



**FREIGHTCAR  
AMERICA™**



Special Call:  
*Business Repositioning*

October 2020

# Safe Harbor Statement



## Forward-Looking Statements

This presentation may contain statements relating to our expected financial performance and/or future business prospects, events and plans that are “forward-looking statements” as defined under the Private Securities Litigation Reform Act of 1995. Forward-looking statements represent our estimates and assumptions only as of the date of this press release. Our actual results may differ materially from the results described in or anticipated by our forward-looking statements due to certain risks and uncertainties. These potential risks and uncertainties include, among other things: risks relating to the potential financial and operational impacts of the COVID-19 pandemic; risks to satisfactory execution of the Castaños consolidation plan including unexpected costs, charges or delays in the execution of the plan, the Shoals facility, including the facility not meeting internal assumptions or expectations and unforeseen liabilities from Navistar; the risk that our stockholders may not approve the issuance of the warrant or that the term loan may not be funded; the cyclical nature of our business; adverse economic and market conditions; fluctuating costs of raw materials, including steel and aluminum, and delays in the delivery of raw materials; our ability to maintain relationships with our suppliers of railcar components; our reliance upon a small number of customers that represent a large percentage of our sales; the variable purchase patterns of our customers and the timing of completion, delivery and customer acceptance of orders; the highly competitive nature of our industry; the risk of lack of acceptance of our new railcar offerings by our customers; and other competitive factors. We expressly disclaim any duty to provide updates to any forward-looking statements made in this press release, whether as a result of new information, future events or otherwise.

## Important Information

This material may be deemed to be solicitation material in respect of the special meeting to be held in the near future. In connection with the special meeting, the Company will file a preliminary proxy statement with the United States Securities and Exchange Commission (the “SEC”) and will file a definitive proxy statement with the date and time of such meeting as soon as possible thereafter. BEFORE MAKING ANY VOTING OR INVESTMENT DECISIONS, INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PRELIMINARY PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE SPECIAL MEETING. The definitive proxy statement will be mailed to stockholders who are entitled to vote at the special meeting. Stockholders will also be able to obtain a copy of the definitive proxy statement free of charge by directing a request to the Company’s Vice President Finance, Chief Financial Officer, Treasurer and Corporate Secretary. In addition, the definitive proxy statement will be made available free of charge at the SEC’s website, [www.sec.gov](http://www.sec.gov). Detailed information regarding the names, affiliations and interests of individuals who may be deemed participants in the solicitation of proxies from stockholders in connection with FreightCar America Inc.’s upcoming Special Meeting of Stockholders will be available on the Company’s Schedule 14A filed with the SEC.



## **Today's Agenda**

- I. Executive Summary**
- II. Overview of Transactions**
- III. FreightCar America (“FCA”) History  
& New Competitive Positioning**
- IV. Final Steps & New Investment Thesis**

# Executive Summary: FCA Vision

## Strategic Business Repositioning to Significantly Enhance Competitive Profile



### Lowest Cost

- Closed 2 legacy plants
- Closing Cherokee, AL plant (“Shoals”) by February 2021
- Completed acquisition of JV partner’s interest in Castaños, Mexico operation (“Castaños”)
- New fixed cost savings of \$25 million / year (vs. 2019)
- Reduces breakeven production levels by 66% to under 2,000 railcars per year



