

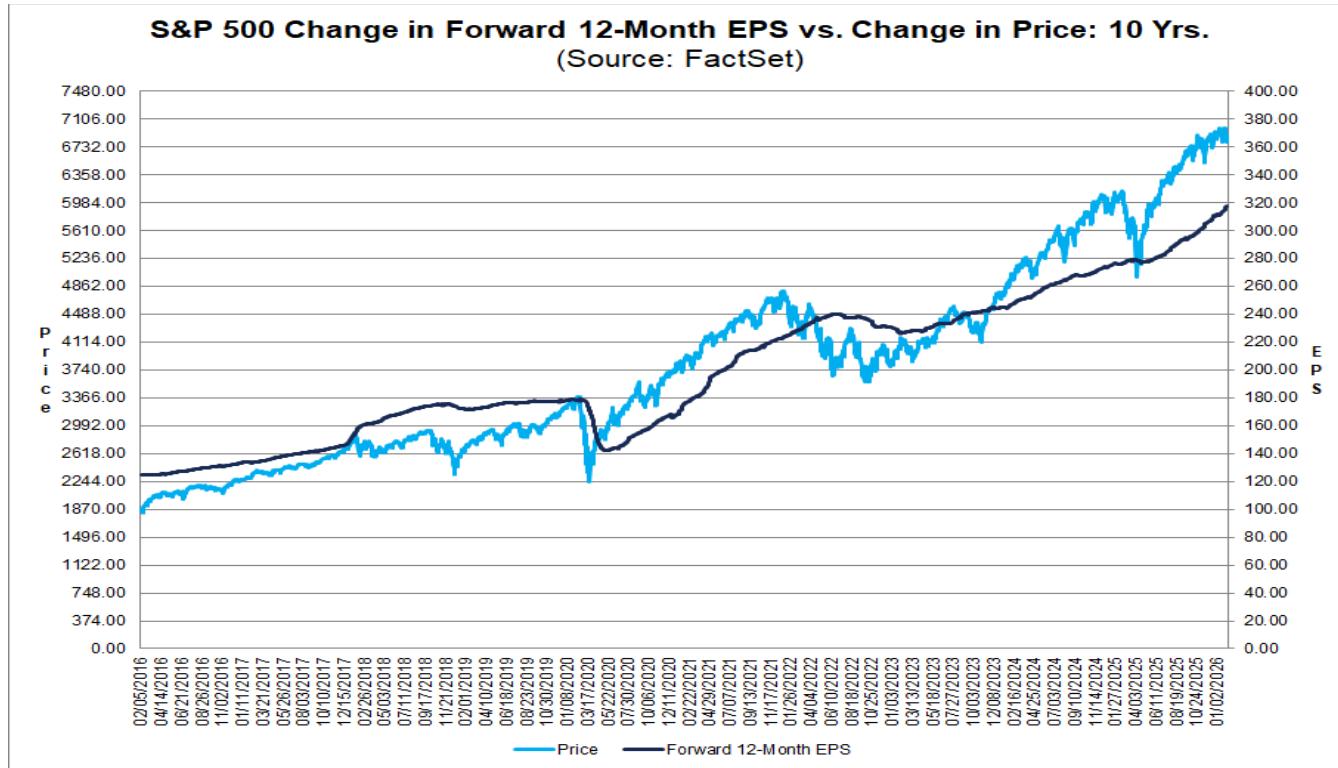
John Butters  
VP, Senior Earnings Analyst  
[jbutters@factset.com](mailto:jbutters@factset.com)

Media Questions/Requests  
[media\\_request@factset.com](mailto:media_request@factset.com)

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## Key Metrics

- **Earnings Scorecard:** For Q4 2025 (with 59% of S&P 500 companies reporting actual results), 76% of S&P 500 companies have reported a positive EPS surprise and 73% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q4 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 13.0%. If 13.0% is the actual growth rate for the quarter, it will mark the 5<sup>th</sup> consecutive quarter of double-digit earnings growth for the index.
- **Earnings Revisions:** On December 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q4 2025 was 8.3%. Six sectors are reporting higher earnings today (compared to December 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q1 2026, 23 S&P 500 companies have issued negative EPS guidance and 28 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.5. This P/E ratio is above the 5-year average (20.0) and above the 10-year average (18.8).



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## Topic of the Week:

### S&P 500 Companies With More International Exposure Reporting Higher Earnings Growth for Q4

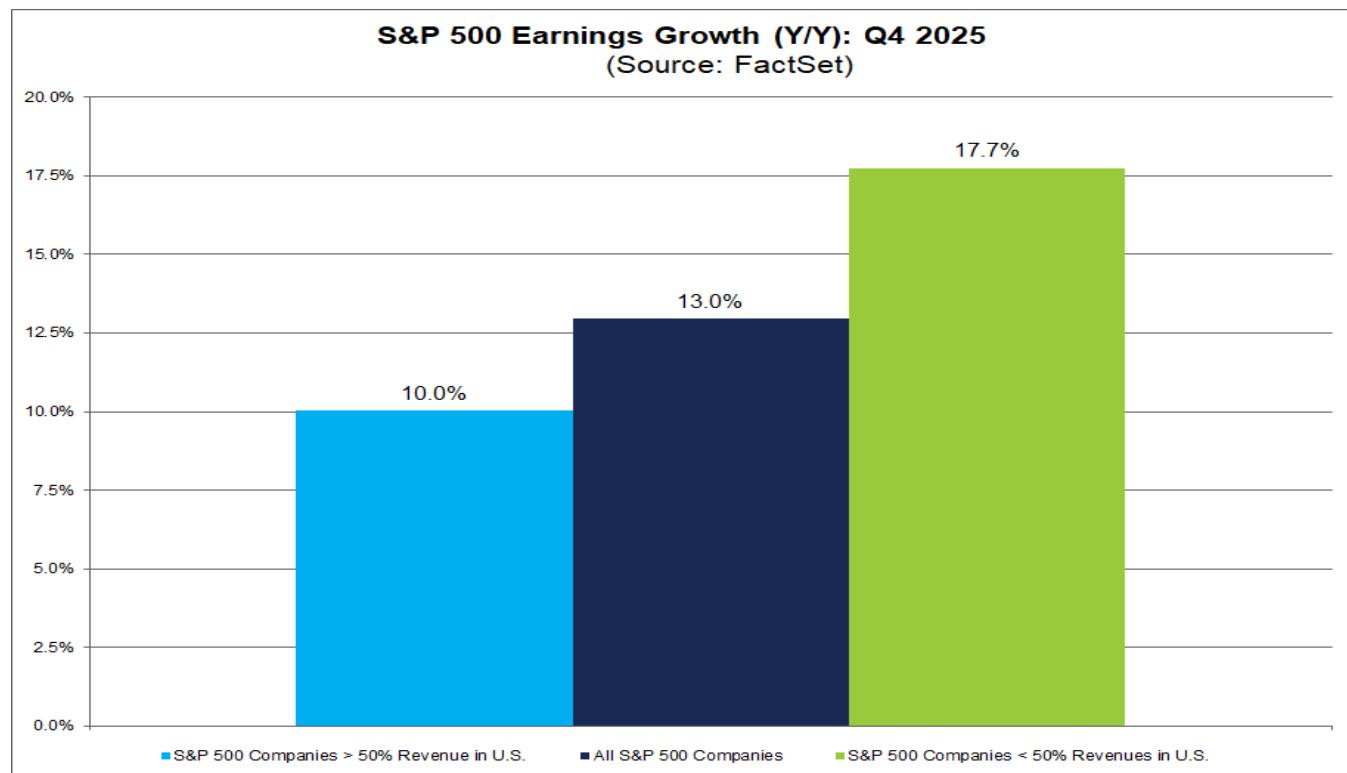
Given the recent weakness in the U.S. dollar, are S&P 500 companies with more international revenue exposure reporting higher (year-over-year) earnings and revenue growth for Q4 compared to S&P 500 companies with more domestic revenue exposure?

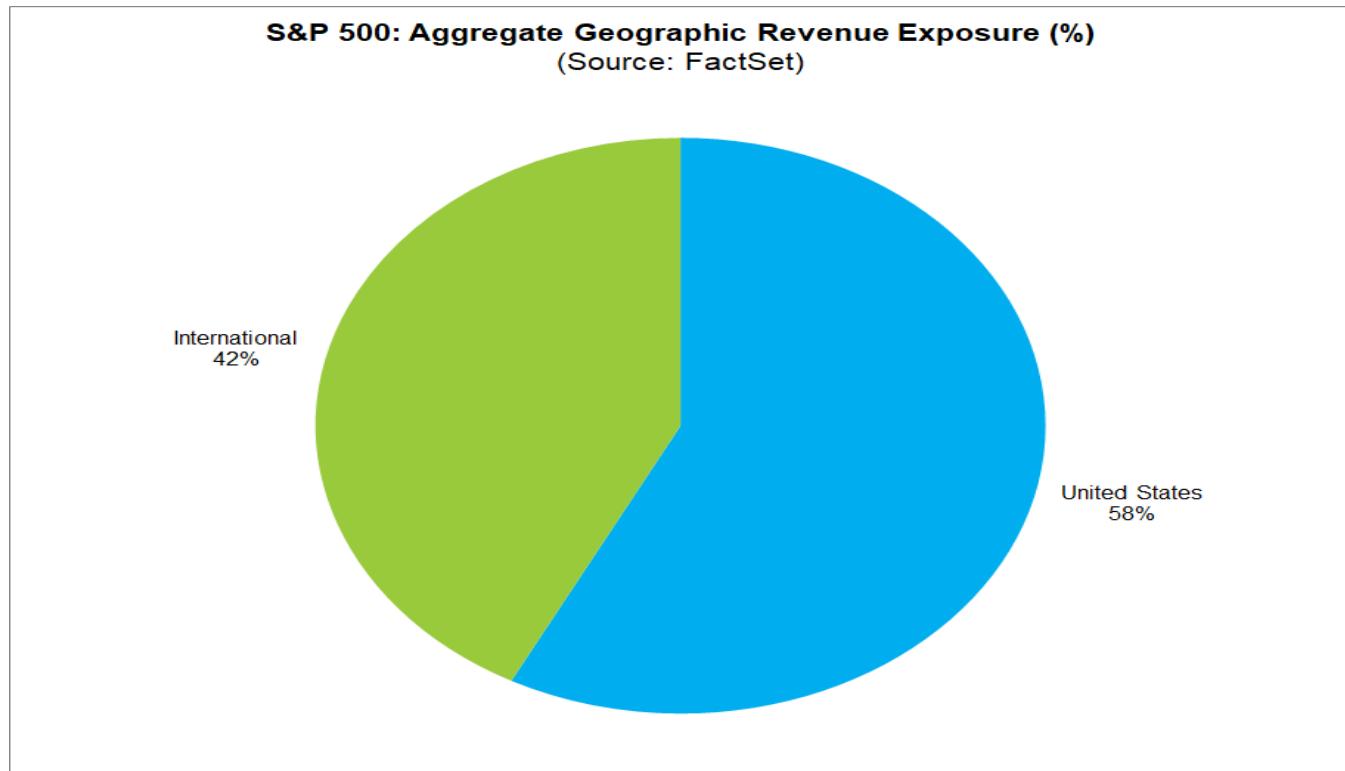
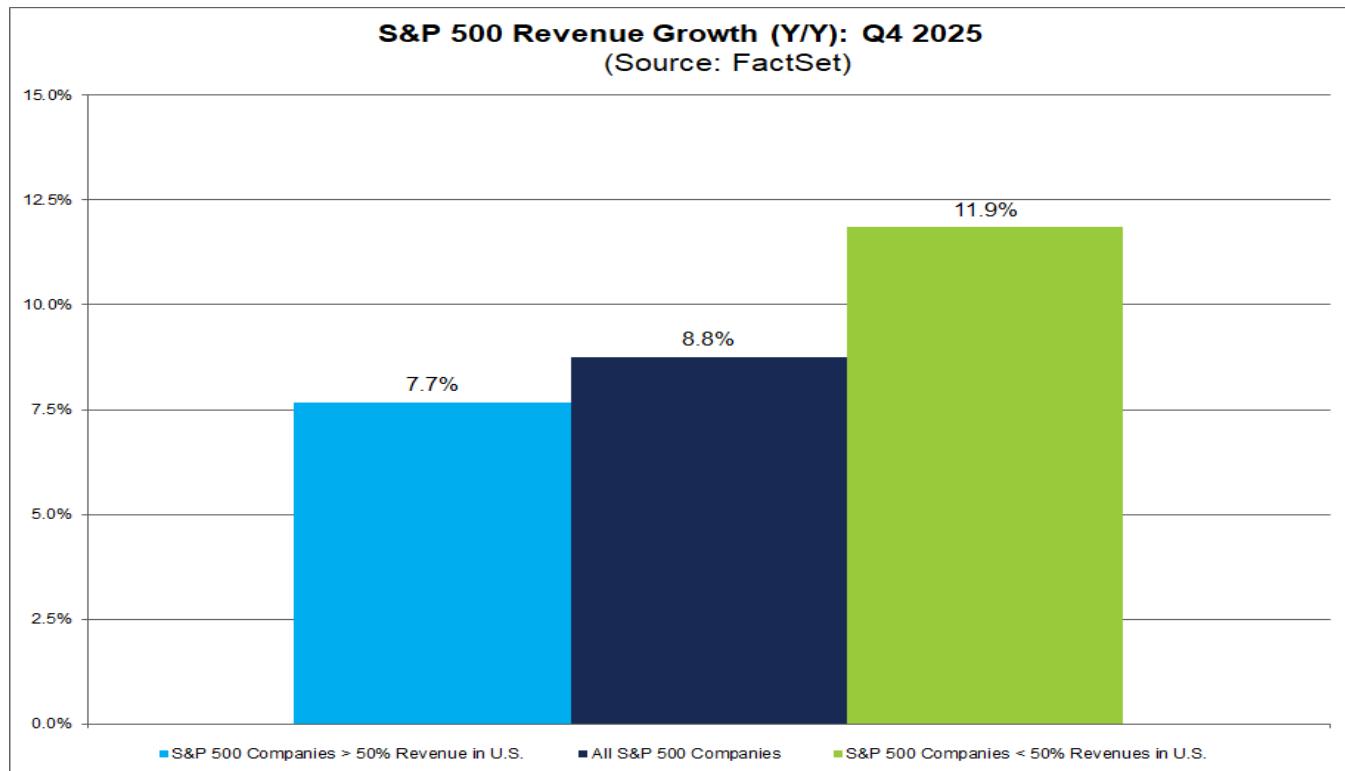
The answer is yes. FactSet Geographic Revenue Exposure data (based on the most recently reported fiscal year data for each company in the index) was used to answer this question. For this analysis, the index was divided into two groups: companies that generate more than 50% of sales inside the U.S. (more domestic exposure) and companies that generate more than 50% of sales outside the U.S. (more international exposure). Aggregate earnings and revenue growth rates were then calculated based on these two groups.

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 S&P 500 for Q4 2025 is 13.0%. For companies that generate more than 50% of sales inside the U.S., the blended earnings growth rate is 10.0%. For companies that generate more than 50% of sales outside the U.S., the blended earnings growth rate is 17.7%.

The blended revenue growth rate for the S&P 500 for Q4 2025 is 8.8%. For companies that generate more than 50% of sales inside the U.S., the blended revenue growth rate is 7.7%. For companies that generate more than 50% of sales outside the U.S., the blended revenue growth rate is 11.9%.

What is driving the outperformance of S&P 500 companies with higher international revenue exposure? At the company level, NVIDIA is the top contributor to both earnings and revenue growth for S&P 500 companies with more international revenue exposure. Excluding this company, the blended earnings and revenue growth rates for S&P 500 companies with more international exposure would fall to 12.0% and 9.9%, respectively.





## Q4 Earnings Season: By The Numbers

### Overview

More than halfway through the Q4 earnings season, the S&P 500 is reporting solid results. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are in line with recent averages. As a result, the index is reporting higher earnings for the fourth quarter today relative to the end of last week and relative to the end of the quarter. The S&P 500 is now reporting double-digit (year-over-year) earnings growth for the 5<sup>th</sup> straight quarter.

Overall, 59% of the companies in the S&P 500 have reported actual results for Q4 2025 to date. Of these companies, 76% have reported actual EPS above estimates, which is below the 5-year average of 78% but equal to the 10-year average of 76%. In aggregate, companies are reporting earnings that are 7.6% above estimates, which is between the 5-year average of 7.7% and the 10-year average of 7.0%. 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.

During the past week, positive EPS surprises reported by companies in multiple sectors (led by the Communication Services, Health Care, and Financials sectors) were mainly responsible for the increase in the overall earnings growth rate for the index over this period. Since December 31, positive EPS surprises reported by companies in the Industrials, Information Technology, and Communication Services sectors have been the largest contributors to the increase in the overall earnings growth rate for the index over this period.

As a result, the index is reporting higher earnings for the fourth quarter today relative to the end of last week and 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 fourth quarter is 13.0% today, compared to an earnings growth rate of 11.9% last week and an earnings growth rate of 8.3% at the end of the fourth quarter (December 31).

If 13.0% is the actual growth rate for the quarter, it will mark the fifth consecutive quarter of double-digit (year-over-year) earnings growth for the index.

Nine of the eleven sectors are reporting year-over-year growth, led by the Information Technology, Industrials, and Communication Services sectors. On the other hand, two sectors are reporting a year-over-year decline in earnings: Consumer Discretionary and Health Care.

In terms of revenues, 73% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 70% and above the 10-year average of 66%. In aggregate, companies are reporting revenues that are 1.4% above the estimates, which is below the 5-year average of 2.0% but equal to 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.

During the past week, positive revenue surprises reported by companies in multiple sectors were mainly responsible for the increase in the overall revenue growth rate for the index over this period. Since December 31, positive revenue surprises reported by companies in the Information Technology, Communication Services, Health Care, and Industrials sectors have been the largest contributors to the increase in the overall revenue growth rate for the index over this period.

As a result, the blended revenue growth rate for the fourth quarter is 8.8% today, compared to a revenue growth rate of 8.2% last week and a revenue growth rate of 7.8% at the end of the fourth quarter (December 31).

If 8.8% is the actual revenue growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q3 2022 (11.0%). It will also mark the 21<sup>st</sup> consecutive quarter of revenue growth for the index.

Ten sectors are reporting 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 reporting a year-over-year decline in revenues.

For Q1 2026 and Q2 2026, analysts are calling for earnings growth rates of 11.3% and 14.9%, respectively. For CY 2026 analysts are projecting (year-over-year) earnings growth of 14.1%.

The forward 12-month P/E ratio is 21.5, which is above the 5-year average (20.0) and above the 10-year average (18.8). However, this P/E ratio is below the forward P/E ratio of 22.0 recorded at the end of the fourth quarter (December 31).

During the upcoming week, 78 S&P 500 companies (including 3 Dow 30 components) are scheduled to report results for the fourth quarter.

## Scorecard: Magnitude of EPS and Revenue Surprises Are In Line With Recent Averages

### Percentage of Companies Beating EPS Estimates (76%) is Below 5-Year Average

Overall, 59% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 76% have reported actual EPS above the mean EPS estimate, 6% have reported actual EPS equal to the mean EPS estimate, and 18% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year average (79%) and below the 5-year average (78%), but equal to the 10-year average (76%). 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 Communication Services (100%), Information Technology (95%), and Energy (90%) sectors have the highest percentages of companies reporting earnings above estimates, while the Real Estate (47%) sector has the lowest percentage of companies reporting earnings (FFO) above estimates.

### Earnings Surprise Percentage (+7.6%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 7.6% above expectations. This surprise percentage is above the 1-year average (+7.4%), below the 5-year average (+7.7%), and above the 10-year average (+7.0%). 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 Industrials (+28.6%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Boeing (\$9.92 vs. -\$0.44) and GE Vernova (\$13.48 vs. \$2.93) have reported the largest positive EPS surprises. However, it should be noted that the actual EPS for Boeing included a \$9.6 billion dollar gain on a sale connected with closing of the Digital Aviation Solutions transaction, while the actual EPS for GE Vernova included a \$2.9 billion tax benefit due to a U.S. valuation allowance release.

The Information Technology (+8.7%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Intel (\$0.15 vs. \$0.08), Sandisk (\$6.20 vs. \$3.62), Super Micro Computer, (\$0.69 vs. \$0.49), Oracle (\$2.26 vs. \$1.64), and Teradyne (\$1.80 vs. \$1.38) have reported the largest positive EPS surprises.

The Communication Services (+7.6%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Fox Corporation (\$0.82 vs. \$0.50), Take-Two Interactive Software (\$1.23 vs. \$0.83), Match Group (\$0.83 vs. \$0.71), Comcast (\$0.84 vs. \$0.73), and AT&T (\$0.52 vs. \$0.46) have reported the largest positive EPS surprises.

The Energy (+7.3%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Marathon Petroleum (\$4.07 vs. \$2.72), Halliburton (\$0.69 vs. \$0.55), Valero Energy (\$3.82 vs. \$3.27), Baker Hughes (\$0.78 vs. \$0.67), and Phillips 66 (\$2.47 vs. \$2.15) have reported the largest positive EPS surprises.

## Market Punishing Negative EPS Surprises Less Than Average

To date, the market is rewarding positive EPS surprises reported by S&P 500 companies for Q4 at average levels and punishing negative EPS surprises reported by S&P 500 companies for Q4 below average levels.

Companies that have reported positive earnings surprises for Q4 2025 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 equal to the 5-year average price increase of +0.9% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q4 2025 have seen an average price decrease of -2.3% two days before the earnings release through two days after the earnings. This percentage decrease is smaller than the 5-year average price decrease of -2.8% during this same window for companies reporting negative earnings surprises.

## Percentage of Companies Beating Revenue Estimates (73%) is Above 5-Year Average

In terms of revenues, 73% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 27% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (71%), above the 5-year average (70%), and above the 10-year average (66%). 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 Energy (100%), Information Technology (92%), and Communication Services (88%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (53%) sector has the lowest percentage of companies reporting revenues above estimates.

