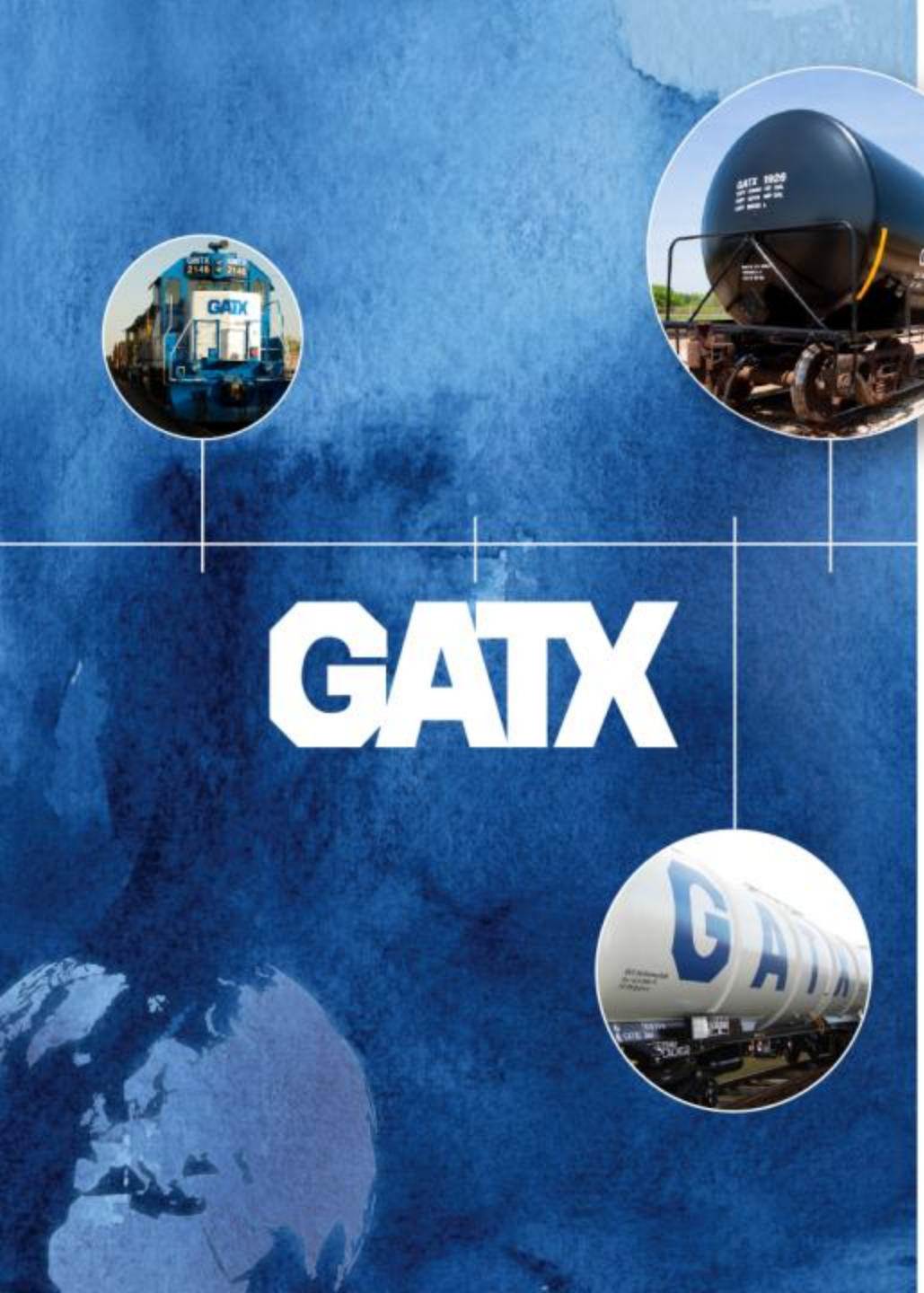



March 2014

# GATX Corporation

## Raymond James Institutional Investors Conference

*Unless otherwise noted, GATX is the source for data provided*

**Forward-Looking Statements**

Certain statements in this document may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor provisions of those sections and the Private Securities Litigation Reform Act of 1995. These statements refer to information that is not purely historical, such as estimates, projections and statements relating to our business plans, objectives and expected operating results, and the assumptions on which those statements are based. Some of these statements may be identified by words like “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “predict,” “project” or other similar words. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including those described in our Annual Report on Form 10-K for the year ended December 31, 2013 and other filings with the SEC, and that actual results or events may differ materially from the forward-looking statements. Specific risks and uncertainties that might cause actual results to differ from expectations include, but are not limited to, (1) changes in regulatory requirements for tank cars in crude, ethanol and other flammable commodity service; (2) competitive factors in our primary markets, including lease pricing and asset availability; (3) weak economic conditions, financial market volatility and other factors that may negatively affect the rail, marine and other industries served by us and our customers; (4) inability to maintain satisfactory lease rates or utilization levels for our assets, or increased operating costs in our primary operating segments; (5) changes to the laws, rules and regulations applicable to us and our rail, marine and other assets, or failure to comply with those laws, rules and regulations; (6) operational disruption and increased costs associated with compliance maintenance programs and other maintenance initiatives; (7) operational and financial risks associated with long-term railcar purchase commitments; (8) deterioration of conditions in the capital markets, reductions in our credit ratings, or increases in our financing costs; (9) unfavorable conditions affecting certain assets, customers or regions where we have a large investment; (10) risks related to our international operations and expansion into new geographic markets; (11) inadequate allowances to cover credit losses in our portfolio or declines in the credit quality of our customer base; (12) impaired asset charges that may result from weak economic or market conditions, changes to the laws, rules or regulations affecting our assets, events related to particular customers or asset types, or portfolio management decisions we implement; (13) environmental remediation costs or a negative outcome in our pending or threatened litigation; (14) our inability to obtain cost-effective insurance; (15) operational and financial risks related to our affiliate investments, particularly where certain affiliates may contribute significantly to our consolidated operating profit; (16) reduced opportunities to generate asset remarketing income; and (17) failure to successfully negotiate collective bargaining agreements with the labor relations with unions representing a substantial portion of our employees.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements, which reflect our analysis, judgment, belief or expectation only as of the date hereof. We have based these forward-looking statements on information currently available and disclaim any intention or obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

# Clear vision and rich history

## Vision

We strive to be recognized as the **finest railcar leasing company** in the world by our **customers**, our **shareholders**, our **employees** and the **communities** where we operate.




## History

### 1898

- Founded in Chicago as a railcar lessor

### 1919

- Initiated quarterly dividends

### 2014

- Railcar leasing remains primary business
- 95th consecutive year of uninterrupted dividends

# Solid business profile with leading market positions

## Rail North America

- 2nd largest tank car lessor
- Extensive maintenance network

## Rail International

- 2nd largest European tank car lessor
- 1st to obtain a leasing license in India

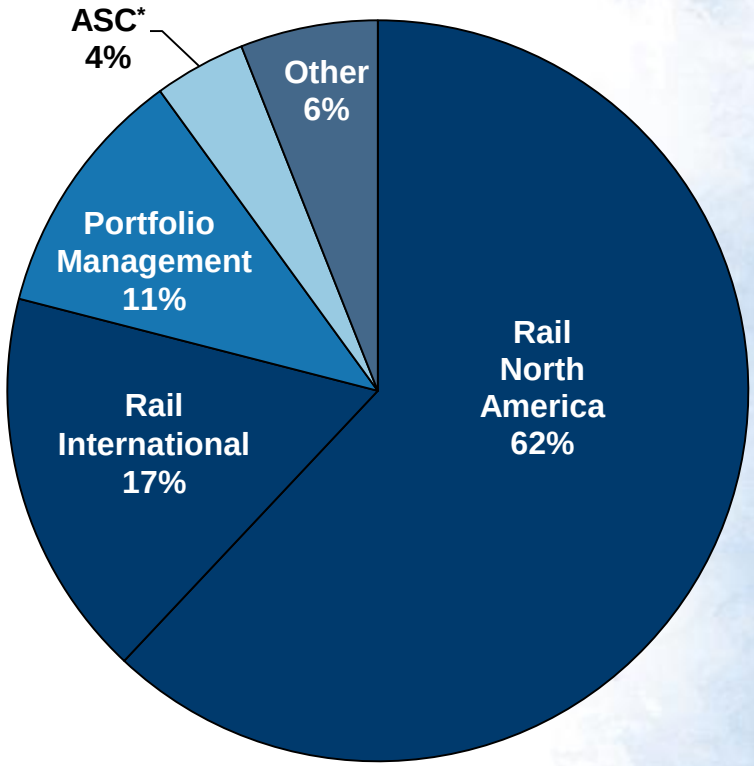
## American Steamship Company

- Largest U.S.-flag vessel operator on Great Lakes

## Portfolio Management

- 50% partner is largest global lessor of Rolls Royce engines
- Diversified portfolio of other investments

