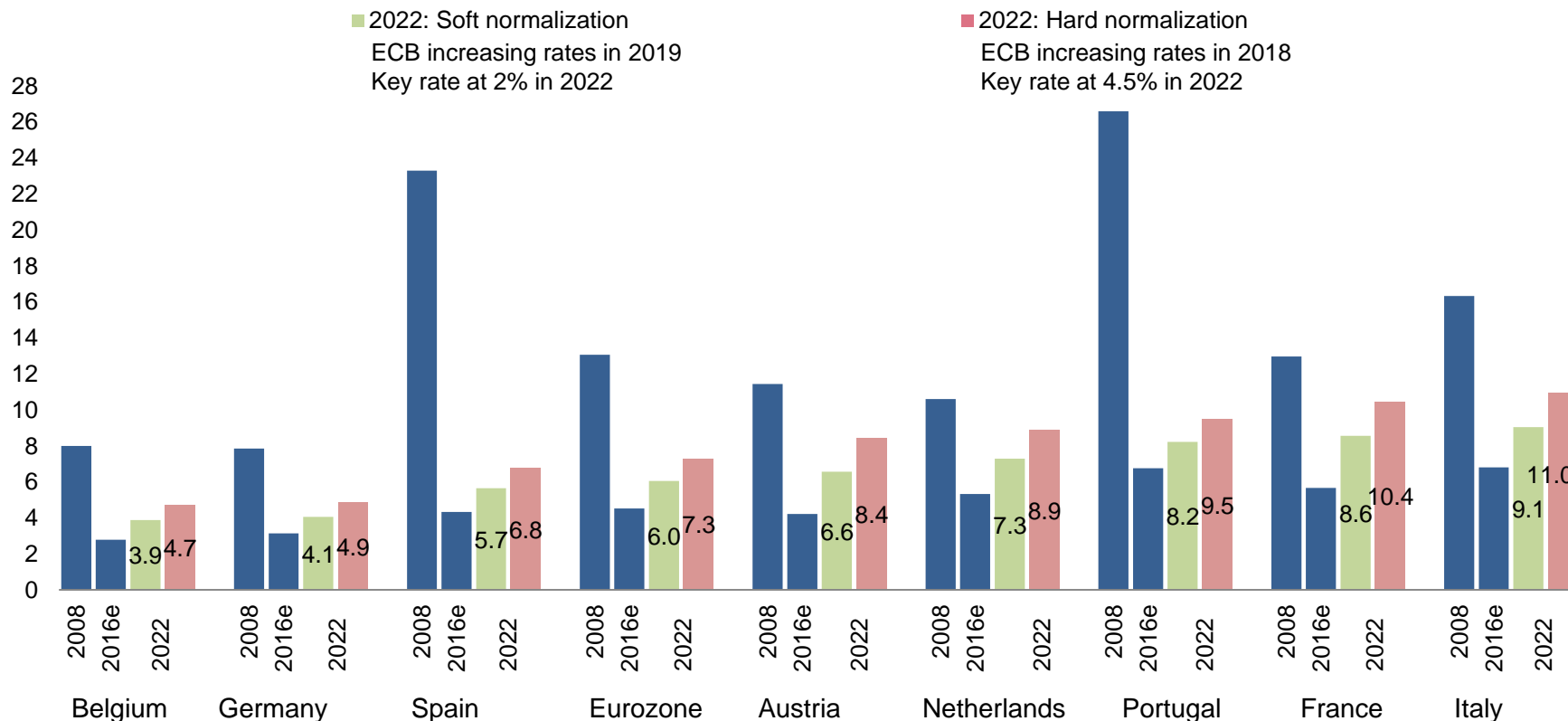


Higher interest rates are manageable for companies in Europe

Interest payable by non-financial companies in the Eurozone, % of operating surplus



Rising interest rates could affect the financing conditions of vulnerable firms despite deleveraging. In Italy, France, and Portugal, interest payable could represent ~10% of operating surplus by 2022, if the ECB chooses hard normalization. Cash and profitability will help, except in Portugal.