TRINITY INDUSTRIES, INC.

Q1 2021 – Earnings Conference Call Supplemental Material

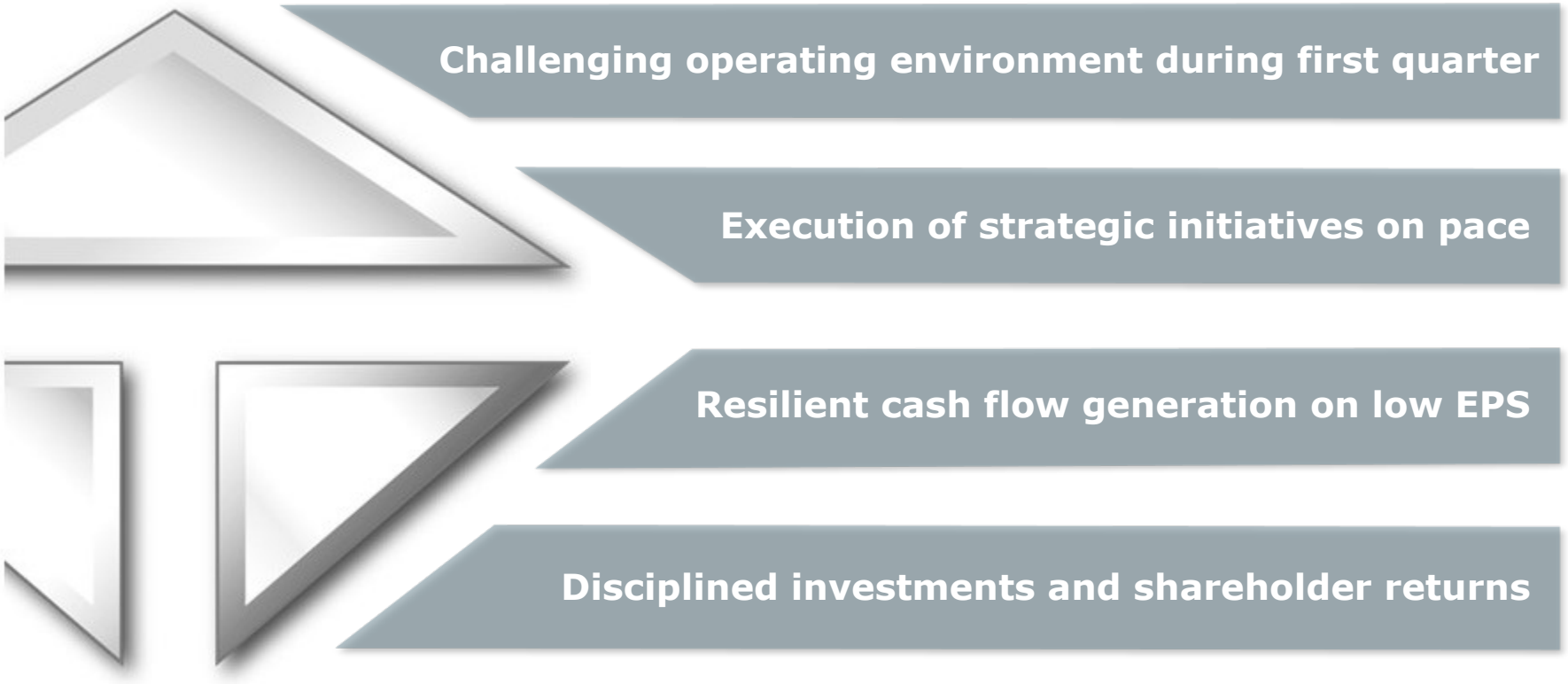
April 22, 2021 – *based on financial results as of March 31, 2021*

