

## Year-end report 2018

Increased demand from key customers during the fourth quarter of the year. The year weaker than expected.



### Fourth quarter

- Consolidated net sales decreased by 9.4 per cent to SEK 78.7 million (86.9).
- Operating profit (EBIT) decreased by SEK 5.2 million to SEK 2.2 million (7.4).
- Earnings per share after dilution amounted to SEK 0.02 (0.20).

### Full-year 2018, January – December 2018

- Consolidated net sales decreased by 7.7 per cent to SEK 270.1 million (292.6).
- Operating profit (EBIT) decreased by SEK 15.2 million to SEK 1.5 million (16.7).
- Earnings per share after dilution were negative in the amount of SEK 0.06 (positive 0.39).
- The Board of Directors will propose that the Annual General Meeting approve a dividend of SEK 0.00 per share (0.15) for the 2018 financial year.

### Significant events in the fourth quarter

- The Swedish Transport Administration (Sw: Trafikverket) extended its snow removal contract with Railcare by an additional year. Trafikverket has decided to activate its option for two additional snow removal contracts with Railcare AB. The value of the order amounts to approximately SEK 48 million for the period and includes work to be performed until 1 May 2020.
- In accordance with information presented in Railcare's interim report for the third quarter of 2018, Norrlandsfonden invoked conversion of half of its convertible debenture, with SEK 5 million thus being converted into 1,111,111 shares at the agreed price of SEK 4.50 per share.

### Financial summary

Amounts in SEK million, unless otherwise stated	Oct-Dec 2018	Oct-Dec 2017	full-year 2018	full-year 2017
Net sales	78.7	86.9	270.1	292.6
Operating profit/loss (EBIT)	2.2	7.4	1.5	16.7
Operating margin, %	2.8	8.6	0.6	5.7
Net profit/loss for the period	0.3	4.8	-1.4	9.0
Equity/assets ratio, %	32.3	31.7	32.3	31.7
Earnings per share after dilution, SEK	0.02	0.20	-0.06	0.39

For definitions, see page 27.

*This report is also available in Swedish at [www.railcare.se](http://www.railcare.se).*

## CEO's comments

During the fourth quarter of 2018, we achieved a pre-tax profit of SEK 0.9 million and a turnover of SEK 78.7 million, which gives a margin of 1.1%. During the last quarter of the year, we have seen positive trend changes in the various segments in the form of new contracts and increased call-offs and a new innovation for our machine fleet.

In comparison with the fourth quarter of the previous year, we report lower volume and earnings, mainly due to the sale of a Railvac 16 000 to Norway last year.

In the *Construction Sweden* segment, we had normal utilisation with cable handling until mid-November, before starting with the snow removal in accordance with our contract with Trafikverket. The snow removal contract applies to the following areas, Stockholm, Gothenburg and Hallsberg, however some of the machines have also been used in other areas with snow, such as Östersund and Boden. With regards to contracts, a framework agreement has been signed with Trafikverket. The authority is planning for a large amount of track work as a result of the government's predetermined national plan and applies to projects throughout Sweden. The framework agreement is strategically important for Railcare as we see that it can provide significant utilisation of our machines and resources for the next coming years. It also means that we now have the opportunity, together with Trafikverket, to optimise our machines whilst working together on the implementation of the planned track works.

The transport project for Kaunis Iron is going according to plan and we have now driven over 200 transports of iron ore since the beginning of August. This creates a good utilisation for us during the winter months, and our five-year agreement also provides stability, growth and profitability for the *Transport Scandinavia* segment. Other parts of the segment have also performed well with the rental of machines for the snow contract, along with other transport contracts. I am also pleased that our train license has been extended for the fourth quarter by five years after the audit by the Swedish Transport Agency (Sw: Transportstyrelsen).

*Construction Abroad* has experienced lower volumes in the UK as a result of Network Rail's funding for CP5 diminishing, burdening the segment throughout the year. However, from October we have seen an increase in orders and during the quarter we have completed projects for three of the biggest routes, London North East and East Midlands (LNE), London North West (LNW) and Scotland. At present, we have four English-adapted machines in the UK. From 1st April this year, Network Rail will begin its new five-year business plan, CP6. In October we rented a machine to Norway until the ground frost appeared. In 2019 we will again rent one of the Railvac machines to Norway during the period of May to October. Of course, we closely follow the development of the Brexit issue and prepare ourselves for the various scenarios, but uncertainty remains high.

In the *Machine Sales* segment, we were pleased to receive an order from Infranord to build five new generator wagons, for delivery in 2019 and 2020. Which gives profitability and growth for the segment, whilst increasing the work for workshop in Skelleftehamn. Continued sales development of the export market is ongoing, and the company has sent several quotes around the world. Within the segment, we also proceed with spare part sales to North America.



Railcare likes to be at the forefront of new innovative solutions for the railway's many challenges. On 18 February 2019, we presented our plans to manufacture an emission-free battery powered MPV, Multi Purpose Vehicle. An MPV is a working vehicle with versatile use in rail maintenance. The development is made by the mining equipment company Epiroc. We can share their development platform and also become their first OEM partner. Thanks to this collaboration, we are at the forefront of the development of railway machines with this new exciting battery technology, which enables us to develop the first prototype of a battery-powered MPV in 2019. Signifying that we will have a new generation of working vehicle with a sustained or better productivity, in a time where the focus on environment, sustainability, and work environment is high.

With a moderate year behind us, we enter 2019 with great enthusiasm. We look forward to working with projects from new and existing customers and with the rail investments being implemented in our home markets for several years to come. Naturally, we continue with our innovative technology development, which gives Railcare a competitive advantage.

