

Corporate Results Roundup Q1 2023

Beating Expectations, But EBITDA In Recession

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May 24, 2023 (updated from May 11, 2023)



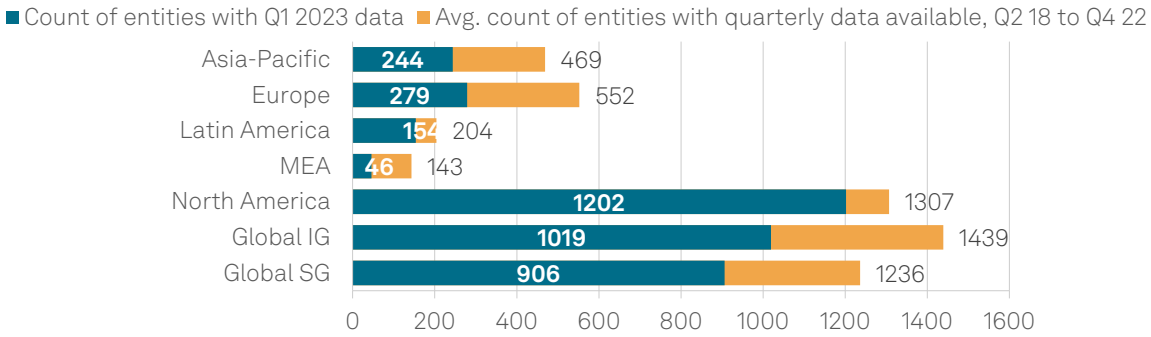
Corporate Results Q1 2023 | Key Takeaways From Results

- The global Q1 2023 results season for rated nonfinancial corporates is now 72% complete.
- **Results globally have beaten market consensus expectations by a significantly greater degree than last quarter.** 38% of Speculative Grade (SG) entities and 29% of Investment Grade (IG) have beaten consensus EBITDA by more than 7.5%. The share missing expectations by a similar magnitude is much smaller at 13% and 11%, respectively.
- **Even so, we are entering an EBITDA recession.** Based on announced results, Q1 revenues are slightly negative (-0.6% year over year), and Q1 EBITDA is down 2.9% versus Q1 2022, the first decline for both since Q3 2020.
- **Excluding resource companies** – oil and gas, metals and mining – **quarterly EBITDA is now into its third quarter of year-over-year contraction.**
- **Margins are starting to compress** but remain elevated with companies still retaining considerable pricing power.
- **Sectors with the most pressure on profits include heavy industries** (metals and mining, paper and packaging, chemicals) where energy cost pressures are taking hold, and **technology and health care**, where pandemic-era revenue growth has dissipated and labor cost pressures are hurting profitability.
- **Leverage continues to decline** on a trailing 12-month basis, but falling EBITDA will likely start to reverse this in coming quarters. **Cash interest payments have started to surge**, rising 15% annually as interest rate rises feed through. **EBITDA interest cover is declining.** Cash balances continue to fall, with cash and equivalents now 9.1% of total assets versus the pandemic peak of 10.5% (Q4 2020).
- **Capex growth appears to be resilient**, up 16% in Q1 annually with oil, gas, metals, and mining in particular ramping up investment. Share buybacks however are declining, down 4% on an annual basis.

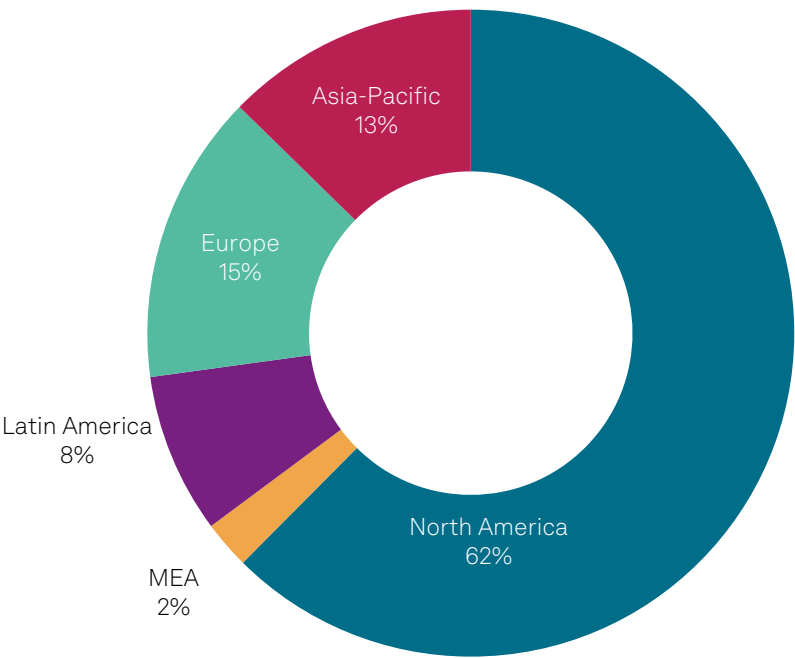
Global

Rated Nonfinancial Corporates | Number of companies reported so far by geography and ratings group, Q1 2023

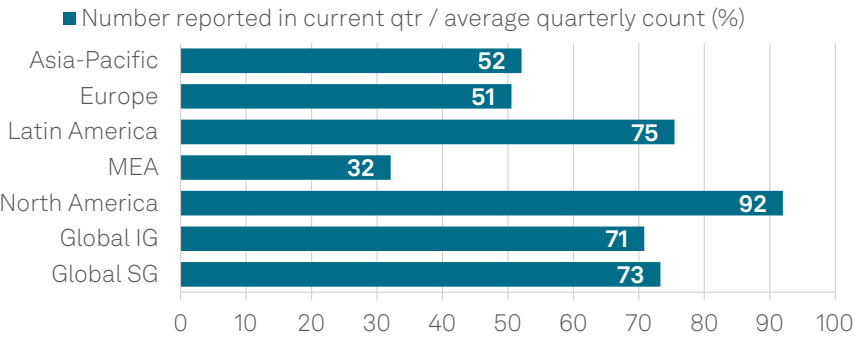
Number of reported results by geography



Geographic share of reported results



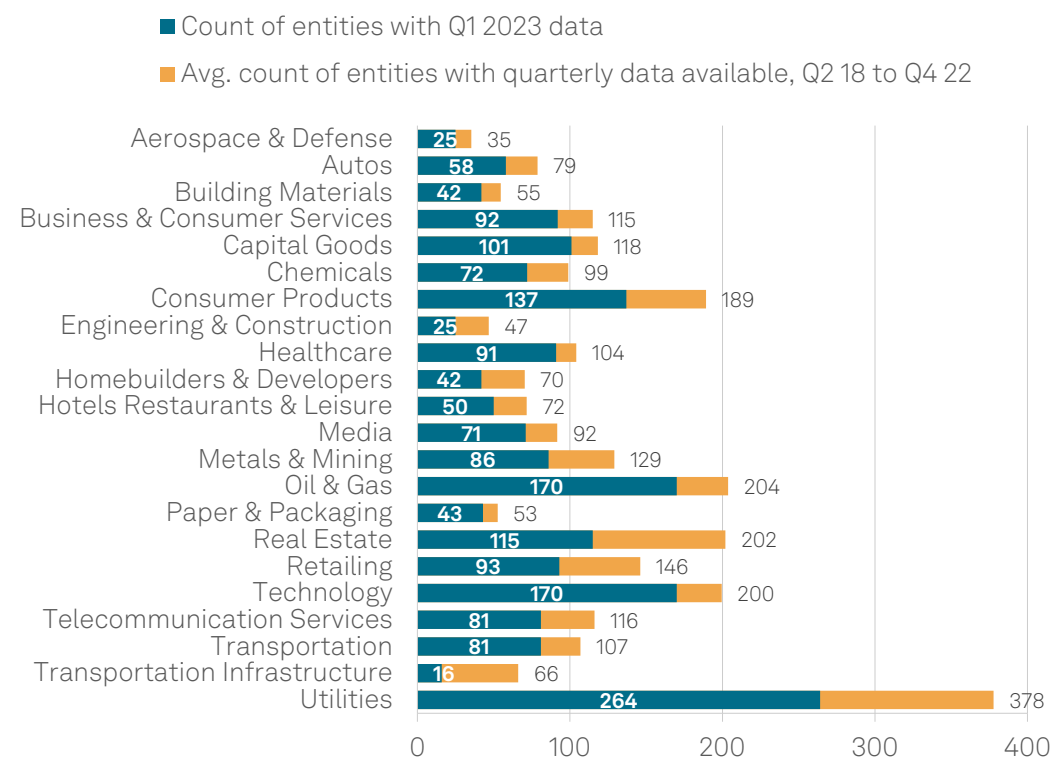
Reported results as percent of total



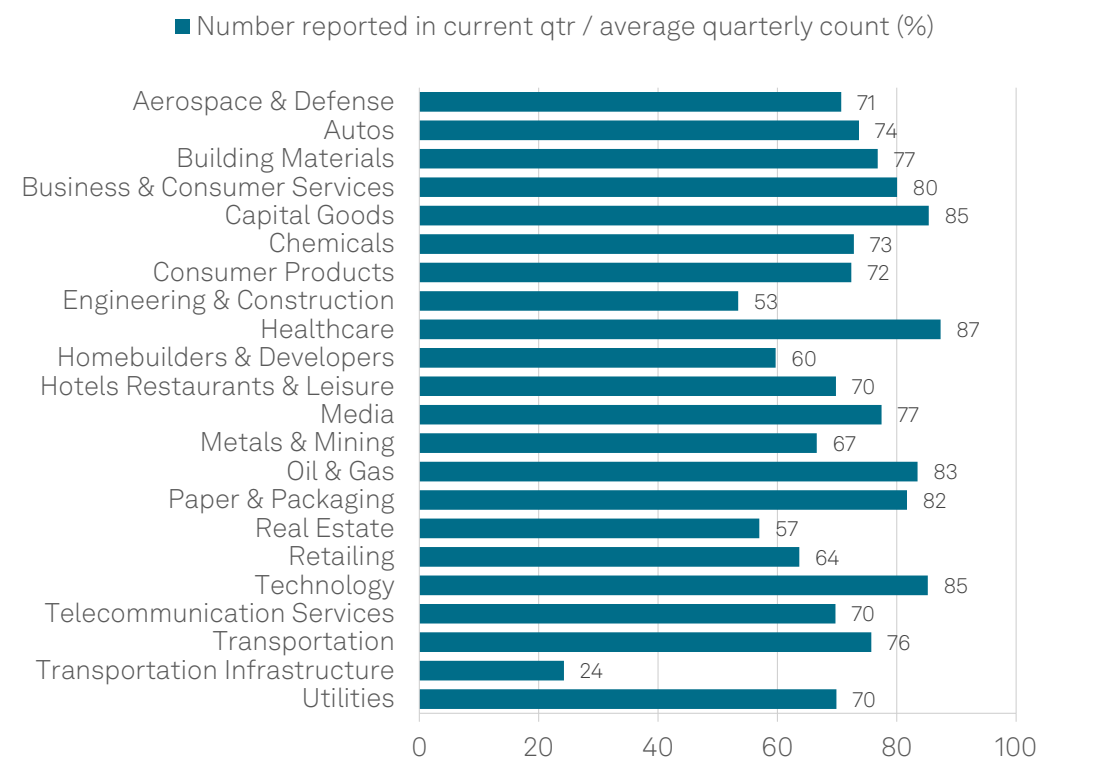
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023. Average quarterly count measured from Q2 2018 to Q4 2022.

Rated Nonfinancial Corporates | Number of companies reported so far by industry, Q1 2023

Number of reported results by industry



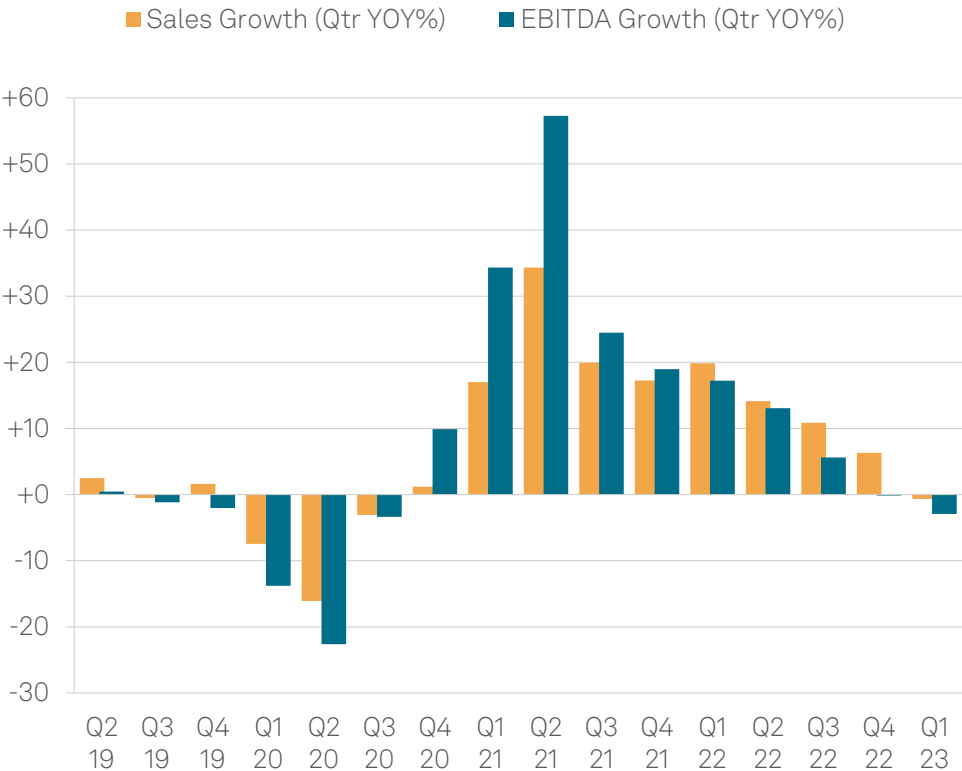
Reported results by industry as percent of average total



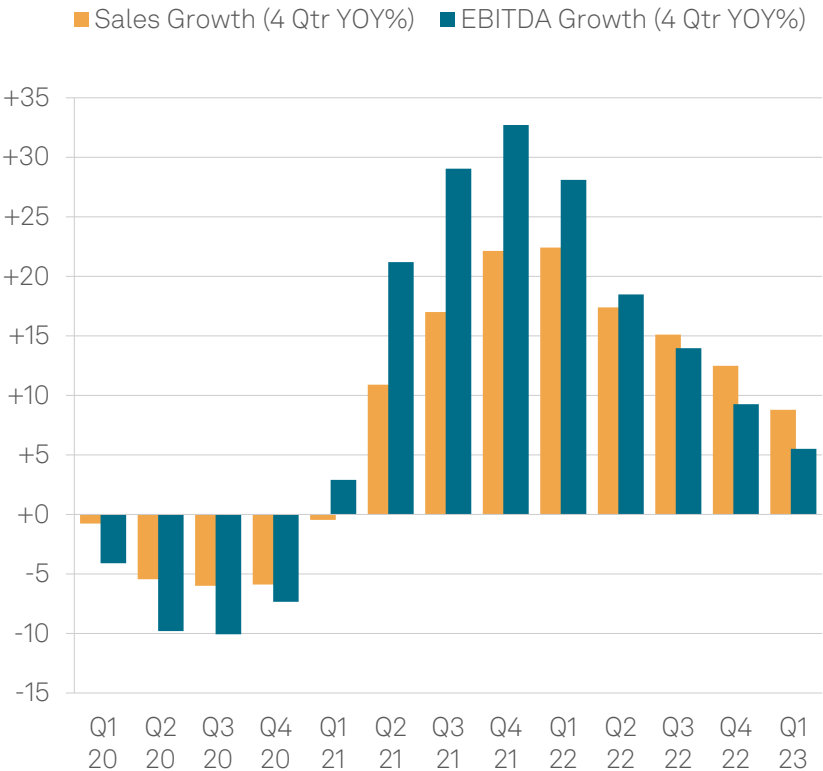
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023. Average quarterly count measured from Q2 2018 to Q4 2022.

Rated Nonfinancial Corporates | Sales and EBITDA Growth*

Global | Quarterly, Year-Over-Year



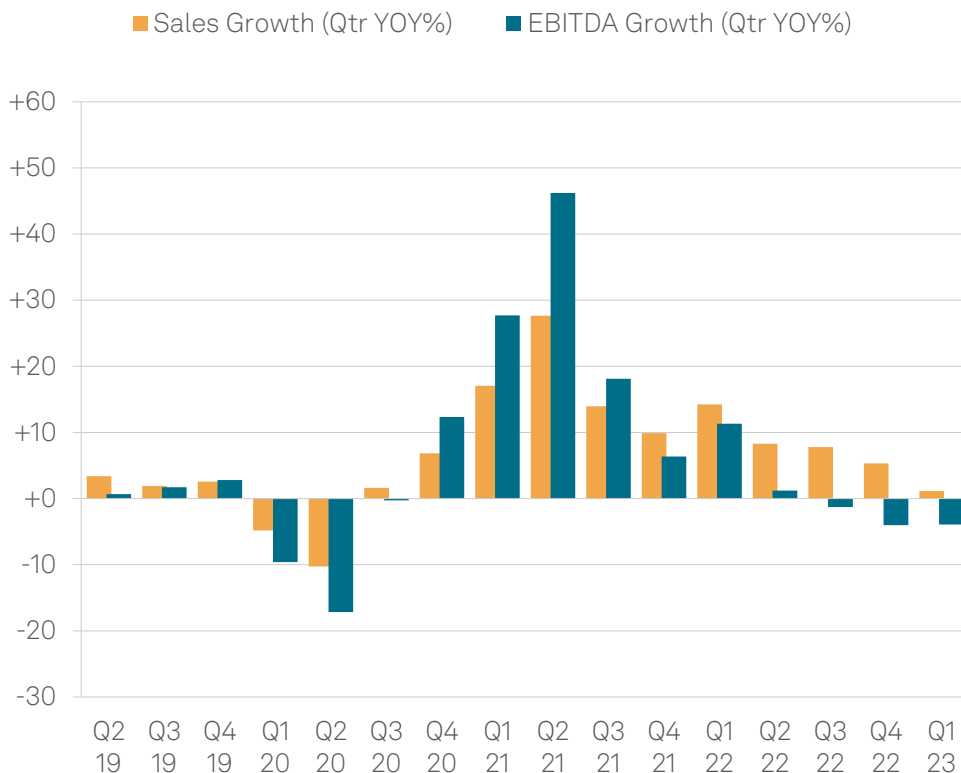
Global | Trailing 4 Quarter, Year-Over-Year



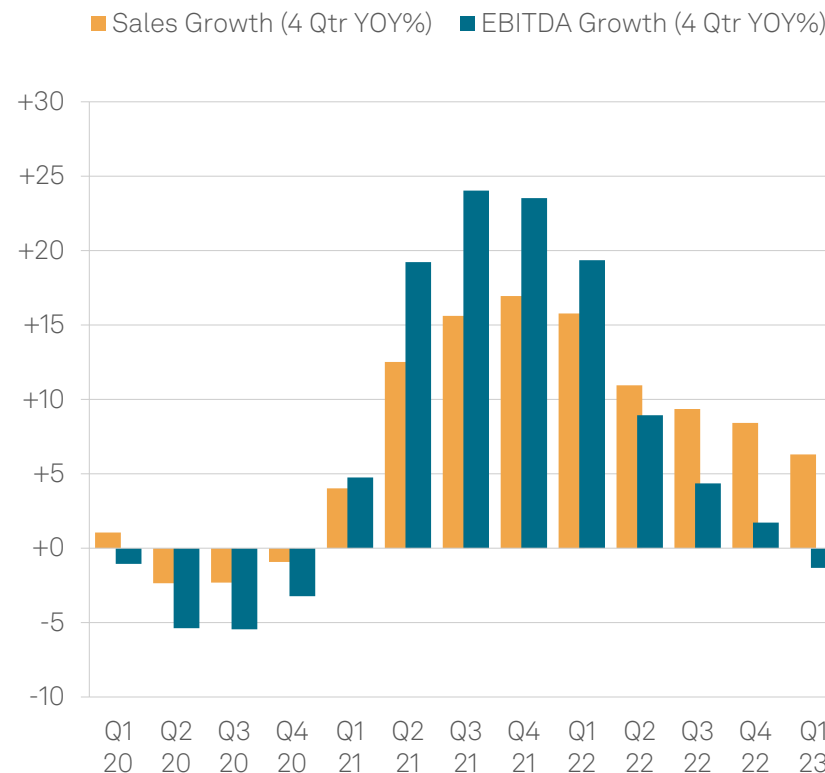
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Nonfinancial Corporates | Sales and EBITDA Growth*

Global Ex Oil and Mining | Quarterly, Year-Over-Year



Global Ex Oil and Mining | Trailing 4 Qtr, Year-Over-Year

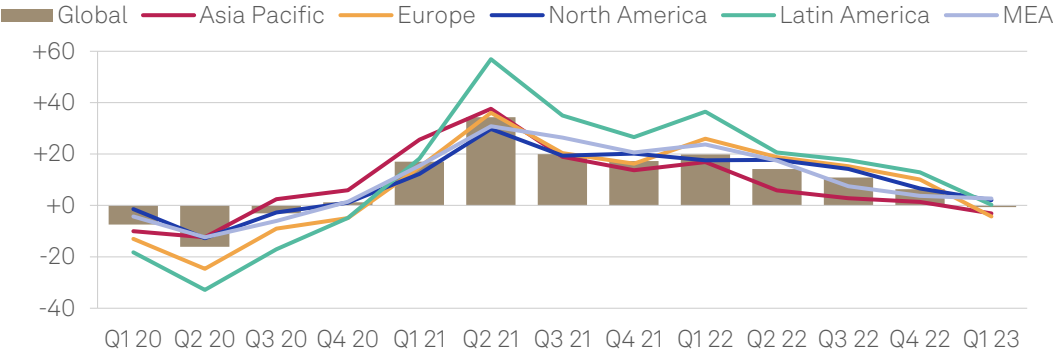


Source: S&P Capital IQ, S&P Global Ratings. Data to May 10, 2023.

