

# Train Alliance

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Results Reaction	Property	Sweden	21 February 2025
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## Q4: Profitability held up well despite lower volumes

Train Alliance's Q4 results were below our estimate, primarily due to lower volumes of refined sold objects than expected (volumes can fluctuate significantly between quarters, and visibility is low). While the EBIT margin declined by 4.1pp y/y, it remained stable at 14.1% (SEBe 15.1%). The decrease was driven by lower volumes, but notably, direct costs fell by 16% y/y. The outlook remains positive, and the pipeline appears healthy for 2025. Adjusted NAV/share at SEK 35.6.

### Outcome: Q4 EBIT down 38% y/y

Q4 revenue of SEK 50.5m, -20% y/y, (-35% vs. SEBe), EBIT of SEK 7.1m, -38% y/y (-39% vs. SEBe) for a margin of 14.1%, -4.1pp y/y (SEBe: 15.1%), adjusted NAV/share -3% q/q to SEK 35.6 (36.6 in Q3).

Operating revenues amounted to SEK 50.5m (62.9), of which net sales accounted for SEK 39.6m (38.9). Capitalised work for own account was SEK 9.8m (0). The decline in revenue was mainly due to the SMARTCargo project not being able to start as planned.

Refined sold objects accounted for SEK 32.1m (34.1) of operating revenues, while rental income contributed SEK 3.7m (20.2) and consulting and concept revenues amounted to SEK 14.7m (8.6). The increase in consulting and concept revenues was due to a focus on municipal assignments.

Operating expenses decreased by 15.6% y/y to SEK 43.4m (51.4), of which direct costs amounted to SEK 34.7m (41.7). Staffing was strengthened to handle larger business volumes.

### Q4 deviation table

(SEKm)	Outcome Q4/24	SEBe Q4/24E	Abs. Dev.	Rel. Dev	Outcome Q4/23	y/y (%)	
Net Sales	50.5	77.3	-	26.8	-34.6%	62.9	-19.7%
Operating Income	7.1	11.7	-	4.6	-39.0%	11.5	-37.8%
Profit/Loss of the Period	5.4	8.9	-	3.5	-39.4%	17.5	-69.2%
Operating Margin (%)	14.1%	15.1%	-1.0pp	-1.0pp	18.2%	-4.1pp	

Source: SEB estimates

### Outlook: Optimistic outlook

"The railway's lack of reliability in terms of quality and punctuality has been a recurring topic in the media throughout 2024, with the maintenance backlog in infrastructure identified as one of the main causes. Many areas remain neglected, but it is also important to recognise that significant investments are being

made in the railway, and interest in using this mode of transport remains high. This gives Train Alliance every reason to look positively towards the future".

**Impact: Neutral reaction expected**

While earnings were below our estimate, we expect a relatively neutral reaction in the shares, as the outlook remains positive and the pipeline appears healthy for 2025. Additionally, volumes can fluctuate significantly between quarters, and visibility is low, so we do not extrapolate the lower volumes to upcoming quarters.

**Other comments: No dividend**

No dividend for 2024, in line with our assumptions.

**Conference call details: No conference call**

No conference call.

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