# Textainer Group Holdings Ltd.

# 3Q 2019 Earnings Call Presentation

October 31, 2019

# 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.

# Current Market Environment

### Slow lease-out market

- Market activity remains muted resulting in a flat peak season, lacking the traditional seasonal lease-out surge
- Market is in a standstill with few and unappealing open tenders, mostly for the opportunistic replacement of aging containers

### New container prices around $1,650/CEU

- Prices remain low due to the lack of meaningful container demand and slight drop in steel prices
- Due to low order volumes, factory inventories have decreased and factories have reduced their production capacity

### Low growth but positive containerized trade volumes

- IMF 2019 and 2020 GDP growth forecast at 3.0% and 3.4%, respectively
- 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

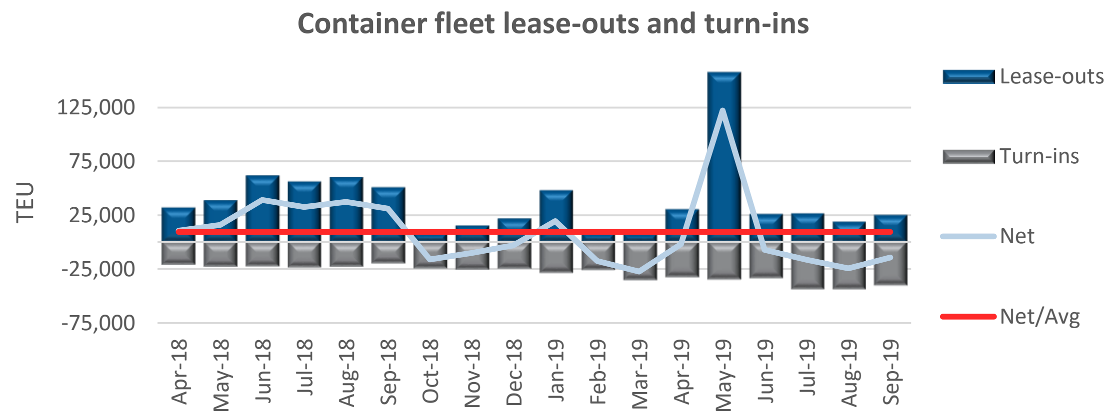
### Despite lack of trade growth, shipping volumes remain positive and container utilization continues at high levels

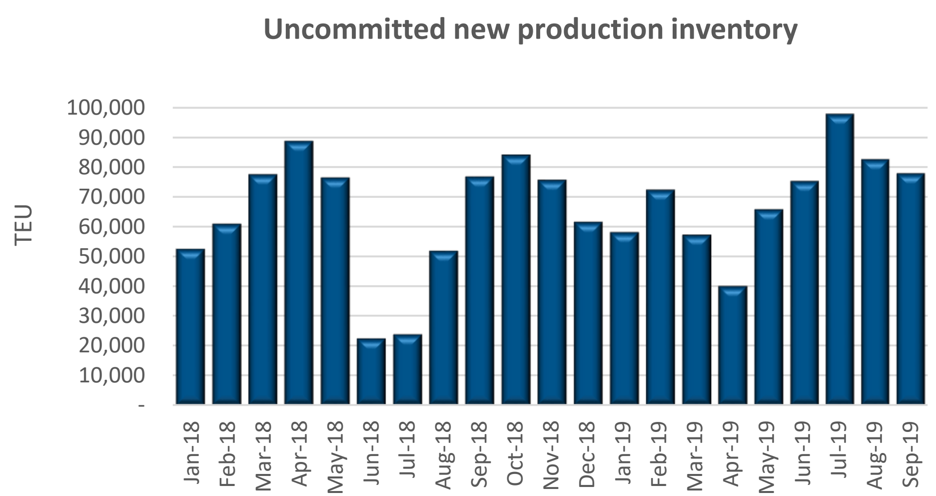
### Manageable levels of equipment turn-ins, limiting inventory supply worldwide

