



Covid-19

Implications for Business





Dear Partner

There is no doubt that the COVID -19 pandemic has caused an unprecedented disruption to our personal, social and economic paradigms.

The speed of its spread and the magnitude of its effect, not only on personal health and to the global healthcare system at large, but to the World Economy will leave an impact that will take significant resources to repair. From “its just going to be fine” about two months ago to signing off the largest relief package in US history last week is but one example of the speed of this disruption and how the containment of this Pandemic and supporting those affected (read as the entire global population) will occupy the premier and perhaps only slot on the Global Leadership agenda for some time to come.

As governments and policy makers around the World are focused on solutions to this problem, it is essential to analyse and understand what to expect in your business both during this crisis and immediately thereafter. It is imperative that proactive measures are taken immediately to curtail the negative impact on your business and as far as possible plan for the coming months.

Tradeways are committed to support the business community and policy leadership during this time. We recognise that there is a plethora of analysis and data available so we have summarized in a few slides what the impact is likely to be and what businesses should be doing. Additionally we have pledged to provide a significant amount of man hours to work with business leaders to help think through some of the issues they are facing and formulate potential solutions. This will include conducting diagnostics and impact analysis on areas of the business. We are confident that together we will get through this. Please feel free to contact me directly should you want to discuss this or any other business issues that you may have.

Please stay safe,

A handwritten signature in black ink, appearing to read "Uday Bhasin", is written over a horizontal dotted line.

Uday Bhasin

What to expect?

Almost all sectors are materially affected, most firms are still evaluating how to cope with the sudden shock



Demand

- Travel, hospitality, financial and retail sectors will be heavily impacted by COVID-19, **decreasing demand for global consumer products**. Healthcare, telecommunication sectors will experience significant demand increase, infrastructure and supply inadequacy risks are posing a serious threat.
- Demand for raw materials and energy is expected to decrease**, especially demand from **major manufacturers** like China, US and Europe will be impacted materially.
- Demand for digital/remote products** and services (i.e. cloud-based platforms) will increase, presenting new opportunities.



Supply

- Due to **travel restrictions and logistics problems**, there is a risk of a major disruption in global supply chain.
- Manufacturing, assembly, distribution, sales and delivery** processes will be slowed down, **extraordinary measures will be required to support** the various levels of supply chain.
- Inventory management and SLA strictness** will increase to mitigate supply line risks.
- Sudden decrease and delays in orders will lead to a **decrease of load on supply chains**.



Operations

- Healthcare risks will require social distancing, potential quarantines, creating **complications especially for sectors with manufacturing or field operations**.
- Remote working will increase significantly, requiring **digital adequate infrastructure**.
- Enforced **digitalization will lead to cost optimization**.

