

## Which sectors have been most impacted by the crisis

Stanley Myint and Fabrice Famery, 17 April 2020

### Summary

We show the initial impact of the combined COVID19 and oil price crisis by analysing the changes in the expected net earnings and leverage by sector for Eurostoxx 600 and S&P 500 indices. These are estimated as brokers' consensus between December 2019 and last two weeks of March 2020. This includes 85% of Eurostoxx 600 and 89% of S&P 500 companies. We compute the percentage change in expected EBITDA, net debt and net debt / EBITDA for each company, and then aggregate the data into the median expected change by sector. These results will be updated over time as brokers' forecasts change and incorporate actual reported results. Our conclusions are:

1. US is seen by brokers to be more severely hit by the crisis than Europe. The average drop in EBITDA is 5.7% in the US, compared to 4.7% in Europe, while the average increase in net debt is 7.2% in the US and 6.2% in Europe
2. The combined impact of drop in EBITDA and increase in net debt results in an increase in leverage, which brokers expect to be much higher in the US (15.5%) compared to Europe (9.5%)
3. On a sectorial basis, in terms of change in EBITDA, it is not a great surprise that the sectors most impacted are Airlines and Oil & Gas, while Biotech and Healthcare companies are seen to be benefiting

Figure 1 - Europe – impact on forecast EBITDA

Eurostoxx 600 – Change in FY 2020 EBITDA consensus broker forecasts – Dec-19 vs Mar-20

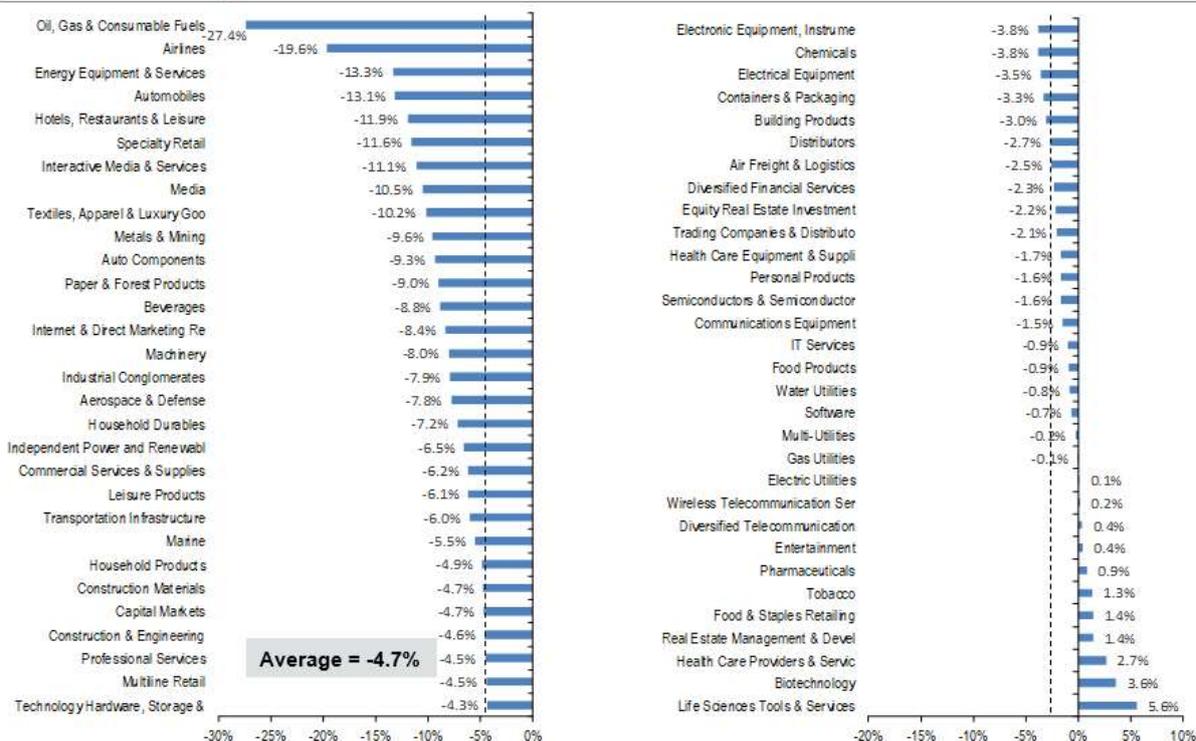


Figure 2 - Europe – impact on forecast Net Debt

Eurostoxx 600 – Change in FY 2020 Net debt consensus broker forecasts – Dec-19 vs Mar-20

