COVID-19
BCG Perspectives

Facts, scenarios, and actions for business leaders

Our presenters today

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COVID-19 Context and Development

1

Disease progression and response

Government policies and economic stimulus

Economic, Business, and Societal Impact and Scenarios

2

Economic scenarios

Consumer sentiment

Business engagement and response

Leadership in Crisis

3

Principles for leadership in crisis

COVID-19 Context and Development

1

Disease progression and response

Government policies and economic stimulus

Economic, Business, and Societal Impact and Scenarios
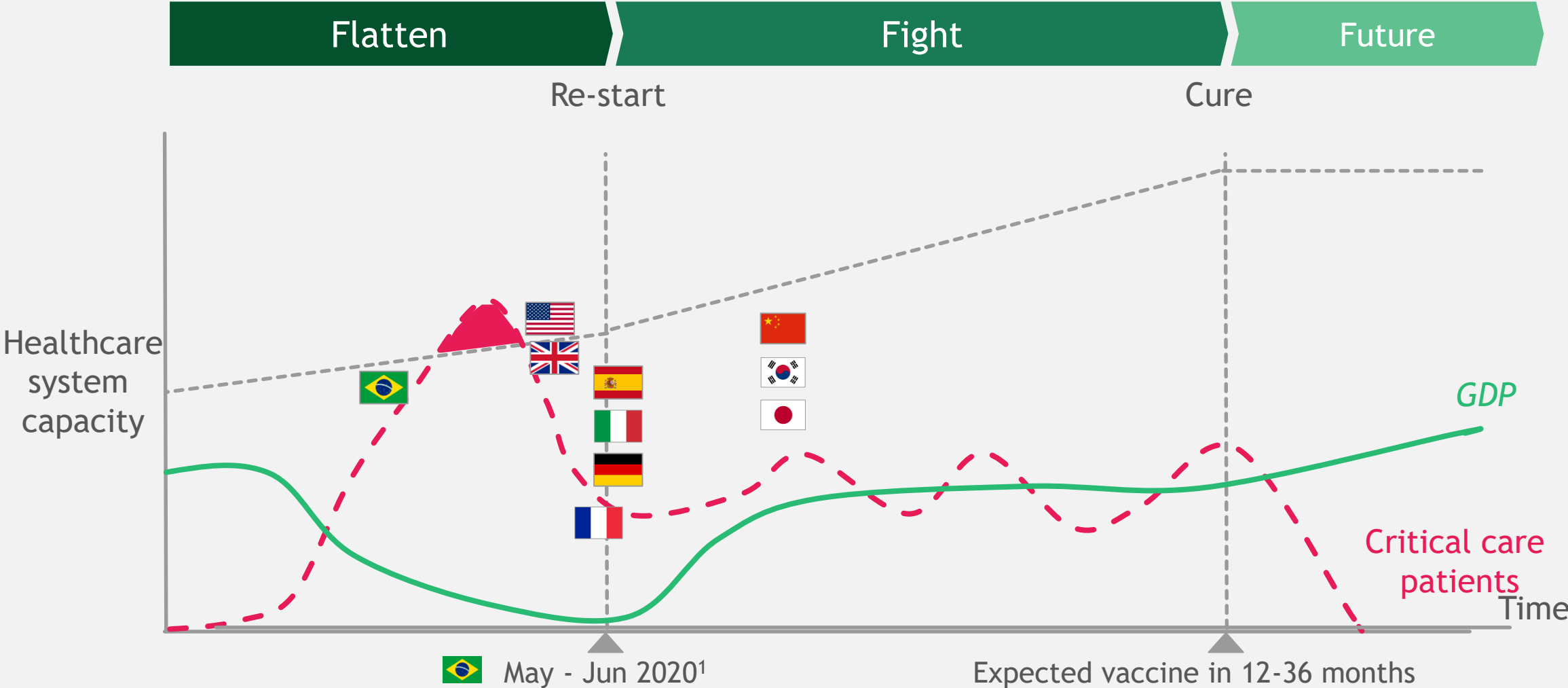
2

Economic scenarios

Consumer sentiment

Business engagement and response

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Principles for leadership in crisis
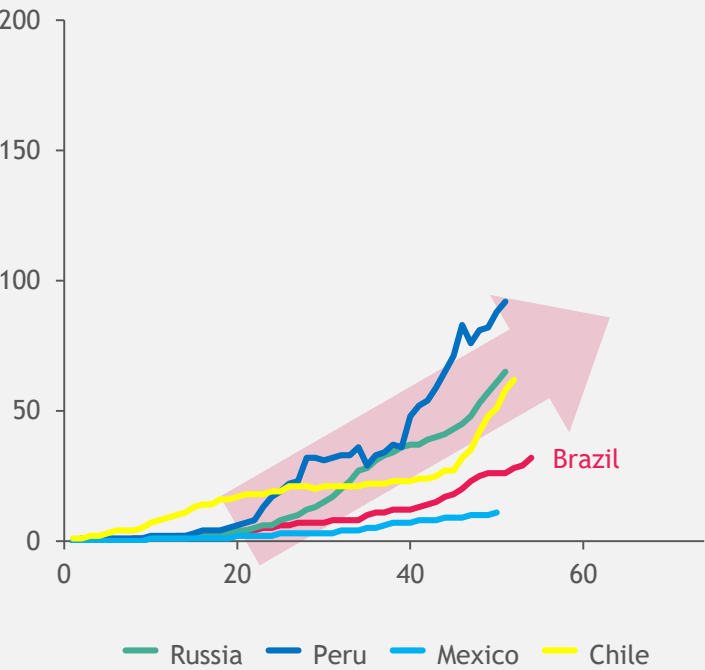
Three phases of the COVID-19 development

Flatten | Fight | Future

Re-start

Cure

Healthcare
system
capacity

GDP

Critical care
patients

Time

May - Jun 2020[1]

Expected vaccine in 12-36 months

4

Brazil not yet flattening the curve

Disclaimer: Reported cases may be underestimated given low number of testing

Increasing

Plateauing

Decreasing

Daily new confirmed cases per 1M hab. (7-day moving average)

Brazil

— Russia — Peru — Mexico — Chile

— US — UK — Canada

Days after 100th confirmed case

— Italy — Spain — Netherlands — Denmark
— France — Germany — Austria — Portugal

Note: Countries shown on the graph have more than 1.000 reported confirmed cases
Source: Johns Hopkins CSSE, United Nations, BCG Analysis

Similarly to EU, SP will use three criteria to flex isolation

Applying these criteria to the different Brazilian States we notice very distinct realities, some already critical
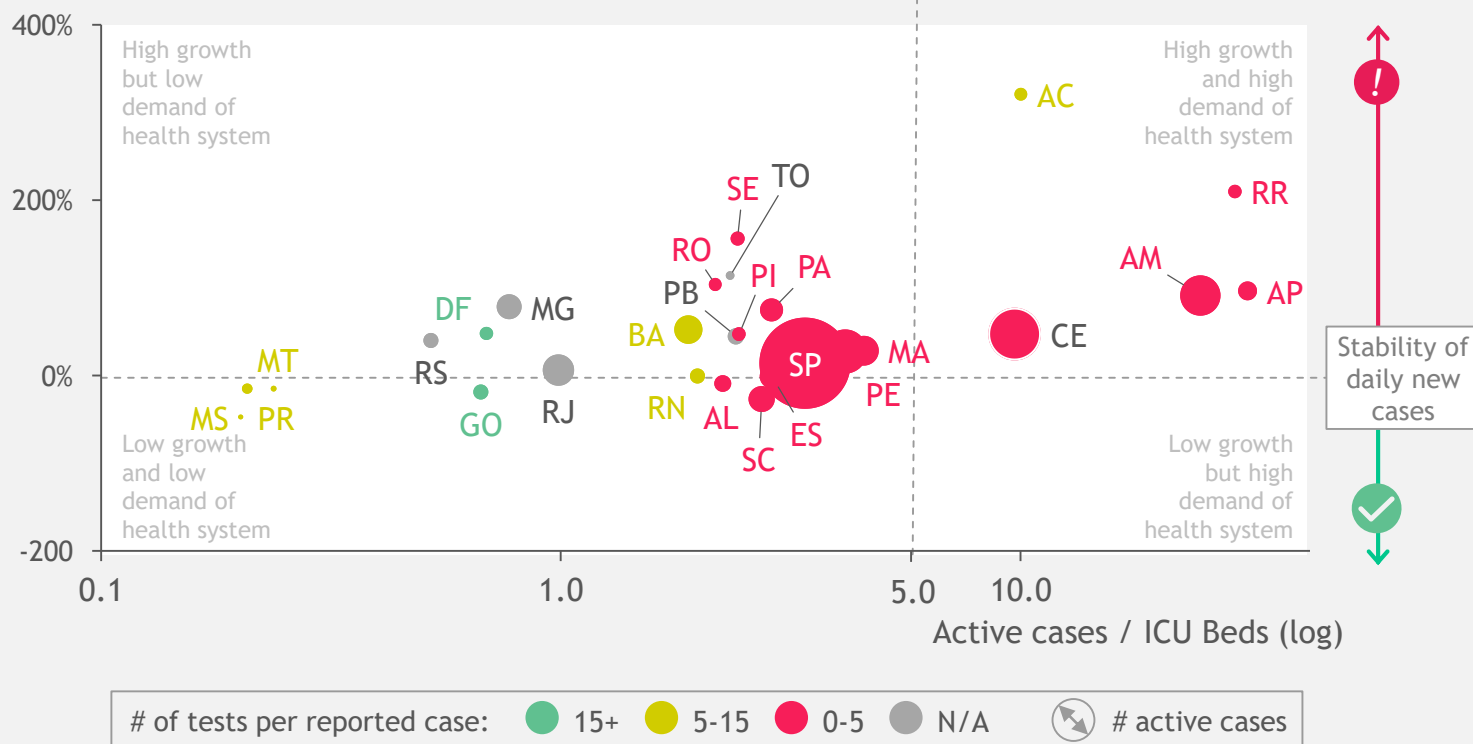
Data as of 6 May

🇪🇺 Criteria recommended by EU

- Number of cases

- Healthcare capacity

- Monitoring capacity

Criteria used by SP

- New daily cases

- ICU occupancy

- Testing availability

~19% of cases demand severe or critical care

Variation of daily new cases
(06.05 vs 29.04, 7-day moving average)

High growth but low demand of health system

High growth and high demand of health system

AC

SE TO

RR

RO PI PA

AM

PB

DF MG

BA

AP

MT RS

SP MA

CE

MS PR

RN AL PE

GO RJ SC ES

Stability of daily new cases

Low growth and low demand of health system

Low growth but high demand of health system

Active cases / ICU Beds (log)

