

**~ Announces orders of 6,500 railcars valued at \$730 million**

**~~ Record quarterly revenue exceeding \$850 million**

**~~ Core North American operations continue to build momentum**

**~~ Pending ARI acquisition brings product & geographic diversification and greater scale**

LAKE OSWEGO, Ore., July 2, 2019 /[PRNewswire](#)/ -- The Greenbrier Companies, Inc. (NYSE: GBX) today reported financial results for its third fiscal quarter ended May 31, 2019.

### **Third Quarter Highlights**

- Net earnings attributable to Greenbrier for the quarter were \$15.2 million, or \$0.46 per diluted share, on revenue of \$856.2 million. Quarterly results include a \$10.0 million (\$0.30 per share) non-cash goodwill impairment charge in the railcar repair operation and \$4.3 million, net of tax, (\$0.13 per share) of American Railcar Industries (ARI) acquisition costs.
- Adjusted net earnings attributable to Greenbrier were \$29.6 million (\$0.89 per diluted share) excluding the goodwill impairment and ARI acquisition costs.
- Adjusted EBITDA for the quarter was \$84.4 million, or 9.9% of revenue.
- Orders for 6,500 diversified railcars were received during the quarter, valued at \$730 million. Book-to-bill ratio was 1.0x.
- New railcar backlog as of May 31, 2019 was 26,100 units with an estimated value of \$2.74 billion.
- New railcar deliveries totaled 6,500 units for the quarter.
- Board declares quarterly dividend of \$0.25 per share, payable on August 8, 2019 to shareholders as of July 18, 2019.
- Acquisition of the manufacturing assets of ARI remains subject to regulatory review and approval.

William A. Furman, Chairman and CEO, said, "Greenbrier gained the momentum we expected during the quarter, led by improved operating efficiencies in our core North American manufacturing business. Greenbrier's current and expected performance is consistent with our prior comments that revenue and margin would be back-half weighted this fiscal year. These gains were muted in our overall financial results due to continued weakness in Greenbrier's railcar repair business and certain international operations, along with costs associated with the ARI acquisition."

Furman continued, "Despite certain legacy headwinds and the management attention required on a major acquisition in the quarter, we are pleased with our improved core operating performance. We anticipate further strong momentum in the fourth quarter. Realignment of our railcar repair network is expected to be completed by the end of the year, which will help earnings performance in the Wheels, Repair & Parts segment. In Brazil, the long-delayed rail concession renewal process negatively affected the operations of our joint venture, resulting in a loss this quarter. Greenbrier's Brazil operations are being right-sized for the current demand environment before order activity ramps up as expected in 2020 and over the coming years. Meanwhile, pricing and manufacturing performance in Europe responded more slowly than expected, but is now kicking in. Headwinds from Europe and Brazil are expected to turn to tailwinds in Q4 and beyond, along with other international performance contributions."

Furman concluded, "The Company is performing well in a choppy global freight railcar market. Greenbrier received orders for approximately 6,500 new railcars valued at \$730 million in the quarter. These orders span a range of railcar types from a diverse set of customers. Greenbrier's backlog of 26,100 units valued at \$2.7 billion provides strong visibility and cash flow into fiscal 2020. Greenbrier's four-part strategy remains unchanged: reinforcing our core North American markets, executing on our international strategy, developing a robust talent pipeline, and growing the business on a larger scale. The strategy and Greenbrier's integrated business model work in parallel to support our success over time, especially with the acquisition of ARI, which will allow a larger, more diversified product and geographic mix in North America."

## **Fiscal Q4 2019 Outlook**

Based on current business trends, Greenbrier believes for the fourth quarter:

- Deliveries will be 7,000 – 8,000 units including Greenbrier-Maxion (Brazil) (which will account for approximately 100 – 200 units).
- Revenue will be nearly \$1.0 billion.
- Diluted EPS will be \$1.30 – 1.50 excluding any ARI acquisition costs or operational benefits.

