

INSIDE THE BUY-SIDE®

TECH SECTOR SENTIMENT SURVEY ISSUED: JULY 17, 2015

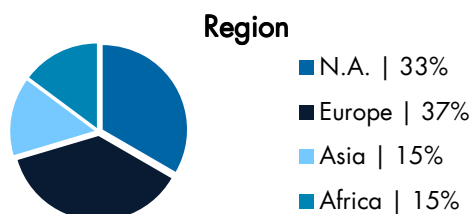
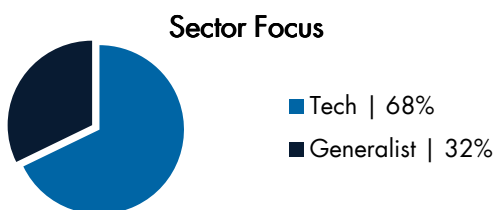
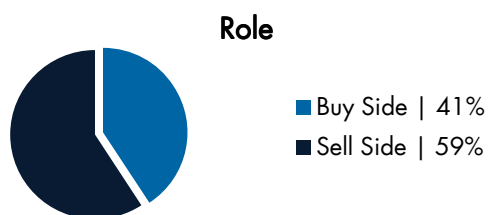
"The tech sector will continue to be attractive as the U.S. economy continues to rebound. The prospects of the sector will be grounded by fundamentals and not artificially helped by QE and other stimulus measures."

In the inaugural issue of Corbin Perception's Technology Sector Sentiment Survey, we pulsed investor and analyst views as the 2Q15 earnings season gets underway and sector outperformance has waned.

Our independent survey², comprising input from 29 investors and analysts globally who follow the tech sector, finds sentiment neutral to bullish and identifies several areas where buy side and sell side opinions diverge, as well as emerging trends and sector themes that serve to assist both investors and corporates navigating the diverse tech landscape.

Participant Stats

Contributing buy side firms manage \$855 billion in total assets.



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	Price Performance ¹	
	S&P Technology	S&P 500
MTD	2.0%	2.1%
YTD	2.2%	2.4%
One-year	7.9%	6.8%

About Corbin Perception

Corbin Perception is a leading investor research and IR advisory firm assisting public companies with creating long-term shareholder value. We leverage our broad company and industry experience, knowledge of best practices and benchmarking capabilities to provide research-driven counsel that enables our clients, micro-to mega-caps worldwide across diverse sectors, to differentiate their company as an investment.

Our research, Inside The Buy-side®, based on ongoing investor sentiment surveys, is covered by news affiliates worldwide and featured regularly on CNBC.

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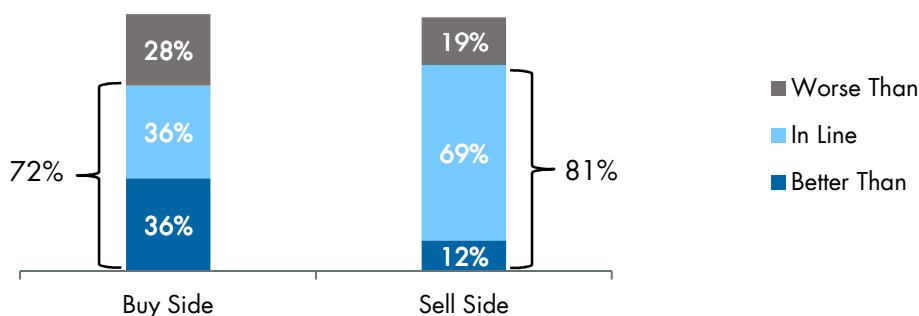
¹ As of July 15, 2015

² Timeframe: July 10 – 15, 2015

Our Survey Yields Four Key Tech Sector Findings

Finding #1: The Survey Group Is Largely Expecting 2Q15 Results To Be In Line Or Better Than Consensus Estimates

What Do You Expect From Techs For 2Q15 Earnings Relative To Consensus?



- Interestingly but not surprisingly, the sell side is committed to their numbers while over one-third of the buy side are expecting consensus plus

Representative Quotes

Better Than

"Analysts may have overestimated bad macro news, such as weak U.S. data, China worries, the EU-Greece stalemate and weakening demand outside the U.S. FX headwind has also turned into a tailwind in 2Q15." Buy Side | Europe

In Line

"Technology has been at the forefront of major breakthroughs and analysts reflect this in their projections; I do not see any major development that will change that. It is highly probable that earnings will stay around the consensus or improve marginally." Sell Side | Africa

