Greenbrier Pressroom

PRNewswire-FirstCall
LAKE OSWEGO, Ore.

Highlights

-- Strong performance in both North America and Europe returned Greenbrier to profitability. Earnings from continuing operations of $2.7 million, or $.19 per share, were realized for the third quarter of fiscal 2003. This compares to a loss from continuing operations of $2.1 million, or $.15 per share, in the third quarter of fiscal 2002. Earnings from discontinued European operations were $.4 million, or $.02 per share, for the third quarter of 2003, compared to earnings of $.1 million, or $.01 per share, in the third quarter of 2002.
-- Net earnings for the quarter were $3.0 million, or $.21 per share, compared to a net loss of $2.0 million, or $.14 per share, in the third quarter of fiscal 2002.
-- Revenues grew by nearly 75% to $125 million, as compared to the third quarter of 2002, driven by a tripling of new railcar deliveries to 1,500 units, compared to 500 units in the prior comparable period.
-- New orders for 8,000 freight cars, with a value of $390 million, were received during the third quarter.
-- New railcar manufacturing backlog in North America and Europe rose to a record 12,100 units valued at $630 million at May 31, 2003, compared to 5,800 units valued at $330 million at February 28, 2003, and 2,500 units valued at $130 million at May 31, 2002.
-- Critical supply issues were addressed through the operation of a rail castings foundry in Cicero, Illinois, via a joint venture with ACF Industries.
-- The Company continues to maintain strong liquidity. After debt paydowns of $25 million in the first nine months of the year, May 31, 2003 cash balances have grown to $73 million, up from $59 million at August 31, 2002; unused lines of credit remained at $110 million in North America.

The Greenbrier Companies today reported profitable results for its third fiscal quarter ended May 31, 2003. Higher production rates, improved margins, strong manufacturing backlog and operating efficiencies mark a strong recovery by the Company from the industry downturn, which began in 2001. Both North American and discontinued European operations reported profits, with strong financial improvement against the prior year's third fiscal quarter. New railcar backlog and production rates have more than tripled from this time last year.

Earnings for continuing operations in North America were $2.7 million for the third quarter of fiscal year 2003, compared to a loss of $2.1 million in the third quarter of 2002 and a loss of $.8 million for the second quarter of 2003. Earnings from discontinued European operations were $.4 million for the quarter, compared to earnings of $.1 million in the third quarter of 2002 and a loss of $.5 million in the second quarter of 2003.

Net earnings for the quarter were $3.0 million, or $.21 per share, compared to a net loss of $2.0 million, or $.14 per share, in the third quarter of fiscal 2002.

Backlog grew dramatically during the quarter to record levels in both North America and Europe. The May 31, 2003 backlog includes 10,600 units valued at $500 million from North American operations and 1,500 units valued at $130 million from European operations. The February 28, 2003 backlog included 4,500 units valued at $230 million in North America and 1,300 units valued at $100 million in Europe.

During the quarter, the Company received orders for 8,000 new railcars valued at $390 million.

William A. Furman, president and chief executive officer, said, "Greenbrier's business outlook in new freight cars stretches through most of calendar 2004. Orders for over 11,200 railcars have been received during the first nine months of the fiscal year, pushing new railcar production and related financial visibility through most of our next fiscal year. The available supply of rail castings to meet scheduled production continues to be a critical item. We have protected our own interests and have helped provide a solution for the industry's difficulties, through a joint venture with ACF Industries to operate the former Meridian Rail Products' railcar castings foundry in Cicero, Illinois."

Furman added, "We continue to make progress in our European operations. Management has met its target of returning to profitability in Europe as the result of aggressive cost reduction measures taken in 2002, improved operating efficiencies and a recovery in the market. Greenbrier Europe's backlog of 1,500 units with forecasted positive margins stretches into fiscal 2005. Greenbrier remains committed to its plan to recapitalize its discontinued European operations by the end of fiscal 2003."

Mark Rittenbaum, senior vice president and treasurer, noted, "During the third fiscal quarter of 2003, the Company delivered 1,500 new railcars in North America, compared to only 500 railcars in the third quarter of 2002. Deliveries for the entire fiscal 2003 are anticipated to approach 5,700 units, compared to 3,400 units in fiscal 2002, as we continue to operate at higher production levels."

Rittenbaum added, "Greenbrier continues to maintain strong liquidity, with cash balances growing to $73 million and unused lines of credit of nearly $110 million. EBITDA from continuing operations was $26.2 million for the first nine months of fiscal 2003, compared to $16.5 million for the first nine months of fiscal 2002. During fiscal 2002, the Company paid down $47 million of debt. For the nine months ending May 31, 2003 it has paid down an additional $25 million of debt."

