



Press release

23 August 2019

Interim report January-June 2019

Strong sales growth during the second quarter

Second quarter¹

- Consolidated net sales increased by 45.4 per cent to SEK 91.2 million (62.7).
- Operating profit (EBIT) increased by SEK 4.5 million to SEK 3.4 million (loss 1.0).
- Earnings per share after dilution amounted to SEK 0.05 (loss 0.01).

First six months of the year¹

- Consolidated net sales increased by 36.3 per cent to SEK 176.1 million (129.2).
- Operating profit (EBIT) increased by SEK 9.8 million to SEK 13.8 million (4.0).
- Earnings per share after dilution amounted to SEK 0.36 (0.13).

Significant events in the second quarter

- Railcare The Annual General Meeting of Railcare Group AB (publ) was held on 8 May 2019.
- Railcare Group AB published its Annual Report for 2018.
- Network Rail has extended its current framework agreements with Railcare, with the extension being valid from 1 April 2019 to 31 March 2020.

CEO's comments

In the second quarter, we have a turnover of SEK 91.2 million and a pre-tax profit (EBIT) of SEK 3.4 million, which gives a margin of 3.7 per cent. We achieved good sales for a quarter that is usually weak, therefore the result is satisfactory.

Compared to last year's second quarter, we have a higher volume and earnings. Volume growth of 45.4 per cent is largely due to increased volumes in Transport Scandinavia and the project to transport iron ore for Kaunis Iron as well as an increased utilisation in the UK and Construction Abroad.

Within the Construction Sweden segment, we have had full utilisation of the machines and staff for the framework contract we have with Trafikverket, and also from contracting companies such as Infrakraft and Leonhard Weiss for preparatory work for the upcoming track replacements. The largest projects have been on the routes Eskilstuna-Flen and Borås-Hillared. During the midsummer weekend, Trafikverket cancelled all railway work in Sweden, a decision that had a negative impact on Construction Sweden's results. During the quarter, the segment also had a fixed-price contract that did not perform as well as planned, due to unfavourable soil conditions, which also had a negative impact on earnings.

In the framework agreement signed with Trafikverket for 2019, we have received eight call-off orders for various track projects and for 2020 we have received four new call-off orders. The snow project for Trafikverket, is from mid-November to mid-March, meaning we have a full order book until July 2020.

¹ The Group applies IFRS 16 effective 1 January 2019, and all figures for 2019 are inclusive of this change. Comparison figures have not been recalculated. For disclosures regarding the effects of the introduction of IFRS 16, see Note 5.



Since May we also have two new Ballast Feeder wagons that we have built for the Swedish market which are now in production.

A good quarter for the Transport Scandinavia segment with increased growth and earnings. The transport of iron ore for Kaunis Iron goes according to plan and we have now transported over 500 shipments of ore. This creates a good foundation and stability for the segment. The agreement with Kaunis Iron is for five years. For other transport operations, it has been a normal utilisation for the quarter, including the track replacement between Eskilstuna-Flen where we have contracts for four locomotives. The project started at the end of June and continues until the end of August. During the second quarter, we carried out various types of transport for the track replacements projects with sleepers and track removal machines. At the locomotive workshop in Långsele, we have received orders for four-engine replacements for locomotives worth SEK 6 million, which provides good utilisation for that operation during the autumn. All in all, this means that compared with the previous year's second quarter, we have a growth of 50 per cent and a profit of SEK 1.9 million.

Within the Construction Abroad segment, we have increased the utilisation of the four Railvacs and the Ballast Feeder in the UK. CP6 started on 1 April, and the customer Network Rail is now planning in full to implement their scheduled maintenance for the next five-year period. The call-off orders we have received for our machines give us a full order book. In order to manage future production, we are now training six English operators to optimise production. These operators are hired as subcontractors.

In our Nordic neighboring countries, we have rented out a Railvac including operators from 24 April until November. In Denmark, we rent out locomotives as previously.

In the Machine Sales segment, we are busy in the workshop in Skelleftehamn building five generator wagons for the orders we received from Infranord, to build and deliver during 2019 and 2020. The workshop also includes the development and construction of the new innovation MPV, an emission-free battery-powered multi-purpose vehicle. A restructure will take place to get a clearer and more optimised export sales. Railcare Export AB will change its name to Railcare Machine AB, and the responsibility for the workshop in Skelleftehamn will be in this company.

Continued processing of the export market is ongoing and the company has a number of quotes around the world. The segment also includes customary aftermarket sales to North America.

A strong second quarter with good growth and profitability that is significantly better than the previous second quarter. The second quarter of the year is usually the most difficult for us to achieve a profit. A quarter where we worked hard with sales, production, innovation and with a view to the future to build the company further in the major railway initiatives that our customers implement.

With innovative solutions for the railways and with our staff as our primary resource, we are building the future Railcare.

Daniel Öholm
CEO



This information is information that Railcare Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, for publication on 23 August 2019 at 7:30 a.m. CEST.

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About Railcare Group

Rail specialist Railcare Group AB offers products and services that strengthen customer reliability, punctuality and profitability, mainly in the Nordic countries and the United Kingdom. The rail industry is growing and developing well, with increasing traffic volumes and extensive investment programs, along with a rapid development of cost-effective freight and passenger transport and increasing environmental awareness. Railcare has unique opportunities to deliver efficient solutions that contribute to the railways increasing their share of the total transport market. Railcare Group AB (publ)'s share is listed on the Nasdaq Stockholm Small Cap since April 2018. The Group has approximately 130 employees and annual sales amounting to approximately 300 MSEK. The Company's registered office is domiciled in Skelleftehamn, Sweden.