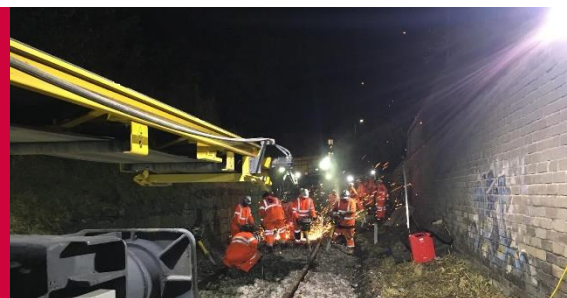


Interim report January–September 2018

Weak demand and start-up costs affected the quarter negatively



Third quarter

- Consolidated net sales decreased by 14.5 per cent to SEK 62.3 million (72.9).
- The operating loss (EBIT) increased by SEK 11.6 million to SEK 4.6 million (profit 7.0).
- Earnings per share after dilution were negative in the amount of SEK 0.21 (positive 0.18).

First nine months of the year

- Consolidated net sales decreased by 6.9 per cent to SEK 191.5 million (205.7).
- The operating loss (EBIT) increased by SEK 9.8 million to SEK 0.6 million (profit 9.2).
- Earnings per share after dilution were negative in the amount of SEK 0.08 (positive 0.19).

Significant events during the period

- In August, Railcare commenced the transport of iron for Kaunis Iron. The contract covers a five-year period and is estimated to be worth SEK 360 million.
- Railcare extended long-term lease contracts on two locomotives for Norwegian CargoNet AS. The new contract will apply from January 2019, extending over a three-year period. The contract can subsequently be renewed in a maximum of four years. The value of the contract is approximately SEK 40 million over the seven-year period.

Financial summary

Amounts in SEK million, unless otherwise stated	Jul–Sep 2018	Jul–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Full-year 2017
Net sales	62.3	72.9	191.5	205.7	292.6
Operating profit/loss (EBIT)	-4.6	7.0	-0.6	9.2	16.7
Operating margin, %	-7.4	9.6	-0.3	4.5	5.7
Net profit/loss for the period	-4.7	4.2	-1.8	4.2	9.0
Equity/assets ratio, %	31.6	29.6	31.6	29.6	31.7
Earnings per share after dilution*, SEK	-0.21	0.18	-0.08	0.19	0.39

*) At the end of September 2017, a 5:1 share split was implemented, increasing the number of shares from 4,380,389 to 21,901,945. The comparative figures for earlier periods have been recalculated to achieve comparability between the periods.

For definitions, see page 29.

CEO's comments

For the third quarter of 2018, Railcare Group reported net sales of SEK 62.3 million, with an operating loss of SEK 4.6 million, resulting in a negative operating margin of 7.4 per cent.

The third quarter is usually the time of the year in which the Swedish operations are most busy. Unfortunately, that has not been the case in 2018. We experienced continued low utilisation in the UK and also in the regular operations in the Transport Scandinavia segment. The reason for the lower utilisation in regular transport is that the Swedish Transport Administration (Trafikverket) had only one track replacement project planned for the whole of 2018 and this plus the other transport operations were carried out earlier in the year. In general, order volumes from our railway construction customers were lower in the third quarter. Railcare's organisation and machines are designed and invested for our customers announced increases in both our home markets, Sweden and the UK. Trafikverket and Network Rail's new rail maintenance plans commence in 2019 and will continue for many years to come.

However, we are seeing an increase on the construction side and for our Railvac machines over the year, as we prepare for track replacements planned for 2019. Trafikverket's plans include five track replacements in 2019 and eight in 2020. Railcare's organisation is designed for a higher order volume than we have seen over the past 12-month period, and we intend to maintain a high degree of flexibility to meet the increasing demand for delivery capacity.

In our home market of Sweden, we have a good level of utilisation for all Railvac machines, which are currently engaged with preparatory work ahead of next year's track replacements. These preparations involve handling cables along the stretches of track to be replaced between Eskilstuna and Flen, Simonstorp and Strångsjö, Borås and Hillared, and between Mjölby and Gistad. In August, we had a period of fourteen days during which machines were relocated to new work sites. During the winter season, we will build two new Ballast Feeders for the Swedish market to manage the projects included in Trafikverket's plans. The machines will be ready by April 2019, when the ballast changing season begins. During the quarter, our lining operation performed a number of re-lining assignments for the railway in Sweden.

In the *Construction Abroad* segment, we are still encountering lower volumes in the UK where our customer, Network Rail, is nearing the end of its Control Period (CP5)¹. Network Rail's current focus is on planning prior to the start of Control Period (CP6), on 1 April 2019². We are attending customer planning meetings regarding our resources, enabling the customer's plans and requirements to become more detailed. I am pleased to confirm that our Ballast Feeder, which has been adapted for the UK market, is working on its first project in Aberdeen, Scotland. Elsewhere within the segment, an English adapted Railvac was on lease to Norway during the period May-October.

For the *Transport Scandinavia* segment, the third quarter was difficult with significantly lower volumes in regular transport to the construction projects. The



Daniel Öholm, CEO

¹ <https://www.networkrail.co.uk/who-we-are/publications-resources/our-plans-for-the-future/>

² <https://www.networkrail.co.uk/who-we-are/publications-resources/strategicbusinessplan/>

sales for regular transport operations (excluding Kaunis Iron project) amounted to SEK 19 million (34), the decrease in volume subsequently weakened the result. The fundamental individual reason, as described above, is that there have been no major maintenance projects, such as track replacements or major ballast cleaning projects, in which we are usually involved in various ways. Effective from mid-November, five locomotives will be utilised in our snow contract with the Trafikverket.

More positively, we began, during the quarter, transporting iron between Pitkäjärvi, Sweden, and Narvik, Norway, for Kaunis Iron. The project started with one transport per day from 13 August and increased to two per day from 24 September. This business contract generates stability, profitability and growth for Railcare. We have initially incurred start-up costs for the project, including establishing operations, training, recruitment, production planning, adaptation of wagon couplings, etc. The majority of these costs were accounted for in the third quarter of the year and we are now in normal production in accordance with the five-year contract.

On 31 August 2018, we experienced a track switching accident at the Pitkäjärvi railway yard, which is the transshipment terminal for the iron from Kaunis Iron's mine outside Pajala, Sweden. The only damage was to the locomotives and the entire accident was managed very well by our organisation with no stoppage in production. The two damaged locomotives are in the workshop for repair, however the iron is still being transported according to schedule. The entire incident is being treated as an insurance case and we have reserved SEK 0.45 million this quarter for the insurance excess cost.

