# Fourth quarter EPS is \$.82 on revenues of \$351 million; results include special charges of \$.14 per share

PRNewswire-FirstCall LAKE OSWEGO, Ore.

The Greenbrier Companies today reported results for its fiscal fourth quarter and fiscal year ended August 31, 2007.

# Financial Highlights

## Fourth Quarter:

- -- Revenues for the quarter were up \$85 million or 32% to \$351 million vs. the prior year's fourth quarter, driven by acquisition-related growth in refurbishment & parts.
- -- Net earnings for the quarter were \$13.2 million, or \$.82 per diluted share vs. \$12.3 million, or \$.76 per share, in the prior year's fourth quarter. These results include a special charge of \$2.3 million, or \$.14 per diluted share, with no related tax benefit, associated with closure costs of the Company's Canadian railcar manufacturing facility.
- -- Earnings before special charges for the quarter were \$15.5 million, or \$.96 per diluted share.
- -- EBITDA before special charges for the quarter was \$43.0 million, or 12.3% of revenues.

### Fiscal 2007:

- -- Revenues for the year were up 28%, to a record \$1.224 billion, driven by acquisition-related growth in refurbishment & parts.
- -- Net earnings for the year were \$22.0 million, or \$1.37 per diluted share. These results include special charges net of a related tax benefit, of \$13.7 million, or \$.85 per diluted share, associated with closure costs and investment write-off for tax purposes of the Company's Canadian railcar manufacturing facility.
- -- Earnings before special charges, net of a related tax benefit, for the year were \$35.7 million, or \$2.22 per diluted share.
- -- EBITDA before special charges for fiscal 2007 was \$130 million, up 16% over 2006 EBITDA of \$112 million.

# Deliveries and Backlog:

- -- New railcar deliveries for the quarter were 2,400 units, compared to 3,200 units in the fourth quarter of 2006.
- -- Total new railcar deliveries were 8,600 units in fiscal 2007, compared to 11,400 units in fiscal 2006.
- -- Greenbrier's new railcar manufacturing backlog as of August 31, 2007 was 12,100 units valued at \$830 million, compared to 14,100 units valued at \$970 million as of May 31, 2007.
- -- Subsequent to year end, a multi-year new railcar order was received from GE Equipment Services ("GE") for 11,900 tank and covered hopper cars to be delivered over an eight-year period, commencing in the first quarter of fiscal 2009.
- -- Marine backlog as of August 31, 2007 was a record 12 vessels valued at approximately \$110 million, compared to nine vessels valued at \$90 million as of May 31, 2007.

# Strategic Accomplishments:

- -- Revenues from the Company's refurbishment & parts, leasing & services, and marine manufacturing businesses were a combined 44% of total revenues in 2007, compared to 26% of total revenues in 2006. The balance of revenues for each year was from new railcar manufacturing in North America and Europe. This change in mix in 2007 to a more stable revenue and earnings base is principally the result of strategic diversification and acquisition efforts completed during the year.
- -- The Company continued to strengthen its competitive position in the manufacturing of new railcars in North America. During the year, the Company closed its operations in Canada and expanded capacity in Mexico, through the start-up of the Company's joint venture facility, Greenbrier-GIMSA. This facility is expected to be more cost-efficient, geographically advantaged, and flexible than the Canadian facility.
- -- Greenbrier continued to expand its new railcar offerings in North America into tank cars and to grow its market penetration in covered hopper cars, through the award of the GE multi-year order. Over 75% of new railcar industry backlog in North America as of September 30, 2007 is represented by these two car types, and future demand is anticipated to be strong.

#### Fourth Quarter Results:

Revenues for the 2007 fiscal fourth quarter were \$350.6 million, up from \$265.2 million in the prior year's fourth quarter. Gross margin for the quarter was 17.3% compared to 15.0% in the prior comparable period. EBITDA before special charges was \$43.0 million, or 12.3% of revenues for the quarter, compared to \$25.8 million, or 9.7% of revenues in the prior year's fourth quarter. Net earnings were \$13.2 million, or \$.82 per diluted share for the quarter, compared to net earnings of \$12.3 million, or \$.76 per diluted share for the same period in 2006. Current period net earnings include a special charge of \$2.3 million, or \$.14 per diluted share, with no related tax benefit. This special charge is associated with severance and other closure costs of the Company's Canadian railcar manufacturing facility. This facility's last order was completed in early May 2007, and the disposition of the facility is in process.

