

**F&P**

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April 3, 2020

# **COVID-19 CAPITAL MARKETS UPDATE**

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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



H&M restated in their quarterly report that its second quarter will see a substantial negative impact from the corona situation and will therefore be loss-making. Measures to mitigate negative impact of the coronavirus situation have been initiated.

3 April 2020, 07:52.



Wallenstam communicated that the company would withdraw the proposed dividend and intends to wait until the consequences of the Covid-19 pandemic can be better assessed, and whether the circumstances allow.

2 April 2020, 17:15.



The BoD in Ambea announced that due to the increased uncertainty caused by the spread of covid-19 and severe economic effects on society, the board of directors in Ambea has decided to withdraw the dividend proposal.

2 April 2020, 14:30.



Kindred announced that the daily average gross winnings revenue during the first quarter was 10 percent lower than the average for the full year in 2019 and that the Board has decided to change the previously communicated proposal for the 2019 dividend, and will recommend to the AGM that no dividend is paid.

2 April 2020, 19:08.



Alfa Laval communicated that to further strengthen the company in relation to the negative short- and medium-term economic impact from the COVID-19, the Alfa Laval BoD proposed to withdraw the dividends for 2019 as a measure to preserve cash.

3 April 2020, 11:00.



Alimak communicated that they expect material impact on demand and the supply of products and services for at least the first half of 2020 due to the COVID-19 pandemic and proposed a decreased dividend and announced the ambition to convene an EGM in the second half of the year to decide on the remaining dividend.

1 March 2020, 13:30.

## Updates related to the capital market:

- The number of reported short-term work allowances continues to increase.
- As does the number of bankruptcies, especially in the hospitality industry.
- The National Institute of Economic Research (Konjunkturinstitutet) predicted that Sweden's GDP will decrease by almost 5 percent during the quarter and depending on the development, by 3.2 percent during the full-year of 2020.
- There is a strong trend of postponing or withdrawing dividend payments which continues to be the most common response to the general uncertainty caused by the pandemic.

