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# NYSE: GBX

Stephens Conference

November 2018

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# Safe Harbor Statement

UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This presentation may contain forward-looking statements, including any statements that are not purely statements of historical fact. Greenbrier uses words such as “anticipates,” “believes,” “forecast,” “potential,” “goal,” “contemplates,” “expects,” “intends,” “plans,” “projects,” “hopes,” “seeks,” “estimates,” “strategy,” “could,” “would,” “should,” “likely,” “will,” “may,” “can,” “designed to,” “future,” “foreseeable future” and similar expressions to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to certain risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements. Factors that might cause such a difference include, but are not limited to, reported backlog and awards that are not indicative of Greenbrier’s financial results; uncertainty or changes in the credit markets and financial services industry; high levels of indebtedness and compliance with the terms of Greenbrier’s indebtedness; write-downs of goodwill, intangibles and other assets in future periods; sufficient availability of borrowing capacity; fluctuations in demand for newly manufactured railcars or failure to obtain orders as anticipated in developing forecasts; loss of one or more significant customers; customer payment defaults or related issues; policies and priorities of the federal government regarding international trade, taxation and infrastructure; sovereign risk to contracts, exchange rates or property rights; actual future costs and the availability of materials and a trained workforce; failure to design or manufacture new products or technologies or to achieve certification or market acceptance of new products or technologies; steel or specialty component price fluctuations and availability and scrap surcharges; changes in product mix and the mix between segments; labor disputes, energy shortages or operating difficulties that might disrupt manufacturing operations or the flow of cargo; production difficulties and product delivery delays as a result of, among other matters, costs or inefficiencies associated with expansion, start-up, or changing of production lines or changes in production rates, changing technologies, transfer of production between facilities or non-performance of alliance partners, subcontractors or suppliers; ability to obtain suitable contracts for the sale of leased equipment and risks related to car hire and residual values; integration of current or future acquisitions and establishment of joint ventures; succession planning; discovery of defects in railcars or services resulting in increased warranty costs or litigation; physical damage or product or service liability claims that exceed Greenbrier’s insurance coverage; train derailments or other accidents or claims that could subject Greenbrier to legal claims; actions or inactions by various regulatory agencies including potential environmental remediation obligations or changing tank car or other railcar or railroad regulation; and issues arising from investigations of whistleblower complaints; all as may be discussed in more detail under the headings “Risk Factors” and “Forward Looking Statements” in Greenbrier’s Annual Report on Form 10-K for the fiscal year ended August 31, 2018, Greenbrier’s Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2018, and Greenbrier’s other reports on file with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s opinions only as of the date hereof. Except as otherwise required by law, Greenbrier does not assume any obligation to update any forward-looking statements.

# Integrated Business Model

Greenbrier's integrated business model delivers superior value to customers by creating customized freight car solutions over the entire life of a railcar.

Our diversified portfolio of quality products and services enhances our financial performance across the business cycle.

# Leading Integrated Transportation Equipment & Service Provider

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***Three business units working together***

## Manufacturing[1]

- Leading manufacturer of railcars in North America, Europe and South America
- Leading domestic manufacturer of ocean-going barges
- New railcar backlog valued at $2.7 billion
- Marine backlog of ~$60 million provides production visibility into 2020.
- Announced new railcar orders of 9,300 units valued over $1.0 billion
- Announced an agreement to form a joint venture with Saudi Railway Company ("SAR") that will generate a total investment of 1 billion Saudi riyals (USD $270 million) in Saudi Arabia's railway system and a supply of freight railcars for the Saudi rail industry. 370 million Saudi Riyals (USD $100 million) in physical assets.

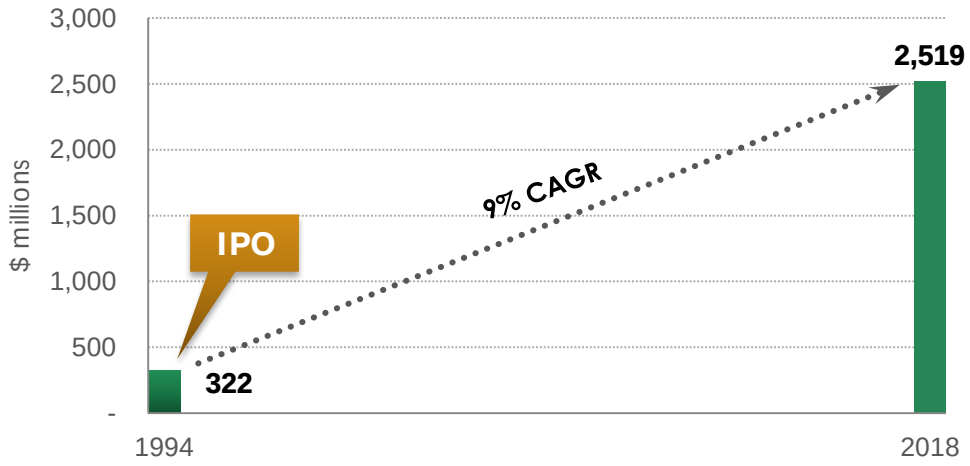
## Aftermarkets[1]

- **Wheels, Repair & Parts** – eight wheel service locations, four railcar part reconditioning locations, 12 repair locations
- **GBW Railcar Services** – In August 2018, the GBW Railcar Services joint venture was dissolved resulting in 12 repair locations returning to Greenbrier which are included in the Wheels, Repair & Parts segment.

## Leasing & Services[1]

- Fleet Information
  - 6,300 long-term owned units
  - 1,800 short-term owned units
  - 357,000 managed units

Historical Revenue




[1]Data as of 8/31/2018

# Investment Highlights

## Industry Dynamics

- North American Drivers
  - Rail cycle driven by current business and industry trends
  - Broadening product demand across cycles
  - Changing tank car regulatory environment
- International Drivers
  - Developing European, South American, GCC and Eurasia markets

## Unique Strategic Position

- Market leader
- Provides customized solutions
- Transformational initiatives create growth platform
  - Enhanced Leasing model
  - Product & service diversification
  - Extensive North American aftermarket repair network
  - Scalable and flexible across diversified product mix

## Strong Financial Profile

- Diverse revenue and earnings stream
- Strong railcar backlog and track record over multiple cycles
- Strong financial performance
- Continued focus on cash flow, investing in high return projects and shareholder return
- Seasoned management team

# Strategy Leverages Core Skills

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**Core North American Market**

**International Diversification**

**Increase Scale**

**Talent Pipeline**

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# North American Market

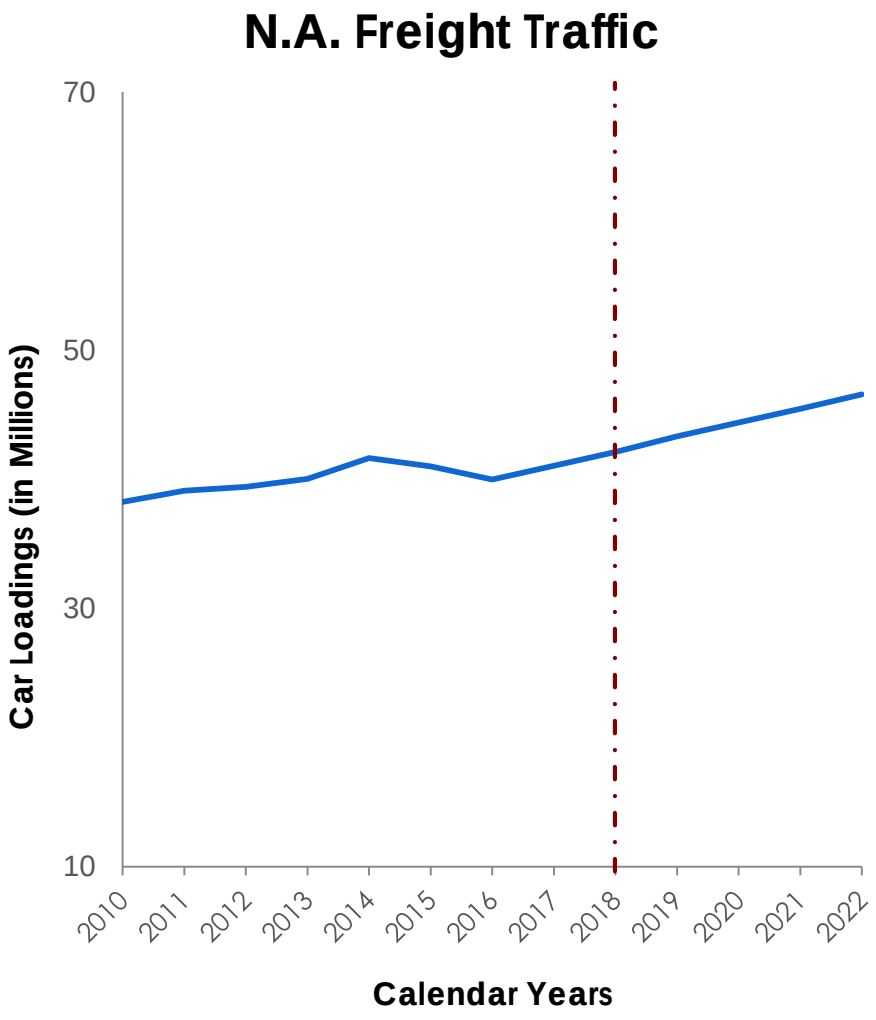
# North America Market is Improving

- Increased rail traffic
  - YTD rail traffic up 4.1%
- Decreased velocity
  - 12-month rolling: down 5.4%
- Decreased cars in storage
  - Year-over-year cars in storage down 61.7K units (16.7%)
- Increased new railcar orders
  - Quarter-over-quarter orders up 5%
- Increased GDP
  - U.S. GDP up 3.5% in Q3 2018

Source: AAR (Weekly), Rail time indicator, RSI ARCI, Bureau of Economic Analysis

# Transportation Industry Dynamics Favor Rail

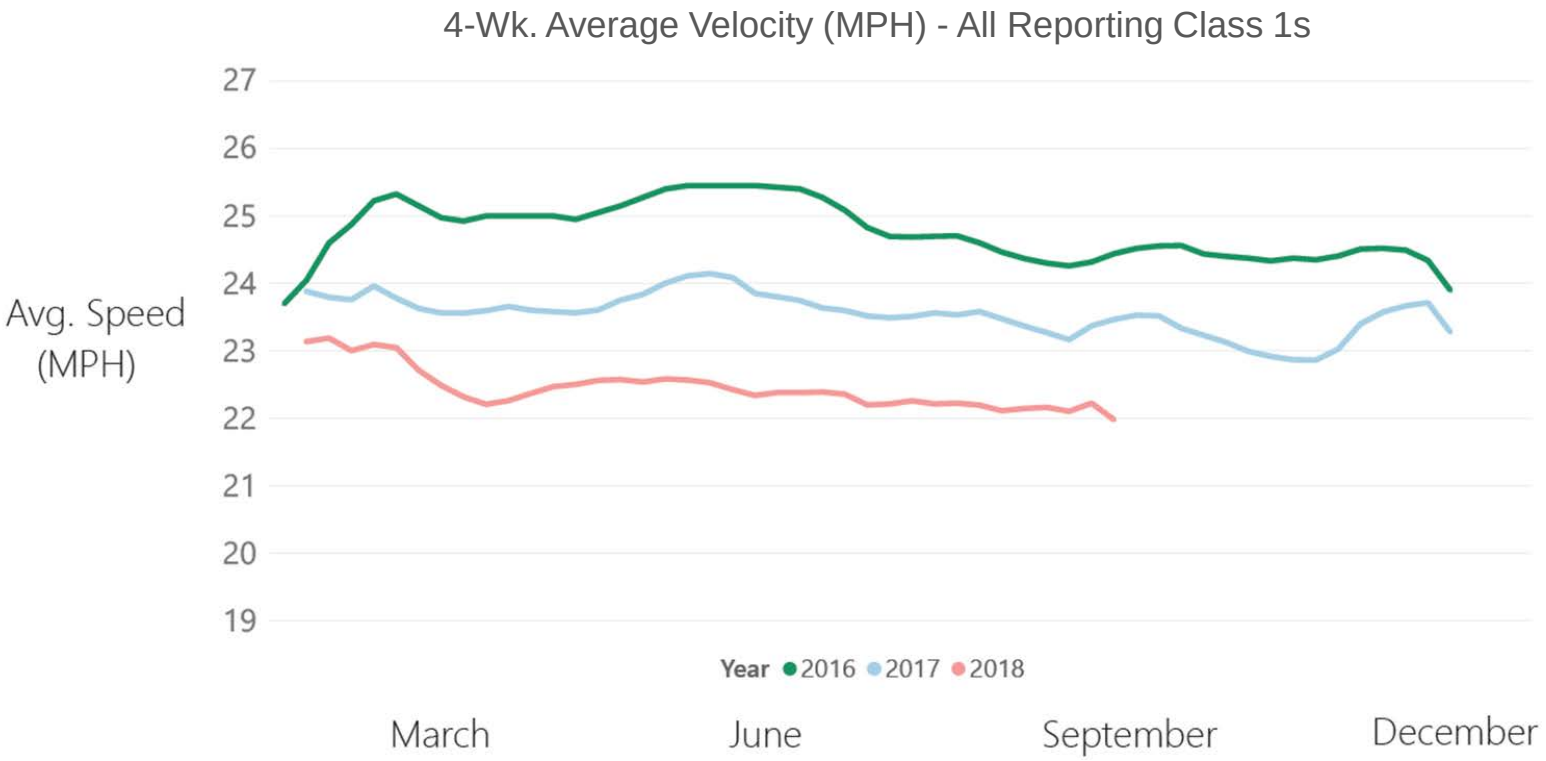
- Rail significantly more fuel efficient than trucks
- Environmental concerns favor rail
- Highway congestion, driver shortage, regulation and aging highway infrastructure constrain trucking




Source: FTR Associates – Rail Equipment Outlook (September 2018)

# Freight Car Metrics - Rail Velocity

- Network issues have caused velocity to decrease and require additional cars.

