

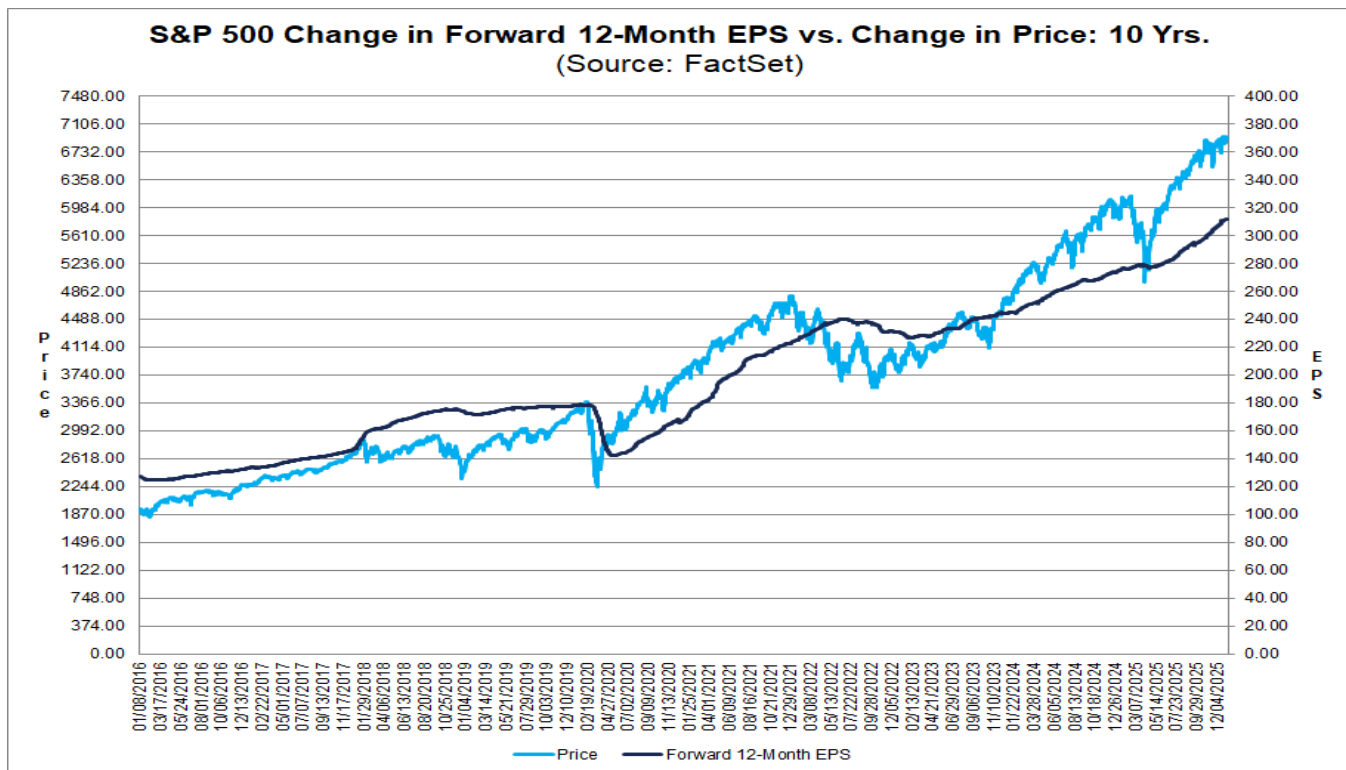
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January 9, 2026

Key Metrics

- **Earnings Growth:** For Q4 2025, the estimated (year-over-year) earnings growth rate for the S&P 500 is 8.3%. If 8.3% is the actual growth rate for the quarter, it will mark the 10th consecutive quarter of earnings growth for the index.
- **Earnings Revisions:** On September 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q4 2025 was 7.2%. Only two sectors are expected to report higher earnings today (compared to September 30) due to upward revisions to EPS estimates.
- **Earnings Guidance:** For Q4 2025, 57 S&P 500 companies have issued negative EPS guidance and 50 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.2. This P/E ratio is above the 5-year average (20.0) and above the 10-year average (18.7).
- **Earnings Scorecard:** For Q4 2025 (with 19 S&P 500 companies reporting actual results), 16 S&P 500 companies have reported a positive EPS surprise and 15 S&P 500 companies have reported a positive revenue surprise.



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Topic of the Week: 1

Analysts Increased EPS Estimates for S&P 500 Companies for 2nd Straight Quarter

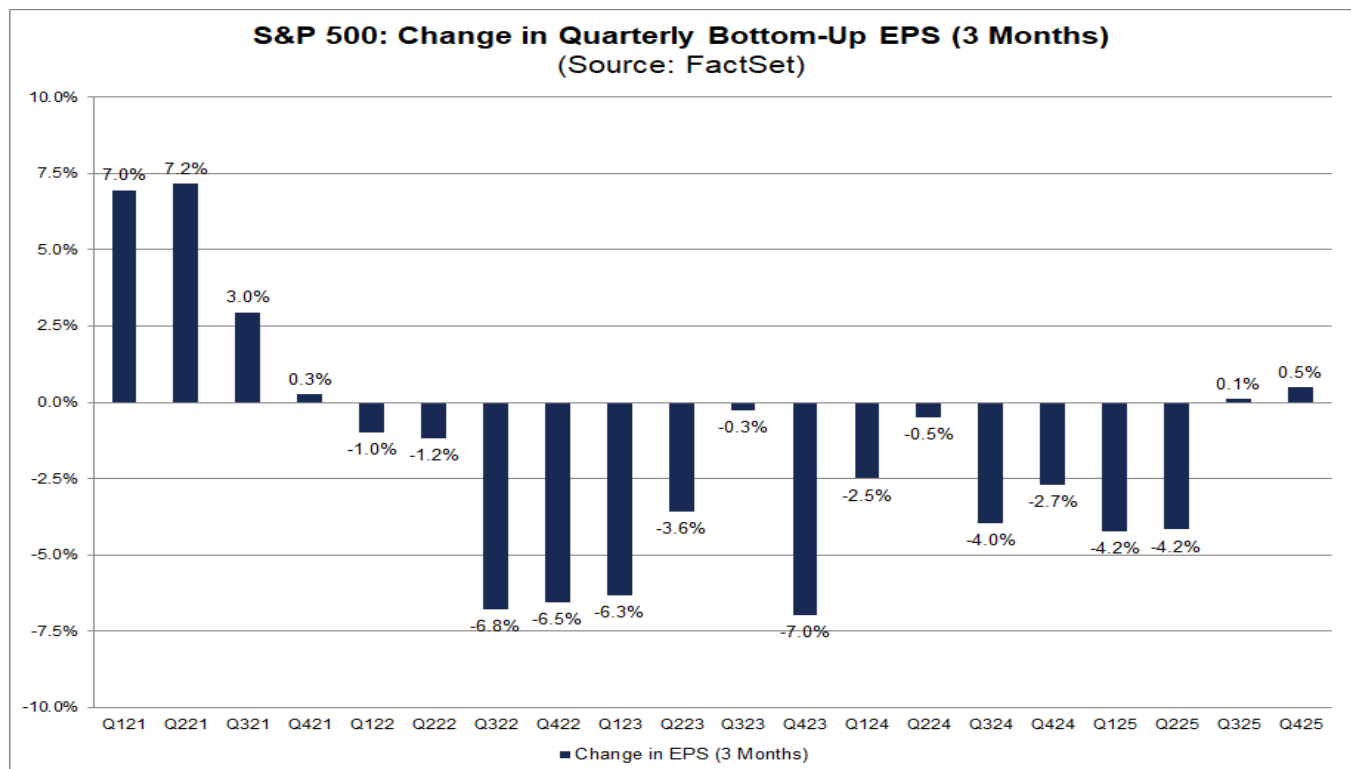
Given concerns in the market about inflation and tariffs, did analysts lower EPS estimates more than normal for S&P 500 companies for the fourth quarter? The answer is no. During the fourth quarter, analysts increased EPS estimates in aggregate for the quarter. The Q4 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q4 for all the companies in the index) increased by 0.5% (to \$70.50 from \$70.16) from September 30 to December 31.

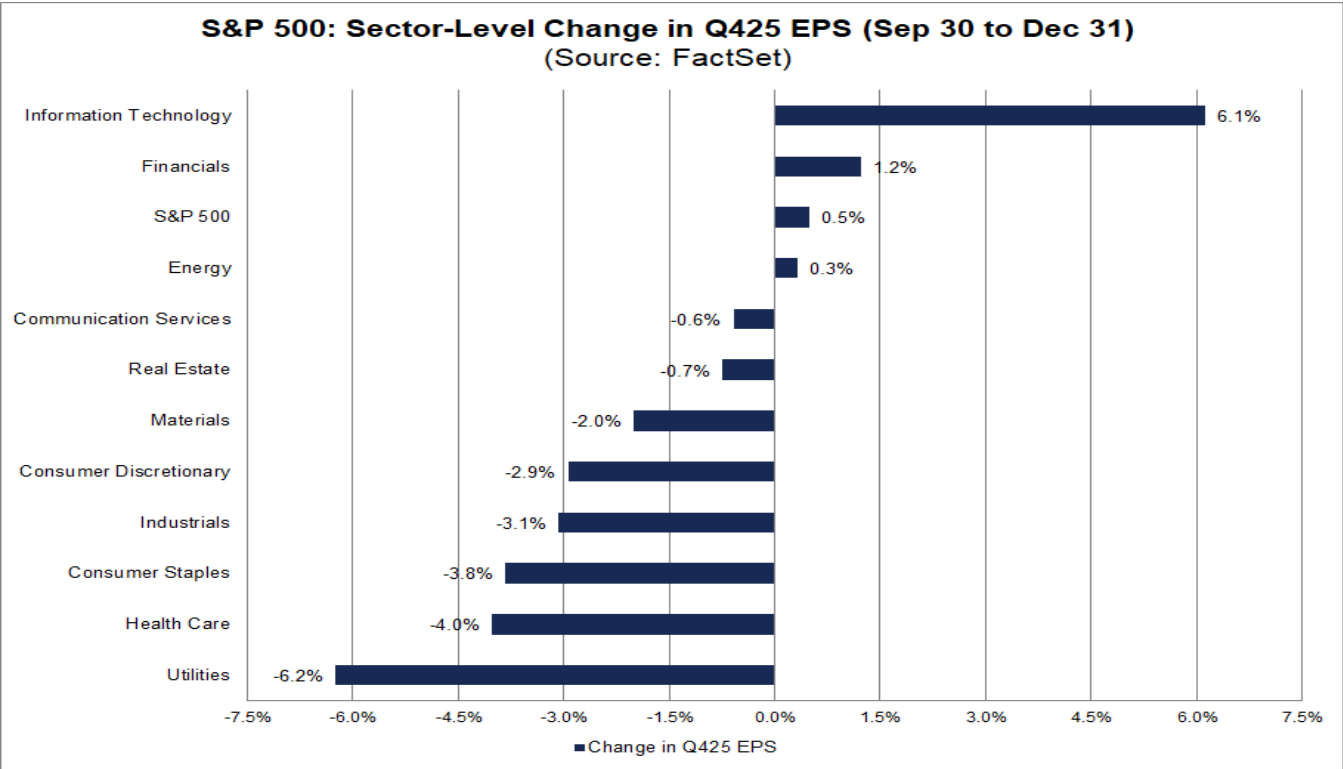
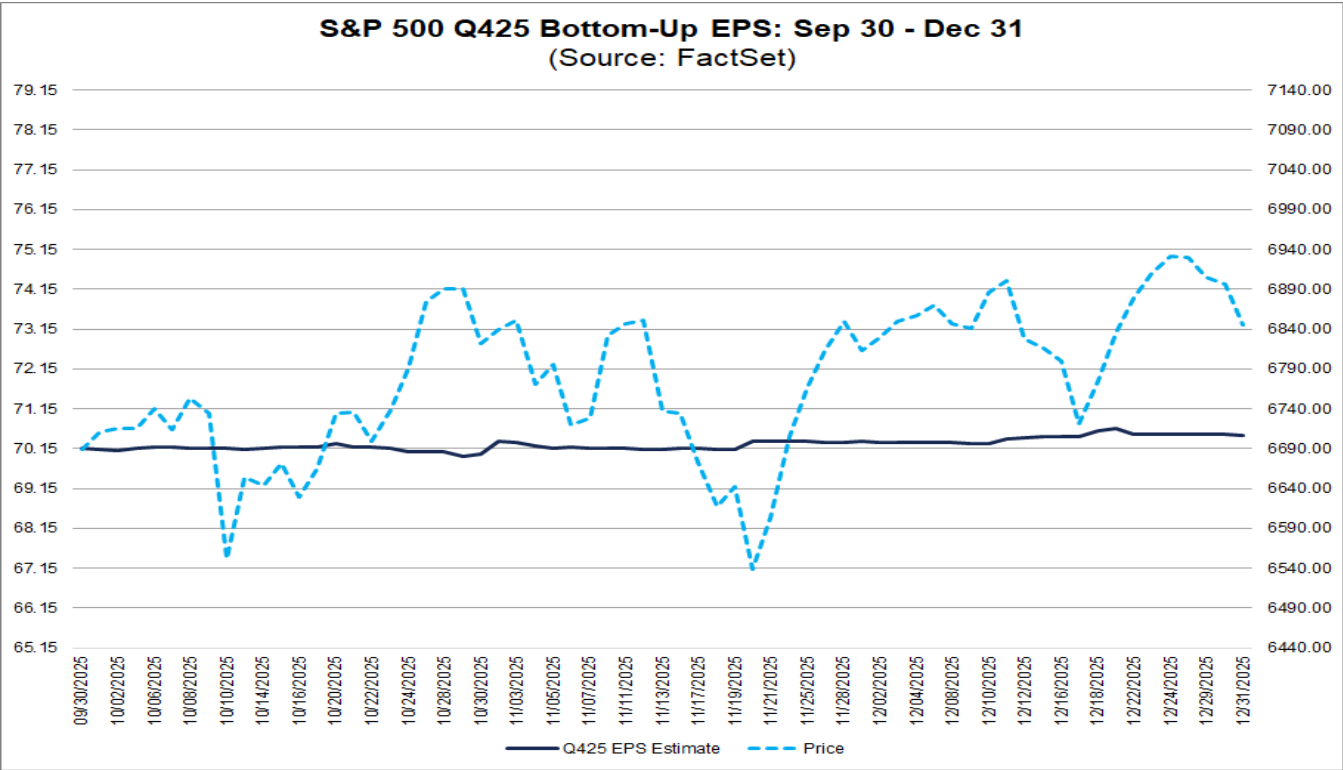
In a typical quarter, analysts usually reduce earnings estimates during the quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the quarter has been 1.6%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during quarter has been 3.1%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the quarter has been 3.3%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during the quarter has been 4.3%.

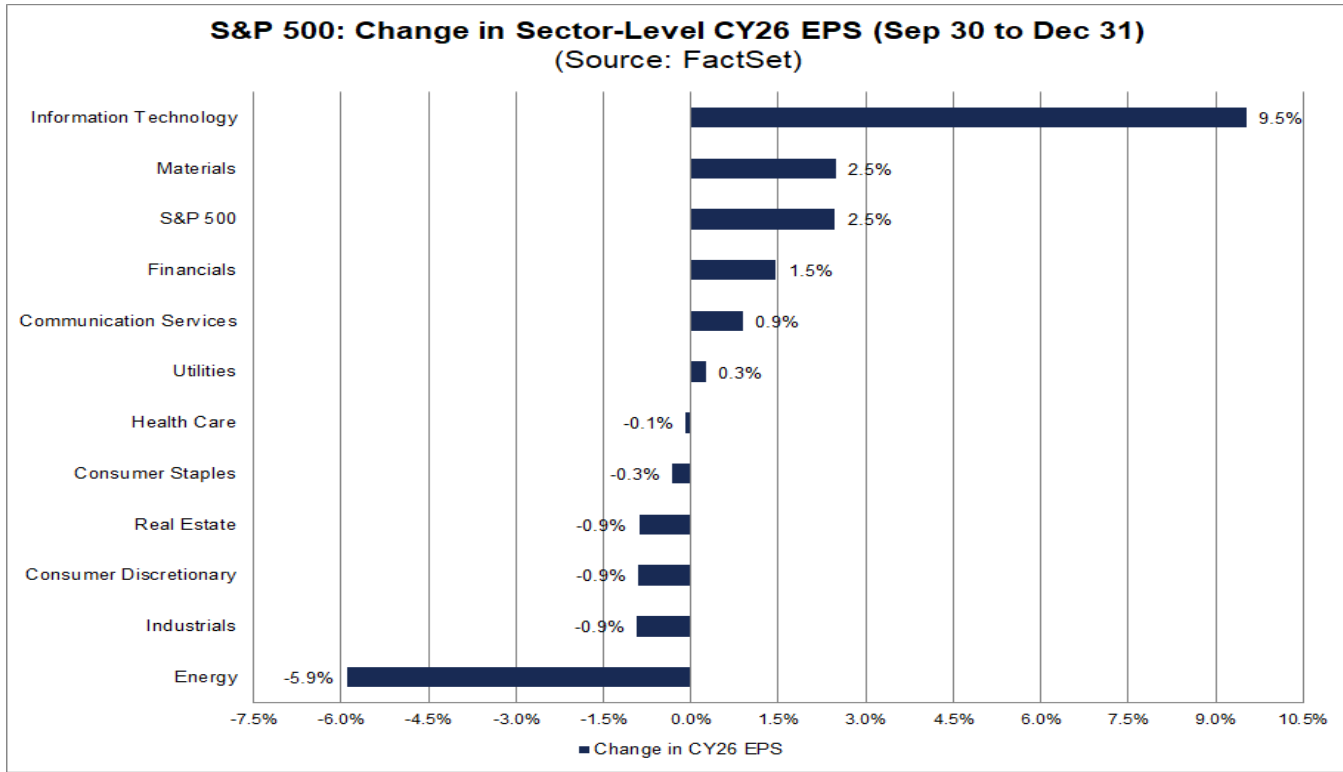
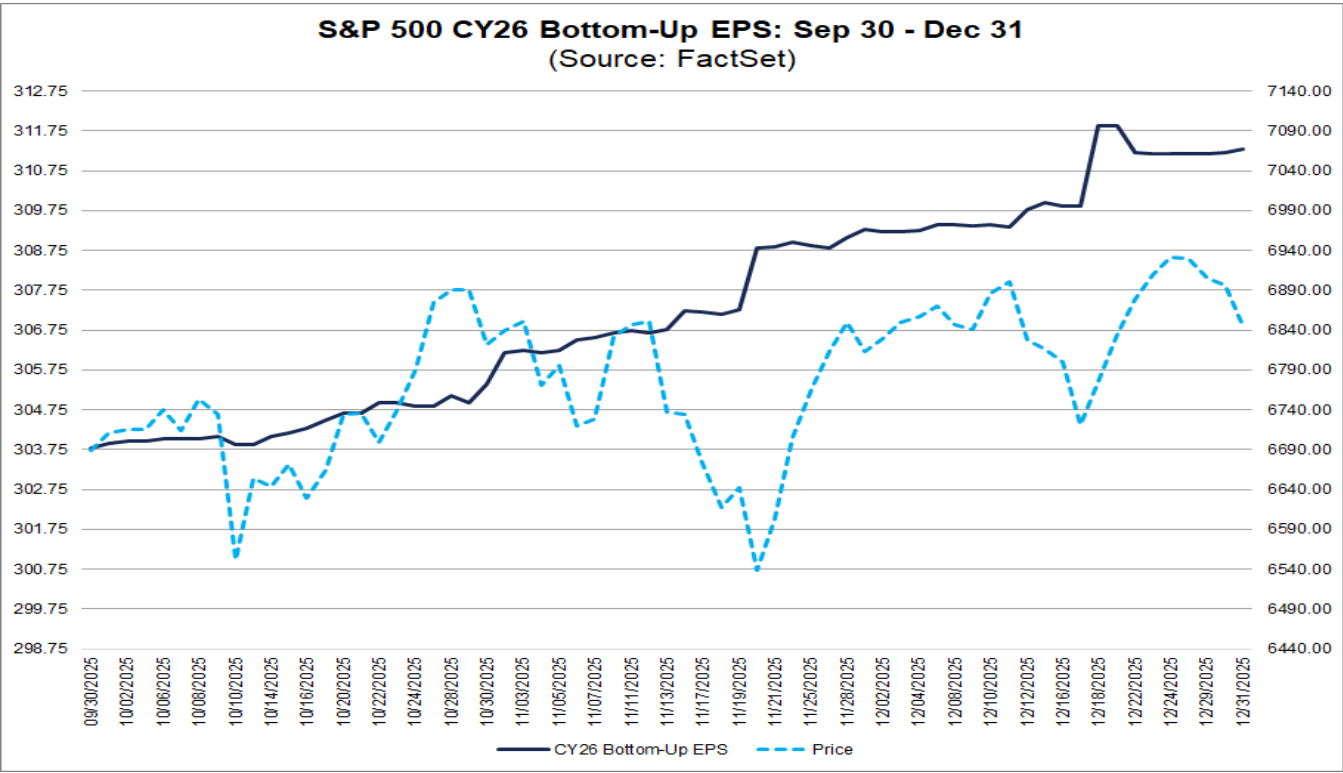
This quarter marks the 2nd straight quarter in which analysts have increased EPS estimates in aggregate during the quarter.

At the sector level, only three of the eleven sectors witnessed an increase in their bottom-up EPS estimate for Q4 2025 from September 30 to December 31: Information Technology (+6.1%), Financials (+1.2%), and Energy (+0.3%). On the other hand, eight sectors recorded a decrease in their bottom-up EPS estimate for Q4 2025 during this period, led by the Utilities (-6.2%), Health Care (-4.0%), and Consumer Staples (-3.8%) sectors.

Analysts also increased earnings estimates for 2026 over the past three months. From September 30 through December 31, the CY 2026 bottom-up EPS estimate increased by 2.5% (to \$311.30 from \$303.79). At the sector level, five sectors witnessed an increase in their bottom-up EPS estimate for CY 2026 from September 30 to December 31, led by the Information Technology (+9.5%) sector. On the other hand, six sectors recorded a decrease in their bottom-up EPS estimate for CY 2026 during this period, led by the Energy (-5.9%) sector.







Topic of the Week: 2

High Number of S&P 500 Technology Companies Issuing Positive EPS Guidance for Q4

Overall, 107 S&P 500 companies have issued quarterly EPS guidance for the fourth quarter. Of these companies, 57 have issued negative EPS guidance and 50 have issued positive EPS guidance.

The number of companies issuing negative EPS guidance is below the 5-year average of 60 and below the 10-year average of 60. Overall, this quarter ties the mark with the previous quarter for the lowest number of S&P 500 companies issuing negative EPS guidance for a quarter since Q4 2021 (51).

On the other hand, the number of companies issuing positive EPS guidance for the fourth quarter is above the 5-year average of 44 and above the 10-year average of 39. In fact, this quarter marks the 3rd consecutive quarter in which 50 or more S&P 500 companies have issued positive EPS guidance for a quarter.

As a result, the percentage of companies issuing positive EPS guidance is 47% (50 out of 107), which is above the 5-year average of 42% and above the 10-year average of 40%. This quarter marks the second-highest percentage of S&P 500 companies issuing positive EPS guidance since Q3 2021 (57%), trailing only the previous quarter (49%).

What is driving the higher number of S&P 500 companies issuing positive EPS guidance? At the sector level, the Information Technology sector has the highest number of companies issuing positive EPS guidance of all 11 sectors at 32. This number is well above the 5-year average of 22.2 and well above the 10-year average of 18.5 for the sector.

