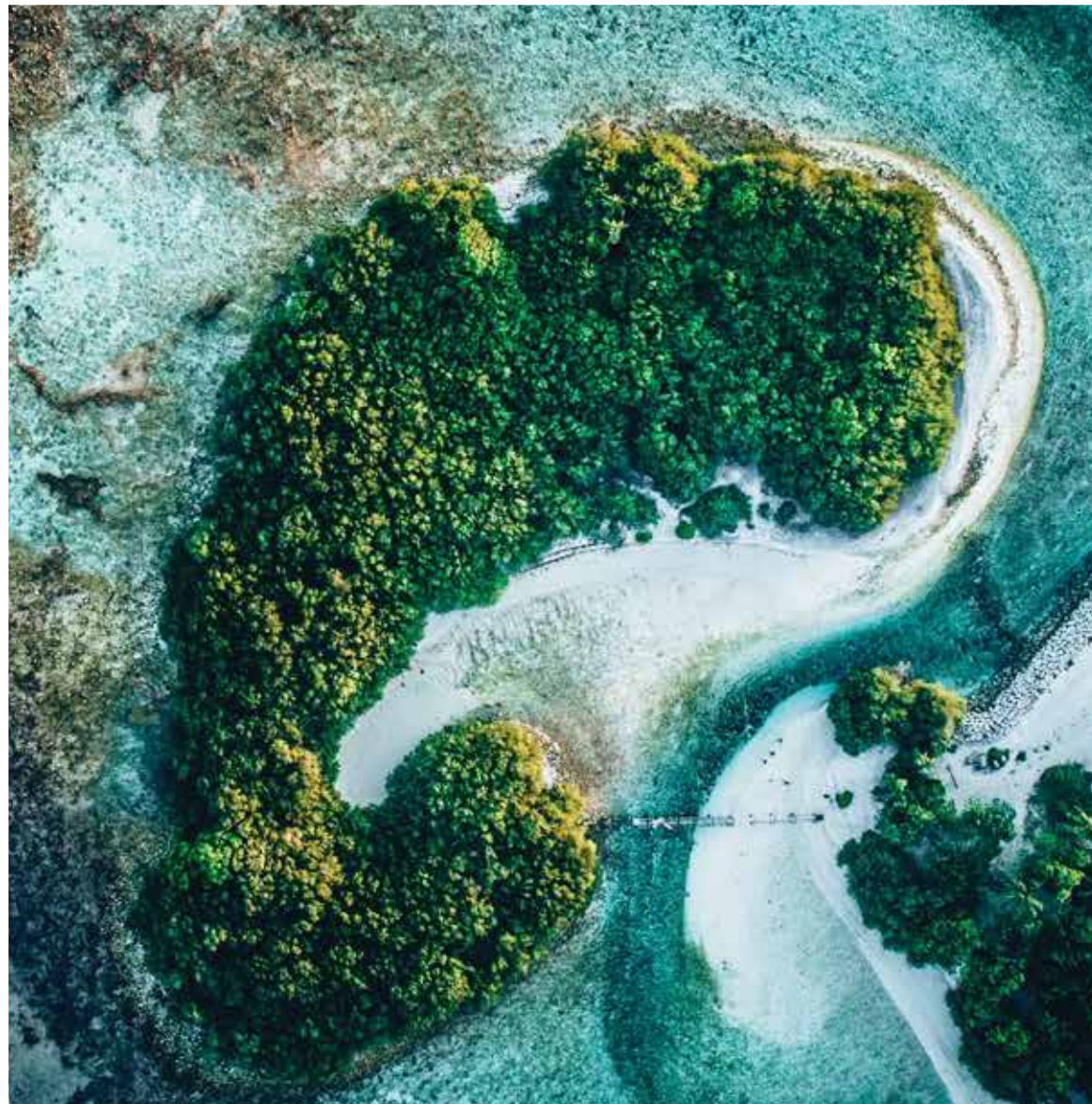


Sri Lanka's business sector has been resilient and continue to look at opportunities to transform and grow following the onset of the COVID-19 pandemic:

PwC -FCCISL Business Resurgence Survey Report



PwC-FCCISL Sri Lanka Business Resurgence Survey Report, a milestone study to address the post-pandemic challenges faced by local businesses, was officially released by Federation of the Chambers of Commerce in Sri Lanka (FCCISL) with the presentation of the first copy to Hon. Bandula Gunawardana, Minister of Trade.

