

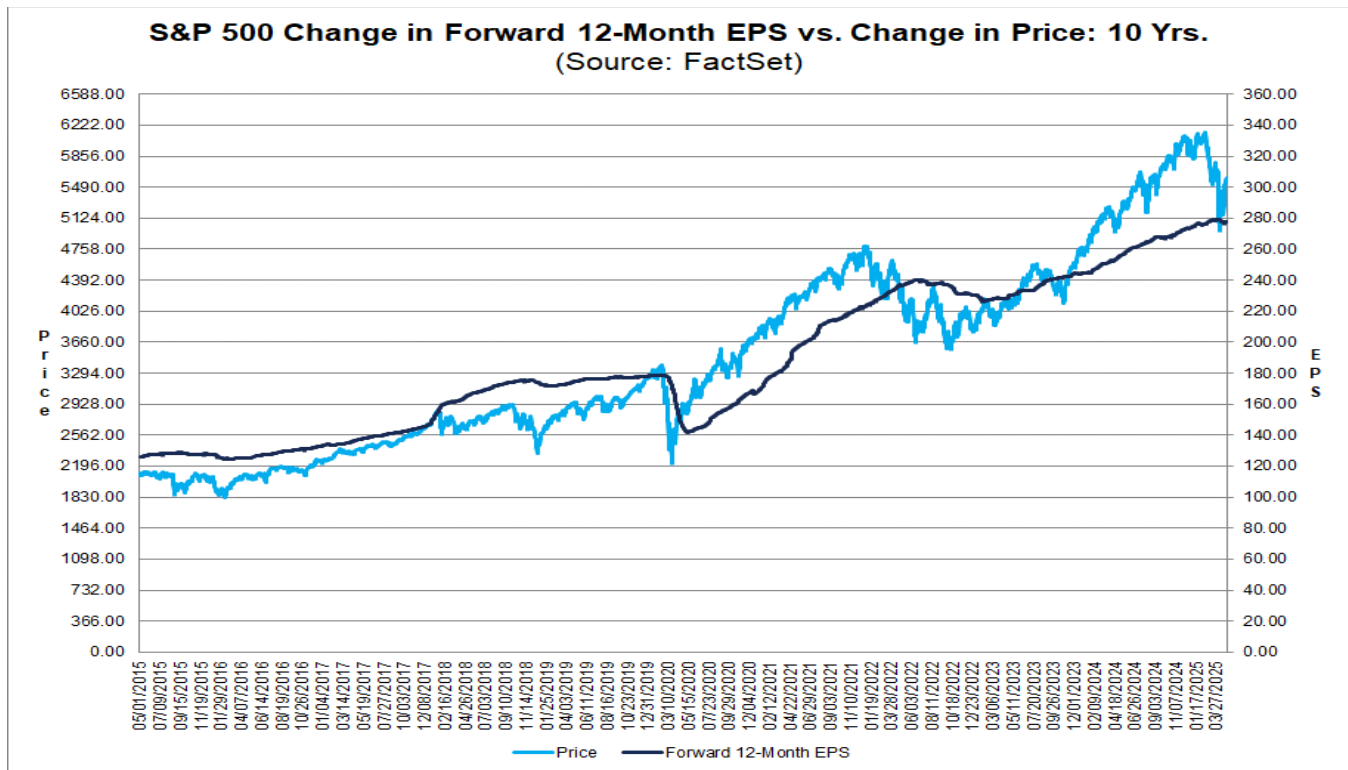
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## Key Metrics

- **Earnings Scorecard:** For Q1 2025 (with 72% of S&P 500 companies reporting actual results), 76% of S&P 500 companies have reported a positive EPS surprise and 62% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 12.8%. If 12.8% is the actual growth rate for the quarter, it will mark the second-straight quarter of double-digit earnings growth reported by the index.
- **Earnings Revisions:** On March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2024 was also 7.2%. Ten sectors are reporting higher earnings today (compared to March 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q2 2025, 35 S&P 500 companies have issued negative EPS guidance and 26 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 20.2. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.3).



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## Table of Contents

## Commentary

<b>Key Metrics</b>	<b>1</b>
<b>Table of Contents</b>	<b>2</b>
<b>Topic of the Week</b>	<b>3</b>
<b>Overview</b>	<b>7</b>
<b>Earnings &amp; Revenue Scorecard</b>	<b>8</b>
<b>Earnings Revisions</b>	<b>9</b>
<b>Earnings Growth</b>	<b>11</b>
<b>Revenue Growth</b>	<b>12</b>
<b>Net Profit Margin</b>	<b>13</b>
<b>Forward Estimates &amp; Valuation</b>	<b>14</b>

## Charts

<b>Q125 Earnings &amp; Revenue Scorecard</b>	<b>16</b>
<b>Q125 Earnings &amp; Revenue Surprises</b>	<b>17</b>
<b>Q125 Earnings &amp; Revenue Growth</b>	<b>20</b>
<b>Q125 Net Profit Margin</b>	<b>22</b>
<b>Q225 EPS Guidance</b>	<b>23</b>
<b>Q225 EPS Revisions</b>	<b>24</b>
<b>Q225 Earnings &amp; Revenue Growth</b>	<b>25</b>
<b>FY25 / FY26 EPS Guidance</b>	<b>26</b>
<b>CY25 Earnings &amp; Revenue Growth</b>	<b>27</b>
<b>CY26 Earnings &amp; Revenue Growth</b>	<b>28</b>
<b>Geographic Revenue Exposure</b>	<b>29</b>
<b>Bottom-Up EPS Estimates</b>	<b>30</b>
<b>Forward 12-Month P/E Ratio</b>	<b>32</b>
<b>Trailing 12-Month P/E Ratio</b>	<b>34</b>
<b>Target &amp; Ratings</b>	<b>35</b>

## Topic of the Week:

### Analysts Making Larger Cuts Than Average to EPS Estimates for S&P 500 Companies for Q2

Given concerns in the market about tariffs and a possible economic slowdown or recession, have analysts lowered EPS estimates more than normal for S&P 500 companies for the second quarter?

The answer is yes. During the month of April, analysts lowered EPS estimates for the second quarter by a larger margin than average. The Q2 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q2 for all the companies in the index) decreased by 2.4% (to \$63.96 from \$65.55) from March 31 to April 30.

In a typical quarter, analysts usually reduce earnings estimates during the first month of a quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.8%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.6%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has also been 1.6%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.9%.

Thus, the decline in the bottom-up EPS estimate recorded during the first month of the second quarter was larger than the 5-year average, the 10-year average, the 15-year average, and the 20-year average.

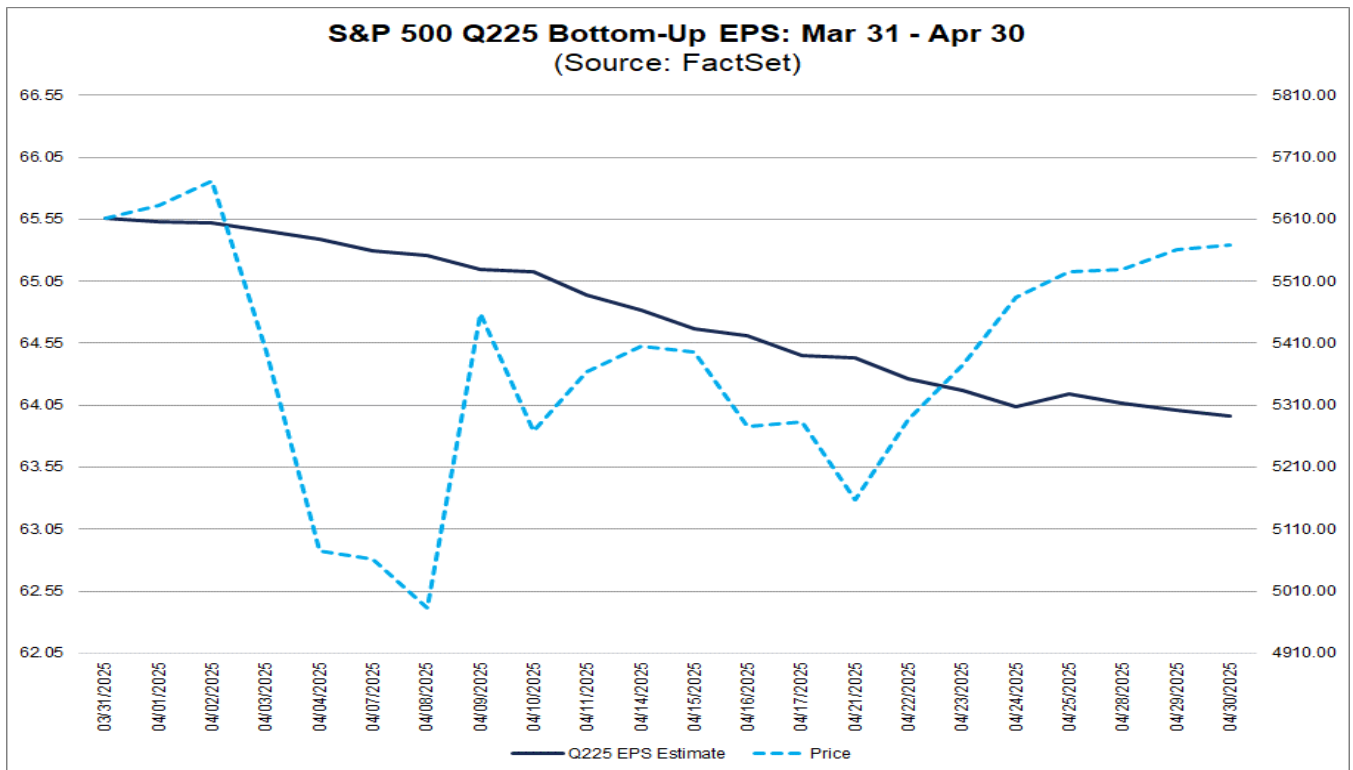
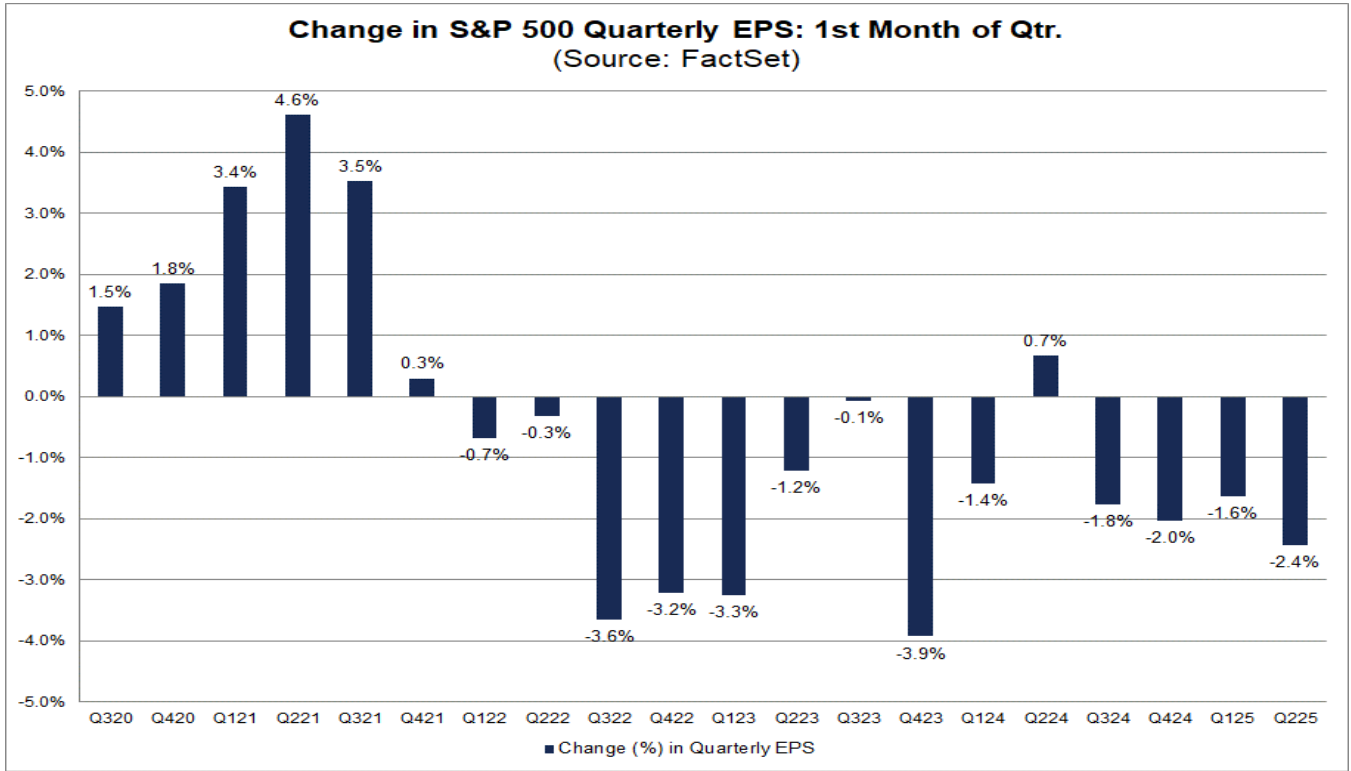
At the sector level, nine of the eleven sectors witnessed a decrease in their bottom-up EPS estimate for Q2 2025 from March 31 to April 30, led by the Energy (-14.8%) sector. On the other hand, two sectors recorded an increase in their bottom-up EPS estimate for Q2 2025 during this period, led by the Utilities (+0.8%) sector.

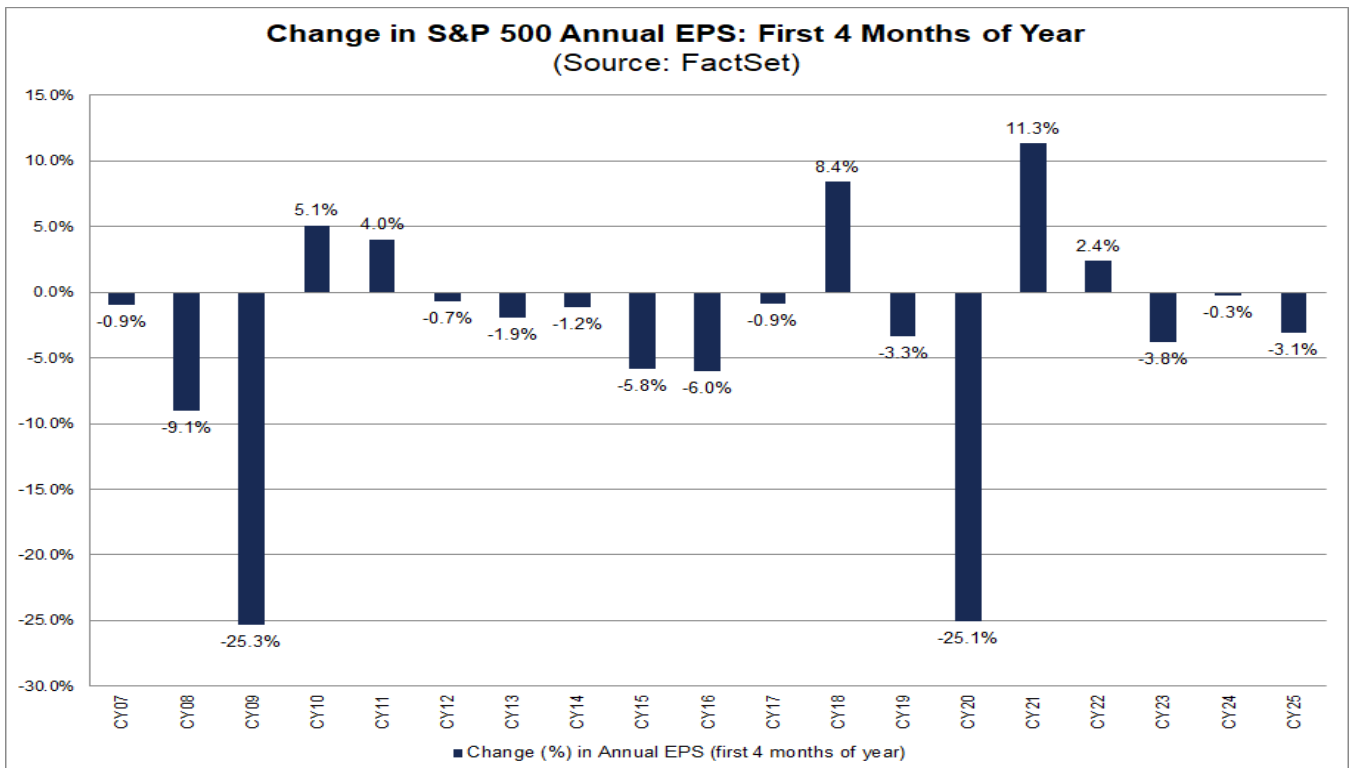
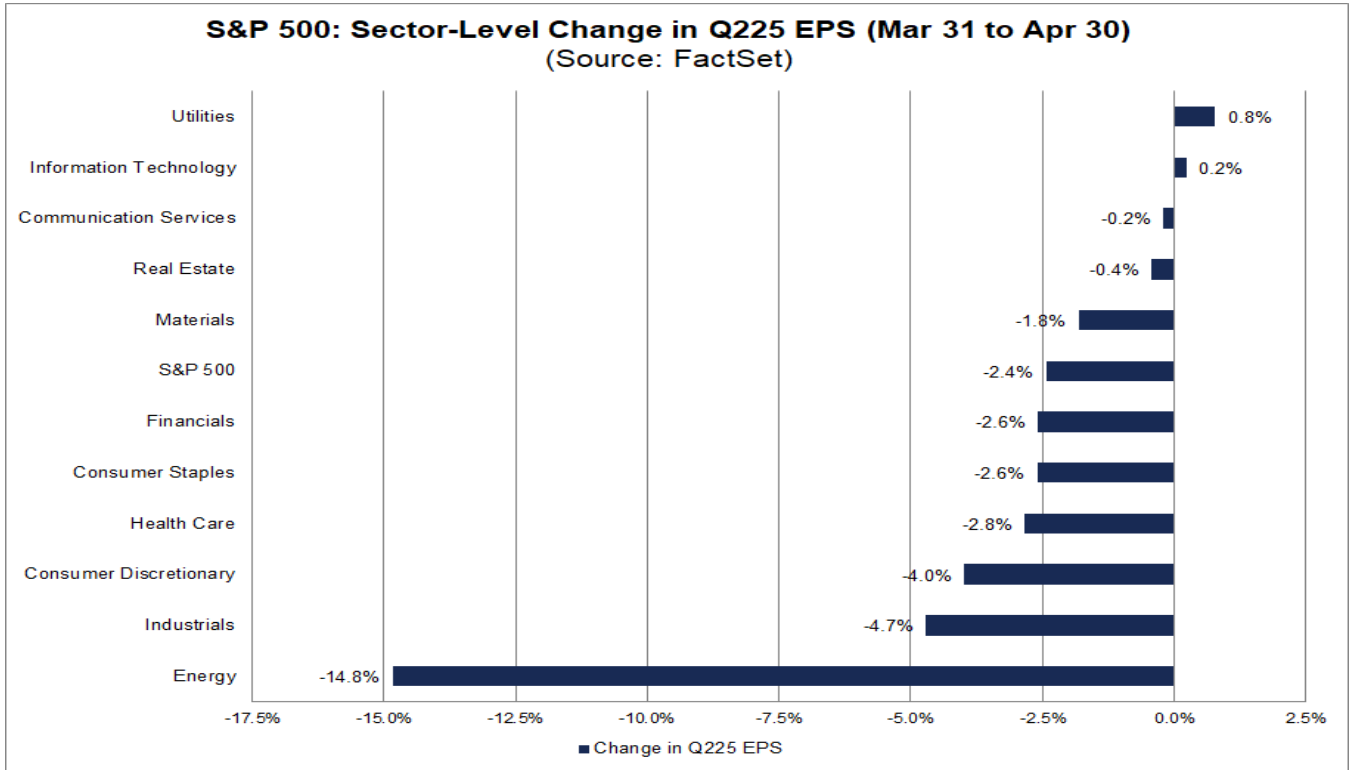
Analysts have also continued to lower EPS estimates for CY 2025. From December 31 through April 30, the CY 2025 bottom-up EPS estimate declined by 3.1% (to \$265.68 from \$274.12).