# of tests per reported case: ● 15+ ● 5-15 ● 0-5 ● N/A (⊘) # active cases

1. Approximately 19% of cases progress to severe (hospitalization) and critical (intensive care), form a Study of 44,672 confirmed cases in Mainland China; Note: Active cases considers the confirmed cases excluding the people who have died or recovered. Number of people who recovered was not available in the states of MG, SC and GO
Source: Ministry of Heath; States Health Secretaries; Press search; IBGE, China Center for Disease Control (CCDC); Worldometer; BCG Analysis

🔍 Variation of daily new cases: South plateauing; other regions growing
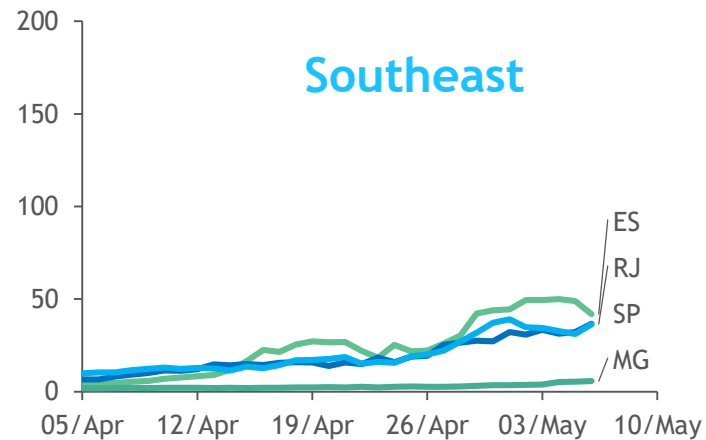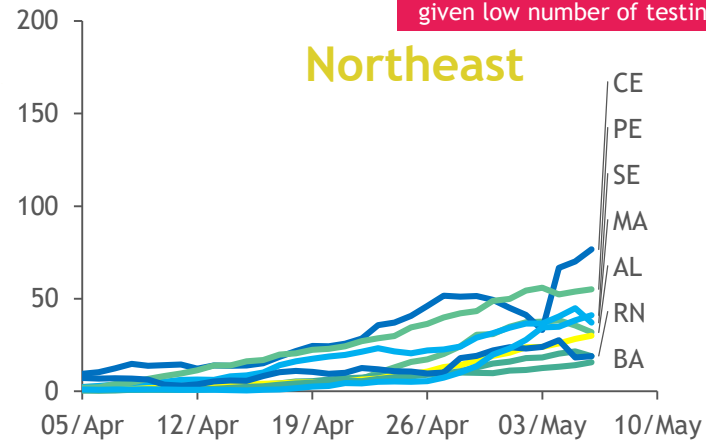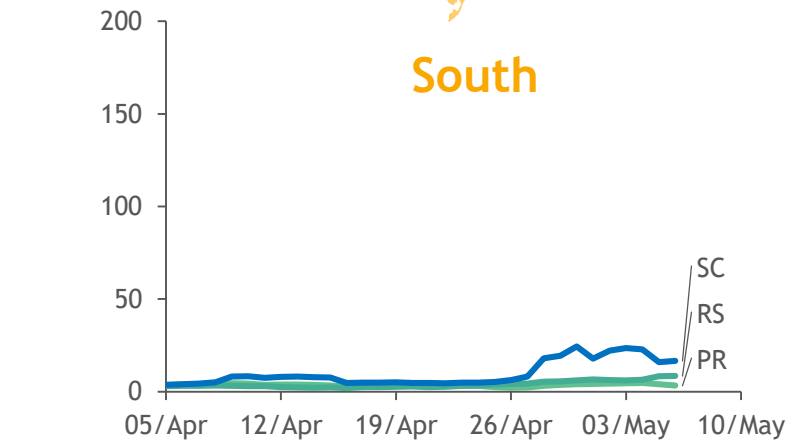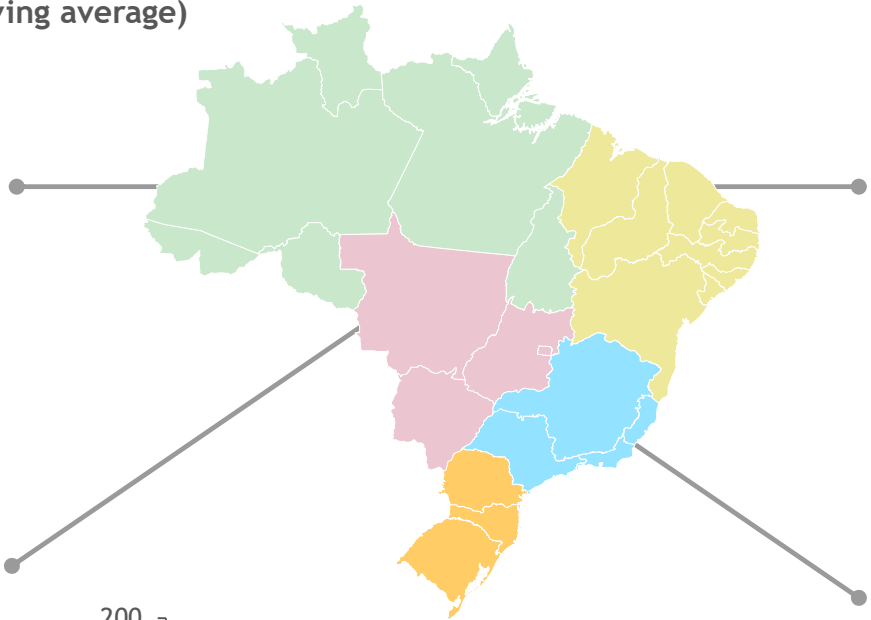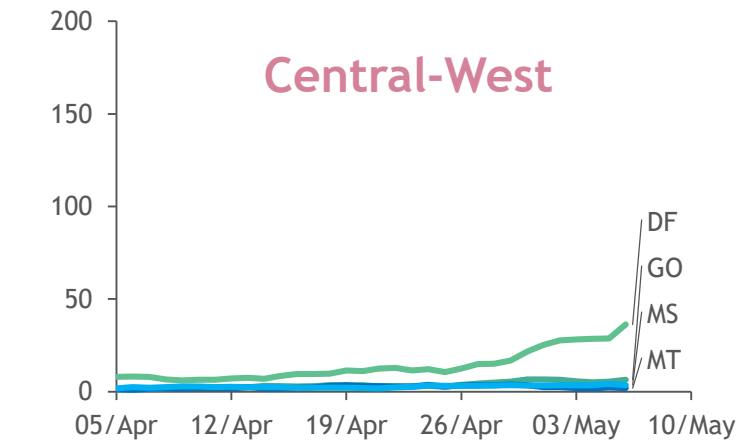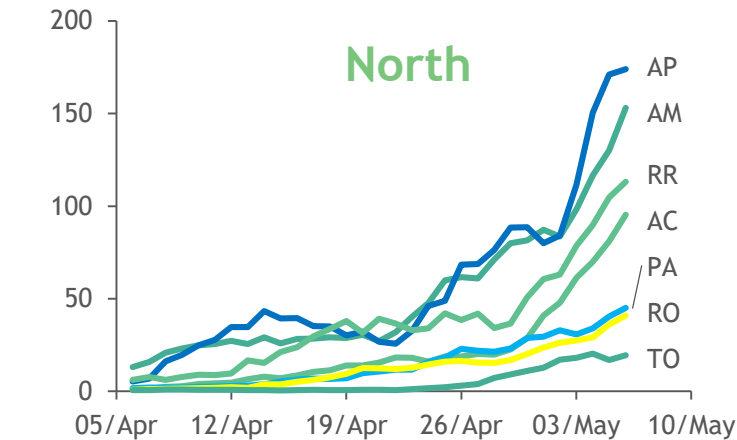
Data as of 6 May

Disclaimer: Reported cases may be underestimated given low number of testing

Daily new confirmed cases per 1M hab. (7-day moving average)

Source: Ministry of Heath; States Health Secretaries; IBGE; BCG analysis

ICU beds: Brazil apparently has a decent number of ICU beds

Still, huge discrepancy in distribution amongst regions and amongst public / private systems

Data as of 19 Mar

ICU beds /100.000 hab.

	SUS	Private	Total
North	7,5	56,4	12,5
Northeast	8,8	49,7	13,6
Central-west	11,7	66,1	22,3
Southeast	16,9	43,2	25,9
South	17,1	32,3	20,7
Brazil	**13,0**	**44,5**	**20,3**

United States	Germany	Brazil	Italy	France	South Korea	Spain	Japan	United Kingdom	Portugal	China
34,7	29,2	20,3	12,5	11,6	10,6	9,7	7,3	6,6	4,2	3,6
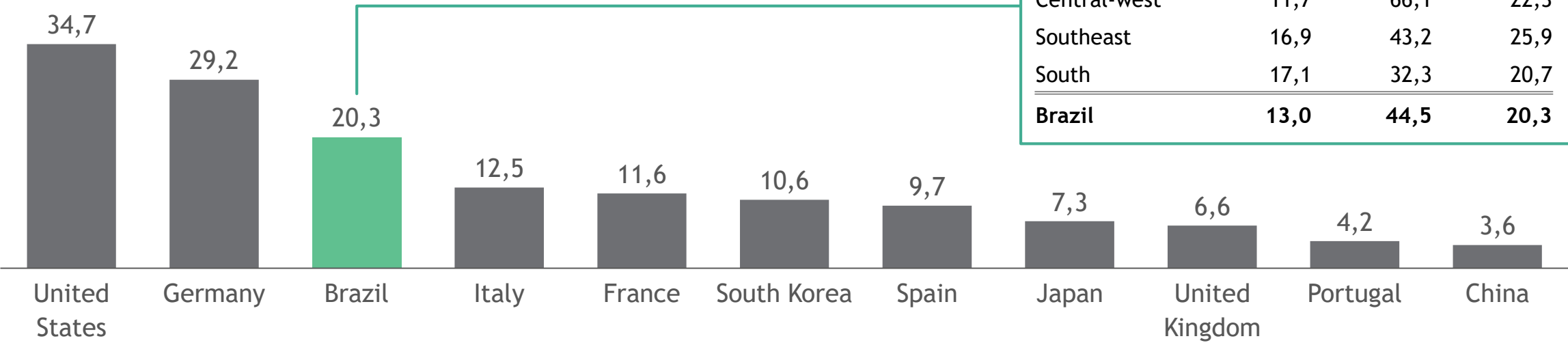
Disclaimer: ICU saturation due to other illnesses and non ICU beds availability may impact COVID-19 treatment

Note: SUS: number of ICU beds in public hospitals over the total population not covered by private health provider
Source: Critical Care Bed Capacity in Asian Countries and Regions (2020); Society of Critical Care Medics (SCCM); Associação de Medicina Intensiva Brasileira (AMIB); OECD

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Total deaths in Brazil have not changed much – Yet! – that said, we see substantial changes in some places, especially in large cities

Data as of 6 May

— Total 2019
— Total 2020
🔴 First COVID death EW

Total deaths in Brazil increased less than 5%...

