

DUBAI – MAY 2020

UNDERSTANDING THE IMPACT OF COVID-19 IN THE UAE AND GCC REGION

Opportunities and Implication for Growth



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IMPACT OF THE COVID-19 ON THE GCC REGION

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IMPACT OVERVIEW ON THE ECONOMIC ENVIRONMENT



COVID-19 current situation in the UAE

/ Lockdown evolution :

- Lockdown is partially lifted for Dubai and Abu Dhabi starting on April 24th.
- Leaving the house without digital permit is now allowed in Dubaï, between 6 AM and 10 PM.
- Curfew is still effecting for disinfection campaigns from 10 PM to 6 AM every day.
- Wearing a mask is mandatory when leaving the house.
- Access to Malls & Restaurants is restricted to 30 % of their initial capacity.
- Sanitizing campaigns are set up in every public spaces & streets.
- Employees should not exceed 30% of the total workforce on site and for a maximum of 6 hours per day, only if necessary. Employees are still invited to work from home as often as they can.
- Family gathering is tolerated if not exceeding 5 persons.
- Buses and taxi operate as normal while Dubai metro will be operational from 7 AM to 11 PM.
- Gyms, cinemas, prayer rooms, public seating areas, and other entertainment venues, will remain closed.

/ Number of cases (May 11th 2020)

18190 confirmed

198 reported deaths

4 804 recovered

/ **40 000 people are being tested every day in the UAE**

/ **The UAE is ranking in top 3 of countries testing the most their population.**

2020 Brent crude oil prices evolution

AS THE GCC REGION REMAIN DEPENDENT ON OIL INDUSTRY, SLUMP OF OIL PRICES HAVE SEVERELY SHOOKED THE REGIONAL ECONOMY



2016	2017	2018	2019
43.5 \$	54.2 \$	71.2 \$	64.3 \$

Brent crude oil prices evolution for Q1 2020

January : 65\$
February : 55\$
March: 19\$
April: 21\$

- **February 2020:** oil demand from China (chief buyer of oil from the Gulf States and the region's largest economic partner) fell, consumption decreasing by 20%.
- **March 2020:** the slump in demand for oil triggered by the COVID-19 outbreak led to the collapse of cooperation between producers, primarily between Saudi Arabia and Russia, and has sparked an all-out price war for oil market share.
- **April 2020:** OPEC+ Agrees to less than 10 Million Bpd Cut, whilst global demand has fallen by around 30 million bpd >> oil prices are likely to continue to test the downside of recent lows as level of demand is way below production.

COVID-19 impact on several industries

NEGATIVE IMPACT



Aviation



Textile



Chemicals



Luxury
Retail



Personal
Services



Construction
Real Estate



Automotive



Travel &
Hospitality



HORECA

LIMITED IMPACT



Logistics



Utilities



Traditional media
Entertainment



Pharmaceuticals



IT Services

POSITIVE IMPACT



Digital
services



Telecom and
Internet providers



Digital
media



Digital payment
Portals



Food



E-retail &
Home deliveries



Healthcare



Education

Focus on Dubai: GDP analysis per industry

THE COVID-19 HAS AFFECTED DIFFERENTLY SEVERAL INDUSTRIES WITHIN THE EMIRATES, FOR NEARLY 50% OF 2018 GDP

Dubai GDP Share and Growth per industry, 2008-2022

Industry	% Share of 2008 Nominal GDP	% Share of 2018 Nominal GDP	Impact of COVID-19 on GDP
Wholesale and retail trade	28.1%	25.2%	➡
Transportation and storage	9.8%	11.7%	➡
Financial and insurance	11.1%	10.9%	⬇
Manufacturing	8.4%	9.0%	⬇
Real estate	7.8%	6.6%	⬇
Construction	13.2%	6.3%	⬇
Accommodation and food service	2.5%	4.5%	⬇
Mining and quarrying	1.7%	1.0%	➡

Sources: Dubai Statistics Center;
Department of Economic
Development; Dubai Corporation of
Tourism & Commerce Marketing;

Industries growing through COVID-19 context

HEALTH



- GCC countries observed same brutal growth as the rest of the world for demand in **sanitation** and **protection items** with quick **shortages** affecting several countries including the GCC (sanitizers, gloves and face masks being on top of the list).



- **Anxiety** and **stress** being caused by lockdowns have created new needs: exercising at home and taking care of mental health. Through several **Apps**, customers have been able to relax and take care of themselves not only physically but also mentally.



- In order to avoid unnecessary medical visits, patients have been encouraged to use **online health services** for diagnostics and medical prescriptions.

DIGITAL



- With most employees working from home, companies had to invest in **remote softwares** and videoconferencing so they can keep working efficiently.



- Laptops, headsets, superior wifi, phone plans with more data etc. also benefit from this **work from home policy** and **online learning** process, leading to an instant growing demand for these technologies and equipments allowing working & learning in the best conditions.



- Streaming media, eBooks, e-sports, Gaming etc. **Adapted entertainment** available at home are key trends to keep the population entertained and help them passing times while in quarantine.

E-COMMERCE

Lockdowns generate **new consuming behavior** as people cannot and/or do not want to leave their house, but still need goods for everyday life, and/or to treat themselves in this hard time.

As a consequence, online shopping is experiencing a great growth (e.g. Amazon) and meal prep companies and local delivery Apps follow the same path (e.g. Talabat, Uber Eats, Instashop).



Overview of the COVID-19 impact on several industries

DEMAND ACROSS INDUSTRIES IS AFFECTED BY:



