



Press release

3 May 2023

Interim Report January-March 2023

High sales and improved margin

First Quarter

- Consolidated net sales increased by 16.5 percent to SEK 111.0 million (95.3).
- Operating profit (EBIT) increased to SEK 13.1 million (8.8).
- Earnings per share before and after dilution amounted to SEK 0.36 (0.25).

Significant events in the first quarter

- LKAB Malmtrafik renewed its agreement with Railcare regarding the transport of iron ore for approximately SEK 40 million.
- The assignment regarding a further three standby locomotives in northern Sweden started on 1 January as planned.
- Railcare's Board of Directors adopted new targets. Railcare's updated financial targets are to achieve sales of SEK 800 million by 2027 and to maintain an operating margin of more than 10 percent.

Significant events after the period

- As a result of a growing organisation and confidence in the future, Railcare has made changes to its Group Management. The new Group Management comprises Mattias Remahl, CEO; Lisa Borgs, the new CFO; Johan Hansén, head of transport operations and Jonny Granlund, head of contracting operations and Machines and Technology.

CEO's comments

Net sales in the first quarter were SEK 111.0 million (95.3) and operating profit was SEK 13.1 million (8.8). This corresponded to an operating margin of 11.8 percent.

“A quarter characterised by higher volumes in the transport operations and in Contracting Abroad, which contributed to an increased operating margin and the highest ever sales for a first quarter.”

Contracting Sweden

The volume of contracting work in Sweden was slightly lower in the first quarter compared with 2022 due to cold weather and snowfall at the end of the quarter which delayed work until mid-April. For the same reason, snow removal for the Swedish Transport Administration continued until the end of March.

On 1 January the contracting operations were restructured so that all of their operators, in both Sweden and the UK, are now organised in the same company. The primary aim of the restructuring was to build an even stronger team of machine operators and to optimise resources in both operations.



Contracting Abroad

Demand for contracting operations in the UK is increasing and capacity utilisation has risen year on year. The cost-saving measures implemented coupled with the higher sales contributed to a positive result for the segment during the first quarter.

Transport Scandinavia

Transport Scandinavia reported significantly higher volumes compared to the first quarter of 2022. The contract regarding the four new standby locomotives covers a period of four years from 1 August 2022 and includes four new locations (Långsele, Boden, Vännäs and Kiruna), of which three started from January 2023. In the first quarter, the Swedish Transport Administration announced that it is exercising its option for the first standby locomotive in Borlänge and extending its original three-year contract for further two years, up to and including the end of October 2025. At the beginning of March we received the renewed confidence of LKAB to transport iron ore and the new contract runs for a year, but LKAB also has an option to extend the contract for a further year.

As a result of new environmental requirements and the introduction of a new signalling system, the Swedish fleet of locomotives will undergo major change in future years. The locomotive workshop in Långsele has built up a wealth of experience and has the necessary certification to carry out these services. Since Railcare has everything from its own workshop to locomotives and locomotive drivers within the Group, it fully understands its customers' needs and can offer a complete solution. The ongoing assignments for Infranord, Nordic Re-Finance and Beacon Rail are good examples of this and have contributed to record levels of capacity utilisation.

Machines and Technology

Work is under way in the Machines and Technology segment to finish the enhanced generation of MPV with pantographs. The plan is to conduct a trial run of the machine in the second half of the year and begin full production next year.

New financial targets

In February, the Board of Directors of Railcare adopted new financial targets for the period up until the end of 2027. The target is to increase sales by 60 percent over the next five years, to SEK 800 million, and to maintain a margin of 10 percent.

The railway industry is facing a major transition driven by new environmental requirements and the introduction of a new signalling system. Thanks to our battery technology in the contracting operations, our offering in the locomotive workshop in Långsele and the switch to sustainable transport in our transport operations, we are already at the forefront of this transition.

Mattias Remahl, CEO



This information is such that Railcare Group AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, for publication on 3 May 2023 at 7:30 a.m. CEST.

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About Railcare Group

The railway specialist Railcare offers innovative products and services for the railway; for example, railway maintenance with self-developed machines, a locomotive workshop, special transport and machine sales projects. Our market is mainly in Scandinavia and the United Kingdom. The railway industry is in a positive development with increasing traffic volumes, extensive investment programs, developing cost-effective freight and passenger transport, and rising environmental awareness. Railcare delivers both sustainable and efficient solutions that contribute to the railway, so it can be used for the maximum number of years to come. The shares of Railcare Group AB (publ) are listed on the Small Cap list of the Nasdaq Stockholm exchange. The Group has approximately 160 employees and annual sales of approximately SEK 500 million. The company's headquarters are in Skellefteå.