

# Virus pounds global businesses, Netflix and soap aside

April 23 2020, by Jean-Louis Doublet

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Just one more episode

The first-quarter 2020 earnings season is as bad as expected, with the coronavirus butchering bottom lines worldwide, except those of Netflix and soap makers.

The entertainment streaming giant said 15.8 million more people had subscribed between January and the end of March, as billions were confined to their homes to help stem the spread of COVID-19.

"Their business is a near perfect fit to a population that is suddenly housebound," eMarketer analyst Eric Haggstrom noted.

The US company acknowledged that its windfall might wither once people move about freely again.

Most other business sectors were singing the blues however.

## **Automobile**

German giant Volkswagen said its [operating profit](#) plunged by 80 percent in the first three months of the year from the same period in 2019.

Daimler, which owns Mercedes, posted a drop of 78 percent.

Ford forecast a quarterly loss of \$2.0 billion.

Renault said [unit sales](#) fell by 25.9 percent and that the [global market](#) was down by 24.6 percent.

## **Food/Drink**

Despite anecdotes of heavy drinking during confinement, sales by the second biggest wine and spirits group worldwide, Pernod Ricard, fell by 14.5 percent as customers at airport duty free shops disappeared.



The world is crying out for liquid soap

Dutch brewer Heineken said its net profit was down by more than two-thirds, or 68.5 percent.

Compatriot Unilever, which owns brands including Dove, Knorr, Lipton and Magnum eked out a slight sales increase as households stocked up on cleaning products and food, but said orders for [ice cream](#) from restaurants and seaside snack bars had melted.

Danone has done fairly well owing to stronger demand for yoghurt and baby formula.

## **Tourism/Hotels/Restaurants**

TUI, the leader in global tourism, has asked Germany to lend it 1.8 billion euros (\$1.9 billion) to cushion the impact of COVID-19 on one of the hardest-hit sectors.

French hotel giant Accor reported that sales fell by 17 percent as it closed two-thirds of its 5,000 establishments worldwide.

## **Airlines**

The International Air Transport Association (IATA) estimates that passenger revenues will plunge by \$314 billion this year.

Air France-KLM says state support is "indispensable" if it is to survive.

Japan Airlines has cut its 2020 profit forecast by 43 percent, and rival ANA by 71 percent.

Ethiopian Airlines, the biggest in Africa, says it is struggling to survive and Virgin Australia has become the biggest carrier so far to collapse.

Delta says it will need to "resize", and Boeing plans to cut its workforce by 10 percent.



Luxury companies are having to tighten their belts

## **Banks**

Big US banks are socking money away to cover an expected wave of loan defaults.

David Solomon of the investment bank Goldman Sachs advised clients "to hope for the better, but plan for the worst".

Bank of America has set aside \$4.8 billion, including \$1.1 billion for potential bad loans to businesses.



Citigroup says purchases with its [credit cards](#) have tumbled by 30 percent.

## Luxury

LVMH executives including boss Bernard Arnault have said they will forego part of their pay owing to the crisis.

Rival group Hermes says sales will be seriously affected in the [second quarter](#), but also notes that some Chinese stores have reopened.

Kering voiced confidence as well but said first quarter sales by brands such as Gucci and Saint Laurent had fallen by more than 15 percent.

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