## The total numbers this far...

#75

companies have communicated negative impact or profit warnings



#25

companies have communicated neutral guidance



#47

companies have implemented or will implement cost savings programs

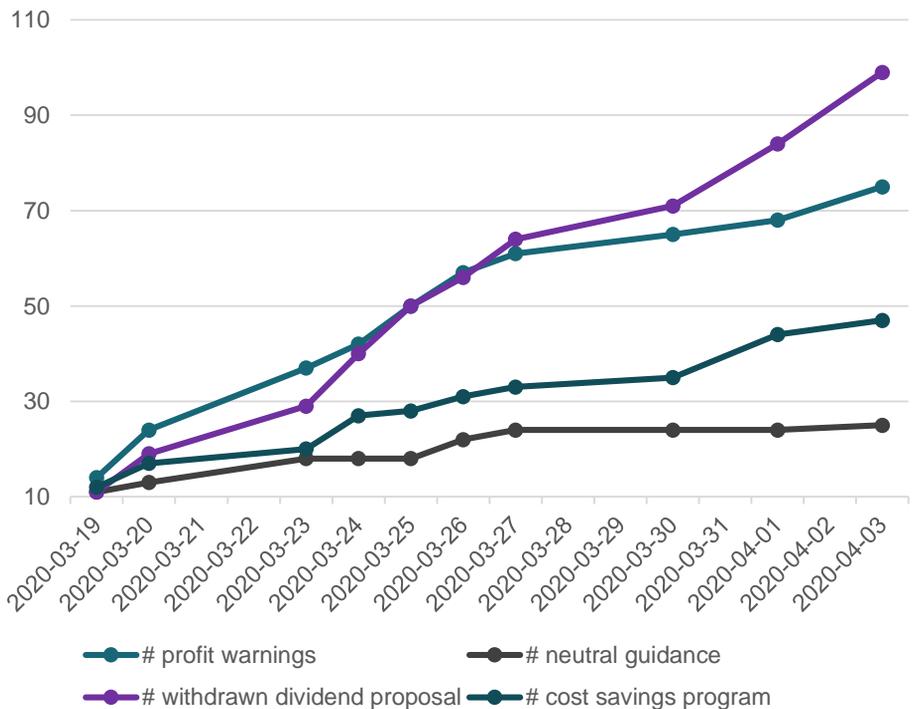


#99

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

*"Regrettably, we have had to start implementing reduced working hours in the markets affected by the corona situation. Globally, this will affect tens of thousands of employees in all parts of the business, although it is not currently possible to specify an exact number. Local legislation has different definitions and conditions for temporary lay-offs or reduced working hours. We are also reviewing the need for any redundancies."*  
- H&M

*"During the first quarter, the assessment, with respect to the Covid-19 outbreak, is that we were mainly affected by delayed material deliveries from subcontractors with production in China. We believe these problems have resulted in reduced sales of about 5 percent in the quarter."*  
- Hexatronic

## F&P comments

**#75** profit warnings on Nasdaq Stockholm as of 3 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

*“Xlucane is still on track towards regulatory approval ahead of Lucentis® patent expiration in EU July 2022. Despite the global Corona crisis, Xplore remains open for recruitment of new patients and treatment for patients currently in the study.”*

- Xbrane Biopharma

## F&P comments

**#25**

neutral comments on Nasdaq Stockholm as of 3 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 3 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

ambea:

HEXATRONIC  
Group AB (publ)

kindred

H&M

essity

WALLENSTAM

## Examples of comments

*"Kindred has a good financial position with strong liquidity and low leverage. However, due to the uncertainty caused by COVID-19 and to ensure that Kindred is well capitalized for future investment opportunities, the Board has decided to change the previously communicated proposal on the 2019 dividend and will recommend to the AGM that no dividend is paid."*  
– Kindred

*"Due to the increased uncertainty caused by the spread of covid-19 and severe economic effects on society, the board of directors in Ambea has decided to withdraw the dividend proposal to the annual general meeting, which was previously published in the year-end 2019 report."*  
- Ambea

*"The Board intends to wait until the consequences of the Covid-19 pandemic can be better assessed and if circumstances allow, the ambition is to call an Extraordinary General Meeting during the second half of 2020. In the event of an Extraordinary General Meeting, a new proposal will be submitted for a dividend and the size of the dividend."*  
– Wallenstam

*"During the first quarter, Hexatronic had a minor negative impact as a result of Covid-19 and expects continued slightly lower activity in the coming quarter. [...] Based on the very uncertain situation in the world, the Board has decided to withdraw the previously announced dividend proposal of SEK 0.40 per share."*  
- Hexatronic

## F&P comments

#99

companies have announced that dividend proposals for 2019 will be withdrawn as of 3 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 second quarter will naturally be very negatively impacted by the corona situation and will therefore be loss-making. [...] With each day that we are having to keep stores closed, the situation is becoming increasingly demanding. We have therefore brought in a range of forceful measures (see page 3) in areas such as purchasing, investments, rents and staffing. All parts of the business are included, and all costs are being reviewed. [...] We are also reviewing the need for any redundancies. Senior executives have taken a temporary 20 percent pay cut."*

- H&M

*"The outlook for April and the beginning of the next financial year is difficult to estimate. About 80% of the group's sales are concentrated to Europe, so the development in the region is of the greatest importance to Systemair. [...] Systemair takes measures that will result in both short- and long-term savings. Initially, the focus will be on working adoptions, fewer temporary employees and general cost savings."*

- Systemair

## F&P comments

# #47

companies have announced cost savings programs as of 3 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 around the AGM:

- Webcasting of the entire AGM
- Use of digital identification tools for voting (less common)
- Encouraging and assisting shareholders to use proxy-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

*“[...] The Board has decided to postpone the Annual General Meeting, which was scheduled to be held on 7 May. The primary purpose of the decision is to safeguard the health of shareholders and employees by following current recommendations for minimising the risk of contagion. At the same time, it is important to ensure and protect the rights of individual shareholders in the best possible way.”*  
 - Xano

*“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