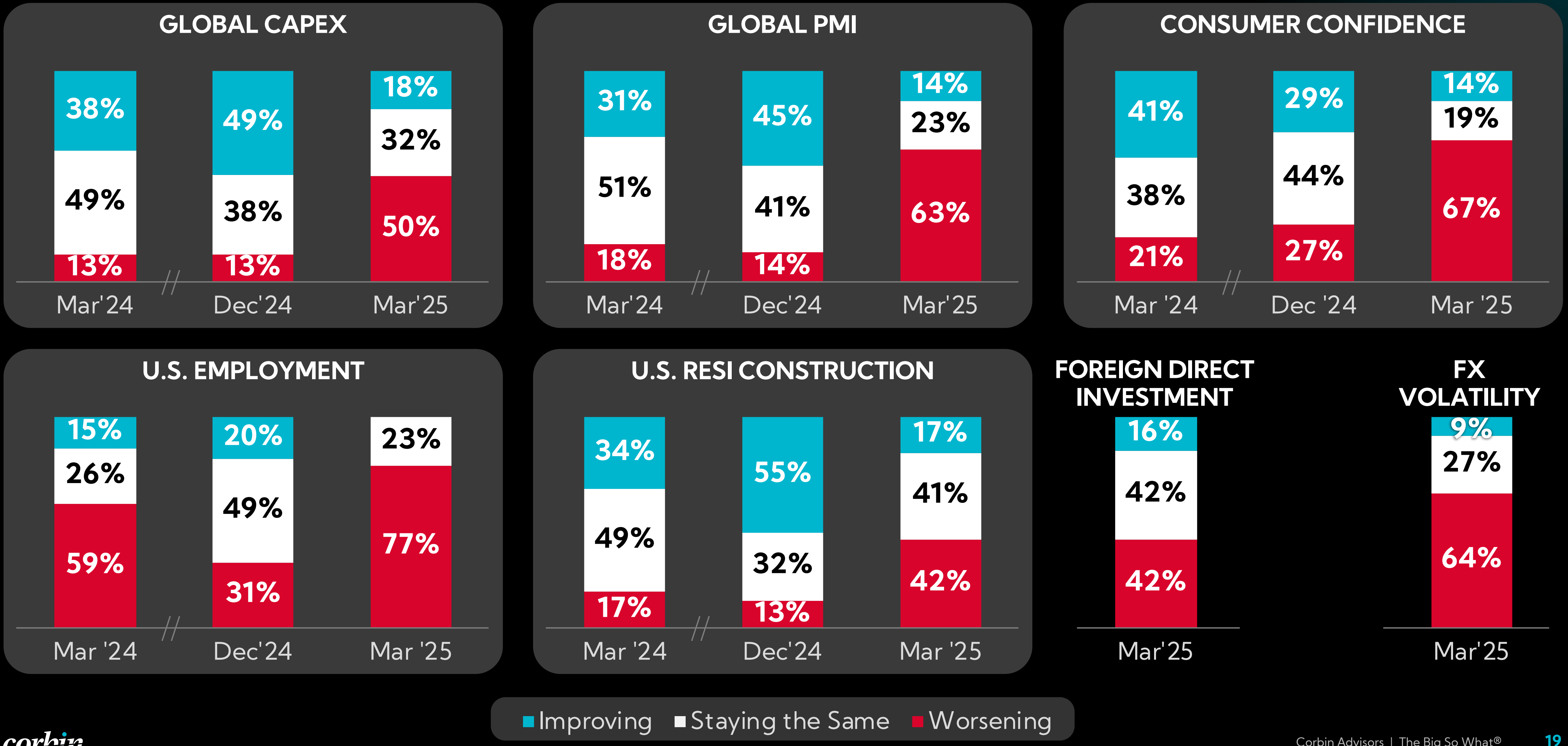
70% prefer 2.0x or less, up from 66%



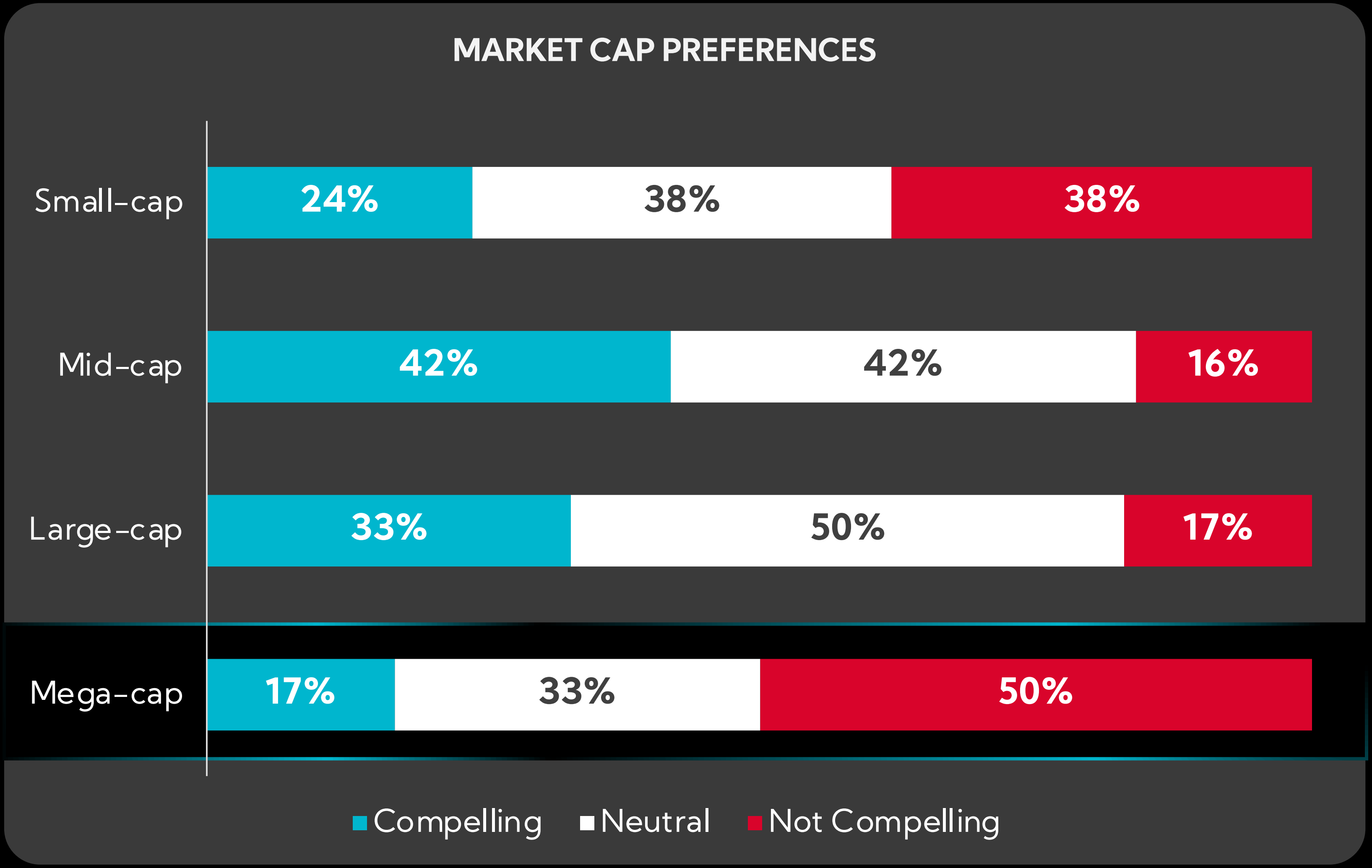
OBSERVING COMPANIES INCREASE GROWTH CAPEX

Sep'24 Dec'24 Mar'25 — 5-year High

Views on Key Economic Indicators Over the Next Six Months



Mid-cap Companies Overtake Small-caps as Most Compelling to Investors at this Time



Mega-cap companies likely to experience outsized attention and geopolitical pressure amid reciprocal tariff disputes

(e.g., Big Tech in the EU, Dupont in China, etc.)

