



AMERICAN CHAMBER
OF COMMERCE
UKRAINE

SURVEY RESULTS
DOING BUSINESS
AFTER COVID-19 LOCKDOWN
IN UKRAINE

JUNE 2020



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- COVID-19 hit revenues of Chamber member companies, number of employees, and investments. **64%** of members saw a decrease in revenues; only **5%** reported an increase. **80%** of companies managed to retain all their employees, **18%** have cut staff. **49%** of companies plan to decrease investments in Ukraine.
- The primary long-term concerns of the business community are economic and consumer recession (**80%**), political and macroeconomic stability (**51%**), inability to fulfill business plans (**36%**) and recurring COVID-19 outbreak (**36%**).
- **78%** of AmCham members have their reopening strategy ready, and **44%** plans to be back in the office in June-July 2020.
- Companies highlighted that it is vital to keep people safe and reopen the economy in general, but be ready to localize potential outbreaks; continue bold reform agenda: ensure rule of law, strong legal and court system, fight against corruption, improve investors' and creditors' protection rights, put an end to oligarchic privileges and monopolies; fulfill the requirement of the IMF to get financial support on time; support and help SMEs: tax holidays, fiscal/inspection breaks; consider economic stimulus/incentives to spur investment and maintain employment.
- The anticipated time when companies' revenues will return to "normal" differs, but the vast majority forecasts end of 2020-beginning of 2021 with **17%** in Q3 2020, **24%** in Q4 2020, an **16%** in Q1 2021.
- Digitalization of processes and implementation of online services (**54%**), returning to "business as usual" ASAP (**53%**), saving workplaces, and retaining talents (**53%**) are the main focuses of AmCham member companies' post-COVID-19 business strategies for 2020-2021.

HOW HAS COVID-19 AFFECTED BUSINESS IN UKRAINE?