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**

|  | <b>Q3 FY19</b>         | <b>Q2 FY19</b> | <b>Sequential Comparison - Main Drivers</b>  |
|--|------------------------|----------------|--|
| Revenue  | \$856.2M               | \$658.7M       | Up 30% due to increased delivery volumes   |
| Gross margin   | 12.4%                  | 8.2%           | Primarily improved manufacturing efficiency  |
| Selling and administrative expense                   | \$54.4M                | \$47.9M        | Includes \$5.8 million of ARI acquisition expenses   |
| Adjusted EBITDA                                      | \$84.4M                | \$37.4M        | Increased operating earnings; see reconciliation on page 12  |
| Effective tax rate                                   | 30.0%                  | 25.5%          | Higher quarterly rate driven by goodwill impairment with no tax benefit; excluding goodwill, the rate would have been ~25% |
| Loss from unconsolidated affiliates                  | \$4.6M                 | \$0.8M         | Decline primarily driven by negative performance in Brazil due to low delivery volume                                      |
| Net earnings attributable to noncontrolling interest | \$10.6M                | \$3.0M         | Increased deliveries and improved mix at GIMSA JV  |
| Adjusted net earnings attributable to Greenbrier     | \$29.6M <sup>(1)</sup> | \$2.8M         | Increased operating earnings reflecting higher delivery volumes and manufacturing gross margin                             |
| Adjusted diluted EPS                                 | \$0.89 <sup>(1)</sup>  | \$0.08         |  |

(1) Excludes \$10.0 million (\$0.30 per share) non-cash impact associated with a goodwill impairment charge and \$4.3 million (\$0.13 per share), net of tax, expense associated with ARI acquisition costs.

## **Segment Summary**

|   | <b>Q3 FY19</b> | <b>Q2 FY19</b> | <b>Sequential Comparison - Main Drivers</b>   |
|---|----------------|----------------|---|
| <b>Manufacturing</b>                              |                |                |   |
| Revenue   | \$681.6M       | \$476.0M       | 43% increase driven by 44% increase in deliveries   |
| Gross margin                                      | 13.3%          | 6.9%           | Improved efficiency and product mix   |
| Operating margin <sup>(1)</sup>                   | 10.6%          | 2.9%           |   |
| Deliveries <sup>(2)</sup>                         | 6,500          | 4,500          | Higher production levels and syndication activity   |
| <b>Wheels, Repair &amp; Parts</b>                 |                |                |   |
| Revenue   | \$125.0M       | \$125.3M       | Continued seasonally strong volumes   |
| Gross margin                                      | 4.1%           | 5.4%           | Continued operating challenges in railcar repair operations   |
| Operating margin <sup>(1)</sup>                   | (7.1%)         | 2.3%           | Includes \$10.0 million, non-cash goodwill impairment   |
| <b>Leasing &amp; Services</b>                     |                |                |   |
| Revenue   | \$49.6M        | \$57.4M        | Less secondary market syndication activity  |
| Gross margin                                      | 21.4%          | 24.4%          | Decline primarily reflects increased transportation costs and less interim rent on certain railcars |
| Operating margin <sup>(1)</sup><br><sup>(3)</sup> | 30.9%          | 36.7%          | Lower gross margin and modestly lower level of gains on disposition of equipment                    |

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- (1) See supplemental segment information on page 11 for additional information.  
(2) Excludes Brazil deliveries which are not consolidated into manufacturing revenue and margins.  
(3) Includes Net gain on disposition of equipment, which is excluded from gross margin.

## **Conference Call**

Greenbrier will host a teleconference to discuss its third quarter 2019 results. In conjunction with this news release, Greenbrier has posted a supplemental earnings presentation to our website.

Teleconference details are as follows:

- July 2, 2019
- 8:00 a.m. Pacific Daylight Time
- Phone: 1-630-395-0143, Password: "Greenbrier"
- Real-time Audio Access: ("Newsroom" at <http://www.gbrx.com>)

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 8,900 railcars and performs management services for 374,000 railcars. Learn more about Greenbrier at [www.gbrx.com](http://www.gbrx.com).

