Greenbrier Pressroom

PRNewswire-FirstCall LAKE OSWEGO, Ore.

The Greenbrier Companies today reported results for its fiscal fourth quarter and fiscal year ended August 31, 2004.

Highlights

Financial Performance:

For its fiscal fourth quarter, the Company reported:

- -- Net earnings were \$8.0 million, or \$.52 per diluted share -- more than double the \$3.3 million, or \$.23 per diluted share in the fourth quarter of fiscal 2003.
- -- Revenues grew by 47% to \$202 million, compared with \$137 million in the fourth guarter of fiscal 2003.
- -- New railcar deliveries were 3,000 units, compared with 2,100 units in the prior year's fourth quarter.

For the full fiscal 2004, the Company reported:

- -- Net earnings were \$20.8 million, or \$1.37 per diluted share, up dramatically from \$4.3 million or \$.30 per diluted share in fiscal 2003.
- -- Revenues grew to a record \$729 million, up 37% over \$532 million in fiscal 2003.
- -- New railcar deliveries were a record 10,800 units, compared with 6,500 units in fiscal 2003 and 4,100 units in fiscal 2002.
- -- New railcar manufacturing backlog in North America and Europe was 13,100 units valued at \$760 million on August 31, 2004, compared with 10,700 units at \$580 million at August 31, 2003, and 5,200 units at \$280 million at August 31, 2002. Industrywide backlog of 61,000 units as of September 30, 2004 is at the highest levels since 1998.
- -- The Company reinstituted payment of a quarterly dividend of \$.06 per share during the year.
- -- The Company settled litigation, related to its discontinued logistics operations, during the fourth quarter. This settlement, which reduced a loss contingency, resulted in earnings from discontinued operations of \$.7 million (net of tax), or \$.05 per diluted share, in the fourth

- quarter and year ended August 31, 2004.
- -- The Company continues to maintain strong liquidity and reduce the leverage on its balance sheet. Debt and participation paydowns of nearly \$60 million were made during the year; unused lines of credit were \$125 million. EBITDA from continuing operations for fiscal 2004 was \$61 million.

Strategic Actions:

- -- During 2004, the Company's strategic investment in a castings joint venture, which operates two facilities, has become fully operational and provides the Company favorable availability on critical new railcar components that are in short industry supply.
- -- The Company formed a major subcontractor relationship in North America with another manufacturer of new railcars. This relationship helped push new railcar deliveries in 2004 to a record 10,800 units.

Enhanced Corporate Governance:

- -- During 2004, the Company moved from "controlled" company status and improved its Corporate Governance. Don Washburn was added to the Board as an independent director, and Ben Whiteley, an independent Board member, was elected Chairman. Four of the eight Board members are independent under the definition of the New York Stock Exchange.
- -- The Company formed a Nominating & Corporate Governance Committee, composed of independent directors and has set a goal of having a majority of independent Board members well before the statutory requirement of December 31, 2005.

Fourth-quarter and fiscal 2004 results were driven by higher production rates, improved margins and operating efficiencies from manufacturing operations, coupled with higher lease rates and lease fleet utilization from leasing operations

"Our largest market, the new railcar market in North America, remains robust, particularly for double-stack intermodal cars. This helps fuel our financial results," said William A. Furman, president and chief executive officer. "Order backlogs are at their highest levels in the industry since 1998. Our new railcar backlog grew 22% in fiscal 2004, even while deliveries grew to record levels. We see market strength in both North America and Europe, with backlog providing good financial visibility in fiscal 2005 and into fiscal 2006."

"In recent years our experienced team successfully reduced the leverage on the balance sheet, enhanced customer relationships, added manufacturing capacity and flexibility, and built on our leadership in intermodal cars, which is the fastest growing rail equipment market," said Mr. Furman. "With rising earnings, a large backlog and improved liquidity, we believe Greenbrier is well positioned to capitalize on future opportunities for growth. We continue to explore various strategic options, including acquisition opportunities and a possible shelf registration statement, in consultation with Bear Stearns, our financial advisors."

The Greenbrier Companies (www.gbrx.com), headquartered in Lake Oswego, OR, is a leading supplier of transportation equipment and services to the railroad industry. With manufacturing facilities in the U.S., Canada, Mexico and Poland, Greenbrier produces new railroad freight cars and marine vessels, and performs repair, refurbishment and maintenance activities. Greenbrier owns a lease fleet of approximately 11,000 railcars, and performs management services for approximately 122,000 railcars.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This release may contain forward-looking statements. Greenbrier uses words such as "anticipate," "believe," "plan," "expect," "future," "intend" and similar expressions to identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, actual future costs and the availability of materials and a trained workforce; steel price increases and scrap surcharges; changes in product mix and the mix between manufacturing and leasing & services segment; labor disputes, energy shortages or operating difficulties that might disrupt manufacturing operations or the flow of cargo; production difficulties and product delivery delays as a result of, among other matters, changing technologies or non-performance of subcontractors or suppliers; ability to obtain suitable contracts for the sale of leased equipment; all as may be discussed in more detail under the heading "Forward Looking Statements" on pages 3 through 4 of Part I of our Annual Report on Form 10-K for the fiscal year ended August 31, 2003. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements.