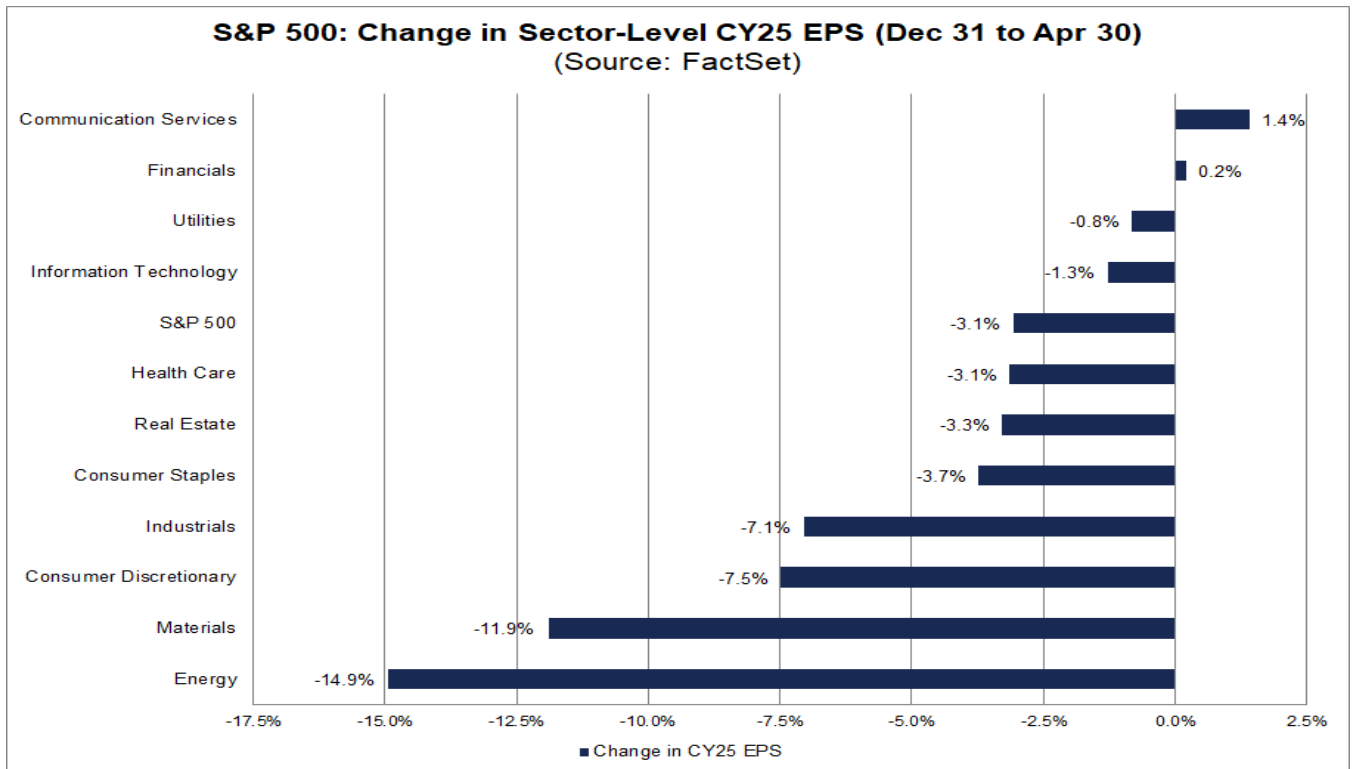
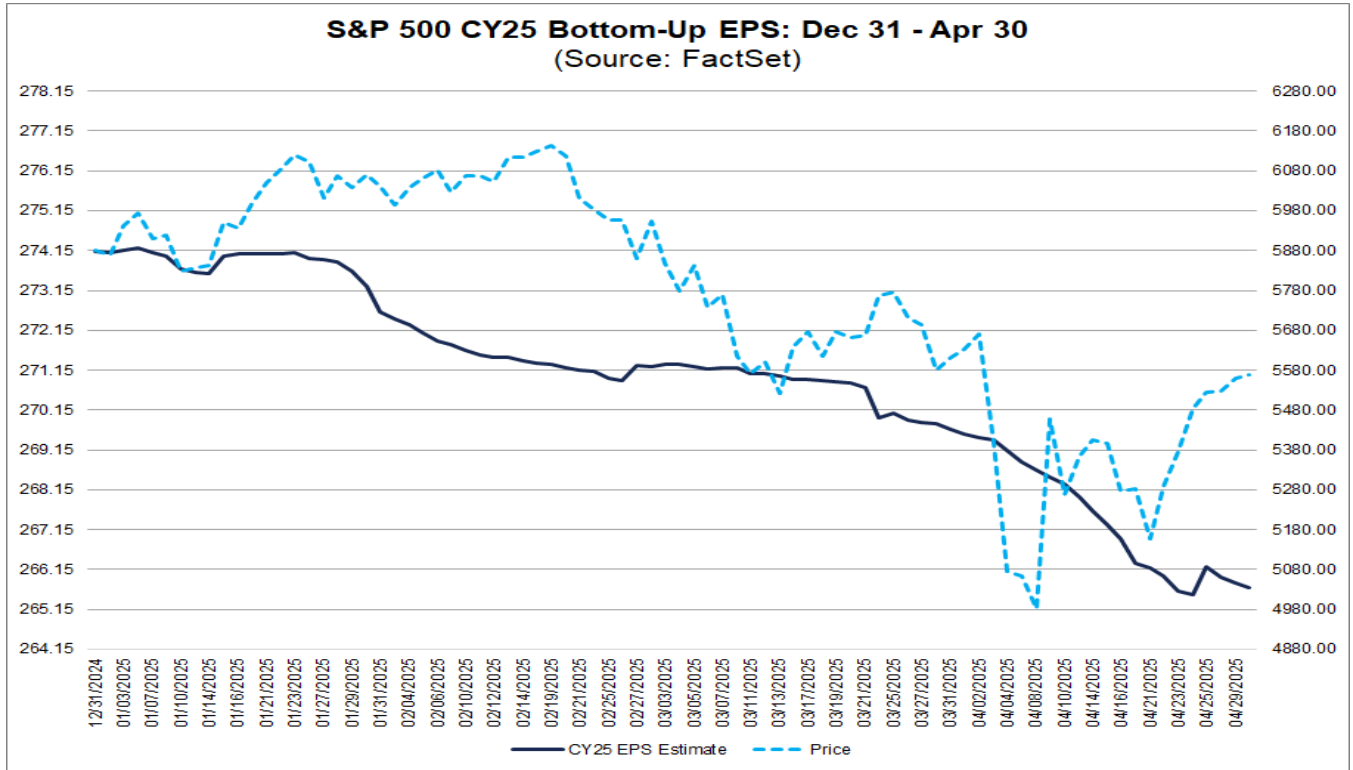
Analysts also usually reduce earnings estimates for the year during the first four months of the year. During the past five years, the average decline in the bottom-up EPS estimate for the year during the first four months of the year has been 3.1%. During the past ten years, the average decline in the bottom-up EPS estimate for the year during the first four months of the year has been 2.3%. During the past fifteen years, the average decline in the bottom-up EPS estimate for the year during the first four months of January has been 1.2%. During the past 20 years, the average decline in the bottom-up EPS estimate for the year during the first four months of the year has been 2.6%. During the past 25 years, the average decline in the bottom-up EPS estimate for the year during the first four months of the year of has also been 2.6%.

Thus, the decline in the CY 2025 bottom-up EPS estimate recorded during the first four months of the year was equal to the 5-year average, but larger than the 10-year average, the 15-year average, the 20-year average, and the 25-year average.

At the sector level, nine sectors witnessed a decrease in their bottom-up EPS estimate for CY 2025 from December 31 to April 30, led by the Energy (-14.9%) and Materials (11.9%) sectors. On the other hand, two sectors recorded an increase in their bottom-up EPS estimate for CY 2025 during this period, led by the Communication Services (+1.4%) sector.







## Q1 Earnings Season: By The Numbers

### Overview

At this stage of the earnings season, the S&P 500 is reporting strong results for the first quarter. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are above their 10-year averages. As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative the end of the quarter. The index is also reporting double-digit earnings growth for the second consecutive quarter.

Overall, 72% of the companies in the S&P 500 have reported actual results for Q1 2025 to date. Of these companies, 76% have reported actual EPS above estimates, which is below the 5-year average of 77% but above the 10-year average of 75%. In aggregate, companies are reporting earnings that are 8.6% above estimates, which is below the 5-year average of 8.8% but above the 10-year average of 6.9%. 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 Health Care, Consumer Discretionary, Communication Services, and Information Technology sectors were the largest contributors to the increase in the overall earnings growth rate for the index over this period. Since March 31, positive EPS surprises reported by companies in the Communication Services, Financials, Health Care, and Information Technology sectors have been 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 first 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 first quarter is 12.8% today, compared to an earnings growth rate of 10.1% last week and an earnings growth rate of 7.2% at the end of the first quarter (March 31).

If 12.8% is the actual growth rate for the quarter, it will mark the second consecutive quarter of double-digit earnings growth for the index. It will also mark the seventh consecutive quarter of year-over-year earnings growth.

Eight of the eleven sectors are reporting year-over-year growth, led by the Health Care, Communications Services, Information Technology, and Utilities sectors. On the other hand, three sectors are reporting a year-over-year decline in earnings, led by the Energy sector.

In terms of revenues, 62% 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 during this period. Since March 31, positive revenue surprises reported by companies in the Health Care sector 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 first quarter is 4.8% today, compared to a revenue growth rate of 4.5% last week and a revenue growth rate of 4.4% at the end of the first quarter (March 31).

If 4.8% is the actual revenue growth rate for the quarter, it will mark the 18th consecutive quarter of revenue growth for the index.

Ten sectors are reporting year-over-year growth in revenues, led by the Information Technology and Health Care sectors. On the other hand, the Industrials sector is the only sector reporting a year-over-year decline in revenues.

For Q2 2025 through Q4 2025, analysts are calling for earnings growth rates of 5.7%, 7.8%, and 7.1%, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 9.5%.

The forward 12-month P/E ratio is 20.2, which is above the 5-year average (19.9) and above the 10-year average (18.3). This P/E ratio is equal to the forward P/E ratio of 20.2 recorded at the end of the first quarter (March 31).

During the upcoming week, 92 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

## Scorecard: Number and Magnitude of Positive EPS Surprises Are Slightly Below 5-Year Averages

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

Overall, 72% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 76% have reported actual EPS above the mean EPS estimate, 5% have reported actual EPS equal to the mean EPS estimate, and 19% 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 (77%) and below 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 Health Care (90%) and Information Technology (87%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (55%) and Energy (57%) sectors have the lowest percentages of companies reporting earnings above estimates.

### Earnings Surprise Percentage (+8.6%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 8.6% above expectations. This surprise percentage is above the 1-year average (+6.1%), below the 5-year average (+8.8%), and above the 10-year average (+6.9%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The Communication Services (+23.8%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Alphabet (\$2.81 vs. \$2.01), Interpublic Group of Companies (\$0.33 vs. \$0.26), Meta Platforms (\$6.43 vs. \$5.23), Live Nation Entertainment (-\$0.32 vs. -\$0.41), and Netflix (\$6.61 vs. \$5.67) have reported the largest positive EPS surprises.

The Consumer Discretionary (+9.8%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Carnival (\$0.13 vs. \$0.03), NIKE (\$0.54 vs. \$0.30), Hasbro (\$1.04 vs. \$0.67), MGM Resorts (\$0.69 vs. \$0.47), and Booking Holdings (\$24.81 vs. \$17.37) have reported the largest positive EPS surprises.

The Health Care (+9.4%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Pfizer (\$0.92 vs. \$0.67), CVS Health (\$2.25 vs. \$1.70), Bristol Myers Squibb (\$1.80 vs. \$1.49), and Moderna (-\$2.52 vs. -\$3.12) have reported the largest positive EPS surprises.

The Financials (+6.9%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Travelers Companies (\$1.91 vs. \$0.79), Cincinnati Financial (-\$0.24 vs. -\$0.62), Allstate (\$3.53 vs. \$2.52), Discover Financial Services (\$4.25 vs. \$3.37), and Morgan Stanley (\$2.60 vs. \$2.21) have reported the largest positive EPS surprises.



The Materials (+6.8%) sector is reporting the fifth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Dow (\$0.02 vs. -\$0.01), Albemarle (-\$0.18 vs. -\$0.66), Newmont Corporation (\$1.25 vs. \$0.92), and Vulcan Materials (\$1.00 vs. \$0.76) have reported the largest positive EPS surprises.

### **Market Rewarding Positive EPS Surprises More Than Average**

To date, the market is rewarding positive earnings surprises reported by S&P 500 companies for Q1 more than average and punishing negative earnings surprises reported by S&P 500 companies for Q1 at average levels.

Companies that have reported positive earnings surprises for Q1 2025 have seen an average price increase of +1.6% two days before the earnings release through two days after the earnings release. This percentage increase is above the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2025 have seen an average price decrease of -2.3% two days before the earnings release through two days after the earnings release. This percentage decrease is equal to 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 (62%) is Below 5-Year Average**

In terms of revenues, 62% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 38% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (61%), but below the 5-year average (69%) and below the 10-year average (64%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Information Technology (87%) and Communication Services (83%) sectors have the highest percentages of companies reporting revenues above estimates, while the Energy (36%), Consumer Discretionary (46%), and Materials (48%) 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 equal to the 1-year average (+0.9%), but 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 Utilities (+3.7%) and Health Care (+1.9%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Energy (-0.7%) 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 Multiples Sectors**

The blended (year-over-year) earnings growth rate for the first quarter is 12.8%, which is above the earnings growth rate of 10.1% last week. Positive EPS surprises reported by companies in the Health Care, Consumer Discretionary, Communication Services, and Information Technology sectors were the largest contributors to the increase in the overall earnings growth rate during the past week.

In the Health Care sector, the positive EPS surprise reported by Pfizer (\$0.92 vs. \$0.67) and CVS Health (\$2.25 vs. \$1.70) were significant 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 42.7% from 36.2% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com (\$1.59 vs. \$1.37) 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 Consumer Discretionary sector increased to 6.8% from -0.1% over this period.

In the Communication Services sector, the positive EPS surprise reported by Meta Platforms (\$6.43 vs. \$5.23) was a significant 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 27.9% from 23.2% over this period.

In the Information Technology sector, the positive EPS surprises reported by Microsoft (\$3.46 vs. \$3.22) and Apple (\$1.65 vs. \$1.63) 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 Information Technology sector increased to 17.5% from 15.2% over this period.

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

The blended (year-over-year) revenue growth rate for the first quarter is 4.8%, which is above the revenue growth rate of 4.5% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Health Care sector), were the largest contributors to the slight increase in the overall revenue growth rate for the index during this period.

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

The blended (year-over-year) earnings growth rate for Q1 2025 of 12.8% is above the estimate of 7.2% at the end of the first quarter (March 31). Ten sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to upward revisions to EPS estimates and positive earnings surprises, led by the Communication Services (to 27.9% from 4.9%) sector. The Communication Services, Financials, Health Care, and Information Technology sectors have been the largest contributors to the increase in the earnings growth rate for the index since March 31. On the other hand, the Energy (to -14.4% from -12.3%) sector is the only sector that has recorded an increase in its earnings decline since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises.

In the Communication Services sector, the positive EPS surprises reported by Alphabet (\$2.81 vs. \$2.01) and Meta Platforms (\$6.43 vs. \$5.23) have been the largest contributors to the increase in the overall earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Communication Services sector has increased to 27.9% from 4.9% over this period.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase (\$5.07 vs. \$4.63), Bank of America (\$0.90 vs. \$0.82), Goldman Sachs (\$14.12 vs. 12.32), Wells Fargo (\$1.39 vs. \$1.23), and Morgan Stanley (\$2.60 vs. \$2.21) have been significant contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Financials sector has increased to 7.5% from 2.6% over this period.

In the Health Care sector, the positive EPS surprises reported by Pfizer (\$0.92 vs. \$0.67), CVS Health (\$2.25 vs. \$1.70), and Bristol Myers Squibb (\$1.80 vs. \$1.49) have been substantial contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Health Care sector has increased to 42.7% from 36.0% over this period.

In the Information Technology sector, the positive EPS surprises reported by Microsoft (\$3.46 vs. \$3.22), Apple (\$1.65 vs. \$1.63), and Intel (\$0.13 vs. \$0.01) have been significant contributors to the increase in the overall earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Information Technology sector has increased to 17.5% from 14.8% over this period.

## Health Care Sector Has Seen Largest Increase in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2025 of 4.8% is above the estimate of 4.4% at the end of the first quarter (March 31). Eight sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Utilities (to 8.2% from 5.2%) and Health Care (to 9.2% from 7.7%) sectors. The Health Care sector has also been the largest contributor to the increase in the revenue growth rate for the index since March 31. On the other hand, three sectors have recorded a decrease in their revenue growth rates since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Energy (to 0.4% from 1.2%) and Consumer Discretionary (to 2.2% from 2.8%) sectors.

In the Health Care sector, the positive revenue surprises reported by Cigna (\$65.45 billion vs. \$60.20 billion), Centene Corporation (\$46.62 billion vs. \$42.76 billion), Elevance Health (\$48.77 billion vs. \$46.30 billion), and CVS Health (\$94.59 billion vs. \$93.66 billion) have been the largest contributors to the increase in the revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Health Care sector has increased to 9.2% from 7.7% over this period.

## Earnings Growth: 12.8%

The blended (year-over-year) earnings growth rate for Q1 2025 is 12.8%, which is above the 5-year average earnings growth rate of 11.3% and above the 10-year average earnings growth rate of 8.9%. If 12.8% is the actual growth rate for the quarter, it will mark the second consecutive quarter of double-digit earnings growth for the index. It will also mark the seventh consecutive quarter of year-over-year earnings growth.

Eight of the eleven sectors are reporting year-over-year earnings growth, led by the Health Care, Communication Services, Information Technology, and Utilities sectors. On the other hand, three sectors are reporting a year-over-year decline in earnings, led by the Energy sector.

## Health Care: Bristol Myers Squibb is Largest Contributor to Year-Over-Year Growth

The Health Care sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 42.7%. At the industry level, 4 of the 5 industries in the sector are reporting year-over-year earnings growth: Pharmaceuticals (124%), Biotechnology (72%), Health Care Providers & Services (16%), and Health Care Equipment & Supplies (7%). On the other hand, the Life Sciences, Tools, & Services (-2%) industry is the only industry reporting a year-over-year decline in earnings.

At the company level, Bristol Myers Squibb (\$1.80 vs. -\$4.40) and Gilead Sciences (\$1.81 vs. -\$1.32) are the largest contributors to earnings growth for the sector. Both companies are benefitting from easy comparisons to weaker (non-GAAP) earnings reported in the year-ago quarter due to IPR&D and other charges that were included in their non-GAAP EPS. If these two companies were excluded, the blended earnings growth rate for the Health Care sector would fall to 9.3% from 42.7%.

## Communication Services: Alphabet 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 27.9%. At the industry level, 3 of the 5 industries in the sector are reporting year-over-year earnings growth. All 3 industries are reporting earnings growth above 20%: Interactive Media & Services (42%), Entertainment (33%), and Wireless Telecommunication Services (23%). On the other hand, two industries are reporting a year-over-year decline in earnings: Media (-4%) and Diversified Telecommunication Services (-1%).

At the company level, Alphabet (\$2.81 vs. \$1.89) and Meta Platforms (\$6.43 vs. \$4.71) are the largest contributors to earnings growth for the sector. If these two companies were excluded, the blended earnings growth rate for the Communication Services sector would fall to 6.5% from 27.9%.

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

The Information Technology sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 17.5%. At the industry level, 5 of the 6 industries in the sector are reporting year-over-year earnings growth: Semiconductors & Semiconductor Equipment (34%), Electronic Equipment, Instruments, & Components (22%), Software (15%), Communication Equipment (7%), and Technology Hardware, Storage, & Peripherals (7%). On the other hand, the IT Services (-6%) 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 10.3% from 17.5%.

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

The Utilities sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 12.8%. At the industry level, all 5 industries in the sector are reporting year-over-year earnings growth: Independent Power and Renewable Energy Producers (31%), Multi-Utilities (15%), Electric Utilities (12%), Water Utilities (11%), and Gas Utilities (7%).

**Energy: 4 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 -14.4%. 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 Q1 2025 (\$71.38) was 7% below the average price for oil in Q1 2024 (\$76.91). At the sub-industry level, 4 of the 5 sub-industries in the sector are reporting a year-over-year decline in earnings: Oil & Gas Refining & Marketing (-109%), Integrated Oil & Gas (-14%), Oil & Gas Equipment & Services (-8%), and Oil & Gas Storage & Transportation (-2%). On the other hand, the Oil & Gas Exploration & Production (17%) sub-industry is the only sub-industry reporting year-over-year growth in earnings.

The Oil & Gas Refining & Marketing sub-industry is also the largest contributor to the earnings decline for the sector. If this sub-industry were excluded, the blended earnings decline for the Energy sector would improve to -3.7% from -14.4%.

**Revenue Growth: 4.8%**

The blended (year-over-year) revenue growth rate for Q1 2025 is 4.8%, which is below the 5-year average revenue growth rate of 7.0% and below the 10-year average revenue growth rate of 5.2%. If 4.8% is the actual growth rate for the quarter, it will mark the 18<sup>th</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 and Health Care sectors. On the other hand, the Industrials 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 12.0%. At the industry level, all 6 industries in the sector are reporting year-over-year revenue growth: Semiconductors & Semiconductor Equipment (29%), Communication Equipment (12%), Software (11%), Electronic Equipment, Instruments, & Components (9%), Technology Hardware, Storage, & Peripherals (5%), and IT Services (4%).

**Health Care: 4 of 5 Industries Reporting Year-Over-Year Growth**

The Health Care sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 9.2%. At the industry level, 4 of the 5 industries in the sector are reporting year-over-year revenue growth: Health Care Providers & Services (11%), Biotechnology (6%), Health Care Equipment & Supplies (4%), and Pharmaceuticals (3%). On the other hand, the Life Sciences, Tools, & Services (less than -1%) industry is the only industry reporting a year-over-year decline in revenue.

**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 -0.8%. At the industry level, 5 of the 12 industries in the sector are reporting a year-over-year decline in revenue, led by the Machinery (-8%), Building Products (-7%), and Industrial Conglomerates (-7%) industries. On the other hand, 7 of the 12 industries in the sector are reporting year-over-year revenue growth, led by the Construction & Engineering (24%) and Commercial Services & Supplies (10%) industries.

**Net Profit Margin: 12.7%**

The blended net profit margin for the S&P 500 for Q1 2025 is 12.7%, which is above the previous quarter's net profit margin of 12.6%, above the year-ago net profit margin of 11.8%, and above the 5-year average of 11.7%.

At the sector level, seven sectors are reporting a year-over-year increase in their net profit margins in Q1 2025 compared to Q1 2024, led by the Communication Services (16.1% vs. 13.5%) and Health Care (8.6% vs. 6.6%) sectors. On the other hand, four sectors are reporting a year-over-year decrease in their net profit margins in Q1 2025 compared to Q1 2024, led by the Energy (8.0% vs. 9.4%) sector.

Six sectors are reporting net profit margins in Q1 2025 that are above their 5-year averages, led by the Communication Services (16.1% vs. 11.9%) sector. On the other hand, five sectors are reporting net profit margins in Q1 2025 that are below their 5-year averages, led by the Materials (8.7% vs. 11.1%) sector.

## Forward Estimates & Valuation

### Guidance: Negative Guidance Percentage for Q2 is Equal to 5-Year Average

At this point in time, 61 companies in the index have issued EPS guidance for Q2 2025. Of these 61 companies, 35 have issued negative EPS guidance and 26 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2025 is 57% (35 out of 61), which is equal to the 5-year average of 57% but below the 10-year average of 62%.

At this point in time, 258 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 258 companies, 150 have issued negative EPS guidance and 108 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 58% (150 out of 258).

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 10% for CY 2025

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 12.8% and year-over-year growth in revenues of 4.8%.

For Q2 2025, analysts are projecting earnings growth of 5.7% and revenue growth of 4.0%.

For Q3 2025, analysts are projecting earnings growth of 7.8% and revenue growth of 4.7%.

For Q4 2025, analysts are projecting earnings growth of 7.1% and revenue growth of 5.3%.

For CY 2025, analysts are projecting earnings growth of 9.5% and revenue growth of 5.0%.

For CY 2026, analysts are projecting earnings growth of 11.1% and revenue growth of 6.3%.

