EARNINGS INSIGHT

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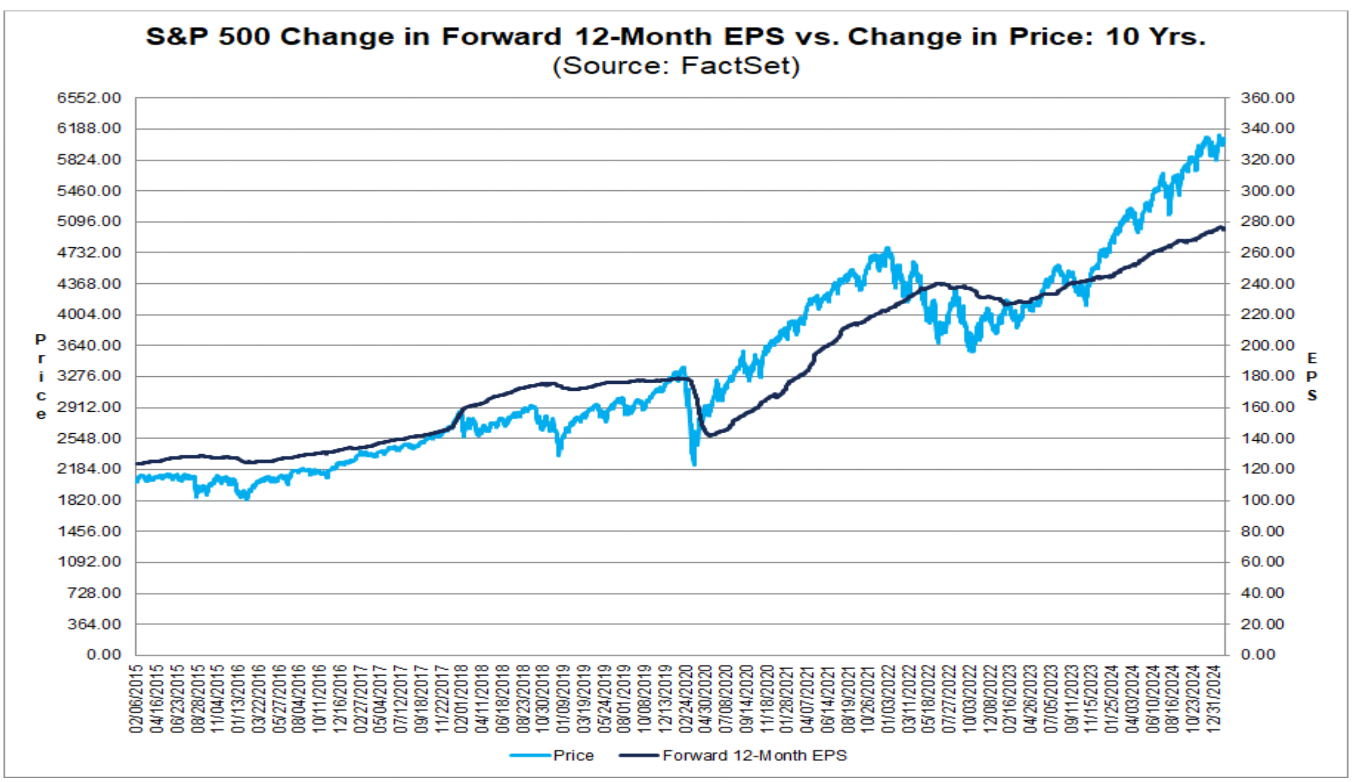
February 7, 2025

Key Metrics

- **Earnings Scorecard:** For Q4 2024 (with 62% of S&P 500 companies reporting actual results), 77% of S&P 500 companies have reported a positive EPS surprise and 63% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q4 2024, the blended (year-over-year) earnings growth rate for the S&P 500 is 16.4%. If 16.4% is the actual growth rate for the quarter, it will mark the highest (year-over-year) earnings growth rate reported by the index since Q4 2021.
- **Earnings Revisions:** On December 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q4 2024 was 11.8%. Eight sectors are reporting higher earnings today (compared to December 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q1 2025, 34 S&P 500 companies have issued negative EPS guidance and 21 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.1. This P/E ratio is above the 5-year average (19.8) and above the 10-year average (18.2).



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Topic of the Week

Highest Number of S&P 500 Companies Citing "Tariffs" on Earnings Calls Since Q2 2019

During each corporate earnings season, companies may comment on government policies that could have an impact on their business in the current quarter or in future quarters. Given the Trump administration implementing new tariffs on China and leaving the door open for future tariffs on Canada, Mexico and other countries, have S&P 500 companies commented on tariffs during their earnings conference calls for the fourth 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 "tariff" and "tariffs" in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from December 15 through February 6.

Of these companies, 146 have cited the term "tariff" or "tariffs" during their earnings calls for the fourth quarter. This marks the highest number of S&P 500 companies citing "tariff" or "tariffs" on quarterly earnings calls since Q2 2019 (155). This number also reflects 50% of the 291 S&P 500 companies that have conducted earnings conference calls for the fourth quarter during this period.

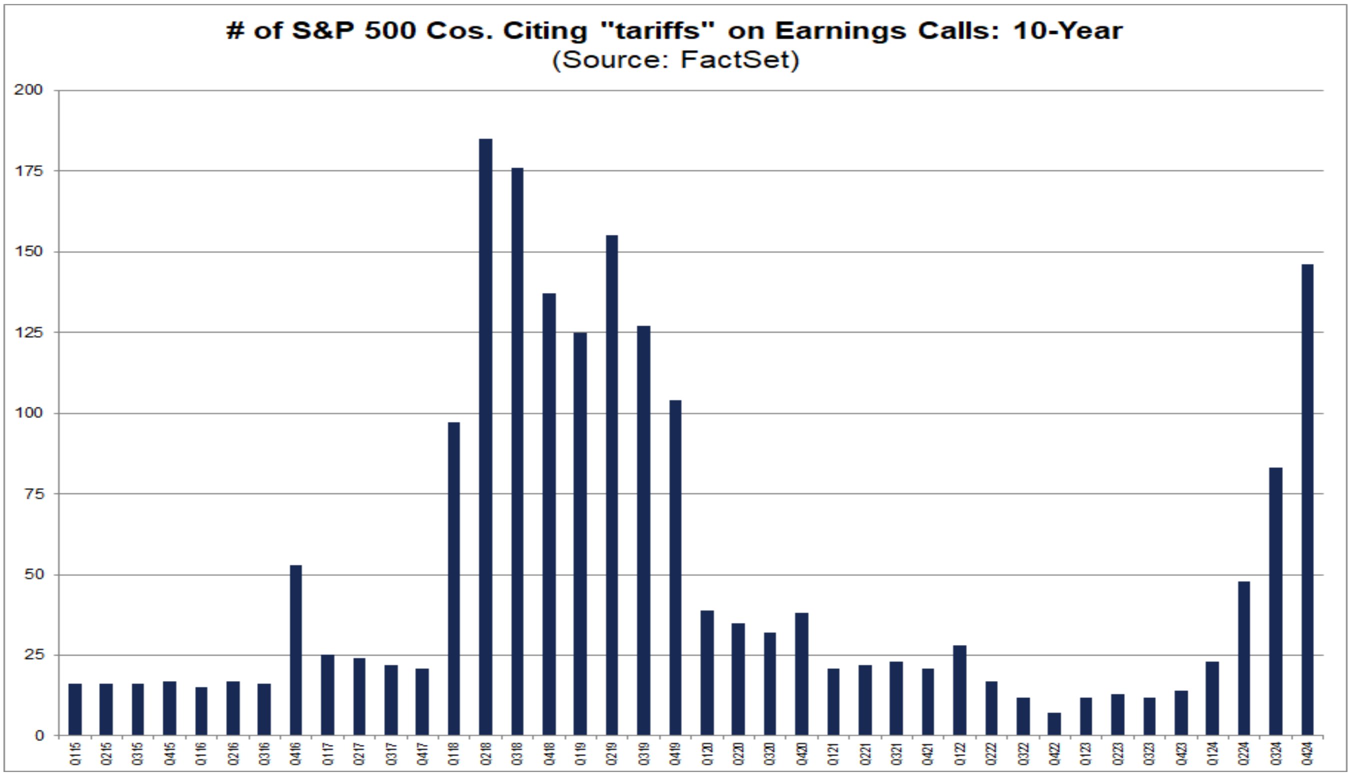
If the current pace continues through the remainder of the earnings season, the fourth quarter will record the highest number of S&P 500 companies citing "tariff" or "tariffs" on earnings calls for a quarter over the past 10 years. The current record is 185 companies, which occurred in Q2 2018.

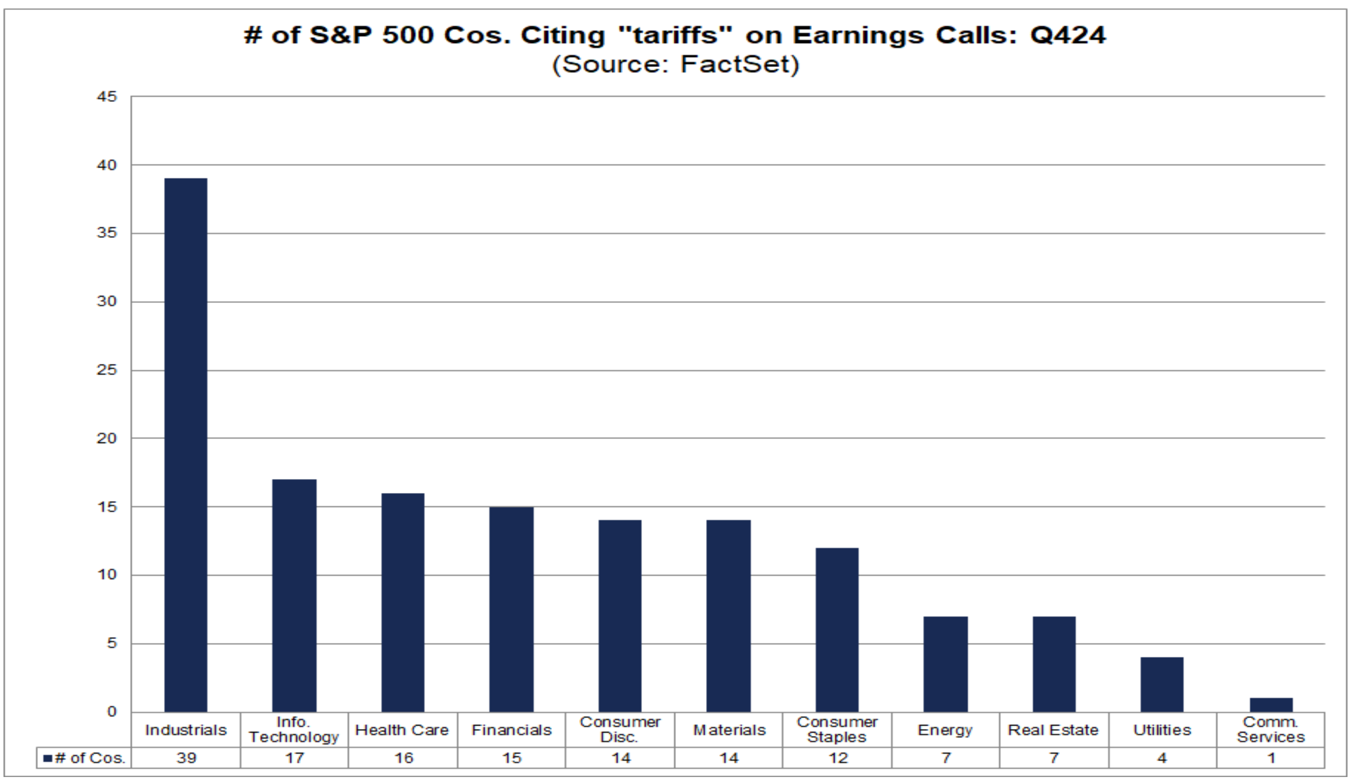
At the sector level, the Industrials (39) sector has the highest number of companies citing the term "tariff" or "tariffs" on earnings calls for Q4 2024, while the Materials (82%) and Utilities (80%) sectors have the highest percentages of companies citing the term "tariff" or "tariffs" on earnings calls for Q4.

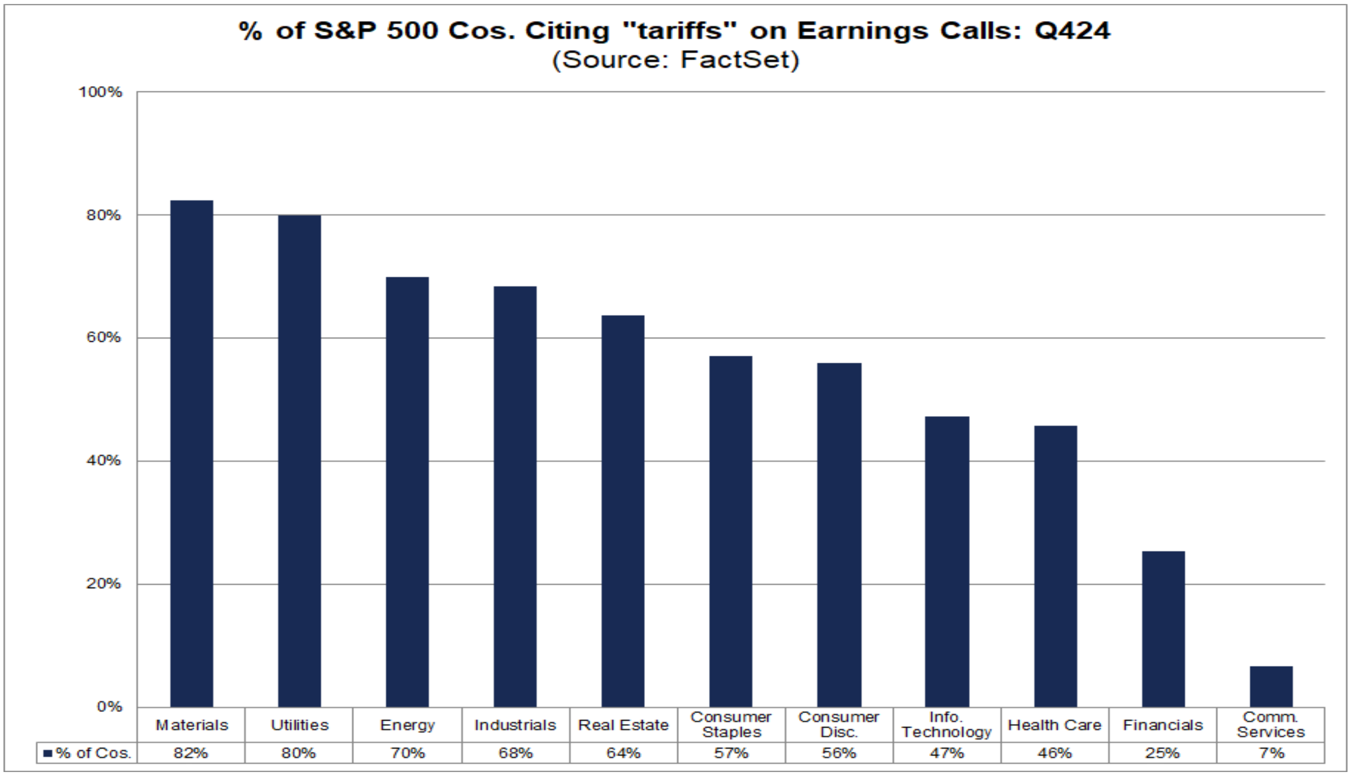
What are these 146 companies saying about tariffs?

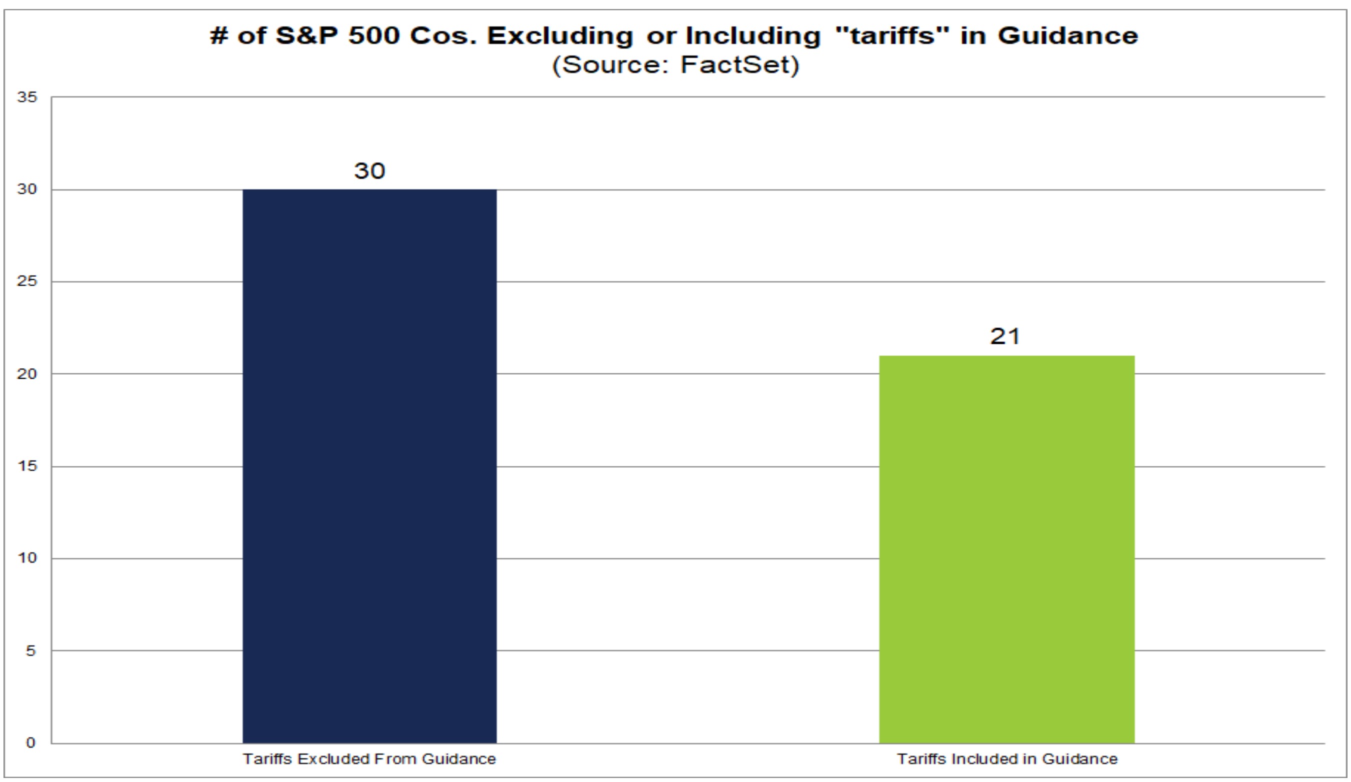
Many of these companies have discussed uncertainty in association with their comments on tariffs. Due to this uncertainty, a number of companies stated they were unable to quantify the impact of tariffs at the time of their earnings call. Of the S&P 500 companies that discussed tariffs in conjunction with any type of guidance or outlook for Q1 2025 or CY 2025, 30 companies excluded the impact of tariffs from their guidance or outlook while 21 companies included the impact of tariffs in their guidance or outlook. A number of companies that included the impact of tariffs did not quantify the impact but cited tariffs as a factor for providing a wider or more conservative guidance range.

A list of the companies that discussed tariffs and guidance and their comments can be found in Appendix 1 on page 37.


# of S&P 500 Cos. Citing "tariffs" on Earnings Calls: 10-Year
(Source: FactSet)
0
25
50
75
100
125
150
175
200
Q115 Q215 Q315 Q415 Q116 Q216 Q316 Q416 Q117 Q217 Q317 Q417 Q118 Q218 Q318 Q418 Q119 Q219 Q319 Q419 Q120 Q220 Q320 Q420 Q121 Q221 Q321 Q421 Q122 Q222 Q322 Q422 Q123 Q223 Q323 Q423 Q124 Q224 Q324 Q424


# of S&P 500 Cos. Citing "tariffs" on Earnings Calls: Q424
(Source: FactSet)
0
5
10
15
20
25
30
35
40
45
Industrials
Info. Technology
Health Care
Financials
Consumer Disc.
Materials
Consumer Staples
Energy
Real Estate
Utilities
Comm. Services
# of Cos.
39
17
16
15
14
14
12
7
7
4
1


% of S&P 500 Cos. Citing "tariffs" on Earnings Calls: Q424
(Source: FactSet)
100%
80%
60%
40%
20%
0%
Materials
Utilities
Energy
Industrials
Real Estate
Consumer Staples
Consumer Disc.
Info. Technology
Health Care
Financials
Comm. Services
% of Cos.
82%
80%
70%
68%
64%
57%
56%
47%
46%
25%
7%


# of S&P 500 Cos. Excluding or Including "tariffs" in Guidance
(Source: FactSet)
35
30
25
20
15
10
5
0
30
21
Tariffs Excluded From Guidance
Tariffs Included in Guidance

Q4 Earnings Season: By The Numbers

Overview

At this stage of the fourth quarter earnings season, S&P 500 companies are reporting strong results relative 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 fourth quarter today relative to the end of last week and relative to the end of the quarter. In addition, the index is reporting its highest year-over-year earnings growth rate for Q4 2024 in three years.

Overall, 62% of the companies in the S&P 500 have reported actual results for Q4 2024 to date. Of these companies, 77% have reported actual EPS above estimates, which is equal to the 5-year average of 77% but above the 10-year average of 75%. 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.

During the past week, positive EPS surprises reported by companies in the Industrials, Consumer Discretionary, and Health Care sectors were the largest contributors to 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 Financials, Communication Services, and Consumer Discretionary 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 16.4% today, compared to an earnings growth rate of 13.1% last week and an earnings growth rate of 11.8% at the end of the fourth quarter (December 31).

If 16.4% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q4 2021 (31.4%). It will also mark the sixth consecutive quarter of year-over-year earnings growth for the index.

Eight of the eleven sectors are reporting year-over-year earnings growth for Q4. Six of these eight sectors are reporting double-digit growth: Financials, Communication Services, Consumer Discretionary, Information Technology, Health Care, and Utilities. On the other hand, three sectors are reporting a year-over-year decline in earnings for the quarter. Only one of these three sectors is reporting a double-digit decline: Energy.

In terms of revenues, 63% 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 0.9% above the estimates, which is below the 5-year average of 2.1% 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.

During the past week, positive revenue surprises reported by companies in multiple sectors (led by the Health Care sector) were the largest contributors to 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 Health Care, Financials, and Consumer Discretionary 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 5.2% today, compared to a revenue growth rate of 5.0% last week and a revenue growth rate of 4.6% at the end of the fourth quarter (December 31).

If 5.2% is the actual revenue growth rate for the quarter, it will mark the 17th consecutive quarter of revenue growth for the index.

Eight sectors are reporting year-over-year growth in revenue for Q4, led by the Information Technology sector. On the other hand, three sectors are reporting a year-over-year decline in revenue for Q4, led by the Industrials and Materials sectors.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 8.7% and 10.2% for Q1 2025 and Q2 2025, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 13.0%.

The forward 12-month P/E ratio is 22.1, which is above the 5-year average (19.8) and above the 10-year average (18.2). This P/E ratio is also above the forward P/E ratio of 21.5 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: Number and Magnitude of EPS Surprises Are Above 10-Year Averages

Percentage of Companies Beating EPS Estimates (77%) is Equal to 5-Year Average

Overall, 62% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 77% have reported actual EPS above the mean EPS estimate, 6% have reported actual EPS equal to the mean EPS estimate, and 17% 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 (77%) and the 5-year average (77%), but above the 10-year average (75%). 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 (89%), Information Technology (87%), and Financials (84%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (20%) and Real Estate (50%) sectors have the lowest percentages 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 (+4.9%), 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 Consumer Discretionary (+15.2%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Carnival ($0.14 vs. $0.08), PulteGroup ($4.43 vs. $3.26), CarMax ($0.81 vs. $0.62), and Amazon.com ($1.86 vs. $1.49) have reported the largest positive EPS surprises.

The Industrials (+11.2%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Uber Technologies ($3.21 vs. $0.50), Dayforce ($0.60 vs. $0.45), Lennox International ($5.60 vs. $4.26), GE Aerospace ($1.32 vs. $1.04), and Southwest Airlines ($0.56 vs. $0.46) have reported the largest positive EPS surprises. The actual (GAAP) EPS for Uber Technologies included a $6.4 billion gain from a tax valuation release.

The Financials (+10.2%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Goldman Sachs ($11.95 vs. $8.21), Discover Financial Services ($5.11 vs. $3.61), Travelers Companies ($9.15 vs. $6.70), and Morgan Stanley ($2.22 vs. $1.70) have reported the largest positive EPS surprises.

The Communication Services (+8.2%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Fox Corporation ($0.96 vs. $0.68), Take-Two Interactive Software ($0.72 vs. $0.58), Walt Disney ($1.76 vs. $1.45), and Meta Platforms ($8.02 vs. $6.76) has reported the largest positive EPS surprises.