### **"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 "affirms," "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, 2018, Greenbrier's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2019, 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, Adjusted diluted EPS and Diluted earnings per share range excluding ARI acquisition costs are not financial measures under generally accepted accounting principles (GAAP). These metrics are performance measurement tools 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. Diluted earnings per share range excluding ARI acquisition costs exclude ARI acquisition costs. We believe these assist in comparing our performance across reporting periods.

**THE GREENBRIER COMPANIES, INC.**

**Consolidated Balance Sheets**

(In thousands, unaudited)

|   | <b>May 31,<br/>2019</b> | <b>February 28,<br/>2019</b> | <b>November 30,<br/>2018</b> | <b>August 31,<br/>2018</b> | <b>May 31,<br/>2018</b> |
|---|-------------------------|------------------------------|------------------------------|----------------------------|-------------------------|
| <b>Assets</b>                                   |                         |                              |                              |                            |                         |
| Cash and cash equivalents                       | \$ 359,625              | \$ 341,500                   | \$ 462,797                   | \$ 530,655                 | \$ 589,969              |
| Restricted cash                                 | 21,471                  | 21,584                       | 8,872                        | 8,819                      | 9,204                   |
| Accounts receivable, net                        | 330,385                 | 335,732                      | 306,917                      | 348,406                    | 322,328                 |
| Inventories                                     | 592,099                 | 574,146                      | 492,573                      | 432,314                    | 396,518                 |
| Leased railcars for syndication                 | 130,489                 | 163,472                      | 233,415                      | 130,926                    | 158,194                 |
| Equipment on operating leases, net              | 376,241                 | 381,336                      | 317,282                      | 322,855                    | 302,074                 |
| Property, plant and equipment, net              | 478,502                 | 472,739                      | 461,120                      | 457,196                    | 424,035                 |
| Investment in unconsolidated affiliates         | 53,036                  | 58,685                       | 58,682                       | 61,414                     | 75,884                  |
| Intangibles and other assets, net               | 97,022                  | 101,284                      | 95,958                       | 94,668                     | 82,030                  |
| Goodwill  | 74,318                  | 82,743                       | 77,508                       | 78,211                     | 70,347                  |
|   | <u>\$ 2,513,188</u>     | <u>\$ 2,533,221</u>          | <u>\$ 2,515,124</u>          | <u>\$ 2,465,464</u>        | <u>\$ 2,430,583</u>     |
| <b>Liabilities and Equity</b>                   |                         |                              |                              |                            |                         |
| Revolving notes                                 | \$ 25,952               | \$ 22,323                    | \$ 22,189                    | \$ 27,725                  | \$ 20,337               |
| Accounts payable and accrued liabilities        | 473,106                 | 474,863                      | 438,304                      | 449,857                    | 447,827                 |
| Deferred income taxes                           | 12,089                  | 29,481                       | 30,631                       | 31,740                     | 36,657                  |
| Deferred revenue                                | 76,170                  | 91,533                       | 108,566                      | 105,954                    | 102,919                 |
| Notes payable, net                              | 483,918                 | 486,107                      | 487,764                      | 436,205                    | 437,833                 |
| Contingently redeemable noncontrolling interest | 24,722                  | 25,637                       | 28,449                       | 29,768                     | 31,135                  |
| Total equity - Greenbrier                       | 1,262,315               | 1,257,818                    | 1,257,631                    | 1,250,101                  | 1,225,512               |
| Noncontrolling interest                         | 154,916                 | 145,459                      | 141,590                      | 134,114                    | 128,363                 |
| Total equity                                    | <u>1,417,231</u>        | <u>1,403,277</u>             | <u>1,399,221</u>             | <u>1,384,215</u>           | <u>1,353,875</u>        |
|   | <u>\$ 2,513,188</u>     | <u>\$ 2,533,221</u>          | <u>\$ 2,515,124</u>          | <u>\$ 2,465,464</u>        | <u>\$ 2,430,583</u>     |

