COVID-19
BCG Perspectives

Facts, scenarios, and actions for leaders
Publication #6 with a focus on:
Restructuring costs, and managing cash and liquidity

Version: 19 May 2020
COVID-19 is a global societal crisis

We at BCG believe that the COVID-19 outbreak is first and foremost a societal crisis, threatening lives and the wellbeing of our global community. Society now, more than ever, needs to collaborate to protect people’s lives and health, manage mid-term implications, and search for lasting solutions.

Leaders need to drive an integrated response to navigate the crisis

It is the duty of health, political, societal, and business leaders to navigate through this crisis. A complex interplay of epidemic progression, medical response, government action, sector impact, and company action is playing out. This document intends to help leaders find answers and shape opinions to navigate the crisis in their own environments. It encourages thinking across the multiple time horizons over which we see the crisis manifesting itself.
NAVIGATING BUSINESSES THROUGH THE CRISIS

Establish crisis management

1. Develop Scenario-Based Planning Approach to manage uncertainty

2. Create a Rapid Response and Transformation (RR&T) team

3. Revamp Organization for the New Reality

4. Drive Topline Security and Customer Trust

5. Stabilize and restart Supply Chain, Manufacturing

6. Restructure Cost, manage Cash & Liquidity

7. Emerge Stronger; drive advantage in adversity

8. Accelerate Digital and Technology transformation


Focus of this edition

9 action areas for business leaders

Navigate through Flatten, Fight, and Future

Note: RR&T = Rapid Response and Transformation Team
Source: BCG
For the many businesses hit hard by the crisis, it is critical for companies to adapt cash and costs to current and future requirements

- COVID-19 crisis has resulted in negative economic and business impact (-3% global GDP\(^1\), up to -30% change in world trade, lower revenues, higher risk of default)
- With many countries entering the 'Fight' phase, business leaders must move from crisis response to performance transformation
- Transformations are by definition holistic and cover the entire company; managing cash and liquidity and driving cost take-out are imperative
  - Cash and liquidity are top priorities for investors; management can gain control quickly by establishing a high-impact cash management office
  - Cost take-out is critical to ensure company stability; however leaders must consider current and future requirements, especially on the people side

Across countries, efforts to flatten the curve and ramp-up testing continue; the impact on economy, sectors, and businesses persists

- Globally, 1.6 million patients have recovered from COVID-19 and the case-doubling rate has improved to 33 days
- As countries move into the 'Fight' phase, several have started to see a decline in the number of daily cases; ramp-up of testing continues
- The testing landscape is changing rapidly and molecular testing continues to be the "gold standard"; efforts focused on improving speed
- Vaccine and therapeutics development are moving at rapid pace; seven vaccine candidates in phases I/II; therapeutics availability by Q3 2020 (earliest)
- Full-year 2020 economic and employment impact from lockdown measures will be substantial across geographies

We believe during this crisis leaders need to think along two dimensions:

1. Taking an integrated perspective on health/medical progression, governmental responses, societal reactions, and economic implications to understand business/sector impacts
2. Thinking multi-timescale in a Flatten-Fight-Future logic
COVID-19 will be a journey with three distinct phases, requiring an integrated perspective

Typically the initial phase after a pandemic outbreak—goal is to urgently limit number of new cases, especially critical care

Social distancing (lockdown) and partial business closures, lead to economic recession with large employment impact

Finding paths to collectively fight the virus, restart the economy, and support society in balancing lives and livelihood

Increasing economic activity with recovering GDP, some business reopenings, and social distancing on sustainable level

Disease controlled through vaccine/cure/herd immunity, and treatment within sustainable medical capacities possible

Reactivated economy with strong business rebound and job growth, social restrictions limited or completely suspended

All of the above five factors result in specific economic and social outcomes in each phase

Source: BCG
Guide for leaders

Need for performance transformation across companies
How to restructure cost, and manage cash and liquidity

Updated epidemic, economic, and business scenarios and impact

Epidemic progression, virus monitoring, health care capacity
Economic impact
Business scenarios and impact

Appendix: Further readings

Learnings from successful business leaders
Further readings
## COVID-19: Impact dashboard

### Epidemic Progression

<table>
<thead>
<tr>
<th></th>
<th>4.5M</th>
<th>1.6M</th>
<th>308K</th>
</tr>
</thead>
<tbody>
<tr>
<td># of cases</td>
<td>4.5M</td>
<td>1.6M</td>
<td>308K</td>
</tr>
<tr>
<td># of recoveries</td>
<td>1.6M</td>
<td></td>
<td></td>
</tr>
<tr>
<td># of fatalities</td>
<td></td>
<td></td>
<td>308K</td>
</tr>
</tbody>
</table>

- # of days of case doubling: 17 Apr 16, 01 May 26, 15 May 33
- # of reported recoveries as % of total cases: 25%, 32%, 36%
- # of countries with 1k+ cases: 76, 87, 98
- # of tests / case: 10k, 11k, 14k
- # of tests / million: 10k, 16k, 24k

### Economic Impact

#### GDP forecasts (Current outlook, likely to evolve further)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMF forecast</td>
<td>As of Jan'20</td>
<td>As of May'20</td>
</tr>
<tr>
<td>US</td>
<td>2.0%</td>
<td>-5.9%</td>
</tr>
<tr>
<td>China</td>
<td>6.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Europe</td>
<td>1.3%</td>
<td>-7.5%</td>
</tr>
<tr>
<td>India</td>
<td>5.8%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Japan</td>
<td>0.7%</td>
<td>-5.2%</td>
</tr>
</tbody>
</table>

#### Estimated current employment impact

<table>
<thead>
<tr>
<th></th>
<th>Total employment 2019 (M)</th>
<th>Employees impacted (M)</th>
<th>% of employees impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>~159</td>
<td>~36</td>
<td>~23%</td>
</tr>
<tr>
<td>UK</td>
<td>~33</td>
<td>~8</td>
<td>~25%</td>
</tr>
<tr>
<td>Germany</td>
<td>~45</td>
<td>~10</td>
<td>~23%</td>
</tr>
<tr>
<td>France</td>
<td>~28</td>
<td>~12</td>
<td>~45%</td>
</tr>
<tr>
<td>Italy</td>
<td>~23</td>
<td>~7</td>
<td>~28%</td>
</tr>
<tr>
<td>Spain</td>
<td>~20</td>
<td>~4</td>
<td>~21%</td>
</tr>
</tbody>
</table>

