Greenbrier Pressroom

PRNewswire-FirstCall LAKE OSWEGO, Ore.

Highlights

- -- Net earnings, excluding special charges for prepayment of certain debt, was a quarterly record \$10.7 million, or \$.69 per diluted share, for the third fiscal quarter ended May 31, 2005. After the special charges of \$1.7 million net of tax, net earnings for the quarter were \$9.0 million, or \$.58 per diluted share. These net earnings are up 42% from net earnings of \$6.4 million, of \$.42 per diluted share, for the third quarter of fiscal 2004.
- -- Revenues for the third quarter grew to \$286 million, up 27% from \$225 million in the prior year's third quarter. The current quarter includes revenues from Mexican operations, formerly accounted for under the equity method and consolidated beginning December 1, 2004.
- -- New railcar deliveries were 3,600 units for both the third guarters of 2005 and 2004.
- -- New railcar manufacturing backlog in North America and Europe was 11,500 units valued at \$650 million at May 31, 2005, compared with 9,700 units valued at \$600 million at May 31, 2004.
- -- Greenbrier completed three major financings during and subsequent to the third fiscal quarter: a common share offering of 5.175 million shares, a \$175 million 8 3/8% ten-year senior unsecured notes offering, and a \$150 million five-year senior secured revolving credit facility. The recent completion of these financings significantly improves the Company's public stock float and liquidity, simplifies the corporate debt structure, and positions the Company for future growth.
- -- During the quarter, the Company settled all matters with the Estate of Company co-founder Alan James. All of the Estate's claims and allegations against Greenbrier were dismissed. The overhang of the Estate's stock was also addressed through the repurchase of substantially all of the Estate's shares with the proceeds of a public equity offering. Approximately 16% of the Company's stock is now held by the co-founders or their estates.
- -- During the quarter, the Company announced a \$250 million leasing venture with Babcock & Brown, whereby the parties will jointly lease approximately 3,500 newly built railcars ordered for the North American market.
- -- Subsequent to quarter end, the Company acquired from GE one railcar repair and refurbishment facility located in the Powder River Basin.

Financial Results:

The Greenbrier Companies today reported record quarterly earnings before special charges for

prepayment of certain debt of \$10.7 million, or \$.69 per diluted share, on revenues of \$286 million for its third fiscal quarter ended May 31, 2005. Net earnings for the quarter were \$9.0 million, or \$.58 per diluted share.

William A. Furman, president and chief executive officer, said, "During the past several months, we executed on a number of major initiatives. These initiatives have improved our public stock float, strengthened our balance sheet, enhanced corporate liquidity, and resolved all matters with the Estate of our former Chairman, Alan James. We are now fully focused on our core businesses and accretive growth opportunities."

Cash Flow, Liquidity, Deliveries:

Mark Rittenbaum, senior vice president and treasurer, said, "EBITDA for the quarter was \$26.3 million, compared to \$18.6 million in the third quarter of fiscal 2004. Financial performance was up in all of our major lines of business, and financial visibility extends well into 2006 as a result of our railcar and marine backlog. Margin expansion was realized in both manufacturing and leasing and services, as compared to the first half of the year. Now that our Mexican facility, Gunderson-Concarril, is under Greenbrier's control, we are realizing significant operating improvements, and contributions to EBITDA and profitability."

The Greenbrier Companies (www.gbrx.com), headquartered in Lake Oswego, OR, is a leading supplier of transportation equipment and services to the railroad industry. In addition to building new railroad freight cars in the U.S., Canada, and Mexico and to repairing and refurbishing freight cars and wheels at 16 locations across North America, Greenbrier builds new railroad freight cars and refurbishes freight cars for the European market through both its operations in Poland and various subcontractor facilities throughout Europe. Greenbrier owns approximately 10,000 railcars, and performs management services for approximately 128,000 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, 2004. 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 third quarter fiscal 2005 results. Teleconference details are as follows:

Thursday, June 30, 2005

8:00 a.m. Pacific Daylight Time

Phone #: 630-395-0143, Password: "Greenbrier"

Webcast Real-time Audio Access: ("Newsroom" at http://www.gbrx.com/) Please access the website 10 minutes prior to the start time. Following the call, a replay will be available on the same website.