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Forward Looking Statements

Some statements in this presentation, which are not historical facts, are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements about Trinity's estimates, expectations, beliefs, intentions or strategies for the future, and the assumptions underlying these forward-looking statements, including, but not limited to, future financial and operating performance, future opportunities and any other statements regarding events or developments that Trinity believes or anticipates will or may occur in the future, including the potential financial and operational impacts of the COVID-19 pandemic. Trinity uses the words "anticipates," "assumes," "believes," "estimates," "expects," "intends," "forecasts," "may," "will," "should," "guidance," "projected," "outlook," and similar expressions to identify these forward-looking statements. Forward-looking statements speak only as of the date of this release, and Trinity expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Trinity's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, except as required by federal securities laws. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from historical experience or our present expectations, including but not limited to risks and uncertainties regarding economic, competitive, governmental, and technological factors affecting Trinity's operations, markets, products, services and prices, and such forward-looking statements are not guarantees of future performance. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" and "Forward-Looking Statements" in Trinity's Annual Report on Form 10-K for the most recent fiscal year, as may be revised and updated by Trinity's Quarterly Reports on Form 10-Q, and Trinity's Current Reports on Form 8-K.

Key Messages from Q1-21 Conference Call



Q1-21 Financial Results Summary – Year over Year



Q1-21 Revenue

$399M

-35%

Q1-21 Cash Flow, Continuing Ops

$70M

-60%





Q1-21 EPS, Adjusted*

$0.07

-36%

Q1-21 Free Cash Flow*

$90M

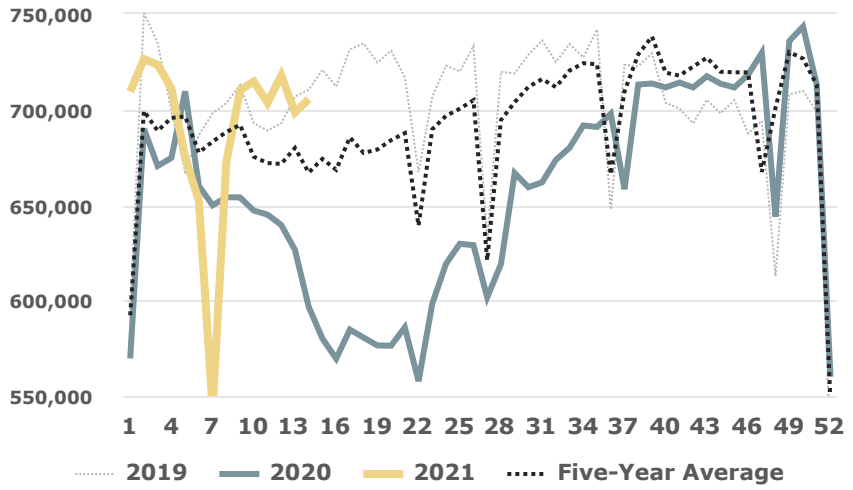
+57%



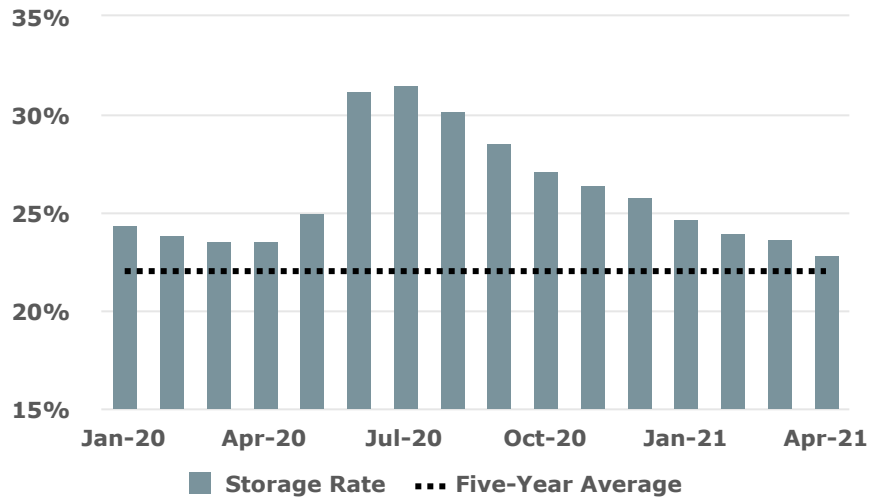
* See appendix for reconciliation of non-GAAP measures

