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# **Textainer Group Holdings Ltd.**

## **Investor Presentation**

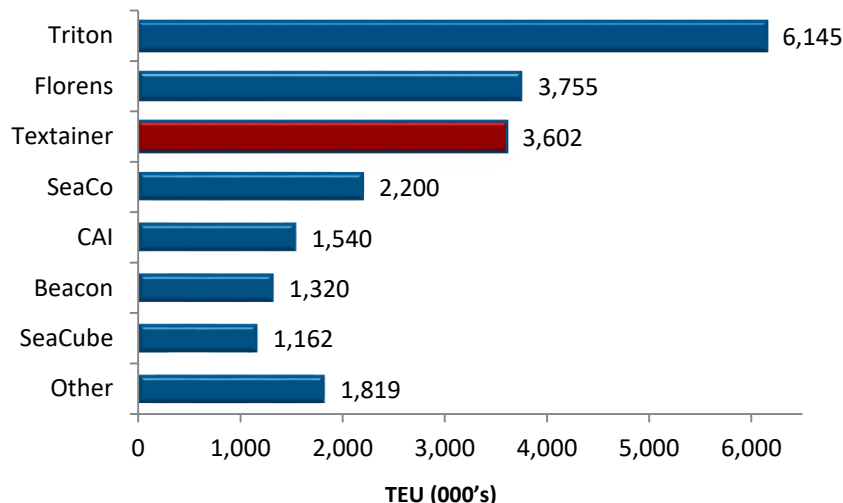
# Forward Looking Statements

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.

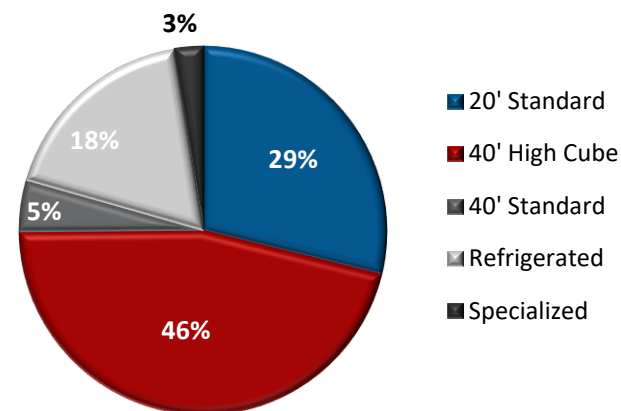
As required by SEC rules, we have provided a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP measures in materials on our website at [www.textainer.com](http://www.textainer.com).