Global economic slow down and low export demand

Downsizing pay cuts causing purchase postponement and cost cutting

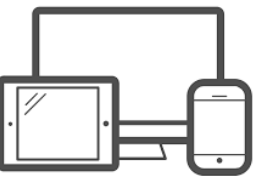


GLOBAL DEMAND



Low investors and consumers confidence in future

Changing consumer behavior — digital ready citizens



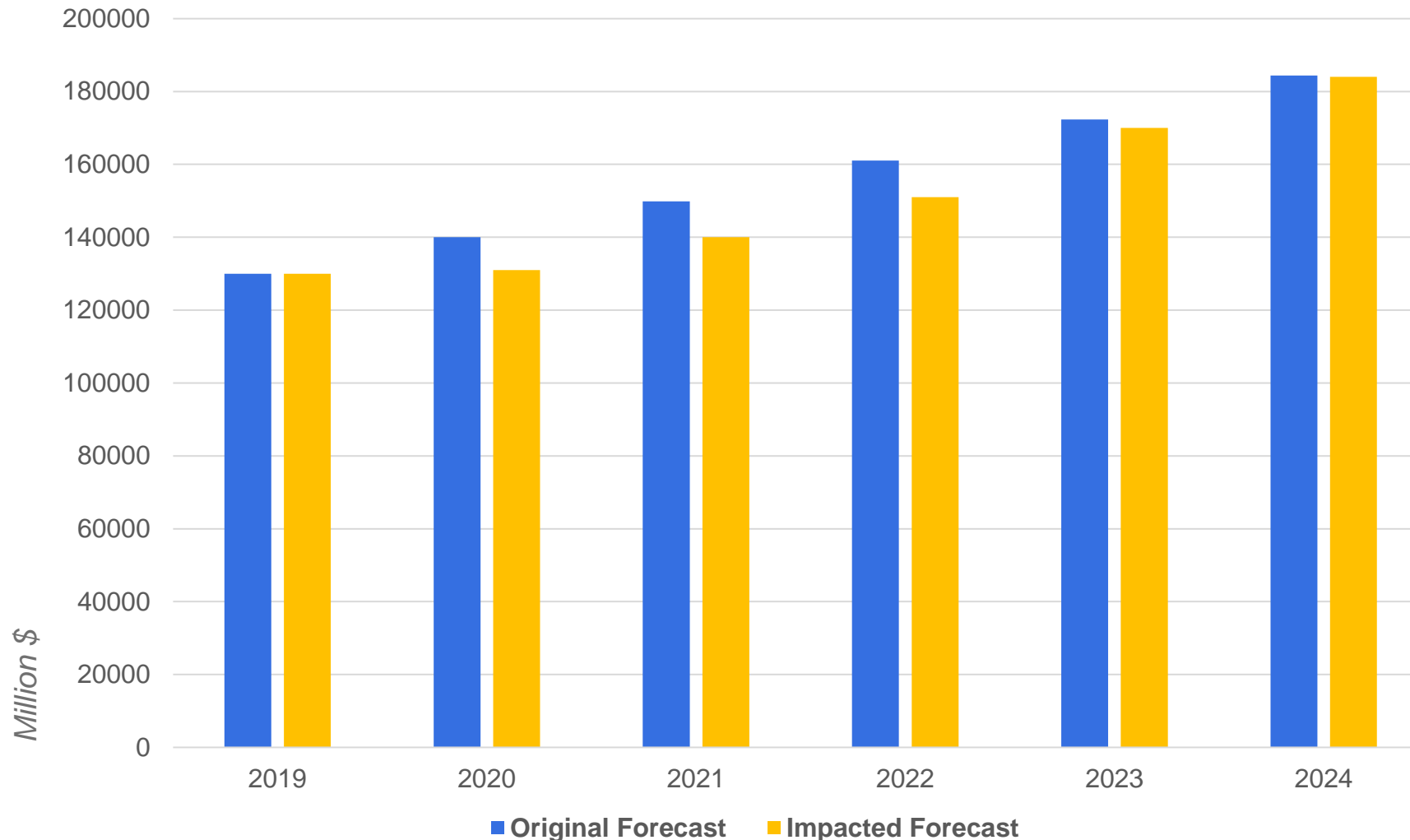
02

IMPACT ON THE FOOD & BEVERAGE INDUSTRY



Revenue impact to the Food & Beverage industry

F&B revenue Forecast, 2019-2024, GCC



Between 2019-2022

- ❖ Original Forecast Revenue CAGR = 7.40 %
- ❖ Impacted Forecast Revenue CAGR: 5.12 %

2020 and 2021 will be especially impacted by :

- ❖ Expo 2020 postponed to 2021
- ❖ Fine Dining sector impacted by lockdown
- ❖ Qatar World Cup preparation will also be delayed

Source: Alpen Capital, MENA Research

Revenue impact to the Food & Beverage industry

GENERAL CONTEXT:

- Because of the virus, several major events in the UAE had to be **postponed**, impacting de facto the F&B industry.
 - **Expo 2020** postponed to October 2021.
 - Major activities in **MICE** (Meetings, incentives, conferences and exhibitions) sector are put on hold or postponed.
- With **85% of food and beverage is imported** in the UAE, the situation encourage a shift to local production.
 - Indeed, there has been an increased emphasis on local production, especially in the case of fresh produce like vegetables.
- **Malls in the UAE**, where majority of retail outlets are located, have been completely shutdown for 4 weeks which increased the impact on the sector. Since April 24th they are allowed to reopen with a maximum capacity of 30%.



BeautyWorld Middle East



إكسبو 2020
دبي، الإمارات العربية المتحدة
DUBAI, UNITED ARAB EMIRATES



Mall Of The Emirates

Revenue impact to the Food & Beverage industry

HORECA:

- HORECA (representing nearly **30% of the overall F&B demand**) is facing severe crunch due to lockdowns.
 - Country lockdowns generate travel restrictions, airline shutouts and tourism stagnation. Therefore, Hotels, Specialty Cuisine, Fine Dining and Catering are the most affected.
- To find **new incomes**, several distributors in the UAE providing HORECA sector are now offering online platform to sell their stocks (e.g. *Classic Fine Food or Chef Middle East*).
- Quick service restaurants and fast food eateries is the driving part of the restaurant segment of HORECA.
 - Due to lockdowns, they have **adjusted their business model** to serve only **delivery** and **takeaway** orders. However because of a lack of delivery personnel and the impossibility for customers to leave their house during the lockdown, they are running at only **50% of their capacity** from 100% capacity in Jan-Feb.
- Restaurants are at the **heart of social life** in big cities of the region and fine dining places are the most impacted by the shutdown. Restaurants across the GCC region saw an overall **60% decline** in customers before the complete shutdown. In Dubai, restaurants saw an **additional 20% drop** when all bars, lounges and clubs were ordered to shut down
- In Dubai, **Time Out Tab** allows customers to help keep restaurant in business by purchasing credit in advance, which can then be spent at a chosen restaurant between September 1, 2020 and December 30, 2020.
- Since April 24th, restaurants and café are allowed to reopen within a maximum capacity of 30%.



Revenue impact to the Food & Beverage industry

RETAIL:

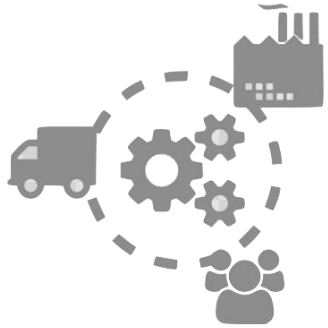
- The retail sector may be the only one benefiting from the COVID-19 situation as F&B products are being bought in bulk by consumers who replace eating out by cooking more.
- **Carrefour** has seen its **online** marketplace **demand multiplied by 6**.
- As customers tend to avoid short shelf life products, UHT milk and frozen food, which may not typically be viewed as « essential » can **promote their longevity**.
- Consumers **go for most essential items**, in bigger **quantities** in order to avoid going to stores too often.
- In the UAE, **the snacks category** has been steadily growing and is expected to see marked growth as consumers stay indoors during the COVID-19 outbreak.
- Retail has seen unexpected growing number of consumers online and within its stores which brought **new challenges** to these chains: supply chain and logistic for home delivery and online orders, maintain constant food supply within a complicated context as the UAE is importing 85% of its F&B goods, sanitary measures to be taken in each supermarket.



Challenges faced by the F&B industry

IN THE SUPPLY CHAIN & INTERNATIONAL TRADE

- Although all the value chain has been impacted by COVID-19, the **worst impacted** part is the supply chain, impacting de facto several companies **relying on imports & exports**. Because of supply difficulties for Animal Feed, **animal-based products** (meat & dairy industry), are showing a reduced production around 5-10%.
- Some animal feed products have also been **banned** by several GCC countries due to the impact of the COVID-19 on the **value chain**.
- Disruption in trade with China has resulted in a 15-20% **shortage of primary packaging materials** for packaged food & beverage producers.



IN THE HORECA

- Countries with **economies pushed by the HORECA** sector (UAE & KSA) are the most impacted by lockdowns' impact on tourism, as most outlets are running at 40-50% volume capacity throughout.



IN THE E-COMMERCE

- Global e-commerce has boomed with the crisis, however the infrastructure support in GCC which is at **50% of optimal readiness**, restrain a complete utilization.
- While retail chains like Carrefour have a dedicated team, they explain **struggling to deliver orders**, as curfew restrictions apply to the employees as well.



IN THE RETAIL

- **Panic buying** and confusion have disrupted the standard demand estimations for F&B products. Indeed, long shelf life products have gained nearly 20-25% while categories such as confectionaries have seen a decline of 30-35%.
- Consumers go for the most essential items and in bigger quantities in order to reduce stores visits and face potential shortages.