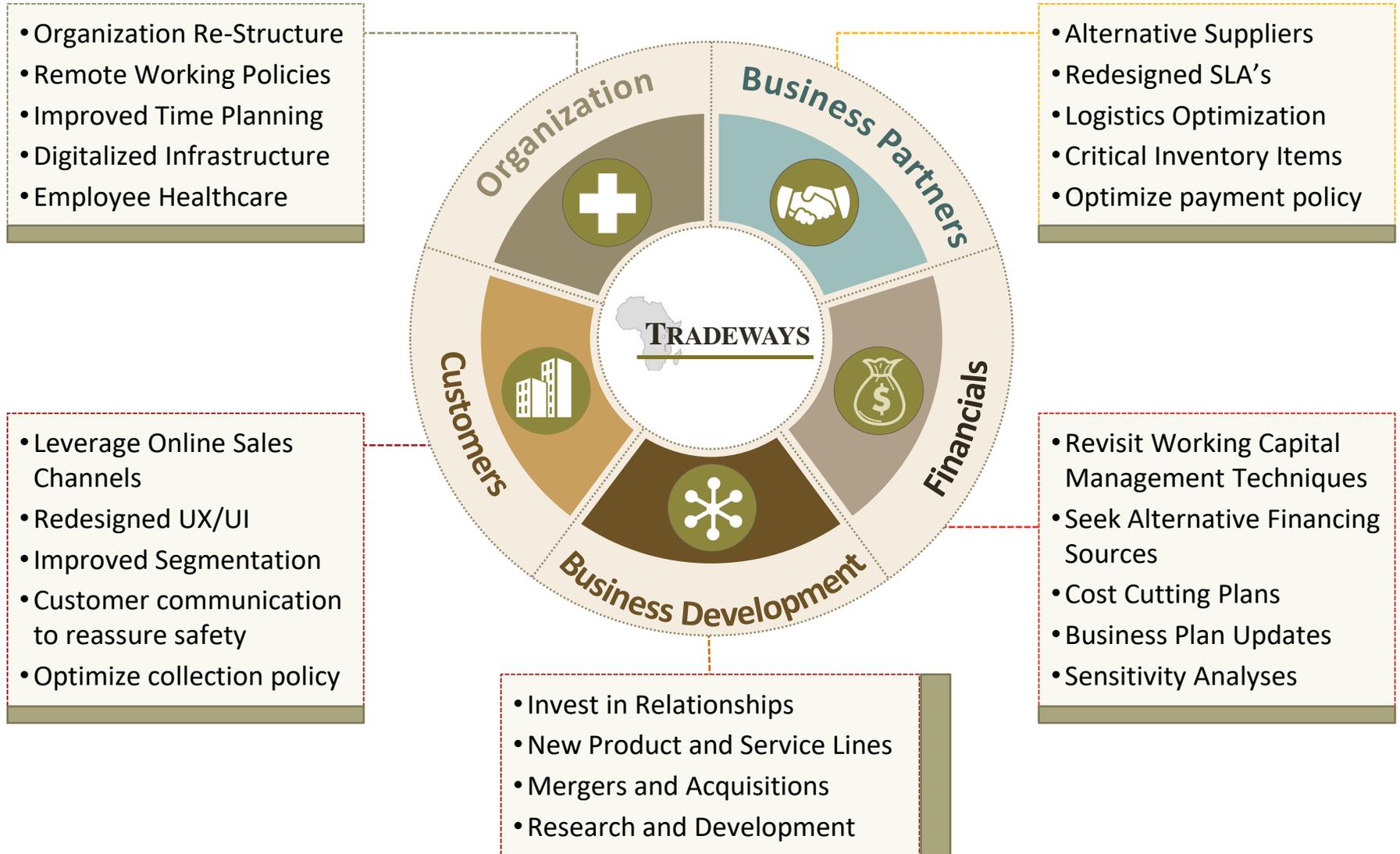


Financials

- Cash flow** will be the decisive factor for almost all sectors. **Capital expenditure spending is expected to decrease** materially. **Access to funding** will be critical.
- Both demand and supply problems will lead to **increased working capital levels**. Collection delays and increased stock requirements are expected.
- Business plans** with sensitivity analyses will be revisited.

How to react? What to do next?

Pandemic turmoil has caused significant risks, radical measures need to be taken to deal with the virus



What will businesses focus on during the pandemic?

The pandemic causes a slow-down in social life and economy, however, firms can take steps to minimize its effects

- 1 Corporate Governance**
With the introduction of **remote working**, strong **corporate policies** together with a solid governance structure will be required to **boost productivity**
- 2 Financing – Debt Restructuring**
Disruption in the market will increase working capital requirements of some firms, while changed business plans may lead to **debt restructuring** requirements
- 3 Financial & Business Planning**
Volatile macro/micro economic environment compel firms to **test their sensitivities** to financial indicators and **their resilience** to potential shocks in the market
- 4 Mergers and Acquisitions**
Economic turmoil create a better business environment for **inorganic growth** opportunities for some firms, while creating liquidation requirements for others
- 5 Transformation Projects**
Slow-down in economic activity may give firms enough time and energy to focus on **transformation projects to improve corporate efficiency**
- 6 Customer Relationships**
Keeping good relations and **staying in constant touch with customers** will have more importance during the pandemic in order to keep demand strong



Contacts

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