Investors Pile into More Resilient Healthcare, While Consumer Discretionary, Clean Energy, and REITs Are Left Behind; Tech Remains Among the Top Preferred Sectors Despite Bear Movement

Sector	BULLS VS. BEARS: Bulls change	Bulls	Bears	Bears change	Q1'25 S&P 500 PERFORMANCE[1]
Healthcare	+42 pts	53%	13%	-5 pts	+2.0%
Technology	-10pts	45%	22%	+19 pts	-8.5%
Comm. Services	+8 pts	44%	13%	-6 pts	+3.9%
Financials	-4 pts	42%	25%	+9 pts	+0.3%
Basic Materials	-4 pts	35%	17%	+9 pts	-1.2%
Industrials	-7 pts	32%	14%	+1 pt	-2.5%
Energy	-23 pts	31%	22%	+4 pts	+7.6%
Utilities	-22 pts	30%	9%	-5 pts	+6.1%
Cons. Staples	-1 pt	24%	26%	+9 pts	+2.3%
REITs	-4 pts	22%	39%	+16 pts	+1.3%
Clean Energy	-11 pts	21%	48%	+5 pts	-15.1%
NEW Chemicals		17%	30%		-1.5%
Cons. Discretionary	-13 pts	14%	61%	+42 pts	-6.1%

[1] Source: FactSet

Two-Pronged Framework for Upcoming Earnings Season

1 Reinforce the Economic Engine and Provide a Modeling Kit

Clarify Business Operations – Remind investors of the drivers and the assumptions underpinning your guidance

Provide Context for Modeling – Share critical inputs like end-market demand, geographic exposure, and sensitivities to major COGs inputs like commodity pricing (e.g., steel, oil), interest rates, housing starts, etc.

Clearly Outline Capital Assumptions – Offer the assumptions around share count, buybacks, interest expense, and other factors that filter into model mechanics

2 Outline the High-Level Mitigation Playbook

Summarize Supply Chain and Tariff Exposure – Highlight direct exposures and at-risk cost structures; emphasize ongoing mitigation strategies to manage potential impacts – including second and third derivatives

Communicate Proactive Measures – Discuss how your company is prepared to handle these risks, from supply chain diversification to pricing strategies; reinforce your value proposition (i.e., mission critical) to customers

Maintain Investor Confidence – Avoid vague statements about uncertainty that erode already fragile investor confidence; instead, provide specific actions and scenarios that showcase your preparedness and strategic flexibility

Reinforce Long-term Strengths – Underscore market positioning, resilience in past cycles, and any early indicators of how customers are reacting

Modeling Kit – MSC Industrial, F2Q'25 Earnings Presentation

FY'25 GUIDANCE ASSUMPTIONS AND HISTORICAL ADS CADENCE

FY'25 MODELING ASSUMPTIONS

$90-$95M	~$45M	$100-$110M***	~100%	24.5%-25.0%
Depreciation and Amortization	Interest and Other Expense	Capital Expenditures	Free Cash Flow Conversion*	Tax Rate

3Q'25 ADS Mid Point

$15.2M

AVERAGE DAILY SALES CADENCE

	2Q to 3Q	3Q to 4Q
Historical QoQ Average**	**+5%** *Mid-point of outlook assumes improvement of ~7%*	**(2)%**
Considerations	• Growth initiatives centered on web enhancements, marketing, and seller effectiveness in flight • Potential benefits to price from tariff developments that remain in flux • Potential benefits from improving macro indicators such as the Industrial Production Index and Metalworking Business Index	
Business Days	*3Q: 64*	*4Q: 63*

MSC

*Represents a non-GAAP financial measure. See appendix for non-GAAP reconciliations
**5-year historical ADS average (FY'20-FY'24)
*** Includes expenditures associated with cloud computing arrangements

"Helpful considerations", for understanding underlying market growth puts and takes, as well as other modeling assumptions, including quarterly business days