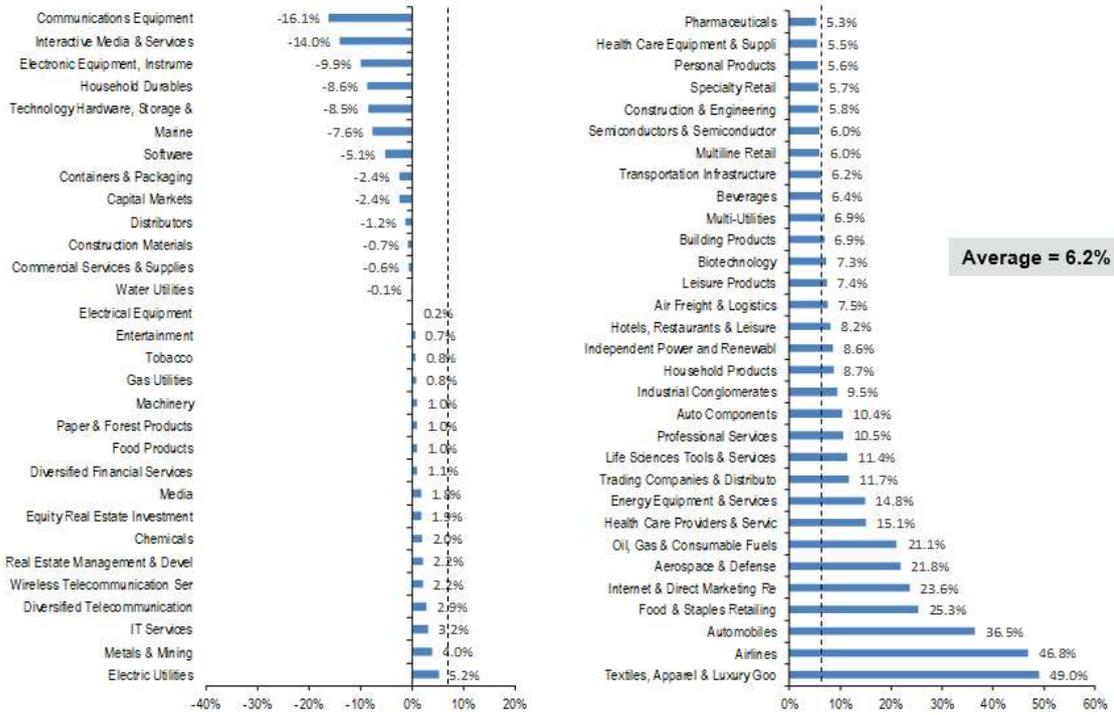


Figure 3 - Europe – impact on forecast Net Debt / EBITDA

Eurostoxx 600 – Change in FY 2020 Net debt / EBITDA consensus broker forecasts – Dec-19 vs Mar-20