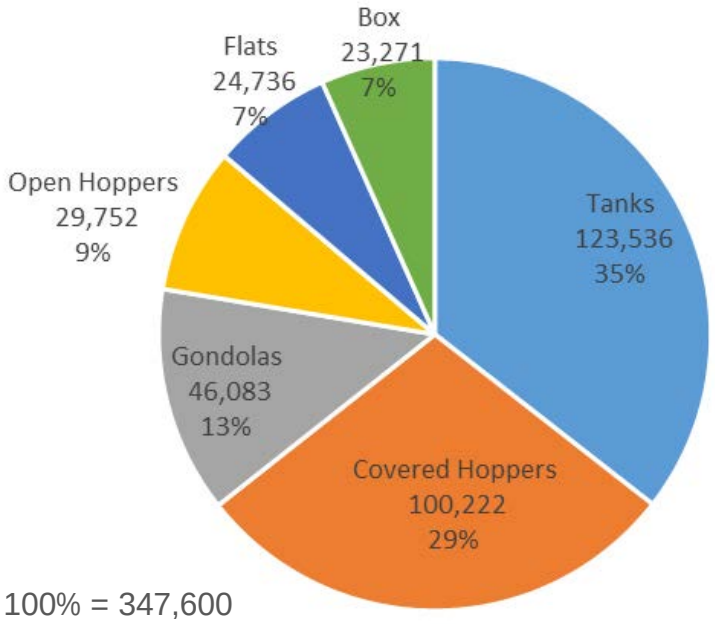



Source: AAR

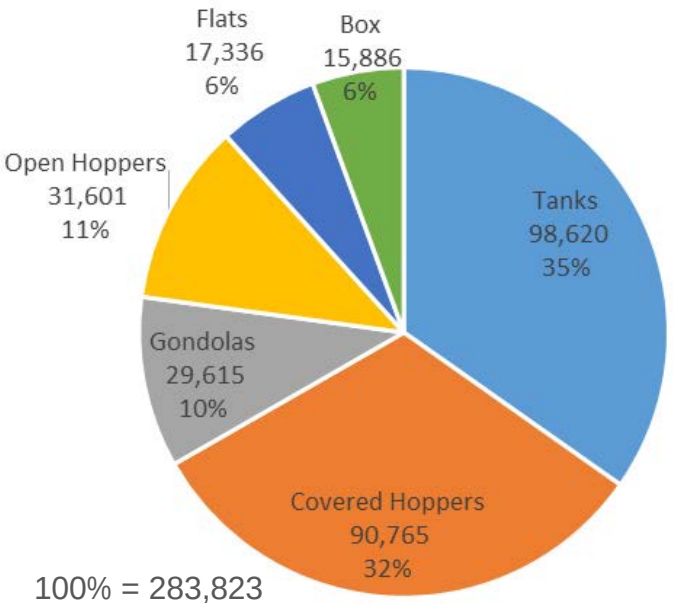
# Freight Car Metrics - Cars In Storage

- Last month, 284k cars or 16% of total fleet was is storage. This is down from 348k cars or 20% last year.

September 2017

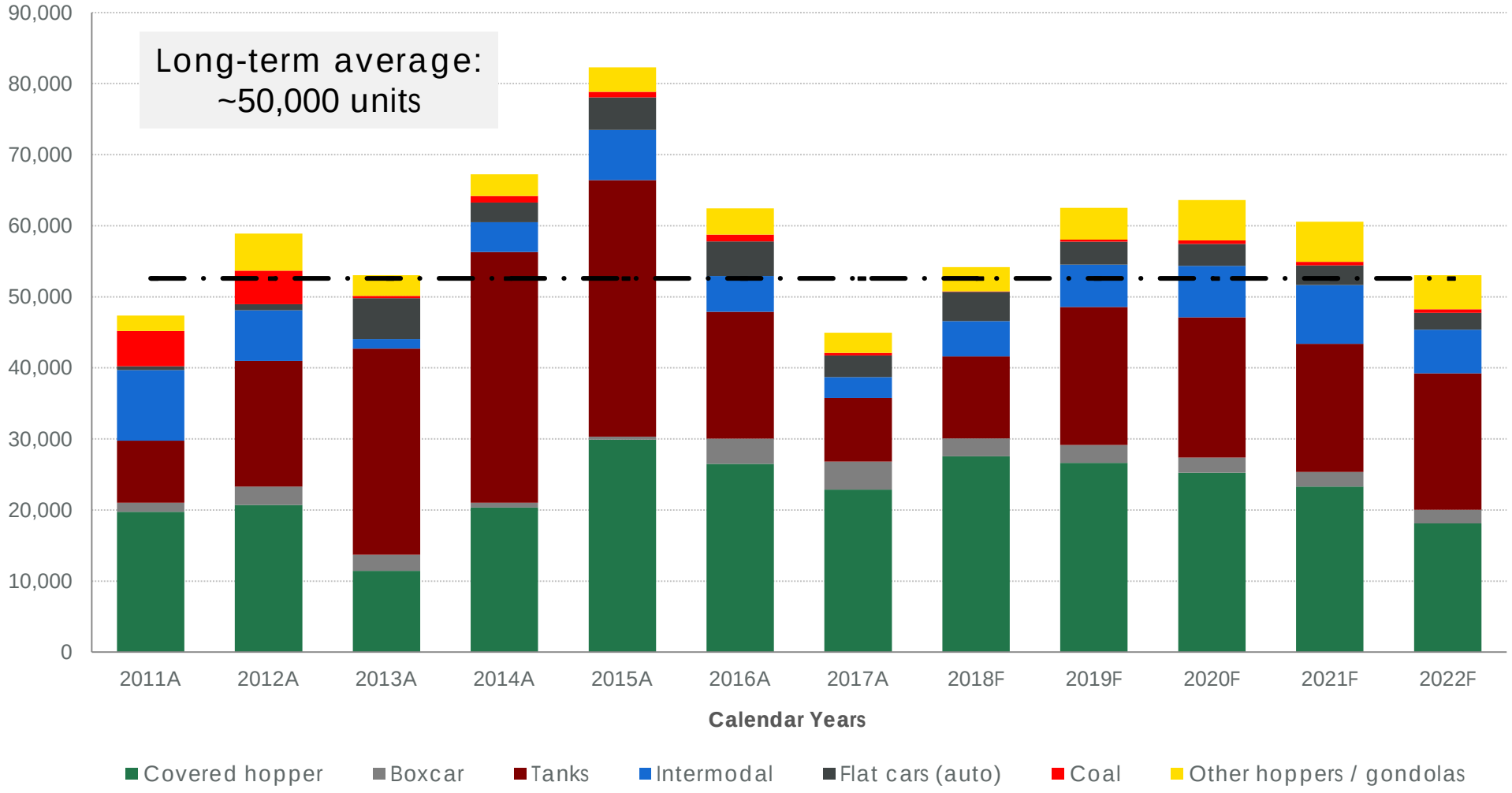



September 2018




Source: AAR Rail Time Indicators Report

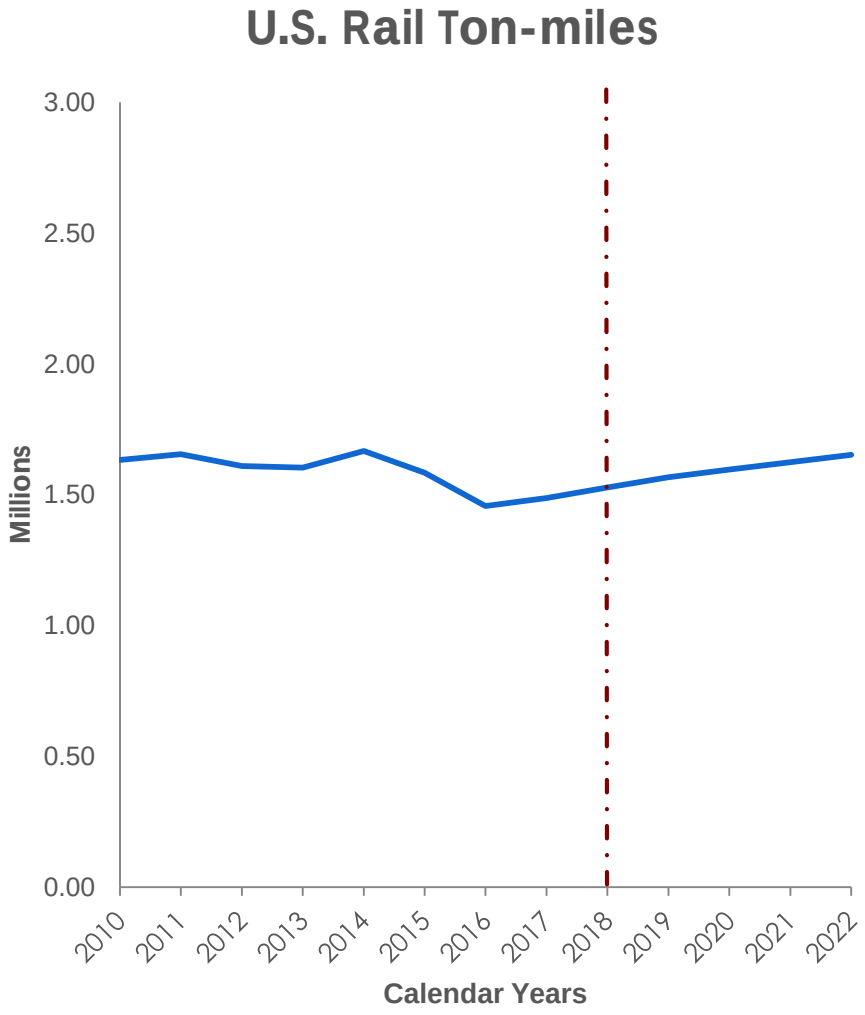
# Manufacturing Flexibility Vital as Demand Changes




Source: FTR Associates – Rail Equipment Outlook (September 2018)

# Aftermarket Demand Drivers

- Wheel demand driven by rail ton-miles which has been impacted by significant decline in coal
- Ton-miles and equipment upgrades drive repair spending
- Changing tank car regulatory environment




Source: FTR Associates – Rail Equipment Outlook (September 2018)

# Leasing & Services Demand Drivers

- Users seek flexibility
- Financial institutions seek yield
- Trend of increasing private ("leasing/shipping companies") railcar ownership expected to continue
- Creates opportunity for partnering, service contracts and enhanced margins

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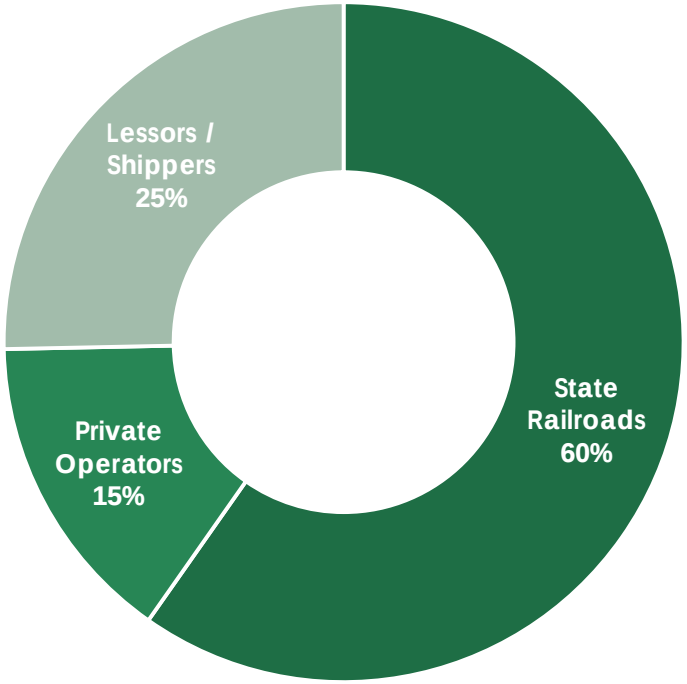
# International Markets

