- ~ Orders for 9,300 units valued at over \$1.0 billion
- ~~ Backlog grows to nearly \$3.0 billion; Book-to-bill of 1.6x
- ~~ Earnings performance third best in Greenbrier history

# ~~ Earnings guidance for Fiscal 2019 of \$4.20 - \$4.40 per share; Increase from 2018 Adjusted EPS

LAKE OSWEGO, Ore., Oct. 26, 2018 / PRNewswire -- The Greenbrier Companies, Inc. (NYSE: GBX) today reported financial results for its fourth fiscal quarter and year ended August 31, 2018.

## **Fourth Quarter Highlights**

- Net earnings attributable to Greenbrier for the quarter were \$30.9 million, or \$0.94 per diluted share, on revenue of \$689.2 million.
- Adjusted EBITDA for the quarter was \$75.3 million, or 10.9% of revenue.
- New railcar deliveries totaled 6,000 units for the quarter.
- Diversified orders of 9,300 railcars were received during the quarter, valued at over \$1.0 billion. Sequential increase in book-to-bill to 1.6x from 1.1x in the third quarter.
- New railcar backlog was 27,400 units with an estimated value of \$2.7 billion.
- Board declares a quarterly dividend of \$0.25 per share, payable on December 5, 2018 to shareholders of record as of November 14, 2018.

# Fiscal Year 2018 Highlights

 Net earnings attributable to Greenbrier for the year were \$151.8 million, or \$4.68 per diluted share, on revenue of \$2.5 billion. Adjusted net earnings attributable to Greenbrier for the year were \$133.9 million, or \$4.13 per diluted share.

Adjusted	\$133.9	\$4.13
Non-recurring tax benefit	(27.4)	(0.84)
GBW goodwill impairment	9.5	0.29
Unadjusted (GAAP)	\$151.8	\$4.68
(\$ in millions except per share)	Net earnings attributable to Greenbrier	Diluted EPS
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- Adjusted EBITDA for the year was \$318.2 million, or 12.6% of revenue.
- New railcar deliveries totaled 20,900 units for the year.
- Orders of 21,900 units valued at approximately \$2.2 billion across a broad range of railcar types.
   30% of orders originated internationally.
- Cash provided by operating activities exceeded \$100 million for the year.

## Fiscal Year 2019 Highlights

- Greenbrier renewed, extended and increased its revolving credit facility and leasing term loan totaling \$825 million. Extending both facilities to 2023, the additional liquidity supports Greenbrier's strategic objective to grow at scale.
- Today, Greenbrier separately announced an agreement to form a joint venture with Saudi Railway Company ("SAR") that will generate a total investment of 1 billion Saudi riyals (USD \$270 million) in Saudi Arabia's railway system and a supply of freight railcars for the Saudi rail industry.

William A. Furman, Chairman and CEO, said, "Greenbrier delivered solid results for the fourth quarter and fiscal 2018. Orders for 21,900 railcars valued at \$2.2 billion in 2018 are up more than 30% compared to 2017, approaching record order levels set in 2015. Additionally, 30% of Greenbrier's orders in 2018 came from international customers. Order momentum in the second half of fiscal 2018 corresponds with an improving North American market. Railcars in storage have been steadily declining and forecasts for annual railcar deliveries in 2019 and 2020 are expected to exceed 60,000 units each year. Greenbrier's backlog of 27,400 units, valued at \$2.7 billion, is diverse by product type and geographic markets served, providing visibility through fiscal 2019 and into 2020."

Furman added, "Greenbrier's earnings performance in fiscal 2018 was our third best ever. Revenue and deliveries were within the guidance range for the year, and aggregate gross margin remains favorable considering the North American freight railcar pricing environment. Greenbrier ended the year with a robust balance sheet, ample liquidity and low levels of debt, positioning us for strong operating cash flow in fiscal 2019."

"Our strategy to diversify internationally is succeeding. Greenbrier has firmly established commercial and manufacturing operations on four continents. In August, Greenbrier acquired a majority ownership of Turkish railcar builder Rayvag. This morning GBX announced its intention to establish a joint venture with SAR to execute railway projects and supply railcars for profitable growth of the Saudi freight rail market. This investment supports the objectives of the Kingdom's Vision 2030 plan. Recent trade policy advancements in America are also favorable to Greenbrier's international business. This includes progress by the United States, Mexico and Canada on a free trade agreement and Congressional action that blunts the advancement of state-owned enterprises and supports free markets for railcar manufacturing and its vast supply chain," Furman concluded.