**Daniel Öholm**  
CEO

## Financial summary – Railcare Group

### Net sales

Net sales for the fourth quarter of 2018 decreased by 9.4 per cent to SEK 78.7 million, compared with SEK 86.9 million in the fourth quarter of 2017. The decrease in net sales is mainly due to the *Machine Sales* segment not selling any machines in 2018, compared with 2017. The Company has also had a lower utilisation in the segments, *Construction Sweden* and *Construction Abroad*, compared with the fourth quarter of 2017, when demand was higher. On the other side of the scales, *Transport Scandinavia* weighed up positively, mainly due to the project for Kaunis Iron.

Net sales for full-year 2018 decreased by 7.7 per cent to SEK 270.1 million compared with SEK 292.6 million for full-year 2017. The decline in net sales is mainly due to the *Construction Abroad* segment experiencing lower demand for its services in the UK, while the *Machine Sales* segment did not sell any machines in 2018, as it did in 2017. This was offset partly by higher net sales in the *Transport Scandinavia* and *Construction Sweden* segments.

### Operating expenses

Operating expenses in the fourth quarter of 2018 amounted to SEK 77.9 million, a decrease of SEK 3.0 million, or 3.7 per cent compared with the fourth quarter of 2017 when operating expenses amounted to SEK 81.0 million.

Personnel costs rose by SEK 5.6 million, or 23.7 per cent, compared with the fourth 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 4.8 million, or 31.9 per cent during the quarter, compared with the fourth quarter of 2017. This was mainly because the project for Kaunis Iron was not included in the corresponding quarter of 2017.

Expenses for raw materials and consumables, which include expenses for subcontractors, decreased by SEK 12.9 million or 36.3 per cent during the quarter, compared with the corresponding period in the preceding year. The decrease is largely due to the delivery of the Railvac machine to Norsk Jernbanedrift that took place in the fourth quarter of 2017.

Operating expenses for full-year 2018 amounted to SEK 275.3 million, a decrease of SEK 4.7 million, or 1.7 per cent compared with full-year 2017 when operating expenses amounted to SEK 280.0 million.

Expenses for raw materials and consumables, which include expenses for subcontractors, decreased by SEK 28.8 million over full-year 2018, compared with the preceding year. This is largely due to decreased volumes in the UK, but also to the Company not selling any machines in 2018, as opposed to 2017, when one machine was sold. Other external costs over full-year 2018 rose by SEK 9.8 million compared with the corresponding period in the preceding year, partly due to the Kaunis Iron project commencing in 2018.

Personnel costs rose by SEK 15.6 million compared with full-year 2017, mainly due to the number of employees having risen. The increase is mainly due to a number of train drivers having been recruited for the Kaunis Iron project and two people having been recruited to central staff functions as a consequence of the change of listing to the Nasdaq Stockholm exchange.

### Operating profit

Operating profit (EBIT) decreased by SEK 5.2 million to SEK 2.2 million in the fourth quarter of 2018, compared with SEK 7.4 million for the corresponding period in 2017. The operating margin decreased from 8.6 per cent in the fourth quarter of 2017 to 2.8 per cent in the fourth quarter of 2018. The decline is partly due to a lower utilisation in the *Construction Sweden* segment, compared with the higher utilisation in the fourth quarter of 2017, along with the *Machine Sales* segment not selling any machines in 2018, compared with 2017. To some extent, the *Transport Scandinavia* segment offsets this, mainly due to the project for Kaunis Iron.

Operating profit (EBIT) for full-year 2018 decreased by SEK 15.2 million to SEK 1.5 million, compared with the outcome of SEK 16.7 million for the corresponding period in 2017. The operating margin decreased from 5.7 per cent for full-year 2017 to 0.6 per cent for full-year 2018. The decline is partly explained by the negative first nine months for *Transport Scandinavia*, with the Company experiencing a weak start to the year with high repair and maintenance expenses due to the exceptionally cold and snowy winter. In the second quarter, Railcare incurred higher expenses 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 expenses for the five-year agreement with Kaunis Iron, as well as provisions for expenses for the track switching accident in Pitkäjärvi. Another explanation is that the Company did not sell any machines in 2018, which it did in 2017. The level of utilisation within *Construction Abroad* was also lower in 2018.

### Taxes

Reported tax for the fourth quarter of 2018 amounted to SEK 0.6 million (2.0).

Tax recognised for full-year 2018 amounted to SEK 2.2 million (3.0). The company's tax costs have been positively affected as a result of the revaluation of deferred tax liabilities due to the reductions in the tax rate in Sweden for the second quarter of 2018.

### Net profit/loss for the period

Profit for the fourth quarter of 2018 amounted to SEK 0.3 million (4.8), corresponding to decline of SEK 4.5 million.

The loss for full-year 2018 amounted to SEK 1.4 million (profit 9.0), corresponding to a decrease in earnings of SEK 10.4 million.

### Cash flow

Cash flow in the fourth quarter of the year amounted to an inflow of SEK 18.2 million, compared with an inflow of SEK 26.4 million in the corresponding period in the preceding year. The lower inflow in 2018 was partly attributable to working capital having decreased more in the preceding year. Due

to higher net sales in the third quarter of 2017, more capital was tied up in accounts receivable, with payment of those receivables being received in the fourth quarter. The Company made larger investments during the fourth quarter of 2018, SEK 10.7 million, compared with SEK 2.4 million in the corresponding period in 2017. This is explained by an investment in two Ballast Feeder wagons for the Swedish market having begun in the fourth quarter of 2018, in contrast with the corresponding quarter in 2017, when no major investments were carried out. The lower operating profit also impacted cash flow negatively.