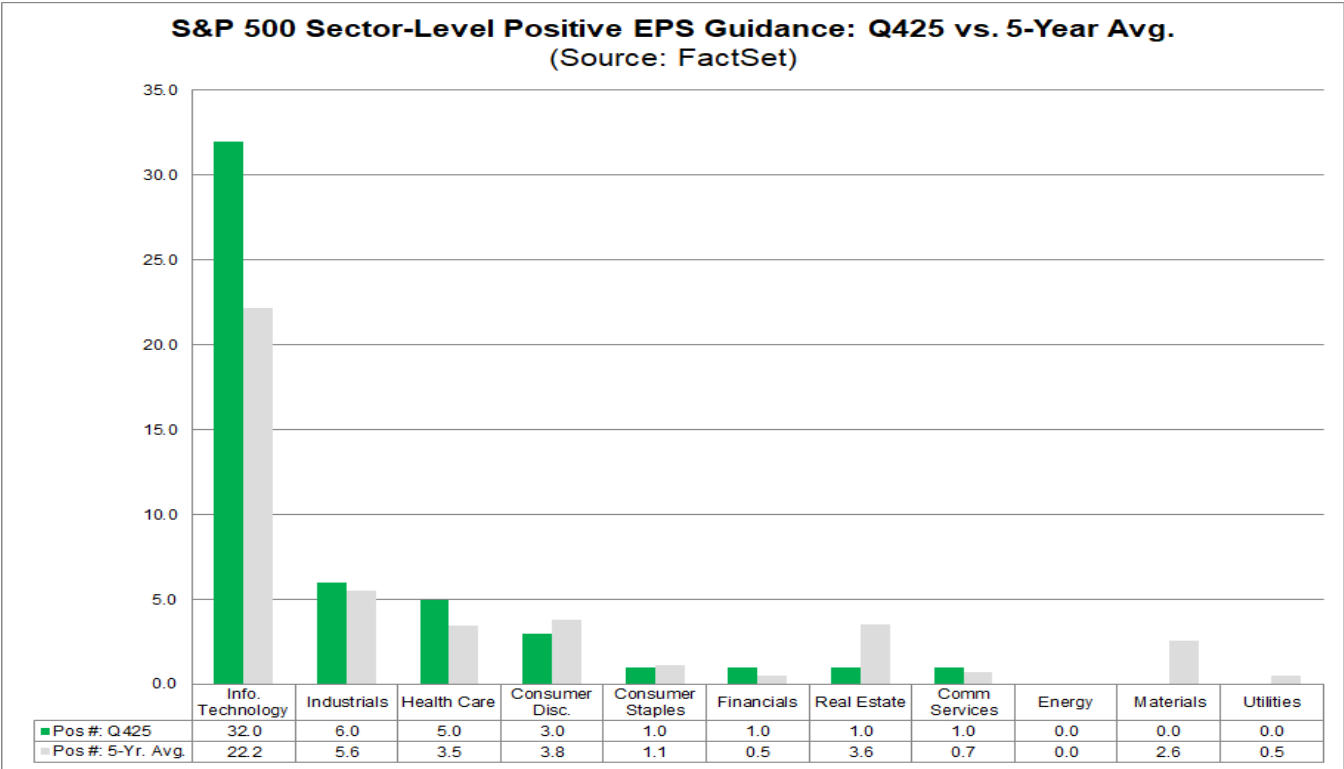
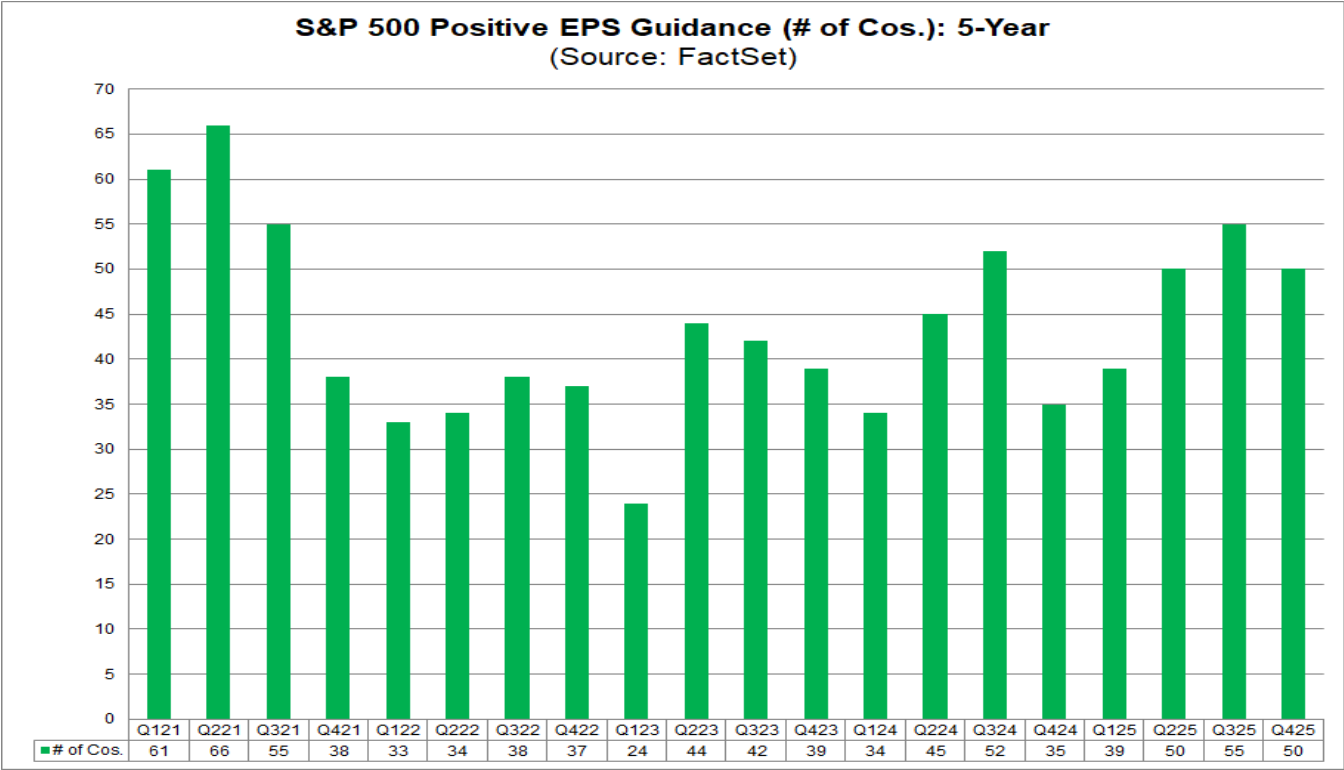
In fact, this is the second-highest number of companies in the Information Technology sector issuing positive EPS guidance for a quarter since FactSet began tracking this metric in 2006. The current record is 36, which occurred in the previous quarter (Q3 2025).

At the industry level, the Semiconductors & Semiconductor Equipment (9) and Software (9) industries have the highest number of companies issuing positive EPS guidance within the Information Technology sector.

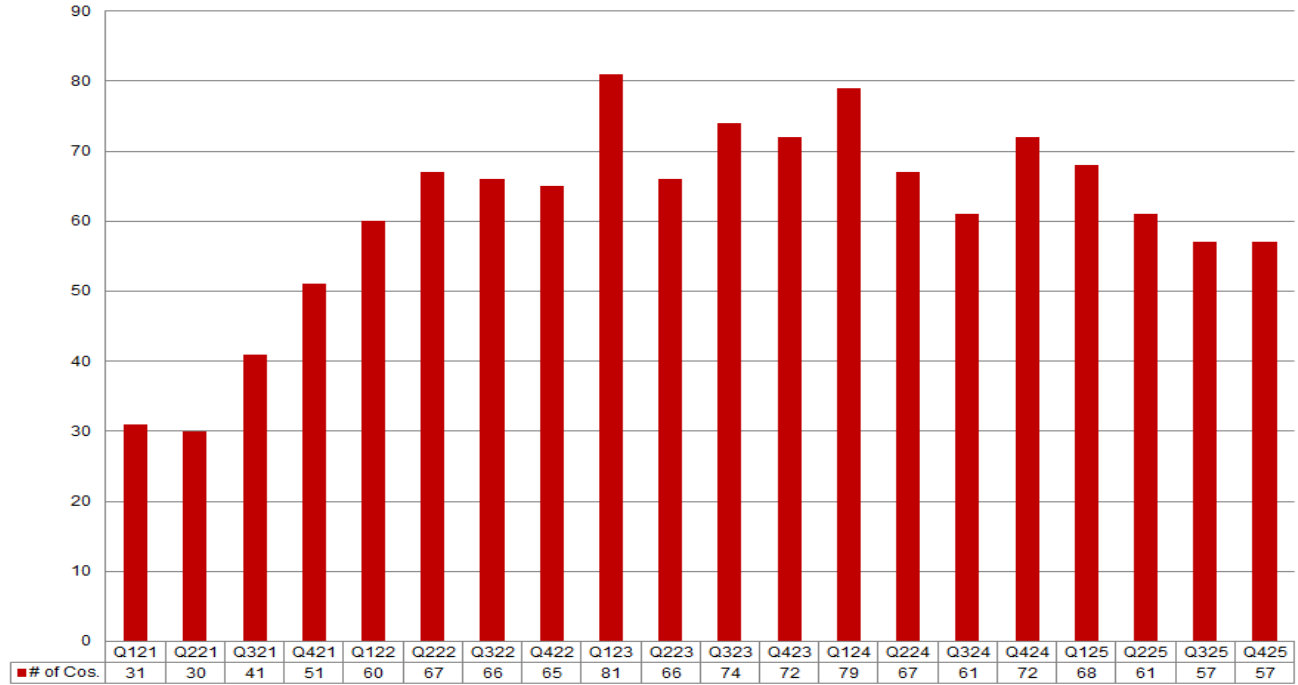
It is interesting to note that the Information Technology has also recorded the largest increase (+6.1%) in its bottom-up EPS estimate for Q4 2025 during the quarter. For more details, please see pages 3 through 5.

Thus, both companies and analysts have been more optimistic in their earnings outlooks for this sector relative to the other ten sectors. The Information Technology sector also has the highest estimated earnings growth rate of all ten sectors for Q4 2025 at 25.9%.

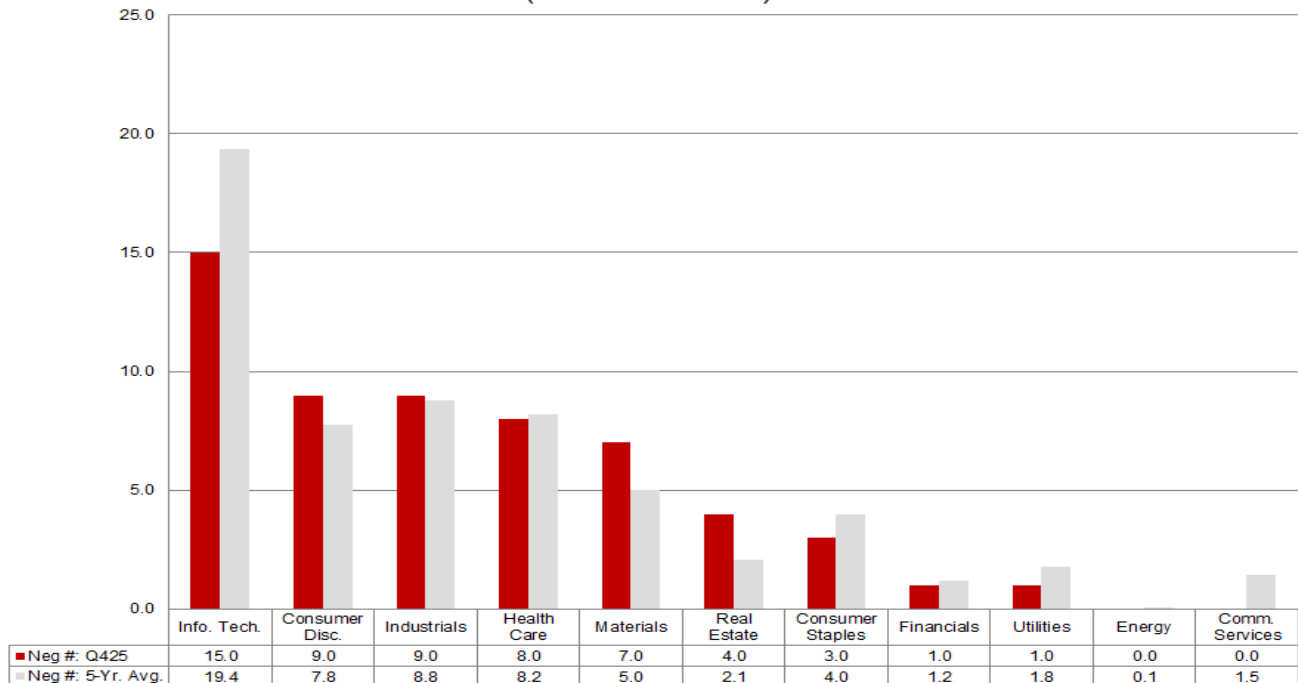
The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range of estimates) provided by a company is lower than the mean EPS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

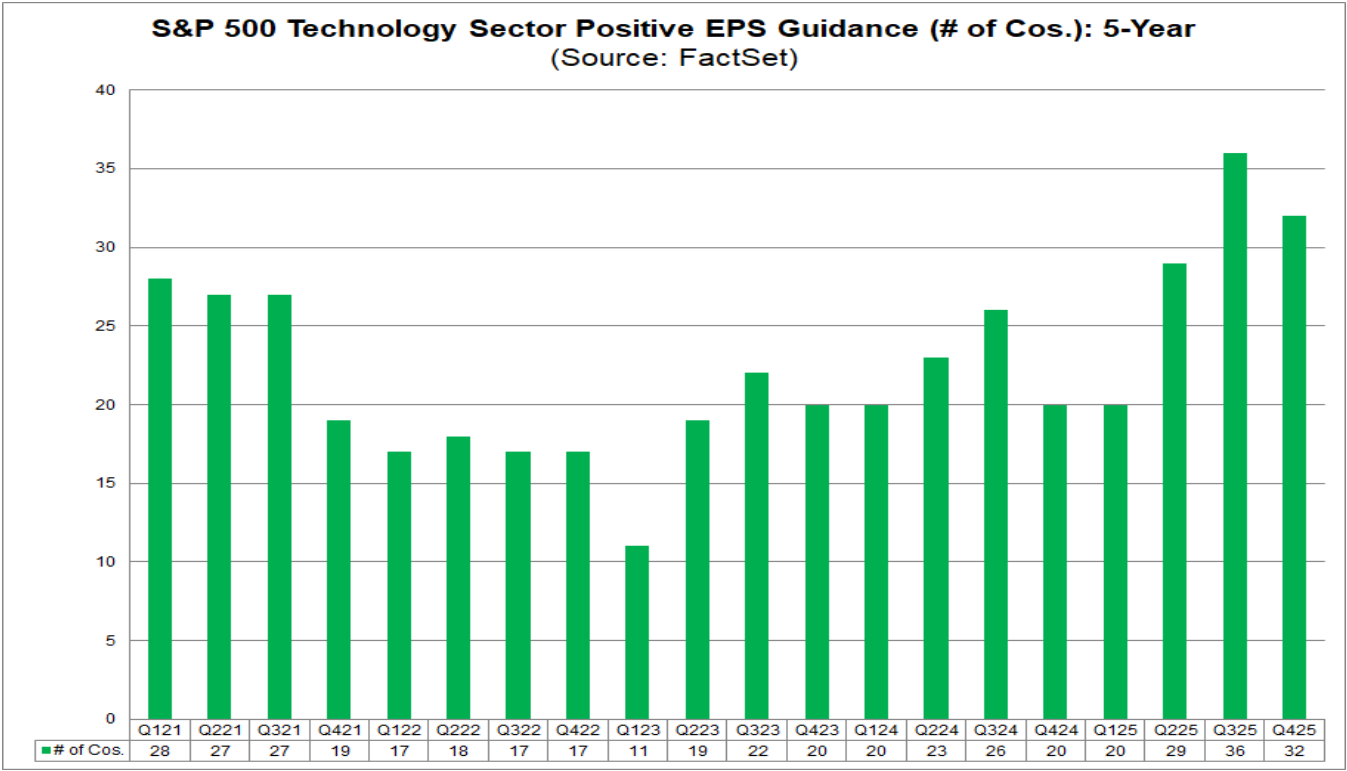


S&P 500 Negative EPS Guidance (# of Cos.): 5-Year
(Source: FactSet)



S&P 500 Sector-Level Negative EPS Guidance: Q425 vs. 5-Year Avg.
(Source: FactSet)





Q4 Earnings Season: By The Numbers

Overview

Heading into the start of the earnings season, both analysts and companies have been more optimistic than normal in their earnings outlooks for the fourth quarter. However, it should be noted that most of this optimism is concentrated in one sector: Information Technology. As a result, estimated earnings for the S&P 500 for the fourth quarter are higher today compared to expectations at the start of the quarter. The index is also expected to report (year-over-year) earnings growth for the 10th straight quarter.

In terms of estimate revisions for companies in the S&P 500, analysts have increased earnings estimates for Q4 2025. On a per-share basis, estimated earnings for the fourth quarter increased by 0.5% from September 30 to December 31. In a typical quarter, analysts usually lower earnings estimates during the quarter. Over the past five years (20 quarters), earnings expectations have fallen by 1.6% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 3.1% on average during a quarter. At the sector level, the Information Technology sector recorded the largest increase in estimated earnings of all eleven sectors during the quarter.

In terms of guidance, both the number and percentage of S&P 500 companies issuing positive EPS guidance for Q4 2025 are higher than average. At this point in time, 107 companies in the index have issued EPS guidance for Q4 2025. Of these companies, 57 have issued negative EPS guidance and 50 have issued positive EPS guidance. The number of companies issuing positive EPS guidance is above the 5-year average (44) and above the 10-year average (39). The percentage of S&P 500 companies issuing positive EPS guidance for Q4 2025 is 47% (50 out of 107), which is above the 5-year average of 42% and above the 10-year average of 40%. At the sector level, the Information Technology sector has the highest number of companies issuing positive EPS guidance for Q4 2025 of all eleven sectors.

Due to the upward revisions to earnings estimates by analysts and more positive EPS guidance issued by companies, the estimated (year-over-year) earnings growth rate for Q4 2025 is higher today relative to the start of the fourth quarter. As of today, the S&P 500 is expected to report (year-over-year) earnings growth of 8.3%, compared to the estimated (year-over-year) earnings growth rate of 7.2% on September 30.

If 8.3% is the actual growth rate for the quarter, it will mark the tenth consecutive quarter of year-over-year earnings growth for the index.

Eight of the eleven sectors are projected to report year-over-year growth, led by the Information Technology sector. On the other hand, three sectors are predicted to report a year-over-year decline in earnings, led by the Consumer Discretionary sector.

In terms of revenues, analysts also raised their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 7.7%, compared to the expectations for revenue growth of 6.5% on September 30.

If 7.7% is the actual revenue growth rate for the quarter, it will mark the second-highest revenue growth rate reported by the index since Q3 2022 (11.0%), trailing on the previous quarter (8.4%). It will also mark the 21st consecutive quarter of revenue growth for the index.

Ten sectors are projected to report year-over-year growth in revenues, led by the Information Technology, Communication Services, and Health Care sectors. On the other hand, the Energy sector is the only sector predicted to report a year-over-year decline in revenues.

For Q1 2026 and Q2 2026, analysts are calling for earnings growth rates of 12.6% and 14.6%, respectively. For CY 2026 analysts are projecting (year-over-year) earnings growth of 14.9%.

The forward 12-month P/E ratio is 22.2, which is above the 5-year average (20.0) and above the 10-year average (18.7). This P/E ratio is also above the forward P/E ratio of 22.0 recorded at the end of the fourth quarter (December 31).

During the upcoming week, 14 S&P 500 companies (including 2 Dow 30 components) are scheduled to report results for the fourth quarter.

Earnings Revisions: Technology Sector Has Seen Largest Increase in EPS Estimates

Slight Decrease in Estimated Earnings Growth Rate for Q4 This Week

During the past week, the estimated earnings growth rate for the S&P 500 for Q4 2025 decreased slightly to 8.3% from 8.4%. Downward revisions to EPS estimates for companies in the Energy and Financials sectors were the largest contributors to the small decrease in the overall earnings growth rate for the index during the past week.

The estimated earnings growth rate for the S&P 500 for Q4 2025 of 8.3% today is above the estimate of 7.2% at the start of the quarter (September 30), as estimated earnings for the index of \$622.6 billion today are 1.0% above the estimate of \$616.4 billion at the start of the quarter. However, only two sectors have recorded an increase in (expected) dollar-level earnings due to upward revisions to earnings estimates and positive earnings surprises: Information Technology and Financials. On the other hand, nine sectors have recorded a decrease in expected (dollar-level) earnings due to downward revisions to earnings estimates, led by the Utilities, Consumer Staples, and Health Care sectors.

Information Technology: Apple and NVIDIA Lead Earnings Increase Since September 30

The Information Technology sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 6.2% (to \$179.4 billion from \$168.9 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 25.9% today from 18.5% on September 30. This sector has also recorded an increase in price of 0.4% since September 30. Overall, 51 of the 70 companies (73%) in the Information Technology sector have seen an increase in their mean EPS estimate during this time. Of these 51 companies, 12 have recorded an increase in their mean EPS estimate of more than 10%, led by Sandisk Corporation (to \$3.31 from \$1.54), Oracle (to \$2.26 from \$1.64), Teradyne (to \$1.36 from \$1.01), Micron Technology (to \$4.78 from \$3.69), Datadog (to \$0.55 from \$0.45), and Palantir Technologies (to \$0.23 from \$0.19). However, Apple (\$2.67 vs. \$2.50), NVIDIA (to \$1.52 from \$1.42), Oracle, Micron Technology, and Microsoft (to \$3.92 from \$3.80) have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since September 30.

Financials: Allstate Leads Earnings Increase Since September 30

The Financials sector has recorded the second-largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 2.1% (to \$113.1 billion from \$110.8 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 6.4% today from 4.3% on September 30. This sector has also recorded an increase in price of 3.6% since September 30. Overall, 43 of the 76 companies (57%) in the Financials sector have seen an increase in their mean EPS estimate during this time. Of these 43 companies, 7 have recorded an increase in their mean EPS estimate of more than 10%: Robinhood Markets (to \$0.60 from \$0.45), Allstate (to \$9.25 from \$7.14), Cboe Global Markets (to \$2.78 from \$2.38), Morgan Stanley (to \$2.42 vs. \$2.13), Interactive Brokers Group (to \$0.58 from \$0.52), Arch Capital Group (to \$2.51 from \$2.26), and Moody's (to \$3.40 from \$3.07). Allstate, Morgan Stanley, JPMorgan Chase (to \$4.91 from \$4.77), and Wells Fargo (to \$1.66 from \$1.55) have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since September 30.

Utilities: 71% of Companies Have Recorded a Decrease in Earnings Since September 30

On the other hand, the Utilities sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -6.1% (to \$14.3 billion from \$15.2 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 4.7% today from 11.5% on September 30. This sector has also recorded a decrease in price of 3.7% since September 30. Overall, 22 of the 31 companies (71%) in the Utilities sector have seen a decrease in their mean EPS estimate during this time. Of these 22 companies, 10 have recorded a decline in their mean EPS estimate of more than 10%, led by Edison International (to \$1.42 from \$2.11), NRG Energy (to \$1.02 from \$1.39), NextEra Energy (to \$0.56 from \$0.68), AES Corporation (to \$0.63 from \$0.75), and PG&E Corporation (to \$0.37 from \$0.44).

Consumer Staples: 72% of Companies Have Recorded a Decrease in Earnings Since September 30

The Consumer Staples sector (along with the Health Care sector) has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -3.4% (to \$34.6 billion from \$35.8 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 0.7% today from 4.3% on September 30. Despite the decrease in earnings, this sector has recorded an increase in price of 0.1% since September 30. Overall, 26 of the 36 companies (72%) in the Consumer Staples sector have seen a decrease in their mean EPS estimate during this time. Of these 26 companies, 6 have recorded a decline in their mean EPS estimate of more than 10%: Archer-Daniels-Midland Company (to \$0.80 from \$1.51), Bunge Global (to \$1.88 from \$3.03), Mondelez International (to \$0.70 from \$0.83), Kraft Heinz (to \$0.61 from \$0.70), Hershey (to \$1.39 from \$1.58), and Campbell's (to \$0.57 from \$0.64).

Health Care: Pfizer Leads Earnings Decrease Since September 30

The Health Care sector (along with the Consumer Staples sector) has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -3.4% (to \$67.5 billion from \$69.8 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 0.2% today from 3.6% on September 30. Despite the decrease in earnings, this sector has recorded the largest increase in price of all eleven sectors since September 30 at 13.6%. Overall, 32 of the 60 companies (53%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 32 companies, 9 have recorded a decline in their mean EPS estimate of more than 10%, led by Molina Healthcare (to \$0.34 from \$3.31), Biogen (to \$1.70 from \$3.48), Centene Corporation (to -\$1.22 from -\$0.85), Elevance Health (to \$3.10 from \$4.20), and Baxter International (to \$0.54 from \$0.70). However, Pfizer (to \$0.59 from \$0.70), Merck & Co. (to \$2.04 from \$2.20), and Gilead Sciences (to \$1.86 from \$2.12) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since September 30.

Index-Level EPS Estimate: 0.5% Increase During Q4

The Q4 bottom-up EPS estimate (which is an aggregation of the median Q4 earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings of the index) increased by 0.5% (to \$70.50 from \$70.16) from September 30 to December 31. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 1.6% on average during a quarter. Over the past ten years (40 quarters), earnings expectations have fallen by 3.1% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 3.3% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 4.3% on average during a quarter.