## **Business Outlook**

Based on current business trends and production schedules for fiscal 2019, Greenbrier believes:

- Deliveries will be 24,000 26,000 units including Greenbrier-Maxion (Brazil) which will account for approximately 2,000 units
- Revenue will exceed \$3.0 billion
- Diluted EPS of \$4.20 4.40

As noted in the "Safe Harbor" statement, there are risks to achieving this guidance. Certain orders and backlog in this release are subject to customary documentation and completion of terms.

## **Financial Summary**

	Q4 FY18	Q3 FY18	Sequential Comparison – Main Drivers
Revenue	\$689.2M	\$641.4M	Up 7.5% primarily due to higher volume of deliveries
Gross margin	15.4%	16.9%	Reflects product mix changes
	\$51.3M	\$51.8M	Continued investments to support international and other strategic
Selling and administrative expense			initiatives
Net gain on disposition of equipment	\$4.6M	\$14.8M	Continued rebalancing of lease fleet
Adjusted EBITDA	\$75.3M	\$86.9M	Lower operating margin
Effective tax rate	20.1% <sup>(1)</sup>	24.5%	Reflects a change in the geographic mix of earnings and additional
			non-recurring benefit from Tax Act
Loss from unconsolidated affiliates	(\$3.1M)	(\$12.8M) <sup>(2)</sup>	Q3 includes \$9.5 million non-cash GBW goodwill impairment
Net earnings attributable to	\$6.2M	\$3.3M	Higher deliveries and timing of railcar syndications at our GIMSA JV
noncontrolling interest			
Adjusted net earnings attributable to	\$26.4M	\$42.4M	Primarily lower operating earnings; Q4 excludes \$4.5 million tax
Greenbrier			benefit
Adjusted diluted EPS	\$0.80	\$1.30	Q4 excludes \$0.14 per share tax benefit

- (1) Includes \$4.5 million, or \$0.14 per share, benefit related to a transition tax adjustment from the 2017 Tax Act.
- (2) Includes \$9.5 million, net of tax, or \$0.29 per share, impact associated with a non-cash goodwill impairment charge recorded by GBW.

# **Segment Summary**

	Q4 FY18	Q3 FY18	Sequential Comparison – Main Drivers
Manufacturing	I	I	
Revenue	\$571.2M	\$510.1M	Up 12.0% due to higher deliveries
Gross margin	14.3%	16.1%	Reflects product mix changes
Operating margin (1)	10.9%	12.2%	
Deliveries (2)	5,600	5,100	
Wheels, Repair & Parts	(3)		
Revenue	\$85.8M	\$94.5M	Down 9.2% primarily attributable to lower wheel and component volumes and scrap
			sales
Gross margin	7.6%	9.2%	Down primarily due to lower volumes
Operating margin (1)	4.3%	5.9%	
Leasing & Services			
Revenue	\$32.2M	\$36.8M	Down 12.5% due to lower volume of externally sourced railcar syndications
Gross margin	54.9%	47.9%	Up due to more normalized mix of revenue
Operating margin (1)	54.2%	72.6%	
(4)			
Lease fleet utilization	94.4%	90.4%	

- (1) See supplemental segment information on page 11 for additional information.
- (2) Excludes Brazil deliveries which are not consolidated into manufacturing revenue and margin.
- (3) In August 2018, the GBW Railcar Services joint venture was dissolved resulting in 12 repair locations returning to Greenbrier which are included in the Wheels, Repair & Parts segment.
- (4) Includes Net gain on disposition of equipment, which is not included in gross margin.

## **Conference Call**

Greenbrier will host a teleconference to discuss its fourth quarter 2018 results. In conjunction with this news release, Greenbrier has posted a supplemental earnings presentation to our website.

Teleconference details are as follows:

- October 26, 2018
- 8:00 a.m. Pacific Daylight Time
- Phone: 1-630-395-0143, 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.

