# Operating cash flow exceeding \$220 million

# \$1 billion liquidity target achieved

# \$2.7 billion backlog provides forward visibility

LAKE OSWEGO, Ore., July 10, 2020 / PRNewswire / -- The Greenbrier Companies, Inc. (NYSE: GBX) ("Greenbrier"), a leading international supplier of equipment and services to global freight transportation markets, today reported financial results for its third fiscal guarter ended May 31, 2020.

# **Third Quarter Highlights**

- Achieved \$1 billion liquidity target through combination of cash, borrowing capacity, and spending reductions. Liquidity consists of \$735.3 million in cash and available borrowing capacity of \$136.8 million; lower capital expenditures of \$50.0 million, reduced annualized selling and administrative expense of \$30.0 million and reduced annualized overhead expense of \$65.0 million.
- Generated operating cash flow in excess of \$220.0 million in the quarter from decreases in working capital and robust syndication activity. This offset a working capital increase in the first six months of the year, resulting in nine months year-to-date operating cash flow of \$89.0 million.
- Diversified new railcar backlog as of May 31, 2020 was 26,700 units with an estimated value of \$2.7 billion, including orders for 800 railcars valued at approximately \$65.0 million received during the quarter.
- Net earnings attributable to Greenbrier for the quarter were \$27.8 million, or \$0.83 per diluted share, on revenue of \$762.6 million. Net earnings include a \$2.5 million, net of tax, (\$0.08 per share) of integration related expenses from the American Railcar Industries (ARI) acquisition and \$4.8 million, net of tax, (\$0.14 per share) of severance expenses.
- Adjusted net earnings attributable to Greenbrier for the quarter were \$35.1 million, or \$1.05 per diluted share, excluding \$7.3 million, net of tax, (\$0.22 per share) of integration and severance expenses.
- Effective tax rate of 41.2% in the quarter reflects unfavorable discrete items impacted by exchange rate volatility.
- Adjusted EBITDA for the quarter was \$99.9 million, or 13.1% of revenue.
- Board declares a quarterly dividend of \$0.27 per share, payable on August 19, 2020 to shareholders as of July 29, 2020.

William A. Furman, Chairman & CEO commented, "Greenbrier delivered strong operational results in the quarter while maintaining a constant focus on the safety and health of our employees through the pandemic and its related economic shocks. Third quarter performance reflects our near-term priorities of keeping our factories operating under essential industry status, significantly increasing liquidity and adjusting our capacity to align with our evolving demand expectations. Entering the fiscal fourth quarter Greenbrier's cash position was \$735.3 million. As we increased cash, our net debt decreased by over \$190 million, the lowest level in four quarters. We have taken difficult measures required to achieve our

liquidity and cost reduction targets. Greenbrier is exceptionally well-positioned to compete and succeed during this weaker period in the economy and our core markets."

## **Business Update & Outlook**

The COVID-19 pandemic has crystalized Greenbrier's strategy for the balance of fiscal 2020 and into fiscal 2021. Most importantly, we are protecting our employees from its spread within the work environment. Since forming an incident response team to address the then-emerging crisis in late February, we have worked diligently to protect employees from the spread of COVID-19 while working in Greenbrier facilities. To date, a small fraction of our total workforce of over 13,000 employees have tested positive. We are very pleased that all affected employees have or are expected to recover. Community spread of COVID-19 has increased in recent weeks in many areas where we operate, requiring additional vigilance and employee communications. We are working toward maintaining a low incident rate of COVID-19 among our employees by remaining focused on their health and enhancing the preventative and remedial actions of the rapid response teams across the company.

We are also preserving the near-term and longer-term financial health of Greenbrier in response to the economic consequences of the pandemic. Maintaining cash flow and liquidity are essential components of Greenbrier's current operating strategy. We have addressed our cost structure by reducing operating expenses and capital expenditures. Selling and administrative expenses for the quarter were \$49 million and we expect further reductions in the fourth fiscal quarter. We have also executed a temporary restructuring of the GIMSA joint venture to improve profitability and cash flow for the partners. Depending on production scheduling, this restructuring alone could provide over \$40 million of cash to Greenbrier through the first half of fiscal 2021 with an accompanying boost to earnings.

