

A DUN & BRADSTREET WEBINAR

The Worldwide Business Impact of the Coronavirus and How to Safeguard Your Supply Chain

MARCH 16, 2020

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Today's Panel of Experts



Brian Alster

General Manager
Third-Party Risk &
Compliance Solutions
Dun & Bradstreet



Markus Kuger

Chief Economist
Dun & Bradstreet



Andrew Wu

General Manager
Mainland China &
Hong Kong SAR
Dun & Bradstreet

Agenda



- Supply Chain Impact
- Macroeconomic Impact
- Recovery in Greater China
- Q&A and Closing Comments

Supply Chain Impact

Brian Alster, General Manager
Third-Party Risk & Compliance Solutions

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Overview: Business Impact

CONFIRMED CASES OF THE CORONAVIRUS



- The World Health Organization (WHO) has now declared the coronavirus outbreak a pandemic
- Dun & Bradstreet has been performing ongoing analysis of cities and locations most impacted by government-enforced restrictions to determine supply chain and customer portfolio risks

Source: World Health Organization, Esri | WHO; as of March 15, 2020, 4pm CET

What Does This All Mean For Supply Chains?

SUPPLIERS

**In locked down cities
and territories**

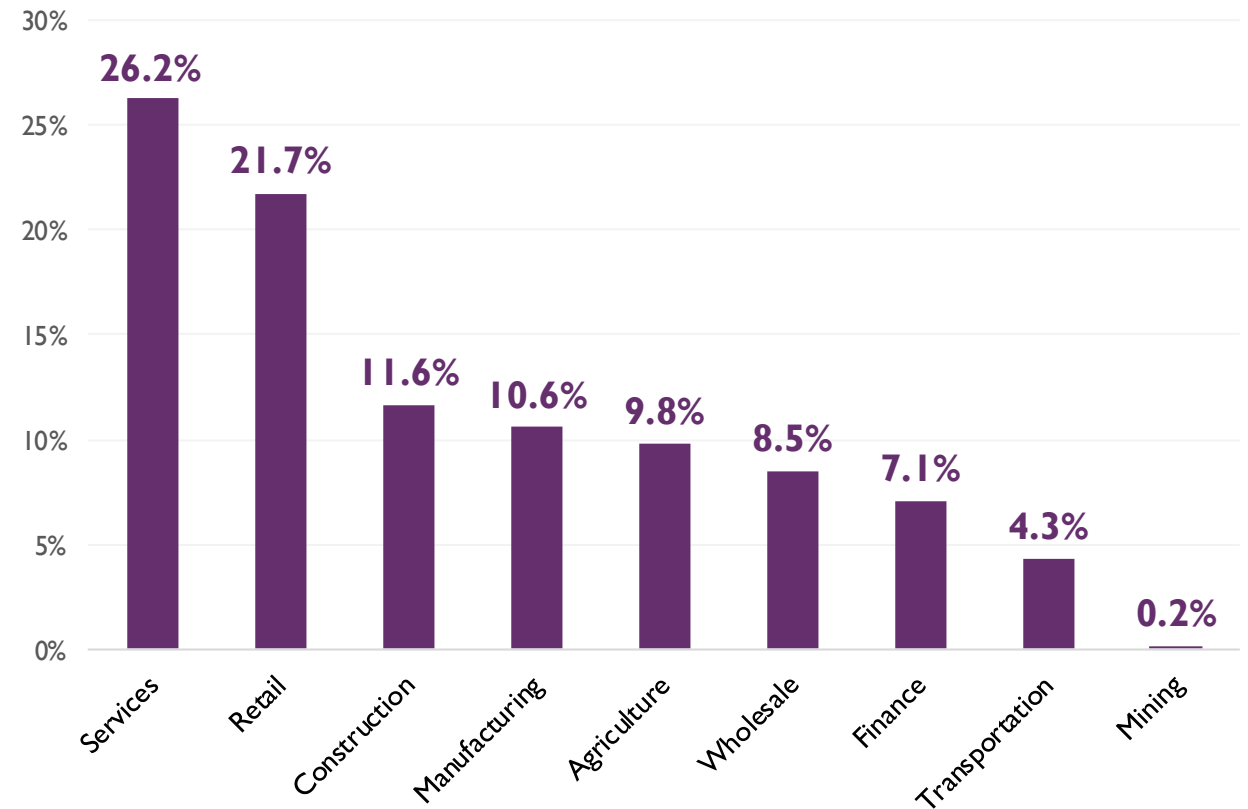
1M+

companies
worldwide
have one or
more **Tier 1**
suppliers

5.6M

companies
have one or
more **Tier 2**
suppliers

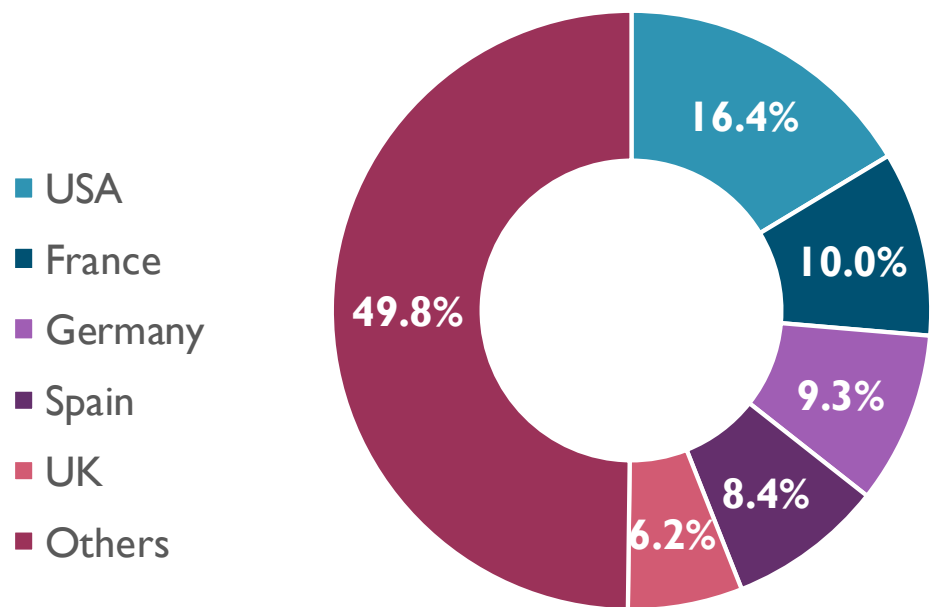
BUSINESSES IN MOST IMPACTED LOCATIONS: DISTRIBUTION BY INDUSTRY



Source: Dun & Bradstreet; March 12, 2020

Impact via Corporate Linkage Remains Significant

GLOBAL HEADQUARTERS DISTRIBUTION OF
BUSINESSES IN THE MOST IMPACTED REGIONS:
TOP 5 COUNTRIES



businesses in
impacted areas have
corporate ties
throughout the globe

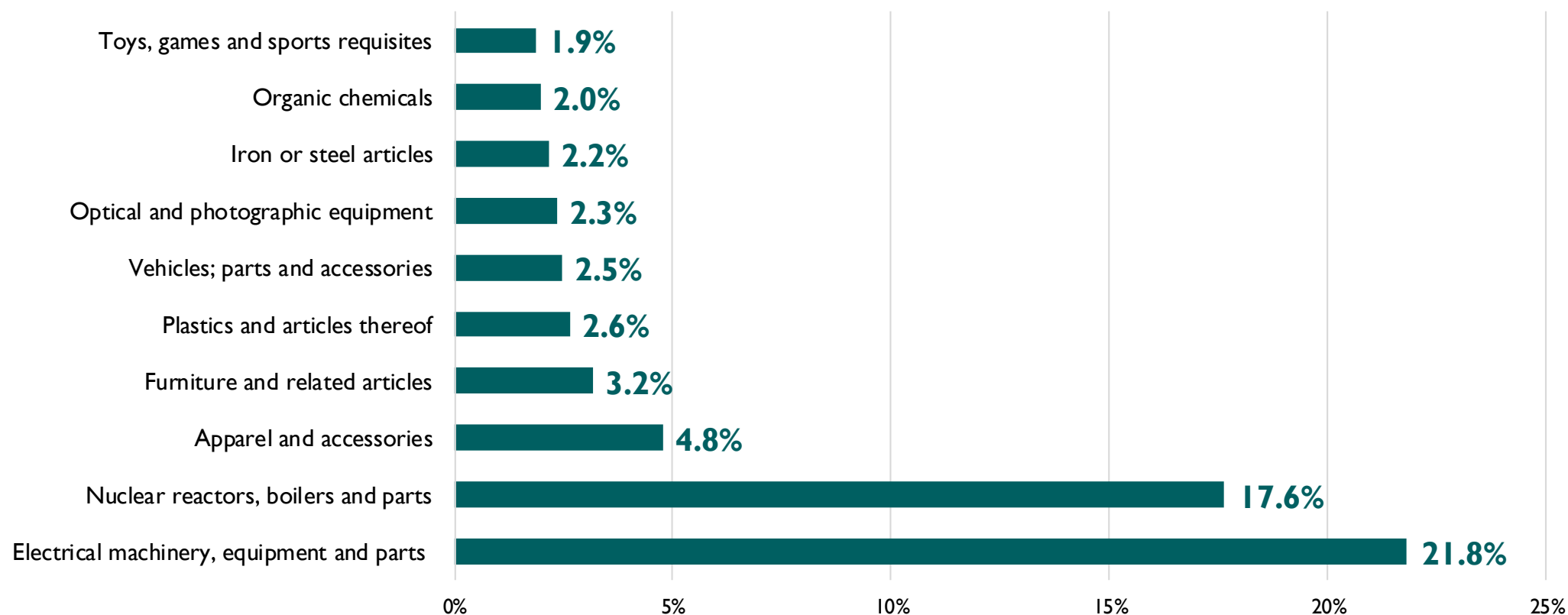
≈32K

businesses operating
in impacted areas are
branches or subsidiaries
of companies
headquartered
elsewhere

Source: Dun & Bradstreet; March 12, 2020

Shipment Patterns Reveal Products that Run the Risk...

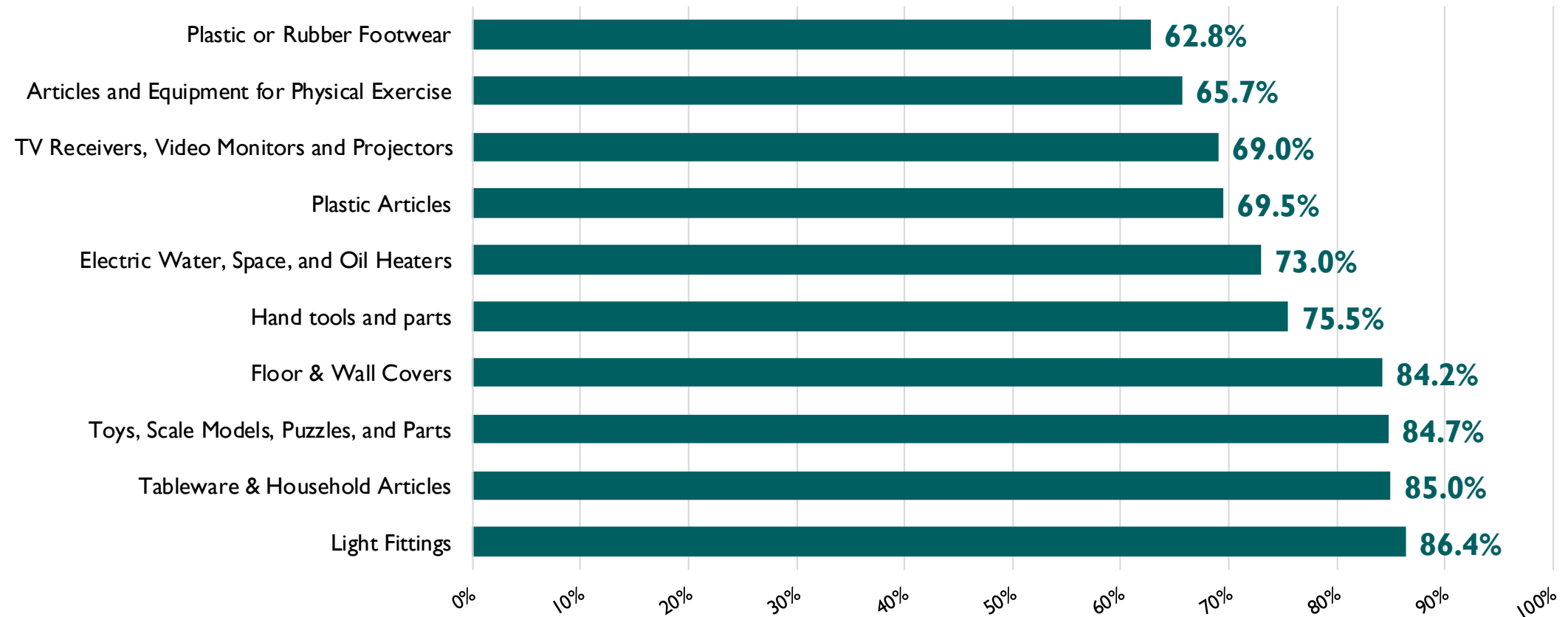
TOP 10 EXPORTS TO THE WORLD FROM THE MOST IMPACTED LOCATIONS AS A PERCENTAGE OF TOTAL EXPORT VALUE



Source: Dun & Bradstreet; March 12, 2020

...of Shortages as the Outbreak Has Become a Global Pandemic

U.S. IMPORTS FROM THE MOST IMPACTED LOCATIONS AS A PERCENTAGE OF TOTAL IMPORTS



Source: Dun & Bradstreet; March 12, 2020

How Can Businesses Prepare?

