

# 2023 PAY VERSUS PERFORMANCE

## RESULTS

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**S&P 500**  
269 DISCLOSURES

**RUSSELL 3000**  
625 DISCLOSURES

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# 2023 PAY VERSUS PERFORMANCE RESULTS

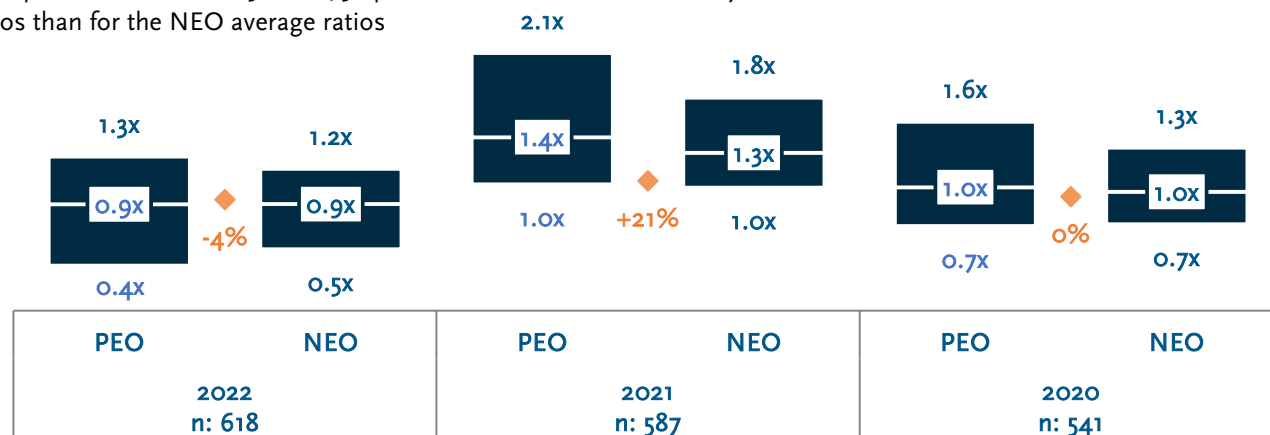
5/18/2023

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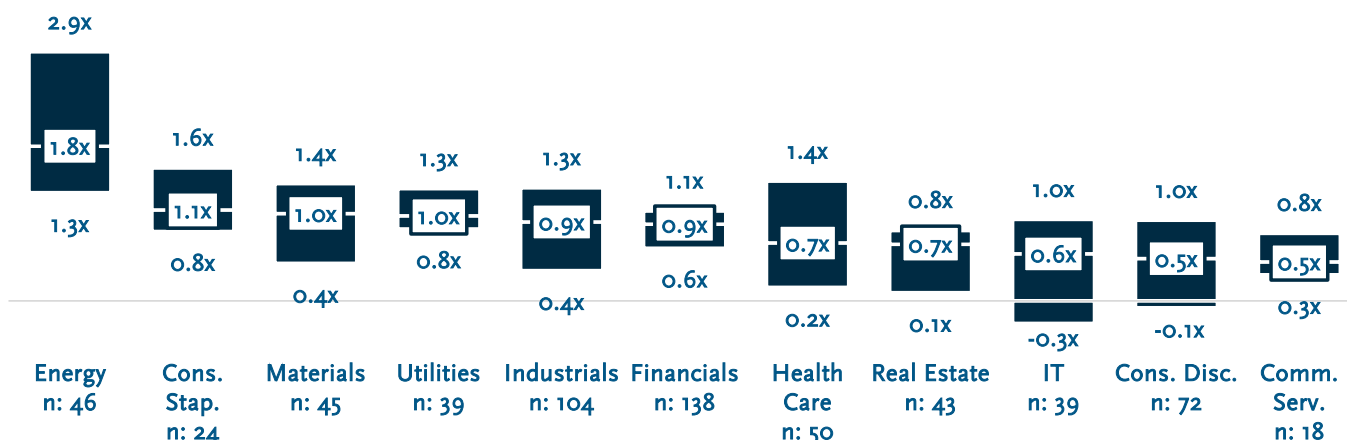
## 2020-2022 COMPENSATION ACTUALLY PAID TO SUMMARY COMPENSATION TABLE PAY RATIOS