# Estimated European Freight Wagon Ownership

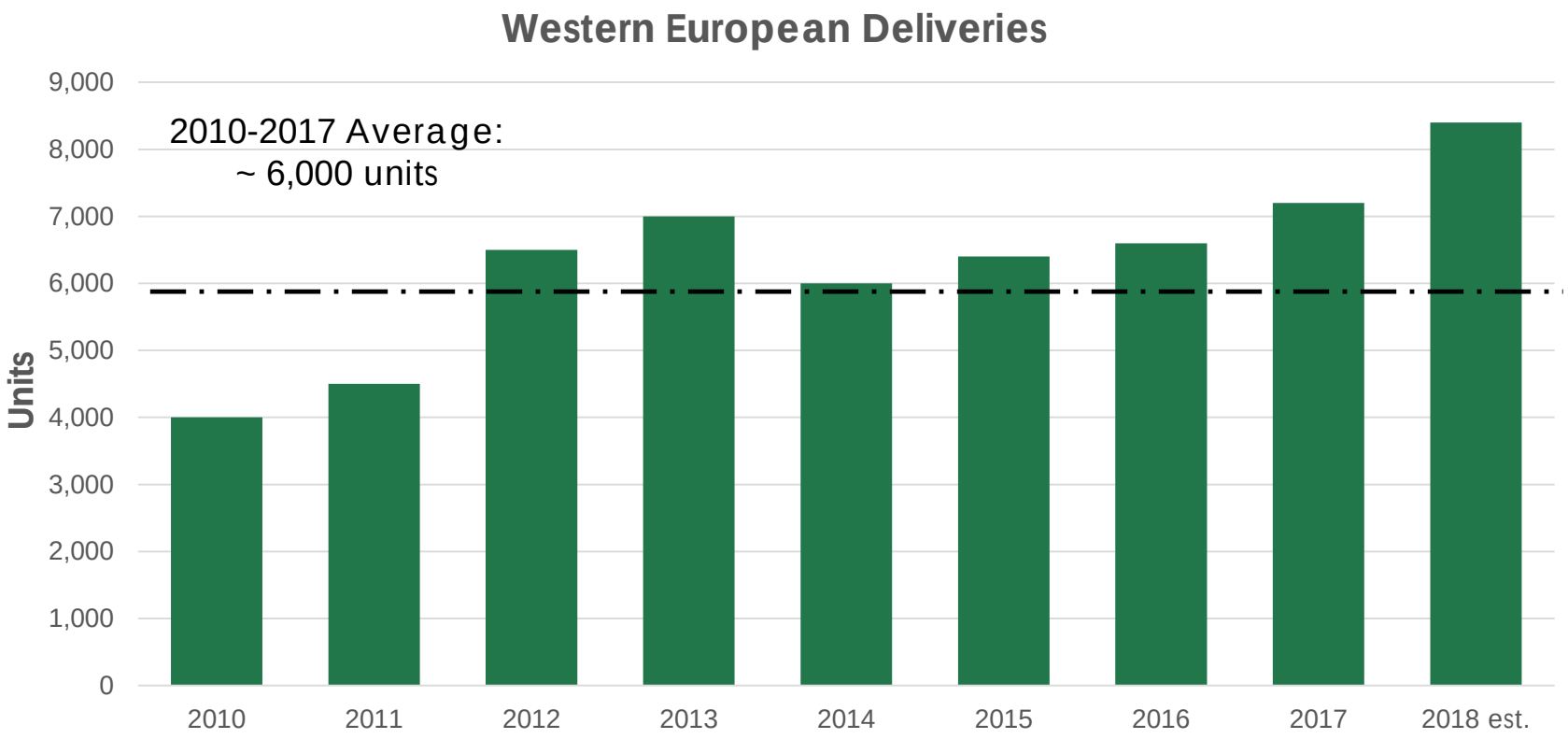
**100% = 700,000 units**




*Source: SCI*

- State railroads own approximately 50-60% of the Western European freight fleet but this is expected to decrease
- State railroads under intense pressure due to increased competition from deregulation, stagnant economy, and the influence of low oil prices which favor transport on roads
  - Largely absent from the new wagon market since 2008
  - Expected to increase reliance on lessors
- Private rail operators playing an increasingly important role in the new wagon market
  - Taking share from inefficient state railroads
  - Adding new and more efficient equipment to their fleets, which further improves value proposition

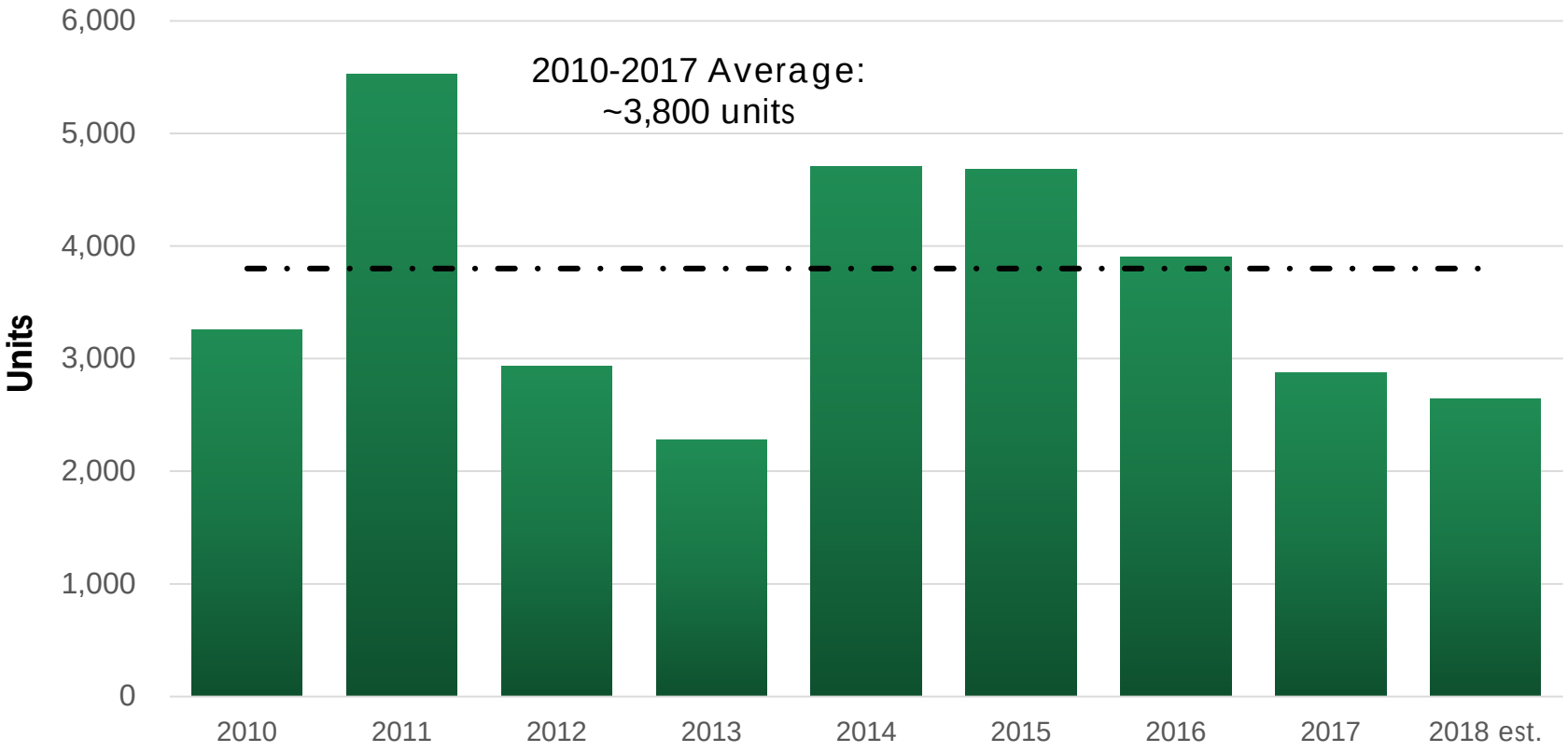
# European Deliveries Around Recent Long-term Average




- Demand for freight wagons in Europe has slowly recovered to pre-recession levels of ~7,000 – 8,000 units
- Replacement demand for ~500,000 fleet with life of 40 years is estimated to be ~12,500 wagons annually

Source: SCI

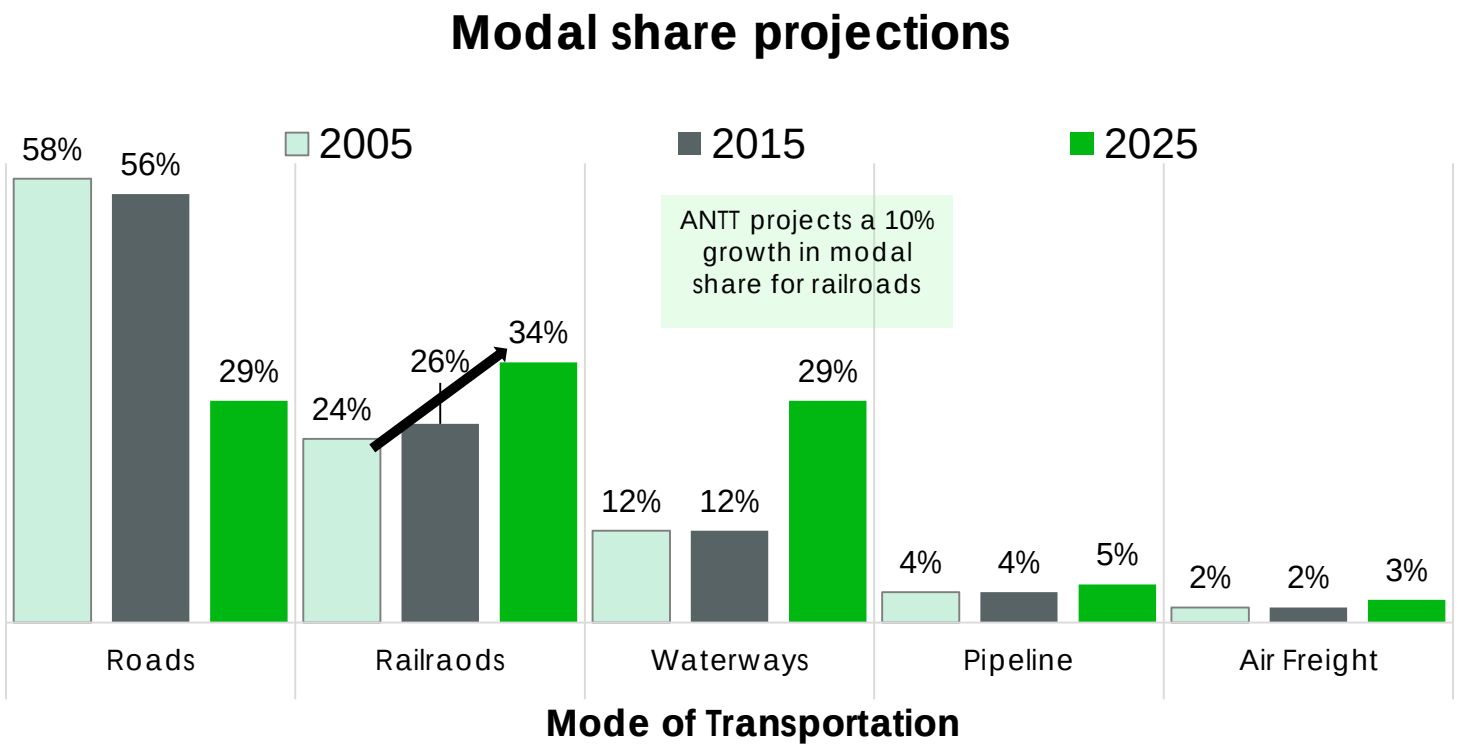
# Brazilian Industry Deliveries




- Greenbrier-Maxion has achieved an average market share of ~70%
- Excluding any large infrastructure investments, market demand is expected to be near average deliveries

