John Butters
VP, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

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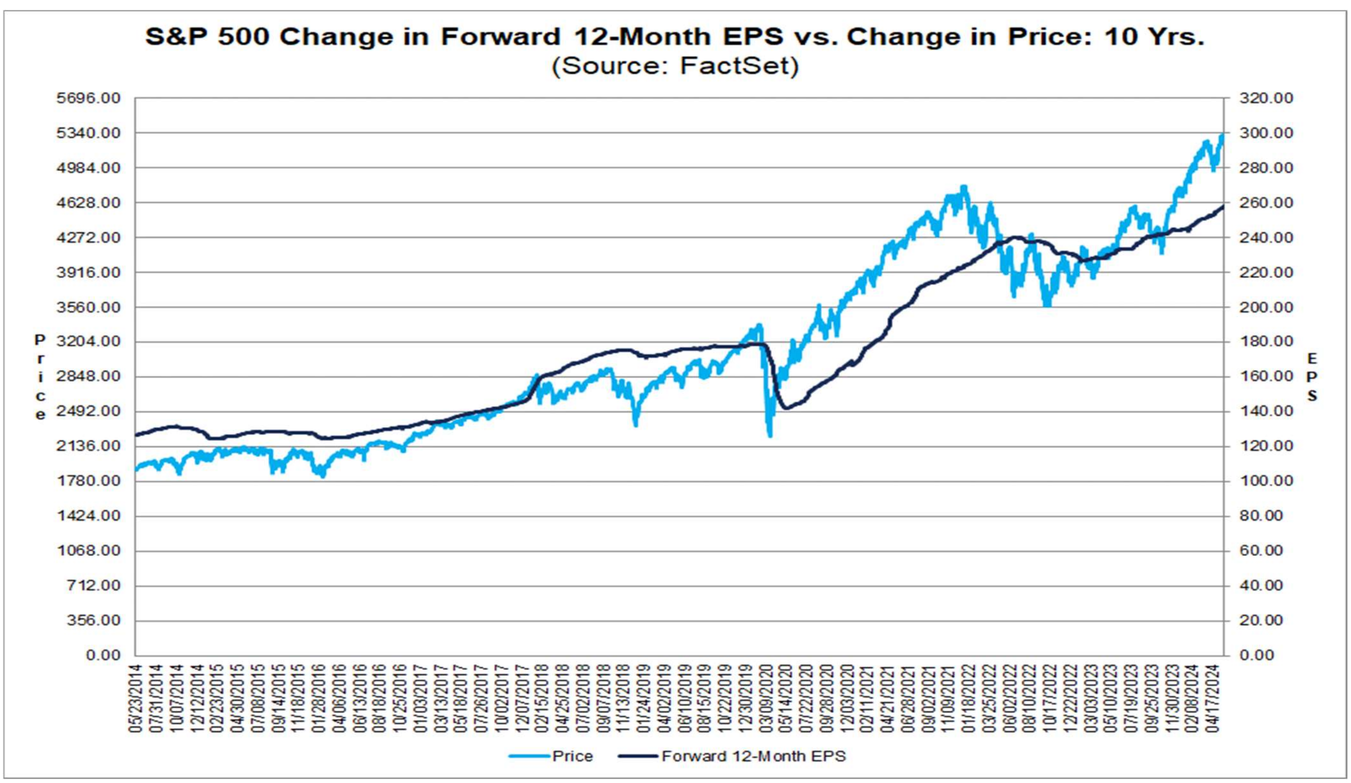
## Key Metrics

- **Earnings Scorecard:** For Q1 2024 (with 96% of S&P 500 companies reporting actual results), 78% of S&P 500 companies have reported a positive EPS surprise and 61% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2024, the blended (year-over-year) earnings growth rate for the S&P 500 is 6.0%. If 6.0% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q1 2022 (9.4%).
- **Earnings Revisions:** On March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2024 was 3.4%. Ten sectors are reporting (or have reported) higher earnings today (compared to March 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q2 2024, 60 S&P 500 companies have issued negative EPS guidance and 41 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 20.5. This P/E ratio is above the 5-year average (19.2) and above the 10-year average (17.8).

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## Topic of the Week

### Highest Number of S&P 500 Companies Citing "AI" on Earnings Calls Over Past 10 Years

Artificial intelligence has been a focus topic for the market. Given the heightened interest, have more S&P 500 companies than normal commented on "AI" during their earnings conference calls for the first quarter?

The answer is yes. FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term "AI" in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from March 15 through May 23.

Of these companies, 199 cited the term "AI" during their earnings call for the first quarter. This number is well above the 5-year average of 80 and the 10-year average of 50.

In fact, this is the highest number of S&P 500 companies citing "AI" on earnings calls going back to at least 2014 (using current index constituents going back in time). The previous record was 182, which occurred in Q2 2023.

For these 199 companies, the average number of times "AI" was mentioned on their earnings calls was 11, while the median number of times "AI" was mentioned on their earnings calls was 5. The term "AI" was mentioned at least 50 times on the earnings calls of 12 S&P 500 companies, led by Meta Platforms (95), NVIDIA (86), and Microsoft (74).

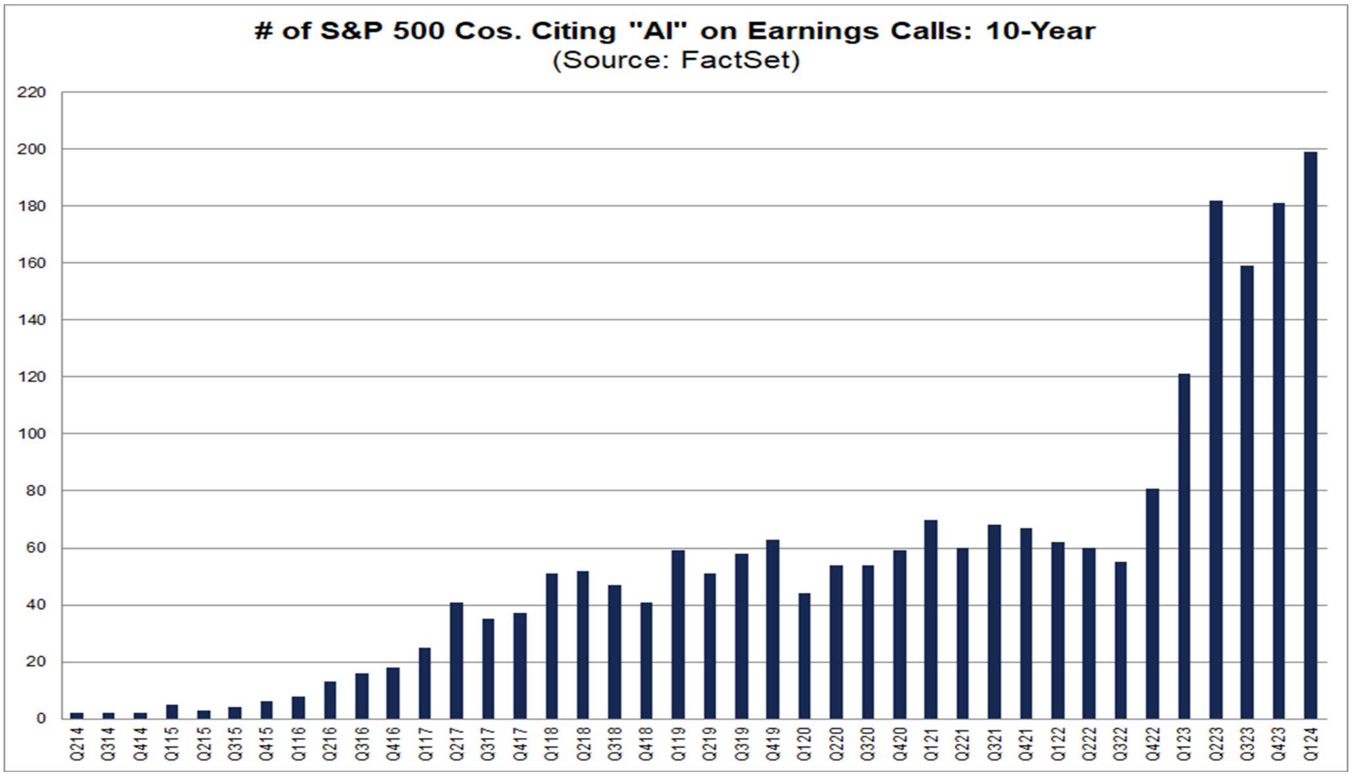
At the sector level, the Information Technology sector has the highest number (50) and percentage (91%) of companies citing "AI" on Q1 earnings calls.

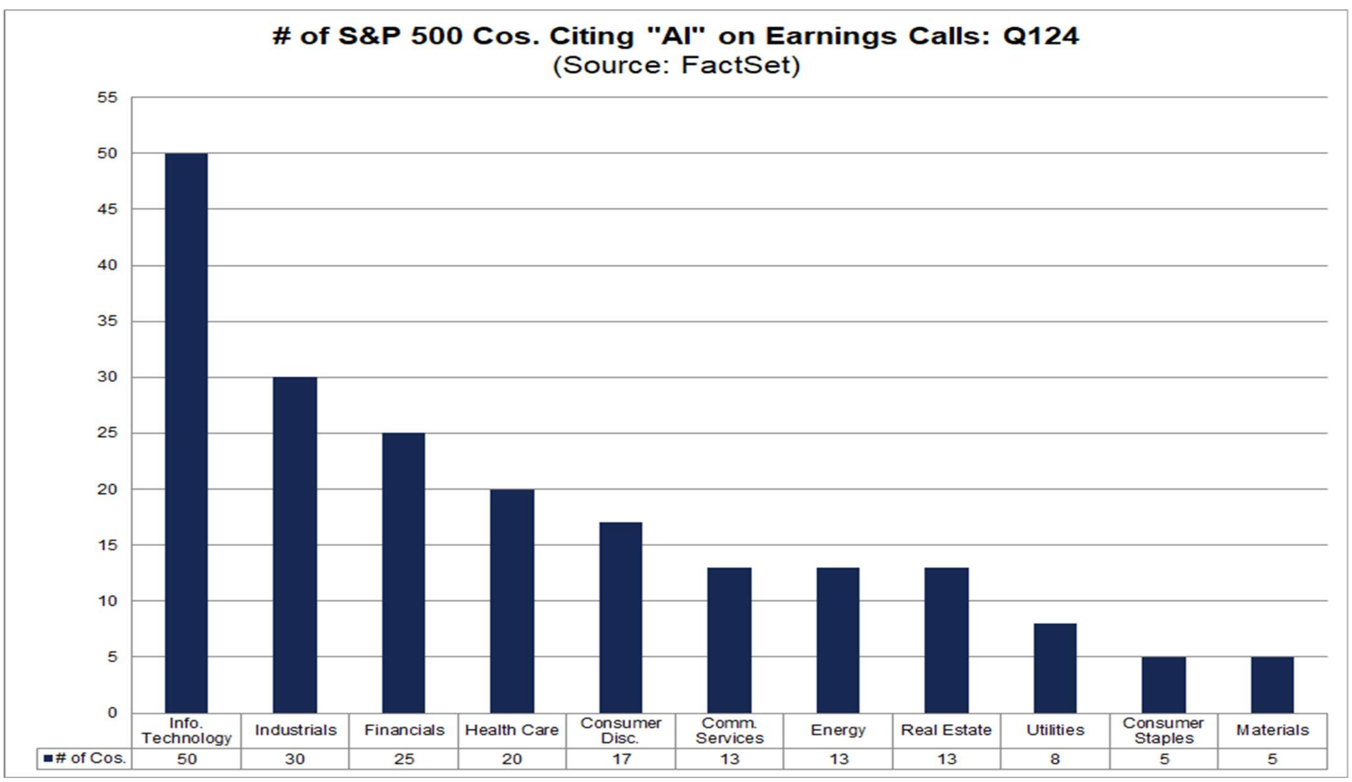
What are these companies saying about artificial intelligence on their earnings calls? Transcript Assistant (FactSet's interactive generative AI solution that extracts the most salient points from earnings call transcripts with questions from users and pre-populated prompts) can be used to answer this question. For more information on Transcript Assistant, please go to: https://insight.factset.com/how-to-drive-faster-earnings-analysis-and-research-with-a-generative-ai-assistant

For example, Transcript Assistant generated the following summary of all the statements about "AI" from the earnings call transcript of Microsoft on April 25:

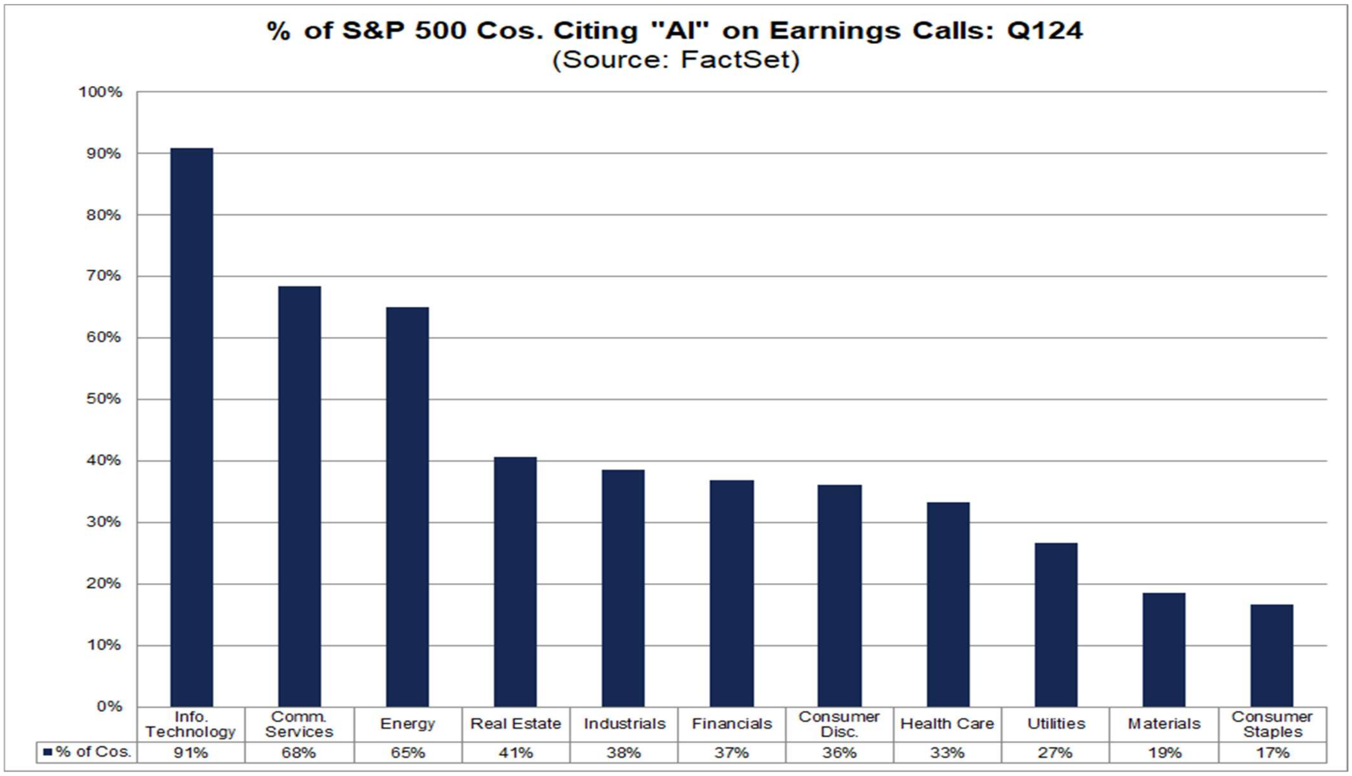
*Microsoft's CEO, Satya Nadella, highlighted the company's record third quarter, driven by the strength of Microsoft Cloud, which surpassed $35 billion in revenue, up 23%. He mentioned that Microsoft's AI offerings, including Microsoft Copilot and Copilot stack, are driving better business outcomes across every role and industry. He also mentioned that Azure continues to gain market share as customers use Microsoft's platforms and tools to build their own AI solutions. Nadella also highlighted the company's strategic partnership with OpenAI, with more than 65% of the Fortune 500 now using Azure OpenAI Service. He also mentioned the company's Models as a Service offering, which makes it easy for developers to use large language models (LLMs) and small language models (SLMs) without having to manage any underlying infrastructure. Nadella also mentioned the company's AI-powered features across its low-code/no-code tools, which makes it easier to build an app, automate workflow, or create a Copilot using natural language. He also mentioned the company's AI-powered collaborative articles on LinkedIn, which have reached over 12 million contributions, are helping increase engagement on the platform.**

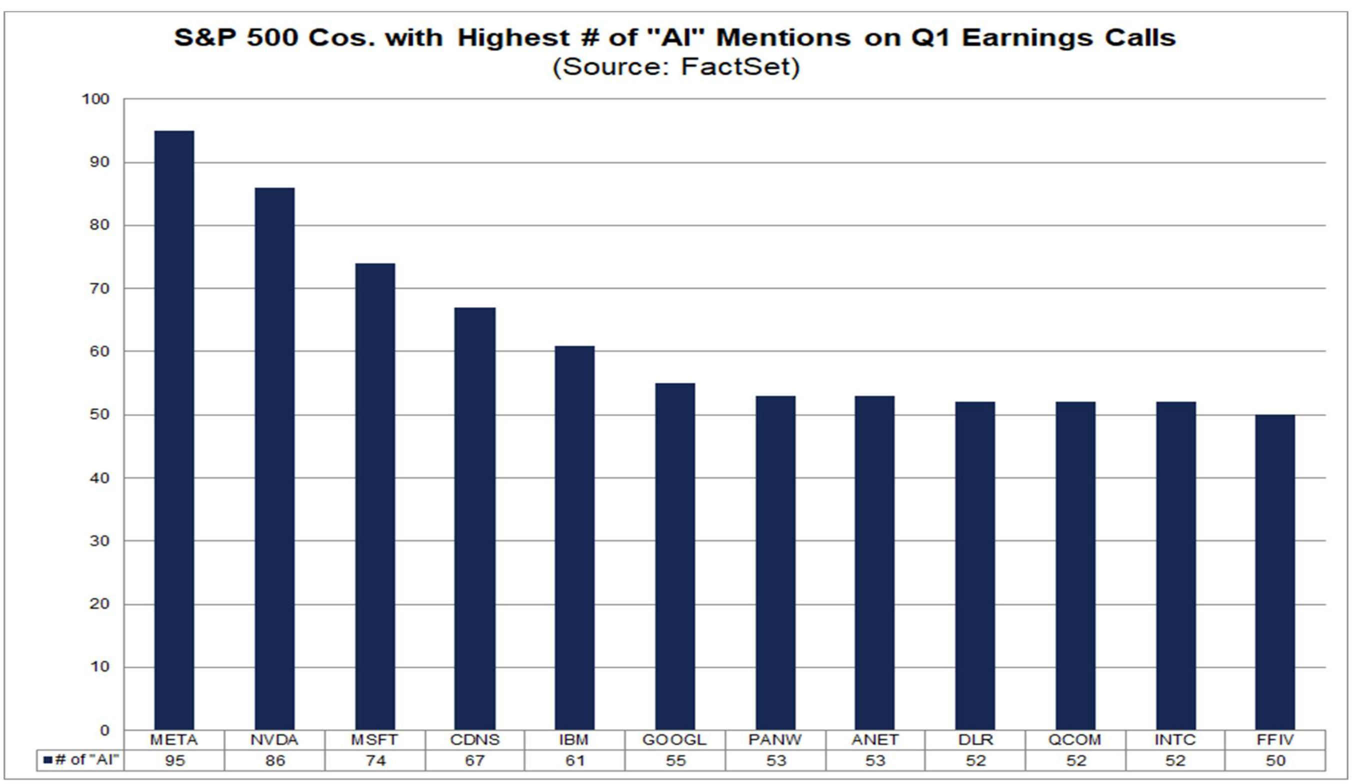
*Results may vary based on prompts used




| | Info. Technology | Industrials | Financials | Health Care | Consumer Disc. | Comm. Services | Energy | Real Estate | Utilities | Consumer Staples | Materials |
|---|---|---|---|---|---|---|---|---|---|---|---|
| # of Cos. | 50 | 30 | 25 | 20 | 17 | 13 | 13 | 13 | 8 | 5 | 5 |


% of S&P 500 Cos. Citing "AI" on Earnings Calls: Q124
(Source: FactSet)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Info. Technology
Comm. Services
Energy
Real Estate
Industrials
Financials
Consumer Disc.
Health Care
Utilities
Materials
Consumer Staples
% of Cos.
91%
68%
65%
41%
38%
37%
36%
33%
27%
19%
17%


S&P 500 Cos. with Highest # of "AI" Mentions on Q1 Earnings Calls
(Source: FactSet)
100
90
80
70
60
50
40
30
20
10
0
META
NVDA
MSFT
CDNS
IBM
GOOGL
PANW
ANET
DLR
QCOM
INTC
FFIV
# of "AI"
95
86
74
67
61
55
53
53
52
52
52
50

## Q1 Earnings Season: By The Numbers

### Overview

At this late stage of the Q1 earnings season, S&P 500 companies continue to perform well compared to expectations. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are above their 10-year averages. As a result, the index is reporting higher earnings for the first quarter today relative to the end of the quarter. On a year-over-year basis, the S&P 500 is reporting its highest earnings growth rate since Q2 2022.

Overall, 96% of the companies in the S&P 500 have reported actual results for Q1 2024 to date. Of these companies, 78% have reported actual EPS above estimates, which is above the 5-year average of 77% and above the 10-year average of 74%. In aggregate, companies are reporting earnings that are 7.5% above estimates, which is below the 5-year average of 8.5% but above the 10-year average of 6.7%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

Since March 31, positive earnings surprises reported by companies in the Communication Services, Financials, Information Technology and Consumer Discretionary sectors, partially offset by downward revisions to EPS estimates for two companies in the Health Care sector, have been the largest contributors to the increase in the earnings growth rate for the index during this period.

As a result, the index is reporting higher earnings for the first quarter today relative to the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the first quarter is 6.0% today, compared to an earnings growth rate of 3.4% at the end of the first quarter (March 31).