Growth opportunities generated by COVID-19



DELIVERY SERVICES

PUSHED BY...

- Creation of a new business model in order to overcome the impact of lockdowns on their revenues.
- Development of new consuming behaviors.
- A « Good to Have » to « Must Have » shift impacting the sector from companies to the consumer.

EXPLANATION

- Food outlets' shift from dine to takeaway & delivery due to lockdowns and social distancing measures.
- Consumer's new behavior following the « convenience » trend, as ordering is easier, safer and/or required during lockdowns.

CONSEQUENCES / EXEMPLE

- Companies moving their resources freed up from other operations such as Majid Al Futtaim & Carrefour reallocating their entertainment arm employees to retail delivery.

Growth opportunities generated by COVID-19



STARTUPS & SME's PARTNERSHIPS

PUSHED BY...

- A need to create mutually beneficial relationships in order to create complementarity within activities nourishing growth for each other.

EXPLANATION

- A simple synergy can be achieved between a food delivery and grocery delivery startups to mutualize resources and expand the portfolio of products & services.
- Tech based startups need to rally to small companies unable to pivot their production segments like major companies.

CONSEQUENCES / EXAMPLE

- Large multi-industry companies like Unilever or P&G have re-aligned their product mix in partnership with SMEs and startups.

Growth opportunities generated by COVID-19



HEALTH & WELLNESS FOOD

PUSHED BY...

- Consumers' behavior are shifting as they are now most likely to chose to prioritize investments on healthier food.

EXPLANATION

- Health has become a priority for people all over the world and across the GCC in order to boost their body and immune system to fight COVID-19. Therefore, anything that could prevent diseases or reinforce immunity have become a hot topic.

CONSEQUENCES / EXAMPLE

- It is the moment for brands to use this situation to introduce new products that are healthier, immune friendly etc.
- Brands who have a dedicated R&D branch, are now promoting their research on COVID-19 in order to promote a new "health focused" brand image.

Growth opportunities generated by COVID-19



SUBSCRIPTION

PUSHED BY...

- The inability to leave the house and a will of avoiding going to grocery stores (fear of the virus, lack of options because of mass buying behaviors, long lines in front of supermarkets, permit allowing leaving the house only every 3 days in Dubai etc.) while still needing to get essential items.

EXPLANATION

- Subscription services aren't still very common in households but the pandemic has created a new need for subscriptions for daily essentials, meals and groceries, as a result of not being able to go to stores and trying to avoid leaving the house as much as possible.

CONSEQUENCES / EXAMPLE

- Brands like Right Bite, Kcal Extra, are the best positioned to twist the value proposition by offering healthy daily meal plans delivery.

Technologies allowing business continuity in the F&B industry

Autonomous systems

Autonomous systems and operations are **no longer fancy claims** reserved to prestigious industries / brands. Several tools can help companies to **operate autonomously** & regardless of onsite workforce

In times like this, **contactless & remote technologies** have become the key value proposition in several industries like poultry, processed meat etc.

Digital Payment

Cash transactions have observed a **continuous decrease** lately which has been further accelerated due to near complete lockdowns. Given the situation, development of convenient and safe transaction are particularly needed, especially in retail re opening under some conditions and restrictions. **E-commerce** is also becoming a must and safe digital portal payments are much needed.

On the go payment methods and pay later options have traditionally been mostly popular with tourists but they are now becoming more mainstream.

Technologies allowing business continuity in the F&B industry

Despite COVID-19's impact

Modified Atmosphere Agriculture



MAA is already a **hot topic in GCC** with companies like Emirates-Crop One holdings, Pure Harvest, Uns Farms, taking the lead through indoor and vertical farming.

The system of growing crops without soil requires a controlled environment set-up based on **complete automation** of the lighting, ventilation, water and nutrient supplies required by the crop, and can be **remotely monitored**.

This could have reduced the impact of **labor shortage** on farming during the outbreak.

Reducing labor also eliminates direct physical contact between workers and the production. As a consequence, the production is **safer and fresher** as it is produced within the lockdown zone.



This could become the new way of getting our vegetables in the near future, as it can be done inside any buildings and can also have impact on the real estate sector especially in cities like Dubai.

03

IMPACT ON THE RENEWABLE ENERGY



Renewable Energy industry in the UAE

/ KEY DATA:

- The industry is organized around the **government's strategic plan** to diversify the economy. The goal is to prepare the **post-oil era**.
 - ⇒ The UAE made a bet on this transition. Leaders recognized that the times call for new thinking on energy, and that the country has much to gain by being its champion.
 - ⇒ Abu Dhabi hosts **International Renewable Energy Agency (IRENA)** headquarter's since 2009, which is the first inter-governmental organisation to have its headquarters in the Middle East + the annual **World Future Energy Summit** since 2008.
- The country was the **5th top carbon dioxide emitter** per capita in the world in 2014 (last data available) but is planning to generate most of its electrical energy by **2050** from **solar sources**.
- **Main Trends include** : Solar Energy; Waste-to-Energy & Wind Energy and Water Treatment.
- **Main sectors** representing an opportunity for renewable energies include: Construction, Transportation & Industry.



Renewable Energy industry in the UAE



SOLAR



- Currently viewed as the **most attractive renewable technology** for the UAE as the country is blessed with abundant sunshine. **Costs** have also decreased substantially in recent years.
- The UAE was ranked **3rd** in the world in the production of concentrated solar power in 2013.



WASTE-TO-ENERGY



- Process of generating energy in the form of electricity or heat from the primary **treatment of waste**.
- **MASDAR**, (Abu Dhabi's renewable energy company) had signed a strategic partnership agreement with **BEE'AH** (UAE's leading integrated environmental, recycling & waste management company) to develop the country's waste-to-energy sector. This partnership will help contribute to the **Government's Vision 2021** which targets, among other goals, diverting waste from landfills by 75% by 2021.



WIND ENERGY



- The region's **first wind turbine** was installed on Sir Bani Yas Island and has a production capacity of 850 kilowatts per hour. MASDAR and Abu Dhabi's Tourism Development and Investment Company (TDIC) aim to develop an **onshore wind farm** on this island with a capacity of up to 30 MW.

Renewable Energy industry in the UAE



WATER & WASTE WATER TREATMENT



- **Sustainable water infrastructure development** is set to become the **key trend** in the water market with technologies assisting it for operational efficiency.
- UAE Water Treatment Systems Market is expected to post robust **growth by 2023** due to **high industrial activities** in the country generating a huge quantity of wastewater.
- In Dubai: **wastewater from factories** and other industrial units will now be **treated and reused for irrigation**, thanks to a new hazardous industrial wastewater treatment plant that has been launched by Dubai Municipality.
- The GCC has predominantly focused on **desalination** as a means to provide fresh water. But lately, with focus shifting gears to sustainability, reuse and recycle is a niche market opportunity in the region.
- Desalination is energy intensive: desalination accounts for 10-25% of the energy consumption in the GCC; drives the demand for **energy-efficient desalination, recycle and reuse systems**.
- There are **many large-to small companies** who offer various water and wastewater technologies in the region; many of these small companies **do not have the necessary know-how** of industrial process and suggest WWW plants that end up not functioning.







Renewable Energy industry in the UAE

Countries in the GCC have been undertaking renewable energy projects for more than 30 years.

But today a trend for increasingly ambitious projects is being witnessed across the region. These are being supported by renewable energy targets, innovative research and development, and investments across the entire industry value chain.

