

# DP&FC CONFERENCE – INDUSTRY FLEET SIZE UPDATE

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# NORTH AMERICAN RAILCAR FLEET HIGHLIGHTS

## ▶ Fleet Updates for Q1 2019:

- ▶ Total Equipment Count: 1.69 million\*
- ▶ Increase of 0.3 percent from previous quarter
  - ▶ Biggest Gains: Flats and Tanks (0.8 and 0.7 percent increase respectively)
  - ▶ Biggest Loss: Open Hoppers (1.0 percent)

## ▶ Largest segments during the quarter were:

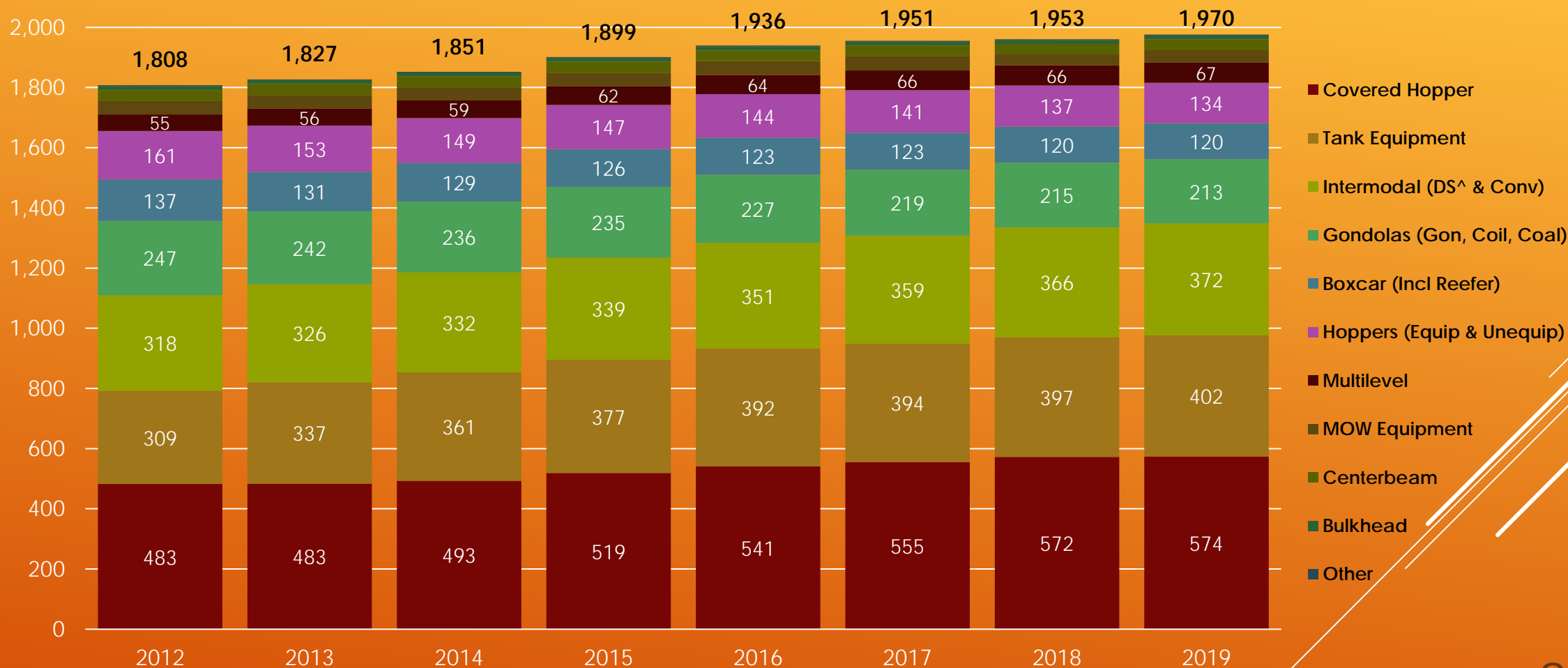
- ▶ Covered Hoppers
- ▶ Tank Cars
- ▶ Gondolas

\*Revenue-Earning Fleet

Source: *Railinc Rail Industry Indexes (April, 2019)*

# NORTH AMERICAN RAILCAR FLEET GROWTH\*

(COUNTS AT YEAR END/YTD, SHOWN IN THOUSANDS)