**THE GREENBRIER COMPANIES, INC.**

**Consolidated Statements of Income**

(In thousands, except per share amounts, unaudited)

|  | <b>Three Months Ended<br/>May 31,</b> |                  | <b>Nine Months Ended<br/>May 31,</b> |                   |
|--|---------------------------------------|------------------|--------------------------------------|-------------------|
|  | <b>2019</b>                           | <b>2018</b>      | <b>2019</b>                          | <b>2018</b>       |
| <b>Revenue</b>   |                                       |                  |                                      |                   |
| Manufacturing  | \$ 681,588                            | \$ 510,099       | \$ 1,629,396                         | \$ 1,473,411      |
| Wheels, Repair & Parts   | 124,980                               | 94,515           | 358,801                              | 261,236           |
| Leasing & Services   | 49,584                                | 36,773           | 131,149                              | 95,611            |
|  | <u>856,152</u>                        | <u>641,387</u>   | <u>2,119,346</u>                     | <u>1,830,258</u>  |
| <b>Cost of revenue</b>   |                                       |                  |                                      |                   |
| Manufacturing  | 590,788                               | 427,875          | 1,451,589                            | 1,237,890         |
| Wheels, Repair & Parts   | 119,821                               | 85,850           | 339,254                              | 239,064           |
| Leasing & Services   | 38,971                                | 19,155           | 95,554                               | 50,136            |
|  | <u>749,580</u>                        | <u>532,880</u>   | <u>1,886,397</u>                     | <u>1,527,090</u>  |
| <b>Margin</b>  | <u>106,572</u>                        | <u>108,507</u>   | <u>232,949</u>                       | <u>303,168</u>    |
| Selling and administrative expense                                   | 54,377                                | 51,793           | 152,701                              | 149,130           |
| Net gain on disposition of equipment                                 | (11,019)                              | (14,825)         | (37,474)                             | (39,813)          |
| Goodwill impairment  | 10,025                                | -                | 10,025                               | -                 |
| <b>Earnings from operations</b>                                      | <u>53,189</u>                         | <u>71,539</u>    | <u>107,697</u>                       | <u>193,851</u>    |
| <b>Other costs</b>   |                                       |                  |                                      |                   |
| Interest and foreign exchange  | 9,770                                 | 6,533            | 23,411                               | 20,582            |
| Earnings before income taxes and loss from unconsolidated affiliates | 43,419                                | 65,006           | 84,286                               | 173,269           |
| Income tax expense   | (13,008)                              | (15,944)         | (24,391)                             | (22,778)          |
| Earnings before loss from unconsolidated affiliates                  | 30,411                                | 49,062           | 59,895                               | 150,491           |
| Loss from unconsolidated affiliates                                  | (4,564)                               | (12,823)         | (4,883)                              | (15,586)          |
| Net earnings   | 25,847                                | 36,239           | 55,012                               | 134,905           |
| Net earnings attributable to noncontrolling interest                 | (10,599)                              | (3,288)          | (19,043)                             | (14,059)          |
| <b>Net earnings attributable to Greenbrier</b>                       | <u>\$ 15,248</u>                      | <u>\$ 32,951</u> | <u>\$ 35,969</u>                     | <u>\$ 120,846</u> |
| <b>Basic earnings per common share:</b>                              | \$ 0.47                               | \$ 1.03          | \$ 1.10                              | \$ 3.99           |
| <b>Diluted earnings per common share:</b>                            | \$ 0.46                               | \$ 1.01          | \$ 1.08                              | \$ 3.75           |

**Weighted average common shares:**

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 32,603 | 32,034 | 32,623 | 30,250 |
| Diluted | 33,183 | 32,914 | 33,161 | 32,774 |

|                                     |         |         |         |         |
|-------------------------------------|---------|---------|---------|---------|
| Dividends declared per common share | \$ 0.25 | \$ 0.25 | \$ 0.75 | \$ 0.71 |
|-------------------------------------|---------|---------|---------|---------|