Tariff Mitigation – Williams-Sonoma, March 2025 Investor Presentation

2025 INVESTOR PRESENTATION
DRIVE EARNINGS

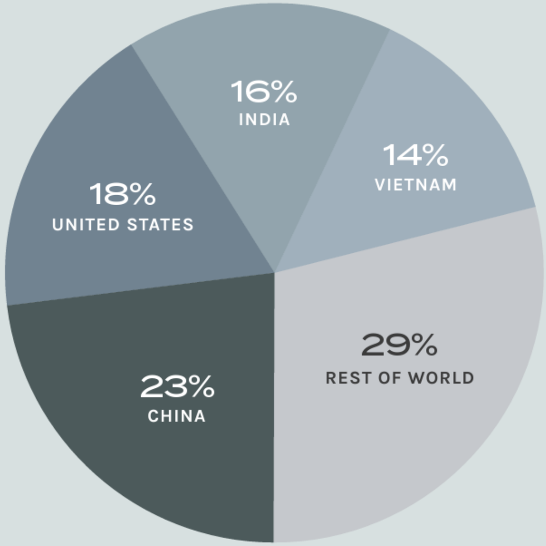
Tariffs

We have a 6-point plan for tariff mitigation.

1. Obtaining **cost concessions** from our strong vendor partnership.
2. **Re-sourcing goods** to lower tariff countries, including further reductions out of China.
3. Passing on **select price increases.**
4. Identifying further **supply chain efficiencies** in our network.
5. **Reducing SG&A** expense.
6. Expanding our **Made in the USA** assortment, production, and partnerships.

Sourcing Footprint

We have a diverse sourcing base around the world, including the United States.



WILLIAMS-SONOMA, INC.
POTTERY BARN | POTTERY BARN KIDS | POTTERY BARN TEEN | WEST ELM | GREENROW
WILLIAMS SONOMA | WILLIAMS SONOMA HOME | REJUVENATION | MARK & GRAHAM

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Clear, "6-point" mitigation framework, along with a provided graphic on **supply chain geographic exposure**

Tariff Impacts – ICU Medical, April 2025 Investor Presentation

Potential Impact Of Tariffs

		Mexico Tariffs		Reciprocal Tariffs
		No Exemptions	Excluding USMCA Qualified Products	Areas Of Potential Impact
Unmitigated Impact	Annual value of products imported into US from Mx	~$350m	< $80m	• Costa Rica Finished Goods Imports (10%) • Raw Material Imports (Direct and Indirect) • Potential Retaliatory Tariffs on Outbound
	25% tariff impact	~$90m	< $20m	
Mitigation Opportunities	Near-term / Low effort	• Temporary import bond for products to be exported • American goods assembly abroad (9802)		• TBD / Under Evaluation
	Long-term / Higher effort	• Direct export Mexico manufactured products to OUS • Transfer Mexico production elsewhere		

1. Tariff impact is estimated as of April 7, 2025 based on trade policies implemented and/or announced as of that date. It excludes the potential impact of future tariffs.

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Highlights USMCA-Exempt product, exhibits transparency about further areas of focus

Scenario Analysis – Stanley Black & Decker, Q4’24 Earnings Presentation

2025 Planning Assumptions

2025 Base Case View *(Pre-Tariffs)*

Total Company

Total Sales:** ~Flat YoY +/- 150 Bps

Organic*: ~+2% YoY +/- 150 Bps

Adj. EBITDA Margin*: Positive YoY

Tools & Outdoor

Organic*: +Low Single Digits

Adj. Segment Margin*: Positive YoY

Note: Transferring Small Storage Business To T&O From Industrial

Industrial

Organic*: +Low Single Digits

Adj. Segment Margin*: Declining YoY Due To Challenged Automotive Market

Other Base Case Assumptions *(Pre-Tariffs)*

Pre-Tax Non-GAAP Adjustments: ~$195M-$260M, Primarily Related To The Transformation