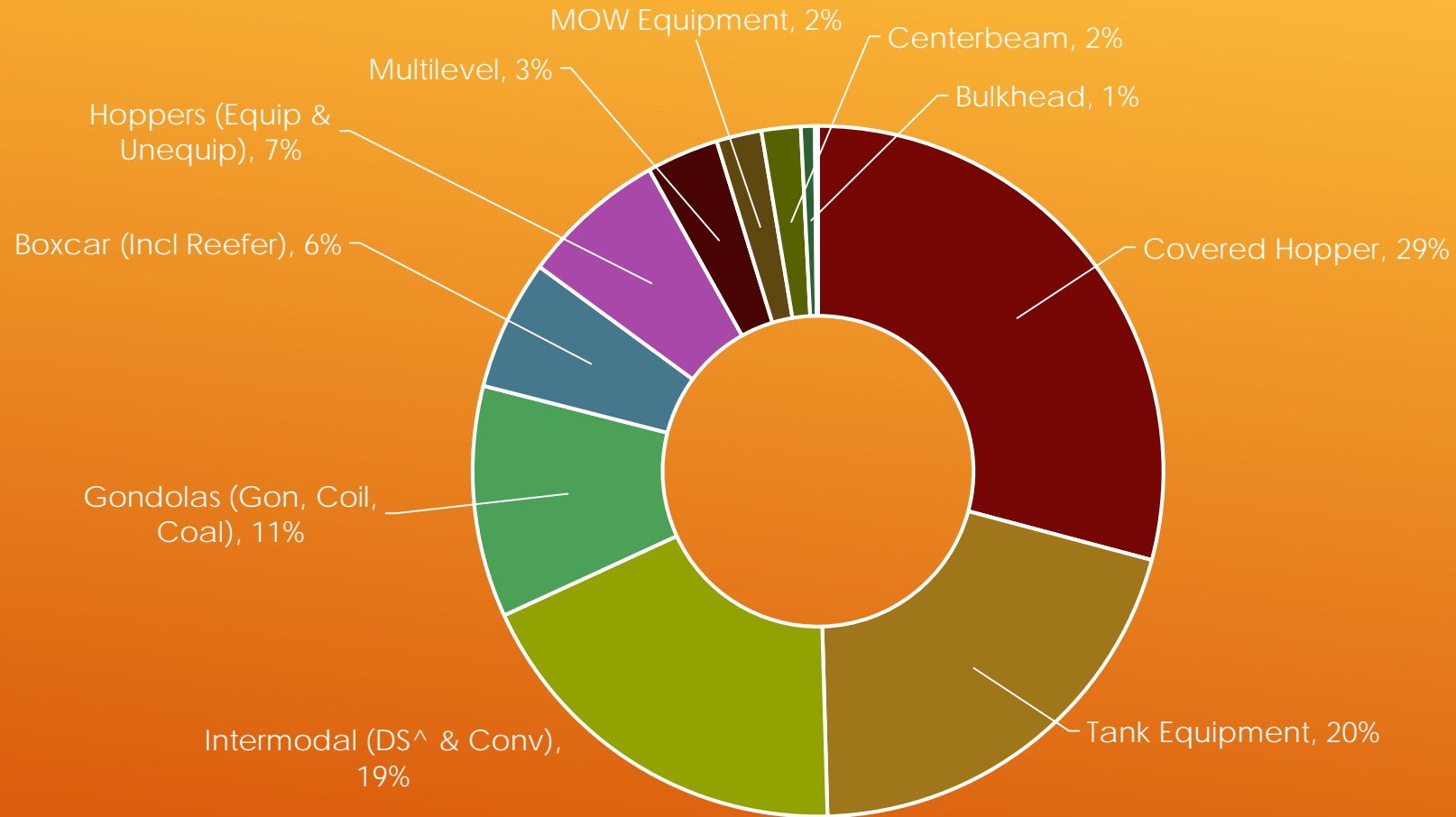


\*Source: UMLER (Registered equipment in Active Status)

^Double-Stack counts shown in Platforms

# NORTH AMERICAN RAILCAR FLEET SIZE\*

(2019 YTD)



\*Source: UMLER (Registered equipment in Active Status)

^Double-Stack counts shown in Platforms

# NORTH AMERICAN RAILCAR FLEET\* AVERAGE AGE

- ▶ Relatively steady since 2009 (implementation of the new UMLER)
- ▶ 2018 average age: 19.6 years
  - ▶ 0.1-year increase from 2017
- ▶ Stability indicates that new cars are added to the fleet at roughly the same rate that other cars are exiting

\*Revenue-Earning Fleet

Source: *Railinc Rail Industry Indexes* (April, 2019)