Source: ABIFER (Brazilian Association of the Railroad Industry)

# Brazil Market Outlook - Key Drivers




## Market Poised for Growth

- Shift in modal transportation
  - Freight rail volumes are expected to increase substantially requiring significant infrastructure and railcar investment over the next several years
- Aging Fleet (market of ~130,000 railcars)
  - Over 50% of the freight cars in 2016 had an age profile of 30 years and older
- Other market dynamics
  - Increase of innovation, growing exportation of agriculture, and growth in other Latin American markets

Source: ANTT (Brazil's Department of Transportation)

# Turkey

- Rayvag facility located in strategic port region of Adana
  - Combination railcar manufacturing and repair facility
- Freight rail privatized in 2014
- Current demand of ~1,000 units / year expected to grow to 2,000 units in next few years
  - Driven by >USD$20 billion investment in freight rail space
- Growing domestic market and gateway between Europe & Asia
- European rail standards are being adopted
  - Greenbrier-AstraRail to provide technical and engineering support
- Extends geographic coverage and supply chain

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# Unique Strategic Position

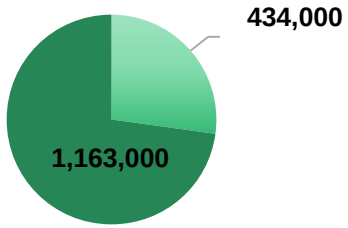
# Transformational Initiatives Create Diversified Growth Platform…

- **Improves competitive position** due to diverse product mix at lower-cost, flexible manufacturing facilities
- **Diversifies business mix** by expanding repair and wheel maintenance business - large aftermarket business provides stability and strategic benefits throughout business cycles
- **Enhances leasing activities,** capturing more value throughout the railcar life cycle
- **Expands available market** by increasing throughput and diversifying product portfolio while maintaining the quality customers demand
- **Expands geographic reach** into new international markets with entries into Romania, Brazil, Turkey and Saudi Arabia

***Greenbrier is stronger today, both operationally and financially, than in previous cycles due to these initiatives.***

# Growing Our Addressable Market

2007 Total Addressable Market

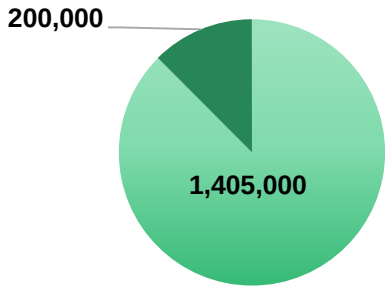



Total market = ~1,597,000 railcars

- N.A market addressed by GBX
- N.A market not addressed by GBX

- Manufactured new railcars for ~27% of the North American market (Boxcars, Flat Cars, Gondolas and Intermodal)

2015 Total Addressable Market

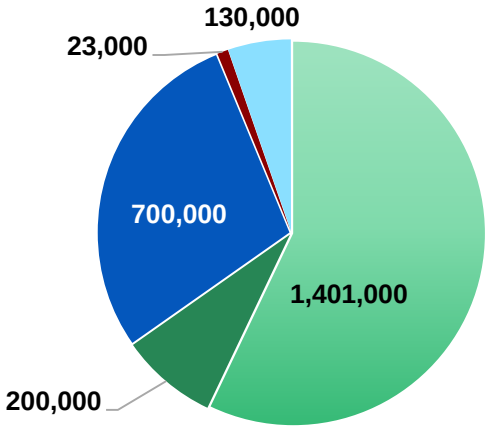



Total market = ~1,605,000 railcars

- N.A. market addressed by GBX
- N.A. market not addressed by GBX (Coal)

- Manufactured all railcar types except for coal railcars

Total Addressable Market




Total market = ~2,454,000 railcars

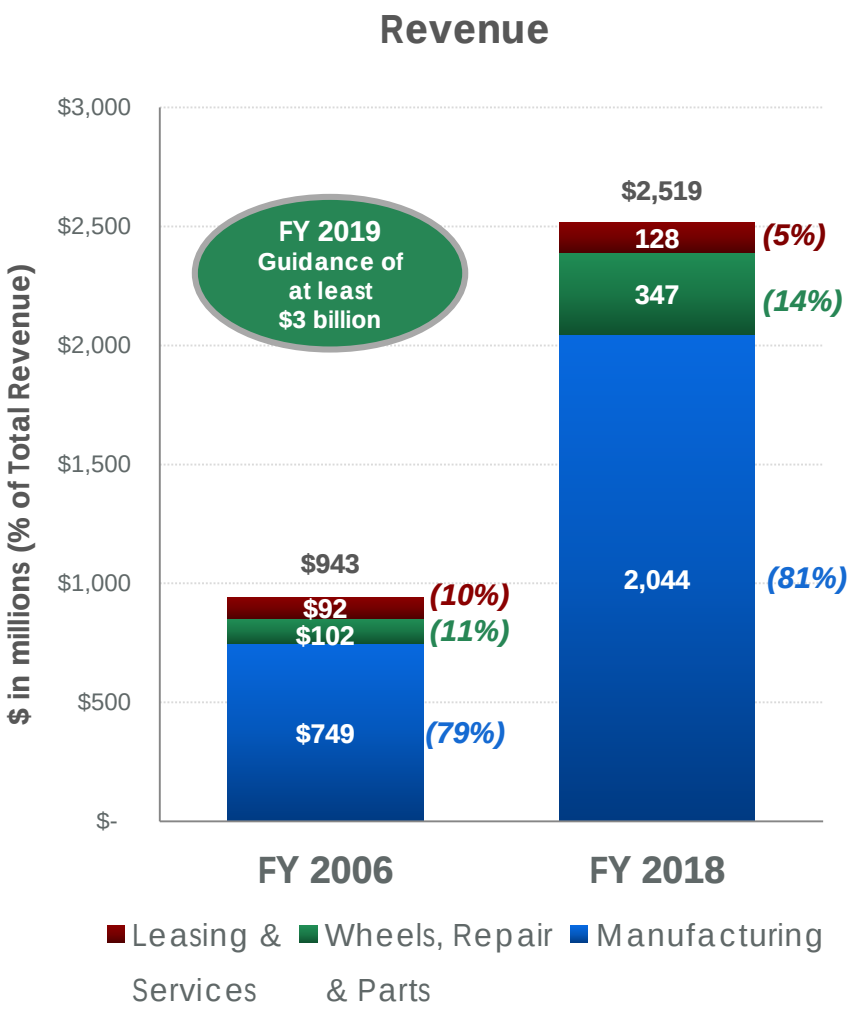
- N.A. market addressed by GBX
- N.A. market not addressed by GBX (Coal)
- Europe market
- Turkey market
- Brazil market

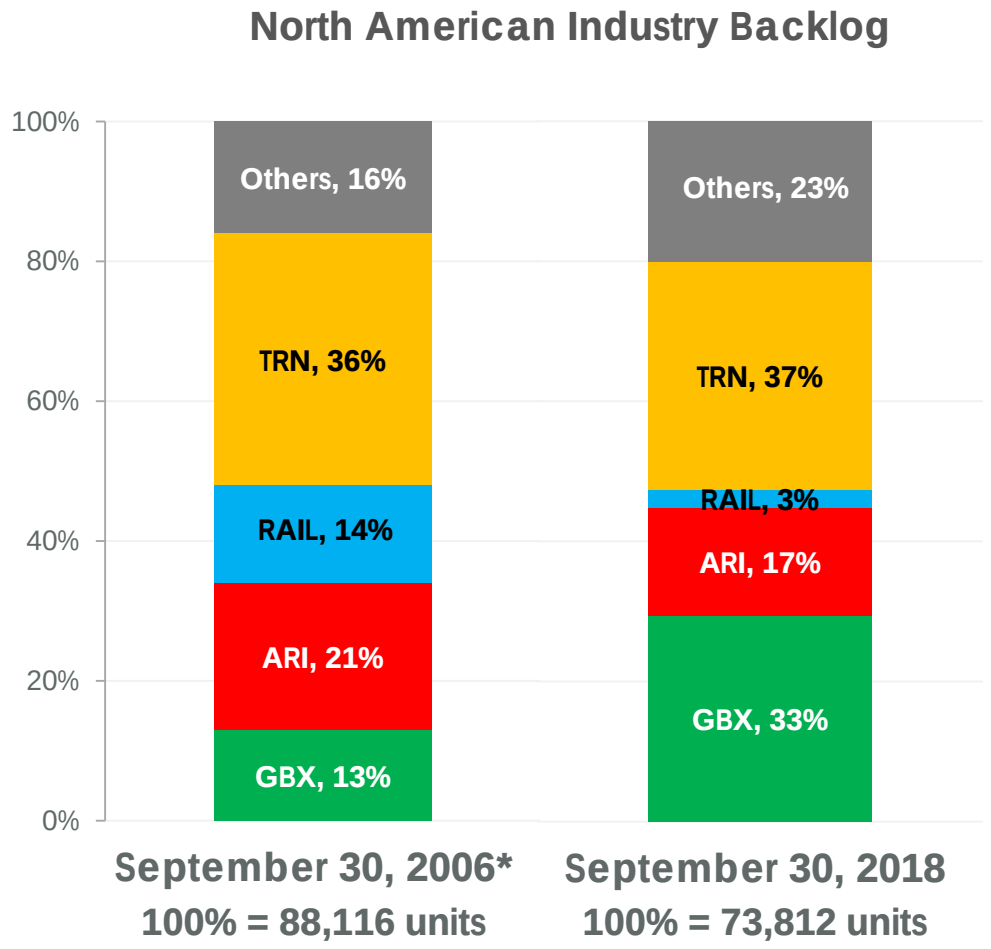
- **Grew new railcar manufacturing market by ~420%**

Represents railcar market size in geographies where Greenbrier competes; Legacy European operations were focused on niche, specialty car types and did not participate in general purpose railcar fleet activity

Source: SCI Multiclient Studies – Global Market Trends (2017)

# Growing Our Revenues and Market Share

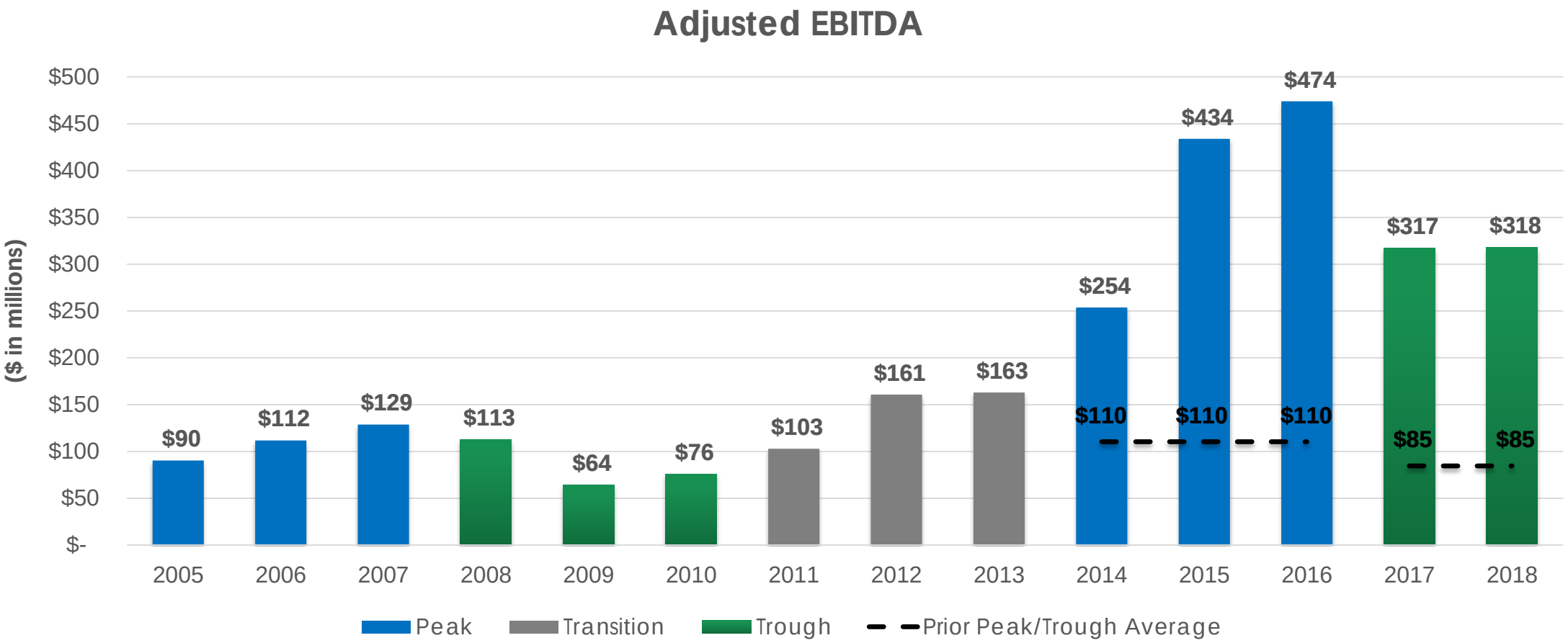



Source: RSI ARCI, public filings (September 2018)

