

## Agenda

- 1. Introduction
- 2. Global and regional outlook
- 3. Emerging areas of concern and Next steps /EY Recovery Plan
- 4. Panel discussion

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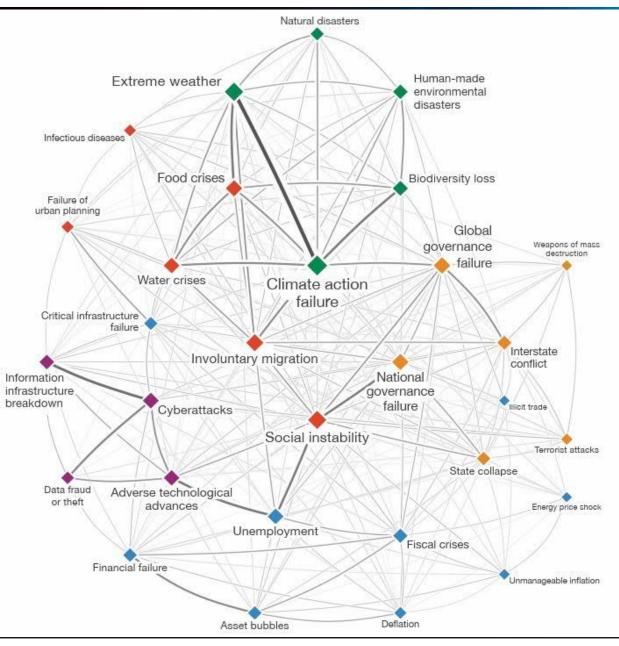
## Global and regional outlook













# High debt levels and low interest rates constrain fiscal options, which increases uncertainty in making economic projections

#### Global Debt & US Interest Rates, 1970-2019



- The rapid rise of global debt limits the room available for fiscal stimulus measures
- Low policy and long-term interest rates make further policy rate cuts difficult

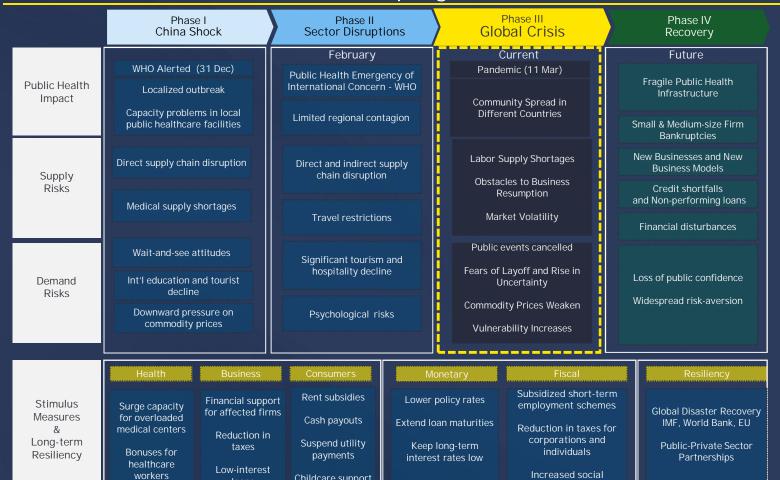
#### Uncertainty in Forecasting Economic Effects

- Pandemic Factors. What will be the propagation pattern of the disease and how many people will become infected?
- Labor Mobility Factors. How long are travel bans in place? How extensive are quarantine and exclusion restrictions? How many people can work remotely?
- Business Liquidity Factors. How many businesses are able to sustain long-term disruption?
- Debt & Interest Rate Factors. How do existing fiscal constraints impact how governments can formulate new stimulus measures?
- Political Factors. Will the world be able to forge a multilateral response to the crisis?





# Regardless of the specific outcome, governments need to consider stimulus measures in line with the progression of COVID-19



spending

Childcare support

loans



Sources: Centre for Economic and Policy Research (CEPR), EY analysis,





### How is COVID-19 disrupting organisations world-wide?

Workforce Health & Safety

Serious concerns for the safety of workers and customers reducing face2face interactions.

Increased absenteeism amongst workers as the concerns for health increase

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Waning Demand

Traditional purchase triggers are being defeated as consumers stay away (retail, travel, entertainment)

Fears of possible consequences of the outbreak reducing discretionary spend



Supply Chain Disruption

Lean, JIT, tier 1 suppliers have led to inflexibility and inability to switch

Disruption of global supply chains affecting production across the world



Legal implications

Invocation of 'force majeure' clauses in contracts

Working capital constraints leading to staff redundancies/ costly operating model reviews



Working Capital Constraints Falling revenues as consumer confidence takes a knock and many lose employment

Disruption of the supply chains leading to capital being held up, production runs delaying, distributors unable to pay and suppliers unable to deliver



Cybersecurity

Monitoring centres shut down as personnel become affected

COVID-19 Phishing emails on the increase driving up vulnerability.



#### The Upside:

- Social Responsibility
- Need to correct inequality but in the meantime provide economic support to the most vulnerable.
- Increased revenues:

   Home Entertainment, e commerce Amazon (100k more workers) UBER Eats
- Operating models shift e.g. restaurants.





### EY COVID-19: A framework for business response



Put people safety first

Build and

secure

liquidity

- Sustain flexible and remote working arrangements
- Provide infection protections for on-site workers
- Assess sufficiency of latest government policies against specific requirements
- Issue regular, transparent communications that reassure employees



Protect business continuity

Four actions to respond to COVID-19

- Bring cash under central control and visibility
  - Build portfolio of cash improvement actions and rigorous dynamic cash forecasting
- ▶ Protect existing hard and soft credit
- Manage liquidity impact of disruption between finance and operations
- Tighten controls around customer exposure and collections
- Reduce cash outflows through cost reduction and permitted payment delays



Engage stakeholders

- ► Keep trading mindset
- Keep customers apprised of impacts to product or service delivery
- Stay in contact with suppliers regarding ability to deliver goods and services
- Review terms and conditions on commercial relationships to identify constraints
- Develop and test contingency scenarios for workforce, supply chain and footprint to operate in restricted capacity
- Confirm responsibilities and delegated authorities under contingency measures
- Create a cross-functional response team to address emerging challenges and issues and track position daily
- Understand critical stakeholders and their priorities in short and medium term, including people, commercial partners, financial stakeholders, shareholders, government and tax authorities, regulators and pensions
- Prepare targeted engagement plan to address needs and priorities
- Assess legal liabilities





## EY COVID-19 Crisis Management Solution- EY 100 days Plan



business continuity plan, protecting the business and resilient return to growth. Wave 3: Resilient Wave 1: Activate Wave 2: Protect the return to growth business continuity business Crisis Management Ensure safety and Reimagined go to Team & Structure Set well-being of your market strategy Up - Including Situation employees Monitoring & Reporting 6 Identify and secure Operating Risk Assessment & alternate sources of model redesign Scenario Planning supply Secure cash liquidity **Crisis Operations** through bank funding and improved working Management capital management 8 Review and renegotiate key Communications contracts with suppliers and lenders

Short term (1-8 weeks)

Medium term (9 - 36 weeks



## 4. Panel Discussion



