

Rail Equipment

MULTI-COMPANY UPDATE



Companies mentioned

	Symbol	Price	Rating
GATX	GATX	\$105.75	Neutral
Greenbrier	GBX	\$37.69	Neutral
Trinity Industries	TRN	\$29.73	Neutral

Steel Wheels Reaching Fair Value - Downgrade to Neutral

Call to action

The fierce two-week rally in rail equipment shares was long overdue, but it also moves GBX, TRN, and GATX close to our view of fair value. We downgrade the industry to Neutral, seeing only slight upside/downside in shares into 2023 (-2% to +4%).

Bascome Majors, CFA

bascome.majors@sig.com
212 510 4407

Harrison Bauer
harrison.bauer@sig.com
212 510 4423

HIGHLIGHTS

Broadly speaking, we view recent railcar leasing and manufacturing earnings as “better than feared,” showing resilient secondary markets and cyclical outlooks and offering credible answers to our questions on near-term risks to each. Net-net, our out-year estimates and target prices for the group are steady or up vs. the bar we set two weeks ago with cautionary cuts in our preview [here](#).

We're pleased the market finally took notice, as the down-or-sideways share performance since our upgrades 15 months ago [here](#) didn't come out as well as we'd expected, primarily from challenges to manufacturing margins that masked considerable improvement in leasing fundamentals (from July 2021 upgrade to October 2022 preview: GBX -41%, TRN -14%, GATX +2% vs. XLI -17%). That said, the relief rally of the last two weeks has been fierce (October 2022 preview to Friday close: GBX +51%, TRN +31%, GATX +15% vs. XLI +10%), rising faster than our view of fundamentals and fair value, even for GBX where we've marked up earnings expectations most materially vs. our cuts two weeks ago.

We still see later-cycle rail equipment as better positioned than the Class I rails over the next few quarters (September rail downgrades [here](#)), but our unchanged mid-to-late-cycle valuation frameworks and steady-to-higher 2023 forecasts now suggest rail equipment shares are roughly at fair value. We downgrade GBX, TRN, and GATX to Neutral, patiently waiting for better new-money entry points if volatility takes hold into 2023 (risk/reward on page 3).

		RATING		PRICE TARGET		PRIOR EPS			CURRENT EPS		
		PRIOR	CURRENT	PRIOR	CURRENT	2021	2022	2023	2021	2022	2023
RATING CHANGES											
GATX	\$105.75	Positive	Neutral	\$109.00	\$110.00	-	-	6.40	5.06	fy	6.00 6.50
GBX	\$37.69	Positive	Neutral	\$30.00	\$37.00	-	1.10	2.25	1.10	fy	1.39 2.85
TRN	\$29.73	Positive	Neutral		\$30.00	-	-	-	0.34	fy	1.05 2.15

Calendar year = cy

Fiscal year = fy

- **The Good News - Pricing Power Shows No Near-Term Cracks.** New railcar pricing remains resilient while new railcar production growth stays muted, giving pricing power to railcar lessors. Additionally, lease renewals likely get support from falling expiring lease rates, which should continue to drop into 2023-24E (the denominator to renewal rate markups, as 2016-17 first operating leases to move farther beyond 2014-15 peak vintages).

Continued on the next page

IMPORTANT DISCLOSURES AND CERTIFICATIONS.

Susquehanna International Group, LLP (SIG) is comprised of affiliated entities, including Susquehanna Financial Group, LLLP (SFG). SFG is a provider of research and execution services. SFG is a member of FINRA. SFG does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Please see important disclosures on pages 21-23.

HIGHLIGHTS

Continued from previous page

- Also Good News - Railcar OEM Margin Outlooks Better Than Feared. While our more cyclically cautious N.A. rail volume forecasts led us to cut the slight fleet growth out of our N.A. railcar delivery forecast two weeks ago, resilient order trends and strong backlogs push our near-term forecasts flat-to-higher (up for GBX particularly). Additionally, while manufacturing railcars in Europe shows no signs of getting easier into winter, we were encouraged by GBX's manufacturing margins in 4Q and their 2023 outlook against this headwind and have moved both revenues and margins higher in our F2023 forecasts, while holding the line on our TRN numbers.
- Secondary Markets - Can Gains Sustain? We continue to be surprised by the resiliency of the secondary railcar market and its ability to generate P&L from gains on sale and railcar lease syndications for all three names, and managements' public commentary and numerous private lessor/investor checks we've made over the last few weeks continue to support this trend into 2023. Yes, there's cyclical risk here, and we're reluctant to capitalize this income as sustainable over the long-term. But a deep mean reversion (or "pain from gains") is likely further out than we'd feared a few weeks ago.
- The Risk - Railcar Order Slowing and Valuation Compression Into 2023. While our margin views for OEMs have gotten more constructive, our view on railcar order sustainability remains muted, as N.A. industry order rates excluding GATX's 15k multi-year order decelerated for the fourth straight quarter in 3Q, while tracking at a mid-40K annual replacement rate (our note [here](#)). Against worsening macroeconomic clouds and slowing Class I railroad volumes, we find it difficult to argue for a reacceleration in orders over the next several quarters and note that order and backlog trends tend to correlate well with rail equipment valuation multiples and/or share prices. (Pages 6-8)
- TRN: \$30 Target Price, Downgrade to Neutral (1% Upside). Holding 2022 at \$1.05 and 2023 at \$2.15. Target \$30 on unchanged estimates, with methodology also unchanged (~14x our 2023E EPS). Target implies a 10.5x EV/EBITDA multiple. (Page 3)
- GATX: \$110 Target Price, Downgrade to Neutral (4% Upside). Holding 2022 (\$6.00) and raising 2023 slightly (+\$0.10) to \$6.50. Target +\$1 to \$110 on slight estimate raise, with methodology unchanged (~17x our 2023E EPS). Target implies a 10.5x EV/EBITDA multiple. (Page 3)
- GBX: \$36 Target Price, Downgrade to Neutral (2% Downside). Raising 2023 estimate +\$0.60 to \$2.85. Target price +\$7 to \$37 on material estimate increase, with valuation methodology unchanged (~13x our F2023E EPS, year ending August). Target implies 7.2x EV/EBITDA multiple. (Page 3)

Rail Equipment – Risk/Reward, Estimates vs. Consensus

Rail Equipment Risk/Reward Framework

	Price 11/4/2022	Rating	Scenario	Value	Implied Return	Upside / Downside	Methodology
Rail Equipment							
GATX	\$105.75	Neutral	Upside	\$137	30%	0.8x	Peak cycle P/E of ~21x (when railcar recovery picked up post-recession in 2011) on our 2023 forecast.
			Target Price	\$110	4%	0.1x	Mid-cycle P/E (17x) on our 2023 forecast, approximating GATX's mid-cycle earnings power. Implies ~10.5x EV/EBITDA
			Downside	\$65	(39%)	-	Our mid-cycle in EPS at a post-peak leasing P/E of ~10x.
TRN	\$29.73	Neutral	Upside	\$32	8%	0.3x	Mid-cycle P/E (~15x) on our F2023 forecast.
			Target Price	\$30	1%	0.0x	Mid-to-later cycle P/E (14x) on our 2023 forecast, approximating mid-cycle earnings. Implies ~10.7x EV/EBITDA multiple.
			Downside	\$21	(29%)	-	Our mid-cycle in EPS at a post-peak leasing P/E of ~10x.
GBX	\$37.69	Neutral	Upside	\$43	14%	0.3x	Mid-cycle P/E (~15x) on our F2023 forecast.
			Target Price	\$37	(2%)	(0.0x)	Mid-to-later cycle P/E (~13x) on our F2023 forecast, approximating mid-cycle earnings. Implies a ~7.2x EV/EBITDA multiple.
			Downside	\$20	(47%)	-	Our 2023 EPS at post-2016 trough P/E of ~7x.

Rail Equipment Estimates vs. Consensus (Next Quarter, 2023E Annuals)

Rail Equipment - GATX

	4Q22E				SFG vs. Cons	
	Prior	Current	% Chg.	Cons.	Abs.	%
Revenue	\$323	\$324	0%	\$329	(\$5)	(2%)
EBITDA	\$228	\$227	(1%)	\$222	\$5	2%
EPS	\$1.31	\$1.47	12%	\$1.38	\$0.09	7%

Rail Equipment - TRN

	4Q22E				SFG vs. Cons	
	Prior	Current	% Chg.	Cons.	Abs.	%
Revenue	\$696	\$677	(3%)	\$810	(\$133)	(16%)
EBITDA	\$199	\$189	(5%)	\$193	(\$4)	(2%)
EPS	\$0.60	\$0.55	(8%)	\$0.55	(\$0.00)	(0%)

Rail Equipment - GBX

	F1Q22E				SFG vs. Cons	
	Prior	Current	% Chg.	Cons.	Abs.	%
Revenue	\$815	\$745	(9%)	\$780	(\$35)	(4%)
EBITDA	\$89	\$70	(21%)	\$73	(\$2)	(3%)
EPS	\$0.75	\$0.57	(25%)	\$0.54	\$0.03	5%

Rail Equipment - GATX

	2023E				SFG vs. Cons	
	Prior	Current	% Chg.	Cons.	Abs.	%
Revenue	\$1,350	\$1,352	0%	\$1,349	\$3	0%
EBITDA	\$959	\$954	(0%)	\$897	\$57	6%
EPS	\$6.40	\$6.50	2%	\$6.50	(\$0.00)	(0%)

Rail Equipment - TRN

	2023E				SFG vs. Cons	
	Prior	Current	% Chg.	Cons.	Abs.	%
Revenue	\$2,606	\$2,407	(8%)	\$2,963	(\$556)	(19%)
EBITDA	\$781	\$772	(1%)	\$747	\$25	3%
EPS	\$2.15	\$2.15	(0%)	\$2.03	\$0.11	6%

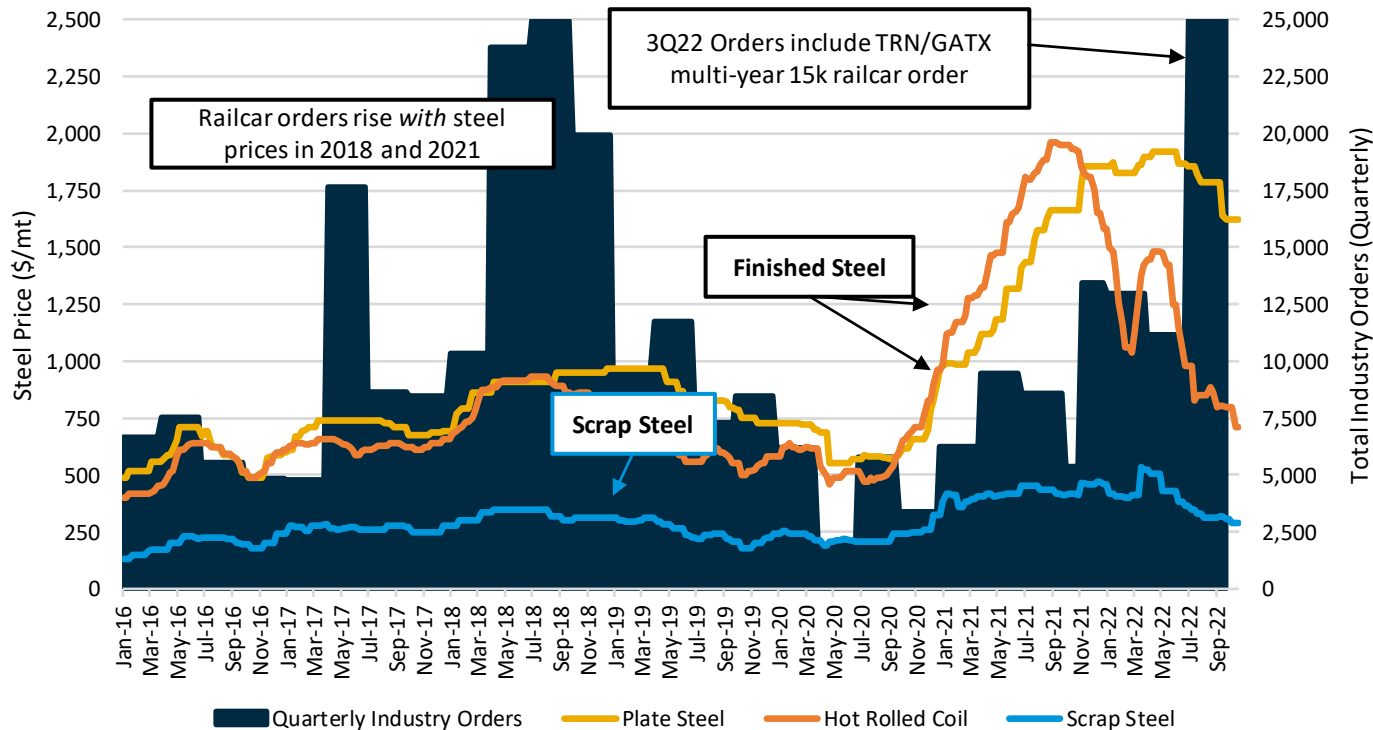
Rail Equipment - GBX

	F2023E				SFG vs. Cons	
	Prior	Current	% Chg.	Cons.	Abs.	%
Revenue	\$3,015	\$3,145	4%	\$3,299	(\$155)	(5%)
EBITDA	\$315	\$336	7%	\$326	\$9	3%
EPS	\$2.25	\$2.85	26%	\$2.80	\$0.05	2%