* September 30, 2006 represents the prior industry backlog peak prior to Greenbrier's extensive transformations

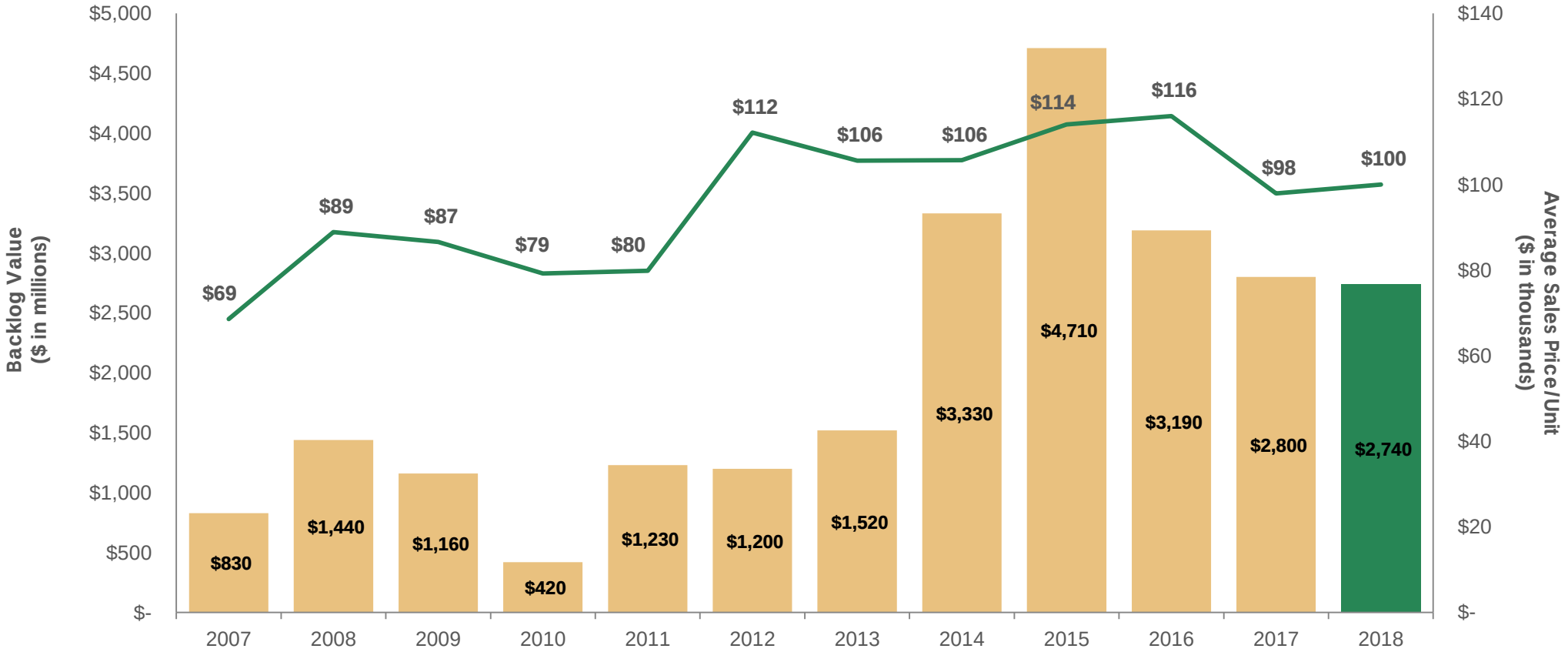
# Higher Peak and Trough Profitability Over The Cycle




Greenbrier has shown a consistent ability to grow earnings so that peaks and troughs are steadily improving

# Greenbrier's Railcar Backlog ($ in millions except per unit values)

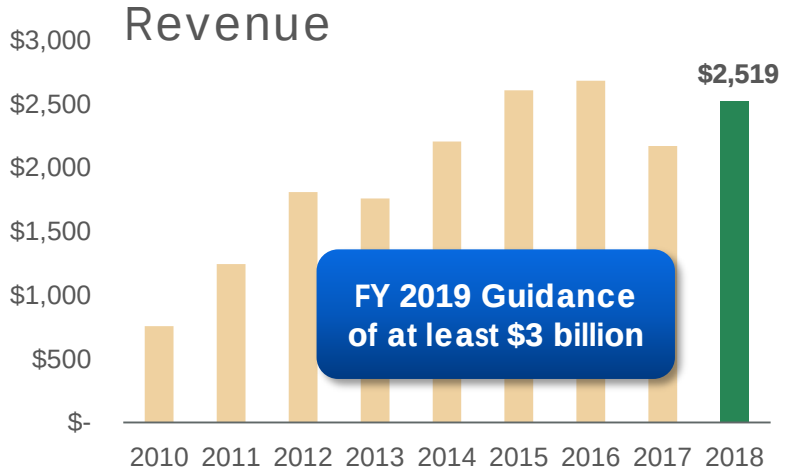
## *Provides Earnings Visibility*

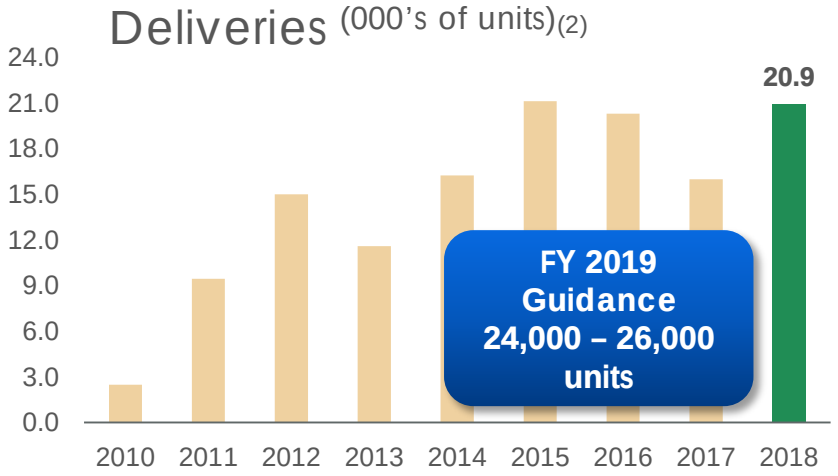


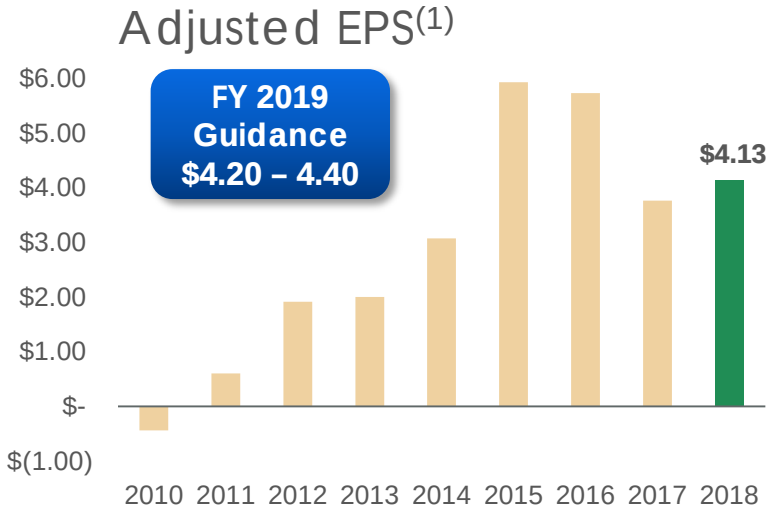

| Backlog Units | 12,100 | 16,200 | 13,400 | 5,300 | 15,400 | 10,700 | 14,400 | 31,500 | 41,300 | 27,500 | 28,600 | 27,400 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|

In 4Q FY 2018, Greenbrier received orders for 9,300 units valued at over $1.0 billion.

# Consolidated Financial Trends ($ in millions)



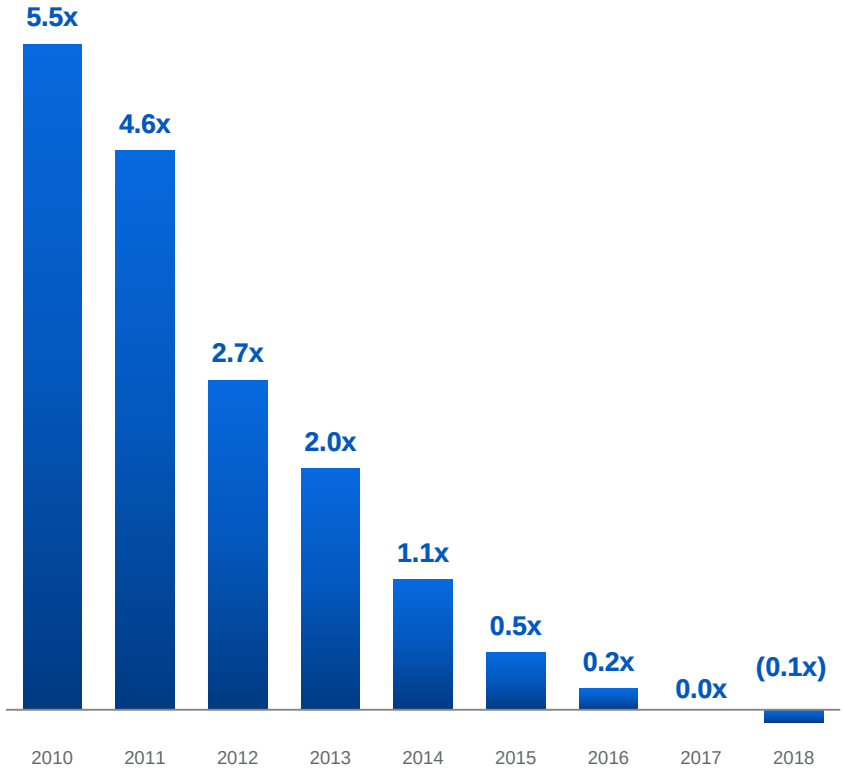



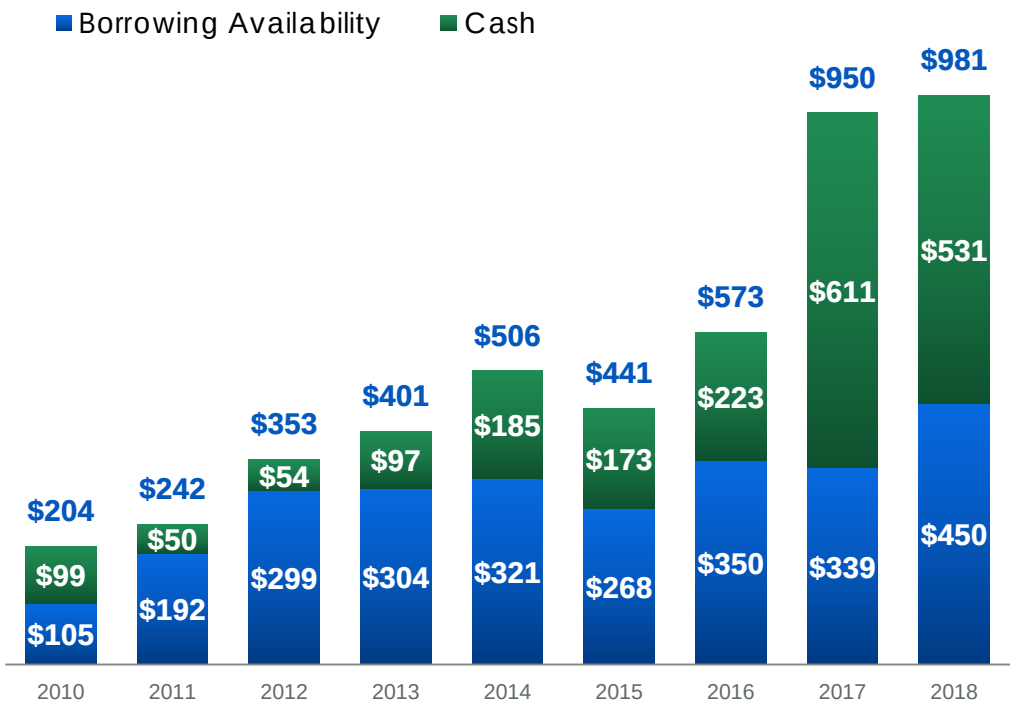

(1) Adjusted EPS & Adjusted EBITDA exclude Goodwill impairment, Restructuring charges and other Special Items
(2) 2017 includes Greenbrier-Maxion, our Brazilian railcar manufacturer, which is accounted for under the equity method

