



LOCKDOWN IMPACT ON BUSINESS IN SOUTH AFRICA:

LEVEL 3: JULY 2020

BUSINESSES ALLOWED TO OPERATE IN ADVANCED LEVEL 3



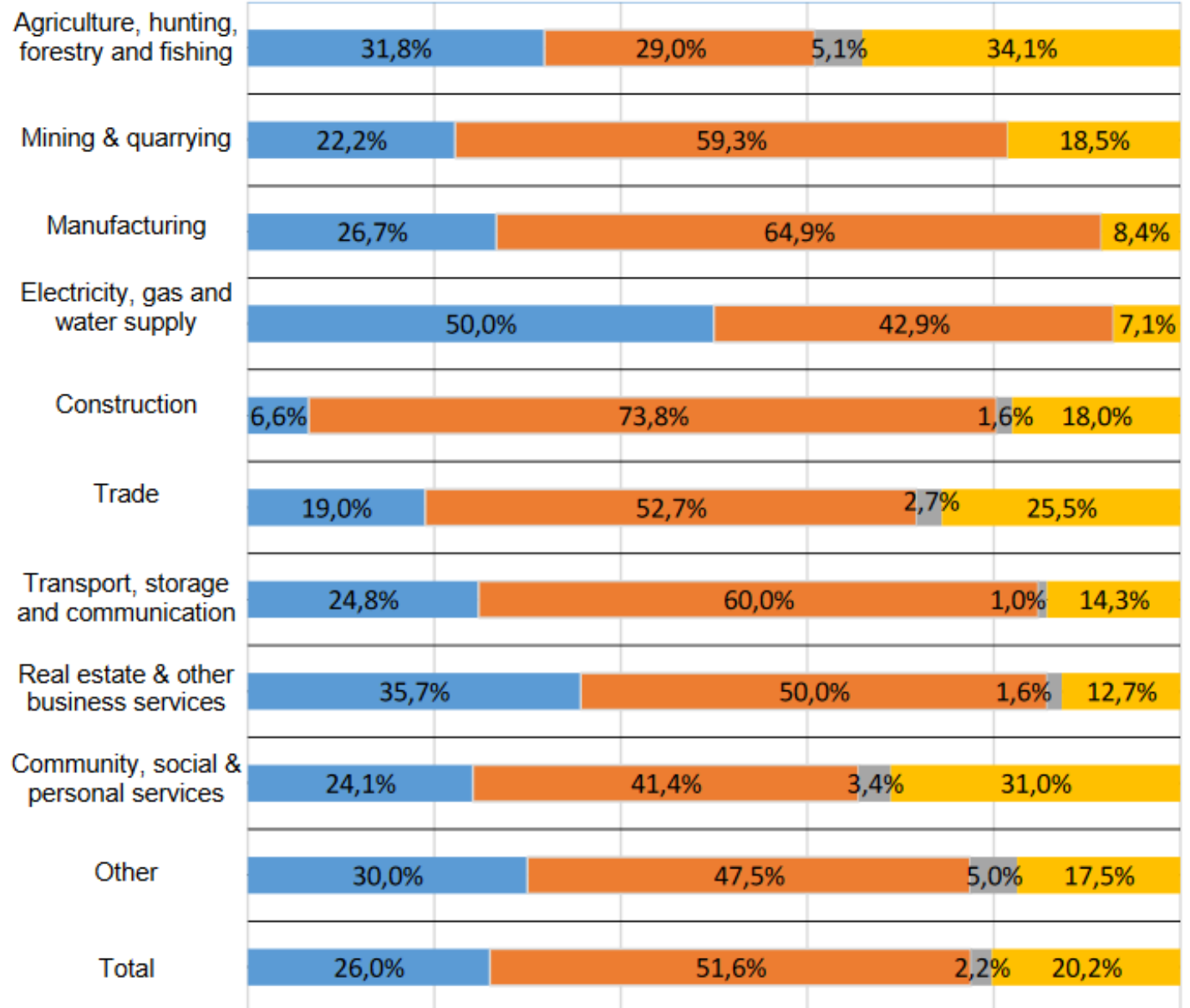
The following businesses would be able to reopen under an advanced level 3 lockdown:

- Sit-down restaurants
- Informal restaurants serving taxi ranks and office parks
- Kasi-style South African street food vendors
- Hairdressers
- Tattoo studios
- Nail Parlours
- Body massage services
- Make-up technicians

HOW BUSINESSES HAVE SUFFERED DURING LOCKDOWN

Unsurprisingly majority of responding businesses (84.3%) reported that business turnover was below the normal range, while 20.2% indicated temporary closure or paused trading activity.

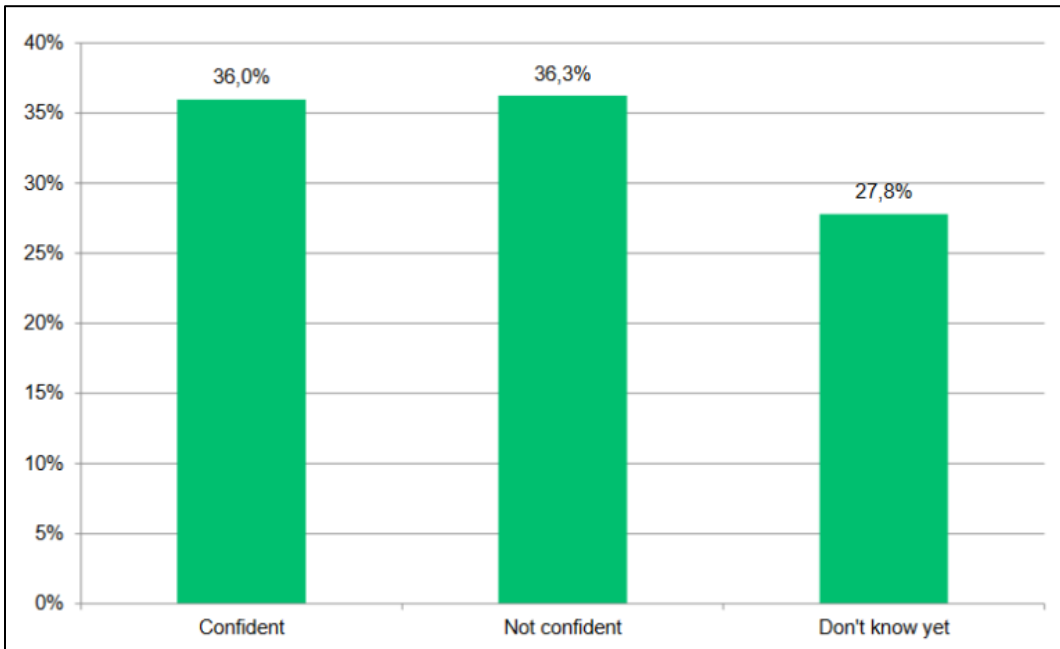
Around half said they continued to trade partially during level 4, while a quarter (25.8%) reported the laying off of staff in the short term. A similar number of respondents (26.8%) said they expected their workforce size to decrease during the level 3 lockdown period.



