

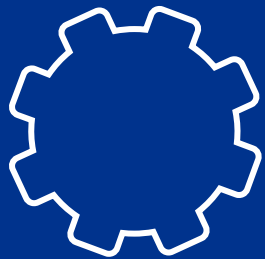


# Navigating the Storm

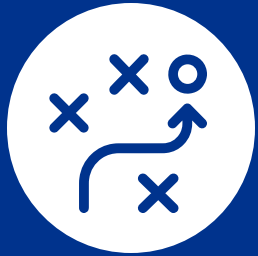
COVID-19: A practical guide for Greek companies



# 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.

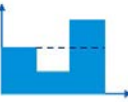


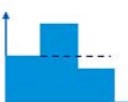




# Choosing the right response

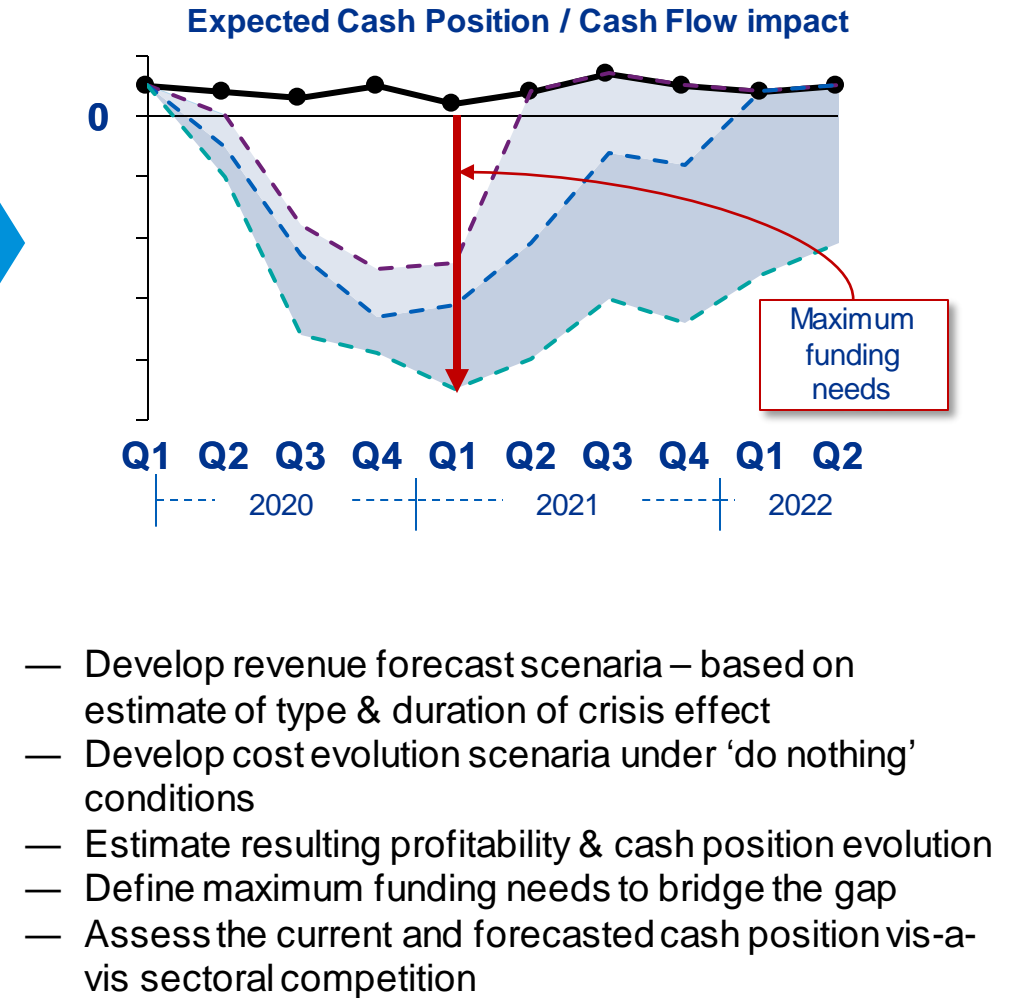
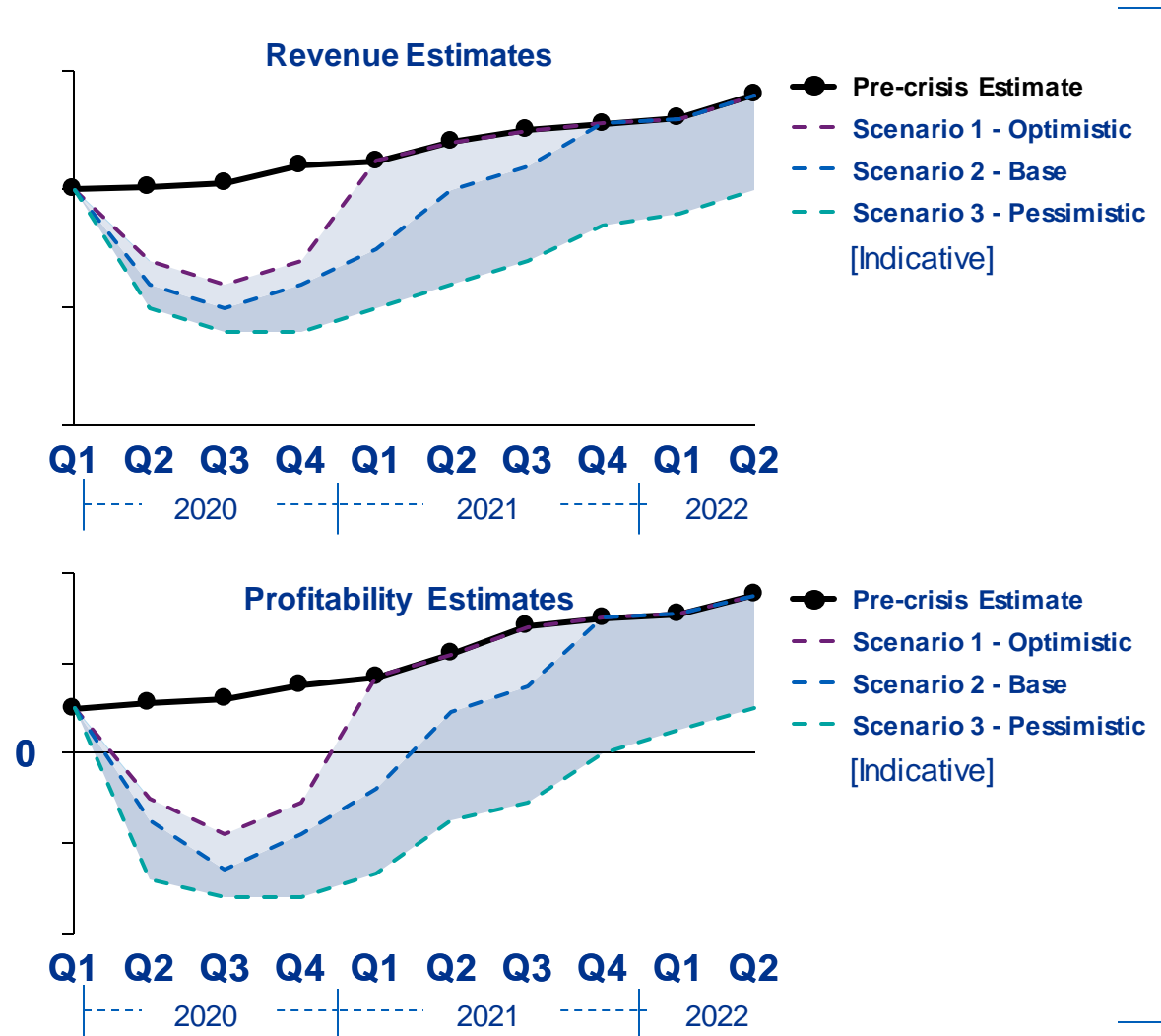
To respond to this event & make the right use of government measures where relevant, companies need to:

- 1 Estimate the **profile of the expected impact on demand for the sector** - not just in the **short term** (during the crisis) but also in the **mid-term** (immediate post-crisis period)
- 2 Assess their **current financial position** and estimate the expected **impact** on their P&L and cash flow looking forward
- 3 Understand the **content of government measures** benefits and associated obligations vs. sector demand characteristics
- 4 Choose the **right short to mid-term strategy** based on their sector and financial position
- 5 Put in place **key functional activities** and align to new conditions to **successfully bridge the gap**

# 1. Estimate profile of expected impact on demand for sector

	Demand Profile Characteristics	Indicative sectors
Revenue loss during crisis		
 <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 etc.)</li> <li>— Rent a car</li> </ul>
Revenue surge during crisis		
 <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>

## 2. Assess current financial position and expected impact



- Develop revenue forecast scenario – based on estimate of type & duration of crisis effect
- Develop cost evolution scenario under 'do nothing' conditions
- Estimate resulting profitability & cash position evolution
- Define maximum funding needs to bridge the gap
- Assess the current and forecasted cash position vis-a-vis sectoral competition

# 3. Understand measures benefits & obligations (1/2)

Benefits shall apply on condition that beneficiary enterprises will retain the existing number of employees (possibly except for measures 3 and 4)

Category of Measures	Benefits	Phase 1 (Current phase)	Phase 2 (Industry, wholesale, insurance, audit firms, stock brokerage firms)	Phase 3 (Energy, gas stations, waste management and infrastructure works)	Effects	
					Profitability	cash flow
1  Tax	— Extension until 31/08/2020 for the payment of VAT amounts (as assessed in VAT returns) and installments of other assessed tax liabilities payable until 30 April 2020.	✓	✓			✓
	— Eligibility for a deduction of 25% on installments of assessed tax liabilities (excluding withholding taxes and VAT), which are due on 30 April 2020, on condition that these payments are timely settled.	✓	✓		✓	✓
	— Eligibility for offsetting 25% of the VAT amount (payable in April 2020) which will be timely settled, against assessed tax liabilities of any type arising from May onwards. <sup>(1)</sup>	✓	✓		✓	✓
2  Employment and Social Security	— Extension until 31 October 2020 for the payment of social security contributions (both employer's and employee's) payable in April 2020.	✓				✓
	— Extension for 3 months for the payment to E.F.K.A of installments of assessed liabilities under special settlement regime and payable from April onwards..	✓				✓
	— Eligibility for temporary suspension of employees contracts for 45 days without payment of their contractual salary and social security contributions.	✓	✓	✓	✓	✓
	— Possibility to extend payment of Easter Allowance until 30 June <sup>(2)</sup>	✓	✓	✓		✓

(1) For enterprises becoming eligible in April, the measure is effective on condition that the liabilities of March have been paid. Relevant Decision is expected.

(2) For employees whose employment contract has been suspended, the % part of Easter Allowance which corresponds to the days that said employees were under suspension, will be covered by the State

# 3. Understand measures benefits & obligations (2/2)

Benefits shall apply on condition that beneficiary enterprises will retain the existing number of employees (possibly except for measures 3 and 4)