The Greenbrier Companies, headquartered in Lake Oswego, Oregon, is a leading supplier of transportation equipment and services to the railroad industry in North America. Greenbrier builds new railroad freight cars in the U.S., Canada and Mexico, and repairs and refurbishes freight cars and wheels at thirteen locations across North America. The Company also builds new railroad freight cars and refurbishes freight cars for the European market through its manufacturing operations in Poland and various sub-contractor facilities throughout Europe. At Greenbrier's Portland, Oregon manufacturing facility, it builds ocean-going barges for the maritime industry. Greenbrier owns or manages a fleet of approximately 49,000 railcars.

Except for historical information contained herein, this press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements as to expectations, beliefs, and future financial performance. These forward-looking statements are dependent on a number of factors, business risks and issues, a change in which could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Such factors, risks and issues are set forth from time to time under "Forward-Looking Statements," in Management's Discussion and Analysis of Financial Condition and Results of Operations in Greenbrier's SEC filings and reports. Any forward-looking statement speaks only as of the date on which such statement is made. Greenbrier undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

The Greenbrier Companies will host a teleconference to discuss third quarter results. Teleconference details are as follows:

Wednesday, July 9, 2003
8:00 am Pacific Daylight Time

Real-time Audio Access: ("Newsroom" at http://www.gbrx.com/)

Please access the site 10 minutes prior to the start time. Following the call, a replay will be available on the same site.

THE GREENBRIER COMPANIES, INC.
Condensed Consolidated Balance Sheets
(In thousands, unaudited)

	May 31, 2003	August 31, 2002
Assets		
Cash and cash equivalents	$ 73,100	$ 58,777
Accounts and notes receivable	51,608	45,135
Inventories	76,422	56,868
Investment in direct finance leases	46,585	69,536
Equipment on operating leases	140,910	151,580
Property, plant and equipment	56,953	58,292
Other	24,874	21,507
Discontinued operations	55,228	65,751
	$ 525,680	$ 527,446
Liabilities and Stockholders' Equity		
Revolving notes	$ 5,971	$ 3,571
Accounts payable and accrued liabilities	110,327	96,237
Participation	55,373	60,995
Deferred revenue	23,568	3,949
Deferred income taxes	14,911	13,823
Notes payable	118,116	136,577
Discontinued operations	67,330	77,188
Subordinated debt	21,532	27,069
Minority interest	4,898	4,898
Stockholders' equity	103,654	103,139

	$ 525,680	$ 527,446

THE GREENBRIER COMPANIES, INC.

Consolidated Statements of Operations
(In thousands, except per share amounts, unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2003	2002	2003	2002
Revenue				
Manufacturing	$108,099	$ 54,175	$273,848	$160,944
Leasing & services	16,853	18,048	52,722	54,557
	124,952	72,223	326,570	215,501
Cost of revenue				
Manufacturing	98,494	51,619	256,003	154,210
Leasing & services	10,265	12,142	32,791	33,005
	108,759	63,761	288,794	187,215
Margin	16,193	8,462	37,776	28,286
Other costs				
Selling and administrative expense	8,317	7,247	23,549	21,871
Interest expense	2,340	3,667	8,613	11,830
Special charges	--	--	--	2,083
	10,657	10,914	32,162	35,784
Earnings (loss) before income taxes and equity in unconsolidated subsidiary	5,536	(2,452)	5,614	(7,498)
Income tax benefit (expense)	(2,423)	669	(2,439)	2,665
Earnings (loss) before equity in unconsolidated subsidiary	3,113	(1,783)	3,175	(4,833)

Equity in unconsolidated subsidiary	(461)	(327)	(1,416)	(1,251)
Earnings (loss) from continuing operations	2,652	(2,110)	1,759	(6,084)
Earnings (loss) from discontinued operations (net of tax)	354	139	(734)	(17,756)
Net earnings (loss)	$ 3,006	$ (1,971)	$ 1,025	$ (23,840)
Basic earnings (loss) per common share				
Continuing operations	$ 0.19	$ (0.15)	$ 0.12	$ (0.43)
Discontinued operations	0.02	0.01	(0.05)	(1.26)
Net earnings (loss)	$ 0.21	$ (0.14)	$ 0.07	$ (1.69)
Diluted earnings (loss) per common share				
Continuing operations	$ 0.19	$ (0.15)	$ 0.12	$ (0.43)
Discontinued operations	0.02	0.01	(0.05)	(1.26)
Net earnings (loss)	$ 0.21	$ (0.14)	$ 0.07	$ (1.69)
Weighted average common shares:				
Basic	14,121	14,121	14,121	14,121
Diluted	14,332	14,121	14,261	14,121

THE GREENBRIER COMPANIES, INC.