Rail Market Update and Commercial Overview

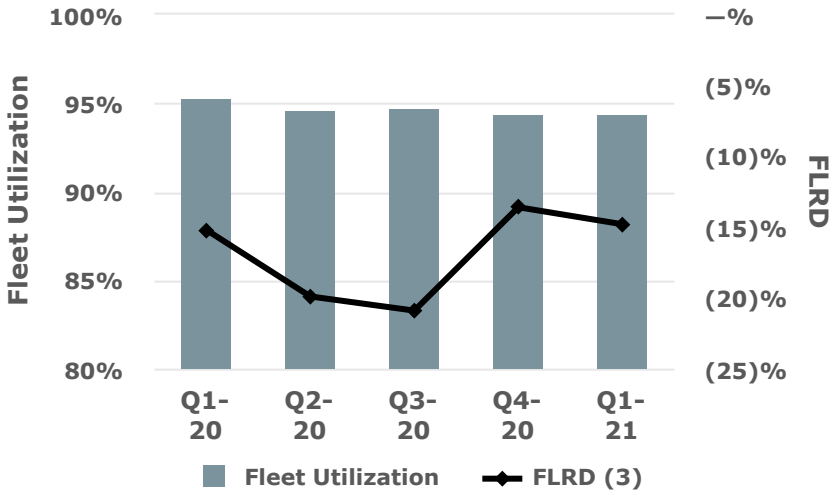
Rail Traffic is Continuing to Improve (1)



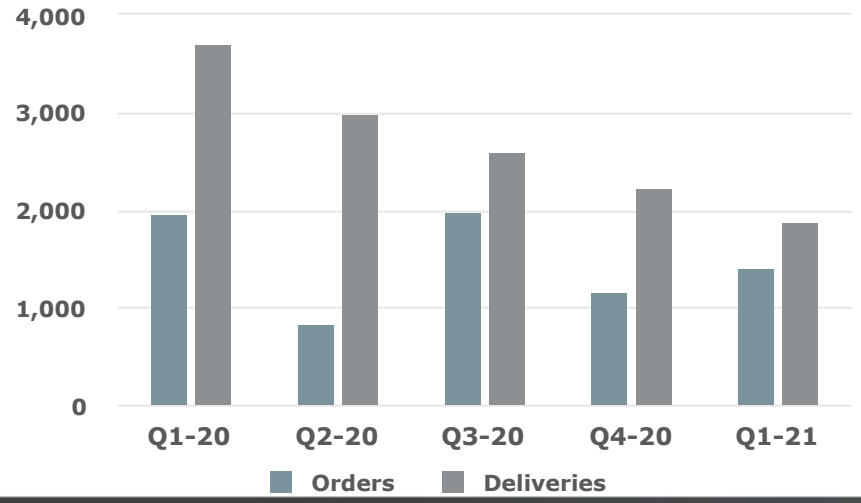
Railcars are Coming out of Storage (2)



Fleet Utilization is Holding while Rates are Firming



Rail Products Orders and Backlog Remain Weak



Trinity Business Segment Performance Trends

Leasing Segment Revenue Drivers

- Lease revenue slightly down YoY from continuation of softer lease pricing and slightly lower utilization compared to the previous year
- New fleet additions slightly offset lower lease rates on renewals and assignments
- FLRD is expected to be less of a headwind in 2021

Leasing Margin Performance Drivers

- Maintenance expense and other related operational costs required to position the fleet for increasing demand expected to be a margin headwind in 2021