Growing a renewable energy industry in the Gulf will move the world closer to realising the potential of renewable energy as a fuel source.

Table ES.1 Installed renewable energy capacity as of the end of 2018

Country	2017 - 2018						2016	2015	2014
	PV	CSP	Wind	Biomass and waste	Total RE (in MW)	Share of RE in total electricity capacity	Total RE	Total RE	Total RE
 Bahrain	5	0	1	0	6	0.1%	6	6	6
 Kuwait	19	50	10	0	79	0.4%	20	1	0
 Oman	8	0	0	0	8	0.1%	2	2	1
 Qatar	5	0	0	38	43	0.4%	43	42	42
 Saudi Arabia	89	50	3	0	142	0.2%	74	74	24
 United Arab Emirates	487	100	1	1	589	2.0%	144	137	137
Total	613	200	14	39	867	0.6%	289	262	210

Source: IRENA, 2018a; IRENA estimates. Note: 2018 data are available only for Kuwait and the UAE. Oman's 7 MWth solar enhanced oil recovery plant and the newly finished first phase of 1 GWth Miraah Solar EOR is not included because this table addresses only electricity. PV = photovoltaic; CSP = concentrated solar power; RE = renewable energy. Totals may not add up due to rounding.

Challenges faced by the Renewable Energy industry

Investments in the industry will be significantly affected by:

/ DELAY ON PROJECTS

The Covid 19 crisis will impact more than \$ 40 Bn worth of projects; indeed, decreasing oil demand and contracting foreign exchanges market will significantly impact projects nearing financial closure or about to break ground. Workers were also not allowed to go on construction site for more than 4 weeks, which led to delays.

/ A DECLINING DEMAND DESPITE HUGE POTENTIAL

The potential of the renewables industry in GCC, being pushed by investment from governments as part of the idea of preparing the post-oil era attracted a vast new range of service providers. However, a declining demand over the next 3-6 months is expected to be witnessed.

/ PROJECT PROFITABILITY

Tender projects achieved the lowest ever world tariffs as a result of disruption in global supply chains. With key steps in key projects being impacted, \$20 Bn of existing projects are expected to be challenged by profitability. Supply of key materials was impacted by the crisis.

/ SHUT DOWNS & REDUCED DEMAND

Lockdowns across across commercial and industrial establishments led to a reduction of demand in electricity, impacting utility revenues. As a consequence, at least 10 renewables based projects in the region will be also impacted.



Growth opportunities in the Renewable Energy

ENERGY STORAGE



- **Underutilized energy storage** is a topic impacting most major renewable energy projects in GCC and disruptions in demand will now create a **revised business case** in order to invest in energy storage and increase demand. **Governments in the region will accelerate investments on this topic.**

SOURCING



- Supply disruptions impacting renewable energy projects will keep on impacting the sector. This is something that stakeholders can't afford considering the projects are utilities holding national significance.
- There will be a great push in order to **reach higher sourcing** for a majority of components and services.

DIGITALIZATION



- Due to lockdowns generated by the pandemic, grid connected renewable generation plants will face a challenge in trying to adapt to the **demand variability**. This could lead to an increasing investments in **analytics and control solutions** as it will allow them to better manage their operations in the future through several tools.

Strategies in response to COVID-19

Push on local manufacturing

Finding new manufacturing **outside of China** and push on local production especially on solar panels & batteries; pushed by **policy changes** willing to put local manufactures on the front row of the value chain.

Increased decentralization

- Decentralization of power generation (ex: solar panel for private properties, new players in the electricity management etc) will accelerate as investment & lending institutions are being **cautious with large scale projects** that entail significant capital investment, and require extra efforts for transmission.
- **Policy decisions** and **regulations** can be expected to undergo major changes to promote distributed generation.

Automation & digitalization

- In order to **improve performance** and **reliability** companies will invest increasingly on automation systems and digital platforms.
- **Smart/ digital grids** across the UAE, Saudi Arabia and Qatar expected to increase.

Institutional Support

Key economies such as KSA and the UAE are thinking about the **post-oil area** and look for new investments.

- Renewables are playing a major part in their goals for the future in terms of energy mix (cf. **UAE Energy Strategy 2050 / KSA ambition 2030**)

