

F&P

April 1, 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**

What has happened the last 48 hours?

Examples of actions

ASSA ABLOY

Assa Abloy decided to revise its proposed dividend due to the uncertainty about the future market situation. The Board proposed a revised, smaller dividend for the AGM with the ambition to propose another one later this year.

30 March 2020, 13:10.



Trelleborg published both a comment on and a Q&A regarding the impact of COVID-19. The company commented the negative impact on organic sales and the measures taken.

31 March 2020, 11:00.



ÅF Pöyry announced further measures to mitigate future effects of the coronavirus outbreak, including short-term work allowances.

31 March 2020, 15:30.



Nordea followed the recommendation from the European Central Bank and announced that they postpone the decision on dividend payment.

31 March 2020, 21:15.



Midway Holding communicated a negative impact on its business, measures to mitigate the effects and the withdrawal of dividend payment due to the corona pandemic.

1 April 2020, 08:00.



Essity joined the large group of companies postponing the decision on dividend payment to later this year, due to a much greater uncertainty in future forecasts than previous years.

30 March 2020, 19:00.

Updates related to the capital market:

- The number of reported short-term work allowances has drastically increased in Sweden the past weeks.
- The number of bankruptcies has increased significantly compared to the same period last year, especially in the hospitality and restaurant sectors.
- The National Institute of Economic Research (Konjunkturinstitutet) predicted that Sweden's GDP will decrease by 3.2 per cent during 2020.
- More and more companies follow the trend of postponing or withdrawing dividend payments, and is now the most common response to the general uncertainty.
- 13 cost-savings programs have been announced in the last 48 hours.

The total numbers this far...