Greenbrier's new railcar manufacturing backlog as of August 31, 2007 was 12,100 units valued at \$830 million, compared to 14,100 units valued at \$970 million as of May 31, 2007. Approximately 6,000 of the units included backlog as of August 31, 2007 are expected to be produced in 2008. Approximately 3,900 units included in the August 31, 2007 backlog that will be produced after 2008 are subject to Greenbrier's fulfillment of certain competitive conditions.

Subsequent to August 31, 2007, a multi-year order was received for 11,900 units to be delivered over an eight-year period commencing in the first quarter of 2009. Approximately 8,500 units under this contract are subject to the Company's fulfillment of certain competitive conditions.

In the manufacturing segment, fourth quarter revenues were \$209.1 million, compared to \$213.8 million in the fourth quarter of 2006. While current quarter new railcar deliveries of 2,400 units were down from the 3,200 units in the prior comparable period, revenues declined by only \$4.7 million. The revenue per unit increased significantly due to a change in product mix. Marine manufacturing revenues also increased by nearly \$10 million over the prior comparable period. For the full year, marine revenues were nearly \$55 million, compared to about \$40 million in 2006.

Manufacturing margin for the quarter grew to 12.9% of revenues, compared to 10.7% of revenues into the fourth quarter of 2006. The operating momentum realized in the third quarter of 2007, where margins were 8.4%, continued in the current quarter. Margins benefited from efficiencies of long production runs and a favorable product mix. Also, beginning in the fourth quarter of 2007, the Company's Canadian operations, which are now shut down, no longer adversely impact manufacturing margins.

The refurbishment & parts segment includes results for 35 shop locations across North America, which repair and refurbish railcars, provide wheel, axle and bearing services, and recondition and provide replacement railcar parts. Revenues for this segment in the current quarter were \$116.9 million, compared to \$28.0 million in the fourth quarter of 2006. This segment generated one-third

of total Company revenues for the fourth quarter, on a revenue increase of \$88.9 million over the same period of last year. About \$80 million of this growth was from the acquisitions of Rail Car America (four repair shops and one parts location) and Meridian Rail Services (six wheel shops, one repair shop and one parts location) as well as the start-up of two new repair shops during the year. The remainder of the growth was principally due to higher volumes of refurbishment and retrofitting work.

Gross margin for the refurbishment & parts segment grew to 17.7% of revenues, as compared to 15.1% of revenues in the prior comparable period. The margin growth is the result of increased railcar program maintenance volumes, favorable scrap prices, and a more favorable product mix.

The leasing & services segment includes results from the Company's owned lease fleet of approximately 9,000 railcars and from fleet management services provided for approximately 136,000 railcars. Revenues for this segment were \$24.6 million, compared to \$23.4 million in the same quarter last year. The revenue increase was principally due to a \$2.3 million increase in gains on disposition of assets from the lease fleet, partially offset by a decrease in interest income from lower cash balances. Leasing & services margin for the quarter was 53.4% of revenues, compared to 54.2% of revenues in the same quarter last year.

Selling and administrative expense for the quarter includes \$2.3 million of overhead costs associated with the Canadian operation which was permanently closed in May 2007.

William A. Furman, president and chief executive officer, said, "Fiscal 2007 was an exciting year for Greenbrier. We realized a number of strategic accomplishments, including: 1) growth of our refurbishment & parts business through the acquisitions of Rail Car America and Meridian Rail Services; 2) expansion of our marine operations through capital expenditures; 3) enhancement of our manufacturing footprint by exiting our Canadian facility and expanding in Mexico; and 4) receipt of an 11,900 unit multi-year order for new tank and covered hopper cars, two car types where future demand is anticipated to be strong. These initiatives improve our competitive positioning, enhance our integrated business model, and diversify our revenue and earnings base into higher margin, less cyclical businesses."

## Future Outlook

Furman added, "We continue to be optimistic about the long term fundamentals of the railroad industry and our enhanced competitive position. In the near term, demand in the North American new railcar market, including demand for double stack intermodal railcars, is moderating as a result of softer rail loadings and supply/demand imbalances. As such, industry forecasts have been revised downward to 50,000 -- 55,000 units to be built in 2008, compared to 65,000 units in 2007. We had anticipated these trends and have made changes to our new railcar production plans and rates. In addition, we are taking appropriate actions to reduce our costs. Our current

outlook is for Greenbrier's new railcar deliveries in fiscal 2008 to be down moderately from fiscal 2007 levels, with a product mix that is less favorable than 2007. Our past strategic decisions to grow our more stable marine manufacturing, refurbishment & parts, and leasing & services businesses were also made in anticipation of this operating environment, and we believe this business diversification should serve us well during this period, as well as in the future. Our strategic goals remain unchanged, and we continue to seek opportunities to grow these business units, both organically and through potential acquisitions."

