# Fourth quarter EPS is \$.45 on revenues of \$362 million; Refurbishment & parts revenues grow to record \$159 million

PRNewswire-FirstCall LAKE OSWEGO, Ore.

The Greenbrier Companies today reported results for its fiscal fourth quarter and fiscal year ended August 31, 2008.

## Financial Highlights

#### Fourth Quarter:

- -- Revenues for the guarter were \$362 million, up \$11 million vs. the prior year's fourth guarter.
- -- Net earnings for the quarter were \$7.4 million, or \$.45 per diluted share vs. \$13.2 million, or \$.82 per share, in the prior year's fourth quarter. The 2007 fourth quarter 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. There were no special charges in the 2008 fourth quarter.
- -- EBITDA for the quarter was \$33.7 million, or 9.3% of revenues, compared to \$43.0 million, or 12.2% of revenues in the fourth quarter of 2007.

#### Fiscal 2008:

- -- Revenues for the year were up 5%, to a record \$1.29 billion, driven by acquisition-related growth in refurbishment & parts.
- -- Net earnings for 2008 were \$19.5 million, or \$1.19 per diluted share, vs. prior year's net earnings of \$22.0 million, or \$1.37 per diluted share. The 2008 results include special charges, of \$2.3 million, or \$.14 per diluted share, with no related tax benefit. The 2007 results include special charges net of related tax benefit of \$13.7 million, or \$.85 per diluted share. Special charges for both years were associated with closure costs of the Company's Canadian railcar manufacturing facility.
- -- EBITDA before special charges for fiscal 2008 was \$116 million, or 9.0% of revenues, vs. 2007 EBITDA of \$130 million, or 10.6% of revenues.

#### Liquidity:

-- The Company has approximately \$175 million of committed additional borrowing capacity.

### Deliveries and Backlog:

- -- New railcar deliveries in the fourth quarter of 2008 were 1,800 units, compared to 2,400 units in the fourth quarter of 2007.
- -- Total new railcar deliveries were 7,300 units in fiscal 2008, compared to 8,600 units in fiscal 2007.
- -- Greenbrier's new railcar manufacturing backlog as of August 31, 2008 was 16,200 units valued at \$1.44 billion, compared to 17,500 units valued at \$1.55 billion as of May 31, 2008.
- -- Marine backlog currently is a record \$200 million compared to \$145 million as of August 31, 2008 and \$158 million as of May 31, 2008.

#### Strategic Accomplishments:

-- Revenues from the Company's refurbishment & parts, leasing & services, and marine manufacturing businesses aggregated 53% of total revenues in 2008, compared to 44% of total revenues in 2007 and 26% in 2006. The balance of revenues for each year was from new railcar manufacturing in North America and Europe. This continuation of a change in mix to a more stable revenue and earnings base is principally the result of strategic diversification and acquisition efforts completed over the past several years.

#### Fourth Quarter Results:

Revenues for the fourth quarter of fiscal 2008 were \$362.0 million, up from \$350.6 million in the prior year's fourth quarter. Gross margin for the quarter was 11.9% compared to 17.3% in the prior comparable period. EBITDA before special charges was \$33.7 million, or 9.3% of revenues for the quarter, compared to \$43.0 million, or 12.3% of revenues in the prior year's fourth quarter. Net earnings were \$7.4 million, or \$.45 per diluted share for the quarter, compared to net earnings of \$13.2 million, or \$.82 per diluted share for the same period in 2007. Prior 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.

William A. Furman, president and chief executive officer, said, "Financial performance for the quarter was driven by solid performance in our refurbishment & parts and leasing & services segments and improved performance from our European manufacturing operations. Our strategy to diversify into less cyclical businesses -- refurbishment & parts, leasing & services, and marine manufacturing, continues to pay off. Over half of our revenues and most of our gross margins this year were from other than new railcar manufacturing, with our refurbishment & parts business producing record results. We now have the largest independent shop network in North America,

with 39 shops to provide our customers with seamless, high quality service, close proximity to our shop network and quick turnaround times."

The Company's refurbishment & parts and leasing & services businesses benefited during the quarter from rising commodity prices through increased revenues, higher residual values and enhanced margins.

