

OTHER CAR COMPANIES DIDN'T SEE IT COMING.



Jump

Select Section

Search | Advanced Search

Search input field

Go

HOME PAGE FOR THE WORLD'S BUSINESS LEADERS

SUBSCRIBE SAVE \$64

- HOME BUSINESS TECHNOLOGY MARKETS WORK LISTS PERSONAL FINANCE LIFESTYLE

Home > Markets

Markets

Stock Focus: Some Encouraging Earnings Forecasts

Tricia McGinnis, Forbes.com, 08.24.01, 9:00 AM ET

Related quotes

ADVP	71.12
ASH	41.50
BMJ	58.55
CNET	9.37
DCOM	29.00
FBC	26.00
FDP	13.50
ICBC	23.45
IT	9.30
IVX	34.25
MYL	34.94
PBY	12.35
RMG	23.87
SIE	10.97
TARO	38.97
TMCS	16.33
TXI	40.25
WHES	20.01

8/23/01 4:02:00 PM ET

get quotes

NEW YORK - The news is grim indeed. Earnings for the S&P 500 declined 17% during the second quarter and 2001 earnings forecasts are falling at a rate not seen since 1991. But could it be that everyone--both analysts and corporate executives--are now too pessimistic?

Here's one sign that everyone has gone overboard in their pessimism: According to Thomson Financial/IBES, more than half of the S&P 500 companies are still beating their consensus quarterly forecasts.



These days, finding a few positive-looking forecasts isn't easy, but we put our computers to work and came up with a handful of interesting situations.

One example: generic pharmaceutical manufacturer **IVAX** (amex: [IVX](#) - [news](#) - [people](#)), whose 2001 consensus estimate rose 29% over the past three months, to \$1.16 per share. The company has consistently beat forecasts over the past six quarters and is expected to post a 73% growth in earnings this year.

Second-quarter sales of IVAX's generic version of **Bristol-Myers Squibb's** (nyse: [BMJ](#) - [news](#) - [people](#)) anti-cancer treatment Taxol rose 54% since the first quarter, and now account for 26% of revenue. In August, IVAX signed a multiyear agreement to supply the drug to Novation, the largest hospital-supply chain management company in the U.S.

Jeffrey J. Kraws, senior pharmaceuticals analyst at Gruntal & Co., recently

Related stories

[RPT-Commerzbank open to bank, not insurance merger](#)

[Montedison <MO.MI> seen selling off assets soon](#)

[World carmakers see gains, problems in Russia](#)

Also featured today

[UPDATE 2-Cisco restructures into 11 technology groups](#)

[U.S. stocks seen rising at open on Cisco optimism](#)

[UPDATE 4-Lucent aims for profits in 2002](#)

[UPDATE 1-Korea says AIG pushing for better deal on Hyundai](#)

[The Dynamic 100](#)



boosted his 2001 earnings estimate for IVAX to \$1.24 per share. "Taxol sales are increasing rapidly, the company has 34 drugs in the pipeline waiting for FDA approval, and their proprietary drug pipeline is starting to come online," says Kraws.

The 16 companies in the table below all have some form of good news wired into their earnings forecasts. Some companies qualified for the table by registering at least a 20% increase in their consensus forecasts. **Fresh Del Monte Produce** (nyse: [FDP](#) - [news](#) - [people](#)), which grows, sells, and markets fresh produce, saw its earnings estimates climb 35% since May. The Miami-based firm sells for ten times estimated 2001 per-share profits.

We also listed companies with encouraging flash estimates from Thomson Financial/IBES. The flash estimate is the mean (average) of earnings estimates submitted in the past four weeks. We selected stocks whose flash forecasts are at least 8% higher than the consensus number.

For instance, **Gartner** (nyse: [IT](#) - [news](#) - [people](#)), a Stamford, Conn.-based technology research and consulting outfit, has a flash estimate of 40 cents per share for its fiscal year ending this September, 14% higher than the consensus estimate.

