



BCG COVID-19: Economic Impact on the Private Sector

Webinar hosted by Department of BioEngineering, University of Maryland

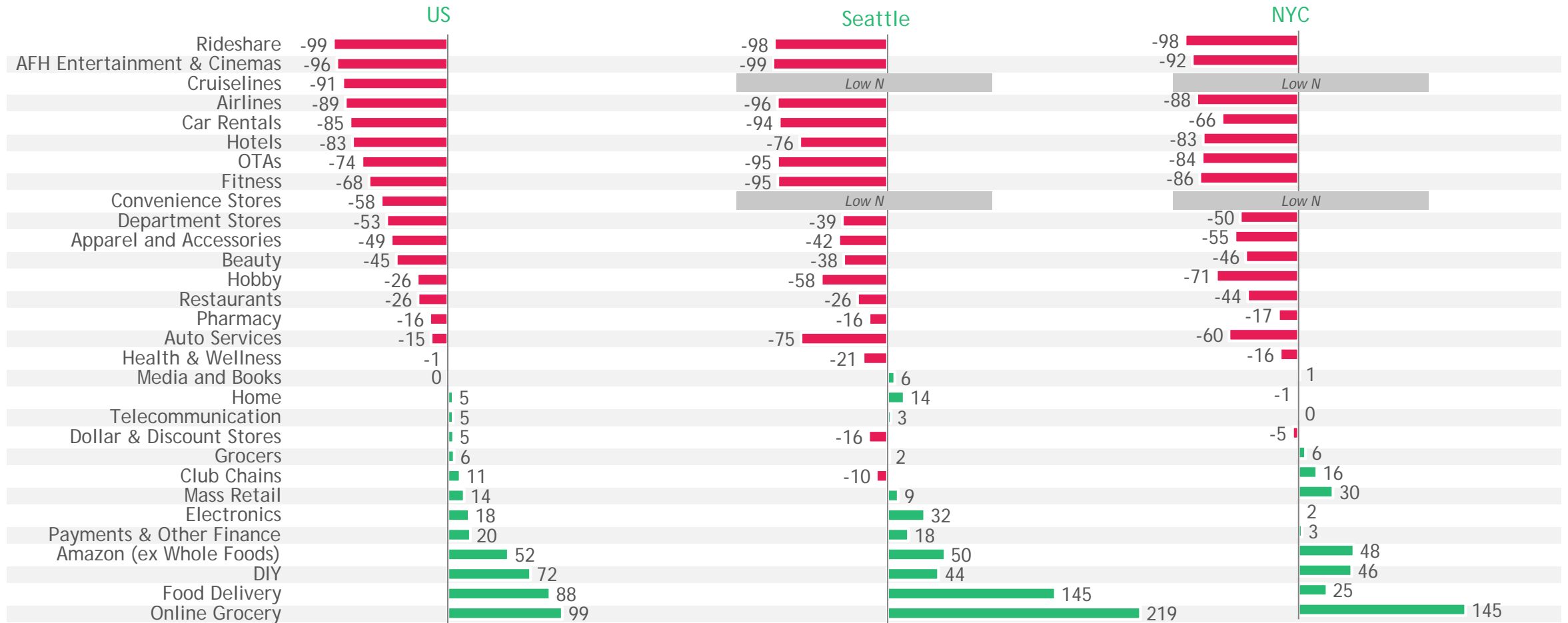
JUNE 2020



COVID-19 having dramatic economic impact across sectors

Through week ending May 6, 2020

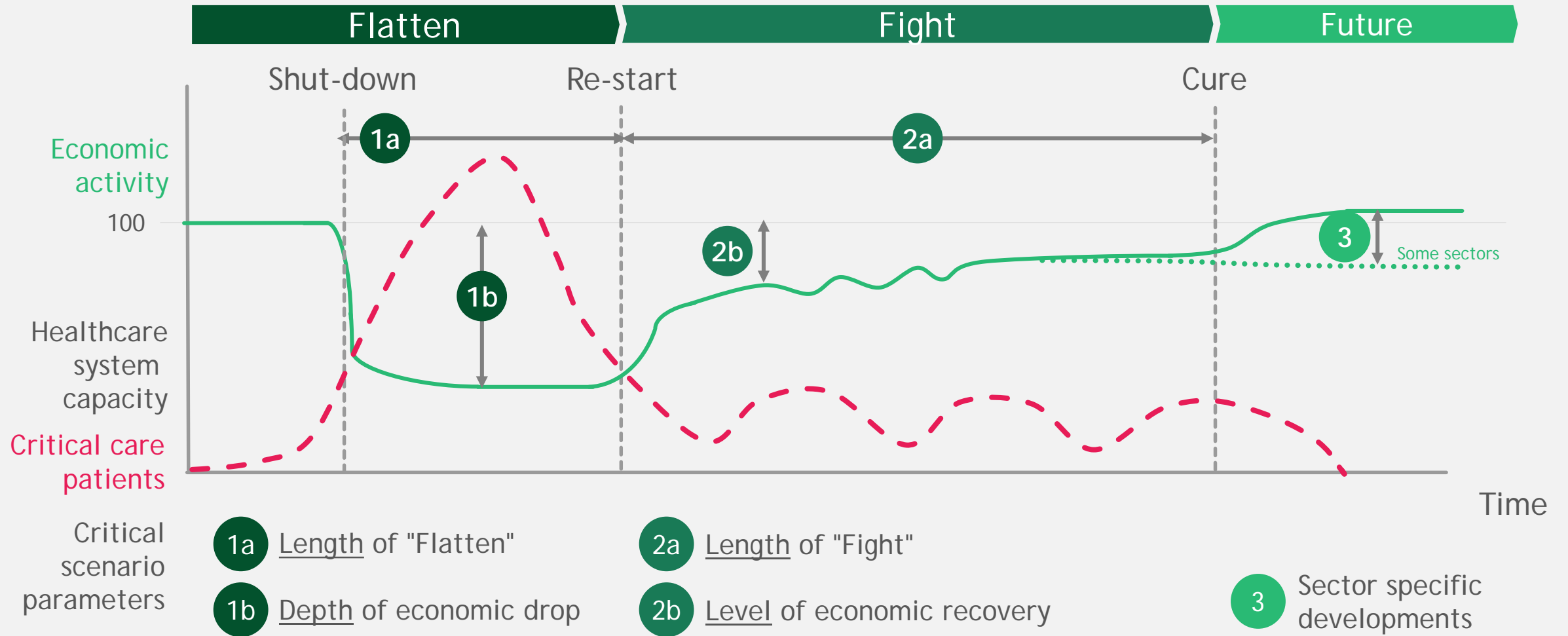
Week ending 5/6/2020 vs pre-crisis Dec - Jan (Delta in YoY % change in \$ Sales)



Note: Sample size varies by category, ranging from 1,000-19,000 consumers for Seattle area, 1,000 - 9,000 for NYC area, and 15,000-750,000 for US; Excluding sectors with N<1000
Source: BCG Marketing, Sales, and Pricing; BCG GAMMA; Earnest Research; BCG analysis



Economic impact of the pandemic linked directly to healthcare developments





Flatten phase: Given shut-down of non-essential activities, ~15-30% of micro-economic activity impacted

BCG CAST preliminary sector estimates

High contact-intensity, establishments closed¹ for shelter-in-place (e.g. travel & tourism, non-food retail, restaurants, consumer services)

Medium contact-intensity, establishments closed¹ for shelter in place (e.g. manufacturing of non-essentials, media, building materials)

Low contact-intensity establishments closed¹ for shelter in place (e.g. professional services, data centers, and tech services)

Establishments open under shelter-in-place (i.e. supporting societal necessities, including healthcare, food retail, utilities)

