



2025 Fourth-Quarter Conference Call

February 19, 2026

Operator:

Thank you for standing by. My name is Jordan, and I'll be your conference operator today. At this time, I'd like to welcome everyone to the GATX 2025 Fourth-Quarter Earnings call. (Operator Instructions) I would now like to turn the call over to Shari Hellerman, Head of Investor Relations at GATX. Please go ahead.

Shari Hellerman:

Thanks, Jordan. Good morning, everyone, and thank you for joining GATX's Fourth-Quarter and Full-Year 2025 Earnings conference call. Joining me today are Bob Lyons, President and Chief Executive Officer; Tom Ellman, Executive Vice President and Chief Financial Officer; and Paul Titterton, Executive Vice President and President of Rail North America.

As a reminder, some of the information you'll hear during our discussion today includes forward-looking statements. Actual results or trends may differ materially from those statements or forecasts. For more information, please refer to the risk factors in our earnings release, GATX's 2024 Form 10-K and our other filings with the SEC. GATX assumes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

I'll start with a brief overview of our fourth-quarter and full-year 2025 results, then I'll turn the call over to Bob for additional commentary on 2025 and our outlook for 2026. After that, we'll open the call up for questions.

Earlier today, GATX reported fourth-quarter 2025 net income of \$97 million or \$2.66 per diluted share. This compares with fourth-quarter 2024 net income of \$76.5 million or \$2.10 per diluted share. Results for both periods include net positive impact from Tax Adjustments and Other Items of \$0.22 per diluted share in 2025 and \$0.17 per diluted share in 2024.

For the full-year 2025, GATX reported net income of \$333.3 million or \$9.12 per diluted share. This compares with net income of \$284.2 million or \$7.78 per diluted share in 2024. Full-

year results for both 2025 and 2024 include impacts from Tax Adjustments and Other Items -- a net positive impact of \$0.37 per diluted share in 2025 and a net negative impact of \$0.11 per diluted share in 2024. Additional details can be found in our earnings release.

And with that quick overview, I will now turn the call over to Bob.

Bob Lyons:

Thank you, Shari, and thank you all for joining the call today. I'll open with some brief comments on 2025 performance versus the outlook we had coming into the year and then talk a little bit about 2026 and what we see on the horizon.

For those of you that participate in our calls regularly, we're usually very brief at the opening. But today, I'm going to take a little bit more time, as I did last year at this time, to talk through our outlook for the year ahead and recap a little bit about the past year.

First of all, I want to thank all the employees at GATX around the world for their outstanding efforts and contributions this past year, especially those that were central to the Wells Fargo Rail acquisition and the integration efforts which are ongoing. We asked a lot from people, and they delivered across the board. And they did so because everyone sees the long-term benefit of this transaction.

Regarding 2025 results, we came into the year expecting EPS growth in the 8% range over 2024. And as reported this morning, our EPS actually increased 11% over 2024. Importantly, we achieved this strong EPS growth while posting another year of ROE above 12%. And I think this is important to point out because we continue to maintain a very conservatively structured balance sheet with leverage steady at 3.3 to 1.

On top of the positive EPS and ROE metrics, we continue to find investment opportunities. We put \$1.3 billion of capital to work in what we believe will be attractive earnings growth and return opportunities for our shareholders.

Given the magnitude of the Wells Fargo Rail acquisition, it'd be easy just to jump past 2025 and focus on this opportunity, which we'll do. But I don't want to lose sight of how our businesses delivered in 2025. So, allow me a few minutes to recap some of the highlights.

At Rail North America, we maintained utilization at 99%; we closed on over \$640 million of new investments; we continued to invest in our owned maintenance network; and we stayed focused on safety and customer service. Additionally, the secondary market was very robust and demand for GATX leased assets was strong. We capitalized on that by optimizing our portfolio and generating substantial remarketing income.

Within Rail International, coming into the year, we were hopeful that the economic environment would improve as the year progressed, but it did not. Despite these challenges, the team at GATX Rail Europe did an outstanding job by raising lease rates on many car types and holding utilization at solid levels. And on top of that, we closed a very large and important transaction, acquiring nearly 6,000 railcars from DB Cargo.

In India, the economic environment was very strong, and our results showed it, as the GATX India team grew the portfolio to over 12,000 wagons.

Demand for spare aircraft engines was very robust in 2025, and we grew our asset base on earnings at both the joint venture and wholly owned levels. In fact, the earnings growth within Engine Leasing was the strongest among the various GATX businesses in 2025. We saw solid lease rate increases and substantial engine sale opportunities. Overall, I was very pleased with the operating performance across our businesses last year. And we've set the stage for a very solid year in 2026, one that will have a number of new and unique elements as we integrate the Wells Fargo Rail portfolio and management activities into our daily operations.

So, let's talk about 2026, and I'll start right there with the acquisition. There are three elements of the transaction that I'd like to recap. And for some, this will be a repeat, but I think it's

important because it helps set the stage for additional discussion.