Market Rewarding Positive EPS Surprises Less Than Average

To date, the market is rewarding positive earnings surprises reported by S&P 500 companies for Q4 less than average and punishing negative earnings surprises reported by S&P 500 companies for Q4 slightly more than average.

Companies that have reported positive earnings surprises for Q4 2024 have seen an average price increase of +0.3% two days before the earnings release through two days after the earnings release. This percentage increase is below 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 Q4 2024 have seen an average price decrease of -2.4% two days before the earnings release through two days after the earnings. This percentage decrease is slightly 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 (63%) is Below 5-Year Average

In terms of revenues, 63% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 37% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (62%), but below the 5-year average (69%) and 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 Health Care (86%) and Information Technology (82%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (0%) and Materials (18%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.9%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.9% above expectations. This surprise percentage is below the 1-year average (+1.0%), below the 5-year average (+2.1%), 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 (+1.8%) and Energy (+1.5%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-19.9%) 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 16.4%, which is above the earnings growth rate of 13.1% last week. Positive EPS surprises reported by companies in the Industrials, Consumer Discretionary, and Health Care sectors were the largest contributors to the increase in the overall earnings growth rate during the past week.

In the Industrials sector, the positive EPS surprise reported by Uber Technologies ($3.21 vs. $0.50) was the largest contributor to the increase in the earnings growth rate for the index during the past week. The actual (GAAP) EPS for Uber Technologies included a $6.4 billion gain from a tax valuation release. As a result, the blended earnings growth rate for the Industrials sector increased to 2.1% from -12.1% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com ($1.86 vs. $1.49) was the second-largest contributor to the increase in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Consumer Discretionary sector increased to 24.6% from 13.9% over this period.

In the Health Care sector, the positive EPS surprises reported by Pfizer ($0.63 vs. $0.47) and Bristol Myers Squibb ($1.67 vs. $1.46) were substantial contributors to the increase in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Health Care sector increased to 11.9% from 7.9% 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 5.2%, which is above the revenue growth rate of 5.0% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Health Care sector) were the largest contributors to the increase in the overall revenue growth rate for the index over this period.

Financials Sector Has Seen Largest Increase in Earnings since December 31

The blended (year-over-year) earnings growth rate for Q4 2024 of 16.4% is above the estimate of 11.8% at the end of the fourth quarter (December 31). Eight 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 Financials (to 51.2% from 39.1%), Consumer Discretionary (to 24.6% from 13.0%), and Communication Services (to 30.2% from 20.6%) sectors. These three sectors have also been the largest contributors to the increase in earnings for the index since December 31. On the other hand, three 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 Energy (to -27.5% from -24.6%) sector.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($4.81 vs. $4.09), Goldman Sachs ($11.95 vs. $8.21), and Morgan Stanley ($2.22 vs. $1.70) have been significant contributors to the increase in the overall earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Financials sector has increased to 51.2% from 39.1% over this period.

In the Communication Services sector, the positive EPS surprise reported by Meta Platforms ($8.02 vs. $6.76) has been a substantial contributor to the increase in the overall 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 30.2% from 20.6% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com ($1.86 vs. $1.49) has been a significant contributor to the increase in the overall earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Consumer Discretionary sector has increased to 24.6% from 13.0% over this period.

Health Sector Has Seen Largest Increase in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2024 of 5.2% is above the estimate of 4.6% 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 Financials (to 7.1% from 5.4%) sector. However, the Health Care, Financials, and Consumer Discretionary sectors have been the largest contributors to the increase in revenues 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 4.5% from 7.9%) sector.

In the Health Care sector, the positive revenue surprises reported by Cencora ($81.49 billion vs. $78.31 billion), Cigna Group ($65.68 billion vs. $63.44 billion), and Centene ($40.81 billion vs. $39.36 billion) have been significant contributors to the increase in revenues for the index since December 31. As a result, the blended revenue growth rate for the Health Care sector has increased to 8.8% from 7.5% over this period.

In the Financials sector, the positive revenue surprises reported by Goldman Sachs ($13.87 billion vs. $12.36 billion), JPMorgan Chase ($42.77 billion vs. $41.90 billion) and Morgan Stanley ($16.22 billion vs. $15.02 billion) have been substantial contributors to the increase in revenues for the index since December 31. As a result, the blended revenue growth rate for the Financials sector has increased to 7.1% from 5.4% over this period.

In the Consumer Discretionary sector, the positive revenue surprise reported by General Motors ($47.70 billion vs. $44.98 billion) has been a significant contributor to the increase in revenues for the index since December 31. As a result, the blended revenue growth rate for the Consumer Discretionary sector has increased to 5.8% from 4.6% over this period.

Earnings Growth: 16.4%

The blended (year-over-year) earnings growth rate for Q4 2024 is 16.4%, which is above the 5-year average earnings growth rate of 10.4% and above the 10-year average earnings growth rate of 8.5%. If 16.4% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q4 2021 (31.4%). It will also mark the sixth consecutive quarter of year-over-year earnings growth.

Eight of the eleven sectors are reporting year-over-year earnings growth for Q4. Six of these eight sectors are reporting double-digit earnings growth: Financials, Communication Services, Consumer Discretionary, Information Technology, Health Care, and Utilities. On the other hand, three sectors are reporting a year-over-year decline in earnings for Q4. Only one of these sectors is reporting a double-digit earnings decline: Energy.

Financials: Banks Industry is Largest Contributor to Year-Over-Year Growth

The Financials sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 51.2%. At the industry level, 4 of the 5 industries in the sector are reporting year-over-year earnings growth. All four of these industries are reporting double-digit growth: Banks (216%), Capital Markets (52%), Consumer Finance (50%), and Financial Services (15%). On the other hand, the Insurance (-6%) industry is the only industry reporting a year-over-year decline in earnings.

The Banks industry is also the largest contributor to earnings growth for the sector. A large number of companies in this industry are benefitting from easy comparisons to weaker (GAAP) earnings reported in the year-ago quarter due to significant charges related to FDIC special assessments and other items that were included in their GAAP EPS. If this industry were excluded, the blended earnings growth rate for the Financials sector would fall to 19.4% from 51.2%.

Communication Services: Interactive Media Industry is Largest Contributor to Year-Over-Year Growth

The Communication Services sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 30.2%. At the industry level, all 5 industries in the sector are reporting year-over-year earnings growth: Entertainment (62%), Wireless Telecommunication Services (52%), Interactive Media & Services (35%), Media (18%), and Diversified Telecommunication Services (1%).

The Interactive Media & Services industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Communication Services sector would fall to 22.0% from 30.2%.

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

The Consumer Discretionary sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 24.6%. At the industry level, 4 of the 9 industries in the sector are reporting year-over-year earnings growth. Two of these four industries are reporting double-digit growth: Broadline Retail (85%) and Automobiles (13%). On the other hand, five industries are reporting (or are predicted to report) a year-over-year decline in earnings. Two of these five industries are expected to report a double-digit decline: Distributors (-25%) and Leisure Products (-16%).

At the company level, Amazon.com ($1.86 vs. $1.00) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Consumer Discretionary sector would fall to 1.9% from 24.6%.

Information Technology: Semiconductors Industry Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 16.2%. At the industry level, 5 of the 6 industries in the sector are reporting year-over-year earnings growth: Semiconductors & Semiconductor Equipment (38%), Electronic Equipment, Instruments, & Components (14%), Software (11%), Technology Hardware, Storage, & Peripherals (10%), and Communications Equipment (4%). On the other hand, the IT Services (-8%) industry is the only industry reporting a year-over-year decline in earnings.

The Semiconductors & Semiconductor Equipment industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Information Technology sector would fall to 8.4% from 16.2%.

Health Care: Pharmaceuticals Industry is Largest Contributor to Year-Over-Year Growth

The Health Care sector is reporting the fifth-highest (year-over-year) earnings growth rate of all eleven sectors at 11.9%. At the industry level, 3 of the 5 industries in the sector are reporting year-over-year earnings growth: Pharmaceuticals (70%), Health Care Equipment & Supplies (8%), and Life Sciences, Tools, & Services (5%). On the other hand, two industries are reporting a year-over-year decline in earnings: Biotechnology (-15%) and Health Care Providers & Services (-8%).

The Pharmaceuticals industry is also the largest contributor to earnings growth for the sector. Similar to the Banks industry, a number of companies in this industry are benefitting from easy comparisons to weaker (non-GAAP) earnings reported in the year-ago quarter due to various charges that were included in their non-GAAP EPS. If this industry were excluded, the Health Care sector would be reporting a (year-over-year) decline in earnings of -4.6% instead of (year-over-year) earnings growth of 11.9%.

Utilities: All 5 Industries Reporting Year-Over-Year Growth

The Utilities sector is reporting the sixth-highest (year-over-year) earnings growth rate of all eleven sectors at 10.6%. At the industry level, all 5 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Independent Power and Renewable Energy Producers (162%), Water Utilities (28%), Multi-Utilities (22%), Gas Utilities (13%), and Electric Utilities (less than 1%).

At the company level, Vistra Corp. ($1.39 vs. -$0.60) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Utilities sector would fall to 4.8% from 10.6%

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Decline

The Energy sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -27.5%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in Q4 2024 ($70.32) was 10% below the average price for oil in Q4 2023 ($78.53). At the sub-industry level, 3 of the 5 sub-industries in the sector are reporting a year-over-year decline in earnings: Oil & Gas Refining & Marketing (-90%), Integrated Oil & Gas (-32%), and Oil & Gas Exploration & Production (-8%). On the other hand, two sub-industries are reporting year-over-year growth in earnings: Oil & Gas Storage & Transportation (18%) and Oil & Gas Equipment & Services (3%).

Revenue Growth: 5.2%

The blended (year-over-year) revenue growth rate for Q4 2024 is 5.2%, which is below the 5-year average revenue growth rate of 6.9% but equal to the 10-year average revenue growth rate of 5.2%. If 5.2% is the actual growth rate for the quarter. it will mark the 17th consecutive quarter of revenue growth for the index.

At the sector level, eight sectors are reporting year-over-year growth in revenues for Q4, led by the Information Technology sector. On the other hand, three sectors are reporting a year-over-year decline in revenues for Q4, led by the Industrials and Materials sectors.

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 11.7%. At the industry level, all 6 industries in the sector are reporting year-over-year revenue growth: Semiconductors & Semiconductor Equipment (25%), Software (12%), Communication Equipment (9%), Technology Hardware, Storage, & Peripherals (7%), IT Services (5%), and Electronic Equipment, Instruments, & Components (3%).

Industrials: 5 of 12 Industries Reporting Year-Over-Year Decline

The Industrials sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -2.5%. At the industry level, 5 of the 12 industries in the sector are reporting year-over-year decline in revenue, led by the Aerospace & Defense (-10%), Industrial Conglomerates (-7%), and Machinery (-6%) industries. On the other hand, 7 industries are reporting year-over-year revenue growth, led by the Construction & Engineering (14%) industry.

Materials: 2 of 4 Industries Reporting Year-Over-Year Decline

The Materials sector is reporting the second-largest (year-over-year) revenue decline of all eleven sectors at -2.3%. At the industry level, 2 of the 4 industries in the sector are reporting year-over-year decline in revenue: Chemicals (-3%) and Containers & Packaging (-2%). On the other hand, 2 industries are reporting year-over-year revenue growth of less than 1%: Construction Materials and Metals & Mining.

Net Profit Margin: 12.5%

The blended net profit margin for the S&P 500 for Q4 2024 is 12.5%, which is above the previous quarter's net profit margin of 12.2%, above the year-ago net profit margin of 11.3% and above the 5-year average of 11.6%.

At the sector level, eight sectors are reporting a year-over-year increase in their net profit margins in Q4 2024 compared to Q4 2023, led by the Financials (19.0% vs, 13.4%) sector. On the other hand, three sectors are reporting a year-over-year decrease in their net profit margins in Q4 2024 compared to Q4 2023, led by the Energy (7.7% vs. 10.4%) sector.

Five sectors are reporting net profit margins in Q4 2024 that are above their 5-year averages, led by the Financials (19.0% vs. 16.6%), Information Technology (26.4% vs. 24.0%), Communication Services (14.3% vs. 11.8%), and Industrials (10.7% vs. 8.3%) sectors. On the other hand, six sectors are reporting net profit margins in Q4 2024 that are below their 5-year averages, led by the Materials (9.0% vs. 11.1%), Health Care (7.6% vs. 9.6%), and Energy (7.7% vs. 9.4%) sectors.

Forward Estimates & Valuation

Guidance: Negative Guidance Percentage for Q1 is Equal to 10-Year Average

At this point in time, 55 companies in the index have issued EPS guidance for Q1 2025. Of these 55 companies, 34 have issued negative EPS guidance and 21 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q1 2025 is 62% (34 out of 55), which is above the 5-year average of 58% but equal to the 10-year average of 62%.

At this point in time, 260 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 260 companies, 145 have issued negative EPS guidance and 115 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 56% (145 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 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 13% for CY 2025

For the fourth quarter, S&P 500 companies are reporting year-over-year growth in earnings of 16.4% and year-over-year growth in revenues of 5.2%. For CY 2024, S&P 500 companies are reporting year-over-year growth in earnings of 10.1% and year-over-year growth in revenues of 5.2%.

For Q1 2025, analysts are projecting earnings growth of 8.7% and revenue growth of 4.5%.

For Q2 2025, analysts are projecting earnings growth of 10.2% and revenue growth of 4.7%.

For Q3 2025, analysts are projecting earnings growth of 14.5% and revenue growth of 5.4%.

For Q4 2025, analysts are projecting earnings growth of 13.3% and revenue growth of 6.0%.

For CY 2025, analysts are projecting earnings growth of 13.0% and revenue growth of 5.5%.

For CY 2026, analysts are projecting earnings growth of 13.8% and revenue growth of 6.4%.

Valuation: Forward P/E Ratio is 22.1, Above the 10-Year Average (18.2)

The forward 12-month P/E ratio for the S&P 500 is 22.1. This P/E ratio is above the 5-year average of 19.8 and above the 10-year average of 18.2. It is also above the forward 12-month P/E ratio of 21.5 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 3.4%, while the forward 12-month EPS estimate has increased by 0.6%. At the sector level, the Consumer Discretionary (29.5) and Information Technology (28.3) sectors have the highest forward 12-month P/E ratios, while the Energy (14.2) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 28.4, which is above the 5-year average of 24.3 and above the 10-year average of 22.1.

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

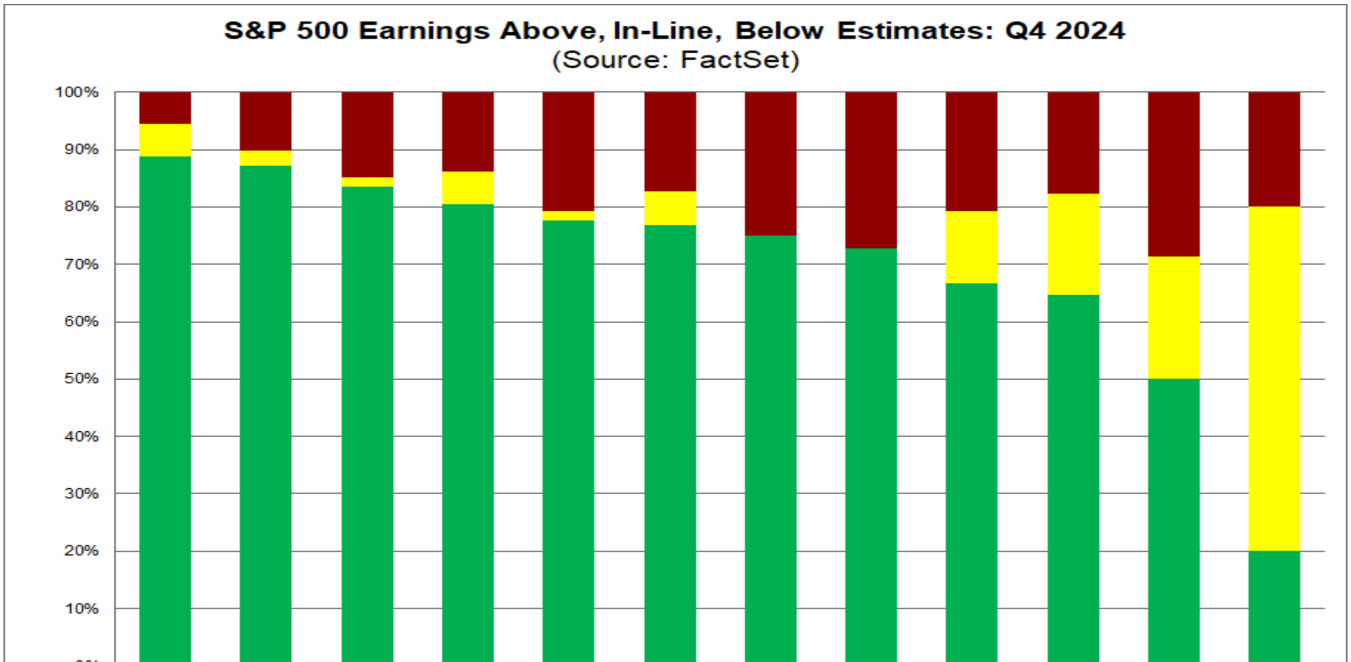
The bottom-up target price for the S&P 500 is 6888.77, which is 13.2% above the closing price of 6083.57. At the sector level, the Information Technology (+18.3%) and Energy (+18.1%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+7.2%) and Financials (+7.6%) 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 12,342 ratings on stocks in the S&P 500. Of these 12,342 ratings, 54.6% are Buy ratings, 39.6% are Hold ratings, and 5.8% are Sell ratings. At the sector level, the Communication Services (63%), Energy (63%), and Information Technology (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (41%) sector has the lowest percentage of Buy ratings.

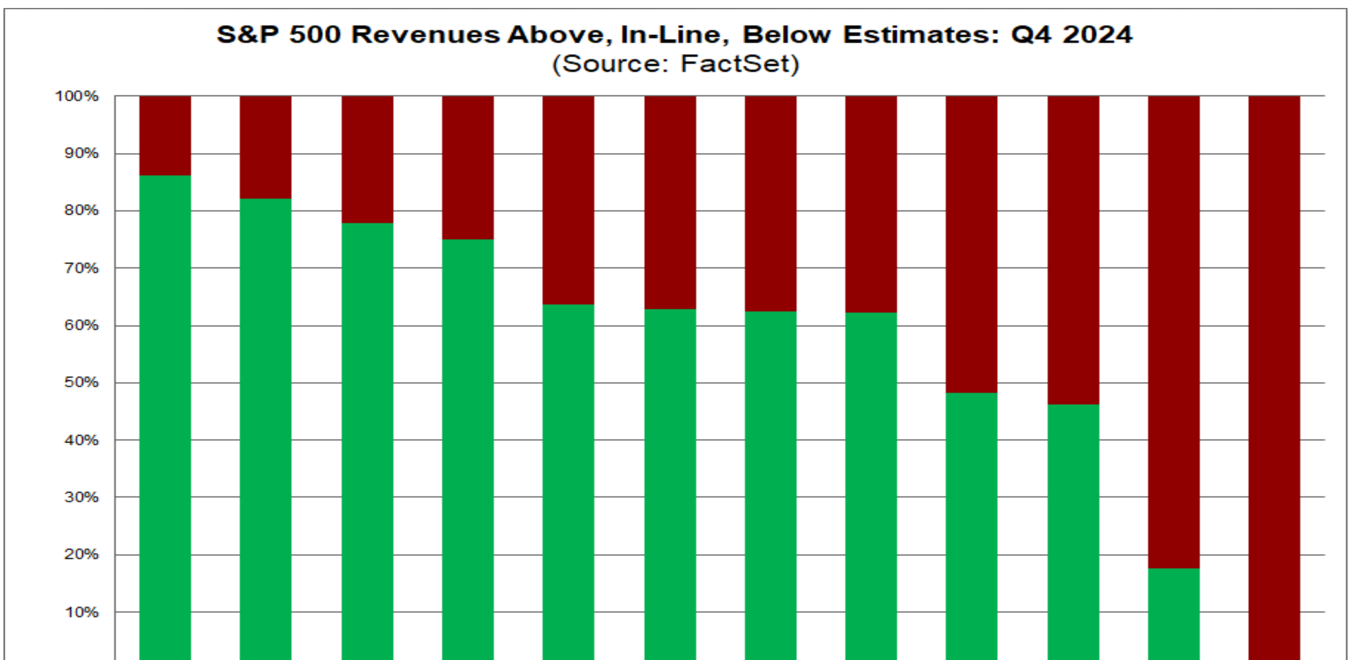
Companies Reporting Next Week: 78

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

Q4 2024: Scorecard

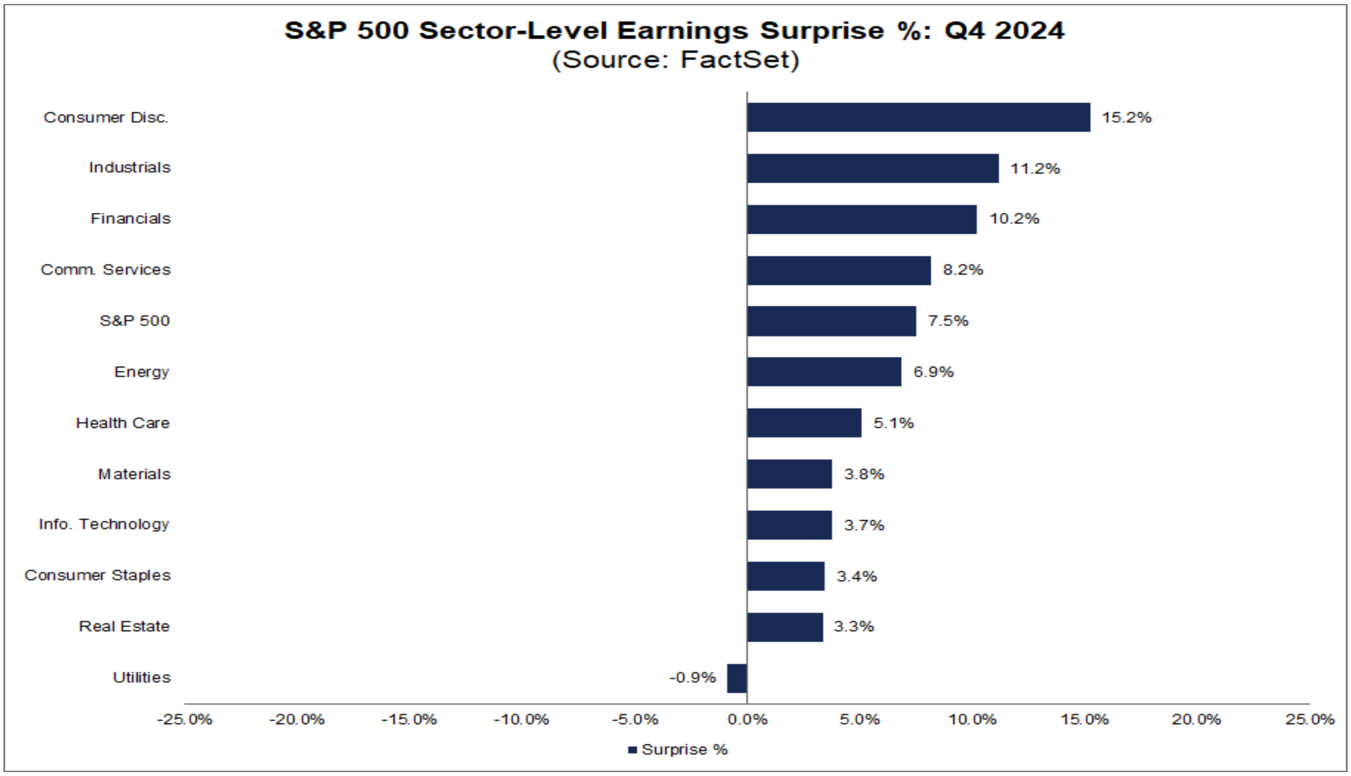


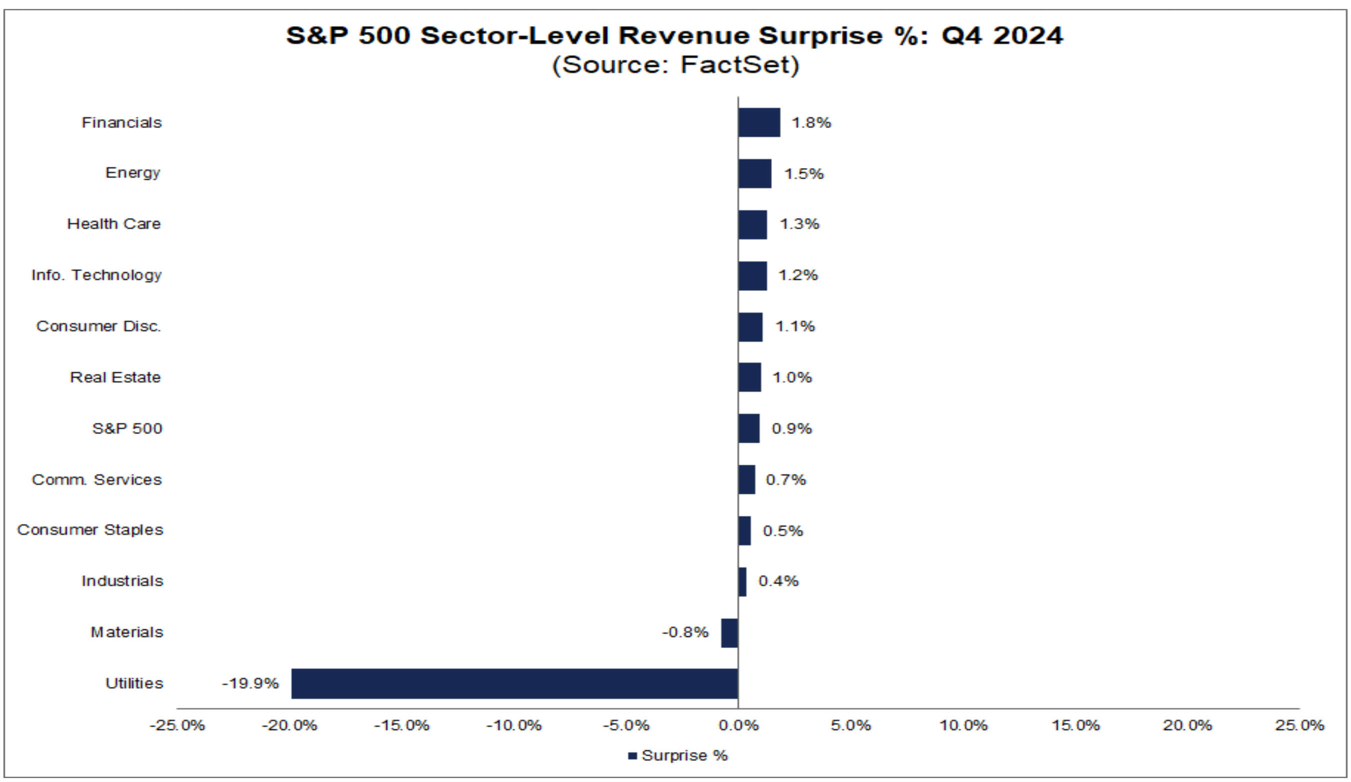
	Comm. Services	Info. Technology	Financials	Health Care	Industrials	S&P 500	Consumer Disc.	Energy	Consumer Staples	Materials	Real Estate	Utilities
Below	6%	10%	15%	14%	21%	17%	25%	27%	21%	18%	29%	20%
In-Line	6%	3%	2%	6%	2%	6%	0%	0%	13%	18%	21%	60%
Above	89%	87%	84%	81%	78%	77%	75%	73%	67%	65%	50%	20%