Greenbrier continues its manufacturing rationalization programs across our North American production network in response to current levels of demand. In the first three quarters of the year, we closed 11 rail productions lines and continue adjusting capacity to align with the demand outlook. As a result of these actions, total employment in North America has been reduced by about 40%, or about 5,300 employees, including both staff and production employees at the end of the third quarter. Despite these pressures, Greenbrier's Manufacturing business delivered a total of 5,900 units in the quarter. Based on current backlog, we are left with minimal open production capacity for the remainder of both the fiscal and the calendar year.

Over the past 18 months, Greenbrier has accomplished many strategic objectives, including the acquisition of the manufacturing business of ARI, the largest in our history. These initiatives have produced a strong franchise, highlighted by industry leadership, product and geographic diversity. While the rail sector globally has been weaker recently than normal, it is an important and vitally strategic industry to all economies worldwide. We expect its recovery will be a leading indicator of the broader economic recovery, post-pandemic. Greenbrier is focused on the safety of our employees, generating strong cash flow to maintain liquidity, and sizing our business to fit the lower demand environment. Achieving these priorities will ensure Greenbrier emerges strongly from today's challenges.

## Financial Summary

	Q3 FY20	Q2 FY20	Sequential Comparison – Main Drivers
Revenue	\$762.6M	\$623.8M	Higher deliveries reflecting increased syndication activity
Gross margin	14.1%	13.8%	Higher Leasing & Services gross margin % and strong Manufacturing gross
			margin dollars due to increased syndication activity
Selling and administrative	\$49.5M	\$54.6M	Reduced employee-related and travel & entertainment expenses from cost
			reduction initiatives partially offset by \$1.8 million of severance expense
Interest and foreign	\$7.6M	\$12.6M	Higher foreign exchange gain partially offset by higher interest expense due to
exchange			precautionary borrowing on revolving facility
Adjusted EBITDA	\$99.9M	\$71.6M	Increased operating earnings
Effective tax rate	41.2%	28.9%	Higher quarterly rate reflects foreign currency discrete items
Net earnings attributable	\$8.1M	\$6.4M	Increased deliveries from GIMSA JV partially offset by temporarily amended
to noncontrolling interest			partnership agreement
Adjusted net earnings	\$35.1M <sup>(1)</sup>	\$15.3M <sup>(2)</sup>	Increased operating earnings reflecting higher deliveries and lower selling &
attributable to Greenbrier		•	administrative expense
Adjusted diluted EPS	\$1.05 <sup>(1)</sup>	\$0.46 <sup>(2)</sup>	

<sup>(1)</sup> Excludes expense of \$2.5 million (\$0.08 per share), net of tax, associated with ARI integration related expenses, and \$4.8 million (\$0.14 per share), net of tax, associated with severance expenses.

# **Segment Summary**

	Q3 FY20	Q2 FY20	Sequential Comparison – Main Drivers
Manufacturir	ng	I	
Revenue	\$653.0M	\$489.9M	Higher deliveries primarily from strong syndication activity
Gross margin	13.8%	13.8%	Increased syndication activity generates higher gross margin partially offset by \$4.5 million of severance expense
Operating margin (1)	10.5%	9.4%	
Deliveries (2)	5,400	3,700	Increase primarily reflects higher syndication activity
Wheels, Rep	air & Parts		
Revenue	\$82.0M	\$91.2M	Reduced volume of wheelsets and parts
Gross margin	8.6%	7.5%	Improved repair network operating efficiencies
Operating margin (1)	4.6%	3.6%	
Leasing & Se	ervices	•	
Revenue	\$27.5M	\$42.7M	Prior quarter reflected higher volume of externally sourced railcar syndications; Activity is opportunistic and non-linear
Gross margin	37.4%	27.8%	Prior quarter reflected higher volume of externally sourced railcar syndications that are dilutive to gross margin but generate earnings and positive cash flow in short holding periods
Operating margin (1) (3)	43.0%	30.0%	

<sup>(1)</sup> See supplemental segment information on page 11 for additional information.

