ROAN CAPITAL PARTNERS

- JOHNSON CITY, TN -

Special Update

February 9, 2026
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Earnings Season Update

As of February 6, 2026, 59% of S&P 500 companies have reported actual Q4 2025 results. This represents substantial progress from the 33% reported as of January 30, 2026. The season remains in its active phase, with peak reporting having occurred in late January through early February. An additional 78 companies (including 3 Dow 30 components) were scheduled to report in the week after February 6, potentially pushing the reported percentage toward 75% or higher by mid-February. The pace aligns with typical seasonal patterns.

Earnings Performance

The percentage of companies reporting actual EPS above analyst estimates is 76%, below the 5-year average of 78% but equal to the 10-year average of 76%. The magnitude of positive surprises stands at 7.6% above estimates, positioned between the 5-year average (7.7%) and 10-year average (7.0%).

The blended year-over-year EPS growth rate for Q4 2025 has risen to 13.0%, up from 11.9% the prior week and 8.3% at quarter-end (December 31, 2025). This marks the fifth straight quarter of double-digit growth, last seen from Q4 2017 through Q4 2018. Positive surprises, especially in Communication Services and Health Care, have driven the upward revisions. If realized, this would confirm strong outperformance relative to initial forecasts around 8.3%.

Revenue Performance

Revenue beat rates are at 65% (below the 5-year average of 70% and 10-year average of 66%), with an aggregate surprise magnitude of around 1.2% (under historical averages of 2.0% and 1.4%, respectively). The blended revenue growth rate remains at 8.2% (with some sources noting potential uplift to 8.9% ex-Energy). This would represent the 21st consecutive quarter of revenue growth and one of the stronger rates in recent years.

Sector-Level Breakdown

Sector performance shows leadership from growth-oriented areas, with eight or more sectors contributing positively. The table below summarizes blended year-over-year changes based on data through February 6, 2026:

Sector	EPS Growth (%)	Revenue Growth (%)	Key Notes
Information Technology	Double-digit (Leading)	Positive (Strong)	AI monetization driving significant gains; sector remains a key index driver.
Communication Services	Positive (Leading revisions)	Positive	Strong surprises boosting blended rate.
Industrials	Double-digit	Positive	Continued positive contributions.
Health Care	Positive (Recent surprises)	Positive	Margin pressures easing with beats.
Financials	Positive	Mixed	Early bank results supportive.
Consumer Discretionary	Positive	Positive	Resilient amid consumer trends.
Consumer Staples	Positive	Positive	Stable essentials demand.
Utilities	Positive	Positive	Infrastructure benefits.
Real Estate	Positive	Positive	Rate environment aiding.
Materials	Mixed/Negative	Positive	Commodity impacts.
Energy	Negative	Negative	Oil volatility as primary drag.

Positive EPS surprises continue in Communication Services, Health Care, Information Technology, and Industrials, fueling the blended growth increase. Broader participation beyond the "Magnificent Seven" supports resilience, though some tech results have been mixed. Early bank beats set a positive tone, while areas like autos face projected declines.

Forward Outlook

Analysts forecast Q1 2026 EPS growth at 11.3% (slightly revised from prior 11.7%), accelerating to 14.9% in Q2 2026. Full-year 2026 earnings growth is projected at 14.1% to 15%, marking a third consecutive year of double-digit expansion and potential record highs. The forward 12-month P/E remains elevated (around 22x range in recent context), reflecting optimism but valuation caution. Broader earnings participation, AI-driven productivity, and potential small-cap rotation could sustain momentum, though risks include policy variables and sector divergences.

Conclusion

As of February 9, 2026, the Q4 2025 earnings season shows continued strength, with the blended EPS growth rate climbing to 13.0% and more than half of companies reported. Positive surprises have outperformed initial expectations, reinforcing corporate resilience and setting a constructive tone for 2026 growth projections. With reporting nearing completion, focus will shift to guidance and full-year implications. This supports the S&P 500's position near highs, though investors should watch for any late surprises or macroeconomic shifts.

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