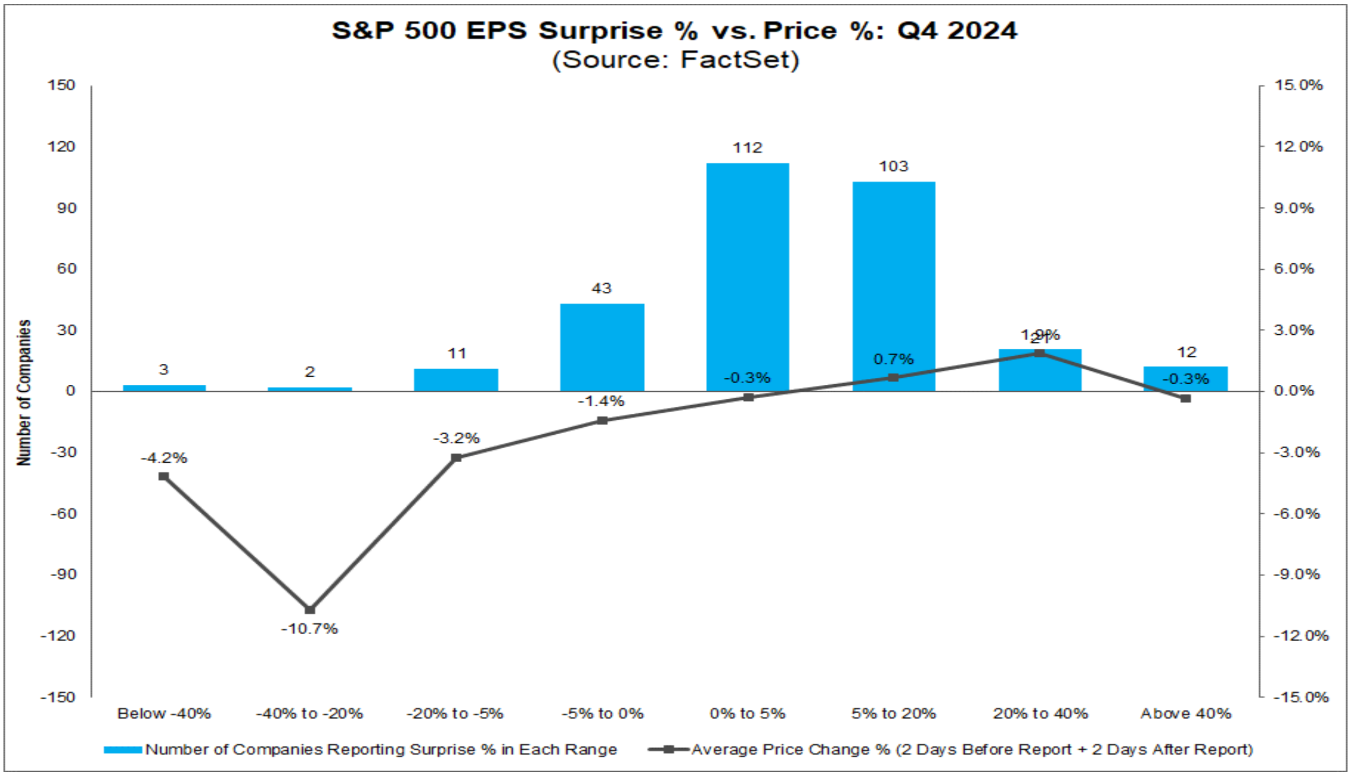
	Health Care	Info. Technology	Comm. Services	Consumer Disc.	Energy	S&P 500	Consumer Staples	Financials	Industrials	Real Estate	Materials	Utilities
Below	14%	18%	22%	25%	36%	37%	38%	38%	52%	54%	82%	100%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	86%	82%	78%	75%	64%	63%	63%	62%	48%	46%	18%	0%

