**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**



**FORM 6-K**



**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16**

**UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**November 12, 2020**

**Commission File Number 001-33725**



**Textainer Group Holdings Limited**

**(Translation of Registrant’s name into English)**



**Century House**

**16 Par-La-Ville Road**

**Hamilton HM 08**

**Bermuda**

**(441) 296-2500**

**(Address of principal executive office)**



Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ☐ No ☒

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable



This report contains a copy of the press release entitled “Textainer Group Holdings Limited Reports Third-Quarter 2020 Results,” dated November 12, 2020.

**Exhibit**

1. Press Release dated November 12, 2020



**Textainer Group Holdings Limited**

**Reports Third-Quarter 2020 Results**

HAMILTON, Bermuda – (PRNewswire) – November 12, 2020 –Textainer Group Holdings Limited (NYSE: TGH; JSE: TXT) (“Textainer”, “the Company”, “we” and “our”), one of the world’s largest lessors of intermodal containers, today reported financial results for the third-quarter ended September 30, 2020.

**Key Financial Information (in thousands except for per share and TEU amounts) and Business Highlights:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | **QTD** | |  |  |  |  |  |
|  |  |  | **Q3 2020** |  |  |  | **Q2 2020** |  |  |  | **Q3 2019** |  |  |
| Lease rental income | $ | | 149,130 |  | $ | | 144,774 |  | $ | | 155,848 |  |  |
| Gain on sale of owned fleet containers, net | $ | | 7,976 |  | $ | | 5,640 |  | $ | | 6,092 |  |  |
| Income from operations | $ | | 54,109 |  | $ | | 49,265 |  | $ | | 53,487 |  |  |
| Net income attributable to Textainer Group Holdings |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Limited common shareholders | $ | | 16,952 |  | $ | | 15,989 |  | $ | | 10,578 |  |  |
| Net income attributable to Textainer Group Holdings |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Limited common shareholders per diluted common share | $ | | 0.32 |  | $ | | 0.30 |  | $ | | 0.18 |  |  |
| Adjusted net income (1) | $ | | 21,634 |  | $ | | 14,794 |  | $ | | 12,950 |  |  |
| Adjusted net income per diluted common share (1) | $ | | 0.41 |  | $ | | 0.28 |  | $ | | 0.22 |  |  |
| Adjusted EBITDA (1) | $ | | 118,960 |  | $ | | 109,977 |  | $ | | 118,254 |  |  |
| Average fleet utilization (2) |  |  | 96.0% | |  |  | 95.4% | |  |  | 97.3% | |  |
| Total fleet size at end of period (TEU) (3) |  |  | 3,599,889 |  |  |  | 3,458,080 |  |  |  | 3,557,466 |  |  |
| Owned percentage of total fleet at end of period |  |  | 87.1% | |  |  | 86.1% | |  |  | 80.7% | |  |

* 1. Refer to the “Use of Non-GAAP Financial Information” set forth below.
  2. Utilization is computed by dividing total units on lease in CEUs (cost equivalent unit) by the total units in our fleet in CEUs, excluding CEUs that have been designated as held for sale units and manufactured for us but have not yet been delivered to a lessee. CEU is a unit of measurement based on the approximate cost of a container relative to the cost of a standard 20-foot dry container. These factors may differ slightly from CEU ratios used by others in the industry.
  3. TEU refers to a twenty-foot equivalent unit, which is a unit of measurement used in the container shipping industry to compare shipping containers of various lengths to a standard 20-foot container, thus a 20-foot container is one TEU and a 40-foot container is two TEU.
* Net income of $17.0 million for the third quarter or $0.32 per diluted common share, as compared to $16.0 million or $0.30 per diluted common share in the second quarter of 2020;
* Adjusted net income of $21.6 million for the third quarter, or $0.41 per diluted common share, as compared to $14.8 million, or $0.28 per diluted common share in the second quarter of 2020;
* Adjusted EBITDA of $119.0 million for the third quarter, as compared to $110.0 million in the second quarter of 2020;
* Utilization averaged 96.0% for the third quarter and is currently at 97.7%;
* Container deliveries of approximately $420 million during the third quarter, for a total $610 million delivered through the first nine months of the year, virtually all of which are currently on lease;
* Issued $450 million and $829 million of fixed-rate asset backed notes on August 20, 2020 and September 21, 2020, respectively, for a combined total of nearly $1.3 billion. Proceeds were used to pay down certain fixed-rate asset backed notes and variable-rate facilities, lowering our effective interest rate to 3.10% and creating additional borrowing capacity for future container investments; and
* Repurchased 2,376,222 shares of common stock at an average price of $11.61 per share during the third quarter under the share repurchase program. As announced on September 14, 2020, Textainer’s Board of Directors authorized an increase to the share repurchase program for an additional $50 million of the Company’s outstanding shares. As of the end of the third quarter, the remaining authority under the share repurchase program totaled $34.9 million.



