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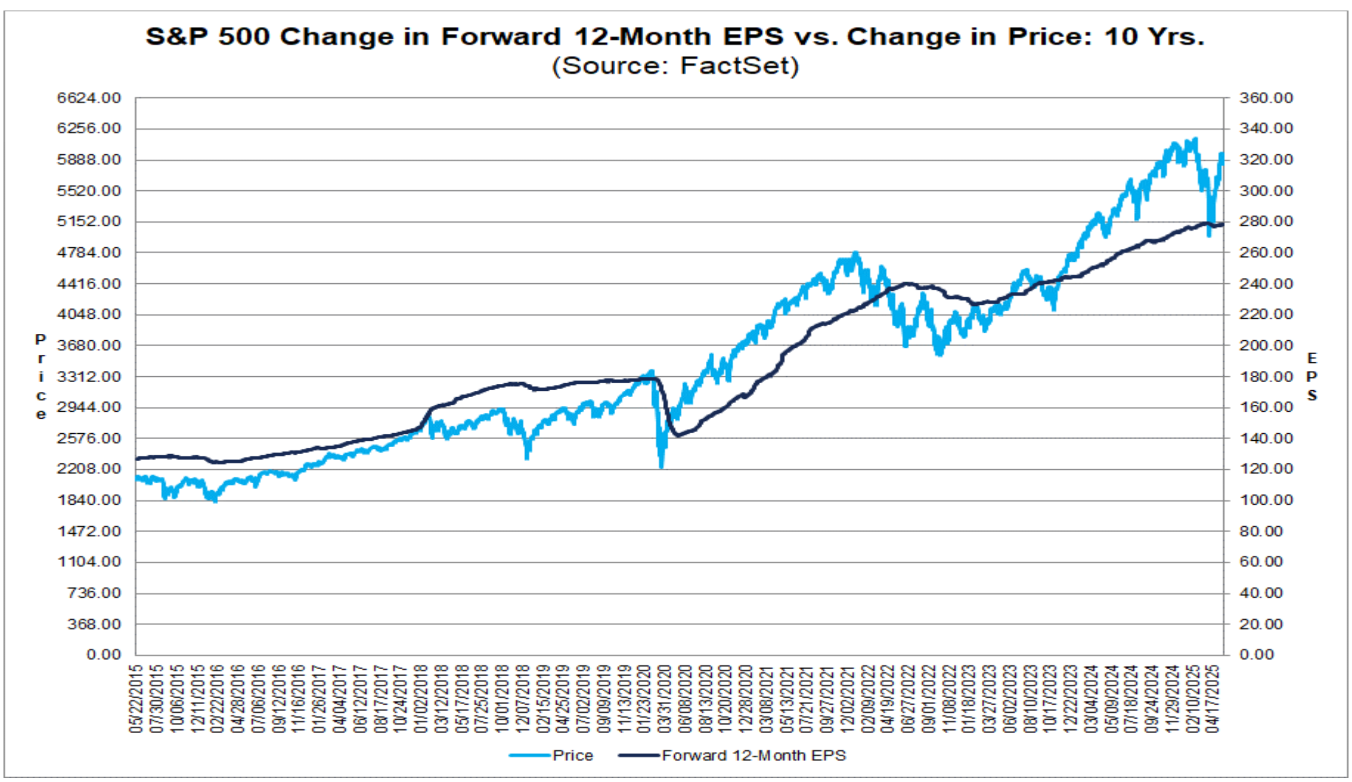
Key Metrics

- **Earnings Scorecard:** For Q1 2025 (with 96% of S&P 500 companies reporting actual results), 78% 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 Q1 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 12.9%. If 12.9% 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 2025 was 7.1%. Nine sectors are reporting (or have reported) higher earnings today (compared to March 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q2 2025, 47 S&P 500 companies have issued negative EPS guidance and 40 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.1. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.4).



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Topic of the Week:

Few S&P 500 Companies Have Withdrawn EPS Guidance For 2025

During each corporate earnings season, companies often provide guidance on expected earnings for future quarters or for the full year. However, given the uncertainty around tariffs, are companies having difficulty providing an estimate for future earnings? As a result, how many S&P 500 companies have withdrawn EPS guidance for 2025 during the Q1 earnings season? On the other hand, how many S&P 500 companies have provided EPS guidance for 2025 during the Q1 earnings season?

To answer these questions, FactSet searched for comments on annual EPS guidance in the Q1 earnings releases, presentations, and conference call transcripts of the 478 S&P 500 companies that had reported actual results for the first quarter through May 22. Of these 478 companies, 259 (54%) commented on EPS guidance for the current year.

Of these 259 companies, only 8 (3%) stated that they were withdrawing or not updating previous EPS guidance for FY 2025. Six of these eight companies cited “uncertainty” associated directly or indirectly due to tariffs as the reason for withdrawing EPS guidance. A list of these eight companies and their comments can be found in Appendix 1 on page 36.

By comparison, during the Q1 2020 earnings season impacted by the COVID lockdowns, 185 S&P 500 companies withdrew or did not update prior annual EPS guidance.

On the other hand, 251 S&P 500 companies have provided EPS guidance for FY 2025 during the Q1 2025 earnings season. Of these 251 companies, 139 maintained previous annual EPS guidance, 64 provided annual EPS guidance that was higher than the previous guidance issued by the company, 37 provided annual EPS guidance that was lower than the previous guidance issued by the company, 8 initiated new EPS guidance (no prior guidance), and 3 provided multiple EPS guidance ranges.

At the sector level, the Utilities (29) and Industrials (28) sectors have the highest number of companies that maintained previous annual EPS guidance. The Information Technology (17) and Health Care (15) sectors have the highest number of companies that provided annual EPS guidance above previous guidance, while the Consumer Staples (11) and Health Care (9) sectors have the highest number of companies that provided annual EPS guidance below previous guidance.

This analysis only tracked annual EPS guidance (or annual FFO per share guidance for REITs) issued by S&P 500 companies for 2025 or 2026 during the Q1 2025 earnings season. Companies that withdrew or provided annual guidance for other metrics (revenues, EBITDA, capital expenditures, operating margins, etc.) were not included in this analysis.

Given the uncertainty around tariffs, why are so many S&P 500 companies maintaining their previous annual EPS guidance for the year? Companies have offered various reasons for maintaining their prior guidance.

Some companies stated they are being conservative in their outlook given the uncertainty around tariffs.

We are clearly in a period of significant economic and market volatility, principally from uncertainty around tariffs and their impact on US inflation and interest rates. Given the strength in the first quarter and our current run rates in key verticals, we would normally be increasing our 2025 revenue and adjusted EPs guidance. But given the significant uncertainty in the economy and with consumer and corporate confidence, we are maintaining our 2025 guidance at the levels we provided to you in February. -Equifax (Apr. 22)

Heading into Q2, our strong Q1 performance, strong pipelines and strong current activity, would have prompted us to raise our full year guidance to the high end of the range we set in February. However, given the significant market uncertainty related to tariffs, absent increased interest rate volatility or a recession, we are maintaining our 2025 core EPS guidance range of $5.80 to $6.10. -CBRE Group (Apr. 24)

Some companies stated that other factors (such as the weaker U.S. dollar) are offsetting the impact of tariffs.

Moving to 2025 EPS bridge on slide 12. Our adjusted EPS outlook for the year is $4 per share to $4.10 per share. At the midpoint, this includes approximately $0.24 from operational growth, $0.05 of tailwinds from foreign exchange rates and a net $0.05 benefit from lower share count and higher interest. These are partially offset by a negative $0.12 from the incremental 2025 tariffs currently in place. While our overall financial metrics for the year remain generally consistent with our prior outlook, we acknowledge that the economic conditions remain uncertain, including the impact of foreign exchange rates and tariffs. -Otis Worldwide (Apr. 23)

Regarding foreign exchange, given the recent weakening of the US dollar, we now estimate currency will have a neutral impact on sales growth for the year. This compares to our prior outlook of a roughly 150 basis point headwind and will have a positive benefit on our reported sales and earnings per share. For earnings per share, we are maintaining our initial $5.45 to $5.65 earnings per share guidance, including estimated tariff headwinds that will impact us during the second half of 2025. -Solventum Corporation (May 8).

A number of companies also stated they are able mitigate the impact of tariffs.

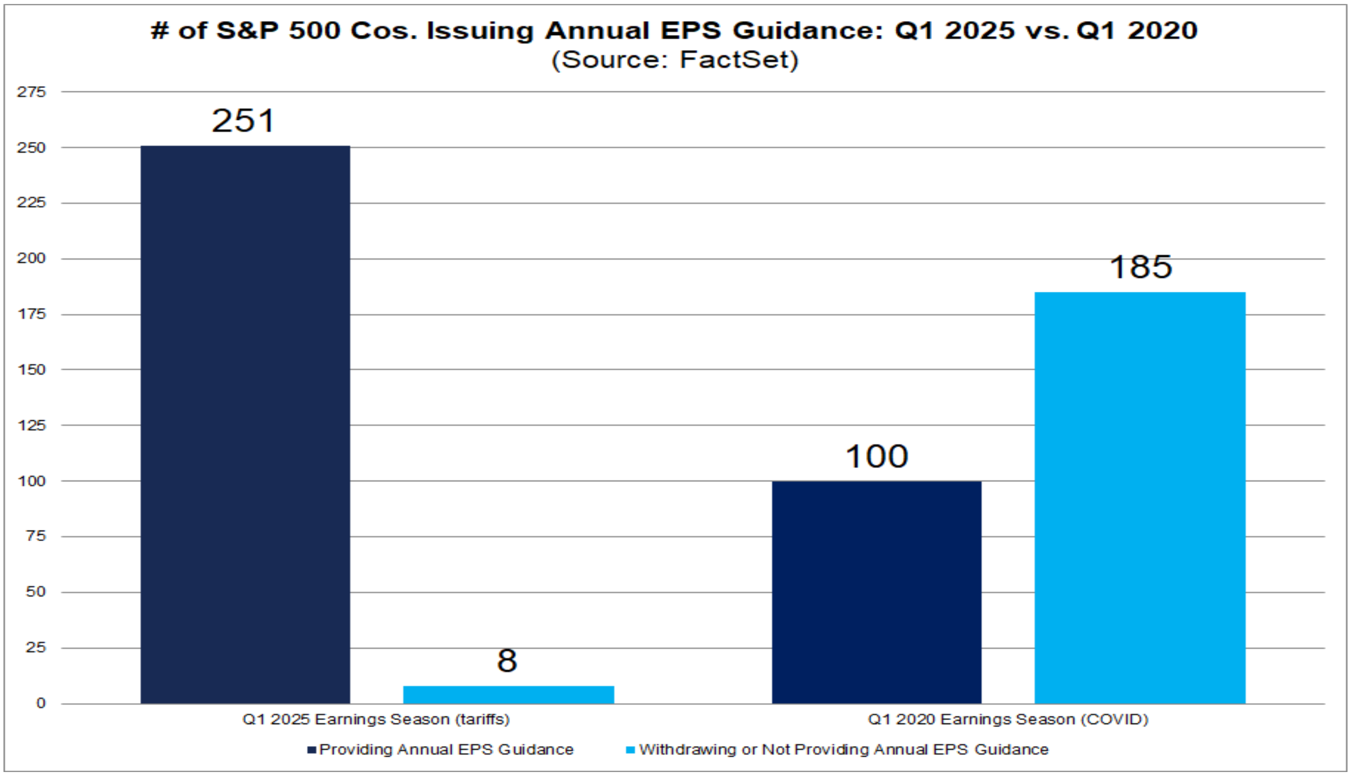
We're remaining agile in a rapidly changing environment. Bob will provide more detail on our estimated tariff impact and mitigation strategies in a moment. Our initial guidance on February 4 incorporated estimated impacts from tariffs and an expectation that volume would likely decline as prices rose. As a result, while the tariff amounts by country have changed since our last earnings call and some tariffs have been paused, we feel comfortable maintaining our initial 2025 sales and adjusted 2025 EPS guidance with the current tariff impacts. We have taken several steps to mitigate tariffs across our portfolio and continue to position our businesses to be successful in both the short term and the long term. -Pentair (Apr. 22)

More specifically, our businesses have responded quickly and have developed tariff response plans, which include specific mitigation actions to offset the impact from tariffs. These mitigation actions include select pricing initiatives, localization of production operations, adjustments to our supply chain, and targeted productivity actions. We are also finding opportunities created by the tariffs to take advantage of our substantial US manufacturing footprint to broaden our customer base and support their growth in the US. While uncertainty has increased as a result of the global trade dynamics, we believe we can offset tariff headwinds through the implementation of these mitigation actions. As a result, we continue to expect full year sales to be up low single-digits on a percentage basis compared to 2024. We also continue to expect diluted earnings per share to be in the range of $7.02 to $7.18, up 3% to 5% compared to last year's results. We expect the benefits from these various mitigating actions to build throughout the year. We remain confident in our full year outlook and our ability to deliver strong results in 2025. -AMETEK (May 8)

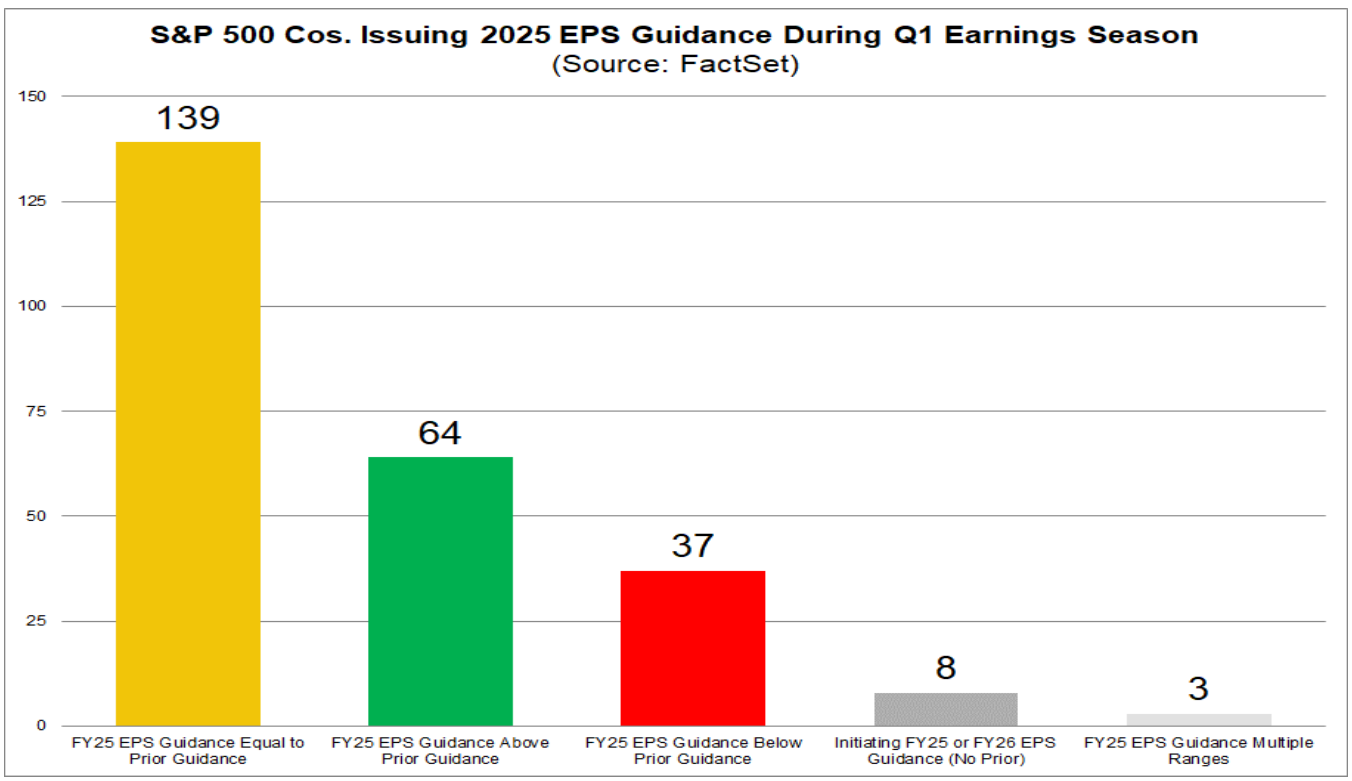
Finally, some companies stated they expected little to no impact from tariffs on their results.

We are maintaining our full year 2025 guidance of organic revenue growth of 10% to 12%, and adjusted earnings per share in the range of $10.10 to $10.30, representing 15% to 17% adjusted EPS growth. The forecast impact from foreign currency exchange remains 1.5% for 2025. This outlook contemplates an environment where tariffs remain at current levels and consumer spending remains stable. The cost impact of tariffs at current levels is expected to be minimal relative to the size of the cost base of the company and thus manageable within our guidance range. -Fiserv (Apr. 24)

Although the effects of tariffs have not been formally reflected in our guidance, we are not expecting a material net impact on our full-year 2025 results given policies in place today. Global grain and oilseed demand is not expected to decline, regardless of any changes in trade flows. As a result, the Company reaffirmed full-year 2025 guidance with net sales expected to be in the range of $17.2 billion to $17.6 billion, growth of 3% at the mid-point. Operating EBITDA is expected to be $3.6 billion to $3.8 billion, growth of 10% at the midpoint. Operating EPS is expected to be $2.70 to $2.95 per share, growth of 10% at the mid-point. -Corteva (May 7)



# of S&P 500 Cos. Issuing Annual EPS Guidance: Q1 2025 vs. Q1 2020
(Source: FactSet)
275
250
225
200
175
150
125
100
75
50
25
0
251
8
100
185
Q1 2025 Earnings Season (tariffs)
Q1 2020 Earnings Season (COVID)
Providing Annual EPS Guidance
Withdrawing or Not Providing Annual EPS Guidance



S&P 500 Cos. Issuing 2025 EPS Guidance During Q1 Earnings Season
(Source: FactSet)
150
125
100
75
50
25
0
139
64
37
8
3
FY25 EPS Guidance Equal to Prior Guidance
FY25 EPS Guidance Above Prior Guidance
FY25 EPS Guidance Below Prior Guidance
Initiating FY25 or FY26 EPS Guidance (No Prior)
FY25 EPS Guidance Multiple Ranges

S&P 500: Annual EPS Guidance vs. Prior Guidance (Source: FactSet)

Sector	Multiple	No Prior	Above	Equal	Below	TOTAL
Communication Services	0	2	1	2	0	5
Consumer Discretionary	0	0	5	11	3	19
Consumer Staples	0	2	2	10	11	25
Energy	0	0	0	3	0	3
Financials	0	0	1	9	2	12
Health Care	2	3	15	18	9	47
Industrials	1	0	11	28	7	47
Information Technology	0	1	17	5	2	25
Materials	0	0	0	7	2	9
Real Estate	0	0	11	17	1	29
Utilities	0	0	1	29	0	30
S&P 500	**3**	**8**	**64**	**139**	**37**	**251**

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 the end of the quarter. The index is also reporting double-digit earnings growth for the second consecutive quarter.

Overall, 96% 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 8.3% 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, downward revisions to EPS estimates for NVIDIA were the largest contributor to the decrease 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 lower earnings for the first quarter today relative to the end of last week, but higher earnings today 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 12.9% today, compared to an earnings growth rate of 13.6% last week and an earnings growth rate of 7.1% at the end of the first quarter (March 31).

If 12.9% 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, Utilities, and Information Technology 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, 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 0.7% 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.

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 4.9% today, compared to a revenue growth rate of 4.3% at the end of the first quarter (March 31).

If 4.9% 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 5.1%, 7.2%, and 6.1%, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 9.1%.

The forward 12-month P/E ratio is 21.1, which is above the 5-year average (19.9) and above the 10-year average (18.4). 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, 12 S&P 500 companies (including 2 Dow 30 components) are scheduled to report results for the first quarter and 1 S&P 500 company is scheduled to report results for the second 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, 96% 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 (88%), and Communication Services (87%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (61%) and Energy (64%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+8.3%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 8.3% 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 (+9.5%) 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), Deckers Brands ($1.00 vs. $0.60), 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 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 (+8.6%) sector is reporting the fourth-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 (+8.4%) sector is reporting fifth-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 +2.1% 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 2.1% 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 -1.8% 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 (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 (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 Communication Services (87%) and Information Technology (87%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Staples (42%) 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 (-0.7%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

Revisions: Decrease in Blended Earnings This Week Due To NVIDA

Decrease in Blended Earnings This Week Due to NVIDIA

The blended (year-over-year) earnings growth rate for the first quarter is 12.9%, which is below the earnings growth rate of 13.6% last week. Downward revisions to EPS estimates for NVIDIA (to $0.73 from $0.89) were the largest contributor to the decrease in the overall earnings growth rate for the index during the past 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 12.9% is above the estimate of 7.1% at the end of the first quarter (March 31). Nine 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, two 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: Energy (to -12.7% from -12.3%) and Information Technology (to 14.4% from 14.8%).

