

MOODY'S
ANALYTICS

Better
Faster
Decisions

Times are Changing...

Be an Essential Partner to Small Businesses

June 25, 2020

Presenters



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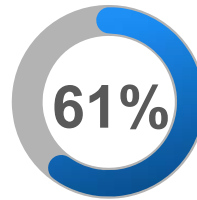
DAVE FESTER

CHIEF MARKETING OFFICER



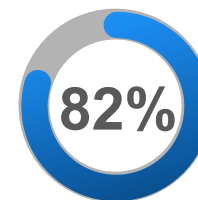
Cash Flow Has Always Been a Challenge, But It Got Worse

Cash flow has always been a challenge



61% of small businesses regularly struggle with cash flow

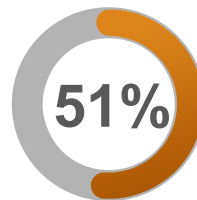
Wakefield Research survey – Jan 2019



82% of business failures are due to poor cash flow management skills / poor understanding of cash flow

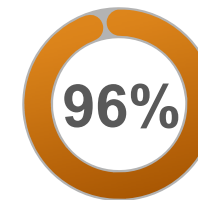
Preferred CFO Study – Nov 2019

COVID-19 has made it dramatically worse



51% of small businesses can't weather more than 3 months of current situation

Goldman Sachs Survey – March 24, 2020



96% Of all small businesses affected & 75% have reduced sales.

Goldman Sachs Survey – March 24, 2020

Cash Flow Has Always Been a Challenge, But It Got Worse

93%

say it will impact the way their business operates

Survey of 1,790 Goldman Sachs small businesses. April 20, 2020

64%

say their cash reserves will last less than three months

73%

of businesses need at least one month of revenue to REOPEN

Reopening Mainstreet – Moody's Analytics

Some Industries More Vulnerable from the COVID-19 Shutdown Than Others

Percentage of firms that will survive x months or fewer without help

Most Frequent 6-digit NAICS Code	1 Month	3 Months	6 Months
Highway, Street and Bridge Construction	12	21	32
Engineering Service	14	25	35
Gasoline Stations with Convenience	28	46	62
Activities for Oil & Gas Operations	28	52	71
Construction Contractors	32	52	68
Building Construction	38	60	73
General Freight Trucking	38	64	82
Computer Systems Design Services	41	60	73
Wholesale of Machinery and equipment	44	64	79
Wholesale of Motor Vehicle Supplies	47	76	90
Offices of Doctors and Dentists	47	63	77
Nursing Care Facilities	51	74	87
Supermarkets and Grocery Stores	56	77	88
Restaurants	60	80	89
Offices of Lawyers	61	79	87

Only **32%** of construction firms will survive 6 months without help

89% of Restaurants will make it!

