



# FREIGHTCAR AMERICA

**Investor Presentation**

November 2024

# Disclosures

## Forward-Looking Statements

This presentation contains statements relating to our expected financial performance, financial condition, and/or future business prospects, events and/or plans that are “forward-looking statements” as defined under the Private Securities Litigation Reform Act of 1995. Forward-looking statements represent our estimates and assumptions only as of the date of this press release. Our actual results may differ materially from the results described in or anticipated by our forward-looking statements due to certain risks and uncertainties. These risks and uncertainties relate to, among other things, the cyclical nature of our business; adverse geopolitical, economic and market conditions, including inflation; material disruption in the movement of rail traffic for deliveries; fluctuating costs of raw materials including steel and aluminum; future changes in U.S. tax laws and regulations or interpretations thereof; delays in the delivery of raw materials; our ability to maintain relationships with our suppliers of railcar components; our reliance upon a small number of customers that represent a large percentage of our sales; the variable purchase patterns of our customers and the timing of completion, delivery and customer acceptance of orders; the highly competitive nature of our industry; the risk of lack of acceptance of our new railcar offerings, and other competitive factors. The factors listed above are not exhaustive. New factors emerge from time to time that may cause our business not to develop as we expect, and it is not possible for us to predict all of them. We expressly disclaim any duty to provide updates to any forward-looking statements made in this press release, whether as a result of new information, future events or otherwise.

## Non-GAAP Financial Measures

This presentation includes measures not derived in accordance with generally accepted accounting principles (“GAAP”), such as EBITDA, Adjusted EBITDA, Adjusted net income (loss) and Adjusted EPS. These non-GAAP measures should not be considered in isolation or as a substitute for any measure derived in accordance with GAAP and may also be inconsistent with similar measures presented by other companies. Reconciliations of these measures to the applicable most closely comparable GAAP measures, and reasons for the Company’s use of these measures, are presented in the “Appendix.”

# Company Overview

# Storied History of Success with Runway for Growth

**120-year**  
Distinguished  
Legacy

Industry Leading  
Pure Play  
Manufacturer of  
High-Quality  
Freight Railcars

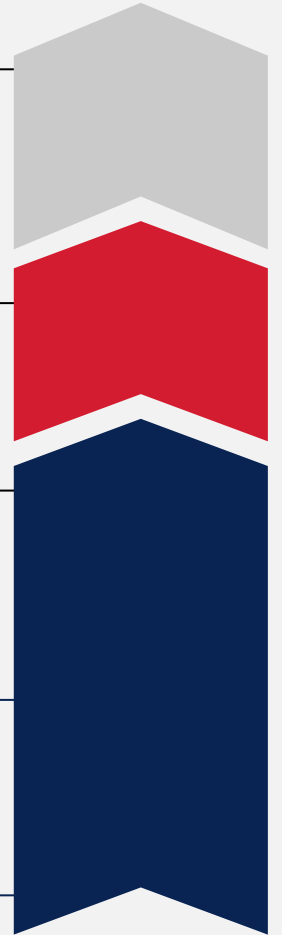
July 2024  
**Secured Multi-Year  
Tank Car  
Conversion Order**