Develop a risk-based assessment process for your supply chain – both onboarding and ongoing monitoring



Monitor your full supply chain – both Tier 1 and Tier 2



Understand and identify alternative suppliers – limit dependencies



An Insight Into Alternative Suppliers

TOP PRODUCTS IMPORTED FROM CHINA AND POSSIBLE ALTERNATIVE SUPPLIER COUNTRIES

Product	Possible alternative supplier country
Electrical machinery, equipment, and parts	Brazil
Nuclear reactors, boilers, and parts	Chile, Singapore
Furniture and parts	Mexico
Toys, games, and sports requisites	Mexico, Brazil
Plastics and articles made of plastic	Mexico, Brazil
Motor vehicles and parts	Chile, Colombia, India
Apparel and clothing accessories	Brazil, Canada
Optical, medical, and surgical instruments	Colombia, Brazil, India

Source: UN Comtrade and Dun & Bradstreet; February 5, 2020



Macroeconomic Impact

Markus Kuger, Chief Economist

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Recent Updates Regarding the Coronavirus



Besides supply chain impact, coronavirus pandemic is a **severe demand shock**



Several **central banks have cut interest rates** (including the US Federal Reserve and the Bank of England)



Dun & Bradstreet has downgraded country risk ratings for several economies in response to the recent developments



Governments have announced **fiscal stimulus packages** and **measures to help ailing businesses**



"What we've actually done is utilize our supply chain data and we've found that over five million companies around the globe have a direct, or a second tier supplier in the impacted region, which really goes to tell you how impactful this has become."

—Brian Alster, General Manager, Third-Party Risk & Compliance, Dun & Bradstreet



"A special briefing issued by global business research firm Dun & Bradstreet analyzed the Chinese provinces most impacted by the virus, and found they are intricately linked to the global business network."



"A Chinese quarantine applying to roughly 60 million people – more than the population of Spain – interrupted routine business operations for almost every member of the Fortune 1000 list." —Dun & Bradstreet

What Impact is the Coronavirus Pandemic Having on the Markets?



Pandemic comes at a time when global economic headwinds were already high. Economies like Italy and Japan are probably already in recession with others to follow



Stock markets are highly volatile with airlines, tourism, and banks currently seeing above-average drops in share prices



Exchange rates: US dollar is gradually losing its interest rate advantage as the US Federal Reserve has cut rates, thereby creating upward pressure on currencies like the Euro and the Swiss Franc

ADDITIONAL FACTORS ADDING STRAIN TO SYSTEM

Oil prices dropped by more than 20% on 9 March (biggest drop since 1991)
Other commodity prices also falling (except gold)