We are now entering the final quarter of the year and, from mid-November, both our construction and transport operations will be engaged with our snow contracts until mid-March 2019. We are now in full production with our transport of iron for Kaunis Iron. We see future increases in projects in Sweden, including the track replacements planned for 2019 and 2020, as noted in the preparatory work we are currently conducting with our Railvac and its cable handling projects. In *Construction Abroad*, we are prepared, with the necessary resources, for the announced major CP6 railway initiative starting in the UK on 1 April 2019. We also have the possibility for the export of machines, making an additional contribution should an order be received.

Although the third quarter of 2018 was difficult for certain parts of the company, we are keeping our sights set on the future, with a lot happening and a continued progression within Railcare.

Daniel Öholm
CEO

Financial summary – Railcare Group

Net sales

Net sales for the third quarter of 2018 decreased by 14.5 per cent to SEK 62.3 million, compared with SEK 72.9 million in the third quarter of 2017. The decline in net sales is partly attributable to continued low utilisation in the UK and partly to the *Transport Scandinavia* segment having fewer track replacement projects this year.

Net sales for January-September 2018 decreased by 6.9 per cent to SEK 191.5 million, compared with SEK 205.7 million in January-September 2017. The decline in net sales is mainly due to the *Construction Abroad* segment experiencing lower demand for its services in the UK, which was partly offset by higher net sales in the *Construction Sweden* segment.

Operating expenses

Operating expenses in the third quarter of 2018 amounted to SEK 68.7 million, an increase of SEK 2.2 million, or 3.4 per cent compared with the third quarter of 2017 when operating expenses amounted to SEK 66.5 million.

Personnel costs rose by SEK 5.8 million, or 27.5 per cent, compared with the third quarter of 2017. This is primarily due to the number of employees increasing, with several train drivers being recruited for the transport project for Kaunis Iron AB. Other external costs rose by SEK 2.7 million, or 17.0 per cent during the quarter, compared with the third quarter of 2017. This was mainly because the project for Kaunis Iron commenced during the quarter.

Costs for raw materials and consumables, which include costs for subcontractors, decreased by SEK 5.0 million or 23.2 per cent during the quarter, compared with the corresponding period last year. This is largely due to the decline in volumes in the UK.

Operating costs in January-September 2018 amounted to SEK 197.3 million, a decrease of SEK 1.7 million, or 0.9 per cent compared with January-September 2017 when operating costs amounted to SEK 199.0 million.

Costs for raw materials and consumables, which include costs for subcontractors, decreased by SEK 15.9 million in January-September 2018, compared with the corresponding period last year. This is largely due to the decline in volumes in the UK. Other external costs in January-September 2018 rose by SEK 5.1 million compared with the corresponding period last year, partly due to the Kaunis Iron project commencing in 2018. Personnel costs rose by SEK 10.0 million compared with January-September 2017, due to the increase in the number of employees. The increase is primarily due to the recruitment of train drivers for the Kaunis Iron project, along with the recruitment of two key employees in central functions following the stock market change to Nasdaq Stockholm.

Operating profit/loss

The operating loss (EBIT) increased by SEK 11.6 million to SEK 4.6 million in the third quarter of 2018, compared with operating profit of SEK 7.0 million for the corresponding period in 2017. The operating margin decreased from 9.6 per cent in the third quarter of 2017 to a negative of 7.4 per cent this quarter, due largely to the *Transport Scandinavia* segment experiencing lower demand for track

replacement projects compared with the corresponding period in 2017, and the segment incurring start-up costs for the Kaunis Iron project.

The operating loss (EBIT) increased by SEK 9.8 million to SEK 0.6 million in January-September 2018, compared with the operating profit of SEK 9.2 million for the corresponding period in 2017. The operating margin decreased from 4.5 per cent in January-September 2017 to a negative 0.3 per cent for the corresponding period in 2018.

Taxes

Reported tax for the third quarter of 2018 amounted to income of SEK 1.2 million (expense 1.1).

Tax reported for January to September 2018 amounted to an income of SEK 2.8 million (expense 1.0). Tax for 2018 has been affected positively by SEK 1.7 million by the revaluation of deferred tax liabilities due to a cut in the tax rate in Sweden, adopted in the second quarter of 2018.

Net profit/loss for the period

The loss for the third quarter of 2018 amounted to SEK 4.7 million (profit 4.2), corresponding to decline in earnings of SEK 8.9 million.

The loss for January-September 2018 amounted to SEK 1.8 million (profit 4.2), corresponding to a decline in earnings of SEK 6.0 million.

Cash flow

Cash flow in the third quarter of the year amounted to an outflow of SEK 1.2 million compared with an outflow of SEK 2.7 million in the corresponding period last year. The fact that the outflow was less in 2018, despite the lower earnings, is largely attributable to the better second quarter of the current year, which generated an inflow in the third quarter. In the corresponding period in 2017, the Company had a strong third quarter instead and tied up considerable liquidity in operating receivables at the end of the quarter.

An additional explanation is that the outflow from investment activities was lower in the third quarter of 2018 compared with the corresponding period last year, at SEK 6.8 million, compared with SEK 10.2 million in the corresponding period in 2017. In the third quarter of 2018, investments were primarily made in existing machines and in locomotive adaptations attributable to the transport project for Kaunis Iron.

Cash flow in January-September 2018 amounted to an outflow of SEK 29.9 million compared with an outflow of SEK 28.6 million in the corresponding period last year. The major differences in cash flow are from investing and financial activities. During 2018, we have had fewer investment projects, which also affected cash flow from financial activities through reduced borrowing. Dividends paid to shareholders in 2018 were SEK 11.2 million lower than in 2017, also affecting cash flow from financial activities.

Equity/assets ratio

According to Railcare's financial targets, the equity/assets ratio should amount to at least 25 per cent. The equity/assets ratio at the end of the period was 31.6 per cent, compared with 31.7 per cent on 31 December 2017.

Personnel

The number of employees in Railcare as of 30 September 2018 was 130, compared with 117 on 30 September 2017. The increase is mainly attributable to the commencement of the contract for Kaunis Iron.

Financial summary – business segments

The segment's net sales also include internal sales between the segments.

