TRINITY INDUSTRIES

Investor Day 2024

June 25, 2024

FreightCar America, Ex. 1032
IPR2025-01046

Welcome

Leigh Anne Mann

VP Investor Relations

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Safe Harbor

Forward Looking Statements and Other References

Some statements in this presentation, which are not historical facts, are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements about Trinity's estimates, expectations, beliefs, intentions or strategies for the future, and the assumptions underlying these forward-looking statements, including, but not limited to, future financial and operating performance, future opportunities and any other statements regarding events or developments that Trinity believes or anticipates will or may occur in the future. 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 material, 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.

This presentation also includes references to calculations that are not based on generally accepted accounting principles ("GAAP"). Reconciliations of each of these non-GAAP measures to the most directly comparable GAAP measures have been included in the Appendix. When forward-looking non-GAAP measures are provided, Trinity does not provide quantitative reconciliations of forward-looking non-GAAP measures to the most directly comparable GAAP measures because it cannot, without unreasonable effort, predict the timing and amounts of certain items included in the computations of each of these measures. These factors include, but are not limited to: the product mix of expected railcar deliveries; the timing and amount of significant transactions and investments, such as lease portfolio sales, capital expenditures, and returns of capital to shareholders; and the amount and timing of certain other items outside the normal course of our core business operations.

Our Reportable Segments

Effective January 1, 2024, the Company modified its organizational structure to better leverage our maintenance services capabilities to support lease fleet optimization and to grow our services and parts businesses. The new structure resulted in a change to our reportable segments beginning in 2024. In connection with this organizational update, we aligned the maintenance services business, which was previously reported in the Rail Products Group, to now be presented within our leasing business. Consequently, beginning January 1, 2024, we report our operating results in two reportable segments: (1) the Railcar Leasing and Services Group, formerly the Railcar Leasing and Management Services Group, and (2) the Rail Products Group. These changes had no impact to our previously reported consolidated results of operations, financial position, or cash flows. All prior period segment results set forth herein have been recast to reflect these changes and present results on a comparable basis unless otherwise noted. The preliminary and unaudited financial information set forth herein is presented for illustrative purposes only.

Except where noted, financial data is presented as of the Company's most recent fiscal quarter ending March 31, 2024.
"LTM" represents Last Twelve Months[1] financial information from April 1, 2023 to March 31, 2024.

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See appendix for footnotes

Investor Day – June 2024

I.	**Welcome**	Leigh Anne Mann - VP Investor Relations
II.	**What We Believe Matters Most for Value**	Jean Savage - CEO & President
		Charley Moore - Chief Commercial Officer
		Gregg Mitchell - EVP, Leasing & Services
		Kevin Poet - EVP, Operations & Support Services
III.	**Financial Overview and Outlook**	Eric Marchetto - EVP & CFO
IV.	**Q&A**	
V.	**Site Visit: Saginaw facility**	

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What We Believe Matters Most for Value

Jean Savage

CEO & President

with

Charley Moore
Chief Commercial Officer

Gregg Mitchell
EVP, Leasing and Services

Kevin Poet
EVP, Operations and Support Services

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Trinity's Operating Model and Company Purpose

Purpose

Strategy

Business

Values

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Key Takeaways for Today

Rail Partner of Choice

We are a premier railcar leasing company with a platform of integrated rail capabilities to support our lease fleet and serve our customers. This includes manufacturing, maintenance, and growing parts and services businesses

Durable Cash Flow Growth

Balanced supply and stable demand provide multi-year visibility in forward cash flow growth for our leased railcar portfolio

Optimized Life-Cycle Returns

A less volatile operating environment combined with the reduced cyclicality of our platform through the growth of our parts and services businesses optimizes returns through the cycle

Value Realization

We believe there is opportunity for significant value realization over the next three years given projected ROE and cash flow targets

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What KPIs Matter Most for Value Creation?

Measurable performance indicators over the time period 2024 - 2026

Net Fleet Investment[1]

$750M - $1B

over 3 year period

CFFO + Gains on Lease Portfolio Sales*[2]

$1.2B - $1.4B

over 3 year period

Adjusted Return on Equity*[3]

12% -15%

over 3 year period

**Non-GAAP measure; see appendix for footnotes*

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Trinity's Platform Built for Superior Performance

Create an unmatched rail platform that provides a full suite of customer solutions to make a Trinity leased railcar the "railcar of choice" for our shipper customers for higher fleet utilization, more value streams per railcar, and higher shareholder returns

Optimize customers' ownership and usage of railcar equipment

+

Cross-sell to deliver innovative solutions and differentiated experience

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Platform Capabilities Support Optimized Lease Fleet Returns

Fee income from Rail Investment Vehicle partnerships worth an average of 100bp to Adjusted ROE over last 5 years

Lease origination capabilities give customer flexibility and unlock multiple monetization options for each asset

Captive maintenance and Mobile Repair Units allow for more time on rent

Complementary lines of business give us a broad industry view and early visibility to industry trends

Parts and services reduce cyclicality of earnings stream and enhance customer experience

Dual role as owner and builder creates a feedback loop reinforcing asset differentiation

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Trinity's Platform Is Broader Than Key Competitors

	Manufacturing		Leasing		Aftermarket		Services		
	Freight	Tank	Freight	Tank	Maintenance	Parts	Management	Digital	Terminals
Trinity	■	■	■	■	■				
The Greenbrier Companies	■	■	■	■	■	■	■		
UTLX		■		■	■	■			
GATX			■	■	■				
Other Competitors	Freightcar America	Texana Tank Car & Manufacturing, Ltd	Wells Fargo Rail, CIT	AITX, ATCIX	Eagle Railcar Services, Cathcart Rail	A.Stucki Company, Holland	Bourque Logistics, AllTranstek	nexxiot, Lat-Lon	Bulkmatic, Watco, Savage

Established ■ ■ ■ ■ Emerging ■ ■ ■ ■

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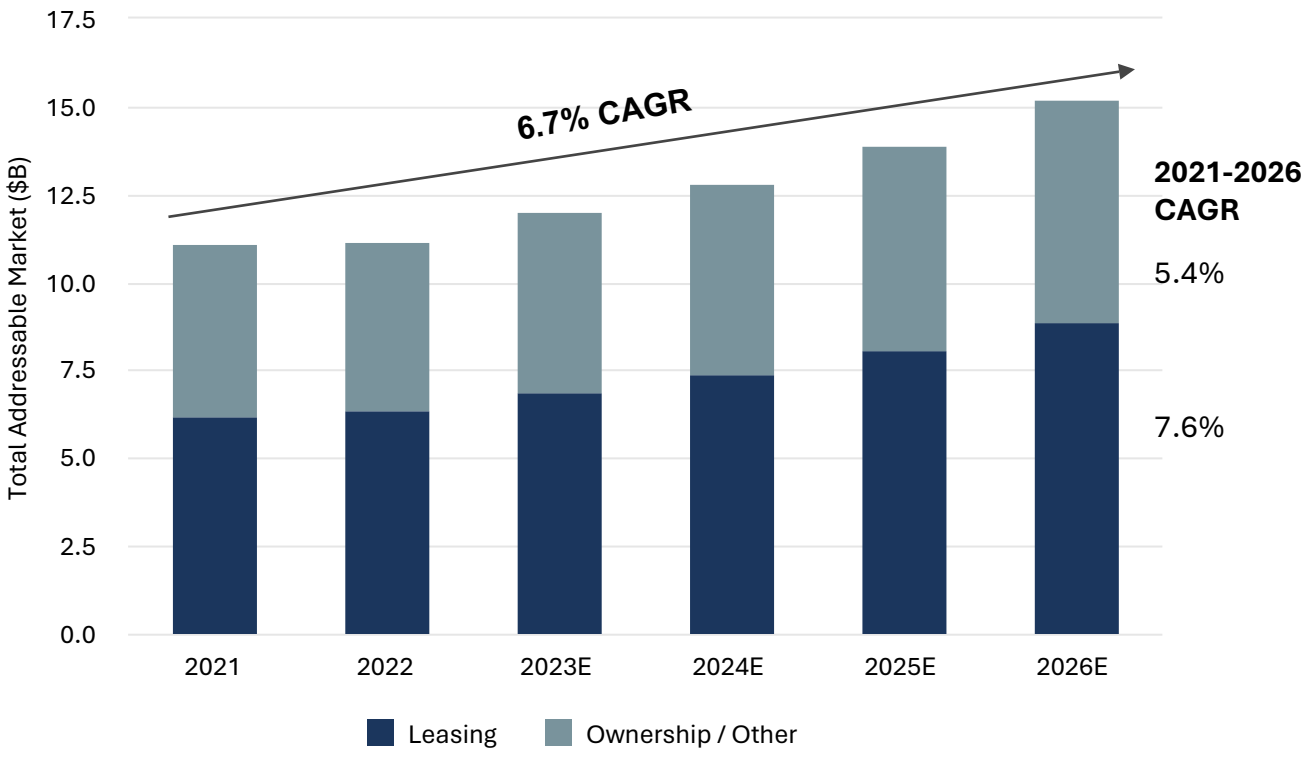
What Matters Most to Customers?

