



Catella publishes preliminary figures for Q1 2020 and effects of Covid-19 on operations

Total income for continuing operations rose by SEK 49 million compared to the first quarter of 2019 and amounted to SEK 503 million for the first quarter of 2020. Operating profit grew by SEK 10 million to SEK 72 million. Profit after tax for the period was SEK 24 million, on par with the preceding year. Profit attributable to shareholders in the parent company, for continuing operations, amounted to SEK 14 million (1) for the same period. Assets under management at the end of the period were SEK 156 billion, a decrease of SEK 15 billion compared to year-end 2019. The Covid-19 outbreak is adversely impacting Catella and due to the uncertain situation, it is currently impossible to estimate the full potential impact on the Catella Group.

First quarter 2020

Total income for continuing operations rose by SEK 49 million compared to the first quarter of 2019 and amounted to SEK 503 million for the first quarter of 2020. The increase is primarily attributable to Property Investment Management. Operating profit grew by SEK 10 million to SEK 72 million. Total assets under management fell by SEK 12 billion compared to the preceding year, adjusted for the discontinued product Systematic Equity, and amounted to SEK 156 billion at the end of the period, a decrease of SEK 15 billion compared to year-end 2019. Total cash and cash equivalents in continuing operations amounted to SEK 920 million at the end of the period, of which the majority is found in subsidiaries of Catella.

Assets under management in the Equity, Hedge and Fixed Income Funds business area decreased by SEK 31 billion, adjusted for the Systematic Equity product, compared to the preceding year, and amounted to SEK 48 billion at the end of the period. The decrease during the first quarter amounted to SEK 23 billion, the majority of which is attributable to Systematic Funds. The outflows during the quarter occurred in both service segments alongside the effects of value depreciation and exchange rates on assets under management. Total income for the first quarter amounted to SEK 160 million, a decrease of SEK 49 million compared to the preceding year. Operating profit decreased by SEK 30 million to SEK 57 million for the quarter. The declines in total income and operating profit are mainly attributable to Systematic Funds. Annualised profit in the business area from fixed revenues/fixed expenses amounted to SEK 81 million at the end of March.

Property Investment Management grew assets under management by SEK 19 billion compared to the preceding year to SEK 108 billion at the end of the period. Assets under management grew by SEK 8 billion in the first quarter, driven mainly by Property Funds. Total income increased by SEK 88 million and operating profit grew by SEK 45 million compared to the preceding year, driven mainly by Property Funds and Property Asset Management in the UK, which exited a mandate and generated significant variable revenues. Total income amounted to SEK 229 million and operating profit to SEK 44 million for the first quarter.

Catella is a leading specialist in property investments and fund management, with operations in 15 countries. The group has assets under management of approximately SEK 160 billion. Catella is listed on Nasdaq Stockholm in the Mid Cap segment. Read more online at catella.com.

Stockholm, 23 April 2020

Total income in Corporate Finance was SEK 109 million, an increase by SEK 5 million compared to the preceding year, driven primarily by the Nordics, where Sweden accounted for the majority of the increase. The operating loss amounted to SEK -13 million, on par with the preceding year.

The migration of card customers to Advanzia Bank was completed in the first quarter of 2020 and Catella was paid contingent consideration of approximately SEK 125 million. SEK 104 million of the contingent consideration was recognised in income in 2019.

Effects on operations of Covid-19

The Covid-19 outbreak is adversely affecting Catella and there is risk of material financial impact on the Catella Group. Considering the uncertain situation, it is currently impossible to estimate the full potential impact on the Catella Group in upcoming quarters. We are proceeding from the assumption that the second and third quarters of 2020 will be characterised by widespread nervousness, which will affect the willingness of investors to execute deals and invest capital.

Up to this point, Catella is reporting a reduction in assets under management in the Equity, Hedge and Fixed Income Funds business area and an increase in assets under management in the Property Investment Management business area, both of which will affect fixed revenues going forward. Within Equity, Hedge and Fixed Income Funds, Catella has, like the market, been affected by withdrawals from funds in which Catella has thus far managed product liquidity without having to close any funds. Property Investment Management has thus far not received any queries from investors concerning significant withdrawals from the property funds. There has been no material effect on operations in Property Investment Management, as most of the investment structures are locked in over an extended period of time. There has been a steep fall in transaction volumes in the Corporate Finance business area due to the Covid-19 outbreak in Europe following normal activity for the business in the early months of the year. Transaction volumes in the market are expected to remain low in the next few months, but it is currently difficult to assess the long-term effect on Corporate Finance operations. Projects within Catella's project development business are ongoing with no material impact other than postponement of the close of the sale of Grand Central in Dusseldorf, previously planned for 31 March, to 30 June. The buyer has provided collateral in liquidity of a total of approximately SEK 80 million to Catella in exchange for the opportunity to close the deal during the second quarter of 2020, which corresponds to Catella's share of capital investment in the project.

Catella is in a good liquidity position and thus has the resilience to respond to the crisis, while the organisation has the ability to swiftly change course if the crisis worsens.

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