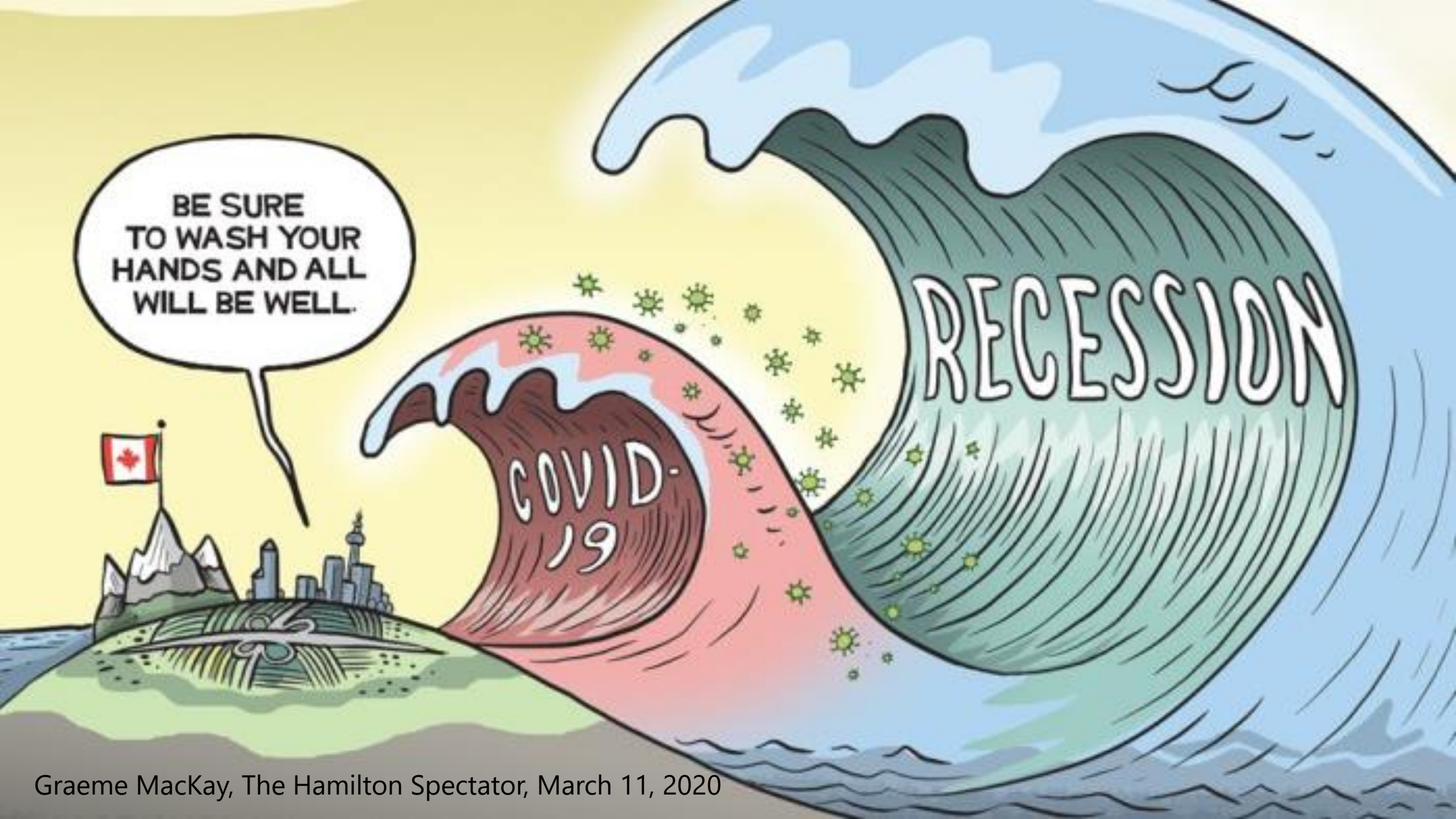


The Portuguese Government responses to support small businesses in this time of crisis