#### **Conference Call**

Greenbrier will host a teleconference to discuss its third quarter 2020 results. In conjunction with this news release, Greenbrier has posted a supplemental earnings presentation to our website. Teleconference details are as follows:

- July 10, 2020
- 8:00 a.m. Pacific Daylight Time
- Phone: 1-630-395-0143, Password: "Greenbrier"

<sup>(2)</sup> Excludes expense of \$1.7 million (\$0.05 per share), net of tax, associated with ARI integration related expenses.

<sup>(2)</sup> Excludes Brazil deliveries which are not consolidated into manufacturing revenue and margins.

<sup>(3)</sup> Includes Net gain on disposition of equipment, which is excluded from gross margin.

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, and other components. Greenbrier owns a lease fleet of 8,800 railcars and performs management services for 391,000 railcars. Learn more about Greenbrier at <a href="https://www.gbrx.com">www.gbrx.com</a>.

#### THE GREENBRIER COMPANIES, INC.

#### **Consolidated Balance Sheets**

(In thousands, unaudited)

	May 31, 2020		February 29, 2020		November 30, 2019		August 31, 2019		May 31, 2019
Assets									_
Cash and cash equivalents	\$	735,258	\$	169,899	\$	253,602	\$	329,684	\$ 359,625
Restricted cash		8,704		8,569		8,648		8,803	21,471
Accounts receivable, net		261,629		326,229		313,786		373,383	330,385
Inventories		675,442		709,115		733,806		664,693	592,099
Leased railcars for syndication		136,144		255,073		135,319		182,269	130,489
Equipment on operating leases, net		355,841		385,974		396,187		366,688	376,241
Property, plant and equipment, net		719,155		723,326		730,730		717,973	478,502
Investment in unconsolidated affiliates		75,508		79,082		85,141		91,818	53,036
Intangibles and other assets, net		181,315		160,709		162,089		125,379	97,022
Goodwill		130,035		129,684		129,468		129,947	74,318
	\$	3,279,031	\$	2,974,660	\$	2,948,776	\$	2,990,637	\$ 2,513,188
Liabilities and Equity									
Revolving notes	\$	416,535	\$	37,196	\$	29,502	\$	27,115	\$ 25,952
Accounts payable and accrued liabilities	-	488,969		499,898		527,789	-	568,360	473,106
Deferred income taxes		4,354		9,173		9,417		13,946	12,089
Deferred revenue		63,536		70,869		59,657		85,070	76,170
Notes payable, net		806,919		811,860		817,830		822,885	483,918
Contingently redeemable noncontrolling									
interest		30,611		30,782		31,723		31,564	24,722
Total equity - Greenbrier		1,291,221		1,286,472		1,281,808		1,276,730	1,262,315
Noncontrolling interest		176,886		201,410		191,050		164,967	154,916
Total equity		1,468,107		1,487,882		1,472,858		1,441,697	1,417,231
•	\$	3,279,031	\$	2,947,660	\$	2,948,776	\$	2,990,637	\$ 2,513,188