Construction Sweden

Net sales within *Construction Sweden* increased by 8.6 per cent in the third quarter compared with the corresponding period last year and amounted to SEK 30.5 million (28.1). Profit after financial items decreased compared with the previous year and amounted to SEK 0.5 million (1.4).

Within the segment, the company have had a good level of utilisation for all Railvac machines in preparatory work ahead of next year's track replacements. In August, the company had a period of fourteen days during which machines were relocated to new work sites, which burdened earnings.

Culvert re-lining operations have been in progress in several locations on Sweden's railways.

Net sales increased by 16.6 per cent in the January-September compared with the corresponding period last year and amounted to SEK 107.1 million (91.8). Profit after financial items increased compared with the previous year and amounted to SEK 18.1 million (8.8).

Key financial ratios and figures – Construction Sweden

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2018	Jul-Sep 2017	Change	Jan-Sep 2018	Jan-Sep 2017	Change
Net sales	30,478	28,074	2,404	107,061	91,834	15,227
Profit/loss after financial items	542	1,408	-866	18,095	8,752	9,343
Net margin, %	1.8	5.0	-3.2	16.9	9.5	7.4

Construction Abroad

Net sales in *Construction Abroad* decreased by 29.9 per cent in the third quarter compared with the corresponding quarter last year. Net sales amounted to SEK 11.5 million (16.4). The loss after financial items amounted to SEK 3.4 million (1.7). The decrease in net sales and earnings is due to the volume decline in the UK.

Elsewhere within the segment, the company have had an English-adapted Railvac on lease to Norway from May to October.

Net sales decreased by 35.3 per cent in January-September compared with the corresponding period last year and amounted to SEK 35.2 million (54.4). The loss after financial items increased compared with the previous year and amounted to SEK 10.5 million (4.2).

Key financial ratios and figures – Construction Abroad

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2018	Jan-Sep 2017	Change	Jan-Sep 2018	Jan-Sep 2017	Change
Net sales	11,480	16,386	-4,906	35,192	54,369	-19,177
Loss after financial items	-3,353	-1,745	-1,608	-10,507	-4,215	-6,292
Net margin, %	-29.2	-10.6	-18.6	-29.9	-7.8	-22.1

Transport Scandinavia

Net sales in *Transport Scandinavia* decreased by 18.9 per cent in the third quarter compared with the corresponding quarter last year. Net sales amounted to SEK 27.9 million (34.3). The loss after financial items amounted to SEK 2.3 million (profit 8.1).

For the Transport Scandinavia segment, the third quarter was difficult with significantly lower volumes in regular transports to the construction projects. The predominate reason is that there have been no major maintenance projects, such as track replacements or major ballast projects. The sales for regular transport operations (excluding Kaunis Iron project) amounted to SEK 19,1 million (34,3) and the decrease in volume subsequently weakened the result.

During the quarter, the transport of iron for Kaunis Iron commenced between Pitkäjärvi and Narvik. Most of the start-up costs for the project, including setting up operations, training, recruitment, production planning and adaptation of wagon couplings were reported in the third quarter of the year.

On 31 August 2018, an accident occurred at the Pitkäjärvi railway yard. The two locomotives that were damaged are now in the workshop. The entire incident is being treated as an insurance case and SEK 450 thousand was reserved in the quarter for the insurance excess cost.

Net sales decreased by 0.3 per cent in January-September compared with the corresponding period last year and amounted to SEK 78.2 million (78.5). The loss after financial items increased compared with the previous year and amounted to SEK 6.1 million (profit 9.7). There are several reasons for the low earnings in 2018. The Company experienced a weak start to the year with high repair and maintenance costs due to the exceptionally cold and snowy winter. In the second quarter, Railcare incurred higher costs than planned for locomotive maintenance. In connection with repairs to its own locomotives, the Company rented replacement locomotives. In the third quarter, the Company incurred start-up costs for the five-year agreement with Kaunis Iron, and reserved costs for the above-mentioned track switching accident.

Key financial ratios and figures – Transport Scandinavia

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2018	Jul-Sep 2017	Change	Jan-Sep 2018	Jan-Sep 2017	Change
Net sales	27,854	34,338	-6,484	78,235	78,494	-259
Profit/loss after financial items	-2,281	8,059	-10,340	-6,068	9,688	-15,756
Net margin, %	-8.2	23.5	-31.7	-7.8	12.3	-20.1

Machine Sales

Net sales in *Machine Sales* for the third quarter of 2018 amounted to SEK 2.0 million (3.7).

Profit after financial items amounted to SEK 0.1 million (loss 0.3).

Net sales decreased by 12.7 per cent in January-September compared with the corresponding period last year and amounted to SEK 5.9 million (6.8). The loss after financial items decreased compared with the previous year and amounted to SEK 0.7 million (1.2).

Key financial ratios and figures – Machine Sales

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2018	Jul-Sep 2017	Change	Jan-Sep 2018	Jan-Sep 2017	Change
Net sales	2,047	3,717	-1,670	5,923	6,788	-865
Profit/loss after financial items	81	-268	349	-672	-1,210	538
Net margin, %	4.0	-7.2	11.2	-11.3	-17.8	6.5

Parent Company

Railcare Group AB (publ), Reg. No. 556730–7813 is a Parent Company registered in Sweden and domiciled in Skelleftehamn. Railcare Group AB is listed on Nasdaq Stockholm Small Cap under the ticker RAIL.

The Parent Company's operations primarily involve providing Group common services. Net sales for the third quarter of 2018 amounted to SEK 5.0 million (4.5) and the operating loss amounted to SEK 0.6 million (2.1). The Parent Company's cash and cash equivalents amounted to SEK 0 million (0) at the end of the quarter, and SEK 3.7 million (1.0) of the overdraft facility had been utilised.

RAIL

Ticker for Railcare Group AB's share traded on Nasdaq Stockholm since 3 April 2018.

(ISIN SE0010441139)

Financial targets

- Sales SEK 500 million
- EBIT 10 per cent
- Equity/assets ratio > 25 per cent per cent following payment of dividends

Railcare's objective is to achieve these goals in the medium term. The Company strives to be the leading specialist company in the Scandinavian market for innovative solutions for construction and transport on the railway.

For exports of Railcare's services and machine sales in the international market, the objective is to achieve positive growth and to constantly develop as an innovative specialist company. For its shareholders, Railcare shall be an energetic and profitable company. Profitability should be better than the average in the railway industry.

