

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



Panelists



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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

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

- Exemption or diminution of loans

→ More:

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3969143/index.html>

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

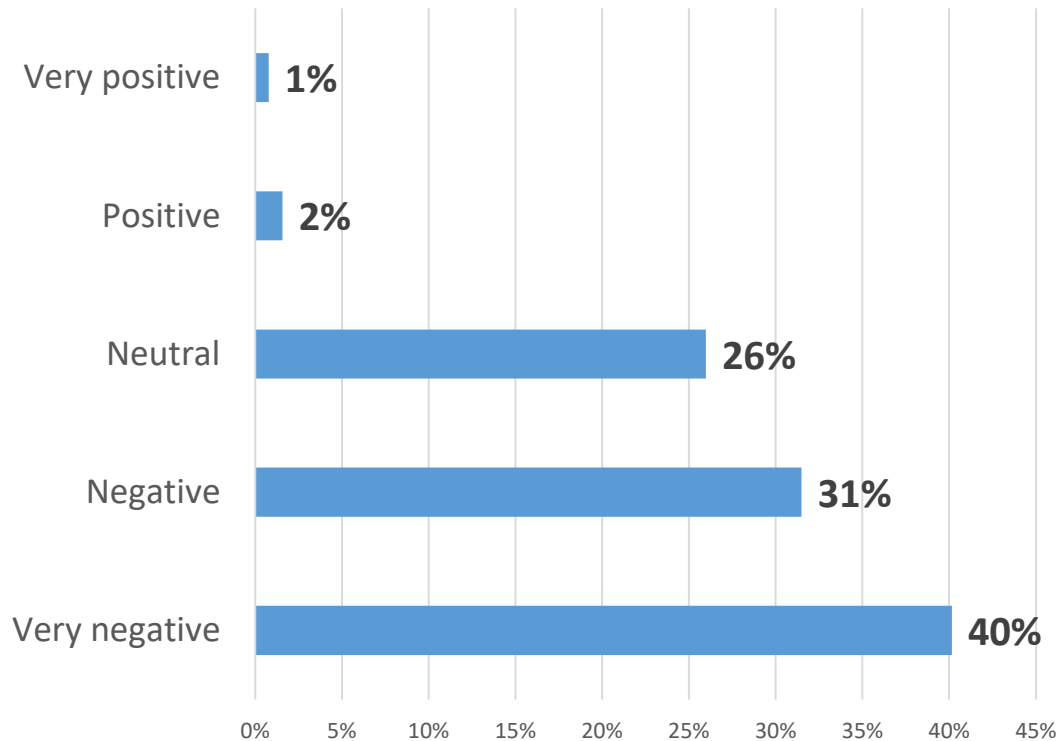
*Xi Jinping, 12.02.2020,
Standing Committee of the Political Bureau
of the CPC Central Committee*