### Used containers sold at prices above book value, supported by the limited supply

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

# Inventory Supply and Fleet Lease-Outs

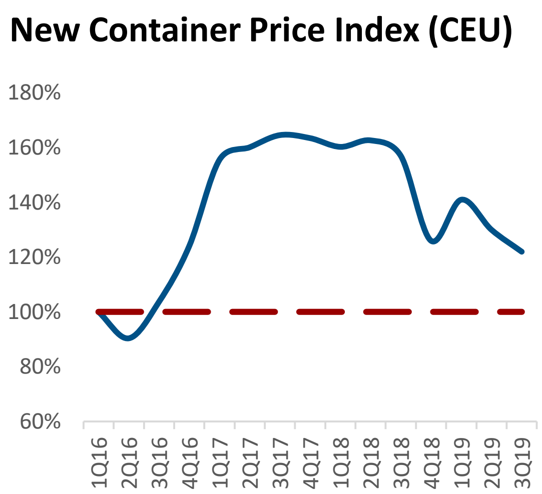


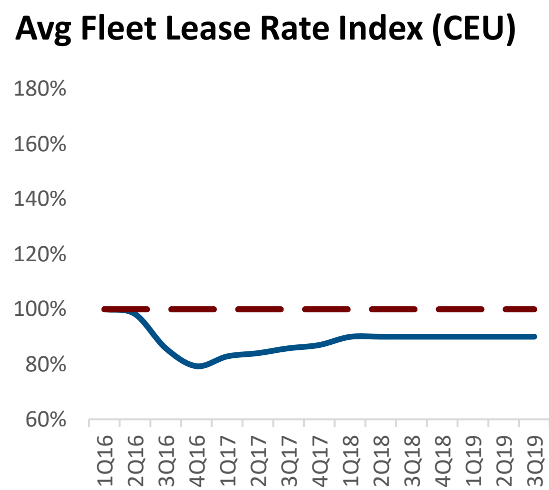



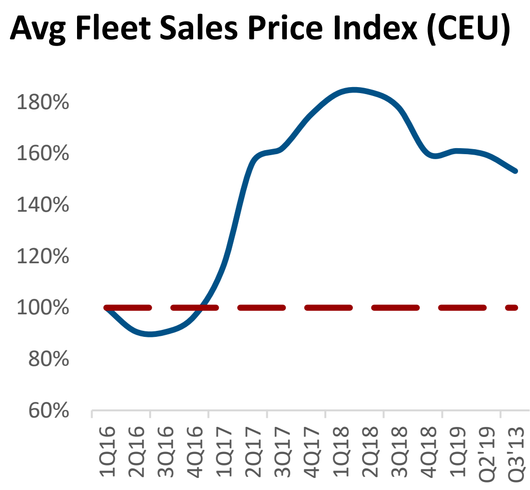

- Lease-out activity reflects the low container demand during the 3Q19 peak season. This follows the significant lease-out activity in 2Q19 that resulted from unique capex opportunities
- Turn-in volume remains at reasonable levels. Excess depot supply is being sold in favorable re-sale market
- We maintain an optimized inventory supply to meet the immediate needs of our customers

