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# Textainer Group Holdings Ltd.

## 2Q 2018 Earnings Call Presentation

August 7, 2018

# Forward Looking Statements



Certain information included in this presentation and other statements or materials published or to be published by the Company are not historical facts but are forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new and existing products, expectations for market segment and growth, and similar matters. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary remarks regarding important factors which, among others, could cause the Company’s actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company’s forward-looking statements. The risks and uncertainties that may affect the operations, performance, development, results of the Company’s business, and the other matters referred to above include, but are not limited to: (i) changes in the business environment in which the Company operates, including global GDP changes, the level of international trade, inflation and interest rates; (ii) changes in taxes, governmental laws, and regulations; (iii) competitive product and pricing activity; (iv) difficulties of managing growth profitably; and (v) the loss of one or more members of the Company’s management team.

As required by SEC rules, we have provided a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP measures in materials on our website at [www.textainer.com](http://www.textainer.com).

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# Philip K. Brewer

President and Chief Executive Officer



# Current Market Environment

## Strong lease-out market continues

- Current new container rental rates above our fleet average lease rate
- Average lease terms 6 to 7 years
- Return schedules focused on China
- Shipping lines favoring lease vs. purchase

## Current container price around \$2,200/CEU

- High stable prices are supported by increased component and manufacturing costs and balanced demand

## Positive container trade growth

- 2018 GDP growth forecast at 3.9%
- Container trade expected to grow at a multiple of GDP
- Throughput volumes steadily rising in leading ports worldwide
- Increases in vessel capacity also stimulate container demand
- No impact to date from current trade actions













**Containers are in short supply worldwide and utilization at high levels**

**High used container prices supported by low inventory and high stable new container prices**

**Containers are being sold significantly above book value**

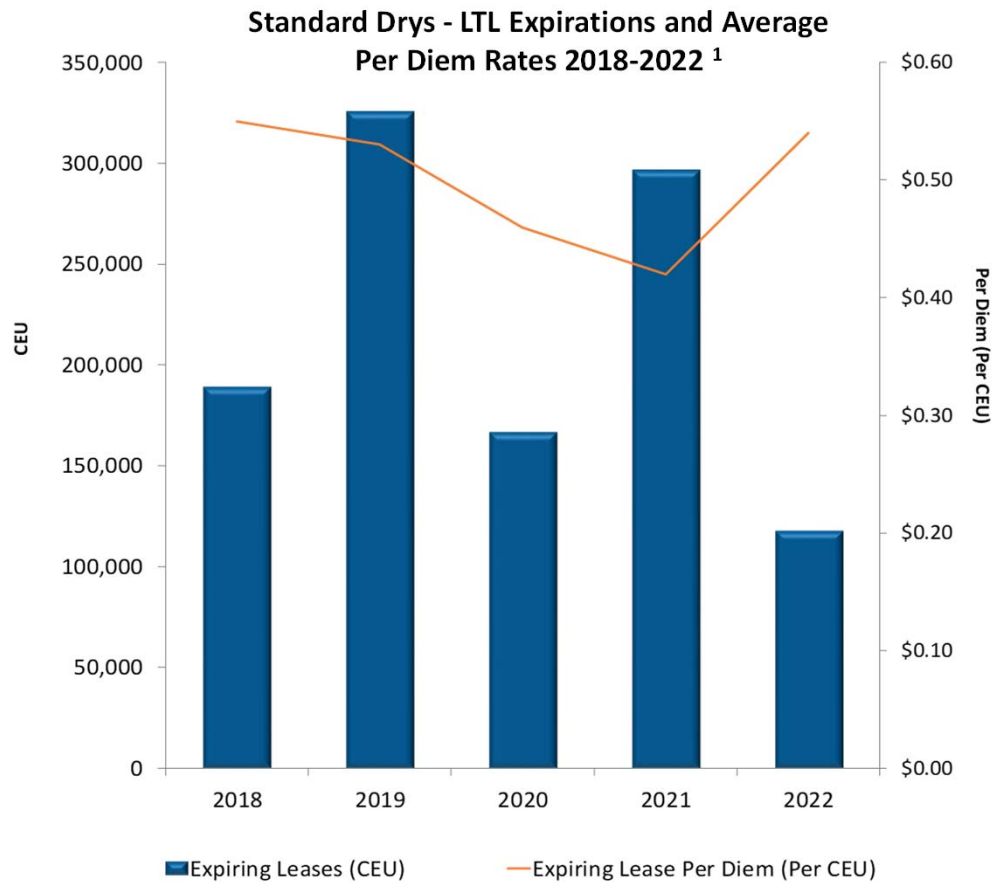
*Positive market trends continue to create tailwinds*