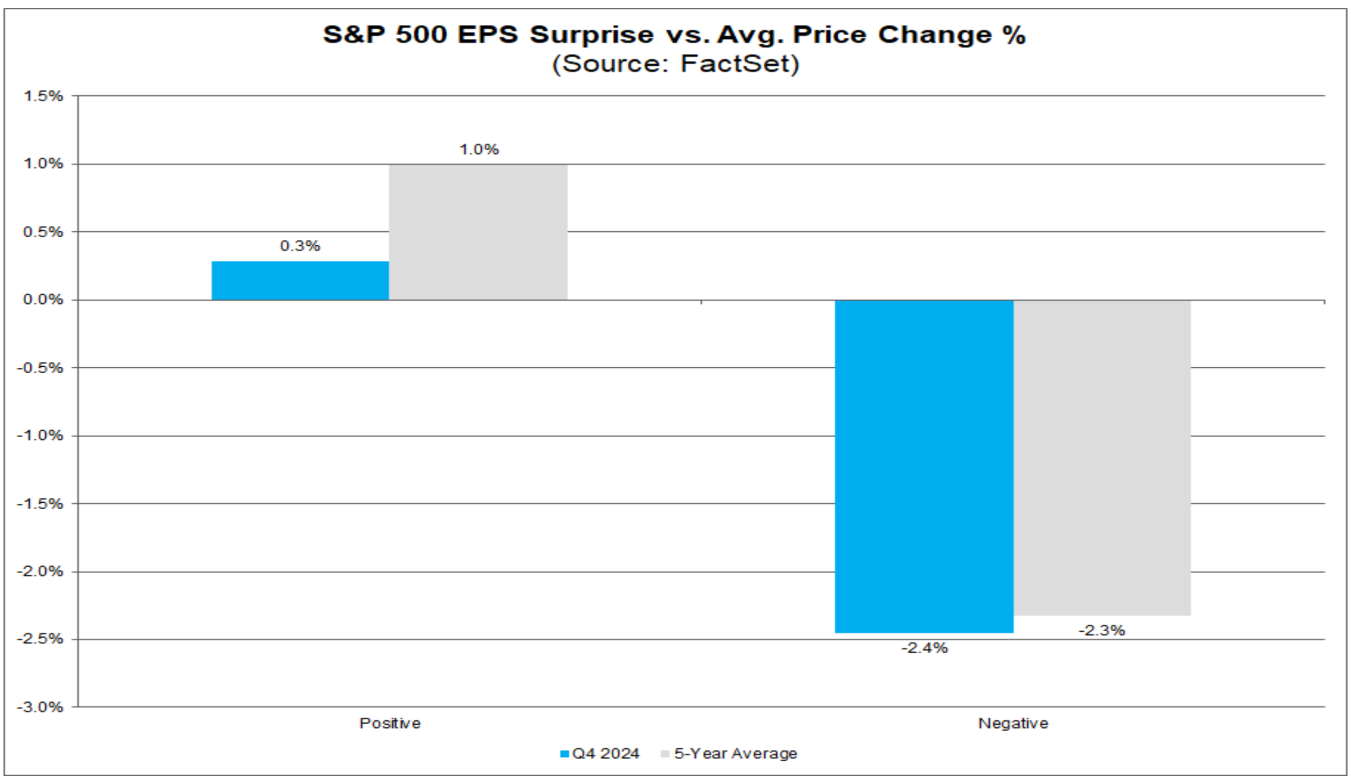
Q4 2024: Surprise



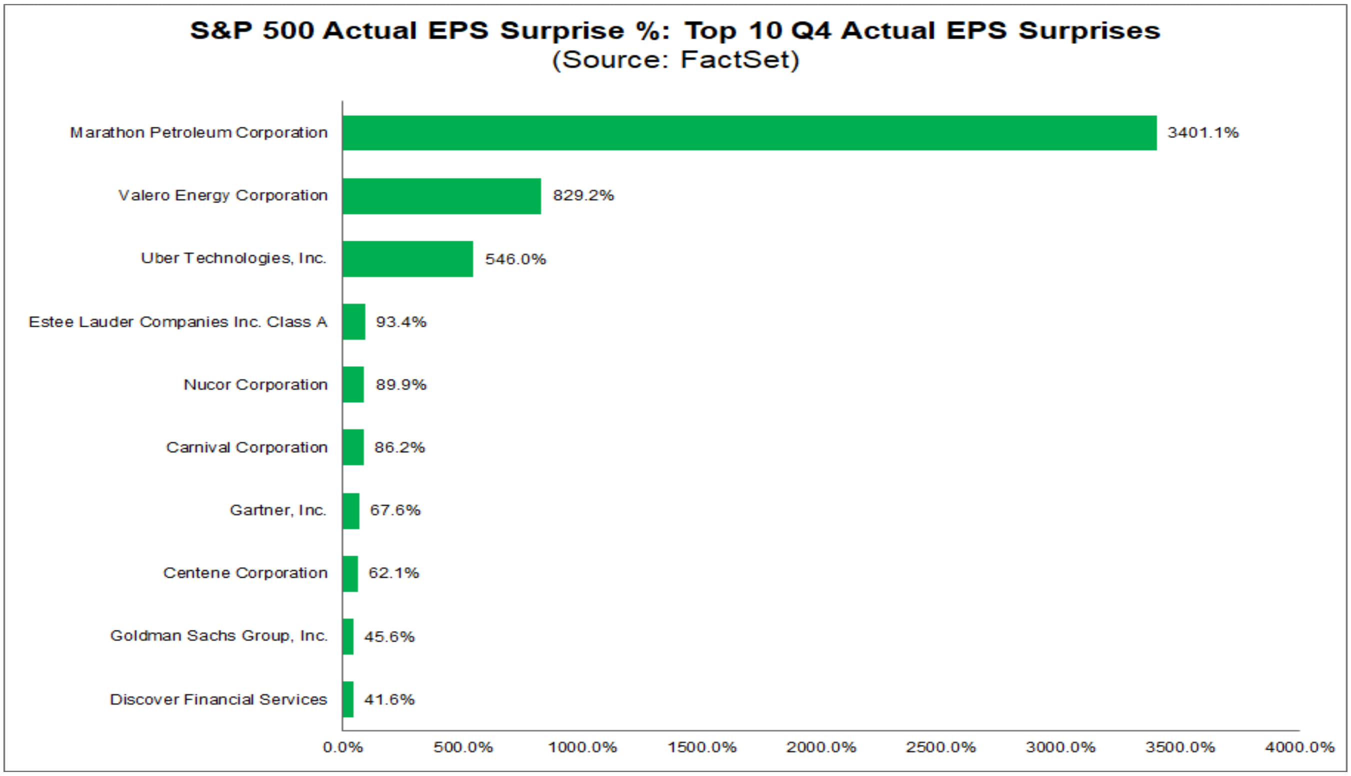


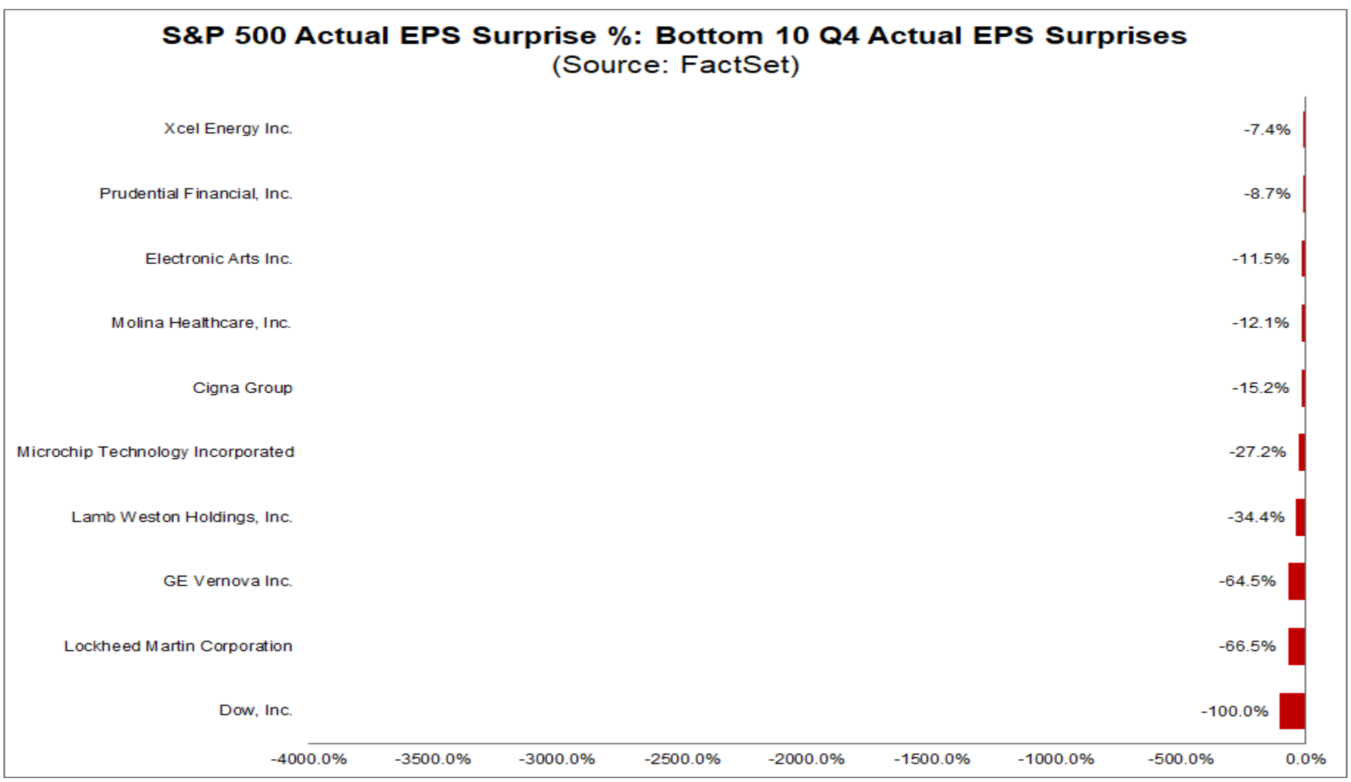
Q4 2024: Surprise



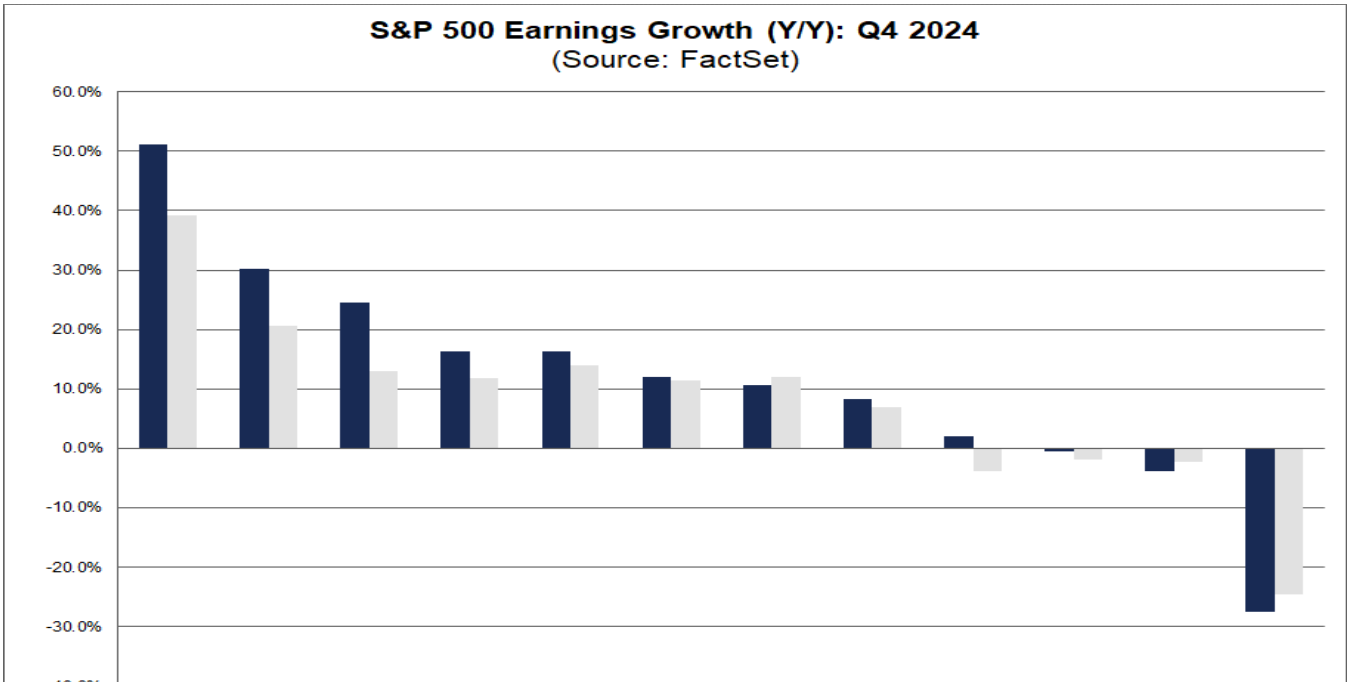


Q4 2024: Surprise

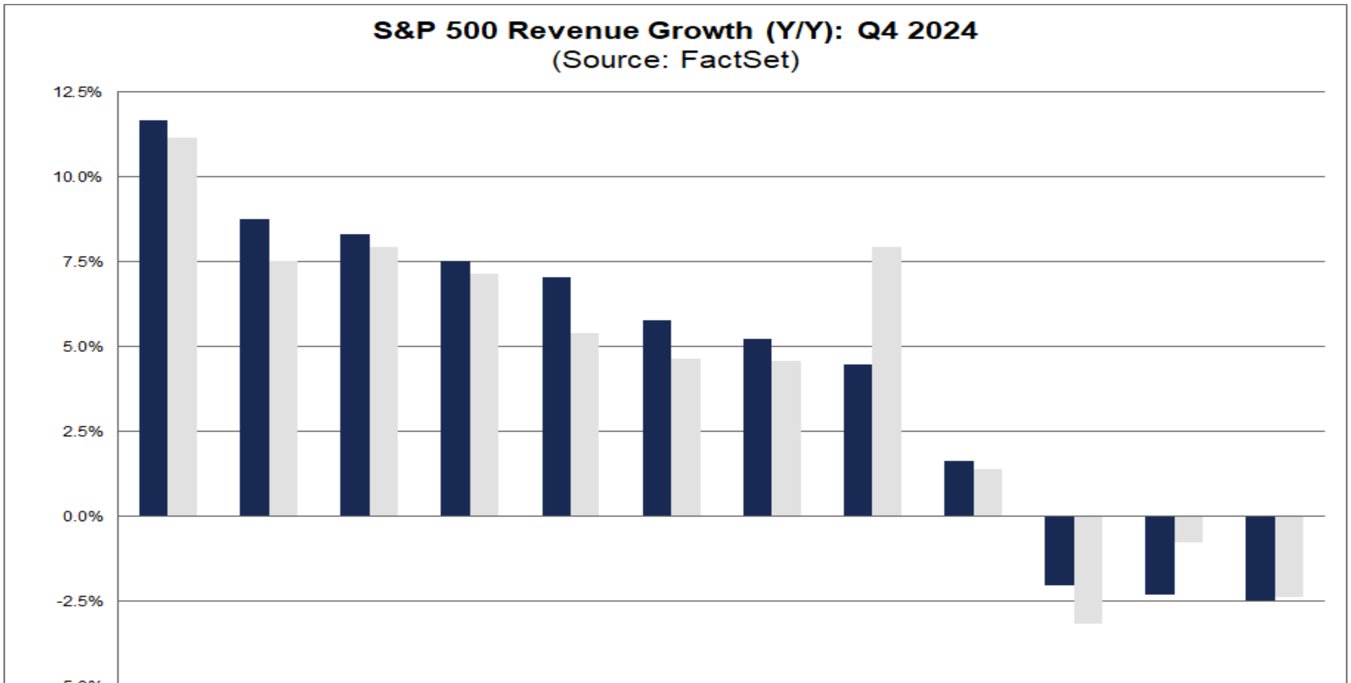




Q4 2024: Growth

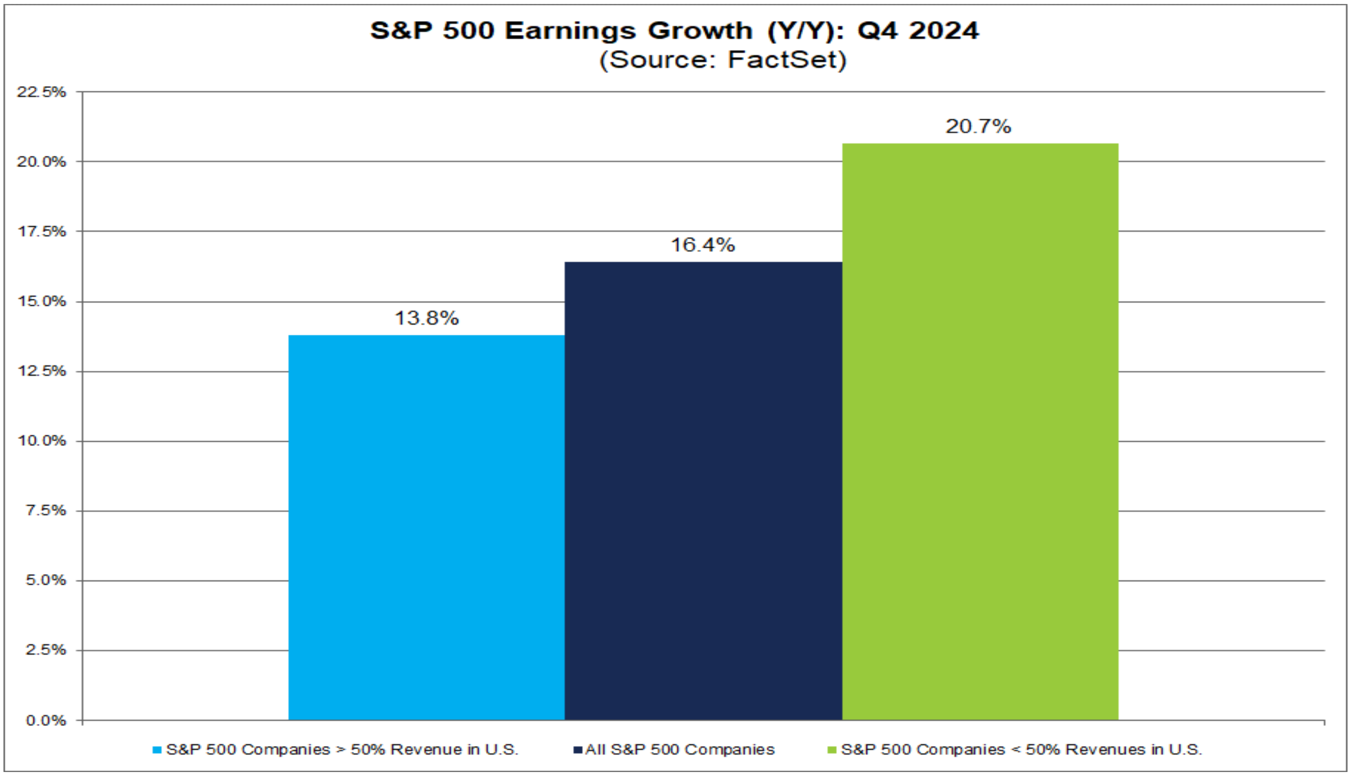


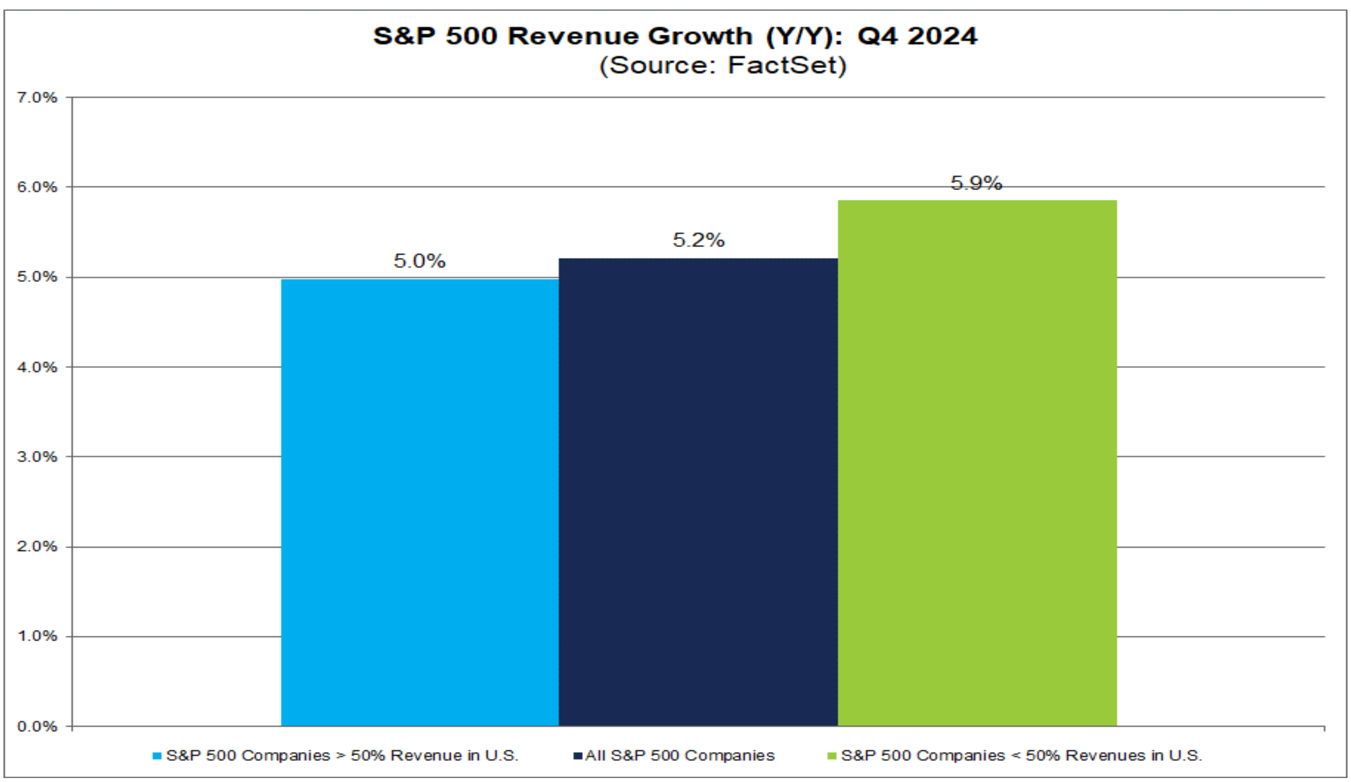
	Financials	Comm. Services	Consumer Disc.	S&P 500	Info. Technology	Health Care	Utilities	Real Estate	Industrials	Consumer Staples	Materials	Energy
Today	51.2%	30.2%	24.6%	16.4%	16.2%	11.9%	10.6%	8.2%	2.1%	-0.6%	-3.8%	-27.5%
31-Dec	39.1%	20.6%	13.0%	11.8%	14.0%	11.5%	12.1%	6.9%	-3.8%	-1.9%	-2.2%	-24.6%



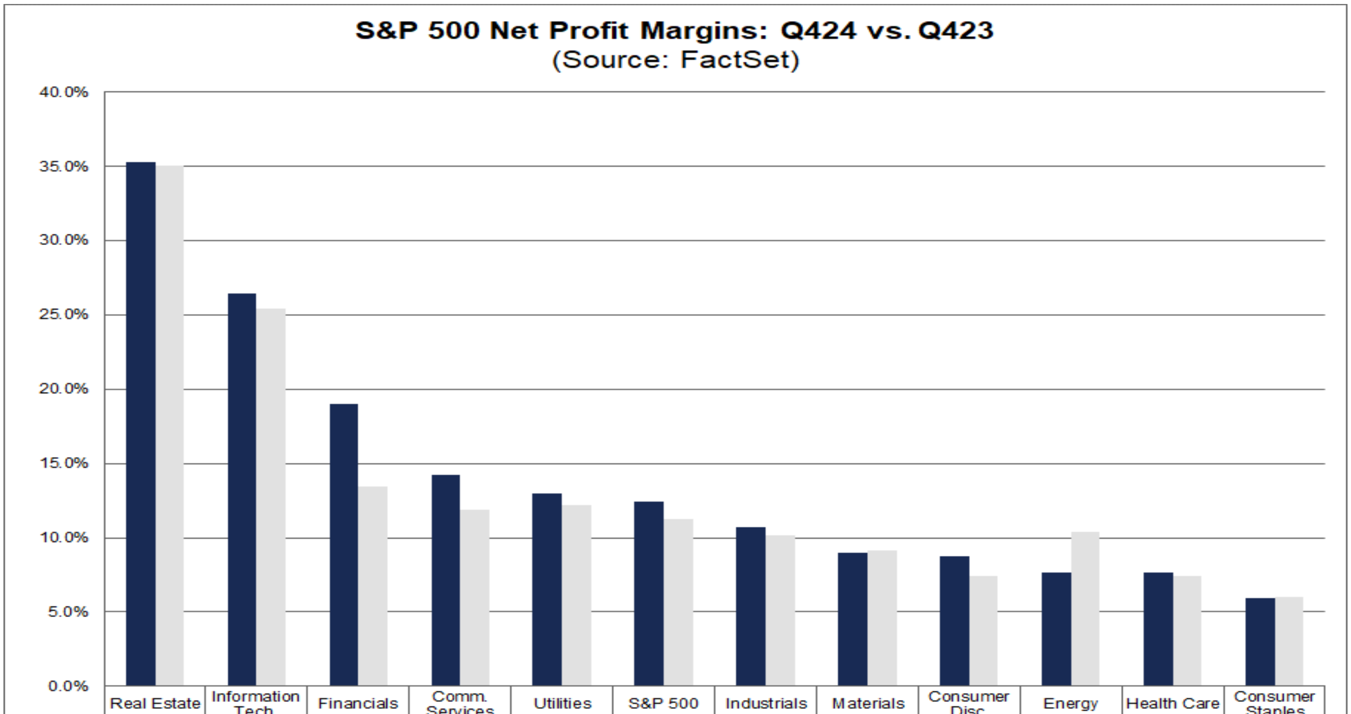
	Info. Technology	Health Care	Comm. Services	Real Estate	Financials	Consumer Disc.	S&P 500	Utilities	Consumer Staples	Energy	Materials	Industrials
Today	11.7%	8.8%	8.3%	7.5%	7.1%	5.8%	5.2%	4.5%	1.6%	-2.0%	-2.3%	-2.5%
31-Dec	11.1%	7.5%	7.9%	7.2%	5.4%	4.6%	4.6%	7.9%	1.4%	-3.2%	-0.8%	-2.4%

Q4 2024: Growth

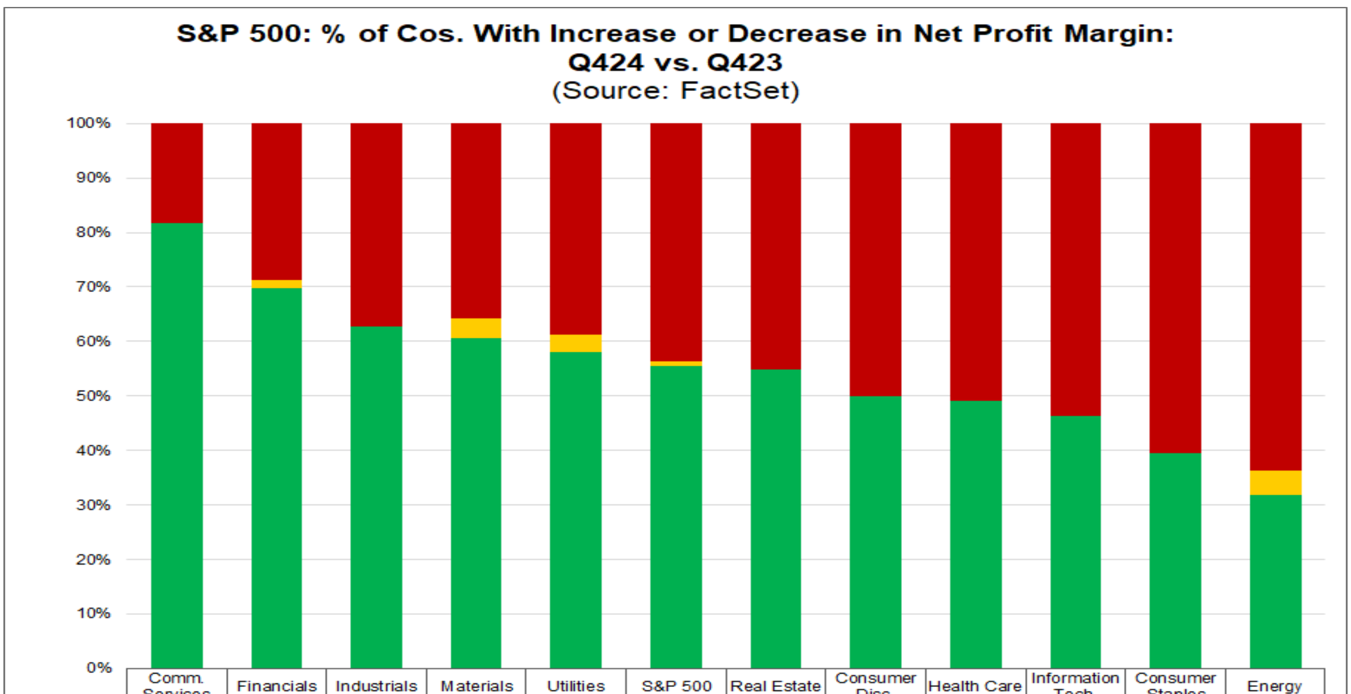




Q4 2024: Net Profit Margin

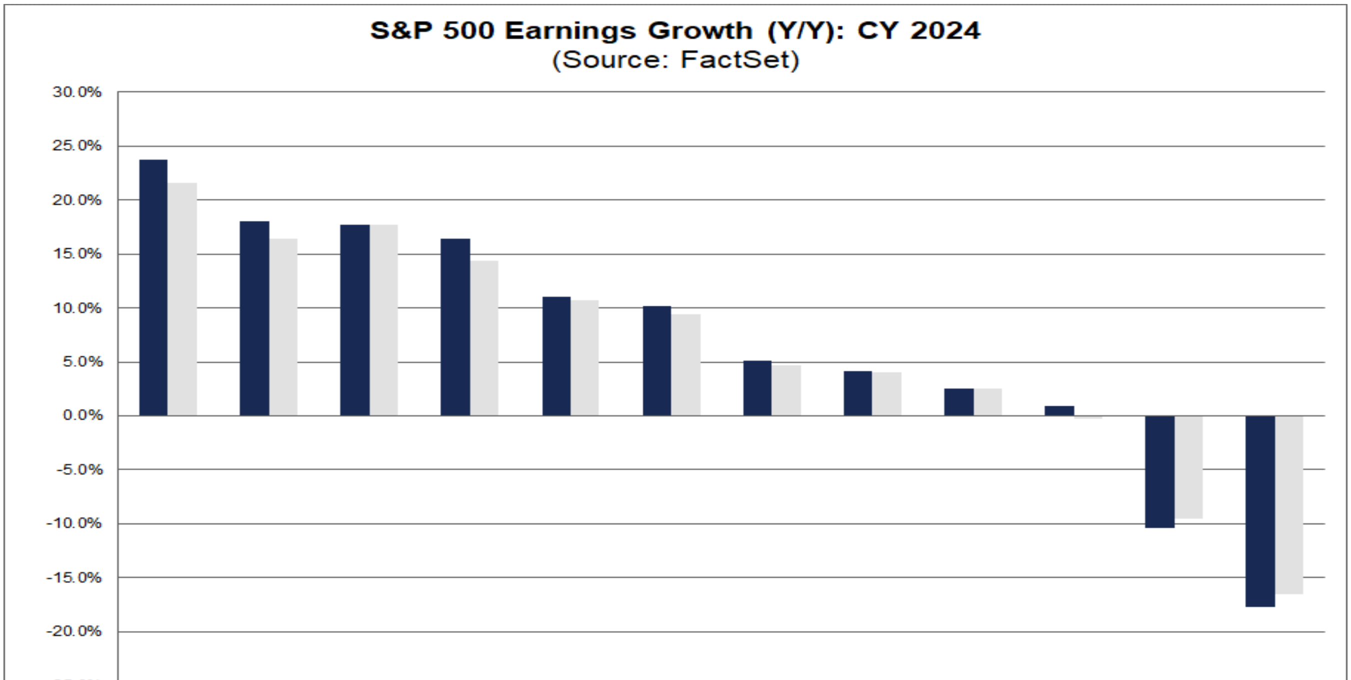


	Real Estate	Information Tech.	Financials	Comm. Services	Utilities	S&P 500	Industrials	Materials	Consumer Disc.	Energy	Health Care	Consumer Staples
Q424	35.3%	26.4%	19.0%	14.3%	13.0%	12.5%	10.7%	9.0%	8.8%	7.7%	7.6%	5.9%
Q423	35.0%	25.4%	13.4%	11.9%	12.2%	11.3%	10.2%	9.1%	7.4%	10.4%	7.4%	6.0%

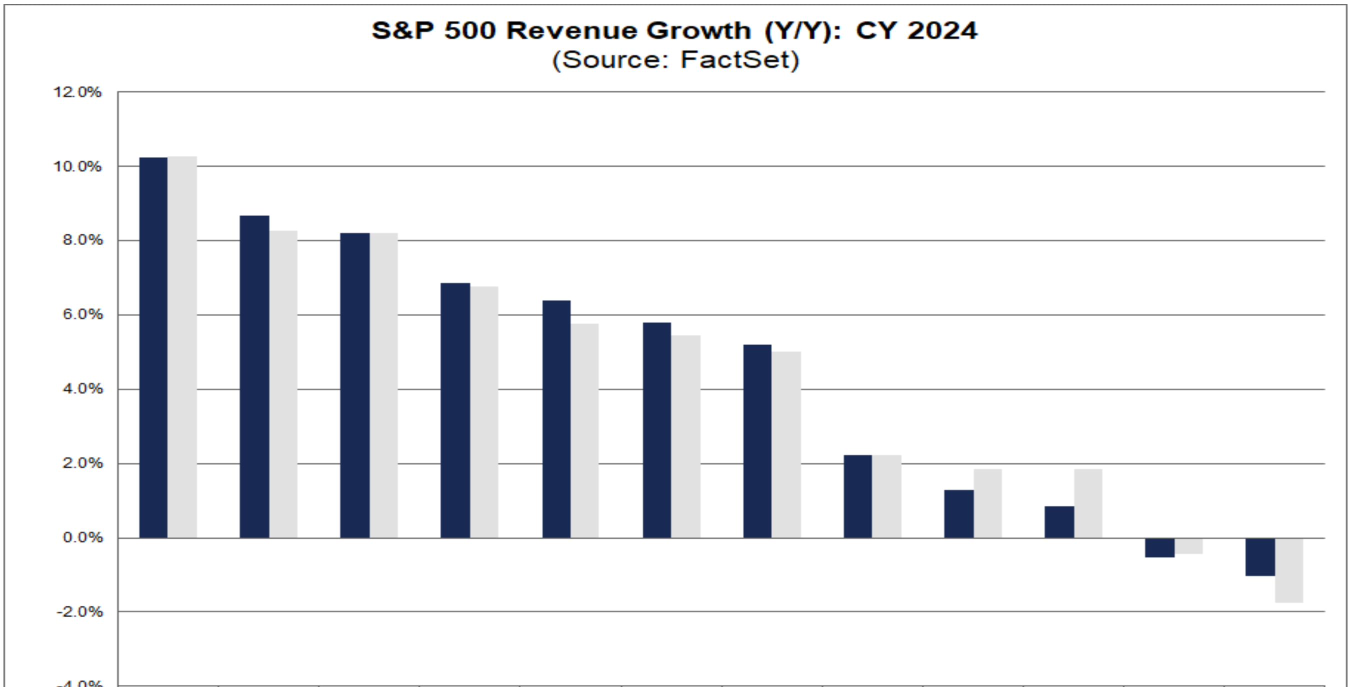


	Comm. Services	Financials	Industrials	Materials	Utilities	S&P 500	Real Estate	Consumer Disc.	Health Care	Information Tech.	Consumer Staples	Energy
Down %	18%	29%	37%	36%	39%	44%	45%	50%	51%	54%	61%	64%
None %	0%	1%	0%	4%	3%	1%	0%	0%	0%	0%	0%	5%
Up %	82%	70%	63%	61%	58%	55%	55%	50%	49%	46%	39%	32%

CY 2024: Growth

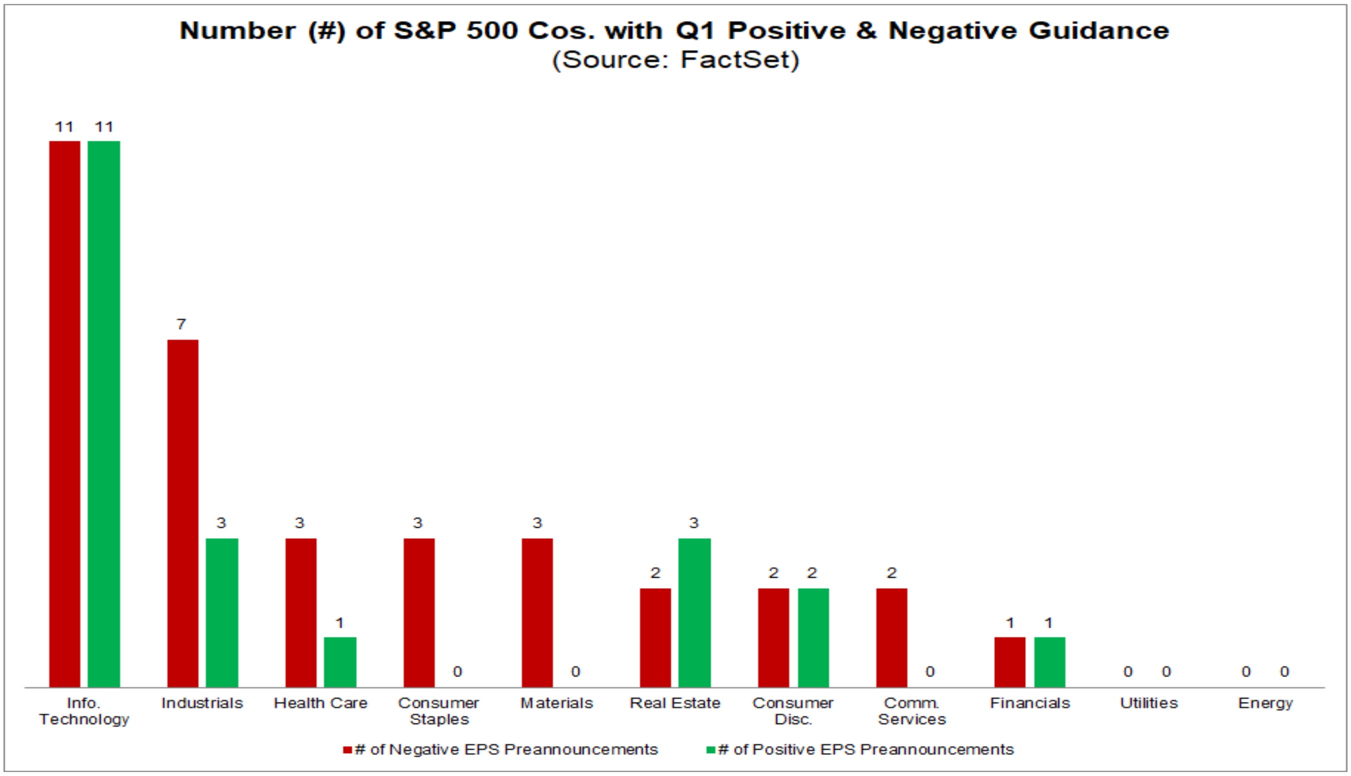


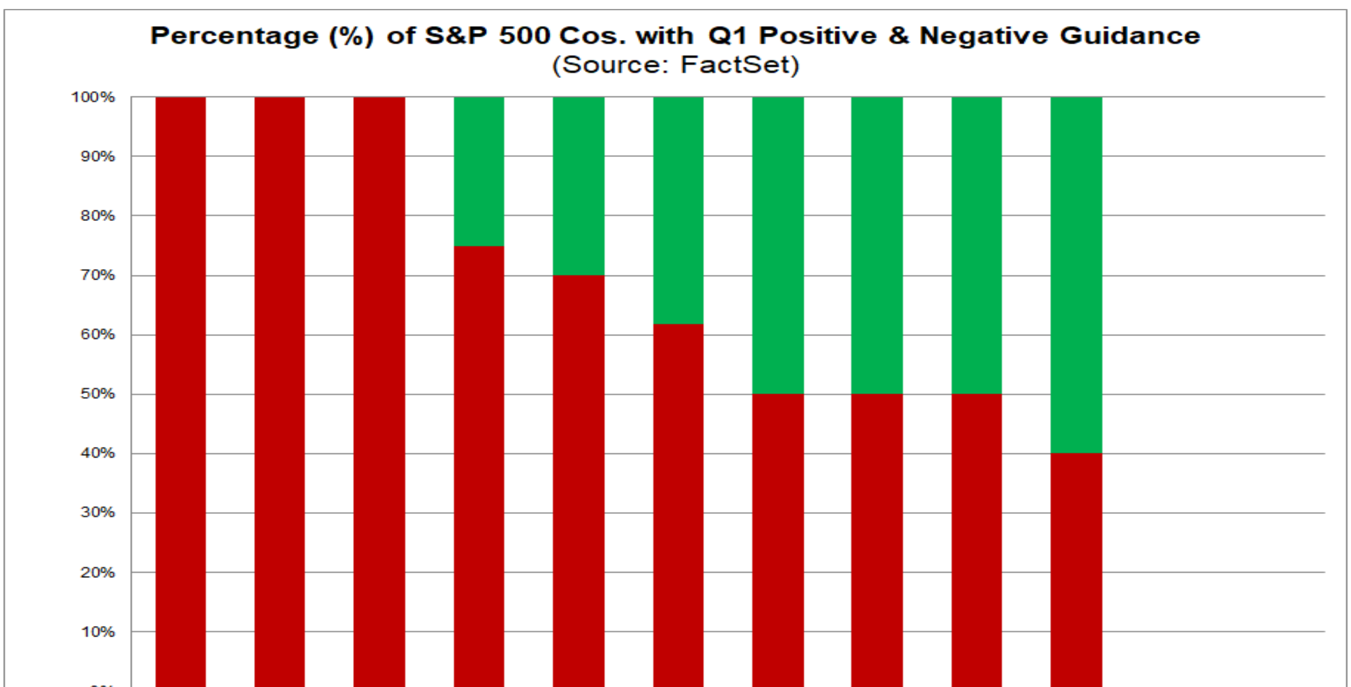
	Comm. Services	Financials	Info. Technology	Consumer Disc.	Utilities	S&P 500	Real Estate	Health Care	Consumer Staples	Industrials	Materials	Energy
Today	23.8%	18.0%	17.7%	16.5%	11.1%	10.1%	5.2%	4.1%	2.5%	0.9%	-10.4%	-17.6%
31-Dec	21.6%	16.4%	17.7%	14.3%	10.7%	9.4%	4.6%	4.0%	2.5%	-0.3%	-9.5%	-16.6%



