

F&P

March 30, 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.



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Updates related to the capital market

General news:

- An increasing number of companies have decided to withdraw earlier proposals of increased remuneration to Board of Directors and LTIP programs for management.
- An increasing number of companies have decided to delay decisions on dividend proposal.
- In an article in Dagens Industri, it is argued that Swedish companies could become more attractive buy-out targets following Covid-19, partly due to well-capitalized balance sheets and a weak SEK.
- Per Bolund, minister for financial markets, reiterated and reinforced his earlier message about dividend proposals in an interview with Dagens Industri. He stated that all Swedish companies, including those not as severely affected by the virus outbreak, should avoid dividends in these turbulent times.

What has happened the last 72 hours?

Examples of actions



ABB issued a Covid-19 update, stating that its operations in China have returned to normal but that revenue and EBITA margins is expected to decline in all divisions.

30 March 2020, 06:46.



Saab withdraws its dividend proposal, and states that measures to further enhance readiness and maneuverability for the future should be undertaken.

30 March 2020, 08:30.



Sedana Medical is seeing increased demand for its AnaConDa as a result of the Covid-19 pandemic. A sales increase of about 50% for Q120 is expected.

30 March 2020, 08:00.



Loomis announced the withdrawal of its dividend proposal and stated that a final decision will be made by the EGM once the consequences of the corona pandemic have become more clear.

27 March 2020, 17:40.



Holmen is postponing its AGM, writing that the Swedish Governments decision to ban public meetings of more than 50 persons sets a new norm for other types of gatherings, including AGM's.

27 March 2020, 20:00.



Jetpak is withdrawing its dividend proposal and sees that its services during 2020 will be negatively affected due to the uncertain situation and expected challenging market conditions.

27 March 2020, 18:00.

Since the last update on 27 March, several companies have issued profit warnings, and withdrawal of proposed dividends.

In the last 72 hours:

4 companies on Nasdaq Stockholm have issued profit warnings

7 companies on Nasdaq Stockholm have announced withdrawal or reductions of dividend proposals

The total numbers so far...

#65

companies have communicated negative impact or profit warnings



#29

companies have communicated neutral/positive impact



#35

companies have implemented or will implement cost savings programs

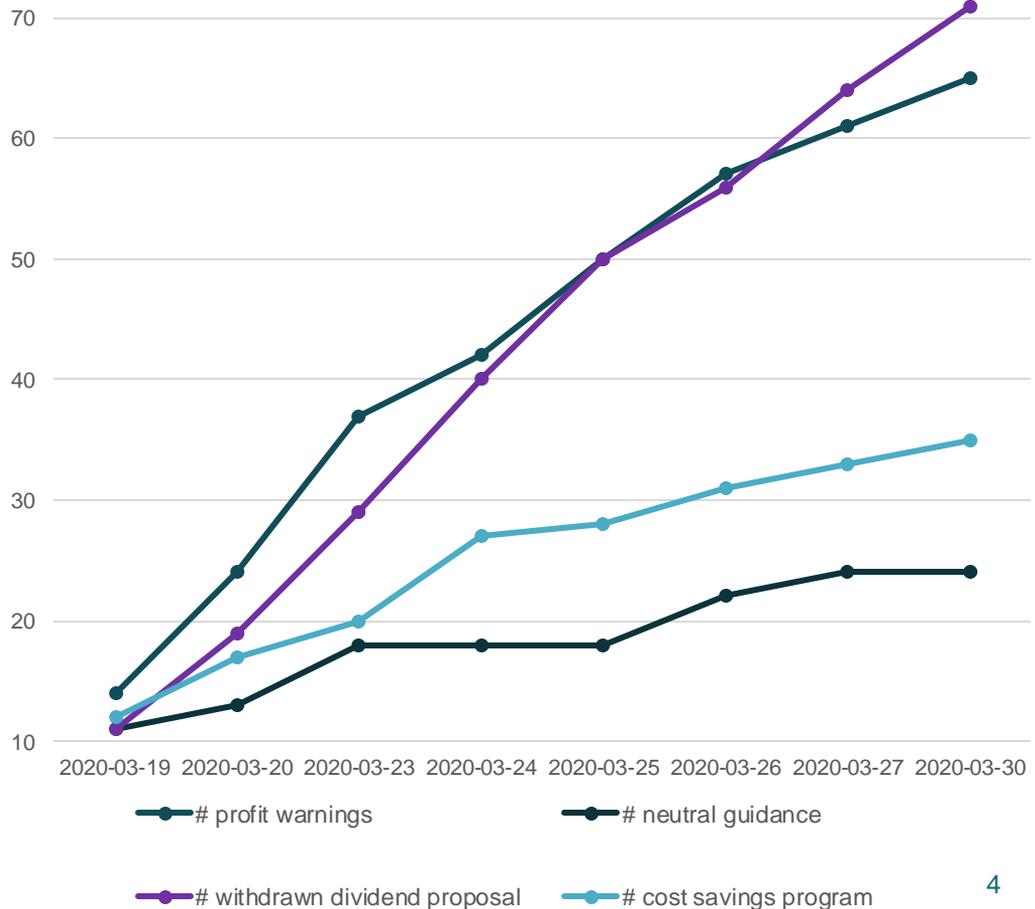


#71

companies have withdrawn or reduced their dividend



Communication activities since March 19





intrum



Examples of companies issuing profit warnings or communicating negative impact on their business from covid-19

Examples of guidance

"Although operating results for the first and second quarters will be lower than our previous internal expectations, we anticipate what is happening now will create substantially larger business volumes to work within the latter part of 2020 and the years ahead."

