



**Press release**  
20 February 2020

## **Year-end report 2019**

**A year of strong growth in sales and earnings.  
A quarter with good growth, but lower margin.**

### **Fourth quarter<sup>1</sup>**

- Consolidated net sales increased by 18.9 per cent to SEK 93.5 million (78.7).
- Operating profit (EBIT) decreased by SEK 0.7 million to SEK 1.5 million (2.2).
- Earnings per share after dilution amounted to SEK 0.01 (0.02).

### **Full-year 2019, January – December 2019<sup>1</sup>**

- Consolidated net sales increased by 37.2 per cent to SEK 370.6 million (270.1).
- Operating profit (EBIT) increased by SEK 30.5 million to SEK 32.0 million (1.5).
- Earnings per share after dilution amounted to SEK 0.87 (loss 0.06).
- The Board of Directors will propose that the Annual General Meeting approve a dividend of SEK 0.30 per share (0.00) for the 2019 financial year.

### **Significant events in the fourth quarter**

- In the fourth quarter of 2019, Railcare Group AB (publ) signed an agreement to acquire the electricity company Elpro i Skellefteå AB with the total purchase consideration being SEK 4.1 million. The transaction was financed using Railcare's own funds and came into effect on 3 February 2020.

### **CEO's comments**

During the fourth quarter, we had an operating profit (EBIT) of SEK 1.5 million and sales of SEK 94 million, giving an operating margin of 1.6 percent. Compared to the fourth quarter of last year, we report the growth of SEK 17 million, equating to 19 per cent. Profit is at the same level as in the fourth quarter of last year, but earnings were negatively affected by costs for repairs of locomotives and construction machinery along with a lower volume for regular transport operations.

2019 was a busy year of growth and results that create even better conditions for the future and the major railway initiatives announced in our home markets and around the world. During the year, sales increased by SEK 100 million, to SEK 370 million (270), equating to an increase of 37 percent. Operating profit (EBIT) increased by SEK 30.5 million to SEK 32 million (1.5).

We report good growth in the segments, Construction Sweden, Construction Abroad, and Machine Sales during the fourth quarter of 2019. The volume growth of 19 per cent for the Group is largely due to the delivery of the two generator wagons to Infranord in the Machine Sales segment.

Within the Construction Sweden segment, we have been busy with preliminary work required before the track replacements took place to 15 November 2019. From 15 November 2019 until 15 March 2020, we are fully engaged with snow removal in the agreement we have with The Swedish Transport Administration, Trafikverket. The lack of snow during the winter has meant that we have been on-call with our snow

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<sup>1</sup>The Group applies IFRS 16 effective 1 January 2019, and all figures for 2019 are inclusive of this change. Comparison figures have not been recalculated. For disclosures regarding the effects of the introduction of IFRS 16, see Note 5.



removal machines and we continue to be prepared for the winter to come. After the snow project, we will start again with the preliminary work for the upcoming replacements and we have received six call-offs in the Trafikverket Agreement which means we will have good utilisation until July 2020.

Going forward, we have exceptionally good prospects for our contracting operations in Sweden. Lining operations had a low volume during the quarter, which is normal for this time of year.

For Transport Scandinavia, sales fell slightly in the fourth quarter of 2019, and the segment showed a negative result. It has been a difficult quarter with lower volumes and extra costs for maintenance of locomotives and wagons, which subsequently meant that we had to hire extra locomotive to fulfill our agreements. We have delivered locomotive services and contract transport in the form of construction machinery and sleepers to contractor companies that carry out track replacements.

Trafikverket, has many track replacements planned for 2020, which creates an increased demand for our services. The locomotive workshop had normal utilisation for the quarter. Most orders have been received, therefore it looks good for 2020.

The transport of iron ore to Kaunis Iron goes according to plan and we also ran some extra transports of iron ore during the quarter. This creates a good foundation and stability for the segment. The agreement with Kaunis Iron is five years and we have now passed the first year of the agreement.

In the Construction Abroad segment, we have, as usual, had good utilisation over the Christmas holidays as a lot of railway work is carried out during this weekend. We have had good utilisation during the quarter and sales and planning for 2020 are ongoing. During the quarter we transported over another English-adapted Railvac, so now we have a total of five Railvacs in the UK. During the quarter, the segment was burdened with costs that can to some extent be considered non-recurring, which had a negative impact on earnings.

The decision to transport another Railvac to the UK is to meet the announced amount of jobs coming during CP6 and another four years ahead. Many call-offs have already been made to the framework agreement we have with Network Rail in 2020 and it is being filled continuously. The framework agreement is valid until 31 March 2020 and negotiations are ongoing for an extension.

In the Machine Sales segment, we have focused on building the five generator wagons ordered by Infranord. Delivery of two generator wagons took place as planned during the quarter. The remaining three generator wagons will be delivered during the first half of 2020. During the fourth quarter of 2019, Railcare signed an agreement to acquire the electricity company Elpro in Skellefteå AB and the total purchase price was SEK 4.1 million. The transaction was financed by own funds and came into effect on 3 February 2020. During the quarter, the company received an order from Norsk Jernbanedrift amounting to SEK 2.7 million regarding machine renovation within the Machine Sales segment. The work will be carried out during the first half of 2020.

We also have a full focus on the development and completion of the first prototype of our emission-free battery-powered Multi-Purpose Vehicle along with the sales of our products around the world.

Railcare feels that there is high pressure in the rail industry. In 2019, we had good growth and we are seeing volume increases with our customers for many years to come. We have also experienced a great deal of interest from new customers, especially customers in new markets for machine sales.

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

**Daniel Öholm**

CEO



*This information is information that Railcare Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, for publication on 20 February 2020 at 7:30 a.m. CET.*

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**About Railcare Group**

Rail specialist Railcare Group AB offers products and services that strengthen customer reliability, punctuality and profitability, mainly in the Nordic countries and the United Kingdom. The rail industry is growing and developing well, with increasing traffic volumes and extensive investment programs, along with a rapid development of cost-effective freight and passenger transport and increasing environmental awareness. Railcare has unique opportunities to deliver efficient solutions that contribute to the railways increasing their share of the total transport market. Railcare Group AB (publ)'s share is listed on the Nasdaq Stockholm Small Cap since April 2018. The Group has approximately 130 employees and annual sales amounting to approximately 400 MSEK. The Company's registered office is domiciled in Skelleftehamn, Sweden.