## Revenue Surprise Percentage (+1.4%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 1.4% above expectations. This surprise percentage is above the 1-year average (+1.3%), below the 5-year average (+2.0%), and equal to 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 Energy (+3.7%), Utilities (+3.2%), and Information Technology (+3.1%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Financials (-1.1%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

## Revisions: Increase in Blended Earnings This Week Due to Multiple Sectors

### Increase in Blended Earnings This Week Due to Multiple Sectors

The blended (year-over-year) earnings growth rate for the fourth quarter is 13.0%, which is above the earnings growth rate of 11.9% last week. Positive EPS surprises reported by companies in multiple sectors (led by the Communication Services, Health Care, and Financials sectors) were mainly responsible for the increase in the overall earnings growth rate for the index during the past week.

In the Communication Services sector, the positive EPS surprise reported by Alphabet (\$2.82 vs. \$2.63) was a substantial contributor to the increase in the overall earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Communication Services sector increased to 13.9% from 10.1% over this period.

In the Health Care sector, the positive EPS surprises reported by Eli Lilly & Company (\$7.54 vs. \$6.91) and Pfizer (\$0.66 vs. \$0.56) were significant contributors to the increase in the overall earnings growth rate for the index during the past week. As a result, the blended earnings decline for the Health Care sector improved to -0.2% from -2.9% over this period.

In the Financials sector, the positive EPS surprise reported by Allstate (\$14.31 vs. \$9.83) was a substantial contributor to the increase in the overall earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Financials sector increased to 9.6% from 8.2% over this period.

## **Increase in Blended Revenues This Week Due to Multiple Sectors**

The blended (year-over-year) revenue growth rate for the fourth quarter is 8.8%, which is above the revenue growth rate of 8.2% last week. Positive revenue surprises reported by companies in multiple sectors were mainly responsible for the increase in the overall revenue growth rate for the index during the past week.

## **Industrials Sector Has Seen Largest Increase in Earnings since December 31**

The blended (year-over-year) earnings growth rate for Q4 2025 of 13.0% is above the estimate of 8.3% at the end of the fourth quarter (December 31). Six 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 EPS estimates and positive earnings surprises, led by the Industrials (to 23.3% from -0.3%) sector. The Industrials, Information Technology (to 30.4% from 25.8%), and Communication Services (to 13.9% from 6.2%) sectors have been the largest contributors to the increase in the overall earnings growth rate for the index since December 31. On the other hand, four sectors have recorded a decrease in their earnings growth rate or an increase in their earnings decline since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises, led by the Utilities (to 3.3% from 4.8%) sector. One sector (Materials) has recorded no change in its earnings growth rate (8.8%) since December 31.

In the Industrials sector, the positive EPS surprises reported by Boeing (\$9.92 vs. -\$0.44) and GE Vernova (\$13.48 vs. \$2.93) have been the largest contributors to the increase in the earnings growth rate for the index since December 31. However, it should be noted that the actual EPS for Boeing included a \$9.6 billion dollar gain on a sale connected with closing of the Digital Aviation Solutions transaction, while the actual EPS for GE Vernova included a \$2.9 billion tax benefit due to a U.S. valuation allowance release. As a result, the blended earnings growth rate for the Industrials sector has increased to 23.3% from -0.3% over this period.

In the Information Technology sector, the positive EPS surprises reported by Apple (\$2.84 vs. \$2.67) and Microsoft (\$4.14 vs. \$3.91) have been significant contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Information Technology sector has increased to 30.4% from 25.8% over this period.

In the Communication Services sector, the positive EPS surprises reported by Alphabet (\$2.82 vs. \$2.63) and Meta Platforms (\$8.88 vs. \$8.21) have been substantial contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Communication Services sector has increased to 13.9% from 6.2% over this period.

## Information Technology Sector Has Seen Largest Increase in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2025 of 8.8% is above the estimate of 7.8% at the end of the fourth quarter (December 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 Information Technology (to 20.4% from 17.9%) sector. The Information Technology, Communication Services (to 12.2% from 10.2%), Health Care (to 10.0% from 9.0%), and Industrials (to 7.8% from 5.8%) sectors have been the largest contributors to the increase in the revenue growth rate for the index since December 31. 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 3.2% from 4.7%) sector.

In the Information Technology sector, the positive revenue surprises reported by Apple (\$143.76 billion vs. \$138.39 billion), Super Micro Computer (\$12.68 billion vs. \$10.42 billion), and Microsoft (81.27 billion vs. \$80.31 billion) have been substantial contributors to the increase in the revenue growth rate for the index since December 31. As a result, the blended revenue growth rate for the Information Technology sector has increased to 20.4% from 17.9% over this period.

In the Communication Services sector, the positive revenue surprises reported by Alphabet (\$113.83 billion vs. \$111.32 billion) and Meta Platforms (59.89 billion vs. \$58.46 billion) have been significant contributors to the increase in the revenue growth rate for the index since December 31. As a result, the blended revenue growth rate for the Communication Services sector has increased to 12.2% from 10.2% over this period.

In the Health Care sector, the positive revenue surprises reported by Cigna Group (\$72.50 billion vs. \$70.31 billion), Eli Lilly & Company (\$19.29 billion vs. \$17.94 billion), and Centene Corporation (49.73 billion vs. \$48.39 billion) have been substantial contributors to the increase in the revenue growth rate for the index since December 31. As a result, the blended revenue growth rate for the Health Care sector has increased to 10.0% from 9.0% over this period.

In the Industrials sector, the positive revenue surprises reported by Boeing (\$23.95 billion vs. \$22.60 billion), RTX Corporation (\$24.24 billion vs. \$22.69 billion), and Caterpillar (\$19.13 billion vs. \$17.85 billion) have been significant contributors to the increase in the revenue growth rate for the index since December 31. As a result, the blended revenue growth rate for the Industrials sector has increased to 7.8% from 5.8% over this period.

## Earnings Growth: 13.0%

The blended (year-over-year) earnings growth rate for Q4 2025 is 13.0%, which is below the 5-year average earnings growth rate of 15.9% but above the 10-year average earnings growth rate of 9.9%. If 13.0% is the actual growth rate for the quarter, it will mark the tenth consecutive quarter of year-over-year earnings growth and the fifth consecutive quarter of double-digit growth for the index.

Nine of the eleven sectors are reporting year-over-year earnings growth, led by the Information Technology, Industrials, and Communication Services sectors. On the other hand, two sectors are reporting a year-over-year decline in earnings: Consumer Discretionary and Health Care.

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

The Information Technology sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 30.4%. At the industry level, all 6 industries in the sector are reporting year-over-year earnings growth: Semiconductors & Semiconductor Equipment (49%), Electronic Equipment, Instruments, & Components (34%), Software (28%), Technology Hardware, Storage, & Peripherals (18%), IT Services (10%), and Communication Equipment (9%).

At the company level, NVIDIA (\$1.52 vs. \$0.89) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Information Technology sector would fall to 23.3% from 30.4%.

## Industrials: Boeing Is Largest Contributor to Year-Over-Year Growth

The Industrials sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 23.3%. At the industry level, 6 of the 12 industries in the sector are reporting year-over-year earnings growth. Three of these six industries are reporting double-digit growth: Aerospace & Defense (372%), Electrical Equipment (119%), and Construction & Engineering (14%). On the other hand, 6 of the 12 industries in the sector are reporting a year-over-year earnings decline. Two of these six industries are reporting a double-digit decline: Ground Transportation (63%) and Passenger Airlines (-11%).

At the company level, Boeing (\$9.92 vs. -\$5.90) is the largest contributor to earnings growth for the sector. It should be noted that the actual EPS for Boeing for Q4 2025 included a \$9.6 billion dollar gain on a sale connected with closing of the Digital Aviation Solutions transaction, while the actual EPS for Boeing for Q4 2024 included impacts of the IAM work stoppage and agreement, charges for certain defense programs, and costs associated with workforce reductions. If this company were excluded, the Industrials sector would be reporting a year-over-year decline in earnings of -3.6% instead of year-over-year earnings growth of 23.3%.

## Communication Services: Alphabet Is Largest Contributor to Year-Over-Year Growth

The Communication Services sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 13.9%. At the industry level, 2 of the 5 industries in the sector are reporting year-over-year earnings growth: Interactive Media & Services (22%) and Entertainment (20%). On the other hand, 3 of the 5 industries are reporting a year-over-year earnings decline: Wireless Telecommunication Services (-24%), Media (-3%), and Diversified Telecommunication Services (-3%).

At the company level, Alphabet (\$2.82 vs. \$2.15) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Communication Services sector would fall to 4.6% from 13.9%.

## Consumer Discretionary: 5 of 9 Industries Reporting to Year-Over-Year Decline

The Consumer Discretionary sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -0.9%. At the industry level, 5 of the 9 industries in the sector are reporting a year-over-year earnings decline. Three of these 5 industries are reporting a double-digit decline: Household Durables (-34%), Automobiles (-21%), and Textiles, Apparel, & Luxury Goods (-11%). On the other hand, 4 of the 9 industries in the sector are reporting year-over-year growth in earnings. Three of these 4 industries are reporting double-digit growth: Leisure Products (109%), Hotels, Restaurants, & Leisure (16%), and Distributors (11%).

## Revenue Growth: 8.8%

The blended (year-over-year) revenue growth rate for Q4 2025 is 8.8%, which is above the 5-year average revenue growth rate of 8.4% and above the 10-year average revenue growth rate of 6.0%. If 8.8% is the actual growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q3 2022 (11.0%). It will also mark the 21<sup>st</sup> consecutive quarter of revenue growth for the index.

At the sector level, ten sectors are reporting 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 reporting a year-over-year decline in revenues.

## Information Technology: All 6 Industries Reporting Year-Over-Year Growth

The Information Technology sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 20.4%. At the industry level, all 6 industries in the sector are reporting year-over-year revenue growth: Semiconductors & Semiconductor Equipment (32%), Electronic Equipment, Instruments, & Components (20%), Technology Hardware, Storage, & Peripherals (20%), Software (16%), Communication Equipment (10%), and IT Services (8%).

## Communication Services: All 5 Industries Reporting Year-Over-Year Growth

The Communication Services sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 12.2%. At the industry level, all 5 industries in the sector are reporting year-over-year revenue growth: Interactive Media & Services (19%), Wireless Telecommunication Services (11%), Entertainment (8%), Diversified Telecommunication Services (3%), and Media (1%).

## Health Care: All 5 Industries Reporting Year-Over-Year Growth

The Health Care sector is reporting the third-highest (year-over-year) revenue growth rate of all eleven sectors at 10.0%. At the industry level, all 5 industries in the sector are reporting year-over-year revenue growth: Health Care Providers & Services (11%), Pharmaceuticals (10%), Health Care Equipment & Supplies (8%), Life Sciences, Tools, & Services (7%), and Biotechnology (6%).

## Energy: 1 of 5 Sub-Industries Reporting Year-Over-Year Decline

The Energy sector is reporting the largest (year-over-year) decline in revenues of all eleven sectors at -0.5%. 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, 1 of the 5 sub-industries in the sector is reporting a year-over-year decline in revenues: Integrated Oil & Gas (-5%). On the other hand, the other four sub-industries are reporting year-over-year growth in revenues: Oil & Gas Storage & Transportation (22%), Oil & Gas Equipment & Services (2%), Oil & Gas Refining & Marketing (2%), and Oil & Gas Exploration & Production (less than 1%).

## Net Profit Margin: 13.2%

The blended net profit margin for the S&P 500 for Q4 2025 is 13.2%, which is above the previous quarter's net profit margin of 13.1%, above the year-ago net profit margin of 12.7% and above the 5-year average of 12.1%.

If 13.2% is the actual net profit margin for the quarter, it will mark with the highest net profit margin reported by the index since FactSet began tracking this metric in 2009.

At the sector level, five sectors are reporting a year-over-year increase in their net profit margins in Q4 2025 compared to Q4 2024, led by the Information Technology (29.0% vs. 26.8%) and Industrials (12.2% vs. 10.7%) sectors. On the other hand, four sectors are reporting a year-over-year decrease in their net profit margins in Q4 2025 compared to Q4 2024, led by the Real Estate (33.4% vs. 35.1%) sector. Two sectors (Energy and Utilities) are reporting no change in net profit margin in Q4 2025 compared to Q4 2024.

Five sectors are reporting net profit margins in Q4 2025 that are above their 5-year averages, led by the Information Technology (29.0% vs. 25.0%) and Industrials (12.2% vs. 9.3%) sectors. On the other hand, six sectors are reporting net profit margins in Q4 2025 that are below their 5-year averages, led by the Real Estate (33.4% vs. 35.8%) and Health Care (7.0% vs. 9.2%) and sectors.

## Forward Estimates & Valuation

### Guidance: Negative Guidance Percentage for Q1 is Below Average

At this point in time, 51 companies in the index have issued EPS guidance for Q1 2026. Of these 51 companies, 23 have issued negative EPS guidance and 28 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q1 2026 is 45% (23 out of 51), which is below the 5-year average of 58% and below the 10-year average of 60%.

At this point in time, 260 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 260 companies, 109 have issued negative EPS guidance and 151 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 42% (109 out of 260).

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.

### Earnings: S&P 500 Expected to Report Earnings Growth of 14% for CY 2026

For the fourth quarter, S&P 500 companies are reporting year-over-year growth in earnings of 13.0% and year-over-year growth in revenues of 8.8%. For CY 2025, S&P 500 companies are reporting year-over-year growth in earnings of 13.5% and year-over-year growth in revenues of 7.4%.

For Q1 2026, analysts are projecting earnings growth of 11.3% and revenue growth of 8.7%.

For Q2 2026, analysts are projecting earnings growth of 14.9% and revenue growth of 7.9%.

For Q3 2026, analysts are projecting earnings growth of 15.4% and revenue growth of 7.2%.

For Q4 2026, analysts are projecting earnings growth of 15.0% and revenue growth of 7.4%.

For CY 2026, analysts are projecting earnings growth of 14.1% and revenue growth of 7.3%.

### Valuation: Forward P/E Ratio is 21.5, Above the 10-Year Average (18.8)

The forward 12-month P/E ratio for the S&P 500 is 21.5. This P/E ratio is above the 5-year average of 20.0 and above the 10-year average of 18.8. However, it is below 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 decreased by 0.7%, while the forward 12-month EPS estimate has increased by 2.0%. At the sector level, the Consumer Discretionary (27.7) sector has the highest forward 12-month P/E ratio, while the Financials (15.6) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 27.9, which is above the 5-year average of 24.9 and above the 10-year average of 23.1.

### Targets & Ratings: Analysts Project 21% Increase in Price Over Next 12 Months

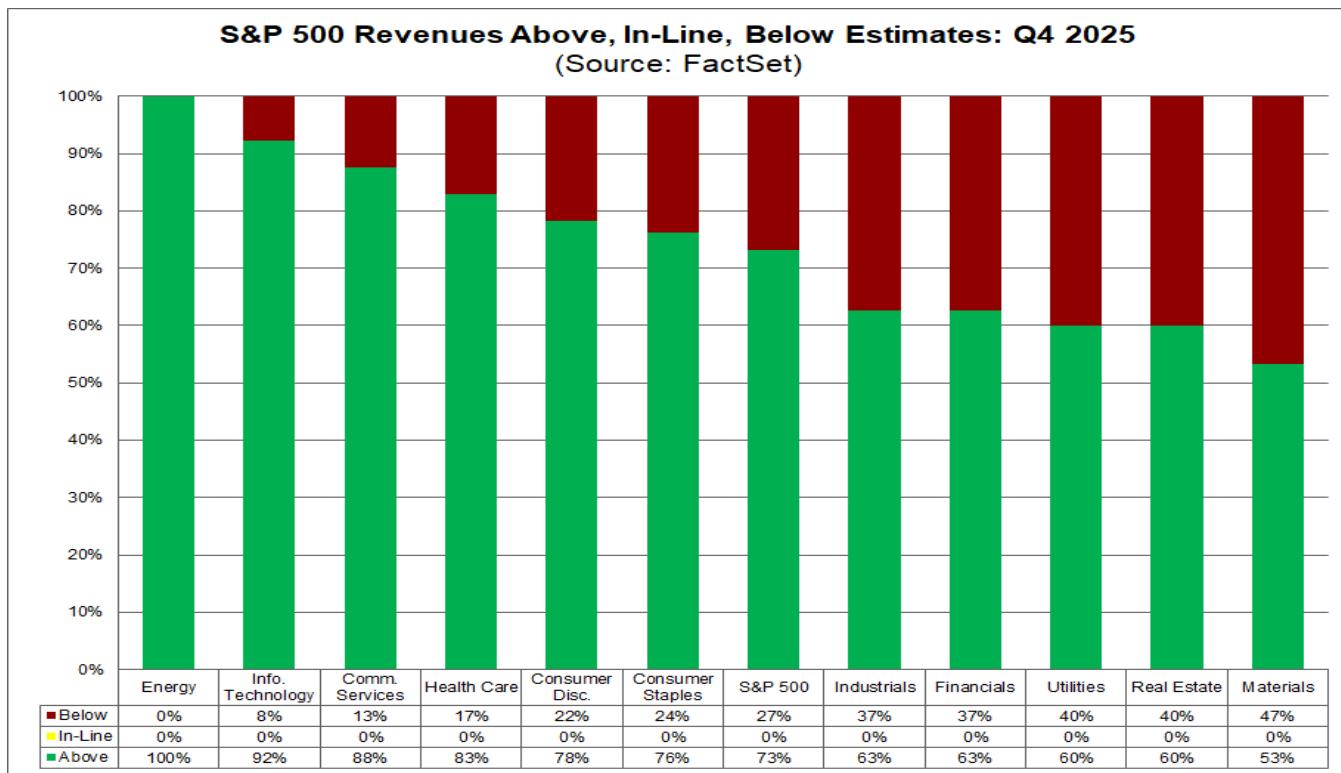
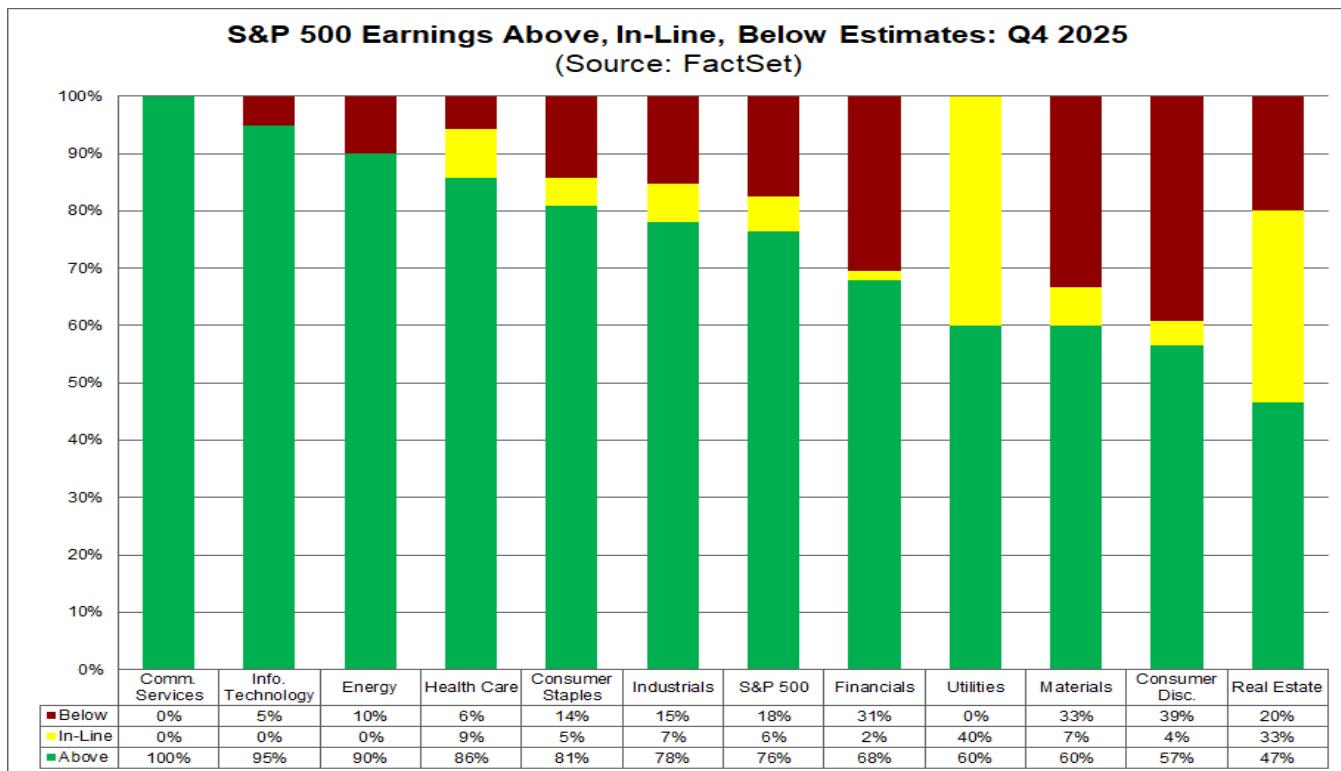
The bottom-up target price for the S&P 500 is 8200.84, which is 20.6% above the closing price of 6798.40. At the sector level, the Information Technology (+34.6%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Energy (+2.0%) and Consumer Staples (+3.0%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 12,817 ratings on stocks in the S&P 500. Of these 12,817 ratings, 57.9% are Buy ratings, 37.0% are Hold ratings, and 5.1% are Sell ratings. At the sector level, the Information Technology (68%), Communication Services (65%), and Energy (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (44%) and Utilities (49%) sectors have the lowest percentages of Buy ratings.

