

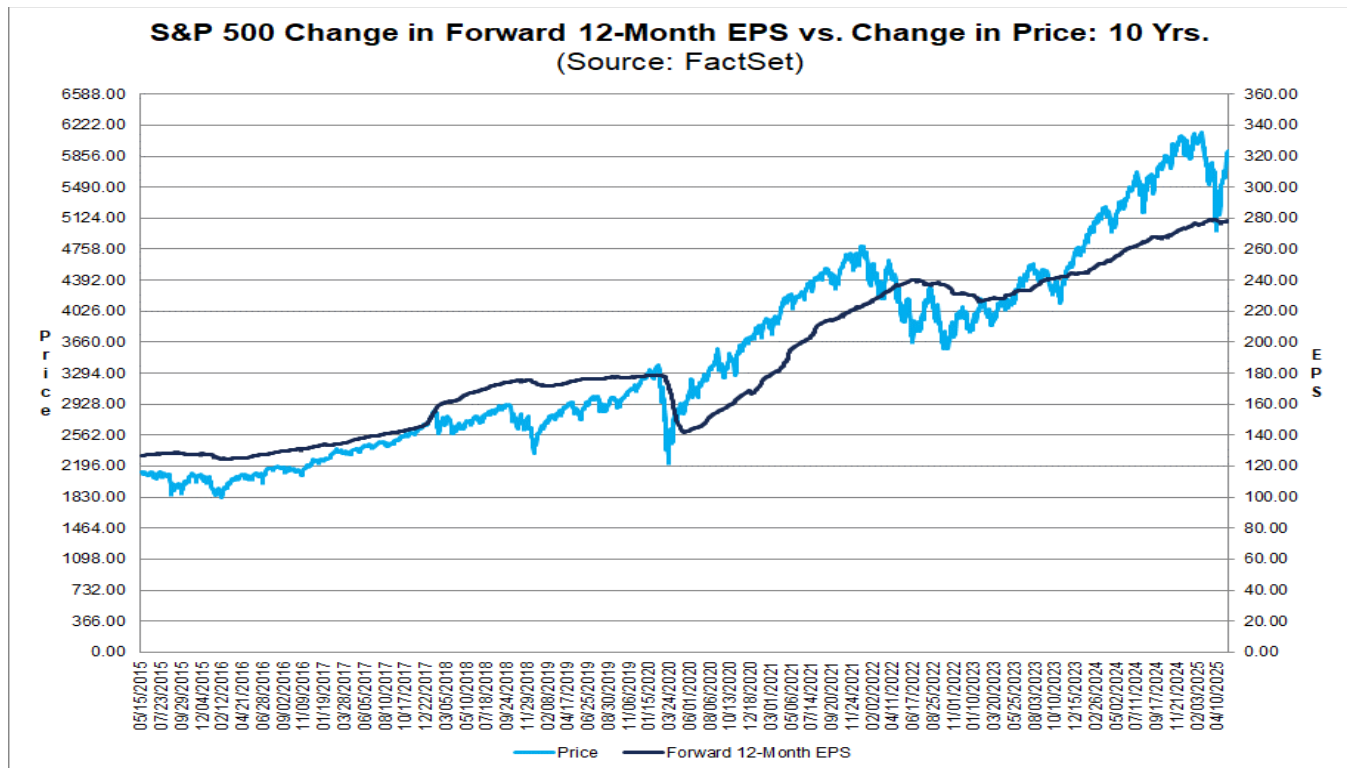
John Butters  
VP, Senior Earnings Analyst  
[jbutters@factset.com](mailto:jbutters@factset.com)

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

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## Key Metrics

- **Earnings Scorecard:** For Q1 2025 (with 92% of S&P 500 companies reporting actual results), 78% 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 13.6%. If 13.6% 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 7.1%. Ten sectors are reporting (or have reported) higher earnings today (compared to March 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q2 2025, 42 S&P 500 companies have issued negative EPS guidance and 36 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.4. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.3).



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## Topic of the Week: 1

## Highest Number of S&amp;P 500 Companies Citing “Tariffs” on Earnings Calls Over Past 10 Years

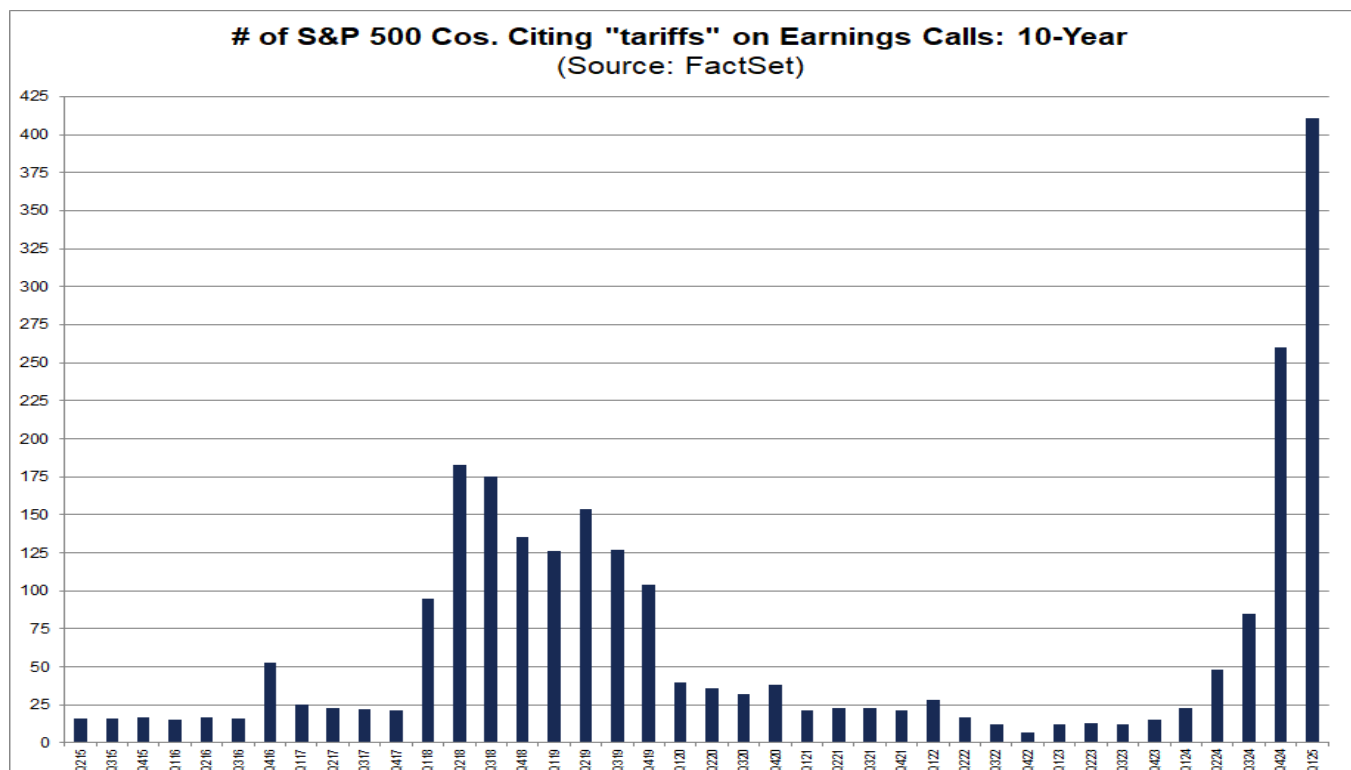
During each corporate earnings season, companies may comment on government policies that could have an impact on their business in the current quarter or in future quarters. Given the Trump administration implementing new tariffs and negotiating tariff deals in recent months, have S&P 500 companies commented on tariffs during their earnings conference calls for the first quarter?

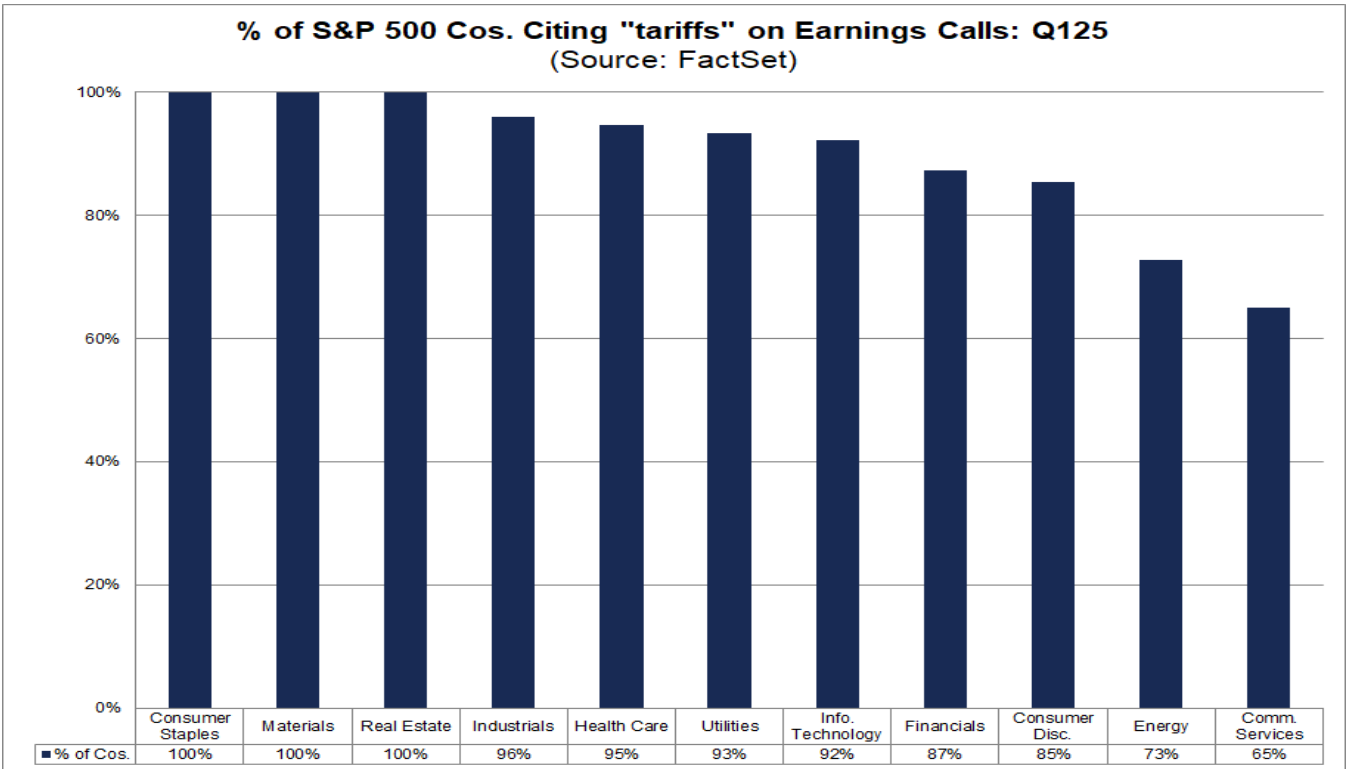
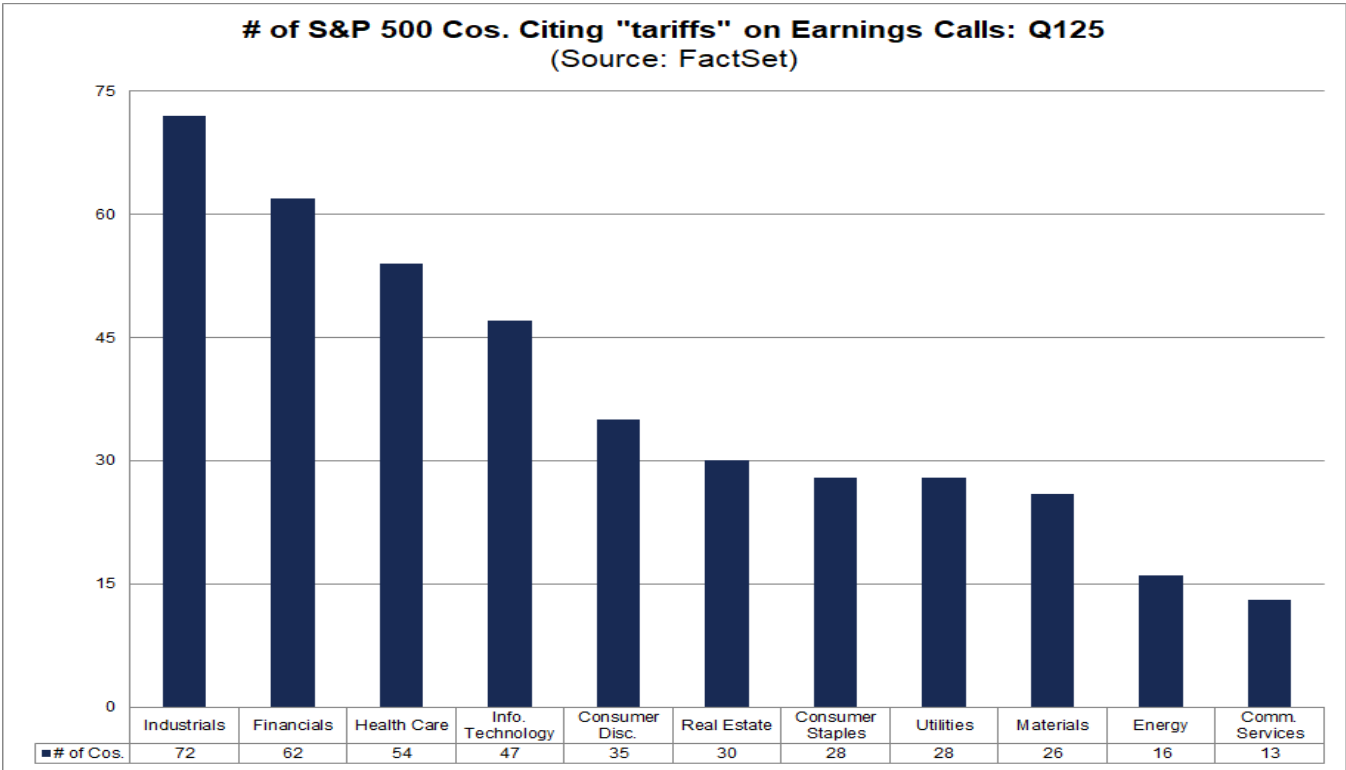
The answer is yes. FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term “tariff” and “tariffs” in the conference call transcripts of all the S&P 500 companies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

Of these companies, 411 have cited the term “tariff” or “tariffs” during their earnings calls for the first quarter. This marks the highest number of S&P 500 companies citing “tariff” or “tariffs” on quarterly earnings calls over the past 10 years (using current index constituents going back in time). The previous record-high number during the past 10 years was 260 companies, which occurred in the previous quarter (Q4 2020).

On a percentage basis, the terms “tariff” or “tariffs” have been cited on 91% of the 451 earnings calls conducted by S&P 500 companies since March 15.

At the sector level, the Industrials (72) and Financials (62) sectors have the highest number of companies citing the terms “tariff” or “tariffs” on earnings calls for Q1 2025, while the Consumer Staples (100%), Materials (100%), and Real Estate (100%) sectors have the highest percentages of companies citing the term “tariff” or “tariffs” on earnings calls for Q1 2025.





## Topic of the Week: 2

## Highest Number of S&amp;P 500 Companies Citing “Uncertainty” on Earnings Calls Since 2020

Given concerns in the market about evolving tariff policies, have more S&P 500 companies than normal cited the term “uncertainty” during their earnings conference calls for the first quarter?

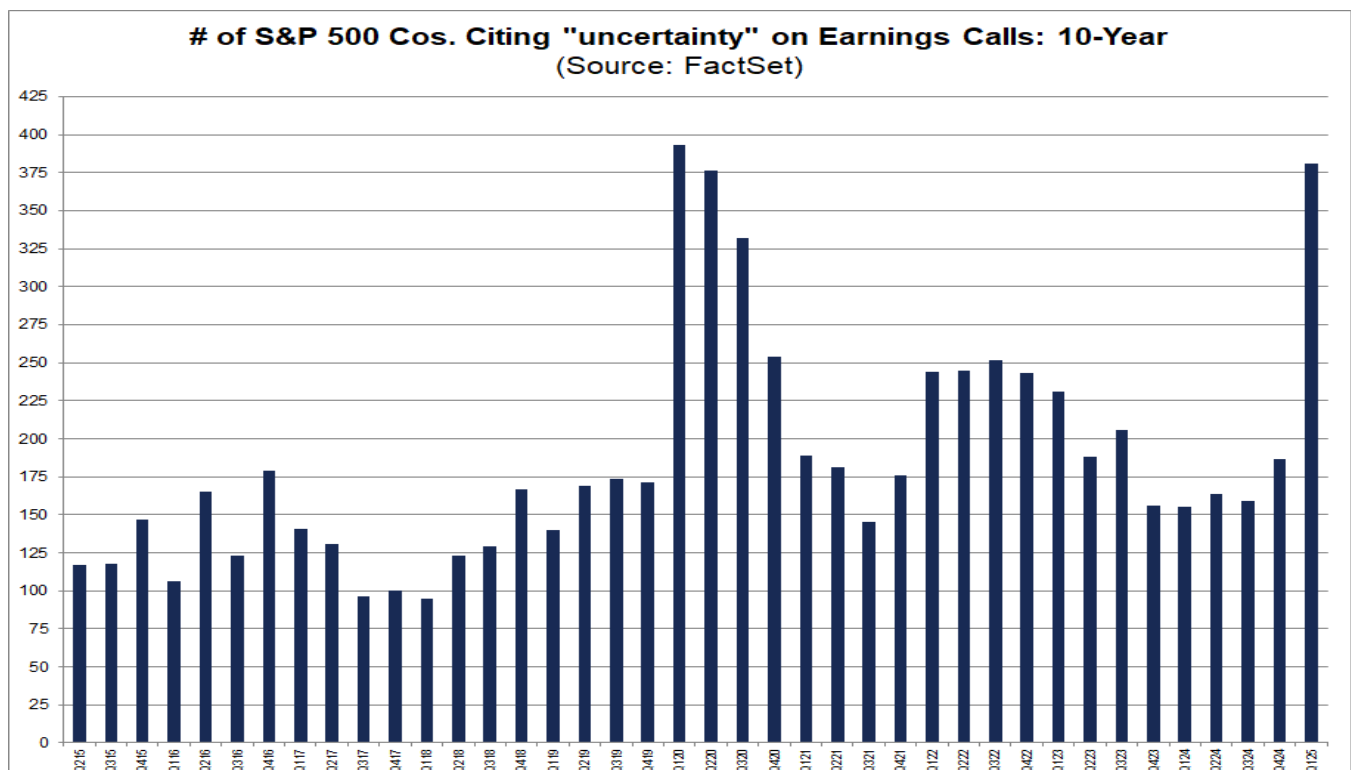
The answer is yes. FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term “uncertainty” in the conference call transcripts of all the S&P 500 companies that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

Of these companies, 381 cited the term “uncertainty” during their earnings calls for the first quarter. This number is well above the 5-year average of 224 and the 10-year average of 179. This number is also more than double the number recorded in the previous quarter (187).

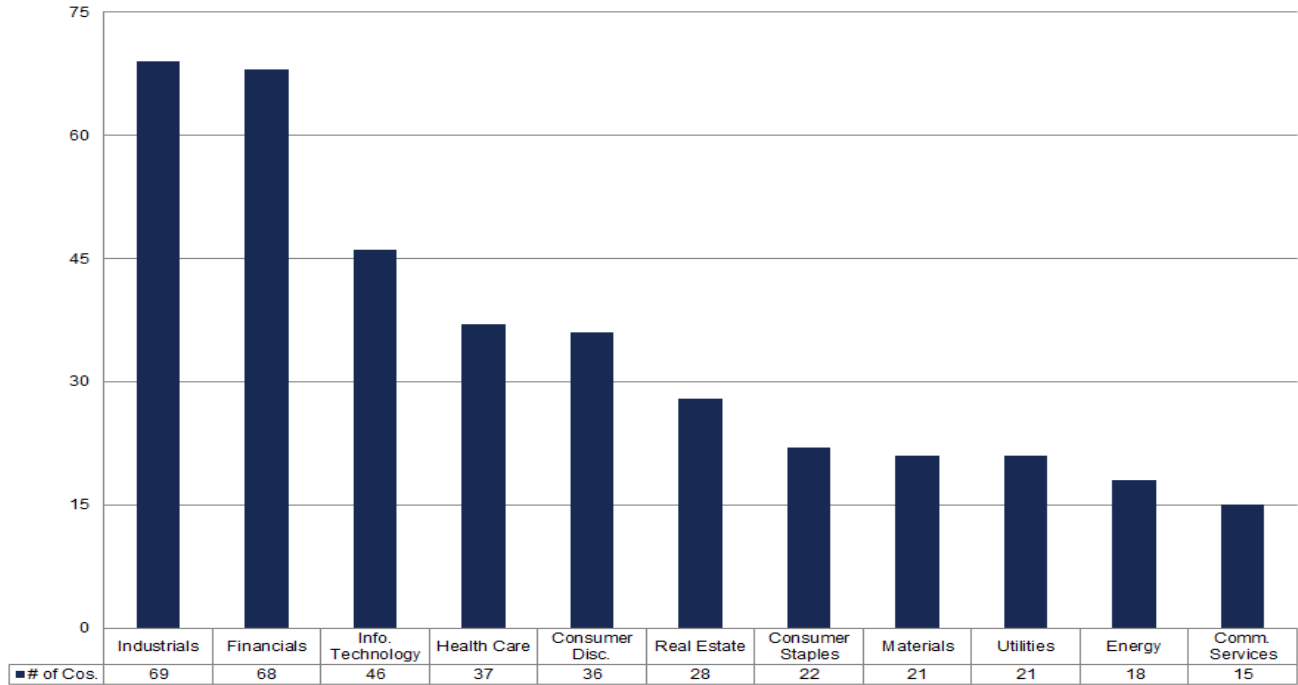
In fact, this quarter marks the highest number of S&P 500 companies citing “uncertainty” on earnings calls for a quarter since Q1 2020 (393). The number for Q1 2025 is also the second-highest number recorded over the past 10 years, trailing only Q1 2020.

On a percentage basis, the term “uncertainty” has been cited on 84% of the 451 earnings calls conducted by S&P 500 companies since March 15.

