



Press release
19 August 2021

Interim Report January-June 2021

Postponed projects and lower construction volumes, new innovation MPV now operational with customer

Second quarter

- Consolidated net sales decreased by 13.5 percent to SEK 91.1 million (105.3).
- Operating profit (EBIT) decreased to SEK -2.5 million (14.3).
- Earnings per share after dilution amounted to SEK -0.12 (0.41).

First six months of the year

- Consolidated net sales decreased by 14.8 percent to SEK 180.0 million (211.2).
- Operating profit (EBIT) decreased to SEK 6.2 million (31.7).
- Earnings per share after dilution amounted to SEK 0.13 (0.95).

Significant events in the second quarter

- Railcare establishes operations in Asia.
- Adjustments to Railcare's Group management to manage planned expansion.
- On-site testing and approvals for Railcare's new innovation MPV.

Significant events after the period

- On Railcare's new innovation MPV was brought on stream with customer on 21 July 2021.

CEO's comments

During the second quarter, we had an operating profit (EBIT) of SEK -2.5 million and sales of SEK 91.1 million, which gives an operating margin of -2.7 percent. The second quarter is seasonally the most difficult quarter for the construction side, in terms of volume and results. The construction side in Sweden and the United Kingdom has significantly lower volume and results than last year which was a record quarter. The Transport Scandinavia segment, on the other hand, has a growth of 13.2 percent and Machine Sales also reports increased sales compared with the second quarter of the previous year.

For the first half of the year, the Transport Scandinavia segment reports very strong growth of 24.7 percent. Stable for the Machine Sales segment and a seasonally difficult first half-year for both Construction Sweden and Construction Abroad. It looks very bright going forward, partly for the already booked projects from the autumn onwards, new contracts for the transport operations, and with the investment, we are making going forward with Asia, Europe, and the United Kingdom. We have also been very successful with our new battery-powered MPV and carried out projects for Trafikverket.

On the construction side, the second quarter has been difficult with significantly lower volumes than in previous years. Volumes have decreased by the equivalent of SEK 23 million compared with the second quarter last year. Seasonally, the second quarter is the most difficult for the construction side since the projects for the summer period have not fully started. The planned projects with cable management started in early April as planned, however, the remaining projects have been moved forward in time by Trafikverket. It hits hard in the quarter, but the projects remain and have started from mid-July onwards.



In June, all tests and approvals were in place, and on 21 July, the first real project started with Railcare's new innovation MPV, the world's largest battery-powered railway maintenance machine. For four weeks, cable lowering was undertaken along the Karlstad-Skåre, Sweden railway line. Railcare's operators were on site together with two machines, one of which was the battery-powered MPV that had a press screening in October 2020. The machine was developed by Railcare in collaboration with Northvolt, Epiroc, and ABB.

Within lining, we carried out a number of projects during the quarter and have more enquiries than usual for the future, which is positive for the rest of the year.

Transport Scandinavia had a strong second quarter with growth of 13.2 percent compared with the same period last year. During the quarter, we had good utilisation with the transport of iron ore to Kaunis Iron and LKAB, standby locomotives in Borlänge, Sweden, and a number of contract transports for various track replacements.

The transports of iron ore for Kaunis Iron go according to plan with two rounds per day, seven days a week between Pitkäjärvi, Sweden, and Narvik, Norway. The contract to transport iron ore is worth SEK 740 million and is valid until November 2031.

Railcare has signed an extended agreement with LKAB. The agreement entails an extension to three rounds per day and extends throughout the year. The previous agreement covered two rounds per day and is valid until the end of August 2021.

Transport for construction work is in full swing and there are many track replacements projects in the autumn for all locomotives and train drivers. We perform transports of ballast to NRC with an order value of SEK 3 million, locomotives for track replacements for Leonhard Weiss with an order value of SEK 28 million, and locomotives for track replacements for Infrakraft with an order value of SEK 7 million.

On 1 July, Railcare T received a permit to run trains in Norway. The project with Kaunis Iron also includes shunting during loading and unloading, which was carried out by subcontractors in Narvik. Being able to carry out transports and shunting also in Norway under our own auspices is an important piece of the puzzle in the work of further developing, optimising, and quality assuring our assignment with ore transports for Kaunis Iron.

To cope with the number of new projects that lie ahead, Railcare T hired six new train drivers during the quarter.

In Construction Abroad, volumes during the second quarter decreased by the equivalent of SEK 8.7 million compared with the same period last year. The reason is the same as for Construction Sweden where projects have been re-planned for the autumn and onwards. During the quarter, we carried out work on most of Network Rail's routes.

During the second quarter, we received an extension for the framework agreement we have with Network Rail, the agreement is valid until 1 July 2022. We have also reduced the number of permanent employees by six for the operations in the UK and this to create better conditions for the future.

In June, Railcare attended the Railway Exhibition Rail Live in Long Marston, UK. Many customers from Network Rail visited us at the exhibition stand and it was fun to meet the customers in real life after a long period of working from home for the majority of our customers. There is a definite need for us to meet and create new projects together for the future.

In the Machine Sales segment, construction of a Ballast Feeder is currently underway in the workshop, which will be used in our own operations for hire in Sweden or abroad. Construction of machine parts for Loram has been completed and delivered to the customer during the second quarter. The third power pack that Loram has ordered will be delivered during the fourth quarter of 2021.

Asia is a large market and Railcare is now ready to step into a new market that includes many railways, subway, and mining tracks. The establishment will take place in Hong Kong and we expect to begin preparations in the second half of 2021. At the moment, Railcare has many projects out on tender where our innovative machines are suitable for the customer's demand. With our modern, sustainable, and efficient machines and with our home markets as a foundation this strategic investment is the next step in Railcare's company development.



Railcare has a very exciting journey ahead where we have adjusted in Group management to better meet the planned expansion. As the world opens up after the pandemic, we can now begin to respond to the requests that have come from Asia, among other places. In addition, fulfill a more targeted investment in our second home market, the United Kingdom, and create new opportunities for establishments in other European countries.

We have many orders in the order portfolio for 2021, but also going forward in the long-term agreements that we have signed in many of our companies. In Sweden, major investments are being made with historically high investments in railways and infrastructure for a long time to come. In many countries, major maintenance efforts on the railway are needed and there is great interest in our innovative solutions for the railway, not least with our latest innovation the battery-powered maintenance machine for the railway.

With innovative solutions for the railway and with our staff as our main resource, we are building the Railcare of the future.

Daniel Öholm
CEO

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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 140 employees and annual sales amounting to approximately 400 MSEK. The Company's registered office is domiciled in Skellefteå, Sweden.