04

IMPACT ON THE ICT INDUSTRY



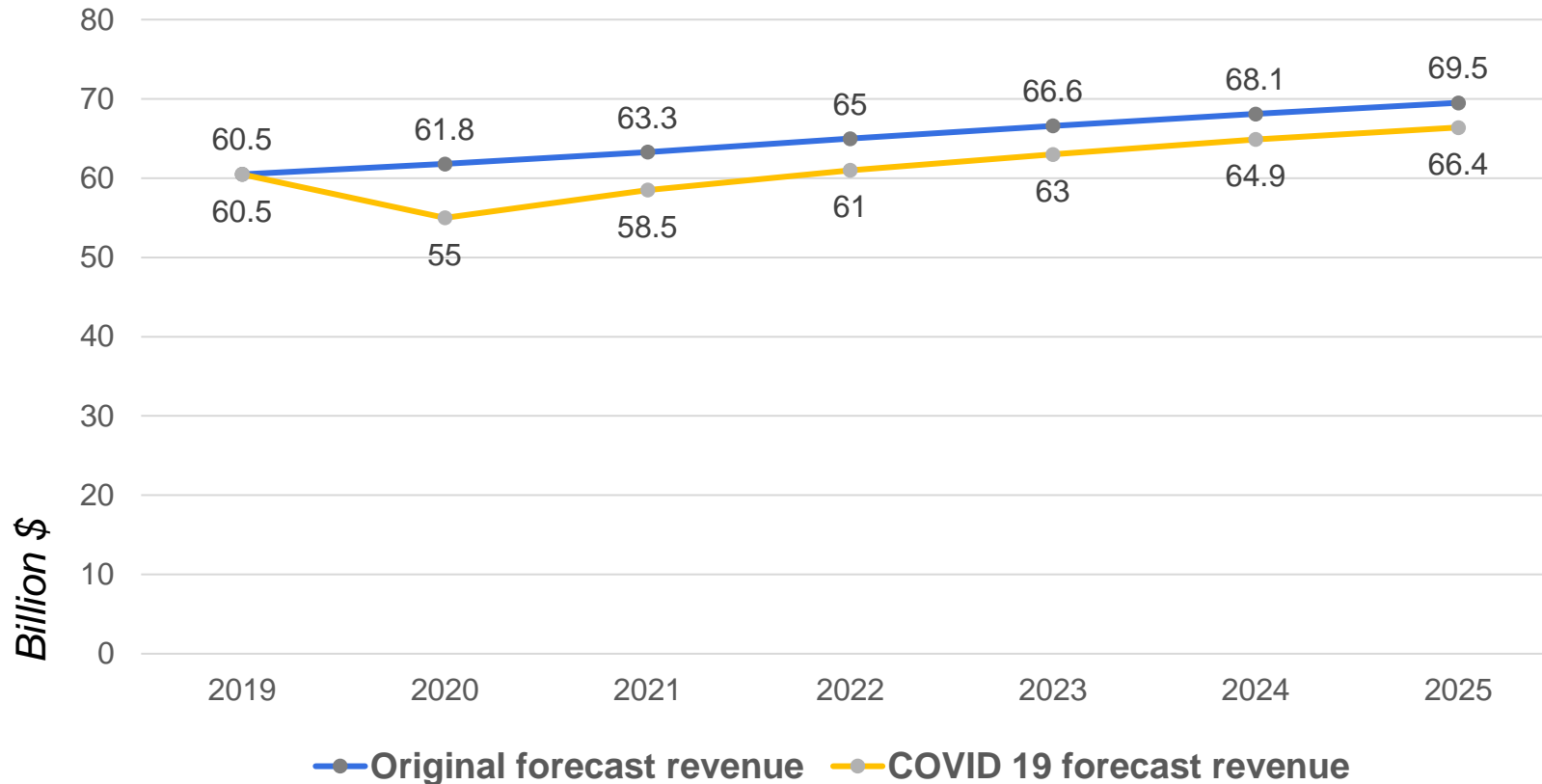
ICT market in the UAE

/ KEY DATA

- The United Arab Emirates are at the heart of the **digital revolution**. Public and private actors are fully aware of the potential of digitalization of their activities.
- Each year, the country hosts the **GITEX**: must-attend world-class ICT trade show, taking place in Dubai.
- **Spending**s on ICT in the UAE reached \$4 Bn in 2016, driven by growing demand for products and services within the country's public and private sectors.
- The wealth that the country possesses allows it to purchase new equipment and be in the **vanguard of technological development**.
- The **government has invested heavily** in space science, life science, nuclear science, and ICT over the years. In fact, the UAE is currently the **most attractive ICT market in the Middle East**.
- The UAE is the first state to create a **minister of state dedicated to artificial intelligence**.
- **Main trends include**: Cyber security, Softwares, Hardwares, Internet of things (IoT), Artificial intelligence, Big Data & cloud services.
- **Strategic sectors** for ICT include: public sector (the State of the UAE), banking, health, energies, supply chain & hospitality.
- The biggest ICT / IT **international companies** are present in the UAE : IBM, Google, Microsoft, Oracle, Thales, Intel, just to name a few.

Revenue impact to the ICT industry

ICT industry revenue, 2019-2025, GCC



- ❖ Original Forecast Revenue
CAGR = 2.00%
- ❖ Impacted Forecast Revenue
CAGR = 1.34%

Source: Bloomberg, IMF

Revenue impact to the ICT industry

- **Budget cuts** among the major spending industries (e.g. aviation, oil and gas) and the public sector is generating a slowdown in the overall ICT industry.
- Excepting computing devices, and peripherals, most of the **hardware market** is expected to **recede**.
- Growing **investments** in **corporate softwares & tools** (softwares allowing remote work, productivity management, collaborative tools etc.).
- Decrease between **8%-12%** is expected in the **hardware market segment** and **Software market** too. There would be place for growth in the software market, but segments like ERP, SCM, CRM etc. would be the most impacted.
- Due to renegotiation of contracts, **delays** in decision making & cash flow issues hold back lot of projects, additionally to significant **price war** going on. The **services market** would be the worst impacted as it could witness a decline of 15%-20%.



Challenges faced by the ICT industry

Budget

8%-12% budget cuts for existing operations as well as **new / retrofit projects.**

Contracts

Renewals contracts for services and licenses are getting renegotiated **strongly than ever** before, as the result of behaviors trying to taking advantage of the COVID-19 situation, knowing that businesses are willing to do anything to keep their clients & partnerships.

Business Disruption

Delayed payments from several partners in channels impacting other stakeholders, posing cash flow challenges, along with **business activity disruption.**

Government priorities

GCC governments. are blocking new projects, as they are **focusing** on dealing the COVID-19 emergency and the need for solutions to contain, and cure the virus.

Sales Cycle

Sales cycles have become **crucially longer** because of the pandemic: less people available with the closing of offices, supply chain disruption, cash flow challenges etc.

Growth opportunities in the ICT industry

DIGITAL TRANSFORMATION IN...

Business & Services

- Retail, education, media & entertainment and public sector are expected to be part of the first to go through digitalization of their operations and sales.
- E-commerce, automatization of manufacturing and distribution, robots and drones, will gradually replace human laborers.

Government operations

- Digitalization of citizen centric services expected to grow.
- Governments are integrating services in the form of mobile apps and digital platforms that encourage paperless transactions & e-payment.

Healthcare systems

- In Private and public sectors, though contactless and remote services such as virtual consultations.
- Innovation is already a major theme of the healthcare development strategies of GCC member states especially in the UAE, and the pandemic is pushing authorities to go faster.

CREATING OPPORTUNITIES IN...

BIG DATA

IT SERVICES & PLATFORMS

ARTIFICIAL INTELLIGENCE

5G

ZOOM ON 5G:

- More **5G use cases across industries such as** healthcare, supply chain, logistics, transportation, utilities, education.
- This grow will create opportunities for 5G infra providers, telcos, IoT platforms, cloud, and IT consulting providers

Growth opportunities in the ICT industry

- While **digital maturity** was once a plus, in today's post-Corona economy it is a **necessity**.
- On March 14th, the UAE announced the **unblocking** of Microsoft Teams and Zoom VoIP **applications to enable remote working** and **home schooling** for the duration of the crisis. This was made in collaboration with the two telecommunication providers in the country, Etisalat and Du.
- Zoom, Microsoft Teams and Webex were also **unblocked in Qatar**.
- In KSA, Its newly established Saudi Data and Artificial Intelligence Authority (SDAIA) was quick to deploy Video Conferencing Systems to host the **Extraordinary Virtual G20 Summit**.
- **Data protection** has become a hot topic to make sure personal information collected regarding COVID-19 safety won't be shared.
 - Temperature checks on employees and restrictions on business and personal travel, name of employees who contracted the COVID-19 etc.
- South Korea was praised for its ability to swiftly **contain the virus thank to technology**.
 - Dubai Police has also used **AI solutions** to know which cars were driving with(out) permits; Etihad Airways has also announced that it will be relying on **technology and automation** to screen passengers for signs of COVID-19 to limit the potential of transmission among passengers.



Technologies allowing business continuity in the ICT industry

Despite COVID-19's impact

Video Conferencing

With offices being closed and travel being restricted, video meetings have enabled companies to stay in touch with clients & partners which helps in minimizing the impact on business.

The video conferencing solution ZOOM, added 2.22 million active users by the end of February 2020. They counted 1.9 million users in the entire 2019.