	Info. Technology	Health Care	Comm. Services	Real Estate	Financials	Consumer Disc.	S&P 500	Consumer Staples	Materials	Utilities	Industrials	Energy
Today	10.2%	8.7%	8.2%	6.9%	6.4%	5.8%	5.2%	2.2%	1.3%	0.8%	-0.5%	-1.0%
31-Dec	10.3%	8.3%	8.2%	6.7%	5.8%	5.5%	5.0%	2.2%	1.8%	1.8%	-0.4%	-1.7%

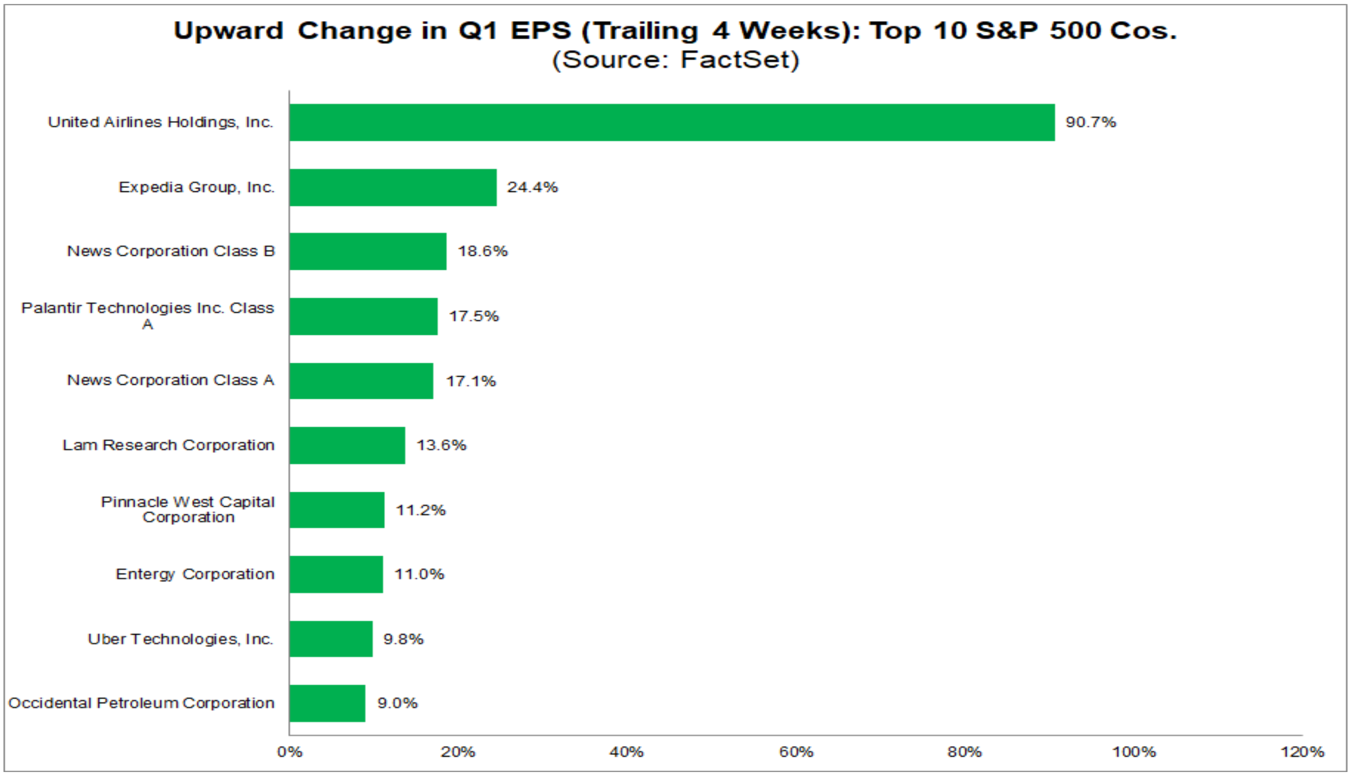
Q1 2025: Guidance

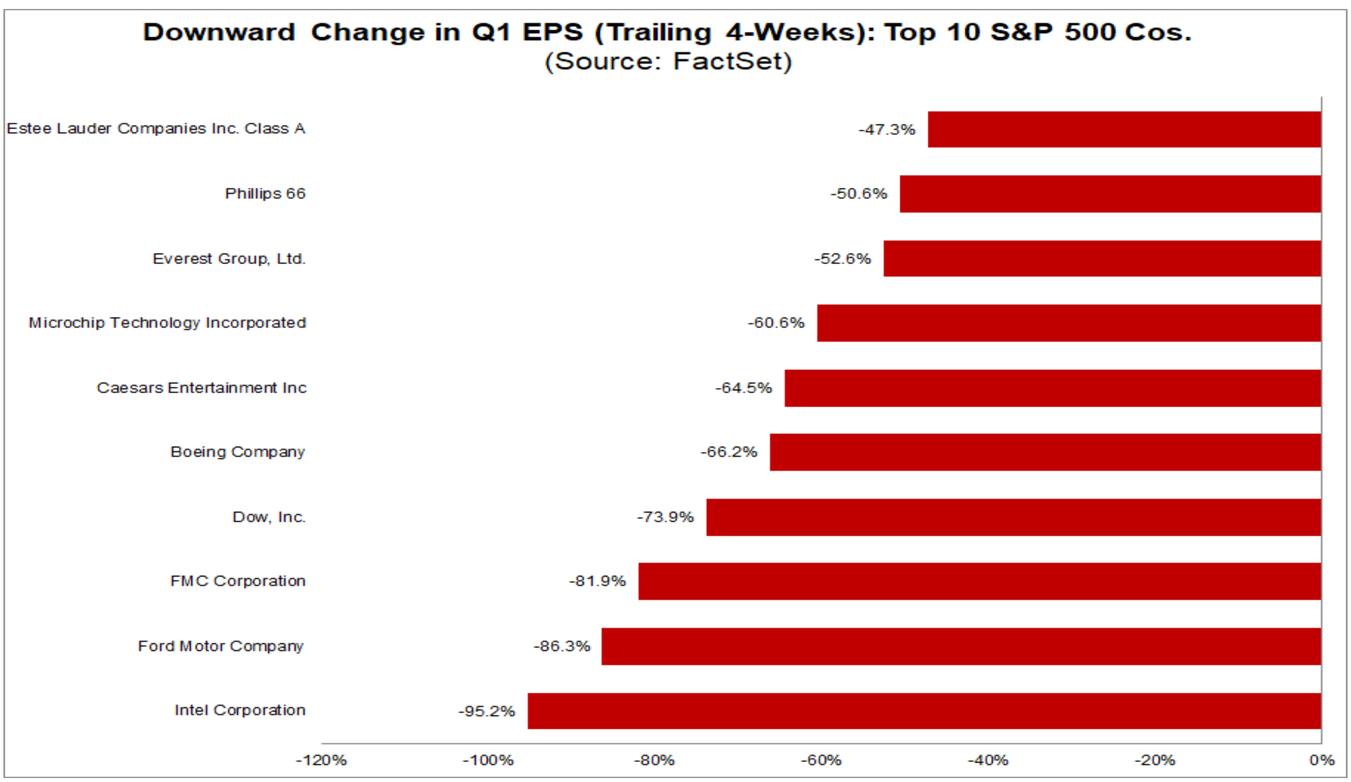




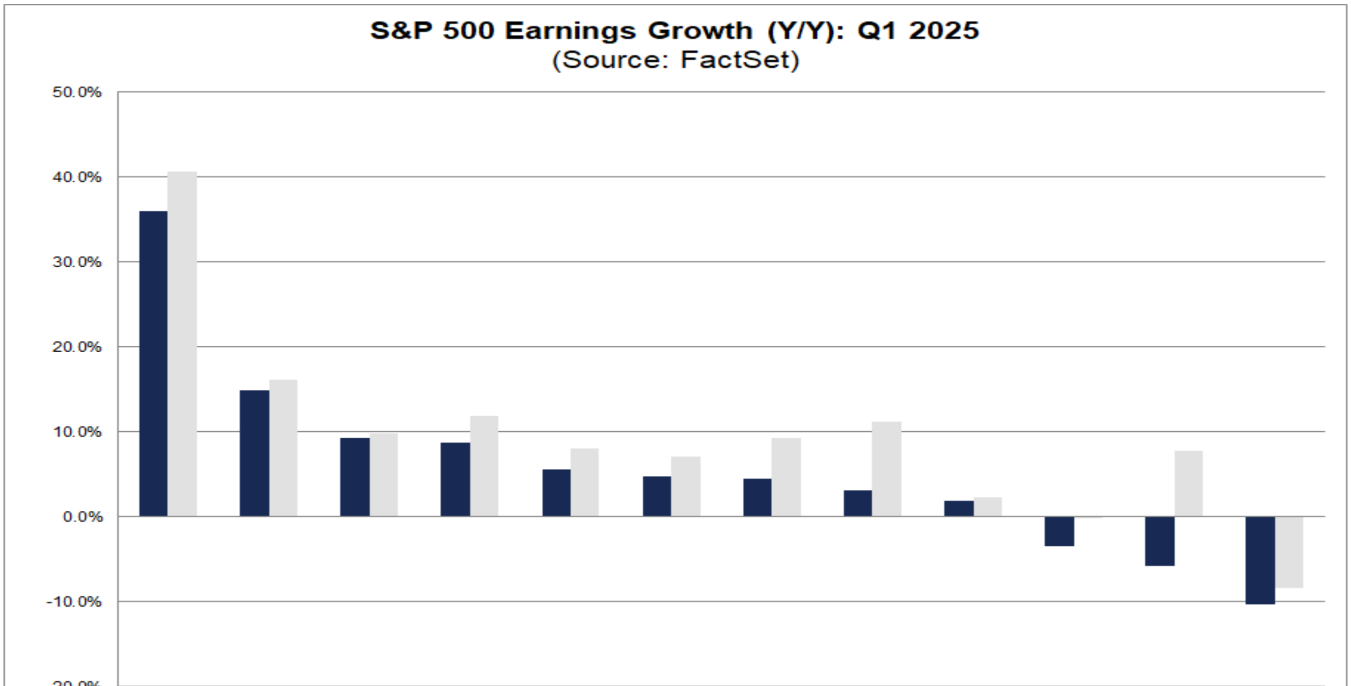
	Consumer Staples	Materials	Comm. Services	Health Care	Industrials	S&P 500	Info. Technology	Consumer Disc.	Financials	Real Estate	Utilities	Energy
Positive	0%	0%	0%	25%	30%	38%	50%	50%	50%	60%	0%	0%
Negative	100%	100%	100%	75%	70%	62%	50%	50%	50%	40%	0%	0%

Q1 2025: EPS Revisions

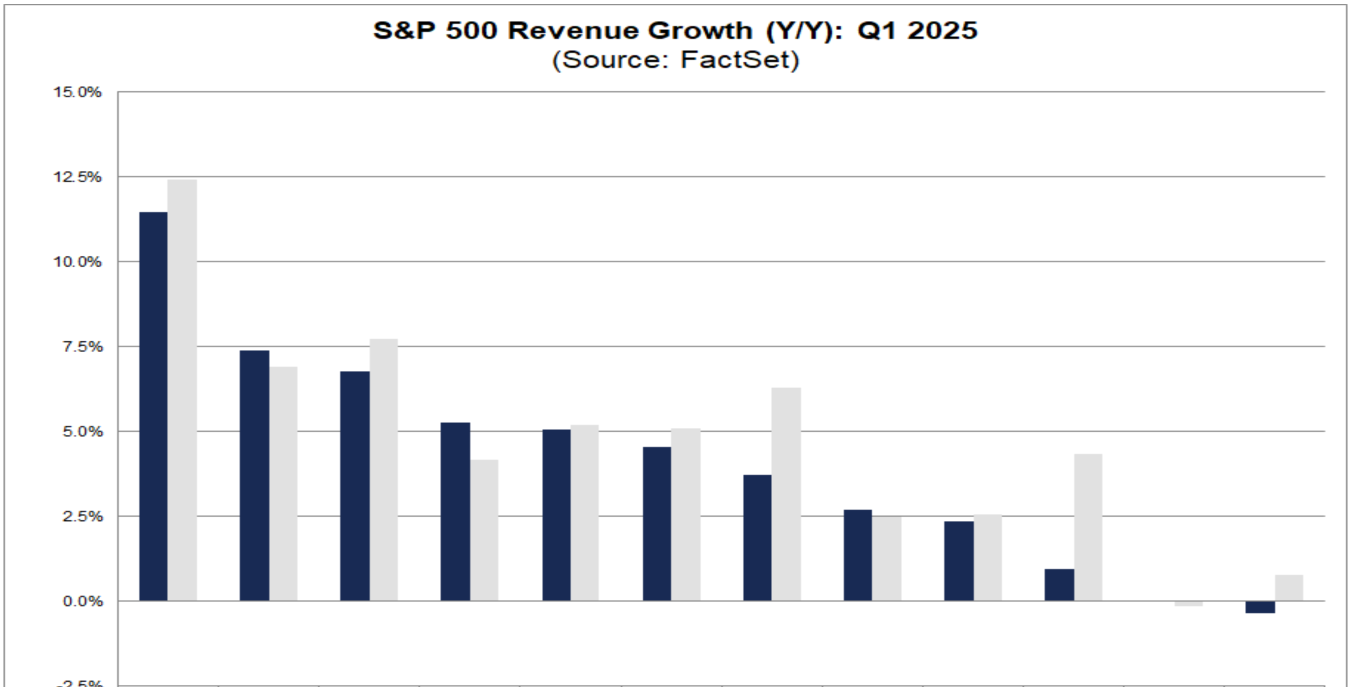




Q1 2025: Growth

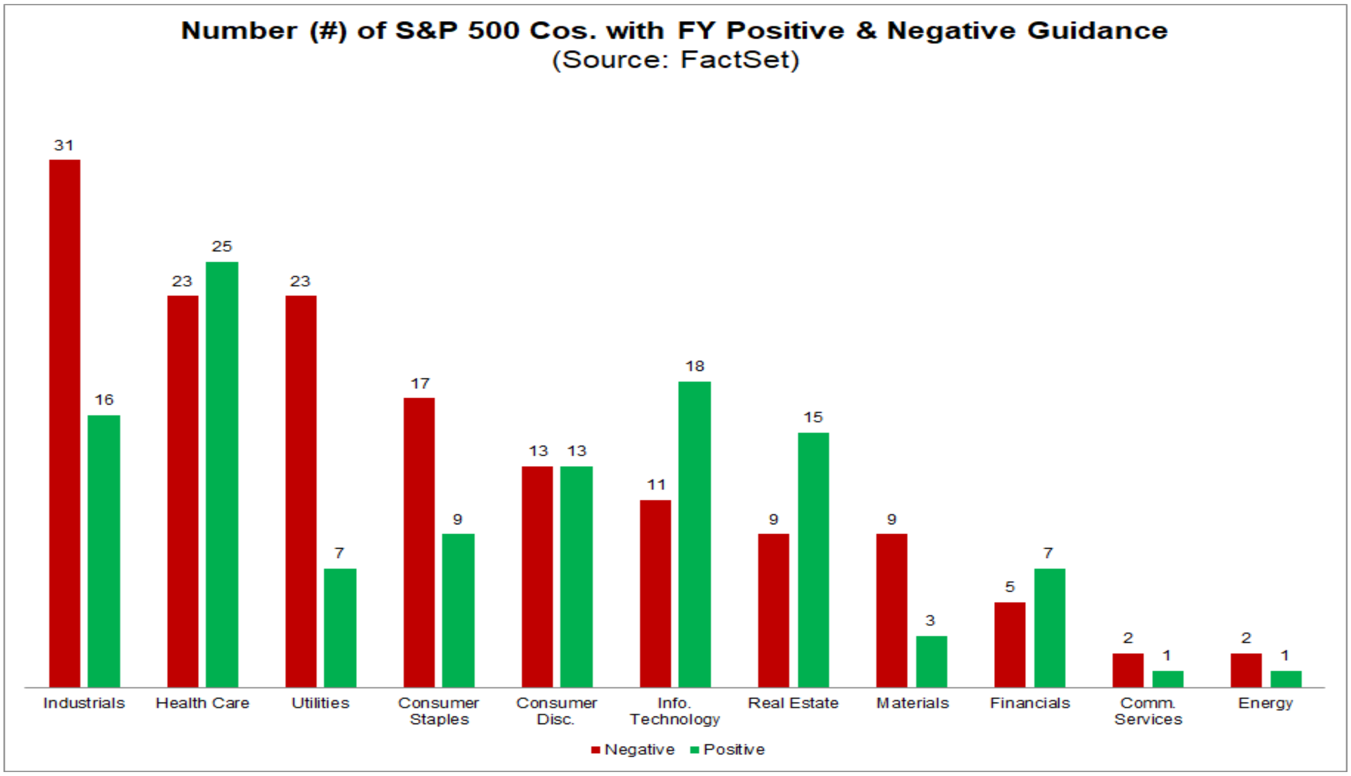


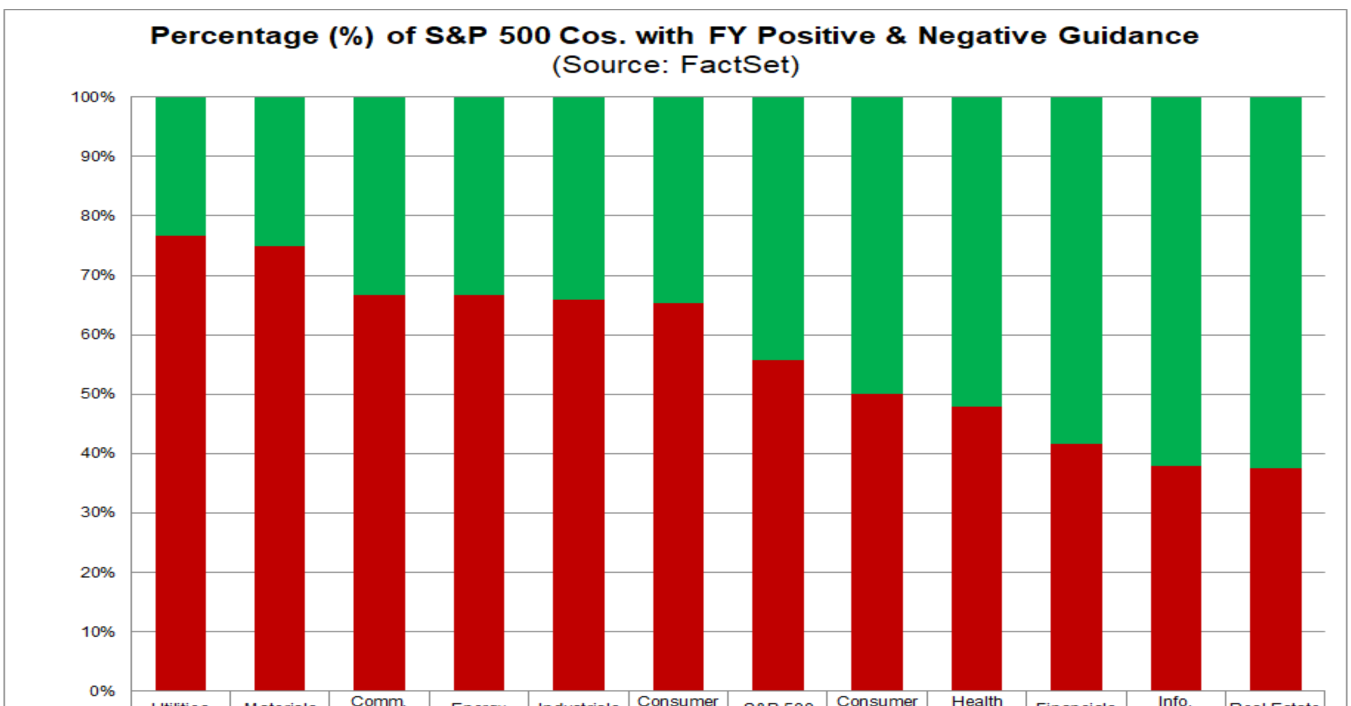
	Health Care	Info. Technology	Utilities	S&P 500	Comm. Services	Financials	Industrials	Consumer Disc.	Real Estate	Consumer Staples	Materials	Energy
Today	36.0%	14.9%	9.3%	8.7%	5.6%	4.8%	4.6%	3.1%	1.9%	-3.4%	-5.8%	-10.3%
31-Dec	40.6%	16.1%	9.8%	11.8%	8.0%	7.2%	9.3%	11.2%	2.2%	-0.2%	7.8%	-8.3%



	Info. Technology	Health Care	Comm. Services	Utilities	Real Estate	S&P 500	Consumer Disc.	Financials	Consumer Staples	Materials	Energy	Industrials
Today	11.5%	7.4%	6.8%	5.3%	5.0%	4.5%	3.7%	2.7%	2.4%	0.9%	0.0%	-0.4%
31-Dec	12.4%	6.9%	7.7%	4.2%	5.2%	5.1%	6.3%	2.5%	2.6%	4.3%	-0.1%	0.8%

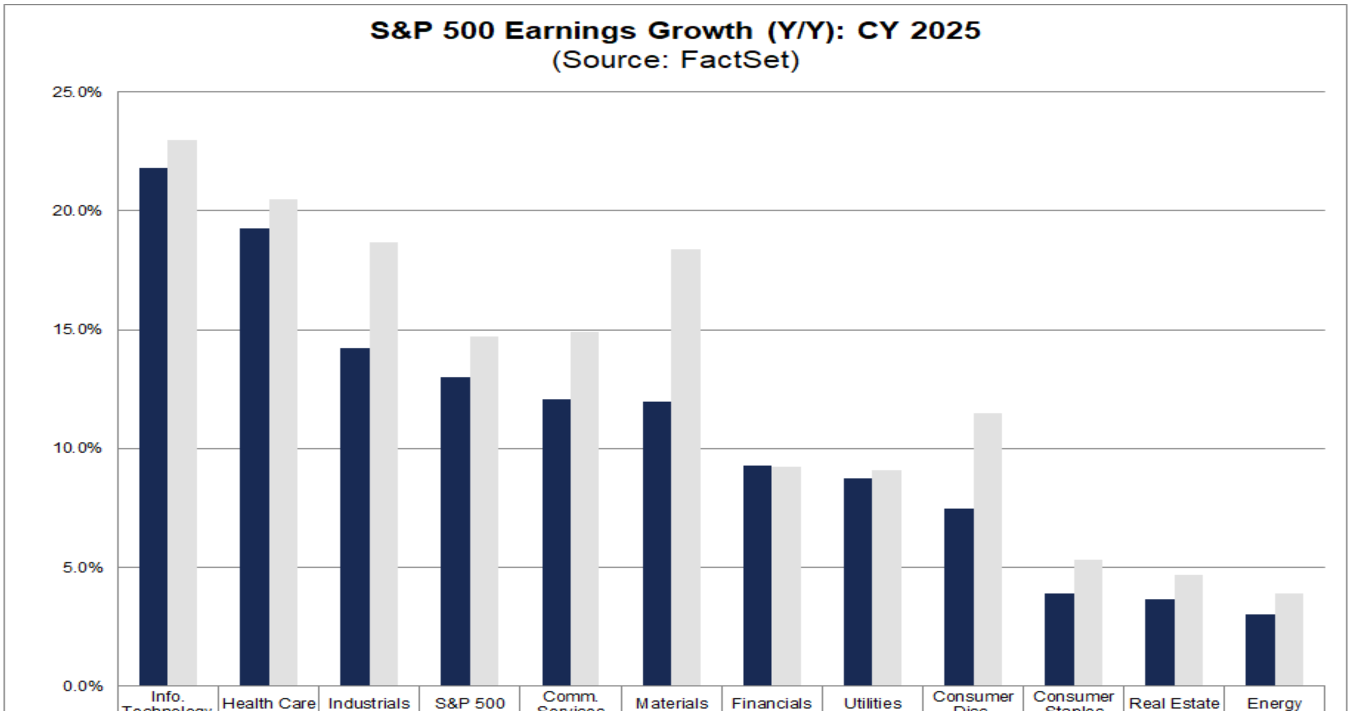
FY 2024 / 2025: EPS Guidance



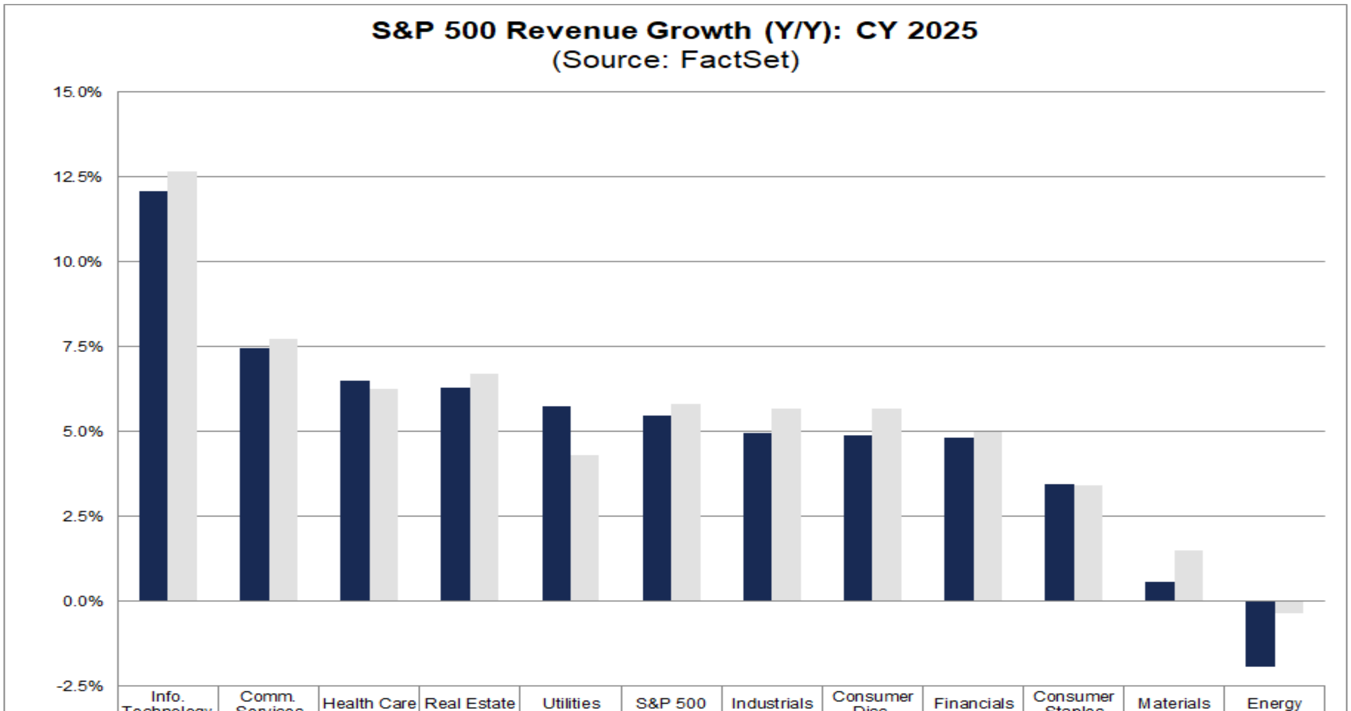


	Utilities	Materials	Comm. Services	Energy	Industrials	Consumer Staples	S&P 500	Consumer Disc.	Health Care	Financials	Info. Technology	Real Estate
Positive	23%	25%	33%	33%	34%	35%	44%	50%	52%	58%	62%	63%
Negative	77%	75%	67%	67%	66%	65%	56%	50%	48%	42%	38%	38%