- Intrum

"The COVID-19 pandemic will have a negative financial impact on Telia Company's TV & Media unit. At present the effects on the rest of Telia Company's business are limited but the impact on TV & Media means that the 2020 outlook for the Group on EBITDA and operational free cash flow will not be reached."

- Telia

"Operational EBITA margins are also expected to decline in all ABB's businesses, burdened by lower volumes, partly offset by self-help efforts. [...] Given continued uncertainty, including the recent oil price decline, ABB is no longer providing financial guidance for full year 2020. [...]"

Despite short-term disruptions, ABB is confident in the underlying resilience of its businesses and operating model, and that its short-term liquidity needs are well covered by the financial framework it has in place."

- ABB

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#65

profit warnings on Nasdaq Stockholm as of 30 March 2020

In the recent days, the number of profit warnings have declined, indicating that most companies experiencing negative effects already have communicated these.



lundin mining



**KARNOV
GROUP**

Examples of companies communicating **neutral impact** on their business from covid-19

Examples of guidance

“Karnov assess that the virus pandemic will have no impact on online revenue on a short-term basis. For the remaining 15% of revenues which is Karnovs non-subscription based offline business, mainly books and sales of legal training courses, it is expected that the virus pandemic will have some effect on a short-term basis. However, the effect is expected to be non-significant which to some extent will be offset by timing during later periods.”

- Karnov Group

“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.”

- Medcover

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#24

neutral comments on Nasdaq Stockholm as of 30 March 2020

Several companies have announced that their operations so far are relatively unaffected. However there are still many companies who haven't commented Covid-19 and are likely to not be severely affected.



Examples of companies communicating positive impact on their 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

"Sedana Medical AB today announced that the company sees increased demand for AnaConDa as a result of the Covid-19 pandemic and so far, has had no significant supply chain disruptions. Sedana Medical forecasts a sales increase of about 50 percent for the first quarter of 2020 and about 100 percent for the month of March, compared to the same periods last year."

- Sedana Medical

Getinge has since the outbreak of the COVID-19 pandemic seen an increased global demand for ventilators, extra corporeal life support (ECLS) equipment and advanced monitoring for Intensive Care Units. To meet the global demand Getinge will temporarily increase its production of ventilators by 60% in 2020 compared to 2019 at its production facility in Solna, Sweden."

- Getinge

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#5

positive comments on Nasdaq Stockholm as of 30 March 2020

The number of companies issuing positive guidance continues to be low. These companies can to a large extent be found within the healthcare sector.

Companies



Examples of comments

“It is the Board’s assessment that the previously communicated dividend proposal (SEK 4 per share) under the prevailing circumstances is no longer justifiable as the company and the group may need increased financial preparedness going forward.”

– Jetpak

“Demand on Gränges’ end-customer markets is adversely affected by the outbreak of Covid-19. Gränges is adapting its operations to the current market situation. [...] Temporary layoffs and reduced working hours are being implemented across Gränges’ operations, in accordance with local regulations.”

– Gränges

“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

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#71

companies have announced that dividend proposals for 2019 will be withdrawn as of 30 March 2020

Many companies have withdrawn their dividend proposals entirely, however in recent days several companies have communicated that they delay their dividend proposal.

Companies



Examples of comments

"As a result of the Covid-19 pandemic, Gunnebo is taking steps to meet the anticipated consequences and is adapting its operations to secure long-term financial stability. This means, among other things, temporary closure of production units in India and Italy in line with government decisions, as well as necessary capacity adjustments and cost reductions in the company's global operations. Gunnebo also foresees a decline in demand in the first quarter, to varying degrees in our Business Units, which is expected to continue into the second quarter of 2020."

- Gunnebo

"The measures we are now implementing lead to an adjustment of the cost base for the new Serneke Sweden and its more efficient working methods. In addition, the current situation in the world with the effects of covid-19 requires additional acuity and decisiveness. [...] Serneke takes the next step in a large reorganization that the company initiated in the fall of 2019. The changes now being implemented leads to reduced costs of about SEK 200 million annually."

- Serneke

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#35

companies have announced cost savings programs as of 30 March 2020

A trend in recent days is an increasing number of companies withdrawing proposals for increased remuneration to the Board of Directors and management.

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Several companies have announced that their annual general meetings will be postponed or reorganized into a digital/hybrid version. Following the new legislation, companies can now recommend the shareholders to vote through a proxyholder. Many companies will also 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
- Encouraging and assisting shareholders to use proxies
- Use of digital identification tools for voting
- 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 comments

“Our decision to postpone the Annual General Meeting is the result of an overall assessment of the current situation. There is an uncertainty about the rapidly changing economic situation, which is difficult to assess. We are also in an uncertain situation regarding the spread of the virus and the consequences of the ongoing Covid-19 pandemic.

- Nordic Waterproofing

“In light of the current situation around COVID-19, ABB plans to make more use of virtual media to facilitate continued communication with the financial community..”

- ABB

“The Swedish Government has today decided to ban public gatherings and public events with more than 50 people as of Sunday 29 March. Since this decision is also the norm for other types of gatherings, Holmen's Board of Directors has decided to postpone the Annual General Meeting, which was planned to be held on March 30, 2020 in Stockholm.”

- Holmen