Trinity's end-to-end capabilities deliver cost, data, and efficiency advantages for lessees

Trinity's advantaged platform lowers cost of ownership for customers

Secular shift to lease vs. own for railcar users



Source: Association of American Railroads ("AAR"), SMBC, IHS, Oxford Economics, Kearney

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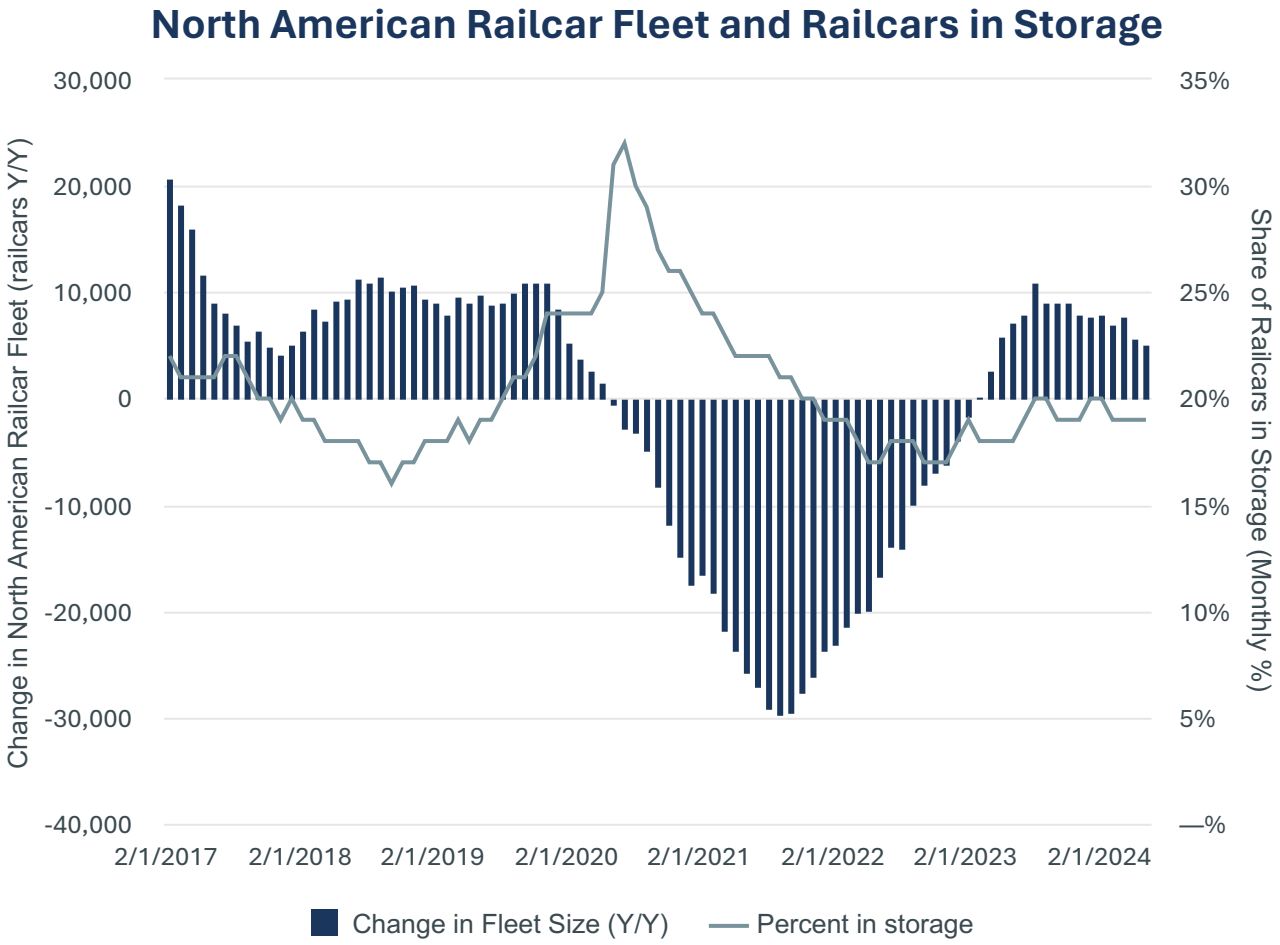
North American Railcar Market In Balance



Source: AAR

Railcar Fleet Utilization in Narrow Range

2020 - 2023 Net North American Fleet reduction ~37K railcars with attrition and modest deliveries, offset by rail service improvement

Uneven Macroeconomy

Traffic growth in key markets, like Chemical and Agriculture, offset by declines elsewhere with this “Higher for Longer” interest rate environment and and uneven industrial activity

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The Railcar Industry Spans Five Commercial End Markets

Trinity's market-focused sales force feeds market insights and allows a better customer experience

Refined Products & Chemicals

- Natural Gas Liquids
- Refined Products
- Plastics
- Petro-chemicals
- Chlor Alkali
- Sulfur Products

14% of North American railcar loading

~980 Distinct Commodities

Energy

- Coal
- Biofuels
- Frac Sand
- U.S. Crude
- Canadian Crude

30% of North American railcar loading

~230 Distinct Commodities

Agriculture

- Grains
- Grain Mill Products
- Distilled Dried Grain/Feed
- Fertilizers

23% of North American railcar loading

~730 Distinct Commodities

Construction & Metals

- Construction Materials
- Aggregates
- Steel/Iron

22% of North American railcar loading

~620 Distinct Commodities

Consumer Products

- Auto
- Paper
- Intermodal

11% of North American railcar loading

~1,000 Distinct Commodities

See appendix for source information

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Voice of the Customer

Michael Rath
SVP, Commodities
Darling Ingredients

"When we look forward to what are key items with Trinity Industries, **number one is the relationship side of the business**...we have great relationships and Trinity has really developed their intellectual portfolio there."

"We're a growth company and when we look at growth, we look at rail side and we say what are the key items for growth partners? Number one - **do they build cars**? Number two - **do they lease cars**? Number three - **do they have a maintenance program for cars?** Number four - **the service side.** And I think that Trinity made a great acquisition here in the last couple of years with the acquisition of RSI.... **RSI is really key to our day to day efficiencies.**"

"Trinity's platform excites us... We think **technology is going to be a big player in railcar efficiencies**. Those efficiencies being car movement, car utilization, location of cars for us and our customers, and most importantly the safety of our railcars moving on today's tracks. You add that to access to capital and their ability to grow and we're pretty excited where Trinity could be and, as a partner, we're happy to be a partner with Trinity Industries."

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Diversified Portfolio of Railcar Equipment

~ 900 Different Commodities **~ 270** Different Railcar Designs

Major Railcar Category		Commercial End Markets / Commodities					
		Refined Products & Chemicals	Energy	Agriculture	Construction & Metals	Consumer Products	
Freight Cars 53%	Open Hoppers & Gondolas		Coal		Aggregates, Steel and Metals		11%
Freight Cars 53%	Small Covered Hopper (< 5k cu/ft)		Frac Sand	Fertilizer	Cement, Construction Materials, Steel and Metals		12%
Freight Cars 53%	Large Covered Hopper (> 5k cu/ft)	Other Chemical (Soda Ash)		DDG and Feeds, Grain Mill Products, Grains, Food and Other Ag, Fertilizer	Lumber (Wood Chips)		12%
Freight Cars 53%	Specialty Covered Hopper	Plastics	Coal (Fly Ash)	Grain Mill Products	Aggregates, Cement		7%
Freight Cars 53%	Other Freight	Other Chemicals		Food	Lumber, Steel and Metals, Cement	Autos, Paper, Intermodal	11%
Tank Cars 47%	Pressure Tank Cars	NGL, Chlor Alkali, Petro-chemical, Other Chemicals		Fertilizer			9%
Tank Cars 47%	Gen. Service Tank Cars (< 20k. Gal)	Sulfur Products, Chlor Alkali, Other Chemicals		Grain Mill Products	Aggregates (Clay Slurry)		3%
Tank Cars 47%	Gen. Service Tank Cars (20k. - 25k Gal.)	Refined Products, Petro-chemicals, Other Chemicals		Fertilizer, Food, Animal Feed			5%
Tank Cars 47%	Gen. Service Tank Cars (25k. - 30k Gal.)	Refined Products, Petro-chemicals, Other Chemicals	Crude Oil, Biofuels	Grain Mill Products, Food			12%
Tank Cars 47%	Gen. Service Tank Cars (> 30k. Gal)	Refined Products, Petrochemicals, Other Chemicals, NGL's	Biofuels, Crude Oil				13%
Tank Cars 47%	Specialty Tank	Chlor Alkali, Other Chemicals, Sulfur Products		Fertilizer			5%
		34%	27%	20%	10%	5%	