June 2024  
**10,000<sup>th</sup> railcar  
produced  
at Mexico facility**

2020 – 2024  
**Product, Footprint  
and Cost  
Transformation**

2010s – 2020s  
**Pivot to a New  
Company**

1900s – 2000s  
**Established  
Leadership Capturing  
Coal Car Demand**



# Business Model Built to Achieve Profitable Growth

LTM as of 9/30/2024

**\$548M**

Revenue  
Up 52.1% YoY

**10.6%**

Gross Margin  
Up 110 bps YoY

**\$8,149**

Adj. EBITDA<sup>1</sup> / Railcar  
Up 0.2% YoY

**4,364**

Railcar Deliveries

**175K+**

Railcars in Service Today

**5,000+**

Capacity

# Well Positioned Within Addressable Market

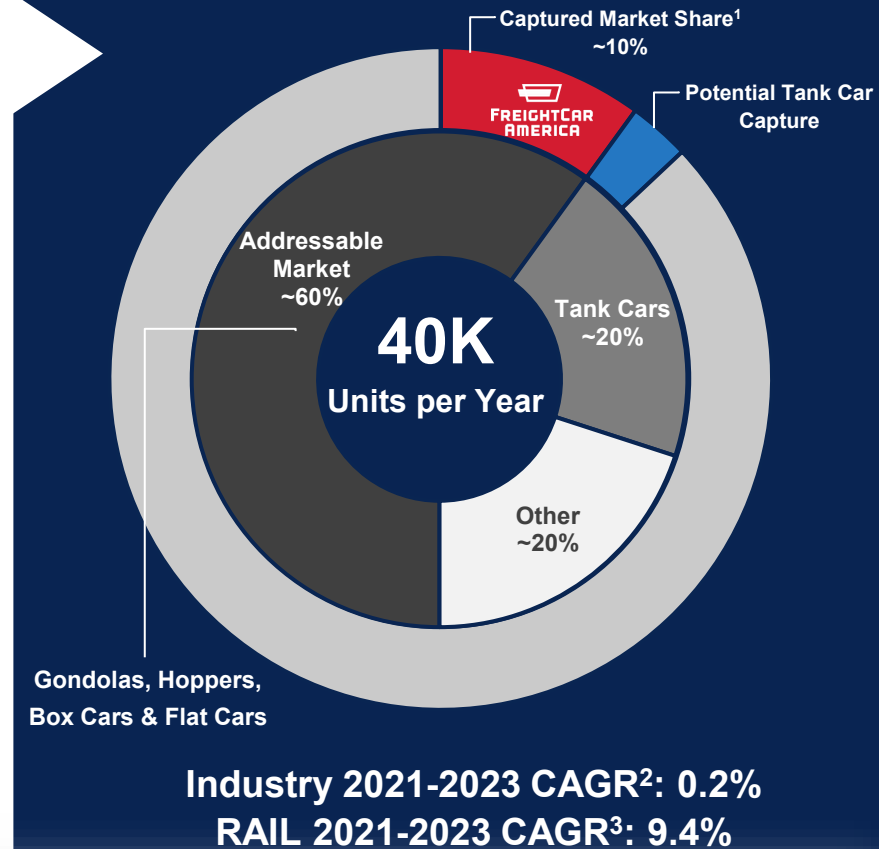
## Market Drivers

- Increased production
- Lower commodity price volatility
- Heightened replacement demand for railcars
- Significant growth in intermodal transportation
- Elevated investment in efficiency and safety regulation
- Shift to environmentally friendly methods of transportation

## How We Win

- Customer centricity and transparency
- Unique product offering with flexible design options
- Market-leading order fulfillment times
- Building volumes at lower batch quantities
- Differentiated route to market
- Financing capabilities provide optimal multi-lender optionality

## Railcar Market



**Diverse product offering reducing cyclicalities across portfolio, serving 60% of the railcar market with room to expand another 20% into tank cars**

6

1. Based on mid-range of 2024 delivery guidance
2. Based on industry orders in the noted period
3. Based on FreightCar America orders in the noted period

# Diverse Product Portfolio Catering to a Strong Customer Base

## Gondolas



VersaCoil – Coil Steel Gondolas



Mill Gondolas



Woodchip Gondolas



Aggregate Gondolas



High-Capacity Mill Gondolas

## Hoppers



Covered Hoppers



VersaFlood – Open Top Hoppers

## Box Cars



Box Cars

## Flat Cars



Flat Cars



Intermodal Flats

## Conversions & Modifications



Railcar Conversions

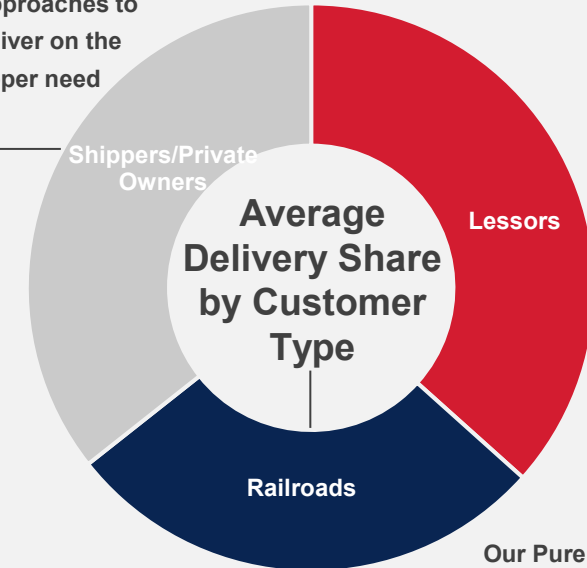


Tank Car Modifications

## Average Deliveries by Customer Type FY20 to Present

Leading railroad, lessors, and shippers based in North America with an average tenure of 20+ Years