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

# Drivers of Improved Financial Performance



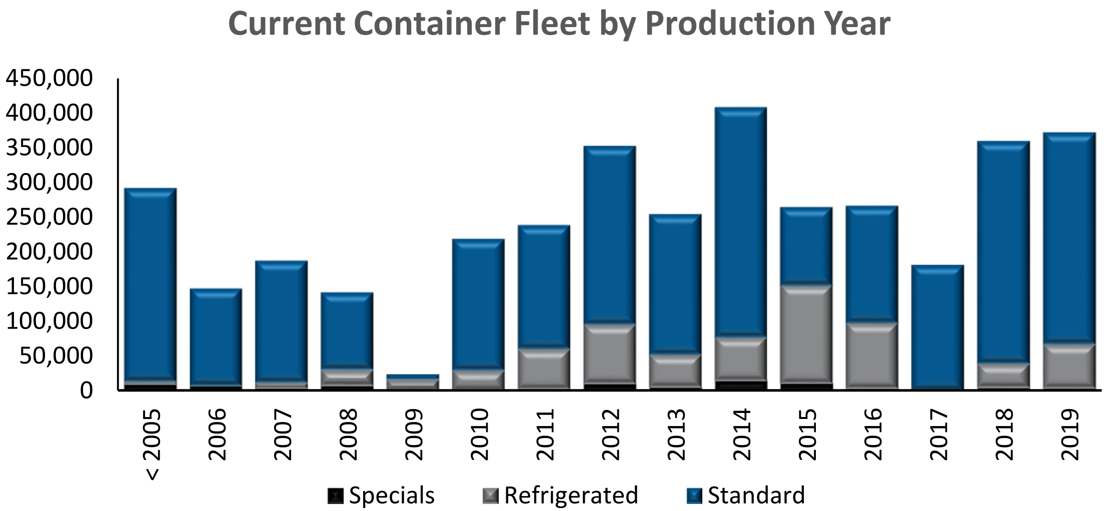

## Sensitivities from key metrics

| Estimated Annual Pre-Tax Income Impact of Key Metrics | |
|---|---|
| $100 change in used container sales price | $13M |
| 1% change in utilization | $9M |
| $100 change in new container prices | $4M |

- $710M container capex delivered during the first nine months of 2019 ($67M in 3Q19)
- We remain focused on capex with double-digit returns and accretive to our financial performance
- Utilization remains strong, currently at 96.4%, helping support resale prices

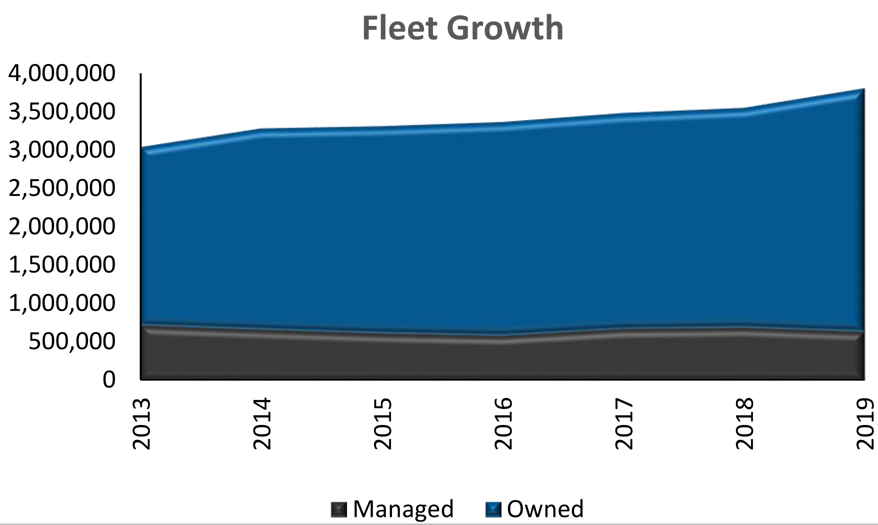
***Mixed market conditions with favorable utilization levels and resale prices***