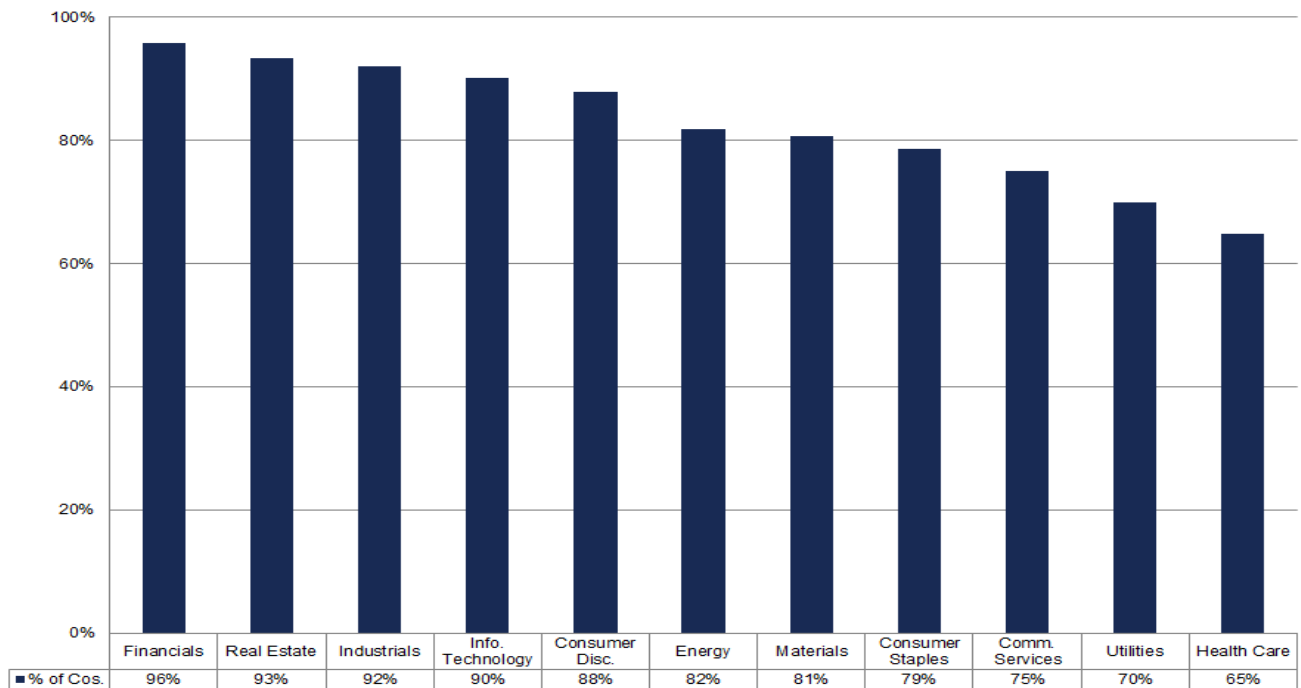
At the sector level, the Industrials (69) and Financials (68) sectors have the highest number of S&P 500 companies citing “uncertainty” on earnings calls for Q1 2025, while the Financials (96%), Real Estate (93%), and Industrials (92%) sectors have the highest percentages of S&P 500 companies citing “uncertainty” on earnings calls for Q1 2025.



**# of S&P 500 Cos. Citing "uncertainty" on Earnings Calls: Q125**  
(Source: FactSet)



**% of S&P 500 Cos. Citing "uncertainty" on Earnings Calls: Q125**  
(Source: FactSet)



## Topic of the Week: 3

## Highest Number of S&amp;P 500 Companies Citing “Recession” on Earnings Calls Since 2022

Given concerns in the market about tariffs and a potential economic slowdown, have more S&P 500 companies than normal commented on recession during their earnings conference calls for the first quarter?

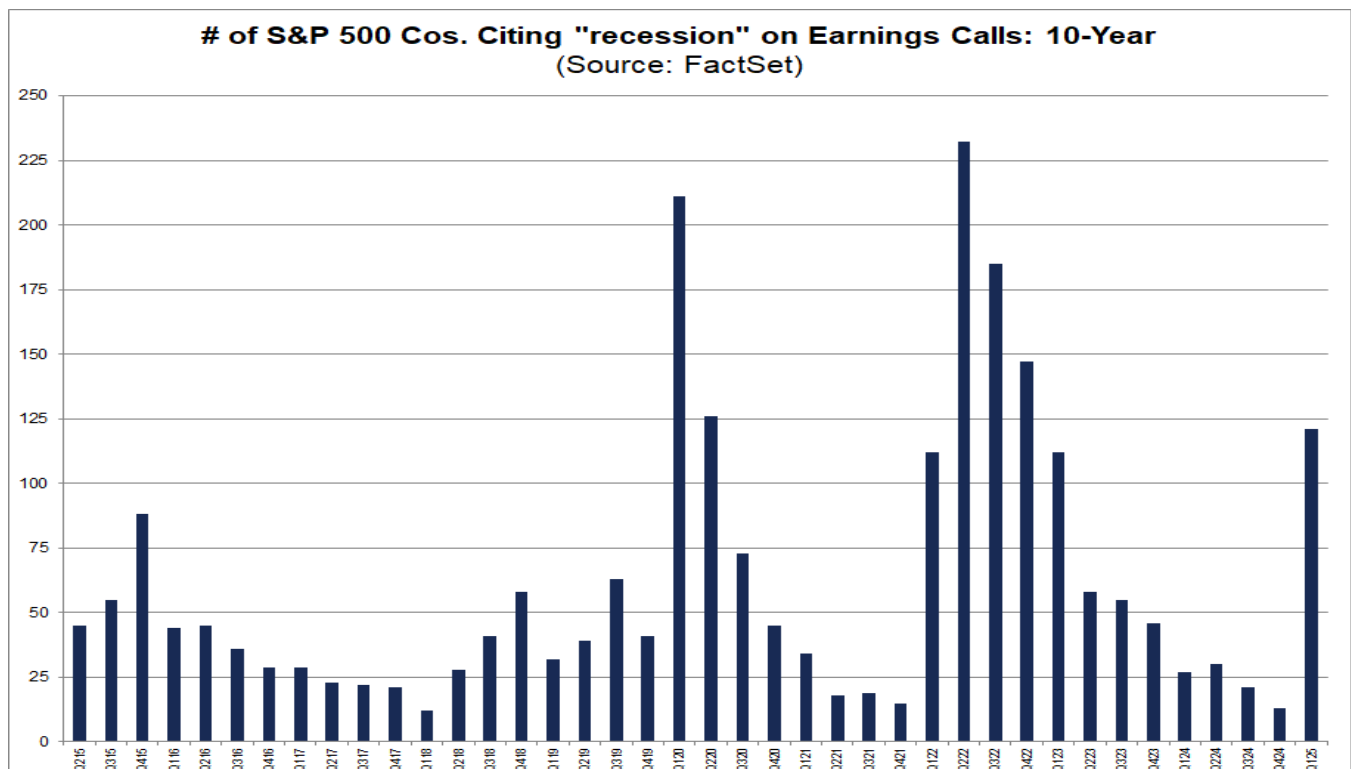
The answer is yes. FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term “recession” in the conference call transcripts of all the S&P 500 companies that conducted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

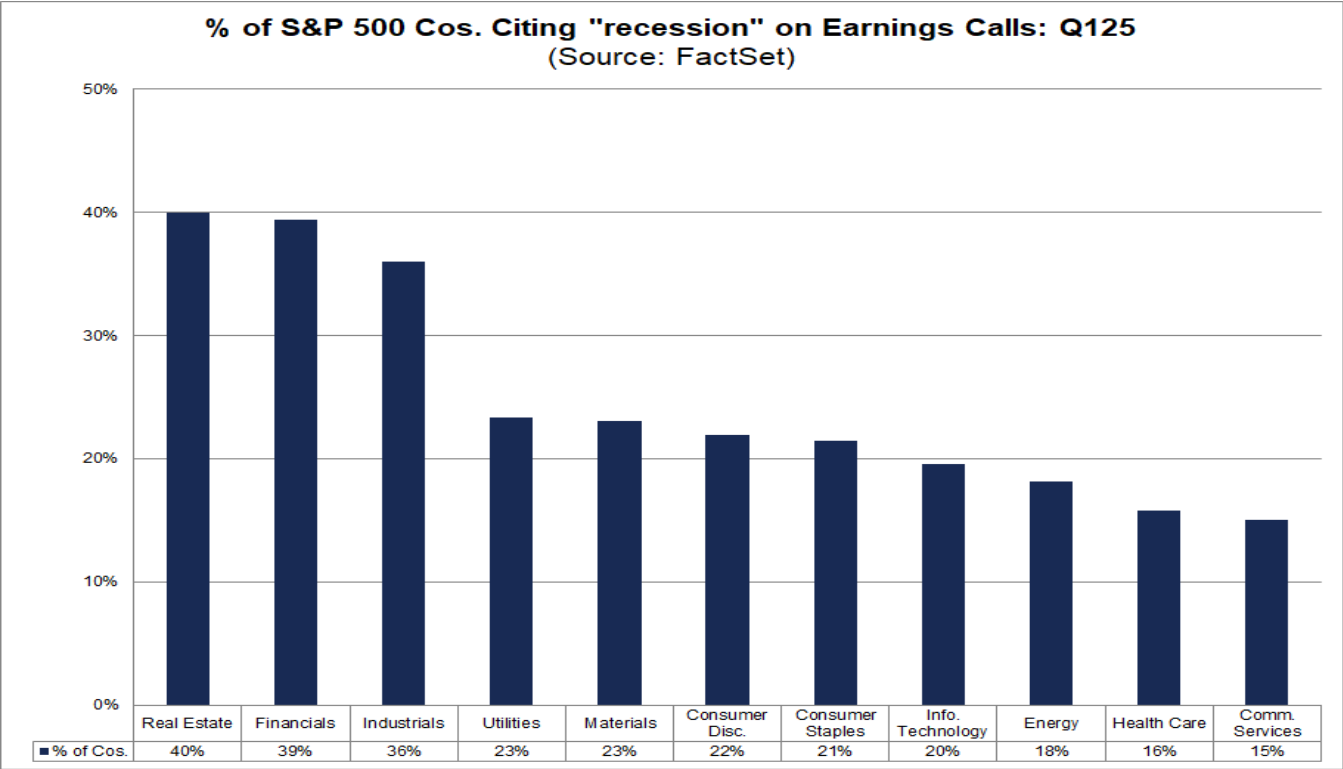
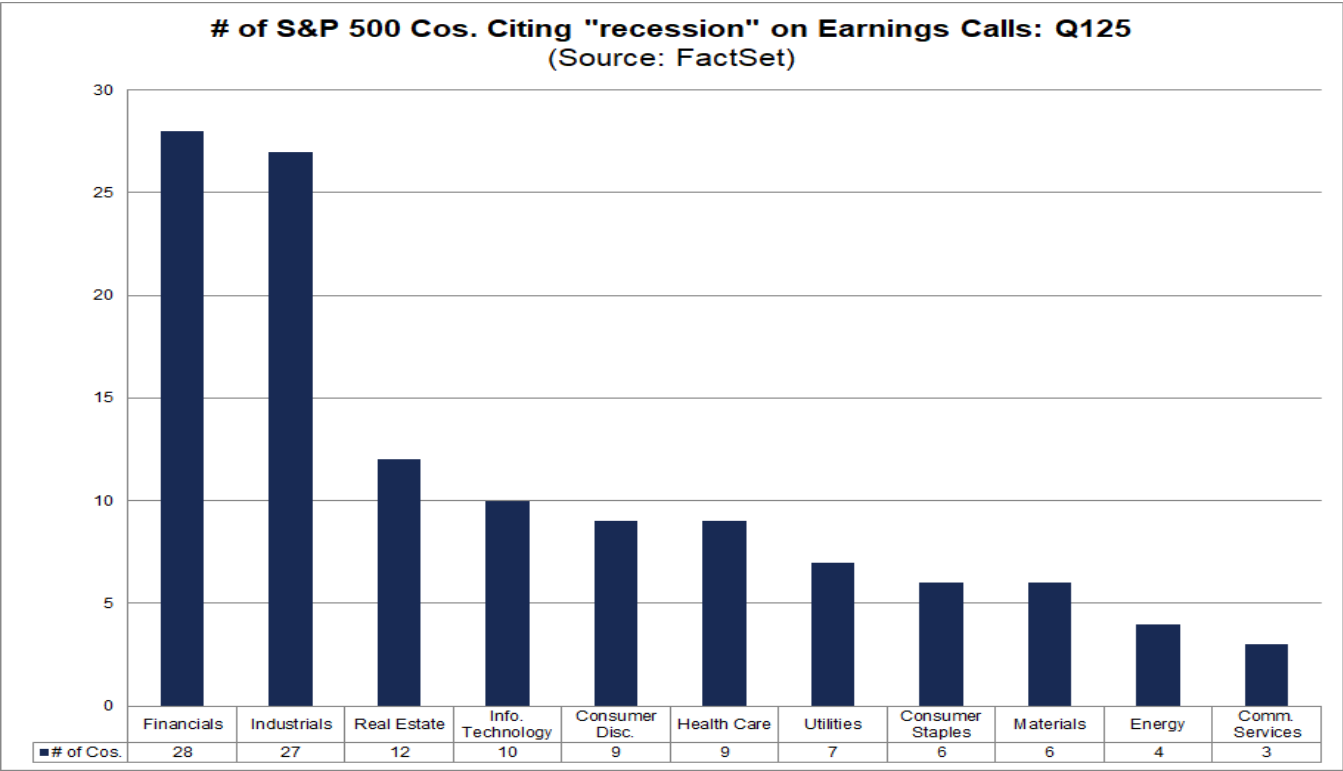
Of these companies, 121 cited the term “recession” during their earnings calls for the first quarter. This number is well above the 5-year average of 79 and the 10-year average of 59. This number is also more than nine times higher than the number recorded in the previous quarter (13).

In fact, this quarter marks the highest number of S&P 500 companies citing “recession” on earnings calls for a quarter since Q4 2022 (147).

On a percentage basis, the term “recession” has been cited on 27% of the 451 earnings calls conducted by S&P 500 companies since March 15.

At the sector level, the Financials (28) and Industrials (27) sectors have the highest number of S&P 500 companies citing “recession” on earnings calls for Q1 2025, while the Real Estate (40%), Financials (39%), and Industrials (36%) sectors have the highest percentages of S&P 500 companies citing “recession” on earnings calls for Q1 2025.







## Q1 Earnings Season: By The Numbers

### Overview

At this late 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, 92% of the companies in the S&P 500 have reported actual results for Q1 2025 to date. Of these companies, 78% have reported actual EPS above estimates, which is above the 5-year average of 77% and above the 10-year average of 75%. In aggregate, companies are reporting earnings that are 8.5% 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 multiple sectors were the largest contributors to the small 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, and Health Care 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 13.6% today, compared to an earnings growth rate of 13.4% last week and an earnings growth rate of 7.1% at the end of the first quarter (March 31).

If 13.6% 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 (or have reported) year-over-year growth, led by the Health Care, Communications Services, Information Technology, and Utilities sectors. On the other hand, three sectors are reporting (or have reported) 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 0.7% 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, there was no change 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 4.8% last week and a revenue growth rate of 4.3% 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 (or have reported) year-over-year growth in revenues, led by the Information Technology, Utilities, 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 4.8%, 7.0%, and 6.1%, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 9.0%.

The forward 12-month P/E ratio is 21.4, which is above the 5-year average (19.9) and above the 10-year average (18.3). This P/E ratio is also above the forward P/E ratio of 20.2 recorded at the end of the first quarter (March 31).

During the upcoming week, 18 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

## Scorecard: Percentage of Positive EPS Surprises Is Above 5-Year Average

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

Overall, 92% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 78% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 18% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year average (77%), above the 5-year average (77%), and 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 (91%), Information Technology (87%), and Communication Services (87%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (61%) sector has the lowest percentage of companies reporting earnings above estimates.

### Earnings Surprise Percentage (+8.5%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 8.5% 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 reported the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Alphabet (\$2.81 vs. \$2.01), Electronic Arts (\$1.35 vs. \$1.05), Interpublic Group of Companies (\$0.33 vs. \$0.26), News Corporation (\$0.17 vs. \$0.14), Meta Platforms (\$6.43 vs. \$5.23), and Walt Disney (\$1.45 vs. \$1.19) reported the largest positive EPS surprises.

The Consumer Discretionary (+11.5%) 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 Materials (+8.8%) sector (along with the Health Care sector) reported the third-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), CF Industries (\$1.97 vs. \$1.48), Vulcan Materials (\$1.00 vs. \$0.76), and Corteva (\$1.13 vs. \$0.87) reported the largest positive EPS surprises.

The Health Care (+8.8%) sector (along with the Materials 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), Insulet Corporation (\$1.02 vs. \$0.79), Bristol Myers Squibb (\$1.80 vs. \$1.49), and Moderna (-\$2.52 vs. -\$3.12) have reported the largest positive EPS surprises.

The Industrials (+8.5%) sector is reporting fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, GE Vernova (\$1.07 vs. \$0.45), Uber Technologies (\$0.83 vs. \$0.51), Boeing (-\$0.49 vs. -\$1.21), Huntington Ingalls Industries (\$3.79 vs. \$2.92), Southwest Airlines (-\$0.13 vs. -\$0.18), and Generac Holdings (\$1.26 vs. \$0.98) 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 less than average.

Companies that have reported positive earnings surprises for Q1 2025 have seen an average price increase of +2.2% 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.

If 2.2% is the final percentage for the quarter, it will mark the largest average price increase for S&P 500 companies reporting positive EPS surprises for a quarter since Q3 2022 (+2.4%).

Companies that have reported negative earnings surprises for Q1 2025 have seen an average price decrease of -1.7% two days before the earnings release through two days after the earnings. This percentage decrease is smaller than the 5-year average price decrease of -2.3% 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 (85%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Staples (43%) and Energy (43%) sectors have the lowest percentages of companies reporting revenues above estimates.

### **Revenue Surprise Percentage (+0.7%) is Below 5-Year Average**

In aggregate, companies are reporting revenues that are 0.7% above expectations. This surprise percentage is below the 1-year average (+0.9%), 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 (+4.5%) sector reported the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Consumer Staples (-0.6%) 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 13.6%, which is slightly above the earnings growth rate of 13.4% last week. Positive EPS surprises reported by companies in multiple sectors were the largest contributors to the increase in the overall earnings growth rate during the past week.

### No Change in Blended Revenues This Week

The blended (year-over-year) revenue growth rate for the first quarter is 4.8%, which is equal to the revenue growth rate of 4.8% last week.

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

The blended (year-over-year) earnings growth rate for Q1 2025 of 13.6% is above the estimate of 7.1% 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 29.2% from 4.9%) sector. The Communication Services, Financials, and Health Care 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 -12.7% 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 29.2% from 4.9% over this period.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase (\$5.07 vs. \$4.63) and Bank of America 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 7.1% 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 42.9% from 36.0% 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 4.3% 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 10.7% from 5.2%) sector. However, the Health Care sector has been the largest contributor to the increase in the revenue growth rate for the index since March 31. On the other hand, two 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: Consumer Staples (to 0.3% from 1.1%) and Energy (to 0.9% from 1.2%). The Consumer Discretionary sector has recorded no change in revenue growth rate (2.8%) since March 31.

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 substantial 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 8.8% from 7.7% over this period.

### Earnings Growth: 13.6%

The blended (year-over-year) earnings growth rate for Q1 2025 is 13.6%, 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 13.6% 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 (or have reported) 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 (or have reported) 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 42.9%. At the industry level, 4 of the 5 industries in the sector are reporting (or have reported) year-over-year earnings growth: Pharmaceuticals (124%), Biotechnology (71%), 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 9.5% from 42.9%.

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

The Communication Services sector reported the second-highest (year-over-year) earnings growth rate of all eleven sectors at 29.2%. At the industry level, 3 of the 5 industries in the sector reported year-over-year earnings growth. All 3 industries reported earnings growth above 20%: Entertainment (48%), Interactive Media & Services (42%), and Wireless Telecommunication Services (23%). On the other hand, two industries reported a year-over-year decline in earnings: Media (-3%) and Diversified Telecommunication Services (-1%).

At the company level, Alphabet (\$2.81 vs. \$1.89) and Meta Platforms (\$6.43 vs. \$4.71) were 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 9.6% from 29.2%.

### 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 (or have reported) year-over-year earnings growth: Semiconductors & Semiconductor Equipment (34%), Electronic Equipment, Instruments, & Components (23%), Software (15%), Communication Equipment (12%), and Technology Hardware, Storage, & Peripherals (6%). On the other hand, the IT Services (-5%) industry is the only industry that reported 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 10.5% from 17.5%.

### **Utilities: 4 of 5 Industries Reported Year-Over-Year Growth**

The Utilities sector reported the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 14.8%. At the industry level, 4 of the 5 industries in the sector reported year-over-year earnings growth: Multi-Utilities (18%), Electric Utilities (15%), Gas Utilities (12%), and Water Utilities (11%). The Independent Power and Renewable Energy Producers (-34%) industry is the only industry that reported a year-over-year decline in earnings.

### **Energy: 4 of 5 Sub-Industries Reported Year-Over-Year Decline**

The Energy sector reported the largest (year-over-year) earnings decline of all eleven sectors at -12.7%. Lower year-over-year oil prices contributed 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 reported a year-over-year decline in earnings: Oil & Gas Refining & Marketing (-104%), Integrated Oil & Gas (-13%), Oil & Gas Equipment & Services (-8%), and Oil & Gas Storage & Transportation (less than -1%). On the other hand, the Oil & Gas Exploration & Production (19%) sub-industry is the only sub-industry that reported year-over-year growth in earnings.

The Oil & Gas Refining & Marketing sub-industry was 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 -2.3% from -12.7%.

### **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, Utilities, 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 12.1%. At the industry level, all 6 industries in the sector are reporting (or have reported) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (27%), Software (12%), Communication Equipment (12%), Electronic Equipment, Instruments, & Components (10%), Technology Hardware, Storage, & Peripherals (4%), and IT Services (4%).

### **Utilities: All 5 Industries Reported Year-Over-Year Growth**

The Utilities sector reported the second-highest (year-over-year) revenue growth rate of all eleven sectors at 10.7%. At the industry level, all 5 industries in the sector reported year-over-year revenue growth: Gas Utilities (18%), Multi-Utilities (13%), Water Utilities (13%), Independent Power and Renewable Energy Producers (12%), and Electric Utilities (10%).

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

The Health Care sector is reporting the third-highest (year-over-year) revenue growth rate of all eleven sectors at 8.8%. At the industry level, 4 of the 5 industries in the sector are reporting (or have reported) year-over-year revenue growth: Health Care Providers & Services (11%), Biotechnology (5%), Health Care Equipment & Supplies (4%), Pharmaceuticals (3%), and Life Sciences, Tools, & Services (less than 1%).

**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 -0.7%. At the industry level, 5 of the 12 industries in the sector are reporting (or have reported) a year-over-year decline in revenue, led by the Machinery (-8%), Industrial Conglomerates (-7%), and Building Products (-7%), and industries. On the other hand, 7 of the 12 industries in the sector are reporting (or have reported) year-over-year revenue growth, led by the Construction & Engineering (24%) and Commercial Services & Supplies (10%) industries.