*All percentage information reflects Company-owned fleet assets as of December 31, 2023

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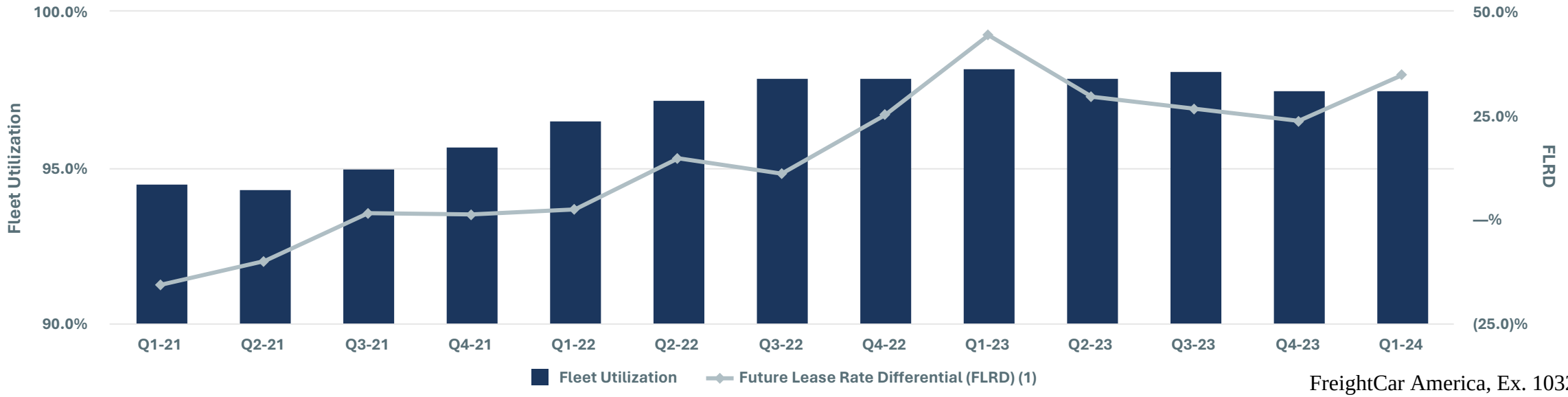
Optimization of Lease Fleet

Trinity has Deepened Customer Relationships through Optimized Fleet and Service Offerings….

- Optimized fleet profile through net fleet investment, utilizing both our manufacturing platform and the secondary market
- Maintained high utilization rate while developing a disciplined pricing model
- Maintenance network with industry-leading turn times positioned for continued optimization
- Completed asset-light investments (Quasar and RSI) to provide better customer experience

…Resulting in Higher Lease Rates and Consistent Fleet Utilization



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See appendix for footnotes

Trinity's Digital Logistics Evolution

Capabilities to manage the entire rail centric supply chain

- Trinity enhanced its Trinsight Logistics Platform offerings by acquiring Quasar and RSI, establishing one digital logistics platform where rail centric supply chains are planned, exceptions managed, and solutions delivered
- Trinity's digital logistics platform delivers integrated visibility, logistics services, and actionable analytics for rail and multi modal shippers
- Trinity can partner with other modes and expand rail usage within customers' supply chains

TRINSIGHT™ QUASAR POWERED BY TRINITYRAIL RSI LOGISTICS

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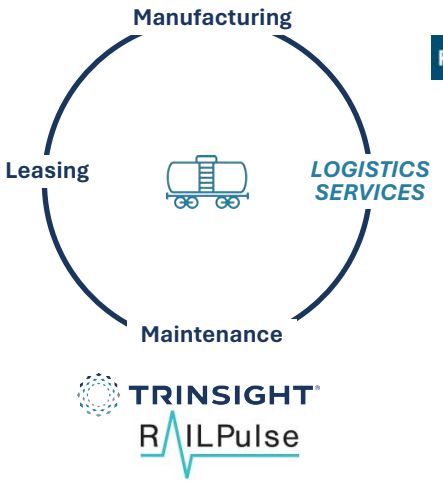
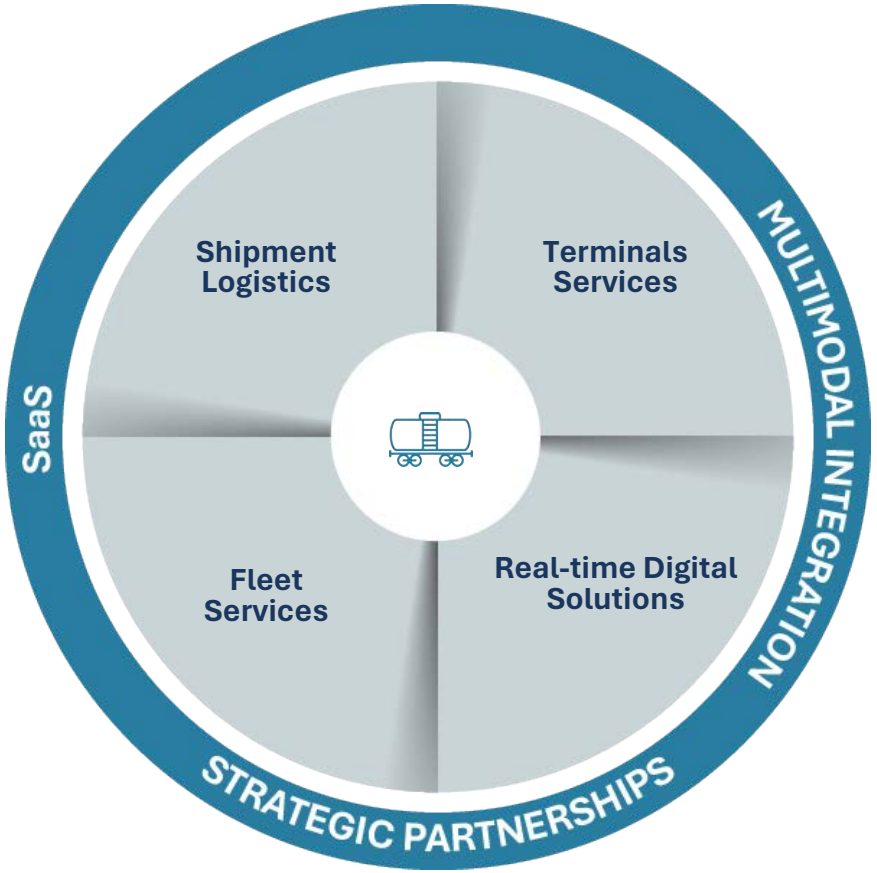
Roadmap to Logistics Solutions