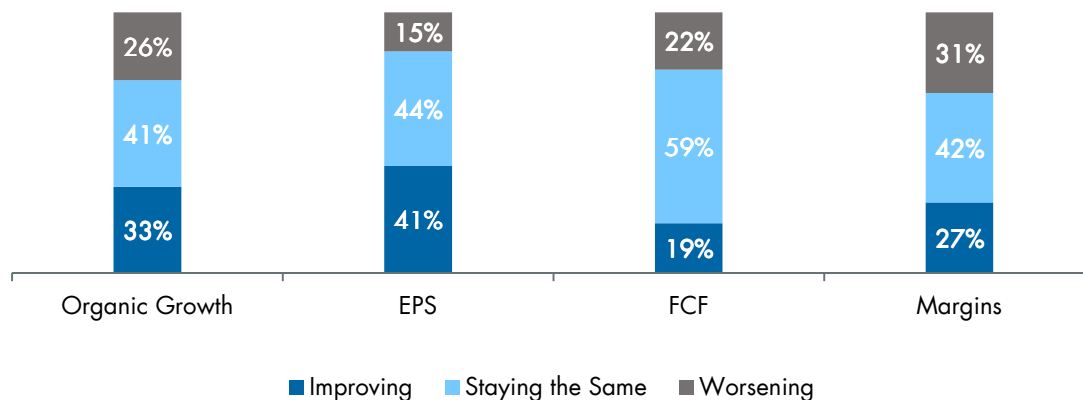
"We saw a good economy in Q2 but currency issues will likely cause a small drag on earnings." Sell Side | North America

"The U.S. continues to strengthen while macro events from Greece and China are not likely to have an impact on Q2." Sell Side | North America

Worse Than

"I tend to be more cautious in my estimates and always find it tough to factor in the FX impact." Sell Side | Europe

What Do You Expect Regarding The Following Fundamentals For 2Q15?



- Buy side respondents are more optimistic than their sell side counterparts regarding improvement in organic growth, FCF and margin expansion this quarter; conversely, the sell side is more bullish on EPS growth

Representative Quotes

Organic Growth

"There was strong growth in the previous period." **Buy Side | North America**

"The push and pull of Windows 10 will cause organic growth to stay the same." **Buy Side | North America**

"The shift to the cloud in software is a plus and a minus. There will be slow smartphone/tablet growth and declining PC demand. In telco equipment, the weak U.S. environment offsets growth elsewhere." **Sell Side | Europe**

"There will be FX-related headwinds." **Sell Side | Europe**

"There will be a margin squeeze as customers hold back on tech expenditures." **Buy Side | Africa**

EPS

"Share buybacks will result in improving EPS growth." **Buy Side | North America**

"There will be no material change in the business environment, though company-specific developments might boost earnings." **Sell Side | North America**

"In some cases, there will be scale impact but also improved efficiencies. The weak euro helps Europeans." **Sell Side | Europe**

"Cost cutting and FX gains will result in improving EPS growth." **Sell Side | Europe**

FCF

"This will worsen because of the requirement by customers for longer repayment terms." **Buy Side | Africa**

"This will be mixed; there will be improved efficiencies and some competitive pressures." **Sell Side | Europe**

Margins

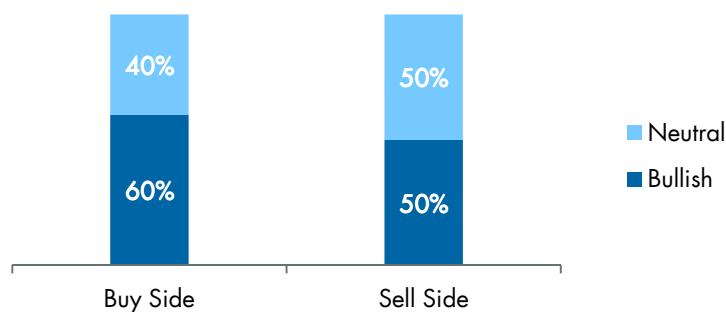
"Rising employment costs will cause the margin rates to stay the same." **Buy Side | Africa**

"This is a solid economy with a demand for technology." **Sell Side | North America**

"Cost cutting has been offset by commoditization of key products and services." **Sell Side | Europe**

Finding #2: Sentiment On The Tech Sector Is Largely Positive; The Buy Side Is More Upbeat Than Sell Side Counterparts, Citing Improving Fundamentals While No One Is A Bear

For The Remainder Of The Year, What Is Your Sentiment Toward The Tech Sector?