“We are very pleased with our much-improved performance and outlook which demonstrates the effectiveness and disciplined execution of our long-term strategic turnaround plan. For the quarter, we delivered lease rental income of $149.1 million, adjusted EBITDA of $119.0 million and adjusted net income of $21.6 million,” stated Olivier Ghesquiere, President and Chief Executive Officer of Textainer Group Holdings Limited.

Ghesquiere continued, “Industry fundamentals have improved dramatically since June, allowing us to seize upon substantial business opportunities that will continue to generate long-term additional revenue and continue to improve our profitability over the coming quarters. During the quarter, we leased out over 390,000 TEU of factory and depot containers, helping improve our utilization which currently stands at 97.7%. Container prices and lease terms steadily improved in the third quarter and remain at attractive levels today.

“In addition, we have taken a number of actions this year to strengthen our business, financial resources and long-term outlook. In particular, since the beginning of the year, we lowered our borrowing costs with the successful issuance of nearly $1.3 billion in asset backed financings, we invested over $56 million in share buybacks, and we invested over $610 million in containers delivered through the third quarter.

“We expect steady earnings momentum to continue in the fourth quarter, driven by growth and operating efficiencies. While we are optimistic about our outlook in 2021, significant uncertainties remain due to the unpredictable impact of a resurgence of COVID-19. We continue to be committed to delivering long term value to our shareholders while maintaining a strong financial position to support the future growth of our business,” concluded Ghesquiere.

**Third-Quarter Results**

Lease rental income increased $4.4 million from the second quarter of 2020, due primarily to an increase in utilization and fleet size.

Gains on sale of owned fleet containers, net increased $2.3 million from the second quarter of 2020, due primarily to an increase in the number of containers sold.

Direct container expense – owned fleet increased $1.1 million from the second quarter of 2020, which includes higher handling and maintenance to prepare depot units for lease-out, partially offset by lower storage costs resulting from an increase in utilization.

Depreciation expense increased $1.5 million from the second quarter of 2020, primarily due to an increase in fleet size.

General and administrative expense increased $1.0 million from the second quarter of 2020, due primarily to an increase in consulting fees associated with our IT enhancement project and management incentive compensation resulting from improved company performance.

Bad debt recovery was $2.1 million in the third quarter of 2020, resulting from a reduction in reserves due to improved collections, compared to a recovery of $0.3 million in the second quarter of 2020.

Write off of unamortized deferred debt issuance costs and bond discounts amounted to $8.6 million in the third quarter of 2020, resulting from the early redemption of certain fixed-rate asset backed notes in the quarter.



**Conference Call and Webcast**

A conference call to discuss the financial results for the third quarter 2020 will be held at 5:00 pm Eastern Time on Thursday, November 12, 2020. The dial-in number for the conference call is 1-877-407-9039 (U.S. & Canada) and 1-201-689-8470 (International). The call and archived replay may also be accessed via webcast on Textainer’s Investor Relations website at http://investor.textainer.com.

**About Textainer Group Holdings Limited**

Textainer has operated since 1979 and is one of the world’s largest lessors of intermodal containers with approximately 3.6 million TEU in our owned and managed fleet. We lease containers to approximately 250 customers, including all of the world’s leading international shipping lines, and other lessees. Our fleet consists of standard dry freight, refrigerated intermodal containers, and dry freight specials. We also lease tank containers through our relationship with Trifleet Leasing and are a supplier of containers to the U.S. Military. Textainer is one of the largest and most reliable suppliers of new and used containers. In addition to selling older containers from our fleet, we buy older containers from our shipping line customers for trading and resale. We sold an average of approximately 140,000 containers per year for the last five years to more than 1,500 customers making us one of the largest sellers of used containers. Textainer operates via a network of 14 offices and approximately 500 independent depots worldwide. Textainer has a primary listing on the New York Stock Exchange (NYSE: TGH) and a secondary listing on the Johannesburg Stock Exchange (JSE: TXT). Visit www.textainer.com for additional information about Textainer.