REVENUE



NUMBER OF EMPLOYEES



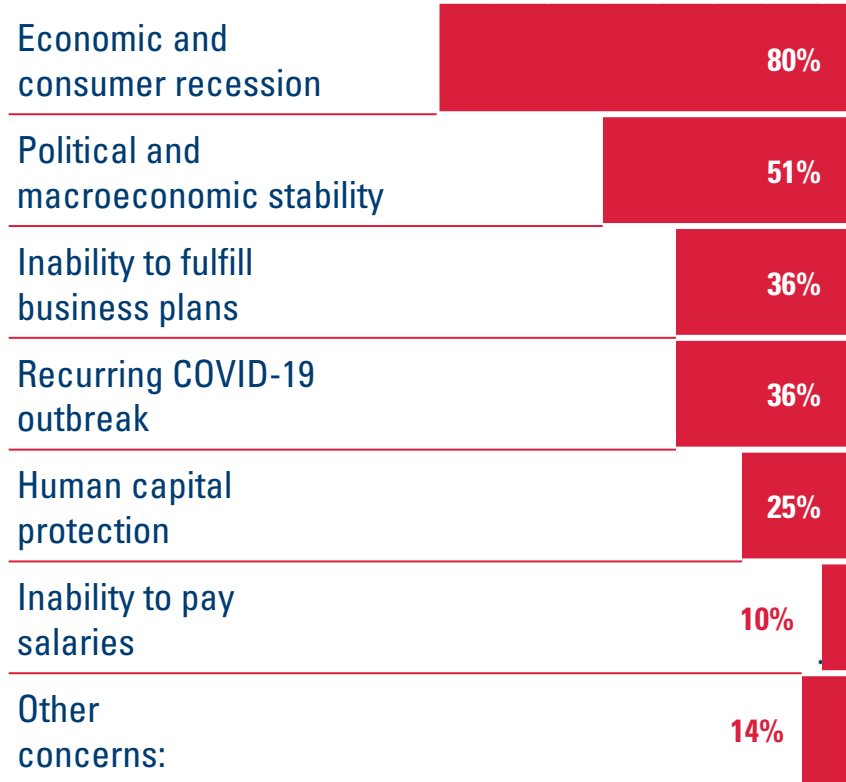
INVESTMENTS



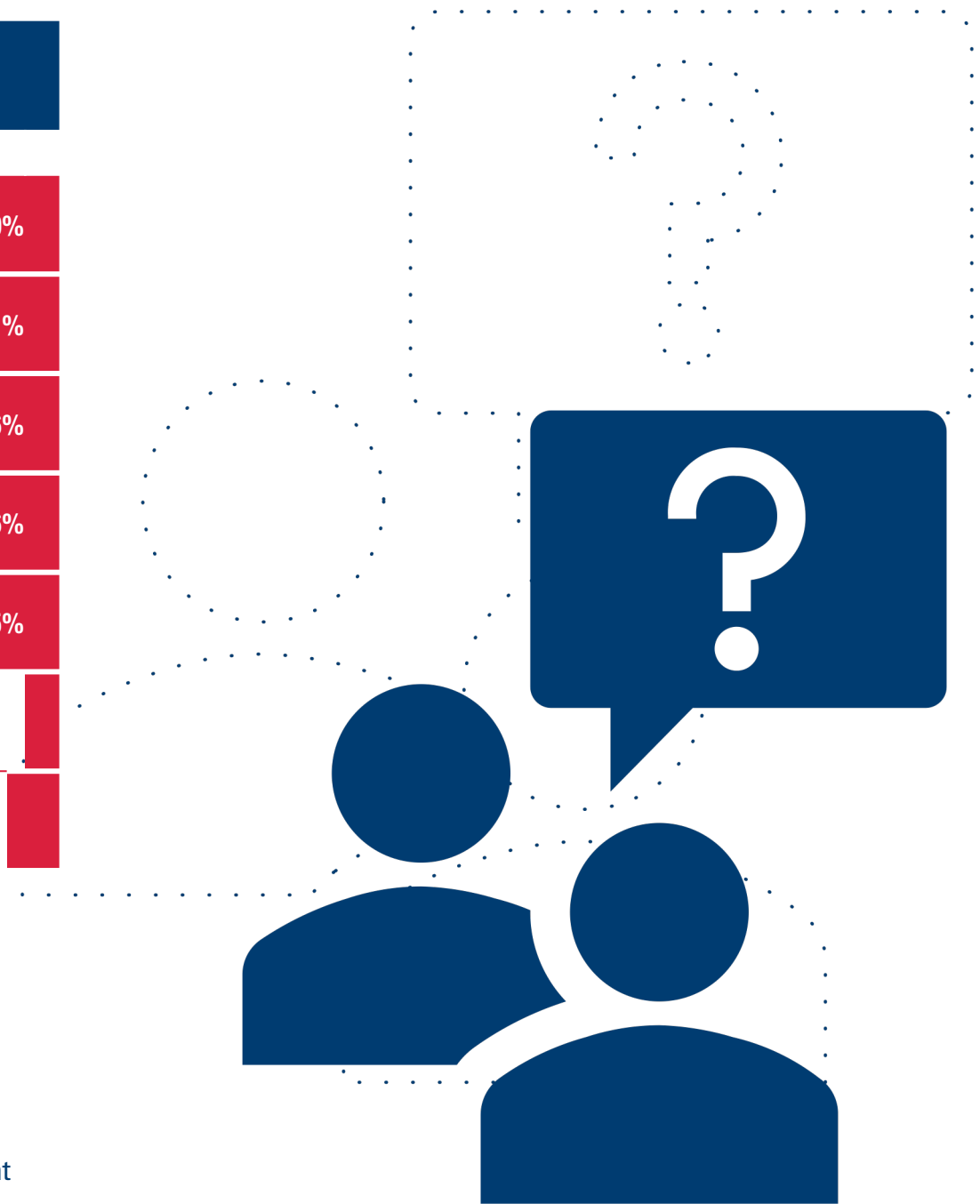
ADDITIONAL COMMENTS

- Hiring freeze
- Volume of business with current clients reduced
- Cut employees' salaries at least to 30%
- New projects are put on hold
- Significant decline in getting new business
- Shift to the remote working model
- Model of customer behavior was changed - use of digital channels, growth in online activity
- Payment from tenants for utilities dropped
- FMCG and Pharma markets: reduced consumption
- Pharma markets: delays in new product launches, obtaining regulatory and other approvals. Supply chain lead time and costs have significantly increased
- IT-sphere: +20% of revenue during March-May
- Manufacturing: limited activity of field-based staff, factory on reduced output

PRIMARY LONG-TERM CONCERNS OF THE BUSINESS



- Global economic recession and unpredicted future
- Lack of rule of law
- Corruption
- Potential trade barriers
- Unemployment rates in Ukraine
- Unbalanced Governmental measures
- Government reshuffle
- Capacity of the state to honor its commitments
- Increased criminal activity and inefficient law enforcement
- Remote work and offices lease