Collaborative approaches to design that deliver on the ultimate shipper need



Deal transparency and straightforward contract terms

Our Pure Play market position means partnering with Lessors, not competing against them

# Company Leadership



**Nicholas Randall**  
Chief Executive Officer

- Joined FCA in 2023 to prepare Company for its next phase of development
- Technical expertise in manufacturing excellence and supply chain management
- 20+ years of expertise in leading automotive and aerospace companies



**Michael Riordan**  
Chief Financial Officer

- Joined FCA in 2020 as part of turn-around team
- Focused on strategic planning and capital management
- 17+ years in finance, accounting and operations



**Matthew Tonn**  
Chief Commercial Officer

- Joined FCA in 2019 to lead Company's realignment in the broader freight and third-party lessor markets
- Proven track record for business development, growth and start-ups
- 30+ years of experience in the rail equipment markets



**Celia Perez**  
General Counsel

- Joined FCA in 2022 to lead Legal and Compliance
- Business-minded attorney with deep commercial and M&A experience
- 15+ years in the legal industry, with a mix of private practice, in-house and government experience

**80+ years of industrial manufacturing experience**



# Completed Transformation Driving Profitable Growth

WORLD-CLASS MANUFACTURER OF RAIL EQUIPMENT, GENERATING INDUSTRY LEADING MARGINS WITH SIGNIFICANT OPPORTUNITY FOR FURTHER EXPANSION

## Manufacturing Footprint / Cost

- Minimized fixed costs to provide agility during cyclical downturns
- Breakeven Adj. EBITDA at extremely low volumes<sup>1</sup>
- Fast changeovers / reduced downtime
- Vertically integrated
- Ample ability to source lower cost skilled labor

## Differentiated Market Position

- Pure play manufacturer, serving leasing, shipping, and railroad customers
- Well-positioned to respond to customer delivery requirements by achieving fast and efficient order-to-fulfillment times
- State of the art manufacturing and industry-respected technical team able to efficiently deliver customized product requirements

## 2024 & Beyond

Strategic focus – scaling the business at a higher margin

## Pillars for Value Creation

**Drive Profitable Growth in Railcar Manufacturing**

**Recapitalize Debt Structure**

**Future Product Expansion**

# Premier Manufacturing Campus

OVER 10,000 CARS COMPLETED SINCE ITS INCEPTION



## Castaños, Mexico Facility:

**2023**  
completion

**0.7M**  
Sq. ft.

**2K**  
employees

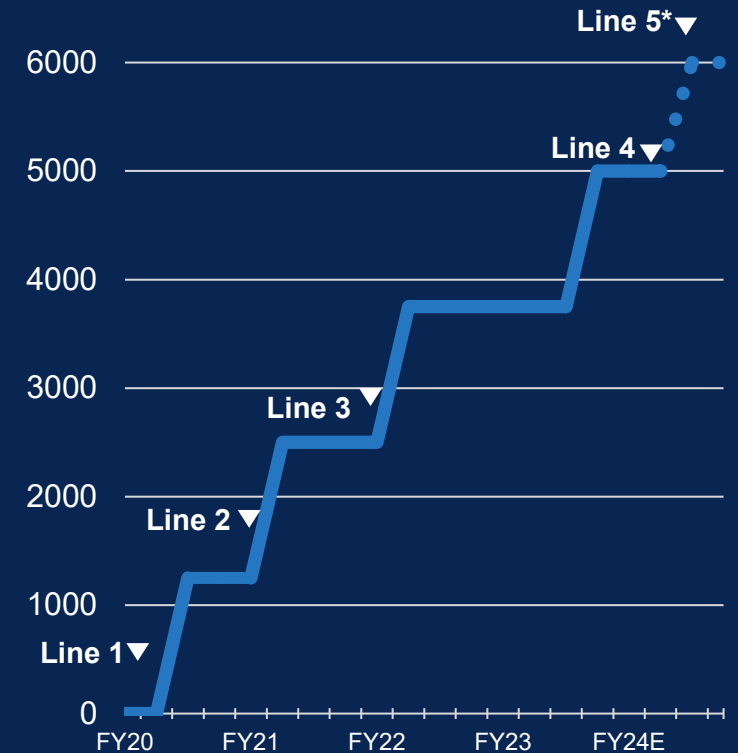
Vertically integrated paint, fabrication, wheel & axle shops

**4**  
Production lines

**5K+**  
Annual car capacity

Plant designed for efficient future expansion

## Castaños Railcar Capacity | Timing of Facility Expansion



\*Fifth line available to increase production volume by approximately 20%

# Vertically-Integrated Facility Driving Significant Margin Improvement



Optimized **operational efficiency** and **cost-effectiveness**



Ability to effectively **manage supply chain challenges** due to consolidated footprint and vertical integration



