

Section 1: 8-K (8-K)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

April 24, 2019



TRINITY INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1-6903

(Commission File No.)

75-0225040

(I.R.S. Employer
Identification No.)

**2525 N. Stemmons Freeway,
Dallas, Texas**

(Address of principal executive offices)

75207-2401

(Zip Code)

Registrant's telephone number, including area code:

214-631-4420

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

The Registrant hereby furnishes the information set forth in its News Release, dated April 24, 2019, announcing operating results for the three month period ended March 31, 2019, a copy of which is furnished as Exhibit 99.1 and incorporated herein by reference. On April 25, 2019, the Registrant held a conference call and webcast with respect to its financial results for the three month period ended March 31, 2019. The conference call scripts of Jessica Greiner, Vice President of Investor Relations and Communications; Timothy R. Wallace, Chief Executive Officer and President; Eric R. Marchetto, Senior Vice President and Group President, *TrinityRail*; and Melendy E. Lovett, Senior Vice President and Chief Financial Officer; are furnished as exhibits 99.2, 99.3, 99.4, and 99.5, respectively, and incorporated herein by reference.

This information is not "filed" pursuant to the Securities Exchange Act of 1934 and is not incorporated by reference into any Securities Act of 1933 registration statements. Additionally, the submission of the report on Form 8-K is not an admission of the materiality of any information in this report that is required to be disclosed solely by Regulation FD.

Item 7.01 Regulation FD Disclosure.

See "Item 2.02 — Results of Operations and Financial Condition."

Forward-Looking Statements

Some statements in this release, 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. 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.

Item 9.01 Financial Statements and Exhibits.

(a) - (c) Not applicable.

(d) Exhibits:

Exhibit No. / Description

[99.1 News Release dated April 24, 2019 with respect to the operating results for the three month period ended March 31, 2019.](#)

[99.2 Conference call script of April 25, 2019 of Jessica Greiner, Vice President of Investor Relations and Communications.](#)

[99.3 Conference call script of April 25, 2019 of Timothy R. Wallace, Chief Executive Officer and President.](#)

[99.4 Conference call script of April 25, 2019 of Eric R. Marchetto, Senior Vice President and Group President, TrinityRail.](#)

[99.5 Conference call script of April 25, 2019 of Melendy E. Lovett, Senior Vice President and Chief Financial Officer.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

April 25, 2019

Trinity Industries, Inc.

By: /s/ Melendy E. Lovett

Name: Melendy E. Lovett

Title: Senior Vice President and Chief Financial Officer

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Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

NEWS RELEASE



TRINITY INDUSTRIES, INC.

FOR IMMEDIATE RELEASE

Trinity Industries, Inc. Announces Strong Improvement in First Quarter 2019 Results

Continued growth of the owned leased railcar portfolio

Progresses towards goal of balance sheet optimization

Continued focus of returning capital to shareholders

Reiterates guidance outlook for 2019 earnings growth of between 64-93%

DALLAS, Texas - April 24, 2019 - Trinity Industries, Inc. (NYSE:TRN) today announced earnings results for the first quarter ended March 31, 2019.

Financial and Operational Highlights - First Quarter 2019 (as of March 31, 2019):

- Reported quarterly earnings from continuing operations per common diluted share ("EPS") of \$0.24, an increase of 167% year over year
- Reported quarterly revenues from leasing and management services of \$187.1 million with a 41.2% operating profit margin
- Leasing Group grew the wholly-owned and partially-owned lease fleet to 101,005 units, bringing the total net book value of the lease fleet (before deferred profit) to \$7.2 billion
- Leasing Group reported lease fleet utilization of 98.4%
- Reported Rail Products Group quarterly revenues of \$603.6 million and an 8.4% operating profit margin
- Rail Products Group reported total railcar backlog of \$3.3 billion
- Rail Products Group reported quarterly railcar orders and deliveries of 3,000 and 4,505, respectively
- Repurchased approximately 3.5 million shares at a cost of \$89.0 million, including the completion of the Company's previously announced \$350 million accelerated share repurchase program
- Put a new \$350 million share repurchase authorization in place for 2019-2020
- Increased quarterly dividend to \$0.17 per common share, an increase of 31%
- Successfully executed a \$528.3 million secured railcar financing transaction subsequent to quarter-end

"Trinity is off to a good start in 2019 with significant improvement in year over year earnings per share and quarterly revenue growth across our business segments," said Timothy R. Wallace, Trinity's Chief Executive Officer and President. "We are making great progress in enhancing shareholder value. I am pleased with the level of capital the Company has recently returned to shareholders. This includes a 31% increase in the company's quarterly dividend announced in March 2019 and the completion of the previously

announced \$350 million accelerated share repurchase program. In addition, we announced another share repurchase authorization of \$350 million that expires in December 2020. Recently during the second week of April, we made further progress in optimizing the balance sheet with a very successful \$528 million leased railcar securitization at a coupon rate of 3.82%.”

Mr. Wallace continued, “Trinity’s businesses performed well during the quarter. Currently, the general sense of economic uncertainty within our commercial markets shows signs of improvement. Our Leasing business maintained a strong level of utilization, increased its operating margin during the quarter, and grew its wholly and partially-owned lease fleet by 9% year over year. During the first quarter, our Rail Products team changed over a number of production lines while delivering a higher operating margin relative to the fourth quarter. The highway products business had a good first quarter despite several severe weather-related events that affected the timing of a number of highway construction projects. Overall, we continue to expect earnings growth of approximately 60-90% year over year for 2019. I continue to be very excited about focusing our resources on growing and improving TrinityRail’s integrated platform of products and services, as well as the strength and enthusiasm I see within our organization.”

Consolidated Results

Trinity Industries, Inc. reported net income from continuing operations attributable to Trinity stockholders of \$31.7 million, or \$0.24 per common diluted share, for the first quarter ended March 31, 2019. Net income from continuing operations attributable to Trinity stockholders for the same quarter of 2018 was \$13.8 million, or \$0.09 per common diluted share. Revenues for the first quarter of 2019 increased to \$604.8 million compared with revenues of \$533.2 million for the same quarter of 2018. Our effective tax rate was lower during the first quarter of 2019 in comparison to the prior year period primarily due to lower foreign taxes.

