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ATLANTIC CAPITAL MARKETS



Stocks Benefiting from the Coronavirus Crisis

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With the grip of Coronavirus continuing across the globe it is hard to see any positives, especially with the virus now spread across over eighty countries. In the new strange world of lockdowns, social distancing, persistent sanitizing and gloves and masks everywhere our lives have taken on a whole new direction. Despite this, the market as ever is forward-looking and with its usual detachment of emotion it's starting to show stocks that it feels will benefit in the brave new world. The "Coronavirus sector" if you will.....

The big question that I'm being asked a lot is, how can these stocks (or any) be rallying after the market rout and with so much going on in the background both economically and pandemically. The simple answer is something I eluded to earlier, the stock market is forward looking. Whilst we see everything for what it is now, the stock market is looking for what may become. Of course this changes overtime but right now the market is showing us which companies will benefit if the new world we live in becomes the norm.

In this report we highlight a few of the key beneficiaries of the new world order, so to speak and highlight what they bring to the table.

Amazon.

Ticker: AMZN
Market: NASDAQ

Possibly one of the biggest beneficiaries of the lockdown has been Amazon. an American multinational conglomerate technology company based in Seattle, with 750,000 employees. It focuses on e-commerce, cloud computing, digital streaming, and artificial intelligence. Amazon was founded by Jeff Bezos in Bellevue, Washington, in July 1994. The company initially started as an online marketplace for books but later expanded to sell electronics, software, video games, apparel, furniture, food as well as a wide range of consumables.

The company is serving as an important source of food, cleaning supplies, and other household items as the public embrace lockdown and look to buy as much as possible online. Demand for the online service has increased to such a point that the firm has added 100,000 positions across fulfilment centres and delivery services. This not only has positioned Amazon strongly in the current environment but will also position the business well if there is a retail downturn after the lockdowns have been lifted as there will still be consumer hesitation regarding returning to crowded shopping spaces. and indeed, if there are any further waves.

Novacyt

Ticker: NCYT
Market: LSE

Novacyt Group is an Anglo-French biotech focused on clinical diagnostics. The Business has its main offices in Camberley in the UK and Vélizy-Villacoublay in France. They produce in vitro and molecular diagnostic tests, supplying an extensive range of assays and reagents worldwide. They have become an international specialist in cancer and infectious diseases and has gone on to diversify sales from diagnostic products used in LBC, oncology, microbiology, haematology and serology testing.



The AIM-listed and relatively unheard-of company reported “unprecedented interest” in its coronavirus test.

They support a large and growing global customer base which spreads across the board from hospitals to large corporates, with their proprietary technology platform NOVAPREP®, which is a unique next generation liquid-based cytology solution focused on cancer management.

The need for testing capabilities led to huge benefits for Novacyt PLC which makes the Primedesign diagnostic test.

Kimberly-Clark

Ticker: KMB
Market: NYSE

Founded in Neenah, Wisconsin, in 1872 and based in Irving, Texas, the company has approximately 42,000 employees. The British subsidiary holds Royal Warrants from both Queen Elizabeth II and Prince Charles. The firm is an American multinational personal care corporation that produces mostly paper-based consumer products. The company has been in business for 148 years, employs 40,000 people, and sells its products in more than 175 countries.

The company manufactures sanitary paper products and surgical & medical instruments. It operates non-woven fabric mills and paper mills. Brand names include Kleenex facial tissue, Kotex feminine hygiene products, Cottonelle, Scott and Andrex toilet paper, Wypall utility wipes, KimWipes scientific cleaning wipes and Huggies disposable nappies and baby wipes.

Due to the pandemic, the company's products should see a spike in demand as more people rush to purchase toilet paper, tissues, wet wipes, and paper towels. As more and more people hunker down in their homes to avoid exposure to the disease, they will start to hoard essentials, providing a boost in demand for Kimberly Clark's products.

