



# *Presentation of the First Quarter of 2020*

*17 April 2020*



## *Today's Agenda*

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- 1** Effects of Covid-19
- 2** Portfolio Companies' Performance
- 3** Kinnevik's Financial Position
- 4** Key Priorities

## *Today's Participants*

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**Georgi Ganev**

*Chief Executive Officer*

**Erika Söderberg Johnson**

*Chief Financial Officer*

**Torun Litzén**

*Director Corporate Communications*

**Samuel Sjöström**

*Head of Strategy*

# IN THESE TURBULENT TIMES, KINNEVIK'S FINANCIAL POSITION REMAINS STRONG AND OUR PORTFOLIO IS SHOWING RELATIVE RESILIENCY

NAV 31 MARCH 2020

SEK **64.9**BN

CHANGE IN NAV Q/Q

**(11)%**

1-YEAR TSR

**(10)%**

5-YEAR TSR

**(1)%**

## Key Developments

- **Consumer Services:** Nordic *online groceries* have experienced a surge in demand with record customer intake, operating at maximum capacity. *Fashion e-Commerce* has suffered from lower sales growth resulting in inventory write-downs, though showing relative resilience compared to physical retailers. The crisis' effect on the *travel* industry has been severe, and our companies are focusing on product development and continued customer acquisition
- **Financial Services:** Extreme market volatility has negatively impacted our companies' short-term performance, but they have a loyal and engaged customer base, and a steady inflow of deposits and engagement
- **Healthcare Services:** Our digital health companies are working hard to service their populations and clients, with restrictions on mobility increasing the number of people seeking virtual medical care
- **TMT:** Operating in a resilient sector providing connectivity at a time of social distancing, Tele2 is well placed to provide its important services to its customers

## Investment Management Activities

- Total investments of SEK 403m in the quarter, including:
  - SEK 150m in MatHem's funding round, bringing our ownership stake to 36%
  - SEK 106m in Budbee's funding round, bringing our ownership stake to 30%
  - SEK 74m in Town Hall Ventures' Fund II, an investment made in part to deepen our strategic ties with the reputable earlier stage investment platform

## Financial position

- NAV of SEK 64.9bn (SEK 235 per share), down SEK 8.4bn or 11% in the quarter with some overall currency tailwind
- Net debt position of SEK 1.5bn, corresponding to a leverage of 2.2% of Portfolio Value by quarter end
- Kinnevik issued SEK 1.5bn in new bonds in the quarter

## Organisation

- Erika Söderberg Johnson joined Kinnevik as Chief Financial Officer on 6 April
- Anna Stenberg will join Kinnevik as Chief People and Platform Officer in May

# WE BELIEVE THAT WE WILL BENEFIT FROM BEING ABLE TO TAKE A LONG-TERM PERSPECTIVE THROUGH THE ONGOING CORONAVIRUS CRISIS

## *Covid-19*

*Key Effects On Our Plans and Companies*

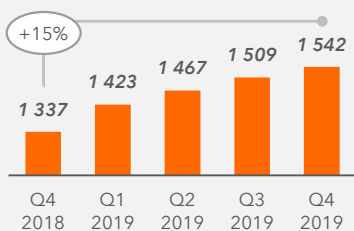
- 1 Investees focus on cash over growth in the short-term
- 2 Identifying strategic and tactical opportunities, including M&A
- 3 Long-term value propositions of investees remain unchanged
- 4 Strong financial position at Kinnevik
- 5 Uncompromised five-year capital allocation framework

# ONLINE GROCERIES IS A VITAL SERVICE IN TIMES OF SOCIAL DISTANCING, WITH A SHARP SURGE IN DEMAND AND ONLY LIMITED SUPPLY CHAIN DISRUPTION



- ▶ **Significant increase in demand has positively impacted customer intake and revenue, however warehouse limitations have hampered capacity**
  - **MatHem** has had a record customer intake in the last few weeks and is currently operating at maximum capacity
  - In anticipation of the completion of the new warehouse in 2021, the company is assessing options to expand warehouse capacity
  - An increase in new hires has increased costs short term, but these have been partially offset by material cuts in marketing
  - With MatHem's capital raise in mid-February of SEK 500m, in which AMF invested SEK 280m and Kinnevik 150m, the company is well-capitalized

Revenues LTM (SEKm)



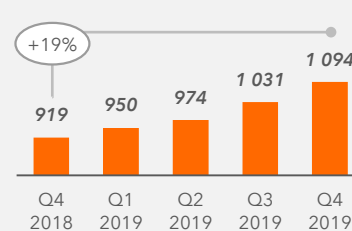
Number of completed deliveries LTM Q4 2019