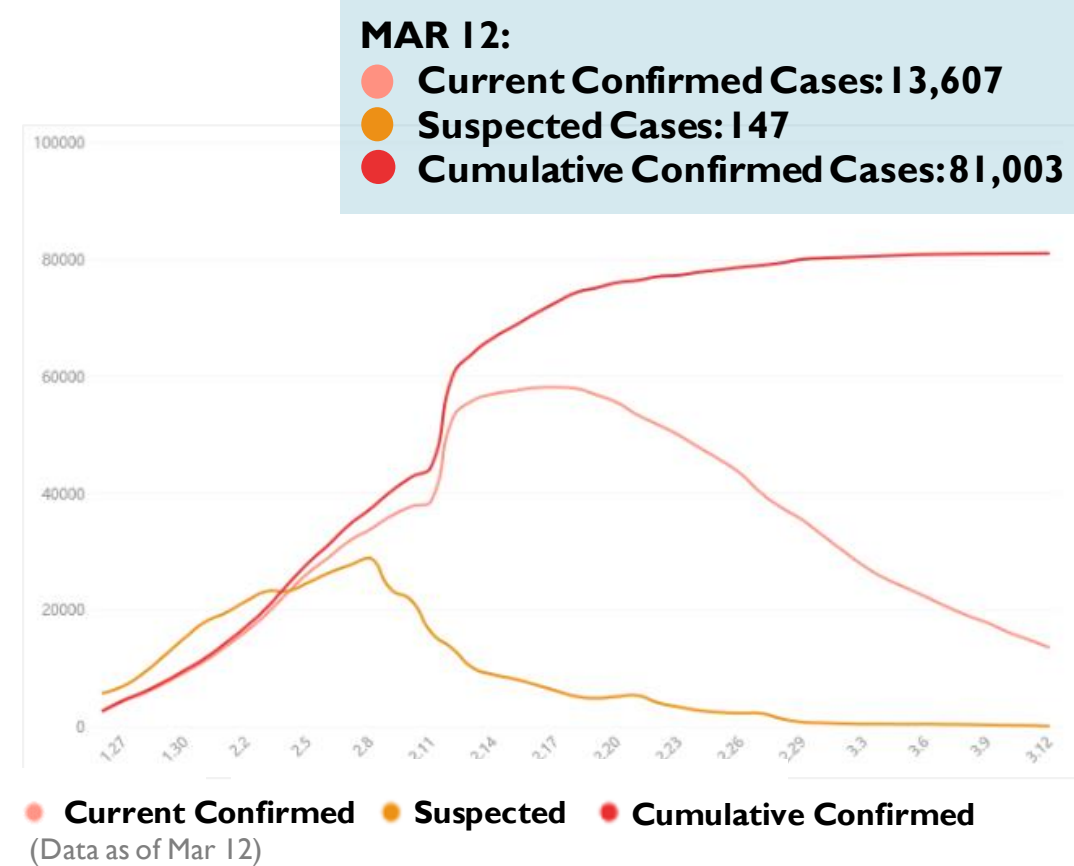
Recovery in Greater China

Andrew Wu, General Manager
Mainland China and Hong Kong SAR

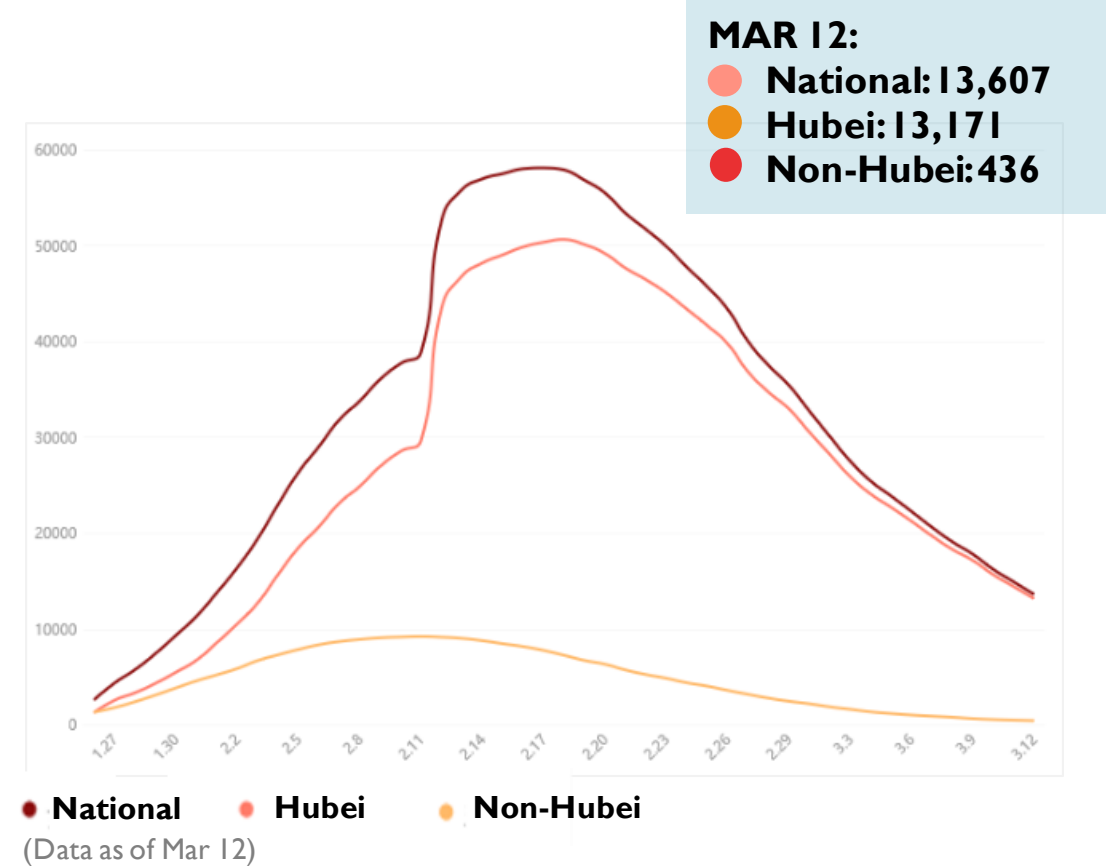
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Recovery is Underway in China

CURRENT CONFIRMED CASES/SUSPECTED CASES/ CUMULATIVE CONFIRMED CASES



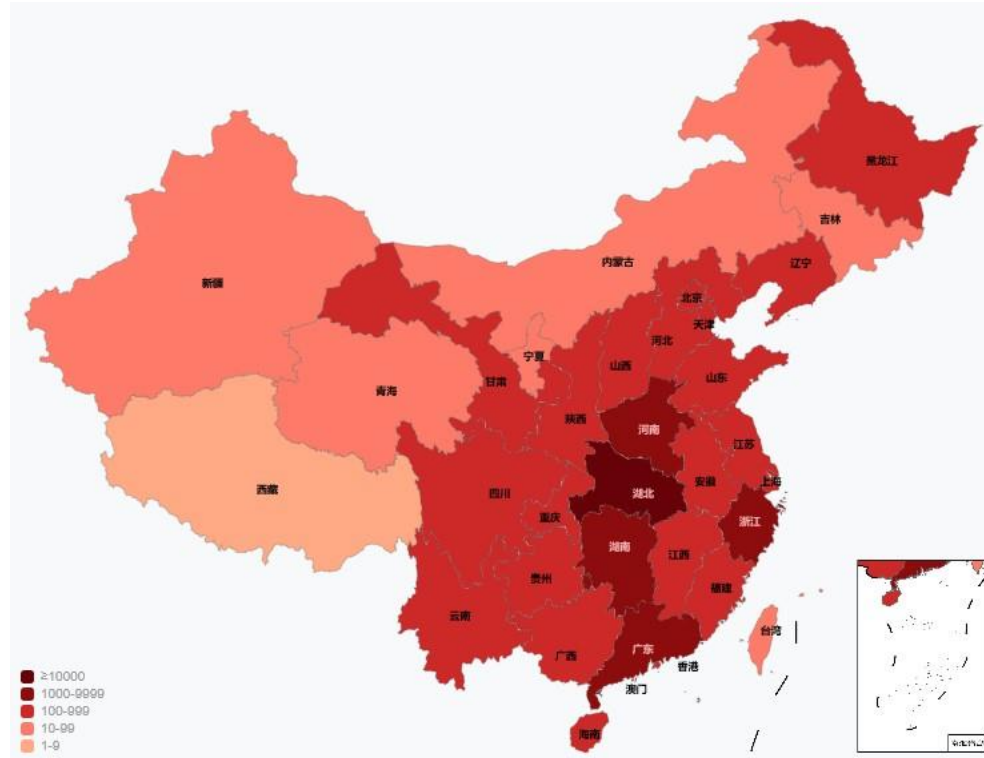
CURRENT CONFIRMED CASES



Data Source: https://voice.baidu.com/act/newpneumonia/newpneumonia/?from=osari_pc_1
Chinese Only