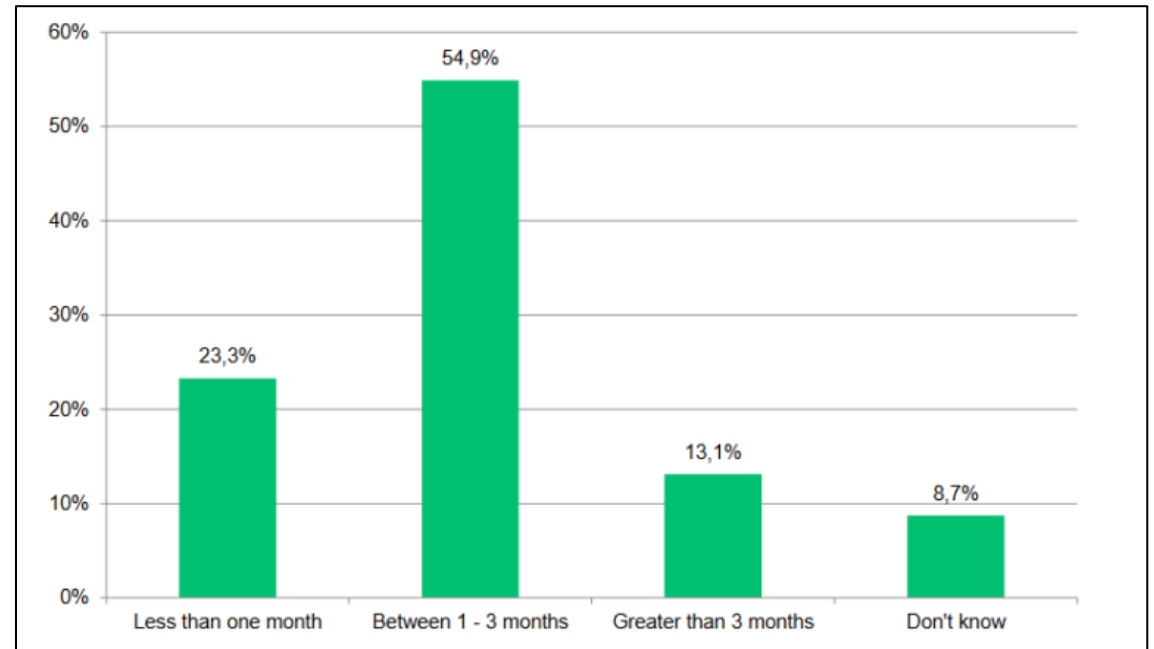
HOW BUSINESSES HAVE SUFFERED DURING LOCKDOWN

36% of businesses indicated that they are not confident that their business has the financial resources to continue operating throughout the Covid-19 pandemic.

Adequacy of financial resources to continue operating throughout the pandemic



Business survival without any turnover



HOW BUSINESSES HAVE SUFFERED DURING LOCKDOWN

Of all the SMEs that report a pessimistic outlook, a majority believe they will need to close down or reduce capacity entirely

Most likely outcome of COVID-19 for their business (for business owners with a pessimistic outlook)¹, Percent of respondents, with pessimistic economic outlook n=464² (somewhat pessimistic, very pessimistic about economic conditions)



4%

Shutdown business and look for a job that offers more long-term stability. Don't intend to start a business again

6%

Completely shut down business and restart when the economy recovers

10%

Unless the government can help, completely shut down the business for some time and restart when the economy recovers

52%

Close down parts of the business/ reduce capacity until economic situation improves

29%

Continue to run the business

SA BUSINESSES THAT HAVE NOT SURVIVED LOCKDOWN

The coronavirus pandemic has caused misery in thousands of businesses in South Africa. Already, many have had to close their doors amid the turmoil.



EDCON



COMAIR



ASSOCIATED MEDIA –
VARIOUS



MEDIA24 – VARIOUS



PHUMELA GAMING &
LEISURE

PROMINENT RESTAURANT & BARS

The Kitchen – CT
Pablo Eggs Go Bar – Melville
The Myoga, The Vineyard Hotel – CT
Joburg Bar in Long Street – CT
Kalk Bay Theatre & Restaurant

OTHER BUSINESSES

Prada South Africa
Pretoria Society of Advocates
Time Freight
Flight Centre's Cruiseboat
Hout Bay Mariner's Wharf
Bishop Bavin School
The Gadget Shop
Rebel Tech

