

Which sectors have been most impacted by the crisis

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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

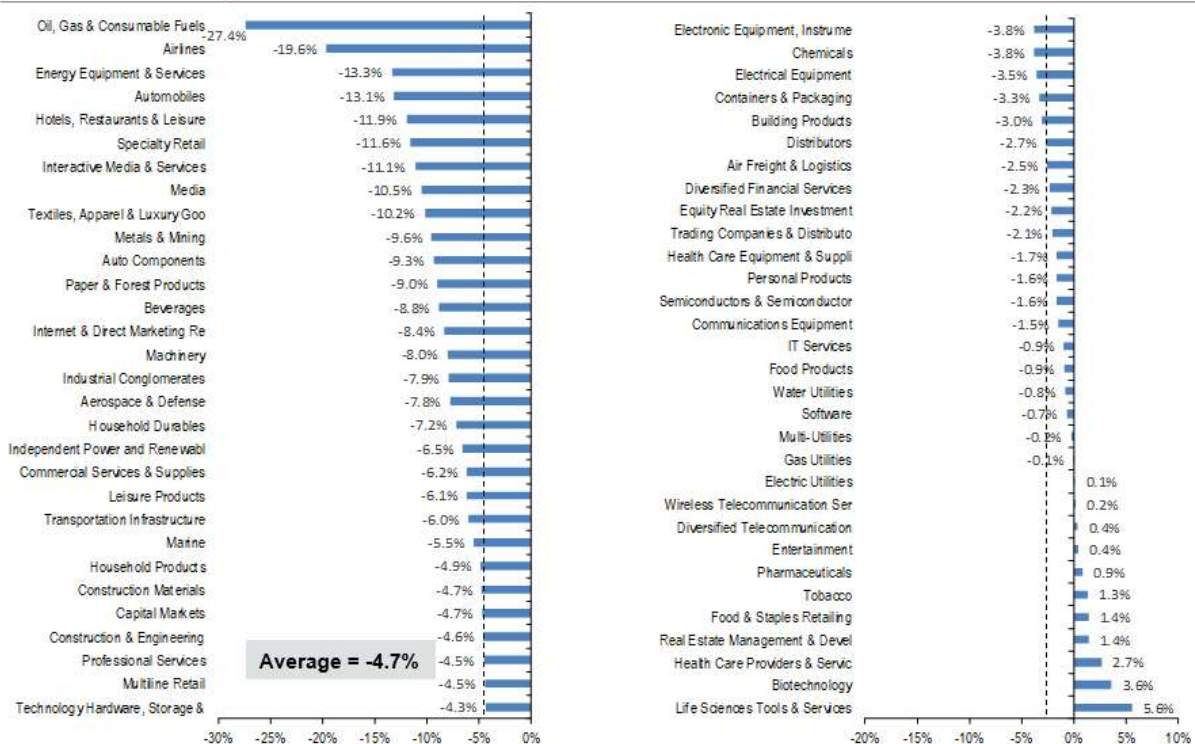


Figure 2 - Europe – impact on forecast Net Debt

