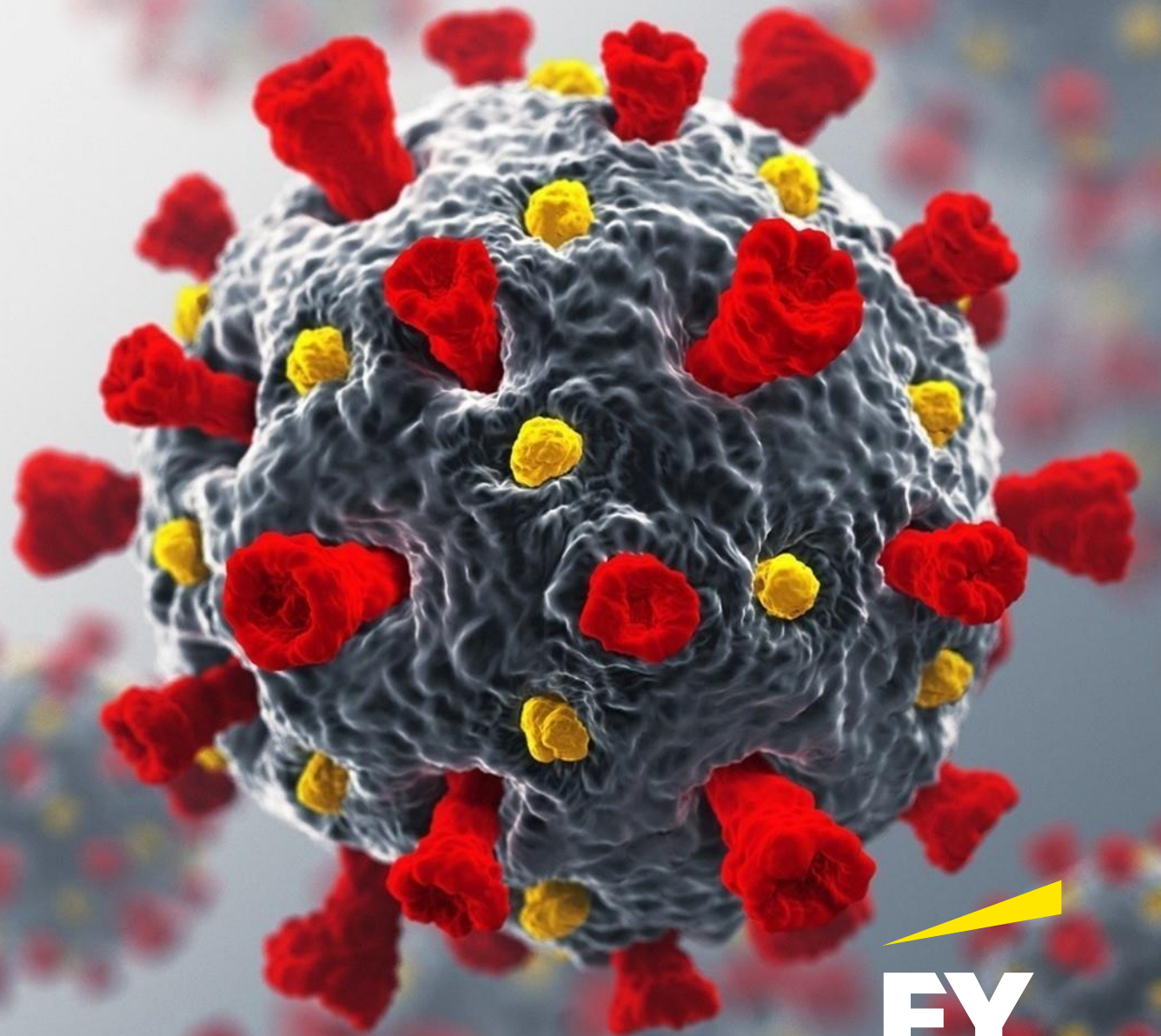


Responding to COVID-19

A Strategy & Transactions Perspective
from EY Cyprus

13 April 2020



The COVID-19 outbreak is evolving rapidly, causing tremendous shocks on the economy and introducing complex challenges for businesses