If 6.0% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q1 2022 (9.4%).

Eight of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Communication Services, Utilities, Information Technology and Consumer Discretionary sectors. On the other hand, three sectors are reporting (or have reported) a year-over-year decline in earnings: Energy, Health Care, and Materials.

In terms of revenues, 61% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 69% and below the 10-year average of 64%. In aggregate, companies are reporting revenues that are 0.8% above the estimates, which is also below the 5-year average of 2.0% and below the 10-year average of 1.4%. Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

Since March 31, positive revenue surprises reported by companies in the Financials sector have been the largest contributor to the increase in the revenue growth rate for the index during this period.

As a result, the index is reporting higher revenues for the first quarter today relative to the end of the quarter. The blended revenue growth rate for the first quarter is 4.2% today, compared to a revenue growth rate of 3.5% at the end of the first quarter (March 31).

If 4.2% is the actual revenue growth rate for the quarter, it will mark the 14th consecutive quarter of revenue growth for the index.

Eight sectors are reporting (or have reported) year-over-year growth in revenues, led by the Communication Services and Information Technology sectors. On the other hand, three sectors reported a year-over-year decline in revenues, led by the Utilities sector.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 9.3%, 8.3%, and 17.6% for Q2 2024, Q3 2024, and Q4 2024, respectively. For CY 2024, analysts are calling for (year-over-year) earnings growth of 11.4%.

The forward 12-month P/E ratio is 20.5, which is above the 5-year average (19.2) and above the 10-year average (17.8). However, it is below the forward P/E ratio of 21.0 recorded at the end of the first quarter (March 31).

During the upcoming week, 9 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the first quarter.

## Scorecard: Number & Magnitude of Positive EPS Surprises Are Above 10-Year Averages

### Percentage of Companies Beating EPS Estimates (78%) is Above 5-Year Average

Overall, 96% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 78% have reported actual EPS above the mean EPS estimate, 7% have reported actual EPS equal to the mean EPS estimate, and 15% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is equal to the 1-year average (78%), above the 5-year average (77%), and above the 10-year average (74%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Information Technology (88%) and Health Care (87%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (61%) sector has the lowest percentage of companies reporting earnings above estimates.

### Earnings Surprise Percentage (+7.5%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 7.5% above expectations. This surprise percentage is above the 1-year average (+6.4%), below the 5-year average (+8.5%), and above the 10-year average (+6.7%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The Communication Services (+12.5%) sector reported the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Take-Two Interactive ($0.28 vs. $0.09), Paramount Global ($0.62 vs. $0.26), Alphabet ($1.89 vs. $1.51), and Netflix ($5.28 vs. $4.52) reported the largest positive EPS surprises.

The Consumer Discretionary (+11.0%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Hasbro ($0.61 vs. $0.27), Airbnb ($0.41 vs. $0.23), Deckers Outdoor Corporation ($4.95 vs. $2.97), Booking Holdings ($20.39 vs. $13.98), and Norwegian Cruise Line Holdings ($0.16 vs. $0.11) have reported the largest positive EPS surprises.

The Utilities (+10.5%) sector reported the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Pinnacle West Corporation ($0.15 vs. -$0.02), NRG Energy ($3.40 vs. $0.66), AES Corporation ($0.50 vs. $0.34), and Constellation Energy ($1.82 vs. $1.30) reported the largest positive EPS surprises.

The Health Care (+9.0%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Illumina ($0.09 vs. $0.04), Insulet Corporation ($0.73 vs. $0.40) and Pfizer ($0.82 vs. $0.52) have reported the largest positive EPS surprises.

The Consumer Staples (+8.6%) sector is reporting the fifth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Estee Lauder Companies ($0.97 vs. $0.50), Tyson Foods ($0.62 vs. $0.39) and Walgreens Boots Alliance ($1.20 vs. $0.82) have reported the largest positive EPS surprises.

### Market Punishing Negative EPS Surprises More Than Average

To date, the market is rewarding positive earnings surprises reported by S&P 500 companies slightly less than average while punishing negative earnings surprises reported by S&P 500 companies more than average.

Companies that have reported positive earnings surprises for Q1 2024 have seen an average price increase of +0.9% two days before the earnings release through two days after the earnings release. This percentage increase is smaller than the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2024 have seen an average price decrease of -2.8% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

### Percentage of Companies Beating Revenue Estimates (61%) is Below 5-Year Average

In terms of revenues, 61% of companies have reported actual revenues above estimated revenues and 39% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (67%), below the 5-year average (69%), and below the 10-year average (64%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Real Estate (74%) and Health Care (71%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (33%) and Communication Services (45%) sectors have the lowest percentages of companies reporting revenues above estimates.

### Revenue Surprise Percentage (+0.8%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.8% above expectations. This surprise percentage is below the 1-year average (+1.4%), below the 5-year average (+2.0%), and below the 10-year average (+1.4%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Financials (+3.7%) sector reported the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Utilities (-5.3%) sector reported the largest negative (aggregate) differences between actual revenues and estimated revenues.

## Revisions: Communication Services Sector Has Seen Largest Increase in Earnings since March 31

### Communication Services Sector Has Seen Largest Increase in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2024 of 6.0% is above the estimate of 3.4% at the end of the first quarter (March 31). Ten sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Communication Services (to 33.9% from 19.2%), Utilities (to 33.4% from 24.2%), and Consumer Discretionary (to 24.7% from 16.3%) sectors. The Communication Services, Financials, Information Technology, and Consumer Discretionary sectors have been the largest contributors to the increase in earnings for the index since March 31. On the other hand, the Health Care (to -25.4% from -7.1%) sector is the only sector that has recorded a decrease in its earnings growth rate or an increase in its earnings decline since the end of the quarter due to downward revisions to EPS estimates or negative earnings surprises. The Health Care sector has also been the largest detractor to the increase in earnings for the index since March 31.

In the Communication Services sector, the positive EPS surprises reported by Alphabet ($1.89 vs. $1.51) and Meta Platforms ($4.71 vs. $4.32) have been substantial contributors to the increase earnings for the index since March 31. As a result, the blended earnings growth rate for the Communication Services sector has improved to 33.9% from 19.2% over this period.

In the Financials sector, the positive EPS surprises reported by Berkshire Hathaway ($5.19 vs. $4.47), Goldman Sachs ($11.58 vs. $8.73), JPMorgan Chase ($4.44 vs. $4.17), and Morgan Stanley ($2.02 vs. $1.67) have been significant contributors to the increase in earnings for the index since March 31. As a result, the blended earnings growth rate for the Financials sector has improved to 7.7% from 1.7% over this period.

In the Information Technology sector, the positive EPS surprises reported by NVIDIA ($6.12 vs. $5.60) and Microsoft ($2.94 vs. $2.82) has been significant contributors to the increase in earnings for the index since March 31. As a result, the blended earnings growth rate for the Information Technology sector improved to 25.4% from 20.4% over this period.

In the Consumer Discretionary sector, the positive EPS surprises reported by Amazon.com ($0.98 vs. $0.84) and General Motors ($2.62 vs. $2.13) have been substantial contributors to the increase in earnings for the index since March 31. As a result, the blended earnings growth rate for the Consumer Discretionary sector improved to 24.7% from 16.3% over this period.

In the Health Care sector, downward revisions to EPS estimates for Bristol Myers Squibb and Gilead Sciences have been the largest detractors to the increase in the earnings growth rate for the index since March 31. During the week of April 8, the majority of analysts covering Bristol Myers Squibb lowered their non-GAAP EPS estimates to reflect IPR&D charges related to the acquisition of Karuna Therapeutics. As a result, the mean EPS estimate for Bristol Myers Squibb for Q1 dropped to -$4.41 from $1.60 (on April 5). The company reported actual EPS of -$4.40. During the week of April 15, the majority of analysts covering Gilead Sciences lowered their non-GAAP EPS estimates to reflect the acquisition of CymaBay. As a result, the mean EPS estimate for Gilead Sciences for Q1 dropped to -$1.49 from $1.58 (on April 12). The company reported actual EPS of -$1.32. Mainly due to the decrease in the mean EPS estimates for Bristol Myers Squibb and Gilead Sciences, the blended earnings decline for the Health Care sector has increased to -25.4% from -7.1% over this period.

### Financials Sector Has Seen Largest Increase in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2024 of 4.2% is above the estimate of 3.5% at the end of the first quarter (March 31). Eight sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Financials (to 7.2% from 3.2%) sector. The Financials sectors has also been the largest contributor to the increase in revenues for the index since the end of the quarter. On the other hand, three sectors have recorded a decrease in their revenue growth rate or an increase in their revenue decline since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Utilities (to -7.8% from -3.3%) sector.

In the Financials sector, the positive revenue surprises reported by Prudential ($18.05 billion vs. $14.50 billion), Berkshire Hathaway ($89.89 billion vs. $87.04 billion), Progressive ($18.96 billion vs. $17.00 billion), Aflac ($5.44 billion vs. $4.14 billion), Goldman Sachs ($14.21 billion vs. $12.94 billion), and Synchrony Financial ($4.80 billion vs. $3.89 billion) have been substantial contributors to the increase in revenues for the index since March 31. As a result, the blended revenue growth rate for the Financials sector has increased to 7.2% from 3.2% over this period.

## Earnings Growth: 6.0%

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report), year-over-year earnings growth rate for Q1 2024 is 6.0%, which is below the 5-year average earnings growth rate of 9.1% and below the 10-year average earnings growth rate of 8.3%. If 6.0% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q1 2022 (9.4%).

Eight of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Communication Services, Utilities, Information Technology, and Consumer Discretionary sectors. On the other hand, three sectors are reporting (or have reported) a year-over-year decline in earnings: Energy, Health Care, and Materials sectors.

### Communication Services: Alphabet and Meta Platforms Led Year-Over-Year Growth

The Communication Services sector reported the highest (year-over-year) earnings growth rate of all eleven sectors at 33.9%. At the industry level, 3 of the 5 industries in the sector reported year-over-year earnings growth. All three of these industries reported double-digit growth: Interactive Media & Services (70%), Wireless Telecommunication Services (22%), and Media (12%). On the other hand, two industries reported a year-over-year decline in earnings: Diversified Telecommunication Services (-6%) and Entertainment (-4%).

At the company level, Alphabet ($1.89 vs. $1.17) and Meta Platforms ($4.71 vs. $2.20) were the largest contributors to earnings growth for the sector. If these two companies were excluded, the blended (year-over-year) earnings growth rate for the Communication Services sector would fall to 1.8% from 33.9%.

### Utilities: Electric Utilities Industry Was Largest Contributor to Year-Over-Year Growth

The Utilities sector reported the second-highest (year-over-year) earnings growth rate of all eleven sectors at 33.4%. At the industry level, 4 of 5 industries in this sector reported year-over-year earnings growth. Three of these four industries reported double-digit growth: Independent Power and Renewable Electricity Producers (142%), Electric Utilities (58%), and Gas Utilities (21%). The Multi-Utilities industry (less than -1%) is the only industry that reported a year-over-year decline in earnings.

At the industry level, the Electric Utilities industry was the largest contributor to earnings growth for the sector. If this industry were excluded, the blended (year-over-year) earnings growth rate for the Utilities sector would fall to 4.9% from 33.4%.

### Information Technology: NVIDA Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 25.4%. At the industry level, 4 of the 6 industries in the sector are reporting (or have reported) year-over-year earnings growth. Three of these four industries are reporting (or have reported) double-digit growth: Semiconductors & Semiconductor Equipment (87%), Software (19%), and IT Services (12%). On the other hand, two industries have reported a year-over-year decline in earnings: Electronic Equipment, Instruments, & Components (-6%) and Communications Equipment (-6%).

At the company level, NVIDIA ($6.12 vs. $1.09) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended (year-over-year) earnings growth rate for the Information Technology sector would fall to 11.1% from 25.4%.

NVIDIA is also the largest contributor to earnings growth for the entire S&P 500. If this company were excluded, the blended earnings growth rate for the index would fall to 3.3% from 6.0%.

### Consumer Discretionary: Amazon.com Is Largest Contributor to Year-Over-Year Growth

The Consumer Discretionary sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 24.7%. At the industry level, 6 of the 9 industries in the sector are reporting (or have reported) year-over-year earnings growth. Five of these six industries reported double-digit growth: Leisure Products (6,025%), Broadline Retail (183%), Hotels, Restaurants, & Leisure (48%), Household Durables (23%), and Automobile Components (17%). On the other hand, three industries are reporting (or have reported) a year-over-year decline in earnings. Two of these three industries reported a double-digit decrease: Automobiles (-23%) and Distributors (-11%).

At the company level, Amazon.com ($0.98 vs. $0.31) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended (year-over-year) earnings growth rate for the Consumer Discretionary sector would fall to 2.7% from 24.7%.

### Energy: 2 of 5 Sub-Industries Reported Year-Over-Year Decline of 25% or More

The Energy sector reported the largest (year-over-year) earnings decline of all eleven sectors at -25.5%. At the sub-industry level, four of the five sub-industries in the sector reported a year-over-year decrease in earnings: Oil & Gas Refining & Marketing (-61%), Integrated Oil & Gas (-27%), Oil & Gas Exploration & Production (-9%), and Oil & Gas Storage & Transportation (-1%). On the other hand, the Oil & Gas Equipment & Services (19%) sub-industry is the only sub-industry in the sector that reported year-over-year earnings growth.

### Health Care: Bristol Myers Squibb Is Largest Contributor to Year-Over-Year Decline

The Health Care sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -25.4%. At the industry level, 4 of the 5 industries in the sector are reporting (or have reported) a year-over-year decline in earnings. Two of these four industries reported a double-digit decrease: Pharmaceuticals (-54%) and Biotechnology (-41%). On the other hand, the Health Care Equipment & Supplies (6%) industry is the only industry reporting year-over-year growth in earnings.

At the company level, Bristol Myers Squibb (-$4.40 vs. $2.05) is the largest contributor to the earnings decline for the sector. If this company were excluded, the blended (year-over-year) earnings decline for the Health Care sector would improve to -6.9% from -25.4%.

Bristol Myers Squibb is also the largest detractor to earnings growth for the entire S&P 500. If this company were excluded, the blended earnings growth rate for the index would improve to 8.9% from 6.0%.

### Materials: All 4 Industries Reported Year-Over-Year Decline of More Than 10%

The Materials sector reported the second-largest (year-over-year) earnings decline of all eleven sectors at -20.6%. At the industry level, all four industries in this sector reported a year-over-year decline in earnings of more than 10%: Chemicals (-24%), Containers & Packaging (-19%), Construction Materials (-14%), and Metals & Mining (-13%).

## Revenue Growth: 4.2%

The blended (year-over-year) revenue growth rate for Q1 2024 is 4.2%, which is below the 5-year average revenue growth rate of 6.7% and below the 10-year average revenue growth rate of 5.1%. If 4.2% is the actual revenue growth rate for the quarter, it will mark the 14th consecutive quarter of revenue growth for the index.

At the sector level, eight sectors are reporting (or have reported) year-over-year growth in revenues, led by the Communication Services and Information Technology sectors. On the other hand, three sectors reported a year-over-year decline in revenues, led by the Utilities sector.

### Communication Services: 2 of 5 Industries Reported Year-Over-Year Growth

The Communication Services sector reported the highest (year-over-year) revenue growth rate of all eleven sectors at 8.2%. At the industry level, two of the five industries in this sector reported year-over-year growth in revenues. However, the Interactive Media & Services (17%) industry is the only industry that reported double-digit growth. On the other hand, the other three industries in the sector reported year-over-year declines in revenue of less than 1%.

### Information Technology: 3 of 6 Industries Reporting Year-Over-Year Growth

The Information Technology sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 8.1%. At the industry level, 3 of the 6 industries in the sector are reporting (or have reported) year-over-year revenue growth. Two of these three industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (29%) and Software (14%). On the other hand, 3 industries are reporting (or have reported) a year-over-year decline in revenues, led by the Communications Equipment (-8%) and Electronic Equipment, Instruments, & Components (-7%) industries.

### Utilities: 3 of 5 Industries Reported Year-Over-Year Decline

The Utilities sector reported the largest (year-over-year) revenue decline of all eleven sectors at -7.8%. At the industry level, 3 of 5 industries in this sector reported a year-over-year decline in revenues. However, the Multi-Utilities (-18%) industry is the only industry that reported a double-digit decline. On the other hand, the Water Utilities (8%) and Gas Utilities (7%) industries are the only industries that reported year-over-year growth in revenues.

## Net Profit Margin: 11.8%

The blended net profit margin for the S&P 500 for Q1 2024 is 11.8%, which is above the previous quarter's net profit margin of 11.2%, above the 5-year average of 11.5%, and above the year-ago net profit margin of 11.6%.

At the sector level, eight sectors are reporting (or have reported) a year-over-year increase in their net profit margins in Q1 2024 compared to Q1 2023, led by the Utilities (14.9% vs. 10.3%), Information Technology (26.0% vs. 22.4%), and Communication Services (13.5% vs. 10.9%) sectors. On the other hand, three sectors are reporting (or have reported) a year-over-year decrease in their net profit margins in Q1 2024 compared to Q1 2023: Energy (9.6% vs. 12.5%), Health Care (6.5% vs. 9.3%), and Materials (9.4% vs. 11.2%).

Eight sectors are reporting (or have reported) net profit margins in Q1 2024 that are above their 5-year averages, led by the Information Technology (26.0% vs. 23.4%) and Communication Services (13.5% vs. 11.5%) sectors. On the other hand, three sectors are reporting (or have reported) net profit margins in Q1 2024 that are below their 5-year averages, led by the Health Care (6.5% vs. 10.0%) and Materials (9.4% vs. 10.9%) sectors.

## Forward Estimates and Valuation

### Quarterly Guidance: % of S&P 500 Companies Issuing Negative Guidance for Q2 Equals 5-Year Average

At this point in time, 101 companies in the index have issued EPS guidance for Q2 2024. Of these 101 companies, 60 have issued negative EPS guidance and 41 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2024 is 59% (60 out of 101), which is equal to the 5-year average of 59% but below the 10-year average of 63%.

At this point in time, 269 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 269 companies, 127 have issued negative EPS guidance and 142 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 47% (127 out of 269).

The term "guidance" (or "preannouncement") is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

### Earnings: S&P 500 Expected to Report Earnings Growth of 11% for CY 2024

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 6.0% and year-over-year growth in revenues of 4.2%.

For Q2 2024, analysts are projecting earnings growth of 9.3% and revenue growth of 4.7%.

For Q3 2024, analysts are projecting earnings growth of 8.3% and revenue growth of 4.9%.

For Q4 2024, analysts are projecting earnings growth of 17.6% and revenue growth of 5.5%.

For CY 2024, analysts are projecting earnings growth of 11.4% and revenue growth of 5.0%.

For CY 2025, analysts are projecting earnings growth of 14.2% and revenue growth of 5.9%.

### Valuation: Forward P/E Ratio is 20.5, Above the 10-Year Average (17.8)

The forward 12-month P/E ratio for the S&P 500 is 20.5. This P/E ratio is above the 5-year average of 19.2 and above the 10-year average of 17.8. However, it is below the forward 12-month P/E ratio of 21.0 recorded at the end of the first quarter (March 31). Since the end of the first quarter (March 31), the price of the index has increased by 0.3%, while the forward 12-month EPS estimate has increased by 2.7%. At the sector level, the Information Technology (28.5) and Consumer Discretionary (23.5) sectors have the highest forward 12-month P/E ratios, while the Energy (12.0) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 25.3, which is above the 5-year average of 23.3 and above the 10-year average of 21.4.

### Targets & Ratings: Analysts Project 13% Increase in Price Over Next 12 Months

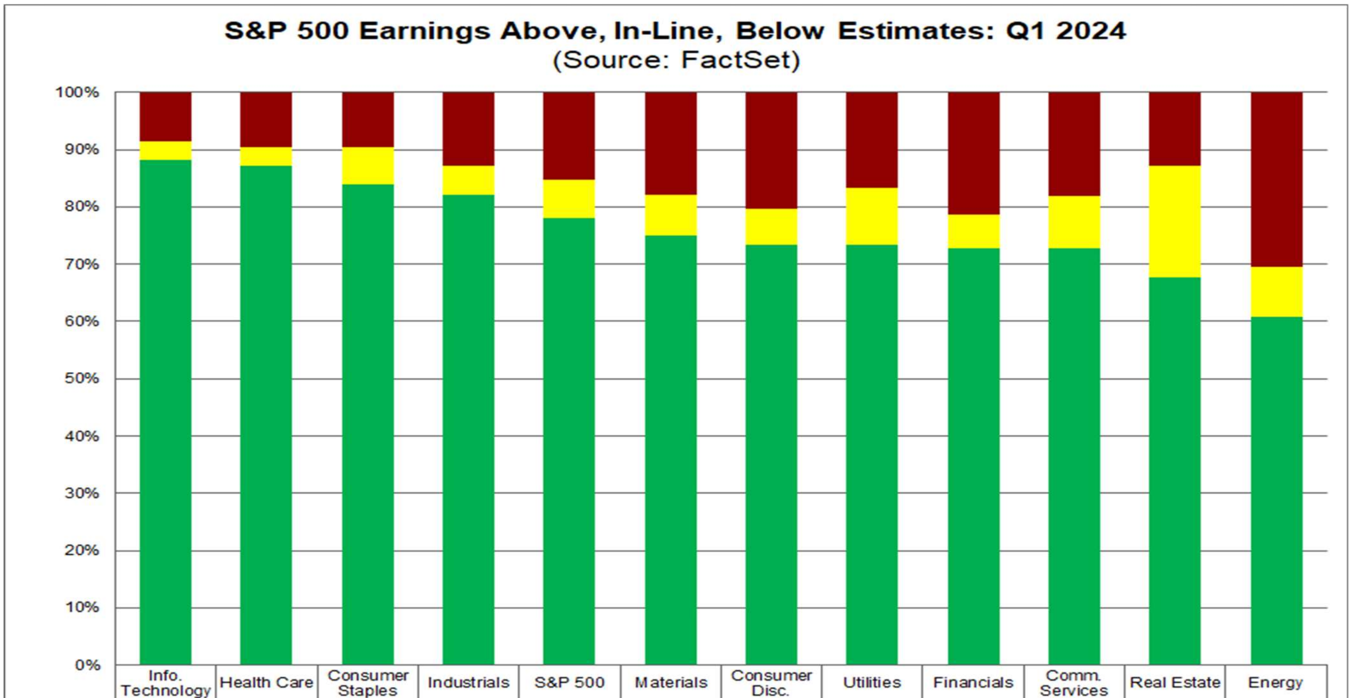
The bottom-up target price for the S&P 500 is 5935.12, which is 12.7% above the closing price of 5267.84. At the sector level, the Consumer Discretionary (+18.8%) and  Energy (+18.8%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Utilities (+6.4%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 11,700 ratings on stocks in the S&P 500. Of these 11,700 ratings, 54.6% are Buy ratings, 40.3% are Hold ratings, and 5.1% are Sell ratings. At the sector level, the Communication Services (64%) and Energy (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) and Materials (46%) sectors have the lowest percentages of Buy ratings.

