

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

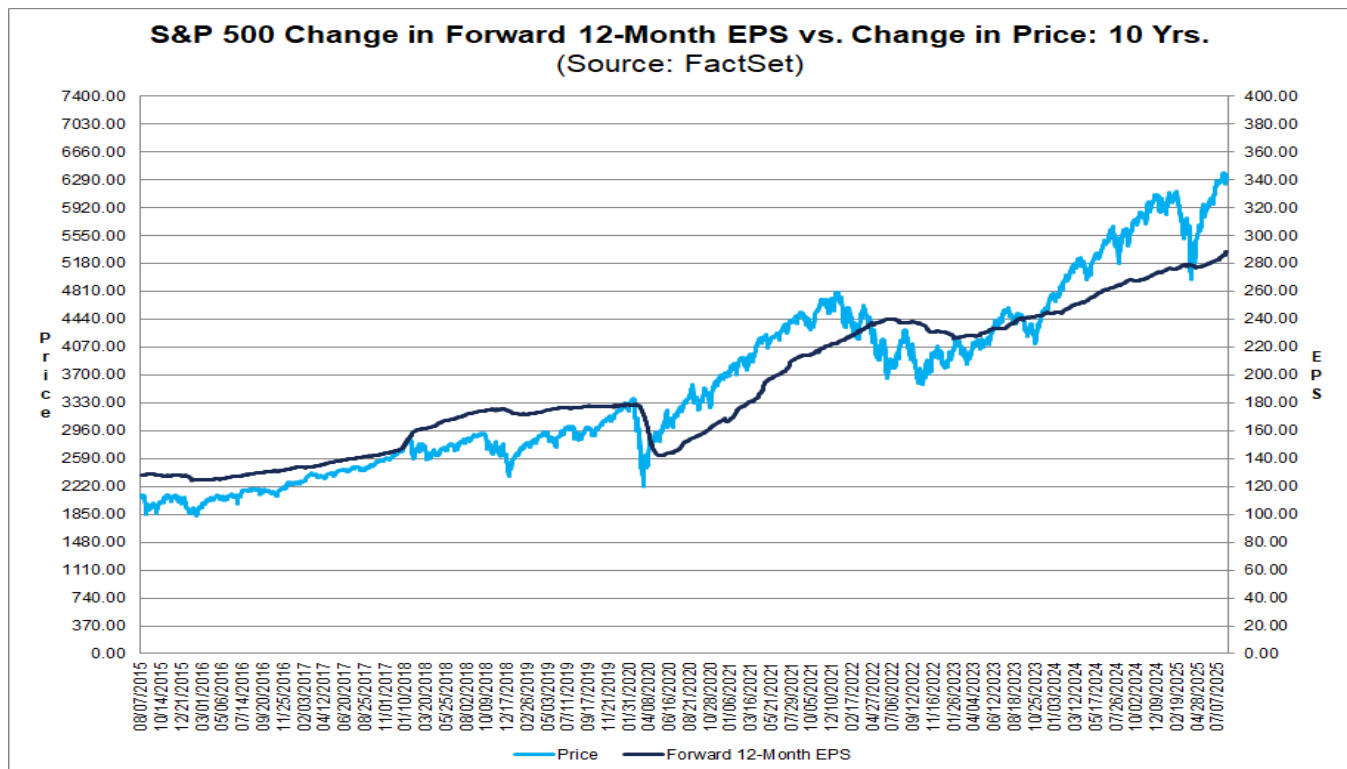
Media Questions/Requests  
[media\\_request@factset.com](mailto:media_request@factset.com)

**Author's Note:** *The FactSet Earnings Insight report will not be published on August 15 or August 22. The next edition of the report will be published on August 29.*

August 8, 2025

## Key Metrics

- **Earnings Scorecard:** For Q2 2025 (with 90% of S&P 500 companies reporting actual results), 81% of S&P 500 companies have reported a positive EPS surprise and 81% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q2 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 11.8%. If 11.8% is the actual growth rate for the quarter, it will mark the third consecutive quarter of double-digit earnings growth for the index.
- **Earnings Guidance:** For Q3 2025, 38 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 22.1. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.5).



To receive this report via e-mail or view other articles with FactSet content, please go to: <https://insight.factset.com/>  
To learn more about the FactSet difference ("Why FactSet?"), please go to: <https://www.factset.com/why-factset>

## Table of Contents

## Commentary

<b>Key Metrics</b>	<b>1</b>
<b>Table of Contents</b>	<b>2</b>
<b>Topic of the Week</b>	<b>3</b>
<b>Overview</b>	<b>5</b>
<b>Earnings &amp; Revenue Scorecard</b>	<b>6</b>
<b>Earnings &amp; Revenue Revisions</b>	<b>8</b>
<b>Earnings Growth</b>	<b>10</b>
<b>Revenue Growth</b>	<b>10</b>
<b>Net Profit Margin</b>	<b>11</b>
<b>Forward Estimates &amp; Valuation</b>	<b>12</b>

## Charts

<b>Q225 Earnings &amp; Revenue Scorecard</b>	<b>14</b>
<b>Q225 Earnings &amp; Revenue Surprises</b>	<b>15</b>
<b>Q225 Earnings &amp; Revenue Growth</b>	<b>17</b>
<b>Q225 Net Profit Margin</b>	<b>20</b>
<b>Q325 EPS Guidance</b>	<b>21</b>
<b>Q325 EPS Revisions</b>	<b>22</b>
<b>Q325 Earnings &amp; Revenue Growth</b>	<b>23</b>
<b>FY25 / FY26 EPS Guidance</b>	<b>24</b>
<b>CY25 Earnings &amp; Revenue Growth</b>	<b>25</b>
<b>CY26 Earnings &amp; Revenue Growth</b>	<b>26</b>
<b>Geographic Revenue Exposure</b>	<b>27</b>
<b>Bottom-Up EPS Estimates</b>	<b>28</b>
<b>Forward 12-Month P/E Ratio</b>	<b>30</b>
<b>Trailing 12-Month P/E Ratio</b>	<b>32</b>
<b>Target &amp; Ratings</b>	<b>33</b>

## Topic of the Week

### 87% Decline in S&P 500 Companies Citing “Recession” on Earnings Calls for Q2 Compared to Q1

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 second quarter?

The answer is no. 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 June 15 through August 7.

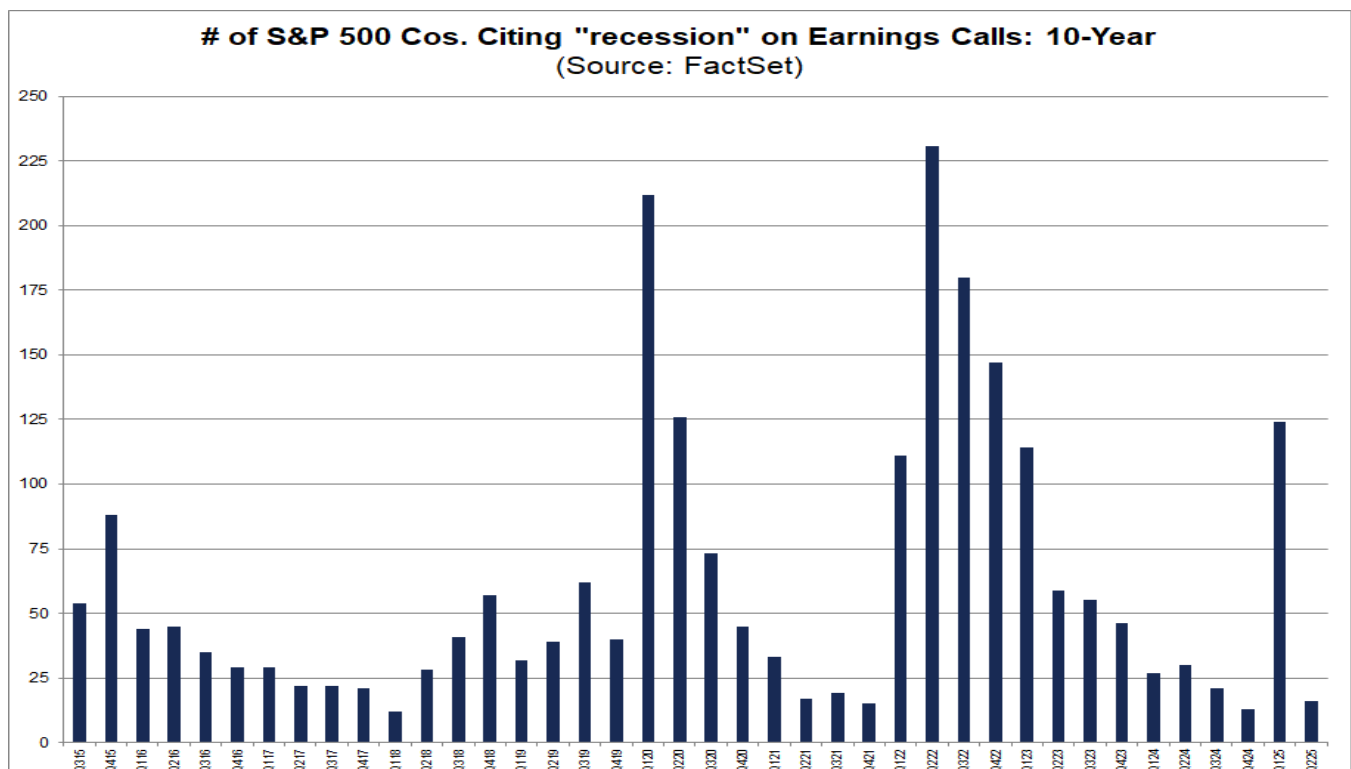
Overall, the term “recession” was cited on 16 earnings calls conducted by S&P 500 companies during this period. This number is well below the 5-year average of 74 and the 10-year average of 61.

In fact, this number reflects a quarter-over-quarter decline of 87% compared to Q1 2025, when the term “recession” was cited on 124 earnings calls (March 15 through June 14).

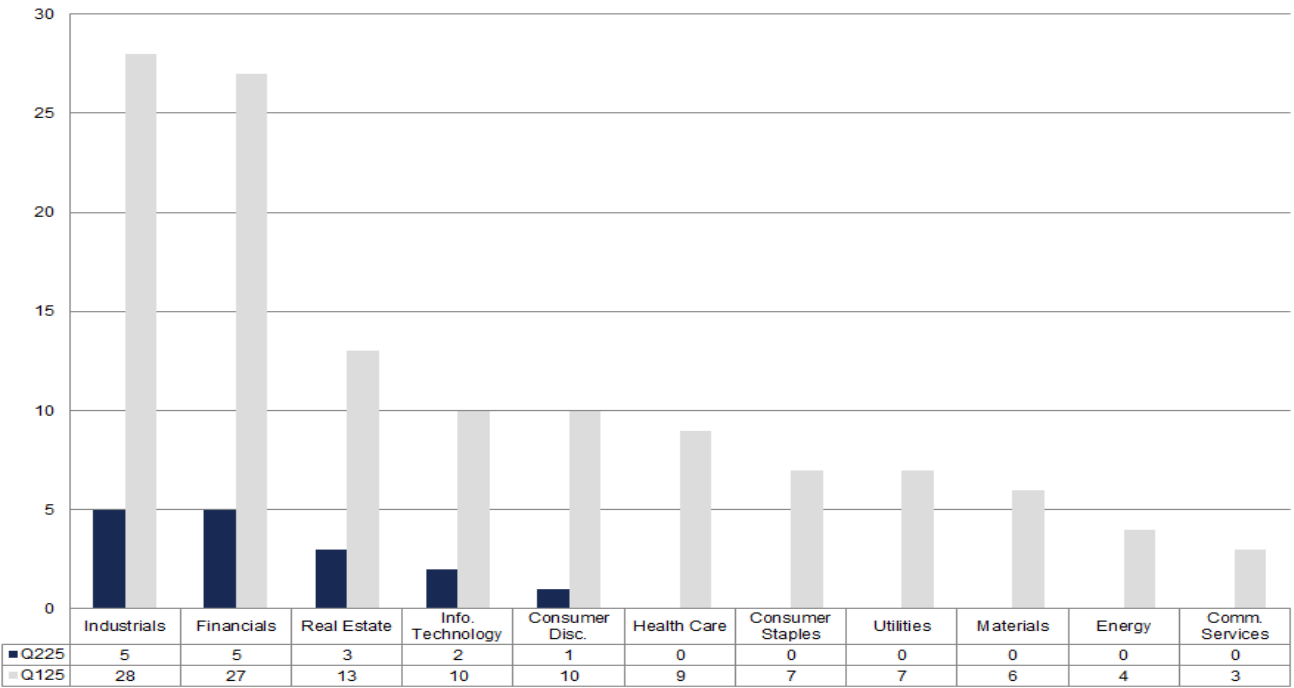
On a percentage basis, the term “recession” has been cited on just 4% of the 442 earnings calls conducted by S&P 500 companies from June 15 through August 7.

At the sector level, the Financials (5) and Industrials (5) sectors have the highest number of earnings calls where “recession” was cited, while the Real Estate (10%), Financials (7%), and Industrials (7%) sectors have the highest percentages of earning calls where “recession” was cited.

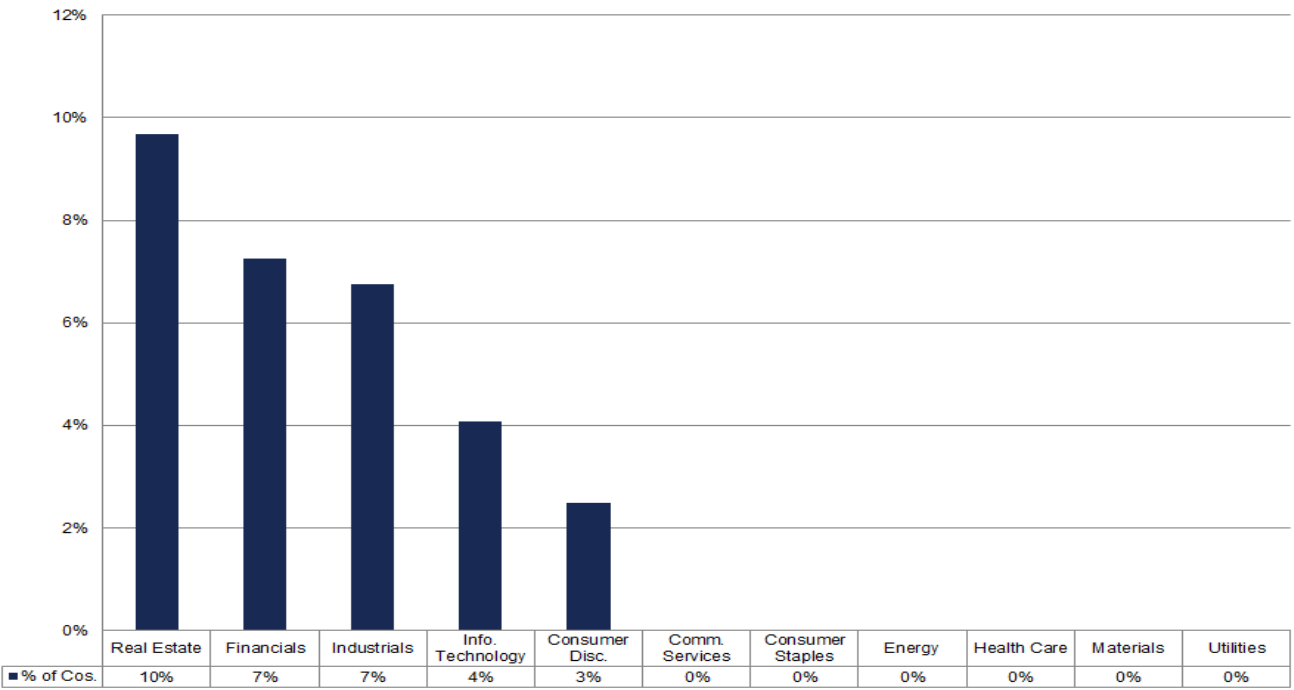
In 6 of the 11 sectors, no companies have cited the term “recession” on their earnings calls for Q2 to date.



# of S&P 500 Cos. Citing "recession" on Earnings Calls: Q225 vs. Q125  
(Source: FactSet)



% of S&P 500 Cos. Citing "recession" on Earnings Calls: Q225  
(Source: FactSet)



## Q2 Earnings Season: By The Numbers

### Overview

At the end of the peak weeks of the Q2 earnings season, the S&P 500 is reporting strong results. 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 second quarter today relative to the end of last week and relative to the end of the quarter. On a year-over-year basis, the S&P 500 is reporting double-digit earnings growth for the third consecutive quarter. In addition, S&P 500 companies are reporting strong numbers for revenues relative to analyst expectations and year-ago results.

Overall, 90% of the companies in the S&P 500 have reported actual results for Q2 2025 to date. Of these companies, 81% have reported actual EPS above estimates, which is above the 5-year average of 78% and above the 10-year average of 75%. If 81% is the final number for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise for a quarter since Q3 2023 (also 81%). In aggregate, companies are reporting earnings that are 8.4% above estimates, which is below the 5-year average of 9.1% but above the 10-year average of 6.9%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive EPS surprises reported by companies in the Health Care and Communication Services sectors were the largest contributors to the increase in the overall earnings growth rate for the index over this period. Since June 30, positive EPS surprises reported by companies in the Financials, Communication Services, Information Technology, and Consumer Discretionary sectors have been the largest contributors to the increase in the overall earnings growth rate for the index over this period.

As a result, the index is reporting higher earnings for the second 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 second quarter is 11.8% today, compared to an earnings growth rate of 10.3% last week and an earnings growth rate of 4.9% at the end of the second quarter (June 30).

If 11.8% is the actual growth rate for the quarter, it will mark the third consecutive quarter of double-digit earnings growth for the index.

Nine of the eleven sectors are reporting year-over-year growth in earnings, led by the Communication Services, Information Technology, and Financials sectors. On the other hand, two sectors are reporting a year-over-year decline in earnings, led by the Energy sector.

In terms of revenues, 81% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 70% and above the 10-year average of 64%. If 81% is the final number for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive revenue surprise for a quarter since Q2 2021 (87%). In aggregate, companies are reporting revenues that are 2.4% above the estimates, which is above the 5-year average of 2.1% and above the 10-year average of 1.4%. If 2.4% is the final number for the quarter, it will mark the highest revenue surprise percentage reported by the index since Q1 2023 (also 2.4%). Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive revenue surprises reported by companies in multiple sectors (led by the Financials and Health Care sectors) were the largest contributors to the increase in the overall revenue growth rate for the index over this period. Since June 30, positive revenue surprises reported by companies in the Health Care, Consumer Discretionary, Information Technology, and Communication Services sectors have been the largest contributors to the increase in the overall revenue growth rate for the index over this period.

As a result, the blended revenue growth rate for the second quarter is 6.3% today, compared to a revenue growth rate of 6.0% last week and a revenue growth rate of 4.2% at the end of the second quarter (June 30).

If 6.3% is the actual revenue growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q3 2022 (11.0%).

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

For Q3 2025 and Q4 2025, analysts are calling for earnings growth rates of 7.2% and 7.0%, respectively. For CY 2025 analysts are predicting (year-over-year) earnings growth of 10.3%.

The forward 12-month P/E ratio is 22.1, which is above the 5-year average (19.9) and above the 10-year average (18.5). This P/E ratio is equal to the forward P/E ratio of 22.1 recorded at the end of the second quarter (June 30).

During the upcoming week, 8 S&P 500 companies (including 1 Dow 30 company) are scheduled to report results for the second quarter.

## Scorecard: Percentage of Positive EPS & Revenue Surprises Are Above 5-Year Averages

### Percentage of Companies Beating EPS Estimates (81%) is Above 5-Year Average

Overall, 90% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 81% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 14% 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 (78%), 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.

If 81% is the final number for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise for a quarter since Q3 2023 (also 81%).

At the sector level, the Information Technology (92%) and Financials (87%) sectors have the highest percentages of companies reporting earnings above estimates, while the Materials (52%) sector has the lowest percentage of companies reporting earnings above estimates.

### Earnings Surprise Percentage (+8.4%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 8.4% above expectations. This surprise percentage is above the 1-year average (+6.3%), below the 5-year average (+9.1%), 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 Consumer Discretionary (+14.3%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Hasbro (\$1.30 vs. \$0.78), Las Vegas Sands (\$0.79 vs. \$0.53), DoorDash (\$0.65 vs. \$0.44), Carnival (\$0.35 vs. \$0.25), Deckers Brands (\$0.93 vs. \$0.68), MGM Resorts (\$0.79 vs. \$0.58), and Amazon.com (\$1.68 vs. \$1.33) have reported the largest positive EPS surprises.

The Communication Services (+12.2%) sector reported the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Warner Bros. Discovery (\$0.63 vs. -\$0.24), Electronic Arts (\$0.25 vs. \$0.11), Take-Two Interactive Software (\$0.61 vs. \$0.29), Interpublic Group of Companies (\$0.75 vs. \$0.56), Fox Corporation (\$1.27 vs. \$1.00), Paramount Skydance (\$0.46 vs. \$0.36), and Meta Platforms (\$7.14 vs. \$5.88) reported the largest positive EPS surprises.

The Financials (+10.4%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Coinbase Global (\$5.14 vs. \$1.19), Allstate (\$5.94 vs. \$3.25), Travelers Companies (\$6.51 vs. \$3.65), Cincinnati Financial (\$1.97 vs. \$1.41), Synchrony Financial (\$2.50 vs. \$1.82), and Capital One Financial (\$5.48 vs. \$4.05) have reported the largest positive EPS surprises.