**THE GREENBRIER COMPANIES, INC.****Consolidated Statements of Cash Flows***(In thousands, unaudited)*

|   | <b>Nine Months Ended<br/>May 31,</b> |             |
|---|--------------------------------------|-------------|
|   | <b>2019</b>                          | <b>2018</b> |
| <b>Cash flows from operating activities</b>   |                                      |             |
| Net earnings  | \$ 55,012                            | \$ 134,905  |
| Adjustments to reconcile net earnings to net cash provided by (used in) operating activities: |                                      |             |
| Deferred income taxes   | (20,478)                             | (38,825)    |
| Depreciation and amortization   | 60,833                               | 55,161      |
| Net gain on disposition of equipment  | (37,474)                             | (39,813)    |
| Accretion of debt discount  | 3,268                                | 3,109       |
| Stock based compensation expense  | 10,792                               | 20,311      |
| Goodwill impairment   | 10,025                               | -           |
| Noncontrolling interest adjustments   | 7,322                                | 1,067       |
| Other   | 1,916                                | 1,345       |
| Decrease (increase) in assets:  |                                      |             |
| Accounts receivable, net  | 27,926                               | (24,980)    |
| Inventories   | (169,813)                            | (4,270)     |
| Leased railcars for syndication   | (43,796)                             | (69,994)    |
| Other   | (2,525)                              | 30,549      |
| Increase (decrease) in liabilities:   |                                      |             |
| Accounts payable and accrued liabilities  | 30,581                               | 34,898      |
| Deferred revenue  | (27,712)                             | (23,837)    |
| Net cash provided by (used in) operating activities   | (94,123)                             | 79,626      |
| <b>Cash flows from investing activities</b>   |                                      |             |
| Proceeds from sales of assets   | 100,730                              | 129,828     |
| Capital expenditures  | (149,945)                            | (118,656)   |
| Investment in and advances to unconsolidated affiliates                                       | (11,393)                             | (21,455)    |
| Cash distribution from unconsolidated affiliates  | 1,986                                | 3,941       |
| Net cash used in investing activities   | (58,622)                             | (6,342)     |
| <b>Cash flows from financing activities</b>   |                                      |             |
| Net change in revolving notes with maturities of 90 days or less                              | (1,882)                              | 16,013      |
| Proceeds from issuance of notes payable   | 225,000                              | 13,749      |
| Repayments of notes payable   | (179,803)                            | (19,274)    |
| Debt issuance costs   | (2,974)                              | -           |
| Investment by joint venture partner   | -                                    | 6,500       |
| Dividends   | (25,072)                             | (21,866)    |
| Cash distribution to joint venture partner  | (11,715)                             | (69,413)    |
| Tax payments for net share settlement of restricted stock                                     | (6,321)                              | (7,716)     |
| Net cash used in financing activities   | (2,767)                              | (82,007)    |
| Effect of exchange rate changes   | (2,866)                              | (12,462)    |
| Decrease in cash, cash equivalents and restricted cash  | (158,378)                            | (21,185)    |
| <b>Cash and cash equivalents and restricted cash</b>  |                                      |             |
| Beginning of period   | 539,474                              | 620,358     |
| End of period   | \$ 381,096                           | \$ 599,173  |
| <b>Balance Sheet Reconciliation</b>   |                                      |             |
| Cash and cash equivalents   | \$ 359,625                           | \$ 589,969  |
| Restricted cash   | 21,471                               | 9,204       |
| Total cash and cash equivalents and restricted cash as presented above                        | \$ 381,096                           | \$ 599,173  |

