Press release
16 February 2023

Year-end report 2022

Volumes remain high but operating margin has decreased

Fourth quarter

- Consolidated net sales decreased by 2.8 percent to SEK 128.0 million (131.8).
- Operating profit (EBIT) decreased to SEK 6.7 million (24.7).
- Earnings per share before and after dilution amounted to SEK 0.14 (0.75).

Full year, January-December 2022

- Consolidated net sales increased by 13.5 percent to SEK 497.0 million (438.0).
- Operating profit (EBIT) decreased to SEK 52.4 million (56.2).
- Earnings per share before and after dilution amounted to SEK 1.52 (1.68).
- The Board of Directors intends to propose that the Annual General Meeting approve a dividend of SEK 0.60 (0.60) per share for the 2022 financial year.

Significant events in the fourth quarter

- Railcare is reorganising its contracting operations. As a result of this, costs corresponding to approximately SEK 3 million were recognised in profit and loss.

CEO's comments

Net sales for the last quarter of the year were SEK 128.0 million (131.8) and operating profit was SEK 6.7 million (24.7). This corresponded to an operating margin of 5.2 percent.

- *During the fourth quarter, volumes remained high but operating margin was negatively impacted by rapidly rising inflation. Moreover, we are expanding and making changes to our organisation to meet increased demand in the future.*

Volumes in the Contracting Sweden segment increased during the fourth quarter compared to the previous year, and accumulated for the full year, the volumes and profit were both significantly higher than the previous year. The increase during the quarter is attributable to the relining operations, where demand and utilisation continue to be high. As earlier in the year, most of the work in the relining operations was carried out on Dalabanan. In contracting operations, most of the preparatory work ahead of track replacements was completed earlier in the year. The snow clearing project started in mid-November as planned.

The contracting operations in the UK had lower year-on-year volumes during the fourth quarter. Demand for railway maintenance remains high in the UK. For this reason, we are reorganising our UK operations in order to better communicate the Company's offering, both inside and outside the framework agreement with Network Rail. In future, the work will be carried out in collaboration with railway partners in the UK. To create even more favourable conditions for the Group's contracting operations, all operators in our UK and Swedish contracting operations have been merged in a single company. The aim is to create a more efficient organisation with improved resource use, which can be adapted to the current needs of customers in the UK and Sweden.

Transport Scandinavia continues to report high volumes, although not as high as the previous year's record levels. Transports for Kaunis Iron and LKAB proceeded as planned during the quarter. The contract with LKAB expired at the end of the year, but we hope it will be renewed during the coming year. The volume of contract transports was lower than the previous year's record volumes, due to a lower total number of track replacements this year and the fact that most of the track replacements carried out took place earlier in the year.

Utilisation in the locomotive workshop in Långsele remained high in the fourth quarter. The large projects for Nordic Re-Finance and Infranord are progressing according to plan. These projects involve installation of on-board equipment and adaptation of Traxx and TMe locomotives for the Nordics. For Infranord, two diesel locomotives are being upgraded with better engines that produce lower emissions, a new European Train Control System (ETCS) and a modernised driver environment.

In the Machines and Technology segment, construction of a new, further improved MPVe is under way. The installation of a pantograph allows for charging from the overhead line. This facilitates charging and reduces the need for charging infrastructure alongside railways.

When I joined Railcare two years ago, the pandemic was in full swing with enormous impacts on people, society and businesses. Since the Russian invasion and war in Ukraine began a year ago, we have seen the highest inflation since the early 1990s, resulting in soaring interest rates. Despite the worry and uncertainty surrounding us, we at Railcare are standing stronger than ever. With our steady growth and a strong financial position, I have great confidence in the future. In recent years we have gained an excellent position in the railway industry, where we are driving innovation and a transition to more efficient, sustainable railways. I am deeply impressed and proud of my fantastic co-workers who are developing and driving the company towards a brighter future.

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 16 February 2023 at 7:30 a.m. CET.

For further information, please contact:
Mattias Remahl, CEO
Telephone: +46 (0)70-271 33 46
E-mail: mattias.remahl@railcare.se

Lisa Borgs, IR and Communication Manager
Telephone: +46 (0)70-622 50 01
E-mail: lisa.borgs@railcare.se

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.