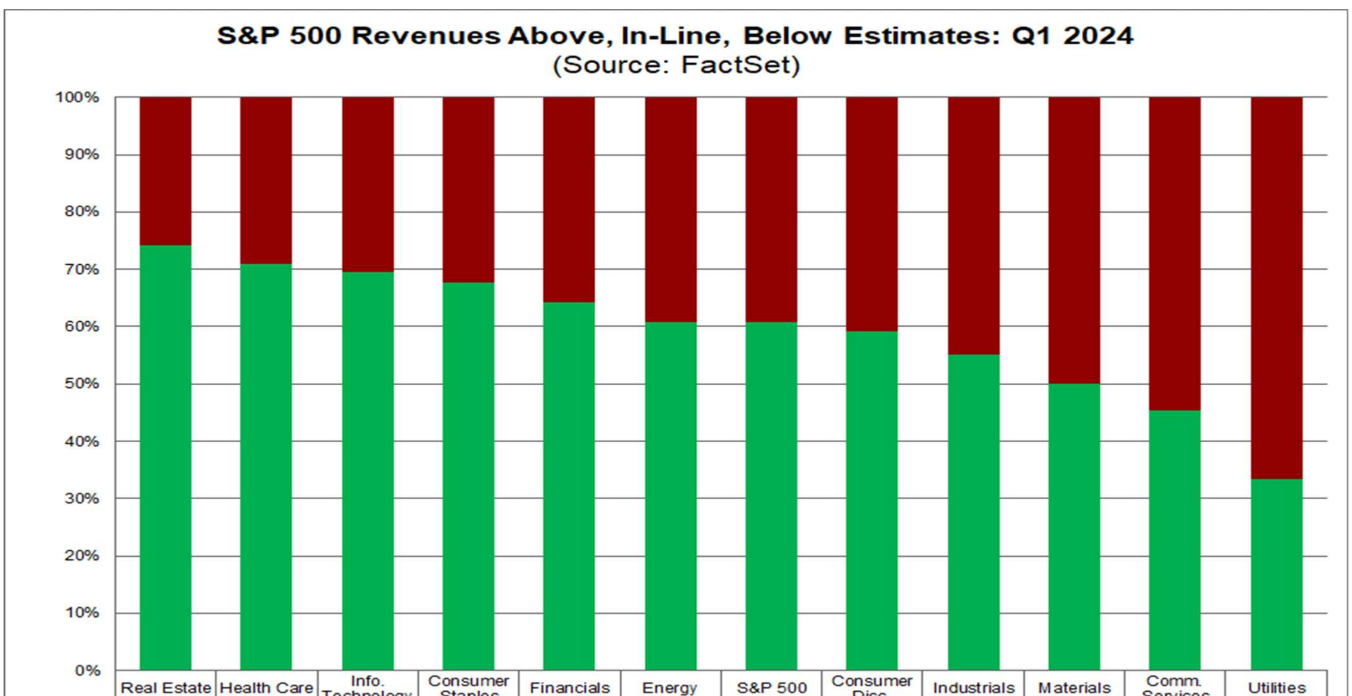
### Companies Reporting Next Week: 9

During the upcoming week, 9 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the first quarter.

## Q1 2024: Scorecard

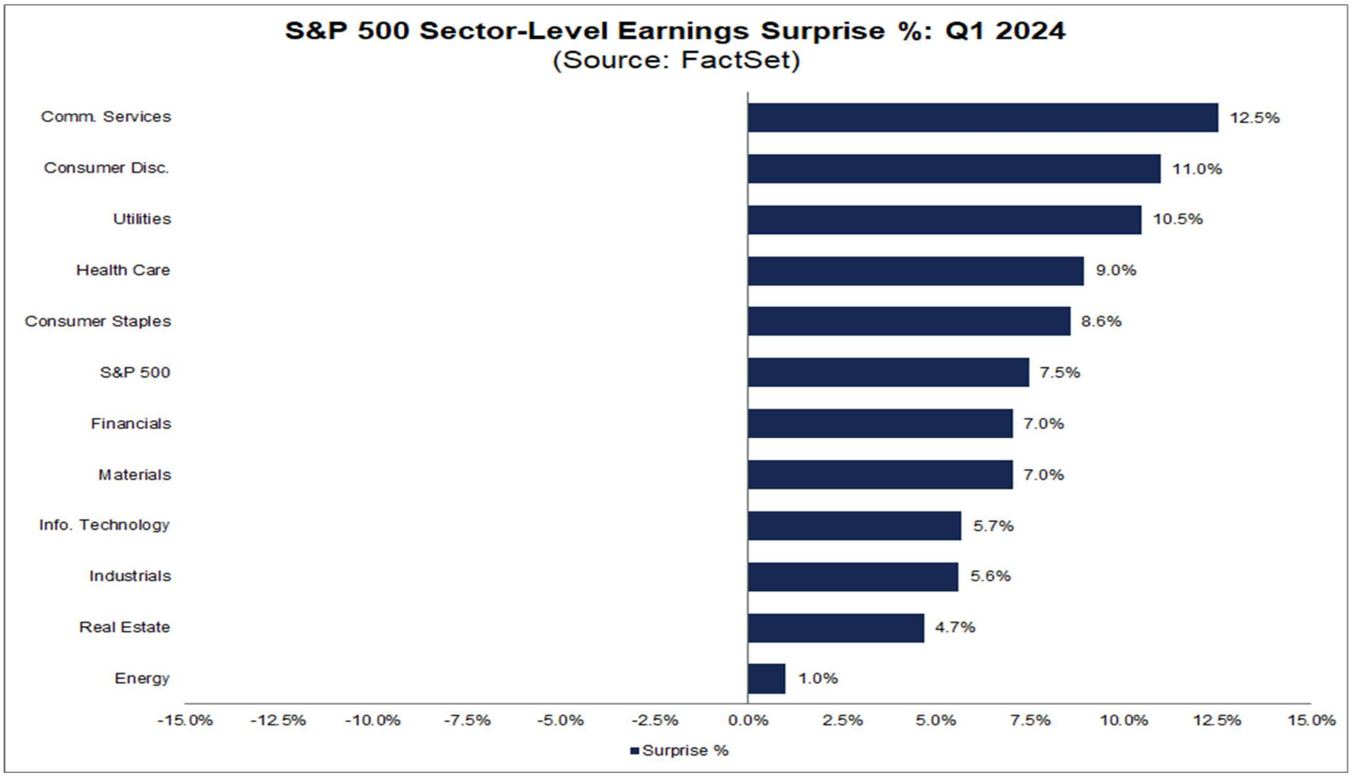


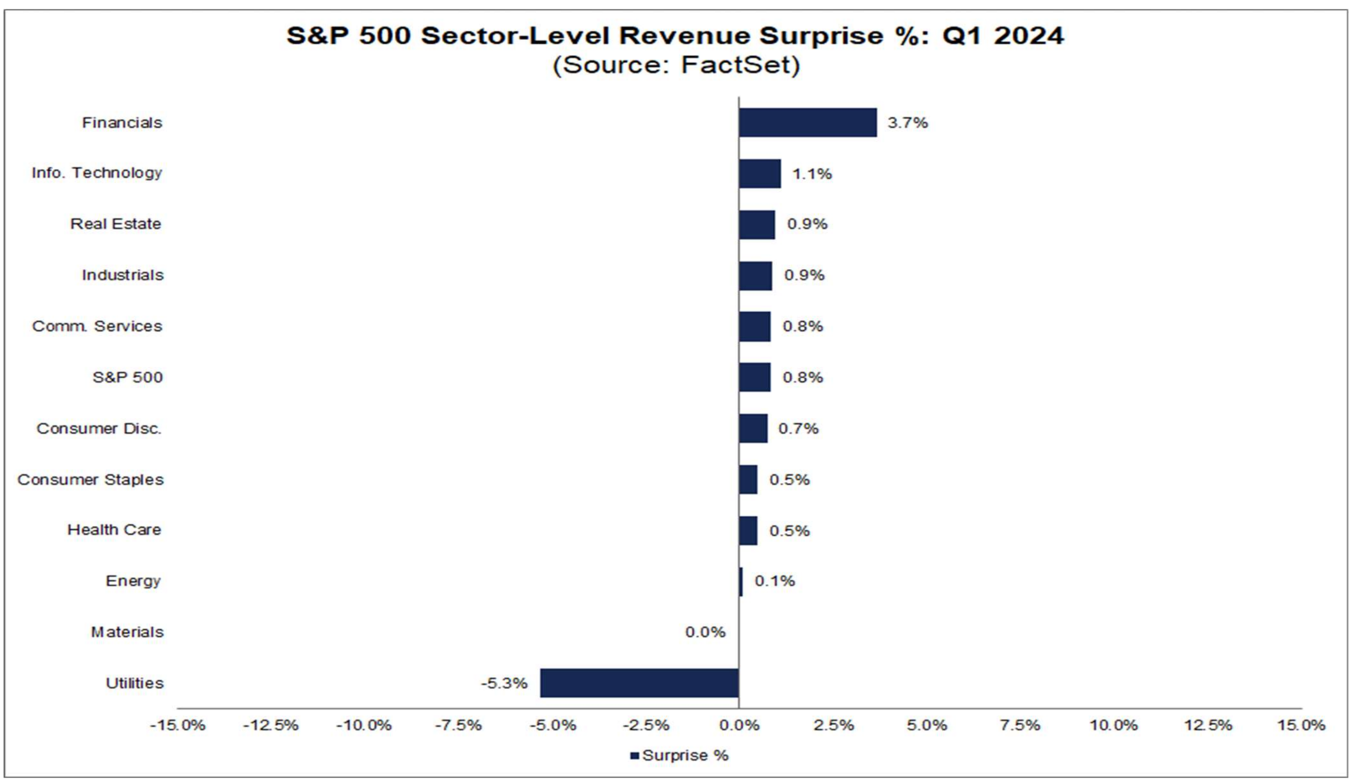

| | Info. Technology | Health Care | Consumer Staples | Industrials | S&P 500 | Materials | Consumer Disc. | Utilities | Financials | Comm. Services | Real Estate | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Below | 8% | 10% | 10% | 13% | 15% | 18% | 20% | 17% | 21% | 18% | 13% | 30% |
| In-Line | 3% | 3% | 6% | 5% | 7% | 7% | 6% | 10% | 6% | 9% | 19% | 9% |
| Above | 88% | 87% | 84% | 82% | 78% | 75% | 73% | 73% | 73% | 73% | 68% | 61% |



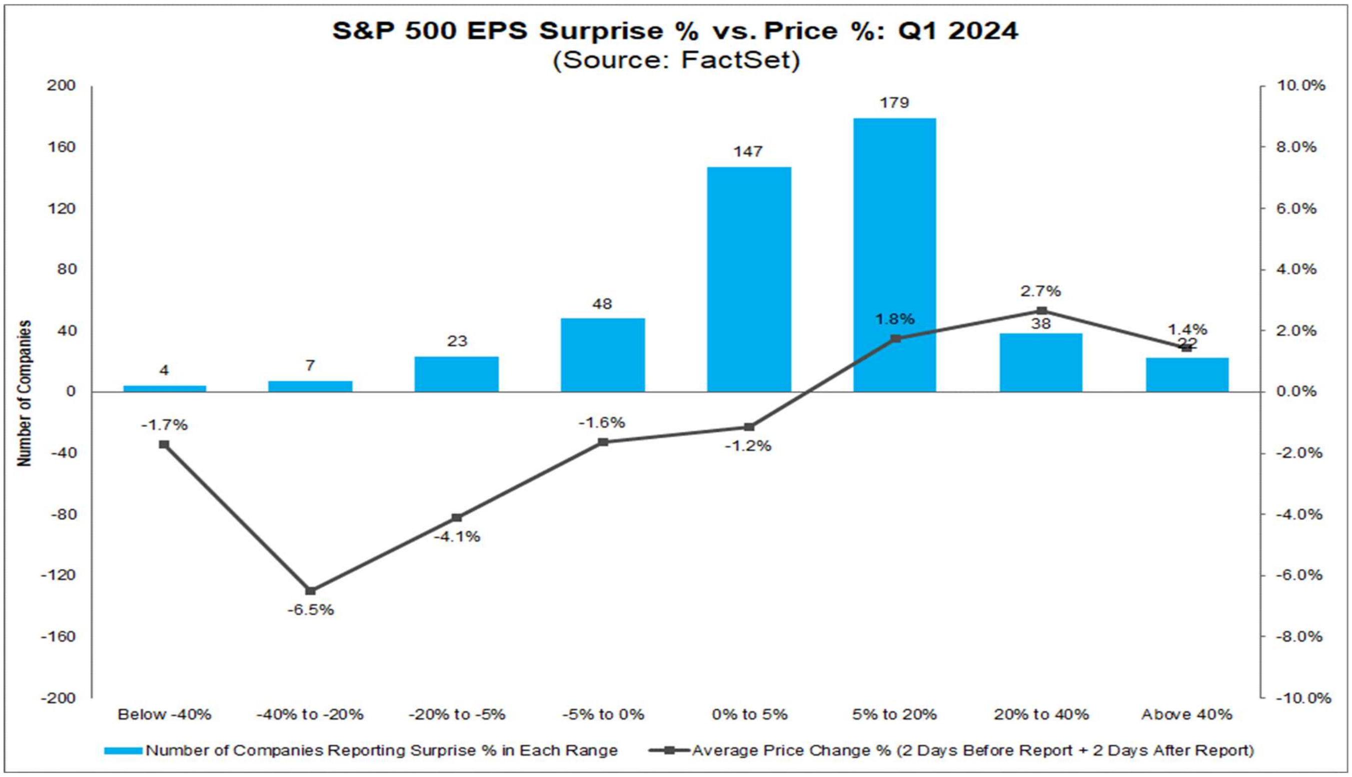

| | Real Estate | Health Care | Info. Technology | Consumer Staples | Financials | Energy | S&P 500 | Consumer Disc. | Industrials | Materials | Comm. Services | Utilities |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Below | 26% | 29% | 31% | 32% | 36% | 39% | 39% | 41% | 45% | 50% | 55% | 67% |
| In-Line | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Above | 74% | 71% | 69% | 68% | 64% | 61% | 61% | 59% | 55% | 50% | 45% | 33% |