**THE GREENBRIER COMPANIES, INC.****Supplemental Information***(In thousands, except per share amounts, unaudited)***Operating Results by Quarter for 2019 are as follows:**

|                | <b>First</b> | <b>Second</b> | <b>Third</b> | <b>Total</b> |
|----------------|--------------|---------------|--------------|--------------|
| <b>Revenue</b> |              |               |              |              |
| Manufacturing  | \$ 471,789   | \$ 476,019    | \$ 681,588   | \$ 1,629,396 |

|   |           |          |           |           |
|---|-----------|----------|-----------|-----------|
| Wheels, Repair & Parts  | 108,543   | 125,278  | 124,980   | 358,801   |
| Leasing & Services  | 24,191    | 57,374   | 49,584    | 131,149   |
|   | 604,523   | 658,671  | 856,152   | 2,119,346 |
| <b>Cost of revenue</b>  |           |          |           |           |
| Manufacturing   | 417,805   | 442,996  | 590,788   | 1,451,589 |
| Wheels, Repair & Parts  | 100,978   | 118,455  | 119,821   | 339,254   |
| Leasing & Services  | 13,207    | 43,376   | 38,971    | 95,554    |
|   | 531,990   | 604,827  | 749,580   | 1,886,397 |
| <b>Margin</b>   | 72,533    | 53,844   | 106,572   | 232,949   |
| Selling and administrative expense  | 50,432    | 47,892   | 54,377    | 152,701   |
| Net gain on disposition of equipment  | (14,353)  | (12,102) | (11,019)  | (37,474)  |
| Goodwill impairment   | -         | -        | 10,025    | 10,025    |
| Earnings from operations  | 36,454    | 18,054   | 53,189    | 107,697   |
| <b>Other costs</b>  |           |          |           |           |
| Interest and foreign exchange   | 4,404     | 9,237    | 9,770     | 23,411    |
| Earnings before income taxes and earnings (loss) from unconsolidated affiliates | 32,050    | 8,817    | 43,419    | 84,286    |
| Income tax expense  | (9,135)   | (2,248)  | (13,008)  | (24,391)  |
| Earnings before earnings (loss) from unconsolidated affiliates                  | 22,915    | 6,569    | 30,411    | 59,895    |
| Earnings (loss) from unconsolidated affiliates                                  | 467       | (786)    | (4,564)   | (4,883)   |
| Net earnings  | 23,382    | 5,783    | 25,847    | 55,012    |
| Net earnings attributable to noncontrolling interest                            | (5,426)   | (3,018)  | (10,599)  | (19,043)  |
| <b>Net earnings attributable to Greenbrier</b>                                  | \$ 17,956 | \$ 2,765 | \$ 15,248 | \$ 35,969 |
| <b>Basic earnings per common share <sup>(1)</sup></b>                           | \$ 0.55   | \$ 0.08  | \$ 0.47   | \$ 1.10   |
| <b>Diluted earnings per common share <sup>(1)</sup></b>                         | \$ 0.54   | \$ 0.08  | \$ 0.46   | \$ 1.08   |

(1) Quarterly amounts may 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 not considered participating securities and restricted stock units that are subject to performance criteria, for which actual levels of performance above target have been achieved, when dilutive.

## 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      | Fourth     | Total        |
|---|------------|------------|------------|------------|--------------|
| <b>Revenue</b>  |            |            |            |            |              |
| Manufacturing   | \$ 451,485 | \$ 511,827 | \$ 510,099 | \$ 571,175 | \$ 2,044,586 |
| Wheels, Repair & Parts  | 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    | 2,519,464    |
| <b>Cost of revenue</b>  |            |            |            |            |              |
| Manufacturing   | 380,850    | 429,165    | 427,875    | 489,517    | 1,727,407    |
| Wheels, Repair & Parts  | 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    | 2,110,409    |
| <b>Margin</b>   | 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)     |
|   | 61,442     | 60,870     | 71,539     | 59,134     | 252,985      |
| Earnings from operations  |            |            |            |            |              |
| <b>Other costs</b>  |            |            |            |            |              |
| 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 unconsolidated                           |            |            |            |            |              |