First, GATX and Brookfield formed a new joint venture that acquired 101,000 railcars from Wells Fargo Rail, constituting all of their railcar operating lease assets. GATX owns 30% of the JV, Brookfield owns 70%, and we have the option to buy down Brookfield's interest over time. Second, Brookfield acquired approximately 22,000 railcars directly from Wells Fargo, those being under finance leases. And third, GATX will manage all the railcars involved in both transactions. So, I'll walk through each segment and our outlook for 2026, starting with Rail North America and some housekeeping matters to keep in mind.

As we've previously discussed, GATX will consolidate 100% of the newly formed JV into our financial statements and show Rail North America as a single segment with consolidated operating metrics. US GAAP requires consolidated financial reporting because we're the controlling partner from day one. Among other things, that means that each line item of the Income Statement and Balance Sheet will include 100% of the combined balance of the legacy GATX business and the JV with any intercompany activity eliminated.

Brookfield's share of the JV earnings will be recognized in a single line item on the Income Statement -- Net Income Attributable to Noncontrolling Interest; that will be deducted from Net Income to arrive at the net income attributable to GATX. Now I know that's a mouthful and probably a little difficult to follow, but it will be much easier in Q1 and beyond when we have actual results to go along with the nomenclature.

Reporting requirements aside, we have an obligation to our partner to treat all of the JV railcars exactly as we treat our legacy portfolio. In other words, we cannot, and will not, discriminate in any way. The GATX portfolio of 107,000 railcars and the acquired portfolio of 101,000 is now one fleet -- 208,000 railcars, fully under the control of GATX. And that's how we're going to manage the business. For example, if a customer has 500 cars renewing, some are with GATX's legacy fleet and some at

the JV -- honestly, they're indifferent as to who the owner is. All they want is one point of commercial contact, one renewal discussion, one maintenance plan, one fleet plan, et cetera, and that's what we're going to deliver.

On a macro level, we expect a similar operating environment in North America as we experienced in 2025. Looking at a few of the key commercial metrics for our consolidated Rail North America fleet, this is the full 208,000 cars.

For the LPI, we expect to be in the high teens to low 20% positive, following the 21.9% posted in Q4. This reflects the continuation of a very solid existing car market. The Wells Fargo fleet was running at approximately 97% utilization at closing. And factoring that starting point in, we expect utilization for the consolidated fleet to be 98% to 99% by year end. And we expect our renewal success rate to be in the high 70s to low 80% range. Again, a really, really strong outcome.

With those metrics in mind, I'll walk through our expectations for some key line items at Rail North America and noting that the vast majority of the variances versus '25 for those revenue and expense items that I'm going to talk about are due to the addition of the Wells Fargo Rail fleet.

Looking first at Revenue -- in 2026, we expect Rail North America lease revenue to be in the range of \$1.6 billion or approximately \$550 million over 2025. As indicated by the LPI, we continue to benefit from opportunities to re-price leases into a strong existing car market. We also have Other Revenue, which is largely related to Repair Revenue. We expect that to be in the range of \$160 million, up \$25 million versus last year.

As for asset sales and scrapping, which drive our Net Gain on Asset Dispositions, a very robust secondary market we experienced in 2025 shows all signs of continuing. In fact, given our increased scale, we're having a number of positive conversations with a range of secondary market participants about what GATX will put into the marketplace in the year ahead.

So, in 2026, we expect approximately \$200 million of Net Gains on Asset Dispositions versus \$130 million last year. That's a material increase, but keep in mind that we now have a pool of cars to select from in terms of sale candidates -- that's twice the size of our historical fleet. And we're going to continue utilizing the strong demand to optimize and rebalance the entire portfolio. Of course, along with all the benefits of an increased fleet size, we have ownership costs and maintenance costs associated with the new additions.

Interest Expense is expected to be in the range of \$440 million in 2026, that's a \$180 million increase over '25. Depreciation should be in the range of \$520 million, a \$230 million increase. And regarding maintenance expense, we expect to be in the range of \$500 million in 2026, a \$150 million increase over '25. And all of those increases are largely driven by the new fleet.

The last item to note is Other Operating Expense, the bulk of which relates to items like car taxes, mileage charges, freight charges, et cetera, as we move cars around North America. And thankfully, we have a lot more cars to move around today. So, we expect these expenses to be in the range of \$85 million in the year ahead, about \$25 million over last year. Bringing all this together, we expect segment profit at North American Rail to be in the range of \$415 million in 2026 -- That's a \$55 million to \$65 million increase over last year.

At Rail International, in Europe, the economic environment, we expect, will remain challenging. However, the GATX Rail Europe team has done an excellent job investing in building the business, and we're going to see profit growth there; the same in India, although there we have the benefit of a very economic tailwind. Taken together, we expect Rail International segment profit to increase by \$5 million to \$10 million in 2026.