## Asset Mix

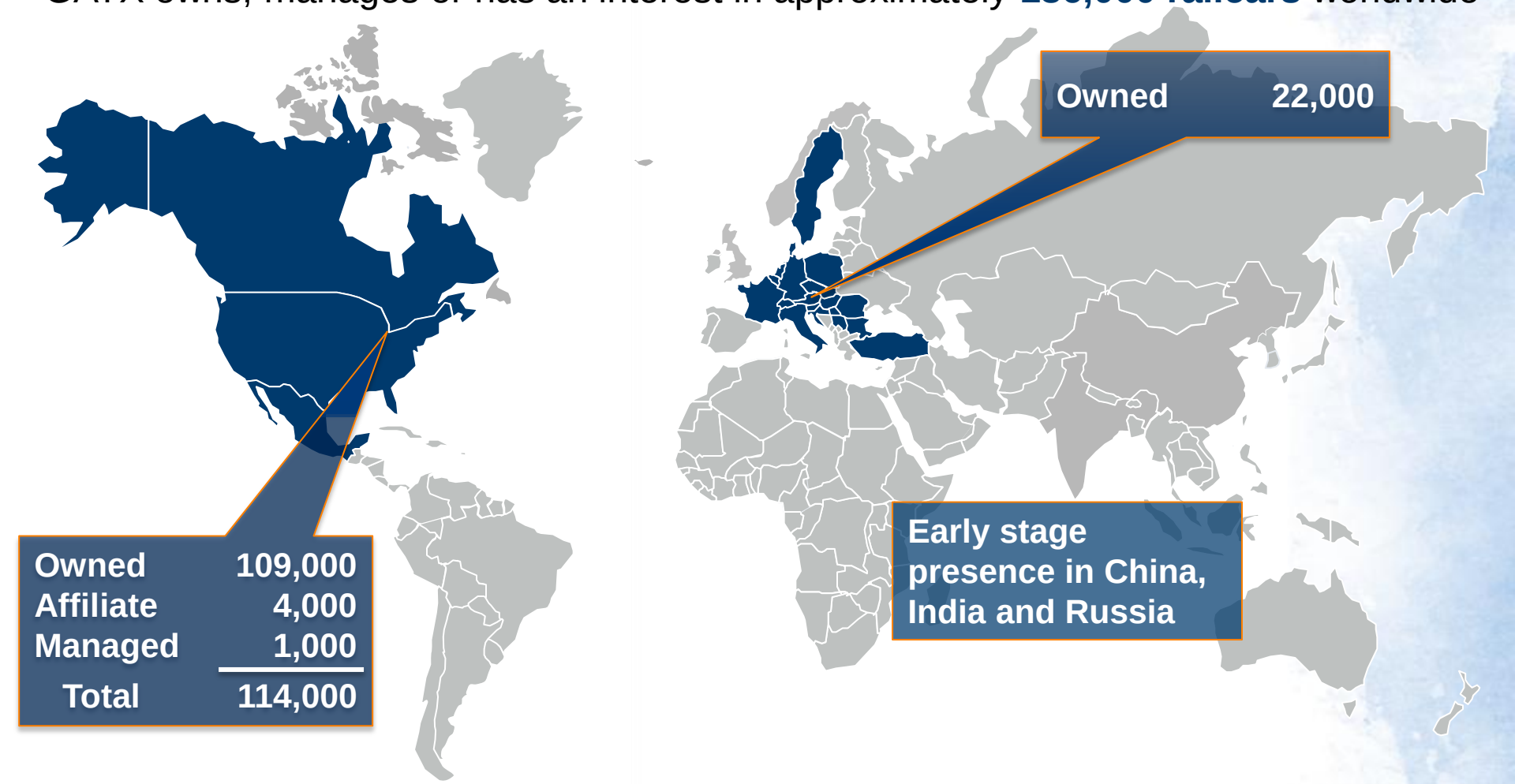



$7.5 billion NBV
*(assets on and off balance sheet )*
*as of 12/31/13*

** American Steamship Company*
*See the Appendix for a reconciliation of non-GAAP measures*

# Strong global presence
## Rail North America & Rail International

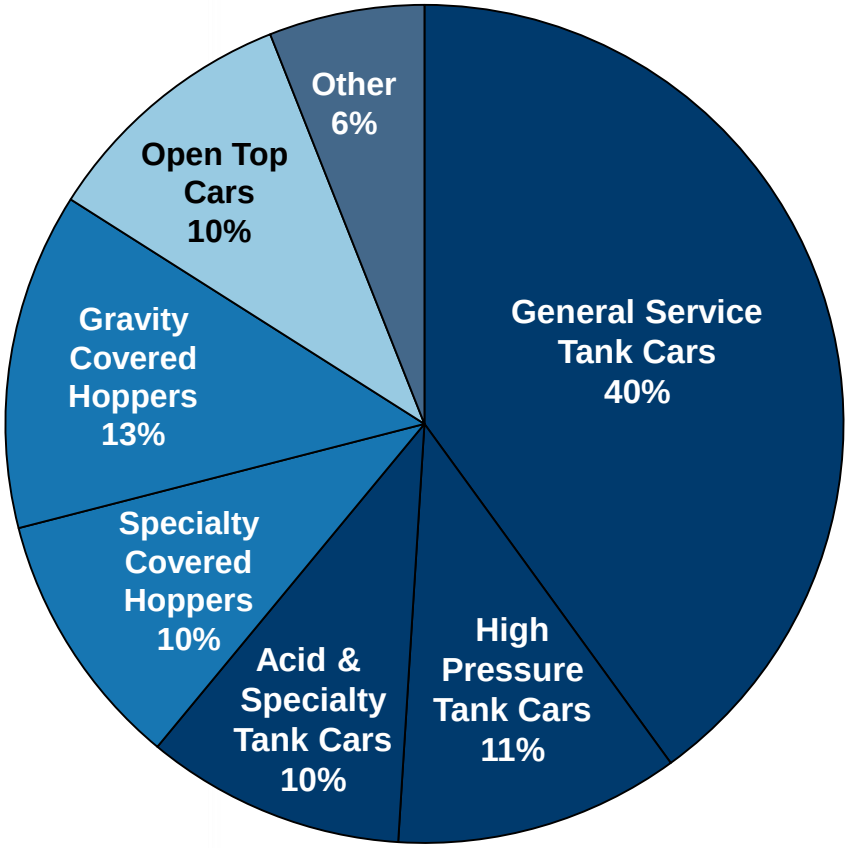
GATX owns, manages or has an interest in approximately **136,000 railcars** worldwide