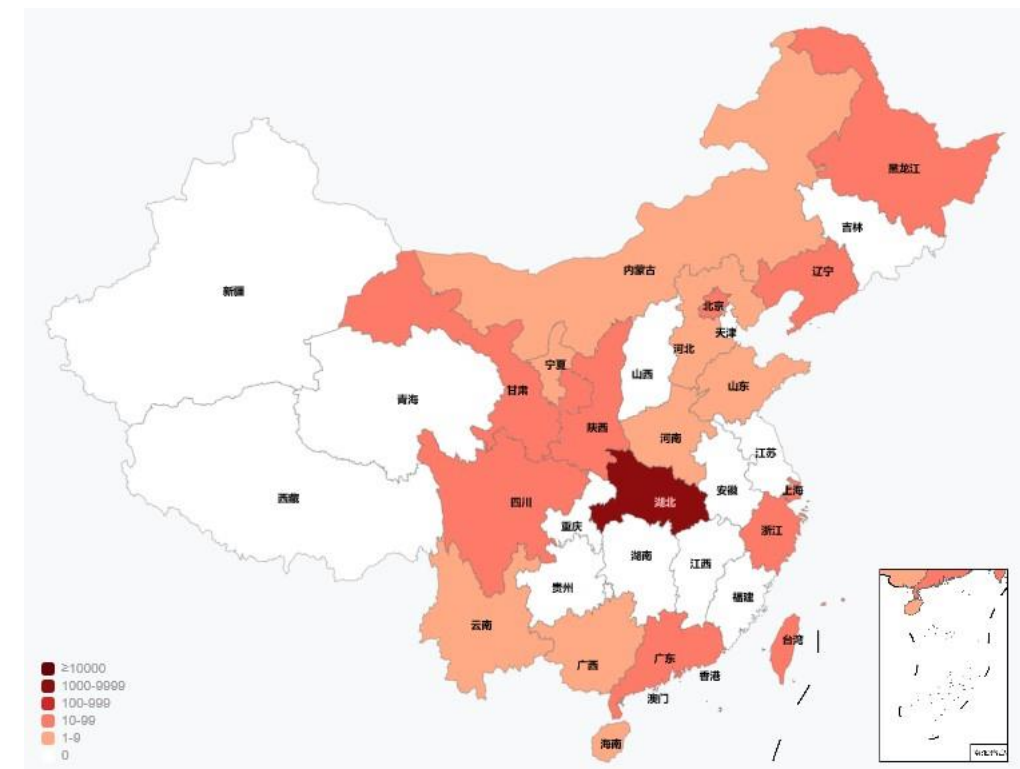
Recovery is Underway in China

CUMULATIVE CONFIRMED CASES BY PROVINCE



(Data as of Mar 13)

CURRENT CONFIRMED CASES BY PROVINCE



(Data as of Mar 13)

Data Source: https://voice.baidu.com/act/newpneumonia/newpneumonia/?from=osari_pc_1
Chinese Only

Strong Measures Taken to Restrict Movement of People

Chinese authorities implemented agile “social distancing” measures across the entire country to contain the spread of the coronavirus



City Lockdowns:

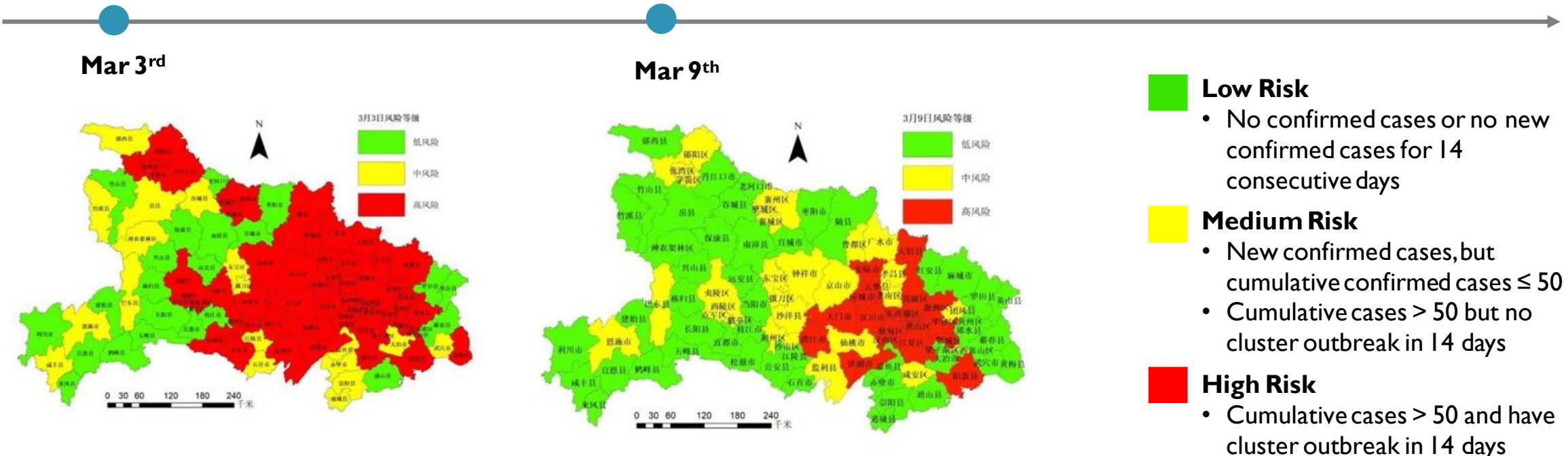


Social Distancing in other regions:



Self Quarantine:

RISK LEVEL IN HUBEI PROVINCE



Data Source: Wechat Article

National Efforts: Fighting the Coronavirus while Calling for Production Resumption



China has rolled out perhaps the most ambitious and agile **disease containment effort** in history



China is **meticulously expanding business operations** with a precise approach that prioritizes regions

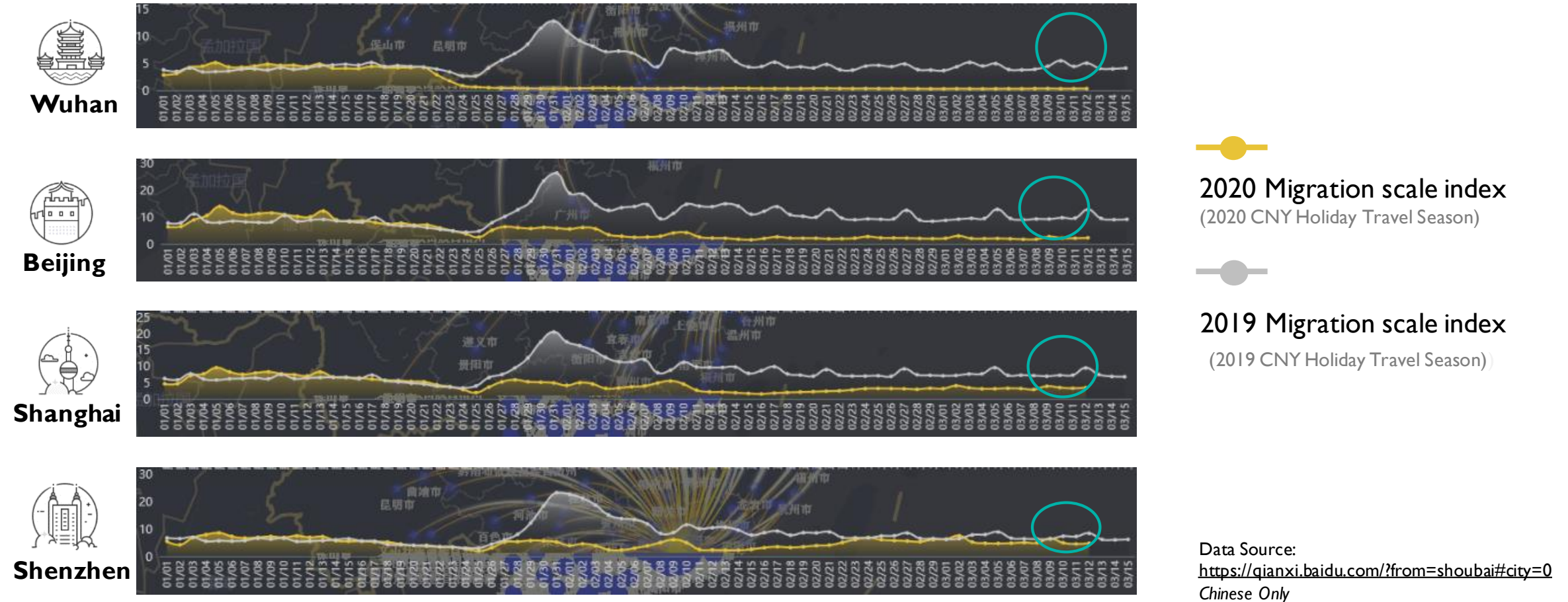


D&B China's Efforts:

- **Medical Supplier Directory:** D&B China provided 10,000+ overseas medical suppliers directory to public
- **Free Credit Check:** D&B China also provided a free credit check offering to the public to help organizations and companies mitigate foreign trade risks as our contribution to battling the coronavirus in China

Population is Returning to Work Locations

Baidu Migration scale index reflects the size of the population moving in, and can be compared between cities

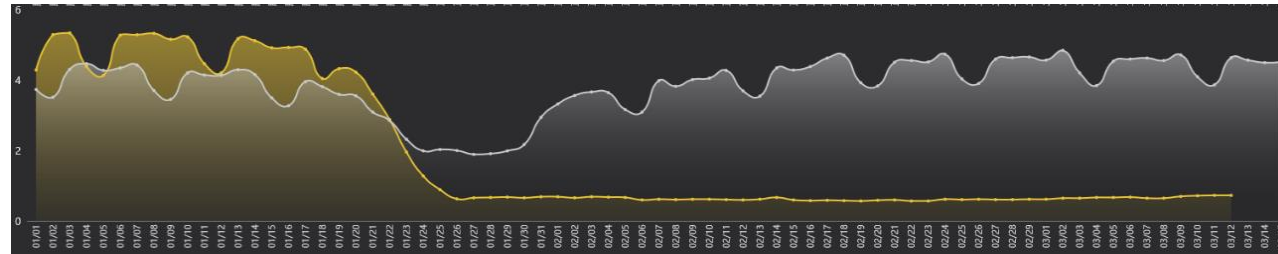


Economic Activities in Major Cities Begin to Resume

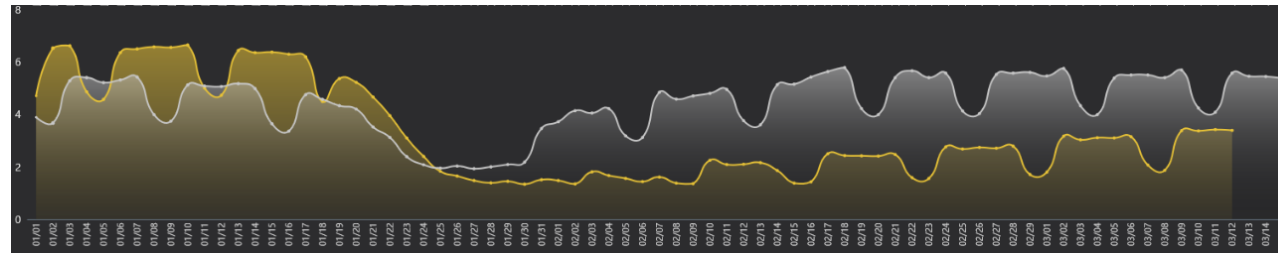
Intracity Transport Intensity Index: The index reflects the ratio of the number of people who travel within the city to the resident population of the city