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 43.0% 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 4.9% is above the estimate of 4.3% at the end of the first quarter (March 31). Nine 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 0.2% from 1.1%) and Energy (to 0.9% from 1.2%).

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: 12.9%

The blended (year-over-year) earnings growth rate for Q1 2025 is 12.9%, 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 12.9% 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 43.0%. 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 (8%). 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 9.6% from 43.0%.

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%.

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

The Utilities sector reported the third-highest (year-over-year) earnings growth rate of all eleven sectors at 14.7%. 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 (-40%) industry is the only industry that reported a year-over-year decline in earnings.

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 14.4%. At the industry level, 5 of the 6 industries in the sector are reporting (or have reported) year-over-year earnings growth: Electronic Equipment, Instruments, & Components (24%), Semiconductors & Semiconductor Equipment (23%), Software (16%), 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 10.9% from 14.4%.

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: 4.9%

The blended (year-over-year) revenue growth rate for Q1 2025 is 4.9%, 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 4.9% is the actual growth rate for the quarter. it will mark the 18th consecutive quarter of revenue growth for the index.

At the sector level, 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.

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 12.2%. At the industry level, all 6 industries in the sector are reporting (or have reported) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (28%), 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%) 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: 12.7%

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 (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, 87 companies in the index have issued EPS guidance for Q2 2025. Of these 87 companies, 47 have issued negative EPS guidance and 40 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2025 is 54% (47 out of 87), which is below the 5-year average of 57% and below the 10-year average of 62%.

At this point in time, 259 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 259 companies, 143 have issued negative EPS guidance and 116 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 55% (143 out of 259).

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 12.9% and year-over-year growth in revenues of 4.9%.

For Q2 2025, analysts are projecting earnings growth of 5.1% and revenue growth of 4.0%.

For Q3 2025, analysts are projecting earnings growth of 7.2% 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 9.1% 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 21.1, Above the 10-Year Average (18.4)

The forward 12-month P/E ratio for the S&P 500 is 21.1. This P/E ratio is above the 5-year average of 19.9 and above the 10-year average of 18.4. 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 4.1%, while the forward 12-month EPS estimate has decreased by 0.2%. At the sector level, the Consumer Discretionary (27.7) and Information Technology (26.8) sectors have the highest forward 12-month P/E ratios, while the Energy (14.6) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 25.6, which is above the 5-year average of 24.8 and above the 10-year average of 22.4.

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

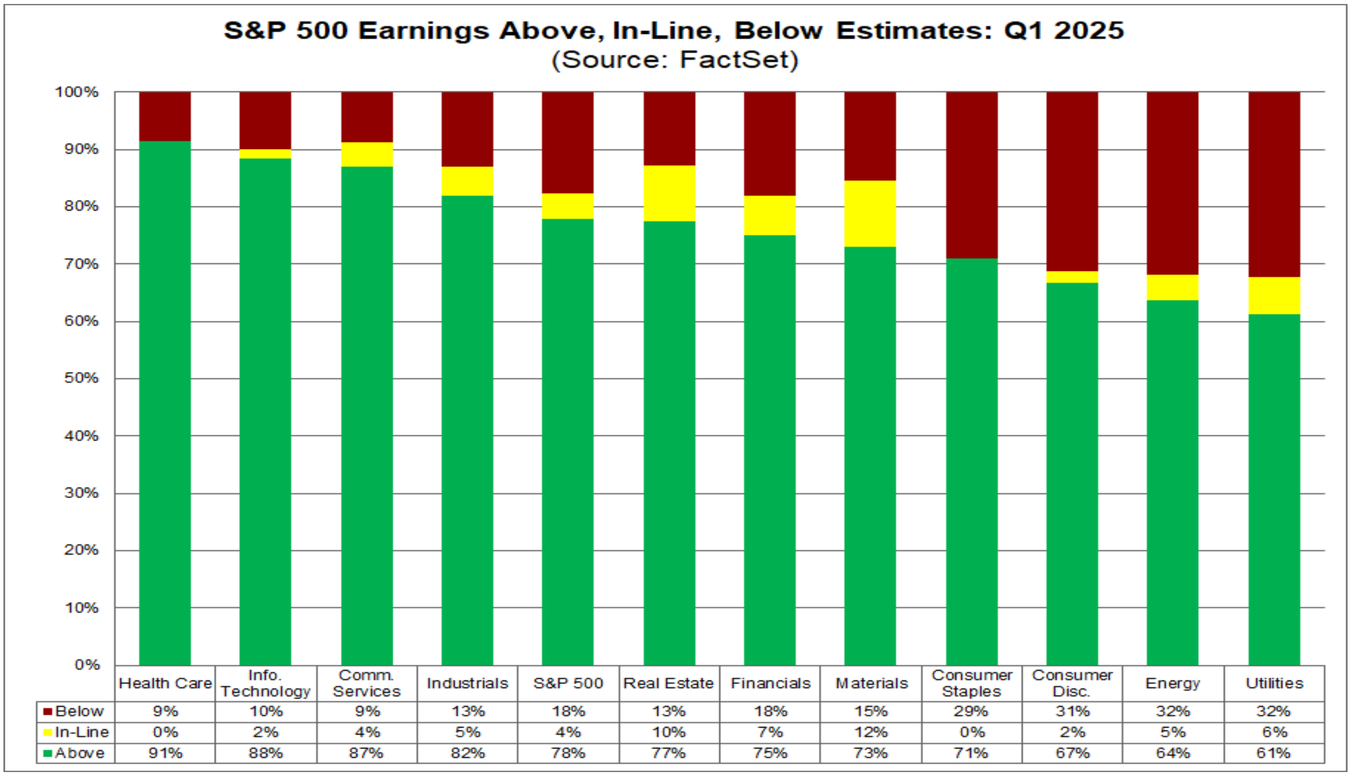
The bottom-up target price for the S&P 500 is 6531.89, which is 11.8% above the closing price of 5842.01. At the sector level, the Energy (+21.0%) and Health Care (+20.7%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Industrials (+6.4%) and Financials (+6.5%) 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 12,384 ratings on stocks in the S&P 500. Of these 12,384 ratings, 56.6% are Buy ratings, 38.2% 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.

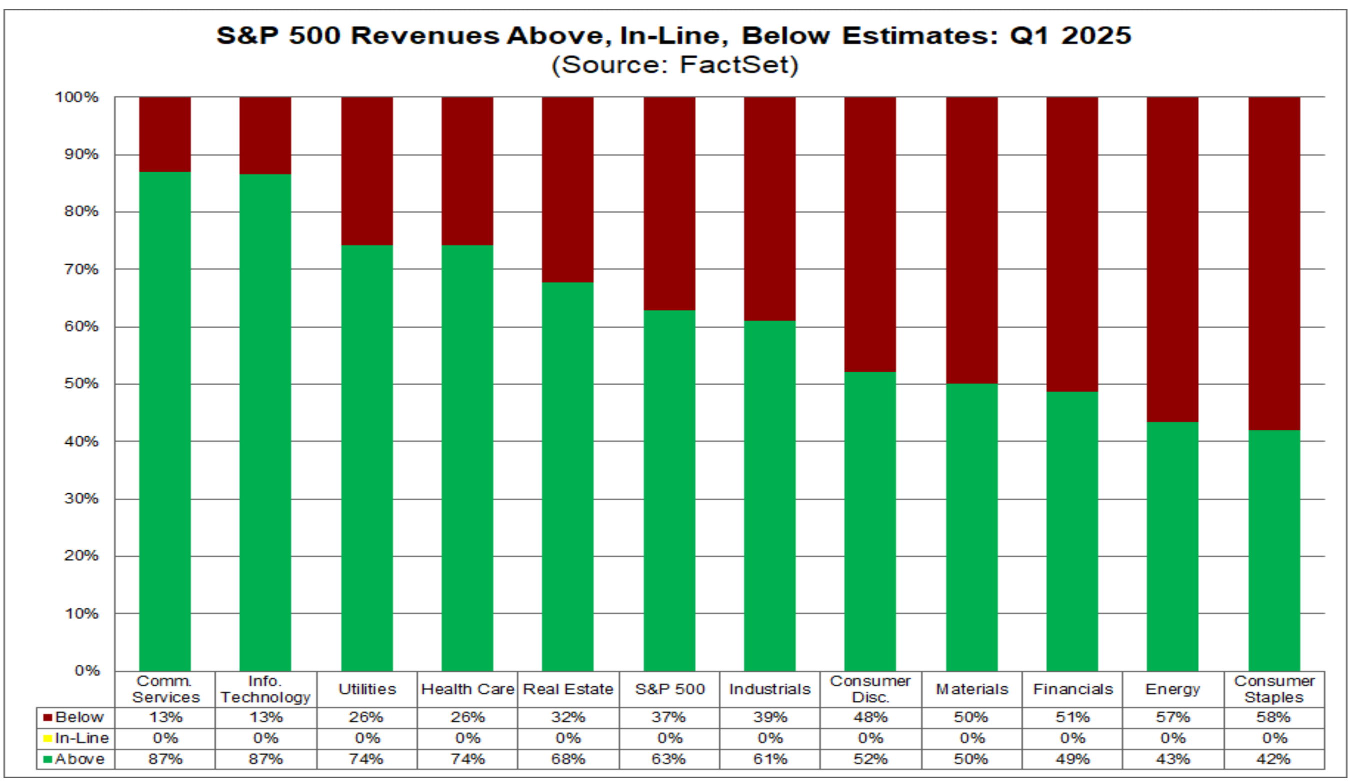
Companies Reporting Next Week: 13

During the upcoming week, 12 S&P 500 companies (including 2 Dow 30 components) are scheduled to report results for the first quarter and 1 S&P 500 company is scheduled to report results for the second quarter.

Q1 2025: Scorecard

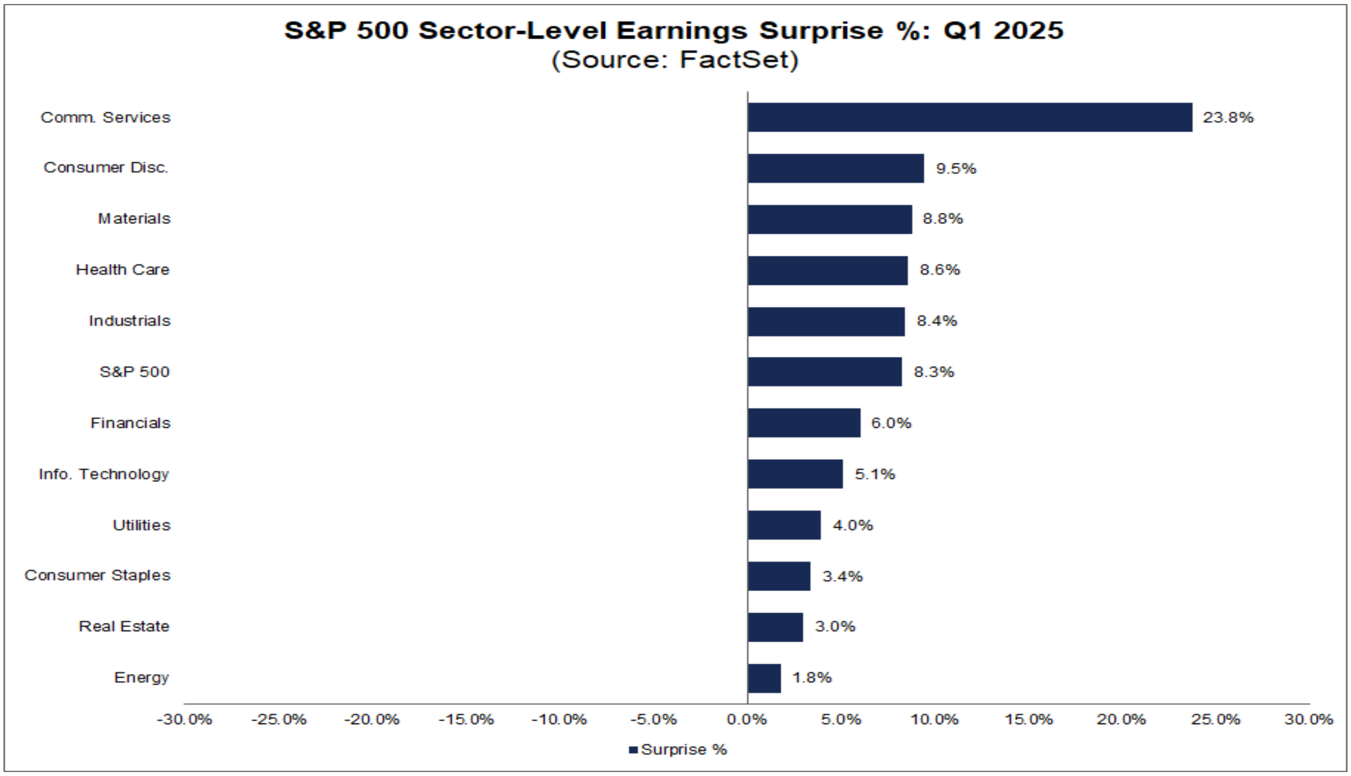


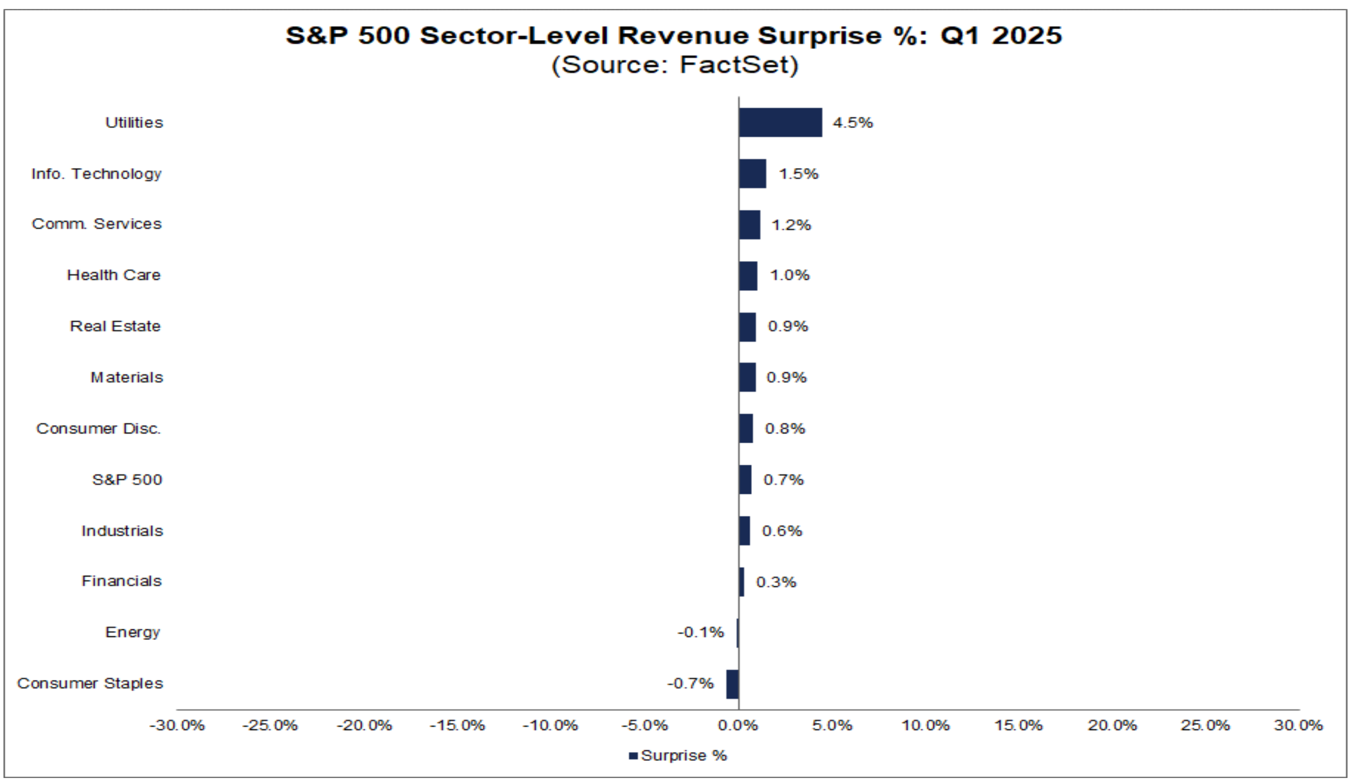
	Health Care	Info. Technology	Comm. Services	Industrials	S&P 500	Real Estate	Financials	Materials	Consumer Staples	Consumer Disc.	Energy	Utilities
Below	9%	10%	9%	13%	18%	13%	18%	15%	29%	31%	32%	32%
In-Line	0%	2%	4%	5%	4%	10%	7%	12%	0%	2%	5%	6%
Above	91%	88%	87%	82%	78%	77%	75%	73%	71%	67%	64%	61%



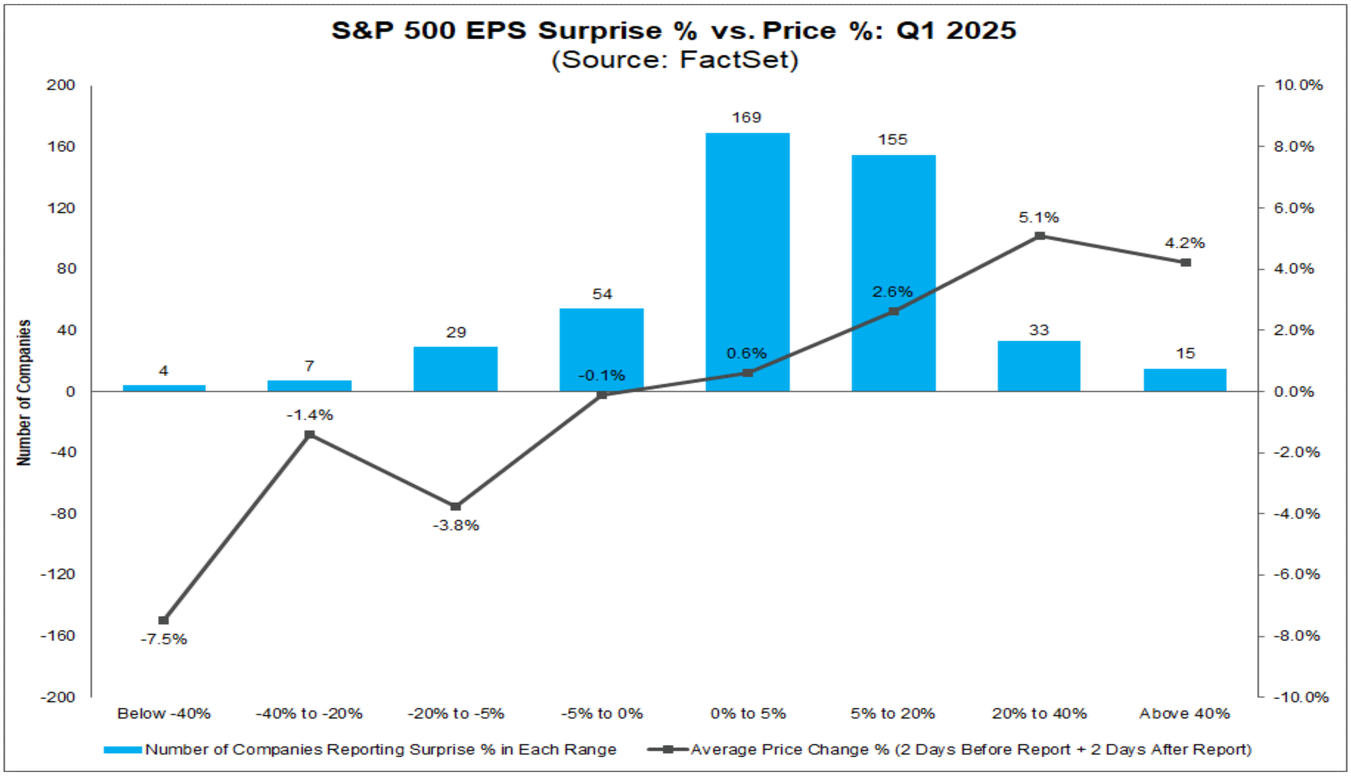
	Comm. Services	Info. Technology	Utilities	Health Care	Real Estate	S&P 500	Industrials	Consumer Disc.	Materials	Financials	Energy	Consumer Staples
Below	13%	13%	26%	26%	32%	37%	39%	48%	50%	51%	57%	58%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	87%	87%	74%	74%	68%	63%	61%	52%	50%	49%	43%	42%