# Strong Balance Sheet and Liquidity Provide Flexibility

## Net Funded Debt[2] / Adjusted EBITDA[1]




## Liquidity Summary ($ in millions)




[1] Adjusted EBITDA exclude gain on contribution to GBW, restructuring charges, goodwill impairment and other special items
[2] Net debt is defined as Gross debt plus debt discount less Cash

# Balanced Approach to Capital Deployment

- Organically in high ROIC projects
- Strategically in core competencies
- Shareholder focused actions
  - Over $235 million of capital returned to shareholders through dividends and share repurchase since October 2013
  - Board declared quarterly dividend of $0.25 per share or an annualized rate of $1.00 in October 2018.
    - Board previously increased quarterly dividend by 9% to $0.25 per share or an annualized rate of $1.00 in April 2018
    - Since initiating a dividend in July 2014, Greenbrier has established a history of steady increases

# Clear Path to Growth and Shareholder Value

**Solid Railcar Backlog**

Product and customer diversity provides visibility

**Diversified Revenue Streams**

Unique model that enhances financial performance across the cycle, with powerful cross selling opportunities

**Strong Balance Sheet & Liquidity**

Flexible balance sheet and positive cash flow trend

**Focus During Current Market**

Manage our core North American market and diversify internationally into growing rail markets

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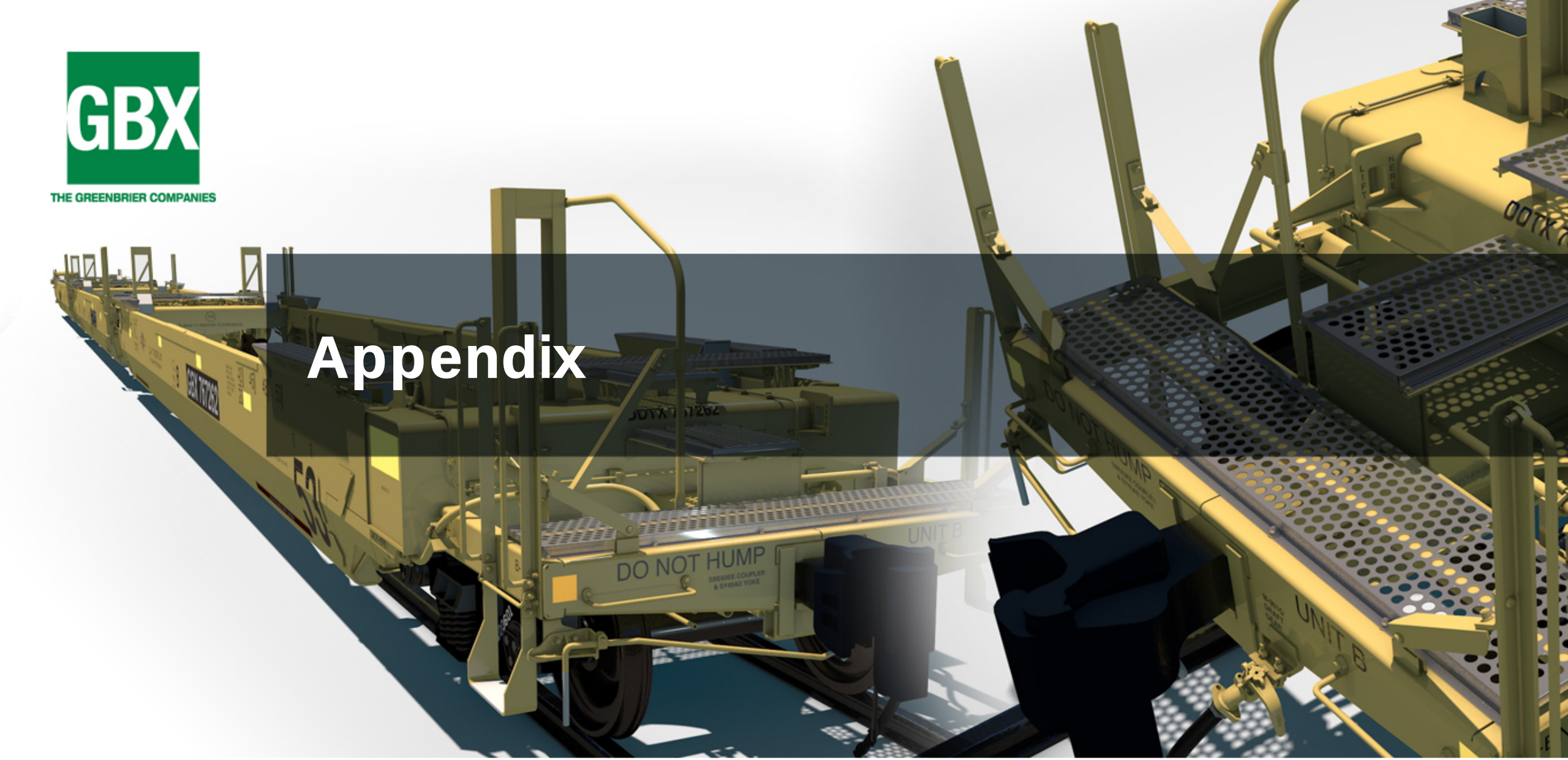
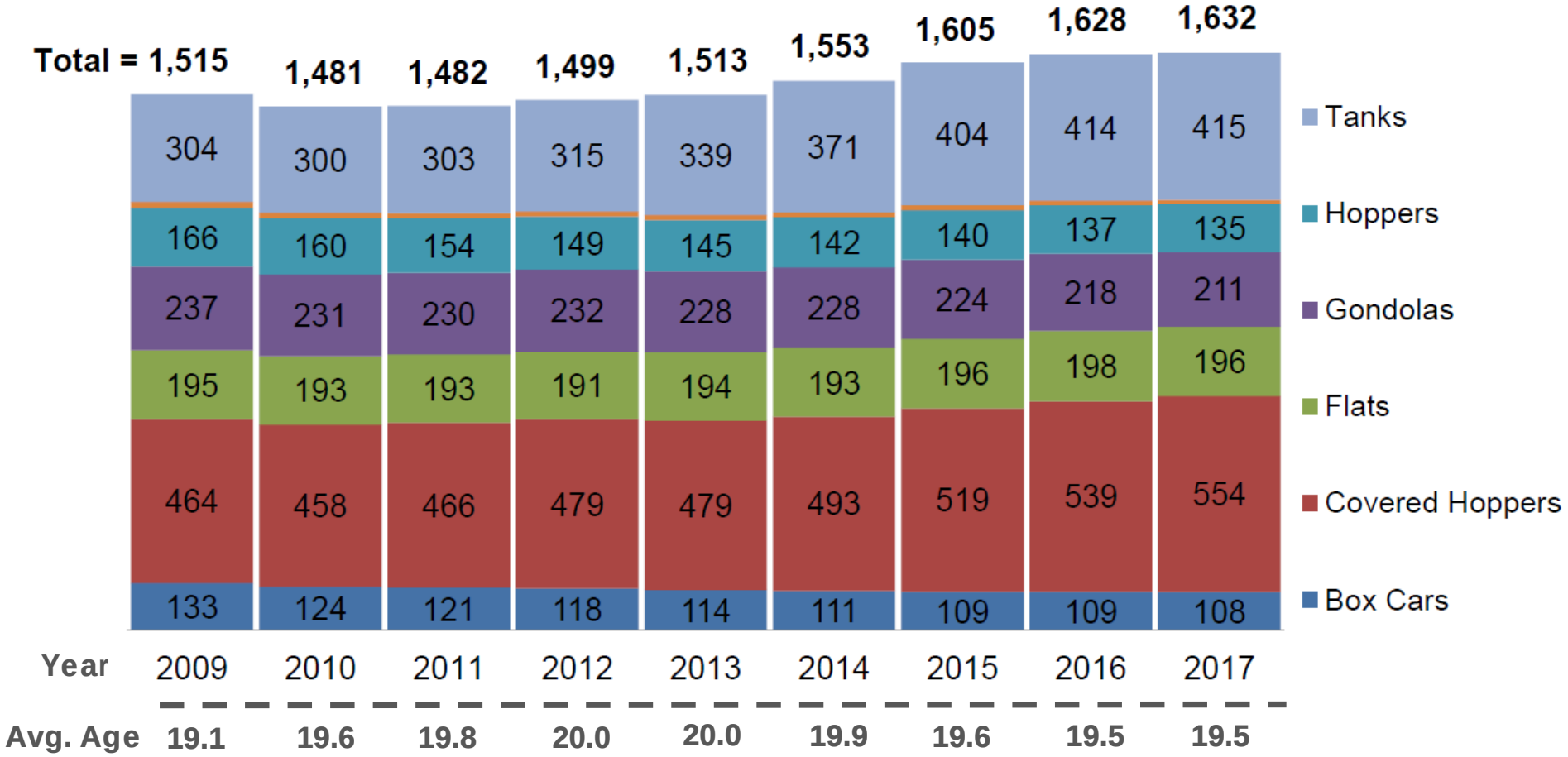



# Appendix

# North American Freight Car Fleet

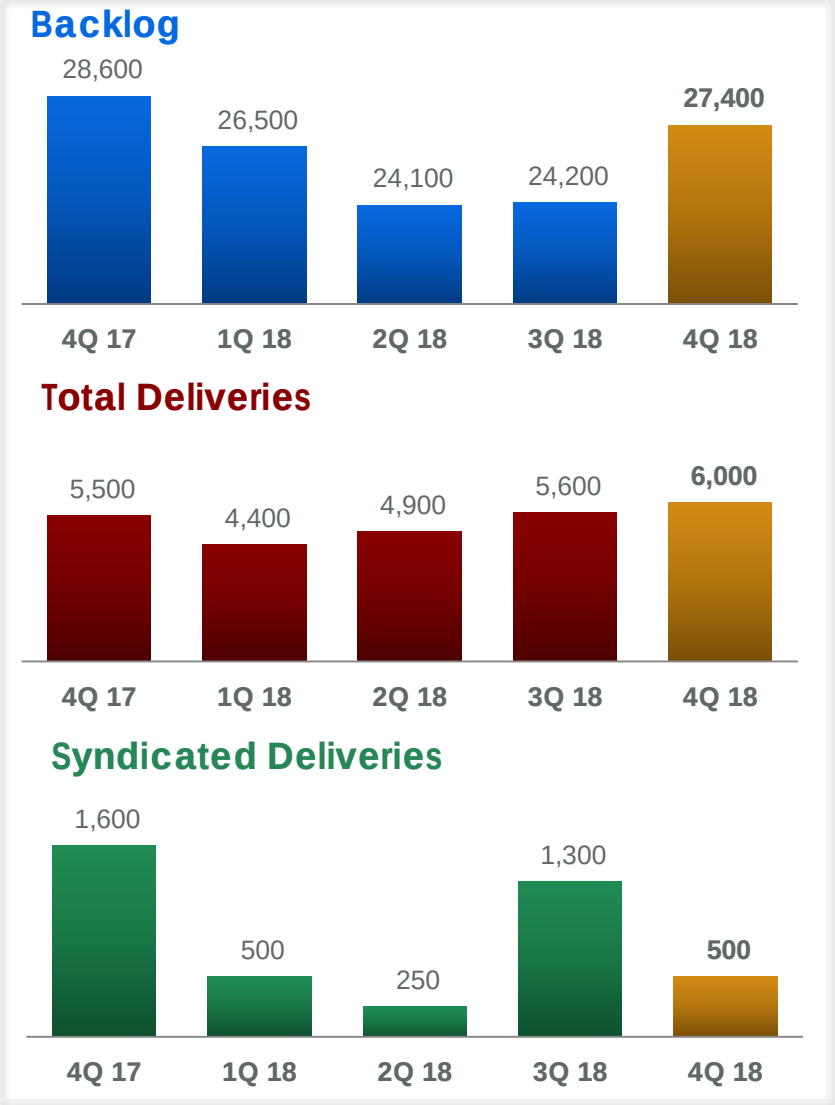
Number of Cars, by Type




Source: Railinc (Counts at year end, shown in thousands)