*Fleet data as of 12/31/13*

# Offering a wide variety of railcars for diverse end markets

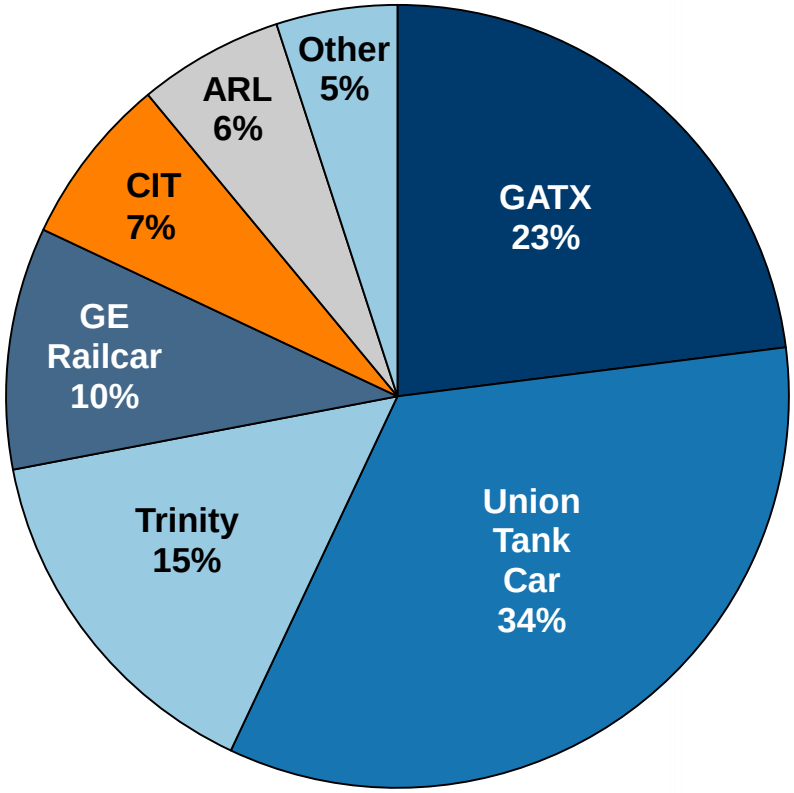
## Car Types




Approximately 131,000
wholly-owned and leased-in railcars
as of 12/31/13

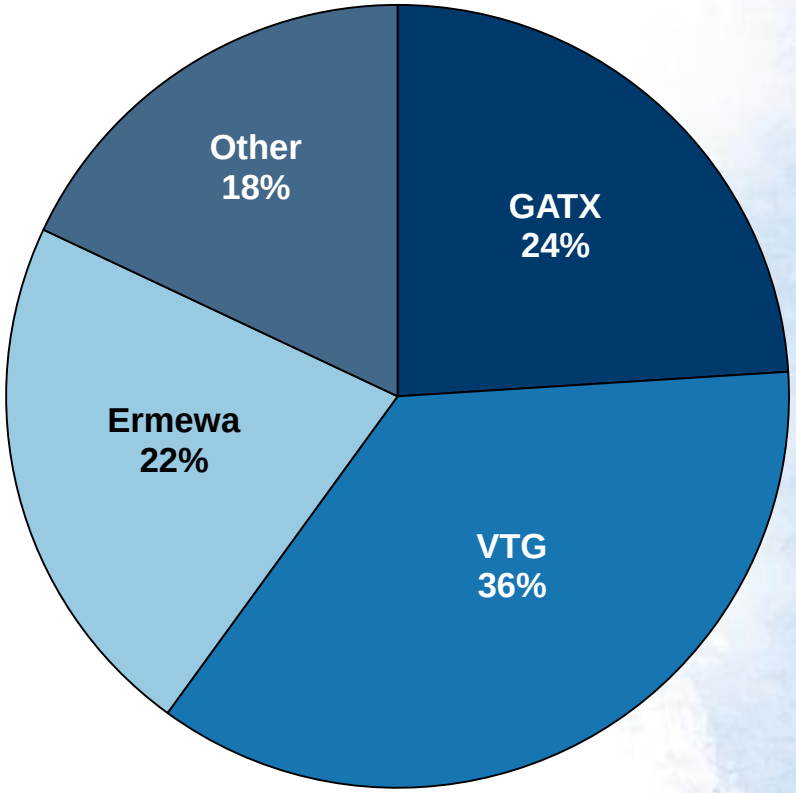
# A leader in tank car leasing

## North American Tank Car Leasing Market[1]




Approximately 250,000 tank cars

## European Tank Car Leasing Market[2]




Approximately 85,000 tank cars

*(1) Umler as of January 2013*
*(2) GATX management estimate*

# Creating value through railcar leasing

## 1 Buy long-lived assets

- New and used
- Car type, markets and customers served, timing of purchase, and price are the key investment factors

## 2 Lease to customers

- Repeatedly, maintaining high utilization
  - Top-tier customer base
  - Useful life of a railcar in excess of 30 years
  - Average remaining lease term of North American railcar fleet is approximately 4 years

## 3 Maintain to the highest standards

- More than 80,000 service events each year in North America

## 4 Scrap or Sell

- Fleet optimization

# Creating value through railcar leasing

## 1 Buy long-lived assets

# Opportunistic Investments

**GATX invests most aggressively when the market slows and asset prices are relatively low**

## NEW RAILCARS

Committed **new railcar order** in early 2011 for **12,500** railcars to deliver over a five-year period

- Ensured a **supply of new railcars** to meet customer needs
- Cars delivering into an **unprecedented lease pricing environment** for tank cars
- Deliveries scheduled through late 2015 already **placed on long term leases**

## SECONDARY MARKET

Acquired **attractively priced** railcars during the downturn

- Invested nearly **$1 billion** and added **over 18,000 cars**
- Anticipate **high returns** when leases are repriced or cars are sold

| Notable Portfolio Acquisitions | | |
|---|---|---|
| Year | Approx # Cars | GATX Investment |
| **2008** | **3,650** | **$218 million** (1) |
| **2010** | **5,350** | **$37 million** (2) |
| **2010** | **2,500** | **$150 million** |

*(1) 2008 Investment Volume includes $188 million of assumed debt related to an acquisition.*
*(2) $37 million represents GATX's 12.5% interest in the joint venture*

# Creating value through railcar leasing

## 2 Lease to customers

# Leasing to an impressive worldwide customer base

## GATX maintains relationships with high-quality customers

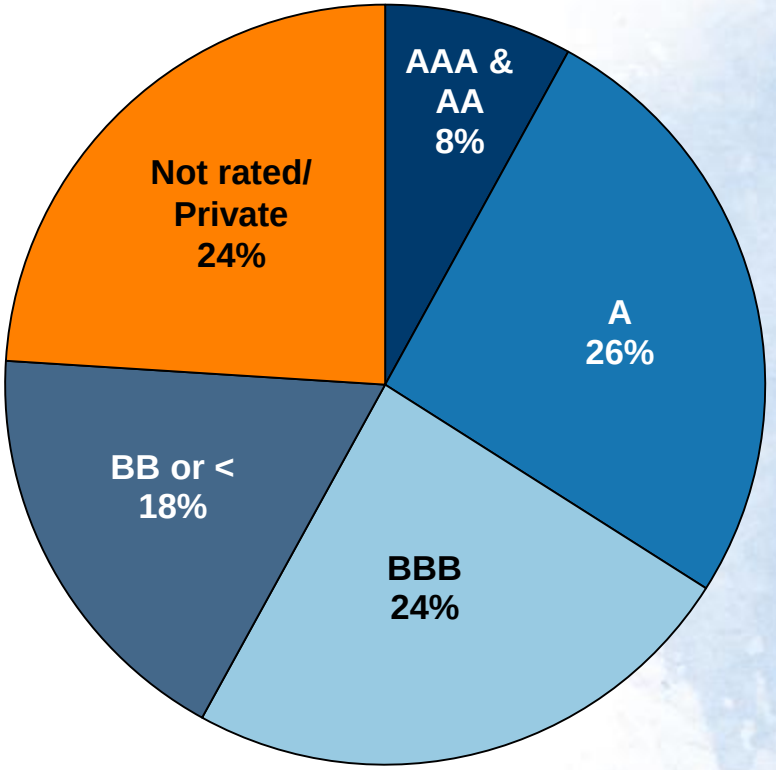
### Over 900 Rail customers

- No customer exceeds **4%** of total Rail revenues
- Strong credit profile
  - **Nearly 60%** are investment grade

### Long-standing relationships

- Average relationship tenure among top ten customers is **53 years**

### Top 50 Customer Families




*Data as of 12/31/12*

*Customer families sometimes include more than one customer account, therefore the S&P or equivalent ratings noted generally reflect the credit quality of the rated parent entity. Lease obligations of subsidiaries are not necessarily guaranteed by the rated parent entity.*

# Managing lease terms through cycles

**North American railcar fleet data:**

In favorable pricing environments, GATX increases lease rates and stretches lease terms

| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| approximate # cars scheduled for renewal | | 23,000 | 20,000 | 20,000 | 17,500 | 15,000 | 17,000 | 21,000 | 20,000 | 21,000 | 20,000 |
| LPI data | Rate change | 9.9% | 16.8% | 13.5% | 5.2% | -11.0% | -15.8% | 6.9% | 25.6% | 34.5% | 30 – 35% range* |
| | Term (months) | 50 | 64 | 67 | 63 | 41 | 35 | 45 | 60 | 62 | |
| Renewal success rate | | 81% | 77% | 73% | 60% | 54% | 62% | 77% | 82% | 81% | |

In weak pricing environments, GATX lowers lease rates and shortens lease terms

*LPI = Lease Price Index: The average renewal lease rate change is reported as the % change between the average renewal lease rate and the average expiring lease rate, weighted by GATX's North American fleet composition.*

** Management estimate as of January 2014*

# Creating value through railcar leasing

## 3 Maintain to the highest standards

# Maintaining our equipment to the highest standards

## Safety is GATX's top priority

- Tank cars are **service-intensive** assets
  - GATX is a **full-service** lessor
  - Customers value the consistently reliable service GATX provides

- **Extensive maintenance network** in North America
  - Six major service centers
  - Five repair centers
  - Six customer-dedicated sites
  - Twenty mobile repair units
  - Third party-owned shops

- In Europe, GATX has service centers in Germany and Poland

# Creating value through railcar leasing

4 Scrap or Sell

# Maximizing the value of rail assets

- Depending on market dynamics, GATX is an **active seller** of railcars
  - Maintains a well-balanced railcar portfolio
  - Optimizes the performance of the railcar fleet
    - View on the outlook for a car type or end market
    - Manage renewal schedule and customer exposures
    - Market values for certain car types are experiencing record demand

| Rail North America | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|
| # railcars sold | 2,040 | 2,212 | 1,660 | 2,860 | 1,102 | 1,390 | 1,829 | 2,046 | 3,726 |
| Asset remarketing income *(millions)* | $13.3 | $19.7 | $32.2 | $31.4 | $13.8 | $17.4 | $27.4 | $45.7 | $54.5 |

# The current rail market environment

## Rail North America

- Strong demand for tank cars
  - Driven by demand for energy service
  - Locking in historically high lease rates by stretching terms
- Freight car demand is inconsistent
  - Coal remains weak
  - Strengthening covered hopper market
- Fleet utilization is over 98%