Mark Rittenbaum, senior vice president and treasurer, said, "All three of our business segments performed well during the fourth quarter, particularly manufacturing, where operating momentum continued and our financial expectations for the quarter were exceeded. As we enter a challenging fiscal 2008, we will have the benefit of a new railcar backlog which includes approximately 6,000 railcars to be produced in 2008, a fully booked marine barge backlog, a full year of results from our Meridian and RCA acquisitions, and a lease fleet which is performing well. Our current lease fleet utilization is 98.1%, with an average remaining lease term of 3.1 years. These factors will help mitigate a downturn in the marketplace in 2008."

# About Greenbrier Companies

Greenbrier (<a href="http://www.gbrx.com/">http://www.gbrx.com/</a>), headquartered in Lake Oswego, Oregon, is a leading supplier of transportation equipment and services to the railroad industry. The Company builds new railroad freight cars in its three manufacturing facilities in the U.S. and Mexico and marine barges at its U.S. facility. It also repairs and refurbishes freight cars and provides wheels and railcar parts at 35 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 9,000 railcars, and performs management services for approximately 136,000 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, fluctuations in demand for newly manufactured railcars or failure to obtain orders as anticipated in developing forecasts; loss of one or more significant customers; actual future costs and the availability of materials and a trained workforce; failure to design or manufacture new products or technologies or to achieve certification or market acceptance of new products or technologies; steel price increases and scrap surcharges; changes in product mix and the mix between segments; 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 and risks related to car hire and residual values; difficulties associated with governmental regulation, including environmental liabilities; integration of current or future acquisitions; succession planning; all as may be discussed in more detail under the headings "Risk Factors" on page 8 of Part I, Item 1a and "Forward Looking Statements" on page 25 of Part II of our Annual Report on Form 10-K for the fiscal year ended August 31, 2006. 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.

EBITDA is not a financial measure under GAAP. We define EBITDA as earnings from operations before special charges, 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.

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

Tuesday, November 6, 2007 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 website for 30 days. Telephone replay will be available through November 24, 2007 at 402-220-4085.

THE GREENBRIER COMPANIES, INC.

Consolidated Balance Sheets August 31,

(In thousands, except per share amounts)

Assets 2007 2006

Cash and cash equivalents \$20,808 \$142,894

Restricted cash 2,693 2,056

Accounts receivable 157,038 115,565

Inventories 194,883 163,151 Assets held for sale 42,903 35,216

Equipment on operating leases 294,326 301,009 Investment in direct finance leases 9,040 6,511

Property, plant and equipment 112,813 80,034

Goodwill 168,987 2,896

Intangibles and other assets 69,258 27,982

\$1,072,749 \$877,314

Liabilities and Stockholders' Equity

Revolving notes \$39,568 \$22,429

Accounts payable and accrued liabilities 239,713 204,793

Participation 4,355 11,453

 Deferred income taxes
 61,410
 37,472

 Deferred revenue
 18,052
 17,481

 Notes payable
 460,915
 362,314

Subordinated debt - 2,091

Minority interest 5,146 -

Stockholders' equity: 243,590 219,281

\$1,072,749 \$877,314

THE GREENBRIER COMPANIES, INC.

Consolidated Statements of Operations

Years ended August 31,

(In thousands, except

per share amounts) 2007 2006 2005

Revenue

Manufacturing \$738,424 \$748,818 \$844,496 Refurbishment & parts 381,670 102,471 96,665

Leasing & services 103.734 102,534 83,061 1,223,828 953,823 1,024,222 Cost of revenue

Manufacturing 680,908 666,731 771,743 Refurbishment & parts 317,669 87,690 86,207 42,023 Leasing & services 45,818 41,099

> 1,044,395 796,444 899,049

157,379 Margin 179,433 125,173

Other costs

Selling and administrative 83,414 70,918 57,425 Interest and foreign exchange 39,915 25,396 14,835 Special charges 21,899 2,913

145,228 96,314 75,173

Earnings before income tax, minority

interest and equity in

unconsolidated subsidiaries 34,205 61,065 50,000 (21,698)(19,911)Income tax expense (13,657)