CY 2025: Growth

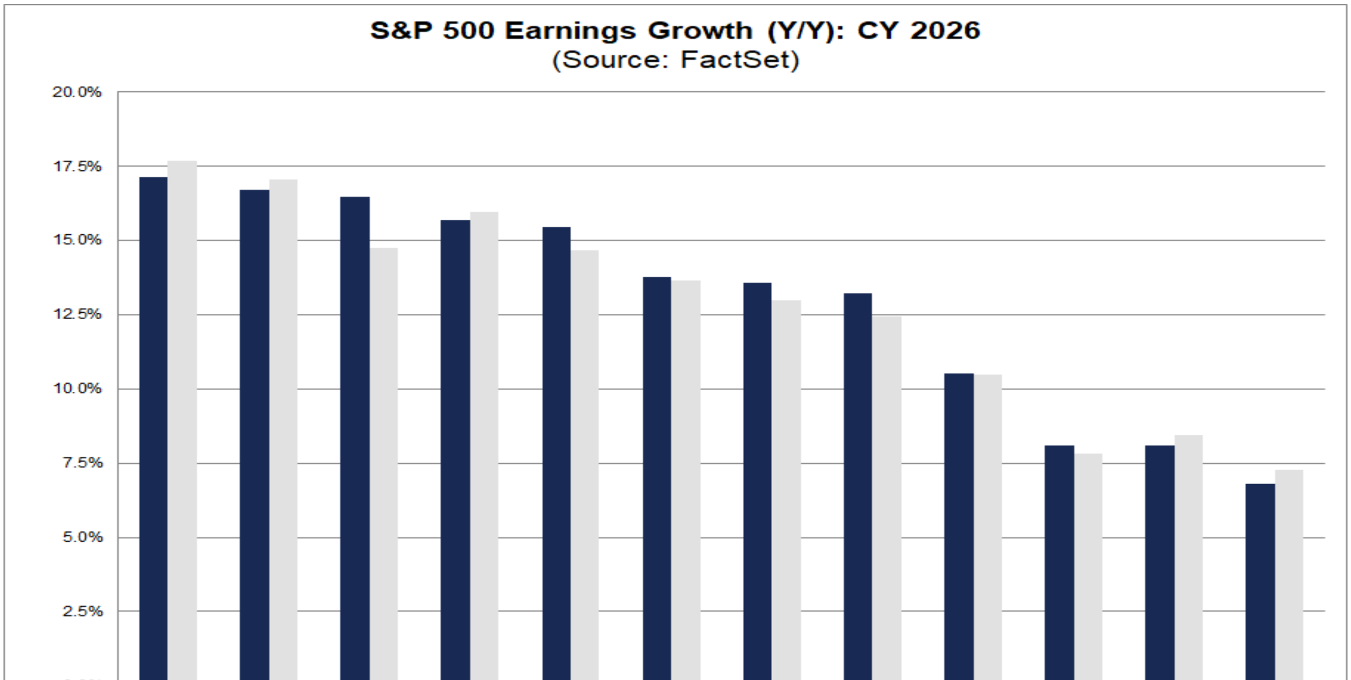


	Info. Technology	Health Care	Industrials	S&P 500	Comm. Services	Materials	Financials	Utilities	Consumer Disc.	Consumer Staples	Real Estate	Energy
Today	21.8%	19.3%	14.2%	13.0%	12.1%	12.0%	9.3%	8.8%	7.5%	3.9%	3.7%	3.0%
31-Dec	23.0%	20.5%	18.7%	14.7%	14.9%	18.4%	9.2%	9.1%	11.5%	5.3%	4.7%	3.9%

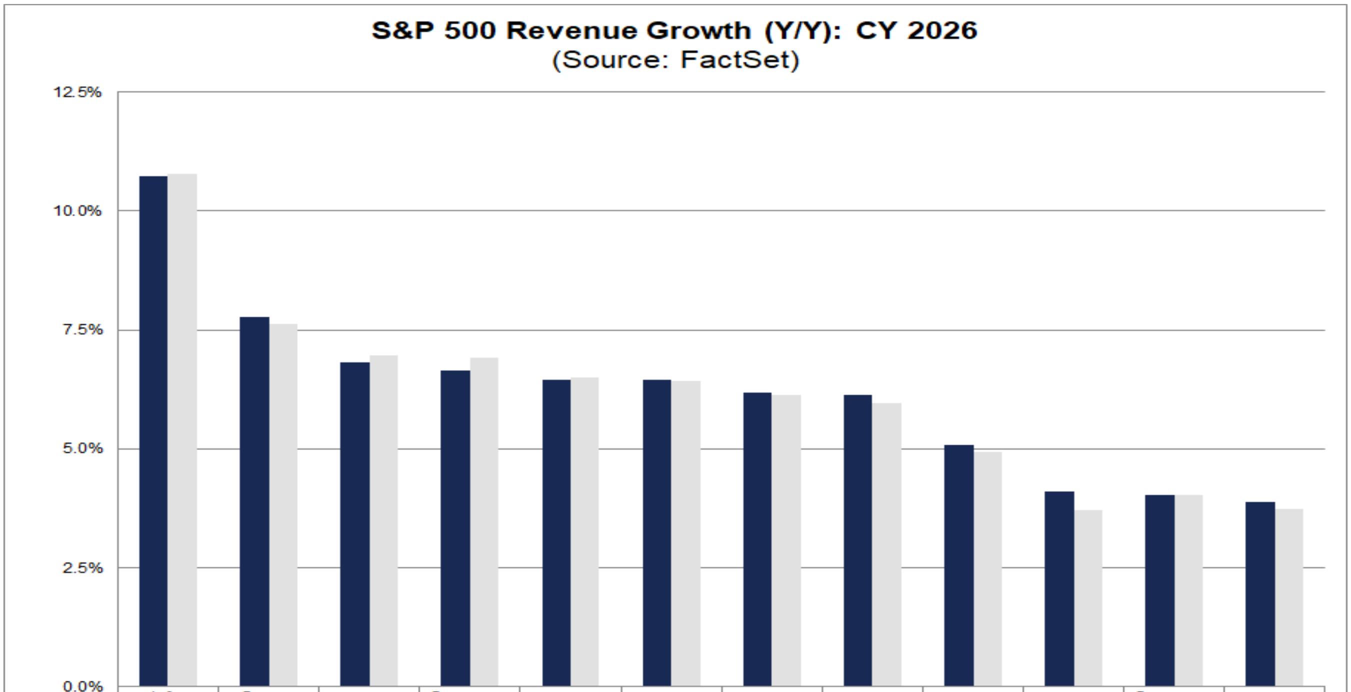


	Info. Technology	Comm. Services	Health Care	Real Estate	Utilities	S&P 500	Industrials	Consumer Disc.	Financials	Consumer Staples	Materials	Energy
Today	12.1%	7.5%	6.5%	6.3%	5.7%	5.5%	4.9%	4.9%	4.8%	3.5%	0.6%	-1.9%
31-Dec	12.7%	7.7%	6.2%	6.7%	4.3%	5.8%	5.7%	5.7%	5.0%	3.4%	1.5%	-0.3%

CY 2026: Growth

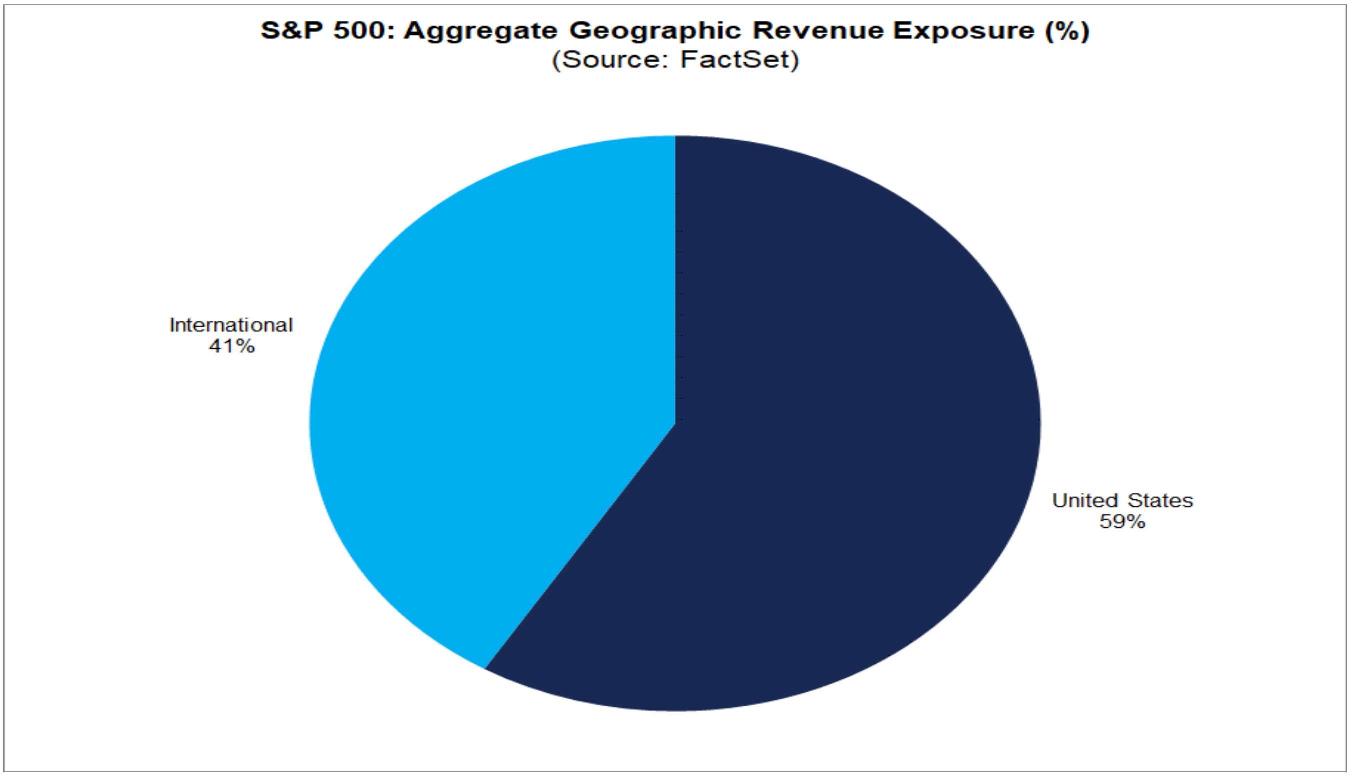


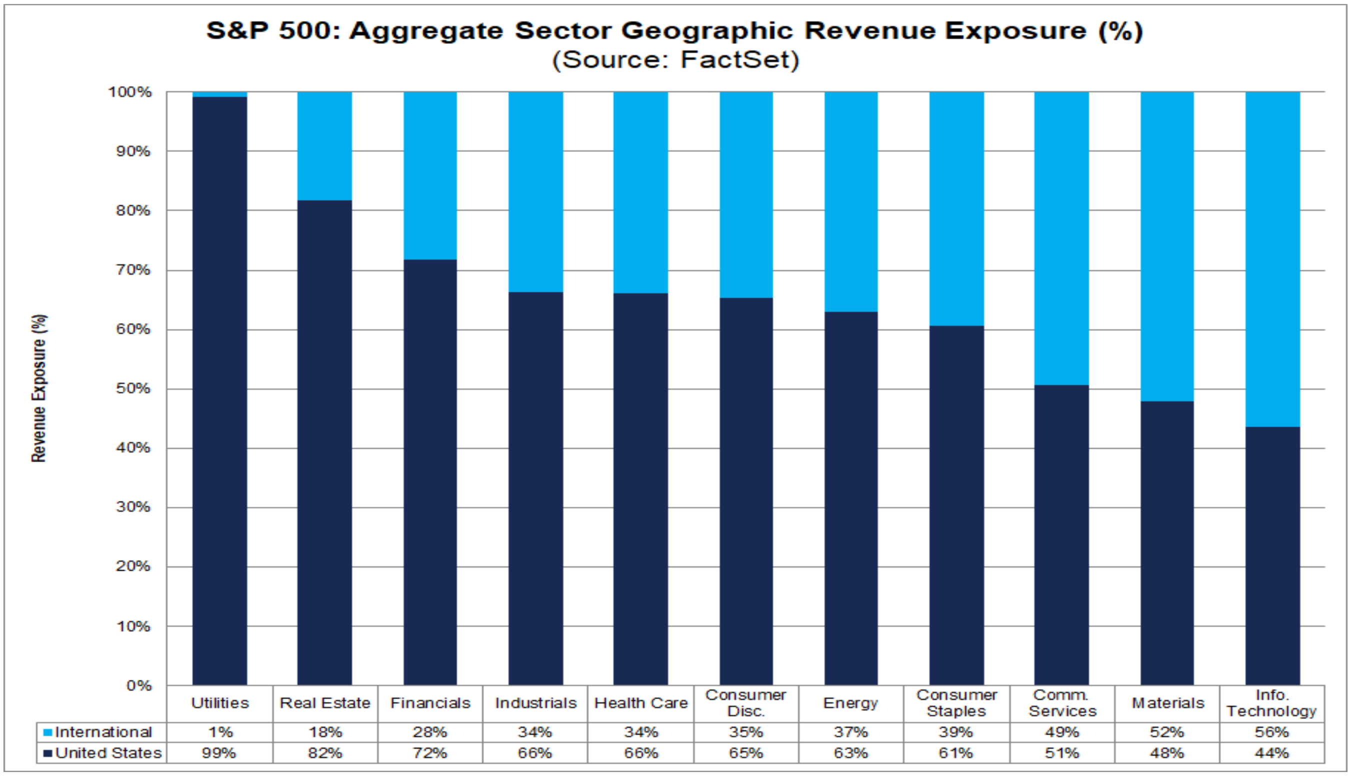
	Energy	Info. Technology	Materials	Consumer Disc.	Industrials	S&P 500	Comm. Services	Financials	Health Care	Utilities	Consumer Staples	Real Estate
Today	17.1%	16.7%	16.5%	15.7%	15.5%	13.8%	13.6%	13.2%	10.5%	8.1%	8.1%	6.8%
31-Dec	17.7%	17.1%	14.7%	16.0%	14.7%	13.6%	13.0%	12.4%	10.5%	7.8%	8.4%	7.3%



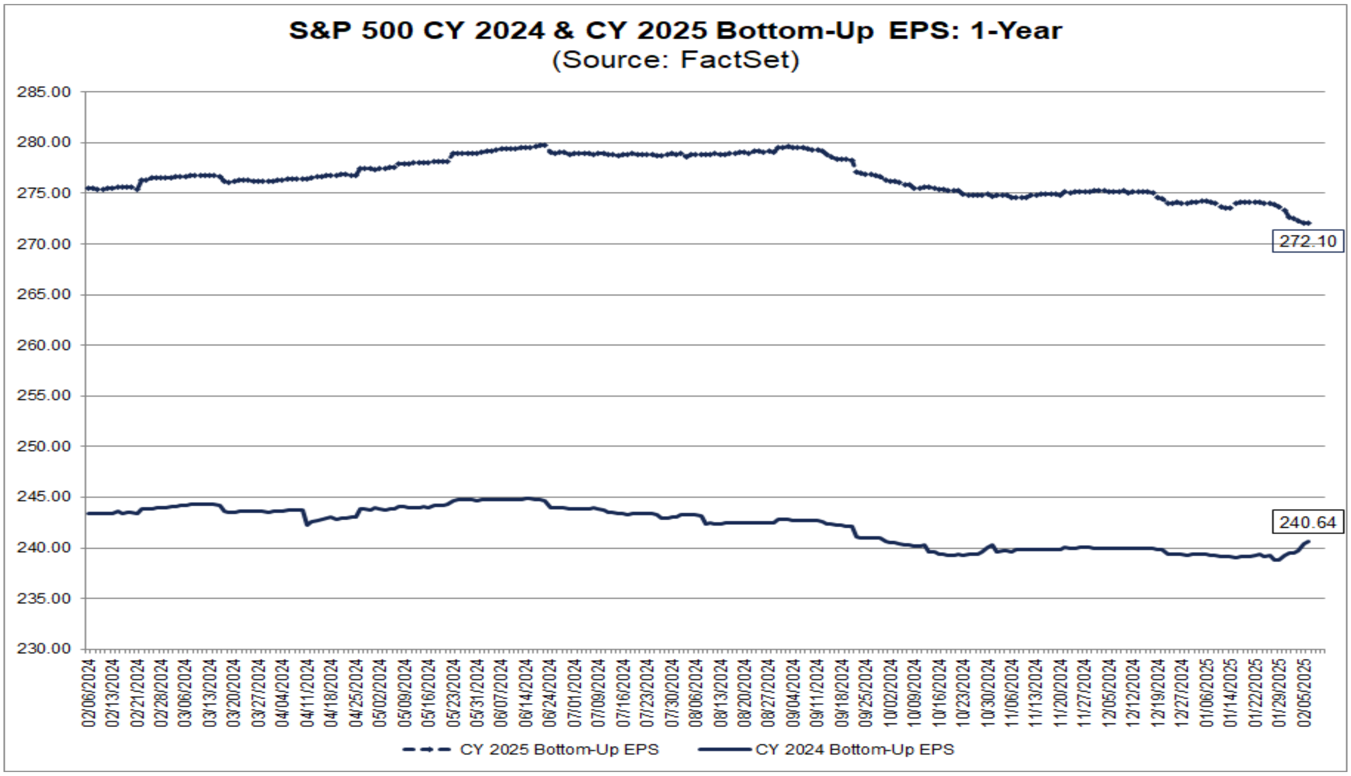
	Info. Technology	Comm. Services	Real Estate	Consumer Disc.	Industrials	S&P 500	Health Care	Financials	Materials	Energy	Consumer Staples	Utilities
Today	10.7%	7.8%	6.8%	6.7%	6.5%	6.4%	6.2%	6.1%	5.1%	4.1%	4.0%	3.9%
31-Dec	10.8%	7.6%	7.0%	6.9%	6.5%	6.4%	6.1%	6.0%	4.9%	3.7%	4.0%	3.7%