## **About Greenbrier**

Greenbrier—headquartered in Lake Oswego, Oregon—is a leading international supplier of equipment and services to global freight transportation markets. Greenbrier designs, builds and markets freight railcars and marine barges in North America. Greenbrier Europe is an end-to-end freight railcar manufacturing, engineering and repair business with operations in Poland, Romania and Turkey that serves customers across Europe and in the nations of the Gulf Cooperation Council. Greenbrier builds freight railcars and rail castings in Brazil through two separate strategic partnerships. We are a leading provider of freight railcar wheel services, parts, repair, refurbishment and retrofitting services in North America through our wheels, repair & parts business unit. Greenbrier offers railcar management, regulatory compliance services and leasing services to railroads and related transportation industries in North America. Through unconsolidated joint ventures, we produce industrial and rail castings, tank heads and other components. Greenbrier owns a lease fleet of over 8,100 railcars and performs management services for 357,000 railcars. Learn more about Greenbrier at <a href="https://www.gbrx.com">www.gbrx.com</a>.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This press release may contain forward-looking statements, including any statements that are not purely statements of historical fact. Greenbrier uses words such as "anticipates," "believes," "forecast," "potential," "goal," "contemplates," "expects," "intends," "plans," "projects," "hopes," "seeks," "estimates," "strategy," "could," "would," "should," "likely," "will," "may," "can," "designed to," "future," "foreseeable future" and similar expressions to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to certain risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements. Factors that might cause such a difference include, but are not limited to, reported backlog and awards that are not indicative of Greenbrier's financial results; uncertainty or changes in the credit markets and financial services industry; high levels of indebtedness and compliance with the terms of Greenbrier's indebtedness; write-downs of goodwill, intangibles and other assets in future periods; sufficient availability of borrowing capacity; fluctuations in demand for newly manufactured railcars or failure to obtain orders as anticipated in developing forecasts; loss of one or more significant customers; customer payment defaults or related issues; policies and priorities of the federal government regarding international trade, taxation and infrastructure; sovereign risk to contracts, exchange rates or property rights; 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 or specialty component price fluctuations and availability 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, costs or inefficiencies associated with expansion, start-up, or changing of production lines or changes in production rates, changing technologies, transfer of production between facilities or non-performance of alliance partners, subcontractors or suppliers; ability to obtain suitable contracts for the sale of leased equipment and risks related to car hire and residual values; integration of current or future acquisitions and establishment of joint ventures; succession planning; discovery of defects in railcars or services resulting in increased warranty costs or litigation; physical damage or product or service liability claims that exceed

Greenbrier's insurance coverage; train derailments or other accidents or claims that could subject Greenbrier to legal claims; actions or inactions by various regulatory agencies including potential environmental remediation obligations or changing tank car or other railcar or railroad regulation; and issues arising from investigations of whistleblower complaints; all as may be discussed in more detail under the headings "Risk Factors" and "Forward Looking Statements" in Greenbrier's Annual Report on Form 10-K for the fiscal year ended August 31, 2017, Greenbrier's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2018, and Greenbrier's other reports on file with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. Except as otherwise required by law, Greenbrier does not assume any obligation to update any forward-looking statements.

Adjusted EBITDA, Adjusted net earnings attributable to Greenbrier and Adjusted diluted EPS are not financial measures under generally accepted accounting principles (GAAP). These metrics are performance measurement tools commonly used by rail supply companies and Greenbrier. You should not consider these metrics in isolation or as a substitute for other financial statement data determined in accordance with GAAP. In addition, because these metrics are not a measure of financial performance under GAAP and are susceptible to varying calculations, the measures presented may differ from and may not be comparable to similarly titled measures used by other companies.

We define Adjusted EBITDA as Net earnings before Interest and foreign exchange, Income tax expense (benefit), Depreciation and amortization and excluding the impact associated with items we do not believe are indicative of our core business or which affect comparability. We believe the presentation of Adjusted EBITDA provides useful information as it excludes the impact of financing, foreign exchange, income taxes and the accounting effects of capital spending. These items may vary for different companies for reasons unrelated to the overall operating performance of a company's core business. We believe this assists in comparing our performance across reporting periods.

Adjusted net earnings attributable to Greenbrier and Adjusted diluted EPS excludes the impact associated with items we do not believe are indicative of our core business or which affect comparability. We believe this assists in comparing our performance across reporting periods.

