American Railcar Industries, Inc

Tank Car and Covered Hopper Concentration Will Lead to Hard Landing

Hard Landing. ARI's concentration in tank cars and covered hoppers will result in a hard landing as the railcar industry peaks in 2015-2016. The company's narrow product line will fare poorly in a declining industry where other railcar types are expected to see growth.

Backlog cushions blow. In the meantime, the company's record backlog of more than 11,000 units will prevent any declines for the next ~1.5 years. We believe that there will be minimal backlog cancelations as orders are generally non-cancelable, and the company maintains long-term relationships with their customers through the servicing and leasing businesses. In addition, the company is highly concentrated to three customers that have significant financial resources.

Regulatory-induced tank car retirements will require replacements. Anticipated regulations requiring safer tank cars will require owners to retrofit or replace the current fleet. Given ARI's current estimated 15% market share in tank cars, the regulations would result in 4,500 additional tank car builds in 2017. These railcars are unlikely already included in the backlog given the significant uncertainty surrounding new regulations.

Replacement cycle will support a base level of new builds. The replacement cycle for railcars would support 40,000 in annual industry deliveries. However, the industry will shift focus from energy-related railcars that were previously fetching premiums to other railcar types that were previously crowded out. This shift will disproportionally hurt ARI as they currently produce only tank cars and covered hoppers.

Sell Recommendation with a price target of $40, or a 24% downside from the current price. The target is based on a DCF valuation given our projection that the industry will peak in 2015-2016.

Price Target	$40
% Change	-24%
52 Week Range	46.18 - 82.82
Last	$52.24
Market Cap	$1.12 B

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I. Company Overview

i. Business Overview

American Railcar Industries (ARI) is a leading North American railcar manufacturer. The company specializes in the production of hopper and tank railcars. In addition, the company has a related railcar leasing and railcar services businesses. ARI is majority (56%) owned by Icahn Enterprises L.P (IELP), a Carl Icahn company. IELP is a major customer and also provides ARI with marketing and leasing administrative services.

Manufacturing. The company has eight manufacturing plants that produce railcars and railcar components, all located in the Unites States. In these facilities, ARI produces hopper railcars (plastic pellets, sand and cement), and tank cars (pressurized and non-pressurized). The company also produces railcar components such as valves, tank heads and hitches both for internal use and for external sale.

Leasing. ARI provides leasing services for their customers, including the repair of leased railcars through the company's repair facilities. As of December 31, 2014, the company had 7,730 cars in the leased fleet. Leases range from 5 to 10 years.

Repair. ARI operates the repair business out of seven railcar repair plants, twelve mobile units and a mini repair shop. The facilities provide both light and heavy repair services for leasing companies and shippers.

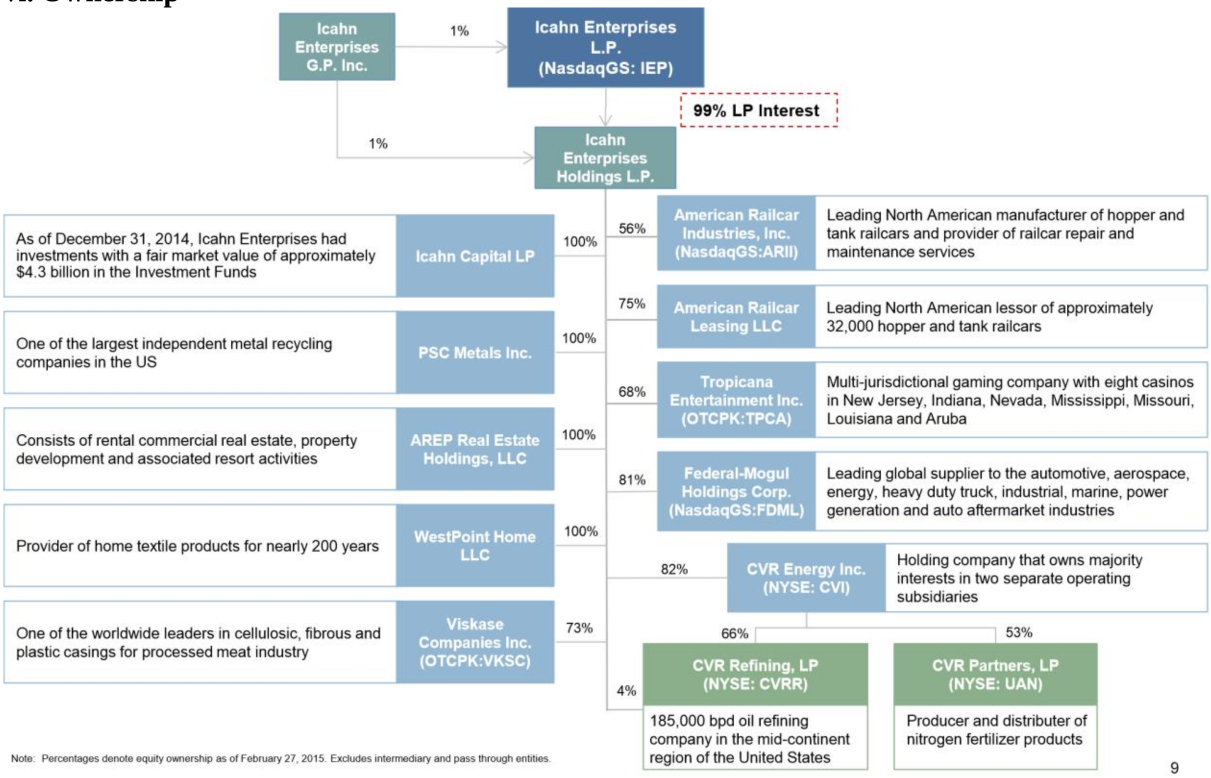
The company is also involved in two joint ventures: Ohio Casting manufactures railcar parts to third parties and Axis, LCC manufactures railcar axles for both company use and external sale.