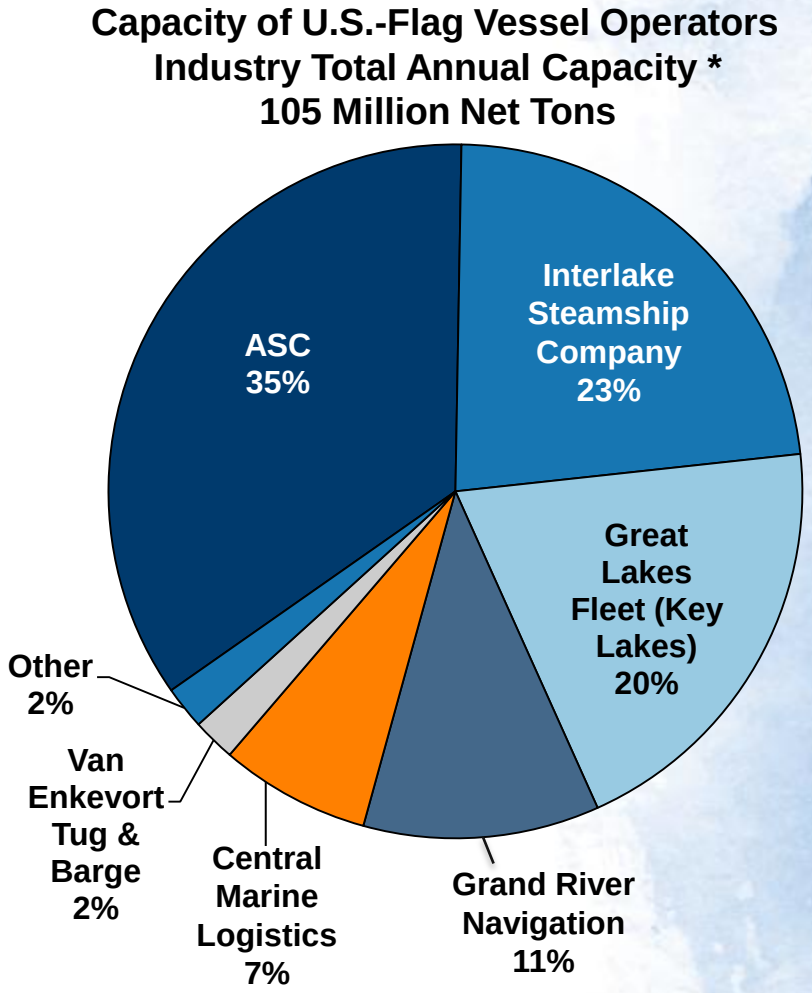
## Rail International

- European tank car business is stable
  - Customer demand for new tank cars
  - GATX Rail Europe fleet utilization is over 96%

# ASC is the largest U.S.-flag vessel operator on the Great Lakes

- Fleet of **17 active self-unloading vessels** transport dry-bulk commodities including **iron ore**, coal and limestone aggregates
- ASC has been operating for more than **100 years**
  - Acquired by GATX in 1973

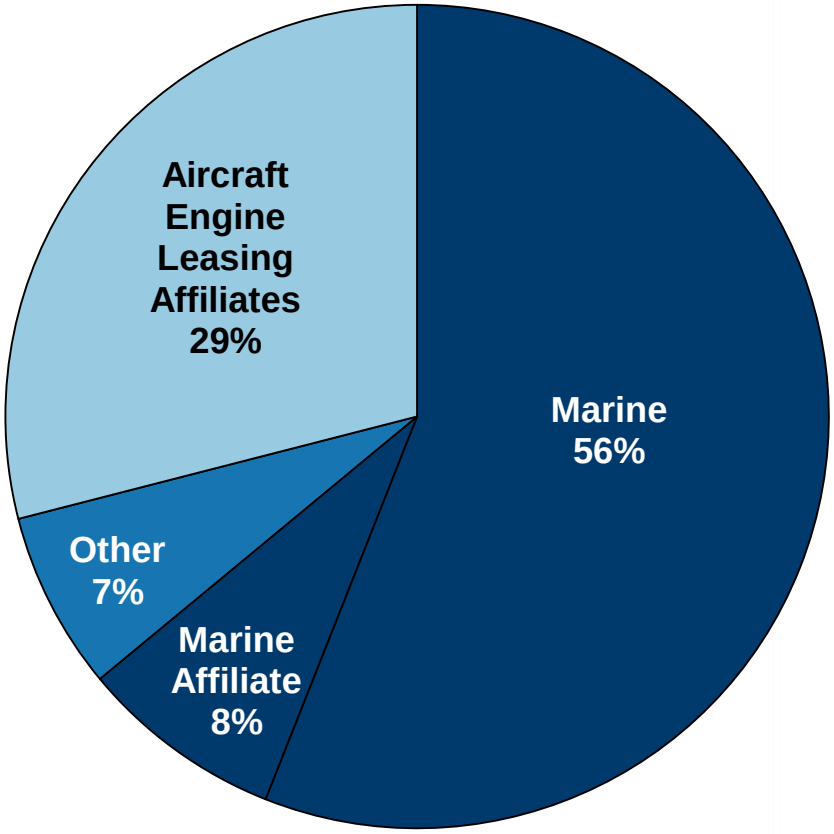





** GATX management estimate*

# Portfolio Management
## Diversified assets and investments

### Owned Portfolio




$857 million NBV
*as of 12/31/13*

## Affiliates

- RRPF – spare aircraft engine leasing joint venture
  - Partner with Rolls-Royce
  - One of the largest spare aircraft engine portfolios in the industry
- Marine
  - Partner with IMC Group
  - six large ocean-going chemical parcel tankers

## Marine

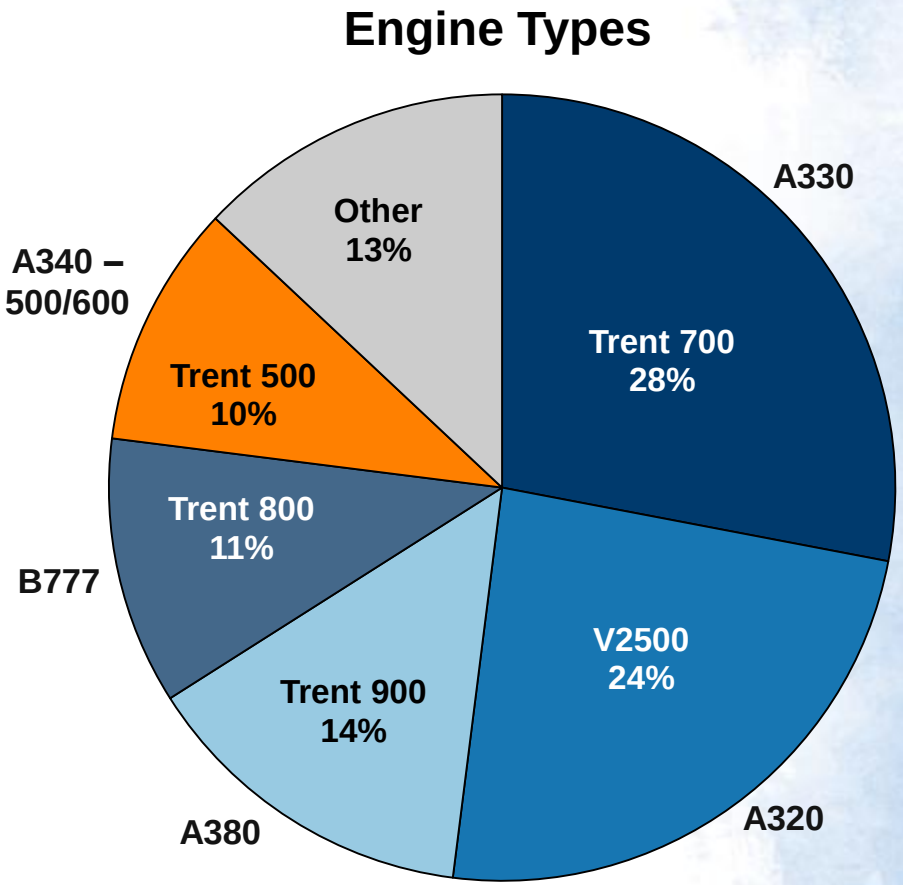
- GATX owns
  - more than **500 barges and tugs**
  - six ocean-going handy-size chemical parcel tankers
  - five ocean-going multi-gas carriers