### Valuation: Forward P/E Ratio is 20.2, Above the 10-Year Average (18.3)

The forward 12-month P/E ratio for the S&P 500 is 20.2. This P/E ratio is above the 5-year average of 19.9 and above the 10-year average of 18.3. It is also equal to the forward 12-month P/E ratio of 20.2 recorded at the end of the first quarter (March 31). Since the end of the first quarter (March 31), the price of the index has decreased by 0.1%, while the forward 12-month EPS estimate has decreased by 0.4%. At the sector level, the Consumer Discretionary (25.7) and Information Technology (25.1) 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 25.1, which is above the 5-year average of 24.7 and above the 10-year average of 22.3.

### Targets & Ratings: Analysts Project 17% Increase in Price Over Next 12 Months

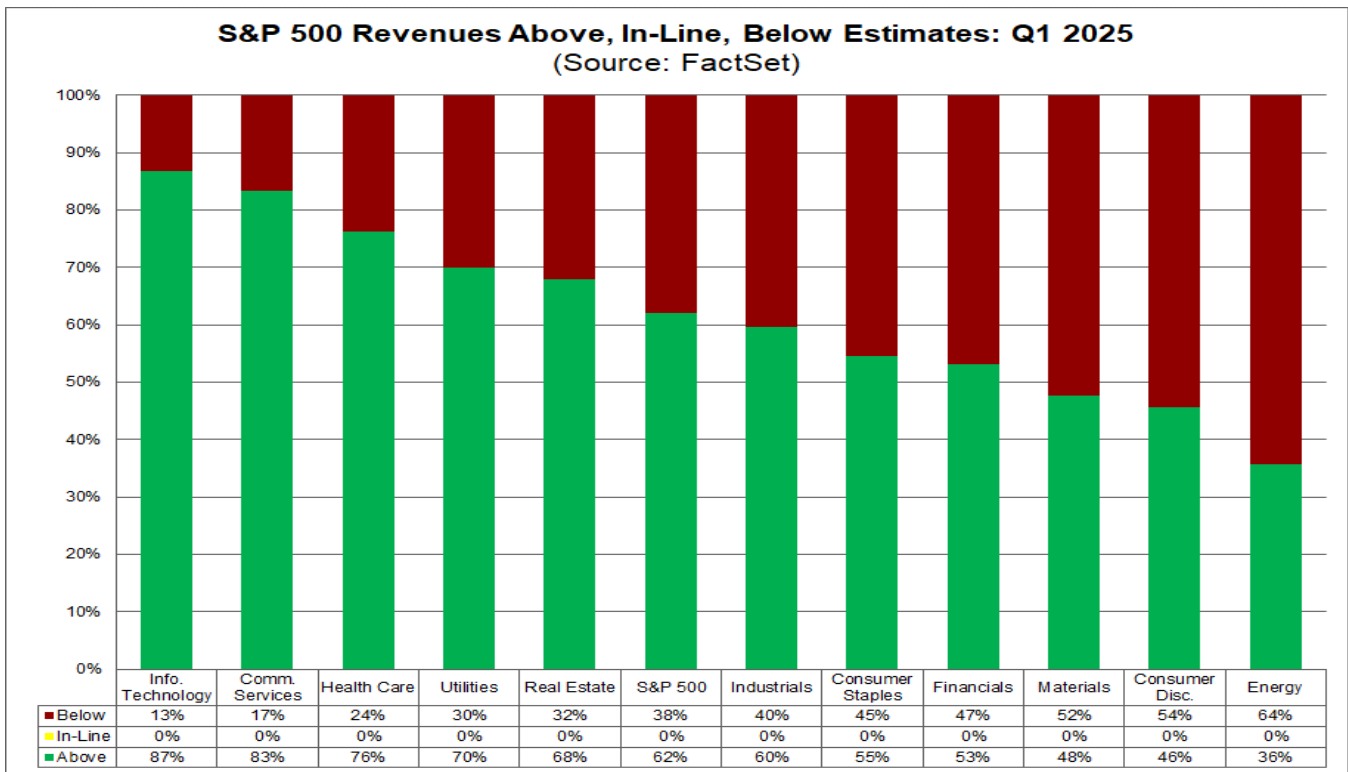
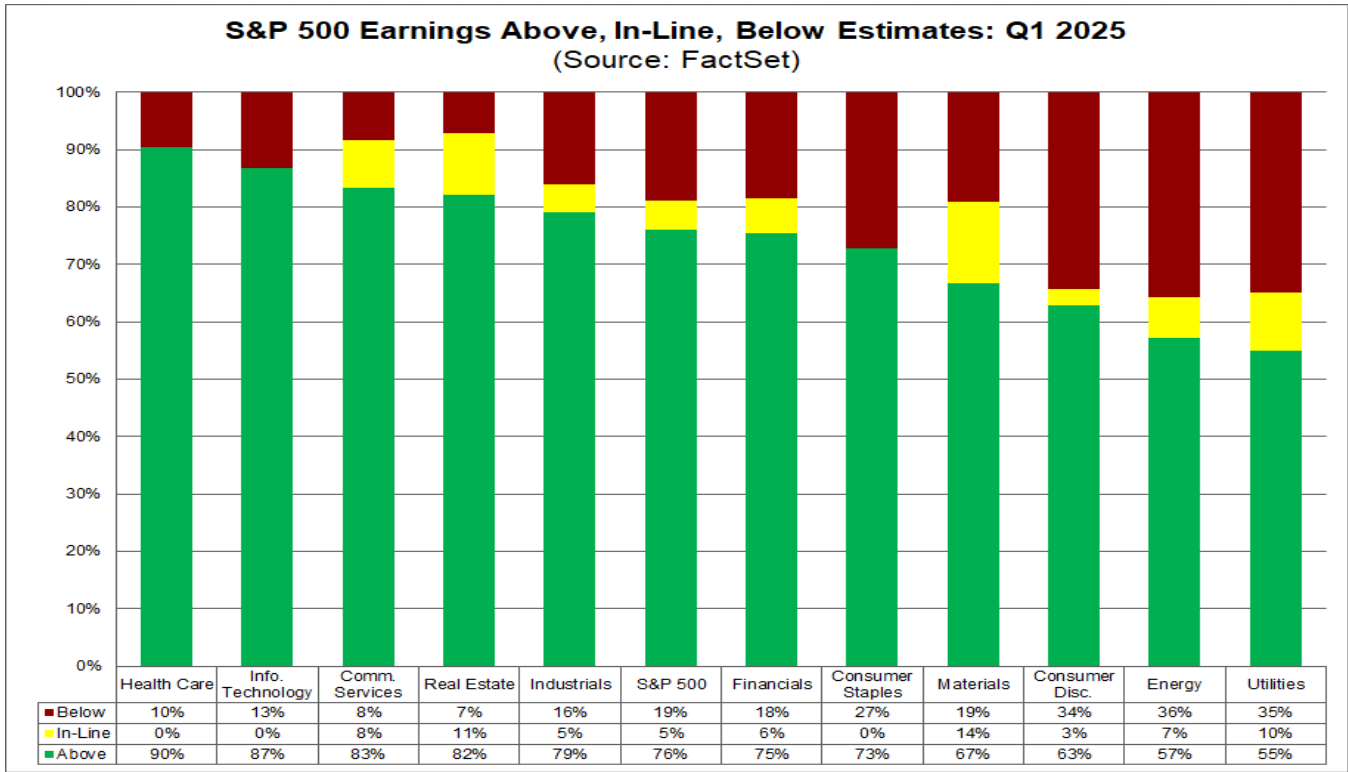
The bottom-up target price for the S&P 500 is 6554.95, which is 17.0% above the closing price of 5604.15. At the sector level, the Energy (+24.0%) and Information Technology (+22.2%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Financials (8.0%) and Consumer Staples (+9.0%) 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 12,416 ratings on stocks in the S&P 500. Of these 12,416 ratings, 56.3% are Buy ratings, 38.3% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Energy (67%), Communication Services (64%), and Information Technology (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (39%) sector has the lowest percentage of Buy ratings.

### **Companies Reporting Next Week: 92**

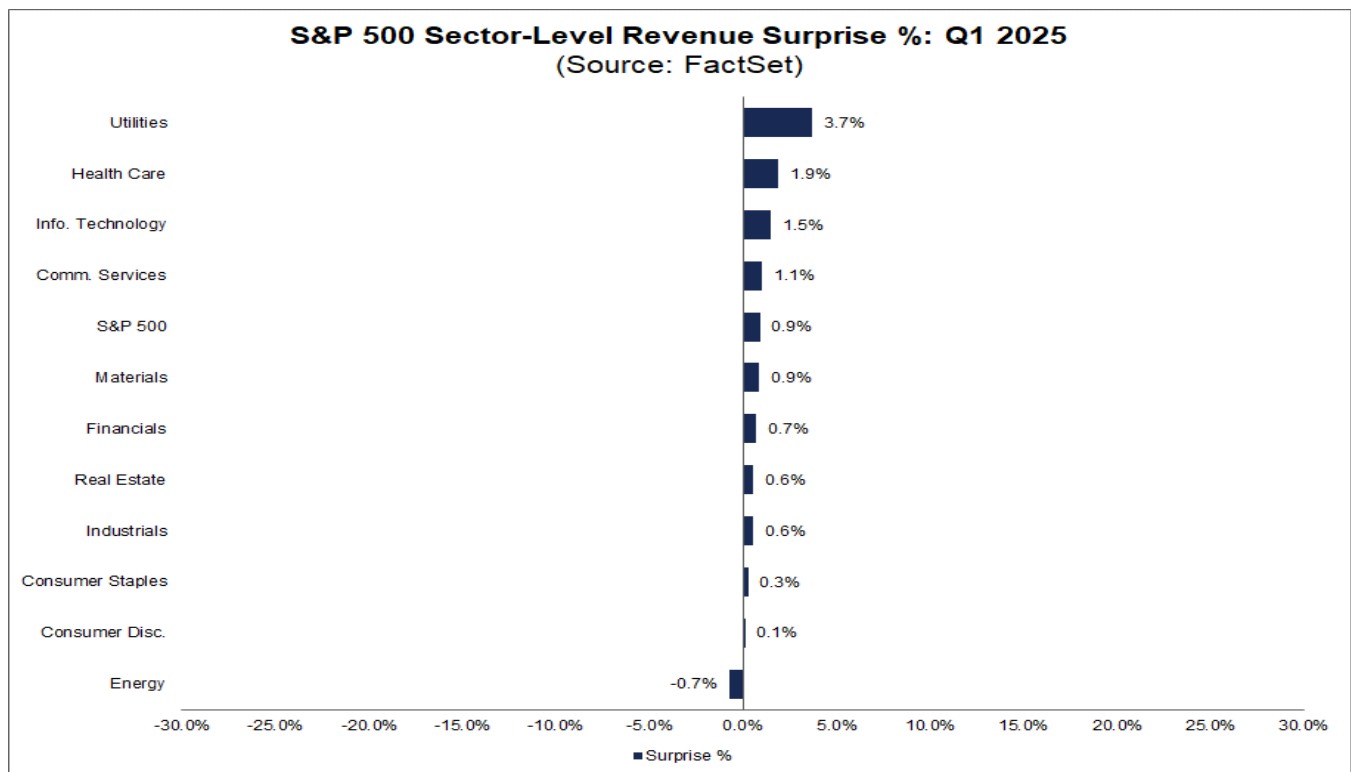
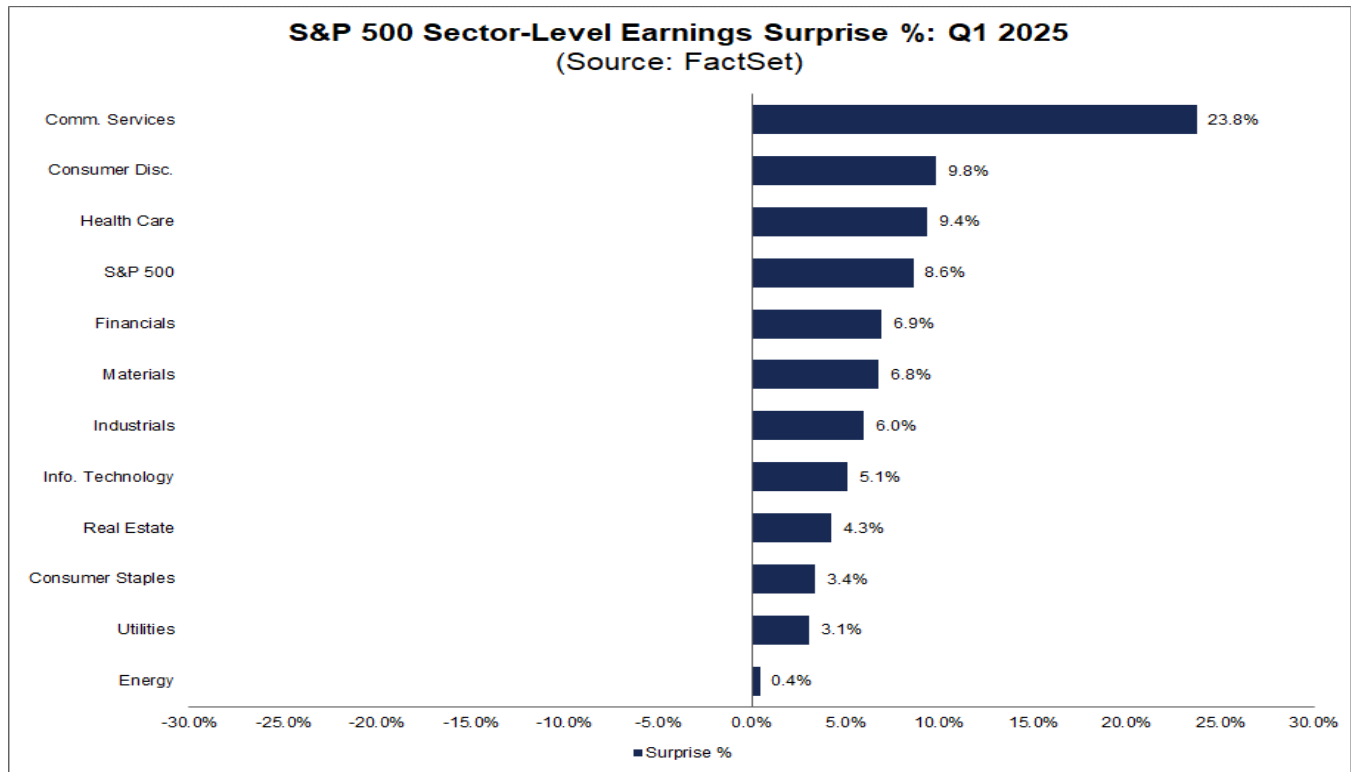
During the upcoming week, 92 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

Q1 2025: Scorecard

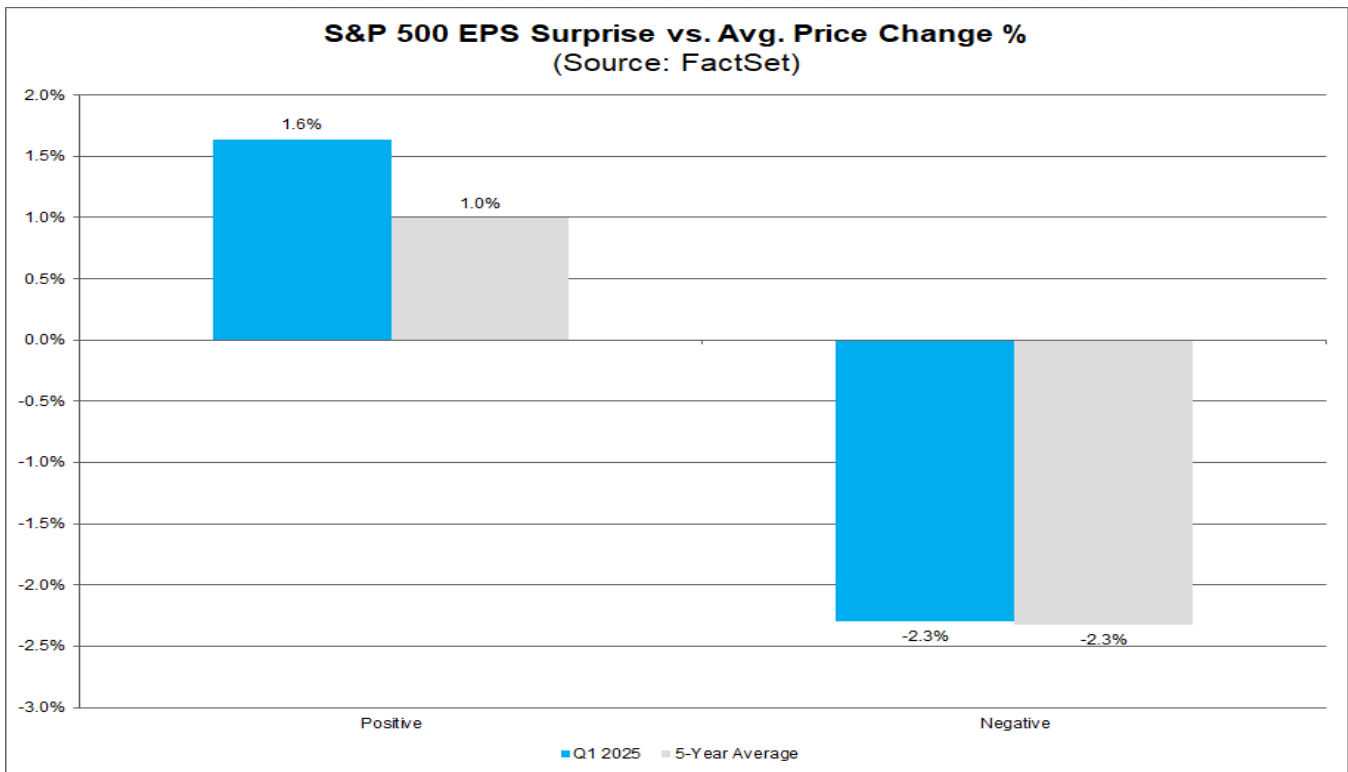
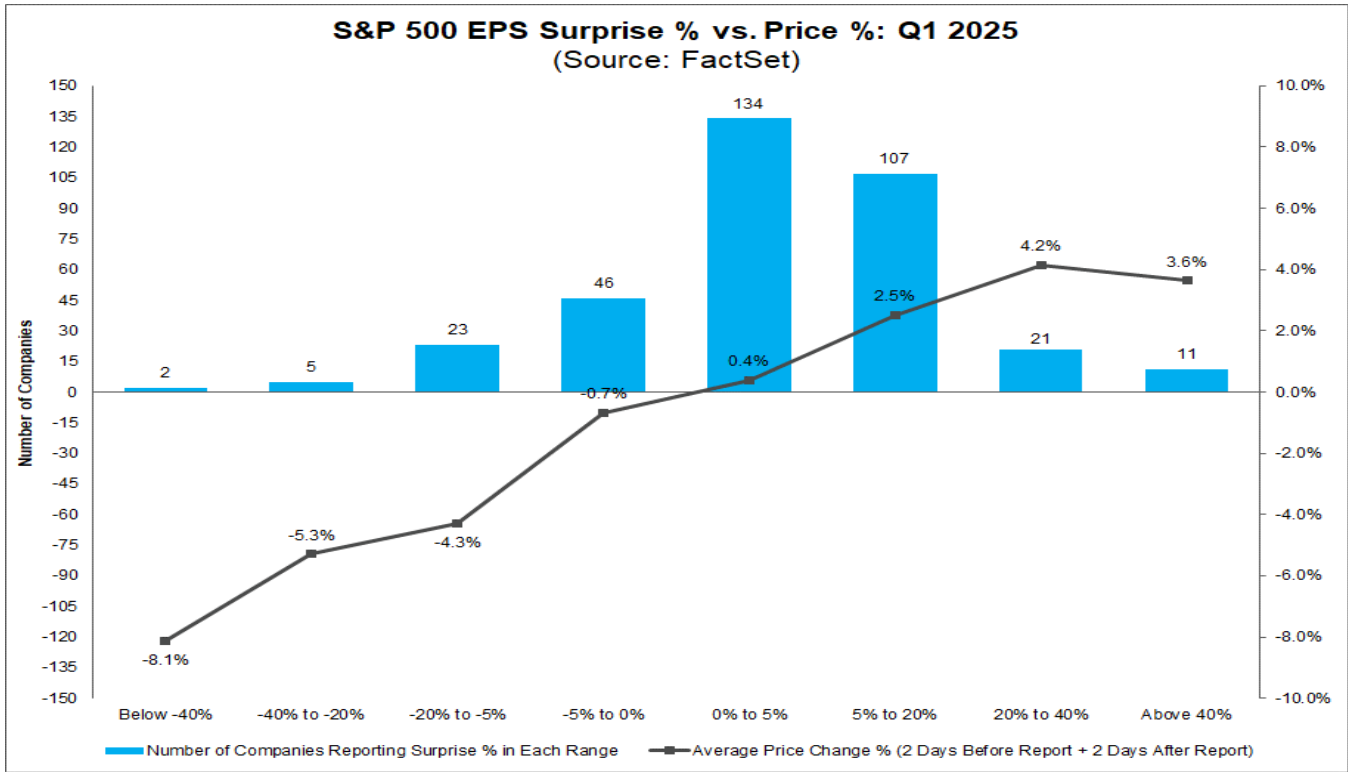