Number per deaths from all causes vs. average from recent years[1] in Brazil (K)

Apr. 2020 vs. Average
+4,3K deaths (+4,5%)

First registered death from COVID-19
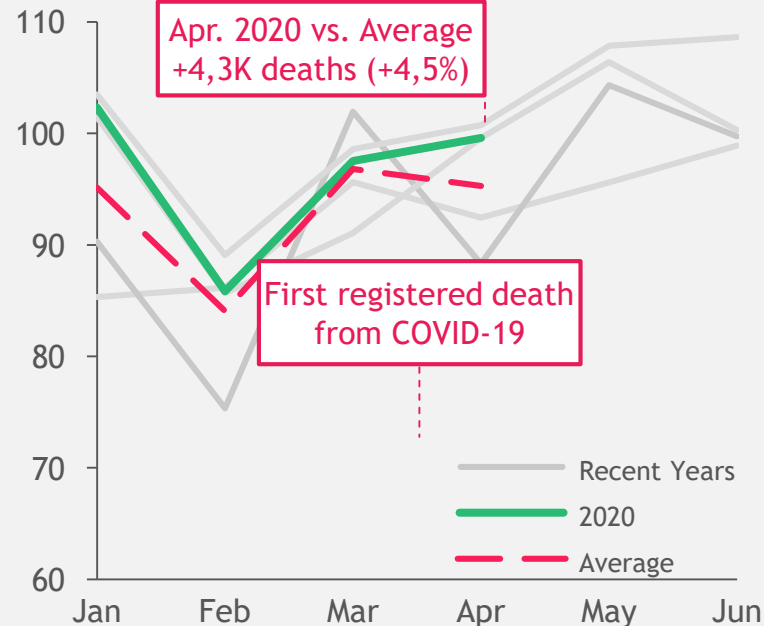
Recent Years
2020
Average

... but major affected cities saw increase in all deaths, with COVID and RD[2] as maid drivers

Total deaths per Epidemiological Week (K)

São Paulo
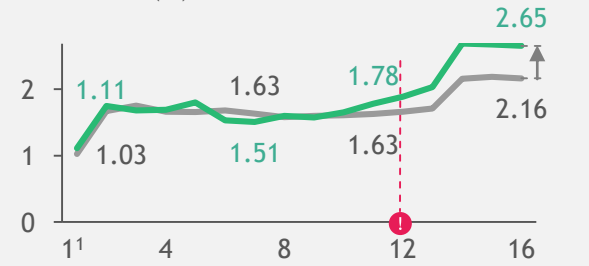
Rio de Janeiro
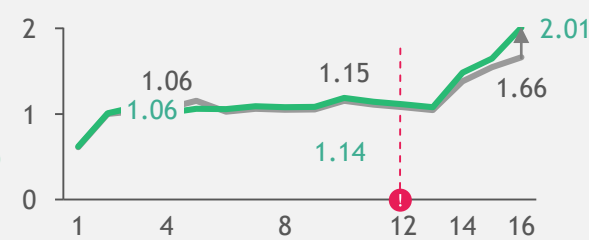
Manaus
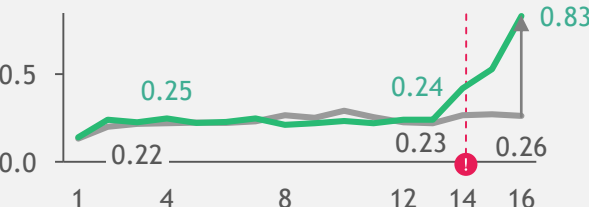
Contribution of causes for raise in number of deaths from first COVID-19 death EW to EW 16
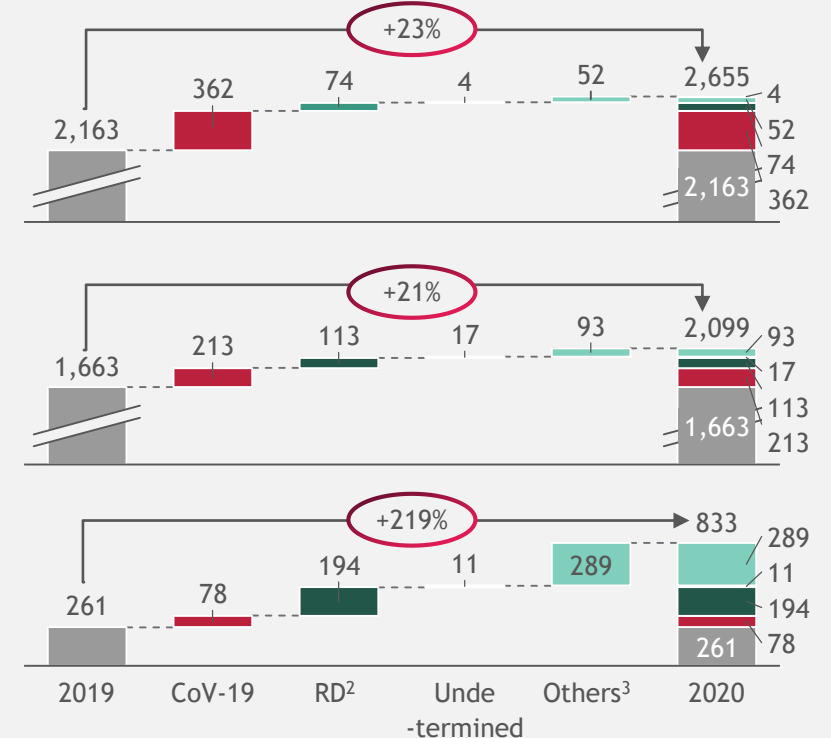
+23%

2,163 → 362 → 74 → 4 → 52 → 2,655
4
52
74
2,163
362

+21%

1,663 → 213 → 113 → 17 → 93 → 2,099
93
17
113
1,663
213

+219%

261 → 78 → 194 → 11 → 289 → 833
289
11
194
261
78

2019   CoV-19   RD[2]   Unde-termined   Others[3]   2020

9

Zooming in a large city like Sao Paulo, we understand the different micro-regional realities, with poor districts severely damaged

Data as of 21 April

Higher HDI[1] in central districts of SP
HDI per district

0.77   0.96

< 0.8
0.8-0.9
>0.9
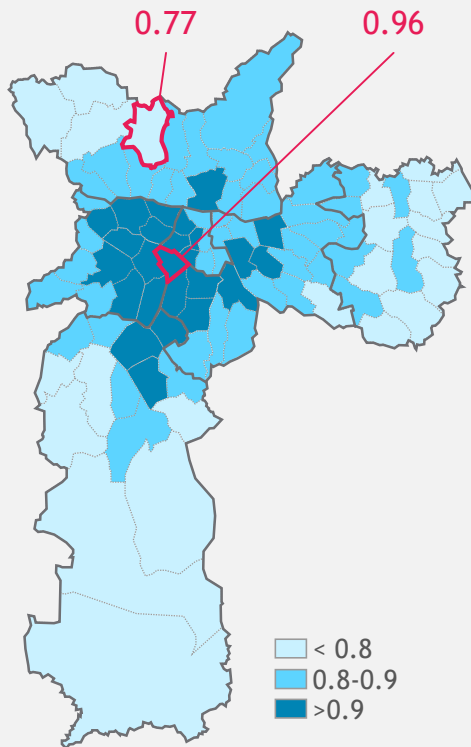
Cases concentrated on central districts...
Cases per district of residence

130   239

<66
66 - 132
132 - 199
199 - 265
265+
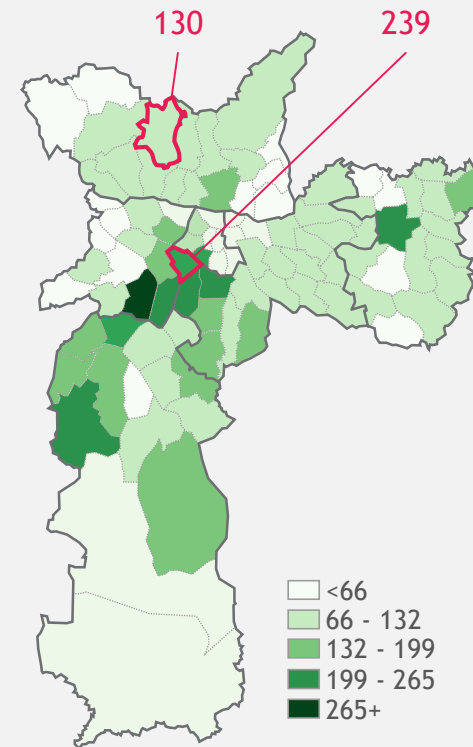
...while deaths relevant in periphery
Deaths per district of residence

67   12

1 -5
5 - 10
10 - 15
15 - 20
20 - 25
25 - 30
30 - 35
35 - 40
40 - 45
45 - 50
50 - 100
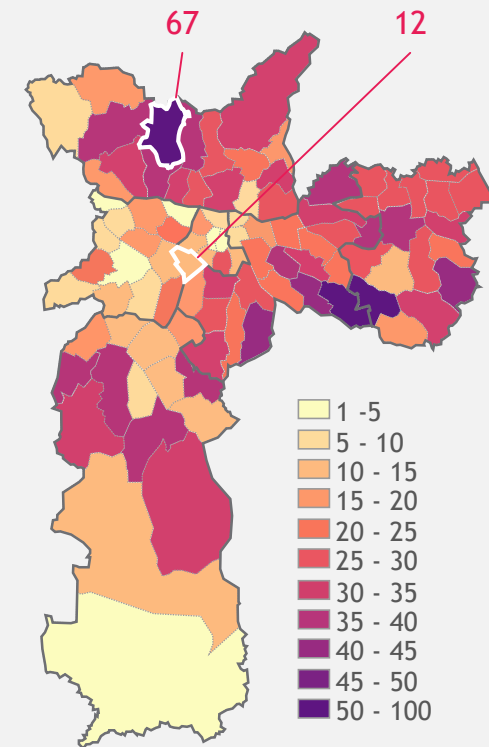
1. HDI: Human Development Index (2007), the higher, the more developed
Note: Representation includes 5.824 (87,1%) of E-SUS VE cases, 4.318 (97,4%) of Sivep Gripe cases and 2.341 (99,2%) of MSP deaths (919 confirmed and 1.442 suspected deaths)
Source: São Paulo City Health Secretary COVID-19 Weekly report – 30/apr, IBGE, BCG analysis