Quarterly Business Group Results

Railcar Leasing and Management Services Group

The Leasing Group's financial performance continues to benefit from lease fleet growth, and market lease rates for railcars renewing in our portfolio have improved in recent months. During the quarter, the Company completed secondary market portfolio sales to our railcar investment partners, maintaining an important financial partnership and supporting overall management of portfolio diversification. In the first quarter of 2019, the Leasing Group increased its revenues and operating profit to \$200.4 million and \$85.8 million, respectively, when compared with \$174.6 million and \$71.1 million, respectively, in the same quarter of 2018. The increase in the Leasing Group's revenues was primarily due to growth in our lease fleet and a higher volume of railcars sold from the lease fleet, partially offset by lower average lease rates reflective of the market environment the last few years. The increase in operating profit for the first quarter was primarily due to growth in the lease fleet, higher profits from railcar sales and lower rent expense resulting from the exercise of a purchase option for 6,779 railcars previously under lease, partially offset by increased depreciation expense associated with lease fleet growth. Total proceeds from the sale of leased railcars, including sales of railcars owned for more than one year that are not reported as revenues, were \$42.7 million in the first quarter of 2019 compared with \$15.5 million in the first quarter of 2018. The wholly-owned and partially-owned lease fleet grew to 101,005 units as of March 31, 2019, an increase of approximately 9% in comparison to March 31, 2018. Supplemental information for the Leasing Group is provided in the accompanying tables.

Rail Products Group

During the first quarter of 2019, the Rail Products Group completed numerous line change-overs required to achieve our planned rail manufacturing volume increase for 2019. The Rail Products Group reported revenues of \$603.6 million compared with revenues of \$588.1 million in the first quarter of 2018. The improvement in revenues primarily resulted from growth in our maintenance services business and favorable railcar product mix changes and pricing compared to the prior year period, partially offset by lower railcar deliveries in the quarter. While quarterly segment operating profit and profit margin improved sequentially as expected, the Rail Products Group reported a decrease in operating profit and operating profit margin year over year to \$50.6 million and 8.4%, respectively, in the first quarter of 2019 compared with \$51.5 million and 8.8%, respectively, in the first quarter of 2018. The decline in operating profit was primarily due to production inefficiencies related to changes in the mix of railcars manufactured during the period and activities undertaken in anticipation of higher production levels expected in future periods. The Rail Products Group received orders for 3,000 railcars and delivered 4,505 railcars during the first quarter of 2019, compared with orders for 4,705 railcars and deliveries of 5,725 railcars, respectively, in the same quarter last year. The railcar backlog in the Rail Group decreased during the quarter to \$3.3 billion as of March 31, 2019, representing 26,320 railcars, compared with a railcar backlog of \$3.6 billion as of December 31, 2018, representing 30,875 railcars.

Effective March 31, 2019, the Company has elected to remove from the Rail Products Group's backlog contractually committed orders for approximately 3,050 leased railcars valued at \$240 million because of the financial condition of one of the Leasing Group's customers. Negotiation of the consideration to be received in exchange for terminating the underlying leases is ongoing. All of the contracts removed from the Rail Products Group's backlog for delivery to the lease fleet were planned for delivery beyond 2019; therefore, this change is not expected to have a financial impact in the current year.

All Other Group

In the first quarter of 2019, the All Other Group, which primarily includes the results of our highway products and logistics businesses, reported revenues of \$86.4 million compared with revenues of \$77.3 million in the first quarter of 2018. Operating profit for the All Other Group was \$6.6 million for the first quarter of 2019, compared with operating profit of \$5.8 million in the first quarter of 2018. The increase in revenues and operating profit was primarily due to increased demand and higher shipping volumes in our highway products business, as well as an increase in internal and external shipments by our logistics business.

Share Repurchases

During the first quarter of 2019, the Company repurchased approximately 3.5 million shares at a cost of \$89.0 million. This total includes approximately 2.6 million shares that were delivered to the Company upon final settlement of the previously announced accelerated share repurchase program, which was funded in November 2018, as well as the repurchase of approximately 0.9 million shares at a cost of \$19.0 million under a new \$350.0 million share repurchase authorization approved by the Company's Board of Directors on March 7, 2019.

Quarterly Dividend Increase

In addition to the new share repurchase authorization approved by our Board of Directors, the Board also approved a 31% increase to our quarterly dividend from \$0.13 per share to \$0.17 per share, which will be payable on April 30, 2019 to stockholders of record as of April 15, 2019.

Secured Railcar Financing Transaction

Subsequent to quarter-end, on April 12, 2019, Trinity Industries Leasing Company ("TILC") and Trinity Rail Leasing 2019 LLC ("TRL-2019"), two wholly-owned subsidiaries of the Company, closed a single-tranche railcar asset-backed securitization in the aggregate amount of \$528.3 million, with a coupon of 3.82% and a weighted average life of approximately 6.1 years. The transaction is secured by a portfolio of approximately 8,003 railcars and their associated operating leases. The obligations of the equipment notes are non-recourse to Trinity and TILC. Net proceeds received from the transaction will be used to repay outstanding borrowings under the Leasing Group's secured warehouse credit facility and the Company's revolving credit facility, and for general corporate purposes.

"We are very pleased with the successful completion of the recent asset-backed securitization," said Melendy E. Lovett, Senior Vice President and Chief Financial Officer of Trinity Industries. "TRL 2019 is the 17th long-term financing transaction Trinity has completed since 2000, cementing Trinity as the preeminent issuer of railcar asset-back securitizations. The notes issued in the securitization are rated single 'A' by both Standard & Poors and Kroll Bond Rating Agency and are secured by a diversified portfolio of railcars with a net book value of \$660 million. We continue to believe the debt markets appreciate and value Trinity's ability to operate and service high-performing portfolios of railcar assets through our unique integrated rail platform."

2019 Guidance

For the full year 2019, the Company continues to anticipate earnings of between \$1.15 and \$1.35 per common diluted share, an increase of 64% to 93% as compared to 2018. Additionally, the Leasing Group expects a net lease fleet investment of between \$1.2 billion and \$1.4 billion in 2019. At this time, the Rail Products Group expects full year 2019 deliveries of between approximately 23,500 and 25,500 railcars. Additional guidance information is included in the accompanying tables.