# Current Industry Conditions vs Prior Quarter

Container Lessors	Container Manufacturers	Shipping Lines
Access to financing 	New build prices 	Freight Rates 
Rental rates 	Factory Inventory 	Idle Vessel Inventory 
Cash yields 	Production Lead Time 	Container Trade 
Sale prices 	Lessor/Shipping Line Split 60%/40%	

*Lessors continue to benefit from the sustained strong environment*

# Lease Expirations Create Tailwind



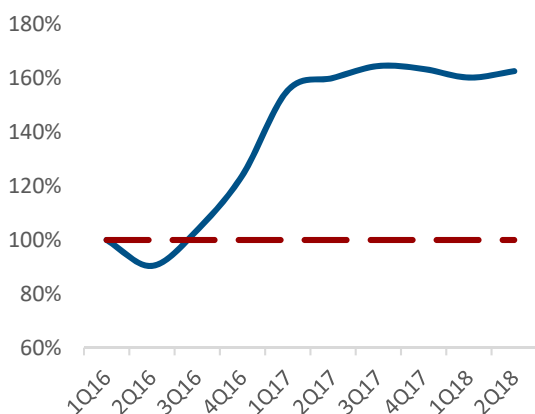
- Current and future expiring lease per diem rates are below current market rates for both new and depot containers, providing a significant revenue upside
- Lower cost units from 2015 and 2016 should experience significant increases in rental rates upon renewal
- Textainer's well-structured leases and return provisions support higher renewal rates and lower repositioning costs

*Significant incremental revenue opportunity*

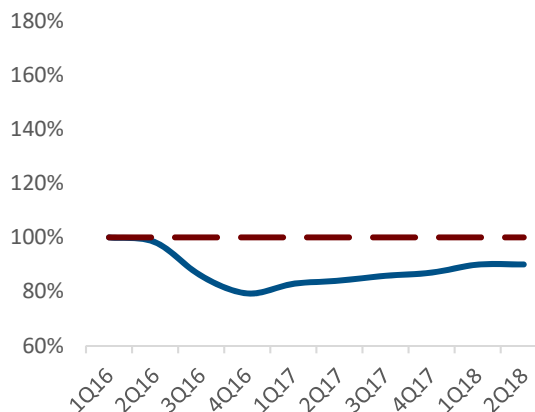
(1) As of June 30, 2018

# Drivers of Improved Financial Performance

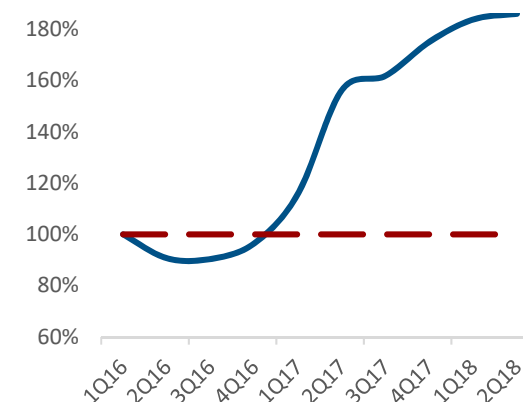
**New Container Price Index (CEU)**



**Avg Fleet Lease Rate Index (CEU)**



**Avg Fleet Sales Price Index (CEU)**



## Projected upside from improvements

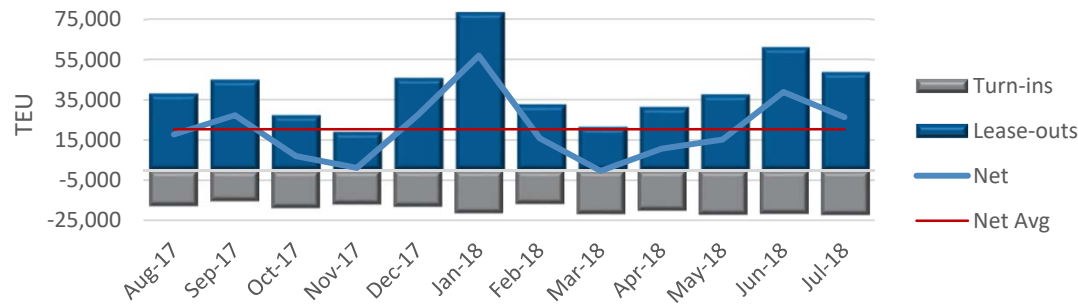
Estimated Annual Pre-Tax Income Impact of Key Metrics	
1% increase in utilization	\$9M
\$0.01 increase in average per diem rate	\$9M
\$100 increase in used container sales price	\$6M