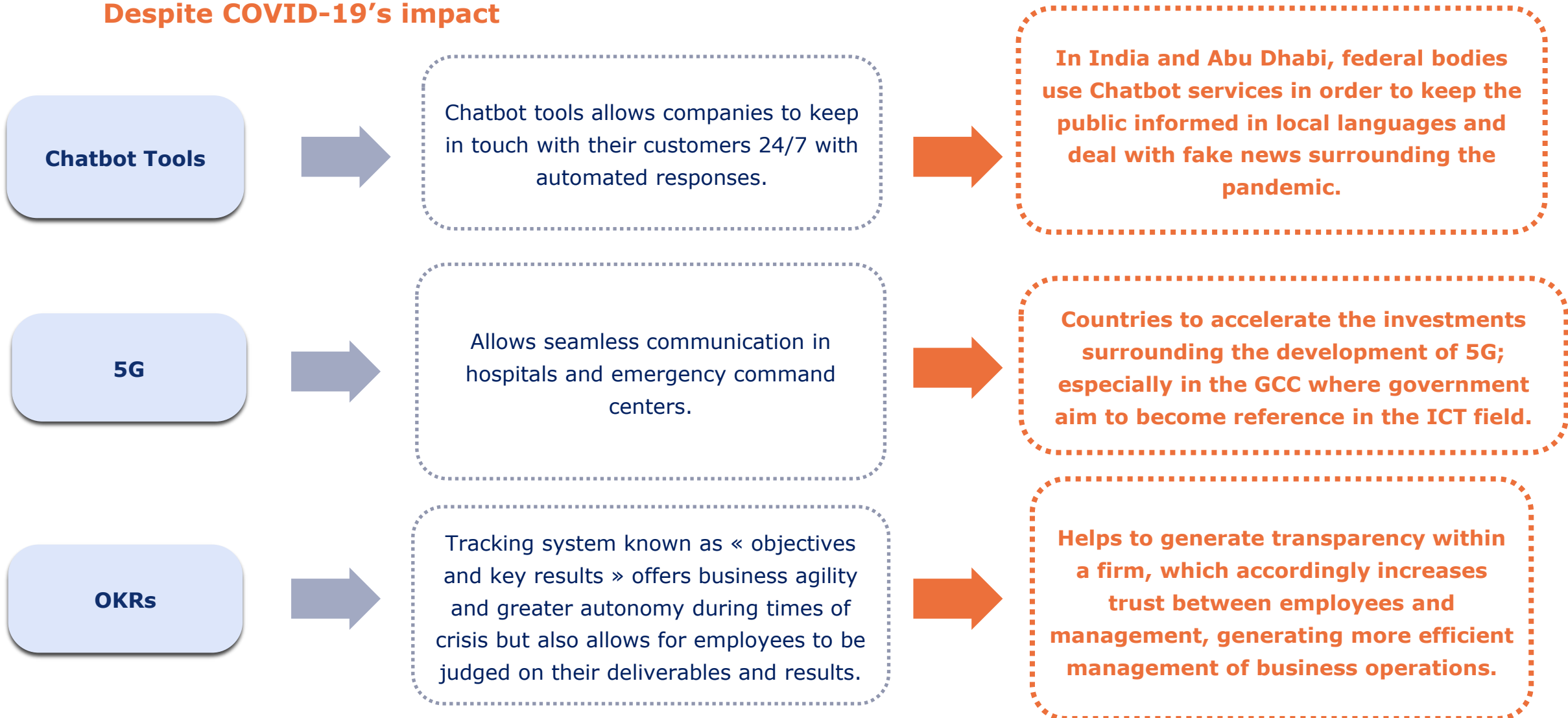
Augmented Reality/ Virtual Reality

Technologies like AR/VR can be considered as an alternatives to minimize the impact COVID-19 could have on conferences and expos as it enable hosting virtual events & tours.

The Arabian Travel Market (trade show supposed to take place in Dubai) Decided to set up a virtual event in June 2020.

Technologies allowing business continuity in the ICT industry

Despite COVID-19's impact



ICT companies' response to the COVID-19 outbreak

Several companies such as Microsoft or IBM have decided to respond promptly to the COVID-19 crisis in order to work on...

→ Employee's safety

Free healthcare.

→ Fight against COVID-19

Using of technologies and creation of platforms willing to accelerate the vaccine and drug discovery.

→ Companies' support

Free trials for some softwares.



05

IMPACT ON THE HEALTHCARE INDUSTRY



COVID-19 impact on healthcare

Due to social distancing measures, lockdowns, and fear to catch infection in hospitals, the healthcare sector is facing several impacts such as...

/ Cancellation of regular care:

- 50% of all regular care is cancelled
- 8 Million fewer patients per week

/ Reduced Visits to Emergency Department:

- Public = 50% drop
- Private = 40% drop

/ Outpatient & Ambulatory Care:

- Public = 80 % drop
- Private = 50% drop

/ In-patient Admissions:

- Public = 50% drop
- Private = 40 % drop



/ Estimated drop per segments:

- Cosmetic -100%
- Dental -95%
- Primary Care -70%
- Allied Health -65%
- Secondary Care -65%
- Mental Health -45%

/ Cancellation of surgeries include:

- New Hips
- Cataract
- Incontinence
- Varicose Veins
- Plastic surgery

- ❖ The health care sector in the GCC is expected to experience a **short-term decline of about 15%-20% in revenues in 2020.**
- ❖ This will be the result of reduces consumption caused by delays in elective surgery and lower purchase of medicines and medical devices.

Source: INFOMINEO

Challenges faced by the Healthcare industry

SHORTAGES



Drugs & Equipments

- If the situation does not improve within 5-6 months, **drug shortage** could happen as a **result of temporary ban** on imports from **India**, the world's biggest supplier of generic drugs (the restricted drugs include Paracetamol, one of the world's most widely-used pain relievers) and **China**, impacting formulations in GCC labs, as most drugs produced get their base ingredients from China.
- Also, the region is facing the inability to meet the **sudden demand** for **medical devices** like ventilators and patient monitoring kits.

ACCESS TO HEALTHCARE



Migrants & Virtual Healthcare

- The Gulf States have well developed healthcare systems, but a **sizeable number of migrant** workers have restricted access to it.
- **Online health services** for diagnostics and medical prescriptions is **under penetrated** in some part of the region, leading to major challenges in patient support during the lockdown.

DELAYS



New products launches & elective surgeries

- Patient enrollment issues, inability to engage patients virtually and manage real-time, created delays for launches of **new products**.
- **Elective Surgeries** (non-emergency surgeries, which can be delayed or canceled without jeopardizing the patient's health) have been delayed by 3/4; leading to a decline for the demand in implants and surgical consumables.

Growth opportunities in the Healthcare industry

E-HEALTH

- **Online health services** and **virtual care solutions** would grow in double digits with a strong increase in number of virtual doctors and virtual consultations in 2020.
- **Virtual hospitals** would be new focus for growth.
- Because of lockdowns, **online pharmacies** like Al Nahdi Pharmacy, Aster pharmacy, Medicina etc. in the region have witnessed a spike in orders.

→ 5 trends in e-Health in the GCC:

- AI in augmenting healthcare workflows and decision making.
- Massive investments by governments (especially KSA & UAE)
- Diagnostics through multiple technological solutions.
- Wearables to improve patient experience with biosensors.
- Exponential growth in the application of technologies such as AI, Big Data, blockchain and IoMT will be seen over the next decade.



THINK REGIONAL

The pandemic and associated supply chain disruptions highlight an urgent need for more **local formulations** and Active Pharmaceutical Ingredient manufacturers in the region for life-saving drugs, mainly sourced in China & India so far.