Conference Call

Trinity will hold a conference call at 11:00 a.m. Eastern on April 25, 2019 to discuss its first quarter results. To listen to the call, please visit the Investor Relations section of the Trinity Industries website, www.trin.net and select the Events & Presentations menu link. An audio replay may be accessed through the Company's website or by dialing (402) 220-7204 until 11:59 p.m. Eastern on May 2, 2019.

About Trinity Industries

Trinity Industries, Inc., headquartered in Dallas, Texas, owns businesses that are leading providers of rail transportation products and services in North America. Our rail-related businesses market their railcar products and services under the trade name *TrinityRail*®. The TrinityRail integrated platform provides railcar leasing and management services, as well as railcar manufacturing, maintenance and modifications. Trinity also owns businesses engaged in the manufacture of products used on the nation's roadways and in traffic control, as well as logistical and transportation businesses that provide support services to a variety of industrial manufacturers. Trinity reports its financial results in three principal business segments: the Railcar Leasing and Management Services Group, the Rail Products Group, and the All Other Group. For more information, visit: www.trin.net.

Some statements in this release, 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. 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.

Investor & Media Contact:

Jessica Greiner

Vice President, Investor Relations and Communications

Trinity Industries, Inc.

(Investors) 214/631-4420

(Media Line) 214/589-8909

- TABLES TO FOLLOW -

Trinity Industries, Inc.
Condensed Consolidated Income Statements
(in millions, except per share amounts)
(unaudited)

	Three Months Ended	
	March 31,	
	2019	2018
Revenues	\$ 604.8	\$ 533.2
Operating costs:		
Cost of revenues	463.4	399.9
Selling, engineering, and administrative expenses	59.6	73.4
(Gains) Losses on dispositions of property:		
Net gains on lease fleet sales	(7.9)	(2.1)
Other	(2.1)	(0.1)
	<u>513.0</u>	<u>471.1</u>
Operating profit	91.8	62.1
Interest expense, net	51.4	42.4
Other, net	0.3	(1.2)
Income from continuing operations before income taxes	40.1	20.9
Provision for income taxes	8.9	5.7
Net income from continuing operations	31.2	15.2
Income (loss) from discontinued operations, net of tax	(1.1)	26.4
Net income	30.1	41.6
Net income (loss) attributable to noncontrolling interest	(0.5)	1.4
Net income attributable to Trinity Industries, Inc.	<u>\$ 30.6</u>	<u>\$ 40.2</u>

Net income attributable to Trinity Industries, Inc. per common share:

Continuing operations	\$ 0.24	\$ 0.09
Discontinued operations	(0.01)	0.18
Basic	<u>\$ 0.23</u>	<u>\$ 0.27</u>

Continuing operations	\$ 0.24	\$ 0.09
Discontinued operations	(0.01)	0.17
Diluted	<u>\$ 0.23</u>	<u>\$ 0.26</u>

Weighted average number of shares outstanding:

Basic	130.4	147.4
Diluted	132.2	153.7

Trinity is required to utilize the two-class method of accounting when calculating earnings per share as a result of unvested restricted shares that have non-forfeitable rights to dividends and are, therefore, considered to be a participating security. The unvested restricted shares are excluded from the weighted average number of shares outstanding for the purposes of determining earnings per share. The two-class method may result in a lower earnings per share than is calculated from the face of the income statement. See Earnings Per Share Calculation table below.

Trinity Industries, Inc.
Condensed Segment Data
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenues:		
Railcar Leasing and Management Services Group	\$ 200.4	\$ 174.6
Rail Products Group	603.6	588.1
All Other	86.4	77.3
Segment Totals before Eliminations	890.4	840.0
Eliminations - Lease subsidiary	(270.1)	(296.1)
Eliminations - Other	(15.5)	(10.7)
Consolidated Total	\$ 604.8	\$ 533.2

	Three Months Ended March 31,	
	2019	2018
Operating profit (loss):		
Railcar Leasing and Management Services Group	\$ 85.8	\$ 71.1
Rail Products Group	50.6	51.5
All Other	6.6	5.8
Segment Totals before Eliminations and Corporate Expenses	143.0	128.4
Corporate	(23.6)	(37.7)
Eliminations - Lease subsidiary	(27.2)	(28.7)
Eliminations - Other	(0.4)	0.1
Consolidated Total	\$ 91.8	\$ 62.1

Trinity Industries, Inc.
Leasing Group
Condensed Results of Operations (unaudited)

	Three Months Ended	
	March 31,	
	2019	2018
	(\$ in millions)	
Revenues:		
Leasing and management	\$ 187.1	\$ 174.6
Sales of railcars owned one year or less at the time of sale ⁽¹⁾	13.3	—
Total revenues	\$ 200.4	\$ 174.6
Operating profit:		
Leasing and management	\$ 77.1	\$ 69.0
Railcar sales⁽¹⁾:		
Railcars owned one year or less at the time of sale	0.8	—
Railcars owned more than one year at the time of sale	7.9	2.1
Total operating profit	\$ 85.8	\$ 71.1
Operating profit margin:		
Leasing and management	41.2%	39.5%
Railcar sales	*	*
Total operating profit margin	42.8%	40.7%
Selected expense information⁽²⁾:		
Depreciation	\$ 54.4	\$ 45.1
Maintenance and compliance	\$ 27.8	\$ 26.4
Rent	\$ 5.5	\$ 10.1
Selling, engineering, and administrative expenses	\$ 12.8	\$ 12.2
Interest	\$ 46.0	\$ 31.5

	March 31,	March 31, 2018
	2019	
Leasing portfolio information:		
Portfolio size (number of railcars):		
Wholly-owned	76,365	67,935
Partially-owned	24,640	24,660
	101,005	92,595
Managed (third-party owned)	21,725	26,430
	122,730	119,025
Portfolio utilization (Company-owned railcars)	98.4%	96.1%

	Three Months Ended March 31,	
	2019	2018
	(in millions)	
Proceeds from sales of leased railcars:		
Leasing Group:		
Railcars owned one year or less at the time of sale	\$ 13.3	\$ —
Railcars owned more than one year at the time of sale	29.4	15.5
	\$ 42.7	\$ 15.5

* Not meaningful

⁽¹⁾ The Company recognizes sales of railcars from the lease fleet which have been owned by the lease fleet for one year or less as revenue. Sales of

railcars from the lease fleet which have been owned by the lease fleet for more than one year are recognized as a net gain or loss from the disposal of a long-term asset.