At GATX Engine Leasing, the market environment remains quite favorable. Not only is global air travel strong, but the long-term trends in this market are positive. In addition to base demand for new engines, you have the fact that the lead time to acquire a newly built engine or complete repairs on existing engines is

extended. That's a continuation of global supply chain constraints, but also a reflection of the fact that there's limited capacity to build or repair these very complex assets. That means the installed base of these assets is more valuable. We see that same trait in rail.

In 2025, RPPF, our 50%-owned joint venture, invested over \$1.4 billion, bringing its total asset base to over \$5.7 billion. GATX has grown its directly owned engine portfolio to over \$1 billion. Given our outlook for the engine investments, we expect Engine Leasing segment profit to increase by \$15 million to \$20 million in 2026, and this is after increasing almost \$50 million between '24 and '25.

On SG&A, we continue to work hard to hold the line on costs. And for 2025, we came in at \$246 million. We expect this to be in the range of \$275 million in 2026. The majority of the increase is related to staff we've added for the acquisition. To put this in perspective and to highlight the scalability of our business, we added over 100,000 owned railcars and 22,000 managed railcars to our franchise, more than doubling the size of our owned and managed fleet while seeing an increase in SG&A of just over 10%. And that includes the standard cost and wage inflation we'd see in a normal year.

Putting all these factors together, we expect EPS to be in the range of \$9.50 to \$10.10 per diluted share in 2026, which would mark another year of record EPS. Importantly, this is roughly a 10% increase in EPS in a year in which we'll complete and integrate the largest acquisition in our history.

For those who enjoy the vagaries of lease accounting, you know that acquiring one railcar is often dilutive in the early years of ownership from a GAAP income standpoint. Adding over 100,000 cars is 100,000 times more challenging on that front. Yet, given the scalability of our platform, the management services we're providing and the fact that we acquired the assets at an attractive valuation, we still expect to generate strong EPS growth in the year ahead.

So, I'd like to provide a quick update on the acquisition integration process because we're

getting -- we have received a number of very good investor questions on this point. I'm pleased to report that the closing and the integration to date are progressing very well. As noted, we closed on January 1. And on that day, we did an IT cutover that entailed hundreds of thousands of data points, car files, contract records, mechanical records, customer data and myriad other supporting documents. The cutover went very well and I'd like to take a second just to thank the Wells Fargo Rail team for all of their work and assisting with that effort.

From a commercial perspective, our sales team hit the ground running. While we added some new customers through the acquisition, by and large, the biggest accounts are existing customers of GATX that we know very well. All the customer interaction right now is under one umbrella. And with an expanded fleet, we will have more customer interaction than we've ever had before, and we believe we can bring additional value to our customers.

On maintenance, historical maintenance spend on the acquired fleet was in the range of \$135 million, annually. As a bank, Wells Fargo was not allowed to own its own shops, and therefore, it utilized third-party shops for 100% of this spend. As we've indicated before, given that the GATX shops are currently at full capacity, we'll continue to utilize those third-party shops for maintenance of the acquired fleet. Over time, based on investments we're making in our shops and efficiency improvements, we will have an opportunity to move some of this work in-house.

That does not mean that we can't add value immediately in the maintenance process. For example, previously, there were close to 80 shops providing service on the Wells Fargo fleet. In just seven weeks of ownership, we've already pared this down materially and we'll keep doing so as we transfer work to our preferred third-party providers. In the process, we will find cost efficiencies. Just one example of how our team is integrating the fleet, applying their experience and expertise and bringing additional value for our customers and our shareholders.

So, I'll close with comments on the dividend and the share repurchase authorization that was announced today. Our Board has approved an increase in the quarterly dividend of 8.2%, and this follows several years of increases in the 5% range. The stepped-up percentage increase versus prior years reflects the Board's confidence and the strength and quality of our cash flow, the increased scale and strength of our global businesses and the positive outlook for GATX. So, I appreciate the Board's confidence. And as always, we appreciate the support of our shareholders who have been with us for years and in several cases, decades.

The Board also approved a new \$300 million share repurchase authorization as we exhausted the prior one, which was granted in 2019, in the fourth quarter. We view stock repurchase as a tool to use periodically to return capital to shareholders. Our capital allocation has been consistent and clear. We believe our first mission is to acquire hard assets at attractive valuations to grow our business.

Second, we'll do that while always managing our balance sheet and leverage prudently. And third, we'll return excess capital to shareholders, either through the dividend or share repurchase. Again, I want to thank the Board for their support in providing the authorization.

So, thank you for your patience. This was a much longer preamble than normal, but I hope you found it helpful as we are trying to provide some background and foundation as we look at the year ahead.

This is a very exciting time at GATX -- a year of transition as we fully integrate the acquired fleet and bring all the assets fully under our commercial and operational control. And we have the foundation in place to execute on this while also pursuing and maximizing growth and return opportunities in all of our global businesses. With that, let's go to Q&A.