Zoom Video Communications

Ticker: ZM
Market: NASDAQ

Eric Yuan, a former Cisco engineer and executive, founded Zoom in 2011, and launched its software in 2013. Zoom's aggressive revenue growth and perceived ease-of-use and reliability of its software resulted in a \$1 billion valuation in 2017, making it a “unicorn” company. In 2019, the company completed an initial public offering. headquartered in San Jose, California. It provides videotelephony and online chat services through a cloud-based peer-to-peer software platform and is used for teleconferencing, telecommuting, distance education, and social relations.

As many businesses have now ordered their staff to work from home to avoid being infected and as a response to government orders to self-isolate, Zoom's services should see a significant increase in demand. Before COVID-19, Zoom was already becoming popular



with companies that sought a cloud-based solution to connect colleagues and co-workers based in different parts of the world. The virus outbreak has accelerated the migration to audio and video conferencing as many companies implement business continuity plans (BCP) to continue to operate during this unique situation.

Boku

Ticker: BOKU
Market: LSE

Originally called Vidicom Ltd, and founded in Chesterfield, Derbyshire in 2003 by Glyn Smith, Thomas Kirk and original angel investors Dr Steven Gillam, Philip Meakin and Chris Harris. Vidicom Ltd was convinced by non-exec board Chairman Mark Berntstein to seek funding from venture capitalists in Silicon Valley for its application “Mobilcash”. Vidicom successfully secured funding and Marc Britto and Ron Hirson’s services were also secured and Vidicom Ltd then re-established itself as Boku Inc in 2009.

The Business provides a mobile payments platform enabling consumers to pay for goods and services using their mobile phone number, with purchases billed to a consumer’s mobile network operator bill. This form of mobile payment, also referred to as carrier billing, allows unbanked consumers who may have a mobile phone, but no credit card or traditional bank account, to make purchases online, as well as banked customers who simply find carrier billing a simpler way to transact. The majority of transactions processed through Boku carrier billing are for digital and virtual goods and services, including music streaming, online video, digital subscription services, mobile device app stores, social and free-to-play games, virtual goods, social networks and other online experiences. Boku focuses on making the mobile phone number a viable payment option not only for virtual goods, but for digital goods (i.e. MP3’s, eBooks, movies, etc.) and physical goods.

Ocado

Ticker: OCDO
Market: LSE

Ocado is a British online supermarket that describes itself as ‘the world’s largest dedicated online grocery retailer’. The firm was founded in April 2000 by Jonathan Faiman, Jason Gissing and Tim Steiner, former merchant bankers with Goldman Sachs. Ocado started trading as a business in partnership with Waitrose in January 2002. The company has no chain of stores and does all home deliveries from its warehouses. The company was floated on the London Stock Exchange in 2010.

Recent statements from the firm have been quite bullish as customers look to take full advantage of the online delivery service. Ocado Group PLC recently stated it was experiencing “exceptionally high demand”, With More people than usual placing particularly large orders.



Reckitt Benckiser

Ticker: RB
Market: LSE

Reckitt Benckiser Group plc is a British multinational consumer goods company headquartered in Slough, England. It is a producer of health, hygiene and home products. The company was formed in 1999 by the merger of British company Reckitt & Colman plc and Dutch company Benckiser NV. The firm's origins are engrained into English history with Reckitt and Sons starting out in 1840 when Isaac Reckitt rented a starch mill in Hull. He diversified into other household products and after his death in 1862, the business passed to his three sons. In 1886, Reckitt opened its first overseas business in Australia. The firm was first listed on the London Stock Exchange in 1888.

Reckitt's range of brands is vast and include many well-known household names including the antiseptic brand Dettol, the analgesic Disprin, the sore throat medicine Strepsils, the hair removal brand Veet, the immune support supplement Airborne, the indigestion remedy Gaviscon, the baby food brand Mead Johnson, the air freshener Air Wick, Calgon, Clearasil, Cillit Bang, Durex, Lysol, Mycil and Vanish.

Being one of the biggest players in the disinfectants market they have already highlighted seeing "increased demand" for cleaning products such as Dettol and Lysol amid a surge in hygiene consciousness among consumers and with health authorities recommend extra handwashing as a result of the outbreak.

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