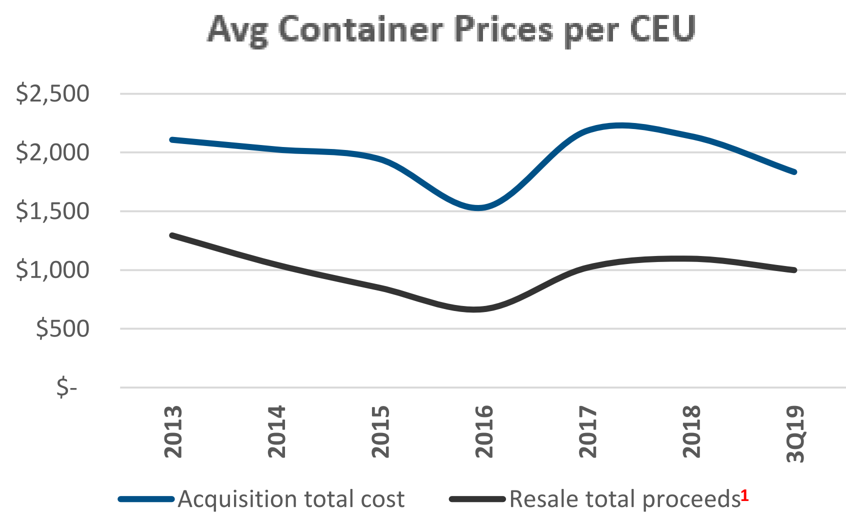
# Container Fleet Data in CEU




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

**5yr historical average:**
Fleet size CAGR = 4%
Resale proceeds / acquisition cost = 48%



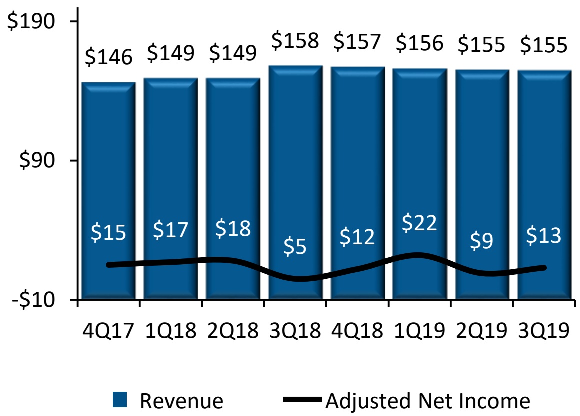

Note: Figures as of current quarter

1. Resale proceeds for depot sales (excludes Container Trading activity)

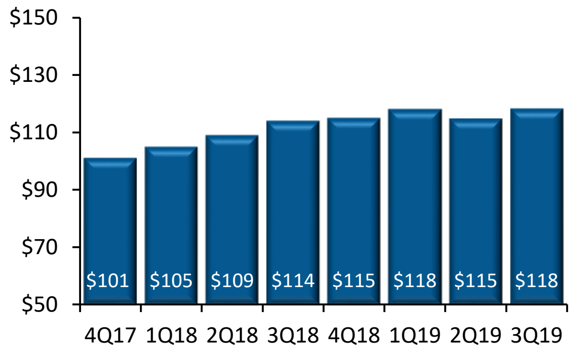
# Summary of 3Q 2019 Results

| $ in millions except per share figures | 3Q19 | 2Q19 | Change | 3Q18 | Change |
|---|---|---|---|---|---|
| Lease rental income | $155 | $155 | 0% | $158 | -2% |
| Adjusted EBITDA[1] | $118 | $115 | 3% | $114 | 4% |
| Adjusted net income[1] | $13 | $9 | 44% | $5 | 160% |
| Adjusted net income per share | $0.22 | $0.16 | 38% | $0.08 | 175% |
| Average utilization | 97.3% | 97.9% | -60 bps | 98.0% | -70 bps |

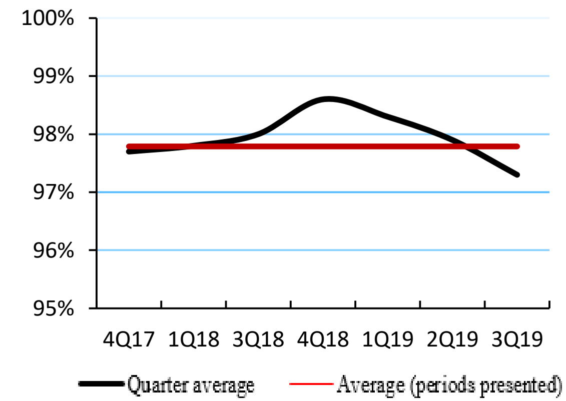
**Lease rental income and Adjusted Net Income[1]**