Guidance: Number of Companies Issuing Positive EPS Guidance for Q4 is Above Average

Quarterly Guidance: Number of Companies Issuing Positive EPS Guidance for Q4 is Above Average

At this point in time, 107 companies in the index have issued EPS guidance for Q4 2025. Of these 107 companies, 57 have issued negative EPS guidance and 50 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q4 2025 is below the 5-year average of 60 and below the 10-year average of 60. The number of companies issuing positive EPS guidance for Q4 2025 is above the 5-year average of 44 and above the 10-year average of 39.

At the sector level, the Information Technology sector has the highest number of companies issuing positive EPS guidance for Q4 2025 at 32.

The percentage of companies issuing positive EPS guidance for Q4 2025 is 47% (50 out of 107), which is above the 5-year average of 42% and above the 10-year average of 40%.

Annual Guidance: 38% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 268 companies in the index have issued EPS guidance for the current (unreported) fiscal year (FY 2025 or FY 2026). Of these 268 companies, 103 have issued negative EPS guidance and 165 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 38% (103 out of 268).

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 Growth: 8.3%

The estimated (year-over-year) earnings growth rate for Q4 2025 is 8.3%, which is below the 5-year average earnings growth rate of 14.9% and below the 10-year average earnings growth rate of 9.5%. If 8.3% is the actual growth rate for the quarter, it will mark the 10th consecutive quarter of year-over-year earnings growth for the index.

Eight of the eleven sectors are expected to report year-over-year earnings growth, led by the Information Technology and Materials sectors. On the other hand, three sectors are projected to report year-over-year decline in earnings, led by the Consumer Discretionary sector.

Information Technology: NVIDIA Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 25.9%. At the industry level, all 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (46%), Electronic Equipment, Instruments, & Components (28%), Software (24%), Technology Hardware, Storage, & Peripherals (11%), Communication Equipment (8%), and IT Services (7%).

At the company level, NVIDIA (\$1.52 vs. \$0.89) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the Information Technology sector would fall to 18.1% from 25.9%.

Materials: 2 of 4 Industries Expected to Report Year-Over-Year Growth Above 25%

The Materials sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 9.0%. At the industry level, 3 of the 4 industries in the sector are projected to report year-over-year earnings growth: Containers & Packaging (39%), Metals & Mining (29%), and Construction Materials (3%). On the other hand, the Chemicals (-5%) industry is the only industry predicted to report a year-over-year decline in earnings.

Consumer Discretionary: Automobiles Industry Is Largest Contributor to Year-Over-Year Decline

The Consumer Discretionary sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -3.5%. At the industry level, 5 of the 9 industries in the sector are projected to report a year-over-year earnings decline. Three of these 5 industries are predicted to report a double-digit decline: Household Durables (-35%), Automobiles (-35%), and Textiles, Apparel, & Luxury Goods (-19%). On the other hand, 4 of the 9 industries in the sector are expected to report year-over-year growth in earnings. Three of these 4 industries are predicted to report double-digit growth: Leisure Products (107%), Hotels, Restaurants, & Leisure (12%), and Distributors (10%).

At the industry level, the Automobiles industry is also expected to be the largest contributor to the earnings decline for the sector. If this industry were excluded, the Consumer Discretionary sector would be expected to report earnings growth of 0.6% rather than an earnings decline of -3.5%.

Revenue Growth: 7.7%

The estimated (year-over-year) revenue growth rate for Q4 2025 is 7.7%, which is below the 5-year average revenue growth rate of 8.0% but above the 10-year average revenue growth rate of 5.7%. If 7.7% is the actual growth rate for the quarter, it will mark the second-highest revenue growth rate reported by the index since Q3 2022 (11.0%), trailing on the previous quarter (8.4%). It will also mark the 21st consecutive quarter of revenue growth for the index.

At the sector level, ten sectors are expected to report year-over-year growth in revenues, led by the Information Technology, Communication Services, and Health Care sectors. On the other hand, the Energy sector is the only sector that is projected to report a year-over-year decline in revenues.

Information Technology: All 6 Industries Expected to Report Year-Over-Year Growth

The Information Technology sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 18.0%. At the industry level, all 6 industries in the sector are projected to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (31%), Electronic Equipment, Instruments, & Components (17%), Software (15%), Technology Hardware, Storage, & Peripherals (15%), Communication Equipment (10%), and IT Services (7%).

Communication Services: All 5 Industries Expected to Report Year-Over-Year Growth

The Communication Services sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 10.2%. At the industry level, all 5 industries in the sector are projected to report year-over-year revenue growth: Interactive Media & Services (16%), Wireless Telecommunication Services (11%), Entertainment (7%), Diversified Telecommunication Services (1%), and Media (1%).

Health Care: All 5 Industries Expected to Report Year-Over-Year Growth

The Health Care sector is expected to report the third-highest (year-over-year) revenue growth rate of all eleven sectors at 9.1%. At the industry level, all 5 industries in the sector are projected to report year-over-year revenue growth: Health Care Providers & Services (10%), Health Care Equipment & Supplies (8%), Pharmaceuticals (6%), Life Sciences, Tools, & Services (5%), and Biotechnology (4%).

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is expected to report the largest (year-over-year) revenue decline of all eleven sectors at -2.2%. Lower year-over-year oil prices are contributing to the year-over-year decrease in revenues for this sector, as the average price of oil in Q4 2025 (\$59.14) was 16% below the average price for oil in Q4 2024 (\$70.09). At the sub-industry level, 3 of the 5 sub-industries in the sector are predicted to report a year-over-year decline in revenues: Integrated Oil & Gas (-6%), Oil & Gas Refining & Marketing (-2%), and Oil & Gas Equipment & Services (-1%). On the other hand, two sub-industries are projected to report year-over-year growth in revenues: Oil & Gas Storage & Transportation (17%) and Oil & Gas Exploration & Production (3%).

Net Profit Margin: 12.8%

The estimated net profit margin for the S&P 500 for Q4 2025 is 12.8%, which is below the previous quarter's net profit margin of 13.1%, but above the year-ago net profit margin of 12.7% and above the 5-year average of 12.1%.

At the sector level, two sectors are expected to report a year-over-year increase in their net profit margins in Q4 2025 compared to Q4 2024: Information Technology (28.5% vs. 26.8%) and Materials (9.4% vs. 8.8%). On the other hand, seven sectors are expected to report a year-over-year decrease in their net profit margins in Q4 2025 compared to Q4 2024, led by the Real Estate (33.8% vs. 35.1%) sector. Two sectors (Energy and Utilities) are predicted to report no year-over-year change in net profit margin.

Five sectors are expected to report net profit margins in Q4 2025 that are above their 5-year averages, led by the Information Technology (28.5% vs. 24.7%) sector. On the other hand, six sectors are expected to report net profit margins in Q4 2025 that are below their 5-year averages, led by the Health Care (7.1% vs. 9.3%), Energy (7.8% vs. 9.8%), Materials (9.4% vs. 11.3%), and Real Estate (33.8% vs. 35.7%) sectors.

Forward Estimates & Valuation

Earnings: S&P 500 Expected to Report Earnings Growth of 15% for CY 2026

For the fourth quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 8.3% and year-over-year growth in revenues of 7.7%. For CY 2025, S&P 500 companies are predicted to report year-over-year growth in earnings of 12.4% and year-over-year growth in revenues of 7.0%.

For Q1 2026, analysts are projecting earnings growth of 12.6% and revenue growth of 8.3%.

For Q2 2026, analysts are projecting earnings growth of 14.6% and revenue growth of 7.4%.

For Q3 2026, analysts are projecting earnings growth of 14.9% and revenue growth of 6.6%.

For Q4 2026, analysts are projecting earnings growth of 18.3% and revenue growth of 7.4%.

For CY 2026, analysts are projecting earnings growth of 14.9% and revenue growth of 7.3%.

Valuation: Forward P/E Ratio is 22.2, Above the 10-Year Average (18.7)

The forward 12-month P/E ratio for the S&P 500 is 22.2. This P/E ratio is above the 5-year average of 20.0 and above the 10-year average of 18.7. It is also above the forward 12-month P/E ratio of 22.0 recorded at the end of the fourth quarter (December 31). Since the end of the fourth quarter (December 31), the price of the index has increased by 1.1%, while the forward 12-month EPS estimate has increased by 0.2%. At the sector level, the Consumer Discretionary (29.7) and Information Technology (26.3) sectors have the highest forward 12-month P/E ratios, while the Energy (16.6) and Financials (16.7) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 28.5, which is above the 5-year average of 25.0 and above the 10-year average of 23.0.

Targets & Ratings: Analysts Project 16% Increase in Price Over Next 12 Months

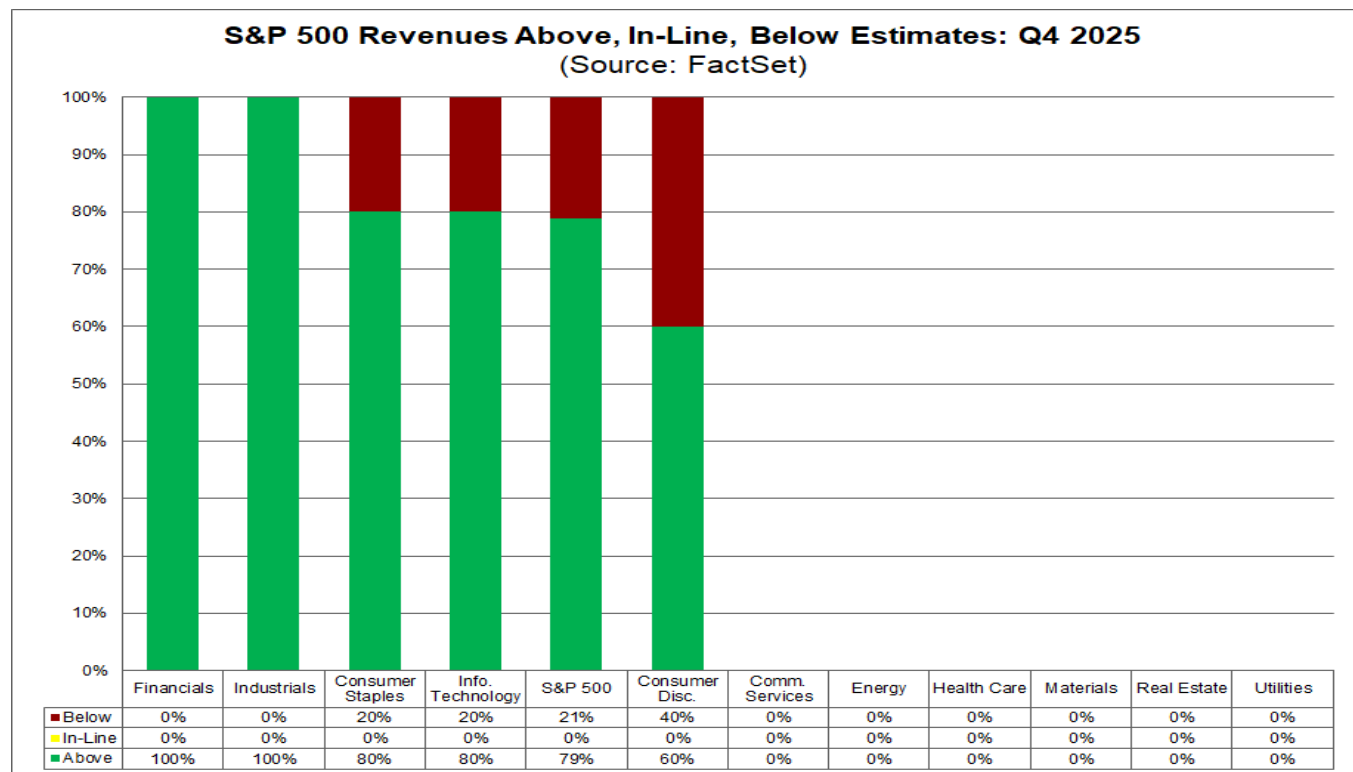
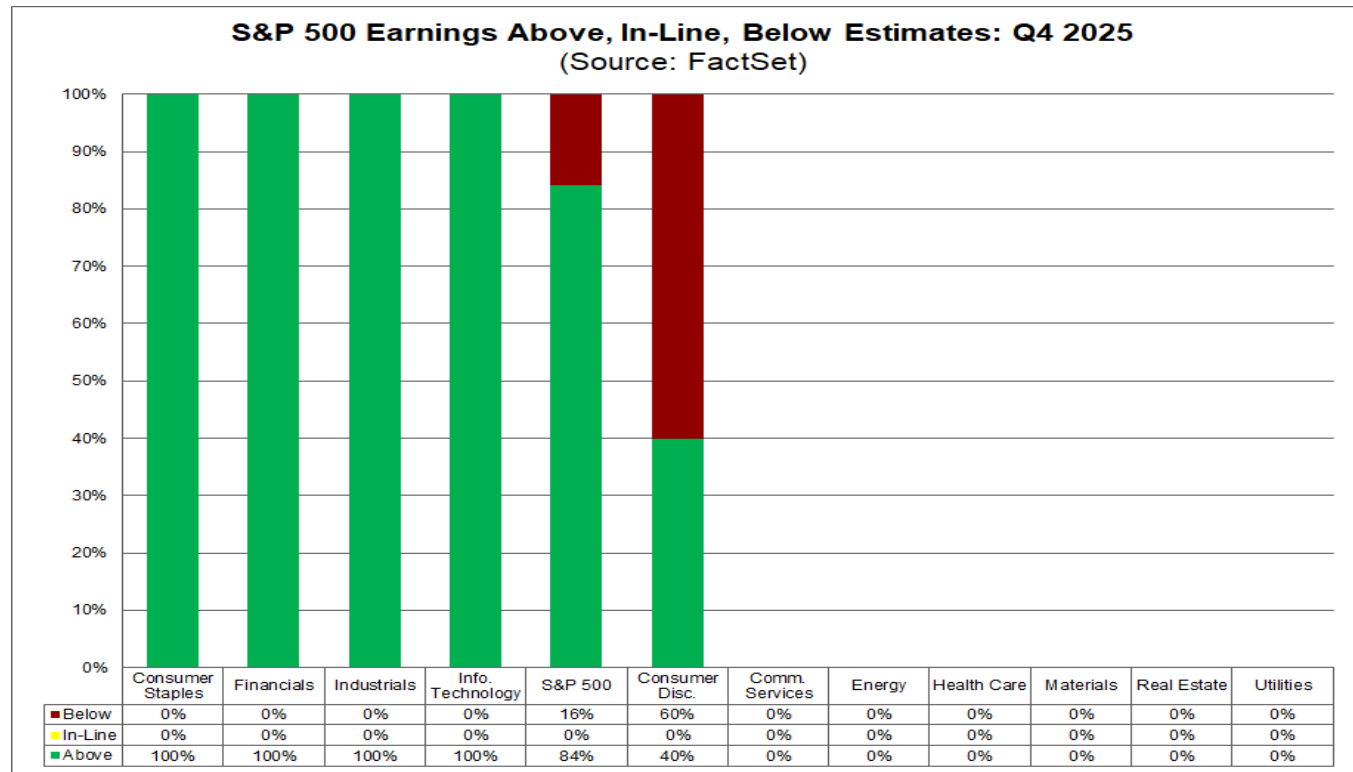
The bottom-up target price for the S&P 500 is 8047.85, which is 16.3% above the closing price of 6921.46. At the sector level, the Information Technology (+25.0%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Financials (+9.0%) 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 12,730 ratings on stocks in the S&P 500. Of these 12,730 ratings, 57.7% are Buy ratings, 37.3% are Hold ratings, and 5.0% are Sell ratings. At the sector level, the Information Technology (67%), Energy (65%), Communication Services (64%), and Materials (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) and Utilities (48%) sectors have the lowest percentages of Buy ratings.

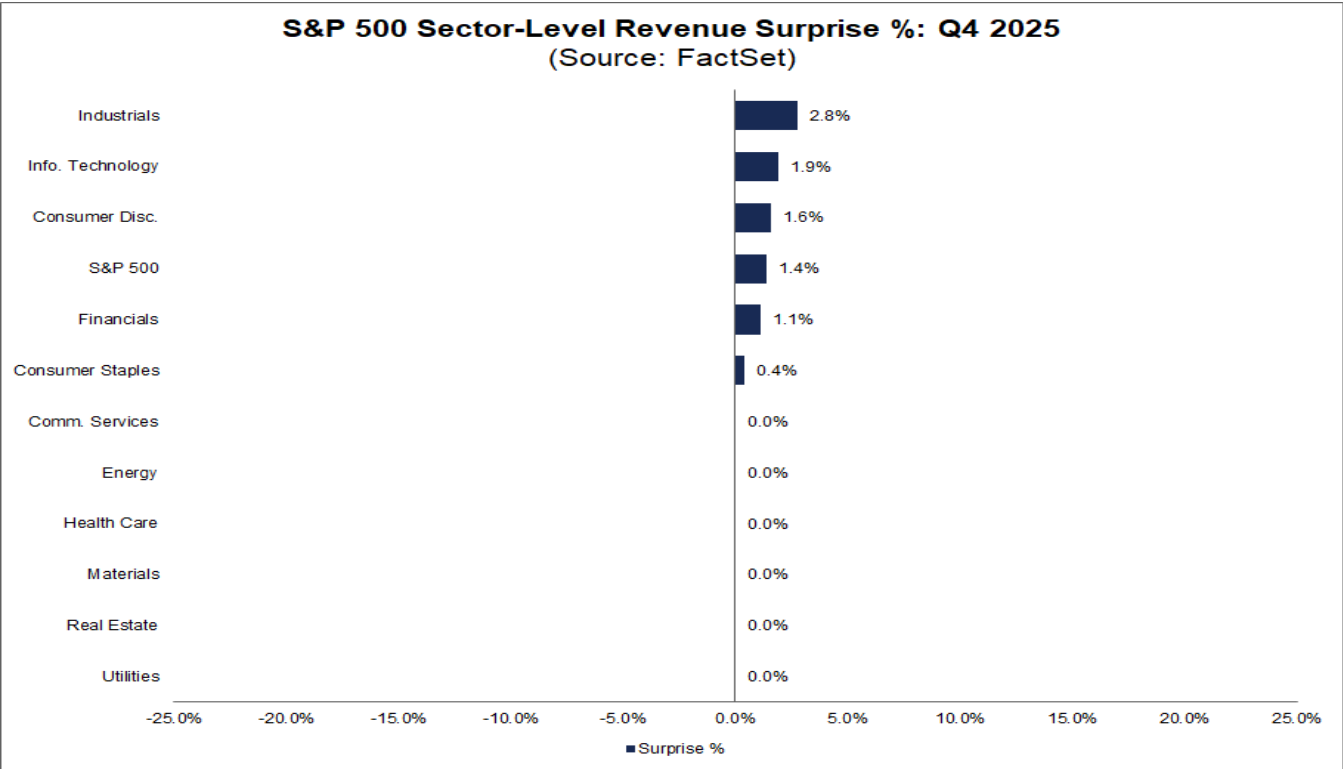
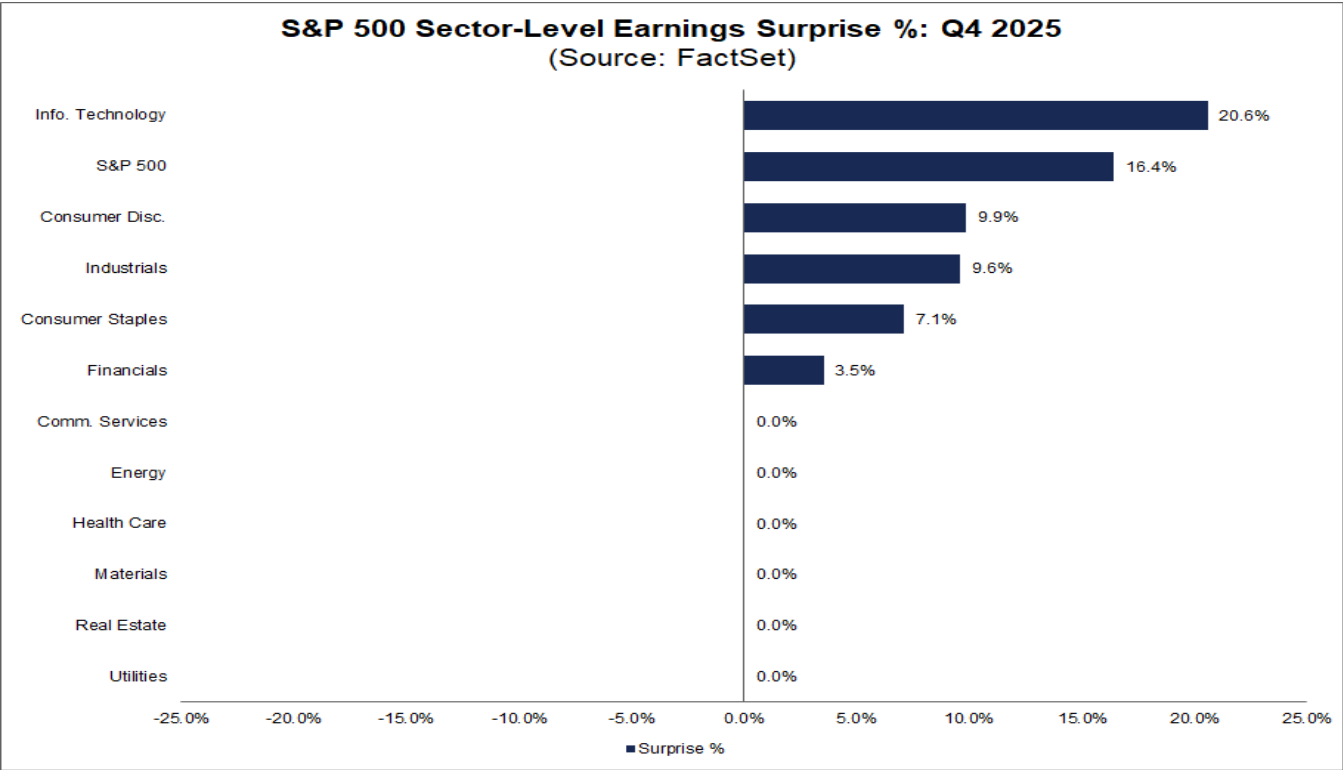
Companies Reporting Next Week: 14

During the upcoming week, 14 S&P 500 companies (including 2 Dow 30 components) are scheduled to report results for the fourth quarter.