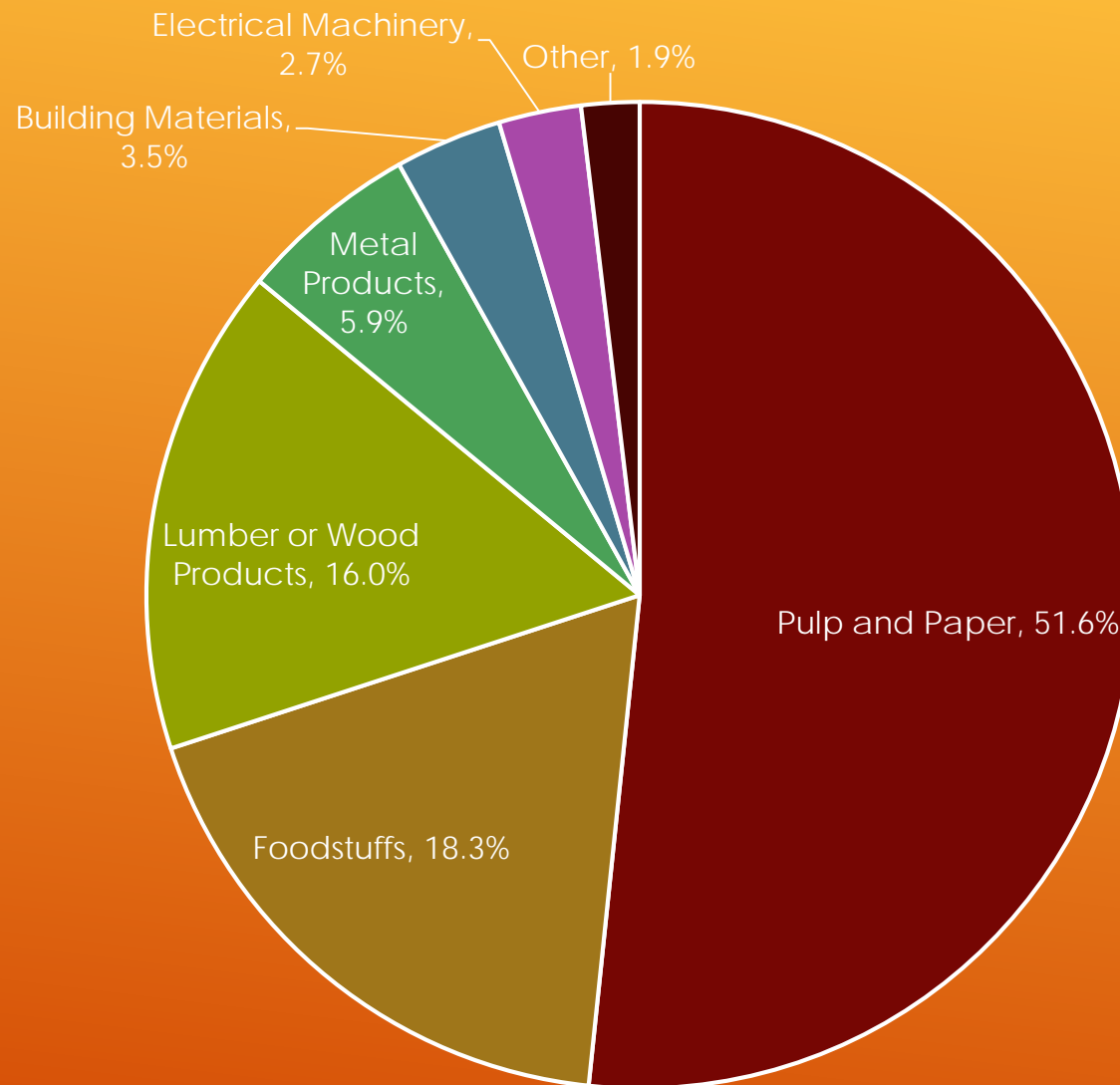
# NORTH AMERICAN BOXCAR FLEET SIZE\*

- ▶ 120,138 Active Boxcars operating in North America
  - ▶ High Cube (Plate F, 286k GRL): 60,487
  - ▶ Standard Cube (Plate C, <286k GRL): 48,397
  - ▶ Reefer Box: 11,254
- ▶ Boxcars handle a wide variety of products
- ▶ Boxcars are an excellent pooling candidate due to their flexibility
  - ▶ North American Boxcar Pool
  - ▶ ABOX/RBOX Pool

*\*Source: UMLER (Registered equipment in Active Status)*

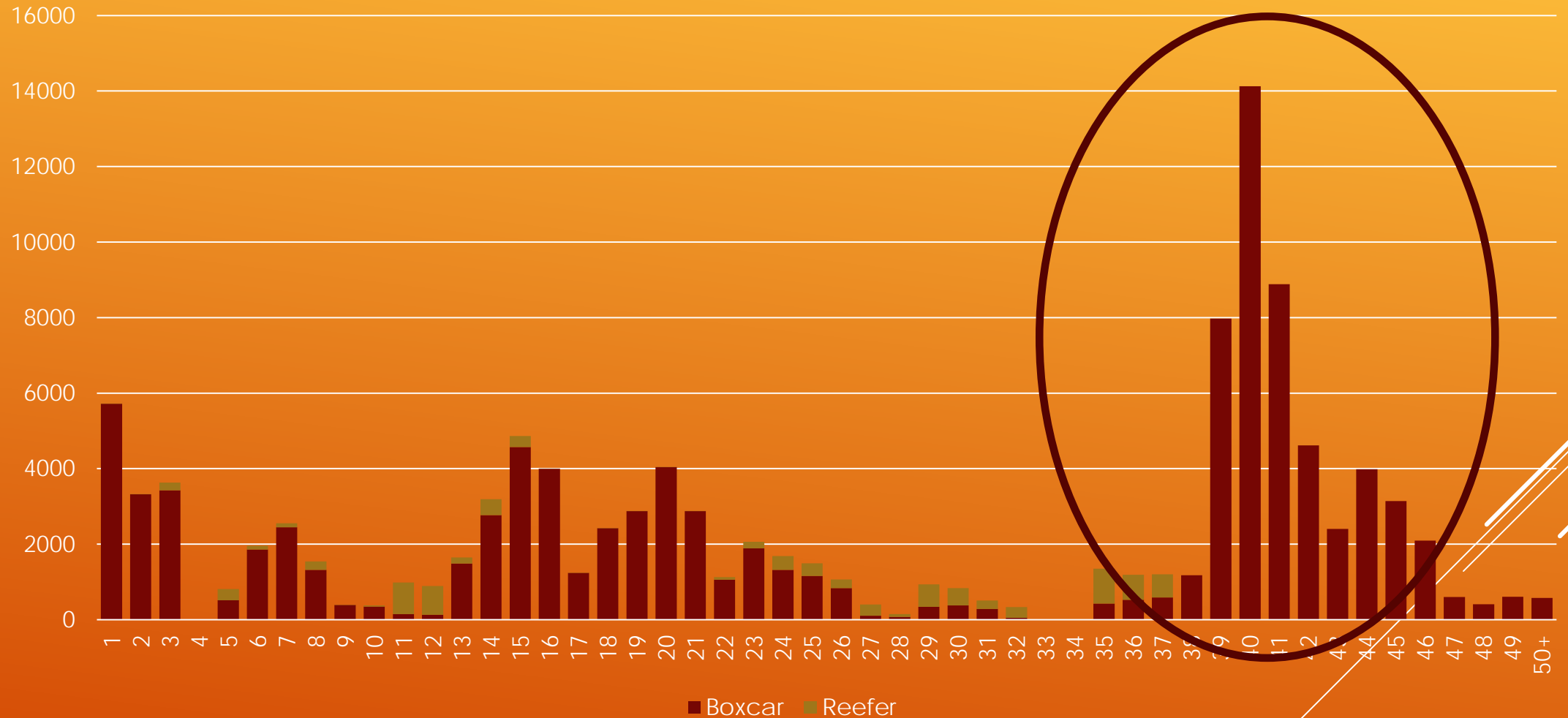
*^Double-Stack counts shown in Platforms*