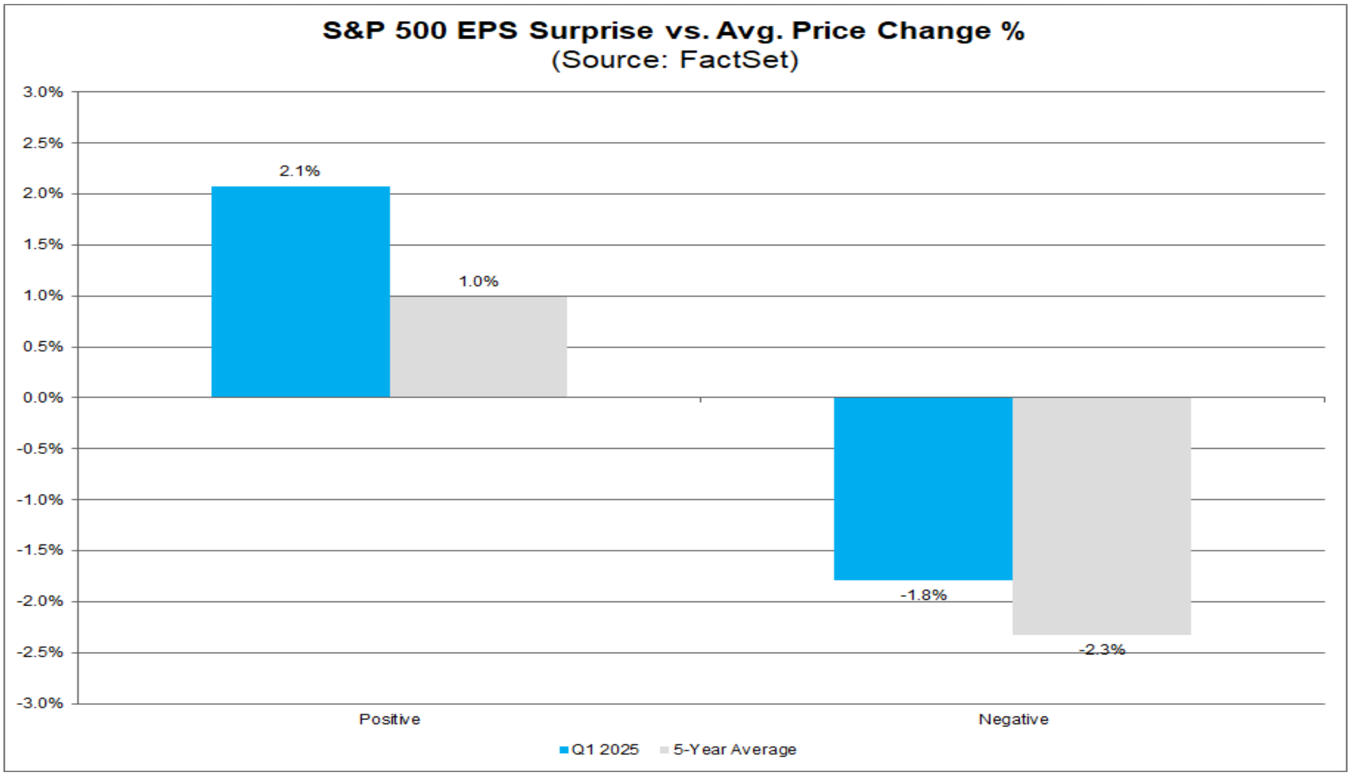
Q1 2025: Surprise



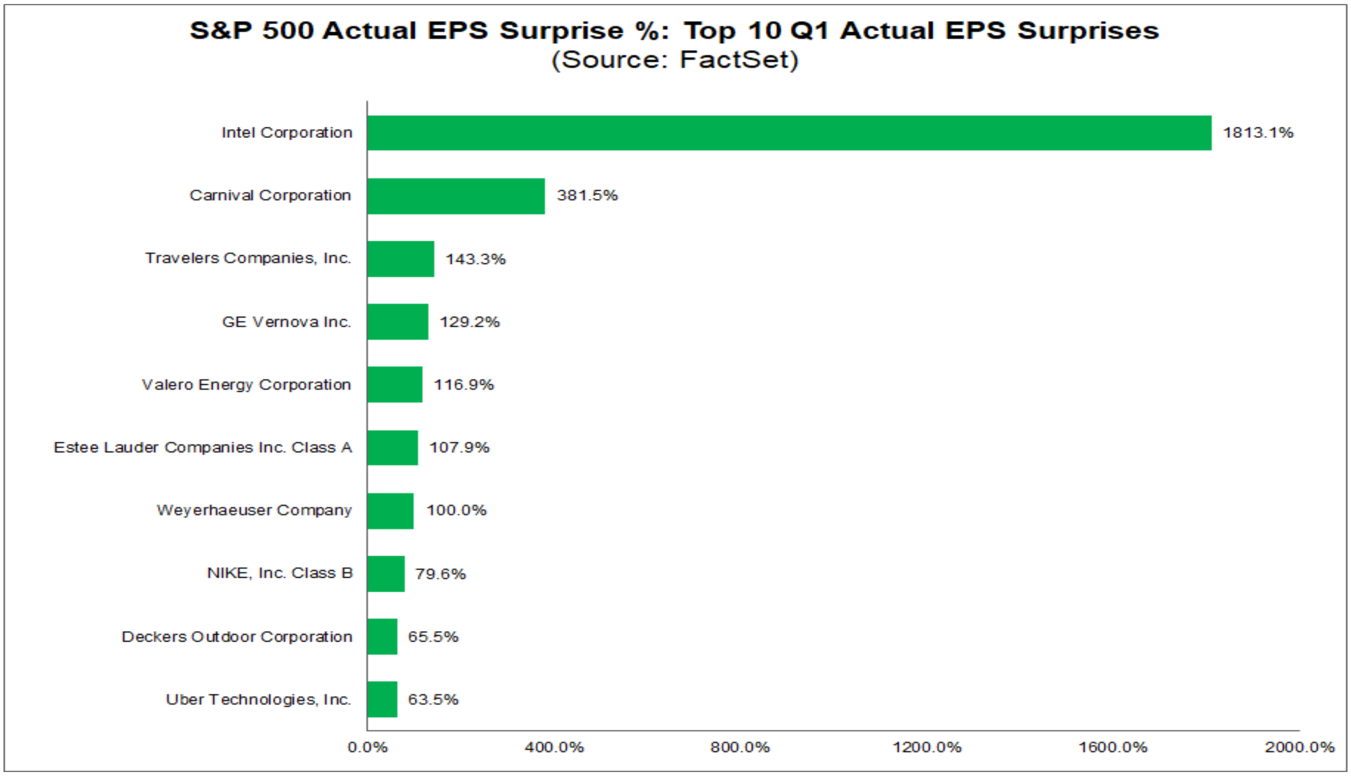


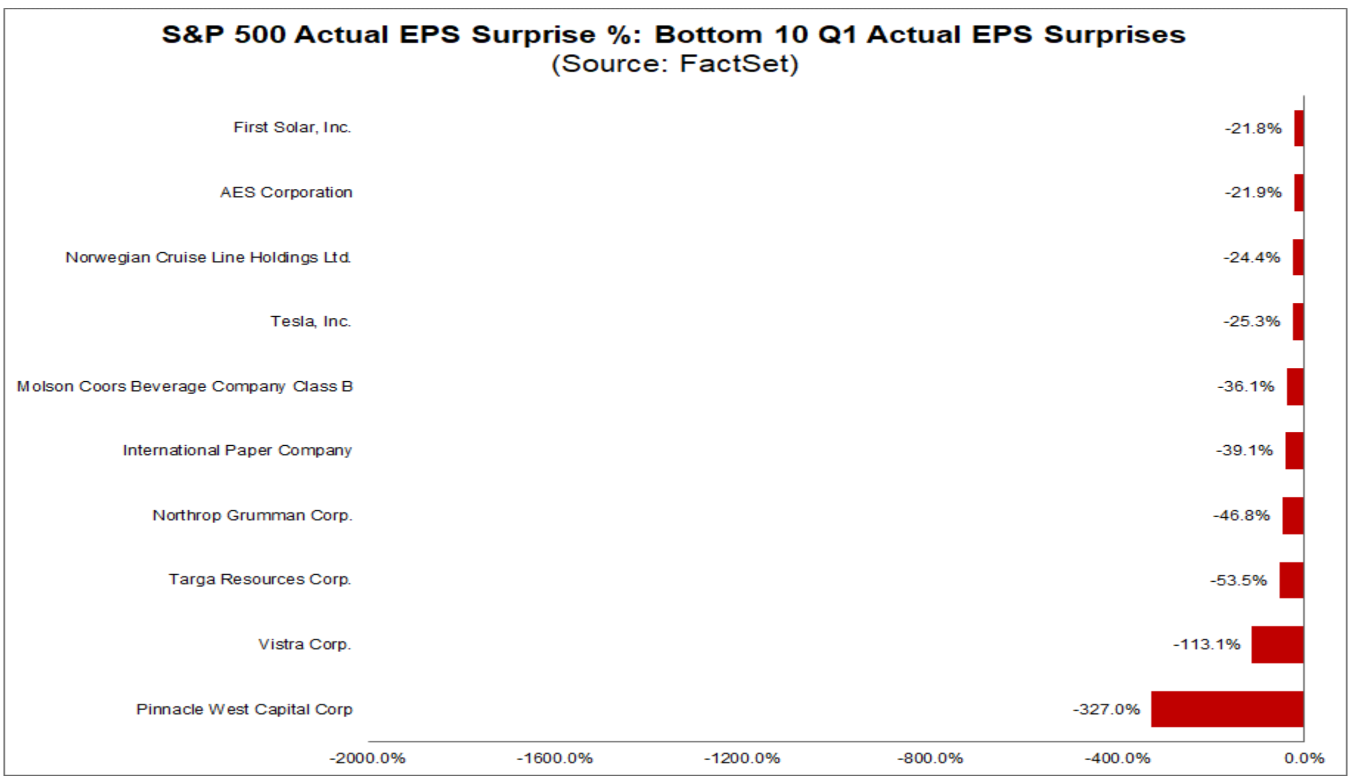
Q1 2025: Surprise



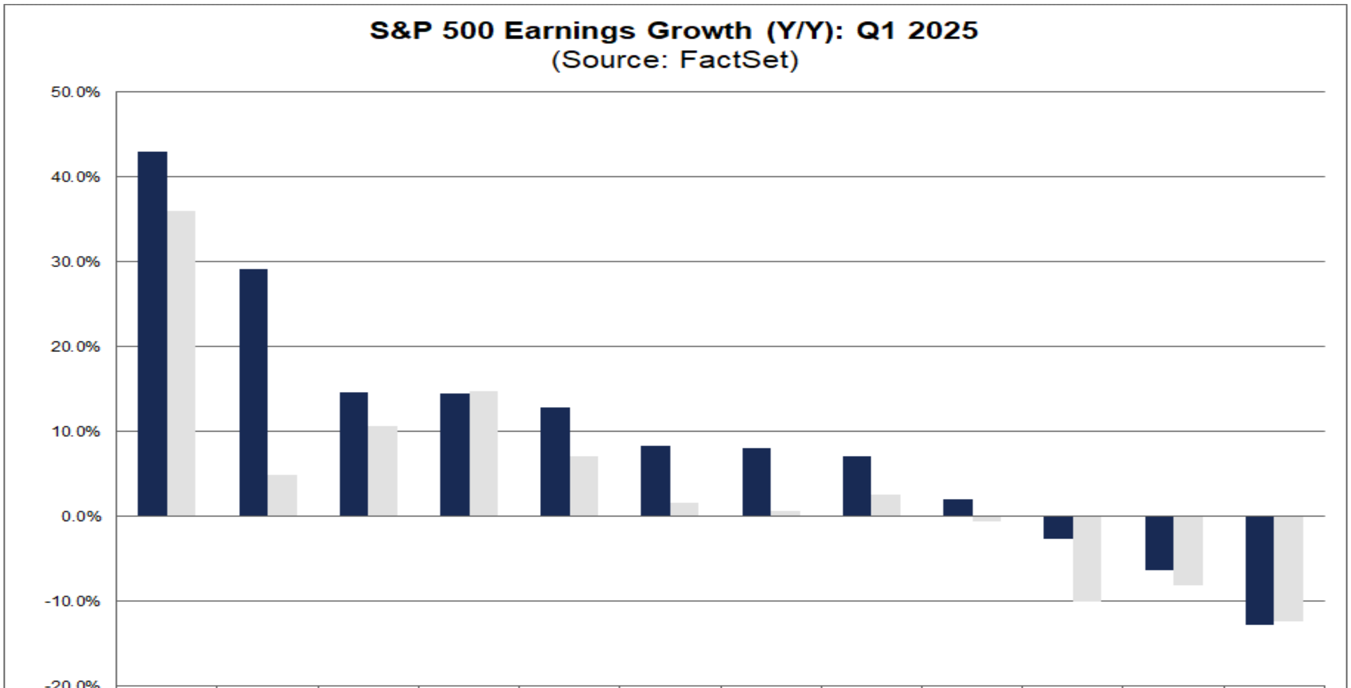


Q1 2025: Surprise

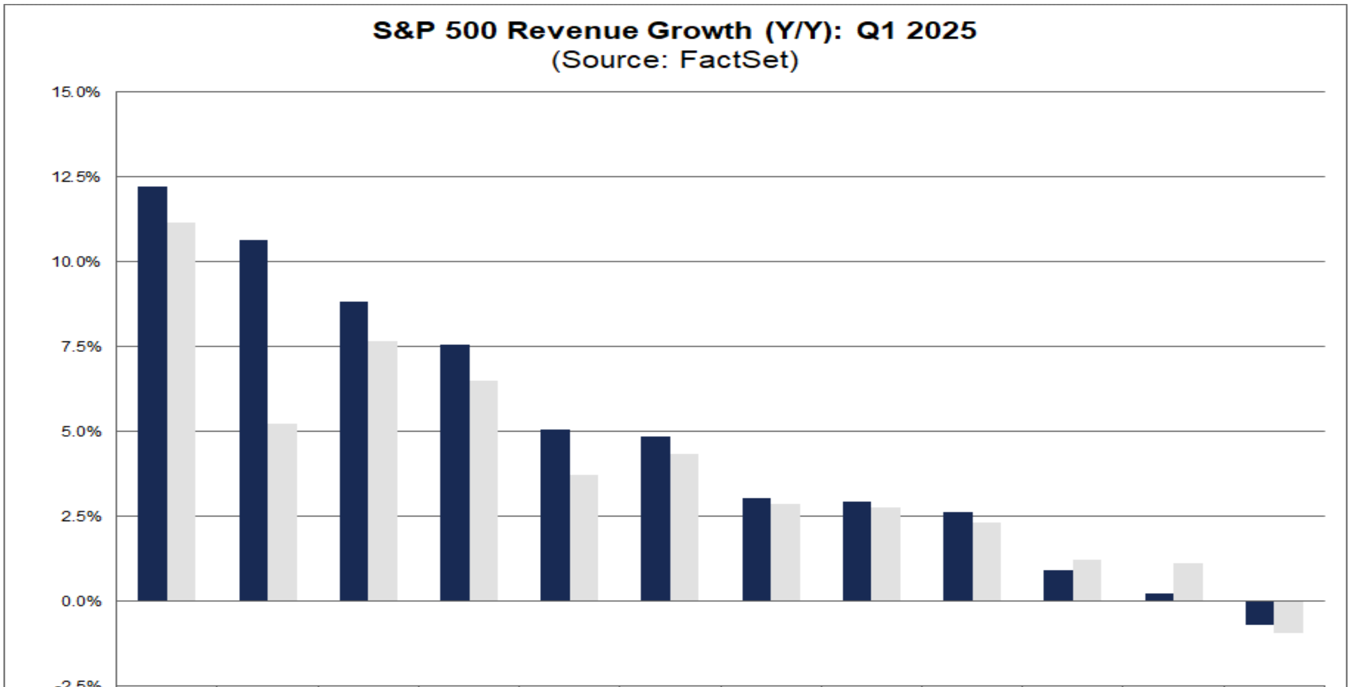




Q1 2025: Growth

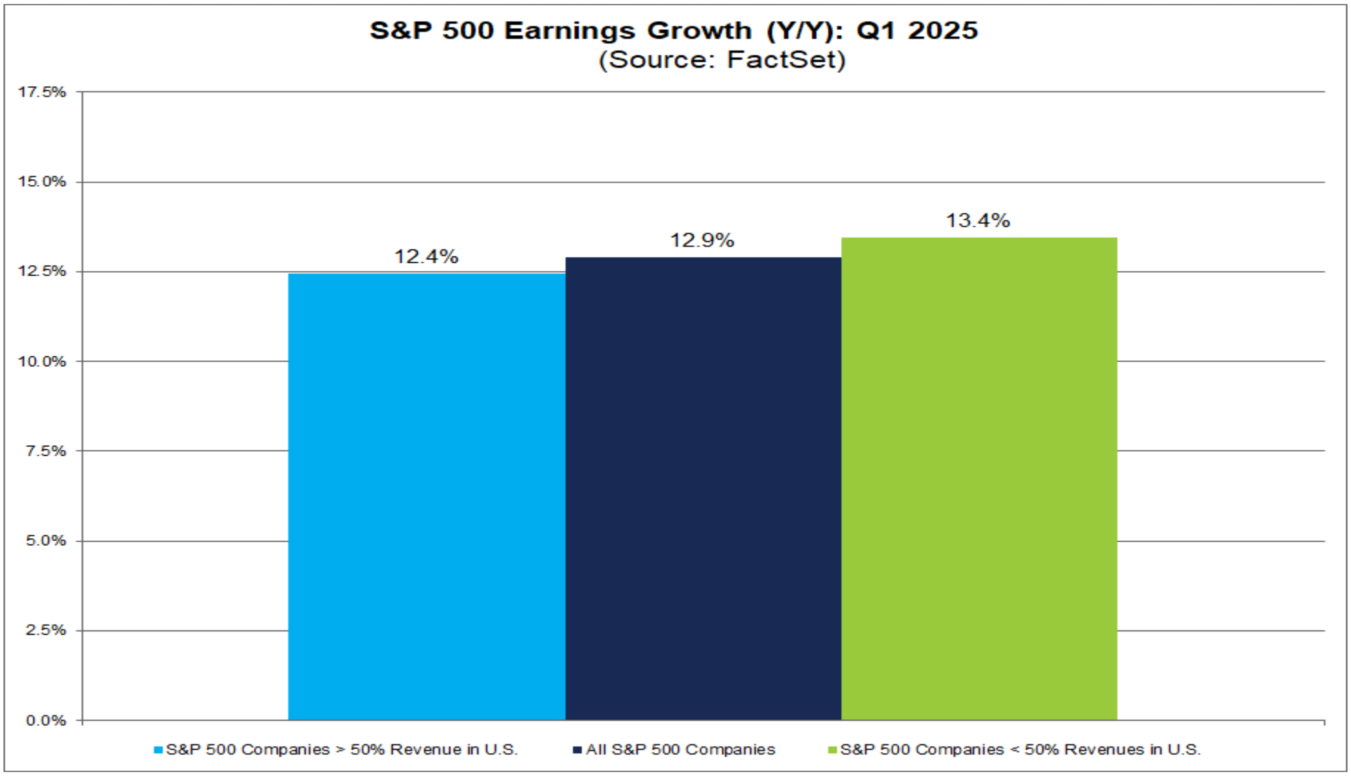


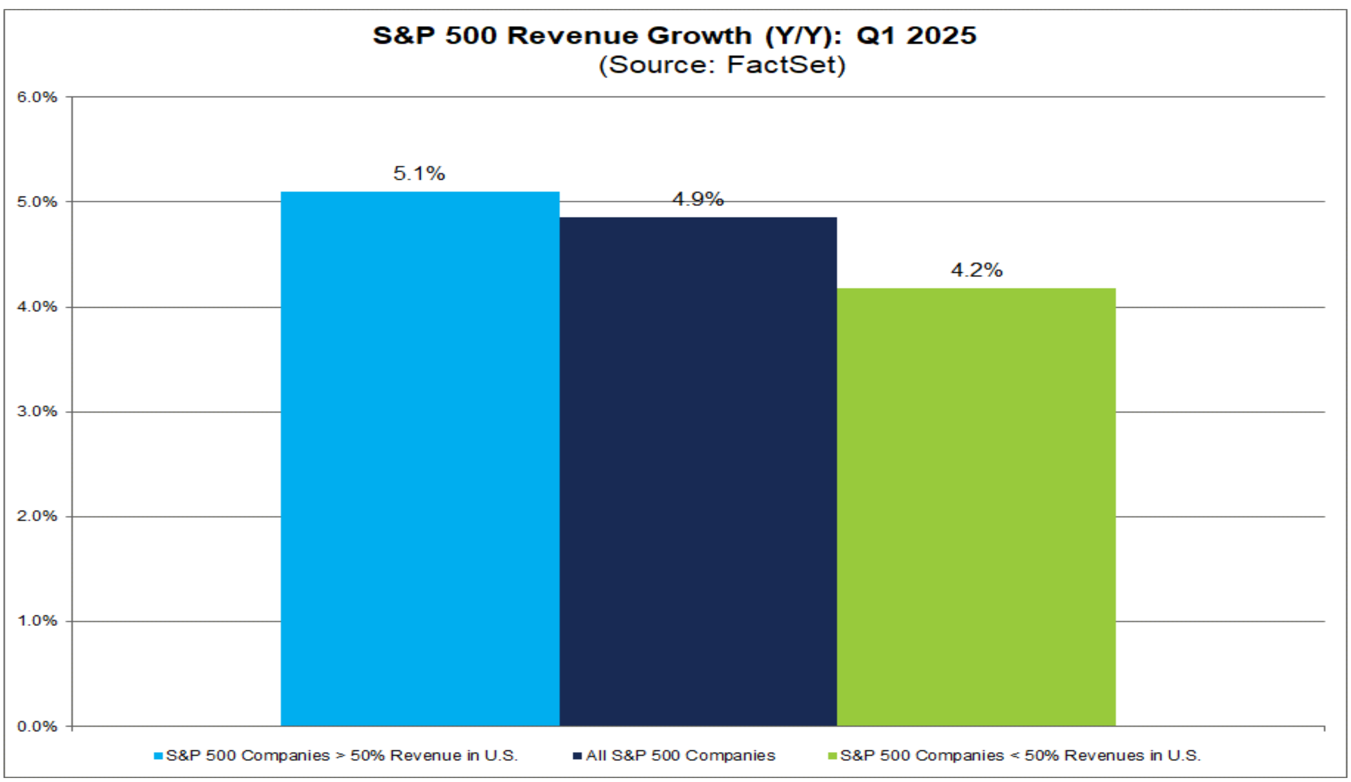
	Health Care	Comm. Services	Utilities	Info. Technology	S&P 500	Consumer Disc.	Industrials	Financials	Real Estate	Materials	Consumer Staples	Energy
Today	43.0%	29.2%	14.7%	14.4%	12.9%	8.3%	8.1%	7.1%	2.1%	-2.6%	-6.4%	-12.7%
31-Mar	36.0%	4.9%	10.7%	14.8%	7.1%	1.6%	0.6%	2.6%	-0.6%	-10.0%	-8.1%	-12.3%



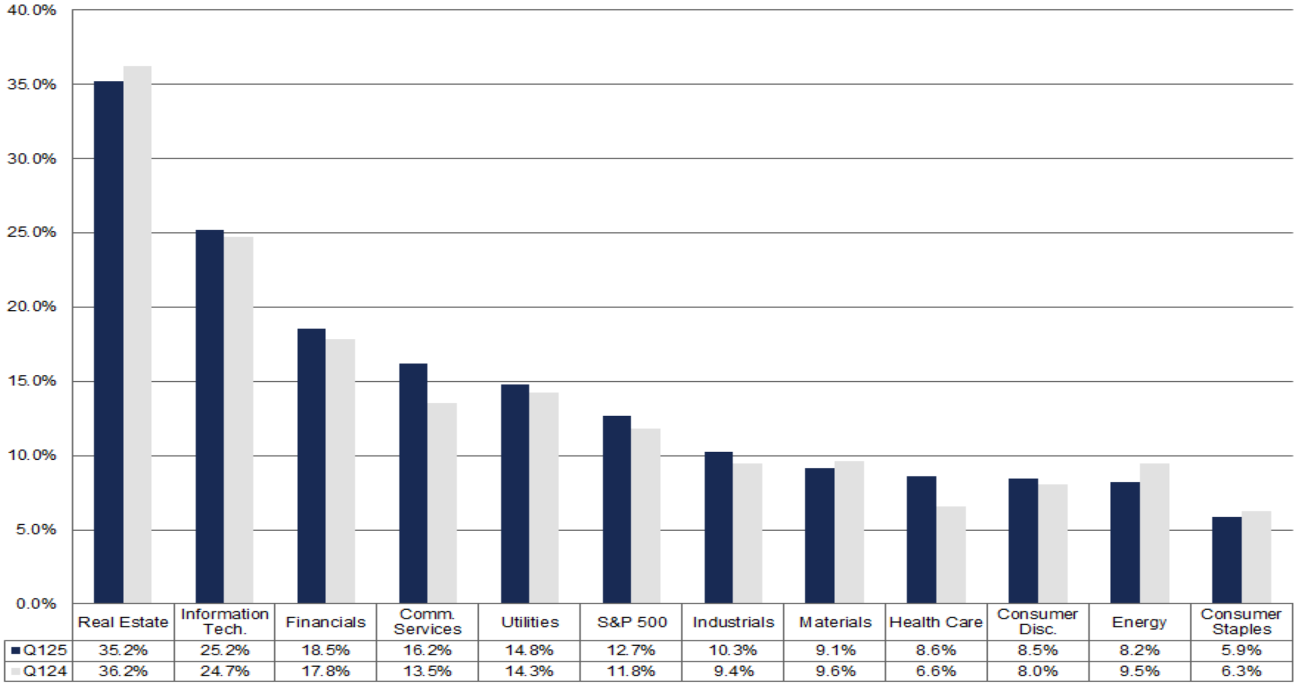
	Info. Technology	Utilities	Health Care	Comm. Services	Real Estate	S&P 500	Financials	Consumer Disc.	Materials	Energy	Consumer Staples	Industrials
Today	12.2%	10.7%	8.8%	7.6%	5.1%	4.9%	3.0%	2.9%	2.6%	0.9%	0.2%	-0.7%