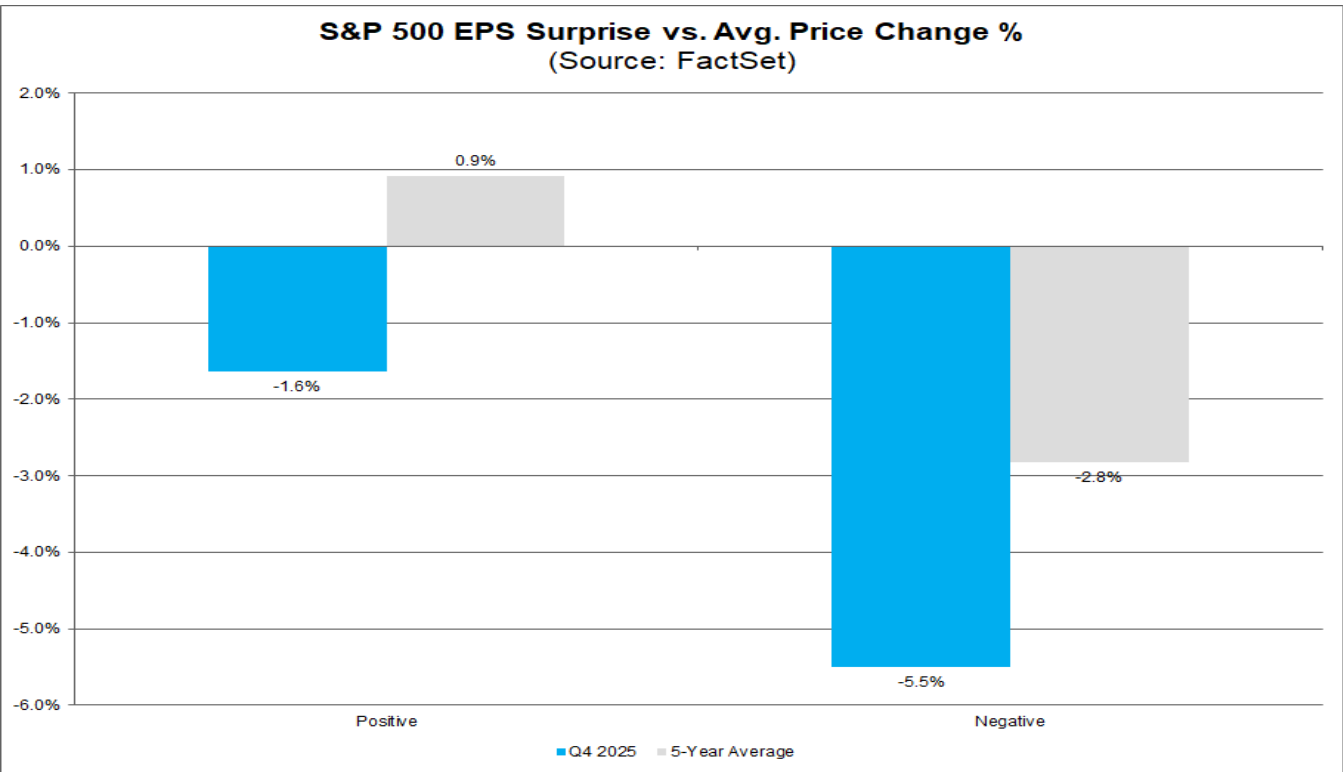
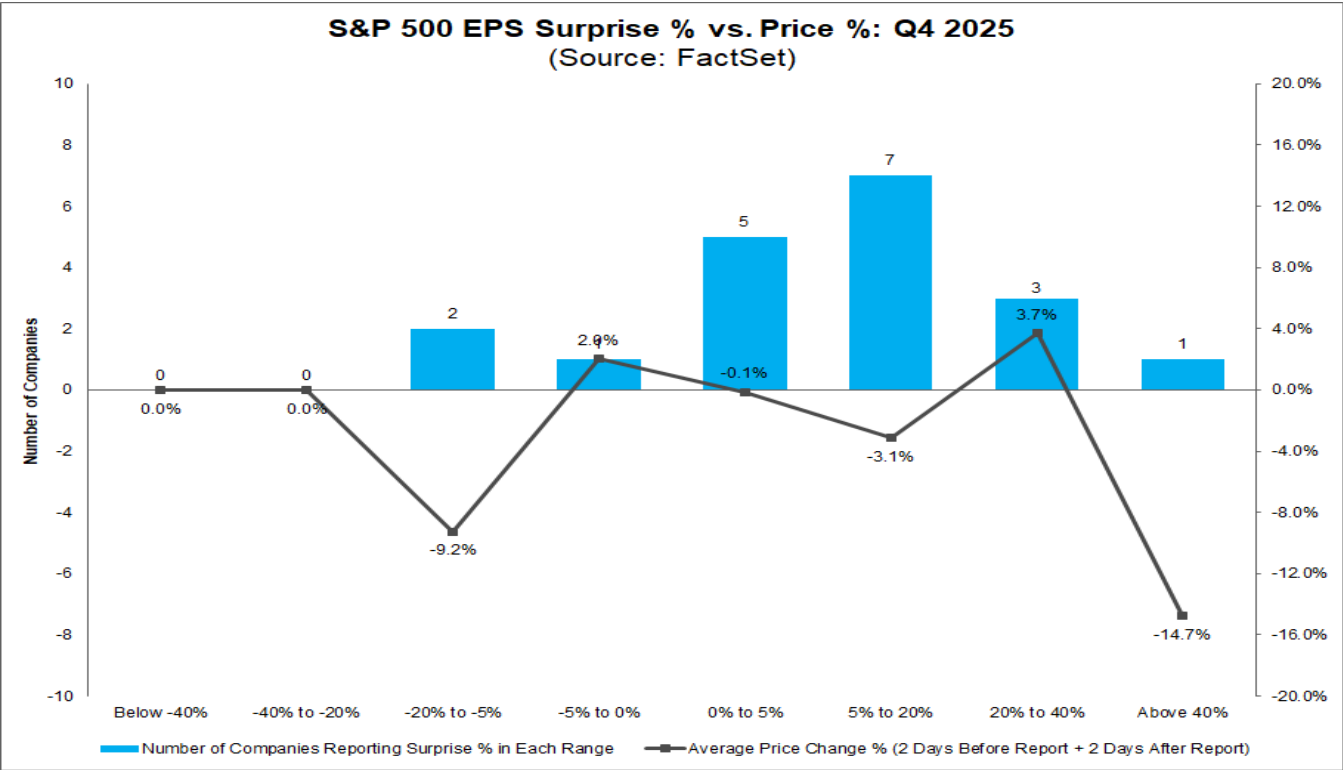
Q4 2025: Scorecard



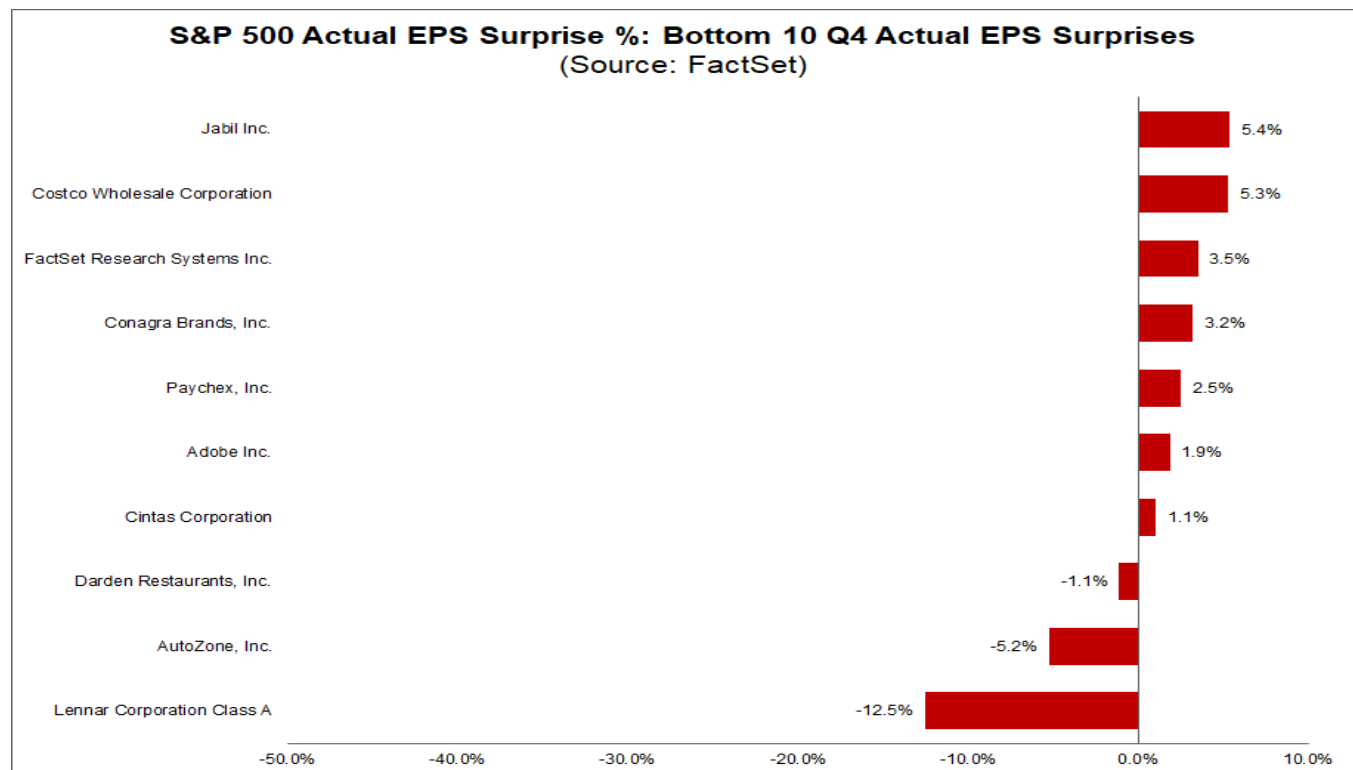
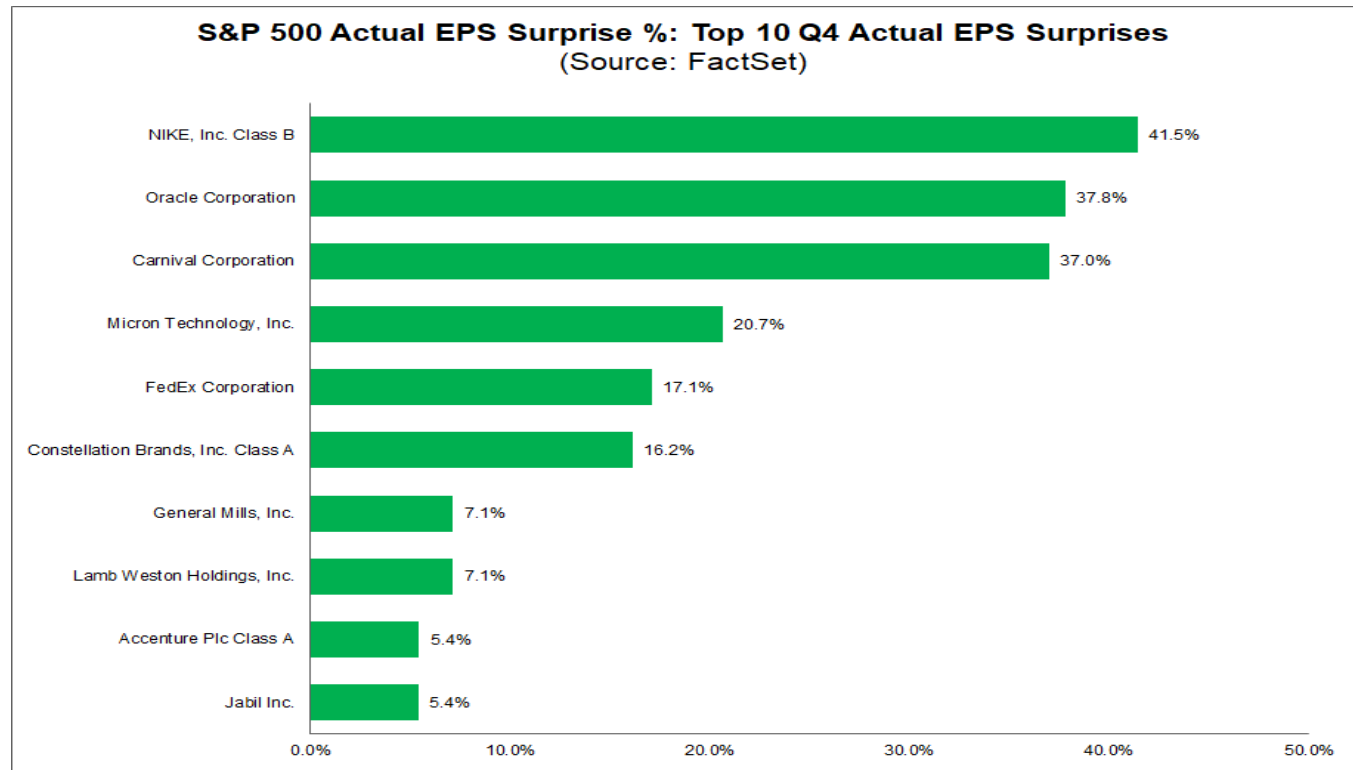
Q4 2025: Surprise



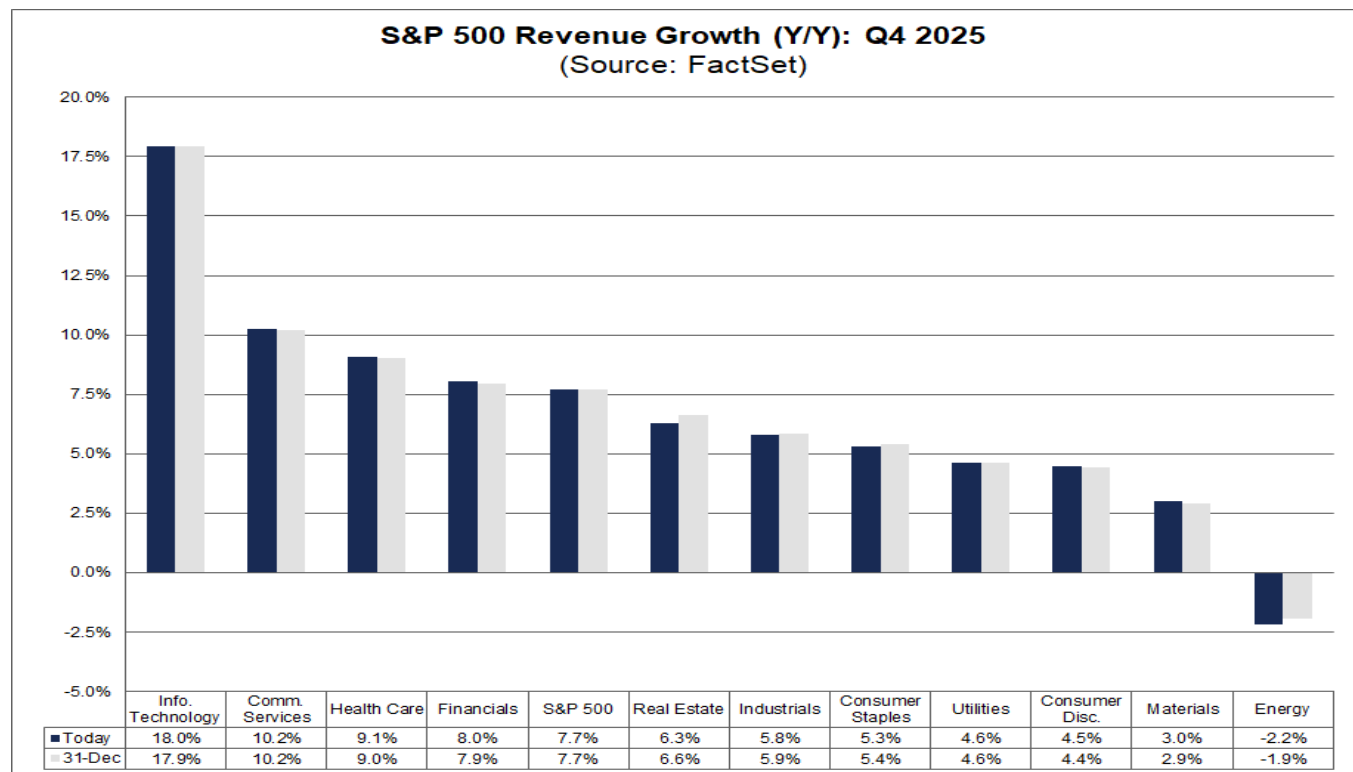
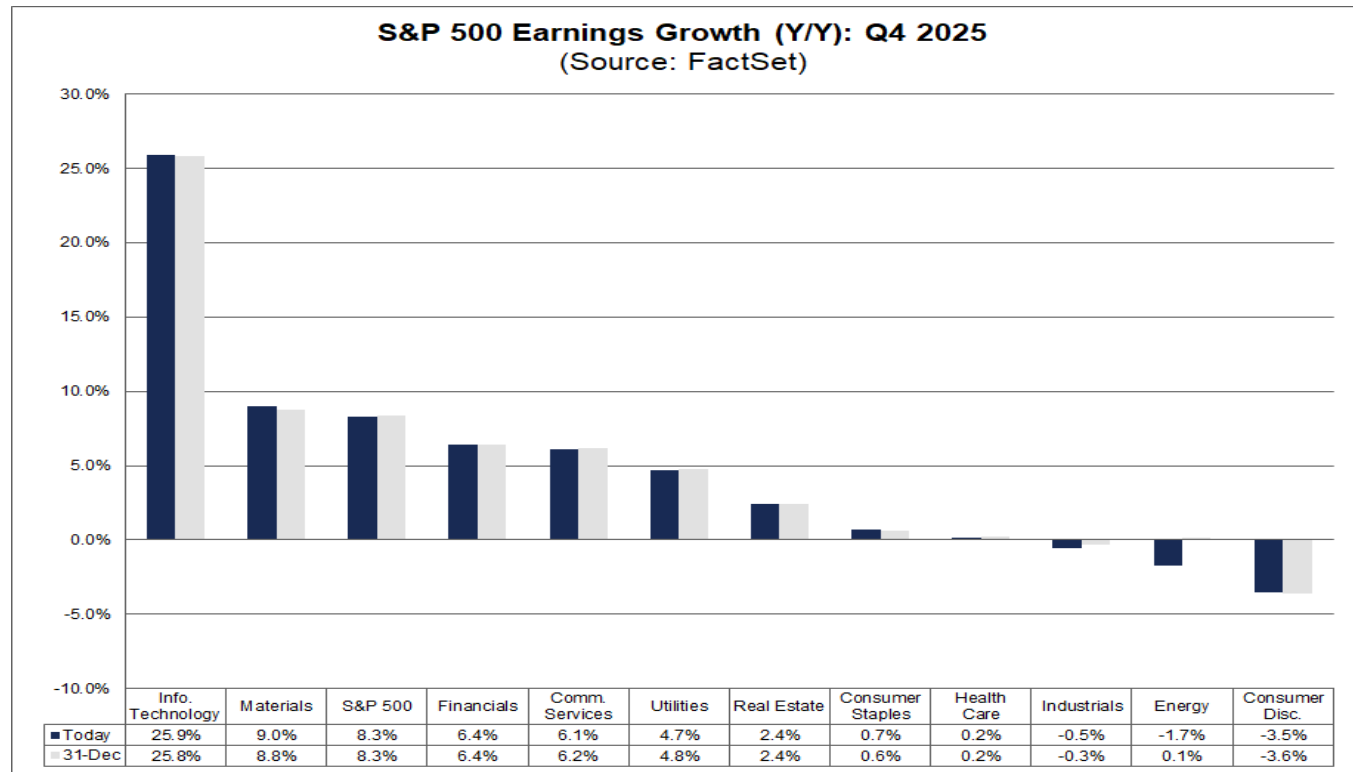
Q4 2025: Surprise



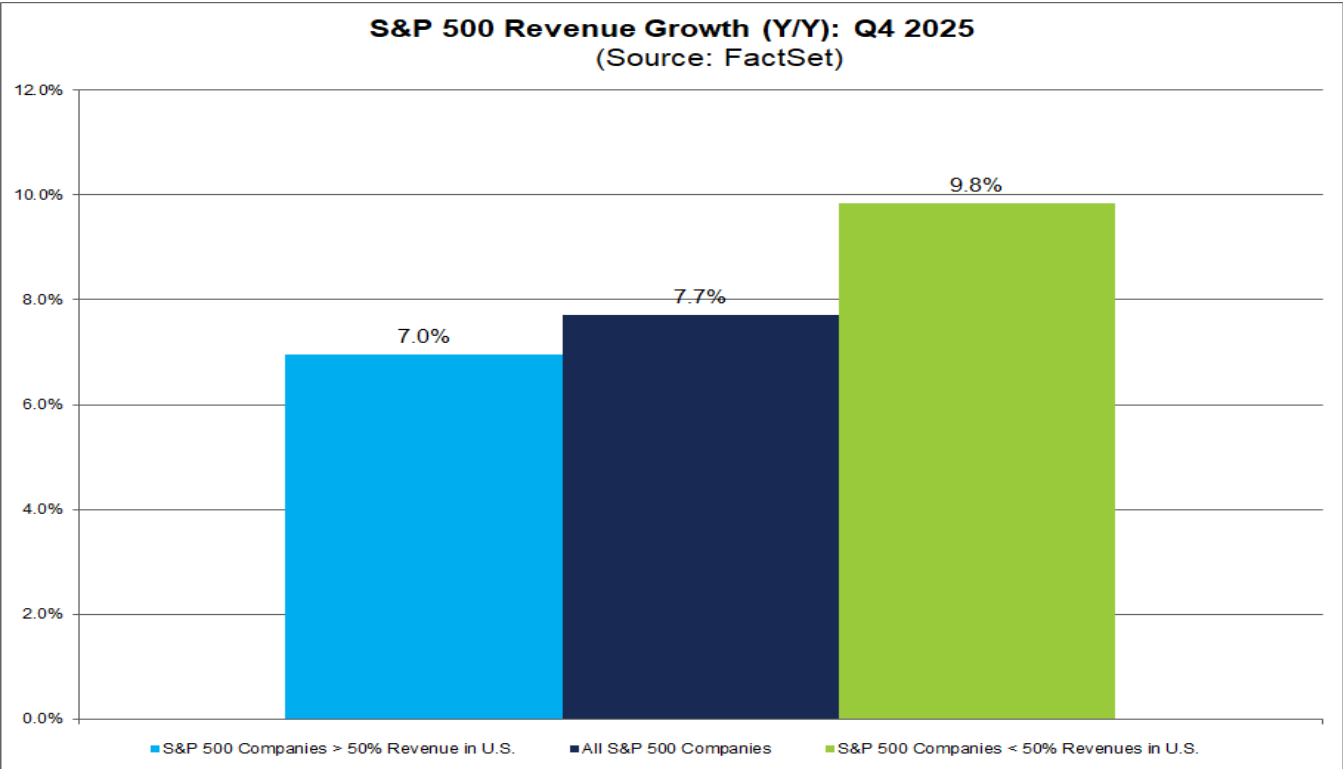
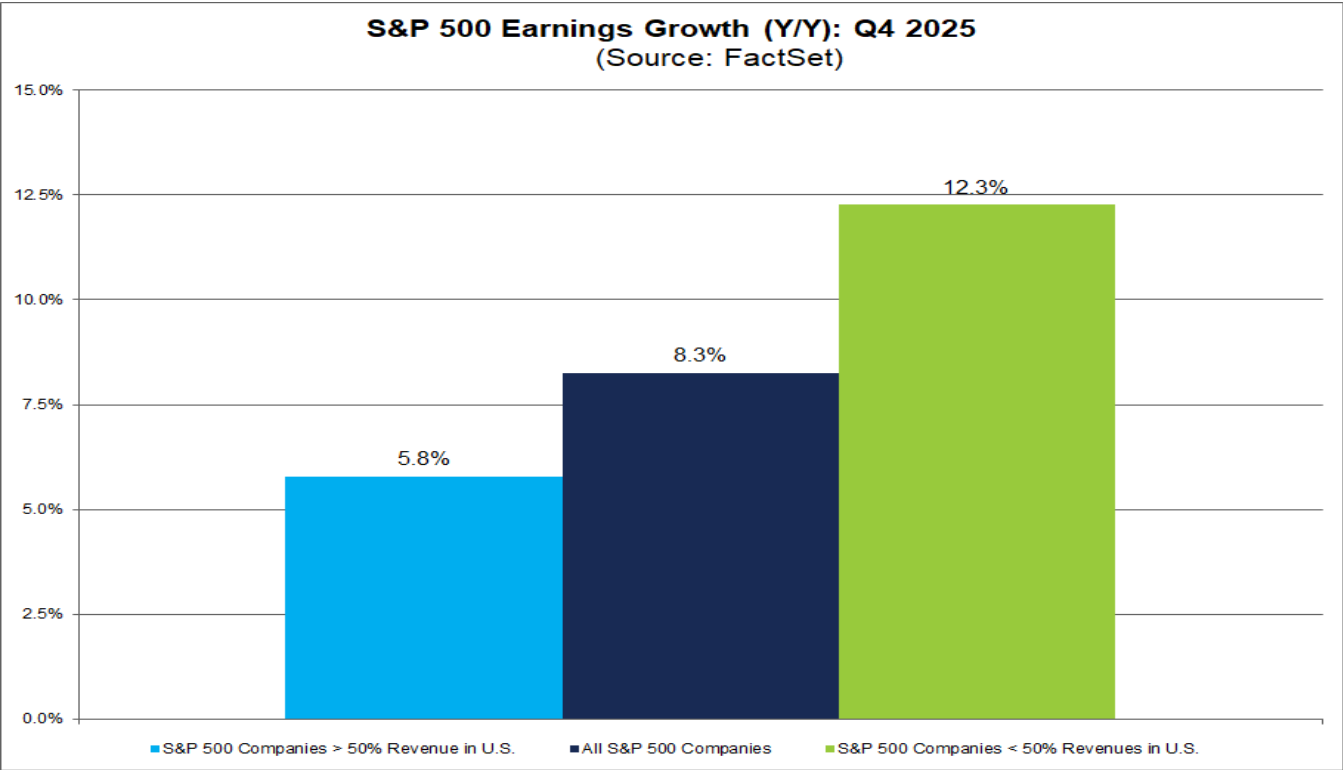
Q4 2025: Surprise