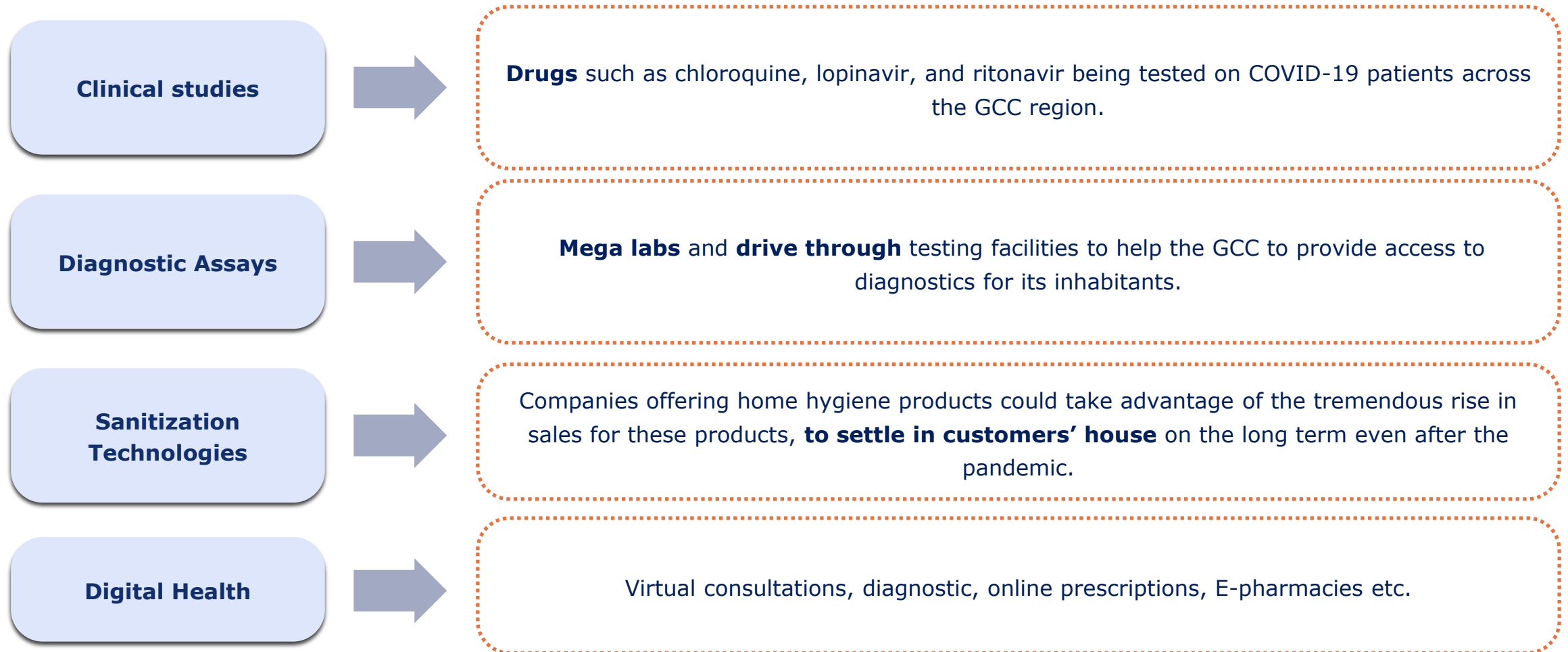


COVID-19 VACCINE

GCC biotech companies could take the unavailability of vaccines against COVID-19 as an opportunity to **collaborate with local and international firms** or research institute to identify new vaccine or repurpose the existing vaccines for COVID-19.



Technologies allowing business continuity in the Healthcare industry



Response to the COVID-19 crisis in the Healthcare industry, supported by local institutions & Governments

/ IN SAUDI ARABIA

- 25 out of 478 hospitals were designated for COVID-19 patients.
- Government offering free treatment for COVID-19-diagnosed citizens and residents.
- Labs and Clinics made bids for a new testing system for early detection of COVID-19.
- ACWA Power and Thabat Company Signed an agreement to build a 100-bed mobile hospital in Madinah to treat Coronavirus patients.
- USD 2.7 Mn Donated by Bahri, the global logistics and transportation leader, to the Ministry of Health.



/ IN THE UAE

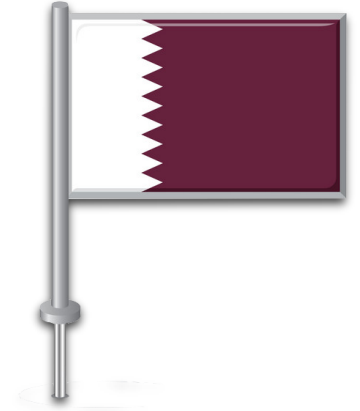
- Building of 5 field hospitals in Dubai & Abu Dhabi.
- Opening 13 drive-through test facilities.
- USD 1 Mn invested by a UAE based group in a production facility for masks & medical kits.
- Donating of Dubai World Trade Hotels of their buildings as quarantine medical centers.
- Labs and Clinics made bids for a new testing system for early detection of COVID-19.
- Banks provide financial relief to organizations in the hospitality and healthcare sectors.
- UAE is in the top 3 of countries testing the most their population >> 40 000 people were tested in 1 day on May 10th.



Response to the COVID-19 crisis in the Healthcare industry, supported by local institutions & Governments

/ IN QATAR

- The government is establishing an 18,000-bed quarantine facility (Umm Slal).
- HMGH has been designated as a COVID-19 treatment facility.
- Qatar sends material to build COVID-19 field hospitals to Italy.
- Government decided to provide free testing and healthcare.
- Qatari Health Minister ordered private medical facilities to halt non-emergency health services.
- Healthcare workers across the country have been specifically trained to manage any potential outbreak by the Ministry of Health.



/ IN OMAN

- Opening testing location in Gala, Bowshar, for expats who show COVID-19 symptoms.
- USD 1.9 Mn donated by Oman Shell for Ministry of Health for rapid testing kits.
- USD 26 Bn donated by Oman's Sultan.
- MoH asked hospitals to place thermo-scan devices to measure body temperatures of visitors & advised small clinics to suspend operations until they meet a strict set of criteria for managing COVID-19 cases.
- Banks established mechanisms for private donations to the MoH and several banks made their own donations.



Response to the COVID-19 crisis in the Healthcare industry, supported by local institutions & Governments

/ IN KUWAIT

- The government sets up 4 new emergency wards at 4 hospitals.
- The Ministry of Defense prepared 3 locations in Jleeb Al-Shuyoukh to be as field hospitals & quarantine facilities.
- The Foreign Nations sends an aid of medical supplies.
- USD 30 Mn fundraising a campaign to support government efforts.
- An Indian team of 15 doctors dispatched to Kuwait to supplement the efforts of the country in the fight against COVID-19.
- Kuwait's State Audit Bureau contacted several hotel brands to discuss using their facilities for quarantine.
- Kuwait Shooting Club handed the MoH its facilities to use it to combat COVID-19.



/ IN BAHRAIN

- The third floor of the BDF Hospital parking has been converted into a large ICU in 7 days
- The new COVID-19 Testing & Quarantine center is expected to serve 4,700 visitors per day
- The Government relief USD 570 Mn for paying salaries for private sector employees.
- Citizens, residents and visitors receive free treatment at quarantine centers run by MOH.
- National Health Regulatory Authority begun granting private hospitals licenses to provide medical care for active cases of COVID-19.
- Bahrain is the first in the world to use Hydroxychloroquine for treatment.



06

IMPACT ON THE REAL ESTATE AND CONSTRUCTION SECTOR



COVID-19 impact on Real Estate & Construction

OVERVIEW

/ Expert believe in a limited impact

- The industry in the GCC is confident of surviving the challenges of the COVID-19 as it began 2020 on positive note by announcing new projects.
- The postponement of the Expo 2020 (to October 2021) could in fact act like a catalyst and bring new prospects for the real estate sector, providing an opportunity to complete other planned projects.

/ About the real Estate

The pandemic is likely to only disrupt the UAE's real estate sector in the short-term.

- Investors & homebuyers can take advantage of the crisis to acquire a property at a fair bargain and expect a significant returns on their investment when the market turns back around.
- **But** purchasing decisions may be put off due to the "psychological effect" of the virus despite falling interest rates. Emaar Properties is a good indicator of the negative impact on the real estate industry as its stock price retracting by 48% in the year to date. The situation looks similar for many in its peer group.

/ Office Spaces

As companies will permanently decrease their office space, in general, demand for commercial real estate space will likely wane as layoffs or furloughs take effect, further contributing to lower monthly rents.

Challenges faced by the Construction & Real Estate sector

Human resources



Short to medium term issues in respect of **recruiting labour** and moving or **transferring employees** for both on- and off-site roles.

The virus in the region may impact upon a contractor's ability to keep its work force fully mobilized and able to **progress work on site**.

Supply chain



If a MEP (mechanical electrical plumbing) subcontractor faces disruptions in its supply chain and is unable to progress its works, this may consequently **disrupt other contractors** on site.

