



GATX



NORTH AMERICAN RAILCAR MARKET UPDATE





Agenda

- 01** About GATX
- 02** North American Railcar Market Overview
- 03** Forces in North American Railcar Supply & Demand
- 04** Car Type Focus

Forward-Looking Statements

Statements in this report not based on historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and, accordingly, involve known and unknown risks and uncertainties that are difficult to predict and could cause our actual results, performance, or achievements to differ materially from those discussed. Forward-looking statements include statements as to our future expectations, beliefs, plans, strategies, objectives, events, conditions, financial performance, prospects, or future events. In some cases, forward-looking statements can be identified by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "outlook," "continue," "likely," "will," "would", and similar words and phrases. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. Accordingly, you should not place undue reliance on forward-looking statements, which speak only as of the date they are made, and are not guarantees of future performance. We do not undertake any obligation to publicly update or revise these forward-looking statements.

The following factors, in addition to those discussed under "Risk Factors" and elsewhere in our other filings with the U.S. Securities and Exchange Commission ("SEC"), including our Form 10-K for the year ended December 31, 2021 and in any subsequent reports on Form 10-Q, could cause actual results to differ materially from our current expectations expressed in forward looking statements:

- the duration and effects of the global COVID-19 pandemic and any mandated pandemic mitigation requirements, including adverse impacts on our business, personnel, operations, commercial activity, supply chain, the demand for our transportation assets, the value of our assets, our liquidity, and macroeconomic conditions
- exposure to damages, fines, criminal and civil penalties, and reputational harm arising from a negative outcome in litigation, including claims arising from an accident involving transportation assets
- inability to maintain our transportation assets on lease at satisfactory rates due to oversupply of assets in the market or other changes in supply and demand
- a significant decline in customer demand for our transportation assets or services, including as a result of:
 - weak macroeconomic conditions
 - weak market conditions in our customers' businesses
 - adverse changes in the price of, or demand for, commodities
 - changes in railroad operations, efficiency, pricing and service offerings, including those related to "precision scheduled railroading"
 - changes in, or disruptions to, supply chains
 - availability of pipelines, trucks, and other alternative modes of transportation
 - changes in conditions affecting the aviation industry, including reduced demand for air travel, geographic exposure and customer concentrations
 - other operational or commercial needs or decisions of our customers
 - customers' desire to buy, rather than lease, our transportation assets
- higher costs associated with increased assignments of our transportation assets following non-renewal of leases, customer defaults, and compliance maintenance programs or other maintenance initiatives
- events having an adverse impact on assets, customers, or regions where we have a concentrated investment exposure
- financial and operational risks associated with long-term purchase commitments for transportation assets
- reduced opportunities to generate asset remarketing income
- inability to successfully consummate and manage ongoing acquisition and divestiture activities
- reliance on Rolls-Royce in connection with our aircraft spare engine leasing businesses, and the risks that certain factors that adversely affect Rolls-Royce could have an adverse effect on our businesses
- fluctuations in foreign exchange rates
- inflation or deflation
- failure to successfully negotiate collective bargaining agreements with the unions representing a substantial portion of our employees
- asset impairment charges we may be required to recognize
- deterioration of conditions in the capital markets, reductions in our credit ratings, or increases in our financing costs
- changes in banks' inter-lending rate reporting practices and the phasing out of LIBOR
- competitive factors in our primary markets, including competitors with significantly lower costs of capital
- risks related to our international operations and expansion into new geographic markets, including laws, regulations, tariffs, taxes, treaties or trade barriers affecting our activities in the countries where we do business
- changes in, or failure to comply with, laws, rules, and regulations
- U.S. and global political conditions, including the ongoing military action between Russia and Ukraine
- inability to obtain cost-effective insurance
- environmental liabilities and remediation costs
- potential obsolescence of our assets
- inadequate allowances to cover credit losses in our portfolio
- operational, functional and regulatory risks associated with severe weather events, climate change and natural disasters
- inability to maintain and secure our information technology infrastructure from cybersecurity threats and related disruption of our business
- changes in assumptions, increases in funding requirements or investment losses in our pension and post-retirement plans
- inability to maintain effective internal control over financial reporting and disclosure controls and procedures



X 83600



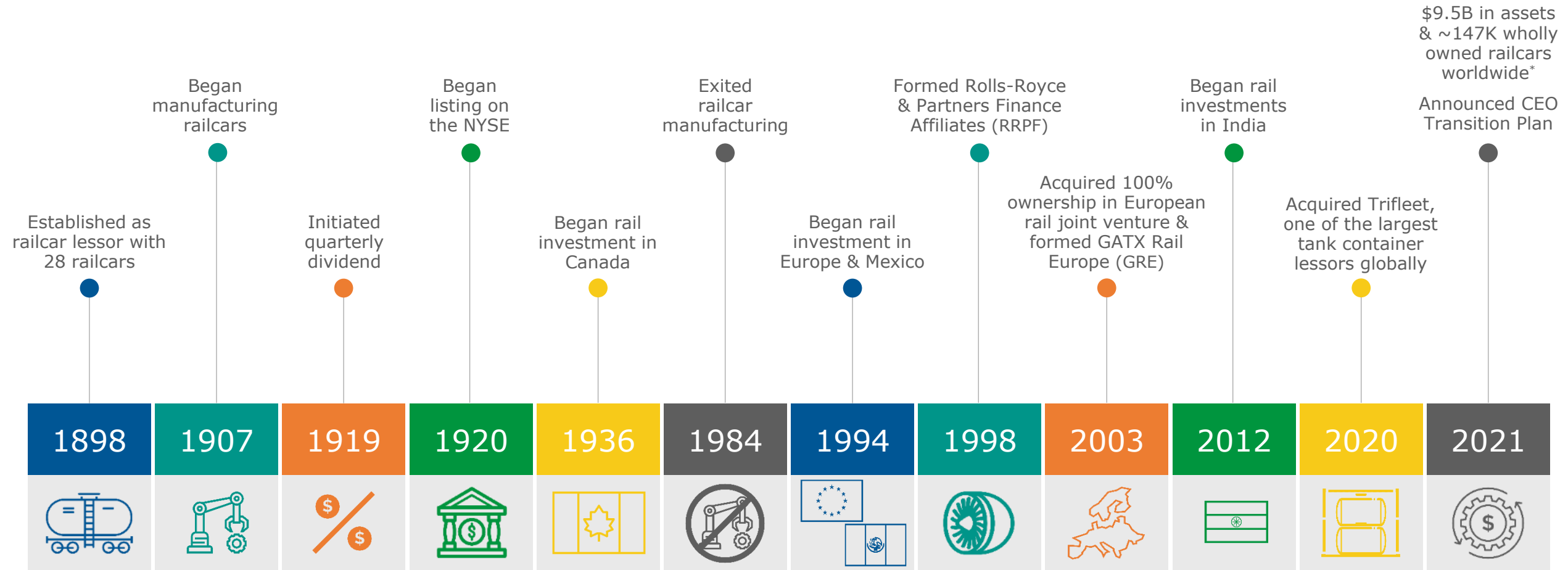
**GENERAL AMERICAN
TRANSPORTATION CORPORATION**

GATX 83600
CAPY 140000
LT. WT. 110000 SHN. 5.61

PHILLIPS
PETROLEUM
COMPANY

About GATX

GATX's 124-Year History



*As of 12/31/2021

GATX Business Segments

Rail North America



- One of the largest railcar and locomotive lessors with a diversified fleet of over 110,700 railcars and more than 560 locomotives*
- The only diversified lessor with wholly-owned, full-scale, network-wide repair and maintenance capability for tank and freight cars
 - Extensive owned shop network with 11 facilities that shipped ~9.8K cars in 2021
- Strong customer credit quality, diversification in car types, commodities carried and contractual lease receipts (~\$2.2B)