### Business Impact

#### Stock market performance

<table>
<thead>
<tr>
<th>20 Mar vs 21 Feb</th>
<th>15 May vs 21 Feb</th>
</tr>
</thead>
<tbody>
<tr>
<td>-31%</td>
<td>-14%</td>
</tr>
<tr>
<td>-30%</td>
<td>-22%</td>
</tr>
<tr>
<td>-34%</td>
<td>-23%</td>
</tr>
<tr>
<td>-10%</td>
<td>-6%</td>
</tr>
</tbody>
</table>

#### Total Shareholder Returns

<table>
<thead>
<tr>
<th>S&amp;P500</th>
<th>FTSE100</th>
<th>DAX</th>
<th>CHN SSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>-30%</td>
<td>-22%</td>
<td>-12%</td>
<td>-3%</td>
</tr>
</tbody>
</table>

### Trials in pre-clinical stage and beyond

<table>
<thead>
<tr>
<th></th>
<th>Vaccine</th>
<th>Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRIALS</td>
<td>132</td>
<td>122</td>
</tr>
</tbody>
</table>

### Trials in Phase 1 and beyond

<table>
<thead>
<tr>
<th></th>
<th>TRIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>50</td>
</tr>
</tbody>
</table>

### Current est. timeline for approval & scale-up

<table>
<thead>
<tr>
<th></th>
<th>TRIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-36 months</td>
<td>6-24 months</td>
</tr>
</tbody>
</table>

1. No. of doubling days based on 7 day CAGR
2. Median of values for top 15 countries by nominal GDP (except China)
3. Ongoing trials including pre-clinical, Phase 1, first trial in humans, Phase 2, Phase 3, and Phase 4
4. Ongoing trials including Phase 1, first trial in humans, Phase 2, Phase 3, and Phase 4
5. Available data as of May 15; figures are changing rapidly and often being reported with a lag from the current date
6. Includes increase in unemployment and employees covered by government’s wage support programs
7. Performance is tracked for two periods: first from 21 February 2020 (before international acceleration of outbreak) to 20 March 2020 (trough of the market) and from 21 February 2020 through 15 May 2020
8. Food & Beverage Source: WHO, World Bank, JHU CSSE, Our World in Data, IMF, Bloomberg, BCG, Employment data: Eurostat, Trading Economics; Gov’t Wage Support figures: Gov.UK (UK), Reuters (Italy), News Break (Spain), travail-emploi.gouv.fr (France), Barrons (Germany)
COVID-19 resulting in substantial negative economic and business impact

As of 15 May 2020

<table>
<thead>
<tr>
<th>Economic downturn</th>
<th>Supply chain interruption</th>
<th>Revenue decline</th>
<th>Sector distress</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3.0%</td>
<td>Up to -30%</td>
<td>More than 50%</td>
<td>11 out of 24</td>
</tr>
<tr>
<td>global GDP development forecasted for 2020; -7.5% Europe; -5.9% US (IMF)</td>
<td>change in world trade, interrupting supply chains (BCG Trade Finance Model)</td>
<td>of companies expect shrinking topline due to drop in demand (BCG Henderson Survey across 213 companies)</td>
<td>sectors with significant share of companies at high risk of default1 (BCG Value Science Center analysis for S&amp;P Global 1200)</td>
</tr>
</tbody>
</table>

1. Pharma, Telecom, Retailing, Materials, Transport, Media, Capital Goods, Auto, Real Estate, Energy, Hospitality with > 10% of companies with probability of default > 15% as of 15 May 2020

Source: Bloomberg; IMF; UN Comtrade, OECD, IHS, WEF, WTO; BCG COVID-19 Consumer Sentiment Survey; BCG Henderson Institute; S&P Capital IQ; BCG ValueScience® Center; BCG

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Economic downturn | -3.0% global GDP development forecast for 2020; -7.5% in Europe and -5.9% in US

As of 15 May 2020

GDP growth forecast vs. baseline for 2020 [%]

<table>
<thead>
<tr>
<th>Region</th>
<th>Forecast range (IMF &amp; Banks)</th>
<th>Baseline (IMF) from January 2020</th>
<th>Forecast (IMF) from April 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>-7.5% to 1.3%</td>
<td>-7.5%</td>
<td>-5.9%</td>
</tr>
<tr>
<td>US</td>
<td>-5.9% to 2.0%</td>
<td>1.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Japan</td>
<td>-5.2% to 0.7%</td>
<td>1.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>China</td>
<td>-3.0% to 3.3%</td>
<td>-3.0%</td>
<td>-7.2%</td>
</tr>
<tr>
<td>India</td>
<td>-6.5% to 1.4%</td>
<td>1.9%</td>
<td>1.3%</td>
</tr>
<tr>
<td>UK</td>
<td>-7.5% to -9.1%</td>
<td>-9.1%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Note: As of reports dated 12 April 2020 to 12 May 2020, YoY forecasts. 1. Range from forecasts (where available) of International Monetary Fund, JP Morgan Chase; Morgan Stanley; Bank of America; Fitch Solutions; Credit Suisse; Danske Bank; ING Group; HSBC. Source: Bloomberg; IMF; BCG Analysis.
Supply chain interruption | Up to -30% change in world trade expected, interrupting supply chains

As of 15 May 2020

Global trade impact
COVID-19 recession implications

- ~$18 trillion world trade in 2019 (CAGR of ~4% from 2015-2019)

- -10-30% in world trade expected for 2020 due to COVID-19

- -4% total imports in Q1 2020 Q1 2020 vs. Q1 2019 in value

- -14% automotive imports in Q1 2020 Q1 2020 vs. Q1 2019 in value

Source: UN Comtrade, OECD, IHS, WEF, WTO, IMF, BCG Trade Finance Model 2020, BCG Analysis

