Title: Understanding Greenbrier's Recent Rise and Price Target Update

Report Overview:

1. Thirteen key takeaways from GBX's FQ2 2016 financial results and earnings call are presented and analyzed.
2. Four risks are identified and discussed.
3. Five factors to watch going forward are presented and each of their potential impacts on GBX's financials is analyzed.
4. I am increasing my 1-year price target from $33.00 to $37.00, which implies that GBX is currently trading at a discount of 20.4%.

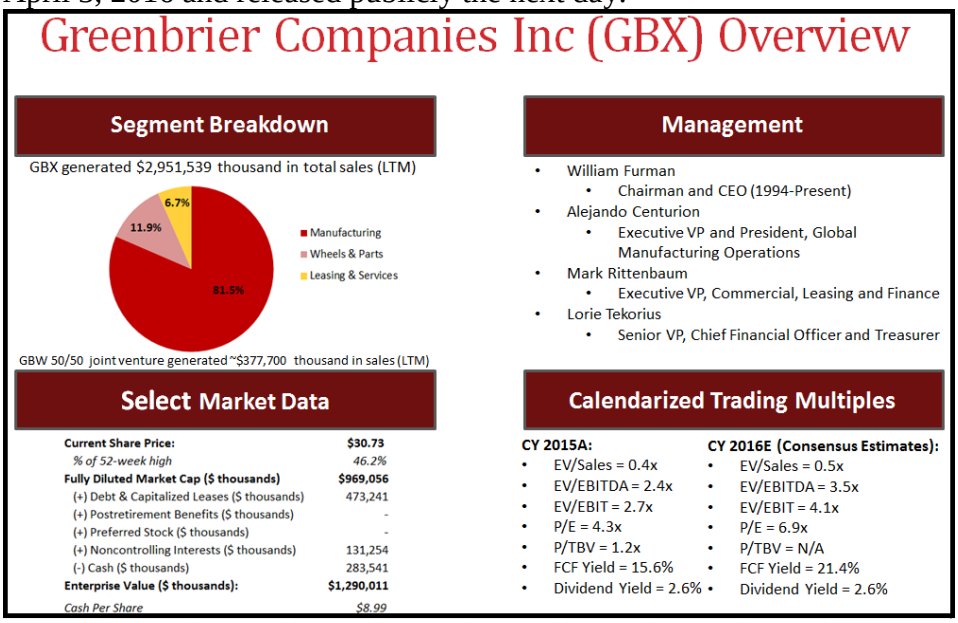
Author's Note:

An initial version of this article was originally published on my website, LGR Analytics, and it was sent out to my Newsletter subscribers on April 14, 2016. If you want to sign up to receive my free Newsletter, you can do so on the homepage of my website.

Disclosure: I have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it. I have no business relationship with any company whose stock is mentioned in this article.

Overview and Price Target Update:

On April 21, 2016 the stock price for The Greenbrier Companies, Inc. (GBX) closed at $30.73 after reaching an intraday high of $32.57 (adjusted for dividends) the week before, only $0.22 below the initial 1-year price target that I set in my report entitled "The Greenbrier Companies, Inc: A Value Stock With An Unjustified Correlation To Oil," which was sent to subscribers on April 3, 2016 and released publicly the next day.



Information Sources: SEC Filings For GBX, Company Website, and Bloomberg

In this report, I provide: takeaways from GBX's FQ2 2016 financial results and earnings call; potential risks and key factors to watch in the medium term; and final thoughts on what caused recent significant GBX price rise and where I see the stock going in the near future. In addition, I am increasing my 1-year price target to $37.00 (up from $33.00); my price target was derived from assigning a weighting to the Weighted Implied Share Prices from both my Comparable Companies Analysis and my Discounted Cash Flow Analysis.

Time Frame	Upside Price Target
1-Year	$37.00 (+20.4%)

GBX reported FQ2 2016 financial results on Tuesday, April 05, 2016 before the market opened, and when the market opened GBX's price was 5.0% lower than the previous day's close and it quickly fell to an intraday low of $24.27 (8.6% below the previous day's close). Thereafter, however, GBX rose for the remainder of the day to close 4.6% higher than the previous day's close. This volatility after the company released its financial results surprised many observers, as did the fact that the stock ultimately closed 4.6% higher after missing analysts' consensus estimates (sales came in at $669.1 million vs. consensus estimates of $726.3 million and $729.9 million from Bloomberg and Thomson One, respectively, and GAAP EPS came in at $1.41 vs. consensus estimates of $1.47 and $1.56 from Bloomberg and Thomson One, respectively).