Dividend

The Company's dividend policy is to distribute 30-40 per cent of profit after tax, up to the Company's required equity/assets ratio of 25 per cent following payment of dividends.

- On 3 May 2018, SEK 0.15 per share was distributed to shareholders, totalling approximately SEK 3.3 million.

Innovation & Design

Railcare *Innovation & Design* is the Group's department for technological development and innovation. The objective is to be at the forefront of innovation in the railway industry and the development of new machines and methods is a prioritised part of Railcare's operations.

Events after the period

- The Norrlandsfonden foundation has requested conversion of SEK 5 million of its total holding of SEK 10 million, which is expected to be completed before the end of the year. The conversion will take place at an agreed price of SEK 4.50 per share, meaning that 1,111,111 new shares will be issued.

Annual General Meeting 2019

Railcare's Annual General Meeting 2019 will take place on Wednesday 8 May at 1:00 p.m. CET at the Company's premises at Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden.

The Annual Report is expected to be available on Railcare's website, www.railcare.se, no later than three weeks prior to the Annual General Meeting.

Nomination Committee for Railcare Group AB's Annual General Meeting 2019

In consultation with the largest shareholders, the Chairman of the Board of Railcare Group AB has established a Nomination Committee for the Annual General Meeting in 2019. The Nomination Committee comprises Åke Elveros, appointed by Norra Västerbotten Fastigheters AB, Per-Martin Holmgren, appointed by TREAC AB, and Kjell Lindskog, appointed by the Marklund and Dahlqvist families. The Nomination Committee has appointed Åke Elveros as its chairman.

The Nomination Committee is tasked with submitting a proposal to the Annual General Meeting regarding the Chairman of the Board and other members of the Board of Directors, and regarding fees and other compensation to each of the Board members for their Board assignments. The Nomination Committee shall also submit a proposal regarding the election and remuneration of auditors. In addition, the Nomination Committee shall submit a proposal regarding the process for appointing a Nomination Committee in preparation for the Annual General Meeting in 2020.

Shareholders wishing to submit proposals to the Nomination Committee may do so by sending an e-mail to ir@railcare.se.

Shareholder structure

Ten largest shareholders 30 September 2018	Number of shares	Proportion of share capital and votes (%)
Norra Västerbottens Fastighets AB	2,421,335	11.1
TREAC Aktiebolag	2,200,000	10.0
Marklund family through companies	2,033,905	9.3
Dahlqvist family through companies	2,002,155	9.1
Ålandsbanken AB	720,510	3.3
Bernt Larsson	523,323	2.4
Avanza Pension insurance company	497,489	2.3
Emil Burén	400,000	1.8
Taaleri Nordic Value Equity Fund	340,832	1.6
Nordnet Pensionsförsäkring AB	308,075	1.4
Ten largest shareholders	11,447,624	52.3
Other shareholders	10,454,321	47.7
Total	21,901,945	100.0

Sources: Euroclear and Railcare

2,377

Number of shareholders in Railcare Group AB as per 30 September 2018, according to Euroclear

Convertibles outstanding

In 2013, Railcare issued a convertible debenture with a nominal value of SEK 10 million. The holder is the Norrlandsfonden foundation. For more information, see Note K25 on page 52 of the Group's 2017 Annual Report. Norrlandsfonden has invoked conversion equivalent to SEK 5 million. See more under Events after the period.

Significant risks and uncertainties

A description of significant risks and uncertainties can be found in Railcare's 2017 Annual Report and in the prospectus prepared prior to the Company's listing on the Nasdaq Stockholm exchange in April 2018, which can be downloaded from www.railcare.se.

There has been no material change in significant risks and uncertainties since the publication of the Annual Report and prospectus.

Transactions with related parties

During the quarter, no significant changes have occurred, for the Group or the Parent Company, in their relations or transactions with related parties, compared with what is described in the 2017 Annual Report.

Attestation by the Board of Directors and CEO

The Board of Directors and CEO of Railcare Group AB certify that the interim report for January-September 2018 provides a true and fair overview of the operations, position and results of the Parent Company and the Group and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Skelleftehamn, 8 November 2018

Railcare Group AB (publ)

Catharina Elmsäter-Svärd
Chairman of the Board

Ulf Marklund
Board member, Deputy CEO

Anna Weiner Jiffer
Board member

Lars Stenlund
Board member

Adam Ådin
Board member

Anders Westermark
Board member

Daniel Öholm
CEO

Review report

Railcare Group AB (publ) Reg. No. 556730 –7813

To the Board of Directors of Railcare Group AB (publ)

Introduction

We have reviewed the condensed interim report for Railcare Group AB (publ) as of 30 September 2018 and for the nine months period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Skellefteå, 8 November 2018

Ernst & Young AB

Fredrik Lundgren

Authorised Public Accountant

FINANCIAL REPORTS

FINANCIAL REPORTS

CONSOLIDATED SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousands	Note	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full- year 2017
Net sales	3	62,308	72,874	191,473	205,708	292,579
Capitalised work for own account		1,760	593	4,207	2,230	2,241
Other operating income		76	69	997	280	1,813
Total		64,144	73,536	196,677	208,218	296,633
Raw materials and consumables		-16,708	-21,757	-47,829	-63,706	-99,345
Other external costs		-18,910	-16,161	-51,603	-46,552	-61,460
Personnel costs		-26,920	-21,118	-79,240	-69,280	-92,886
Depreciation and impairment of tangible and intangible assets		-5,985	-5,793	-17,980	-17,408	-23,210
Other operating expenses		-224	-1,680	-664	-2,046	-3,071
Total operating expenses		-68,747	-66,509	-197,316	-198,992	279,972
Operating profit/loss (EBIT)		-4,603	7,027	-639	9,226	16,661
Financial income		5	1	29	29	49
Financial expenses		-1,264	-1,691	-4,007	-4,199	-4,982
Net financial items		-1,259	-1,690	-3,978	-4,170	-4,933
Share of profit/loss after tax from associated companies reported according to the equity method		-25	19	79	143	231
Profit/loss before tax		-5,887	5,356	-4,538	5,199	11,959
Income tax		1,219	-1,139	2,775	-978	-2,969
Net profit/loss for the period		-4,668	4,217	-1,763	4,221	8,990
Other comprehensive income:						
<i>Items that may be reclassified to the profit/loss for the period</i>						
Exchange rate differences from the translation of foreign operations		-265	-211	519	37	218
Other comprehensive income for the period, net after tax		-265	-211	519	37	218
Total comprehensive income for the period		-4,933	4,006	-1,244	4,258	9,208
Amounts in SEK		Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full- year 2017
Earnings per share before dilution		-0.2131	0.1925	-0.0805	0.1927	0.4105
Earnings per share after dilution		-0.2131	0.1800	-0.0805	0.1904	0.3932

At the end of September 2017 a 5:1 share split was implemented, increasing the number of shares from 4,380,389 to 21,901,945. The comparative figures for earlier periods have been recalculated to achieve comparability between the periods.