Flatten assumptions

~60-80% activity reduction

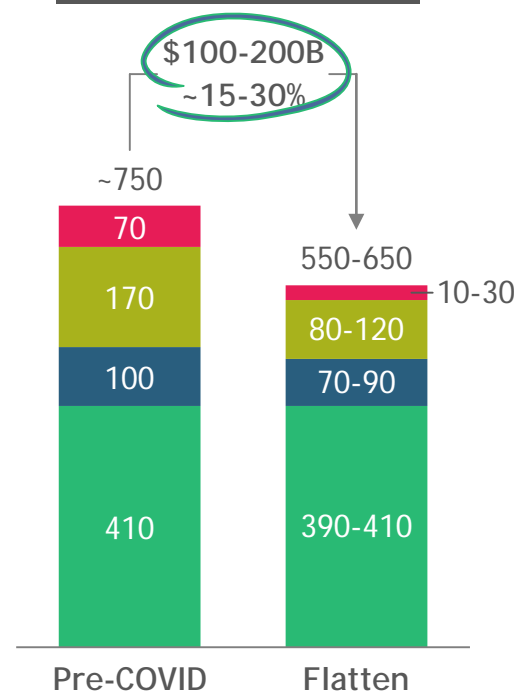
~30-50% activity reduction

~10-30% activity reduction

~0-10% activity reduction

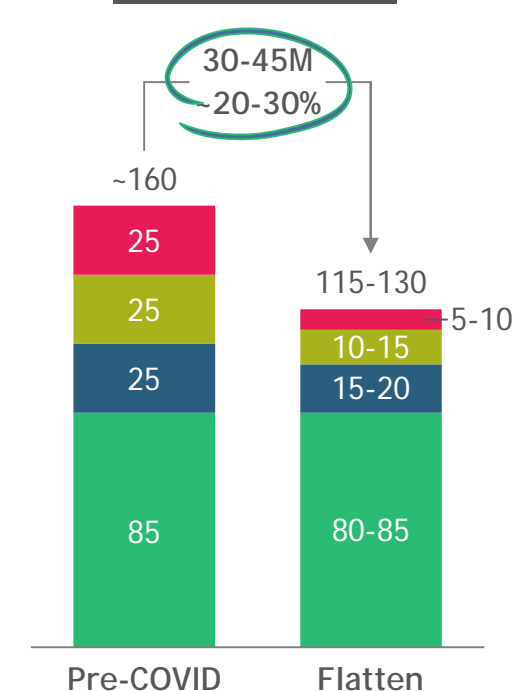


Revenue / week (\$B)



3rd party GDP estimates forecast ~10%-15% decline in level of GDP in Q2 - including impact of CARES Act

Employment (M)



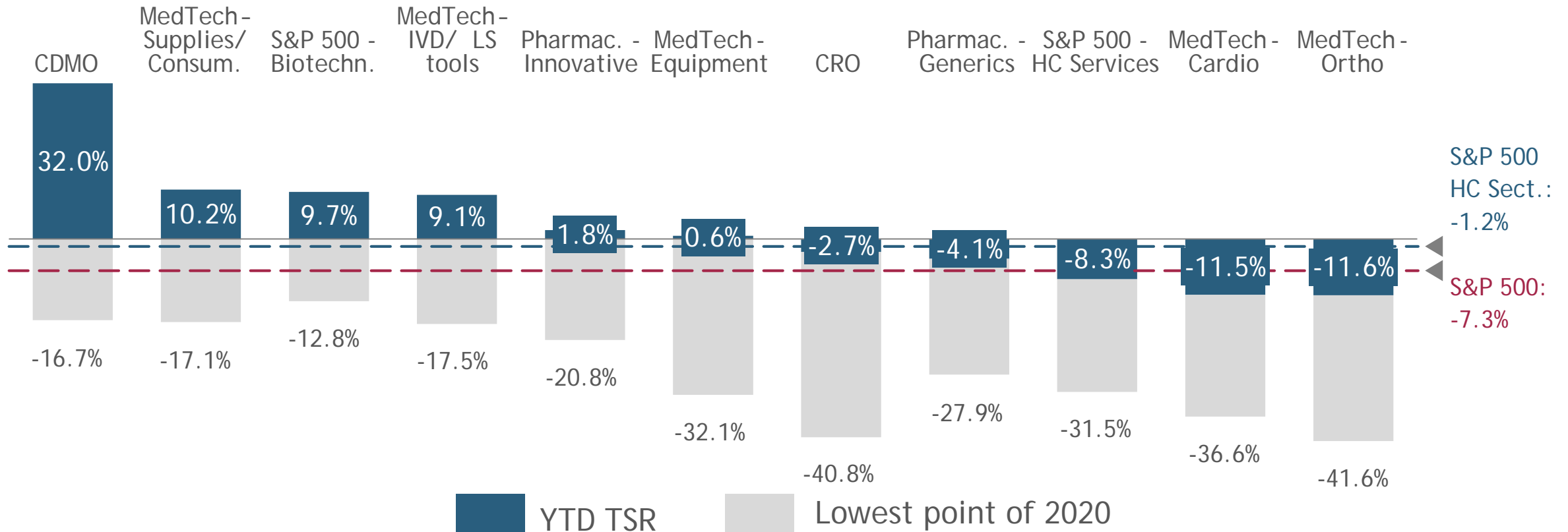
~30M new initial jobless claims through March & April; St. Louis Fed high estimate of 47M jobs at risk