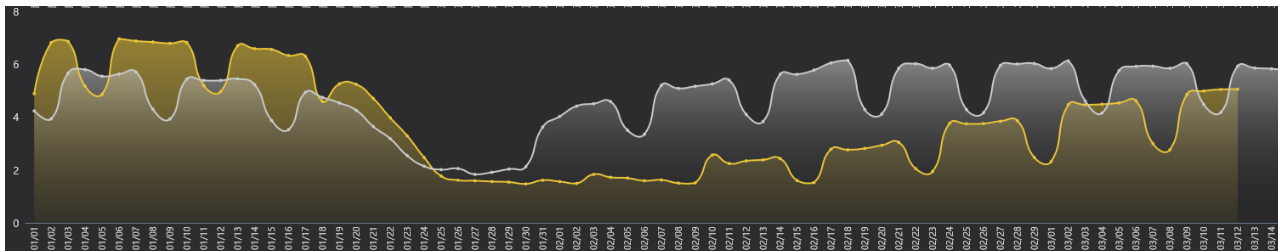
Wuhan



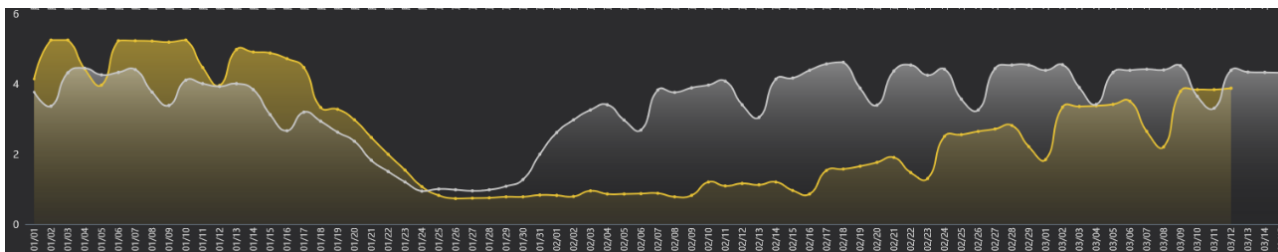
Beijing



Shanghai



Shenzhen



2020 Intracity Transport Intensity Index
(2020 CNY Holiday Travel Season)



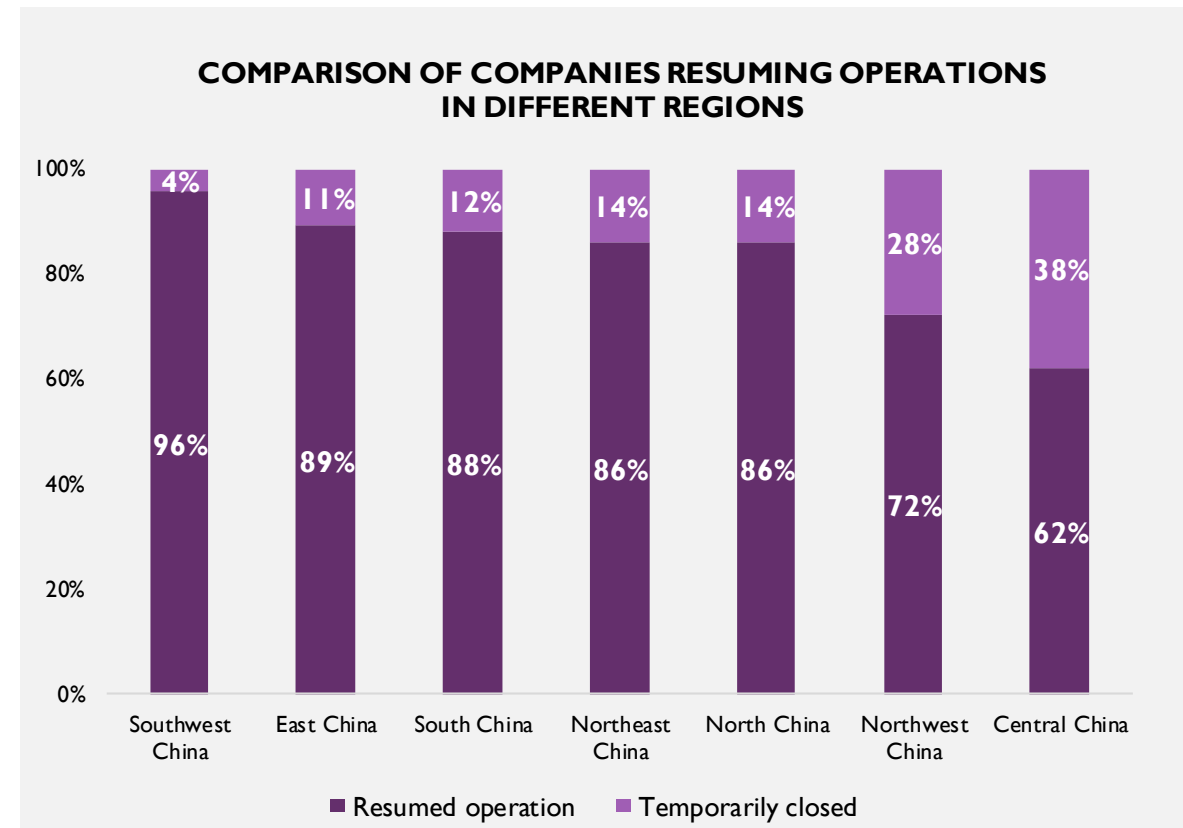
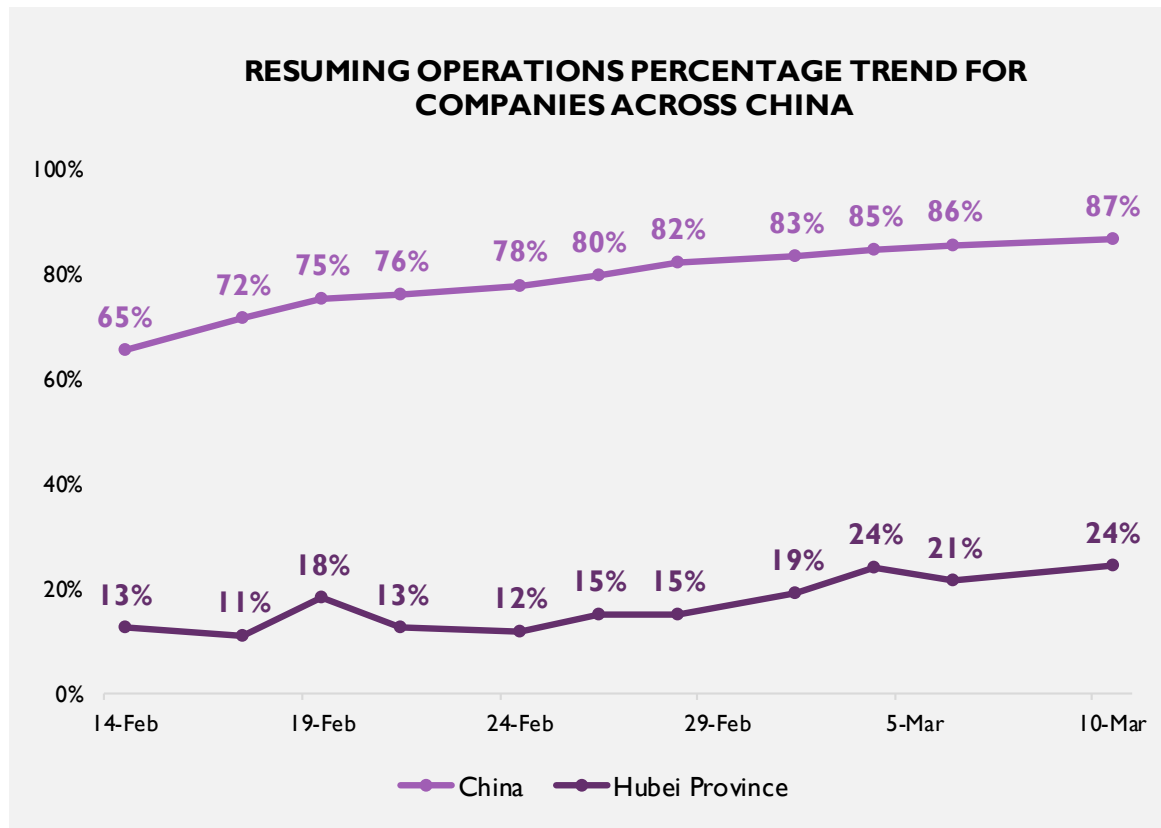
2019 Intracity Transport Intensity Index
(2019 CNY Holiday Travel Season)

(Data as of Mar 13)

Data Source:
<https://qianxi.baidu.com/?from=shoubai#city=0>
Chinese Only

Dun & Bradstreet Survey Findings: Companies across China are Resuming Operations

'Impact Assessment of Pandemic to China Business' section in the Business Intelligence Reports performs ongoing research of companies' recovery status



Source: Dun & Bradstreet Business Intelligence Reports for Mainland China and Hong Kong SAR; as of March 10

Survey Findings: Sector Impact

≈90%

of major industries are resuming business as of March 13, however the impact has been felt widely