#68

companies have communicated negative impact or profit warnings



#29

companies have communicated neutral/positive impact



#44

companies have implemented or will implement cost savings programs

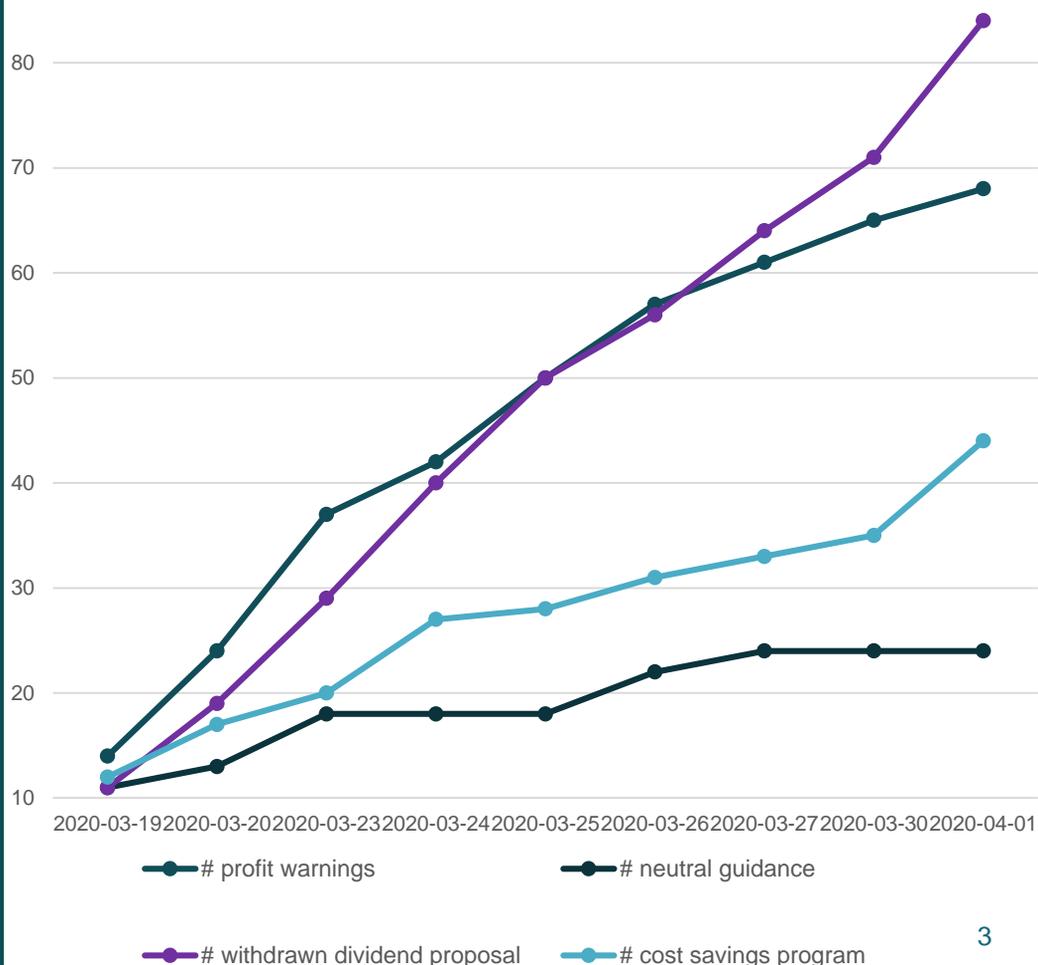


#84

companies have withdrawn or reduced their dividend



Communication activities since March 19





Examples of companies who have issued profit warnings or communicated negative impact on 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

"Cancelled or postponed sports events and leagues in combination with travel and visitor restrictions, and a general increase in uncertainty and caution on the part of Net Insight's customers have had a negative financial impact at the end of the first quarter. This will most likely also have a negative impact on the second quarter."
- Net Insight

"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

F&P comments

#68 profit warnings on Nasdaq Stockholm as of 1 April 2020

In recent days, the number of profit warnings have declined, probably a result of most companies experiencing negative effects already having communicated these.



lundin mining



**KARNOV
GROUP**

Examples of companies who have communicated neutral impact on 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.”

- Medicover

F&P comments

#24

neutral comments on Nasdaq Stockholm as of 1 April 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 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

"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 temporary increase its production of ventilators by 60% in 2020 compared to 2019 at its production facility in Solna, Sweden."

- Getinge

F&P comments

#5

positive comments on Nasdaq Stockholm as of 1 April 2020

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

Companies



Examples of comments

“In light of the COVID-19 pandemic and the related recommendation adopted by the European Central Bank (“ECB”) on 27 March 2020, the Board of Directors of Nordea has decided to propose postponement of the decision on dividend payment for the financial year 2019 and therefore to change its proposal for dividend payment to the Annual General Meeting planned to be held on 14 May 2020.
– Nordea

“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

“Due to the current uncertainty in global demand caused by the Covid-19 pandemic, the Board of Directors of Hexagon AB has decided to propose a postponement of the decision on the dividend for fiscal year 2019 until the impact of the pandemic is clearer and market conditions have stabilised.
– Hexagon

The Board proposes a first dividend of SEK 2.00 per share to be decided at the Annual General Meeting on April 29, 2020. It is the clear ambition of the Board to propose a second dividend of SEK 1.85 per share later during 2020 when the consequences of the Covid-19 pandemic can be better assessed and given that the financial position of the Group allows this.
- Assa Abloy

F&P comments

#84

companies have announced that dividend proposals for 2019 will be withdrawn as of 1 April 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

"The measures implemented address both costs and cash flow, and comprise focused cost-savings in the form of, for example, shortened working hours, lay-off notices and redundancies, temporary facility closures and reduced investments, and an intensified focus on working capital."

- Trelleborg

"ÅF Pöyry has broad exposure to a number of industries and markets, and deliveries to the majority of clients are still unaffected. However, the automotive segment in Sweden is affected, and recently three large clients announced a temporary reduction in working hours. As a consequence, some 1 000 consultants will be placed on shortterm work allowances, most of them connected to the automotive segment."

- ÅF Pöyry

"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

F&P comments

#44

companies have announced cost savings programs as of 1 April 2020

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

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 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