Rail International



- GATX Rail Europe (GRE) is a leading European tank car and freight car lessor with over 27,100 railcars
- Strong customer credit quality, diversification in car types, geography, and commodities carried
- GATX Rail India (GRI) is the largest private railcar lessor in India with over 4,800 railcars

Portfolio Management



- Largely composed of our 50% ownership of Rolls-Royce and Partners Finance Affiliates (RRPF), a leading worldwide lessor of aircraft spare engines
 - RRPF has 407 aircraft spare engines with \$4.4 billion of net book value
- In 2021, GATX began investing directly in aircraft spare engines through its new entity, GATX Engine Leasing (GEL)

Trifleet



- One of the largest tank container lessors in the world with an owned and managed fleet of approximately 20,000 tank containers
 - Trifleet has a global network of offices and depots providing tank container leasing and services worldwide
- Trifleet's tank containers transport a variety of liquids and gases and are leased to a diverse base of customers in the chemical, industrial gas, energy, food grade, and pharmaceutical industries

~\$9.5 Billion
Net Book Value
of Assets

64%

18%

11%

7%

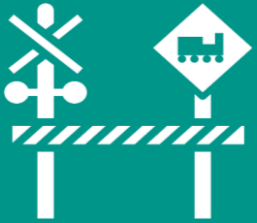
*Note: Rail North America fleet counts as of 3/31/2022; All other information as of 12/31/2021



North American Railcar
Market Overview

Industry Ownership: North America

Approximately 1.63 million railcars



RAILROADS

- Ownership of railcars continues to decline
- Virtually no tank car ownership due to complexities and regulations
- Focuses capital investment on infrastructure



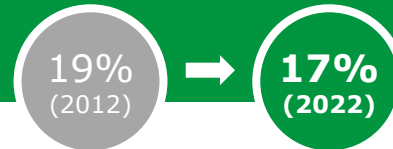
LESSORS

- Shift from railroad- and shipper-owned railcars to lessors
- Lessors dominate the tank car segment due to complex services and compliance requirements



SHIPPERS

- Shipper ownership share has declined slightly
- Alternative focus of capital on core business versus railcar investments
- Railcar maintenance and management not a core competency



TTX

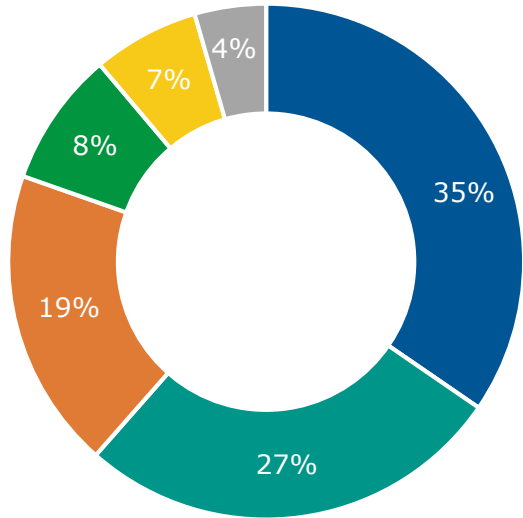
- Railroad-owned equipment pool focused on box, flat, intermodal, and gondola cars
- Overall market share has remained steady since 2008 at ~10% of the North American fleet



Industry Fleet & Ownership Mix: North America

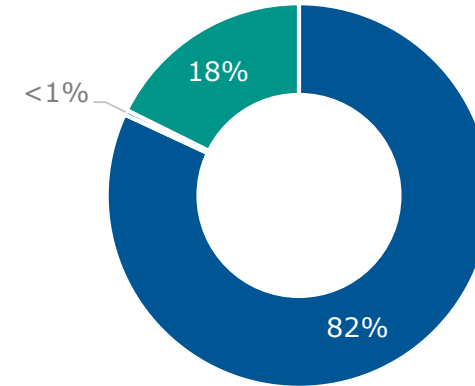
Railcars by Type

(Approximately 1.63M railcars)



- Covered Hopper
- Tank
- Open Top
- Flat
- Boxcar
- Intermodal

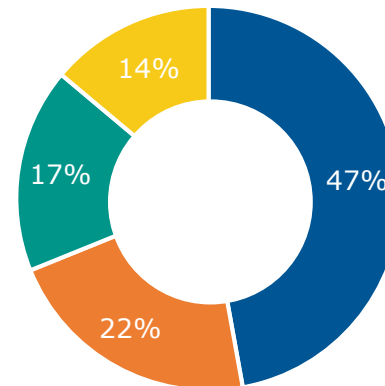
Tank Car Ownership Share



- Lessor
- Shipper/Other
- <1% Railroad

Based on approximately 438K tank cars

Freight Car Ownership Share



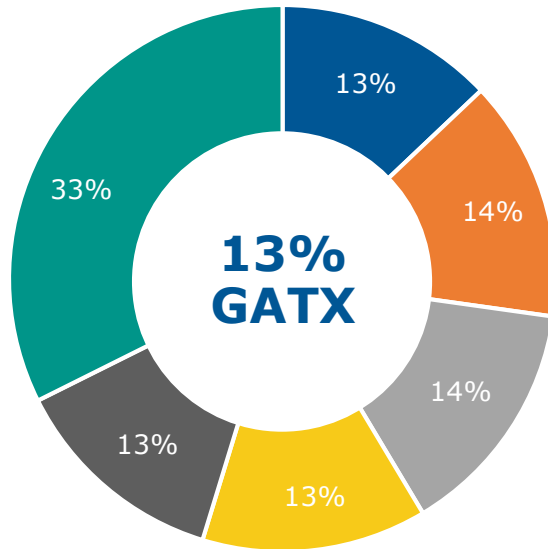
- Lessor
- Railroad
- Shipper/Other
- TTX

Based on approximately 1.2M freight cars

Lessor Market Share: North America

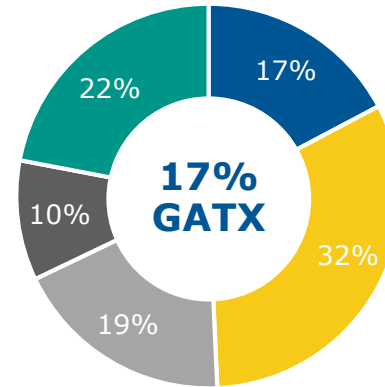
Lessor Ownership Share

(Based on approximately 920K lessor-owned railcars)