Earnings before minority interest and equity in unconsolidated

subsidiaries 20,548 39,367 30,089

Minority interest 1,504

Equity in earnings (loss) of

unconsolidated subsidiaries (42)169 (267)

Earnings from continuing operations 22,010 39,536 29,822

Earnings from discontinued operations

(net of tax) 62

Net earnings \$22,010 \$39,598 \$29,822

Basic earnings per common share:

Continuing operations \$2.51 \$1.99 \$1.37

Discontinued operations

\$1.37 \$2.51 \$1.99

Diluted earnings per common share:

Continuing operations \$1.37 \$2.48 \$1.92

Discontinued operations - - -

\$1.37 \$2.48 \$1.92

Weighted average common shares:

Basic 16,056 15,751 15,000 Diluted 16,094 15,937 15,560

# THE GREENBRIER COMPANIES, INC.

Consolidated Statements of Cash Flows

Years ended August 31,

(In thousands) 2007 2006 2005

Cash flows from operating activities:

Net earnings \$22,010 \$39,598 \$29,822

Adjustments to reconcile net earnings to net

cash provided by (used in) operating

activities:

Earnings from discontinued operations - (62) -

Deferred income taxes 10,643 5,893 5,807

Tax benefit of stock options exercised - - 2,393

Depreciation and amortization 32,826 25,253 22,939

Gain on sales of equipment (13,400) (10,948) (6,797)

Special charges 21,899 - -

Other (1,399) 278 651

Decrease (increase) in assets excluding

acquisitions:

Accounts and notes receivable (17,883) 8,948 (32,328)

Inventories 14,260 (37,517) 15,403

Assets held for sale 4,378 156 (38,495)

Other (411) 2,577 (5,167)

Increase (decrease) in liabilities excluding

acquisitions:

Accounts payable and accrued liabilities (17,502) 5,487 3

Participation (7,098) (10,447) (15,207)

Deferred revenue (1,996) 10,326 4,285

Net cash provided by (used in) operating

activities 46,327 39,542 (16,691)

Cash flows from investing activities:

Principal payments received under direct

finance leases 511 2,048 5,733

Proceeds from sales of equipment 119,695 28,863 32,528

Investment in and net advances to

unconsolidated subsidiaries (849) 550 92

Acquisitions, net of cash acquired (268,184) - -

Acquisition of joint venture interest - - 8,435

Decrease (increase) in restricted cash (454) (1,958) 1,007

Capital expenditures (137,294) (140,569) (69,123)

Net cash used in investing activities (286,575) (111,066) (21,328)

Cash flows from financing activities:

Changes in revolving notes 15,007 8,965 2,514

Proceeds from issuance of notes payable 99,441 154,567 169,752

Repayments of notes payable (5,388) (13,191) (67,691)

Repayment of subordinated debt (2,091) (6,526) (6,325)

Investment by joint venture partner 6,750 - -

Dividends paid (5,144) (5,042) (3,889)

Net proceeds from equity offering - 127,462

Repurchase and retirement of stock - - (127,538)

Stock options and restricted stock awards

exercised 3,489 5,757 3,286

Excess tax benefit of stock options

exercised 3,719 2,600 -

Purchase of subsidiary's shares subject

to mandatory redemption - (4,636)

Net cash provided by financing activities 115,783 142,494 97,571

Effect of exchange rate changes 2,379 (1,280) 1,542

Increase (decrease) in cash and cash

equivalents (122,086) 69,690 61,094

Cash and cash equivalents

Beginning of period 142,894 73,204 12,110 End of period \$20,808 \$142,894 \$73,204

Supplemental Information

Quarterly Results of Operations (Unaudited)

Operating results by quarter for 2007 and 2006 are as follows:

(In thousands, except per share amounts)

First Second Third Fourth Total

2007

Revenue

Manufacturing \$168,692 \$119,201 \$241,399 \$209,132 \$738,424

Refurbishment

& parts 51,236 95,311 118,213 116,910 381,670

Leasing

& services 26,695 25,466 26,994 24,579 103,734

246,623 239,978 386,606 350,621 1,223,828

Cost of revenue

Manufacturing 161,688 115,822 221,203 182,195 680,908

Refurbishment

& parts 45,007 80,114 96,288 96,260 317,669

Leasing

& services 10,811 12,220 11,339 11,448 45,818

217,506 208,156 328,830 289,903 1,044,395

Margin 29,117 31,822 57,776 60,718 179,433

Other costs

Selling and

administrative 17,124 18,800 20,092 27,398 83,414

Interest and

foreign exchange 9,641 10,416 10,930 8,928 39,915

Special charges - 16,485 3,091 2,323 21,899

26,765 45,701 34,113 38,649 145,228

Earnings (loss)

before income tax,

minority interest

and equity in

unconsolidated

subsidiary 2,352 (13,879) 23,663 22,069 34,205

Income tax benefit

(expense) (580) 8,229 (11,047) (10,259) (13,657)