		Three Mo Ma	nths I y 31,	Ended	Nine Months Ended May 31,				
		2020		2019		2020		2019	
Revenue	Φ	050 007	ф	004 500	Ф	1 000 017	Φ.	1 000 000	
Manufacturing	\$	653,007	\$	681,588	\$	1,800,317	\$	1,629,396	
Wheels, Repair & Parts Leasing & Services		82,024 27,526		124,980 49,584		259,857 95,590		358,801 131,149	
Leasing a Services		762,557		856,152		2,155,764		2,119,346	
Cost of revenue		702,557		030,132		2,133,704		2,113,540	
Manufacturing		562,793		590,788		1,567,014		1,451,589	
Wheels, Repair & Parts		75,001		119,821		241,266		339,254	
Leasing & Services		17,232		38,971		61,428		95,554	
2000mig di 20111000		655,026		749,580		1,869,708		1,886,397	
		000,020		7 10,000		1,000,700		1,000,007	
Margin		107,531		106,572		286,056		232,949	
Selling and administrative expense		49,494		54,377		158,455		152,701	
Goodwill impairment		-		10,025		-		10,025	
Net gain on disposition of equipment		(8,775)		(11,019)		(19,431)		(37,474)	
Earnings from operations		66,812		53,189		147,032		107,697	
Other costs Interest and foreign exchange Earnings before income taxes and earnings (loss) from unconsolidated affiliates Income tax expense Earnings before earnings (loss) fromunconsolidated affiliates	7,562 59,250 (24,421) 34,829			9,770 43,419 (13,008) 30,411		33,023 114,009 (37,878) 76,131		23,411 84,286 (24,391) 59,895	
Earnings (loss) from unconsolidated affiliates		1,040		(4,564)		3,764		(4,883)	
<b>Net earnings</b> Net earnings attributable to noncontrolling interest		35,869 (8,097)		25,847 (10,599)		79,895 (30,825)		55,012 (19,043)	
Net earnings attributable to Greenbrier	\$	27,772	\$	15,248	\$	49,070	\$	35,969	
Basic earnings per common share:	\$	0.85	\$	0.47	\$	1.50	\$	1.10	
Diluted earnings per common share:	\$	0.83	\$	0.46	\$	1.47	\$	1.08	
Weighted average common shares: Basic Diluted		32,690 33,478		32,603 33,183		32,660 33,414		32,623 33,161	
Dividends declared per common share	\$	0.27	\$	0.25	\$	0.79	\$	0.75	

# THE GREENBRIER COMPANIES, INC.

# **Consolidated Statements of Cash Flows**

(In thousands, unaudited)

	Nine Months Ended May 31,							
	2020			2019				
Cash flows from operating activities								
Net earnings	\$	79,895	\$	55,012				
Adjustments to reconcile net earnings to net cash provided by (used in)operating								
activities:								
Deferred income taxes		(11,450)		(20,478)				
Depreciation and amortization		82,452		60,833				
Net gain on disposition of equipment		(19,431)		(37,474)				
Accretion of debt discount		4,102		3,268				
Stock based compensation expense		8,265		10,792				
Goodwill impairment		-		10,025				

Noncontrolling interest adjustments	2,826		7,322
Other	568		1,916
Decrease (increase) in assets:	000		.,
Accounts receivable, net	110,431		27,926
Inventories	12,555	,	(169,813)
Leased railcars for syndication	(38,826)	'	(43,796)
Other assets	(59,212)		(2,525)
Increase (decrease) in liabilities:	(00,212)		(2,020)
Accounts payable and accrued liabilities	(77,243)		30,581
Deferred revenue	(5,900)		(27,712)
Net cash provided by (used in) operating activities	89,032		(94,123)
Cash flows from investing activities	03,032		(34,123)
Proceeds from sales of assets	78,521		100,730
Capital expenditures	(55,326)		(149,945)
Investment in and advances to unconsolidated affiliates	(1,500)	(	(149,943)
Cash distribution from unconsolidated affiliates and other			
	11,273		1,986
Net cash provided by (used in) investing activities	32,968		(58,622)
Cash flows from financing activities	044.000		(4.000)
Net change in revolving notes with maturities of 90 days or less	214,932		(1,882)
Proceeds from revolving notes with maturities longer than 90 days	175,000		-
Proceeds from issuance of notes payable	-		225,000
Repayments of notes payable	(24,002)	(	(179,803)
Debt issuance costs	-		(2,974)
Dividends	(26,344)		(25,072)
Cash distribution to joint venture partner	(36,152)		(11,715)
Tax payments for net share settlement of restricted stock	(2,266)		(6,321)
Net cash provided by (used in) financing activities	301,168		(2,767)
Effect of exchange rate changes	(17,693)		(2,866)
Increase (decrease) in cash, cash equivalents and restricted cash	405,475	(	(158,378)
Cash and cash equivalents and restricted cash			
Beginning of period	338,487		539,474
End of period	\$ 743,962	\$	381,096
Balance Sheet Reconciliation			
Cash and cash equivalents	\$ 735,258	\$	359,625
Restricted cash	8,704	•	21,471
Total cash and cash equivalents and restricted cash as presented above	\$ 743,962	\$	381,096
	,		- ,

