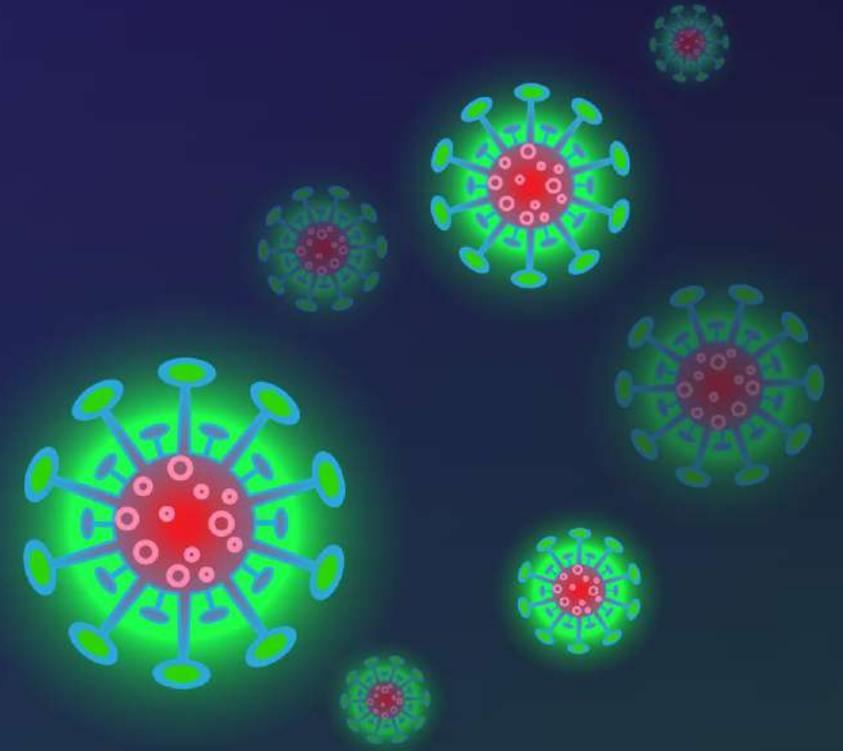
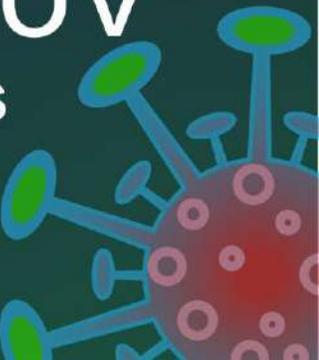


BUSINESS IMPACT OF THE COVID 19 PANDEMIC



2019-nCoV
coronavirus



5,510.33 -305.40 (5.25%) ↓

27 Mar, 16:45 GMT · Disclaimer

FTSE-100 Share Index (UK)

1 day

5 days

1 month

6 months

YTD

1 year

5 years

Max



Last accessed
27th March
2020

Open
High

5,815.73
5,815.73

Low

5,407.06

WHICH SECTORS DO YOU THINK HAVE BEEN NEGATIVELY AFFECTED SO FAR FROM THE CORONAVIRUS PANDEMIC?

Can you think of **3 industries / businesses** that have already experienced a steep drop in demand and revenues as the crisis has worsened

WHICH INDUSTRIES / SECTORS HAVE SUFFERED?

CRUISE SHIP
OPERATORS

HOTELS & B&B

AIRLINES &
AIRPORT
SERVICES

RESTAURANTS
WITHOUT
TAKEAWAY

SUPPLY CHAIN
BUSINESSES

CONSTRUCTION
COMPANIES

CINEMAS &
THEATRES

EXAM TUTORS

HUGE NUMBER
OF SELF-
EMPLOYED

FESTIVAL
ORGANIZERS

COMMERCIAL
LANDLORDS

GYMS / LEISURE
CLUBS

Friday evening in Europe - February 28 vs March 27

Source: Flight Radar 24





ETAuto | Covid-19: Volvo Cars announce production halt at Europe, US plants



Covid-19: Volvo Cars announce production halt at Europe, US plants - ET Auto
Volvo Cars has taken the move in order to contain the spread of the coronavirus.
auto.economictimes.indiatimes.com

9:00 AM · Mar 21, 2020 · [econ b2b post](#)