Proximity to **low-cost regional supply base**



Access to a **skilled labor force in MX with higher retention** than domestic labor force

Gross Profit / RAILCAR



Early stages of realizing benefits of operational efficiencies:

## Achieved \$6,658 in Adj. EBITDA / Railcar<sup>1</sup> at ~60% capacity

# Uniquely Positioned within Market

## Pure Play Manufacturer That Does Not Compete with Its Customers

FCA's business is approximately equally divided between Class I Railroads, Leasing Companies and Shippers

Leasing comprises a majority of industry railcar orders

As a pure play, FCA has a unique relationship with lessors

## Niche Manufacturing Capability

FCA's flexible manufacturing and industry respected technical team allow for product run sizes and order customization considered undesirable by the competition

FY20 through FY23

**45**

Different car designs delivered

**30**

Unique Customers

## Optimized Backlog

By maintaining open capacity starting in months 8 – 9, combined with flexibility designed into its manufacturing tooling and processes, FCA is well-positioned to win business that must be delivered on short timelines

Order Fulfillment

**4-9 Months**

Industry leading order fulfillment time

# Pillars for Value Creation

GROWTH STRATEGY

## Drive Profitable Growth in Railcar Manufacturing



Completed new state-of-the-art 0.7M ft<sup>2</sup> campus



Well trained, 2,000-person workforce with commitment to lean manufacturing and ability to scale



Achieving industry leading margins

## Recapitalize Debt Structure

With continued profitability growth, FCA is **positioned to recapitalize its debt structure**

Obtain a **new working capital facility** aligned with current business profile at lower cost

Expand **free cash flow generation** further by retiring Preferred Shares with a lower cost debt facility

## Future Product Expansion

Facilities, people, proximity to the U.S. border and deep knowledge of Mexico **create potential whitespace opportunities**

### Broad Portfolio



Gondolas



Open Top Hoppers



Covered Hoppers



Box Cars



Conversions



Flat Cars

### Ability to Expand Offerings



Tank Cars



Additional Whitespace Opportunities



# Financial Overview

# 3Q24 Financial Results

Strong quarterly results realizing **strong revenue growth** and **profitability**

## Revenues of \$113.3M, up 83% YoY

- 961 railcar deliveries in 3Q24, up from 503 railcar deliveries in 3Q23 due to an increase in production capacity

## Gross Margin of 14.3%, down 60 bps YoY

- Q3 margin decrease was primarily due to a shift in the mix of railcars delivered between periods.

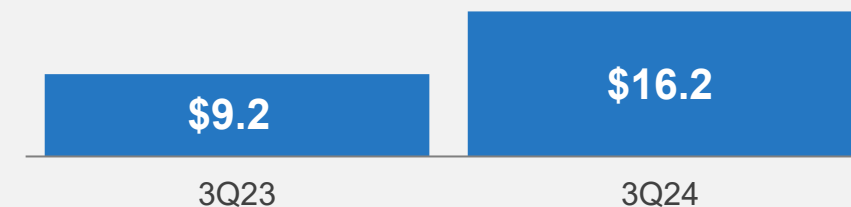
## Adj. EBITDA \$10.9M, up 210% YoY

**Raises mid-point Adj EBITDA guidance; Reaffirms full year revenue and railcar delivery guidance**

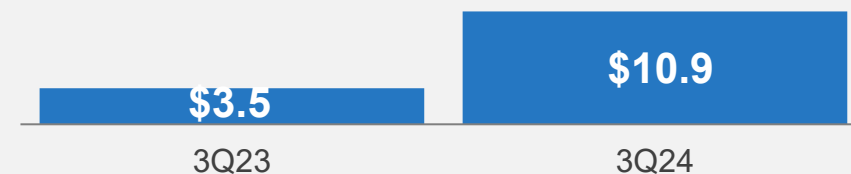
Revenue (\$ in millions)



Gross Profit (\$ in millions)