## 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, February 29, 2020 2020 Net earnings 35,869 20,015 Interest and foreign exchange 7,562 12,609 Income tax expense 24,421 7,463 Depreciation and amortization 23,114 30,003 Severance expense 6,341 1,535 ARI integration related costs 2,545 \$ 99,852 Adjusted EBITDA 71,625

	Three Months Ended May 31, 2020				
Backlog Activity (units) (1)					
Beginning backlog	30,800				
Orders received	800				
Production held as Leased railcars for					
syndication	(600)				

Production sold directly to third parties	(4,300)						
Ending backlog	26,700						
<b>Delivery Information (units)</b> (1) Production sold directly to third parties Sales of Leased railcars for syndication Total deliveries	4,300 1,600 5,900						

<sup>&</sup>lt;sup>(1)</sup> 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)

## Operating Results by Quarter for 2020 are as follows:

	 First		Second	Third			Total	
Revenue								
Manufacturing	\$ 657,367	\$	489,943	\$	653,007	\$ 1	,800,317	
Wheels, Repair & Parts	86,608	•	91,225	•	82,024	,	259,857	
Leasing & Services	25,384		42,680		27,526		95,590	
	 769,359		623,848		762,557	2	2,155,764	
Cost of revenue								
Manufacturing	581,912		422,309		562,793	1	,567,014	
Wheels, Repair & Parts	81,892		84,373		75,001		241,266	
Leasing & Services	 13,366		30,830		17,232		61,428	
	677,170		537,512		655,026	1	,869,708	
Margin	92,189		86,336		107,531		286,056	
Selling and administrative expense	54,364		54,597		49,494		158,455	
Net gain on disposition of equipment	(3,959)		(6,697)		(8,775)		(19,431)	
Earnings from operations	41,784		38,436		66,812		147,032	
Other costs Interest and foreign exchange	12,852		12,609		7,562		33,023	
Earnings before income tax and earnings from unconsolidated affiliates	28,932		25,827		59,250		114,009	
Income tax expense	(5,994)		(7,463)		(24,421)		(37,878)	
Earnings before earnings from unconsolidated affiliates	 22,938		18,364		34,829		76,131	
Earnings from unconsolidated affiliates	 1,073		1,651		1,040		3,764	
Net earnings Net earnings attributable to noncontrolling interest	24,011 (16,342)		20,015 (6,386)		35,869 (8,097)		79,895 (30,825)	
Net earnings attributable to Greenbrier	\$ 7,669	\$	13,629	\$	27,772	\$	49,070	
Basic earnings per common share <sup>(1)</sup>	\$ 0.24	\$	0.42	\$	0.85	\$	1.50	
Diluted earnings per common share (1)	\$ 0.23	\$	0.41	\$	0.83	\$	1.47	
Dividends declared per common share	\$ 0.25	\$	0.27	\$	0.27	\$	0.79	

<sup>(1)</sup> Quarterly amounts may not total to the year to date amount as each period is calculated discretely. Diluted EPS is calculated by including the dilutive effect, using the treasury stock method, associated with shares underlying the 2.875% Convertible notes, 2.25% Convertible notes, restricted stock units that are not considered participating securities and performance based restricted stock units subject to performance criteria, for which actual levels of performance above target have been achieved.