# Portfolio Management

## Rolls-Royce and Partners Finance ("RRPF")

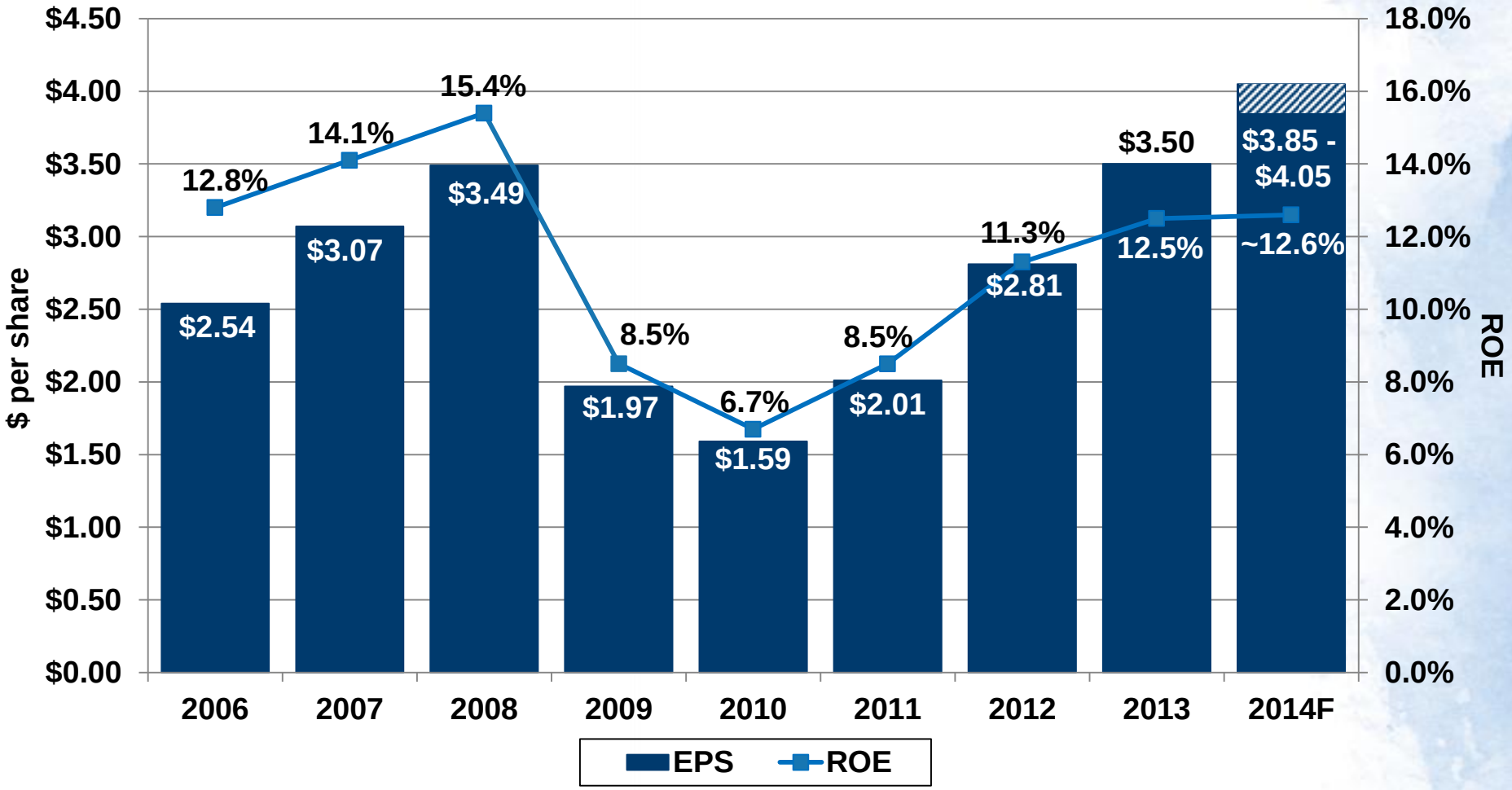
- GATX established its partnership with Rolls-Royce plc in 1998
- RRPF affiliates lease spare aircraft engines to Rolls-Royce plc and commercial airlines
  - One of the **largest spare aircraft engine portfolios** in the industry, with approximately **400 engines**






Based on NBV of approximately
$2.6 billion
as of 12/31/13

# Financial Results




- *EPS and ROE exclude Tax Adjustments and Other Items. See the Appendix for a reconciliation of these non-GAAP measures.*
- *2014 Forecast is based on management's EPS guidance of a range of $3.85 to $4.05 per diluted share as of January 2014.*

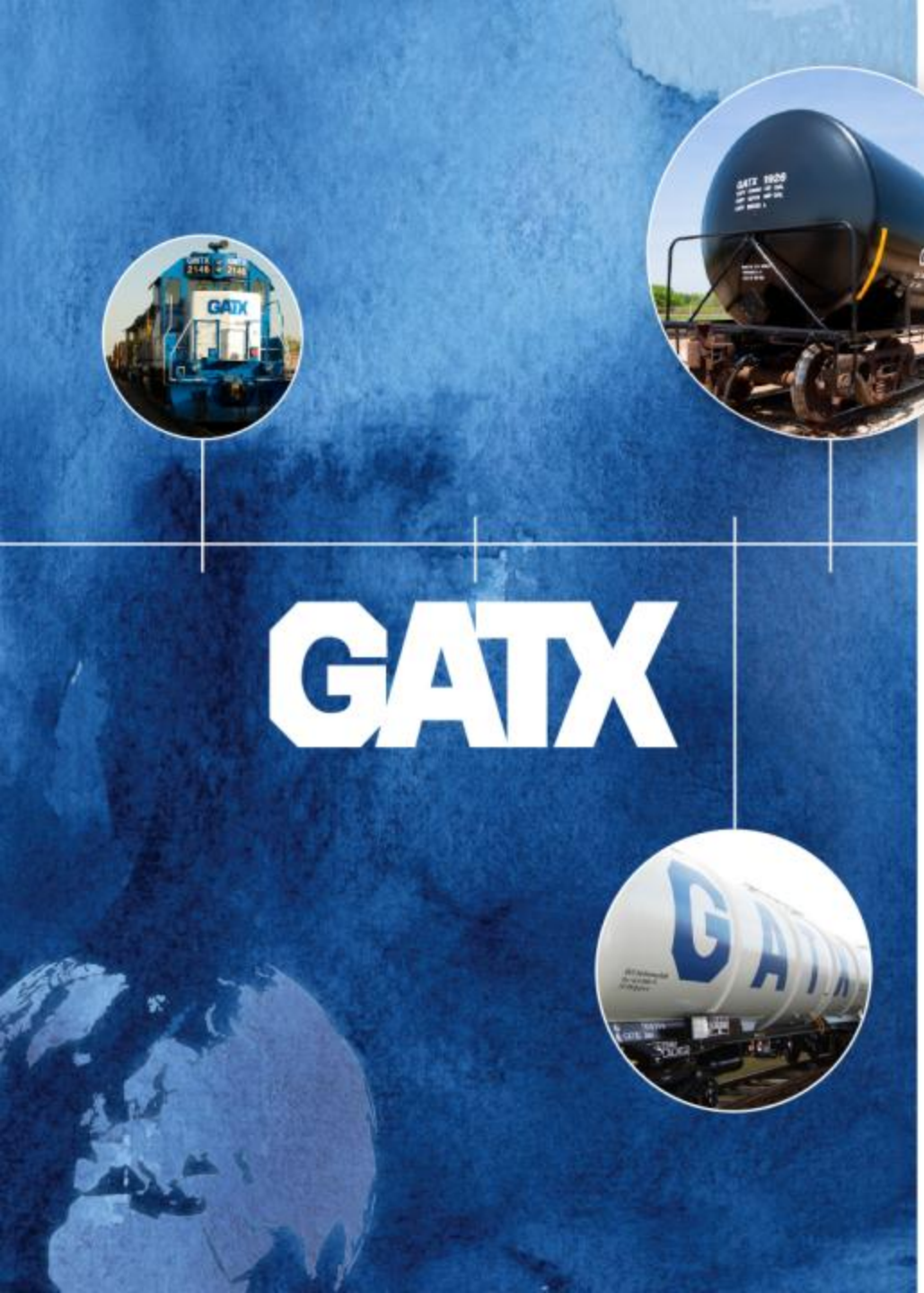
# Creating shareholder value

- **GATX has a long track record of success**
  - Disciplined, cyclically aware investment philosophy
  - Extensive asset knowledge
  - Long-standing customer relationships
  - Ability to navigate business cycles
  - Efficient access to capital to support growth

- **GATX seeks growth in existing rail markets …**
  - **North America** – growth potential from energy markets and chemical industry
  - **Europe** – industry-wide equipment replacement needs and complex regulatory requirements creating opportunities to displace small competitors

**… and evaluates opportunities in new geographies**

- **India** – invest in rail wagons and develop customer relationships in preparation for the completion of Dedicated Freight Corridors
- **China & Russia** –identify and evaluate opportunities and challenges