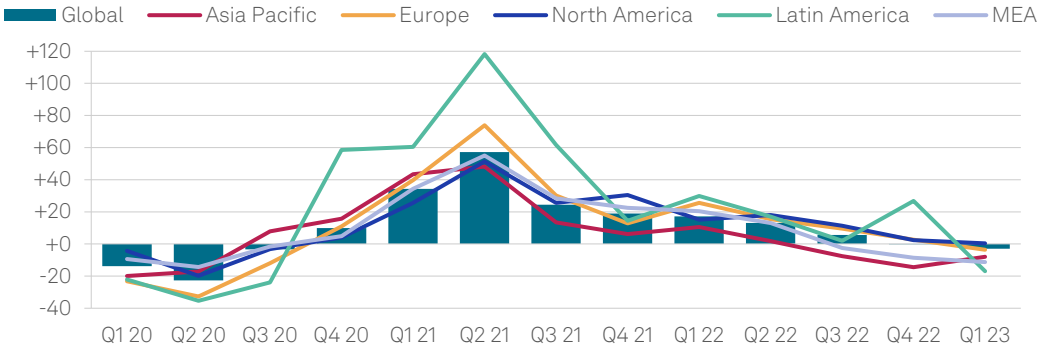
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Nonfinancial Corporates | Sales And EBITDA Growth By Region*

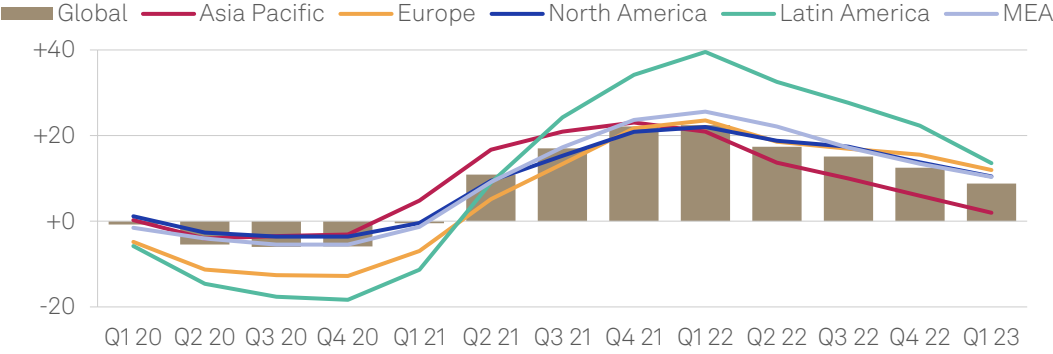
Sales Growth | Quarterly, Year-Over-Year



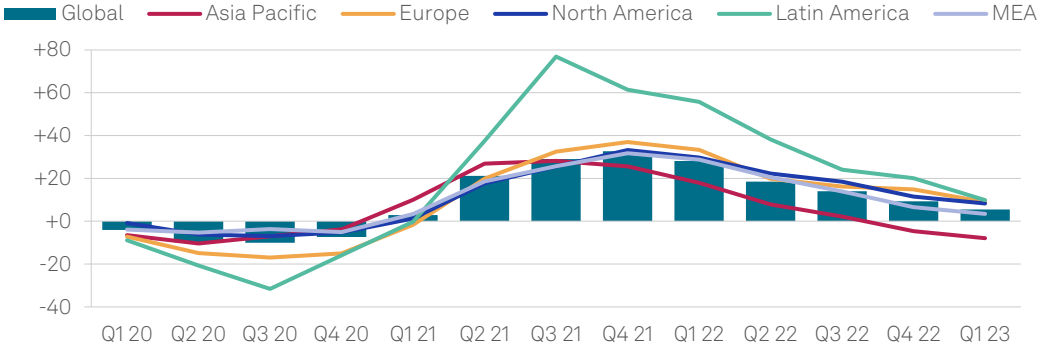
EBITDA Growth | Quarterly, Year-Over-Year



Sales Growth | Trailing 4 Quarter, Year-Over-Year



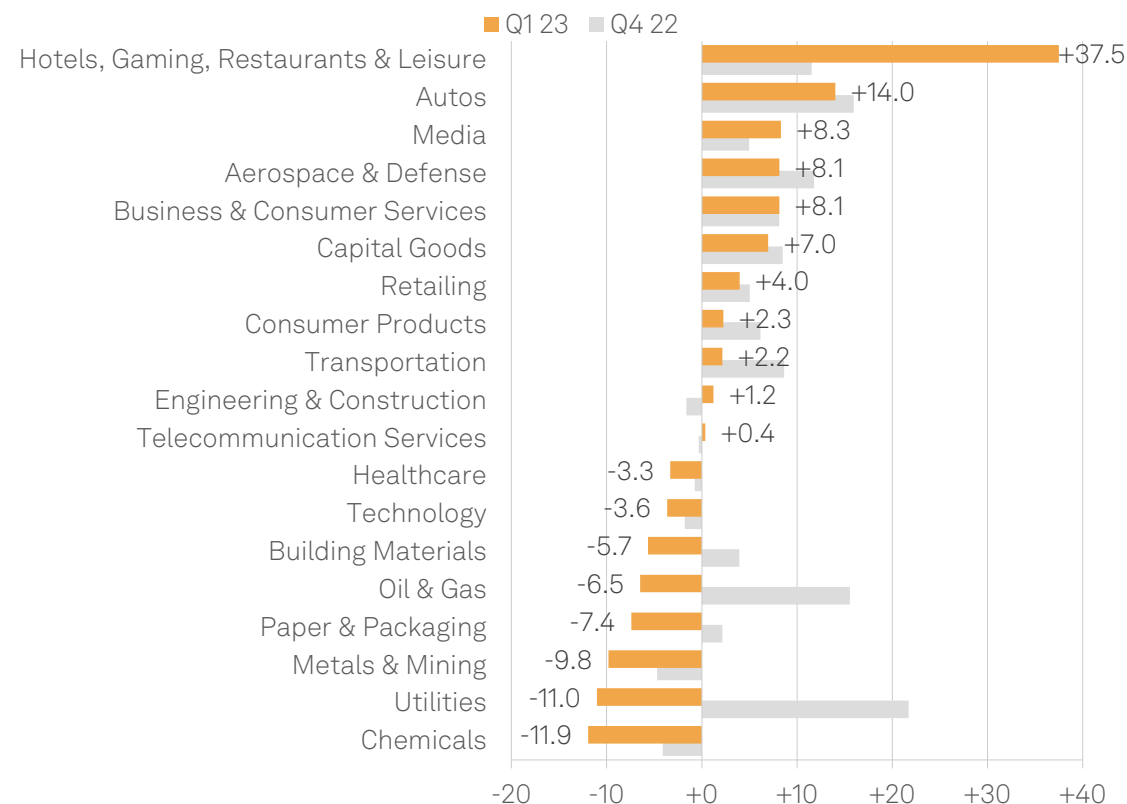
EBITDA Growth | Trailing 4 Quarter, Year-Over-Year



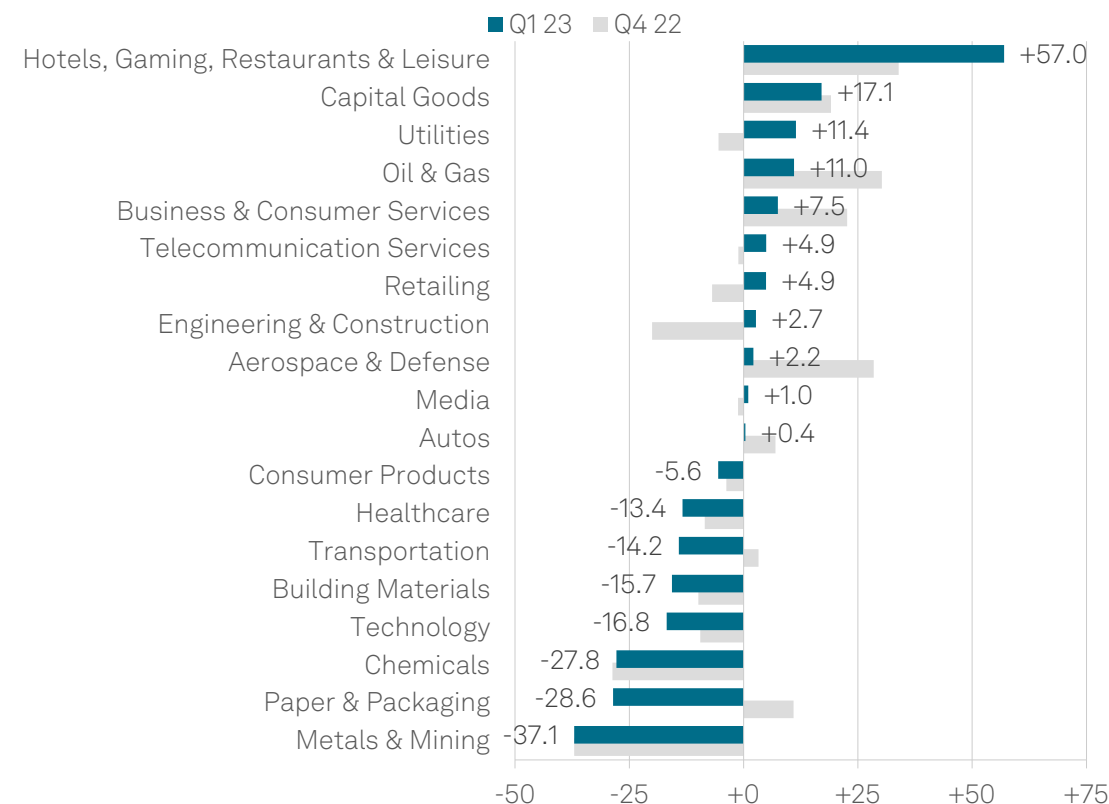
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Nonfinancial Corporates | Global Industry Growth*

Sales Growth | Quarterly, Year-Over-Year



EBITDA Growth | Quarterly, Year-Over-Year

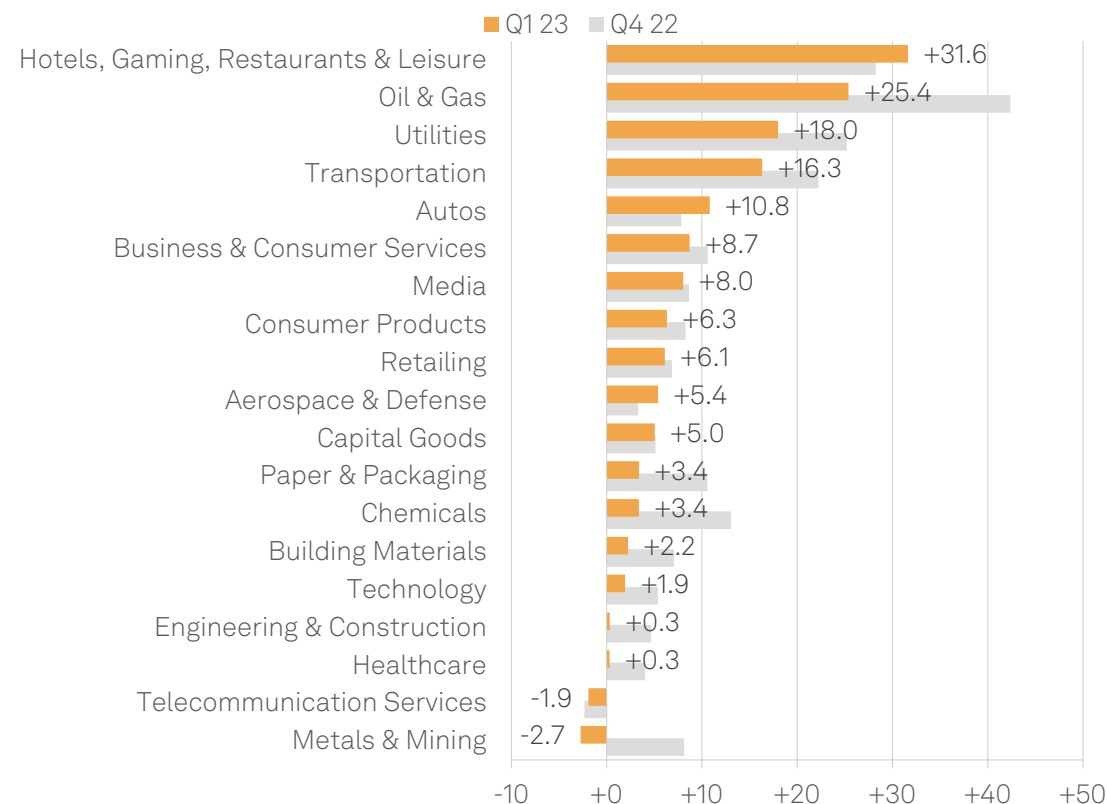


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

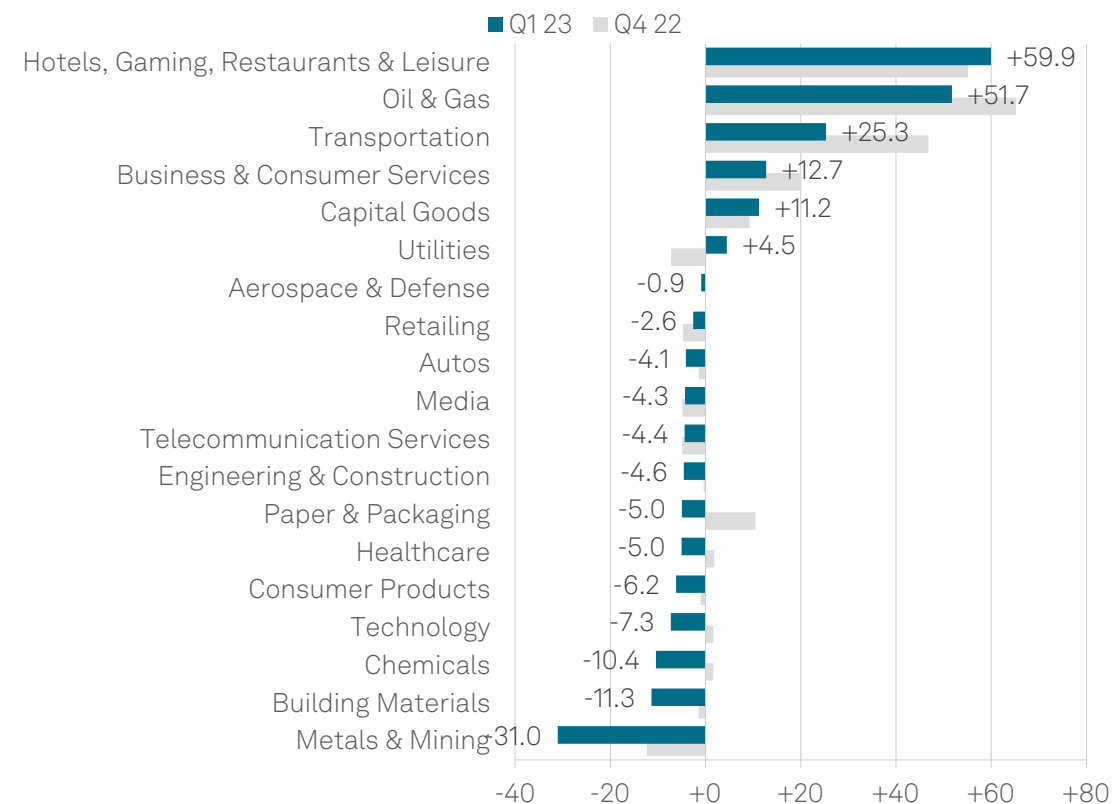
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results,

Rated Nonfinancial Corporates | Global Industry Growth*

Sales Growth | Trailing 4 Quarter, Year-Over-Year



EBITDA Growth | Trailing 4 Quarter, Year-Over-Year

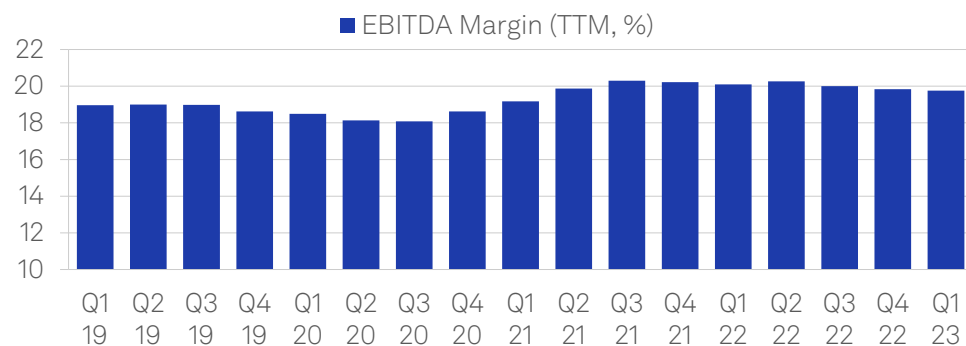


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

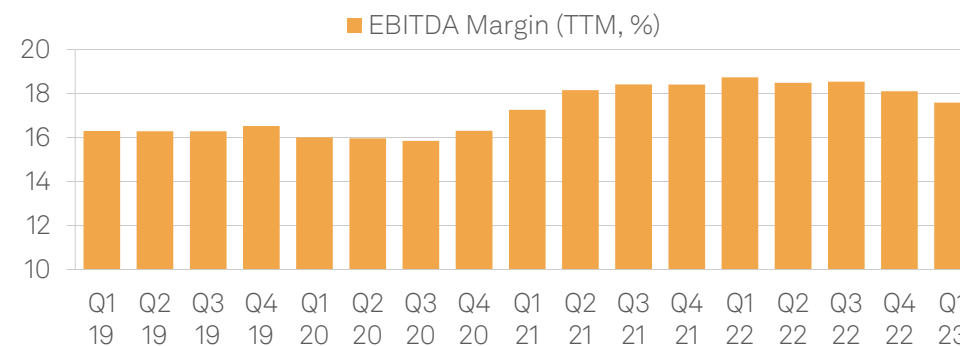
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results,