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

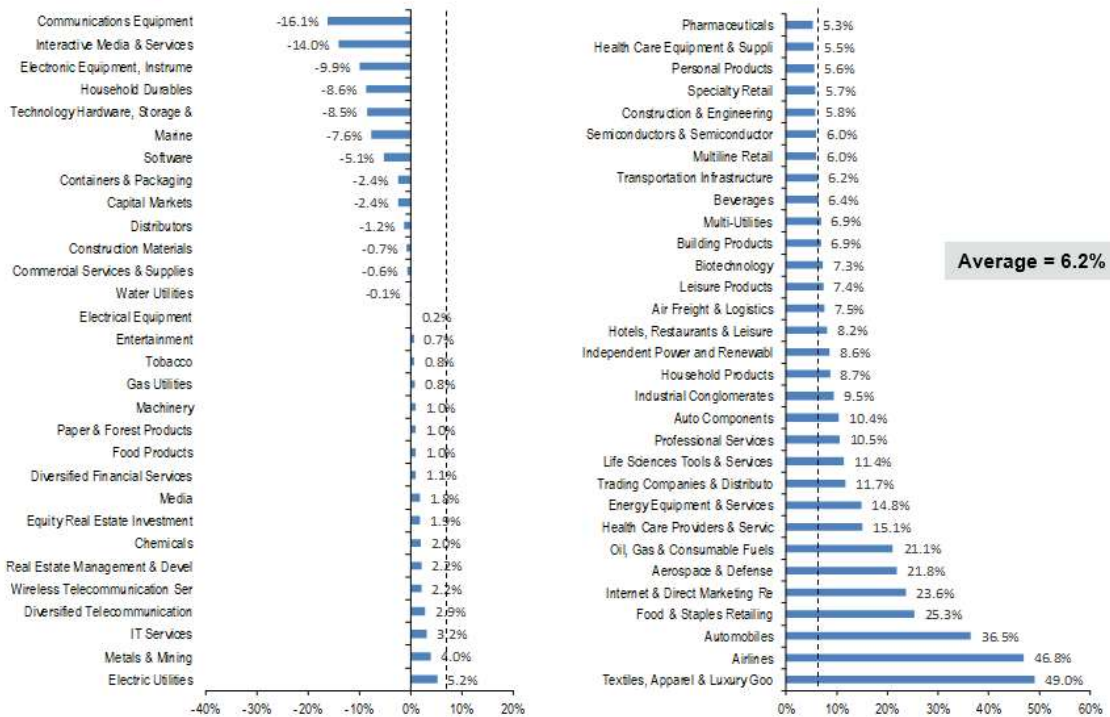


Figure 3 - Europe – impact on forecast Net Debt / EBITDA

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

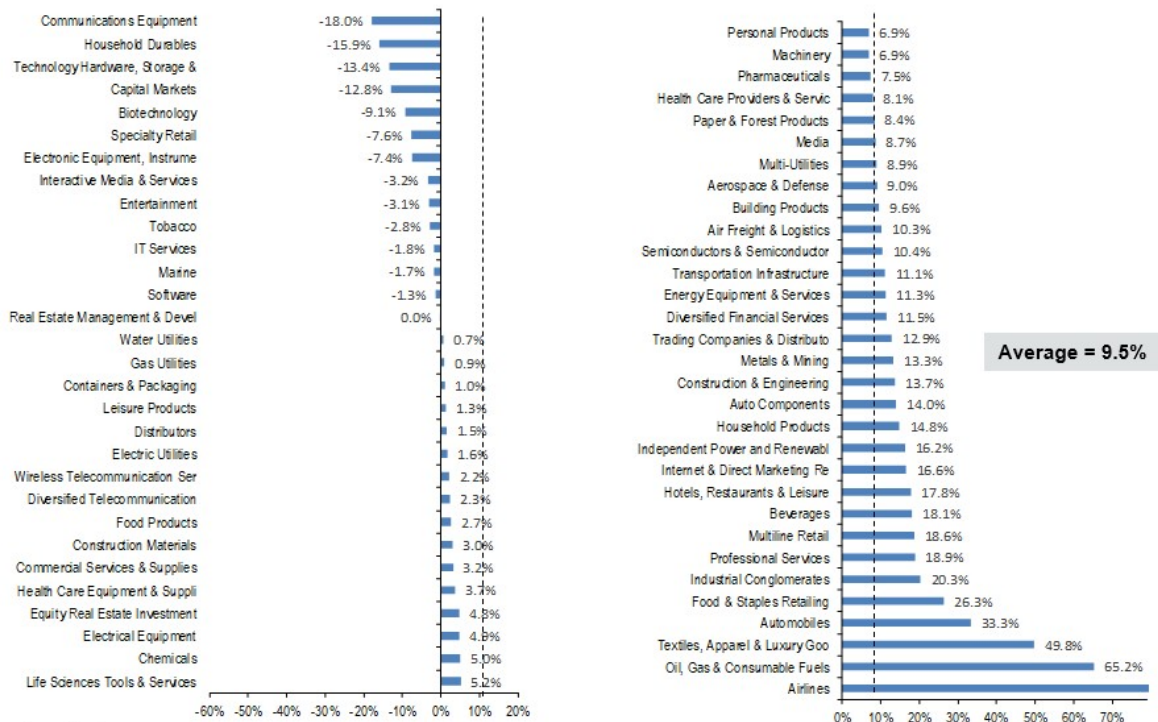