- The 2022 median compensation actually paid (CAP) to summary compensation table (SCT) ratio is 0.9x for the PEOs and NEO averages; the ratios were similar in 2020 and higher in 2021
- The CAP to SCT ratios are positively correlated with total shareholder return over the 3-year period
- The spread between the 25<sup>th</sup> and 75<sup>th</sup> percentiles has been consistently wider for PEO ratios than for the NEO average ratios



## 2022 PEO MULTIPLES BY SECTOR

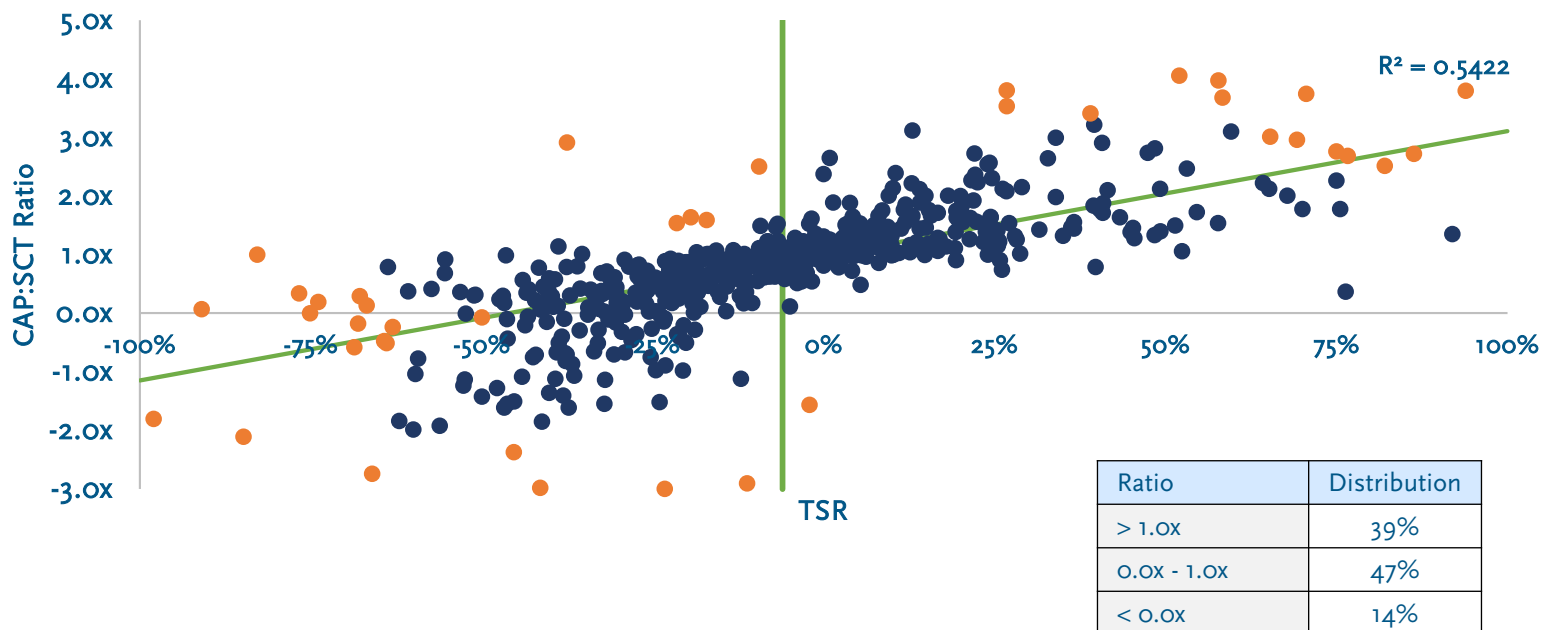
Thus far, the Energy sector has the highest median 2022 CAP to SCT ratio, and the Communication Services and Consumer Discretionary sectors have the lowest. The Energy, Health Care, and Information Technology sectors have the widest 25th to 75th percentile ranges.