The Health Care (+9.0%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Regeneron Pharmaceuticals (\$12.89 vs. \$8.43), Biogen (\$5.47 vs. \$3.90), Pfizer (\$0.78 vs. \$0.58), Bristol Myers Squibb (\$1.46 vs. \$1.09), and Moderna (-\$2.13 vs. -\$2.99) have reported the largest positive EPS surprises.

On the other hand, the Materials (-0.5%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Dow (-\$0.42 vs. -\$0.17), Smurfit Westrock (-\$0.05 vs. \$0.59), International Paper (\$0.20 vs. \$0.39), Mosaic (\$0.51 vs. \$0.73), LyondellBasell Industries (\$0.62 vs. \$0.80), Steel Dynamics (\$2.01 vs. \$2.24), and Sherwin-Williams (\$3.38 vs. \$3.76) have reported the largest negative EPS surprises.

### **Market Punishing Negative EPS Surprises More Than Average**

To date, the market is rewarding positive earnings surprises reported by S&P 500 companies for Q2 less than average and punishing negative earnings surprises reported by S&P 500 companies for Q2 much more than average.

Companies that have reported positive earnings surprises for Q2 2025 have seen an average price increase of +0.4% two days before the earnings release through two days after the earnings release. This percentage increase is below the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q2 2025 have seen an average price decrease of -5.5% two days before the earnings release through two days after the earnings release. This percentage decrease is much larger than the 5-year average price decrease of -2.4% during this same window for companies reporting negative earnings surprises.

### **Percentage of Companies Beating Revenue Estimates (81%) is Above 5-Year Average**

In terms of revenues, 81% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 19% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (62%), above the 5-year average (70%), and above the 10-year average (65%). 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.

If 81% is the final number for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive revenue surprise for a quarter since Q2 2021 (87%).

At the sector level, the Information Technology (96%), Health Care (95%), and Communication Services (91%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (64%) sector has the lowest percentage of companies reporting revenues above estimates.



**Revenue Surprise Percentage (+2.4%) is Above 5-Year Average**

In aggregate, companies are reporting revenues that are 2.4% above expectations. This surprise percentage is above the 1-year average (+0.9%), above the 5-year average (+2.1%), and above 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.

If 2.4% is the final number for the quarter, it will mark the largest revenue surprise percentage reported by the index since Q1 2023 (also 2.4%).

At the sector level, the Utilities (+4.0%), Information Technology (+3.8%), Consumer Discretionary (+3.4%), and Health Care (+3.0%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues.

**Revisions: Increase in Blended Earnings This Week Led By Two Sectors****Increase in Blended Earnings This Week Led By Health Care and Communication Services Sectors**

The blended (year-over-year) earnings growth rate for the second quarter is 11.8%, which is above the earnings growth rate of 10.3% last week. Positive EPS surprises reported by companies in the Health Care and Communication Services sectors were the largest contributors to the increase in the overall earnings growth rate for the index during the past week.

In the Health Care sector, the positive EPS surprises reported by Pfizer (\$0.78 vs. \$0.58), Eli Lilly (\$6.31 vs. \$5.60), and Amgen (\$6.02 vs. \$5.28) were significant contributors to the increase in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Health Care sector increased to 7.9% from 3.8% over this period.

In the Communication Services sector, the positive EPS surprise reported by Warner Bros. Discovery (\$0.63 vs. -\$0.24) was a substantial contributor to the increase in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Communication Services sector increased to 45.8% from 40.6% over this period.

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

The blended (year-over-year) revenue growth rate for the second quarter is 6.3%, which is above the revenue growth rate of 6.0% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Financials and Health Care sectors) were the largest contributors to the increase in the overall revenue growth rate for the index during the past week.

**Financials Sector Has Seen Largest Increase in Earnings since June 30**

The blended (year-over-year) earnings growth rate for Q2 2025 of 11.8% is above the estimate of 4.9% at the end of the second quarter (June 30). 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 45.8% from 29.4%), Financials (to 13.1% from 2.3%), and Consumer Discretionary (to 5.3% from -5.3%) sectors. The Financials, Communication Services, Information Technology (to 21.3% from 16.4%), and Consumer Discretionary sectors have also been the largest contributors to the increase in the overall earnings growth rate for the index over this period.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase (\$5.24 vs. \$4.48), Capital One Financial (\$5.48 vs. \$4.05), Coinbase Global (\$5.14 vs. \$1.19), Allstate (\$5.94 vs. \$3.25), Travelers Companies (\$6.51 vs. \$3.65), Wells Fargo (\$1.60 vs. \$1.41), and Citigroup (\$1.96 vs. \$1.66) have been significant contributors to the increase in the earnings growth rate for the index since June 30. As a result, the blended earnings growth rate for the Financials sector has increased to 13.1% from 2.3% over this period.



In the Communication Services sector, the positive EPS surprises reported by Meta Platforms (\$7.14 vs. \$5.88), Warner Bros. Discovery (\$0.63 vs. -\$0.24), and Alphabet (\$2.31 vs. \$2.18) have been substantial contributors to the increase in the earnings growth rate for the index since June 30. As a result, the blended earnings growth rate for the Communication Services sector has increased to 45.8% from 29.4% over this period.

In the Information Technology sector, the positive EPS surprises reported by Apple (\$1.57 vs. \$1.44) and Microsoft (\$3.65 vs. \$3.37) has been significant contributors to the increase in the earnings growth rate for the index since June 30. As a result, the blended earnings growth rate for the Information Technology sector has increased to 21.3% from 16.4% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com (\$1.68 vs. \$1.33) has been a substantial contributor to the increase in the earnings growth rate for the index since June 30. As a result, the blended earnings growth rate for the Consumer Discretionary sector increased to 5.3% from -5.3% over this period.

On the other hand, the Utilities (to 1.4% from 5.1%) sector is the only sector that has recorded a decrease in its earnings growth rate since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises.

### **Health Care Sector Has Seen Largest Increase in Revenues since June 30**

The blended (year-over-year) revenue growth rate for Q2 2025 of 6.3% is above the estimate of 4.2% at the end of the second quarter (June 30). All eleven 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 Energy (to -6.8% from -9.9%), Health Care (to 10.8% from 7.8%), and Consumer Discretionary (to 5.2% from 2.2%) sectors. The Health Care, Consumer Discretionary, Information Technology (to 15.0% from 12.3%), and Communication Services (to 9.7% from 7.0%) sectors have been the largest contributors to the increase in the overall revenue growth rate for the index since June 30.

In the Health Care sector, the positive revenue surprises reported by Cigna Group (\$67.13 billion vs. \$62.57 billion), Centene (\$48.74 billion vs. \$44.14 billion), and CVS Health (\$98.92 billion vs. \$94.53 billion) have been significant contributors to the increase in the revenue growth rate for the index since June 30. As a result, the blended revenue growth rate for the Health Care sector has increased to 10.8% from 7.8% over this period.

In the Consumer Discretionary sector, the positive revenue surprises reported by Ford Motor (\$50.18 billion vs. \$45.79 billion) and Amazon.com (\$167.70 billion vs. \$162.19 billion) have been substantial contributors to the increase in the revenue growth rate for the index since June 30. As a result, the blended revenue growth rate for the Consumer Discretionary sector has increased to 5.2% from 2.2% over this period.

In the Information Technology sector, the positive revenue surprises reported by Apple (\$94.04 billion vs. \$89.63 billion) and Microsoft (\$76.44 billion vs. \$73.96 billion) have been significant contributors to the increase in the revenue growth rate for the index since June 30. As a result, the blended revenue growth rate for the Information Technology sector has increased to 15.0% from 12.3% over this period.

In the Communication Services sector, the positive revenue surprises reported by Meta Platforms (\$47.52 billion vs. \$44.82 billion) and Alphabet (\$96.43 billion vs. \$94.04 billion) have been substantial contributors to the increase in the revenue growth rate for the index since June 30. As a result, the blended revenue growth rate for the Communication Services sector has increased to 9.7% from 7.0% over this period.

## Earnings Growth: 11.8%

The blended (year-over-year) earnings growth rate for Q2 2025 is 11.8%, which is below the 5-year average earnings growth rate of 12.7% but above the 10-year average earnings growth rate of 9.2%. If 11.8% is the actual growth rate for the quarter, it will mark the third consecutive quarter of double-digit earnings growth for the index.

Nine of the eleven sectors are reporting year-over-year earnings growth, led by the Communication Services, Information Technology, and Financials sectors. On the other hand, two sectors are reporting a year-over-year decline in earnings, led by the Energy sector.

### Communication Services: Warner Bros. Discovery Was Largest Contributor to Year-Over-Year Growth

The Communication Services sector reported the highest (year-over-year) earnings growth rate of all eleven sectors at 45.8%. At the industry level, all 5 industries in the sector reported year-over-year earnings growth: Entertainment (\$7.9 billion vs. -\$4.9 billion), Interactive Media & Services (26%), Wireless Telecommunication Services (10%), Diversified Telecommunication Services (1%) and Media (1%).

At the company level, Warner Bros. Discovery (\$0.63 vs. -\$4.07) was the largest contributor to earnings growth for the sector. The company benefitted from an easy comparison to weaker earnings reported in the year-ago quarter due to a \$9.1 billion non-cash goodwill impairment charge and other expenses that were included in its GAAP EPS for Q2 2024. If this company were excluded, the blended earnings growth rate for the Communication Services sector would fall to 17.8% from 45.8%.

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

The Information Technology sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 21.3%. At the industry level, all 6 industries in the sector are reporting (year-over-year) earnings growth: Semiconductors & Semiconductor Equipment (33%), Electronic Equipment, Instruments, & Components (27%), Software (19%), Communication Equipment (16%), IT Services (13%), and Technology Hardware, Storage, & Peripherals (9%).

### Financials: 4 of 5 Industries Reporting Year-Over-Year Growth

The Financials sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 13.1%. At the industry level, 4 of the 5 industries in the sector are reporting year-over-year earnings growth: Consumer Finance (51%), Insurance (28%), Capital Markets (22%), and Financial Services (10%). On the other hand, the Banks (-1%) industry is the only industry that reported a year-over-year decline in earnings.

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

The Energy sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -17.6%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in Q2 2025 (\$63.68) was 21% below the average price for oil in Q2 2024 (\$80.66). At the sub-industry level, 4 of the 5 sub-industries in the sector are reporting a year-over-year decline in earnings. All 4 are reporting a double-digit decline: Integrated Oil & Gas (-27%), Oil & Gas Exploration & Production (-13%), Oil & Gas Refining & Marketing (-13%), and Oil & Gas Equipment & Services (-12%). On the other hand, the Oil & Gas Storage & Transportation (23%) sub-industry is the only sub-industry that reported year-over-year growth in earnings.

## Revenue Growth: 6.3%

The blended (year-over-year) revenue growth rate for Q2 2025 is 6.3%, which is below the 5-year average revenue growth rate of 7.2% but above the 10-year average revenue growth rate of 5.7%. If 6.3% is the actual growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q3 2022 (11.0%). It will also mark the 19<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, Health Care, and Communication Services sectors. On the other hand, the Energy sector is the only sector that is 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 15.0%. At the industry level, all 6 industries in the sector are reporting year-over-year revenue growth: Semiconductors & Semiconductor Equipment (25%), Electronic Equipment, Instruments, & Components (18%), Software (16%), Communication Equipment (9%), Technology Hardware, Storage, & Peripherals (9%), and IT Services (8%).

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

The Health Care sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 10.8%. At the industry level, all 5 industries in the sector are reporting year-over-year revenue growth: Health Care Providers & Services (12%), Pharmaceuticals (8%), Biotechnology (6%), Health Care Equipment & Supplies (6%), and Life Sciences, Tools, & Services (4%).

### **Communication Services: All 5 Industries Reported Year-Over-Year Growth**

The Communication Services sector reported the third-highest (year-over-year) earnings growth rate of all eleven sectors at 9.7%. At the industry level, all 5 industries in the sector reported year-over-year revenue growth: Interactive Media & Services (15%), Entertainment (7%), Wireless Telecommunication Services (7%), Diversified Telecommunication Services (4%), and Media (less than 1%).

### **Energy: 3 of 5 Sub-Industries Reported Year-Over-Year Decline**

The Energy sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -6.8%. Lower year-over-year oil prices are contributing to the year-over-year decrease in revenues for this sector, as the average price of oil in Q2 2025 (\$63.68) was 21% below the average price for oil in Q2 2024 (\$80.66). At the sub-industry level, 3 of the 5 sub-industries in the sector reported a year-over-year decline in revenues: Oil & Gas Refining & Marketing (-13%), Integrated Oil & Gas (-12%), and Oil & Gas Equipment & Services (-5%). On the other hand, two sub-industries are reporting year-over-year growth in revenues: Oil & Gas Storage & Transportation (38%) and Oil & Gas Exploration & Production (18%).

### **Net Profit Margin: 12.8%**

The blended net profit margin for the S&P 500 for Q2 2025 is 12.8%, which is above the previous quarter's net profit margin of 12.7%, above the year-ago net profit margin of 12.2% and above the 5-year average of 11.8%.

At the sector level, three sectors are reporting a year-over-year increase in their net profit margins in Q2 2025 compared to Q2 2024: Communication Services (15.4% vs. 11.6%), Information Technology (25.4% vs. 24.0%), and Financials (20.0% vs. 18.8%). On the other hand, seven sectors are reporting a year-over-year decrease in their net profit margins in Q2 2025 compared to Q2 2024, led by the Energy (7.9% vs. 9.0%) sector. One sector (Consumer Discretionary) is reporting no year-over-year change in net profit margin (9.2% vs. 9.2%).

Five sectors are reporting net profit margins in Q2 2025 that are above their 5-year averages, led by the Communication Services (15.4% vs. 12.2%) and Financials (20.0% vs. 17.2%) sectors. On the other hand, six sectors are reporting net profit margins in Q2 2025 that are below their 5-year averages, led by the Energy (7.9% vs. 9.9%) sector.

## Forward Estimates & Valuation

### Quarterly Guidance: % of Cos Issuing Negative EPS Guidance for Q3 is Below Average

At this point in time, 78 companies in the index have issued EPS guidance for Q3 2025. Of these 78 companies, 38 have issued negative EPS guidance and 40 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q3 2025 is 49% (38 out of 78), which is below the 5-year average of 57% and below the 10-year average of 61%.

At this point in time, 263 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 263 companies, 102 have issued negative EPS guidance and 161 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 39% (102 out of 263).

The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

### Earnings: S&P 500 Expected to Report Earnings Growth of 10% for CY 2025

For the second quarter, S&P 500 companies are reporting year-over-year growth in earnings of 11.8% and year-over-year growth in revenues of 6.3%.

For Q3 2025, analysts are projecting earnings growth of 7.2% and revenue growth of 5.8%.

For Q4 2025, analysts are projecting earnings growth of 7.0% and revenue growth of 6.2%.

For CY 2025, analysts are projecting earnings growth of 10.3% and revenue growth of 5.8%.

For CY 2026, analysts are projecting earnings growth of 13.3% and revenue growth of 6.3%.

### Valuation: Forward P/E Ratio is 22.1, Above the 10-Year Average (18.5)

The forward 12-month P/E ratio for the S&P 500 is 22.1. This P/E ratio is above the 5-year average of 19.9 and above the 10-year average of 18.5. It is also equal to the forward 12-month P/E ratio of 22.1 recorded at the end of the second quarter (June 30). Since the end of the second quarter (June 30), the price of the index has increased by 2.2%, while the forward 12-month EPS estimate has increased by 2.3%. At the sector level, the Information Technology (30.0) and Consumer Discretionary (28.0) 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 27.7, which is above the 5-year average of 25.0 and above the 10-year average of 22.6.

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

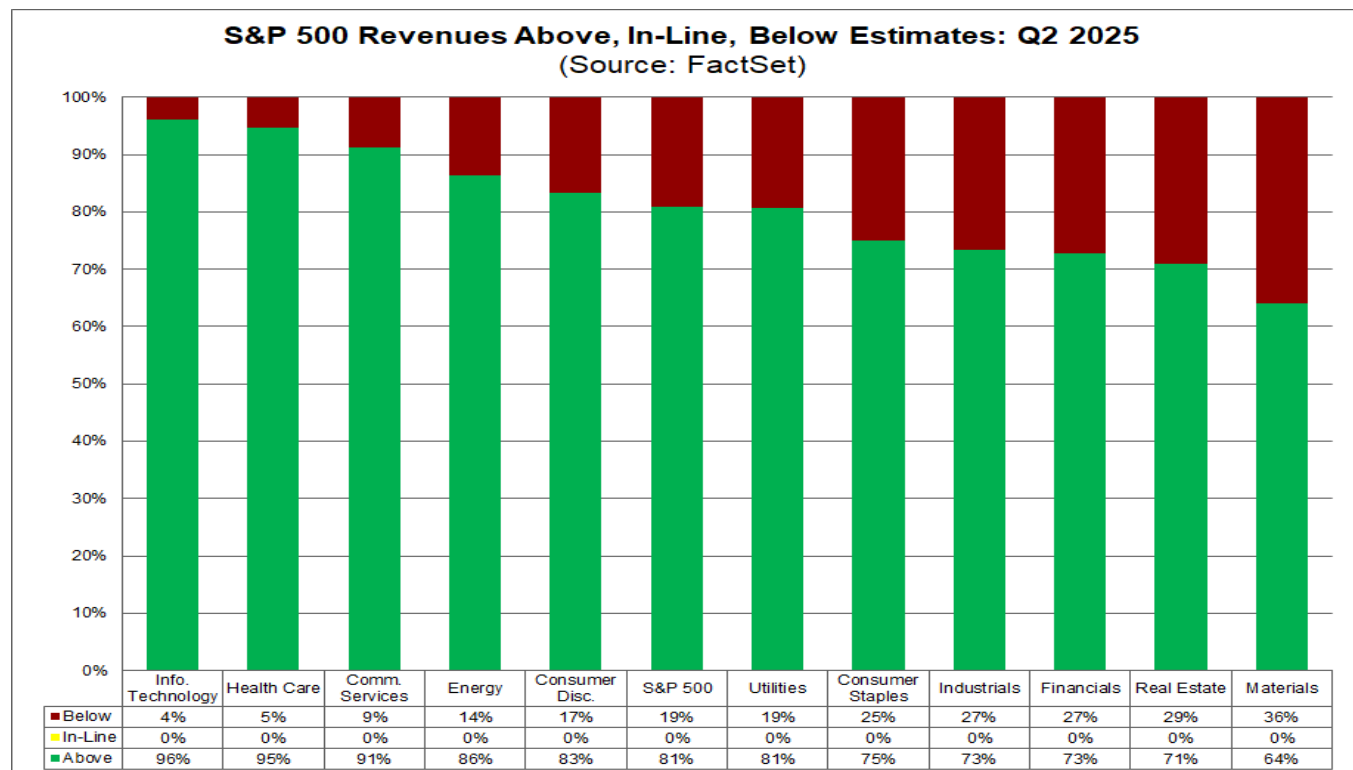
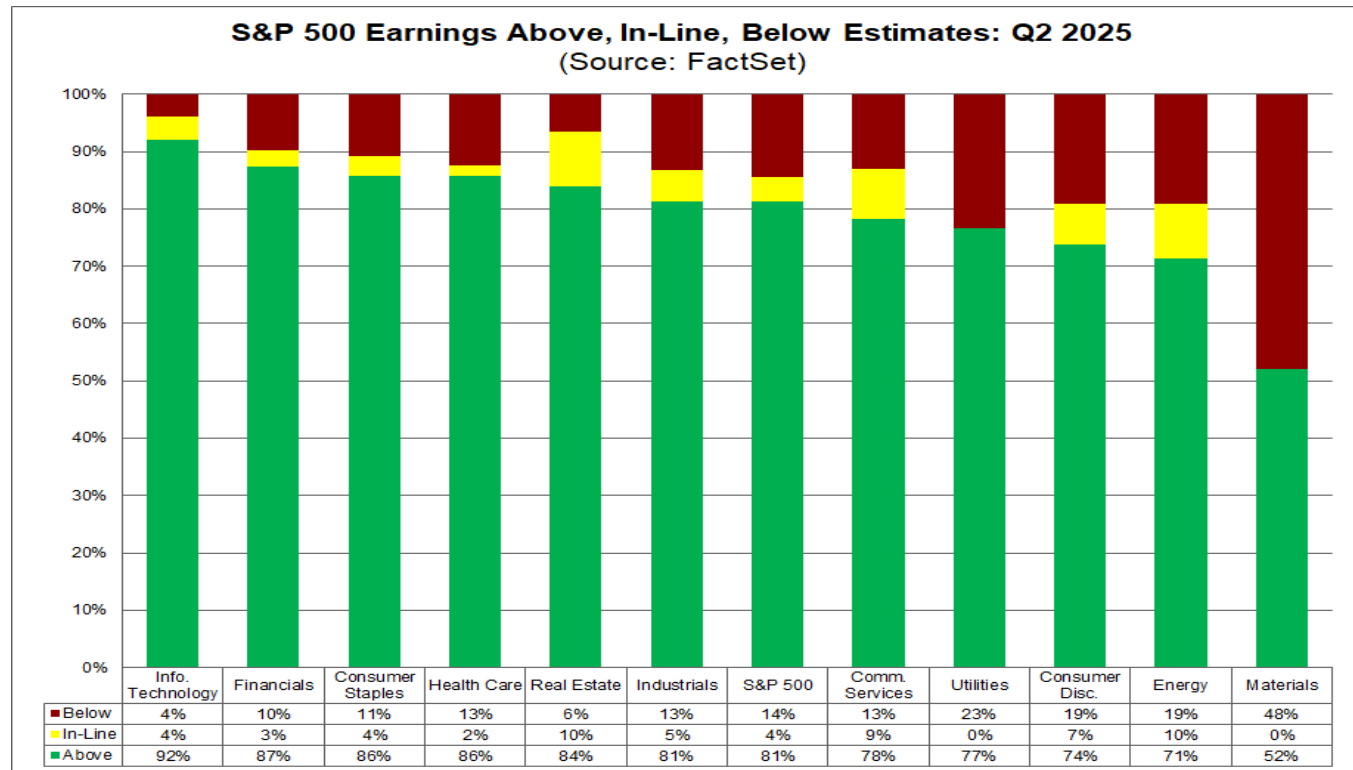
The bottom-up target price for the S&P 500 is 7148.08, which is 12.7% above the closing price of 6340.00. At the sector level, the Health Care (+20.4%) and Energy (+18.4%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Utilities (+6.5%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 12,425 ratings on stocks in the S&P 500. Of these 12,425 ratings, 55.7% are Buy ratings, 39.2% are Hold ratings, and 5.1% are Sell ratings. At the sector level, the Energy (66%), Information Technology (64%), and Communication Services (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