## CONSOLIDATED BALANCE SHEETS

(In thousands, unaudited)

THE GREENBRIER COMPANIES, INC.

		August 31, 2018		мау 31, 2018		2018		2017		igust 31, 2017
Assets										
Cash and cash equivalents	\$	530,655	\$	589,969	\$	586,008	\$	591,406	\$	611,466
Restricted cash		8,819		9,204		8,875		8,839		8,892
Accounts receivable, net		348,406		322,328		321,795		315,393		279,964
Inventories		432,314		396,518		408,419		411,371		400,127
Leased railcars for syndication		130,926		158,194		168,748		130,991		91,272
Equipment on operating leases, net		322,855		302,074		258,417		274,598		315,941
Property, plant and equipment, net		457,196		424,035		429,465		426,961		428,021
Investment in unconsolidated affiliates		61,414		75,884		98,009		101,529		108,255
Intangibles and other assets, net		94,668		82,030		83,308		83,819		85,177
Goodwill		78,211		70,347		69,011		67,783		68,590
	\$ 2	2,465,464	\$	2,430,583	\$ :	2,432,055	\$	2,412,690	\$ 2	2,397,705
		•								

Revolving notes Accounts payable and accrued liabilities Deferred income taxes Deferred revenue Notes payable, net		27,725 449,857 31,740 105,954 436,205	\$	20,337 447,827 36,657 102,919 437,833	\$ 7,990 461,088 41,257 85,886 559,755	\$ 6,885 441,373 69,984 120,044 558,987	\$	4,324 415,061 75,791 129,260 558,228
Contingently redeemable noncontrolling interest		29,768		31,135	33,046	35,209		36,148
Total equity - Greenbrier Noncontrolling interest Total equity	1,	250,101 134,114 384,215 465,464	1	1,225,512 128,363 1,353,875 2,430,583	1,095,447 147,586 1,243,033 2,432,055	\$ 1,032,557 147,651 1,180,208 2,412,690	1	,018,130 160,763 1,178,893 2,397,705

## THE GREENBRIER COMPANIES, INC

## CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts, unaudited)

	Yea	ars E	nded August	31,			
	 2018		2017		2016		
Revenue	 						
Manufacturing	\$ 2,044,586	\$	1,725,188	\$	2,096,331		
Wheels, Repair & Parts (1)	347,023		312,679		322,395		
Leasing & Services	 127,855		131,297		260,798		
Cost of revenue	2,519,464		2,169,164		2,679,524		
Manufacturing	1,727,407		1,373,967		1,630,554		
Wheels, Repair & Parts <sup>(1)</sup>	318,330		288,336		293,751		
Leasing & Services	64,672		200,330 85,562		293,731		
Loading a convictor	 2,110,409		1,747,865		2,128,087		
Margin	409,055		421,299		551,437		
Selling and administrative	200,439		170,607		158,681		
Net gain on disposition of equipment	(44,369)		(9,740)		(15,796)		
Earnings from operations	 252,985		260,432		408,552		
Other costs							
Interest and foreign exchange Earnings before income tax and earnings (loss) fromunconsolidated	 29,368		24,192		13,502		
affiliates	223,617		236,240		395,050		
Income tax expense	(32,893)		(64,014)		(112,322)		
Earnings before earnings (loss) fromunconsolidated affiliates	 190,724		172,226		282,728		
Earnings (loss) from unconsolidated affiliates	 (18,661)		(11,764)		2,096		
Net earnings	172,063		160,462		284,824		
Net earnings attributable to noncontrolling interest	 (20,282)		(44,395)		(101,611)		
Net earnings attributable to Greenbrier	\$ 151,781	\$	116,067	\$	183,213		
Basic earnings per common share	\$ 4.92	\$	3.97	\$	6.28		
Diluted earnings per common share	\$ 4.68	\$	3.65	\$	5.73		
Weighted average common shares							
Basic	30,857		29,225		29,156		
Diluted	32,835		32,562		32,468		
Dividends declared per common share	\$ 0.96	\$	0.86	\$	0.81		

<sup>(1)</sup> In August 2018, the GBW Railcar Services joint venture was dissolved resulting in 12 repair locations returning to Greenbrier which are included in the Wheels, Repair & Parts segment.

