

F&P

March 20, 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 monitors the capital market communication trends in Sweden and has summarized the main events in this document.



**Fogel &
Partners**

Since the last update on 19 March, several companies have issued profit warnings, withdrawal of proposed dividends.

In the last 24 hours:

- **10** companies on Nasdaq Stockholm have issued profit warnings
- **8** companies on Nasdaq Stockholm have announced withdrawal or reducing of dividend proposals

Some examples of these communication activities are given below:

Mekonomen

Mekonomen withdraw dividend proposal and believe there is a considerable risk of financial impact in the first half of 2020.

20 March 2020, 09:10.



Cabonline has seen a clear reduction in taxi journeys. The drop in demand is hitting revenues and earnings hard in all markets. Measures to reduce costs have been initiated.

20 March 2020, 09:00.



Oncopeptides announced that recruitment for some ongoing clinical studies will be put on a temporary pause.

20 March 2020, 08:00.



SKF announced major steps to reduce the impact of the Covid-19 situation on its operations, including closure of sites, reducing costs, number of employees.

19 March 2020, 18:30.



Husqvarna Group

Due to the Covid-19 situation, Husqvarna's AGM will be significantly scaled-back to safeguard health. The proposal of a second dividend of SEK 1,50 in October is withdrawn.

19 March 2020, 17:00.



Byggmax Group cancels proposal of dividend of SEK 1,16 per share due to the current uncertainty. Byggmax has so far not experienced any material negative impact.

19 March 2020, 14:30.

Companies



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

“There is a considerable risk of a material financial impact on SKF from the end of March. With the high levels of uncertainty surrounding the situation and potential additional initiatives by authorities and SKF’s customers, it is very difficult to predict the full financial impact that the situation may have on SKF.” - SKF

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

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

F&P comments

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

#24

profit warnings on Nasdaq Stockholm as of 20 March 2020

The sectors with most profit warnings so far are: Travel & leisure, industrials and retail.

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

“Wihlborgs has a broad lettings portfolio and only a minor portion of its tenants are in segments that have been hardest hit in the short term. The hotel and restaurant categories account for a total of 1.7 percent and 1.1 percent respectively of our total contractual rental income. Retail accounts for a further 3 percent.” - Wihlborgs

“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

#13 neutral comments on Nasdaq Stockholm as of 20 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 20 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?

“Currently it is not possible to quantify the financial effects thereof given the exceptional and uncertain market conditions. It is the Board’s assessment that the previously communicated dividend proposal, as set forth in the notice to the annual shareholders’ meeting, is under the prevailing circumstances no longer justifiable as the company and the group may need increased financial preparedness going forward.” - Dometic

“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

F&P comments

#19 companies have announced that dividend proposals for 2019 will be withdrawn as of 20 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?

“As a result of this significant level of uncertainty, SKF is taking major steps to reduce the impact of the situation on its operations, including closure of sites, reducing costs, number of employees and increasing flexibility within the workforce.” - SKF

“Dometic is taking considerable measures to mitigate the effects, such as capacity adjustments, cost reductions, use of government support programs and reduced capital expenditure to maintain financial stability.” - Dometic

“In light of these events, we are taking cost reduction actions to mitigate the impacts and Autoliv will adjust its production in accordance with the development of the demand situation, and it cannot be excluded that temporary Autoliv plant closures may become necessary.” - Autoliv

F&P comments

#17

Companies have announced cost savings programs as of 20 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

F&P comments

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