# 4Q FY 2018 Key Metric Highlights

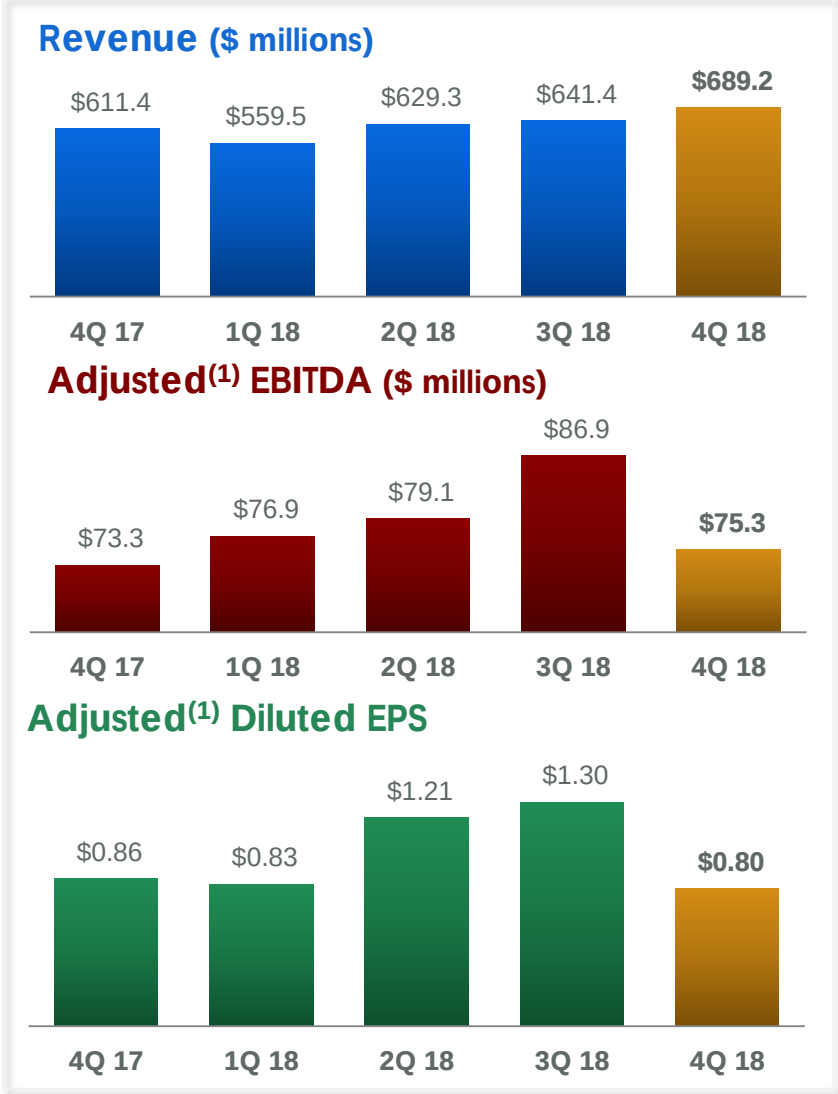
- Backlog 27,400 units valued at $2.7 billion
  - Diverse backlog reflects a broad range of car types including tank cars, covered hoppers, intermodal units, boxcars, automotive carrying railcars and gondola cars
- Deliveries of 6,000 units including syndication activity of 500 units
- Orders for 9,300 diversified railcars were received during the quarter, valued at over $1.0 billion.
  - Book-to-bill over 1.6x: highest since May 2017.



# 4Q FY 2018 Income Statement Highlights

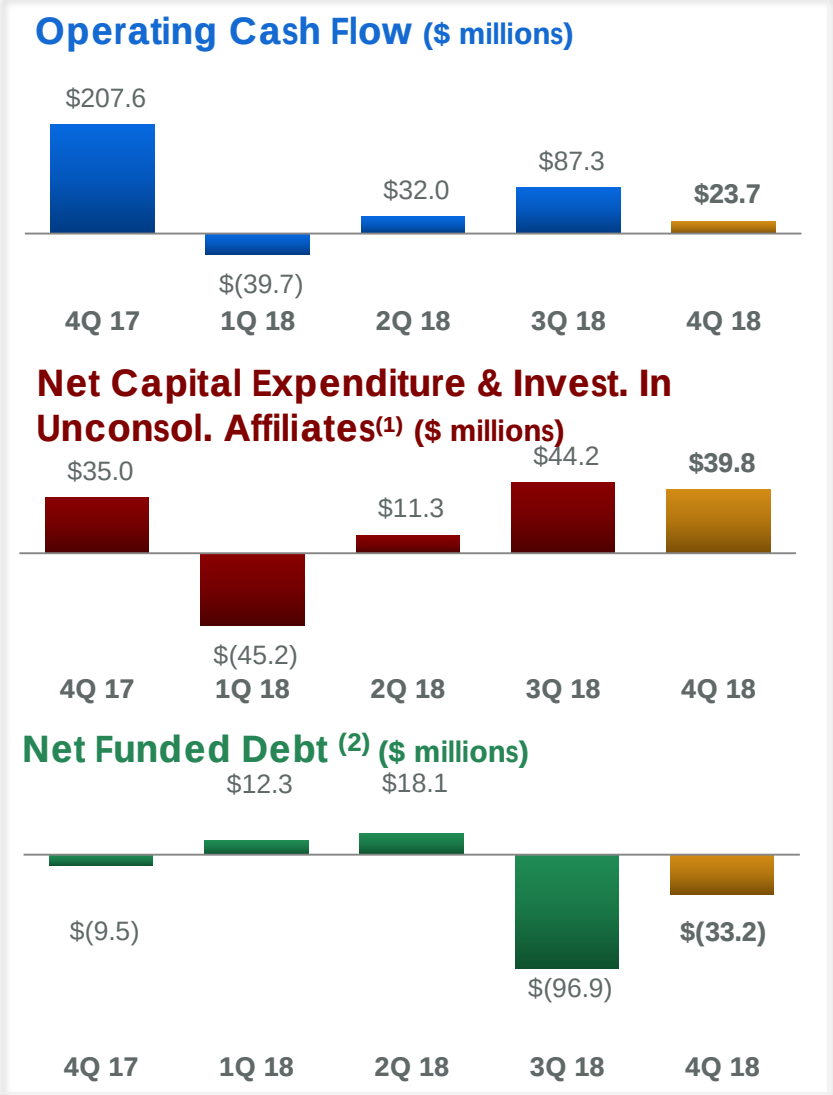
- Revenue to $689.2 million
- Gross margin of 15.4%
- Adjusted EBITDA to $75.3 million
  - Adjusted EBITDA margin of 10.9%
- Adjusted[1] Diluted EPS of $0.80
- Continued focus on profitability and growth

(1) See Slides 40 and 42 for Reconciliation



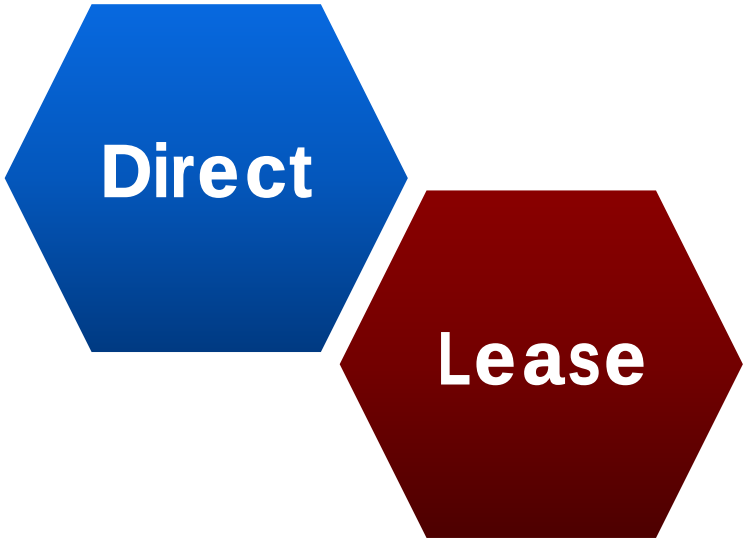
# 4Q FY 2018 Balance Sheet & Cash Flow Highlights

- Positive Operating Cash Flow
- Quarterly dividend of $0.25 per share or an annualized rate of $1.00
- Over $980 million of available liquidity




(1) Investment in Unconsolidated Affiliates included to reflect investments in unconsolidated joint ventures
(2) Excludes debt discounts and issuance costs; does not reflect September 2018 renewals

# Two Ways to Sell New Railcars




## Direct Sales

- Customer orders railcar to buy and use
- We build railcar and deliver it to customer
- Revenue recognized in Manufacturing segment

## Lease Syndication

- Customer orders railcar to lease
- We build railcar and lease it
- Railcars held temporarily on balance sheet generating interim lease income for GBX
  - Called "Leased railcars for syndication" on Balance Sheet
  - "Interim" lease income recognized in Leasing & Services segment
- Railcars aggregated and sold ("syndicated") to multiple third party investors (non-recourse to GBX)
  - Sales price premium over direct sale from attached lease
  - Revenue from sale recognized in Manufacturing segment
- Long term Management fees earned from investors on railcars after syndication
  - Revenue recognized in Leasing & Services segment

# Leasing & Services Supplemental Information

## Lease Syndication Model

- Over $1.0 billion of Syndication volume during the last two years (reported in Manufacturing segment)
- One of two channels to market, expanding customer universe beyond traditional base
- Dwell time of rent producing railcars on balance sheet ("Leased railcars for syndication") averages 3 months, as railcar leases are aggregated and sold in bundles to investors
- In addition to premium pricing above direct sales, creates stream of multi-year management fee income
- Able to source externally produced railcars to diversify offerings

## Owned & Managed Fleet

- **Owned** Equipment on operating lease 'right-sized' over last few years
  - Additional monetization without new additions would be tax inefficient with significant Deferred Taxes related to the Lease fleet
  - Asset sales to MUL will be largely reinvested and will refresh tax profile of the fleet
  - Secures Leasing term loan of $170.3 million[1]
- **Managed fleet** services include railcar remarketing, maintenance management, car hire accounting and various other services
  - Accounts for ~22% of North American railcar fleet

## Fleet Information

| *Units* | Aug. 31, 2017 | Nov. 30, 2017 | Feb. 28, 2018 | May 31, 2018 | Aug. 31, 2018 |
|---|---|---|---|---|---|
| Long term owned units ("Equipment on operating lease") | 7,200 | 6,200 | 5,800 | 6,100 | 6,300 |
| Short term owned units ("Leased railcars for syndication") | 1,100 | 1,800 | 2,600 | 1,800 | 1,800 |
| Total owned fleet | 8,300 | 8,000 | 8,400 | 7,900 | 8,100 |
| Managed fleet (units) | 336,000 | 353,000 | 359,000 | 356,000 | 357,000 |

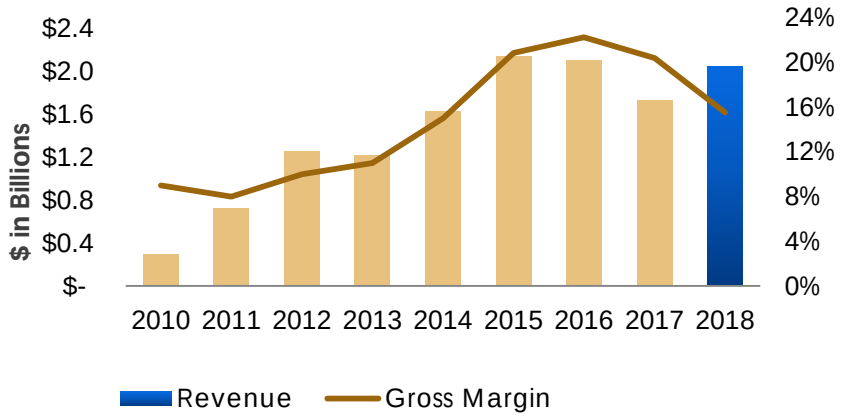
(1) As of August 31, 2018. Does not reflect September 2018 Renewal.

# Manufacturing

## Quarterly Trends

| ($ in millions) | 4Q 17 | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 |
|---|---|---|---|---|---|
| Revenues | $ 508.5 | $ 451.5 | $ 511.8 | $ 510.1 | $ 571.2 |
| Gross Margin | $83.0 | $70.6 | $82.7 | $82.2 | $81.7 |
| Gross Margin % | 16.3% | 15.6% | 16.2% | 16.1% | 14.3% |
| Operating Margin % | 13.5% | 11.7% | 12.3% | 12.2% | 10.9% |
| Capital Expenditures | $28.2 | $10.4 | $10.6 | $13.1 | $25.6 |
| New Railcar Backlog | $2,800 | $2,560 | $2,290 | $2,350 | $2,750 |
| New Railcar Backlog (units) | 28,600 | 26,500 | 24,100 | 24,200 | 27,400 |
| Deliveries (units) | 5,200[1] | 4,000[1] | 4,300[1] | 5,100[1] | 5,600[1] |

## Revenue and Gross Margin %




[1] Excludes Brazil deliveries since they do not impact Manufacturing Revenue and Margins.