My initial report addressed both my outlook for GBX's FQ2 2016 financial performance and an ideal entry price range, as follows:

> ***I conclude that the most likely outcome for FQ2 2016 is that GBX misses analysts' consensus sales estimate and EPS estimates; however, I expect Diluted EPS to be ahead of my projections if margins end up being even slightly stronger than I expect them to be.***
>
> *Given that GBX currently has a potential return/risk ratio of approximately 1.1 to 1 with my very conservative 1-year price target of $33.00, and given that I project GBX's financial results to come in either in-line or below consensus estimates for FQ2 2016, investors may want to take a conservative approach and await the release of the FQ2 2016 earnings report. A more ideal entry price range to maximize GBX's conservative potential return/risk ratio is $24.00 - $26.00, because in that range GBX would have a potential return/risk ratio of between 1.4 to 1 and 3.0 to 1. Given how conservative my 1-year upside price target is intended to be, investors willing to accept a higher degree of risk could consider an entry at GBX's current price.*

GBX fell into the lower area of my "ideal entry price range" of $24.00 - $26.00 and then rallied from there, even though the company missed consensus estimates by a larger amount than I anticipated (I had estimated that total sales would be $709.8 million while Adjusted EPS would be $1.46).

To add color to GBX's financial results, and to explain the positive factors that may have driven the post-earnings rally, I briefly outline below the key positive and negative takeaways from GBX's FQ2 2016 financial results and earnings call.

Positive Takeaways From Financial Results And Earnings Call For FQ2 2016:

- **Free Cash Flow, Debt, and Cash:** The significant amount of free cash flow that GBX was able to generate in FQ2 2016 was likely one of the major reasons why the company's stock price rallied after its financial results were released. In FQ2 2016, GBX generated $200.4 million of levered Free Cash Flow (FCF), an increase of 753.1% year-over-year, allowing the company to increase its Cash & Cash Equivalents balance by $85.9 million (43.5%) quarter-over-quarter and reduce its total debt outstanding by $91.0 million (18.6%) quarter-over-quarter. This resulted in a reduction in net debt of $176.9 million (60.8%) quarter-over-quarter, which had a significant impact on GBX's valuation; the decrease in net debt positively impacted GBX's Enterprise Value, and that change (coupled with a slight reduction in total outstanding shares) caused the implied share price in my Base Case DCF scenario to jump from $40.34 to $46.22, assuming none of my initial assumptions were changed.

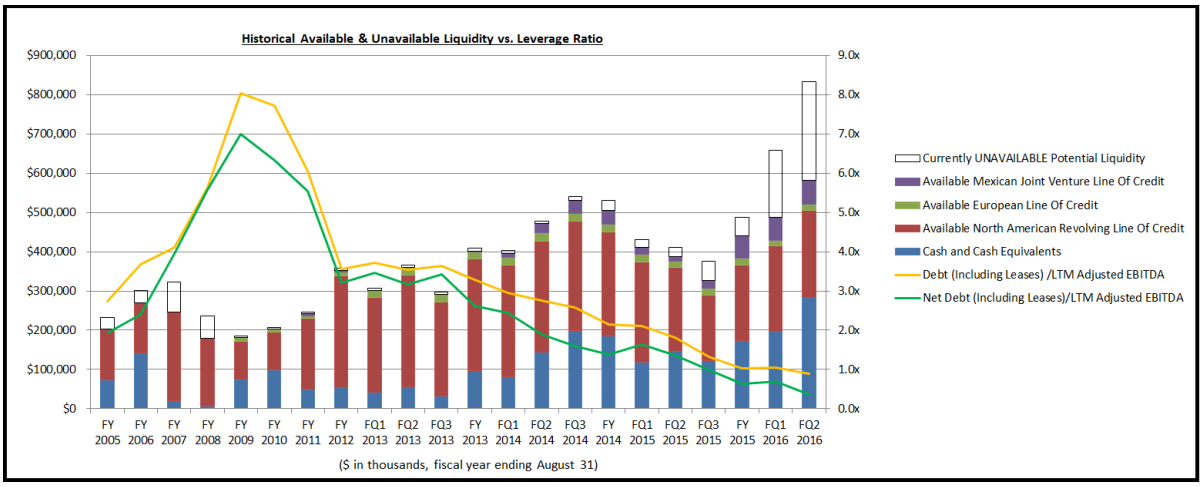
Implied Equity Value and Share Price	
Enterprise Value	$1,801,592
Less: Total Debt	(564,258)
Less: Postretirement Benefits	-
Less: Preferred Stock	-
Less: Noncontrolling Interest	(142,510)
Plus: Cash and Cash Equivalents	197,633
Implied Equity Value	**$1,292,456**
Basis Shares Outstanding	28,597
Plus: Total Net New Shares	3,440
Fully Diluted Shares Outstanding	**32,037**
Implied Share Price	**$40.34**