Rated Nonfinancial Corporates | EBITDA Margin By Region*

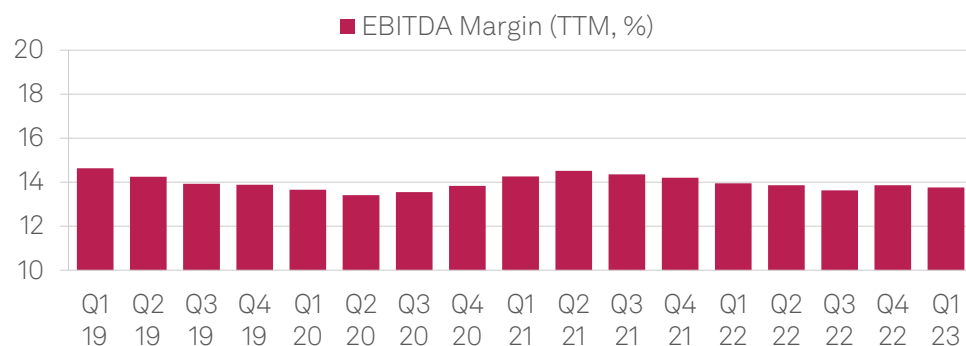
North America | EBITDA Margin Trailing 12 Month



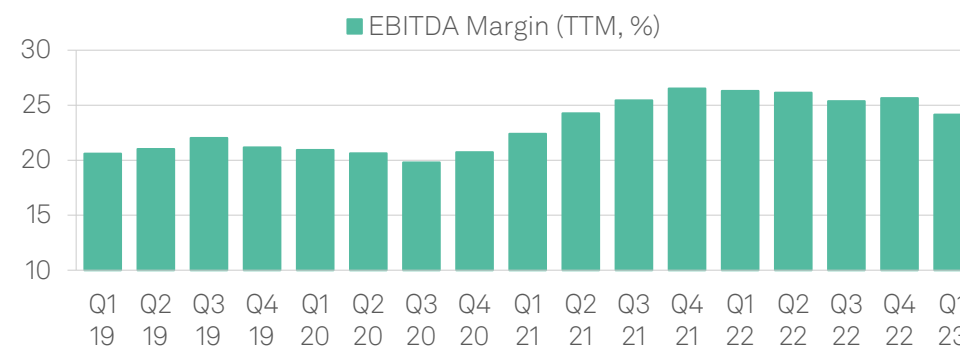
Europe | EBITDA Margin Trailing 12 Month



Asia Pacific | EBITDA Margin Trailing 12 Month



Latin America | EBITDA Margin Trailing 12 Month

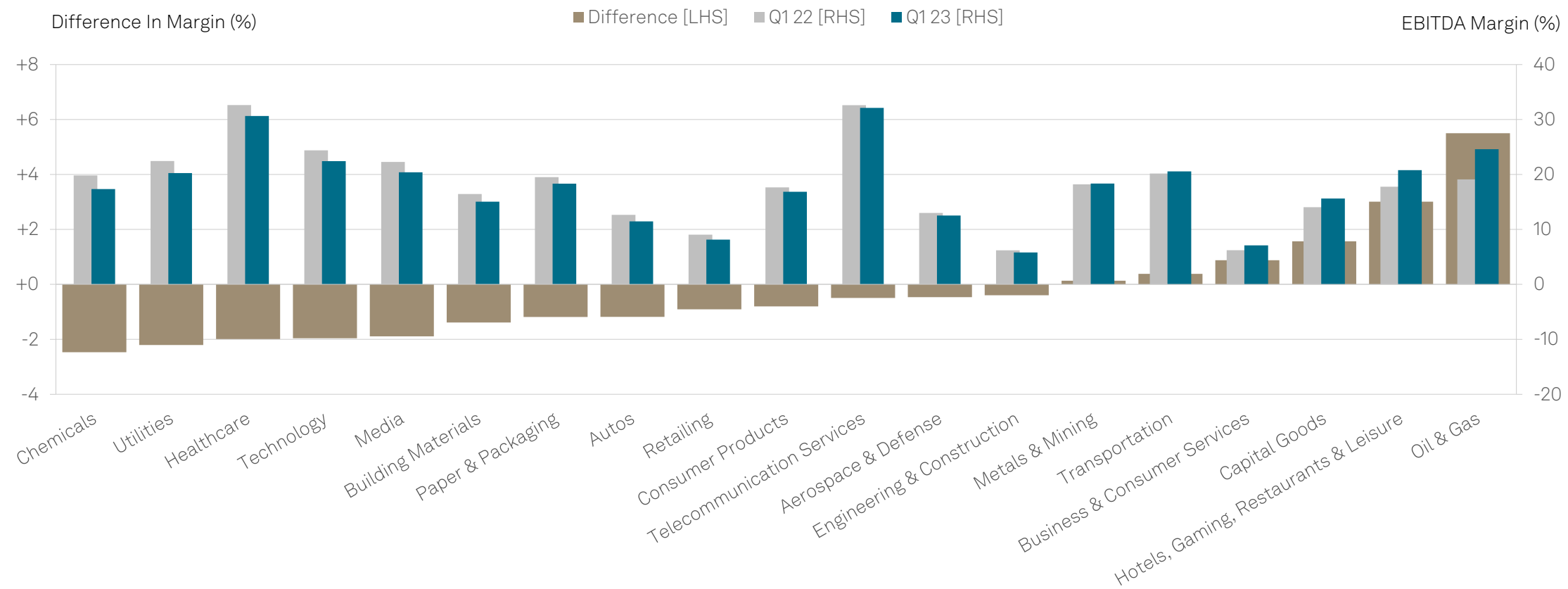


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Nonfinancial Corporates | EBITDA Margin By Industry*

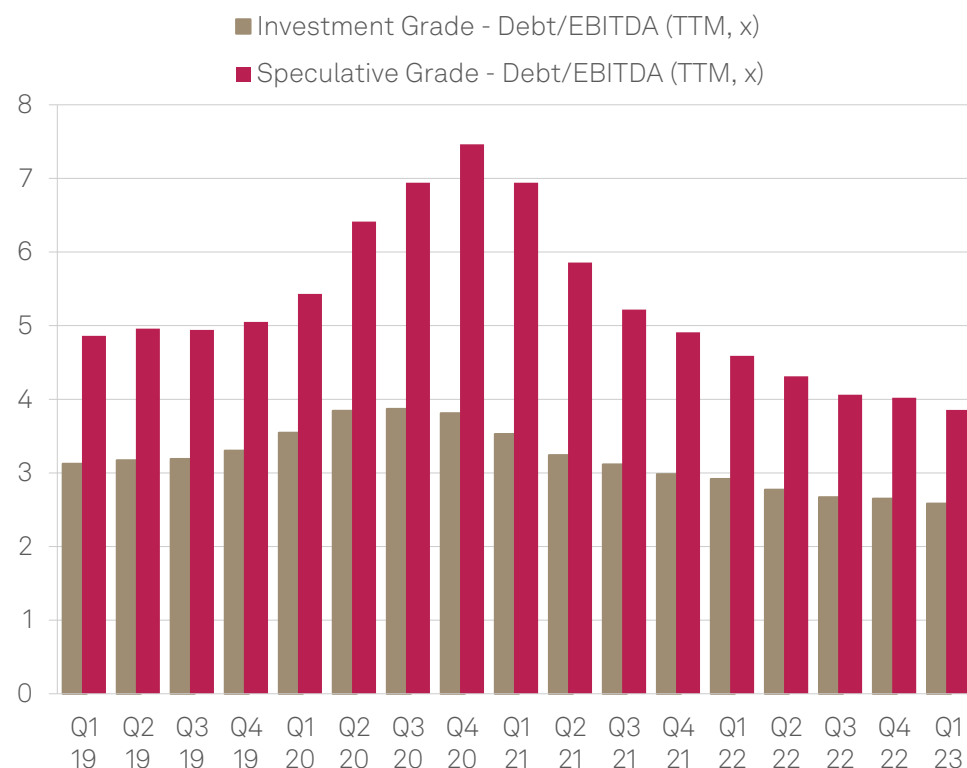
EBITDA Margin Trailing 12 Month – Q1 2023 versus Q1 2022



Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Nonfinancial Corporates | Debt/EBITDA*

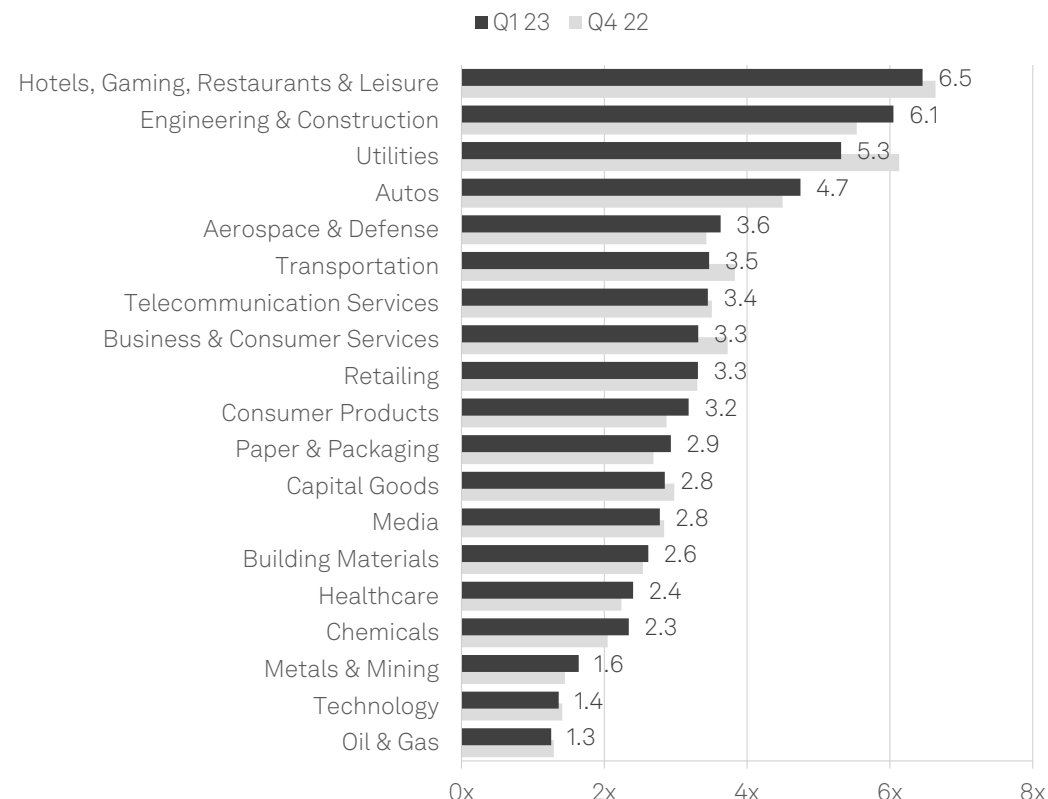
Global Debt/EBITDA | Trailing 12 Month



Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

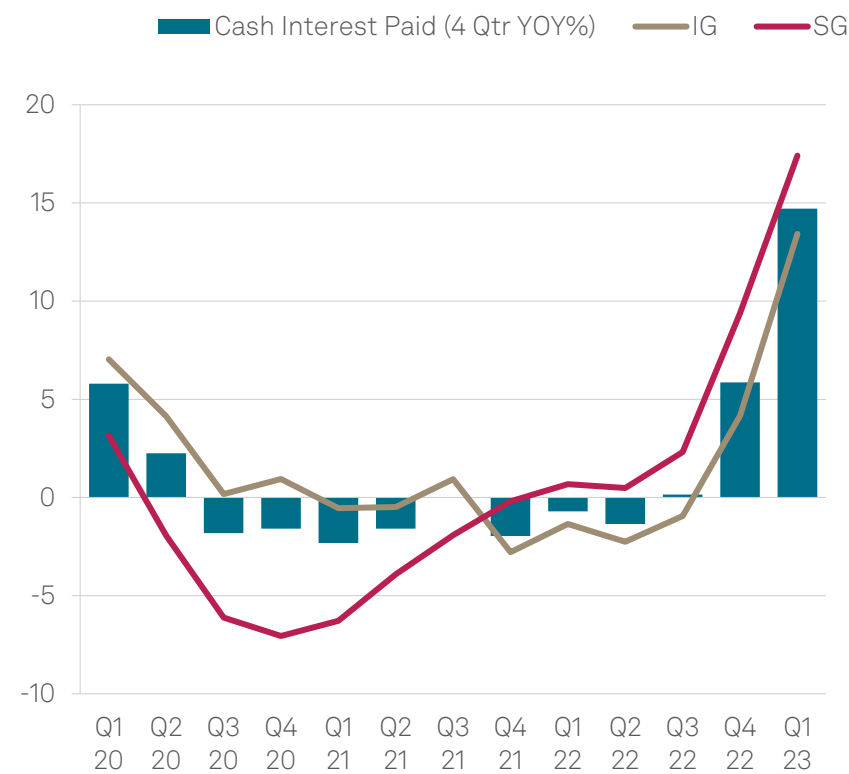
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Global Industry Debt/EBITDA | Trailing 12 Month

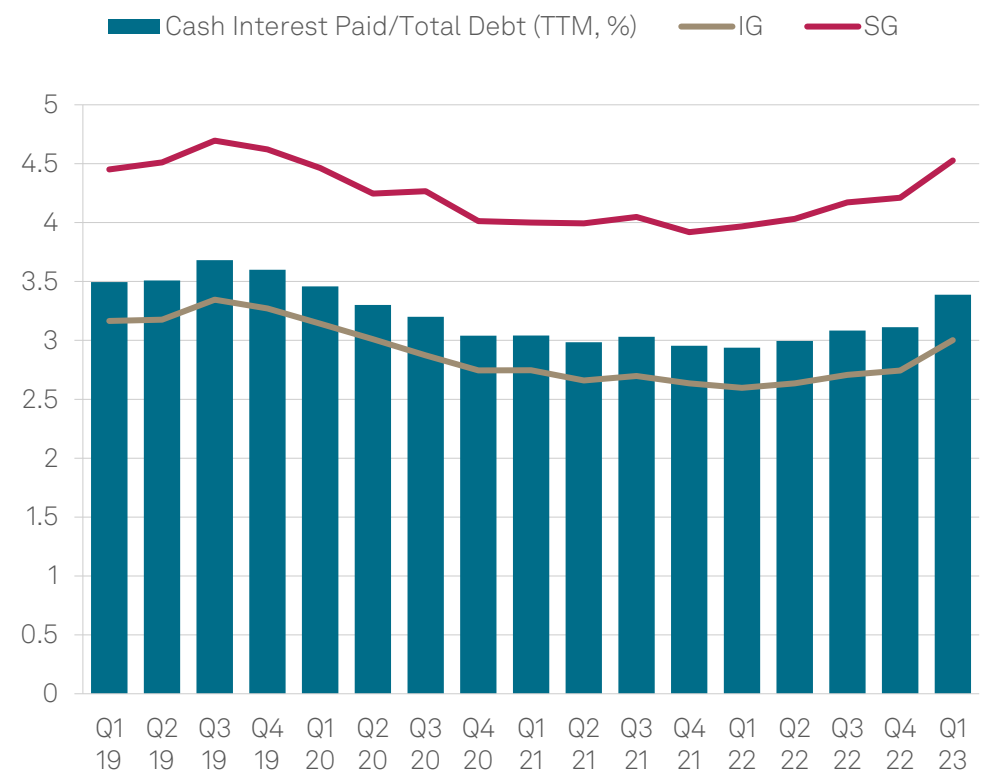


Rated Nonfinancial Corporates | Cash Interest Paid*

Global | Cash Interest Paid, Trailing 4 Quarter, YOY



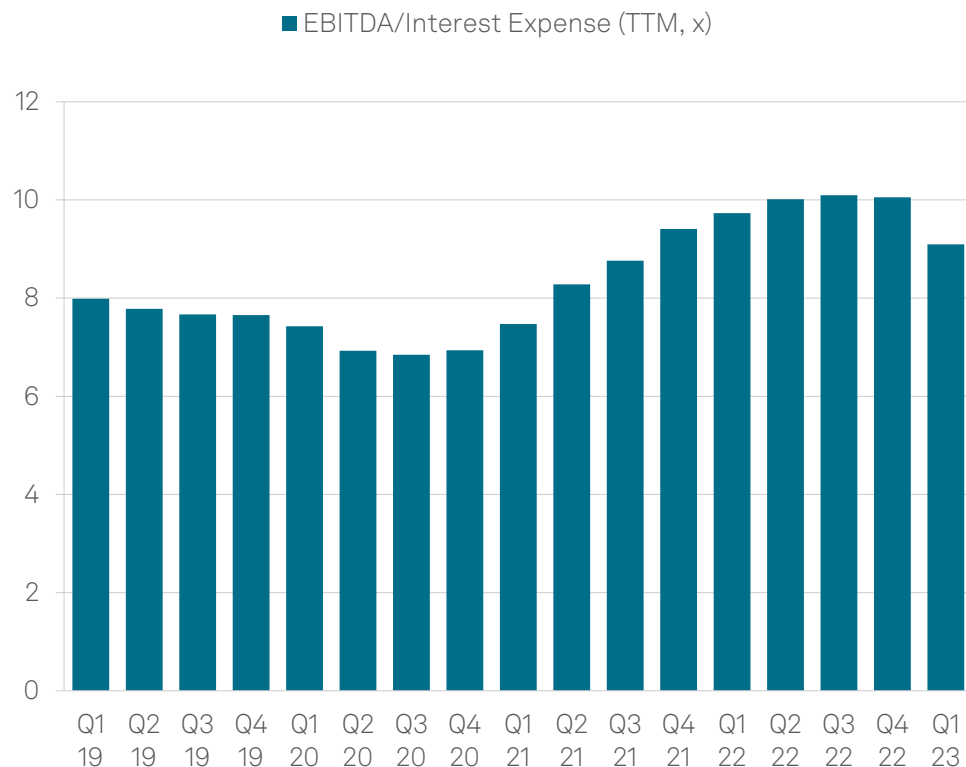
Global | Cash Interest Paid/Total Debt, Trailing 12 Month