Source: Moody's Analytics

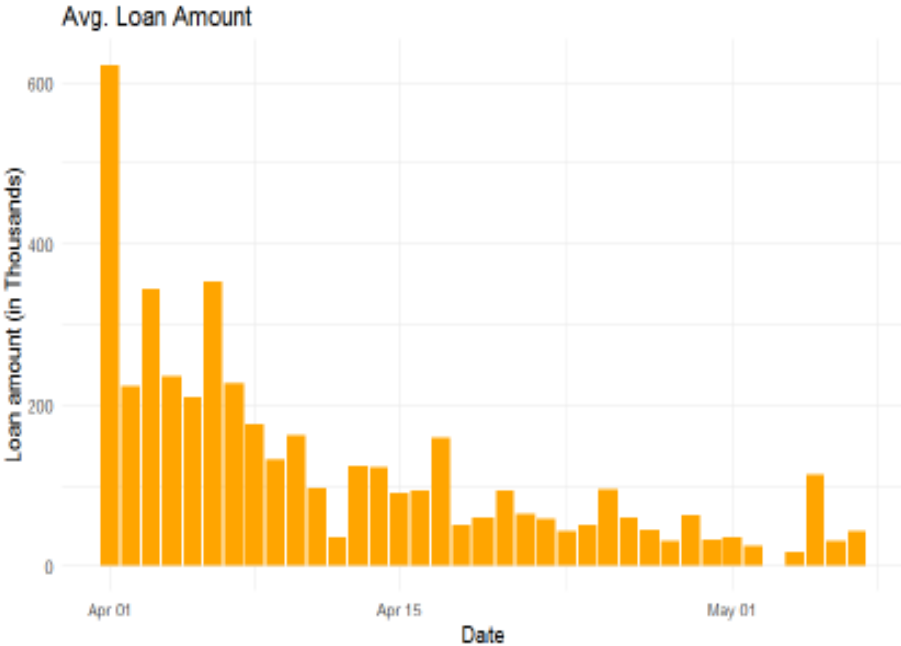
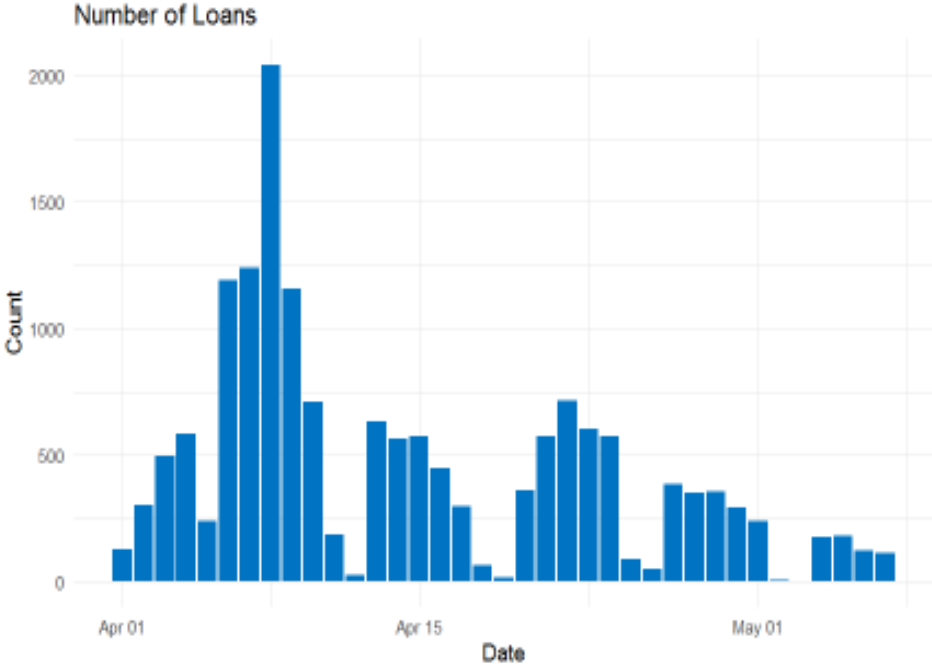
MOODY'S ANALYTICS