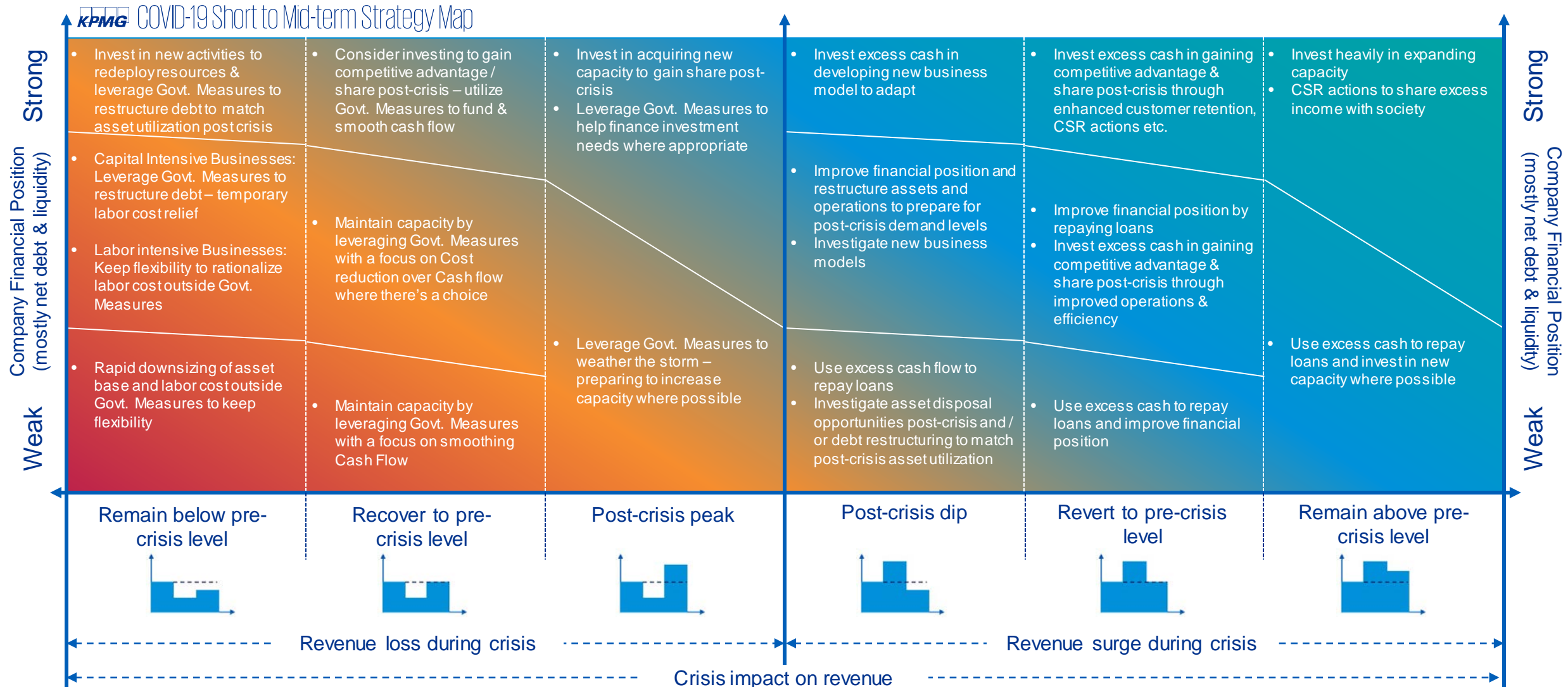
Category of Measures	Benefits	Phase 1 (Current phase)	Phase 2 (Industry, wholesale, insurance, audit firms, stock brokerage firms)	Phase 3 (Energy, gas stations, waste management and infrastructure works)	Effects	
					Profitability	cash flow
3 Financing	— Financing scheme by means of a returnable advance payment (for companies with 1-500 employees). <sup>(3)</sup>	✓	✓	✓		✓
	— Suspension of the payment of capital instalments until 30/9/2020 regarding the loans and credits that were properly performed until 31/12/2019. [It is noted that each of the systemic banks has announced specific facilitation measures and the relevant criteria].	✓	✓	✓		✓
	— The European Commission has approved the proposal of the Greek Government for the strengthening of the liquidity of companies through the issuance of new loans as working capital or for investment purposes, either with the guarantee of the Greek State or with an interest-rate subsidy. Legislative provisions are expected to specify these measures.	TBD	TBD	TBD		✓
4 Cheques	— The date of payment of securities of companies (cheques, bills of exchange and promissory notes), which were payable in the time period from 30 <sup>th</sup> March 2020 until 31 <sup>st</sup> May 2020, is suspended by 75 days..	✓	✓	✓		✓
5 Rent	— Enterprises are exempted from paying 40% of the rental for their commercial premises or payment for financial leases for the months of March and April 2020.	✓ <sup>(4)</sup>	✓ <sup>(4)</sup>	✓ <sup>(4)</sup>	✓	✓

(3) Eligibility conditions, procedure for applying and for granting, calculation method and any other necessary detail will be introduced by similar Decision which will be issued after the lapse of the deadline for applying for said financing. This measure applies to all enterprises.