- GATX
- Wells Fargo Rail
- Trinity
- Union Tank Car
- CIT
- Other

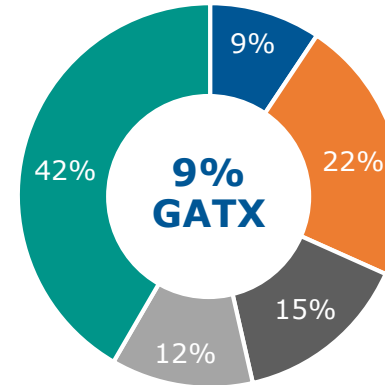
Tank Car Lessor Ownership Share



- GATX
- Union Tank Car
- Trinity
- CIT
- Other

Based on approximately 359K lessor-owned tank cars

Freight Car Lessor Ownership Share

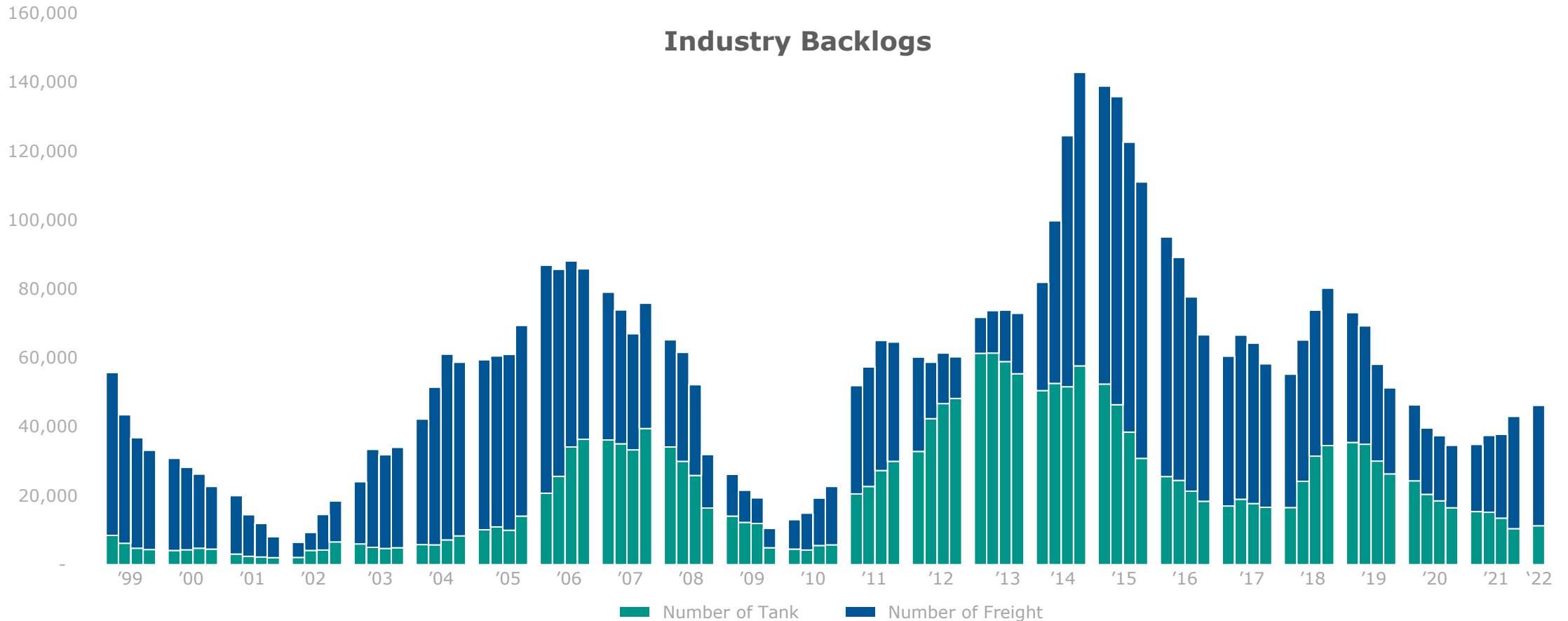


- GATX
- Wells Fargo Rail
- CIT
- Trinity
- Other

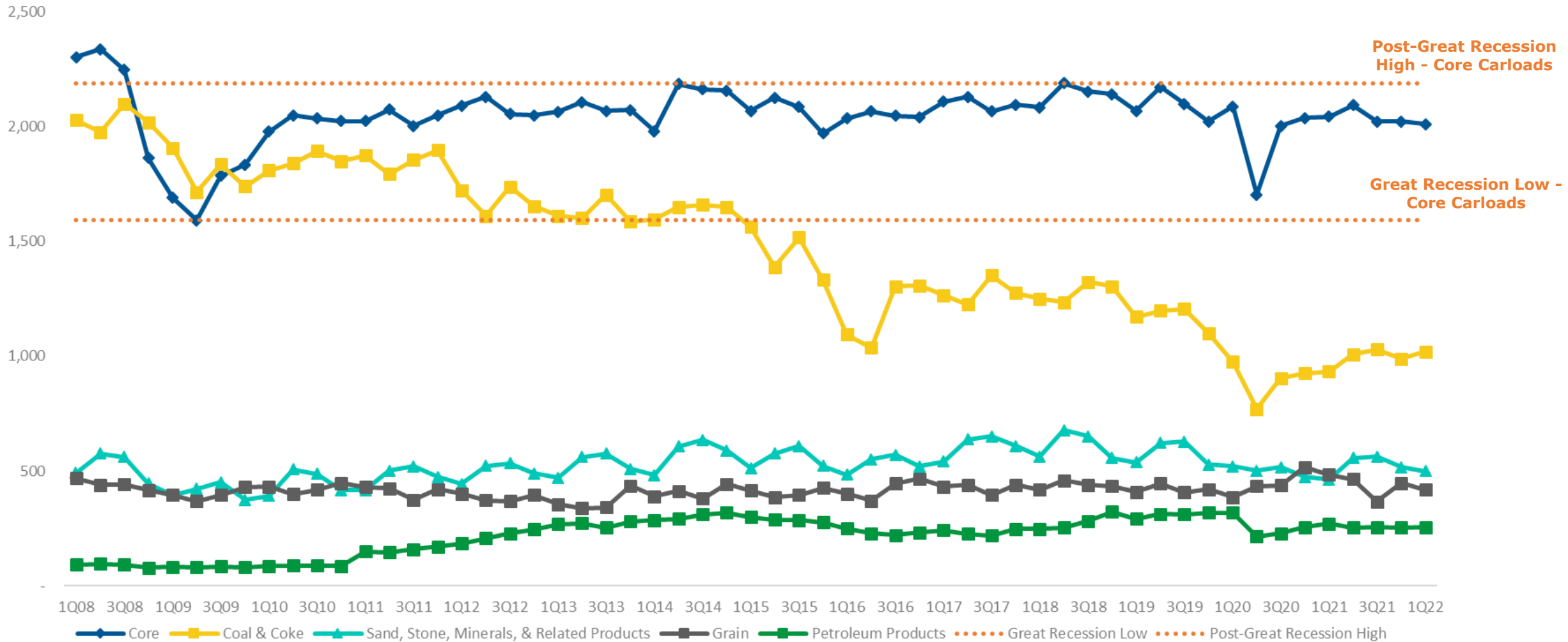
Based on approximately 561K lessor-owned freight cars

Industry Backlog: North America

Cyclicality of the industry is illustrated by the backlog of orders at the railcar manufacturers.