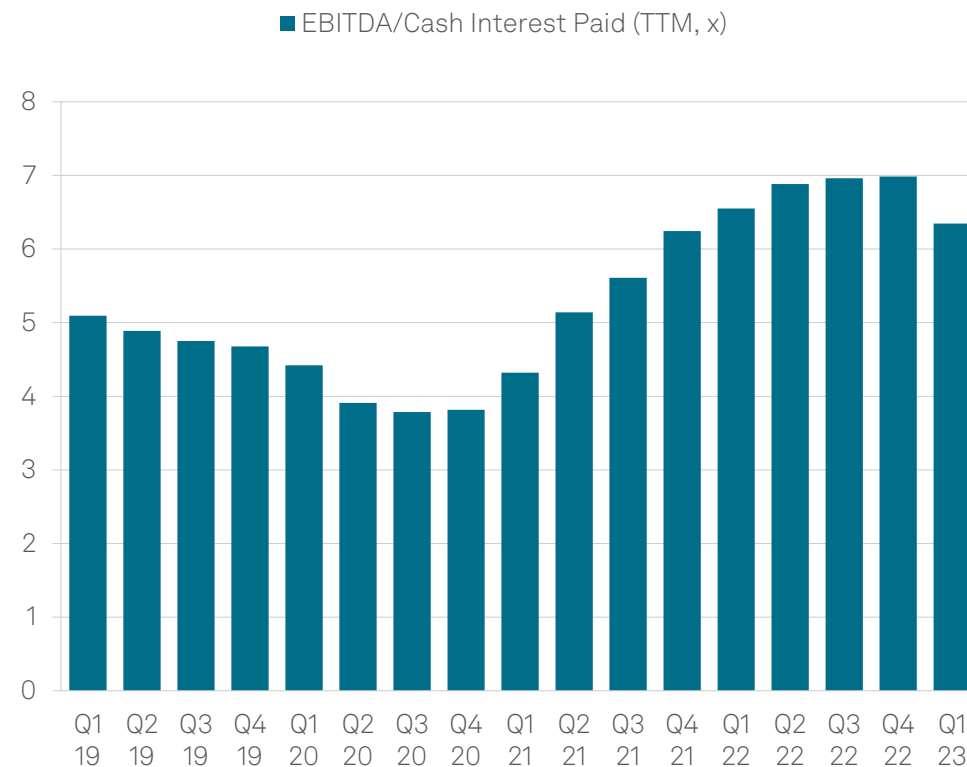
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Nonfinancial Corporates | Interest Cover*

Global | EBITDA/Interest Expense, Trailing 12 Month



Global | EBITDA/Cash Interest Paid, Trailing 12 Month

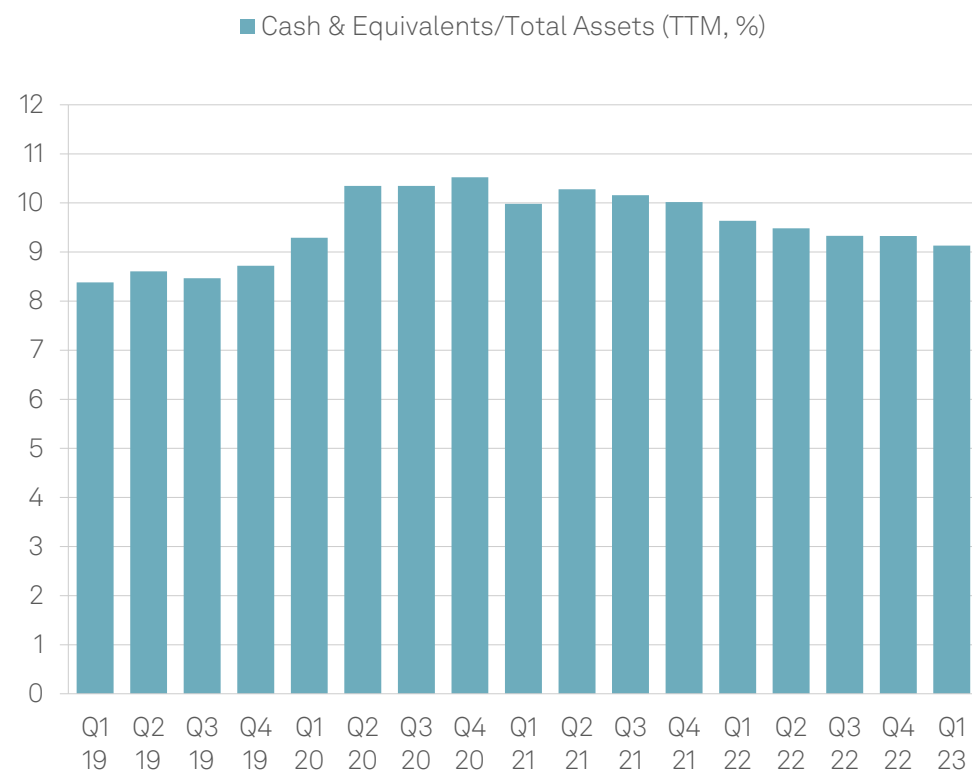


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

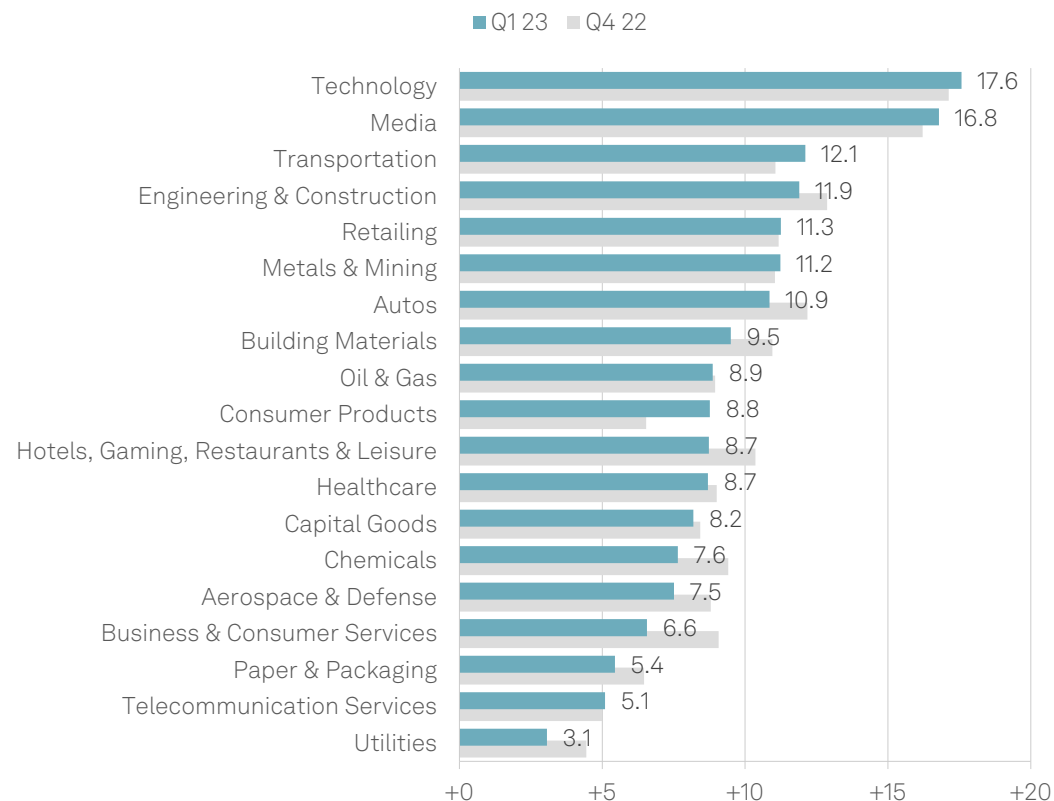
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Nonfinancial Corporates | Cash And Equivalents/Total Assets*

Global Cash/Assets | Trailing 12 Month



Global Industry Cash/Assets | Trailing 12 Month

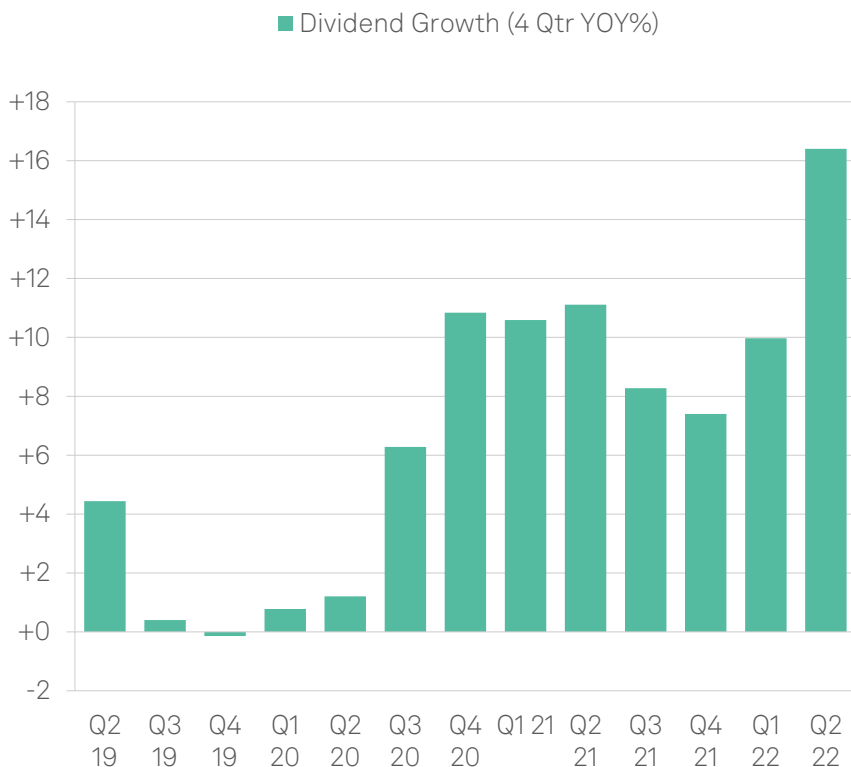


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

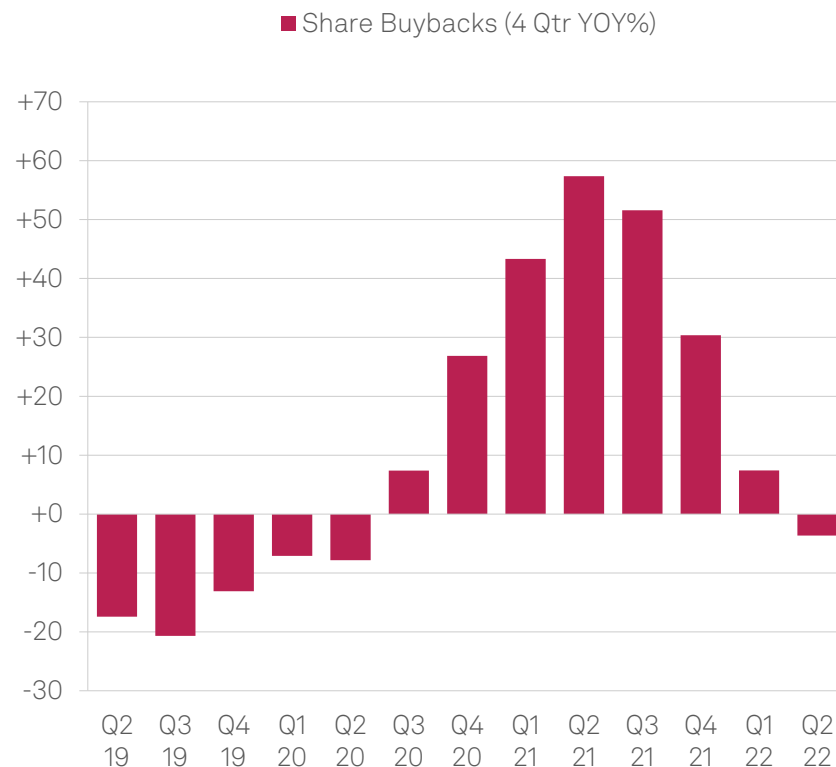
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Nonfinancial Corporates | Shareholder Returns*

Global Dividend Growth | Trailing 4 Quarter, YOY



Global Share Buyback Growth | Trailing 4 Quarter, YOY

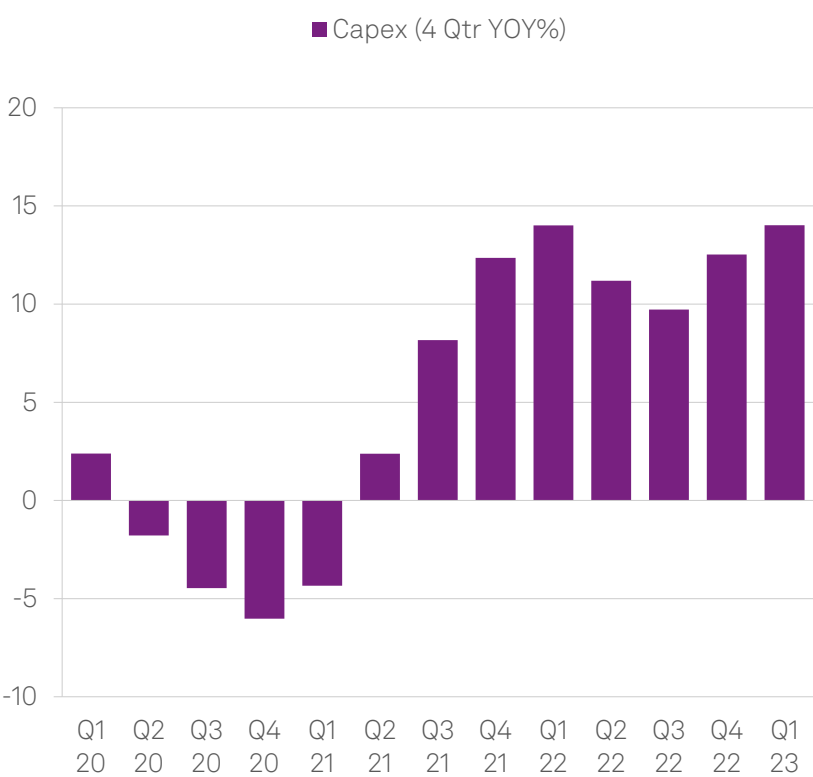


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

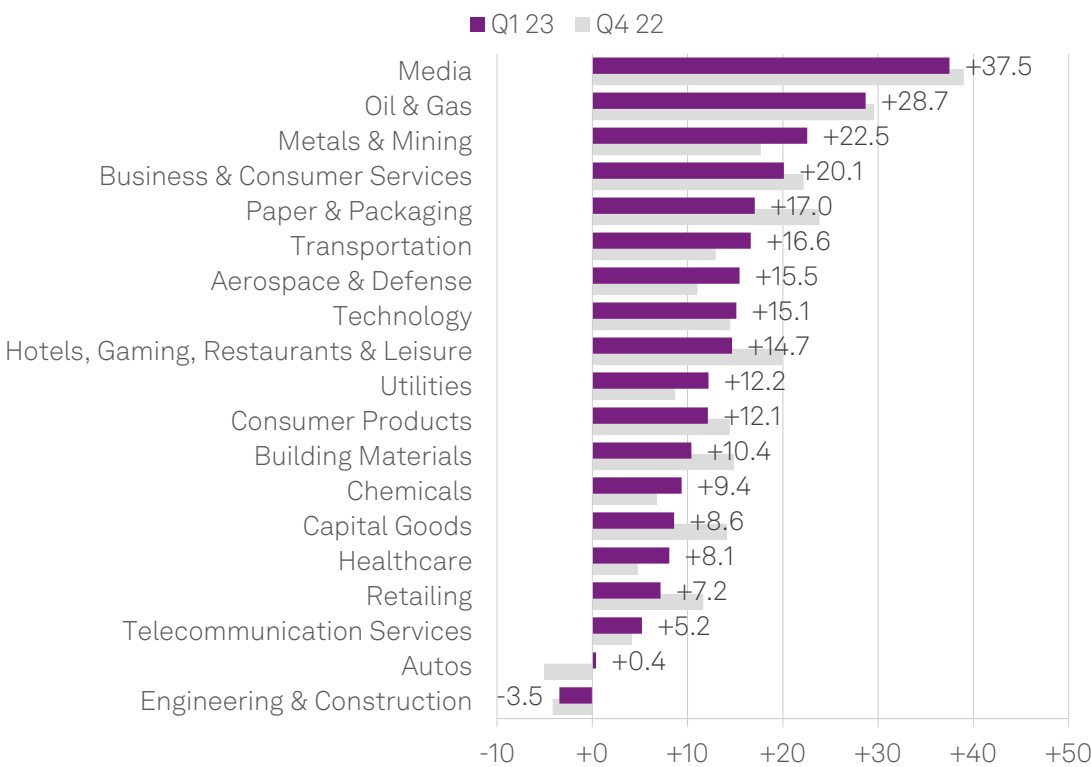
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Nonfinancial Corporates | Capital Expenditure Growth*

Global Capex Growth | Trailing 4 Quarter, Year-Over-Year



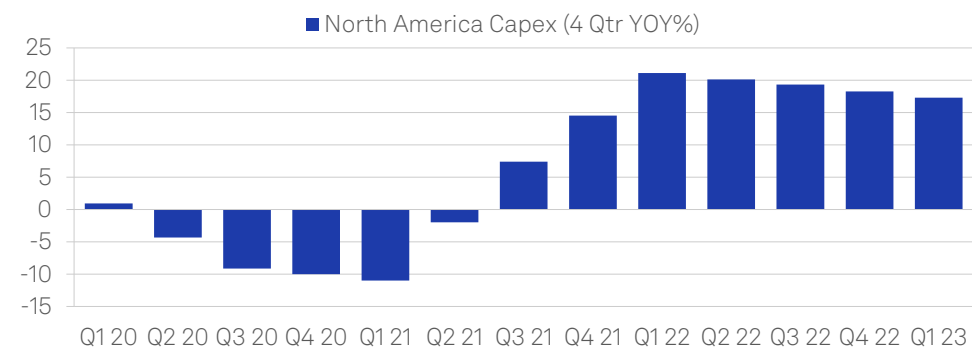
Global Industry Capex Growth | Trailing 4 Quarter, YOY



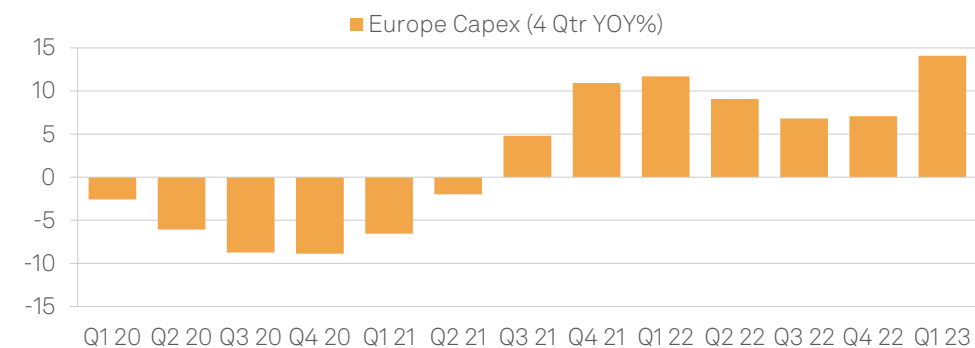
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Rated Nonfinancial Corporates | Capital Expenditure Growth By Region*

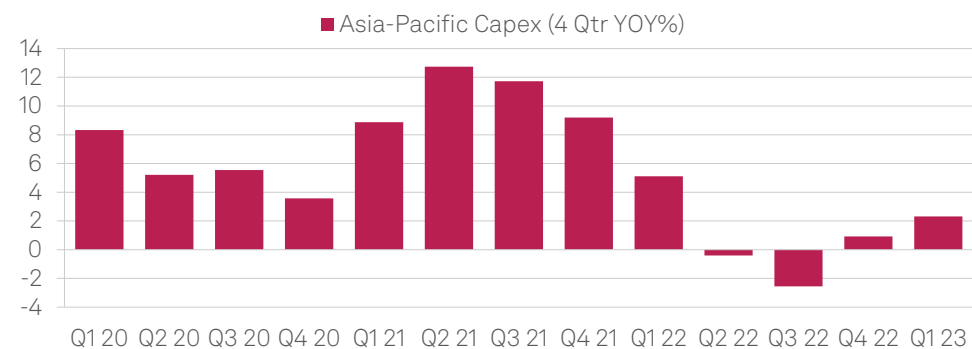
North America | Capex Growth, 4 Qtr YOY%