Giving customers a reason to grow rail presence





Where we were

Where we are

Where we are going

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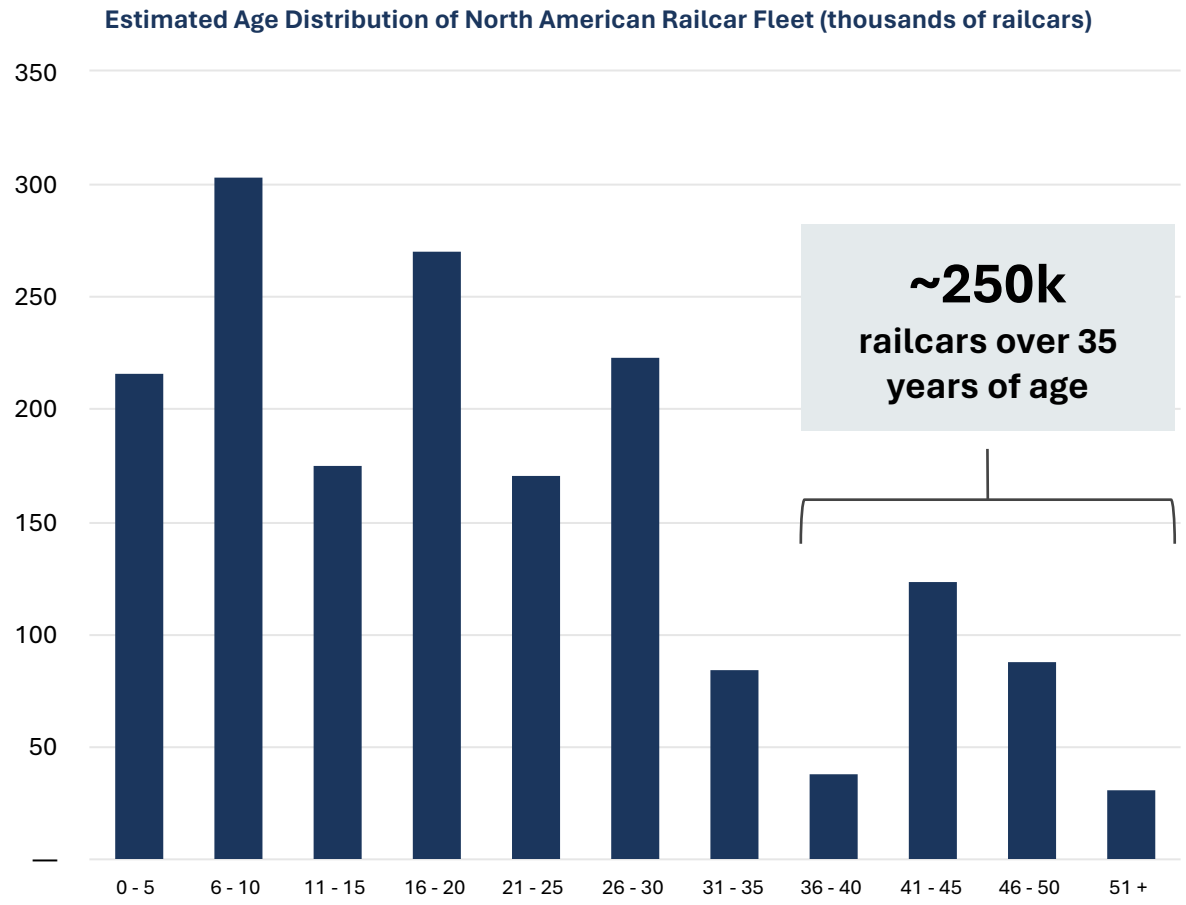
Railcar Demand Supported by Retirement of Aging Equipment



Source: UMLER

High Replacement Potential

Railcars over 35 years old in stable/growing markets

- Box Cars (33K)
- Autoracks (25K)
- Tank Cars (23K)
- Aggregate Hoppers/Gondolas (20K)
- Plastics Covered Hoppers (18K)
- Mill Gondolas and Coil Cars (13K)

Factors Likely to Keep Fleet In Balance

Smaller North American production footprint
Persistently higher material costs and interest rates
Absence of “commodity shock”
Absence of speculative fleet expansion
Capital intensity

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Rail Products Segment Performance and Priorities

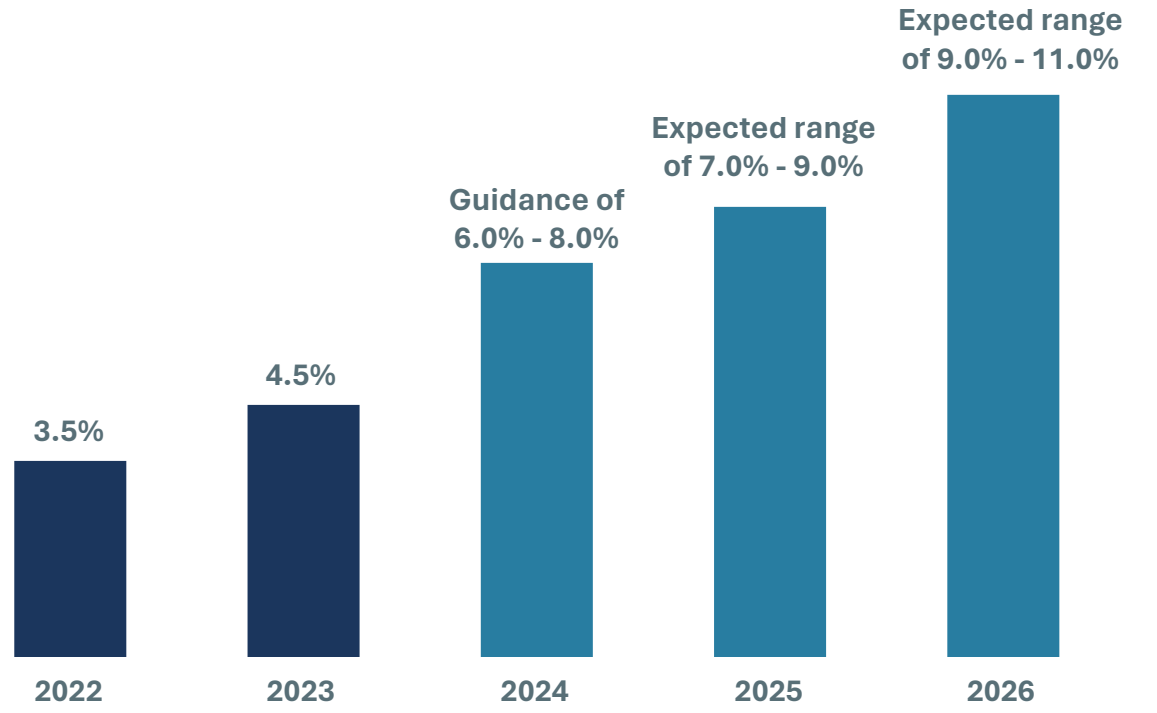
Near Term Opportunities to Drive Further Operating Margin Expansion

Workforce Staffing, Retention, and Development

Standardizing Product Offerings and Complexity Reduction

Enhanced Production Planning, Advanced Supply Chain Processes, and Strategic Sourcing

Technology and Automation



Rail Products Segment Operating Margin

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Trinity's Expanding Parts Opportunity

Focusing on high-wear, high-touch aftermarket components

Trinity's proprietary parts enhance customer service and help railcar owners optimize the total cost of ownership for railcars in our fleet and theirs

Late 2022 acquisition of Holden America scaled Trinity's manufacturing and aftermarket parts exposure in the attractive autorack segment

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Establishing New Value Streams Across Railcar Life Cycle

Core

Leasing Operations	Manufacturing	Maintenance	Lease Portfolio Sales
Efficiently deploy and sustain railcars in revenue service	Produce and convert quality, innovative railcars	Maintain and repair railcars in service and ensure regulatory compliance	Leverage lease origination capabilities to opportunistically monetize railcar fleet

Railcar Life Cycle

Growth

Services	Parts
Rail logistics services and transloading operations	Produce and/or distribute OEM and aftermarket railcar parts

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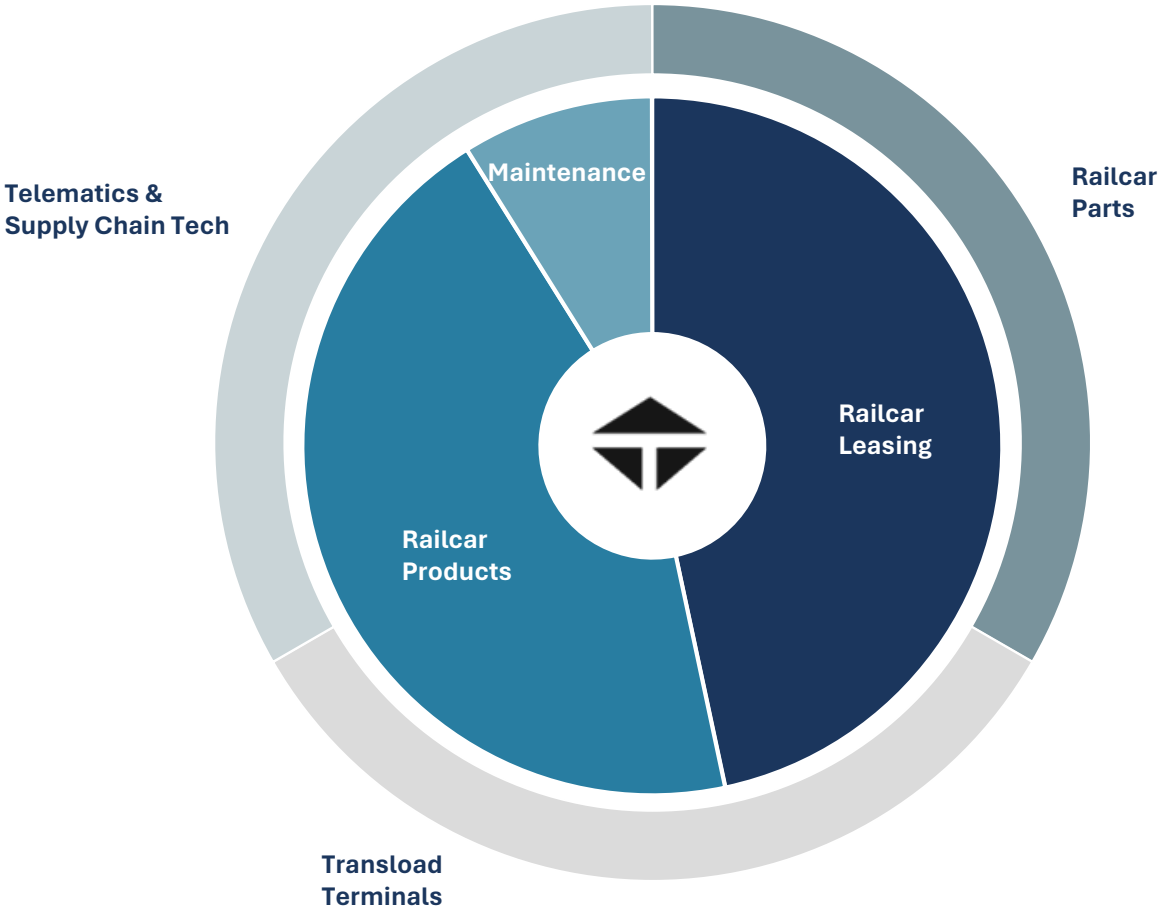
Growth Strategies Beyond Core Are Significant