Figure 4 - US – impact on forecast EBITDA

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

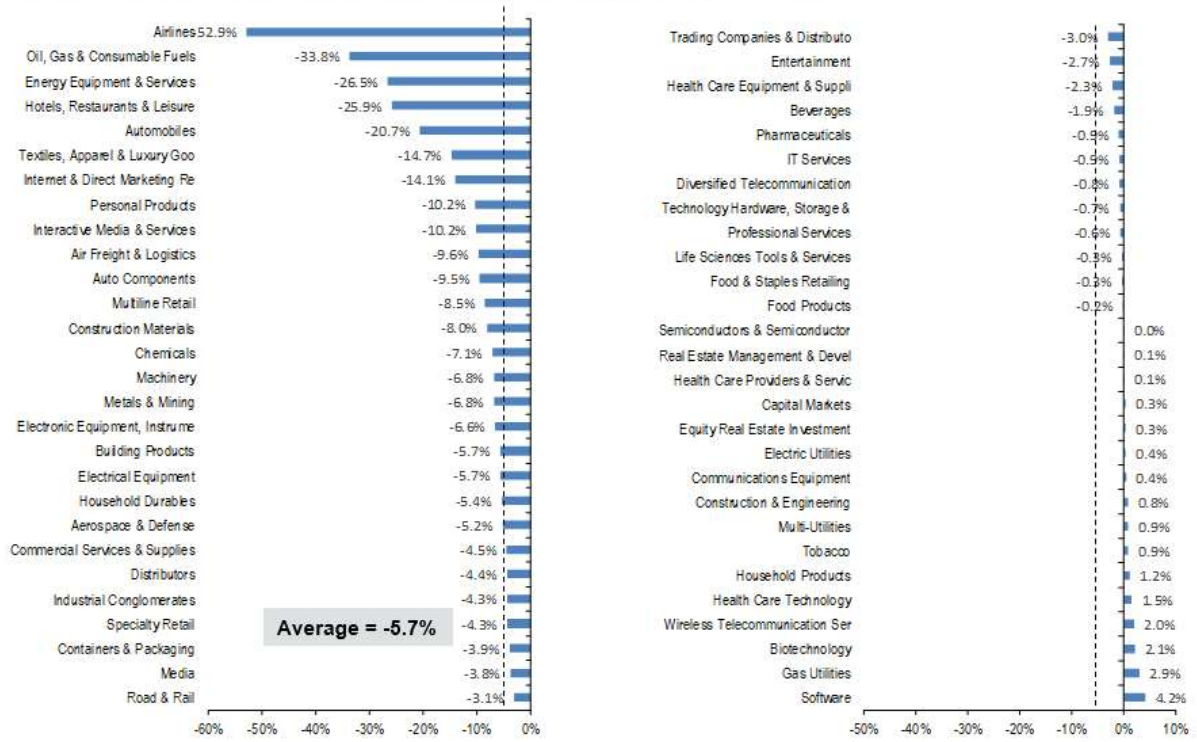


Figure 5 - US – impact on forecast Net Debt

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