**Net Profit Margin: 12.8%**

The blended net profit margin for the S&P 500 for Q1 2025 is 12.8%, 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 (or have reported) a year-over-year increase in their net profit margins in Q1 2025 compared to Q1 2024, led by the Communication Services (16.2% vs. 13.5%) and Health Care (8.6% vs. 6.6%) sectors. On the other hand, four sectors are reporting (or have reported) a year-over-year decrease in their net profit margins in Q1 2025 compared to Q1 2024, led by the Energy (8.2% vs. 9.5%) and Real Estate (35.2% vs. 36.2%) sectors.

Six sectors are reporting (or have reported) net profit margins in Q1 2025 that are above their 5-year averages, led by the Communication Services (16.2% 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 (9.1% vs. 11.1%) sector.

## Forward Estimates & Valuation

### Guidance: Negative Guidance Percentage for Q2 is Below Recent Averages

At this point in time, 78 companies in the index have issued EPS guidance for Q2 2025. Of these 78 companies, 42 have issued negative EPS guidance and 36 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2025 is 54% (42 out of 78), which is below the 5-year average of 57% and below the 10-year average of 62%.

At this point in time, 261 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 261 companies, 143 have issued negative EPS guidance and 118 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 55% (143 out of 261).

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 9% for CY 2025

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 13.6% and year-over-year growth in revenues of 4.8%.

For Q2 2025, analysts are projecting earnings growth of 4.8% and revenue growth of 3.9%.

For Q3 2025, analysts are projecting earnings growth of 7.0% and revenue growth of 4.6%.

For Q4 2025, analysts are projecting earnings growth of 6.1% and revenue growth of 5.1%.

For CY 2025, analysts are projecting earnings growth of 9.0% and revenue growth of 4.9%.

For CY 2026, analysts are projecting earnings growth of 13.4% and revenue growth of 6.2%.

### Valuation: Forward P/E Ratio is 21.4, Above the 10-Year Average (18.3)

The forward 12-month P/E ratio for the S&P 500 is 21.4. 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 above 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 increased by 5.4%, while the forward 12-month EPS estimate has decreased by 0.4%. At the sector level, the Consumer Discretionary (28.2) and Information Technology (27.5) sectors have the highest forward 12-month P/E ratios, while the Energy (15.4) and Health Care (15.8) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 25.9, which is above the 5-year average of 24.8 and above the 10-year average of 22.4.

### Targets & Ratings: Analysts Project 10% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 6527.22, which is 10.3% above the closing price of 5916.93. At the sector level, the Health Care (+21.5%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Financials (+3.9%) and Industrials (+4.7%) 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.

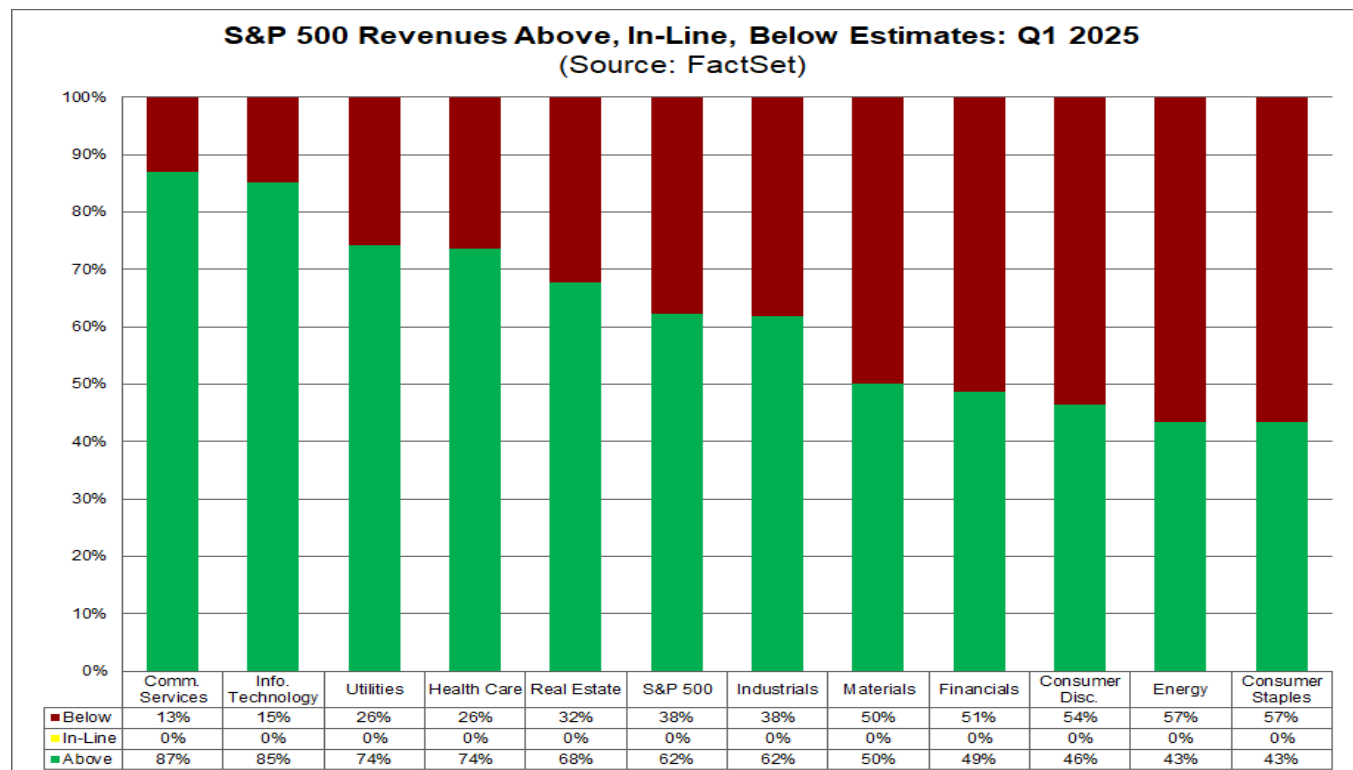
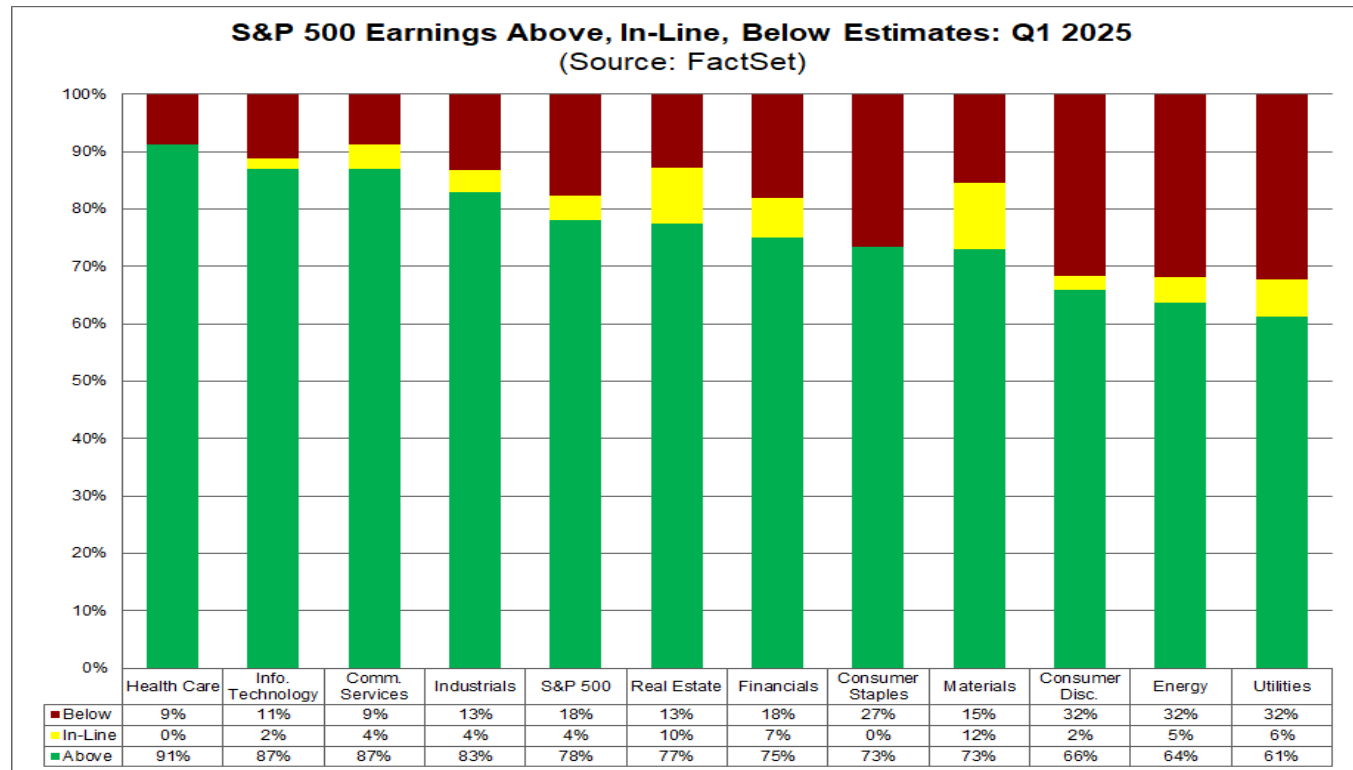


Overall, there are 12,416 ratings on stocks in the S&P 500. Of these 12,416 ratings, 56.7% are Buy ratings, 38.0% are Hold ratings, and 5.2% are Sell ratings. At the sector level, the Energy (68%), Communication Services (65%), and Information Technology (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (39%) sector has the lowest percentage of Buy ratings.

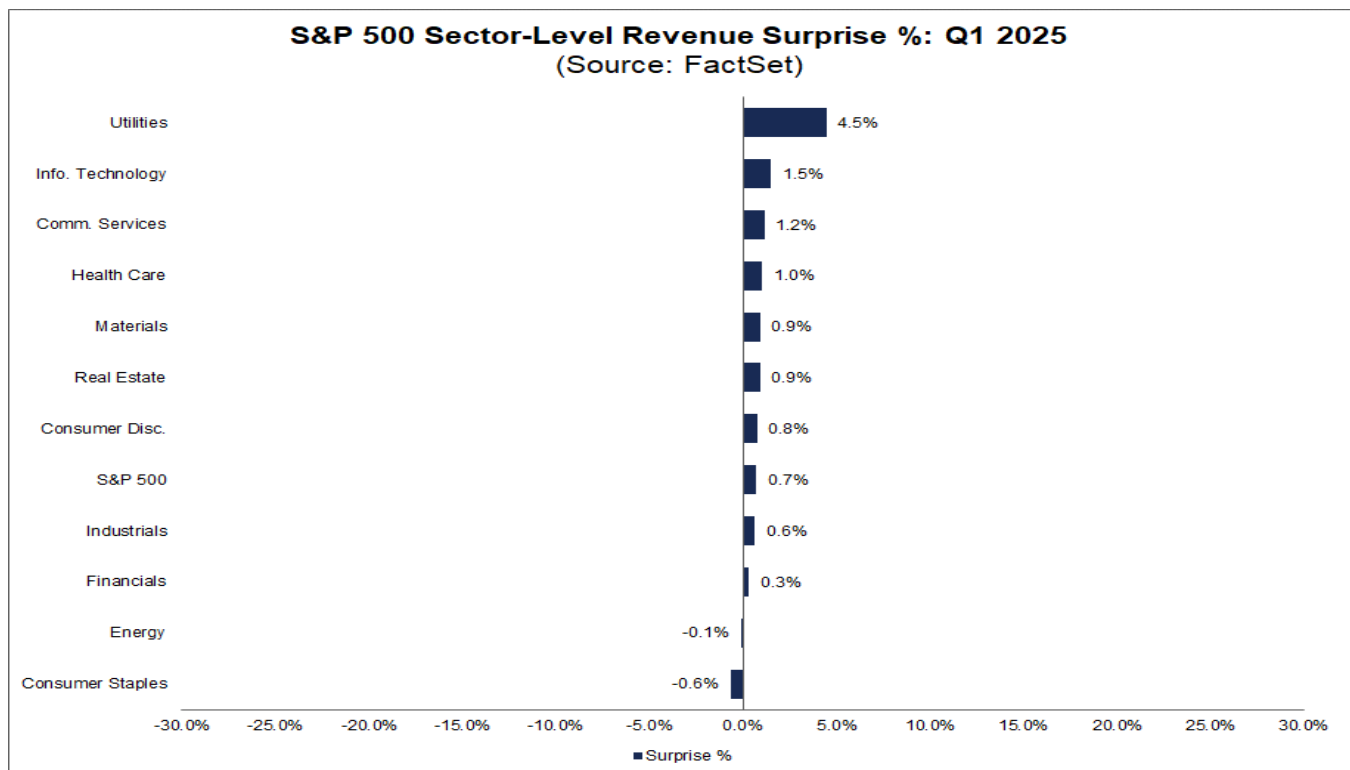
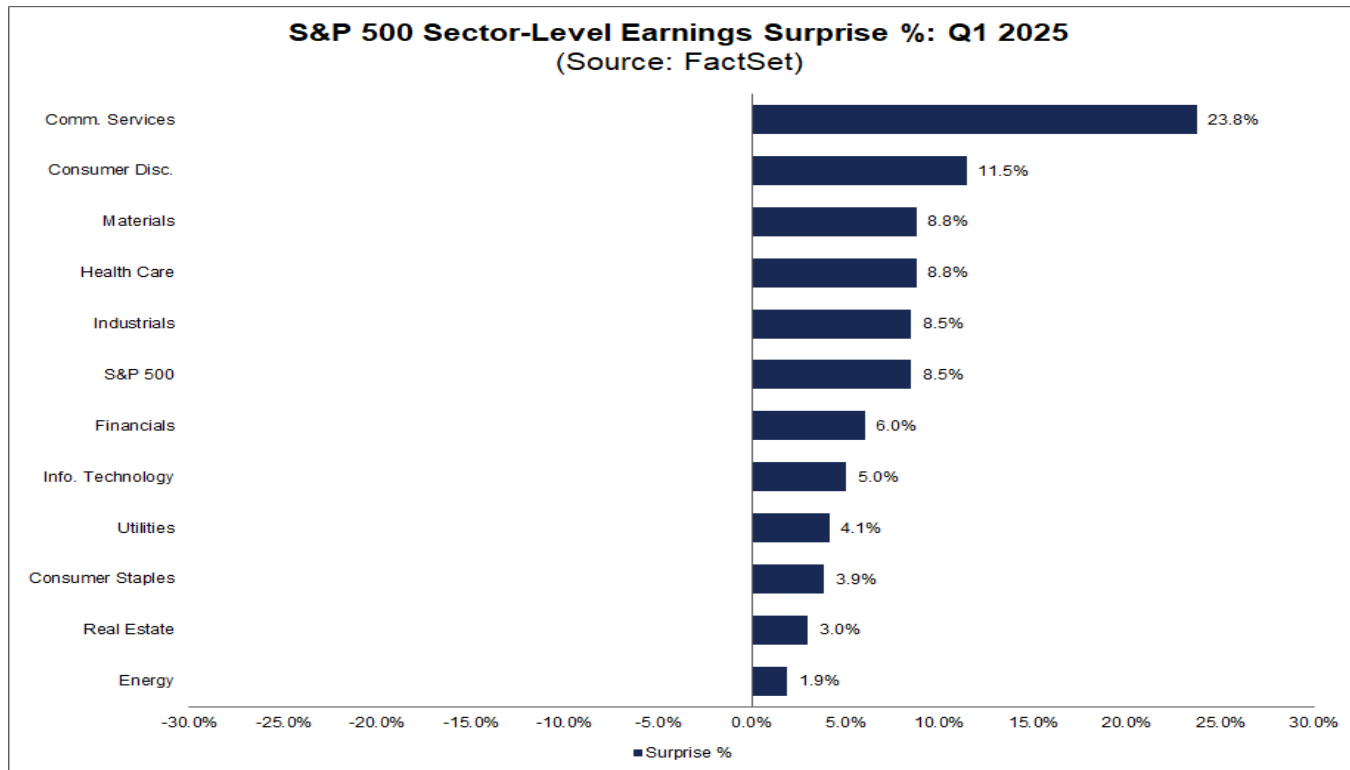
### **Companies Reporting Next Week: 18**

During the upcoming week, 18 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

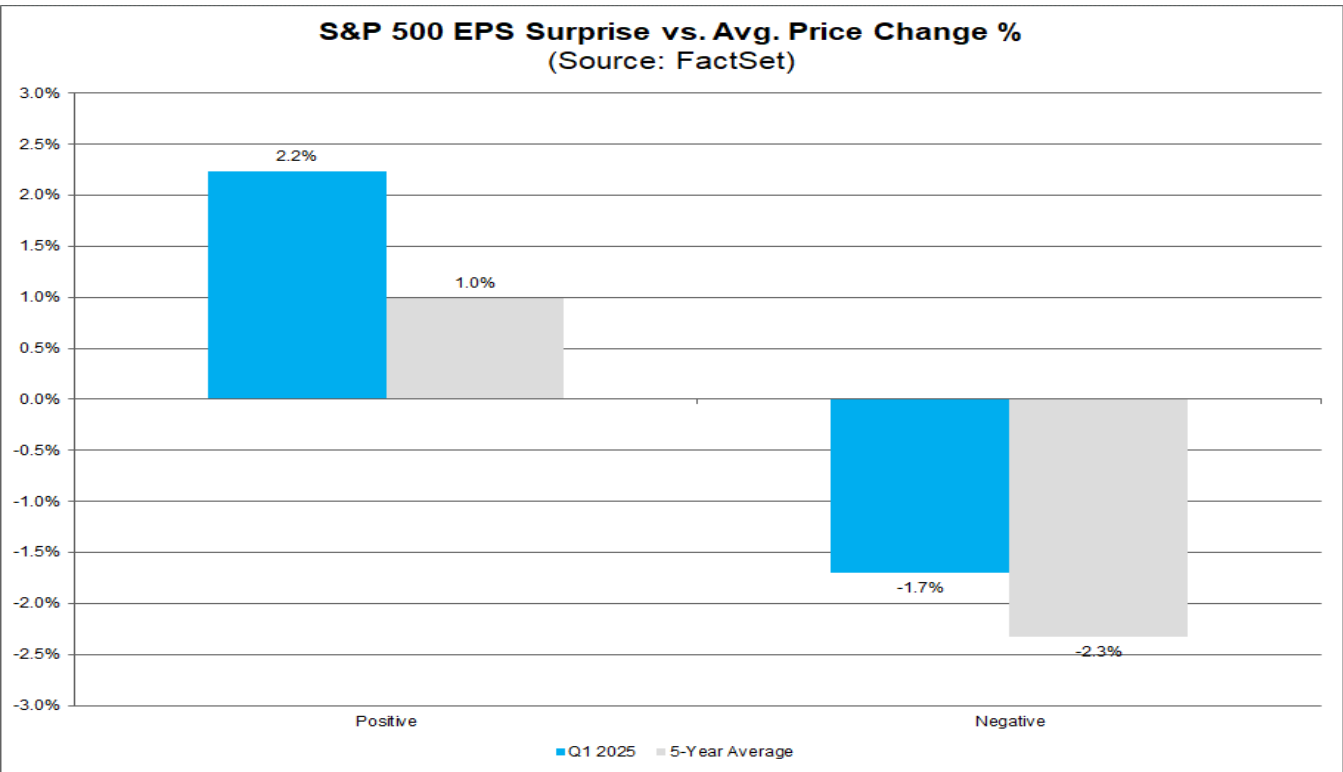
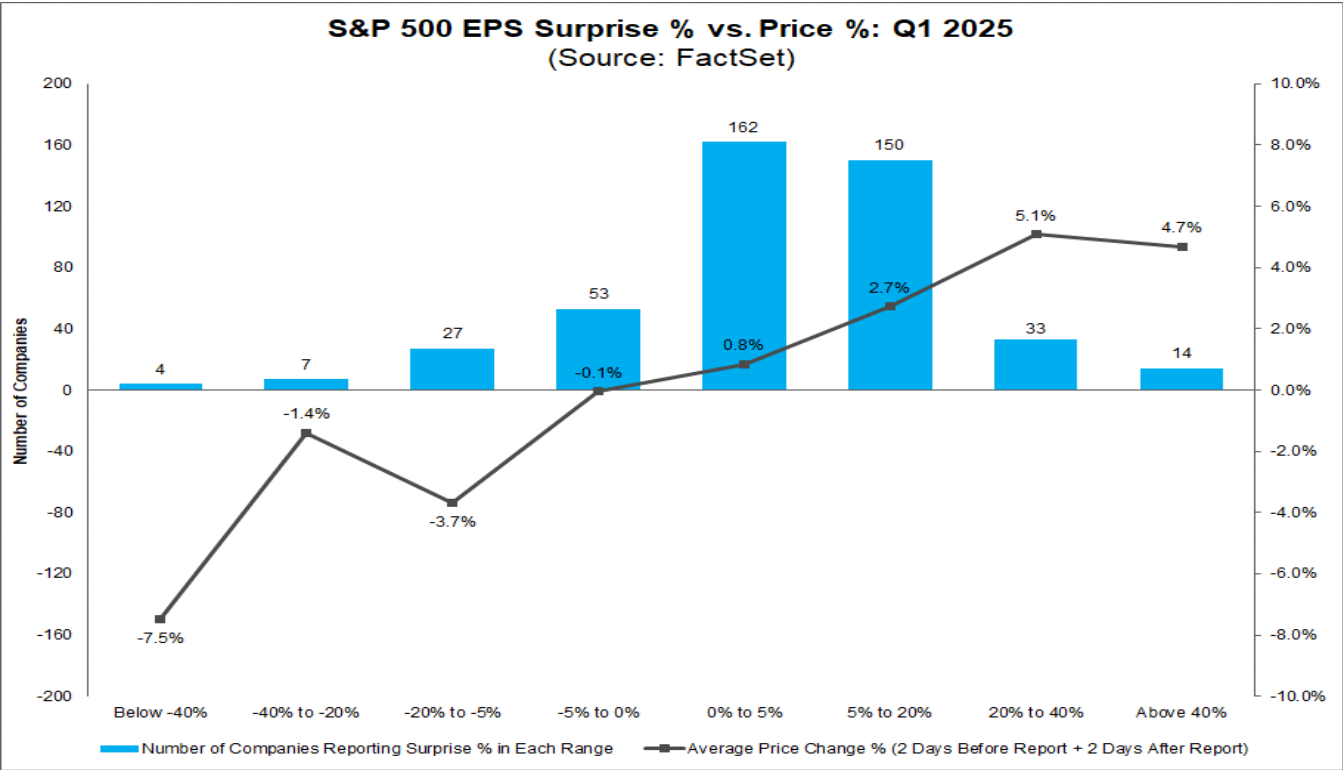
## Q1 2025: Scorecard