As presented on April 9th BCG Brazil COVID-19 Live Session, household size and structure was mentioned as a challenging context for virus contention

Household size
Average Household Size (# of Members)

Country	Value
India	4.6
Iran	3.5
China	3.4
Brazil	3.3
Spain	2.6
USA	2.5
Italy	2.4
UK	2.3
France	2.2
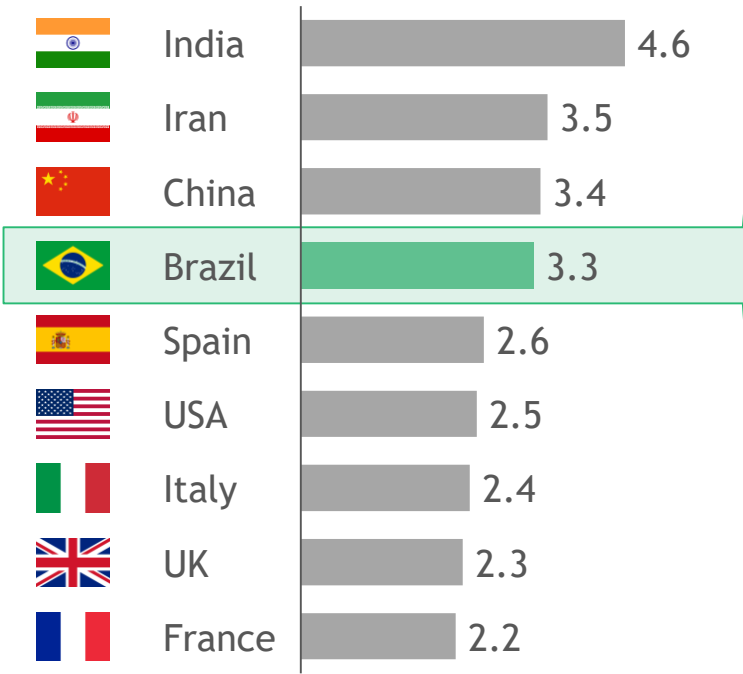
Multigenerational households
Percentage of people over 60 years old...

	A	B	C	D/E	
...Living without people under 60	46%	34%	23%	20%	
...Living with people under 60	41%	46%	50%	46%	
...Living with people under 18	13%	20%	28%	34%	
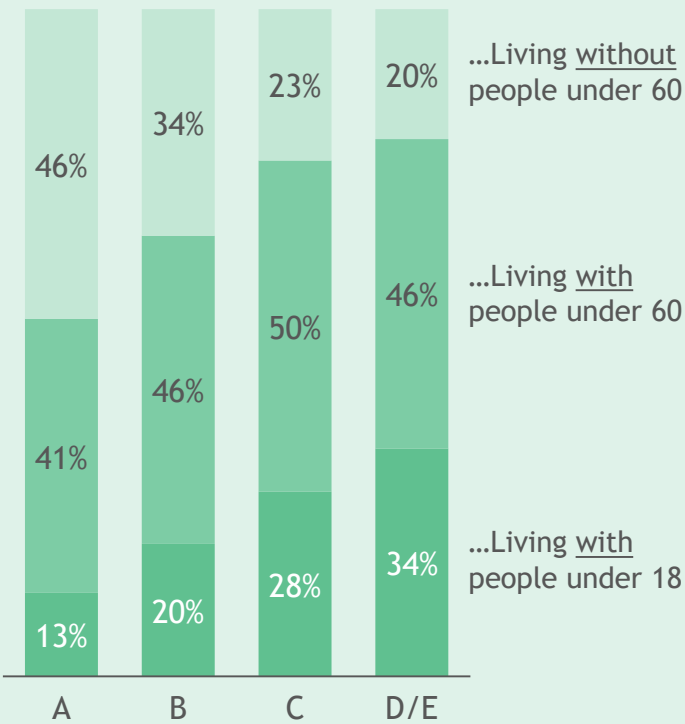
High demographic concentration
Population concentration (people per km²)

Neighborhood	Value
Paraisópolis (SP)	45k
Rocinha (RJ)	39k
Favela N. Holanda (RJ)	35k
Perdizes (SP)	18k
Jardim Paulista (SP)	15k
Moema (SP)	9k

Neighborhoods with lower HDI
Neighborhoods with higher HDI
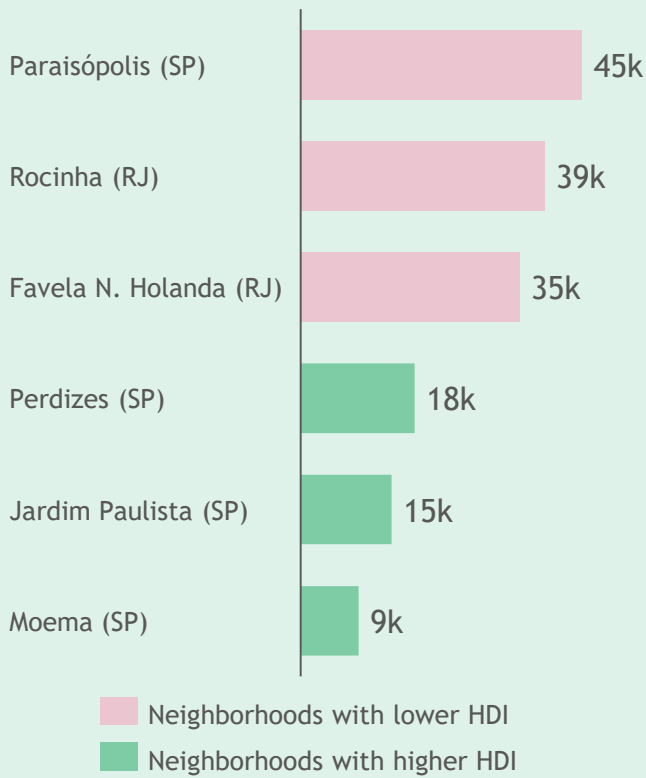
Note: HDI: Human Development Index (2007), the higher, the more developed; Source: IBGE, United Nations

In Brazil, different approaches adopted by each state

Data as of 04 May

	End date[1]	Schools	Churches	Shopping	Retail	Cinemas	Gyms	Parks/clubs	Beaches
AC	May 15	✓		✓	✓	✓	✓	✓	N/A
AL	May 15	✓	✓	✓	✓	✓	✓	✓	✓
AP	May 18	✓	✓	✓	✓	✓	✓	✓	
AM	May 13	✓	✓	✓	✓	✓	✓	✓	N/A
BA[2]	May 18	✓	✓	✓	✓	✓	✓	✓	✓
CE	May 5	✓	✓	✓	✓	✓	✓	✓	✓
DF	May 10	✓	✓	✓	✓	✓	✓	✓	N/A
ES	May 15	✓	✓	✓	✓	✓	✓	✓	✓
GO	Not specified	✓	✓	✓	✓	✓	✓	✓	N/A
MA	May 15	✓	✓	✓	✓	✓	✓	✓	✓
MT	Cities definition	✓	✓	✓	✓	✓	✓	✓	N/A
MS	Cities definition	✓	✓	✓	✓	✓	✓	✓	N/A
MG	Not specified	✓	✓	✓	✓	✓	✓	✓	N/A
PA	May 15	✓	✓	✓	✓	✓	✓	✓	
PB[3]	May 18	✓	✓	✓	✓	✓	✓	✓	✓
PR	Cities definition	✓	✓	✓	✓	✓	✓	✓	
PE	May 15	✓	✓	✓	✓	✓	✓	✓	✓
PI	May 21	✓	✓	✓	✓	✓	✓	✓	
RJ[3]	May 11	✓	✓	✓	✓	✓	✓	✓	✓
RN	May 5	✓	✓	✓	✓	✓	✓	✓	✓
RS	Not specified	✓	✓	✓	✓	✓	✓	✓	✓
RO	Cities definition	✓	✓	✓	✓	✓	✓	✓	N/A
RR	Cities definition	✓	✓	✓	✓	✓	✓	✓	N/A
SC	Not specified	✓	✓	✓	✓	✓	✓	✓	✓
SP	May 10	✓	✓	✓	✓	✓	✓	✓	✓
SE	May 7	✓	✓	✓	✓	✓	✓	✓	✓
TO	Not specified	✓	✓	✓	✓	✓	✓	✓	N/A

✓ Closed for all state   ✓ Closed in some cities, including capital   ✓ Closure recommendation

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Government Response | Widespread use of digital technologies in crisis response; choices depend on privacy and security

Data as of 29 April

Non-exhaustive

Detect

Use of technologies (IoT, Analytics, Robotics, Imaging) to aid detection of cases based on physical symptoms, history

China

Smart robot patrols

UK

C-19 symptom tracker

Vietnam

NCOVI health monitoring

Alert

Use of communication tech (Chat-bots, Webpages) to share information including disease alerts, treatment, and testing centers

Australia

Coronavirus Australia app

Singapore

FluGoWhere website

UK

GOV.UK Notify portal

Track & Trace

Use of modern computing (GPS, Bluetooth) to trace contact with patients/ high-risk individuals

South Korea

Corona 100m app

India

Aarogya Setu app

Australia

COVIDSafe app

Deep dive on next page

Community Support

Coming together of the community (individuals, local groups, organizations and scientific community) on crisis response

Ireland

MyWelfare portal

Singapore

MaskGoWhere portal

USA

COVID-19 high performance computing consortium

Collaboration

Use of technologies (AI, Big Data, Performance Computing) to enable collaboration across boundaries

USA

AI enabled research dataset

EU

Big data hub for R&D

South Korea

AI-enabled testing kit development

Select examples

Source: BCG

Virus monitoring solutions

Many governments passed fiscal stimulus packages with unseen scale and some are suggesting more will be needed

Data as of 07 April

Value of COVID-19 fiscal stimulus packages in G20 countries as a share of GDP

Support especially for small businesses, hard hit sectors, and lower wage earners