**Adjusted EBITDA[1]**




**Average Fleet Utilization**




***Focus on improving container yields and profitability***

Note: Figures $ in millions

1. See reconciliation in Appendix. Adjustments include items such as unrealized gains/losses on interest rate swaps

# Balance Sheet Summary

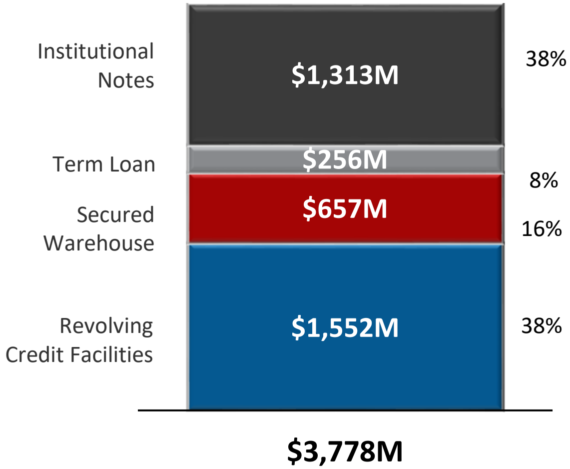
($ in millions)

| | September 30 | December 31, | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Cash And Cash Equivalents | $163 | $137 | $138 | $84 | $116 |
| Containers, Net | $4,118 | $4,134 | $3,791 | $3,718 | $3,696 |
| **Total Assets** | $5,132 | $4,744 | $4,380 | $4,294 | $4,365 |
| *Growth* | 8% | 8% | 3% | -2% | 0% |
| Debt, net of unamortized debt issue costs | $3,748 | $3,410 | $2,990 | $3,038 | $3,024 |
| **Total Liabilities** | $3,871 | $3,504 | $3,170 | $3,109 | $3,099 |
| Non-controlling Interest | $26 | $29 | $58 | $59 | $64 |
| **Total Equity** | $1,261 | $1,235 | $1,153 | $1,126 | $1,202 |
| **Total Equity & Liabilities** | $5,132 | $4,769 | $4,380 | $4,294 | $4,365 |
| **Debt / Equity plus Non-controlling Interest** | 2.9x | 2.7x | 2.5x | 2.6x | 2.4x |

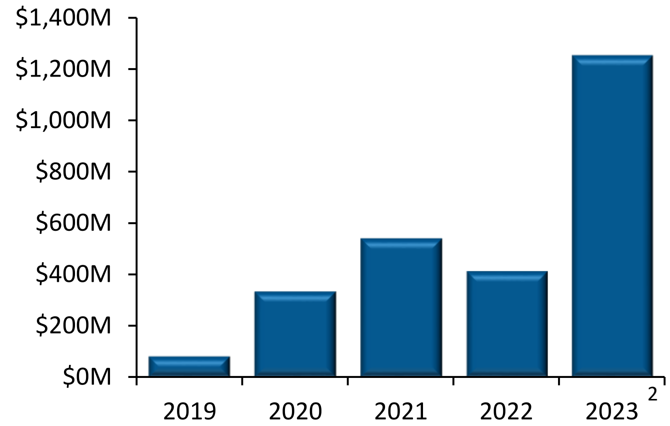
***Strong balance sheet driving momentum with asset growth***

# Textainer Capital Structure

**Outstanding borrowings by funding source**




**Debt principal repayments**




| | Sep 30, 2019 | Percentage of Total Debt | Avg. Remaining Term (Mos) | Blended Spot Coupon Rate at Sep 30, 2019 |
|---|---|---|---|---|
| Fixed Rate Debt | $ 1,569 | 42% | 42 | 3.98% |
| Hedged Floating Rate Debt | $ 1,043 | 28% | 22 | 3.88% |
| **Total Fixed/Hedged** | $ 2,613 | **69%** | **40** | 3.94% |
| Unhedged Floating Rate Debt | $ 1,165 | 31% | | 3.55% |
| **Total Debt and Effective Interest Rate** | $ 3,778 | 100% | | |
| **Long-term and finance leases as % of total financed container fleet**[1] | | **75%** | | |
| **Remaining Lease Term** | | | **56** | |