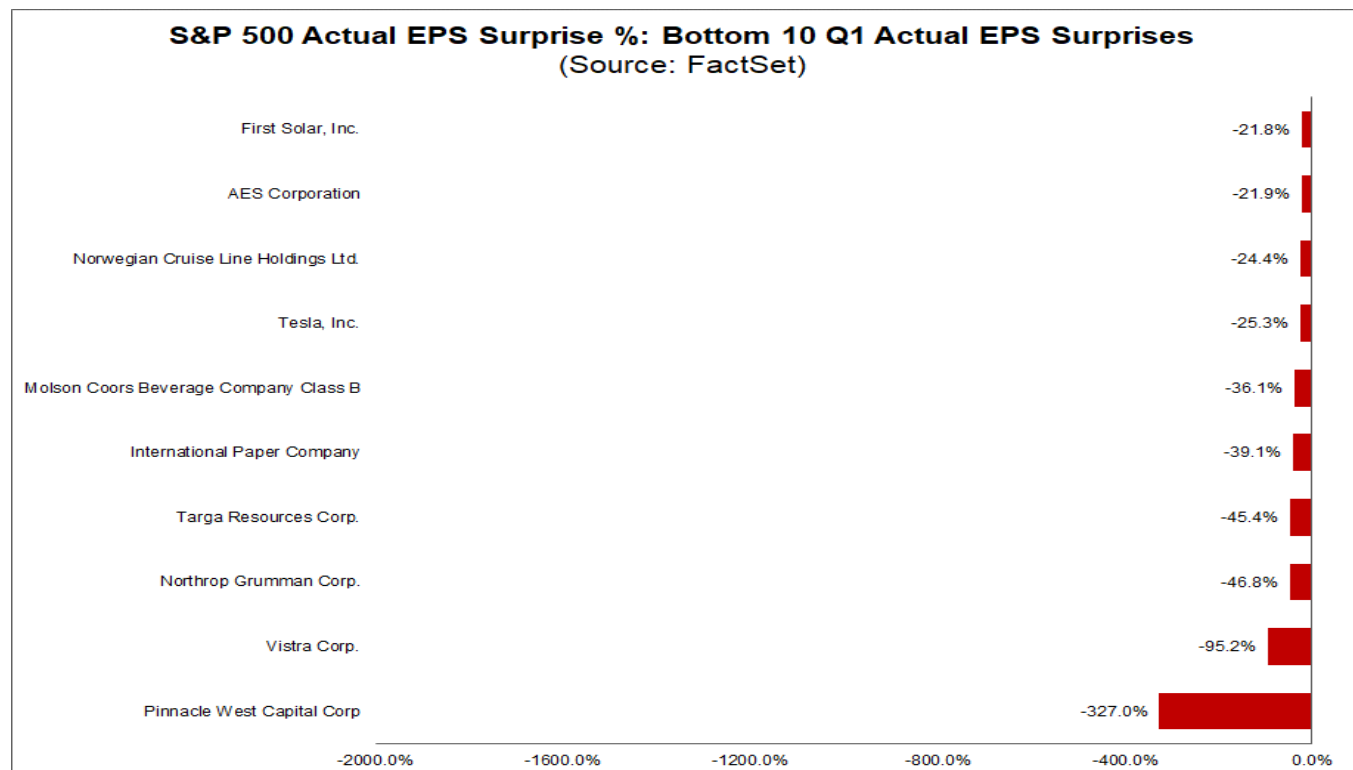
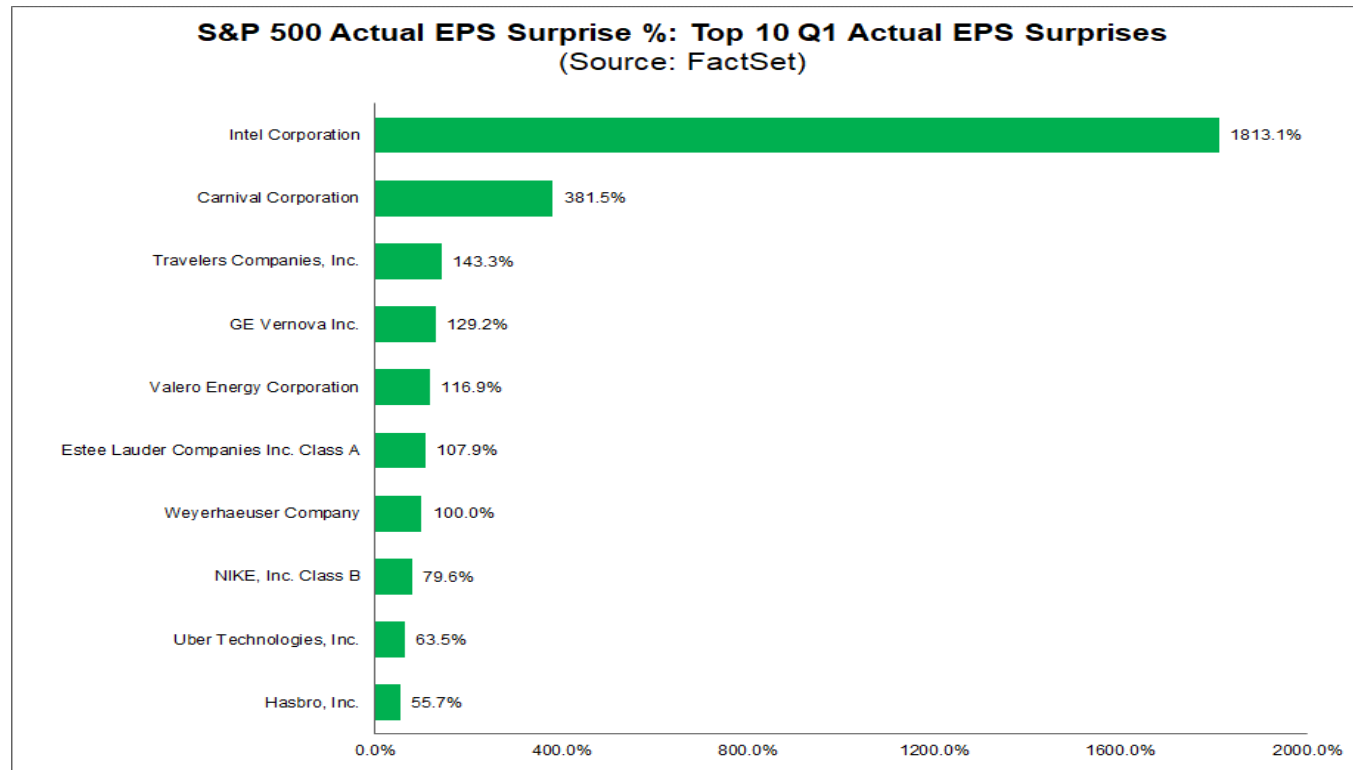
## Q1 2025: Surprise



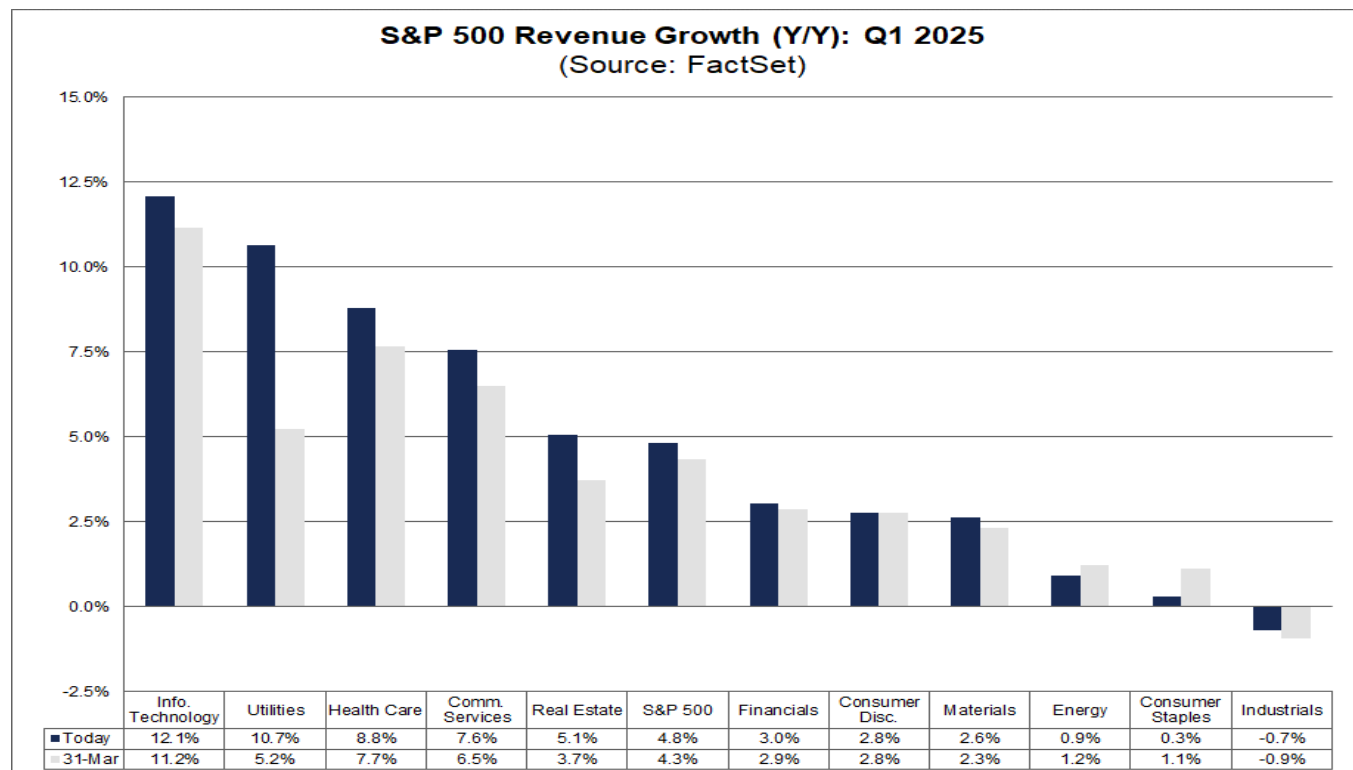
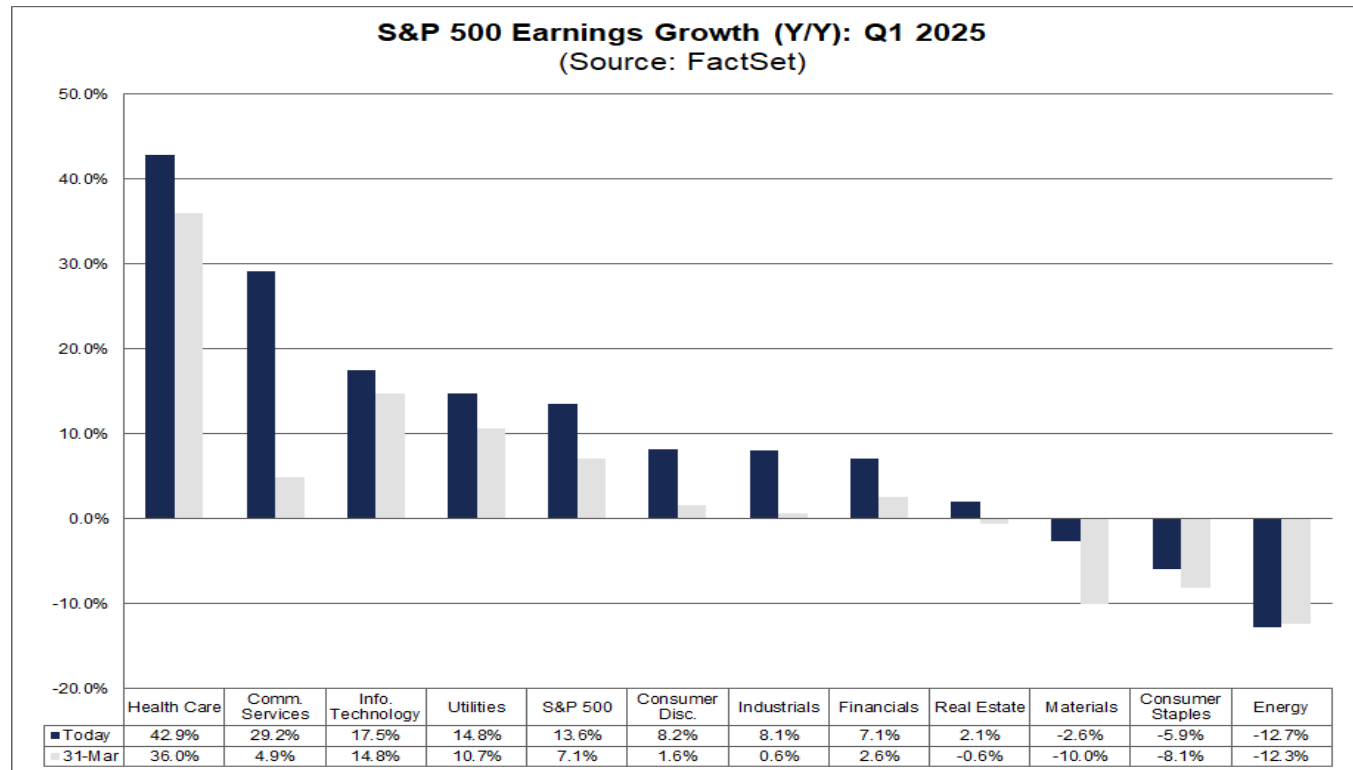
Q1 2025: Surprise



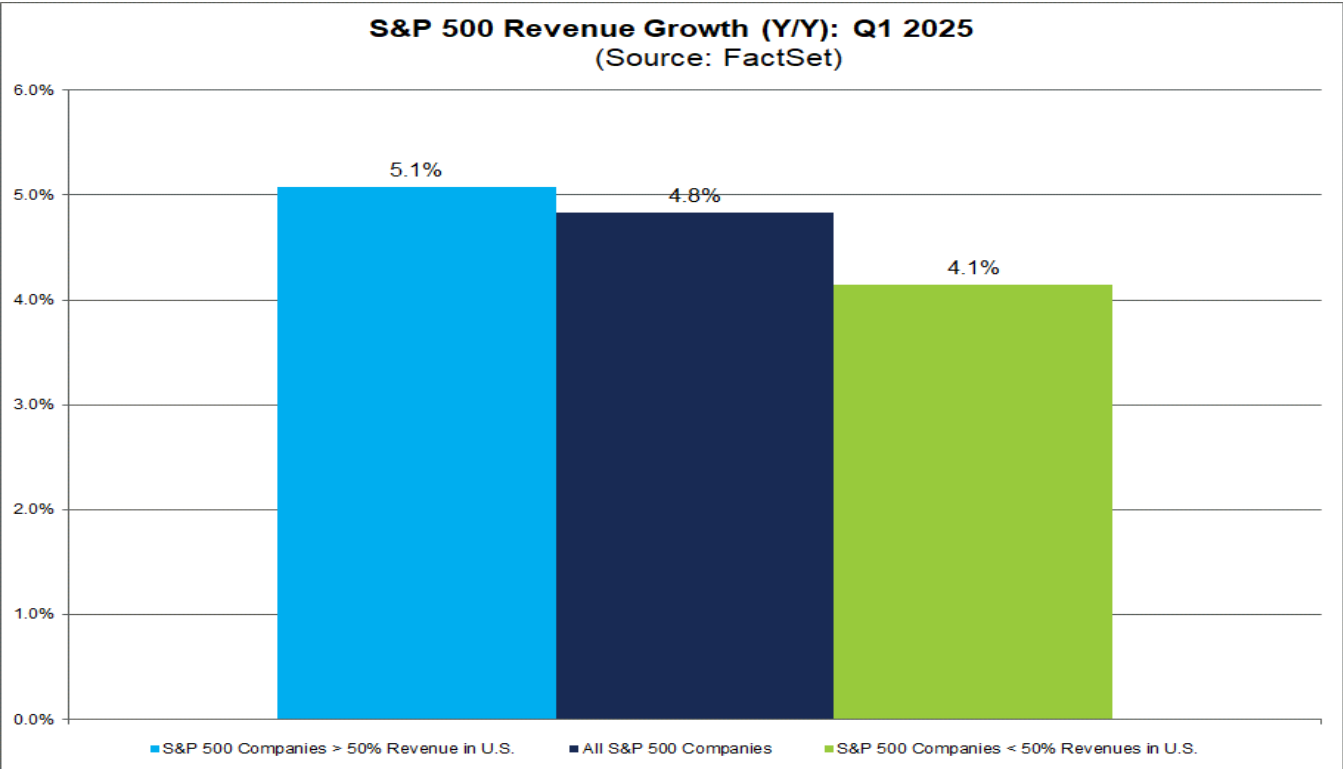
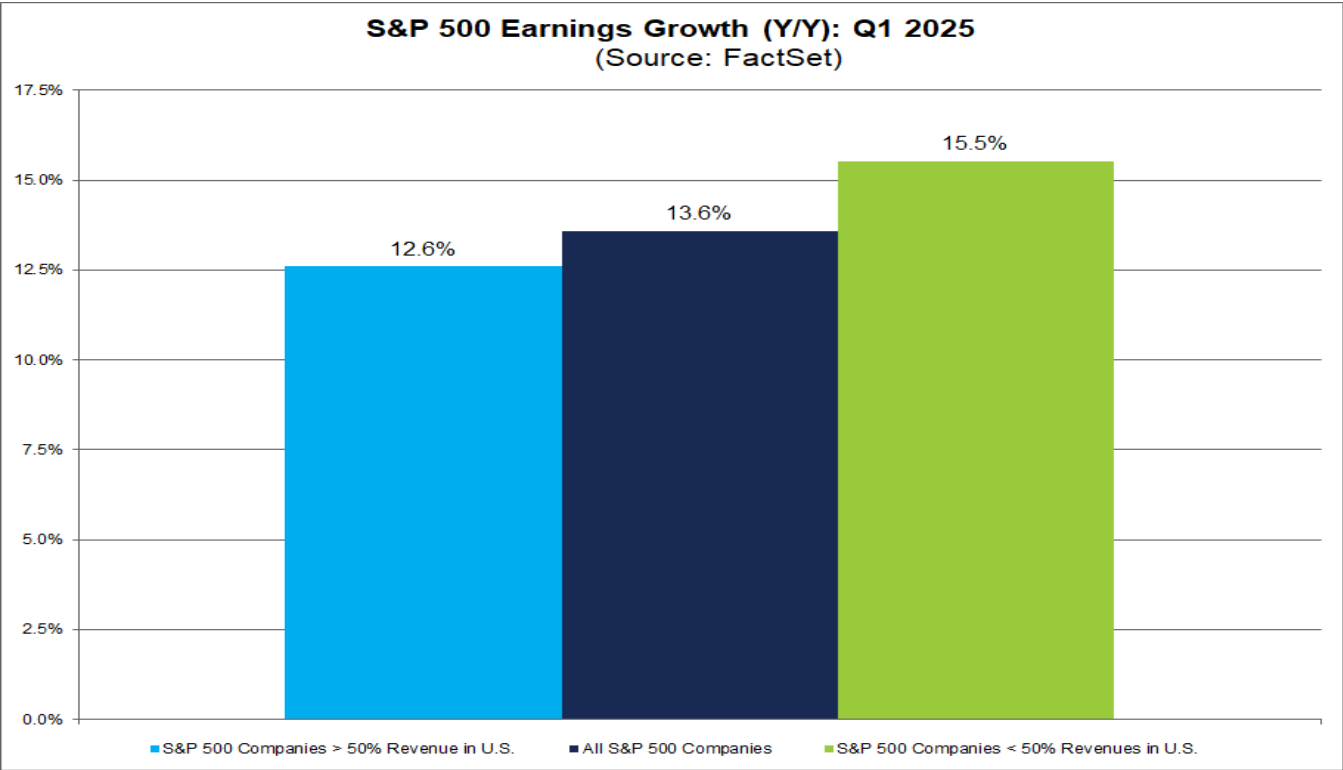
## Q1 2025: Surprise