The report is the fruition of a collaboration that had begun between FCCISL and PricewaterhouseCoopers, Sri Lanka (PwC Sri Lanka) that led to an island-wide survey conducted amongst registered businesses of all sizes during the third-quarter of 2020. The report is based on industry feedback and responses from businesses across diverse industry sectors and operating scales, broadly representative of the overall industry landscape of the country.



Lasanga Abeysuriya
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89% of respondents across all sectors experienced adverse impacts following the pandemic, however the key challenges, coping strategies adopted along with future support required saw marked differences once you started looking at different sectors in the economy” said

Lasanga Abeysuriya
Executive Director, PwC Sri Lanka

COVID-19 pandemic has greatly impacted the operations and strategy for your company, to what extent do you agree

Sector	Strongly agree	Somewhat agree	Neutral - unable to assess impact as yet	Somewhat disagree	Strongly disagree
Total	61.2%	28.1%	5.4%	3.3%	2.0%
Agriculture, forestry and fishing	60%	27%	7%	0%	7%
Manufacturing	59%	27%	8%	4%	3%
Construction	81%	19%	0%	0%	0%
Wholesale and Retail Trade	48%	48%	4%	0%	0%
Transport and Storage	63%	25%	13%	0%	0%
Accommodation and Food Services	86%	7%	0%	0%	7%
Information and Communication	57%	30%	4%	9%	0%
Financial and Insurance	50%	25%	25%	0%	0%
Professional, Scientific and Technical Services	44%	56%	0%	0%	0%
Education	71%	18%	6%	6%	0%
Other Services	63%	26%	4%	4%	2%

Loss of customer sales and inadequate cash flow for working capital requirements were the most common challenges for micro and small businesses, whilst reduction in overall funding available and supply chain challenges were key concerns for medium and large businesses respectively.



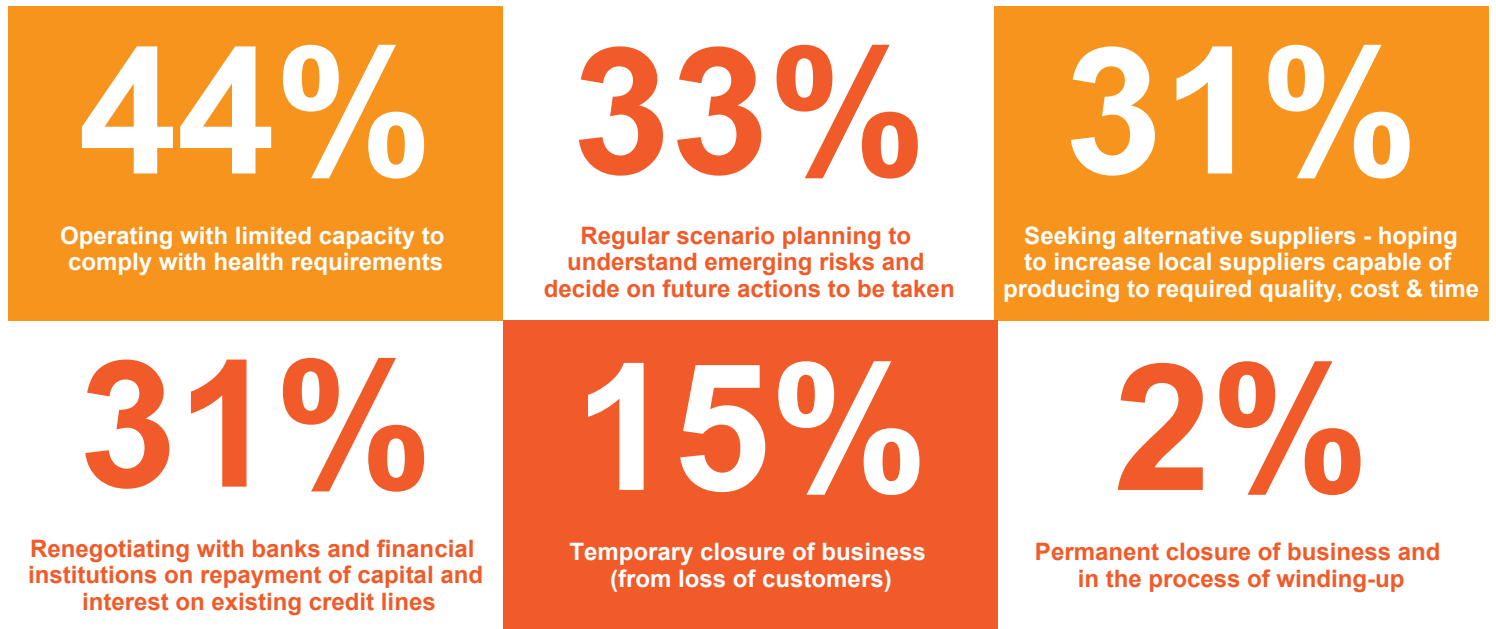
The study provided evidence for the further support needed to develop a strong export-oriented economy, with most businesses in the micro and SME segment currently focused on only serving domestic markets. Contrastingly, over two-thirds of the large businesses served export markets. Key challenges faced by export-oriented businesses were order cancellations, loss of customers, supply chain disruptions to source production inputs and working capital shortages.

