

**F&P**

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April 14, 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.



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# What has happened since April 8?

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## Examples of actions



ICA Gruppen announced that sales in their stores increased by 11.1 percent in March 2020 compared to the corresponding month last year. In comparable stores, sales increased by 10.8 percent.

8 April 2020, 08:45.



Scandic Hotels published a comment to the Q1 financials stating that net sales decreased around 18 percent compared with the first quarter 2019.

9 April 2020, 08:00.



Swedish Orphan Biovitrum (Sobi) announced that the company's revenue and EBITA during March were positively affected by increase in demand related to the ongoing COVID-19 pandemic.

13 April 2020, 16:15.



Bravida's Board of Directors has decided to withdraw the proposals for dividend and the introduction of a long-term incentive program and to convene an extraordinary general meeting during the autumn to resolve on the proposals.

8 April 2020, 17:03.



Evolution Gaming announced that the company is postponing its annual general meeting and with that withdrawing the current dividend proposal.

9 April 2020, 12:10.



Scandi Standard announced that despite limited operational and financial impact, the BoD found it prudent to implement precautionary cash preservation measures in case the situation should escalate and will accordingly not propose any dividend to the 2020 AGM.

14 April 2020, 07:00.

## Updates related to the capital market:

- Norwegian Air Shuttle has suffered greatly due to the coronavirus crisis and entered a crisis mode last week to be able to apply for emergency loans from the Norwegian state.
- Today, the FSA's exemption rule that allows all mortgage holders to be granted freedom from mortgage payments came into power. Several Swedish banks announced that they already have received large number of applications.
- There has been a large increase of memberships application to trade unions due to the corona crisis.
- According to Sveriges Radio Ekot, the Government, the Center Party and the Liberals will soon present a settlement on additional, more generous rules for short-term lay-offs.

## The total numbers this far...

#89

companies have communicated negative impact or profit warnings



#29

companies have communicated neutral guidance



#61

companies have implemented or will implement cost savings programs

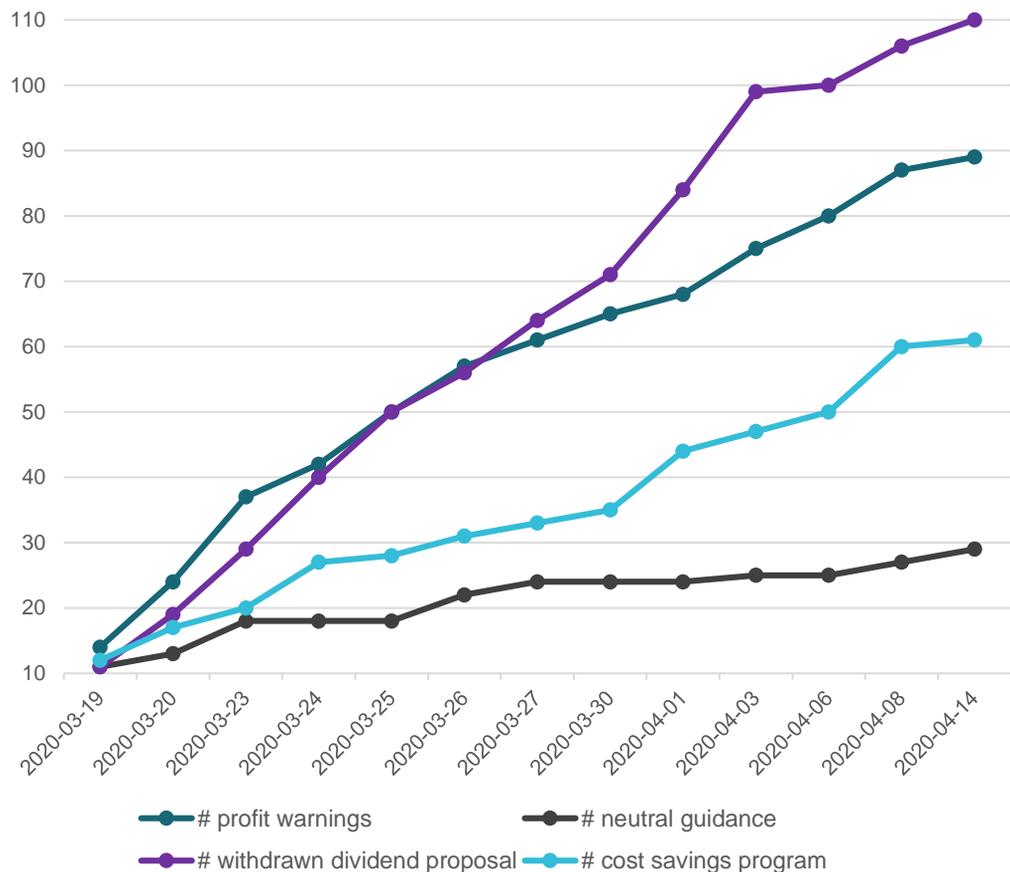


#110

companies have withdrawn or reduced their dividend



Communications 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

*"Given the current market situation, Scandic is providing an update on the company's financial performance and the extensive cost-saving measures. During the period January–March 2020, the Group's net sales totaled 3,344 MSEK, a decrease of around 18 percent compared with the first quarter 2019. For comparable units, the decline was 17 percent."*