### Highest Quality

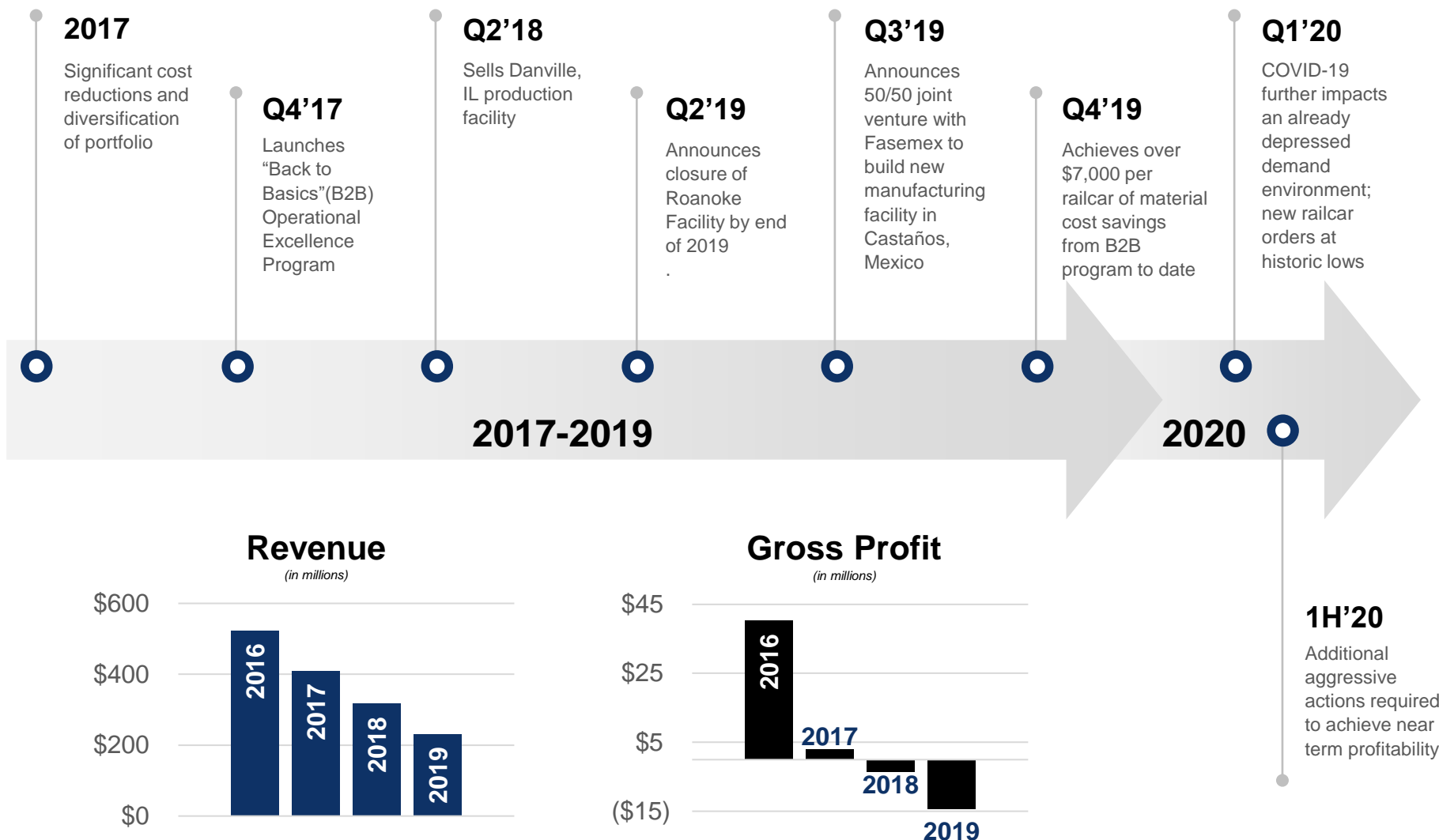
- 100% control of newest purpose-built manufacturing facility in North America
- Best in class leadership team at Castaños with a history of success in our industry
- Highly experienced workforce already in place
- Goals established to lead industry for quality and on-time delivery over long term



### Growth Focused

- Recapitalize through new \$40 million secured term loan and a new ABL with increased flexibility
- Create financial flexibility and fund future phases of Castaños expansion
- Fund future product initiatives and inventory needs

# Our Path: More Change Still Required





# Overview of Transactions

## Two Strategic Transactions to Transform the Company and its Growth Strategy

1

### Castaños, Mexico Joint Venture Acquisition

<b>Structure</b>	Purchase Agreement
<b>Rationale</b>	Gives FCA full control of the newest purpose-built manufacturing plant in North America
<b>Pricing</b>	Gil Family (the owners of Fasemex) will receive ~2.26 million shares of common stock in FreightCar America and \$172,500 in cash
<b>Board Rights</b>	Jesus Gil, head of the prior joint venture operation and an owner of Fasemex to join Board, plus 1 non-voting Board observer post