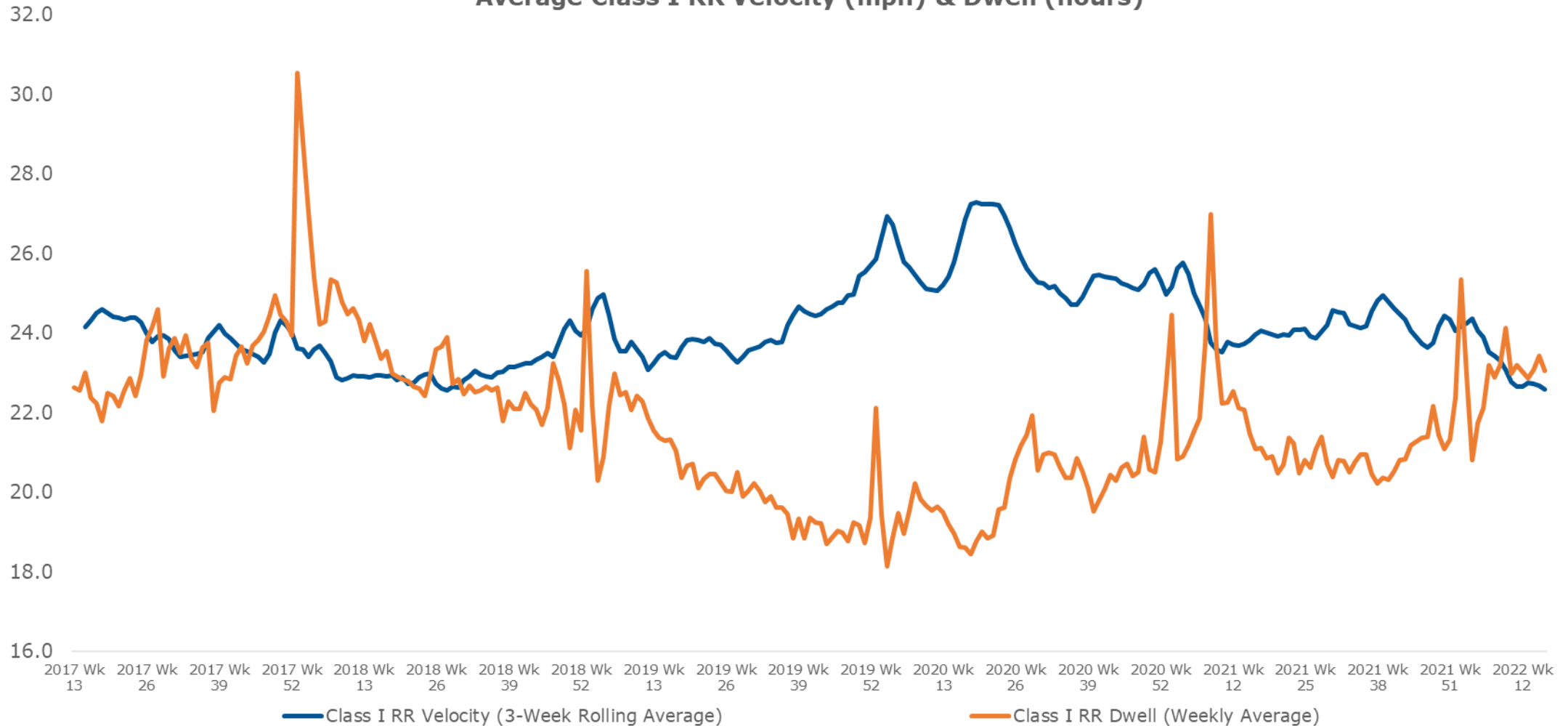


North American Quarterly Carloads



Railroad Velocity & Dwell Over Time

Average Class I RR Velocity (mph) & Dwell (hours)





Forces in North American
Railcar Supply & Demand

Current Railcar Market Fundamentals



The most **supply-led** recovery in the post-deregulation era



No specific demand catalyst



New car backlogs at ~50% of nameplate capacity
• Prior recoveries reached ~175%



Scrapping, high new car prices, and railroad service are most important factors

2022 Forces Tightening the Railcar Market

Influences affecting the railcar market in the short-term



Macroeconomic conditions



Demand to move freight



High fuel prices



Labor shortages in trucking



Railroad service issues



High scrap steel prices accelerating retirements



High steel & labor prices leading to high new railcar prices

Long-Term Forces Supporting Railcar Demand



Push for **green transport**



Telematics leading to **improved customer experience**



Fundamental **cost advantage** of rail
(fuel, labor, etc.)



Limitations of **alternative modes**
(physical & capital constraints of highway & water systems)



Forces Decreasing Railcar Demand



Railroad first/last
mile service quality



Service gap between
trucking and railroads

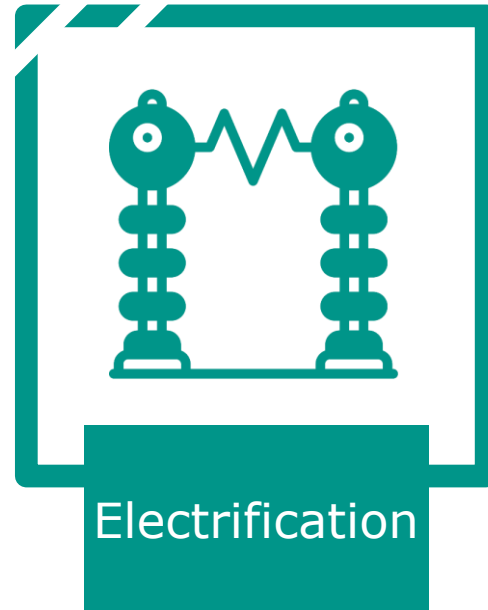
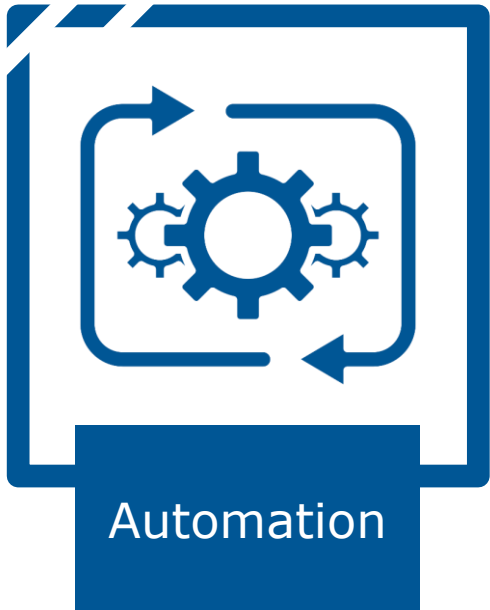
- Frequency
- Visibility & customer experience
- Customization
- Speed