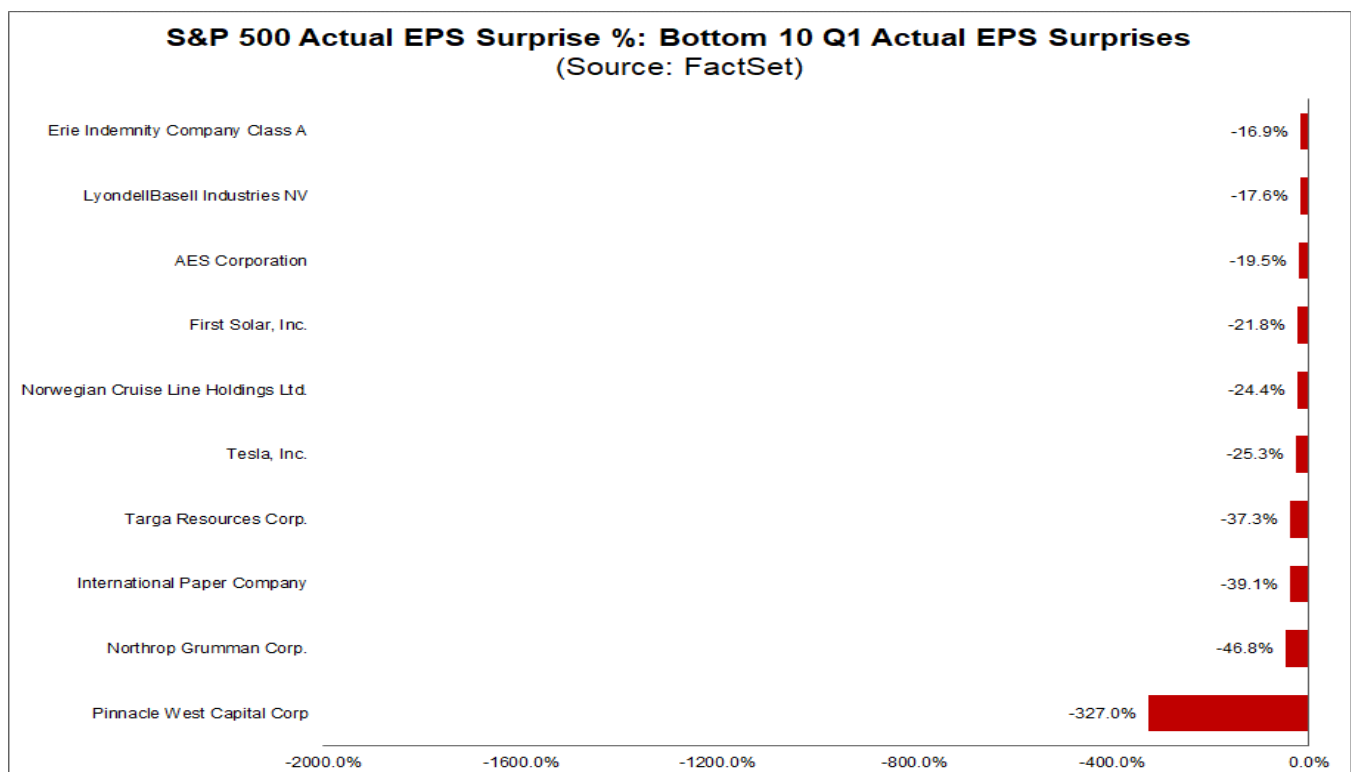
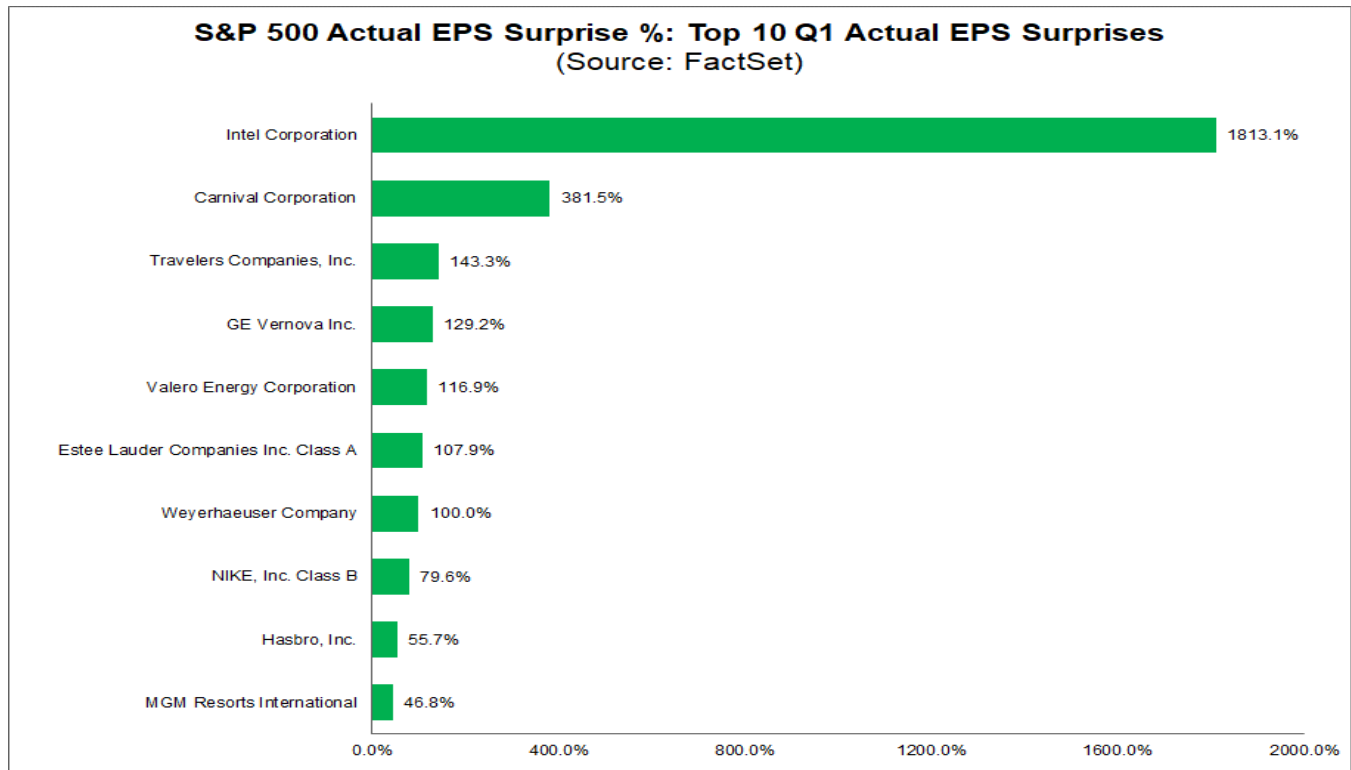
Q1 2025: Surprise



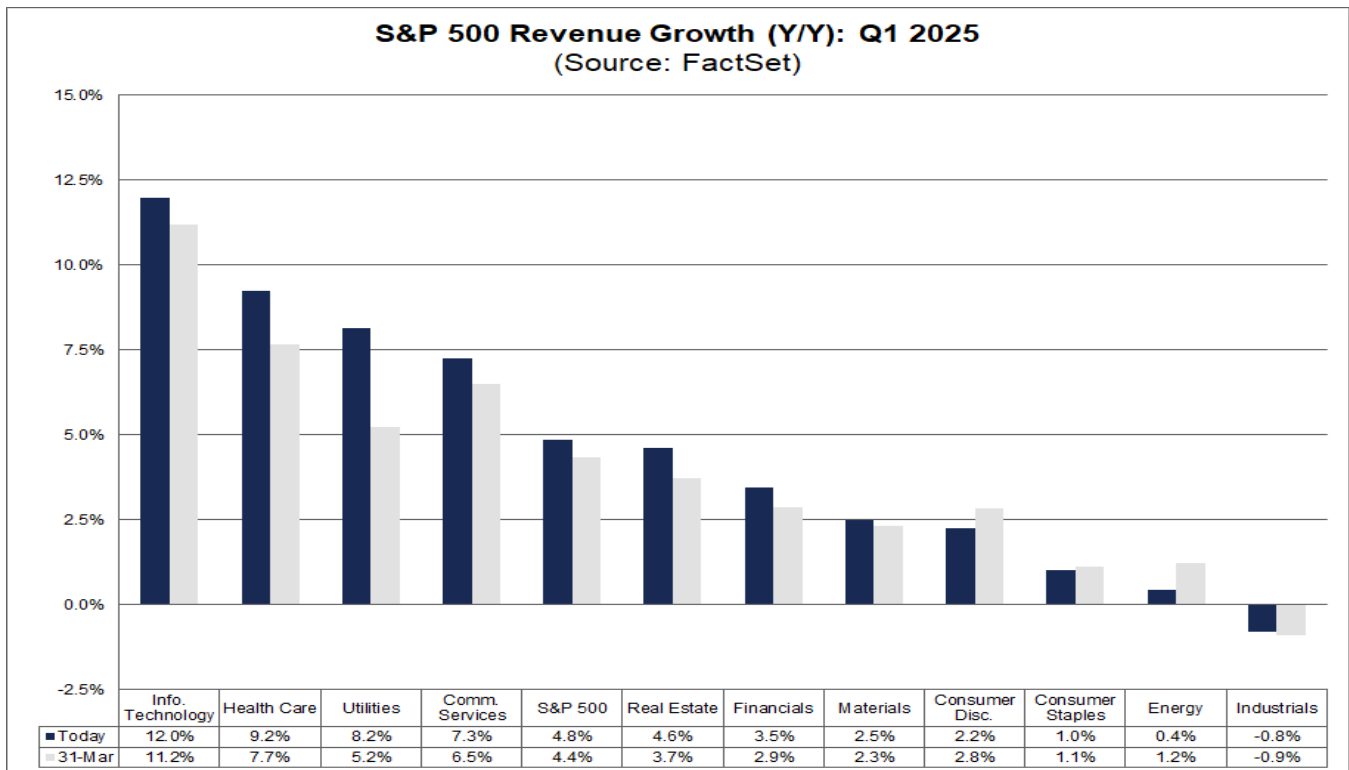
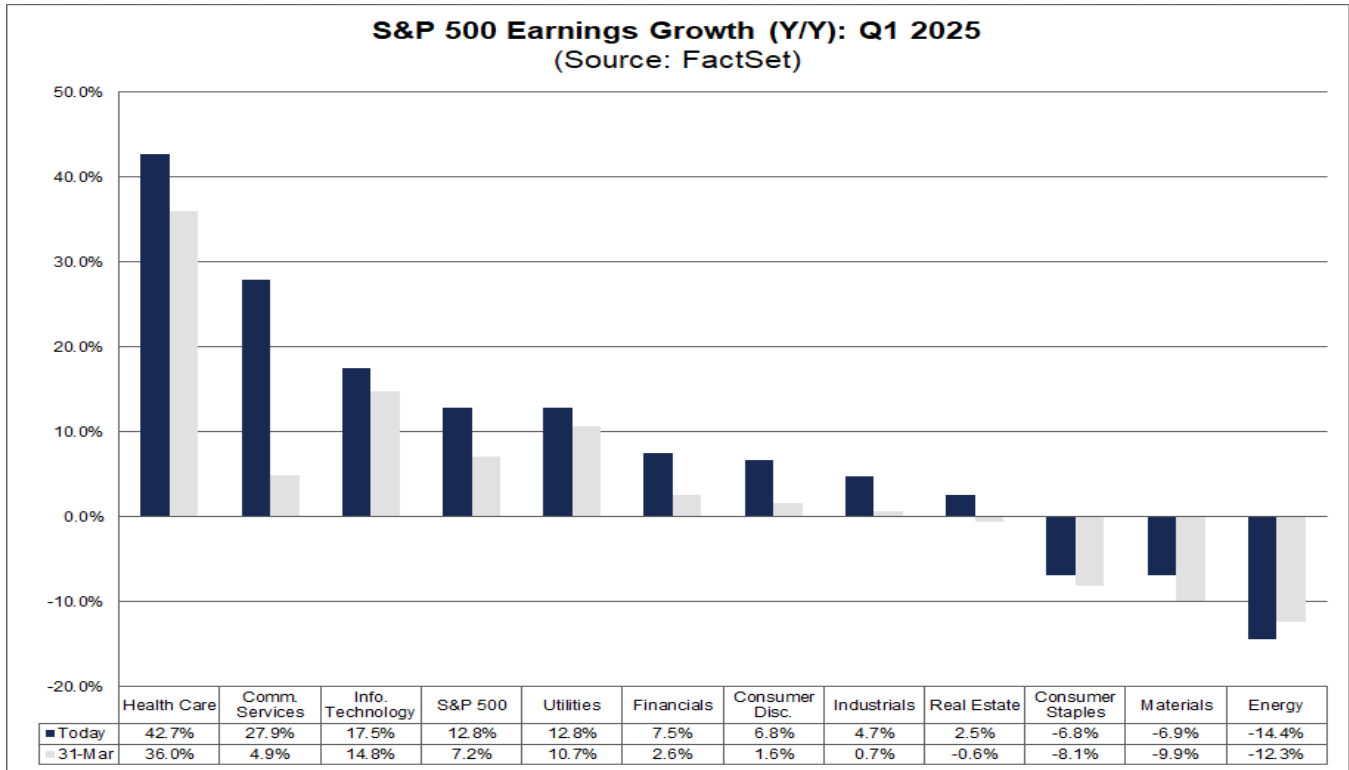
Q1 2025: Surprise



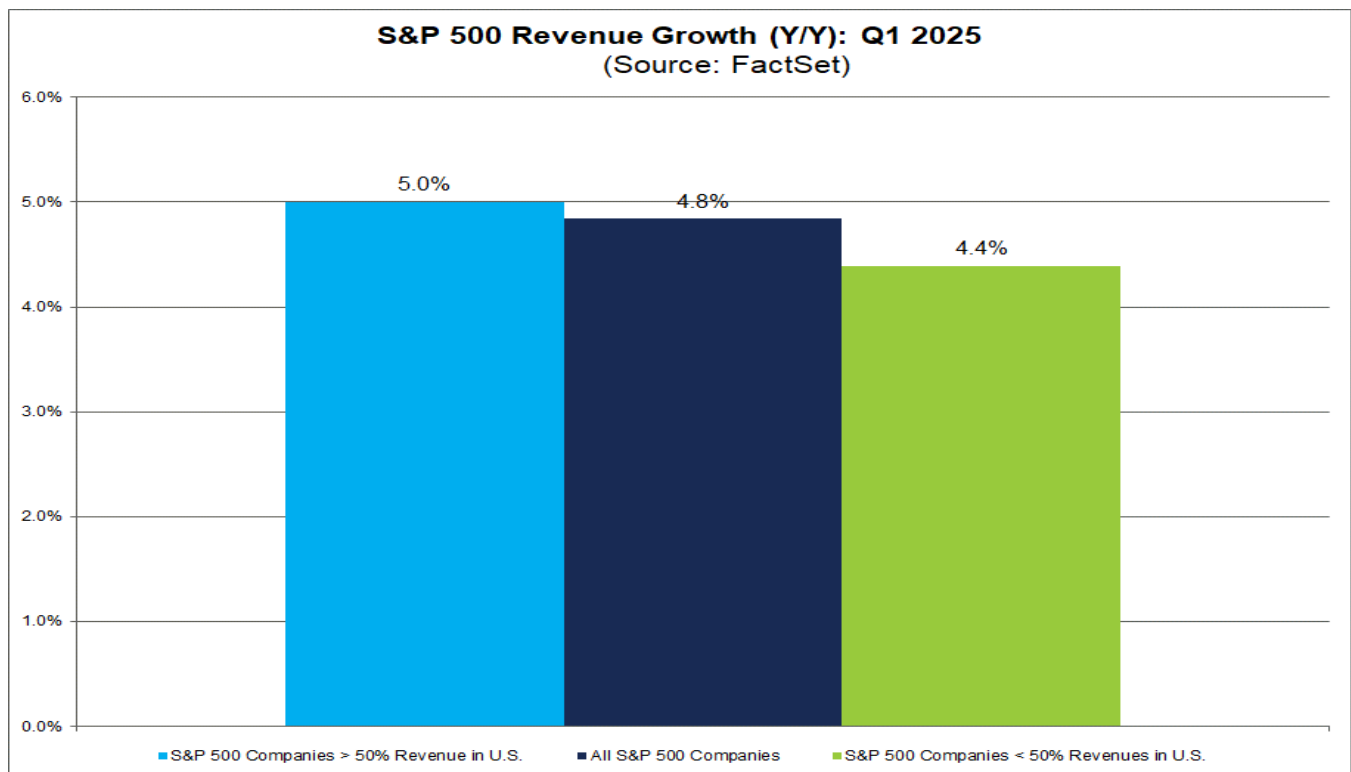
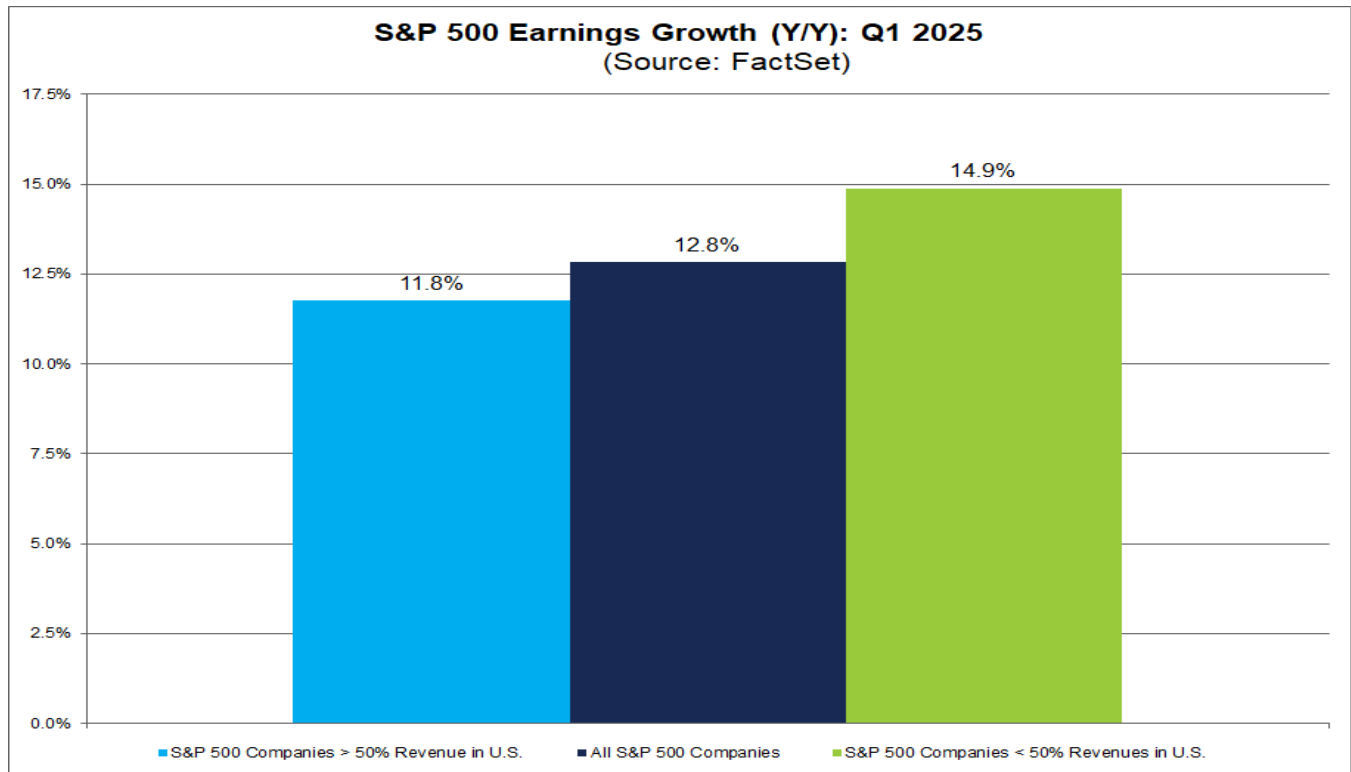
Q1 2025: Surprise



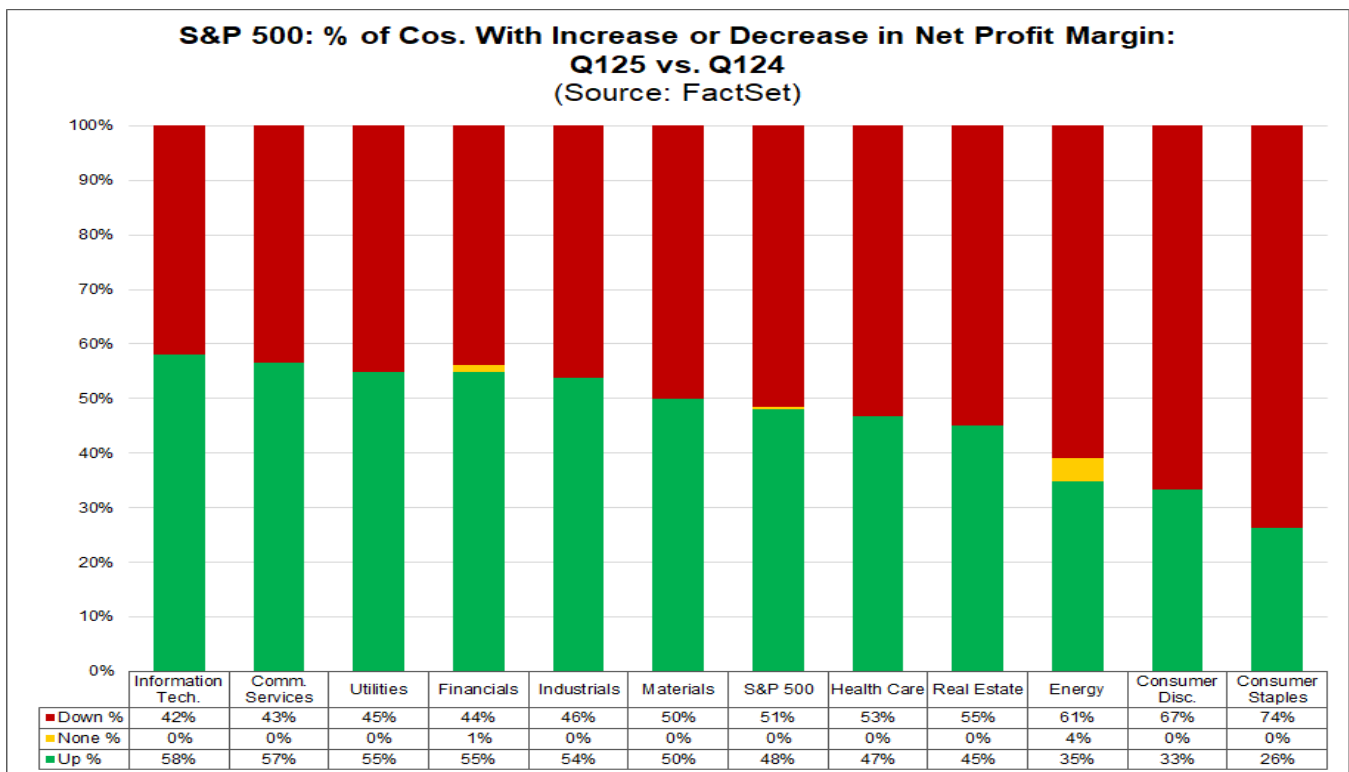
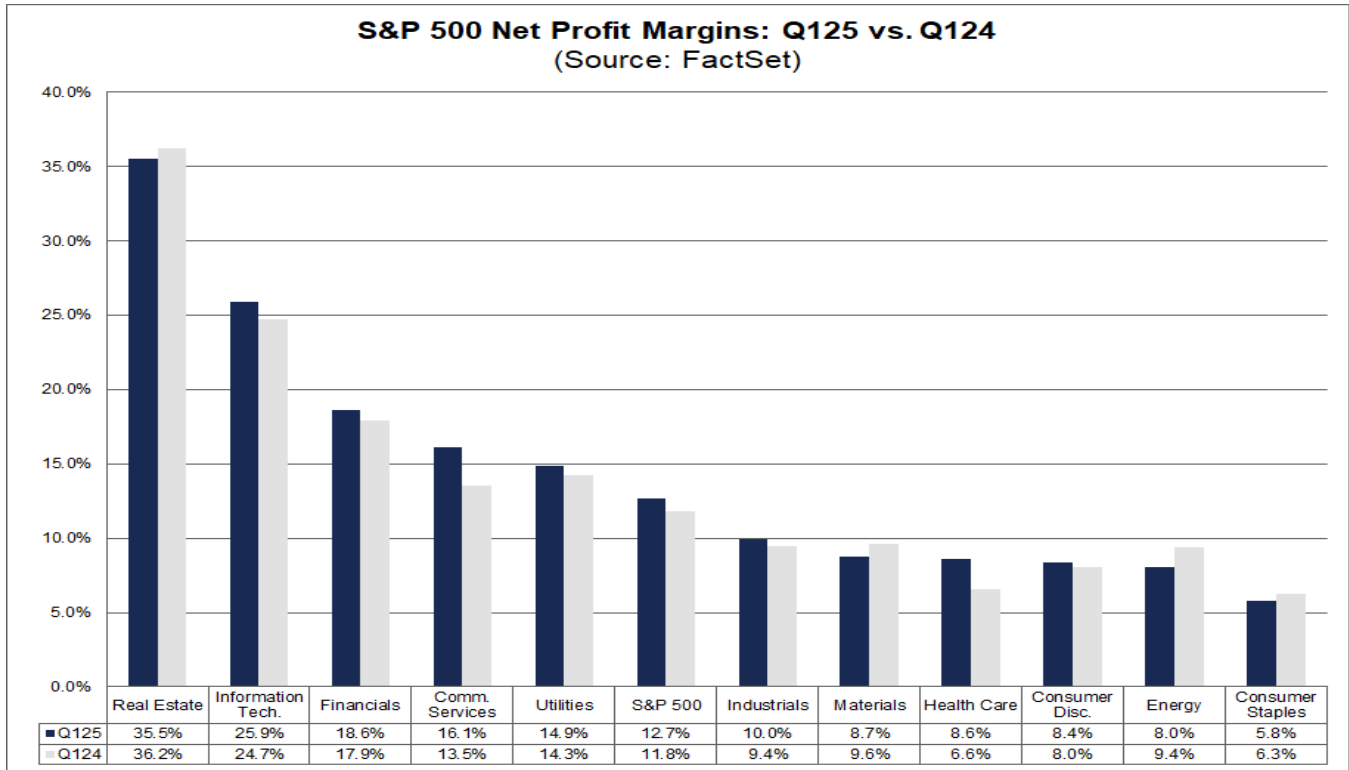
Q1 2025: Growth