LOAD SHEDDING DECIMATES SMALL BUSINESS TURNOVER

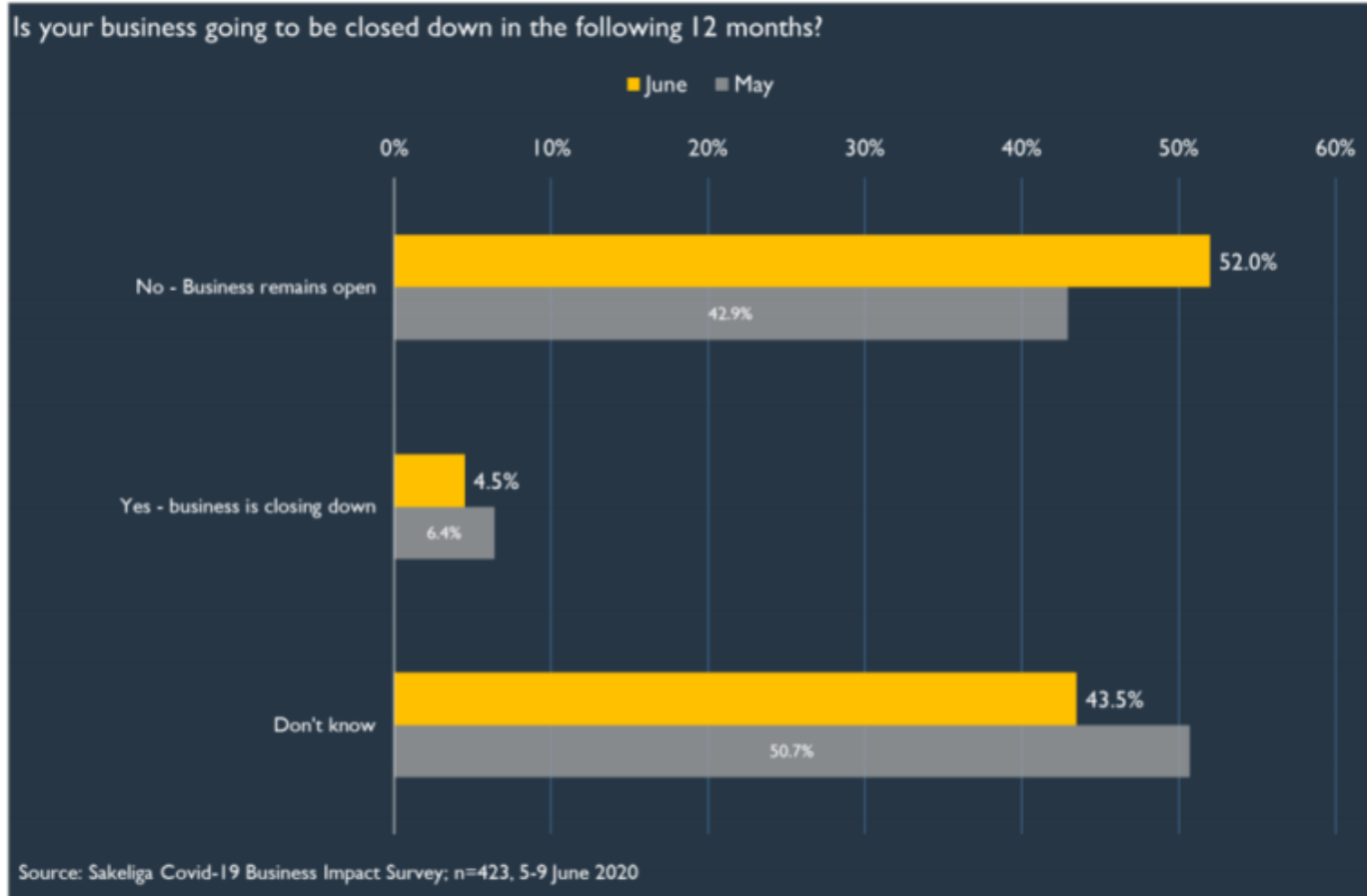


The Yoco Small Business Recovery Monitor showed that small and medium sized business turnover dropped from 72 percent to 60 percent versus pre-Covid levels in the period from July 8 to July 22.

