

Beyond the Covid-19 shock: revisiting capital allocation

Assumptions & Criteria

Criteria, Definitions & Assumptions



Criteria

- **O&G S&P 1200:** Based on 729 companies across 17 sectors from the S&P Global 1200 Index filtered for Market Capitalisation greater than USD10bn as at the latest financial reporting date. Analysis excludes Financial Services, Real Estate and Insurance sectors, as well as a few corporates with limited financial data during the period of analysis
- Trends were based on average of individual corporate's ratio
- **Sources of Financial Information:** Company Reports & Presentations, Capital IQ and SCB Analysis



Definitions

- Financials are reported in USD based on historical exchange rates from Capital IQ
- **Cash Dividend Return** = (Common & Preferred Stock Dividends + Special Dividends) / Opening Market Capitalisation (90-Days Averaged)
- **Share Buyback Return** = Repurchase of Common Stock / Opening Market Capitalisation (90-Days Averaged)
- **Share Price Return** = Year-End Share Price (90-Days Averaged) / Year-Opening Share Price (90-Days Averaged)
- **Total Shareholder Returns** = Cash Dividend Return + Share Buyback Return + Share Price Return
- **Leverage** = Net Debt / EBITDA



Assumptions

- Our review of cross-sector indebtedness includes company reported debt over time which has been muddied by the recent adoption of IFRS-16 and the optionality for corporates to choose between the full or modified retrospective approaches. Our estimates are based on company reported debt numbers to provide an indicative view of the overall trajectory of sector indebtedness over time
- Where corporates have 'net cash leverage' or 'negative EBITDA' positions, we have taken 'zero' for our average calculations
- For the sake of consistency, we have removed relevant data for our calculations for corporates with data limitations in corresponding periods as follows: two instances where cash flow data is not available in 2004; one instances where cash flow data is not available in 2019; instances where dividends or buybacks were paid prior to public listing which affects around 10% of our sample of corporates.

Sector Classifications¹

	Autos	Automobile Manufacturers, Auto Parts and Equipment, and Tires and Rubber		Metals & Mining	Diversified Metals and Mining, Steel, Gold, Copper, and Silver
	Business Services	Environmental and Facilities Services, Research and Consulting Services, Human Resource and Employment Services, Diversified Support Services, and Security and Alarm Services		Non-Food Retail	E-Commerce, Home Improvement, Apparel, Accessories, Luxury Goods, Footwear, General, Automotive, Computer, Electronics Retail, Home-furnishing, Specialty Stores, Distributors, and Department Stores
	Capital Goods	Industrial Conglomerates, Capital Goods (Machinery, Heavy Trucks, Construction, Engineering, Electrical Components, Equipment, Agri / Farm Machinery, Building Products & Materials, Heavy Electrical, etc.		Oil & Gas	Integrated Oil and Gas, Oil and Gas Exploration and Production, Oil and Gas Storage and Transportation, Oil and Gas Refining and Marketing, and Oil and Gas Equipment and Services
	Chemicals	Industrial Gases, Diversified Chemicals, Specialty Chemicals, Commodity Chemicals, and Fertilizers and Agricultural Chemicals		Pharma & Health	Pharmaceuticals, Health Care, Biotechnology, Life Sciences, Related Services and Facilities, Supplies, Distributors, and Technology
	Consumer Durables	Consumer Electronics, Homebuilding, and Leisure Products		Tech	Systems Software, Hardware, Storage and Peripherals, Data Processing and Outsourced Services, Semiconductors, Equipment, IT Consulting, Semiconductor, Related Manufacturing, Internet Services and Infrastructure
	FMCG	Packaged Foods and Meats, Household Products, Soft Drinks, Brewers, Personal Products, Tobacco, Distillers and Vintners, and Agricultural Products		Telecoms & Media	Interactive Media and Services, Telecommunication, Movies and Entertainment, Cable and Satellite, Broadcasting, Advertising, and Alternative Carriers
	Food Retail	Hypermarkets and Super Centres, Drug Retail, Food Distributors, and Other Food Retail		Transport	Railroads, Air Freight and Logistics, Airlines, Airport Services, Marine, Highways and Railtracks, and Trucking
	Hotels & Leisure	Restaurants, Casinos and Gaming, Hotels, Resorts and Cruise Lines, and Leisure Facilities		Utilities	Electric Utilities, Multi-Utilities, Gas Utilities, Water Utilities, and Independent Power Producers and Energy Traders

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