To some extent, the decrease described above, was offset by financing activities, which generated an inflow of SEK 4.4 million in the fourth quarter of 2018, compared with an outflow of SEK 13.4 million in fourth quarter of 2017. This is explained by a greater reduction in the overdraft facility in the fourth quarter of 2017, with the proceeds from a Railvac delivery having been received then, while new borrowing was higher in 2018 to finance the Ballast Feeder wagons.

Cash flow for full-year 2018 amounted to an outflow of SEK 11.7 million compared with an outflow of SEK 2.2 million in the corresponding period in the preceding year. Disregarding the lower operating profit for 2018, the more substantial differences in cash flow are attributable to investment and financing activities. During 2018, the Company had fewer investment projects, which also affected cash flow from financing activities through reduced borrowing. Dividends paid to shareholders in 2018 were SEK 11.2 million lower than in 2017, also affecting cash flow from financing 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 32.3 per cent, compared with 31.7 per cent on 31 December 2017.

### **Employees**

The number of employees in Railcare as of 31 December 2018 was 131, compared with 124 on 31 December 2017. The increase is mainly attributable to the commencement of the project 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* decreased by 17.2 per cent in the fourth quarter of 2018 compared with the corresponding period in the preceding year and amounted to SEK 37.4 million (45.2). Profit after financial items decreased compared with the previous year and amounted to SEK 3.6 million (11.8).

The Company has had a number of cable management projects in this segment in preparation for track replacements scheduled for 2019. From mid-November 2018, the Company has been engaged in snow removal projects for the Swedish Transport Administration.

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

Net sales increased by 5.5 per cent over full-year 2018, compared with the corresponding period in the preceding year and amounted to SEK 144.5 million (137.0). Profit after financial items increased compared with the previous year and amounted to SEK 21.7 million (20.5).

The Swedish Transport Administration's plans include five track replacements in 2019 and eight in 2020. Railcare's organisation is dimensioned for a higher order volume than seen during most of 2018, and the Company intend to maintain a high degree of flexibility to meet increasing demand for delivery capacity.

#### Key financial ratios and figures – Construction Sweden

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2018	Oct-Dec 2017	Change	full-year 2018	full-year 2017	Change
Net sales	37,411	45,161	-7,750	144,473	136,997	7,476
Profit/loss after financial items	3,602	11,772	-8,170	21,697	20,525	1,172
Net margin, %	9.6	26.1	-16.4	15.0	15.0	0.0

### Construction Abroad

Net sales in *Construction Abroad* decreased by 30.4 per cent in the fourth quarter of 2018 compared with the corresponding quarter in the preceding year. Net sales amounted to SEK 14.4 million (20.7). The loss after financial items amounted to SEK 2.3 million (1.5). The decrease in net sales and earnings is due to the volume decline in the UK.

Net sales decreased by 33.9 per cent in full-year 2018 compared with the corresponding period in the preceding year and amounted to SEK 49.6 million (75.1). The loss after financial items decreased compared with the previous year and amounted to SEK 12.9 million (5.7).

#### Key financial ratios and figures – Construction Abroad

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2018	Oct-Dec 2017	Change	full-year 2018	full-year 2017	Change
Net sales	14,440	20,742	-6,302	49,631	75,112	-25,480
Profit/loss after financial items	-2,344	-1,460	-884	-12,851	-5,675	-7,176
Net margin, %	-16.2	-7.0	-9.2	-25.9	-7.6	-18.3

## Transport Scandinavia

Net sales in *Transport Scandinavia* increased by 75.7 per cent in the fourth quarter of 2018 compared with the corresponding quarter in the preceding year. Net sales amounted to SEK 35.8 million (20.4). Profit after financial items amounted to SEK 1.9 million (loss 2.2).

The fourth quarter was stable for the Transport Scandinavia segment, with the Kaunis Iron project providing a good foundation. From mid-November 2018, Railcare's snow removal project for the Swedish Transport Administration has engaged a number of the segment's locomotives. In addition, the Company conducted a number of construction transport projects and had a normal level of utilisation in its workshops.

For the regular transport operations (excluding the Kaunis Iron project), sales amounted to SEK 17.3 million (20.4).

Net sales increased by 15.3 per cent for full-year 2018 compared with the corresponding period in the preceding year and amounted to SEK 114.1 million (98.9). Profit after financial items decreased compared with the previous year and amounted to SEK 4.1 million (7.5). The decrease in profit is explained in *Financial summary – Railcare Group*, in the *Operating profit/loss* section.

### Key financial ratios and figures – Transport Scandinavia

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2018	Oct-Dec 2017	Change	full-year 2018	full-year 2017	Change
Net sales	35,822	20,392	15,430	114,057	98,886	15,171
Profit/loss after financial items	1,944	-2,151	4,095	-4,124	7,536	-11,660
Net margin, %	5.4	-10.6	16.0	-3.6	7.6	-11.2

## Machine Sales

Net sales in Machine Sales for the fourth quarter of 2018 amounted to SEK 1.5 million (17.6). The loss after financial items amounted to SEK 0.3 million (profit 3.4).

The decrease in both net sales, as well as profit/loss after financial items is attributable largely to the delivery of a Railvac machine to Norsk Jernbanedrift that took place in the fourth quarter of 2017. No machines were sold in 2018.

Net sales decreased by 69.5 per cent in full-year 2018 compared with the corresponding period in the preceding year and amounted to SEK 7.4 million (24.3). The loss after financial items decreased compared with the previous year and amounted to SEK 1.0 million (profit 2.2). For the principal explanation for decrease in 2018, please see the description of development in the fourth quarter.