⁽²⁾Depreciation, maintenance and compliance, and rent expense are components of operating profit. Amortization of deferred profit on railcars sold from the Rail Group to the Leasing Group is included in the operating profit of the Leasing Group resulting in the recognition of depreciation expense based on the Company's original manufacturing cost of the railcars. Interest expense is not a component of operating profit and includes the effect of hedges.

Trinity Industries, Inc.
Condensed Consolidated Balance Sheets
(in millions)
(unaudited)

	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 73.9	\$ 179.2
Receivables, net of allowance	370.0	276.6
Income tax receivable	16.1	40.4
Inventories	618.4	524.7
Restricted cash	114.2	171.6
Net property, plant, and equipment	6,746.8	6,334.4
Goodwill	208.8	208.8
Other assets	265.7	253.5
	<u>\$ 8,413.9</u>	<u>\$ 7,989.2</u>
Accounts payable	\$ 197.3	\$ 212.1
Accrued liabilities	336.3	368.3
Debt	4,466.4	4,029.2
Deferred income	—	17.7
Deferred income taxes	752.7	743.1
Other liabilities	96.1	56.8
Stockholders' equity:		
Trinity Industries, Inc.	2,214.5	2,210.8
Noncontrolling interest	350.6	351.2
	<u>2,565.1</u>	<u>2,562.0</u>
	<u>\$ 8,413.9</u>	<u>\$ 7,989.2</u>

Trinity Industries, Inc.
Additional Balance Sheet Information
(in millions)
(unaudited)

	March 31, 2019	December 31, 2018
Property, Plant, and Equipment		
Manufacturing/Corporate:		
Property, plant, and equipment	\$ 972.7	\$ 963.2
Accumulated depreciation	(602.9)	(592.3)
	<u>369.8</u>	<u>370.9</u>
Leasing:		
Wholly-owned subsidiaries:		
Machinery and other	13.8	13.5
Equipment on lease	6,401.6	5,934.8
Accumulated depreciation	(1,009.2)	(971.8)
	<u>5,406.2</u>	<u>4,976.5</u>
Partially-owned subsidiaries:		
Equipment on lease	2,384.0	2,371.9
Accumulated depreciation	(573.7)	(557.2)
	<u>1,810.3</u>	<u>1,814.7</u>
Deferred profit on railcars sold to the Leasing Group	(1,048.9)	(1,030.0)
Accumulated amortization	209.4	202.3
	<u>(839.5)</u>	<u>(827.7)</u>
	<u>\$ 6,746.8</u>	<u>\$ 6,334.4</u>

Trinity Industries, Inc.
Additional Balance Sheet Information
(in millions)
(unaudited)

	March 31, 2019	December 31, 2018
Debt		
Corporate - Recourse:		
Revolving credit facility	\$ 250.0	\$ —
Senior notes, net of unamortized discount of \$0.3 and \$0.3	399.7	399.7
	<u>649.7</u>	<u>399.7</u>
Less: unamortized debt issuance costs	(2.2)	(2.3)
	<u>647.5</u>	<u>397.4</u>
Leasing:		
Wholly-owned subsidiaries:		
Non-recourse:		
Secured railcar equipment notes	1,279.9	1,301.3
TILC warehouse facility	600.5	374.8
Promissory notes	651.9	660.2
	<u>2,532.3</u>	<u>2,336.3</u>
Less: unamortized debt issuance costs	(18.6)	(19.7)
	<u>2,513.7</u>	<u>2,316.6</u>
Partially-owned subsidiaries - non-recourse:		
Secured railcar equipment notes	1,317.4	1,327.9
Less: unamortized debt issuance costs	(12.2)	(12.7)
	<u>1,305.2</u>	<u>1,315.2</u>
	<u>\$ 4,466.4</u>	<u>\$ 4,029.2</u>

Trinity Industries, Inc.
Additional Balance Sheet Information
(\$ in millions)
(unaudited)

	March 31, 2019	December 31, 2018
Leasing Debt Summary		
Total Recourse Debt	\$ —	\$ —
Total Non-Recourse Debt	3,818.9	3,631.8
	<u>\$ 3,818.9</u>	<u>\$ 3,631.8</u>
Total Leasing Debt		
Wholly-owned subsidiaries	\$ 2,513.7	\$ 2,316.6
Partially-owned subsidiaries	1,305.2	1,315.2
	<u>\$ 3,818.9</u>	<u>\$ 3,631.8</u>
Equipment on Lease⁽¹⁾		
Wholly-owned subsidiaries	\$ 5,406.2	\$ 4,976.5
Partially-owned subsidiaries	1,810.3	1,814.7
	<u>\$ 7,216.5</u>	<u>\$ 6,791.2</u>
Total Leasing Debt as a % of Equipment on Lease		
Wholly-owned subsidiaries	46.5%	46.6%
Partially-owned subsidiaries	72.1%	72.5%
Combined	52.9%	53.5%

⁽¹⁾ Excludes net deferred profit on railcars sold to the Leasing Group.

Trinity Industries, Inc.
Condensed Consolidated Cash Flow Statements
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2019	2018
Operating activities:		
Net income	\$ 30.1	\$ 41.6
(Income) loss from discontinued operations, net of income taxes	1.1	(26.4)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	67.5	58.2
Provision for deferred income taxes	9.7	4.9
Net gains on railcar lease fleet sales owned more than one year at the time of sale	(7.9)	(2.1)
Other	5.9	14.6
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(69.1)	13.9
(Increase) decrease in inventories	(93.7)	(2.2)
Increase (decrease) in accounts payable and accrued liabilities	(67.6)	(26.2)
Other	(1.9)	(2.5)
Net cash (used in) provided by operating activities - continuing operations	(125.9)	73.8
Net cash provided by operating activities - discontinued operations	—	99.9
Net cash (used in) provided by operating activities	(125.9)	173.7
Investing activities:		
Proceeds from railcar lease fleet sales owned more than one year at the time of sale	29.4	15.5
Proceeds from disposition of property and other assets	7.3	1.9
Capital expenditures - leasing, net of sold lease fleet railcars owned one year or less with a net cost of \$12.5 and \$0	(465.0)	(318.2)
Capital expenditures - manufacturing and other	(11.5)	(8.2)
(Increase) decrease in short-term marketable securities	—	98.7
Other	1.3	0.8
Net cash used in investing activities - continuing operations	(438.5)	(209.5)
Net cash used in investing activities - discontinued operations	—	(32.0)
Net cash used in investing activities	(438.5)	(241.5)
Financing activities:		
Payments to retire debt	(214.8)	(26.5)
Proceeds from issuance of debt	649.7	0.9
Shares repurchased	(15.0)	(49.3)
Dividends paid to common shareholders	(17.3)	(19.5)
Purchase of shares to satisfy employee tax on vested stock	(0.5)	(0.1)
Distributions to noncontrolling interest	(0.4)	(5.8)
Other	—	(3.0)
Net cash provided by (used in) financing activities	401.7	(103.3)
Net decrease in cash, cash equivalents, and restricted cash	(162.7)	(171.1)
Cash, cash equivalents, and restricted cash at beginning of period	350.8	973.8
Cash, cash equivalents, and restricted cash at end of period	\$ 188.1	\$ 802.7