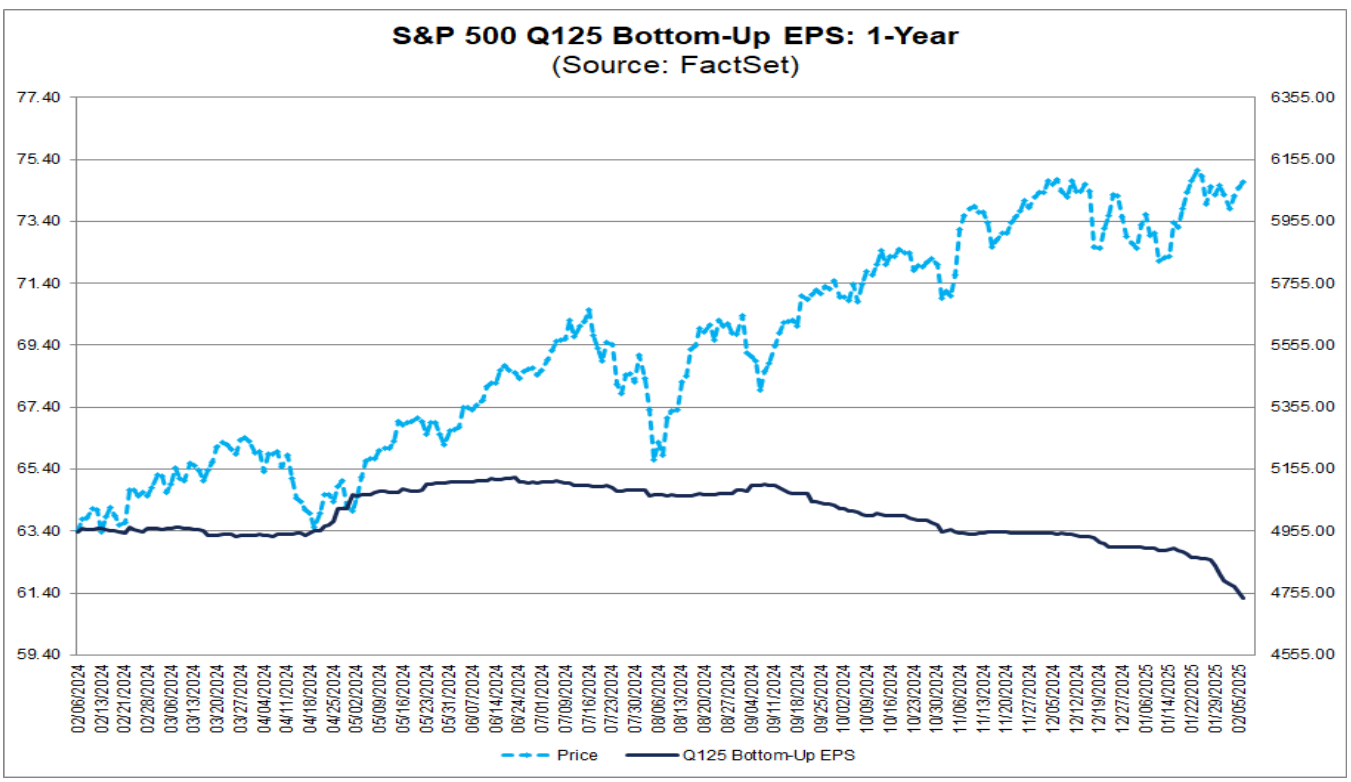
Geographic Revenue Exposure



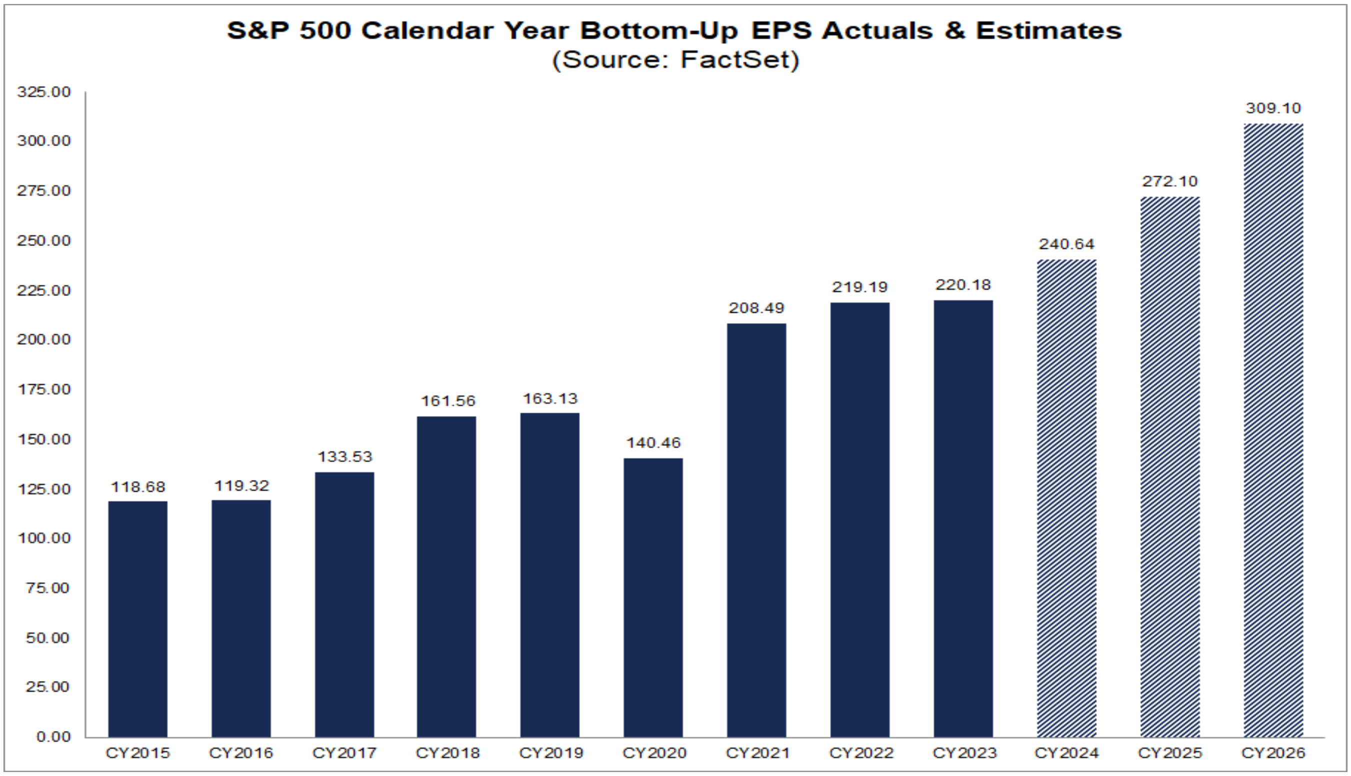


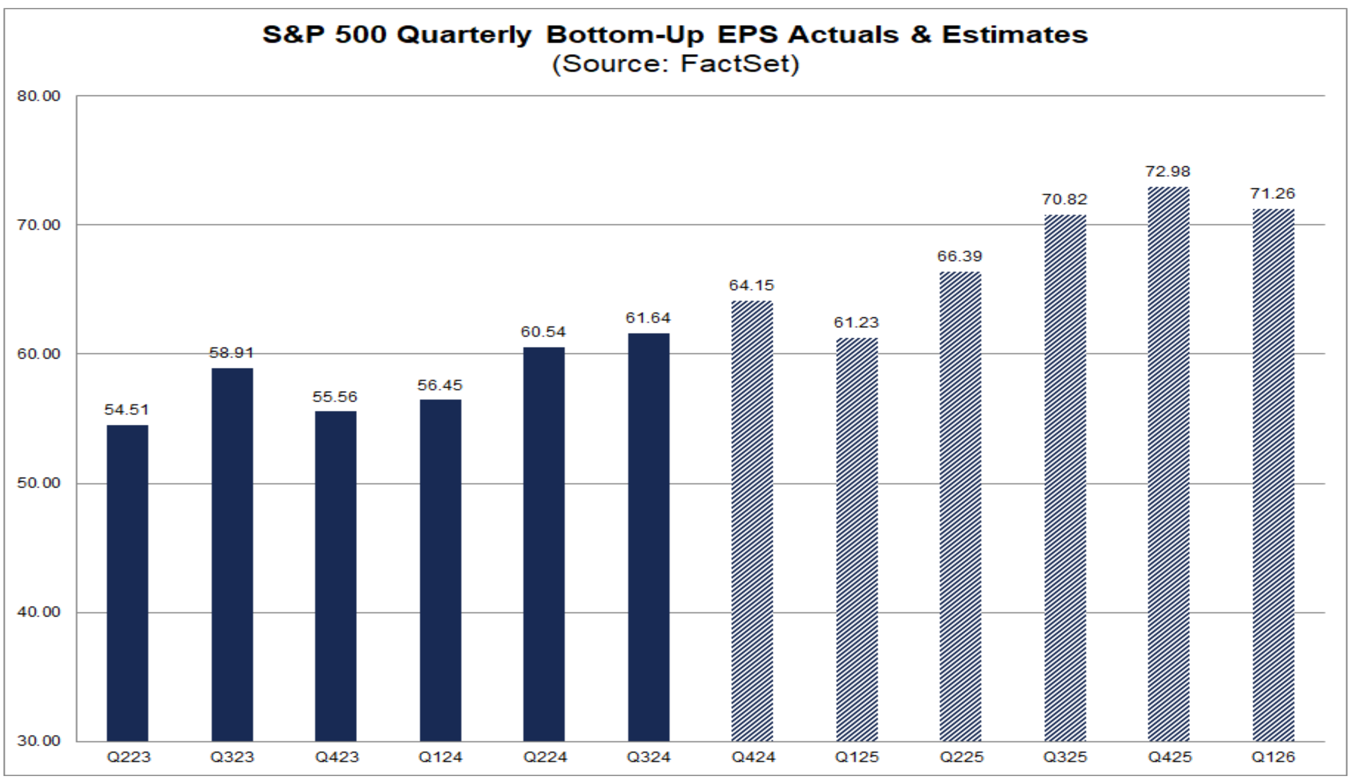
Bottom-Up EPS Estimates



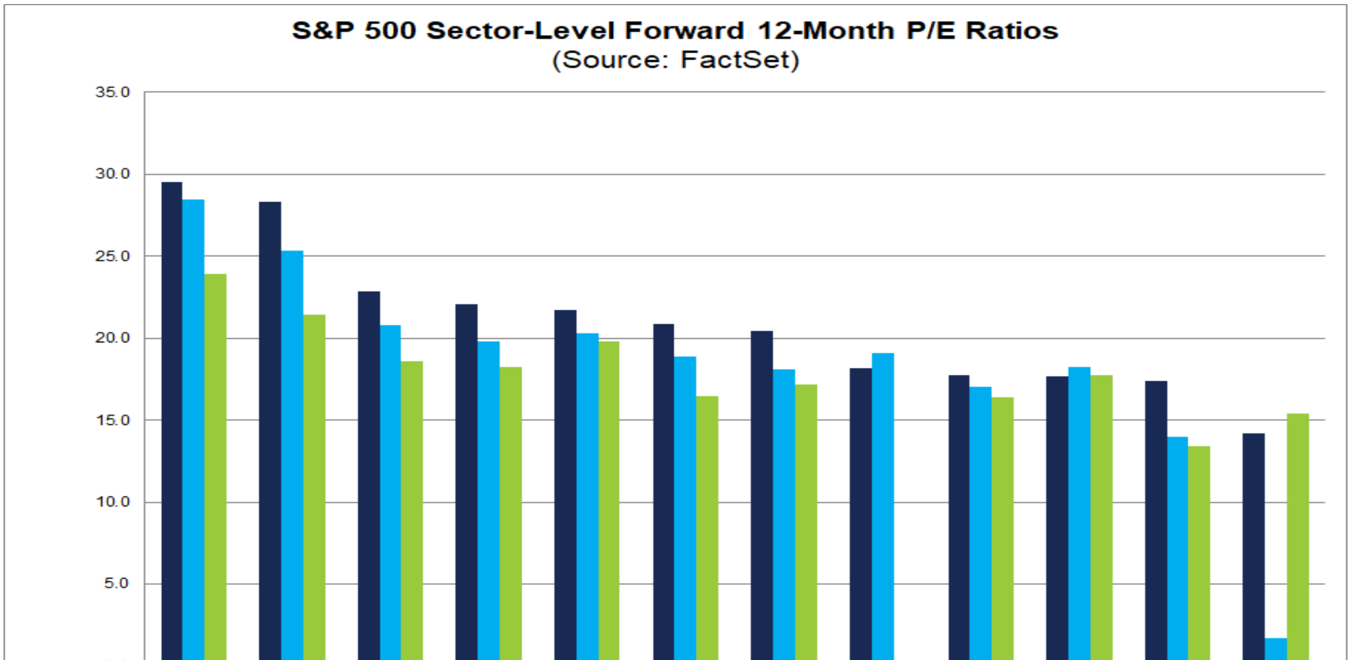


Bottom-Up EPS Estimates: Current & Historical

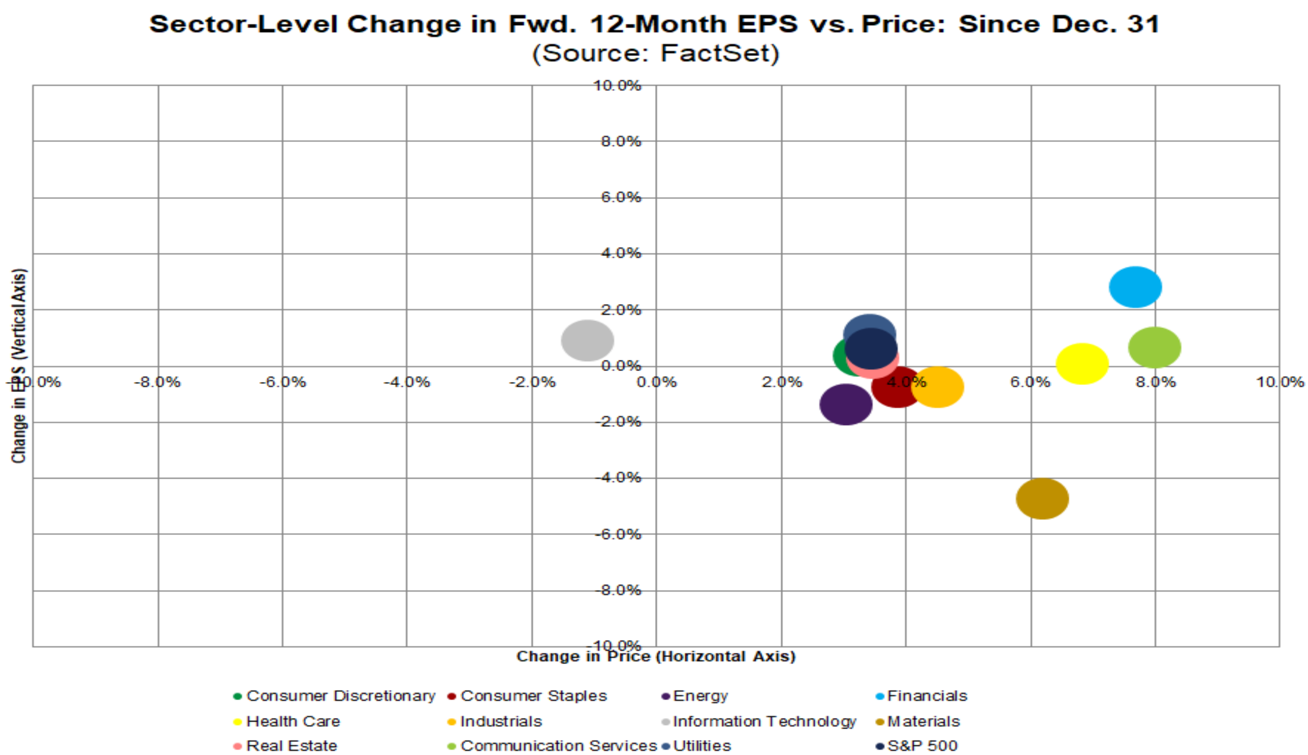




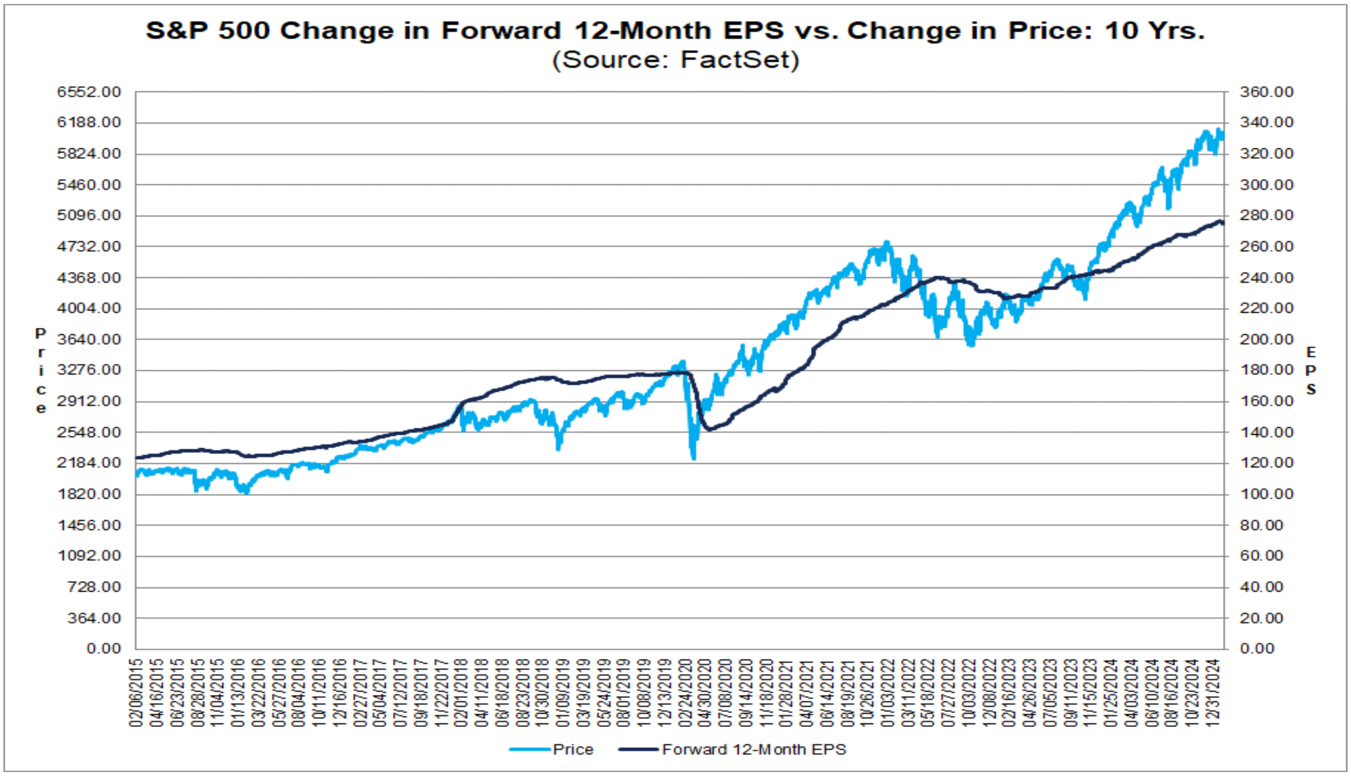
Forward 12M P/E Ratio: Sector Level

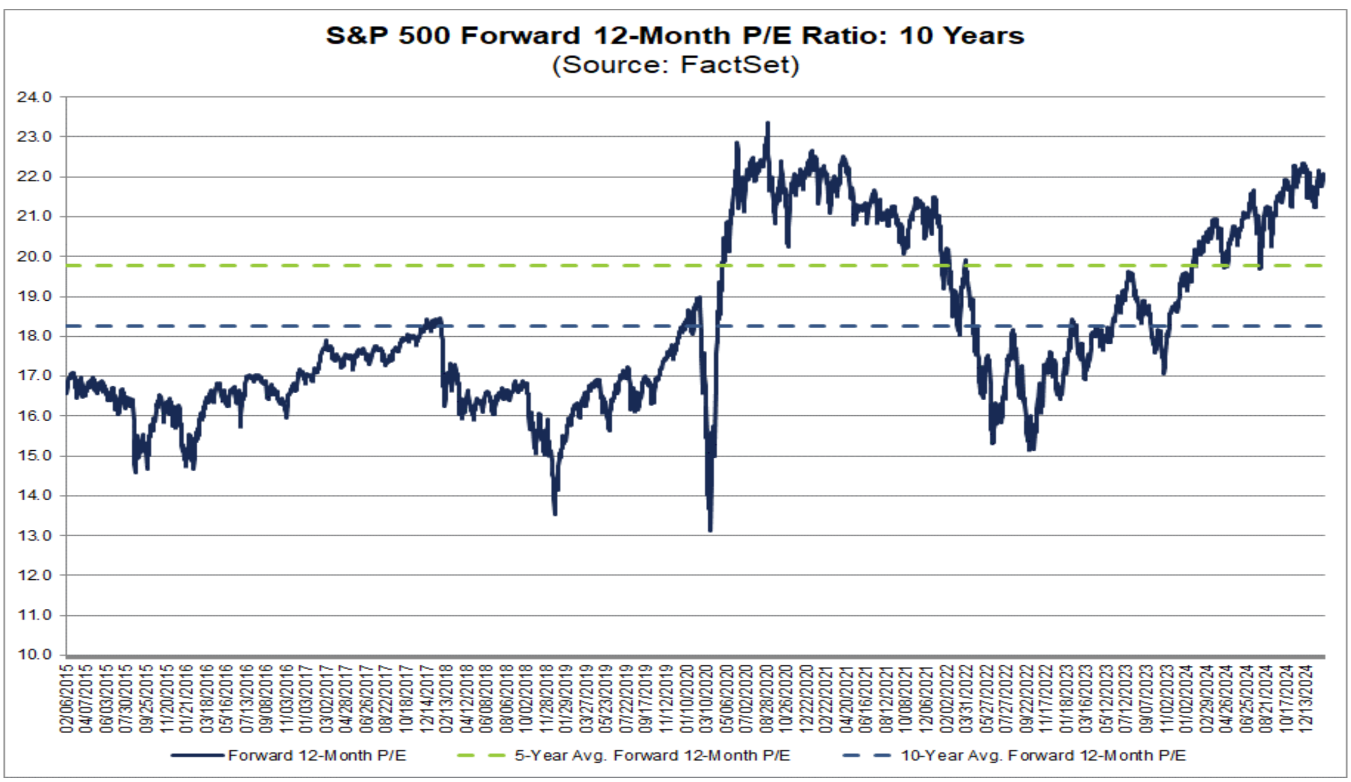


	Consumer Disc.	Info. Technology	Industrials	S&P 500	Consumer Staples	Comm. Services	Materials	Real Estate	Health Care	Utilities	Financials	Energy
Fwd P/E	29.5	28.3	22.8	22.1	21.7	20.9	20.5	18.2	17.7	17.7	17.4	14.2
5-Yr Avg.	28.4	25.3	20.8	19.8	20.3	18.9	18.1	19.1	17.0	18.2	14.0	1.7
10-Yr Avg.	23.9	21.4	18.6	18.2	19.8	16.4	17.2	0.0	16.4	17.7	13.4	15.4