Minority interest (2) 42 178 1,286 1,504

Equity in earnings

(loss) of

unconsolidated

subsidiary 100 (463) 223 98 (42)

Net earnings

(loss) \$1,870 \$(6,071) \$13,017 \$13,194 \$22,010

Basic earnings

per common share: \$0.12 \$(0.38) \$0.81 \$0.82 \$1.37

Diluted earnings

per common share: \$0.12 \$(0.38) \$0.81 \$0.82 \$1.37

First Second Third Fourth Total

2006

Revenue

Manufacturing \$141,835 \$184,818 \$208,405 \$213,760 \$748,818

Refurbishment

& parts 22,761 24,104 27,647 27,959 102,471

Leasing

& services 21,766 27,292 30,036 23,440 102,534

186,362 236,214 266,088 265,159 953,823

Cost of revenue

Manufacturing 123,031 164,491 188,353 190,856 666,731

Refurbishment

& parts 19,999 20,869 23,091 23,731 87,690

Leasing

& services 10,439 10,671 10,172 10,741 42,023

153,469 196,031 221,616 225,328 796,444

Margin 32,893 40,183 44,472 39,831 157,379

Other costs

```
Selling and
                          17,092
administrative
                15,541
                                   17,896
                                              20,389
                                                        70,918
Interest and
foreign exchange 4,573
                            7,180
                                     6,149
                                               7,494
                                                       25,396
           20,114
                     24,272
                              24,045
                                         27,883
                                                   96,314
Earnings before
income tax and
equity in
unconsolidated
subsidiaries
               12,779
                         15,911
                                  20,427
                                             11,948
                                                       61,065
Income tax benefit
(expense)
               (4,934)
                         (7,466) (9,866)
                                              568
                                                    (21,698)
Equity in (loss)
earnings of
unconsolidated
subsidiaries
                 172
                          118
                                  119
                                          (240)
                                                    169
Earnings from
continuing
operations
                8,017
                         8,563
                                 10,680
                                            12,276
                                                      39,536
Earnings from
discontinued
operations
                                      62
                                              62
(net of tax)
Net earnings
                $8,017
                          $8,563 $10,680
                                              $12,338 $39,598
Basic earnings
per common share:
 Continuing
 operations
                         $0.55
                                                     $2.51
                $0.52
                                  $0.67
                                            $0.77
 Discontinued
 operations
            $0.52
                     $0.55
                              $0.67
                                        $0.77
                                                 $2.51
Diluted earnings
per common share:
```

Continuing operations \$0.51 \$0.54 \$0.67 \$0.76 \$2.48 Discontinued operations - - - - - - - \$0.51 \$0.54 \$0.67 \$0.76 \$2.48

# THE GREENBRIER COMPANIES, INC.

# Supplemental Disclosure

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

Year ending August 31,

2007 2006

Net cash provided by operating

activities \$46,327 \$39,542

Earnings from discontinued

operations - 62

Changes in working capital 26,252 20,470

Deferred income taxes (10,643) (5,893)

Gain on sales of equipment 13,400 10,948

Other 1,399 (278)

Income tax expense 13,657 21,698
Interest and foreign currency 39,915 25,396

EBITDA from continuing operations \$130,307 \$111,945

Three months ending

August 31, August 31,

2007 2006

Net cash provided by operating

activities \$16,517 \$33,849

Earnings from discontinued

operations - 62

Changes in working capital 11,415 (12,272)

Deferred income taxes		(7,955)		(2,844)	
Gain on sales of equipment		2,619		342	
Other	1,251		(219)		
Income tax expense (benefit)		10,259	)	(568)	
Interest and foreign currency		8,929		7,493	
EBITDA from continuing operat	ions	\$43,	,035	\$25,8	343

(1) "EBITDA" (earnings from continuing operations before special charges, 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.

First Call Analyst:

FCMN Contact: margaret.vallejos@gbrx.com

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/2007-11-06-Greenbrier-Reports-Fiscal-Fourth-Quarter-and-Year-End-2007-Results