Implied Share Price using original Base Case DCF model's assumptions and FQ1 2016 Balance Sheet figures

Implied Equity Value and Share Price	
Enterprise Value	$1,801,592
Less: Total Debt	(473,241)
Less: Postretirement Benefits	-
Less: Preferred Stock	-
Less: Noncontrolling Interest	(131,254)
Plus: Cash and Cash Equivalents	283,541
Implied Equity Value	**$1,480,638**
Basis Shares Outstanding	28,094
Plus: Total Net New Shares	3,440
Fully Diluted Shares Outstanding	**31,534**
Implied Share Price	**$46.95**

Implied Share Price using original Base Case DCF model's assumptions and FQ2 2016 Balance Sheet figures

With this increase in cash and reduction in debt (which was mostly the result of a significant reduction in outstanding debt related to the company's revolving credit facility), GBX's available liquidity reached an all-time high of $580.9 million in FQ2 2016 while Net Debt (Including Leases)/LTM Adjusted EBITDA fell to a new low of 0.4x, as shown below:



Data Source: SEC Filings For GBX

- **Potential Sequentially Rising Deliveries In H2 2016:** Although GBX only delivered 4,500 units in FQ2 2016 and revised its FY 2016 delivery guidance to 20,000 – 22,000 units (from its previous guidance for 20,000 – 22,500 units delivered), the number of units that the company delivers will likely increase (on a sequential basis) throughout the remainder of FY 2016, given that this guidance range implies that the company will deliver 8,600 – 11,100 units over the next two quarters. GBX's CFO, Lorie Tekorius, said in the company's earnings call that deliveries over the next two quarters would be "a little bit more heavily weighted [to] the fourth quarter than the third quarter," which also supports the conclusion that deliveries will likely rise sequentially throughout the remainder of FY 2016.

- **Revised EPS Guidance:** GBX revised its guidance for diluted EPS by increasing the lower level of the range by $0.05 and decreasing the higher level of the range by $0.05 (by revising its guidance from $5.65 – $6.15 in diluted EPS to $5.70 – $6.10 in diluted EPS). While this may not seem like a positive factor at first, it is important to note that continuing to provide guidance with an upper-level that was higher than analysts' consensus estimate of $5.98 (from Bloomberg) at the time was likely seen as bullish by the market and also could have contributed to the rise in stock price after the earnings report was released.

- **Maintained Sales Guidance:** GBX maintained its guidance for total sales exceeding $2.8 billion in FY 2016, which is certainly a bullish factor given that analysts' consensus estimate (from Bloomberg) for total sales in FY 2016 was $2,754 million when the company released its FQ2 2016 financial results.

- **Energy-related Backlog:** Management reported that only 17% of its total backlog is energy-related and only 2% of total backlog is comprised on tank cars designed to haul crude oil (15% of total backlog is for small covered hoppers to haul fracking sand), which was a significant decrease from 27% of total backlog being energy-related in FQ1 2016 (11% tank cars designed to haul crude oil and 16% small covered hoppers designed to haul fracking sand). Management attributed part of the decline in energy exposure to the

fact that it did not include tank cars designed to haul ethanol in its total energy-related tank car percentage for FQ2 2016 when it did include those types of tank cars in its energy-related tank car percentage for FQ1 2016, however, despite the change in reporting method the percentage of energy-related railcars in GBX's backlog still likely declined sequentially by at least a small amount. The decline in the company's exposure to energy-related railcars further supports the assumption that energy will not be a major driver for GBX's financials going forward.

