



Press release

4 May 2021

Interim report January-March 2021

Stable quarter with many orders ahead

First quarter

- Consolidated net sales decreased by 16.1 per cent to SEK 88.9 million (106.0).
- Operating profit (EBIT) decreased to SEK 8.7 million (17.4).
- Earnings per share after dilution amounted to SEK 0.26 (0.54).

Significant events in the first quarter

- During the quarter, Railcare signed numerous contracts for its transport operations ahead of the 2021 summer season, including locomotives for track replacements for Leonhard Weiss with an order value of SEK 28 million.

Significant events after the period

- On 16 April, the Swedish government's infrastructure bill was published. The plan encompasses the years 2022–2033 with a total framework of SEK 876 billion.

CEO's comments

During the first quarter of 2021, we had an operating profit (EBIT) of SEK 8.7 million and a sales turnover of SEK 89 million, which gives an operating margin of 9.8 per cent. It was a stable quarter where the segments delivered according to plan. In comparison with the first quarter of the previous year, we have a 16 per cent lower volume and lower operating profit. In the same quarter last year, we had deliveries of machines in the Machine Sales segment and this year we had a somewhat later start on the construction side in Sweden. This, however, is offset by better results in the Construction Abroad and Transport Scandinavia segments.

We have had a good and stable start to 2021, long-term agreements, and many contracts have been signed, in all segments for 2021. We have signed agreements for the delivery of machine parts to Loram in North America and agreements for this year's track replacements both in terms of transport and construction operations.

It is a continuing unusual situation in which the world finds itself, where a third wave of the pandemic and new variants of the virus is spreading in Sweden and large parts of the world. New restrictions are being applied in many countries, however, the vaccination now underway means we can begin to see the light at the end of the tunnel to return to normal. In the UK, 35 million people have currently been vaccinated and it is estimated that the country will ease most restrictions on 21 June. The railway industry has so far not been financially affected by the pandemic, but the railway is a critical societal function where we who work in the industry have been extra flexible to find new solutions in the way we work.

On 16 April, the infrastructure budget was announced by the Swedish government. The plan covers the years 2022–2033 and the total framework amounts to SEK 876 billion¹. It is the largest financial framework ever for the transport infrastructure. It is very pleasing for us companies in the railway industry and gives us a real boost for a long time to come.

¹ <https://www.regeringen.se/pressmeddelanden/2021/04/storsta-ekonomiska-ramen-nagonsin-for-transportinfrastrukturatgarder/>



On the Construction side, we have during the first quarter been busy with the snow removal for the contract we have with Trafikverket, which for the season applied until 15 March. A new contract with Trafikverket has been signed for snow removal for the coming years. The agreement is for two years with the possibility of an extension for a further three years. The agreement applied from 15 November 2020 and the contract amount is SEK 40.2 million per year. The number of machine units in the agreement is the same as in the previous contract.

This year we started the summer's construction work in early April, which is two weeks later than last year which was then extremely early. From April onwards, we worked with cable management before the track replacements. The first section was Laxå-Kil, Sweden, then follows several track replacements around the country.

Planning is currently underway for the utilisation of the machines for the work to be carried out in 2021 within the framework agreement we have with Trafikverket. The utilisation rate for 2021 is good as there is a lot of preparatory work to be carried out. It is unusually good foresight for our business on the construction side in Sweden.

The first quarter of the year was strong for the Transport Scandinavia segment with a growth of 26 per cent compared with the first quarter of the previous year and with an operating profit of SEK 3.6 million. During the quarter, we were busy transporting iron ore for both Kaunis Iron and LKAB, also five locomotives and ten locomotive drivers were involved in the snow removal project for Trafikverket until 15 March.

Sales of our transport services are now in full swing and ahead of the planned track replacement projects in 2021. Many contracts have been signed for the summer, for example, transport of macadam to NRC with an order value of SEK 3 million, a locomotive for the track replacements for Leonhard Weiss with an order value of SEK 28 million, a locomotive for track replacements for Infrakraft with an order value of SEK 7 million and more. During the quarter, we also transported iron ore for Kaunis Iron and the transports went according to plan between Pitkäjärvi, Sweden, and Narvik, Norway. On 12 June 2020, we started transporting ore for LKAB Malmtrafik. The project has been extended until 31 August 2021. We transport one round per day with a total of 3200 tonnes of ore between Svappavaara and Kiruna, Sweden.

The Construction Abroad segment had approximately the same utilisation during the first quarter as the first quarter of the previous year, but with a better result than before. This is because we have made cost savings and found new ways of working. Sales and planning are progressing for 2021 and new orders are coming in continuously. During the quarter, work was carried out for Network Rail on all geographical routes.

In Denmark, the machine rental of locomotives and the Railvac are continuing as normal. The locomotive is rented to Contec and the Danish Railvac has been rented to Sweden during the quarter.

The Machine sales segment during the quarter continued with the construction of a Ballast Feeder that will be used in our own business for hire in Sweden or abroad. Construction of the machine parts to be delivered to Loram is also underway, as well as the fine-tuning of the first prototype of the MPV. The MPV will be tested in the workshop area in Skelleftehamn, Sweden, and will then begin working during the first half of 2021.

We have received an order from Loram worth SEK 18 million for machine parts, namely power packs, of which two machine parts will be delivered to North America during the second quarter of 2021 along with an order to be delivered to Brazil with delivery during the fourth quarter of 2021. Furthermore, the managing of after-sales service is ongoing, primarily for Loram, as well as sales and marketing around the world.

We have had a good start to 2021, there are many orders in the order portfolio going forward, both for 2021, and for the long-term contracts, we have signed in many of our companies. In Sweden, the government has introduced historically high investments in railways and infrastructure for a long time to come. In many countries, major maintenance efforts are required on the railway and there is a great interest in our innovative solutions, not least for our latest innovation the battery vehicle for machines on the railway. We can see a light at the end of the tunnel with the vaccination continuing so that we can return to a more normal situation. Our growth and expansion journey for the company continues.



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

Daniel Öholm
CEO

This information is such that Railcare Group AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, for publication on 4 May 2021 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 140 employees and annual sales amounting to approximately 400 MSEK. The Company's registered office is domiciled in Skellefteå, Sweden.