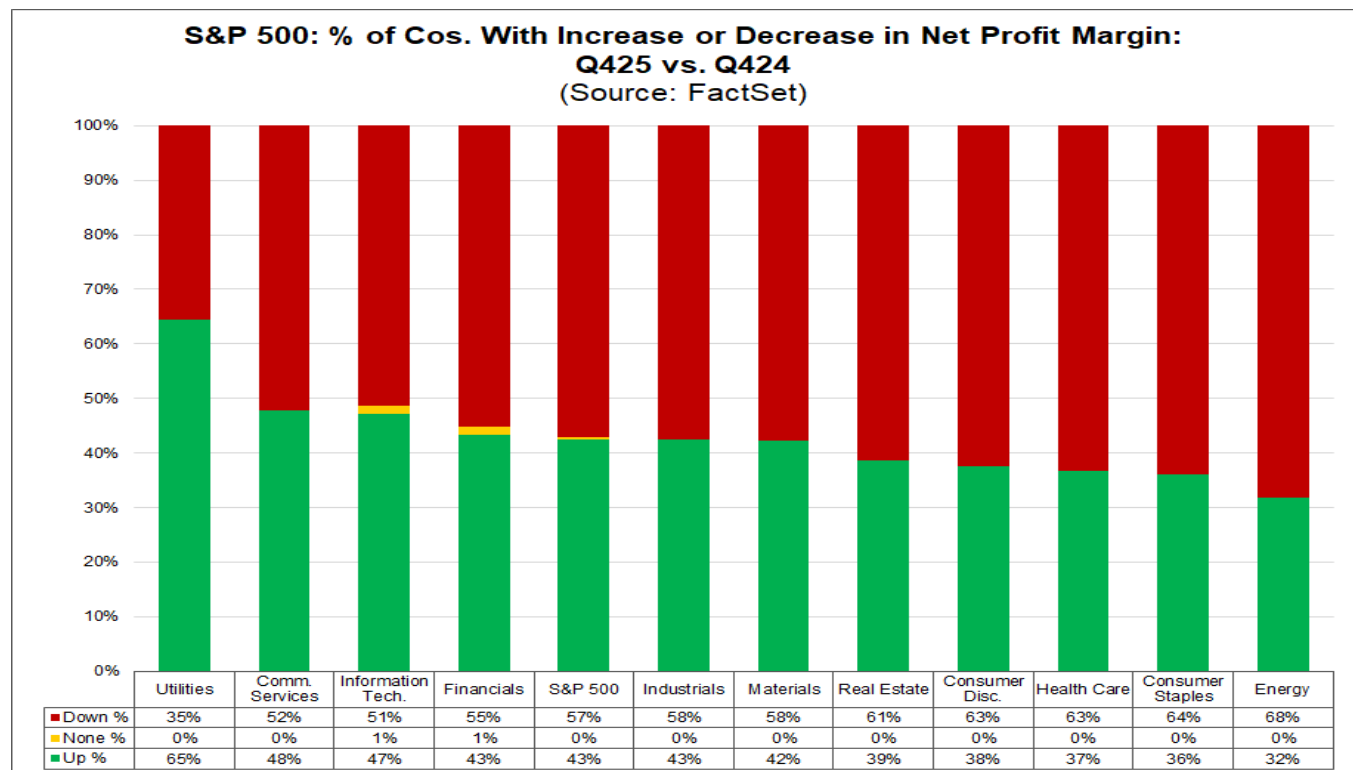
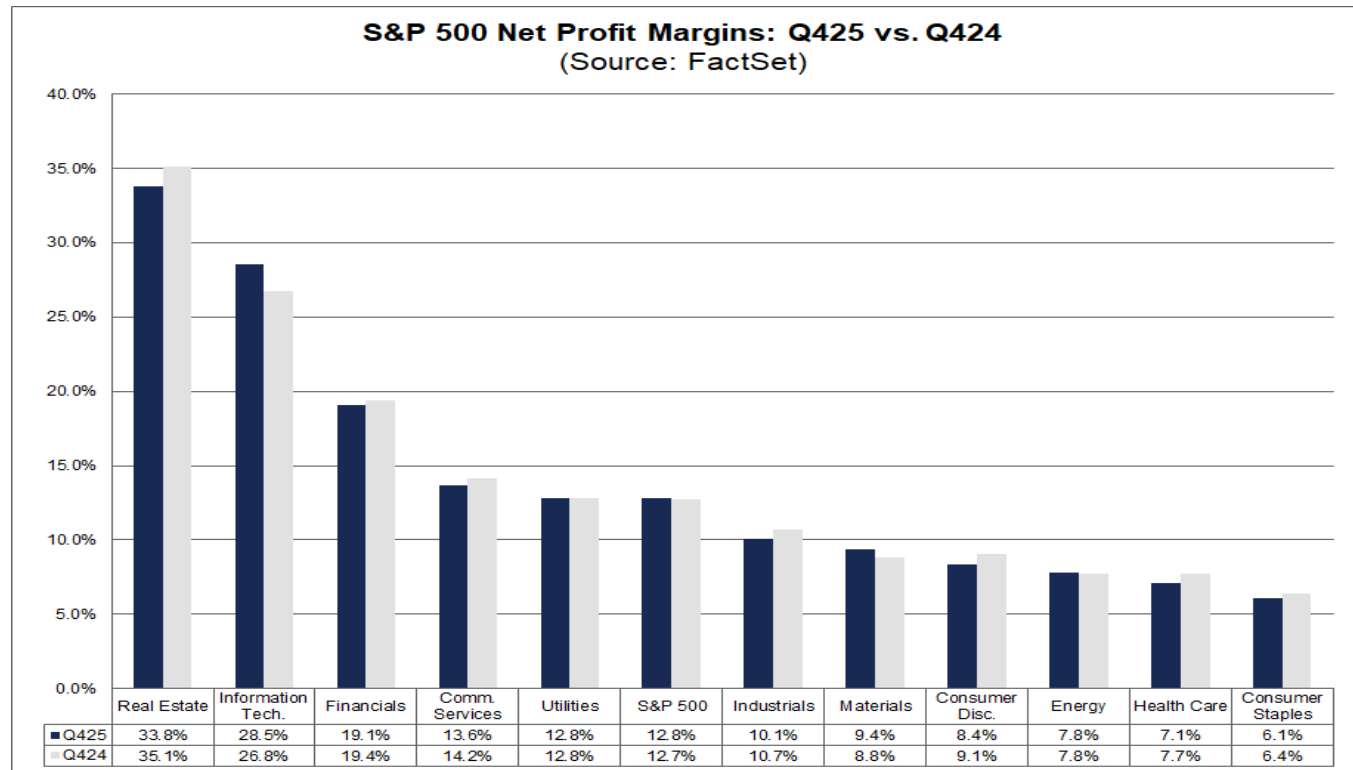
Q4 2025: Growth



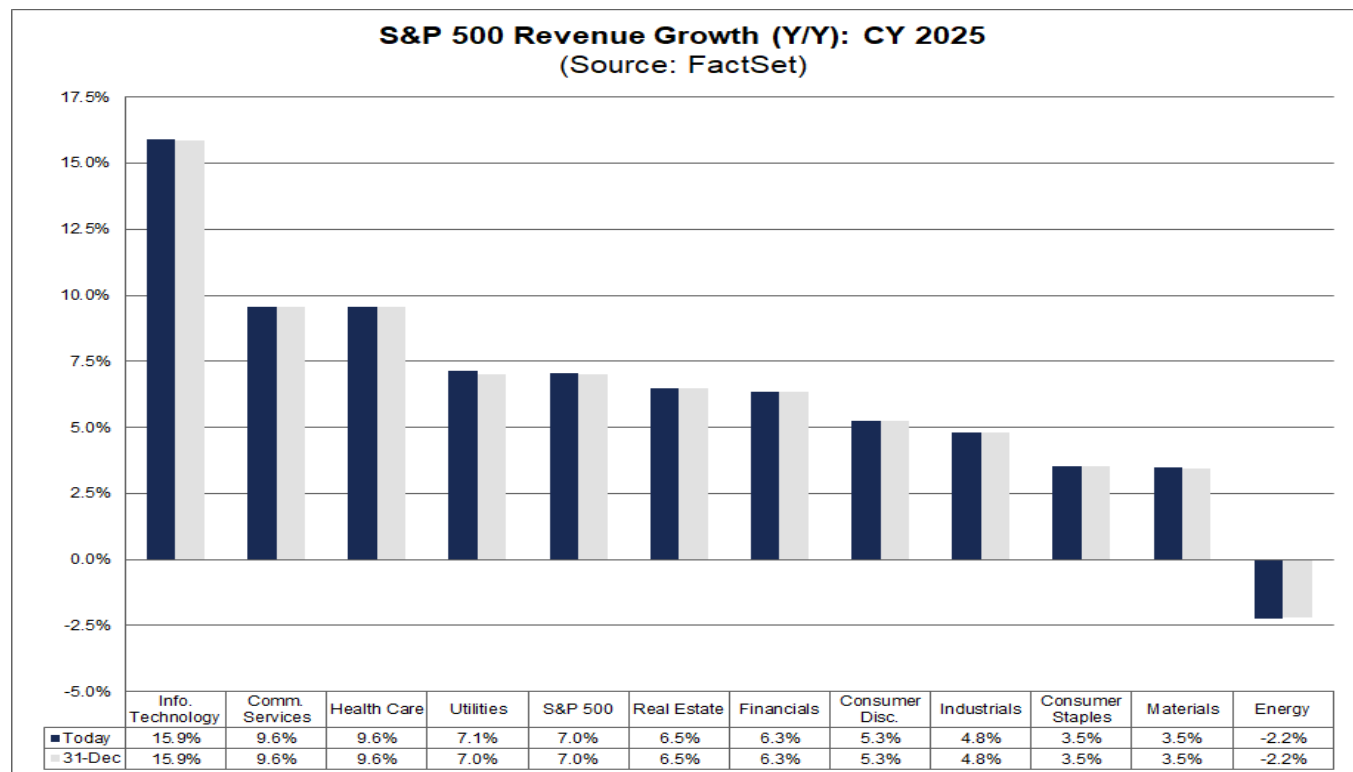
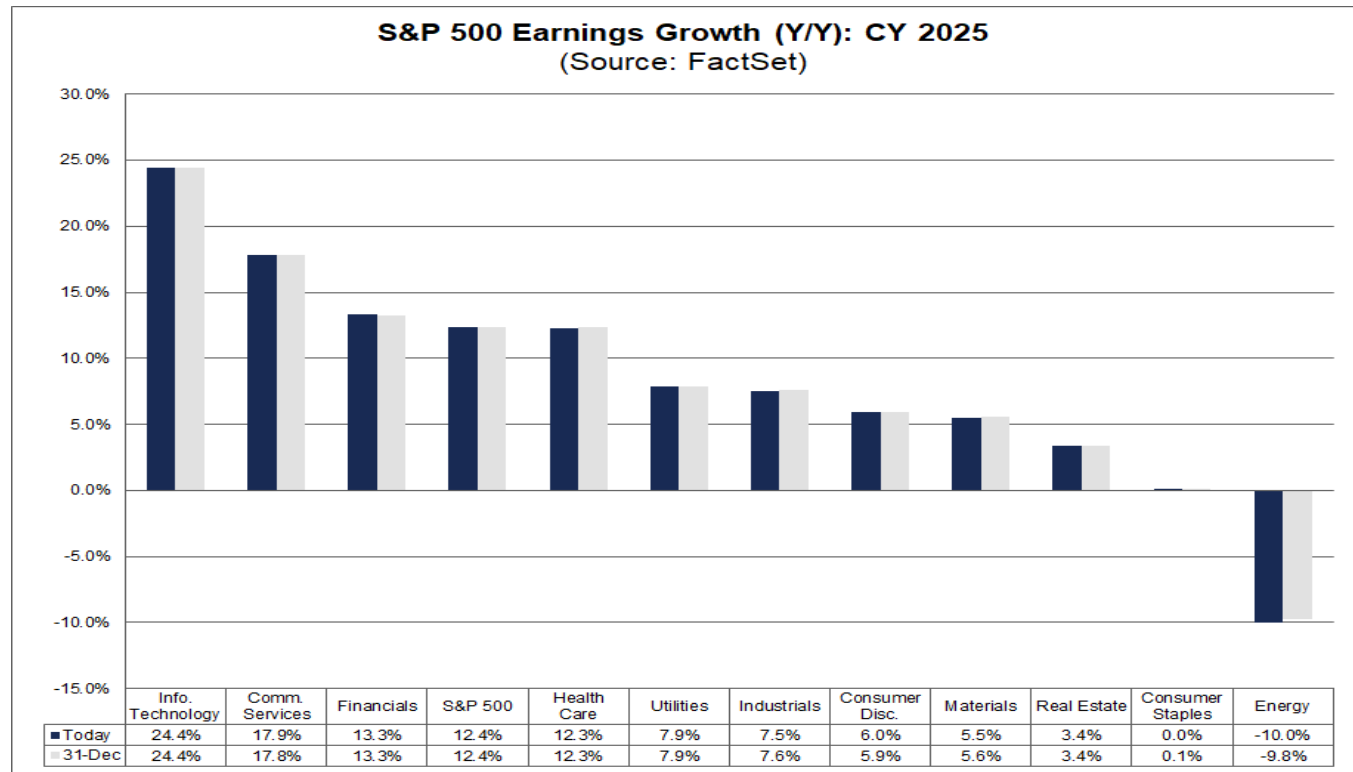
Q4 2025: Growth



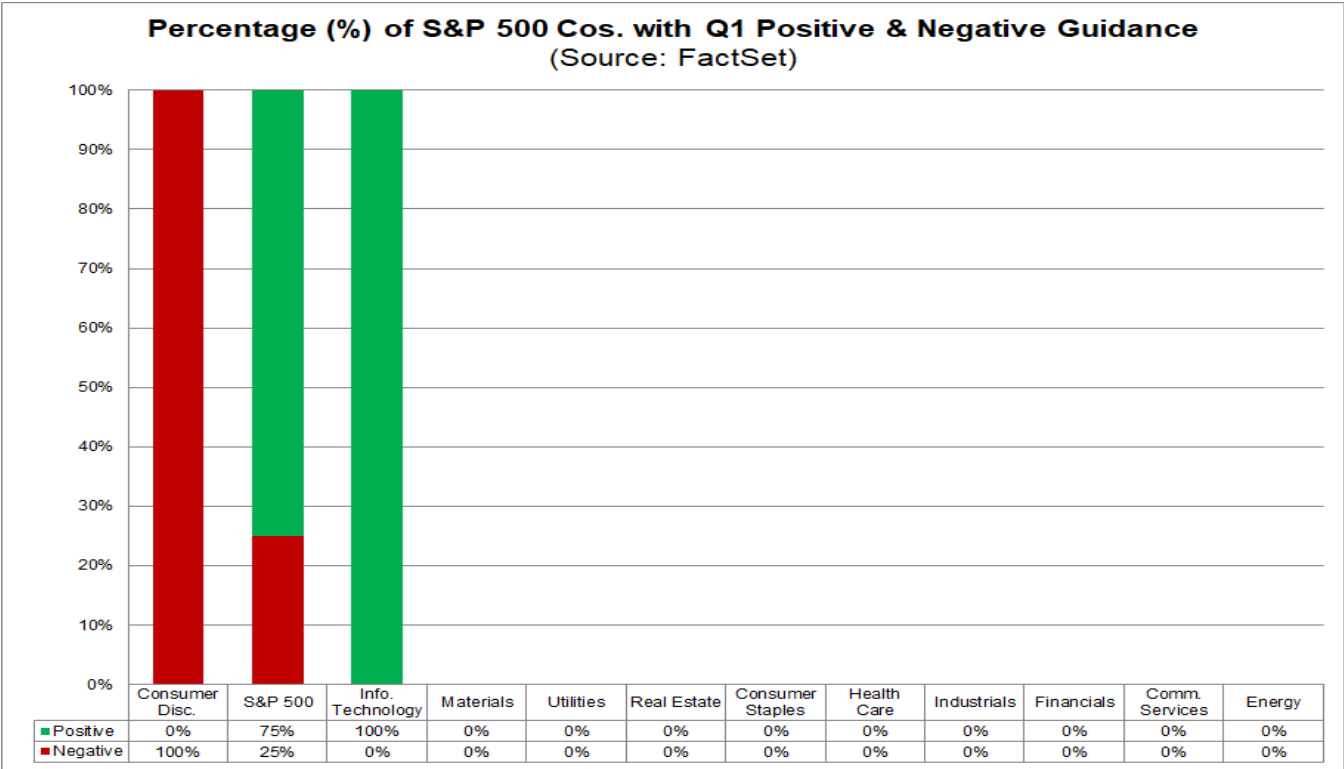
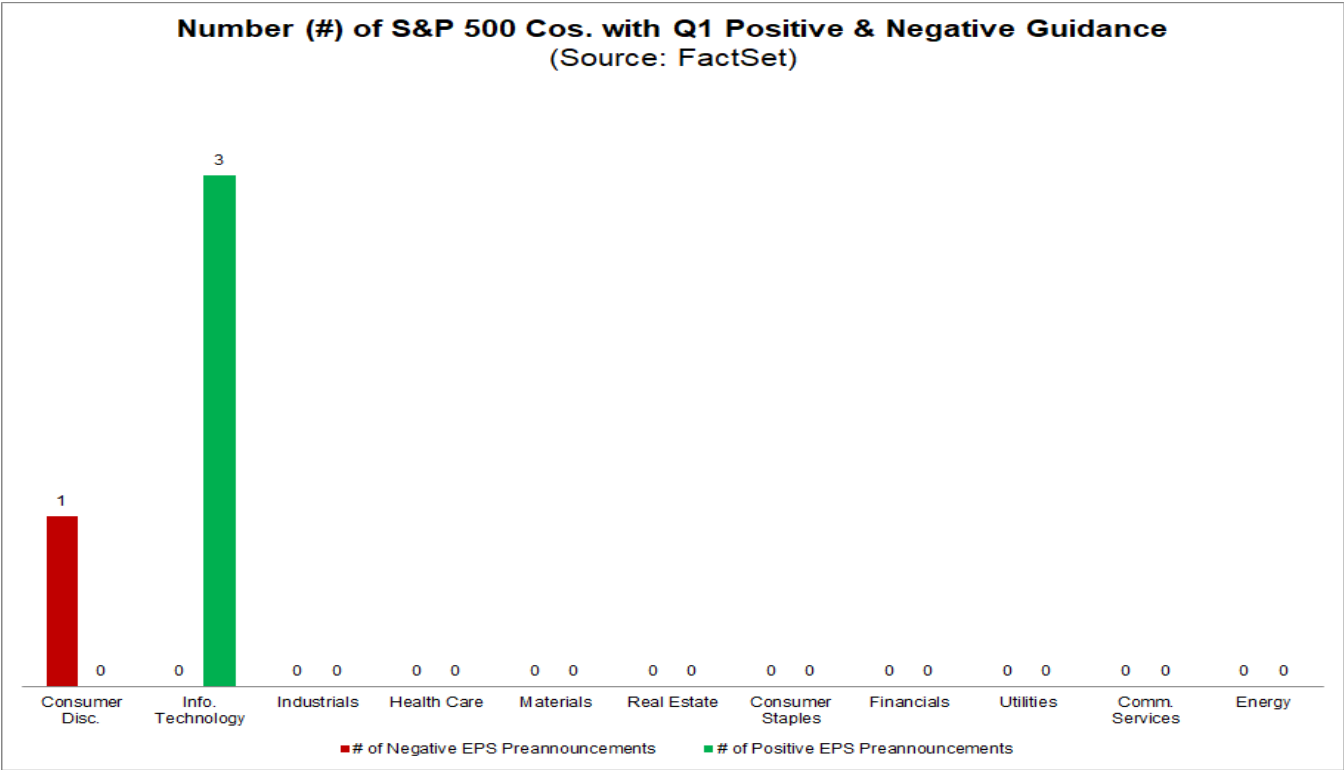
Q4 2025: Net Profit Margin



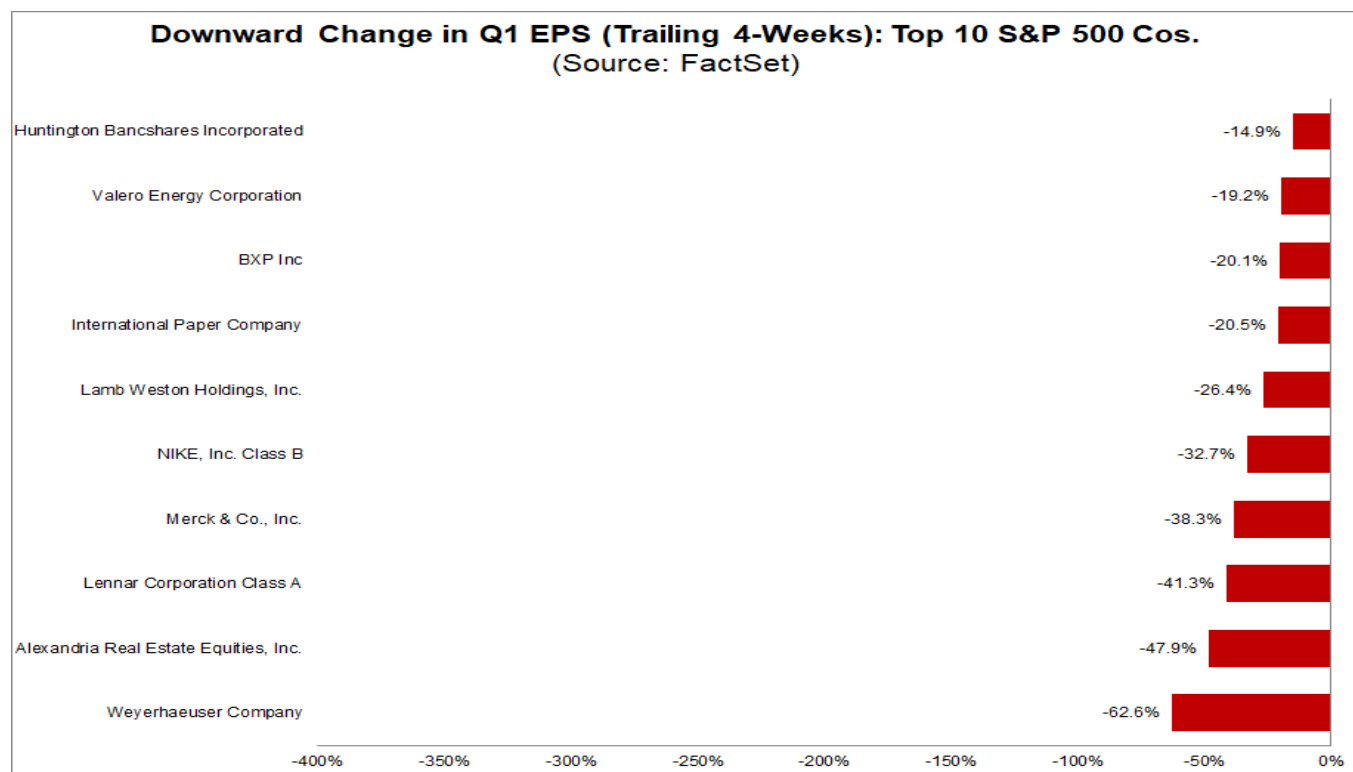
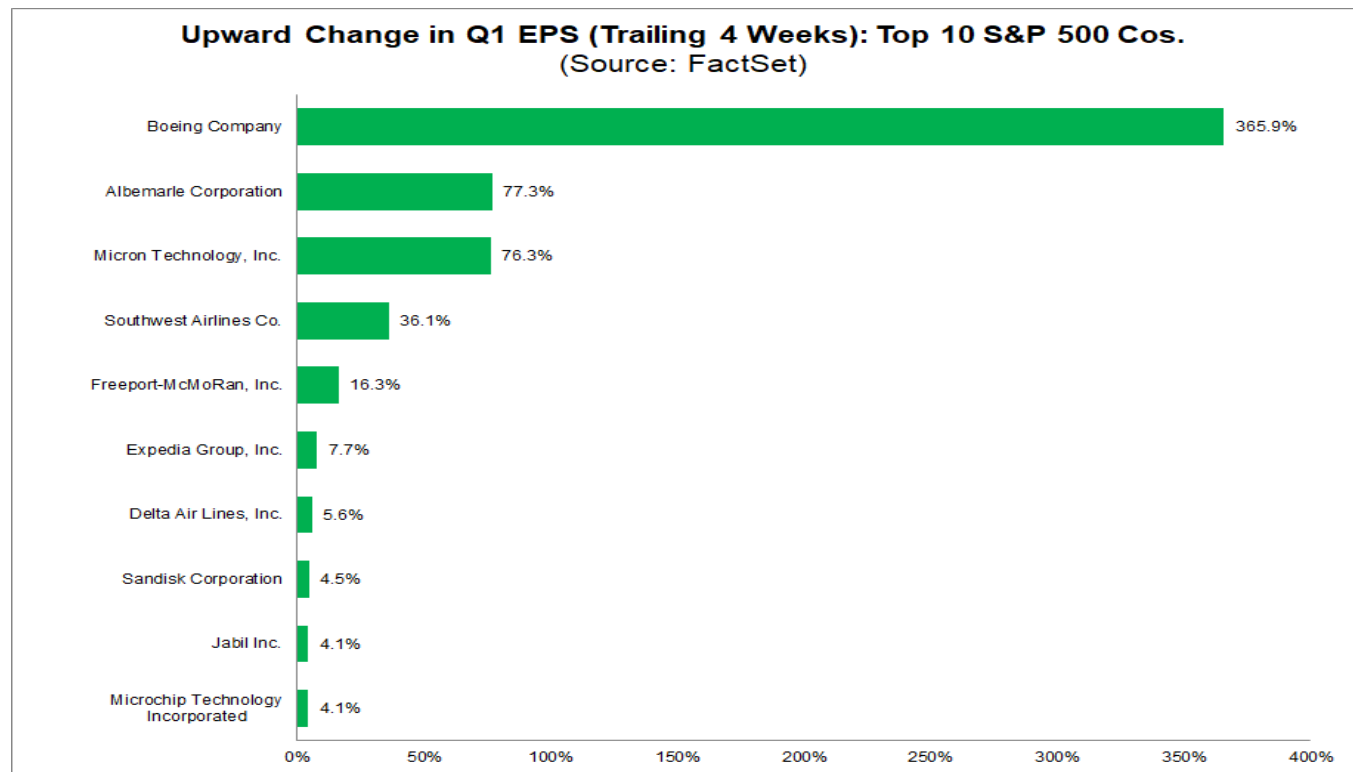
CY 2025: Growth