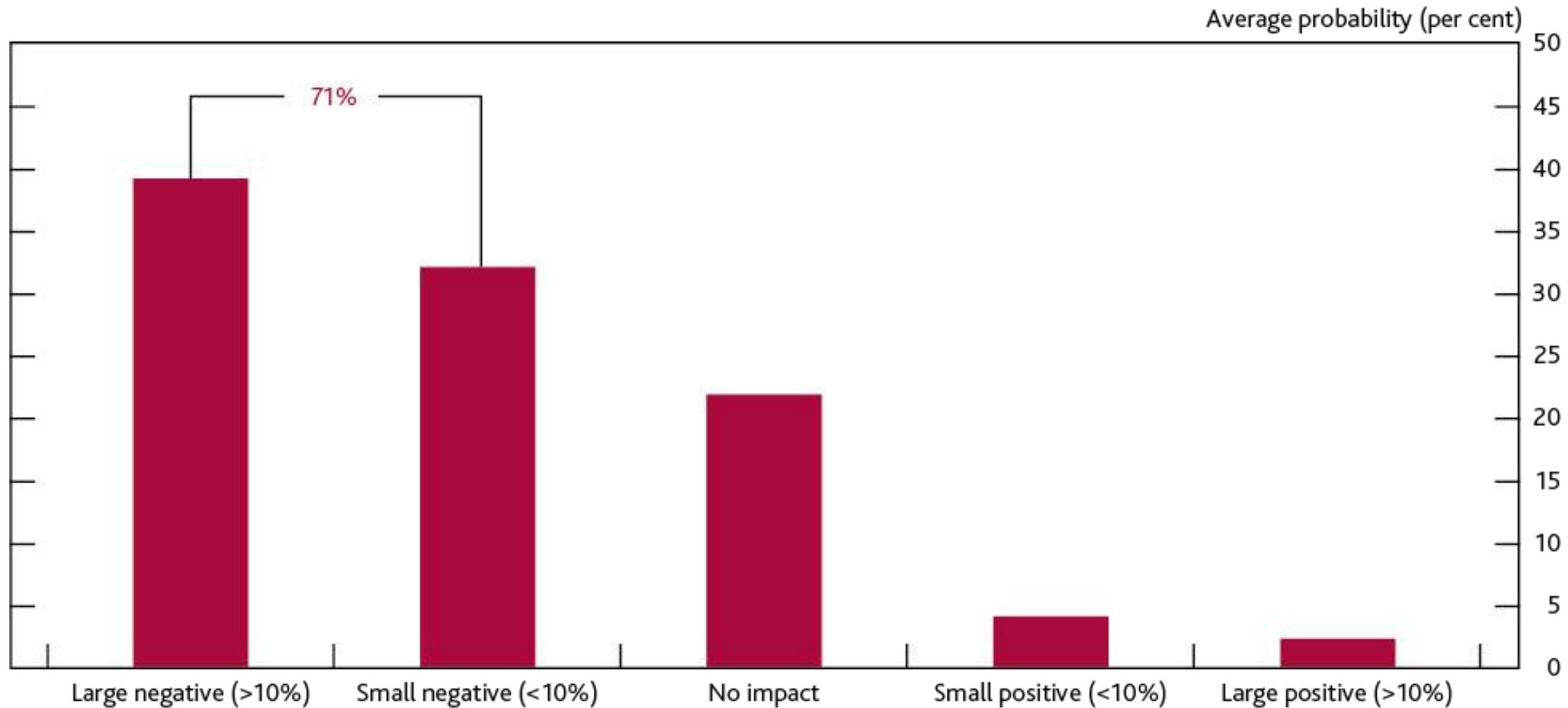
Europe steelmakers cut production after shutdown of car plants ft.com/content/24187c... via [@financialtimes](#)
[#Steel](#)



Europe steelmakers cut production after shutdown of car plants
Move illustrates how coronavirus impact is rippling through manufacturing supply chains
ft.com

10:04 AM · Mar 26, 2020 · [Twitter Web Client](#)

EXPECTED IMPACT OF COVID-19 ON SALES OVER THE NEXT YEAR



WHICH SECTORS
DO YOU THINK
MIGHT HAVE
BENEFITTED SO FAR
FROM THE
CORONAVIRUS
PANDEMIC?