**Important Cautionary Information Regarding Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of U.S. securities laws. Forward-looking statements include statements that are not statements of historical facts and may relate to, but are not limited to, expectations or estimates of future operating results or financial performance, capital expenditures, introduction of new products, regulatory compliance, plans for growth and future operations, as well as assumptions relating to the foregoing. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “continue” or the negative of these terms or other similar terminology. Readers are cautioned that these forward-looking statements involve risks and uncertainties, are only predictions and may differ materially from actual future events or results. These risks and uncertainties include, without limitation, the following items that could materially and negatively impact our business, results of operations, cash flows, financial condition and future prospects: (i) we expect earnings momentum to continue in the fourth quarter; (ii) will continue to generate long-term additional revenue and improve our profitability over the coming quarters; (iii) our actions this year will strengthen our business, financial resources and long-term outlook; and (iv) optimistic outlook in 2021; Textainer is well positioned to navigate through the current crisis and participate in an eventual recovery; and other risks and uncertainties, including those set forth in Textainer’s filings with the Securities and Exchange Commission. For a discussion of some of these risks and uncertainties, see Item 3 “Key Information— Risk Factors” in Textainer’s Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 30, 2020.

Textainer’s views, estimates, plans and outlook as described within this document may change subsequent to the release of this press release. Textainer is under no obligation to modify or update any or all of the statements it has made herein despite any subsequent changes Textainer may make in its views, estimates, plans or outlook for the future.