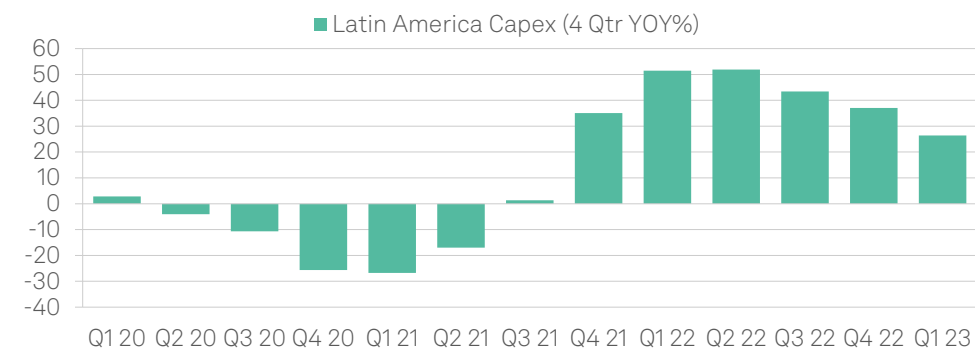
Europe | Capex Growth, 4 Qtr YOY%



Asia Pacific | Capex Growth, 4 Qtr YOY%



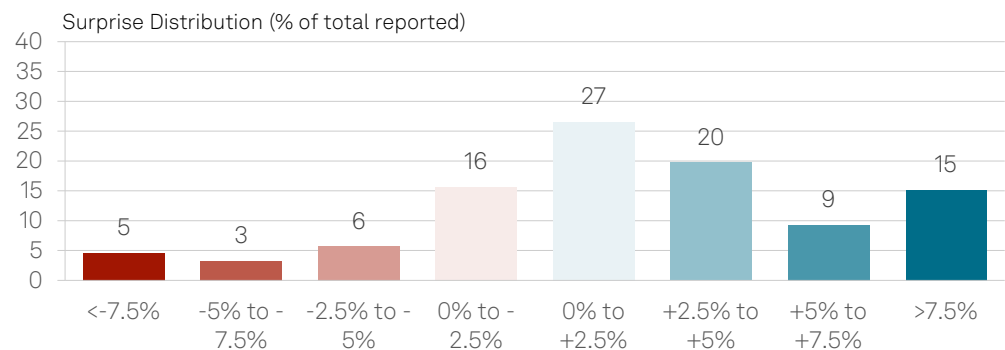
Latin America | Capex Growth, 4 Qtr YOY%



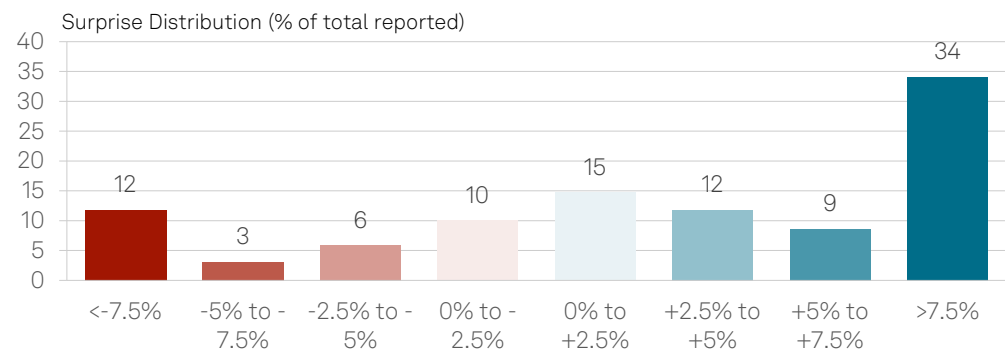
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Rated Nonfinancial Corporates | Results Versus Market Expectations

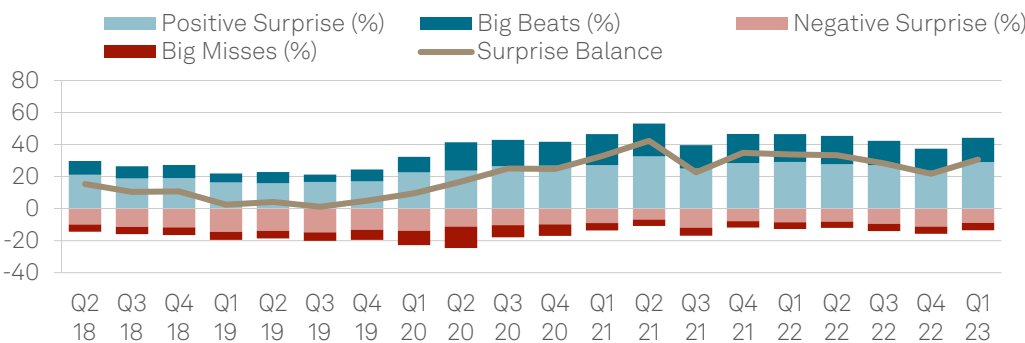
“Surprise” versus consensus - Sales, Q1 2023



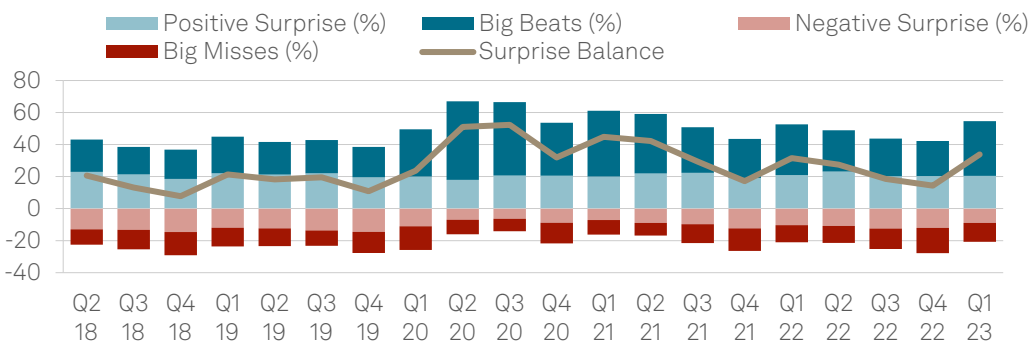
“Surprise” versus consensus - EBITDA, Q1 2023



Evolution of "surprise" versus consensus - Sales



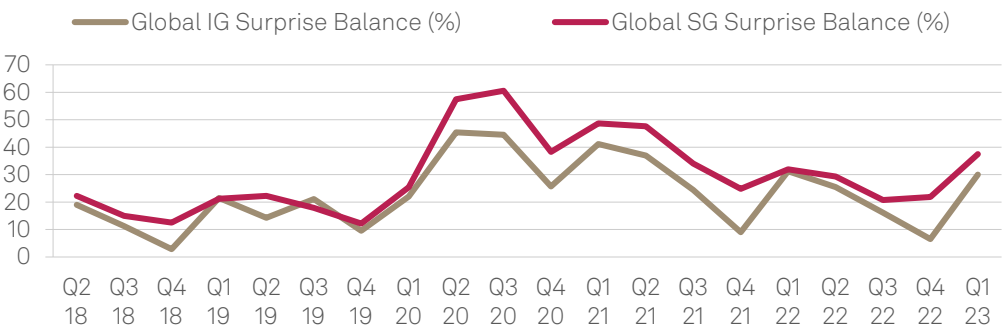
Evolution of "surprise" versus consensus - EBITDA



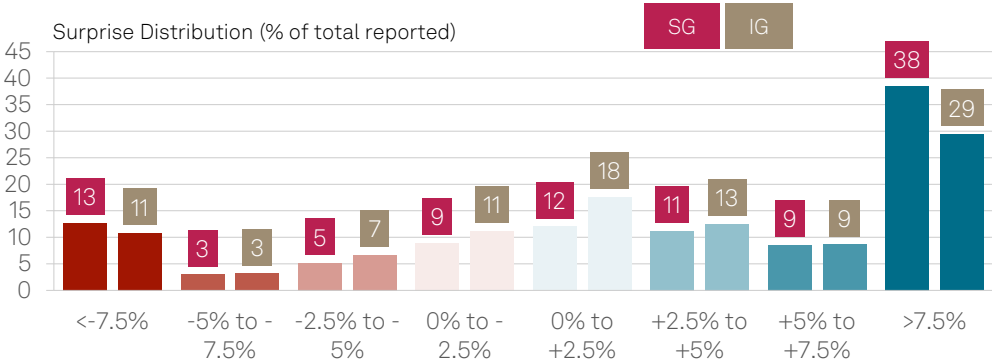
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023. "Surprise" measures the percentage difference between actual results and the Capital IQ consensus estimate prior to reporting. "Surprise Balance" refers to difference between percentage of entities reporting results more than 2.5% better than the S&P Capital IQ market consensus less the percentage reporting results more than 2.5% worse than the consensus. Big beats or misses are those where the percentage difference to consensus exceeds 7.5%.

Rated Nonfinancial Corporates | Results Versus Market Expectations By Ratings Category

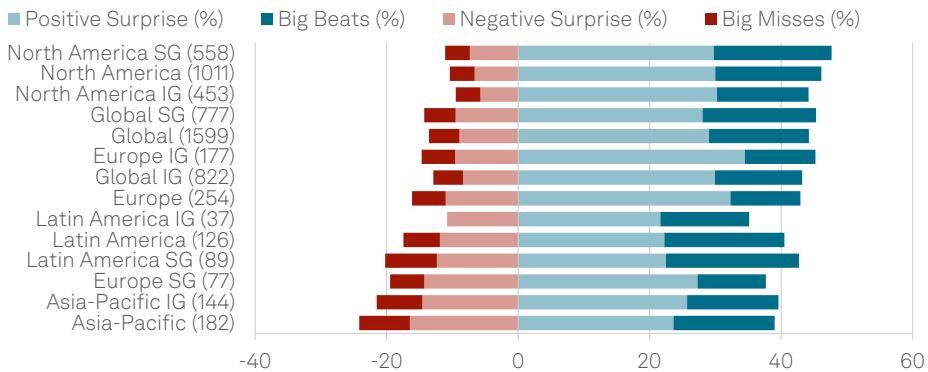
Evolution of "surprise" versus consensus - EBITDA



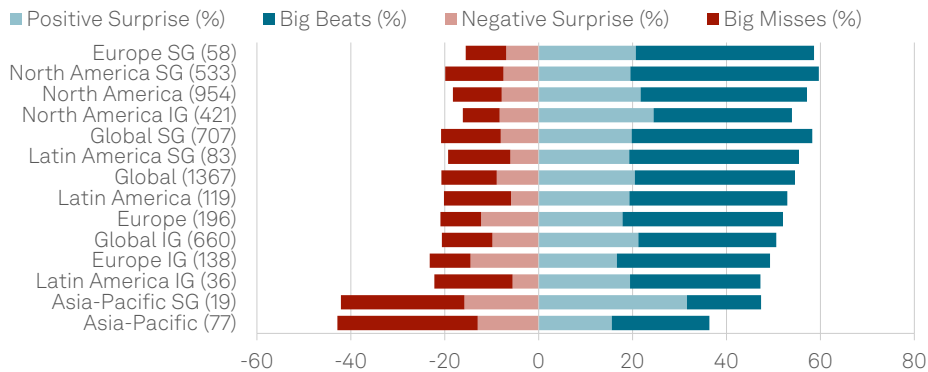
"Surprise" versus consensus - EBITDA, Q1 2023



"Surprise" by region and ratings category - Sales (Ranked)



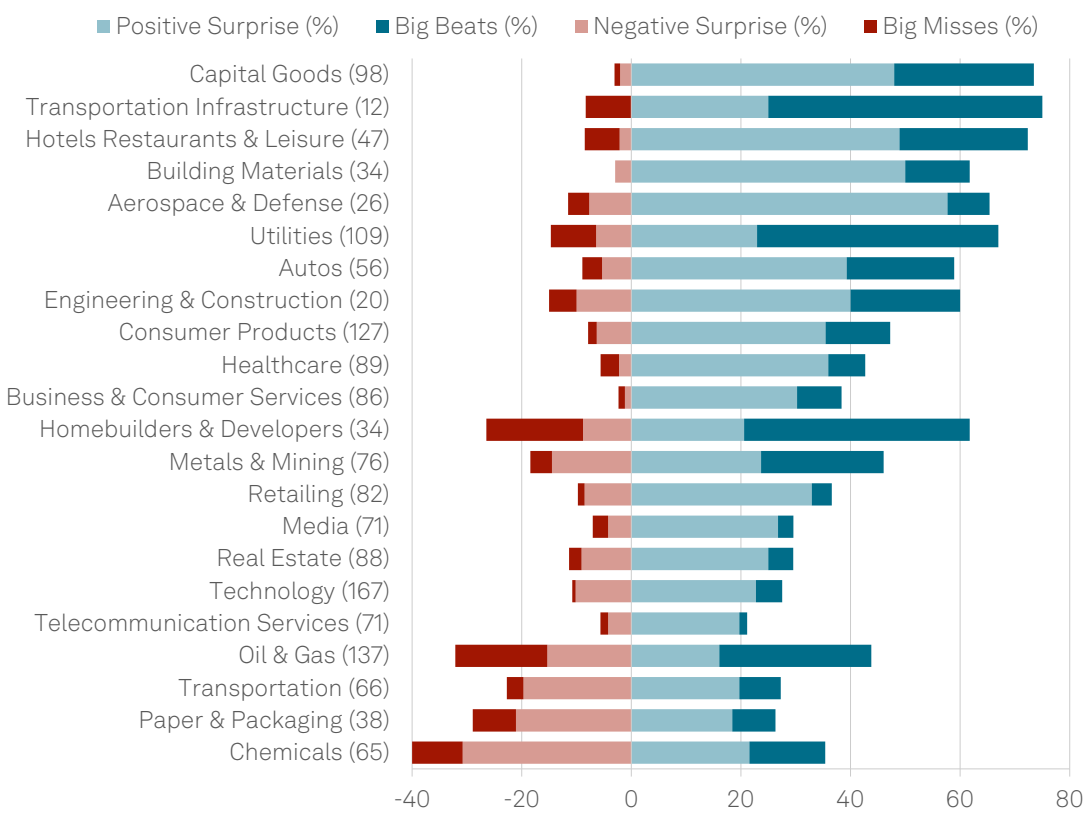
"Surprise" by region and ratings category - EBITDA (Ranked)



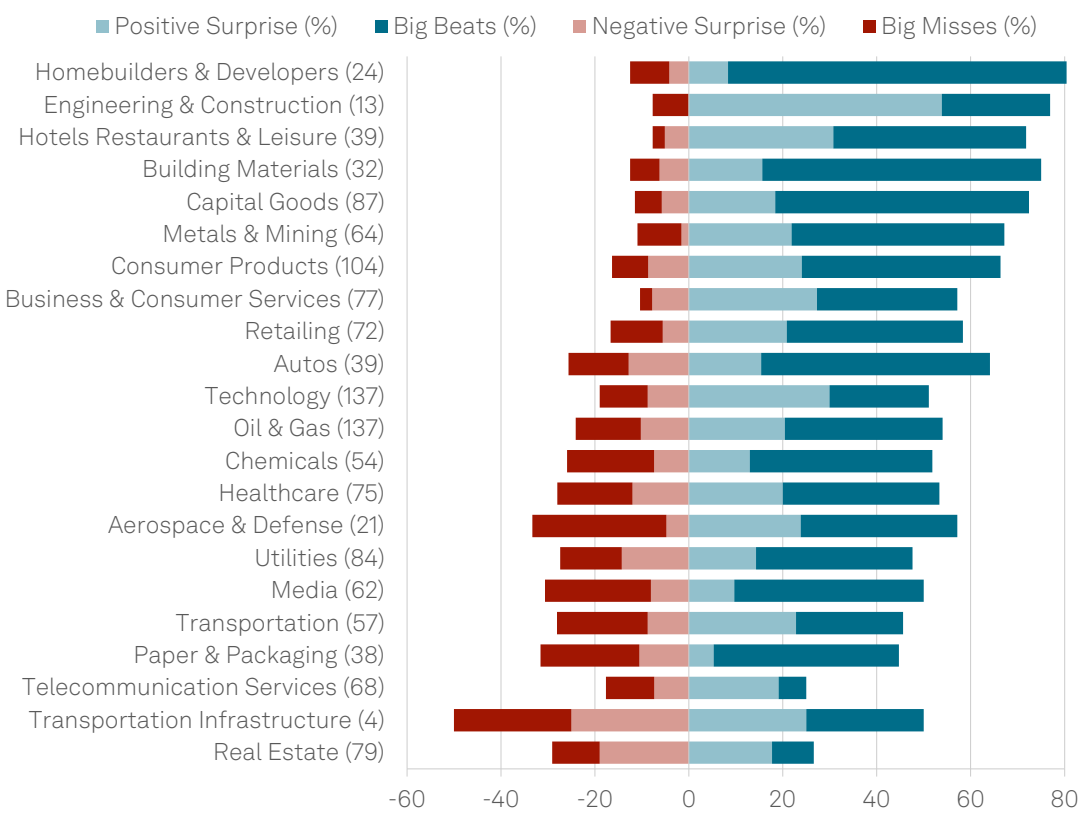
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023. Figures in parenthesis show how many entities with Q1 2023 results reported have surprise data available. "Surprise" measures the percentage difference between actual results and the Capital IQ consensus estimate prior to reporting. "Surprise Balance" refers to difference between percentage of entities reporting results more than 2.5% better than the S&P Capital IQ market consensus less the percentage reporting results more than 2.5% worse than the consensus. Big beats or misses are those where the percentage difference to consensus exceeds 7.5%.