Diogo Ivo Cruz





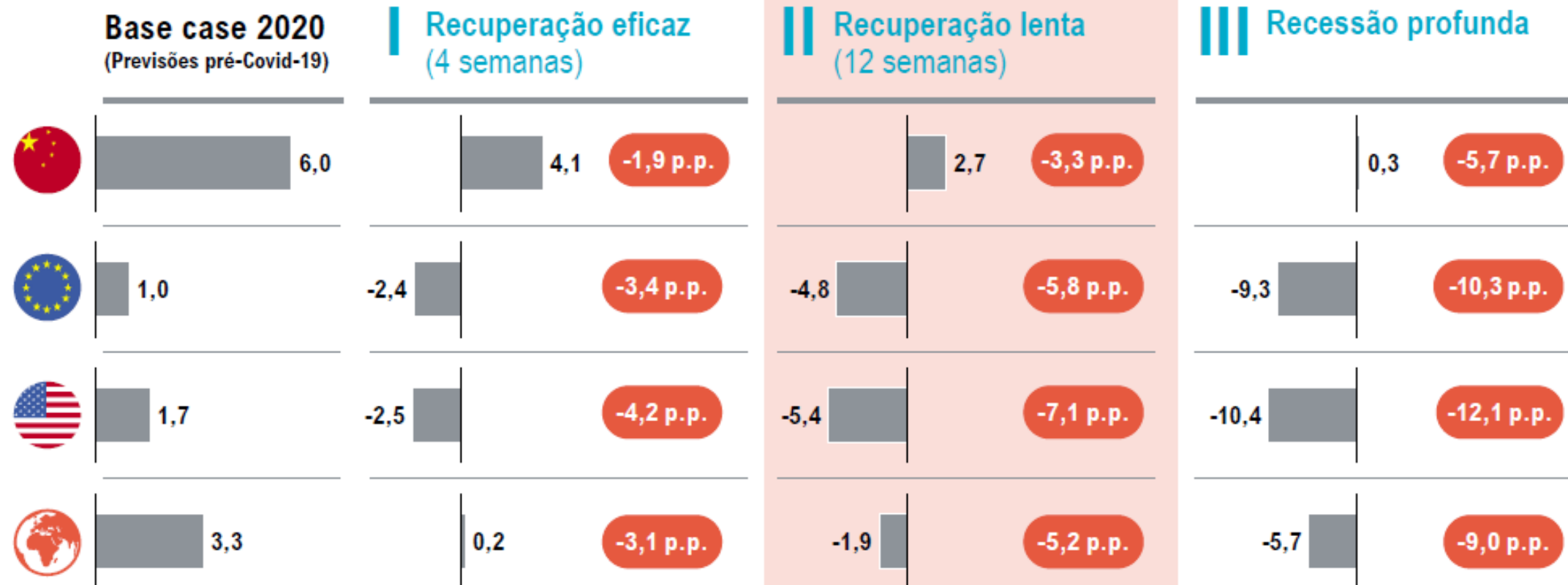
BE SURE
TO WASH YOUR
HANDS AND ALL
WILL BE WELL.