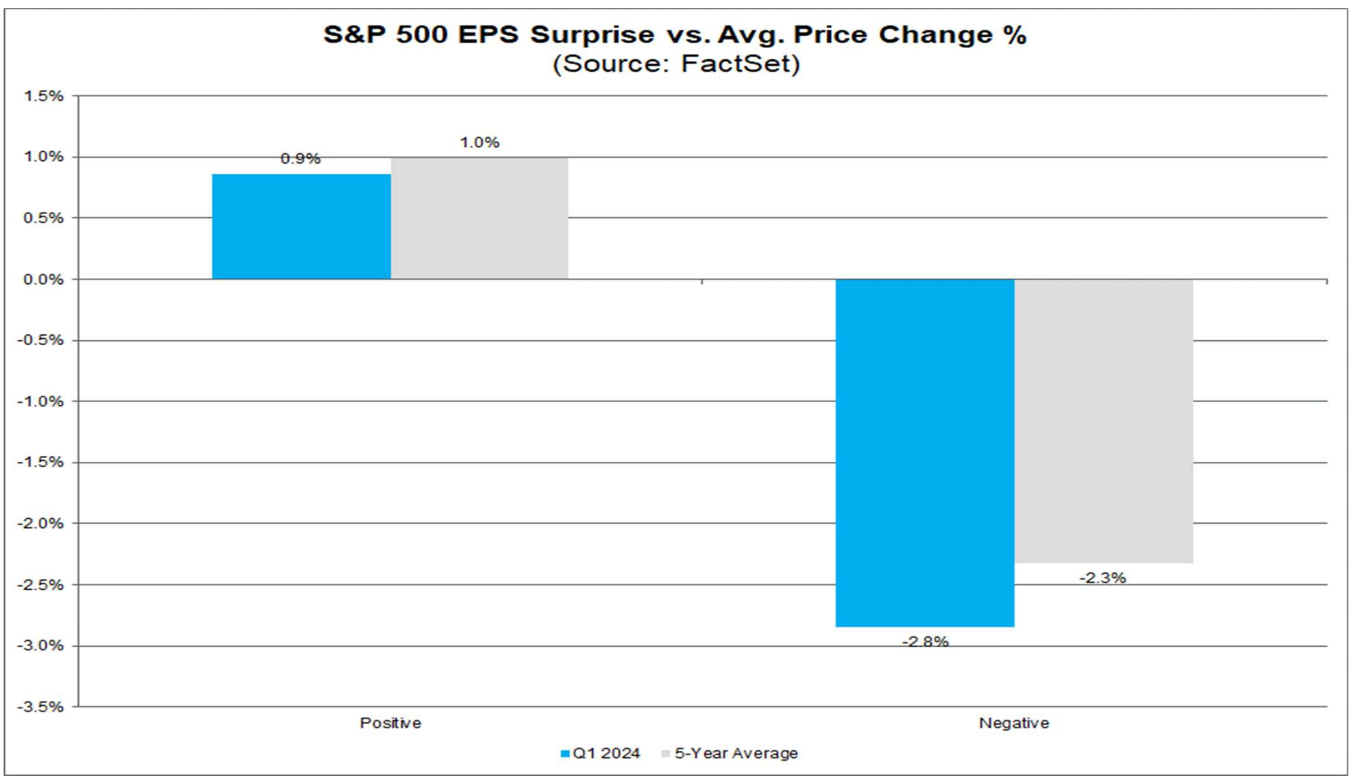
## Q1 2024: Surprise



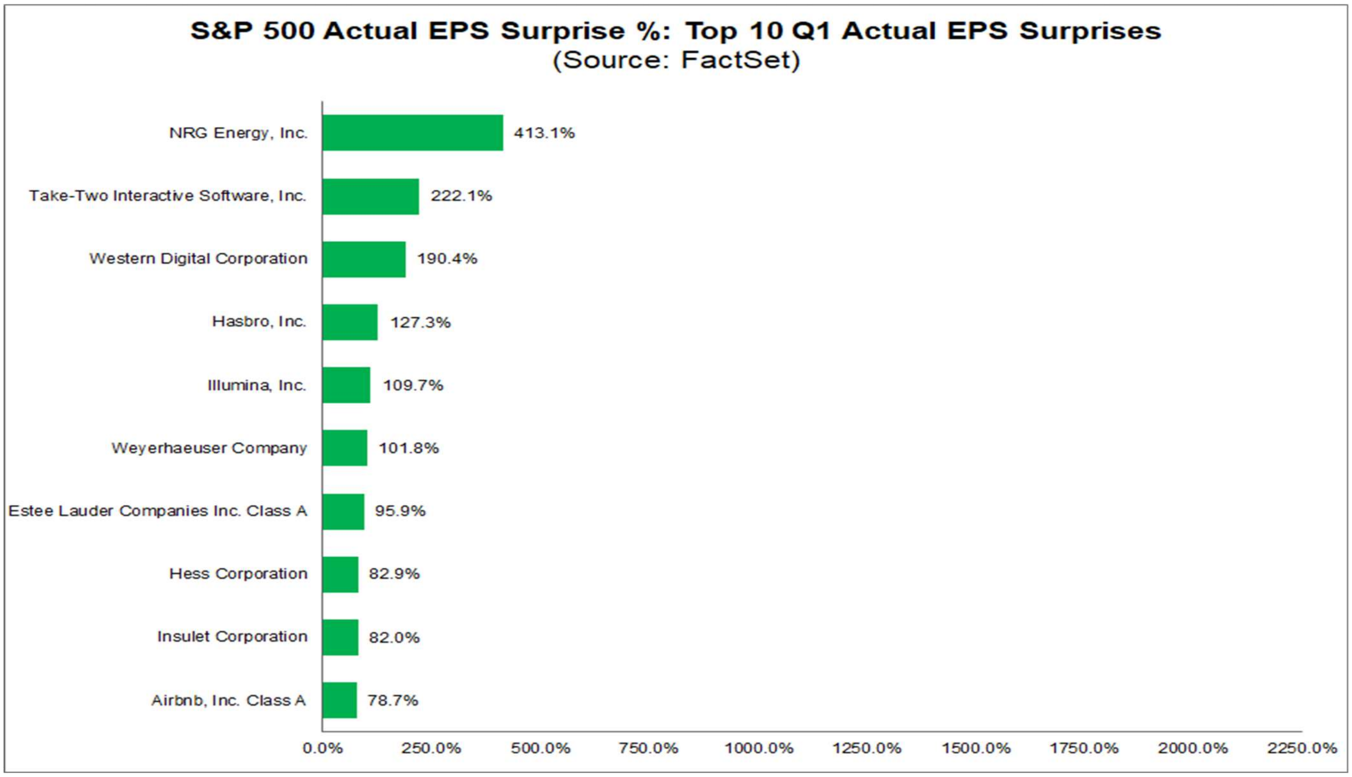



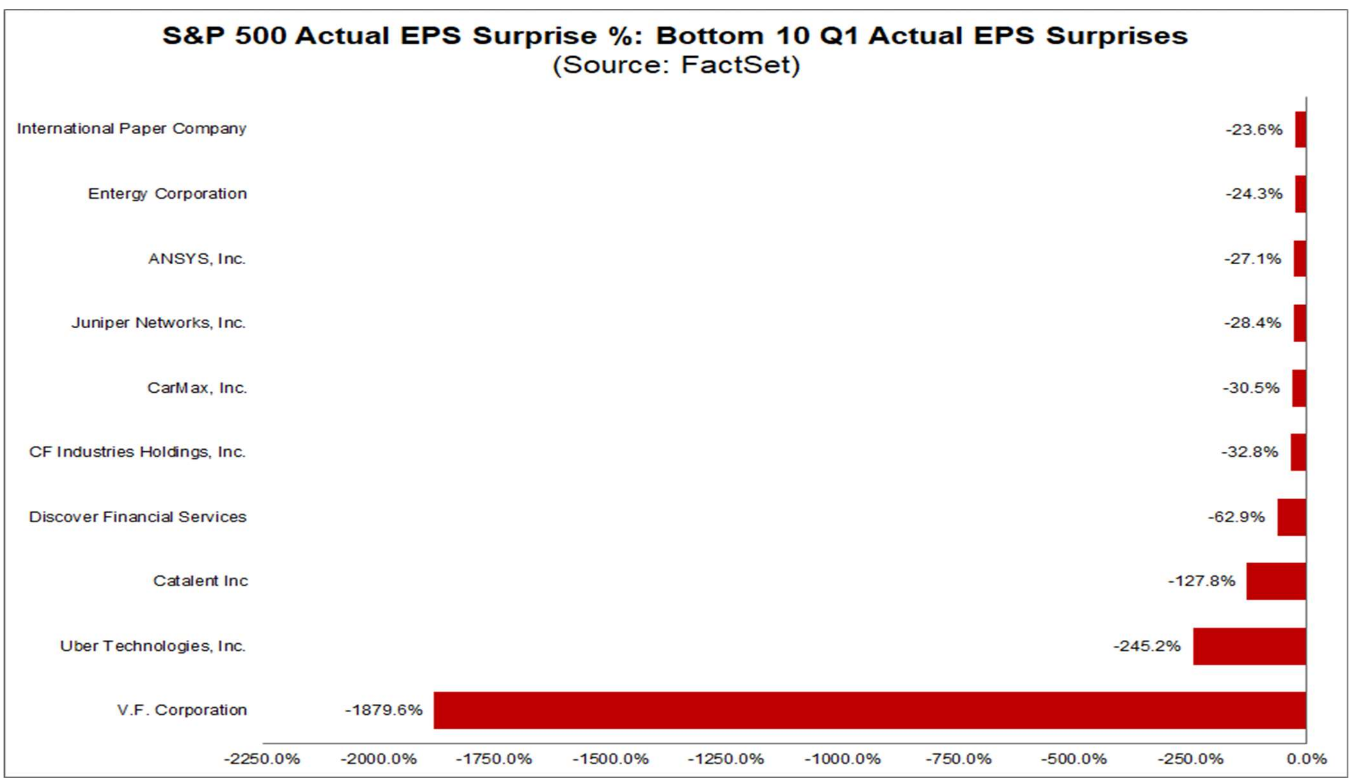
## Q1 2024: Surprise



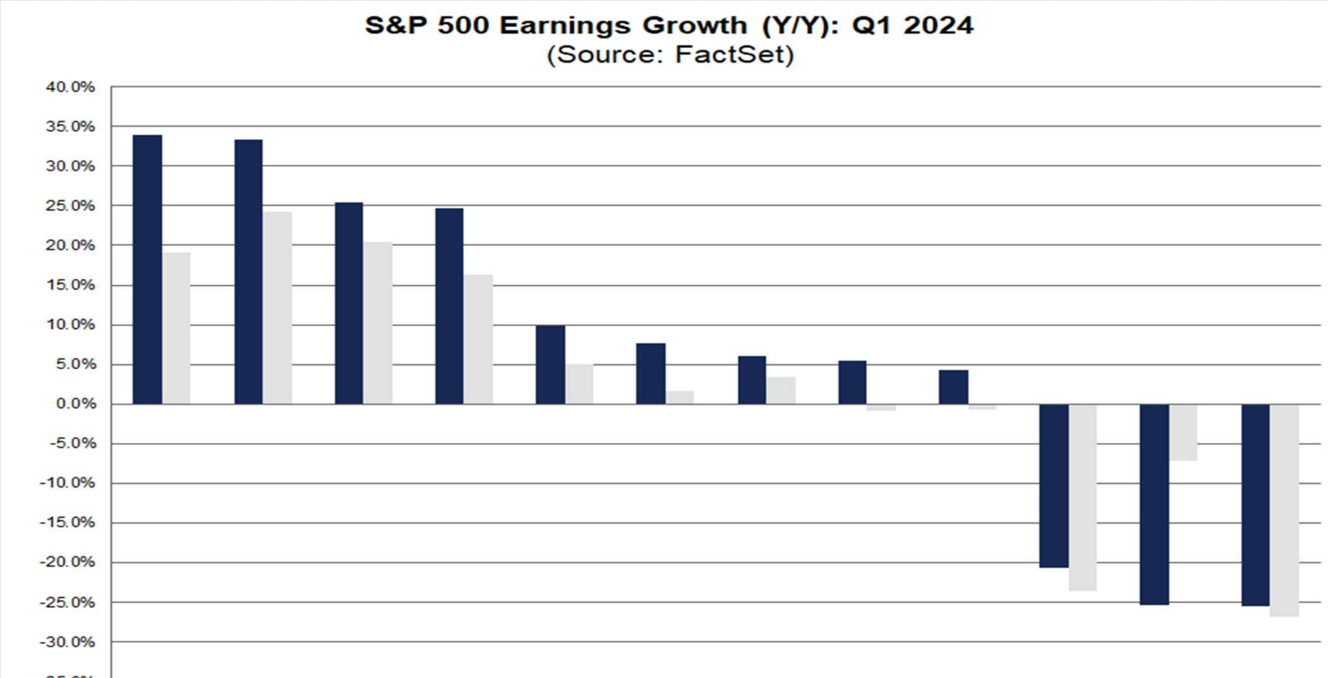



## Q1 2024: Surprise

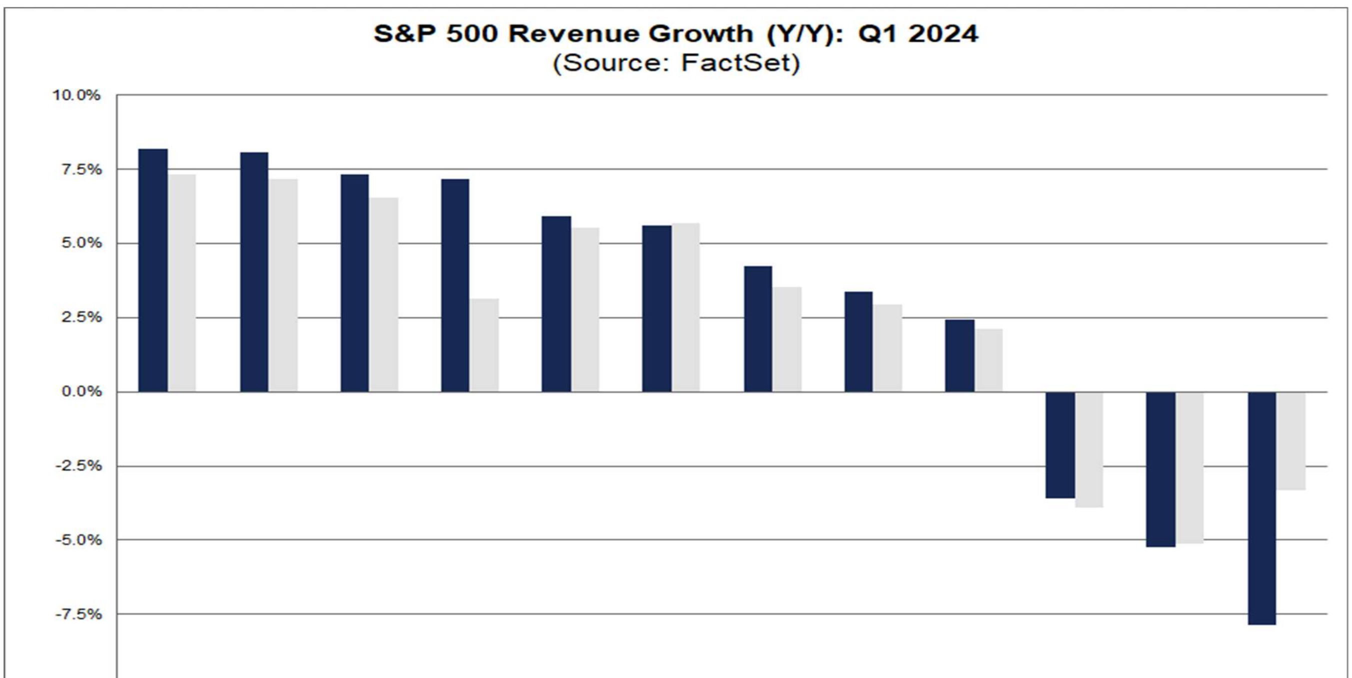


## Q1 2024: Growth

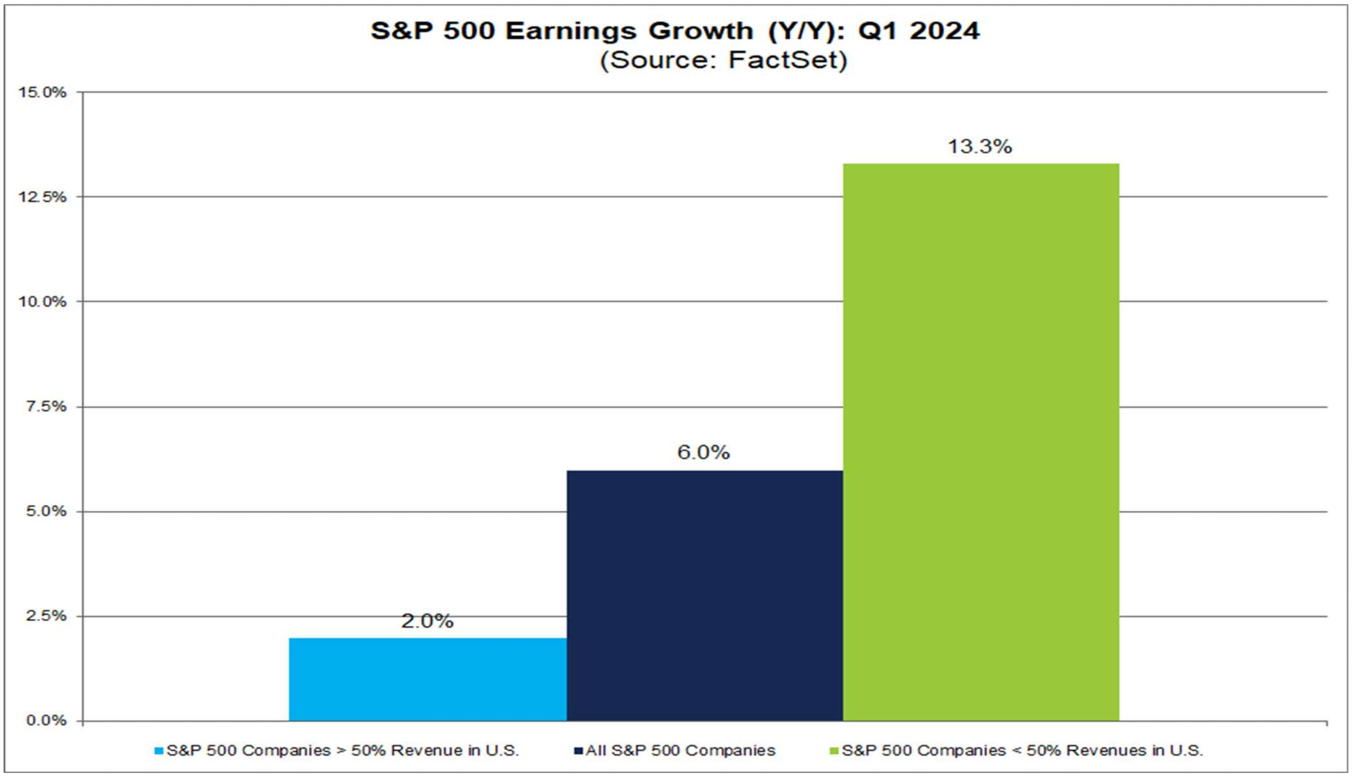


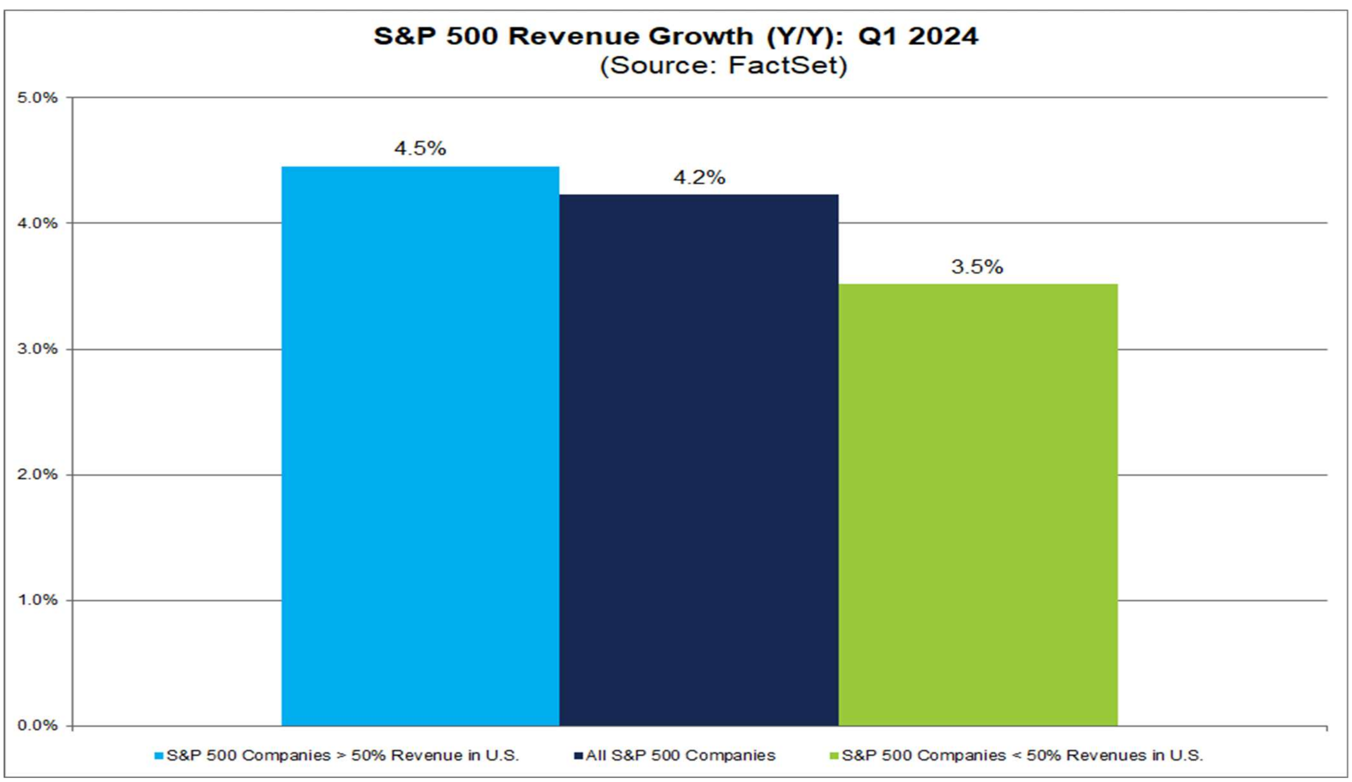

| | Comm. Services | Utilities | Info. Technology | Consumer Disc. | Real Estate | Financials | S&P 500 | Consumer Staples | Industrials | Materials | Health Care | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 33.9% | 33.4% | 25.4% | 24.7% | 9.9% | 7.7% | 6.0% | 5.5% | 4.3% | -20.6% | -25.4% | -25.5% |
| 31-Mar | 19.2% | 24.2% | 20.4% | 16.3% | 5.1% | 1.7% | 3.4% | -0.8% | -0.6% | -23.6% | -7.1% | -26.8% |



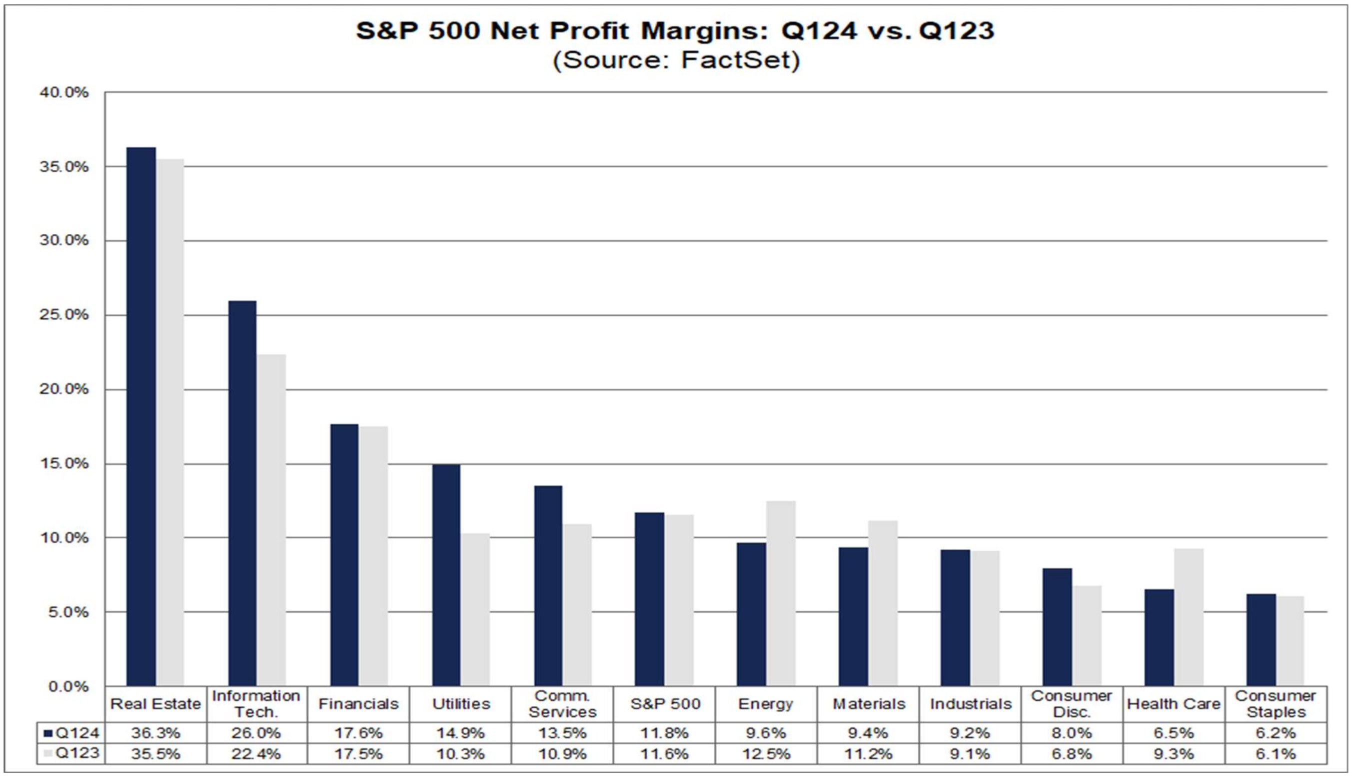

| | Comm. Services | Info. Technology | Real Estate | Financials | Health Care | Consumer Disc. | S&P 500 | Industrials | Consumer Staples | Energy | Materials | Utilities |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 8.2% | 8.1% | 7.3% | 7.2% | 5.9% | 5.6% | 4.2% | 3.4% | 2.4% | -3.6% | -5.2% | -7.8% |
| 31-Mar | 7.3% | 7.2% | 6.5% | 3.2% | 5.5% | 5.7% | 3.5% | 2.9% | 2.1% | -3.9% | -5.1% | -3.3% |