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

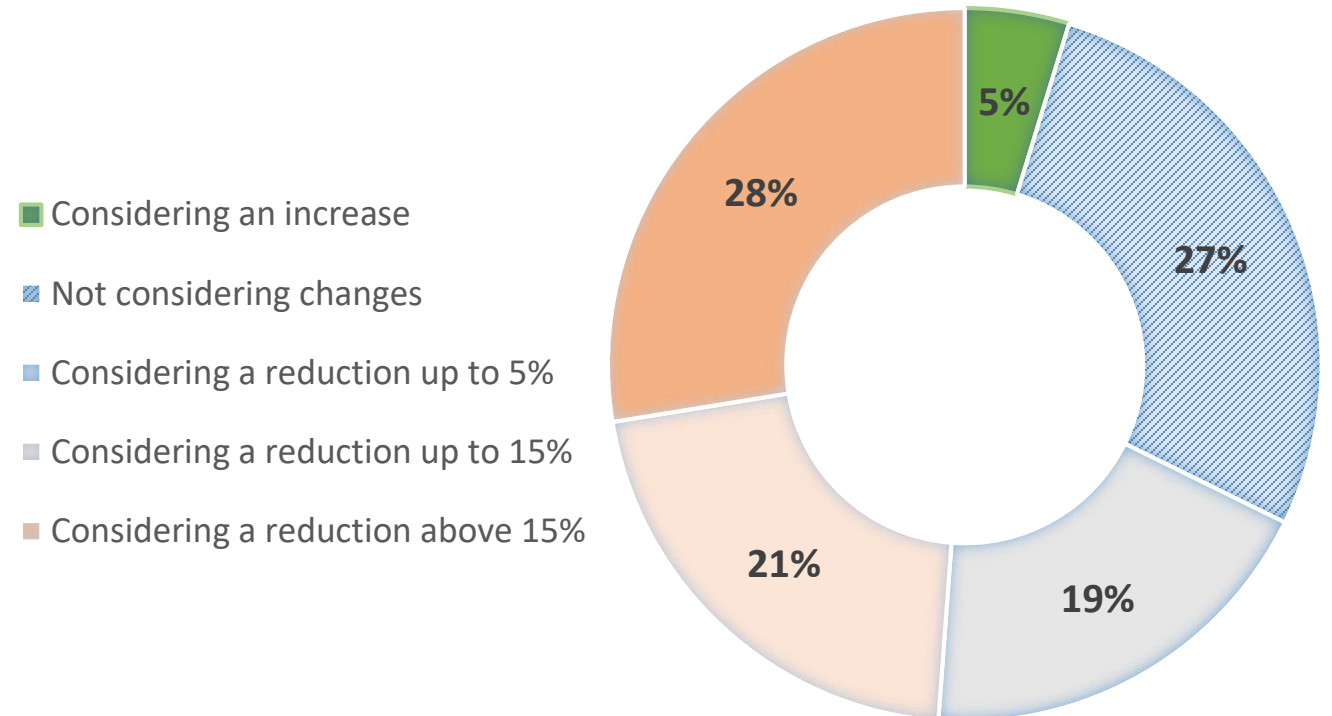
*Minister of Finance Li Kun,
15.02.2020 in Qiushi*

3/4 of companies are negatively affected, 1/4 is considering a budget reduction above 15%

