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# SMALL BUSINESS WEBINAR

Economic, business and financial  
guidance and insights

28 May 2020

The webinar starts at 9:00

see money differently

**NEDBANK**

**Busi Radebe**  
NEDBANK ECONOMIST



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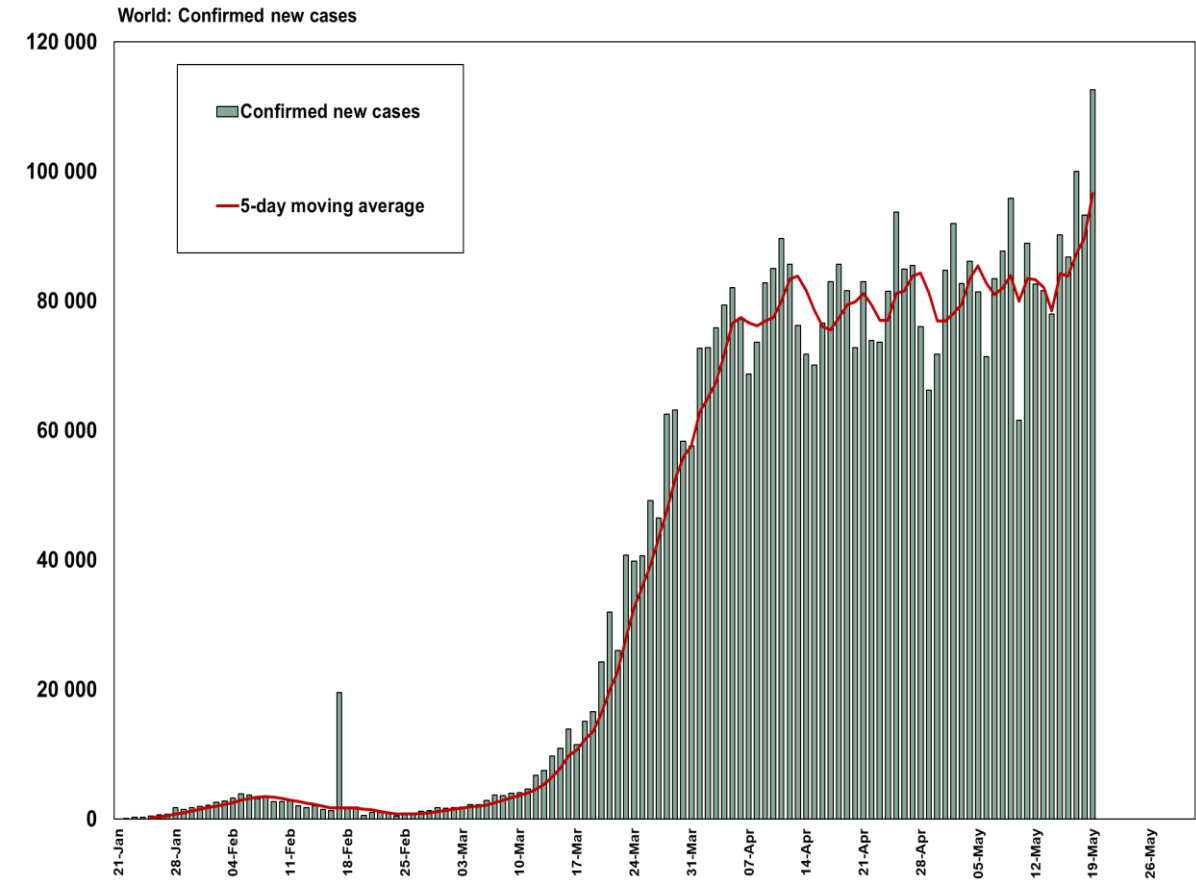
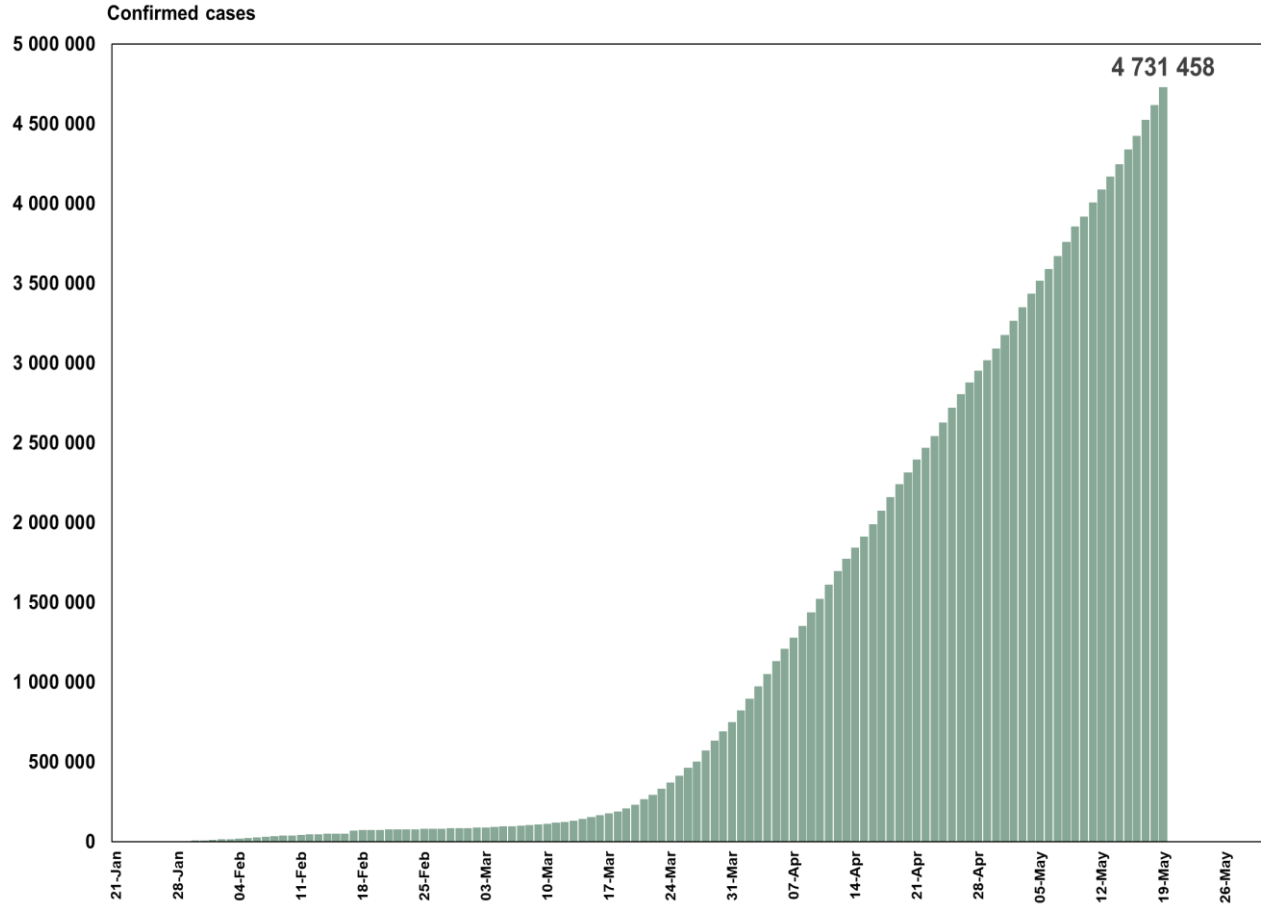
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# ECONOMIC OUTLOOK IN A TIME OF COVID-19