High Steel Prices and Railcars – *Not* Holding Back New Railcar Orders and *Extremely* Supportive of Pricing Power (Lease Renewals, New/Existing Car Sales)

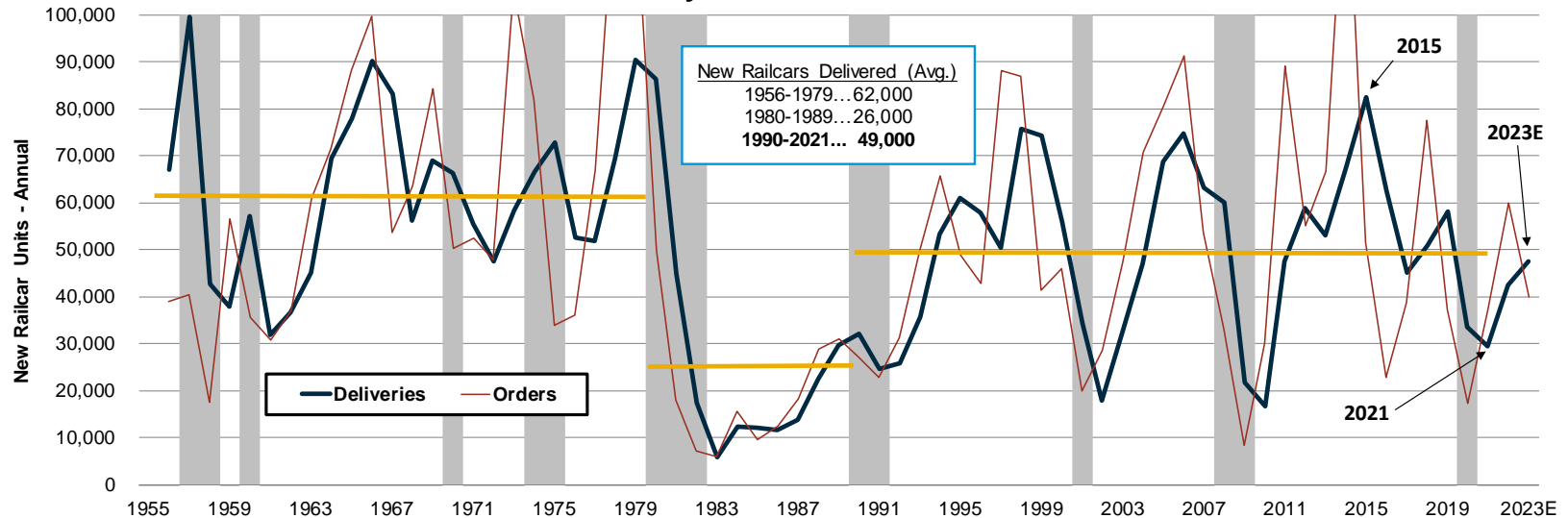
As steel prices come off late-2021/early-2022 highs for both finished steel and scrap, the overall demand for railcars has remained strong. Industry total orders of ~25k in 3Q22 more than doubled Q/Q inclusive of GATX's 15k multi-year railcar order with TRN. Ex-GATX's, orders remain healthy (sustaining a mid-40K replacement-rate build) but are *not* accelerating.

- **New Railcars** – The railcar cycle and steel prices both trend pro-cyclically, and we expect railroad volumes and railcar utilization to be far more impactful to new railcar demand than steel prices into 2023.
- **Lease Rates** – By raising the price of new railcars (steel or steel-driven components are ~70% of railcar COGS), high steel prices give railcar lessors pricing power on renewals of existing railcar leases (customers' opportunity cost), which falls to the lessor's bottom line (doesn't change lessor's acquisition cost or depreciation rate).



N.A. Railcar Cycle – We Expect Mid-Cycle Deliveries in 2023

North American Railcar Industry Orders and Deliveries – Late 1950 to 2023E



Annual Summary of North American Railcar Cycle – Late 1950 to Present

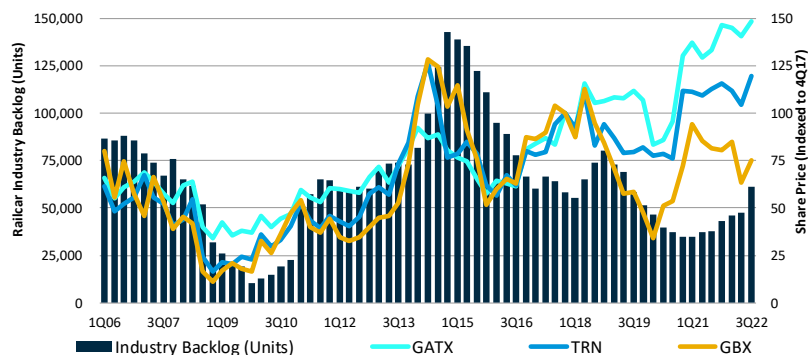
Railcar Upturns						
Trough	Years Peak	Duration	Railcar Deliveries			
			Trough	Peak	Total Δ	Avg. Δ
1959	1960	1	37,800	57,000	19,200	19,200
1961	1966	5	31,700	90,100	58,400	11,700
1968	1969	1	56,200	69,000	12,800	12,800
1972	1975	3	47,500	72,800	25,300	8,400
1977	1979	2	51,700	90,300	38,600	19,300
1983	1990	7	5,800	32,100	26,300	3,800
1991	1995	4	24,700	60,900	36,200	9,100
1997	1998	1	50,400	75,700	25,300	25,300
2002	2006	4	17,700	74,700	57,000	14,300
2010	2015	5	16,500	82,300	65,800	13,200
2017	2019	2	45,000	58,000	13,000	6,500
2021	???	???	29,300	???	???	???
Average (All)		3.2	35,000	69,400	34,400	13,100
Average (post-1990)		3.2	30,600	70,300	39,500	13,700

Railcar Downturns						
Years			Railcar Deliveries			
Peak	Trough	Duration	Peak	Trough	Total Δ	Avg. Δ
1960	1961	1	57,000	31,700	(25,300)	(25,300)
1966	1968	2	90,100	56,200	(33,900)	(17,000)
1969	1972	3	69,000	47,500	(21,500)	(7,200)
1975	1977	2	72,800	51,700	(21,100)	(10,600)
1979	1983	4	90,300	5,800	(84,500)	(21,100)
1990	1991	1	32,100	24,700	(7,400)	(7,400)
1995	1997	2	60,900	50,400	(10,500)	(5,300)
1998	2002	4	75,700	17,700	(58,000)	(14,500)
2006	2010	4	74,700	16,500	(58,200)	(14,600)
2015	2017	2	82,300	45,000	(37,300)	(18,700)
2019	2021	2	58,000	29,300	(28,700)	(14,400)
Average (All)		2.5	69,400	34,200	(35,100)	(14,200)
Average (post-1990)		2.5	64,000	30,600	(33,400)	(12,500)

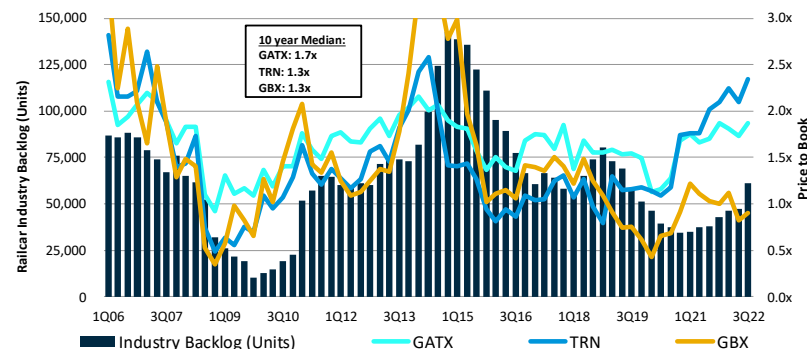
Rail Equipment Shares – Cycles and Valuation Approaches

- We see earnings multiples at the lower end of mid-cycle (**Price/Earnings**) as appropriate for rail equipment names as railcar orders, production, and OEM margins stabilize at mid-cycle levels into 2023.
 - Mid-Cycle Analysis** – Historically, P/E multiples tend to stabilize as we move out of trough levels given increased earnings power that moves above the breakeven trough.
 - GATX Range** – GATX's P/E is still cyclical but less so than manufacturing-exposed TRN and GBX, as pure lessor GATX's profits (tied to leases) are less volatile through the cycle.
- EV/EBITDA** creates a difficult comparison between leasing/finance businesses (GATX) where interest expense is a true operating cost, vs. more manufacturing-weighted (GBX) and hybrid models (TRN).
- Price/Book** can be useful for finance businesses but less comparable for manufacturing/hybrid models. We prefer post-interest earnings (P/E) in valuing lessors and OEMs through the cycle.
- Free Cash Flow** is skewed by volatile growth capital year-to-year (new railcars, jet engines, tank containers), driving an unstable valuation framework for capital-intensive lease businesses.

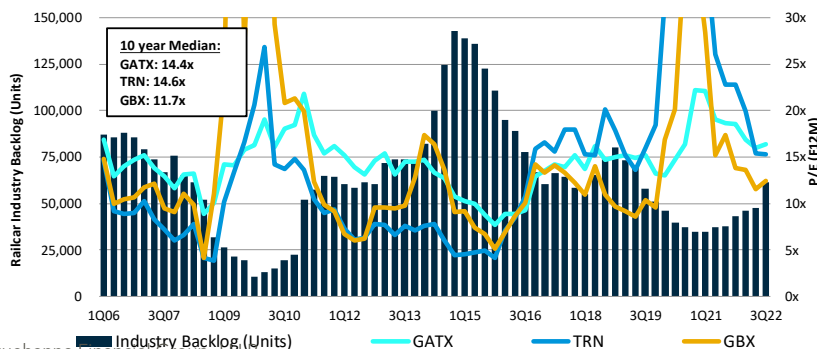
Stock Prices Indexed to 4Q17 (mid-cycle orders) vs. Industry Backlog



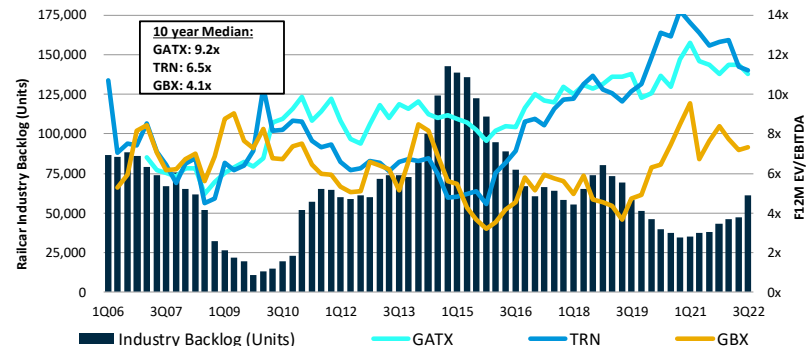
Price/Book vs. Industry Backlog



P/E (F12M) vs. Industry Backlog



EV/EBITDA (F12M) vs. Industry Backlog

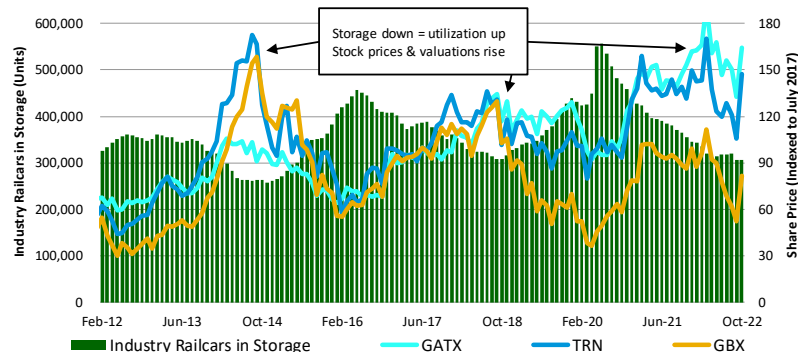


Susquehanna Financial Group, L.L.C.