### Jesus Gil



- 30 years of manufacturing experience, primarily in the railcar industry
- Managed operations for Trinity and Greenbrier plants in Mexico
- Former CEO of Grupo Industrial Monclova









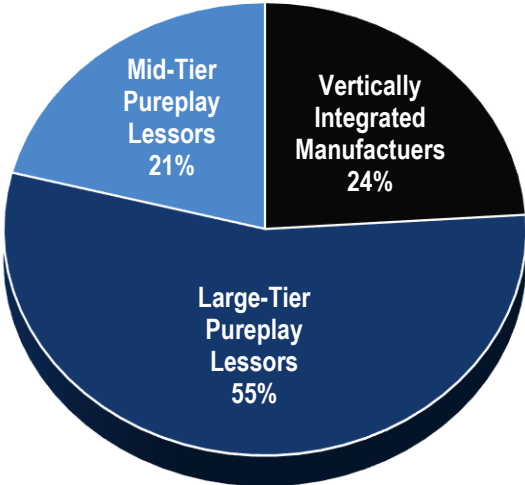
2

### Recapitalization Plan to Support Future Growth

<b>Type</b>	\$40 million secured term loan
<b>Maturity</b>	5 years
<b>Pricing</b>	Libor + 12.5%, Libor Floor: 1.5%
<b>Collateral</b>	First lien on all assets other than US accounts receivable and inventory; 2nd lien on US Working Capital Assets
<b>Warrant</b>	Future right to purchase up to 23% of the fully-diluted common equity of the Company with a strike price equal to \$0.01/share
<b>Board Rights</b>	1 Board Seat and 1 non-voting Board observer post closing of transaction
<b>Steps to Close</b>	Need majority of voting stockholders to approve warrant issuance

# Iconic Brand and Industry Pioneer

**FCA has been a premier railcar manufacturer and aftermarket parts supplier to the North American railcar industry for 119 years**

Company Summary	Blue-chip Customer Base (20+ Year Average Tenure)	Uniquely Positioned to be Preferred Partner with Leasing Customers								
<ul style="list-style-type: none"><li>• Founded in 1901 and headquartered in Chicago, IL</li><li>• Deep railcar engineering and design expertise</li><li>• 160,000+ FCA railcars in service today (~10% North American fleet)</li><li>• Customer base mainly consists of financial institutions, railroads, and shippers based in North America</li><li>• Only pure play manufacturer in our space; uniquely positioned to be preferred partner with leasing customers</li></ul>	<div><div><span>Rail</span></div><div></div><div></div><div></div></div> <p>Customers include all relevant players at leading railroads, lessors and shippers</p>	 <table><thead><tr><th>Customer Type</th><th>Percentage</th></tr></thead><tbody><tr><td>Large-Tier Pureplay Lessors</td><td>55%</td></tr><tr><td>Vertically Integrated Manufacturers</td><td>24%</td></tr><tr><td>Mid-Tier Pureplay Lessors</td><td>21%</td></tr></tbody></table>	Customer Type	Percentage	Large-Tier Pureplay Lessors	55%	Vertically Integrated Manufacturers	24%	Mid-Tier Pureplay Lessors	21%
Customer Type	Percentage									
Large-Tier Pureplay Lessors	55%									
Vertically Integrated Manufacturers	24%									
Mid-Tier Pureplay Lessors	21%									

# Transition to Mexico

**Transition will deliver an additional \$25 million in fixed cost savings annually, plus significant labor and overhead reductions**

## Facility Designed Specific to FCA's Business Needs

- Leased manufacturing space with 2 production lines and Paint Shop scaled to support for 4+ lines
- Plant designed to add additional production lines efficiently and as demand returns, likely starting in 2022
- Benefits from direct railway access and proximity to key suppliers (Fasemex and local steel mill)
- Designed to efficiently produce all cartypes, including box, grain, well, plastic pellet and tank
- Completed first car in early September
- Invested over \$35 million of capital by FCA & Fasemex