### Key financial ratios and figures – Machine Sales

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2018	Oct-Dec 2017	Change	full-year 2018	full-year 2017	Change
Net sales	1,508	17,551	-16,043	7,429	24,339	-16,910
Profit/loss after financial items	-321	3,360	-3,681	-993	2,150	-3,143
Net margin, %	-21.3	19.1	-40.4	-13.4	8.8	-22.2



## Parent Company

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

The Parent Company's net sales for 2018 amounted to SEK 23.2 million (20.5) and consisted mainly of Group common services. The operating loss for the year amounted to SEK 7.2 million (12.5). The Parent Company's cash and cash equivalents amounted to SEK 0.7 million (0) at year-end.

## Financial targets

- Sales SEK 500 million
- EBIT 10 per cent
- Equity/assets ratio > 25 per cent after 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 railway construction and transport.

For exports of Railcare's services and machine sales in the international market, Railcare's 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.

The Board intends to make a proposal to the Annual General Meeting 2019 to decide on a dividend of SEK 0 (0.15) per share, totalling SEK 0 (3,285,292), for the fiscal year 2018.

## 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 Company has received an order from Infranord to build five generator wagons for delivery starting in the autumn of 2019 and with delivery to be completed in 2020. The order value amounts to approximately SEK 30 million.
- Railcare has signed a framework agreement with the Swedish Transport Administration 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. The framework agreement includes preparatory work for upcoming track upgrades included in the Swedish Transport Administration's adopted plans, with sub-orders to be placed on an ongoing basis.

## RAIL

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

(ISIN SE0010441139)

- On 18 February, Railcare presented the plans to develop emission-free battery-powered work vehicles for railway maintenance. Railcare has collaborated with the mining equipment company Epiroc, in the development of the world's largest battery-powered rail vehicles. A prototype will be built and tested in 2019 in Railcare's workshop in Skelleftehamn, with an estimated delivery for the second half of the year.

## Annual General Meeting 2019

Railcare's Annual General Meeting 2019 will take place on Wednesday 8 May at 1:00 p.m. CEST 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](http://www.railcare.se), no later than three weeks prior to the Annual General Meeting, the week that starts 15 April 2019.*

## Nomination Committee in preparation 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 in preparation 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](mailto:ir@railcare.se).*

Number of shareholders in Railcare Group AB as per 31 December 2018, according to Euroclear

## Shareholder structure

Ten largest shareholders 31 December 2018	Number of shares	Proportion of share capital and votes (%)
Norra Västerbottens Fastighets AB	2,521,335	11.1
Marklund family* through companies	2,433,905	10.6
TREAC Aktiebolag	2,415,000	10.5
Dahlqvist family through companies	2,002,155	8.7
BNY Mellon NA, W9	989,421	4.3
Ålandsbanken AB	904,510	4.0
NTC IEDP AIF Clients S Non Treaty 30 % Account	789,374	3.4
Bernt Larsson	545,586	2.4
RBC Investor Services Bank S.A., W8IMY	523,089	2.3
Försäkringsbolaget Avanza Pension	518,364	2.3
<b>Ten largest shareholders</b>	<b>13,642,739</b>	<b>59.6</b>
<b>Other shareholders</b>	<b>9,370,317</b>	<b>40.4</b>
<b>Total</b>	<b>23,013,056</b>	<b>100.0</b>

\* No single individual holds shares in excess of 10 per cent of the votes.

Sources: Euroclear and Railcare

## 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. In November, Norrlandsfonden invoked conversion of half of its convertible debenture, with SEK 5 million thus being converted into 1,111,111 shares at the agreed price of SEK 4.50 per share. The share increase was registered with the Swedish Companies Registration Office on 19 November 2018.

## 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](http://www.railcare.se).

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

One of Railcare's home markets is the UK. The country's imminent withdrawal from the EU, Brexit, may affect Railcare's operations primarily because it will be more administratively burdensome to have foreign staff in the country and to import and export machines. In Railcare's assessment, demand for the Group's services will persist and, once new administrative routines are in place, the UK's exit from the EU will not have a significant impact on the Group's operations, earnings and financial position.

## **Transactions with related parties**

Annual General Meeting 2018 resolved to increase the total remuneration to Board members to SEK 600,000 in Board fees. No resolution was taken to change the consultancy fees paid to the Deputy CEO for management work. During the year, no other 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.

**Skelleftehamn, 21 February 2019**  
**Railcare Group AB (publ)**  
*Board of Directors*

*This report has not been subject to review by the Company's auditors.*

# FINANCIAL REPORTS

## FINANCIAL REPORTS

### CONSOLIDATED SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousands	Note	Oct-Dec 2018	Oct-Dec 2017	full-year 2018	full-year 2017
Net sales	3	78,674	86,871	270,147	292,579
Capitalised work for own account		1,246	11	5,453	2,241
Other operating income		207	1,533	1,204	1,813
<b>Total</b>		<b>80,127</b>	<b>88,415</b>	<b>276,804</b>	<b>296,633</b>
Raw materials and consumables		-22,703	-35,639	-70,532	-99,345
Other external costs		-19,669	-14,908	-71,272	-61,460
Personnel costs		-29,203	-23,606	-108,443	-92,886
Depreciation and impairment of tangible and intangible assets		-6,116	-5,802	-24,096	-23,210
Other operating expenses		-254	-1,025	-918	-3,071
<b>Total operating expenses</b>		<b>-77,945</b>	<b>-80,980</b>	<b>-275,261</b>	<b>-279,972</b>
<b>Operating profit/loss (EBIT)</b>		<b>2,182</b>	<b>7,435</b>	<b>1,543</b>	<b>16,661</b>
Financial income		-	20	29	49
Financial expenses		-1,356	-783	-5,363	-4,982
<b>Net financial items</b>		<b>-1,356</b>	<b>-763</b>	<b>-5,334</b>	<b>-4,933</b>
Share of profit after tax from associated companies reported according to the equity method		105	88	184	231
<b>Profit/loss before tax</b>		<b>931</b>	<b>6,760</b>	<b>-3,607</b>	<b>11,959</b>
Income tax		-587	-1,991	2,188	-2,969
<b>Net profit/loss for the period</b>		<b>344</b>	<b>4,769</b>	<b>-1,419</b>	<b>8,990</b>
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified to the profit/loss for the period</i>					
Exchange rate differences from the translation of foreign operations		-94	181	425	218
<b>Other comprehensive income for the period, net after tax</b>		<b>-94</b>	<b>181</b>	<b>425</b>	<b>218</b>
<b>Total comprehensive income for the period</b>		<b>250</b>	<b>4,950</b>	<b>-994</b>	<b>9,208</b>

