



Influence of COVID-19 Pandemic on The Most Globalized Sectors of Creative Industries in Slovakia

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Introduction

- The COVID-19 pandemic has a major impact on the ability of Slovak companies to repay their liabilities
- As part of measures to help entrepreneurs, small and medium-sized enterprises can request a deferral of loan repayments for up to nine months.
- The most burdened sector by liabilities is the Real Estate sector, where 68% of companies would repay their liabilities for more than 12 years; One of the sectors most affected by the COVID-19 virus crisis is the Tourism and Gastronomy sector.



Research Aim

- to measure the influence of Coronavirus on the Creative industries entities in Slovakia, which are the most globalized (they have the international partners, cooperation or owners), to provide the various scenarios of the economic development in this field and to propose the recommendations about the development of international cooperation
- **Research question no. 1:** Which indicator is relevant for measuring the financial solvency of the companies in the most globalized sectors of the creative industries?
- **Research question no. 2:** Should the companies in the selected sectors of the creative industries be able to pay their liabilities as the result of the COVID-19 pandemic?



Methods

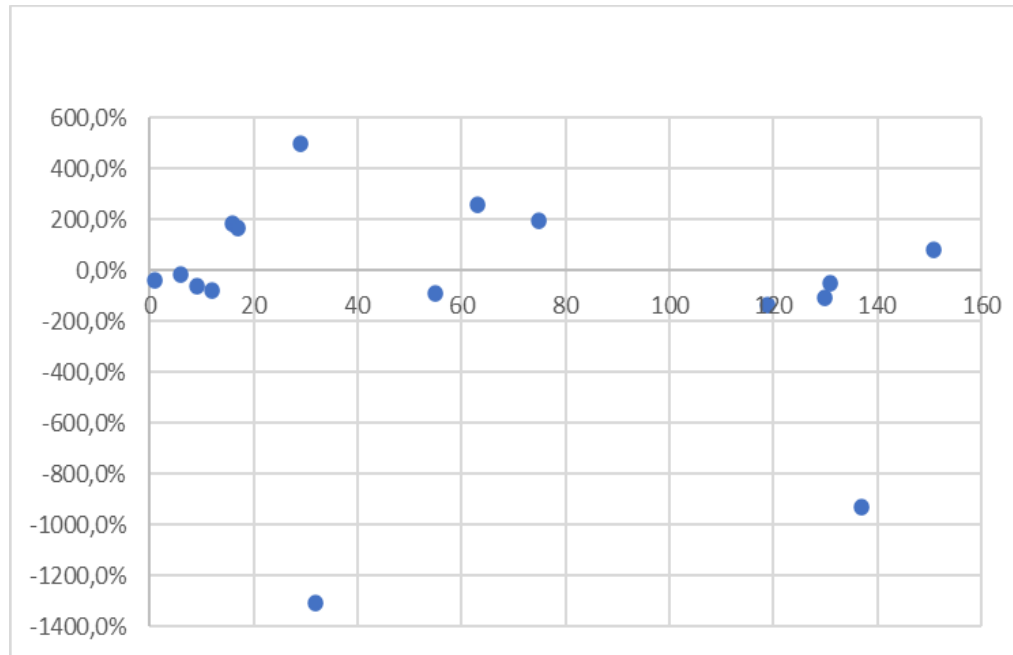
- looked at the ratio of the Commitments/EBITDA indicator of the Slovak industries for 2018, which will show us the ability of individual companies to repay their EBITDA liabilities before the COVID-19 crisis
- For this analysis of the Liabilities/EBITDA ratio, we take into account the financial statements for 2018, as the financial statements of Slovak companies for 2019 have not yet been published for all companies
- For our analysis, we mostly obtained the financial data about the companies in the most globalized sectors of the creative industries from the Finstat Database
- The Liabilities/EBITDA ratio is an indicator that expresses how long in years the company would need to repay liabilities from its profit before interest, tax, depreciation and amortization



Results – Debt/EBITDA

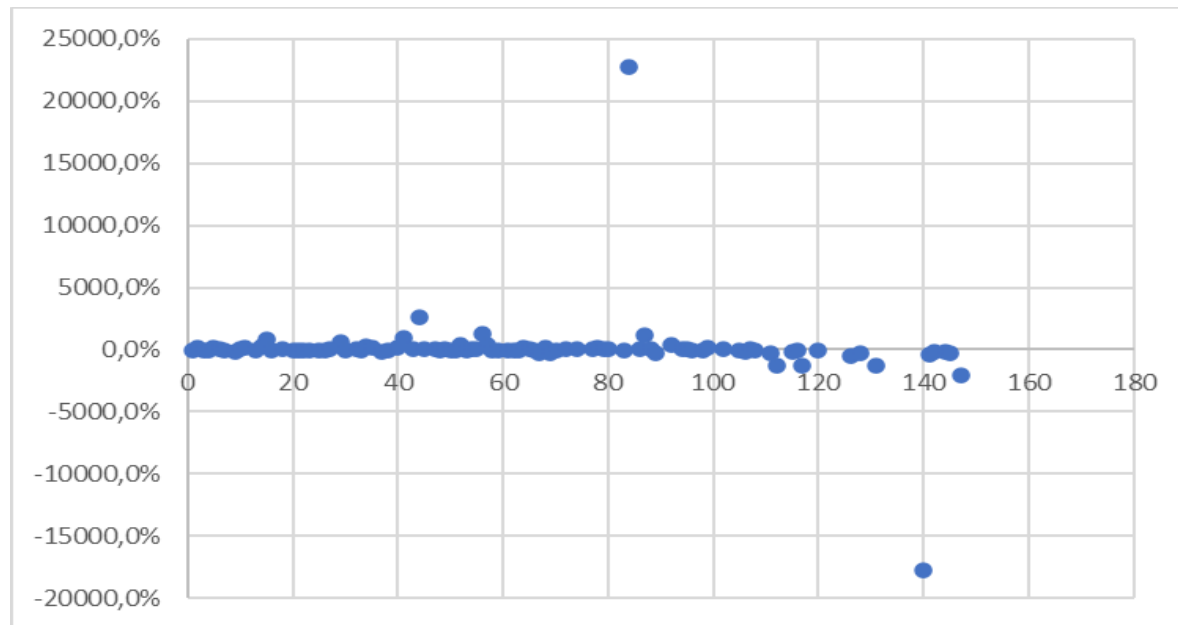
change

- The annual change of the Debt/EBITDA indicator reached 1.22
- The capital structure of the entities in the selected sectors of the creative industries have not been appropriate



Results – ROE change

- Besides the traditional arts sectors (performing arts, visual arts, cultural heritage – including the public sector), the creative industries include film, DVD and video, television and radio, video games, new media, music, books and press
- Figure illustrates the annual change of the ROE indicator, which is showing the return on equity created by owners. The average annual change of ROE was -57.2 %



Conclusion

- In comparison, the sector of Services achieves a much more favourable result and 68% of companies in this sector would repay their liabilities in more than 5 years
- The most globalized sectors of creative industries reached indicator Debt/EBITDA on the level 1.22 in average, which means that the debt is 1.2 times higher than EBITDA
- Total number of entities in the most globalized sectors of the creative industries applying for the temporary protection in the Slovak Republic was very low (only 8 companies till the end of august 2020).
- The future government resolutions may change the final impact of the COVID -19 pandemic on the selected sectors of the creative industries.





Thank you for your attention.

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