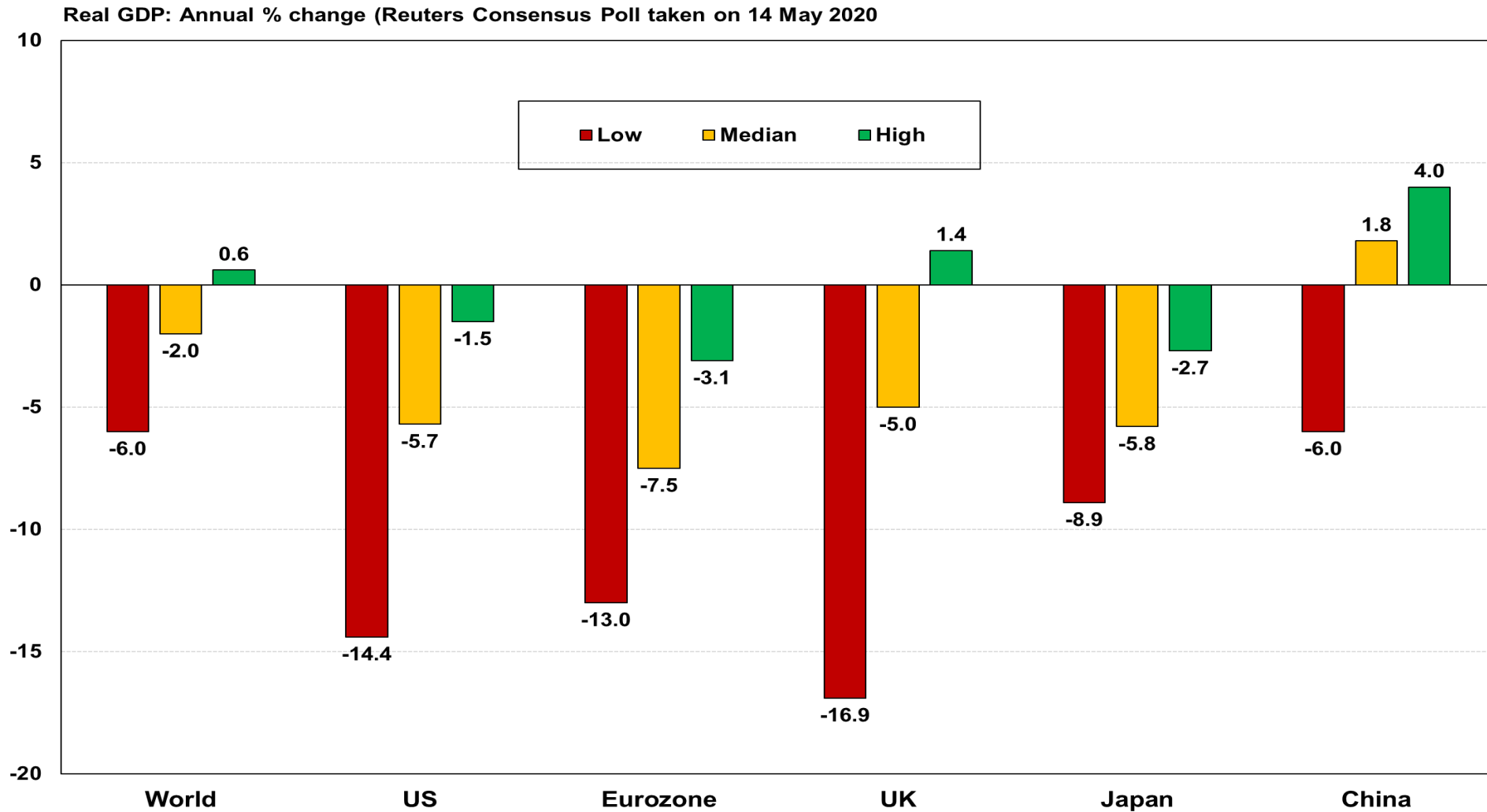
When will South Africa recover?

# GLOBAL REACH OF THE VIRUS



Source: WHO

# GLOBAL GROWTH WEIGHED DOWN



Source: Refinitiv

# DOMESTIC GROWTH FALLOUT

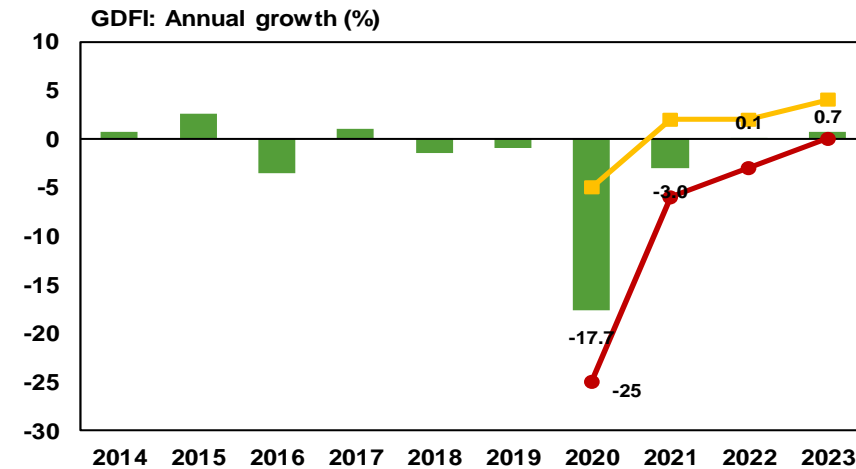
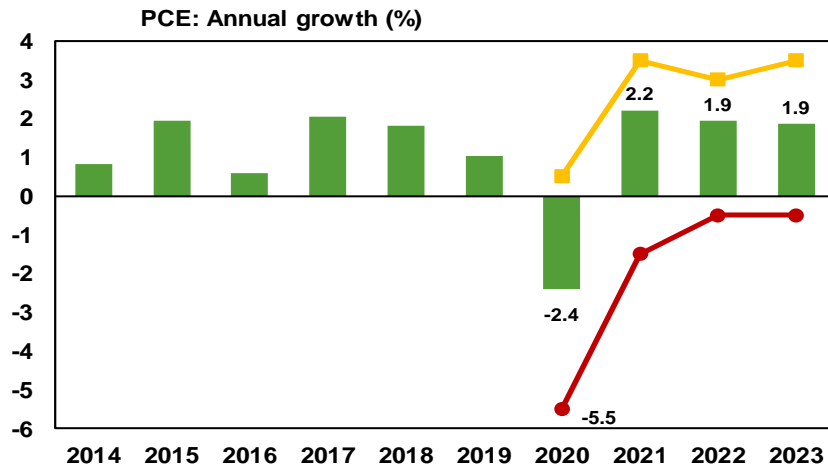
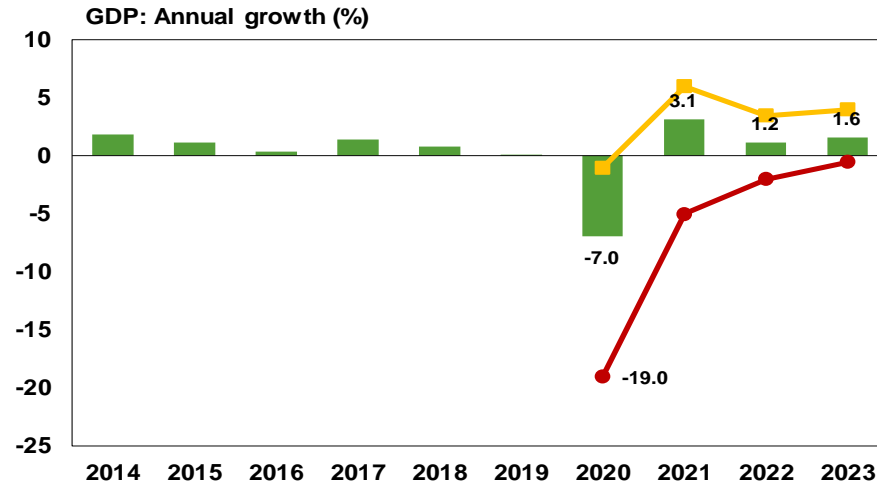
## BUSINESS CYCLE: EXPECTED TRAJECTORY