31-Mar	11.2%	5.2%	7.7%	6.5%	3.7%	4.3%	2.9%	2.8%	2.3%	1.2%	1.1%	-0.9%

Q1 2025: Growth

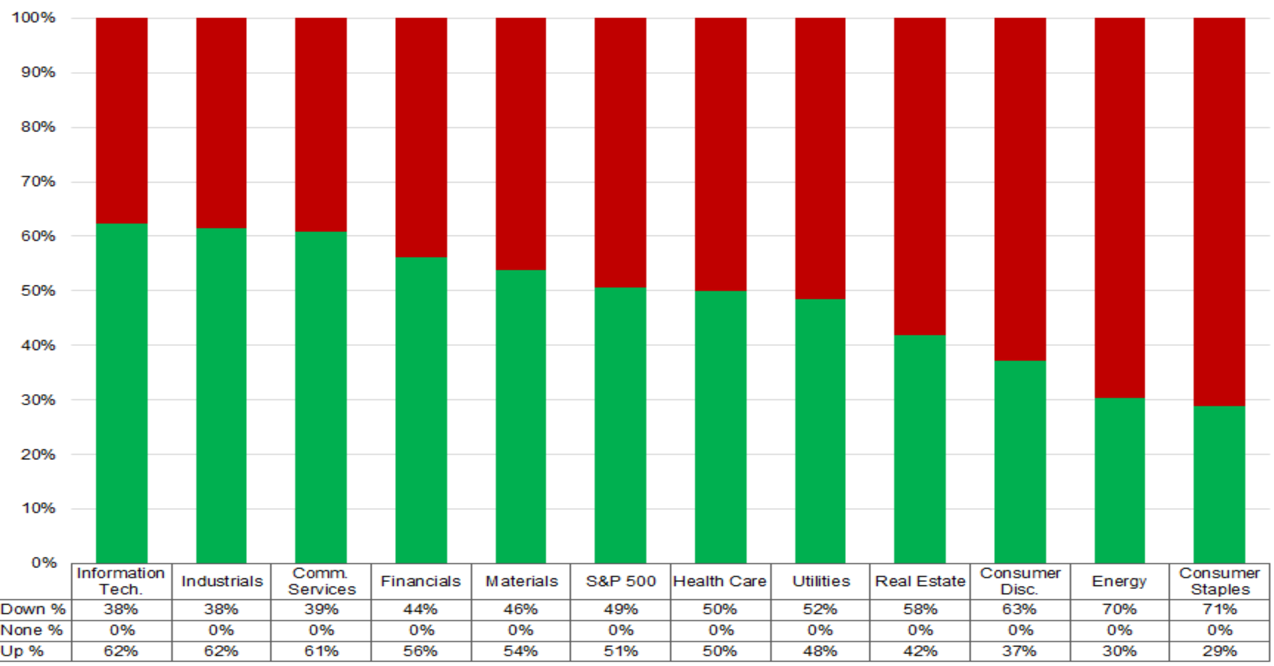




Q1 2025: Net Profit Margin

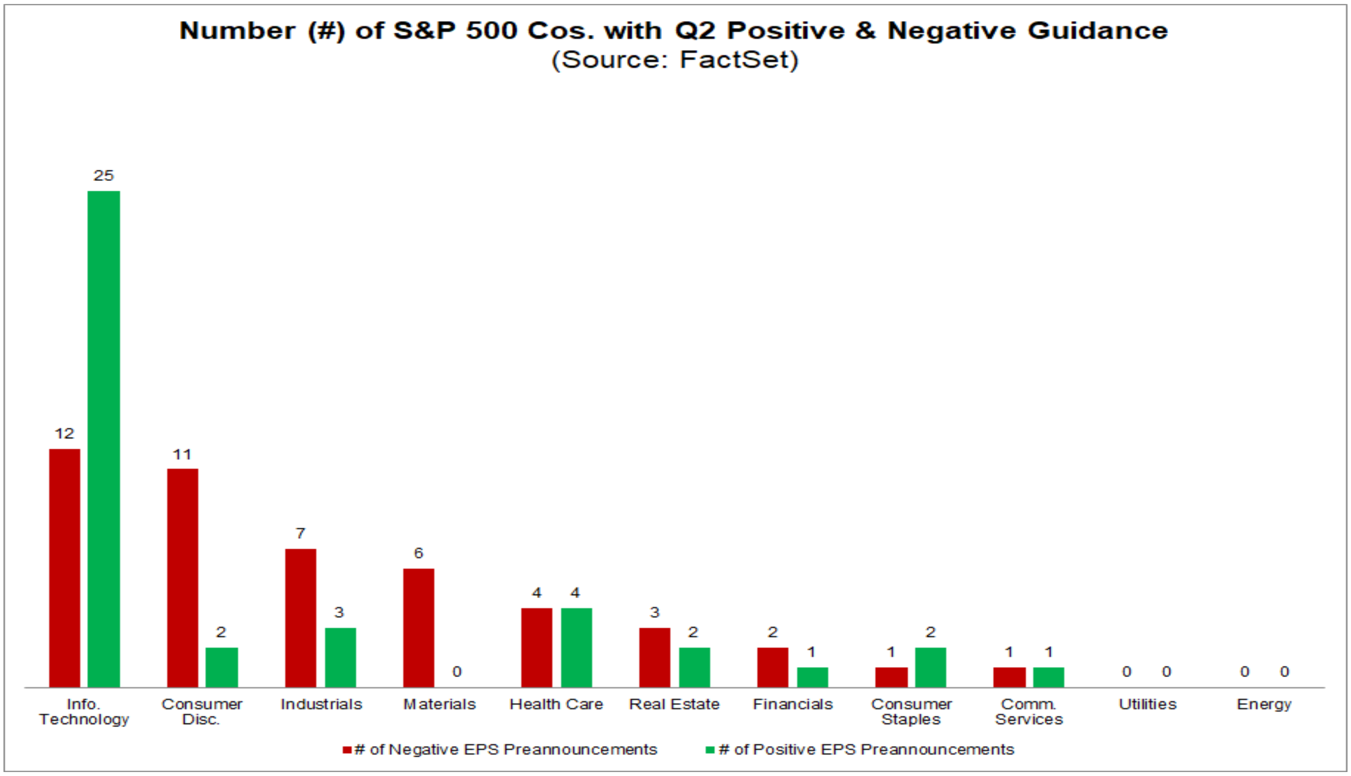


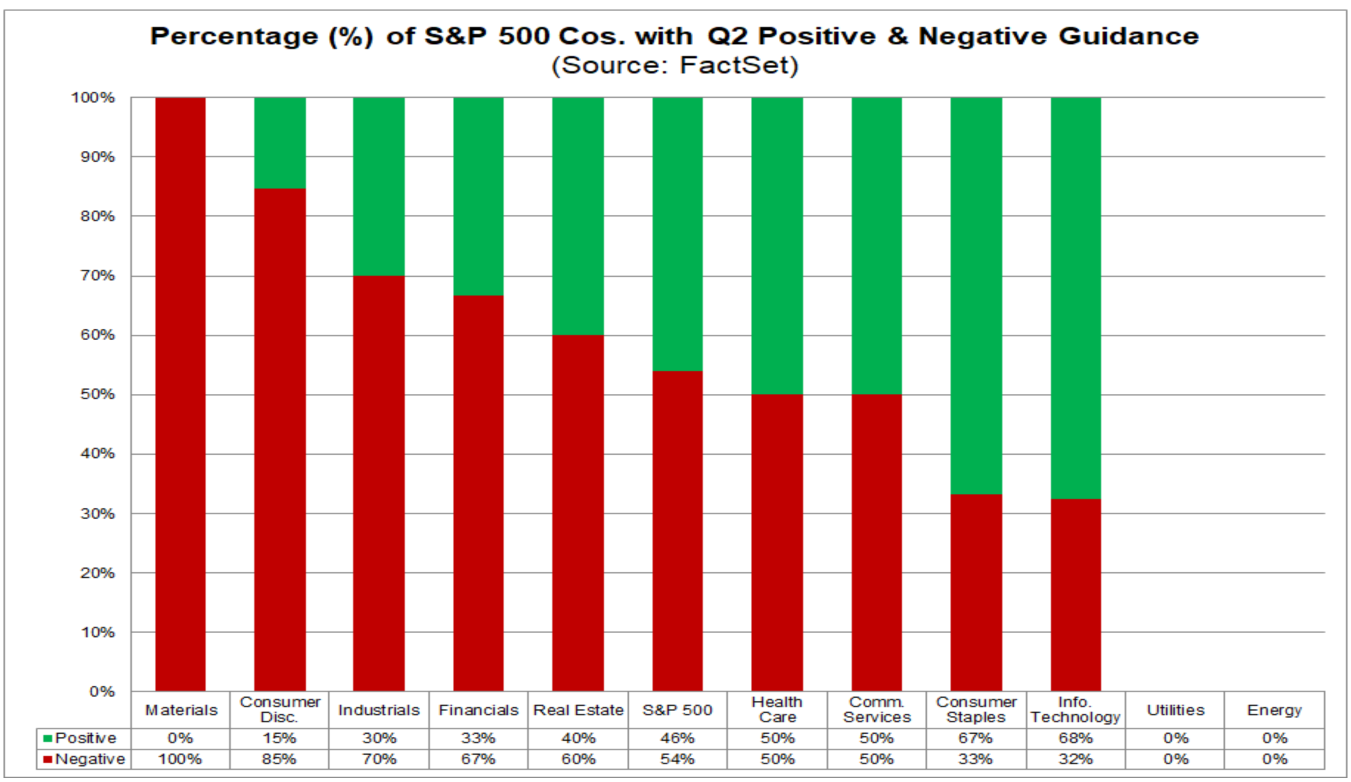
	Real Estate	Information Tech.	Financials	Comm. Services	Utilities	S&P 500	Industrials	Materials	Health Care	Consumer Disc.	Energy	Consumer Staples
Q125	35.2%	25.2%	18.5%	16.2%	14.8%	12.7%	10.3%	9.1%	8.6%	8.5%	8.2%	5.9%
Q124	36.2%	24.7%	17.8%	13.5%	14.3%	11.8%	9.4%	9.6%	6.6%	8.0%	9.5%	6.3%



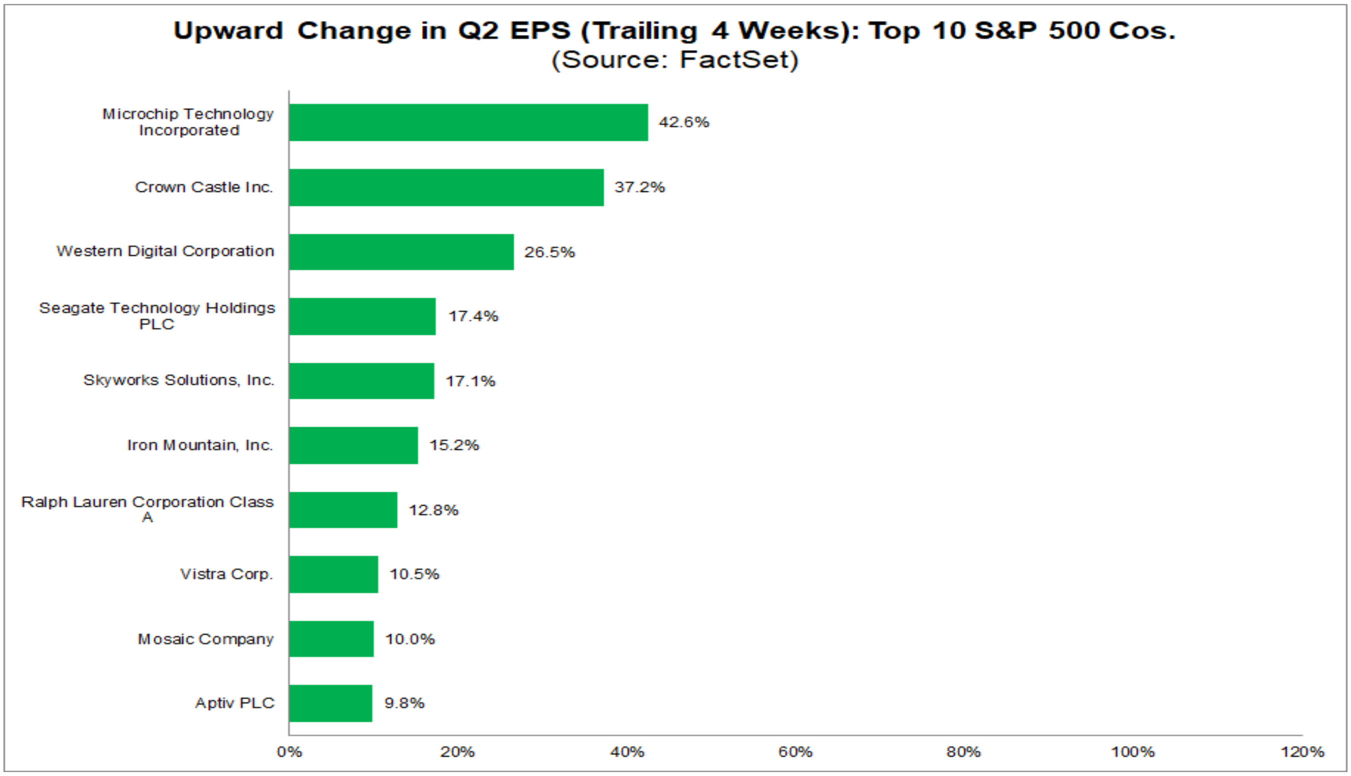
	Information Tech.	Industrials	Comm. Services	Financials	Materials	S&P 500	Health Care	Utilities	Real Estate	Consumer Disc.	Energy	Consumer Staples
Down %	38%	38%	39%	44%	46%	49%	50%	52%	58%	63%	70%	71%
None %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	62%	62%	61%	56%	54%	51%	50%	48%	42%	37%	30%	29%