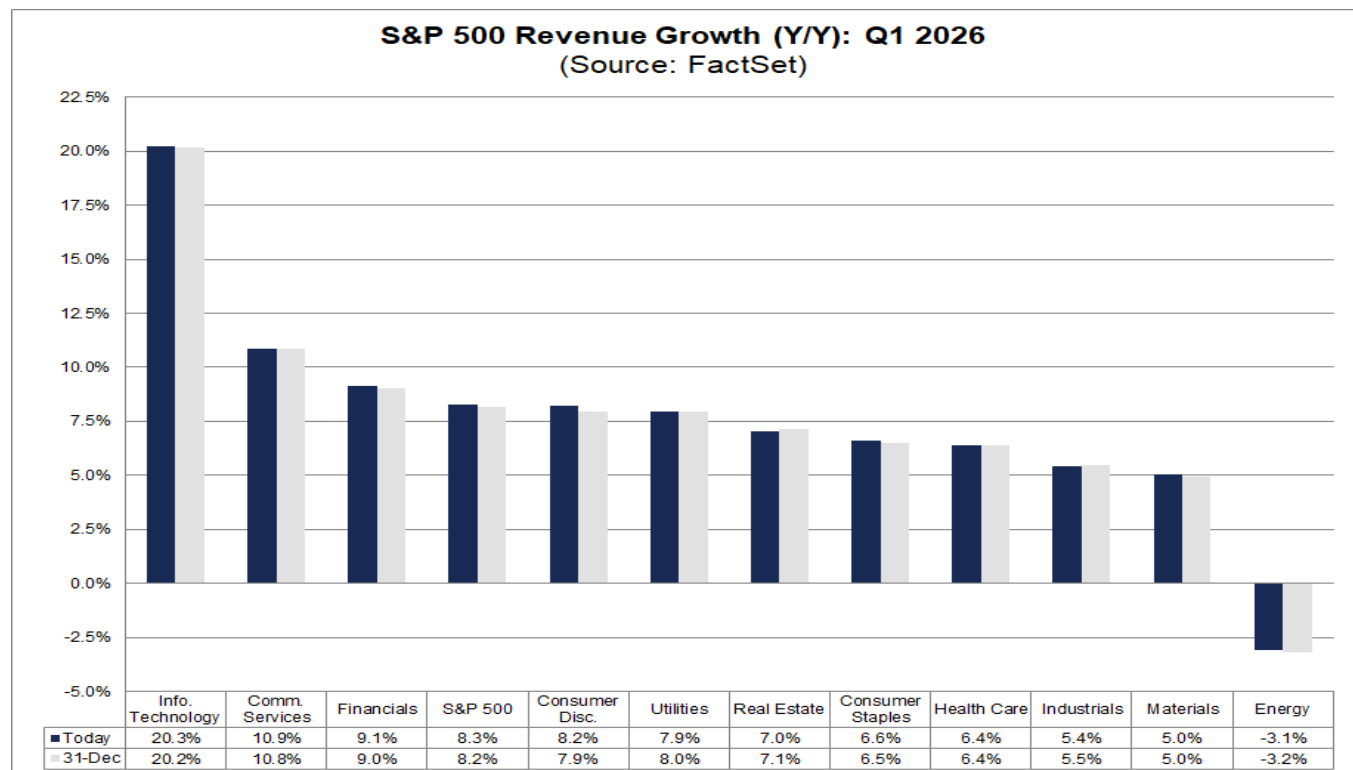
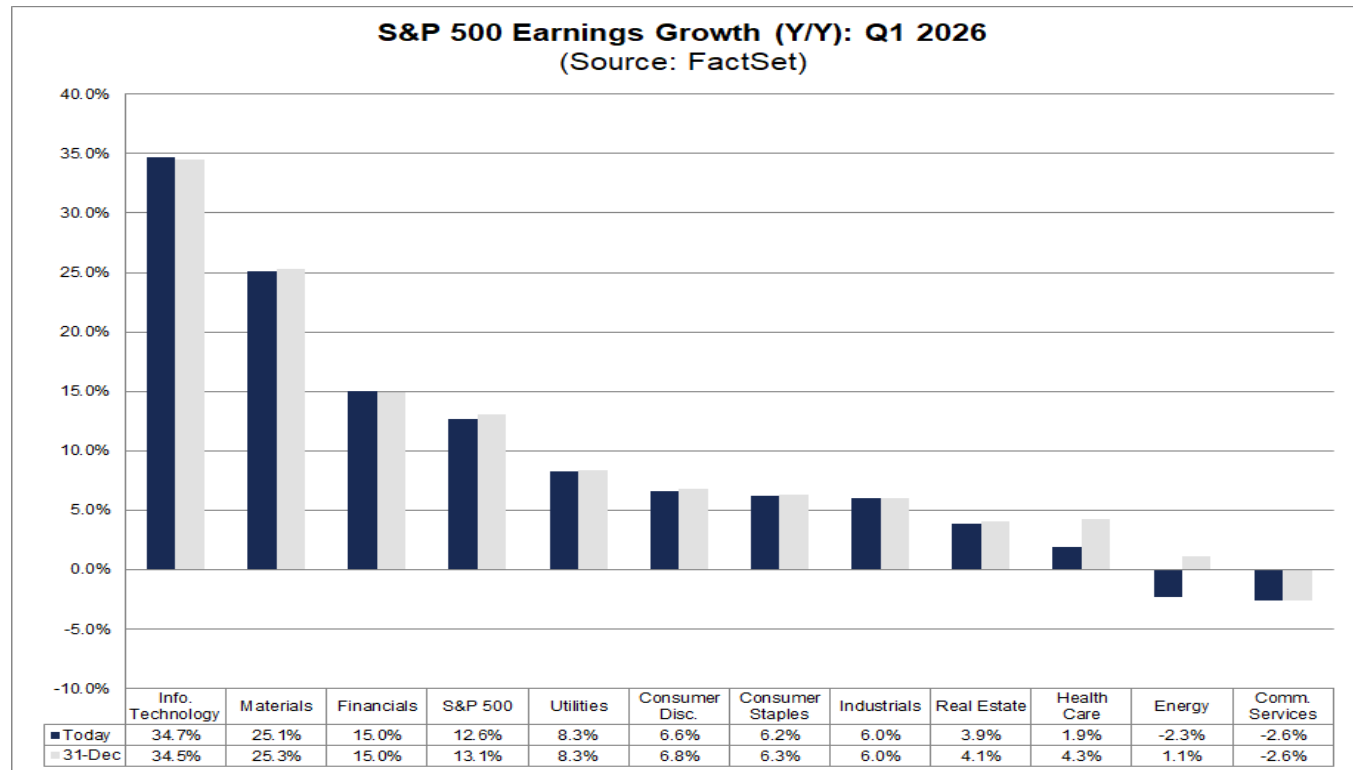
Q1 2026: Guidance



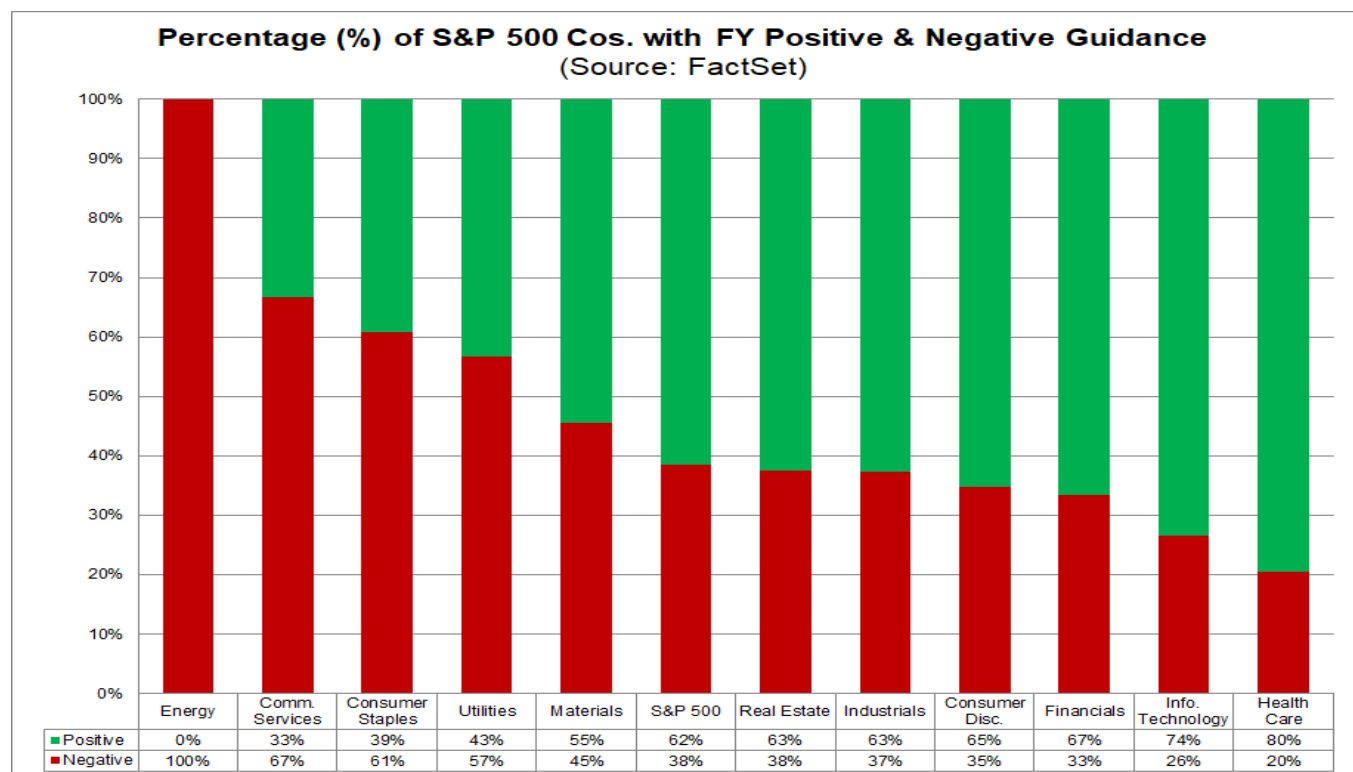
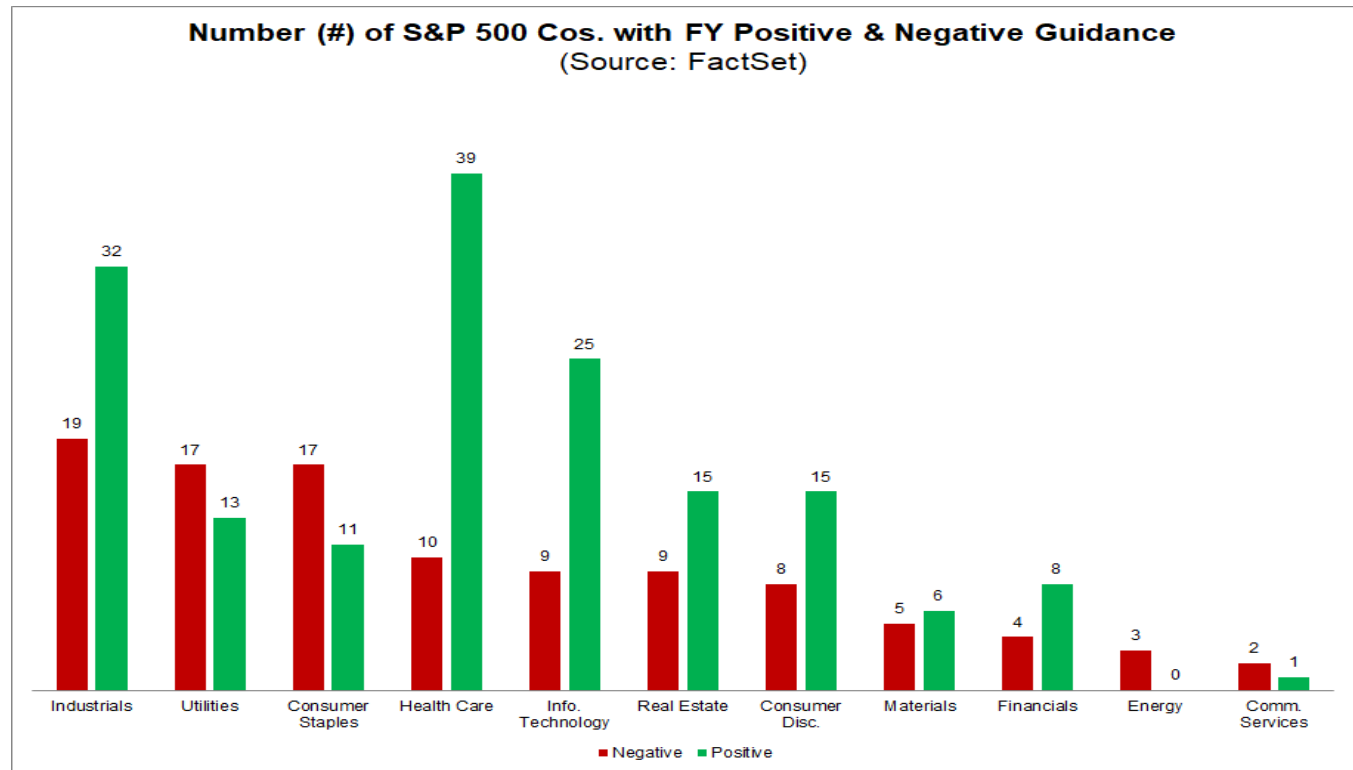
Q1 2026: EPS Revisions



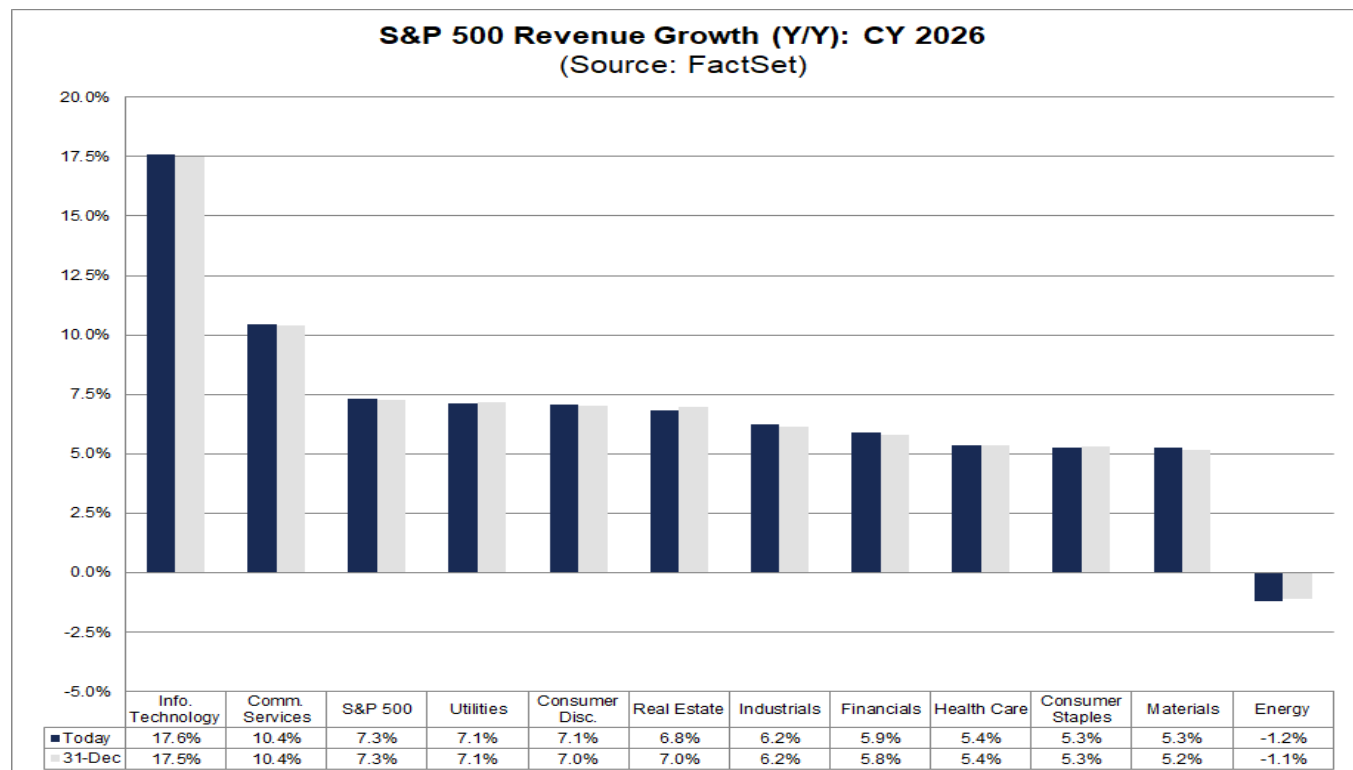
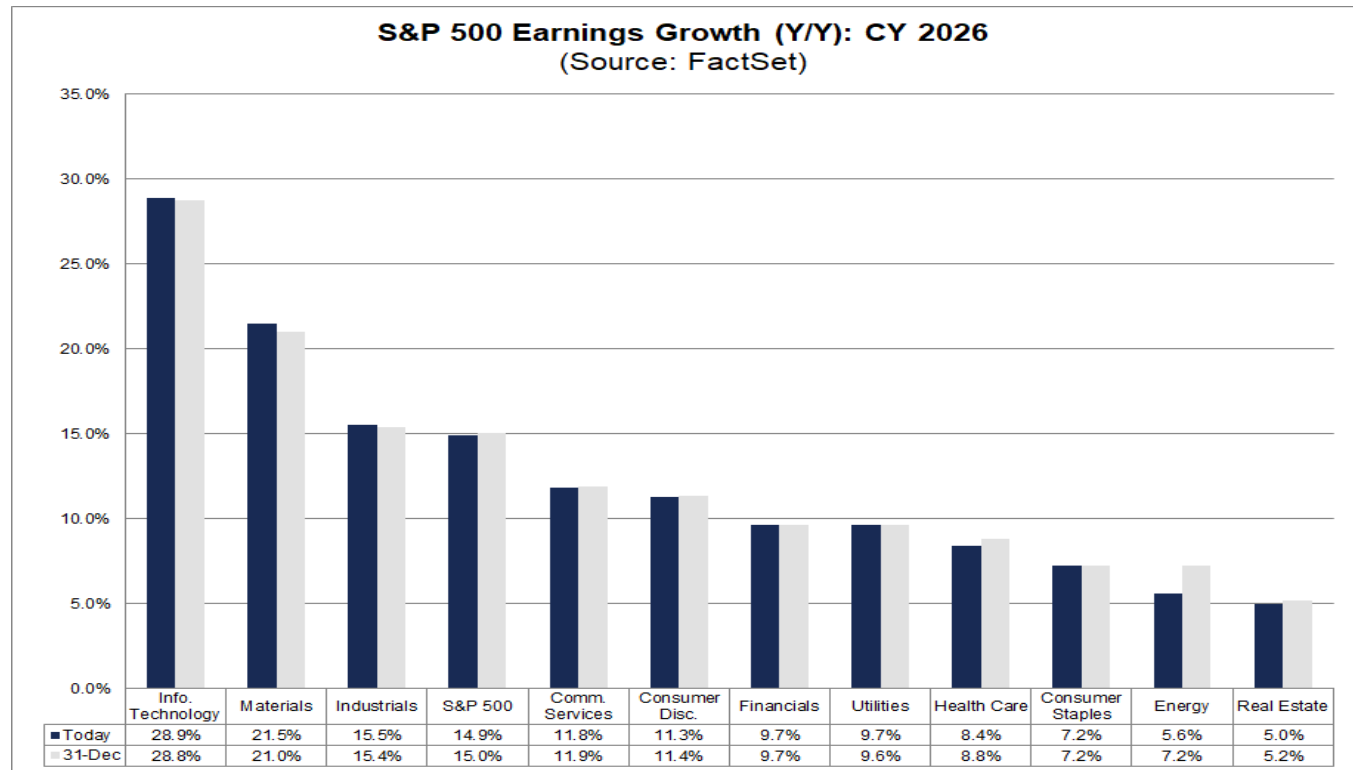
Q1 2026: Growth



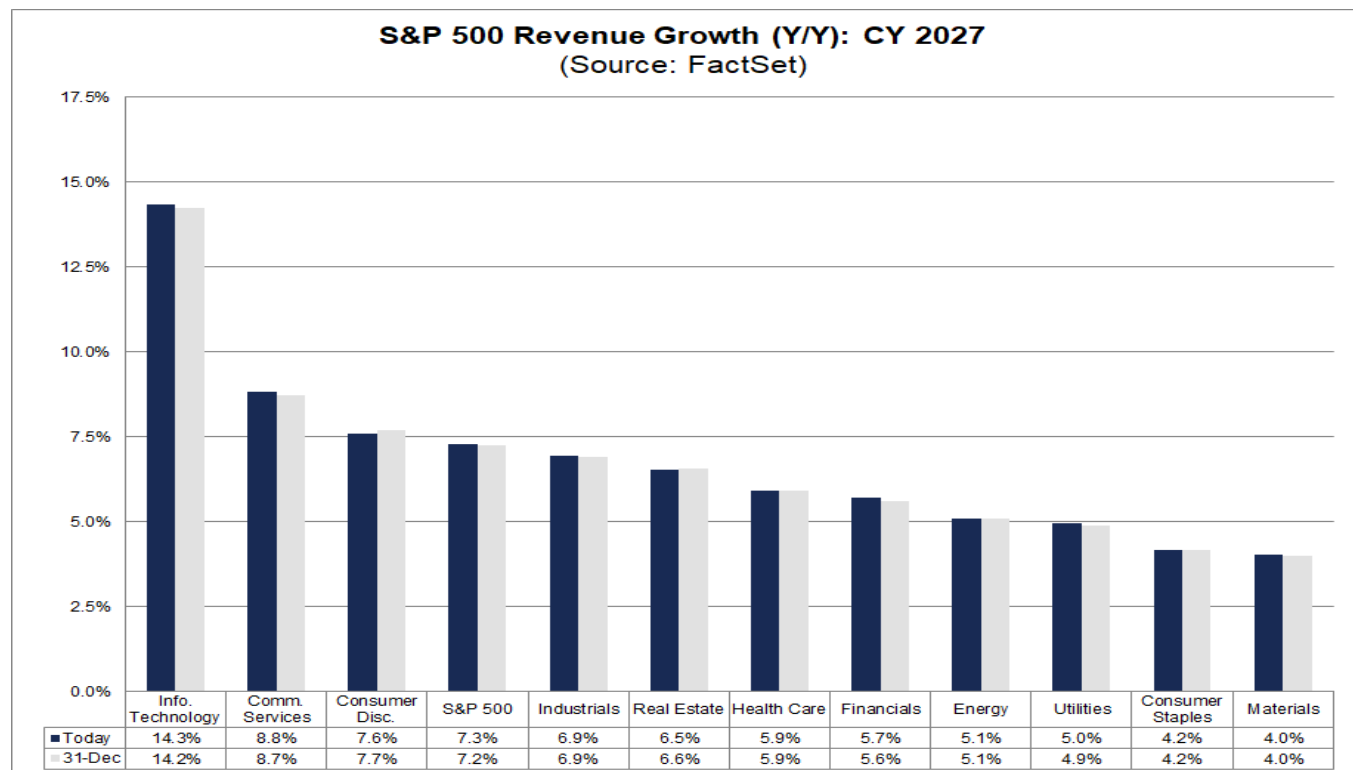
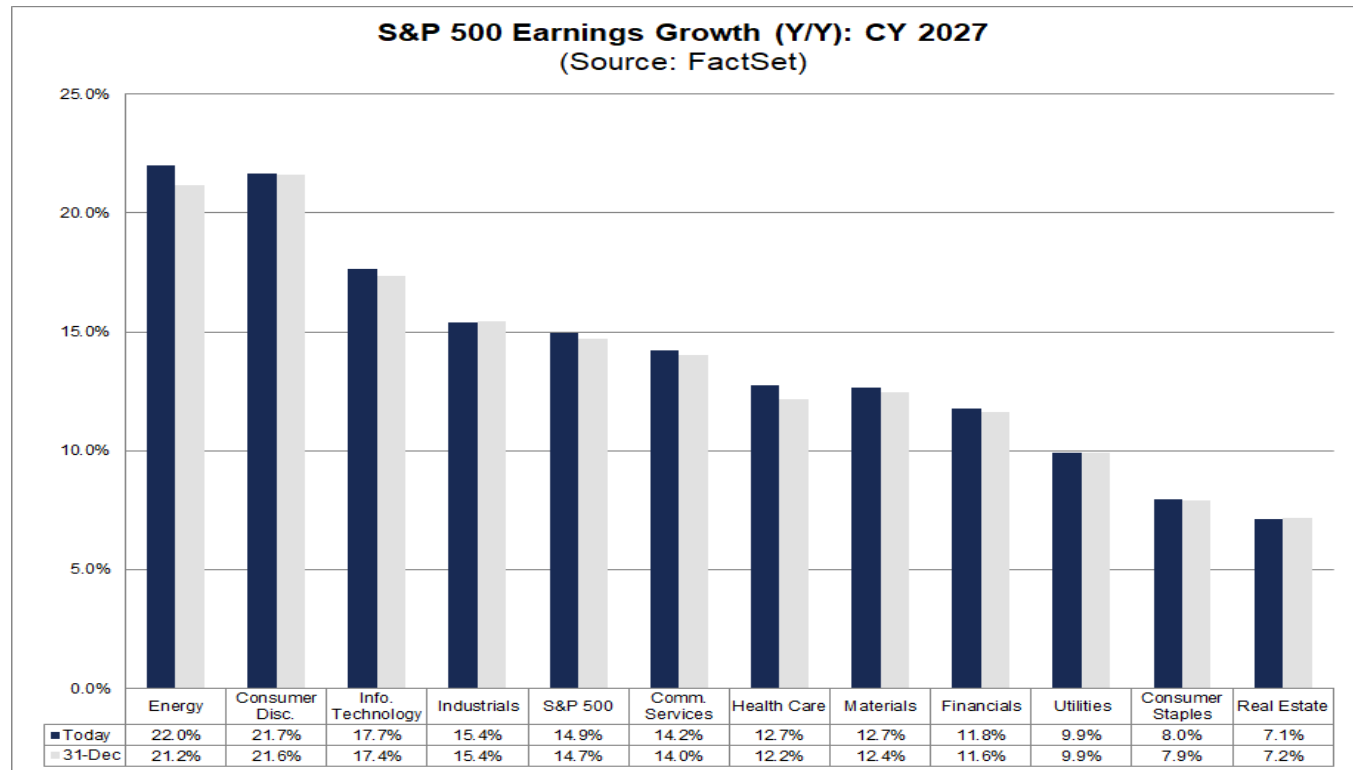
FY 2025 / 2026: EPS Guidance