QUESTION AND ANSWER

Operator:

(Operator Instructions) Your first question comes from Andrzej Tomczyk from Goldman Sachs. Your line is live.

Andrzej Tomczyk:

Hey. Thanks, Bob, Tom, Paul and Shari. Good morning, I appreciate your taking my questions; wanted to start off on the guidance for EPS. First, are you just able to kind of frame up the magnitude of gains on sales factored into the low versus the high end? And then maybe just a question -- if supply/demand tightens further for railcars, through 2026, given below replacement delivery, is that a scenario where you could see upside to your gains target through the year?

Tom Ellman:

Yeah -- so maybe I'll start on the first part and then let Paul chime in on the second. So, as Bob stated, we're targeting something in the range of \$200 million for gains on sales. As you know, those tend to be pretty lumpy quarter-to-quarter. But if you look over the past few years on how the year has actually played out compared to what our original expectations were, that gives you a pretty good guidance to what magnitude the range might be. So, something on the order of \$10 million, \$15 million either way is something that we've seen historically. But that's no guarantee for the future. It's really hard to say exactly how that will play out.

Paul Titterton:

And then I'll just add to that. This is Paul speaking. We've talked about some of the benefits of the fact that new car production is down to levels that we have not seen in quite some time. And what I'll say is there remains a tremendous amount of capital that would like to be deployed in the railcar market, and we believe that capital we're seeing evidence that, that capital is going to flow into the secondary market as it looks for investments. So if you're in a situation like we are, where you're the largest owner of railcars in North America, that

should be a very supportive environment to generate the secondary market gains.

Andrzej Tomczyk:

Understood. And maybe just one follow-up there -- apart from the gains, what areas of the business could you see sort of more variability around the results in 2026 relative to the guidance you laid out between North America, International and Engine Leasing and then just maybe what's driving the variability across those segments.

Tom Ellman:

Yeah, Andrzej. So, you definitely pointed out the biggest one in the way you teed up the original question, purely in terms of financial results, variance and projected remarketing gains, both at Rail North America and in our engine leasing business, are the biggest source of upside or downside. And as I noted, that's particularly true because it can be difficult to precisely predict the timing of these asset sales. But our guidance also assumes that we're able to manage the Rail North America maintenance spend, whether owned or third-party shops very tightly.

As Bob mentioned in his opening comments, gross maintenance spend is projected to be approximately \$500 million. So even a small percentage change in this line item could be impactful. We also assume no material disruption in the global economy in general or to the global aviation market, in particular. Again, we highlighted the strength that we've seen in engine leasing, but it is a market that is subject to periodic disruption.

Andrzej Tomczyk:

Makes sense. And just maybe following on the synergies from earlier -- I was curious if you could give some more detail on synergies in total and maybe how we think about capturing the synergies through year one. And then when you said previously, year two would be more than modestly accretive -- are you able to put a frame around that if it's mid-single- or high single-digit type accretion or even double digits depending on sort of avenues you take with the

business. Any framing there would be helpful; appreciate it.

Bob Lyons:

Yeah, Andrzej, it's Bob. I'll start out, and Tom may jump in, but we gave the guidance in the press release of the \$0.20 to \$0.30 from the impact of the transactions -- that's early-stage synergies and benefits. It also is reflective of the fact that, as I mentioned in my opening comments, operating lease accounting is not a new acquirer's friend, whether it's one car or 100 cars or 100,000 cars -- operating lease accounting can be dilutive in the early days. So, we're overcoming that through some of the synergies we're realizing through the management fees that we're receiving and through some of the other benefits of the transaction. Beyond 2026, I think I'd like to hold off on speculating what that may be. But as the year progresses, we'll be very clear with you as to how the integration and the benefits are coming along and what those will mean longer term.

Tom Ellman:

So just putting a couple of numbers to some of the synergies and the discussion of SG&A that we talked about. So, we earn two different types of management fees. As Bob noted, we're managing the long-term lease portfolio that Brookfield wholly owns, and for that, we expect management fees of approximately \$11 million a year. We also manage the JV that we are a 30% owner of, and for that, we expect management fees on the order of \$44 million per year. So combined, it's a little over \$50 million.

Now keep in mind, the JV portion of those is 30% owned by GATX. So, you need to think of that as the 70% that we don't own. But if you compare that to the \$30 million of incremental SG&A that Bob talked about, most, but not all, of which is related to the increased asset size, gives you some idea. As far as long term, as Bob mentioned, we've historically always given one year of guidance. We're going to continue to adhere to that. Bob mentioned in his comments, a couple of different things related to maintenance that, where we could see some things. The only other qualitative point I would

make is as we introduced our cyclically-aware management philosophy to the Wells Fargo portfolio, you should continue -- you should see some benefits there as well.