# Fleet Overview

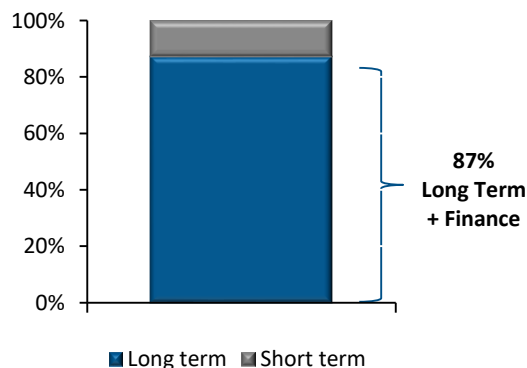
Container Lessors <sup>1</sup>



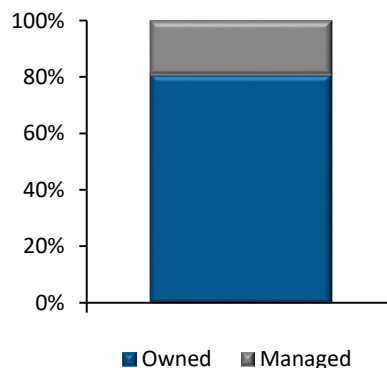
Fleet breakdown <sup>2</sup>



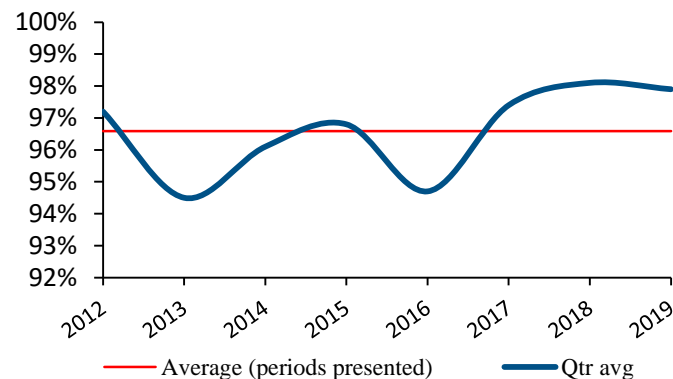
Lease Container Portfolio <sup>3</sup>



Owned vs Managed <sup>3</sup>



Average Fleet Utilization <sup>2</sup>



***Diversified fleet with high utilization and predominantly long-term leases***

(1) Competitor data from Harrison Consulting as at December 2018; Textainer fleet data updated as of most recent quarter end. Calculated based on TEU

(2) Calculated based on CEU, as of quarter end. CEU refers to a Cost Equivalent Unit, a unit of measurement based on the approximate cost of a container relative to the cost of a standard 20' dry freight container

(3) Calculated based on TEU, as of quarter end. TEU refers to Twenty-Foot Equivalent Unit, a unit of measurement based on the length of a container relative to a standard 20' dry freight container

# Diversified Revenue Streams

## **“Go To” manager for third party owners**

- Manage 19% of our fleet for 14 third-party owners
- Taken over management of fleets totaling over 1.6 million TEU since 1998
- Fee income earned using existing operating platform

## **Tank container partnership with Trifleet**

- Investing in new tank containers managed by Trifleet
- Trifleet is the world’s fourth largest tank lessor with over 29 years of experience and a fleet of approximately 16,000 containers
- Tanks have a 20+ year economic life, high scrap value upon disposal, and high barrier to entry due to technical complexity and fragmented customer base
- Tanks are leased mostly to non-shipping customers for multi-modal transport and storage by the chemical, food grade, pharmaceutical and gas industries, as well as by tank container operators
- Diversified revenue stream provides added protection from cyclical downturns



## **Dedicated international container resale team**

- One of the largest sellers, averaging over 140,000 annual sales over the past 5 years
- Optimizes the residual value in multiple markets, including locations with low lease-out demand, selling used containers to a wide variety of buyers
- Purchases and resells containers from shipping line customers, container traders and other sellers of containers

## **Provider of containers to US Military since 2003**

- Recipient of the National Defense Transportation Association (NDTA) Quality Award in 2008

***Management income, military, tanks, and resale provide growth and diversification***

# Current Market Environment

## Slow lease-out market

- Market activity remains muted, in spite of the start of the traditional peak season
- Textainer secured attractive yielding capex by focusing on unique equipment replacement opportunities of certain valued customers
- Market is otherwise in a standstill with few and unappealing open tenders

## New container prices around \$1,750/CEU

- Prices remain low due to the muted new container demand
- Factories are shutting down temporarily in light of current order volumes
- Limited orders and factory shut-downs should curtail inventory build-up and provide price support

## Low but positive container trade growth

- IMF 2019 GDP growth forecast at 3.2%
- Trade volumes are positive, but container growth remains limited by ongoing trade disputes and other macro headwinds
- Liners awaiting greater future trade clarity, however, should continue to favor lease vs. purchase



**Trade and shipping volumes remain strong and utilization continues at high levels**

**Manageable levels of equipment turn-ins, limiting inventory supply worldwide**

**Used containers sold at high prices significantly above book value, supported by the low depot inventory**

***Muted growth and low factory prices, but other fundamentals remain positive***

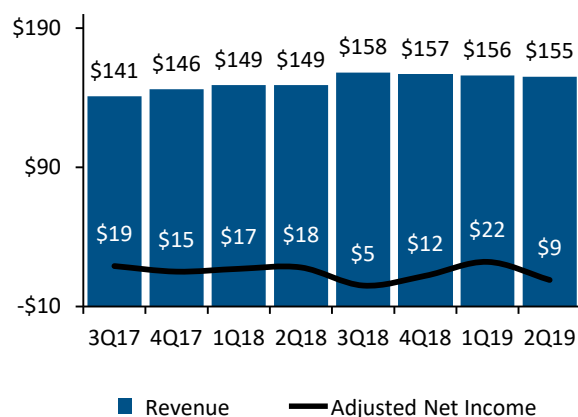
# Summary of 2Q 2019 Results

\$ in millions except per share figures
Lease rental income <sup>2</sup>
Adjusted EBITDA <sup>1</sup>
Adjusted net income <sup>1</sup>
Adjusted net income per share
Average Utilization