(4) The rental reduction is applicable only for the enterprises, whose operation has been mandatorily suspended or temporarily interrupted. However, extension of the measure's beneficiaries is expected.

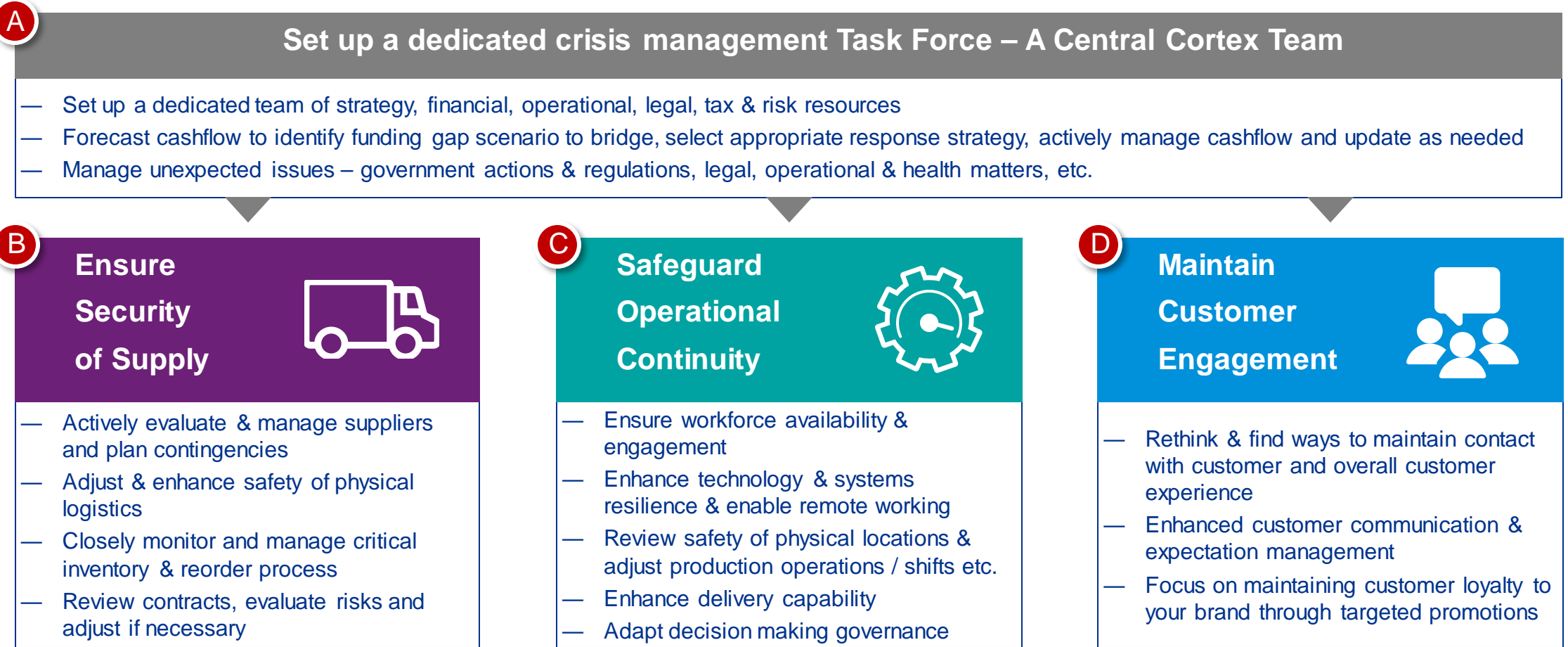


# 4. Choose the right short to medium term strategy





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



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