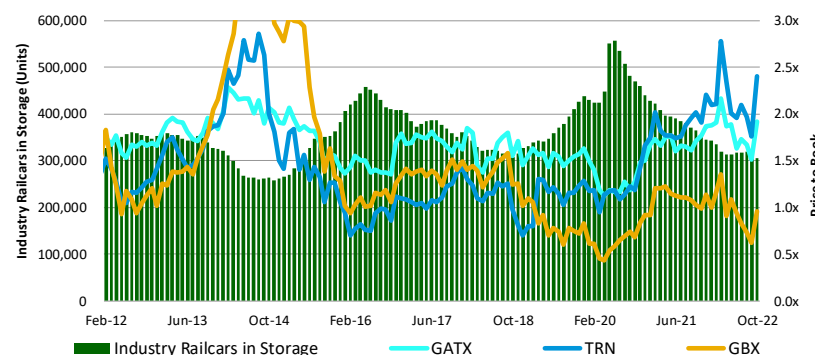
Rail Equipment Shares – Railcar Utilization vs. Valuation

- Over time, rail equipment stock prices and valuation metrics follow the peaks and troughs of the railcar utilization (i.e., storage) cycle.
 - Stock Performance Moves Directionally With Railcar Utilization:** Share prices (top-left chart, indexed to the summer of 2017 “mid-cycle” for cars in storage) fall as railcar utilization decreases (i.e., cars in storage rise), while prices rise as utilization rises (i.e., cars in storage fall).
 - Where are we now?** As railcar storage trends turned unfavorable this summer, rail equipment shares fell and valuations compressed before the substantial relief rally exiting earnings reports over the last couple of weeks, which has coincided with favorable M/M storage drops in September (sizable) and October (marginal) as the harvest pulls grain cars back into active service.
 - Recent Performance by the Numbers.** From our 10/21 preview to Friday’s close: GBX +51%, TRN +31%, GATX +15% vs. XLI +10%.
 - Valuation Metrics:** Typically follow a similar pattern – multiple expansion as utilization increases, multiple contraction as utilization falls.

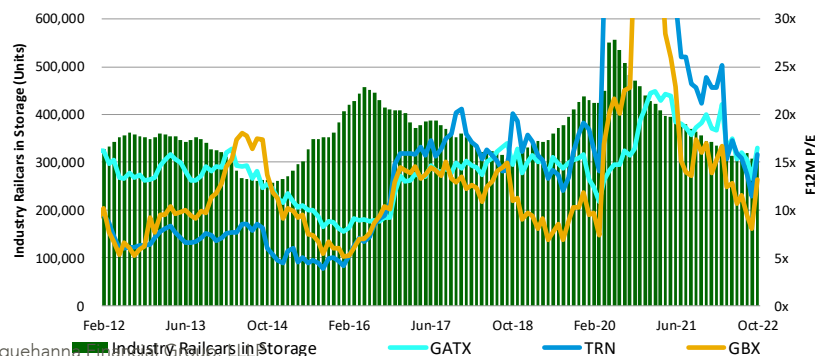
Stock Prices Indexed to Summer 2017 (mid-cycle storage) vs. Industry Railcars in Storage



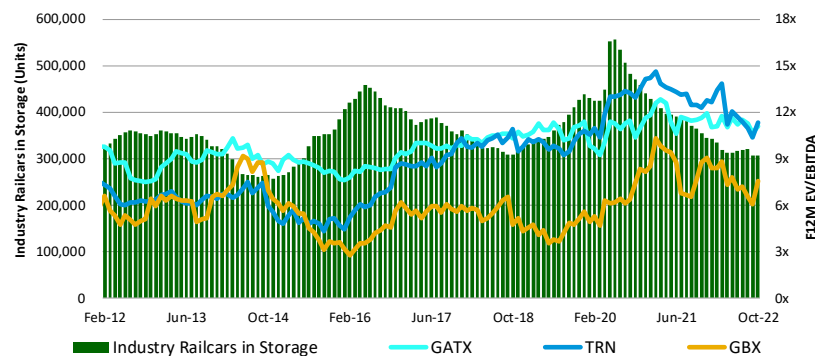
Price/Book vs. Industry Railcars in Storage



P/E (F12M) vs. Industry Railcars in Storage



EV/EBITDA (F12M) vs. Industry Railcars in Storage



GATX's P/B vs. ROE Through the Cycle

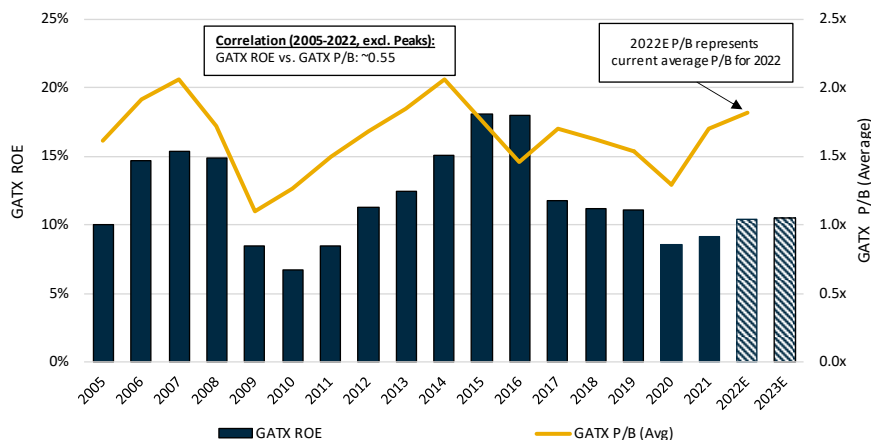
Tracking the Historic Relationship Between GATX's P/B and ROE

- Typical Relationship: Higher ROE = Higher P/B – As illustrated in the charts below, there is a clear positive relationship between GATX's ROE and P/B in “normal years,” with higher returns on equity associated with higher asset appraisal multiples on that book value of equity.
- Breakdown Comes When ROE Reaches Clear Peaks – This relationship breaks down as ROEs approach cyclical peak (2008, 2015, 2016) and railcar leasing's leading indicators are clearly in decline (railroad volumes, cars in storage), with GATX's valuation discounting future declines in ROE.
 - For context, North American rail volumes declined 3%, 2%, and 5%, respectively, with North American railcars in storage going from ~16% of the total fleet entering 2015 to a peak of 28% in mid-2016 (2008 data not available, but peak storage was ~35% of fleet in August 2009).
 - Excluding these years where ROE was peaking (blue circles middle and right), the correlation between ROE and P/B goes from 0.25 to 0.60.

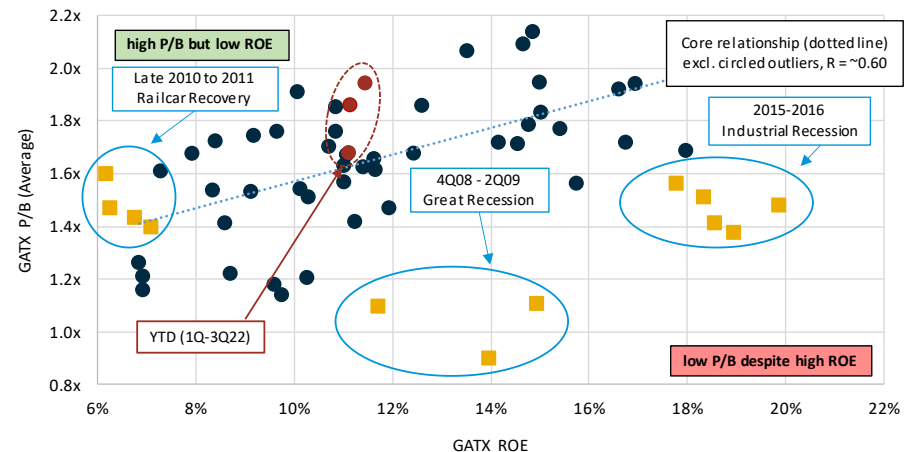
How Does GATX Look on Other Valuation Metrics in 2022?

- While we have valued rail equipment names on earnings multiples (P/E) as earnings head towards late-cycle peaks for both finance businesses (GATX) and hybrid manufacturer/finance models (TRN, GBX), in recent quarters we'd note GATX's P/B in recent quarters has been high relative to its ROE (red dots in chart on the right below), suggesting GATX is at risk of multiple compression if the railcar cycle inflects downward into 2023.

Time Series (2005-2023E) – GATX ROE vs. P/B (Average)



Linear Dot Plot of Quarterly Data – GATX ROE vs. P/B (Average)



Susquehanna Financial Group (SIG)

Rail Equipment Research

Trinity Industries (TRN)

Consolidated Income Statement - Annual (in US\$ millions)