The company has significant customer concentration with the top three customers representing 56% of sales: IELP (36%), CIT Group (12%), Chevron Phillips Chemical Company (8%).

ii. Supplies and Materials.

The cost of raw materials, mainly steel, represents more than half of the direct manufacturing costs of railcars. However, the company's railcar manufacturing contracts have provisions that adjust for fluctuations in the prices of raw materials, including steel. Given the nature of these contracts, fluctuations in raw material prices should not affect the company's financials in the short term.

vi. Ownership



Source: Icahn Enterprises 3/10/2015 Investor Presentation

Icahn serves as the chairman of the board.

II. Drivers

i. Backlog

ARI has a backlog of 11,732 railcars, representing more than one year worth of production under projected capacity. The backlog spiked in 2014 as a result of insufficient industry capacity to meet the demand for energy-related railcar production.

There will not be significant order cancelations as a result of the weakness in the energy market. Cancelations are not customary in the industry as relationships are long-term in nature and increasingly sticky. ARI has many points of contacts with customers following the delivery of the railcar, including through the repair and leasing businesses. In addition, orders generally require deposits and have cancelation penalties.

In 2014, revenues from three large customers, IELP (36%), CIT Group (12%), Chevron Phillips Chemical Company (8%), accounted for 56% of total revenues. CIT Company is one of the largest railcar lessors and has a long-term relationship with ARI. Given Chevron's financial strength, we believe that the company will make good on its orders.

ii. Tank Car Regulation

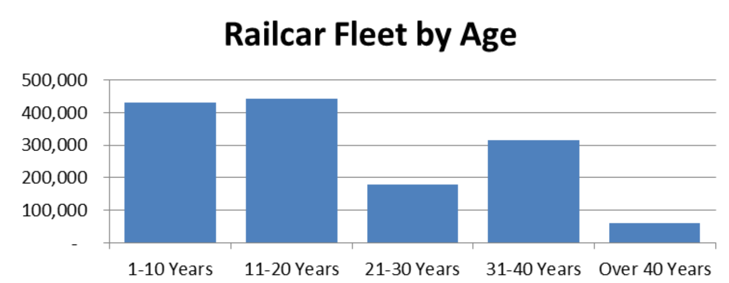
Anticipated regulations requiring safer tank cars will require owners to retrofit or replace the current fleet. As retrofits will be uneconomical for about 30,000 older cars, owners will be forced to write-down car assets and scrap cars, possibly by as early as 2017. Given ARI's current estimated 15% market share in tank cars, the regulations would result in 4,500 additional tank car builds in 2017. These railcars are unlikely already included in the backlog given the significant uncertainty surrounding new regulations.

The company's ability to capture market share tank market share will be partly dependent on the final details of the regulations. Greenbrier is the only company that is already manufacturing a tank car with a 9/16th in steel shell. If the regulations include this requirement (one of three proposals issued by the DOT), GBX would receive a greater share of orders given their proven capabilities. However, ARI is close behind, with plans to start producing the railcars in the second quarter.

iii. Replacement Cycle

The demand for new railcars is derived from both incremental growth of the fleet and replacement of old cars. The industry has recently been focusing on building new tank cars and hoppers for the fracking industry. However, given a consistent level of rail traffic, railcars will need to be replaced as they become unusable. Railcars generally have a useful life of about 40 years. Since 2004, the average age of the US railcar fleet has been around 20 years[1].

