Webinar on Understanding the Impact of the 2019-nCoV on Business
Panelists

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Supported by:
Understanding the impact of the 2019-nCoV on business
Government focus is increasingly shifting from health measures to economic measures

Getting back to work in batches

- Measures based on differentiated local conditions, according to guidance from local authorities
- Public service and key industries (energy supply, supermarkets, pharmacies) resumed work on Feb. 3rd
- Industries shall resume work on waves starting on Feb. 9th, Feb 20th, March 1st
- No date is set for malls & entertainment

More: [http://www.gov.cn/xinwen/2020-02/09/content_5476550.htm?allContent](http://www.gov.cn/xinwen/2020-02/09/content_5476550.htm?allContent)

Preferential policies

- Policy orientation from State Council, that have to be adapted by local authorities
- Tax deductions and extension of social insurance due date
  
  More: [http://m.mof.gov.cn/zcfb/202002/t20200207_3467035.htm](http://m.mof.gov.cn/zcfb/202002/t20200207_3467035.htm)
- Exemption or diminution of loans
  

«Party committees and government at all levels need to strive to achieve the various [economic] targets»

Xi Jinping, 12.02.2020, Standing Committee of the Political Bureau of the CPC Central Committee

«Fiscal operations will maintain a state of 'tight balance'»

Minister of Finance Li Kun, 15.02.2020 in Qiushi
3/4 of companies are negatively affected, 1/4 is considering a budget reduction above 15%.

1. How do you valuate the effect on your business?

- Very positive: 1%
- Positive: 2%
- Neutral: 26%
- Negative: 31%
- Very negative: 40%

2. Are you considering changes in your FY2020 budget?

- Considering an increase: 28%
- Not considering changes: 27%
- Considering a reduction up to 5%: 19%
- Considering a reduction up to 15%: 21%
- Considering a reduction above 15%: 5%
Logistics and information are key issues (but not the only ones)

3. What challenge are you facing?

- Planning is severely affected by the fast evolving situation and regulation
- Cash flow is increasingly becoming an issue
- At least 1/3 of companies will have 10% or more of their staff in quarantine
### Actions scorecard

**4. What measures are you taking?**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension of remote working</td>
<td>75%</td>
</tr>
<tr>
<td>Implementation of special health protection measures</td>
<td>61%</td>
</tr>
<tr>
<td>Internal communication</td>
<td>61%</td>
</tr>
<tr>
<td>Preparation of alternative budgets</td>
<td>34%</td>
</tr>
<tr>
<td>External communication</td>
<td>45%</td>
</tr>
<tr>
<td>Expansion of e-commerce channels</td>
<td>24%</td>
</tr>
<tr>
<td>Shutting down non-core components of your business</td>
<td>20%</td>
</tr>
<tr>
<td>Identification of alternative suppliers</td>
<td>14%</td>
</tr>
<tr>
<td>Repatriation of expats staff</td>
<td>12%</td>
</tr>
<tr>
<td>Other / closing, staff reduction, renovation</td>
<td>9%</td>
</tr>
</tbody>
</table>

Are you engaging in CSR?  
36.2% No  
63.8% Yes
Companies are actually following identified best practices

**Financial**
- Prepare alternative budgets / work with scenarios
- Leverage financial support & subsidies where available
- Ensure access to credit
- Ensure outstanding payments are cleared

**Legal**
- Monitor local policies

**Procurement**
- Adjust plans to take longer lead times into account
- Seek alternative suppliers

**Commercial**
- Leverage digital tools for e-commerce and as well as remote working
- Embrace geographical diversification / reach out to new partners

➔ Engage customers and employees to Innovate
➔ Plan for in-house crisis
➔ Enhance the focus on quality and healthy products
➔ Prioritize high-margins and low penalty products
Need for information and best practices

Key problems
- Logistics / Transportation
- Clarity on regulations
- Cash flow

Way forward
- Improve planning reliability

Consolidated information about the situation (58%)
- Best practices from peers (51%)
- Guidance on political risk (30%)
Q&A

Please submit your questions in the chat and keep the mute function on.

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