

**F&P**

---

March 26, 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**

# General news related to the capital market

---

## General news:

- The Swedish Government has proposed a large savings package to support companies negatively impacted by the pandemic.
- An increased number of companies have postponed their AGM:s, instead of making the AGM more digital.
- Increased discussion and pressure from media and political stakeholders on companies to reduce compensation to management and board members, as a result of covid-19 effects
- The Social Democrats in Sweden has cancelled their annual labour demonstrations of 1 May.
- Investor's Chairman Jacob Wallenberg is warning for increased depression and social unrest if society's measures against covid-19 aren't balanced against negative financial impact.
- Konjunkturinstitutet's barometer indicator, which is summarizing the current state of the Swedish economy, is at its lowest level since 2013.
- According to Visma's "Affärsbarometer" 47 percent of small and medium-sized enterprises (SMEs) risk termination of staff in the near future. 91 percent of companies estimate that the corona pandemic will have a negative impact on their financial and business operation. Companies in the cultural and entertainment sectors are the most impacted, although respondents across sectors predict a decline in sales. 8 out of 10 companies in electricity/heating/plumbing, commerce, hotels and restaurants, advertising/PR/communication and transport also predict a negative development.
- According to a survey by Söderberg & Partners more than one out of four companies are expecting to have to lay off staff and seven out of ten companies state their they are concerned about their financial situation. A fourth of the companies participating in the survey stated that they will apply for financial support from the government.

# What has happened the last 24 hours?

---

## Examples of actions



The company announced that a cost savings program has been implemented including a short-term layoff scheme of employees.

*26 March 2020, 10:45.*



Lundin Mining announced that there has not been any material impact to production or shipment of concentrate from any of the Company's operations to date as a result of COVID-19.

*26 March 2020, 01:30.*



Sandvik informed the market that the coronavirus outbreak in China caused temporary closings of operations in China and that the production is currently on hold in Italy, India and partially in other regions which will have a negative impact on the company.

*26 March 2020, 08:00.*



Ericsson announced that the company has taken further precautionary measures for its AGM. Including encouraging all shareholders to use the opportunity to vote by proxy and to follow the meeting via webcast instead of attending in person.

*26 March 2020, 09:00.*



The company announced that the spread of Covid-19 is expected to have negative impacts on the company's productivity and results for a limited period of time.

*25 March 2020, 19:15.*



Beijer Alma announced that the pandemic had not had any significant impact on the operations or revenues but stated that the development is uncertain and there is a large risk that the market condition will affect the company in the future and precautionary measures are issued to increase the flexibility.

*25 March 2020, 12:00.*

**Since the last update on 25 March**, several companies have issued profit warnings, withdrawal of proposed dividends.

In the last 24 hours:

**7** companies on Nasdaq Stockholm have issued profit warnings

**6** companies on Nasdaq Stockholm have announced withdrawal or reducing of dividend proposals

**9** companies on Nasdaq Stockholm have postponed their AGM

## The total numbers this far...

#57

companies have communicated negative impact or profit warnings



#27

companies have communicated neutral/positive impact



#31

companies have implemented or will implement cost savings programs

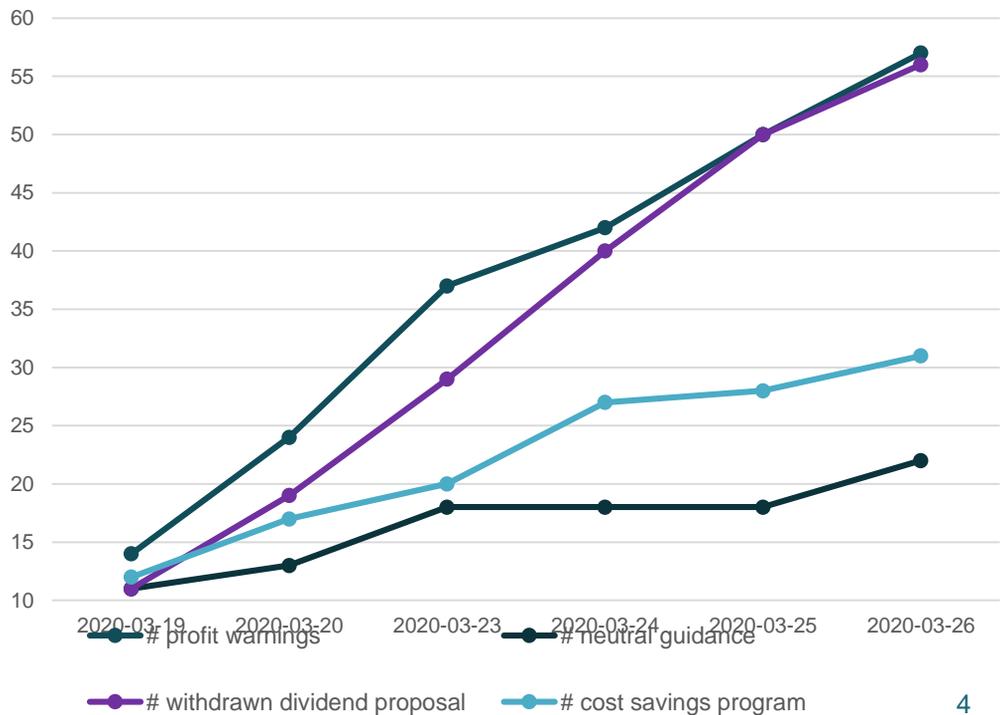


#56

companies have withdrawn or reduced their dividend



Communication activities since March 19



## Profit warnings / negative impact



**intrum**



Examples of companies who have issued **profit warnings** or **communicated negative impact** on business from covid-19