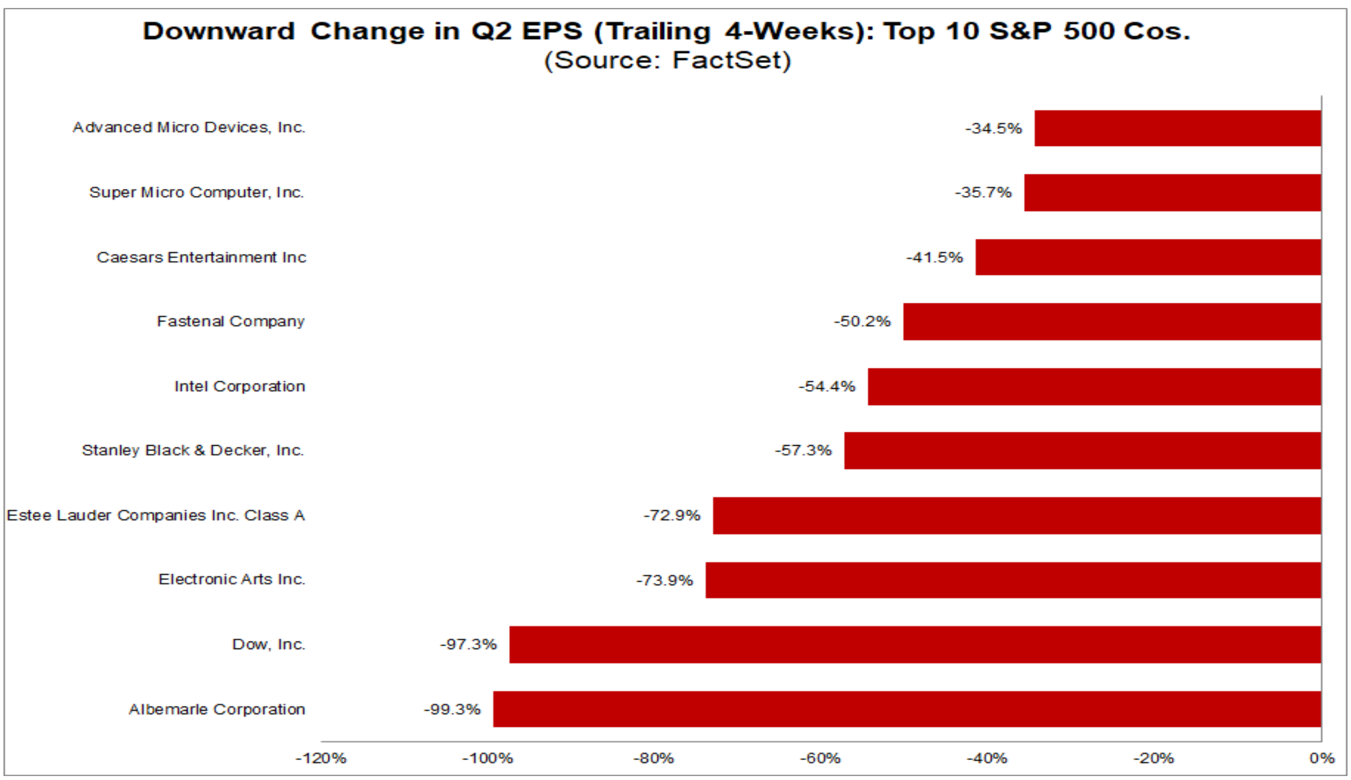
Q2 2025: Guidance



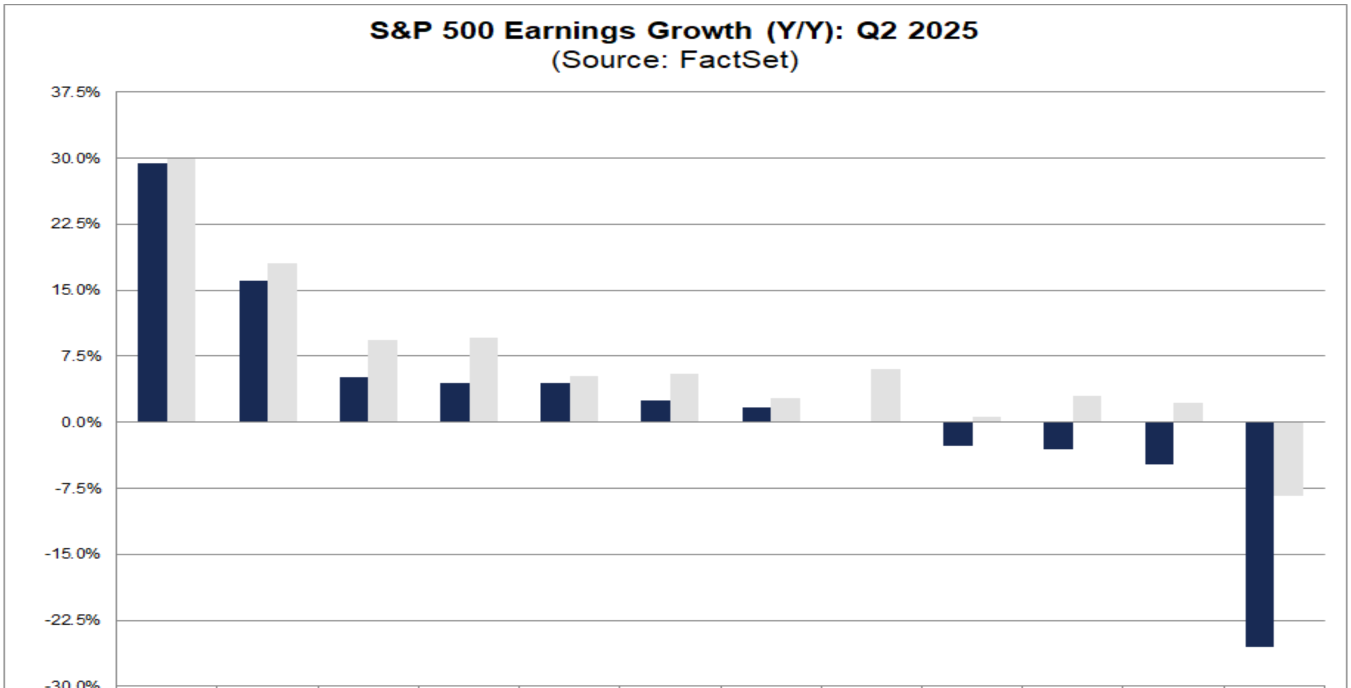


Q2 2025: EPS Revisions

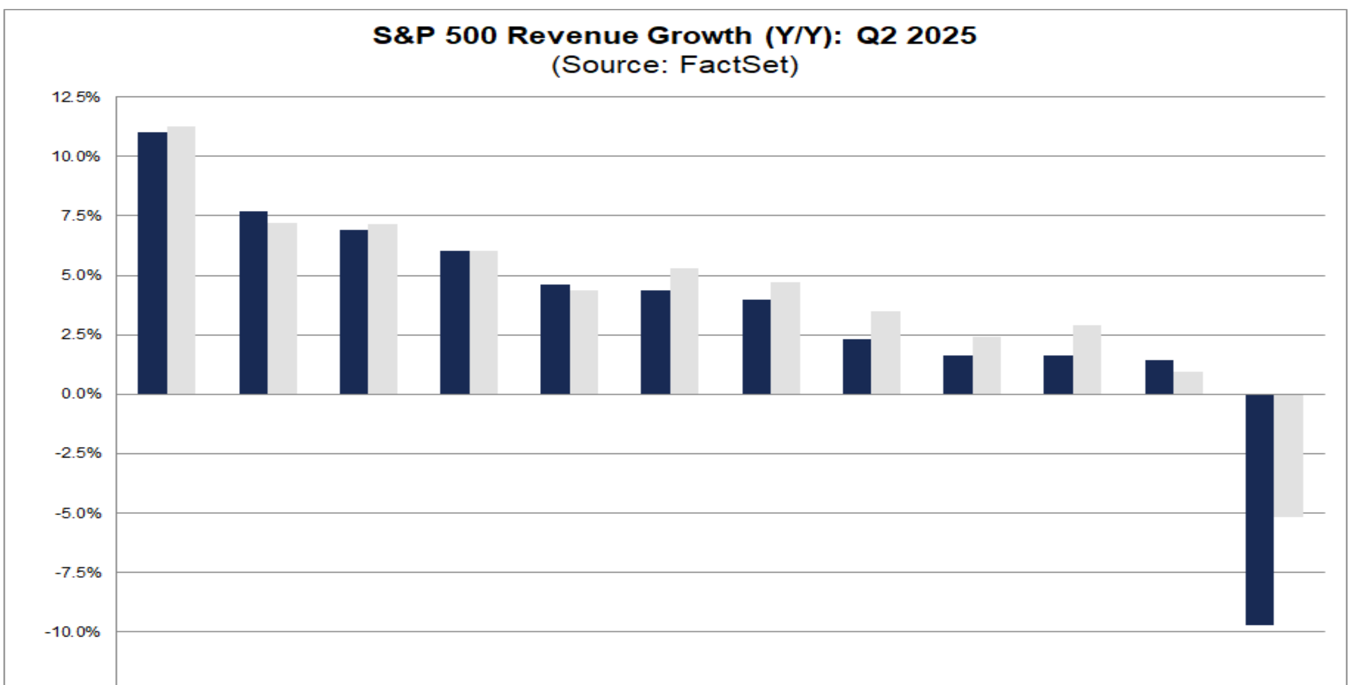




Q2 2025: Growth

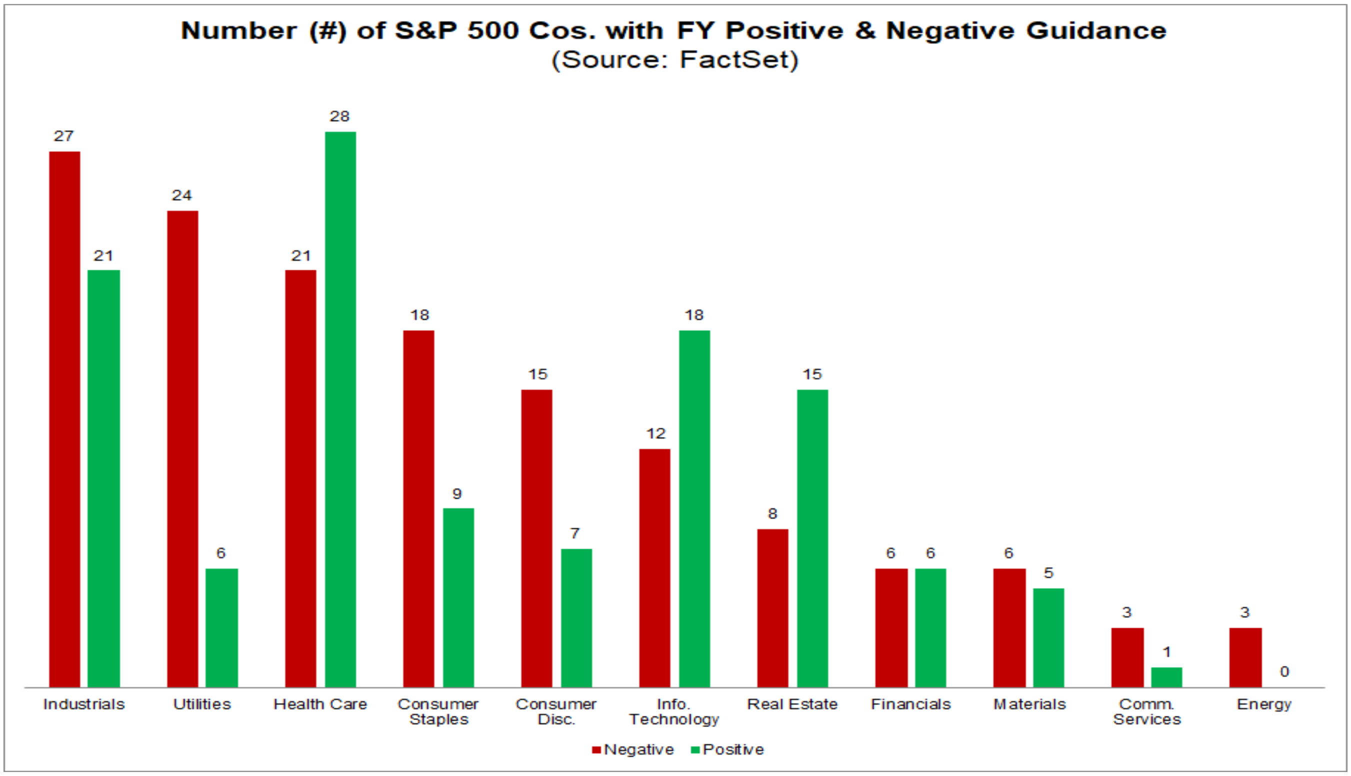


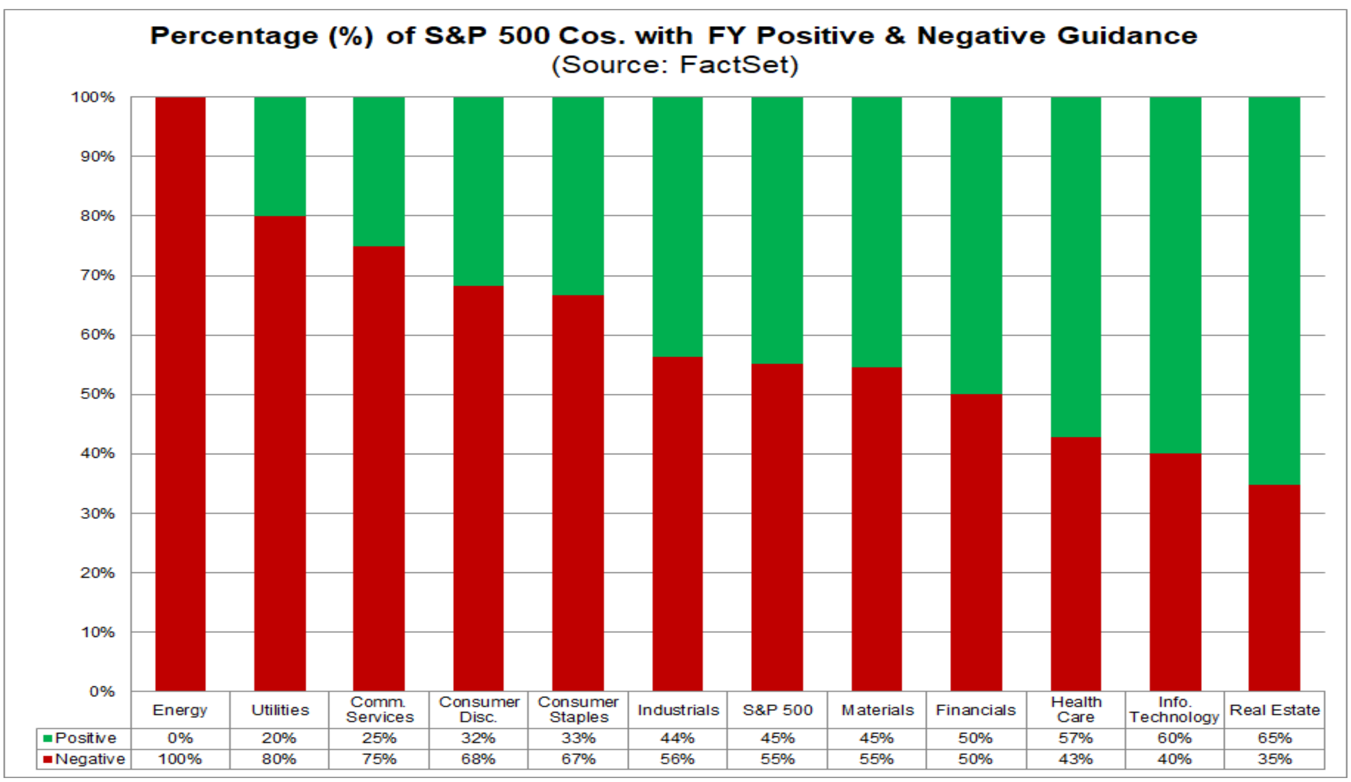
	Comm. Services	Info. Technology	S&P 500	Health Care	Utilities	Financials	Real Estate	Industrials	Consumer Staples	Materials	Consumer Disc.	Energy
Today	29.5%	16.1%	5.1%	4.5%	4.4%	2.5%	1.7%	0.0%	-2.7%	-3.1%	-4.8%	-25.5%
31-Mar	30.0%	18.1%	9.3%	9.6%	5.3%	5.5%	2.7%	6.0%	0.7%	3.0%	2.2%	-8.4%



	Info. Technology	Health Care	Comm. Services	Utilities	Real Estate	Financials	S&P 500	Consumer Disc.	Consumer Staples	Industrials	Materials	Energy
Today	11.0%	7.7%	6.9%	6.0%	4.6%	4.4%	4.0%	2.3%	1.6%	1.6%	1.4%	-9.7%
31-Mar	11.3%	7.2%	7.2%	6.1%	4.4%	5.3%	4.7%	3.5%	2.4%	2.9%	1.0%	-5.2%