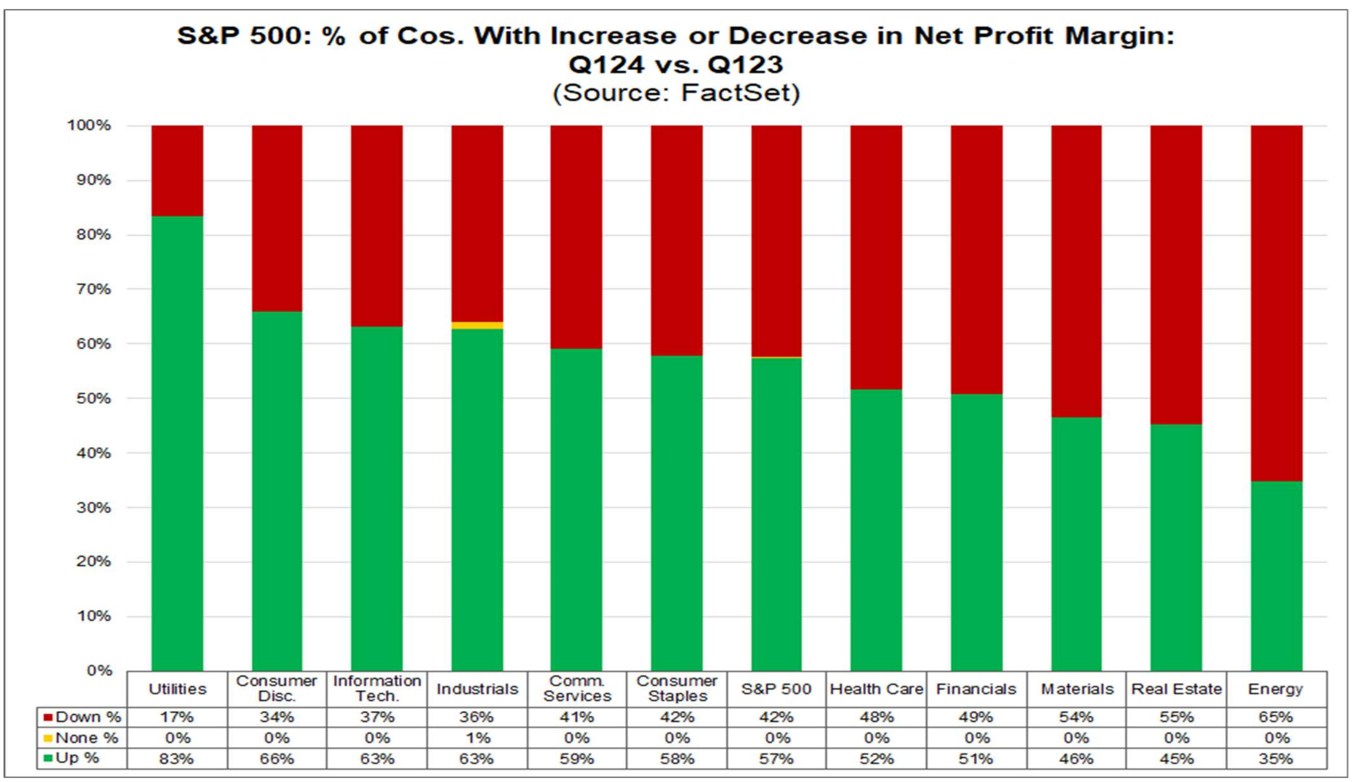
## Q1 2024: Growth



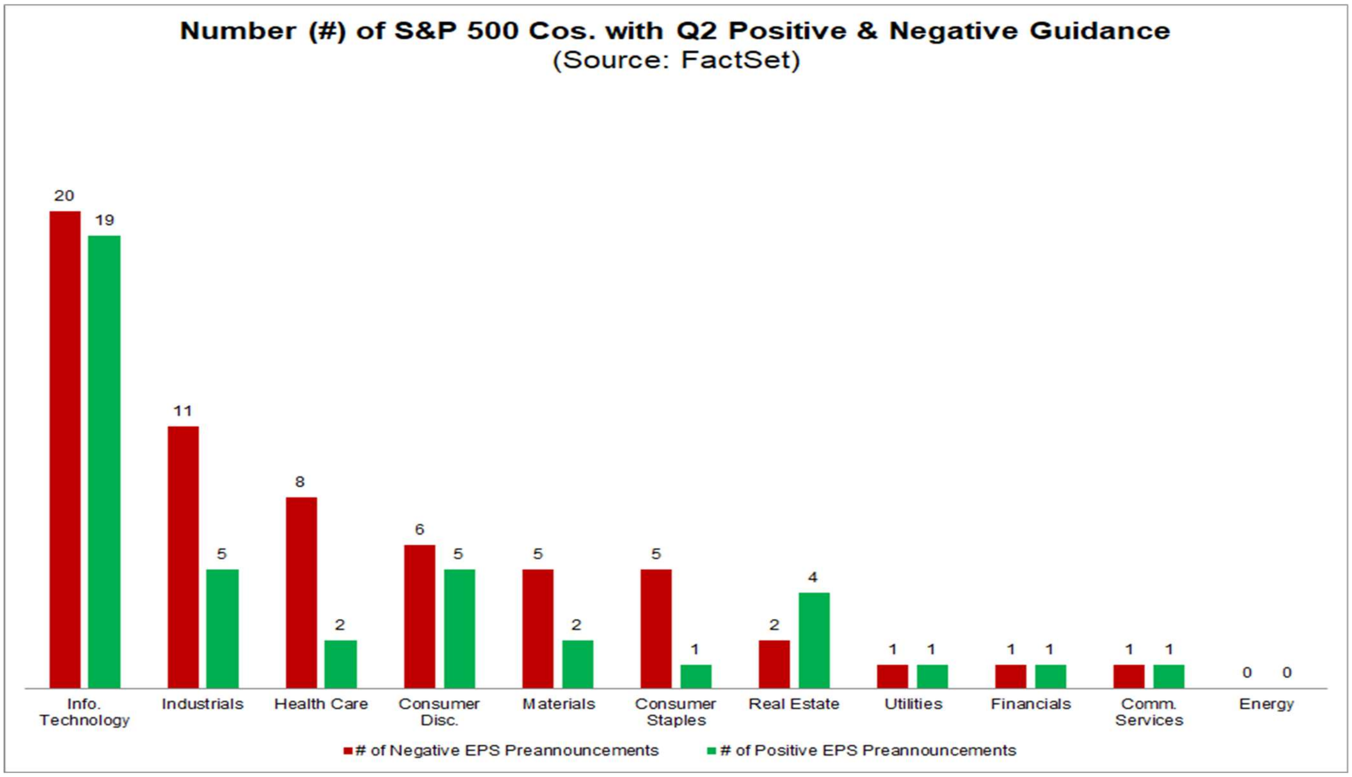



## Q1 2024: Net Profit Margin



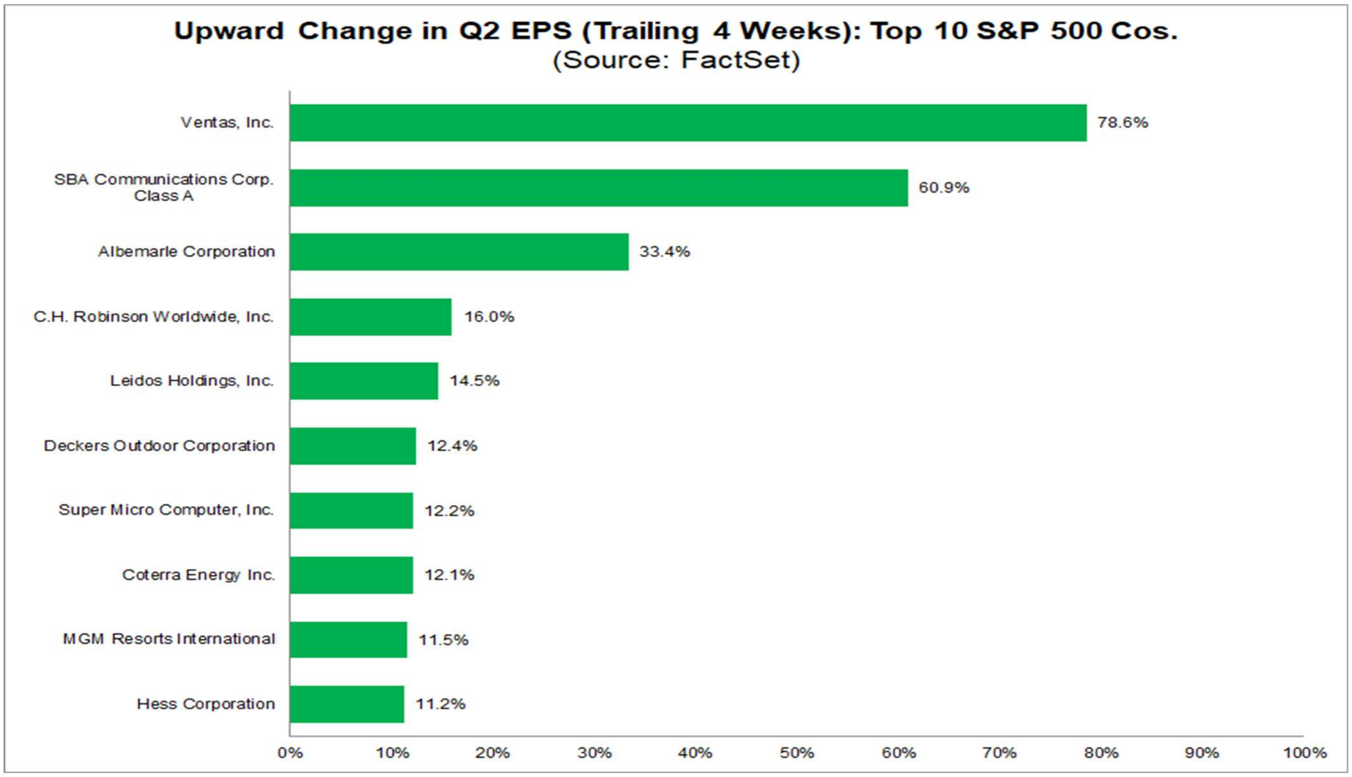
## Q2 2024: Guidance

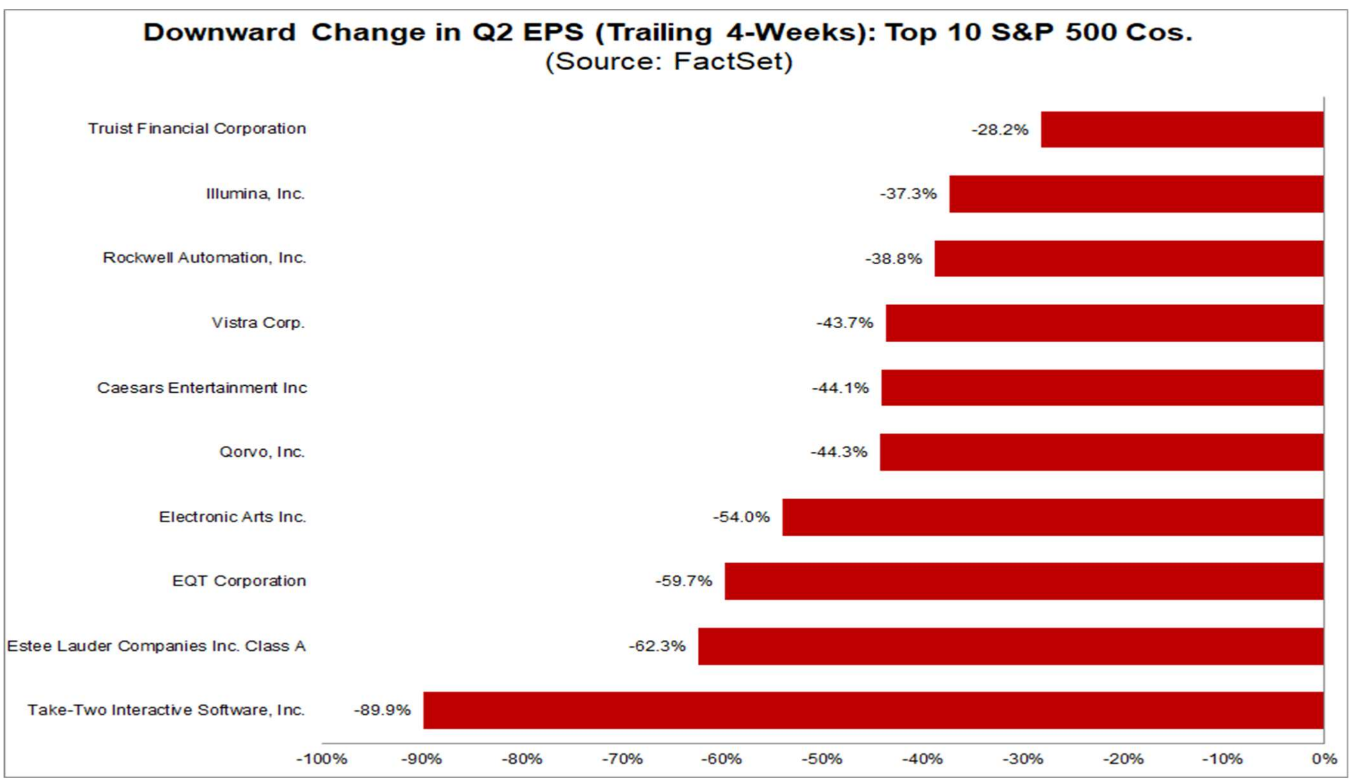



**Percentage (%) of S&P 500 Cos. with Q2 Positive & Negative Guidance**
(Source: FactSet)

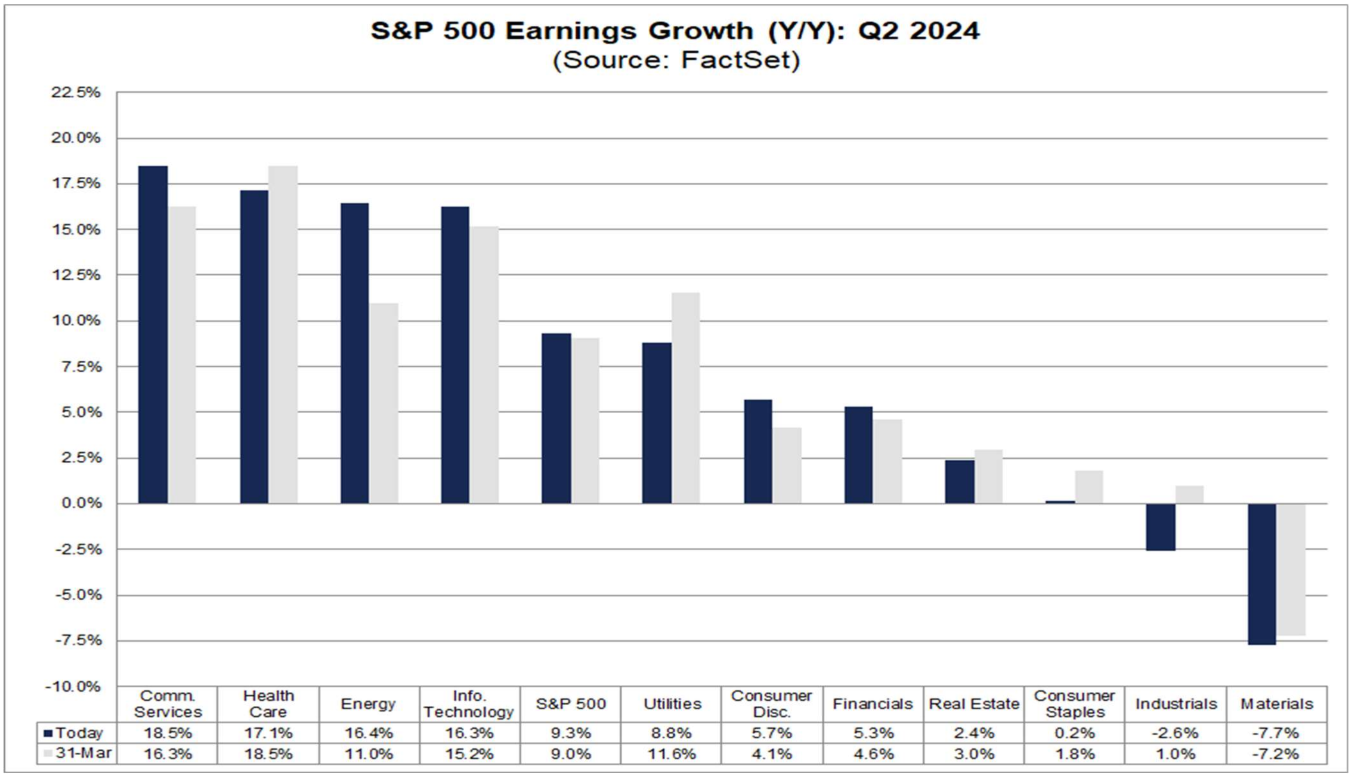

| | Consumer Staples | Health Care | Materials | Industrials | S&P 500 | Consumer Disc. | Info. Technology | Utilities | Financials | Comm. Services | Real Estate | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Positive | 17% | 20% | 29% | 31% | 41% | 45% | 49% | 50% | 50% | 50% | 67% | 0% |
| Negative | 83% | 80% | 71% | 69% | 59% | 55% | 51% | 50% | 50% | 50% | 33% | 0% |

