



## Press release

3 May 2022

# Interim Report January-March 2022

## Stable quarter with high volumes in Contracting Sweden's operations

### First quarter

- Consolidated net sales increased by 7.1 percent to SEK 95.3 million (88.9).
- Operating profit (EBIT) increased marginally to SEK 8.8 million (8.7).
- Profit per share before and after dilution amounted to SEK 0.25 (0.26).

### Significant events in the first quarter

- In January, Railcare signed a new framework agreement with the Swedish Transport Administration relating to contracting work in Sweden. The new agreement includes opportunities for the use of the MPV, the battery-powered maintenance machine developed by Railcare. The agreement spans a period of 3 years with the option to extend it by a further 1+1 years.

### Significant events after the period

- At the start of April, Railcare signed an agreement with LKAB regarding iron ore transportation. The value of the agreement is approximately SEK 50 million and spans the period up to 31 December 2022. The Swedish Transport Administration has exercised its option to extend its existing snow removal contract with Railcare by another three years. The extended contract covers the period up to 30 April 2025 and the order value is SEK 40 million per year.

## CEO's comments

*Net sales in the first quarter were SEK 95.3 million (88.9) and operating profit was SEK 8.8 million (8.7). This corresponded to an operating margin of 9.3 percent.*

- *A quarter characterised by lower volumes in transport operations and Contracting Abroad, which was offset by higher volumes in Contracting Sweden and Machines and Technology.*

Contracting Sweden experienced higher volumes in the first quarter in compared with the comparative quarter last year. Snow removal on behalf of the Swedish Transport Administration proceeded as planned and finished in mid-March. Two important agreements with the Swedish Transport Administration were renewed. These are the snow removal contract where the option of extending by three years was exercised, and the framework agreement regarding contracting work, also a three year contract with the option to extend. It is a positive sign that one of our largest customers are pleased with our services and the work we do and want to continue working with us. The new framework agreement provides opportunities for Railcare's battery-powered MPV which is an important step forward for Railcare and the entire industry. The MPV completed its first assignment in mid-March in the six kilometre long underground railway tunnel of Citybanan in Stockholm. This is a very suitable environment for the MPV due to its fossil free operation and significantly lower noise levels. Utilisation in the lining operations improved compared to the previous year and demand for culvert renovations has increased.



Contracting operations in the UK experienced lower utilisation than the corresponding quarter in the previous year, due to fewer projects ordered by customer. Railcare Denmark A/S divested its remaining fixed assets to the Swedish company Railcare Machine AB. The Danish operations are now divested and the operations will be discontinued.

Transport Scandinavia recorded lower volumes year-on-year due to the LKAB contract expiring at the end of 2021. A renewed contract was signed by LKAB at the beginning of April and covers the period April-December 2022. In the first quarter, the locomotive workshop started an upgrade of two diesel locomotives, type TB, for Infranord. The work is expected to last throughout the year with a total contract value of SEK 30 million.

In the Machines and Technology segment, the delayed delivery of machine parts to Loram was completed in January. The delivery of 22 timber wagons to BLS Rail was delivered in the quarter and accordingly, all 28 timber wagons have now been delivered. In the Skelleftehamn workshop, construction of a new, further improved, MPV is under way which will be equipped with pantographs to enable battery charging from overhead lines. Due to long delivery times, the machine is expected to be completed in the second half of 2023. Parallel to this, the workshop is developing a battery-powered wagon to enable conversion of diesel-powered to battery-powered machines.

We have decided to change the title of the Machine Sales segment to Machines and Technology to more accurately describe the segment's operations. The operations include technology development, construction and selling of new machines but also the expansion and re-development of existing machines. The development of new technology is key from a sustainability perspective. Railcare wants to be a front runner within the industry and reduce CO<sub>2</sub>-emissions from operations by 40 % by 2025.

The ongoing Russian invasion of Ukraine presents a range of risks associated with the global economy. Railcare does not have operations nor employees located in Ukraine or Russia nor is it currently impacted by the sanctions against Russia. Increased energy prices only have a marginal impact on Railcare's operations due to most of its customers covering the energy costs. In conclusion, we do not currently see a direct impact on our operations, however, long term consequences are difficult to predict.

**Mattias Remahl, 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 3 May 2022 at 7:30 a.m. CEST.*

**For further information, please contact:**

Mattias Remahl, CEO

Telephone: +46 (0)70-271 33 46

E-mail: [mattias.remahl@railcare.se](mailto:mattias.remahl@railcare.se)

Lisa Borgs, IR and Communications Manager

Telephone: +46 (0)70-622 50 01

E-mail: [lisa.borgs@railcare.se](mailto:lisa.borgs@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 140 employees and annual sales amounting to approximately 400 MSEK. The Company's registered office is domiciled in Skellefteå, Sweden.