Bascome Majors

Bascome.Majors@sig.com | (212) 510-4407

	2016	% chg to	2017	% chg to	2018	% chg to	2019	% chg to	2020	% chg to	2021	% chg to	2022E	% chg to	2023E
Rail Group	\$3,077	(32%)	\$2,084	13%	\$2,347	27%	\$2,975	(46%)	\$1,610	(21%)	\$1,265	85%	\$2,340	18%	\$2,762
Railcar Leasing Group	827	2%	843	(0%)	843	33%	1,117	(28%)	802	(8%)	735	6%	780	8%	845
Inland Barge Group	403	(61%)	158	(22%)	123										
Energy Equipment Group	1,013	(4%)	975	(34%)	644										
Construction Products Group	523	(4%)	505	(14%)	433										
Other Revenues	92	6%	98	69%	165	58%	261	(25%)	195	(100%)	0		0		0
Gross Segment Revenues	5,936	(21%)	4,662	(2%)	4,554	(4%)	4,353	(40%)	2,607	(23%)	2,000	56%	3,120	16%	3,608
Eliminations	(1,347)	(26%)	(1,000)	14%	(1,143)	18%	(1,348)	(51%)	(664)	(27%)	(484)	118%	(1,056)	14%	(1,201)
Total Revenues	\$4,588	(20%)	\$3,663	(7%)	\$3,411	(12%)	\$3,005	(35%)	\$1,944	(22%)	\$1,516	36%	\$2,063	17%	\$2,407
Rail Group	\$460	(53%)	\$216	(10%)	\$194	43%	\$278	(87%)	\$36	(109%)	(\$3)	(3986%)	\$120	129%	\$276
Operating Margin	14.9%	(457)	10.4%	(212)	8.2%	108	9.3%	(708)	2.3%	(250)	(0.2%)	539	5.1%	485	10.0%
Operating Profit from Leasing	313	9%	341	(11%)	304	3%	315	7%	336	(12%)	297	3%	306	13%	347
Operating Profit from Sales	48	117%	103	(43%)	59	55%	92	(81%)	18	206%	54	60%	87	(13%)	75
Railcar Leasing Group	360	23%	445	(18%)	364	12%	407	(13%)	354	(1%)	351	12%	393	7%	422
Operating Margin	43.5%	917	52.7%	(956)	43.2%	(676)	36.4%	769	44.1%	364	47.7%	263	50.3%	(48)	49.9%
Inland Barge Group (Legacy)	45	(86%)	6	(19%)	5										
Operating Margin	11.2%	(718)	4.1%	17	4.2%										
Energy Equipment Group (Legacy)	133	(24%)	101	(55%)	46										
Operating Margin	13.1%	(279)	10.3%	(329)	7.1%										
Construction Products Group (Legacy)	73	(9%)	66	20%	80										
Operating Margin	13.9%	(72)	13.2%	531	18.5%										
Other Operating Income	(19)		(19)		(4)		20		24		0		0		0
Gross Segment Operating Income	1,052	(23%)	815	(16%)	684	3%	704	(41%)	414	(16%)	348	48%	513	36%	698
Eliminations	(310)	(18%)	(256)	(12%)	(225)	22%	(273)	(50%)	(138)	(25%)	(104)	74%	(180)	24%	(224)
Operating Income - Consolidated	\$742	(25%)	\$559	(18%)	\$459	(6%)	\$431	(36%)	\$276	(12%)	\$244	36%	\$333	42%	\$474
Operating Margin - Consolidated	16.2%	(90)	15.3%	(181)	13.5%	88	14.3%	(12)	14.2%	189	16.1%	3	16.1%	354	19.7%
Interest expense (net)	177	(2%)	173	(3%)	167	28%	215	(2%)	211	(9%)	191	7%	204	11%	227
Other (income) / expense, net	(1)		2		(2)		1		5		(1)		(3)		(2)
Pretax Income	567	(32%)	384	(24%)	294	(27%)	215	(72%)	61	(11%)	54	145%	132	89%	249
Taxes	202	(31%)	139	(44%)	78	(29%)	55	(60%)	22	(48%)	11	194%	33	103%	67
Effective Tax Rate	35.7%	1%	36.2%	(10%)	26.4%	(1%)	25.6%	11%	36.2%	(15%)	21.0%	4%	25.2%	2%	27.0%
Noncontrolling interest expense	21		11		4		(2)		2		7		11		14
Preferred stock dividends	0		0		0		0		0		0		0		0
Net recurring income - common	344	(32%)	234	(9%)	212	(24%)	162	(78%)	36	(2%)	36	146%	88	92%	168
Dilution impact on net income	(10)		(5)		(3)		(2)		(2)		0		0		0
Net recurring income for diluted	\$334	(31%)	\$229	(9%)	\$209	(24%)	\$160	(79%)	\$34	5%	\$36	146%	\$88	92%	\$168
Non-recurring items	0.0		476.2		(52.9)		(24.2)		(189.3)		149.6		1.6		0.0
Net income - reported (for diluted)	\$334	111%	\$705	(78%)	\$156	(13%)	\$136	(214%)	(\$155)	(219%)	\$185	(52%)	\$89	89%	\$168
Diluted Common Shares Outstanding	148.6	2%	151.9	(4%)	146.4	(13%)	127.2	(8%)	117.0	(11%)	103.8	(19%)	83.8	(7%)	78.3
EPS Normalized	\$2.25	(33%)	\$1.51	(5%)	\$1.43	(12%)	\$1.26	(77%)	\$0.29	18%	\$0.34	205%	\$1.05	106%	\$2.15
EPS Reported	\$2.25	107%	\$4.64	(77%)	\$1.07	(0%)	\$1.07	(224%)	(\$1.33)	(234%)	\$1.78	(40%)	\$1.06	102%	\$2.15
EBITDA (incl. gains)	1,025	(17%)	855	(17%)	711	1%	715	(24%)	542	(6%)	510	19%	609	27%	772

Source: company reports and SFG Research estimates

Susquehanna Financial Group (SIG)

Rail Equipment Research

Bascome Majors

Bascome.Majors@sig.com | (212) 510-4407

Trinity Industries (TRN)

Consolidated Income Statement - Quarterly (in US\$ millions)

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	1Q20	% chg to	1Q21	2Q20	% chg to	2Q21	3Q20	% chg to	3Q21	4Q20	% chg to	4Q21
Rail Group	\$509	(49%)	\$261	\$406	(35%)	\$262	\$381	(11%)	\$340	\$313	28%	\$402
Railcar Leasing Group	236	(22%)	184	193	(4%)	185	184	1%	186	189	(4%)	181
Other Revenues	63	(100%)	0	69	(100%)	0	63	(100%)	0	0		0
Gross Segment Revenues	809	(45%)	445	668	(33%)	447	628	(16%)	525	503	16%	583
Eliminations	(194)	(41%)	(114)	(159)	(3%)	(154)	(168)	(37%)	(106)	(143)	(22%)	(111)
Total Revenues	\$615	(46%)	\$331	\$509	(42%)	\$293	\$459	(9%)	\$420	\$360	31%	\$472
Rail Group	\$25	(135%)	(\$9)	\$8	(59%)	\$3	\$3	(344%)	(\$8)	\$0	10200%	\$10
Operating Margin	4.9%	(830)	(3.4%)	1.9%	(73)	1.2%	0.8%	(313)	(2.3%)	0.0%	253	2.6%
Operating Profit from Leasing	83	(7%)	77	79	(11%)	70	87	(12%)	76	88	(16%)	74
Operating Profit from Sales	10	(84%)	2	4	152%	11	3	1034%	33	0		8
Railcar Leasing Group	93	(16%)	78	83	(2%)	81	90	22%	109	88	(7%)	82
Operating Margin	39.3%	336	42.7%	43.0%	82	43.8%	48.8%	1,015	58.9%	46.6%	(123)	45.4%
Other Operating Income	9		0	7		0	7		0	0		0
Gross Segment Operating Income	127	(45%)	70	98	(14%)	84	100	1%	102	88	5%	93
Eliminations	(49)	(63%)	(18)	(36)	(22%)	(28)	(23)	25%	(28)	(30)	(5%)	(29)
Operating Income - Consolidated	\$79	(35%)	\$51	\$62	(10%)	\$56	\$78	(6%)	\$73	\$58	10%	\$64
Operating Margin - Consolidated	12.8%	275	15.5%	12.3%	694	19.2%	16.9%	55	17.4%	16.1%	(265)	13.4%
Interest expense (net)	54	(5%)	51	53	(4%)	51	52	(13%)	45	52	(16%)	44
Other (income) / expense, net	2		0	(1)		(0)	2		(1)	2		0
Pretax Income	23	(100%)	0	10	(46%)	6	24	20%	29	3	460%	20
Taxes	7	(94%)	0	7	(129%)	(2)	3	130%	7	5	28%	6
Effective Tax Rate	31.3%	#####	#####	69.3%	(106%)	(36.4%)	12.6%	11%	24.0%	134.3%	(104%)	30.6%
Noncontrolling interest expense	1		(2)	0		(1)	1		4	1		6
Preferred stock dividends	0		0	0		0	0		0	0		0
Net recurring income - common	15	(89%)	2	3	207%	8	20	(11%)	18	(2)	(533%)	8
Dilution impact on net income	(2)		0	0		0	0		0	0		0
Net recurring income for diluted	\$13	(88%)	\$2	\$3	207%	\$8	\$20	(11%)	\$18	(\$2)	(533%)	\$8
Non-recurring items	146.5		6.0	(209.6)		6.9	5.8		10.5	(132.0)		126.2
Net income - reported (for diluted)	\$159	(95%)	\$8	(\$207)	(107%)	\$15	\$26	10%	\$28	(\$134)	(200%)	\$134
Diluted Common Shares Outstanding	119.9	(6%)	112.6	118.7	(11%)	105.1	117.0	(15%)	99.5	112.2	(13%)	98.0
EPS Normalized	\$0.11	(87%)	\$0.01	\$0.02	247%	\$0.08	\$0.17	5%	\$0.18	(\$0.02)	(596%)	\$0.08
EPS Reported	\$1.33	(95%)	\$0.07	(\$1.74)	(108%)	\$0.15	\$0.22	29%	\$0.29	(\$1.19)	(215%)	\$1.37
EBITDA (incl. gains)	145	(19%)	118	130	(4%)	125	143	1%	144	124	3%	129

Source: company reports and SFG Research estimates

Susquehanna Financial Group (SIG) Bascome Majors
 Rail Equipment Research Bascome.Majors@sig.com | (212) 510-4407
 Trinity Industries (TRN)

Consolidated Balance Sheet (in US\$ millions)

	2016	Adjusted for ACA Disc Ops		2019	2020	2021	2022E	2023E
Assets:								
Cash & Marketable Securities	\$798.1	\$1,098.1	\$179.2	\$166.2	\$132.0	\$167.3	\$187.1	\$173.5
Accounts Receivable (net)	378.7	228.4	317.0	274.8	610.2	233.0	165.1	192.5
Total Inventories	\$665.8	\$402.8	\$524.7	\$433.4	\$285.2	\$432.9	\$309.5	\$361.0
Property & Equipment (net)	5,966.8	5,557.8	6,334.4	7,110.6	6,968.8	6,846.9	6,985.9	7,300.9
Restricted Cash	178.2	195.2	171.6	111.4	96.4	135.1	135.1	135.1
Goodwill & Other	1,137.7	406.7	462.3	605.0	430.7	420.7	428.6	325.6
Assets of Discontinued Operations	\$0.0	\$1,654.2	\$0.0	\$0.0	\$178.5	\$0.0	\$0.0	\$0.0
Total Assets	\$9,125.3	\$9,543.2	\$7,989.2	\$8,701.4	\$8,701.8	\$8,235.9	\$8,211.2	\$8,488.6
Liabilities & Stockholders' Equity:								
Accounts Payable & Accrued Exp.	\$582.2	\$441.4	\$580.4	\$546.0	\$471.1	\$513.8	\$305.3	\$343.3
Debt - Recourse	850.6	866.3	397.4	522.8	448.2	398.7	398.7	348.7
Debt - Non-Recourse	2,206.0	2,375.6	3,631.8	4,359.1	4,568.8	4,771.9	5,121.9	5,471.9
Deferred Income Taxes	1,072.9	728.3	743.1	798.3	1,047.5	1,106.8	1,136.7	1,197.3
Deferred Profit & Other Liabilities	102.5	273.6	74.5	96.3	150.2	147.9	137.9	127.9
Non-controlling interest	392.6	356.9	351.2	348.8	277.2	267.0	267.0	267.0
Stockholders' Equity	\$3,918.5	\$4,501.1	\$2,210.8	\$2,030.1	\$1,738.8	\$1,029.8	\$843.7	\$732.4
Total Liabilities and Equity	\$9,125.3	\$9,543.2	\$7,989.2	\$8,701.4	\$8,701.8	\$8,235.9	\$8,211.2	\$8,488.6

Balance Sheet Statistics:

Recourse Debt as % of Total Debt	28%	27%	10%	11%	9%	8%	7%	6%
Total Cash Less Recourse Debt	(\$53)	\$232	(\$218)	(\$357)	(\$316)	(\$231)	(\$212)	(\$175)
Total Debt / EBITDA	3.0x	3.8x	5.7x	6.8x	9.2x	10.1x	9.1x	7.5x
Net Debt / EBITDA	2.2x	2.5x	5.4x	6.6x	9.0x	9.8x	8.8x	7.3x
Debt to Total Capital	41%	40%	61%	67%	71%	80%	83%	85%
Return on Equity (Pre-Tax)	13%	8%	8%	10%	3%	3%	12%	29%
Return on Equity (After-Tax)	9%	6%	6%	8%	2%	3%	9%	21%
Return on Invested Capital	7%	5%	5%	5%	3%	3%	4%	5%

Source: company reports and SFG Research estimates

Susquehanna Financial Group (SIG)

Rail Equipment Research

Trinity Industries (TRN)

Consolidated Statement of Cash Flows (in US\$ millions)