An analysis of the North American railcar fleet shows that a large number of railcars are nearing their retirement age within the next 10 years. The replacement cycle for railcars would support 40,000 in annual deliveries. However, the industry will shift focus from energy-related railcars that were previously fetching premiums to other railcar types that were previously crowded out. This shift will disproportionally hurt ARI as they currently produce only tank cars and covered hoppers. The company has already reported that it is receiving more orders for non-energy related cars, including covered hoppers for plastic pellets and pressurized tanks cars.



III. Forecast Assumptions

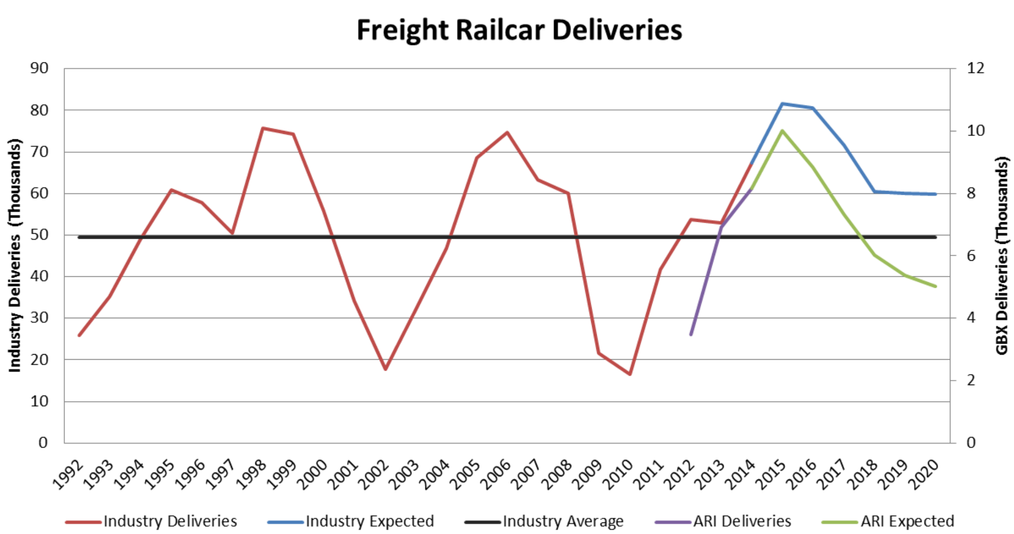
i. Delivery Forecast. We forecast ARI's future deliveries using the three drivers listed above. In 2015, we believe that deliveries will be driven primarily by orders in the backlog. Therefore, we believe management's guidance that they will deliver about 10,000 railcars in 2015.

[1] http://www.progressiverailroading.com/mechanical/article/Rail-car-and-locomotive-statistics-Fleet-Stats-2014--40971

Following 2015, we use our forecast of industry deliveries (updated from the industry report) and a projection of the company's future market share to forecast deliveries. Despite the regular cyclical nature of industry shipments, overall industry freight car deliveries are forecast to be stronger than previous cycles, due to a growing number of old cars, and potentially out-of-compliance oil tanker cars, all of which will require replacement even during the down cycle. For more information, please refer to the industry report. As the company manufactures solely tank and covered hopper cars, we forecast total market share in these segments. The company currently has a 15% market share in these combined segments which we believe will increase slightly over the period of the projection. As the company focuses on these two type of railcars, they will be more willing to engage in discounting to protect market share. Increased market share in these segments will come from Trinity's projected lose in share.

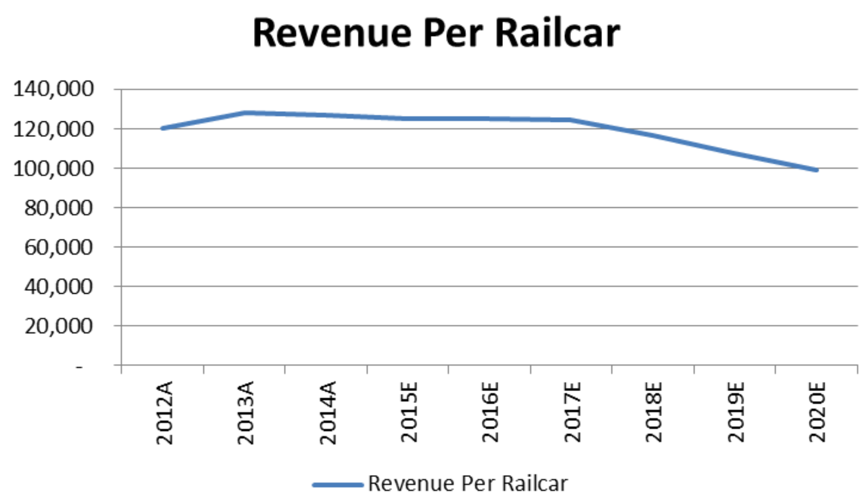
In addition, we believe that ARI will start to produce other type of railcars as the tank and covered hopper market begins to decline. Although the company does not produce other type of railcars currently, it has the capacity to do so given some additional capital expenditures. However, given the required spending and the increased competitiveness of the market, we believe that the company will be opt to not increase capex significantly to add capacity. Therefore, the company will produce other railcars at the rate of 900 per year, a level we believe that they can attain without significant investment.