The Greenbrier Companies will host a teleconference to discuss fourth quarter and fiscal year end results. Teleconference details are as follows:

Wednesday, November 10, 2004 8:00 a.m. Pacific Standard 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

August 31,

(In thousands, except per share amounts, unaudited)

Assets 2004 2003

Cash and cash equivalents \$ 12,110 \$77,298

Restricted cash 1,085 5,434

Accounts and notes receivable 120,007 80,197

Inventories 113,122 105,652

Investment in direct finance leases 21,244 41,821 Equipment on operating leases 162,258 139,341 Property, plant and equipment 56,415 58,385

Other 22,512 30,820

\$508,753 \$538,948

Liabilities and Stockholders' Equity

Revolving notes \$ 8,947 \$ 21,317

Accounts payable and accrued liabilities 178,550 150,874

Participation 37,107 55,901

 Deferred income taxes
 26,109
 16,127

 Deferred revenue
 2,550
 39,779

 Notes payable
 97,513
 117,989

Subordinated debt 14,942 20,921

Subsidiary shares subject to mandatory redemption 3,746 4,898

Stockholders' equity 139,289 111,142

\$508,753 \$538,948

THE GREENBRIER COMPANIES, INC. Consolidated Statements of Operations

Years ended August 31, (In thousands, except per share amounts, unaudited) 2004 2003 2002 Revenue Manufacturing \$653,234 \$461,882 \$295,074 Leasing & services 76,217 70,443 72,250 532,325 729,451 367,324 Cost of revenue Manufacturing 595,026 424,378 278,007 Leasing & services 42,241 43,609 44,694 467,987 637,267 322,701 Margin 92,184 64,338 44,623 Other costs 39,962 Selling and administrative expense 48,288 39,053 Interest and foreign currency 11,468 13,618 18,998 Special charges 1,234 33,802 60,990 53,580 91,853 Earnings (loss) before income tax and 10,758 equity in unconsolidated subsidiaries 31,194 (47,230)Income tax benefit (expense) (9,119)(4,543)23,587 Earnings (loss) before equity in unconsolidated subsidiaries 22,075 6,215 (23,643)Minority interest 127 Equity in loss of unconsolidated subsidiaries (2,036)(1,898)(2,578)Earnings (loss) from continuing operations 20,039 4,317 (26,094)

Earnings from discontinued operations (net of tax) 739

Net earnings (loss) \$ 20,778 \$ 4,317 \$ (26,094)

Basic earnings (loss) per common share:

Continuing operations \$ 1.38 \$ 0.31 \$ (1.85)

Discontinued operations 0.05 -- -Net earnings (loss) \$ 1.43 \$ 0.31 \$ (1.85)

Diluted earnings (loss) per common share:

Continuing operations \$ 1.32 \$ 0.30 \$ (1.85)

Discontinued operations 0.05 -- --

Net earnings (loss) \$ 1.37 \$ 0.30 \$ (1.85)

Weighted average common shares:

Basic 14,569 14,138 14,121 Diluted 15,199 14,325 14,121

THE GREENBRIER COMPANIES, INC.

Condensed Consolidated Statements of Cash Flows

Years ended August 31,

(In thousands, unaudited) 2004 2003 2002

Cash flows from operating activities:

Net earnings (loss) \$20,778 \$4,317 \$ (26,094)

Adjustments to reconcile net earnings

(loss) to net cash provided by

(used in) operating activities:

Earnings from discontinued operations (739) -- --

Deferred income taxes 9,472 2,304 (13,097)

Depreciation and amortization 20,840 18,711 23,497

Gain on sales of equipment (629) (454) (910)

Special charges 1,234 -- 33,802

Other 2,873 1,830 (2,792)

Decrease (increase) in assets:

Accounts and notes receivable (38,570) (25,419) (4,167)

Inventories (11,089) (12,592) (3,780)

Other 2,367 1,000 4,210

Increase (decrease) in liabilities:

Accounts payable and

accrued liabilities 35,177 34,162 (2,098)

Participation (18,794) (5,094) 22

Deferred revenue (36,975) 9,574 14,045

Net cash provided by (used in)

operating activities (14,055) 28,339 22,638

Cash flows from investing activities:

Principal payments received under

direct finance leases 9,461 14,294 18,828

Proceeds from sales of equipment 16,217 23,954 24,042

Investment in and advances to

unconsolidated subsidiaries (2,240) (3,126) --

Decrease (increase) in restricted cash 4,349 (5,300) (40)

Capital expenditures (42,959) (11,895) (22,659)

Net cash provided by (used in)

investing activities (15,172) 17,927 20,171

Cash flows from financing activities:

Changes in revolving notes (12,370) (4,503) (7,166)

Proceeds from notes payable -- 6,348 4,285

Repayments of notes payable (21,539) (34,058) (38,268)

Repayment of subordinated debt (5,979) (6,148) (10,422)

Dividends (889) -- (847)

Proceeds from exercise of stock options 6,093 1,797 --

Purchase of subsidiary's shares subject

to mandatory redemption (1,277) -- --

Net cash used in financing activities (35,961) (36,564) (52,418)

Increase (decrease) in cash and cash equivalents

(65,188) 9,702 (9,609)

Cash and cash equivalents

Beginning of period 77,298 67,596 77,205

End of period \$12,110 \$77,298 \$67,596

THE GREENBRIER COMPANIES, INC.