	Energy	Cons. Stap.	Materials	Utilities	Industrials	Financials	Health Care	Real Estate	IT	Cons. Disc.	Comm. Serv.
Median TSR	0%	-3%	-14%	-3%	-1%	-9%	-7%	0%	-2%	0%	-2%
2021 Median	1.5x	1.3x	1.6x	1.1x	1.5x	1.4x	2.1x	1.4x	1.7x	1.5x	1.1x
2020 Median	0.5x	1.1x	1.2x	0.7x	1.4x	0.9x	1.5x	0.9x	1.4x	1.2x	0.9x

**2022 1-YEAR TSR VS. PEO CAP TO SCT RATIO WITH OUTLIERS (CHART CUTS-OFF AT -3.0X CAP TO SCT RATIO)**

The chart below plots 1-Year TSR vs. the PEO CAP to SCT ratio for 2022. The data is divided into quadrants based on the R<sup>2</sup> trendline. Outliers within each quadrant (highlighted in orange) are defined as companies more than two standard deviations from the mean of the quadrant data on either 1-Year TSR or the CAP to SCT ratio.



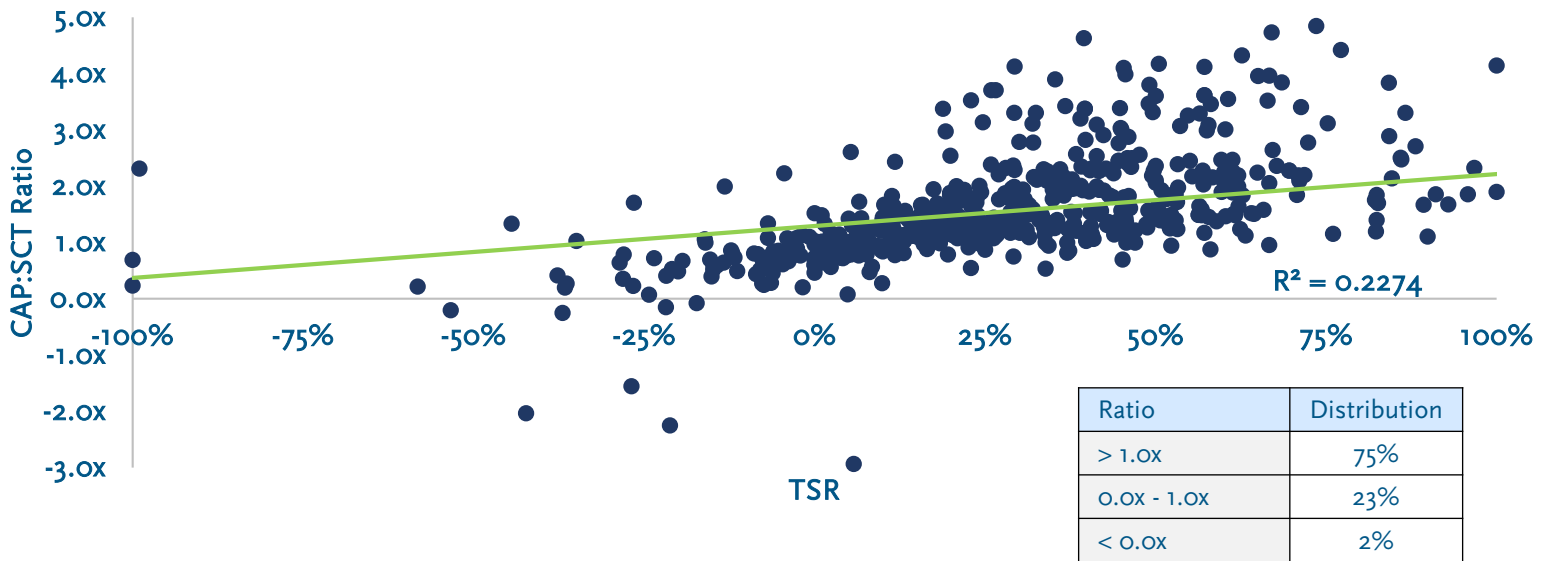
**TRENDS AMONG OUTLIERS**

- The two-standard-deviation methodology identified all companies with a CAP to SCT ratio below -2.0x or above 3.2x as outliers, indicating that larger multiples in either direction are unusual, and the highest concentration of data is between -2.0x and 3.2x, independent of TSR
- 56% of the outliers have a negative TSR, which suggests there is more variability among companies with declining performance than those with increasing performance
- The Energy sector has the most outliers at 21% of the outlier sample with Consumer Discretionary close behind at 19%
- The Utilities sector has no outliers and the Materials and Real Estate sectors each accounted for 2% of outliers
- 4 of the 74 companies (5%) with TSR greater than 25% have a CAP to SCT ratio less than 1.0x, meaning that despite significant stock price gains, the CAP value was lower than the SCT value
- Conversely, 3 of the 151 companies (2%) with TSR less than -25% have a CAP to SCT ratio greater than 1.0x
- Some outliers are positioned along the trend line and are outliers due to being further from the central concentration of data on TSR results