1.2m



- ▶ **High warehouse efficiency has enabled the company to scale its operations quickly and capitalise on the surge in demand**
  - **Kolonial.no's** sales in end-March had essentially doubled compared to the beginning of 2020, and with a customer intake of 10x that of normal levels the company is operating at close to maximum capacity
  - The company's warehouse efficiency has improved throughout the last 18 months and the contribution margin was significantly positive already going into this year
  - Kolonial.no has been able to scale its operational model and speed up its growth plans significantly, which should drastically shorten the company's path to profitability
  - The company is experiencing relatively limited supply chain disruption, and is currently delivering 97% of all items compared to 99% normally

Revenues LTM (NOKm)



Number of completed deliveries LTM Q4 2019

0.9m

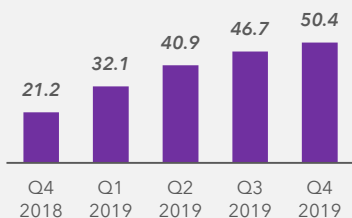
**While too early to assess the impact on the online grocery market long-term, the situation has allowed more people to experience the benefits of shopping their groceries online**

# DIGITAL HEALTHCARE MODELS EASE THE PRESSURE ON THE HEALTHCARE SYSTEM

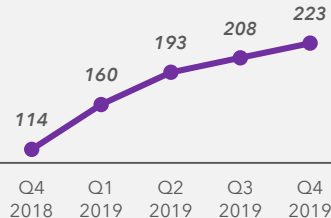


- ▶ **Revenue is expected to exceed previous guidance on the back of record client launches and the company is seeing continued strong demand**
- Livongo's digital platform allows the company's 220,000+ members to manage their chronic conditions from the safety of their own homes
- In the beginning of April, Livongo announced that first quarter 2020 revenue is expected to exceed prior guidance. This was driven by record client launches and member enrolment ahead of expectations, and the company is seeing continued strong demand
- Beyond its always-available services, the company has developed and rolled out a targeted coronavirus response effort to keep its members healthy, informed, and supported through the duration of the pandemic

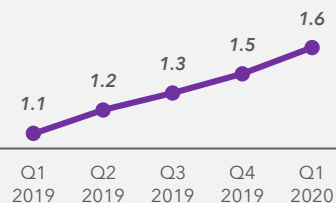
Revenues (USDbn)



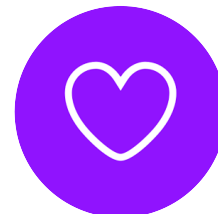
Diabetes members ('000)



Total number of UK registrations (m)



Selected partners



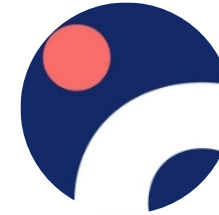
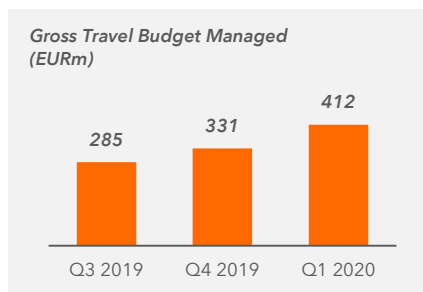
- ▶ **Increased demand for telemedicine is driving momentum, and the company has launched a Covid-19 Care Assistant**
- Babylon is witnessing a strong demand for telemedicine services, driving business momentum
- The company launched a Covid-19 Care Assistant, with a Coronavirus-specific flow, which it is rolling out in cooperation with the NHS in the UK
- Babylon is seeing momentum with the launch in the US in the beginning of 2020, the Prudential partnership being live across multiple Asian markets, and the NHS partnerships being expanded beyond primary care

**As more people are seeking care, the demand for digital healthcare has increased sharply as it services the needs for people that are not critically ill**  
**The digital model is effective as it allows people to access care without the risk of infecting other patients or healthcare providers**

# TRAVEL COMPANIES HAVE BEEN SEVERELY AFFECTED BY UNPRECEDENTED GLOBAL TRAVEL RESTRICTIONS, AND THE SHAPE OF THE RECOVERY REMAINS UNCERTAIN



- ▶ *Severely impacted by Covid-19 as many corporates have taken a binary approach to business travel, but customer acquisition remains strong*
- **TravelPerk** was on a growth trajectory at the beginning of the year on the back of strong take-rate improvements, but experienced steep declines as travel restrictions were imposed globally through March and now see virtually zero demand
- The company is using this as an opportunity to expand on its corporate client base, and March was one of the best months ever for new customer acquisitions
- Has implemented measures to save costs in the short-term



