

Press release

9 November 2023

## Interim Report January-September 2023

### One of Railcare's strongest quarters ever

#### Third quarter

- Consolidated net sales increased by 8.7 percent to SEK 159.2 million (146.5).
- Operating profit (EBIT) increased to SEK 26.8 million (23.9).
- Earnings per share before and after dilution amounted to SEK 0.78 (0.74).

#### First nine months of the year

- Consolidated net sales increased by 12.4 percent to SEK 414.9 million (369.0).
- Operating profit (EBIT) increased to SEK 54.8 million (45.7).
- Earnings per share before and after dilution amounted to SEK 1.56 (1.39).

#### Significant events in the third quarter

- LKAB utilized its option to extend the transport agreement to encompass the full year 2024. The agreement is worth approximately SEK 70 million.

#### Significant events after the end of the quarter

- Railcare was awarded another five-year contract for standby locomotives worth a total of SEK 403 million, corresponding to SEK 80 million annually. The work will begin in 2025.

### CEO's comments

**Net sales in the third quarter were SEK 159.2 million (146.5) and operating profit was SEK 26.8 million (23.9). This corresponded to an operating margin of 16.8 percent.**

**“We are presenting one of the strongest quarters ever for the Group, with record sales and robust operating profit, despite challenging sector conditions and high inflation. Transport operations, the locomotive workshop in Långsele and the contracting operations in Sweden all made a significant contribution to the profit.”**

The strong profit in the third quarter shows that we have successfully managed a period of high inflation and the ongoing sector challenges. Capacity utilisation was high in the construction and lining operations in Sweden, although a higher proportion of groundworks in the lining operations had a negative impact on margins. The transportation operations carried out assignments on behalf of Kaunis Iron and LKAB according to plan.

Volumes for contract transports were down compared to the previous year, offset by index-linked increases for longer contracts. The locomotive workshop in Långsele experienced very high capacity utilisation and work completed included the upgrade and installation of onboard equipment in five



Traxx locomotives on behalf of Beacon Rail in the quarter. Volumes in the UK contracting operations remain low, partly as a result of less maintenance being carried out during the summer months.

### **Increased focus on efficient maintenance resembles Formula 1 pit stop**

There have also been some positive developments in the sector. The meeting with the Swedish Minister for Infrastructure Andreas Carlson in June led to the government taking the step of instructing the Swedish Transport Administration to “present measures aimed at strengthening the completion of railway maintenance and the robustness, reliability and punctuality of rail traffic”. A report will be presented by February next year. The next step will be to ensure that the measures are implemented in practice.

During the meeting with the Minister for Infrastructure, I drew the comparison with a Formula 1 pit stop, saying that “all the wheels need to be replaced in one go”. What I meant is that maintenance needs to become much more efficient than is the case today. This means developing new machinery and methods, but also improving the planning of maintenance work. With Railcare’s efficient machines and methods, alongside our solutions-oriented working methods, we have the right tools for creating efficient railway maintenance systems. Due to the existing maintenance backlog being considerable, it will take some time to achieve the desired railway standard, but it is important that positive changes take place as quickly as possible. It is therefore pleasing to see that the volume of contracting work is increasing and that the Swedish Transport Administration is involving us in the planning of the work to be carried out.

### **Green transport a pre-condition for a sustainable society**

A well-functioning railway is critical to the transition to a sustainable society. Virtually all major green industrial establishments expected over the coming years will require green transport, and the volume of transport required is extensive.

Our current transport operations work closely with Kaunis Iron and LKAB. Both companies are focusing sharply on the green transition, and environmentally friendly railway transport is a pre-condition for reducing the environmental impact. Railcare also provides high delivery reliability that benefits these companies as well as other operators using the railway. The higher the delivery reliability, the more track timetables can be scheduled. This is particularly important when an increasing number of operators are sharing available railway capacity. Our expanding transport operations are a clear sign that customers value our flexibility and solutions-oriented working methods. The new contract with LKAB covers all of next year.

### **Strengthened market position**

At the end of October, the Swedish Transport Administration announced the allocation of six new contingency locomotives to Railcare. The contract is the second largest in Railcare’s history. It improves profitability and the long-term viability of the entire Group, which means that I value this contract very highly.

The locomotive workshop in Långsele has grown sharply in recent years to become an in-demand provider of locomotive maintenance and upgrades, such as the installation of onboard systems and conversions of locomotives to improve environmental performance and extend lifespan. The services



we offer in the locomotive workshop are necessary for the introduction of a new signalling system, and for achieving the Swedish Transport Administration's environmental goal of zero railway emissions by 2040.

Our ambition is to continue to drive sector progress with our committed, responsible and solutions-oriented employees, who are our most important asset. I am proud of what we are achieving together!

**Mattias Remahl, CEO**

*This is information that Railcare Group AB (publ) is required to disclose under the EU Market Abuse Regulation. This information was submitted to the market, through the agency of these contacts, for publication on 9 November 2023 at 07:30 a.m. CET.*

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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 170 employees and annual sales of approximately SEK 500 million. The company's headquarters are in Skellefteå.