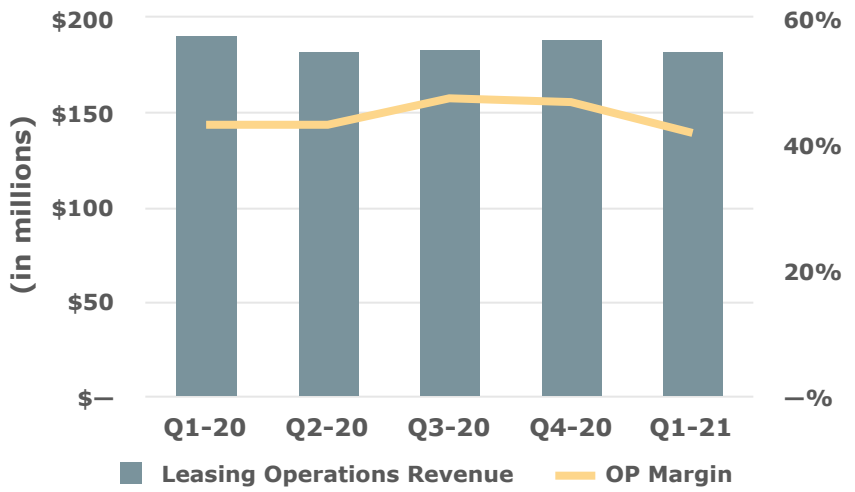
Rail Products Segment Revenue Drivers

- Revenue declined YoY on 49% fewer railcar deliveries in Q1 in addition to pricing pressures, changes in product mix, and lower maintenance revenue resulting from fewer modifications

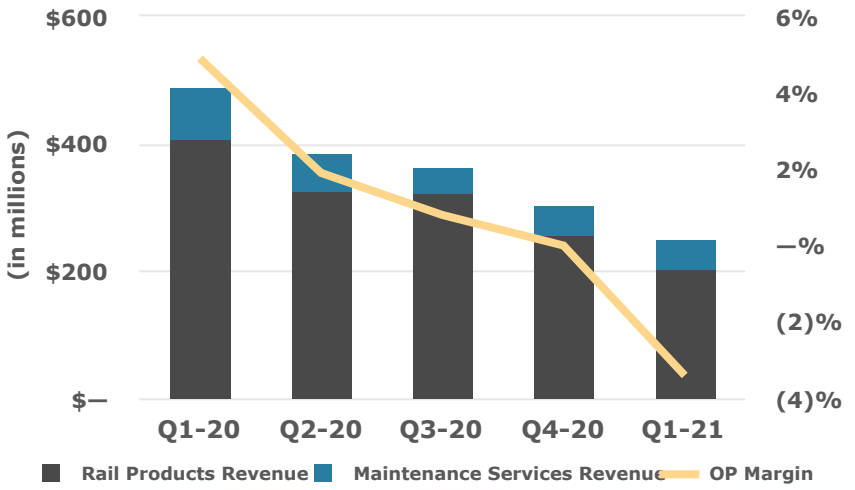
Rail Products Margin Performance Drivers

- Lower deliveries resulting in additional unabsorbed burden, as well as lower pricing and weather-related costs
- Margin trended positively throughout the quarter due to benefits from supply chain initiatives and is expected to show segment improvement in Q2 2021

Leasing Operations Revenue and Operating Profit Margin (1)



Rail Products Segment Revenue and Operating Profit Margin



See appendix for footnotes

Executing on Strategic Initiatives to Improve Pre-Tax ROE

Lower Cost of Capital | **Reduce** Cyclicality | **Improve** Rail Supply Chain

Balance Sheet Optimization

Net Debt increase of
$148M

LTV[(1)] increase to
60.9%

Enterprise Cost Reductions

Divestiture of certain non-operational properties in Q1-21

Manufacturing Cost Improvement

Enhance value of outsourced fabrication activities

Scale newly acquired rail cleaning technology into maintenance facilities

Lease Fleet Optimization

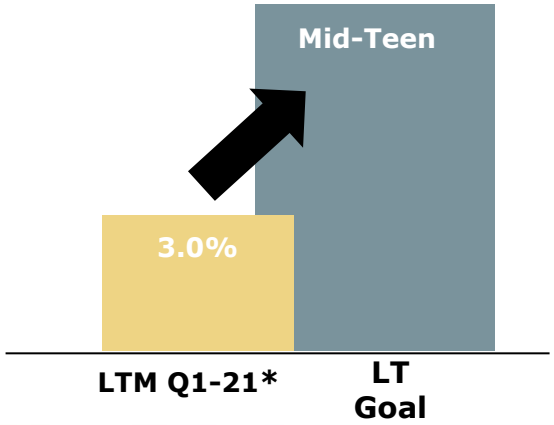
Modest investment in rail fleet modifications