Consolidated Statements of Cash Flows
(In thousands, unaudited)

	Nine Months Ended May 31,	
	2003	2002
Cash flows from operating activities		
Net earnings (loss)	$1,025	$(23,840)
Adjustments to reconcilenet earnings (loss)		

to net cash provided by operating activities:		
Loss from discontinued operations	734	17,756
Other changes in discontinued operations	(69)	10,192
Deferred income taxes	1,088	(9,614)
Depreciation and amortization	13,405	13,416
Gain on sales of equipment	(336)	(813)
Other	(1,138)	67
Decrease (increase) in assets:		
Accounts and notes receivable	(6,473)	7,650
Inventories	(22,532)	704
Other	(3,566)	1,324
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	13,992	629
Participation	(5,622)	(1,289)
Deferred revenue	20,191	(1,094)
Net cash provided by operating activities	10,699	15,088
Cash flows from investing activities		
Principal payments received		
under direct finance leases	11,290	14,608
Proceeds from sales of equipment	22,093	20,461
Purchase of property and equipment	(7,388)	(12,799)
Investment in discontinued operations	--	(8,958)
Net cash provided by investing activities	25,995	13,312
Cash flows from financing activities		
Changes in revolving notes	2,400	(7,856)
Proceeds from notes payable	--	4,250
Repayments of notes payable	(19,234)	(28,029)
Repayment of subordinated debt	(5,537)	(9,704)
Dividends	--	(847)
Net cash used in financing activities	(22,371)	(42,186)
Increase (decrease) in cash and cash equivalents	14,323	(13,786)
Cash and cash equivalents		
Beginning of period	58,777	74,547
End of period	$73,100	$60,761

THE GREENBRIER COMPANIES, INC.

Supplemental Disclosure

Reconciliation of Net Cash Provided by Operating Activities to EBITDA

(In thousands, unaudited)

	Three Months Ending May 31,		Nine Months Ending May 31,	
	2003	2002	2003	2002
Net cash provided by operating activities	$ 13,795	$20,149	$10,699	$15,088
Changes in working capital	(5,686)	(12,319)	4,010	(7,924)
Changes in discontinued operations	(1,200)	(10,351)	69	(10,192)
Deferred income taxes	(52)	4,563	(1,088)	9,614
Gain on sale of equipment	3	306	336	813
Other	302	(86)	1,138	(67)
Income tax expense (benefit)	2,423	(669)	2,439	(2,665)
Interest expense	2,340	3,667	8,613	11,830
EBITDA from continuing operations	$11,925	$5,260	$26,216	$16,497

(A) "EBITDA" (earnings from continuing operations before interest, taxes, depreciation and amortization) is a useful liquidity measurement tool commonly used by rail supply companies and Greenbrier. It should not be considered in isolation or as a substitute for cash flows from operating activities or cash flow statement data prepared in accordance with generally accepted accounting principles.

THE GREENBRIER COMPANIES, INC.

Summarized results of operations of the discontinued operations are:

(In thousands, unaudited)	Three Months Ended May 31,		Nine Months Ended May 31,	
	2003	2002	2003	2002

Revenue (A)	$13,160	$18,425	$68,911	$54,098
Cost of revenue (A)	10,753	17,572	62,515	53,144
Margin	2,407	853	6,396	954
Selling and administrative expense	1,785	1,610	5,561	6,678
Interest expense	367	754	1,786	2,761
Special charges (B)	--	--	--	17,129
Earnings (loss) before income taxes and minority interest	255	(1,511)	(951)	(25,614)
Income tax benefit	99	1,615	217	7,726
Minority interest	--	35	--	132
Earnings (loss) from discontinued operations	$ 354	$ 139	$ (734)	$(17,756)

The following assets and liabilities of the European operations are classified as discontinued operations:

(In thousands, unaudited)	May 31, 2003	August 31, 2002
Cash and cash equivalents	$ 1,846	$ 8,069
Restricted cash	4,506	884
Accounts receivable	18,633	9,645
Inventories (A)	20,202	39,304
Designs and patents	7,127	5,995
Property, plant and equipment and other	2,914	1,854
Total assets - discontinued operations	$ 55,228	$ 65,751
Revolving notes	$ 18,988	$ 22,249
Accounts payable and accrued liabilities (A)	40,348	47,385
Notes payable	7,994	7,554
Total liabilities - discontinued operations	$ 67,330	$ 77,188
Discontinued operations - liabilities	$ 58,130	$ 67,988
Estimated liabilities associated with discontinued operations ©	9,200	9,200
Total	$ 67,330	$ 77,188

(A) August 31, 2002 balances include $26.9 million of inventory and associated deferred revenue for railcars delivered to a customer for which cash was received but revenue recognition delayed pending certification of the railcars. Certification was obtained during the first quarter of 2003 and remaining railcars were delivered allowing recognition of revenue of $27.7 million and the associated cost of revenue.

(B) Special charges relate to $14.8 million of asset impairment write-downs and $2.3 million in costs associated with a restructuring plan to reduce the scale of European operations.

© Estimated liabilities associated with discontinued operations represent certain obligations of the European operations. The settlement and determination of the final amounts of these obligations will depend in part upon the results of negotiations.

SOURCE: Greenbrier Companies

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