Bob Lyons:

Yeah. I'd just add to that, Andrzej, from the standpoint of the guidance we gave today, outside of the numbers Tom just hit on and the guidance we put in the press release, we're not factoring in any significant incremental synergies beyond that. Now we believe they're there long term, but we haven't really factored that into the 2026 guidance because it will take some time to realize those in 2027 -- we'll address that as we get into that year.

Andrzej Tomczyk:

Understood; appreciate all the color there. Maybe just shifting gears a little bit to engine leasing. It sounds that's been a strong segment for you guys through the year. It sounds like Airbus just announced lower delivery expectations for the year with bottlenecks being seen around aircraft engine availability. So, just wondering if you could talk to how this is playing out on your aircraft spare engine leasing business. And maybe if you could share sort of what you expect through 2026 from affiliates. Appreciate it.

Tom Ellman:

Yeah. So, what I'll tell you is, in general, the global aviation market, and aircraft engine leasing, in particular, remains very strong. Certainly, contributing to that is the supply constraints, both on the engine production side and on the maintenance backlog. So, all of that is quite helpful. As far as the total magnitude that we'll see in engine leasing, it's exactly what Bob hit in his opening comments in terms of the total dollar amount that we'll see.

Bob Lyons:

So total segment profit, kind of forecast whether from JV or 100% owned assets, is in the \$180 million range, segment profit wise, up over \$165 million or so in 2025. So, a very significant meaningful contributor. And again, you hit on it.

There is supply chain issues, whether it's on new engines or whether it's on engines that are in MRO facilities, waiting on repairs. These are complex assets, not everybody can do the work. Nobody -- you can't really scale up quickly to do that kind of work. So, the lead times are long; that raises the value of the existing portfolio, and it gives you more lease rate leverage as well.

Andrzej Tomczyk:

Appreciate all the time this morning.

Bob Lyons:

Thank you.

Operator:

Your next question comes from the line of Ben Mohr from Citi. Your line is live.

Ben Mohr:

Hi, good morning. I appreciate taking our questions. I wanted to start off by asking about whether you're seeing any potential railcar shortages in any particular car types; if you're seeing any of that in any places in interacting with investors. There's thought that it could be starting to happen here and there due to the scrapping and age of fleet; would be curious to hear your thoughts on what you're seeing?

Paul Titterton:

Yeah. Thanks, Ben. This is Paul. I'll take that. So, we continue to stand by the thesis we've been advancing for a few years now, which is that we are in a market that is, what we're calling, supply led, which is to say that there are fewer new cars being produced, and thanks to supportive scrap rates, we are seeing cars leave the fleet. As a result, we're seeing net fleet shrinkage in the North American fleet. And again, that's a positive when you're the largest owner of railcars in North America because those conditions should be supportive of stable utilization and stable pricing environment. So certainly, those are favorable dynamics for our business.

In terms of outright shortages, I would say no, we're not seeing outright shortages, but we certainly continue to see a stable and supportive market in most of the car types in which we invest.

Ben Mohr:

Great thanks very much. My next question then is on the sort of, at least from what we view, as greater than expected step down in your LPI to the 21.9% -- that's kind of towards the lower end of the low- to mid-20s expectation and a step down from your 3Q is 22.8%. I wanted to hear your thoughts. Could that be indicative of lower renewal rate gains catching up from the shale bust and COVID to be expected over the next two years? Or could it maybe just be a blip this quarter and step back up? And then kind of muddying that with your Brookfield JV would just want to hear kind of how you account for all of these.

Bob Lyons:

Yeah, Ben, it's Bob. I'll start. Paul may jump in. But from an LPI standpoint, I would say -- actually in 2026, something in the high teens, 20% range is very positive, especially given kind of the renewal, the trend in the number of cars renewed and the expiring rate over time. I would take 20% LPI every year to infinity, if I could. That's a really, really positive outcome for us. And it is on the combined fleet, so that's a good thing and a good metric to provide. There are some economically sensitive car types, as we referenced in the press release, where we're seeing a little bit more challenge in terms of the lease rate environment. And I'll let Paul comment on that.

Paul Titterton:

Yeah, sure. So, as Bob said, there are certain segments of the fleet -- and fortunately, for us, these are the distinct minority of our overall fleet, but certain segments of the fleet -- box cars would be a great example, where those are more sensitive to some of the macroeconomic uncertainty we're seeing.

And so there -- there is a little bit of downward pressure, and I think we're watching that in

those and certain other car types. But having said that, the core franchise for GATX, which is what I call the heavy haul bulk franchise and specifically, tank cars and specialty covered hoppers, that we continue to see very supportive, stable pricing utilization. Those dynamics remain, I would say, favorable, and we expect them to continue to be favorable.

Ben Mohr:

Great, thanks. And maybe kind of related to that -- the step-up in your renewal success rate into the low 90s from the mid- to high 80s, that's been kind of for some time now, that seems to be of note. Could that help offset a gradual decline in LPI -- just wanted to get your thoughts on that.