## Q2 2024: EPS Revisions

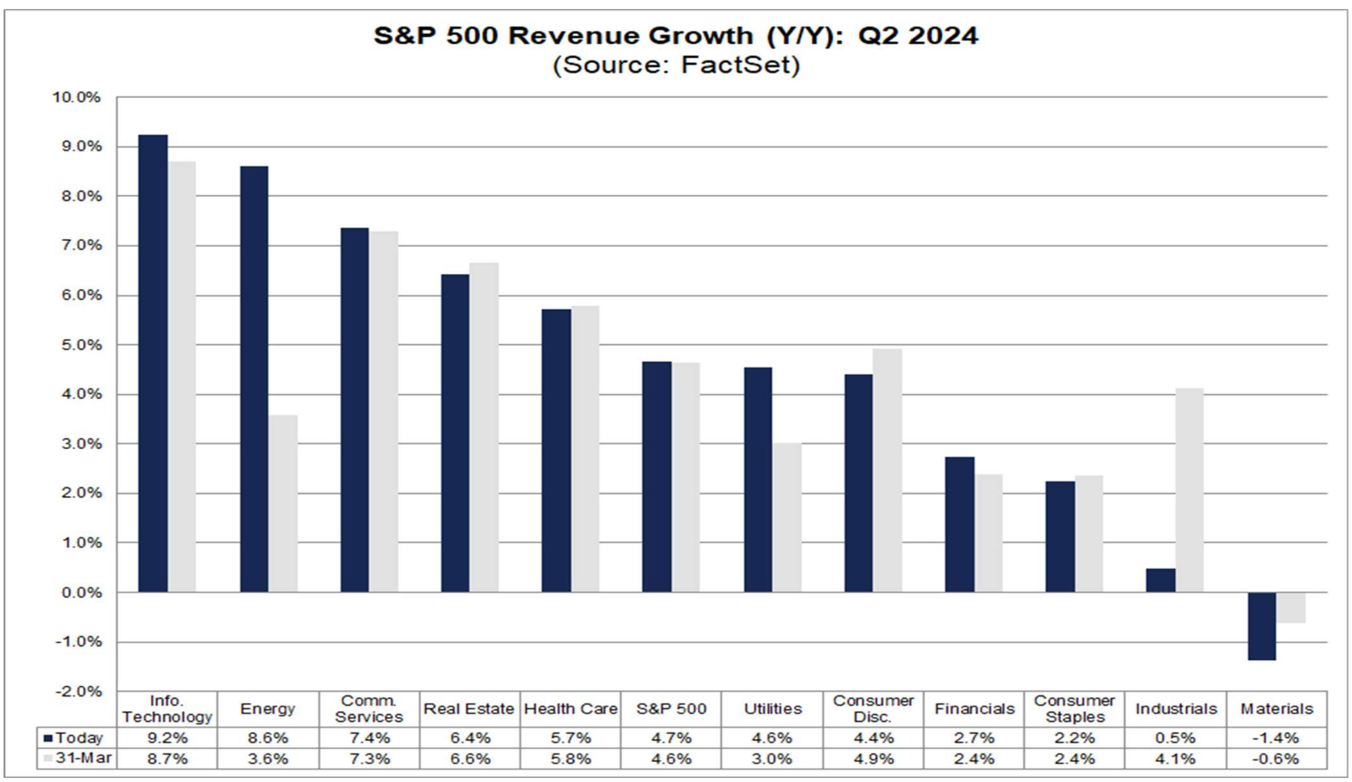


## Q2 2024: Growth

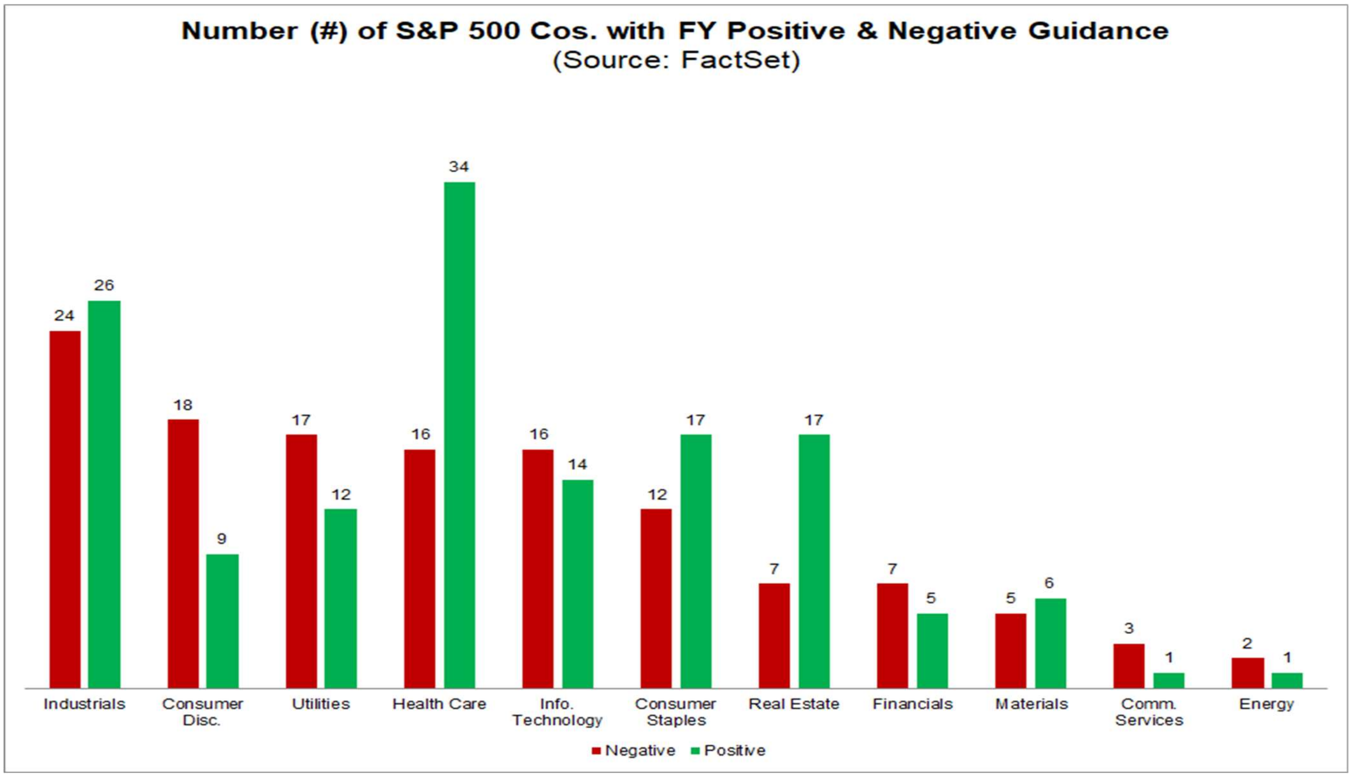


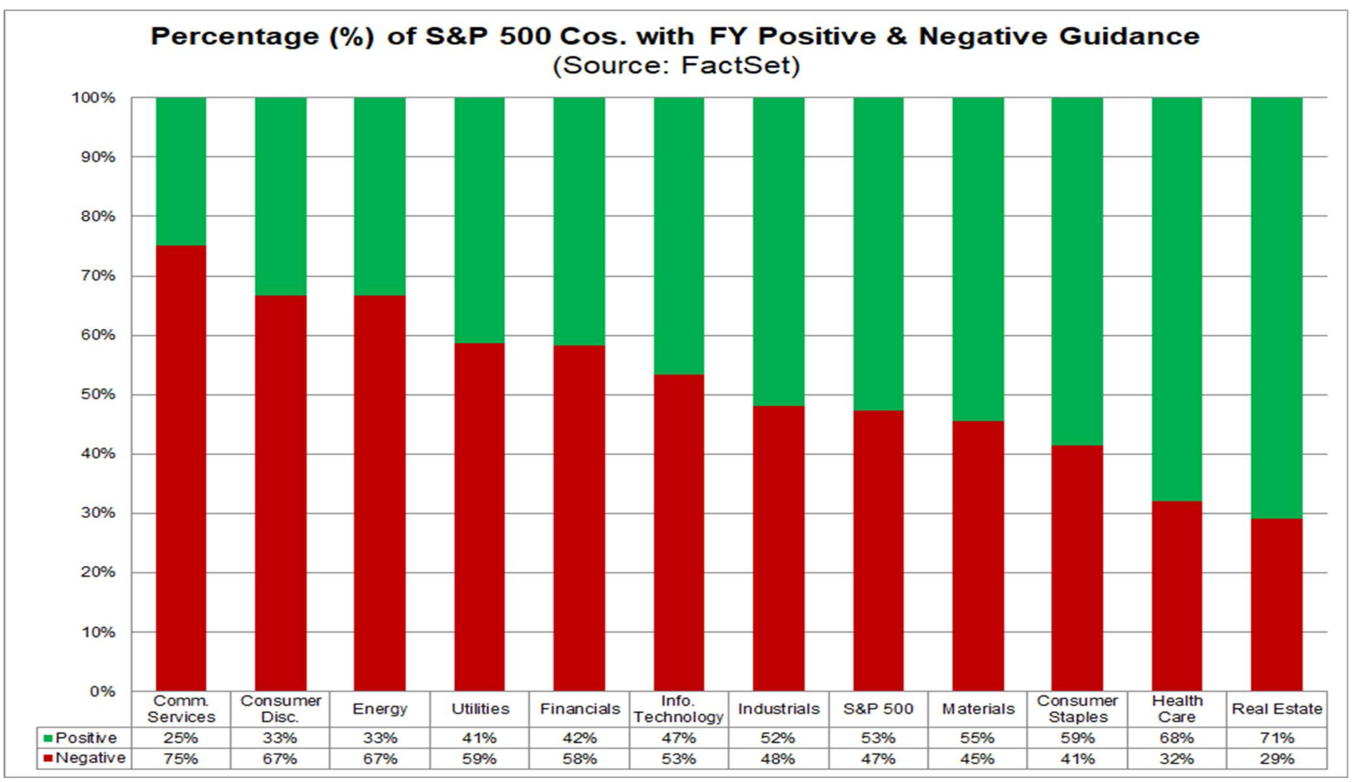

| | Comm. Services | Health Care | Energy | Info. Technology | S&P 500 | Utilities | Consumer Disc. | Financials | Real Estate | Consumer Staples | Industrials | Materials |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 18.5% | 17.1% | 16.4% | 16.3% | 9.3% | 8.8% | 5.7% | 5.3% | 2.4% | 0.2% | -2.6% | -7.7% |
| 31-Mar | 16.3% | 18.5% | 11.0% | 15.2% | 9.0% | 11.6% | 4.1% | 4.6% | 3.0% | 1.8% | 1.0% | -7.2% |



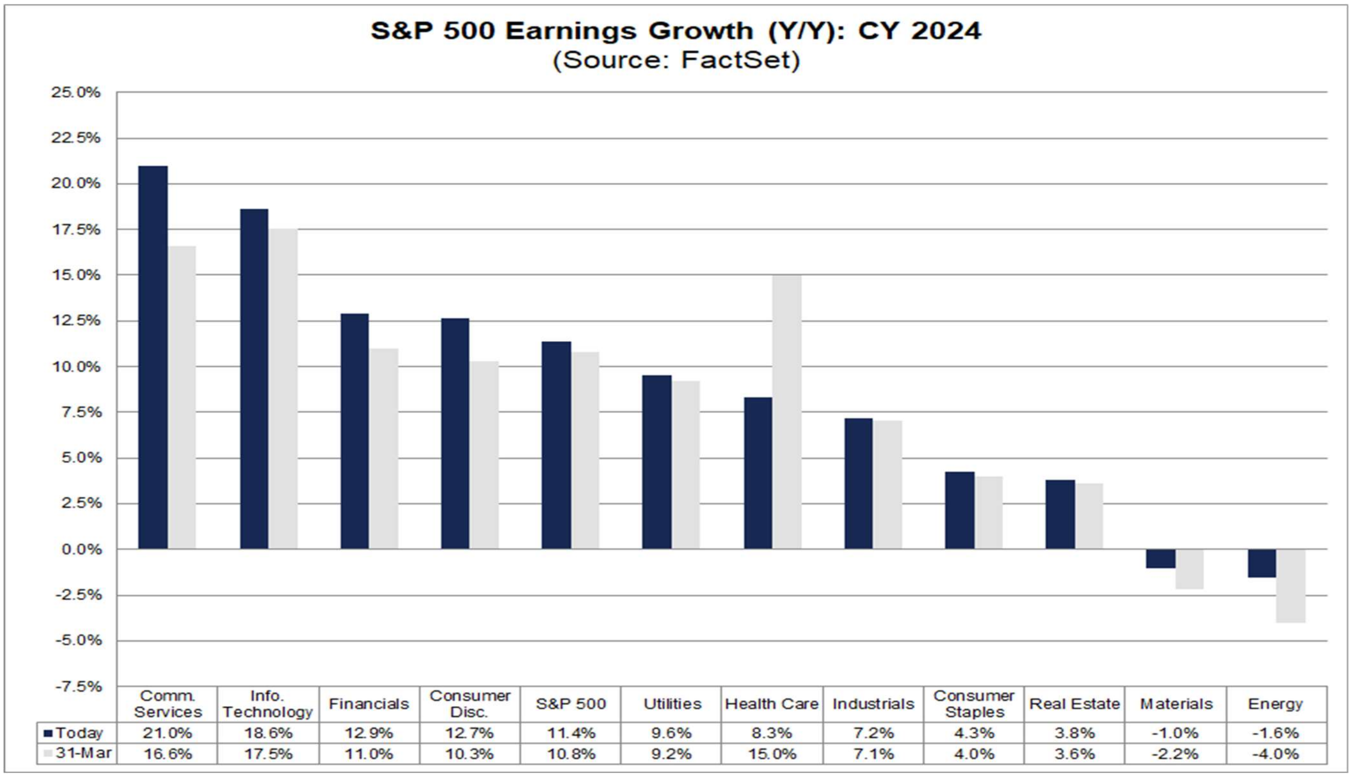

| | Info. Technology | Energy | Comm. Services | Real Estate | Health Care | S&P 500 | Utilities | Consumer Disc. | Financials | Consumer Staples | Industrials | Materials |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 9.2% | 8.6% | 7.4% | 6.4% | 5.7% | 4.7% | 4.6% | 4.4% | 2.7% | 2.2% | 0.5% | -1.4% |
| 31-Mar | 8.7% | 3.6% | 7.3% | 6.6% | 5.8% | 4.6% | 3.0% | 4.9% | 2.4% | 2.4% | 4.1% | -0.6% |

## FY 2024 / 2025: EPS Guidance

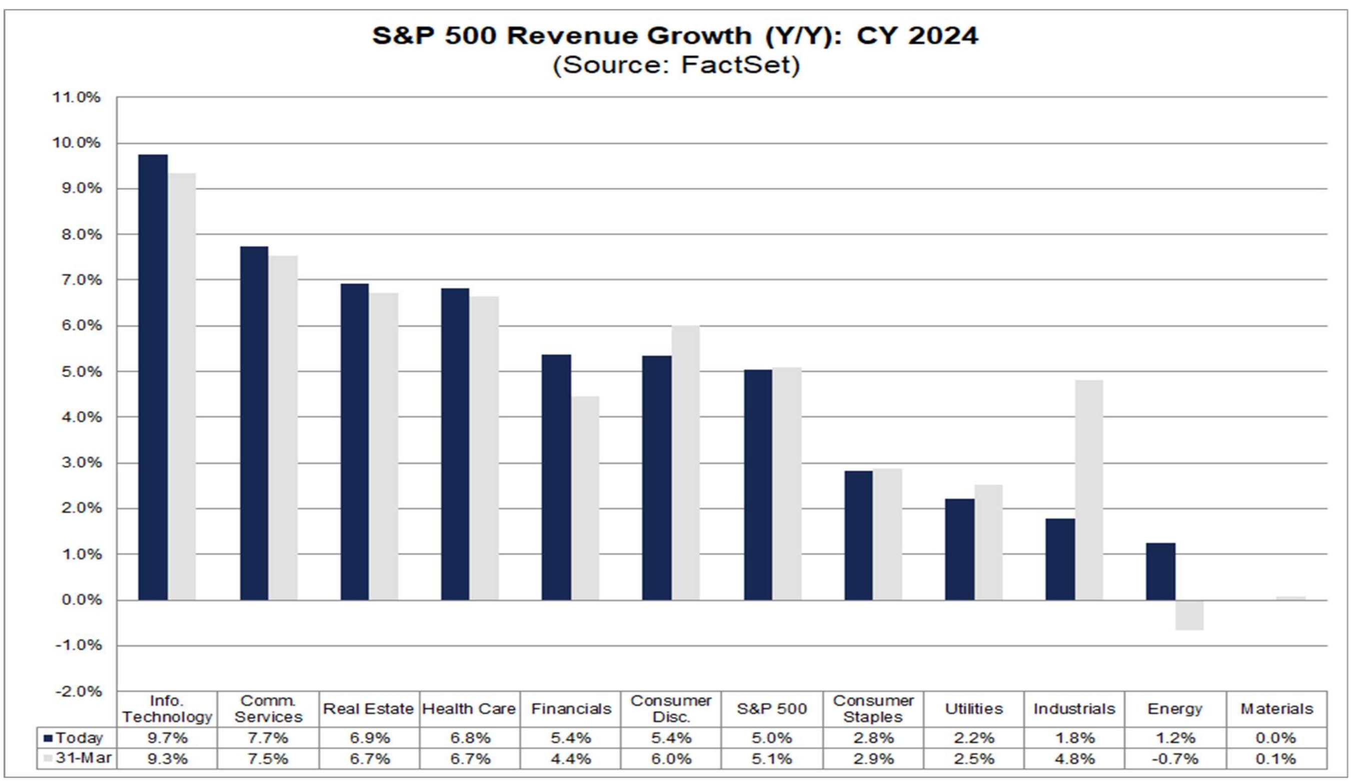


## CY 2024: Growth

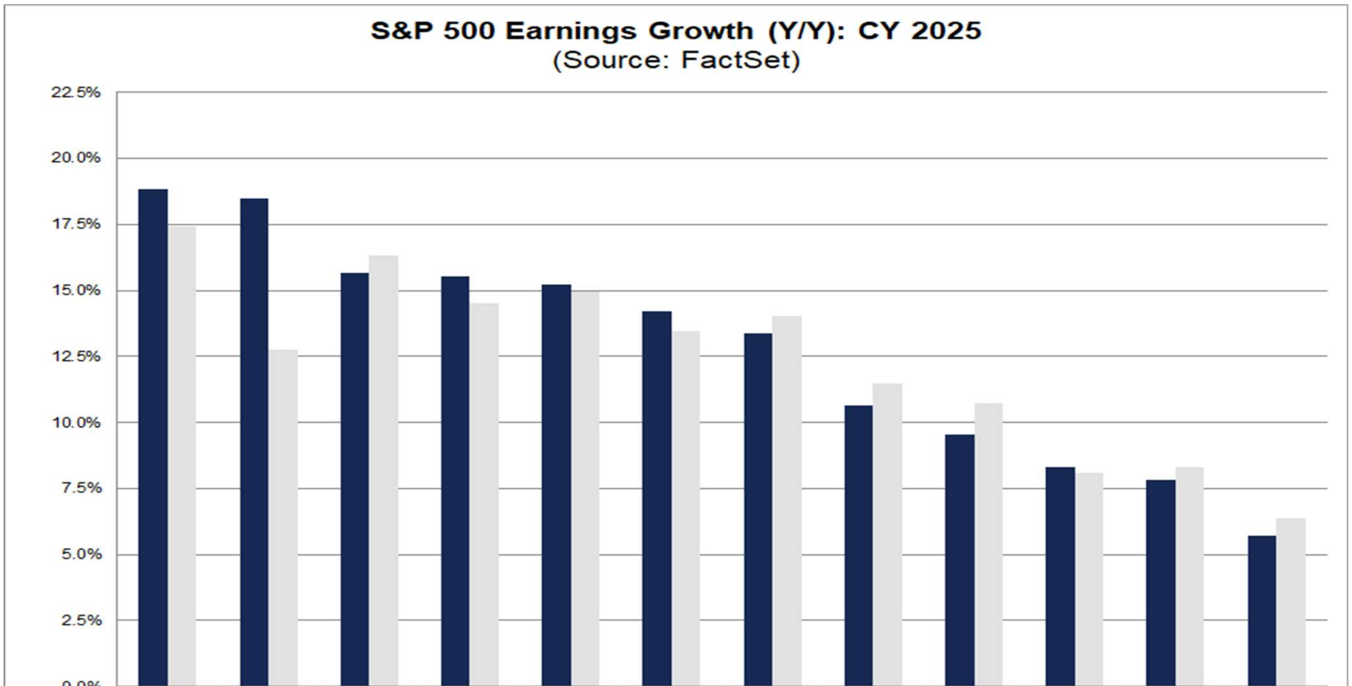



| | Comm. Services | Info. Technology | Financials | Consumer Disc. | S&P 500 | Utilities | Health Care | Industrials | Consumer Staples | Real Estate | Materials | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 21.0% | 18.6% | 12.9% | 12.7% | 11.4% | 9.6% | 8.3% | 7.2% | 4.3% | 3.8% | -1.0% | -1.6% |
| 31-Mar | 16.6% | 17.5% | 11.0% | 10.3% | 10.8% | 9.2% | 15.0% | 7.1% | 4.0% | 3.6% | -2.2% | -4.0% |

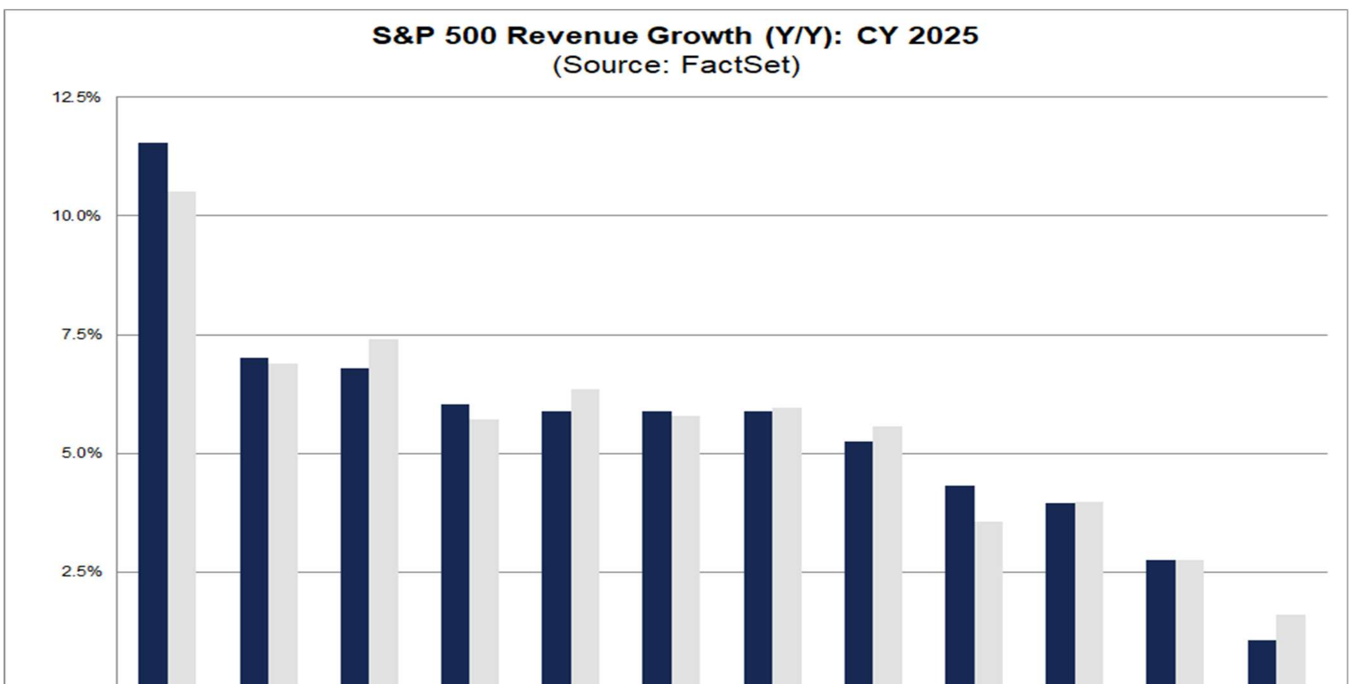



| | Info. Technology | Comm. Services | Real Estate | Health Care | Financials | Consumer Disc. | S&P 500 | Consumer Staples | Utilities | Industrials | Energy | Materials |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 9.7% | 7.7% | 6.9% | 6.8% | 5.4% | 5.4% | 5.0% | 2.8% | 2.2% | 1.8% | 1.2% | 0.0% |
| 31-Mar | 9.3% | 7.5% | 6.7% | 6.7% | 4.4% | 6.0% | 5.1% | 2.9% | 2.5% | 4.8% | -0.7% | 0.1% |