## **CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands, unaudited)

	Ye	31,		
	2018	2017	2016	
Cash flows from operating activities:				
Net earnings	\$ 172,063	\$ 160,462	\$ 284,824	
Adjustments to reconcile net earnings to net cashprovided by operating				
activities:				
Deferred income taxes	(40,496)	4,377	(8,935)	
Depreciation and amortization	74,356	65,129	63,345	
Net gain on disposition of equipment	(44,369)	(9,740)	(15,796)	
Stock based compensation expense	29,314	26,427	24,037	
Accretion of debt discount	4,171	2,340	-	
Noncontrolling interest adjustments	2,864	(677)	526	
Other	1,688	(845)	560	
Decrease (increase) in assets:				
Accounts receivable, net	(83,551)	(25,272)	(32,051)	
Inventories	(26,592)	(2,787)	53,711	
Leased railcars for syndication	(54,023)	41,015	19,154	
Other	34,115	17,558	(16,989)	
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	54,032	(25,422)	(85,928)	
Deferred revenue	(20,231)	33,039	50,712	
Net cash provided by operating activities	103,341	285,604	337,170	
Cash flows from investing activities:	_			
Acquisitions, net of cash acquired	(34,874)	(27,127)	-	
Proceeds from sales of assets	153,224	24,149	103,715	
Capital expenditures	(176,848)	(86,065)	(139,013)	
Decrease (increase) in restricted cash	73	15,387	(15,410)	
Investment in and advances to unconsolidated affiliates	(26,455)	(40,632)	(12,855)	
Cash distribution from joint ventures	4,661	550	7,855	
Net cash used in investing activities	(80,219)	(113,738)	(55,708)	
Cash flows from financing activities:	(, -,	( -,,	(,,	
Net changes in revolving notes with maturities of 90 days or less	23,401	4,324	(49,000)	
Repayments of revolving notes with maturities longer than 90 days			(1,888)	
Proceeds from issuance of notes payable	13,771	276,093	(1,000)	
Repayments of notes payable	(22,269)	(8,297)	(22,299)	
Debt issuance costs	(==,===)	(9,082)	(4,161)	
Repurchase of stock	_	(0,00=)	(33,498)	
Dividends	(29,914)	(24,890)	(23,303)	
Cash distribution to joint venture partner	(73,033)	(28,511)	(95,092)	
Investment by joint venture partner	6,500	(20,011)	5,400	
Tax payments for net share settlement of restricted stock	(7,723)	(5,215)	(5,500)	
Excess tax benefit from restricted stock awards	(1,120)	(3,213)	2,813	
Other	_	_	(887)	
Net cash provided by (used in) financing activities	(89,267)	204,422	(227,415)	
Effect of exchange rate changes	(14,666)			
(Decrease) increase in cash and cash equivalents	(14,666) (80,811)	12,499 388,787	(4,298) 49,749	
Cash and cash equivalents	(00,011)	300,/0/	49,749	
•	611 460	222,679	170.000	
Beginning of period	611,466		172,930	
End of period	\$ 530,655	\$ 611,466	\$ 222,679	

THE GREENBRIER COMPANIES, INC.

## **SUPPLEMENTAL INFORMATION**

(In thousands, except per share amounts, unaudited)

Operating Results by Quarter for 2018 are as follows:

	 First	Second		Third	ļ	Fourth		Total
Revenue								
Manufacturing	\$ 451,485	\$ 511,827	\$	510,099	\$	571,175	\$ 2	2,044,586
Wheels, Repair & Parts (1)	78,011	88,710		94,515		85,787		347,023
Leasing & Services	30,039	28,799		36,773		32,244		127,855
	559,535	629,336		641,387		689,206	2	2,519,464
Cost of revenue								
Manufacturing	380,850	429,165		427,875		489,517	1	,727,407
Wheels, Repair & Parts (1)	72,506	80,708		85,850		79,266		318,330
Leasing & Services	 16,865	14,116		19,155		14,536		64,672
	470,221	523,989		532,880		583,319	2	2,110,409
Margin	89,314	105,347		108,507		105,887		409,055
Selling and administrative expense	47,043	50,294		51,793		51,309		200,439
Net gain on disposition of equipment	(19,171)	(5,817)		(14,825)		(4,556)		(44,369)
Earnings from operations	 61,442	60,870		71,539		59,134		252,985
Other costs								
Interest and foreign exchange	7,020	7,029		6,533		8,786		29,368
Earnings before income tax and earnings (loss)								
from unconsolidated affiliates	54,422	53,841		65,006		50,348		223,617
Income tax benefit (expense)	 (18,135)	11,301		(15,944)		(10,115)		(32,893)
Earnings before earnings (loss) from	00 007	CE 140		40.000		40.000		100 704
unconsolidated affiliates	36,287	65,142 147		49,062		40,233		190,724
Earnings (loss) from unconsolidated affiliates Net earnings	 (2,910) 33,377	65,289		(12,823) 36,239		(3,075) 37,158		(18,661) 172,063
Net earnings Net earnings attributable to	55,577	05,205		30,239		37,130		172,000
noncontrolling interest	(7,124)	(3,647)		(3,288)		(6,223)		(20,282)
Net earnings attributable to Greenbrier	\$ 26,253	\$ 61,642	\$	32,951	\$	30,935	\$	151,781
			_					
Basic earnings per common share (2)	\$ 0.90	\$ 2.10	\$	1.03	\$	0.95	\$	4.92
Diluted earnings per common share (2)	\$ 0.83	\$ 1.91	\$	1.01	\$	0.94	\$	4.68

<sup>(1)</sup> In August 2018, the GBW Railcar Services joint venture was dissolved resulting in 12 repair locations returning to Greenbrier which are included in the Wheels, Repair & Parts segment.

THE GREENBRIER COMPANIES, INC.

#### SUPPLEMENTAL INFORMATION

(In thousands, except per share amounts, unaudited)

# Operating Results by Quarter for 2017 are as follows:

	First	Second	Third	Fourth	Total
Revenue					
Manufacturing	\$ 454,033	\$ 445,504	\$ 317,104	\$ 508,547	\$ 1,725,188
Wheels, Repair & Parts (1)	69,635	82,714	85,231	75,099	312,679
Leasing & Services	28,646	38,064	36,826	27,761	131,297
	552,314	566,282	439,161	611,407	2,169,164
Cost of revenue					
Manufacturing	356,555	346,653	245,228	425,531	1,373,967
Wheels, Repair & Parts (1)	64,978	75,497	77,985	69,876	288,336
Leasing & Services	18,030	25,207	26,247	16,078	85,562

<sup>(2)</sup> Quarterly amounts do not total to the year to date amount as each period is calculated discretely. Diluted earnings per common share excludes the dilutive effect of the 2024 Convertible Notes, since the average stock price was less than the applicable conversion price and therefore was considered anti-dilutive, using the treasury stock method but includes restricted stock units that are not considered participating securities, restricted stock units that are subject to performance criteria, for which actual levels of performance above target have been achieved, and the dilutive effect of shares underlying the 2018 Convertible Notes using the "if converted" method, during the periods in which they were outstanding, in which debt issuance and interest costs, net of tax, were added back to net earnings.

		439,563		447,357		349,460		511,485	1	,747,865
Margin		112,751		118,925		89,701		99,922		421,299
Selling and administrative expense		41,213		39,495		42,810		47,089		170,607
Net gain on disposition of equipment		(1,122)		(2,090)		(1,581)		(4,947)		(9,740)
Earnings from operations		72,660		81,520		48,472		57,780		260,432
Other costs										
Interest and foreign exchange		1,724		5,673		7,894		8,901		24,192
Earnings before income tax and loss from				· · · · · · · · · · · · · · · · · · ·						
unconsolidated affiliates		70,936		75,847		40,578		48,879		236,240
Income tax expense		(20,386)		(24,858)		(8,656)		(10,114)		(64,014)
Earnings before loss from unconsolidated										
affiliates		50,550		50,989		31,922		38,765		172,226
Loss from unconsolidated affiliates		(2,584)		(1,988)		(681)		(6,511)		(11,764)
Net earnings		47,966		49,001		31,241		32,254		160,462
Net earnings attributable to noncontrolling										
interest		(23,004)		(14,465)		1,582		(8,508)		(44,395)
Net earnings attributable to Greenbrier	\$	24,962	\$	34,536	\$	32,823	\$	23,746	\$	116,067
Basic earnings per common share (2)	\$	0.86	\$	1.19	\$	1.12	\$	0.81	\$	3.97
Diluted earnings per common share (2)	\$	0.79	\$	1.09	\$	1.03	\$	0.75	\$	3.65
Diluted earnings per common snare	Φ	0.79	Φ	1.09	Φ	1.03	Φ	0.75	Φ	3.05

<sup>(1)</sup> In August 2018, the GBW Railcar Services joint venture was dissolved resulting in 12 repair locations returning to Greenbrier which are included in the Wheels, Repair & Parts segment.

