



Press release

17 August 2023

Interim Report January-June 2023

Record sales and maintained margin

Second Quarter

- Consolidated net sales increased by 13.7 percent to SEK 144.7 million (127.2).
- Operating profit (EBIT) increased to SEK 14.9 million (13.0).
- Earnings per share before and after dilution amounted to SEK 0.41 (0.40).

First six months of the year

- Consolidated net sales increased by 14.9 percent to SEK 255.7 million (222.5).
- Operating profit (EBIT) increased to SEK 28.0 million (21.8).
- Earnings per share before and after dilution amounted to SEK 0.77 (0.65).

Significant events in the second quarter

- Railcare makes changes to its Group Management. The new Group Management comprises Mattias Remahl, CEO; Lisa Borgs, CFO and Business Area Managers Johan Hansén and Jonny Granlund.
- The AGM of Railcare Group AB took place on 4 May. The report from the AGM and documents are available at www.railcare.se/en.

CEO's comments

Net sales in the second quarter were SEK 144.7 million (127.2) and operating profit was SEK 14.9 million (13.0). This corresponds to an operating margin of 10.3 percent.

“A strong second quarter with record sales and a maintained margin despite high inflation and tough industry conditions due to major problems with the introduction of the Swedish Transport Administration’s new MPK planning system.”

Track timetables announced at short notice

The railway industry is currently facing a challenging situation as a result of problems with the introduction of the Swedish Transport Administration’s new MPK planning system. Train operators and maintenance contractors alike are severely affected by track timetables being announced at very short notice, making planning more difficult and in some cases resulting in cancelled jobs and transport. This affects end customers such as major industrial corporations that rely on smoothly functioning railways.

Railcare was one of many companies the Swedish Minister for Infrastructure, Andreas Carlsson, invited to a meeting in mid-June to discuss the situation and what measures can be taken to improve it. Everyone at the meeting, including representatives from LKAB, SSAB, Volvo, Stora Enso and Holmen, agreed that the current situation is unacceptable.



In the short term, the planning system needs to be improved and the major shortcomings need to be addressed. In the long term, powerful measures are required to reduce the maintenance deficit on the railway, that has accumulated over the decades.

Despite the challenging situation facing the industry, Railcare has increased both its sales and profit during the second quarter thanks to the breadth of its operations and flexible working methods.

Contracting Sweden

Contracting Sweden increased its volumes compared to the second quarter last year, primarily due to the reorganisation at the beginning of the year, which led to all operators coming under Contracting Sweden whereas previously some of the workforce had been part of Contracting Abroad. The start of the contracting operations was postponed to mid-April due to the cold weather, one month later than last year. Despite the challenges created by MPK for short-term planning, capacity utilisation has been relatively high.

Net sales for relining operation, which is part of the Contracting Sweden segment, have increased year-on-year, but fewer culvert renovations and more ground work have had a negative impact on the margin.

Contracting Abroad

Volumes for contracting operations in the UK have been higher compared to the same period in the previous year. Sales in 2022 were positively affected by hiring out personnel internally to Contracting Sweden. Following the reorganisation, no such hiring out of personnel took place this year. The improved result can mainly be attributed to cost savings.

Transport Scandinavia

Volumes for Transport Scandinavia are higher than for the second quarter of 2022, mainly due to the locomotive workshop in Långsele, which is enjoying continued strong growth, and the four standby locomotives in the new contract with the Swedish Transport Administration. The planned increase in rounds of transportation for LKAB has taken longer than expected due to delays in deliveries of locomotives and the volumes were not achieved until the beginning of the third quarter.

The locomotive workshop is upgrading TB locomotives for Infranord. The work has taken a long time due to delayed deliveries of the on-board equipment and is expected to continue until the end of the year. In parallel, the workshop is installing on-board equipment on Traxx locomotives for Beacon Rail. Railcare is leasing these locomotives for its transport assignment for LKAB.

Machines and Technology

In the Machines and Technology segment, work on construction of the improved MPV is proceeding to plan. The machine is expected to be complete and a trial run conducted in the latter half of 2023.

I am impressed and proud of the dedication shown by our employees at this challenging time. The hallmark of our strong corporate culture is that we are flexible, agile and solution-oriented – and once again this has proven to be our greatest asset.

Mattias Remahl, CEO



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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.