



Press release
5 May 2020

Interim report January-March 2020

Railways provide for society

First quarter

- Consolidated net sales increased by 24.8 per cent to SEK 106.0 million (84.9).
- Operating profit (EBIT) increased by SEK 7.0 million to SEK 17.4 million (10.4).
- Earnings per share after dilution amounted to SEK 0.54 (0.31).

Significant events in the first quarter

- In Railcare has not suffered any project cancellations as a consequence of COVID-19.
- Machine Sales delivers three generator wagons to the customer.
- For Railcare, the season for construction works started early in Sweden.

CEO's comments

We achieved an operating profit (EBIT) of SEK 17.4 million for the first quarter, and sales of SEK 106 million, giving an operating margin of 16.5 per cent. This is the strongest first quarter we have experienced in Railcare's history. We grew by 25 per cent, with an operating profit that was up by SEK 7.0 million on the first quarter of 2019.

This 25 per cent growth and the strong earnings were mainly attributable to the Machine Sales segment's delivery of three generator wagons to a customer and our early start to the construction work season in Sweden. The Construction Abroad and Transport Scandinavia segments delivered as planned for the quarter.

To date, the COVID-19 pandemic has not impacted the company with any projects being cancelled. According to the information we are receiving from the various countries in which we operate is that the railway is considered a critical function in society that must continue to function in a crisis. Accordingly, we at Railcare continue working to maintain the railways in a robust state. Like many others in society, we have had to rearrange our plans, being innovative in our daily work, with regard to travel, meetings, etc., to be able to carry out the projects that we have booked in. Under the circumstances, this has progressed well, and we are following the recommendations of the authorities in the countries where we operate.

The Swedish government has decided to reduce employers' contributions for the period March to June 2020. Although Railcare is not dependent on reduced employers' contributions, we welcome them. Railcare will use these funds to provide targeted contributions or assistance to businesses and healthcare services in the areas where we operate. We are pursuing this initiative as an internal project to support society by fighting COVID-19 and providing assistance in various ways.

In the Construction Sweden segment, we were fully engaged with our snow removal undertaking for Trafikverket extending until 15 March. The season began early due to the weather being mild and it was possible for preparations for cable lowering to commence as early as 17 March, in advance of our six-track replacement sub-assignments from Trafikverket. Construction Sweden has a favourable level of utilisation until July 2020 and work is in progress with sales and booking utilisation of the machines for the autumn of 2020 and spring of 2021. This represents exceptionally good advance planning for our construction operations in Sweden.

The first quarter of 2020 progressed as planned for the Transport Scandinavia segment, with machines utilised in the Kaunis project and contract transports, as well as bookings for the locomotive workshop. The iron ore transports for Kaunis Iron are progressing according to plan and we also conducted some additional iron ore circulations during the quarter. This provides a good base and stability for the segment. The agreement with Kaunis Iron is for five years and we have now completed the first year of the



agreement. The border is open for iron ore transports to Narvik during the Norwegian lock-down resulting from COVID-19. Train drivers have been granted permission to be in Norway to be able to perform their jobs.

On 22 April, we operated our 1,000th ore train between Pitkäjärvi and Narvik and we have now transported approximately three million tonnes of iron ore with favourable quality and safety.

For the other transport operations, it was a normal quarter for the time of year, with Railcare providing contracted snow removal for Trafikverket, as well as various smaller-scale projects.

During the first quarter, we received the following orders for locomotive services ahead of the summer's various track replacements. Borås – Hillared, Gävle departure tracks, Avesta/Krylbo-Hedemora, Öxnered-Håkanstorp, Helsingborg-Teckomatorp, Bankeryd-Jönköping. The total order value is SEK 18 million and the work will be carried out between mid-June and the end of October. During the quarter, Railcare also signed a three-year contract valued at about SEK 22 million with Trafikverket for removing rolling-stock in Borlänge. The agreement is for three years, with an option for two additional years, and will expire on 26 October 2020.

During the first quarter, we had normal levels of utilisation and, in the Construction Abroad segment, sales and planning for 2020-2021 are in full progress. With sales in full swing, new orders are continuously being received.

In the UK, the railways have been listed as a critical function in society and projects there continue as planned despite the lock-down and our operators are permitted to transport themselves from their homes to the work sites.

With travel currently being more difficult, we have secured operator resources in the UK to cope with the planned number of upcoming projects.

In the Machine Sales segment, we experienced increased growth and favourable earnings in the first quarter, with deliveries reaching the customer. The last three of Infranord's five generator wagons were finished and delivered to the customer in March and that project has now been completed.

We completed the renovation and refurbishment of a Railvac and delivered it to the customer, Norsk Jernbane Drift (NJD), in March and the focus is now on developing and finalising the first prototype of our emissions-free battery-powered Multi Purpose Vehicle (MPV), Railcare's latest innovation.

Trafikverket has announced major future investments in railway maintenance, with a focus on planned maintenance, such as track replacements, switch replacements, ballast exchange, that is, projects entirely in line with what our fleet can offer. Trafikverket's national plan extends for ten years, with railway maintenance volumes increasing further in the future.

We have stable order bookings ahead with extensive construction bookings in Sweden and the UK, we have a good base with the iron ore transports for Kaunis and satisfyingly numerous orders on the transport side for Trafikverket's planned track replacements. We are also experiencing considerable interest from potential new customers, particularly in new markets for machine sales.

It has been a good start to the year for Railcare despite the fact that we, and the rest of the world, are battling the COVID-19 pandemic. The importance of the railways has been further strengthened with the need for robust transport for people and goods. I am very proud of all of my dedicated colleagues who are working to maintain the railways in good condition and the flexibility they have all shown given that we must perform our day-to-day tasks in new ways.

With innovative solutions for the railways and with our personnel being our principal resource, we are building the Railcare of the future.

Daniel Öholm
CEO



This information is information that Railcare Group AB (publ) 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 5 May 2020 at 7:30 a.m. CEST.

For further information, please contact:

Daniel Öholm, CEO

Telephone: +46 (0)70-528 01 83

E-mail: daniel.oholm@railcare.se

Sofie Dåversjö, IR and Communications Manager

Telephone: +46 (0)72-528 00 09

E-mail: sofie.daversjo@railcare.se

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 400 MSEK. The Company's registered office is domiciled in Skelleftehamn, Sweden.