- Key indicators remain positive
- \$700M containers ordered and/or received in 2018 YTD
- Utilization as of end of 2Q18 at 97.9%
- Significant upside from high utilization, lease repricing, new capex and increase in used container prices

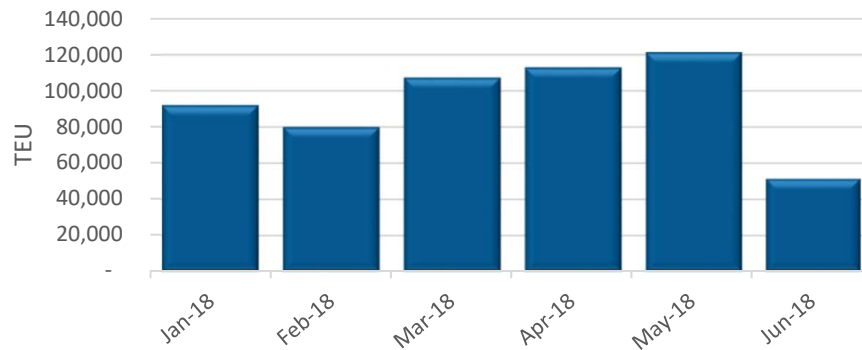
*Fundamentals have remained stable at attractive levels*

# Inventory Supply and Lease-Outs

Container fleet lease-outs and turn-ins



Factory inventory



- Strong trend of positive net lease-outs
- 260 thousand TEU leased during 1H 2018; a Textainer 6 month record
- Lease-out to return ratio has averaged 2.1 for 2018
- Large scale and reliable inventory supply to meet the immediate needs of our customers

*We manage our inventory to maximize supply opportunities to our customers*



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# Hilliard C. Terry, III

Executive Vice President and Chief Financial Officer

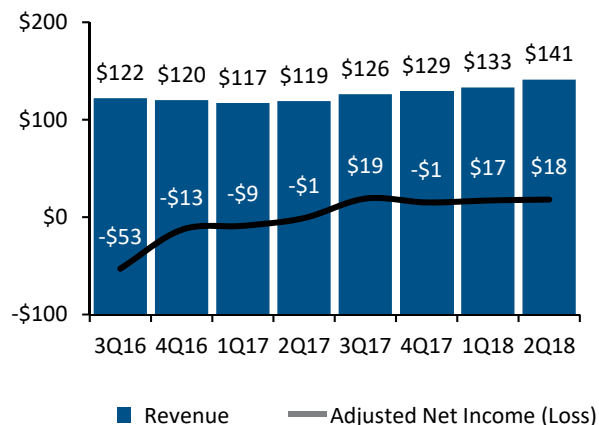


# Summary of 2Q 2018 Results

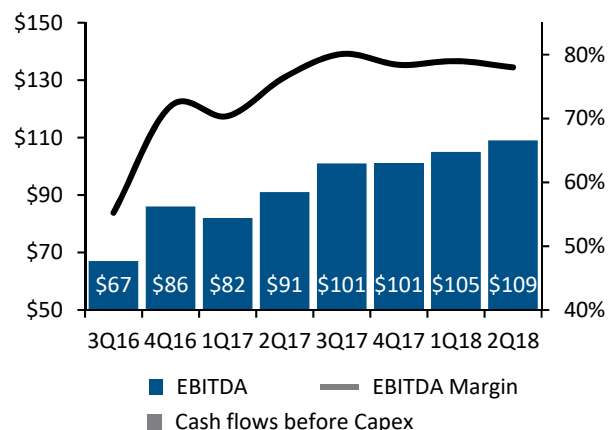


\$ in millions	2Q18	2Q17	Change
Revenue	\$141	\$119	18%
Adjusted EBITDA <sup>1</sup>	\$109	\$91	20%
Adjusted net income (loss)	\$18	(\$1)	1584%
Adjusted net income (loss) per share	\$0.31	\$(0.02)	1650%
Average Utilization	97.9%	96.3%	160 bps