Small lease portfolio sale in Q1-21

New Products & Services Initiatives

Official launch of
Trinsight™
digital service platform in February 2021

Pre-Tax ROE Goal



*See appendix for footnotes and reconciliation of non-GAAP measures

Strong Performance Trends and Key Highlights

Q1 2021 Financial Summary:

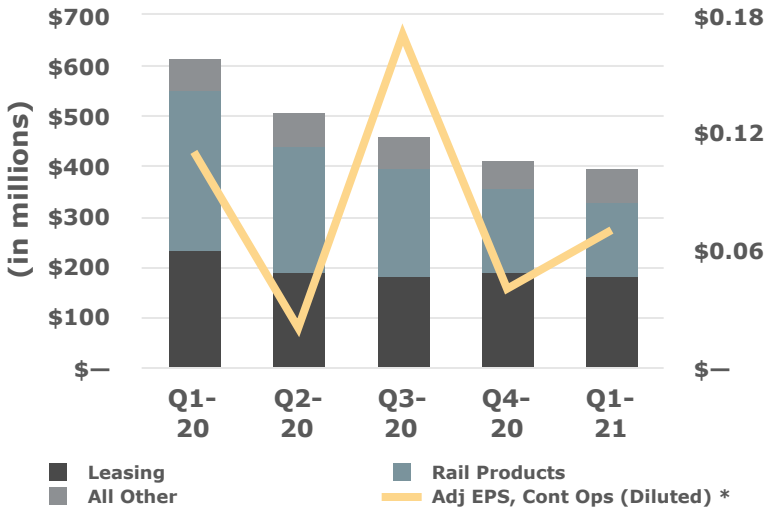
Income Statement:

- Total revenues of $399M reflect lower railcar deliveries and softer pricing on new and existing railcars
- Earnings from continuing operations of $0.03
  - Adjusted EPS of $0.07
- LTM earnings variability reflects fluctuations in portfolio sales, maintenance expense, and legal and other administrative costs incurred

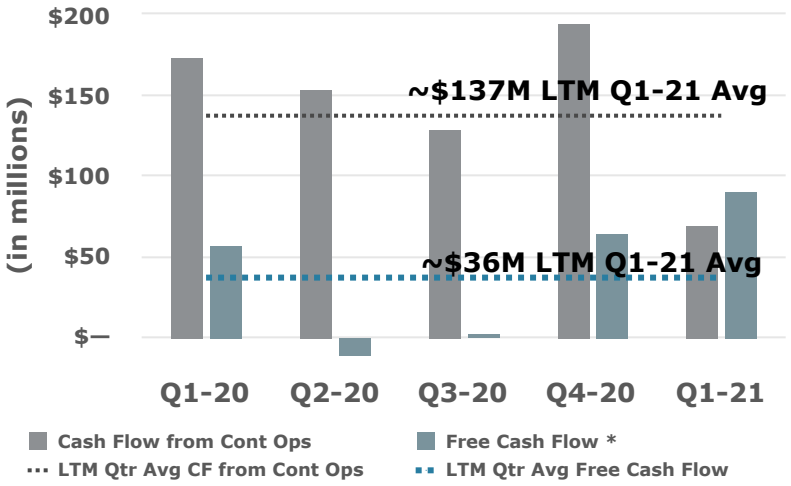
Cash Flow:

- YTD cash flow from continuing operations of $70M
- YTD investment of $108M in leasing capex
- YTD investment of $9M in other capex
- YTD free cash flow after dividends and investments of $90M*
- YTD shareholder returns of $60M
  - Total dividends of $23M paid in 2021
  - Total share repurchases of $37M in 2021

