

## **80% OF U.S. S&P 500 COMPANIES FAIL TO PROVIDE GUIDANCE IN LAST THREE MONTHS**

Jul 08, 2020

As U.S. public companies prepare to kick off the Q2 2020 financial reporting season, a clear trend is emerging, with 80% of S&P 500 companies refusing to provide earnings guidance during the last three months, according to a recent [Bloomberg article](#). That translates to more than 400 companies who failed to provide guidance to investors, with nearly all stating that they lack visibility because of COVID-19, based on a recent [Seeking Alpha report](#).

For those companies that have issued guidance, Factset.com recently [reported](#) that during Q2 2020, 27 S&P 500 companies issued negative EPS guidance and 22 S&P 500 companies issued positive EPS guidance. Only 49 S&P 500 companies issued EPS guidance for Q2, which was well below the 5-year average of 106 for a quarter.

While the numbers and percentages reported above differ slightly, the trend toward withholding guidance is clear and understandable in the current environment. The health and economic effects of COVID-19 remain uncertain and depend on the duration of the crisis. Absent a vaccine for the virus, companies - particularly those in the consumer discretionary sector - grapple with how to profitably run a business where social distancing and avoidance of large crowds are the new norms.

On the other hand, the conservative position of failing to provide guidance seems at odds with investors' desire for greater transparency and more insight into the range of potential outcomes and the ability of companies to manage through different scenarios during this period of pandemic and social unrest, as noted during last week's SEC Investor [Roundtable](#).

The key questions for many companies going forward will be: (1) whether they believe they have sufficient visibility at the present time to stand by existing guidance or adjust existing guidance and (2) whether they are comfortable relying on [assurances](#) from the SEC that they "would not expect to second guess good faith attempts to provide investors and other market participants appropriately framed forward-looking information."

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