- **Orders:** The company received orders for 3,000 new railcars valued at "nearly $310 million, or an average price of approximately $103,000 per railcar," during FQ2 2016 and while that was down 70.3% (y/y) from orders for 10,100 units in FQ2 2015 it was a significant improvement from orders for only 500 units in FQ1 2016. The average price per unit for these new railcars is below the average price per unit of roughly $116,100 for all of the railcars in GBX's backlog, however, with tank cars designed to haul crude oil currently comprising only 2% of total backlog (down from 11% in FQ1 2016) that implies that the average prices per non-energy railcar is quite high, given that energy-related railcars have typically had relatively high ASPs and they now make up a significantly smaller portion of total backlog than they did in FQ1 2016. Comments from management indicated that the company could potentially continue to see quarterly orders averaging 3,000 units in the near future, which would be marginally higher than the average quarterly "net new orders" figure of 2,844 that I calculated for the period from FQ1 1997 to FQ2 2016 and roughly in-line with the amount of orders that GBX received over the five months leading up to the end of FQ2 (according to CEO Furman).

- **GBS Summit:** GBX announced that it entered into a new 50/50 joint venture (called "GBSummit") with Sumitomo Corporation of Americas that will open in early 2017 and is expected to "be the preeminent axle machining location on the US West Coast that supports growing intermodal rail activity." Management reported in its earnings call that the joint venture is expected to be "modestly accretive" when it opens.

- **Leasing & Services Sales:** GBX recognized approximately $100 million in sales for its Leasing & Services segment related to the selling of "a significant portion" of the 4,000 railcar portfolio that the company acquired in FQ1 2016. As a result, total sales for the Leasing & Services segment rose 457.3% (y/y) to $124.1 million, with the additional ~$24.1 million in sales generated from more "typical" operations growing at ~8.2% (y/y). GBX's management team also said that there was an additional ~$25 million in revenue related to the 4,000 unit railcar fleet that it was syndicating that was deferred and will be recognized in the near future (see "What I'm Watching Going Forward" for further details on deferred revenue). While there are some risks associated with this situation (see below for further details and analysis), ultimately the incremental sales, gross profit, and operating income generated by the transaction are bullish the company's financials.

- **Sequentially Improving Margins In FQ3 2016:** Company-wide gross margin in FQ2 2016 was 17.9%, however, GBX's management team reported that company-wide gross margin was 20% excluding costs related to the acquired railcar portfolio syndication. Given that management has a goal of achieving an "aggregate gross margin of at least 20% by the second half of FY 2016," GBX's company-wide gross margin will likely

increase sequentially in FQ3 2016, driven by significantly smaller costs related to the acquired railcar portfolio syndication and potentially sequentially higher deliveries.

- **International Potential:** GBX's management team spoke very positively in its earnings call about the potential to expand internationally and to see growth in international markets. Ultimately, CEO Furman said that "if you count the opportunities in Brazil, the Middle East, near Asia, and Eastern Europe… we believe that there is a very substantial cumulative market rivalling some of the lower estimates for this year, by those who have more pessimistic views on the US North American economy. So 20,000, 30,000 cars are not out of the range of possibility for Greenbrier and its supply chain partners, to look to as a market of which we will have some share." This was potentially the first time that a member of GBX's management team has ever quantified (at least on record) the cumulative international railcar market's potential in terms of annual deliveries and it should certainly be seen as a bullish statement, seeing as that implies that there is a cumulative international market that GBX is beginning to penetrate that could be roughly 40-60% of the size of what management believes to be a "normalized" year of demand (roughly 50,000 units) for North American markets.

- **Average North American Demand and Market Share Target:** In GBX's earnings call, management said that the company "presently enjoys nearly 30% market share in North America on newly built railcars" in terms of deliveries (my original approximation for CY 2015 was 29.2%). Management also said that it believes annual North American railcar deliveries will average 50,000 units over the next five years (my original Base Case projections for total industry deliveries over the next five years resulted in an average of 53,400 units per year), and that it would be targeting a 30% market share in a "normalized market" going forward. Furthermore, management said that "historically during a lower demand year, Greenbrier has significantly increased its market share," which is something that I pointed out in my original report, and that if anything there were being "a little modest" with their target of 30% market share in the near future as demand falls year-over-year. While these comments from management might have surprised some observers, I had already incorporated similar projections into my DCF models and my original Base Case model called for GBX achieving a 33.0% market share in CY 2016, a 29.5% market share in CY 2017, a 30.0% market share in CY 2018, a 31.0% market share in CY 2019, and a 32.0% market share in CY 2020, for an average of 31.1% market share per year through CY 2020. Management mentioning this target was definitely a bullish signal.