Times are Changing - Be an Essential Partner to Small Businesses, June 2020

5

PPP Loans Helping Delay Inevitable Financing Needs

Moody's Analytics Sample of 20k PPP Loans Issued to Midwest Small Business

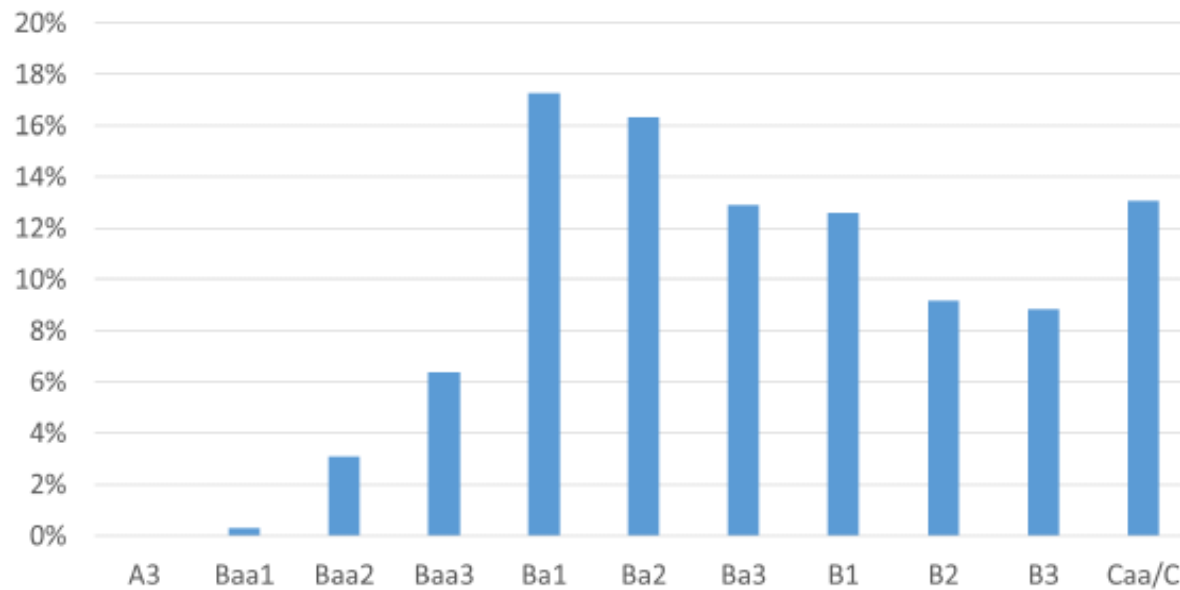


Source: Moody's Analytics

Despite PPP, Borrower Credit Risk Is Historically Increasing

75% of Private Firm Borrowers Undergo at Least a 2 notch Rating Grade Downgrade

PPP Firms Risk Ratings Based on Market, Financial and Trade Data



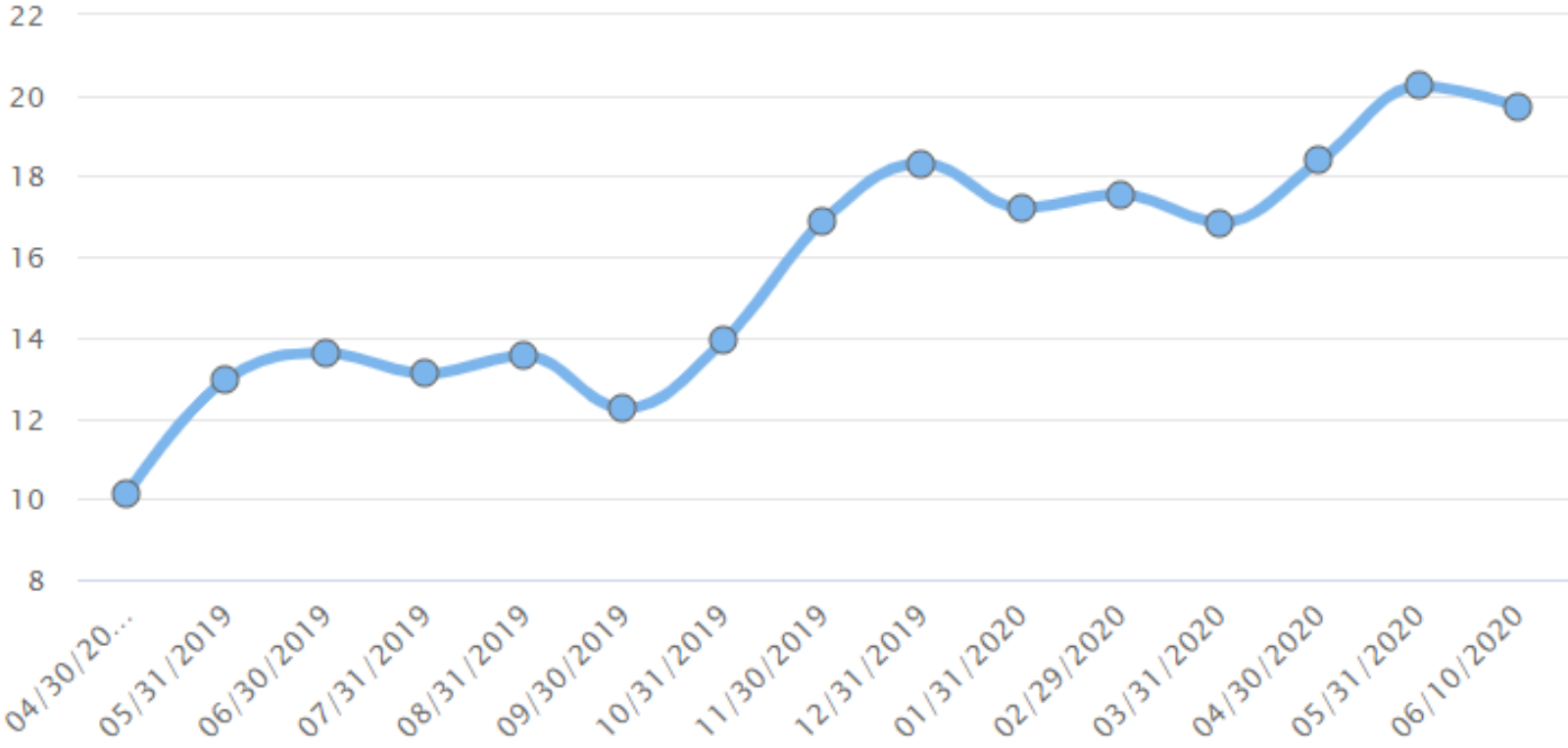
Key Risk Drivers

- » Volatile Oil markets
- » Spike in Unemployment
- » Trade line utilization
- » Past due on payments

Source: Moody's Analytics

Small Business Payments Are 20 Days Beyond Terms – Is This the Peak?

Payment speed – days beyond terms (DBT)



Source: Cortera

Small Business Challenges

Revenue drop during Covid-19 & limited revenue until fully open

Few even know what their cash flow is

PPP loan was complicated and probably not enough

Probably need additional loans, but unsure how much and when

Don't know how to do what-ifs or longer-term planning



Cash Flow Visibility Significantly Helps Businesses



Understanding cash flow allows us to make decisions today based on where we can project the business will be tomorrow.

Eric Verboncouer
Partner & COO



This is instrumental to all the decisions we are making. We would be operating blind with out the cash flow numbers. It helps us act sooner and faster.