Supplemental Disclosure

Reconciliation of Net Cash Provided by (used in)

Operating Activities to EBITDA

(In thousands, unaudited)

August 31,

2004 2003 2002

Net cash (used in) provided by

operating activities \$ (14,055) \$ 28,339 \$ 22,638

Changes in working capital 67,884 (1,631) (8,232)

Special Charges (1,234) -- (33,802)

Deferred income taxes (9,472) (2,304) 13,097

Gain on sales of equipment 629 454 910

Other (2,873) (1,830) 2,792

Income tax expense (benefit) 9,119 4,543 (23,587) Interest and foreign currency 11,468 13,618 18,998

EBITDA from continuing operations \$ 61,466 \$ 41,189 \$ (7,186)

(1) "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.

Quarterly Results of Operations

Unaudited operating results by quarter for 2004 and 2003 are as follows:

(In thousands, except per share amounts)

First Second Third Fourth Total

2004

Revenue

Manufacturing \$ 117,303 \$ 148,725 \$ 207,136 \$ 180,070 \$ 653,234

Leasing & services 17,896 17,836 18,157 22,328 76,217

135,199 166,561 225,293 202,398 729,451

Cost of revenue

Manufacturing 104,589 138,993 189,275 162,169 595,026 Leasing & services 10,837 10,404 10,301 10,699 42,241 115,426 149,397 199,576 172,868 637,267

Margin 19,773 17,164 25,717 29,530 92,184

Other costs

Selling and

administrative expense 10,060 10,924 12,352 14,952 48,288

Interest expense 2,601 2,604 2,932 3,331 11,468

Special charges -- 1,234 -- -- 1,234

Earnings before income

tax, minority interest,

and equity in

unconsolidated

subsidiaries 7,112 2,402 10,433 11,247 31,194

Income tax benefit

(expense) (2,639) 1,309 (4,116) (3,673) (9,119)

Equity in loss of

unconsolidated

subsidiaries (318) (1,474) 58 (302) (2,036)

Net earnings from

continuing operations 4,155 2,237 6,375 7,272 20,039

Earnings from

discontinued operations -- -- 739 739

Net earnings \$ 4,155 \$ 2,237 \$ 6,375 \$ 8,011 \$ 20,778

Basic earnings per

common share:

Continuing operations \$.29 \$.15 \$.44 \$.50 \$ 1.38

Net earnings \$.29 \$.15 \$.44 \$.55 \$ 1.43

Diluted earnings per

common share:

Continuing operations \$.28 \$.15 \$.42 \$.47 \$ 1.32

Net earnings \$.28 \$.15 \$.42 \$.52 \$ 1.37

First Second Third Fourth Total

2003

Revenue

Manufacturing \$121,111 \$ 100,390 \$ 121,259 \$ 119,122 \$ 461,882

Leasing & services 17,679 18,190 16,853 17,721 70,443

138,790 118,580 138,112 136,843 532,325

Cost of revenue

Manufacturing 113,833 95,438 109,247 105,860 424,378 Leasing & services 11,566 10,961 10,265 10,817 43,609 125,399 106,399 119,512 116,677 467,987

Margin 13,391 12,181 18,600 20,166 64,338

Other costs

Selling and

administrative expense 9,455 9,553 10,102 10,852 39,962

Interest and

foreign exchange 3,934 3,758 2,707 3,219 13,618

Earnings (loss) before

income tax, minority

interest, and equity in

unconsolidated subsidiary 2 (1,130) 5,791 6,095 10,758

Income tax benefit

(expense) (210) 312 (2,324) (2,321) (4,543)

Minority interest (18) 18 -- --

Equity in loss of

unconsolidated

subsidiary (517) (437) (461) (483) (1,898)

Net earnings (loss) \$ (743) \$ (1,237) \$ 3,006 \$ 3,291 \$ 4,317

Basic earnings (loss)

per common share: \$ (.05) \$ (.09) \$.21 \$.24 \$.31

Diluted earnings (loss)

per common share: \$ (.05) \$ (.09) \$.21 \$.23 \$.30

Certain reclassifications have been made to conform to the 2004 presentation.

SOURCE: The Greenbrier Companies

CONTACT: Mark Rittenbaum of The Greenbrier Companies, +1-503-684-7000

Web site: http://www.gbrx.com/

Fiscal-Quarter-and-1-37-for-Fiscal-2004-Maintains-Quarterly-Dividend-of-06-Per-Share