



Press release
18 February 2021

Year-end report 2020

Record year in terms of sales and profit

Fourth quarter

- Consolidated net sales increased by 2.2 per cent to SEK 95.6 million (93.5).
- Operating profit (EBIT) increased by SEK 12.8 million to SEK 14.3 million (1.5).
- Earnings per share after dilution amounted to SEK 0.47 (0.01).

Full-year 2020, January – December 2020

- Consolidated net sales increased by 8.3 per cent to SEK 401.3 million (370.6).
- Operating profit (EBIT) increased by SEK 28.4 million to SEK 60.4 million (32.0).
- Earnings per share after dilution amounted to SEK 1.82 (0.87).
- The Board of Directors will propose that the Annual General Meeting approve a dividend of SEK 0.60 per share (0.30) for the 2020 financial year.

Significant events in the fourth quarter

- Railcare has signed a ten-year contract with Kaunis Iron AB for a value of SEK 740 million for iron ore transports.
- Railcare has signed a two-year snow removal contract with the Swedish Transport Administration for SEK 40.2 million annually.

CEO's comments

During the fourth quarter of 2020, we have an operating profit (EBIT) of SEK 14 million and a sales turnover of SEK 96 million, which gives an operating margin of 15 percent. In the full year 2020, we have an operating profit (EBIT) of SEK 60 million and a turnover of SEK 401 million, which gives an operating margin of 15 percent. 2020 is a record year for the Group for both sales and operating profit. All of the Group's segments have positive operating results for the full year. Growth compared with the previous year is 8 percent, despite the year of a world pandemic.

During the fourth quarter, turnover is 2 percent higher than in the previous year and operating profit is SEK 13 million higher. The increase in earnings during the quarter comes from all segments.

2020 was, to say the least, a strange year in many ways. Where all of a sudden the railway came into even more focus with how it must continue to work in times of crisis. At the same time, we were faced with a variety of new challenges, including how to protect ourselves against a pandemic and its spread. We had to find new flexible solutions in our ways of working whilst following the rules and recommendations of the different countries. I think we have balanced this very well for ourselves, our families, the company, and for the socially important railway. In addition, we have completed all our projects, with the added flexibility for both travel and work plans whilst keeping the mood and energy up in the company. We donated two million kronor to a charity project we had in the spring, contributing to society and business to counteract the effects of the spread of Covid-19.

Brexit is now a fact and an agreement was reached between the EU and the UK. We have not seen any negative impacts on the business we conduct in the UK, although there may be some increase in administration, for example, at customs.

On the construction side, we have been busy at the beginning of the quarter with cable lowering on the sections Fagersta - Ludvika, Sweden, and Laxå - Kil, Sweden, and then from mid-November switching to



the snow removal in the contract, we have with Trafikverket. A new contract with Trafikverket has been signed regarding snow removal for the coming years, the agreement is for two years and with the possibility of extension for three years. The agreement began on 15 November 2020 and the contract amount is SEK 40.2 million per year. The number of machine units in the agreement is the same as in previous contracts.

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

The fourth quarter was a strong quarter for the Transport Scandinavia segment, with a growth of 36 percent compared with the previous year's fourth quarter and with a profit after financial items of SEK 5.4 million. During the quarter, we had good utilisation in two of the autumn's different track replacements at Helsingborg – Teckomatorp, Sweden, and Bankeryd – Jönköping, Sweden, which continued until the snow removal agreement began on 15 November 2020. Five locomotives and ten train drivers are involved in the snow removal project for Trafikverket up to and including 15 March 2021. Sales are now in full swing ahead of the planned track replacements projects in 2021.

During the quarter, we also transported iron ore for Kaunis Iron and the transports continue according to plan between Pitkäjärvi, Sweden and Narvik, Norway.

On 12 June 2020, we started iron ore transports for LKAB Malmtrafik and the project has now been extended to 30 June 2021. We transport one round per day with a total of 3200 tonnes of iron ore between Svappavaara and Kiruna, Sweden.

During the quarter, we started a project for Trafikverket to keep emergency locomotives in Borlänge, Sweden. The agreement started on 26 October 2020 and the contract is for three years and with two option years.

Two T68 locomotives have been on long-term hire to Cargo Net in Norway and we have a contract for three years with four option years. One locomotive has also been rented out to Banenor in Norway for the time being.

The locomotive workshop has had good utilisation for the quarter and there continues to be a high demand for our services in the locomotive workshop. During the quarter, engine replacements were carried out for Strukton and Infranord as well as repair and maintenance of our own locomotives.

The Construction Abroad segment had slightly lower utilisation during the fourth quarter than the fourth quarter of the previous year, however with a better result than before. This is because we have made cost savings and found new ways of working. Sales and planning are in full swing for 2021 and new orders are continuously being received.

During the quarter, we performed work for Network Rail in the geographical areas of London North West, Scotland, and London South East.

In Norway, we rented out a Railvac with operators for two weeks from 6 October 2020. In Finland, we performed ballast exchange in switches and worked with track lowering in a railway tunnel in Salo. The work was carried out with our Finnish-adapted Railvac. In Denmark, the machine rental of locomotives and a Railvac is continuing as usual. The locomotive is rented to Kontec and the Danish Railvac has been rented out in Sweden during the quarter.

During the fourth quarter, Machine Sales made fine adjustments to the first prototype of the MPV. The MPV is being tested in the workshop area in Skelleftehamn and will then be put into actual work in the spring of 2021. The MPV has been transferred from the Machine Sales segment to Construction Sweden.

A new Ballast Feeder is under construction in the workshop that will be used in our own operations in Sweden or abroad. We have received an order from Loram for two machine parts for Railvacs with delivery during the second quarter with a total order value of SEK 10 million.

When I sum up our work efforts in 2020, I am very happy and proud of the great performance from everyone in the company. During the year, we delivered all our projects in an exemplary manner with



quality and, as always, with high safety. Within all our companies and projects, everything from workshop, transport, and construction work. We also built our new innovation, the battery-powered MPV, which in October 2020 had its world premiere in Skelleftehamn, Sweden.

Looking ahead, we have long-term contracts with Trafikverket for both snow removal and construction work, a newly signed agreement with Kaunis Iron for the next 10 years ahead, an extended agreement with LKAB, along with a framework agreement with Network Rail, which creates stable orders. In 2021, the volumes continue to look stable, with a lot of work to undertake in all companies. There are many track replacements in 2021 that we will be involved in different ways, both with the locomotives and Railvacs. In the spring, we plan for the MPV to work on its first real job and I am really looking forward to that. On the machine side, I see great expansion opportunities in the future. I also believe that the various places where we work will invest even more funds for the railway to get society going again after the pandemic, so it will continue to look bright for the railway industry in the future.

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

Daniel Öholm
CEO

This information is such that Railcare Group AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, for publication on 18 February 2021 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 140 employees and annual sales amounting to approximately 400 MSEK. The Company's registered office is domiciled in Skelleftehamn, Sweden.