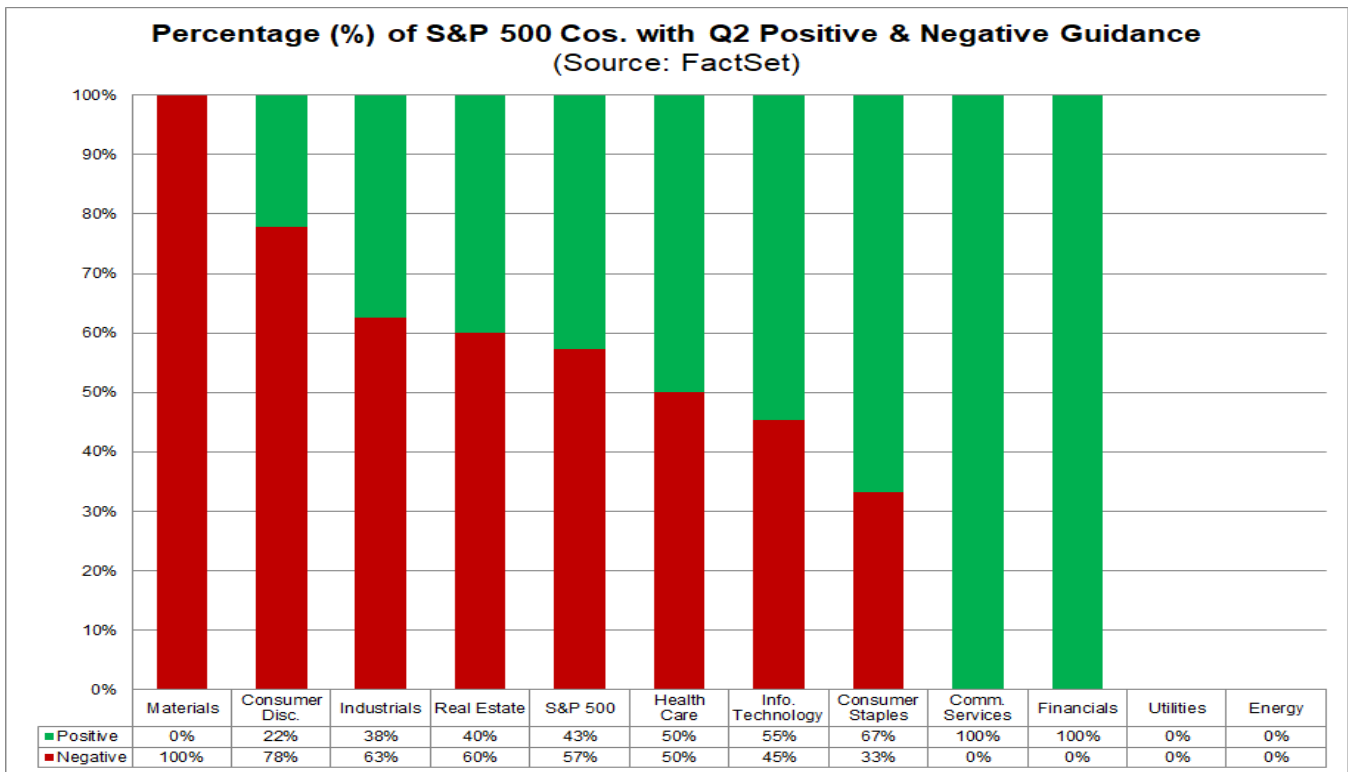
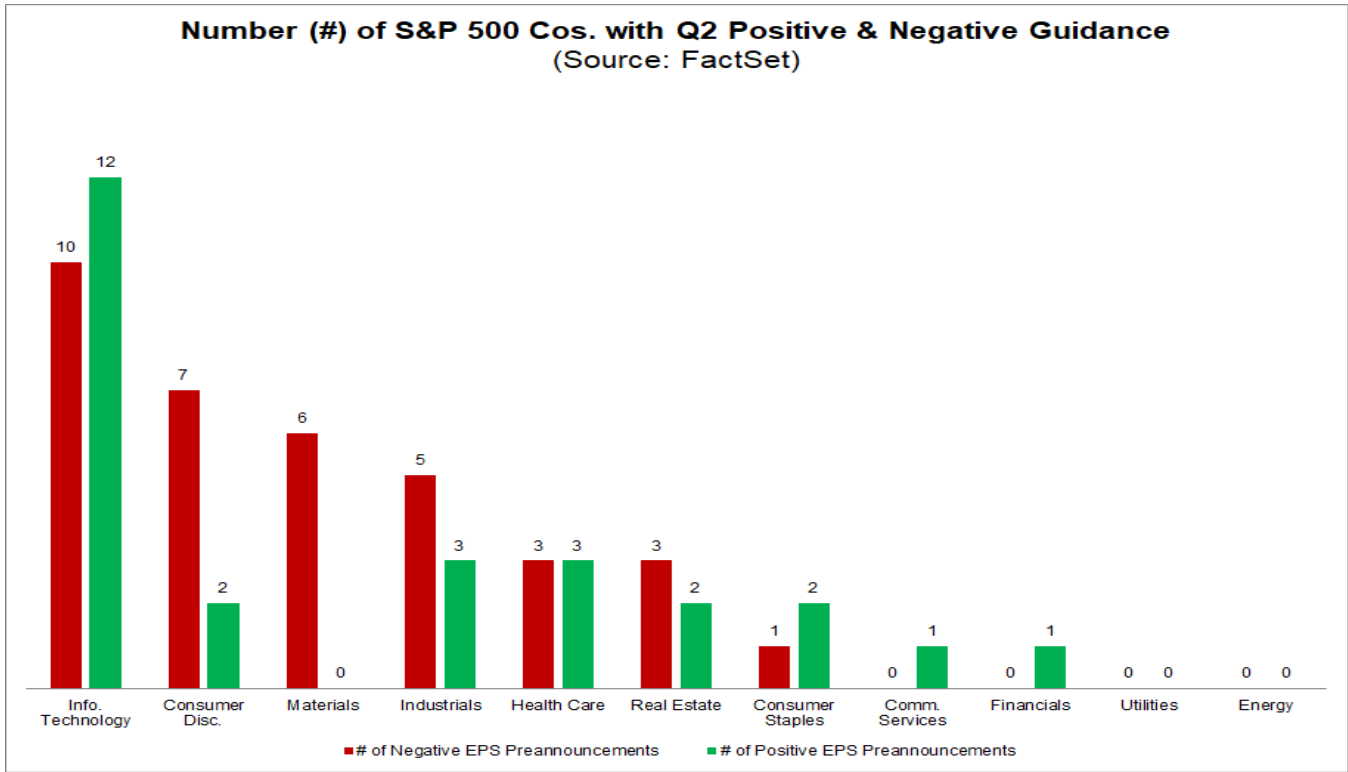
Q1 2025: Growth



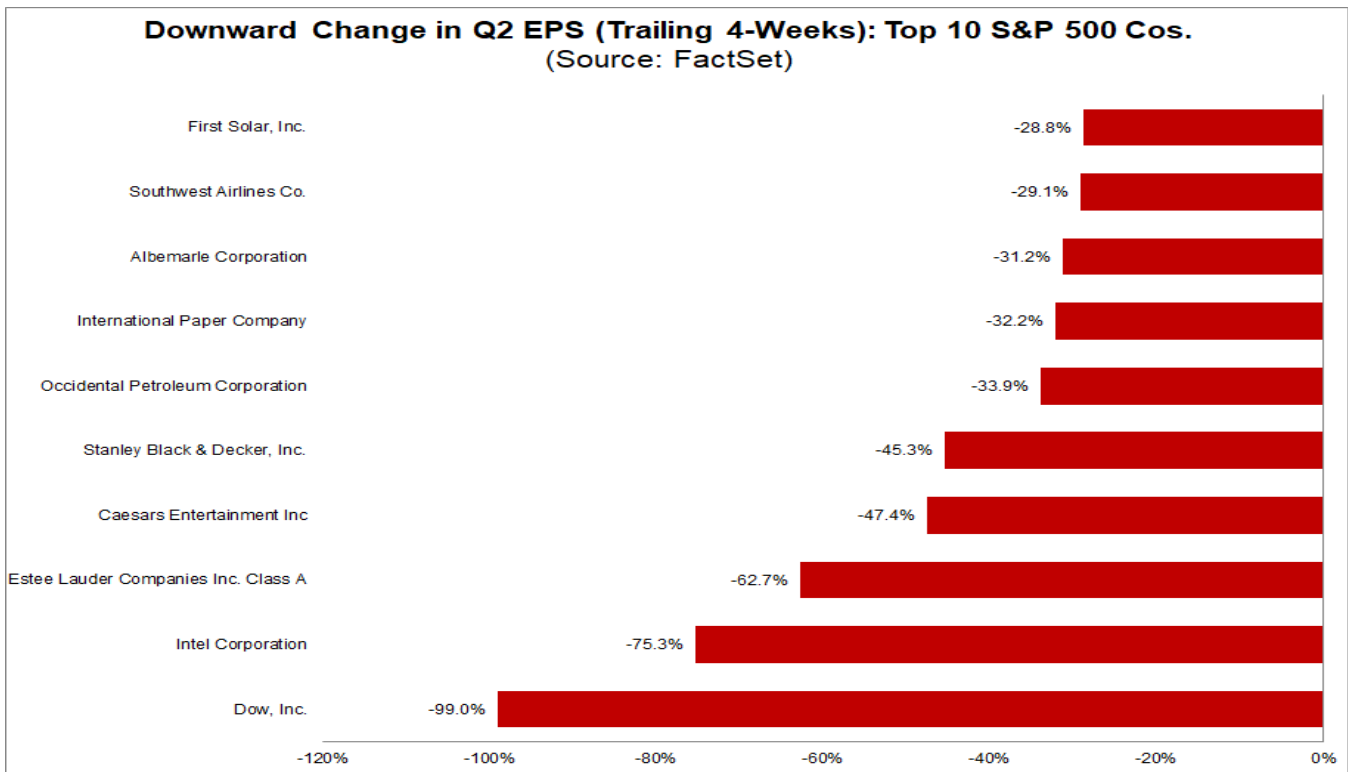
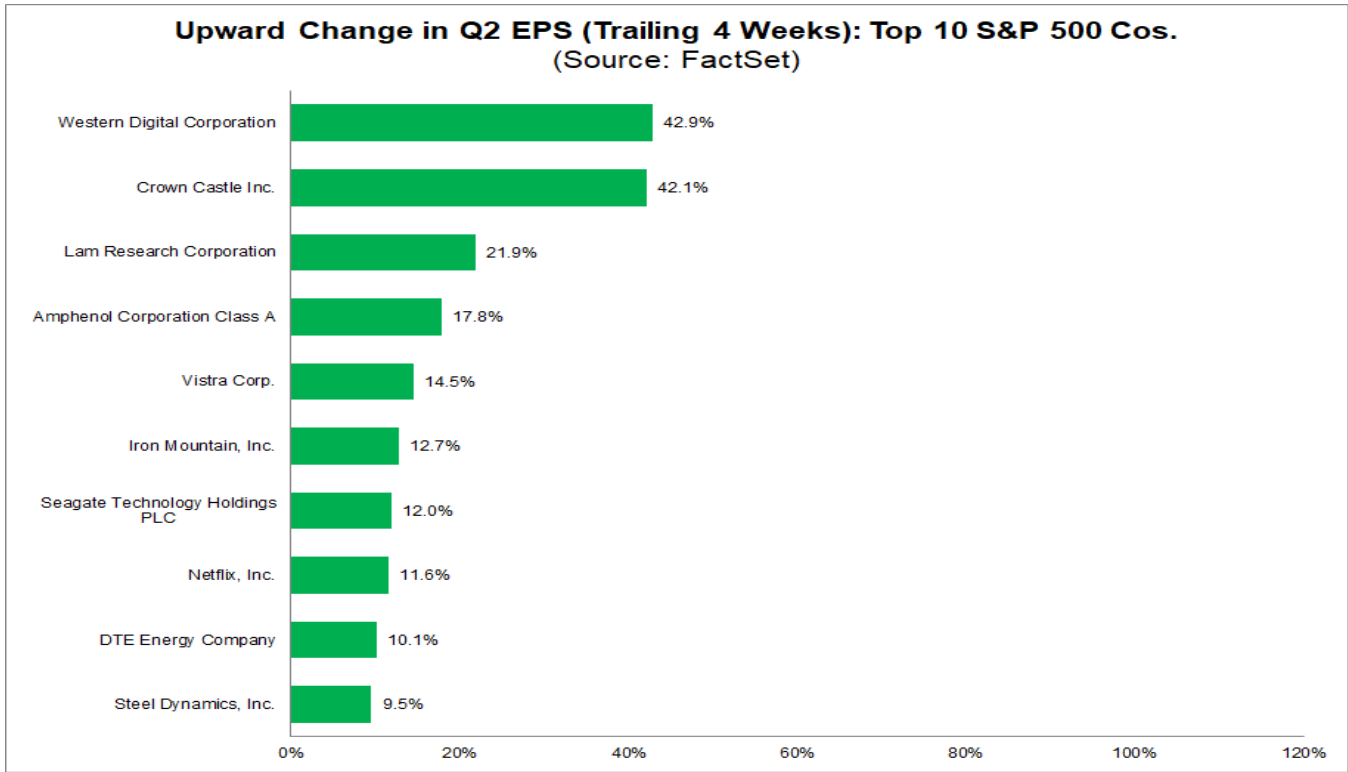
Q1 2025: Net Profit Margin



Q2 2025: Guidance

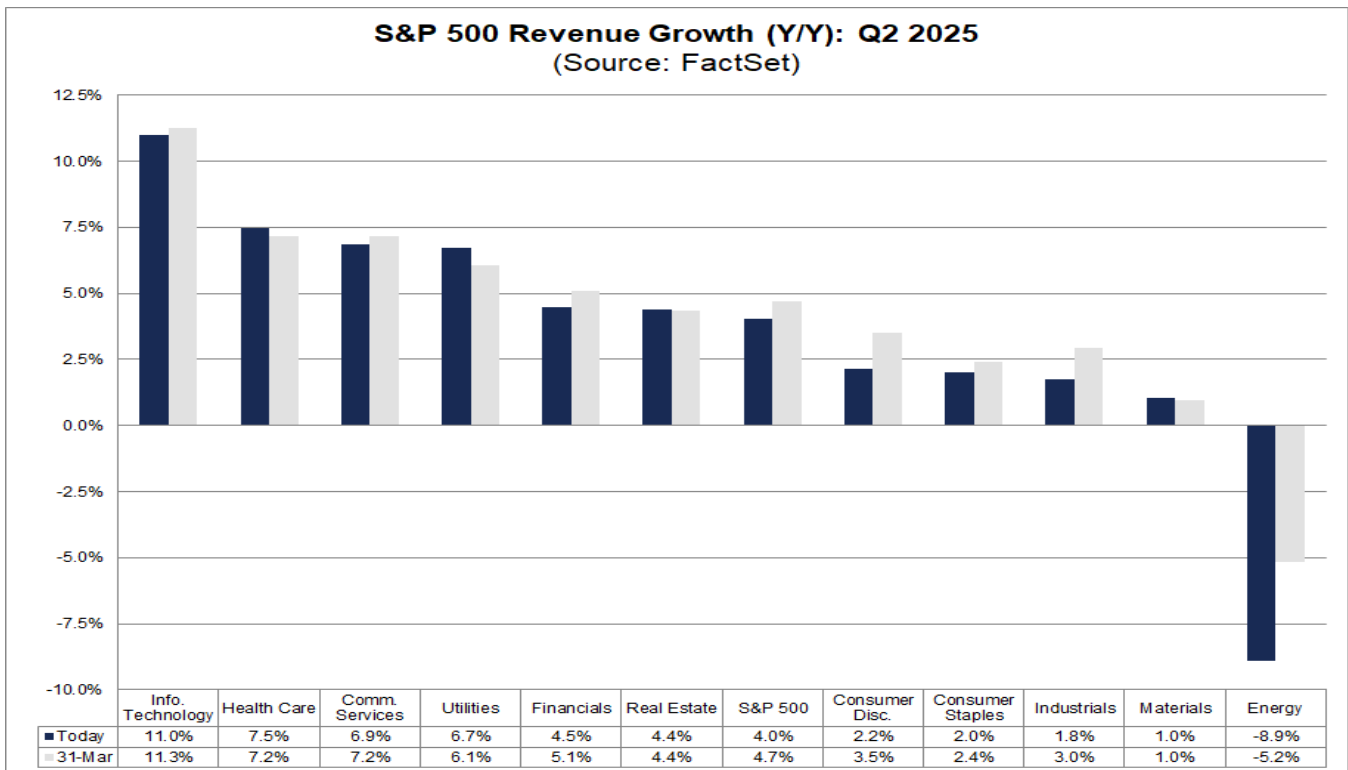
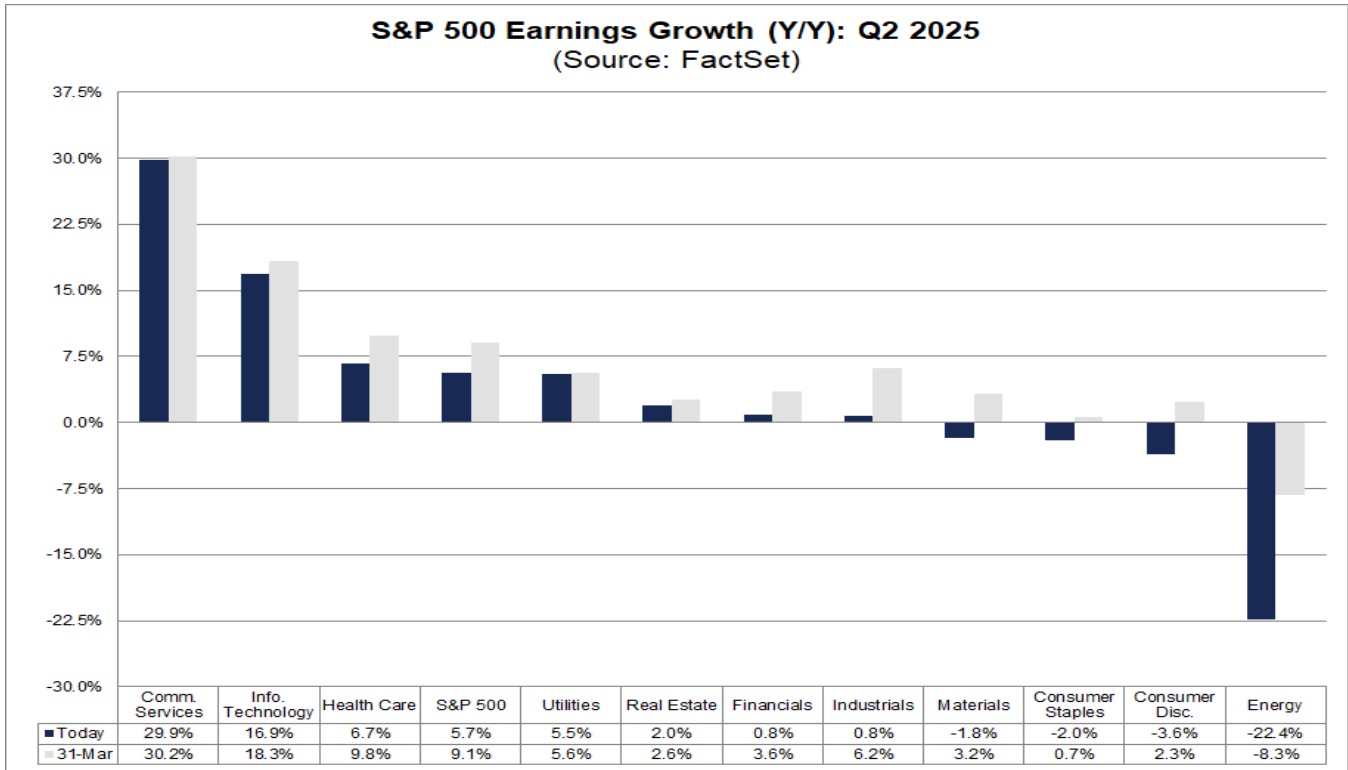