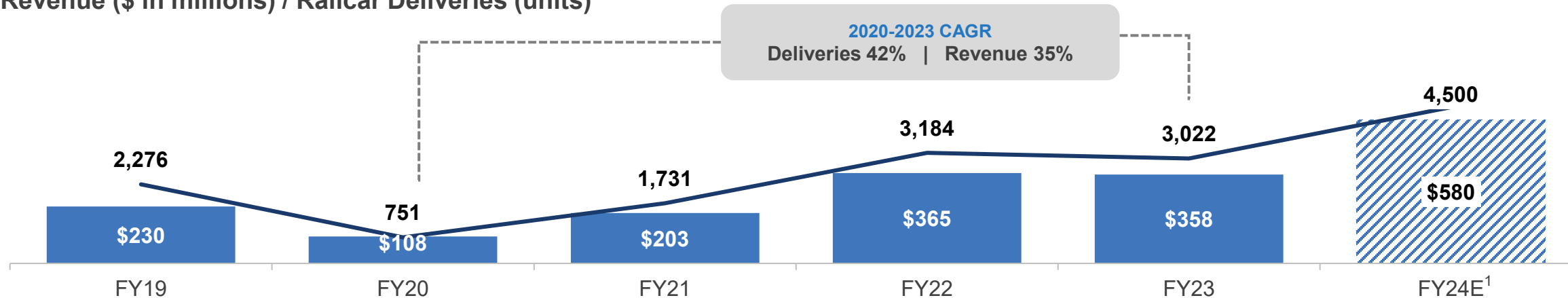


Adjusted EBITDA<sup>1</sup> (\$ in millions)

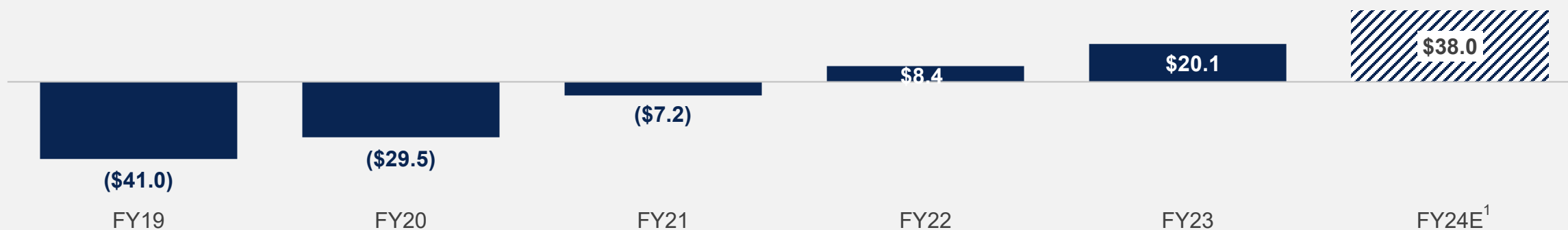


# Historical Financial Performance

Revenue (\$ in millions) / Railcar Deliveries (units)



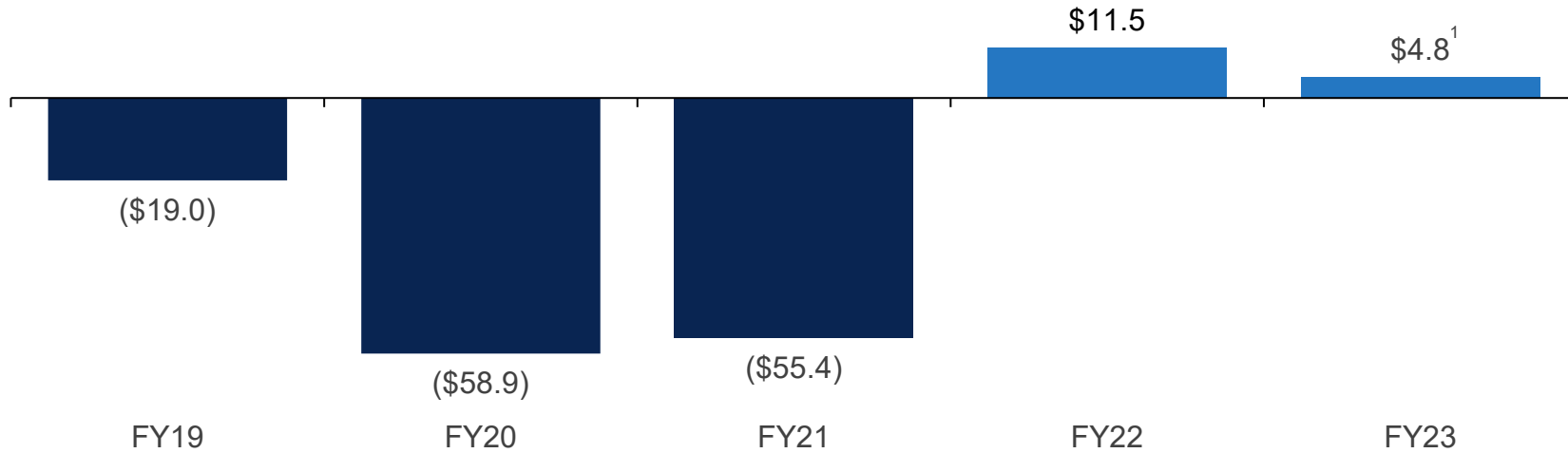
Adjusted EBITDA<sup>2</sup> (\$ in millions)