OPTIMAL
DIGITAL MARKETING

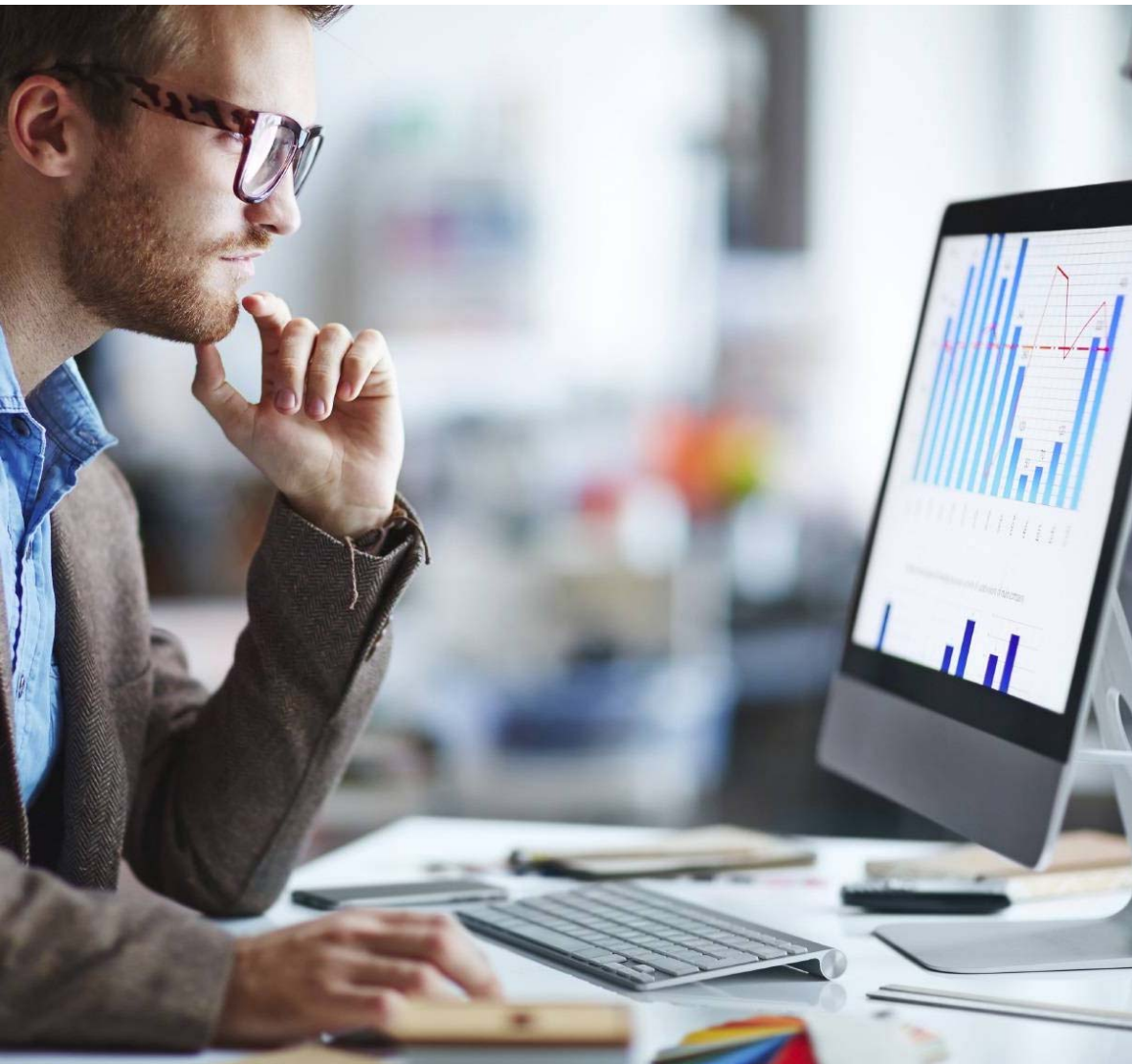
Casey Crowe
President



Having a good cash flow process helps us be prepared for the future... We are more confident.

Rachal Ramirez
Business Manager





Lender Opportunity

Unique opportunity to significantly help small business right now in the area they need help the most (cash flow)