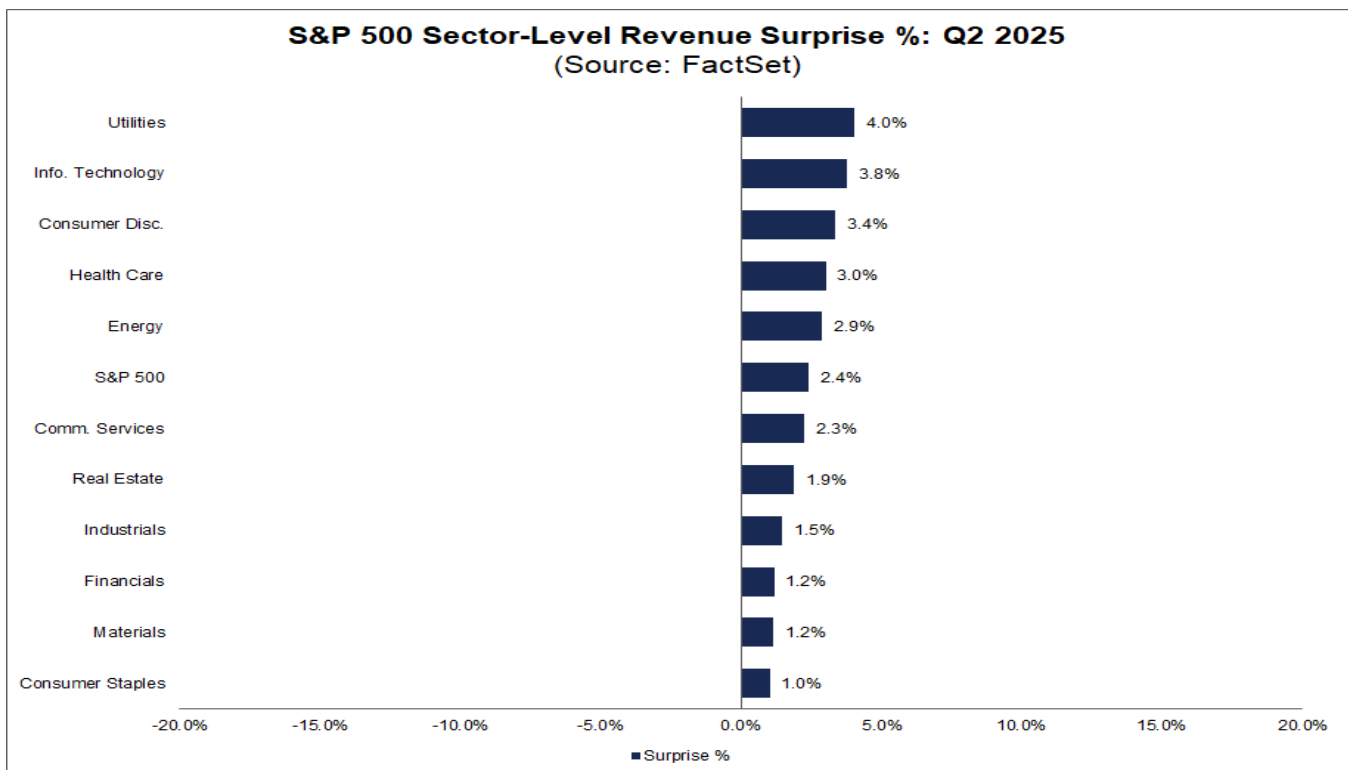
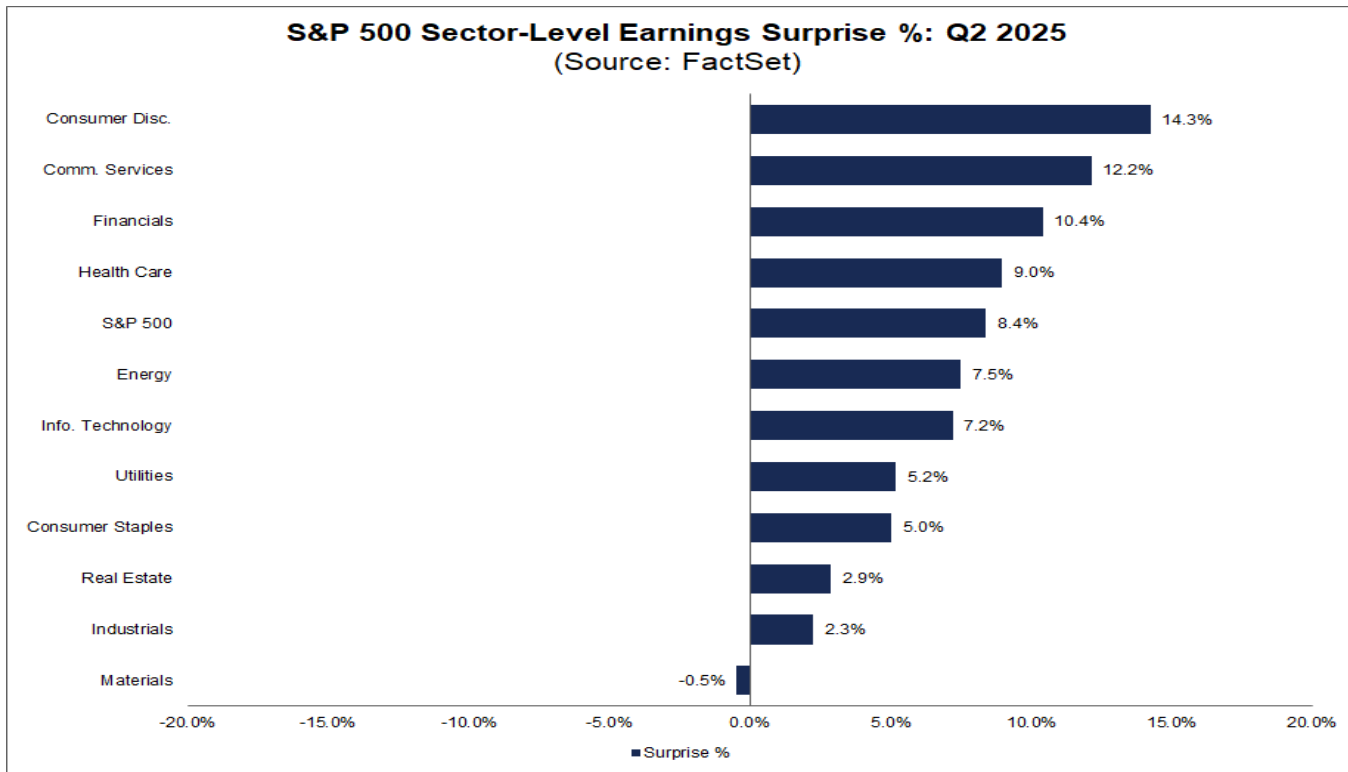
### **Companies Reporting Next Week: 8**

During the upcoming week, 8 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the second quarter.

## Q2 2025: Scorecard

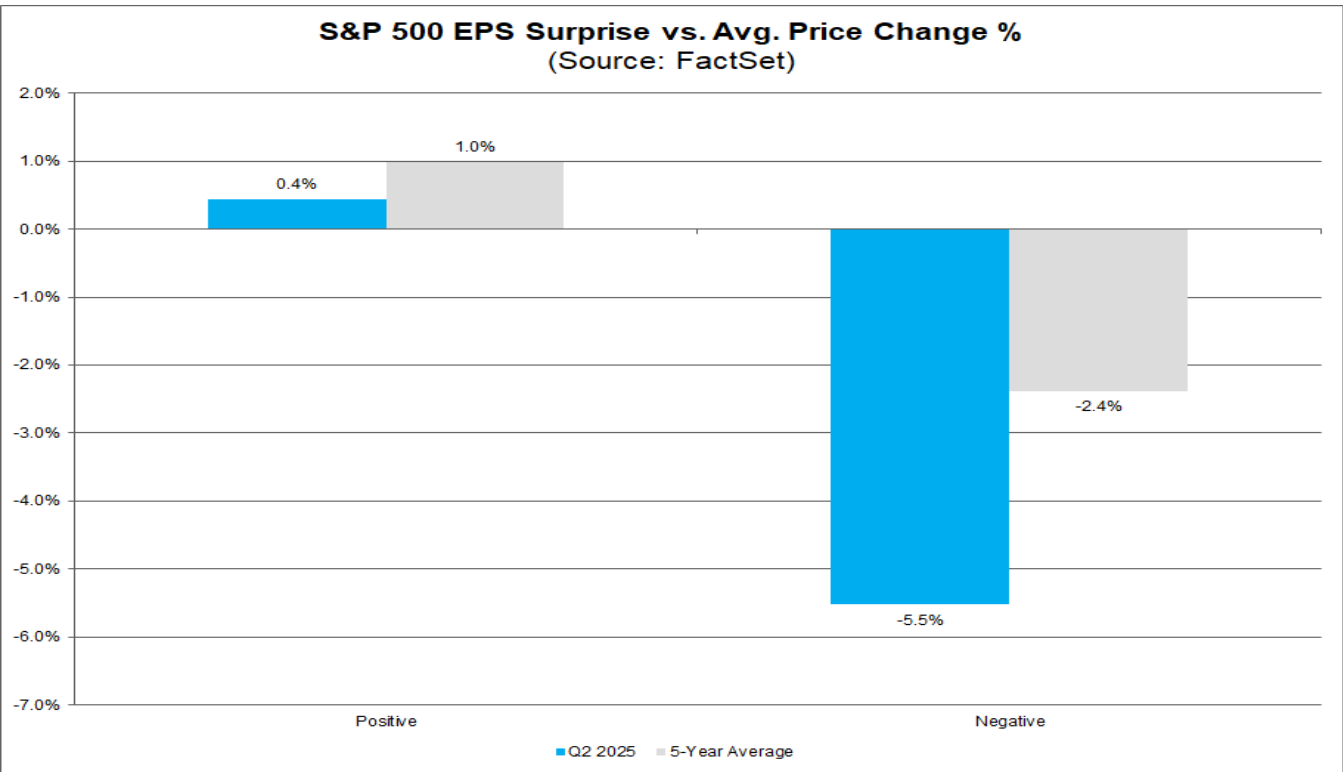
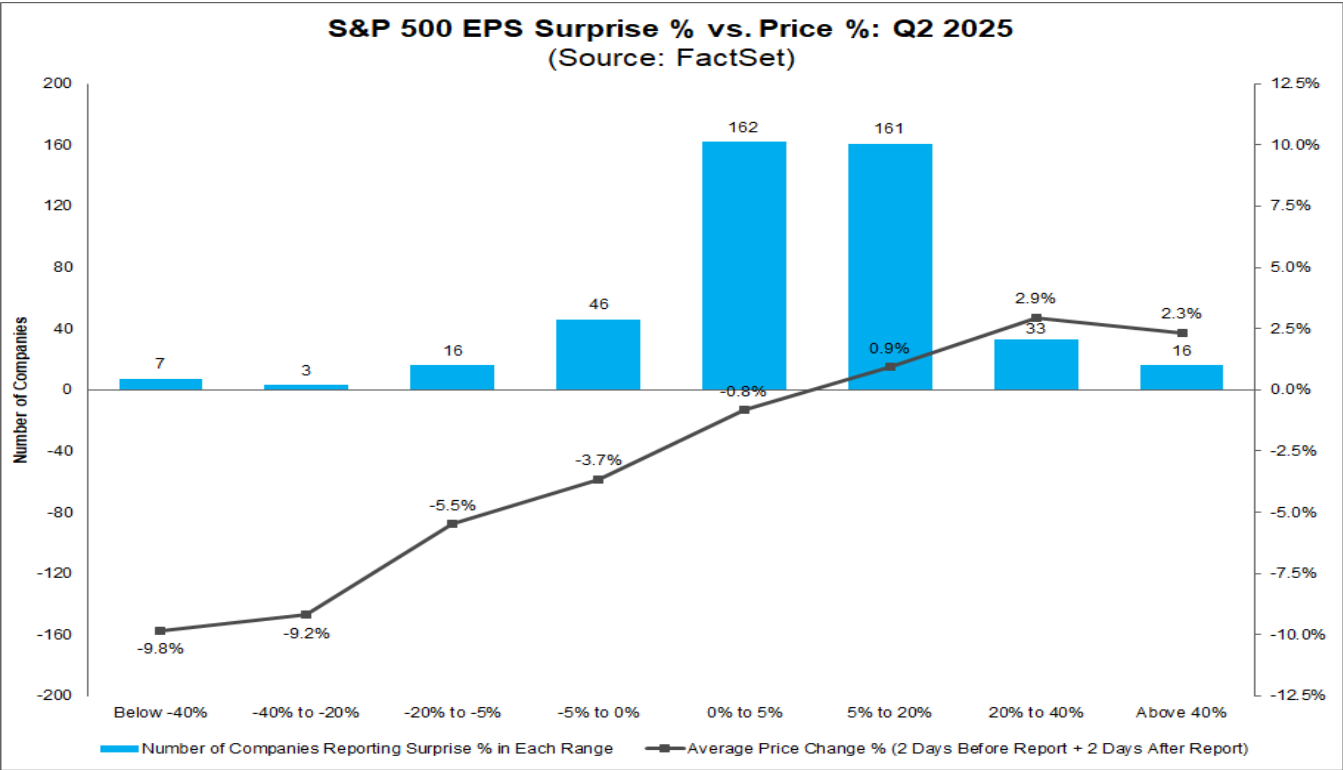


## Q2 2025: Surprise

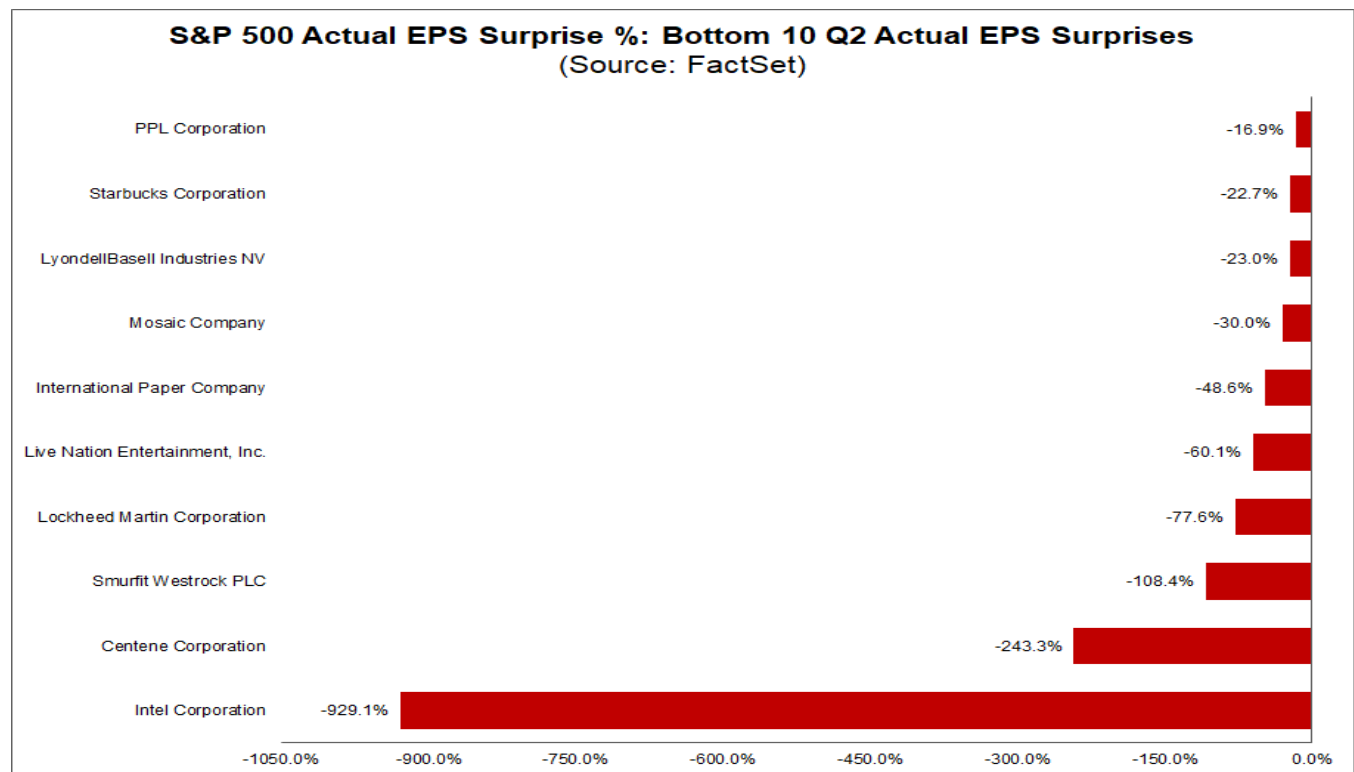
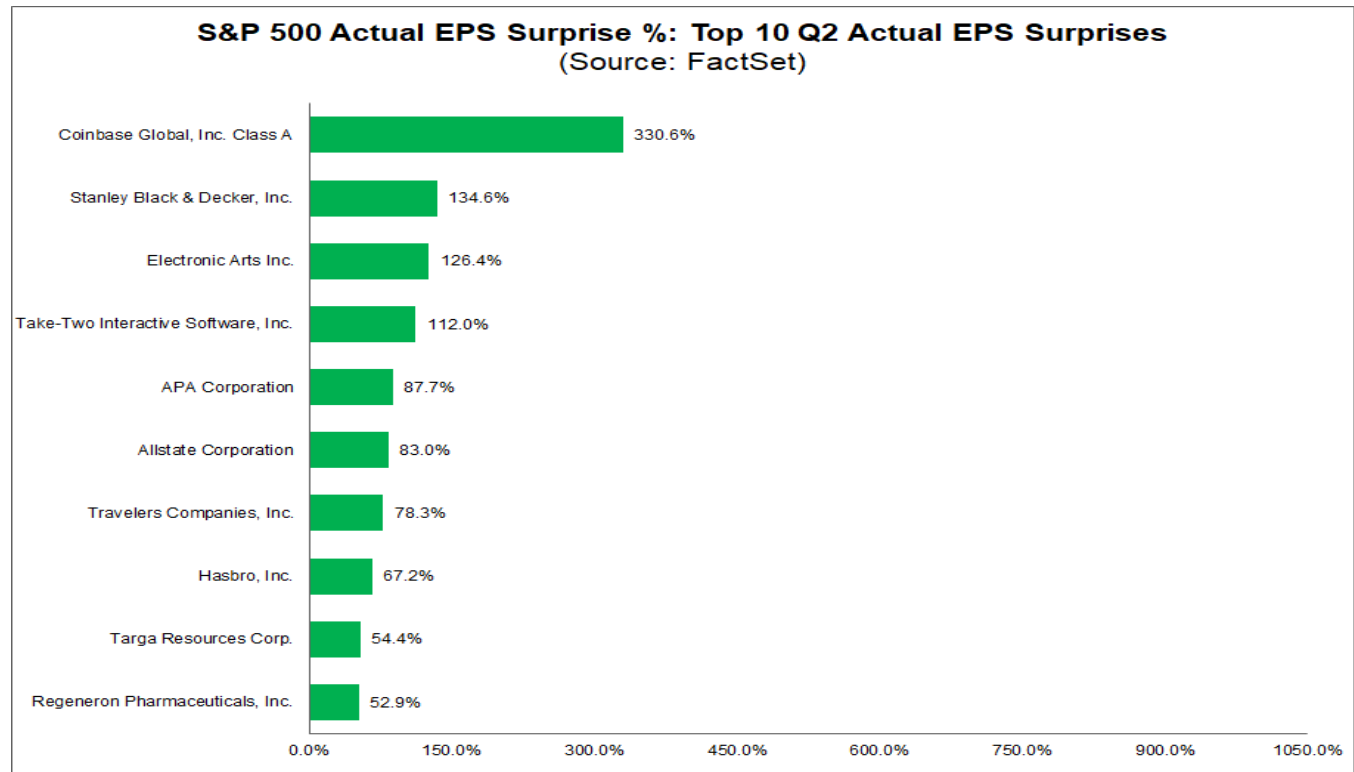