Q2 2025: EPS Revisions

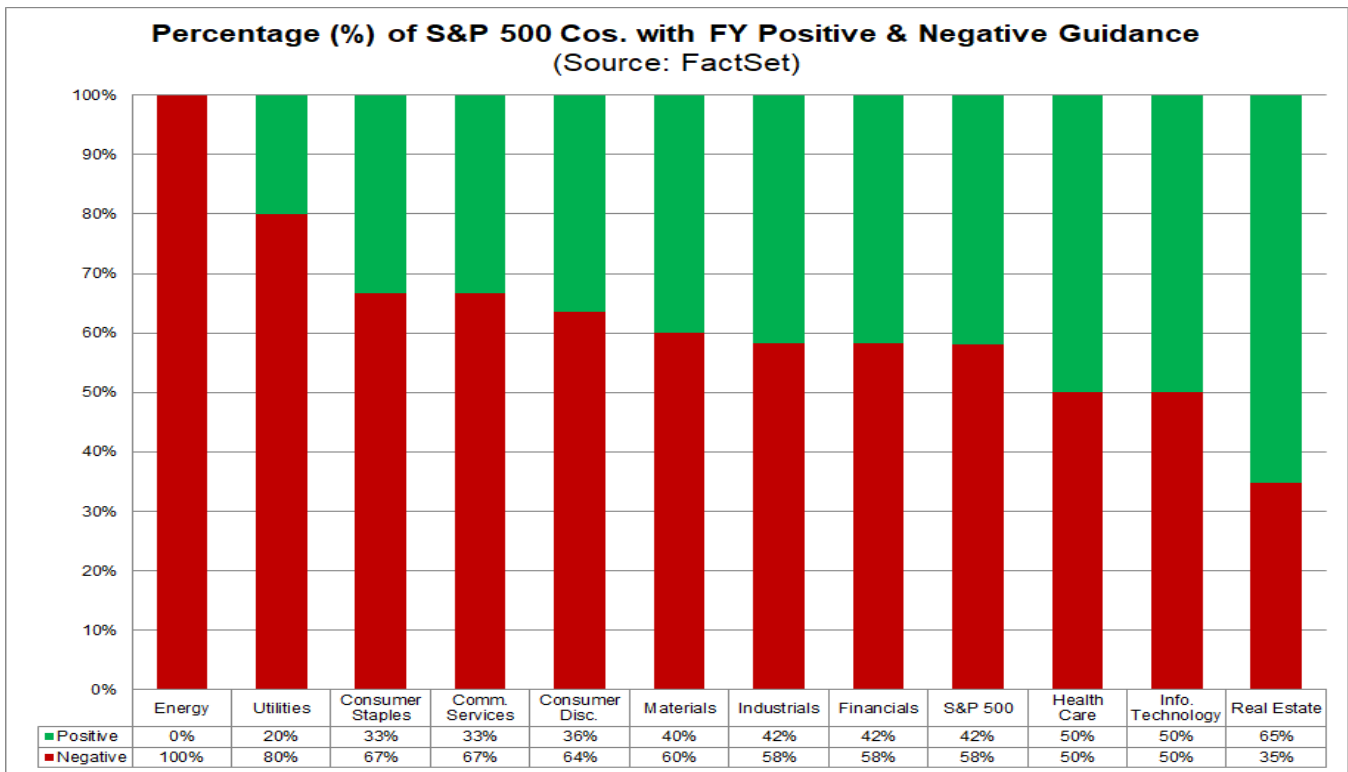
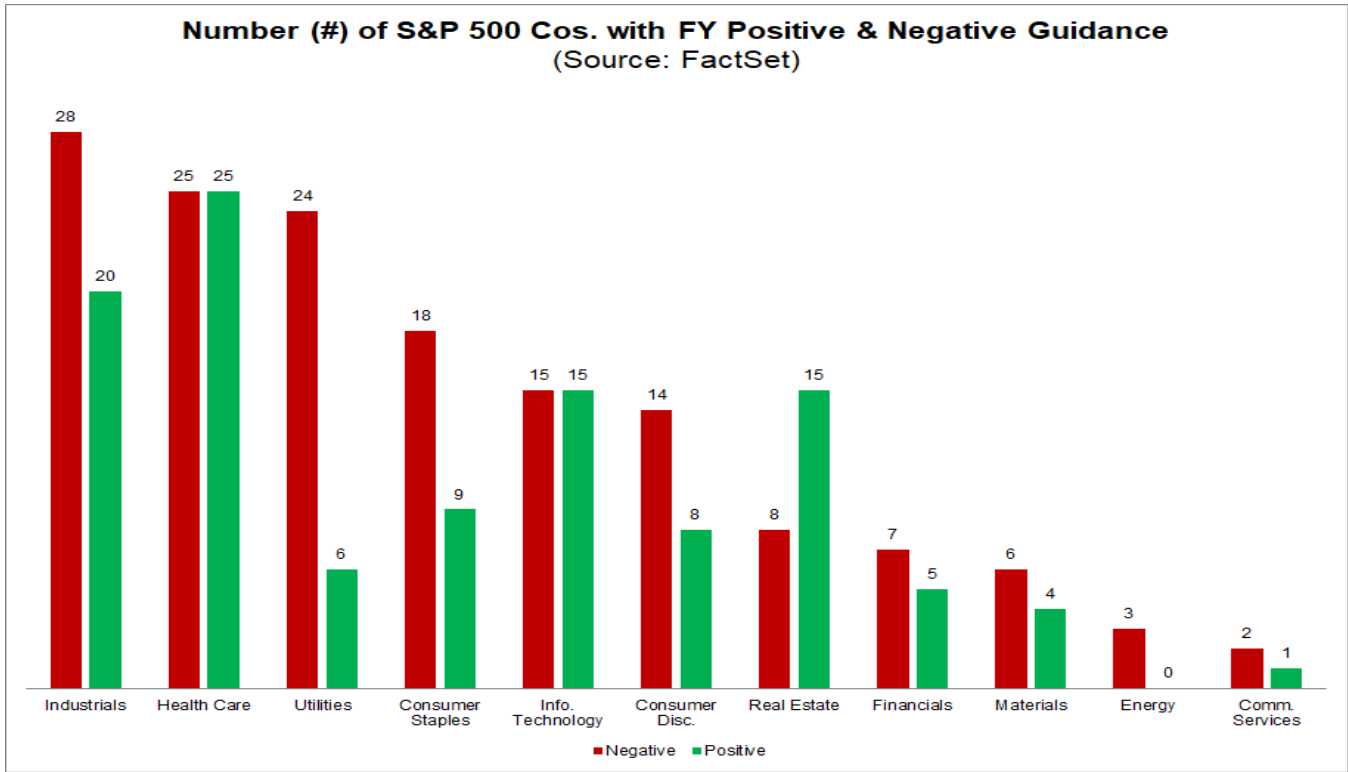




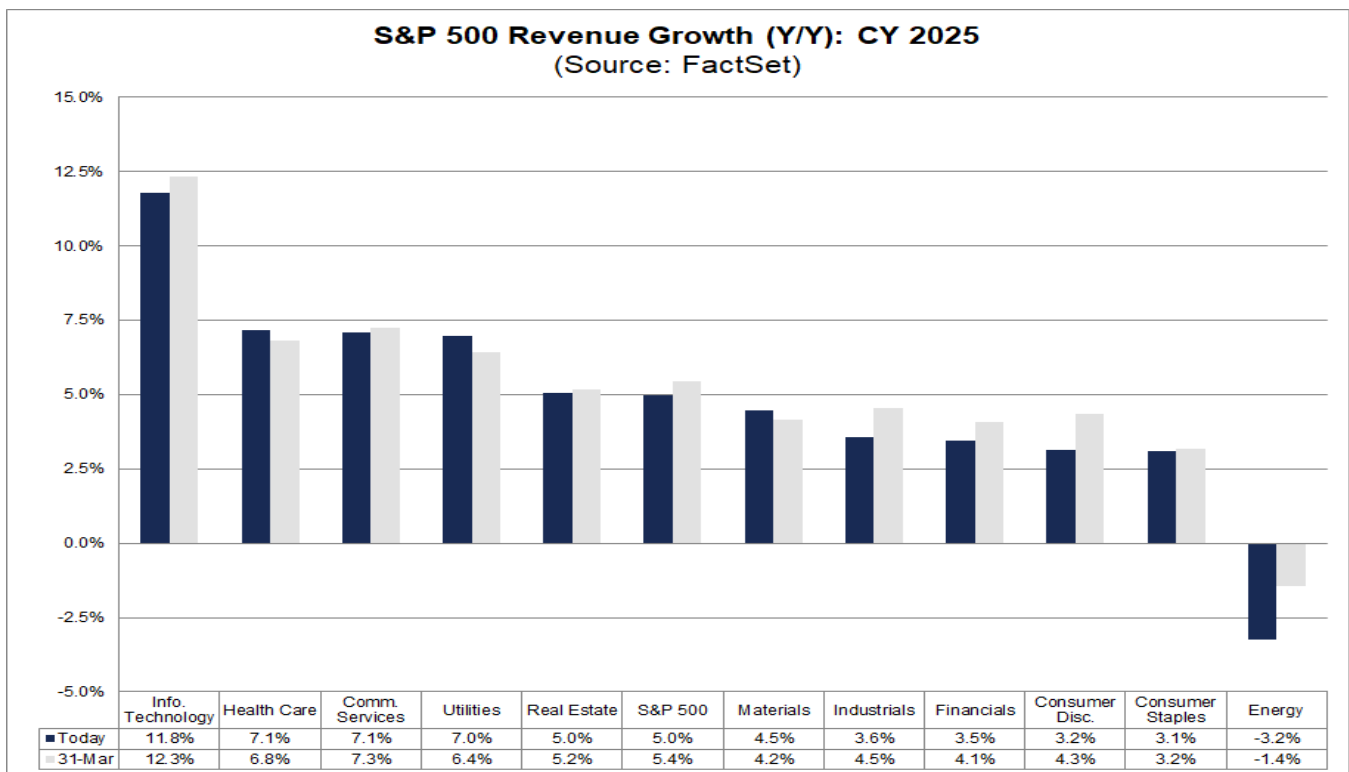
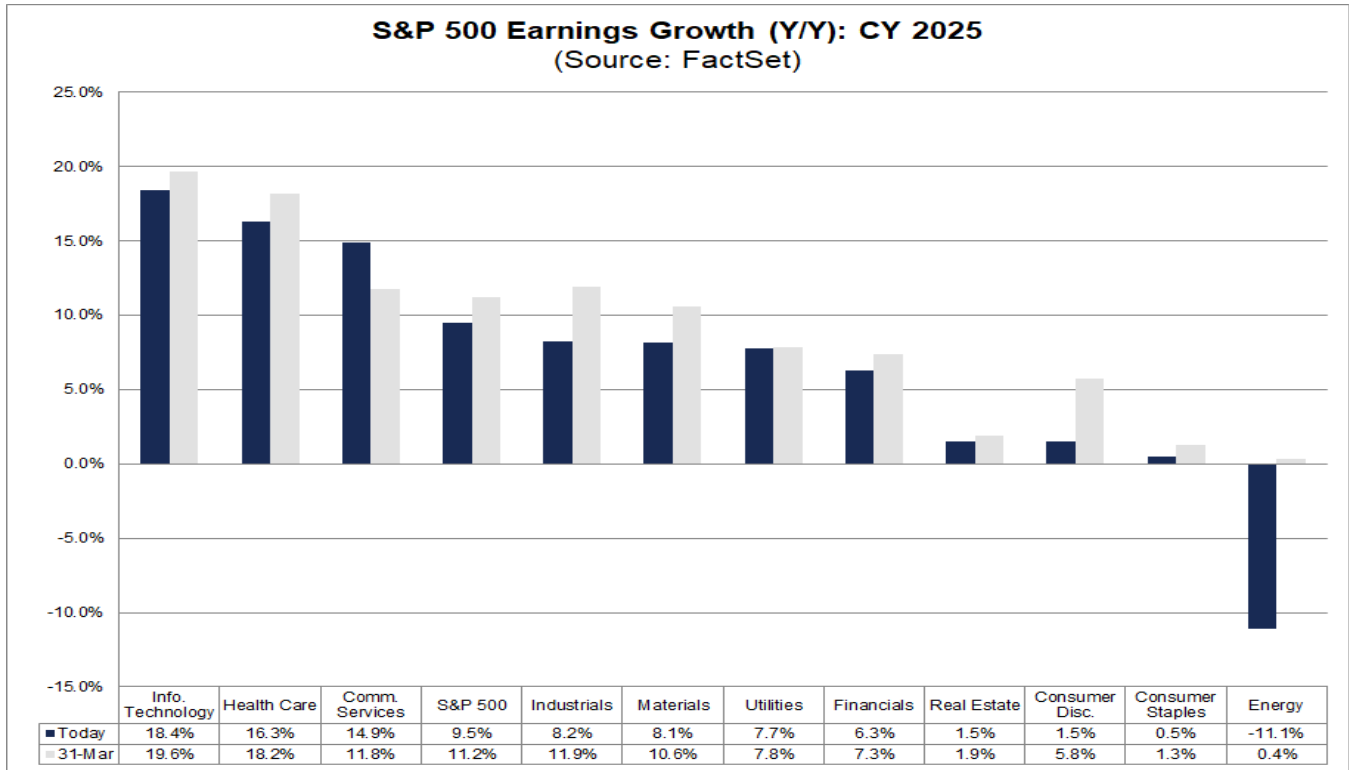
Q2 2025: Growth



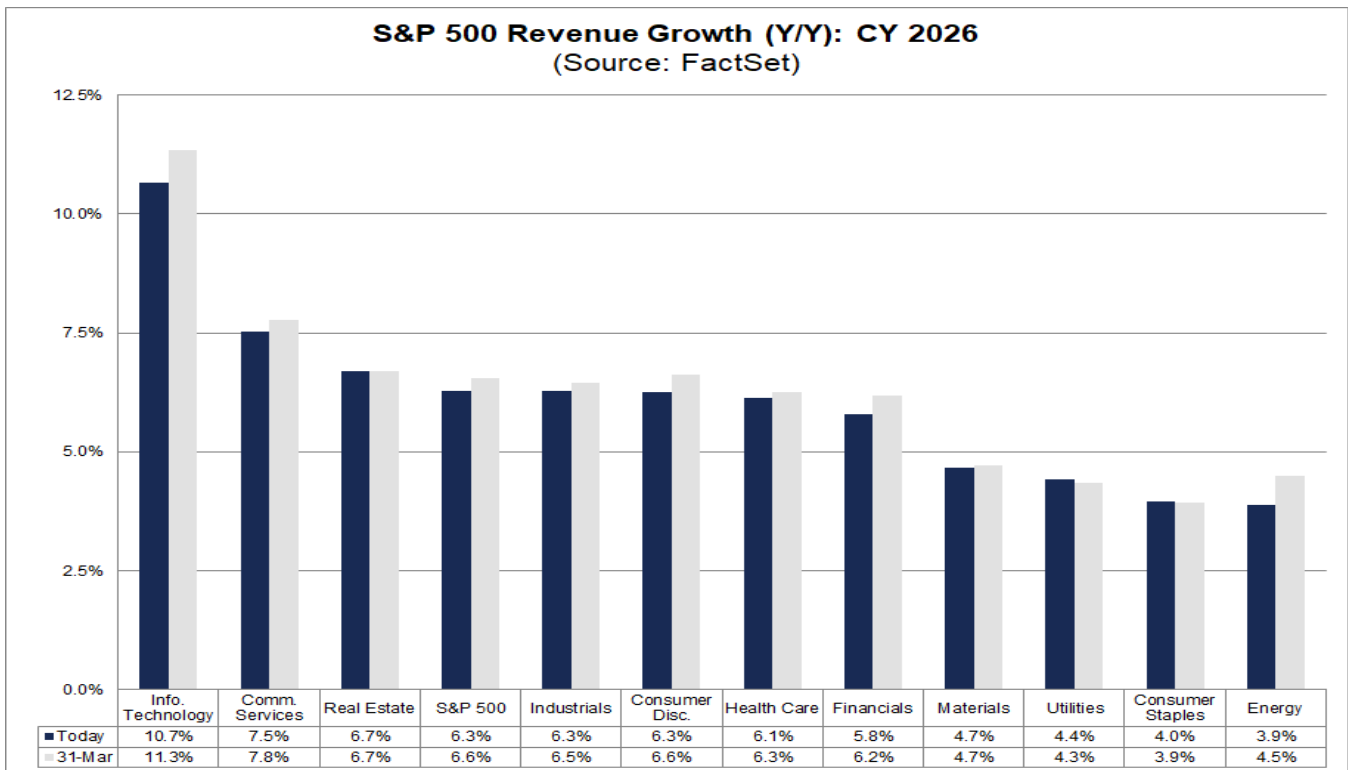
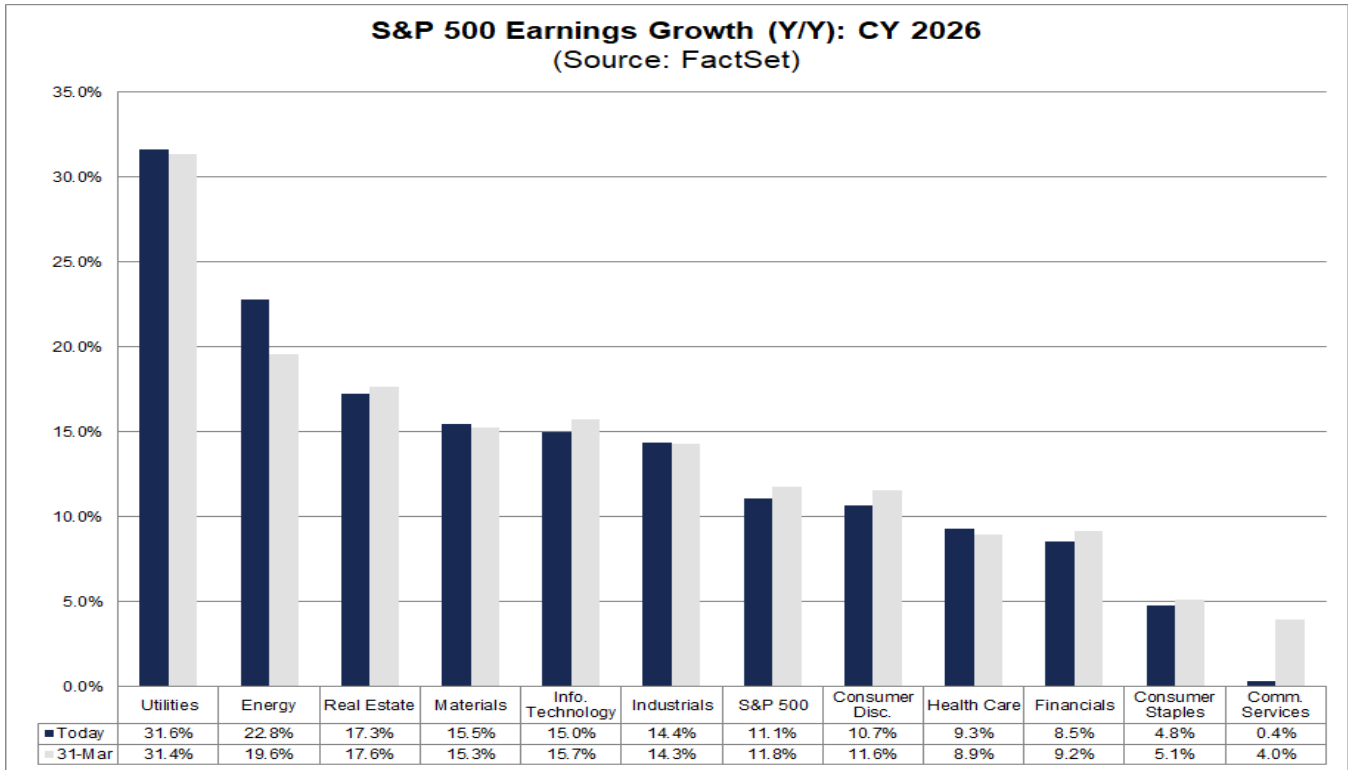
FY 2025 / 2026: EPS Guidance