## 4Q Business Conditions

- Revenue increase due to higher deliveries
- Margin decrease reflects product mix changes

## FY 19 Outlook

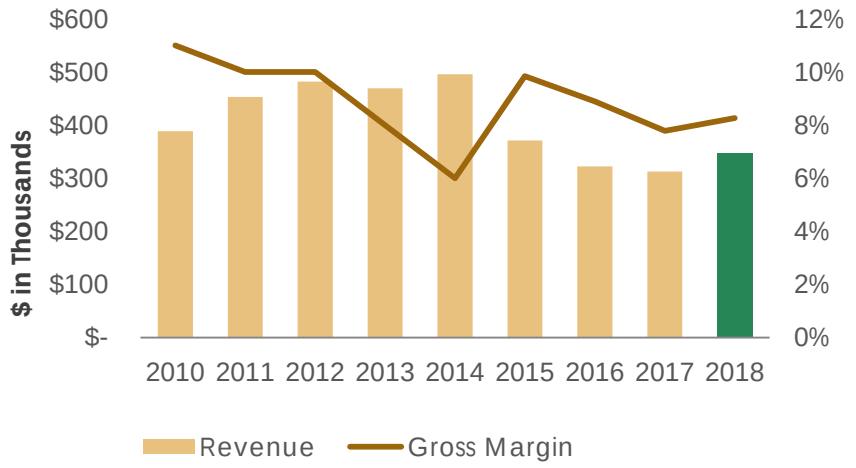
- Deliveries of 24,000 to 26,000 units including Greenbrier-Maxion (Brazil) which will account for approximately 2,000 units
- Production increasing from 4Q18 levels; deliveries back half weighted due to timing of production ramping and syndication activity
- Capital expenditures are expected to be approximately $75 million, primarily related to enhancements of our existing manufacturing facilities

# Wheels, Repair & Parts

## Quarterly Trends

| ($ in millions) | 4Q 17 | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 |
|---|---|---|---|---|---|
| Revenues | $75.1 | $78.0 | $88.7 | $94.5 | $85.8 |
| Gross Margin | $5.2 | $5.5 | $8.0 | $8.7 | $6.5 |
| Gross Margin % | 7.0% | 7.1% | 9.0% | 9.2% | 7.6% |
| Operating Margin % | 3.0% | 3.1% | 5.8% | 5.9% | 4.3% |
| Capital Expenditures | $0.6 | $0.4 | $0.7 | $0.5 | $3.6 |

## Revenue and Gross Margin %(1)




## 4Q Business Conditions

- Revenue decrease primarily attributable to lower wheel and component volumes and scrap sales
- Margin decrease due to lower volumes

## FY 19 Outlook

- Capital expenditures are expected to be approximately $15 million and reflect inclusion of the Repair division and enhancements to our existing facilities.

(1) Pre-2014 results include legacy Repair operations which were contributed to GBW Railcar JV in July 2014

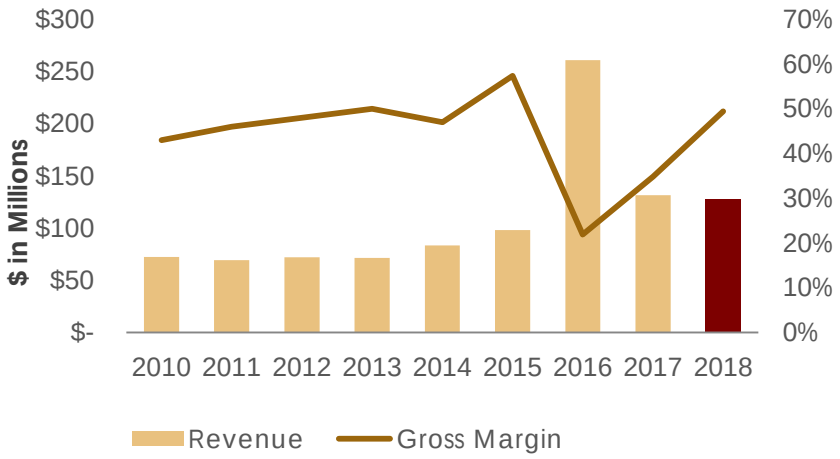
(2) In August 2018, the GBW Railcar Services joint venture was dissolved resulting in 12 repair locations returning to Greenbrier which are included in the Wheels, Repair & Parts segment.

# Leasing & Services

## Quarterly Trends

| ($ in millions) | 4Q 17 | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 |
|---|---|---|---|---|---|
| Revenues | $27.8 | $30.0 | $28.8 | $36.8 | $32.2 |
| Gross Margin | $11.7 | $13.2 | $14.7 | $17.6 | $17.7 |
| Gross Margin % | 42.1% | 43.9% | 51.0% | 47.9% | 54.9% |
| Operating Margin % | 27.2% | 93.8% | 56.0% | 72.6% | 54.2% |
| Net Capital Expenditures | ($0.4) | ($56.0) | ($17.7) | $26.9 | $5.5 |
| Lease Fleet Utilization | 92.1% | 91.8% | 92.2% | 90.4% | 94.4% |

## Revenue and Gross Margin %




## 4Q Business Conditions

- Revenue decrease due to lower volume of externally sourced railcar syndications
- Margin increase due to more normalized mix of revenue

## FY 19 Outlook

- Capital expenditures (including corporate) expected to be ~$90 million, with $120 million of Proceeds from the sale of leased assets due to broadening of MUL relationship
- Continued growth in management services

# Quarterly Adjusted EBITDA Reconciliation

***Supplemental Disclosure***
**Reconciliation of Net Earnings to Adjusted EBITDA**
*(In millions, unaudited)*

| | Quarter Ending | | | | |
|---|---|---|---|---|---|
| | Aug. 31, 2017 | Nov. 30, 2017 | Feb. 28, 2018 | May 31, 2018 | Aug. 31, 2018 |
| Net earnings | $32.3 | $33.4 | $65.3 | $36.2 | $37.2 |
| GBW goodwill impairment | 3.5 | - | - | 9.5 | - |
| Interest and foreign exchange | 8.9 | 7.0 | 7.0 | 6.5 | 8.8 |
| Income tax expense (benefit) | 10.1 | 18.1 | (11.3) | 16.0 | 10.1 |
| Depreciation and amortization | 18.5 | 18.4 | 18.1 | 18.7 | 19.2 |
| **Adjusted EBITDA** | **$73.3** | **$76.9** | **$79.1** | **$86.9** | **$75.3** |

See slide 44 for definition of Adjusted EBITDA

# Annual Adjusted EBITDA Reconciliation

***Supplemental Disclosure***

**Reconciliation of Net Earnings (loss) to Adjusted EBITDA**

*(In millions, unaudited)*

| | Year Ending August 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| Net earnings (loss) | $8.3 | $8.4 | $61.2 | ($5.4) | $149.8 | $265.3 | $284.8 | $160.5 | $172.1 |
| Interest and foreign exchange | 45.2 | 37.0 | 24.8 | 22.2 | 18.7 | 11.2 | 13.5 | 24.2 | 29.3 |
| Income tax expense (benefit) | (0.9) | 3.5 | 32.4 | 25.1 | 72.4 | 112.2 | 112.3 | 64.0 | 32.9 |
| Depreciation and amortization | 37.5 | 38.3 | 42.4 | 41.4 | 40.4 | 45.1 | 63.4 | 65.1 | 74.4 |
| Goodwill impairment[(1)] | - | - | - | 76.9 | - | - | - | 3.5 | 9.5 |
| Gain on contribution to GBW | - | - | - | - | (29.0) | - | - | - | - |
| Loss (gain) on debt extinguishment | (2.1) | 15.7 | - | - | - | - | - | - | - |
| Special items | (11.9) | - | - | 2.7 | 1.5 | - | - | - | - |
| **Adjusted EBITDA** | **$76.1** | **$102.9** | **$160.8** | **$162.9** | **$253.8** | **$433.8** | **$474.0** | **$317.3** | **$318.2** |

[(1)] 2013 Goodwill impairment relates to our Wheels, Repair and Parts segment. 2017 and 2018 Goodwill impairment reflects our portion of a Goodwill impairment change recorded by GBW

See slide 45 for definition of Adjusted EBITDA

# Quarterly Adjusted EPS Reconciliation

***Supplemental Disclosure***

**Reconciliation of Net Earnings Attributable to Greenbrier to Adjusted Net Earnings**

*(In millions, except per share amounts, unaudited)*

| | Quarter Ending | | | | |
|---|---|---|---|---|---|
| | Aug. 31, 2017 | Nov. 30, 2017 | Feb. 28, 2018 | May 31, 2018 | Aug. 31, 2018 |
| Net earnings attributable to Greenbrier | $23.7 | $26.3 | $61.6 | $32.9 | $30.9 |
| GBW goodwill impairment | 3.5 | - | - | 9.5 | - |
| Non-recurring Tax Act (benefit) | - | - | (22.9) | - | (4.5) |
| Adjusted net earnings | $27.3 | $26.3 | $38.7 | $42.4 | $26.4 |
| Weighted average diluted shares outstanding | 32.7 | 32.7 | 32.7 | 32.9 | 33.0 |
| **Adjusted EPS** | **$0.86** | **$0.83** | **$1.21** | **$1.30** | **$0.80** |

See slide 44 for definitions of Adjusted net earnings and Adjusted EPS

# Annual Adjusted EPS Reconciliation

***Supplemental Disclosure***

**Reconciliation of Net Earnings (loss) Attributable to Greenbrier to Adjusted Net Earnings (loss)**

*(In millions, except per share amounts, unaudited)*

| | Year Ending August 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| Net earnings (loss) attributable to Greenbrier | $4.3 | $6.5 | $58.7 | ($11.1) | $111.9 | $192.8 | $183.2 | $116.1 | $151.8 |
| Goodwill impairment (after-tax)[1] | - | - | - | 71.8 | - | - | - | 3.5 | 9.5 |
| Gain on contribution to GBW (after-tax) | - | - | - | - | (13.6) | - | - | - | - |
| Loss (gain) on debt extinguishment (after-tax) | (1.3) | 9.4 | - | - | - | - | - | - | - |
| Non-recurring Tax Act (benefit) | (11.9) | - | - | - | - | - | - | - | (27.4) |
| Special items (after-tax) | - | - | - | 1.8 | 1.0 | - | - | - | - |
| Adjusted net earnings (loss) | ($8.9) | $15.9 | $58.7 | $62.5 | $99.3 | $192.8 | $183.2 | $119.6 | $133.9 |
| Weighted average diluted shares outstanding | 20.2 | 26.5 | 33.7 | 34.2 | 34.2 | 33.3 | 32.5 | 32.6 | 32.8 |
| **Adjusted EPS** | **($0.44)** | **$0.60** | **$1.91** | **$2.00** | **$3.07** | **$5.93** | **$5.73** | **$3.76** | **$4.13** |

[1] 2013 Goodwill impairment relates to our Wheels, Repair and Parts segment. 2017 and 2018 Goodwill impairment reflects our portion of a Goodwill impairment change recorded by GBW

See slide 45 for definitions of Adjusted net earnings (loss) and Adjusted EPS

# Adjusted Financial Metric Definition

Adjusted EBITDA, Adjusted net earnings (loss) and Adjusted EPS are not financial measures under generally accepted accounting principles (GAAP). These metrics are performance measurement tools commonly used by rail supply companies and Greenbrier. You should not consider these metrics in isolation or as a substitute for other financial statement data determined in accordance with GAAP. In addition, because these metrics are not measures of financial performance under GAAP and are susceptible to varying calculations, these 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 (loss) before Interest and foreign exchange, Income tax expense (benefit), Depreciation and amortization and excluding the impact associated with items we do not believe are indicative of our core business or which affect comparability. We believe the presentation of Adjusted EBITDA provides useful information as it excludes the impact of financing, foreign exchange, income taxes and the accounting effects of capital spending. These items may vary for different companies for reasons unrelated to the overall operating performance of a company's core business. We believe this assists in comparing our performance across reporting periods.

Adjusted net earnings (loss) and Adjusted 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.

GBX

THE GREENBRIER COMPANIES


# NYSE: GBX

## Stephens Conference
## November 2018

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