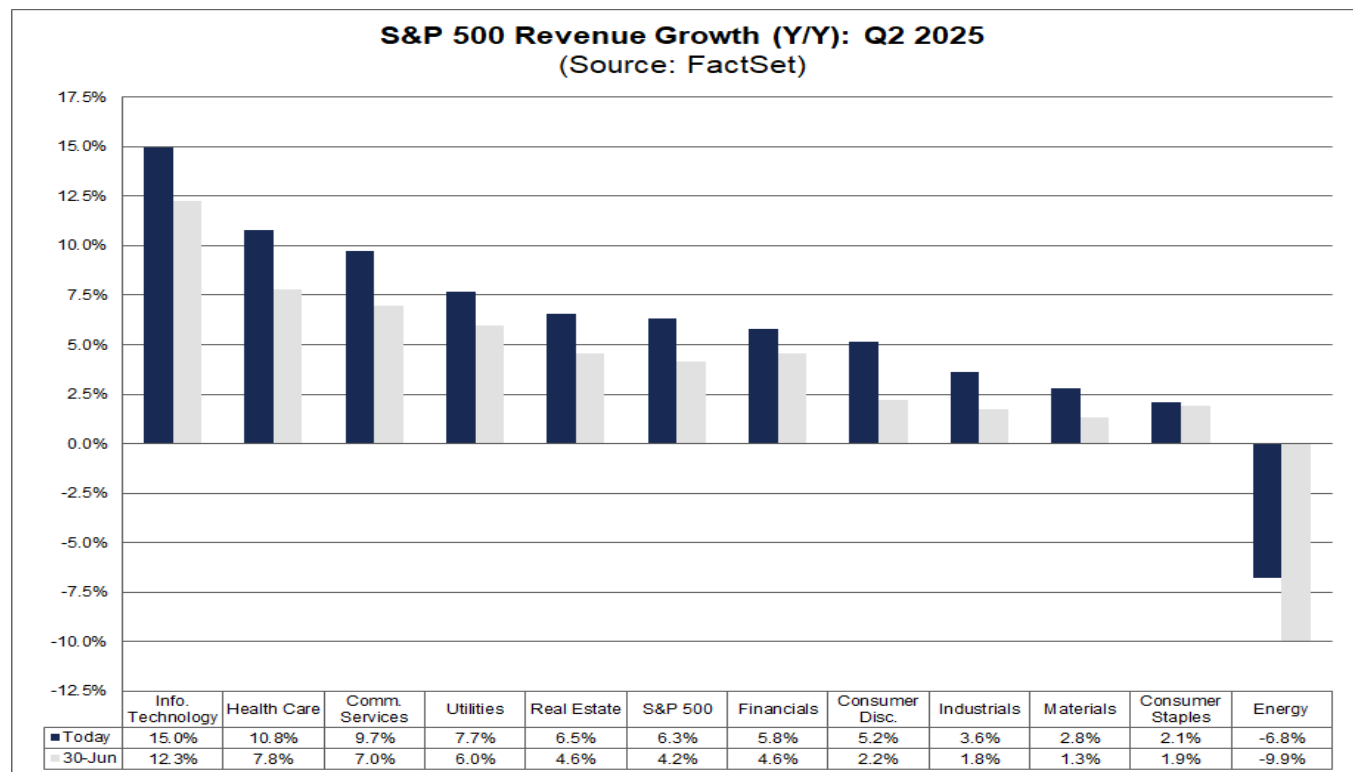
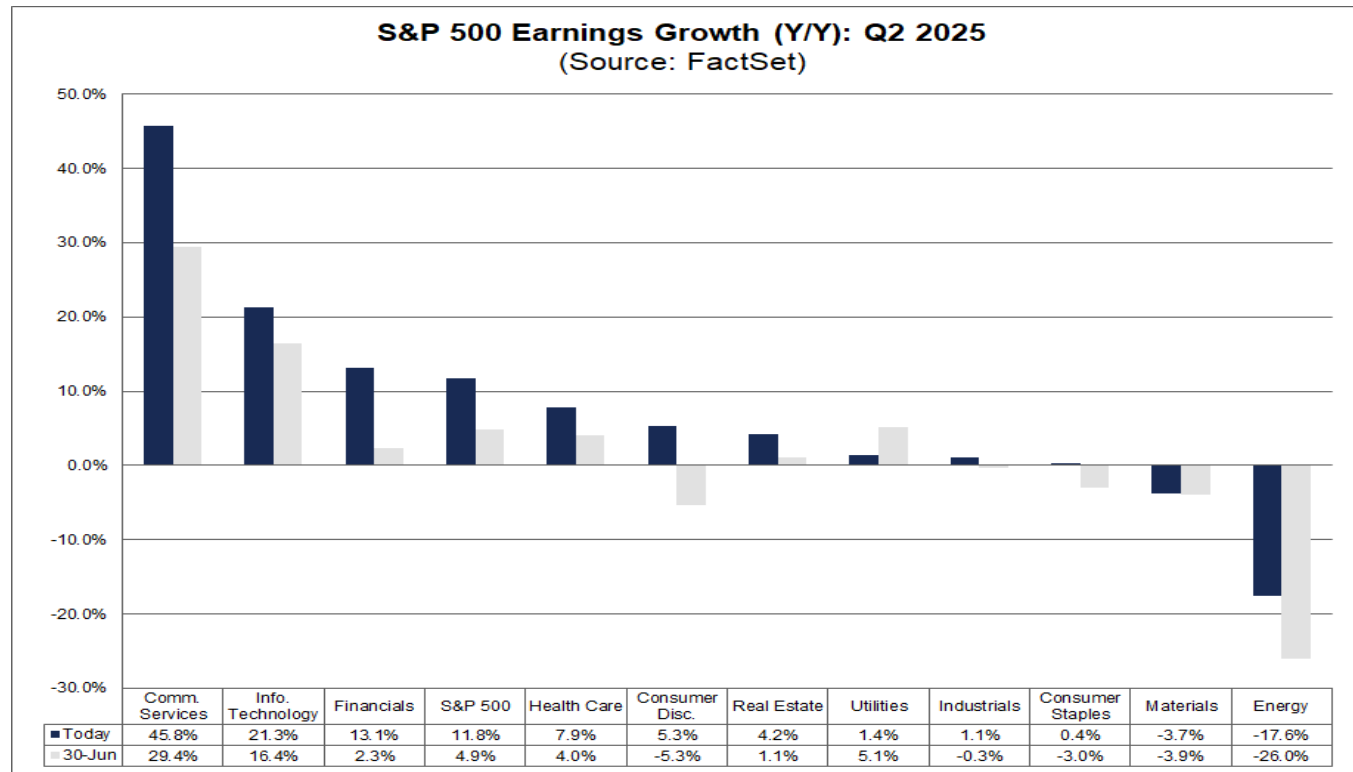
Q2 2025: Surprise



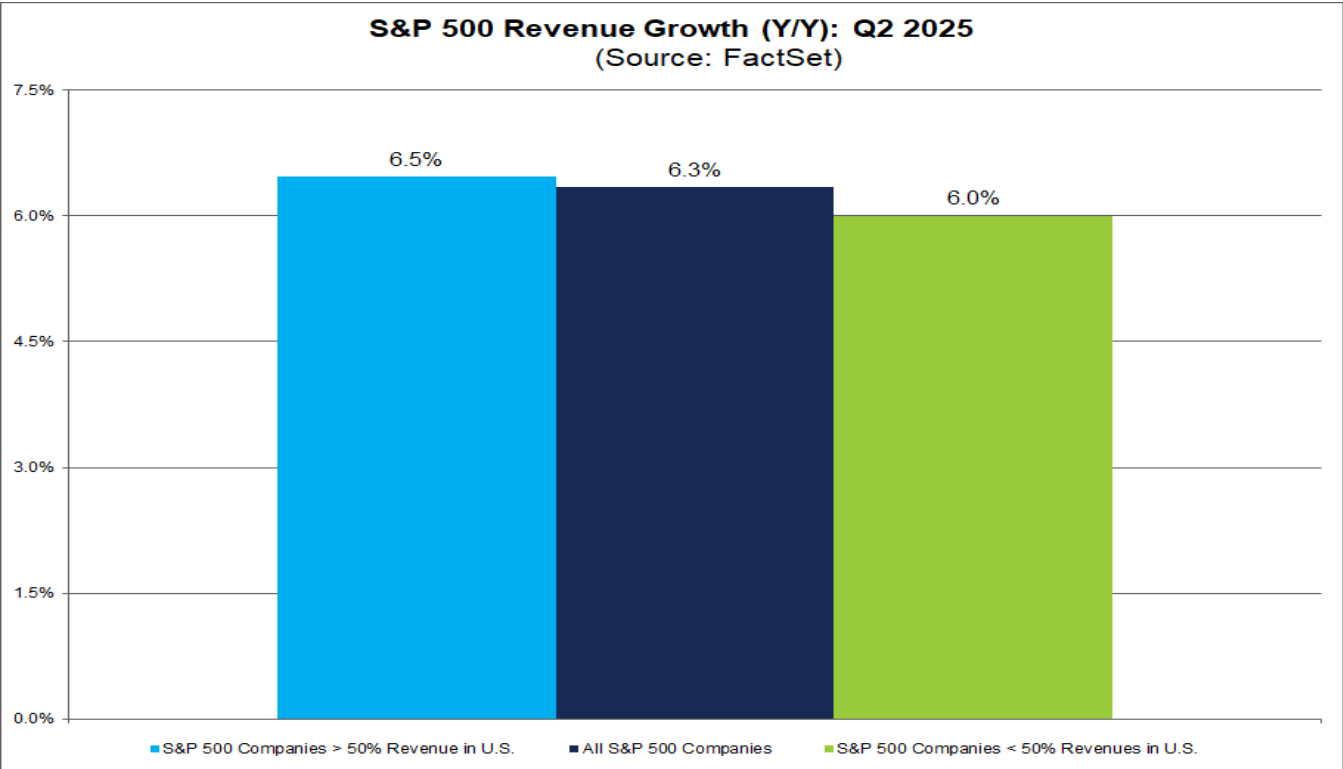
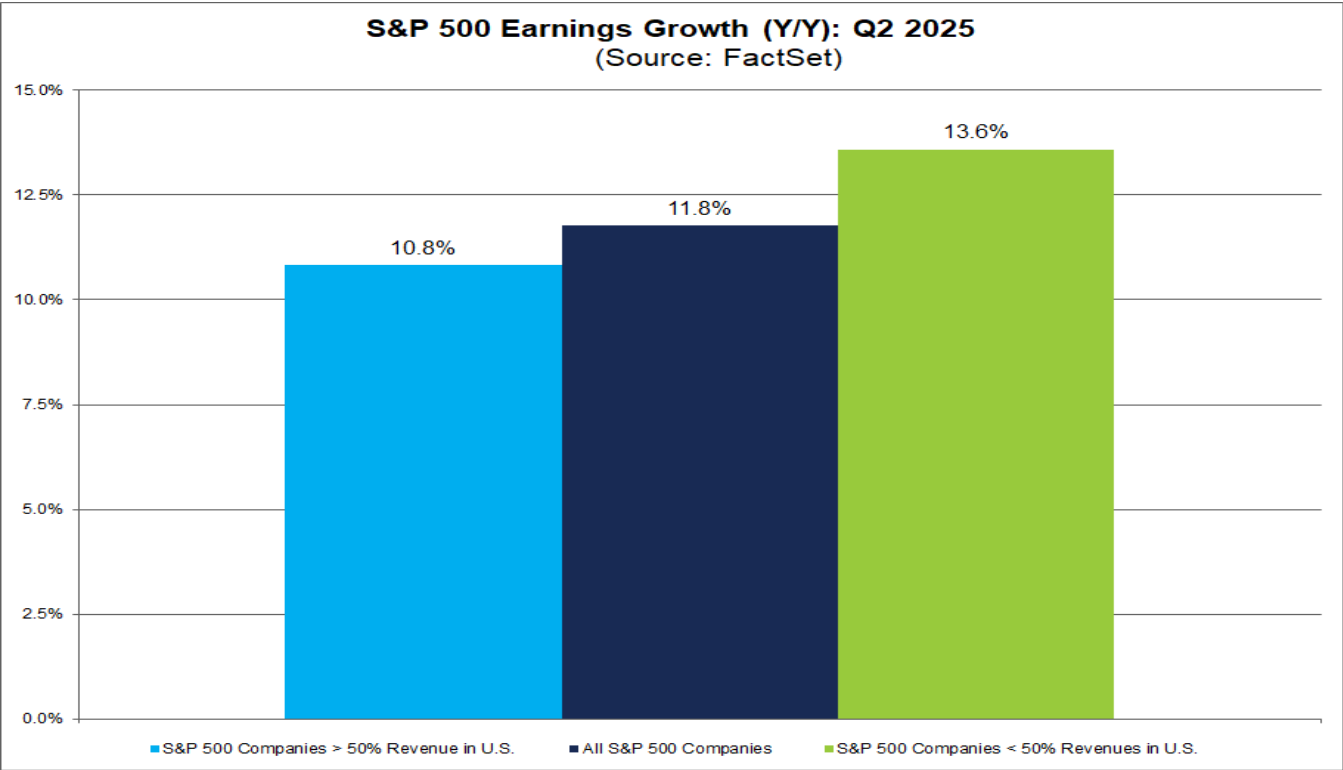
## Q2 2025: Surprise



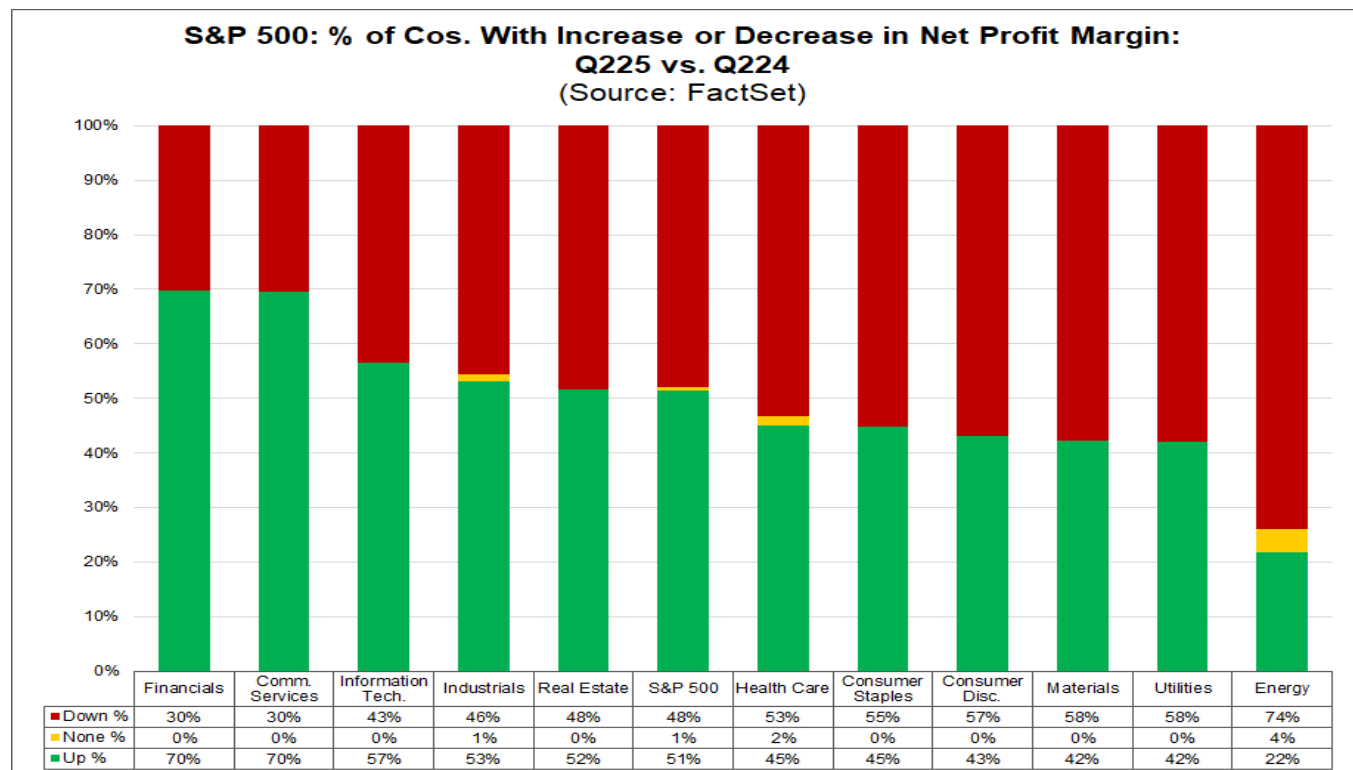
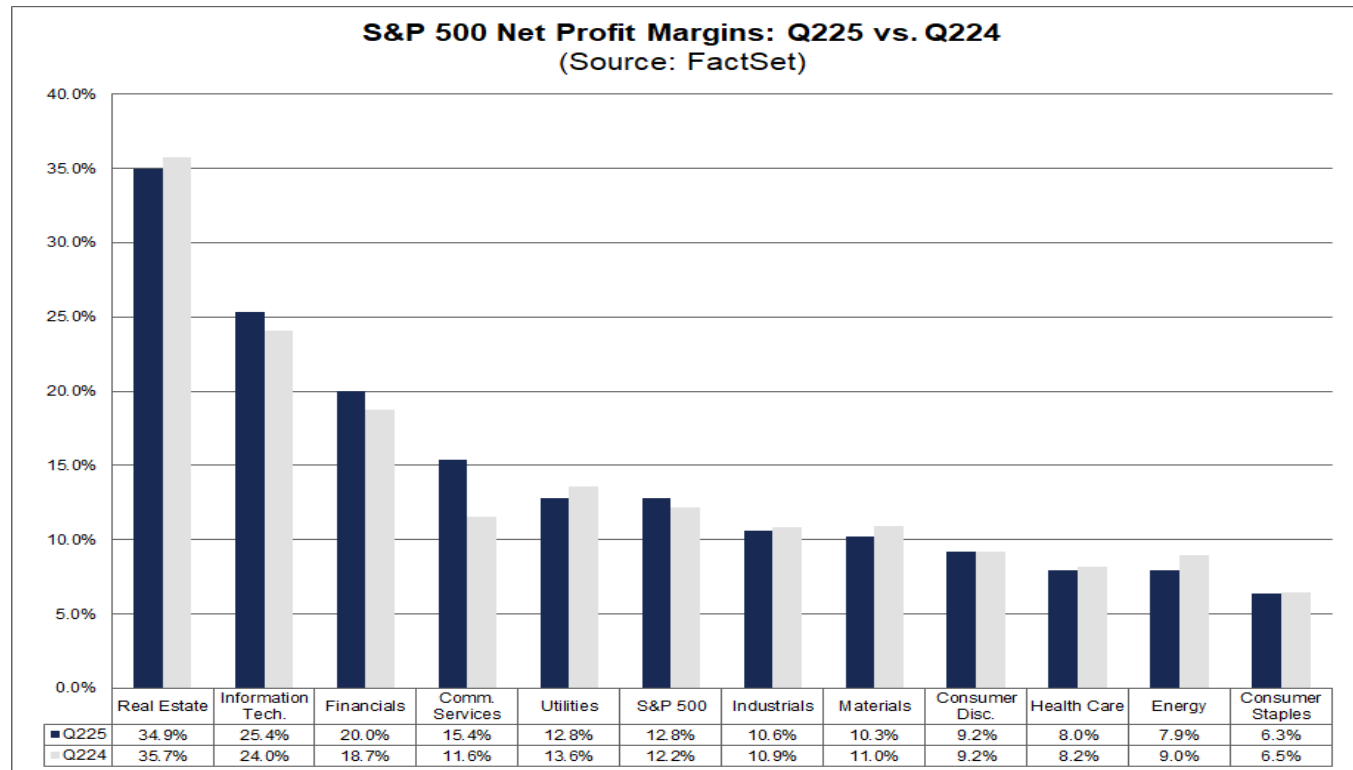
## Q2 2025: Growth



