



# Navigating the Storm

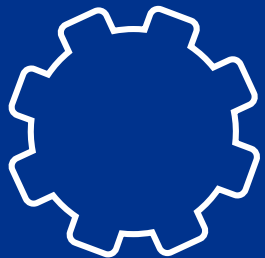
COVID-19: Choosing the right short to mid-term strategy

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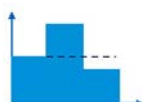




# The COVID-19 challenge

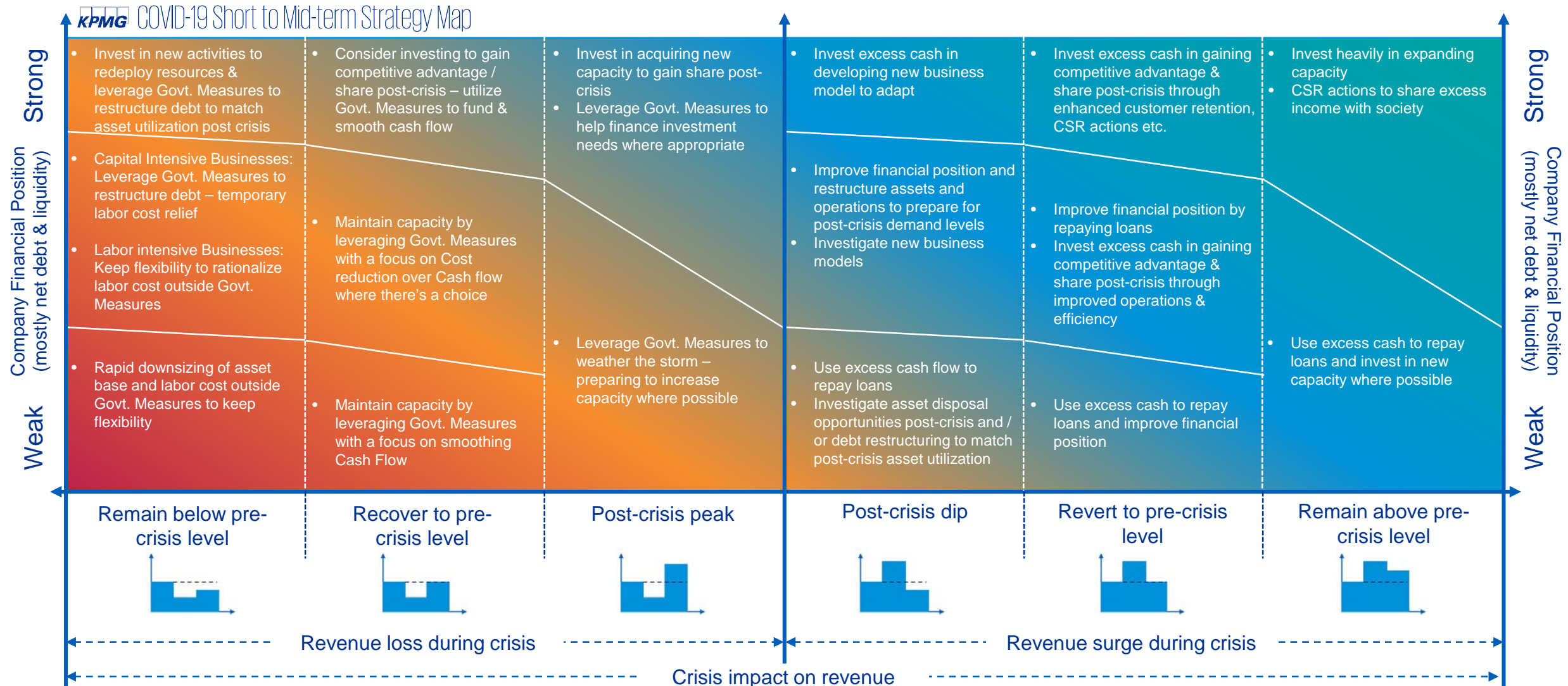


- The COVID-19 pandemic and associated restrictions on economic activity creates an **unprecedented challenge** and an **existential threat** for companies
- Many sectors of the economy have seen their **revenue decline** sharply – or even totally eradicated – for a yet unknown period of time. They need to figure out how to best **bridge that period in order to survive and maintain their capacity** to respond to market conditions post-crisis. The **government has put a number of measures in place** to help companies in this effort.
- At the same time, other sectors experience a **massive increase in demand** which their supply chains strive to meet. They need to figure out how to best **respond to this surge** in demand and how to **leverage this excess cash flow** to improve their outlook.
- All the while, these events have **profound and long lasting effects on consumer behavior** – which are expected to **outlast the crisis period** and create a new market post-crisis.