- ▶ *Sharp reduction in demand, however impact is slightly more muted given greater exposure to ground transportation and domestic travel*
- **Omio** has experienced a significant reduction in demand and is heavily affected by the uncertainty in the travel industry. However, the impact is slightly more muted, given Omio's greater exposure to ground transportation than flights, and to domestic rather than international travel
- Has implemented measures to save costs in the short-term

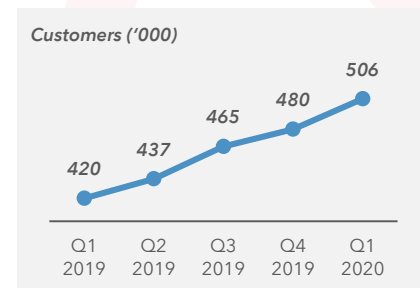
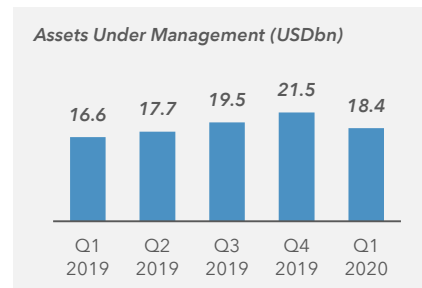


The travel sector has been **particularly impacted by the ongoing Covid-19 crisis**, however, this is also a time for our companies to **accelerate product development to better serve their users in the future**, and they are managing operating expenses to build leaner organisations

# FINANCIAL SERVICES HAS BEEN NEGATIVELY IMPACTED BY HIGH MARKET VOLATILITY



- ▶ *The dramatic correction in the equity markets has negatively impacted AUM, but the company has a loyal customer base and is seeing a steady inflow of deposits*
- **Betterment's** short-term performance and AUM has been negatively impacted by the extreme market volatility
- However, the company has a loyal and engaged customer base and a steady inflow of deposits and engagement
- Has implemented measures to save costs in the short-term



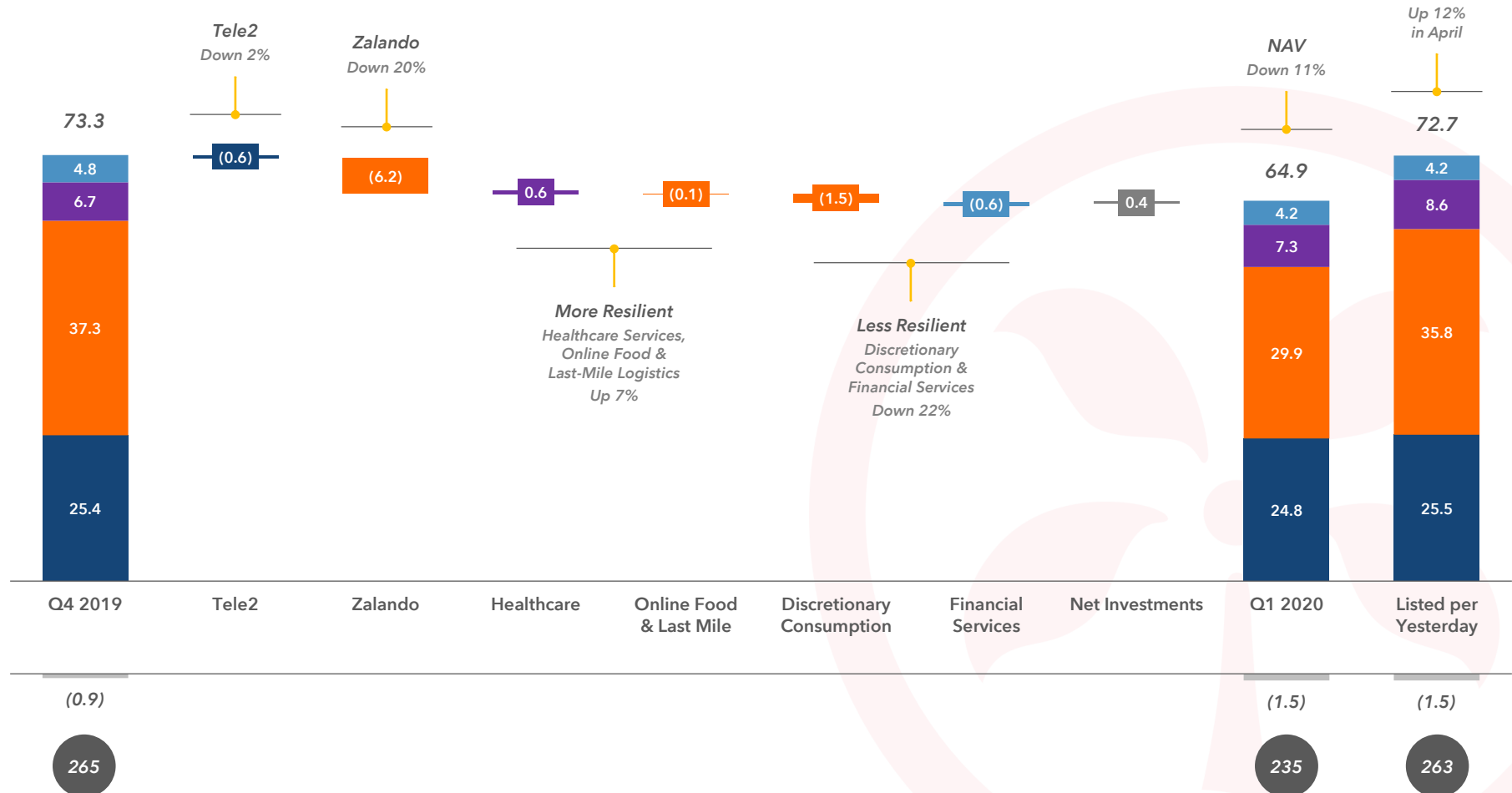
*Market volatility is negatively impacting our financial services companies, but Betterment has a loyal customer base and a continued steady inflow of deposits*