Some activity preserved with closed establishments through adaptations such as work-from-home arrangements and food delivery. Note: Figures may not add due to rounding - totals are rounded after summing. Pre-COVID levels from 2017 Economic Census, then scaled to 2019. Figures incorporate observed "uplift" in some sectors. 3rd party GDP estimates reported as annualized - converted here to show instantaneous change. Source: US Economic Census; US Federal Reserve; Goldman Sachs; JP Morgan Chase; Morgan Stanley; BCG COVID response teams; BCG Analysis

Healthcare sector: Strongest recovery in CDMO, MedTech supplies/consum., tools, and biotech; other subsegments remain below S&P

As of 05/20

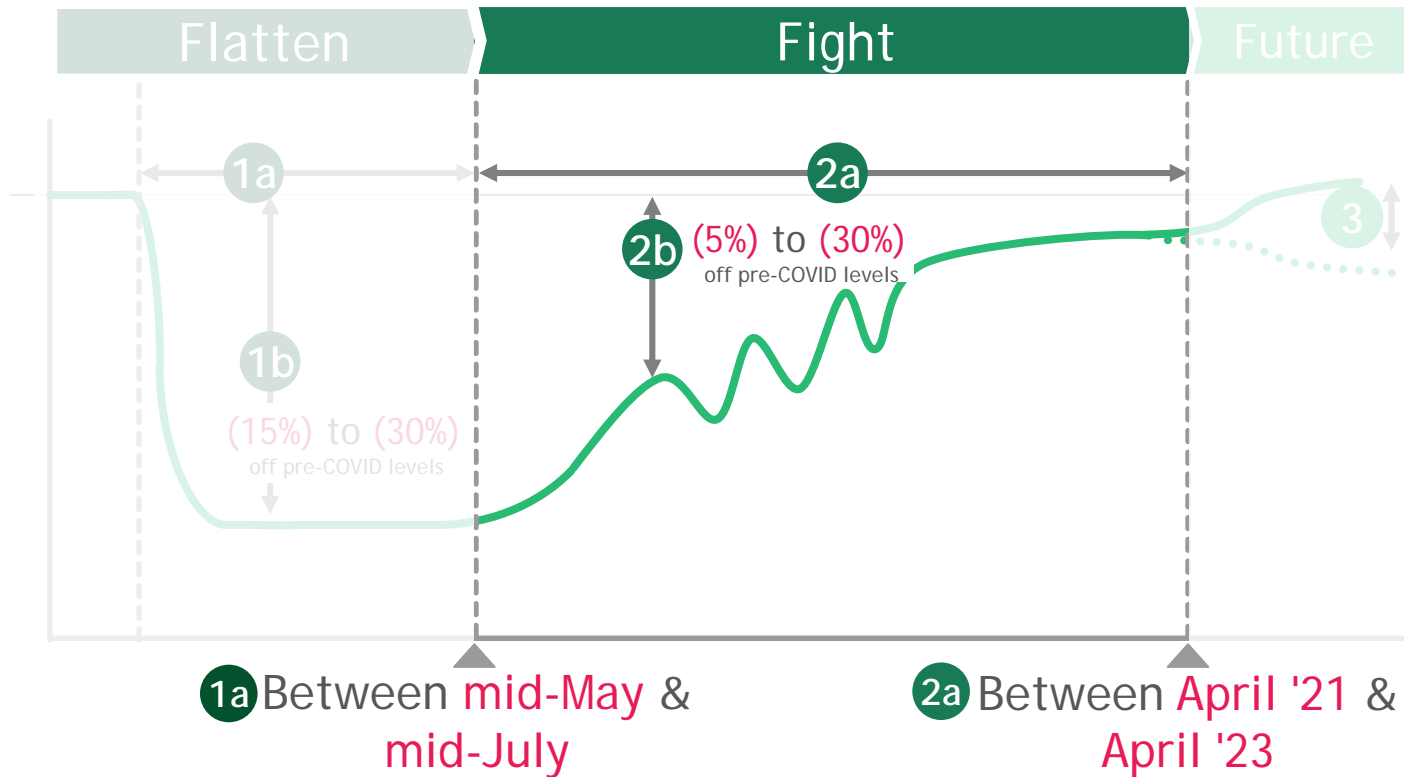
2020 YTD TSR in %



1. Contractual Development & Manufacturing Organization 2. Clinical Research Organizations
 Note: TSR calculated in USD & using opening price 01/02/2020 and closing 05/20/2020; BCG-defined indices are market cap weighted Source: S&P Capital IQ; BCG ValueScience® Center