- Tech sector attractiveness is driven by innovation, industry consolidation and outsized organic growth opportunities
- Not one survey respondent reported being bearish

Representative Quotes

Bullish

"Global macro events affect commodities and materials more than technology, so there will be a continuing rotation into the technology sector." **Sell Side | North America**

"There are increased disposables and low penetration levels." **Sell Side | Africa**

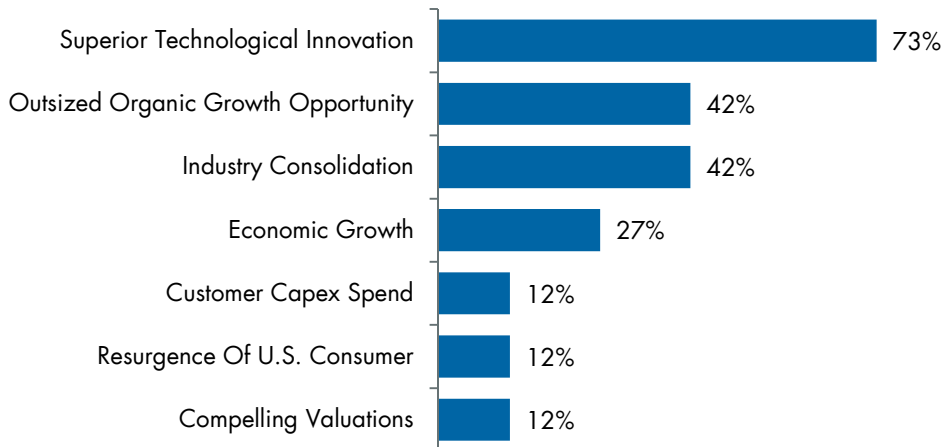
"I am bullish due to IoT, big data and an ongoing transition to a mobile computing and a sharing economy." **Sell Side | North America**

Neutral

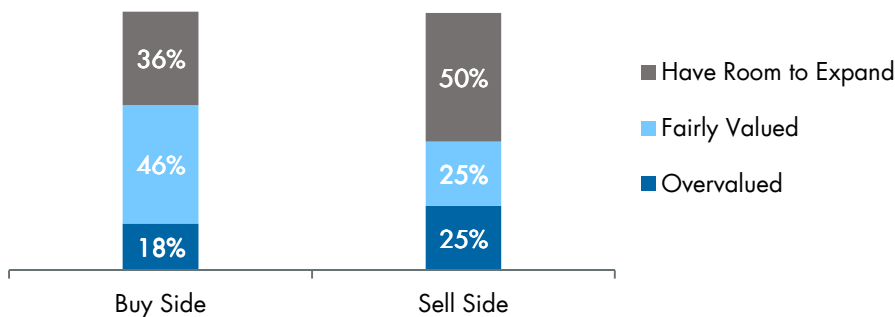
"There is a general slowdown but I expect technology to still hold its ground." **Sell Side | Africa**

"It hinges on general market sentiment. The sector will remain range bound until the fall, then relatively strong through the holidays." **Buy Side | North America**

What Is Driving The Attractiveness Of The Tech Sector?



How Would You Describe Tech Valuation Multiples?



Representative Quotes

Overvalued

"With economic growth continuing to be a challenge and rates staying low, tech valuations remain overvalued."
Buy Side | North America

Fairly Valued

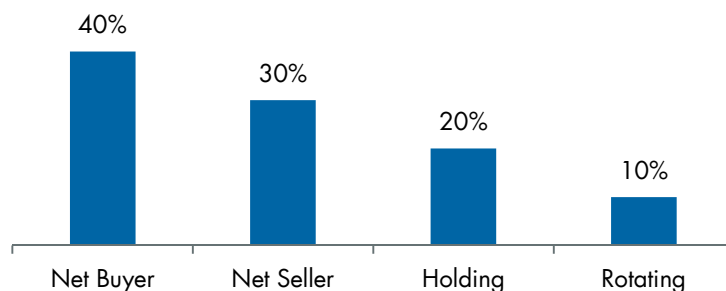
"Many of the stocks I follow have enjoyed very good share price runs albeit with a recent pull back in some. A consolidation period would be healthy." Sell Side | Europe

Have Room To Expand

"Technology stocks declined in the first half of the year, so there is room for expansion." Sell Side | North America

"Fundamentally, tech is overvalued. From the market perspective, a little room to rise still persists." Sell Side | Europe