Rated Nonfinancial Corporates | Results Versus Market Expectations By Industry

"Surprise" by industry - Sales (Ranked)



"Surprise" by industry - EBITDA (Ranked)

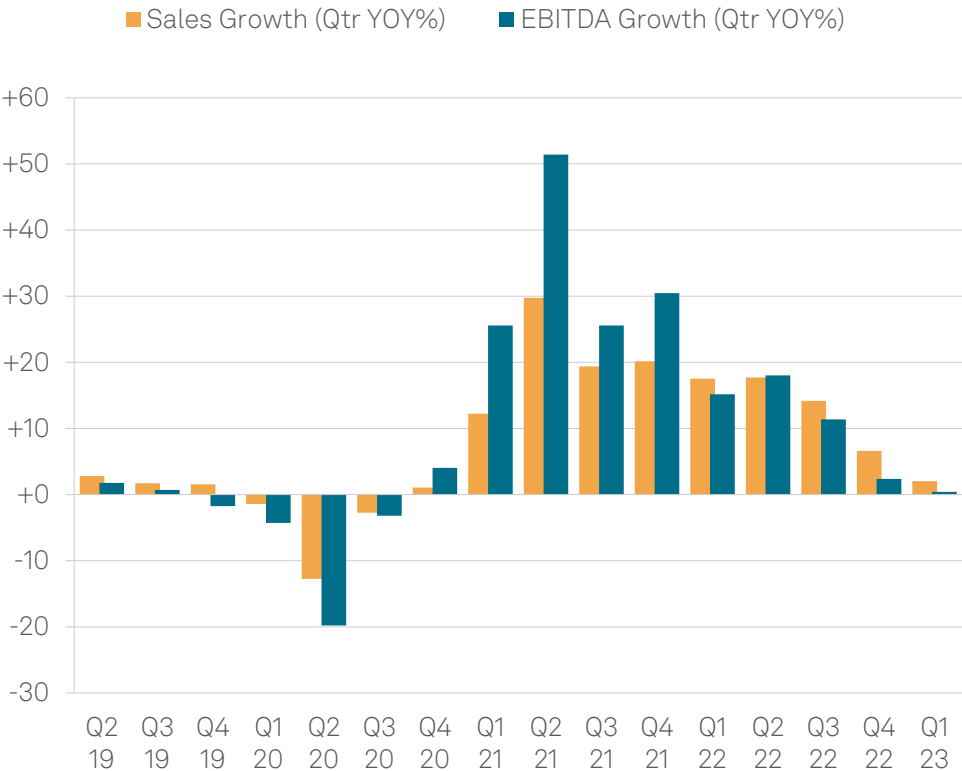


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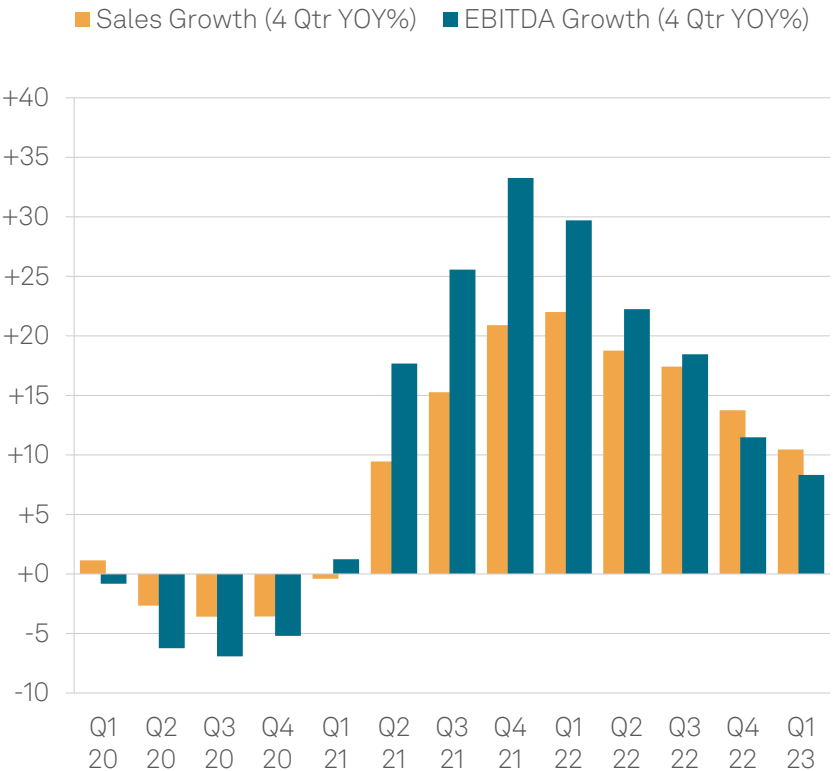
North America

Rated North American Nonfinancial Corporates | Sales and EBITDA Growth*

North America | Quarterly, Year-Over-Year



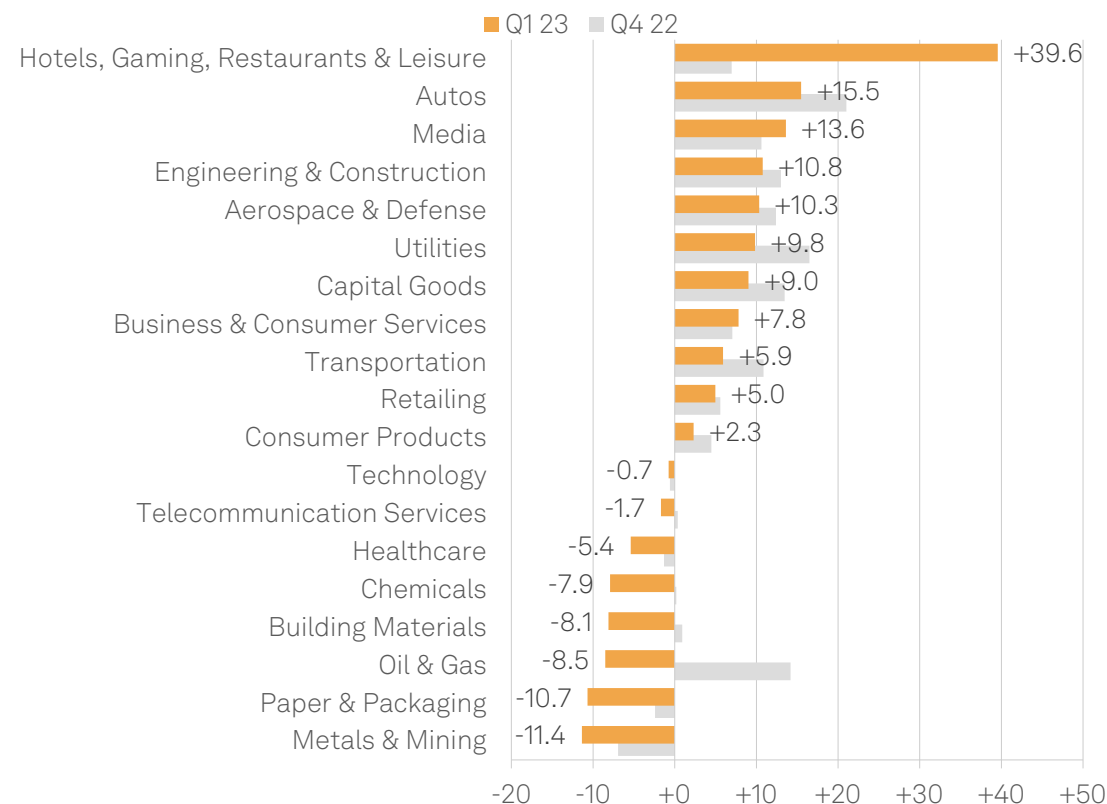
North America | Trailing 4 Quarter, Year-Over-Year



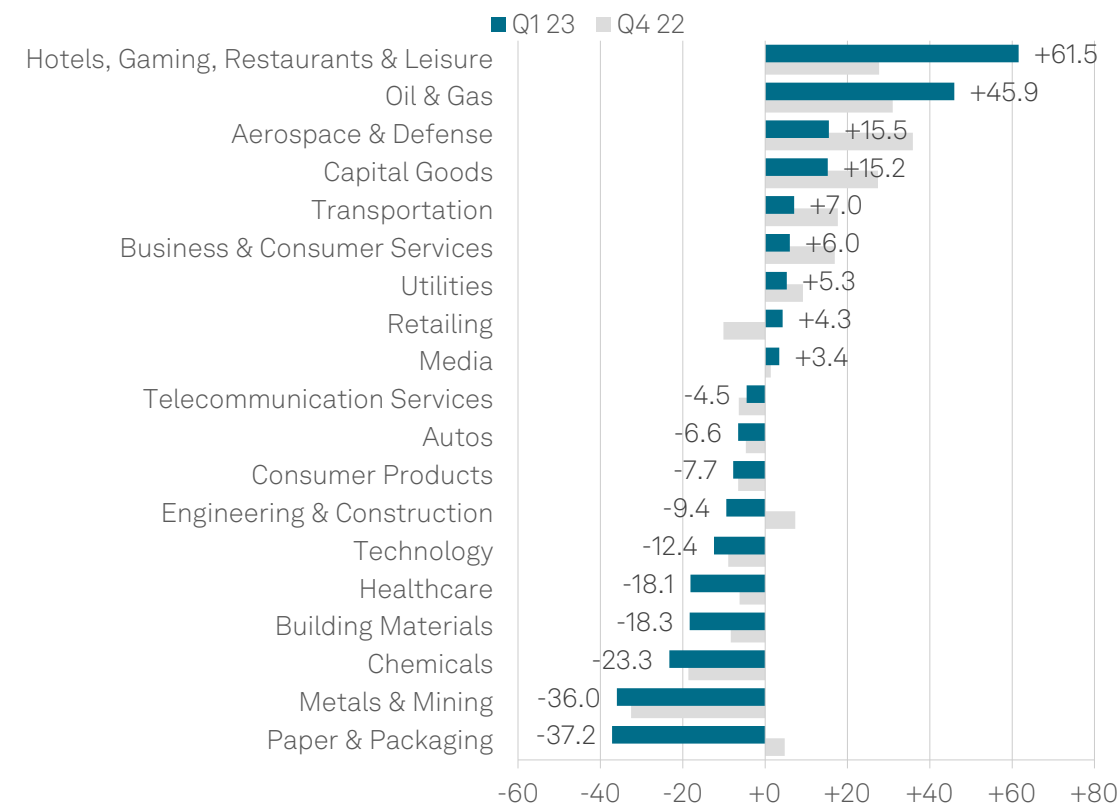
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Rated North America Nonfinancial Corporates | Industry Growth*

Sales Growth | Quarterly, Year-Over-Year



EBITDA Growth | Quarterly, Year-Over-Year

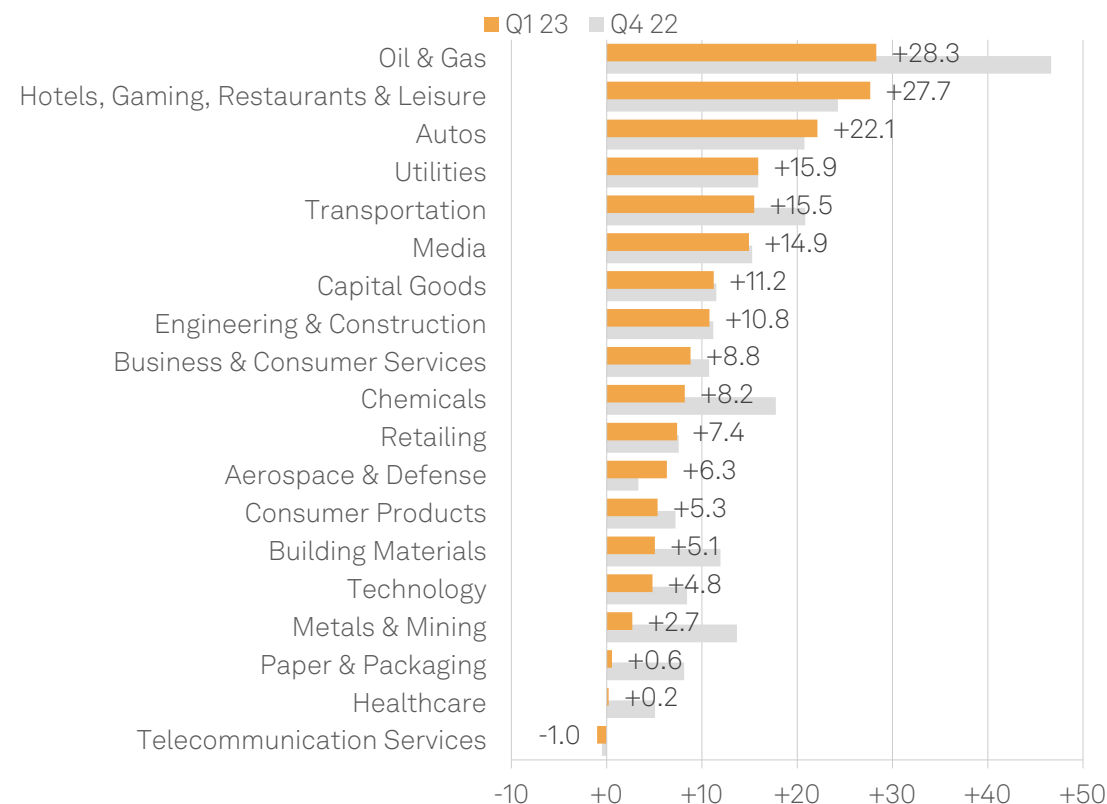


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

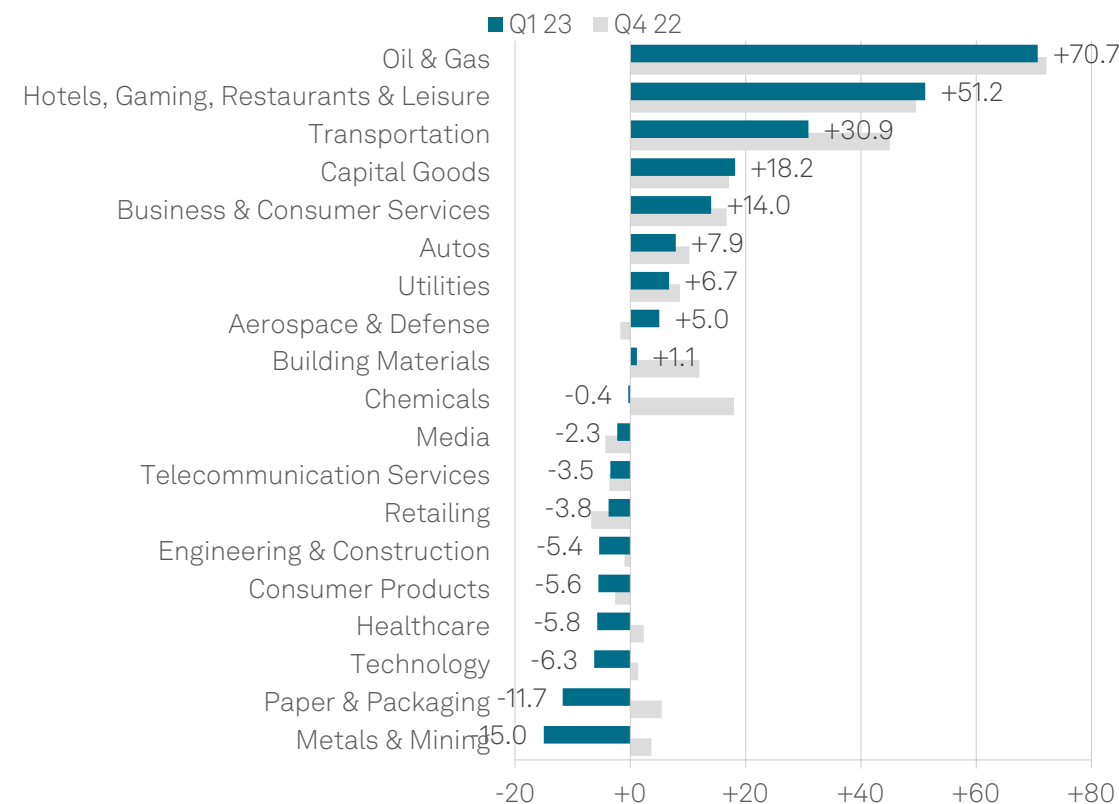
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Rated North America Nonfinancial Corporates | Industry Growth*

Sales Growth | Trailing 4 Quarter, Year-Over-Year



EBITDA Growth | Trailing 4 Quarter, Year-Over-Year

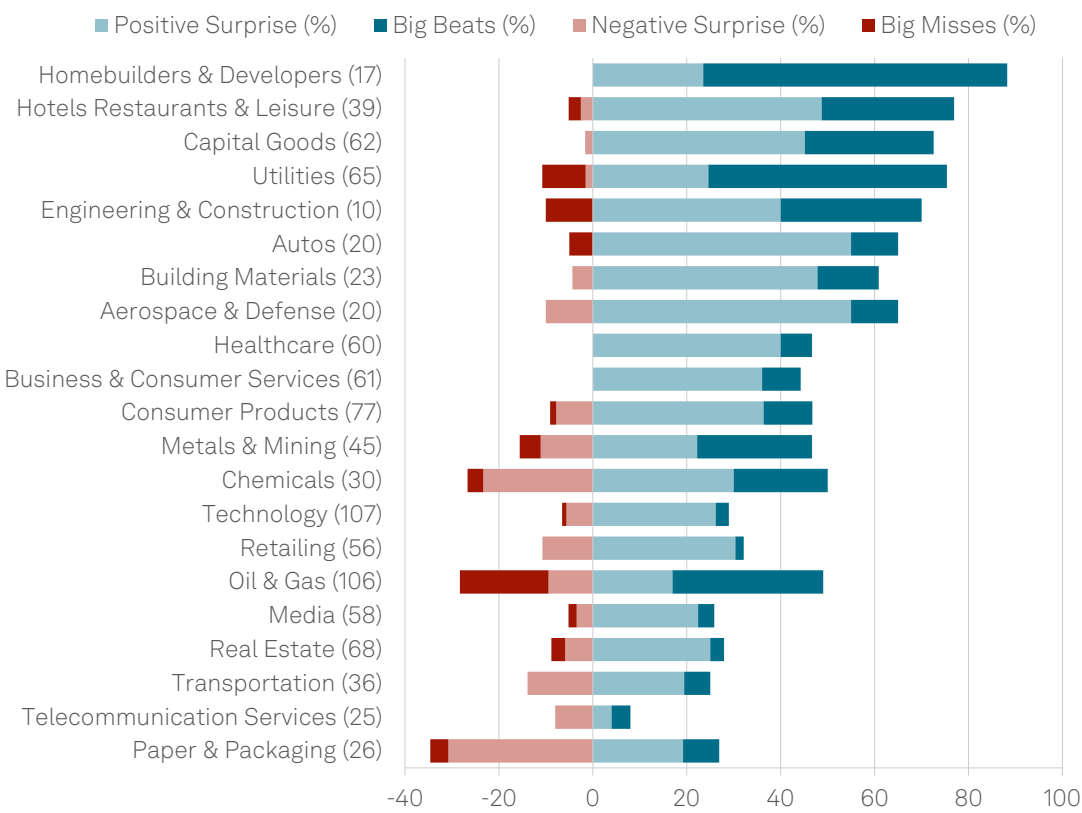


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

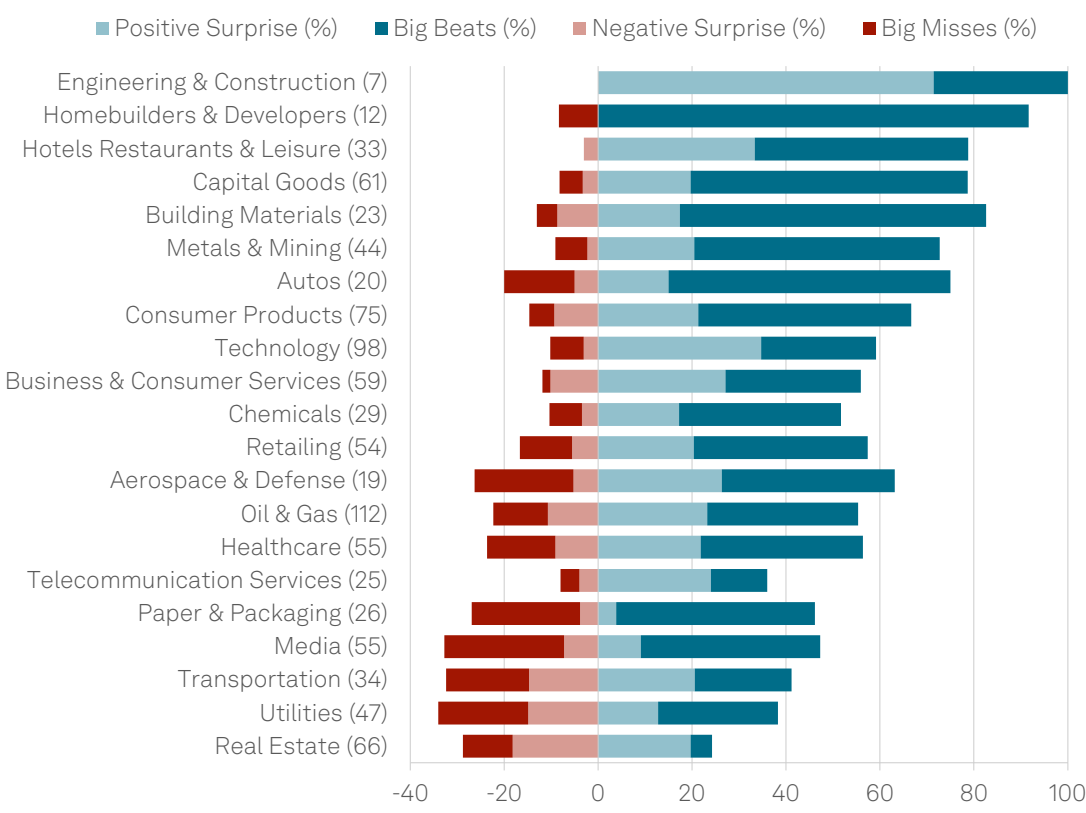
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Rated North American Nonfinancial Corporates | Results Versus Market Expectations By Industry