Railroads prioritizing
lowering operating ratio
over increasing car loadings

Other Forces Impacting Railcar Demand

Forces whose impact on railcar demand is mixed or unclear

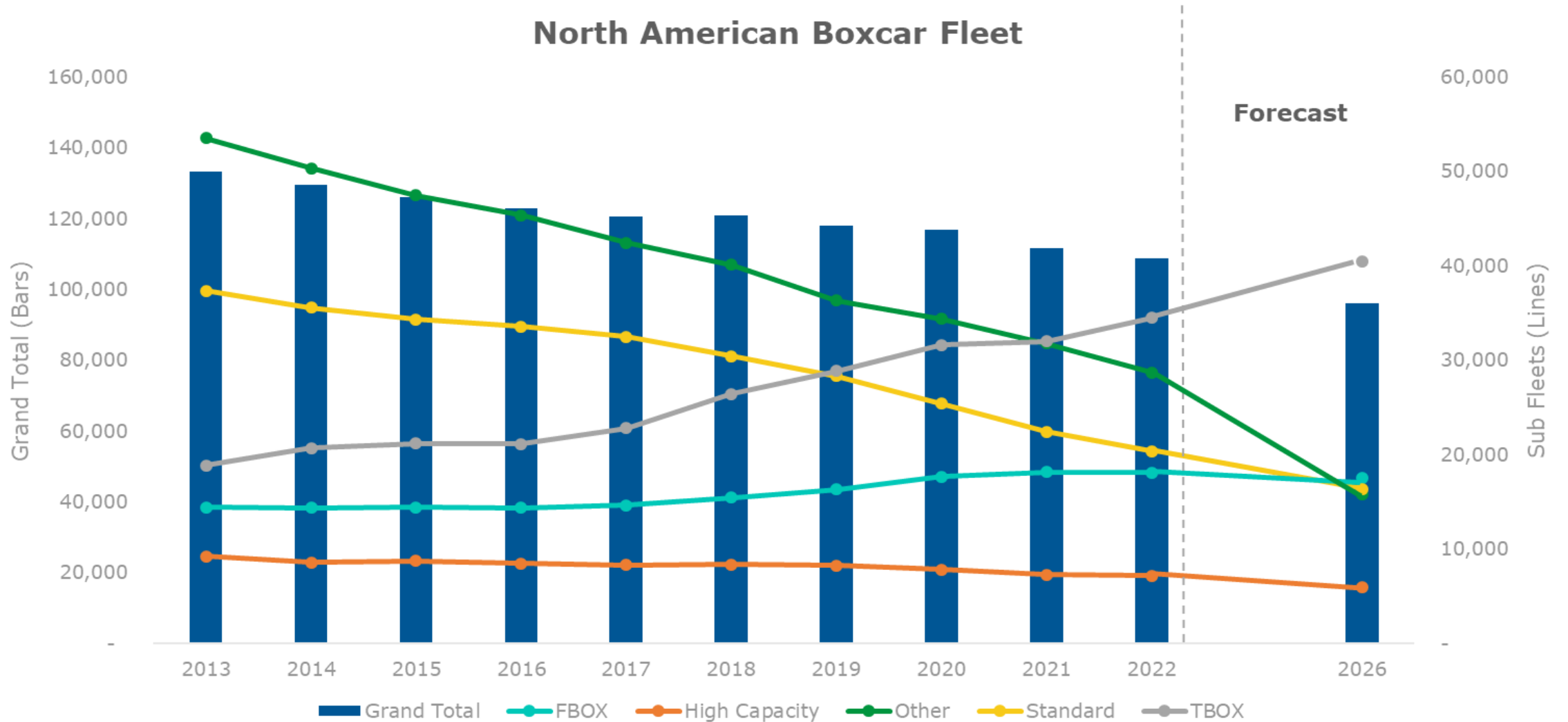




Car Type Focus

Boxcar Fleet Over Time

North American Boxcar Fleet



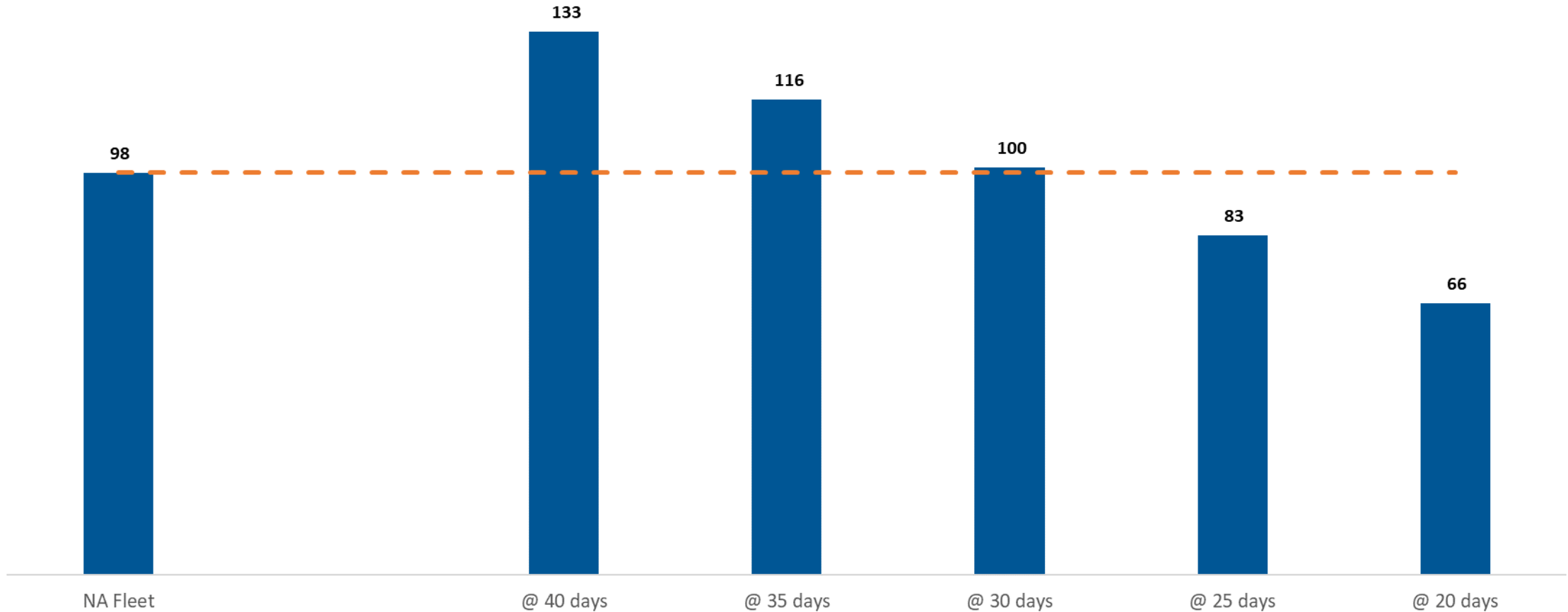
Note: Groups F/N/G Plate Clearances together for TBOX/FBOX cars; Forecast for the period between 2022 and 2026 is a straight-line between 2022 actual and 2026 forecast; 2026 forecast is based on fleet age as of January 2022, as well as backlog as of 4Q21
 Source: GATX Internal Scrap Analysis, UMLER, ARCI

Boxcar Fleet Demand Forecast

2022 Fleet & Demand Forecast (000's)

Assuming 1,211,138 Annual Loads*

Projected Boxcars Needed per Load Cycle Days



*Note: Taken from FTR Rail Equipment Outlook, February 2022
 Source: GATX Internal Scrap Analysis, UMLER, FTR Rail Equipment Outlook