- Yoco said Friday [24 July] that 29 percent of SMEs in Yoco's data base had yet to trade since the outbreak of the pandemic, when compared with the same base and trading time frame in 2019.
- This pointed to a potential business closure rate close to the 30 percent mark.
- The latest data showed that despite a positive start to the month, the recent amendments to advanced Level 3 and load shedding had hit SMEs hard in the past two weeks.
- The Food and Drink industry (F&D) was the most fragile sector -- its turnover levels had dropped back below the halfway point to recovery, losing 7 percent over the last two weeks.
- The declines were also driven by a significant decrease in the Health, Beauty and
- Fitness industry (-19 percent), where the initial large spikes in turnover after months of lockdown had caused a run on beauty salons and hairdressers, which had now abated.
- This industry was back to 59 percent of their pre-Covid level.
- The combined impact of load shedding, reintroduction of the alcohol ban, and curfew as well as the surge in coronavirus cases has overwhelmed many of the businesses who were beginning to stabilise," Yoco said.
- As of July 8, weekly SME turnover had had a 2.49 improvement, with the total index at an average of 72 percent vs pre-Covid levels.

SMALL BUSINESSES LIKELY TO CLOSE IN THE NEXT 12 MONTHS

About five out of ten respondents in a survey on how SA companies are coping with lockdown, indicated that their businesses were trading with limited operations, while about 16% of respondents indicated that their company wasn't operating because it didn't make financial sense to open.



Closures

Nearly 5% of the respondents (about 19 out of 423 respondents) indicated that their businesses would be closing down in the next 12 months.

44% of respondents said they were unsure about closures in the next 12 months, while 52% said their company would remain in business.

Of the 19 respondents who indicated a closure in the next twelve months, 15 (in total) stated the regulatory response to Covid-19 as a reason for the upcoming closure.

Only two gave the medical impact of Covid-19 as a reason. A further two of those 19 respondents indicated other factors not related to Covid-19 as the reason for the closure.

HOSPITALITY INDUSTRY ON THE BRINK OF COLLAPSE

Despair is mounting as the collapse of South Africa's restaurant and tavern industry begins to accelerate, shedding thousands of jobs along the way. The government appears remote and uninterested.



- The list of closures runs into the hundreds, with thousands of associated job losses and pain up and down the supply chain.
- South Africa has 34,500 licenced tavern owners, with more than 200,000 dependents, 10,000 shebeen permit holders, 2,700 independent liquor store owners employing 25,000 staff with about 70,000 dependents and around 7,000 restaurant owners with about 250,000 employees.
- It is unlikely any of these businesses will make a profit. At least 70% have had to retrench employees to save costs and 40% have not received any form of government loan or support, according to the Fitch SA Consumer & Retail Report Q3 2020.
- It is estimated that for every month that alcohol is suspended, the government loses about R4.2-billion in excise duty and VAT. The previous 10-week suspension potentially cost more than R10-billion in lost revenue.

MORE BUSINESSES IN SOUTH AFRICA ARE CLOSING BECAUSE OF LOCKDOWN



South African architecture firms, which represent some 12,600 workers in the field, say they are under financial stress due to work lost during the nationwide coronavirus lockdown

- A recent survey published by Leading Edge Research polled 1,817 architectural practices in South Africa, representing 12,600 staff,
- A third (38%) of all architecture firms in the country said they had not received any work at all during lockdown, while another third (35%) only had enough work to meet the costs for one month.
- Of all the businesses polled, 19% indicated that they had not closed, but were likely to close for good in the near-term. 9% of businesses said they had already closed down, and were unlikely to re-open again.
- According to Leading Edge, 32% of practices have applied for government aid. 27% applied for aid from UIF TERS and 12% from the Covid-19 Response Fund. 7% applied for both.

THANK YOU