# OUR NET ASSET VALUE WAS DOWN SEK 8.4BN OR 11% DURING THE QUARTER, PRIMARILY ON THE BACK OF EFFECTS ON DISCRETIONARY ONLINE CONSUMPTION

## Net Asset Value Development

• TMT, • Consumer Services, • Healthcare Services, • Financial Services, • Net Debt, SEKbn, • NAV Per Share, SEK

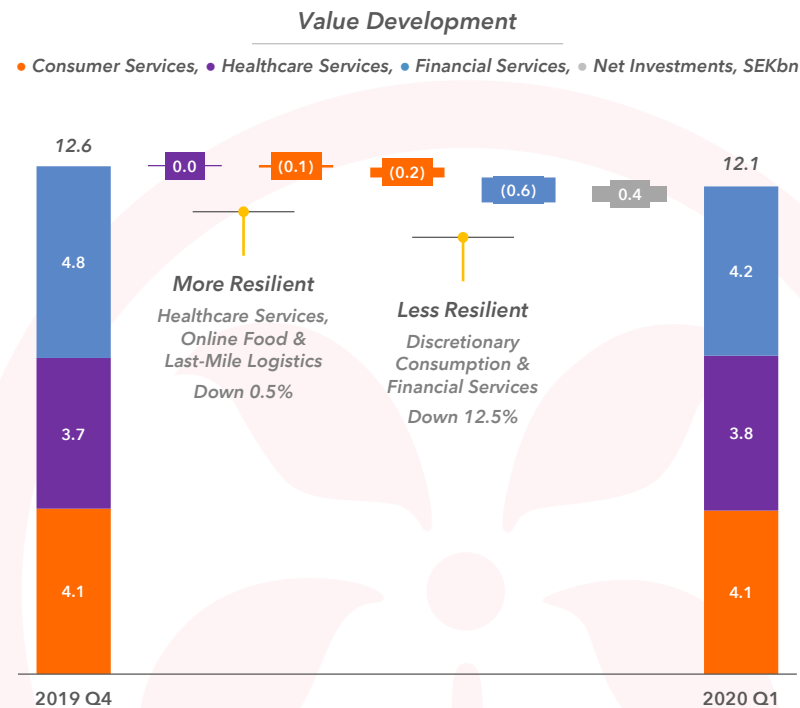


# THE WRITE-DOWN OF OUR UNLISTED ASSETS IS RELATIVELY MUTED DUE TO OUR BUSINESSES' RESILIENCE, CURRENCY TAILWINDS, AND DOWNSIDE PROTECTIONS