# 2018 TTX BOXCAR LOADS BY COMMODITY



\*Source: TTX

# NORTH AMERICAN BOXCAR FLEET\* AGE DEMOGRAPHICS



\*Source: UMLER (Registered equipment in Active Status)



# NORTH AMERICAN BOXCAR FLEET AGE DEMOGRAPHICS

- ▶ Boxcar fallout will be high over the next decade
  - ▶ Assuming all boxcars make it to their statutory retirement age, fallout will peak in 2029
  - ▶ 2030 and 2028 will have the next highest fallout respectively
- ▶ Boxcar additions have been significant
  - ▶ 12,466 boxcars added to the N.A. fleet in the last 3 years
  - ▶ New build boxcars are all high capacity, GRL 286k
- ▶ Additional capacity will be needed to offset the anticipated fallout

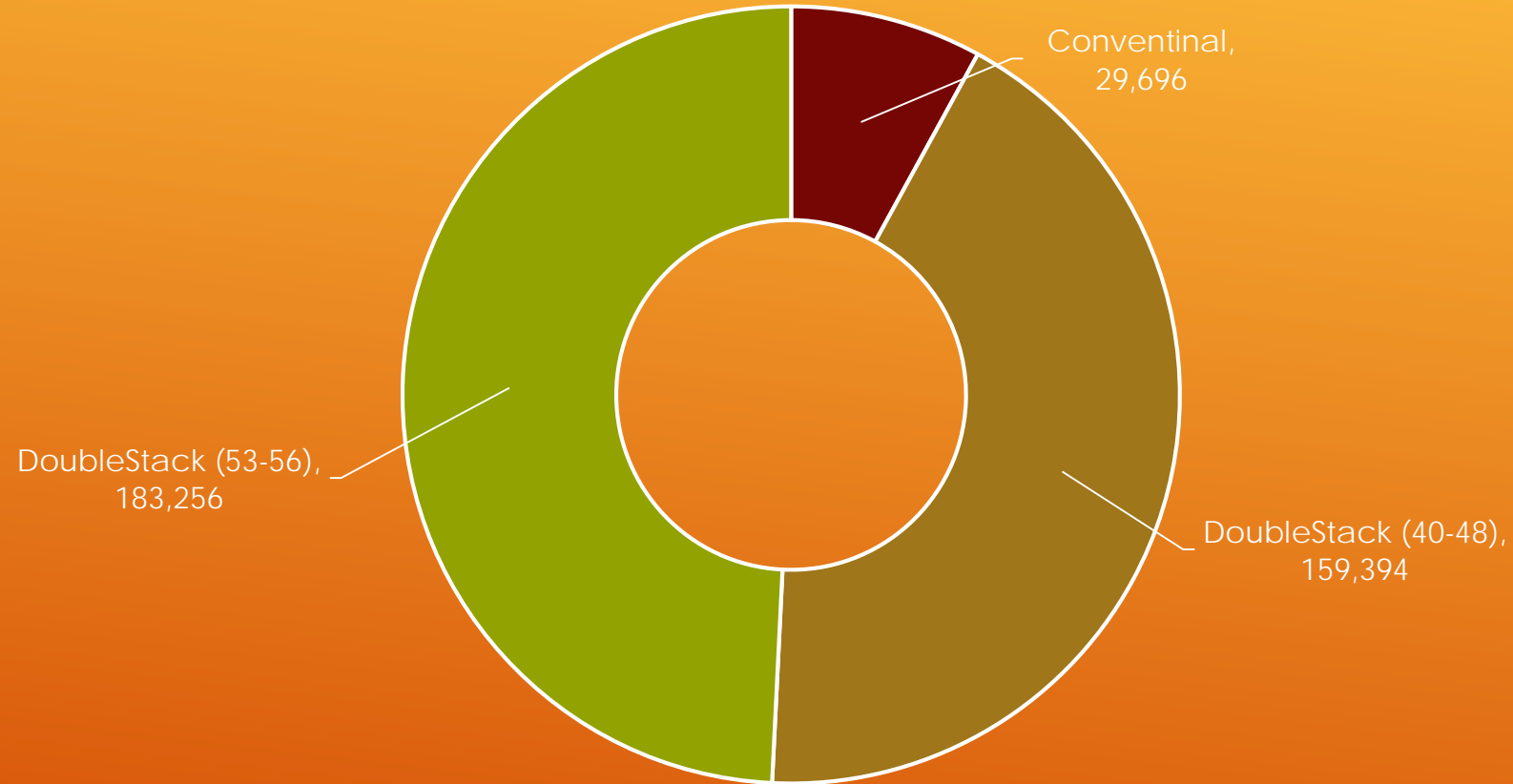
*\*Source: UMLER (Registered equipment in Active Status)*