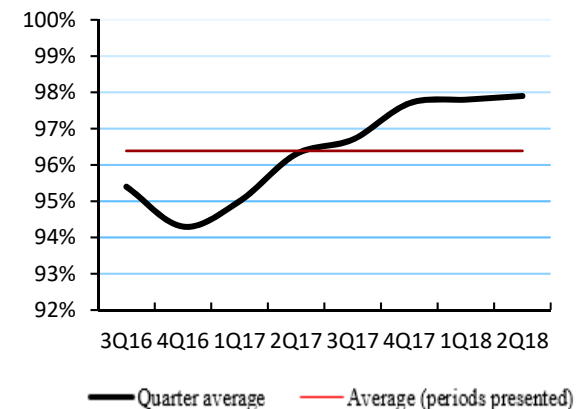
Revenue and Adjusted Net Income(Loss)<sup>1</sup>



Adjusted EBITDA<sup>1</sup> and EBITDA Margin



Average Fleet Utilization



**Continued improvement in financial performance**

Note: Figures \$ in millions.

(1) Excluding unrealized gains/losses on interest rate swaps and write-off of unamortized financing fees

# Balance Sheet Summary

(\$ in millions)

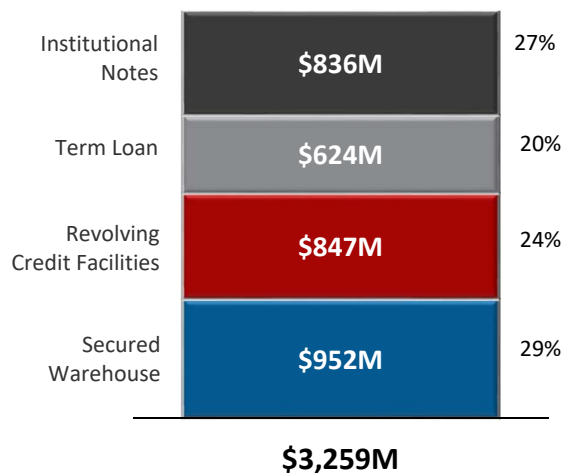
	June 30		December 31,		
	2018	2017	2016	2015	2014
Cash And Cash Equivalents	\$153	\$138	\$84	\$116	\$107
Containers, Net	\$3,992	\$3,791	\$3,718	\$3,696	\$3,630
<b>Total Assets</b>	<b>\$4,600</b>	<b>\$4,380</b>	<b>\$4,294</b>	<b>\$4,365</b>	<b>\$4,359</b>
<i>Growth</i>	5%	3%	-2%	0%	12%
Long-Term Debt (Incl. Current Portion) <sup>1</sup>	\$3,236	\$2,990	\$3,038	\$3,024	\$2,996
<b>Total Liabilities</b>	<b>\$3,350</b>	<b>\$3,170</b>	<b>\$3,109</b>	<b>\$3,099</b>	<b>\$3,107</b>
Non-controlling Interest	\$58	\$58	\$59	\$64	\$60
<b>Total Shareholders' Equity</b>	<b>\$1,250</b>	<b>\$1,153</b>	<b>\$1,126</b>	<b>\$1,202</b>	<b>\$1,193</b>
<b>Total Equity &amp; Liabilities</b>	<b>\$4,600</b>	<b>\$4,380</b>	<b>\$4,294</b>	<b>\$4,365</b>	<b>\$4,359</b>
<b>Debt / Equity plus Non-controlling Interest</b>	<b>2.6x</b>	<b>2.5x</b>	<b>2.6x</b>	<b>2.4x</b>	<b>2.4x</b>

*Strong balance sheet driving momentum with asset growth*

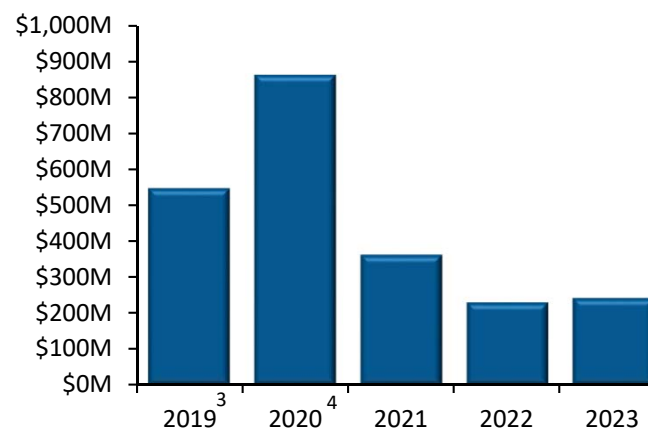
(1) Net of debt issuance costs for periods ended December 31, 2015, December 31, 2016, December 31, 2017, and June 30, 2018