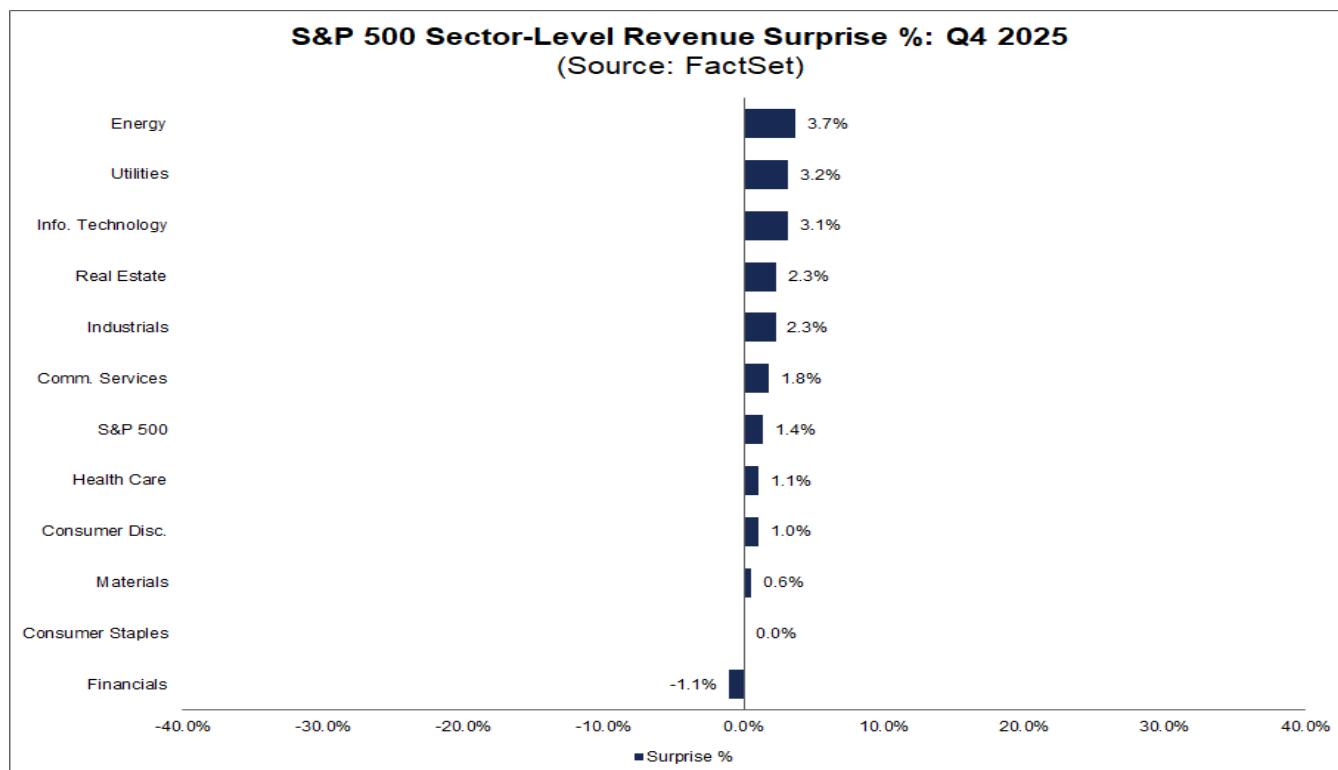
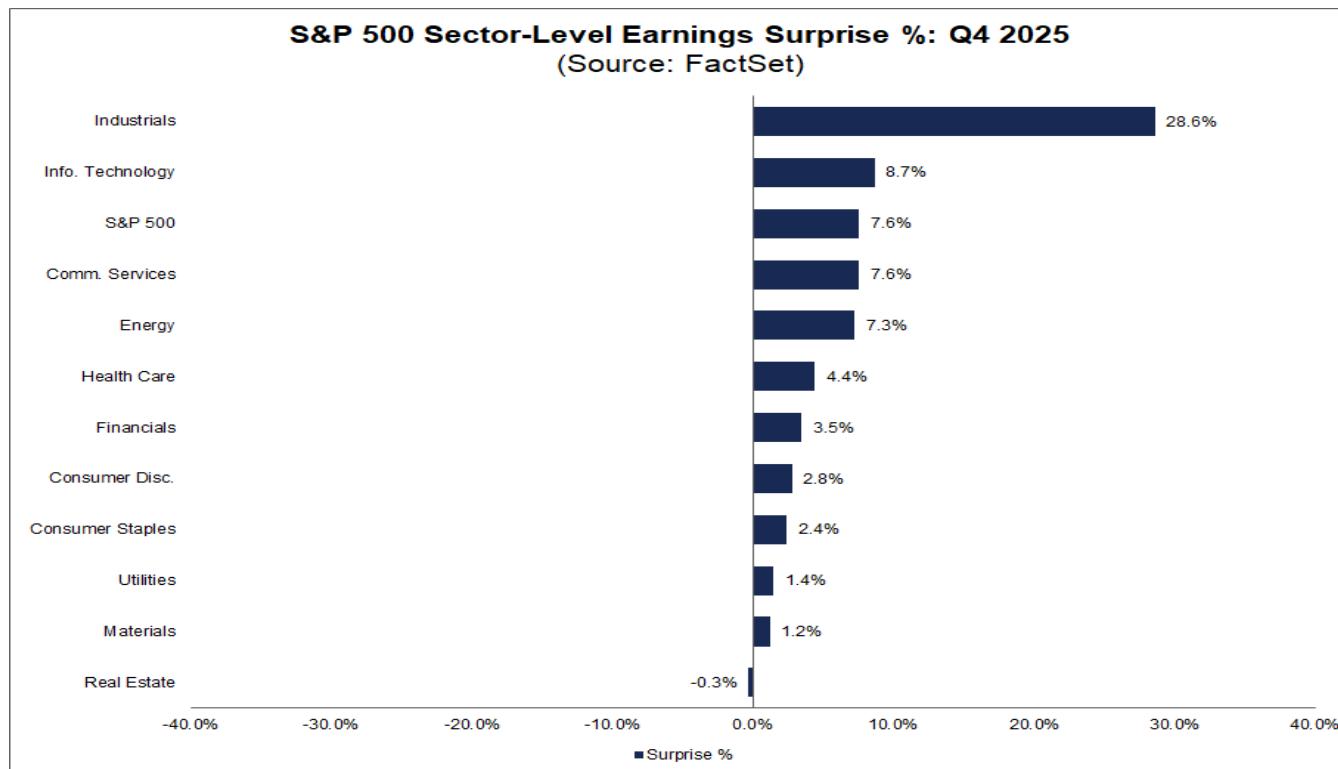
## **Companies Reporting Next Week: 78**

During the upcoming week, 78 S&P 500 companies (including 3 Dow 30 components) are scheduled to report results for the fourth quarter.

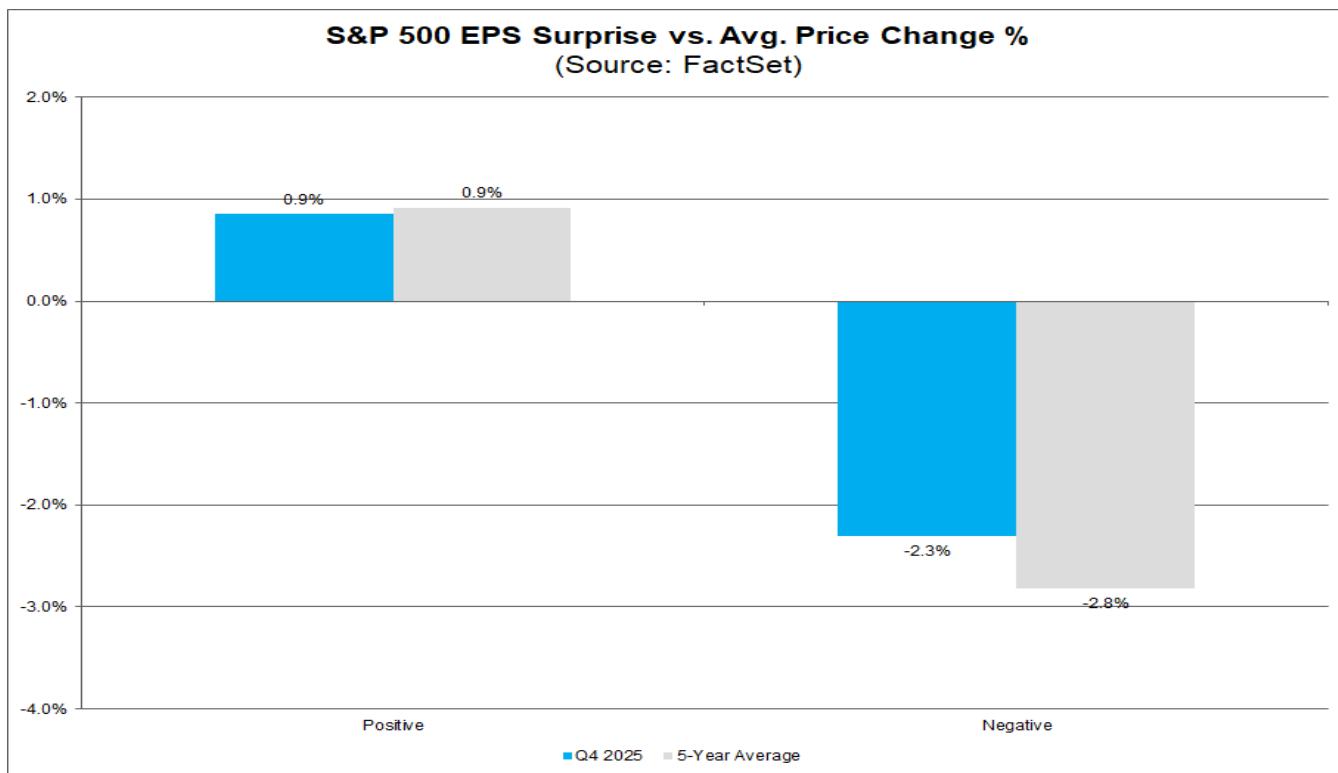
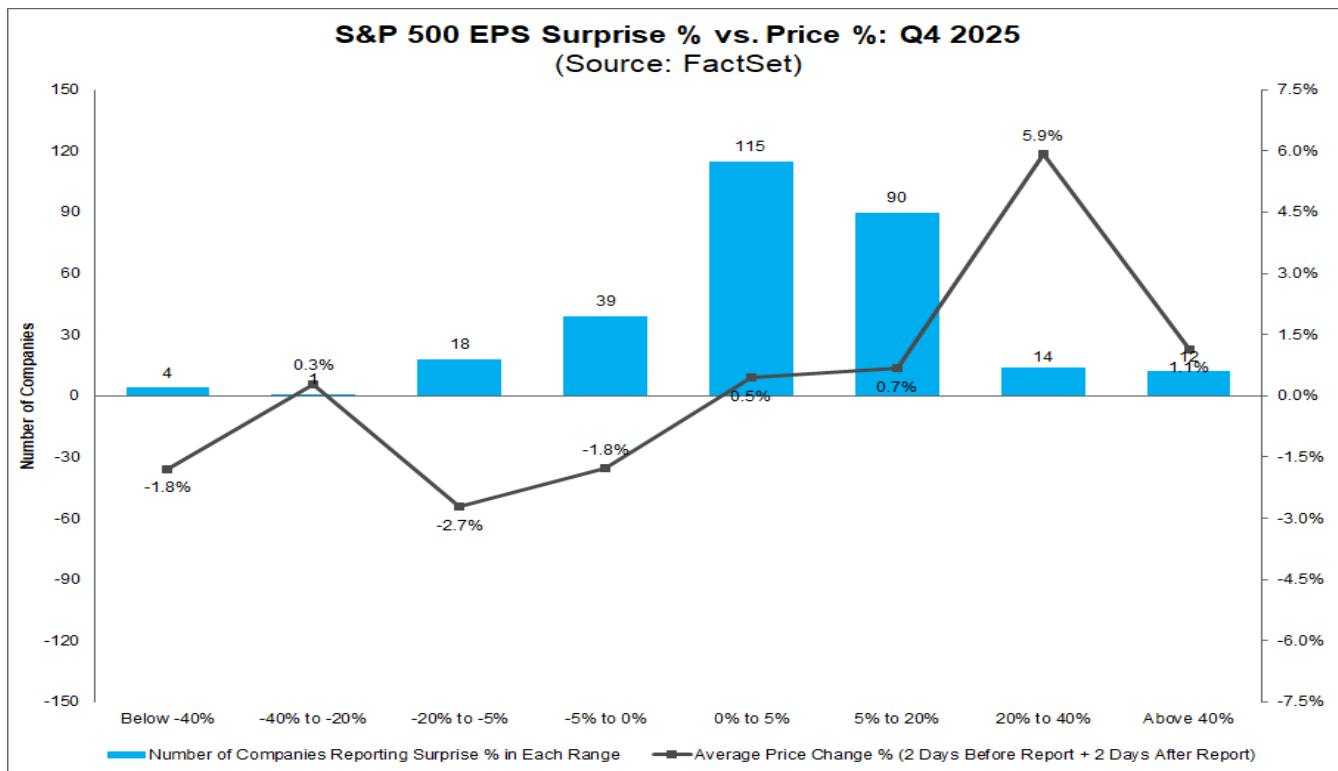
## Q4 2025: Scorecard



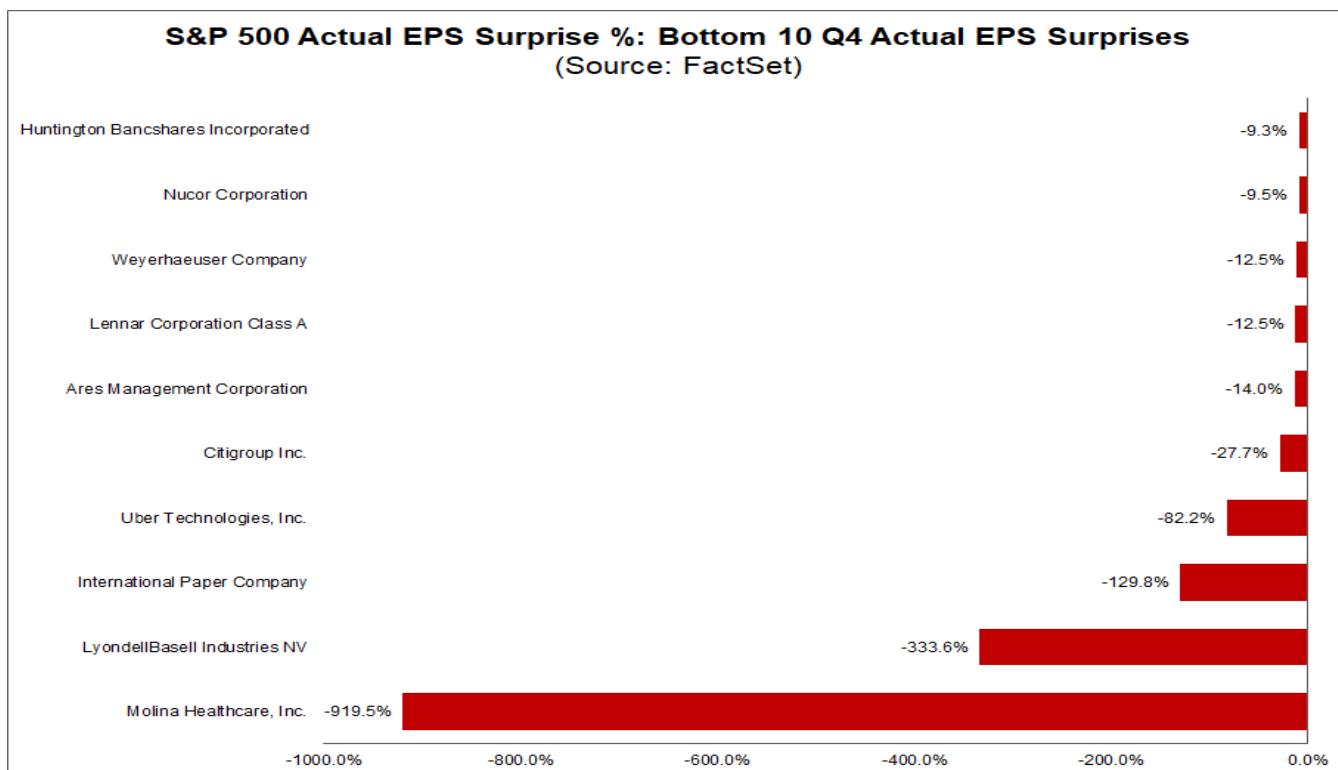
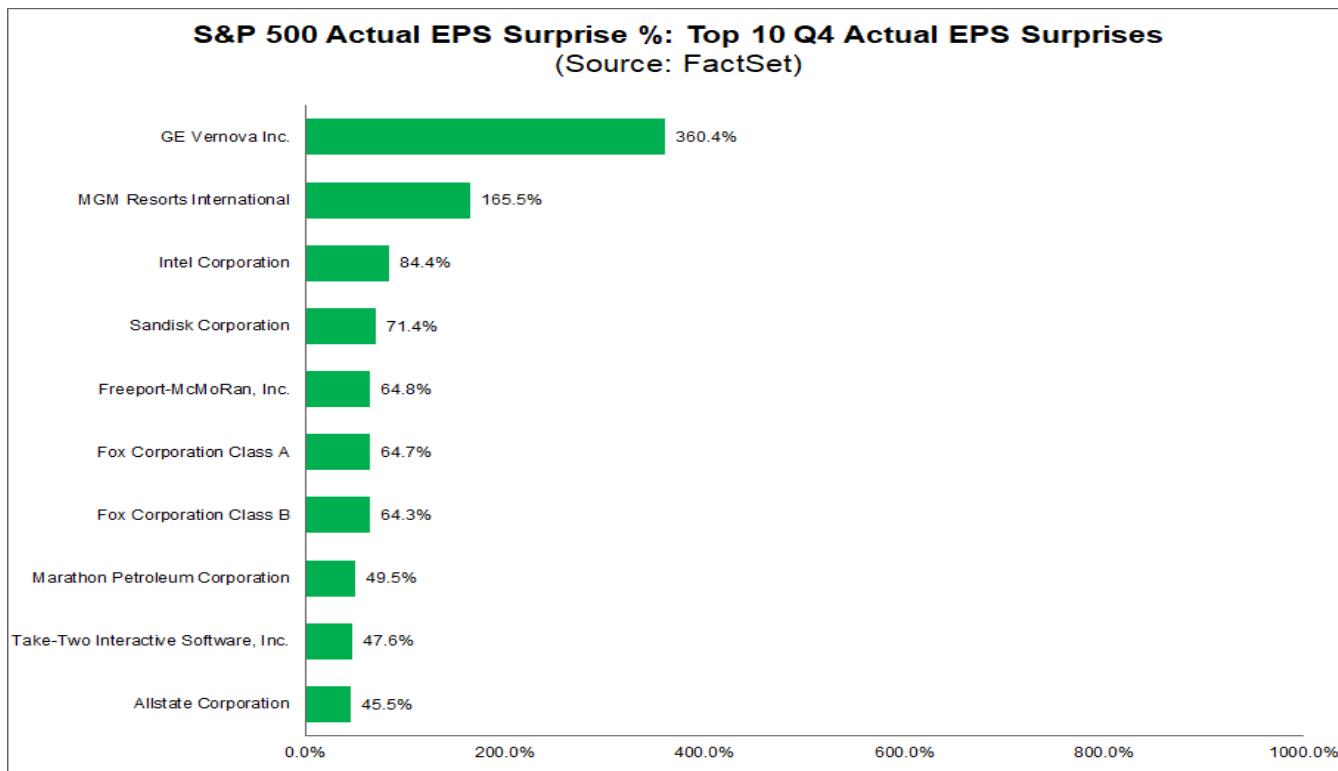
## Q4 2025: Surprise