Amounts in SEK	Oct-Dec 2018	Oct-Dec 2017	full-year 2018	full-year 2017
Earnings per share before dilution	0.0153	0.2177	-0.0644	0.4105
Earnings per share after dilution	0.0153	0.2028	-0.0644	0.3932
Average number of shares	22,421,269	21,901,945	22,032,843	21,901,945
Number of shares outstanding on the balance sheet date	23,013,056	21,901,945	23,013,056	21,901,945

## CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands	Note	31 Dec 2018	31 Dec 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised development costs		2,502	3,194
Patent		501	449
Goodwill		3,796	3,681
Transportation licence		684	821
<b>Total intangible assets</b>		<b>7,483</b>	<b>8,145</b>
<b>Tangible assets</b>			
Buildings and land		5,534	6,056
Locomotives and wagons		111,773	115,447
Mobile machinery		161,517	130,227
Vehicles		10,299	9,110
Equipment, tools, fixtures and fittings		5,385	5,053
Construction in progress		31,586	50,512
<b>Total tangible assets</b>		<b>326,094</b>	<b>316,405</b>
<b>Financial non-current assets</b>			
Holdings reported according to the equity method		595	544
Deposits		658	-
Other non-current receivables		3,954	-
<b>Total financial non-current assets</b>		<b>5,207</b>	<b>544</b>
<b>Total non-current assets</b>		<b>338,784</b>	<b>325,094</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		10,349	13,351
<b>Total inventories</b>		<b>10,349</b>	<b>13,351</b>
<b>Current receivables</b>			
Accounts receivable		20,172	25,252
Current tax receivables		1,329	2,170
Other current receivables		8,271	9,893
Prepaid expenses and accrued income		10,184	8,673
<b>Total current receivables</b>		<b>39,956</b>	<b>45,988</b>
Cash and cash equivalents		24,081	35,656
<b>Total current assets</b>		<b>74,386</b>	<b>94,995</b>
<b>TOTAL ASSETS</b>		<b>413,170</b>	<b>420,089</b>

## CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION, cont.

Amounts in SEK thousands	Note	31 Dec 2018	31 Dec 2017
<b>EQUITY</b>			
Share capital		9,435	8,980
Other capital provided		32,178	27,994
Reserves		1,314	889
Retained earnings (comprehensive income for the period included)		90,677	95,380
<b>Total equity attributable to Parent Company shareholders</b>		<b>133,604</b>	<b>133,243</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		23,464	27,389
Convertible loans		4,563	8,690
Liabilities to credit institutions		127,135	125,262
Liability financial leasing agreements		14,856	15,317
<b>Total non-current liabilities</b>		<b>170,018</b>	<b>176,658</b>
<b>Current liabilities</b>			
Liability financial leasing agreements		5,742	5,579
Liabilities to credit institutions		48,171	54,495
Accounts payable		26,551	23,849
Current tax liabilities		1,135	988
Other liabilities		4,462	4,994
Accrued expenses and deferred income		23,487	20,283
<b>Total current liabilities</b>		<b>109,548</b>	<b>110,188</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>413,170</b>	<b>420,089</b>

## 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
<b>Opening balance as per 1 January 2017</b>		8,761	28,213	671	100,845	138,490
Net profit/loss for the period		-	-	-	8,990	8,990
Other comprehensive income		-	-	218	-	218
<b>Total comprehensive income</b>		-	-	<b>218</b>	<b>8,990</b>	<b>9,208</b>
<b>Transactions with shareholders</b>						
Bonus issue		219	-219	-	-	-
Dividend		-	-	-	-14,455	-
<b>Closing balance as per 31 December 2017</b>		<b>8,980</b>	<b>27,994</b>	<b>889</b>	<b>95,380</b>	<b>133,243</b>
<b>Opening balance as per 1 January 2018</b>		8,980	27,994	889	95,380	133,243
Net profit/loss for the period		-	-	-	-1,419	-1,419
Other comprehensive income		-	-	425	-	425
<b>Total comprehensive income</b>		-	-	<b>425</b>	<b>-1,419</b>	<b>-994</b>
<b>Transactions with shareholders</b>						
Conversion of debenture		456	4,184	-	-	4,640
Dividend		-	-	-	-3,285	-3,285
<b>Closing balance as per 31 December 2018</b>		<b>9,435</b>	<b>32,178</b>	<b>1,314</b>	<b>90,677</b>	<b>133,604</b>