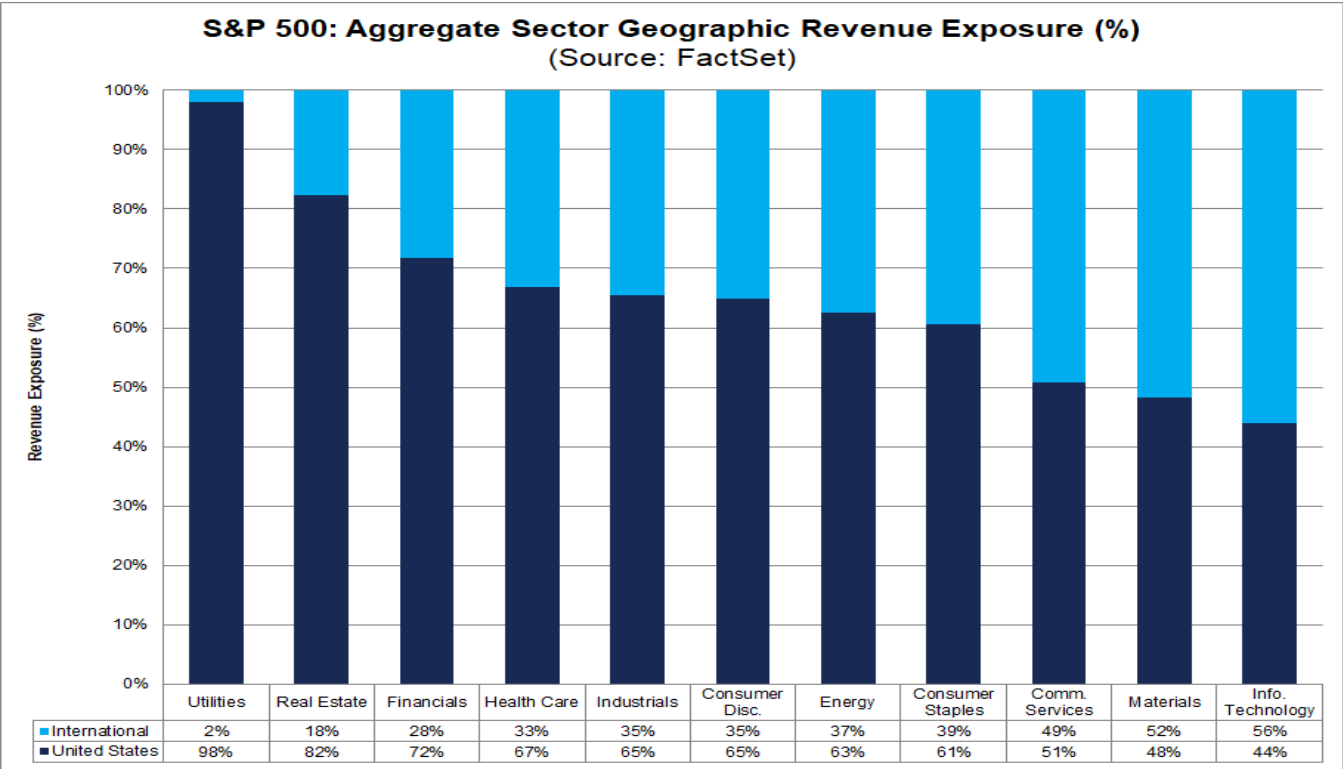
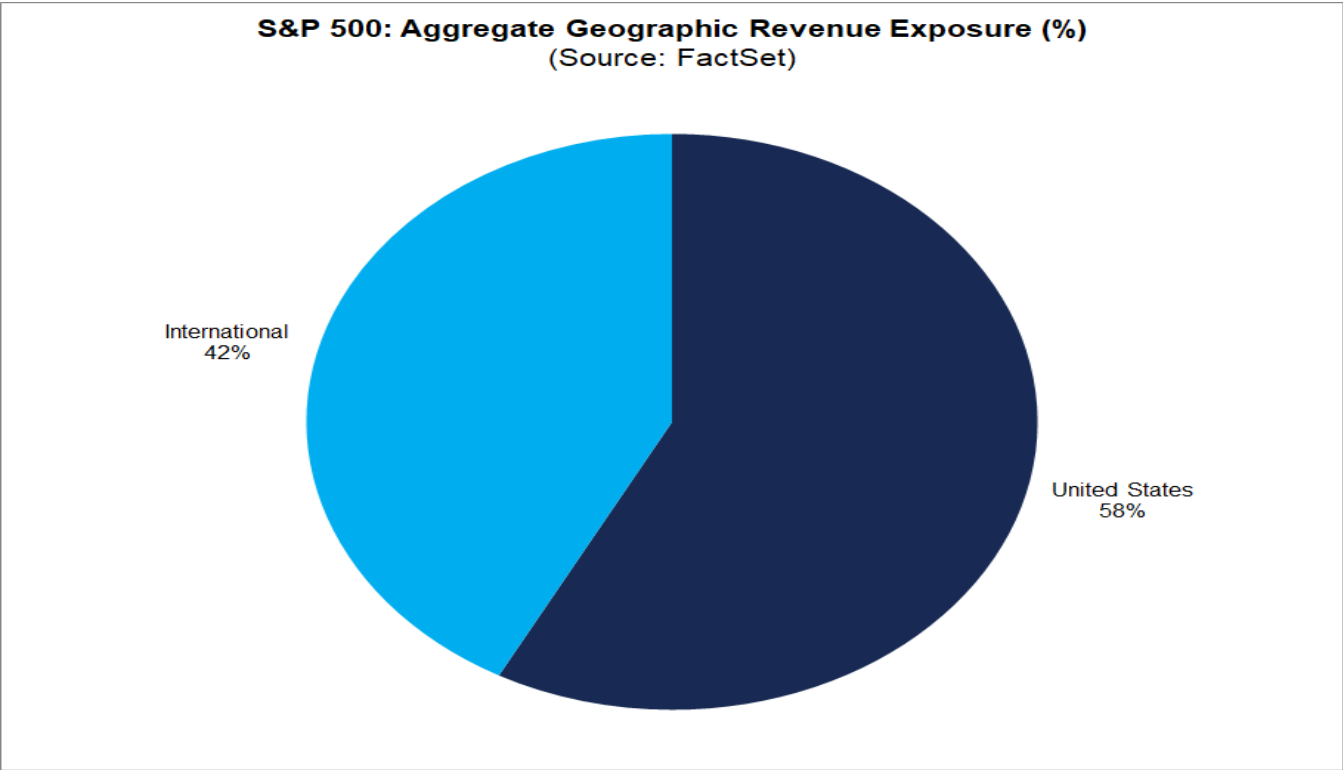
CY 2026: Growth



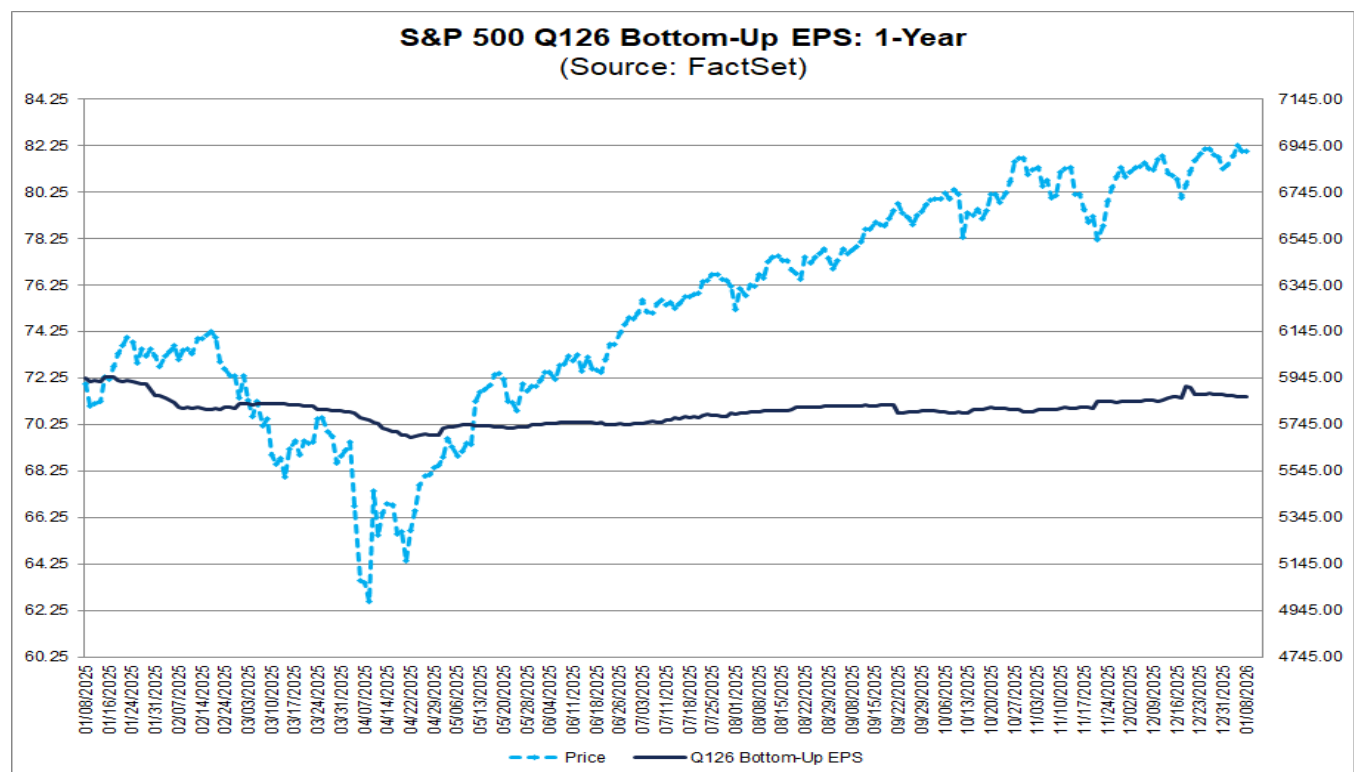
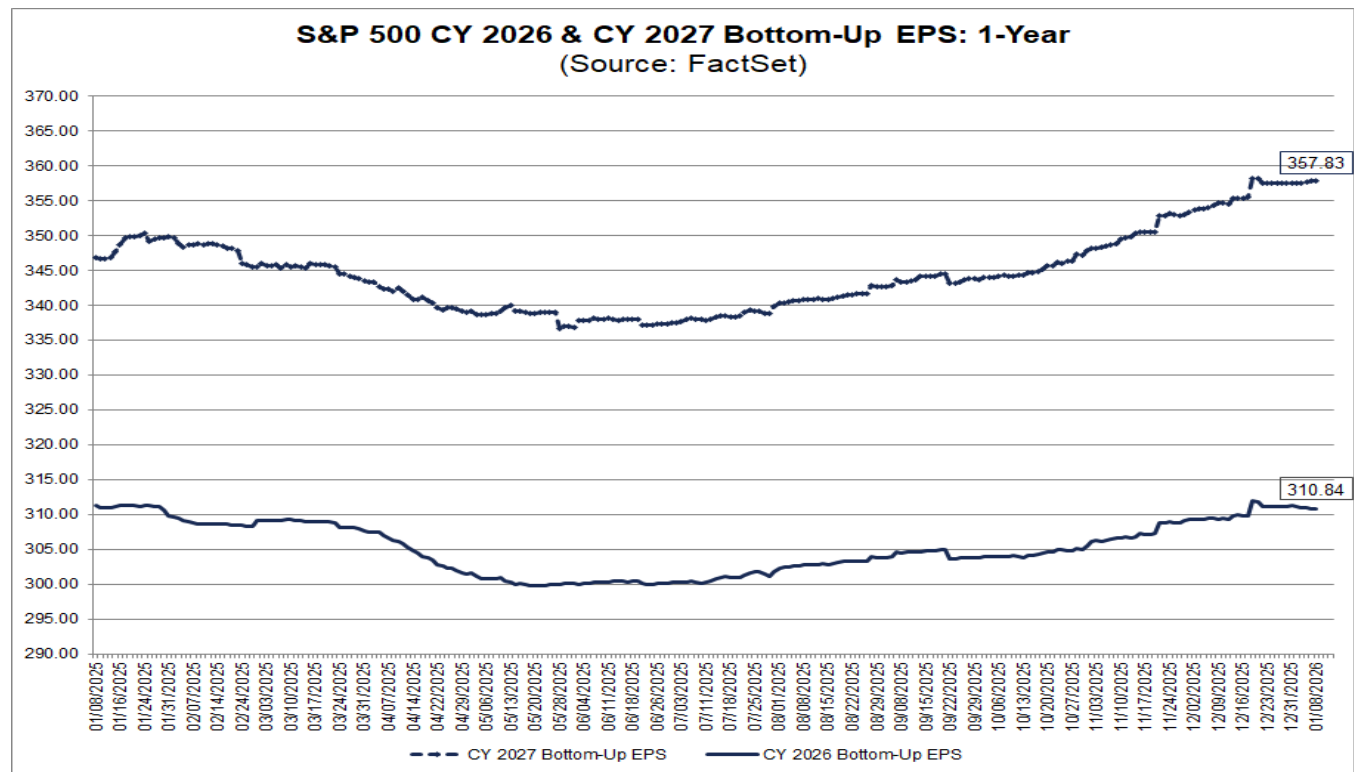
CY 2027: Growth



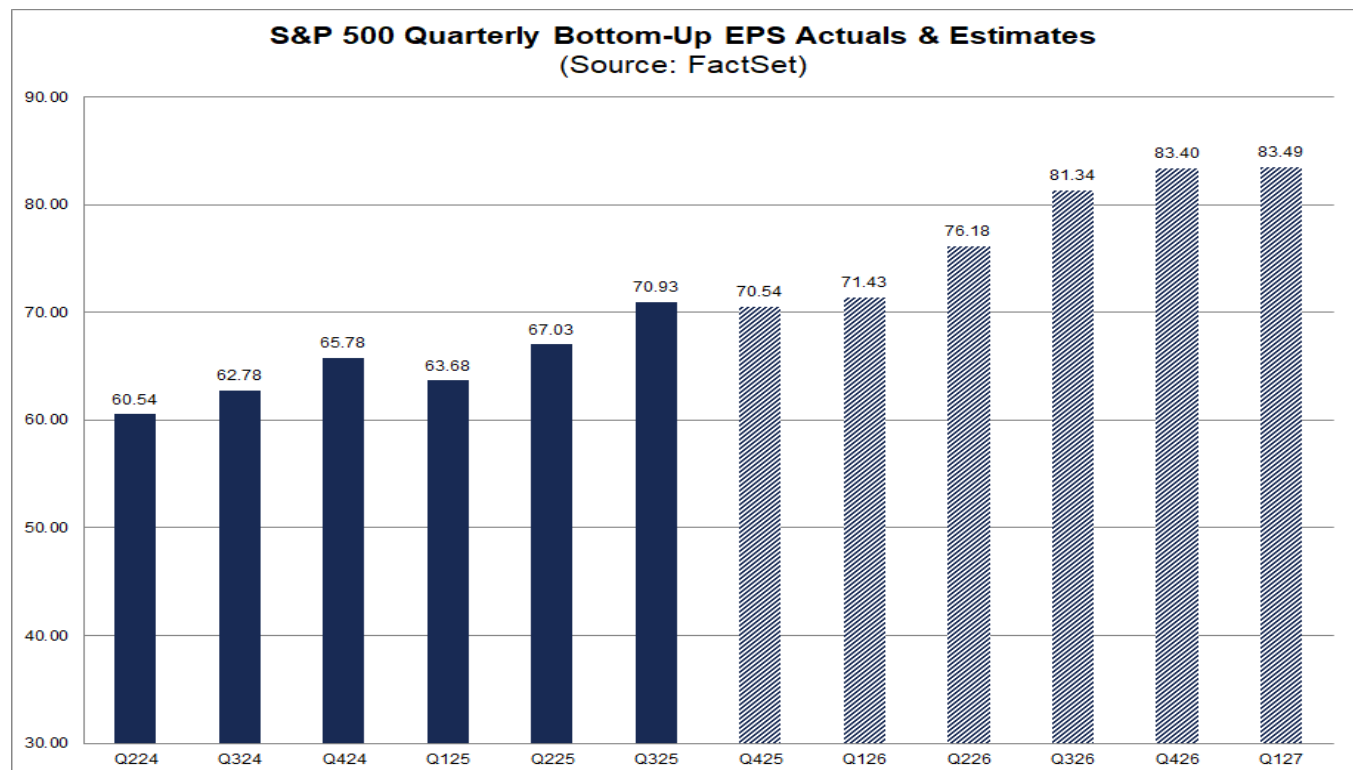
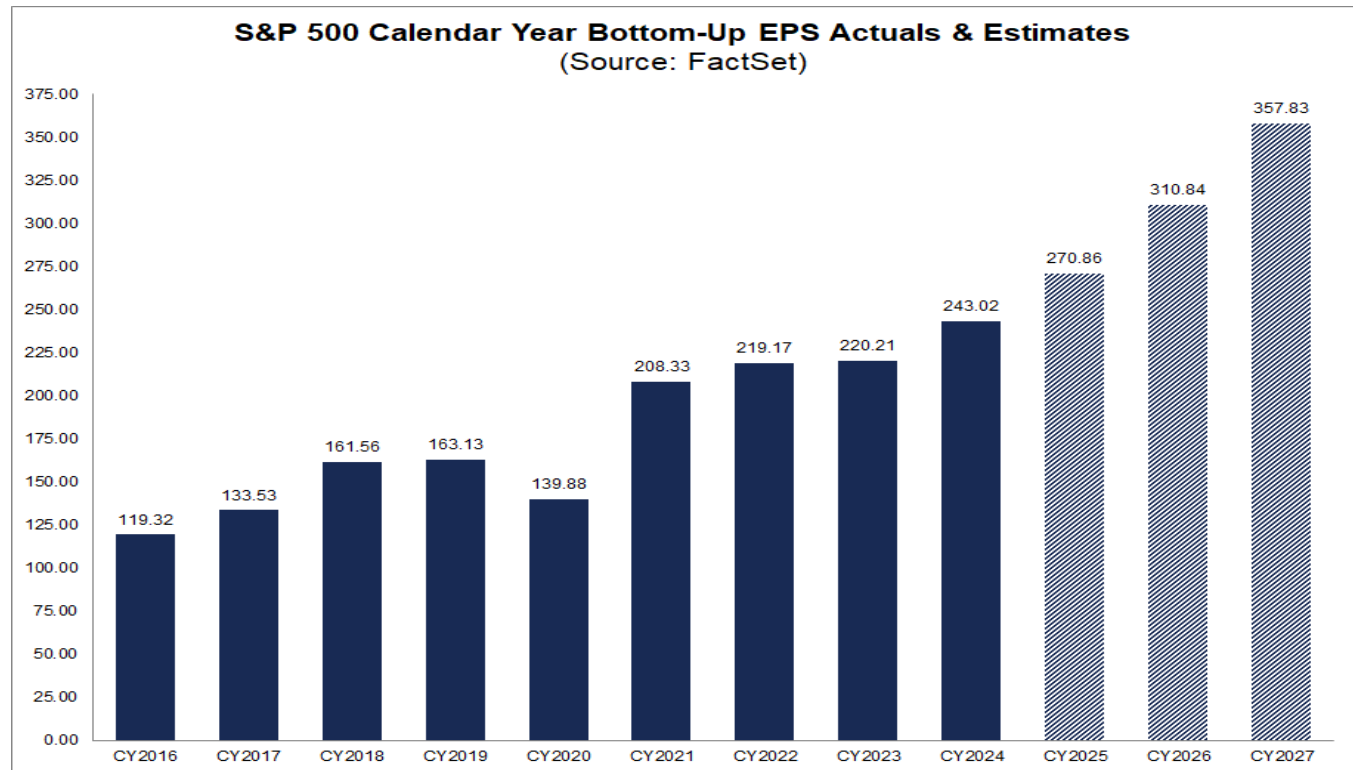
Geographic Revenue Exposure



