

**Flash Note:**  
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**Alex Fusté**

[@AlexfusteAlex](#)

[alex.fuste@andbank.com](mailto:alex.fuste@andbank.com)

**Profits of European companies. How are they doing?**

- 227 companies in the STOXX 600 Europe Index have reported earnings to date for 2Q 2019. Of these companies:
  - 52% reported results exceeding analysts estimates (slightly above a typical 2Q where 50% of companies beat EPS estimates).
  - 6% match their estimates
  - and 42% reported below estimates
- In aggregate, EPS is expected to grow at a poor -1.6% yoy (excluding the energy sector, EPS growth is expected to be in the -0.4% yoy area).
- EPS estimates have been cut significantly from May (when analysts predicted EPS yoy in the area of +3% for this quarter. Today, analysts expect a -1.6% yoy growth in EPS)
- Not to mention that 2Q results come after another bad reading on benefits in the 1Q 2019 (where EPS growth was -2% yoy). Analysts continue to project a strong recovery of profit growth in 4Q.
- I enclose a table with 2Q sectorial results reported by the 227 companies.

Exhibit 6A. STOXX 600: Q2 2019 Earnings Growth (Based on 308 Companies with data in both Current and Year-Ago period)

Sector	Earnings €B 19Q2	Earnings €B 18Q2	Growth €B 19Q2	Growth % 19Q2
Basic Materials	4.3	6.6	-2.3	-34.9%
Consumer Cyclical	7.7	10.1	-2.4	-24.1%
Consumer Non-Cyclical	4.6	4.4	0.3	6.4%
Energy	9.6	10.8	-1.2	-11.2%
Financials	32.6	32.6	0.1	0.2%
Healthcare	17.8	16.0	1.7	10.7%
Industrials	10.5	9.7	0.7	7.3%
Technology	3.3	2.9	0.3	11.7%
Telecommunication Services	2.9	3.1	-0.1	-4.2%
Utilities	3.7	2.4	1.3	57.1%
<b>STOXX 600</b>	<b>96.9</b>	<b>98.5</b>	<b>-1.6</b>	<b>-1.6%</b>

Source: I/B/E/S data from Refinitiv

Best regards.