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands	Note	30 Sep 2018	30 Sep 2017	31 Dec 2017
ASSETS				
Non-current assets				
Intangible assets				
Capitalised development costs		2,675	3,199	3,194
Patent		445	446	449
Goodwill		3,806	3,600	3,681
Transportation licence		718	855	821
Total intangible assets		7,644	8,100	8,145
Tangible assets				
Buildings and land		5,948	6,106	6,056
Locomotives and wagons		113,038	108,790	115,447
Mobile machinery		143,657	134,051	130,227
Vehicles		9,843	9,173	9,110
Equipment, tools, fixtures and fittings		4,963	4,669	5,053
Construction in progress		40,167	58,610	50,512
Total tangible assets		317,616	321,399	316,405
Financial non-current assets				
Holdings reported according to the equity method		490	456	544
Deposits		658	-	-
Total financial non-current assets		1,148	456	544
Total non-current assets		326,408	329,955	325,094
Current assets				
Inventories				
Raw materials and consumables		14,643	11,994	13,351
Work in progress		-	4,478	-
Total inventories		14,643	16,472	13,351
Current receivables				
Accounts receivable		36,106	51,167	25,252
Current tax receivables		7,576	3,318	2,170
Other current receivables		6,676	9,314	9,893
Prepaid expenses and accrued income		9,740	13,720	8,673
Total current receivables		60,098	77,519	45,988
Cash and cash equivalents		5,997	9,039	35,656
Total current assets		80,738	103,030	94,995
TOTAL ASSETS		407,146	432,985	420,089

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION, cont.

Amounts in SEK thousands	Note	30 Sep 2018	30 Sep 2017	31 Dec 2017
EQUITY				
Share capital		8,980	8,980	8,980
Other capital provided		27,994	27,994	27,994
Reserves		1,408	708	889
Retained earnings (comprehensive income for the period included)		90,332	90,611	95,380
Total equity attributable to Parent Company shareholders		128,714	128,293	133,243
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		25,600	26,882	27,389
Convertible loans		9,018	8,581	8,690
Liabilities to credit institutions		123,390	155,102	125,262
Liability financial leasing agreements		16,161	19,508	15,317
Total non-current liabilities		174,169	210,073	176,658
Current liabilities				
Liability financial leasing agreements		4,419	2,229	5,579
Liabilities to credit institutions		46,165	24,094	54,495
Bank overdraft facility		2,440	12,435	-
Accounts payable		21,441	20,788	23,849
Prepayments from customers		-	5,581	-
Current tax liabilities		1,871	114	988
Other liabilities		5,377	6,751	4,994
Accrued expenses and deferred income		22,550	22,627	20,283
Total current liabilities		104,263	94,619	110,188
TOTAL EQUITY AND LIABILITIES		407,146	432,985	420,089

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Note	Share capital	Other capital provided	Reserves	Retained earnings (comprehensive income for the period included)	Total equity
Opening balance as per 1 January 2017		8,761	28,213	671	100,845	138,490
Net profit/loss for the period		-	-	-	4,221	4,221
Other comprehensive income		-	-	37	-	37
Total comprehensive income		-	-	37	4,221	4,258
Transactions with shareholders						
Bonus issue		219	-219	-	-	-
Dividend		-	-	-	-14,455	-
Closing balance as per 30 September 2017		8,980	27,994	708	90,611	128,293
Opening balance as per 1 January 2018		8,980	27,994	889	95,380	133,243
Net profit/loss for the period		-	-	-	-1,763	-1,763
Other comprehensive income		-	-	519	-	519
Total comprehensive income		-	-	519	-1,763	-1,244
Transactions with shareholders						
Dividend		-	-	-	-3,285	-3,285
Closing balance as per 30 September 2018		8,980	27,994	1,408	90,332	128,714

The Group's equity is attributable in its entirety to the Parent Company's shareholders.

CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

Amounts in SEK thousands	Note	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full-year 2017
Cash flow from operating activities						
Operating profit/loss		-4,603	7,027	-639	9,226	16,661
Adjustment for non-cash items		7,566	6,715	20,122	18,785	25,661
Interest paid		-1,155	-1,581	-3,679	-3,871	-4,546
Interest received		5	1	29	29	49
Income tax paid		-959	-2,107	-3,531	-4,841	-4,203
Cash flow from operating activities before changes in working capital		854	10,055	12,302	19,328	33,622
Cash flow from changes in working capital						
Increase/decrease in inventories		1,042	-1,919	-204	-5,570	-2,449
Increase/decrease in operating receivables		7,304	-15,124	-8,653	-18,381	12,345
Increase/decrease in operating liabilities		-1,841	556	39	7,793	615
Total changes in working capital		6,505	-16,487	-8,818	-16,158	10,511
Cash flow from operating activities		7,359	-6,432	3,484	3,170	44,133
Cash flow from investment activities						
Investments in intangible assets		-44	-68	-127	-262	-368
Investments in tangible assets		-6,228	-10,120	-16,961	-40,459	-42,898
Investments in other financial non-current assets		-658	-	-658	-	-
Dividends from associated companies		-	-	133	-	-
Divestment of tangible assets		112	-	112	-	1,400
Cash flow from investment activities		-6,818	-10,188	-17,501	-40,721	-41,866
Cash flow from financing activities						
Loans raised		5,220	8,004	5,220	29,400	38,700
Net change in bank overdraft facility		1,901	12,435	2,440	12,435	-
Amortisation of loans		-8,868	-6,499	-20,223	-18,461	-28,727
Dividends paid		-	-	-3,285	-14,455	-14,455
Cash flow from financing activities		-1,747	13,940	-15,848	8,919	-4,482
Cash flow for the period		-1,206	-2,680	-29,865	-28,632	-2,215
Cash and cash equivalents at the beginning of the period		7,291	11,818	35,656	37,784	37,784
Exchange rate difference in cash and cash equivalents		-88	-99	206	-113	87
Cash and cash equivalents at the end of the period		5,997	9,039	5,997	9,039	35,656