#### **Supplemental Information**

(In thousands, except per share amounts, unaudited)

#### Operating Results by Quarter for 2019 are as follows:

	First Second			econd		Third		Fourth			Total		
Revenue													
Manufacturing	\$	471,789	\$	476,019	\$	681,588	\$	802,103	\$	2.	431,499		
Wheels, Repair & Parts	*	108,543	*	125,278	•	124,980	•	85,701	*		444,502		
Leasing & Services		24,191		57,374		49,584		26,441			157,590		
		604,523		658,671		856,152		914,245			033,591		
Cost of revenue		00.,020		000,07		000,.02		0 : :,= :0		σ,			
Manufacturing		417,805		442,996		590,788		686,036		2.	137,625		
Wheels, Repair & Parts		100,978		118,455		119,821		81,636			420,890		
Leasing & Services		13,207		43,376		38,971		13,036			108,590		
		531,990		604,827		749,580		780,708			667,105		
		33.,333		00.,02.		0,000		. 00,. 00		-,	00.,.00		
Margin		72,533		53,844		106,572		133,537		;	366,486		
Selling and administrative													
expense Net gain on disposition of		50,432		47,892		54,377		60,607			213,308		
equipment		(14,353)		(12,102)		(11,019)		(3,489)			(40,963)		
Goodwill impairment		-		-		10,025		(0, 100)			10,025		
Earnings from operations		36,454		18,054		53,189		76,419			184,116		
Other costs													
Interest and foreign exchange		4,404		9,237		9,770		7,501			30,912		
Earnings before income tax													
and earnings (loss) from													
unconsolidated affiliates		32,050		8,817		43,419	68,918				153,204		
Income tax expense		(9,135)		(2,248)		(13,008)	(17,197)				(41,588)		
Earnings before earnings													
(loss) from unconsolidated													
affiliates		22,915		6,569		30,411		51,721			111,616		
Earnings (loss) from unconsolidated affiliates		467		(786)		(4,564)		(922)			(5,805)		
and material annual of				(700)		(1,001)		(022)		(3,003)			
Net earnings		23,382		5,783		25,847		50,799			105,811		
Net earnings attributable to noncontrolling interest		(5,426)		(3,018)		(10,599)		(15,692)			(34,735)		
•		,		,		,		,					
Net earnings attributable to													
Greenbrier	\$	17,956	\$	2,765	\$	15,248	\$	35,107	9	}	71,076		
Basic earnings per common													
share (1)	Φ	0.55	Ф	0.08	Ф	0.47	Ф	1.08		Δ.	2.18		
Silaic V	\$	0.55	\$	0.06	\$	0.47	\$	1.00	,	\$	2.10		
Diluted earnings per													
common share (1)	Φ	0.54	Φ	0.00	Φ	0.40	Φ	1.00	,	Φ.	0.14		
common snare ***	\$	0.54	\$	0.08	\$	0.46	\$	1.06	,	\$	2.14		
Dividends declared per													
common share	\$	0.25	\$	0.25	\$	0.25	\$	0.25	(	\$	1.00		
Common share	Ψ	0.23	Ψ	0.23	Ψ	0.23	Ψ	0.23	,	Ψ	1.00		

Quarterly amounts may not total to the year to date amount as each period is calculated discretely. Diluted EPS is calculated by including the dilutive effect, using the treasury stock method, associated with shares underlying the 2.875% Convertible notes, 2.25% Convertible notes, restricted stock units that are not considered participating securities and performance based restricted stock units subject to performance criteria, for which actual levels of performance above target have been achieved.