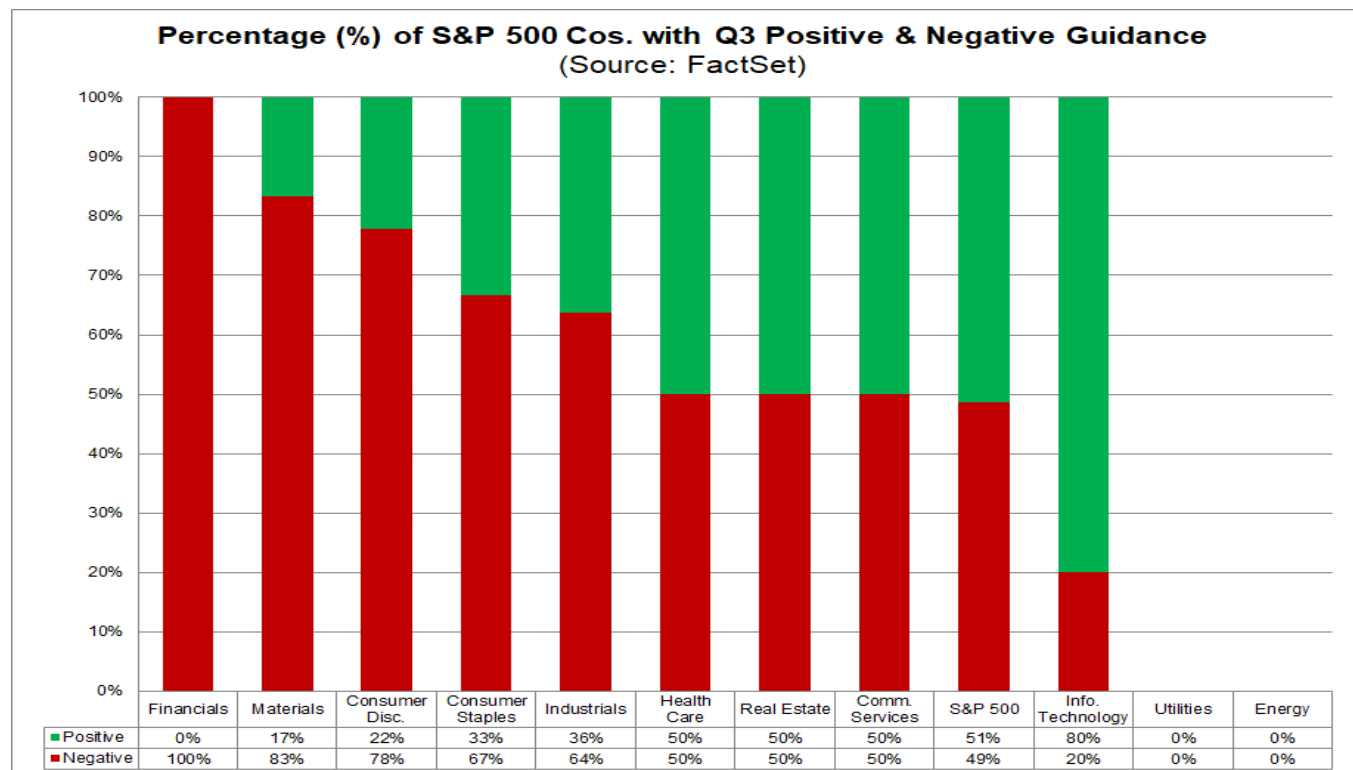
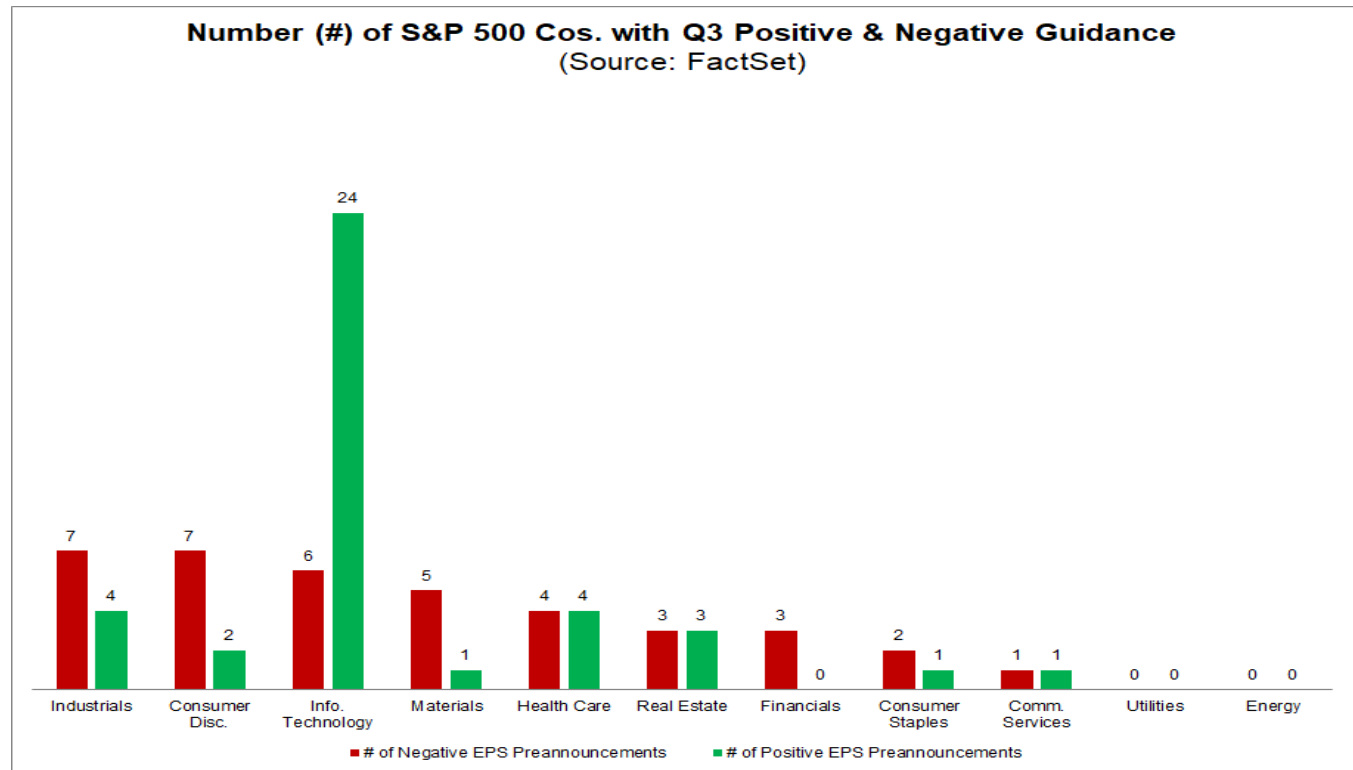
Q2 2025: Growth



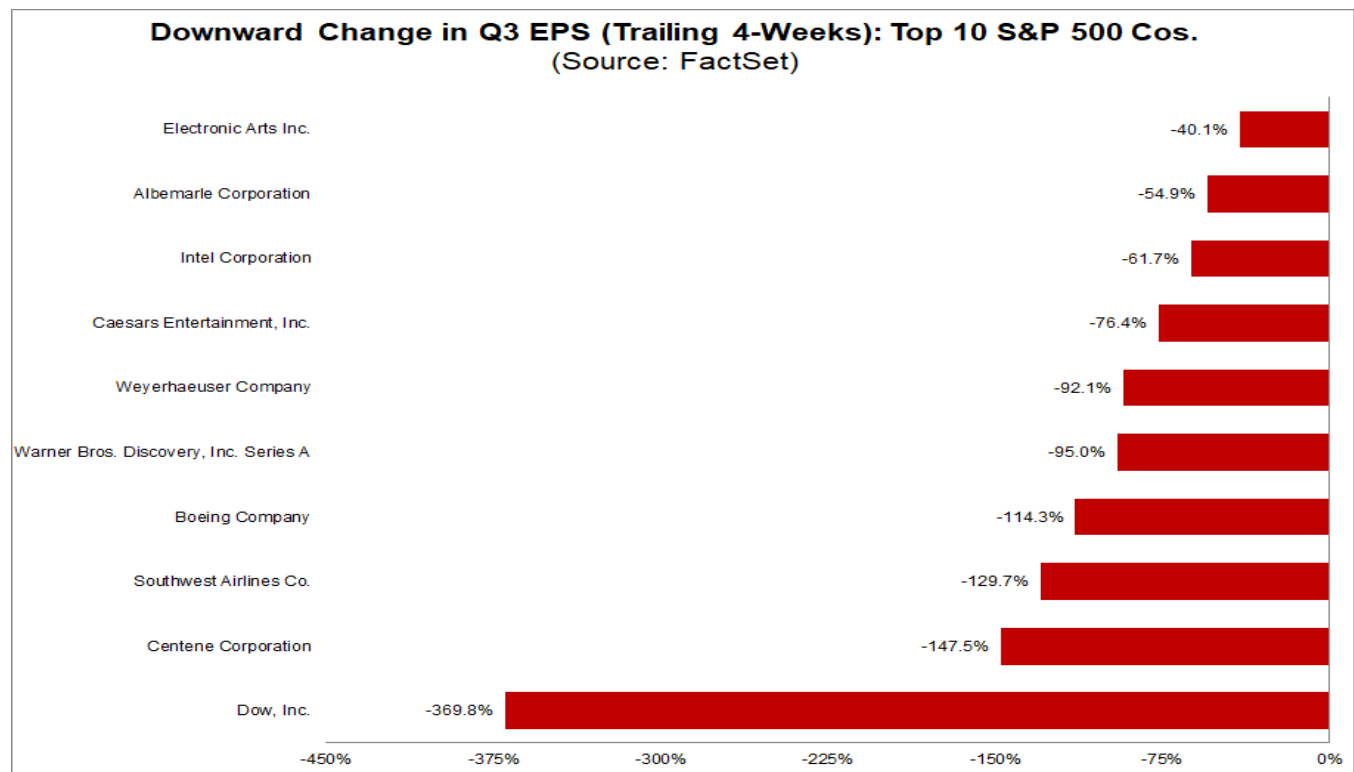
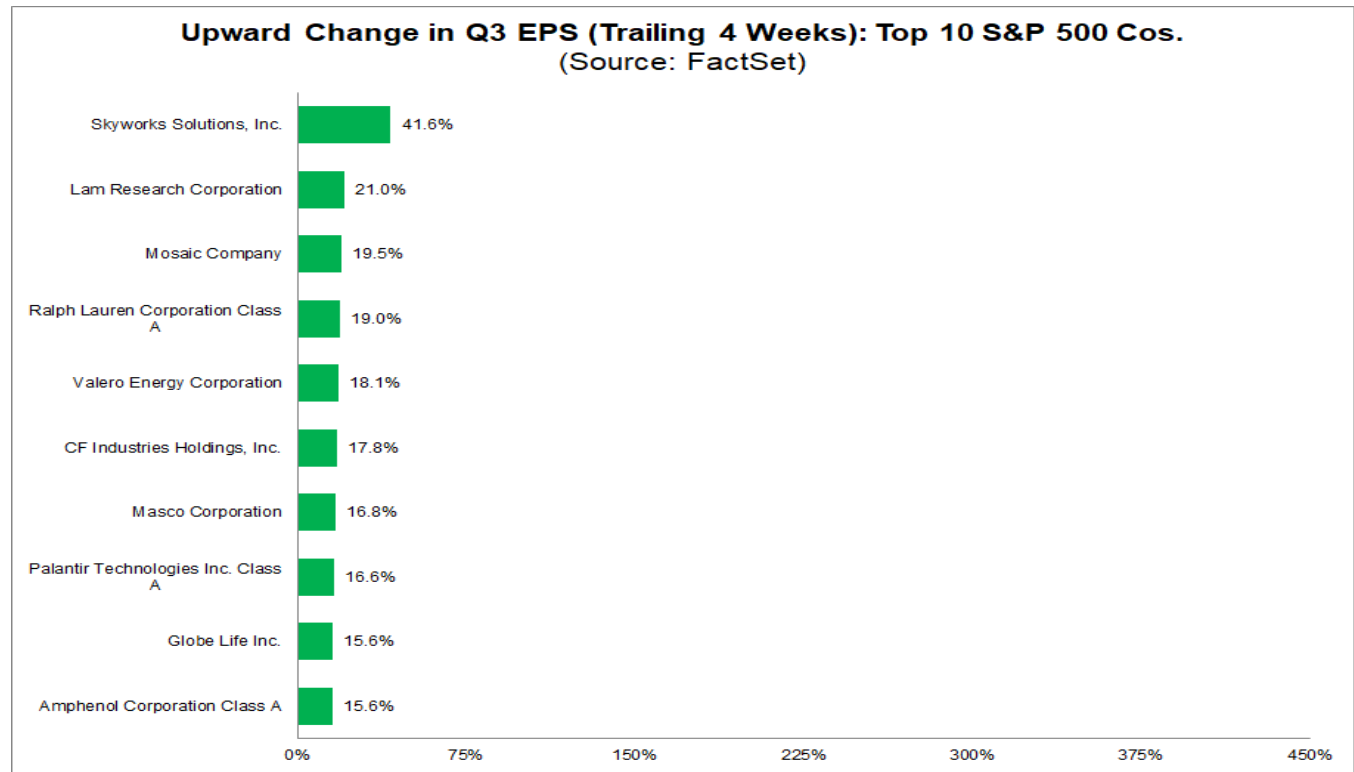
## Q2 2025: Net Profit Margin



## Q3 2025: Guidance

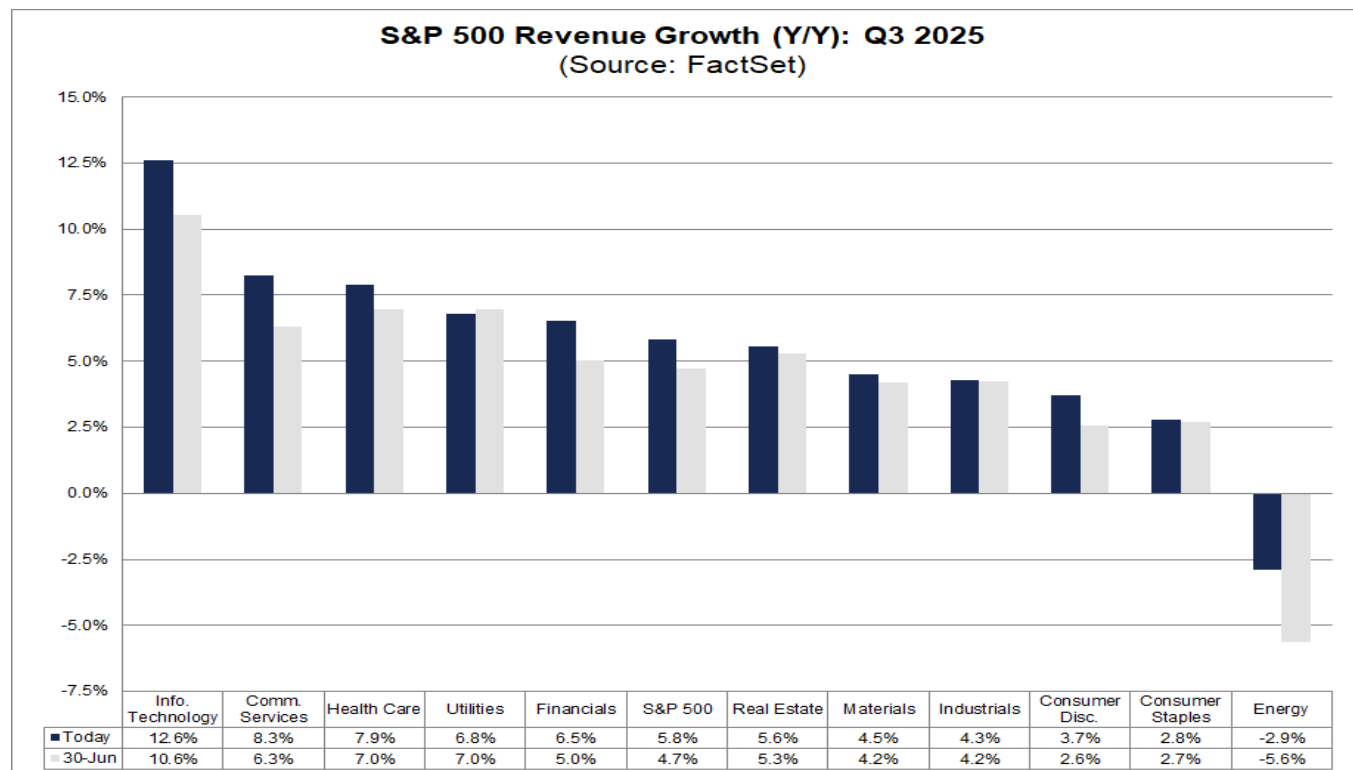
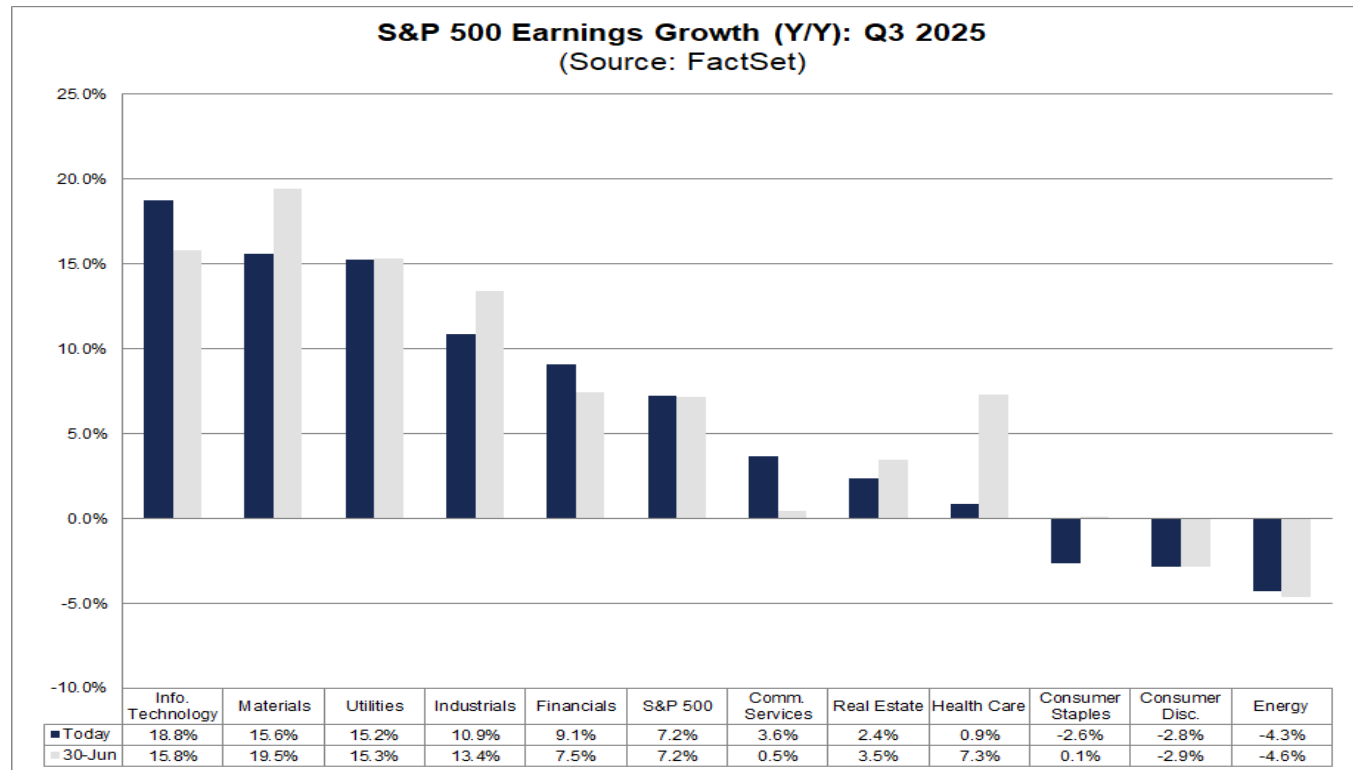


## Q3 2025: EPS Revisions

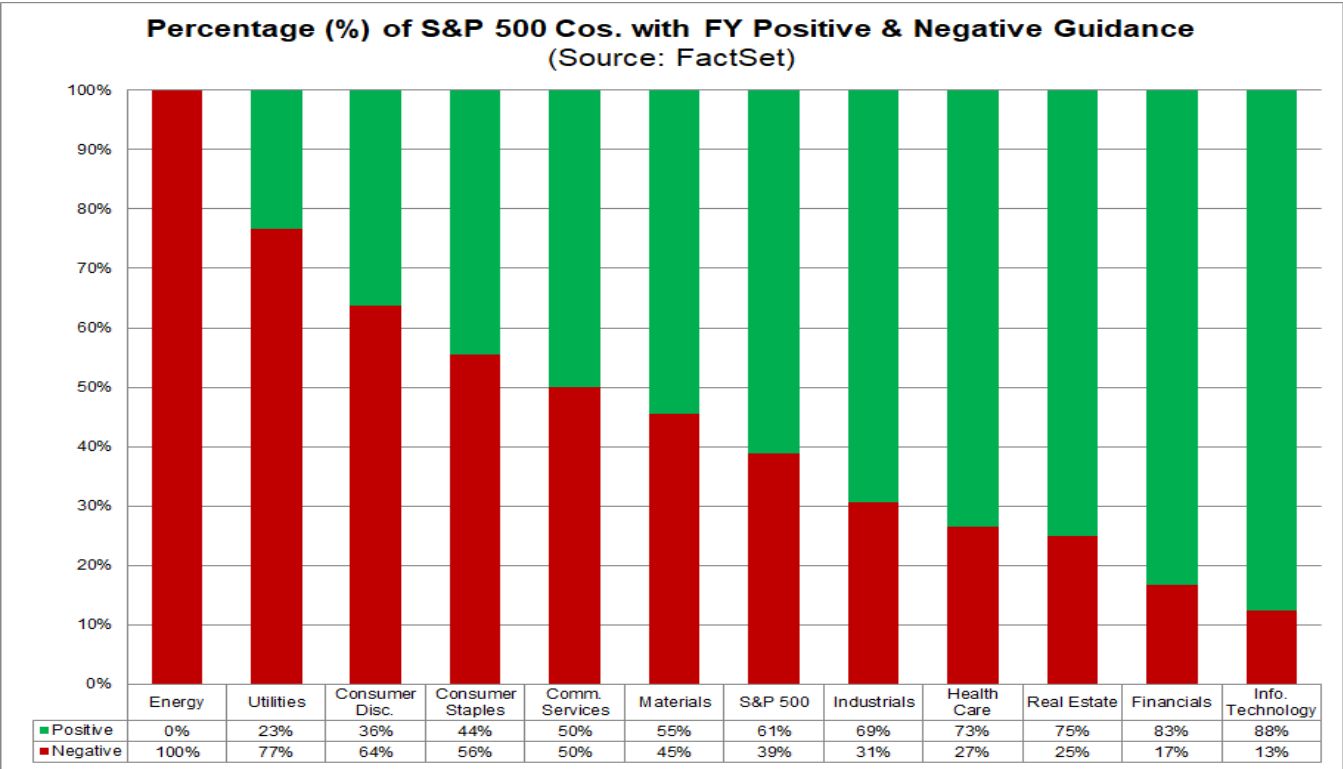
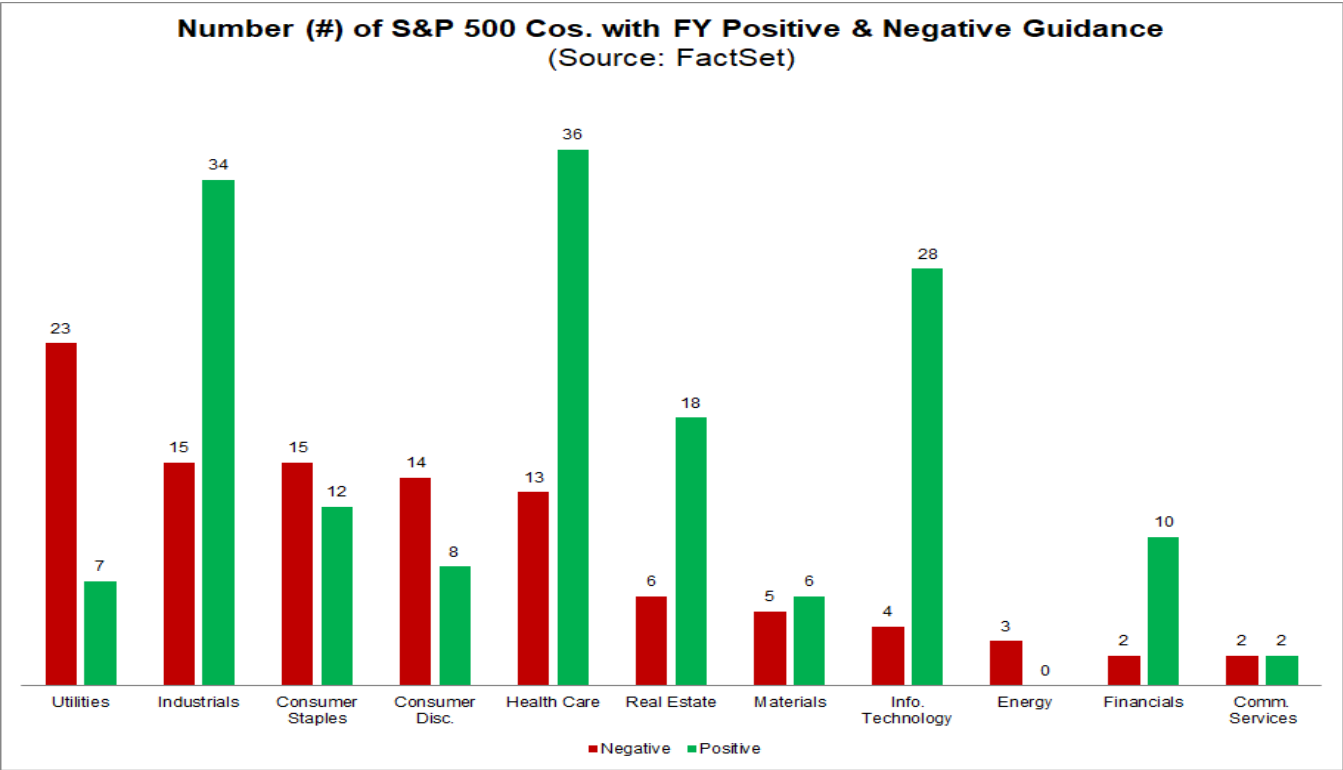