# NORTH AMERICAN BOXCAR FLEET - POOLING

- ▶ Two major boxcar pools in the North American Rail System
  - ▶ NABP – North American Boxcar Pool
  - ▶ ABOX/RBOX Pool
- ▶ Benefits of pooling include:
  - ▶ Simplification of Fleet Distribution
    - ▶ Fungible assets make order fulfillment easier
    - ▶ Railcars flow from one road to another without requiring an empty back haul
  - ▶ Cost Savings:
    - ▶ Pooled assets allow triangulation to minimize empty miles
    - ▶ Pooling reduces unproductive storage and empty repositioning
    - ▶ Pooling promotes efficiency across the entire North American rail network
- ▶ Nearly Two-Thirds of boxcars are not currently pooled
  - ▶ Opportunity exists to increase boxcar fleet efficiencies

# NORTH AMERICAN INTERMODODAL FLEET SIZE\*

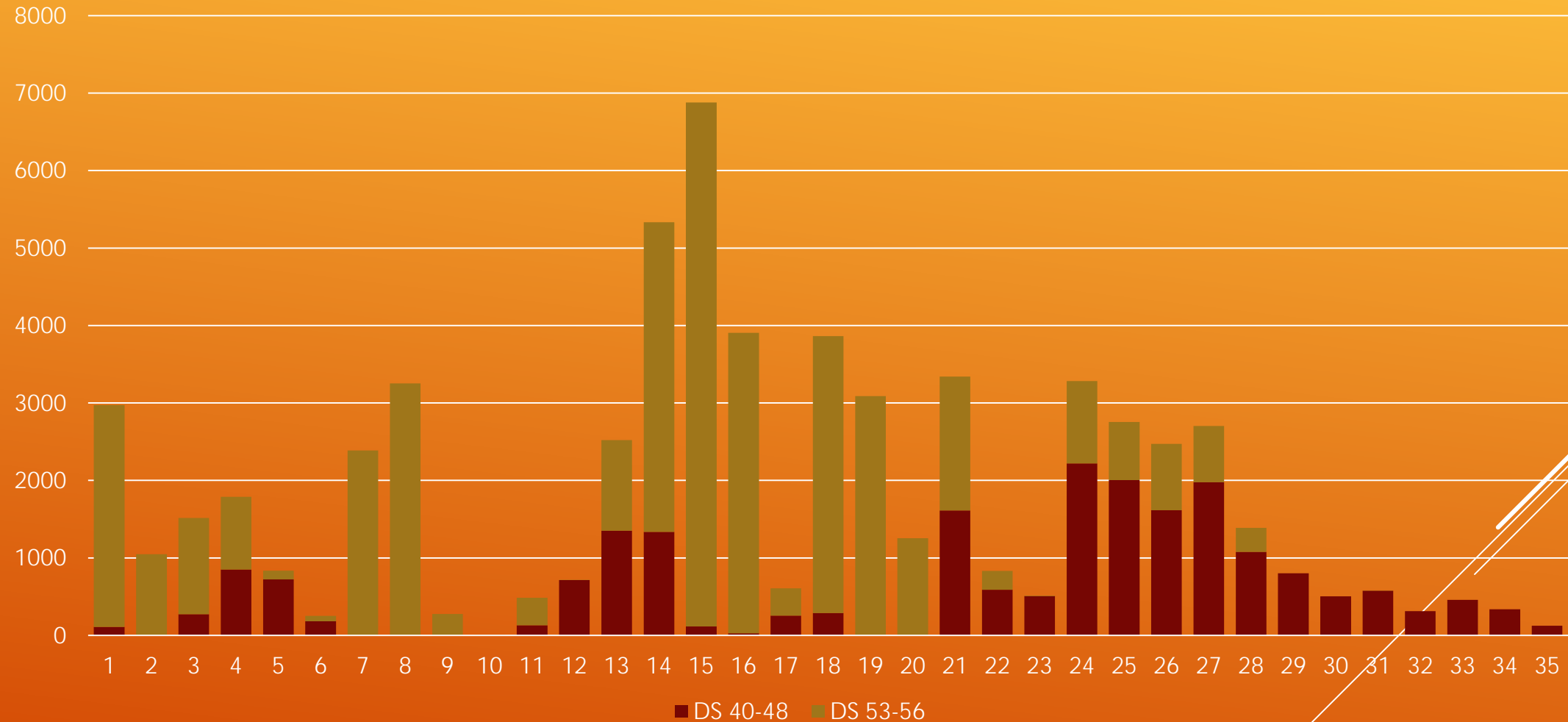
(2019 YTD)



\*Source: UMLER (Registered equipment in Active Status)