## **Segment Information**

Three months ended May 31, 2020:

			Re	venue		Earnings (loss) from operations							
	External		Intersegment		Total	Е	xternal	Inte	rsegment		Total		
Manufacturing Wheels,	\$	653,007	\$	1,151	\$ 654,158	\$	68,445	\$	95	\$	68,540		
Repair &													
Parts		82,024		1,527	83,551		3,785		(393)		3,392		
Leasing &													
Services		27,526		14,841	42,367		11,837		14,454		26,291		
Eliminations		-		(17,519)	(17,519)		-		(14, 156)		(14,156)		
Corporate		-		-	-		(17,255)		-		(17,255)		
	\$	762,557	\$	-	\$ 762,557	\$	66,812	\$	-	\$	66,812		

Three months ended February 29, 2020:

		Re	evenue		Earnings (loss) from operations							
	External	Intersegment		Total	Е	xternal	Inte	ersegment		Total		
Manufacturing Wheels,	\$ 489,943	\$	21	\$ 489,964	\$	46,105	\$	1	\$	46,106		
Repair &												
Parts	91,225		5,133	96,358		3,320		(168)		3,152		
Leasing &												
Services	42,680		15,240	57,920		12,793		14,384		27,177		
Eliminations	-		(20,394)	(20,394)		-		(14,217)		(14,217)		
Corporate	-		-	-		(23,782)		-		(23,782)		
·	\$ 623,848	\$	-	\$ 623,848	\$	38,436	\$	-	\$	38,436		

	Total assets				
		May 31, 2020		February 29, 2020	
Manufacturing Wheels, Repair &	\$	1,441,052	\$	1,535,118	
Parts		296,888		314,069	
Leasing & Services		777,523		897,745	
Unallocated		763,568		200,728	
	\$	3,279,031	\$	2,947,660	

## 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, 2020	February 29, 2020	
Weighted average basic common shares outstanding (1)	32,690	32,661	
Dilutive effect of convertible notes <sup>(2)</sup>	-	-	
Dilutive effect of restricted stock units <sup>(3)</sup>	788	821	

- (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 2.875% Convertible notes issued in February 2017 and the 2.25% Convertible notes issued in July 2019 were excluded for the periods in which they were outstanding as the average stock price was less than the applicable conversion price and therefore was 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 common shares outstanding when the Company is in a net earnings position.

# Reconciliation of Net earnings attributable to Greenbrier to Adjusted net earnings attributable to Greenbrier

Net earnings attributable to Greenbrier
ARI integration related costs, net of tax<sup>(1)</sup>
Severance expense, net of tax<sup>(2)</sup>
Adjusted net earnings attributable to Greenbrier

	Three Months Ended					
	May 31,		February 29,			
	202	20	2020	0		
_	\$	27,772	\$	13,629		
		2,539		1,665		
		4,803		-		
	\$	35,114	\$	15,294		

- (1) Net of tax of \$813 and \$677, respectively.
- (2) Net of tax of \$1,538.

#### Reconciliation of Diluted earnings per share to Adjusted diluted earnings per share

Diluted earnings per share ARI integration related costs, net of tax Severance expense, net of tax Adjusted diluted earnings per share

	rnree Months Ended				
May 31,		Fe	February 29,		
	2020		2020		
\$	0.83	\$	0.41		
	0.08		0.05		
	0.14		-		
\$	1.05	\$	0.46		

Three Months Ended

"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, and variations of words, such as "achieve," "allow," "believe," "bolster," "continue," "estimates," "exceed," "is," "maintain," "may," "plans," "potential," "should," "succeed," "support," "target," "will," "can," "well-positioned," and similar expressions to identify forward-looking statements. These forward-looking statements include, without limitation, statements about future liquidity; positioning to compete and succeed; targeting available capital; as well as other information regarding future performance and strategies and appear throughout this press release including in the headlines and the sections "Third Quarter Highlights" and "Business Update." 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, the COVID-19 coronavirus