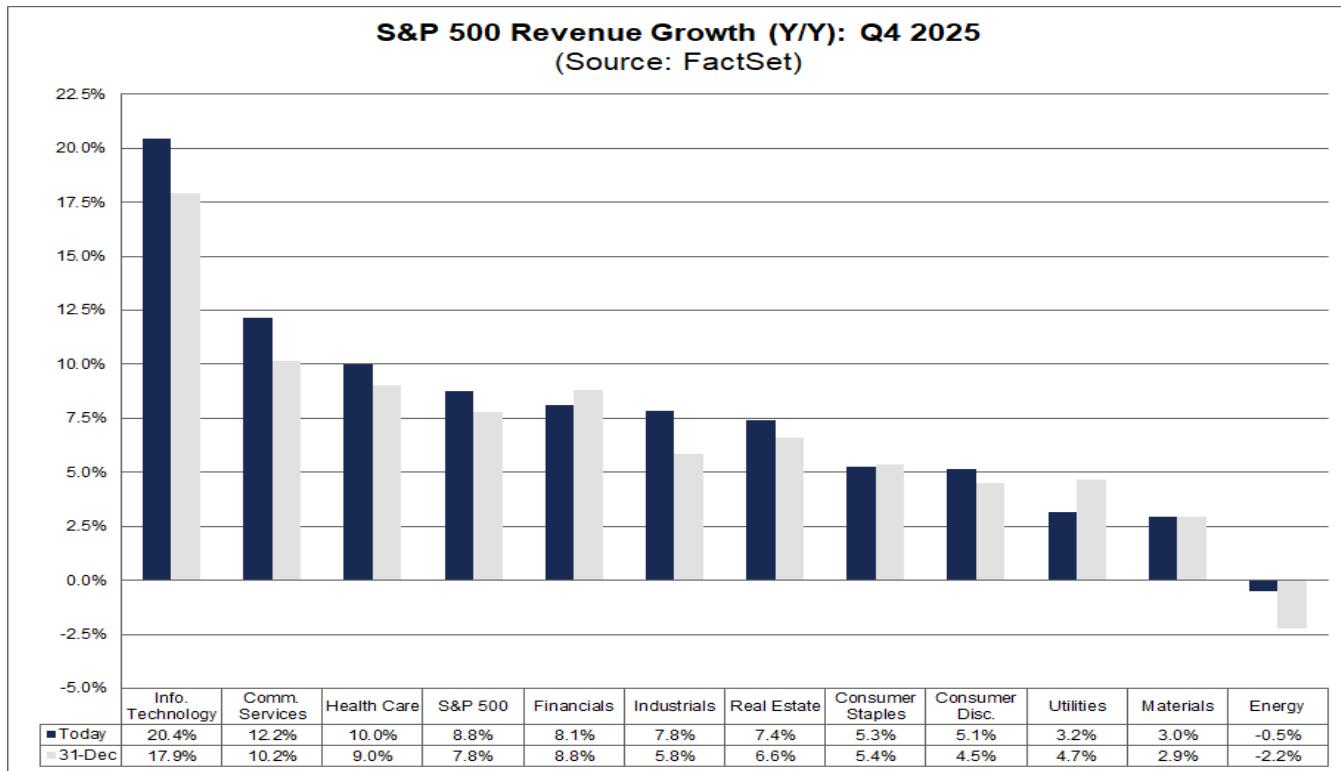
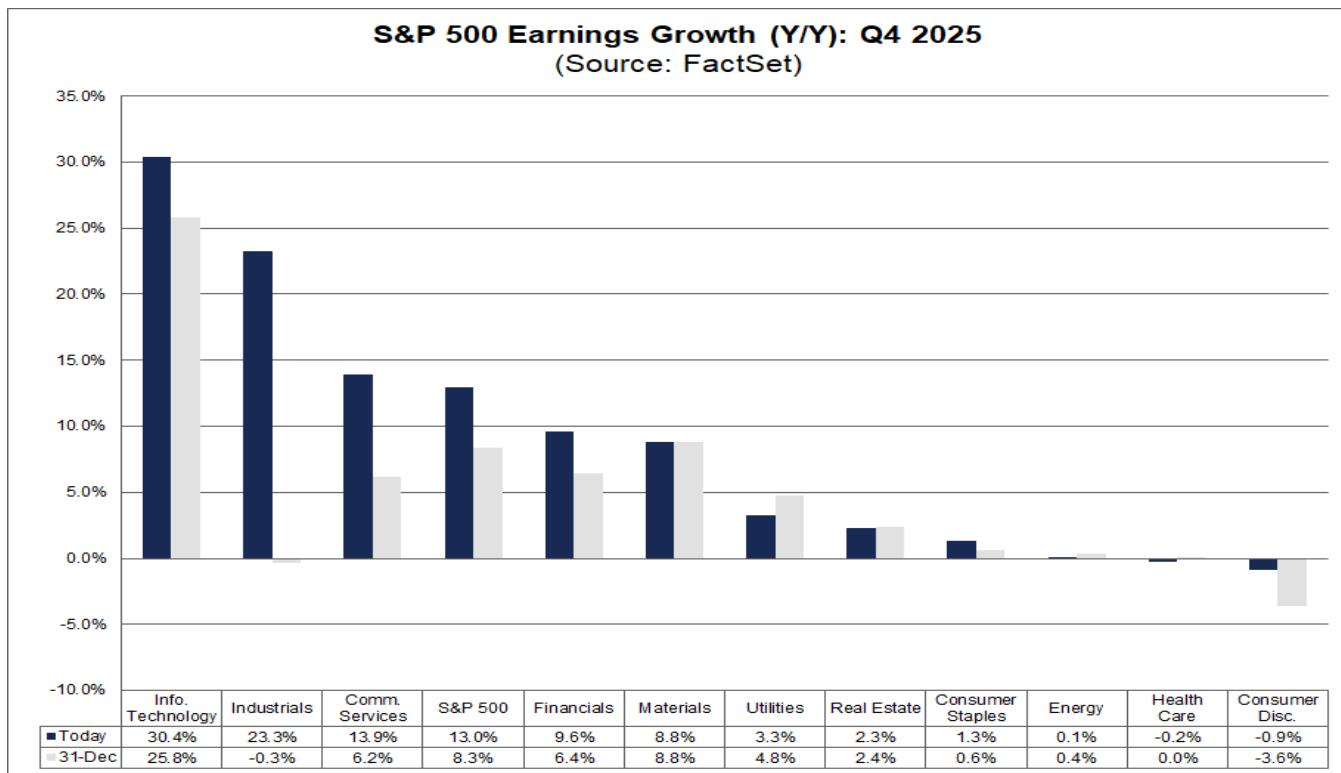
## Q4 2025: Surprise



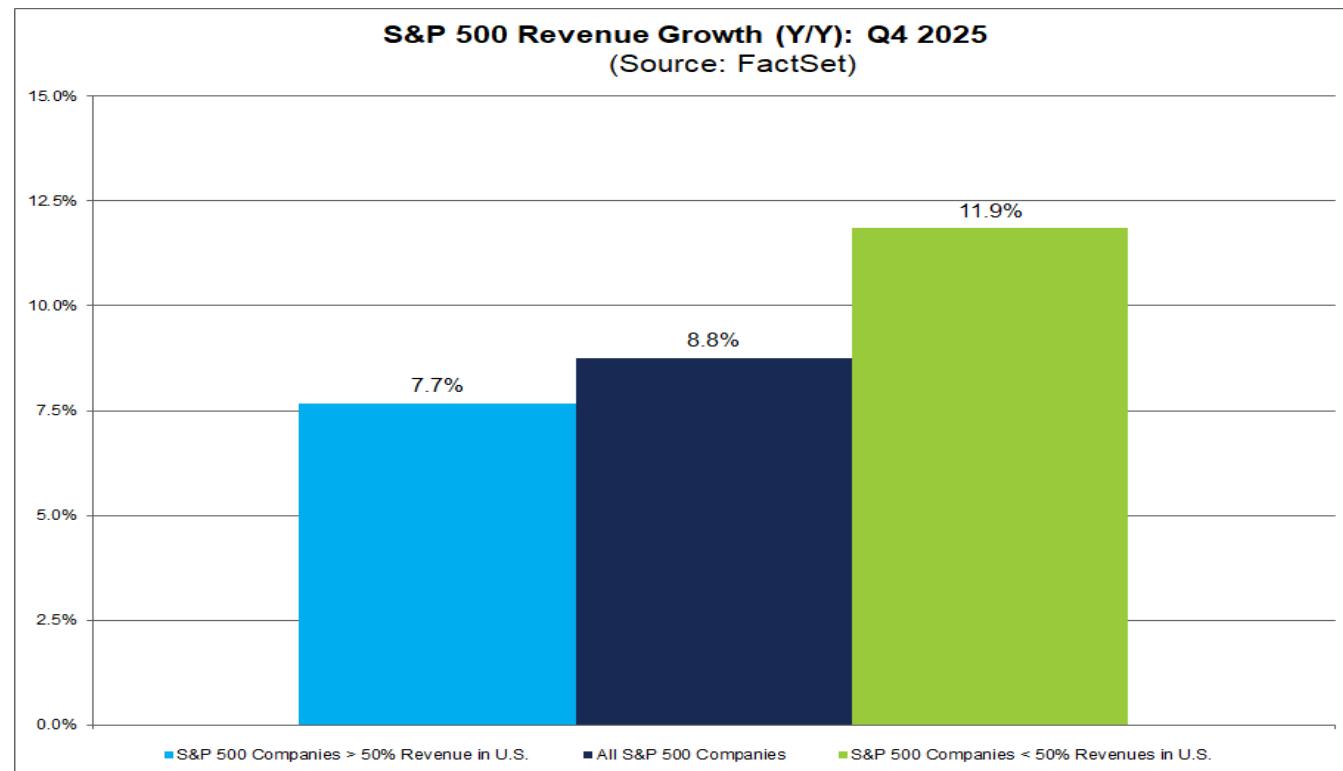
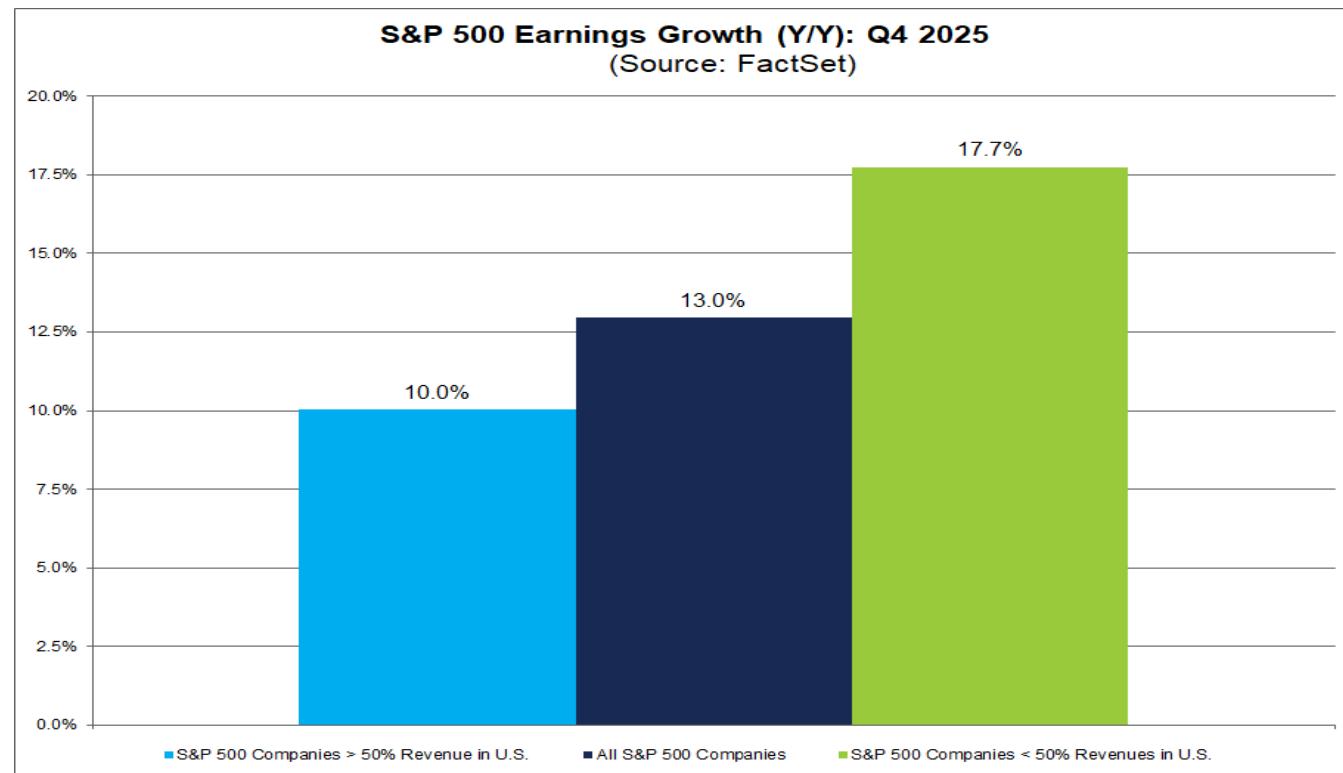
## Q4 2025: Surprise



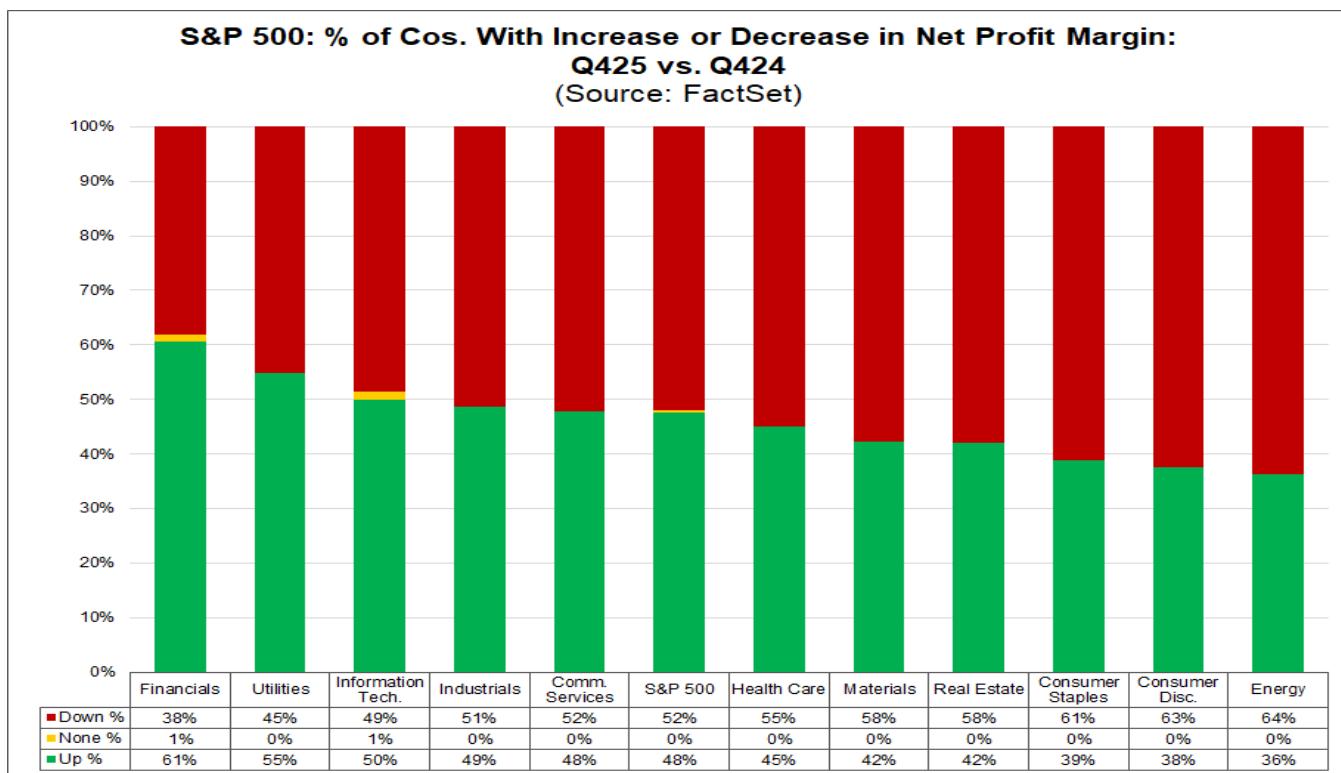
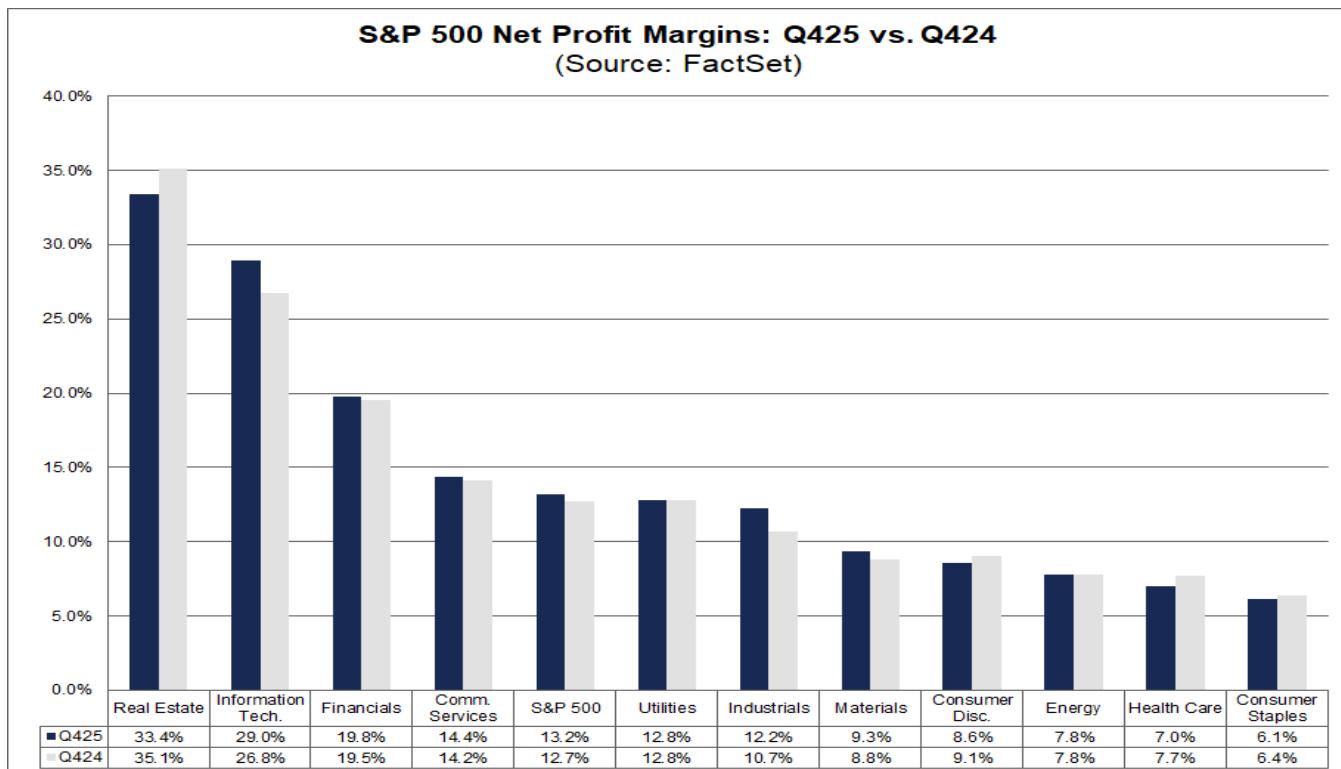
## Q4 2025: Growth



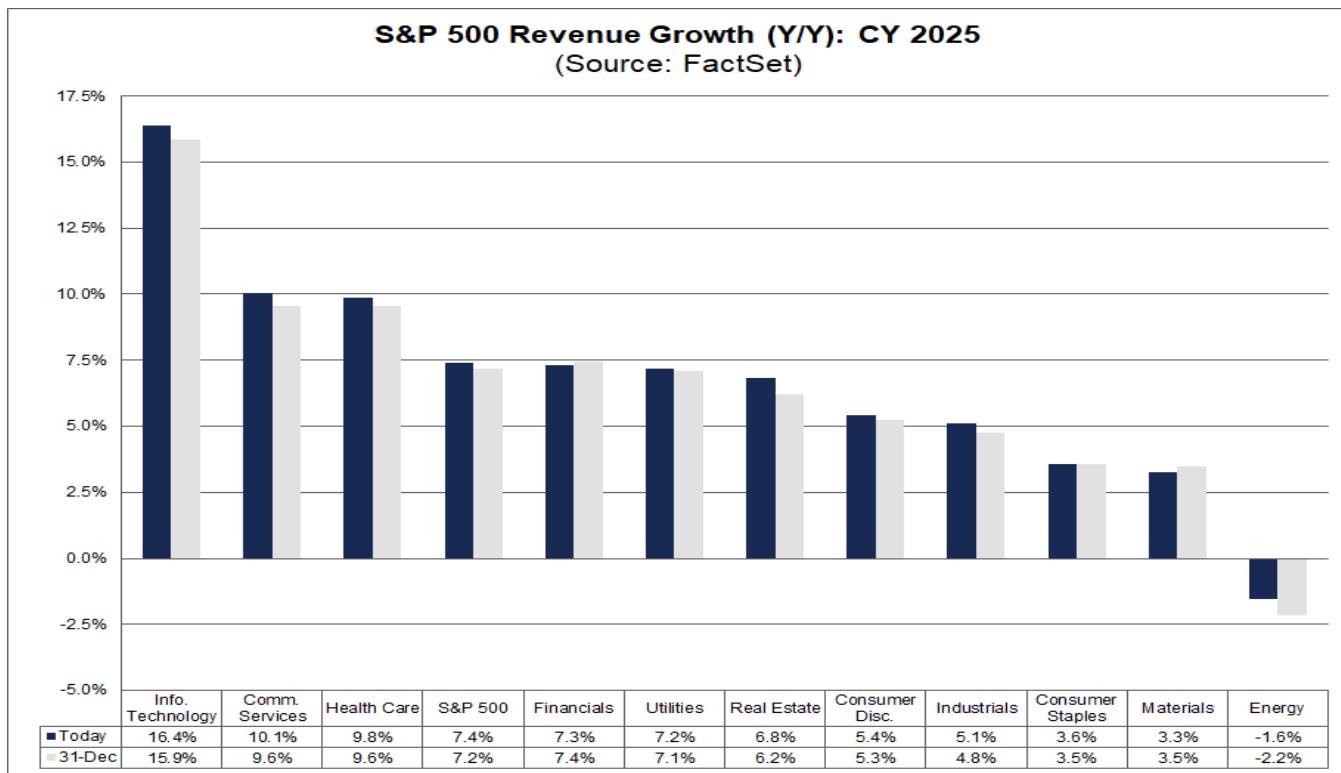
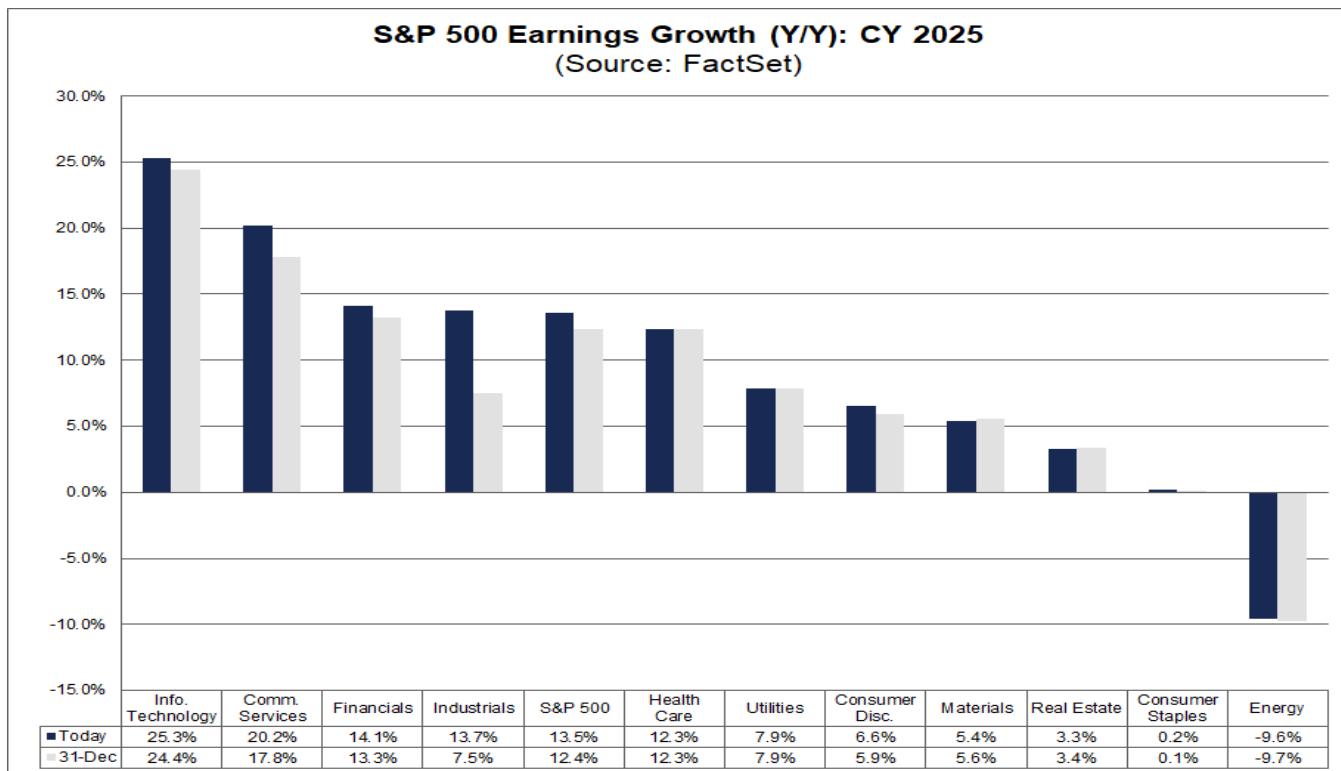
## Q4 2025: Growth