WHICH SECTORS MIGHT HAVE GAINED / STAND TO BENEFIT?

Video streaming (Netflix, Disney +, Amazon Prime)

Healthcare products including sanitizers

Household cleaning products and DIY products

Sports / fitness equipment

Supermarkets / Restaurants with takeaway platforms

Logistics / delivery companies e.g. DPD & Deliveroo

Telecoms / Wi-Fi infrastructure providers

Apps (Zoom, Teams, Zwift, Peloton)

Platform businesses are well placed to benefit from the lock-down economy



TEN WAYS THAT BUSINESSES HAVE RESPONDED TO THE RECESSION

Your business has suffered a steep drop in sales and revenue. Cash is flowing out of your business and there is a risk of the business failing. What steps can you take?

HOW ARE BUSINESSES RESPONDING TO THE CRISIS?

- Plant shut-downs (all major UK and European car plants have announced shutdowns)
- Job lay-offs (we are seeing a sharp spike in unemployment figures)
- Furloughing workers (keeping them on the payroll but not laying-off)
- Shifting as many employees as possible to home working / skeleton office staff
- Negotiating deferrals of fixed costs such as monthly and quarterly rent payments
- Simplification of product ranges to boost production of key products
- Some firms have pivoted production for social purpose (brewers making sanitizers)
- Attempts to increase their online e-commerce capacity & capability
- Some businesses are seeking to raise fresh equity capital from investors
- Cutting back / postponing capital investment spending and on share dividends
- **CRUCIAL RESPONSE IS TO CUT-DOWN ON CASH OUTFLOWS FROM A BUSINESS**

THE VITAL IMPORTANCE OF CASH FLOW

HERE ARE THREE WAYS BUSINESSES ARE TRYING TO CUT CASH OUTFLOWS

More firms cancel dividends as market sell-off continues

FCA asks companies to delay financial results for at least two weeks amid coronavirus crisis

- [Coronavirus - latest updates](#)
- [See all our coronavirus coverage](#)



Delay or cancel dividends (payments made to shareholders out of earned profits). Many public and private businesses are retaining cash in the business rather than distributing cash to shareholders.

<https://www.theguardian.com/business/2020/mar/23/more-firms-cancel-dividends-as-markets-sell-off-continues-coronavirus>

Primark withholds £33m rent on its closed UK stores

Retailer has asked landlords 'to support us by agreeing terms' to offset lost sales

- [Coronavirus - latest updates](#)
- [See all our coronavirus coverage](#)



Delay payments to key suppliers. For example, major high street retailers are now looking to defer quarterly rent payments in order to conserve cash.

<https://www.theguardian.com/world/2020/mar/25/primark-withholds-33m-rent-on-its-closed-uk-stores>

Coronavirus: Greggs to close all stores to prevent spread

23 March 2020



Coronavirus pandemic



“Furlough” staff to reduce employment costs and take advantage of government wage subsidies during the pandemic.

<https://www.bbc.co.uk/news/technology-51999604>

HOW IS THE GOVERNMENT TRYING TO HELP BUSINESSES?

- 700,000 small businesses will receive a **cash grant** of £10,000
- **Coronavirus Job Retention Scheme:** Workers of any employer on the scheme can keep their job, with the Government paying 80% of their wage. There will be a cap of £2,500 per worker each month (initially for 3 months)
- Self-Employed Income Support Scheme (like above)
- **Holiday from business rates** in 2020/21 for businesses in the retail, hospitality or leisure sector
- **VAT payments** due between March and end of June 2020 will be deferred
- **Government loan guarantee scheme** for businesses needing credit
- Standard rate in Universal credit increased by £20 a week for one year – this helps to support household incomes and therefore consumer spending

AN INITIAL ASSESSMENT



The size of the UK economy shrank by 6 percent between 2008 and 2009 during the Global Financial Crisis.



Despite the support packages introduced (and there may well be more to come), a rise in business failures is inevitable and jobs will be lost on a very large scale.



The key uncertainty is how long the economy remains effectively locked-down in suspended animation.



Uncertain whether the crisis leads to more permanent damage to supply-side capacity and the number of jobs available for people to take during a recovery.