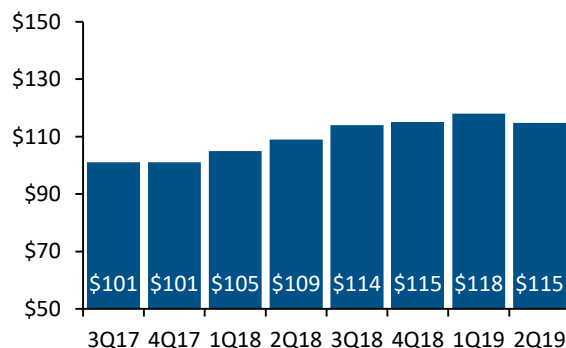
2Q19	1Q19	Change
\$155	\$156	-0%
\$115	\$118	-3%
\$9 <sup>3</sup>	\$22	-60%
\$0.16	\$0.39	-59%
97.9%	98.3%	-40 bps

2Q19	2Q18	Change
\$155	\$149	4%
\$115	\$109	5%
\$9 <sup>3</sup>	\$18	-49%
\$0.16	\$0.31	-48%
97.9%	97.9%	0 bps

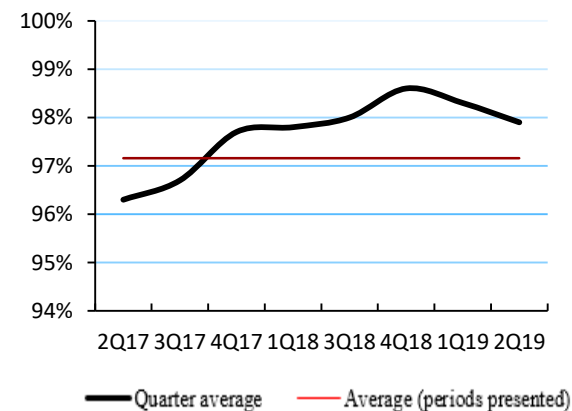
Lease rental income<sup>2</sup> and Adjusted Net Income<sup>1</sup>



Adjusted EBITDA<sup>1</sup>



Average Fleet Utilization



## Focus on improving container yields and profitability

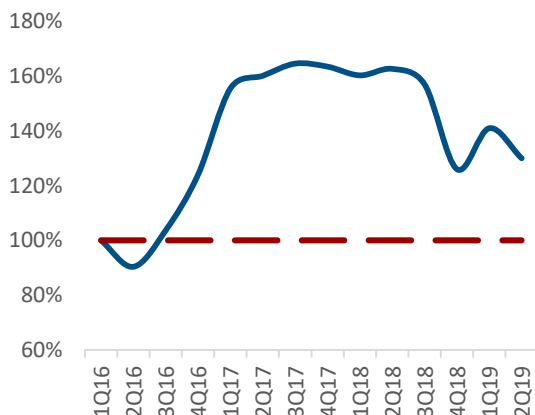
Note: Figures \$ in millions

- See reconciliation in Appendix. Adjustments include items such as unrealized gains/losses on interest rate swaps
- Includes lease rental income for both the Company's owned fleet and managed fleet

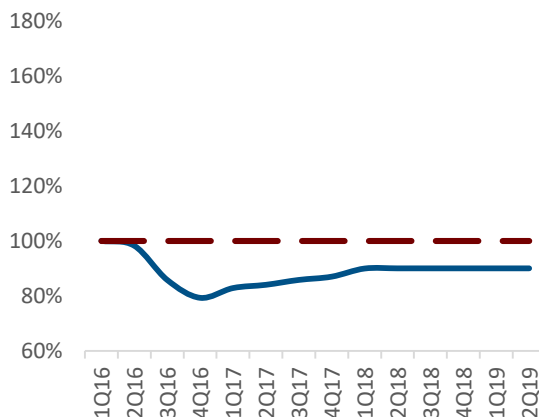
- Adjusted net income was negatively affected by container impairment and bad debt expense of \$12.4 million, relating to a non-performing lessee currently undergoing a restructuring program. We believe this is an isolated credit issue and future charges on these containers, if any, are covered by our insurance and will thus not impact future earnings.