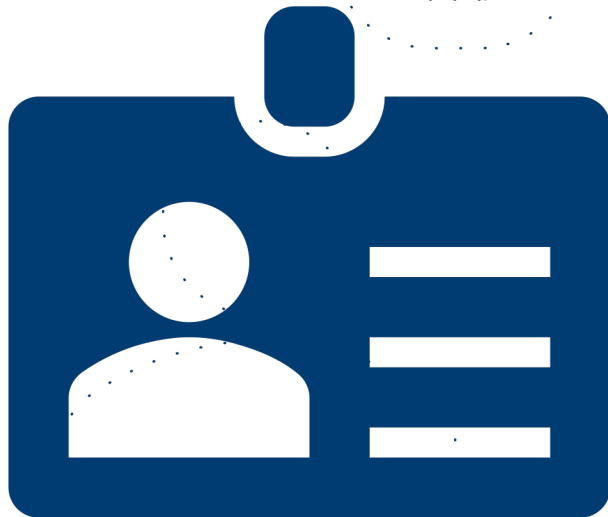
WHAT SHOULD BE THE GOVERNMENT'S REOPENING STRATEGY TO KEEP THE ECONOMY RUNNING?**DOING BUSINESS
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- Keep people safe and reopen the economy in general, but be ready to localize potential outbreaks
- Continue bold reform agenda: ensure rule of law, strong legal and court system, fight against corruption, improve investors' and creditors' protection rights, put an end to oligarchic privileges and monopolies
- Fulfill the requirement of the IMF to get financial support on time
- Support and help SMEs: tax holidays, fiscal/inspection breaks
- Consider economic stimulus/incentives to spur investment and maintain employment
- Communicate with business
- Keep focusing on Respond – Recover – Restart strategy
- Ensure maximum predictability and stability. Refrain from changes in tax and customs legislation
- Speed up deregulation and administration reform
- Keep international trade open: no barriers, embargoes, or export quotas
- Support financially and psychologically risk groups, focus on people over 65
- Apply a more systematic approach in quarantine measures, using best practices from Asia and Europe
- Increase testing, protect healthcare workers, develop smart digital solutions to apply selective lockdowns in case of re-occurrence
- Communicate openly, create transparency, build public trust, and compliance with norms
- Create social entrepreneurship and financial business support programs, support medical and scientific developments
- "Cash from Helicopter" strategy to support consumer buying power and 0% credits for businesses.
- Market will regulate itself. Better not to take any measures

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THE CHAMBER MEMBERS HAVE THEIR REOPENING STRATEGY READY

Yes	78%
In progress	22%



THE CHAMBER MEMBERS' STAFF WILL BE BACK IN THE OFFICE IN 2020

June-July	44%
August	12%
September	12%
October	3%
December	2%
Other:	27%

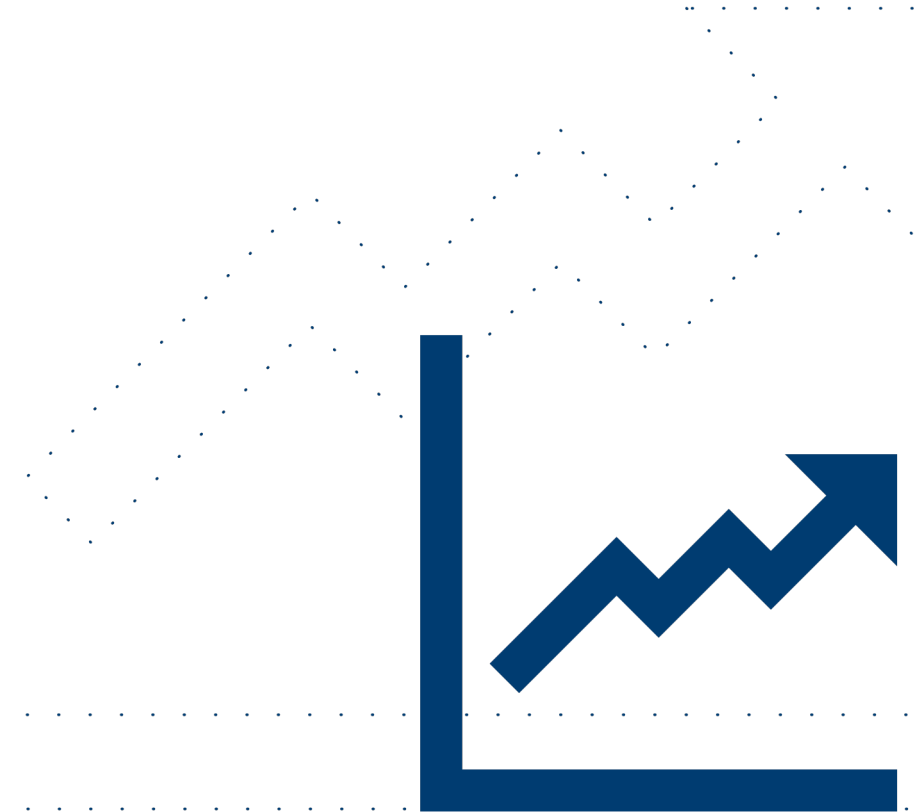
- Continue to have partial work from home until the risk of infection reaches minimal levels
- Do not expect to have everyone back at once in 2020
- No exact plan on all staff back in the office
- August or never 100%, considering engineers can work from home
- Will allow distance working employees who can work from home
- Will depend on coronavirus, now work in 2 teams – one in office, one at home
- Plan for 30% occupancy
- 25% will be on remote work even in normal mode
- Will have the combination 50/50 office/home till the end of the year