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	Oct-Dec 2018	Oct-Dec 2017	full-year 2018	full-year 2017
<b>Cash flow from operating activities</b>					
Operating profit/loss		2,182	7,435	1,543	16,661
Adjustment for non-cash items		3,990	6,876	24,112	25,661
Interest paid		-1,272	-675	-4,951	-4,546
Interest received		-	20	29	49
Income tax paid		2,892	638	-639	-4,203
<b>Cash flow from operating activities before changes in working capital</b>		<b>7,792</b>	<b>14,294</b>	<b>20,094</b>	<b>33,622</b>
<b>Cash flow from changes in working capital</b>					
Increase/decrease in inventories		1,650	3,121	1,446	-2,449
Increase/decrease in operating receivables		10,277	30,726	1,624	12,345
Increase/decrease in operating liabilities		4,836	-7,178	4,875	615
<b>Total changes in working capital</b>		<b>16,763</b>	<b>26,669</b>	<b>7,945</b>	<b>10,511</b>
<b>Cash flow from operating activities</b>		<b>24,555</b>	<b>40,963</b>	<b>28,039</b>	<b>44,133</b>
<b>Cash flow from investment activities</b>					
Investments in intangible assets		-99	-106	-226	-368
Investments in tangible assets		-10,710	-2,439	-27,671	-42,898
Investments in other financial non-current assets		-	-	-658	-
Dividends from associated companies		-	-	133	-
Divestment of tangible assets		-	1,400	112	1,400
<b>Cash flow from investment activities</b>		<b>-10,809</b>	<b>-1,145</b>	<b>-28,310</b>	<b>-41,866</b>
<b>Cash flow from financing activities</b>					
Loans raised		15,000	9,300	20,220	38,700
Net change in bank overdraft facility		-2,440	-12,435	-	-
Amortisation of loans		-8,131	-10,266	-28,354	-28,727
Dividends paid		-	-	-3,285	-14,455
<b>Cash flow from financing activities</b>		<b>4,429</b>	<b>-13,401</b>	<b>-11,419</b>	<b>-4,482</b>
<b>Cash flow for the period</b>					
Cash and cash equivalents at the beginning of the period		18,175	26,417	-11,690	-2,215
Exchange rate difference in cash and cash equivalents		5,997	9,039	35,656	37,784
		-91	200	115	87
<b>Cash and cash equivalents at the end of the period</b>		<b>24,081</b>	<b>35,656</b>	<b>24,081</b>	<b>35,656</b>

**PARENT COMPANY SUMMARY INCOME STATEMENT**
**FINANCIAL REPORTS**

Amounts in SEK thousands	Note	Oct-Dec 2018	Oct-Dec 2017	full-year 2018	full-year 2017
Net sales		5,135	4,553	23,191	20,529
Other operating income		1	15	32	43
<b>Total operating income</b>		<b>5,136</b>	<b>4,568</b>	<b>23,223</b>	<b>20,572</b>
<b>Operating expenses</b>					
Raw materials and consumables		-141	-	-3,180	-2,623
Other external costs		-4,326	-6,640	-16,688	-21,103
Personnel costs		-2,683	-2,624	-10,400	-9,070
Depreciation and impairment of tangible and intangible assets		-68	-64	-271	-238
Other operating expenses		-11	-1	-36	-58
<b>Total operating expenses</b>		<b>-7,229</b>	<b>-9,329</b>	<b>-30,575</b>	<b>-33,092</b>
<b>Profit from participations in associated companies and jointly controlled companies</b>		<b>-</b>	<b>-</b>	<b>133</b>	<b>-</b>
<b>Operating loss</b>		<b>-2,093</b>	<b>-4,761</b>	<b>-7,219</b>	<b>-12,520</b>
<b>Profit from financial items</b>					
Profit from participations in Group companies		2,491	-	2,491	8,981
Other interest income and similar profit/loss items		209	109	593	407
Interest expenses and similar profit/loss items		-153	-196	-721	-694
<b>Total profit/loss from financial items</b>		<b>2,547</b>	<b>-87</b>	<b>2,363</b>	<b>8,694</b>
<b>Profit/loss after financial items</b>		<b>454</b>	<b>-4,848</b>	<b>-4,856</b>	<b>-3,826</b>
Appropriations		4,900	12,300	4,900	12,300
Tax on net profit/loss for the period		-664	-1,744	481	44
<b>Net profit/loss for the period</b>		<b>4,690</b>	<b>5,708</b>	<b>525</b>	<b>8,518</b>

## PARENT COMPANY SUMMARY BALANCE SHEET

Amounts in SEK thousands	Note	31 Dec 2018	31 Dec 2017
<b>ASSETS</b>			
<b>Intangible assets</b>			
Patents		501	449
<b>Total intangible assets</b>		<b>501</b>	<b>449</b>
<b>Tangible assets</b>			
Equipment, tools, fixtures and fittings		179	276
<b>Total tangible assets</b>		<b>179</b>	<b>276</b>
<b>Financial non-current assets</b>			
Participations in Group companies		34,236	34,236
Participations in associated companies		204	204
Deferred tax assets		294	-
<b>Total financial non-current assets</b>		<b>34,734</b>	<b>34,440</b>
<b>Total non-current assets</b>		<b>35,414</b>	<b>35,165</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable		7	25
Receivables from Group companies		25,346	23,230
Current tax receivables		183	1,592
Other receivables		2	266
Prepaid expenses and accrued income		1,053	1,733
<b>Total current receivables</b>		<b>26,591</b>	<b>26,846</b>
Cash and bank balances		738	13
<b>Total current assets</b>		<b>27,329</b>	<b>26,859</b>
<b>TOTAL ASSETS</b>		<b>62,743</b>	<b>62,024</b>