The COVID-19 crisis is unique and unprecedented, introducing a combination of challenges that makes mitigation highly complex:

- ▶ **Uncertainty** with the speed, depth and duration of the COVID-19 impact is unknown
- ▶ **Supply-side and demand-side shocks** are emerging in combination
- ▶ Global transmission makes this a **systemic** issue with a **pervasive impact** for markets and communities
- ▶ **Liquidity pressures** are starting to bite
- ▶ Businesses were **not well prepared** to deal with the crisis, are making **contingency plans** and adopting special measures

The impact for businesses is felt across the board:

Trading Performance

- Deteriorating business performance & profitability
- Revenue contraction (loss of demand, pricing pressure, etc.)
- Cost containment need (discretionary spend disappears, reduced marketing & promotion costs, etc)

Operational Disruption

- Workforce issues
- Supply chain disruption (uncertainty of supplies)
- Stock management & control focus need
- Delivery channel disruptions
- Inability to plan due to uncertainty

Liquidity

- Limited cash and prospective liquidity shortfall
- Need increased focus on cash forecasting/ management; under cash forecast uncertainty (cannot rely on historic trends)
- Trading contagion (customers/suppliers at risk of default/failure)
- Tightening of WC controls need (credit limits, collections, etc.)
- Risk of default on debt obligations
- Reduced funding ability

Asset Management

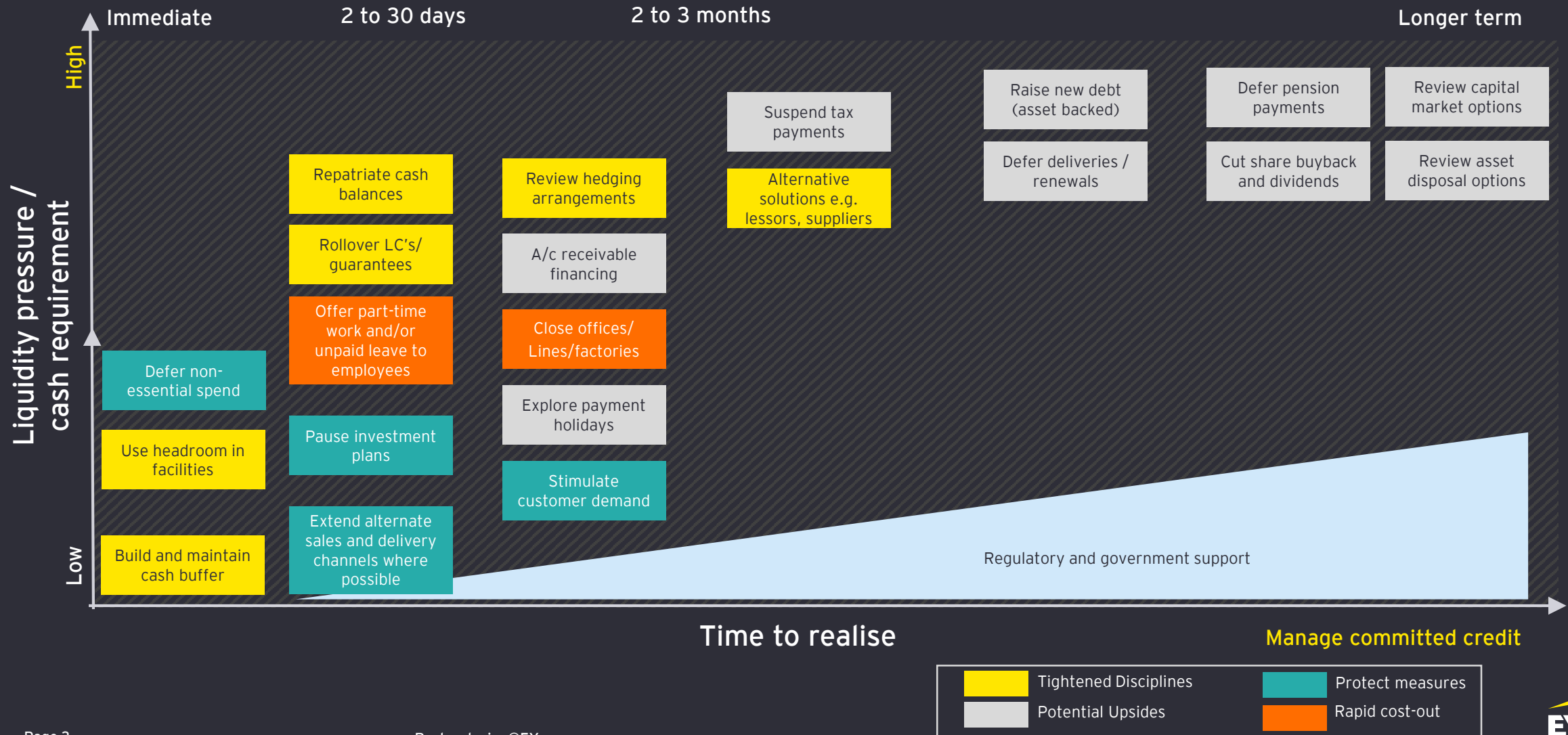
- Asset utilization balancing
- Capital investment paralysis/ reassessment need