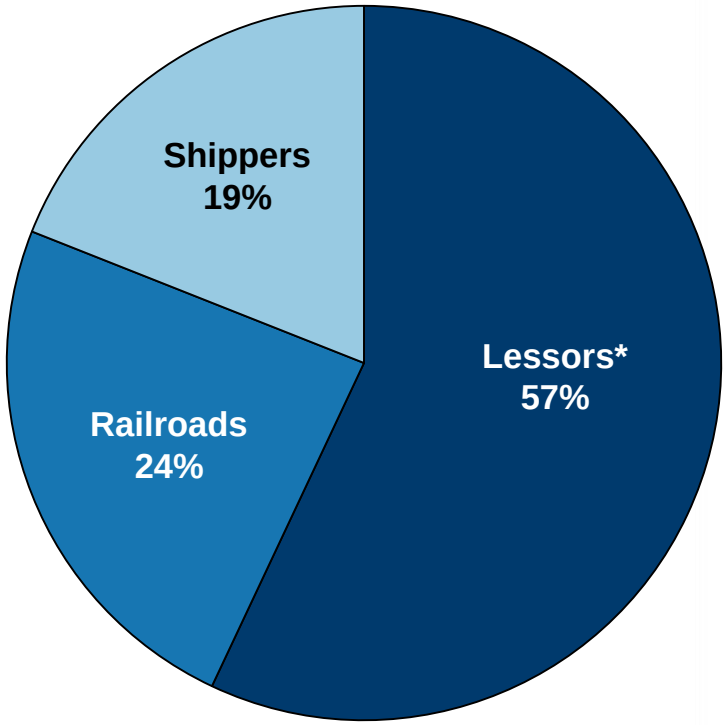

# GATX Corporation

# Appendix

# Rail Industry
## North America

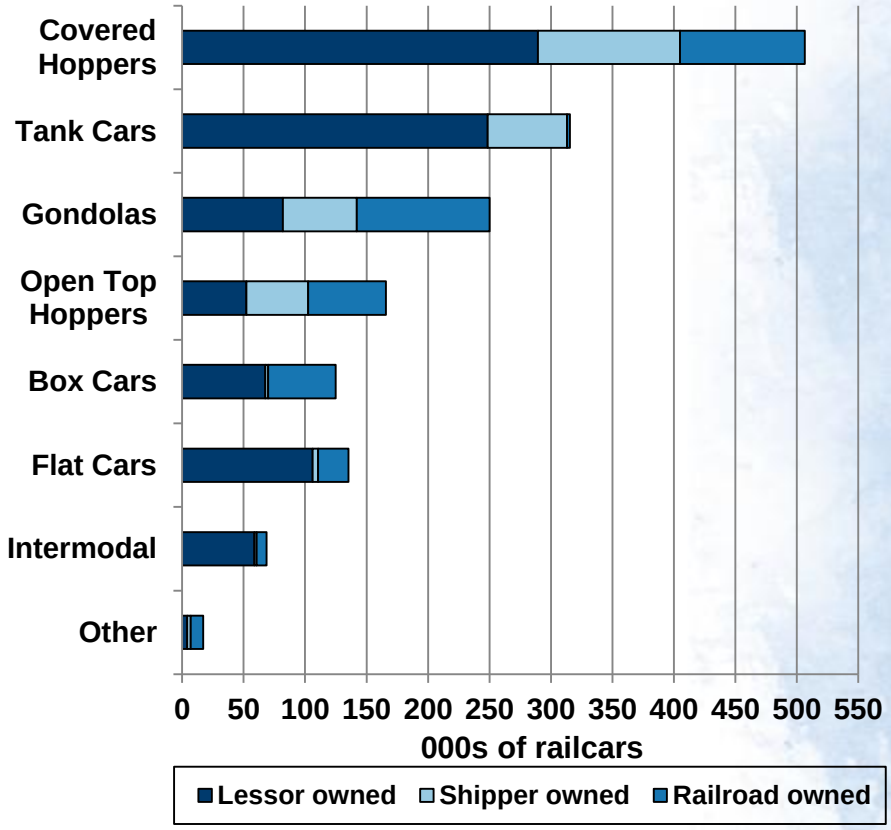
Railcars are owned by lessors, railroads and shippers

### North American Railcar Market




Approximately 1.6 million railcars

### North American Fleet Composition

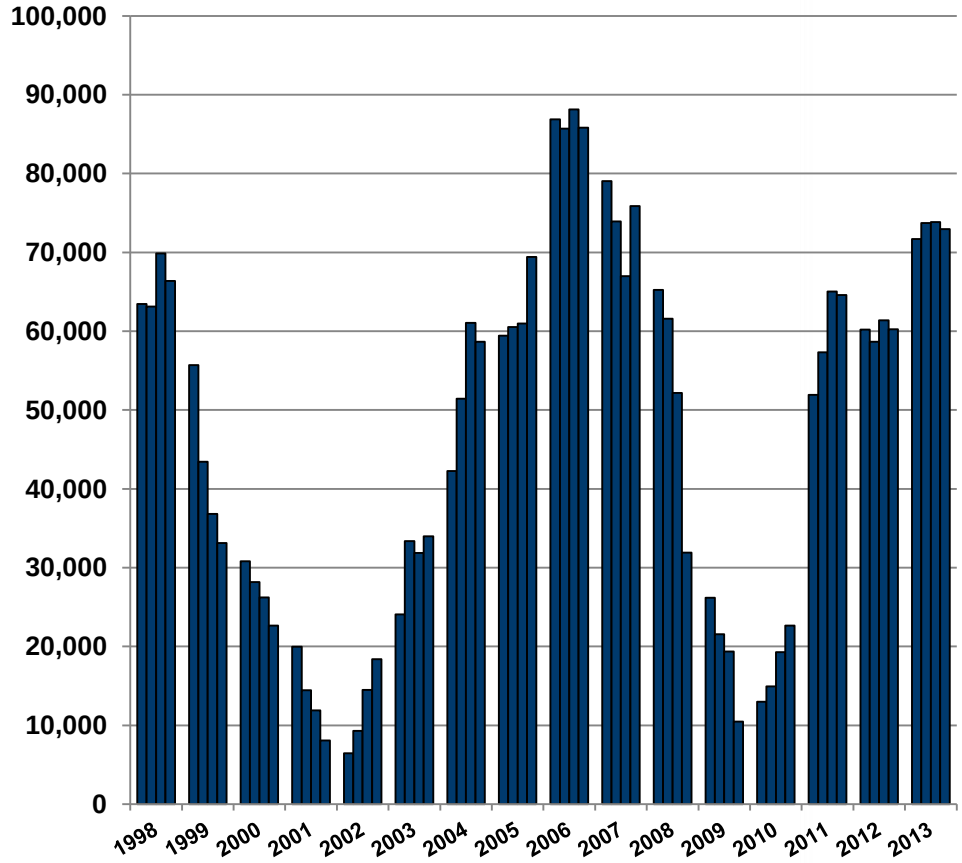



*Source: Umler as of January 2013*

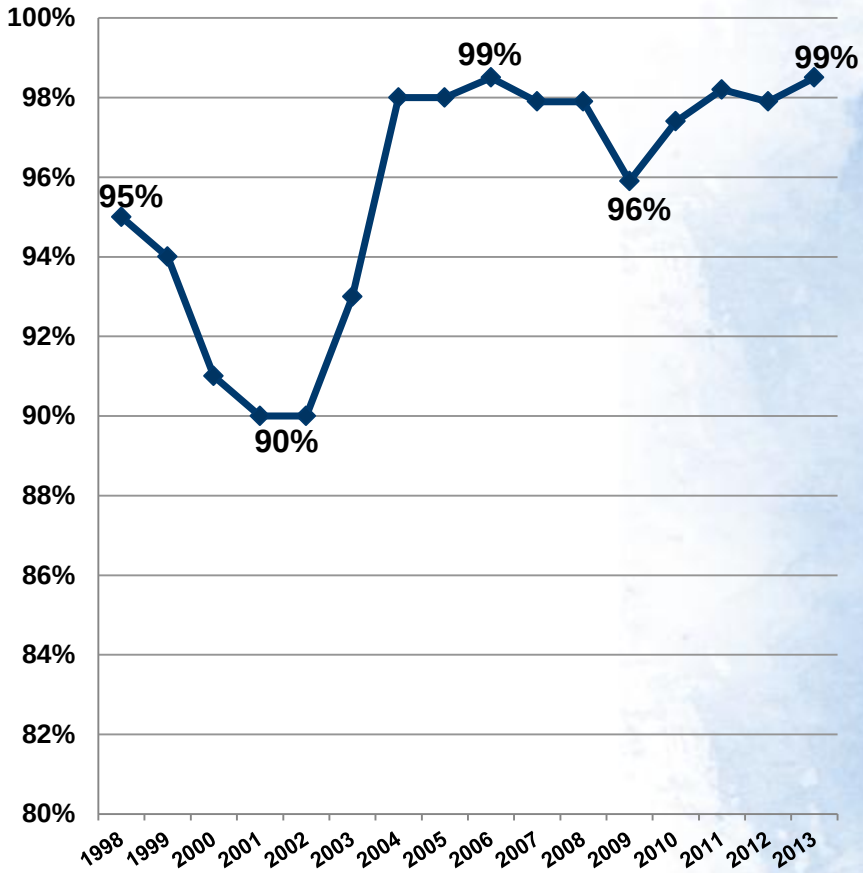
** Cars owned by TTX, representing about 10% of the total North American fleet, are included with Lessors*