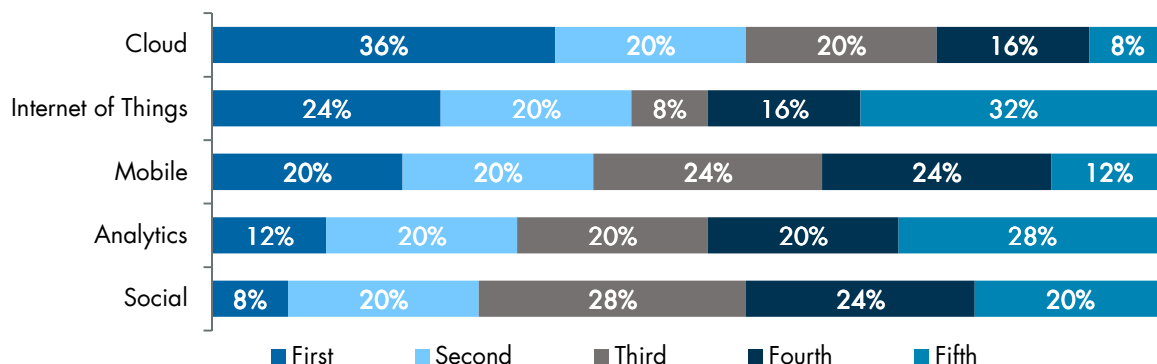
Over The Last Few Weeks, How Would You Describe Your Investment In The Tech Sector?



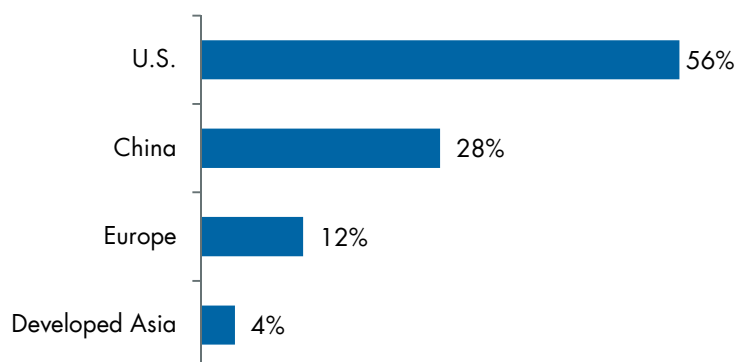
- Investors report they took advantage of the geopolitically-driven market weakness and increased their weighting in tech
- *Net Sellers* largely expect worse-than-consensus results and further 2015 guidance resets

Finding #3: The Cloud, Software, U.S. And Smid-caps Are Leading Investment Themes While Views On The PC Market Remain Downbeat

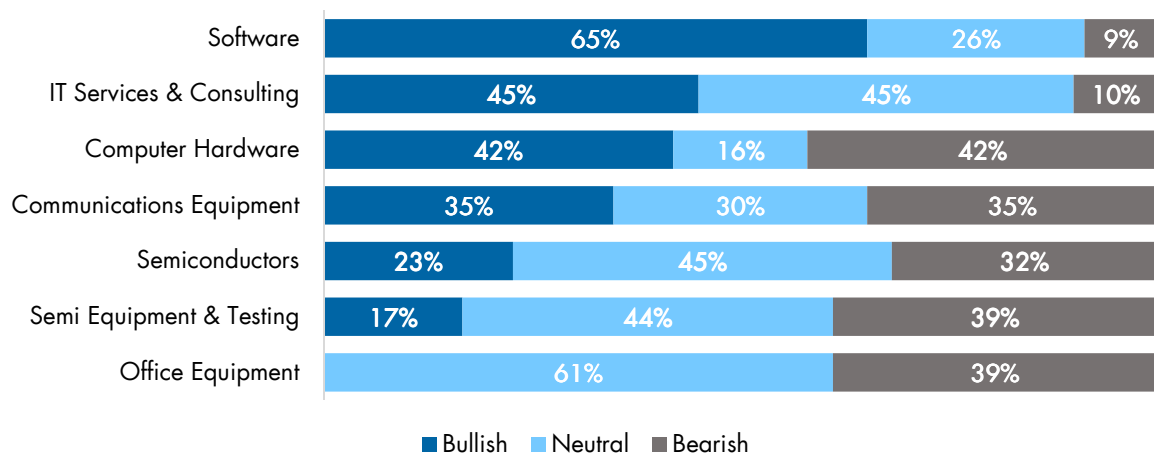
How Attractive Are The Following Investment Themes?



In Which Geography Do You See The Best Tech Investment Opportunity?



How Would You Characterize Your Sentiment On The Following Tech Industries?