## THE GREENBRIER COMPANIES, INC.

## SUPPLEMENTAL INFORMATION

(In thousands, unaudited)

## **Segment Information**

Three months ended August 31, 2018:

		,	R	evenue		Earnings (loss) from operations									
	External		Intersegment		Total			External	Int	ersegment	ent Total				
Manufacturing Wheels, Repair &	\$	571,175	\$	33,904	\$	605,079	\$	62,312	\$	3,905	\$	66,217			
Parts <sup>(1)</sup> Leasing &		85,787		13,931		99,718		3,648		534		4,182			
Services		32,244		1,992		34,236		17,473		1,750		19,223			
Eliminations		-		(49,827)		(49,827)		-		(6,189)		(6,189)			
Corporate		-		-		-		(24,299)		-		(24,299)			
	\$	689,206	\$	-	\$	689,206	\$	59,134	\$		\$	59,134			

Three months ended May 31, 2018:

	Revenue							Earnings (loss) from operations						
-	External		Intersegment		Total		External		Intersegment	Total				
Manufacturing Wheels, Repair &	\$	510,099	\$	53,501	\$	563,600	\$	62,435	6,215	\$	68,650			
Parts <sup>(1)</sup> Leasing &		94,515		10,879		105,394		5,546	686		6,232			
Services Eliminations		36,773 -		3,886 (68,266)		40,659 (68,266)		26,704	3,380 (10,281)		30,084 (10,281)			

<sup>(2)</sup> Quarterly amounts do not total to the year to date amount as each period is calculated discretely. Diluted earnings per common share excludes the dilutive effect of the 2024 Convertible Notes, since the average stock price was less than the applicable conversion price and therefore was considered anti-dilutive, but includes restricted stock units that are subject to performance criteria, for which actual levels of performance above target have been achieved, using the treasury stock method when dilutive and the dilutive effect of shares underlying the 2018 Convertible Notes using the "if converted" method in which debt issuance and interest costs, net of tax, were added back to net earnings.

Corporate	-			- (23,146)			- (23		
	\$ 641,387	\$	_	\$ 641,387	\$	71,539	\$ _	\$	71,539

		Total assets									
		August 31,		May 31,							
	2018			2018							
Manufacturing	\$	1,020,757	-	\$	924,869						
Wheels,											
Repair &											
Parts (1)		306,756			243,641						
Leasing &											
Services		578,818			578,259						
Unallocated		559,133			683,814						
	\$	2,465,464	-	\$	2,430,583						

<sup>(1)</sup> In August 2018, the GBW Railcar Services joint venture was dissolved resulting in 12 repair locations returning to Greenbrier which are included in the Wheels, Repair & Parts segment.

#### THE GREENBRIER COMPANIES, INC.

#### **SUPPLEMENTAL INFORMATION**

(In thousands, excluding backlog and delivery units, unaudited)

## Reconciliation of Net earnings to Adjusted EBITDA

		Three Mont	Year Ended				
	Α	ugust 31,	May 31,			August 31,	
	2018			2018	2018		
Net earnings	\$	37,158	\$	36,239	\$	172,063	
Interest and foreign exchange		8,786		6,533		29,368	
Income tax expense		10,115		15,944		32,893	
Depreciation and amortization		19,195		18,707		74,356	
GBW goodwill impairment, net of							
tax		-		9,493		9,493	
Adjusted EBITDA	\$	75,254	\$	86,916	\$	318,173	

	Three Months Ended August 31, 2018	Year Ended August 31, 2018
Backlog Activity (units)		
Beginning backlog	24,200	28,600
Orders received (1)	9,300	21,900
Production held as Leased railcars for		
syndication	(600)	(4,750)
Production sold directly to third parties <sup>(1)</sup>	(5,500)	(18,350)
Ending backlog	27,400	27,400
Delivery Information (units)		
Production sold directly to third parties <sup>(1)</sup>	5,500	18,350
Sales of Leased railcars for syndication	500	2,550
Total deliveries	6,000	20,900