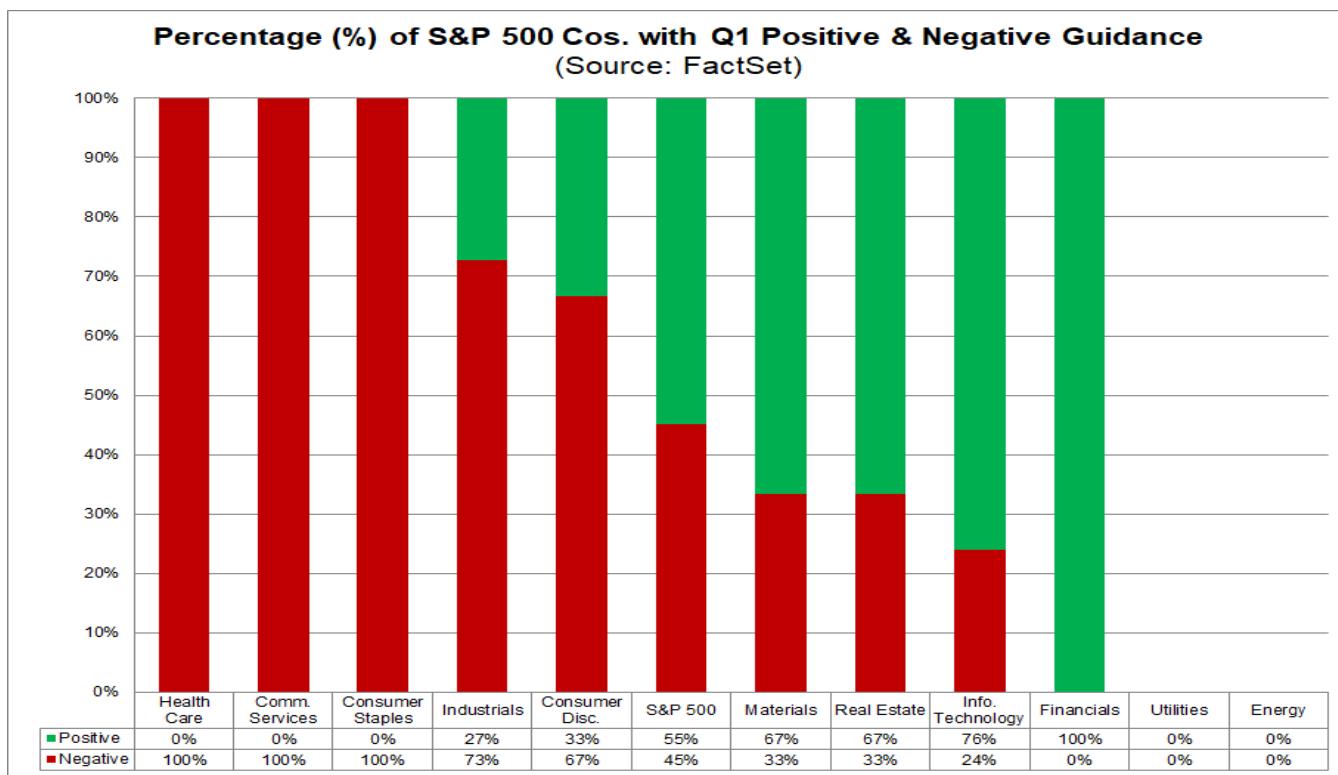
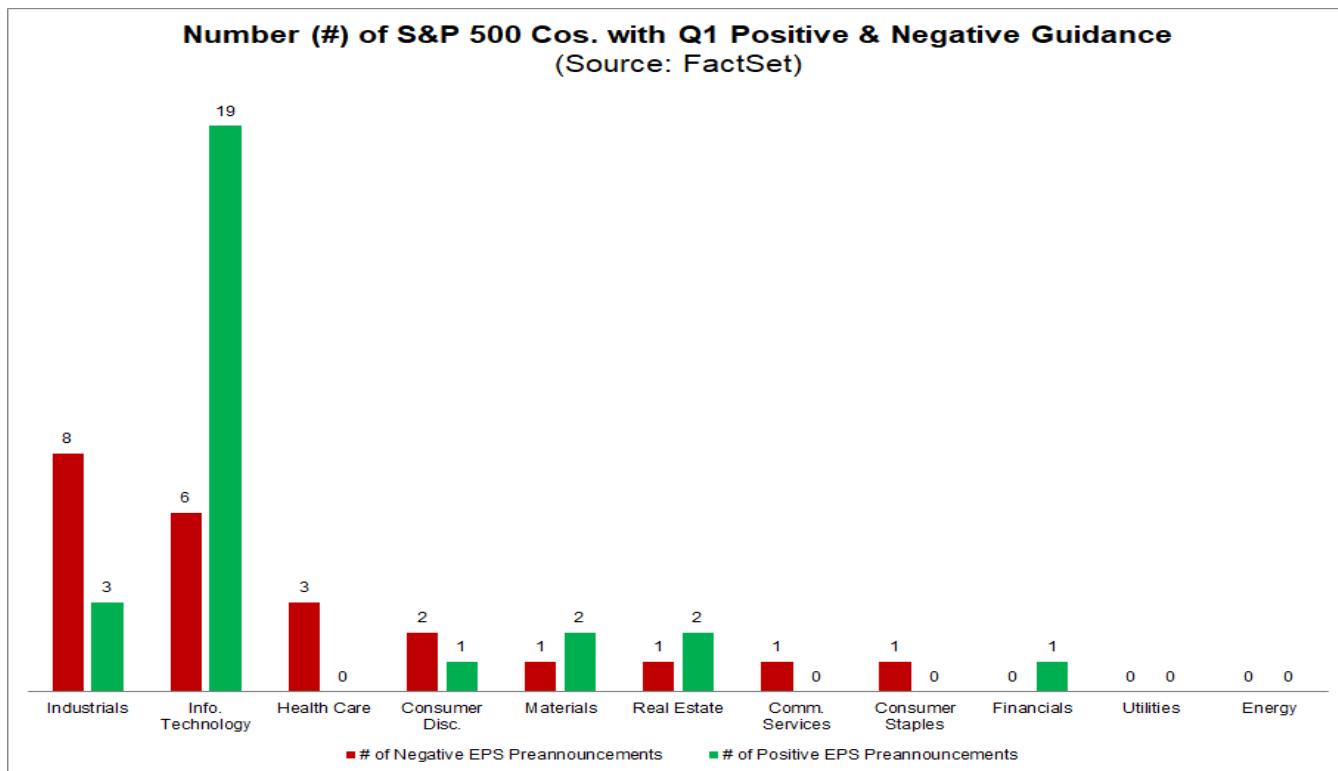
## Q4 2025: Net Profit Margin



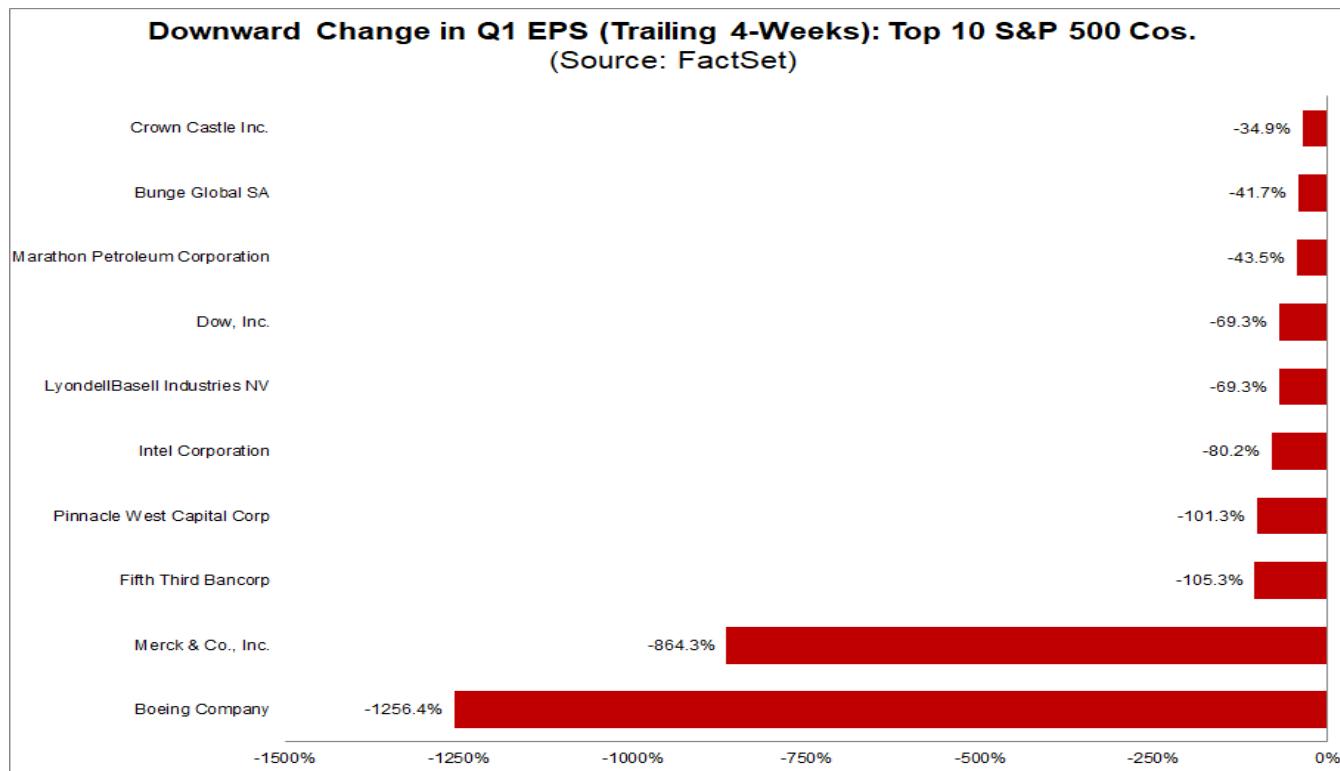
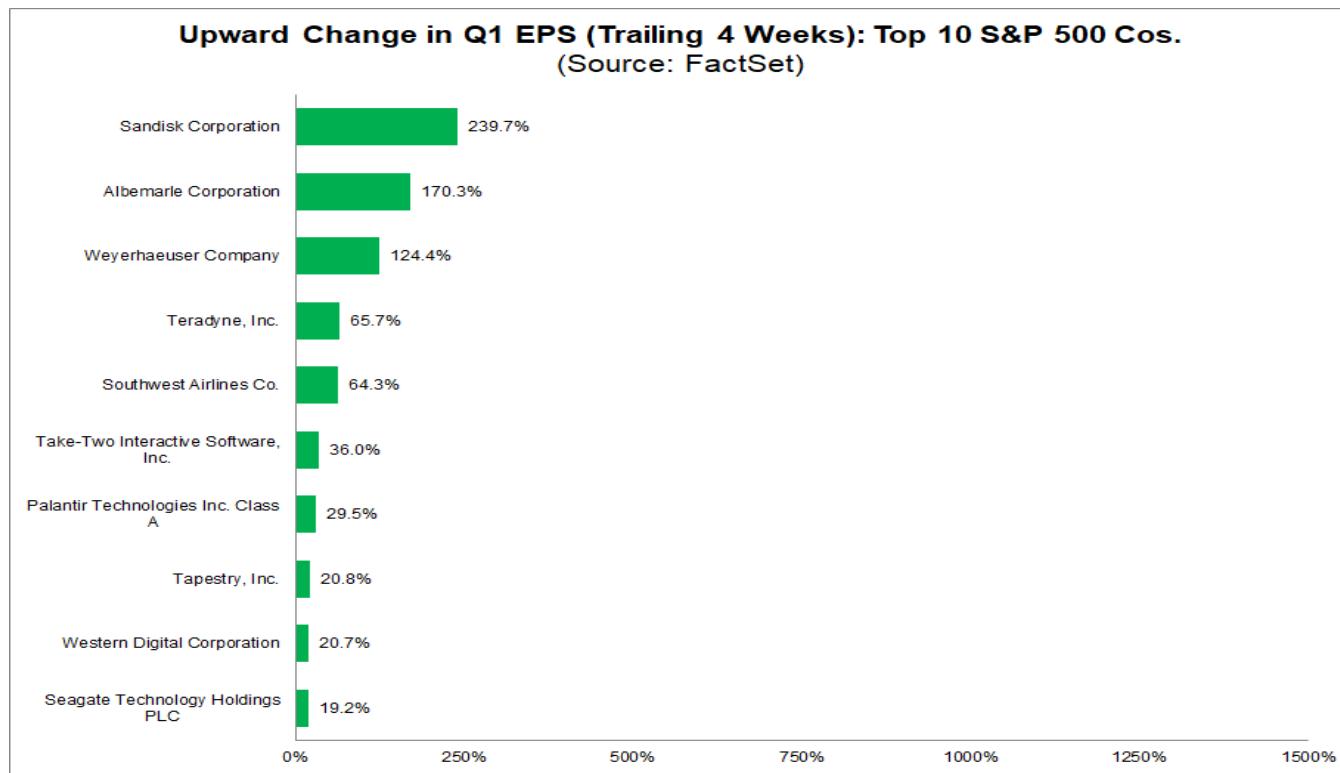
## CY 2025: Growth



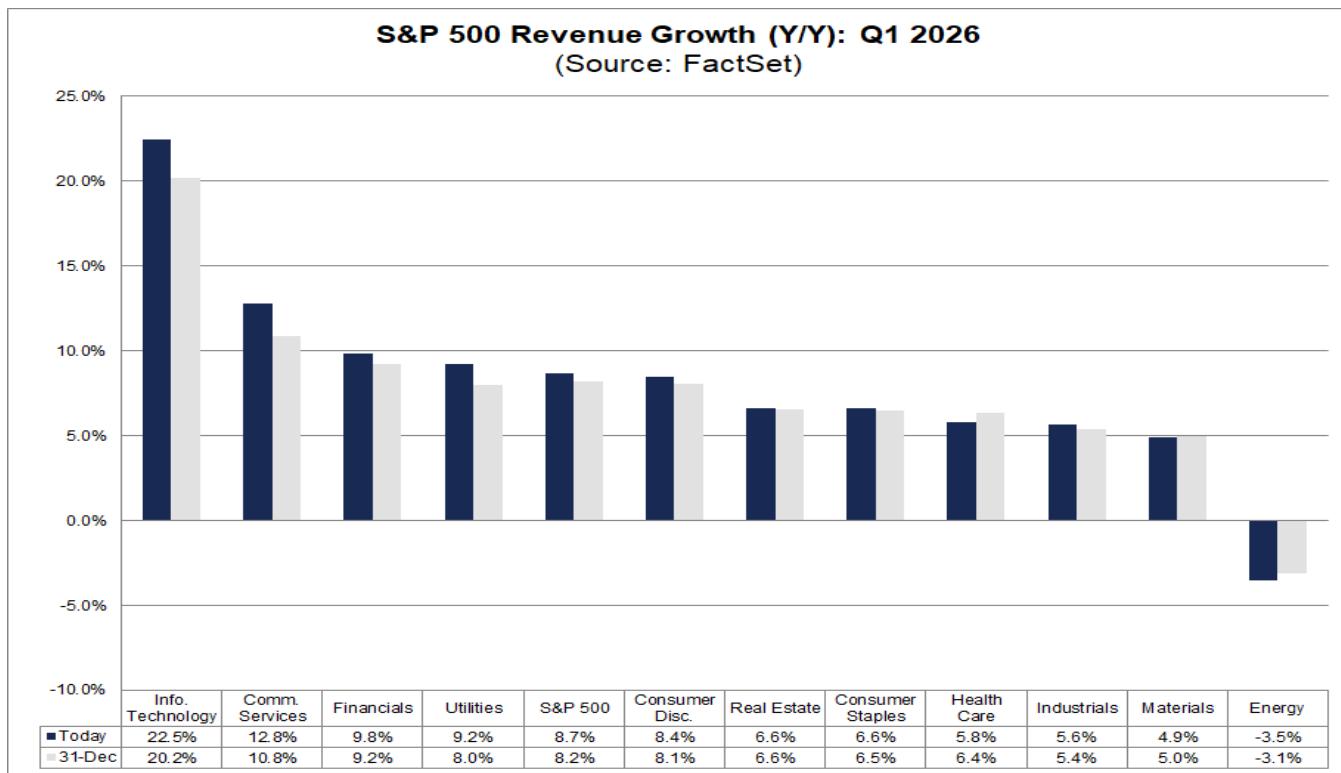
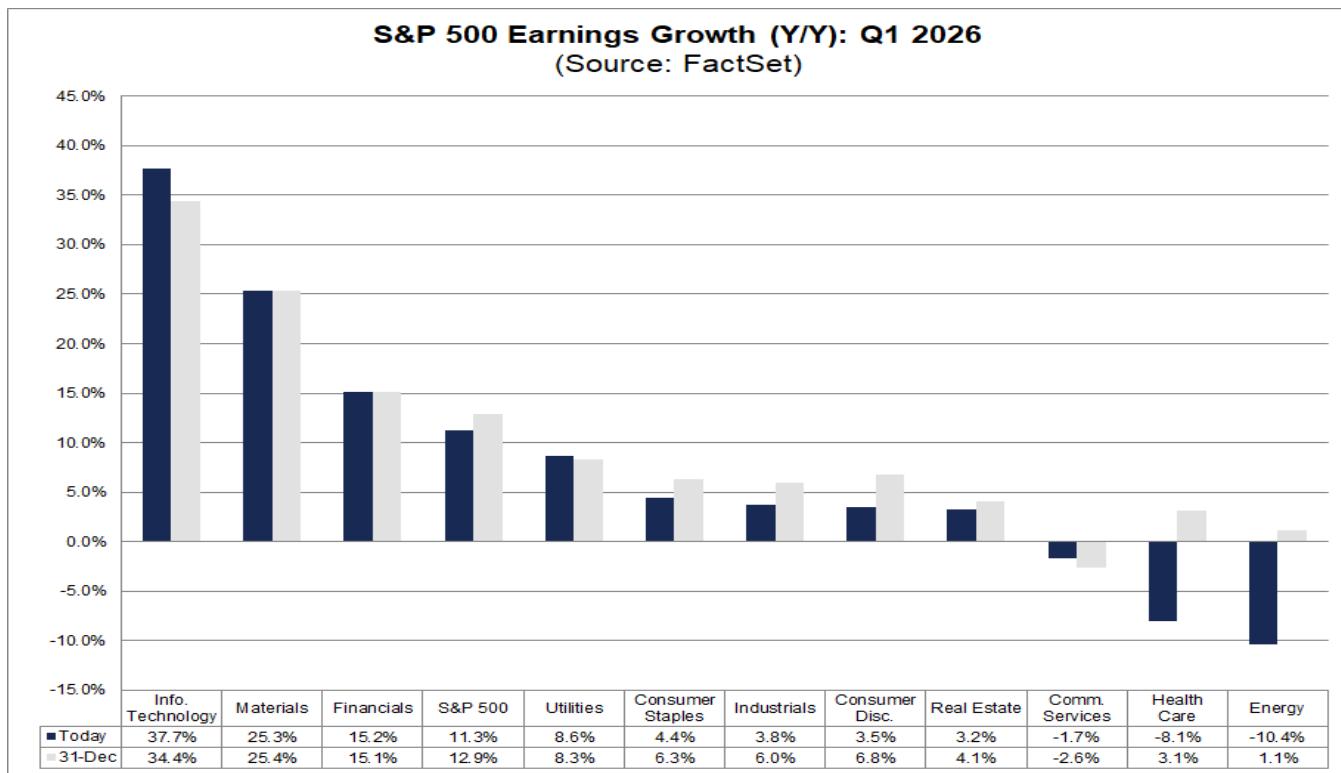
## Q1 2026: Guidance