PARENT COMPANY SUMMARY INCOME STATEMENT
FINANCIAL REPORTS

Amounts in SEK thousands	Note	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full-year 2017
Net sales		5,014	4,489	18,056	15,976	20,529
Other operating income		-	-	31	28	43
Total operating income		5,014	4,489	18,087	16,004	20,572
Operating expenses						
Raw materials and consumables		-10	-44	-3,039	-2,623	-2,623
Other external costs		-3,298	-4,590	-12,362	-14,463	-21,103
Personnel costs		-2,210	-1,801	-7,717	-6,446	-9,070
Depreciation and impairment of tangible and intangible assets		-68	-58	-203	-174	-238
Other operating expenses		-10	-52	-25	-57	-58
Total operating expenses		-5,596	-6,545	-23,346	-23,763	-33,092
Profit from participations in associated companies and jointly controlled companies		-	-	133	-	-
Operating loss		-582	-2,056	-5,126	-7,759	-12,520
Profit from financial items						
Profit from participations in Group companies		-	-	-	8,981	8,981
Other interest income and similar profit/loss items		149	118	384	298	407
Interest expenses and similar profit/loss items		-187	-179	-568	-498	-694
Total profit/loss from financial items		-38	-61	-184	8,781	8,694
Profit/loss after financial items		-620	-2,117	-5,310	1,022	-3,826
Appropriations		-	-	-	-	12,300
Tax on net profit/loss for the period		114	469	1,145	1,788	44
Net profit/loss for the period		-506	-1,648	-4,165	2,810	8,518

PARENT COMPANY SUMMARY BALANCE SHEET

Amounts in SEK thousands	Note	30 Sep 2018	30 Sep 2017	31 Dec 2017
ASSETS				
Intangible assets				
Patents		445	446	449
Total intangible assets		445	446	449
Tangible assets				
Equipment, tools, fixtures and fittings		204	300	276
Total tangible assets		204	300	276
Financial non-current assets				
Participations in Group companies		34,236	34,236	34,236
Participations in associated companies		204	204	204
Deferred tax assets		857	1,716	0
Total financial non-current assets		35,297	36,156	34,440
Total non-current assets		35,946	36,902	35,165
Current assets				
Current receivables				
Accounts receivable		38	138	25
Receivables from Group companies		751	300	23,230
Current tax receivables		3,183	1,327	1,592
Other receivables		-	22	266
Prepaid expenses and accrued income		866	1,601	1,733
Total current receivables		4,838	3,388	26,846
Cash and bank balances		1	13	13
Total current assets		4,839	3,401	26,859
TOTAL ASSETS		40,785	40,303	62,024

PARENT COMPANY SUMMARY BALANCE SHEET, cont.

Amounts in SEK thousands	Note	30 Sep 2018	30 Sep 2017	31 Dec 2017
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		8,980	8,980	8,980
Total restricted equity		8,980	8,980	8,980
Non-restricted equity				
Share premium reserve		14,453	14,453	14,453
Retained earnings		5,232	0	0
Net profit/loss for the period		-4,165	2,810	8,518
Total non-restricted equity		15,520	17,263	22,971
Total equity		24,500	26,243	31,951
Provisions				
Deferred tax liabilities		-	312	288
Total provisions		0	312	288
Non-current liabilities				
Convertible loans		9,017	8,581	8,690
Total non-current liabilities		9,017	8,581	8,690
Current liabilities				
Accounts payable		671	1,338	1,880
Bank overdraft facility		3,663	966	-
Liabilities to Group companies		520	252	16,542
Other liabilities		329	141	184
Accrued expenses and deferred income		2,085	2,470	2,489
Total current liabilities		7,268	5,167	21,095
TOTAL EQUITY AND LIABILITIES		40,785	40,303	62,024

NOTES

Note 1 General information

Railcare Group AB (publ) ("Railcare"), Reg. No. 556730–7813 is a Parent Company registered in Sweden and domiciled in Skelleftehamn, with the address Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden.

Unless otherwise stated, all amounts are given in SEK thousands. Disclosures in parentheses pertain to the comparison year.

Note 2 Basis for preparation of statements

Railcare's consolidated accounts have been prepared in accordance with the Annual Accounts Act, recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board, International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act.

The accounts of the Parent Company have been prepared in accordance with the Annual Accounts Act and RFR 2 *Accounting for legal entities* from the Swedish Financial Reporting Board. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act. Effective from 1 January 2018, the Parent Company also applies IFRS 9 and IFRS 15 as specified in RFR 2.

The same accounting and valuation principles have been applied as in the 2017 Annual Report with the exception of the introduction of IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial instruments*. The Group has assessed the effects of the implementation of IFRS 15 and IFRS 9, concluding that the effects are marginal. Accordingly, the opening balances for 2018 have not been adjusted.

IFRS 16 Leasing will come into effect on 1 January 2019. With some exceptions, the new standard requires the assets and liabilities attributable to all leases, under which Railcare is the lessee, to be reported in the Balance Sheet. Leases where Railcare is the lessor are reported essentially in the same way as at present and are not affected by the introduction of IFRS 16. In 2017, the Group conducted an initial analysis to identify areas where there could potentially be differences. During 2018, work has continued, to identify and analyse the individual contracts and, ultimately, to commence application of a tool for calculating the effects of the implementation of IFRS 16 on the Balance Sheet and Income Statement. The continued work on assessing the effects has not altered the initial analysis as described in the 2017 Annual Report. The Group intends to apply the simplified transition method.

The fair value of financial assets and liabilities is estimated to correspond to book value.

Note 3 Segment information

Description of the segments and their principal activities:

Railcare's Group Management, comprising the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Communications Manager and IR Manager, is the highest executive decision-making body in the Railcare Group and assesses the Group's financial position and earnings and makes strategic decisions. Company management has determined the operating segments based on the data processed by Group Management and used as a basis for allocating resources and assessing earnings.

Group Management has identified four reportable segments in the Group's operations:

Construction Sweden

Railway construction work involving machinery and personnel and renovation of glass-fibre lined culverts beneath railways, roads and industrial areas in Sweden.

Construction Abroad

Railway construction work involving machinery and personnel in countries other than Sweden, currently predominantly in the UK.

Transport Scandinavia

Special transports involving locomotives, wagons and personnel, as well as repair and upgrading services for locomotives and wagons performed in workshops.