# Cash Flow

Operating Cash Flow  
(\$ in millions)



Delivered **second consecutive year** of positive operating cash flow

## Key Metrics FY23

**\$40.5M**

Cash




**\$29.4M**

Total Debt

**\$12.7M**

Capital Expenditures

# Full Year 2024 Guidance

Metric	Target	YoY Growth at Midpoint
 Railcar Deliveries	<b>4,300 - 4,700</b> Cars	<b>48.9%</b>
 Revenue	<b>\$560 - \$600M</b>	<b>62.0%</b>
 Adj. EBITDA <sup>1</sup>	<b>\$37 - \$39M</b> <i>(Previous: \$35 – \$39M)</i>	<b>89.0%</b> <i>(Previous: 84.1%)</i>

1. The Company does not provide a reconciliation of forward-looking Adjusted EBITDA due to the inherent difficulty in forecasting and quantifying the adjustments that are necessary to calculate such non-GAAP measure without unreasonable effort. Material changes to any one of these items could have a significant effect on future GAAP results.

# Investment Highlights

## Strong Revenue Generation with Increased Capacity

**5,000+** Annual Railcar Capacity

Achieved FY23 revenue of \$358M  
**at ~60% capacity**

## Industry Leading Margin Profile

**11.7%** FY23 Gross Margin

**\$6,658** FY23 Adj. EBITDA/railcar

## Positioned to Generate Free Cash Flow

Anticipate **3<sup>rd</sup> consecutive year of operating cash flow** in 2024

Maintenance **CapEx at ~0.5% – 0.75% of revenue**

### Equity Capital (as of 9/30/24)

<b>Common Stock</b>	<b>18.9 million</b>
Employee Options	1.9 million
Public Warrants	14.7 million
<b>Fully Diluted Shares Outstanding</b>	<b>35.5 million</b>
<b>Market Capitalization<sup>1</sup></b>	<b>\$287.8 million</b>
Net Debt <sup>2</sup>	\$5.0 million
Preferred Shares <sup>3</sup>	\$108.4 million
<b>Enterprise Value</b>	<b>\$401.2 million</b>

1. Closing share price of \$15.23 per share as of November 8, 2024
2. Includes current portion of long-term debt and leases as well as long-term lease liabilities, less cash and cash equivalents
3. For more information, see Note 12 to Consolidated Financial Statements in form 10-K filed on 3/18/24 (<https://investors.freightcaramerica.com/documents/sec-filings/sec-filings-details/default.aspx?FilingId=17377826>)

# Appendix



# Diluted Share Count at Various Prices

REPRESENTS SHARES AND DILUTED SECURITIES OUTSTANDING AT VARIOUS PRICE PER SHARE LEVELS  
(SHARES IN MILLIONS)

<b>Common Stock</b>	<b>\$ 10.79</b>	<b>\$ 11.00</b>	<b>\$ 11.50</b>	<b>\$ 12.00</b>	<b>\$ 12.50</b>	<b>\$ 13.00</b>	<b>\$ 13.50</b>	<b>\$ 14.00</b>	<b>\$ 15.00</b>	<b>\$ 20.00</b>
Shares held by Affiliates	6.43	6.43	6.43	6.43	6.43	6.43	6.43	6.43	6.43	6.43
Shares held by Other Shareholders	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46
<b>Subtotal</b>	<b>18.88</b>	<b>18.88</b>	<b>18.88</b>	<b>18.88</b>	<b>18.88</b>	<b>18.88</b>	<b>18.88</b>	<b>18.88</b>	<b>18.88</b>	<b>18.88</b>
<b>Potentially Dilutive (1)</b>										
Employee Options	1.85	1.86	1.89	1.91	1.94	1.96	1.98	2.00	2.03	2.15
Public Warrants	1.09	1.11	1.13	1.15	1.17	1.19	1.20	1.22	1.25	1.34
<b>Subtotal</b>	<b>0.68</b>	<b>2.97</b>	<b>3.02</b>	<b>3.06</b>	<b>3.11</b>	<b>3.15</b>	<b>3.18</b>	<b>3.22</b>	<b>3.28</b>	<b>3.50</b>
<b>Convertible Instruments</b>										
Public Warrants	13.63	13.63	13.63	13.63	13.63	13.63	13.63	13.63	13.63	13.63
<b>Subtotal</b>	<b>13.63</b>	<b>13.63</b>	<b>13.63</b>	<b>13.63</b>	<b>13.63</b>	<b>13.63</b>	<b>13.63</b>	<b>13.63</b>	<b>13.63</b>	<b>13.63</b>
<b>Total as of 9/30/2024</b>	<b>35.46</b>	<b>35.49</b>	<b>35.54</b>	<b>35.58</b>	<b>35.62</b>	<b>35.66</b>	<b>35.70</b>	<b>35.73</b>	<b>35.80</b>	<b>36.01</b>

