The financial fallout of corporate and reputation crises

Revealing insights from the SenateSHJ Crisis Index 300

senate shj

When a crisis strikes, the numbers don't lie

In the high-stakes world of publicly traded companies, a crisis can do more than just damage a brand's reputation. It can destroy shareholder value, erase earnings, and take years to recover from. But just how severe can the financial impacts be?

The SenateSHJ Crisis Index 300 (CI 300) is the world's first comprehensive database of the financial impacts of corporate and reputation crises. It provides the hard data that executives, investors, regulators and others need to understand the full cost of business disasters.

Developed by leading reputation and change management consultancy, SenateSHJ, this groundbreaking index analyses over 300 crises involving publicly listed companies on 27 stock exchanges and across 32 industry sectors.

For the first time, company executives and directors can quantify the aftermath of crises, from share price impacts to earnings per share (EPS) freefalls, distinguishing between temporary setbacks and long-term financial catastrophes.

The devastating financial impacts: key findings from the CI 300

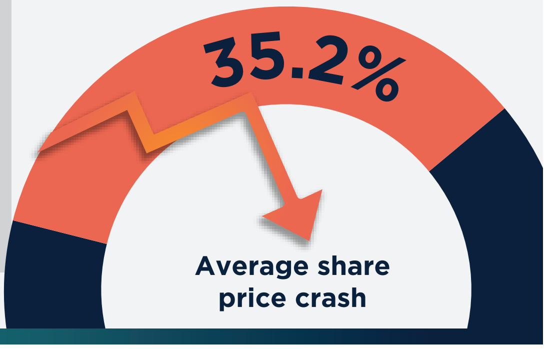
1

Market meltdowns: share prices crash by an average of 35.2%

When a crisis strikes, investor reactions can be swift and brutal. On average, the Crisis Index 300 found that share prices plummet by 35.2% in the wake of corporate disasters.

In a worst-case scenario, American International Group (AIG) saw a **97% collapse** after its high exposure to mortgage-backed securities triggered a federal bailout.

33 companies did not survive the incident and were delisted due to **bankruptcy, acquisition, privatisation, or government takeovers.**



2

Earnings in freefall: EPS losses average 68.3%

While a share price crash is often visible and immediate, a company's earnings per share (EPS) can suffer even more catastrophic declines. The average EPS drop across affected companies was a staggering 68.3%, with some firms experiencing unfathomable losses.

Takata Corporation
EPS collapse:
4,530%*

Thomas Cook Group
EPS loss:
2,166%

Chesapeake Energy
EPS down:
2,119%

Fannie Mae and Freddie Mac
EPS drop:
1,484% and 1,120% respectively

*A percentage drop in EPS in the thousands occurs when a company's EPS shifts from a positive value deeply into negative territory. This signals severe financial distress and happens during major write-downs, regulatory fines, lawsuits, or operational collapses – often leading to bankruptcy, restructuring, or takeover scenarios.

3

The long road to recovery: 425 days (or more) to bounce back

For companies lucky enough to recover, the road is long and uncertain. On average, it took 425 days for a business' share price to return to pre-crisis levels. For some, recovery took years – or did not happen at all.

Fannie Mae and Freddie Mac
3,650 days (10 years)

BlackBerry
4,902 days (13.4 years)

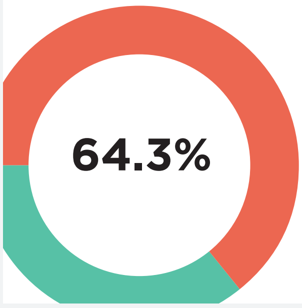
HealthSouth (Encompass Health Corporation)
5,994 days (16.4 years)

121 companies never recovered or have not yet recovered.

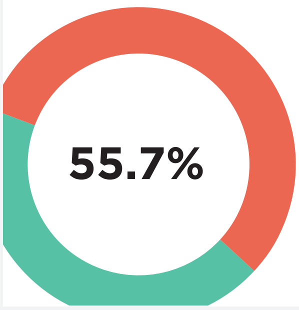
4

The most vulnerable sectors: who gets hit the hardest?

Some industries appear more exposed to financial impacts than others. The sectors with the worst average share price drops included:



Telecoms
Share price drop **across eight companies**



Energy
Share price drop **across nine companies**

Banking, Financial Services and Insurance (BFSI)

37%
Share price drop

106.4%
EPS decline

across 54 companies

The BFSI sector also had the **slowest recovery time averaging** **741** days

5

The most dangerous crisis types: what wreaks the most havoc?

Some types of crises wipe out corporate value more aggressively than others.

Mismanagement	Share price drop **47.2%**	EPS decline **57.8%**
White-collar crime	Share price drop **44.7%**	EPS decline **98.6%**
Environmental damage	Share price drop **37.4%**	EPS decline **68.6%**
Casualty accidents	Share price drop **39.2%**	
Defects & recalls	Share price drop **23.5%**	
Cybercrime	Share price drop **18.7%**	
Workplace violence	The worst EPS impact decline **149.2%**	

Your competitive edge: leverage the CI 300

Company directors, executives, investors, and regulators **should not rely on guesswork** when it comes to crisis preparedness and risk management.

The **SenateSHJ Crisis Index 300** delivers real financial insights, allowing users to:

- **Filter data** by company, industry, region, or crisis type
- **Analyse the financial fallout** of specific crisis categories
- **Compare crisis impacts** across different stock exchanges
- **Visualise trends** through interactive data tools and exportable charts

This is **critical intelligence** for companies looking to protect shareholder value, mitigate financial risk, protect reputations and ensure fast recovery in times of crisis.