Global supply chain
Automotive example (pre Covid-19 crisis)

1. Metals imported from various countries, rare metals mined in China
2. Aluminum and steel produced in China
3. Components produced in Hubei and other parts of China (Tier 2+)
4. Engines produced in Hubei and other parts of China (Tier 1)
5. Cars assembled by OEMs in EU, Hubei and other parts of China
6. Finished cars shipped from EU and China

Illustrative

1. Iron Ore
2. Platinum
3. Palladium
4. Copper
5. Aluminum, Steel, Graphite, Magnesium (China)
6. Iron Ore, Copper (Australia)

As of 15 May 2020

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As of 15 May 2020

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Revenue decline | Due to drop in demand, 50% or more of companies across sectors expect shrinking topline

As of 20 April 2020

**Consumer sentiment**

*German example*

- **39%** refrain from large, planned investments
- **46%** want to save money in case we enter a recession
- **51%** are careful and cut back on their overall spending

---

**As of 15 April 2020**

<table>
<thead>
<tr>
<th>% of companies expecting negative revenue impact in FY20</th>
<th>Industrials</th>
<th>Consumer Discretion.¹</th>
<th>Communic.²</th>
<th>Health Care</th>
<th>Information Technology</th>
<th>Consumer Staples</th>
<th>Materials</th>
<th>Financial services</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to -10%</td>
<td>-19%</td>
<td>-23%</td>
<td>-22%</td>
<td>-32%</td>
<td>-31%</td>
<td>-29%</td>
<td>-25%</td>
<td>-25%</td>
</tr>
<tr>
<td>-10 to -20%</td>
<td>-23%</td>
<td>-21%</td>
<td>-37%</td>
<td>-26%</td>
<td>-25%</td>
<td>-19%</td>
<td>-5%</td>
<td>-13%</td>
</tr>
<tr>
<td>&lt; - 20%</td>
<td>-52%</td>
<td>-31%</td>
<td>-15%</td>
<td>-11%</td>
<td>-11%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

∑ -94% -74% -74% -68% -67% -55% -50% -47%

---

1. Discretionary  2. Communication

Left: Top-2 values (i.e. share of respondents who (strongly) agree to these statements); Question text: “To what extent do the following statements describe the impact the coronavirus crisis has on your income and spending behavior (if any)? Please select one answer for each statement.”; Source: BCG COVID-19 Consumer Sentiment Survey, April 17–20, 2020 (N= 1,584, unweighted, representative within ±3% of German census)

Right: All sectors with >9 responses are listed; Sector classification follows Global Industry Classification Standard; Source: BCG Henderson Institute survey, April 15, 2020 (N= 313 companies)
### Sector Distress: 11 Sectors with More than 10% of Companies at High Risk of Default

#### Key Takeaway

1. **11 Sectors** have > 10% share of companies with probability of default > 15%

2. Pre-crisis, no sector had > 10% of companies with probability of default > 15%

#### Sector Distress

- **Healthier sectors**
  - Pharma: 16%
  - Food/staples Retail: 0%
  - Household Products: 0%
  - Health Equipment: 0%
  - Semiconductors: 0%
  - Food & Beverage: 0%
  - Telecom: 15%
  - Software: 0%
  - Tech Hardware: 0%
  - Retailing: 47%
  - Materials: 17%
  - Prof. Services: 0%
  - Utilities: 5%
  - Transport: 36%
  - Media: 21%

- **Pressured sectors**
  - Capital Goods: 12%
  - Financials: 0%
  - Auto: 33%
  - Durable Goods: 5%
  - Insurance: 0%
  - Real Estate: 17%
  - Energy: 29%
  - Hospitality: 43%
  - Banks: 6%

- **Vulnerable sectors**
  - Energy: 29%
  - Banks: 6%

#### Median YTD\(^2\) Total Shareholder Return

- Pharma: 0%
- Food/staples Retail: -2%
- Household Products: -5%
- Health Equipment: -6%
- Semiconductors: -13%
- Food & Beverage: -12%
- Telecom: -9%
- Software: -6%
- Tech Hardware: -15%
- Retailing: -20%
- Materials: -23%
- Prof. Services: -14%
- Utilities: -14%
- Transport: -22%
- Media: -24%
- Capital Goods: -24%
- Financials: -32%
- Auto: -29%
- Durable Goods: -32%
- Real Estate: -28%
- Energy: -41%
- Hospitality: -36%
- Banks: -37%

Note: Sectors are based on GICS definitions.
2. Comparing 15 May 2020 vs 1 Jan 2020;
Source: S&P Capital IQ; BCG ValueScience® Center; BCG.
All sectors, even the healthier ones, have players in need of performance transformation

As of 15 May 2020

YTD shareholder return in % per sector

-80  -60  -40  -20  0  20  40

Pharma  Food/staples Retail  Household Products  Health Equipment  Semiconductors

Food & Beverage  Telecom  Software  Tech Hardware  Retail  Materials  Prof. Services  Utilities  Transport  Media

Capital Goods  Financials  Auto  Durable Goods  Insurance  Real Estate  Energy  Hospitality  Banks

**Healthier sectors**

**Pressured sectors**

**Vulnerable sectors**

Note: Sectors are based on GICS definitions; Companies sampled from S&P Global 1200. 1. Sector ranking and division into “healthy”, “pressured”, “vulnerable” based on global TSR between 21 Feb 2020 to 15 May 2020. Source: S&P Capital IQ; BCG ValueScience® Center
Companies have started to initiate performance response

As of 15 May 2020

**Bloomberg**

European Retailers Scrap $1.5 Billion of Bangladesh Orders

**The Guardian**

Wed 13 May 2020

How big tech plans to profit from the pandemic

**FINANCIAL TIMES**

APRIL 20 2020

How coronavirus brought aerospace down to earth

The industry has been one of the hardest hit, with contracts cancelled, production halted and plane for big battles.