Bob Lyons:

Yeah, I would view the low 90s as a bit of an anomaly, based on certain renewals that we concluded in the fourth quarter that's, I can't recall being north of 90% on a quarterly basis before. So being anywhere in the high 70s, 80% range is commercially what we expect and consistent with history.

I'd say -- the key on that renewal success rate number is, if you're in that high 70%, 80% range, et cetera, those are cars that are staying with existing customers, those are cars that are not then going to Customer B and running through the shop. So, there is a benefit there in terms of us not having to handle those cars upon return. So, anything up in that high 70s, 80% range is really good.

Ben Mohr:

Great, thanks. And I know that you've been continuing to do your railcar qualification tests. And so, we've been expecting maybe a higher maintenance expense. And it seems like it stepped down quite nicely this past quarter. Is this step down more temporary kind of a growth that we can see it step back up, or how would you guide on kind of cadence that you did give kind of the full year, but the cadence throughout '26.

Paul Titterton:

From quarter-to-quarter, a lot of it is, frankly, noise. So, I think you really -- when you think about the compliance calendar, it's really an annual calendar. 2026 will be another fairly busy compliance year for us, and we're anticipating though, after that, that our compliance calendar will moderate somewhat.

Ben Mohr:

Great, appreciate that and then maybe just if I can squeeze in one last one. Your due diligence on the Wells portfolio, is that completely done? Or what -- actually, now that you've already acquired it, that's a moot point. So let me just scratch that. Thank you very much; all good.

Bob Lyons:

No, that's fine, Ben. Thank you. And just to add on to that question, I would say that based on the amount of due diligence we were able to do pre-close, there were very few, if any, surprises at closing. By and large, the fleet we expected to acquire, we acquired, with the underlying car types, customer base, et cetera. So, no issues there.

Ben Mohr:

I appreciate that. Thank you so much.

Operator:

Your next question comes from the line of Harrison Bauer of Susquehanna. Your line is live.

Harrison Bauer:

Great, thank you for taking my questions this morning. I wonder if just a quick follow-up on your \$0.20 to \$0.30 accretion from the Wells deal. Is there variability in that largely due to gains? Is there anything else that might take you from the low end to high end?

Tom Ellman:

So, I would say that -- I'll start and I'll let Bob add on. But overall, what I would say is the same factors that drive the overall business is

what drives the incremental piece from Wells Fargo. It's the same business, the same core business that we're in. So, the number one thing, of course, is variability around gains on asset sales. And then I would make the same comment I made about the magnitude of the maintenance spend and a small variability being potentially impactful.

Bob Lyons:

Yeah, I have nothing to add on that, Harrison.

Harrison Bauer:

Okay, thank you. And then aside from maybe your gains assumption within the Wells fleet this year, and you mentioned as well, some of the purchase accounting impacts. Can you give us a sense of any additional one-time cost or the purchase accounting that might roll off over time? Just so we can understand what the incremental earnings contribution might look like from that business as you scale your ownership over time?

Bob Lyons:

Yeah. Well, there's no significant one-time costs in there. We had some of those in 2025, which we called out, and normalized for, in our EPS numbers. So, there's no significant one-time items in there. And the way operating lease accounting works -- because you flat line --you straight line depreciation, it's really the interest expense that burns down over time, as cash flow continues to generate on the fleet.

So that's really the biggest variable. And then what we're able to do from a commercial and maintenance perspective, adding our skill set, expertise and knowledge of those assets, we feel we can get incremental benefit there as well.

Harrison Bauer:

Great, thanks, and along the lines of the capital that you're willing to deploy on that deal over time? You structured the Wells transaction to preserve some flexibility between new car investment and then the incremental equity over time, given the muted new build environment

and then your re-up share authorization. How are you thinking about your capital allocation priorities as you go through the integration of this fleet this year?

Tom Ellman:

Yeah. So, the philosophy is unchanged from what Bob talked about. So, first and foremost, we want to invest in economically accretive assets. We want to make sure that we're maintaining the proper balance sheet and doing things that preserve our cost of capital, and then we'll return excess capital to shareholders.

As you noted, part of the reason for structuring the deal the way we are -- the way we did, is because we have really attractive investment opportunities throughout all of our businesses. So, in 2025, we did \$1.3 billion of investment; the two years prior to that, we did something on the order of \$1.6 billion. So, if you look at the investment level that we expect outside of the Wells Fargo Rail transaction in 2026, it'd be a little over \$1 billion.

Regarding the Wells Fargo Rail transaction, we recently made our initial equity investment of a little under \$400 million to acquire the 30% ownership in the JV. Currently, we anticipate exercising our first option to acquire another 3.5% of the JV on June 30 for approximately \$66 million. So, if you add those numbers, the investment, absent Wells Fargo, the initial equity investment and the anticipated option exercise, you come to about \$1.5 billion, so very much in line with what we've seen recently.

Harrison Bauer:

Great. Thank you so much for taking my questions.

Bob Lyons:

Thank you.