Despite the headwinds, local businesses have shown tremendous resilience to remain open and protect jobs.

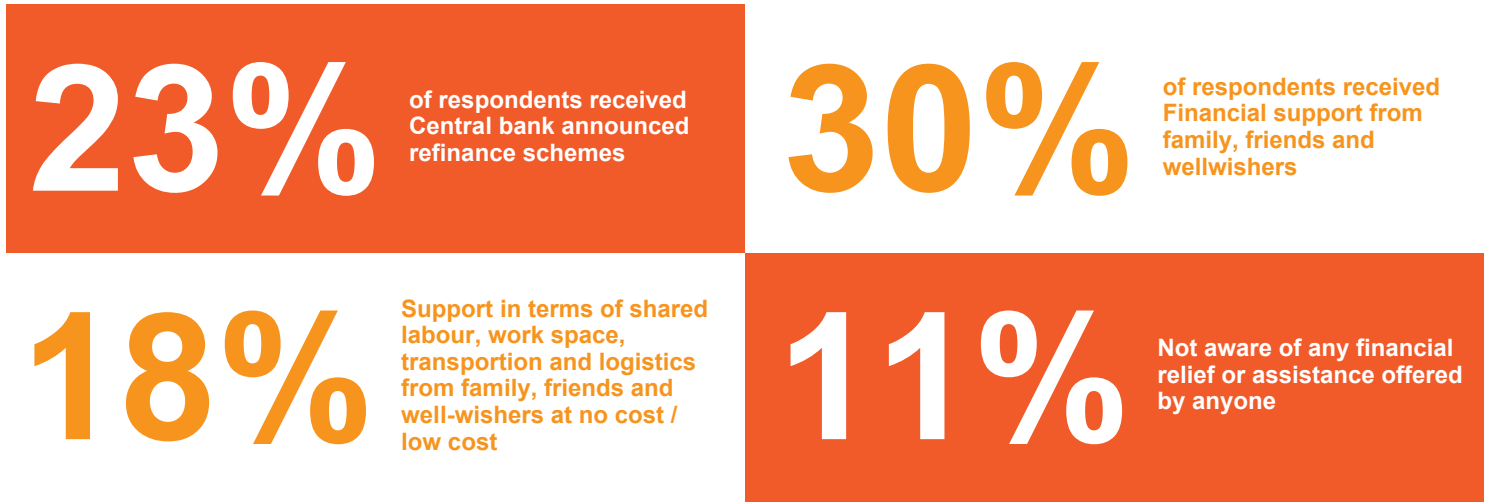


Much fewer companies had permanently wound-up or were in the process of winding-up due to the pandemic-induced challenges when comparing with some of the regional markets in Asia”
said Abeysuriya

Having flexibility to scale down operations and reduce costs, finding alternative supply sources and renegotiating with financiers and suppliers were amongst common coping mechanisms adopted for businesses to navigate these challenging times.