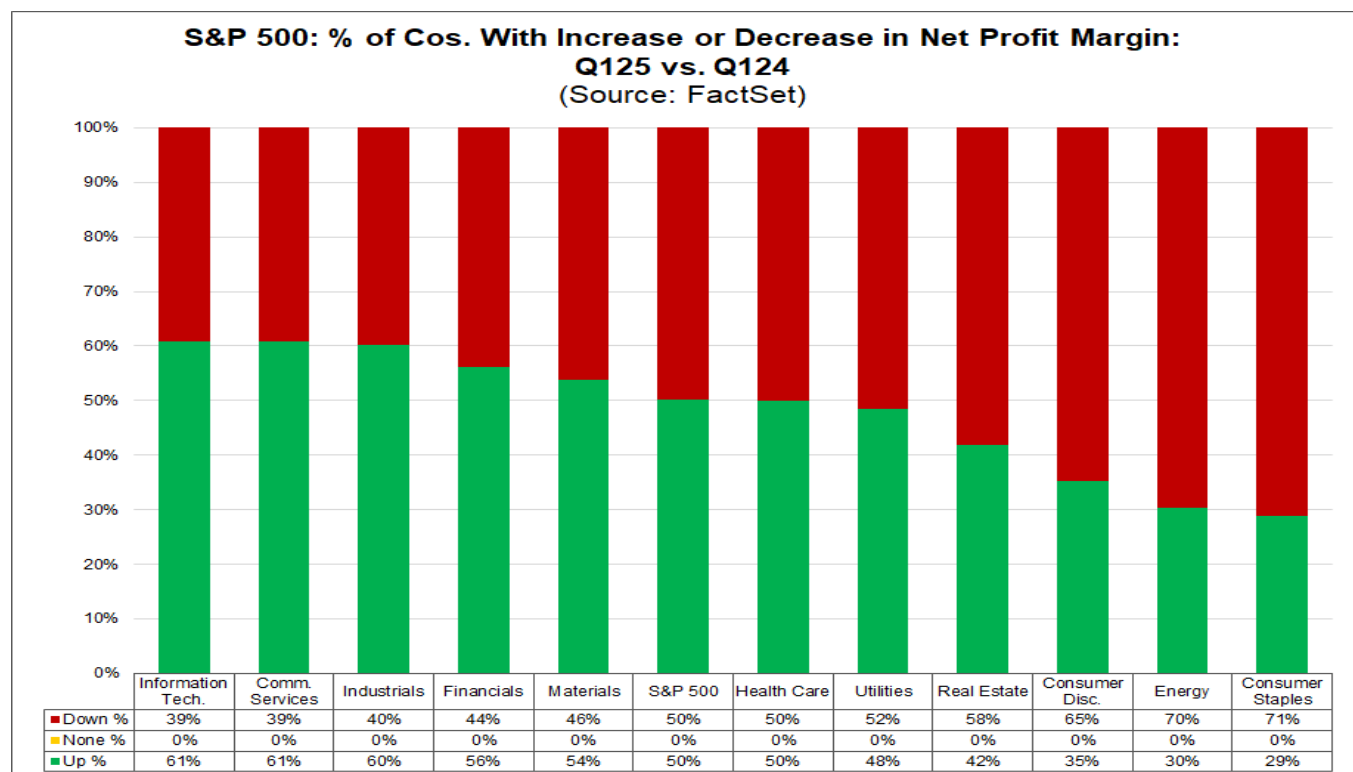
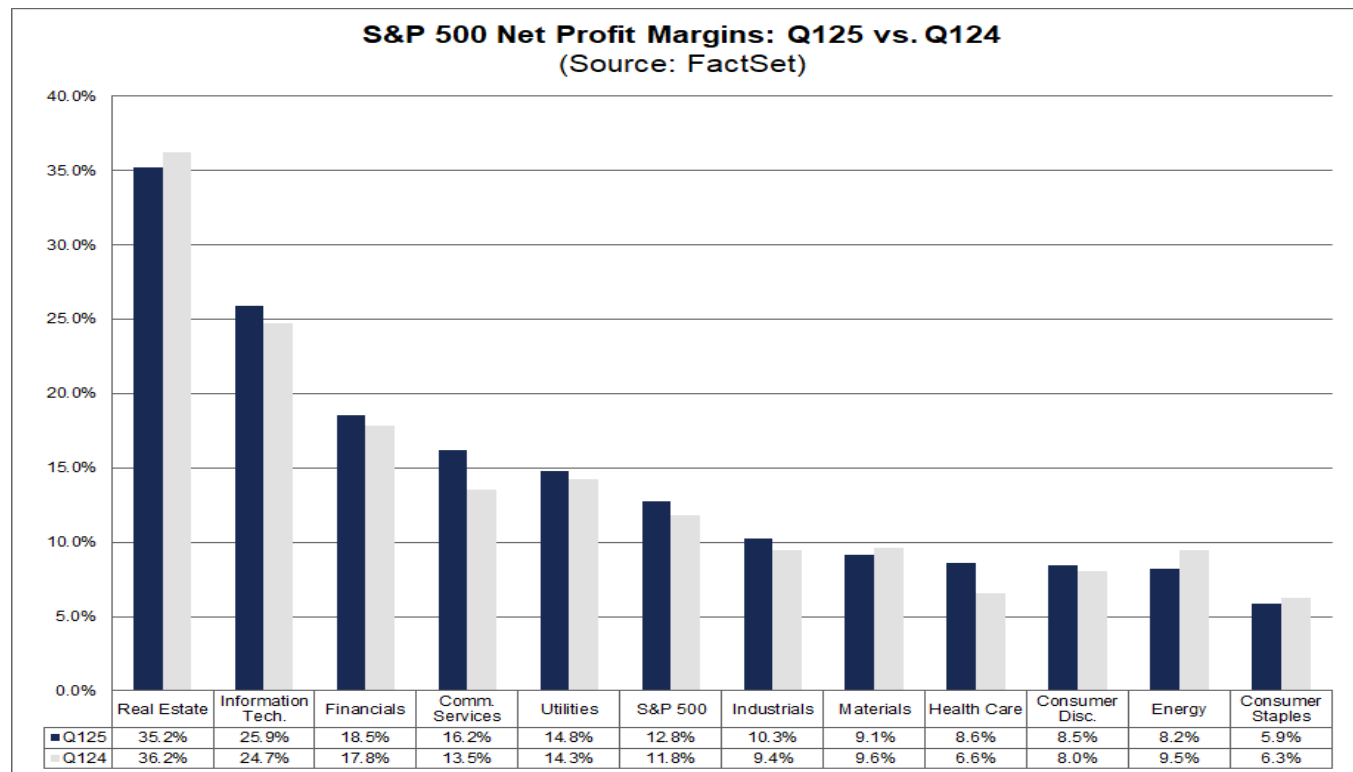
## Q1 2025: Growth



Q1 2025: Growth

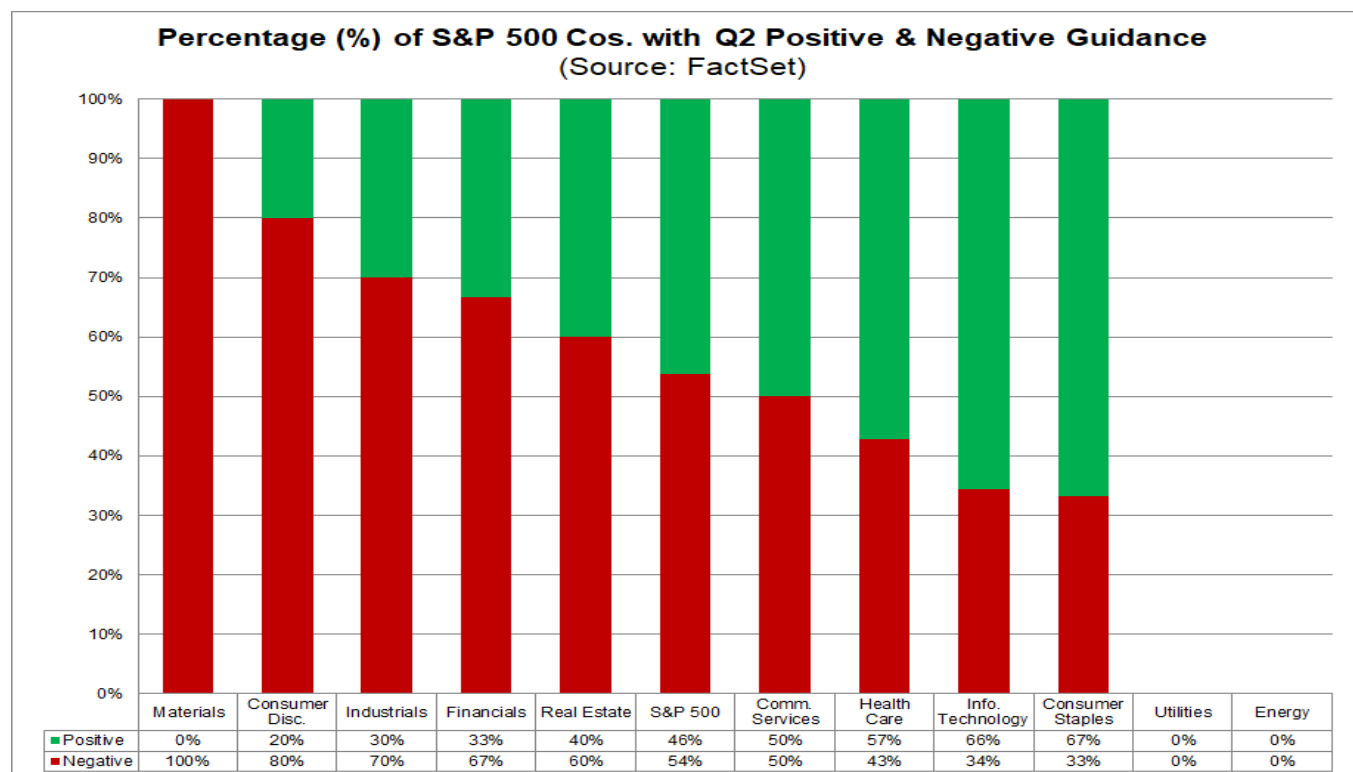
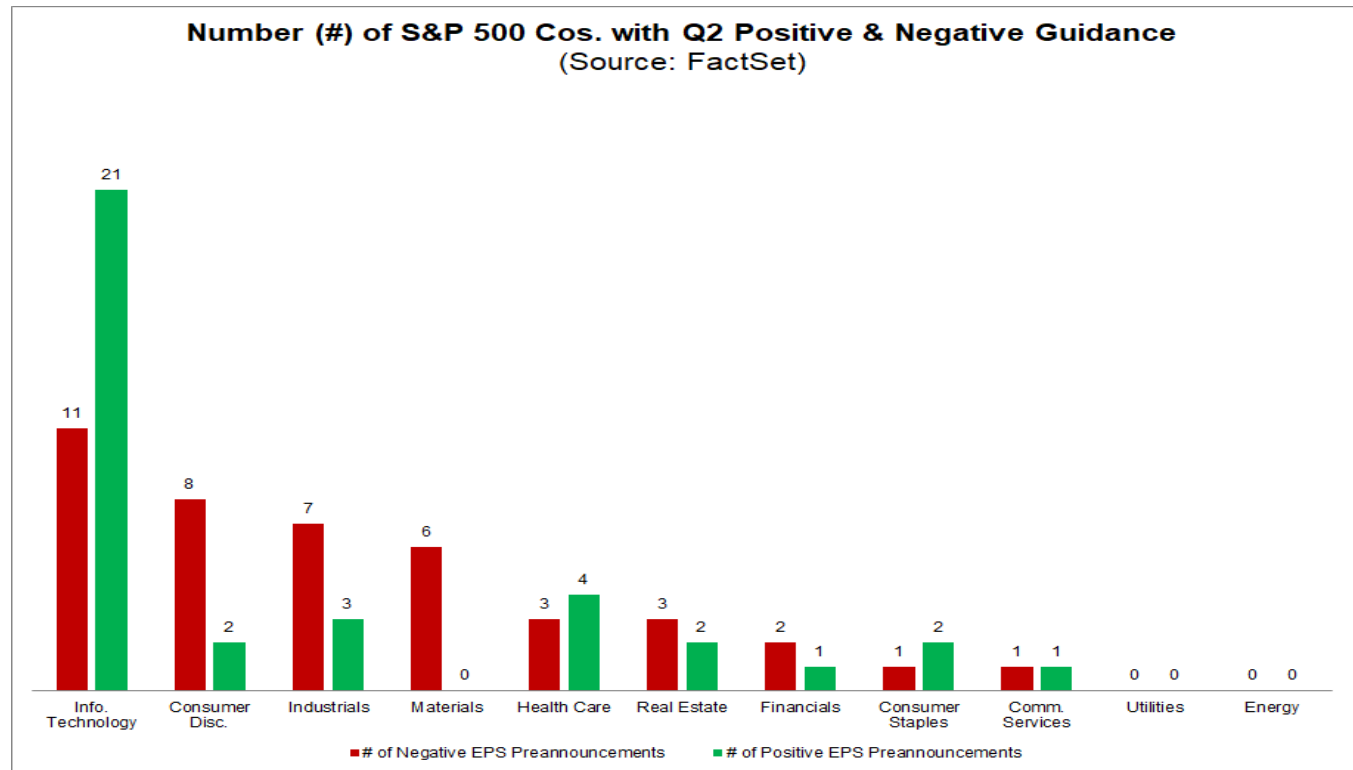


## Q1 2025: Net Profit Margin

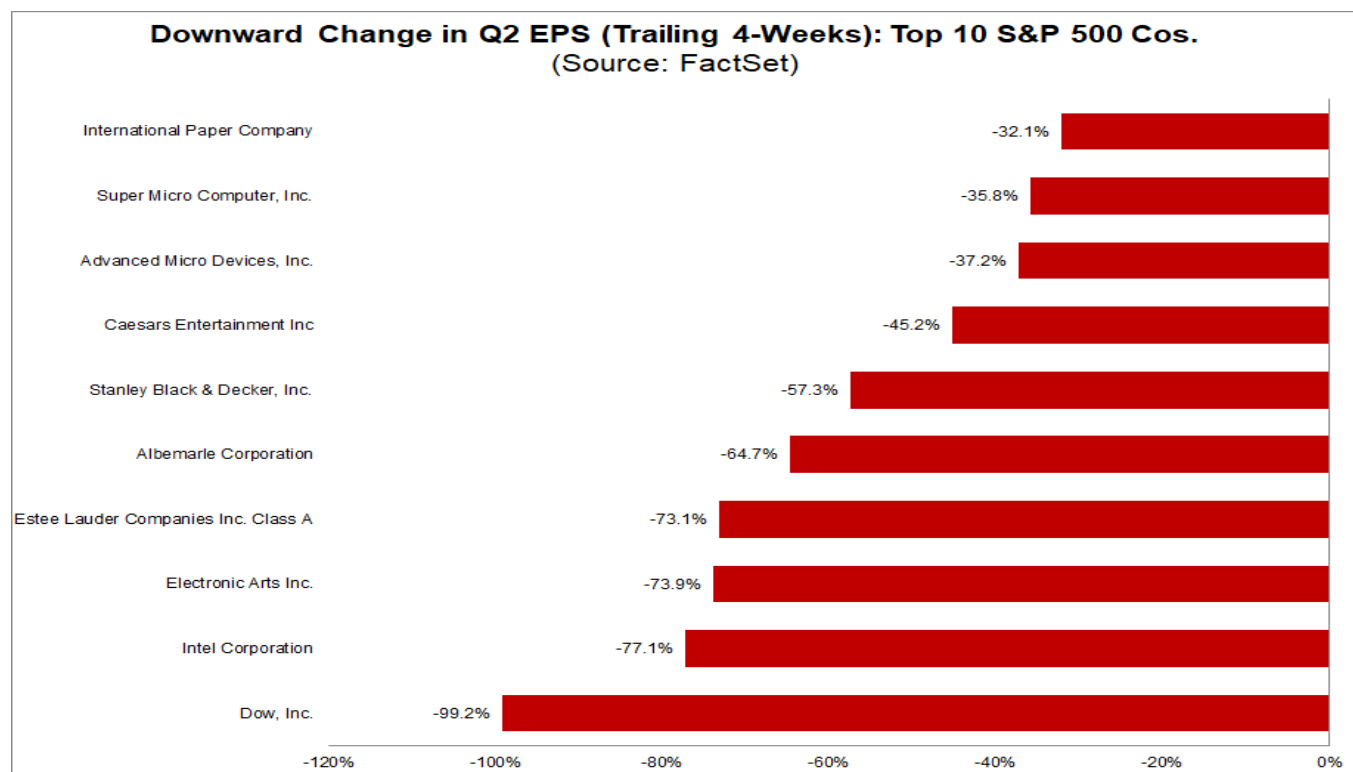
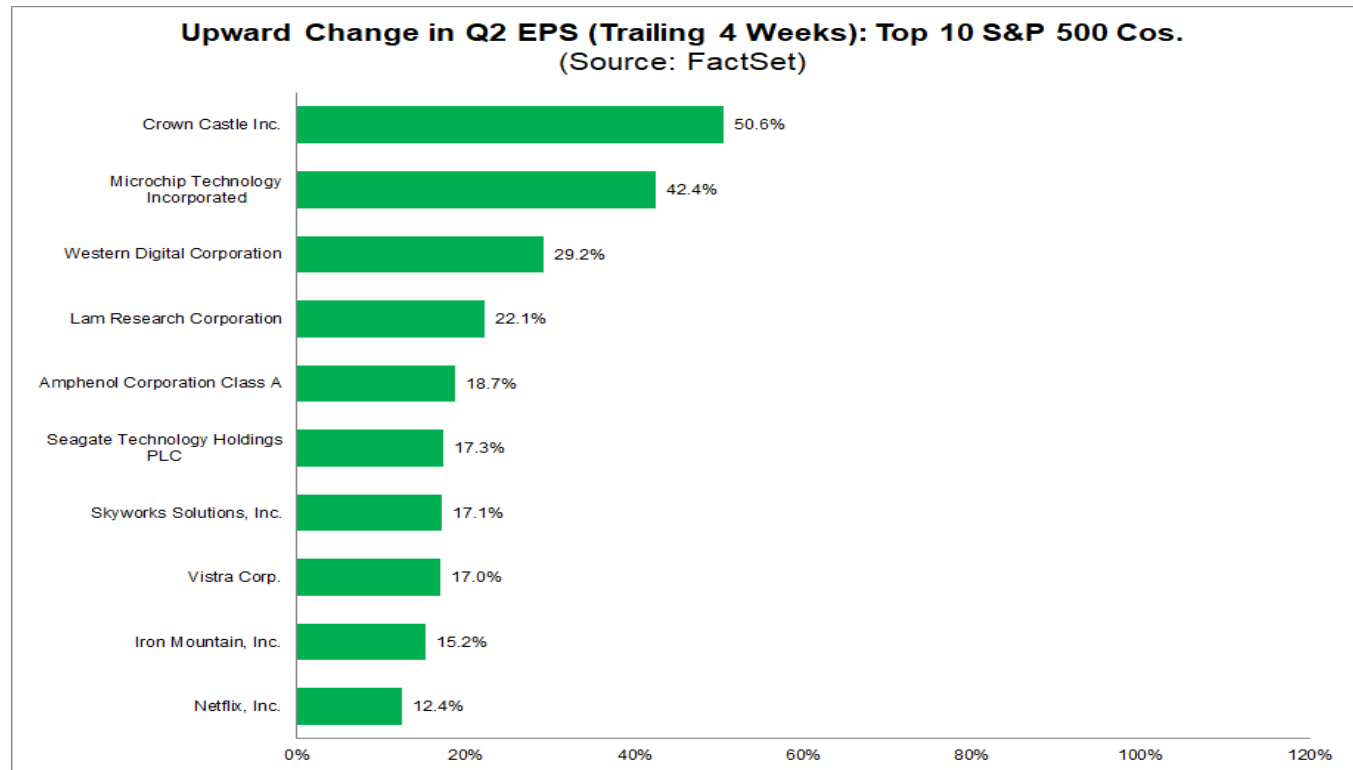




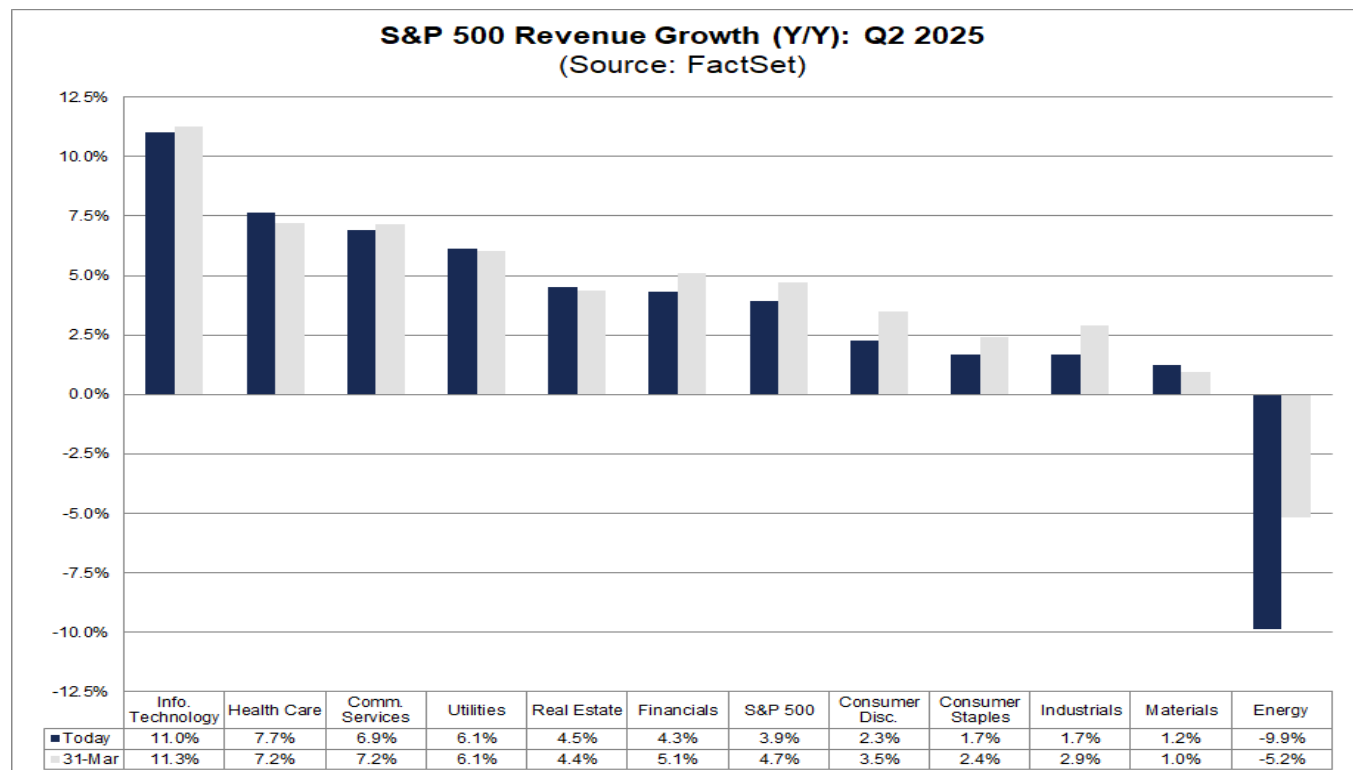
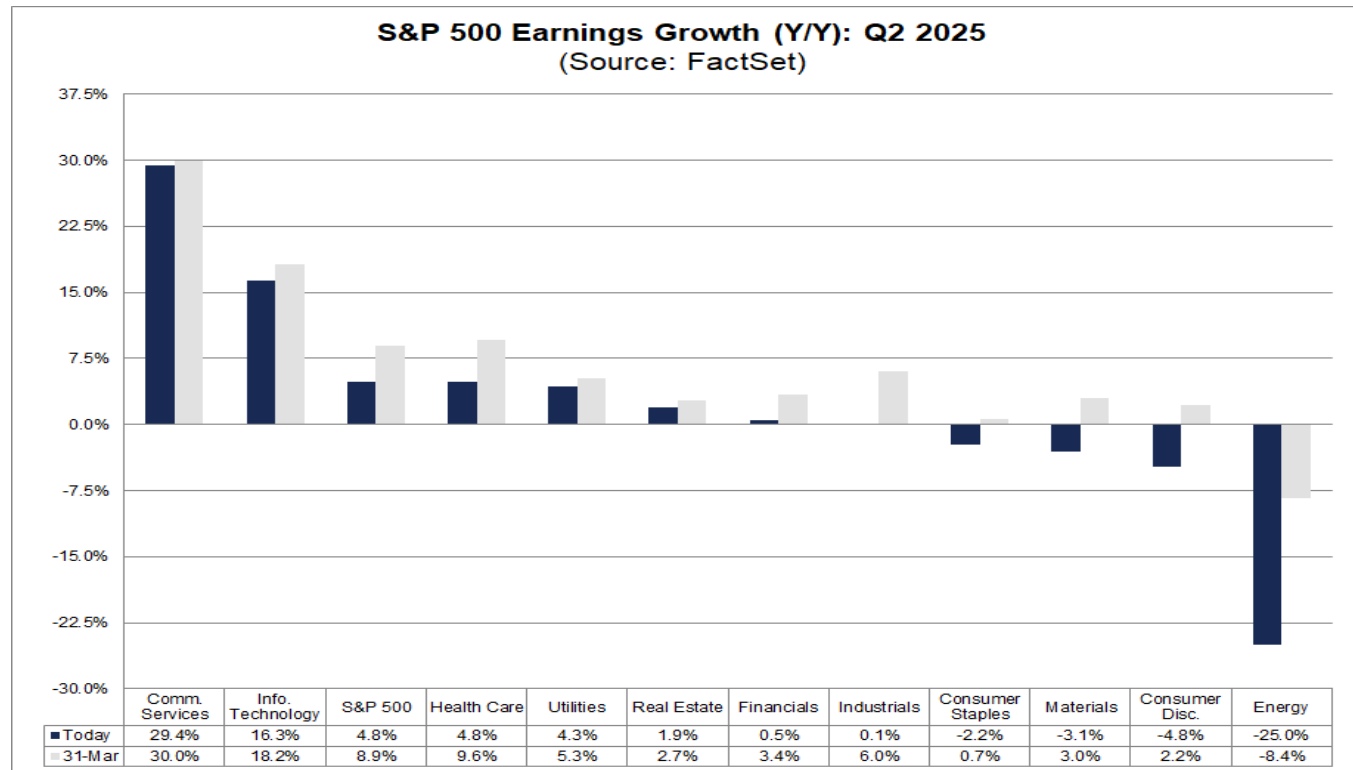
## Q2 2025: Guidance