**THE WALL STREET JOURNAL**

May 7, 2020

New York City Apartment Renting Turns to Video Chats and Virtual Tours

Coronavirus has challenged real-estate agents on how to show listings and could change the way rentals are marketed.

**BBC**

How factories change production to quickly fight coronavirus

**NRF**

March 25, 2020

How small retailers are adapting to COVID-19

From curbside pickup to free delivery, small businesses are finding ways to connect with their customers.

**Forbes**

May 8, 2020

Bringing The Store To The Consumer: How Live Streaming Could Become A Post-Pandemic Game Changer

**The New York Times**

March 26, 2020

FIFA Races Toward a Plan to Help Soccer Clubs Survive Shutdown

With leagues and clubs around the world scrambling to sort out issues from player compensation to future transactions, the global governing body is trying to provide a new framework.
Five elements of a holistic performance transformation

1. **Manage cash and liquidity**
   - Monitor cash flow and key financials (including FC)
   - Implement balance sheet measures
   - Ensure funding (including government aid)

2. **Drive cost take-out**
   - Push cost take-out in non-critical areas; drive flexibility in personnel costs
   - Manage spend and investments actively

3. **Ensure topline security**
   - Use high frequency indicators to sense changing demand / supply sentiment
   - Activate topline levers, e.g. channel shift, marketing spend, customer engagement

4. **Stabilize supply chain, manufacturing**
   - Manage supply chain actively; build resilience to limit risk of interruption
   - Prepare for force majeure claims

5. **Organize people for the new reality**
   - Keep employees safe; enable new ways of working
   - Build new capabilities and restructure organization
   - Build SWAT teams to address critical areas

**Steered through a central team**

- Set-up Rapid Response & Transformation Team
  - Steer crisis response centrally
  - Monitor impact along KPIs
  - Initiate and track counteraction

Source: BCG
Companies need to move from crisis response to driving transformation as they move into fight phase

<table>
<thead>
<tr>
<th>Flatten</th>
<th>Fight</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>From crisis response...</strong></td>
<td><strong>...to driving the transformation</strong></td>
</tr>
<tr>
<td>Manage cash &amp; liquidity</td>
<td>Free internal funds to ensure funding of strategic moves</td>
</tr>
<tr>
<td>Drive cost take-out</td>
<td>Push cost-out; adjust cost structure permanently</td>
</tr>
<tr>
<td>Ensure topline security</td>
<td>Make prudent long-term policy decisions</td>
</tr>
<tr>
<td>Stabilize supply chain, manufacturing</td>
<td>Make structural moves to win in new reality; Determine how to reactivate customers</td>
</tr>
<tr>
<td>Organize people for the new reality</td>
<td>Build resilient supply chain and manufacturing to limit the risk of interruption</td>
</tr>
<tr>
<td>Set-up Rapid Response &amp; Transformation Team</td>
<td>Continue to protect people, build new capabilities and restructure org. to fit go-forward needs</td>
</tr>
<tr>
<td>Central crisis response teams provide top-down direction to business</td>
<td>Accountable line management in the lead, activist RR&amp;T Team supports transformation</td>
</tr>
</tbody>
</table>

Source: BCG
Investors believe it is critically important for companies to ensure liquidity and be financially resilient; even if it is at the expense of investing

~68% want intense focus on liquidity

Over the next 12 months, it is important to intensely focus on preserving liquidity, even if it is at the expense of investing to achieve advantage.1,2

Companies should access all sources of debt financing to strengthen cash position and financial resilience, even if it impacts the balance sheet and credit risk.1,3

For companies with share price decline in line with the market, significant equity issuance is a reasonable move to strengthen cash position and financial resilience

Source: BCG’s COVID-19 Investor Pulse Check, May 3, 2020; n = 150

1. Questions were posed with respect to financially healthy companies
2. Investing to achieve advantage in the business may include digital and acquisitions, for example
3. Debt financing includes revolvers, bank term loans, asset-backed loans, private placements, for example.
# Cash & Liquidity

Business leaders can gain control of liquidity by establishing high-impact cash management.

## Introduce cash office
- Centralize cash governance
- Set up dedicated Cash Team with clear accountability
- Standardize process and format across legal entities

## Generate transparency
- Work at legal entity level, with clear owners
- Map suppliers and clients ("cash impact")
- Identify total cash available vs. trapped
- Compare terms to maximize reliability of forecast
- Analyze variances actual vs. forecast

## Build liquidity scenarios
- Set up a cash flow forecast process
- Identify minimum cash buffer, based on history and peak levels
- Cross-check direct vs. indirect cash flow

## Define rules for discretionary spent
- Define clear roles and responsibilities for spend approval
- Create authorization gateways and spend limits
- Set up rigorous spend authorization processes
- Evaluate limitation of payment timing

## Secure financing
- Map the financing structure and instruments
- Evaluate and implement cash-pooling

---

Source: BCG
### Cash & Liquidity

**Example 1**

Global footwear and apparel manufacturer applied effective cash and liquidity management to sustain operations during the crisis.

<table>
<thead>
<tr>
<th>Stress on liquidity and cash flow due to the crisis</th>
<th>Major distress across most of its &gt;10k outlets</th>
<th>Decline in business activity to ~85%&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Expected decline in Q1 sales by 50%&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
</table>

**Initiatives implemented for managing cash and liquidity**

- Introduced cash office to drive cash and liquidity management
- **Reduced cash requirement** from workforce cost by reducing working hours for over 1,000 workers; difference of pay to be **financed by government** aid package
- **Reduction in annual management compensation** (eliminated short- and long-term bonuses)
- **Suspended discretionary spend** of €1 billion share buyback and dividend payments to investors

**Impact**

- **50K+**
  - Workforce remained employed while effectively preserving healthy balance sheet and stabilized cash flow

- **€1Bn+**
  - Loan from a consortium of banks for financial stability as a result of strict cost cutting and liquidity management

---

1. In China, compared to the same period last year (Jan 25 – Feb 29);
2. In China, 2020 as compared to 2019

Source: Press search; BCG
Global airline reduced cash requirements to manage liquidity for operations