Country	%
Germany	21,5%
Japan	20,0%
United States	11,3%
Australia	9,7%
Canada	8,4%
Brazil	6,5% ---- 10,3%
France	4,0%
European Union	4,0%
Saudi arabia	2,8%
China	2,5%
Turkey	1,5%
Italy	1,4%
Russia	1,4%
Argentina	1,2%
South Korea	0,8%
India	0,8%
Indonesia	0,2%

Up to **10,3%** when also considering announced monetary policies

Stimulus packages being announced progressively by countries; overall picture likely to change rapidly

Extra measures from Brazilian Central Bank to improve liquidity[2]

1	Compulsory Short-term liquidity indicator (LCR)	+ R$ 135B
2	Additional Release of Compulsory Deposits	+ R$ 68B
3	Flexibility of Agri letter of credit (LCA) rules	+ R$ 2.2B
4	Guaranteed Financial letters (LF) backed loan	+ R$ 670B
5	Commitments with Brazilian sovereign bonds	+ R$ 50B
6	New Time Deposit with Special Guarantees	+ R$ 200B
7	Debenture-backed loans	+ R$ 91B

Total impact ~**R$ 1,2T**

As % of GDP **16,7%**

1 As announced on April 09 2020, based on IMF (14 April 2020); Brazil: G1 (26 March 2020)
Source: IMF; G1; Measures to fight Covid-19's crisis effects – Central Bank Brazil 04.04.2020

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Disease progression and response

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2 Economic, Business, and Societal Impact and Scenarios

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Consumer sentiment

Business engagement and response

3 Leadership in Crisis

Principles for leadership in crisis

Three economic recovery scenarios could emerge under COVID-19

1 Sharp-rapid recovery (V)

De minimis impact **on the present value of future output**

2 Slow comeback (U)

Large and perpetual loss of **present value of future output**

3 Protracted challenge (L)

Ever-growing loss in future output and infinite loss of future value

Multiple factors will determine scenarios

Evolving properties of the virus

Cure/vaccine development lead-time

Containment and mitigation efforts

Development of policies and fiscal response

Business and societal actions and adherence

V-U-L empirics: same shock, three shapes

1 **Sharp-rapid recovery (V)**   **2** **Slow comeback (U)**   **3** **Protracted challenge (L)**

2008 Canada

Eventually returns to trend but can take a long time

2008 United States

Never comes back to prior growth trend (U) – even as growth rates approach their old pace

2008 Greece

Growth never comes back to prior trend and growth rate remains depressed
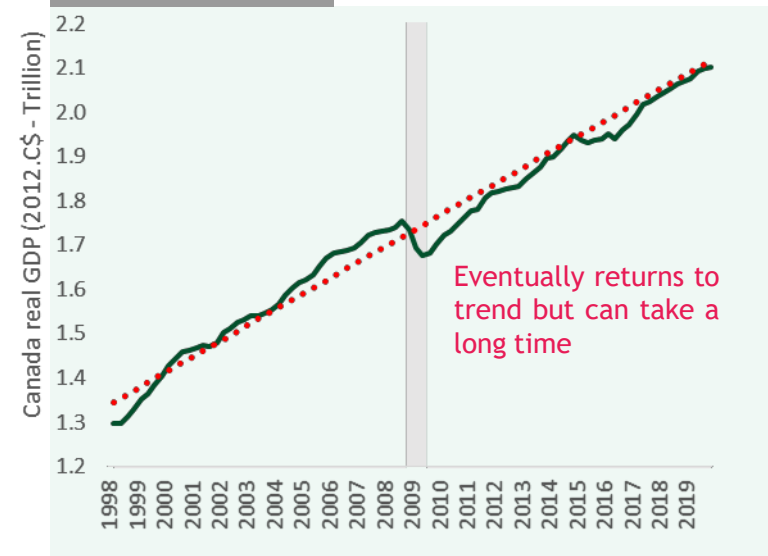
- Canada closest to V-shape (returns to prior trend)
- No systematic banking crisis – no damage to economy's supply side
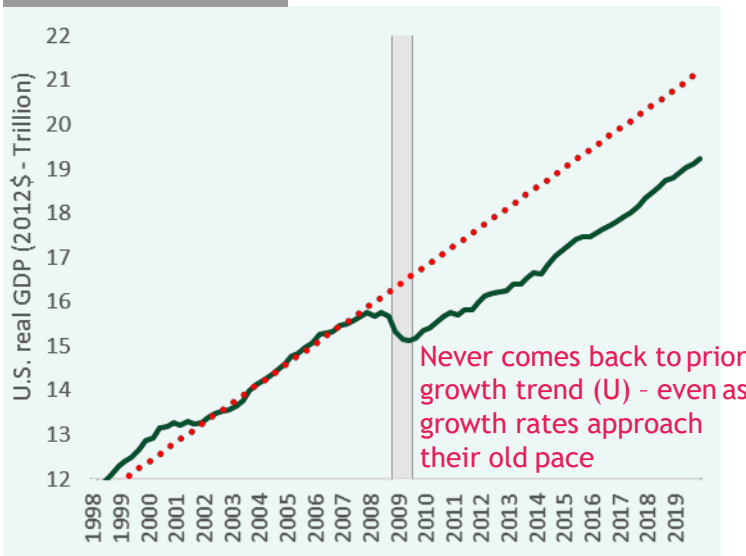
- U.S. clear U-shape (returning to growth *rate*, but at a lower *trend*)
- Driven by severe banking crisis – a one time hit to the supply side
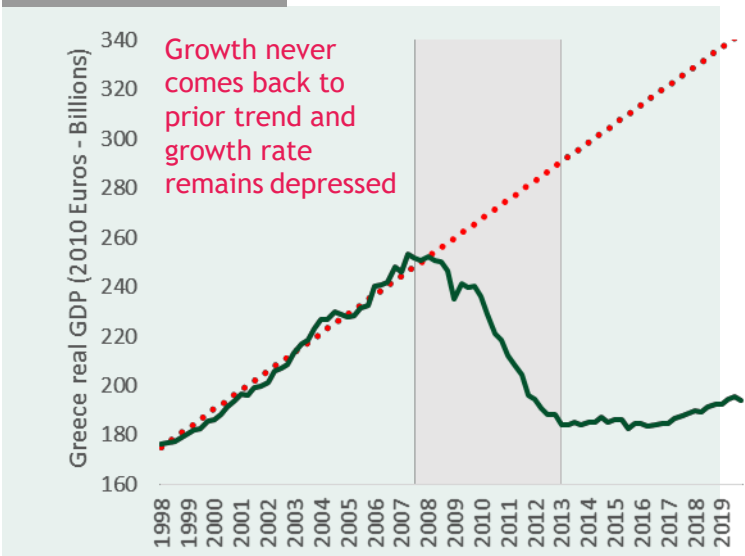
- Greece experienced a sustained depression and L-shape
- Growth has struggled at a much slower pace, with recurring damage to supply side

Note: Canada trend (1985-2008); US trend (2003-2007); Greece trend (1995-2006)
Source: NBER, BEA, Statistics Canada, Hellenic Statistical Authority (ELSTAT), BCG Center for Macroeconomics analysis

Economic forecasts point toward severe downturn

Data as of 29 April

China
Forecast GDP growth vs. baseline before COVID-19

9.5% (09.4.) BNP Paribas
9.2% (09.4.) JP Morgan Chase
9.2% (14.4.) IMF
8.8% (03.4.) Nomura Securities
8.8% (10.4.) BAML

Baseline: 6.0%

5.8% Baseline

Caixa Bank (27.3.): 5.5%
Danske Bank (03.4.): 5.2%
Commerzbank (09.4.): 4.0%
ING Group (07.4.): 4.0%
Credit Suisse (09.4.): 3.3%
ABN Amro (07.4.): 3.0%
HSBC (03.4.): 3.0%
Morgan Stanley (03.4.): 2.0%
IMF (14.4.): 1.2%
JP Morgan Chase(09.4.): 1.1%
Nomura Securities (03.4.): 1.0%

6.5% (07.4.) ABM Amro
6.3% (03.4.) Dankse Bank
5.8% (07.4.) ING Group
5.6% (09.4.) Credit Suisse

2020 **2021**

US
Forecast GDP growth vs. baseline before COVID-19

6.1% (10.4.) BAML
5.5% (10.4.) Goldman Sachs Group
4.7% (14.4.) IMF
4.5% (28.4.) JP Morgan Chase
3.4% (10.4.) ING Group
2.9% (10.4.) Credit Suisse
2.9% (10.4.) Danske Bank
2.4% (10.4.) Barclays
2.2% (13.4.) Citigroup

Baseline: 1.3%

1.7% Baseline

1.6% (06.4.) Visa

Fitch Solutions (14.4.): -1.3%
Standard Chartered (10.4.): -4.0%
UBS (14.4.): -4.5%
Morgan Stanley (14.4.): -5.0%
JP Morgan Chase (28.4.): -5.3%
Barclays (14.4.): -5.5%
Natixis (14.4.): -5.9%
HSBC Holdings (14.4.): -6.4%
IMF (14.4.): -7.5%
BNP Paribas (14.4.): -8.3%
Citigroup (14.4.): -8.4%

2020 **2021**

Brazil
Forecast GDP growth vs. baseline before COVID-19

4.7% (08.4.) Itaú
3.9% (27.4.) Citibank
3.2% (06.4.) Goldman Sachs
3.0% (24.4.) Focus
2.9% (06.4.) IMF

Baseline: 2.3%

2.5% Baseline

2.4% (27. 3.) JP Morgan
1.7% (09.4.) Santander

Santander(09.4.): -2.2%
Itaú (08.4.): -2.5%
JP Morgan (27.3.): -3.2%
Focus (24.4.): -3.3%
Goldman Sachs (06.4.): -3.4%
Citibank (27.4.): -4.5%
IMF (14.4.): -5.3%

2020 **2021**

Note: As of reports dated 27 March 2020 to 29 April 2020
1. For US, estimated since GDP growth mentioned for second half of 2020 as average
Source: Bloomberg, IMF, Press search, Focus Report, BCG analysis

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Depth of "Fight" will vary among countries according to economic recovery

Data as of 29 April

GDP Projection (as % of 2019 GDP)

Clear V-Shape, with strong recovery in 2021

-3% ~ 0%
of exp. 2021 GDP[1]

U-Shape most likely, with risk of L-shape recession

-9% ~ -3%
of exp. 2021 GDP[1]