- Scandic Hotels

*"Swedbank has also decided to increase its efforts to mitigate the effects of the COVID-19 pandemic on our customers. These initiatives include increased accessibility in channels that do not require physical meetings, such as the telephone bank and the digital channels. [...] The financial strains caused by the COVID-19 pandemic will be extensive in our home markets. With our strong financial position in terms of capital and liquidity, Swedbank has good possibilities to support its corporate and private customers. Deteriorating macroeconomic forecasts do, however, lead to an increase in our credit impairments "*

- Swedbank

## F&P comments

**#89**

profit warnings on Nasdaq Stockholm as of 14 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**



**Industrade**

**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

*“At present, we have not experienced any significant disruptions in the supply chains and among the subsidiaries with own manufacturing, production is continuing with the exception of two units in Asia, which have been temporarily closed due to local regulations from authorities. However, the situation is changing continuously. A number of our companies have noted a major volume decline and are now taking measures to reduce costs, for instance short-term layoffs, adapted to respective business and country in which they operate. At the same time, we are seeing a strong development with increasing volumes in, among others, the medical technology companies.*

- Industrade

## F&P comments

**#29**

neutral comments on Nasdaq Stockholm as of 14 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 thus likely to not be severely affected.



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

## Examples of guidance

*"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

*"Swedish Orphan Biovitrum AB announces today that revenue and EBITA in March are impacted by increases in demand related to the ongoing COVID-19 pandemic."*

- Sobi

*"Getinge's multiple efforts to support hospitals and patients affected by COVID-19 has contributed to order intake for the first quarter 2020 being higher than expected by the market. Order intake for Q1 2020 increased by 47.2% organically compared to Q1 2019."*

- Getinge

## F&P comments

#6

positive comments on Nasdaq Stockholm as of 14 April 2020

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

## Companies



AB | SAGAX



## Examples of comments

*"Prior to the Annual General Meeting on April 24, Bravida's Board of Directors has decided to withdraw the proposals for dividend and the introduction of a long-term incentive program (LTIP) 2020. If allowed by external conditions, the Board's ambition is to convene an extraordinary general meeting during the autumn to resolve on the proposals."*

– Bravida

*"The meeting which was originally scheduled to be held on Friday, 24 April 2020 will not be held, and the notice and proposals contained therein is retracted. The decision was made for practical reasons, taking into account the risk of spreading the infection as well as the advice of authorities to restrict public gatherings of more than 50 people."*

- Evolution Gaming

*"As a result of COVID-19, macroeconomic conditions have deteriorated and uncertainty has increased. [...] Accordingly, as a precautionary measure, the Board of Directors has adjusted the dividend proposal for Class A and Class B common shares."*

– Sagax

*"The outbreak of Covid-19 and the extraordinary measures and recommendations that authorities and governments have taken to reduce the spread of the Coronavirus have significantly affected operating conditions on the markets where Recipharm operates. Recipharm AB's Board of Directors has therefore decided to withdraw the previously communicated dividend proposal of SEK 1.60 per share and will propose to the Annual General Meeting on May 12, 2020 that no dividend is paid."*

- Recipharm

## F&P comments

# #110

companies have announced that dividend proposals for 2019 will be withdrawn as of 14 April 2020

Many companies have withdrawn their dividend proposals entirely, however in recent days several companies have communicated that they will delay the decision on their dividend proposal, and/or revisit the question of dividend proposal during H2.

## 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, or voting by mail
- Key company representatives to participate through video link
- Not serving food or refreshments
- Encouraging shareholders who feel ill/belong to a risk group, to not attend the AGM

## Examples of comments

*“As a result of the outbreak of the coronavirus COVID-19, Evolution Gaming Group AB (publ)’s (“Evolution”) board of directors has today made the decision to postpone the annual general meeting. The meeting which was originally scheduled to be held on Friday, 24 April 2020 will not be held, and the notice and proposals contained therein is retracted.”*

- Evolution Gaming

*“Balder also wants to encourage shareholders to exercise their voting rights through a proxy. To enable shareholders to vote without physically attending the Annual General Meeting, the registrar Computershare offers a service to shareholders who have registered to attend the Annual General Meeting.”*

- Balder

*“The Board of Directors of Nederman Holding AB has resolved that shareholders in Nederman shall be able to exercise its voting rights at the Annual General Meeting 2020 (the “AGM”) by advance voting. The intention is to minimize the number of people gathered at the location of the AGM, as a part of the effort to minimize the risk of spreading the coronavirus COVID-19. Nederman encourages all shareholders to, in the manner stated below, exercise the possibility to advance voting.”*

- Nederman

## Companies



## Examples of comments

*"During this challenging period with Covid 19 pandemic, Scandi Standard is reporting a strong result for the first quarter of 2020. The business has recently experienced a major increase of 10-15 percent in retail sales as consumers are spending more time at home. Likewise, Scandi Standard has experienced a drop of 50-60 percent in the food service sales, which broadly represent a similar volume. Despite limited operational and financial impact so far, the Board of Directors has found it prudent to implement precautionary cash preservation measures in case the situation should escalate and will accordingly not propose any dividend to the 2020 AGM."*

- Scandic Standard

*"Tobii has initiated a program to adapt costs to a lower revenue level short term. The program includes activities to decrease discretionary expenses, reduce the number of consultants, a company-wide temporary work reduction program and a temporary salary reduction for the executive management team. In addition, the company will implement structural changes to accelerate the path to profitability for the division Tobii Tech, and will therefore give notice of termination to up to 50 permanent employees."*

- Tobii

## F&P comments

**#61**

companies have announced cost savings programs as of 14 April 2020

During the past two days, there has been a slight increase in the number of companies announcing cost savings programs.