Greenbrier Pressroom

PRNewswire-FirstCall LAKE OSWEGO, Ore.

The Greenbrier Companies today reported results for its fiscal fourth quarter and fiscal year ended August 31, 2005.

### Highlights

Financial Performance:

For its fiscal fourth quarter, the Company reported:

- -- Net earnings were \$10.6 million, or \$.68 per diluted share up 33% from the \$8.0 million, or \$.52 per diluted share in the fourth quarter of fiscal 2004.
- -- Revenues grew by 31% to \$265 million, compared with \$202 million in the fourth quarter of fiscal 2004.
- -- New railcar deliveries were 3,300 units, compared with 3,000 units in the prior year's fourth quarter.

For the full fiscal 2005, the Company reported:

- -- Net earnings were a record \$29.8 million, or \$1.92 per diluted share, up 43% from \$20.8 million or \$1.37 per diluted share in fiscal 2004.
- -- Revenues grew to a record \$1 billion, up 40% from \$729 million in fiscal 2004.
- -- New railcar deliveries were a record 13,200 units, compared with 10,800 units in fiscal 2004.
- -- New railcar manufacturing backlog in North America and Europe was 9,600 units valued at \$550 million on August 31, 2005, compared with 13,100 units at \$760 million at August 31, 2004, and 10,700 units at \$580 million at August 31, 2003.
- -- The Company increased the payment of its quarterly dividend to \$.08 per share during the year.
- -- EBITDA for fiscal 2005 was \$88 million, compared to \$62 million in 2004.

# Strategic Accomplishments:

-- During 2005, the Company increased the public float in its stock and simplified its capital structure. This objective was achieved through a secondary stock offering, issuance of \$175 million of senior unsecured notes, and a new \$150 million revolving credit facility.

- -- Greenbrier acquired the remaining 50% interest in its joint venture to build freight cars in Sahagun Mexico and took over day-to-day management of the operations. The financial performance of this operation has improved dramatically under Greenbrier's control.
- -- The Company expanded global supply chain initiatives through a strategic alliance with Zhuzhou Rolling Stock Works (ZRSW), part of China South Rail, the largest freight car manufacturer in China. Through ZRSW and other global suppliers, the Company continues to drive down its manufacturing costs, increase throughput, and identify commercial collaboration opportunities in China and elsewhere.
- -- Greenbrier entered into an agreement with Babcock & Brown Rail Management LLC ("BBRM") to jointly acquire and lease railcars for the North American market. To date, nearly 4,000 railcars have been ordered. We, along with BBRM, currently intend to sell the railcars to investors through an investment vehicle, maintain a minority interest in the investment, and manage the railcars for these investors.

#### **Enhanced Corporate Governance:**

-- The Company met its goal of having a majority of independent Board members well before the statutory requirement of December 31, 2005.

Ambassador Charles Swindells was added to the Board as an independent director. Five of the eight Board members are independent under the definition of the New York Stock Exchange.

Fourth-quarter and fiscal 2005 results were driven by higher production rates, the acquisition of the remaining 50% interest in the Company's Mexican manufacturing operations, coupled with higher lease fleet utilization and margins.

William A. Furman, president and chief executive officer, said, "Fiscal 2005 was a very successful year for the Company, marked by numerous financial, strategic and corporate governance accomplishments. Our backlog coupled with railroad industry fundamentals provides good financial visibility for 2006 and into 2007."

Furman added, "Our strong balance sheet and liquidity position continue to position the Company to capitalize on future opportunities for growth, both organically and through acquisitions."