THE GREENBRIER COMPANIES, INC.

Condensed Consolidated Balance Sheets

(In thousands, unaudited)

May 31, August 31,

2005 2004

Assets

Cash and cash equivalents \$67,288 \$12,110

Restricted cash 499 1,085

Accounts and notes receivable 125,135 120,007

Inventories 179,458 113,122

Investment in direct finance leases 13,395 21,244 Equipment on operating leases 173,466 162,258

Property, plant and equipment 69,722 56,415

Other 25,930 22,512

\$654,893 \$508,753

3,882

2,550

Liabilities and Stockholders' Equity

Revolving notes \$16,443 \$8,947

Accounts payable and accrued

Deferred revenue

 liabilities
 194,194
 178,550

 Participation
 21,447
 37,107

Deferred income taxes 26,663 26,109

Notes payable 215,739 97,513

Subordinated debt 9,785 14,942

Subsidiary shares subject to

mandatory redemption 3,746 3,746

Stockholders' equity 162,994 139,289

\$654,893 \$508,753

THE GREENBRIER COMPANIES, INC.

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

Three Months Ended Nine Months Ended May 31, May 31, May 31, May 31, 2005 2004 2005 2004

Revenue

Manufacturing \$266,090 \$207,136 \$700,295 \$473,164 Leasing & services 19,944 18,157 58,701 53,888

286,034 225,293 758,996 527,052

Cost of revenue

Manufacturing 241,491 189,275 642,149 432,857 Leasing & services 9,561 10,301 30,512 31,542 251,052 199,576 672,661 464,399

Margin 34,982 25,717 86,335 62,653

Other costs

Selling and administrative 15,276 12,352 41,392 33,336 Interest and foreign exchange 2,285 2,932 9,639 8,136 Special charges 2,913 -- 2,913 1,234 20,474 15,284 53,944 42,706

Earnings before income taxes and equity in unconsolidated

subsidiaries 14,508 10,433 32,391 19,947

Income tax expense (5,881) (4,116) (12,833) (5,446)

Earnings before equity in

unconsolidated subsidiaries 8,627 6,317 19,558 14,501

Equity in earnings (loss) of

unconsolidated subsidiaries 417 58 (322) (1,734)

Net earnings \$9,044 \$6,375 \$19,236 \$12,767

Basic earnings per common share \$0.60 \$0.44 \$1.29 \$0.88

Diluted earnings per common

share \$0.58 \$0.42 \$1.24 \$0.84

Weighted average common shares:

Basic 15,020 14,628 14,957 14,500 Diluted 15,605 15,224 15,564 15,111

THE GREENBRIER COMPANIES, INC.

Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss)

(In thousands, except per share amounts, unaudited)

Accum-

ulated

Addi- Other Total tional Compreh- Stock-

Common Stock Paid-in Retained ensive holders' Shares Amount Capital Earnings Loss Equity

Balance

September 1,

2004 14,884 \$15 \$57,165 \$88,054 \$(5,945) \$139,289

Net earnings -- -- 19,236 -- 19,236

Translation

adjustment (net of tax) 1,561 1,561 Reclassification of derivative financial instruments recognized in net earnings (net of tax) -- (1,961) (1,961)Unrealized gain on derivative financial instruments (net of tax) 3,965 3,965 Comprehensive income 22,801 Net proceeds from equity offering 5,175 5 127,461 -- -- 127,466 Shares repurchased (5,342) (5) (127,533) (127,538)Cash dividends (\$0.18 per share) (2,692)(2,692)Restricted stock awards 5 --(142)(142)Stock options exercised, net of tax 200 --3,810 3,810 Balance May 31, 14,922 \$15 \$60,761 \$104,598 \$(2,380) \$162,994 2005

THE GREENBRIER COMPANIES, INC.