### COVID-19 assumptions

- 1 Early actions contain transmission in line with DOH's assumptions
- 2 Rate of transmission picks up as restrictions are lifted & testing extended to greater portion of population
- 3 State adopts extremely gradual path to re-opening the economy

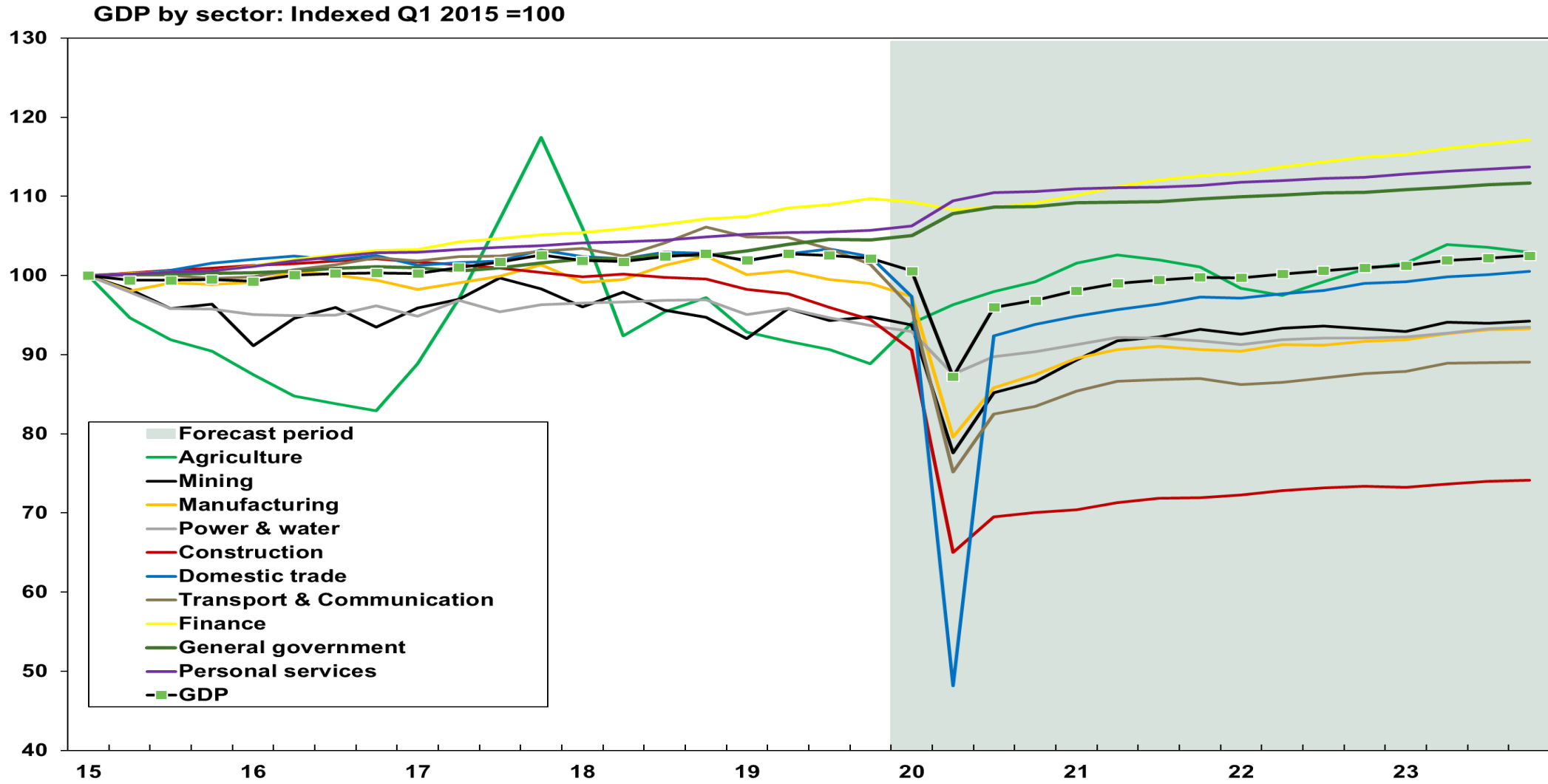
### Lockdown assumptions

- 1 35 days at level 5 not repeated
- 2 31 days at level 4
- 3 61 days at level 3
- 4 Aug/Sept transition to level 2