# Textainer Capital Structure

Diversified funding sources



Debt principal repayments



	June 30, 2018 <sup>2</sup>	Percentage of Total Debt	Avg. Remaining Term (Mos)	Interest Rate at June 30, 2018
Fixed Rate Debt	\$ 1,387	43%	59	3.94%
Hedged Floating Rate Debt	\$ 1,083	33%	18	3.51%
<b>Total Fixed/Hedged</b>	<b>\$ 2,470</b>	<b>76%</b>	<b>41</b>	<b>3.73%</b>
Unhedged Floating Rate Debt	\$ 789	24%		4.06%
Impact of Fees and Other Charges				0.28%
<b>Total Debt and Effective Interest Rate</b>	<b>\$ 3,259</b>	<b>100%</b>		<b>4.12%</b>
<b>Long-term and finance leases as % of total financed container fleet<sup>1</sup></b>		<b>77%</b>		
<b>Remaining Lease Term</b>			<b>46</b>	

Hedging provides protection during a rising rate environment, limiting the impact of rate increases

*Properly hedged debt from diversified sources and with staggered maturities*

Debt figures are net of debt issuance costs

1) Includes all containers in our fleet, including off-hire depot inventory and held for resale  
 2) Pro-forma for \$259M fixed-rate ABS issued in August 2018

3) Includes Term Loan balance of \$312M maturing April 2019 that will be refinanced prior to maturity  
 4) Includes Revolving Credit balance of \$644M maturing June 2020 that will be refinanced prior to maturity

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# Questions & Answers



**Philip K. Brewer**

President and  
Chief Executive Officer

**Olivier Ghesquiere**

Executive Vice President  
Leasing

**Hilliard C. Terry, III**

Executive Vice President and  
Chief Financial Officer

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# Appendix

(this section contains information for the company's combined owned and managed fleet)



# Reconciliation of GAAP to Non-GAAP Items



<i>Amounts in millions</i>	Three months	Six months	Fiscal Year Ended December 31			
	Ended Jun-18	Ended Jun-18	2017	2016	2015	2014
<b>Reconciliation of EBITDA</b>						
<b>Net income (loss)</b>	\$18	\$37	\$19	(\$51)	\$107	\$189
Interest income	—	—	(1)	—	—	—
Interest expense	35	66	117	85	77	86
Write-off of unamortized deferred debt issuance costs and bond discounts	—	—	7	—	—	—
Realized (gains) losses on interest rate swaps and caps, net	(2)	(3)	2	9	13	10
Unrealized (gains) losses on interest rate swaps, net	—	(2)	(4)	(6)	2	(2)
Income tax (benefit) expense	1	1	2	(3)	7	(18)
Net income (loss) attributable to noncontrolling interest	1	3	2	(5)	6	6
Depreciation expense and container impairment	58	114	239	330	227	177
Amortization expense	1	3	4	5	5	4
Impact of reconciling items on net income (loss) attributable to noncontrolling interest	(3)	(5)	(12)	(17)	(12)	(10)
<b>EBITDA</b>	<b>\$109</b>	<b>\$214</b>	<b>\$375</b>	<b>\$347</b>	<b>\$430</b>	<b>\$442</b>
<b>Reconciliation of Adjusted Net Income (Loss):</b>						
<b>Net income (loss)</b>	\$18	\$36	\$19	(\$51)	\$107	\$189
Unrealized (gains) losses on interest rate swaps, net	—	(2)	(4)	(6)	2	(1)
Write off of unamortized debt issuance costs	—	—	8	—	—	7
Impact of reconciling items on net income (loss) attributable to noncontrolling interest	—	1	—	1	—	(1)
<b>Adjusted Net Income (Loss)</b>	<b>\$18</b>	<b>\$35</b>	<b>\$23</b>	<b>(\$56)</b>	<b>\$109</b>	<b>\$194</b>

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