

F&P

March 19, 2020

COVID-19 CAPITAL MARKETS UPDATE

How do Swedish listed companies communicate with their shareholders during the crisis? What happens around the AGMs? When do they issue profit warnings?

Fogel & Partners monitor the capital market communication trends in Sweden and has summarized the main events in this document.



**Fogel &
Partners**

Companies



Scandic



How do they say it?

“Considering the restrictions currently being imposed on movement and business in several countries, including retail shops being temporarily closed in for example Italy, France and Spain, there is a high probability that the global spread of the coronavirus will have negative effects on the demand side.” - Electrolux

“Scandic now estimates that net sales in March will be substantially lower than the previous sales forecast of -15% for comparable units. It is also clear that sales development will be significantly negative in the next months.” - Scandic

“Based on current information, Pandox estimates EBITDA to be approximately 15-20 percent lower than in the corresponding period last year.” - Pandox

“Furthermore, the company’s assessment is that the second quarter will be significantly negatively impacted by the virus outbreak.” - Vitrolife

“In the next quarters, several Alfa Laval employees around the world will participate in various work time reduction initiatives.” – Alfa Laval

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Main reasons described are **demand** drop, **supply chain** problems or **production** issues

#14

profit warnings on Nasdaq Stockholm as of 19 March 2020

The sectors with most profit warnings so far are : Airlines, hotel operators, gym operators and retail companies.

Companies



How do they say it?

“No impact on operational and financial results through mid March. No disruption to supply chain yet, but taking steps to secure supplies. Network traffic has increased by as much as 40% in some markets in the past week – networks coping well. Shops are showing 30-50% decline in foot traffic” - Millicom

“Measures have also been taken to reduce operating expenses related to Sports in both B2C and B2B, and overall, the cancellation of sports events are not expected to have any material impact on GiG’s revenue and EBITDA going forward.” – Gaming Innovation Group

“Of course it is sad to see many sporting events cancelled along with the festivities surrounding them. This is expected to lead to lower revenue for LeoVegas in the sports betting segment, but given our strong position in casino, we can mitigate this effect to some extent by shifting the focus even more to our casino product.” - LeoVegas

F&P comments

#11 neutral comments on Nasdaq Stockholm as of 19 March 2020

Since the situation is extraordinary, some companies chose to make a statement even though their business is not, at least in this moment, affected by covid-19.

Companies



How do they say it?

“We are overwhelmed by the demand we have met in Sweden, from healthcare providers, authorities, companies and individuals. This also worries me, as it shows that the lack of protective medical equipment is widespread.” - Bactiguard

“Midsona today announced that the company sees increased demand within several product categories compared to the same period last year. It is assessed to be caused by the outbreak of the new corona virus” -Midsona

F&P comments

#4

positive comments on Nasdaq Stockholm as of 19 March 2020

Companies being positively affected are communicating it carefully, often limiting comments to certain areas and being careful about giving future guidance.

Companies



How do they say it?

“As a consequence of deteriorating business conditions and the large uncertainty regarding the market development, Pandox’s board of directors has decided to withdraw the previous dividend proposal for 2019 to the AGM in the amount of SEK 3.60 per share, in order to further strengthen the Company’s financial position.” - Pandox

“The Fenix Outdoor Board of Directors proposes to the Annual General Meeting that no dividend shall be paid this year. The Board makes the assessment that the market situation will continue to be turbulent. The corona virus and the measures taken in Europe and the US mean that Fenix Outdoor have to take powerful arrangements both in short and long term.” – Fenix Outdoor

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#11

companies have announced that dividend proposals for 2019 will be withdrawn as of 19 March 2020

Continued uncertainty for the coming year is the main reason for the proposed withdrawal of dividends. Recent development is not described as a main cause.

Companies



How do they say it?

“In the next quarters, several Alfa Laval employees around the world will participate in various work time reduction initiatives.” – Alfa Laval

“The group is currently taking a number of actions to reduce costs and minimize the effects of the virus outbreak.” – New Wave Group

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#12

Companies have announced cost savings programs as of 19 March 2020

As with the proposed withdrawal of dividends, the reason for cost savings programs are mainly described as proactive measures ahead of what is assessed to be a turbulent year.

Companies

Digital/hybrid version



Postponed



How do they say it?

“Shareholders who have given notice of attendance and are worried about the spread of infection are now given the possibility to authorise Euroclear as a proxy holder to attend and vote on their behalf at Telia Company’s AGM. Proxy documents will be collected and handled by Euroclear in accordance with applicable regulation.” - Telia

“AGM will take place under extraordinary conditions. Shareholders are not allowed to attend in person and are requested to vote via independent proxy.” - ABB

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Several companies have announced that their annual general meetings will be postponed or reorganized into a digital/hybrid version. Many recommend the shareholders to vote through a proxyholder, and will improve the possibilities to attend the AGM digitally.

Examples of actions undertaken by companies include:

- Webcasting of the entire AGM
- Use of digital identification tools for voting
- Encouraging and assisting shareholders to use proxies
- Key company representatives to participate through video link
- Not serving and food or refreshments
- Encouraging shareholders who feel ill, or belong to a risk group, to not attend the AGM