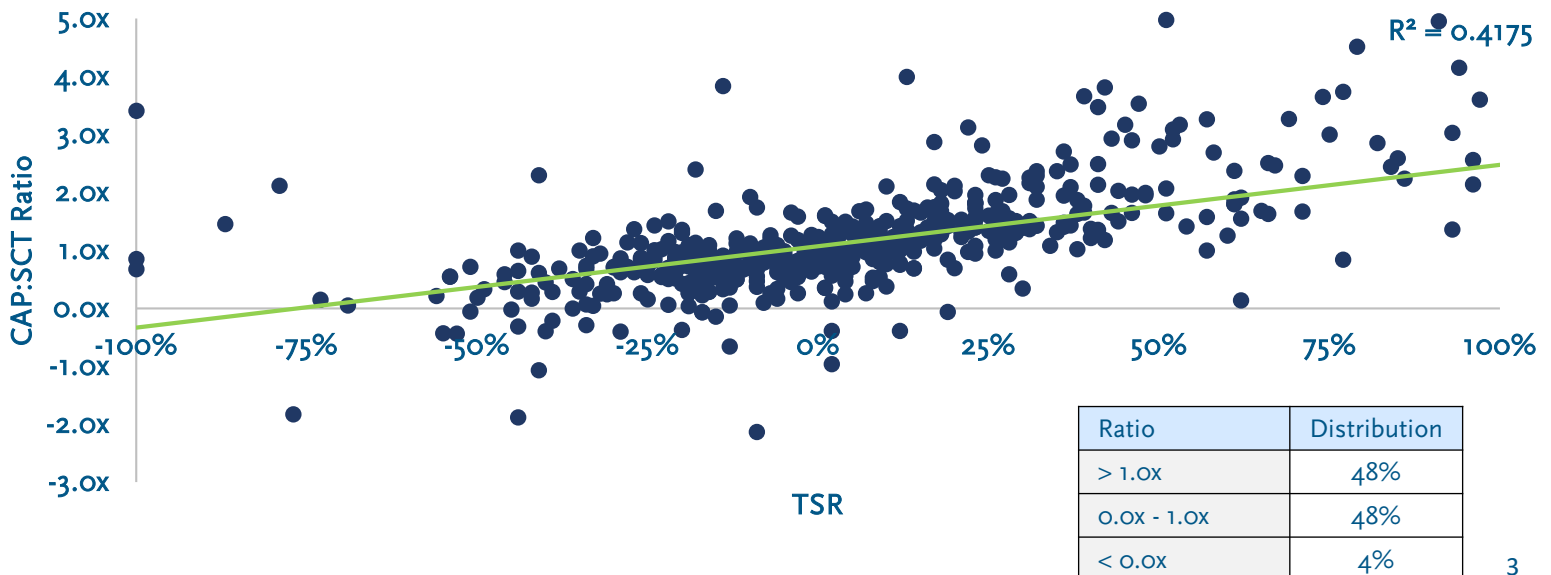
**RELATIONSHIP OF 1-YEAR TSR AND THE PEO CAP TO SCT RATIO (CHARTS CUT-OFF AT -3.0X CAP TO SCT RATIO)**

- In 2021, the sample reported higher TSR on average and a higher percentage of companies had a CAP to SCT ratio above 1.0x; notably, the R<sup>2</sup> for the plot between 1-Year TSR and the ratio was lowest in this high-performance year
- 2020 represents the highest slope relationship between TSR and the ratios
- By comparison, 2022 had the highest R<sup>2</sup>

**2021 1-YEAR TSR VS. PEO CAP TO SCT RATIO**



**2020 1-YEAR TSR VS. PEO CAP TO SCT RATIO**



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