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

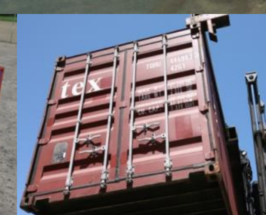
1) Includes all containers in our owned fleet, including off-hire depot inventory and held for resale

2) Includes Revolving Credit outstanding draws of $1,392M maturing September 2023 that will be refinanced prior to maturity

# Conclusion

- Overall market growth remains slow, driven by uncertainty from trade disputes and other macro economic factors
- Despite the slow market, Textainer delivered stable revenue
- Other market fundamentals remain strong, including positive trade and shipping volumes, manageable level of turn-ins, high utilization, and favorable resale prices
- Factory inventory levels are reducing. Industry remains disciplined with much-reduced levels of new container orders and factories are temporarily reducing production capacity
- We remain focused on improving profitability and maintaining a strong balance sheet to better serve our customers and take advantage of future opportunities
- Actively repurchasing shares under the $25 million program announced in September 2019
- We continue investing in technology and personnel while implementing cost cutting initiatives that lower operating expenses








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

# Appendix




# Reconciliation of GAAP to Non-GAAP Items

| | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|---|---|
| | (Dollars in thousands) (Unaudited) | | (Dollars in thousands) (Unaudited) | |
| **Reconciliation of adjusted net income:** | | | | |
| Net income attributable to Textainer Group Holdings Limited common shareholders | $ 10,578 | $ 1,913 | $ 27,942 | $ 38,137 |
| Adjustments: | | | | |
| Write-off of unamortized deferred debt issuance costs and bond discounts | — | 881 | — | 881 |
| Unrealized loss (gain) on interest rate swaps, collars and caps, net | 2,478 | (22) | 18,315 | (2,248) |
| Costs associated with departing senior executives | — | 2,368 | — | 2,368 |
| Gain on insurance recovery and legal settlement | — | — | (841) | — |
| Impact of reconciling items on income tax expense (benefit) | (27) | (506) | (173) | (484) |
| Impact of reconciling items on net (loss) income attributable to the noncontrolling interests | (79) | 181 | (845) | 900 |
| **Adjusted net income** | $ 12,950 | $ 4,815 | $ 44,398 | $ 39,554 |
| **Reconciliation of adjusted EBITDA:** | | | | |
| Net income attributable to Textainer Group Holdings Limited common shareholders | $ 10,578 | $ 1,913 | $ 27,942 | $ 38,137 |
| Adjustments: | | | | |
| Interest income | (680) | (446) | (2,047) | (1,153) |
| Interest expense | 39,970 | 35,706 | 115,699 | 101,838 |
| Write-off of unamortized deferred debt issuance costs and bond discounts | — | 881 | — | 881 |
| Realized gain on interest rate swaps, collars and caps, net | (170) | (1,268) | (2,709) | (3,951) |
| Unrealized loss (gain) on interest rate swaps, collars and caps, net | 2,478 | (22) | 18,315 | (2,248) |
| Costs associated with departing senior executives | — | 2,368 | — | 2,368 |
| Gain on insurance recovery and legal settlement | — | — | (841) | — |
| Income tax expense (benefit) | 1,318 | (224) | 1,470 | 1,262 |
| Net (loss) income attributable to the noncontrolling interests | (17) | 615 | (575) | 3,325 |
| Depreciation expense | 67,644 | 68,821 | 194,243 | 184,699 |
| Container write-down from lessee default, net | (576) | 8,407 | 7,154 | 8,426 |
| Amortization expense | 481 | 439 | 1,576 | 3,219 |
| Impact of reconciling items on net (loss) income attributable to the noncontrolling interests | (2,772) | (3,493) | (9,099) | (8,713) |
| **Adjusted EBITDA** | $ 118,254 | $ 113,697 | $ 351,128 | $ 328,090 |

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