Trinity Industries, Inc.**Earnings per Share Calculation**

(in millions, except per share amounts)

(unaudited)

Basic net income attributable to Trinity Industries, Inc. per common share is computed by dividing net income attributable to Trinity remaining after allocation to unvested restricted shares by the weighted average number of basic common shares outstanding for the period.

	Three Months Ended March 31,	
	2019	2018
	(in millions, except per share amounts)	
Income from continuing operations	\$ 31.2	\$ 15.2
Less: Net (income) loss attributable to noncontrolling interest	0.5	(1.4)
Unvested restricted share participation - continuing operations	(0.5)	(0.4)
Net income from continuing operations attributable to Trinity Industries, Inc.	31.2	13.4
Net income (loss) from discontinued operations, net of income taxes	(1.1)	26.4
Unvested restricted share participation - discontinued operations	—	(0.3)
Net income (loss) from discontinued operations attributable to Trinity Industries, Inc.	(1.1)	26.1
Net income attributable to Trinity Industries, Inc.	\$ 30.1	\$ 39.5
Basic weighted average shares outstanding	130.4	147.4
Effect of dilutive securities:		
Nonparticipating unvested restricted shares and stock options	1.8	0.9
Convertible subordinated notes	—	5.4
Diluted weighted average shares outstanding	132.2	153.7
Basic earnings per common share:		
Income from continuing operations	\$ 0.24	\$ 0.09
Income (loss) from discontinued operations	(0.01)	0.18
Basic net income attributable to Trinity Industries, Inc.	\$ 0.23	\$ 0.27
Diluted earnings per common share:		
Income from continuing operations	\$ 0.24	\$ 0.09
Income (loss) from discontinued operations	(0.01)	0.17
Diluted net income attributable to Trinity Industries, Inc.	\$ 0.23	\$ 0.26

Trinity Industries, Inc.
Reconciliation of EBITDA

(in millions)

(unaudited)

“EBITDA” is defined as net income plus interest expense, income taxes, and depreciation and amortization including goodwill impairment charges. EBITDA is not a calculation based on generally accepted accounting principles. The amounts included in the EBITDA calculation are, however, derived from amounts included in the historical consolidated statements of operations data. In addition, EBITDA should not be considered as an alternative to net income or operating income as an indicator of our operating performance, or as an alternative to operating cash flows as a measure of liquidity. We believe EBITDA assists investors in comparing a company’s performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending upon many factors. However, the EBITDA measure presented in this press release may not always be comparable to similarly titled measures by other companies due to differences in the components of the calculation.

	Three Months Ended March 31,	
	2019	2018
Net income	\$ 30.1	\$ 41.6
Add:		
Interest expense	52.7	46.3
Provision for income taxes	8.9	5.7
Depreciation and amortization expense	67.5	58.2
Earnings before interest expense, income taxes, and depreciation and amortization expense	<u>\$ 159.2</u>	<u>\$ 151.8</u>

Trinity Industries, Inc.
2019 Full Year Guidance and Outlook
(unaudited)

Total Company:

Total earnings per share ⁽¹⁾	\$1.15 - \$1.35 per share
Corporate expense	\$110 - \$120 million
Interest expense, net	\$220 - \$230 million
Estimated tax rate	26.0%

Railcar Leasing and Management Services Group:

Leasing and Management revenues ⁽²⁾	\$775 - \$790 million
Leasing and Management operating profit ⁽³⁾	\$320 - \$330 million
Proceeds from sales of leased railcars to RIV partners and secondary market ⁽⁴⁾	\$350 million

Rail Products Group:

Revenue	\$3.1 - \$3.3 billion
Operating margin	9.0% - 9.5%
Railcar deliveries	23,500 to 25,500 railcars
Revenue elimination from sales to Leasing Group ⁽⁵⁾	\$1.5 billion
Operating profit elimination from sales to Leasing Group ⁽⁵⁾	\$175 million

All Other Group Operating Profit ⁽⁶⁾	\$18 - \$22 million
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⁽¹⁾ The range for earnings per share guidance reflects variability in the point estimates provided above for each business segment.

⁽²⁾ Excludes sales of railcars owned one year or less at time of sale.

⁽³⁾ Excludes operating profit from railcar sales.

⁽⁴⁾ Excludes approximately \$160 million of proceeds from transactions currently expected to be accounted for as sales-type leases; however, the operating profit impact of these transactions has been factored into our full year 2019 EPS guidance.

⁽⁵⁾ Revenue and operating profit eliminations from sales to the Leasing Group include maintenance services in addition to railcar sales.

⁽⁶⁾ Includes Highway Products and Logistics businesses, as well as facilities engineering and non-operating plant expenses.

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Section 3: EX-99.2 (EXHIBIT 99.2)

Exhibit 99.2

Trinity Industries, Inc.
Earnings Release Conference Call – Q1 2019
Comments of Jessica Greiner
Vice President, Investor Relations and Communications
April 25, 2019

Thank you, Aaron, and good morning everyone. Thank you for joining us today. I'm Jessica Greiner, Vice President of Investor Relations and Communications. We welcome you to Trinity Industries' first quarter 2019 results conference call.

Trinity has now completed its first full quarter of operations as a leading provider of railcar products and services in the North American market. We are pleased to share some highlights with you today.