Year	2014	2015	2016	2017	2018	2019	2020	Replacement Needs
Box Car	692	761	5,786	5,988	6,198	6,198	6,198	5,590
Covered Hoppers	20,332	32,412	27,550	20,663	16,290	16,290	16,290	12,244
Open Hopper	719	791	4,656	4,819	4,988	4,988	4,988	4,499
Gondolas	3,243	3,241	4,076	6,328	6,549	6,549	5,094	6,563
Flat Car	6,949	7,644	8,408	11,772	16,480	23,072	24,226	3,225
Tank Car	35,293	36,792	30,000	22,000	15,000	10,000	8,000	4,385
Total	67,228	81,641	80,476	71,569	65,505	67,097	64,796	37,348
ARI Tank/Hopper	8,174	10,000	8,633	6,826	5,132	4,469	4,129	
Share of Tank/ Hopper	15%	14%	15%	16%	16%	17%	17%	
Other Rialcars	-		200	500	900	900	900	
Share of Other	0%	0%	1%	2%	3%	2%	2%	
ARI Tank/Hopper	8,174	10,000	8,833	7,326	6,032	5,369	5,029	



We also project future revenue per railcar using a combination of metrics. Orders in the current backlog imply a value of $120,000 per railcar. Therefore, we believe that revenue per railcar will be approximately $120,000 per railcar for the next two years as the company works through the backlog.

Following that period, the market will become more competitive resulting in decreased pricing for the company. In addition, the company will may start producing other type of cars which costs less to produce than tanks cars. Overall, the company's pricing will hold up better than competitors, because they produce a much higher share of pressurized tank cars, which are most expensive to produce.



ii. Other Income Statement Forecasts.

The tax rate is assumed to be 37% going forward, in accordance with management guidance. The rate has historically been somewhat volatile as the IRS has allowed bonus depreciation.

We believe that the company will be able to retain its current COGS margin within the manufacturing business for the next couple years as current orders in the backlog are already locked in. However, the margin will decline steadily as the market for railcars becomes more competitive and ARI will be forced to give discounts to maintain market share.

The railcar services business is a minor component of the company. We predict the segment to grow slowly as the company increases its fleet size that and there is more need for service. As the business is highly competitive, margins will be stable.

The leasing business will grow at above-average rates as the company is focusing on increasing the size of its leased fleet. We project segment revenues to as a percent of the value of the leased fleet. As we project the leased fleet to stop growing in late 2016, segment revenue growth also declines.

Depreciation and amortization is forecasted as a percent of the fixed assets (combination of PPE and leased fleet).

iii. Balance Sheet Forecasts.

Capital expenditure is currently composed of mainly of spending on railcars to add to the leased fleet. Therefore, we forecast the capex using the cost of additions to the least fleet plus the value of depreciation. Capex therefore decreases when the company stops adding railcars to the leased fleet in 2016.

Accounts receivables, inventories, accounts payables are forecasted as a percent of revenue. We believe that there will not be major changes in these line items as a percent of revenue. Property plant and equipment is also forecasted as a percent of revenue as ARI will need to maintain a level of equipment to produce railcars.

Railcars on lease is forecasted using the projected railcars that will be added to the lease fleet. Based off historical data, we believe that the company transfers railcars to the balance sheet using the cost of production. Therefore, the railcars on lease line-item is forecasted as the new railcars to be added to the fleet times the cost of production, less the share of depreciation that belongs to the line-item.

The other assets, investments in joint ventures, deferred tax liability and other liability line items are forecasted to not change.

As the company has had a stable debt level in the prior five years, we forecast debt to remain at the current level, especially as the revenues are forecasted to decrease. The current debt is scheduled to be paid off in 2025.

V. Valuation

i. Valuation Methodologies

Five Year Price Chart

Comps Analysis. Applying a 6x EV/EBITDA multiple to last year's earnings, results in a valuation of $43 per share. We chose to use a 6x multiple because we believe that the company should be valued at a discount as they have higher operating leverage as a result of being less diversified. Decreased diversification will result in significant decline in profitability during an industry downturn.