Stress on liquidity and cash flow due to the crisis

- Global reduction in travel due to restrictions
- Domestic flights reduced to ~5% of pre-crisis network
- ~70% share price decline by mid March

Initiatives implemented for managing cash & liquidity

- **Suspended capex expense** by shelving plans to order 10+ aircrafts
- **Reduced cash requirement** from workforce cost by standing down 25,000+ staff and reducing executive salary by 30%, bonuses reduced to zero
- **Cascaded plan to reduce cash burn** to ~$25 million a week
- **Secured ~$1 billion funding** against its aircrafts

Impact

- **12-15 months**
  Of operations possible before running out of cash
- **~$2 billion**
  Available cash balance with an additional ~$1 billion undrawn facility remaining available

---

1. As compared to share price on 1H results announcement in Feb’20; 2. Till end of June; 3. As of Mar’20
Note: All the values in $ are US dollars; Source: Press search; BCG
Cost take-out | Business leaders must drive cost reduction, while considering current and future requirements and handling people agenda with empathy

Streamline personnel costs

- Identify and pursue **valuable and business-critical** activities
- Determine and stop investing in **non-essential** tasks
- Make use of **governmental programs** and special legislations
- Establish appropriate **workforce flexibility** to ramp up/down
- Adjust **FTEs** using **HR instruments**

Reduce non-personnel costs

- Bring down **budgets** and retain lower **in-crisis spend**
- Optimize **consumption/behavior patterns** (zero-based mindset)
- Rigorously review and renegotiate all key **procurement contracts**
- Tackle 'other' cost buckets not addressed yet for savings (e.g., rent)
- Establish **cost conscious culture** with clear horizontal cost-ownership

Drive efficiency in operations

- Optimize **number of operational units** (e.g. manufacturing locations, warehouses)
- Reduce **non-essential factor cost** (e.g. overtime balances, leave, contractors)
- Strike **insourcing vs. outsourcing** balance (per industry and function)
- Drive **benchmark cost per FTE** compared with industry standard

Source: BCG
Global upstream oil and gas service company drove workforce flexibility and other cost saving measures to minimize impact from the crisis.
### Cost take-out

**Example 2**

Growth technology company accelerated rapid and radical cost realignment in crisis mode

<table>
<thead>
<tr>
<th>Stress due to the crisis</th>
<th>Investor and economic pressure to reduce costs quickly</th>
<th>Urge to protect the core technology capabilities for long-term success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative</td>
<td>Action</td>
<td>Impact</td>
</tr>
<tr>
<td><strong>Vision, targets, and plan</strong></td>
<td>Defined vision, and prioritized capabilities <strong>within first two weeks</strong> Defined scenarios, targets (FTE and budget), timeline Kicked off cost PMO</td>
<td>~45% Total cost reduction in six weeks Core technology capabilities protected during cost-reduction process</td>
</tr>
<tr>
<td><strong>Agile org design, staffing, and action</strong></td>
<td>Reduced 30% of core business-related costs Reduced &gt; 60% SG&amp;A cost in non-revenue-generating business</td>
<td></td>
</tr>
<tr>
<td><strong>Streamlined remaining costs</strong></td>
<td>Refined org model, communicated the new focus Kicked off <strong>non-personnel cost reduction</strong> Developed <strong>interim op model</strong> and transition to steady state</td>
<td></td>
</tr>
</tbody>
</table>
Topline security | Companies are sensing demand via high frequency data and react in agile ways to secure topline

As of 06 May 2020

1. Demand forecast

Traditional forecast methods are less reliable during crises

Use high-frequency indicators to sense changing demand

![Graph showing consumer sentiment and web traffic data foresee spend increase]

- Real change in spending
  - Historical: Confirmation that increase occurred

- Real change in web traffic
  - Immediate term: Strong predictor of changes

- Consumers expecting to increase spending during next month

Example: Company responses to customers’ increased online activity

<table>
<thead>
<tr>
<th>Channel shift</th>
<th>Marketing spend</th>
<th>Customer engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beverage producer shifted sales channel including loyalty program online and achieved sales uplift of 40% on e-commerce platform</td>
<td>Fitness studio chain focused marketing spend on new member acquisition for underutilized studios resulting in 3-4% higher lead and trial conversion</td>
<td>Lifestyle player personalized offers based on member customer lifetime value and observed behaviors, increasing tenure by 8-12% for 75% of customer base</td>
</tr>
</tbody>
</table>

1. Compared with prior year. Source: SimilarWeb; Earnest Research, May 6, 2020; BCG COVID-19 Consumer Sentiment Survey, April 24-27, 2020 (N = 2,783 US), unweighted, representative within +/-3% of census demographics; press releases; BCG
Rate of firms leaving Fortune 500 during the Global Financial Crisis (GFC) was 90% higher than the rate for the ten years that followed.

Number of firms dropping out of Fortune 500 list

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>66</td>
<td>19</td>
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<tr>
<td>67</td>
<td>27</td>
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<tr>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>19</td>
<td>5</td>
</tr>
</tbody>
</table>

1. Officially designated by National Bureau of Economic Research. 2. Large change in 1995 list due to change in list-compilation methodology, and is therefore excluded. 