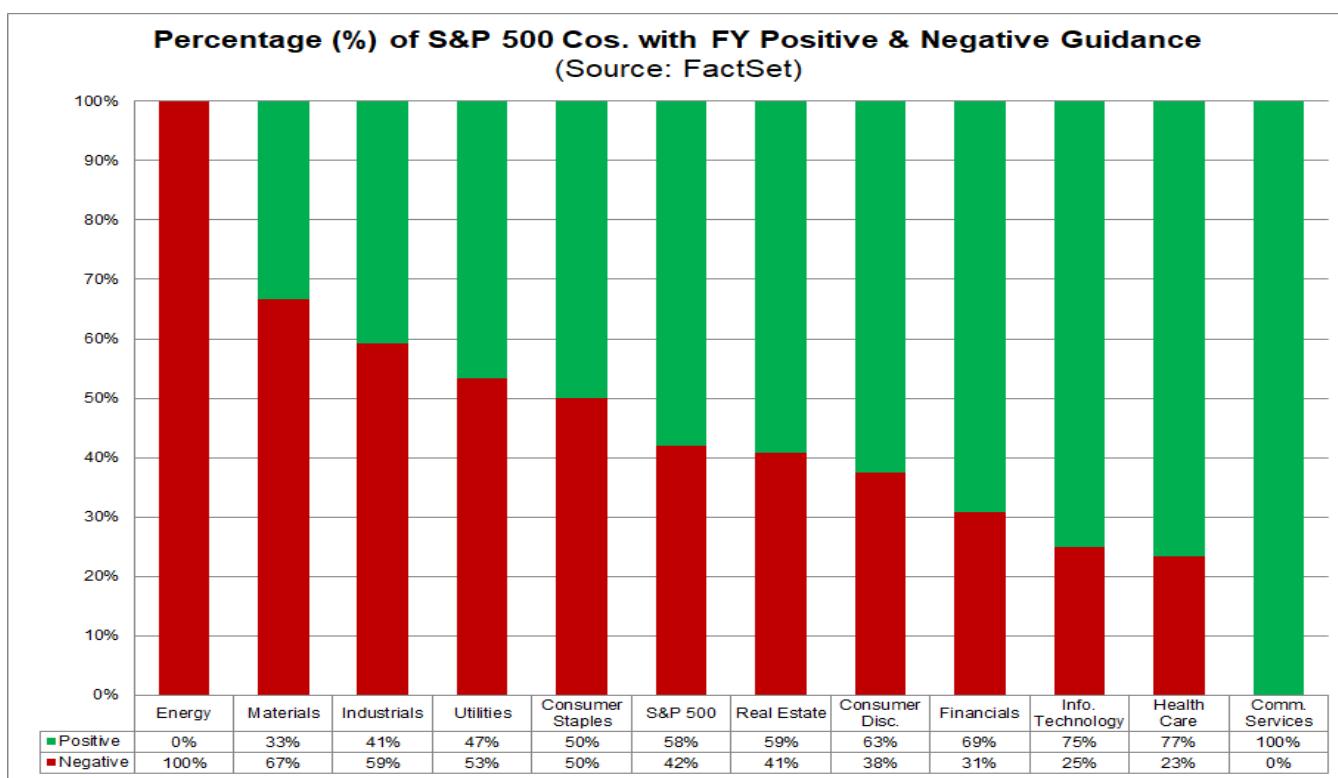
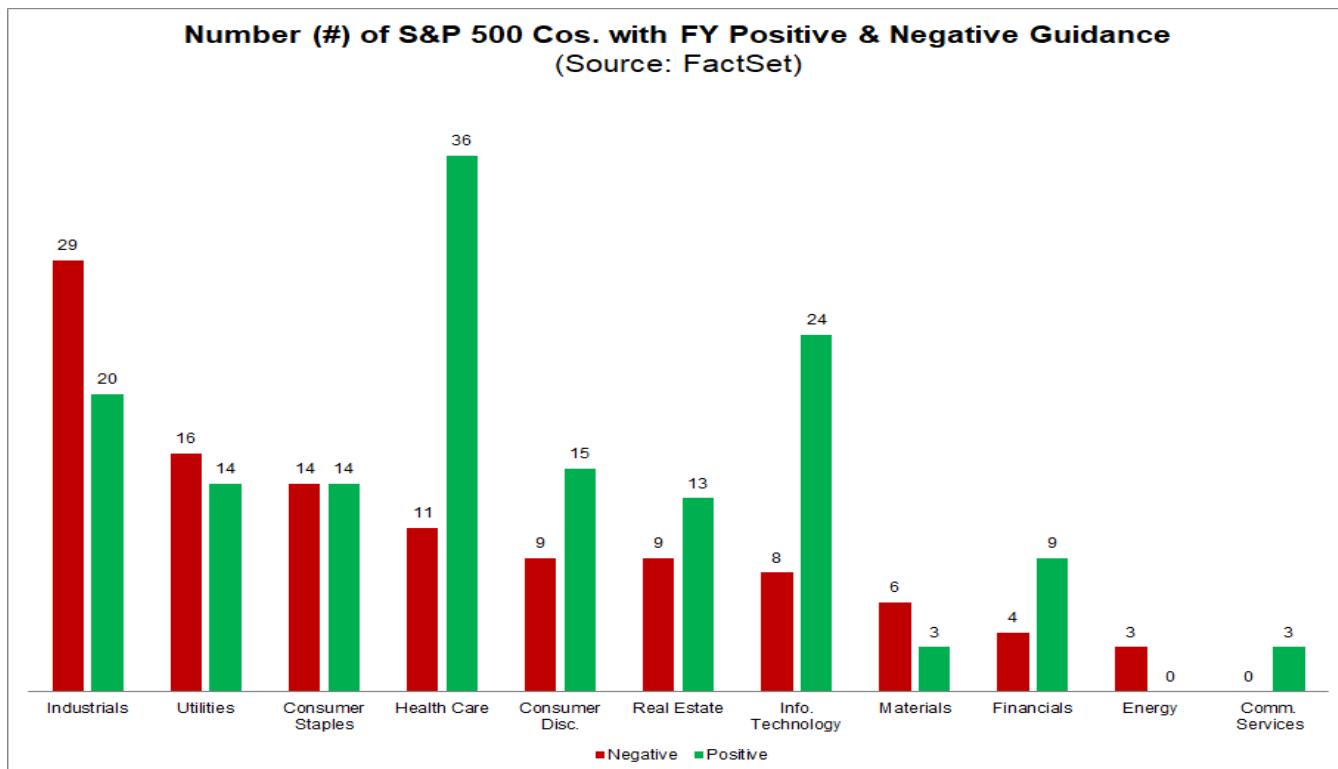
## Q1 2026: EPS Revisions



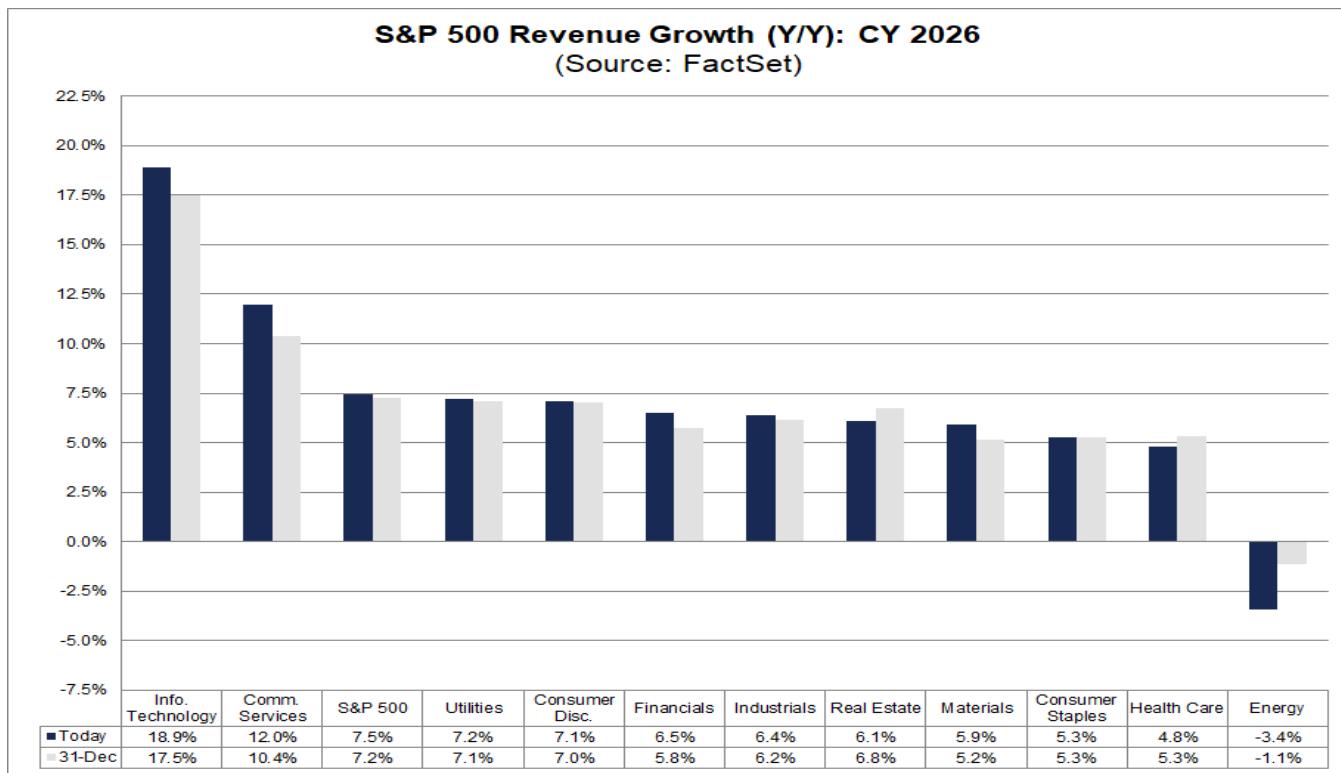
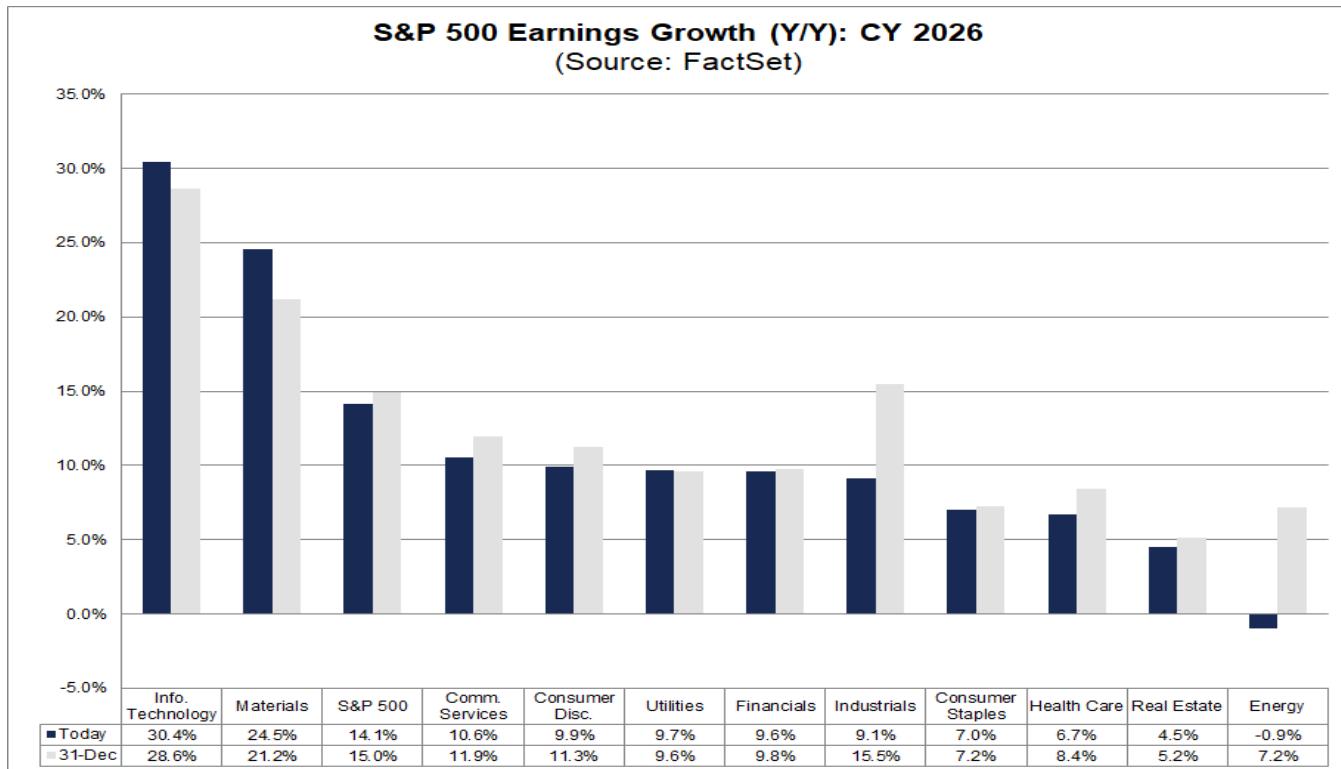
## Q1 2026: Growth



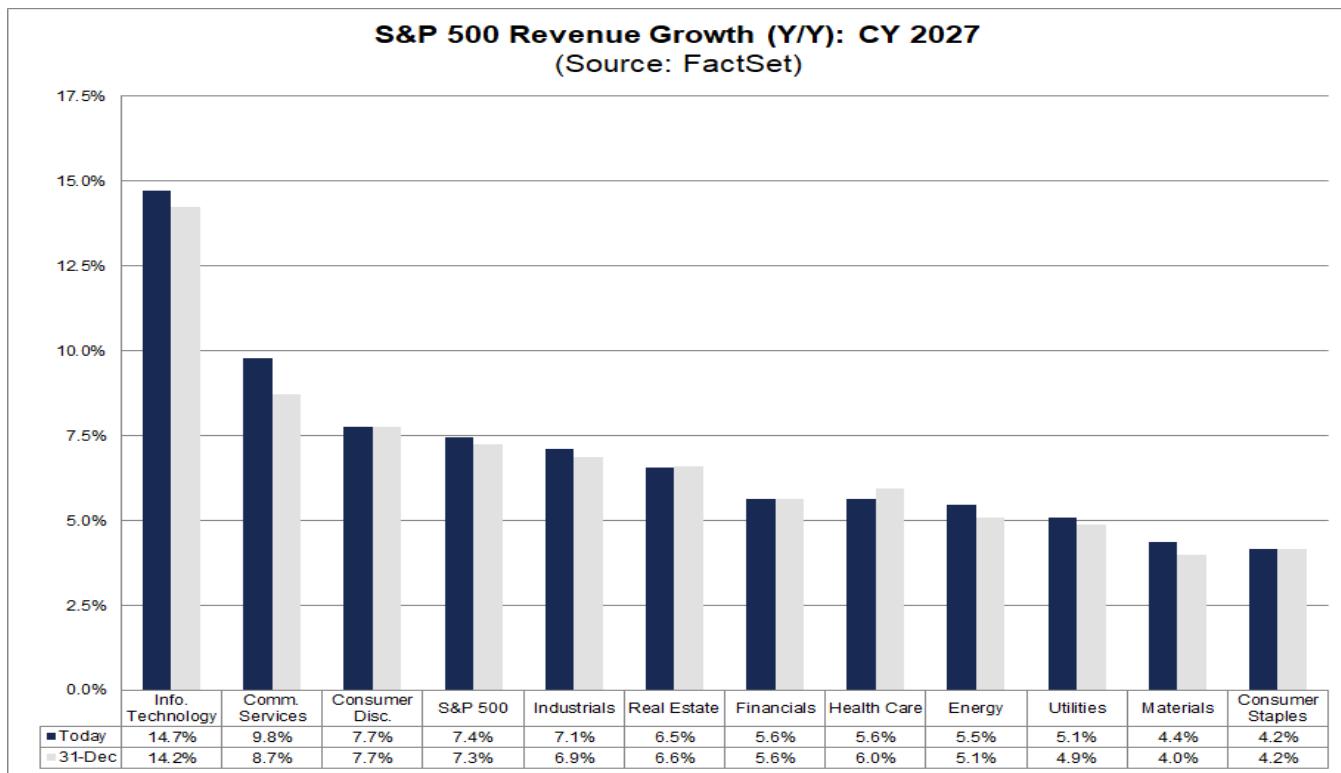
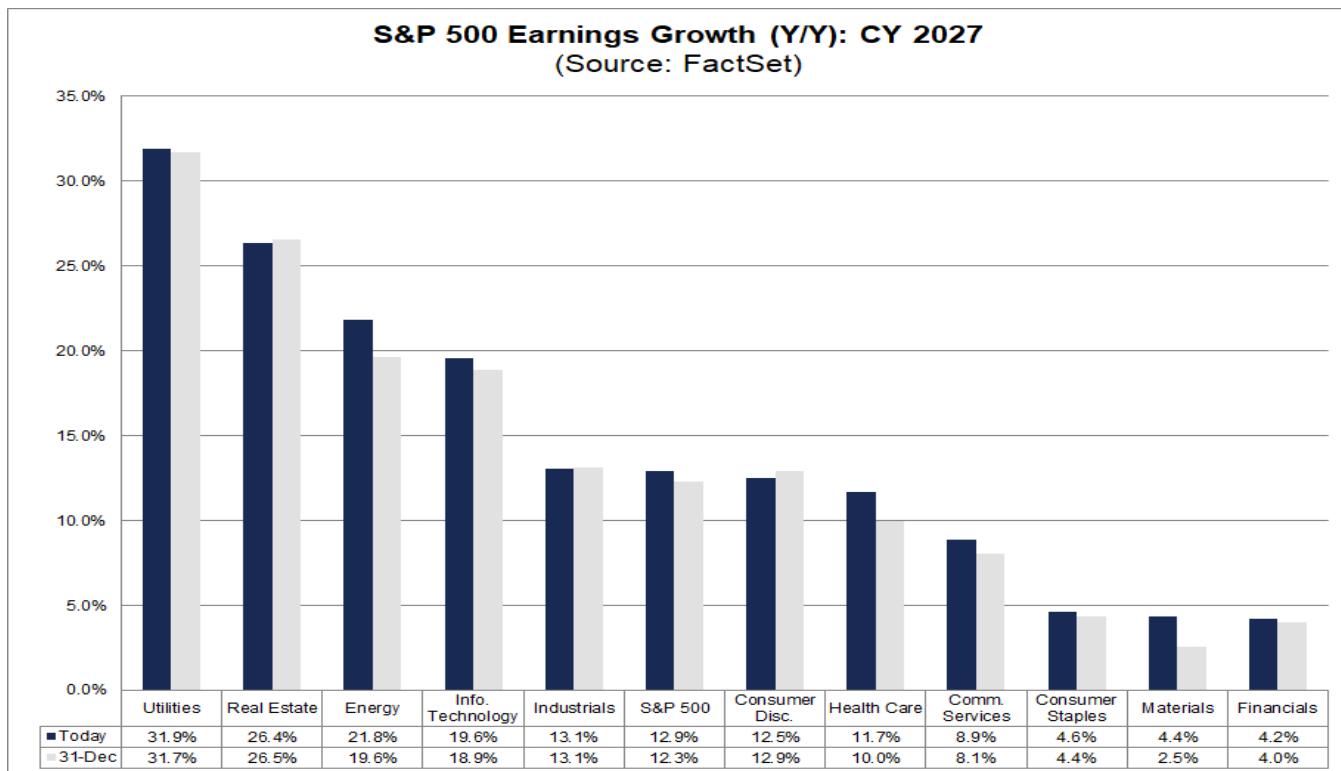
## FY 2025 / 2026: EPS Guidance