Synergistic revenue growth opportunities in Parts and Services

Focused on improving the returns of each railcar in our fleet by creating customer value through increased service offerings

Holistic approach to supply chain management has accelerated amongst our customers

Trinity is well positioned to meet the market's competitive demands with the full range of capabilities



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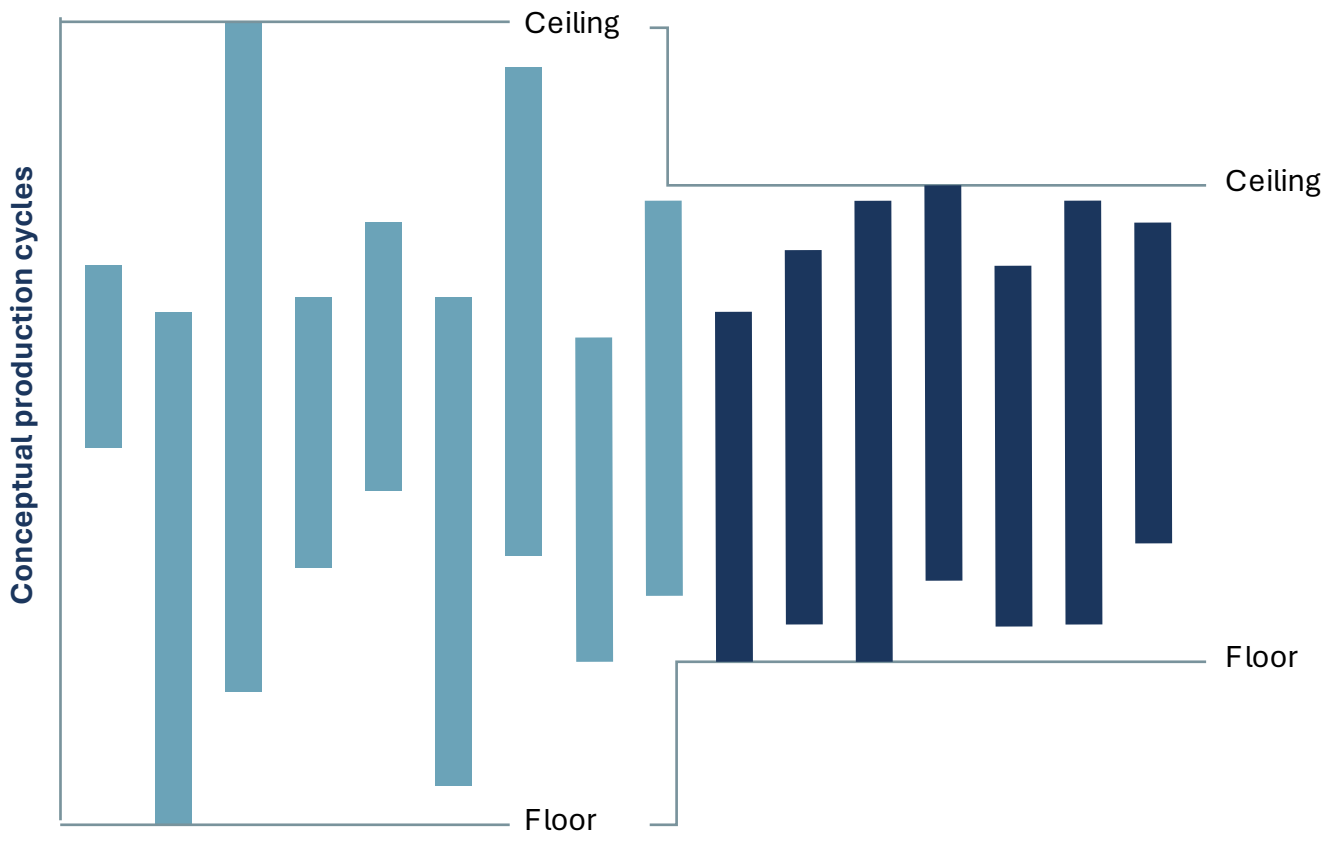
Trinity - Optimized Production Levels



Trinity Before
Heavier manufacturing exposed to industry-wide volatility

Trinity Today
Production focused on optimized production levels and pricing support reduces operating volatility

Benefits of Trinity's strategy

- Stable railcar production reduces cyclical volatility and maximizes operating leverage
- Visibility and planning for production drives consistency of margins in a range of market environments
- Improved liquidity for opportunistic investment (either of cars or capabilities)
- Expanding operating cash flow efficiency accrues to shareholder value

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Scorecard from 2020

		FY 2021 – 2023		
Business Drivers	Industry Deliveries	~120,000 railcars *(over 3 years)*	✓	
	Lease Portfolio Net Investment	**$500M to $600M *(over 3 years)***	✓	**Actual of $558M**
	Lease Fleet Utilization	**95%+**	✓	**97.5% (as of 1Q24)**
	Manufacturing OPM	Mid to high single digits	✗	
	Pre-Tax ROE	**Mid-teens**	✓	**16.2% (as of 1Q24)**
Cash Flows	Total CF from Ops	$1.5B - $2.0B *(over 3 years)*	✗	
	Balance Sheet Optimization	Achieve 60-65% LTV target	✓	
	Share Repurchases	**Potentially significant**	✓	**~$900M over 3 year period**
	Dividends	Double-digit annual growth	✓	

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Looking Beyond 2026

Sustainability Demand	Increased social demand for climate-friendly supply chains to drive greater use of rail
Energy Transition	Investment in diverse energy sources expanding related supply chains (e.g. food oils, acids, CO_2, etc.)
Modal Share	Railroads focusing on customer experience combined with advantages of shipping by rail result in more industrial traffic moving by rail
International Demand	International interest in North America freight rail expertise stimulates demand for equipment and services

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Financial Overview and Outlook

Eric Marchetto

EVP & CFO

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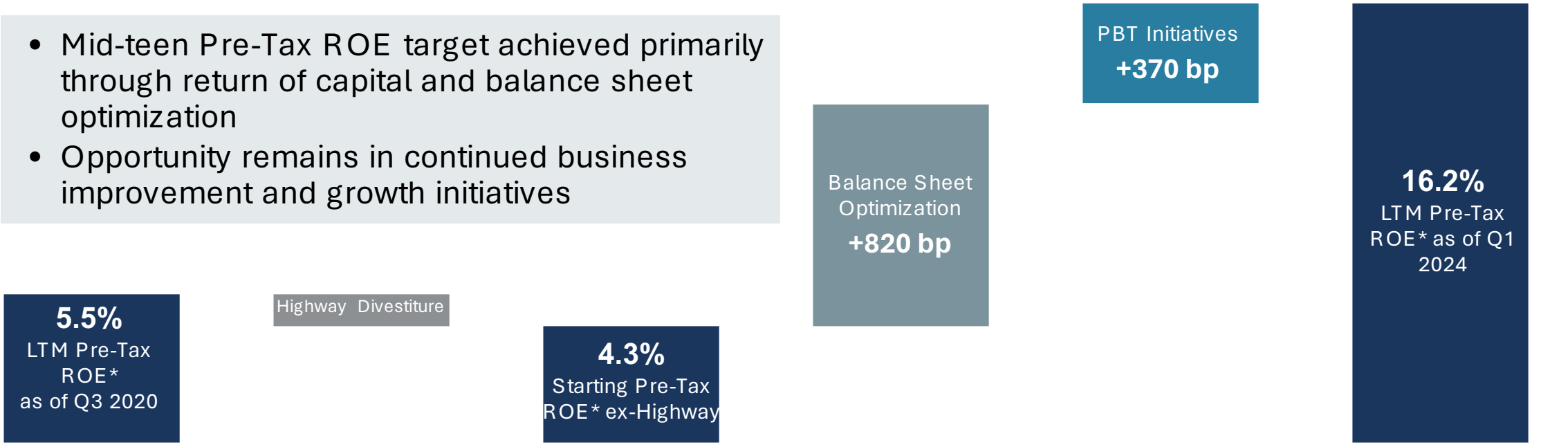
Drivers of Pre-Tax ROE Since Investor Day 2020