- Investors are chasing growth as certain markets present more potential

Representative Quotes

Software

"Cloud is growing explosively." Buy Side | North America

"More IT budgets are being allocated to software but there is a shift away from perpetual licenses to cloud." Sell Side | Africa

"The transition to SaaS is accelerating." Sell Side | North America

Communications Equipment

"There is a pause in spending; maybe there will be an uptick in 4Q." Buy Side | North America

"The market is saturated; pressure comes on price unless something truly innovative is developed." Sell Side | Africa

"There will be network buildouts in North America." Sell Side | North America

IT Services & Consulting

"Cloud is complicated." Sell Side | North America

"This is still in low growth mode but new technologies like digital are helping to offset weakness." Sell Side | North America

"The sector is still on the up. Big Data, IoT and SaaS are growing, just to name a few." Sell Side | Europe

Semiconductors

"There will be continual price reductions." Sell Side | North America

"I am bullish on companies that are well-positioned in growth areas such as automotive or the Apple ecosystem." **Sell Side | Europe**

"That depends on computer hardware." **Sell Side | Europe**

"There will be low PC shipment data." **Sell Side | North America**

Computer Hardware

"I am bearish because of PCs, storage and related items." **Buy Side | North America**

"There is too much competition." **Sell Side | Africa**

"Windows 10 will make for a weak PC market; there will be a shift to more IT spend on software." **Sell Side | Europe**

"Demand is weakening in emerging markets." **Sell Side | Europe**

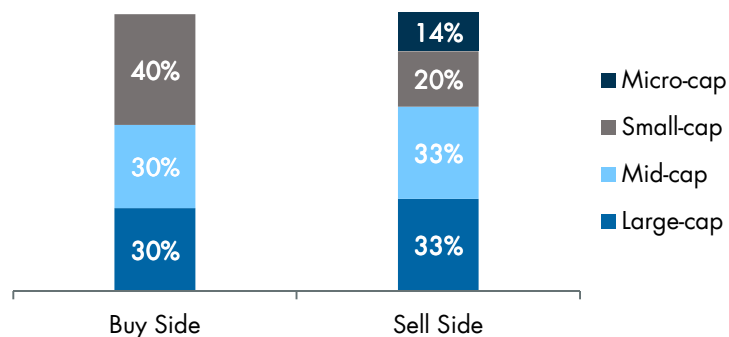
Office Equipment

"I am neutral because of cloud computing and mobile devices." **Sell Side | North America**

"That depends on semiconductors." **Sell Side | Europe**

"More is being done electronically." **Sell Side | Africa**

Which Market-cap Investment Theme Is Currently Most Appealing?



Representative Quotes

Small-cap

"There is more growth potential in small-caps." **Buy Side | North America**

"Small-caps represent the most growth opportunity." **Buy Side | North America**

Mid-cap

"Mid-caps are often less well known but it is hard to generalize." **Sell Side | Europe**

"Mid-caps are appealing due to Internet of Things innovation." Sell Side | Europe

Large-cap

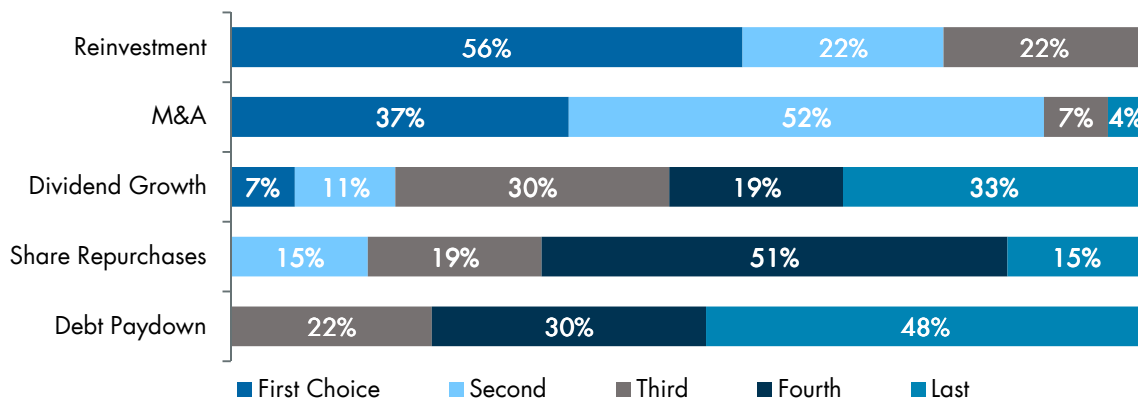
"Large-caps are more defensive in a bearish market." Sell Side | Africa

"They are the dominant, monopoly companies." Buy Side | North America

"M&A." Sell Side | Europe

Finding #4: In Line With Our Channel Checks, Investors Remain Focused On Organic Growth As Their First Choice For Excess Cash

For Techs Generally, What Is Your Preferred Use Of Excess Cash?



- Despite continued headlines on buybacks, no survey respondents rate share repurchases as their preferred choice for capital deployment, underscoring a hunger for growth and views that valuations are not cheap