Bascome Majors

Bascome.Majors@sig.com | (212) 510-4407

	Adjusted for ACA Disc Ops							
	2016	2017	2018	2019	2020	2021	2022E	2023E
Cash Flows from Operations:								
Net Income	\$203.2	\$610.2	\$109.0	\$139.2	(\$226.1)	\$39.3	\$89.1	\$168.1
Depreciation & amortization	217.3	229.7	251.9	283.6	266.0	265.7	276.0	298.0
Deferred income taxes	301.5	(357.1)	57.9	54.8	226.1	13.1	29.9	60.6
Stock-based compensation (net)	29.9	22.1	29.2	29.2	26.9	20.7	30.0	32.0
(Gain) / Loss on sales of assets	(15.0)	(85.4)	(41.4)	(54.4)	(22.8)	(54.1)	(87.0)	(80.0)
Other	25.0	30.6	10.1	23.3	572.0	(5.5)	190.0	30.0
Changes in working capital (net)	75.6	160.0	(142.5)	(79.0)	(190.3)	336.4	(250.0)	0.0
Cash Flow From Continuing Operations	837.5	610.1	274.2	396.7	651.8	615.6	278.0	508.7
Cash Flow From Discontinued Operations	252.7	151.5	104.9	(3.1)	(0.1)	(3.8)	0.0	0.0
Total Operating Cash Flows	\$1,090.2	\$761.6	\$379.1	\$393.6	\$651.7	\$611.8	\$278.0	\$508.7
Cash Flows from Investing:								
Gross capex - leasing	(\$799.1)	(\$608.3)	(\$948.3)	(\$1,122.2)	(\$602.2)	(\$547.2)	(\$900.0)	(\$1,000.0)
Proceeds from sale of lease fleet	37.7	360.7	230.5	205.7	138.7	454.3	600.0	500.0
Net capex - leasing	(761.4)	(247.6)	(717.8)	(916.5)	(463.5)	(92.9)	(300.0)	(500.0)
Capex - manufacturing & other	(49.5)	(22.0)	(37.3)	(97.0)	(102.3)	(23.6)	(43.0)	(43.0)
Proceeds from asset sales (non-lease)	11.0	7.8	17.1	20.2	32.9	40.5	25.0	10.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	(16.6)	(10.0)	0.0
Short-term investments & other (net)	(149.8)	(84.8)	319.5	0.0	0.0	9.5	0.0	0.0
Other investing	6.8	0.3	6.2	0.0	0.0	0.1	5.0	0.0
Cash Flow From Continuing Operations	(942.9)	(346.3)	(412.3)	(993.3)	(532.9)	(83.0)	(323.0)	(533.0)
Cash Flow From Discontinued Operations	(79.8)	(126.4)	(78.2)	0.0	0.0	359.3	0.0	0.0
Total Investing Cash Flows	(\$1,022.7)	(\$472.7)	(\$490.5)	(\$993.3)	(\$532.9)	\$276.3	(\$323.0)	(\$533.0)
Cash Flows from Financing:								
Debt proceeds	\$0.0	\$533.5	\$1,206.6	\$2,567.8	\$1,561.4	\$2,444.1	350.0	300.0
Debt repayments	(162.0)	(375.3)	(887.8)	(1,724.1)	(1,442.9)	(2,315.8)		
Restricted Cash (increase) / decrease	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net equity issuance / (share repurchases)	(34.7)	(79.4)	(506.1)	(224.7)	(191.3)	(833.4)	(200.0)	(200.0)
Cash dividends paid (preferred & common)	(66.7)	(72.6)	(77.4)	(82.1)	(91.7)	(88.5)	(75.3)	(79.4)
Other (net)	(44.3)	(62.9)	(246.9)	(10.4)	(3.5)	(20.5)	(10.0)	(10.0)
Total Financing Cash Flows	(\$307.7)	(\$56.7)	(\$511.6)	\$526.5	(\$168.0)	(\$814.1)	\$64.7	\$10.6
Net increase (decrease) in cash	(\$240.2)	\$232.2	(\$623.0)	(\$73.2)	(\$49.2)	\$74.0	\$19.8	(\$13.6)
Cash Flow Statistics:								
Gross Leasing Capex (% of Total Revenues)	17.4%	16.6%	27.8%	37.3%	31.0%	36.1%	43.6%	41.6%
Net Leasing Capex (% of Total Revenues)	16.6%	6.8%	21.0%	30.5%	23.8%	6.1%	14.5%	20.8%
Manufacturing Capex (% of Total Revenues)	1.1%	0.6%	1.1%	3.2%	5.3%	1.6%	2.1%	1.8%
Interest Coverage (Consol - Lender Defined)	5.4x	4.5x	3.8x	2.8x	2.1x	2.5x	2.7x	3.2x
Operating Cash Flow	\$1,090	\$762	\$379	\$394	\$652	\$612	\$278	\$509
Free Cash Flow (before leasing capex)	1,041	740	342	297	549	588	235	466
Free Cash Flow (post leasing, pre-dividends)	290	500	(359)	(600)	119	536	(40)	(24)
Free Cash Flow (post leasing & dividends)	224	427	(436)	(682)	27	447	(115)	(104)
Operating Cash Flow per share	\$7.34	\$5.01	\$2.59	\$3.09	\$5.57	\$5.89	\$3.32	\$6.50
Free Cash Flow (before leasing capex)	\$7.01	\$4.87	\$2.34	\$2.33	\$4.70	\$5.67	\$2.81	\$5.95
Free Cash Flow (post leasing, pre-dividends)	\$1.95	\$3.29	(\$2.45)	(\$4.71)	\$1.02	\$5.16	(\$0.48)	(\$0.31)
Free Cash Flow (post leasing & dividends)	\$1.51	\$2.81	(\$2.98)	(\$5.36)	\$0.23	\$4.31	(\$1.38)	(\$1.32)

Source: company reports and SFG Research estimates

Susquehanna Financial Group (SIG)

Rail Equipment Research

Bascome Majors

Bascome.Majors@sig.com | (212) 510-4407

GATX Corporation (GATX)

Consolidated Income Statement - Annual (in US\$ millions)

	2015	Chg %	2016	Chg %	2017	Chg %	2018	Chg %	2019	Chg %	2020	Chg %	2021	Chg %	2022E	Chg %	2023E
Rail North America	1,007	1%	1,019	(4%)	977	(4%)	942	2%	965	(3%)	934	(5%)	892	2%	910	4%	947
Rail International	180	5%	189	4%	197	10%	218	5%	228	13%	258	10%	284	(4%)	274	11%	303
Portfolio Management	93	(39%)	57	(47%)	30	(46%)	16	(39%)	10	72%	17	181%	48	14%	55	5%	57
American Steamship Company	170	(9%)	154	12%	173	8%	186	3%	192	-	0	-	34	7%	36	22%	44
Other	0	-	0	-	0	-	0	-	0	-	0	-	34	7%	36	22%	44
Total Revenues	1,450	(2%)	1,418	(3%)	1,377	(1%)	1,361	2%	1,394	(13%)	1,209	4%	1,257	1%	1,275	6%	1,352
Rail North America	380	(7%)	352	(15%)	299	3%	308	(10%)	276	(18%)	228	23%	280	12%	312	1%	316
Segment Margin %	37.7%	(316)	34.5%	(391)	30.6%	208	32.7%	(407)	28.6%	(427)	24.4%	705	31.4%	290	34.3%	(93)	33.4%
Rail International	70	(10%)	63	9%	69	14%	78	1%	79	6%	84	26%	105	(1%)	104	22%	127
Segment Margin %	38.9%	(552)	33.3%	157	34.9%	100	35.9%	(126)	34.7%	(230)	32.4%	458	36.9%	91	37.8%	394	41.8%
Portfolio Management	62	47%	91	(40%)	55	(29%)	39	61%	62	24%	77	(21%)	61	(10%)	55	1%	55
American Steamship Company	15	(33%)	10	143%	25	35%	33	8%	36	-	-	-	-	-	-	-	-
Segment Margin %	8.9%	(232)	6.5%	765	14.2%	356	17.8%	81	18.6%	-	-	-	-	-	-	-	-
Other	3	(50%)	1	108%	3	(133%)	(1)	(389%)	3	77%	5	(30%)	3	116%	7	114%	15
Total Segment Profit (Pre Tax)	529	(2%)	517	(13%)	450	2%	457	(0%)	456	(14%)	393	14%	449	6%	477	7%	513
Segment Margin %	36.5%	(4)	36.5%	(381)	32.7%	90	33.6%	(87)	32.7%	(19)	32.5%	321	35.7%	173	37.5%	50	38.0%
Selling, General, & Administrative	192	(9%)	175	4%	181	5%	191	(1%)	189	(9%)	172	15%	198	(4%)	191	5%	200
Pre Tax Income	337	2%	343	(22%)	269	(1%)	266	1%	267	(17%)	221	13%	251	14%	286	9%	313
Pre Tax Margin %	23.2%	91	24.2%	(466)	19.5%	2	19.5%	(36)	19.2%	(88)	18.3%	166	19.9%	250	22.4%	71	23.2%
Income Taxes	102	5%	107	(22%)	84	(21%)	66	1%	67	(12%)	59	17%	69	4%	71	17%	84
Income Tax Rate	30.3%	-	31.1%	-	31.1%	-	24.8%	-	25.0%	-	26.5%	-	27.4%	-	24.9%	-	26.7%
Net Income before Non-recurring	235	0%	236	(22%)	185	8%	200	0%	200	(19%)	163	12%	182	18%	215	7%	229
Non-recurring Items	(30)	(172%)	21	1395%	317	(96%)	12	(5%)	11	(225%)	(14)	188%	(39)	-	0	-	0
Net Income Reported	205	25%	257	95%	502	(58%)	211	(0%)	211	(29%)	149	(4%)	143	50%	215	7%	229
Average Shares Outstanding (diluted)	43.7	(6%)	40.9	(4%)	39.3	(3%)	38.3	(5%)	36.3	(3%)	35.4	2%	36.0	(0%)	35.8	(1%)	35.3
EPS (diluted)	\$5.37	7%	\$5.77	(18%)	\$4.70	11%	\$5.22	6%	\$5.51	(17%)	\$4.59	10%	\$5.06	18%	\$6.00	8%	\$6.50
Dividend	\$1.52	5%	\$1.60	5%	\$1.68	5%	\$1.76	5%	\$1.84	4%	\$1.92	4%	\$2.00	4%	\$2.08	4%	\$2.16
Payout Ratio	28%	-	28%	-	36%	-	34%	-	33%	-	42%	-	39%	-	35%	-	33%
Total EBITDA	842	(0%)	839	(4%)	809	3%	835	1%	841	(6%)	789	9%	860	3%	888	7%	954
EBITDA Margin %	58%	108	59%	(42)	59%	261	61%	(100)	60%	493	65%	308	68%	133	70%	88	71%

Note: 2020 and beyond exclude operations from American Steamship Company

Source: Company reports and SFG Research estimates.

Susquehanna Financial Group (SIG)

Rail Equipment Research

Bascome Majors

Bascome.Majors@sig.com | (212) 510-4407

GATX Corporation (GATX)

Consolidated Income Statement - Quarterly (in US\$ millions)

	1Q21	Chg %	1Q22	2Q21	Chg %	2Q22	3Q21	Chg %	3Q22	4Q21	Chg %	4Q22E
Rail North America	225	(0%)	224	223	(1%)	222	220	5%	231	224	4%	233
Rail International	69	1%	70	72	(5%)	68	72	(5%)	68	72	(6%)	68
Portfolio Management	7	104%	15	14	(1%)	14	13	(2%)	13	14	(2%)	13
Other	5	81%	9	8	7%	9	9	1%	9	12	(18%)	10
Total Revenues	306	4%	317	317	(1%)	313	314	2%	321	321	1%	324
Rail North America	66	83%	120	78	(32%)	53	67	(3%)	64	70	6%	75
Segment Margin %	29.3%	2,457	53.8%	34.7%	(1,080)	23.9%	30.3%	(246)	27.8%	31.4%	54	31.9%
Rail International	22	14%	25	27	4%	28	27	(6%)	25	29	(13%)	25
Segment Margin %	31.4%	421	35.6%	38.1%	330	41.4%	37.8%	(34)	37.4%	40.3%	(334)	37.0%
Portfolio Management	6	87%	11	12	30%	16	6	81%	11	36	(56%)	16
Other	0	1300%	3	(1)	171%	(2)	2	71%	3	2	55%	3
Total Segment Profit (Pre Tax)	94	70%	160	116	(18%)	95	101	2%	104	138	(14%)	119
Segment Margin %	30.7%	1,971	50.4%	36.7%	(623)	30.5%	32.3%	(4)	32.3%	42.8%	(619)	36.6%
Selling, General, & Administrative	47	0%	47	48	0%	48	46	4%	48	58	(16%)	49
Pre Tax Income	47	140%	112	69	(31%)	47	56	1%	56	80	(12%)	70
Pre Tax Margin %	15.3%	2,020	35.5%	21.6%	(648)	15.2%	17.7%	(23)	17.5%	24.9%	(324)	21.7%
Income Taxes	10	175%	28	20	(56%)	9	15	5%	16	23	(21%)	18
Income Tax Rate	21.8%		24.9%	29.2%		18.8%	27.7%		28.9%	28.8%		26.0%
Net Income before Non-recurring	37	131%	84	49	(21%)	39	40	(0%)	40	57	(9%)	52
Non-recurring Items	0	#DIV/0!	(9)	(43)	(17%)	(36)	0	#DIV/0!	(11)	4		0
Net Income Reported	37	108%	76	5	(53%)	3	40	(27%)	29	61	(15%)	52
Average Shares Outstanding (diluted)	35.9	0%	36.0	36.0	0%	36.0	36.0	(1%)	35.7	36.0	(1%)	35.5
EPS (diluted)	\$1.02	130%	\$2.34	\$1.35	(21%)	\$1.07	\$1.11	0%	\$1.12	\$1.58	(7%)	\$1.47
Dividend	\$0.50	4%	\$0.52	\$0.50	4%	\$0.52	\$0.50	4%	\$0.52	\$0.50	4%	\$0.52
Payout Ratio	49%		22%	37%		49%	45%		47%	32%		35%
Total EBITDA	205.8	6%	218.0	213.4	3%	219.7	216.9	3%	223.8	223.5	1%	226.8
EBITDA Margin %	67%	156	69%	67%	296	70%	69%	53	70%	70%	33	70%

Source: Company reports and SFG Research estimates.