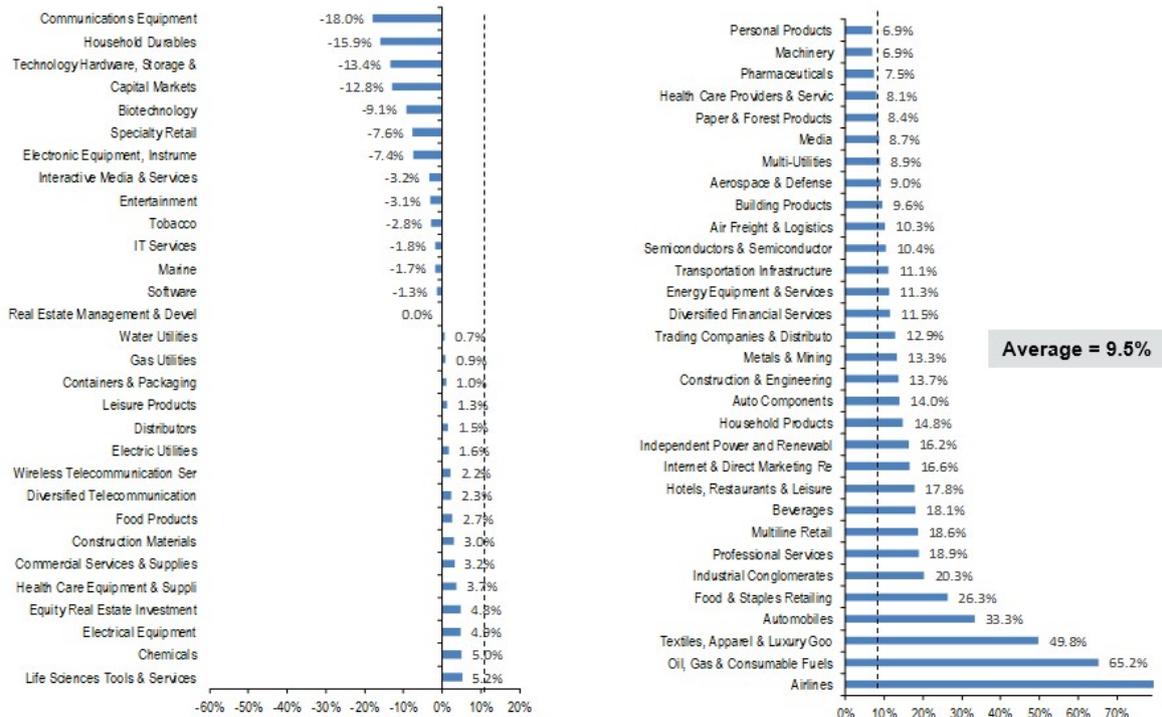


Figure 4 - US – impact on forecast EBITDA

S&P 500 – Change in FY 2020 EBITDA consensus broker forecasts – Dec-19 vs Mar-20

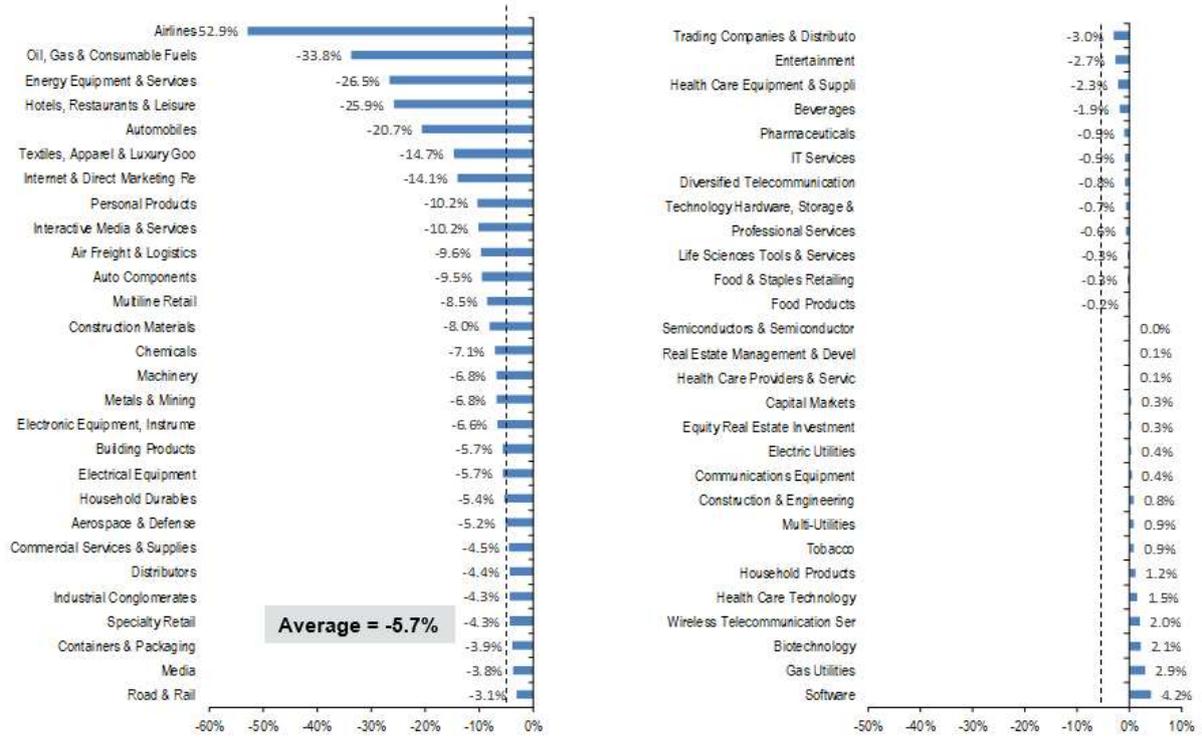