COVID-19

RECESSION

Graeme MacKay, The Hamilton Spectator, March 11, 2020

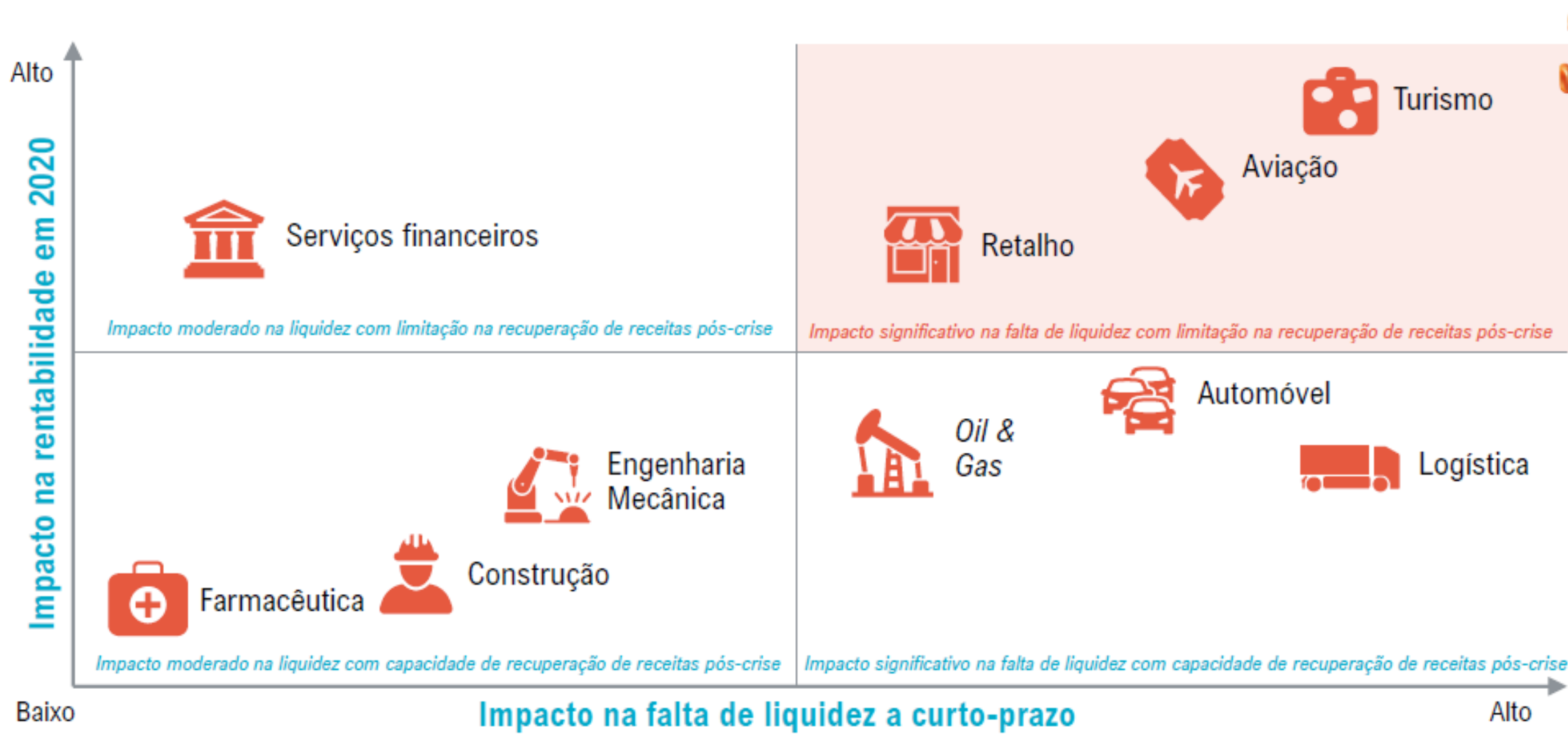
Cenário Base



■ Crescimento do PIB 2020 [%]

● Impacto face à previsão de crescimento do PIB pré-crise [pontos percentuais]

Fonte: Roland Berger



Measures to stimulate the economy

Liquidity

- Credit Lines

Fixed cost relief

- Moratorium on payments to the state
- Moratorium on credit payments
- Simplified Lay-off

European

- ECB €750bn to buy bonds
- EC – Flexibility under the EU's Fiscal Rules

Lisbon – 15 measures

Increasing Liquidity

Credit Lines

Credit Lines

The objective of the measures is to ensure liquidity to safeguard jobs and continue their activities faced with the difficult situation caused by the Coronavirus outbreak.

