

Abacanto Holding launches Climate Center to analyze financial impact of climate change

GLASGOW, SCOTLAND, UNITED KINGDOM, May 2, 2023 /EINPresswire.com/ -- Abacanto Holding today announced the formation of the Climate Center to provide rigorous, data-driven insights on the financial effects of climate change and the energy transition on companies and markets.

The initiative seeks to fill a crucial gap in climate research, which until now has tended to focus on national or sector-level trends as opposed to the impact on specific companies. Formally launching today at the first Climate Conference, the Climate Center will release its inaugural findings on the relationship between greenhouse gas emissions and corporate valuations of public companies globally.

The Abacanto Climate Center's research, which is the most comprehensive analysis to date and includes more than 16,000 global companies from 2020 through 2023, finds a significant relationship between carbon dioxide emissions and a company's price-to-earnings ratio. Larger companies, and those in high-emitting industries such as the energy sector, tend to be the most affected.

For example, on average, a 10% decrease in a large energy company's emissions corresponds with a 3.9% and 8.7% increase in the company's price-to earnings ratio in the U.S. and Europe, respectively. The valuation effect is also shown to be impacted by regulatory changes, suggesting that future policies (many of which are currently being crafted) could amplify the financial incentive for companies to engage in decarbonization. In addition, the research is the first to find that other greenhouse gases, such as methane and hydrofluorocarbons, can have an impact on valuation multiples.

"Climate change affects all sectors of our global economy and creates new, evolving risks for companies as well as for investors," said Naomi Schneider, Country head of Abacanto Holding, Financial Advisory business. "Abacanto looks forward to being a driving force in data-driven insights as business leaders, investors and policy makers tackle the climate crisis in the years and decades to come."

Abacanto Climate Center brings together academic scholars and finance practitioners to provide unparalleled analysis at the corporate level. The Center aims to fill knowledge gaps and focus on the practical implications of the analysis. The Center's Senior Advisors are leading academics

including Joseph Aldy of Harvard, Patrick Bolton of Columbia, Marcin Kacperczyk of Imperial College, and Andrew Lo of MIT.

The Center's Director, Zachery Halem, was formerly a climate finance researcher at MIT. Future research directions include investigating the effects of emissions profiles on M&A transactions, exploring linkages between firm valuation and climate sentiment in news and earnings reports, and evaluating the implications of the growing carbon offsets market.

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