



Impact of Covid-19 on Liquidity, Profitability, and Financial Health: A case study of 3 sectors from Stock Exchange of Thailand

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Abstract

Purpose-To test the impact of Covid-19 pandemic on Profitability, Liquidity, and Financial Health on the selected 3 sectors which are Tourism and Leisure Sector, Transportation and Logistics Sector, and Health Care Service Sector of the Stock Exchange of Thailand. **Design/methodology/approach-**The author uses Wilcoxon MEAN and MEDIAN tests to test the statistically difference between the financial ratios from year 2019 and 2020. The 10 independent variables of financial ratios are ROA, ROE, Net Profit Margin, Acid Test, Current Ratio, Cash Ratio, Operating Cash Flow Ratio, Total Asset Turnover, Debt to Assets Ratio, Debt to Equity Ratio. **Findings-**The result confirms the hypothesis that there is a significantly different in the result of Tourism and Leisure Sector on ROA, ROE, Net Profit Margin, and Total Asset Turnover. Which represent the dramatically impact of covid-19 on the Profitability and Financial Health of the firm. While there are not significantly different in Transportation and Logistic Sector and Health Care Sector. **Research implications-**Researcher can use this Wilcoxon test in other sectors Thailand or in other country. The investors are not recommended to invest in the stock under the sector of tourism and leisure sector due to the financial performance which effected by the covid-19 pandemic. However, investors who concentrate on long-term investing in securities may get beneficial opportunities by using the information to forecast the firm's position and direction. The investors should not be so panic about the performance of companies in other sectors because the financial performances of the companies in those sectors have not been significantly changed from covid-19 pandemic.

Keywords-Thailand, Covid-19, Wilcoxon Test, Volatility, Profitability, Financial Health

Introduction

Covid-19 is one of the major factors that accelerate and make a huge change to the world. This led to the worst economic slowdown since World War II. Thailand was inevitably affected. Because when exploring into the proportions of the Thai economy, it is found that Thailand's majority revenue is from exports of both goods and services.

The SET index, which is the representative of the Thai stock market decreased 35% from the beginning of the year to its lowest point on 23 March 2020, led by petrochemicals, banks, real estate developers, hospitals, and tourism-related groups.

Since the lockdown of the major cities as a result of Covid-19 outbreak in Thailand has impacted companies from many sectors in Thai stock market. Performances of those companies have significantly dropped. This has led companies to face challenge with profitability, financial health, and liquidity issue.

Financial ratios from the financial statements can be used to measure the performance in term of profitability, financial health, and liquidity.

If Covid-19 has significantly affected the performance of the companies, then we should see the financial ratios must be significantly changed in the negative way.