



# Eurozone's hidden corporate revival

## Stagnant profits mask steady rise in Eurozone cashflow

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### Rebound in Profits only Brings them Back to the Level of 2008

Eurozone corporate profits have recovered from the pandemic, but only back to the levels of 2019. At first sight the Eurozone's lost decade of stagnant earnings growth has continued into a new decade.

### In Contrast Operating Cashflow has Grown for the last 5 Years

But corporate cashflow statements show a different story, of steadily increasing cashflow generation. The reason for the difference among non financial companies has been increasingly high depreciation charges, despite steady capex.

### Hidden Growth provides Resilience, as well as Expansion Opportunities

Eurozone corporates now have strong cashflows, which provides them with the headroom to survive shocks and even increase payouts to shareholders, or raise investment to expand. Greatest headroom is in the Financial sector.

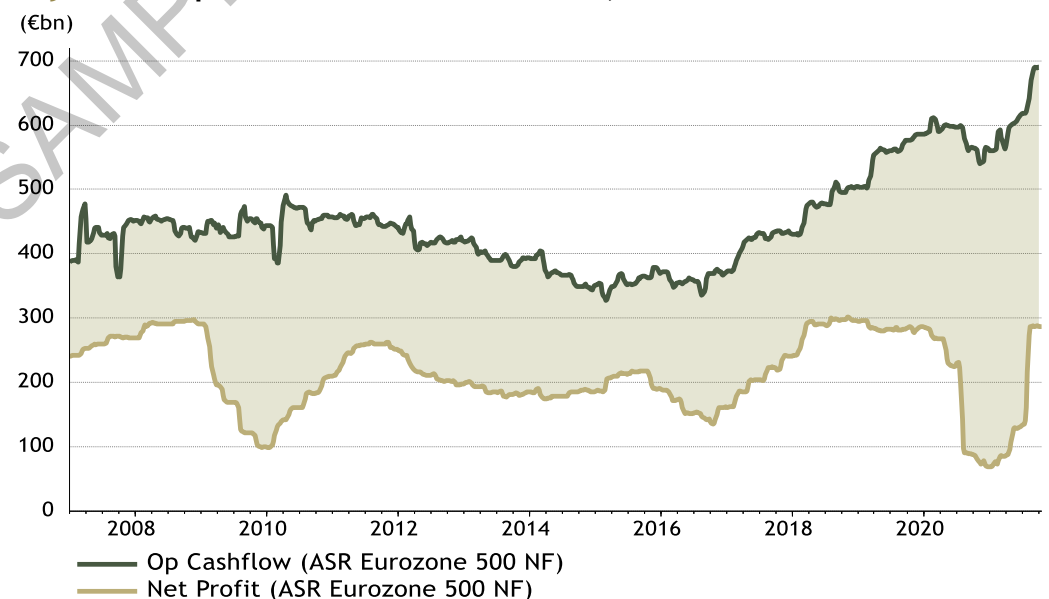
### RELATED RESEARCH:

['Growth and Profitability to help Capex-Heavy Stocks'](#), Equity Strategy 22<sup>nd</sup> Jul 2021

['High Dividend Yield Outperforms when Valuations Contract'](#), Equity Strategy, 9<sup>th</sup> Sept 2021

['If Yields don't help Value, Earnings Should'](#), Equity Strategy, 7<sup>th</sup> Oct 2021

### Key chart: Op. Cashflow and Net Income, ASR Eurozone 500 Non Fin



Source: ASR Ltd. / Refinitiv Datastream