Machine Sales

Sales of machines primarily outside Sweden, as well as marketing focused on new areas in which Railcare's construction services can be implemented.

The Group common item is used for reconciliation purposes and includes Group Management and other Group common services.

Although the Machine Sales segment does not meet the quantitative limits required for segments for which information is to be disclosed in accordance with IFRS 8, company management has determined that this segment should nonetheless be reported as it is monitored closely by Group Management as a possible area of growth and is expected to contribute significantly to consolidate income in the future.

Group Management primarily uses profit after financial items in assessing consolidated earnings.

Income

Sales between segments are conducted on market terms. Income from external customers reported to Group Management is valued in the same way as in the Consolidated statement of comprehensive income.

	Jul-Sep 2018			Jul-Sep 2017		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	30,478	4,075	26,403	28,074	2,824	25,250
Construction Abroad	11,480	2,738	8,742	16,386	4,426	11,960
Transport Scandinavia	27,854	2,361	25,493	34,338	1,784	32,554
Machine Sales	2,047	772	1,275	3,717	941	2,776
Group common	5,014	4,618	396	4,489	4,158	331
Total	76,873	14,565	62,308	87,004	14,132	72,872

	Jan-Sep 2018			Jan-Sep 2017			Jan-Dec 2017		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	107,061	11,348	95,713	91,834	7,409	84,426	136,997	16,069	120,928
Construction Abroad	35,192	8,453	26,738	54,369	7,017	47,352	75,112	10,642	64,470
Transport Scandinavia	78,235	13,026	65,209	78,494	9,577	68,917	98,886	14,239	84,647
Machine Sales	5,923	3,303	2,620	6,788	2,792	3,996	24,339	3,259	21,080
Group common	18,056	16,863	1,193	15,976	14,962	1,014	20,529	19,075	1,454
Total	244,467	52,994	191,473	247,461	41,756	205,706	355,863	63,284	292,579

Profit/loss after financial items

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Construction Sweden	542	1,408	18,095	8,752	20,525
Construction Abroad	-3,353	-1,745	-10,507	-4,215	-5,675
Transport Scandinavia	-2,281	8,059	-6,068	9,688	7,536
Machine Sales	81	-268	-672	-1,210	2,150
Group common	-851	-2,117	-5,465	-7,959	-12,808
Total	-5,862	5,337	-4,617	5,056	11,728

Profit/loss after financial items for the Group's operating segments are reconciled against consolidated profit/loss before tax in accordance with the following:

Profit/loss after financial items	-5,862	5,337	-4,617	5,056	11,728
Share of profit/loss after tax from associated companies reported according to the equity method	-25	19	79	143	231
Profit/loss before tax	-5,887	5,356	-4,538	5,199	11,959

The Group's customers are both private and public players in the railway industry and vary according to area of operations. The Group's customers are largely recurring, and its customer relationships are long term. Most of the Group's income derives from the three segments Construction Sweden, Construction Abroad and Transport Scandinavia.

Sales comprise the income categories, Income from services, Sales of goods and Leasing, and a breakdown of income is provided below.

Segment	Income from services		Sales of goods		Leasing		Total	
	Jul-Sep 2018	Jul-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jul-Sep 2018	Jul-Sep 2017
Construction Sweden	26,403	24,913	0	337	0	0	26,403	25,250
Construction Abroad	8,109	11,961	0	0	632	0	8,741	11,961
Transport Scandinavia	20,321	14,063	1,150	3,825	4,022	14,666	25,493	32,554
Machine Sales	108	1,448	1,167	1,327	0	0	1,275	2,776
Group common	396	332	0	0	0	0	396	332
Total	55,337	52,717	2,317	5,489	4,654	14,666	62,308	72,872

Segment	Income from services		Sales of goods		Leasing		Total	
	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Construction Sweden	95,713	83,377	0	1,048	0	0	95,713	84,426
Construction Abroad	25,534	45,287	0	2,065	1,203	0	26,737	47,352
Transport Scandinavia	49,103	38,944	4,227	5,664	11,879	24,309	65,209	68,917
Machine Sales	108	1,474	2,512	2,522	0	0	2,620	3,996
Group common	1,193	1,015	0	0	0	0	1,193	1,015
Total	171,651	170,097	6,739	11,299	13,082	24,309	191,473	205,705

KEY FINANCIAL RATIOS AND FIGURES, RAILCARE GROUP SUMMARY

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full-year 2017
Net sales	62,308	72,874	191,473	205,708	292,579
Sales growth, %	-14.5	-32.6	-6.9	-24.2	-17.1
Operating profit/loss (EBIT)	-4,603	7,027	-639	9,226	16,661
Operating margin, %	-7.4	9.6	-0.3	4.5	5.7
Net profit/loss for the period	-4,668	4,217	-1,763	4,221	8,990
Net financial items	-1,259	-1,690	-3,978	-4,170	-4,933
Total assets	407,146	432,985	407,146	432,985	420,089
Equity/assets ratio, %	31.6	29.6	31.6	29.6	31.7
Key financial ratios and figures per share, SEK					
Earnings per share before dilution*	-0.21	0.19	-0.08	0.19	0.41
Earnings per share after dilution*	-0.21	0.18	-0.08	0.19	0.39
Equity per share	5.88	5.86	5.88	5.86	6.08
Dividend per share, SEK**	-	-	-	-	0.15

*) At the end of September 2017 a 5:1 share split was implemented, increasing the number of shares from 4,380,389 to 21,901,945. The comparative figures for earlier periods have been recalculated to achieve comparability between the periods.

