



Press release

7 May 2019

Interim report January-March 2019

A positive start to 2019

First quarter¹

- Consolidated net sales increased by 27.7 per cent to SEK 84.9 million (66.5).
- Operating profit (EBIT) increased by SEK 5.4 million to SEK 10.4 million (5.0).
- Earnings per share after dilution amounted to SEK 0.31 (0.13).

Significant events in the first quarter

- Railcare has received an order to build a new generation of generator wagons for railroad entrepreneur company Infranord. The order value amounts to approximately SEK 30 million and the order comprises a total of five wagons, designed in collaboration with Infranord.
- Railcare has signed a framework agreement with Trafikverket regarding track work throughout Sweden. The agreement is valid for a period of two years with an option for an extension by two additional years.
- Railcare plans to manufacture an emission-free battery-powered MPV (Multi-Purpose Vehicle) – a highly versatile rail maintenance vehicle. A prototype will be built and tested at Railcare's Skelleftehamn workshop in 2019, with completion estimated in the latter half of the year.

CEO's comments

For the first quarter of the year, we reported an operating profit (EBIT) of SEK 10.4 million and a turnover of SEK 84.9 million, which gives an operating margin of 12.2 per cent. We have achieved good sales and earnings in the following segments, Construction Sweden, Transport Scandinavia and Construction Abroad.

In comparison with the first quarter of the previous year, we have achieved both a higher volume and result. The volume growth of 28 per cent is mainly a result of increased volumes for the Transport Scandinavia segment, with the Kaunis Iron project to transport iron ore along with the increased utilisation in the UK.

The *Construction Sweden* segment has had full utilisation of the machines and personnel for the project that we carried out for Trafikverket up until and including 15 March with the snow removal in Stockholm, Hallsberg, and Gothenburg. The snow machines have also been redirected to other snowy areas in northern Sweden for optimal utilisation. After a few days of disassembly of snow equipment, we had an early start to the seasonal work with four machines from 18 March working on cable lowering for the track replacement work in 2019 for the routes Eskilstuna – Flen, and Strångsjö – Simonstorp. In the framework agreement that has been signed with Trafikverket, we have received eight call-offs on various track replacement projects, meaning we now have a fully booked order book until the snow project starts again on 15 November 2019.

Transport Scandinavia had a good quarter with increased growth and earnings. The transport of iron ore for Kaunis Iron goes according to plan and creates a good foundation and stability

¹The 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.



for the segment since the agreement with Kaunis Iron is for five years. In other operations, five locomotives have been involved in the snow contract with Trafikverket, two locomotives are on long-term rental to Norway and the locomotive workshop in Långsele is busy. In March, we performed transports in connection with the large Swedish army exercise, Northern Wind. Overall, compared to the first quarter of the previous year, we have a growth of 61 per cent, and a profit of SEK 2 million, which is SEK 4 million better. A contract has also been signed for four locomotives undertaking track replacement projects for the Eskilstuna – Flen route this summer.

We also had a good start to the year in the *Construction Abroad* segment. We have increased utilisation and call-off orders for the four Railvac's we have in the UK, despite being the end of the business plan's period CP5. Many projects have been carried out on the following routes London North West, London North East & Midlands and Scotland. On 1 April, the new business plan CP6 started, and the period will continue for five years. The framework agreement with Network Rail has been extended by one year and in connection with this agreement, we have succeeded in negotiating more reasonable conditions for when the customer cancels projects at short notice. With the new conditions, we will receive payment if the machine is cancelled within 4 weeks, this was previously 24 hours, resulting in large costs for Railcare.

In our Nordic neighbouring country, we will rent out a Railvac including operators to Norway from May until November 2019. As a result of low demand in Finland, we have decided to transport the machine to Sweden, but retain the Finnish boogies and thus maintaining high flexibility. In Denmark, we will rent out locomotives as previously.

Within the *Machine Sales* segment, work is underway in the workshop in Skelleftehamn with the construction of the five generator wagons which Infranord has ordered for delivery in 2019 and 2020. The workshop is designing and developing the construction of the innovation MPV (Multi-Purpose Vehicle), an emission-free battery-powered unit for several areas of use. In addition, we are working on building two new Ballast Feeder machines that will be in production in Sweden during the spring.

We have high activity in our export business and have sent several quotes around the world. Also within the segment, regular aftermarket sales to North America continues.

With the historically large railway investment that has been decided and now being implemented in Sweden, the start of the new business plan CP6 in the UK, several quotes on machine sales to potential customers around the world, and many important contracts signed, it is a good start to 2019, and looks undeniably exciting for the future.

With innovative solutions for the railway and with our staff as the primary resource, we build the future for 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, at 7:30 a.m. CEST on 7 May 2019.

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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.