Source: Fortune 500 Listings; NBER; BCG analysis.
Rapid Assessment to Shape Transformation Plan

Initiate Performance Response
- Initial responses developed in one month (e.g. cash, liquidity, no-regret cost out, insured supply chain, secured topline)
- Data is collected, scrubbed, and validated
- Multi-functional response team identified and enabled

Accelerate Rapid Response Measures
- Specific scenarios developed and trigger points identified
- Performance levers identified, sized, and prioritized, and firmed up into a roadmap using strategic, operational, and financial lenses
- Transformation operating model established
- Performance response further accelerated

Fully Mobilize
- Full organization activated within first 100 days
- Initiatives maturing, delivering results
- Change management program launched to mobilize leaders and people
- Leadership committed to plans and targets; linkage established with incentive schemes
- Further initiatives (procurement, SCM¹, etc.) ramped up and launched

Drive Advantage in Adversity
- Holistic performance initiatives launched and executed with tracking on weekly, monthly, and quarterly basis
- Targets aligned on a quarterly basis
- Leaders activated and organization enabled
- Cost leadership embedded into organization
- New capabilities (e.g. digital, AI²) built and new ways of working embedded
- Wins during transformation shared, understood, and appreciated in the organization

Learnings from successful transformations | Specific milestones during each step of the journey

1. Supply Chain Management; 2. Artificial Intelligence
Source: BCG
1. Guide for leaders
   - Need for performance transformation across companies
   - How to restructure cost, and manage cash and liquidity

2. Updated epidemic, economic, and business scenarios and impact
   - Epidemic progression, virus monitoring, health care capacity
   - Economic impact
   - Business scenarios and impact

3. Appendix: Further readings
   - Learnings from successful business leaders
   - Further readings
~36% reported recoveries\(^1\) globally so far; case-doubling rate improves to 33 days

As of 15 May 2020

Note: Continued cases and fatalities are subject to different testing, propensity, reporting standards and hence are imperfect measures

1. Refers to total reported recoveries as a percentage of total reported infections (cases), 2. No. of doubling days based on 7-day CAGR, 3. Basis Johns Hopkins CSSE; 4. Daily growth rate basis 7-day CAGR; 5. Community transmission defined basis WHO - Countries experiencing larger outbreaks of local transmission on basis of decided factors

Sources: Johns Hopkins CSSE, Our world in data, WHO situation reports, BCG analysis

185 Countries with cases\(^3\)

4.5M \([\Delta 2.1\%]^4\) Confirmed cases globally

308k \([\Delta 1.7\%]^4\) Fatalties globally

Days of doubling cases:

- 0-3 days
- 3-6 days
- 6-14 days
- 14-30 days
- >30 days

17\(^{th}\) Apr'20 15\(^{th}\) May'20

16 days 26 days 33 days

# of days of doubling\(^2\) the cases globally

568k (25\%) 1,053k (32\%) 1,637k (36\%)

Total # of recoveries (as % of confirmed cases)

24 49 69

# of countries with community transmission\(^5\)
As countries move into Fight phase, several have started to see decline in number of daily cases

As of 15 May 2020

Several countries increasing doubling rate...

...driven by decline in number of daily cases

1. Includes Middle East & Australia    2. Countries selected from the chart on the left
Source: Johns Hopkins CSSE, Our World in data
Some countries currently have cases doubling in under 14 days; strong monitoring in the next few weeks

As of 15 May 2020

Note: For doubling days, round off values calculated based on last 7 days CAGR of total confirmed cases. 1. Includes Middle East, Australia

Source: Johns Hopkins CSSE, Our World in data, WHO situation reports

---

**Flatten**

- Daily growth rate of total cases (seven-day average)
  - South Africa: Cases doubling: 11 days
  - Brazil: Cases doubling: 12 days
  - Qatar: Cases doubling: 13 days
  - Russia: Cases doubling: 14 days

**Rates improving from top to bottom**

- Non-exhaustive

**Cumulative number of confirmed cases (log scale)**

- Asia
- Europe
- North America
- South America
- Africa

**Non-exhaustive**

- Asia
- Europe
- North America
- South America
- Africa

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- Africa

---

**As of 15 May 2020**

Note: For doubling days, round off values calculated based on last 7 days CAGR of total confirmed cases. 1. Includes Middle East, Australia

Source: Johns Hopkins CSSE, Our World in data, WHO situation reports
While countries further relax lockdown measures, they are substantially ramping-up testing

As of 15 May 2020

Cumulative # of cases per million population

- For countries with complete or partial lockdowns (Singapore, UK, France, etc.), reopening is gated by lack of widespread testing
- For countries with relaxed lockdowns (S. Korea, Australia, etc.), continued higher testing is critical
- For countries to move to the right and reopen, they need an integrated Virus Monitoring System that includes testing, tracking, and tracing

Source: World-o-meter, BCG Analysis
Testing landscape is changing | Tests to detect viral genome and patient immune response are now available

As of 15 May 2020

<table>
<thead>
<tr>
<th>Test purpose</th>
<th>Available for last 3+ weeks</th>
<th>Becoming available now (over last 1-2 weeks)</th>
<th>In development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presence of viral genome</td>
<td>Lab-based</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Near-patient /Point-of-Care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Immune response to virus</td>
<td>Lab-based</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Near-patient /Point-of-Care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antigen tests: Presence of viral particle</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Viral load: Amount of virus</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. More than 180 serology test makers have notified FDA that they have serology tests available for use as of May 15, 2020

Source: CDC website, FDA website, company websites, BCG analysis
### Vaccine fast movers | 7 vaccine candidates already into clinical trials

As of 15 May 2020

<table>
<thead>
<tr>
<th>Phase</th>
<th>Vaccine Candidate</th>
<th>Phase</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inovio</td>
<td>Phase I</td>
<td>Trial started in Apr 2020; larger studies possible in Jun-Aug 2020</td>
</tr>
<tr>
<td>2</td>
<td>CanSino Biologics</td>
<td>Phase II</td>
<td>Phase 2 advancement since Apr 2020; follow-up expected by Oct 2020</td>
</tr>
<tr>
<td>4</td>
<td>BioNTech &amp; Pfizer</td>
<td>Phase I/II</td>
<td>Trial ongoing in Germany; if approved, distribution possible by Oct-Dec 2020</td>
</tr>
<tr>
<td>1</td>
<td>China National Biotec¹</td>
<td>Phase I/II</td>
<td>Trial started in Apr 2020; expected completion of final trials by Nov 2021</td>
</tr>
<tr>
<td>4</td>
<td>Moderna</td>
<td>Phase II</td>
<td>Early results of trial expected by Jun 2020 (expanded to include older adults)</td>
</tr>
<tr>
<td>4</td>
<td>Oxford Uni. &amp; AstraZeneca</td>
<td>Phase I/II</td>
<td>Trial on-going in UK; late-stage trials possible in Jul 2020</td>
</tr>
<tr>
<td>4</td>
<td>Sinovac</td>
<td>Phase I/II</td>
<td>Trial started in Apr 2020; expected completion by Aug 2020</td>
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</tr>
</tbody>
</table>