Procurement alternatives to Chinese suppliers (India, Singapore, Thailand, USA) are already being approached by construction companies. However, as more countries suspend manufacturing and business operations to contain the virus, will these new supply markets be able to fulfill their export commitments?

Liquidity & Investments



Delays in payments reaching contractors at the top of the list.
Construction companies with high levels of debt and low cash reserves may face a **liquidity crisis**.

Decline in oil prices will have a negative impact on investments in major **public-funded development projects** (e.g. Dubai Department of Finance has ordered a 50% cut in capital spending and has called for a freeze on new public construction schemes).

Post COVID-19 solutions

IN THE CONSTRUCTION INDUSTRY

- Adopt **standardized contracts** across all projects.
- Improve **off-site software** capabilities to enable remote working.
- Development of buildings with designs that may act as **preventive measures** in the future.
 - Contactless technologies in buildings, automatic sliding doors, voice-activated elevators, installation of heat map detectors to scan the temperature of each visitor at building entrances.
- In the UAE, **stimulus package** for local banks and SMEs is also expected to benefit the local **construction sector** (the majority of which includes SMEs in the design, contracting and fit-out industries).



IN THE REAL ESTATE SECTOR

- **Speed** and **Digitization** will boost Real Estate's long-term outlook.
 - Residential Real Estate developers will need to make greater investments in digital sales and leasing processes, conducting virtual house tour thanks to augmented reality, video walkthrough and digital brochures.

07

OVERCOMING COVID-19 IMPACT



Government support

TO BUSINESSES & THE ECONOMY



/ **K. Saudi Arabia :**

Financial support and stimulus measures totaling \$19 Bn to help the economy dealing with the disruption caused by the pandemic.

Riyadh is also reviewing its 2020 budget and funding will be reallocated to sectors that need the most support, such as healthcare.

/ **Qatar :**

Government announced implementing a \$23 Bn stimulus package.

/ **Oman :**

The Sultanate unveiled a \$20 Bn incentive package for financial institutions to combat the impact of the pandemic on the economy.

/ **Bahrain :**

The government will be implementing a \$11.38 Bn economic stimulus package to support citizens and businesses. This stimulus package represent 30% of Bahrain GDP.

/ **Kuwait :**

Central bank announced a stimulus package to support vital sectors and small and medium enterprises amid the fallout from the coronavirus epidemic.

Government support

TO BUSINESSES & THE ECONOMY



/ UNITED ARAB EMIRATES - FEDERAL LEVEL :

- Last update from March 22 reveals that the UAE government increased its stimulus package to \$34 Bn to help offset the impact of the coronavirus. The measures follow the Central Bank of the UAE's \$25 Bn stimulus (100 Bn AED).
- The measures include a renewable six-month suspension of work permit fees and reduction of labour and other charges to cut the cost of doing business, support small businesses and accelerate major infrastructure projects.

/ UNITED ARAB EMIRATES - DUBAI :

Launched under the directives of Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, the stimulus plan contains **15 initiatives**, which aim to reduce costs of doing business and simplify business procedures, especially in the commercial, retail, external trade, tourism, and energy sectors, such as :

- Refund of 20% of the customs fee imposed on imported products sold in Dubai.
- A 90% reduction of fees imposed on submission of customs documents.
- Freeze on the 2.5% market fees levied on all facilities operating in Dubai.
- Cancellation of 25% down payment required for requesting installment-based payment of government fees for obtaining and renewing licenses.
- Permission to renew commercial licenses without mandatory renewal of lease contracts.
- Reduction of municipality fees imposed on sales at hotels from 7% to 3.5%.
- Exemption from fees charged to companies for postponement and cancellation of tourism and sports events scheduled for 2020.
- Freeze on the fees for classification/rating of hotels.
- Freeze on the fees charged for the sale of tickets, issuance of permits and other government fees related to entertainment and business events.
- Reduction in water and electricity bills by 10%.

Government support

TO BUSINESSES & THE ECONOMY



/ UNITED ARAB EMIRATES - ABU DHABI :

Abu Dhabi Executive Council announced **15 initiatives** focused on supporting SME's and easing the availability of loans to local companies. Some of the key initiatives include:

- Allocation of AED 3 Bn to the SME credit guarantee scheme managed by the Abu Dhabi Investment.
- Office to stimulate financing by local banks and enable SMEs to navigate the current market environment.
- Allocation of AED 1 Bn to establish a market maker fund, to enhance liquidity and sustain balance between supply and demand for stocks.
- Establish a new committee to review lending options to support local companies.
- Exemption to all commercial and industrial activities from Tawtheeq fees until the end of this year.
- Suspension of real estate registration fees until the end of this year.
- Reduction of industrial land leasing fees by 25% on new contracts.
- Waiver of certain commercial and industrial penalties.
- Suspension of bid bonds and exempting startups from performance guarantees for projects up to AED 50 million.
- Settlement of all approved government payables and invoices within 15 working days.
- Suspension of tourism and municipality fees for the tourism and entertainment sectors until the end of this year.
- Rebate of up to 20% on rental values for restaurants, tourism and entertainment sectors.
- Allocation of AED 5 Bn in water and electricity subsidies.
- Reduction in electricity connection fees for startups until the end of this year.
- Exemption to commercial vehicles from annual registration fees until the end of this year.
- Exemption to all vehicles from road toll tariffs until the end of this year.

What can your business do to overcome COVID-19 impact ?

Be ready for remote work

Making sure every employee has the **IT assets and support** required to work from home is essential in order to keep your business on the road.

Solutions that facilitate **team communication, data accessibility** and digital **workflow management** are key assets during the pandemic and the lockdown that could last for a while.

Improve supply chain communication and monitoring

Tools to communicate with your global business partners in **various languages** and **supply chain risk monitoring**.

An **automated solution** can provide electronic collection, standardization and organization of business partner information, with **workflow tools** that allow companies to digitally route assessments, requests and reminders to the relevant stakeholders.

What can your business do to overcome covid-19 impact ?

Manage exports more efficiently

As export rules change, an **export management solution** can reduce the risk of non-compliance, while making clearance, screening and document creation processes more efficient.

Know who you're doing business with

In such a turbulent time, it is very important to protect companies against risks that could be hidden in business relationships.

Companies need a **trusted solution** for **screening potential and existing business relationships** according to restricted persons, companies, and sanctioned or embargoed countries.

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COMPANY PRESENTATION



ALTIOS Profile

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28 OFFICES

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Colombia, Brazil

/ Europe Middle East: Germany, United Kingdom,
France, Spain, Italy, Poland/Eastern Europe, Russia,
United Arab Emirates/Gulf Countries

/ Asia Pacific: India, China, Hong Kong, Singapore/South
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clients since 1991, including
Startups, Small and Mid-Caps

430+

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by ALTIOS (Country, industry,
finance and HR experts)

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Hosted employees for our
clients with HR managed by
ALTIOS

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administered for our clients
around the world



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We support you at every step
of your international journey



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Passion, Entrepreneurship



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and specific markets





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IMPACTFUL AND INNOVATIVE SOLUTIONS FOR YOUR GLOBAL SUCCESS



YOUR CHALLENGE

OUR SOLUTIONS

Yours Advantages

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- / **The experience of several hundred** cases of companies
- / **Powerful relationship networks** in the business community
- / **Insights that generate opportunity** and added value
- / **An entrepreneurial culture** and international passion

Our Local Presence

AN INTEGRATED INTERNATIONAL NETWORK POSITIONED IN THE WORLD'S 20 LARGEST MARKETS





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