# Rail Industry
## North America

### U.S. Railcar Manufacturing Backlog*




### GATX North American Fleet Utilization



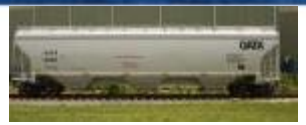

*Source: Railway Supply Institute*

# Rail North America

## Major Car Types, Industries & Commodities








| | General Service Tank Cars | High Pressure Tank Cars | Specialty & Acid Tank Cars | Specialty Covered Hoppers | Gravity Covered Hoppers | Open-Top Cars |
|---|---|---|---|---|---|---|
| Industries Served | Chemical | Chemical | Chemical | Plastics | Agriculture | Energy |
| | Petroleum | Petroleum | Petroleum | Food | Industrial | Construction |
| | Food | | | Industrial | Energy | Steel |
| | Agriculture | | | Energy | Construction | Waste/Recycling |
| | Construction | | | | | Forest Products |
| | | | | | | |
| Typical Commodities | Asphalt | Liquefied Petroleum Gas (LPG) | Sulfuric Acid | Plastics | Sand | Coal |
| | Lubricating Oils | Propylene | Hydrochloric Acid | Flour | Potash | Steel |
| | Biofuels | Vinyl Chloride Monomer (VCM) | Molten Sulfur | Sugar | Cement | Coke |
| | Mineral Slurries | Carbon Dioxide | Sodium Hydroxide | Starch | Grain | Aggregates |
| | Edible Oils and Syrups | | Ferric Chloride | Carbon Black | Soda Ash | Woodchips |
| | Fuel Oil | | Phosphoric Acid | Fly Ash | Roofing Granules | Construction and Demolition Debris |
| | Crude Oil | | Hydrogen Peroxide | Clay | Ammonium Nitrate | |
| | Nitrogen Fertilizer | | | | Fly Ash | |

# Crude By Rail

## Railcars

- Strong demand for large tank cars to transport crude
  - Backlog of about 55,000 tank cars; total backlog of about 73,000 cars(1)
- Heightened focus on tank cars in flammable service

## The Market

- In the first three quarters of 2013, approximately 784,000 barrels per day were moving by rail(2)
  - Projected to increase to 1.2 million barrels per day by year end 2014
- Approximately 35,000 tank cars currently in crude service
- Factors suggest the market for crude-carrying cars will be strong in 2014
  - Production, new discoveries, planned rail capacity, existing rail fleet & expected attrition, tank car production, railroad velocity, etc.

## Pipelines

- Expected capacity additions may result in an oversupply of large crude-capable tank cars, but regulatory issues may impact timing and degree

*(1) Railway Supply Institute as of 12/31/13*
*(2) Association of American Railroads as of December 2013*

# Crude By Rail
## GATX's prudent approach

**Diverse customer base**

- GATX seeks a mix of growth opportunities in crude, other petroleum products, chemicals, food, agriculture and other industries

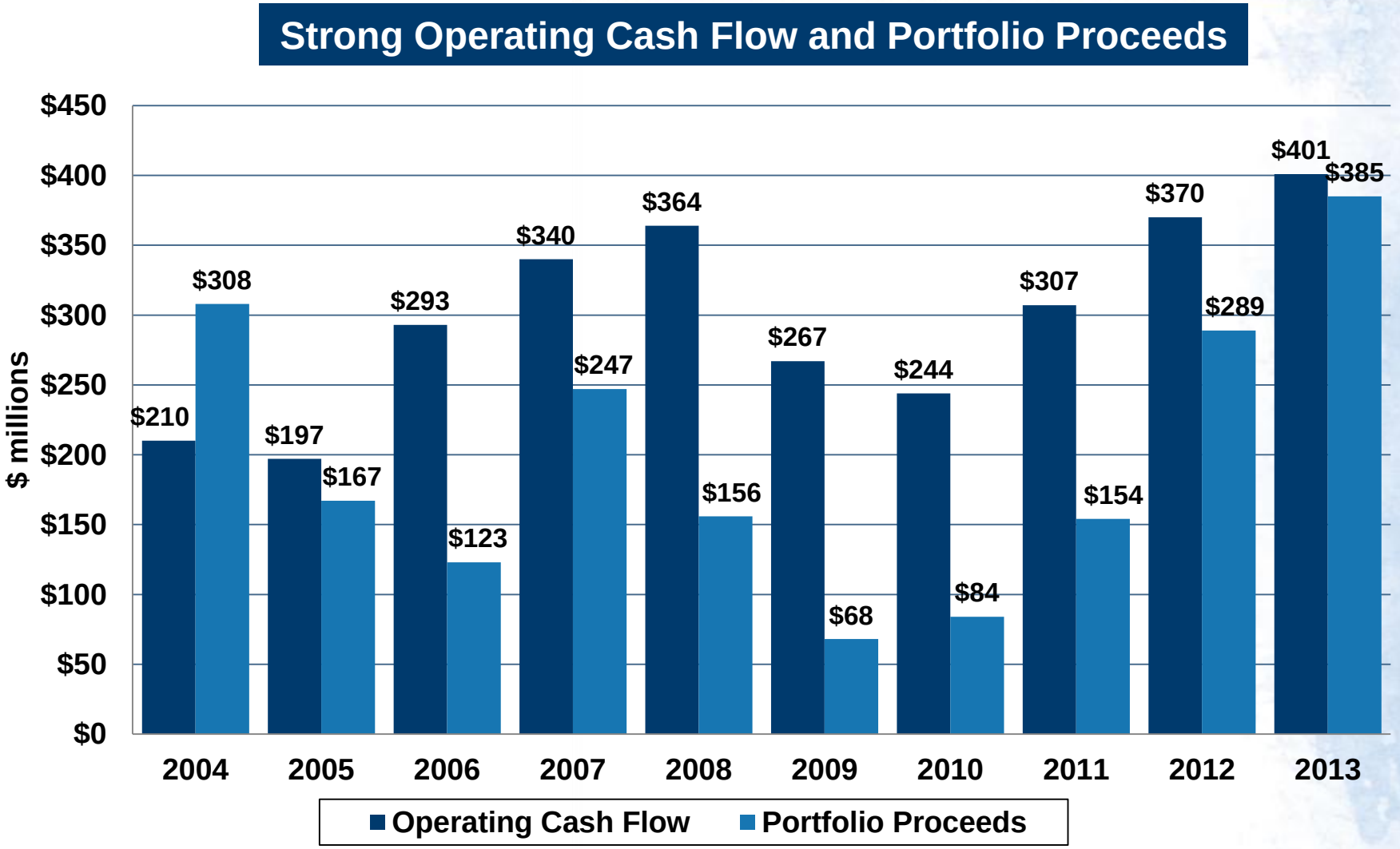
**Limited exposure**

- GATX's customers leasing railcars to transport crude have:
  - High credit ratings
  - Long lease terms