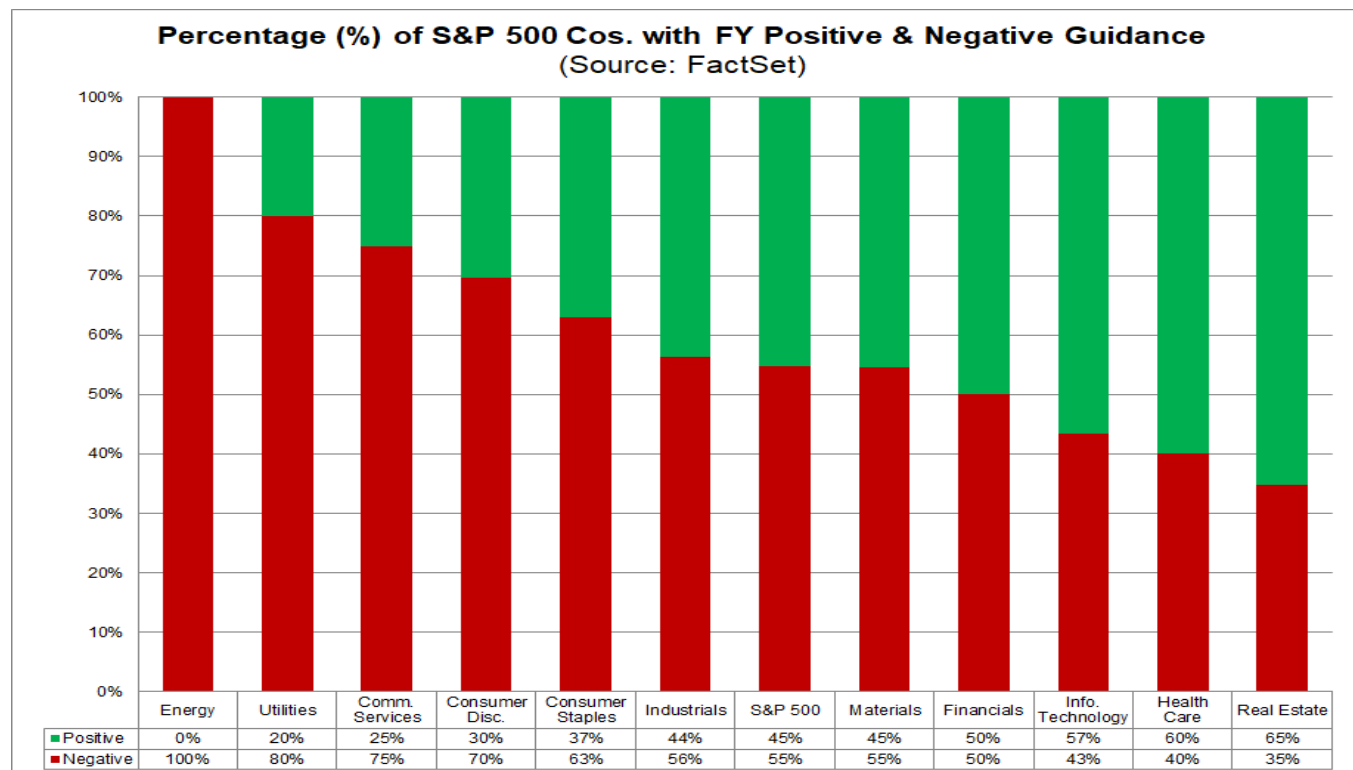
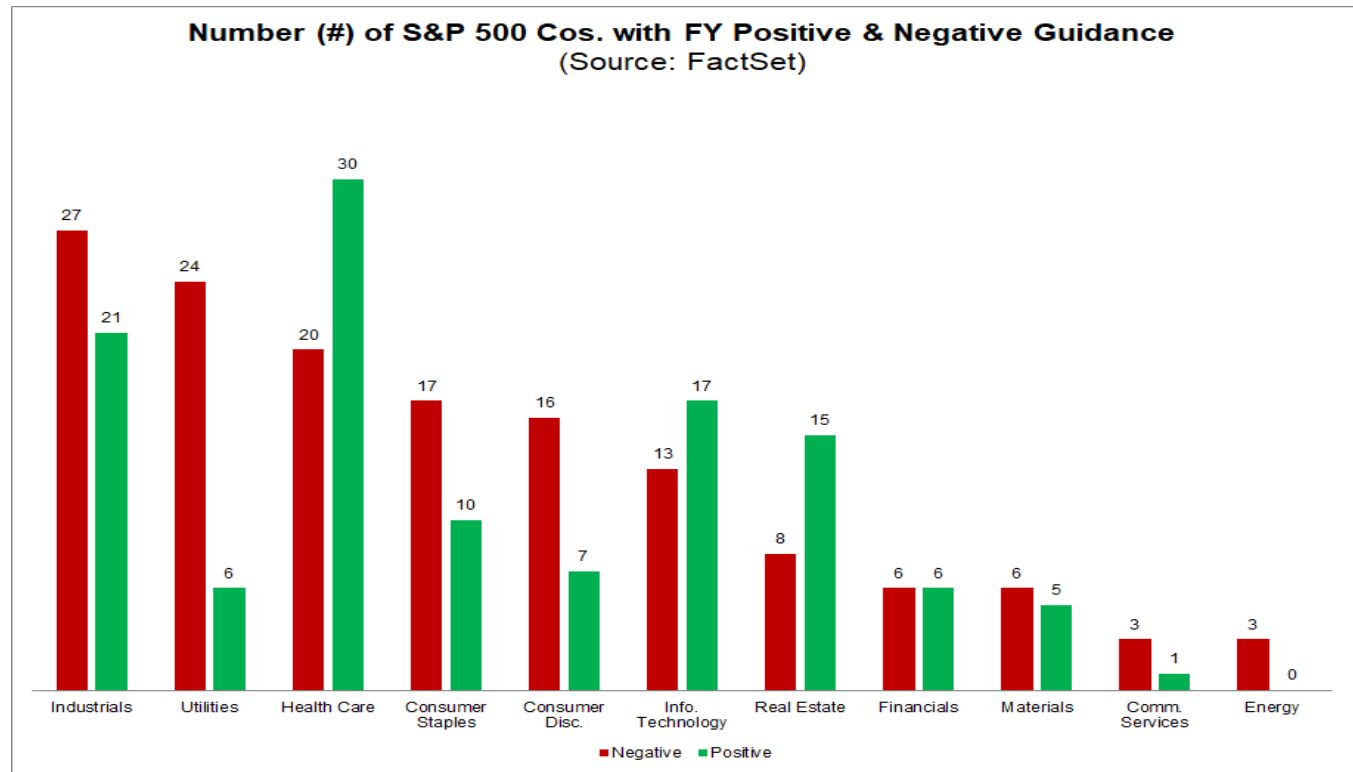
## Q2 2025: EPS Revisions



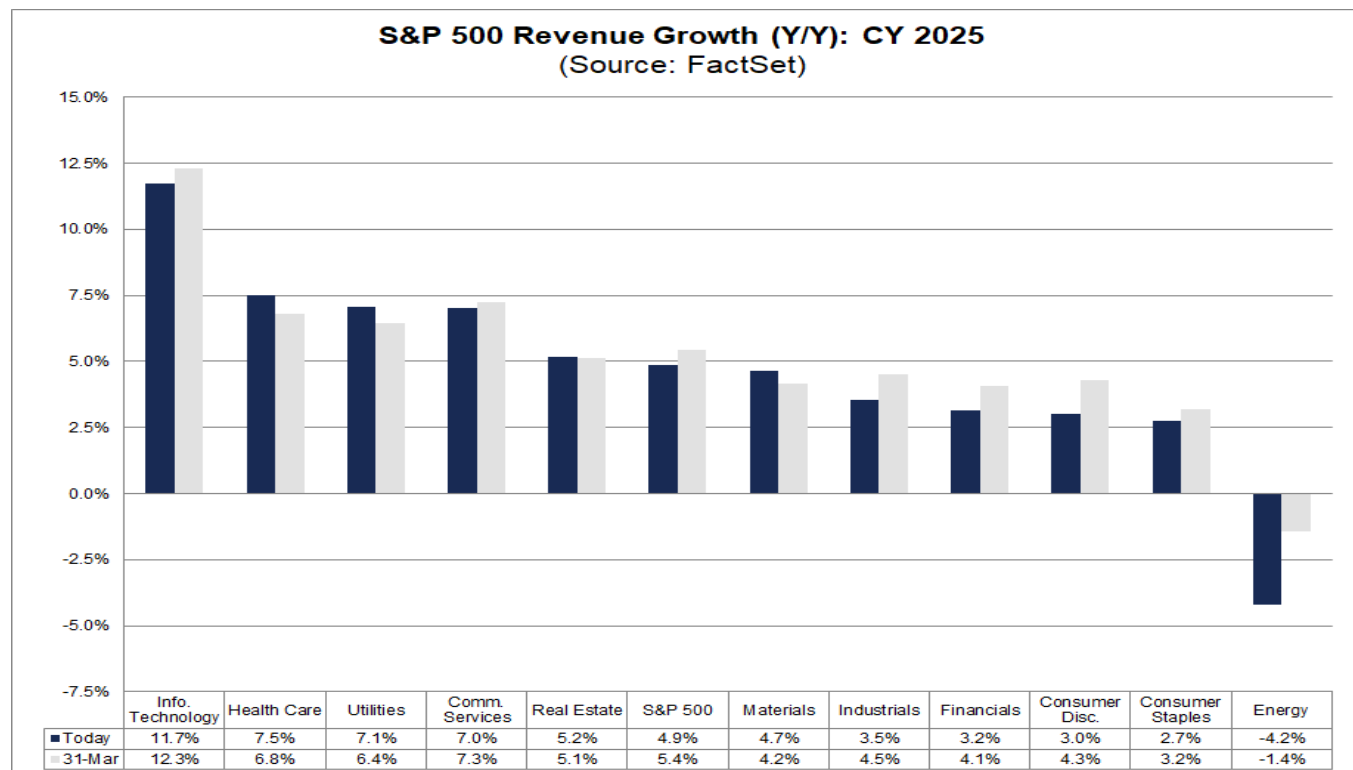
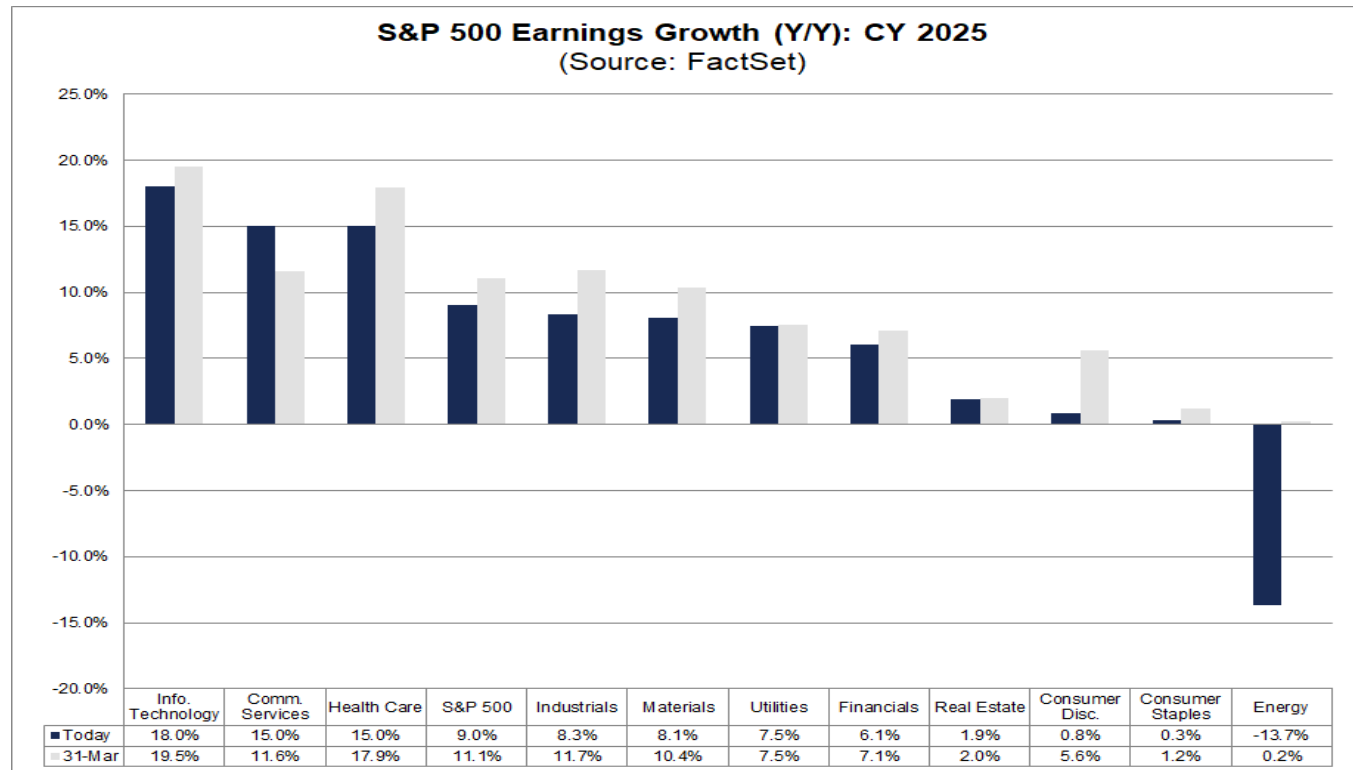
## Q2 2025: Growth



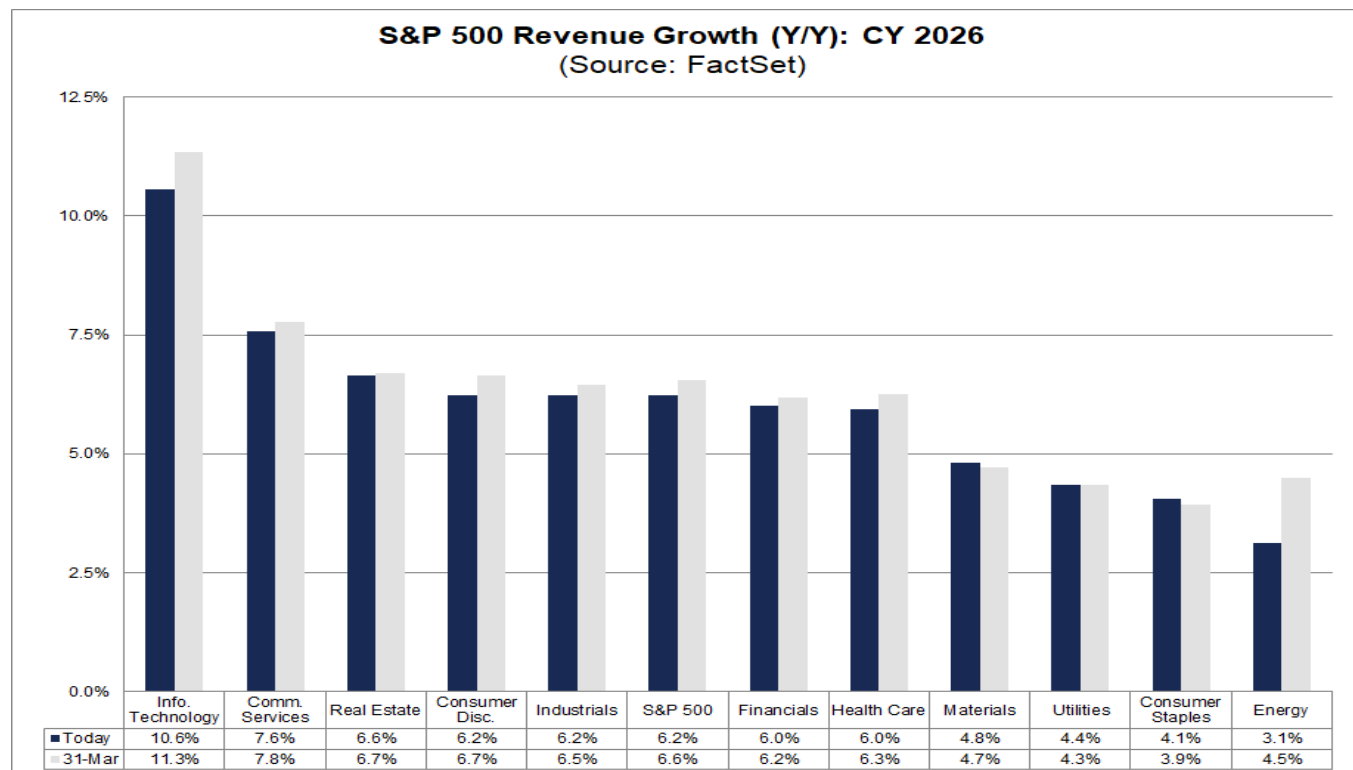
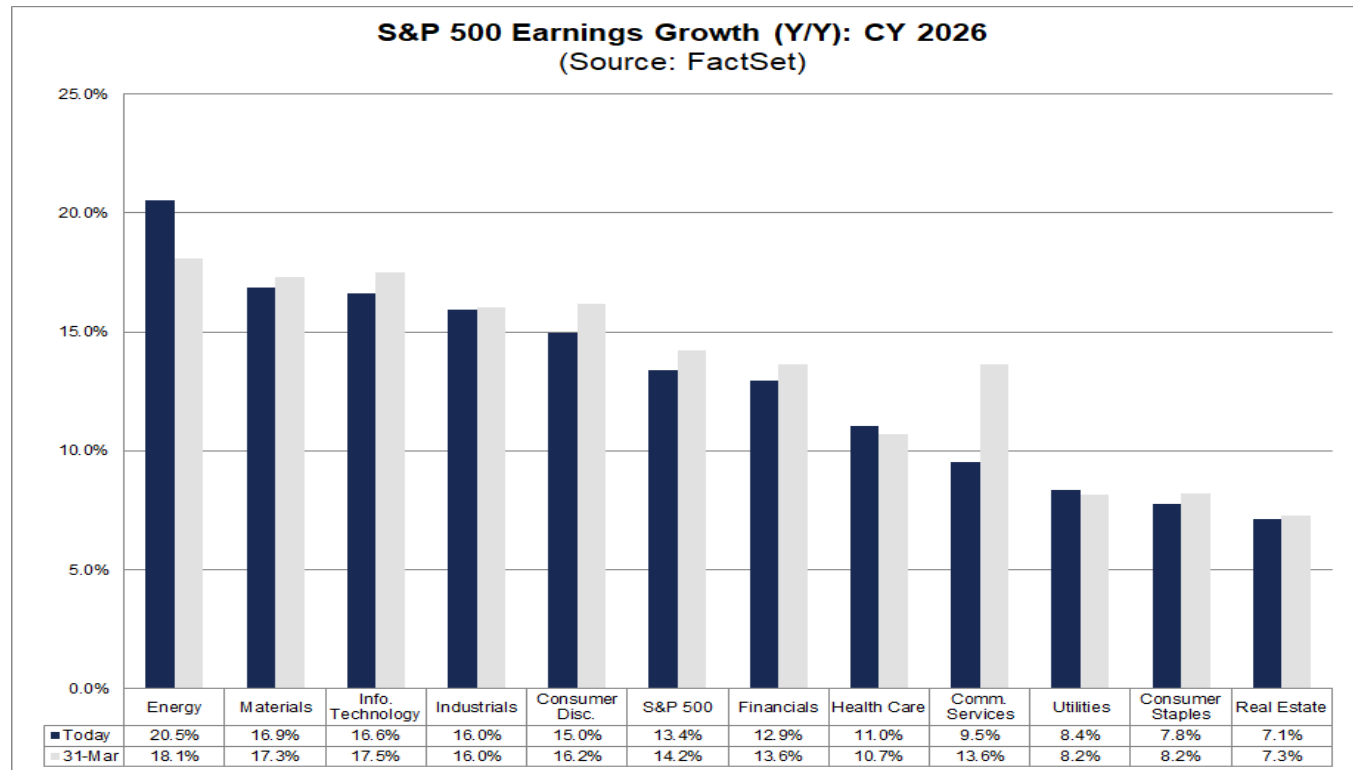
## FY 2025 / 2026: EPS Guidance