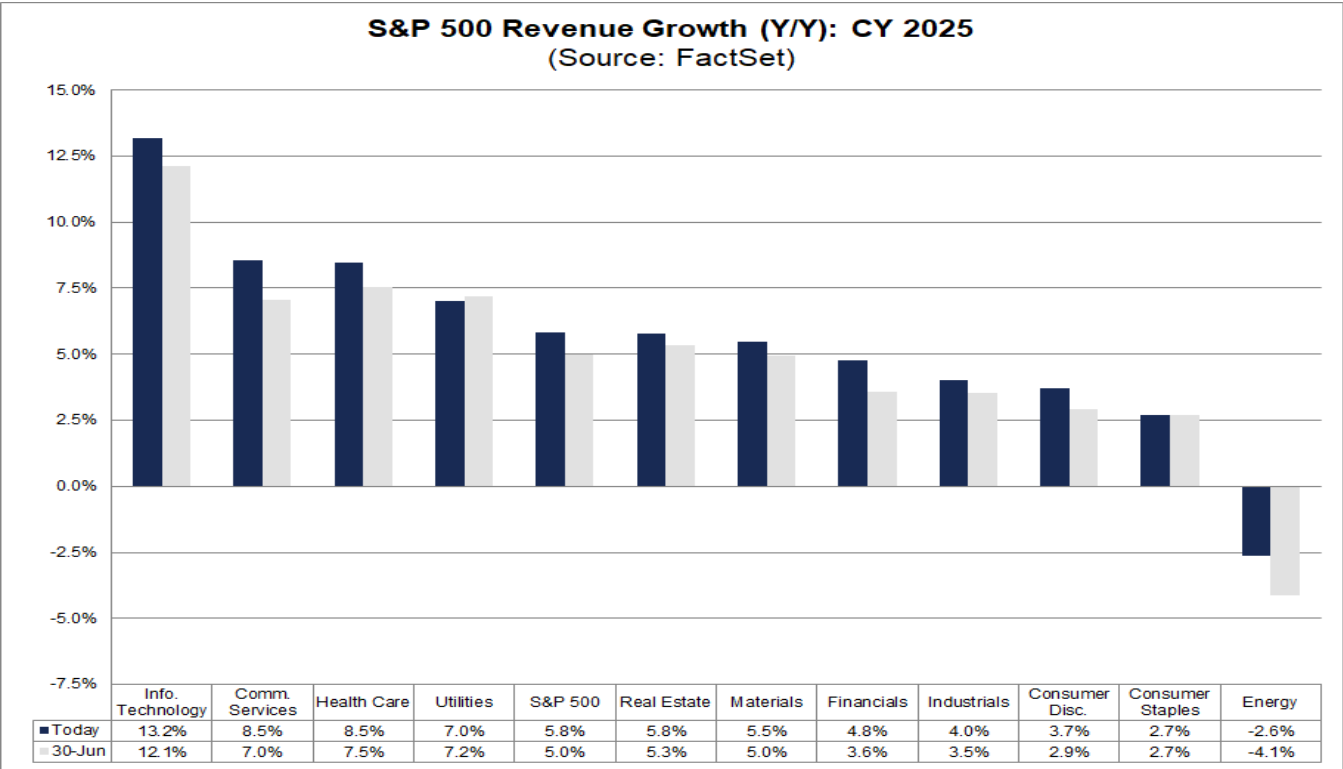
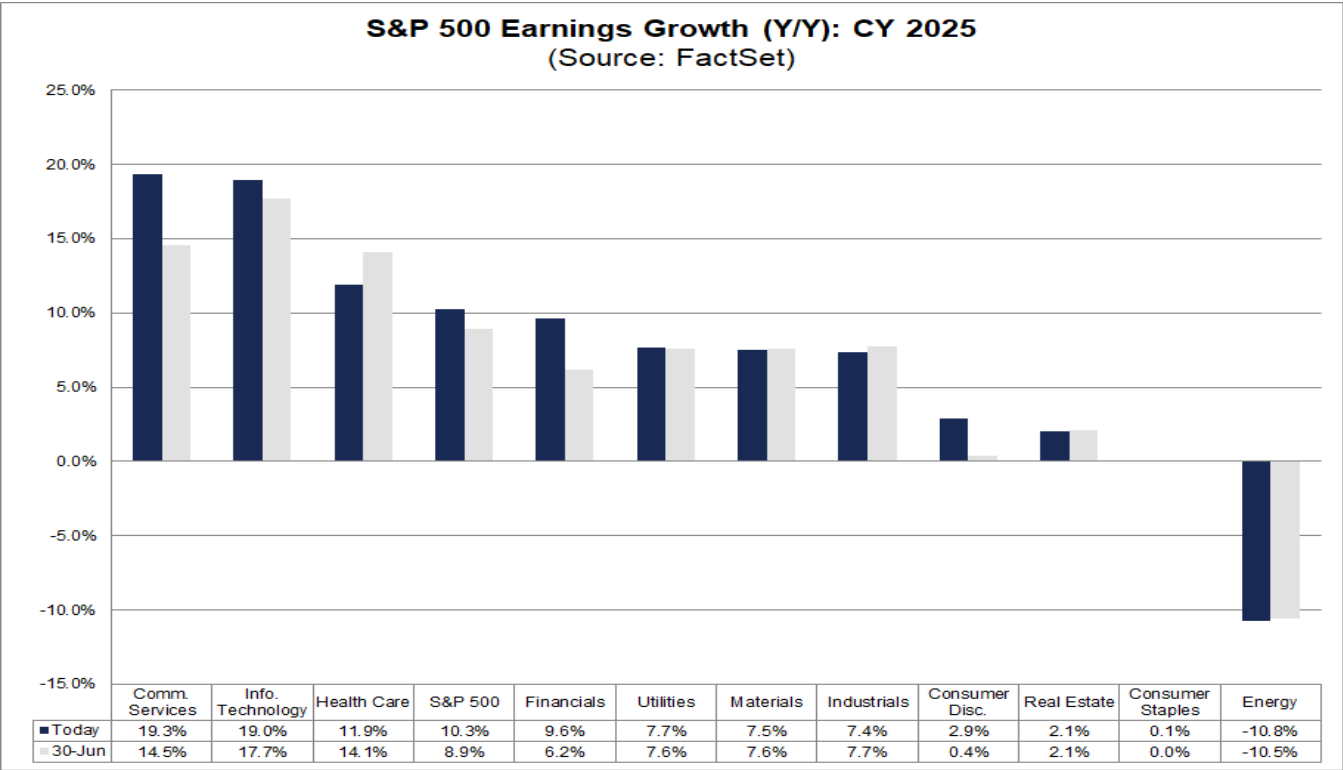
## Q3 2025: Growth



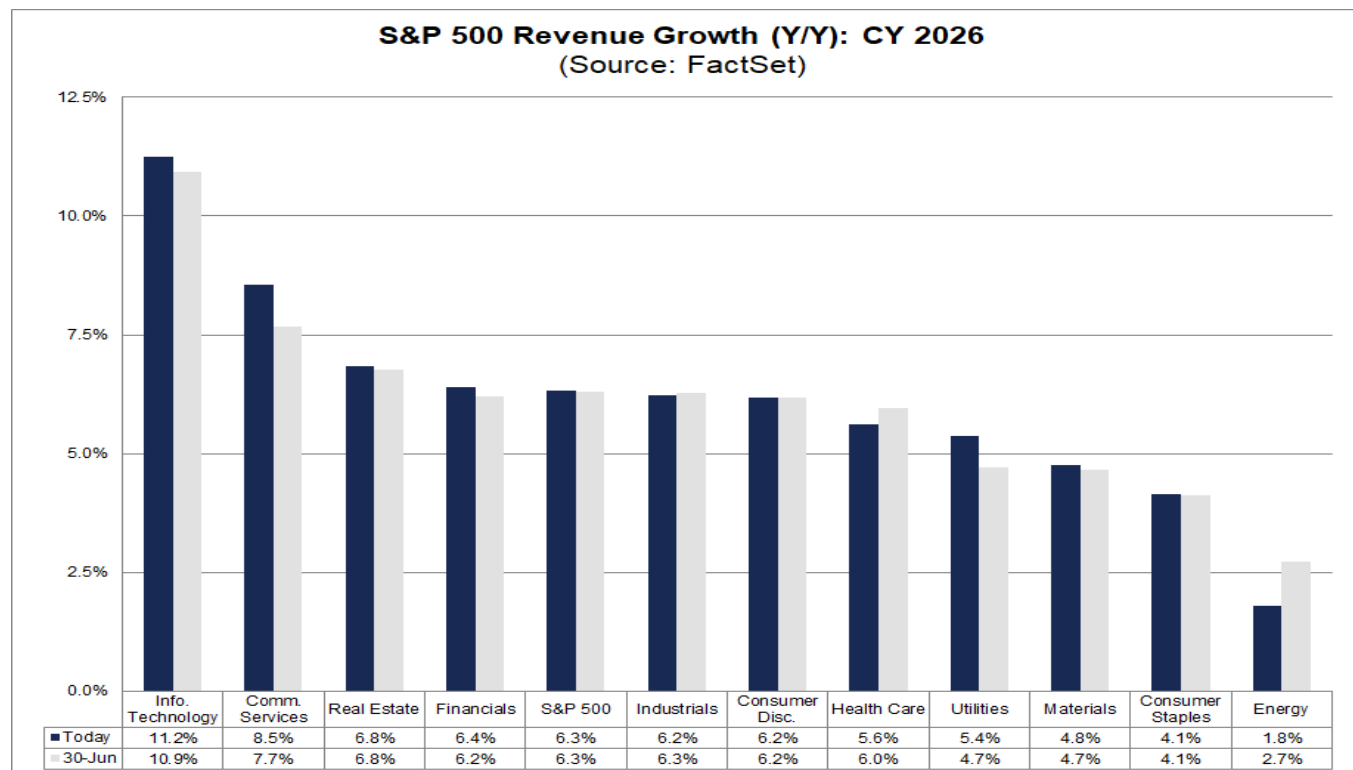
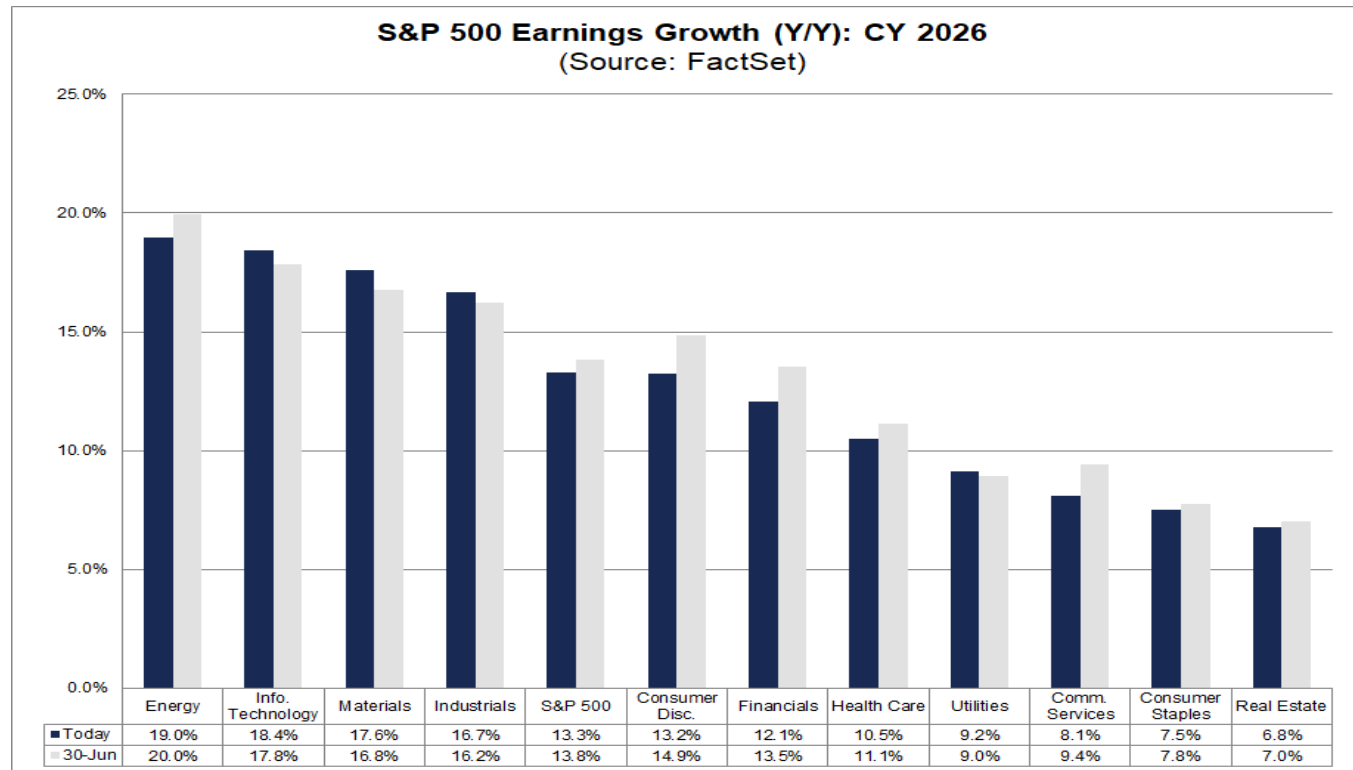
FY 2025 / 2026: EPS Guidance



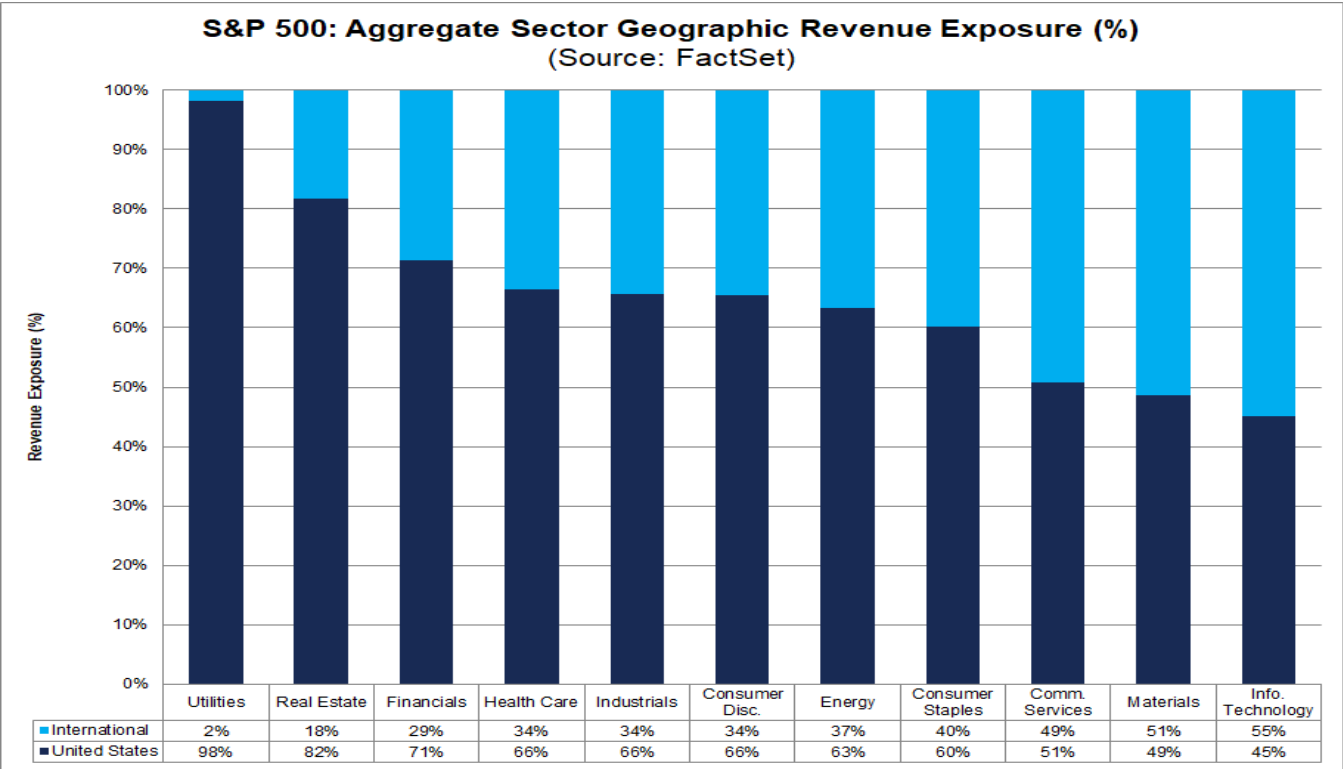
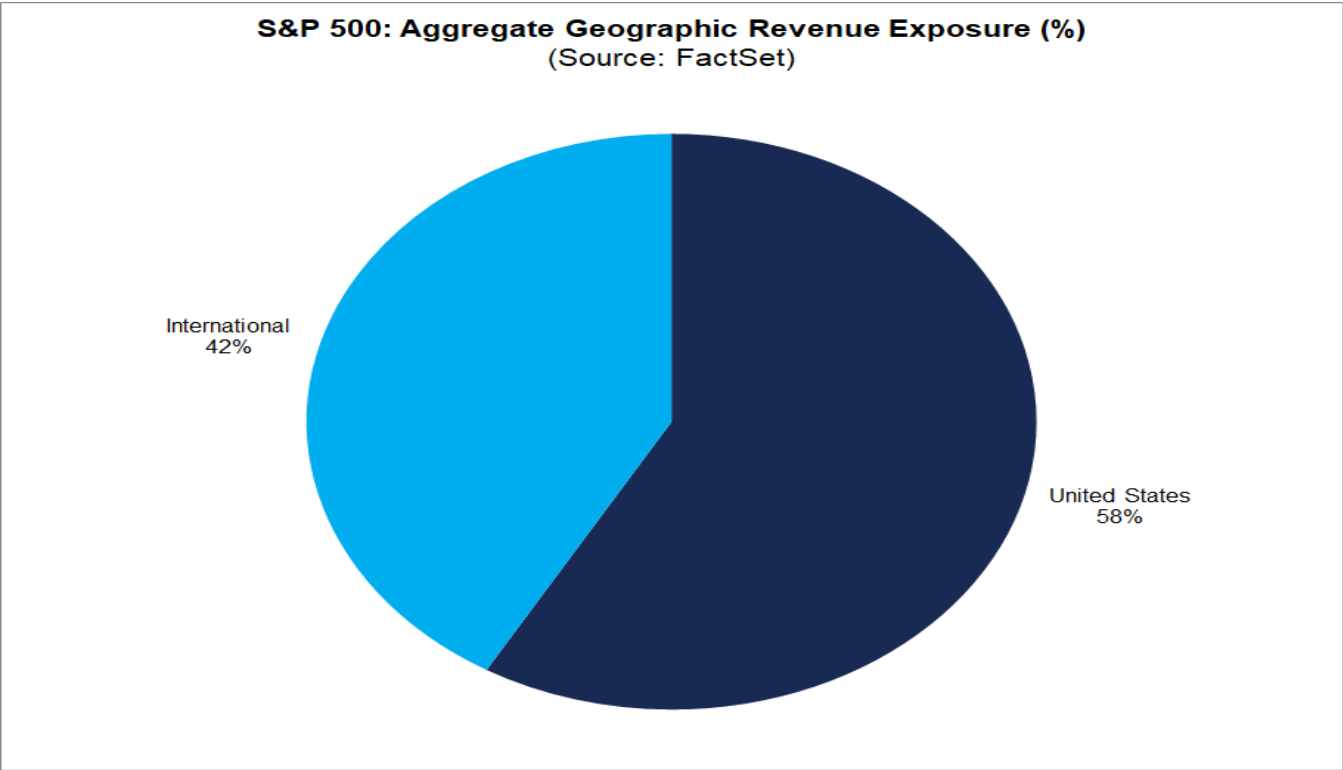
CY 2025: Growth