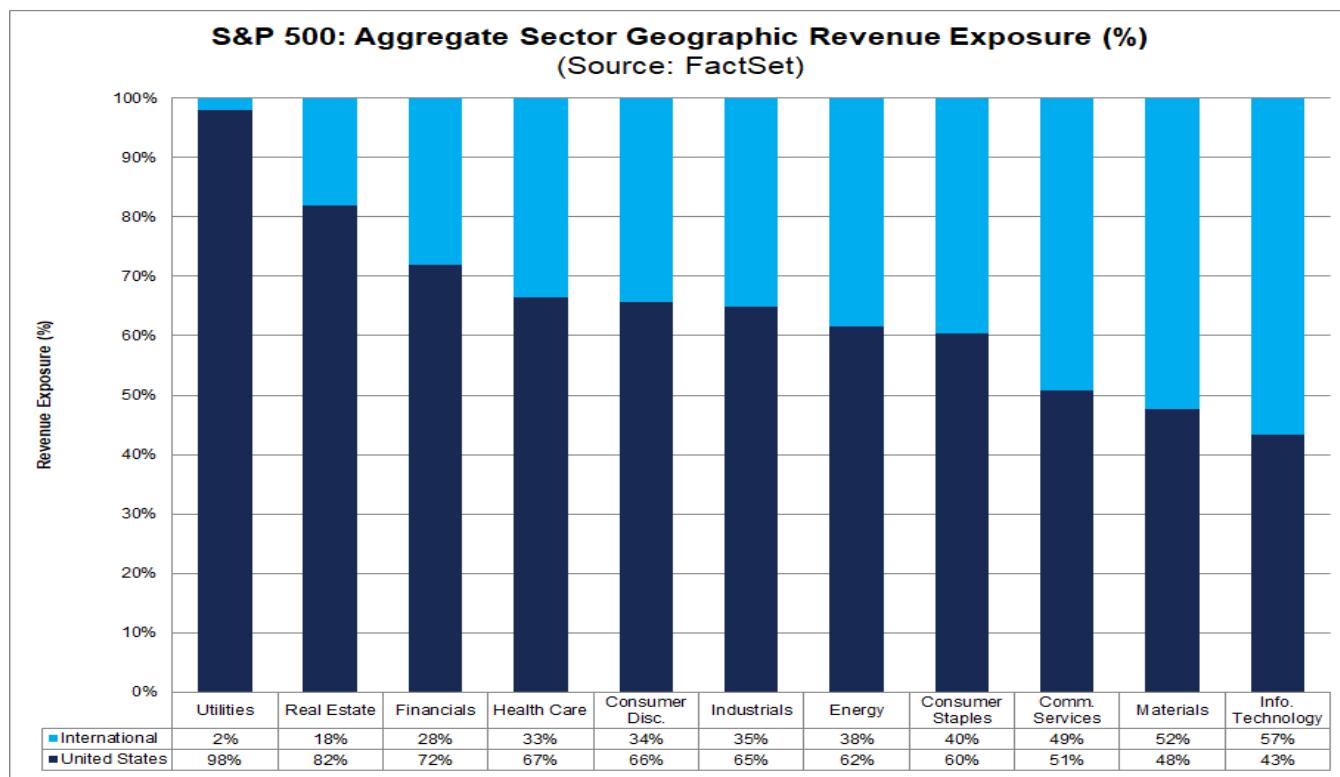
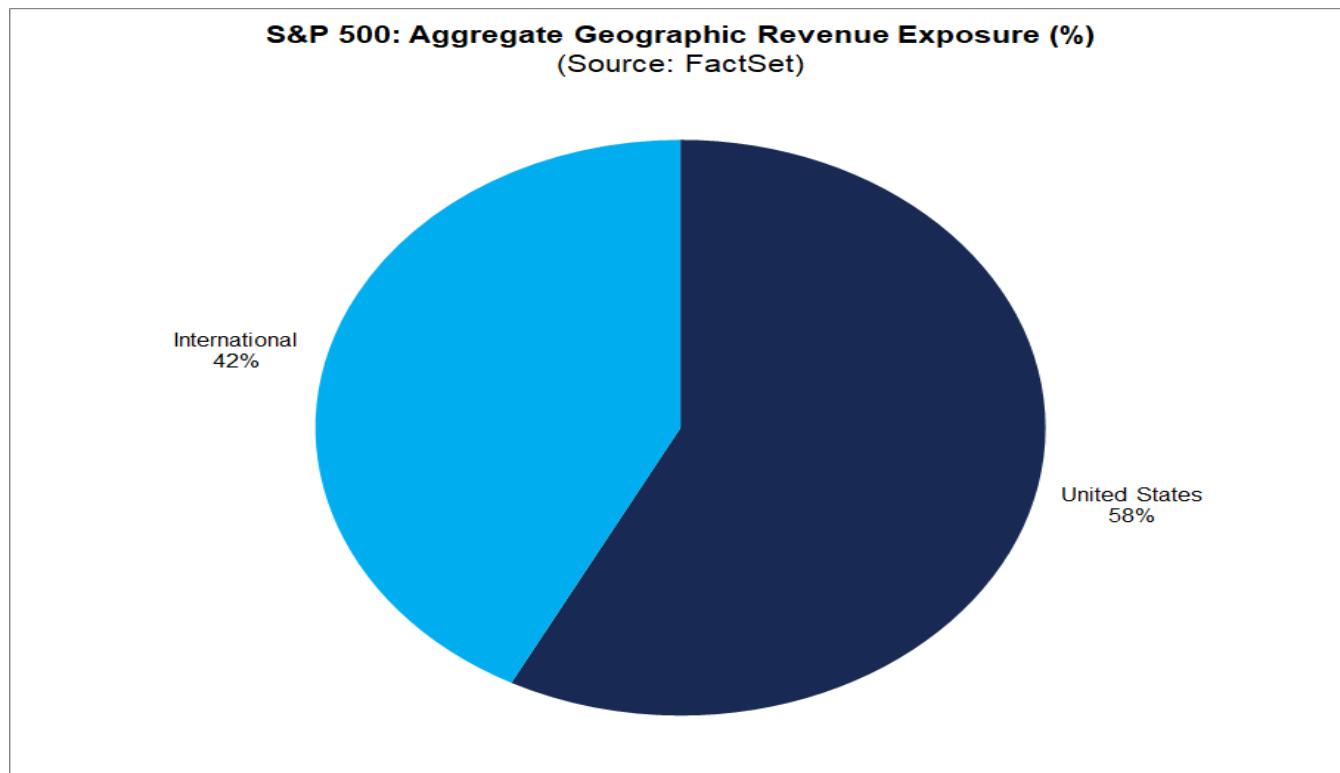
## CY 2026: Growth



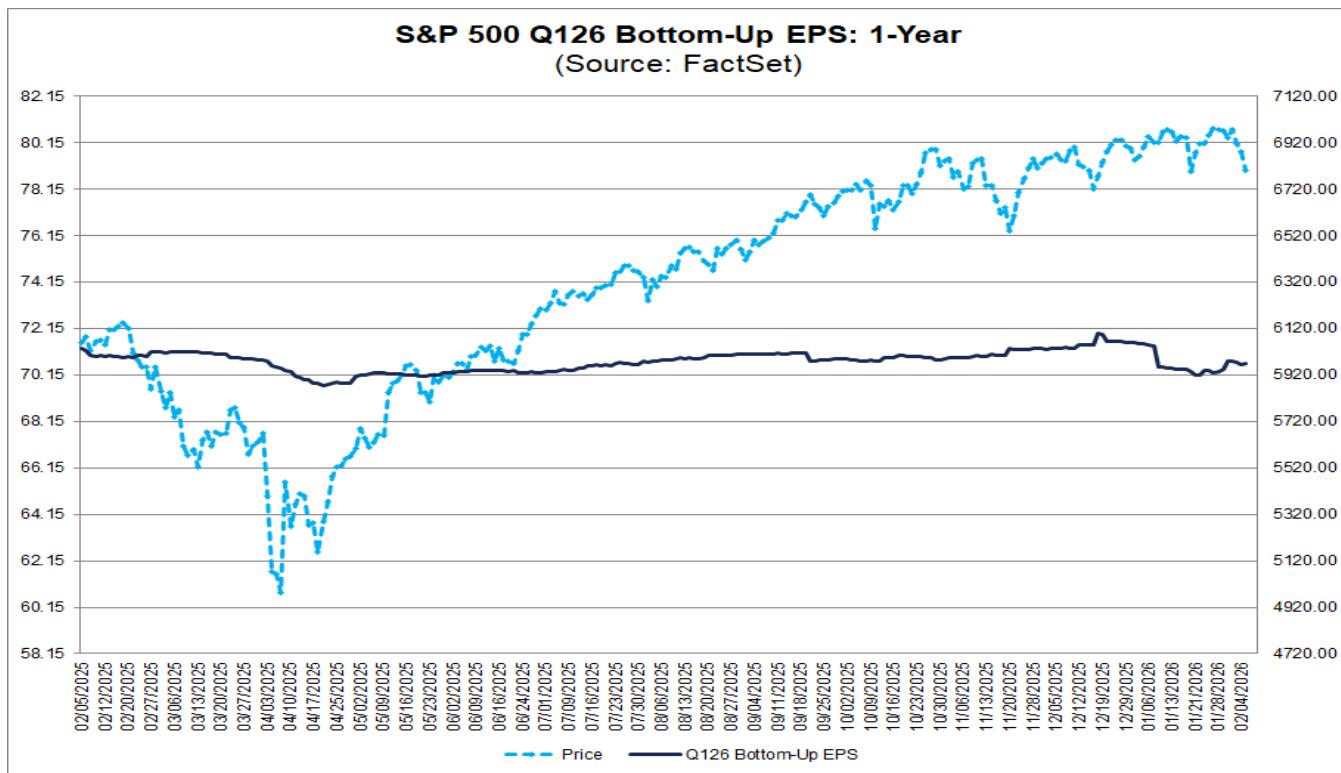
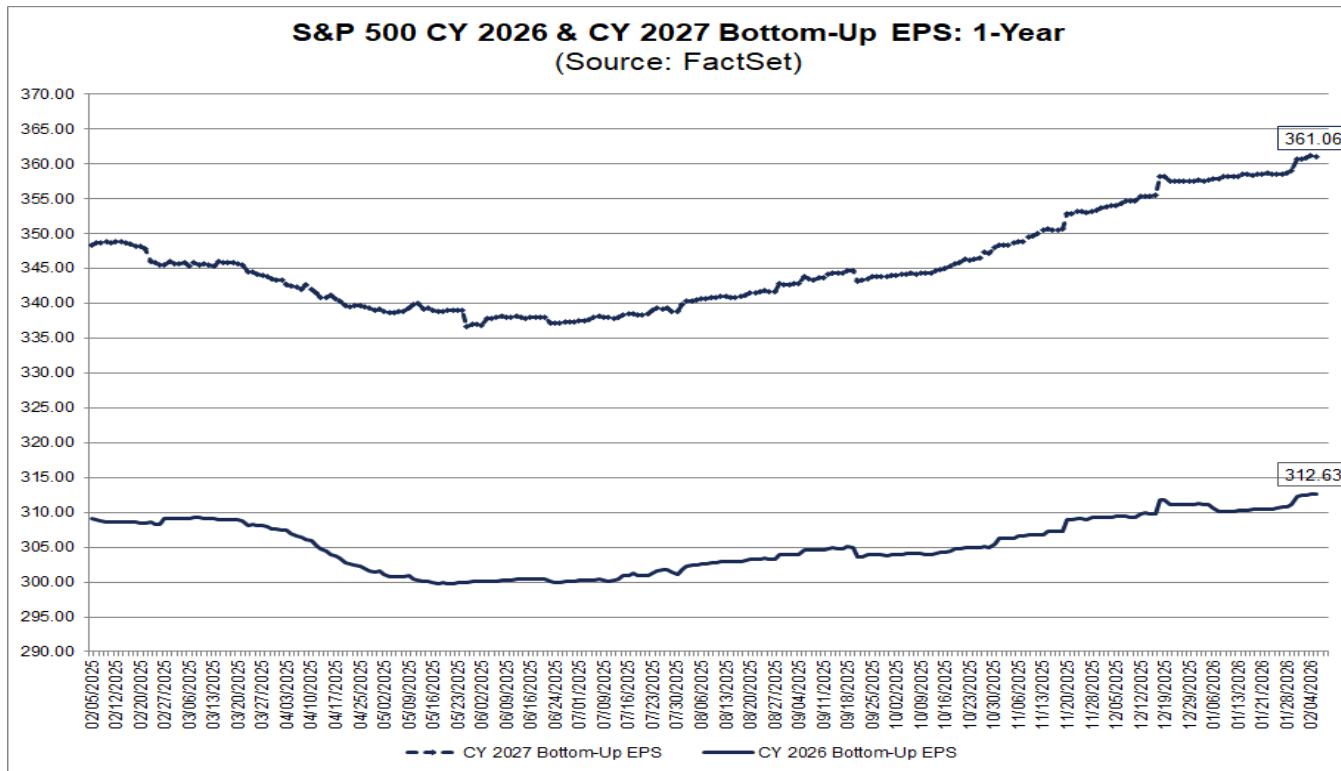
## CY 2027: Growth



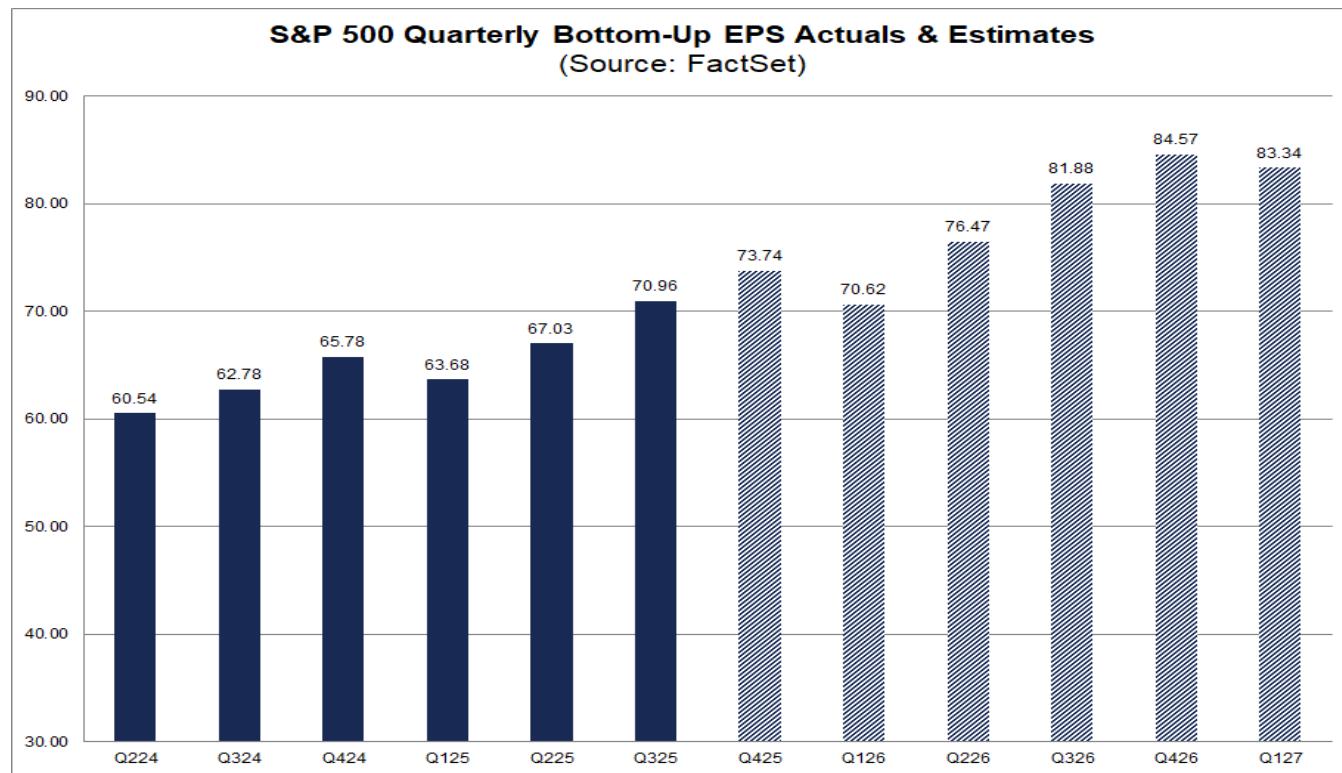
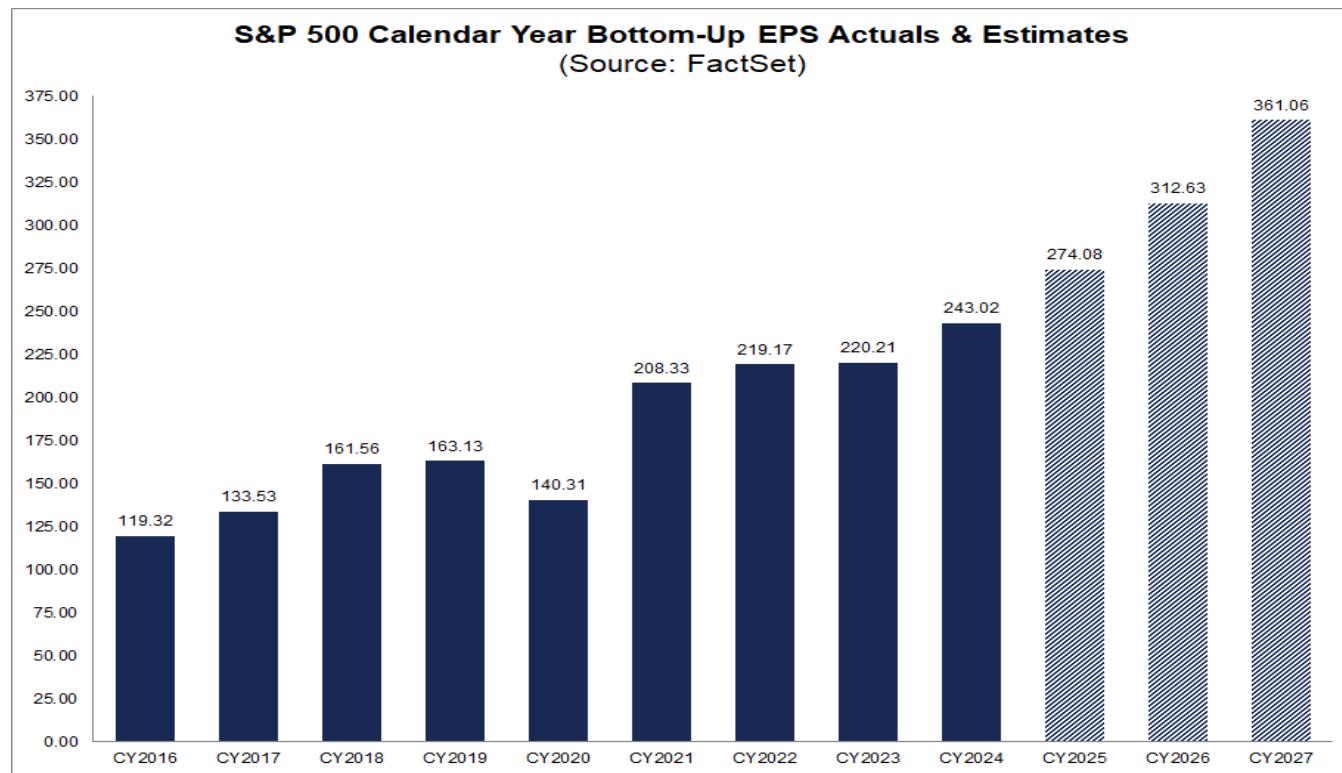
## Geographic Revenue Exposure



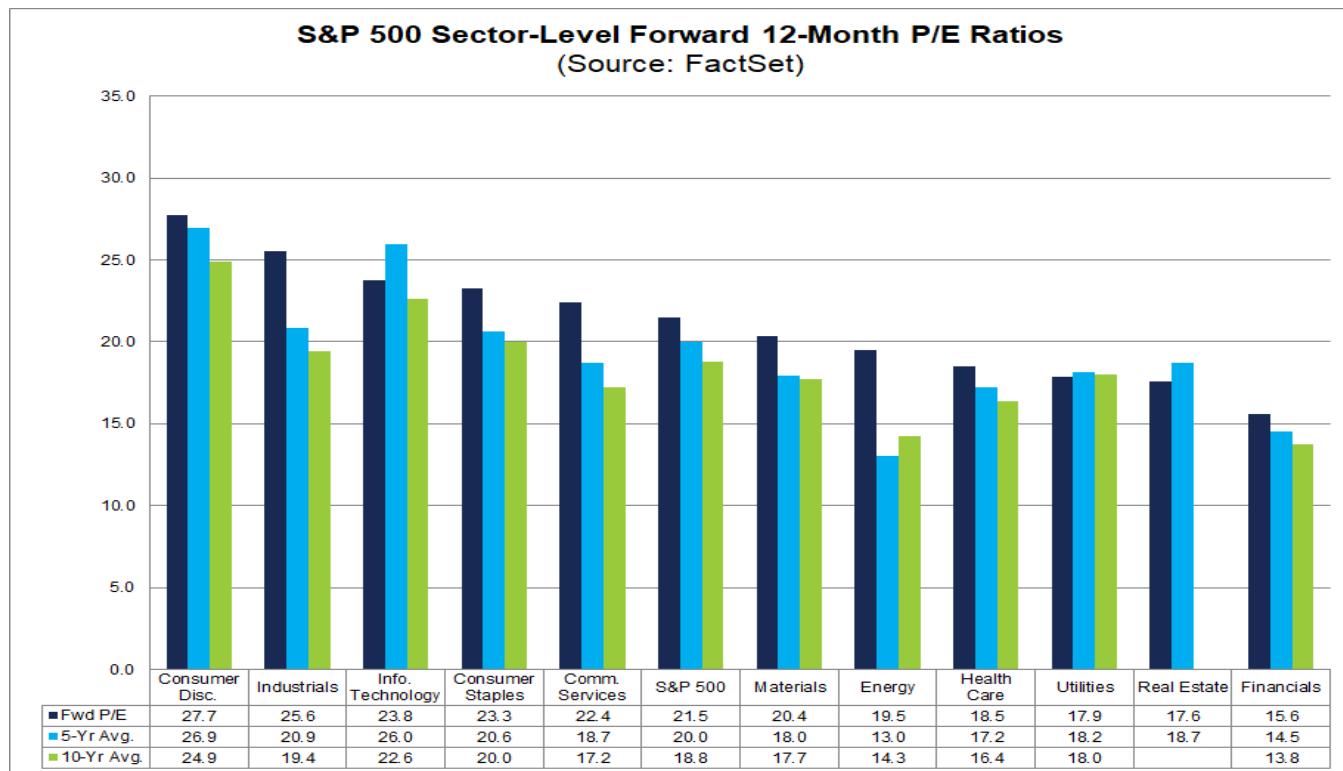
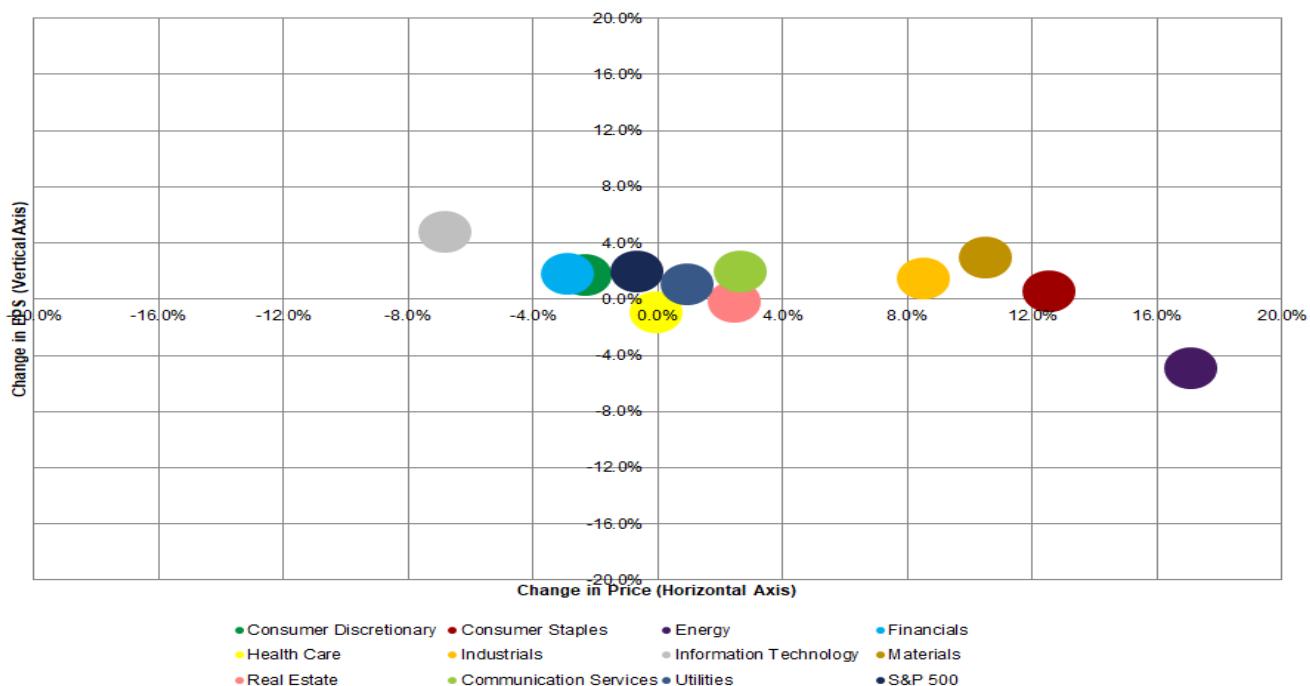
## Bottom-Up EPS Estimates