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 17 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 129,000 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 fourth quarter and fiscal year end results. Teleconference details are as follows:

Wednesday, November 2, 2005 8:00 am Pacific Standard Time

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

Real-time Audio Access: ("Newsroom" at <a href="http://www.gbrx.com/">http://www.gbrx.com/</a>)

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)

Assets 2005 2004

Cash and cash equivalents \$73,204 \$12,110

Restricted cash 93 1,085

Accounts and notes receivable 122,957 120,007

Inventories 121,698 92,969
Railcars held for sale 59,421 20,153

Investment in direct finance leases 9,974 21,244
Equipment on operating leases 183,155 162,258
Property, plant and equipment 73,203 56,415

Other 27,502 22,512 \$671,207 \$508,753

Liabilities and Stockholders' Equity

Revolving notes \$12,453 \$8,947

Accounts payable and accrued liabilities 195,258 178,550

Participation 21,900 37,107

 Deferred income tax
 31,629
 26,109

 Deferred revenue
 6,910
 2,550

 Notes payable
 214,635
 97,513

Subordinated debt 8,617 14,942

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

Stockholders' equity 176,059 139,289

\$671,207 \$508,753

## THE GREENBRIER COMPANIES, INC.

# Consolidated Statements of Operations

Years ended August 31,

(In thousands, except per share amounts) 2005 2004 2003

Revenue

Manufacturing \$941,161 \$653,234 \$461,882 Leasing & services 83,061 76,217 70,443

1,024,222 729,451 532,325

Cost of revenue Manufacturing Leasing & services 899,	857,950 595,026 424,378 41,099 42,241 43,609 049 637,267 467,987
Margin 1	25,173 92,184 64,338
Other costs  Selling and administrative expense 57,425 48,288 39,962  Interest and foreign exchange 14,835 11,468 13,618  Special charges 2,913 1,234	

Earnings before income tax and equity

in unconsolidated subsidiaries 50,000 31,194 10,758

60,990

53,580

Income tax expense (19,911) (9,119) (4,543)

75,173

Earnings before equity in unconsolidated

subsidiaries 30,089 22,075 6,215

Equity in loss of

unconsolidated subsidiaries (267) (2,036) (1,898)

Earnings from continuing operations 29,822 20,039 4,317

Earnings from

discontinued operations (net of tax) -- 739 --

Net earnings \$29,822 \$20,778 \$4,317

Basic earnings per common share:

Continuing operations \$1.99 \$1.38 \$0.31 Discontinued operations -- 0.05 --

\$1.99 \$1.43 \$0.31

Diluted earnings per common share:

Continuing operations \$1.92 \$1.32 \$0.30

Discontinued operations -- 0.05 --

\$1.92 \$1.37 \$0.30

Weighted average common shares:

Basic 15,000 14,569 14,138

### THE GREENBRIER COMPANIES, INC.

Condensed Consolidated Statements of Cash Flows Years ended August 31,

(In thousands) 2005 2004 2003

Cash flows from operating activities:

Net earnings \$29,822 \$20,778 \$4,317

Adjustments to reconcile net earnings

to net cash provided by

(used in) operating activities:

Earnings from discontinued operations -- (739) --

Deferred income taxes 5,807 9,646 2,620

Tax benefit of stock options exercised 2,393 -- --

Depreciation and amortization 22,939 20,840 18,711

Gain on sales of equipment (6,797) (629) (454)

Special charges -- 1,234 --

Other 651 1,332 661

Decrease (increase) in assets:

Accounts and notes receivable (32,328) (37,786) (24,786)

Inventories 15,403 (22,355) (10,275)

Railcars held for sale (38,495) 14,097 3,377

Other (10,415) 2,940 1,148

Increase (decrease) in liabilities:

Accounts payable and accrued liabilities 3 30,956 30,843

Participation (15,207) (18,794) (5,094)

Deferred revenue 4,285 (37,495) 6,371

Net cash provided by

(used in) operating activities (21,939) (15,975) 27,439

Cash flows from investing activities:

Principal payments received

under direct finance leases 5,733 9,461 14,294

Proceeds from sales of equipment 32,528 16,217 23,954

Investment in and advances

to unconsolidated subsidiaries 92 (2,240)(3,126)Acquisition of joint venture interest 8,435 Decrease (increase) in restricted cash 1,007 4,757 (5,300)Capital expenditures (69,123) (42,959) (11,895) Net cash provided by (used in) investing activities (21,328) (14,764) 17,927 Cash flows from financing activities: Changes in revolving notes 2,514 (14,030)(5,754)Proceeds from notes payable 175,000 6,348 Repayments of notes payable (67,691) (21,539) (34,058) Repayment of subordinated debt (6,325) (5,979)(6,148)Dividends (3.889)(889)Net proceeds from equity offering 127,462 Repurchase and retirement of stock (127,538)Stock options exercised and restricted stock awards 3,286 6,093 1,797 Purchase subsidiary's shares subject to mandatory redemption (1,277)Net cash provided by (used in) financing activities 102,819 (37,621) (37,815) Effect of exchange rate changes 1,542 3,172 2,151 Increase (decrease) in cash and cash equivalents 61,094 (65,188)9,702 Cash and cash equivalents Beginning of period 12.110 77,298 67,596 End of period \$73,204 \$12,110 \$77,298

### THE GREENBRIER COMPANIES, INC.

Supplemental Disclosure

Reconciliation of Net Cash Provided by (used in) Operating Activities to EBITDA

(In thousands, unaudited)

August 31, 2005 2004 2003

Net cash (used in)

provided by operating activities \$(21,939) \$(15,975) \$27,439 Earnings from discontinued operations 739 --Changes in working capital 76,754 68,437 (1,584)Special charges (1,234)Deferred income taxes (5,807) (9,646) (2,620)Tax benefit of stock options exercised (2,393)6,797 629 Gain on sales of equipment 454 Other (651)(1,332)(661)19,911 9,119 Income tax expense 4.543 14,835 Interest and foreign currency 11,468 13,618 EBITDA from continuing operations \$ 87,507 \$ 62,205 \$41,189

(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.

Supplemental Information

Quarterly Results of Operations (Unaudited)

Operating results by quarter for 2005 are as follows:

(In thousands, except per share amounts)

First Second Third Fourth Total

2005

Revenue

Manufacturing \$200,397 \$233,808 \$266,090 \$240,866 \$941,161 Leasing & services 17,651 21,105 19,944 24,361 83,061 218,048 254,913 286,034 265,227 1,024,222

Cost of revenue

Manufacturing 182,862 217,796 241,491 215,801 857,950 Leasing & services 10,380 10,570 9,561 10,588 41,099 193,242 228,366 251,052 226,389 899,049

Margin 24,806 26,547 34,982 38,838 125,173

Other costs

Selling and

administrative expense 12,072 14,044 15,276 16,033 57,425

Interest and

foreign exchange 3,059 4,295 2,285 5,196 14,835

Special charges -- -- 2,913 -- 2,913

15,131 18,339 20,474 21,229 75,173

Earnings before income

tax and equity

in unconsolidated

subsidiaries 9,675 8,208 14,508 17,609 50,000

Income tax

benefit (expense) (3,554) (3,397) (5,881) (7,079) (19,911)

Equity in (loss)

earnings of unconsolidated

subsidiaries (731) (9) 417 56 (267)

Net earnings \$5,390 \$4,802 \$9,044 \$10,586 \$29,822

Basic earnings

per common share \$.36 \$.32 \$.60 \$.71 \$1.99

Diluted earnings

per common share \$.35 \$.31 \$.58 \$.68 \$1.92

Quarterly Results of Operations (Unaudited)

Operating results by quarter for 2004 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 12,661 14,762 15,284 18,283 60,990

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 earningsper common share:

Continuing operations \$.28 \$.15 \$.42 \$.47 \$1.32 Net earnings \$.28 \$.15 \$.42 \$.52 \$1.37

SOURCE: The Greenbrier Companies

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

Web site: <a href="http://www.gbrx.com/">http://www.gbrx.com/</a>

https://pressroom.gbrx.com/2005-11-02-Greenbrier-Reports-Record-Results-for-Fiscal-2005-EPS-is-1-92-on-Revenues-of-Over-1-Billion-Fourth-Quarter-EPS-is-68-on-Revenues-of-265-Million