## Financial & Strategic Rationale

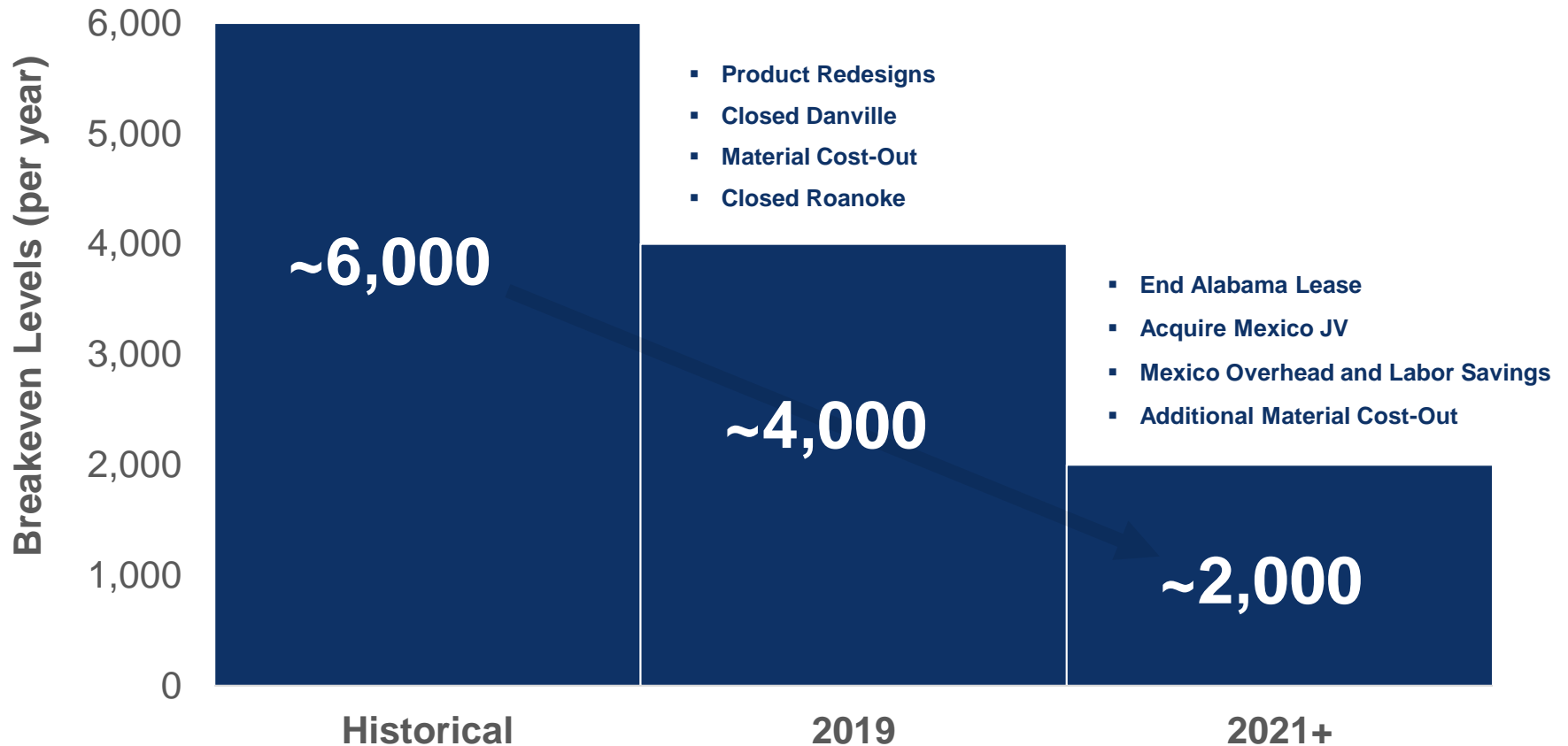
- FreightCar's competitors began expanding into Mexico over 20 years ago
- Access to highly-skilled workforce with significant railcar manufacturing expertise
- Transition immediately reduces annual fixed costs by \$20 million (rent and fixed overhead), in addition to \$5 million achieved on Roanoke, VA closure earlier in 2020
- Labor cost reduced by over 60% vs. domestically-based footprint
- Access to strong and cost competitive supply base, including local steel mill and Fasemex