Susquehanna Financial Group (SIG)

Rail Equipment Research

Bascome Majors

Bascome.Majors@sig.com | (212) 510-4407

GATX Corporation (GATX)

Consolidated Balance Sheet (in US\$ millions)

	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Assets:									
Cash and Cash Equivalents	219.7	311.1	299.7	106.7	151.0	292.6	344.5	166.4	117.8
Receivables	226.7	227.5	213.1	207.0	150.0	142.2	163.8	178.4	189.2
Total Current Assets	446.4	538.6	512.8	313.7	301.0	434.8	508.3	344.8	307.0
Operating Assets and Facilities	5,698.4	5,804.7	6,192.1	6,549.5	6,877.9	7,544.1	8,057.0	8,548.7	8,887.7
Investments in Affiliated Companies	348.5	387.0	441.0	464.5	512.6	584.7	588.4	613.4	638.4
Goodwill	79.7	78.0	85.6	82.9	81.5	143.7	123.0	123.0	123.0
Other Assets	321.2	297.1	190.9	206.1	512.1	230.3	265.0	260.0	255.0
Total Assets	6,894.2	7,105.4	7,422.4	7,616.7	8,285.1	8,937.6	9,541.7	9,889.9	10,211.1
Liabilities and Shareholders' Equity									
Accounts Payable and Accrued Expenses	170.9	174.8	154.3	177.5	119.4	147.3	215.8	237.6	241.8
Debt	4,204.2	4,271.9	4,388.5	4,551.8	4,796.2	5,352.6	5,905.6	6,105.6	6,255.6
Deferred Income Taxes	1,018.3	1,089.4	853.7	877.8	888.5	962.8	1,001.0	1,040.3	1,090.4
Other Liabilities	220.6	222.1	233.2	221.5	645.9	517.5	400.1	387.9	389.5
Total Liabilities	5,614.0	5,758.2	5,629.7	5,828.6	6,450.0	6,980.2	7,522.5	7,771.4	7,977.4
Shareholders Equity	1,280.2	1,347.2	1,792.7	1,788.1	1,835.1	1,957.4	2,019.2	2,118.5	2,233.7
Total Liabilities and Shareholders Equity	6,894.2	7,105.4	7,422.4	7,616.7	8,285.1	8,937.6	9,541.7	9,889.9	10,211.1
Balance Sheet Statistics:									
Gross Debt / EBITDA	5.0x	5.1x	5.4x	5.5x	5.7x	6.8x	6.9x	6.9x	6.6x
Net Debt / EBITDA	4.7x	4.7x	5.1x	5.3x	5.5x	6.4x	6.5x	6.7x	6.4x
Debt to Total Capital	77%	76%	71%	72%	72%	73%	75%	74%	74%
Debt to Equity	3.3x	3.2x	2.4x	2.5x	2.6x	2.7x	2.9x	2.9x	2.8x
Return on Average Equity	18.1%	18.0%	11.8%	11.2%	11.1%	8.6%	9.2%	10.4%	10.5%
Return on Average Invested Capital	6.2%	6.1%	5.0%	5.2%	5.2%	4.3%	4.3%	4.6%	4.8%
Book Value of Equity per Share	\$29	\$33	\$46	\$47	\$51	\$55	\$56	\$59	\$63
Historical Return on Assets by Segment									
Rail North America	7.5%	6.7%	5.6%	5.4%	4.9%	3.9%	4.6%		
Rail International	6.4%	5.8%	5.3%	6.0%	5.4%	4.9%	6.2%		
Portfolio Management	9.9%	15.5%	9.4%	6.4%	9.8%	11.0%	5.8%		
Total	4.7%	4.7%	3.6%	3.3%	3.3%	2.6%	2.7%		

Source: Company Reports and SFG Research estimates.

Susquehanna Financial Group (SIG)

Rail Equipment Research

Bascome Majors

Bascome.Majors@sig.com | (212) 510-4407

GATX Corporation (GATX)

Consolidated Statement of Cash Flows (in US\$ millions)

	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Cash Flows from Operations:									
Net Income	205.3	257.1	502.0	211.3	211.2	151.3	143.1	214.7	229.4
Depreciation Expense	303.3	310.2	322.7	327.3	332.7	342.8	378.4	356.3	358.0
Net gains on Sale of Assets	(99.7)	(52.9)	(52.5)	(79.3)	(56.2)	(39.5)	(99.4)	(95.0)	(85.0)
Asset Impairments	33.9	38.5	8.6	9.0	6.6	0.3	2.4	1.0	1.0
Share Based Compensation	11.6	15.8	9.9	16.4	12.3	15.6	17.4	16.0	17.0
Deferred Income Taxes	90.2	72.8	(260.5)	18.1	33.8	29.1	34.2	39.3	50.2
Other & Discontinued Ops	(10.3)	(12.1)	(10.4)	(31.4)	(75.5)	(64.9)	7.6	(34.0)	(38.0)
Change in Working Capital			(23.0)	37.1	(2.3)	(6.4)	23.5	(8.0)	(6.0)
Cash Flow from Operating Activities	534.3	629.4	496.8	508.5	462.6	428.3	507.2	490.3	526.6
Cash Flows from Investing:									
Additions to Operating Assets & Facilities	(681.4)	(595.7)	(566.8)	(913.5)	(722.8)	(1,064.0)	(1,131.5)	(1,200.0)	(1,000.0)
Investment in Affiliates	(15.5)	(25.0)	(36.6)	(14.1)	0.0	0.0	(0.4)	(25.0)	(25.0)
Investments and Capital Additions	(696.9)	(620.7)	(603.4)	(927.6)	(722.8)	(1,064.0)	(1,131.9)	(1,225.0)	(1,025.0)
Purchases of Leased-In Assets	(118.4)	(117.1)	(111.8)	(66.6)	(1.0)	0.0	0.0	0.0	0.0
Portfolio Proceeds	482.2	223.7	165.6	234.4	250.3	131.1	187.1	450.0	400.0
Proceeds from Sales of Other Assets	18.7	23.0	30.3	37.3	23.0	26.0	54.7	30.0	25.0
Proceeds from Sale-Leasebacks	0.0	82.5	90.6	59.1	0.0	0.0	0.0	0.0	0.0
Other & Discontinued Ops	6.8	2.3	0.4	(12.7)	10.8	242.9	(27.6)	5.0	5.0
Cash Flow from Investing Activities	(307.6)	(406.3)	(428.3)	(676.1)	(439.7)	(664.0)	(917.7)	(740.0)	(595.0)
Cash Flow From Financing:									
Net Debt Issued (Repayment)	(44.7)	52.2	86.9	167.4	238.4	492.9	603.8	200.0	150.0
Stock Purchases	(125.4)	(120.1)	(100.0)	(115.5)	(150.0)	0.0	(13.1)	(50.0)	(50.0)
Dividends	(68.2)	(67.4)	(68.2)	(69.3)	(69.3)	(71.0)	(74.3)	(73.4)	(75.2)
Other & Discontinued Ops	9.3	4.8	(2.6)	(4.0)	2.8	(44.5)	(52.2)	(5.0)	(5.0)
Cash Flow from Financing Activities	(229.0)	(130.5)	(83.9)	(21.4)	21.9	377.4	464.2	71.6	19.8
Effect of FX Changes on Cash	(5.2)	(1.2)	4.0	(4.0)	(0.5)	(0.1)	(1.8)	0.0	0.0
Net (decrease) increase in Cash	(7.5)	91.4	(11.4)	(193.0)	44.3	141.6	51.9	(178.1)	(48.6)
Cash at Beginning of Year	209.9	219.7	311.1	299.7	106.7	151.0	292.6	344.5	166.3
Cash at End of Year	202.4	311.1	299.7	106.7	151.0	292.6	344.5	166.3	117.8

Cash Flow Statistics:

Susquehanna Financial Group (SIG)

Rail Equipment Research

Bascome Majors

Bascome.Majors@sig.com | (212) 510-4407

The Greenbrier Companies

Consolidated Income Statement - Annual (in US\$ millions)

Fiscal Year Ends August 31st	F2016	% chg to	F2017	% chg to	F2018	% chg to	F2019	% chg to	F2020	% chg to	F2021	% chg to	F2022	% chg to	F2023E
Manufacturing	\$2,096	(18%)	\$1,725	19%	\$2,045	19%	\$2,431	(3%)	\$2,350	(44%)	\$1,311	89%	\$2,477	6%	\$2,634
Wheels & Parts	322	(3%)	313	11%	347	28%	445	(27%)	325	(8%)	298	17%	348	(2%)	339
Leasing & Services	261	(50%)	131	(3%)	128	23%	158	(25%)	118	18%	139	11%	153	12%	172
Total Revenues	\$2,680	(19%)	\$2,169	16%	\$2,519	20%	\$3,034	(8%)	\$2,792	(37%)	\$1,748	70%	\$2,978	6%	\$3,145
Manufacturing	\$466	(25%)	\$351	(10%)	\$317	(5%)	\$300	(1%)	\$299	(59%)	\$122	44%	\$176	67%	\$294
Gross Margin	22.2%	(186)	20.4%	(485)	15.5%	(316)	12.4%	36	12.7%	(342)	9.3%	(220)	7.1%	406	11.1%
Wheels & Parts	29	(15%)	24	18%	29	(14%)	25	(9%)	22	(20%)	18	43%	26	14%	29
Gross Margin	8.9%	(110)	7.8%	48	8.3%	(271)	5.6%	136	6.9%	(91)	6.0%	138	7.4%	126	8.7%
Leasing & Services	57	(20%)	46	38%	63	(22%)	49	(6%)	46	100%	92	14%	105	13%	119
Gross Margin	21.9%	1,297	34.8%	1,458	49.4%	(1,832)	31.1%	791	39.0%	2,725	66.3%	193	68.2%	84	69.0%
Gross Profit - Consolidated	551	(24%)	421	(3%)	409	(9%)	374	(2%)	367	(37%)	232	32%	306	44%	442
Gross Margin - Consolidated	20.6%	(116)	19.4%	(319)	16.2%	(390)	12.3%	82	13.1%	10	13.2%	(297)	10.3%	377	14.0%
Selling, General, & Administrative	159	8%	171	17%	200	(2%)	197	(4%)	190	1%	192	17%	225	(0%)	225
% of Revenues	5.9%	194	7.9%	9	8.0%	(148)	6.5%	31	6.8%	418	11.0%	(341)	7.6%	(41)	7.2%
(Gain) / Loss on Equipment Sales	(16)		(10)		(44)		(41)		(20)		(1)		(37)		(10)
Operating Income - Consolidated	409	(36%)	260	(3%)	253	(14%)	218	(10%)	197	(79%)	41	188%	118	92%	227
Operating Margin - Consolidated	15.2%	(324)	12.0%	(196)	10.0%	(284)	7.2%	(13)	7.1%	(473)	2.3%	162	4.0%	325	7.2%
Interest & Other	14	79%	24	21%	29	5%	31	41%	44	(1%)	43	33%	57	36%	78
Pretax Income	395	(40%)	236	(5%)	224	(16%)	188	(18%)	154	(101%)	(2)	(2743%)	61	145%	149
Taxes	112	(43%)	64	(6%)	60	(19%)	49	(1%)	48	(181%)	(39)	(147%)	18	122%	40
Effective Tax Rate	28.4%	(1.3%)	27.1%	(0.1%)	27.0%	(1.0%)	26.0%	5.2%	31.2%	1655.8%	1687.0%	#####	29.9%	(2.9%)	27.0%
Income/(Loss) Unconsol. Affiliates	2	(493%)	(8)	11%	(9)	(37%)	(6)	(151%)	3	18%	3	224%	11	(58%)	5
(Income)/Loss to Non-Controlling Interest	(102)	(56%)	(44)	(54%)	(20)	71%	(35)	11%	(39)	(93%)	(3)	160%	(7)	146%	(17)
Net Income (Continuing) to Shareholders	183	(35%)	120	12%	134	(27%)	98	(29%)	70	(47%)	37	26%	47	105%	96
Dilution impact on net income	3		3		2		0		0		0		0		0
Net recurring income for diluted	\$186	(34%)	\$123	11%	\$136	(28%)	\$98	(29%)	\$70	(47%)	\$37	26%	\$47	105%	\$96
Non-recurring items	0		(4)		18		(27)		(21)		(5)		0		0
Net income - reported (for diluted)	186	(36%)	119	29%	154	(54%)	71	(31%)	49	(34%)	32	44%	47	105%	96
Diluted Common Shares Outstanding	32	0%	33	1%	33	1%	33	1%	33	1%	34	0%	34	0%	34
EPS Normalized	\$5.73	(34%)	\$3.76	10%	\$4.13	(28%)	\$2.96	(29%)	\$2.10	(47%)	\$1.10	26%	\$1.39	105%	\$2.85
EPS Reported	\$5.73	(36%)	\$3.66	28%	\$4.68	(54%)	\$2.14	(32%)	\$1.46	(34%)	\$0.96	44%	\$1.39	105%	\$2.85
EBITDA (pre-GIMSA MI deduction)	\$474	(33%)	\$317	0%	\$318	(7%)	\$296	5%	\$310	(53%)	\$145	58%	\$229	46%	\$336