The refurbishment & parts segment repairs and refurbishes railcars, provides wheel, axle and bearing services, and reconditions and provides replacement railcar parts. Revenue for this segment in the current quarter was \$158.6 million, compared to \$116.9 million in the fourth quarter of 2007. This segment generated 44% of total Company revenues for the fourth quarter, as revenue increased \$41.7 million over the same period of last year. About \$32 million of this growth was from American Allied Railway Equipment Company (two wheel shops and one parts location) and Roller Bearings, Inc, (one parts location), both of which were acquired in 2008. The remainder of the growth was principally due to higher wheel volumes and scrap prices.

Gross margin for the refurbishment & parts segment grew to 22.2% of revenues, as compared to 17.7% of revenues in the prior comparable period. The gross margin growth is the result of increased volumes, favorable scrap prices, and a more favorable product mix.

In the manufacturing segment, revenue for the fourth quarter was \$180.7 million, compared to \$209.1 million in the fourth quarter of 2007. Current quarter new railcar deliveries of 1,800 units were down from 2,400 units in the prior comparable period. Deliveries in the current quarter include a product mix with a higher sales price per unit.

Manufacturing gross margin for the fourth quarter was negative 2.0%, compared to 12.9% of revenues in the fourth quarter of 2007. Manufacturing gross margin continued to be impacted by lower production rates, including a slowdown in production during the quarter, a less favorable pricing environment, and a loss contingency accrued on certain future railcar production.

Due to increases in raw material costs on certain fixed price railcar contracts in backlog, the Company's current estimated cost to complete some contracts is expected to exceed the contractual sale price. As previously disclosed, at the end of the Company's third quarter, there were 1,000 cars in backlog for which a loss was not yet estimable, and a loss contingency had not yet been accrued. Subsequent to quarter end, the order for 300 of these cars was cancelled by mutual agreement with the customer. A loss contingency of \$3.9 million on the remaining 700 cars and other cars currently in production was taken during the fourth quarter. The Company continues to work to mitigate these exposures.

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 137,000 railcars. Revenue for this segment was \$22.7 million, compared to \$24.6 million in the

same quarter last year. Leasing & services gross margin for the quarter was 50.0% of revenue, compared to 53.4% of revenue in the same quarter last year. The revenue and gross margin decrease was principally due to lower gains on sale of railcars from the lease fleet. The current quarter's results include \$1.0 million in gains on sale, compared to \$2.6 million in the fourth quarter of 2007.

William A. Furman, president and chief executive officer, said, "Fiscal 2008 was both an exciting and challenging year for Greenbrier. We realized a number of strategic accomplishments, including: 1) continued growth of our refurbishment & parts business through the acquisitions of American Allied Railway Equipment Company (AARE) and Roller Bearing Industries (RBI); 2) continued progress in the start-up of a tank car production line at our GIMSA joint venture manufacturing facility; and 3) the continued emphasis on growth in our marine operations. 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, the turbulent economy and fragile credit markets continue to put pressure on new railcar demand and we continue to make changes to our new railcar production plans and rates. As we go forward with our diversified and integrated business model, we expect to see a continued shift in revenues and gross margins away from manufacturing. While we anticipate railcar manufacturing will be a difficult business in the near-term, this segment is a key component of our integrated business model and produces attractive returns during the growth phase of the economic cycle. The economy will eventually recover and we believe demand for new freight cars will return to more normalized levels."

Mark Rittenbaum, executive vice president and chief financial officer, said, "Our financial focus is on remaining liquid, paying down debt whenever possible, and prudently employing investment capital. Based on our financial covenants as of August 31, 2008, the Company has approximately \$175 million of additional committed borrowing capacity. As we enter a challenging fiscal 2009, we will have the benefit of a new railcar backlog which includes approximately 3,900 railcars to be produced in 2009, a fully booked marine barge backlog, a full year of results from our AARE and RBI acquisitions, and a lease fleet which is performing well. Our current lease fleet utilization is 95.2%, with an average remaining lease term of 3.1 years. These factors will help mitigate the expected downturn in the new railcar marketplace in 2009."

#### 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 39 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 137,000 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 fluctuations 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, 2007. 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 continuing 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:

Thursday, November 6, 2008 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 22, 2008 at 402-344-6819.