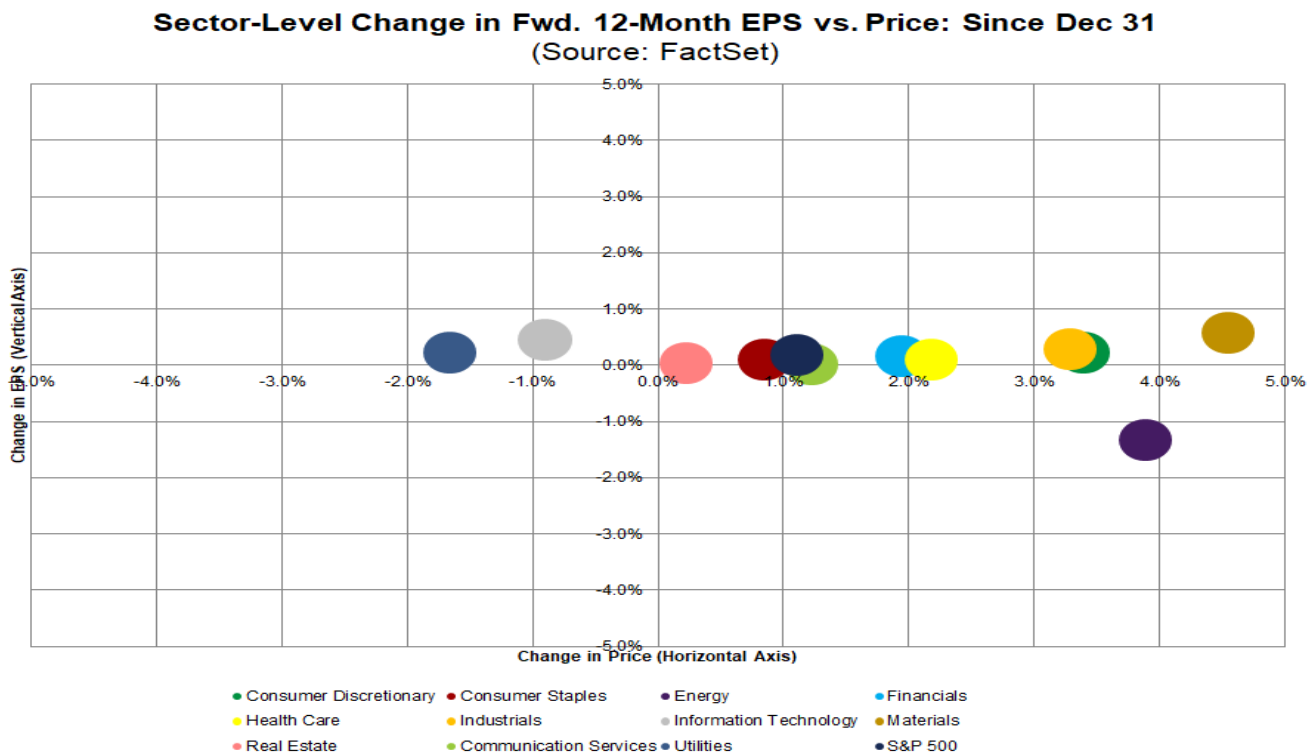
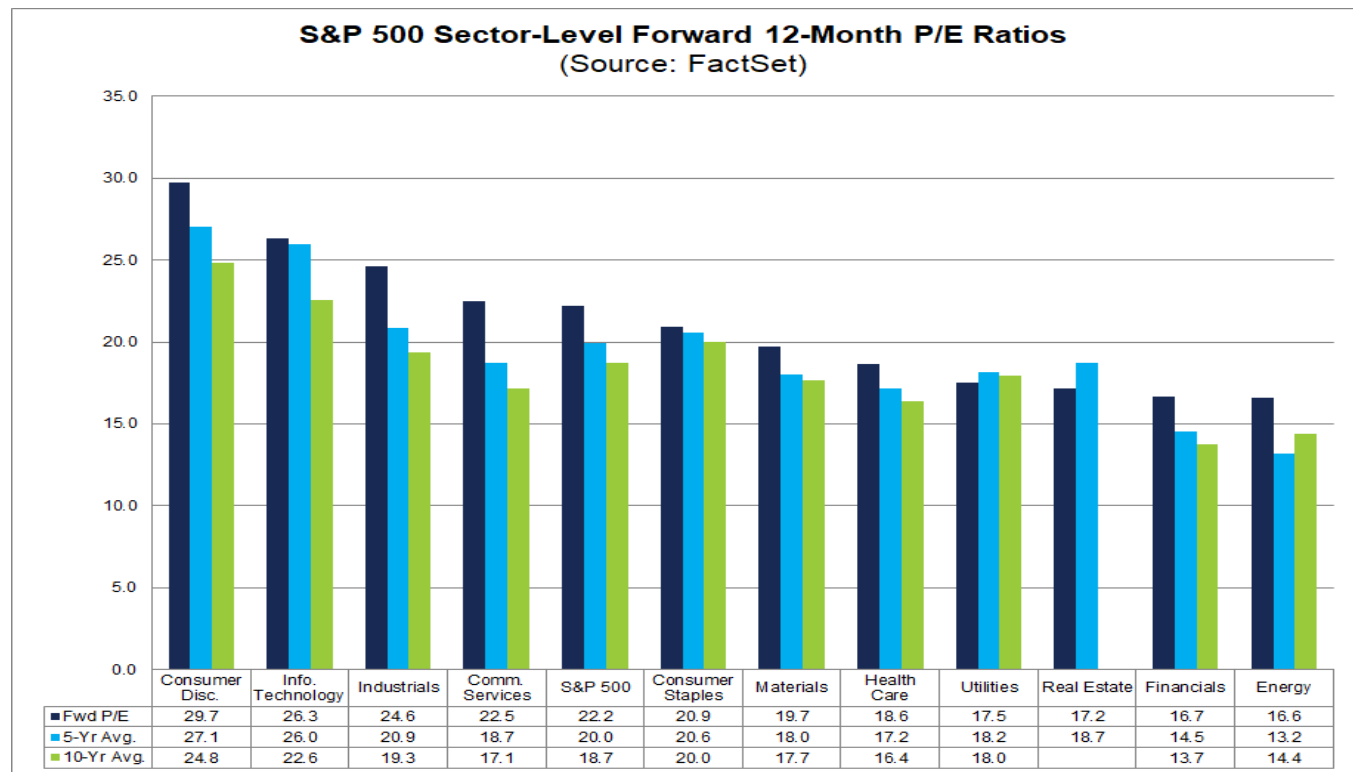
Bottom-Up EPS Estimates



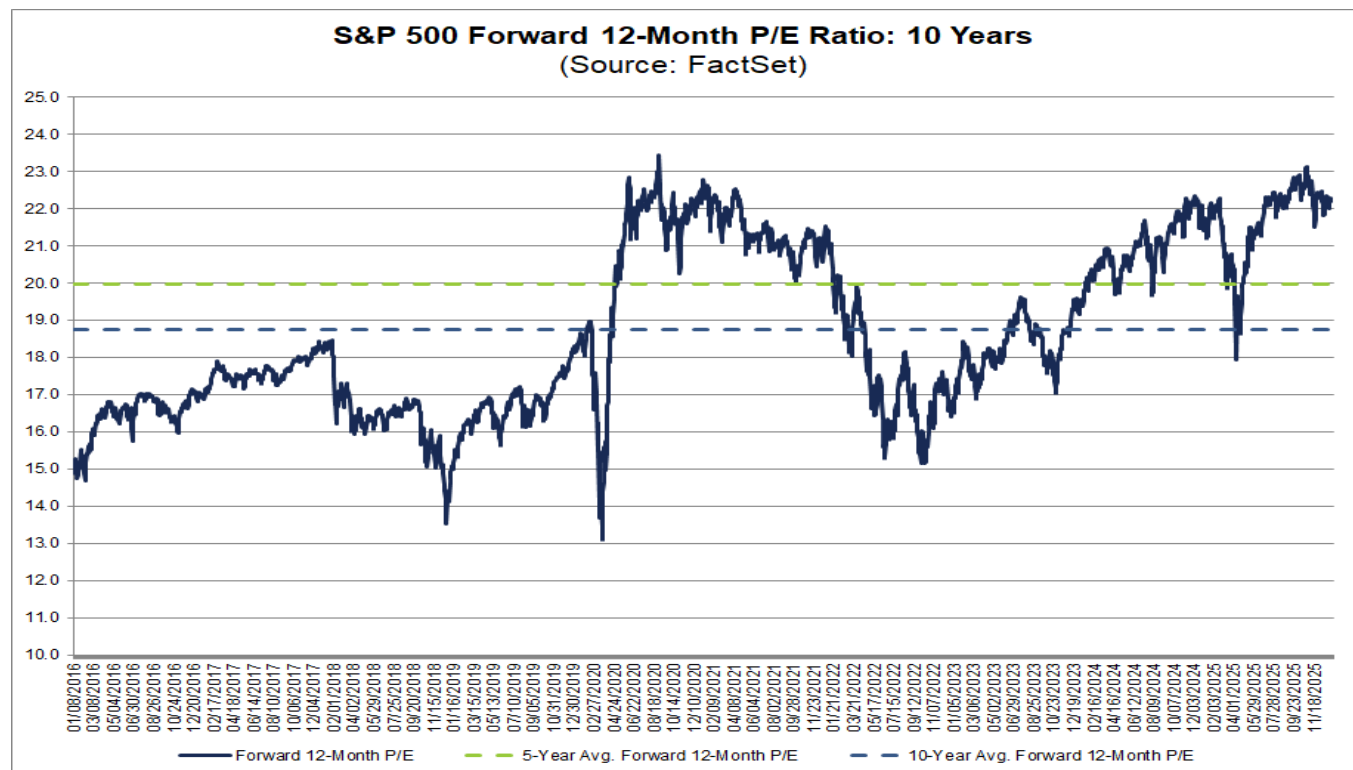
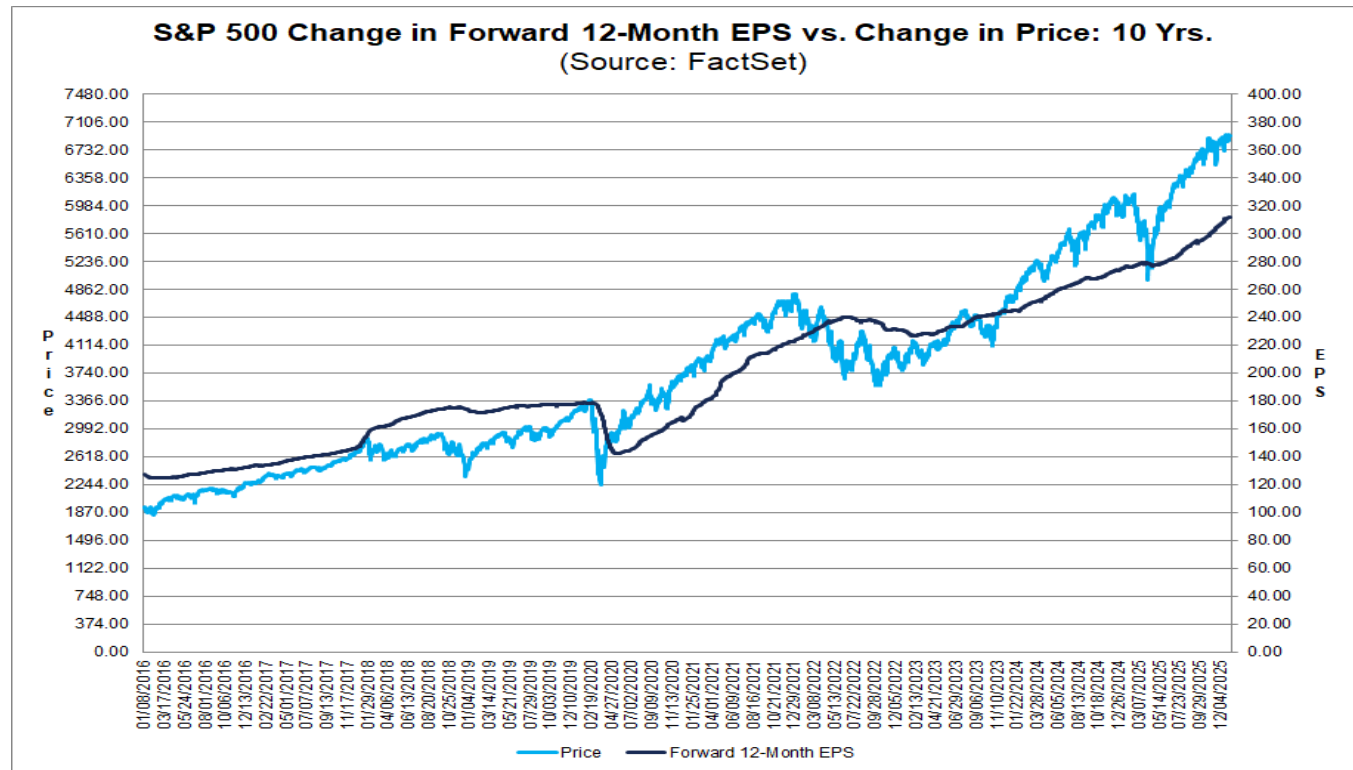
Bottom-Up EPS Estimates: Current & Historical



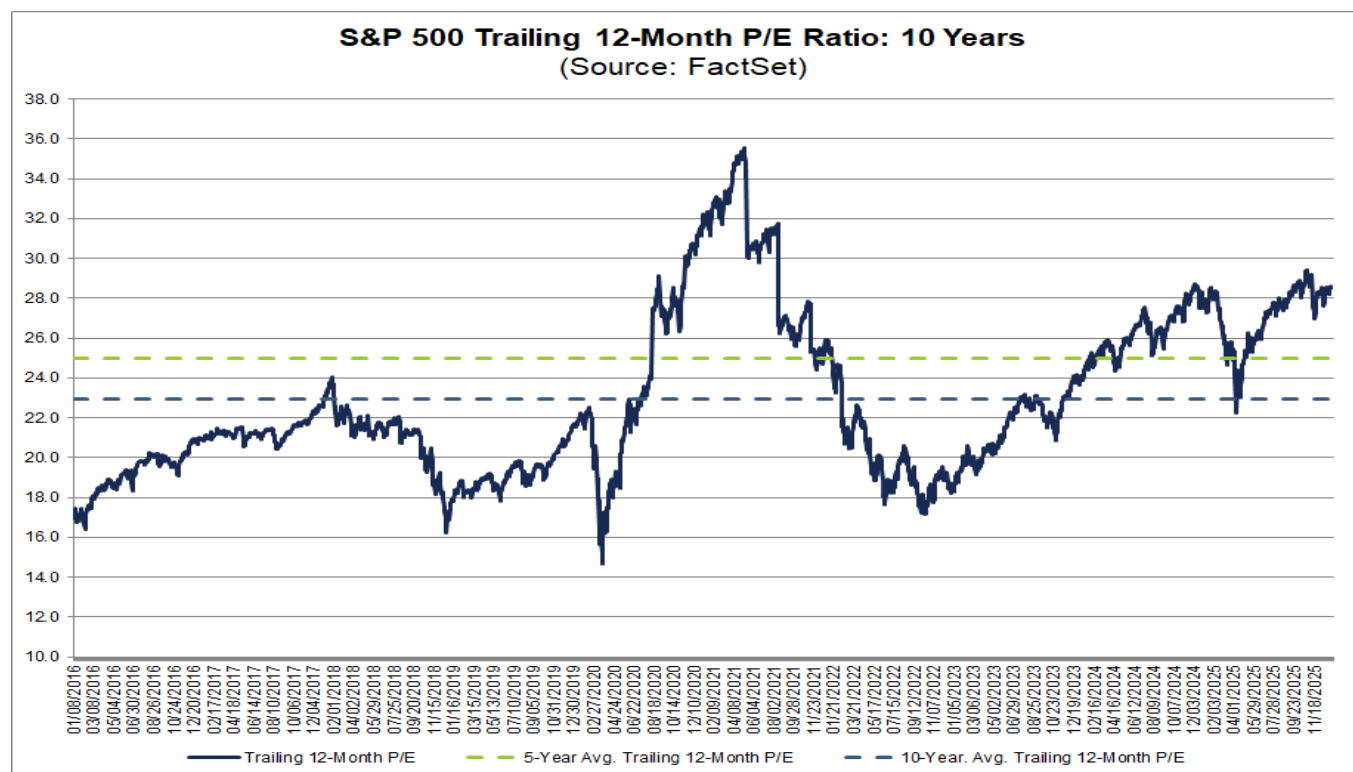
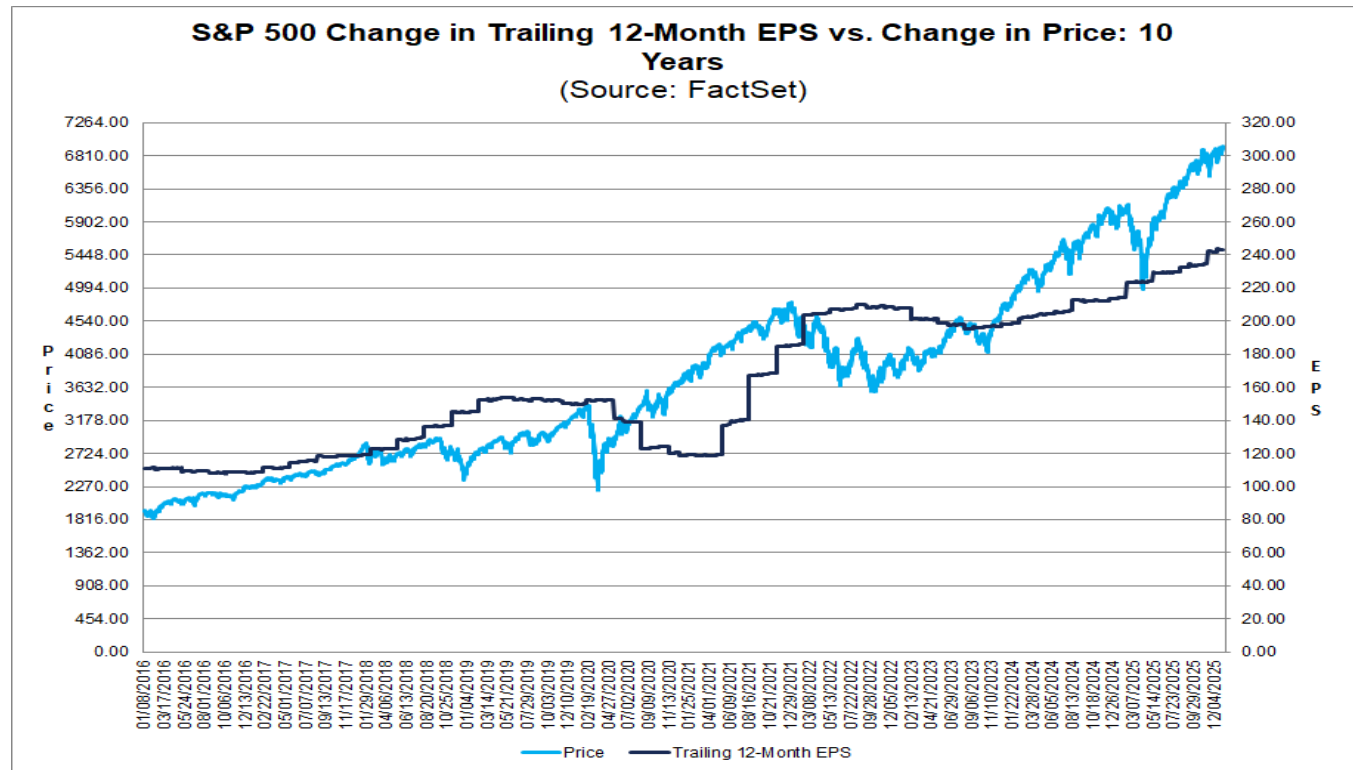
Forward 12M P/E Ratio: Sector Level



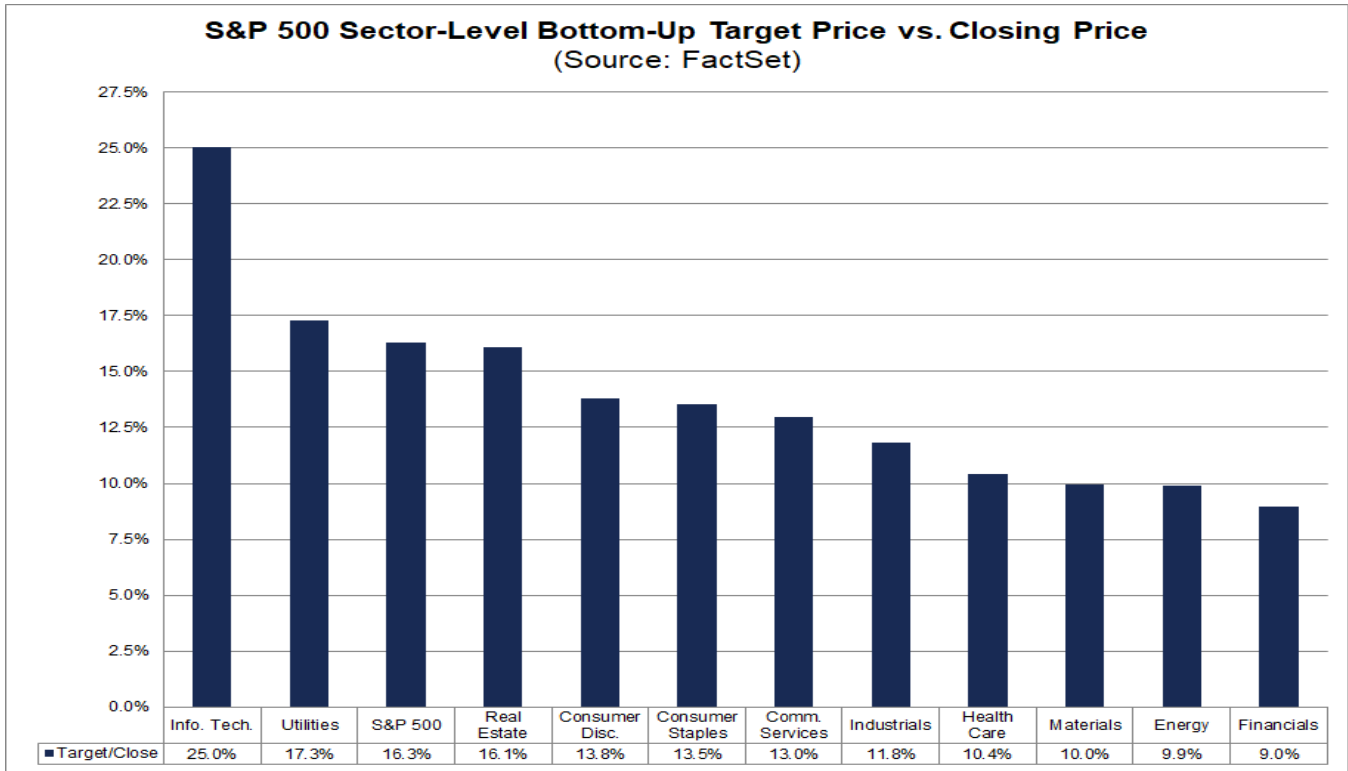
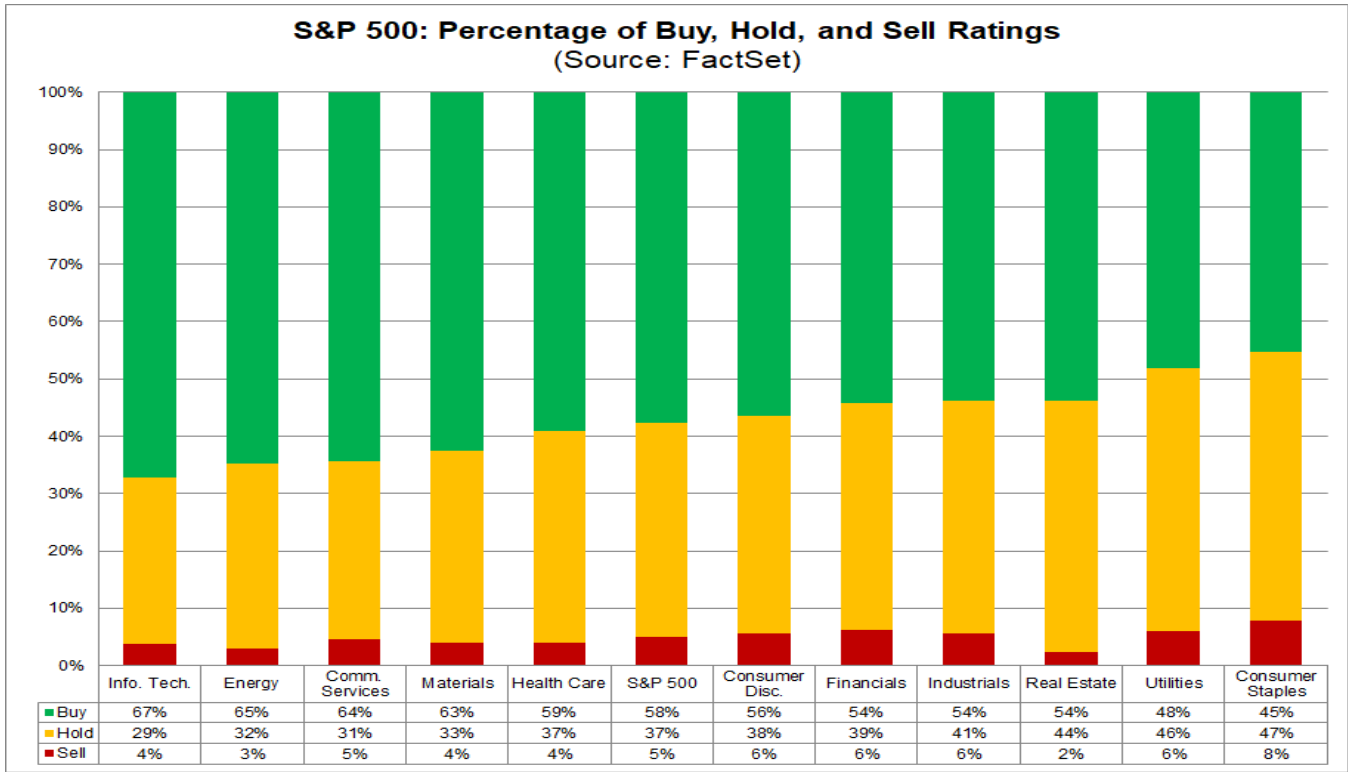
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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