# Drivers of Improved Financial Performance

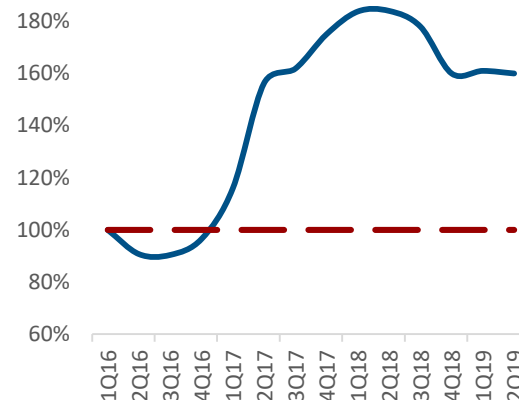
**New Container Price Index (CEU)**



**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

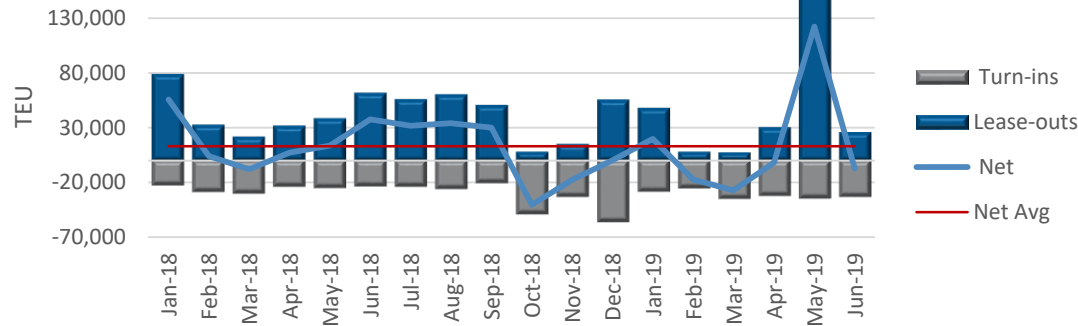
1% increase in utilization	\$9M
\$0.01 increase in average per diem rate	\$10M
\$100 increase in used container sales price	\$9M

- \$640M container capex delivered during the first six months of 2019
- We remain focused on capex with double-digit returns and accretive to our financial performance
- Utilization remains strong at 98%, helping support resale prices

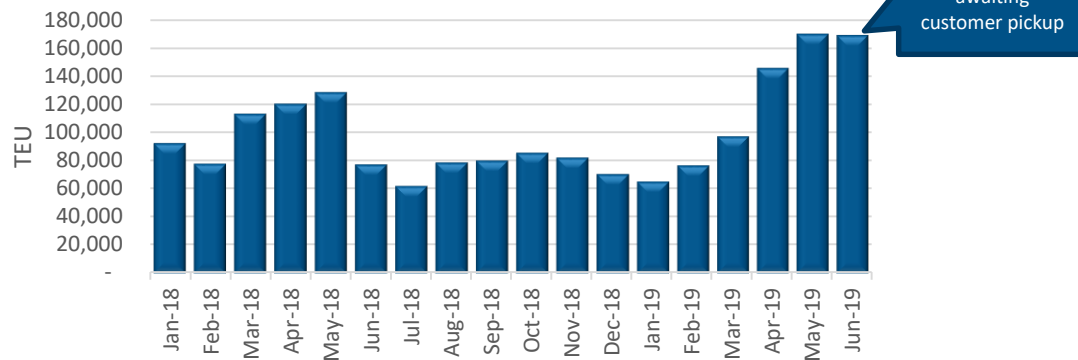
*Mixed market conditions with favorable utilization levels and resale prices*