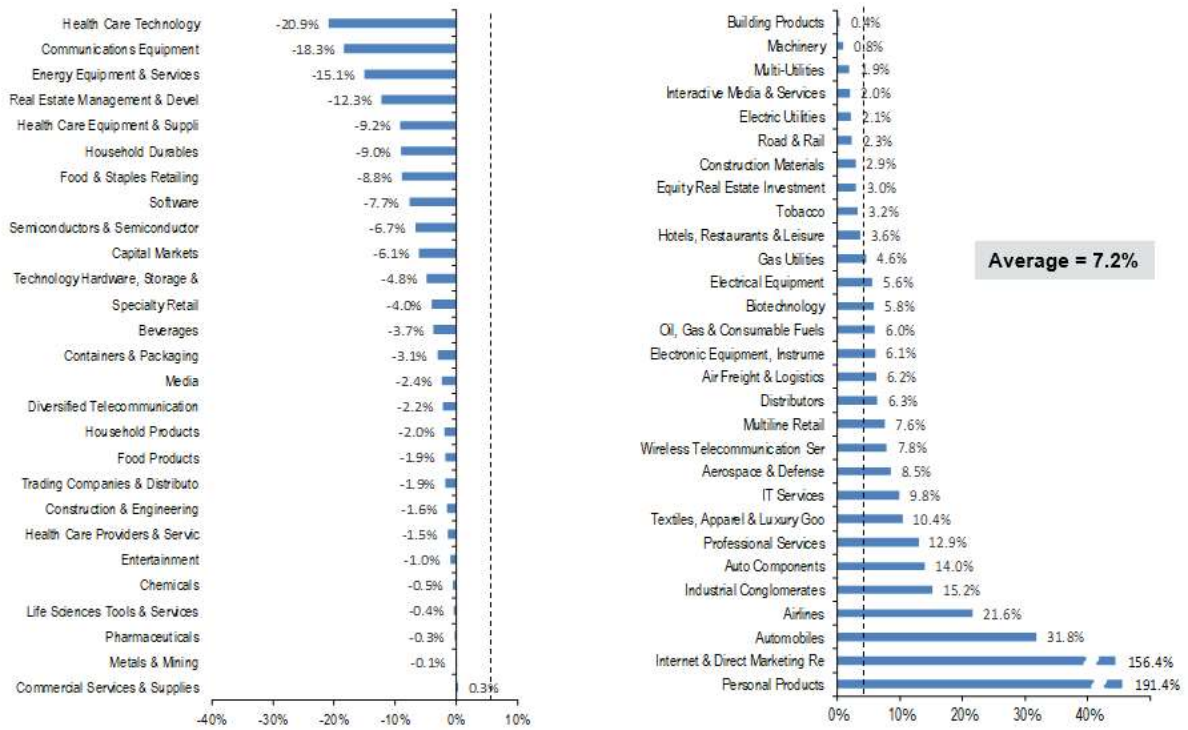
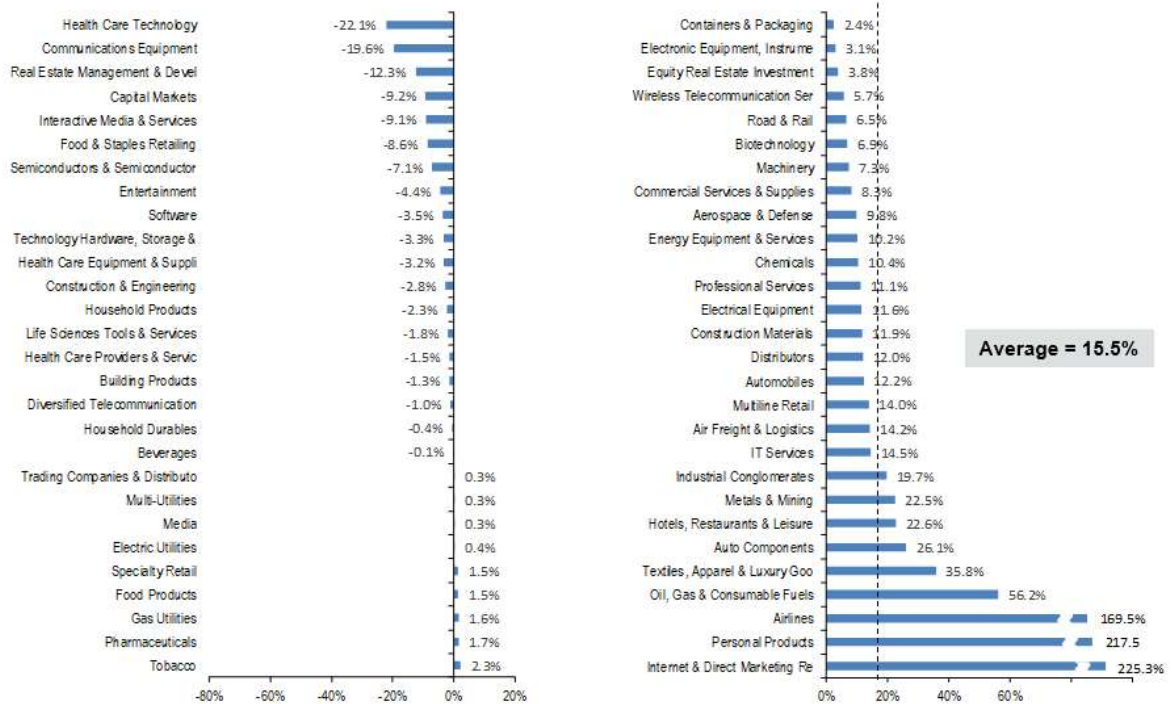


Figure 6 - US – impact on forecast Net Debt / EBITDA

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



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