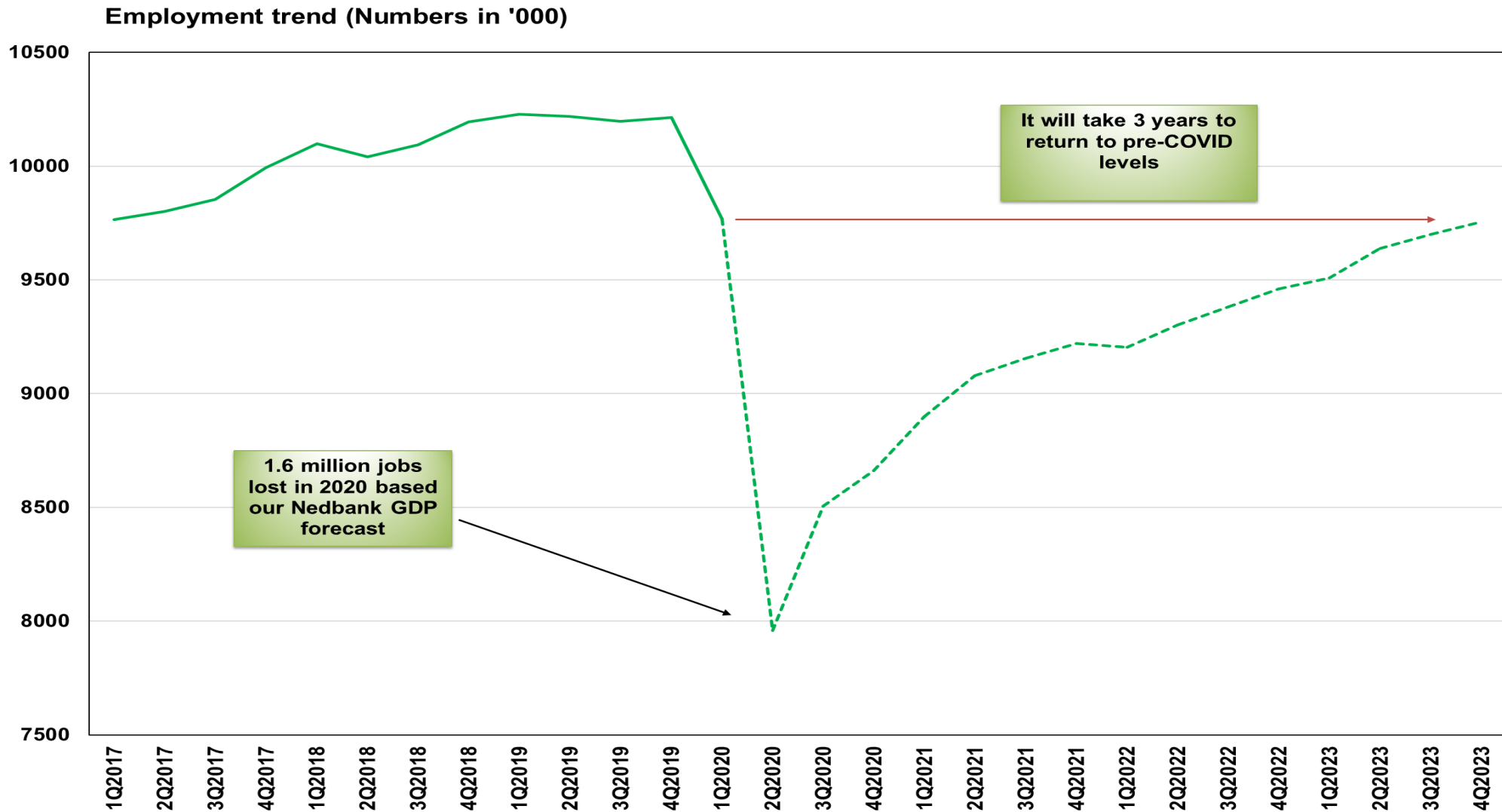
Source: NGEU, Stats SA

# SECTORAL IMPACT OF COVID-19



Source: NGEU, Stats SA

# LABOUR IMPACT OF COVID-19

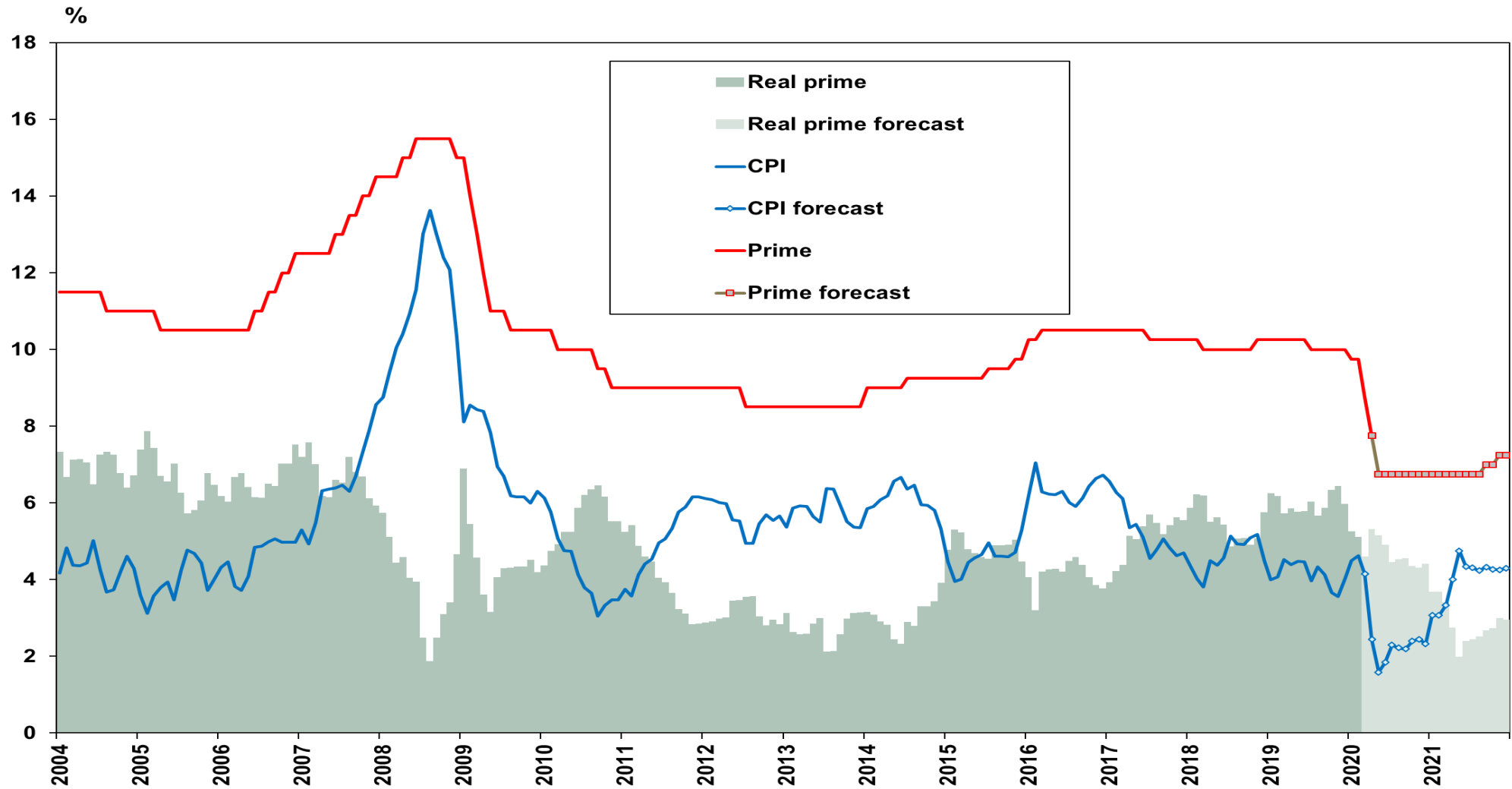


Source: NGEU, Stats SA



Phase 2: COVID-19 Fiscal Response Package		
Key Focus Areas	Support details	R billion
Health & other frontline services		20
Municipalities		20
Hunger & social distress relief		50
	<p><b>Child support for child grant beneficiaries</b>                      Additional R300 pm in May                      Additional R500 pm over June-October                      Other grant beneficiaries receive an additional R250 pm for 6 months</p> <p><b>COVID-19 Social Relief of Distress Grant</b>                      Currently unemployed will receive R350 pm for 6 months</p> <p><b>Food distribution</b>                      SA Social Security Agency (SASSA) provide vouchers &amp; cash transfers</p>	
<b>Job protection &amp; creation</b>		<b>140</b>
	<p><b>Income support payments for workers whose employers are not able to pay their wages</b></p> <p><b>Support for SMEs and informal business</b>                      So far UIF special COVID-19 benefit paid out R1.6 billion to over 37000 companies and 600000 workers                      Support to SMM Es, spaza shop owners, other informal business in the form of loans, grants and debt restructuring. The value of this assistance to date is over R100 million</p>	<p>40</p> <p>100</p>
<b>Credit Guarantee Scheme in partnership with the major banks, National Treasury &amp; SARB</b>		<b>200</b>
	<p><b>Provide bridging finance for operational costs such as salaries, rent &amp; payment of suppliers</b></p>	
<b>Additional tax relief:</b>		<b>70</b>
	<p>4-month holiday for companies' skills development levy contributions                      fast-tracking VAT refunds                      3-month delay for filing &amp; first payment of carbon tax                      Threshold for tax deferrals increased to R100 million a year                      The proportion of PAYE payment that can be deferred will be increased to 35%                      Businesses with turnover of R100 million p.a apply directly to SARS on case-by-case basis for deferrals of tax payments                      No penalties for late payment for those who can prove a material impact from COVID-19</p>	
<b>TOTAL</b>		<b>500</b>