# Reconciliation of Income (Loss) Before Taxes to EBITDA and Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Loss) / Income Before Income Taxes	\$(103,639)	\$3,409	\$(107,113)	\$(19,846)
Depreciation & Amortization	1,442	1,085	4,252	3,189
Interest Expense, Net	1,577	2,037	5,815	12,988
<b>EBITDA</b>	<b>(100,620)</b>	<b>6,531</b>	<b>(95,046)</b>	<b>(3,669)</b>
Loss/(gain) on change in fair market value of Warrant <sup>(A)</sup>	110,040	(4,273)	125,581	1,869
Loss on Debt Extinguishment <sup>(B)</sup>				14,880
Loss on Pension Settlement <sup>(C)</sup>		313		313
Litigation Settlement <sup>(D)</sup>			(3,214)	
Gain on Sale of Railcars Available for Lease <sup>(E)</sup>				(622)
Stock Based Compensation	804	715	2,330	524
Other, net	680	228	1,419	333
<b>Adjusted EBITDA</b>	<b>\$10,904</b>	<b>\$3,514</b>	<b>\$29,070</b>	<b>\$13,628</b>

## Adjusted EBITDA represents EBITDA before the following charges:

- This adjustment removes the non-cash (income) expense associated with the change in fair market value of the warrant liability.
- During the second quarter of 2023, the Company recorded a non-cash loss on debt extinguishment of its term loan.
- During the third quarter of 2023, the Company recorded a non-cash loss on pension settlement.
- During the second quarter of 2024, the Company recorded a litigation settlement related to a dispute with a former lessee of our railcars.
- During the second quarter of 2023, the Company recorded a gain on sale of railcars available for lease related to its leased railcar fleet.

EBITDA represents earnings before interest, taxes, depreciation and amortization. We believe EBITDA is useful to investors in evaluating our operating performance compared to that of other companies in our industry. In addition, our management uses EBITDA to evaluate our operating performance. The calculation of EBITDA eliminates the effects of financing, income taxes and the accounting effects of capital spending. These items may vary for different companies for reasons unrelated to the overall performance of the company's business. EBITDA is not a financial measure presented in accordance with U.S. GAAP. Accordingly, when analyzing our operating performance, investors should not consider EBITDA in isolation or as a substitute for net income prepared in accordance with U.S. GAAP. Our calculation of EBITDA is not necessarily comparable to that of other similar titled measures reported by other companies

# Reconciliation of Loss Before Taxes to EBITDA and Adjusted EBITDA

	FY	FY	FY	FY	FY
	2019	2020	2021	2022	2023
Loss Before Income Taxes	\$(75,353)	\$(85,899)	\$(40,034)	\$(36,535)	\$(22,088)
Depreciation & Amortization	12,438	9,202	4,304	4,135	4,606
Interest Expense, Net	609	2,225	13,317	25,423	15,031
<b>EBITDA</b>	<b>(62,306)</b>	<b>(74,472)</b>	<b>(22,413)</b>	<b>(6,977)</b>	<b>(2,451)</b>
Loss/(gain) on change in fair market value of Warrant <sup>(A)</sup>		3,657	14,894	(1,486)	2,229
Restructuring and Impairment Charges <sup>(B)</sup>	22,371	18,325	6,530		
Impairment on Leased Railcars <sup>(C)</sup>		18,951	158	4,515	4,091
Gain on OPEB Settlement <sup>(D)</sup>	(6,637)				
(Gain)/Loss on Debt Extinguishment <sup>(E)</sup>			(10,122)		14,880
Alabama Grant Amortization <sup>(F)</sup>	(2,219)	(2,219)	(2,216)	(1,857)	
Mexican Permanent VAT <sup>(G)</sup>				2,769	
Loss on Pension Settlement <sup>(H)</sup>				8,105	313
Transaction Costs <sup>(I)</sup>		465	491	153	
Startup Costs <sup>(J)</sup>				1,113	
Consulting Costs <sup>(K)</sup>			129	1,073	
Corporate Realignment <sup>(L)</sup>				1,323	
Retention and Success <sup>(M)</sup>	144	3,130			
Legal Reserve <sup>(N)</sup>			756		
Plant Transition Costs <sup>(O)</sup>		2,239	2,386		
Loss/(Gain) on Sale of Railcars Available for Lease <sup>(P)</sup>	7,266				(622)
Stock Based Compensation <sup>(Q)</sup>	1,225	1,034	2,977	2,106	1,240
Other, Net	(858)	(576)	(817)	(2,426)	440
<b>Adjusted EBITDA</b>	<b>\$(41,014)</b>	<b>\$(29,466)</b>	<b>\$(7,247)</b>	<b>\$8,411</b>	<b>\$20,120</b>