Boxcar Outlook



Boxcar cliff is here

- High scrap prices, high demand & poor velocity



Current supply & distribution models are strained

- Code of car-hire rules remains a limiting factor



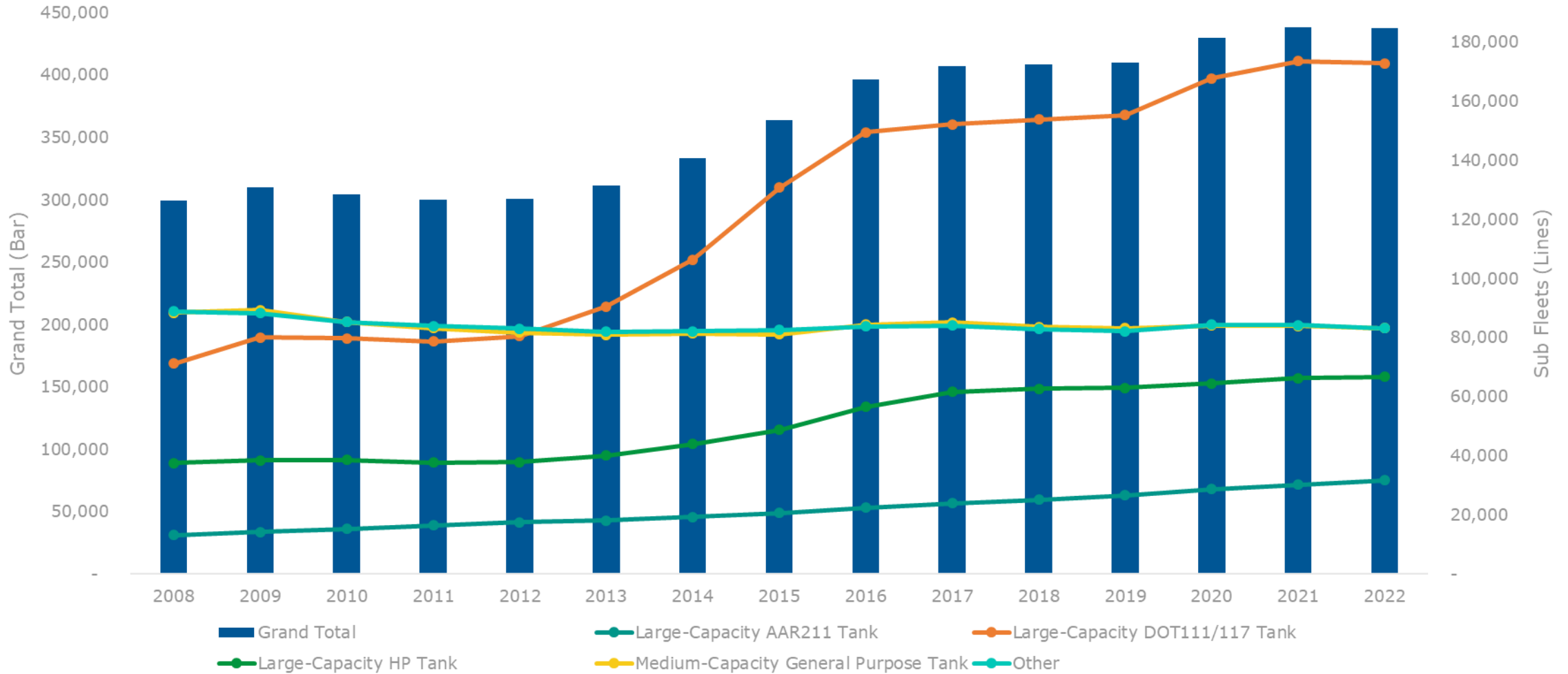
New supply & distribution models needed

- Necessary to avoid modal share loss

- Short line per diem model doesn't support investment in high-cost environment
- Over-reliance on TTX sourcing model results in inefficient market
- Shippers are reluctant to trust boxcar supply and hold back from allocation of freight to rail