Name	Fiscal Period	Price	Shares Outstanding	Market Cap	EV	Sales	EBIT	EBITDA	EV/ EBIT	EV/ EBITDA
American Railcar Inds	12/31/2014	51.72	21.4	1,104.3	1,418.0	733.0	169.9	204.1	8.35x	6.95x
Average		47.86	20.0	1,031.8	1,237.5	1,222.6	151.7	180.5	14.77x	8.39x
Trinity Industries	12/31/2014	35.82	155.7	5,575.7	8,332.6	6,170.0	1,157.6	1,402.2	7.20x	5.94x
FreightCar America	12/31/2014	30.32	12.1	367.2	199.7	598.5	7.0	17.1	28.43x	11.68x
Greenbrier	02/28/2015	61.53	26.4	1,624.0	2,094.9	2,336.2	278.2	320.2	7.53x	6.54x

DCF Analysis.

For WACC assumptions, we use a market risk-free rate that is based off the past five years of 10 year US Treasury bond returns. The beta calculation methodology is explained in the appendix. Using a tax rate of 37% based on management guidance, we estimate a WACC of 10.33%.

Tax Rate	37%
Cost of Debt	5.20%
Risk Free Rate	2%
Market Rate	6%
Beta	2.73
Cost of Equity	12.9%
Value of Debt	409
Share Price	52.24
Shares Outstanding	21.35
Value of Equity	1,115
WACC	**10.33%**

With the above-mentioned assumptions, we project out a full income and balance sheet, and combine with expenditures and depreciation projections to estimate future free cash flow for the next six years.

Free Cash Flow Analysis	2013	2014	2015	2016	2017	2018	2019	2020
EBIT	150,907	169,920	*313,147*	*320,824*	*298,709*	*253,413*	*227,123*	*210,548*
Taxes	52,440	65,074	*117,049*	*119,889*	*111,706*	*94,947*	*85,219*	*79,087*
NOPAT	98,467	104,846	*196,099*	*200,935*	*187,003*	*158,466*	*141,903*	*131,461*
Depreciation and Amorti:	27,712	34,212	*45,819*	*51,550*	*52,324*	*52,324*	*52,324*	*52,324*
Decrease (Increase) in W	1,581	(71,666)	*(36,803)*	*(2,977)*	*8,244*	*19,018*	*11,197*	*6,885*
Net Capital Expenditures	(184,100)	(327,800)	(238,171)	(125,187)	(52,324)	(52,324)	(52,324)	(52,324)
Free Cash Flow	**(56,340)**	**(260,408)**	**(33,056)**	**124,322**	**195,246**	**177,485**	**153,100**	**138,346**
PV of Free Cash Flow			*$ (29,960)*	*$ 102,124*	*$ 145,363*	*$ 119,763*	*$ 93,632*	*$ 76,684*

Although the company does not have any rated debt outstanding, given the company's credit profile, we implied a cost of debt using a single B credit spread over Treasuries. Using a five year beta of 2.73, and a terminal growth rate of 2%, we arrive at a firm value of $1.16 billion, with an equity valuation of $843 million or $39.5 per share. This represents a downside of 24% from the current share price.

We believe the high beta is justified given the overall industry volatility and high industry beta. If we use an unlevered beta of 2.22, or an adjusted beta of 2.30 (using a ¾ raw beta, ¼ 1.0 beta weight), then the downside decreases to -1 to -5% respectively. However, both lower beta values are inappropriate given the company's past trend of increasing beta on a rolling basis, and riskiness of business given its concentration on a few rail car types and anticipated increase in industry competition.

Present value of projected FCF	$	507,606
Present value of terminal cash flows	$	655,957
Present value of total cash flows	$	1,163,563
Value of debt	$	408,954
Value of cash	$	88,109
Value of equity	**$**	**842,718**
Terminal shares outstanding		21,352
Value of equity per share	**$**	**39.5**
Upside/Downside		-24%

ii. Catalysts

- ARI will lose market share as competition for tank and covered hopper cars continues to increase.
- Regulatory action concerning safer tank cars, currently expected to come out in May, may again be delayed due to significant disagreement in the industry.
- Regulations regarding tank car safety would favor shippers and not require significant retrofits. This would decrease

iii. Risks

- The anticipated tank car regulations could be positive for ARI. Regulations that require tank cars to have thicker (9/16 in) shells that, or have an accelerated implementation schedule will be supportive for ARI.
- Stabilization in crude prices, especially at a higher level, will lead to lower uncertainty with regard to tank car orders.
- Significant orders for non-energy related railcars will demonstrate the latent demand for other railcars.