- Mid-teen Pre-Tax ROE target achieved primarily through return of capital and balance sheet optimization
- Opportunity remains in continued business improvement and growth initiatives



Effective Strategic Initiatives Reflected In Pre-Tax ROE Improvement

Highway Divestiture	Intentionally reduced footprint of business with divestiture of Highway business in 2021
Balance Sheet Optimization	Significant return of capital to shareholders
Profit before Tax (PBT) Initiatives	Higher lease rates, improved operations in Rail Products, improved gains on railcar sales

*See reconciliation of non-GAAP measures

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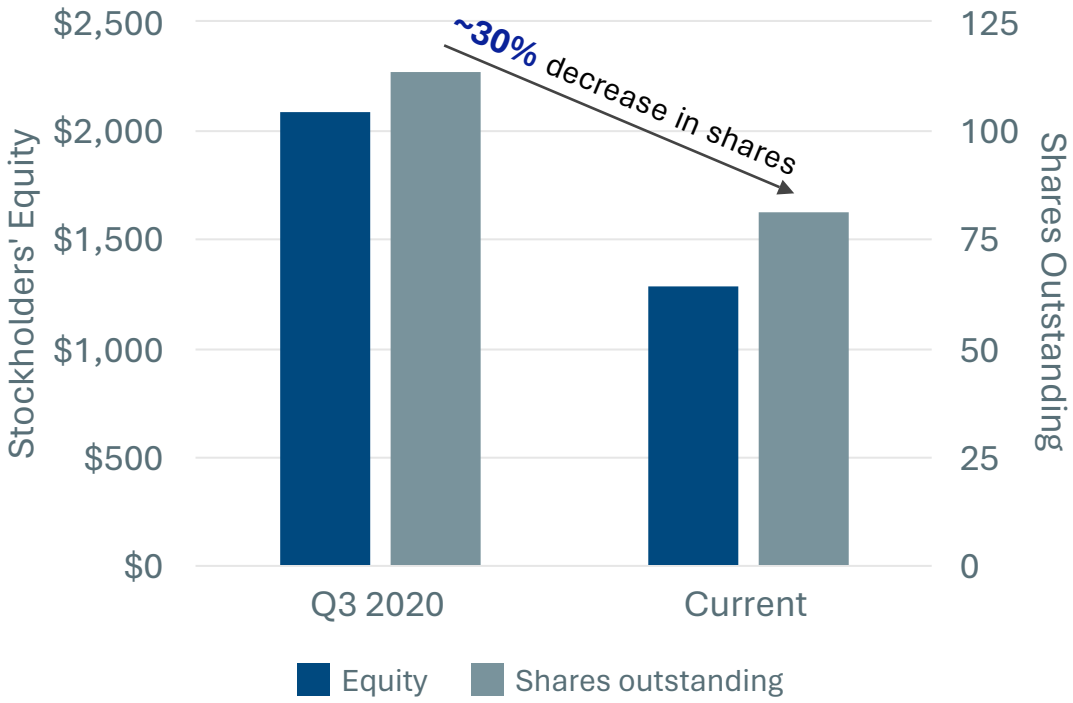
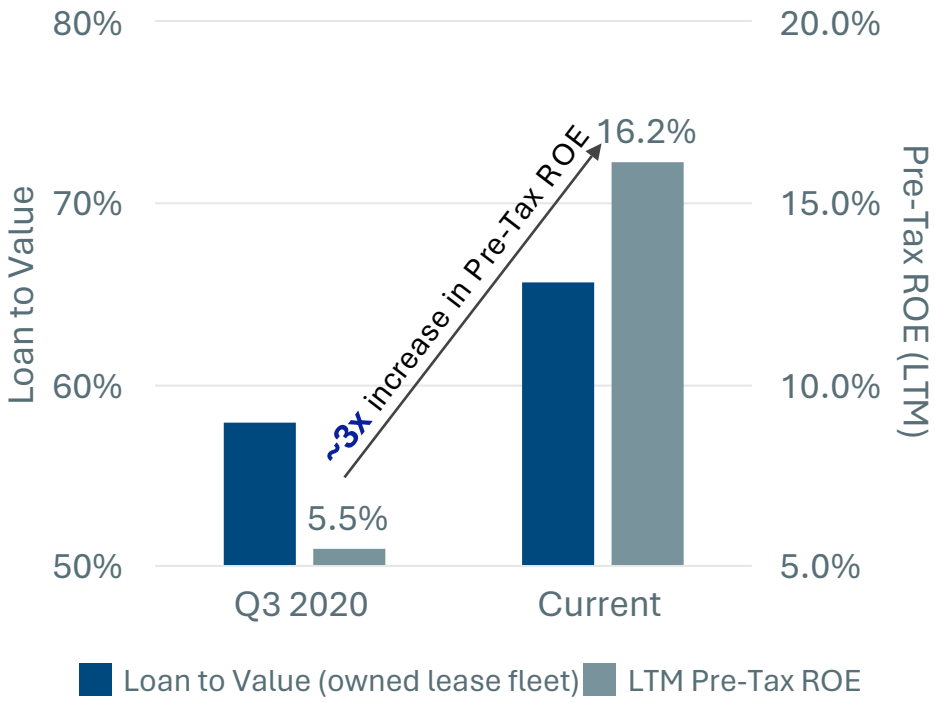
Return of Capital Drives Improvement to ROE

2020 Investor Day initiatives





Reduction in equity
- ~$900 million returned to shareholders via share buybacks

Balance sheet optimization to improve WACC
- Loan to value increased to 65%

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Higher Gross Investment Offset by Higher Portfolio Sales

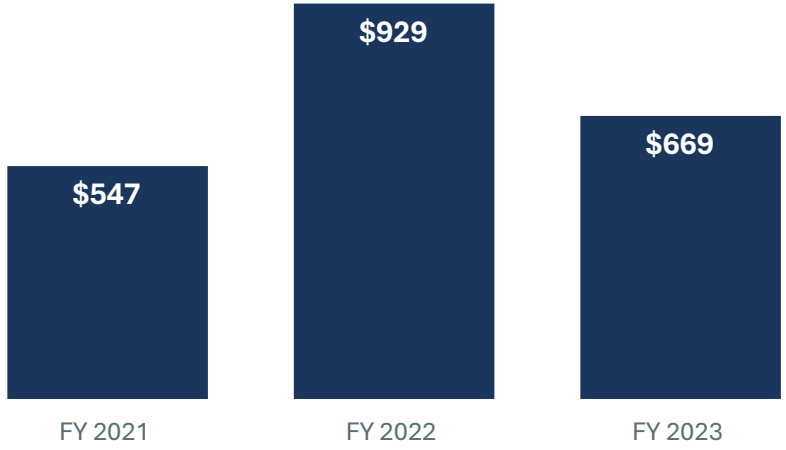
Monetization Options for a Railcar

At time of production

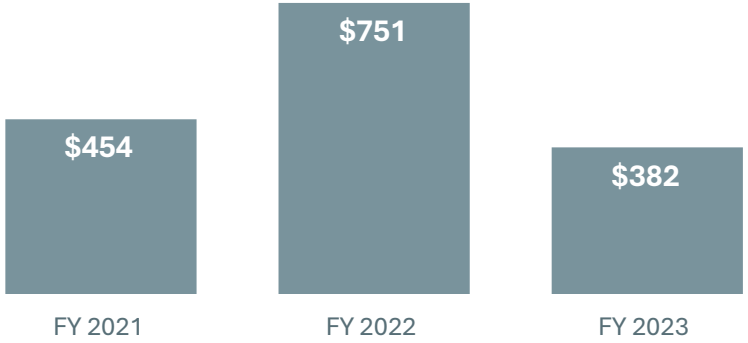
External sale to customer, no impact to net fleet investment

Deliver to lease fleet and earn rent, increase gross fleet investment

Secondary market and RIV sales decrease net fleet investment; fleet purchases increase net fleet investment