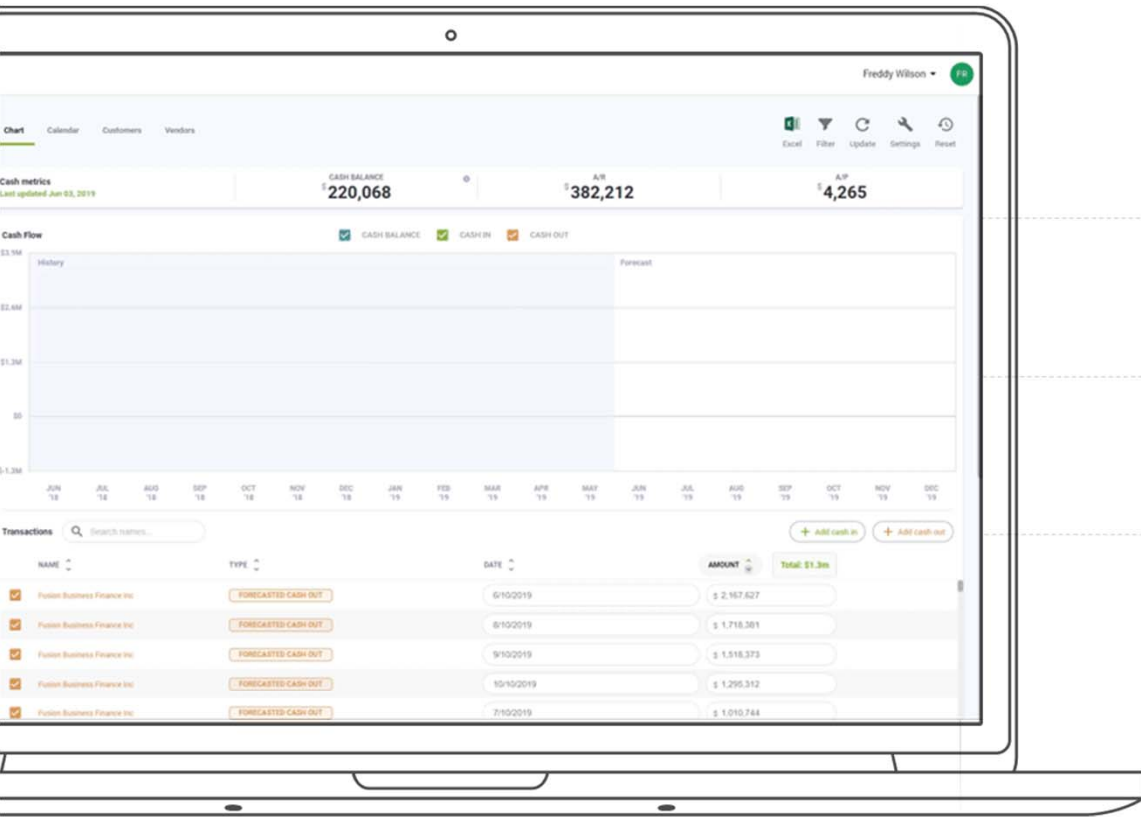
Provide a deeper value-added and proactive connection to your customers

Instantly know the status of your SMB customer's cash flow

Anticipate their loan requirements

Speed up the loan processing

Become an essential partner to your SMB customer



Cash Flow Tool

Offering CashFlowTool to your customers

- You can offer CashFlowTool for your SMB customers for free
- Turnkey and ready to go immediately
- External service, no IT integration needed
- Brand the service with your bank branding
- Fully branded landing page
- Moody's & Finagraph will do all the onboarding, training and support
- Lender gets a portal to see business status & cash status (what's coming up)



Why it's good for Lenders

- ✓ Provide a deeper, value-added connection to your customers
- ✓ Proactively know SMB cash flow needs
- ✓ Faster knowledge of SMB financials (cash flow, ratios, etc.)
- ✓ Become a deeper trusted, essential advisor to the SMB
- ✓ Available to your customers today – just let them know

Why it's good for business customers

- ✓ Customers get a free (best-in-class) tool to them where it matters most (cash flow)
- ✓ Customer instantly knows their full cash flow picture today and tomorrow
- ✓ They can quickly model slower revenue.
- ✓ Create what-if scenarios (hire/don't hire, cut expenses, etc.)
- ✓ Know when they run out of cash: Get a loan
- ✓ They know the bank/lender has their back and are essential to their biz



Summary

- Unique opportunity to offer turnkey service to your small business customers
- Simple to implement, yet strong value for all small businesses
- Enables proactive, essential partner to customers
- Can be up and running immediately

We value your feedback

The screenshot displays the Moody's Analytics interface with a blue header. The main content area is divided into several sections: a large 'Slides' area on the left, a 'Media Player' and 'Q&A' section in the center, and a 'Resource List' on the right. A green callout box with the text 'Please Take Our Feedback Survey Here' is overlaid on the right side. A red arrow points to a gear icon in the top right corner of the interface, indicating a settings or feedback option.

Q&A

Next Steps

Let's talk about how
you can offer this to
your customers!



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