6 credit lines available worth a total of 3.46 billion euros

- Covid-19 - Apoio a empresas de restauração e similares
- Covid-19 - Apoio a empresas do turismo
- Covid-19 - Apoio a agências de viagens e similares
- Covid-19 - Apoio a empresas da indústria
- Linha Capitalizar Covid-19
- Linha para microempresas de turismo

Covid-19 - Apoio a empresas de restauração e similares

Total worth: 600 Million Euros (ME)

Target: Restaurant and similar industries

Max Credit per operation: Maximum amount, per operation, of 1.5 million euros for medium-sized companies, 500 thousand for small companies and 50 thousand for micro-companies. May not exceed 25% of the turnover or two times the annual personnel costs.

Maturity: 4 years with a grace period of 12. months

Spread: Fixed rate, indexed to Euribor's swap rate, or variable rate, indexed to Euribor for one, three, six or 12 month plus, a maximum spread of 1.5%

Access and conditions: To companies with a positive balance that are committed not to reduce employed personnel. The process is managed by the banks.

Covid-19 - Apoio a agências de viagens e similares

Total worth: 200 Million Euros (ME)

Target: Travel Agencies and other touristic animation industries

Max Credit per operation: Maximum amount, per operation, of 1.5 million euros for medium-sized companies, 500 thousand for small companies and 50 thousand for micro-companies. May not exceed 25% of the turnover or two times the annual personnel costs.

Maturity: 4 years with a grace period of 12. months

Spread: Fixed rate, indexed to Euribor's swap rate, or variable rate, indexed to Euribor for one, three, six or 12 month plus, a maximum spread of 1.5%

Access and conditions: To companies with a positive balance that are committed not to reduce employed personnel .
The process is managed by the banks

Covid-19 - Apoio a empresas do turismo

Total worth: 900 Million Euros (ME)

Target: Tourism sector and similar industries

Max Credit per operation: Maximum amount, per operation, of 1.5 million euros for medium-sized companies, 500 thousand for small companies and 50 thousand for micro-companies. May not exceed 25% of the turnover or two times the annual personnel costs.

Maturity: 4 years with a grace period of 12. months

Spread: Fixed rate, indexed to Euribor's swap rate, or variable rate, indexed to Euribor for one, three, six or 12 month plus, a maximum spread of 1.5%

Access and conditions: To companies with a positive balance that are committed not to reduce employed personnel . The process is managed by the banks.

Covid-19 - Apoio a empresas da indústria

Total worth: 1.3 Billion Euros (ME)

Target: Industrial activities

Max Credit per operation: Maximum amount, per operation, of 1.5 million euros for medium-sized companies, 500 thousand for small companies and 50 thousand for micro-companies. May not exceed 25% of the turnover or two times the annual personnel costs.

Maturity: 4 years with a grace period of 12. months

Spread: Fixed rate, indexed to Euribor's swap rate, or variable rate, indexed to Euribor for one, three, six or 12 month plus, a maximum spread of 1.5%

Access and conditions: To companies with a positive balance that are committed not to reduce employed personnel.
The process is managed by the banks

Linha Capitalizar Covid-19

Total worth: 400 Million Euros (ME)

Target: SMEs and other companies (in certain conditions) that presented profits in the last financial statement.

Max Credit per operation: up to 3 million (1.5 million euros for working capital and 1.5 million to treasury) (80% guaranteed by the government),

Maturity: 4 years for working capital line and 3 year for treasury line

Spread: Fixed rate or a variable rate, indexed to Euribor plus a spreads up to 3.258%.

Access and conditions: The process is managed by the banks

Linha para microempresas de turismo

Total worth: 60 Million Euros (ME) microcredit

Target: Micro-Companies (with up to 10 employees and a turnover of up to 2 million euros) of the Tourism sector, which were not in a difficult situation prior to this crisis.