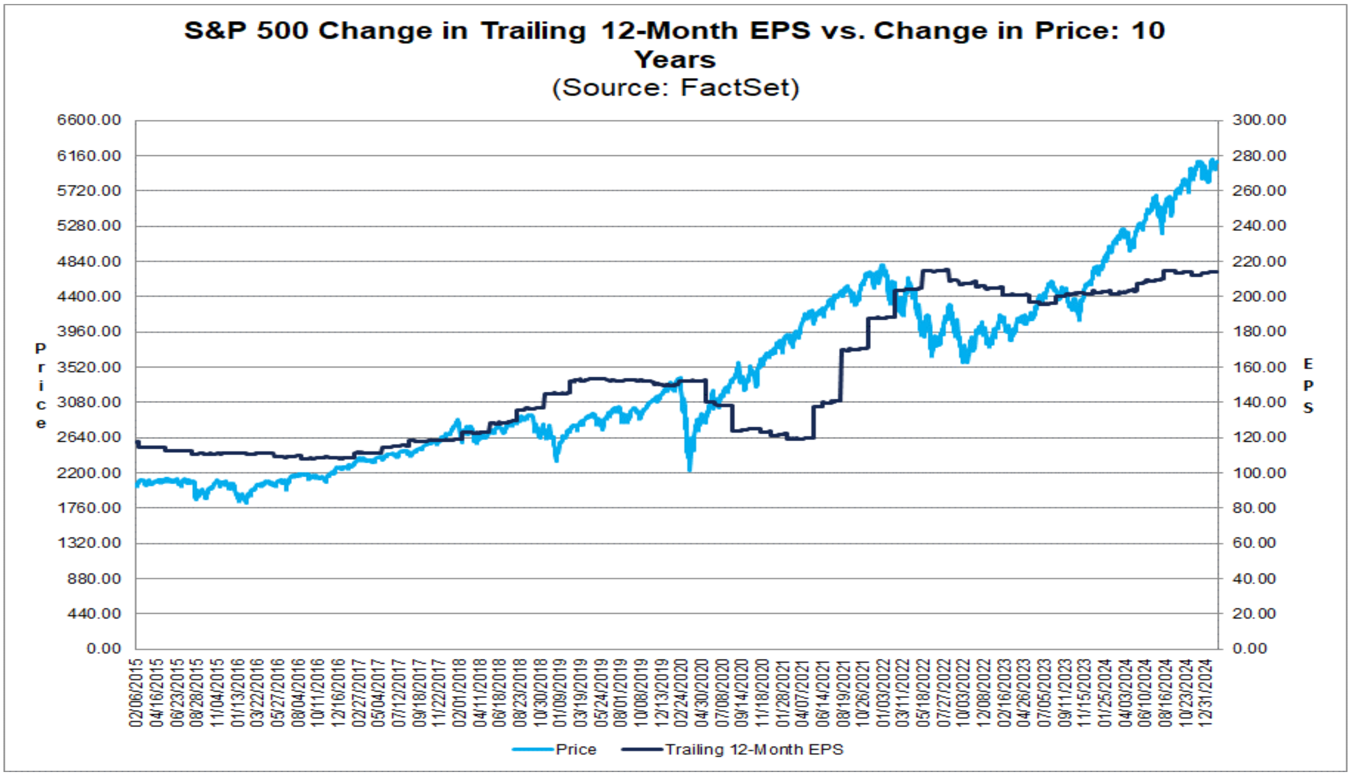


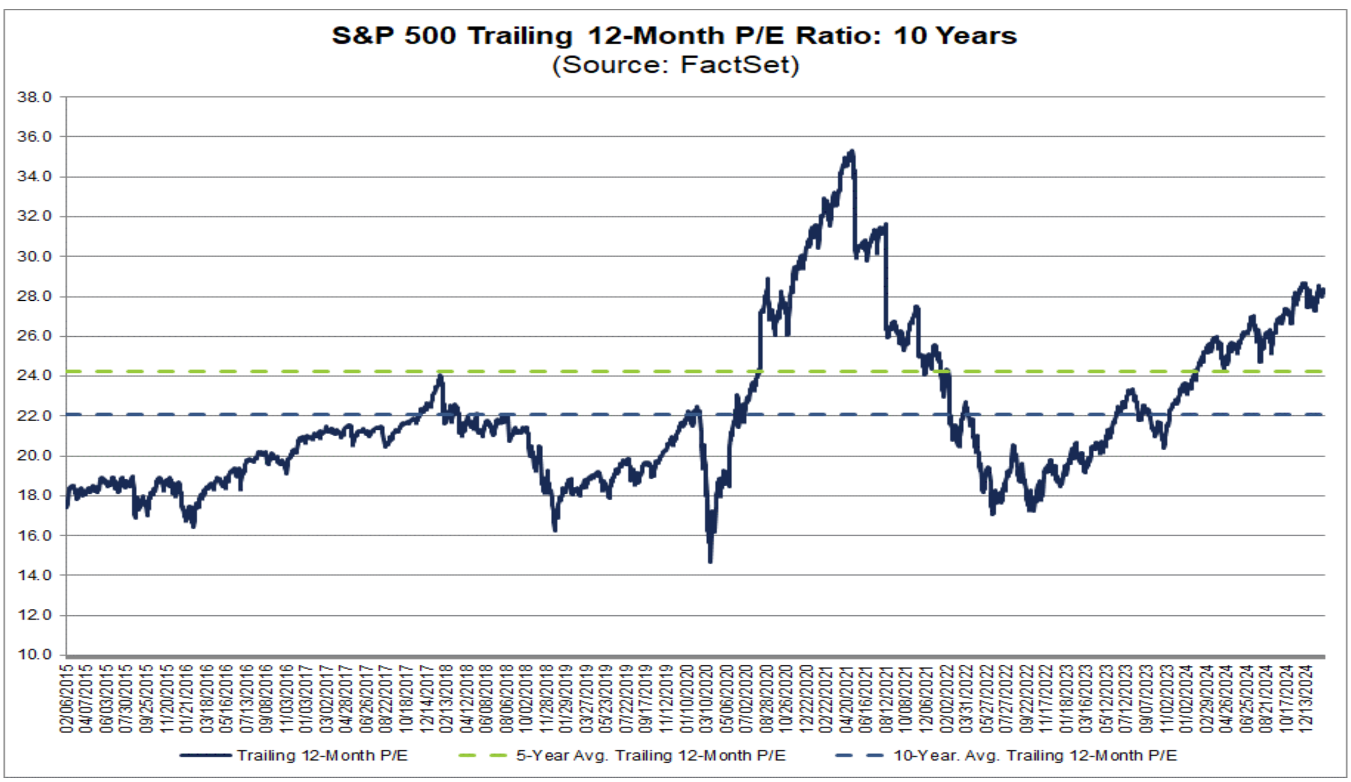
Forward 12M P/E Ratio: 10-Years





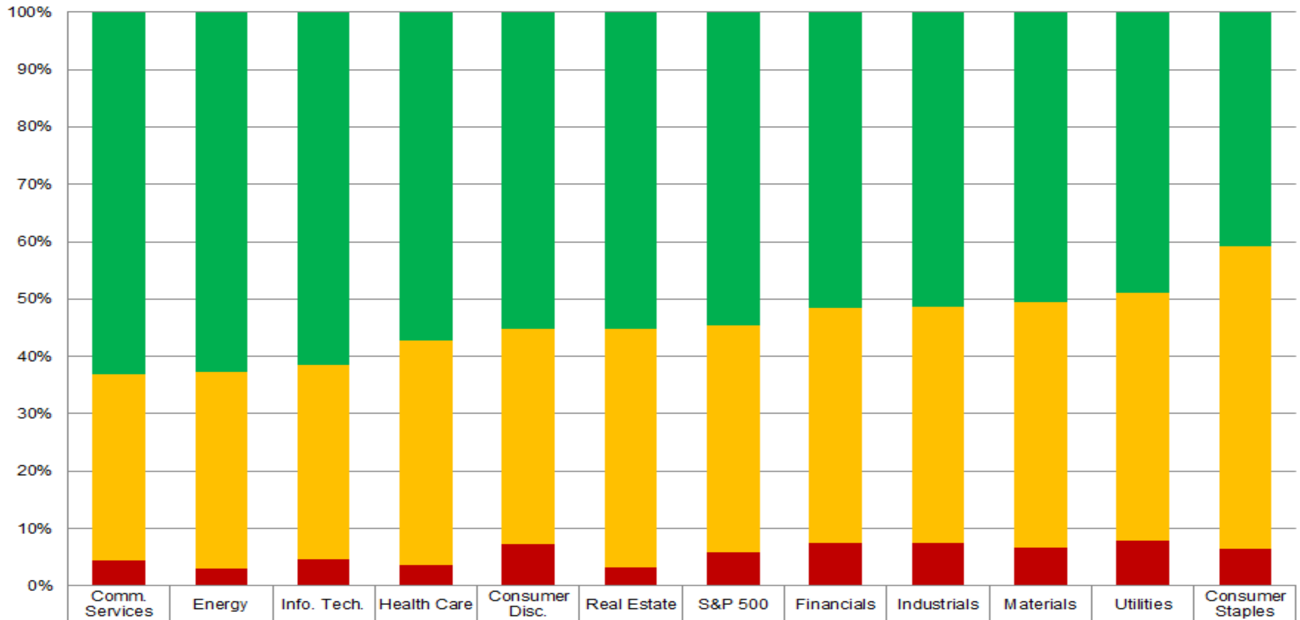
Trailing 12M P/E Ratio: 10-Years





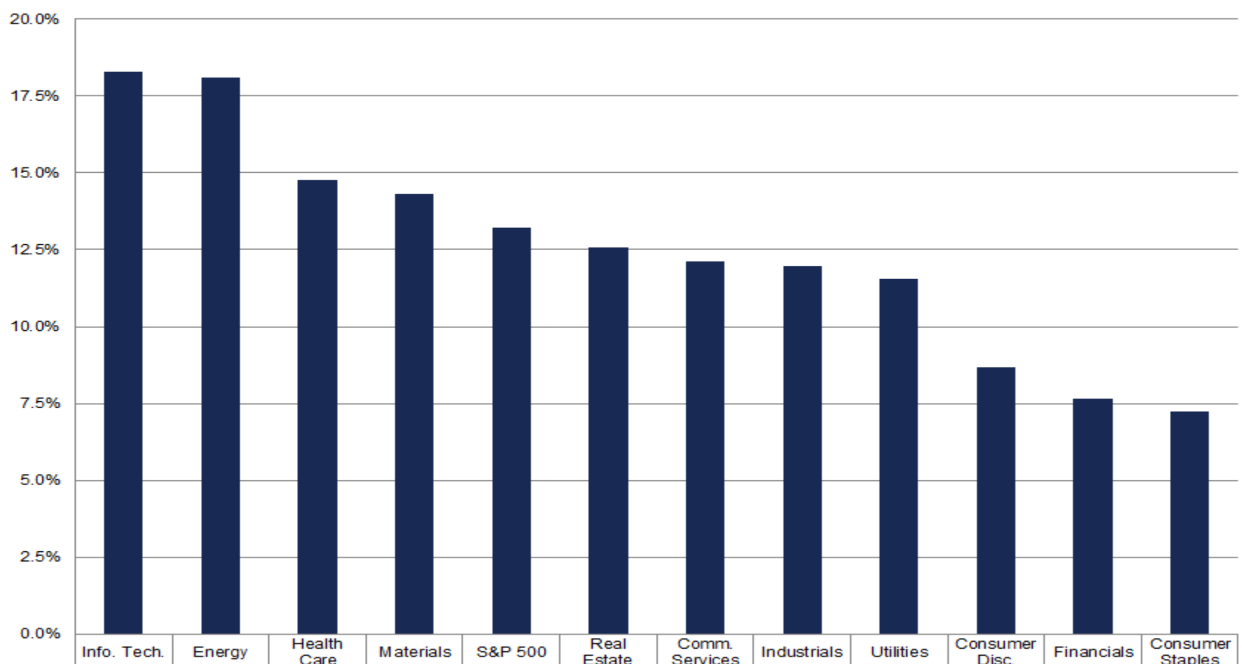
Targets & Ratings

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	Financials	Industrials	Materials	Utilities	Consumer Staples
Buy	63%	63%	61%	57%	55%	55%	55%	51%	51%	51%	49%	41%
Hold	33%	34%	34%	39%	38%	42%	40%	41%	41%	43%	43%	53%
Sell	4%	3%	5%	4%	7%	3%	6%	8%	8%	7%	8%	7%

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



	Info. Tech.	Energy	Health Care	Materials	S&P 500	Real Estate	Comm. Services	Industrials	Utilities	Consumer Disc.	Financials	Consumer Staples
Target/Close	18.3%	18.1%	14.8%	14.3%	13.2%	12.6%	12.1%	12.0%	11.6%	8.7%	7.6%	7.2%

Appendix: 1: Earnings Call Citations - Tariffs

Impact Not Included in Guidance (30)

In 2025, we expect our pro forma gross profit margin to be within a range of 67% and 68% of net revenue. The lower estimate of pro forma gross profit margin in 2025 reflects significant incremental depreciation as we bring on new facilities, the impact of growth in newer products and the impact of the stronger US dollar. Our actual gross profit margin will vary quarter-to-quarter depending largely on product, regional and trade-in mix and pricing. The range does not include any potential impact of new tariffs on our business, which could be material. -Intuitive Surgical (Jan. 23)

Moving to our 2025 guidance, we expect EBIT adjusted in the $13.7 billion to $15.7 billion range, EPS diluted adjusted to be in the $11 to $12 per share range, and adjusted automotive free cash flow in the $11 billion to $13 billion range. It's important to note that our guidance does not account for the impact of future policy changes by the new administration, including tariffs, tax reform or other regulation changes. -General Motors (Jan. 28)

Everything we're talking about is excluding the potential impact of tariffs. We can't anticipate exactly what will occur. Nobody knows exactly what will occur. The quote that we put out for the 2% excludes any impact of tariffs. -Sysco (Jan. 28)

Our outlook does not assume a change in tariffs for China, Mexico, or Canada. -A.O. Smith (Jan. 30)

But now when we're looking at potentially more significant tariffs, both in Mexico as well as in the United States, that requires us to continue to evaluate that model and manage through it. So, we are not providing any adjustments to our guidance, both current year as well as long-term as it relates to that. It's still a bit early to determine that. -Cardinal Health (Jan. 30)

On the sticks and bricks, as we exited 2024, we were at about $82 a square foot. So we're really minimal. As we baked our guide – or created our guide for 2025, we again expect very low single-digit increases. That's absent any potential impacts from tariffs that are being discussed. -PulteGroup (Jan. 30)

In addition to that tariff that I described, we have potential for others. Those aren't in the guide right now on the raws, we'll see how that unfolds…The one thing I would add is the additional tariffs that we are tracking very closely that are not in our guidance. -Sherwin-Williams (Jan. 30)

Now let's move to our outlook for 2025. As I have previously shared, navigating economic cycles is in our DNA. We have a long track record of successfully managing through diverse market conditions. The needs-based nature of our business, combined with our deep understanding of these dynamics, allows us to proactively adapt to the market conditions. The same can be said about tariffs. As Hal commented in his opening remarks, there are certainly a number of unknowns at this time on this important topic...Given the fluid nature of the discussion on tariffs and the number of unknowns, our guidance does not assume any changes in tariffs at this time. -Tractor Supply Company (Jan. 30)

Moving to our 2025 financial outlook. For the full year 2025, on a consolidated basis, revenue is expected to be approximately $89 billion and operating margin is expected to be approximately 10.8%. Our guidance for 2025 does not reflect any significant potential global trade implications due to changes in tariffs. -United Parcel Service (Jan. 30)

So I think that, this – while it sounds really dramatic because there's so many different countries being discussed around what might have some tariff actions in it, and that is certainly a wider factor than 2019, I think that there's pros and cons of this, and I think so far we have seen some careful thought being deployed by the administration about what's appropriate and not acting yet until they have a clear plan. So we'll see. There's no way for me to estimate the impacts at this stage, given everything I just said. We're going to need to see specific actions to really have an informed point of view. But I will say that our forecast does not include any significant impact from the trade actions. -Eastman Chemical (Jan. 31)

On tariffs, as we said in the commentary, we've not included any potential incremental tariffs in our 2025 guidance. -Colgate-Palmolive (Jan. 31)

So, yeah, we're assuming that the US MRO volume portion of the market will be flat to down 1.5%. And if you think about that at the midpoint, that is about where we, I believe, 2024 was. And so, we're really not expecting, like some are, a macro step-up change in the year. So, we're assuming 2025 is going to be like 2024 at this point. And then to the second part of your question, since the landscape around tariffs is so uncertain and changing rapidly and daily, we chose to not include any tariff-related impacts in the guide at this point. -W.W. Grainger (Jan. 31)

As you can imagine, we've been evaluating this for several months now because this has certainly been topical for the last several months. And to your question, this is not in our outlook specifically, we have not baked anything in. Now we have a range, but we have not specifically baked in any impact from tariffs. -Clorox (Feb. 3)

I also note that our current earnings guidance is driven by the positive signs we are seeing looking at our operating dashboards, as well as our deep knowledge of supply and demand dynamics in our markets rather than by looking at the headlines. While we certainly acknowledge that there is a higher level of uncertainty in the forward path of the economy than usual, given various recent governmental actions relating to tariffs and other matters, the impact of these actions on the larger economy and our business is hard to estimate currently, will evolve over time and is not included in our guidance expectations. -Equity Residential (Feb. 4)

So, first of all, to be clear, given all the uncertainty and the many moving parts, it is not reflected in anything we told you today. I just want to be very clear. There's so many unknowns that we could only get it wrong. So, it's just not reflected, Vivek. -NXP Semiconductors NV (Feb. 4)

Yes, our guidance doesn't include any impact on tariffs, as it's so difficult to predict at the moment. -Archer-Daniels-Midland Company (Feb. 4)

Now, let's turn to slide 7 for our 2025 segment outlook. Before I go through our overall guidance, I want to highlight that we have not factored in any impact from the recently enacted tariffs by the US Administration. At this time, we do not believe that there will have a material impact on our full year 2025 results, but it is obviously a fluid situation and we will update our guidance accordingly as we learn more. -Xylem (Feb. 4)

For Q1, we expect our cost of sales to be in the high 29% range as pricing leverage and the benefit from Brisket ramping down will be partially offset by higher costs across several items, most notably avocados and chicken. Our guidance does not include the impact of the new tariffs on items imported from Mexico, Canada and China. -Chipotle Mexican Grill (Feb. 4)

We expect an adjusted EPS decline this year, given the unprecedented levels of cocoa costs in our chocolate P&L. This decline is expected to be approximately 10% versus the base of $3.36 in 2024, that excludes JDE Peet's from the equity income. This outlook does not include the impact of the potentially significant new executive orders, imposing 25% tariffs on US imports from Mexico and Canada. This would create an additional headwind to the business, but given the fluid and rapidly changing nature of timing, it is difficult to provide a reliable estimate of impact for the full year at this time. -Mondelez International (Feb. 4)

In the guidance, we have not reflected any sort of a sustained impact from the tariffs. -Veralto Corporation (Feb. 5)

Our guidance does not account for any pricing adjustments made in response to the implementation of tariffs. -Illinois Tool Works (Feb. 5)

Due to this weekend's announcement and ongoing shifts over the last two days, we decided to provide you our base case view for 2025, which excludes impacts of any tariffs and demonstrates our underlying earnings power…The base case pre-tariff planning assumption for 2025 is adjusted EPS of $5.25, plus or minus $0.50, with $650 million to $850 million of free cash flow. -Stanley Black & Decker (Feb. 5)

I'll take the first one on tariffs. So they're not in our forecast and what we've given for guidance at that op margin of 22.5%, there is no additional new tariffs that we've contemplated in that number. So we'll see how things come about. -Align Technology (Feb. 5)

So, let's talk about this year. We expect the company's adjusted EBIT of $7 billion to $8.5 billion range. Sherry is going to get into the details. We want to be clear, though, that our guidance has not factored in impacts from changes in policy by the current administration. That said, from an operational standpoint, we believe a few weeks of tariffs are manageable given the rate and flow of our products. -Ford Motor (Feb. 5)

We're not considering any impacts from trade policy in the midpoint of guidance. Without details on scope, duration or affected industries, it's too premature to provide details about the potential impacts. This situation is very fluid and changes daily, so we will continually evaluate the impact as specifics become known. -Corteva (Feb. 6)

For now, I will just highlight that our sales assumptions exclude any changes in tariffs as it remains too early to project the impact to our business. -O'Reilly Automotive (Feb. 6)

Moving to slide 9 and our outlook for 2025…And to be clear, our outlook has not factored in changes in tax, trade or tariff policy by the new administration. -Aptiv PLC (Feb. 6)

With that in mind, now, let's take a look at our full-year outlook on slide 12. First, as I just highlighted, we have included some level of industry volume headwinds from tariffs in our market volume assumptions. However, we have not incorporated the net cost of tariffs in our financial guidance at this time since the impact to BorgWarner is influenced by multiple factors. -BorgWarner (Feb. 6)

Breaking down our 2025 market view geographically, high growth regions in the US will be drivers for organic growth, partially offset by weaker demand for automation products in Europe and China. The end market and regional views, combined with the headwind from the strengthening US dollar temper our outlook for 2025. We are working to determine the magnitude of the pending impact on our business from new tariffs, which are not currently included in our guidance. -Honeywell (Feb. 6)

In parallel, we expect 2025 to be another year of strong productivity and efficiencies for our company. We are continuing to accelerate automation, streamline end-to-end processes, optimize spend, leverage digital and AI to enhance logistics and demand management and are on track to realize the balance of Our Vue Forward savings. These combined savings will more than offset the investments we are making behind the business to increase our brand's competitiveness as well as the inflationary and foreign exchange-related headwinds that we are facing this year. As a result, we're planning for our adjusted operating margin to expand year-over-year. Given the fluidity of the recent tariff announcements, we have not factored in any impact in this outlook. -Kenvue (Feb. 6)

Impact Included in Guidance (21)

What – as you would expect, when we decided on this particular range, this range reflects risks that we see that could potentially occur, that would include things like unemployment, potential tariffs, things of that nature. And the opportunity is just the opposite of that. The upper-end reflects if things improve and we start to see some of these macroeconomic headwinds go the other direction, then you could see improvement in a wider range. -Constellation Brands (Jan. 10)

And I think the bigger issue here is the amount of uncertainty that's present. I mean, if you look at noise around tariffs, if you look at noise around migrant labor and labor shortages for our dealers, and if you just look at mortgage rates, interest rates, I mean, there's just a lot of uncertainty. So, we went with a fairly wide range. I wouldn't call it very conservative, but I think it's consistent with what we have done in the past. -Lennox International (Jan. 29)

Our 2025 outlook is for modest volume growth, driven by the reliable service product that our customers are enjoying now. For our merchandise markets, we expect lower vehicle production due to weaker-than-expected sales and some inventory build. We expect improved manufacturing activities supported by lower interest rates and strength in our chemicals markets such as plastics and waste. However, the potential for new tariffs will introduce some near-term uncertainty in the many markets that we serve. -Norfolk Southern (Jan. 29)

Now turning to guidance, Q1 has historically been our seasonally weakest quarter of the year, down high single to low double digits percentage sequentially on average. In addition, we see added pressure coming from macro uncertainty especially around tariffs, balancing of PC inventory and increasing competition. These mitigating factors support a more-tempered revenue outlook as we come into the new year. -Intel (Jan. 30)

Couple different things to think about there. Yes, there are some tariffs that are embedded in that. Those are tariffs that are already in place, mainly related to Asian imports of epoxy, which came into effect September and November of last year. -Sherwin-Williams (Jan. 30)

In the first quarter of 2025, we'll begin to see the impacts of already enacted tariffs, which is expected to result in low-single-digit percentage inflation in raw material cost while raw material inflation was flat in the fourth quarter 2024. -PPG Industries (Jan. 31)

We're planning for solid gross margin gains on a comparable basis in 2025, supported by growth in CAG Diagnostic recurring revenues, benefits from lab productivity initiatives and expansion of our high-margin cloud-based software business. This is partially offset by unfavorable business mix planned from higher levels of CAG Diagnostic instrument revenue gains, and preliminary estimates for tariff risks on internationally-sourced materials. -IDEXX Laboratories (Feb. 3)

So, five key takeaways for you in terms of 2025, number one, we are growing profitably, both Chicken and Prepared Foods in FY 2025 adjusted operating income growth at double-digit rates at midpoint. Number two, we have reduced gross and net debt by driving net leverage from 4.1 times to 2.3 times over the last five quarters. Number three, we've got $4.5 billion of liquidity, enabling another $750 million debt reduction in January. And we're doing all this while managing an unprecedented Beef cycle. And five, finally, we are focused on controlling the controllables. And we're also adapting with agility to manage the impact of tariffs, immigration and market dynamics. We consider these impacts as we raised our guidance by $100 million to a range of $1.9 billion to $2.3 billion. -Tyson Foods (Feb. 3)

And the guidance we have taken into account, the things that we've heard about over the last few days, few weeks, but we've been making contingency plans since shortly after the elections for tariffs, and our 2017 and 2018 playbook is relevant. -AMETEK (Feb. 4)

Our guidance, as shared today, includes the recently announced China tariffs, and we believe we have captured the risk of the potential Canada and Mexico tariffs within our 2025 EPS guidance range. -Pentair (Feb. 4)

If you kind of look at the free cash flow conversion, yes, we had a pretty solid year in 2024 with a 98% conversion of GAAP net income. As you kind of move into 2025, there are really two things because of which we guided a little bit below. One of the reasons is on the CapEx side. As you know, historically, we've been – at least for the last three or four years, our CapEx is kind of like close to 1% of revenue. We have guided towards 1% to 1.5%. That's again mostly tied to some of the growth investments that we are making in our sort of physical asset base in 2025. Some is just a good stewardship of the asset base. So if you kind of just looking at the CapEx going to 1% to 1.5% of revenue, that's impact around a 4% on the free cash flow conversion. And the other one that we have built in is, given the pretty dynamic world macro that we are living in, just from the working capital perspective, we modeled in a little bit higher working capital just to support the business and manage all the supply chain things from the tariffs that we are seeing. Those are really the two things. -Veralto Corporation (Feb. 5)

We expect full-year adjusted earnings per share to be in a range of $2.80 to $2.87, representing growth of 12% to 14% versus 2024, including an approximate $0.05 to $0.06 headwind from foreign exchange, which is in line with what we saw in 2024. We expect first quarter adjusted earnings per share to be in a range of $0.66 to $0.68. As it relates to tariffs, we do not have significant levels of manufacturing in or sourcing from Mexico, Canada, or China. As such, while the recent executive actions relative to these countries could present a minor headwind for the year, we view these headwinds as manageable and they have been contemplated in our guidance ranges. -Boston Scientific (Feb. 5)

That leads us to our view for 2025. We currently look for the US IT market to grow by low-single digits in 2025 on a customer spend basis and for us to outpace market growth by 200 to 300 basis points. This outlook factors in expected impact from unique market dynamics on the public spending side, particularly in federal and education as well as expected intensified pressure for our UK and Canadian operations, given their markets face increased uncertainty driven by macro factors and political change. As always, we base our view of IT growth on what we are seeing in the market and what our customers are telling us about their plans and priorities for 2025. Right now, our commercial and public customers' decisions remain deliberate, with ongoing project scrutiny, pursuit of short-term ROI and continued large project buying hesitancy. While our market view recognizes the potential for meaningful exogenous factors to impact demand, including policy uncertainty, the level of inflation, the impact of tariffs and other potential disruptors, it does not weigh these wildcards too heavily. -CDW Corporation (Feb. 5)

The current tariff situation is fluid, but based on our supply chain regionalization strategy, learnings from prior tariff responses, and planned price actions, we feel very good about our position. Starting with China, we do not expect a material impact based on actions taken since 2018. Next, we expect the impact from Canada to also be de minimis as we do not have any material exposure there. Last, the situation in Mexico is evolving, and we are prepared for a variety of scenarios. We are ready to implement price and surcharges to protect the P&L commitments of the company, and these assumptions are embedded in our guide. -Emerson Electric (Feb. 5)

Following a strong start to the year and an improved service mix, we are pleased to raise our full year guidance for both margin and adjusted EPS. Considering the potential impact of tariff as known today and reflected in our guide, we anticipate higher profitability and continued enhancement in our financial performance. This expectation is primarily due to our operational focus and strong beginning to the year. We now anticipate adjusted segment EBITA margin to expand over 80 basis points and adjusted EPS in the range of $3.50 to $3.60 per share, representing 9% to 12% growth. -Johnson Controls (Feb. 5)

For the full year, we are lowering our revenue guidance range by $100 million to $4.05 billion to $4.10 billion. But we are maintaining our non-GAAP EPS guidance of $4.25 to $4.35. Our Diagnostics and Surgical businesses are performing well, and we are adding roughly $25 million of Gynesonics revenue to our reported results. However, these positive developments are being offset by three factors….Third, two potential policy changes in the new US administration are introducing uncertainty in our business…Second, contract manufacturers in Mexico make our Skeletal and Gynesonics products, so we could be subject to tariffs that lower our gross margins as we import them into the United States. Although these are relatively small pieces of our businesses and the tariffs have been delayed for now, we believe it is appropriate to risk adjust our forecast for the potential impact. -Hologic (Feb. 5)

Next on slide 11, I would like to review our perspective on global industry production for 2025. We expect our global weighted and light commercial vehicle markets to be down 1% to 3% this year, following a 3% decrease in 2024. This forecast includes potential industry volume headwinds of global tariffs. -BorgWarner (Feb. 6)

For the full year, we expect adjusted gross profit margin to contract by approximately 650 to 700 basis points. Historically, high cocoa prices, sugar and other raw material inflation, along with incremental labor inflation, new tariffs and negative product mix are expected to more than offset net price realization, supply chain productivity and incremental savings from our transformation program. -Hershey (Feb. 6).

Looking ahead, our outlook remains based on our best assessment of the current geopolitical backdrop as well as the macroeconomic environment. This includes inflationary pressures, tariffs, and other consumer spending-related headwinds, supply chain disruptions, and foreign currency volatility, among other considerations. -Ralph Lauren (Feb. 6)

Taken together, we're raising our EPS guidance to $4.85 to $4.90, representing 13% to 14% growth compared to last year, and ahead of our prior guidance of $4.50 to $4.55. This increase incorporates our Q2 operational outperformance of $0.17, a full-year net benefit from share repurchase activities of a $0.10, and a net tailwind of $0.08 from favorable tax rate, partially offset by a planned second-half currency headwind. To briefly touch on the topic of tariffs, this guidance embeds the expectation for an additional 10% tariff on goods imported from China into the US beginning February 4, which is expected to have an immaterial impact on fiscal 2025 results, given our limited manufacturing exposure to China. We continue to monitor the external landscape closely and are developing potential mitigating actions as needed. To note, we do not have production in Canada or Mexico. -Tapestry (Feb. 6)

Simple answer: we do no manufacturing in Mexico, we do no manufacturing in Canada, two-thirds of our manufacturing is in the US. So, we are evaluating what happens in China. There is single-digit volumes coming out of there, manufacturing-wise. But at present time, all the scenario planning that we've done is embedded in the guidance provided. -Zimmer Biomet Holdings (Feb. 6)

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