## CY 2025: Growth

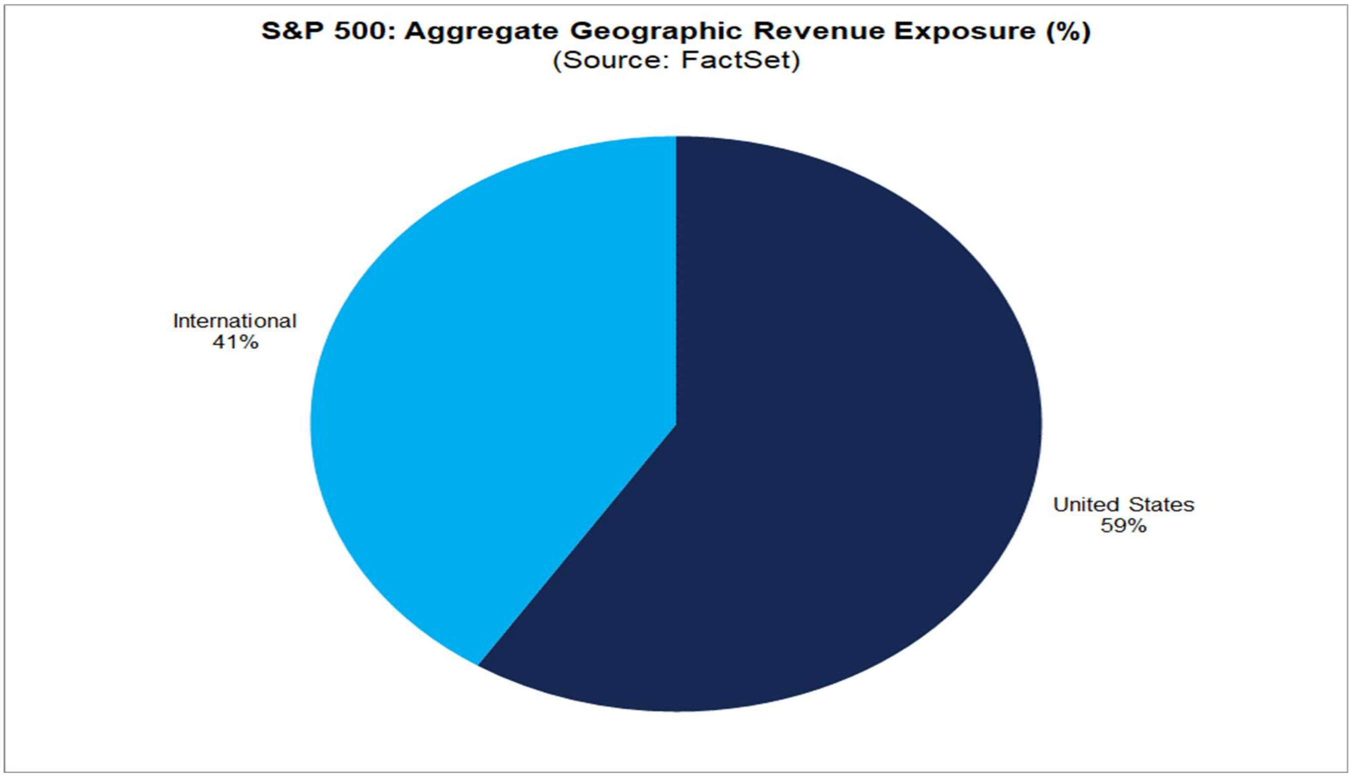


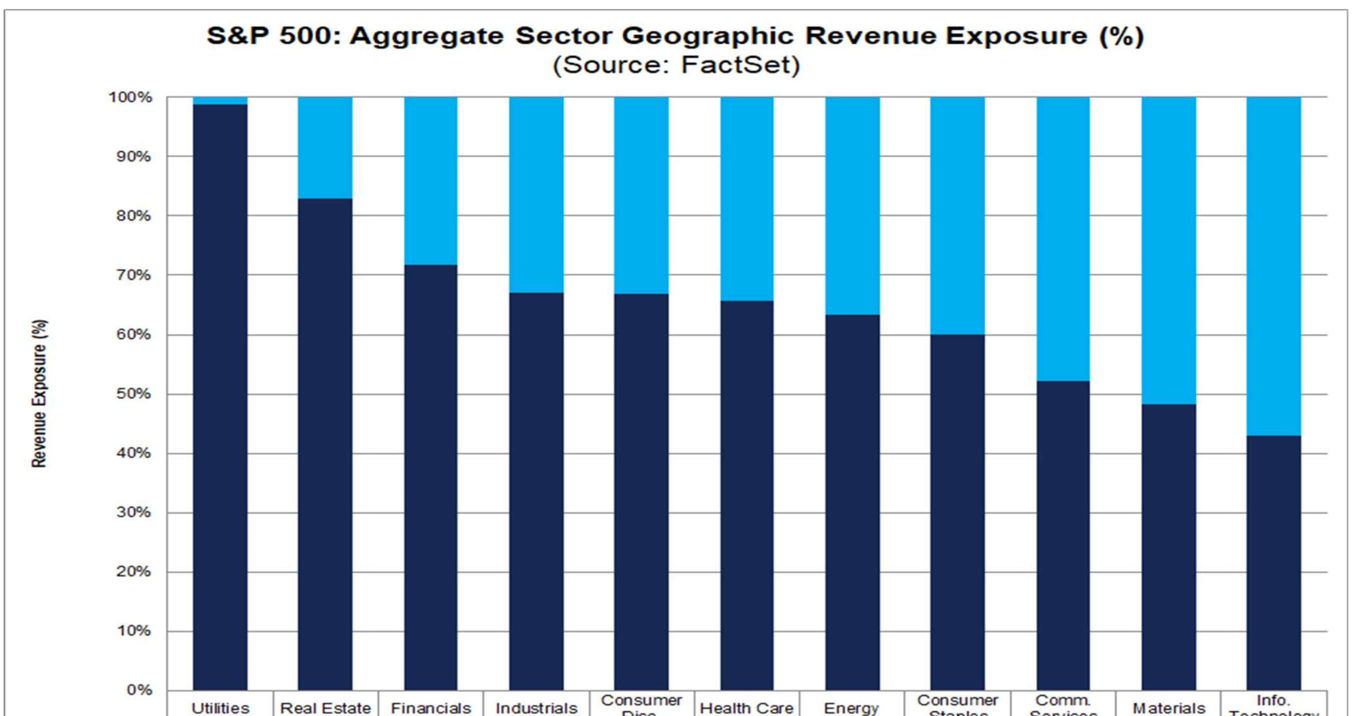

| | Info. Technology | Health Care | Consumer Disc. | Industrials | Materials | S&P 500 | Comm. Services | Financials | Energy | Utilities | Consumer Staples | Real Estate |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 18.9% | 18.5% | 15.7% | 15.5% | 15.2% | 14.2% | 13.4% | 10.6% | 9.6% | 8.3% | 7.8% | 5.7% |
| 31-Mar | 17.4% | 12.8% | 16.3% | 14.5% | 14.9% | 13.5% | 14.0% | 11.5% | 10.7% | 8.1% | 8.3% | 6.4% |




| | Info. Technology | Comm. Services | Consumer Disc. | Industrials | Health Care | Real Estate | S&P 500 | Financials | Utilities | Consumer Staples | Materials | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 11.6% | 7.0% | 6.8% | 6.0% | 5.9% | 5.9% | 5.9% | 5.2% | 4.3% | 4.0% | 2.7% | 1.1% |
| 31-Mar | 10.5% | 6.9% | 7.4% | 5.7% | 6.3% | 5.8% | 6.0% | 5.6% | 3.6% | 4.0% | 2.8% | 1.6% |

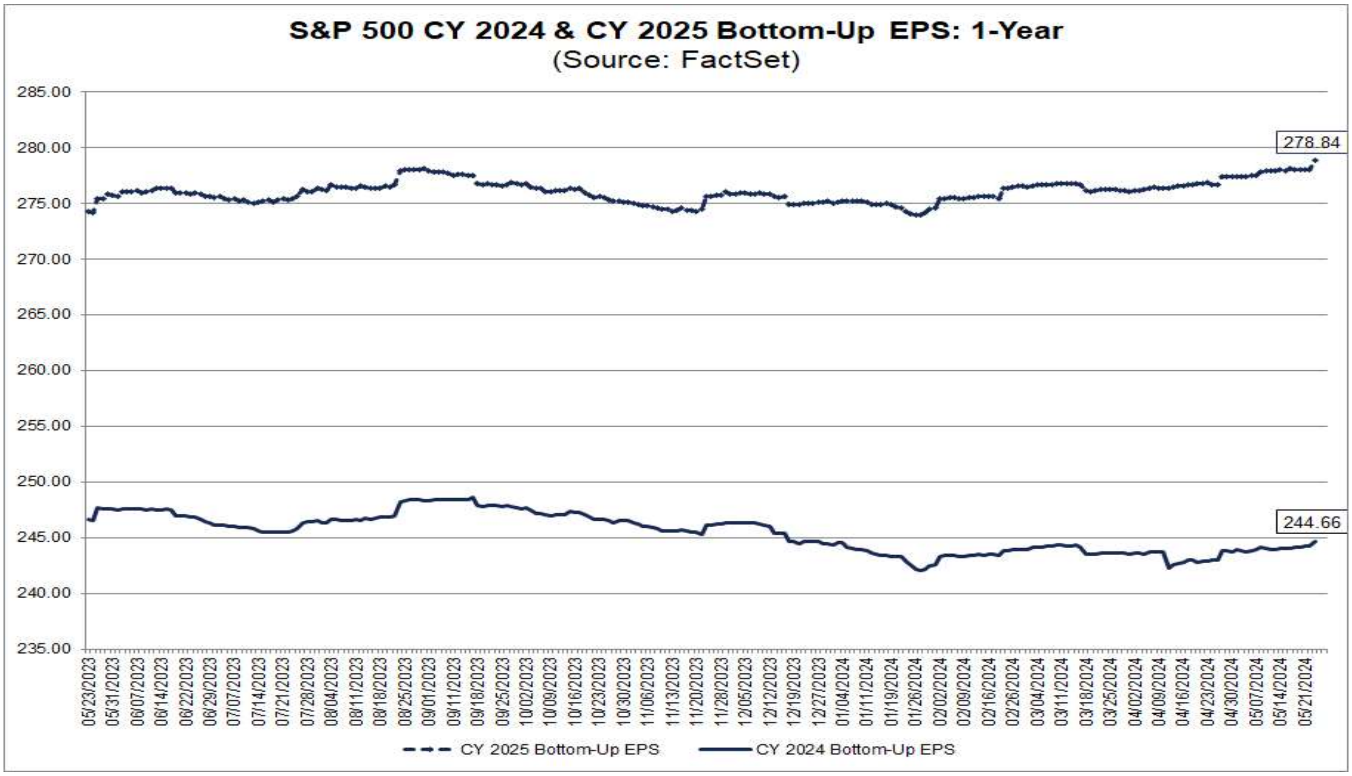
## Geographic Revenue Exposure

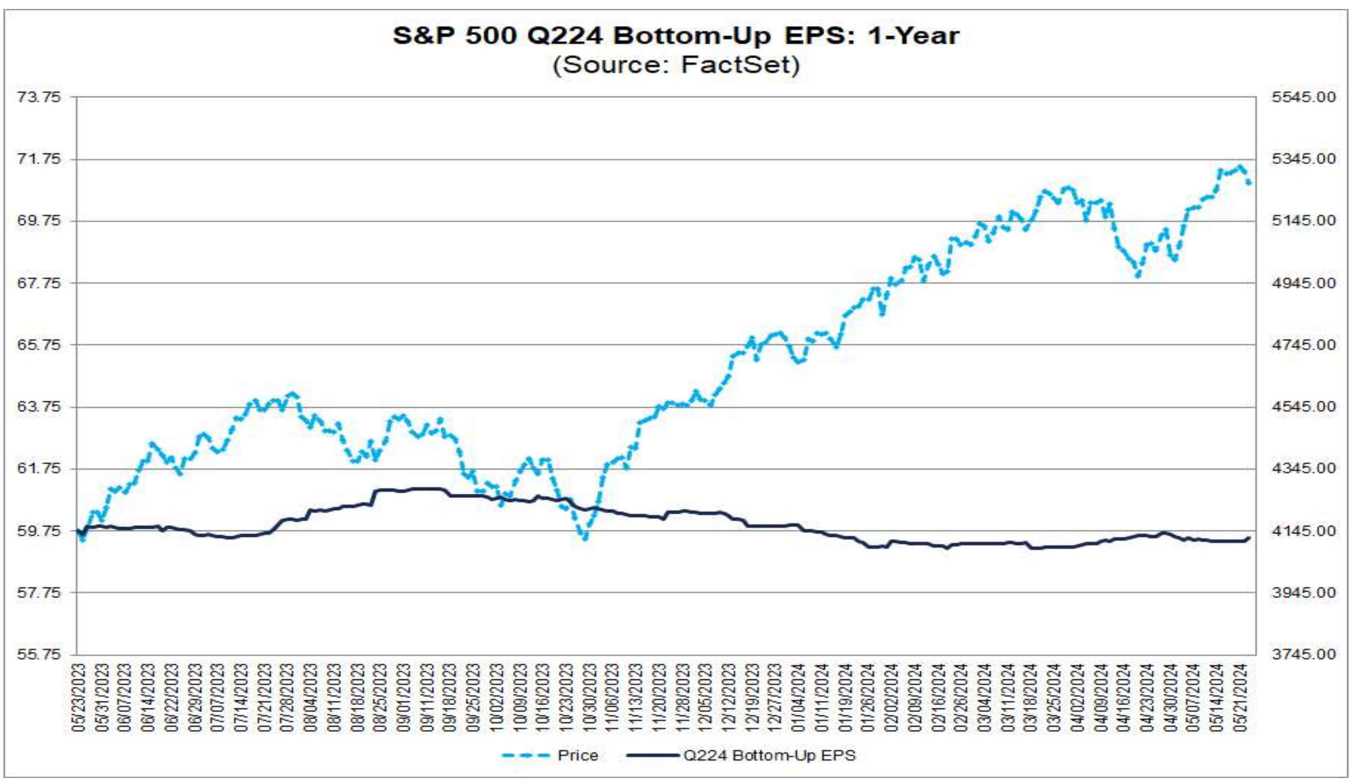


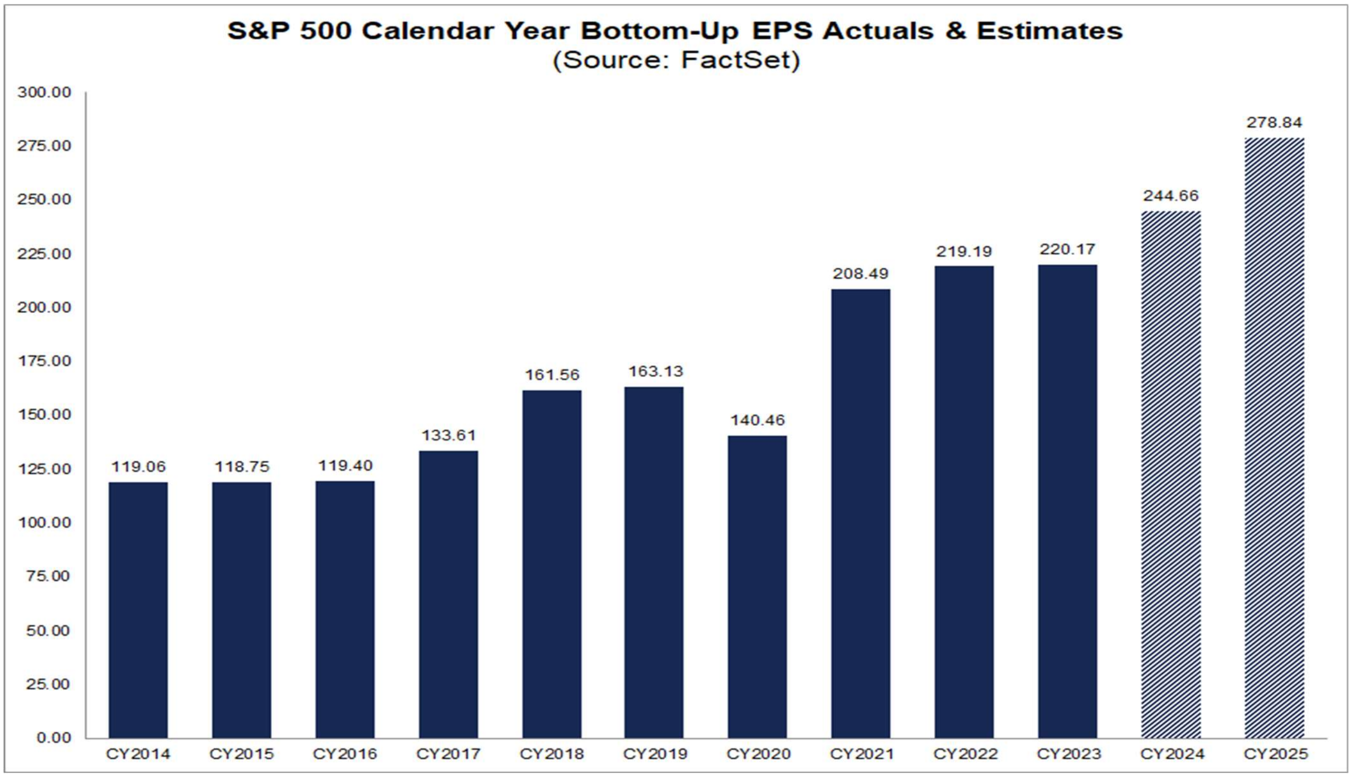

| | Utilities | Real Estate | Financials | Industrials | Consumer Disc. | Health Care | Energy | Consumer Staples | Comm. Services | Materials | Info. Technology |
|---|---|---|---|---|---|---|---|---|---|---|---|
| International | 1% | 17% | 28% | 33% | 33% | 34% | 37% | 40% | 48% | 52% | 57% |
| United States | 99% | 83% | 72% | 67% | 67% | 66% | 63% | 60% | 52% | 48% | 43% |