External Revenue Reflects Challenging Market Dynamics



Management Focus on Maximizing Cash Flow Generation



* See appendix for reconciliation of non-GAAP measures

Healthy Balance Sheet Strategically Positioned for Market Uncertainty and Opportunistic Deployment

LIQUIDITY

Cash & Equivalents
$178M

Revolver Availability
$358M

Warehouse Availability
$236M

Solid Liquidity of $772M[1]

DEBT STRUCTURE

Recourse Debt
$398M @ 4.6%[1]

Non-recourse Debt
$4.8B @ ~3.6%[1]

- Low-cost funds
- Flexible term structures
- No maturities until 2023

Attractive Debt Structures

CAPITAL LEVERS

Unencumbered Railcars
$1.1B

- Pledge to warehouse
- Additional assets can be sold or financed
- LTV of 60.9% for the wholly-owned lease portfolio as of Q1-21[2]

Conservative Capitalization

See appendix for footnotes

Recap of Key Messages from Earnings Call



Trinity Q1-21 Earnings Conference Call

Q&A



Reconciliation: Adjusted Operating Results

	Three Months Ended March 31, 2021 (in millions, except per share amounts)				
	GAAP	Pension plan settlement [1]	Restructuring activities [1]	Income tax effect of CARES Act	Adjusted
Operating profit	$ 60.2	$ —	$ (0.3)	$ —	$ 59.9
Income from continuing operations before income taxes	$ 7.7	$ 1.2	$ (0.3)	$ —	$ 8.6
Provision (benefit) for income taxes	$ 6.0	$ 0.3	$ (0.1)	$ (3.8)	$ 2.4
Income from continuing operations	$ 1.7	$ 0.9	$ (0.2)	$ 3.8	$ 6.2
Net income from continuing operations attributable to Trinity Industries, Inc.	$ 3.7	$ 0.9	$ (0.2)	$ 3.8	$ 8.2
Diluted weighted average shares outstanding	112.6				112.6
Diluted income from continuing operations per common share attributable to Trinity Industries, Inc.	$ 0.03				$ 0.07

[1] The effective tax rate for pension plan settlement and restructuring activities is before consideration of the CARES Act.

We have supplemented the presentation of our reported GAAP operating profit, income from continuing operations before income taxes, provision (benefit) for income taxes, income from continuing operations, net income from continuing operations attributable to Trinity Industries, Inc., and diluted income from continuing operations per common share attributable to Trinity Industries, Inc. with non-GAAP measures that adjust the GAAP measures to exclude the impact of pension plan settlement, restructuring activities, the income tax effects of the CARES Act, and certain other non-recurring transactions or events (as applicable). These non-GAAP measures are derived from amounts included in our GAAP financial statements and are reconciled to the most directly comparable GAAP financial measures in the table above. Management believes that these measures are useful to both management and investors for analyzing the performance of our business without the impact of certain non-recurring items. Non-GAAP measures should not be considered in isolation or as a substitute for our reporting results prepared in accordance with GAAP and, as calculated, may not be comparable to other similarly titled measures for other companies.

Reconciliation: *Walking FCF Beyond Lease Investment*

	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21
			(in millions)		
Net cash provided by operating activities - continuing operations	$ 173.8	$ 154.0	$ 129.0	$ 195.0	$ 70.1
Proceeds from lease portfolio sales *	68.5	63.7	6.5	—	17.3
Adjusted Net Cash Provided by Operating Activities	242.3	217.7	135.5	195.0	87.4
Capital expenditures – manufacturing and other	(14.0)	(27.5)	(29.2)	(31.6)	(8.5)
Dividends paid to common shareholders	(22.7)	(23.7)	(21.4)	(23.9)	(23.2)
Free Cash Flow (before Capital expenditures – leasing)	205.6	166.5	84.9	139.5	55.7
Equity CapEx for new leased railcars (*from table below*)	(148.2)	(177.2)	(83.1)	(75.2)	34.5
Total Free Cash Flow After Investments and Dividends	**$ 57.4**	**$ (10.7)**	**$ 1.8**	**$ 64.3**	**$ 90.2**
Capital expenditures – leasing *	$ 129.2	$ 130.3	$ 189.3	$ 153.4	$ 107.9
Less:					
Payments to retire debt	(471.4)	(146.9)	(177.2)	(647.4)	(185.3)
Proceeds from issuance of debt	452.4	100.0	283.4	725.6	327.7
Net proceeds from (repayments of) debt	(19.0)	(46.9)	106.2	78.2	142.4
Equity CapEx for new leased railcars	$ 148.2	$ 177.2	$ 83.1	$ 75.2	$ (34.5)