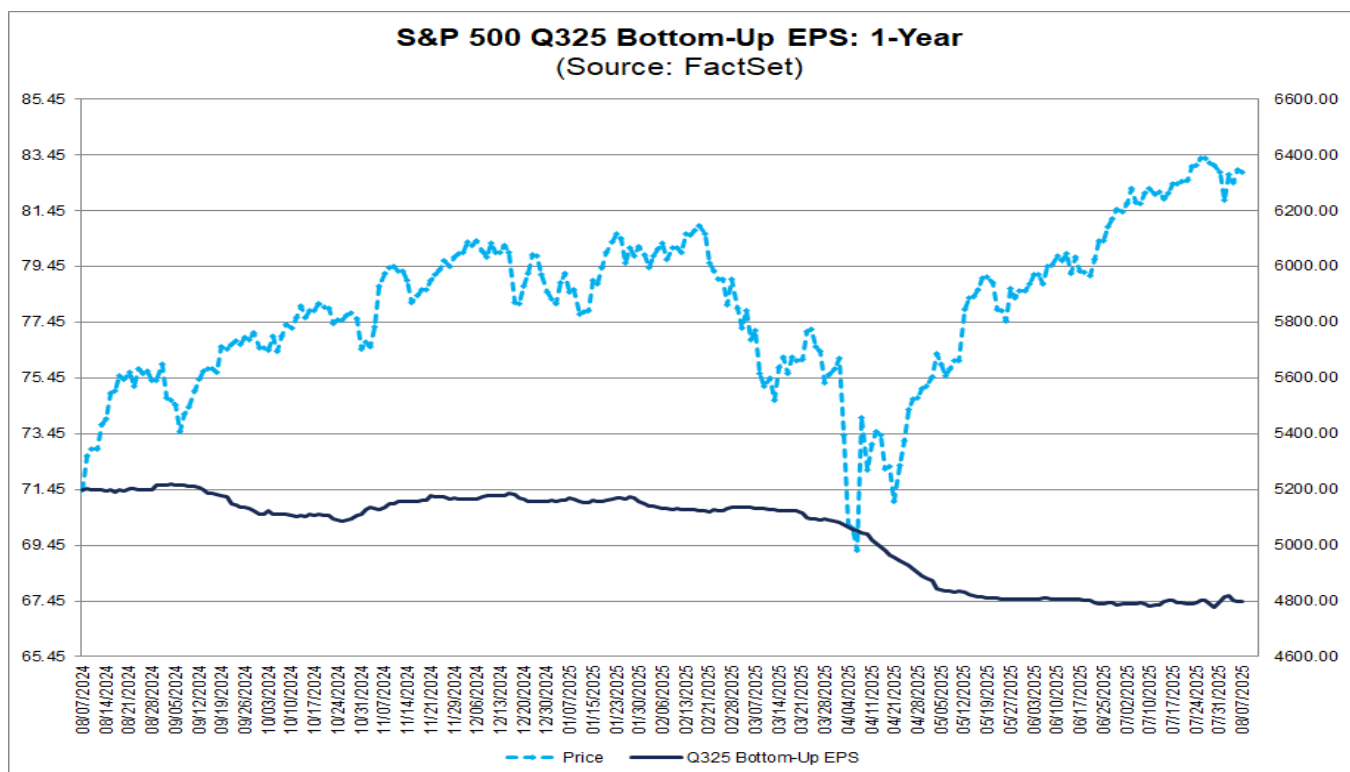
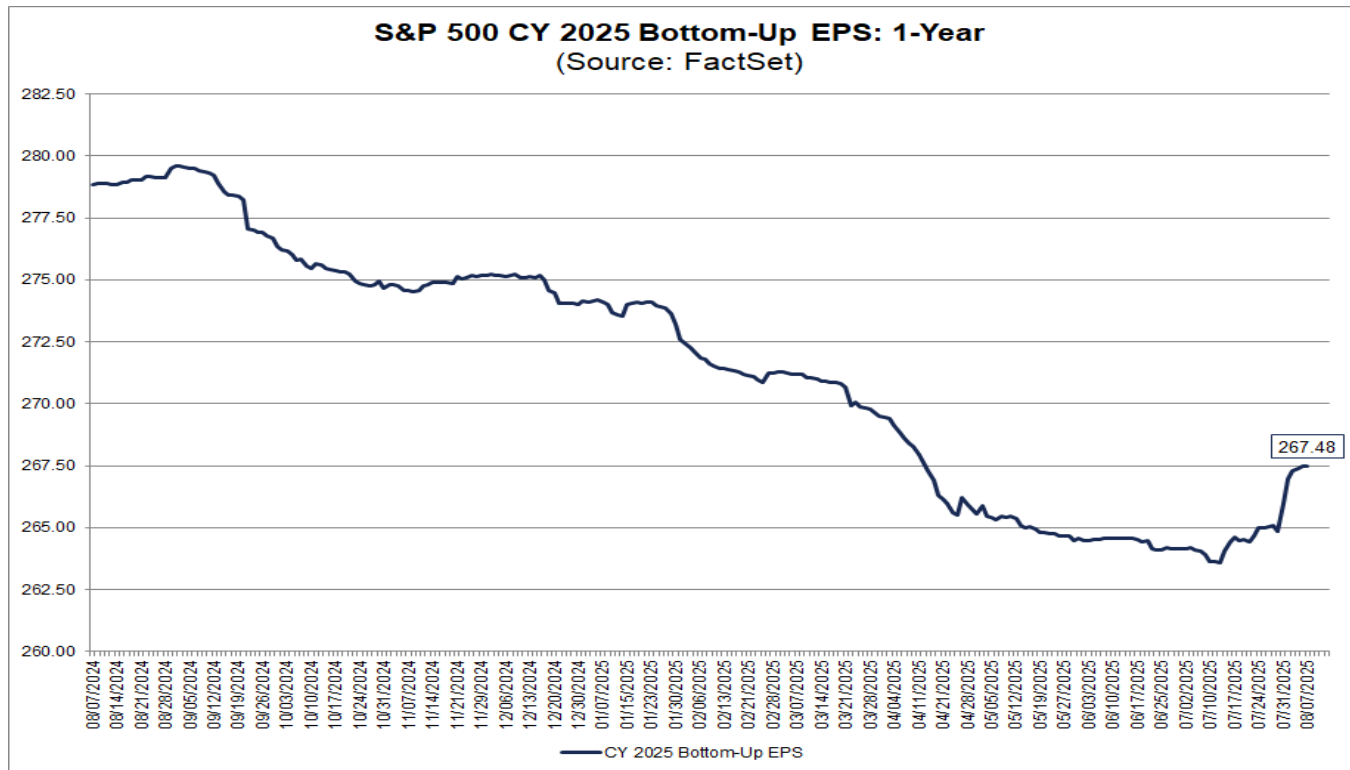
## CY 2026: Growth



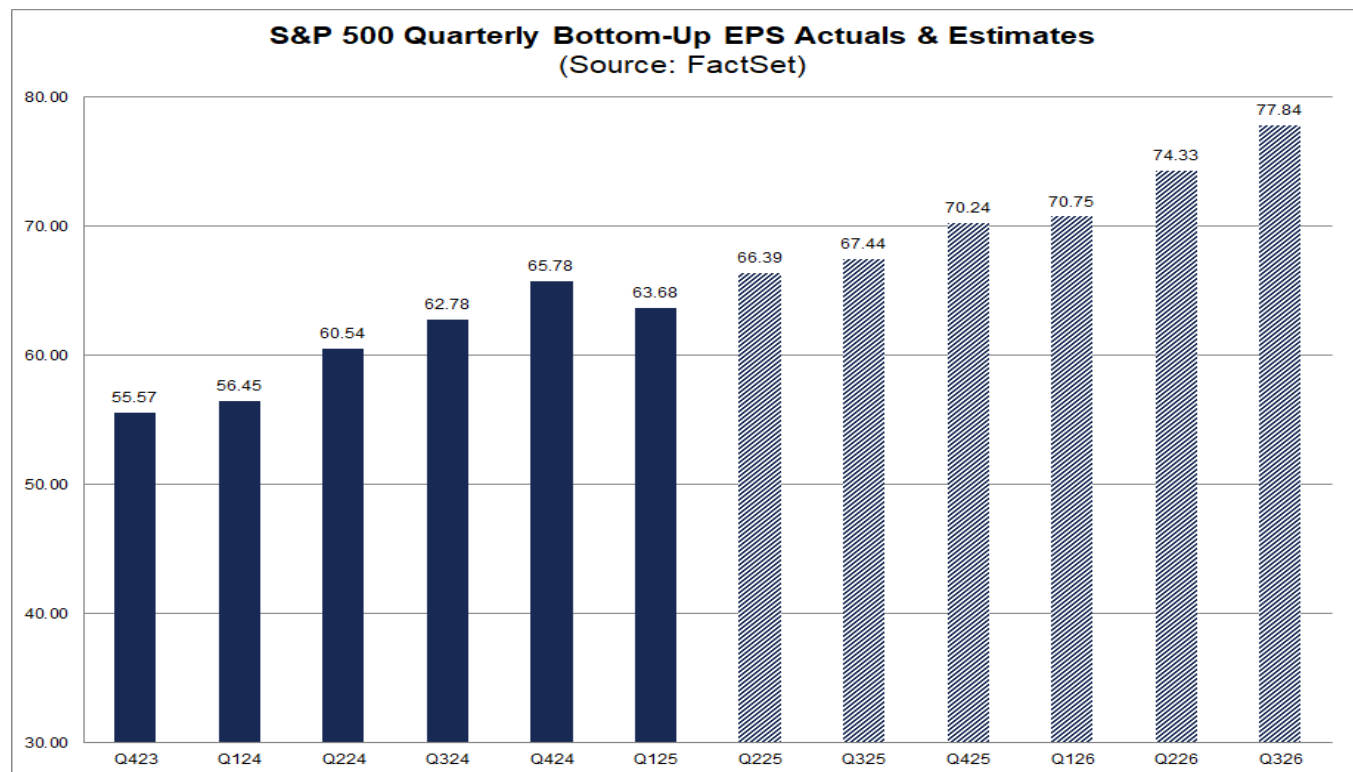
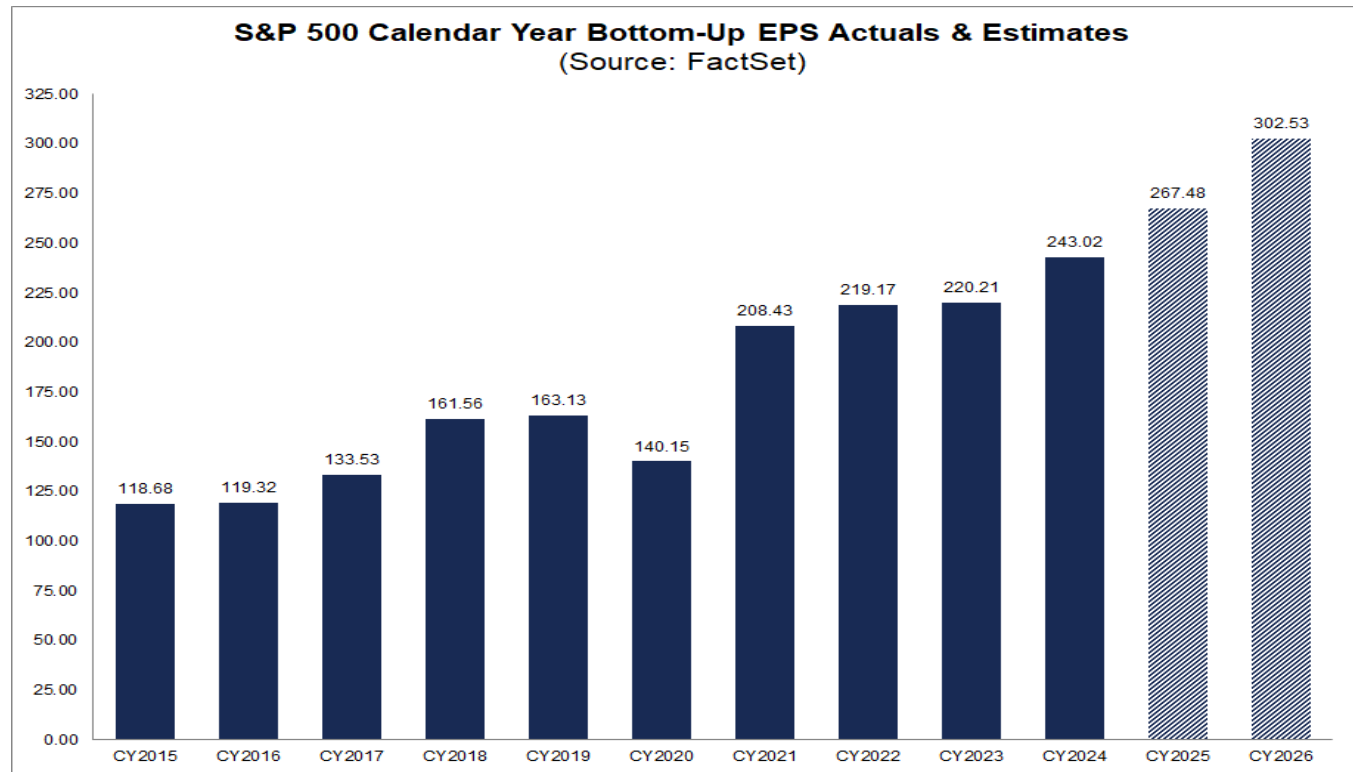
Geographic Revenue Exposure



## Bottom-Up EPS Estimates

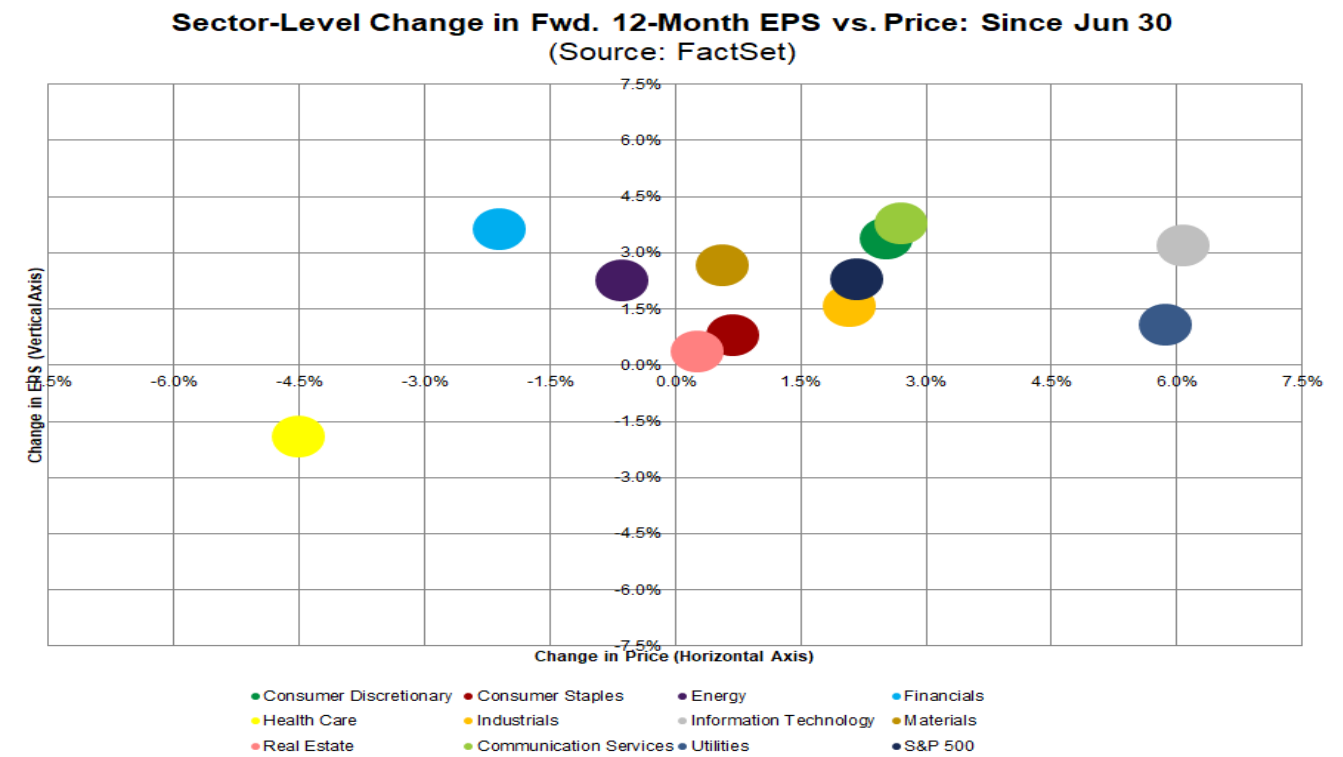
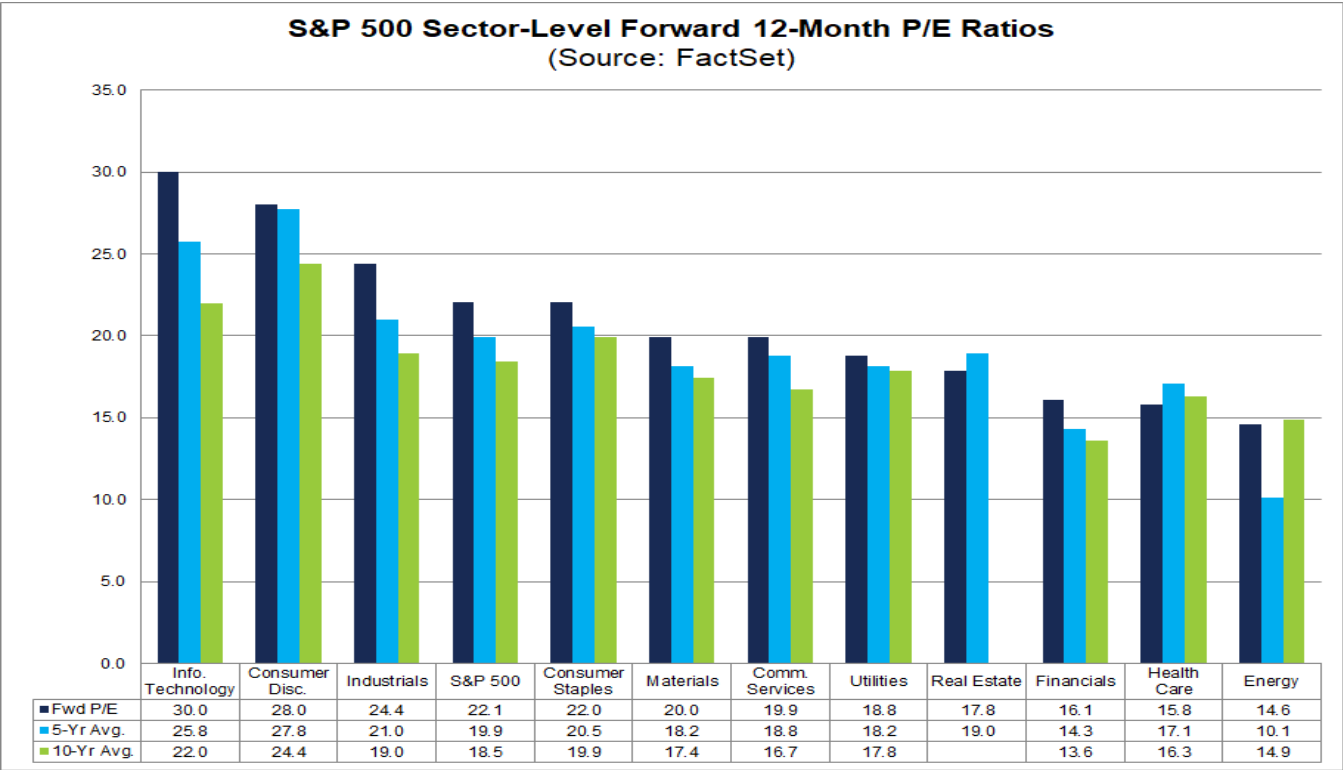