U-Shape, with potential of V-shape in long-run

-7% ~ -3%
of exp. 2021 GDP[1]
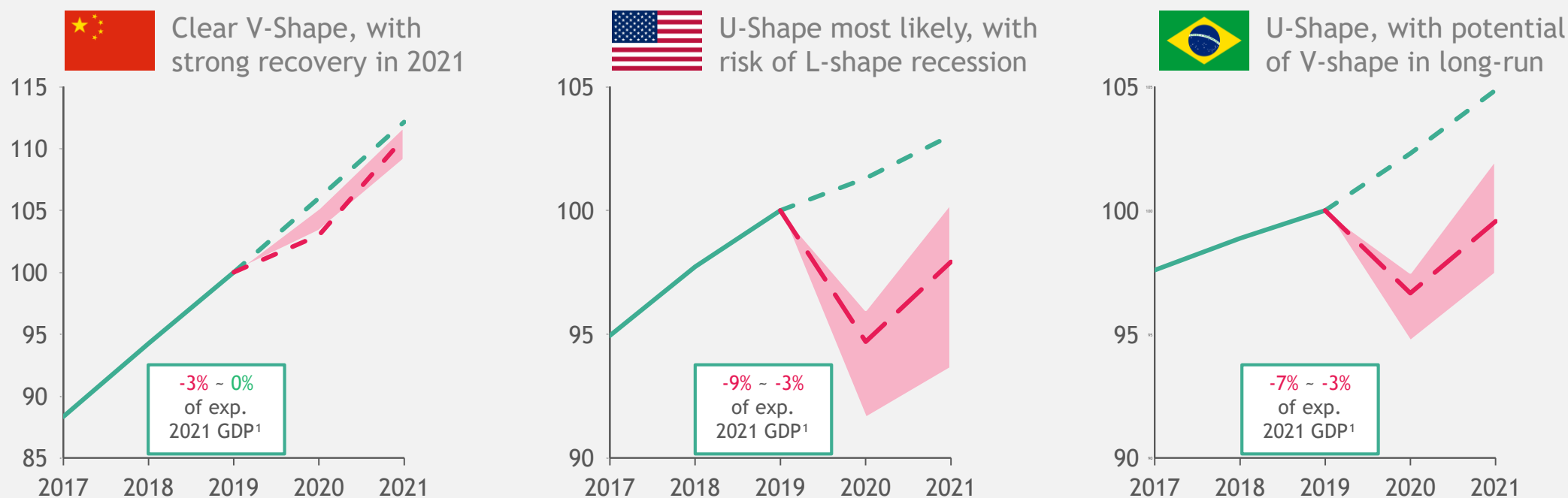
1. Expected 2021 GDP based on median GDP growth from several Financial Institutions in Jan 2020;
Note: Post COVID-19 scenarios for China and US based on median from several Financial Institutions; for Brazil, scenario based on Focus report from 24 April 2020
Source: Bloomberg, IMF, Focus Report, BCG analysis

19

Over the last weeks, Brazilians are showing a rising feeling of sadness and stronger concerns on health and job insecurity, but keeping hope of a vaccine

Top words that come to mind when Brazilians think about the virus *(Free response, unaided associations)*

Wave 1

Pandemic
Isolation   Hygiene   COVID
Caution   Family
Unemployment   Worry
Death   virus   Risk
Disease   People   Fear
Quarantine
Economy
Health

Rank Wave 2		Δ posições rank W1 & W2	Rank Wave 2		Δ posições rank W1 & W2
1	Death	—	9	Sadness	⌃ 15
2	Fear	—	10	Covid	⌄ 6
3	Quarantine	—	11	Unemployment	⌃ 10
4	Health	⌃ 11	12	Disease	⌄ 2
5	Pandemic	—	13	Contagion	—
6	Virus	⌃ 5	14	Caution	⌄ 5
7	Isolation	⌃ 1	15	Vaccine	⌃ 18
8	Worry	⌄ 1	16	Social	⌃ 6

Question text: "You mentioned that you are aware of a global virus outbreak. What comes to mind when you think about the virus?" Similar responses categorized together.
Source: BCG COVID-19 Consumer Sentiment Survey – BR: April 17-19, 2020 (N = 1,284, weighted)

21

From 2010 to 2019 we experienced a long and steady decline in consumer intentions to increase spending

% of consumers willing to increase/ decrease spending

42%	57%	57%	67%	72%	73%	76%	72%	81%
2010	2011	2012	2013	2014	2015	2017	2018	2019

🟥 Intention to decrease spending   ⬜ Sustain spending   🟩 Intention to increase spending
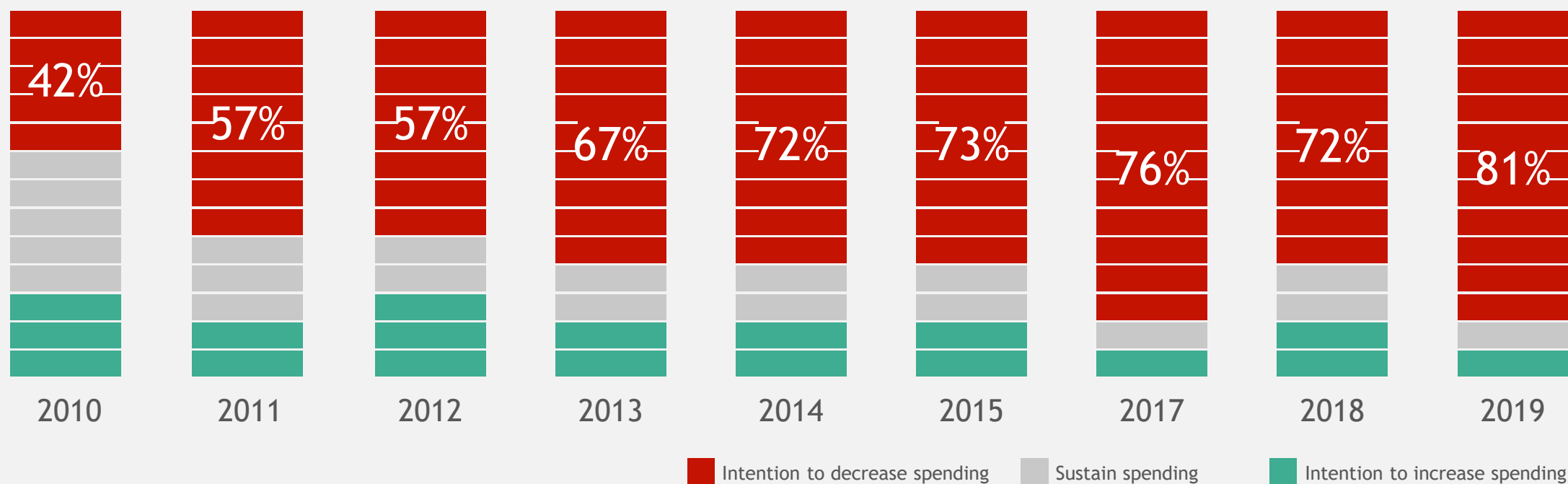
Note: Question text: "Are you willing to increase/decrease your spending on the following 12 months?".
Source: Consumer Sentiment pre-covid Dec '19 (N=2,842, weighted); BCG analysis

Decreased spending as general expectation, but many categories improving vs. pre-covid

Net variation of category spending across multiple surveys (%)

Winners: self-care and health & wellness

Losers: Discretionary spending

Legend:
- ◆ Pre-Covid CS
- ● Wave 2: Increase since pre-covid survey
- ● Wave 2: Decrease since pre-covid survey
- ● Wave 1
- ● Wave 2: No pre-covid data or stayed similar[1]

Categories (x-axis): Fresh & organic food, Preventative Healthcare, Home Care, Child care, Fabric Care, Savings, Baby Food, Education, Streaming, Vitamins & supplements, Packaged food, Food delivery, Personal care, Medical Procedures, Mobile Electronics, Products & services for pets, OTC drugs, Frozen Food, Non-Alcoholic Beverages, Canned Food, Electrical Household Appliances, Entertainment, Mortgage/Rent, Personal travel, Insurance, Restaurants, Electronics, Athletic equipment, Cars, Kids clothing, Men's clothes, Tobacco, Public transportation, Toys and games, Makeup / Perfume, Alcoholic beverages, Alternative transportation, Business travel, Home décor, Women's clothes, Shoes, Fashion accessories, Fashion & Luxury

COVID-19 impacting retail channels distinctly

Offline sales change (%) over equivalent days in Feb '20[1]

Proximity supermarkets, supermarkets & hypermarkets[2]   23%   5%

Drugstores   -15%   -11%

Other non-durable goods[3]   -27%   -36%

Other durable goods[4]   -44%   -44%

Furniture, electronics & dept. store   -49%   -51%

Apparel   -82%   -82%
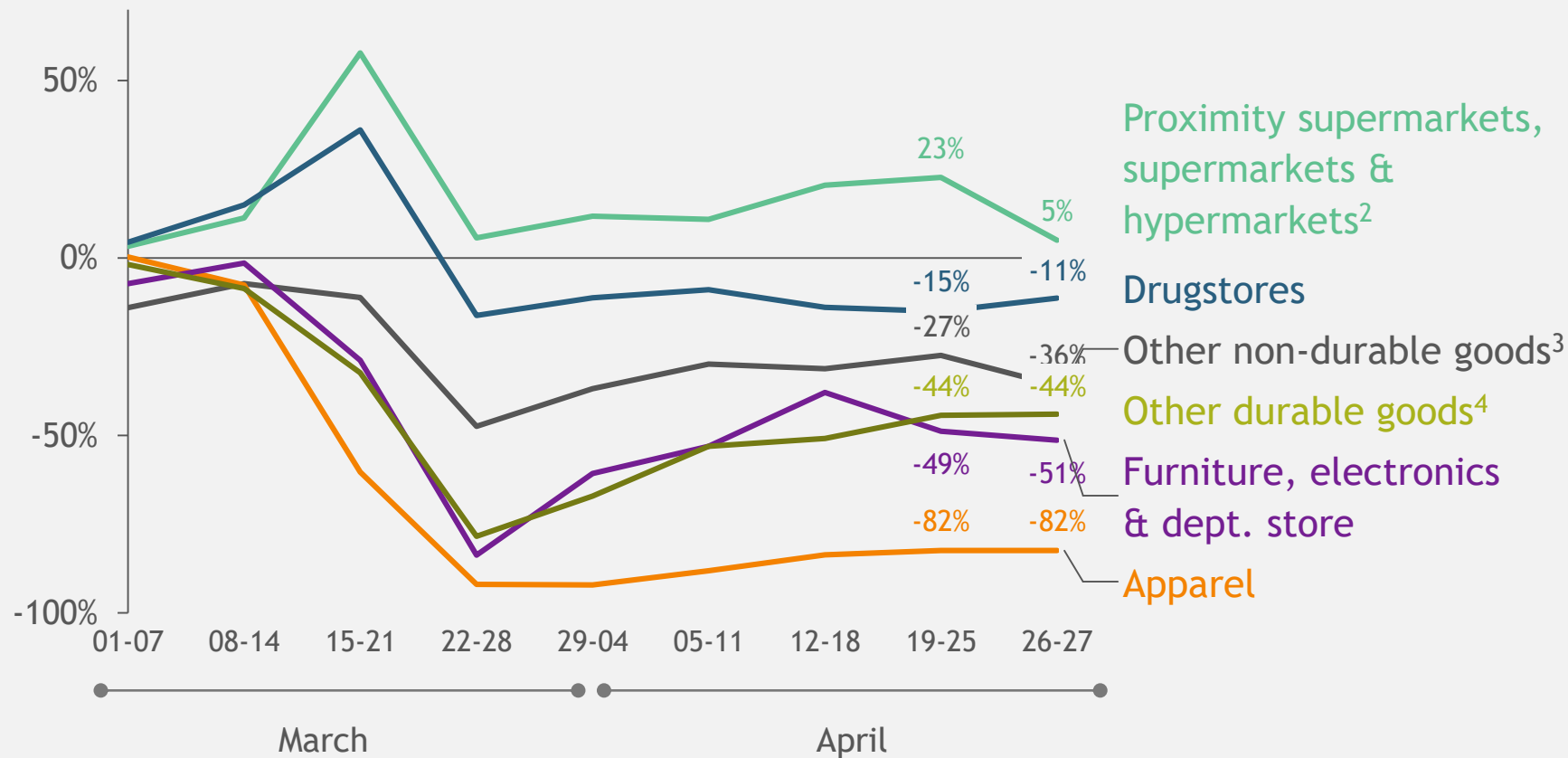
How Brazilians are **planning to behave** in the following months?