"Surprise" by industry - Sales (Ranked)



"Surprise" by industry - EBITDA (Ranked)

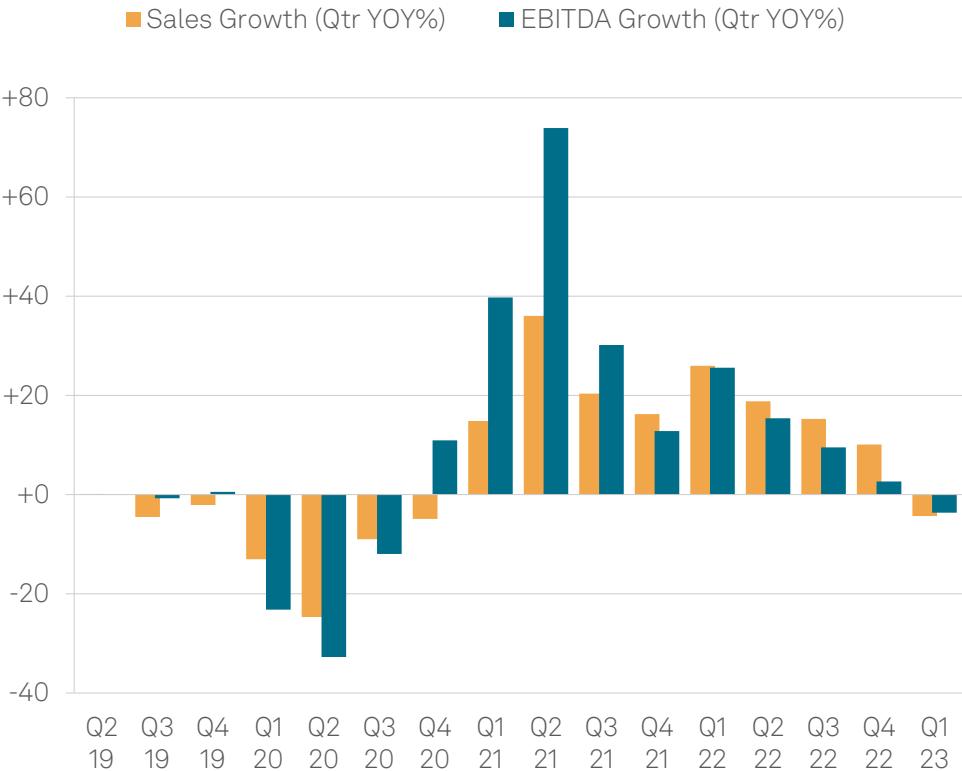


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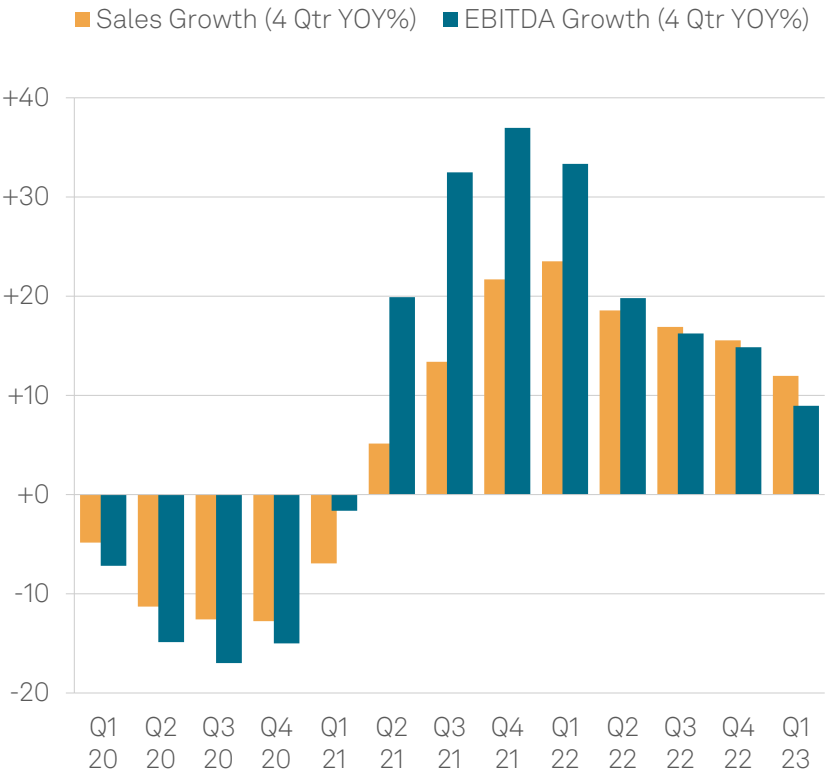
Europe

Rated European Nonfinancial Corporates | Sales and EBITDA Growth*

Europe | Quarterly, Year-Over-Year



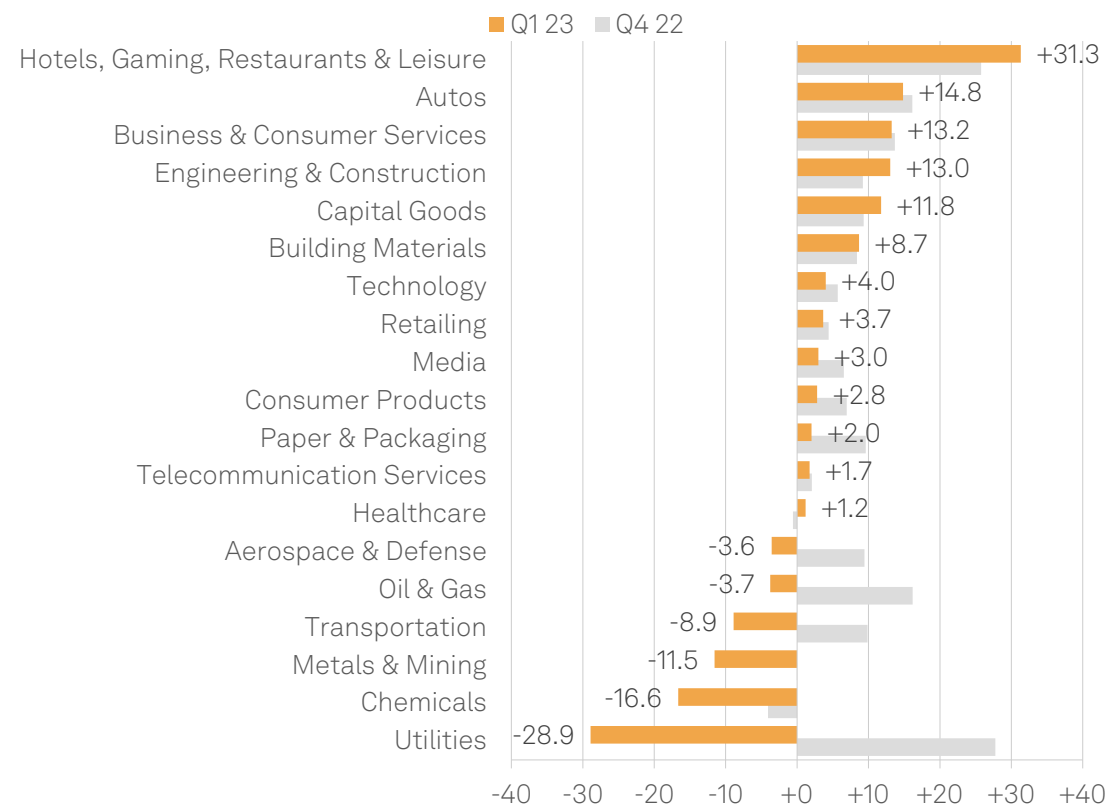
Europe | Trailing 4 Quarter, Year-Over-Year



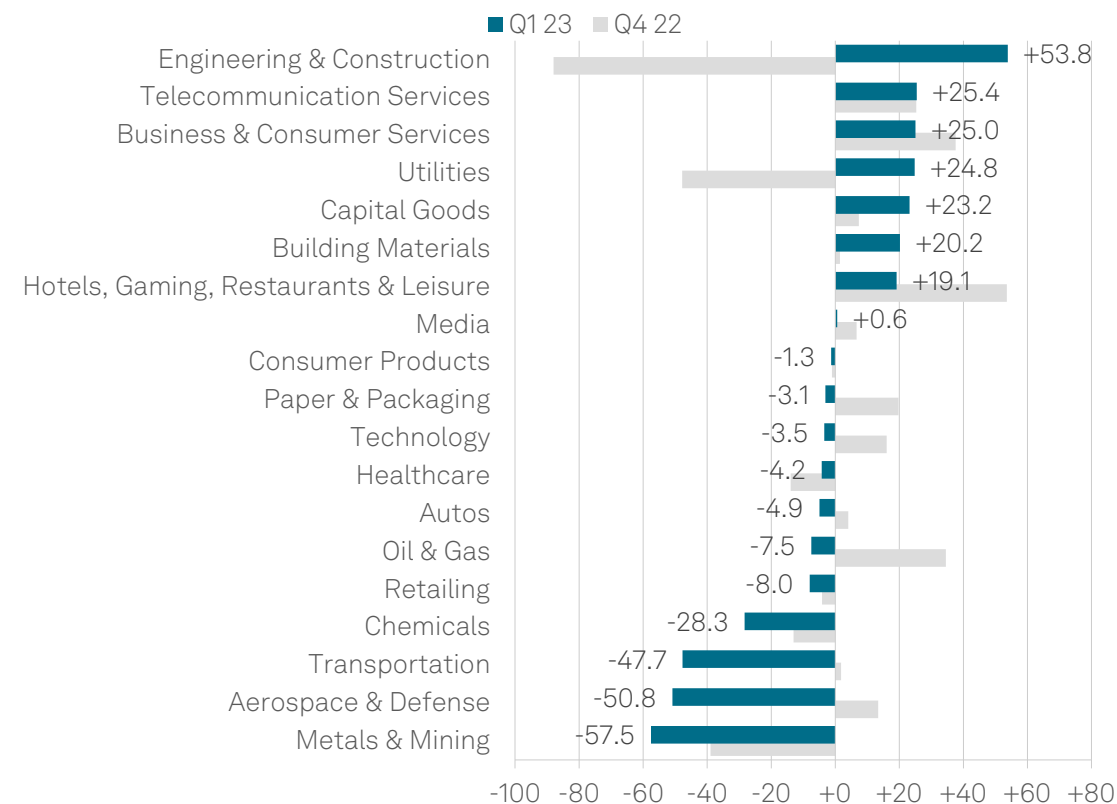
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated European Nonfinancial Corporates | Industry Growth*

Sales Growth | Quarterly, Year-Over-Year



EBITDA Growth | Quarterly, Year-Over-Year

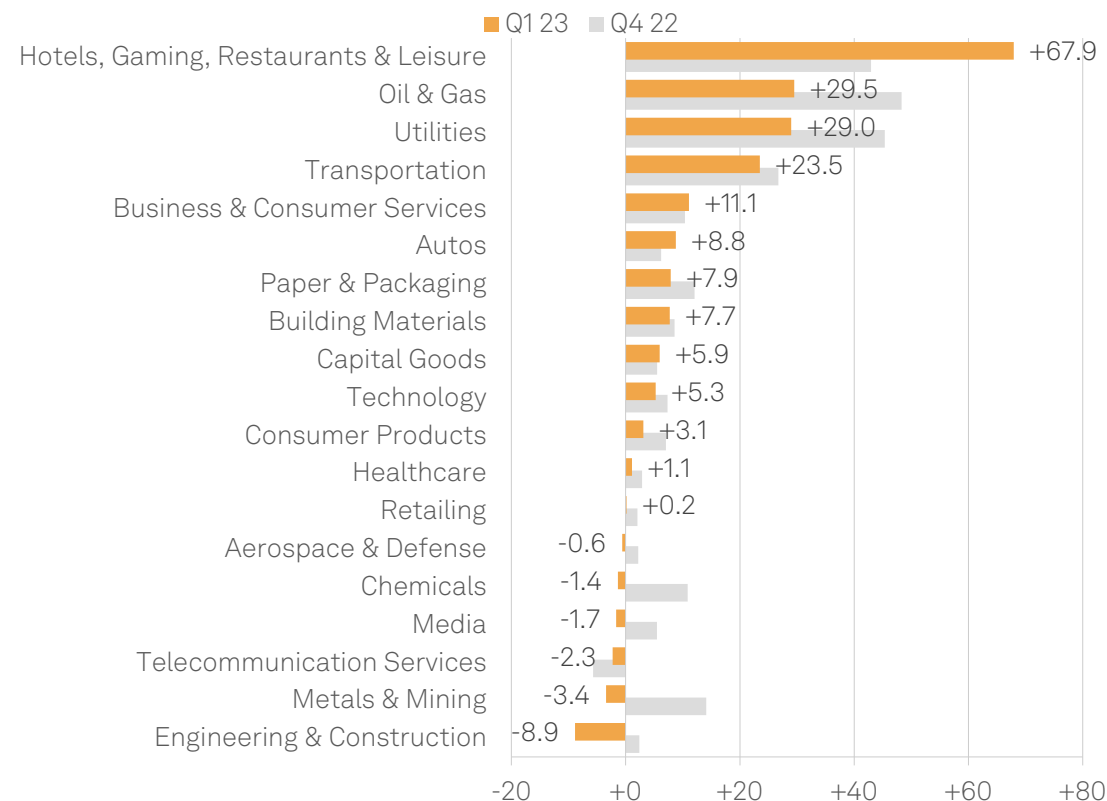


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023. Note that reported quarterly revenues for some rated utility companies have seen significant volatility.

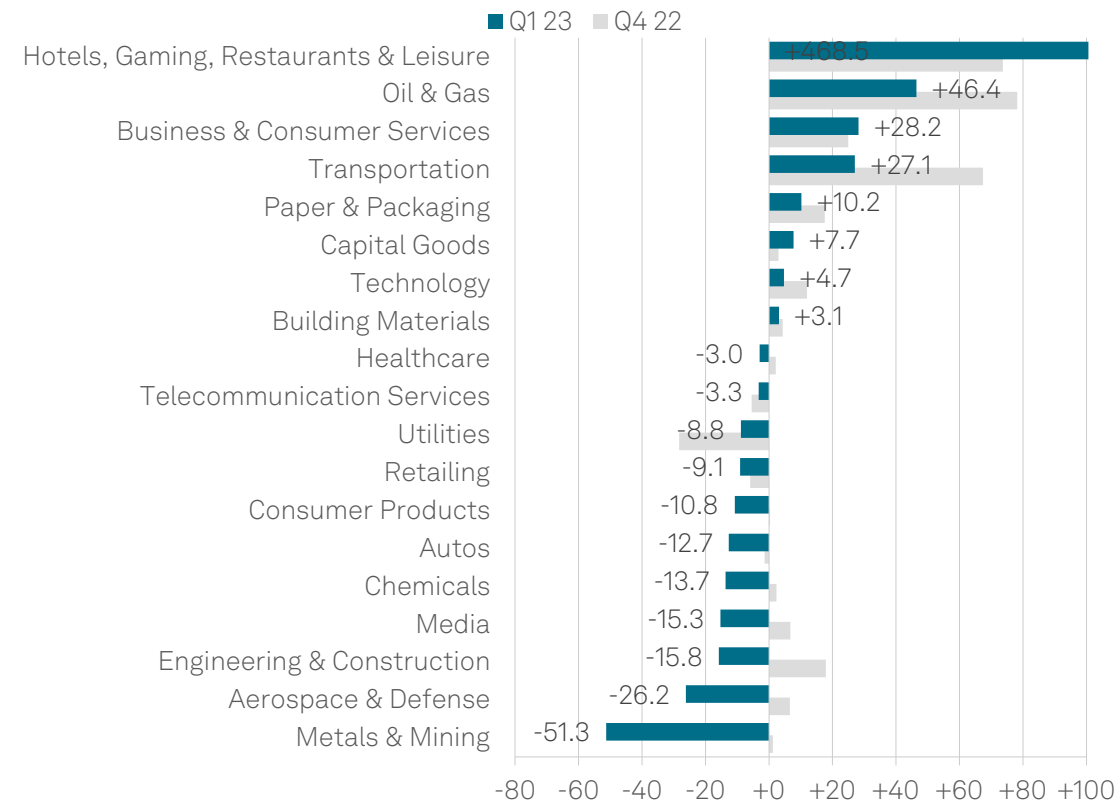
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results,