# Inventory Supply and Fleet Lease-Outs

Container fleet lease-outs and turn-ins



New production (factory) inventory



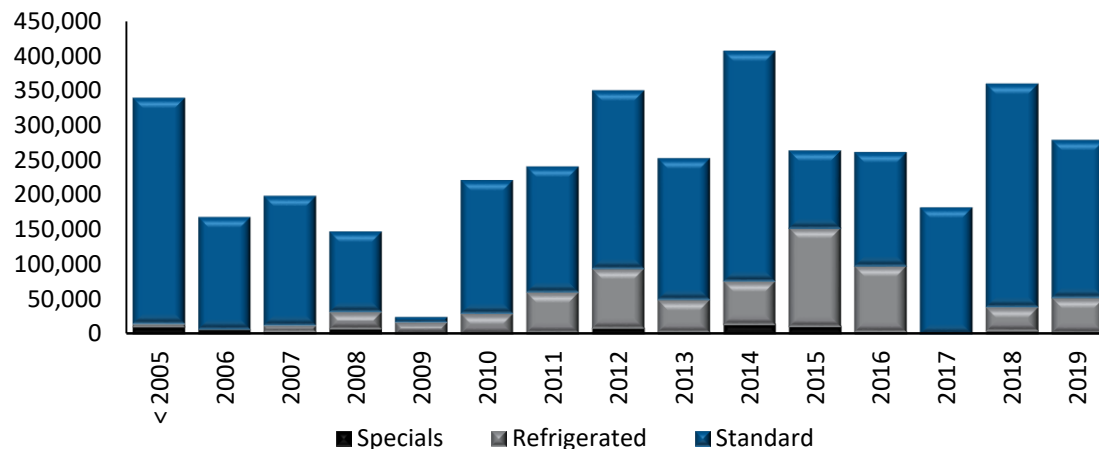
- Lease-out activity during the quarter driven by unique capex opportunities
- Low turn-in volume supported by strong trade and shipping volumes. Any excess depot supply sold in favorable re-sale market
- Optimized inventory supply to meet the immediate needs of our customers

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



# Container Fleet Data in CEU

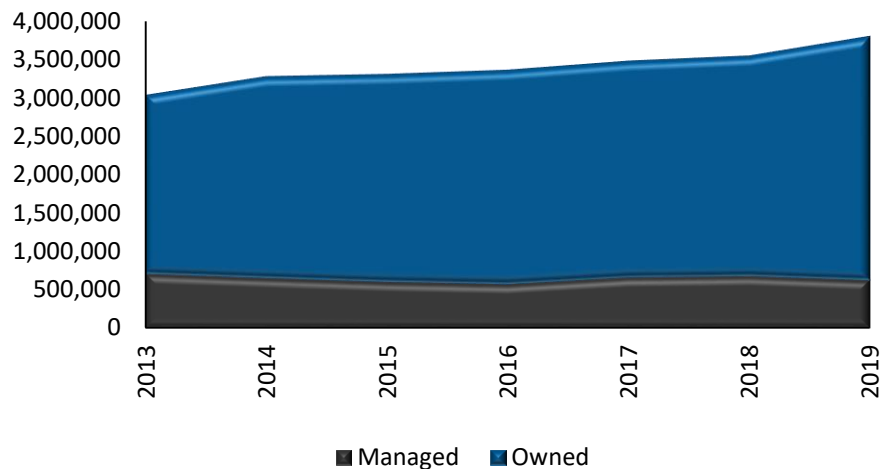
## Current Container Fleet by Production Year



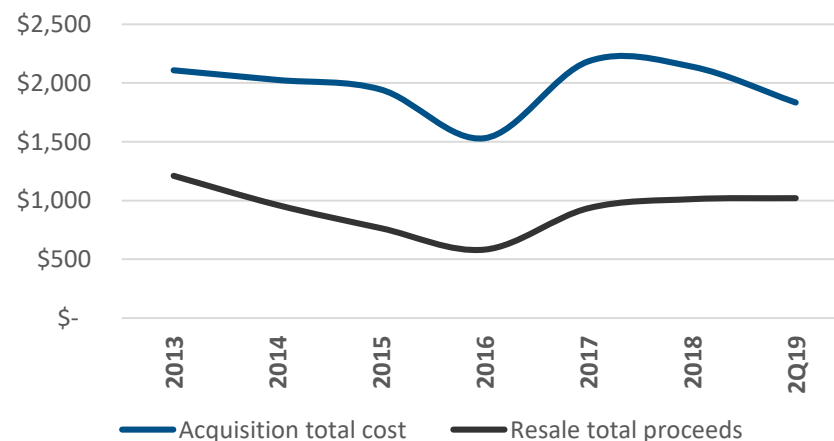
**Current Fleet:**  
Fully depreciated = 15%  
Average age = 7.0 yrs