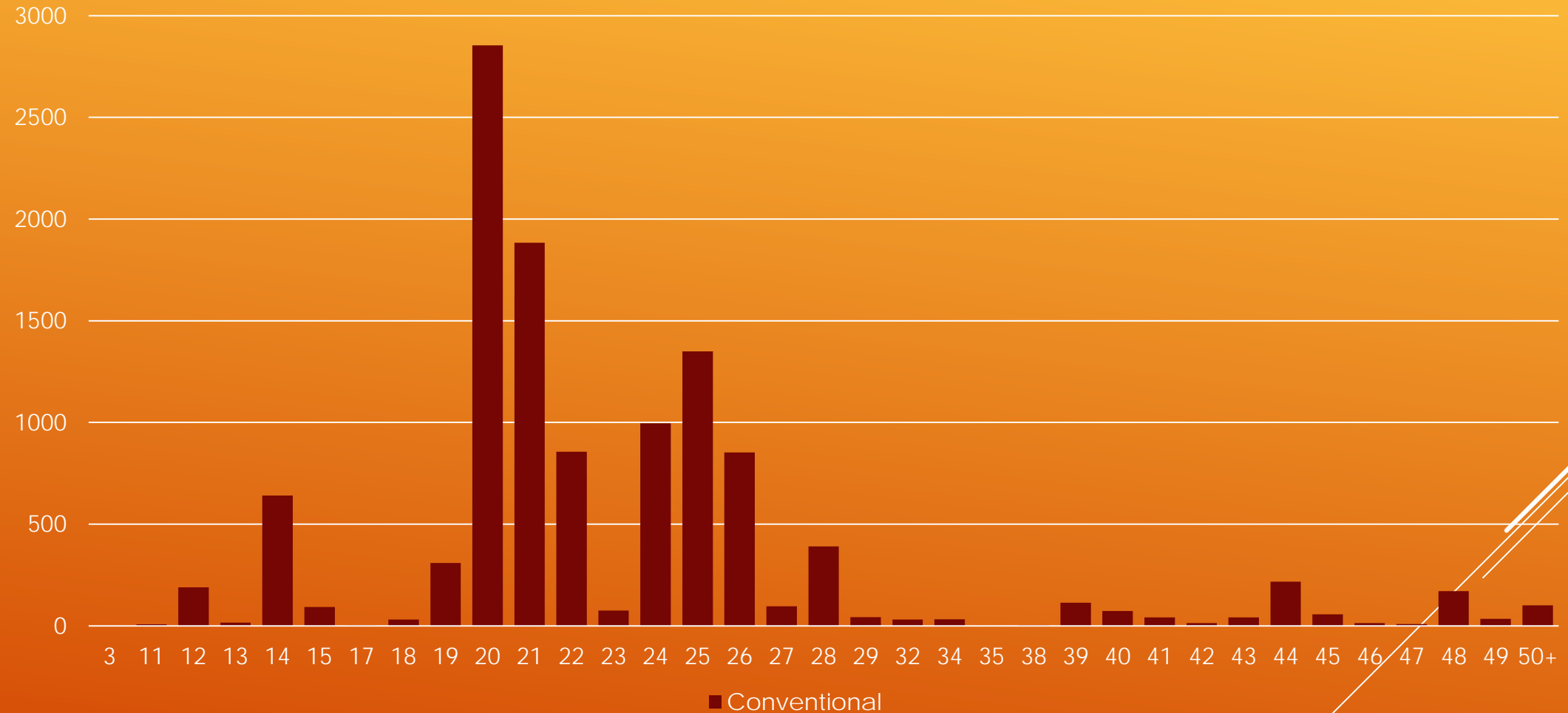
^Double-Stack counts shown in Platforms

# NORTH AMERICAN DOUBLESTACK FLEET\* AGE DEMOGRAPHICS



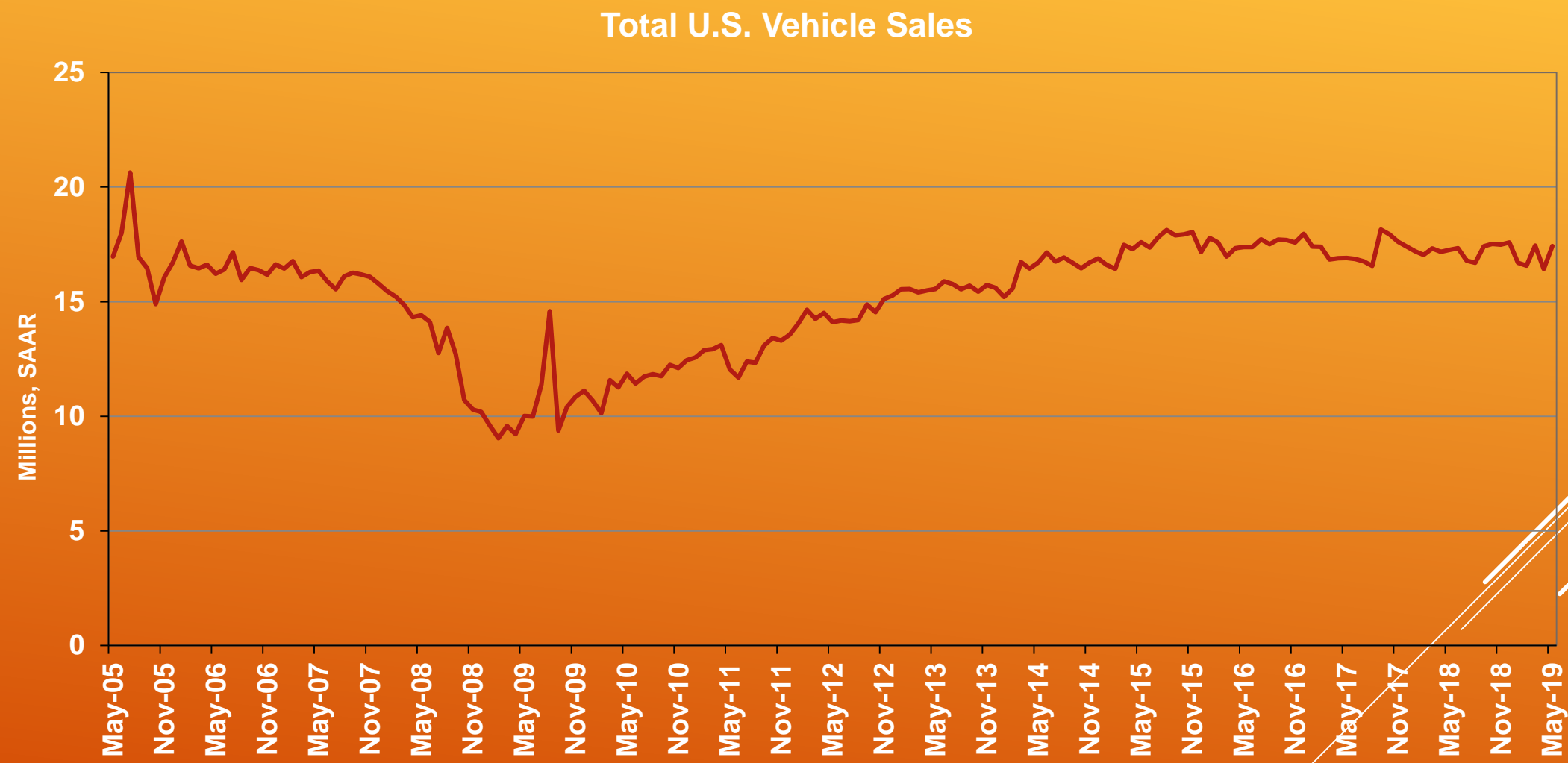
\*Source: UMLER (Registered equipment in Active Status)