# Estimate profile of expected impact on demand for sector

	Demand Profile Characteristics	Indicative sectors
<p>Revenue loss during crisis</p>  <p>Post-crisis peak</p>	<ul style="list-style-type: none"> <li>— Revenue drop due to postponement of activity</li> <li>— Shift of demand expected – leading to a peak post-crisis exceeding pre-crisis demand levels for the mid-term</li> </ul>	<ul style="list-style-type: none"> <li>— Professional Services</li> <li>— Wellness services</li> <li>— Construction</li> </ul>
 <p>Recover to pre-crisis level</p>	<ul style="list-style-type: none"> <li>— Revenue drop due to interruption of activity – expected to continue post crisis at around the same level when normal economic activity is resumed</li> </ul>	<ul style="list-style-type: none"> <li>— Retail</li> <li>— Transportation</li> <li>— Energy</li> </ul>
 <p>Remain below pre-crisis level</p>	<ul style="list-style-type: none"> <li>— Revenue drop due to significant disruption - resulting in loss of revenue that is not expected to return for a significant amount of time (1 year or more)</li> </ul>	<ul style="list-style-type: none"> <li>— Tourism / Hospitality &amp; its suppliers (food, equipment, rent a car etc.)</li> <li>— Commercial office space / real estate</li> </ul>
<p>Revenue surge during crisis</p>  <p>Post-crisis dip</p>	<ul style="list-style-type: none"> <li>— Revenue increase due to increase and / or shift in demand from other sectors as a result of restrictions</li> <li>— Post crisis demand expected lower due to changes in customer behavior (shift in new / digital channels) or due to stock effect</li> </ul>	<ul style="list-style-type: none"> <li>— Physical grocery stores</li> <li>— Electronic equipment</li> </ul>
 <p>Revert to pre-crisis level</p>	<ul style="list-style-type: none"> <li>— Revenue increase due to increase and / or shift in demand from other sectors as a result of restrictions</li> <li>— Post crisis demand expected to return to pre-crisis levels</li> </ul>	<ul style="list-style-type: none"> <li>— Medical products &amp; services</li> <li>— Consumer products</li> </ul>
 <p>Remain above pre-crisis level</p>	<ul style="list-style-type: none"> <li>— Revenue increase during crisis period due to a shift to customer behavior changes (e.g. shift to digital channels)</li> <li>— Latent demand increase expected - resulting to higher revenue post-crisis compared to pre-crisis levels</li> </ul>	<ul style="list-style-type: none"> <li>— Online grocery stores</li> <li>— Delivery services</li> <li>— Digital banking services</li> </ul>

# Choose the right short to medium term strategy



# Ensure key functional activities are in place to bridge the crisis period and pursue your strategy

A

## Set up a dedicated crisis management Task Force – A Central Cortex Team

- Set up a dedicated team of strategy, financial, operational, legal, tax & risk resources
- Forecast cashflow to identify funding gap scenario to bridge, select appropriate response strategy, actively manage cashflow and update as needed
- Manage unexpected issues – government actions & regulations, legal, operational & health matters, etc.

B

### Ensure Security of Supply



- Actively evaluate & manage suppliers and plan contingencies
- Adjust & enhance safety of physical logistics
- Closely monitor and manage critical inventory & reorder process
- Review contracts, evaluate risks and adjust if necessary

C

### Safeguard Operational Continuity



- Ensure workforce availability & engagement
- Enhance technology & systems resilience & enable remote working
- Review safety of physical locations & adjust production operations / shifts etc.
- Enhance delivery capability
- Adapt decision making governance

D

### Maintain Customer Engagement



- Rethink & find ways to maintain contact with customer and overall customer experience
- Enhanced customer communication & expectation management
- Focus on maintaining customer loyalty to your brand through targeted promotions



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