# INTEREST RATE RELIEF



Source: NGEU, Stats SA, SARB

# FORECASTS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Economic growth - Annual growth rates (%)</b>											
Consumer spending	3.7	2.0	0.8	1.9	0.6	2.1	1.8	1.0	-2.4	2.2	1.9
Fixed investment	2.6	7.2	0.7	2.5	-3.5	1.0	-1.4	-0.9	-19.4	-3.8	0.1
Exports	0.8	4.0	3.6	2.9	0.4	-0.7	2.6	-2.5	-19.9	12.3	1.4
Imports	4.2	5.0	-0.6	5.4	-3.9	1.0	3.3	-0.5	-13.8	5.8	2.1
GDP	2.2	2.5	1.8	1.2	0.4	1.4	0.8	0.2	-7.0	3.1	1.2
<b>Balance of Payments</b>											
Current Account (R'bn)	-166.9	-204.8	-193.0	-187.0	-125.1	-118.2	-173.0	-153.2	-115.9	-140.1	-145.3
As % of gdp	-5.1	-5.8	-5.1	-4.6	-2.9	-2.5	-3.5	-3.0	-2.4	-2.7	-2.6
<b>Interest rates - Year-end rates</b>											
3-month JIBAR	5.13	5.22	6.13	6.63	7.36	7.16	7.15	6.80	3.60	4.14	4.38
Prime	8.50	8.50	9.25	9.75	10.50	10.25	10.25	10.00	6.75	7.25	7.50
Long bond	6.76	7.95	7.87	9.69	8.92	8.82	9.22	8.96	8.30	8.00	7.40
<b>Exchange rates - Annual averages</b>											
Rand/US\$	8.22	9.66	10.86	12.77	14.71	13.32	13.25	14.47	17.27	18.03	17.82
Rand/Euro	10.57	12.83	14.44	14.18	16.29	15.05	15.65	16.23	18.99	19.76	19.77
Rand/GBP	13.03	15.10	17.88	19.53	19.87	17.21	17.58	18.49	20.05	21.96	21.65
Yen/Rand	9.71	10.11	9.75	9.48	7.39	8.42	8.34	7.54	6.25	6.06	6.17
<b>Inflation - Annual averages</b>											
New CPI	5.6	5.8	6.1	4.6	6.4	5.3	4.7	4.1	2.8	4.0	3.8

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# COVID-19: HOW TO FRAME YOUR THINKING FOR A NEW REALITY

**Allon Raiz**  
FOUNDER AND CEO OF RAIZCORP



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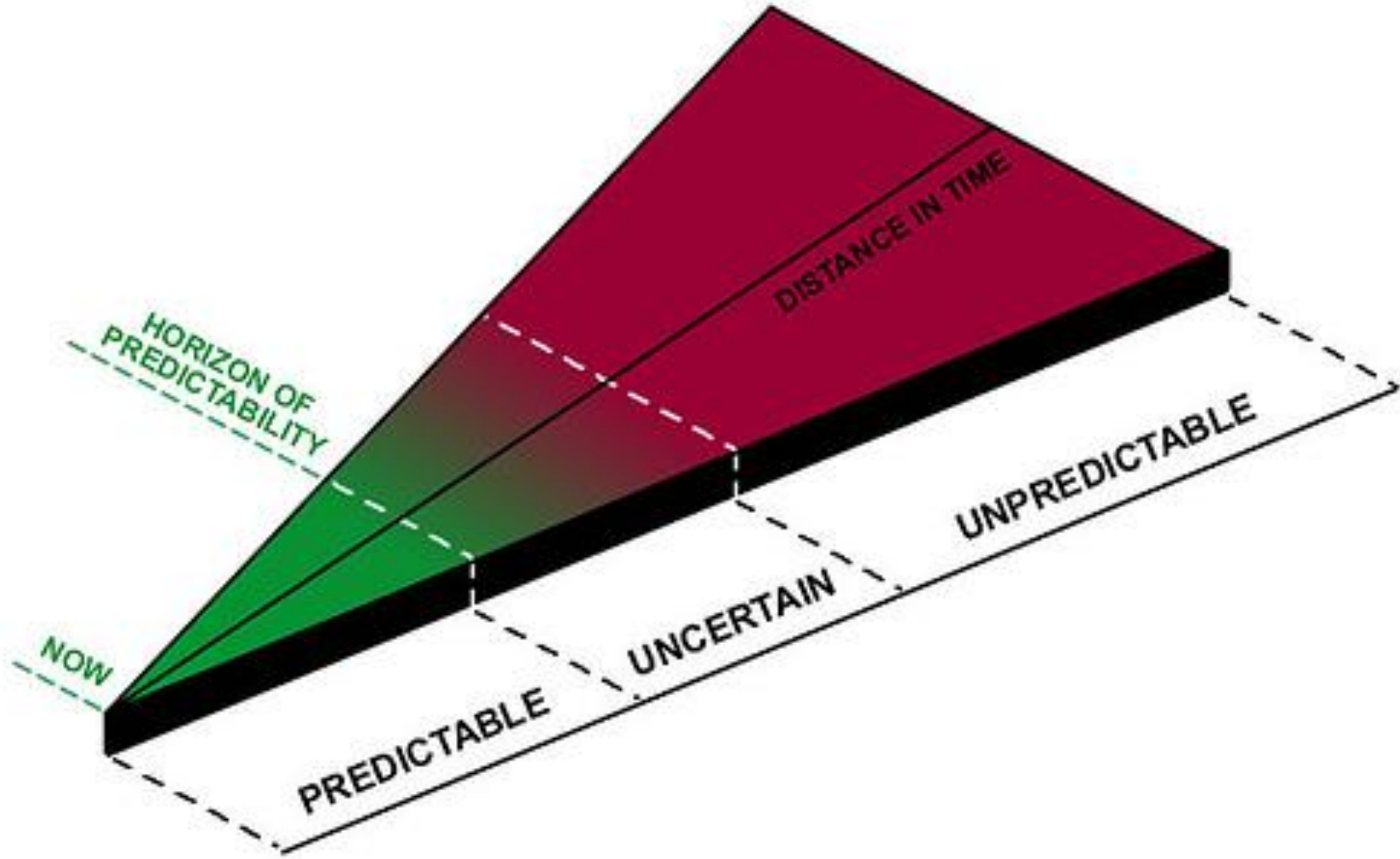
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# THE PRE-COVID-19 CONTEXT