<sup>(1)</sup> Includes Greenbrier-Maxion, our Brazilian railcar manufacturer, which is accounted for under the equity method

#### Reconciliation of common shares outstanding and diluted earnings per share

The shares used in the computation of the Company's basic and diluted earnings per common share are reconciled as follows:

	Three Month	Year Ended	
	August 31, 2018	May 31, 2018	August 31, 2018
Weighted average basic common shares outstanding (1)	32,663	32,034	30,857
Dilutive effect of convertible notes (2)	-	655	1,821
Dilutive effect of restricted stock units <sup>(3)</sup>	357	225	157
Weighted average diluted common shares outstanding	33,020	32,914	32,835

- (1) Restricted stock grants and restricted stock units that are considered participating securities, including some grants subject to certain performance criteria, are included in weighted average basic common shares outstanding when the Company is in a net earnings position.
- (2) The dilutive effect of the 2018 Convertible notes was included as they were considered dilutive under the "if converted" method as further discussed below. The 2018 Convertible notes matured April 1, 2018.
- (3) Restricted stock units that are not considered participating securities and restricted stock units subject to performance criteria, for which actual levels of performance above target have been achieved, are included in Weighted average diluted shares outstanding when the Company is in a net earnings position.

Diluted EPS was calculated using the more dilutive of two approaches. The first approach includes the dilutive effect, using the treasury stock method, associated with shares underlying the 2024 Convertible notes, restricted stock units that are not considered participating securities, and performance based restricted stock units that are subject to performance criteria, for which actual levels of performance above target have been achieved. The second approach supplements the first by including the "if converted" effect of the 2018 Convertible notes during the periods in which they were outstanding. Under the "if converted method" debt issuance and interest costs, both net of tax, associated with the convertible notes are added back to net earnings and the share count is increased by the shares underlying the convertible notes. The 2024 Convertible notes are included in the calculation of both approaches when the average stock price is greater than the applicable conversion price.

Net earnings attributable to Greenbrier GBW goodwill impairment, net of tax Non-recurring Tax Act benefit Adjusted net earnings attributable to Greenbrier

	Three Mon		Year Ended			
Au	igust 31, 2018	May 31, 2018	August 31, 2018			
\$	30,935 - (4,535)	\$ 32,951 9,493 -	\$	151,781 9,493 (27,408)		
\$	26,400	\$ 42,444	\$	133,866		

THE GREENBRIER COMPANIES. INC.

#### SUPPLEMENTAL INFORMATION

(In thousands, except per share amounts, unaudited)

Reconciliation of common shares outstanding and diluted earnings per share (continued)

	Three Mon	Year Ended			
	gust 31, 2018	May 31, 2018		Αι	ugust 31, 2018
Net earnings attributable to Greenbrier Add back: Interest and debt issuance costs on the 2018 Convertible	\$ 30,935	\$	32,951	\$	151,781
notes, net of tax	 -		297		2,031

Earnings before interest and debt issuance costs on convertible notes	\$ 30,935	\$	33,248	\$ 153,812
Weighted average diluted common shares outstanding	33,020		32,914	32,835
Diluted earnings per share GBW goodwill impairment Non-recurring Tax Act benefit Adjusted diluted earnings per share	\$ 0.94 - (0.14) (2	\$ ) \$	1.01 0.29 (1 - 1.30	\$ 4.68 0.29 (1) (0.84) (2) 4.13 (3)

<sup>(1)</sup> Non-cash GBW goodwill impairment of \$9.5 million, net of tax, divided by weighted average diluted common shares outstanding for the relevant period.

# SOURCE The Greenbrier Companies, Inc. (GBX)

For further information: Lorie Tekorius, Investor Relations, Justin Roberts, Investor Relations, 503-684-7000

https://pressroom.gbrx.com/2018-10-26-Greenbrier-Reports-Fourth-Quarter-and-Fiscal-Year-Results

<sup>(2)</sup> Non-recurring net benefit of \$4.5 million in Q4 and \$27.4 million in 2018 related to the 2017 Tax Act.

<sup>(3)</sup> Approximation due to rounding.