Note: 1. Excludes Carnaval and Easter break; 2. Does not include cash & carry; 3. Excludes gas stations; 4. Excludes building materials; Hypermarket (e.g. Carrefour, Extra, Walmart, Zaffari), Supermarket (e.g. Pão de Açúcar, Dia, Mambo), Proximity supermarket (e.g. Carrefour express, Minuto Pão de Açúcar, Dia %, Todo dia)
Source: Impacto do COVID-19 no Varejo Brasileiro, Cielo

25

Next 1 & 6 months: E-commerce shows persistent high intention over time; brick & mortar rebound

Net variation p.p.
(More – Less than normal)
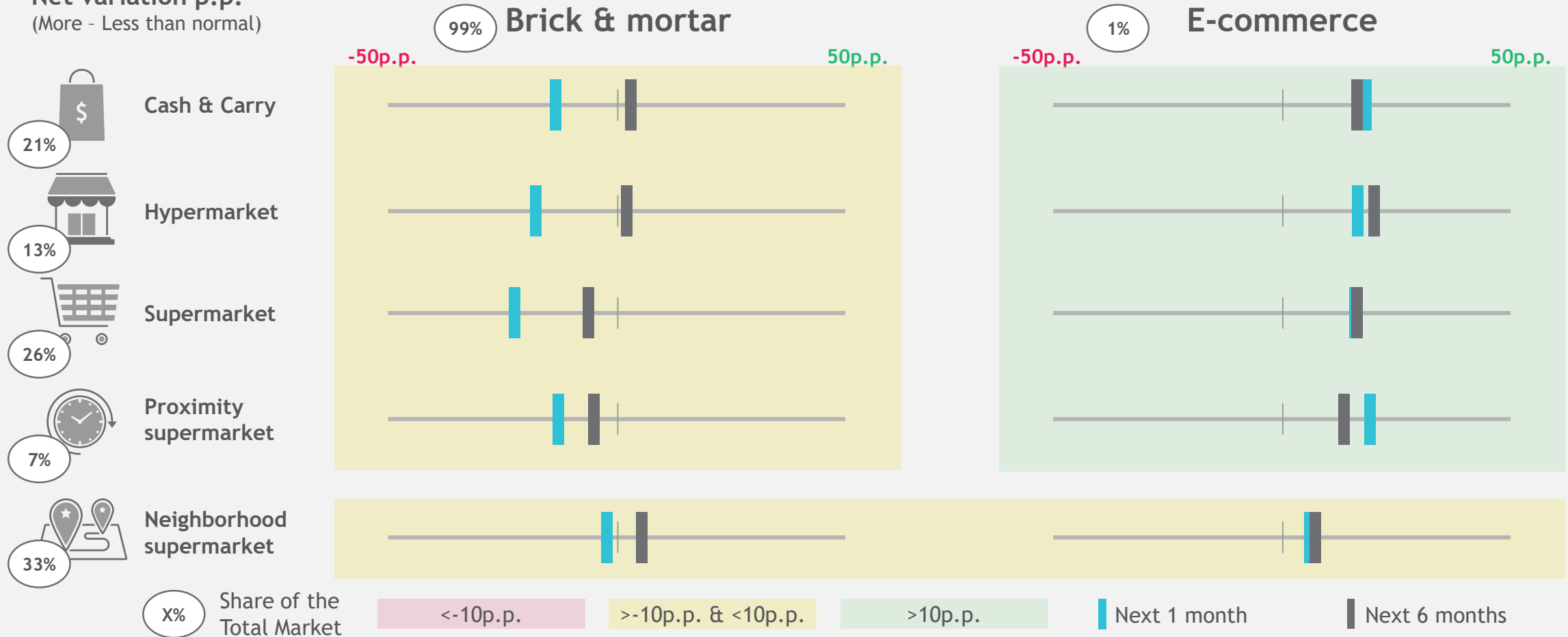
Brick & mortar — 99%

E-commerce — 1%

Cash & Carry — 21%
Hypermarket — 13%
Supermarket — 26%
Proximity supermarket — 7%
Neighborhood supermarket — 33%

-50p.p.   50p.p.

X% — Share of the Total Market

<-10p.p. | >-10p.p. & <10p.p. | >10p.p.

Next 1 month | Next 6 months

Note: Question text: "Thinking about your next purchases, how much do you expect your spending to change on the following channels…?"; Cash & Carry (e.g. Tenda, Atacadão, Assaí), Hypermarket (e.g. Carrefour, Extra, Walmart, Zaffari), Supermarket (e.g. Pão de Açúcar, Dia, Mambo), Proximity supermarket (e.g. Carrefour express, Minuto Pão de Açúcar, Dia %, Todo dia), Neighborhood supermarket (unbranded)

26

Next 1 & 6 months: ... with no expected rebound for electronics, mono and multi brand apparel stores

Net variation p.p.
(More – Less than normal)

Brick & mortar

-50p.p.   50p.p.

E-commerce

-50p.p.   50p.p.

Non-essential

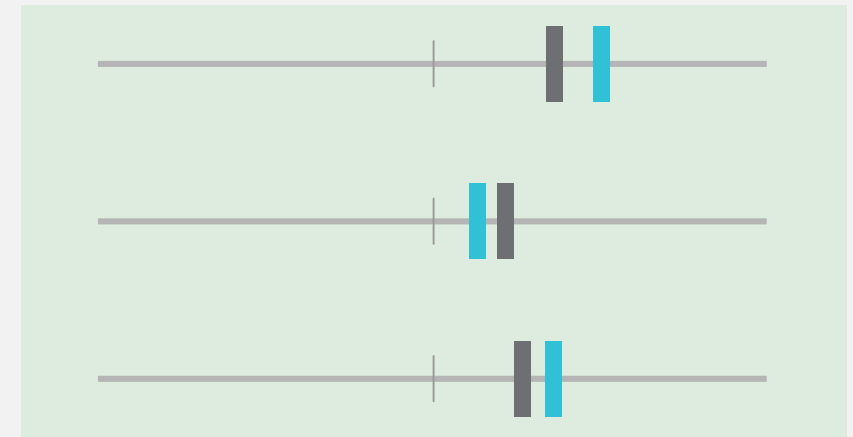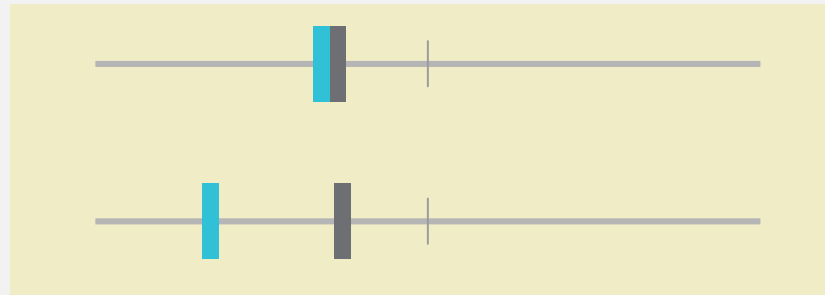| | Drugstore |
| Dept. store (electronics & apparel) |
| Electronics store |
| Mono brand store (apparel) |
| Multi brand store (apparel) |

x% Share of the Total Market
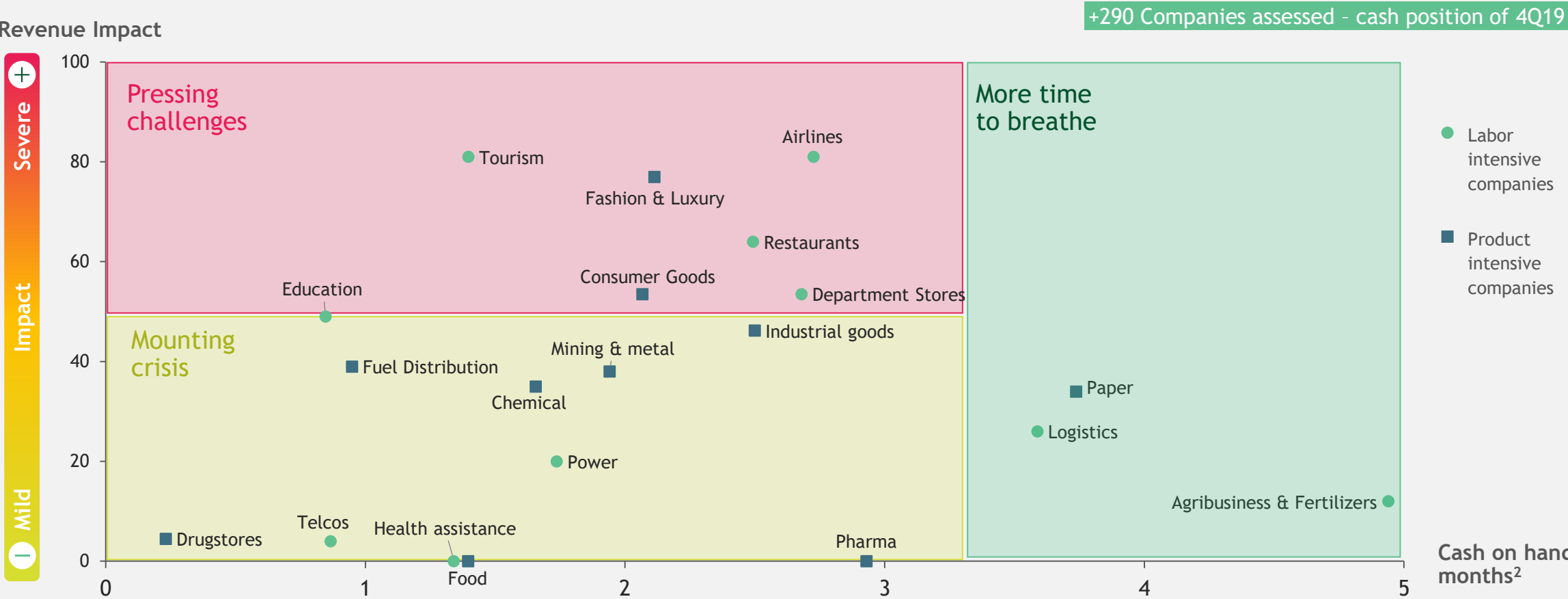
<-10p.p.   >-10p.p. & <10p.p.   >10p.p.