Textainer Group Holdings Limited

Investor Relations

Phone: +1 (415) 658-8333

ir@textainer.com

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**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(All currency expressed in United States dollars in thousands, except per share amounts)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three Months Ended September 30,** | | | | | | **Nine Months Ended September 30,** | | | | | |
|  | **2020** | |  | **2019** | |  | **2020** | |  | **2019** | |  |
| Revenues: |  |  |  |  |  |  |  |  |  |  |  |  |
| Lease rental income - owned fleet | $ 133,587 | |  | $ 130,555 | |  | $ 392,307 | |  | $ 390,555 | |  |
| Lease rental income - managed fleet | 15,543 | |  | 25,293 | |  | 47,075 | |  | 77,650 | |  |
| Lease rental income |  | 149,130 |  |  | 155,848 |  |  | 439,382 |  |  | 468,205 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Management fees - non-leasing | 1,696 | |  | 1,582 | |  | 3,724 | |  | 5,823 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Trading container sales proceeds | 7,655 | |  | 10,669 | |  | 24,667 | |  | 37,775 | |  |
| Cost of trading containers sold | (6,721) | | | (9,469) | | | (22,513) | | | (32,371) | | |
| Trading container margin |  | 934 |  |  | 1,200 |  |  | 2,154 |  |  | 5,404 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gain on sale of owned fleet containers, net | 7,976 | |  | 6,092 | |  | 19,410 | |  | 18,263 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |
| Direct container expense - owned fleet | 16,395 | |  | 11,810 | |  | 44,907 | |  | 34,071 | |  |
| Distribution expense to managed fleet container investors | 14,364 | |  | 23,318 | |  | 43,219 | |  | 71,535 | |  |
| Depreciation expense | 65,374 | |  | 67,644 | |  | 196,056 | |  | 194,243 | |  |
| Amortization expense | 645 | |  | 481 | |  | 1,766 | |  | 1,576 | |  |
| General and administrative expense | 10,868 | |  | 9,364 | |  | 30,872 | |  | 28,638 | |  |
| Bad debt (recovery) expense, net | (2,095) | | | (1,198) | | | (326) | | | 2,650 | |  |
| Container lessee default expense (recovery), net | 76 | |  | (184) | | | (1,607) | | | 7,718 | |  |
| Gain on insurance recovery and legal settlement |  | — | |  | — | |  | — | | (841) | | |
| Total operating expenses |  | 105,627 |  |  | 111,235 |  |  | 314,887 |  |  | 339,590 |  |
| Income from operations |  | 54,109 |  |  | 53,487 |  |  | 149,783 |  |  | 158,105 |  |
| Other (expense) income: |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest expense | (29,123) | | | (39,970) | | | (95,257) | | | (115,699) | | |
| Write-off of unamortized deferred debt issuance costs and bond discounts | (8,628) | | |  | — | | (8,750) | | |  | — | |
| Interest income | 23 | |  | 680 | |  | 479 | |  | 2,047 | |  |
| Realized (loss) gain on derivative instruments, net | (4,107) | | | 170 | |  | (8,900) | | | 2,709 | |  |
| Unrealized gain (loss) on derivative instruments, net | 4,161 | |  | (2,478) | | | (9,434) | | | (18,315) | | |
| Other, net | 859 | |  | (10) | | | 803 | |  | (10) | | |
| Net other expense |  | (36,815) |  |  | (41,608) |  |  | (121,059) |  |  | (129,268) |  |
| Income before income tax and |  |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interest | 17,294 | |  | 11,879 | |  | 28,724 | |  | 28,837 | |  |
| Income tax benefit (expense) | 152 | |  | (1,318) | | | (89) | | | (1,470) | | |
| Net income |  | 17,446 |  |  | 10,561 |  |  | 28,635 |  |  | 27,367 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Less: Net (income) loss attributable to the noncontrolling |  |  |  |  |  |  |  |  |  |  |  |  |  |
| interest |  | (494) | |  | 17 |  |  | (73) | |  | 575 |  |  |
| Net income attributable to Textainer Group |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Holdings Limited common shareholders | $ | 16,952 |  | $ | 10,578 |  | $ | 28,562 |  | $ | 27,942 |  |  |
| Net income attributable to Textainer Group Holdings |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Limited common shareholders per share: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic | $ | 0.32 |  | $ | 0.18 |  | $ | 0.53 |  | $ | 0.49 |  |  |
| Diluted | $ | 0.32 |  | $ | 0.18 |  | $ | 0.53 |  | $ | 0.49 |  |  |
| Weighted average shares outstanding (in thousands): |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  | 52,514 |  |  | 57,503 |  |  | 54,221 |  |  | 57,493 |  |  |
| Diluted |  | 52,713 |  |  | 57,598 |  |  | 54,317 |  |  | 57,586 |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Other comprehensive income, before tax: |  |  |  |  |  |  |  |  |  |  |  |  |
| Change in derivative instruments designated as cash flow hedges | 158 | |  |  | — | | (13,093) | |  | — | |  |
| Reclassification of realized loss on derivative instruments designated |  |  |  |  |  |  |  |  |  |  |  |  |
| as cash flow hedges | 1,130 | |  |  | — | | 1,658 |  |  | — | |  |
| Foreign currency translation adjustments | 105 | |  | (119) | | | 3 |  |  | (52) | |  |
| Comprehensive income, before tax |  | 18,839 |  |  | 10,442 |  | 17,203 |  |  | 27,315 |  |  |
| Income tax (expense) benefit related to items of other comprehensive income | (17) | | |  | — | | 115 |  |  | — | |  |
| Comprehensive income, after tax |  | 18,822 |  |  | 10,442 |  | 17,318 |  |  | 27,315 |  |  |
| Comprehensive (income) loss attributable to the |  |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interest | (494) | | | 17 | |  | (73) | |  | 575 |  |  |
| Comprehensive income attributable to Textainer |  |  |  |  |  |  |  |  |  |  |  |  |
| Group Holdings Limited common shareholders | $ 18,328 | |  | $ 10,459 | |  | $ 17,245 |  | $ | 27,890 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |



**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Condensed Consolidated Balance Sheets

(Unaudited)