Negative Takeaways From Financial Results And Earnings Call For FQ2 2016:

- **Wheels & Parts Segment's Poor Performance:** In FQ2 2016 sales for the Wheels & Parts segment declined by 11.9% (y/y) and grew by 14.9% (q/q); however, the sequential increase in sales was expected given the seasonality of the business segment. Gross margin for the Wheels & Parts segment rose to 10.0% in FQ2 2016 (from 9.6% in FQ2 2015) while EBIT margin declined to 7.2% (from 7.8% in FQ2 2015). Year To Date, sales for the Wheels & Parts segment declined 10.6% (y/y) and both gross and EBIT margin contracted by 162 and 255 basis points (y/y), respectively. Over the last twelve months, sales for the Wheels & Parts segment have declined 19.3% (y/y) from the twelve month period ending with FQ2 2015. The performance of the Wheels & Parts segment has been extremely poor over the last twelve months, given the fact that YTD U.S. rail traffic has fallen 6.5% (y/y) and over the last twelve months it has fallen only 4.1% (y/y).

- **Manufacturing Segment's Sales and Margins:** In FQ2 2016 the Manufacturing segment's sales declined by 10.0% (y/y) and 34.9% (q/q). Additionally, in FQ2 2016 the Manufacturing segment's gross margin contracted by 331 basis points (q/q) and increased by 20 basis points (y/y), while the segment's EBIT margin contracted by 466 basis points (q/q) and also fell by 65 basis points (y/y). According to management, the Manufacturing segment's sales were negatively impacted by lower deliveries resulting from "lost production time due to major line changeovers, and a lower volume of new railcar syndications," while margins were negatively impacted by "production inefficiencies due to line changeovers and marine production," but it is unclear how much of an impact those factors truly had in the quarter. What is clear, however, is that Manufacturing Sales Per Unit Delivered in FQ2 2016 was $101,007, which was down from $101,255 in FQ1 2016 but up from $97,162 in FQ2 2015, while Manufacturing Gross Profit Per Unit Delivered in FQ2 2016 was $20,601, which was down significantly from $24,004 in FQ1 2016 but up marginally from $19,618 in FQ2 2015. Going forward, the Manufacturing segment's sales and margins should improve resulting from higher deliveries and (hopefully) a smaller detrimental impact from line changeovers, but the Manufacturing segment's financial results for FQ2 2016 were certainly not strong on the surface.

Potential Risks:

- **Potentially Non-recurring Benefits:** In FQ2 2016, GBX's sales and EPS benefitted significantly from one-time (i.e. non-recurring) factors. For example, GBX's FQ2 2016 EPS benefitted from a $10.7 million "net gain on disposition of equipment," and if this was excluded from the company's financial results EPS in the quarter would have been $1.19 (assuming a 35% tax rate was applied to the non-recurring gain). Furthermore, it is unclear whether or not the Leasing & Services segment's strategic and opportunistic move to acquire the portfolio of 4,000 railcars in FQ1 2016 will be repeated (to at least some degree) in the future, which potentially could result in the ~$100 million (or ~$125 million in total, according to management) in incremental sales achieved by the Leasing & Services segment not taking place again in the future. At this point in time it appears as though the purchase and syndication of the 4,000 railcar fleet was done opportunistically

and it is unclear if GBX's management team plans to engage in similar transactions in the future.

- **Minority Interest:** In management's FQ1 2016 earnings call, Mark Rittenbaum (at that time GBX's CFO) said that the company expected "minority interest or earnings attributable to our GIMSA JV to be about $85 million to 95 million," with the figure changing quarter-to-quarter "based on the timing of railcar syndications." However, in management's FQ2 2016 earnings call Lorie Tekorius (GBX's current CFO) said that there was "a lower number of cars in the second quarter that actually went through our newly built syndication model" and that management "expect[s] that to pick up in the fourth quarter," which will negatively impact Net Income (and, therefore, EPS) in the quarter. Based on this commentary, and the fact that "net earnings attributable to non-controlling interest" totaled $50.6 million in the first half of FY 2016, I think there is at least some risk that net earnings attributable to noncontrolling interest will be towards the higher end of that $85-95 million guidance range that was given in FQ1 2016, which would negatively impact EPS in the second half of FY 2016. While having high net earnings attributable to noncontrolling interest isn't a bad thing, because it does mean that GBX's Joint Ventures are performing well, it does allow one to understand how GBX's guidance for total sales exceeding $2.8 billion and a goal of aggregate gross margin being at least 20% by the second half of FY 2016 could result in diluted EPS in the range of $5.70 – $6.10 (and potentially below the higher part of that range).