Total Free Cash Flow After Investments and Dividends ("Free Cash Flow") is a non-GAAP financial measure. The change in presentation of sales of railcars from the lease fleet, which was effected on a prospective basis beginning in the fourth quarter of 2020, had no effect on our previously reported Free Cash Flow.

Beginning in the fourth quarter of 2020, Free Cash Flow is defined as net cash provided by operating activities from continuing operations as computed in accordance with GAAP, plus cash proceeds from lease portfolio sales, less capital expenditures for manufacturing, dividends paid, and Equity CapEx for new leased railcars. Equity CapEx for new leased railcars is defined as leasing capital expenditures, adjusted to exclude net proceeds from (repayments of) debt.

* For periods prior to the fourth quarter of 2020, Free Cash Flow is defined as net cash provided by operating activities from continuing operations as computed in accordance with GAAP, plus cash proceeds from sales of leased railcars owned more than one year at the time of sale, less capital expenditures for manufacturing, dividends paid, and Equity CapEx for new leased railcars. Equity CapEx for new leased railcars is defined as leasing capital expenditures, net of sold lease fleet railcars owned one year or less, adjusted to exclude net proceeds from (repayments of) debt.

We believe Free Cash Flow is useful to both management and investors as it provides a relevant measure of liquidity and a useful basis for assessing our ability to fund our operations and repay our debt. Free Cash Flow is reconciled to net cash provided by operating activities from continuing operations, the most directly comparable GAAP financial measure, in the table above. Non-GAAP measures should not be considered in isolation or as a substitute for our reporting results prepared in accordance with GAAP and, as calculated, may not be comparable to other similarly titled measures for other companies.

Reconciliation: Total Company Pre-Tax ROE

	LTM March 31, 2021	December 31, 2020	December 31, 2019
		($ in millions)	
Numerator:			
Income (loss) from continuing operations	$ (386.9)	$ (226.1)	$ 139.2
Provision (benefit) for income taxes	(114.8)	(268.4)	61.5
Income (loss) from continuing operations before income taxes	(501.7)	(494.5)	200.7
Net loss attributable to noncontrolling interest	81.5	78.9	1.5
Adjustments:			
Restructuring activities, net	5.2	11.0	14.7
Impairment of long-lived assets – controlling interest [1]	315.1	315.1	—
Early redemption of debt	—	5.0	—
Pension plan settlement	152.7	151.5	—
Adjusted Profit Before Tax	$ 52.8	$ 67.0	$ 216.9
Denominator:			
Total stockholders' equity	$ 1,967.9	$ 2,016.0	$ 2,378.9
Noncontrolling interest	(275.5)	(277.2)	(348.8)
Accumulated other comprehensive loss	25.8	30.9	153.1
Adjusted Stockholders' Equity	$ 1,718.2	$ 1,769.7	$ 2,183.2
Average total stockholders' equity	$ 1,992.0	$ 2,197.5	$ 2,470.5
Return on Equity [2]	(19.4)%	(10.3)%	5.6 %
Average Adjusted Stockholders' Equity	$ 1,744.0	$ 1,976.5	$ 2,255.4
Pre-Tax Return on Equity [3]	3.0 %	3.4 %	9.6 %

(1) Excludes $81.3 million of non-cash impairment of long-lived asset charges associated with the noncontrolling interest recorded in the second quarter of 2020.
(2) Return on Equity is calculated as income (loss) from continuing operations divided by average total stockholders' equity.
(3) Pre-Tax Return on Equity is calculated as adjusted profit before tax divided by average adjusted stockholders' equity, each as defined and reconciled above.