We will begin our earnings conference call with our prepared remarks from Tim Wallace, Chief Executive Officer and President of Trinity, followed by Eric Marchetto, Senior Vice President and Group President of TrinityRail. Melendy Lovett, Senior Vice President and Chief Financial Officer will provide the financial highlights and outlook. Following the prepared remarks from the leadership team, we will move to the Q&A session.

Brian Madison, President of Trinity Leasing and Management Services, and Paul Mauer, President of Trinity Rail Products are also in the room with us today, and will be a part of the Q&A session. Sarah Teachout, Senior Vice President and Chief Legal Officer and Steve McDowell, Vice President and Chief Accounting Officer are also in the room with us today.

It's now my pleasure to turn the call over to Tim.

Tim

Eric

Melendy

Q&A Session

Thank you, Aaron. That concludes today's conference call. A replay of today's call will be available after one o'clock eastern standard time through midnight on May 2, 2019. The access number is (402) 220-7204. A replay of the webcast will also be available under the Events and Presentations page on our Investor Relations website located at www.trin.net.

We look forward to visiting with you again on our next conference call, and thank you for joining us this morning.

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Section 4: EX-99.3 (EXHIBIT 99.3)

Exhibit 99.3

Trinity Industries, Inc.
Earnings Release Conference Call – Q1 2019
Comments of Timothy R. Wallace
Chief Executive Officer and President
April 25, 2019

Thank you, Jessica, and good morning everyone.

I am pleased with how our organization has come together and is performing at a high level as the new Trinity. We have a number of seasoned people in new executive roles and they are providing significant value to our organization. I am pleased with everything we have accomplished during our first six months as a new company following the spin-off of Arcosa. I have a high degree of confidence in our organization.

We are making good progress in respect to optimizing our balance sheet. During the early part of April, we completed a successful \$528 million leased railcar financing at a very competitive coupon rate of 3.82%. Our capital markets and treasury teams did an excellent job of executing this financing. Melendy will provide more details in her remarks.

We have also made progress returning capital to our shareholders. Last November, we announced a \$350 million accelerated share repurchase program that was completed in the first quarter. Following its completion, our board approved another \$350 million share repurchase authorization, as well as a 31% increase in the company's quarterly dividend. Our commitment to returning capital to shareholders through dividends and share repurchases continues to be a priority for us.

Our businesses got off to a good start in the first quarter improving our year over year EPS and quarterly revenue growth. Our Leasing business has positive momentum. It maintained a high level of lease fleet utilization and increased its operating margin during the quarter. Our wholly and partially-owned lease fleet grew by 9% during the past year. Our Rail Products team changed over a number of production lines while delivering a higher operating margin relative to the previous quarter. Our highway products business had a good first quarter despite a number of severe weather-related events that affected the timing of several highway construction projects.

As we enter the second quarter, the general sense of economic uncertainty that affected many of our commercial markets at the start of the year appears to be diminishing. Overall, we expect 2019 to be a strong year for us in respect to earnings growth. We remain on track to increase our earnings in excess of 60 percent year over year for 2019.

Our vision for *TrinityRail* is to be a premier provider of railcar products and services in North America while generating high quality earnings and returns for shareholders. Today, we have an impressive platform that provides a host of offerings to our customers across the railcar equipment ecosphere. The strength and breadth of TrinityRail's platform provides an excellent foundation for us to continually pursue our journey of being a premier provider of railcar products and services.

The integration of our manufacturing, leasing and management services businesses generates a number of tangible and intangible benefits for our company. Our manufacturing business is a highly reliable and timely source of high quality railcars for our leasing business. TrinityRail's design engineers strive to develop innovative features that can be launched through our lease fleet, improving the usage and productivity of railcars for customers. Our leasing business also provides us regular opportunities to engage with our customers and links us with our products throughout their life cycle. These touch points create a direct

feedback loop that generates information and data to help us continuously refine, innovate, and improve our railcar products and services. From a financial point of view, we especially value the recurring revenues and predictable cash flows generated by our leasing and management services businesses.

Longer term, we expect to continue to advance further into the railcar value stream, enhancing our customer relationships and developing additional, diverse sources of recurring revenue with predictable cash flows. We plan to accomplish this by doubling the size of our lease fleet, leveraging technology and innovation, and expanding our platform of railcar products and services to provide valuable business solutions to our customers. Ultimately, we envision our railcar platform as the “go-to” source for companies that value the associated benefits of optimized railcar ownership and usage. We want them to view TrinityRail as a trusted partner who can help facilitate the rail delivery of their bulk goods in a seamless and cost-effective manner.

Shippers of bulk goods have alternatives for transporting their products. We want shippers to select railcars as their preferred shipment mode. Longer term, initiatives designed to optimize the railcar industry ecosphere, including precision scheduled railroading, should have a positive effect on the modal share of rail in North America. Increasing rail’s modal share generates opportunities for our company that translate into value for our shareholders. We believe TrinityRail can fill a significant role by harnessing the power of the integrated rail platform to optimize the ownership and usage of railcars for our customers. This is a very exciting and transformational opportunity for our company and potentially a significant shift for the rail industry in general.

As we work at achieving our vision, we remain highly focused on deploying our capital with the expectation of providing value to our shareholders through high returns on our investments. In particular, we are looking for opportunities to develop additional sources of recurring revenues within the railcar ecosphere that provide predictable levels of earnings, cash flow, and stable returns.

Six months ago, we completed our spin-off so we could focus on our integrated platform of railcar products and services. We have established a strong, fresh leadership team and a highly motivated organization that is dedicated to driving value to our customers and our shareholders. At the beginning of my remarks, I mentioned how well our new organization is performing and the high degree of confidence I have in our company. In my experience, when we set our minds on accomplishing something, we deliver. I look forward to sharing progress with you as we continue on our journey.

Now, I’ll turn it over to Eric to discuss further details on operations of our business and commercial markets.

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Section 5: EX-99.4 (EXHIBIT 99.4)

Exhibit 99.4

Trinity Industries, Inc.
Earnings Release Conference Call – Q1 2019
Comments of Eric R. Marchetto
Senior Vice President and Group President, *TrinityRail*
April 25, 2019

Thank you, Tim, and good morning everyone!