# NORTH AMERICAN CONVENTIONAL FLEET\* - AGE DEMOGRAPHICS



\*Source: UMLER (Registered equipment in Active Status)

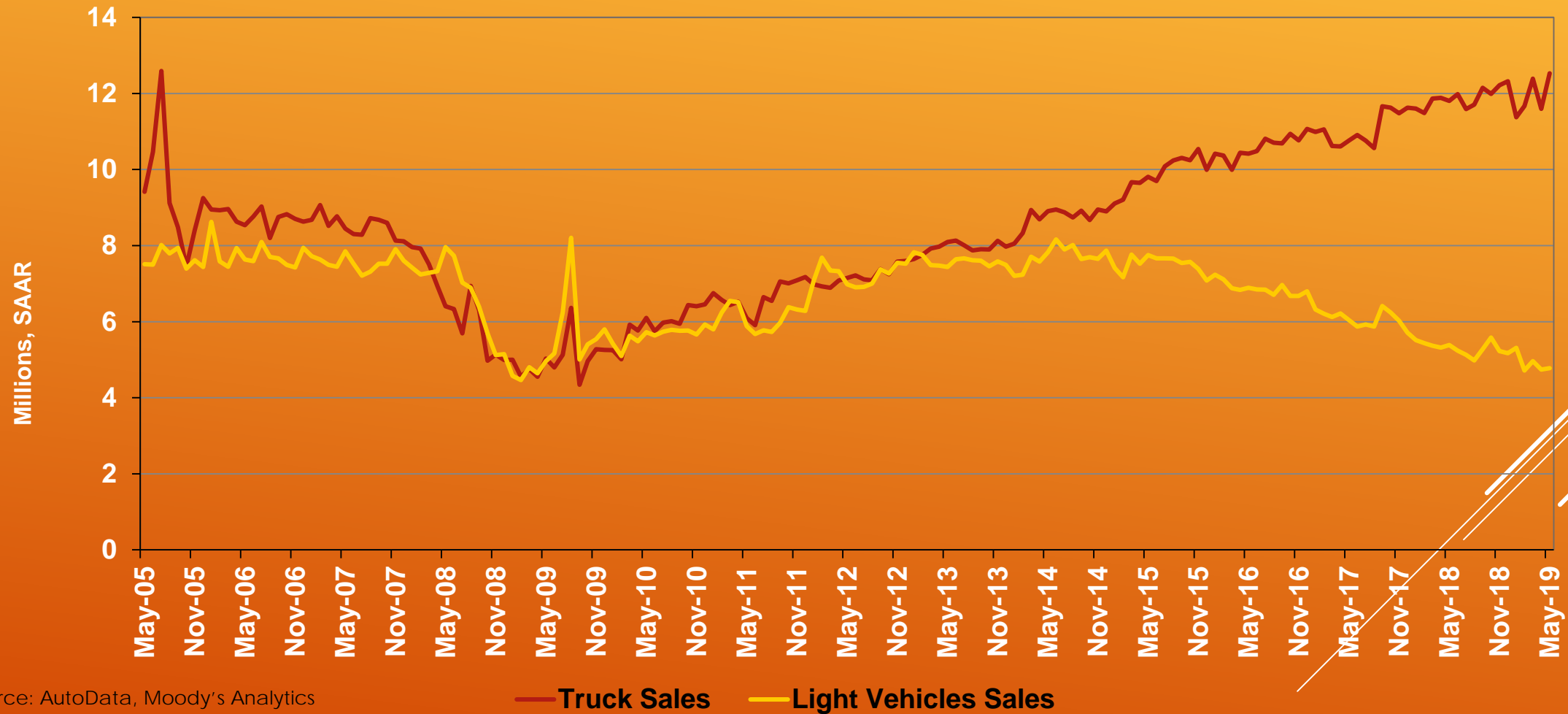
# CURRENT AUTOMOTIVE SALES TREND



Source: AutoData, Moody's Analytics

# CHANGES IN CONSUMER PREFERENCE

Light Trucks vs. Passenger Cars

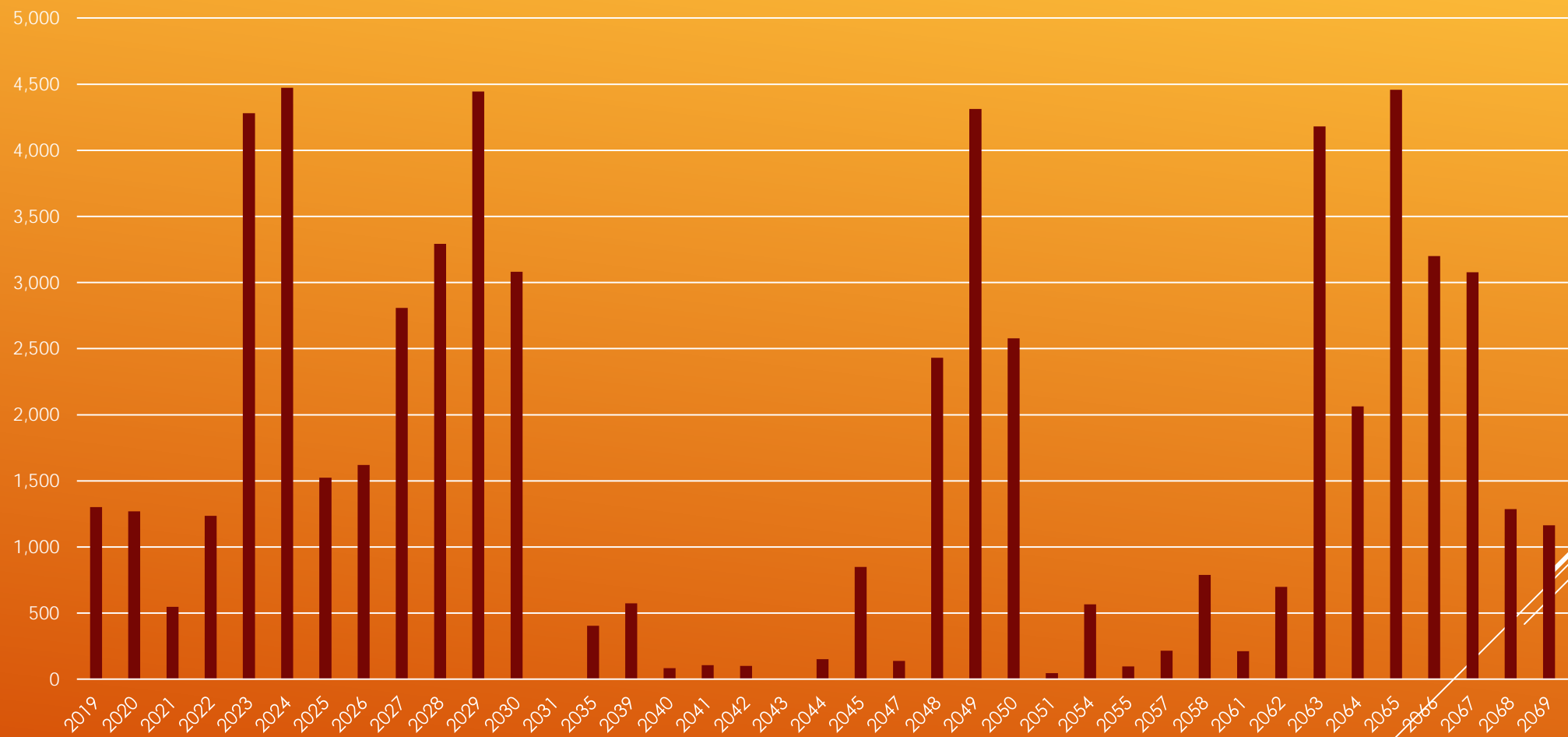


# CHANGES & VARIABLES AFFECTING THE INDUSTRY

- ▶ New Products
  - ▶ Changes in Consumer Preference
  - ▶ Low Fuel Costs
  - ▶ Additional SUVs and Mid-Size Pick-ups Introduced to the Market
- ▶ Production Shifts
- ▶ Potential Tariffs & Trade Wars
- ▶ New Technology
  - ▶ Electric Vehicles
  - ▶ Autonomous Vehicles
  - ▶ Ride Sharing Investment



# NORTH AMERICAN MULTILEVEL FLEET AGE DEMOGRAPHICS\*



\*Active Equipment Registered in UMLER

# NORTH AMERICAN MULTILEVEL FLEET AGE DEMOGRAPHICS

- ▶ Multilevel Fleet Age outs will begin to increase towards the end of the 2020s
  - ▶ Opportunities for ILS are available
- ▶ Significant amount of Investment in the fleet since 2012
  - ▶ Re-certifications
  - ▶ Conversions (Tri-BI)
- ▶ Changes in Auto Industry will continue to drive demand for Bi-Levels