Pre-Tax Return on Equity ("Pre-Tax ROE") is a non-GAAP measure that is derived from amounts included in our GAAP financial statements. We define Pre-Tax ROE as a ratio for which (i) the numerator is calculated as income or loss from continuing operations, adjusted to exclude the effects of the provision or benefit for income taxes, net income or loss attributable to noncontrolling interest, and certain other adjustments, which include restructuring activities, the controlling interest portion of impairment of long-lived assets, early redemption of debt, and pension plan settlement; and (ii) the denominator is calculated as average stockholders' equity (which excludes noncontrolling interest), adjusted to exclude accumulated other comprehensive income or loss.

In the table above, the numerator and denominator of our Pre-Tax ROE calculation are reconciled to income from continuing operations and total stockholders' equity, respectively, which are the GAAP financial measures used in the computation of ROE. Management believes that Pre-Tax ROE is a useful measure to both management and investors as it provides an indication of the economic return on the Company's investments over time. Pre-Tax ROE is used in consideration of the Company's expected tax position in the near-term. Non-GAAP measures should not be considered in isolation or as a substitute for our reporting results prepared in accordance with GAAP and, as calculated, may not be comparable to other similarly titled measures for other companies.

Footnotes and Reconciliations

Slide 5 - Rail Market Update and Commercial Overview
(1) Association of American Railroads (AAR) Weekly Railcar Loadings
(2) AAR Rail Time Indicators – April 1, 2021
(3) Future Lease Rate Differential (FLRD) calculates the weighted average of the most current quarterly lease rates transacted compared to the weighted average lease rates for railcars expiring over the next twelve months.

Slide 6 - Trinity Business Segment Performance Trends
(1) Leasing Operations Profit Margin calculated using only revenues and profit from Leasing Operations including partially-owned subsidiaries and excluding railcar sales. Leasing Operations is specific to revenue and operating profit reported under "Leasing and management" within the Railcar Leasing and Management Services Group.

Slide 7 - Executing on Strategic Initiatives to Improve Pre-Tax ROE
(1) Includes corporate revolving credit facility as part of the short-term financing structure

Slide 8 - Strong Performance Trends and Key Highlights
Adjusted EPS includes the following adjustments reported by the Company (each per common diluted share):

- Reported Q1-20 GAAP EPS was $1.33; Adjusted EPS excludes $0.04 related to restructuring activities, $0.03 related to the early redemption of high coupon debt, and $1.29 related to the effects of tax loss carryback provisions under recent tax legislation.
- Reported Q2-20 GAAP EPS was $(1.76); Adjusted EPS excludes $1.86 related to the non-cash impairment of long-lived assets, and an additional income tax benefit of $0.10 related to the effects of tax loss carryback provisions under recent tax legislation.
- Reported Q3-20 GAAP EPS was $0.21; Adjusted EPS excludes $0.03 related to restructuring activities, and $0.07 in additional income tax benefit related to the effects of tax loss carryback provisions under recent tax legislation.
- Reported Q4-20 GAAP EPS was $(1.13); Adjusted EPS excludes $1.03 related to the pension plan settlement, $0.18 related to the non-cash impairment of long-lived assets, and an additional income tax benefit of $0.05 related to carryback claims as permitted under recent tax legislation.
- Reported Q1-21 GAAP EPS was $0.03; Adjusted EPS excludes an income tax expense adjustment of $0.03 related to prior year carryback claims as permitted under recent tax legislation and $0.01 related to the pension plan settlement.

Slide 9 - Healthy Balance Sheet Strategically Positioned for Market Uncertainty and Opportunistic Deployment
(1) Balances and blended average interest rate as of March 31, 2021
(2) Includes corporate revolving credit facility as part of the short-term financing structure