Gross Fleet Investment



Portfolio Sales

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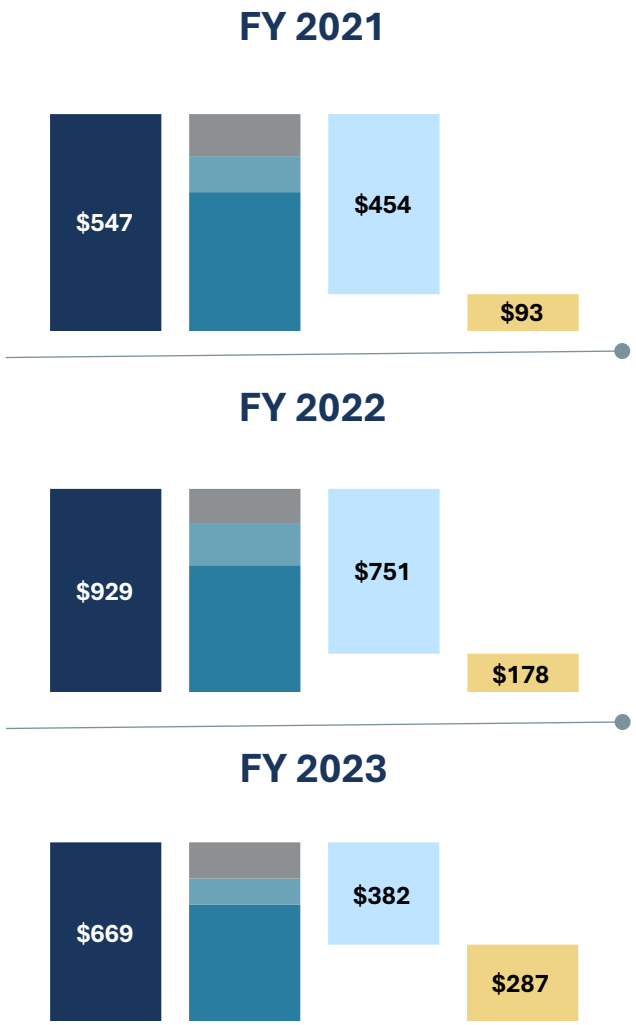
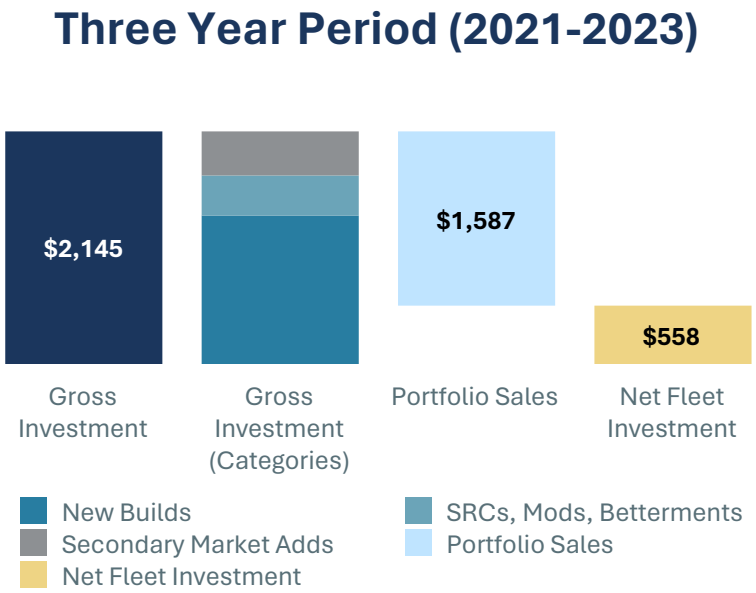
Managing to a Net Fleet Investment Goal





We hit our 3-year net fleet investment target of $500 - $600M

- Gross investment varied based on customer preference, backlog, and order volumes
- Gross investment includes new builds, sustainable railcar conversions ("SRCs"), modifications, betterments, and secondary market adds
- Utilize secondary market as a buyer and seller to optimize fleet and manage to a net fleet investment number

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Capital Allocation Strategy Focused on Returns

Fleet investment generates highest returns for Trinity

LOWER RETURNS → HIGHER RETURNS

Hold Cash	Debt Repayment	Return of Capital	Capital Investments and M&A	Fleet Investment
Committed to maintaining appropriate liquidity	Current debt profile supports ROE outlook	Committed to dividend growth and will be opportunistic around share repurchases	Requires diligence, but strategic M&A around Parts and Services can drive meaningful returns	Strong FLRD and growing end market demand supports our conviction in the return opportunities from fleet investment

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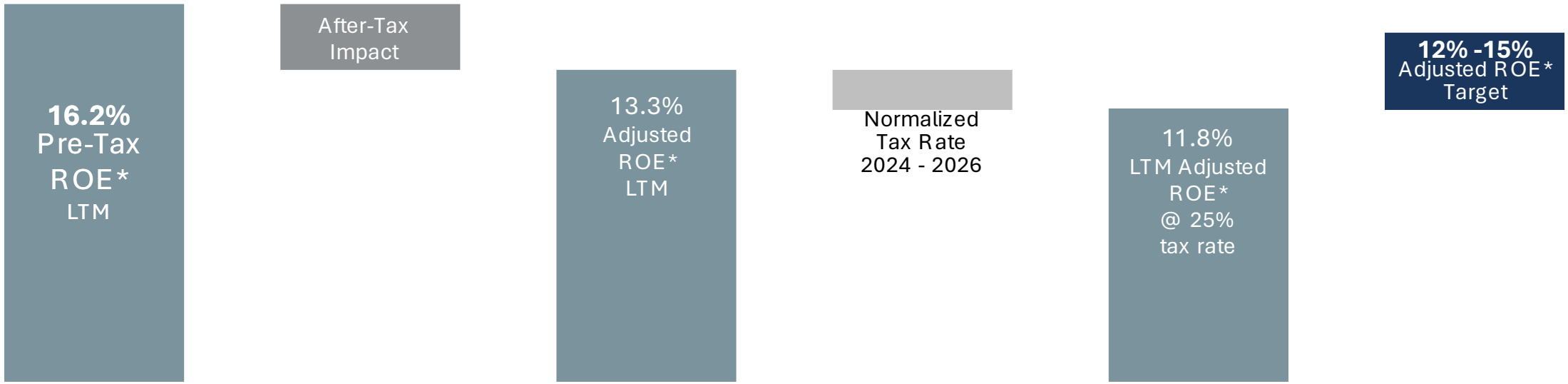
Drivers of ROE through 2026



Adjusted ROE* range of 12% to 15% implies operating margin improvement in both segments offset by lower gains on lease portfolio sales

Adjusted LTM ROE*	Moving from a pre-tax income to a net income gets to a starting Adjusted ROE* of 13.3%
Normalized Tax Rate	LTM effective tax rate of 17% vs. forecasted tax rate of 25% in the period 2024 - 2026
Operational Improvement	Adjusted ROE* growth will come from improved margins in Leasing and Services and Rail Products Group, offset by lower gains on lease portfolio sales

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*See reconciliation of non-GAAP measures

Trinity's Financial Targets

		FY 2024 – 2026
Business Drivers	Net Fleet Investment	$750M - $1B *(over 3 years)*
	Lease Fleet Utilization	>95%
	Leasing and Services Segment OPM	38% - 41%
	Industry Deliveries	~120,000 railcars *(over 3 years)*
	Rail Products Segment OPM	6% - 11%
	Adjusted ROE*	12% -15%
Cash Flows	CF from Ops with Net Gains on Lease Portfolio Sales*	$1.2B - $1.4B
	Balance Sheet Optimization	60% - 70% LTV target
	Share Repurchases	Opportunistic
	Dividends	Dividend growth

*Non-GAAP measure

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Trinity's Valuation as Compared to Peers

ROE and Cash Generation Should Drive a Higher Valuation

	Factset Estimates	Equipment Leasing & Finance Average	Warehouse REITs Average
2YR 2025E EBITDA CAGR	9.7%	~5.9%	~10.1%
Dividend Yield	3.5%	~1.5%	~3.2%
2024E ROE	13.7%	~11.6%	~8.8%
2025E EV / EBITDA	**10.1x**	**~10.2x**	**~18.2x**

Forward EV/EBITDA Multiple Upside

Source: Factset Research Systems, Bloomberg as of 6/21/2024

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What KPIs Matter Most for Value Creation?