**5yr historical average:**  
Fleet size CAGR = 4%  
Resale proceeds / acquisition cost = 47%

## Fleet Growth



## Avg Container Prices per CEU



# Balance Sheet Summary

(\$ in millions)

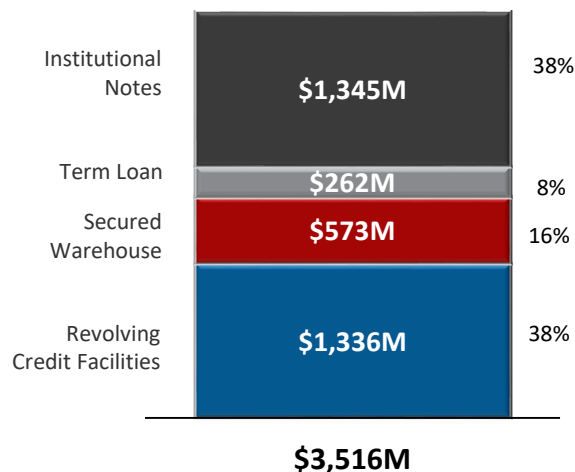
	June 30	December 31,			
	2019	2018	2017	2016	2015
Cash And Cash Equivalents	\$149	\$137	\$138	\$84	\$116
Containers, Net	\$4,236	\$4,134	\$3,791	\$3,718	\$3,696
<b>Total Assets</b>	<b>\$5,174</b>	<b>\$4,744</b>	<b>\$4,380</b>	<b>\$4,294</b>	<b>\$4,365</b>
<i>Growth</i>	9%	8%	3%	-2%	0%
Long-Term Debt (Incl. Current Portion) <sup>1</sup>	\$3,487	\$3,410	\$2,990	\$3,038	\$3,024
<b>Total Liabilities</b>	<b>\$3,922</b>	<b>\$3,504</b>	<b>\$3,170</b>	<b>\$3,109</b>	<b>\$3,099</b>
Non-controlling Interest	\$26	\$29	\$58	\$59	\$64
<b>Total Shareholders' Equity</b>	<b>\$1,226</b>	<b>\$1,207</b>	<b>\$1,153</b>	<b>\$1,126</b>	<b>\$1,202</b>
<b>Total Equity &amp; Liabilities</b>	<b>\$5,174</b>	<b>\$4,744</b>	<b>\$4,380</b>	<b>\$4,294</b>	<b>\$4,365</b>
<b>Debt / Equity plus Non-controlling Interest</b>	<b>2.8x</b>	<b>2.8x</b>	<b>2.5x</b>	<b>2.6x</b>	<b>2.4x</b>