In this climate, why are analysts becoming more optimistic about a technology research firm? "Gartner has done a good job of managing expenses in a difficult environment and is taking market share away from some of the other market advisory firms," says Steven Lidberg, senior research analyst at Pacific Crest Securities. Lidberg has Gartner's 2001 earnings coming in at 42 cents per share, a 35% rise over 2000 earnings.

Back in July, Gartner sold off its money-draining TechRepublic, a Web site for IT professionals, to **CNET Networks** (nasdaq: [CNET](#) - [news](#) - [people](#)). In the first nine months of the current fiscal year, Gartner also increased its consulting and events revenue by 35% and 25%, respectively. Together, those segments make up 75% of Gartner's revenue.

Stocks With Optimistic Earnings Forecasts

Company	Price	2001 Est. EPS	2001 EPS Flash Est.	3-Month EPS % Change	2001 Est. P/E
Advance PCS (nasdaq: ADVP - news - people)	\$71.12	\$2.43	\$2.43	63%	29
Ashland (nyse: ASH - news - people)	41.50	5.21	5.21	21	8
Dime Community Bancshares (nasdaq: DCOM - news - people)*	29.00	3.03	3.04	21	10
Flagstar Bancorp (nyse: FBC - news - people)	26.00	2.64	2.64	20	10
Fresh Del Monte Produce (nyse: FDP - news - people)	13.50	1.30	1.30	35	10
Gartner (nyse: IT - news - people)**	9.30	0.35	0.40	NM	27
Independence Community Bank (nasdaq: ICBC - news - people)	23.45	1.53	1.53	21	15
IVAX (amex: IVX - news - people)	34.25	1.16	1.16	29	30
Mylan Laboratories (nyse: MYL - news - people)	34.94	1.58	1.58	22	22
Pep Boys (nyse: PBX - news - people)**	12.35	0.57	0.64	21	22
Rainbow Media Group (nyse: RMG - news - people)**	23.87	0.60	0.87	NM	40
Sierra Health Services (nyse: SIE - news - people)	10.97	0.52	0.54	27	21
Taro Pharmaceutical Industries (nasdaq: TARO - news - people)	38.97	0.92	0.92	60	42
Texas Industries (nyse:					

TXI - news - people)**	40.25	2.68	2.90	3	15
Ticketmaster (nasdaq: TMCS - news - people)	16.33	0.31	0.31	41	53
W-H Energy Services (nasdaq: WHES - news - people)	20.01	1.67	1.67	30	12

Prices as of August 23. EPS: Earnings per share. P/E: Price-to-earnings ratio. NM: Not meaningful. *2002 Estimates. **All companies have rising three-month earnings estimates, except those marked by **; those companies have flash estimates exceeding mean estimates. Sources: FT Interactive Data, Market Guide and Thomson Financial/IBES via FactSet Research Systems

[More Stock Focuses](#)

1 of 1

[Send comments](#)

[E-mail story](#)

[Request a reprint](#)

[Print story](#)

Try Forbes Magazine Free -- Act Now!



Fill in this form for your free trial issue.

Name:	<input type="text"/>	Email:	<input type="text"/>
Address:	<input type="text"/>	City:	<input type="text"/>
State:	<input type="text"/>	Zip:	<input type="text"/>
--	<input type="text"/>	<input type="button" value="Continue"/>	

Free Trial Issue

[Click 'Continue' to view offer terms](#)

[CONTACT US](#) [ABOUT US](#) [SITMAP](#) [HELP](#)

Reprints / Permissions
© 2001 Forbes.com™

Subscriber Services
All Rights Reserved

Ad Information
Terms, Conditions and Notices

BUSINESS

Powered by
TIBCO

Market data provided by Reuters.
Stock quotes are delayed 15 minutes for Nasdaq, 20 minutes or more for NYSE/AMEX.
U.S. indexes are real-time.
Forbes 40 Index powered by [Telemet](#).
News may include latest headlines from Reuters.