Source: company reports and SFG Research estimates

Susquehanna Financial Group (SIG)

Bascome Majors

Rail Equipment Research

Bascome.Majors@sig.com | (212) 510-4407

The Greenbrier Companies

Consolidated Income Statement - Quarterly (in US\$ millions)

Fiscal Year Ends August 31st	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	F2022	% chg to	F2023E	F2022	% chg to	F2023E	F2022	% chg to	F2023E	F2022	% chg to	F2023E
Manufacturing	\$453	37%	\$620	\$556	9%	\$606	\$651	3%	\$668	\$818	(9%)	\$740
Wheels & Parts	72	15%	83	87	(10%)	78	102	(15%)	86	87	5%	92
Leasing & Services	26	63%	42	41	4%	42	41	5%	43	46	(2%)	45
Total Revenues	\$551	35%	\$745	\$683	6%	\$726	\$794	0%	\$797	\$951	(8%)	\$877
Manufacturing	\$31	101%	\$62	\$21	222%	\$67	\$40	91%	\$75	\$85	6%	\$90
Gross Margin	6.8%	317	10.0%	3.7%	727	11.0%	6.1%	522	11.3%	10.3%	176	12.1%
Wheels & Parts	1	420%	6	5	27%	6	10	(17%)	9	9	(10%)	8
Gross Margin	1.7%	584	7.5%	5.7%	234	8.0%	10.2%	(25)	10.0%	10.6%	(155)	9.0%
Leasing & Services	16	84%	29	29	(2%)	29	26	14%	30	34	(6%)	32
Gross Margin	60.1%	792	68.0%	72.1%	(410)	68.0%	64.0%	601	70.0%	73.0%	(304)	70.0%
Gross Profit - Consolidated	48	103%	97	55	85%	101	76	50%	114	127	2%	129
Gross Margin - Consolidated	8.6%	435	13.0%	8.0%	595	14.0%	9.6%	471	14.3%	13.4%	136	14.7%
Selling, General, & Administrative	44	25%	55	55	3%	56	57	(2%)	56	69	(17%)	57
% of Revenues	8.0%	(64)	7.4%	8.0%	(27)	7.7%	7.2%	(18)	7.0%	7.2%	(69)	6.5%
(Gain) / Loss on Equipment Sales	(9)		(3)	(25)		(3)	(1)		(3)	(3)		(3)
Operating Income - Consolidated	12	274%	44	25	89%	48	20	209%	61	61	21%	74
Operating Margin - Consolidated	2.1%	378	5.9%	3.7%	289	6.6%	2.5%	512	7.6%	6.5%	203	8.5%
Interest & Other	13	43%	18	12	61%	19	15	34%	20	18	16%	21
Pretax Income	(1)		26	13		29	5		41	43		53
Taxes	(1)		7	3		8	1		11	15		14
Effective Tax Rate	175.0%	(148.0%)	27.0%	23.9%	3.1%	27.0%	23.4%	3.6%	27.0%	35.1%	(8.1%)	27.0%
Income/(Loss) Unconsol. Affiliates	5		1	1		1	4		1	1		2
(Income)/Loss to Non-Controlling Interest	5		(1)	2		(1)	(5)		(6)	(9)		(9)
Net Income (Continuing) to Shareholders	11	76%	19	13	64%	21	3	702%	25	20	56%	31
Dilution impact on net income	0		0	0		0	0		0	0		0
Net recurring income for diluted	\$11	76%	\$19	\$13	64%	\$21	\$3	702%	\$25	\$20	56%	\$31
Non-recurring items	0		0	0		0	0		0	0		0
Net income - reported (for diluted)	11		19	13		21	3		25	20		31
Diluted Common Shares Outstanding	34	0%	34	34	(1%)	34	34	0%	34	34	1%	34
EPS Normalized	\$0.32	76%	\$0.57	\$0.38	65%	\$0.62	\$0.09	699%	\$0.74	\$0.60	55%	\$0.93
EPS Reported	\$0.32		\$0.57	\$0.38		\$0.62	\$0.09		\$0.74	\$0.60		\$0.93
EBITDA (pre-GIMSA MI deduction)	\$42	66%	\$70	\$52	44%	\$74	\$49	81%	\$88	\$89	16%	\$103

Source: company reports and SFG Research estimates

Susquehanna Financial Group (SIG)

Bascome Majors

Rail Equipment Research

Bascome.Majors@sig.com | (212) 510-4407

The Greenbrier Companies

Consolidated Balance Sheet (in US\$ millions)

Fiscal Year Ends August 31st	F2016	F2017	F2018	F2019	F2020	F2021	F2022	F2023E
Assets:								
Cash & Cash Equivalents	\$222.7	\$611.5	\$530.7	\$329.7	\$833.7	\$646.8	\$543.0	\$672.0
Restricted Cash	24.3	8.9	8.8	8.8	8.3	24.6	16.1	16.1
Accounts Receivable (net)	232.5	280.0	348.4	373.4	239.6	306.4	501.2	314.5
Inventories	365.8	400.1	432.3	664.7	529.5	573.6	815.3	594.6
Leased Railcars for Syndication	144.9	91.3	130.9	182.3	107.7	51.6	111.1	162.2
Equipment on Leases	306.3	315.9	322.9	366.7	350.4	609.8	770.9	
Property, Plant & Equipment	330.0	428.0	457.2	718.0	711.5	670.2	645.2	
Property, Equipment & Lease Assets	\$636.3	\$744.0	\$780.1	\$1,084.7	\$1,062.0	\$1,280.0	\$1,416.1	\$1,552.1
Goodwill, Intangibles & Other	211.4	262.0	234.3	347.1	393.0	507.6	448.7	570.8
Total Assets	\$1,837.9	\$2,397.7	\$2,465.5	\$2,990.6	\$3,173.8	\$3,390.7	\$3,851.5	\$3,882.3
Liabilities & Stockholders' Equity:								
Accounts Payable & Accrued Exp.	\$369.8	\$415.1	\$449.9	\$568.4	\$463.9	\$569.8	\$725.1	\$590.9
Debt - Revolving	0.0	4.3	27.7	27.1	351.5	372.2	296.6	300.0
Debt - Non-Recourse	184.2	177.3	170.3	521.5	498.9	492.3	867.5	950.0
Debt - Other Notes Payable	119.8	380.9	265.9	301.3	305.2	334.2	401.6	415.7
Debt - Total Notes Payable	304.0	558.2	462.2	822.9	804.1	826.5	1,269.1	1,365.7
Deferred Income Taxes	51.6	75.8	31.7	13.9	7.7	73.2	68.6	72.6
Deferred Profit & Other Liabilities	95.7	129.3	106.0	85.1	42.5	42.8	35.3	35.3
Non-controlling interest	142.5	196.9	163.9	196.5	211.1	198.4	179.9	179.9
Stockholders' Equity	\$874.3	\$1,018.1	\$1,250.1	\$1,276.7	\$1,293.0	\$1,307.7	\$1,276.9	\$1,337.9
Total Liabilities and Equity	\$1,837.9	\$2,397.7	\$2,465.5	\$2,990.6	\$3,173.8	\$3,390.7	\$3,851.5	\$3,882.3
Balance Sheet Statistics:								
Debt to Total Capital	23%	32%	25%	37%	43%	44%	52%	52%
Return on Average Equity	22.8%	12.6%	11.8%	7.8%	5.5%	2.9%	3.6%	7.4%
Return on Average Invested Capital	16.9%	9.9%	9.4%	6.3%	4.4%	(26.2%)	3.3%	5.2%
Asset Turnover	1.5x	1.0x	1.0x	1.1x	0.9x	0.5x	0.8x	0.8x
Days Sales in Inventory	70	80	72	75	90	133	95	95
Book Value of Equity per Share	\$27	\$31	\$38	\$38	\$39	\$39	\$38	\$40
Net (Debt) / Cash per Share	(\$2)	\$2	\$2	(\$15)	(\$9)	(\$16)	(\$30)	(\$29)
Gross Debt / EBITDA	0.6x	1.8x	1.5x	2.9x	3.7x	8.3x	6.8x	5.0x
Net Debt (Cash) / EBITDA	0.1x	(0.2x)	(0.2x)	1.7x	1.0x	3.6x	4.4x	2.9x

Source: company reports and SFG Research estimates

Susquehanna Financial Group (SIG)

Rail Equipment Research

Bascome Majors

Bascome.Majors@sig.com | (212) 510-4407

The Greenbrier Companies

Consolidated Statement of Cash Flows (in US\$ millions)