1. Listed as 2 candidates by WHO: Beijing institute of Biological Products / Sinopharm & Wuhan Institute of Biological Products / Sinopharm
Source: WHO (May 15th), Citeline Pharma Project (May 19th), Milken Institute (May 12th), ClinicalTrials.gov (May 19th), Bloomberg, BCG analysis
Therapeutics outlook | Timeline and key developments across critical trials show broad availability by end of Q3 2020 earliest

<table>
<thead>
<tr>
<th>Therapy</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
<th>2021+</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Remdesivir</strong></td>
<td>Gilead and NIH launch multicenter Phase III trials</td>
<td>Gilead provides compassionate-use access</td>
<td>Phase III studies show reduced time to recovery; FDA authorizes emergency use</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ritonovir/lopinavir</strong></td>
<td>Randomized controlled trials in China fail to show clinical benefit</td>
<td>Drug combination included in WHO Solidarity trial</td>
<td>Trials launched; multiple companies pushing development, incl. several partnerships</td>
<td>Initial lead-candidate data expected from multiple trials</td>
<td></td>
</tr>
<tr>
<td><strong>Neutralizing antibodies</strong></td>
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</tr>
<tr>
<td><strong>Convalescent plasma</strong></td>
<td>FDA authorized emergency use</td>
<td>FDA greenlights Phase II trials in April 2020</td>
<td>Phase III randomized controlled trials expected to launch in May 2020</td>
<td>Therapy to expand nationwide, pending Phase III results</td>
<td></td>
</tr>
<tr>
<td><strong>Hyperimmune globuline</strong></td>
<td></td>
<td></td>
<td>Clinical trials anticipated to begin in June 2020</td>
<td>Phase II and III readouts, August to September 2020, and early access</td>
<td></td>
</tr>
<tr>
<td><strong>Tocilizumab</strong></td>
<td>Observation study in China shows improved survival</td>
<td>Roche Phase III trial launched in March 2020</td>
<td>Preliminary results reveal significant mortality reduction</td>
<td>Wide availability, pending Phase III trial results</td>
<td></td>
</tr>
<tr>
<td><strong>Sarilumab</strong></td>
<td></td>
<td></td>
<td>Interim results show lower mortality in mechanically ventilated patients</td>
<td>Wide availability, pending Phase III trial results</td>
<td></td>
</tr>
<tr>
<td><strong>Chloroquine/hydroxychloroquine</strong></td>
<td>French Study shows reduction in viral load</td>
<td>Retrospective study shows no clinical benefit</td>
<td>NIH ORCHID and Oxford trials launched in April 2020</td>
<td>EPICOS study in Spain</td>
<td>Preliminary ORCHID results expected in fall of 2020</td>
</tr>
</tbody>
</table>

Source: Company websites; National Institutes of Health, ClinicalTrials.gov data, April 28, 2020, WHO, BCG analysis
Scenarios and impact | Five key questions

As of 15 May 2020

Economic activity
100%

Critical care patients

Five questions will shape the economic impact

1a What will the LENGTH of "Flatten" be? What are the preconditions to transition? When will we achieve them?
1b To what DEPTH does the economy drop in "Flatten"?

2a What will the LENGTH of "Fight" be? What are the preconditions to transition? When will we achieve them?
2b What will the DEPTH of "Fight" be? What level of recovery does the economy achieve in "Fight"?

3 Where does the economy return to, relative to the pre-COVID era in "Future"?

Source: BCG
Methodology | To determine economic impact, must derive depth (from economic starting point) and factor in length of crisis

**ECONOMIC IMPACT**

**Economic starting point:**
Understanding a country's sector composition

For each country and sector cluster, assumptions are made on activity-reduction based on reduced contact

**Depth:**
Deriving the impaired economic activity

For each country, a range of microeconomic loss is derived

**Length:**
Factoring in the duration of crisis

For each country, expected length of stay-at-home order is factored in

**Projected economic impact:**
Determining the result as full-year economic impact from direct impact of disease

Result is full-year economic impact (not comparable to GDP as excludes fiscal stimulus and other effects) – need to combine pre-crisis, Flatten, and Fight phase to conclude impact for 2020

Source: BCG
Economic starting point | Understanding of countries' sector composition critical to estimate negative impact of reduced contact

As of 15 May 2020

<table>
<thead>
<tr>
<th>Revenue by sector (%)</th>
<th>E.g., groceries, &amp; health care providers</th>
<th>E.g., legal, &amp; software</th>
<th>E.g., auto &amp; mining</th>
<th>E.g., tourism &amp; restaurants</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>34%</td>
<td>12%</td>
<td>22%</td>
<td>12%</td>
</tr>
<tr>
<td>Germany</td>
<td>65%</td>
<td>11%</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>Italy</td>
<td>66%</td>
<td>8%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Spain</td>
<td>67%</td>
<td>7%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>UK</td>
<td>68%</td>
<td>11%</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>US</td>
<td>53%</td>
<td>13%</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>Brazil</td>
<td>71%</td>
<td>9%</td>
<td>1%</td>
<td>18%</td>
</tr>
<tr>
<td>Mexico</td>
<td>62%</td>
<td>8%</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>India</td>
<td>71%</td>
<td>4%</td>
<td>19%</td>
<td>6%</td>
</tr>
<tr>
<td>China</td>
<td>65%</td>
<td>25%</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Japan</td>
<td>53%</td>
<td>5%</td>
<td>29%</td>
<td>12%</td>
</tr>
</tbody>
</table>

For each country and sector cluster, estimates on activity reduction are made

Example of Germany:
60-80% activity reduction estimated for 'red' sectors (consumer services, retail, travel and tourism, food service, and bars)

