

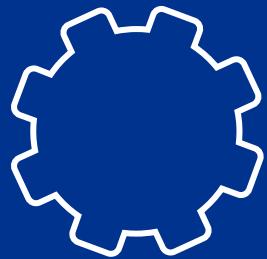


Navigating the Storm

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.

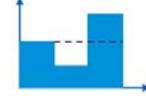
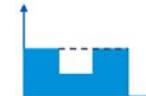
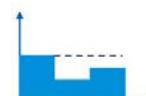
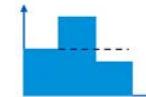


Choosing the right response

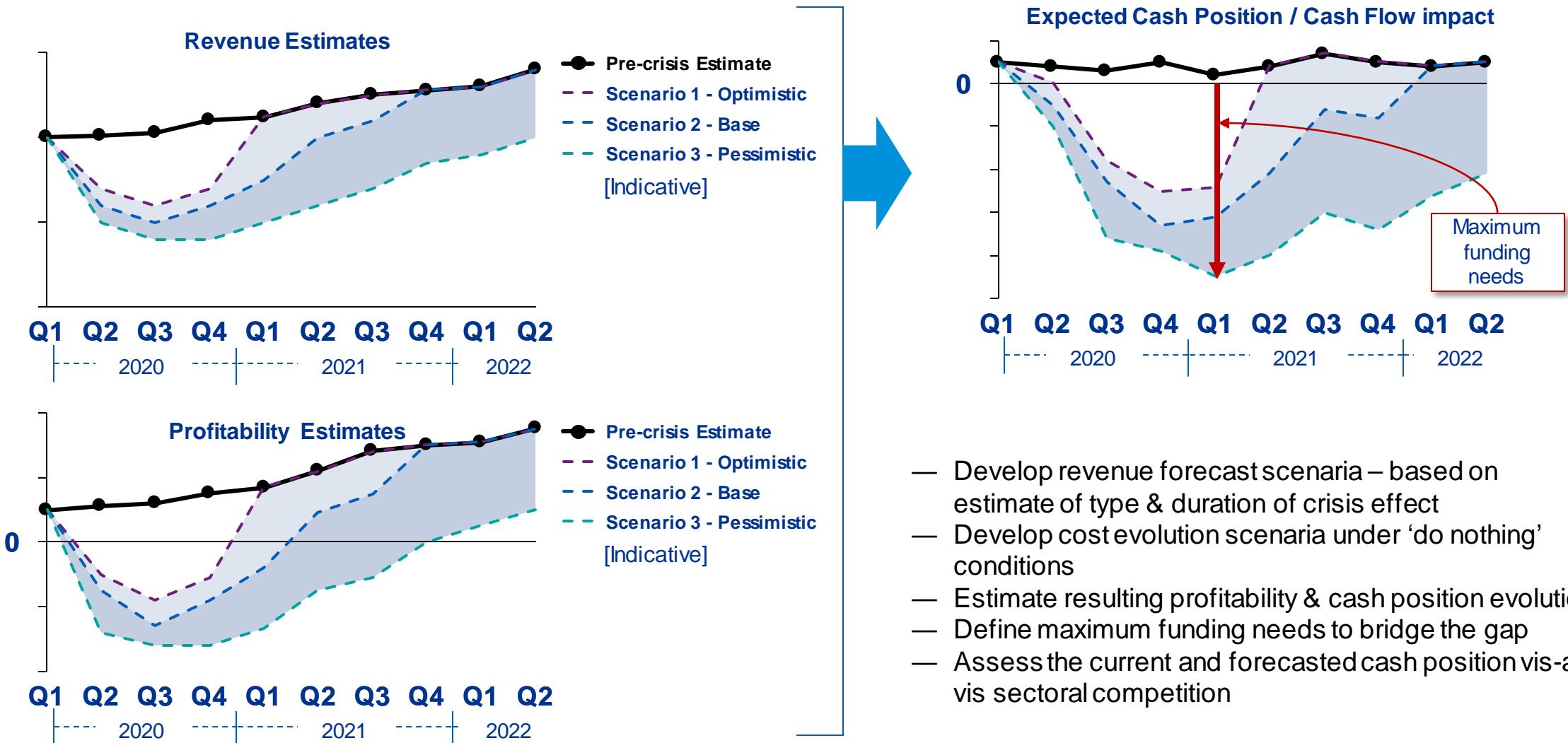
To respond to this event & make the right use of government measures where relevant, companies need to:

- 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></p> <p>Post-crisis peak</p> <ul style="list-style-type: none"> — Revenue drop due to postponement of activity — Shift of demand expected – leading to a peak post-crisis exceeding pre-crisis demand levels for the mid-term 	<ul style="list-style-type: none"> — Professional Services — Wellness services — Construction
Revenue loss during crisis	<p></p> <p>Recover to pre-crisis level</p> <ul style="list-style-type: none"> — Revenue drop due to interruption of activity – expected to continue post crisis at around the same level when normal economic activity is resumed 	<ul style="list-style-type: none"> — Retail — Transportation — Energy
Revenue loss during crisis	<p></p> <p>Remain below pre-crisis level</p> <ul style="list-style-type: none"> — 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) 	<ul style="list-style-type: none"> — Tourism / Hospitality & its suppliers (food, equipment etc.) — Rent a car
Revenue surge during crisis	<p></p> <p>Post-crisis dip</p> <ul style="list-style-type: none"> — Revenue increase due to increase and / or shift in demand from other sectors as a result of restrictions — Post crisis demand expected lower due to changes in customer behavior (shift in new / digital channels) or due to stock effect 	<ul style="list-style-type: none"> — Physical grocery stores — Electronic equipment
Revenue surge during crisis	<p></p> <p>Revert to pre-crisis level</p> <ul style="list-style-type: none"> — Revenue increase due to increase and / or shift in demand from other sectors as a result of restrictions — Post crisis demand expected to return to pre-crisis levels 	<ul style="list-style-type: none"> — Medical products & services — Consumer products
Revenue surge during crisis	<p></p> <p>Remain above pre-crisis level</p> <ul style="list-style-type: none"> — Revenue increase during crisis period due to a shift to customer behavior changes (e.g. shift to digital channels) — Latent demand increase expected - resulting to higher revenue post-crisis compared to pre-crisis levels 	<ul style="list-style-type: none"> — Online grocery stores — Delivery services — Digital banking services

2. Assess current financial position and expected impact



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

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)	Profitability	cash flow
1	Tax	<ul style="list-style-type: none"> — 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. ⁽¹⁾ 	✓	✓			✓
2	Employment and Social Security	<ul style="list-style-type: none"> — 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 ⁽²⁾ 	✓	✓	✓	✓	✓