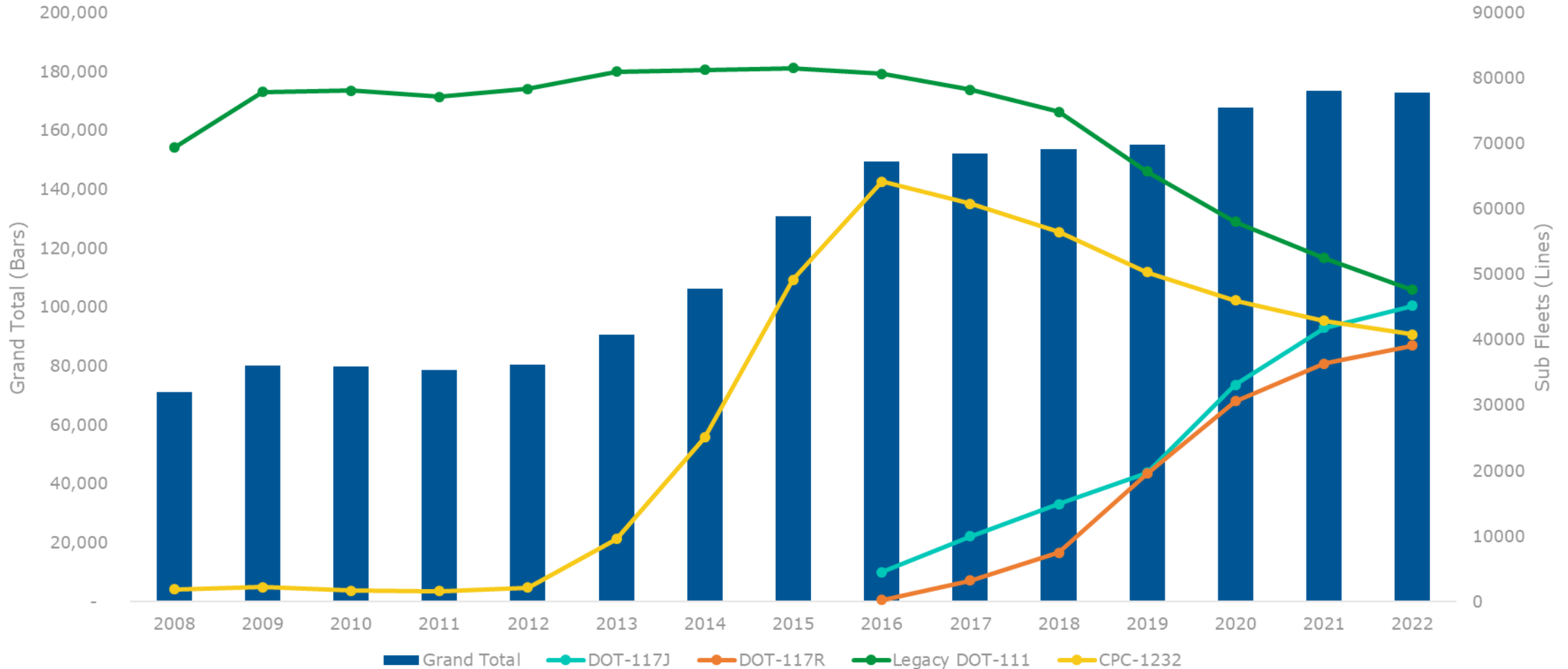
Tank Car Fleet Over Time

North American Tank Car Fleet



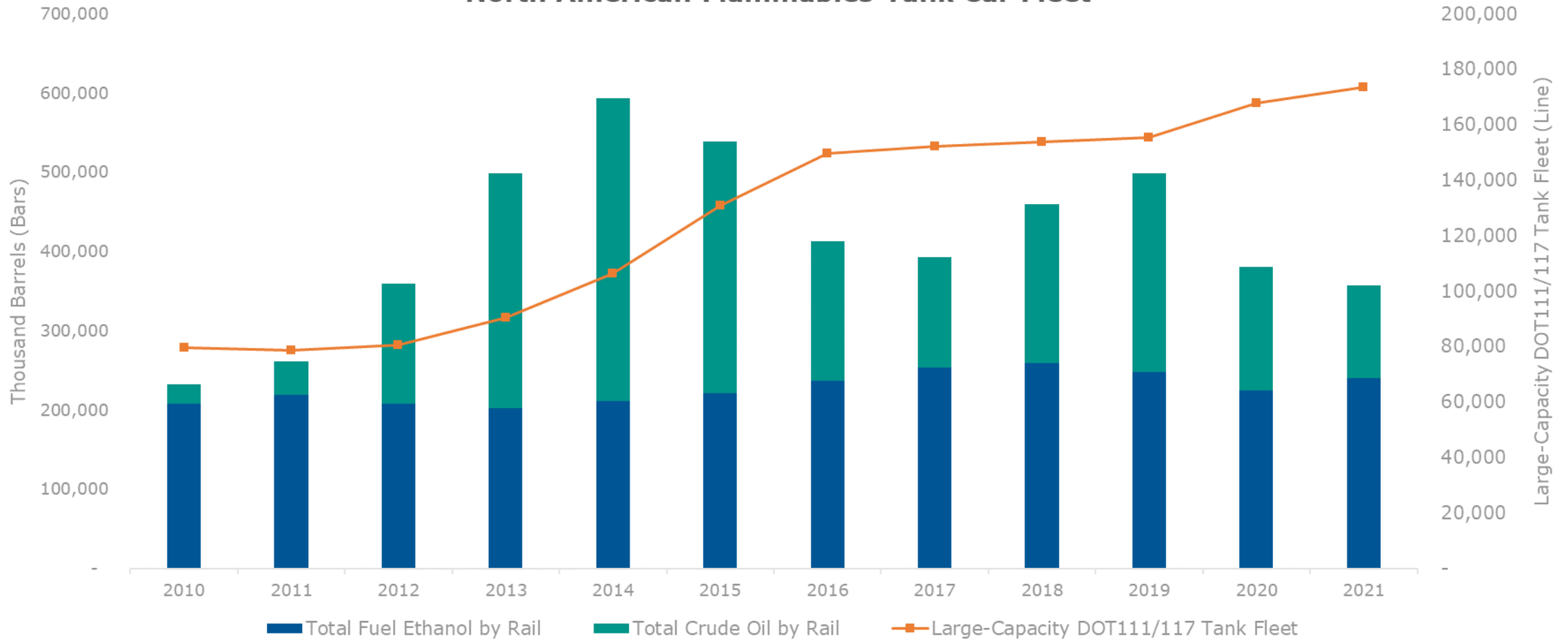
Flammables Tank Car Fleet

North American Flammables Tank Car Fleet



Crude & Ethanol by Rail with Relevant Fleet

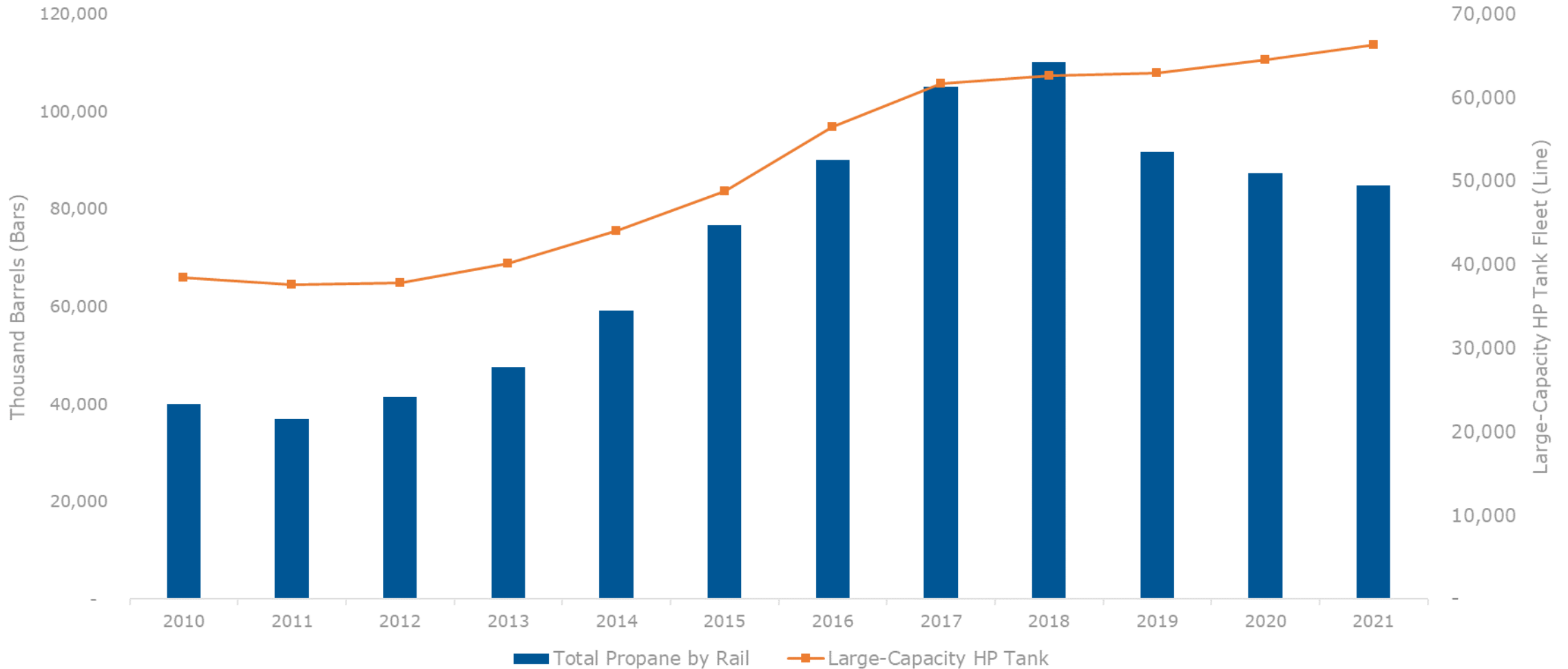
Total Fuel Ethanol & Crude Oil by Rail* with North American Flammables Tank Car Fleet



*Note: Movements on railroads to and from Canada, within the 50 States and the District of Columbia (including interstate and intrastate).
Sources: EIA, UMLER as of January of respective year

Propane by Rail & Relevant Fleet

Total Propane by Rail* & North American HP Fleet



*Note: Movements on railroads to and from Canada, within the 50 States and the District of Columbia (including interstate and intrastate).
Sources: EIA, UMLER as of January of respective year

