

F&P

March 23, 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 20 March, several companies have issued profit warnings, withdrawal of proposed dividends.

In the last 72 hours:

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

Some examples of these communication activities are given below:

Scandic

Since the coronavirus began to spread, occupancy at the Group's hotels has fallen significantly and was 10 to 15 percent in the previous week. And "agreed with most of its property owners on a temporary rent payment solution."

23 March 2020, 07:30.

Electrolux

The rapidly developing situation related to the coronavirus has reinforced Electrolux view of the consequences, with the conclusion that there will be a material financial impact in 2020

23 March 2020, 08:00.

SECURITAS

The COVID-19 situation is evolving rapidly. Securitas' response to this outbreak prioritizes on fulfilling our role in society, continuing to provide 24/365 support to our clients, the well-being of our 370 000 employees and on protecting our long-term financial sustainability.

20 March 2020, 08:00.

Cloetta

Cloetta now expects the customer demand for pick & mix to temporarily be significantly reduced. In addition, Cloetta expects a negative impact from sales channels such as entertainment and travel retail closing down temporarily.

22 March 2020, 20:00.



JM's business development has been stable so far in the first quarter of 2020, in terms of both sales and production, which also means the JM Group has good liquidity and continued financial strength.

23 March 2020, 08:40.

BEIJER • ALMA

The corona pandemic has not had material negative impact on Beijer Alma's operations, income and earnings in Jan+Feb. Development moving forward, is very difficult to predict and there is a risk that there will be a deterioration in market conditions,

22 March 2020, 18:00.

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

“The COVID-19 negative impact on the Group’s organic sales growth is expected to be around -1,5 and -2,5 percentage points for Q1 2020. The Group’s operating margin for Q1 2020 is expected to decline by -0,5 to -1,0 percentage points due to COVID-19. These effects are related to the month of March only as there was no earlier significant impact.” - Securitas

“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

“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.**

#37

profit warnings on Nasdaq Stockholm as of 23 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 23 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

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#4

positive comments on Nasdaq Stockholm as of 23 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

“In light of these concerns, the Board of Directors of Beijer Alma proposes a cash dividend of SEK 2.50 per share to the Annual General Meeting, rather than SEK 5.10 per share as previously communicated. In the current situation, it is the opinion of the Board of Directors that it is important that the company maintains a strong financial position ahead of possible future challenges and opportunities.” – Beijer Alma

“Due to the uncertainty caused by COVID-19, the Board of Directors of JM is proposing to amend the dividend for 2019. The Board of Directors of JM AB will propose to the general meeting on March 26 a dividend of SEK 6.25, while also maintaining its ambition of a total dividend of SEK 12.50 in 2020.” - JM

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#29 companies have announced that dividend proposals for 2019 will be withdrawn as of 23 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

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#20

Companies have announced cost savings programs as of 23 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

“In addition to the Chairman of the Board and the CEO, Board members and persons in the executive management will attend the AGM to a limited extent.

- The number of non-shareholders present is limited, which applies to both external guests and employees.*
- No cloakroom is available. Visitors are encouraged to bring outerwear into the meeting room.*
- The AGM will be minimized in time, without restricting shareholders' rights.” - Diös*

“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