(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

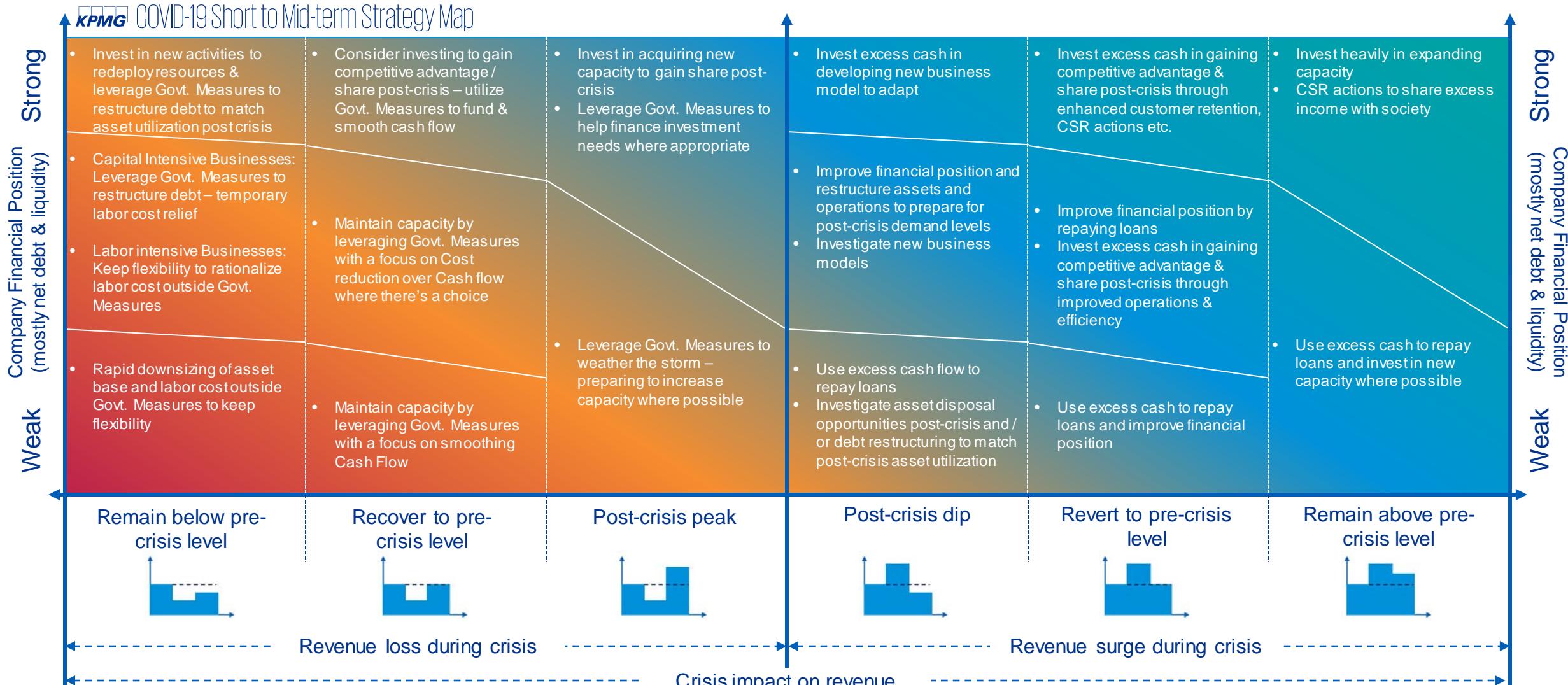
3. Understand measures benefits & obligations (2/2)

Category of Measures	Benefits	Effects			
		Phase 1 (Current phase)	Phase 2 (Industry, wholesale, insurance, audit firms, stock brokerage firms)	Phase 3 (Energy, gas stations, waste management and infrastructure works)	Profitability
3 Financing	<ul style="list-style-type: none"> — Financing scheme by means of a returnable advance payment (for companies with 1-500 employees). ⁽³⁾ — 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. 	✓	✓	✓	✓
4 Cheques	<ul style="list-style-type: none"> — The date of payment of securities of companies (cheques, bills of exchange and promissory notes), which were payable in the time period from 30th March 2020 until 31st May 2020, is suspended by 75 days.. 	TBD	TBD	TBD	✓
5 Rent	<ul style="list-style-type: none"> — 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. 	✓ ⁽⁴⁾	✓ ⁽⁴⁾	✓ ⁽⁴⁾	✓ ✓

(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

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

Contact Details



Nikos Dimakos
Partner, Head of Management Consulting

T: +30210 60 62 139
M: +306944617831
E: ndimakos@kpmg.gr



Dimitrios Papakanellou
Partner, Strategy and Operations

T: +30210 60 62 100
M: +306973340517
E: dpapakanellou@kpmg.gr



Georgia Stamatelou
Partner, Head of Tax and Legal

T: +30210 60 62 227
M: +306944520743
E: gstamatelou@kpmg.gr



Sophia Grigoriadou
Lawyer/Deputy Managing Partner
C.Papacostopoulos & Associates Law Firm

T: +30210 60 62 100
M: +306936644900
E: sgrigoriadou@cpalaw.gr



Christos Krestas
Partner, Tax

T: +30 210 60 62 394
M: +6944553532
E: ckrestas@kpmg.gr

ATHENS

3, Stratigou Tombra Street
153 42 Aghia Paraskevi
T: +30 210 6062100
F: +30 210 6062111

400B Mesogeion Ave.
153 42 Aghia Paraskevi
T: +30 2111815600

THESSALONIKI

Aghias Anastasias & Laertou,
Philippos Business Center
PO BOX 8405,
57001 Thermi Thessaloniki
T: +30 2310 55 0996
F: +30 2310 54 3670

e-mail: info@kpmg.gr
kpmg.com/gr



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