## Bottom-Up EPS Estimates: Current &amp; Historical

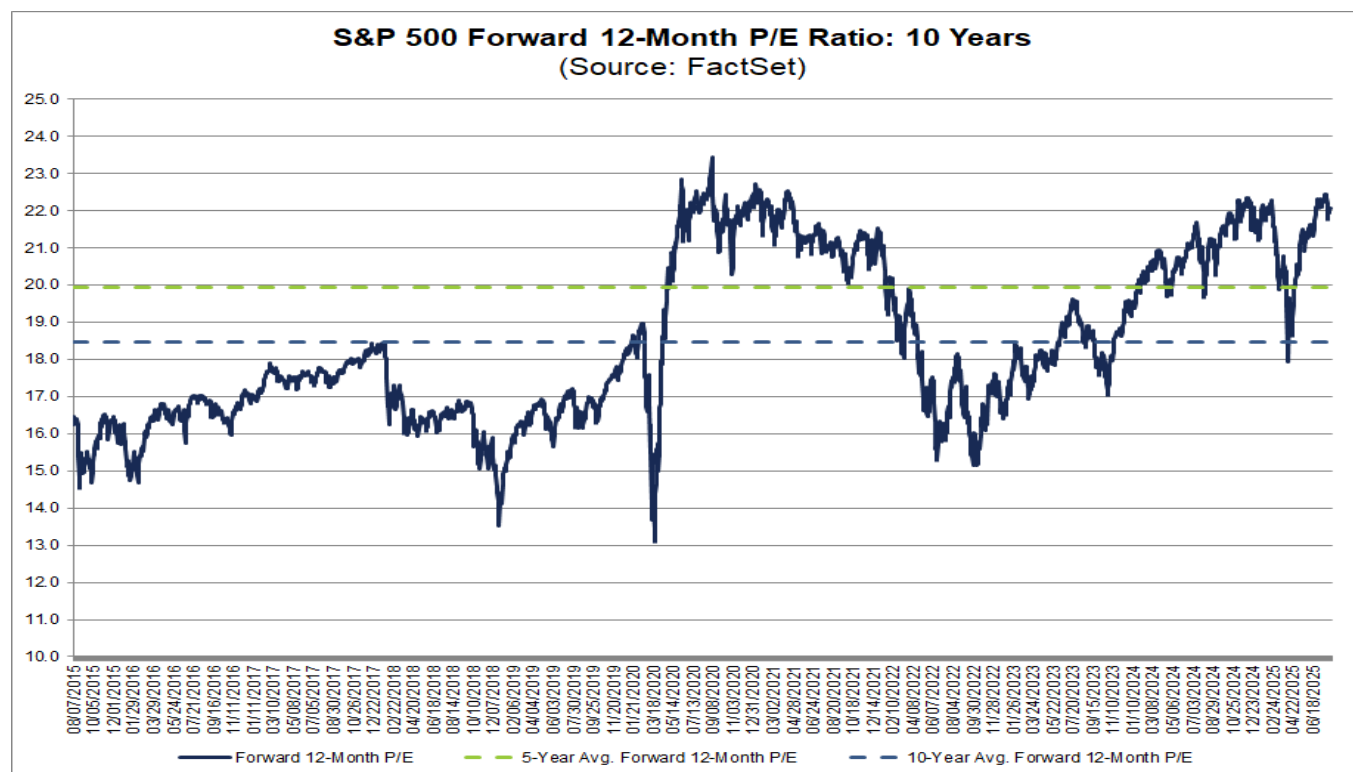
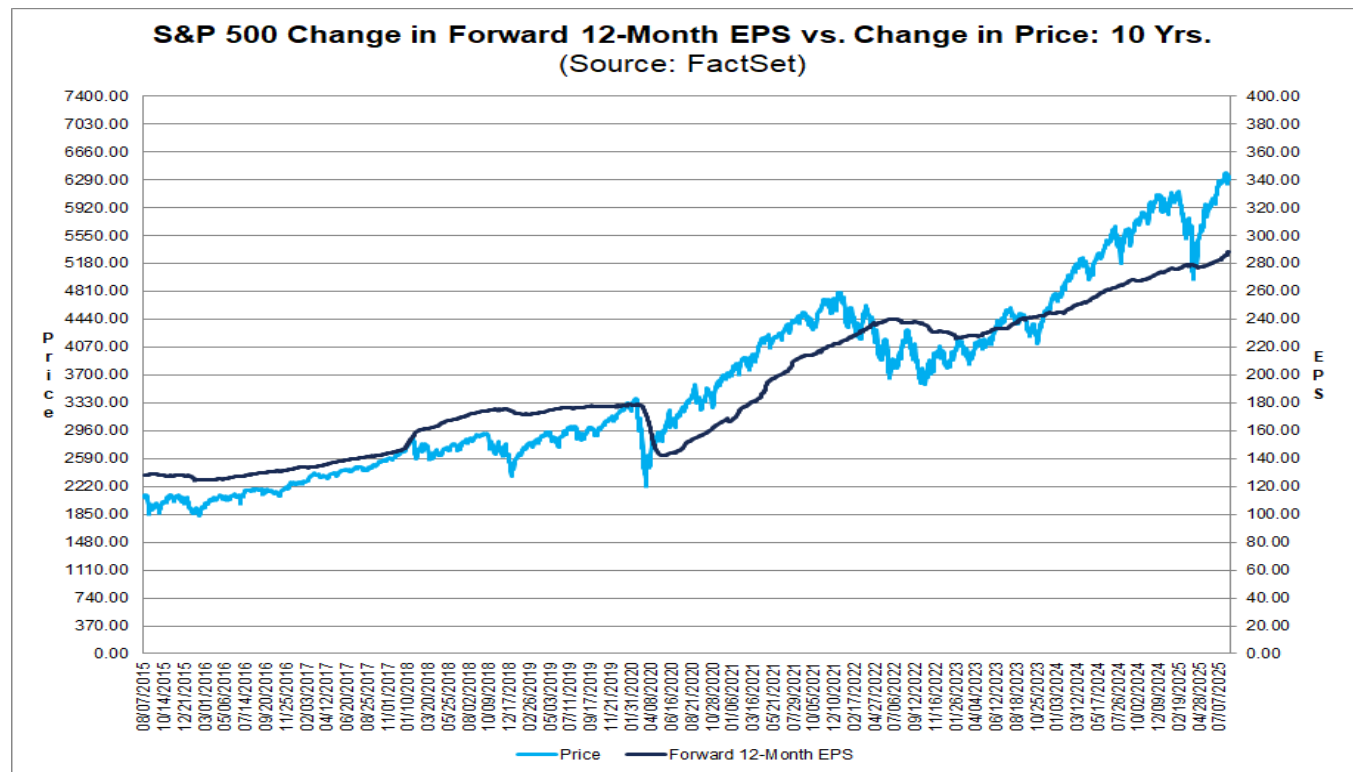




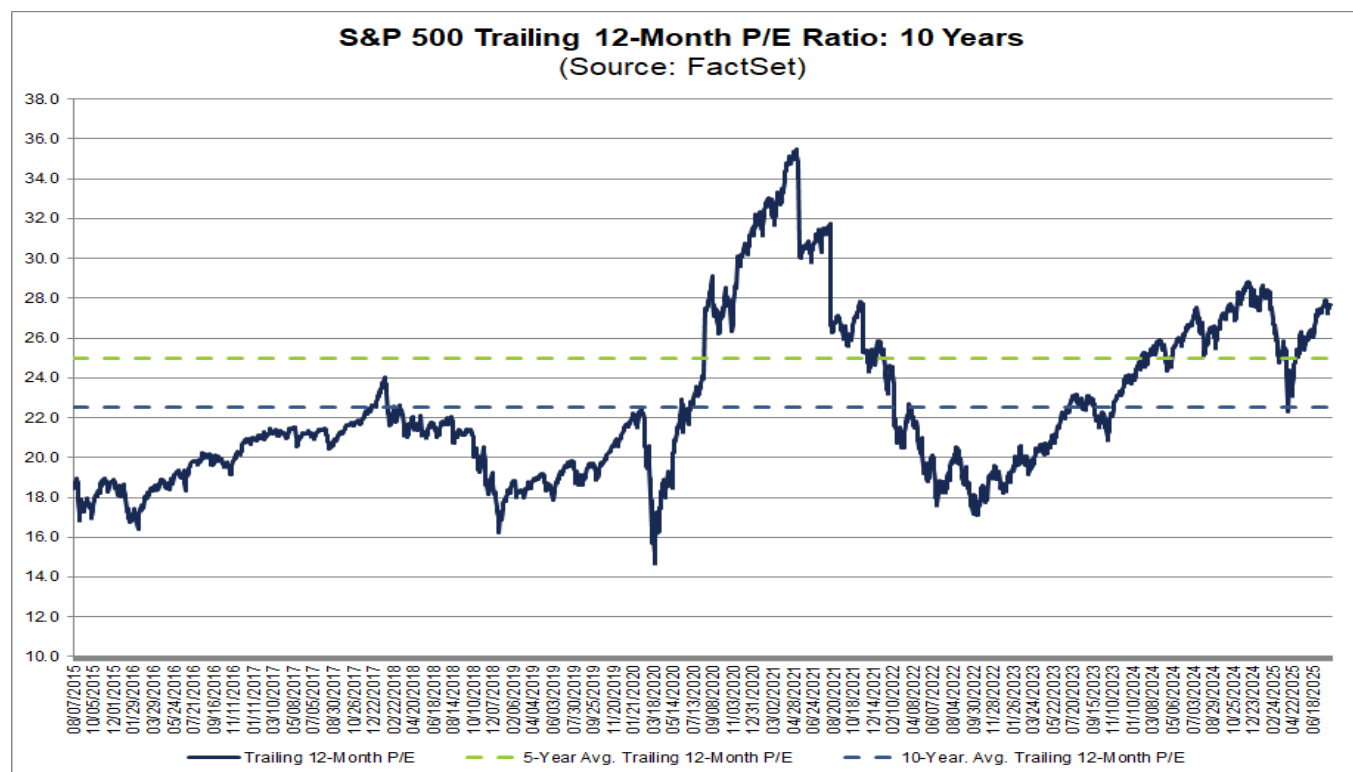
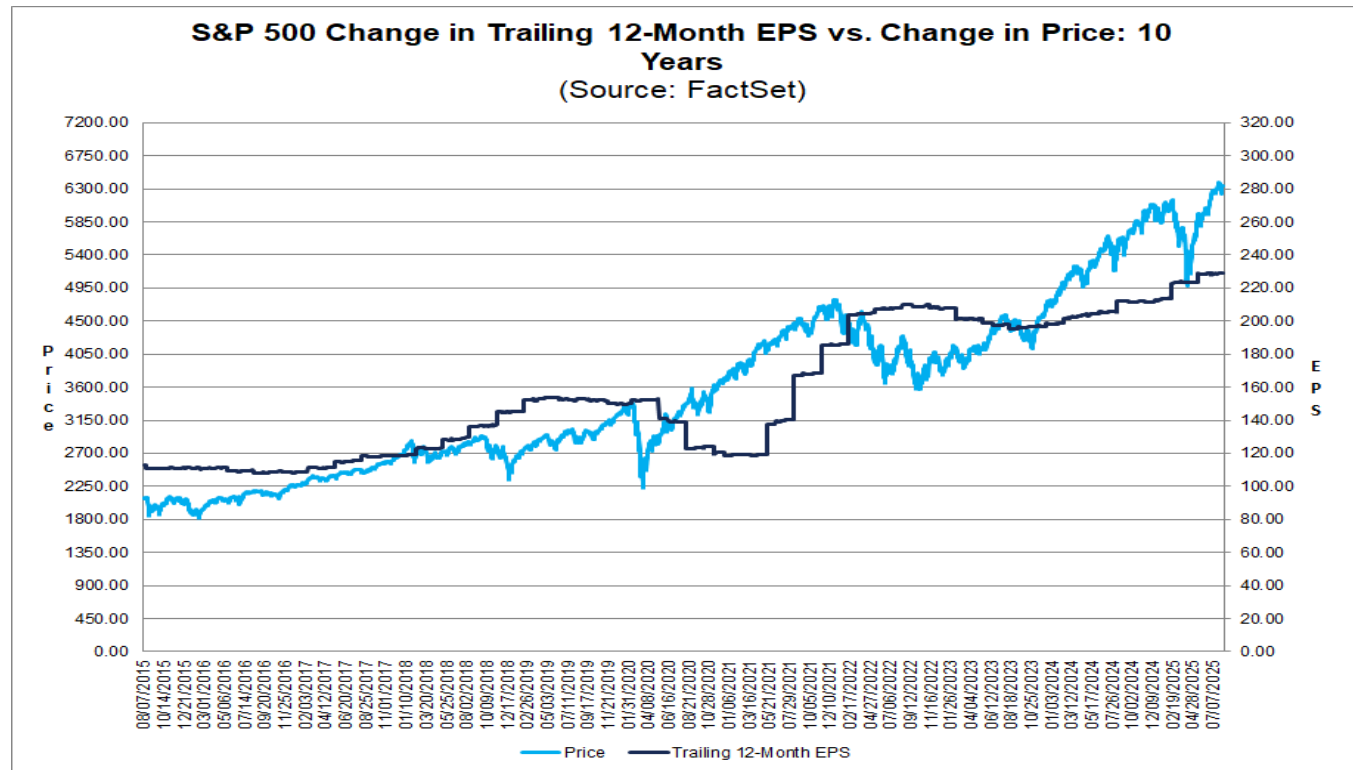
Forward 12M P/E Ratio: Sector Level



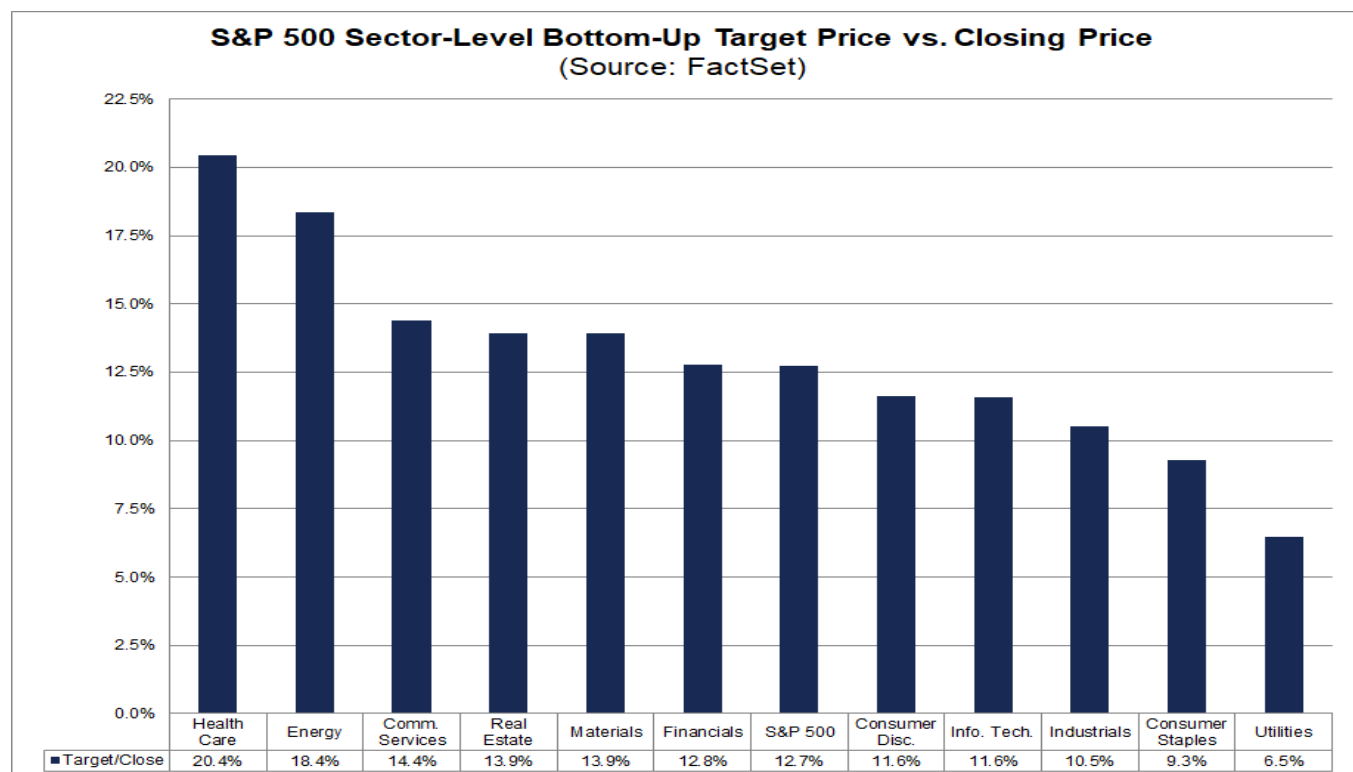
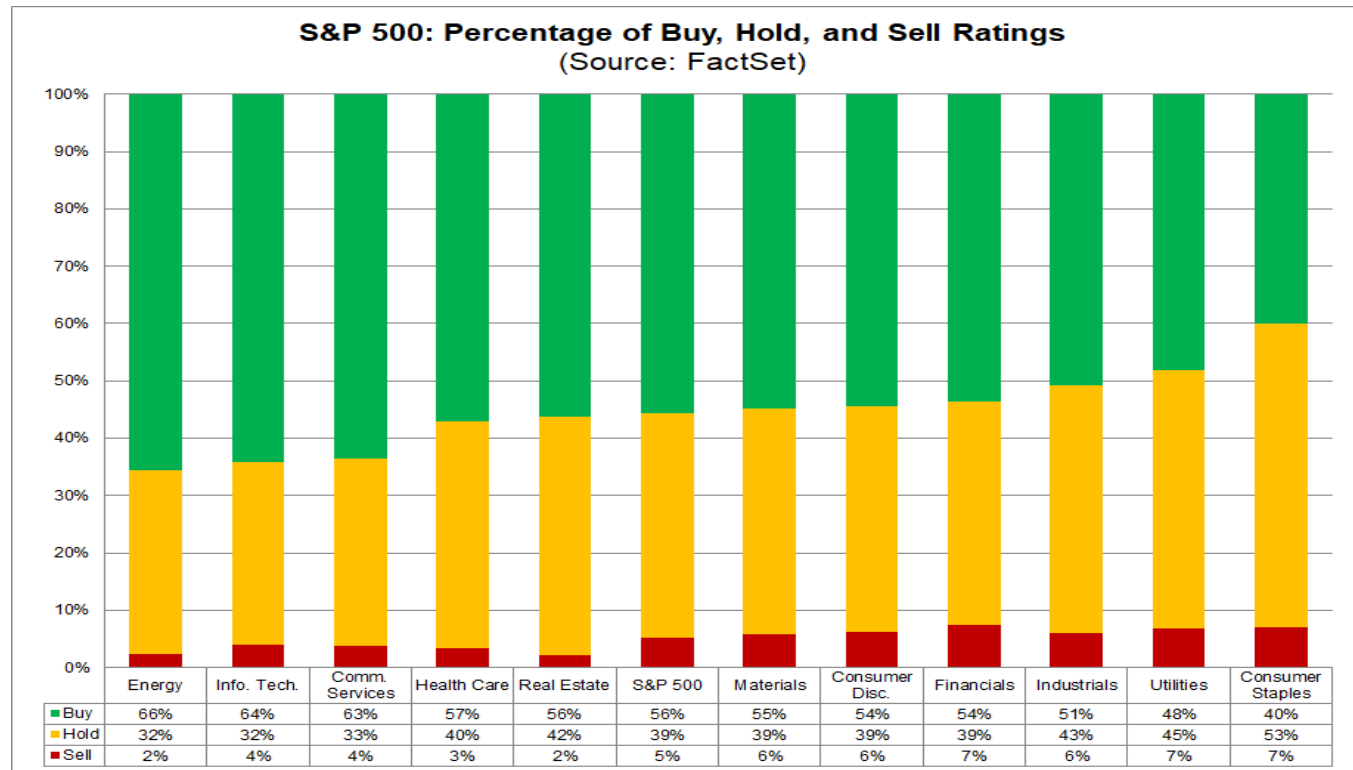
## Forward 12M P/E Ratio: 10-Years



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



## Targets &amp; Ratings



## Important Notice

The information contained in this report is provided “as is” and all representations, warranties, terms and conditions, oral or written, express or implied (by common law, statute or otherwise), in relation to the information are hereby excluded and disclaimed to the fullest extent permitted by law. In particular, FactSet, its affiliates and its suppliers disclaim implied warranties of merchantability and fitness for a particular purpose and make no warranty of accuracy, completeness or reliability of the information. This report is for informational purposes and does not constitute a solicitation or an offer to buy or sell any securities mentioned within it. The information in this report is not investment advice. FactSet, its affiliates and its suppliers assume no liability for any consequence relating directly or indirectly to any action or inaction taken based on the information contained in this report.

FactSet aggregates and redistributes estimates data and does not conduct any independent research. Nothing in our service constitutes investment advice or FactSet recommendations of any kind. Estimates data is provided for information purposes only.

FactSet has no relationship with creators of estimates that may reasonably be expected to impair its objective presentation of such estimate or recommendation. FactSet redistributes estimates as promptly as reasonably practicable from research providers.

## About FactSet

FactSet (NYSE:FDS | NASDAQ:FDS) helps the financial community to see more, think bigger, and work better. Our digital platform and enterprise solutions deliver financial data, analytics, and open technology to more than 8,600 global clients, including over 219,000 individual users. Clients across the buy-side and sell-side as well as wealth managers, private equity firms, and corporations achieve more every day with our comprehensive and connected content, flexible next-generation workflow solutions, and client-centric specialized support. As a member of the S&P 500, we are committed to sustainable growth and have been recognized amongst the Best Places to Work in 2023 by Glassdoor as a Glassdoor Employees' Choice Award winner. Learn more at [www.factset.com](http://www.factset.com) and follow us on X and LinkedIn.