Next 1 month   Next 6 months

Note: Question text: "Thinking about your next purchases, how much do you expect your spending to change on the following channels...?"

27

We foresee the majority of sectors facing liquidity challenges with the top line impact of covid-19

Data as of 15 April

+290 Companies assessed – cash position of 4Q19

Revenue Impact

Severe / **Impact** / **Mild**

Pressing challenges

Mounting crisis

More time to breathe

- Airlines
- Tourism
- Fashion & Luxury
- Restaurants
- Consumer Goods
- Department Stores
- Education
- Industrial goods
- Mining & metal
- Fuel Distribution
- Chemical
- Paper
- Logistics
- Power
- Agribusiness & Fertilizers
- Drugstores
- Telcos
- Health assistance
- Food
- Pharma

● Labor intensive companies
■ Product intensive companies

Cash on hand months[2]

1. Sectors were categorized according to short-term expected impact: Mild impact (0-20%), Impact (20-60%) and Severe impact (60%+); 2. Sectors were categorized in labor intensive (variable costs reduction equivalent to 75% of revenue impact) and product intensive (variable costs reduction correspondent to 50% of revenue impact); Cash on hand months = Weighted Sector Average of Cash Equivalent/(Total costs/12) – Cash Equivalent includes cash, bank certificates of deposit, financial applications and other money market instruments. Source: Elo Performance Insights Report position of 26.03.20 and 15.04.20; FGV; BCG Henderson Institute; Receita Federal; BCG analysis

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Cash flow problems from hiatus in business activities with potential to quickly hamper firms, specially M&S[1]

Data as of 26 March

Days of business suspension supported before cash flow issues

63%

M&S[1] will face cash problems within 60 days
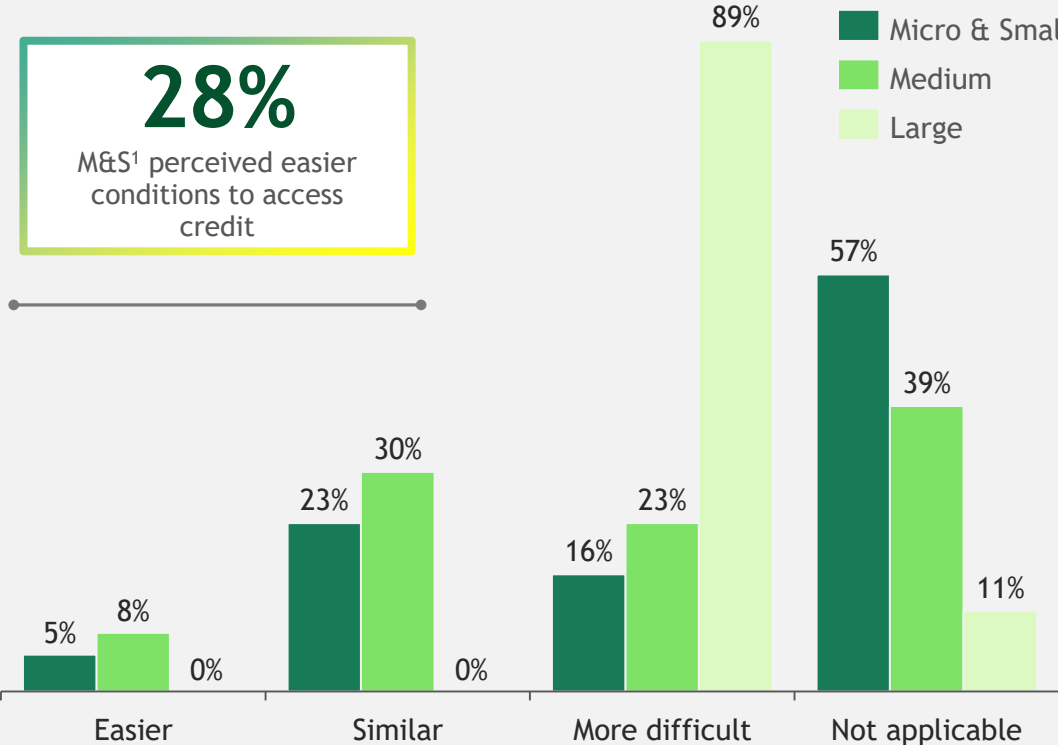
Legend:
- Micro & Small
- Medium
- Large

Category	Micro & Small	Medium	Large
0-15 days	18%	20%	11%
16-30 days	23%	17%	11%
31-60 days	22%	19%	44%
61-90 days	12%	14%	11%
91-120 days	18%	23%	22%
N/A	7%	7%	0%
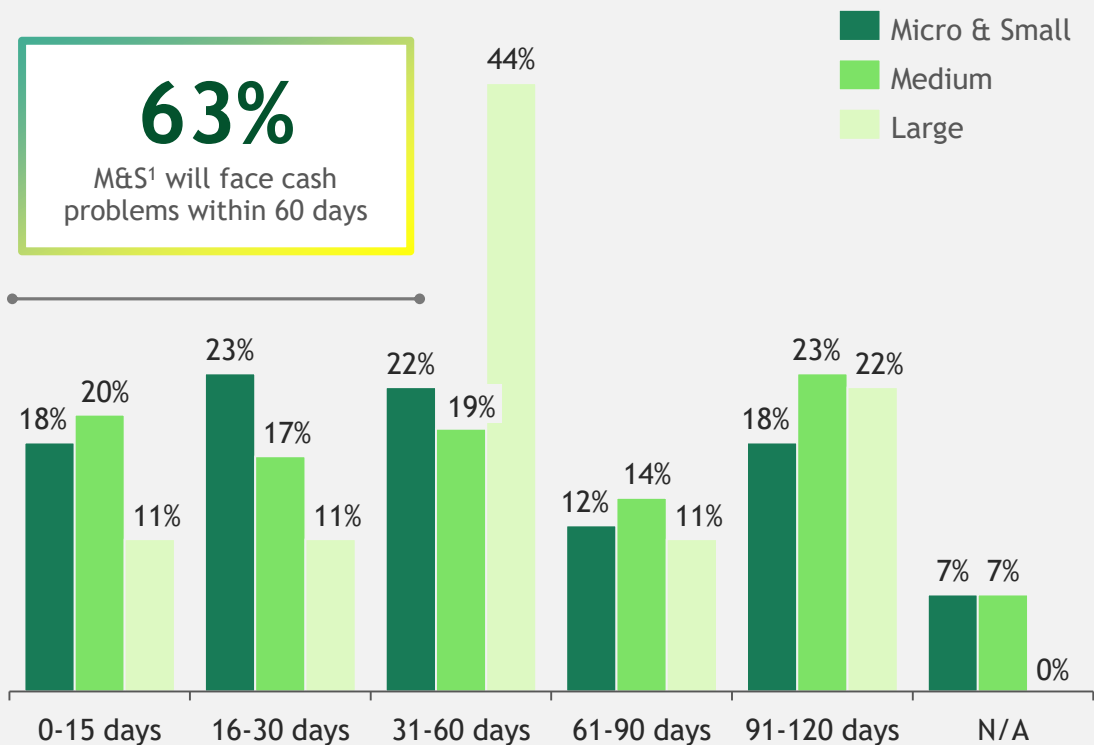
Companies perception on access to credit after Covid-19 outbreak

28%

M&S[1] perceived easier conditions to access credit

Legend:
- Micro & Small
- Medium
- Large

Category	Micro & Small	Medium	Large
Easier	5%	8%	0%
Similar	23%	30%	0%
More difficult	16%	23%	89%
Not applicable	57%	39%	11%

1. Micro & Small companies
Source: XP Investimentos (n=392 companies) as of March 26, 2020

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COVID-19 Context and Development

1

Disease progression and response

Government policies and economic stimulus

Economic, Business, and Societal Impact and Scenarios

2

Economic scenarios

Consumer sentiment

Business engagement and response

Leadership in Crisis

3

Principles for leadership in crisis

COVID-19 impact and responses to be assessed under three lenses

Impact on Healthcare

How to ensure the healthcare system can cope with a new fast spreading disease and mitigate casualties?

Impact on Corporate

How to minimize the impact on the economy and support most impacted industries?

Impact on People

How to minimize the impact on people and support most impacted families?

Managing the crisis: what could be done

Minimize healthcare impact

Control disease's spread velocity (modeling, more testing, stringent quarantines rules, tracking)

Protect people – in particular high risk population

Increase capacity to deal with surge of patients (repurpose capacity, ramp-up supplies production)

Support the healthcare system and professionals

Treat the disease (treatments, vaccines)

Minimize Corporate impact

Create stimulus package for the economy – tax, funds, interests

Support most vulnerable businesses, in particular SMEs and autonomous

Provide more flexibility for businesses

Refocus workforce to work on new demand

Selectively re-open workspace, as much as possible

Minimize People impact

Provide support for
- Low income families
- Quarantined people
- Stay-at-home workers

Support can include minimum income guarantee, donations, low interest loans, paid sick leaves, suspension of individual taxes, mortgage and utilities payment

Q&A

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