Operator:

Your next question comes from the line of Brendan McCarthy from Sidoti. Your line is live.

Brendan McCarthy:

Great. Good morning, everybody. Thank you for taking my questions here. Just wanted to circle back to that CapEx question. Can you provide a further breakdown there as you look into 2026 just among railcar assets and the engine leasing business?

Tom Ellman:

Yes. So, thank you for that follow-up. So, the \$1 billion, I would say, about 3/4 of that is expected to be at Rail North America and about 1/4 of it expected to be in Rail International.

But in addition to that, we anticipate doing significant investment via the JV. So, GATX does not typically have to make, nor do we anticipate making, any capital contribution. But in 2025, the JV invested about \$1.4 billion.

So, our percentage share of that investment would have been another \$700 million.

And in 2026, we anticipate the JV will do another \$1 billion of investment or more. So that would translate our share to being another \$500 million. But again, the engine leasing, the JV is self-funded. So, GATX does not typically make a capital contribution.

Brendan McCarthy:

Great, I appreciate that; that's helpful. And just on the Engine Leasing segment, just really strong results there in 2025. I have it driving pretty much all of the year-over-year gain in segment profit. Can you provide a breakdown there of that year-over-year gain between what you saw from remarketing income and then what you saw from operating income?

Tom Ellman:

Yeah. So again, as a reminder for that, the quarter-to-quarter variability can be pretty lumpy just because of the way the gains come in. But for the full year, about 2/3 of that was operating income and about 1/3 of it remarketing gains.

Brendan McCarthy:

Got it. And as you look into 2026, I think you mentioned \$15 million to \$20 million uplift in segment profit for engine leasing; should that break down maybe stay right around the same for 2026?

Tom Ellman:

You answered your own question. That's a very good assumption to make going in. But again, with the caveat that there's a certain degree of lumpiness on the remarketing side. But assuming that it would be similar to this year, is a reasonable assumption.

Brendan McCarthy:

Got it. And last question for me, just on the outlook for \$200 million in railcar remarketing income for 2026. How do you kind of expect the Wells Fargo fleet to play into that? Maybe you can talk about the average age of the Wells Fargo fleet. Any certain railcar types that you feel you're maybe oversupplied in, at the moment? Do you think that the -- I guess, overall, do you think the quarterly cadence might be somewhat to the past? Or do you think there might be some front-end impact there just as you kind of gauge the Wells Fargo fleet?

Bob Lyons:

Yeah. It will take a little bit of time to fully assess the Wells portfolio in terms of what we want to go to market with. But let's just start with the \$200 million to begin with. The GATX legacy fleet -- in 2025, we generated about \$130 million. We would expect about the same, roughly, in 2026. So, the incremental amount -- that \$70 million incremental amount, is really from the Wells side of the ledger. But again, we're managing the whole portfolio as one from a standpoint of what we're going to be in the market with. The very good news is, as I mentioned in my opening comment -- we have 2x the portfolio now to work with. And there is a lot of demand in the secondary market. So, it's really going to be a decision we make from a fleet management perspective on whether it's credits or car types that we may want to sell

into the secondary market, and I'll let Paul add some color on that.

Paul Titterton:

Yeah, I'll just say one of the nice things about the Wells Fargo business -- we said when we announced the deal that it's been a well-managed business. We're not buying a distressed problematic asset. We're buying an asset that actually has been a portfolio that has been managed effectively. And so, what that means is there are -- actually quite a few quality saleable deals within that portfolio that we think the secondary markets will want, and so as Bob said, we're still determining what parts of that portfolio we want to dispose of.

We think about things like concentrations in credit or commodity or car type or tenor of exposure. And we're really trying to do a portfolio balancing exercise as we sell down. But ultimately, the good news is really -- however we decide we want to rebalance the portfolio, there are quite a few saleable transactions in both the legacy GATX and the Wells Fargo portfolio.

Bob Lyons:

Yeah, and I would just add to that, that the most liquid car type in the secondary market is freight cars versus tank. Tank -- it's not that you can't sell cars in the secondary market, but there's a limited buyer universe and it's a more specialized asset. So, the most active market by far is for freight cars, and the Wells Fargo fleet was 95% freight cars. So, we have a lot to work with.

Brendan McCarthy:

That makes sense. And just as a follow-up, just curious as to the Wells Fargo fleet, doubled the fleet size and you just mentioned a much more higher proportion of freight cars. But then you kind of mentioned in 2026, the breakdown might be like \$130 million in remarketing income from the GATX legacy fleet plus the \$70 million from the Wells Fargo fleet -- I guess why would the breakdown look like that, just considering the Wells Fargo fleet was a higher proportion of freight?