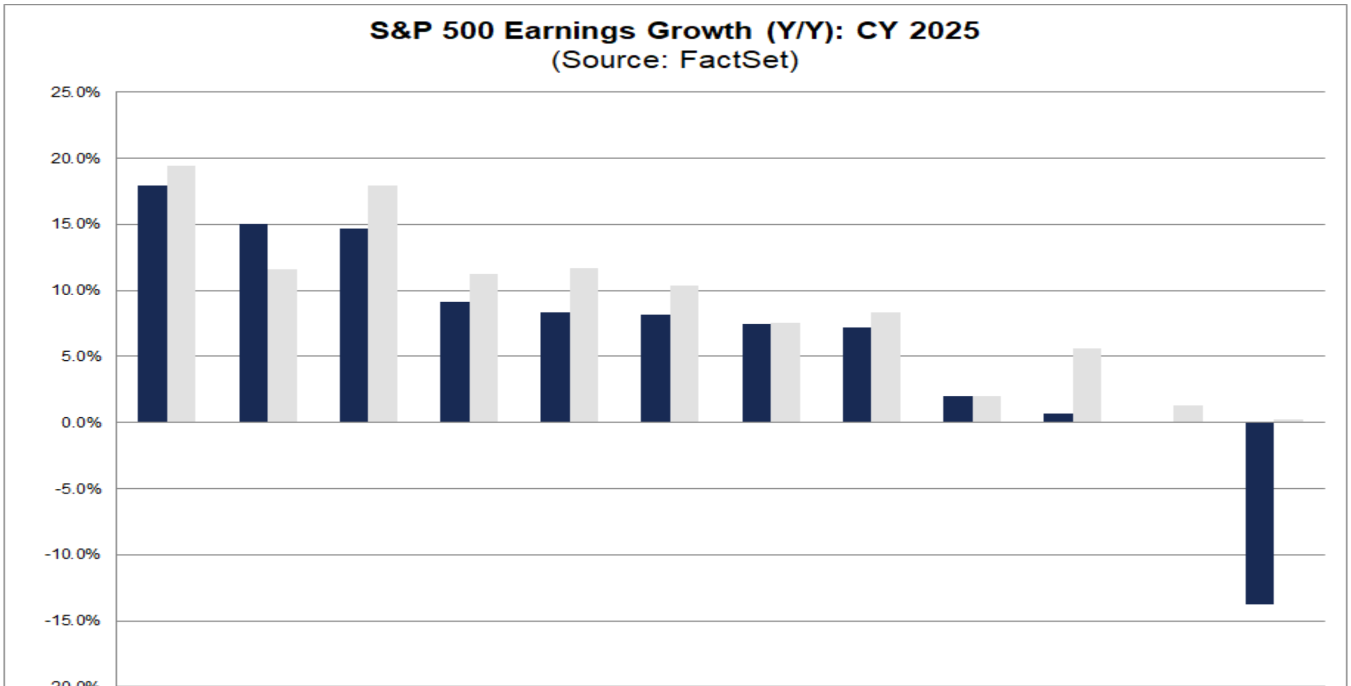
FY 2025 / 2026: EPS Guidance



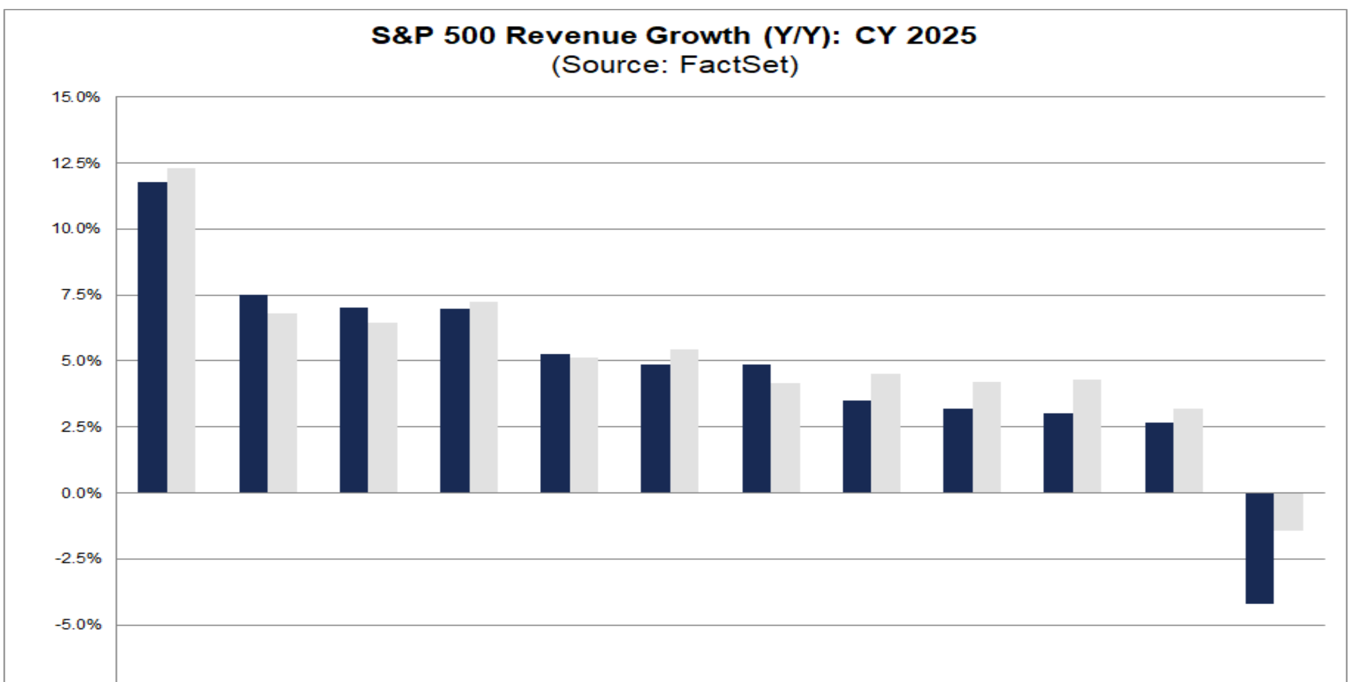


	Energy	Utilities	Comm. Services	Consumer Disc.	Consumer Staples	Industrials	S&P 500	Materials	Financials	Health Care	Info. Technology	Real Estate
Positive	0%	20%	25%	32%	33%	44%	45%	45%	50%	57%	60%	65%
Negative	100%	80%	75%	68%	67%	56%	55%	55%	50%	43%	40%	35%

CY 2025: Growth

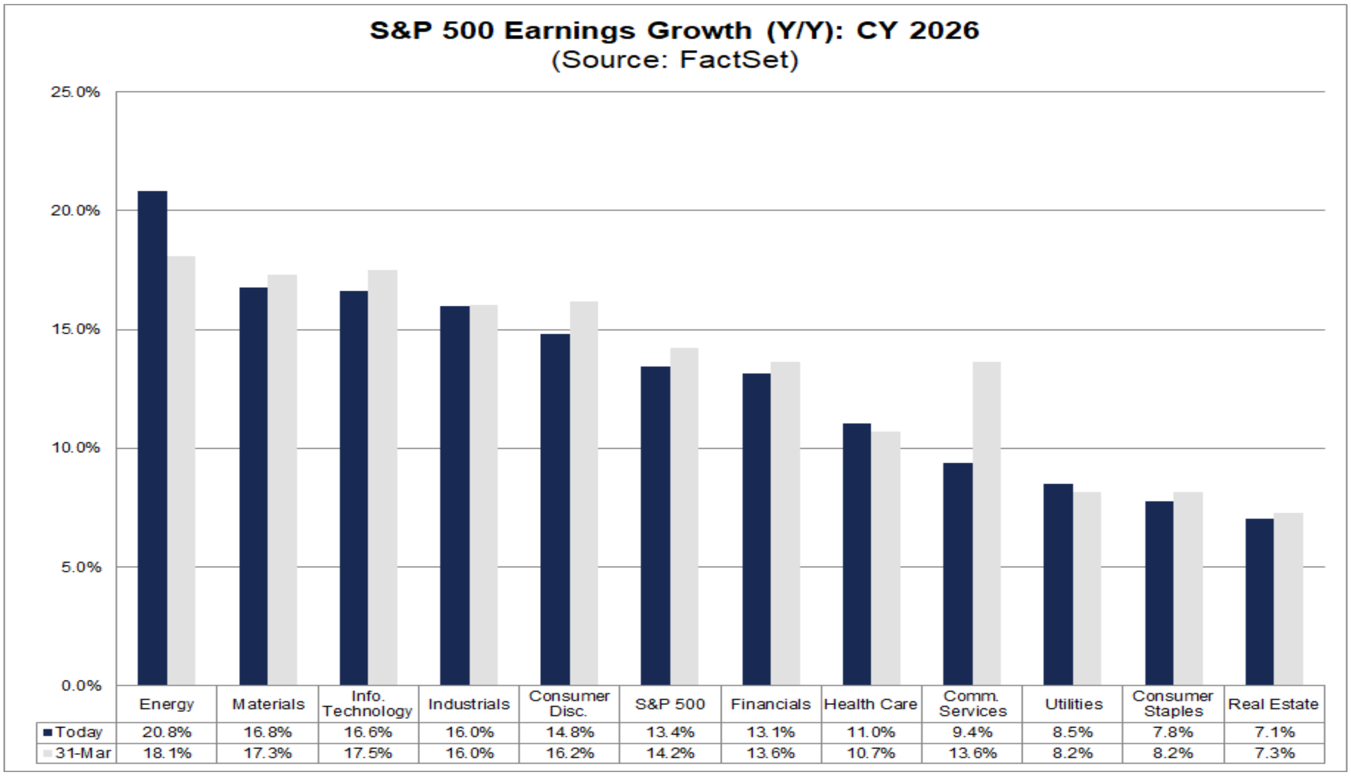


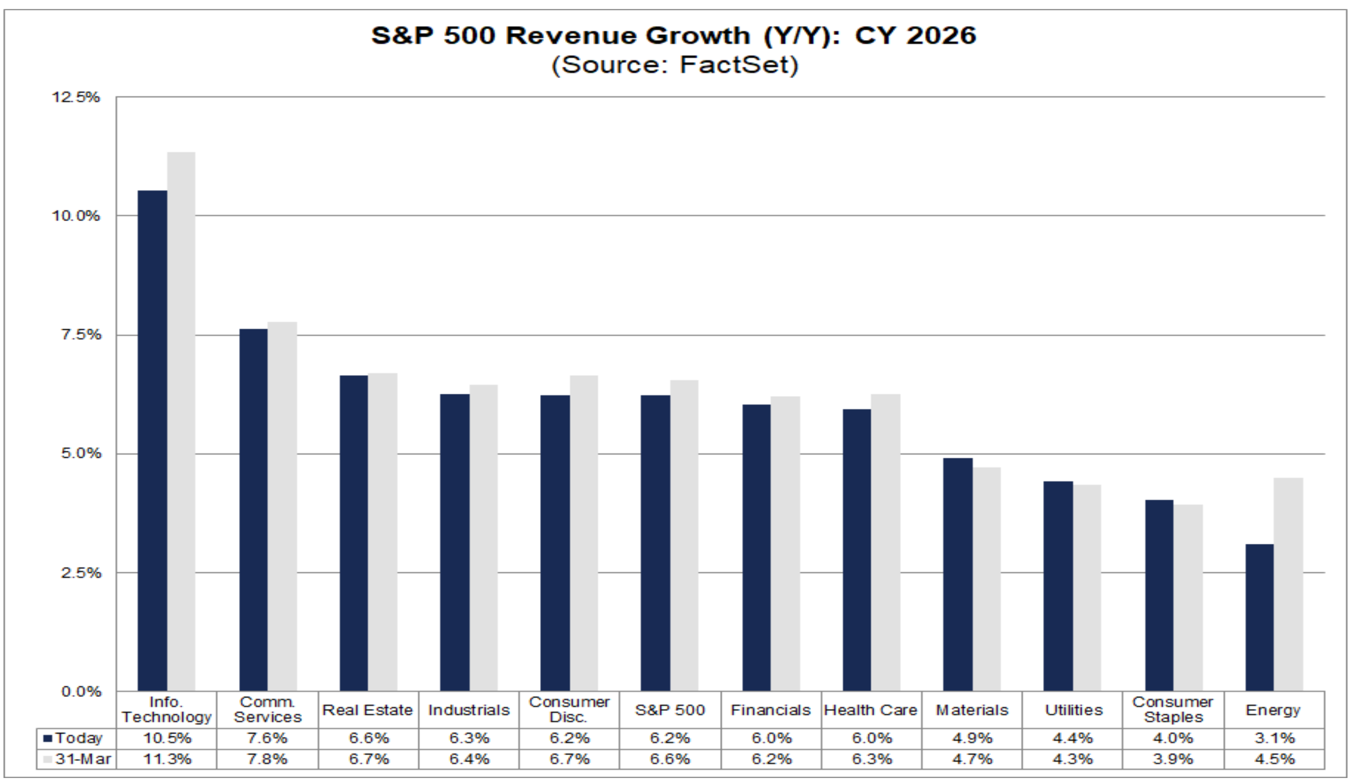
	Info. Technology	Comm. Services	Health Care	S&P 500	Industrials	Materials	Utilities	Financials	Real Estate	Consumer Disc.	Consumer Staples	Energy
Today	18.0%	15.0%	14.7%	9.1%	8.4%	8.1%	7.4%	7.2%	2.0%	0.7%	0.0%	-13.8%
31-Mar	19.4%	11.6%	17.9%	11.3%	11.7%	10.4%	7.6%	8.3%	2.0%	5.6%	1.3%	0.2%



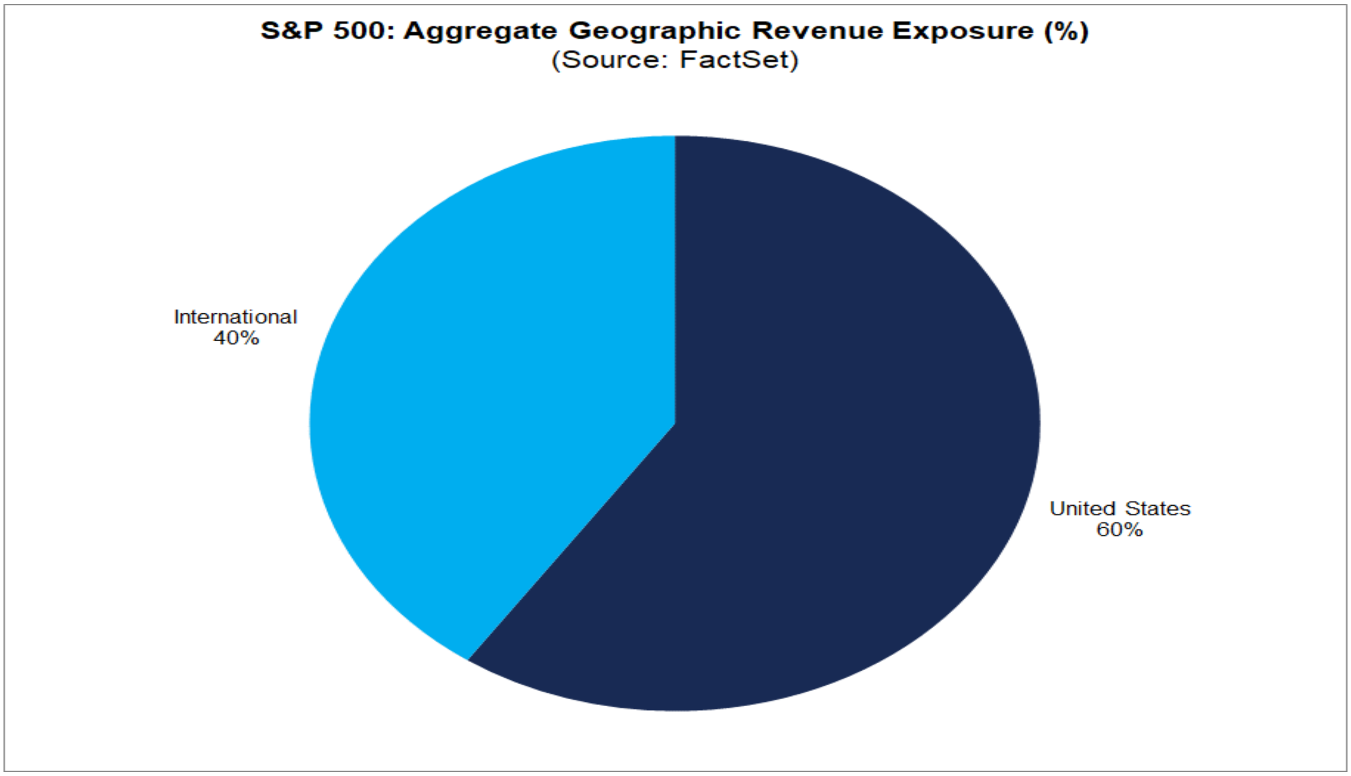
	Info. Technology	Health Care	Utilities	Comm. Services	Real Estate	S&P 500	Materials	Industrials	Financials	Consumer Disc.	Consumer Staples	Energy
Today	11.8%	7.5%	7.0%	7.0%	5.3%	4.9%	4.8%	3.5%	3.2%	3.0%	2.7%	-4.2%
31-Mar	12.3%	6.8%	6.4%	7.3%	5.1%	5.4%	4.2%	4.5%	4.2%	4.3%	3.2%	-1.4%