Max Credit per operation: The maximum funding is 750 euros per month for each existing worker on 29 February, multiplied by a three-month period, up to 20 thousand euros.

Maturity: 3 years with a grace period of one year

Spread: No interest rate

Access and conditions: The process is managed by Turismo de Portugal (Portuguese Tourism Office)

Reducing fixed cost in the short run

Moratorium
from credits to
financial
institutions

Moratorium
from payments
to the state

Simplified Lay-off

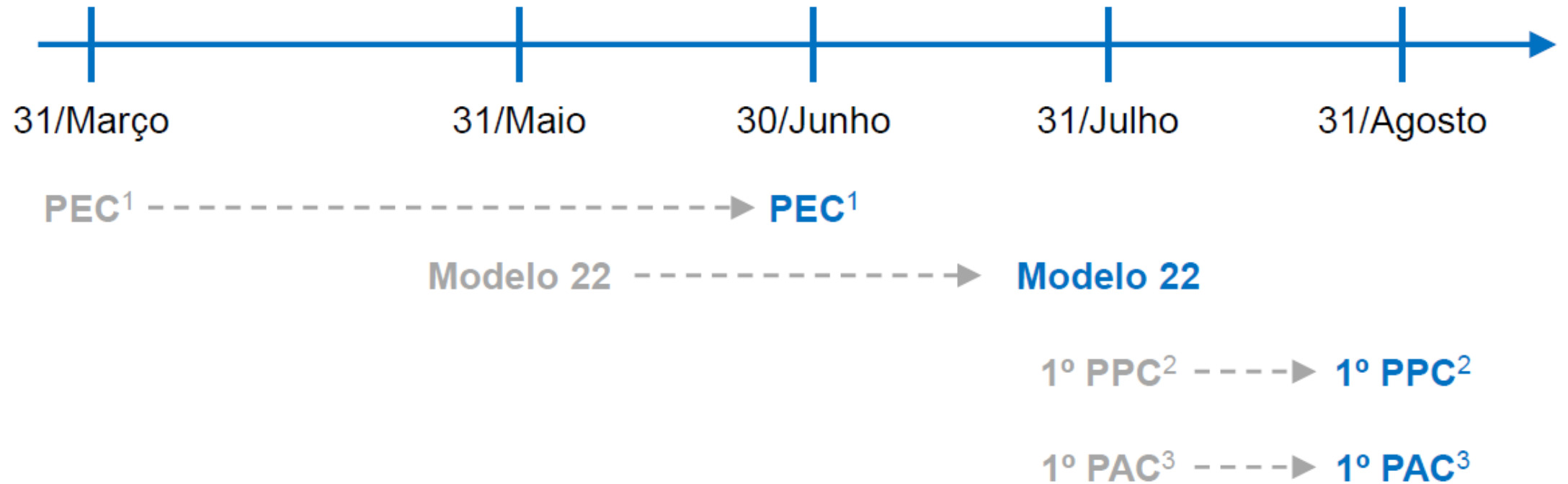
Credit moratorium from financial institutions

- Objective: **postpone the payment of interest and capital** to financial institutions promoting liquidity in companies and families
- **Applies to** private individuals and Businesses
- **Duration of 6 months**, until September 30, 2020
- **Contracted credit term will be extended**, in the future, **for another 6 months.**
- Covered:
 - credit operations essential to the activity of companies, including leasing and factoring.
- Exceptions
 - securities or the acquisition in other financial products; bonified credits granted under incentive programs (except the Program “Regressar”); and company’s credit cards.