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

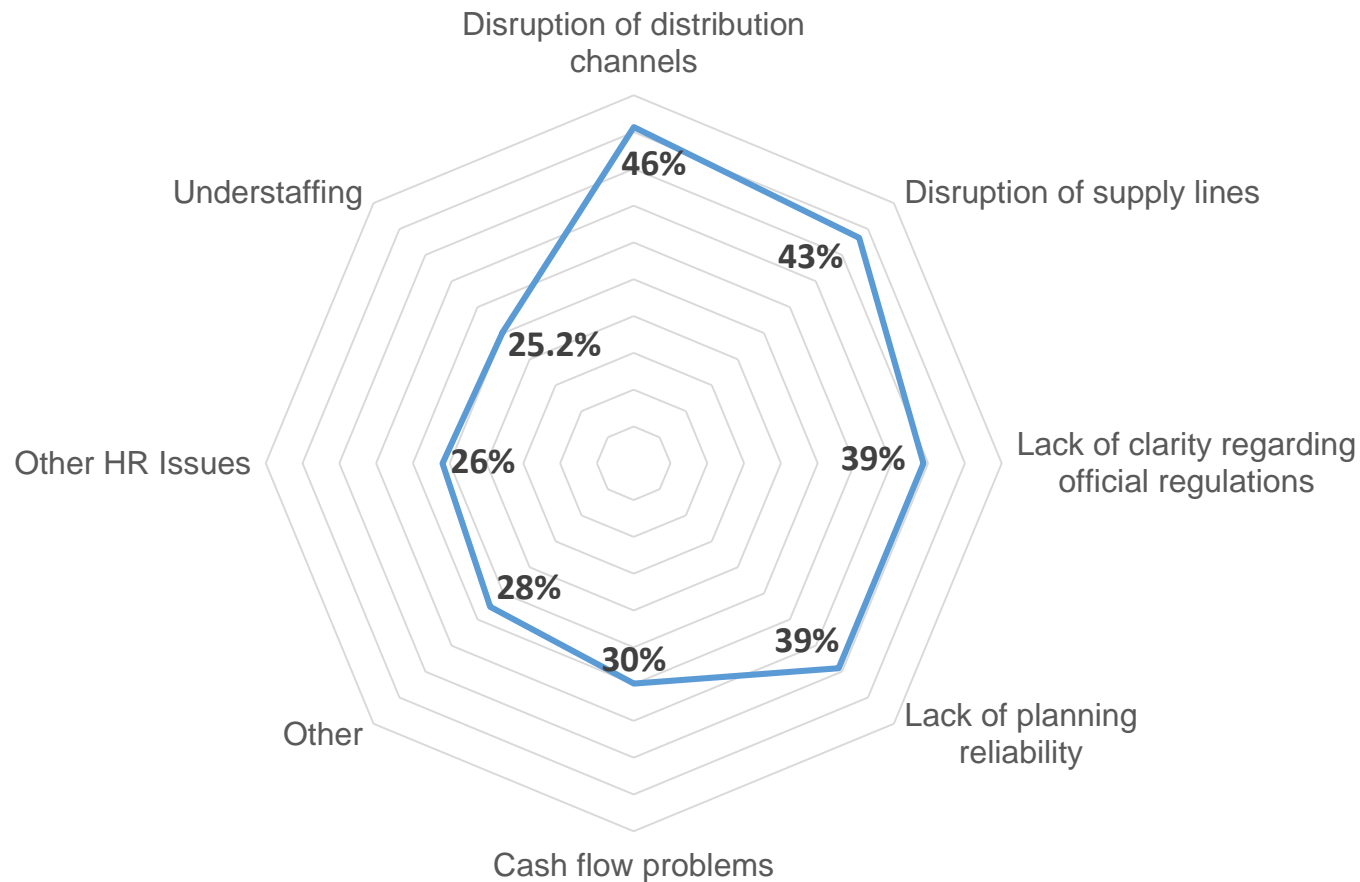


2. Are you considering changes in your FY2020 budget?



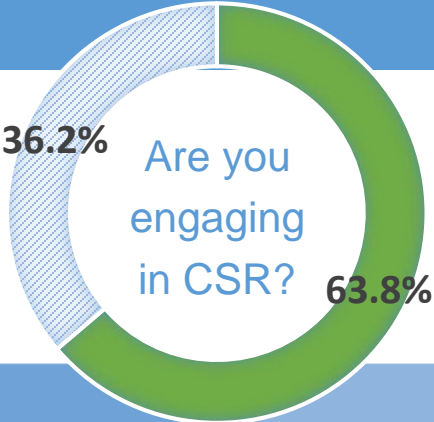
Logistics and information are key issues (but not the only ones)

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

4. What measures are you taking?



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

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

Engagement

- Ensure frequent and aligned communication
- Consider CSR Campaigns

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

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- ➔ 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

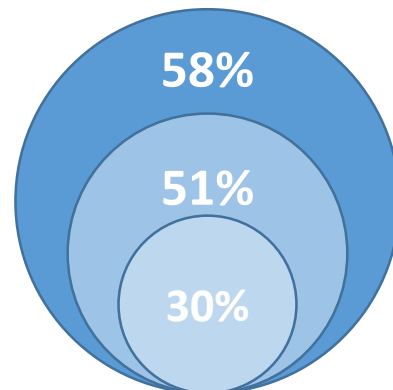
Logistics / Transportation

Clarity on regulations

Cash flow

Way forward

Improve planning reliability



Consolidated information about the situation

Best practices from peers

Guidance on political risk

Q&A

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



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Thank you for participating!

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