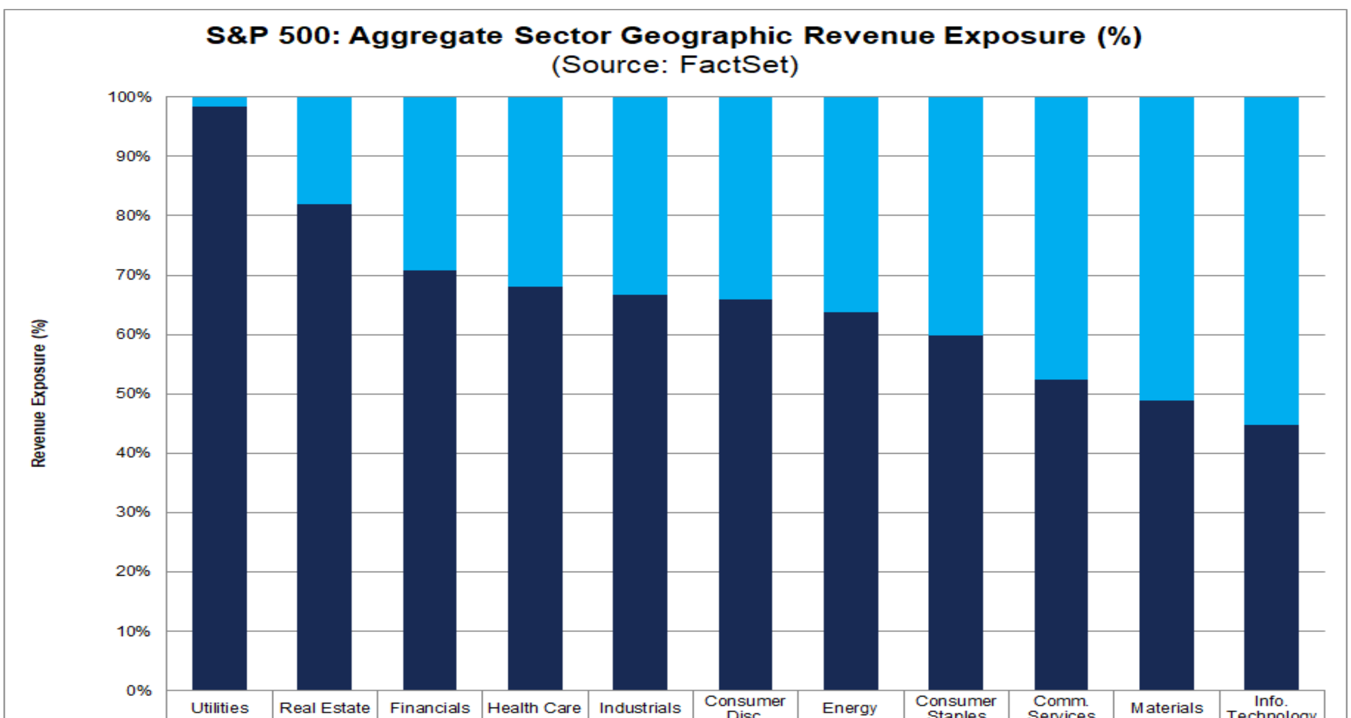
CY 2026: Growth





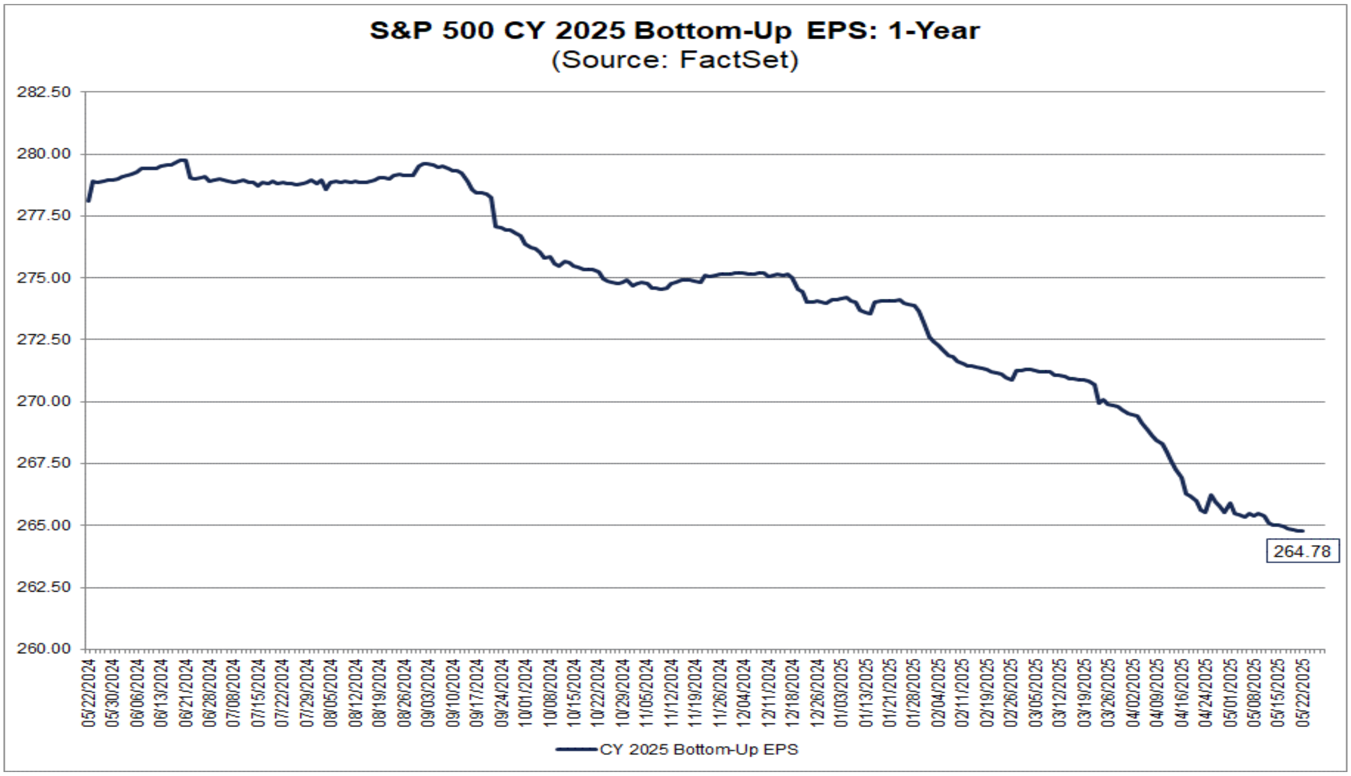
Geographic Revenue Exposure

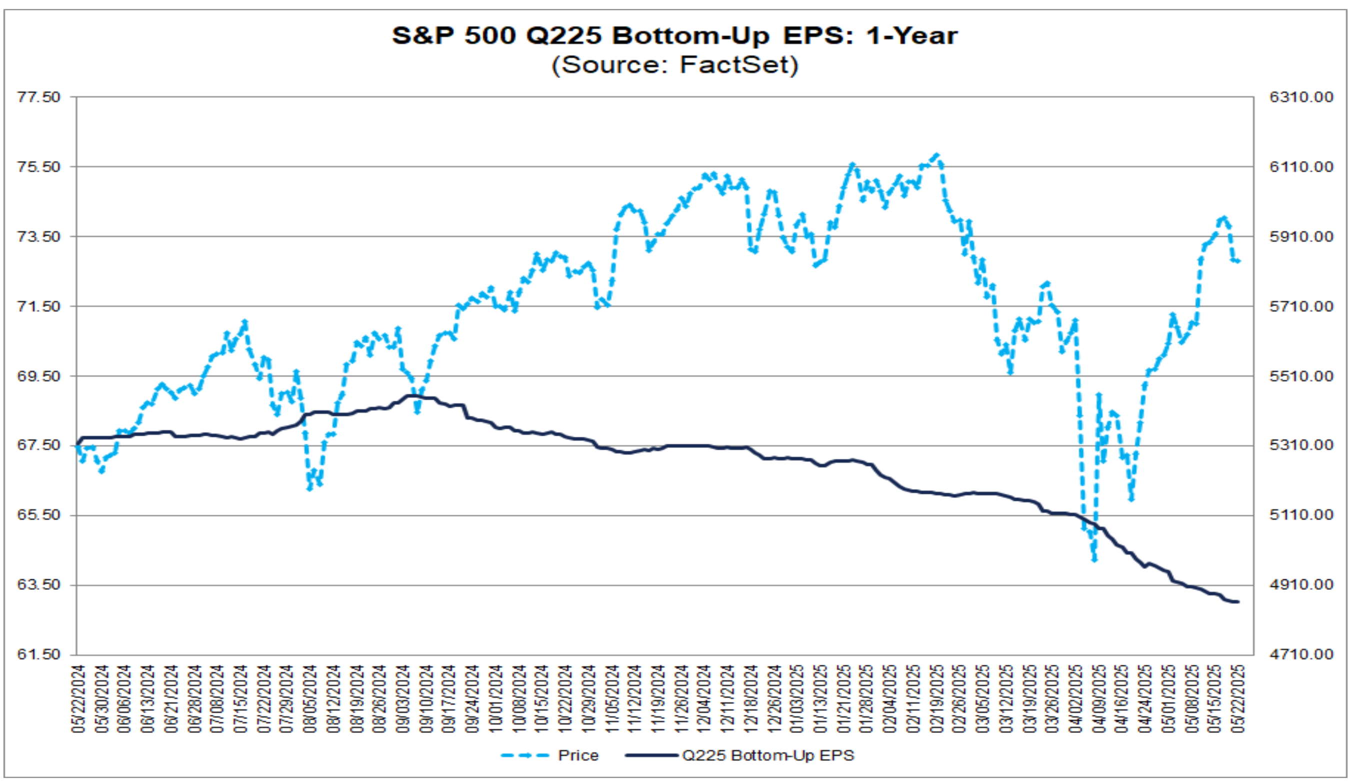




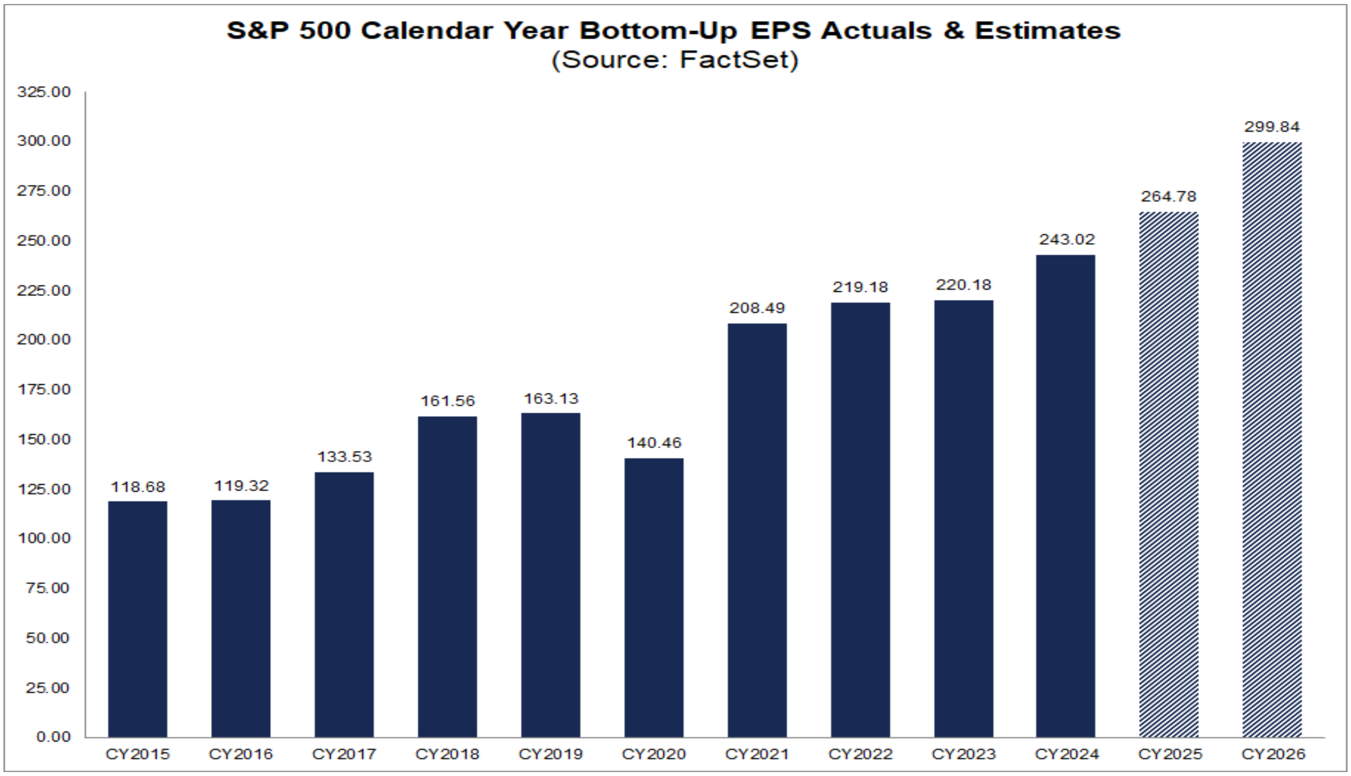
	Utilities	Real Estate	Financials	Health Care	Industrials	Consumer Disc.	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	2%	18%	29%	32%	33%	34%	36%	40%	48%	51%	55%
United States	98%	82%	71%	68%	67%	66%	64%	60%	52%	49%	45%