Moratorium on tax and contributions

- Objective: **postpone the payment tax obligations and contributions to Social Security**
- Applies to all businesses
- **New Tax Calendar** that postpone payments to June onwards
- **Social Security** contributions may be paid in 3 or 6 installments
 - Workers' contributions (11% of the gross wage) must be paid in the months they are due.
 - Company's contributions (23,25% of the gross wage), due in March, April and May 2020 may be paid as follows:
 - one third of the value of contributions is paid in the month it is due;
 - The remaining two-thirds are paid in 3 or 6 equal and successive installments

New fiscal calendar



Simplified Lay-off

Simplified Lay –Off is a legal option that allows companies to suspend or reduce the normal working hours of the employee, having access to financial support to cover part of the salary of the employee in lay-off situation.

The employee in lay-off situation will maintain 2/3 of the gross salary with a minimum of 635 euros and a maximum of 1905 euros per month. This expenditure is supported in 70% by the social security and 30% by the employer.

Simplified Lay-off

In wich situations you may request the Lay-off

- Activity stopped by order of the public authorities.
- Total or partial of stop the company's activity due to interruption of supply chain or suspension or cancellation of orders
- Decrease of at least 40% of revenues in the period of 30 days before the lay-off request, comparing to the average revenue of the two months previous or with the same period in previous years or, for companies with less than 12 months, the average revenue.

\$ Simplified Lay off

What is the Support available?

Financial Support to the Company exclusively destined to the salary of the employee in lay-off situation, during the period of temporary suspension or reduction of workforce service. The employee in lay-off situation will maintain 2/3 of the gross salary with a minimum of 635 euros and a maximum of 1905 euros per month.

This expenditure is supported in 70% by the social security and 30% by the employer. In addition, the employer is exempt of paying the 23,25% of social security relating to that employee.

The Support is valid for the duration of 1 month, renewable to the maximum of 3 months.

Simplified Lay-off

Normal Gross wage	Wage under Lay-off situation (1)	Social security support (2)	Employers cost (3)
635,00 €	635,00 €	444,50 €	190,50 €
650,00 €	635,00 €	444,50 €	190,50 €
750,00 €	635,00 €	444,50 €	190,50 €
850,00 €	635,00 €	444,50 €	190,50 €
1 000,00 €	666,67 €	466,67 €	200,00 €
1 500,00 €	1 000,00 €	700,00 €	300,00 €
2 000,00 €	1 333,33 €	933,33 €	400,00 €
2 500,00 €	1 666,67 €	1 166,67 €	500,00 €
3 000,00 €	1 905,00 €	1 333,50 €	571,50 €
5 000,00 €	1 905,00 €	1 333,50 €	571,50 €

Lisbon's 15 measures to
address the impact of
the coronavirus on
families and businesses

Lisbon city stimulus measures

1. Suspension of rent payments on all municipality's dwellings;
2. Reinforcement of the Social Emergency Fund for families and social institutions by 25 million euros;
3. Full exemption of rent payments for all commercial establishments in closed municipal areas;
4. Full exemption of rent payments for all social, cultural, sporting or recreational institutions located in municipal areas;
5. **Suspension of the collection of all taxes relating to the occupation of public space and advertising to all commercial establishments;**
6. Regular purchase of fresh products from producers who were selling at the fairs now closed and delivery of these products to associations with social work in Lisbon;
7. Suspension of the provision prohibiting the use of non-reusable plastic;

Lisbon city stimulus measures

8. **Guaranteeing the implementation of the investment plan for 2020 and subsequent years of CML and municipal companies, estimated at 620 million euros;**
9. Full operation of urban licensing;
10. Anticipation of payment to designers, namely architecture, engineering and technical services offices;
11. **Creation of a support team for micro, small and medium-sized enterprises (SMEs);**
12. **Creation of a marketplace that joins the needs of companies, institutions and municipalities with the skills and offers of the Lisbon entrepreneurial ecosystem;**
13. Ensuring that cultural agents are fully paid for contracts already signed;
14. Speeding up payment to cultural entities in the city already receiving support;
15. Extending the support system to agents and entities in the cultural sector that are currently not covered by municipal support.



Diogo Ivo Cruz

diogoivocruz@investlisboa.com

www.investlisboa.com