Systems/ Support

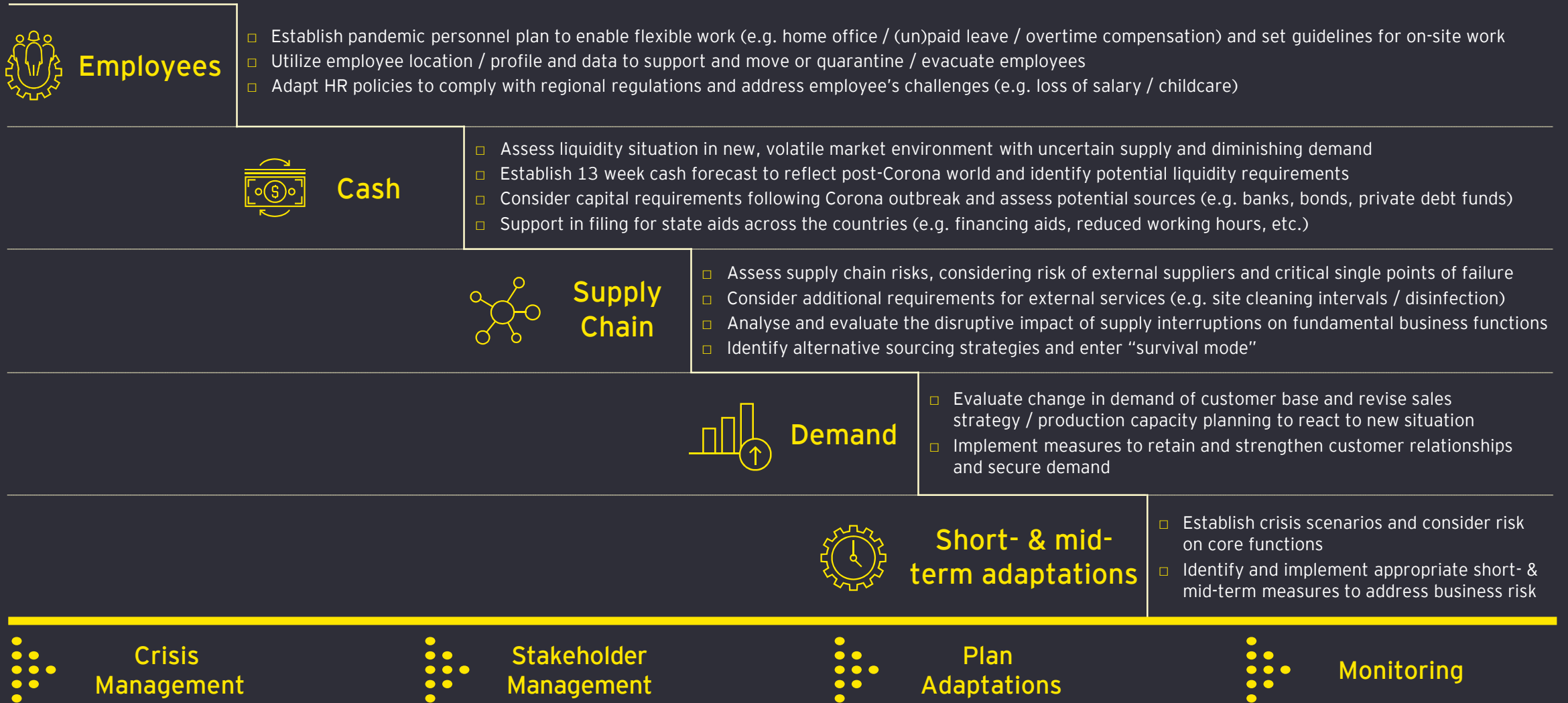
- System resilience/ continuity
- Compliance risks
- Need for more regular cross-functional communication
- Activity segregation need (confirm responsibilities, delegate authorities, etc.)
- Quality control need