Figure 5 - US – impact on forecast Net Debt

S&P 500 – Change in FY 2020 Net Debt consensus broker forecasts – Dec-19 vs Mar-20

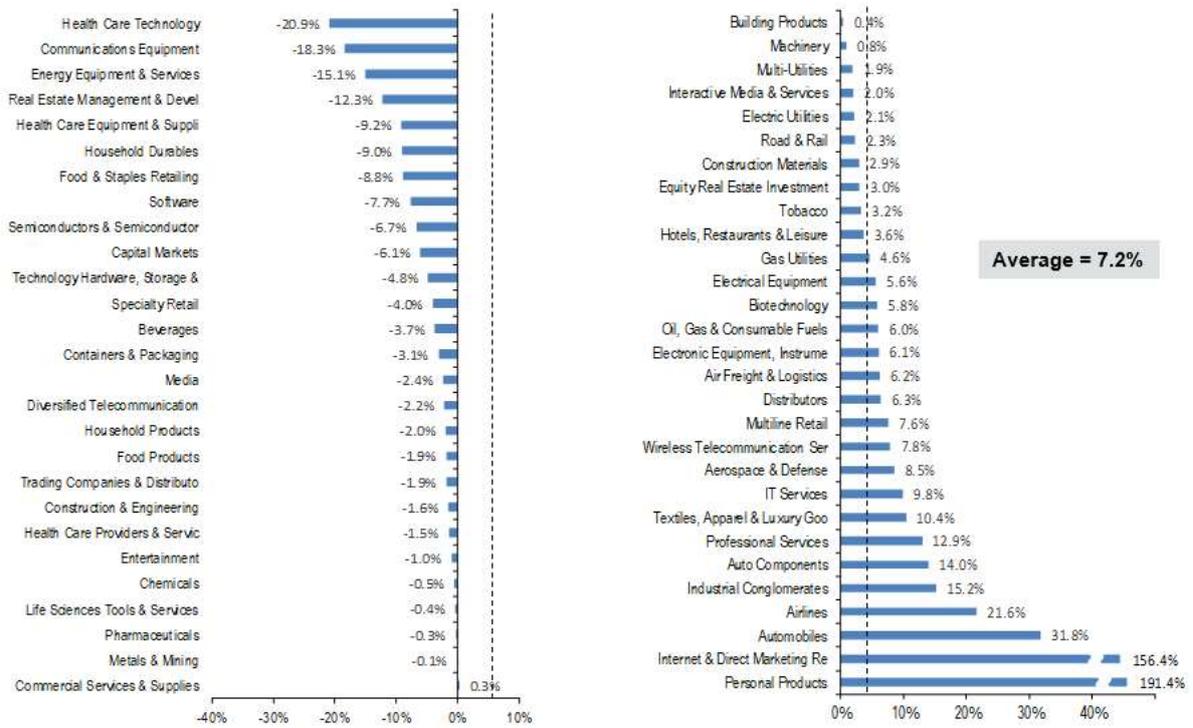
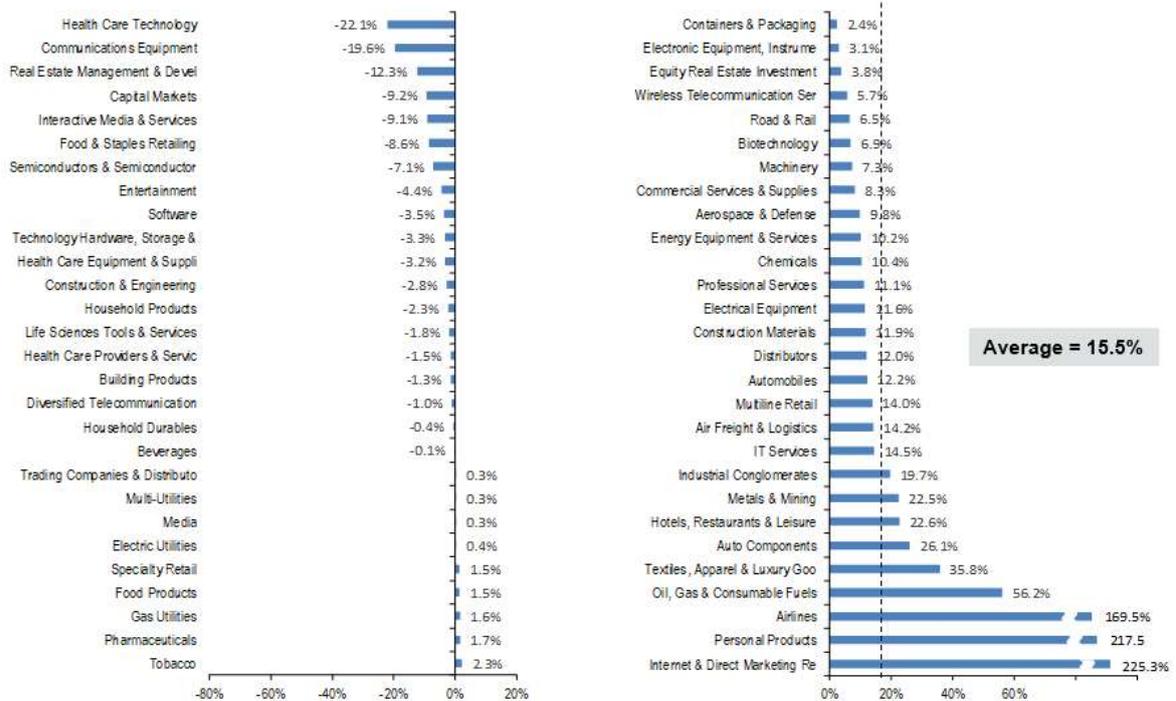