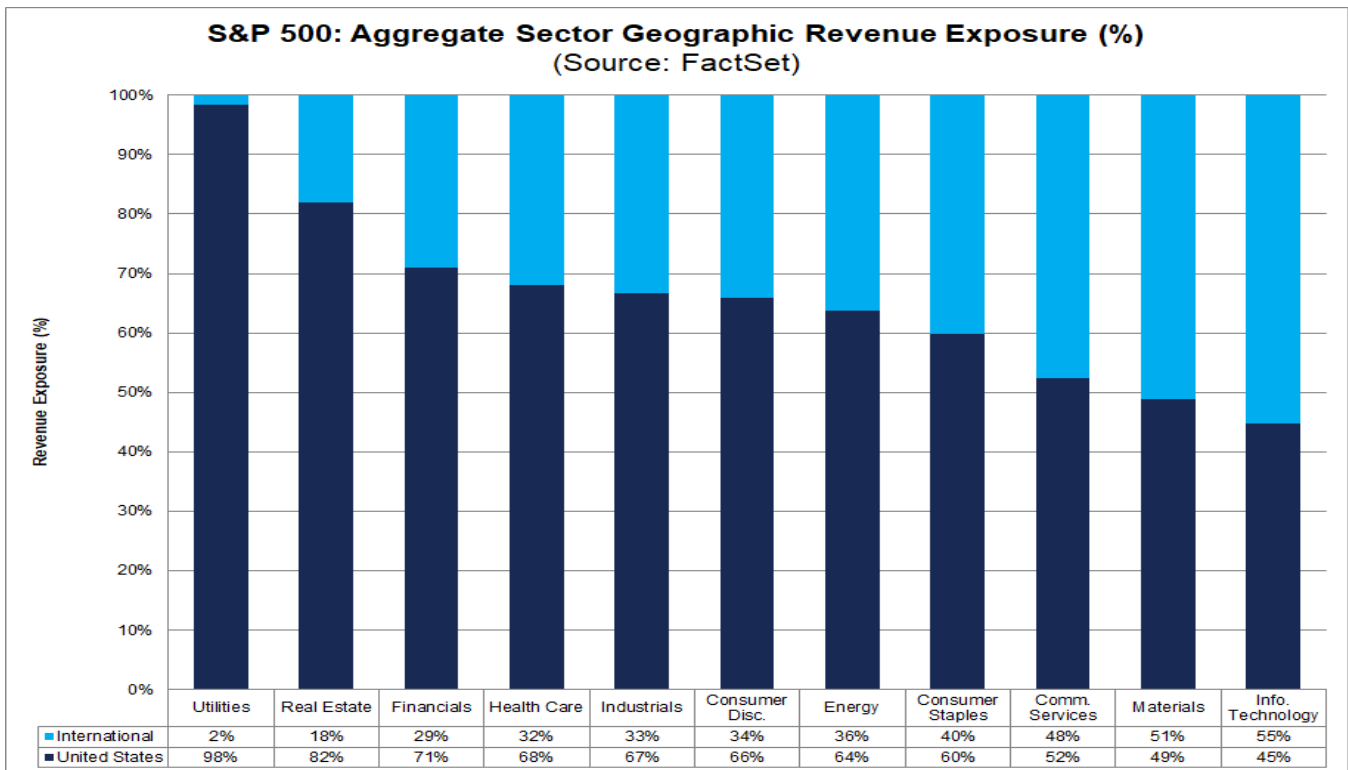
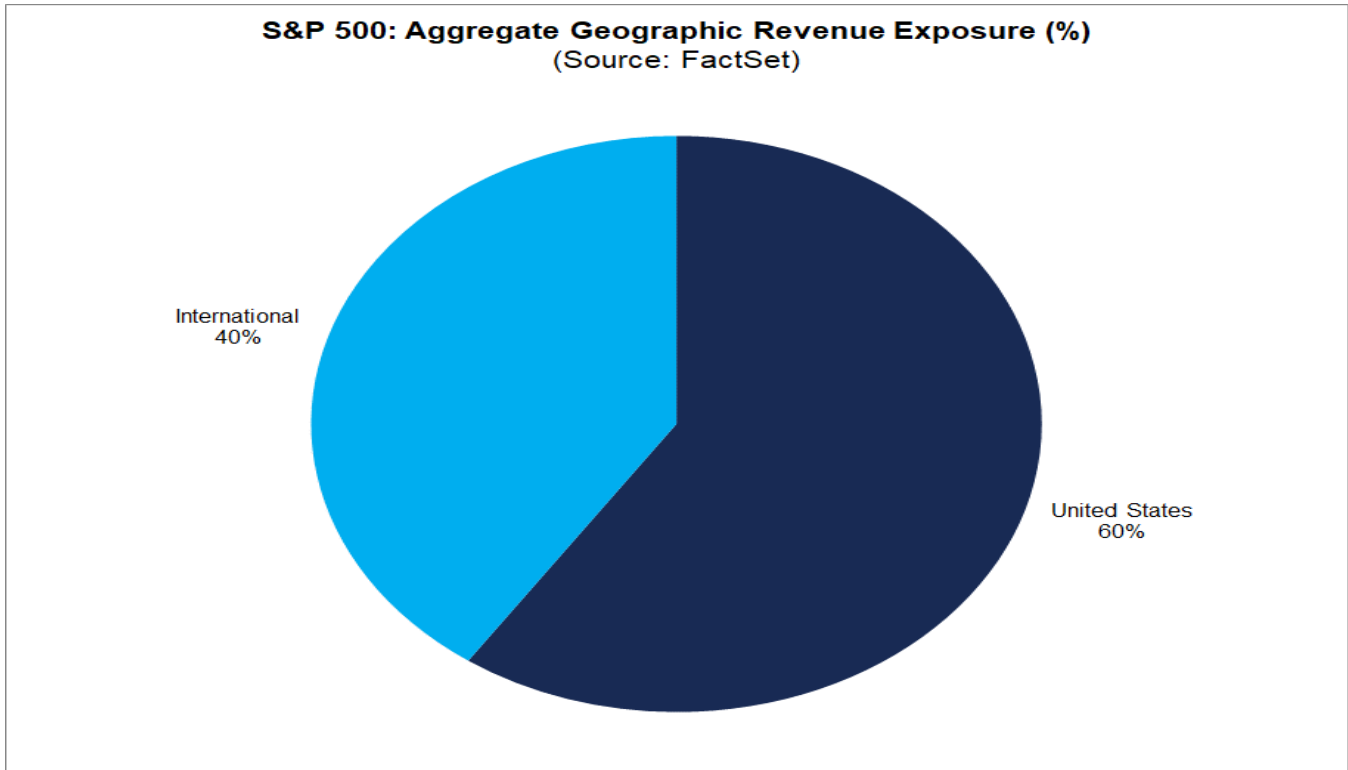
CY 2025: Growth



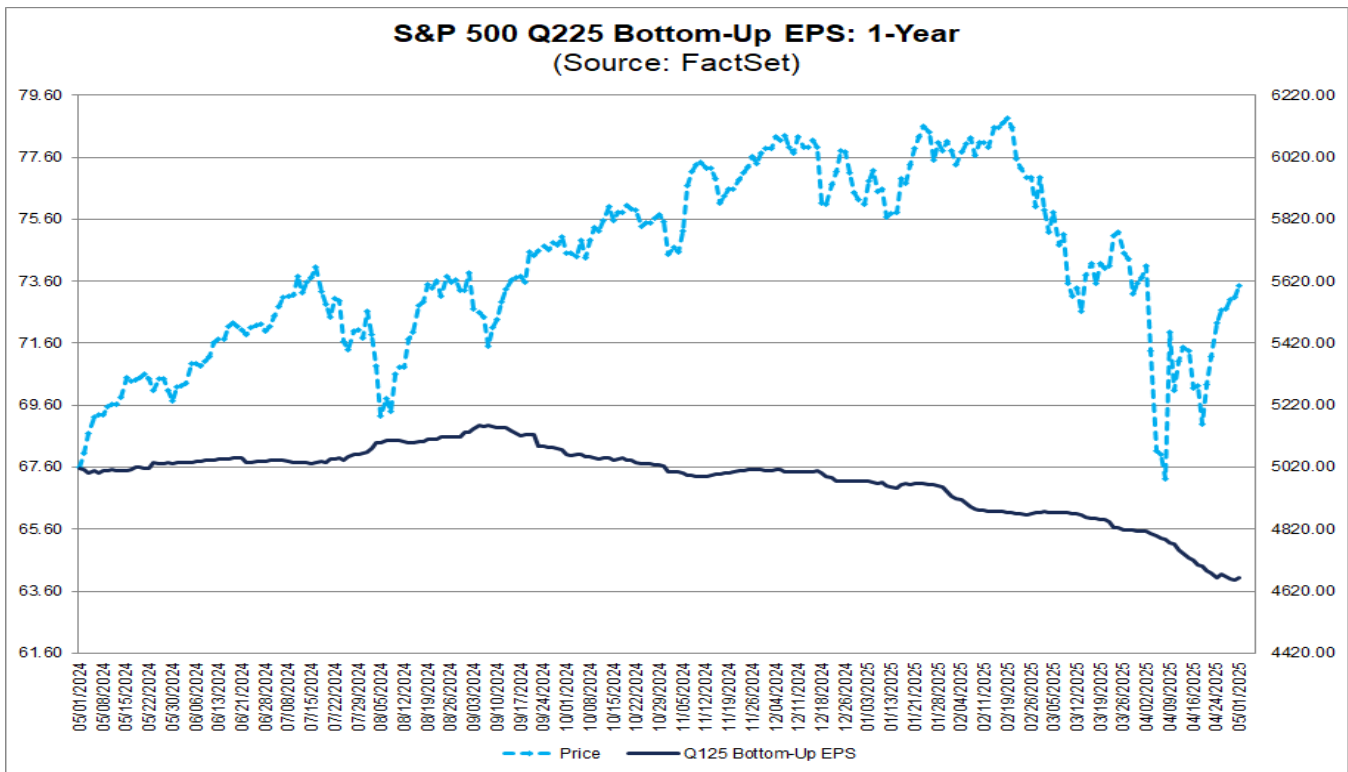
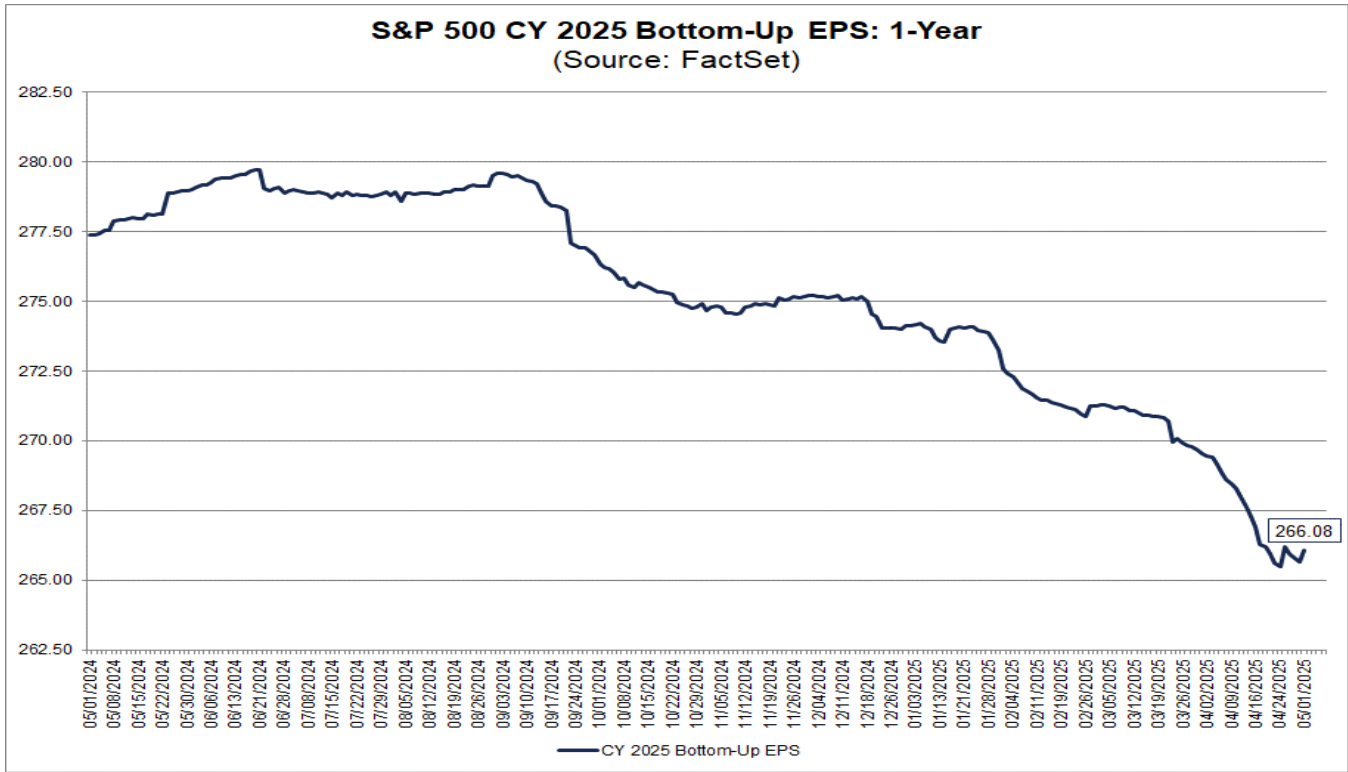
CY 2026: Growth



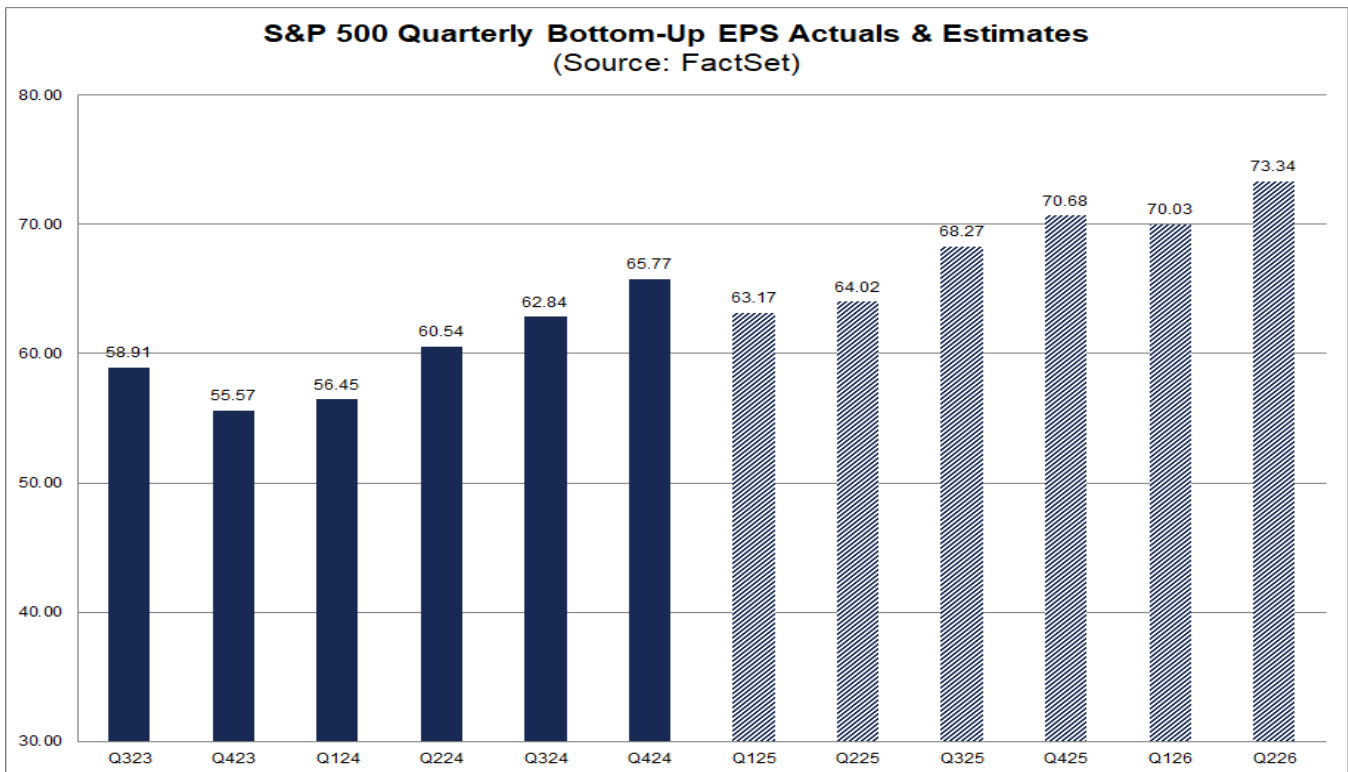
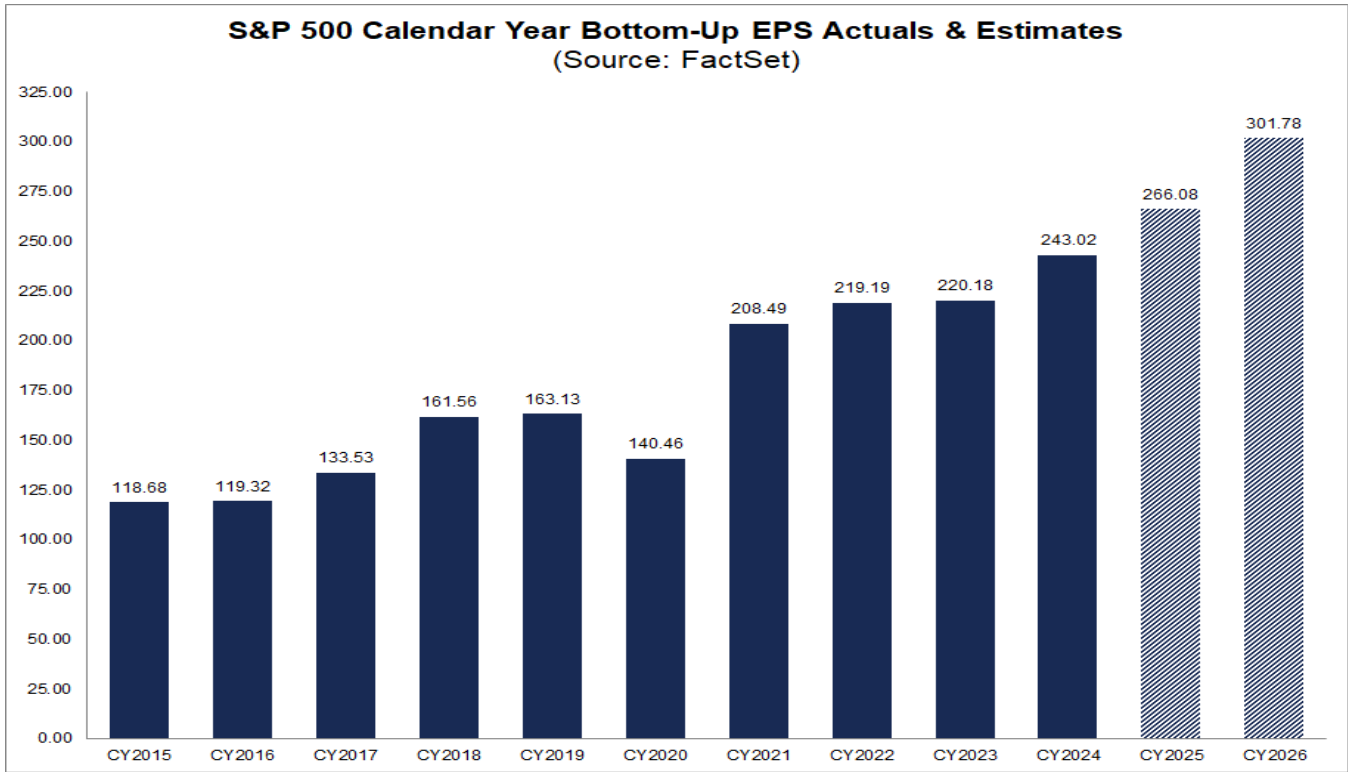
Geographic Revenue Exposure



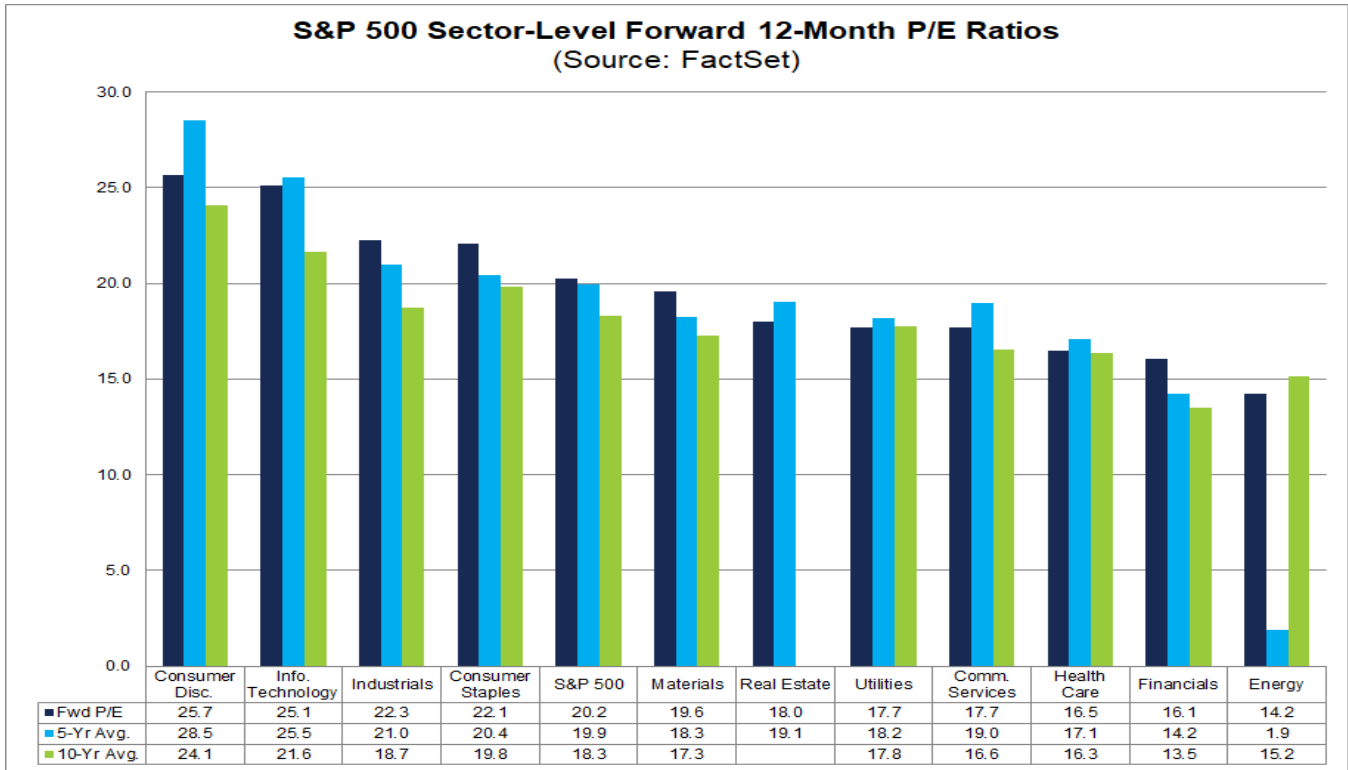
Bottom-Up EPS Estimates



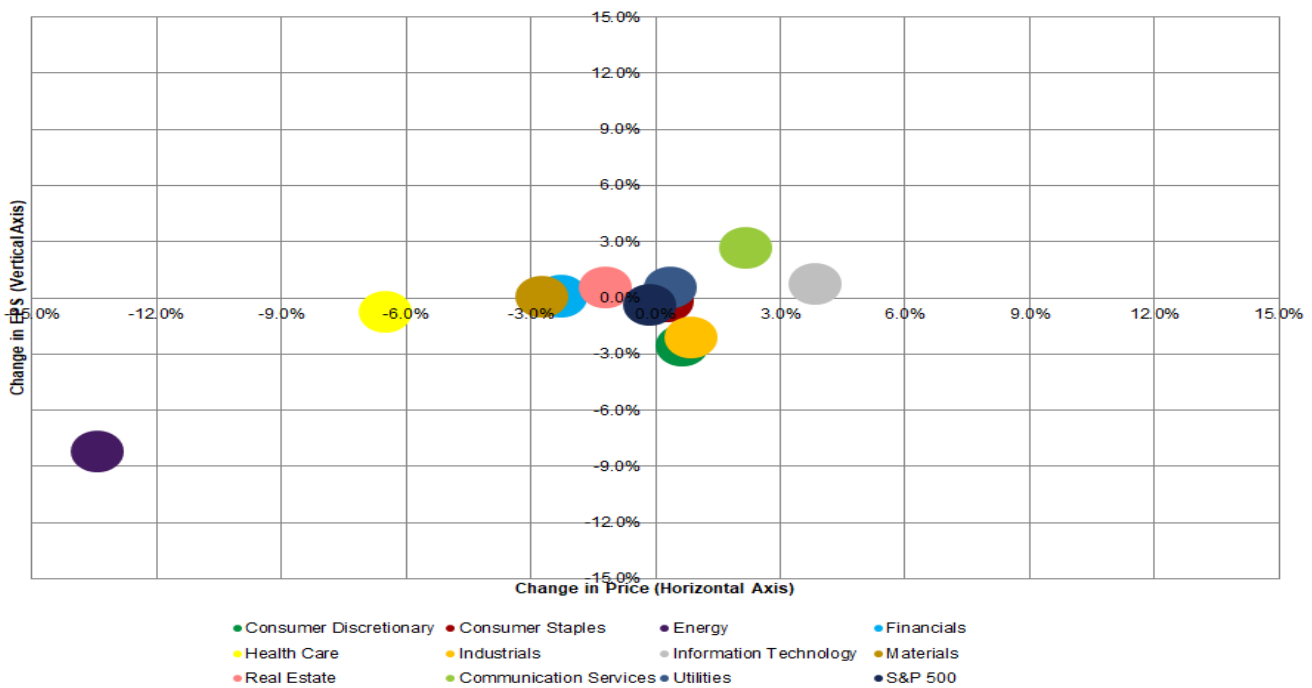
Bottom-Up EPS Estimates: Current & Historical