Tank Car Outlook

Boom/Bust tank car cycle has produced unusual effects

HP tank fleet & large-capacity flammables fleet grew rapidly due to fracking

HP tank fleet is too young & too big

Regulatory change has moderated oversupply in flammables fleet

Edible oils fleet undergoing transformation

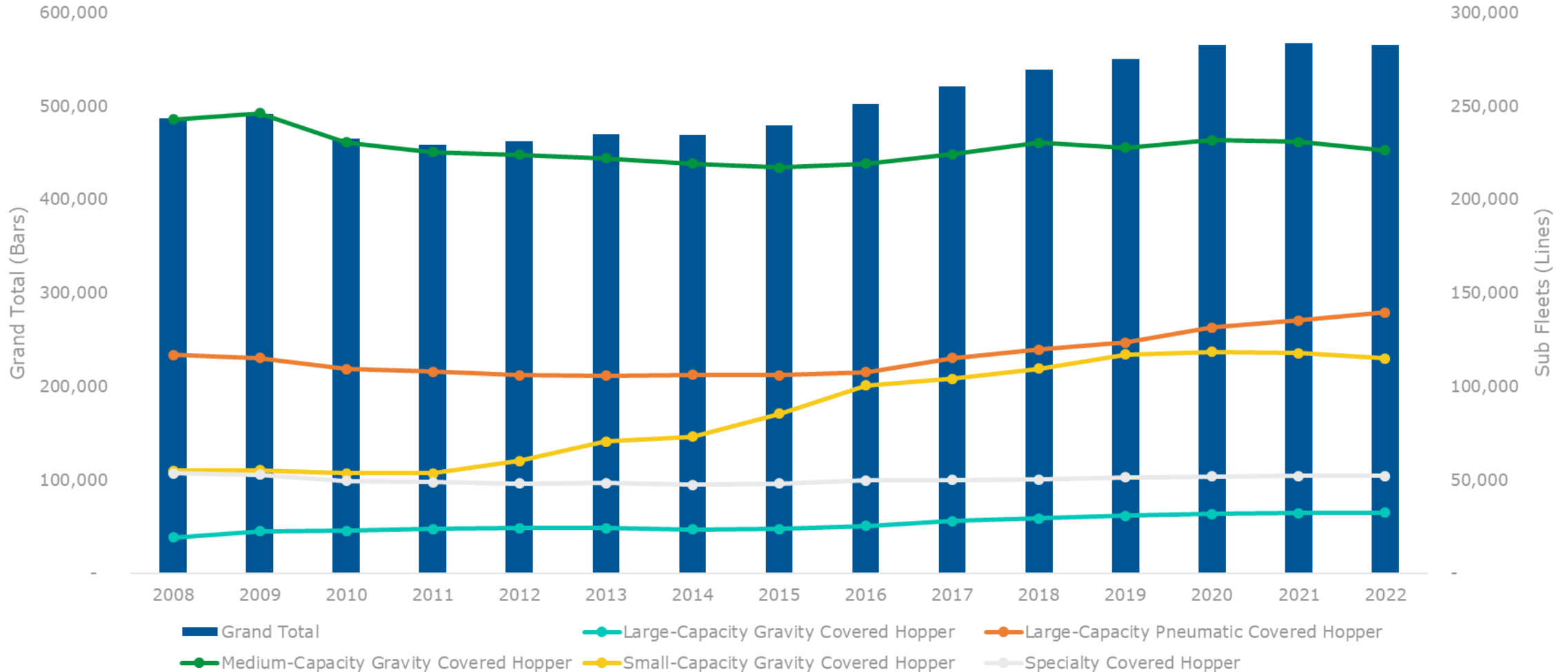
- Smaller cars now cascading to other services, including renewable diesel

Major tightness in medium-capacity GS tank fleet & specialty tank fleet

- Did not get overbuilt during fracking boom
- Replacement costs (steel, labor, interest rates) enormously high

Covered Hopper Fleet Over Time

North American Covered Hopper Fleet



Covered Hopper Outlook

Covered Hoppers: strength, weakness & uncertainty



Medium-capacity gravity cars buoyed by strength in grain, fertilizer & minerals

- High scrap prices taking out 4750s
- The 5150 is the new 4750
- Likely to see continued fleet upgrades & expansions



Small-cubes remain oversupplied post-frac bust

- Some modest demand among cement bargain hunters

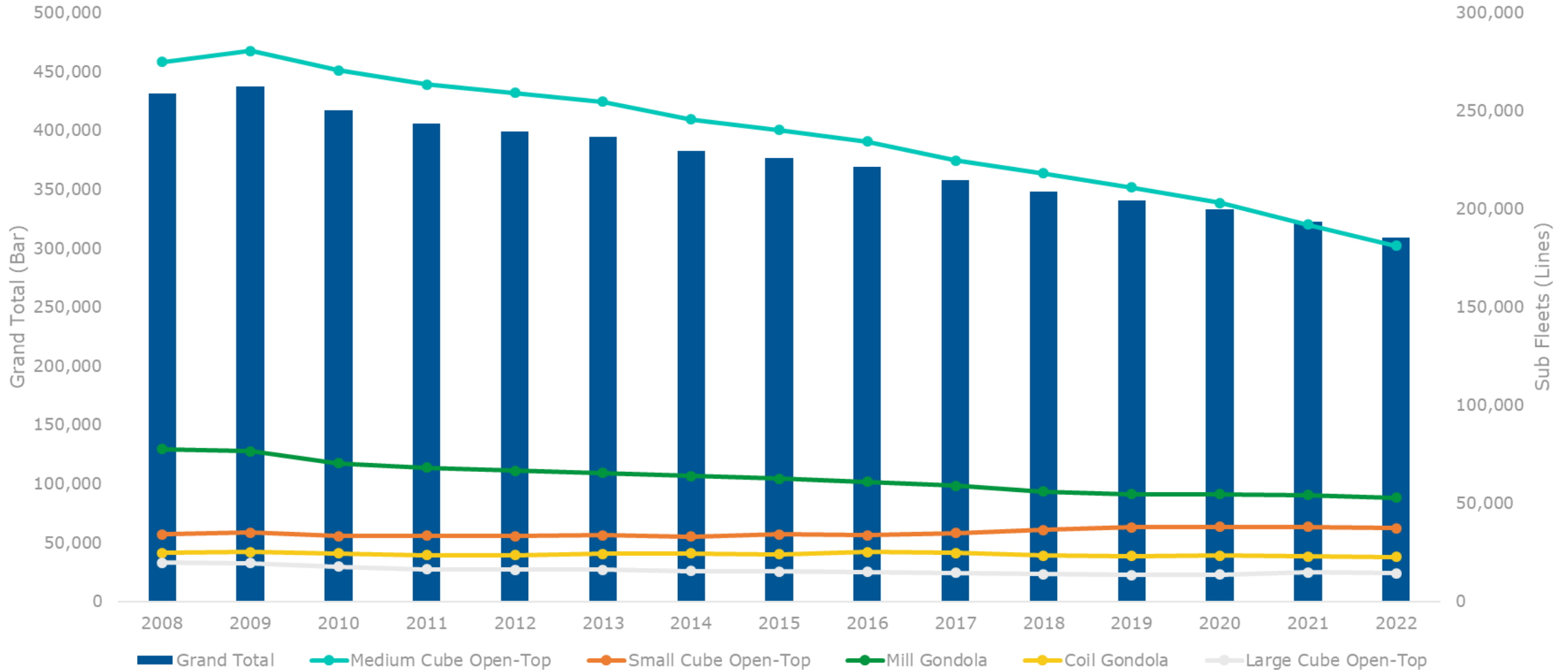


Plastics are a question mark

- New car orders never seem to end
- Many questions on plastics demand & on modal choice

Open-Top Fleet Over Time

North American Open-Top Fleet



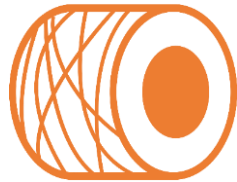
Open-Top Railcar Outlook

Open-top cars are performing well



COAL FLEET

Strengthening as demand decline has moderated while scrapping has reduced fleet



MILL/COIL GONDOLAS

Very strong as steel market continues to surge



AGGREGATES

Continue solid performance

Flat & Intermodal Railcars Outlook



Intermodal fleet sees continued investment in 53' cars



General-purpose flatcars very tight—new car prices also challenging here

Multi-level fleet in transition due to vehicle preference



Centerbeam fleet sold out—new car prices hindering investment



What Should Rail Shippers Do?

1

Car owners can't solve rail service issues, so we're not going to try

2

In terms of railcar fleets, there is no magic bullet

- Over-fleeting is costly & risky
- But running too thin results in missed loads
- The car let go may cost twice as much to get back

3

Plan for tightness; don't assume things will get better

- Over time, we'll understand the new normal & fleets will adjust



Questions?