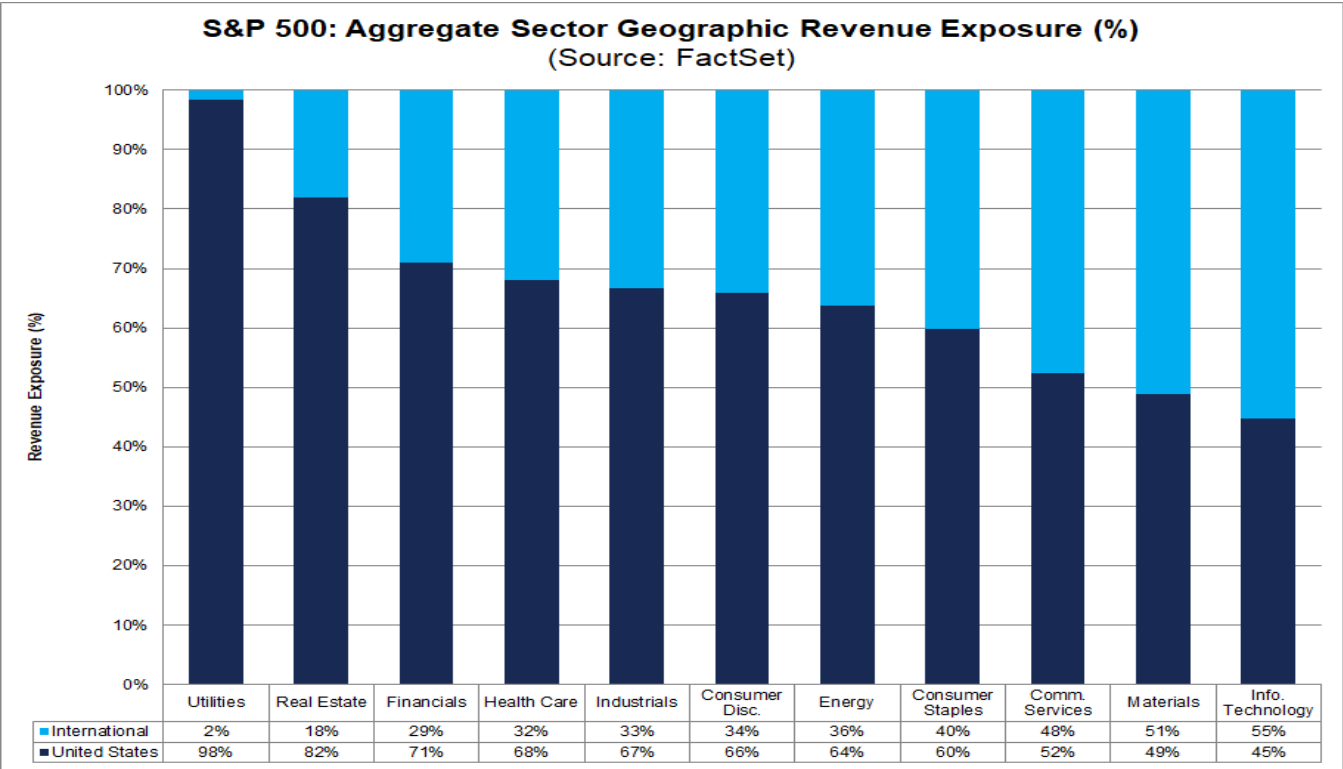
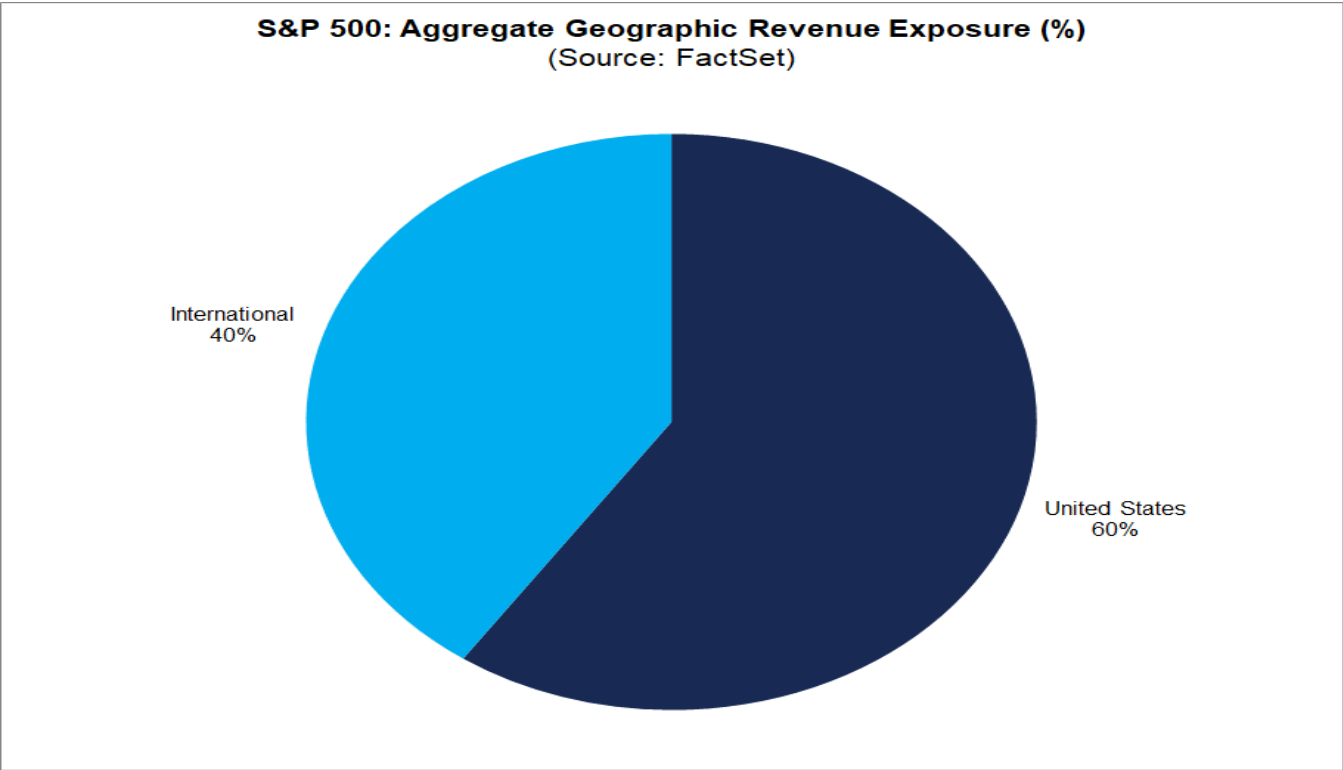
## CY 2025: Growth



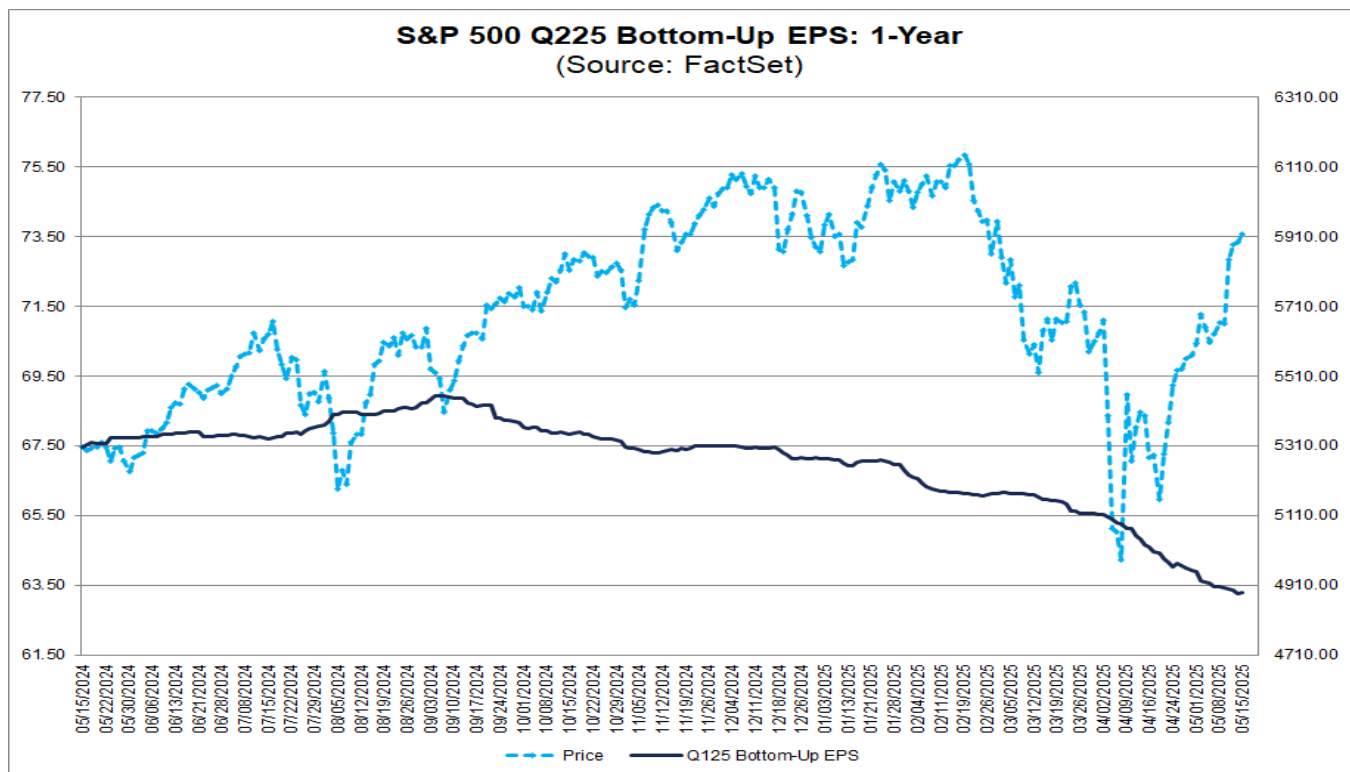
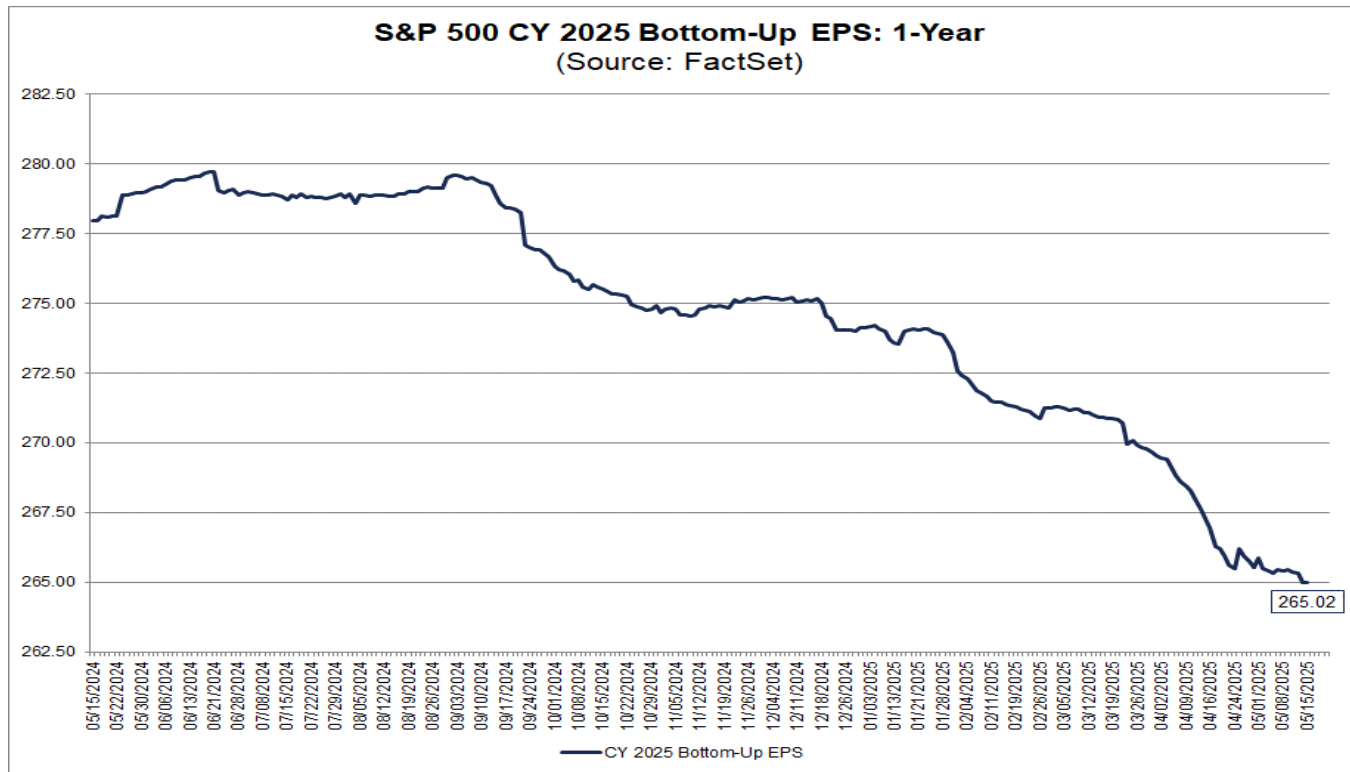
## CY 2026: Growth



Geographic Revenue Exposure

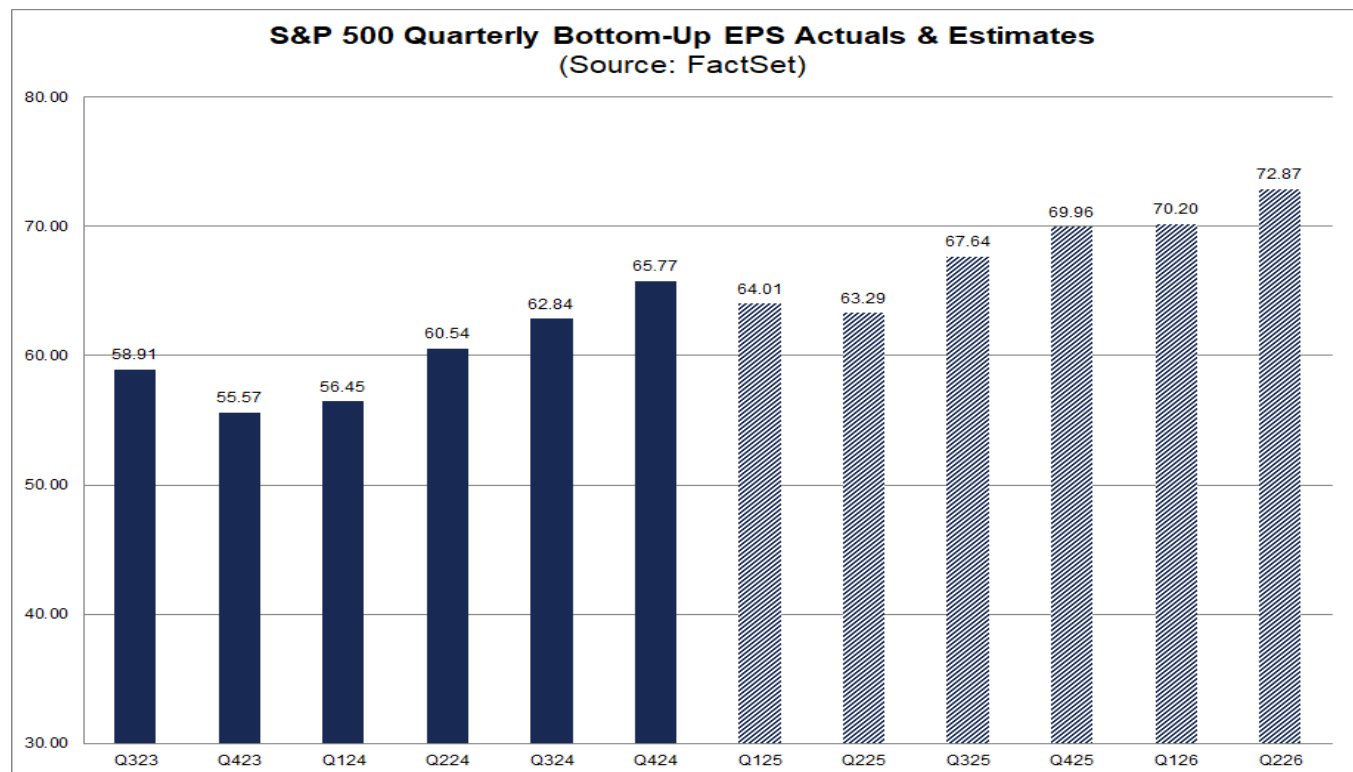
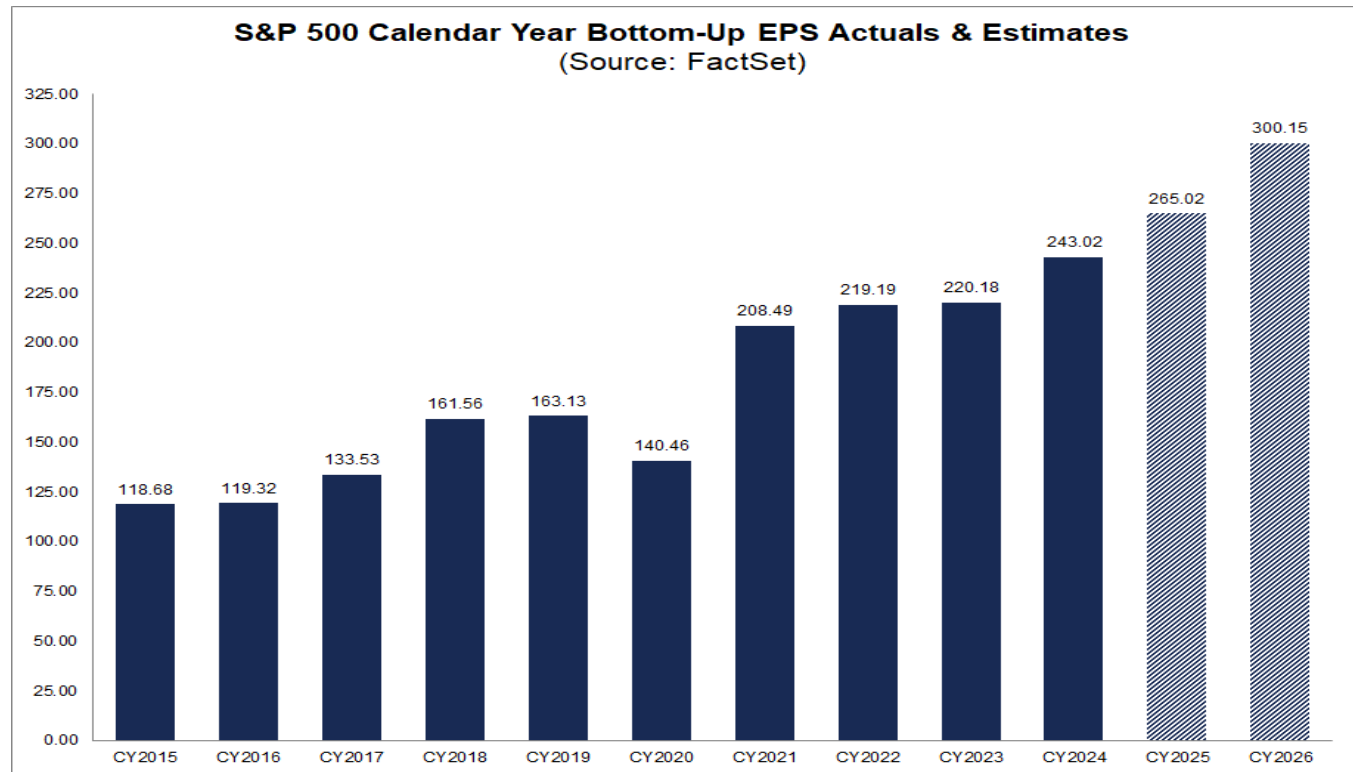


## Bottom-Up EPS Estimates

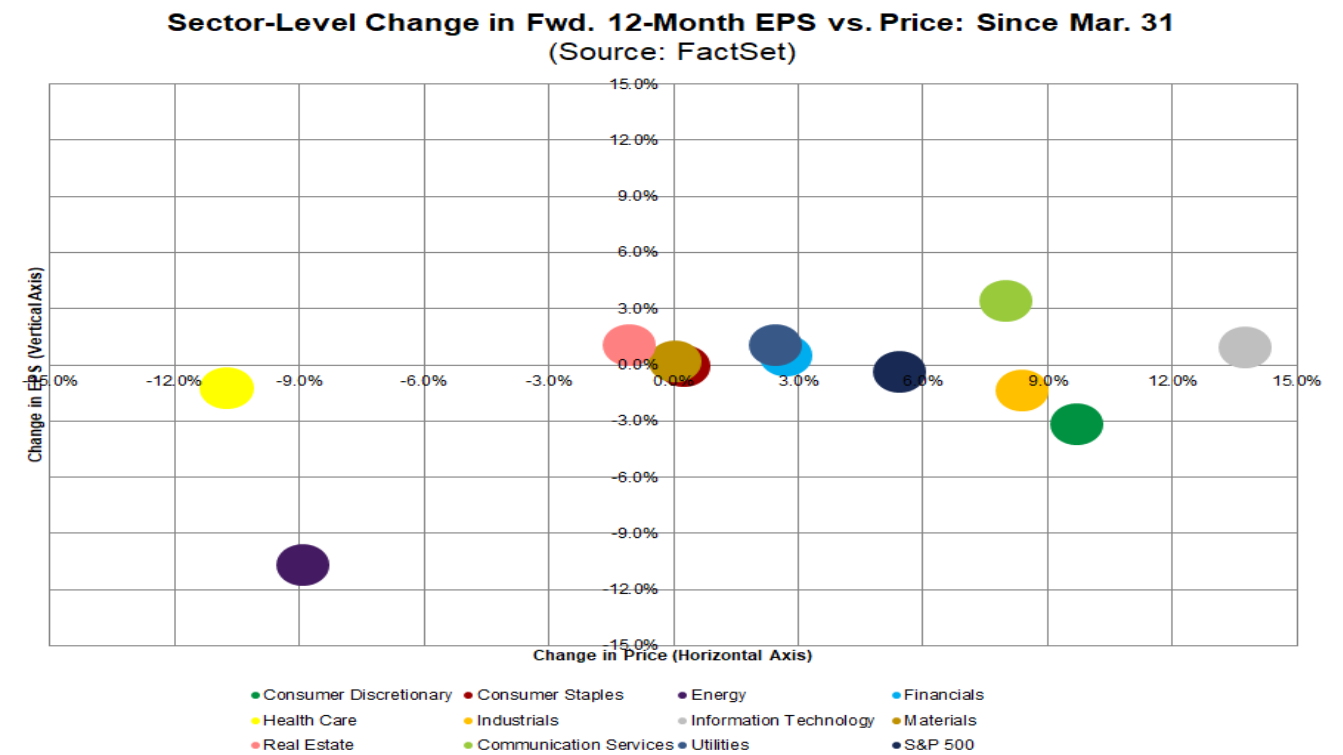
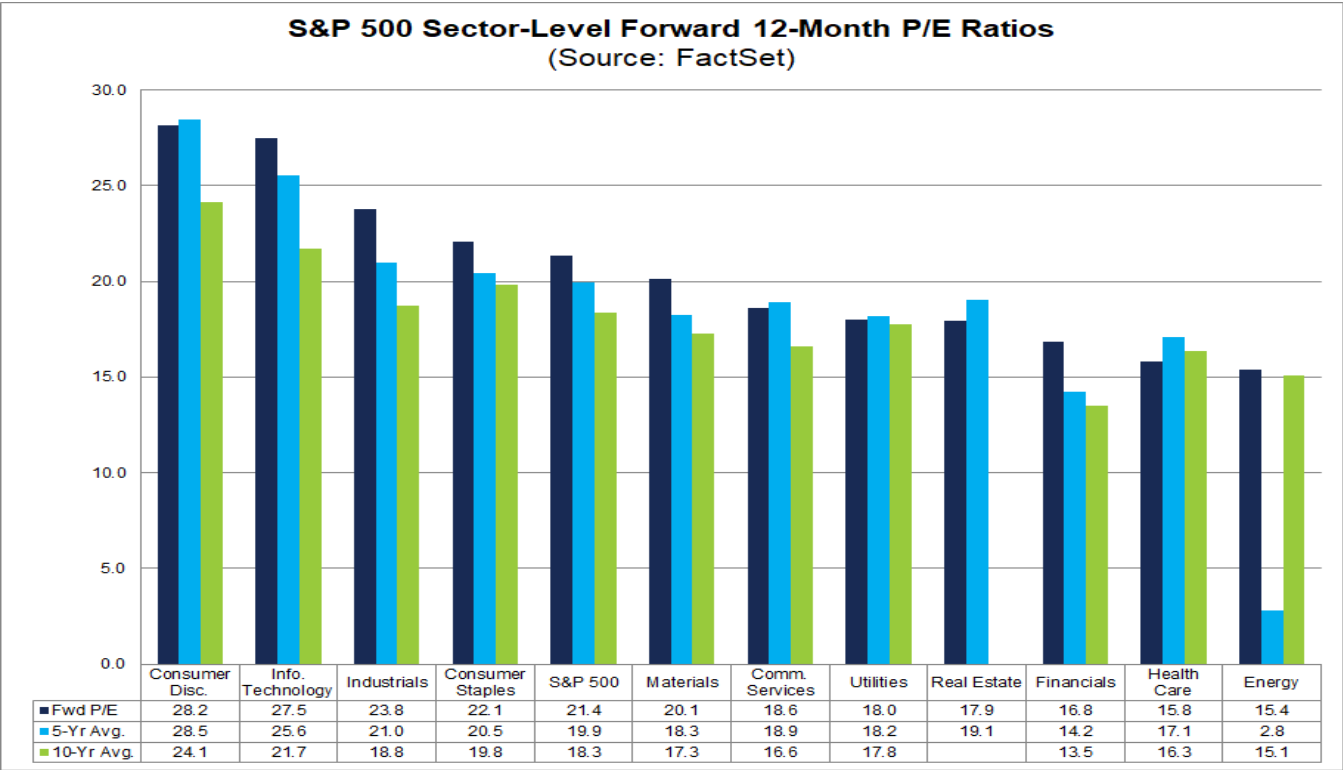