Liquidity management and planning is even more important in this crisis

Businesses will need to manage liquidity risks and impacts - the sooner action is taken the more effective the measures will be



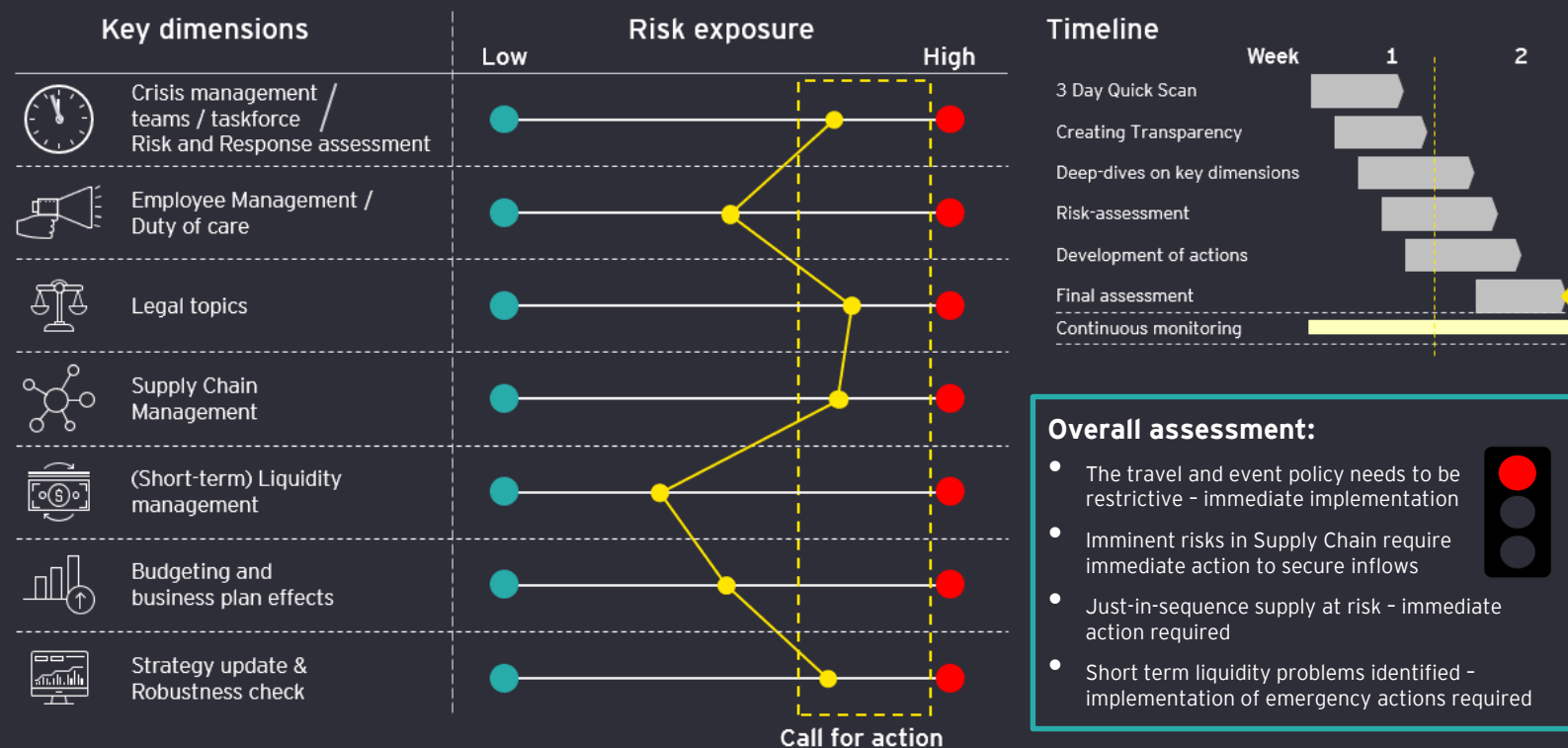
EY's recommended five step/pillar approach to your COVID response