**Focus on safety**

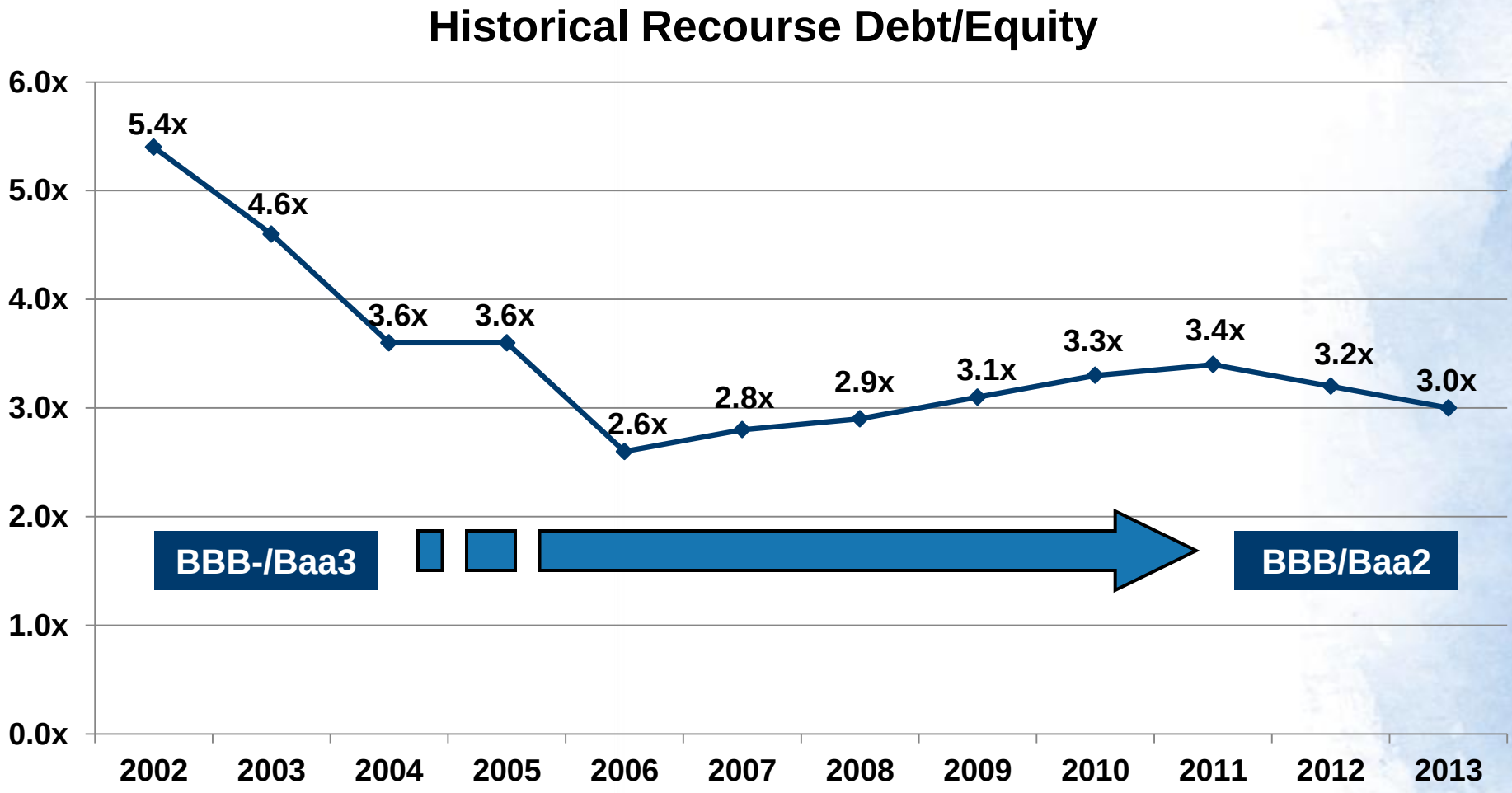
- Safety is GATX's top priority
  - GATX will continue to work with regulators and shippers to proactively identify options for providing the safest railcars possible

# Operating Cash Flow and Portfolio Proceeds




*Continuing operations*

# Solid Balance Sheet




*Total Recourse Debt = On Balance Sheet Recourse Debt + Off Balance Sheet Recourse Debt + Capital Lease Obligations + Commercial Paper and Bank Credit Facilities, Net of Unrestricted Cash*

# Appendix

Reconciliation of non-GAAP measures

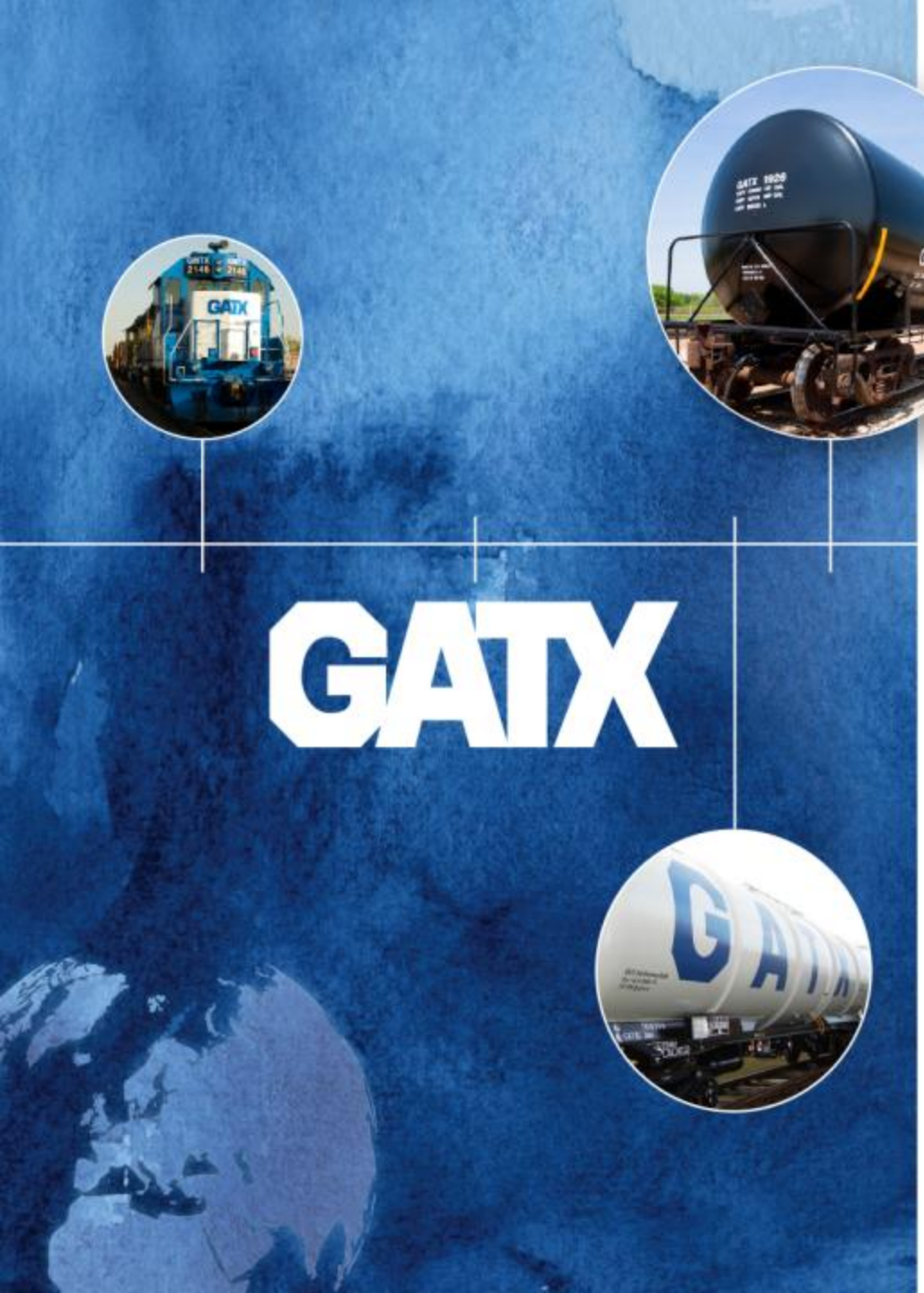
# Reconciliation of non-GAAP measures

| Net Income | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|
| *(in millions)* | | | | | | | | |
| Net income (GAAP) | $ 147.3 | $ 183.8 | $ 194.8 | $ 81.4 | $ 80.8 | $ 110.8 | $ 137.3 | $ 169.3 |
| Tax Adjustments | (5.9) | (20.1) | (6.8) | (7.4) | (11.4) | (8.9) | (24.0) | 11.7 |
| Other Items: | | | | | | | | |
| Realized/unrealized (gains)/losses on interest rate swaps at AAE | | | 3.3 | 20.7 | 9.3 | (0.2) | 20.5 | (6.9) |
| Pre-tax gain on sale of AAE | | | | | | | | (9.3) |
| Litigation recovery | | | | | (4.1) | (3.2) | | |
| Gain on sale of office building | | | (9.8) | | | | | |
| Environmental reserve reversal | | | (6.6) | | | | | |
| Leveraged lease adjustment | | | | | | (3.5) | | |
| Net income excluding Tax Adjustments and Other Items | $ 141.4 | $ 163.7 | $ 174.9 | $ 94.7 | $ 74.6 | $ 95.0 | $ 133.8 | $ 164.8 |

| Earnings per Share | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|
| Diluted earnings per share (GAAP) | $ 2.64 | $ 3.43 | $ 3.88 | $ 1.70 | $ 1.72 | $ 2.35 | $ 2.88 | $ 3.59 |
| Tax Adjustments | (0.10) | (0.36) | (0.13) | (0.15) | (0.24) | (0.19) | (0.50) | (0.24) |
| Other Items: | | | | | | | | |
| Realized/unrealized (gains)/losses on interest rate swaps at AAE | | | 0.06 | 0.42 | 0.20 | | 0.43 | (0.15) |
| Pre-tax gain on sale of AAE | | | | | | | | 0.30 |
| Litigation recovery | | | | | (0.09) | (0.07) | | |
| Gain on sale of office building | | | (0.19) | | | | | |
| Environmental reserve reversal | | | (0.13) | | | | | |
| Leveraged lease adjustment | | | | | | (0.08) | | |
| EPS excluding Tax Adjustments and Other Items | $ 2.54 | $ 3.07 | $ 3.49 | $ 1.97 | $ 1.59 | $ 2.01 | $ 2.81 | $ 3.50 |

# Reconciliation of non-GAAP measures

| GATX on and off balance sheet assets | 12/31/2013 |
|---|---|
| *(in millions)* | |
| Consolidated on balance sheet assets | $ 6,549.6 |
| Off balance sheet assets | 904.4 |
| Total on and off balance sheet assets | $ 7,454.0 |




# GATX Corporation