Other Net*: ~$310M | **Net Interest Expense:** ~$320M

Depreciation*: ~$365M | **Intangible Amortization:** ~$150M

Capex: ~$350M To $400M

Adjusted Tax Rate*: ~15%

Shares: ~153M

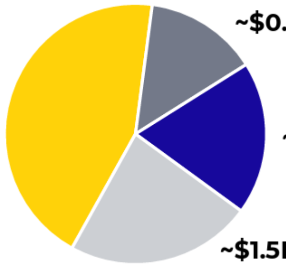
1Q Adjusted EPS*: To Approximate 12-13% Of $5.25 FY Adjusted EPS* Midpoint

Base Case Implies EPS $4.05 (+/- $0.65)
Adjusted EPS* $5.25 (+/- $0.50)
Free Cash Flow* $750M (+/- $100M)

Tariff Scenario Planning

Total Company U.S. Supply

~$6.8B U.S. Adjusted Cost Of Sales Based On Country Of Origin****



- Incremental China Tariffs Of 10%:
  - ~$90M-$100M Annualized Gross Impact
  - ~$10M-$20M Expected 2025 Net Impact
- Supply Chain And Price Mitigation Lag Policy Formalization By ~2-3 Months With Goal To Fully Mitigate
- Situation Remains Dynamic. Expect To Wait For Greater Clarity Before Enacting Any New Measures Beyond Supply Chain Moves Out Of China

We Expect To Mitigate The Impact Of Tariffs With Supply Chain And Price Adjustments

*Non-GAAP Financial Measures. Refer To Appendix For Additional Information On EPS, Cash From Operating Activities, Revenue, Earnings And Other GAAP And Non-GAAP Financial Measures
**Forecasted Total Sales Reflects The Impact Of Forecasted Foreign Currency Assuming The Midpoint Of January 2025 Rates And Excludes The Impact Of Acquisitions And Divestitures Not Yet Consummated
***2024 Approximate Split Based On 2024 Country Of Origin

4Q And FY 2024 Earnings Call 10

States known tariff impacts and estimates net impacts to FY’25 assumptions; outlines supply chain exposure, **includes base, best, and worst case**

Scenario Analysis – Huntington Bancshares, February 2025 Investor Day

Managing through Economic Uncertainty

Economic Scenarios		Operating Approach: Growth Outlook	Capital Priorities	Expense Management
Baseline	**1 – 2 Fed Fund reductions by YE25 with an upward sloping yield curve** **GDP expansion and resilient labor market**	• Driving top quartile organic growth • Expanding fee revenue contribution	• Driving adj. CET1 into operating range • Funding high return loan growth • Modest share repurchases over time	• Driving positive operating leverage • Re-engineer baseline • Invest in revenue initiatives
Inflation Returns	Re-emergence of inflation with fed funds rising to 5.5% GDP flat in 2025 with slow improvement by 2H26	• Leverage position of strength • Selective asset growth	• Balance asset growth and capital levels • Orient hedging for capital protection • Limited to no share repurchases	• Optimize expense program • Rationalize investments aligned to revenue outlook
Mild Recession	Hard landing creates higher unemployment and GDP contraction in 2025 Fed funds declines to 2% by mid '26	• Calibrate loan growth to resilient sectors • Position to grow into recovery	• Capture capital accretion from lower rates • Orient hedging for NIM protection • Potential opportunistic share repurchases	• Evaluate more significant expense actions • Protect critical long-term investments