**PARENT COMPANY SUMMARY BALANCE SHEET, cont.**

Amounts in SEK thousands	Note	31 Dec 2018	31 Dec 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		9,435	8,980
<b>Total restricted equity</b>		<b>9,435</b>	<b>8,980</b>
<b>Non-restricted equity</b>			
Share premium reserve		18,638	14,453
Retained earnings		5,232	-
Net profit/loss for the period		525	8,518
<b>Total non-restricted equity</b>		<b>24,395</b>	<b>22,971</b>
<b>Total equity</b>		<b>33,830</b>	<b>31,951</b>
<b>Provisions</b>			
Deferred tax liabilities		-	288
<b>Total provisions</b>		<b>-</b>	<b>288</b>
<b>Non-current liabilities</b>			
Convertible loans		4,563	8,690
<b>Total non-current liabilities</b>		<b>4,563</b>	<b>8,690</b>
<b>Current liabilities</b>			
Accounts payable		1,301	1,880
Liabilities to Group companies		20,527	16,542
Other liabilities		323	184
Accrued expenses and deferred income		2,199	2,489
<b>Total current liabilities</b>		<b>24,350</b>	<b>21,095</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>62,743</b>	<b>62,024</b>

## NOTES

**Note 1      General information**

Railcare Group AB (publ) ("Railcare"), Reg. No. 556730-7813 is a Parent Company registered in Sweden and domiciled in Skellefteå, 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 for 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 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 to be applied as of 1 January 2019. The new standard mainly affects the lessee's accounting and generally entails all leases currently reported as operating leases being reported in a manner similar to how financial leases are currently reported – that is, both an asset (corresponding to the right of use), as well as a financial liability (corresponding to future payment commitments) are reported. Leases with short maturities (less than 12 months) and leases for which the underlying asset is of lower value (less than USD 5,000) will be excluded and expensed on a straight-line basis over the term of the lease. 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.

On the transition to IFRS 16, Railcare intends to apply the modified and simple transition method with a certain adjustment of equity in the opening balance on 1 January 2019, since the right-of-use asset are reported as if the standard had been applied since the start date, but discounted by the Group's marginal borrowing rate on the first application date. Comparative figures will not be recalculated. Contracts previously reported as financial leases will continue to be reported as leases under IFRS 16, meaning that the new standard will primarily affect the Group with regard to leases for premises. Assets are expected to increase by a net SEK 40 million and liabilities by SEK 40 million. Although the effects on the income statement will not be significant, the new standard will have a certain positive effect on operating profit/loss (EBIT), since some of the leasing expenses will be allocated to interest expenses.

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.

	Oct-Dec 2018			Oct-Dec 2017		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	37,411	3,317	34,094	45,161	8,660	36,501
Construction Abroad	14,440	1,978	12,462	20,742	3,625	17,117
Transport Scandinavia	35,819	4,847	30,972	20,392	4,662	15,730
Machine Sales	1,508	761	747	17,551	468	17,083
Group common	5,135	4,737	398	4,553	4,113	440
<b>Total</b>	<b>94,313</b>	<b>15,640</b>	<b>78,674</b>	<b>108,399</b>	<b>21,528</b>	<b>86,871</b>

	full-year 2018			full-year 2017		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	144,473	14,665	129,807	136,997	16,069	120,928
Construction Abroad	49,631	10,431	39,200	75,112	10,642	64,470
Transport Scandinavia	114,057	17,873	96,184	98,886	14,239	84,647
Machine Sales	7,429	4,064	3,365	24,339	3,259	21,080
Group common	23,191	21,600	1,591	20,529	19,075	1,454
<b>Total</b>	<b>338,781</b>	<b>68,634</b>	<b>270,147</b>	<b>355,863</b>	<b>63,284</b>	<b>292,579</b>

*Profit/loss after financial items*

	Oct-Dec 2018	Oct-Dec 2017	full-year 2018	full-year 2017
Construction Sweden	3,602	11,772	21,697	20,525
Construction Abroad	-2,344	-1,460	-12,851	-5,675
Transport Scandinavia	1,944	-2,151	-4,124	7,536
Machine Sales	-321	3,360	-993	2,150
Group common	-2,055	-4,849	-7,520	-12,808
<b>Total</b>	<b>826</b>	<b>6,672</b>	<b>-3,791</b>	<b>11,728</b>
Profit/loss after financial items	826	6,672	-3,791	11,728
Share of profit after tax from associated companies reported according to the equity method	105	88	184	231
<b>Profit/loss before tax</b>	<b>931</b>	<b>6,760</b>	<b>-3,607</b>	<b>11,959</b>

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	
	Oct-Dec 2018	Oct-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Construction Sweden	34,094	36,501	-	-	-	-	34,094	36,501
Construction Abroad	12,149	17,116	-	-	314	-	12,462	17,117
Transport Scandinavia	25,171	10,671	1,588	2,588	4,214	2,471	30,973	15,730
Machine Sales	-	12	747	17,071	-	-	747	17,083
Group common	398	440	-	-	-	-	398	440
<b>Total</b>	<b>71,812</b>	<b>64,741</b>	<b>2,335</b>	<b>19,659</b>	<b>4,528</b>	<b>2,471</b>	<b>78,674</b>	<b>86,871</b>

Segment	Income from services		Sales of goods		Leasing		Total	
	full-year 2018	full-year 2017	full-year 2018	full-year 2017	full-year 2018	full-year 2017	full-year 2018	full-year 2017
Construction Sweden	129,807	119,880	-	1,049	-	-	129,807	120,929
Construction Abroad	37,682	62,404	-	2,065	1,517	-	39,199	64,470
Transport Scandinavia	74,276	49,615	5,815	8,252	16,093	26,780	96,184	84,647
Machine Sales	-	1,487	3,365	19,592	-	-	3,365	21,080
Group common	1,591	1,454	-	-	-	-	1,591	1,454
<b>Total</b>	<b>243,356</b>	<b>234,841</b>	<b>9,180</b>	<b>30,958</b>	<b>17,610</b>	<b>26,780</b>	<b>270,147</b>	<b>292,579</b>