Figure 6 - US – impact on forecast Net Debt / EBITDA

S&P 500 – Change in FY 2020 Net debt / EBITDA consensus broker forecasts – Dec-19 vs Mar-20



## Disclaimer

This document (the "Document") is provided to give you a rough estimate of the impact of the COVID19 crisis on various industries, based on brokers' forecasts. In this connection, you agree that you understand the following qualifications with respect to the use by you of the Document.

The Document does not necessarily reflect the prevailing methodology used for this purpose. In addition, the strategy derived from the Document and the methodology incorporated within the Document do not constitute Investment Advice or a recommendation to enter into any transaction; nor can the information and explanations related to the Document be considered Investment Advice or a recommendation to enter into any transaction.

We owe no duty to any person who receives this Document to exercise any judgement on such person's behalf as to the merits or suitability of the information in the Document. The information provided therein has been developed by using proprietary models and market data. However, use of different data or methodology may materially alter the results.

You agree the intention of the Document is to give you a rough estimate of the impact of the COVID19 crisis on various industries, based on brokers' forecasts. However, you agree that, in so doing, you are acting on your own account and you will make your own independent decisions as regards the reliability and accuracy of the computations. We accept no responsibility for any losses, claims or damage suffered by you or any third party as a direct or indirect result of reliance on the Document, or on any amended version of the Document, which you may produce. In particular, we make no representations or warranties to the extent permitted by law in respect of the reliability or performance of the Document and in particular with respect to hedging strategies derived from the Document or the methodology incorporated within the Document. Finally, no representation or warranty is made or given that the Document or any content thereof will be error free, updated, and complete or that inaccuracies, errors or defects will be corrected. Consequently we accept no liability for any methodological errors, systems errors or any other inaccuracies contained in the Document. You acknowledge that we do not undertake to provide any support (whether systems support or otherwise) with respect to your use of the Document.

The information contained here shall not, and should not be taken to, constitute a recommendation as to whether you or your Company should or should not act on the information given. The final decision in this regard rests entirely with you, your company and your advisors.

In this Undertaking, references to: "you" or "your" shall include references to your respective affiliates, subsidiaries and/or holding companies.