Flexible Strategic Playbook to Navigate through Economic Uncertainty

Huntington

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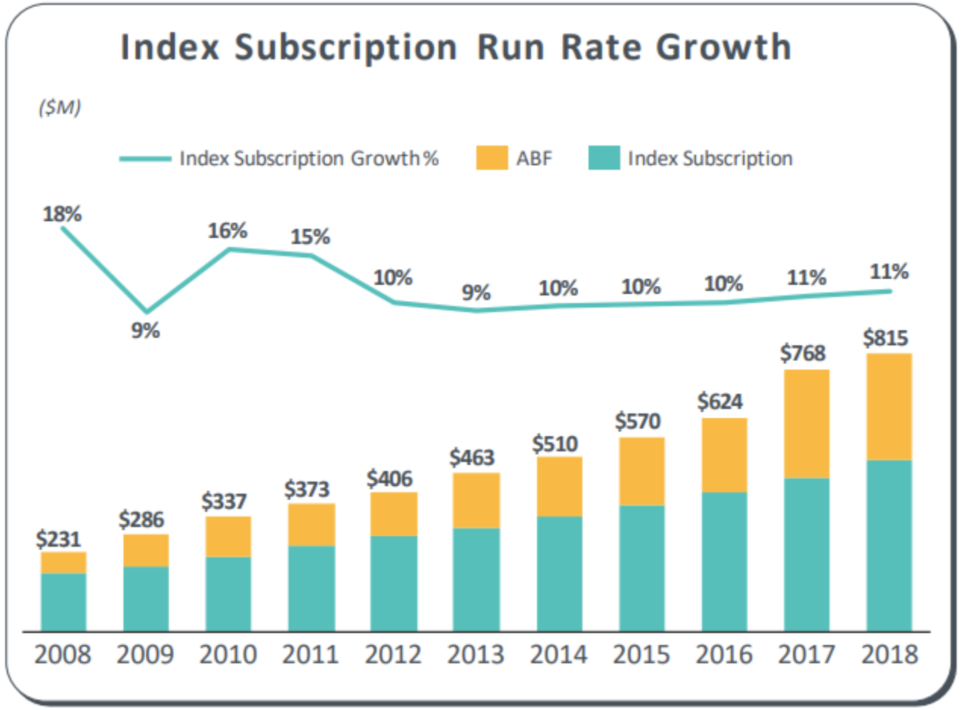
Comprehensive overview of actions that may be taken under varying economic scenarios, including **capital priorities and expense mgmt.**

Downturn Playbook – MSCI, 2019 Investor Day

RESILIENT SUBSCRIPTION FRANCHISE / DOWNTURN PLAYBOOK

MSCI



Illustrative Example of Expense Levers to Mitigate ~10% Decline in ABF Revenue, or ~$30M Decline in Revenue

Self-Adjusting	• Metrics-based incentive plan	~$10M Savings
Timing & Discretionary	• Other bonus incentives • Delayed hiring • T&E • Training • Professional fees • Marketing	~$20M Savings
Pacing of Investments	• Reprioritization, pace of hiring • Headcount optimization • Client coverage spend (e.g. T&E)	

Multiple Levers to Manage Market Downturns

MSCI Investor Day 2019

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"Illustrative Example" of levers within the Company's control, equipped with projected savings in the event demand comes in weaker than expected

Downturn Playbook – Keysight Technologies, 2023 Investor Day

Positioned to Outperform in Current Macro Environment

Durable and resilient financial model

Revenue Scenarios

-10% | FY22 BASELINE | +5-7%

-300 to **400bps**
Operating Margin[1]

Revenue $5.4B
OM[1] 29%

40%
Core Operating Leverage[2]

Enabled by a Flexible Cost Structure

- 100% of employees on variable pay
- ~50% of production is outsourced
- ~20%+ of sales via indirect channels
- Strategic use of flexible staffing
- **NEW:** Zero-based budgeting program to drive efficiencies and synergies

Model Durability Proven in 2020 Pandemic

- Flexible cost structure and financial playbook preserved margins and liquidity as planned
- Q2 FY20 revenue down 18% YoY, while maintaining 19% operating margin[1], down only 520bps YoY; ~$900M FY20 FCF[1]
- Strong topline growth leveraged cost structure for margin expansion through pandemic (FY20-FY22)

Resiliency of Financial Model Supported by:

- Increased software and services (recurring revenue)
- Favorable and strong secular growth drivers (e.g., 5G/6G, new mobility, digitization)
- Strong free cash flow generation
- Flexible and defensive balance sheet
- $2.5B backlog exiting Q1 FY23

KEYSIGHT

1. Non-GAAP measure, see appendix for reconciliations; 2. Core: Excludes FX and acquisitions or divestures completed within the last 12 months

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Relates back to actions taken during the 2020 Pandemic as a proof point of operating under duress

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Thank You