VI. Appendix

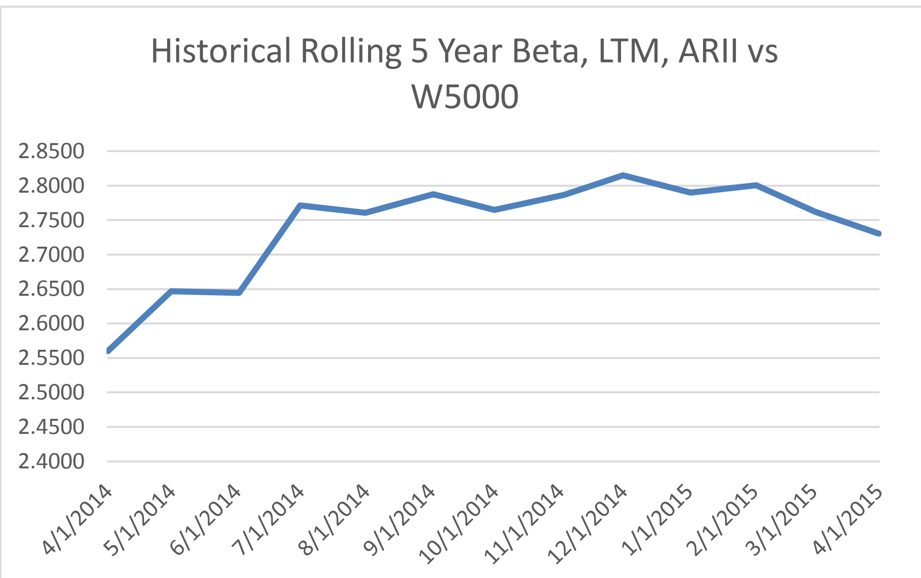
Beta Calculations

Beta is calculated as a regression of stock excess return against market return.

$$\beta = \frac{Cov\left(R_{ex}^{(m)}, R_{ex}^{(s)}\right)}{Var\left(R_{ex}^{(m)}\right)}$$

Where $R_{ex}^{(m)}$ is the monthly market return above the monthly 10 year treasury return, and $R_{ex}^{(s)}$ is the monthly total stock return above the 10 year treasury return. The market return is represented by the total return of the Wilshire 5000 index.

For more information please refer to the DCF model's WACC section.



INCOME STATEMENT										
Revenues										
Manufacturing	453,092	633,547	646,100	600,326	988,420	1,005,002	912,023	703,310	577,483	498,923
Services	65,218	64,732	72,621	67,572	67,884	70,640	73,509	76,493	79,599	82,831
Leasing	1,075	13,444	31,871	65,108	121,549	133,551	136,887	142,422	147,279	150,137
Total Revenue	**519,385**	**711,723**	**750,592**	**733,006**	**1,177,853**	**1,209,193**	**1,122,419**	**922,225**	**804,361**	**731,891**
Cost of Goods Sold										
Manufacturing	(410,308)	(506,083)	(503,178)	(455,547)	(723,878)	(740,047)	(675,165)	(523,457)	(432,117)	(375,328)
Services	(50,599)	(51,383)	(55,408)	(54,386)	(55,495)	(57,748)	(60,093)	(62,533)	(65,072)	(67,714)
Leasing	(682)	(5,906)	(13,394)	(23,733)	(41,181)	(45,247)	(46,377)	(48,253)	(49,898)	(50,866)
Total COGS	**(461,589)**	**(563,372)**	**(571,980)**	**(533,666)**	**(820,553)**	**(843,042)**	**(781,635)**	**(634,242)**	**(547,087)**	**(493,908)**
Gross Proft Margin										
Manufacturing	9.4%	20.1%	22.1%	24.1%	26.8%	26.4%	26.0%	25.6%	25.2%	24.8%
Services	22.4%	20.6%	23.7%	19.5%	18.3%	18.3%	18.3%	18.3%	18.3%	18.3%
Leasing	36.6%	56.1%	58.0%	63.5%	66.1%	66.1%	66.1%	66.1%	66.1%	66.1%
Consolidated Gross Profit Margin	**11.1%**	**20.8%**	**23.8%**	**27.2%**	**30.3%**	**30.3%**	**30.4%**	**31.2%**	**32.0%**	**32.5%**
SG&A	(25,047)	(26,931)	(27,705)	(29,420)	(44,152)	(45,327)	(42,074)	(34,570)	(30,152)	(27,435)
EBIT	32,749	121,420	150,907	169,920	313,147	320,824	298,709	253,413	227,123	210,548
% margin	6.3%	17.1%	20.1%	23.2%	26.6%	26.5%	26.6%	27.5%	28.2%	28.8%
EBITDA	54,916	145,270	178,619	204,132	358,966	372,375	351,034	305,738	279,447	262,872
% margin	10.6%	20.4%	23.8%	27.8%	30.5%	30.8%	31.3%	33.2%	34.7%	35.9%
Charges	(10)	(362)	1,645	(1,778)	–	–	–	–	–	–
(Earnings) Loss from Joint Venture	(7,900)	(451)	(8,595)	1,570	3,200	3,200	3,200	3,200	3,200	3,200
Other exp/loss	(7,910.0)	(813.0)	(6,950.0)	(208.0)	3,200.0	3,200.0	3,200.0	3,200.0	3,200.0	3,200.0
Interest, Net	(16,637)	(14,762)	(4,621)	(5,105)	(6,417)	(6,417)	(6,417)	(6,417)	(6,417)	(6,417)
Interest rate	(51.7%)	25.7%	4.7%	1.6%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EBT	**24,839**	**120,607**	**143,957**	**169,712**	**316,347**	**324,024**	**301,909**	**256,613**	**230,323**	**213,748**
Taxes	(3,866)	(42,022)	(52,440)	(65,074)	(117,049)	(119,889)	(111,706)	(94,947)	(85,219)	(79,087)
% rate	(15.6%)	(34.8%)	(36.4%)	(38.3%)	(37.0%)	(37.0%)	(37.0%)	(37.0%)	(37.0%)	(37.0%)
Net income	20,973	78,585	91,517	104,638	199,299	204,135	190,203	161,666	145,103	134,661
EPS, GAAP	$0.98	$3.68	$4.29	$4.90	$9.33	$9.56	$8.91	$7.57	$6.80	$6.31
Dil shares	21,352	21,352	21,352	21,352	21,352	21,352	21,352	21,352	21,352	21,352