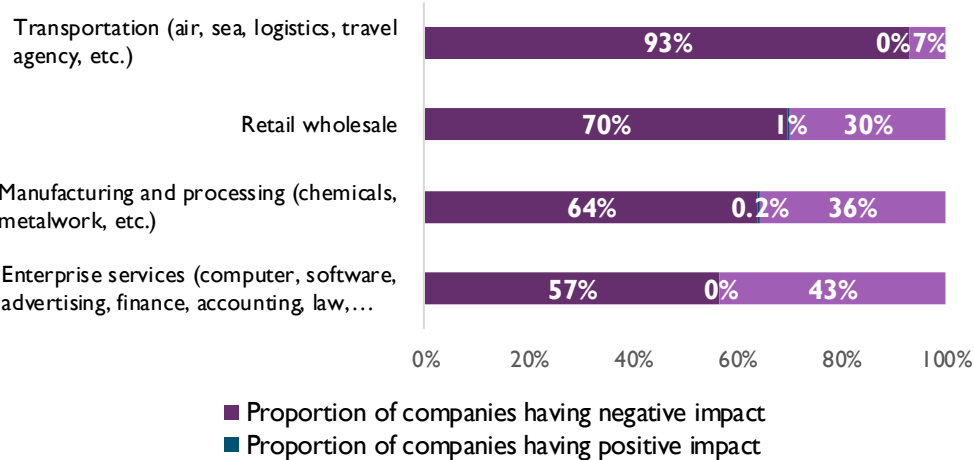
ANTICIPATED DECLINES

- 40%** transportation most widely affected: 3 companies predict 40%
- 19%** Q1 2020 - manufacturing and processing
- 37%** Q1 2020 – retail and wholesale
- 17%** Q1 2020 – corporate services

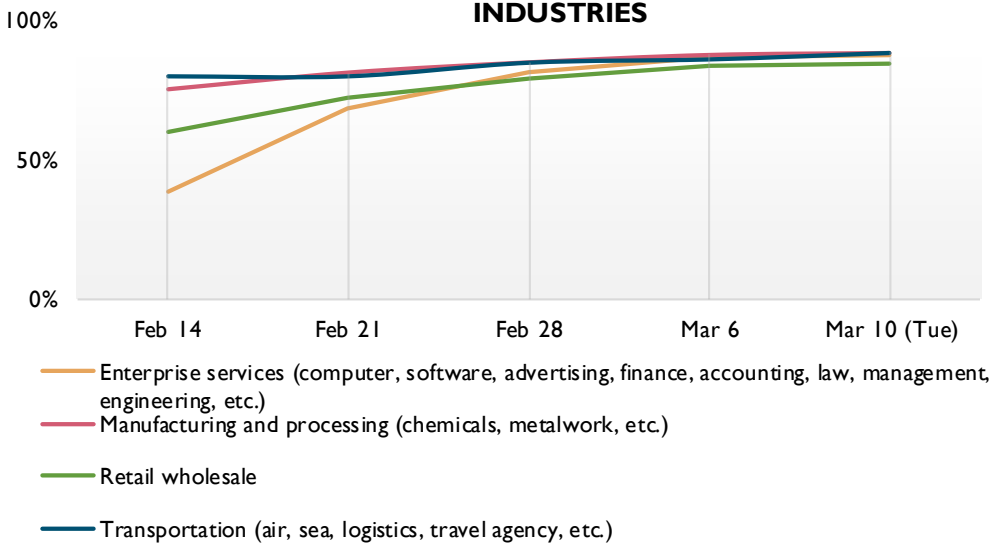
POSITIVE RESULTS

+20-30% in e-commerce, respiratory materials, medical equipment, and supermarkets for retail, wholesale, and manufacturing

COVID-19 IMPACT ON COMPANIES BY INDUSTRIES



RESUMING OPERATION TREND OF COMPANIES BY INDUSTRIES



Source: Dun & Bradstreet Business Intelligence Reports for Mainland China and Hong Kong SAR; as of March 10

Boost to China's Online Industries

The outbreak has speeded up digitization of various industries in China. People are getting used to applying social and digital in their daily work and entertainment



According to latest social sentiment research reports, people show a lot of confidence in next phase development of **Online Working, Online Education, Online Gaming** and **Online Video**



Positive anticipation is also shown for the future development of social networks as there has been a significant social traffic increase during the quarantine period.



Online Work



Online Gaming



Online Video



Online Education

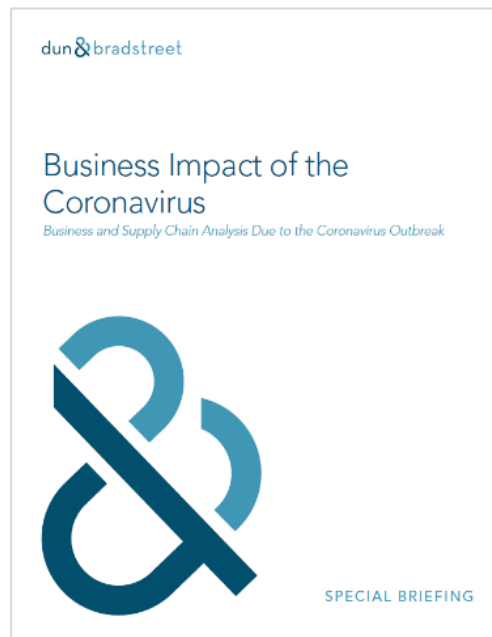
Q&A and Closing Comments

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Dun & Bradstreet Resources

READ OUR LATEST INSIGHTS

[Special Briefing Report:
Business Impact of the
Coronavirus](#)



[Global Business Risk Report:
Q1 2020](#)



Contact Dun & Bradstreet to find out about our Supplier and Customer Intelligence capabilities and how we can help you understand your potential risks.

Reach out to your Account Executive, local office, or contact us online for country-specific solutions.

We have also added a special section to existing Mainland China and Hong Kong SAR Dun & Bradstreet Business Information Reports.

Q & A

Dun & Bradstreet is Here to Assist

CONTACT US DIRECTLY OR VISIT YOUR LOCAL DUN & BRADSTREET WEB SITE
www.linkedin.com/company/dun-&-bradstreet and @DunBradstreet



Brian Alster

General Manager
Third-Party Risk &
Compliance Solutions
Dun & Bradstreet

AlsterB@dnb.com
[linkedin.com/in/brian-alster-6908284](https://www.linkedin.com/in/brian-alster-6908284)
www.dnb.com



Markus Kuger

Chief Economist
Dun & Bradstreet

KugerM@dnb.com
[linkedin.com/in/markus-kuger-a4111635](https://www.linkedin.com/in/markus-kuger-a4111635)
www.dnb.co.uk



Andrew Wu

General Manager
Mainland China &
Hong Kong SAR
Dun & Bradstreet

WuA@dnb.com
[linkedin.com/in/andrewgywu](https://www.linkedin.com/in/andrewgywu)
www.dnbchina.com

Thank You!
謝謝
Dankjewel
merci
ありがとう
धन्यवाद