Bob Lyons:

Well, there's really no reason, in particular. We continue to see very good demand on the legacy side of the business. While it's half of what we do on the legacy portfolio, freight cars, that's still over 50,000 cars you're talking about. So, it is a very big universe of cars. And we'll continue to balance what makes sense to be in the market with, whether it's car type or credit. And again, we'll be working with our partner on what's the most logical thing to be putting in the marketplace from the JV side. We think that's a good mix going in. It could shift, could very well shift as the year progresses. But in total, that's a very reasonable number, that \$200 million to work with.

Paul Titterton:

I'll just add too, over the last several years of supportive railcar markets, we have put on a lot of very good leasing business in the legacy fleet. So, in terms of deals that we have on our balance sheet, legacy balance sheet, that are attractive to sell -- we've done a good job restocking the shelves there.

Brendan McCarthy:

Got it. I appreciate it, just curious. Thanks for all the detail; that's all for me.

Bob Lyons:

Thank you.

Operator:

Your next question comes from the line of Justin Bergner of Gabelli Funds. Your line is live.

Justin Bergner:

Good morning, Bob, Tom, Paul, Shari.

All:

Good morning.

Justin Bergner:

Thanks for letting me jump in and congratulations on closing the deal for Wells Fargo. First question would be any contours around the specifics of the repurchase? Or is it just pretty open ended, time-wise and pace-wise?

Bob Lyons:

It's very open ended. As I mentioned, the authorization that we just exhausted in the fourth quarter was granted in 2019. And so, we look first, invest; second, manage the balance sheet; and third, as we said, kind of what is the increment or the extra leftover for dividends and share repurchase. So, we don't have a targeted amount in any given year. It's just what makes sense in the overall capital allocation framework.

Justin Bergner:

Okay. Did you actually repurchase a modest amount of shares in the fourth quarter -- you said it was exhausted or just exhausted, time-wise?

Tom Ellman:

Yeah. So again, as Bob mentioned, the initial authorization was in 2019. In the fourth quarter, we purchased approximately \$46.5 million of stock at an average price of \$160 a share.

Justin Bergner:

Okay. Any comments on sequential lease rates - usually asked earlier in the call, but since it hasn't come up figured, I would --?

Paul Titterton:

Yeah. Justin, this is Paul speaking. And broadly speaking, across most car types, we're seeing sequential lease rates roughly flattish. Bob mentioned a handful of what we call economically sensitive car types where there are a few headwinds; but across the broad bulk of the fleet, flattish.

Justin Bergner:

Okay. I think when you spoke about the Wells Fargo transaction, you announced it and had the call, you spoke about modest accretion in '26. I forget, were you including gains from sale of the Wells Fargo side at that point in time? Or has the mix become a little bit more gains?

Bob Lyons:

No, that was all in, Justin.

Justin Bergner:

And then just lastly, the Wells Fargo fleet is going to continue to kind of operate in run off mode, right? There's going to be minimal investments that \$70 million in gains would just shrink it by however many cars are sold as part of that roughly \$70 million of gains?

Bob Lyons:

Yeah, the joint venture itself is structured to run down over time. It's not set up to re-invest. All of that activity will be taking place on the GATX side of the ledger. So, to the extent there's replacement opportunities and reinvestment opportunities that come out of the fact that, that portfolio will burn down over time, they'll be on GATX's side. But again, we're looking at a few thousand, 3,000- or 4,000-car sale package roughly spread out over 2026 to generate those gains, so you would have a very long tail of selling cars at that rate before you put serious reduction into that portfolio.

Justin Bergner:

Got it, that's helpful. So, 3,000 to 4,000 cars sold -- that would be the Wells Fargo side of the ledger.

Bob Lyons:

Yeah, we'll be in that ballpark, yes.

Justin Bergner:

Okay. Thank you for taking all my questions. Good luck

Bob Lyons/Paul Titterton:

Thank you.

Operator:

Your final question comes from the line of Ben Mohr from Citi. Your line is live.

Ben Mohr:

Great, thanks for bringing me back from the queue. Just one clarification question on your very strong guide of the \$200 million in remarketing for 2026 -- if we take your midpoint of your EPS guide range and we left out that \$200 million and try to compare apples-to-apples versus '25 it looks like the net income, less the remarketing, appears to be kind of down 20% or so for 2026 year over year. Are we missing anything? Is that because you only have a 30% impact of that? Or how should we think about the net income, less remarketing for 2026?

Tom Ellman:

Yeah, Ben, I think you found your way to it near the end of that question. It's all tied up in the fact that the asset sales that we do from the JV are subject to the NCI, the noncontrolling interest piece of it. So, GATX will economically enjoy 30% of those gains as opposed to the wholly owned portfolio.

Ben Mohr:

Terrific. Thank you for answering; appreciate it.

Operator:

There are no further questions. I would now like to turn the call back over to the CEO of GATX for closing remarks.

Bob Lyons:

I don't have any closing remarks, but Shari probably does.

Shari Hellerman:

Well, I'd like to thank everyone for their participation on the call this morning. Please contact me with any follow-up questions. Have a great day. Thank you.

Operator:

That concludes today's meeting. You may now disconnect.