Under stay-at-home order Contact intensity

Open | Low to High
Limited Low | Limited Medium | Limited High

Note: European figures reflect gross output by sector, which is analogous to revenue by sector. US figures directly reflect revenue by sector.
Source: Eurostat Database; CNBS; Statistics Bureau of Japan; St. Louis Fed; O*NET; American Community Survey; other country-specific sources on request; BCG COVID response teams; BCG

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'Flatten' | Impaired economic activity (depth) and lockdown duration (length) yield full-year economic impact for 'Flatten' phase

As of 15 May 2020

<table>
<thead>
<tr>
<th>Region</th>
<th>Country</th>
<th>Lockdown duration (in weeks)</th>
<th>Full-year economic impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>France</td>
<td>8</td>
<td>-2% – -4% vs. pre-COVID run rate</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>4-6</td>
<td>-1% – -3%</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>8-12</td>
<td>-2% – -6%</td>
</tr>
<tr>
<td></td>
<td>Spain</td>
<td>8-12</td>
<td>-2% – -6%</td>
</tr>
<tr>
<td></td>
<td>UK</td>
<td>7-12</td>
<td>-2% – -6%</td>
</tr>
<tr>
<td>North Am.</td>
<td>US</td>
<td>10-14</td>
<td>-2% – -7%</td>
</tr>
<tr>
<td>LatAm</td>
<td>Brazil</td>
<td>4-6</td>
<td>-1% – -3%</td>
</tr>
<tr>
<td></td>
<td>Mexico</td>
<td>8-12</td>
<td>-2% – -8%</td>
</tr>
<tr>
<td>Asia</td>
<td>India</td>
<td>8</td>
<td>-2% – -4%</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>6-10</td>
<td>-2% – -6%</td>
</tr>
</tbody>
</table>

Disclaimer: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast and the situation is changing daily. Figures shown only reflect economic activity "directly displaced" by effect of virus. However, multi-order impacts and the impact of government spending and stimulus not considered.

Note: Lockdown length capped at 6 weeks. We expect a lot of variations across geographies, even within countries. 1. European figures reflect gross output by sector, which is analogous to revenue by sector. US figures directly reflect revenue by sector. 2. Only accounts for COVID-19 impact, does not factor in underlying growth. Source: Eurostat Database; St. Louis Fed Reserve; O*NET; American Community Survey; other country-specific sources available on request; BCG COVID response teams; BCG Analysis.
'Fight' | ~5 to 25% of economic activity can be temporarily at risk – implying protracted economic challenges

As of 15 May 2020

**Impaired economic activity** during 'Fight' phase
Estimation in private sector relative to pre-COVID-19 in %

<table>
<thead>
<tr>
<th>Region</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Spain</th>
<th>UK</th>
<th>US</th>
<th>Brazil</th>
<th>Mexico</th>
<th>India</th>
<th>China</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
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<tr>
<td>North Am.</td>
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<tr>
<td>LatAm</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Asia</td>
<td></td>
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</tr>
</tbody>
</table>

Sector mix and local conditions will vary the depth of 'Fight' on very short timescales, making the full-year economic impact challenging to estimate precisely.

Disclaimer: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast and the situation is changing daily. Figures shown only reflect economic activity "directly displaced" by effect of virus. However, multi-order impacts and the impact of government spending and stimulus not considered.

Note: We expect a lot of variations across geographies, even within countries, hence the wide ranges.
1. European figures reflect gross output by sector, which is analogous to revenue by sector. US figures directly reflect revenue by sector.
Source: Eurostat Database; CNBS; Statistics Bureau of Japan; St. Louis Fed Reserve; O*NET; American Community Survey; other country-specific sources available on request; BCG COVID response teams; BCG
Guide for leaders

Need for performance transformation across companies
How to restructure cost, and manage cash and liquidity

Updated epidemic, economic, and business scenarios and impact

Epidemic progression, virus monitoring, health care capacity
Economic impact
Business scenarios and impact

Appendix: Further readings

Learnings from successful business leaders
Further readings
Recent learnings from successful CEOs

CEOs are in the spotlight more than ever as they lead their companies through the current crisis. By understanding principles underpinning when and how much leadership matters, and factors that increase the odds of success, leaders can learn valuable lessons about navigating today’s challenges.

For further details; refer to the article from BCG Henderson Institute: Leadership Matters: When, How Much, and How?

1. **Strive to defy the average**
   Focus more on innovation and new opportunities in order to be exceptional. Defy the average within your industry; focus less on “best practices” which tend to level performance.

2. **Identify key moves and act preemptively**
   Early action is key; accelerate turnover of underperforming management teams, make deals early, and embark on transforming organizations early when needed.

3. **Take a de-averaged and dynamic approach to strategy**
   Adopt the right approach to strategy in each part of the business, and in particular, use dynamic and/or creative approaches where necessary. In more uncertain and fast-moving contexts, classic planning is not always the best approach.

4. **Articulate and fulfill a positive social purpose**
   Articulate a purpose beyond maximizing financial returns, and improve performance on non-financial dimensions as well. Pursue sustainable business models as expectations of social contributions are increasing.

Based on survey of 7,000 CEOs worldwide.

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3
4
Additional perspectives on COVID-19

**COVID-19 BCG Perspectives**
- Edition #5
  - Revamping Organizations for the New Reality
- Edition #4
  - Accelerating digital & technology transformation
- Edition #3
  - Emerging stronger from the crisis
- Edition #2
  - Preparing for the restart
- Edition #1
  - Facts, scenarios, and actions for leaders

**Relevant topic publications**
- Cash & Liquidity
  - A Cash Management Survival Guide
- Leadership
  - Leadership Matters: When, How Much, and How?
- Transformation
  - COVID-19 Response: Big Decisions for CEOs Right Now

**Selected sector publications**
- Consumer
  - COVID-19 Consumer Sentiment Snapshot #9
- Automotive
  - Auto Companies Will Outlast COVID-19 and Come Out Stronger
- Travel & Tourism
  - The Great Reset for Revenue Management in Travel
- Health Care
  - COVID-19 Stressing Finances of Even the Strongest US Health Systems
- Technology
  - Is Your Technology Ready for the New Digital Reality?

Source: BCG
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