- **Line Changeovers:** There is some degree of risk with the line changeovers that the company is currently undergoing (and will be undergoing over the next few quarters) because if GBX is unable to quickly and efficiently execute the line changeovers some deliveries could get pushed back from FY 2016 into FY 2017, which could cause GBX to miss analysts' consensus estimates going forward. Missing analysts' estimates in the short-term would likely cause GBX's price to underperform relative to both its peers and the market as a whole over the remainder of CY 2016.

- **Margin Deterioration and Operating Leverage:** In my opinion, one of the biggest risks that GBX currently faces is a significant contraction in company-wide gross margins that would likely lead to a substantial decline in EPS, due to the company's high operating leverage. In FY 2015, GBX's adjusted Degree of Operating Leverage (DOL) was 5.5, which was the highest that it had been at any point in the last 10 years (the 10-year average for GBX's DOL is 1.0), and the figure had increased significantly in the last five years. As a result, if one assumes that a similar DOL will be seen in the next five years as the average over the last five years (2.9), GBX's profitability metrics are at risk of underperforming consensus estimates if the demand and pricing environment in the railcar manufacturing industry sustains a greater amount of pressure than most expect. High operating leverage is certainly not unique to GBX (it is very common among OEMs), and the negative impact of operating leverage in a poor demand and pricing environment can be offset by reducing fixed cost (i.e. reducing either headcount or total production capacity), but it is certainly a risk and something to take note of.

What I'm Watching Going Forward:

- **Wheels & Parts Segment's Performance:** I will be watching the performance of the Wheels & Parts segment closely going forward, because if the Wheels & Parts segment continues to underperform relative to the company's other business segments it would hurt GBX's ability outperform its peers in the coming years. Over the longterm, wheel demand is driven by rail ton-miles, and repair spending is driven by rail ton-miles and equipment upgrades. Currently industry experts except U.S. rail ton-miles to continue to fall in CY 2016 and then rise through CY 2020, which can be seen in the chart below; this means it will be very important to see if the performance of GBX's Wheels & Parts segment begins to improve after CY 2016:

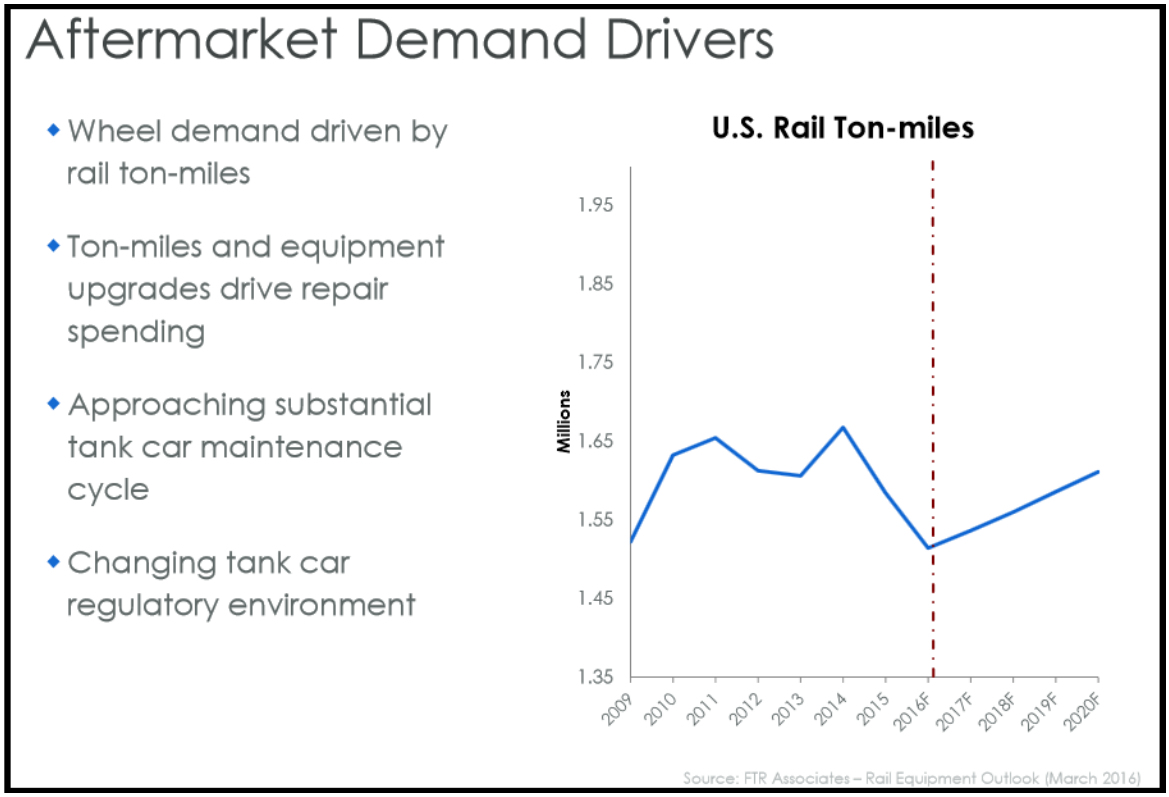


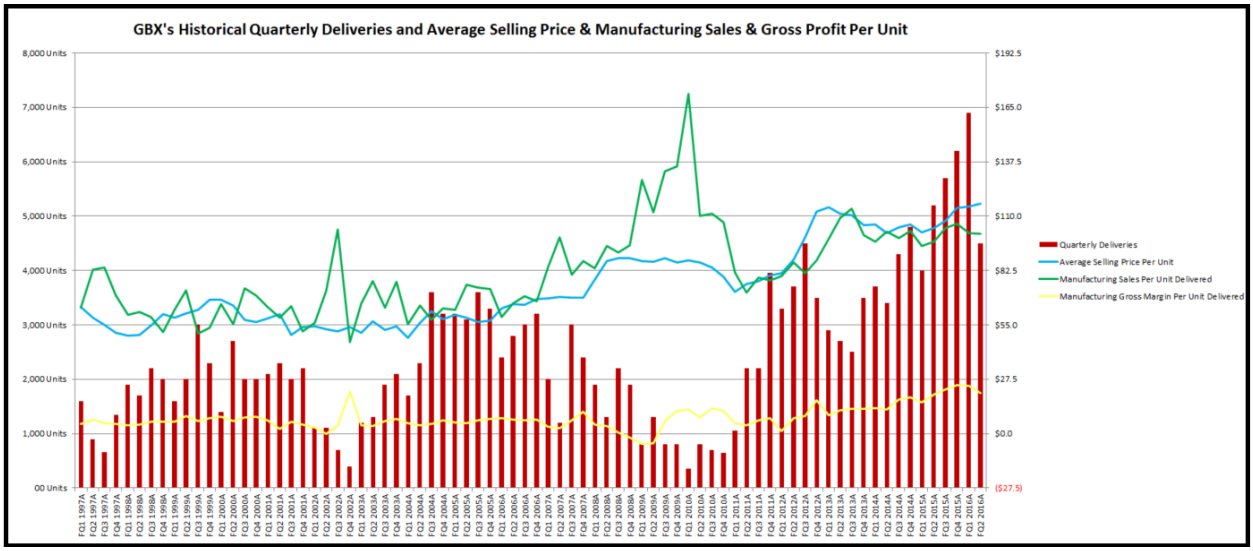
Chart Source: GBX's Investor Relations Presentation In April 2016

- **Analysts' Consensus Estimates:** Consensus estimates for GBX's financials over the next six quarters (i.e. through FQ4 2017) declined following the company's release of its FQ2 2016 financial results. I actually see this as a positive development given that I think this makes it more likely that GBX will outperform consensus estimates in the near future, given the fact that my estimates are more bullish than consensus estimates. However, more bearish consensus estimates could lead to downgrades in the near future if GBX's price remains at its current level (or continues to rise) and analysts believe that the stock no longer offers an attractive risk/reward profile. Rating downgrades from analysts would likely have a negative impact on GBX's price, and this is a risk if the company fails to meet analysts' lowered estimates in the coming quarters.

- **Deferred Revenue:** In FQ2 2016 GBX's deferred revenue increased 99.2% quarter-over-quarter and 198.2% year-over-year to $84.4 million. As previously mentioned, GBX's management team attributed ~$25 million of the increase in deferred revenue to the 4,000 unit railcar fleet that the company was syndicating during the quarter. Management also mentioned that the other major driver behind the substantial increase in deferred revenue was "advanced payment on [its] contract to build railcars for Saudi Arabia," and those railcars will start to be delivered in FY 2017. It will be important to take note of GBX's deferred revenue line item in future financial filings because it will give a good indication of when the Company is beginning to recognize revenue for some of the work for which it has already received upfront payments.