### Examples of guidance

*“The business development during January and February 2020 has in most markets been in line with Sandvik’s expectations, with the exception of China where the coronavirus situation led to one week of prolonged closing of our operations around the Chinese New Year.*

*[..] Most production units in the Sandvik Group have been able to continue operating, however due to government restrictions the production is currently on hold in Italy, India and partially in other regions.”*

- Sandvik

*“[...] our 2020 business plan required flawless execution to be achievable. Given Covid-19’s impact on our business, we no longer consider that the necessary conditions are in place to achieve these goals.”*

- Intrum

*“We see a decrease in order intake for our project business, as construction projects are delayed or postponed.” says Ola Ringdahl, CEO of Lindab. “At present, most European construction sites are open, but the pace of construction is slowing down, especially in the countries affected by far-reaching lockdowns, such as Italy, France and Belgium.”*

- Lindab

*“Government policies to contain the spread of the corona virus have had a considerable impact on MTG’s esports vertical, which is built around large live events with media rights, brand partnerships and many attending fans who purchase tickets and merchandise.*

*[..] Revenues in the esports vertical is expected to decline by 35-45 percent in 1H 2020.”*

– MTG

### F&P comments

**#57**

profit warnings on Nasdaq Stockholm as of 26 March 2020

Profit warnings and negative guidance is spreading to most sectors, and not only within travel & leisure, industrials and retail. Main reasons described are **demand uncertainty**, **supply chain** problems and **impact from regulations**.



**lundin mining**



**Examples of companies who have communicated neutral impact on business from covid-19**

## Examples of guidance

*"[...] in preparing for what could be a sustained period of depressed prices for our primary metals, the Company is actively identifying and reviewing measures across our operations and offices to reduce operating costs and defer discretionary capital and exploration expenditures."*  
- Lundin Mining

*"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

*"The Group expects the first quarter revenue and EBITDA to be largely in line with expectations. The Group expects revenue for second quarter to be comparable to Q2 2019. Furthermore, the Group expects to see a material contraction in second quarter EBITDA as a direct result of restrictions upon the public and ability to maintain services."*  
- Medicover

## F&P comments

**#22**

neutral comments on Nasdaq Stockholm as of 26 March 2020

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



**Examples of companies who have communicated positive impact on business from covid-19**

## Examples of guidance

*"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

*"Revenues increased by 5.7 percent compared to the same period in 2019. [...] EBITDA increased by 16.6 percent compared to the same period last year. [...]"*

*Catena Media expects a continued positive development within the Casino segment and does not foresee any negative impact of COVID-19 on revenues during the second quarter."*

- Catena Media

## F&P comments

**#5**

positive comments on Nasdaq Stockholm as of 26 March 2020

Worth noting is that no positive guidance has been issued in the last 8 days, with the exception of Catena Media.

## Companies



## Examples of guidance

*“BEIJER GROUP’s Board of Directors has also decided to propose a dividend of 0 SEK per share to the AGM 2020 for the financial year 2019. The previous proposal was 0.50 SEK per share. The Board’s new proposal is a precaution to safeguard the Group’s financial stability for the short and long term.”*

– Beijer Electronics Group

*“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

*“The board of Medicover has decided to not propose a dividend to the Annual General Meeting as previously announced in the year-end report.”*

- Medicover

*“As a precautionary measure, to give Lindab financial leeway, the Board of Directors has proposed the dividend to be reduced from the original proposal.”*

- Lindab

## F&P comments

# #56

companies have announced that dividend proposals for 2019 will be withdrawn as of 26 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 among most companies.

## Companies



## Examples of guidance

*"The Group has decided to execute a program of measures that involves downsizing staff by about 40 people in the Korenix and Beijer Electronics business entities. Most of these layoffs are in Taiwan, with some in Sweden. [...] BEIJER GROUP will also be taking a number of actions enabled by different authorities' programs for the business community in various countries."*

- Beijer Electronics Group

*"In order to adjust business operations to the temporary lower demand caused by the global COVID-19 outbreak, Haldex has decided to implement a short-term layoff scheme for almost all employees in Landskrona."*

- Haldex

*"Temporary short-term actions primarily related to reduced working hours, will generate savings of about 1.5 billion SEK in 2020. We also initiate long-term structural measures which imply costs of about 1.4 billion SEK reported as items affecting comparability in the operating profit in the second quarter of 2020, with the majority impacting cash flow. Savings of about 0.9 billion SEK from these long-term structural measures, will reach full annual run-rate by the end of 2021. [...] Actions to reduce worktime will mean a temporary negative effect on the compensation for many employees. The members of the Sandvik Group Executive Management have therefore also decided to reduce their salary by 10 percent during this period."*

– Sandvik Group

## F&P comments

# #31

companies have announced cost savings programs as of 26 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.

## 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.

## Digital or hybrid versions of AGM



## AGM postponed



## Examples of actions undertaken by companies:

- 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/belong to a risk group, to not attend the AGM

## Examples of guidance

*“In view of the uncertainty caused by COVID-19, Ferronordic’s Board of Directors has decided to postpone the 2020 AGM until 25 June. This will give the Board more time to assess the impact of the current situation on Ferronordic’s financial position and to evaluate the Board’s dividend proposal.”*

- Ferronordic

*“Arjo would also like to remind those shareholders worried about spread of infection the possibility to not personally attend the Annual General Meeting but instead via a proxy.”*

- Arjo

*“Considering the continued spread of the Coronavirus, Ericsson takes further precautionary measures in order to limit the scope and duration of its Annual General Meeting 2020 as well as the number of individuals attending the meeting in person. No speeches by Ericsson representatives will be delivered at the meeting and the presentation of proposals will be kept to the minimum. [...] Ericsson encourages all shareholders to use the opportunity to vote by proxy and a resolution will be proposed at the AGM to have the meeting available via live webcast.”*

- Ericsson