EBITDA represents earnings before interest, taxes, depreciation and amortization. We believe EBITDA is useful to investors in evaluating our operating performance compared to that of other companies in our industry. In addition, our management uses EBITDA to evaluate our operating performance. The calculation of EBITDA eliminates the effects of financing, income taxes and the accounting effects of capital spending. These items may vary for different companies for reasons unrelated to the overall performance of the company's business. EBITDA is not a financial measure presented in accordance with U.S. GAAP. Accordingly, when analyzing our operating performance, investors should not consider EBITDA in isolation or as a substitute for net income prepared in accordance with U.S. GAAP. Our calculation of EBITDA is not necessarily comparable to that of other similar titled measures reported by other companies

# Reconciliation of Loss Before Taxes to EBITDA and Adjusted EBITDA

## Adjusted EBITDA represents EBITDA before the following charges:

- a) This adjustment removes the non-cash expense associated with the change in fair market value of warrant liability.
- b) Incurred certain restructuring costs related to severance and other costs related to shutdown of the Shoals and Roanoke facilities.
- c) During the fourth quarters of 2020, 2021, 2022 and 2023, recorded a non-cash impairment charge on leased railcar fleet.
- d) During the fourth quarter of 2019, recognized a non-cash gain on the settlement of the OPEB plan.
- e) Recorded a non-cash gain on extinguishment of PPP Loan in the third quarter of 2021, and a non-cash loss on debt extinguishment of term loan in the second quarter of 2023.
- f) Amortized deferred grant income to cost of goods sold that represents a non-cash reduction to gross margin (loss).
- g) Transitioned to tolling manufacturing structure in the third quarter of 2022 and as a result incurred permanent VAT costs.
- h) Recorded a non-cash pre-tax pension settlement loss in the third quarter of 2023 and 2022.
- i) Incurred certain costs in the fourth quarter of 2020 for nonrecurring professional services associated with the acquisition of Castaños joint venture.
- j) Incurred certain costs during 2022 related to new production line.
- k) Incurred certain non-recurring consulting costs during 2021 and 2022.
- l) Incurred certain non-recurring corporate realignment costs in 2022.
- m) During 2019, implemented retention and success bonus programs for certain employees during restructuring.
- n) During the first and fourth quarters of 2021, recognized charges related to a legal dispute.
- o) During 2020, implemented a program to shift production originally planned for U.S. plants to the Castaños facility. This adjustment represents non-recurring costs associated with moving inventory and equipment to the Castaños facility.
- p) Recognized a pre-tax loss on sale of railcars available for lease during 2019 and a pre-tax gain related to sales of leased railcar fleet in the second quarter of 2023.
- q) This adjustment removes the non-cash expense associated with the stock-based compensation.



# Reconciliation of Income (Loss) Before Taxes to EBITDA and Adjusted EBITDA

We believe that Adjusted EBITDA is useful to investors evaluating our operating performance compared to that of other companies in our industry because it eliminates the impact of certain non-cash charges and other special items that affect the comparability of results in past quarters. Adjusted EBITDA is not a financial measure presented in accordance with U.S. GAAP. Accordingly, when analyzing our operating performance, investors should not consider Adjusted EBITDA in isolation or as a substitute for net income prepared in accordance with U.S. GAAP. Our calculation of Adjusted EBITDA is not necessarily comparable to that of other similarly titled measures reported by other companies.



# **FREIGHTCAR AMERICA**

**Thank you!**