pandemic and the governmental reaction to COVID-19 and the related significant global decline in general economic activity having a materially negative impact on our business, liquidity and financial position, results of operations, stock price, and our ability to convert backlog to revenue; our inability to increase our liquidity and borrowing base as we anticipate or being delayed in doing so; inability to implement cost savings in the amounts or timelines that we have planned; the cyclical nature of our business, economic downturns and a rising interest rate environment; changes in our product mix due to shifts in demand or fluctuations in commodity and energy prices; a decline in performance or demand of the rail freight industry; an oversupply or increase in efficiency in the rail freight industry; difficulty integrating acquired businesses or joint ventures; inability to convert backlog to future revenues; risks related to our operations outside of the U.S., including anti-bribery violations; governmental policy changes impacting international trade and corporate tax; the loss of or reduction of business from one or more of our limited number of customers; inability to lease railcars at satisfactory rates, or realize expected residual values on sale of railcars at the end of a lease; shortages of skilled labor, increased labor costs, or failure to maintain good relations with our workforce; equipment failures, technological failures, costs and inefficiencies associated with changing of production lines, or transfer of production between facilities; inability to compete successfully; suitable joint ventures, acquisition opportunities and new business endeavors may not be identified or concluded; inability to complete capital expenditure projects efficiently, or to cause capital expenditure projects to operate as anticipated; inability to design or manufacture products or technologies, or to achieve timely certification or market acceptance of new products or technologies; unsuccessful relationships with our joint venture partners; environmental liabilities, including the Portland Harbor Superfund Site; the timing of our asset sales and related revenue recognition may result in comparisons between fiscal periods not being accurate indicators of future performance; attrition within our management team or unsuccessful succession planning for members of our senior management team and other key employees who are at or nearing retirement age; changes in the credit markets and the financial services industry; volatility in the global financial markets; our actual results differing from our announced expectations; fluctuations in the availability and price of energy, freight transportation, steel and other raw materials; inability to procure specialty components or services on commercially reasonable terms or on a timely basis from a limited number of suppliers; our existing indebtedness may limit our ability to borrow additional amounts in the future, may expose us to increasing interest rates, and may expose us to a material adverse effect on our business if we are unable to service our debt or obtain additional financing; train derailments or other accidents or claims; changes in or failure to comply with legal and regulatory requirements; an adverse outcome in any pending or future litigation or investigation; potential misconduct by employees; labor strikes or work stoppages; the volatility of our stock price; dilution to investors resulting from raising additional capital or due to other reasons; product and service warranty claims; misuse of our products by third parties; write-downs of goodwill or intangibles in future periods; conversion at our option of our outstanding convertible notes resulting in dilution to our then-current stockholders; as a holding company with no operations, our reliance on our subsidiaries and joint ventures and their ability to make distributions to us; our governing documents, the terms of our convertible notes, and Oregon law could make a change of control or acquisition of our business by a third party difficult; the discretion of our Board of Directors to pay or not pay dividends on our common stock; fluctuations in foreign currency exchange rates; inability to raise additional capital to operate our business and achieve our business objectives;

shareholder activism could cause us to incur significance expense, impact our stock price, and hinder execution of our business strategy; cybersecurity risks; updates or changes to our information technology systems resulting in problems; inability to protect our intellectual property and prevent its improper use by third parties; claims by third parties that our products or services infringe their intellectual property rights; liability for physical damage, business interruption or product liability claims that exceed our insurance coverage; inability to procure adequate insurance on a cost-effective basis; changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies; fires, natural disasters, severe weather conditions or public health crises; unusual weather conditions which reduce demand for our wheel-related parts and repair services; business. regulatory, and legal developments regarding climate change which may affect the demand for our products or the ability of our critical suppliers to meet our needs; repercussions from terrorist activities or armed conflict; unanticipated changes in our tax provisions or exposure to additional income tax liabilities; the inability of certain of our customers to utilize tax benefits or tax credits; and suspension or termination of our share repurchase program. More information on these risks and other potential factors that could cause our results to differ from our forward-looking statements is included in the Company's filings with the SEC, including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's most recently filed periodic reports on Form 10-K and subsequent Form 10-Q filings. Except as otherwise required by law, the Company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof.

# **Adjusted Financial Metric Definitions**

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 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, 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.

# SOURCE The Greenbrier Companies, Inc.

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https://pressroom.gbrx.com/2020-07-10-Greenbrier-Reports-Fiscal-Third-Quarter-2020-Results