# THERE WAS A COMFORTABLE HORIZON OF PREDICTABILITY



# YOU COULD CHOOSE OR COMPROMISE EASILY



VS



Strategically opportunistic





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# THE CURRENT CONTEXT



-\$37.10



# THE STRATEGY vs OPPORTUNISM DEBATE LEANS



VS



# A CRISIS REDUCES TIME AND MONEY (RESOURCES)



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# A NEW FRAMEWORK TO BUILD ON A POST-COVID-19 BUSINESS

# FOCUS ON THE SHIP, NOT THE DINGY

1. Your ship has come in
2. The great equalizer
3. Empires will rise; old ones will fall

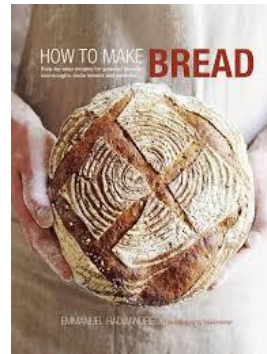


# THERE IS NO MORE GEOGRAPHY

1. [Insert name of company] International
2. SEO & AdWords
3. Fulfilment strategy
4. Product or service
5. Content is king



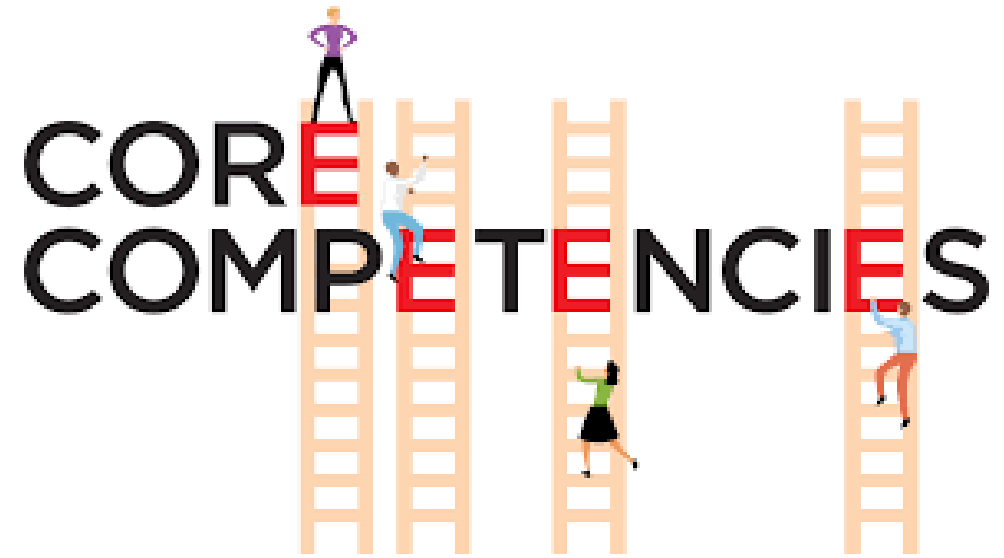
167,000 followers



Even the Plumber and the Baker are adapting



PIVOTS USING CORE  
COMPETENCIES **AND**  
MARKET VERTICALS





PRODUCER OF VALUE **AND**  
ARBITRAGER OF VALUE



## LOOKING FOR AN ISLAND TO PLANT YOUR NEW FLAG

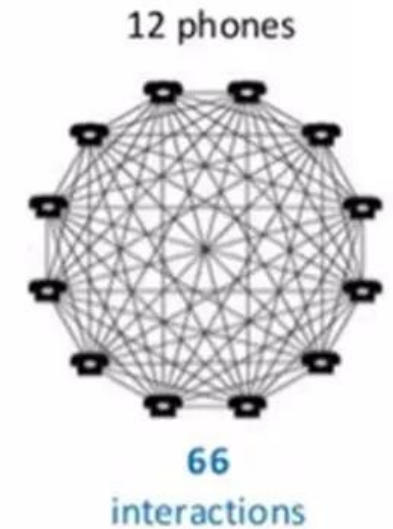
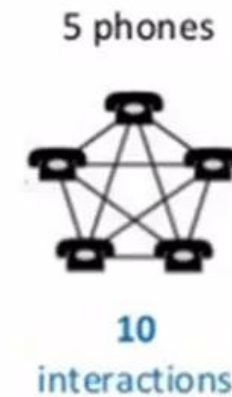
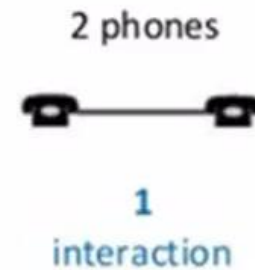
1. The beginning of certainty
2. Still fluid
3. Timing (too early you will burn; too late everyone there)
4. Positioning (where will the big opportunities be?)



## IGNITE YOUR NETWORK EFFECTS **DELIBERATELY**

### PLATFORMS LEVERAGE NETWORK EFFECTS

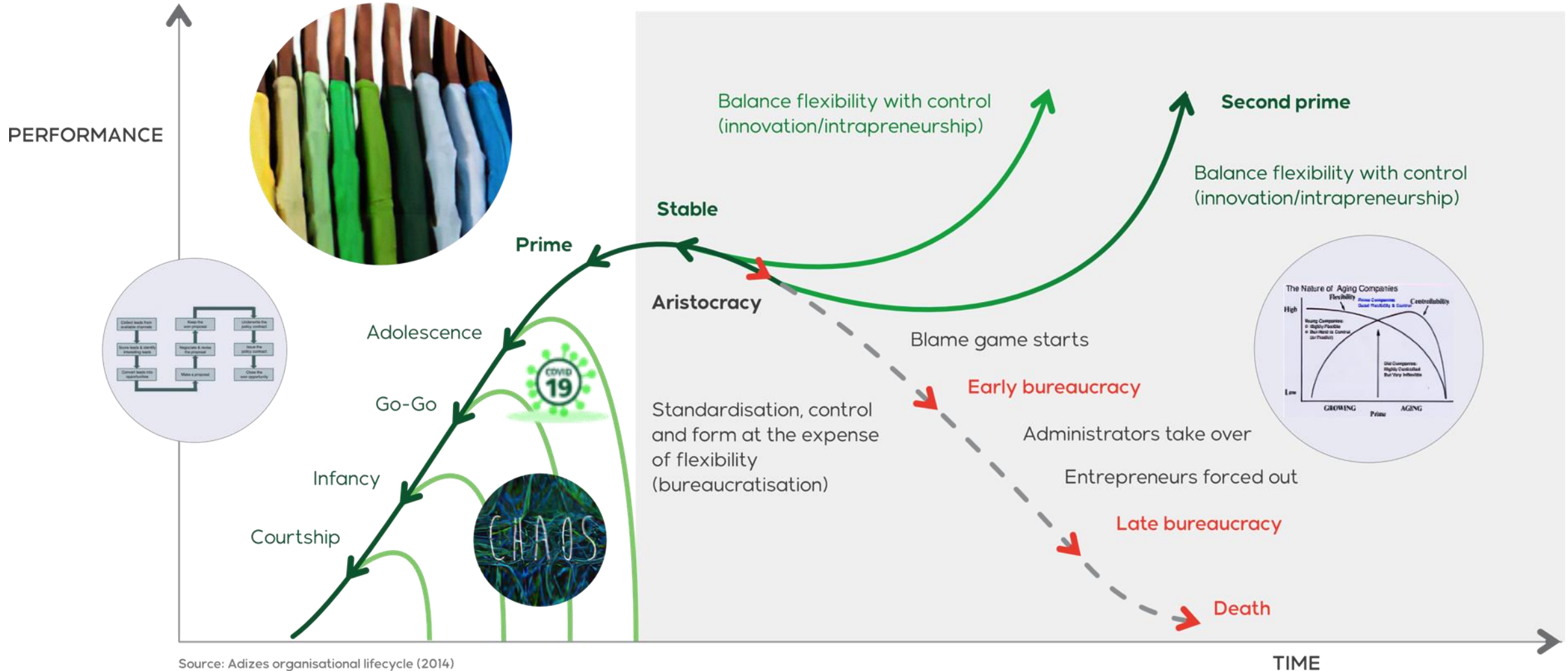
More users = more value = more users ...