# Breakeven at Significantly Lower Volumes

New low-cost footprint will enable FCA to generate positive EBITDA at annual railcar volumes of less than 2,000 railcars



# FCA Railcar Portfolio

**FCA's new facility in Mexico will allow the Company to fully compete across its full, diverse product portfolio**

## Go-Forward Product Focus



### **Box Cars**

*Pulp & Paper, Food*



### **Grain Cars**

*Farm Products*



### **Coal Conversions**

*- Legacy Expertise -*



### **Coil Cars**

*Finished Steel Coils*



### **Non-Intermodal Flat Cars**

*Lumber & Wood*



### **Gondolas/ Other Industrial Cars**

*Ore, Limestone, Mining*



### **3X53' Intermodal Well**

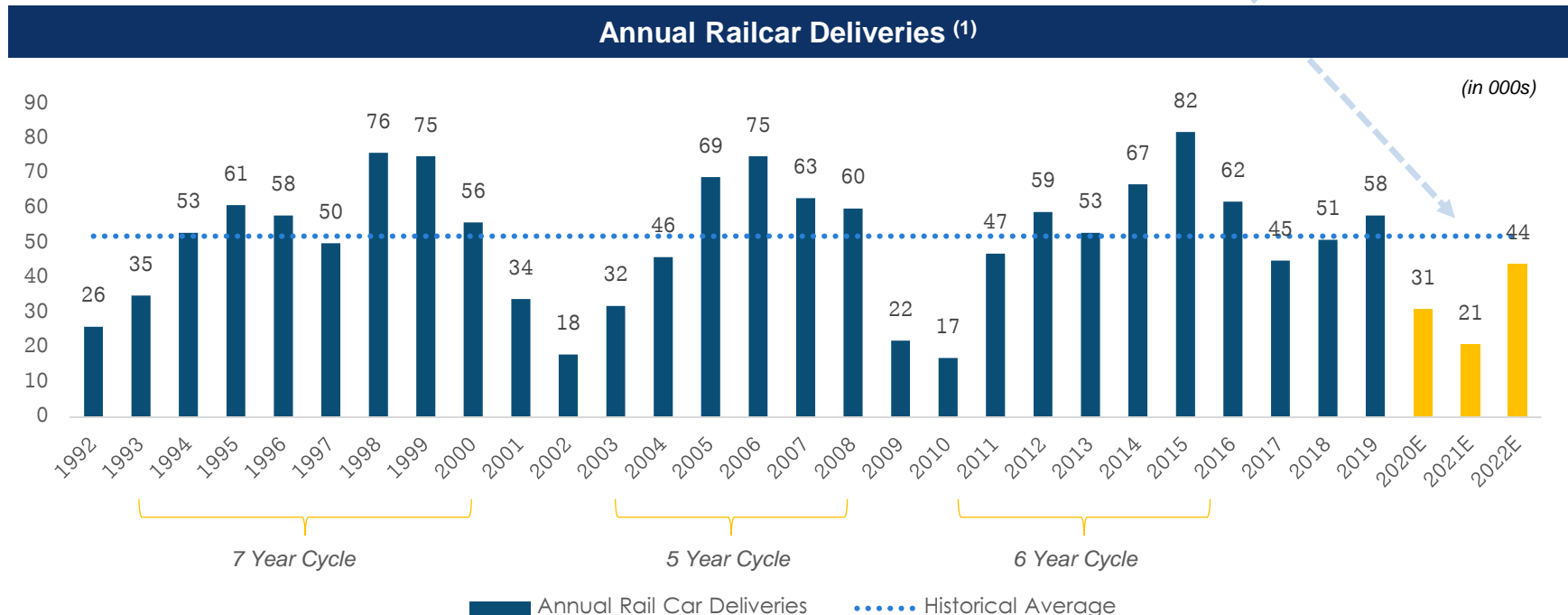
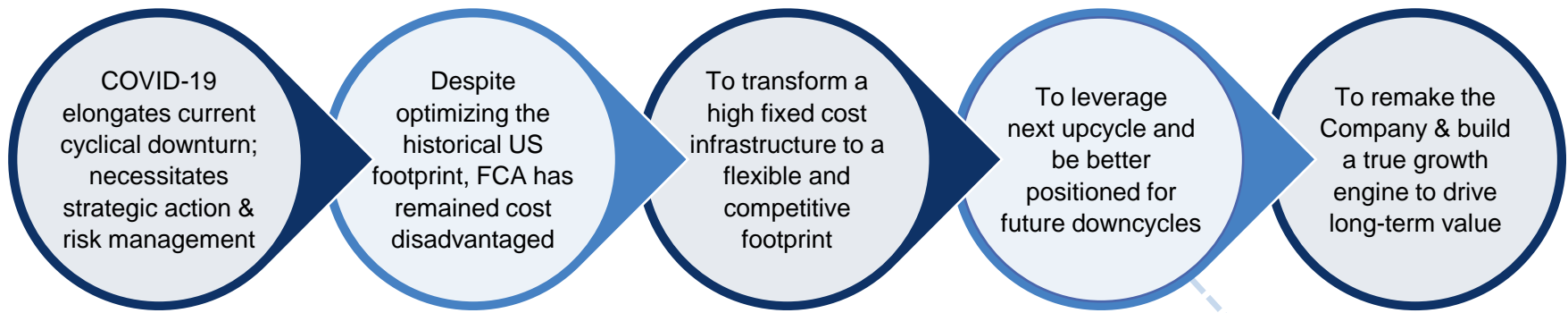
*Containers*