#### THE GREENBRIER COMPANIES, INC.

Condensed Consolidated Balance Sheets Years ended August 31,

## (In thousands)

Assets 2008 2007

Cash and cash equivalents \$5,957 \$20,808

Restricted cash 1,231 2,693

Accounts receivable 181,857 157,038

Inventories 252,048 194,883

Assets held for sale 52,363 42,903

Equipment on operating leases 319,321 294,326 Investment in direct finance leases 8,468 9,040 Property, plant and equipment 136,506 112,813

Goodwill 200,148 168,987

Intangibles and other assets 99,061 69,258

\$1,256,960 \$1,072,749

## Liabilities and Stockholders' Equity

Revolving notes \$105,808 \$39,568

Accounts payable and accrued liabilities 274,322 244,068

Losses in excess of investment in

de-consolidated subsidiary 15,313 --

Deferred income taxes 74,329 61,410

Deferred revenue 22,035 18,052

Notes payable 496,008 460,915

Minority interest 8,618 5,146

Stockholders' equity: 260,527 243,590

\$1,256,960 \$1,072,749

#### THE GREENBRIER COMPANIES, INC.

Consolidated Statements of Operations Years ended August 31,

(In thousands, except per share

amounts) 2008 2007 2006

Revenue

Manufacturing\$665,093\$738,424\$748,818Refurbishment & parts527,466381,670102,471Leasing & services97,520103,734102,534

1,290,079 1,223,828 953,823

Cost of revenue

Manufacturing653,879680,908666,731Refurbishment & parts426,183317,66987,690Leasing & services47,77445,81842,023

1,127,836 1,044,395 796,444

Margin 162,243 179,433 157,379

Other costs

Selling and administrative 85,133 83,414 70,918 Interest and foreign exchange 40,770 39,915 25,396

Special charges 2,302 21,899 --

128,205 145,228 96,314

Earnings before income tax, minority

interest and equity in

unconsolidated subsidiaries 34,038 34,205 61,065

Income tax expense (18,550) (13,657) (21,698)

Earnings before minority interest and

equity in unconsolidated subsidiaries 15,488 20,548 39,367

Minority interest 3,182 1,504 --

Equity in earnings (loss) of

unconsolidated subsidiaries 872 (42) 169

Earnings from continuing operations 19,542 22,010 39,536

Earnings from discontinued operations

(net of tax) -- -- 62

Net earnings \$19,542 \$22,010 \$39,598

Basic earnings per common share:

Continuing operations \$1.19 \$1.37 \$2.51

Discontinued operations -- -- --

\$1.19 \$1.37 \$2.51

Diluted earnings per common share:

Continuing operations \$1.19 \$1.37 \$2.48

Discontinued operations -- -- --

\$1.19 \$1.37 \$2.48

Weighted average common shares:

Basic 16,395 16,056 15,751 Diluted 16,417 16,094 15,937

THE GREENBRIER COMPANIES, INC.

Condensed Consolidated Statements of Cash Flows

Years ended August 31,

(In thousands) 2008 2007 2006

Cash flows from operating activities:

Net earnings \$19,542 \$22,010 \$39,598

Adjustments to reconcile net earnings to net cash provided by operating activities: Earnings from discontinued (62)operations 12,919 Deferred income taxes 10,643 5,893 Depreciation and amortization 35,086 32,826 25,253 Gain on sales of equipment (8,010)(13,400) (10,948)Special charges 2,302 21,899 (3,128)Minority interest (1,604)Other 336 205 278 Decrease (increase) in assets excluding acquisitions: Accounts receivable (7,621)(17,883)8,948 14,260 (37,517) Inventories (29,692)Assets held for sale (10,621)4,378 156 Other (2.700)(411)2,577 Increase (decrease) in liabilities excluding acquisitions: Accounts payable and accrued liabilities 21,801 (24,600) (4,960)Deferred revenue 1,904 (1,996) 10,326 Net cash provided by operating activities 32,118 46,327 39,542 Cash flows from investing activities: Principal payments received under direct finance leases 375 511 2,048 Proceeds from sales of equipment 14,598 119,695 28,863 Investment in and net advances to unconsolidated subsidiaries 858 (849)550 Acquisitions, net of cash acquired (91,166) (268, 184)De-consolidation of subsidiary (1,217)Decrease (increase) in restricted cash 2,046 (454)(1,958)Capital expenditures (77,644) (137,294) (140,569) Net cash used in investing activities (152,150) (286,575) (111,066) Cash flows from financing activities: 15,007 Changes in revolving notes 55,514 8.965