BALANCE SHEET

	Fiscal Year Ending Dec									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash and Cash Equivalents	307,172	217,602	97,252	88,109	88,109	88,109	88,109	88,109	88,109	88,109
Accounts Receivables	39,732	39,639	38,341	66,645	94,228	96,735	89,793	73,778	64,349	58,551
% of revenues	*7.6%*	*5.6%*	*5.1%*	*9.1%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*
Inventories	95,827	110,075	90,185	117,007	176,678	181,379	168,363	138,334	120,654	109,784
% of revenues	*18.5%*	*15.5%*	*12.0%*	*16.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*
Other Assets	11,816	8,031	19,468	54,098	54,098	54,098	54,098	54,098	54,098	54,098
% change	*2.3%*	*1.1%*	*2.6%*	*7.4%*	*4.6%*	*4.5%*	*4.8%*	*5.9%*	*6.7%*	*7.4%*
Current assets	454,547	375,347	245,246	325,859	413,113	420,321	400,363	354,319	327,210	310,542
Net Property, Plant and Equipment	155,643	155,893	159,375	160,787	235,571	241,839	224,484	184,445	160,872	146,378
% of revenues	*30.0%*	*21.9%*	*21.2%*	*21.9%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*
Railcars on Operating Leases, Net	38,599	220,282	372,551	663,315	780,883	848,252	865,606	905,645	929,218	943,712
% change		*470.7%*	*69.1%*	*78.0%*	*17.7%*	*8.6%*	*2.0%*	*4.6%*	*2.6%*	*1.6%*
Investments in Joint Ventures	45,122	44,536	31,430	29,168	29,168	29,168	29,168	29,168	29,168	29,168
Other Assets	9,859	13,700	17,007	13,280	13,280	13,280	13,280	13,280	13,280	13,280
Total assets	**703,770**	**809,758**	**825,609**	**1,192,409**	**1,472,015**	**1,552,860**	**1,532,901**	**1,486,857**	**1,459,748**	**1,443,080**
Accounts Payable and Accrued Liabilitie	90,318	98,639	90,469	108,559	159,010	163,241	151,527	124,500	108,589	98,805
% of revenues	*17.4%*	*13.9%*	*12.1%*	*14.8%*	*13.5%*	*13.5%*	*13.5%*	*13.5%*	*13.5%*	*13.5%*
Current liabilities	**90,318**	**98,639**	**90,469**	**108,559**	**159,010**	**163,241**	**151,527**	**124,500**	**108,589**	**98,805**
Long Term Debt	275,000	275,000	194,758	408,954	408,954	408,954	408,954	408,954	408,954	408,954
Deferred Tax Liability	14,923	53,466	99,212	168,349	168,349	168,349	168,349	168,349	168,349	168,349
Other Liabilities	13,360	13,188	7,268	11,131	11,131	11,131	11,131	11,131	11,131	11,131
Total liabilities	**393,601**	**440,293**	**391,707**	**696,993**	**747,444**	**751,675**	**739,961**	**712,934**	**697,023**	**687,239**
Equity	**310,169**	**369,465**	**433,902**	**495,416**	**724,571**	**801,185**	**792,941**	**773,923**	**762,725**	**755,841**
Total debt	275,000	275,000	194,758	408,954	408,954	408,954	408,954	408,954	408,954	408,954
Net debt	(32,172)	57,398	97,506	320,845	320,845	320,845	320,845	320,845	320,845	320,845
Net debt/EBITDA	(0.6x)	0.4x	0.5x	1.6x	0.9x	0.9x	0.9x	1.0x	1.1x	1.2x