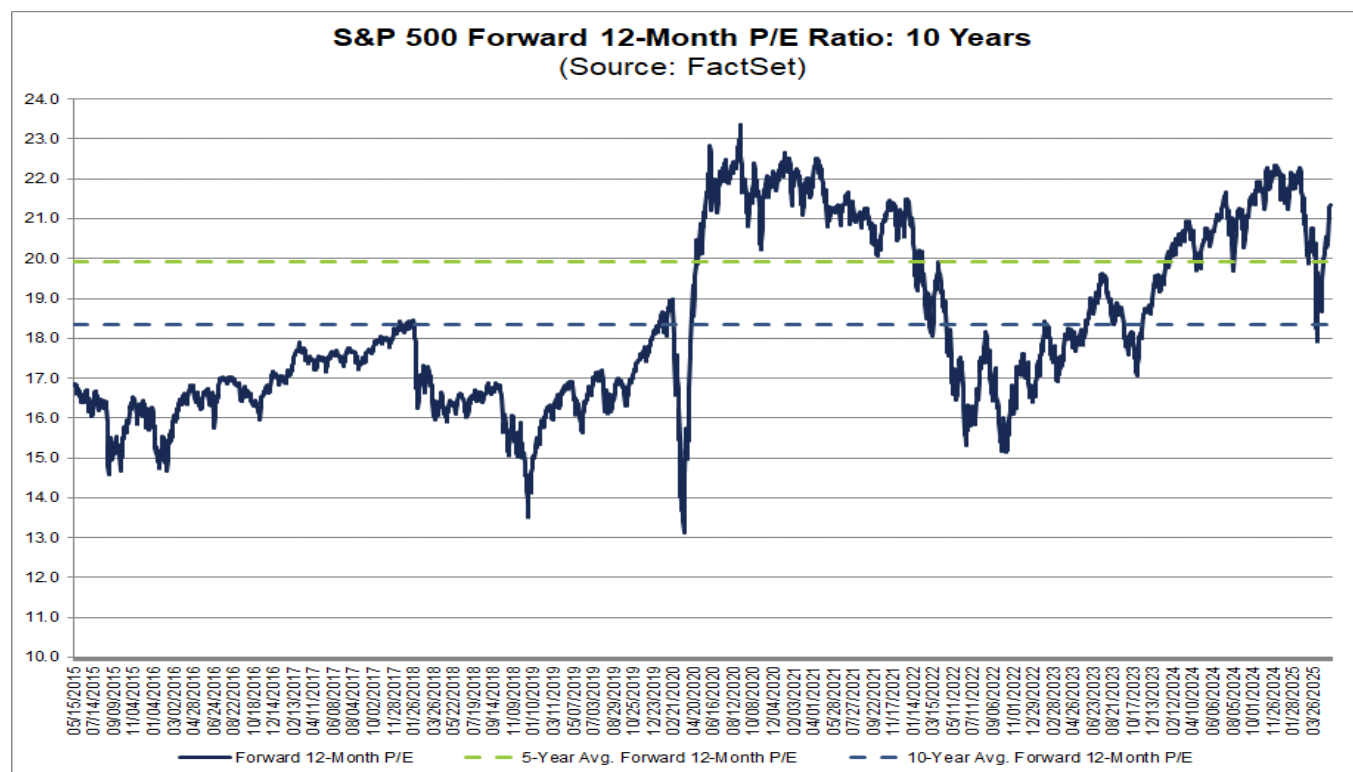
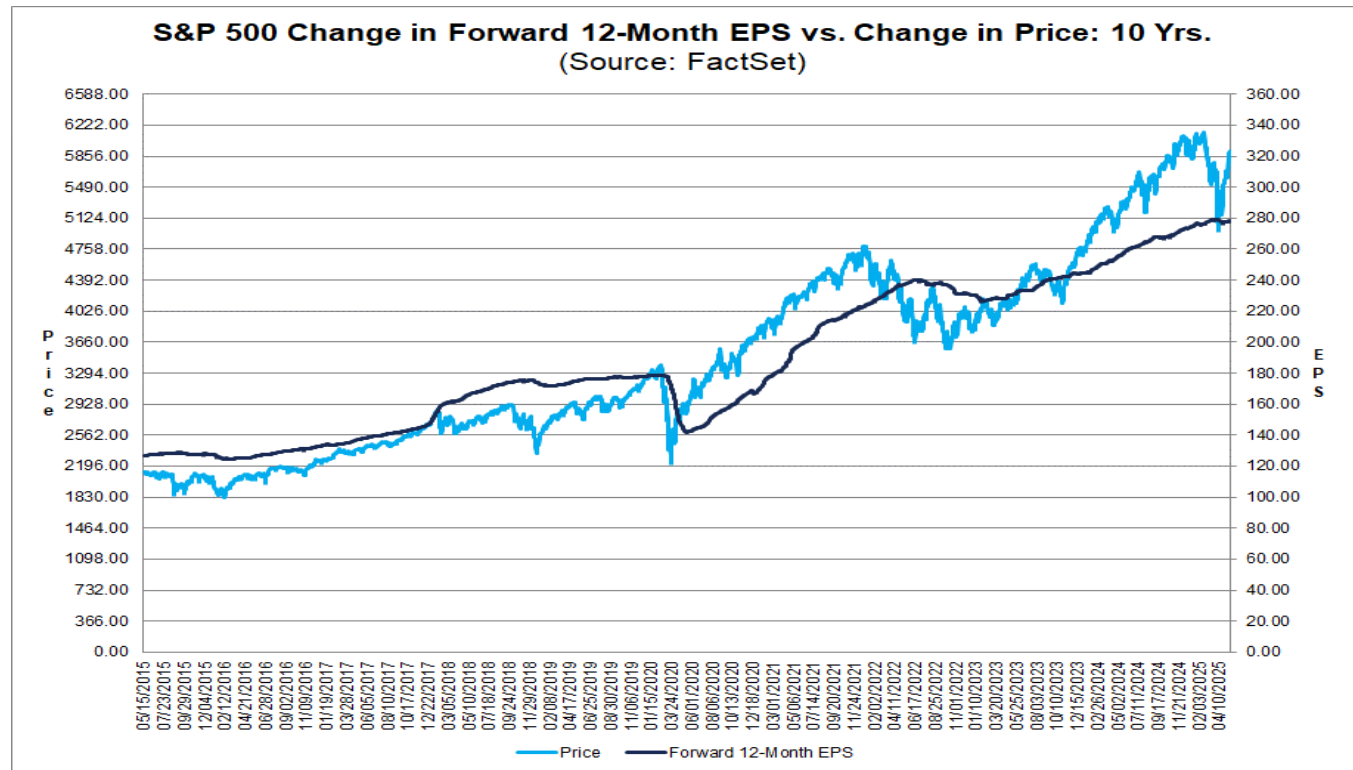
## Bottom-Up EPS Estimates: Current &amp; Historical



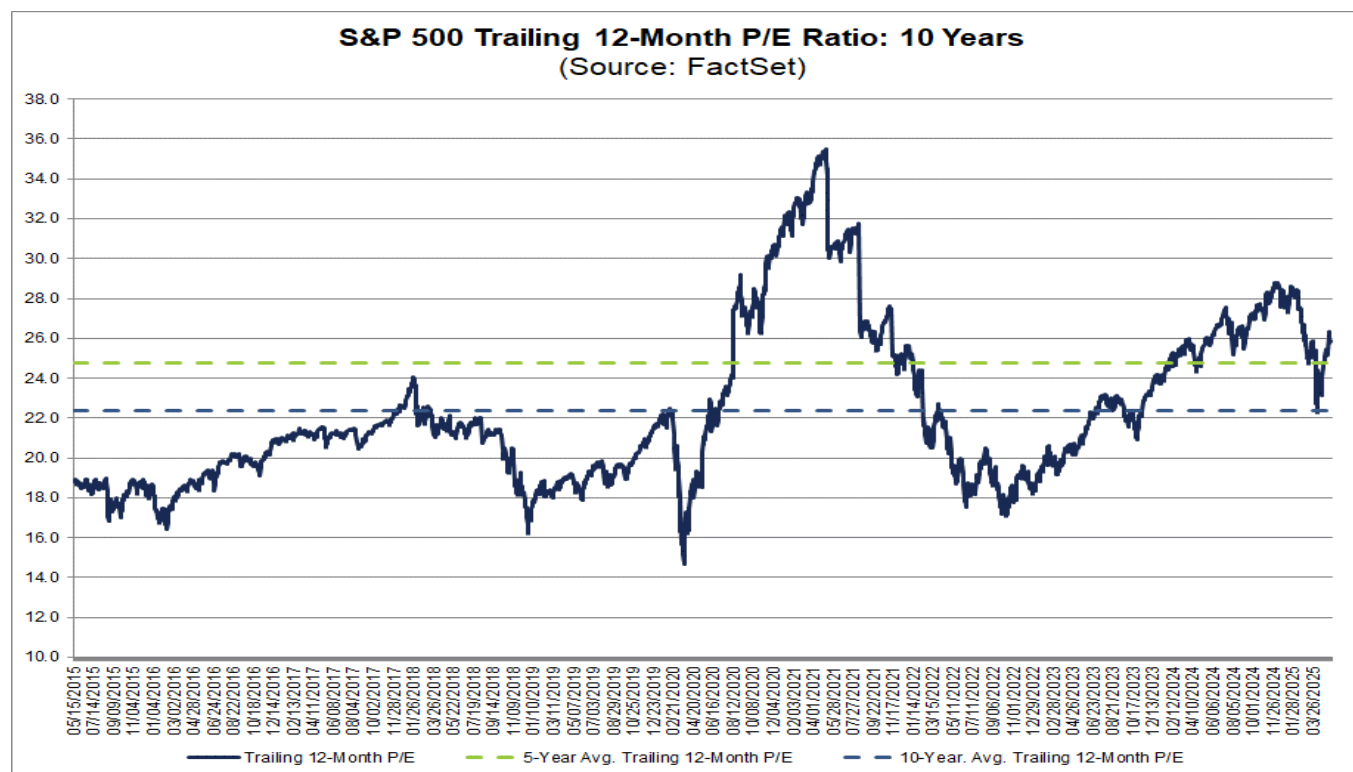
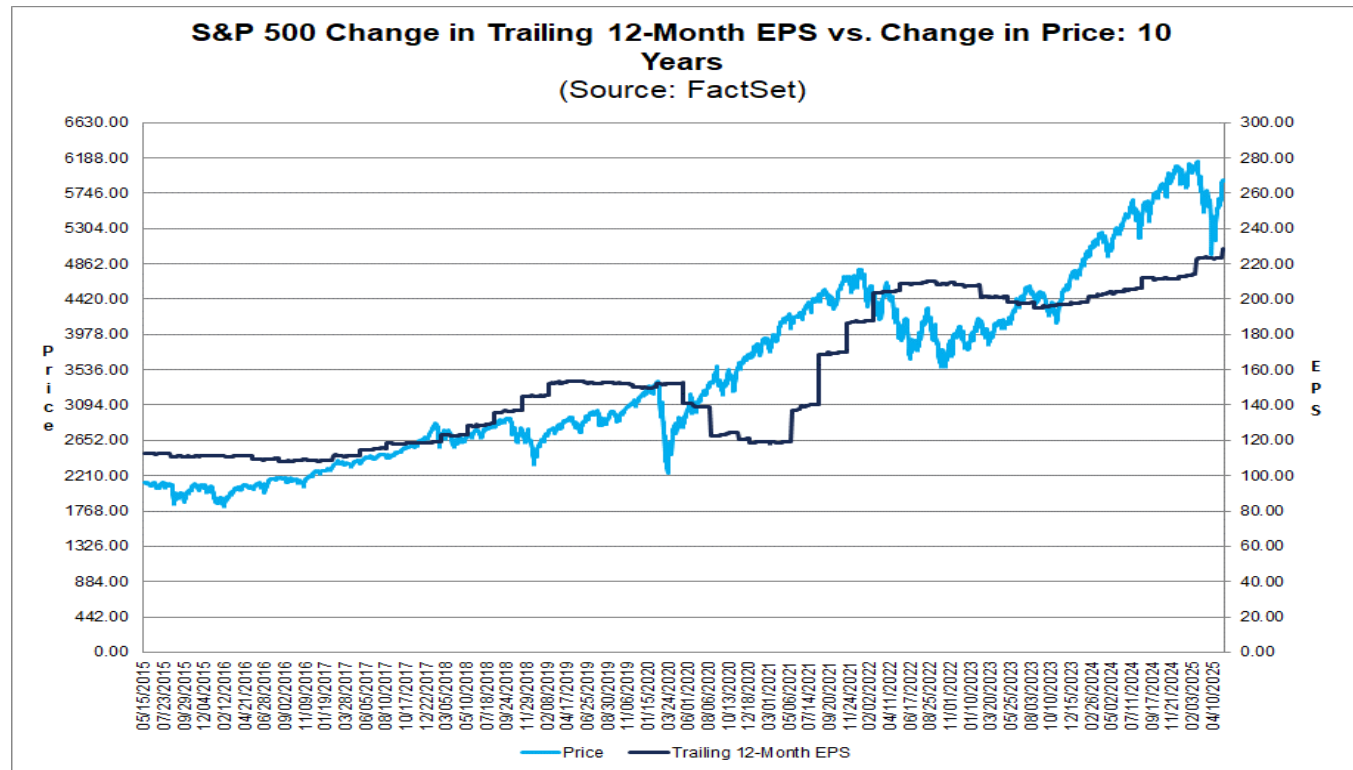
Forward 12M P/E Ratio: Sector Level



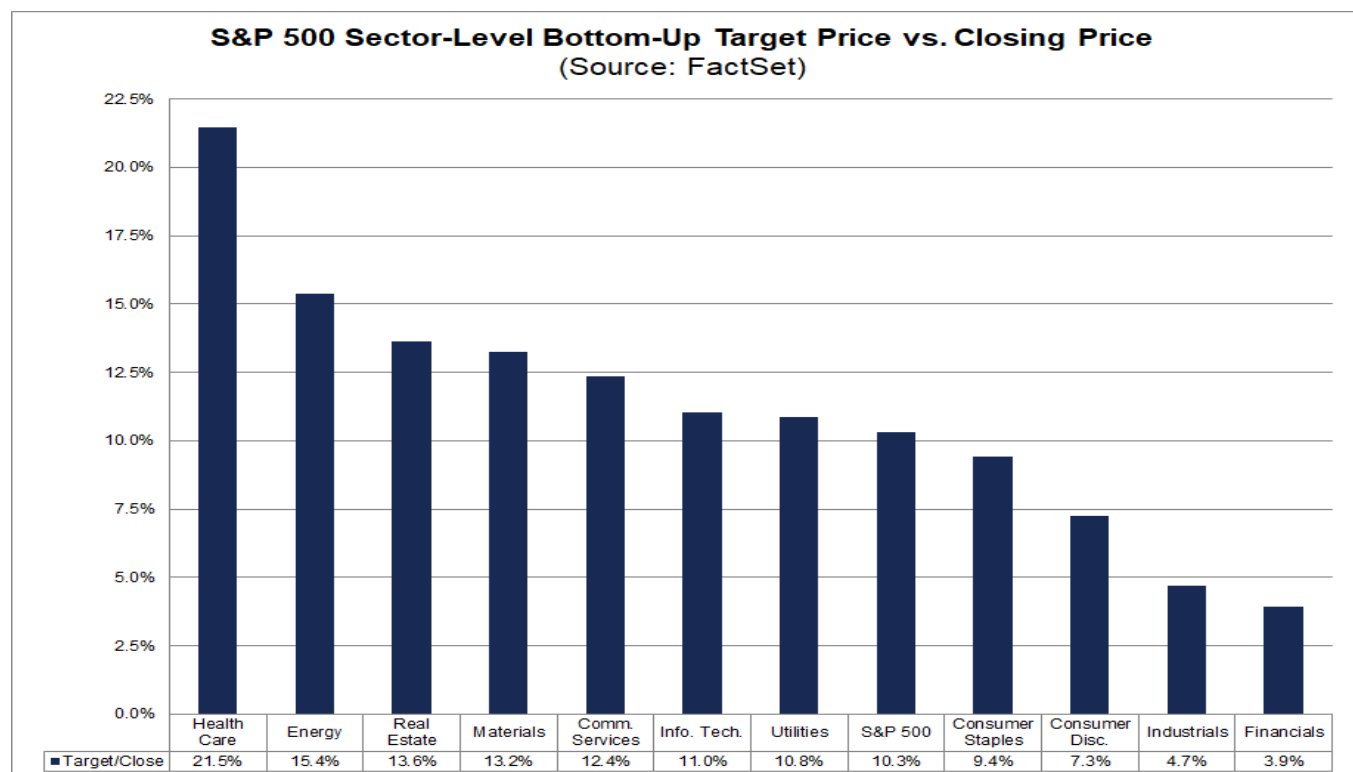
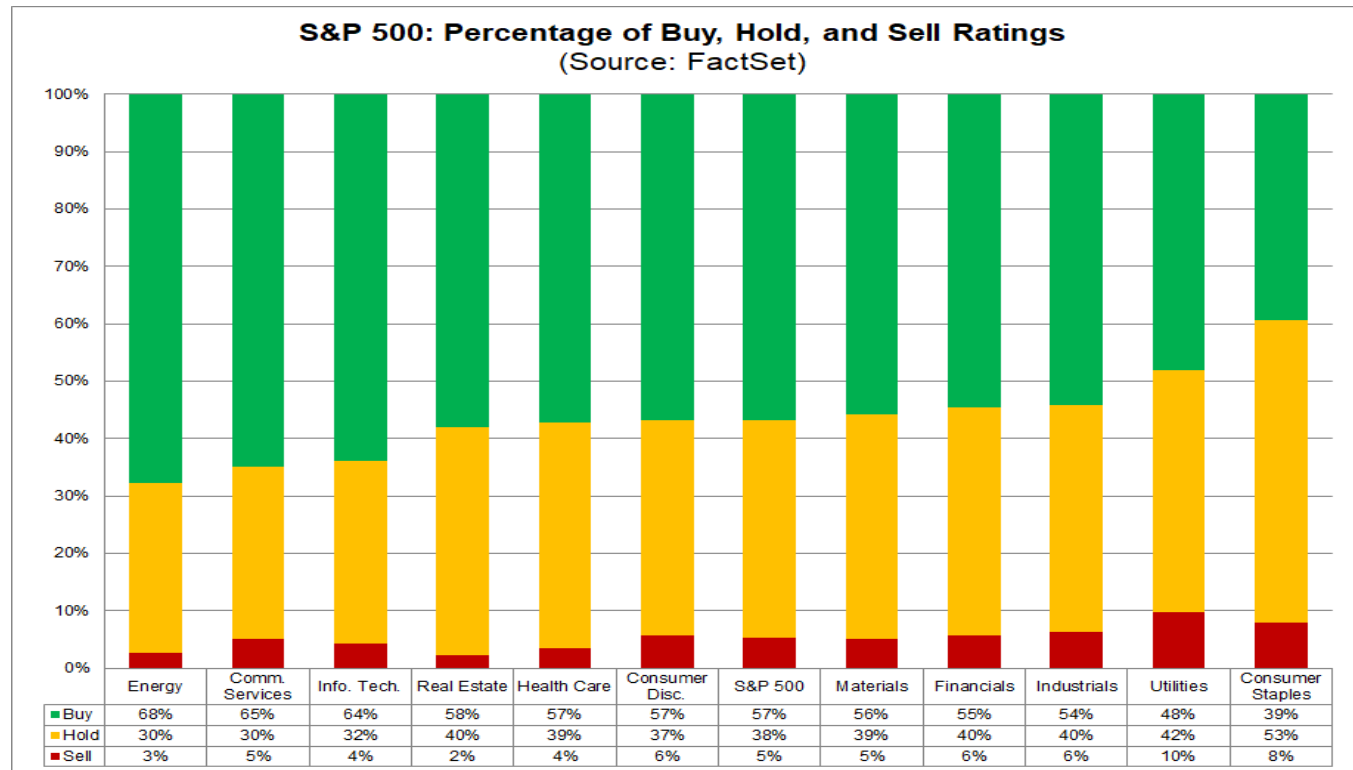
## Forward 12M P/E Ratio: 10-Years



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



## Targets &amp; Ratings



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