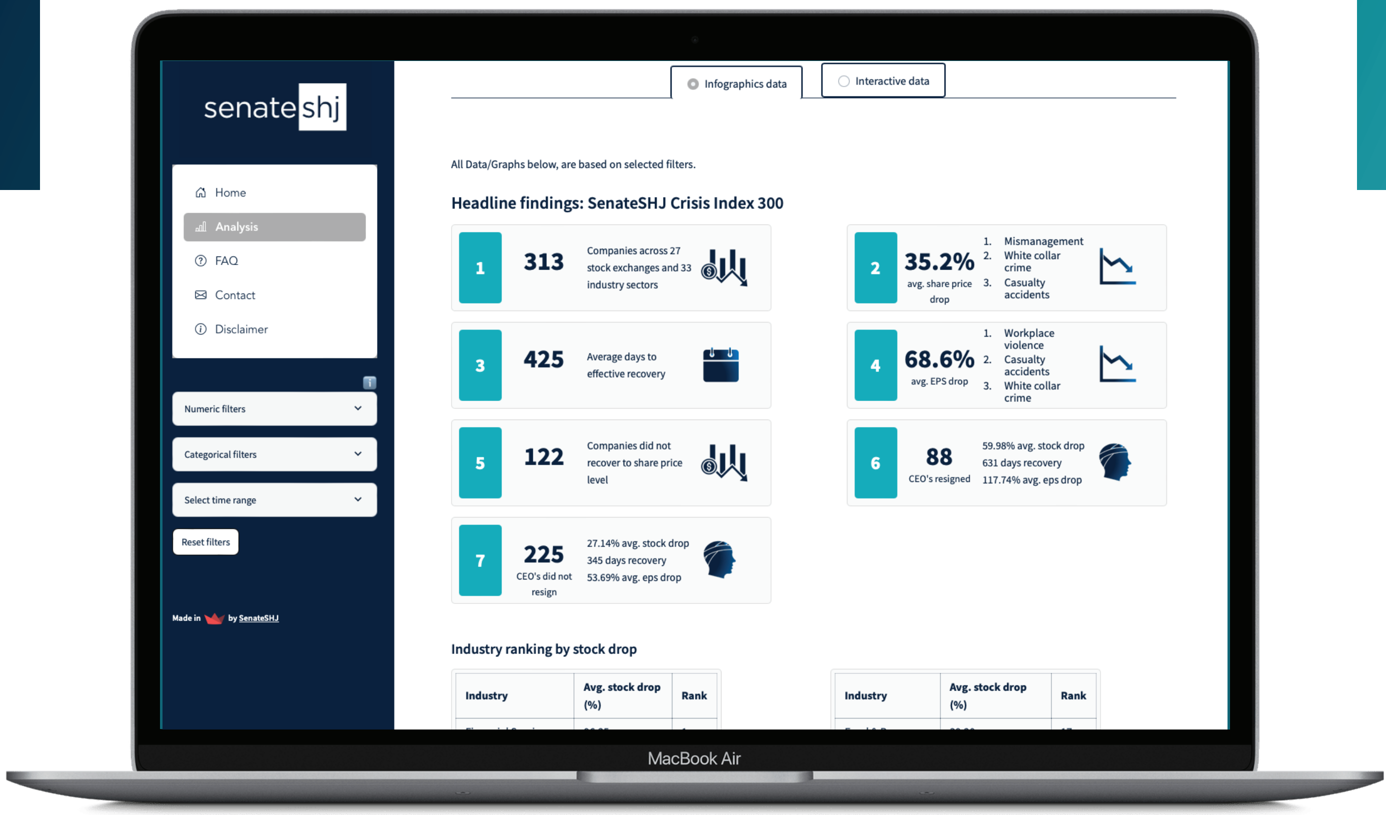


Figure 1: Snapshot of the SenateSHJ Crisis Index 300 platform.

Don’t wait for disaster to strike. Be prepared.

The SenateSHJ Crisis Index 300 emphasises the importance of proactively building corporate resilience and preparedness.

Company directors and executives must publicly acknowledge the financial risks that may result from a crisis, which are abundantly evident in the CI 300 data.

Internal communicators should focus on fostering a culture of vigilance, robust risk management and ethical and compliant conduct to prevent crises, particularly in high-risk sectors like telecoms, energy, and Banking, Financial Services and Insurance (BFSI).

Senior risk and corporate affairs leaders should leverage the CI 300 to develop crisis response playbooks that consider the range of crisis scenarios. These should be stress tested, and crisis response teams should be routinely trained in their implementation.

Following a crisis, engagement with investors, regulators, and the media should be proactive, emphasising the company’s commitment and path to recovery. This includes detailed explanations of mitigation strategies, financial recovery plans, and lessons learned. Regular and transparent updates throughout the recovery period are crucial, acknowledging that recovery is typically a marathon, not a sprint.

Using CI 300’s analytical tools to benchmark against industry peers and visualise crisis trends enables more strategic decision-making, communication and engagement, which ultimately bolsters stakeholder confidence and accelerates recovery.

Explore the **SenateSHJ Crisis Index 300** app

Want customised data for your country or industry?
Contact us at **crisis@senateshj.com.au** for bespoke insights

Want to talk? We’re here to help.

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