1. I don't know
2. Fluid (creating semicertainty)
3. Create the framework
4. Preserve cash
5. Sell sell sell
6. Protect what we have
7. New who, what, how, where, why?
8. Specifics
9. Rhythmic communication



# LIFE CYCLE OF A COMPANY – A BALANCE



# WHERE DO YOU FOCUS?



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# COVID-19 RELIEF EFFORTS

## Alan Shannon

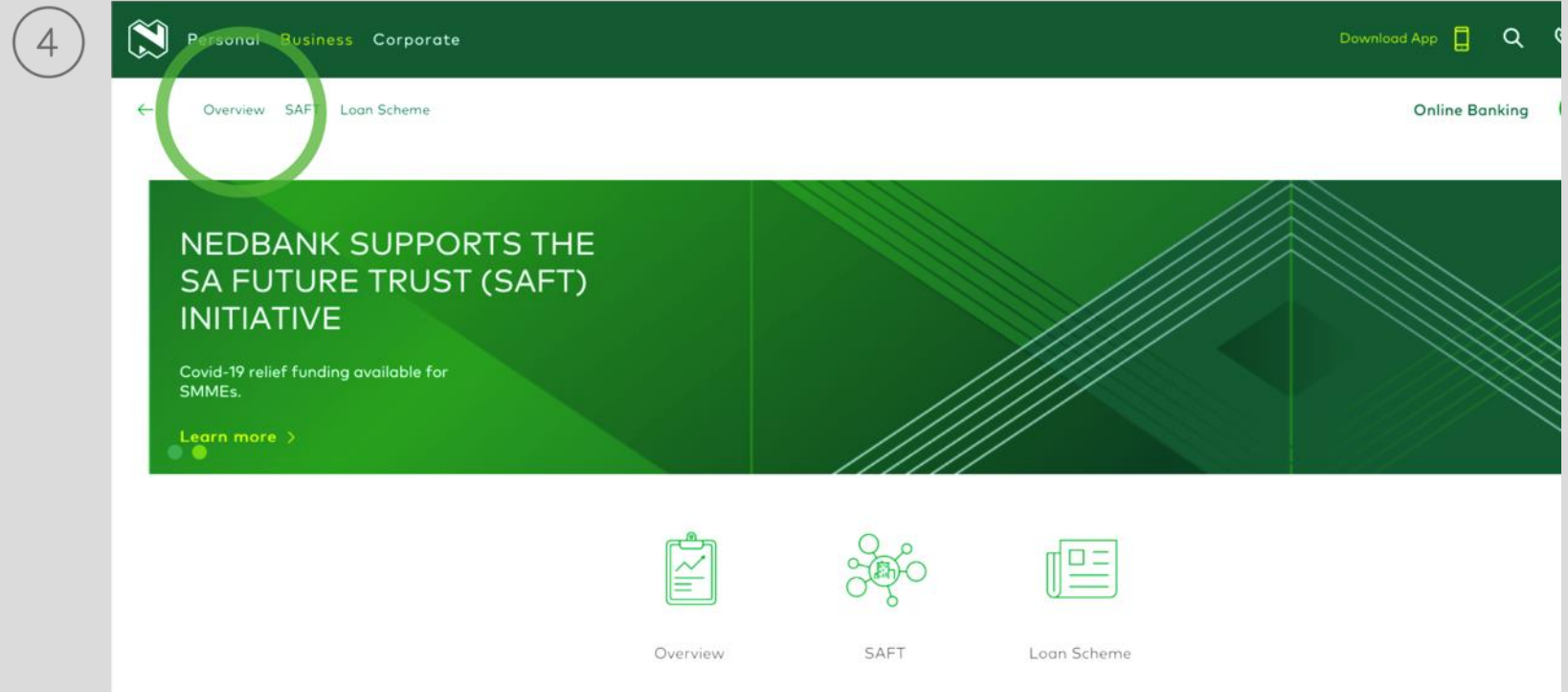
EXECUTIVE, PROFESSIONAL AND SMALL-BUSINESS BANKING CLIENT ENGAGEMENT



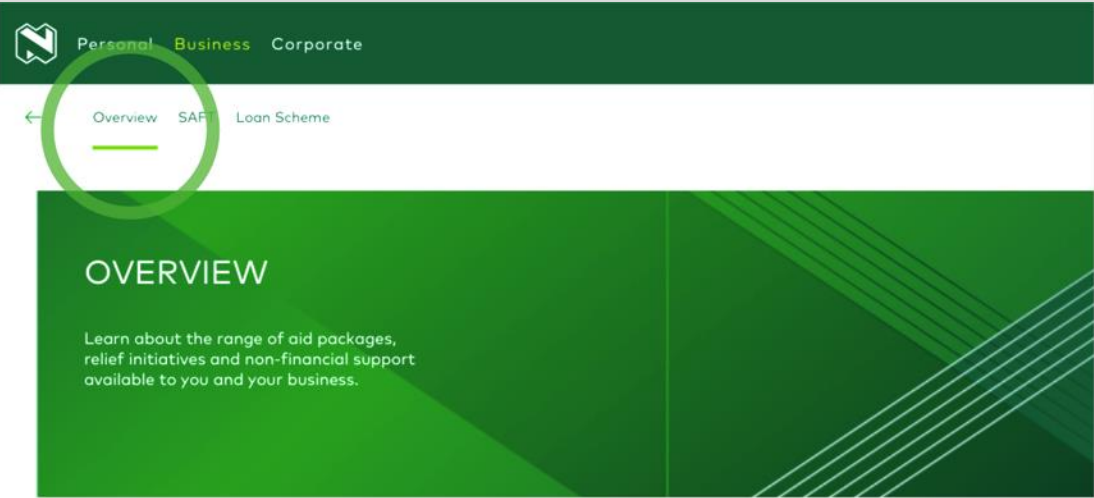


- Understanding Covid-19 relief efforts
- Payment Holidays
- South African Future Trust
- Covid-19 SME Loan Scheme
- BackaBusiness
- POS fee relief
- Beyond Banking support at [SimplyBiz.co.za](https://SimplyBiz.co.za)

## 1 Nedbank.co.za



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Personal Business Corporate

← Overview SAFT Loan Scheme

## OVERVIEW

Learn about the range of aid packages, relief initiatives and non-financial support available to you and your business.


## RELIEF MEASURES AVAILABLE TO YOU

As we all settle into our new reality and find some time to reflect on where we are and what the future may hold, we want to reach out to you. Whether you are involved in the provisioning of essential services, forced to shut your doors or finding your feet in a new time, it is in circumstances like these that new opportunities are created, and business ideas are born. As entrepreneurs, business leaders and innovators, you are rebuilding our economy, and as your bank we want to support you in your endeavours.

At Nedbank our primary focus is to ensure that we can provide you with uninterrupted service through our physical and digital channels to our clients, regulators, industry bodies and government to mitigate the impact of Covid-19 and will provide further guidance to you on how to access our services.