I am very pleased with the performance the *TrinityRail* team delivered during the quarter. This has started our year with positive momentum. The team achieved improved pricing and operational efficiencies which yielded higher quarter over quarter operating segment margins for both the leasing company and our manufacturing business. As Tim mentioned, the general sense of economic uncertainty prevalent in our commercial markets earlier this year has begun to clear - an encouraging indicator of the overall health of the business environment.

Severe weather negatively impacted railcar loadings during the first quarter and lasting infrastructure damage continues to hinder rail traffic in some parts of North America. Nevertheless, inquiry levels continue at a good pace, in terms of number of railcars and number of quotations. We expect railcar loadings to recover in the coming months. We believe the various geopolitical events, macro-economic concerns, and the effects of the federal government shutdown, all of which clouded the market outlook earlier in the year, are now having less of an impact on our customers' shipping and railcar sourcing decisions.

The *TrinityRail* commercial and portfolio teams delivered a solid first quarter to start the year - maintaining lease utilization at a healthy level of 98.4% and achieving renewal success in line with our historical averages. Our railcar lease rates for new originations, assignments and renewals, and pricing for new equipment purchases exceeded our expectations. As a result, we continue to forecast our average lease rate for the wholly and partially owned railcar portfolio will improve year over year.

During the first quarter, *TrinityRail* received orders for 3,000 railcars across a broad range of railcar types. This brings our backlog to 26,320 railcars with a value of \$3.3 billion. We expect to deliver approximately 60% of the backlog units throughout the remainder of 2019. Those units account for approximately 83% of the midpoint of our annual unit guidance. As reflected in our quarter-end report, we removed 3,050 small cubed covered hoppers from our backlog with a value of \$240 million. These railcars were committed to a frac sand customer for our lease fleet for delivery in 2020 and beyond. The economics of this termination are still under negotiation with the lessee. This car type now represents approximately 1% of our remaining backlog.

TrinityRail Leasing and Management Services continued to make progress on our objective to grow the lease fleet. During the first quarter, our owned, partially owned and managed lease fleet grew to over 122,700 railcars -- principally through captive originations. Over the years, we have consistently proven to be the leader in new railcar lease originations. The tangible and intangible benefits of sourcing new railcars from our Rail Products business are significant factors in enhancing shareholder value through the integrated rail platform. Commercially, it allows us to capitalize on market opportunities by rapidly deploying existing assets to emerging opportunities, while augmenting our fleet in direct alignment with demand when customer needs surpass the existing railcar supply. Financially, our lower cost basis of the asset is reflected in the equipment value on our balance sheet, thus enhancing earnings and returns for shareholders throughout the life of the railcar.

The *TrinityRail* Products team also delivered a solid quarter. In the first three months of the year, the team delivered 4,505 new railcars across a broad array of product types as a result of several successful line changeovers. The Rail Products Group achieved an operating margin of 8.4%, an improvement from 6.3% in the fourth quarter of 2018. The improvement in margin was primarily due to favorable railcar product mix, improved pricing in railcars delivered from the backlog, and growth in the railcar Maintenance Services business. We expect operating profit will improve through the year as we gain operating leverage with increasing volumes.

We are focused on investing in the differentiation of our integrated platform's products and services. As a leading railcar owner, railcar manufacturer, and experienced railcar services provider, the breadth and depth of our integrated platform is unmatched in the industry. Our multi-faceted relationships with North American rail shippers, railroads, and lessors provide the organization with unique insights into rail shippers' needs and the performance of railcars in the field. This constant flow of information creates an invaluable feedback loop and we have initiatives underway across our platform to leverage this feedback to improve our products and services and deliver greater value to our customers.

In our leasing organization, I am particularly proud to highlight our increasingly impactful efforts to build scale through digital transformation and continuous improvement of our operational processes. Investments in relationship management tools and process improvements, data and analytics and developing our people - all done with an intense focus on delivering an outstanding customer experience. These efforts are paying off!

In our Products organization, we have realized the early success of several new railcar types that we highlighted on our fourth quarter conference call, including refrigerated box cars, mill gons, our innovative Hourglass Autorack, and an intermodal railcar. Collectively, these new products are expected to contribute approximately \$250 million of the segment's gross revenues in 2019. I expect demand for these products to continue in the years to come. *TrinityRail* continues to invest in product development efforts to convert our unique market view into better products that create more value for rail shippers and drive greater efficiency in the rail ecosphere.

We also continue to invest resources in our Maintenance Services business as part of our strategic initiatives. This business has experienced year over year organic growth of more than 50% in quarterly revenues, led by the growth of railcar modifications and our auto rack service center. Our team is making great strides towards increasing our capacity in our existing maintenance facilities to accommodate more railcars, as well as identifying plans to expand our geographic presence for better and faster service of our lease fleet. We view our Maintenance Services business as an important differentiator for our platform.

In closing, we are highly focused on operational execution and increasing the value proposition to our customers by offering differentiated products and services. We will continue to invest in the business that will drive our performance in the future. The *TrinityRail* integrated platform is built to deliver for all of our stakeholders - ultimately creating value for our customers, our employees and our shareholders.

I'll now turn it over to Melendy to discuss the financial guidance and update on our strategic financial objectives.

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Section 6: EX-99.5 (EXHIBIT 99.5)

Exhibit 99.5

Comments of Melendy E. Lovett
Senior Vice President and Chief Financial Officer
April 25, 2019

Thank you, Eric, and good morning everyone.

Yesterday following market close, the Company reported first quarter revenues of \$605 million and earnings per share from continuing operations of \$0.24. The earnings improvement resulted in a 167% increase year over year, and a 26% increase quarter over quarter. I echo Tim and Eric's regard and praise for the team's outstanding performance and strong start for the year. Following this conference call, we will file our quarterly 10-Q with additional information on our financial results.

As you have heard from Tim and Eric, we are excited about the positive fundamentals and the opportunities we see in our end markets and our rail businesses. Our capital allocation plans and approach remain consistent with our communications following the spin-off. Investing in value-creating business opportunities that transformatively grow the lease fleet and build out our commercial fleet services, as well as enhance our manufacturing and maintenance footprint, are important elements of our growth strategy and capital allocation plans. Other important elements of our capital allocation approach are to improve returns and return capital to shareholders. We are making progress in accomplishing these goals through optimizing the Company's capital structure and opportunistically leveraging the balance sheet to finance our investments.

