

F&P

March 24, 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 23 March, several companies have issued profit warnings, withdrawal of proposed dividends.

In the last 24 hours:

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

Some examples of these communication activities are given below:



In the light of the current situation and the uncertainty about market developments, the board has today decided to withdraw its earlier dividend proposal of SEK 9.75 per share

23 March 2020, 13:05.



Owing to the prevailing uncertainty in society, however, the Board now proposes that the AGM only decides on a dividend of SEK 2.50. The ambition of the BoD is to, if conditions allow, summon an EGM to decide on a second dividend.

23 March 2020, 17:45.



The company is therefore reviewing all parts of its operations, including all costs. Several measures are being taken in respect of buying, investments, rents and staffing, among other areas.

23 March 2020, 13:05.



As a precautionary measure in this uncertain economic environment, the BoD has decided to propose to the AGM that the dividend be changed from SEK 6.25 per share to SEK 3.00 per share. The board's intention is to call for an EGM during the H2 to consider and decide upon the remaining dividend.

23 March 2020, 18:30.



Evolution Gaming has been instructed by authorities to temporarily close the operations at its Tbilisi site. As a consequence, the workforce will be significantly reduced. A large part of the operations will be able to continue in other studios in Europe.

23 March 2020, 18:00.



A number of our customers have temporarily shut down their production units due to shortages of material and staff caused by the ongoing corona pandemic. The company has therefore agreed with the trade unions to start short-term layoffs.

23 March 2020, 14:00.

Companies



Mekonomen



How do they say it?

"Given the fact that many large truck companies in Europe taken some drastic measures, VBG Group is now adapting its operations to the current market situation.

Agreements on short-term permits are now in place and VBG Group will implement short-term permits for parts of the staff in our operations, starting from 1st of April, globally in accordance with local regulations." -VBG Group

"A sound assessment of the development of our business for the financial year 2020 is currently not possible. An updated prognosis is, considering the currently fast-moving changes, not possible. TRATON SE has responded to the crisis with extensive measures." - TRATON

"Evolution Gaming has been instructed by Georgian authorities to temporarily close the floor operations at its Tbilisi site. As a consequence, the workforce will be significantly reduced."

- Evolution Gaming

"Following the latest development, with a discontinued pick & mix contract in Sweden and additional grocery retailers taking measures to reduce groups of people in front of the pick & mix shelves, Cloetta now expects the customer demand for pick & mix to temporarily be significantly reduced." – Cloetta

F&P comments

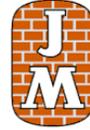
Main reasons described are **demand uncertainty, supply chain** problems and **impact from regulations**.

#42

profit warnings on Nasdaq Stockholm as of 24 March 2020

Profit warnings and negative guidance is spreading to most sectors, and not only within 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

“The corona pandemic has not had material negative impact on Beijer Alma’s operations, income and earnings in January and February. Development moving forward, however, is very difficult to predict and there is a risk that there will be a deterioration in market conditions.” – Beijer Alma

“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

#18 neutral comments on Nasdaq Stockholm as of 24 March 2020

Several companies have announced that their operations so far are relatively unaffected, in relation with news of withdrawal of dividends.

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

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#4 positive comments on Nasdaq Stockholm as of 24 March 2020

Worth noting is that no positive guidance has been issued in the last 7 days.

Companies



How do they say it?

“Since we on the board of directors presented our original dividend proposal, the market situation has changed drastically. In the light of the current situation and the uncertainty about market developments, the board has today decided to withdraw its earlier dividend proposal of SEK 9.75 per share.” – Hennes & Mauritz

“The Company is in good health with a robust balance sheet and although the Board of Directors has made the decision to amend its dividend proposal, this has been done in order to maintain financial prudence and provide us with further liquidity flexibility in this challenging market.” – Lundin Petroleum

“Peab’s Board has today decided to delay the extra distribution of all the shares in the newly formed Real Estate Company holding Peab’s wholly owned, fully developed commercial properties and therefore the proposal will not be presented to the Annual General Meeting in May for adoption.” - Peab

“Owing to the prevailing uncertainty in society, however, the Board now proposes that the AGM only decides on a dividend of SEK 2.50 per share, with April 3, 2020 as the record date. The ambition of the Board of Directors is to, if conditions allow, summon an Extra General Meeting to decide on a second dividend..” - NCC

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#40 companies have announced that dividend proposals for 2019 will be withdrawn as of 24 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?

"Cost reductions of approximately USD 170 million (including G&A) have already been identified and will be implemented for 2020 through freezing and or postponing activities, as well as other cost mitigation exercises."

"I am very grateful to them all, the onshore and offshore staff, for their extraordinary team spirit and professionalism. As the founder of our Company, Adolf Lundin, used to tell us: "when the going gets tough, the tough get going". This has never been truer than today"
 - Lundin Petroleum

"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

"Given the fact that many large truck companies in Europe taken some drastic measures, VBG Group is now adapting its operations to the current market situation. Agreements on short-term permits are now in place and VBG Group will implement short-term permits for parts of the staff in our operations, starting from 1st of April, globally in accordance with local regulations." – VBG Group

F&P comments

#27 companies have announced cost savings programs as of 24 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

“No food or drinks will be offered before or after the AGM, and all extra arrangements associated with the AGM, including the factory tour and product exhibitions, will be cancelled. Shareholders also have the possibility to avoid attending in person and are strongly encouraged to appoint a proxy holder who can vote on their behalf.” - Husqvarna

“As one of the largest banks in the Nordic countries and the largest bank in Denmark, we play an important role in contributing to minimise the negative economic consequences for our customers and society as a whole. [...] On 16 March 2020, we postponed our AGM following a recommendation from the Danish Financial Supervisory Authority. [...] The 2020 AGM will be called when possible, and the Board of Directors will continuously monitor the situation closely and reassess what it will propose for payment of dividends.” - Danske Bank

“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