**) Approved by the Annual General Meeting of 25 April 2018

Amounts in SEK million	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net sales	62.3	62.7	66.5	86.9	72.9	58.3	74.6	81.6	108.2
Capitalised work for own account	1.8	2.1	0.3	0.0	0.6	0.8	0.8	0.8	0.1
Other operating income	0.1	0.3	0.6	1.5	0.1	0.1	0.1	0.6	0.3
Total	64.1	65.1	67.5	88.4	73.5	59.2	75.4	82.9	108.6
Raw materials and consumables	-16.7	-15.2	-16.0	-35.6	-21.8	-22.2	-19.7	-31.1	-33.1
Other external costs	-18.9	-16.7	-16.0	-14.9	-16.2	-16.3	-14.1	-15.6	-17.5
Personnel costs	-26.9	-28.0	-24.3	-23.6	-21.1	-23.9	-24.2	-24.6	-22.5
Depreciation and impairment of tangible assets	-6.0	-6.0	-6.0	-5.8	-5.8	-5.9	-5.7	-5.6	-5.5
Other operating expenses	-0.2	-0.3	-0.2	-1.0	-1.7	-0.1	-0.2	-0.6	-1.5
Total operating expenses	-68.7	-66.1	-62.5	-81.0	-66.5	-68.4	-64.0	-77.5	-80.1
Operating profit/loss (EBIT)	-4.6	-1.0	5.0	7.4	7.0	-9.2	11.4	5.5	28.4
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.1
Financial expenses	-1.3	-1.4	-1.4	-0.8	-1.7	-1.2	-1.3	-1.5	-1.9
Net financial items	-1.3	-1.4	-1.3	-0.8	-1.7	-1.2	-1.3	-1.2	-1.7
Share of profit after tax from associated companies reported according to the equity method	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.0
Profit/loss before tax	-5.9	-2.4	3.7	6.8	5.4	-10.4	10.2	4.3	26.7
Taxes	1.2	2.2	-0.7	-2.0	-1.1	2.3	-2.2	-1.2	-5.8
Net profit/loss for the period	-4.7	-0.2	3.1	4.8	4.2	-8.0	8.0	3.1	20.9
Equity/assets ratio, %	31.6	32.4	33.1	31.7	29.6	30.3	33.5	33.7	32.0

DEFINITIONS AND GLOSSARY

General	All amounts in tables are in SEK thousands unless otherwise stated. All values in parentheses are comparative figures for the corresponding period in the preceding year unless otherwise stated. Amounts in tables and other summaries have been rounded off individually. Accordingly, minor rounding differences can be found in totals.	
Alternative key financial ratios and figures	This interim report refers to a number of financial measures not defined in accordance with IFRS, so-called alternative key financial ratios and figures. These key financial ratios and figures are used by Railcare to monitor and analyse the financial outcome of the Group's operations and its financial position. These alternative key financial ratios and figures are intended to supplement, not replace, the financial measures presented in accordance with IFRS. See definitions and further information below.	
Key financial ratios and figures	Definition/calculation	Purpose
Operating profit/loss (EBIT)	Calculated as net profit/loss for the period before tax, participations in the earnings of associated companies and financial items.	This key financial ratio shows the Company's profit/loss generated by operating activities.
Net financial items	Net financial items are calculated as financial income less financial expenses.	This key financial figure shows the net amount resulting from the Company's financial activities.
Net margin	The net margin is calculated as income after financial items divided by net sales.	This key financial figure shows how much of the Company's earnings remain after all of its expenses, except for corporation tax, have been deducted.
Total assets	Calculated as the total of the Company's assets at the end of the period.	
Equity per share, SEK	Calculated as equity divided by the number of shares outstanding at the end of the period.	This key financial figure shows the Company's net worth per share.
Sales growth, %	Calculated as the difference between net sales for the period and net sales for the preceding period, divided by net sales for the preceding period.	This key financial figure shows the Company's growth and its historical trend, contributing to an understanding of the Company's development.
Operating margin, %	Calculated as operating income divided by net sales.	This key financial figure shows how much of the Company's profit/loss is generated by its operating activities.
Equity/assets ratio, %	Calculated as equity divided by total assets.	This key financial ratio shows the Company's financial position and its long-term ability to pay.
Dividend per share, SEK	Dividend per share approved by a General Meeting at which the Annual Report for the specified financial year is adopted.	
Earnings per share before dilution, SEK	Calculated as profit/loss attributable to the Parent Company's shareholders divided by the weighted average number of shares outstanding over the period.	This key financial figure shows the Company's earnings per share, regardless of any dilution effect from convertibles outstanding.
Earnings per share after dilution, SEK	To calculate earnings per share after dilution, the weighted average number of shares outstanding is adjusted for the dilution effect of all potential shares. The Parent Company has a category of potential common shares with a dilution effect: convertible debentures. The convertible debentures are assumed to have been converted into shares and the net profit is adjusted to eliminate interest expenses less the tax effect. Convertible debentures do not give rise to a dilution effect when the interest per share that may be received on conversion exceeds earnings per share before dilution.	This key financial figure shows the Company's earnings per share, regardless of any dilution effect from convertibles outstanding.

Press releases in the third quarter of 2018

- **20 August** – Railcare extends long-term locomotive lease agreements to CargoNet AS of Norway
- **22 August** – Railcare has commenced the transport of iron for Kaunis Iron
- **23 August** – Interim report January-June 2018

Financial calendar

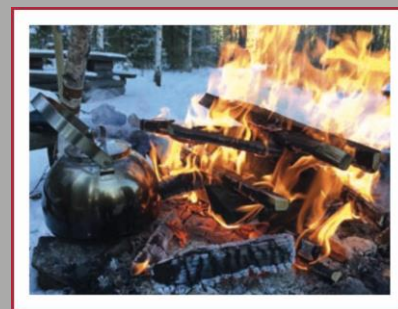
- The year-end report for 2018 will be published on 21 February 2019.
- The interim report for January-March 2019 will be published on 7 May 2019.
- The 2019 Annual General Meeting will take place on 8 May 2019 at Railcare's headquarters in Skelleftehamn, Sweden.
- The interim report for January-June 2019 will be published on 23 August 2019.
- The interim report for January-September 2019 will be published on 7 November 2019.
- The year-end report for 2019 will be published on 20 February 2020.

About Railcare Group

Railway Specialist Railcare Group AB offers products and services that enhance customers' reliability, punctuality and profitability, primarily in the Nordic region and the UK. The railway industry is in a period of positive development, with increasing traffic volumes and extensive investment programmes, as well as rapid development of cost-efficient freight and passenger transport and increasing environmental awareness. Railcare has unique opportunities to deliver effective solutions that help the railways increase their share of the total transport market. The shares of Railcare Group AB (publ) have been listed on the Small Cap list of the Nasdaq Stockholm exchange since April 2018. The Group has approximately 120 employees and annual sales of approximately SEK 300 million. The Company's registered office is domiciled in Skelleftehamn, Sweden.

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Railvac in 3D

If you would like to download the Railcare 25 app to your mobile device, you can do so from the App Store or Google Play. Follow the instructions in the app and point the search box towards the above image.

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This document is essentially a translation of Swedish language original thereof. In the event of any discrepancies between this translation and the original Swedish document the latter shall be deemed correct.