## KEY FINANCIAL RATIOS AND FIGURES, RAILCARE GROUP SUMMARY

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2018	Oct-Dec 2017	full-year 2018	full-year 2017
Net sales	78,674	86,871	270,147	292,579
Sales growth, %	-9.4	-19.7	-7.7	-17.1
Operating profit/loss (EBIT)	2,182	7,435	1,543	16,661
Operating margin, %	2.8	8.6	0.6	5.7
Net profit/loss for the period	344	4,769	-1,419	8,990
Net financial items	-1,356	-763	-5,334	-4,933
Total assets	413,170	420,089	413,170	420,089
Equity/assets ratio, %	32.3	31.7	32.3	31.7
<b>Key financial ratios and figures per share, SEK</b>				
Earnings per share before dilution	0.02	0.22	-0.06	0.41
Earnings per share after dilution	0.02	0.20	-0.06	0.39
Equity per share	5.81	6.08	5.81	6.08
Dividend per share, SEK	-	-	-	0.15*

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

Amounts in SEK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net sales	78.7	62.3	62.7	66.5	86.9	72.9	58.3	74.6	81.6
Capitalised work for own account	1.2	1.8	2.1	0.3	0.0	0.6	0.8	0.8	0.8
Other operating income	0.2	0.1	0.3	0.6	1.5	0.1	0.1	0.1	0.6
<b>Total</b>	<b>80.1</b>	<b>64.1</b>	<b>65.1</b>	<b>67.5</b>	<b>88.4</b>	<b>73.5</b>	<b>59.2</b>	<b>75.4</b>	<b>82.9</b>
Raw materials and consumables	-22.7	-16.7	-15.2	-16.0	-35.6	-21.8	-22.2	-19.7	-31.1
Other external costs	-19.7	-18.9	-16.7	-16.0	-14.9	-16.2	-16.3	-14.1	-15.6
Personnel costs	-29.2	-26.9	-28.0	-24.3	-23.6	-21.1	-23.9	-24.2	-24.6
Depreciation and impairment of tangible assets	-6.1	-6.0	-6.0	-6.0	-5.8	-5.8	-5.9	-5.7	-5.6
Other operating expenses	-0.3	-0.2	-0.3	-0.2	-1.0	-1.7	-0.1	-0.2	-0.6
<b>Total operating expenses</b>	<b>-77.9</b>	<b>-68.7</b>	<b>-66.1</b>	<b>-62.5</b>	<b>-81.0</b>	<b>-66.5</b>	<b>-68.4</b>	<b>-64.0</b>	<b>-77.5</b>
<b>Operating profit/loss (EBIT)</b>	<b>2.2</b>	<b>-4.6</b>	<b>-1.0</b>	<b>5.0</b>	<b>7.4</b>	<b>7.0</b>	<b>-9.2</b>	<b>11.4</b>	<b>5.5</b>
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Financial expenses	-1.4	-1.3	-1.4	-1.4	-0.8	-1.7	-1.2	-1.3	-1.5
<b>Net financial items</b>	<b>-1.4</b>	<b>-1.3</b>	<b>-1.4</b>	<b>-1.3</b>	<b>-0.8</b>	<b>-1.7</b>	<b>-1.2</b>	<b>-1.3</b>	<b>-1.2</b>
Share of profit after tax from associated companies reported according to the equity method	0.1	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.0
<b>Profit/loss before tax</b>	<b>0.9</b>	<b>-5.9</b>	<b>-2.4</b>	<b>3.7</b>	<b>6.8</b>	<b>5.4</b>	<b>-10.4</b>	<b>10.2</b>	<b>4.3</b>
Taxes	-0.6	1.2	2.2	-0.7	-2.0	-1.1	2.3	-2.2	-1.2
<b>Net profit/loss for the period</b>	<b>0.3</b>	<b>-4.7</b>	<b>-0.2</b>	<b>3.1</b>	<b>4.8</b>	<b>4.2</b>	<b>-8.0</b>	<b>8.0</b>	<b>3.1</b>
Equity/assets ratio, %	32.3	31.6	32.4	33.1	31.7	29.6	30.3	33.5	33.7

## DEFINITIONS AND GLOSSARY

<b>General</b>	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.	
<b>Alternative key financial ratios and figures</b>	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.	
<b>Key financial ratios and figures</b>	<b>Definition/calculation</b>	<b>Purpose</b>
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 fourth quarter of 2018

- **30 November** – Increase in the number of shares and votes in Railcare Group AB (publ)
- **27 November** – Swedish Transport Administration extends snow removal contract with Railcare by additional year

## Financial calendar

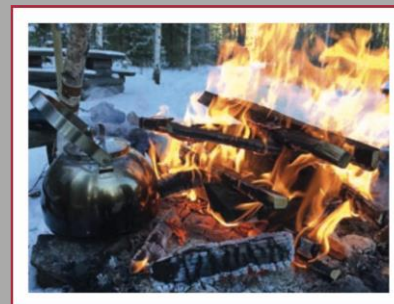
- The interim report for January-March 2019 will be published on 7 May 2019.
- The 2019 Annual General Meeting will take place on 8 May 2019 at Railcare's headquarters in Skelleftehamn, Sweden.
- The interim report for January-June 2019 will be published on 23 August 2019.
- The interim report for January-September 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 some 130 employees and annual sales of approximately SEK 300 million. The Company's registered office is located in Skelleftehamn, Sweden.

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## Railvac in 3D

Please feel free to download the *Railcare 25* app to your mobile device 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 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 person set out above, at 7:30 a.m. CET on 21 February 2019.*

*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.*