Condensed Consolidated Statements of Cash Flows (In thousands, unaudited)

Nine Months Ended May 31, May 31, 2005 2004

Cash flows from operating activities

Net earnings	\$19,236	\$12,767	
Adjustments to reconcile net earn	ings		
to net cash used in operating activities:			
Deferred income taxes	679	2,046	
Depreciation and amortization	16,84	15,529	
Gain on sales of equipment	(4,300	0) (236)	
Special charges	1	1,234	
Other	499 95	59	
Decrease (increase) in assets:			
Accounts and notes receivable	e (34,5	35) (26,751))
Inventories	(19,589)	10,991	
Other (8,628) 1,3	367	
Increase (decrease) in liabilities:			
Accounts payable and accrued			
liabilities	(5) 5,967	7	
Participation	(15,660)	19,170)	
Deferred revenue 1,148 (38,198)			
Net cash used in operating activit	es (44,3	315) (33,495)
Cash flows from investing activities			
Principal payments received under direct			
finance leases	4,524	7,348	
Proceeds from sales of equipmen	t 23	,125 10,719	9
Investment in and advances to			
unconsolidated joint ventures	(49)	(4,755)	
Acquisition of joint venture interes	t 8,435		
Decrease in restricted cash	624	4,089	
Capital expenditures	(49,478)	(33,277)	
Net cash used in investing activition	es (12,8	19) (15,876)	1
Cash flows from financing activities	3		
Changes in revolving notes	6,541	2,150	
Proceeds from notes payable	175,0	000	
Repayments of notes payable	(66,3	334) (16,504)
Repayment of subordinated debt	(5,	157) (4,955))
Dividends	(2,692)		
Net proceeds from equity offering	127,4	466	
Re-purchase of stock	(127,538)		
Stock options exercised and restricted			
stock awards	3,668	3,884	

Purchase of subsidiary shares subject

to mandatory redemption -- (1,277)

Net cash provided by (used in)

financing activities 110,954 (16,702)

Effect of exchange rate changes 1,358 2,568

Increase (decrease) in cash and cash

equivalents 55,178 (63,505)

Cash and cash equivalents

 Beginning of period
 12,110
 77,298

 End of period
 \$ 67,288
 \$13,793

THE GREENBRIER COMPANIES, INC.

Supplemental Disclosure

Reconciliation of Net Cash Provided by Operating Activities to EBITDA (1) (In thousands, unaudited)

May 31, May 31, May 31, May 31, 2005 2004 2005 2004

Net cash (used in) provided

by operating activities \$7,675 \$34,935 \$(44,315) \$(33,495)

Changes in working capital 7,599 (19,670) 77,269 65,794

Deferred income taxes (1,266) (3,549) (679) (2,046)

Gain on sales of equipment 782 46 4,300 236

Special charges 2,913 -- 2,913 (1,234)

Other 401 (185) (499) (959)

Income tax expense 5,881 4,116 12,833 5,446

Interest and foreign

exchange 2,285 2,931 9,639 8,136

EBITDA from operations \$26,270 \$18,624 \$61,461 \$41,878

(1) EBITDA is not a financial measure under GAAP. We define EBITDA as earnings from operations before interest and foreign exchange, taxes, depreciation and amortization. We consider net cash provided by operating activities to be the most directly comparable GAAP financial measure. EBITDA is a liquidity measurement tool commonly used by rail supply companies and we use EBITDA in that fashion. You should not consider EBITDA in isolation or as a substitute for cash flow from operations or other cash flow statement data determined in accordance with GAAP. In addition, because EBITDA is not a measure of financial performance under GAAP and is susceptible to varying calculations, the EBITDA measure presented may differ from and may not be comparable to similarly titled measures used by other companies.

SOURCE: The Greenbrier Companies

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

 $\frac{https://pressroom.gbrx.com/2005-06-30-Greenbrier-Reports-Quarterly-Earnings-of-69-per-Share-Before-Charges-for-Prepayment-of-Debt-Net-Earnings-of-58-per-Share}{Prepayment-of-Debt-Net-Earnings-of-58-per-Share}$