|   |                  |                  |                  |                  |                   |
|---|------------------|------------------|------------------|------------------|-------------------|
| affiliates (loss) from                                  | 36,287           | 65,142           | 49,062           | 40,233           | 190,724           |
| unconsolidated affiliates                               | (2,910)          | 147              | (12,823)         | (3,075)          | (18,661)          |
| Net earnings  | 33,377           | 65,289           | 36,239           | 37,158           | 172,063           |
| Net earnings attributable to noncontrolling interest    | (7,124)          | (3,647)          | (3,288)          | (6,223)          | (20,282)          |
| <b>Net earnings attributable to Greenbrier</b>          | <b>\$ 26,253</b> | <b>\$ 61,642</b> | <b>\$ 32,951</b> | <b>\$ 30,935</b> | <b>\$ 151,781</b> |
| <b>Basic earnings per common share <sup>(1)</sup></b>   | <b>\$ 0.90</b>   | <b>\$ 2.10</b>   | <b>\$ 1.03</b>   | <b>\$ 0.95</b>   | <b>\$ 4.92</b>    |
| <b>Diluted earnings per common share <sup>(1)</sup></b> | <b>\$ 0.83</b>   | <b>\$ 1.91</b>   | <b>\$ 1.01</b>   | <b>\$ 0.94</b>   | <b>\$ 4.68</b>    |

(1) 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 not considered participating securities and restricted stock units that are subject to performance criteria, for which actual levels of performance above target have been achieved, 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. The 2018 Convertible Notes matured on April 1, 2018.

## THE GREENBRIER COMPANIES, INC.

### Supplemental Information

(In thousands, unaudited)

### Segment Information

Three months ended May 31, 2019:

|                | Revenue           |              |                   | Earnings (loss) from operations |              |                  |
|----------------|-------------------|--------------|-------------------|---------------------------------|--------------|------------------|
|                | External          | Intersegment | Total             | External                        | Intersegment | Total            |
| Manufacturing  | \$ 681,588        | \$ 29,201    | \$ 710,789        | \$ 72,110                       | \$ 2,000     | \$ 74,110        |
| Wheels,        |                   |              |                   |                                 |              |                  |
| Repair & Parts | 124,980           | 11,601       | 136,581           | (8,820)                         | 808          | (8,012)          |
| Leasing &      |                   |              |                   |                                 |              |                  |
| Services       | 49,584            | 5,848        | 55,432            | 15,337                          | 4,913        | 20,250           |
| Eliminations   | -                 | (46,650)     | (46,650)          | -                               | (7,721)      | (7,721)          |
| Corporate      | -                 | -            | -                 | (25,438)                        | -            | (25,438)         |
|                | <u>\$ 856,152</u> | <u>\$ -</u>  | <u>\$ 856,152</u> | <u>\$ 53,189</u>                | <u>\$ -</u>  | <u>\$ 53,189</u> |

Three months ended February 28, 2019:

|                | Revenue           |              |                   | Earnings (loss) from operations |              |                  |
|----------------|-------------------|--------------|-------------------|---------------------------------|--------------|------------------|
|                | External          | Intersegment | Total             | External                        | Intersegment | Total            |
| Manufacturing  | \$ 476,019        | \$ 46,855    | \$ 522,874        | \$ 13,990                       | \$ 2,358     | \$ 16,348        |
| Wheels,        |                   |              |                   |                                 |              |                  |
| Repair & Parts | 125,278           | 8,858        | 134,136           | 2,823                           | (858)        | 1,965            |
| Leasing &      |                   |              |                   |                                 |              |                  |
| Services       | 57,374            | 2,911        | 60,285            | 21,030                          | 2,101        | 23,131           |
| Eliminations   | -                 | (58,624)     | (58,624)          | -                               | (3,601)      | (3,601)          |
| Corporate      | -                 | -            | -                 | (19,789)                        | -            | (19,789)         |
|                | <u>\$ 658,671</u> | <u>\$ -</u>  | <u>\$ 658,671</u> | <u>\$ 18,054</u>                | <u>\$ -</u>  | <u>\$ 18,054</u> |

|                | Total assets        |                     |
|----------------|---------------------|---------------------|
|                | May 31, 2019        | February 28, 2019   |
| Manufacturing  | \$ 1,143,718        | \$ 1,093,593        |
| Wheels,        |                     |                     |
| Repair & Parts | 307,630             | 341,317             |
| Leasing &      |                     |                     |
| Services       | 650,483             | 704,016             |
| Unallocated    | 411,357             | 394,295             |
|                | <u>\$ 2,513,188</u> | <u>\$ 2,533,221</u> |