DRIVERS

	Fiscal Year Ending Dec									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Total Revenues	519,385	711,723	750,592	733,006	1,177,853	1,209,193	1,122,419	922,225	804,361	731,891
% chg yoy		37.0%	5.5%	(2.3%)	60.7%	2.7%	(7.2%)	(17.8%)	(12.8%)	(9.0%)
Total Expenses	(461,589)	(563,372)	(571,980)	(533,666)	(820,553)	(843,042)	(781,635)	(634,242)	(547,087)	(493,908)
Gross Margin	88.9%	79.2%	76.2%	72.8%	69.7%	69.7%	69.6%	68.8%	68.0%	67.5%
Manufacturing Revenue	453,092	633,547	646,100	600,326	988,420	1,005,002	912,023	703,310	577,483	498,923
% chg yoy		139.8%	102.0%	92.9%	164.6%	101.7%	90.7%	77.1%	82.1%	86.4%
% of Total Revenues	87.2%	89.0%	86.1%	81.9%	83.9%	83.1%	81.3%	76.3%	71.8%	68.2%
Revenue per Railcar		120,446	128,194	126,999	125,116	125,116	124,491	116,605	107,553	99,203
% change qoq			6.4%	-0.9%	-1.5%	0.0%	-0.5%	-6.3%	-7.8%	-7.8%
Manufacturing Expenses	(410,308)	(506,083)	(503,178)	(455,547)	(723,878)	(740,047)	(675,165)	(523,457)	(432,117)	(375,328)
% of manufacturing revenues	90.6%	79.9%	77.9%	75.9%	73.2%	73.6%	74.0%	74.4%	74.8%	75.2%
% delta	90.6%	(10.7%)	(2.0%)	(2.0%)	(2.6%)	0.4%	0.4%	0.4%	0.4%	0.4%
Cost Per Railcar		145,845	72,829	55,731	72,388	83,787	92,160	86,786	80,479	74,628
Gross Profit per Railcar		(25,399)	55,365	71,268	52,729	41,330	32,331	29,819	27,074	24,575
Gross Profit	42,784	127,464	142,922	144,779	264,542	264,955	236,858	179,853	145,366	123,595
% change		198%	12%	1%	83%	0%	-11%	-24%	-19%	-15%
Railcar Services	65,218	64,732	72,621	67,572	67,884	70,640	73,509	76,493	79,599	82,831
% chg yoy		(0.7%)	12.2%	(7.0%)	0.5%	4.1%	4.1%	4.1%	4.1%	4.1%
% of Total Revenues	12.6%	9.1%	9.7%	9.2%	5.8%	5.8%	6.5%	8.3%	9.9%	11.3%
Services Expenses	(50,599)	(51,383)	(55,408)	(54,386)	(55,495)	(57,748)	(60,093)	(62,533)	(65,072)	(67,714)
% of wheels and parts revenues	77.6%	79.4%	76.3%	80.5%	81.7%	81.7%	81.7%	81.7%	81.7%	81.7%
% delta	77.6%	1.8%	(3.1%)	4.2%	1.3%	–	–	–	–	–
Railcar Leasing	1,075	13,444	31,871	65,108	121,549	133,551	136,887	142,422	147,279	150,137
% chg yoy		1150.6%	137.1%	104.3%	86.7%	9.9%	2.5%	4.0%	3.4%	1.9%
% of Leased Equipment	2.1%	5.9%	8.1%	9.1%	14.6%	14.8%	14.9%	14.8%	15.0%	15.0%
Leasing and Services Expenses	(682)	(5,906)	(13,394)	(23,733)	(41,181)	(45,247)	(46,377)	(48,253)	(49,898)	(50,866)
% of leasing revenues	63.4%	43.9%	42.0%	36.5%	33.9%	33.9%	33.9%	33.9%	33.9%	33.9%
% delta	63.4%	(19.5%)	(1.9%)	(5.6%)	(2.6%)	–	–	–	–	–
SG&A	(25,047)	(26,931)	(27,705)	(29,420)	(44,152)	(45,327)	(42,074)	(34,570)	(30,152)	(27,435)
% of revenues	4.8%	3.8%	3.7%	4.0%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
% delta	4.8%	-1.0%	-0.1%	0.3%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%

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