*Strong balance sheet driving momentum with asset growth*

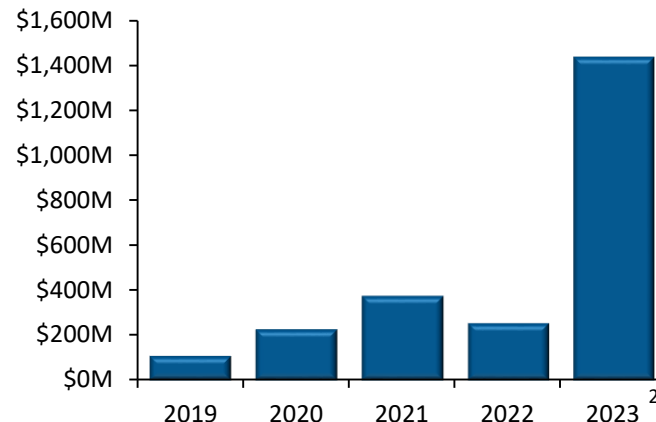
(1) Net of debt issuance costs

# Textainer Capital Structure

## Outstanding borrowings by funding source



## Debt principal repayments



	Jun 30, 2019	Percentage of Total Debt	Avg. Remaining Term (Mos)	Average Interest Rate at Jun 30, 2019
Fixed Rate Debt	\$ 1,607	46%	50	3.98%
Hedged Floating Rate Debt	\$ 944	27%	24	3.95%
<b>Total Fixed/Hedged</b>	<b>\$ 2,551</b>	<b>73%</b>	<b>41</b>	3.97%
Unhedged Floating Rate Debt	\$ 965	27%		3.97%
<b>Total Debt and Effective Interest Rate</b>	<b>\$ 3,516</b>	100%		
<b>Long-term and finance leases as % of total financed container fleet<sup>1</sup></b>		<b>74%</b>		
<b>Remaining Lease Term</b>			<b>49</b>	

Hedging provides stability from short term interest rate fluctuations in our effective interest rate

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

Debt figures represent outstanding borrowings, gross of debt issuance costs

1) Includes all containers in our owned fleet, including off-hire depot inventory and held for resale

2) Includes Revolving Credit outstanding draws of \$1,170M maturing September 2023 that will be refinanced prior to maturity

# Conclusion

- Overall market growth remains muted, driven by uncertainty from trade disputes and other macro economic factors
- Despite the slow market, Textainer secured attractive yielding capex in 2019 by focusing on unique equipment replacement opportunities of certain valued customers
- Other market fundamental remain strong, including positive trade and shipping volumes, manageable level of turn-ins, high utilization, and favorable resale prices
- Factory inventory levels are reasonable. Factories are planning temporary shut-downs given lack of demand and low new container prices
- We remain focused on improving profitability and maintaining a strong balance sheet to better serve our costumers and take advantage of future opportunities



*Textainer is well positioned for profitable growth and improved performance*

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# Appendix



# Reconciliation of GAAP to Non-GAAP Items

Amounts in millions

## Reconciliation of Adjusted EBITDA

	Three months Ended Jun-19	Three months Ended Jun-18	Fiscal Year Ended December 31			
			2018	2017	2016	2015
<b>Net income (loss)</b>	\$0	\$18	\$50	\$19	(\$51)	\$107
Interest income	(1)	—	(2)	(1)	—	—
Interest expense	38	35	138	117	85	77
Write-off of unamortized deferred debt issuance costs and discounts	—	—	1	7	—	—
Realized (gains) losses on interest rate swaps and caps, net	(1)	(2)	(5)	2	9	13
Unrealized (gains) losses on interest rate swaps, net	10	—	6	(4)	(6)	2
Income tax (benefit) expense	—	1	2	2	(3)	7
Net income (loss) attributable to noncontrolling interest	(1)	1	4	2	(5)	6
Depreciation expense and container impairment	73	58	263	239	330	227
Amortization expense	0	1	4	4	5	5
Gain on insurance recovery	(1)	—	(8)	—	—	—
Costs associated with departing senior executives	—	—	2	—	—	—
Impact of reconciling items on net income (loss) attributable to noncontrolling interest	(3)	(3)	(12)	(12)	(17)	(12)
<b>Adjusted EBITDA</b>	<b>\$114</b>	<b>\$109</b>	<b>\$443</b>	<b>\$375</b>	<b>\$347</b>	<b>\$432</b>

## Reconciliation of Adjusted Net Income (Loss):

<b>Net income (loss)</b>	\$0	\$18	\$50	\$19	(\$51)	\$107
Unrealized (gains) losses on interest rate swaps, net	10	—	6	(4)	(6)	2
Write off of unamortized debt issuance costs	—	—	1	8	—	—
Gain on insurance recovery	(1)	—	(8)	—	—	—
Costs associated with departing senior executives	—	—	2	—	—	—
Impact of reconciling items on income tax expense	—	—	(1)	—	—	—
Impact of reconciling items on net income (loss) attributable to noncontrolling interest	—	—	1	—	1	—
<b>Adjusted Net Income (Loss)</b>	<b>\$9</b>	<b>\$18</b>	<b>\$51</b>	<b>\$23</b>	<b>(\$56)</b>	<b>\$109</b>

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