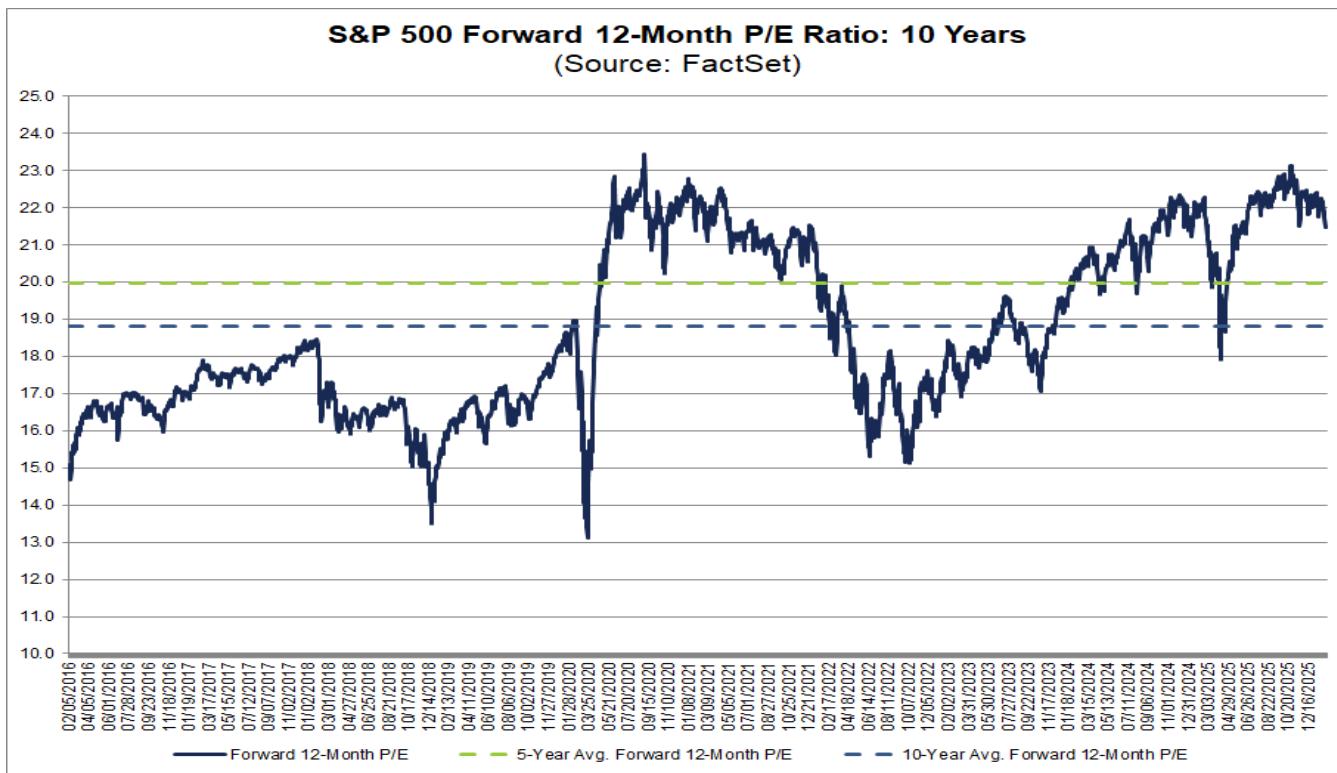
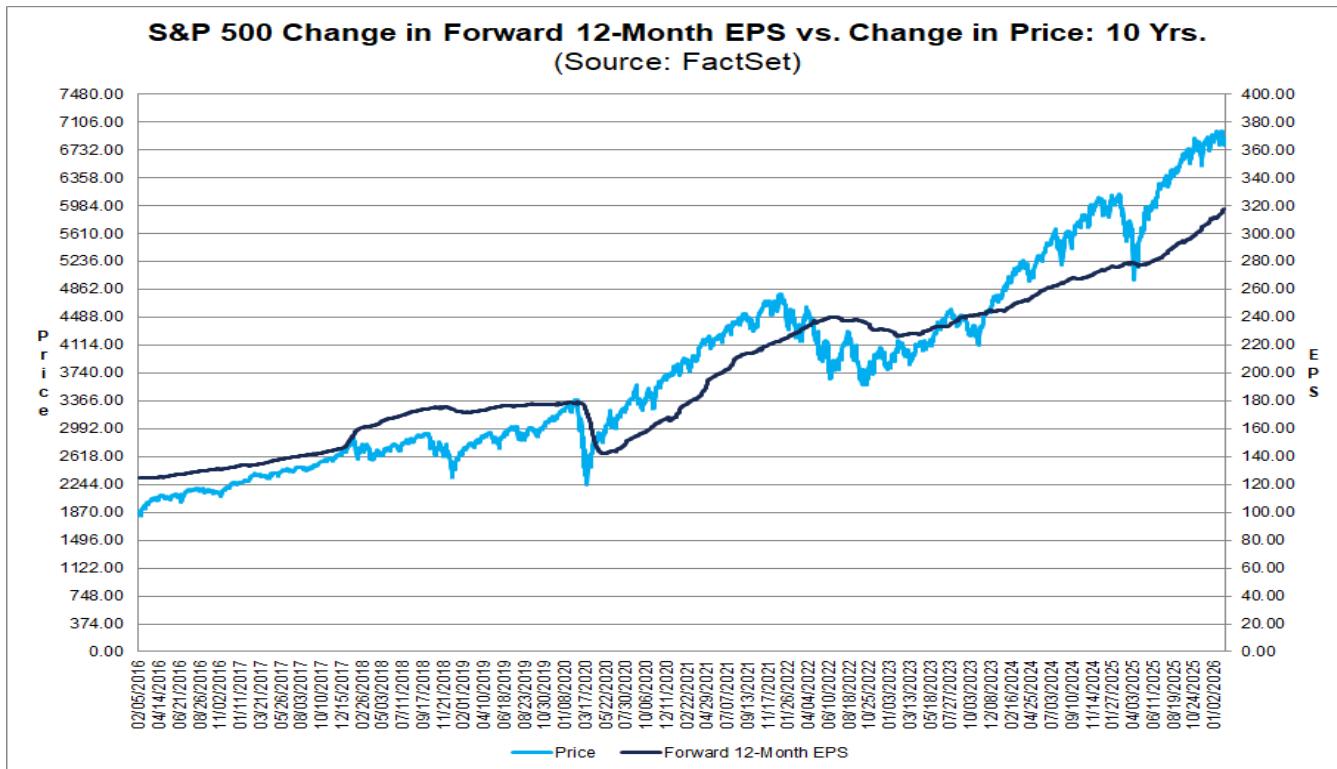
## Bottom-Up EPS Estimates: Current &amp; Historical



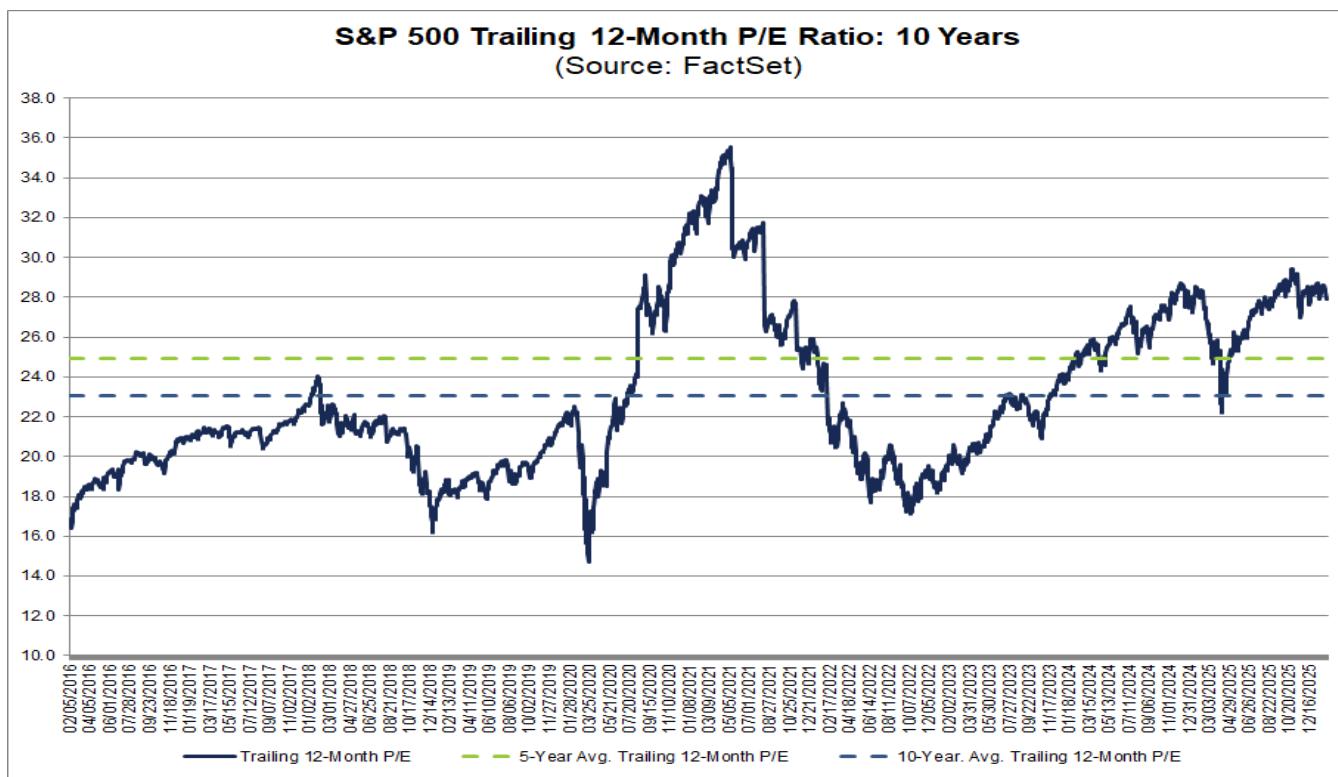
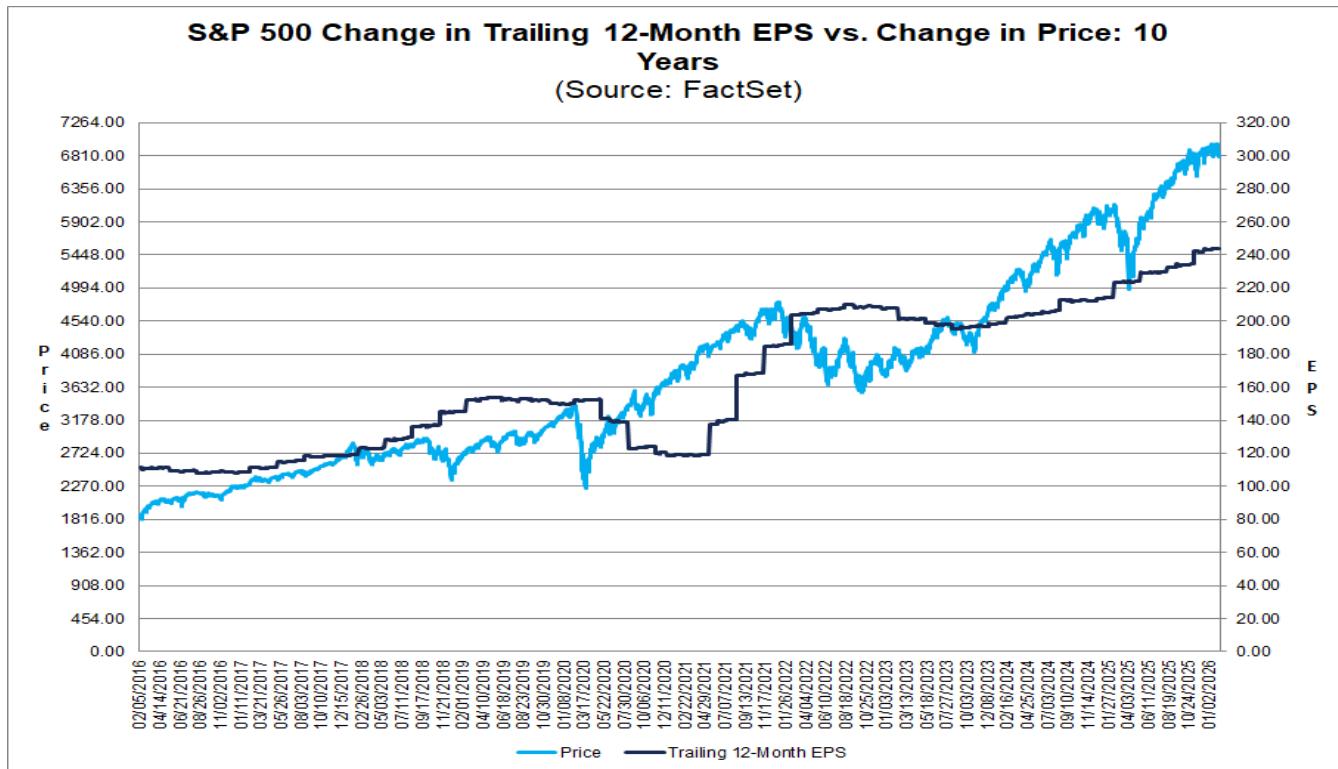
## Forward 12M P/E Ratio: Sector Level

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Dec 31  
(Source: FactSet)

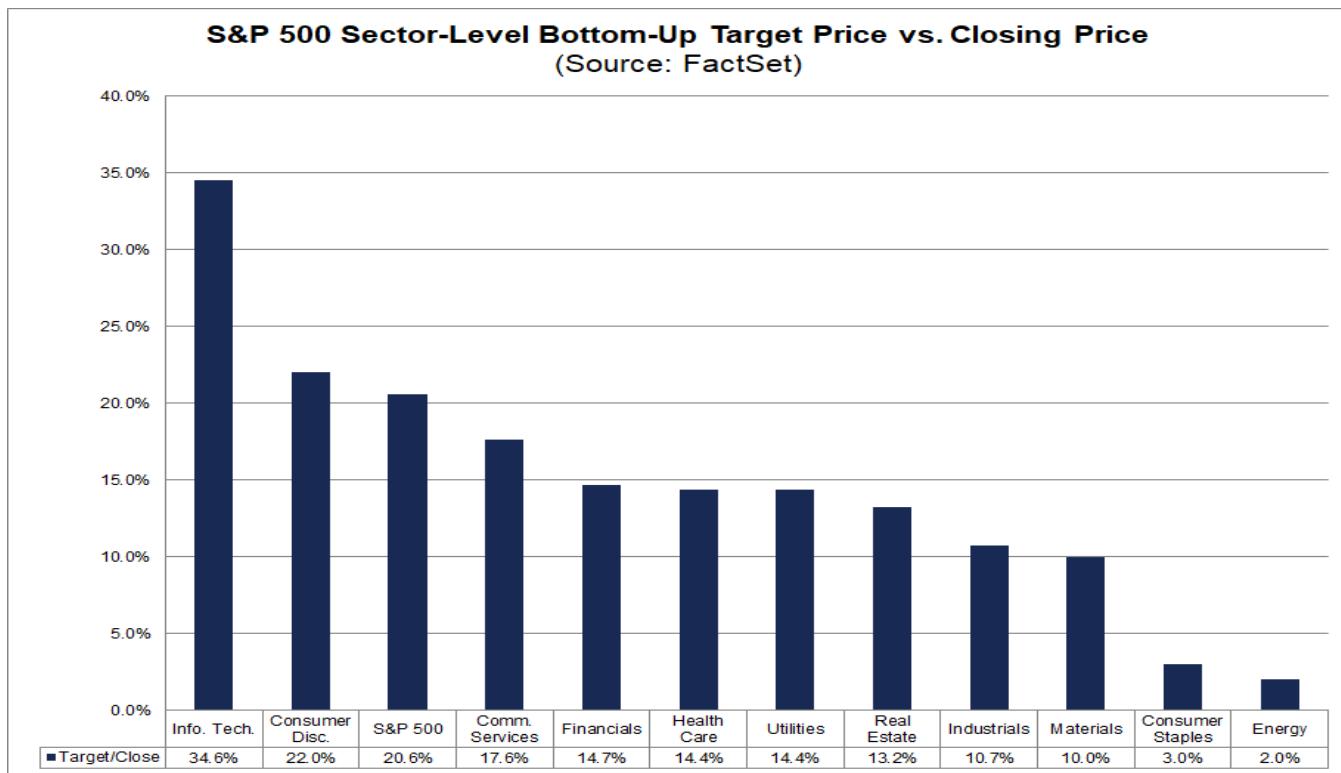
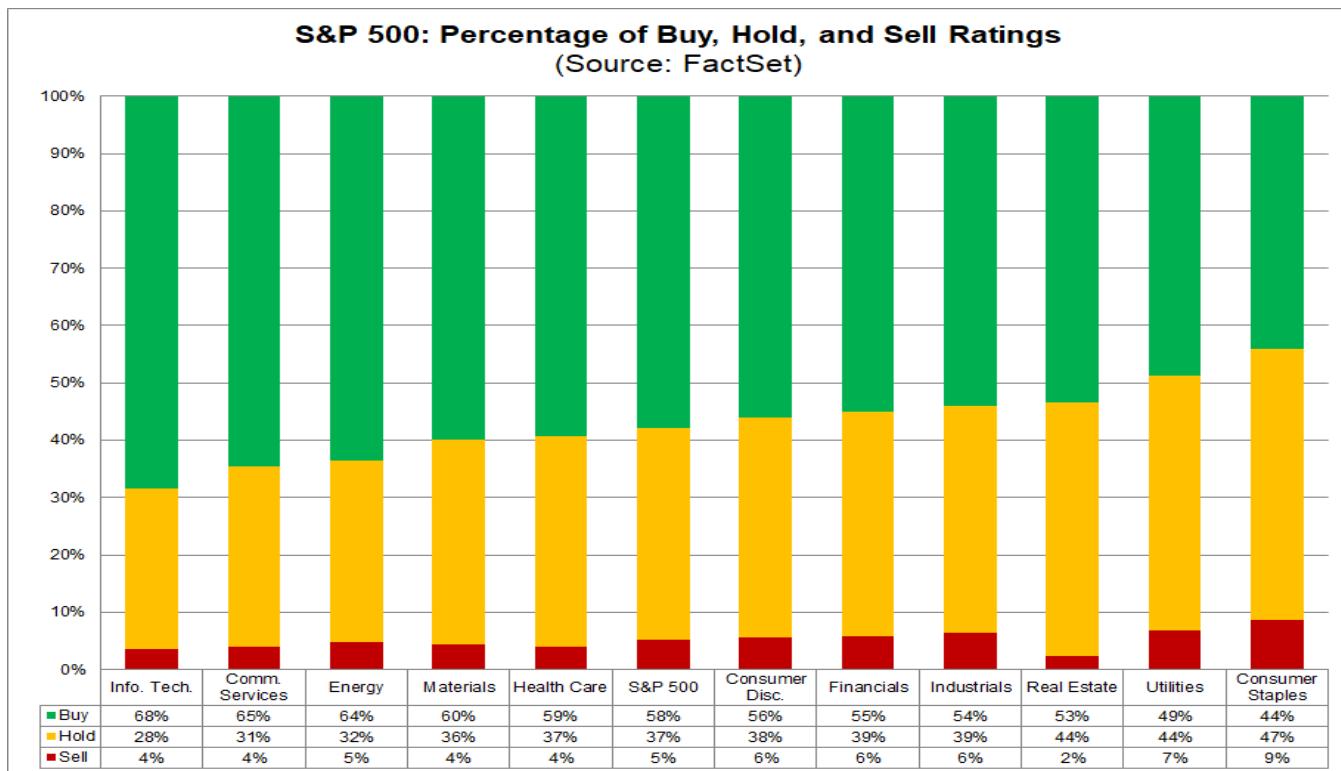
## Forward 12M P/E Ratio: 10-Years



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



## Targets &amp; Ratings



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