Rated European Nonfinancial Corporates | Industry Growth*

Sales Growth | Trailing 4 Quarter, Year-Over-Year



EBITDA Growth | Trailing 4 Quarter, Year-Over-Year

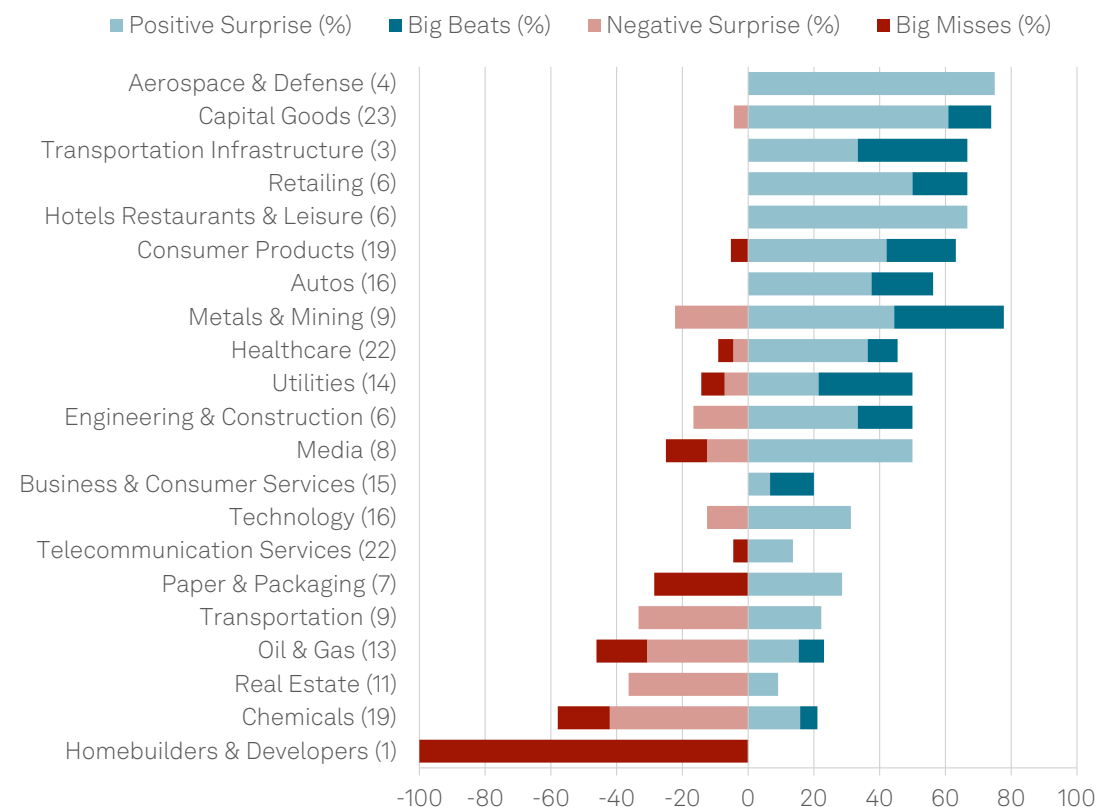


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

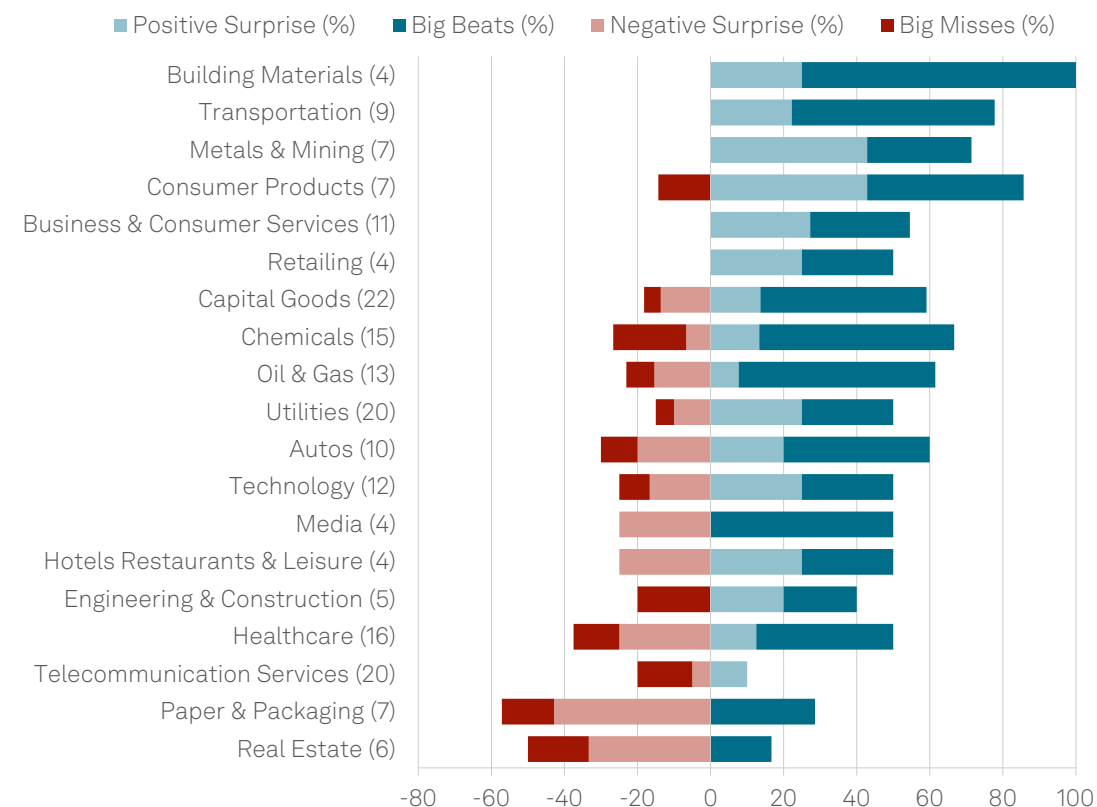
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results,

Rated European Nonfinancial Corporates | Results Versus Market Expectations By Industry

"Surprise" by industry - Sales (Ranked)



"Surprise" by industry - EBITDA (Ranked)

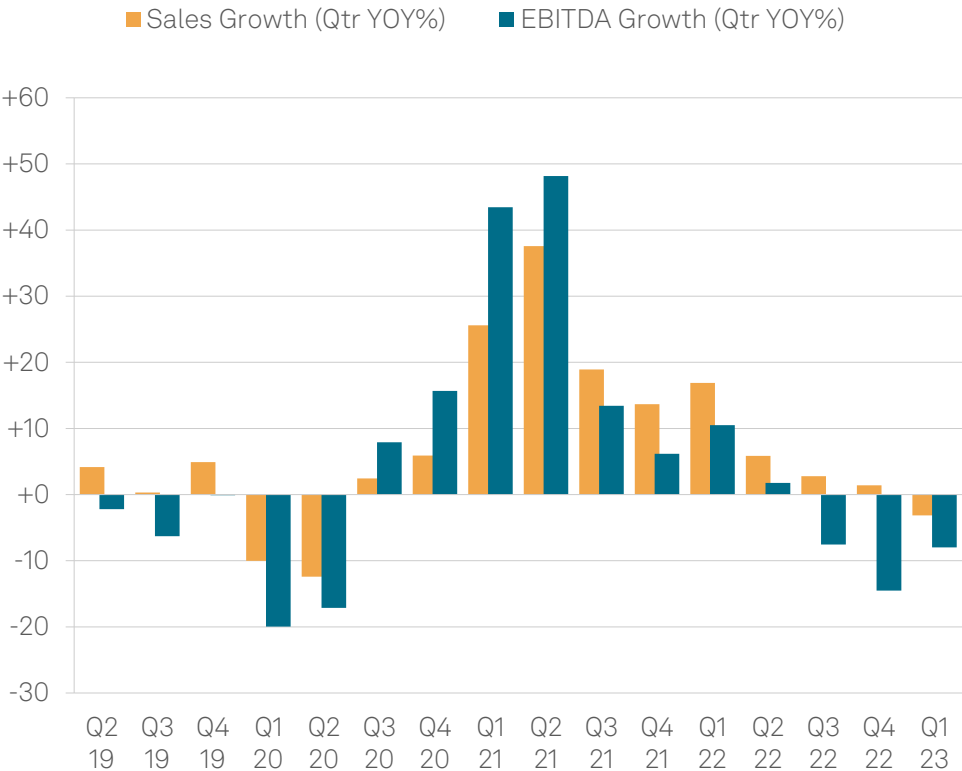


Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023. Figures in parenthesis show how many entities with Q1 2023 results reported have surprise data available. "Surprise" measures the percentage difference between actual results and the Capital IQ consensus estimate prior to reporting. "Surprise Balance" refers to difference between percentage of entities reporting results more than 2.5% better than the S&P Capital IQ market consensus less the percentage reporting results more than 2.5% worse than the consensus. Big beats or misses are those where the percentage difference to consensus exceeds 7.5%.

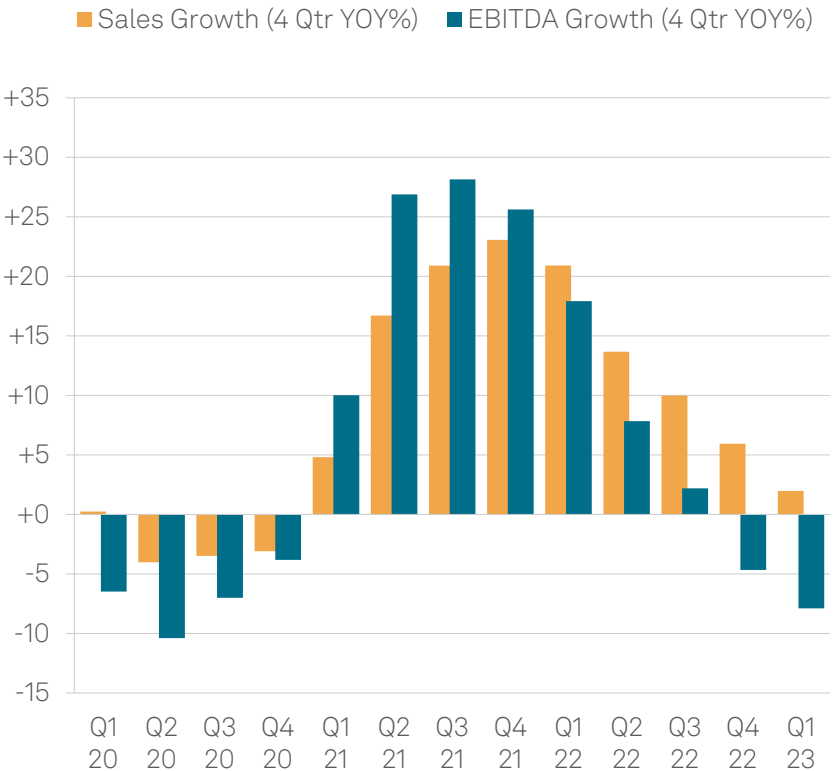
Asia-Pacific

Rated Asia-Pacific Nonfinancial Corporates | Sales and EBITDA Growth*

Asia-Pacific | Quarterly, Year-Over-Year



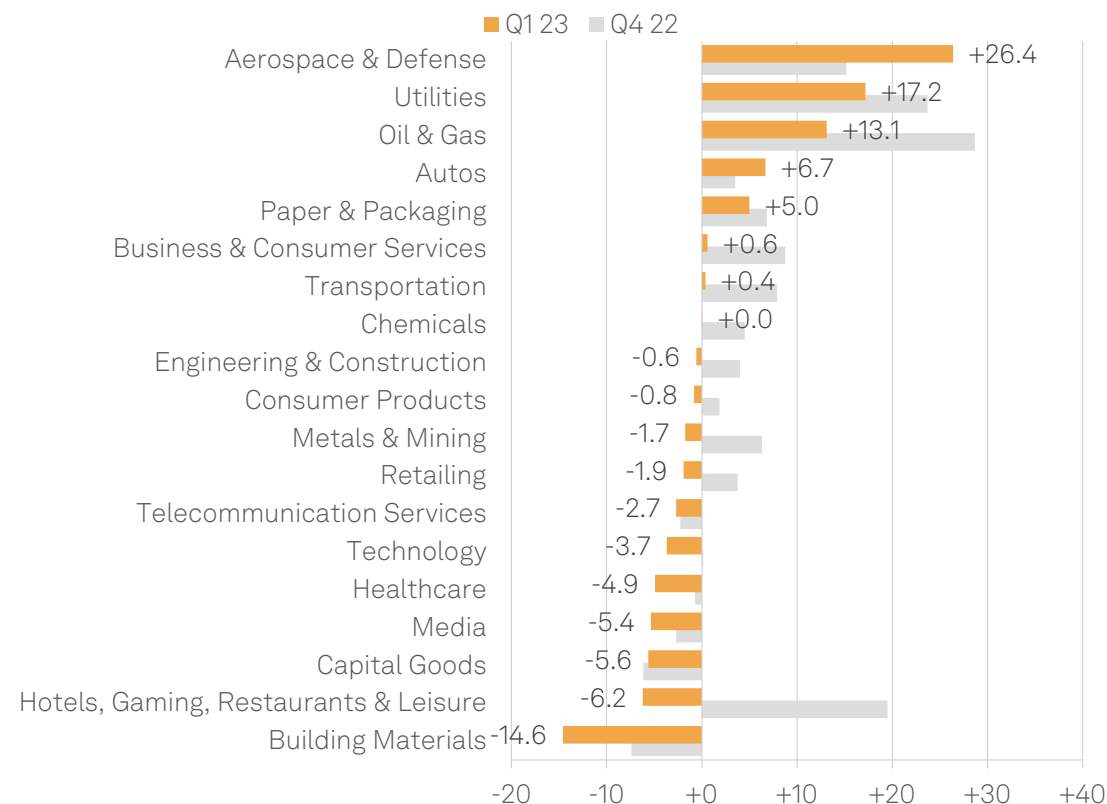
Asia-Pacific | Trailing 4 Quarter, Year-Over-Year



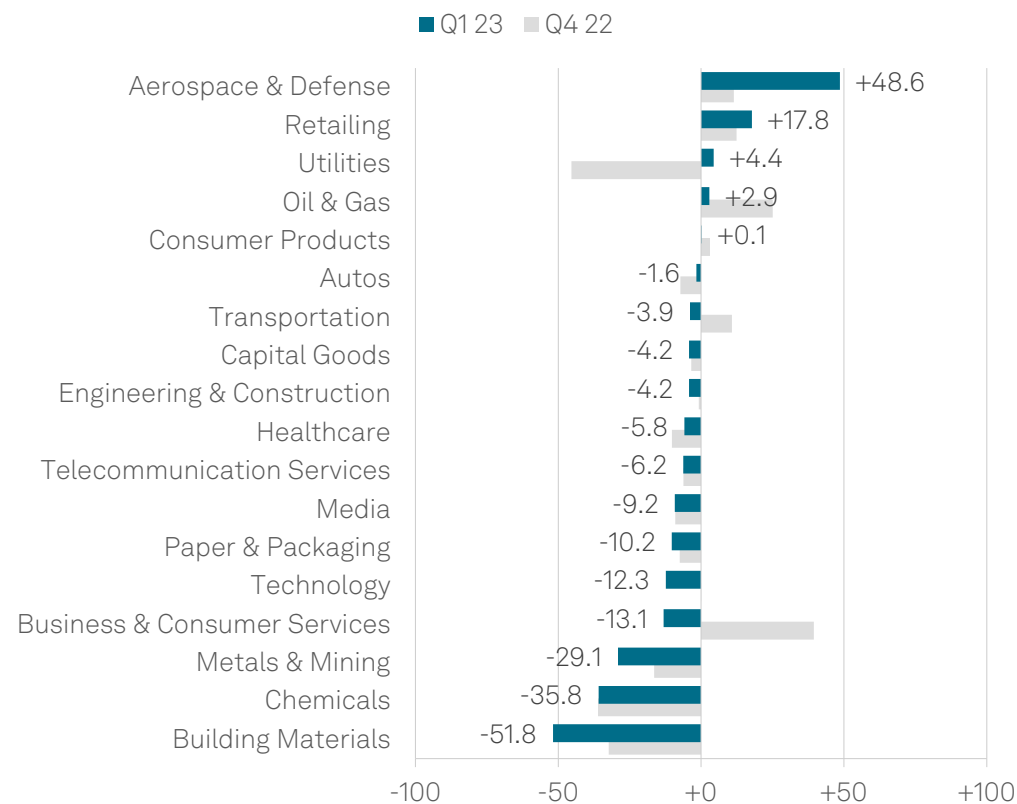
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

Rated Asia-Pacific Nonfinancial Corporates | Industry Growth*

Sales Growth | Trailing 4 Quarter, Year-Over-Year



EBITDA Growth | Trailing 4 Quarter, Year-Over-Year



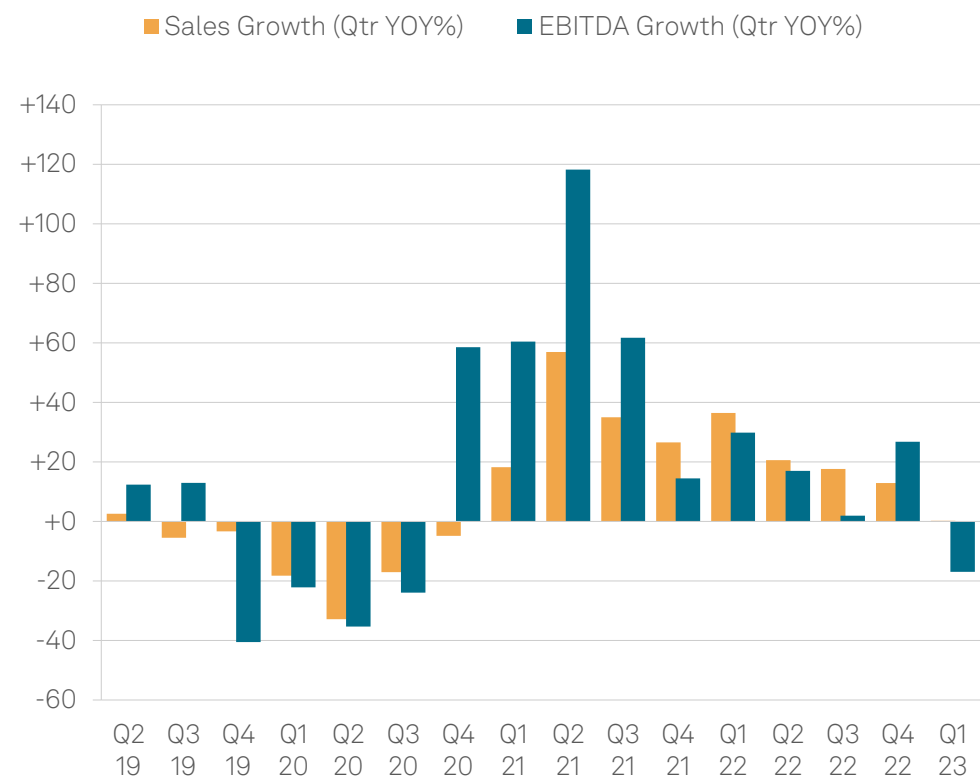
Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.

* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results,

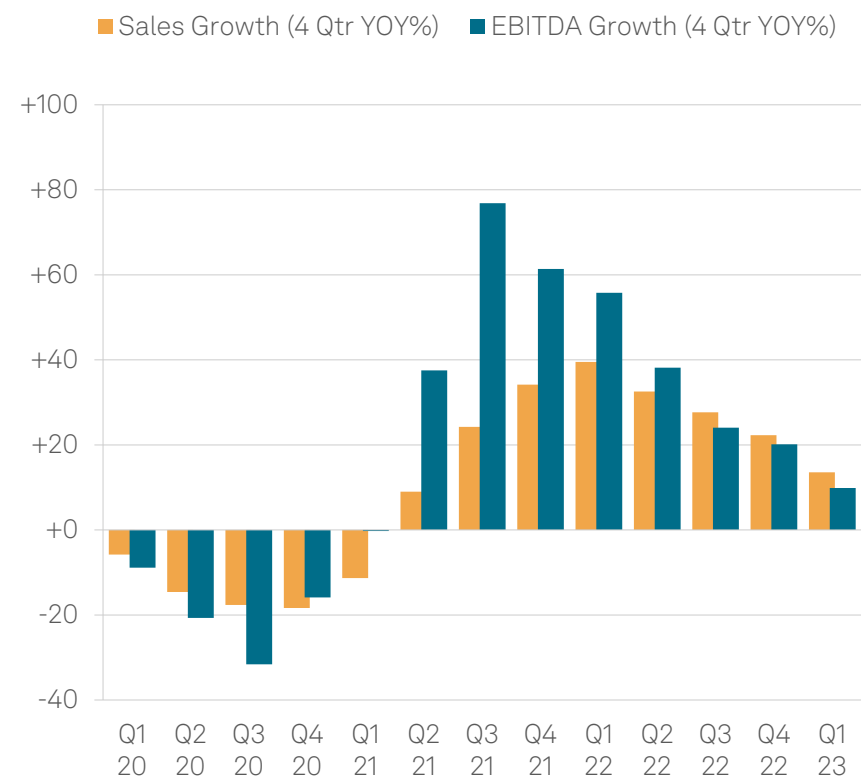
Latin America

Rated Latin America Nonfinancial Corporates | Sales and EBITDA Growth*

Latin America | Quarterly, Year-Over-Year



Latin America | Trailing 4 Quarter, Year-Over-Year



Source: S&P Capital IQ, S&P Global Ratings. Data to May 24, 2023.
* Measured in U.S. Dollars, at historic rates. Only includes companies reporting quarterly. Latest quarter only includes companies that have reported Q1 2023 results.

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