## THE GREENBRIER COMPANIES, INC.

### Supplemental Information

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



## Reconciliation of Net earnings to Adjusted EBITDA

|                               | Three Months Ended |                      |
|-------------------------------|--------------------|----------------------|
|                               | May 31,<br>2019    | February 28,<br>2019 |
| Net earnings                  | \$ 25,847          | \$ 5,783             |
| Interest and foreign exchange | 9,770              | 9,237                |
| Income tax expense            | 13,008             | 2,248                |
| Depreciation and amortization | 20,018             | 20,115               |
| Goodwill impairment           | 10,025             | -                    |
| ARI acquisition costs         | 5,761              | -                    |
| Adjusted EBITDA               | <u>\$ 84,429</u>   | <u>\$ 37,383</u>     |

|  | Three<br>Months<br>Ended<br>May 31,<br>2019 |
|--|---|
| <b>Backlog Activity (units) <sup>(1)</sup></b>     |   |
| Beginning backlog                                  | 26,000                                      |
| Orders received                                    | 6,500                                       |
| Production held as Leased railcars for syndication | (1,400)                                     |
| Production sold directly to third parties          | <u>(5,000)</u>                              |
| Ending backlog                                     | <u>26,100</u>                               |

|  |              |
|--|--------------|
| <b>Delivery Information (units) <sup>(1)</sup></b> |              |
| Production sold directly to third parties          | 5,000        |
| Sales of Leased railcars for syndication           | <u>1,500</u> |
| Total deliveries                                   | <u>6,500</u> |

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

## THE GREENBRIER COMPANIES, INC.

### Supplemental Information

(In thousands, except per share amounts, unaudited)

### Reconciliation of common shares outstanding

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

|   | Three Months Ended |                      |
|---|--------------------|----------------------|
|   | May 31,<br>2019    | February 28,<br>2019 |
| Weighted average basic common shares outstanding <sup>(1)</sup> | 32,603             | 32,628               |
| Dilutive effect of convertible notes <sup>(2)</sup>             | -                  | -                    |
| Dilutive effect of performance awards <sup>(3)</sup>            | 580                | 578                  |
| Weighted average diluted common shares outstanding              | <u>33,183</u>      | <u>33,206</u>        |

- (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 2024 Convertible notes was excluded for the three months ended May 31, 2019 and February 28, 2019 as the average stock price was less than the applicable conversion price and therefore was considered anti-dilutive.
- (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.

| Three Months Ended |              |
|--------------------|--------------|
| May 31,            | February 28, |

|  | 2019                | 2019     |
|--|---------------------|----------|
| Net earnings attributable to Greenbrier            | \$ 15,248           | \$ 2,765 |
| Goodwill impairment                                | 10,025              | -        |
| ARI acquisition costs, net of tax                  | 4,285               | -        |
| Adjusted net earnings attributable to Greenbrier   | \$ 29,558           | \$ 2,765 |
|  |                     |          |
| Weighted average diluted common shares outstanding | 33,183              | 33,206   |
|  |                     |          |
| Diluted earnings per share                         | \$ 0.46             | \$ 0.08  |
| Goodwill impairment                                | 0.30 <sup>(1)</sup> | -        |
| ARI acquisition costs                              | 0.13 <sup>(2)</sup> | -        |
| Adjusted diluted earnings per share                | \$ 0.89             | \$ 0.08  |

- (1) Goodwill impairment of \$10.0 million divided by weighted average diluted common shares outstanding of 33,183 for the three months ended May 31, 2019.
- (2) ARI acquisition costs of \$4.3 million, net of tax, divided by weighted average diluted common shares outstanding of 33,183 for the three months ended May 31, 2019.

## SOURCE The Greenbrier Companies, Inc. (GBX)

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<https://pressroom.gbrx.com/2019-07-02-Greenbrier-Reports-Third-Quarter-Results>