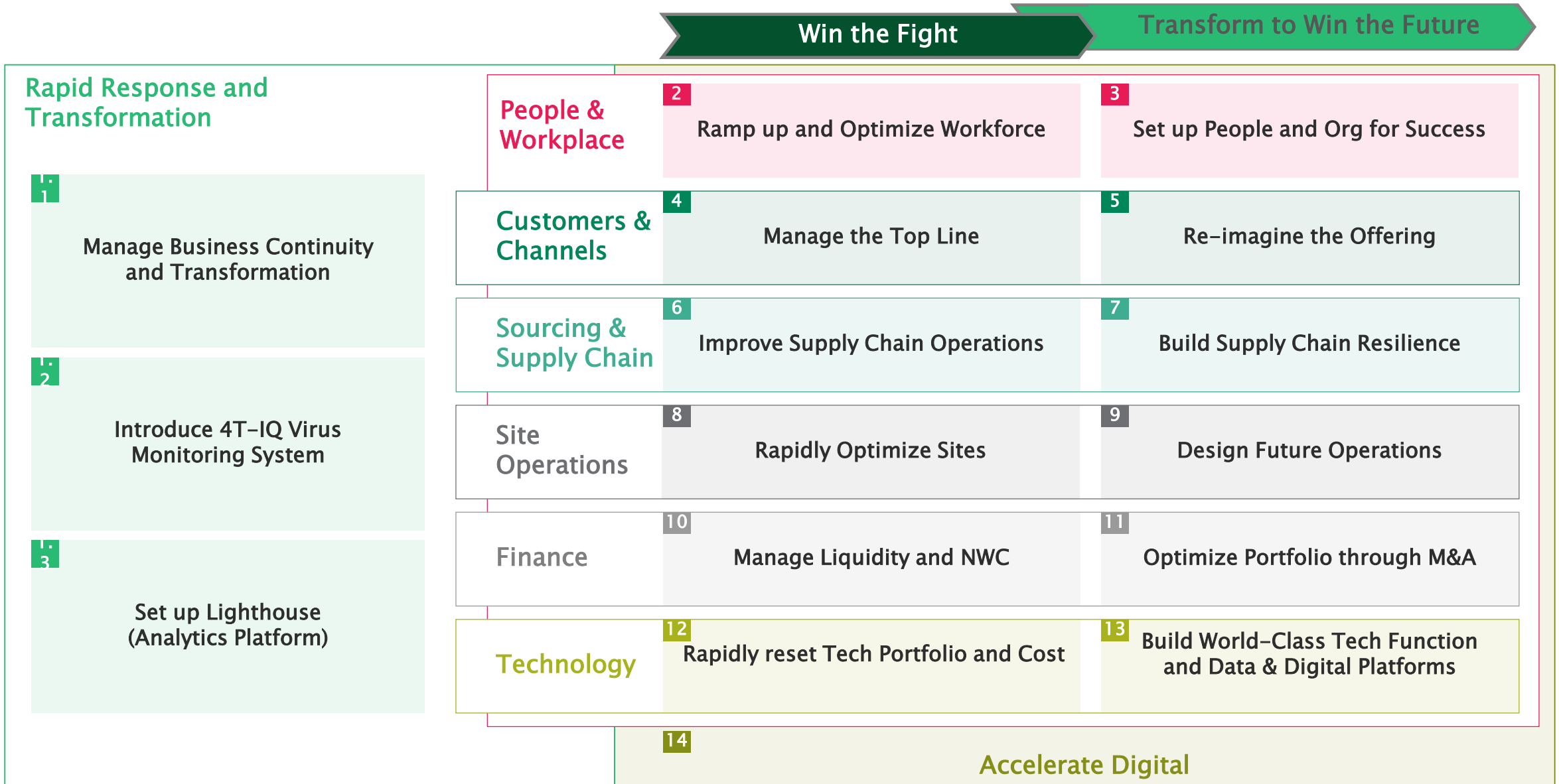


Wide range of economic "depths" possible in Fight phase



Impact of COVID-19 likely continue to be significant, but will vary across sectors

How to win the fight and transform to win the future?



How to get involved?

Get involved with **local economic recovery efforts**, eg. partnering with local businesses

Work with your colleagues to **re-invent the new normal in your organization** - things will never go back to how they were before!

Stay connected via economic updates in established news outlets

BCG materials:

<https://www.bcg.com/en-us/featured-insights/coronavirus.aspx>