During the first quarter, we made a net investment of \$465 million in our owned lease fleet. Approximately half of this investment was in new railcars from manufacturing while the remainder was primarily the exercise of the sale-leaseback early purchase option we disclosed in February. We also built up inventory in preparation for our planned production ramp up and build out of capacity. We expect inventory to decline through the balance of the year.

As expected, Trinity completed the previously announced \$350 million accelerated share repurchase program during the first quarter, of which \$70 million was settled in March. Total share repurchases during the first quarter amounted to \$89 million, which included \$19 million that was executed under the Company's newly approved \$350 million share repurchase authorization that expires in December of 2020. We will disclose future share repurchase activity as we report each quarter's financial results.

We were also pleased to announce during the first quarter a 31% increase to our quarterly dividend, which will be paid to shareholders at the end of April. At the time of the announcement, the dividend increase raised our dividend yield to approximately 3%. Collectively, the dividend and share repurchase program reflect our commitment to returning capital to shareholders. These actions are supported by our financial strength and the confidence we have in our integrated platform of rail products and services.

As a result of the investments made across our businesses in the first quarter, our quarter-ending balance of cash and cash equivalents was approximately \$74 million.

Subsequent to quarter end, Trinity successfully closed on the \$528 million railcar asset backed securitization TRL-2019. This ABS is secured by a portfolio of \$660 million railcars and their associated leases and is single 'A' rated by the reviewing credit rating agencies. We are extremely pleased with the level of interest from the investment community for this debt offering and the pricing at a 3.82% coupon

rate. We continue to believe the debt markets appreciate and value Trinity's ability to operate and service high-performing portfolios of railcar assets through our unique integrated rail platform.

On a pro-forma basis, this securitization brings our wholly-owned lease fleet leverage ratio to 50% as of the end of the first quarter - in line with our target of 57-59% for the year. And, it brings our corporate cash balance to approximately \$130 million - in line with our target of \$100 - 200 million. We still anticipate significant new railcar additions to our wholly-owned lease fleet during 2019, and we expect to finance this growth with appropriate leverage. We are making good progress to lower our overall cost of capital and align the capital structure of the lease fleet to an optimized level more typical for a leasing company.

Moving now to guidance, in yesterday's press release, Trinity reiterated annual EPS guidance from continuing operations of \$1.15 to \$1.35 for 2019, resulting in growth of 64% to 93% year over year. We continue to expect profit from continuing operations to increase throughout the year as we add railcars to our lease fleet, ramp up railcar unit deliveries, and begin delivering railcars from the manufacturing backlog that were priced in more recent market conditions. The timing of railcar sales from the lease fleet is difficult to predict and incorporates considerations in working with our investment partners and analyzing other secondary market factors. We now expect the majority of railcar sales from the lease fleet to occur in the second half of 2019.

While our earnings guidance for the Company did not change, there were slight adjustments to the business and the corporate forecasts. We now expect slightly higher revenues from operations in the Railcar Leasing and Management Services Group, between \$775 million and \$790 million and operating profit between \$320 million and \$330 million in 2019. The improvement in revenue and profit is mainly attributable to growth in the lease fleet and modestly improving average lease rates. Our expectations for proceeds from sales of leased railcars from the lease fleet to RIV partners and the secondary market remains the same at \$350 million, leaving a little over \$300 million to complete through the balance of the year. Certain of the proceeds will be included in segment revenue once the determination of assets is finalized. As a reminder, in our earnings guidance, we have leases with a purchase option (referred to as sales-type leases for accounting purposes). We are required to account for these as sales per the lease accounting rules, and we expect this to add an additional \$160 million in revenue. The gain on all of these sales transactions will be attributed to the total Leasing segment profit, and our EPS guidance range incorporates these assumptions.

Moving to the Rail Products Group, we continue to expect revenue and operating profit to be \$3.1 billion to \$3.3 billion with a 9% to 9.5% operating margin. This includes railcar delivery units of 23,500 to 25,500 railcars. Our Rail Products Group margin reflects improving manufacturing efficiencies with higher unit deliveries and broad demand for our products across end markets.

We have slightly lowered our Corporate Expenses guidance range to \$110 to \$120 million as a result of progress we are making in our cost optimization efforts and favorable recoveries during the quarter. Our guidance includes elevated litigation-related expenses continuing through the year as we work to close out the follow-on lawsuits resulting from the federal qui-tam litigation. As a reminder, our guidance for Corporate Expenses also includes transition and stranded costs related to the spin-off and separation of Arcosa. We are working diligently to ensure that our corporate expenses are aligned with Trinity's go-forward business model. We will continue to update you on our cost optimization progress in future earnings calls.

Regarding revenue and profit eliminations, given orders received during the first quarter and ongoing visibility to leasing customers' railcar equipment needs, we now forecast Rail Products Group revenue eliminations of \$1.5 billion and profit eliminations of \$175 million. As a reminder, the revenue and profit asso

ciated with these investments reflect the market-based transfer pricing for intercompany transactions between our railcar leasing and products business segments.

Regarding our net lease fleet investment, considering the additional railcars we expect to add to the lease fleet, and the anticipated proceeds from secondary market sales and purchases we expect total net lease fleet investment to remain at \$1.2 billion to \$1.4 billion for 2019.

In addition to our planned leasing capital expenditures, our manufacturing and corporate capital expenditures forecast remains at \$90 million to \$110 million, primarily made up of facility expansions and improvements to meet our product delivery commitments.

As part of our plan to improve our financial performance, our objective is to narrow the variability of Trinity's earnings and returns from year to year as we drive our returns higher through the railcar cycles. Our goals for 2019 are focused short term on improving earnings and focused long term on improving Return on Equity and relative Total Shareholder Return. The Board and management have aligned our incentive plans with these goals, and we believe these goals are well-aligned with investor expectations. Making progress on these goals, we aim to stabilize and improve our return results, generating even more value for our shareholders.

In closing, the investments we are making in our businesses, initiatives to optimize our capital structure, and our efforts to improve returns are all aligned with our objective of driving value to shareholders over the long term. Our capital structure and financial approach are aimed at moving Trinity in the direction of being valued by investors and the capital markets as more of a leasing company.

Together, the leadership team and I are very excited about our potential for growth and improving returns, and we look forward to sharing our progress with you along the way.

We'll now transition into the Q&A session. Operator will you please give our listeners the instructions.

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