A range of aid packages, relief initiatives and non-financial support have been mentioned in the media, and as your bank, we have also been mentioned. For easier reference, we have summarised all the options that are available right now. We will keep you informed as other options become available.

6



Personal Business Corporate

← Overview SAFT Loan Scheme

## COVID-19 SME LOAN SCHEME

Applications are now open effective 12 May

### WHAT IS THE COVID-19 SME LOAN SCHEME?

This loan scheme, announced by the president on 21 April 2020, is an initiative by government, in partnership with banks, to support the recovery of the South African economy. The scheme offers five-year-term loans at the prime lending rate to cover the next three months of business operating expenses.

### DETAILS OF LOAN OFFERING

The following **loan constructs** are offered to qualifying SMEs:

- Term loan (66 months/5,5 years).
- Priced at prime interest rate.
- No payments due for the first six months (but interest accrues).
- After six months the loan is to be repaid through equal monthly instalments over five years.
- Loans can be repaid earlier in full without penalties.



A **R1 billion fund**, donated by the Oppenheimer Family, placed into the South African Future Trust.

The Fund provides interest-free loans to small businesses to enable the continuance of employee wage payments.

- **Nedbank requested, and has distributed R300 million of this fund**, providing some reprieve to over 2 500 small businesses and 26 000 employees.
- Peer banks also been acting as agents to this Fund.
- Fund has now been exhausted, but collectively more than 80 000 employees of small businesses have felt the value of the Fund.

# COVID-19 SME LOAN SCHEME

Applications are now open

EFFECTIVE  
12 MAY

A loan scheme, **initiated by National Government (Treasury and SARB)** designed to provide support to businesses with their short-term operating expenses.

- The scheme provides funding at the Prime lending rate (irrespective of institution).
- It requires borrowers to repay the loan over a period of 60 months; payments only start six months after signing the loan agreement.
- Applicants are to seek assistance from their main transactional bank only.
- The loan is designed to facilitate a business's operating costs for a period of three months.

## HOW TO PREPARE – THE CRITERIA

1

Businesses with turnover  
< R300 million per annum

2

Must be registered  
with SARS

3

Be in 'good-standing'  
as at 29 February 2020

4

An ability to demonstrate  
a direct impact of Covid-19  
on your business

5

Your capacity to borrow  
through other means  
has been exhausted



## THE APPLICATION REQUIREMENTS

- Complete application form (Nedbank.co.za).
- Provide latest annual financial statements (not older than 2019).
- Provide a cashflow forecast for the next 12 months.

### Optional

- A Personal Statement of Assets and Liabilities of the individual business owners.

Applications to please be submitted to your relationship banker.

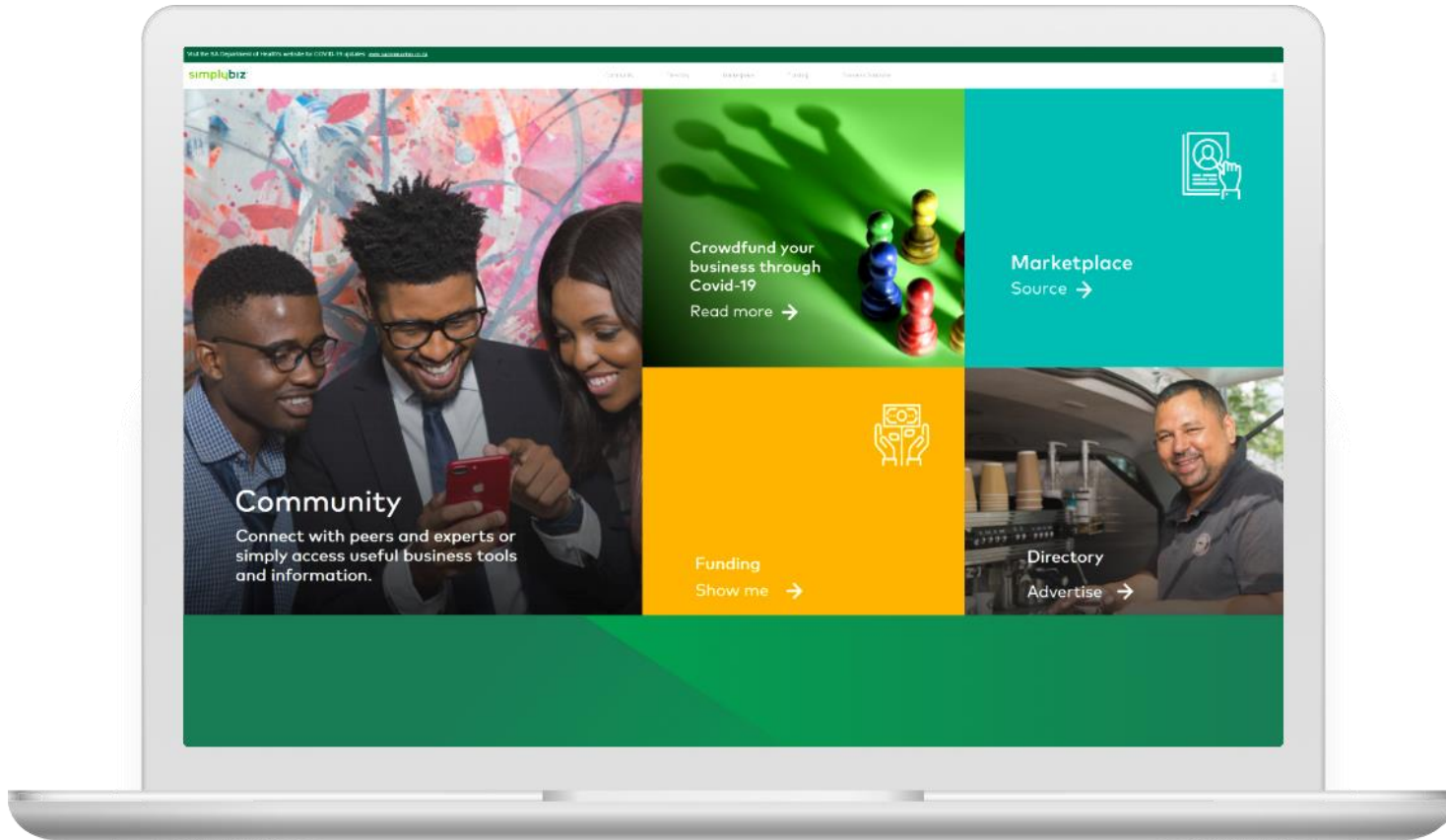
## JOIN THE BACKABUSINESS MOVEMENT



Crowdfund your business through COVID-19, with people that have your back! Join the **BackaBusiness** movement and stand the chance to win R10 000\*.

- Crowdfund your way through the Covid-19 crisis.
- Give your customers and the opportunity to buy vouchers and rewards now, redeem them later.
- Potentially popular among the customers that love, trust and are loyal to your brand.
- Register on **SimplyBiz.co.za** and start a project on **Thundafund** (Africa's largest crowdfunding platform).





## SimplyBiz®

- Peer and expert advice.
- Library of useful business resources.
- Position your business with another business, open B2B opportunities.
- Explore alternate funding mechanisms.
- Host of business solutions.

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# QUESTIONS

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- For debt relief: contact your dedicated banker
- Visit [nedbank.co.za / business / covid-19 relief](https://nedbank.co.za/business/covid-19-relief)
- Join SimplyBiz® for support

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# THANK YOU

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