Proceeds from issuance of notes

payable 49,613 99,441 154,567

Repayments of notes payable (6,919) (5,388) (13,191)

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

Investment by joint venture partner 6,600 6,750 --

Dividends paid (5,261) (5,144) (5,042)

Stock options and restricted stock

awards exercised 4,007 3,489 5,757

Excess tax benefit of stock options

exercised (76) 3,719 2,600

Purchase of subsidiary's shares

subject to mandatory redemption -- -- (4,636)

Net cash provided by financing

activities 103,478 115,783 142,494

Effect of exchange rate changes 1,703 2,379 (1,280)

Increase (decrease) in cash and cash

equivalents (14,851) (122,086) 69,690

Cash and cash equivalents

Beginning of period 20,808 142,894 73,204

End of period \$5,957 \$20,808 \$142,894

Supplemental Information

Quarterly Results of Operations (Unaudited)

Operating results by quarter for 2008 and 2007 are as follows:

(In thousands, except per share amounts)

First Second Third Fourth Total

2008

Revenue

Manufacturing \$159,194 \$123,394 \$201,825 \$180,680 \$665,093

Refurbishment & parts 103,889 112,576 152,367 158,634 527,466

Leasing & services 23,295 23,603 27,914 22,708 97,520

286,378 259,573 382,106 362,022 1,290,079

Cost of revenue

Manufacturing 150,565 118,225 200,813 184,276 653,879

Refurbishment & parts 87,951 94,396 120,442 123,394 426,183 Leasing & services 11,925 12,279 12,218 11,352 47,774 250,441 224,900 333,473 319,022 1,127,836

Margin 35,937 34,673 48,633 43,000 162,243

Other costs

Selling and

administrative 20,184 21,000 23,407 20,542 85,133

Interest and foreign

exchange 10,419 9,854 9,990 10,507 40,770

Special charges 189 2,112 -- 1 2,302

30,792 32,966 33,397 31,050 128,205

Earnings before income

tax, minority interest

and equity in

unconsolidated

subsidiary 5,145 1,707 15,236 11,950 34,038

Income tax expense (2,956) (1,904) (7,573) (6,117) (18,550)

Minority interest 375 1,367 272 1,168 3,182

Equity in earnings of

unconsolidated

subsidiary 78 253 191 350 872

Net earnings \$2,642 \$1,423 \$8,126 \$7,351 \$19,542

Basic earnings per

common share: \$0.16 \$0.09 \$0.49 \$0.45 \$1.19

Diluted earnings per

common share: \$0.16 \$0.09 \$0.49 \$0.45 \$1.19

First Second Third Fourth Total

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 (loss)

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

Diluted earnings (loss)

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

#### THE GREENBRIER COMPANIES, INC.

## Supplemental Disclosure

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

Year ended August 31,

2008 2007

Net cash provided by operating activities \$32,118 \$46,327 Earnings from discontinued operations -- --

Changes in working capital 29,231 48,151 Special charges (2,302) (21,899)

Deferred income taxes (12,919) (10,643)

Gain on sales of equipment 8,010 13,400

Other (336) (205)

Minority interest 3,128 1,604

Income tax expense 18,550 13,657 Interest and foreign currency 40,770 39,915

Adjusted EBITDA from operations before

special charges \$116,250 \$130,307

Three months ended

August 31, August 31,

2008 2007

Net cash provided by operating activities \$12,158 \$16,517

Changes in working capital 6,938 13,738

Special charges -- (2,323)

Deferred income taxes (3,737) (7,955)

Gain on sales of equipment	1,012	2,619
Other	(439)	(35)
Minority interest	1,171	1,286
Income tax expense	6,118	10,259
Interest and foreign currency	10,507	8,929
Adjusted EBITDA from operation	ns	
before special charges	\$33,728	\$43,035

(1) "EBITDA" (earnings from continuing operations before special charges, interest and foreign exchange, 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.

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

https://pressroom.gbrx.com/2008-11-06-Greenbrier-Reports-Fiscal-Fourth-Quarter-and-Year-End-2008-Results