### **Over 5500 Covered Hoppers**

*Plastic Pellets*

# Why Does FCA Need Capital Today?



1) Source: FTR Q3'20

# Capital Summary: Sources & Uses of Cash



## Sources of Capital

(\$ in millions)

Cash as of September 30, 2020 \$33.9

New asset-backed credit facility \$20.0

New senior secured term loan \$40.0

**Potential available liquidity ~ \$90 million**

## Uses of Capital

- Shoals Closing Costs (by end Q1'21)
- Castaños Facility 3<sup>rd</sup> and 4<sup>th</sup> Production Lines
- Transaction Closing Costs
- Working Capital to Support Growth
- Industry Cycle/COVID Flexibility
- Future Products

**Cash needs**

**In excess of \$40 million**

# Steps to Complete the Process in 2020

- Complete last orders at Shoals manufacturing facility in Alabama and close plant by the end of February 2021
- Receive official AAR certification documents for Castaños
- Continue to ramp up production and launch line two at Castaños
- Continue to host customer meetings at Castaños (live and virtual)
- Hold stockholder vote to approve warrant issuance in November and close new secured loan by end of 2020
- Add two new board members from partners in Mexico and new term loan appointee

Virtual Special Meeting of  
Stockholders to be held:

**Late November 2020**

*(Proxy Information to be  
mailed soon)*

**Please Vote, Your Support is Important!**



# FCA's New Investment Thesis

- 119-year-old brand, 160K+ cars in North American fleet, fundamental part of U.S. industrial commerce
- Product engineering leadership in multiple car types, high barriers to entry
- Customers desire/value credible competition to larger competitors
- Uniquely positioned to be preferred partner with leasing customers
- Newest purpose-built manufacturing facility in North America, “rightsized” for current market conditions with ability to scale as demand improves
- One of the lowest, if not the lowest, breakeven point in the industry at ~2,000 railcars per year
- Significantly enhanced profitability / free cash flow profile
- Prepared to leverage next upcycle in our industry



**New financing will bolster balance sheet and provide capital needed to grow and leverage this exciting opportunity**



# FREIGHTCAR AMERICA™



## IR Contacts:

Alpha IR Group

Joe Caminiti or Elizabeth Steckel

312-445-2870

[RAIL@alpha-ir.com](mailto:RAIL@alpha-ir.com)