Fiscal Year Ends August 31st	F2016	F2017	F2018	F2019	F2020	F2021	F2022	F2023E
Cash Flows from Operations:								
Net Income	\$284.8	\$160.5	\$172.1	\$105.8	\$87.6	\$35.1	\$53.8	\$96.4
Depreciation & amortization	63.3	65.1	74.4	83.7	109.9	100.7	102.0	104.0
Deferred income taxes	(8.9)	4.4	(40.5)	(20.2)	(9.5)	51.1	12.9	4.0
Accretion of debt discounts	0.0	2.3	4.2	4.5	5.5	7.1	0.0	0.0
(Gain) / Loss on sales of assets	(15.8)	(9.7)	(44.4)	(41.0)	(20.0)	(1.2)	(37.2)	(10.0)
Other	25.1	24.9	33.9	28.7	11.6	25.6	20.9	30.0
Changes in working capital (net)	(16.9)	32.9	(96.3)	(182.8)	87.2	(259.0)	(302.8)	100.0
Total Operating Cash Flows	\$331.7	\$280.4	\$103.3	(\$21.2)	\$272.3	(\$40.5)	(\$150.4)	\$324.4
Cash Flows from Investing:								
Gross capital expenditures	(\$139.0)	(\$86.1)	(\$176.8)	(\$198.2)	(\$66.9)	(\$139.0)	(\$380.7)	(\$330.0)
Proceeds from equipment sales	103.7	24.1	153.2	125.4	83.5	15.9	155.5	100.0
Net capital expenditures	(35.3)	(61.9)	(23.6)	(72.8)	16.6	(123.1)	(225.2)	(230.0)
Acquisitions	0.0	(27.1)	(34.9)	(361.9)	0.0	0.0	0.0	0.0
Restricted Cash (increase) / decrease	(15.4)	15.4	0.1	0.0	0.0	0.0	0.0	0.0
Finance leases & other investing	(5.0)	(40.1)	(21.8)	(9.3)	10.9	5.3	1.2	(5.0)
Total Investing Cash Flows	(\$55.7)	(\$113.7)	(\$80.2)	(\$444.0)	\$27.5	(\$117.8)	(\$224.0)	(\$235.0)
Cash Flows from Financing:								
Debt proceeds	\$0.0	\$280.4	\$37.2	\$524.9	\$323.0	\$701.3	\$332.0	\$200.0
Debt repayments	(73.2)	(8.3)	(22.3)	(191.6)	(30.2)	(646.8)	(30.7)	(100.0)
Net equity issuance / (share repurchases)	(33.5)	0.0	0.0	0.0	0.0	(20.0)	0.0	0.0
Cash dividends paid (preferred & common)	(23.3)	(24.9)	(29.9)	(33.2)	(35.2)	(35.7)	(35.8)	(35.4)
Other (net)	(91.9)	(37.6)	(74.3)	(23.2)	(41.2)	(21.6)	(20.6)	(25.0)
Total Financing Cash Flows	(\$221.9)	\$209.6	(\$89.3)	\$276.9	\$216.5	(\$22.7)	\$244.9	\$39.6
Effect of exchange rates on cash	(\$4.3)	\$12.5	(\$14.7)	(\$12.7)	(\$12.6)	\$10.3	\$17.2	\$0.0
Net increase (decrease) in cash	\$49.7	\$388.8	(\$80.8)	(\$201.0)	\$503.6	(\$170.7)	(\$112.3)	\$129.0
Cash Flow Statistics:								
Gross Capex (% of Revenues)	5.2%	4.0%	7.0%	6.5%	2.4%	8.0%	12.8%	10.5%
Net Capex (% of Revenues)	1.3%	2.9%	0.9%	2.4%	(0.6%)	7.0%	7.6%	7.3%
Pretax Interest Coverage	35.1x	13.1x	10.8x	9.6x	7.1x	3.4x	4.0x	4.3x
Operating Cash Flow	\$332	\$280	\$103	(\$21)	\$272	(\$41)	(\$150)	\$324
Free Cash Flow (pre-dividends)	296	218	80	(94)	289	(164)	(376)	94
Free Cash Flow (post-dividends)	273	194	50	(127)	254	(199)	(411)	59
Operating Cash Flow per share	\$10.23	\$8.61	\$3.15	(\$0.64)	\$8.14	(\$1.20)	(\$4.46)	\$9.60
Free Cash Flow (pre-dividends) per share	\$9.14	\$6.71	\$2.43	(\$2.84)	\$8.64	(\$4.86)	(\$11.13)	\$2.79
Free Cash Flow (post-dividends) per share	\$8.42	\$5.95	\$1.52	(\$3.84)	\$7.59	(\$5.91)	(\$12.19)	\$1.75

Source: company reports and SFG Research estimates

Catalysts

GATX - GATX:

Railcar leading indicators (cars in storage, volumes, service).

Greenbrier - GBX:

Railcar leading indicators (cars in storage, volumes, service).

Trinity Industries - TRN:

Railcar leading indicators (cars in storage, volumes, service)

Downside or Upside risk

GATX - GATX:

Downside risk to \$65, capitalizing our 2023 EPS at post-peak leasing P/E of ~10x.

Greenbrier - GBX:

Upside risk to \$43, capitalizing our F2023 EPS at mid-cycle P/E of ~15x.

Trinity Industries - TRN:

Downside risk to \$21, capitalizing mid-cycle EPS at post-peak leasing P/E of ~10x.

Price target valuation and risks

GATX (GATX, Price: \$105.75, Price Target: \$110.00):

We derive our GATX target price of \$110 by applying an ~17x P/E (approximating GATX's mid-cycle earnings power) to our 2023 estimate of \$6.50 (capitalizes a 10.5x EBITDA on our 2023 forecast).

Upside risk to our target price could be driven by a greater than expected reacceleration in railroad volumes and lease rates.

Downside risk to our target price would be driven by a rollover in recently strong secondary railcar markets, a sustained weakness in railcar lease rates, or pressure on renewal rates in the spare aircraft engine leasing JV with Rolls Royce (RRPF).

Greenbrier (GBX, Price: \$37.69, Price Target: \$37.00):

We derive our GBX target price of \$37 by applying an ~13x P/E to our F2023 mid-cycle estimate of \$2.85 (capitalizes an ~7.2x EBITDA on our F2023 forecast).

Upside risk to our target price could be driven by a greater than expected reacceleration in railroad volumes and railcar orders.

Downside risk to our target price could be driven by sustained weakness in railcar orders.

Trinity Industries (TRN, Price: \$29.73, Price Target: \$30.00):

We value TRN shares at \$30 by applying an ~14x P/E to our 2023 mid-cycle estimate of \$2.15, capitalizing an ~10.7x EBITDA multiple on our forecasted EV.

Upside risk to our target price could be driven by a greater than expected reacceleration in railroad volumes and railcar orders

Downside risk to our TRN target price could be driven by sustained weakness in railcar orders and/or lease rates.

Analyst Certification

I, Bascome Majors, CFA, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Important Disclosures

SFG is a market maker in the securities of GATX, Trinity Industries and Greenbrier (GATX, TRN and GBX).

Susquehanna International Group, LLP (SIG) is comprised of a number of trading and investment related entities under common control, including Susquehanna Financial Group, LLLP (SFG). SIG, its affiliates and/or its principals may have long or short positions in securities or related issues mentioned here. SIG, in its capacity as specialist and/or market maker may execute orders on a principal basis in the subject securities. Information presented is from sources believed to be reliable, but is not guaranteed to be

accurate or complete. Past performance should not be taken as an indication or guarantee of future results. Hyperlinks provided in this report are for your convenience. Please be aware that the products and information supplied on these hyperlinked pages are not endorsed or approved by SFG.

The following data elements on this report were sourced from Bloomberg LP: Price (yesterday's close), 52-week high, 52-week low, Shares outstanding, Average daily trading volume, Volume (contracts). Any others will be specifically sourced.

SFG employs the following rating system:

Positive: We expect this stock to appreciate by at least 15% over the next 12 months.

Neutral: We expect this stock to perform within a range of +/-15 percentage points over the next 12 months.

Negative: We expect this stock to depreciate by at least 15% over the next 12 months. .

Suspended: The previously published rating and/or estimates are currently suspended and under review.

Prior to July 2015 our rating system also required a 20% +/- expected return over 12 months to initiate with a Positive/Negative rating.

Defined Credit Terms

Gross debt + preferred TEV: (Gross Debt + Preferred) / Total Enterprise Value (expressed as a %).

Net debt/EBITDA: Net Debt (gross debt less cash on hand) / EBITDA = forward year EBITDA estimate.

Free cash flow: Forward EBITDA estimate less cash taxes less cash interest less total capex.

FCF yield: FCF Yield ((FCF/ Fully Diluted shares outstanding/current share price) (expressed as a %)).

YTM: Yield-to-maturity ("YTM") implied by any of its bonds outstanding that are due in 5 years ((or closest to)(expressed as a %)).

5-yr treasury yield: 5-year US Treasury yield (expressed as a %).

Volatility Definitions

Volume: The 20-day average option contract volume for the symbol.

Skew Rank: The current day's Skew values compared to the past year's worth of skew values and then rank the current day's value. Past year in the calculation is 252 previous trading days which includes the last trading day.

Implied Volatility: Implied Volatility is the at-the-forward volatility level implied by market option prices for 90 days. While implied volatility is specific to the time frame selected, it is always presented as an annualized standard deviation.

Realized Volatility: It is the Realized Volatility of a financial instrument over 90 days. Generally, this measure is calculated by determining the average deviation from the average price of a financial instrument in the given time period. This measure is frequently compared with implied volatility to determine if options prices are over- or undervalued. It is also known as historical volatility.

Ratings Distribution & Investment Banking Disclosure

Covered companies in each Category

Positive (Buy) 62.69% (126)

Neutral (Hold) 35.32% (71)

Negative (Sell) 1.99% (4)

Investment banking client in each category

Positive (Buy) 0.00% (0)

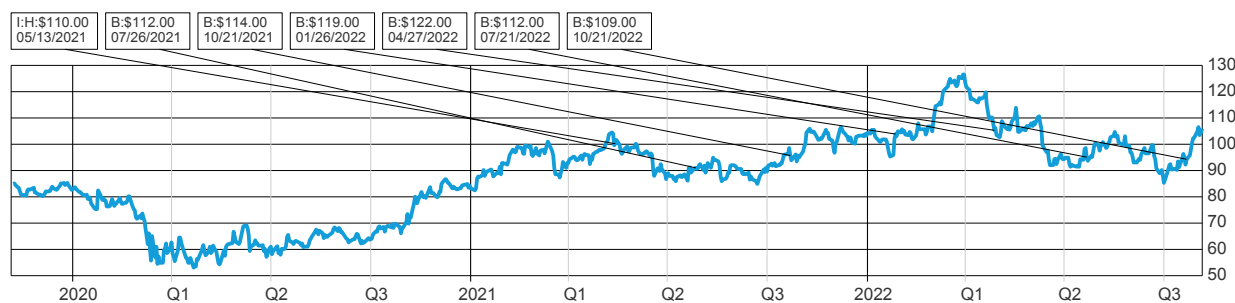
Neutral (Hold) 0.00% (0)

Negative (Sell) 0.00% (0)

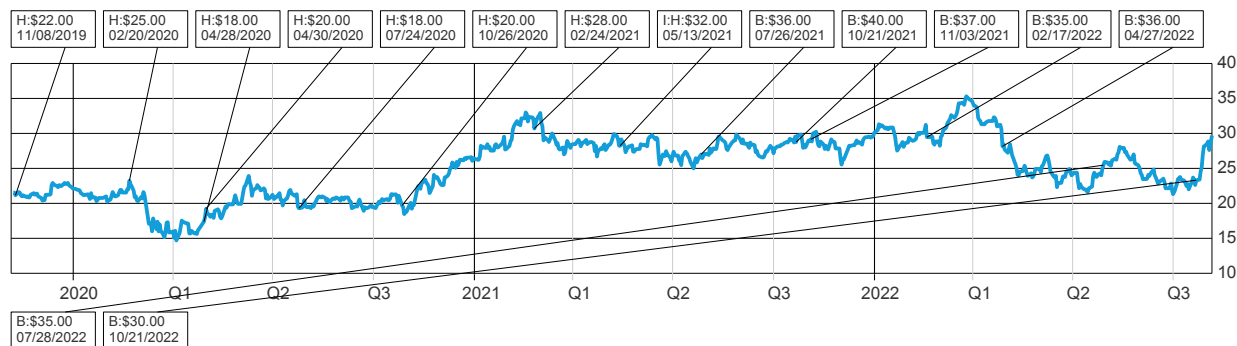
This is a proprietary SFG product prepared, and intended, solely for the use of sophisticated and professional institutional traders and managers and not for the general investing public. Unauthorized redistribution of this report, by any means, represents a violation of US copyright laws and could result in legal action and the suspension of the intended recipient's privileges. If you have any questions regarding this transmission please contact ResearchDistribution@sig.com. The information in this communication is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Susquehanna Financial Group, LLLP or its affiliates to any registration requirement within such jurisdiction or country.

Copyright © 2022 Susquehanna Financial Group, LLLP. All rights reserved.

Rating and Price Target History for: GATX (GATX) as of 11-04-2022



Rating and Price Target History for: Trinity Industries (TRN) as of 11-04-2022



Rating and Price Target History for: Greenbrier (GBX) as of 11-04-2022