We offer a two week Quick Check “Corona” to enable clients promptly respond to the crisis

The Quick Check is a standardised approach that aims at offering the necessary speed in evaluating the businesses position and promptly identifying areas that need immediate attention

EY Quick Check „ Corona“ will provide transparency on potential business risks and give clear recommendations for action



- ▶ The approach covers identified key dimensions to be covered by a **holistic assessment of existing crisis action plan**
- ▶ The assessment will be conducted within a **2-week timeframe** accounting for volatility and the need to act fast
- ▶ The assessment will form the **basis for more extensive work** to support clients throughout the crisis
- ▶ It also has potential for **identification of other areas needing support**

EY offers the right experiences and know-how in dealing with the challenges

EY ensures the best outcome by combining:

- 1 A highly experienced and entrepreneurial team:** Our team provides a unique mix of strategy consulting, Big4 and operational C-level background. We have the necessary experiences and attitude to help clients deal with the crisis scenario
- 2 Comprehensive solutions:** We seamlessly integrate EY experts for all sectors and offer the full range of functional and operational expertise necessary under such scenarios; strategy, restructuring, performance improvement, tax, legal etc. We offer a one-stop shop solution
- 3 International network:** We have teams in almost every country and relations with relevant partners (lawyers, banks, investors, etc.). We are truly global and can capitalise on the know-how, tools and experiences of the wider EY network
- 4 Sector expertise:** Through our network we combine deep expertise and functional know-how on all sectors of the economy
- 5 Digital expertise:** We have state-of-the-art digital solutions and capabilities, needed to facilitate the engagement and support the client in making the best use of technology in addressing today's challenges

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Other areas of EY support in the COVID crisis

Short-term cash and liquidity analysis



- ▶ Analysis of cash gaps
- ▶ Identification of quick wins
- ▶ Quantification of cash needs and identification of mid-term solutions

Financing options



- ▶ Analysis of financing structure
- ▶ Identification of alternative options
- ▶ Securing non-bank / quick financing

Negotiations with banks



- ▶ Leading negotiations with current banks
- ▶ Lenders deck and banking presentation preparation
- ▶ Preparation of financial projections
- ▶ Capital structuring

Independent business review



- ▶ Preparation of independent business overview for your creditors (banks, etc.)
- ▶ Preparation of IBR on your suppliers
- ▶ Stress testing based on market situation

Operational and strategic positioning



- ▶ Lean organization and processes
- ▶ Operations optimization
- ▶ Supply and demand planning
- ▶ Finance and business planning

M&A support



- ▶ Divestment analysis
- ▶ Real-estate sales
- ▶ Quick direct sale process
- ▶ Identification of opportunities

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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