Measurable performance indicators over the time period 2024 - 2026

Net Fleet Investment[1]

$750M - $1B

over 3 year period

CFFO + Gains on Lease Portfolio Sales*[2]

$1.2B - $1.4B

over 3 year period

Adjusted Return on Equity*[3]

12% -15%

over 3 year period

**Non-GAAP measure; see appendix for footnotes*

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Key Takeaways for Today

Rail Partner of Choice

We are a premier railcar leasing company with a platform of integrated rail capabilities to support our lease fleet and serve our customers. This includes manufacturing, maintenance, and growing parts and services businesses

Durable Cash Flow Growth

Balanced supply and stable demand provide multi-year visibility in forward cash flow growth for our leased railcar portfolio

Optimized Life-Cycle Returns

A less volatile operating environment combined with the reduced cyclicality of our platform through the growth of our parts and services businesses optimizes returns through the cycle

Value Realization

We believe there is opportunity for significant value realization over the next three years given projected ROE and cash flow targets

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Q&A

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Appendix

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Reconciliation: Total Company Pre-Tax ROE

($ in millions)	LTM March 31, 2024	December 31, 2023	LTM September 30, 2020	December 31, 2019	LTM September 30, 2020	December 31, 2019
			(including highway products business)		(excluding highway products business)	
Numerator:						
Income (loss) from continuing operations	$ 154.9		$ (77.1)		$ (98.4)	
Provision (benefit) for income taxes	31.5		(205.8)		(208.8)	
Income (loss) from continuing operations before income taxes	186.4		(282.9)		(307.2)	
Net (income) loss attributable to noncontrolling interest	(15.0)		79.6		79.6	
Adjustments:						
Selling, engineering, and administrative expenses (1)	4.0		—		—	
Gains on dispositions of property – other (2)	(5.1)		—		—	
Impairment of long-lived assets – controlling interest (3)	—		288.1		288.1	
Restructuring activities, net	(1.8)		25.2		25.0	
Loss on extinguishment of debt	—		5.0		5.0	
Interest expense, net (4)	(1.5)		—		—	
Adjusted Profit Before Tax	$ 167.0		$ 115.0		$ 90.5	
Denominator:						
Total stockholders' equity	$ 1,288.5	$ 1,275.5	$ 2,093.6	$ 2,378.9	$ 2,093.6	$ 2,378.9
Noncontrolling interest	(239.2)	(238.4)	(276.3)	(348.8)	(276.3)	(348.8)
Accumulated other comprehensive income	(18.4)	(11.0)	164.5	153.1	164.5	153.1
Adjusted Stockholders' Equity	$ 1,030.9	$ 1,026.1	$ 1,981.8	$ 2,183.2	$ 1,981.8	$ 2,183.2
Average total stockholders' equity	$ 1,282.0		$ 2,236.3		$ 2,236.3	
Return on Equity (5)	12.1 %		(3.4)%		(4.4)%	
Average Adjusted Stockholders' Equity	$ 1,028.5		$ 2,082.5		$ 2,082.5	
Pre-Tax Return on Equity (6)	16.2 %		5.5 %		4.3 %	

(1) Represents the change in estimated fair value of additional contingent consideration associated with an acquisition.
(2) Represents insurance recoveries in excess of net book value for assets damaged by a tornado at the Company's rail maintenance facility in Cartersville, Georgia in the first quarter of 2021.
(3) Excludes $81.3 million of non-cash impairment of long-lived asset charges associated with the noncontrolling interest recorded in the second quarter of 2020.
(4) Represents interest income accretion related to a seller-financing agreement associated with the sale of certain non-operating assets.
(5) Return on Equity is calculated as income from continuing operations divided by average total stockholders' equity.
(6) Pre-Tax Return on Equity is calculated as adjusted profit before tax divided by average adjusted stockholders' equity, each as defined below and reconciled above.

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

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

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Reconciliation: Total Company Adjusted ROE

($ in millions)	LTM March 31, 2024	March 31, 2023	LTM March 31, 2024	March 31, 2023
	(as reported)		(Hypothetical normalized tax rate of 25%)	
Numerator:				
Income from continuing operations	$ 154.9		$ 139.8	
Net income attributable to noncontrolling interest	(15.0)		(15.0)	
Net income from continuing operations attributable to Trinity Industries, Inc.	139.9		124.8	
Adjustments:				
Selling, engineering, and administrative expenses [1]	4.0		4.0	
Gains on dispositions of property – other [2]	(5.1)		(5.1)	
Restructuring activities, net	(1.8)		(1.8)	
Interest expense, net [3]	(1.5)		(1.5)	
Adjusted Net Income	$ 135.5		$ 120.4	
Denominator:				
Total stockholders' equity	$ 1,288.5	$ 1,250.4	$ 1,288.5	$ 1,250.4
Noncontrolling interest	(239.2)	(256.2)	(239.2)	(256.2)
Trinity stockholders' equity	$ 1,049.3	$ 994.2	$ 1,049.3	$ 994.2
Average total stockholders' equity	$ 1,269.5		$ 1,269.5	
Return on Equity [4]	12.2 %		11.0 %	
Average Trinity stockholders' equity	$ 1,021.8		$ 1,021.8	
Adjusted Return on Equity [5]	13.3 %		11.8 %	

(1) Represents the change in estimated fair value of additional contingent consideration associated with an acquisition.
(2) Represents insurance recoveries in excess of net book value for assets damaged by a tornado at the Company's rail maintenance facility in Cartersville, Georgia in the first quarter of 2021.
(3) Represents interest income accretion related to a seller-financing agreement associated with the sale of certain non-operating assets.
(4) Return on Equity is calculated as income from continuing operations divided by average total stockholders' equity.
(5) Adjusted Return on Equity is calculated as adjusted net income divided by average Trinity stockholders' equity, each as defined below and reconciled above.

Adjusted Return on Equity ("Adjusted ROE") is a non-GAAP measure that is derived from amounts included in our GAAP financial statements. We define Adjusted ROE as a ratio for which (i) the numerator is calculated as income or loss from continuing operations, adjusted to exclude the effects of net income or loss attributable to noncontrolling interest, and certain other adjustments, described in the footnotes to the table above, which include certain selling, engineering, and administrative expenses; gains on dispositions of other property; restructuring activities, net; and interest expense, net; and (ii) the denominator is calculated as average Trinity stockholders' equity (which excludes noncontrolling interest).

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

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Presentation Footnotes

Slide 2 – Safe Harbor

1. LTM is calculated as the year ended December 31, 2023, less the three months ended March 31, 2023, plus the three months ended March 31, 2024, representing the financial information from April 1, 2023 to March 31, 2024.

Slide 7 & Slide 36 – What KPIs Matter Most for Value Creation?

1. Net fleet investment primarily includes new railcar additions, sustainable railcar conversions, railcar modifications, and other betterments, net of deferred profit, and secondary market purchases; and is net of proceeds from lease portfolio sales.
2. Cash flow from operations with net gains on lease portfolio sales is a non-GAAP financial measure. We believe this measure is useful to both management and investors as it provides a relevant measure of liquidity and a useful basis for assessing the breadth of the cash flow generation capabilities across our operating platform, as well as our ability to fund our operations and repay our debt. This measure is defined as net cash provided by operating activities from continuing operations as computed in accordance with GAAP, plus net gains on lease portfolio sales and is reconciled to net cash provided by operating activities from continuing operations, the most directly comparable GAAP financial measure. Non-GAAP measures should not be considered in isolation or as a substitute for our reported results prepared in accordance with GAAP and, as calculated, may not be comparable to other similarly titled measures for other companies. We believe this measure provides simplicity and clarity as compared to our previous cash flow metric.
3. Adjusted Return on Equity ("Adjusted ROE") is a non-GAAP measure that is derived from amounts included in our GAAP financial statements. We define Adjusted ROE as a ratio for which (i) the numerator is calculated as income or loss from continuing operations, adjusted to exclude the effects of net income or loss attributable to noncontrolling interest, and certain other adjustments, which include certain selling, engineering, and administrative expenses; gains on dispositions of other property; restructuring activities, net; and interest expense, net; and (ii) the denominator is calculated as average Trinity stockholders' equity (which excludes noncontrolling interest). The numerator and denominator of our Adjusted ROE calculation are reconciled to income from continuing operations and total stockholders' equity, respectively, which are the GAAP financial measures used in the computation of ROE. Management believes that Adjusted ROE is a useful measure to both management and investors as it provides an indication of the economic return on the Company's investments over time. Non-GAAP measures should not be considered in isolation or as a substitute for our reported results prepared in accordance with GAAP and, as calculated, may not be comparable to other similarly titled measures for other companies.

Slide 13 – The Railcar Industry Spans Five Commercial End Markets

Internal Carloads Data and Analysis, accessed on January 17, 2024 with data as of December 31, 2023

Slide 16 – Optimization of Lease Fleet

1. Future Lease Rate Differential ("FLRD") calculates the implied change in lease rates for railcar leases expiring over the next four quarters. The FLRD assumes that these expiring leases will be renewed at the most recent quarterly transacted lease rates for each railcar type. We believe the FLRD is useful to both management and investors as it provides insight into the near-term trend in lease rates. The FLRD is calculated as follows:

$$\frac{\text{(New Lease Rates — Expiring Lease Rates) x Expiring Railcar Leases}}{\text{(Expiring Lease Rates x Expiring Railcar Leases)}}$$

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