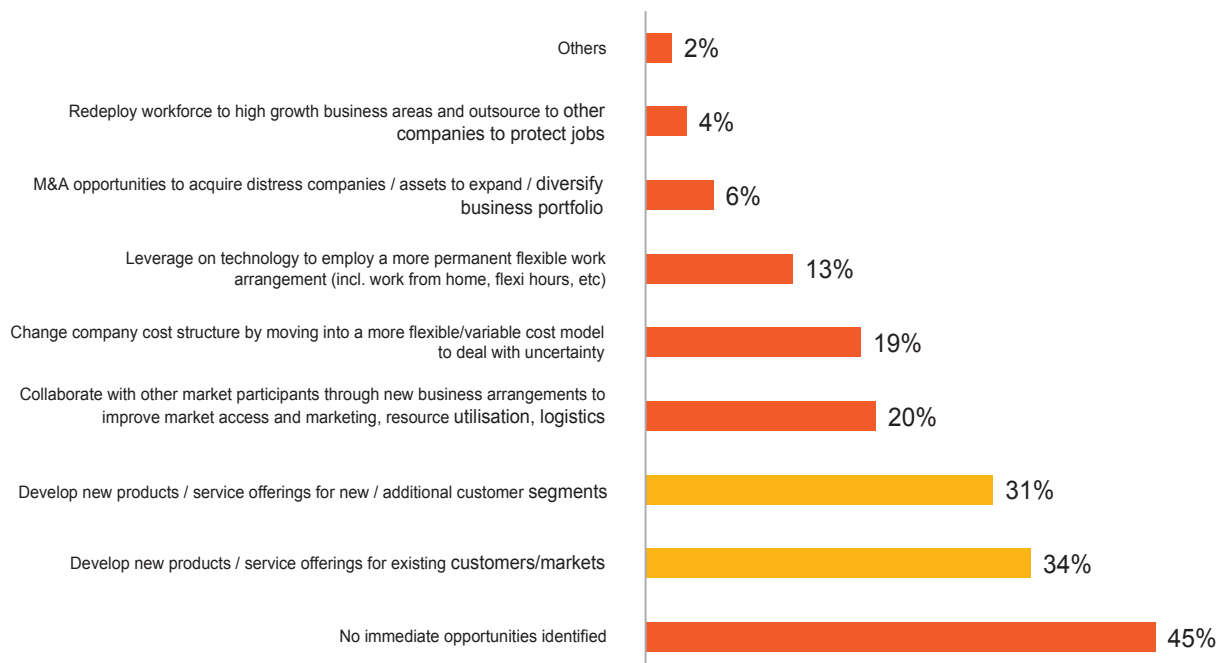
More businesses have relied on family and friends for support – both financial and other – during the current crisis. Thirty-percent of businesses relied on financial support from family and friends whilst eighteen-percent of businesses received other support such as no / low cost labour, transportation, work premises from family and friends. Contrastingly, less than a quarter of the businesses had benefited from the Central Bank announced refinance schemes administered through the banks and financial institutions; eleven-percent of businesses were still awaiting approval / disbursements from such schemes as at the time of the survey whilst another eleven-percent were not even aware of financial assistance schemes available.



There is a silver lining; businesses have also identified opportunities, despite of all the challenges, with fifty-five percent of businesses seeing immediate new opportunities following the enforced COVID-19 associated movement and business restrictions. Businesses have looked at pivoting or transforming operations as well as seeking new opportunities and collaborations to utilise available resources and capabilities.



New opportunities for your company to immediately benefit



Looking at business strategies and priorities before and since the COVID-19 pandemic, growth and expansion have taken a relative back seat, whilst those with the capacity to do so have preferred seeking growth outside the country.



We see a change in priority for businesses to look at lateral diversification more favourably. However, businesses also seem more comfortable to pursue an organic growth path, perhaps due to lack of confidence or capacity to explore joint ventures or M&A routes that can be more effective and faster, particularly where new skills and expertise is required” said Abey Suriya.

Over half the businesses have sought various forms of financial support remedies as the most urgent short-term requirement to recover from current challenges. Most common amongst these include financial grants for business transformation and technology adoption, collateral free credit through a government-backed loan guarantee scheme, faster access to cheaper working capital financing and further extensions to credit moratoriums. In the medium-term, businesses have identified areas that can increase local market competitiveness such as reducing utility costs for industrial and commercial establishments, simplifying government services, improving the quality and quantity of skilled labour to meet the requirements of multiple industries, and improving the access to public infrastructure at competitive costs in order promote more private sector participation.





The study has provided a good baseline assessment of our local industry standing and gives a strong platform for future action.” said

Ruwan De Silva

Director and Project Chairperson for the Business Resurgence Study, FCCISL

FCCISL has indicated future plans to engage in a series of sector focused initiatives, with greater support from relevant sector participants, to drive a balanced, multi-sector economic revival in the country.



With the current findings and other on-going studies to be conducted, we hope to engage with all our affiliated stakeholders that represent diverse industry sectors and professional bodies, regional business chambers as well as the public sector and government to jointly discuss, develop and implement necessary interventions to support the faster recovery of the local economy” said De Silva.



We will work with the Government and interested parties to seek support from the international community, including bilateral and multilateral lending and development agencies, to address some of the priority areas such in market development and capacity building to enable the growth of local business and economy” De Silva further added.



Wish to discuss any aspect of the report findings

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