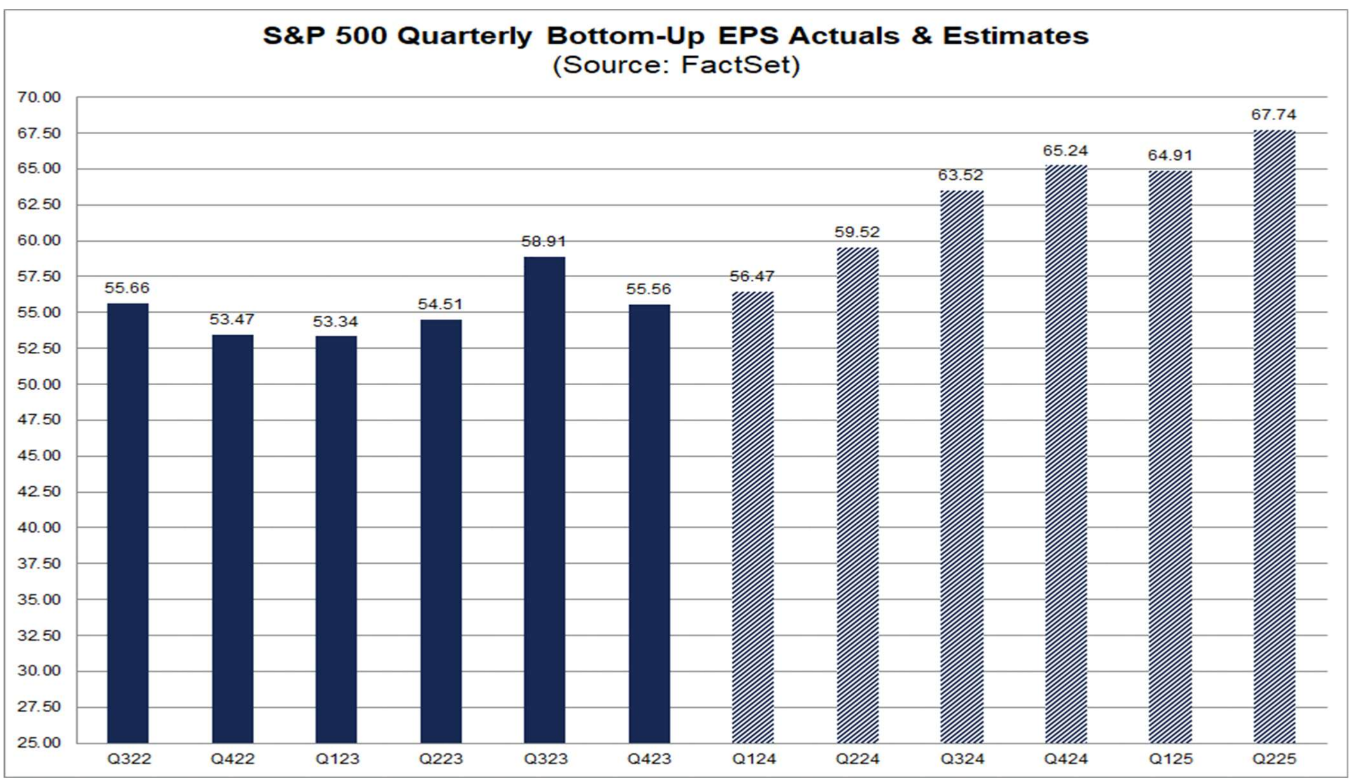
## Bottom-Up EPS Estimates



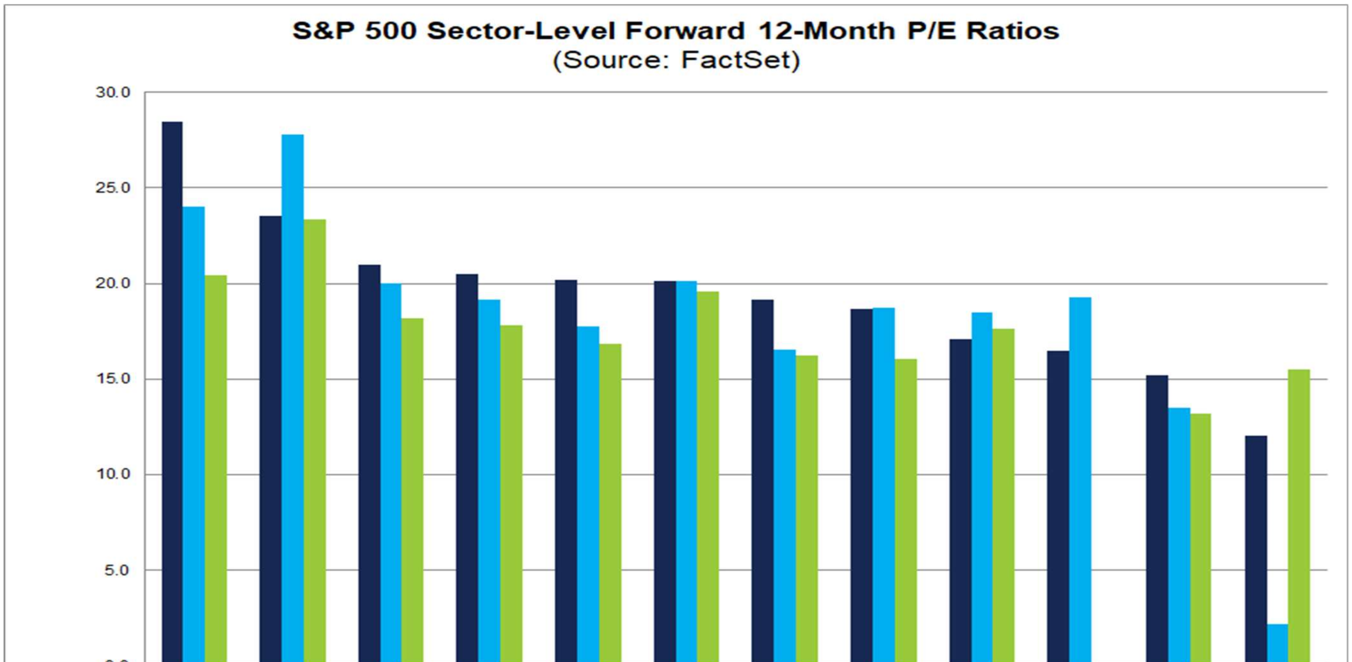



## Bottom-Up EPS Estimates: Current & Historical

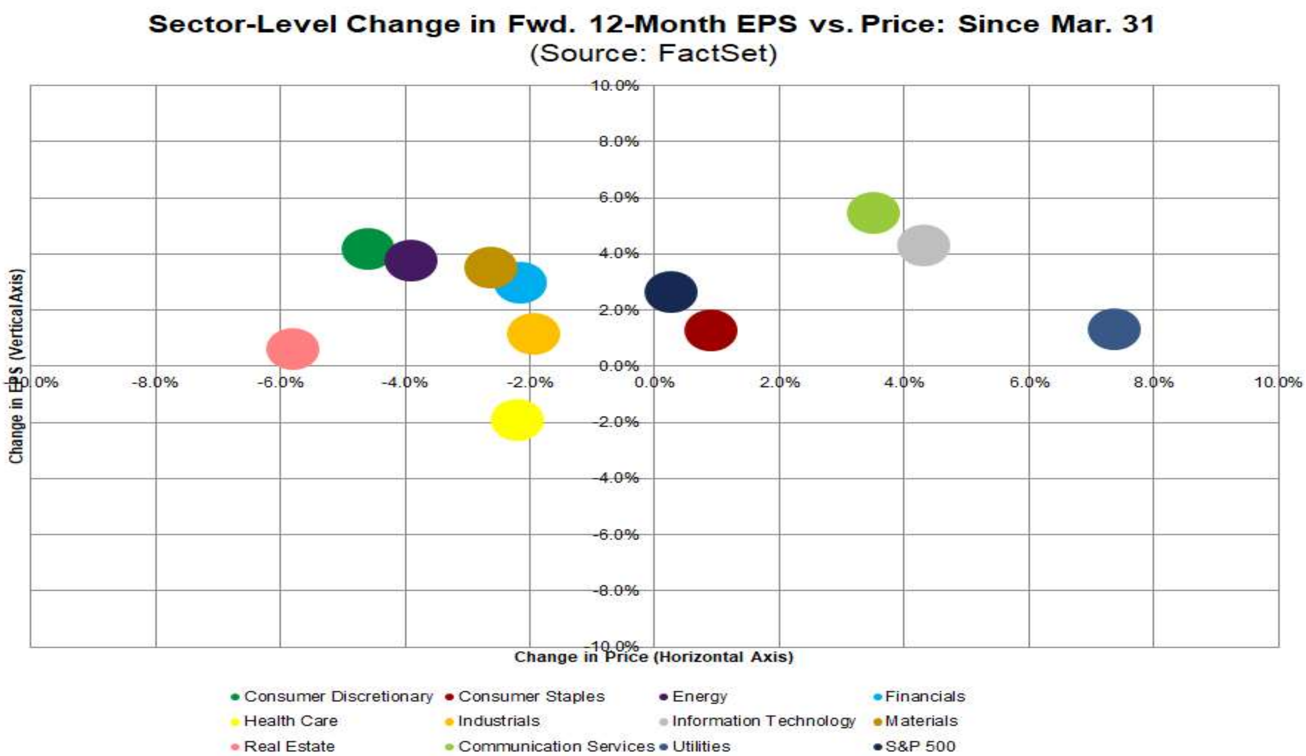


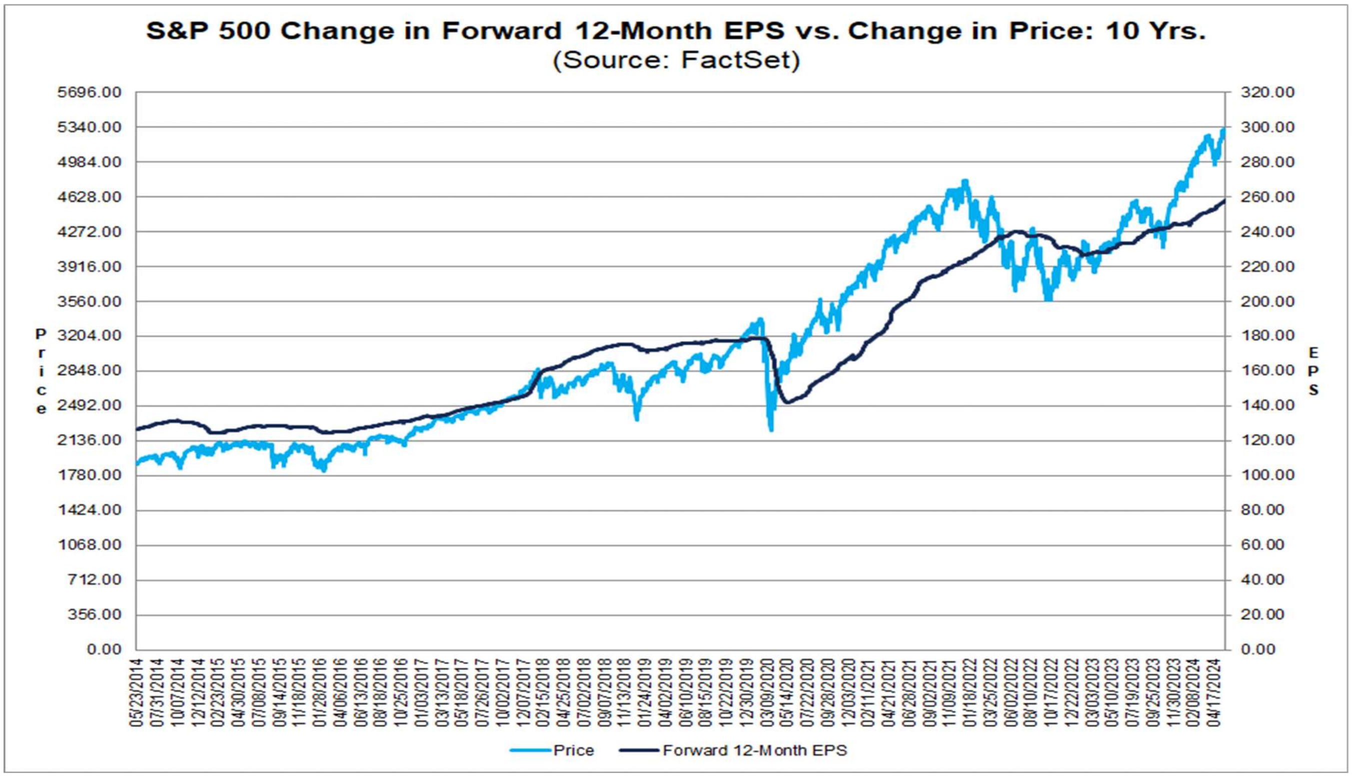
## Forward 12M P/E Ratio: Sector Level

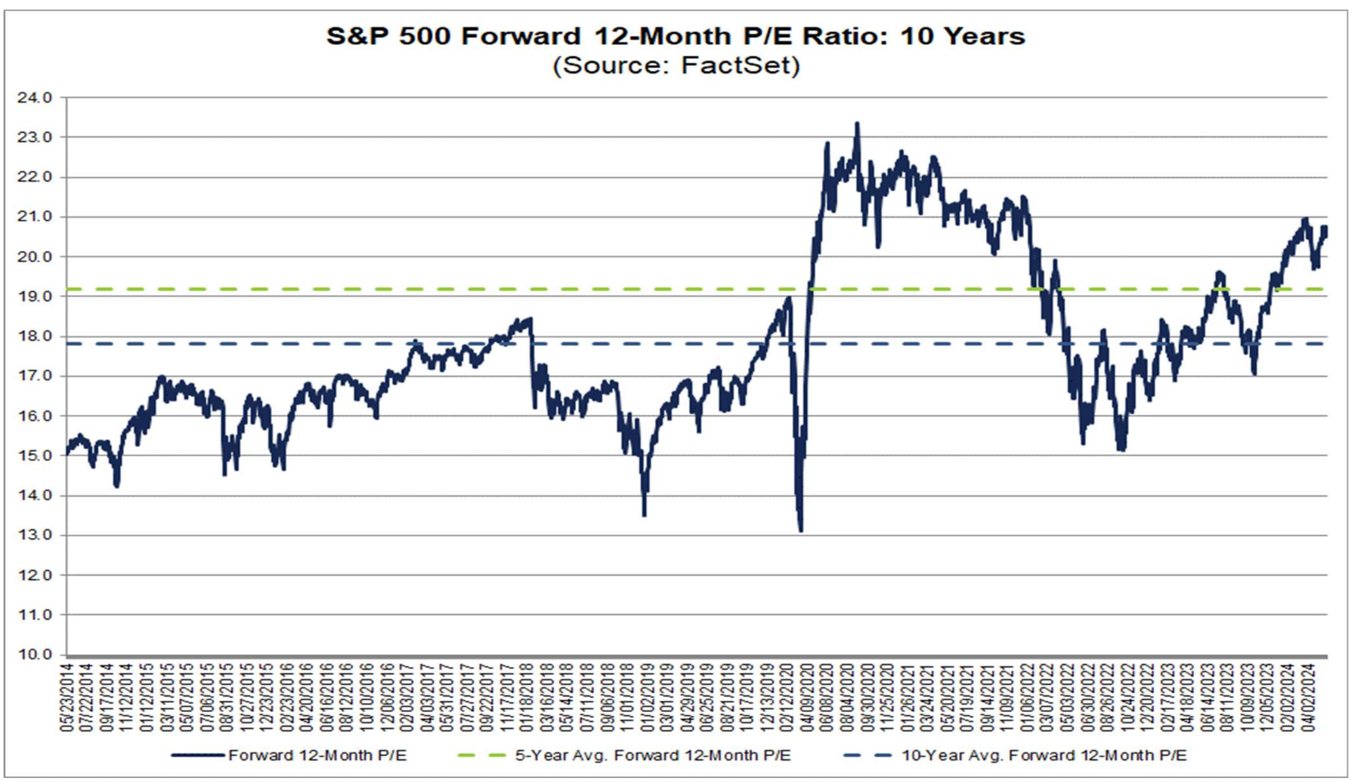



| | Info. Technology | Consumer Disc. | Industrials | S&P 500 | Materials | Consumer Staples | Health Care | Comm. Services | Utilities | Real Estate | Financials | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fwd P/E | 28.5 | 23.5 | 21.0 | 20.5 | 20.2 | 20.1 | 19.1 | 18.7 | 17.1 | 16.5 | 15.2 | 12.0 |
| 5-Yr Avg. | 24.0 | 27.8 | 20.0 | 19.2 | 17.8 | 20.1 | 16.5 | 18.8 | 18.5 | 19.3 | 13.5 | 2.2 |
| 10-Yr Avg. | 20.4 | 23.3 | 18.2 | 17.8 | 16.9 | 19.6 | 16.2 | 16.1 | 17.6 | 0.0 | 13.2 | 15.5 |

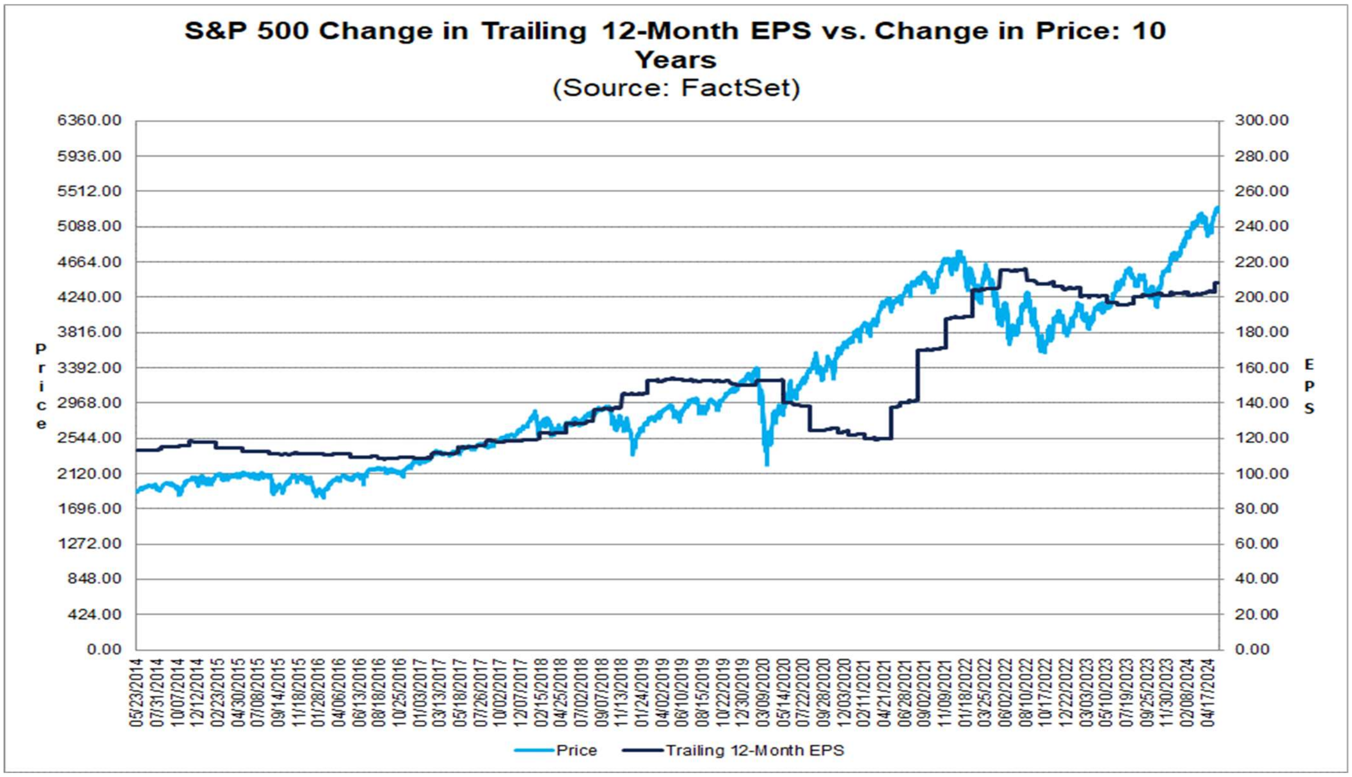


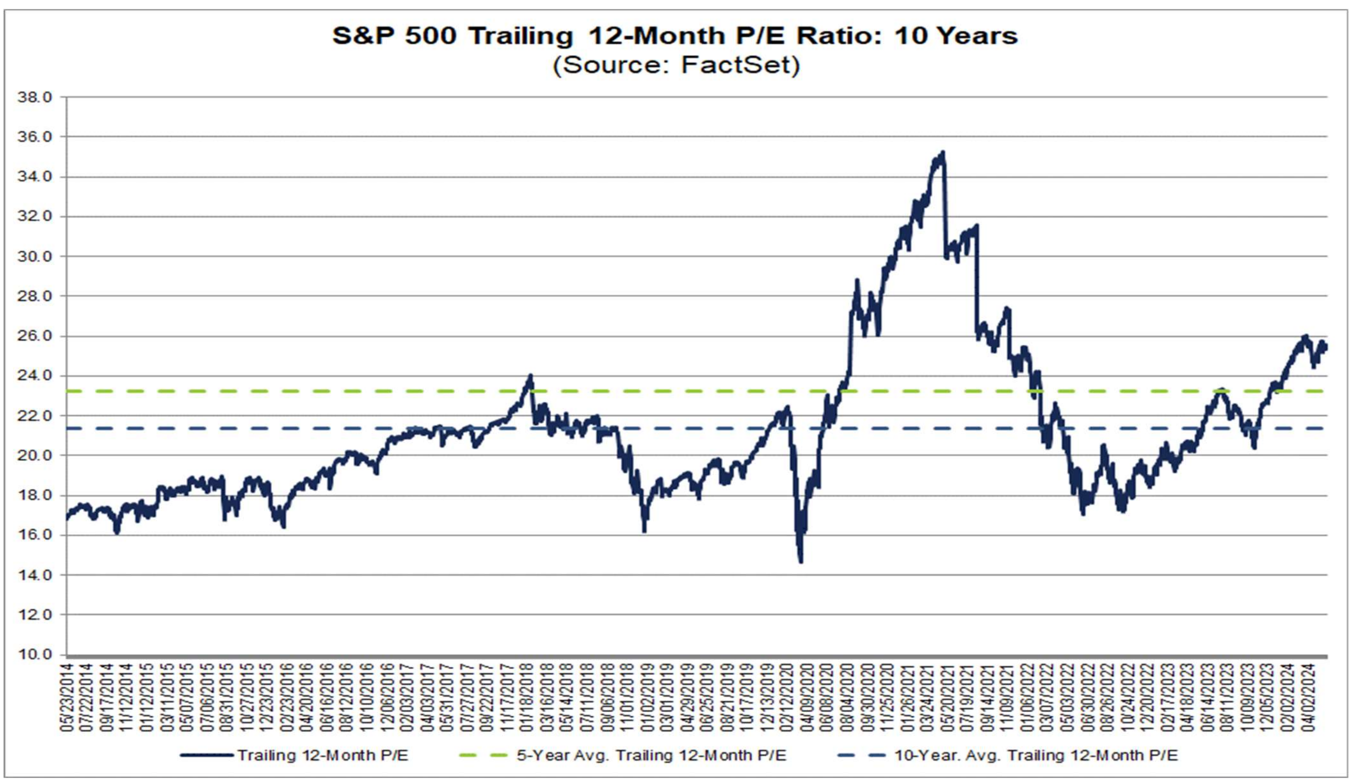
## Forward 12M P/E Ratio: 10-Years



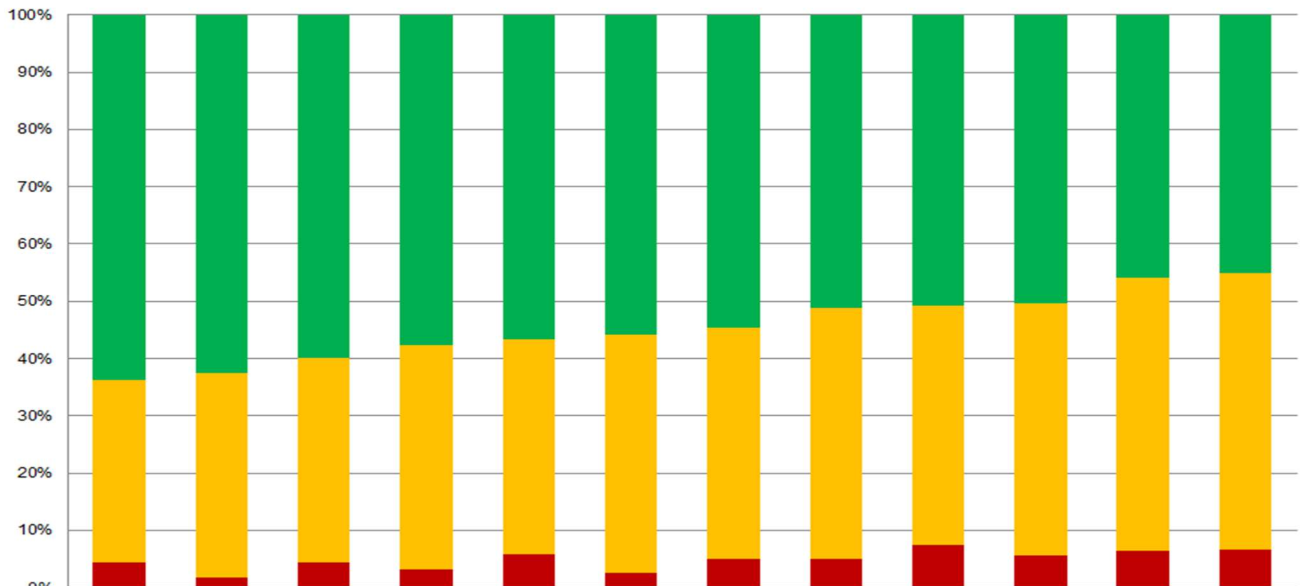
## Trailing 12M P/E Ratio: 10-Years



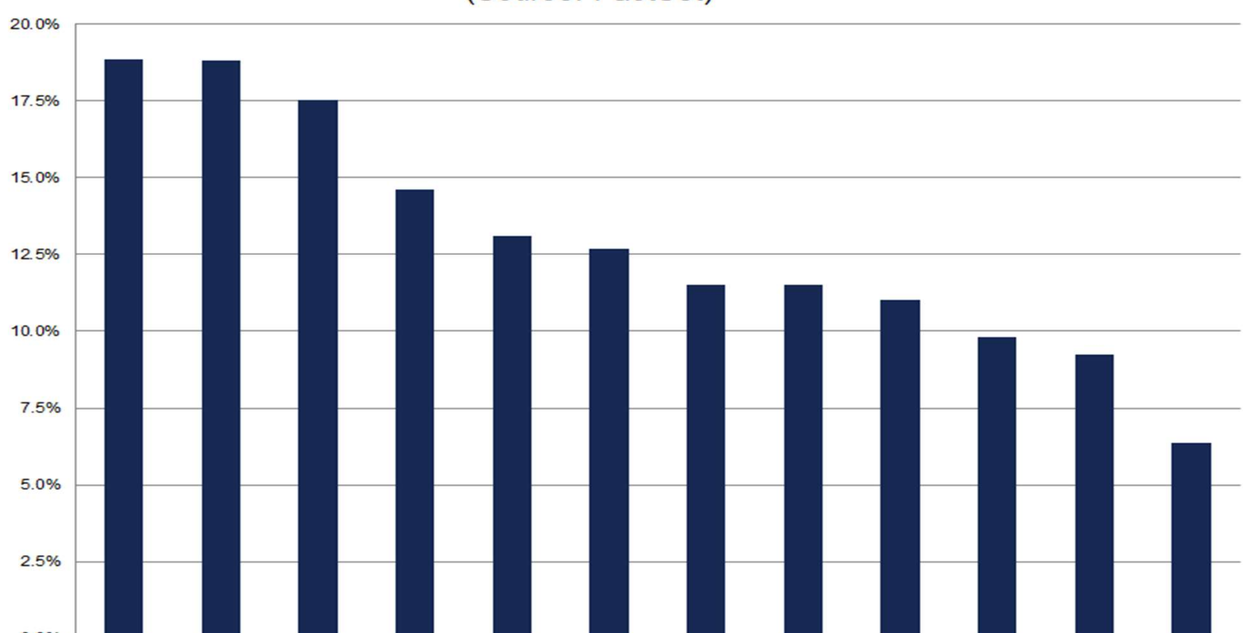
## Targets & Ratings

**S&P 500: Percentage of Buy, Hold, and Sell Ratings**
(Source: FactSet)




| | Comm. Services | Energy | Info. Tech. | Health Care | Consumer Disc. | Real Estate | S&P 500 | Utilities | Industrials | Financials | Materials | Consumer Staples |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Buy | 64% | 63% | 60% | 58% | 57% | 56% | 55% | 51% | 51% | 50% | 46% | 45% |
| Hold | 32% | 36% | 36% | 39% | 38% | 42% | 40% | 44% | 42% | 44% | 48% | 48% |
| Sell | 4% | 2% | 4% | 3% | 6% | 3% | 5% | 5% | 7% | 6% | 7% | 7% |

**S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price**
(Source: FactSet)




| | Consumer Disc. | Energy | Real Estate | Comm. Services | Health Care | S&P 500 | Industrials | Financials | Info. Tech. | Materials | Consumer Staples | Utilities |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Target/Close | 18.8% | 18.8% | 17.5% | 14.6% | 13.1% | 12.7% | 11.5% | 11.5% | 11.0% | 9.8% | 9.2% | 6.4% |

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