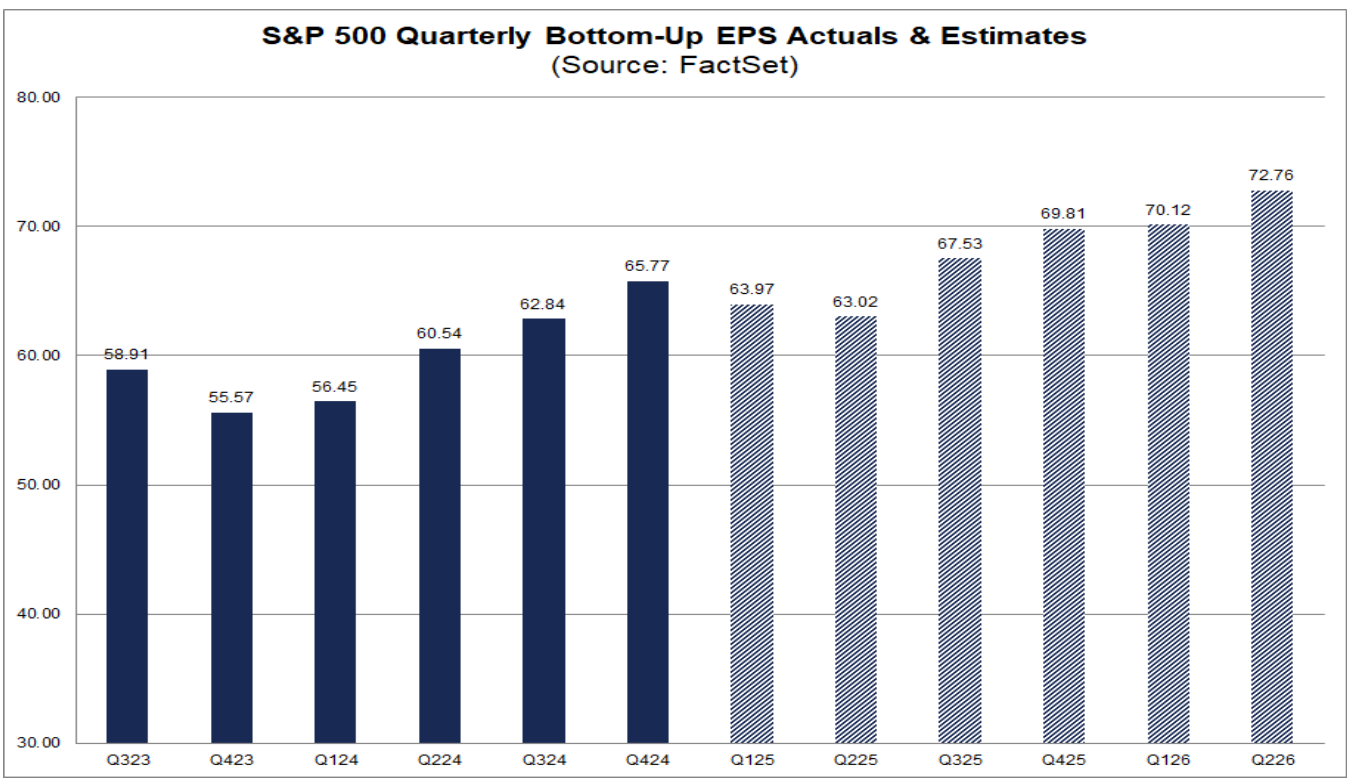
Bottom-Up EPS Estimates



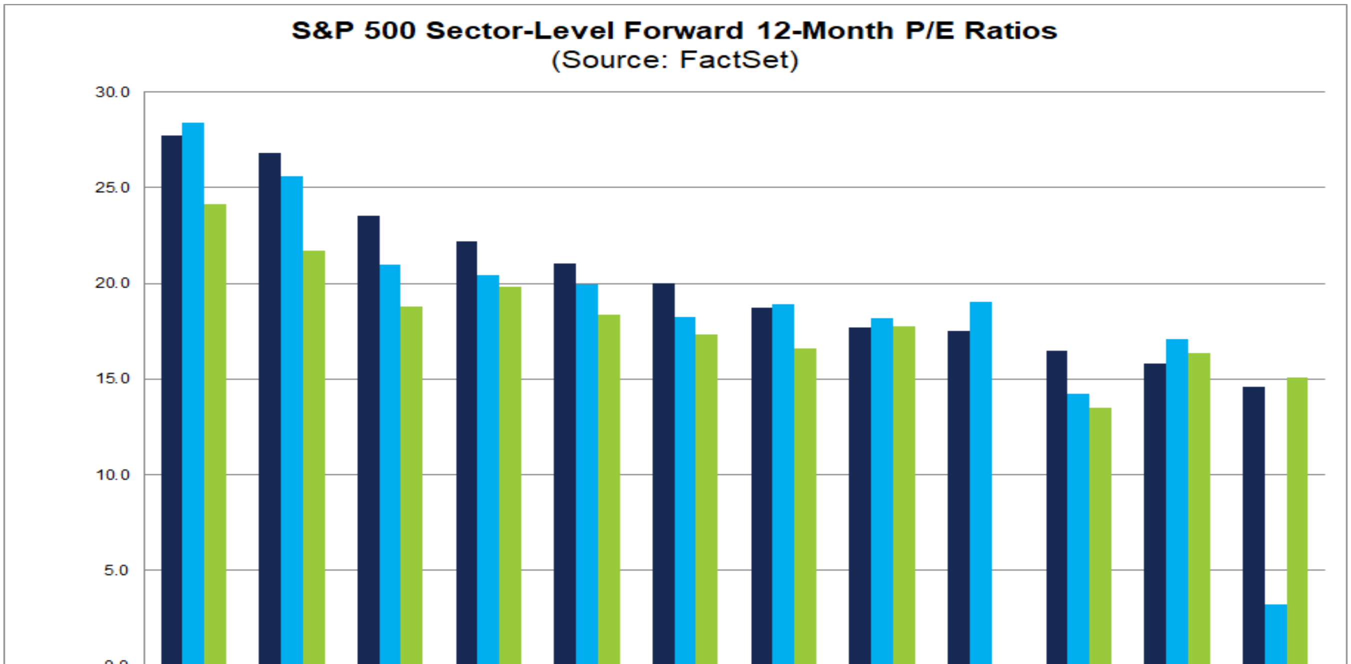


Bottom-Up EPS Estimates: Current & Historical

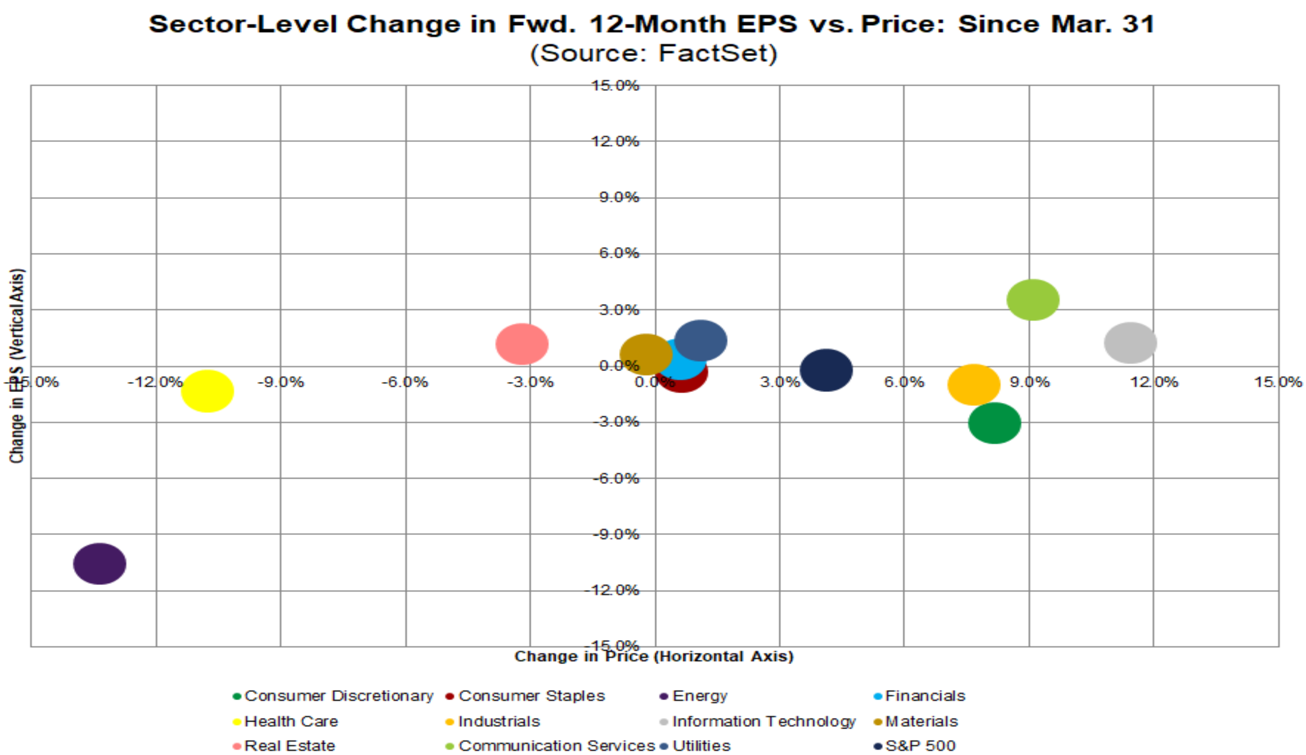




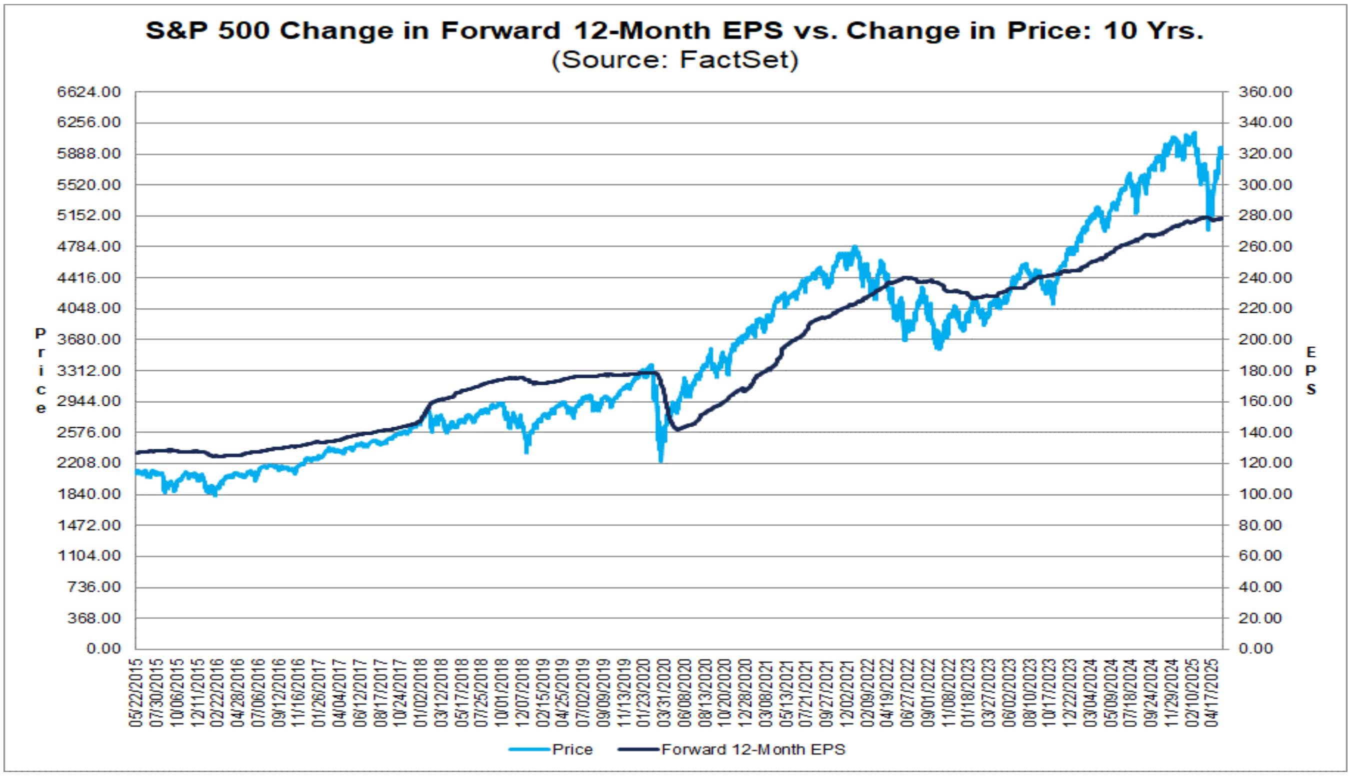
Forward 12M P/E Ratio: Sector Level

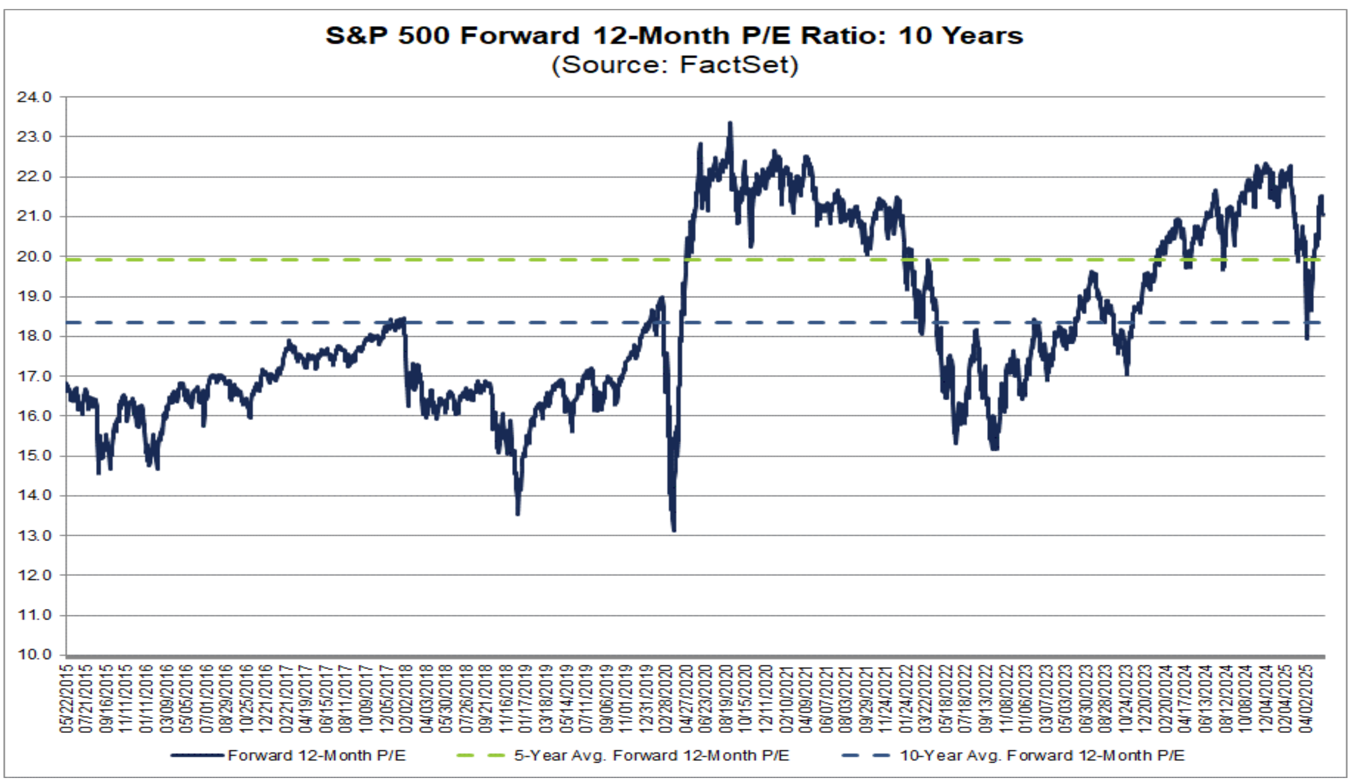


	Consumer Disc.	Info. Technology	Industrials	Consumer Staples	S&P 500	Materials	Comm. Services	Utilities	Real Estate	Financials	Health Care	Energy
Fwd P/E	27.7	26.8	23.5	22.2	21.1	20.0	18.8	17.7	17.5	16.5	15.8	14.6
5-Yr Avg.	28.4	25.6	21.0	20.5	19.9	18.3	18.9	18.2	19.1	14.3	17.1	3.2
10-Yr Avg.	24.1	21.7	18.8	19.8	18.4	17.3	16.6	17.8		13.5	16.3	15.1

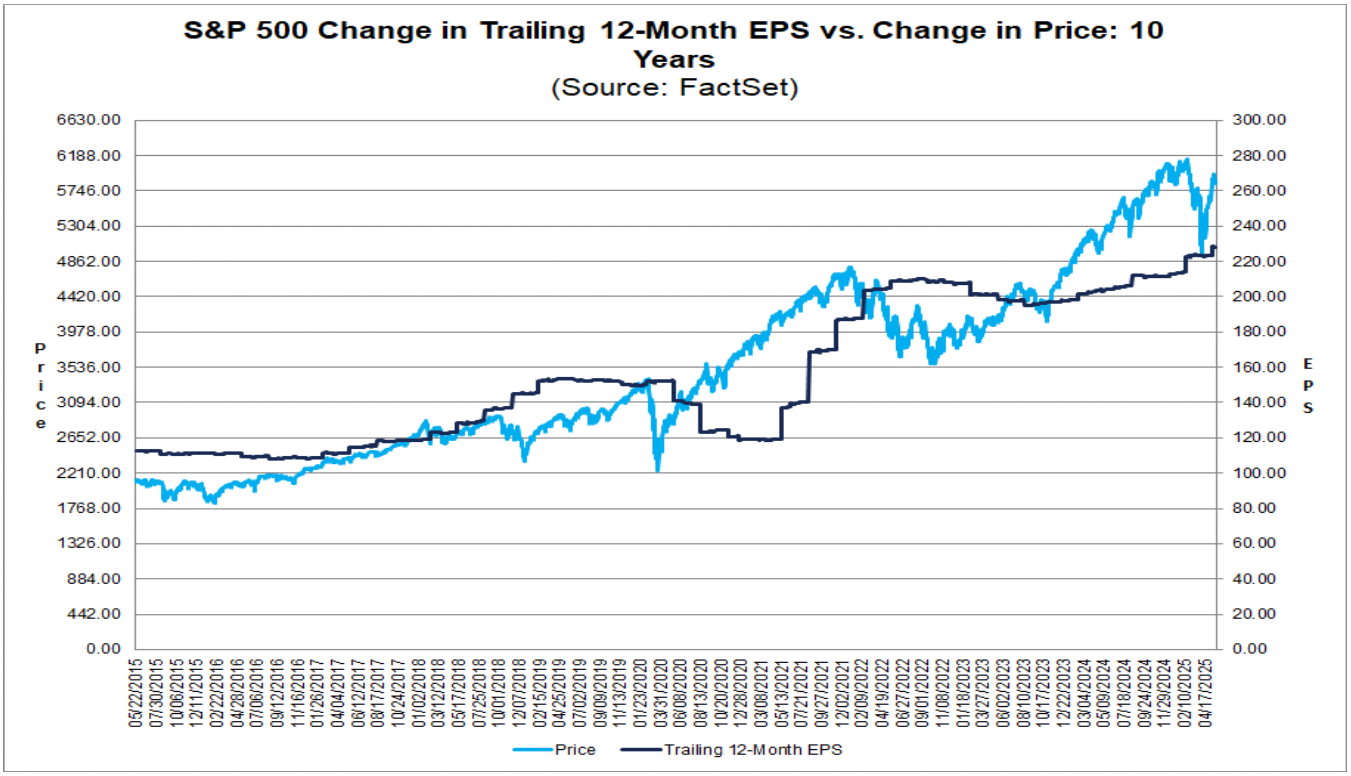


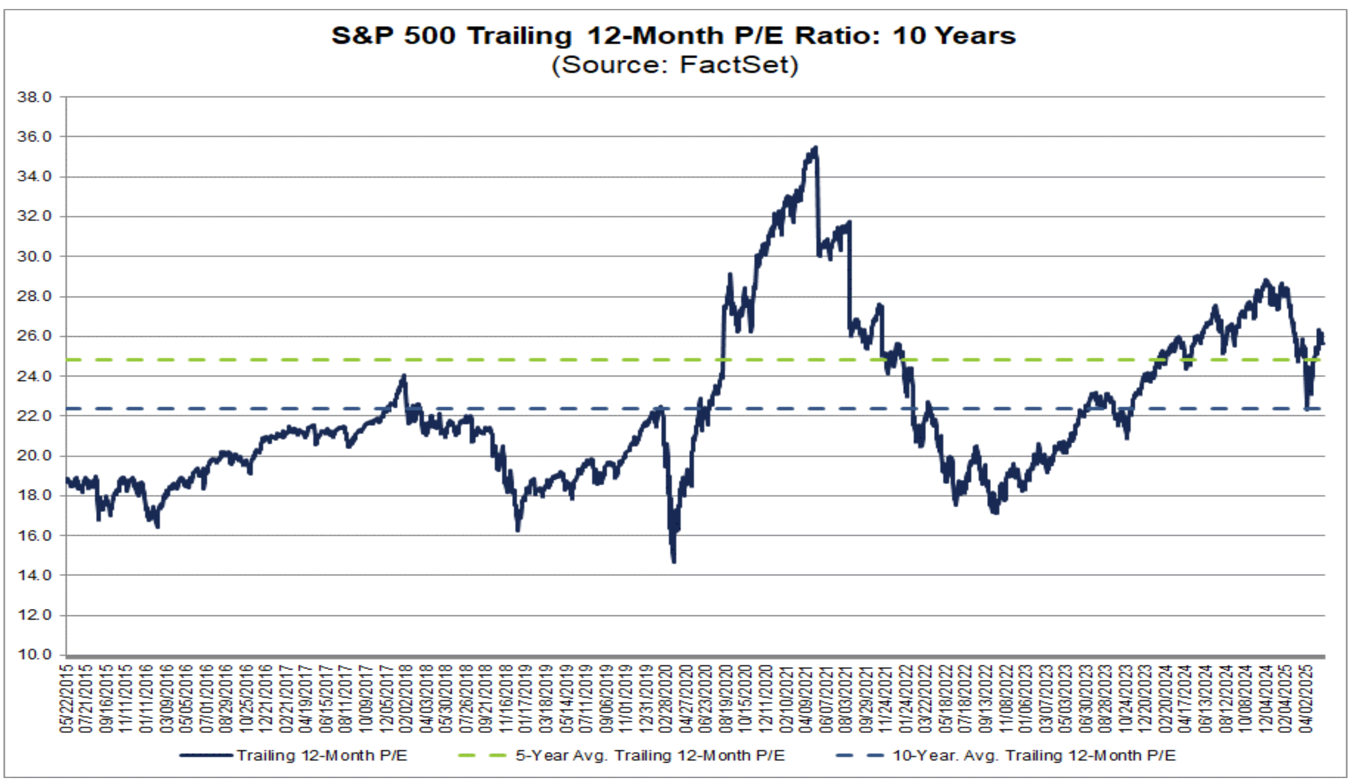
Forward 12M P/E Ratio: 10-Years



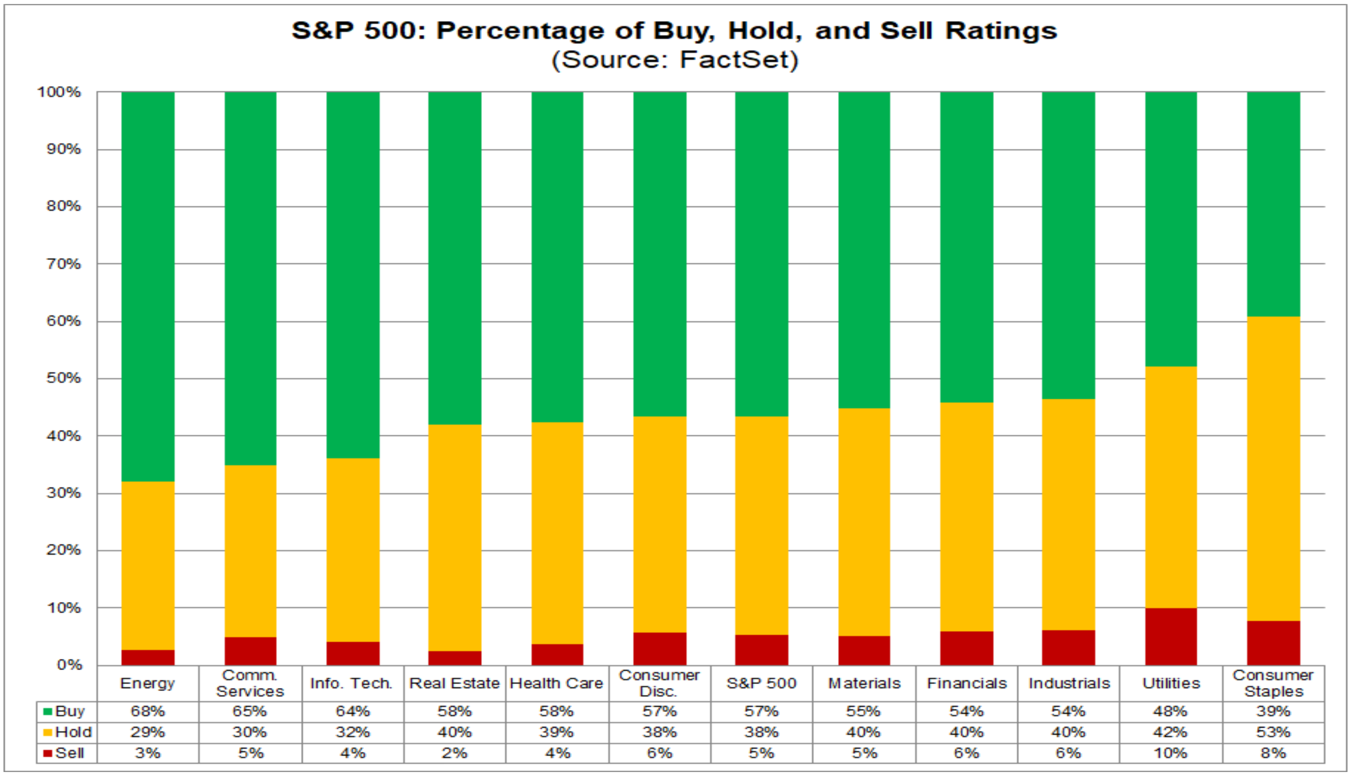


Trailing 12M P/E Ratio: 10-Years

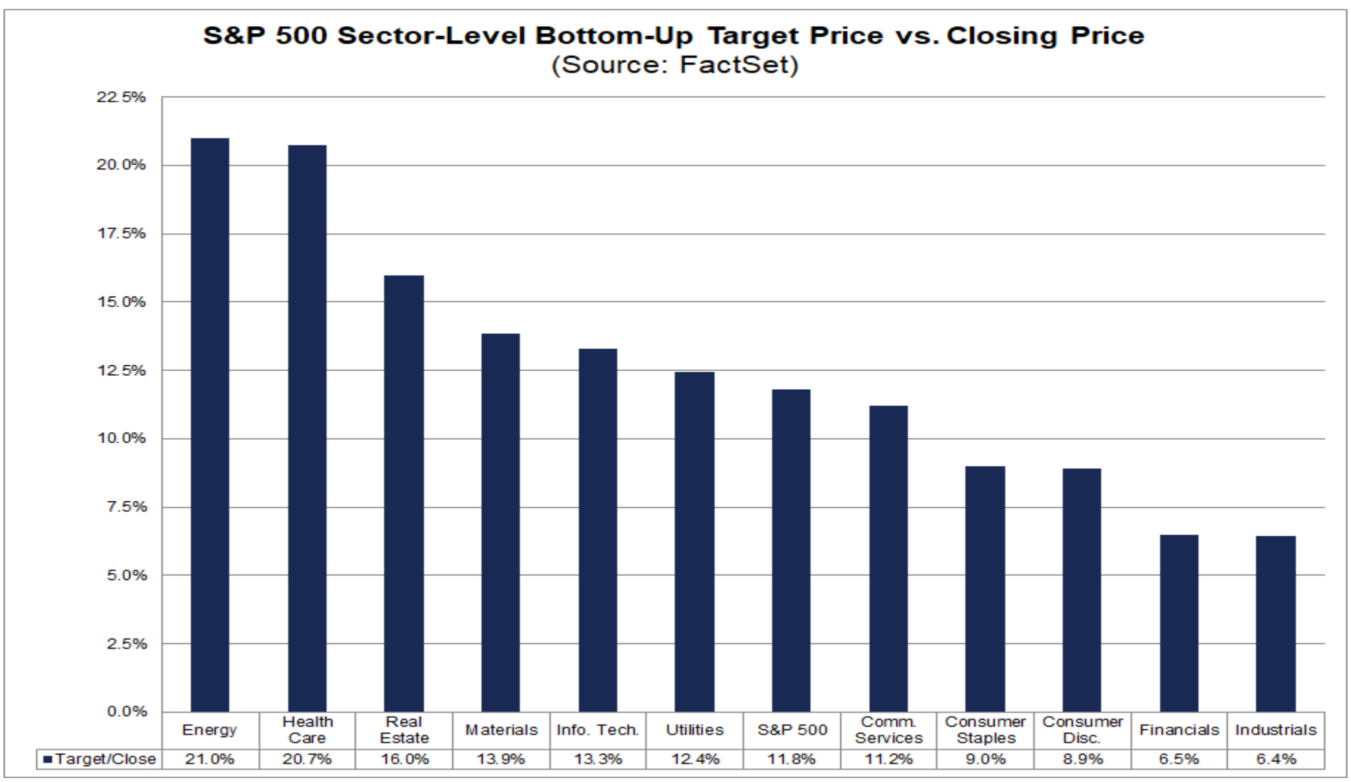




Targets & Ratings



	Energy	Comm. Services	Info. Tech.	Real Estate	Health Care	Consumer Disc.	S&P 500	Materials	Financials	Industrials	Utilities	Consumer Staples
Buy	68%	65%	64%	58%	58%	57%	57%	55%	54%	54%	48%	39%
Hold	29%	30%	32%	40%	39%	38%	38%	40%	40%	40%	42%	53%
Sell	3%	5%	4%	2%	4%	6%	5%	5%	6%	6%	10%	8%



	Energy	Health Care	Real Estate	Materials	Info. Tech.	Utilities	S&P 500	Comm. Services	Consumer Staples	Consumer Disc.	Financials	Industrials
Target/Close	21.0%	20.7%	16.0%	13.9%	13.3%	12.4%	11.8%	11.2%	9.0%	8.9%	6.5%	6.4%

Appendix: 1

S&P 500 Companies Withdrawing or Not Updating Prior Annual EPS Guidance (8)

Given the pending transaction, pursuant to which WBA will be acquired by entities affiliated with Sycamore Partners, the company is withdrawing fiscal 2025 guidance. -Walgreens Boots Alliance (Apr. 8)

Given current uncertainty, Delta is not reaffirming full year 2025 financial guidance and will provide an update later in the year as visibility improves. -Delta Air Lines (Apr. 9)

The indirect impact of trade policy and macro demand is more uncertain, in particular, for discretionary categories. Taken together, it is more difficult to predict and forecast full-year results. And as such, we have moved to provide quarterly guidance. -Avery Dennison (Apr. 23)

As we have done in the past, we are rapidly responding to the shifting economic landscape. However, a high-level of uncertainty remains around how these changes and associated higher prices will ultimately impact demand trends across our industry moving forward. Therefore, we will not be providing full-year financial guidance this quarter. However, we do want to dimension how we are thinking about the impact of tariffs and the related mitigation actions in 2025. -Masco Corporation (Apr. 23)

Since the end of the first quarter, the macroeconomic uncertainty that defined the last several years has only increased and future end-market demand is unclear given the magnitude and scope of tariffs…With a broad range of outcomes for the global economy and limited visibility, the company is moving to quarterly adjusted earnings per share guidance. -Eastman Chemical (Apr. 24)

Additionally, the company suspended its 2025 outlook as care activity continued to accelerate while also broadening to more types of benefit offerings than seen in the first quarter, and the medical costs of many Medicare Advantage beneficiaries new to UnitedHealthcare remained higher than expected. -UnitedHealth Group (May 13)

Given the macroeconomic uncertainty related to evolving global trade policies, the Company will not be providing full year guidance for fiscal year 2026 at this time. -Deckers Brands (May 22)

Heightened macroeconomic and geopolitical uncertainty persists, most notably prolonged inflation and evolving trade policies. While we directly import only a small portion of our merchandise, more than half of the goods we sell originate from China. As such, we expect pressure on our profitability if tariffs remain at elevated levels. Given the varying nature of tariff announcements, we are only providing an outlook for the second quarter at this time and are withdrawing our previously provided annual sales and earnings guidance. -Ross Stores (May 22)

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