## Valuation of Our Unlisted Portfolio

### Key Premises and Value Development

- In the first quarter, we are **writing down our unlisted portfolio by SEK 894m**, or 7%, in the context of an aggregate 11% decline in our full net asset value, the Nasdaq declining by 14% and the OMXS30 trading down by 16%
- There are **four important premises** to bear in mind this quarter -
  - Defensive Portfolio**  
Around half of our unlisted portfolio is invested in businesses within Healthcare Services, Online Food and Last-Mile Logistics - three sectors that have seen unchanged or increased demand during recent weeks
  - Downside Protection**  
In companies where we have invested in the most recent funding rounds, we in many cases hold shares with customary preferential rights, such as liquidation preferences
  - Currency Movements**  
While some currencies, such as the Norwegian krona, have depreciated against the Swedish krona in the quarter, the dollar and the euro have appreciated significantly, providing tailwind to our foreign currency operating or denominated companies
  - Volatility and Uncertainty**  
Volatile equity markets, and less certainty around the financial outlook of our investees and their publicly listed peer groups, affect our assessed valuations which are based on the market environment per end of March
- At **neutral currencies** and **without downside protections**, the write-down of our unlisted portfolio would have been closer to the first quarter development of broader equity indices of relevance, such as the Nasdaq and OMXS30



We continue to work towards **more dynamic assessments and transparent disclosure** of fair values  
In our 2020 Q1 Report you will find **more extensive descriptions than in prior quarters** on pages 23-25

# WE HOLD A SIGNIFICANT CASH POSITION, HAVE REDUCED OUR 2020 MATURITIES, AND CONTINUE TO EXECUTE ON OUR CAPITAL ALLOCATION PLAN

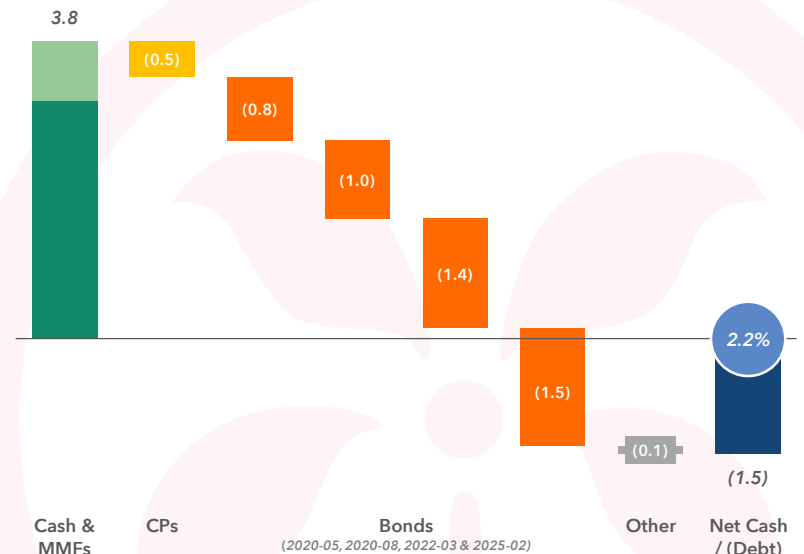
## Our Financial Position

### Capital Structure and Financial Capabilities

- During the first quarter of 2020, we **invested SEK 403m**, whereof 329m into our existing investees and a 74m commitment to Town Hall Ventures II
- At the end of the first quarter of 2020, we held **SEK 3.8bn in cash and money market investments**
- Net of SEK 5.3bn in commercial paper, bonds and unpaid investments, our **net debt position amounted to SEK 1.5bn** corresponding to **2.2% leverage**
- **2020 bond maturities amounts to SEK 1.8bn**
  - In February, we issued a **SEK 1.5bn five-year bond** in connection with which we repurchased some SEK 0.6bn of our May 2020 bond
- Our share of **Tele2's proposed dividends** amounts to SEK 1.0bn in ordinary dividends and SEK 0.7bn in extra dividends
- Per today, **SEK 1.7bn covers our currently forecasted 2020 investments** into primary investee equity and other capital injections into our investees, **including our current assessment** of potentially elevated funding needs due to, and through, **the coronavirus crisis**
- Investments will also be funded by **tapping into our cash position** or by **releasing capital** from parts of our existing portfolio
- As communicated in connection with our 2019 Year-End Release, **we are looking to deploy slightly less capital in 2020 than in 2019**

### Composition of Net Cash / (Debt)

By Source, SEKbn and % Leverage



Our financial position is strong, and provides the **foundation needed to execute on our five-year capital allocation plan**  
Naturally, we expect 2020 to be **a year of focus on our existing portfolio relative to other years under this plan**

## KINNEVIK HAS THREE CLEAR PRIORITIES GOING FORWARD

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*1*  
Continue to Evolve the  
Portfolio Towards a  
Higher Proportion of  
Growth Companies

*2*  
Strengthen Our  
Portfolio Balance  
Across Sectors, Stages  
and Time to Liquidity

*3*  
Reallocate Capital  
More Dynamically  
Through Attractive  
Exits as Our Young  
Portfolio Matures

WE BUILD DIGITAL BUSINESSES