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ANTICIPATED TIME WHEN THE CHAMBER MEMBERS' REVENUES WILL RETURN TO "NORMAL"

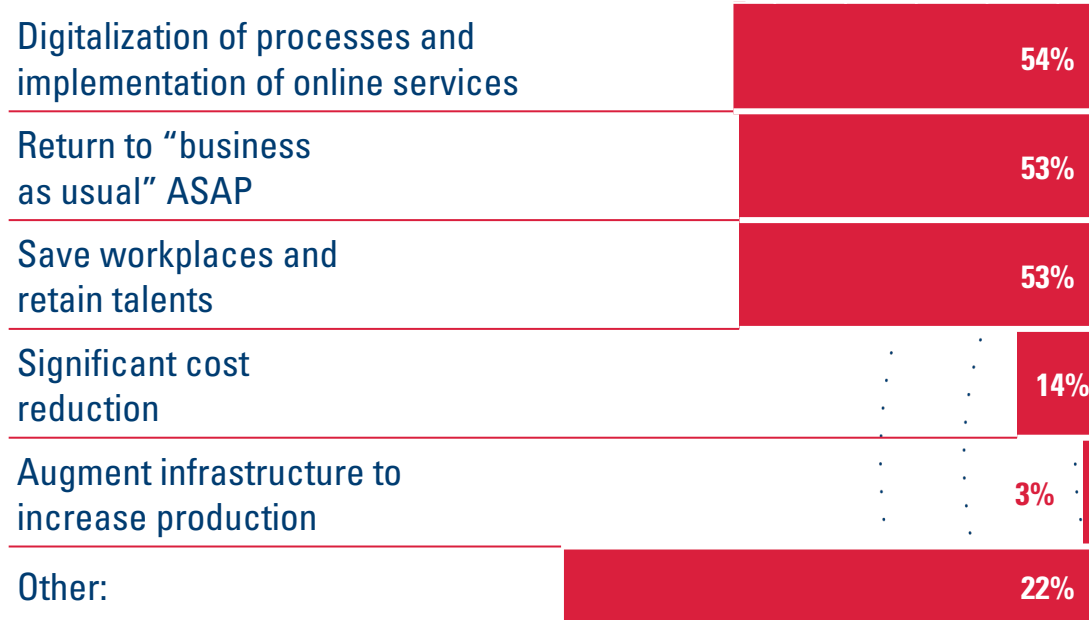


- Stabilization depends on the state making responsible decisions for our sector
- The current level of revenues is still similar to 2019
- Revenues are normal
- Mid-August 2020
- Plan to grow for 2021
- Revenues unaffected so far but would estimate a fall in 2021 due to the global recession



THE MAIN FOCUS OF THE CHAMBER MEMBERS' POST-COVID-19 BUSINESS STRATEGIES FOR 2020-2021

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- Adapt our product offering to the new reality and customer needs
- Cost reduction by the implementation of flexible working practices and better use of online tools
- Capture new consumer trends to serve to their best interest
- Find a more flexible and cost-efficient operation formula
- Recognize market shifts and identify opportunities and threats that will emerge
- Optimize office spaces and adapt to remote work
- Continue investing in new equipment
- Promote more sustainable and robust funding models in the private sector and improve market access in the public sector
- Get back on track with sales and keep people safe and motivated
- Adjust channel and portfolio strategies to ensure more agility and flexibility in driving business performances