- **Short Interest and Days To Cover:** GBX's short interest is currently 30.56%, with 15.1 days to cover (according to data from Bloomberg), which is higher than the 29.11% with 11.1 days to cover that it was recorded as being on April 5th (the day of GBX's earnings report). Short interest is an important metric to watch because whenever short interest rises above 20% there is the potential for a significant short squeeze to occur that could propel a stock's price higher. Days to cover can give a good indication of how long a potential short squeeze could last for, but the number is highly dependent on historical data (it is calculated by taking current sales sold short and dividing that by average daily trading volume) and, as a result, it is not always a good predictor for how long a short squeeze could actually last.

- **Average Selling Price & Manufacturing Sales & Gross Profit Per Unit:** I believe that ASP and Manufacturing Sales Per Unit are one of the main factors necessary for projecting the Manufacturing Segment's sales, and I will be watching both of them closely going forward. I expect both figures to decline in the near future, however, I hope to see Manufacturing Sales Per Unit hold up relatively better than ASP. Manufacturing Gross Profit Per Unit is also a very important metric to look at, and I will also be watching it closely.



Final Thoughts:

GBX's price surged 21.9% in the seven trading days following the public release of my initial research report (currently GBX is up 16.4%, excluding dividends, since my report was published) and it came within $0.22 (adjusted for dividends) of my initial 1-year price target. Investors also had the opportunity to buy GBX when it fell down into the $24.00 - $26.00 "ideal entry price range" that I mentioned in my report, which would have further increased their return on investment. The rally that GBX experienced was clearly sparked by the release of the company's FQ2 2016 financial results; however, it was likely supported thereafter by short covering. After such a significant increase in price in such a short period of time, I was not surprised to see GBX's price decline over the past five trading days (currently down to $30.73) and I could certainly see price continuing to decline down to the $28.00 - $30.00 region, which is where I see strong technical support.

Over the last week and a half, three Form 4s were filed with the SEC indicating that insiders at GBX had sold some shares. One of the Form 4s was filed on April 13th and relates to CFO Lorie Tekorius selling 1,355 shares at an average price of $31.231 (leaving her with 17,705.781 shares remaining). While I could see people blaming GBX's recent dip in price, and potentially any further declines, on insider selling I think it is important to take into account the fact that many insiders were only recently granted additional shares and selling a few of them when allowed would not be abnormal. If insider selling were to increase significantly that could be a warning signal, however, I usually don't give insider selling too much weight in my analysis unless a significant change in insider ownership takes place.

The significant amount of free cash flow that GBX was able to generate in FQ2 2016 was likely the main reason why the company's stock price rallied after its financial results were released, despite the fact that income statement figures missed analysts' consensus estimates. Going forward, the next major catalyst for GBX's price is Trinity Industry Inc. (TRN)'s earnings report, which will be released on April 21st after the markets close. Analysts' consensus estimates on Bloomberg for TRN's Q1 2016 financial results indicate that all of the company's financials are expected to be significantly lower year-over-year; expected total sales of $1,341.1 million (-17.6% y/y), expected gross margin of 23.3% (-222 bps y/y), expected EBITDA margin of 21.1% (-232 bps y/y), expected net profit margin of 8.1% (-203 bps y/y), and EPS of $0.69 (-35.5% y/y). Given the fact that the "bar" has been set relatively low, and the fact that TRN's total sales and EPS have beaten consensus estimates for five and seven out of the last eight quarters, respectively, I think that there is a fairly good chance that TRN will rally after it reports earnings. Based on data provided by Bloomberg, TRN's implied one day move after its earnings report is currently 10.26%, which indicates that a significant move in price is expected following the release of its upcoming earnings report. If TRN does end up beating analysts' estimates and rallying afterwards then that should help push GBX's price higher as well. If TRN misses analysts' estimates and its price falls, then I would expect GBX's price to continue down to the $28.00 - $30.00 region that I previously mentioned. I will be paying close attention to the upcoming earnings reports released by TRN, ARII, and RAIL because they could give a good indication of what other companies and management teams are seeing in terms of demand for new railcars, what types of railcars are seeing either strong or weak demand, and what type of financial results GBX's peers are able to achieve in this extremely challenging operating environment, all of which will be factored into my analysis for GBX.

I am increasing my 1-year price target to $37.00 (up from $33.00), which was derived from assigning a weighting to the Weighted Implied Share Prices from both my Comparable Companies Analysis and my Discounted Cash Flow Analysis.