Forward 12M P/E Ratio: Sector Level

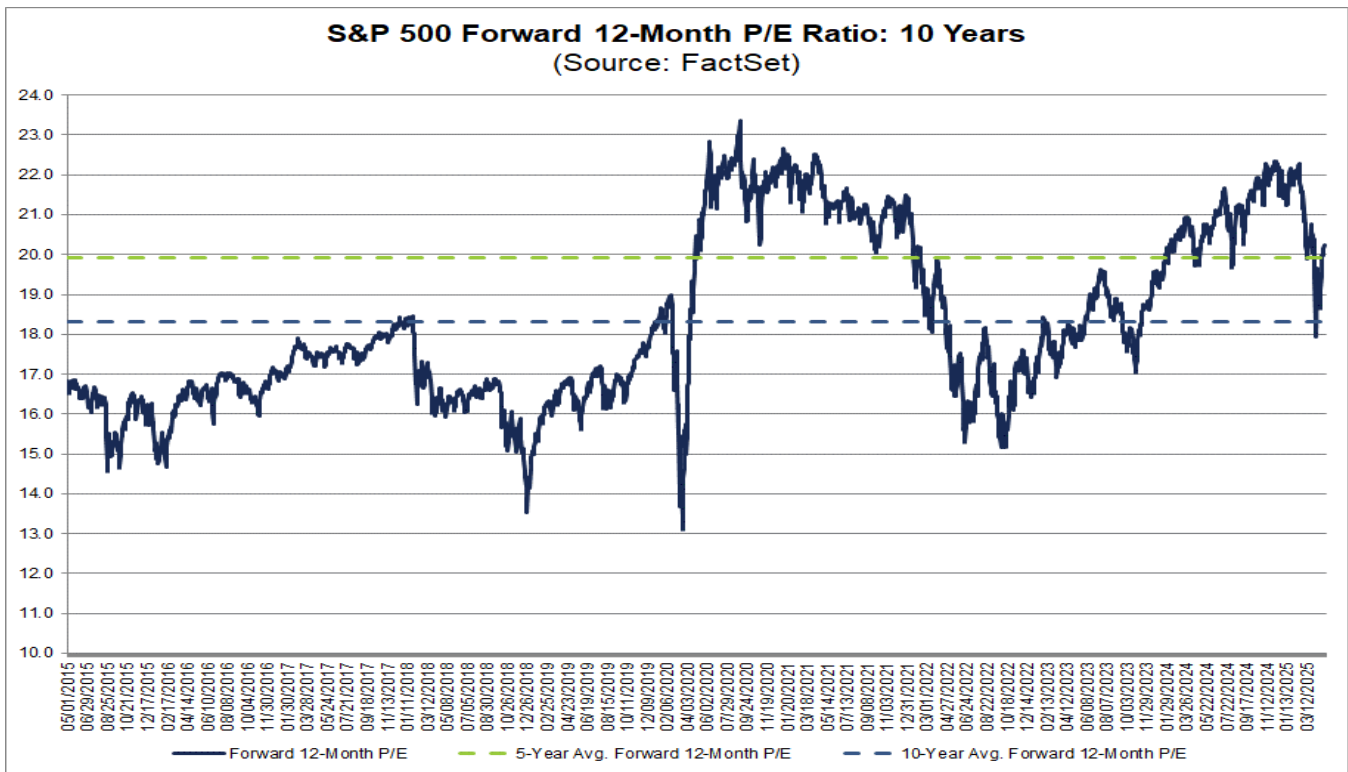
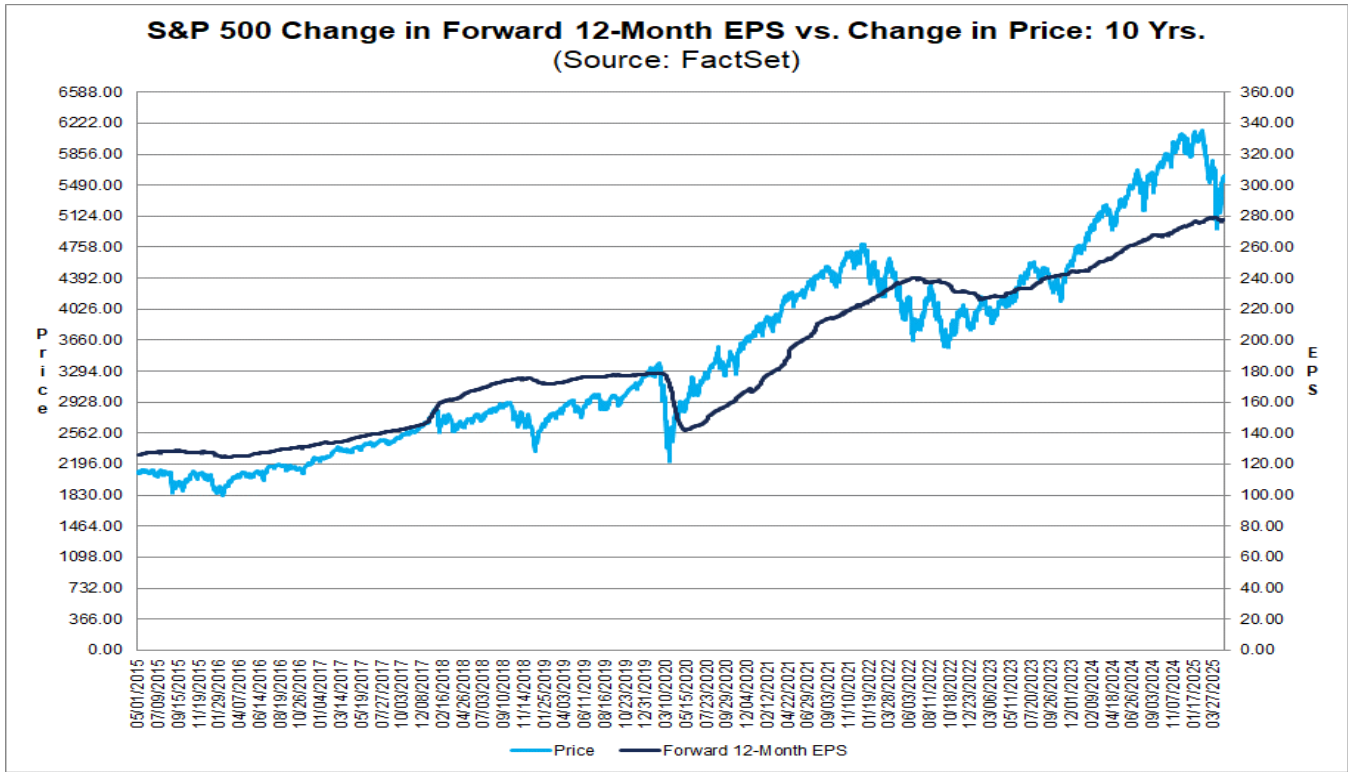


### Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Mar. 31 (Source: FactSet)

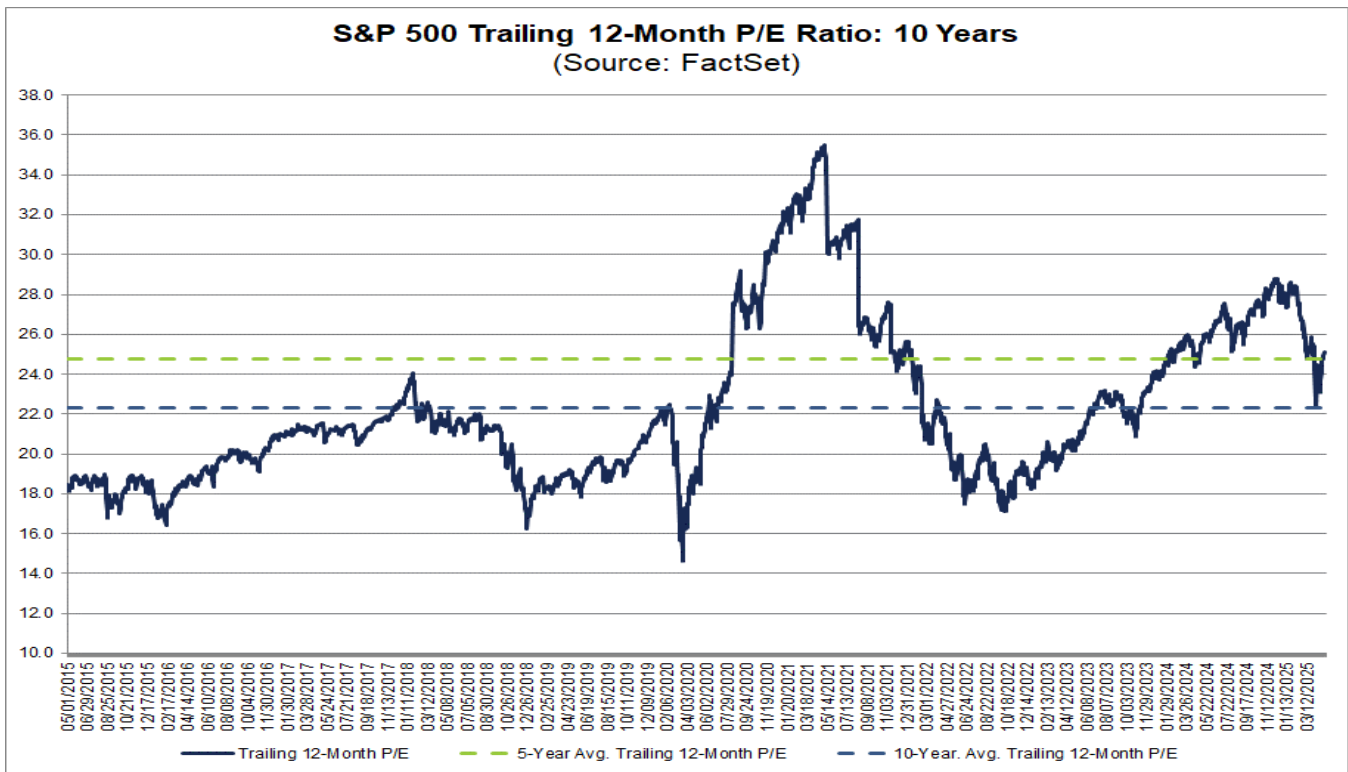
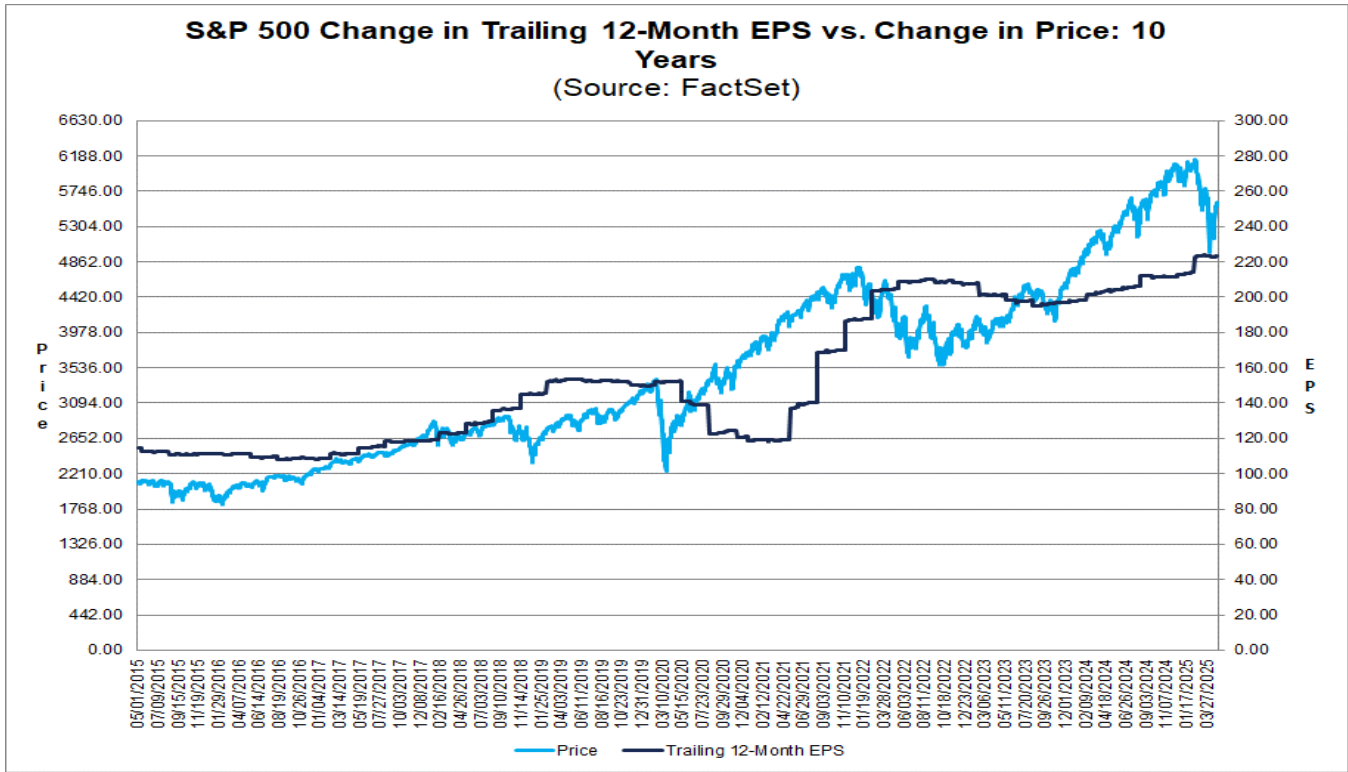




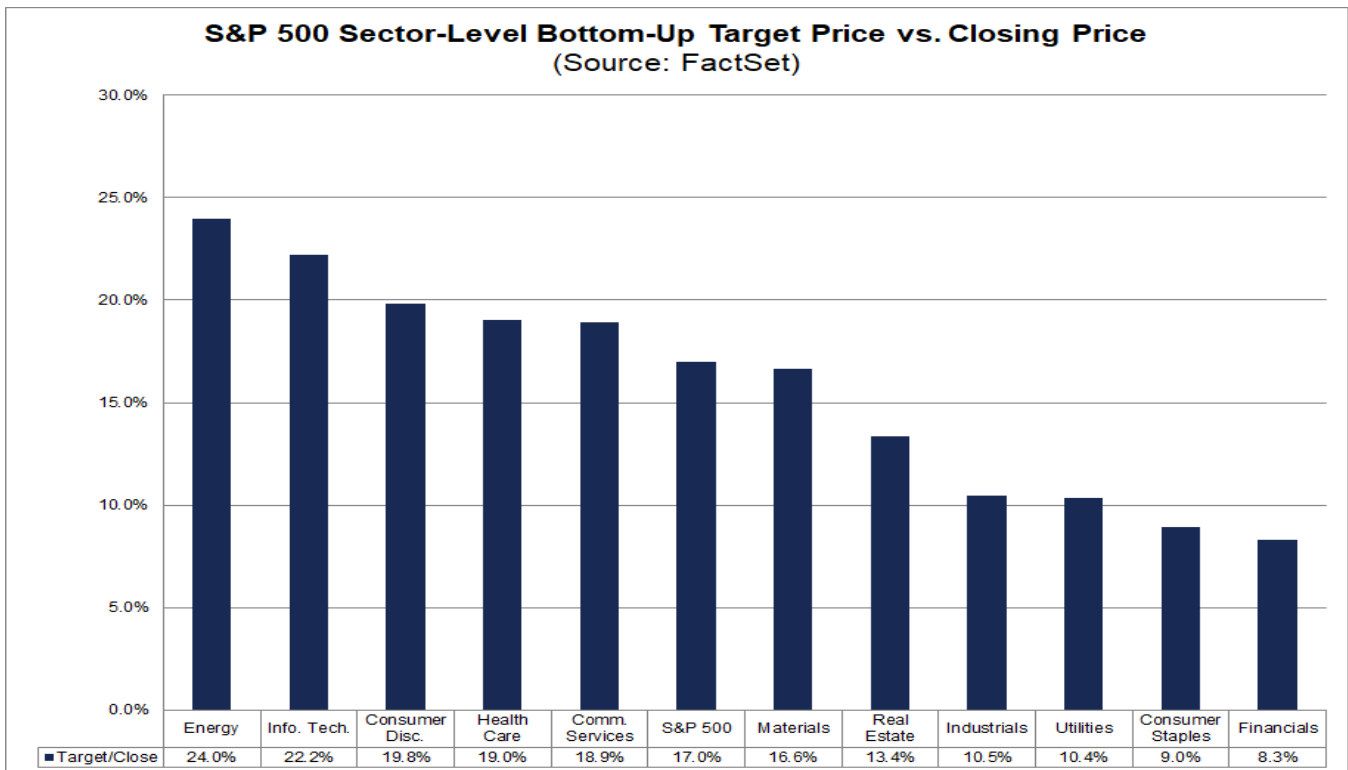
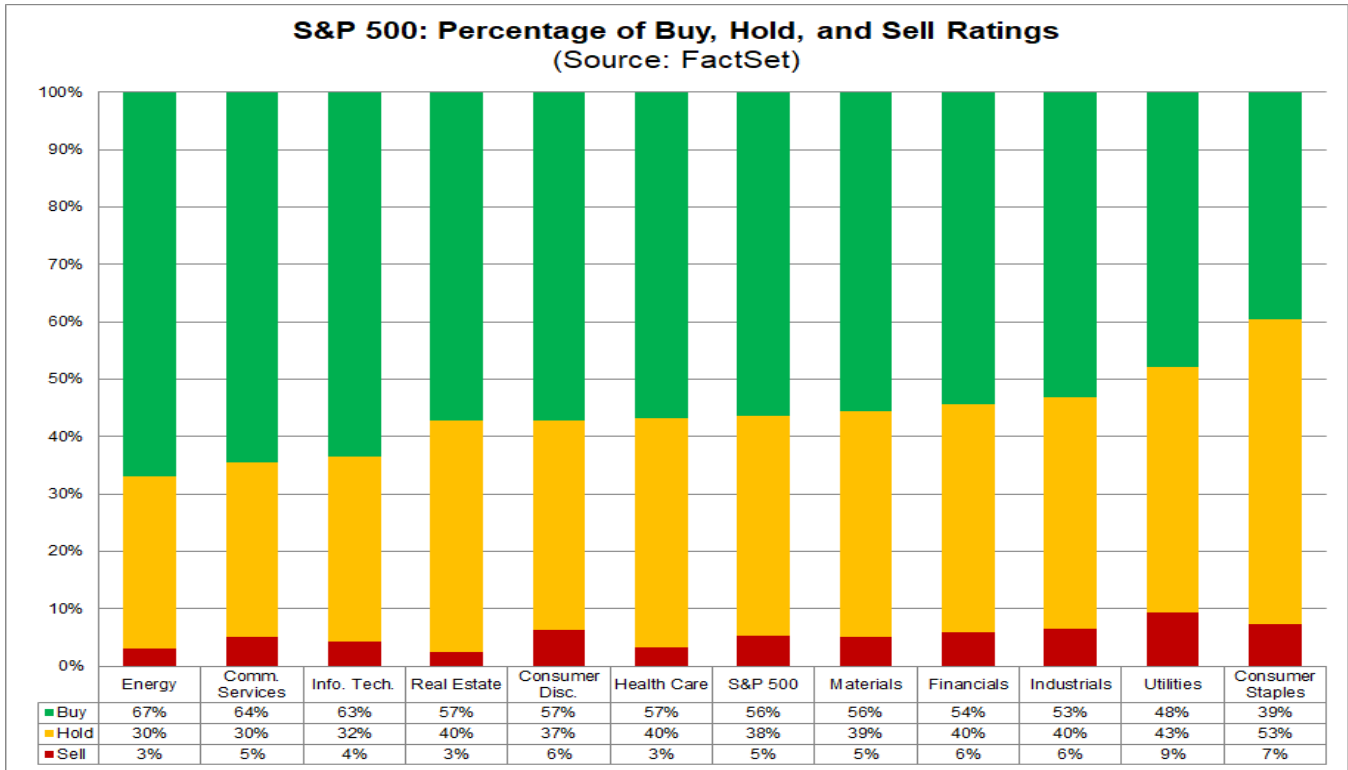
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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