(All currency expressed in United States dollars in thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **September 30, 2020** | |  | **December 31, 2019** | |  |  |
| **Assets** |  |  |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | $ | 155,166 |  | $ | 180,552 |  |  |  |
| Accounts receivable, net of allowance of $4,692 and $6,299, respectively |  | 101,771 |  |  | 109,384 |  |  |  |
| Net investment in finance leases, net of allowance of $199 and $0, respectively |  | 59,485 |  |  | 40,940 |  |  |  |
| Container leaseback financing receivable, net of allowance of $105 and $0, respectively |  | 22,412 |  |  | 20,547 |  |  |  |
| Trading containers |  | 14,290 |  |  | 11,330 |  |  |  |
| Containers held for sale |  | 32,457 |  |  | 41,884 |  |  |  |
| Prepaid expenses and other current assets |  | 11,646 |  |  | 14,816 |  |  |  |
| Due from affiliates, net |  | 2,098 |  |  | 1,880 |  |  |  |
| Total current assets |  | 399,325 |  |  | 421,333 |  |  |  |
| Restricted cash |  | 78,712 |  |  | 97,353 |  |  |  |
| Containers, net of accumulated depreciation of $1,566,794 and $1,443,167, respectively |  | 4,102,791 |  |  | 4,156,151 |  |  |  |
| Net investment in finance leases, net of allowance of $1,137 and $0, respectively |  | 555,427 |  |  | 254,363 |  |  |  |
| Container leaseback financing receivable, net of allowance of $367 and $0, respectively |  | 256,994 |  |  | 251,111 |  |  |  |
| Fixed assets, net of accumulated depreciation of $12,695 and $12,266, respectively |  | 834 |  |  | 1,128 |  |  |  |
| Intangible assets, net of accumulated amortization of $47,125 and $45,359, respectively |  | 3,525 |  |  | 5,291 |  |  |  |
| Derivative instruments |  | - |  |  | 135 |  |  |  |
| Deferred taxes |  | 1,388 |  |  | 1,388 |  |  |  |
| Other assets |  | 14,355 |  |  | 14,364 |  |  |  |
| Total assets | $ | 5,413,351 |  | $ | 5,202,617 |  |  |  |
| **Liabilities and Equity** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |  |  |
| Accounts payable and accrued expenses | $ | 27,717 |  | $ | 23,404 |  |  |  |
| Container contracts payable |  | 325,897 |  |  | 9,394 |  |  |  |
| Other liabilities |  | 2,248 |  |  | 2,636 |  |  |  |
| Due to container investors, net |  | 18,501 |  |  | 21,978 |  |  |  |
| Debt, net of unamortized costs of $6,542 and $8,120, respectively |  | 240,144 |  |  | 242,433 |  |  |  |
| Total current liabilities |  | 614,507 |  |  | 299,845 |  |  |  |
| Debt, net of unamortized costs of $22,430 and $21,446, respectively |  | 3,481,145 |  |  | 3,555,296 |  |  |  |
| Derivative instruments |  | 34,512 |  |  | 13,778 |  |  |  |
| Income tax payable |  | 10,035 |  |  | 9,909 |  |  |  |
| Deferred taxes |  | 7,335 |  |  | 7,789 |  |  |  |
| Other liabilities |  | 17,083 |  |  | 30,355 |  |  |  |
| Total liabilities |  | 4,164,617 |  |  | 3,916,972 |  |  |  |
| Equity: |  |  |  |  |  |  |  |  |
| Textainer Group Holdings Limited shareholders' equity: |  |  |  |  |  |  |  |  |
| Common shares, $0.01 par value. Authorized 140,000,000 shares; 58,413,983 shares issued and |  |  |  |  |  |  |  |  |
| 50,947,887 shares outstanding at 2020; 58,326,555 shares issued and 56,817,918 shares |  |  |  |  |  |  |  |  |
| outstanding at 2019 |  | 584 |  |  | 583 |  |  |  |
| Treasury shares, at cost, 7,466,096 and 1,508,637 shares, respectively |  | (74,525) | |  | (17,746) | |  |  |
| Additional paid-in capital |  | 414,036 |  |  | 410,595 |  |  |  |
| Accumulated other comprehensive loss |  | (11,828) | |  | (511) | |  |  |
| Retained earnings |  | 894,135 |  |  | 866,458 |  |  |  |
| Total Textainer Group Holdings Limited shareholders’ equity |  | 1,222,402 |  |  | 1,259,379 |  |  |  |
| Noncontrolling interest |  | 26,332 |  |  | 26,266 |  |  |  |
| Total equity |  | 1,248,734 |  |  | 1,285,645 |  |  |  |
| Total liabilities and equity | $ | 5,413,351 |  | $ | 5,202,617 |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |



**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(All currency expressed in United States dollars in thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Nine Months Ended September 30,** | | | | | |  |
|  |  | **2020** |  |  |  | **2019** |  |  |
| Cash flows from operating activities: |  |  |  |  |  |  |  |  |
| Net income | $ | 28,635 |  | $ | | 27,367 |  |  |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |  |  |  |  |  |  |  |
| Depreciation expense |  | 196,056 |  |  |  | 194,243 |  |  |
| Bad debt (recovery) expense, net |  | (326) | |  |  | 2,650 |  |  |
| Container (recovery) write-off from lessee default, net |  | (140) | |  |  | 7,154 |  |  |
| Unrealized loss on derivative instruments, net |  | 9,434 |  |  |  | 18,315 |  |  |
| Amortization and write-off of unamortized deferred debt issuance costs and |  |  |  |  |  |  |  |  |
| accretion of bond discounts |  | 14,761 |  |  |  | 5,922 |  |  |
| Amortization of intangible assets |  | 1,766 |  |  |  | 1,576 |  |  |
| Gain on sale of owned fleet containers, net |  | (19,410) | |  |  | (18,263) | |  |
| Gain on insurance recovery and legal settlement |  | — | |  |  | (841) | |  |
| Share-based compensation expense |  | 3,218 |  |  |  | 3,213 |  |  |
| Changes in operating assets and liabilities |  | 54,319 |  |  |  | 80,875 |  |  |
| Total adjustments |  | 259,678 |  |  |  | 294,844 |  |  |
| Net cash provided by operating activities |  | 288,313 |  |  |  | 322,211 |  |  |
| Cash flows from investing activities: |  |  |  |  |  |  |  |  |
| Purchase of containers and fixed assets |  | (273,171) | |  |  | (449,105) | |  |
| Payment on leaseback financing receivable |  | (24,089) | |  |  | (271,976) | |  |
| Receipt of principal payments on container leaseback financing receivable |  | 15,788 |  |  |  | 2,083 |  |  |
| Proceeds from sale of containers and fixed assets |  | 109,144 |  |  |  | 111,523 |  |  |
| Net cash used in investing activities |  | (172,328) |  |  |  | (607,475) |  |  |
| Cash flows from financing activities: |  |  |  |  |  |  |  |  |
| Proceeds from debt |  | 1,626,759 |  |  |  | 995,134 |  |  |
| Principal payments on debt |  | (1,704,132) | |  |  | (654,723) | |  |
| Principal repayments on container leaseback financing liability, net |  | (12,754) | |  |  | — | |  |
| Purchase of treasury shares |  | (56,779) | |  |  | (2,558) | |  |
| Debt issuance costs |  | (13,333) | |  |  | (7,368) | |  |
| Dividends paid to noncontrolling interest |  | — | |  |  | (2,744) | |  |
| Issuance of common shares upon exercise of share options |  | 224 |  |  |  | 121 |  |  |
| Net cash (used in) provided by financing activities |  | (160,015) |  |  |  | 327,862 |  |  |
| Effect of exchange rate changes |  | 3 |  |  |  | (52) |  |  |
| Net (decrease) increase in cash, cash equivalents and restricted cash |  | (44,027) |  |  |  | 42,546 |  |  |
| Cash, cash equivalents and restricted cash, beginning of the year |  | 277,905 |  |  |  | 224,928 |  |  |
| Cash, cash equivalents and restricted cash, end of the period | $ | 233,878 |  |  | $ | 267,474 |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |



**Use of Non-GAAP Financial Information**

To supplement Textainer’s condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (“GAAP”), the company uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include adjusted net income, adjusted net income per diluted common share, adjusted EBITDA, headline earnings and headline earnings per basic and diluted common share.

Management believes that adjusted net income and adjusted net income per diluted common share are useful in evaluating Textainer’s operating performance, as we intend to hold derivative instruments until maturity and any unrealized gain or loss on derivative instruments is a non-cash, non-operating item. Management considers adjusted EBITDA a widely used industry measure and useful in evaluating Textainer’s ability to fund growth and service long-term debt and other fixed obligations. Headline earnings is reported as a requirement of Textainer’s listing on the JSE. Headline earnings and headline earnings per basic and diluted common shares are calculated from net income which has been determined based on GAAP.

Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are included in the tables below for the three and nine months ended September 30, 2020 and 2019 and for the three months ended June 30, 2020.

Non-GAAP measures are not financial measures calculated in accordance with GAAP and are presented solely as supplemental disclosures. Non-GAAP measures have limitations as analytical tools, and should not be relied upon in isolation, or as a substitute to net income, income from operations, cash flows from operating activities, or any other performance measures derived in accordance with GAAP. Some of these limitations are:

* They do not reflect cash expenditures, or future requirements, for capital expenditures or contractual commitments;
* They do not reflect changes in, or cash requirements for, working capital needs;
* Adjusted EBITDA does not reflect interest expense or cash requirements necessary to service interest or principal payments on debt;
* Although depreciation expense and container impairment are a non-cash charge, the assets being depreciated may be replaced in the future, and neither adjusted EBITDA, adjusted net income or adjusted net income per diluted common share reflects any cash requirements for such replacements;
* They are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows; and
* Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended,** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  | **Nine Months Ended** | | | | | | | |  |  |
|  |  | **September 30,** | | | |  | **June 30, 2020** | | | | |  | **September 30,** | | |  |  |  |  | **September 30,** | | | | | |  | **September 30,** | | |  |  |  |
|  |  |  |  | **2020** |  |  |  |  |  | **2019** |  |  |  |  |  |  |  | **2020** |  |  |  |  |  | **2019** |  |  |  |
|  |  |  |  | **(Dollars in thousands)** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  | **(Dollars in thousands)** | | | | | | | |  |  |
| **Reconciliation of adjusted net income:** |  |  |  |  | **(Unaudited)** | | | | | | |  |  |  |  |  |  |  |  |  |  |  | **(Unaudited)** | | | | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income attributable to Textainer Group Holdings |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Limited common shareholders | $ | |  | 16,952 |  | $ | |  |  | 15,989 |  | $ | |  | 10,578 |  | $ | | |  |  |  | 28,562 |  |  | $ |  |  | 27,942 |  |  |  |
| Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Write-off of unamortized deferred debt issuance costs |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| and bond discounts |  |  |  | 8,628 |  |  |  |  |  | — | |  |  |  | — | |  |  |  |  |  |  | 8,750 |  |  |  |  |  | — | |  |  |
| Unrealized (gain) loss on derivative instruments, net |  |  |  | (4,161) | |  |  |  |  | (1,342) | |  |  |  | 2,478 |  |  |  |  |  |  |  | 9,434 |  |  |  |  |  | 18,315 |  |  |  |
| Gain on insurance recovery and legal settlement |  |  |  | — | |  |  |  |  | — | |  |  |  | — | |  |  |  |  |  |  | — | | |  |  |  | (841) | |  |  |
| Impact of reconciling items on income tax (benefit) expense |  |  |  | (42) | |  |  |  |  | 13 |  |  |  |  | (27) | |  |  |  |  |  |  | (179) | |  |  |  |  | (173) | |  |  |
| Impact of reconciling items attributable to the |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interest |  |  |  | 257 |  |  |  |  |  | 134 |  |  |  |  | (79) | |  |  |  |  |  |  | (437) | |  |  |  |  | (845) | |  |  |
| **Adjusted net income** |  | $ |  | 21,634 |  | $ | |  |  | 14,794 |  | $ | |  | 12,950 |  |  | $ | |  |  |  | 46,130 |  |  | $ |  |  | 44,398 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Adjusted net income per diluted common share** | $ | |  | 0.41 |  | $ | |  |  | 0.28 |  | $ | |  | 0.22 |  | $ | | |  |  |  | 0.85 |  |  | $ |  |  | 0.77 |  |  |  |
|  |  |  |  |  |  |  |  | |  | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  | |  | |  |  |  |
|  |  |  |  |  | **Three Months Ended,** | | | | | | | | | |  |  |  |  |  |  |  |  | **Nine Months Ended** | | | | | | | |  |  |
|  |  |  |  | **September 30,** | |  |  |  | **June 30, 2020** | | |  |  | **September 30,** | | |  |  |  |  |  |  | **September 30,** | | |  |  | **September 30,** | |  |  |  |
|  |  |  |  | **2020** |  |  |  |  |  |  |  | **2019** |  |  |  |  |  |  |  | **2020** |  |  |  |  |  | **2019** |  |  |  |
|  |  |  |  |  | **(Dollars in thousands)** | | | | | | | | | |  |  |  |  |  |  |  |  | **(Dollars in** | |  | | | **thousands)** | |  |  |  |
| **Reconciliation of adjusted EBITDA:** |  |  |  |  |  |  |  |  | **(Unaudited)** | | |  |  |  |  |  |  |  |  |  |  |  | **(Unaudited)** | | | | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income attributable to Textainer Group Holdings |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Limited common shareholders | $ | | | 16,952 | |  |  | $ | | 15,989 | |  |  | $ | 10,578 | | | |  | $ | | | 28,562 | |  |  | $ | | 27,942 |  |  |  |
| Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  |  |  | (23) | | | |  |  | (56) | | | |  | (680) | | | | |  |  |  | (479) | | | |  |  | (2,047) | |  |  |
| Interest expense |  |  |  | 29,123 | |  |  |  |  | 30,022 | |  |  |  | 39,970 | | | |  |  |  |  | 95,257 | |  |  |  |  | 115,699 |  |  |  |
| Write-off of unamortized deferred debt issuance costs |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| and bond discounts |  |  |  | 8,628 | |  |  |  |  | — | |  |  |  | — | | | | |  |  |  | 8,750 | |  |  |  |  | — | |  |  |
| Realized loss (gain) on derivative instruments, net |  |  |  | 4,107 | |  |  |  |  | 3,267 | |  |  |  | (170) | | | | |  |  |  | 8,900 | |  |  |  |  | (2,709) | |  |  |
| Unrealized (gain) loss on derivative instruments, net |  |  |  | (4,161) | | | |  |  | (1,342) | | | |  | 2,478 | | | |  |  |  |  | 9,434 | |  |  |  |  | 18,315 |  |  |  |
| Gain on insurance recovery and legal settlement |  |  |  | — | |  |  |  |  | — | |  |  |  | — | | | | |  |  |  | — | | |  |  |  | (841) | |  |  |
| Income tax (benefit) expense |  |  |  | (152) | | | |  |  | 1,074 | |  |  |  | 1,318 | | | |  |  |  |  | 89 | |  |  |  |  | 1,470 |  |  |  |
| Net income (loss) attributable to the noncontrolling interest |  |  |  | 494 | |  |  |  |  | 308 | |  |  |  | (17) | | | | |  |  |  | 73 | |  |  |  |  | (575) | |  |  |
| Depreciation expense |  |  |  | 65,374 | |  |  |  |  | 63,848 | |  |  |  | 67,644 | | | |  |  |  |  | 196,056 | |  |  |  |  | 194,243 |  |  |  |
| Container write-off (recovery) from lessee default, net |  |  |  | 33 | |  |  |  |  | (1,557) | | | |  | (576) | | | | |  |  |  | (1,525) | | | |  |  | 7,154 |  |  |  |
| Amortization expense |  |  |  | 645 | |  |  |  |  | 557 | |  |  |  | 481 | | | |  |  |  |  | 1,766 | |  |  |  |  | 1,576 |  |  |  |
| Impact of reconciling items attributable to the |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interest |  |  |  | (2,060) | | | |  |  | (2,133) | | | |  | (2,772) | | | | |  |  |  | (7,507) | | | |  |  | (9,099) | |  |  |
| **Adjusted EBITDA** |  | | $ | 118,960 | |  |  |  | $ | 109,977 | |  |  | $ | 118,254 | | | |  |  |  | $ | 339,376 | |  |  |  | $ | 351,128 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | | |  |  |  |  | **Nine Months Ended** | | | | | |  |  |
|  | **September 30,** | | |  | **June 30,** | | **September 30,** | |  |  | **September 30,** | |  |  | **September 30,** |  |  |  |
|  |  | **2020** |  |  | **2020** |  |  | **2019** |  |  | **2020** |  |  |  | **2019** |  |  |  |
|  |  | **(Dollars in thousands)** | | | | | |  |  |  | **(Dollars in thousands)** | | | | |  |  |  |
| **Reconciliation of headline earnings:** |  |  |  | **(Unaudited)** | | |  |  |  |  | **(Unaudited)** | | | | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income attributable to Textainer Group Holdings |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Limited common shareholders | $ | 16,952 |  | $ | 15,989 |  | $ | 10,578 |  | $ | 28,562 |  | $ | | 27,942 |  |  |  |
| Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Container impairment |  | 3,074 |  |  | 1,197 |  |  | 5,351 |  |  | 8,857 |  |  |  | 17,069 |  |  |  |
| Gain on insurance recovery and legal settlement |  | — | |  | — | |  | — | |  | — | |  |  | (841) | |  |  |
| Impact of reconciling items on income tax benefit |  | (28) | |  | (12) | |  | (53) | |  | (86) | |  |  | (158) | |  |  |
| Impact of reconciling items attributable to the |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interest |  | (85) | |  | (43) | |  | (137) | |  | (243) | |  |  | (463) | |  |  |
| **Headline earnings** | $ | 19,913 |  | $ | 17,131 |  | $ | 15,739 |  | $ | 37,090 |  |  | $ | 43,549 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Headline earnings per basic common share** | $ | 0.38 |  | $ | 0.32 |  | $ | 0.27 |  | $ | 0.68 |  | $ | | 0.76 |  |  |  |
| **Headline earnings per diluted common share** | $ | 0.38 |  | $ | 0.32 |  | $ | 0.27 |  | $ | 0.68 |  | $ | | 0.76 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 12, 2020

**Textainer Group Holdings Limited**

/s/ OLIVIER GHESQUIERE



Olivier Ghesquiere

President and Chief Executive Officer