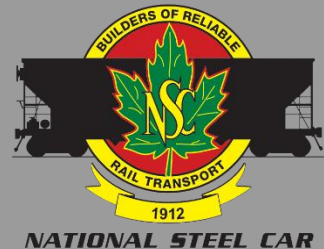


New Railcar Manufacturing



***Robert E. Pickel Jr., Senior Vice President - Marketing and Sales
NATIONAL STEEL CAR N.A., INC.***

*Pacific Northwest Association of Rail Shippers
Portland March 15, 2023*

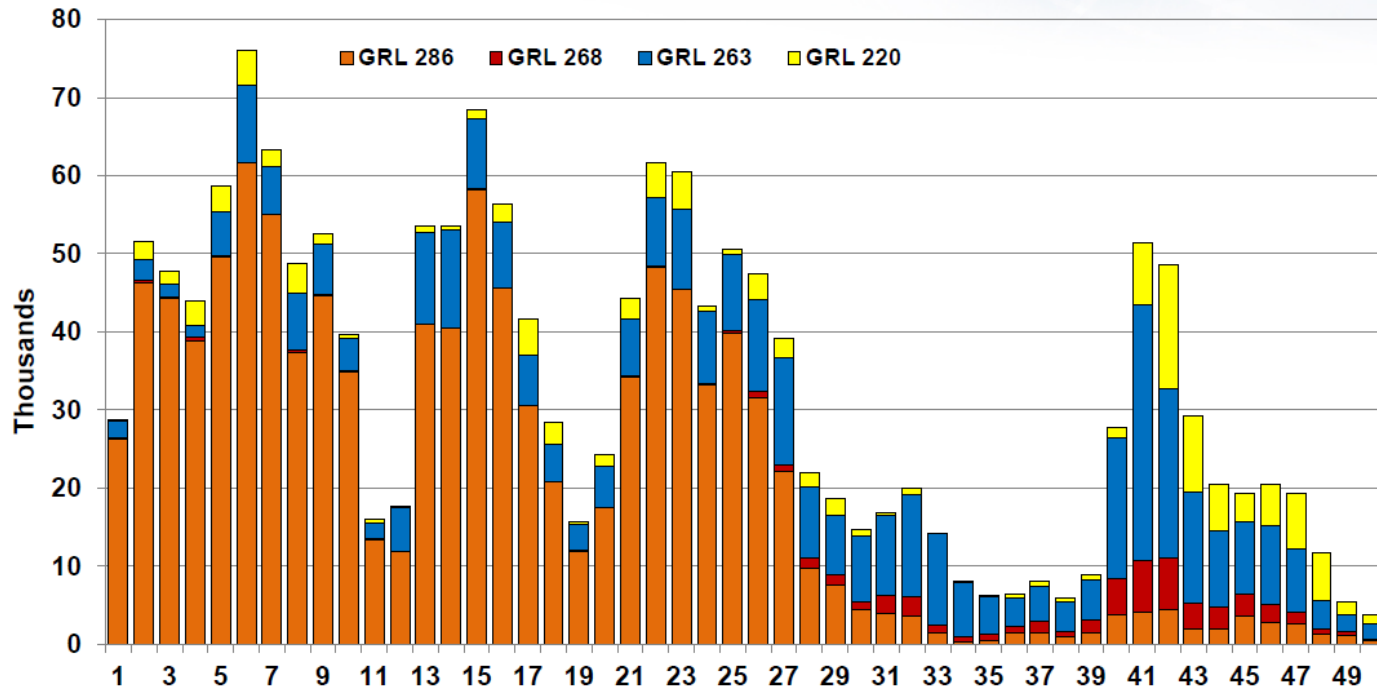


National Steel Car Company Portfolio:

NSC Produces All Types of Freight Cars



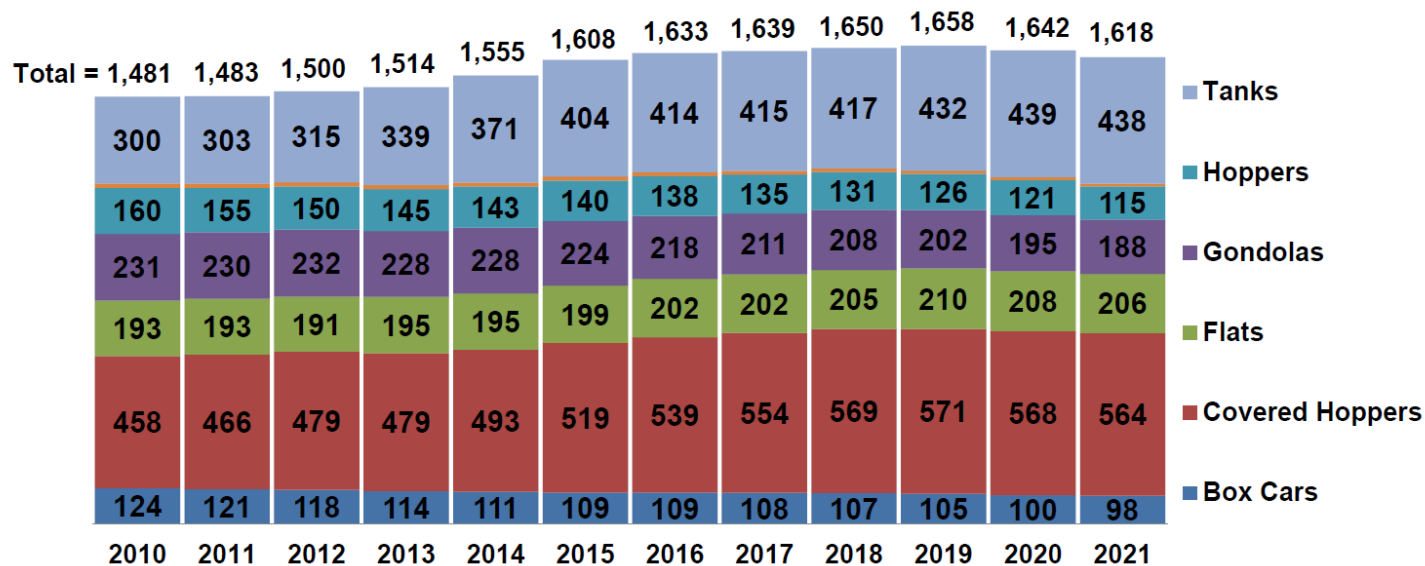
Despite Recent Years of Robust New Car Deliveries, 286K GRL Fleet Growing But Still Many Older Cars:



Based on AAR/UMLER data

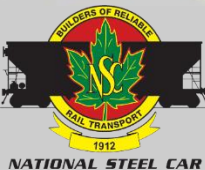
National Steel Car Limited, Confidential Information, Copyright @ 2023

Counts at Year-End: Tank Cars & Covered Hoppers Comprise 60% of North American Fleet

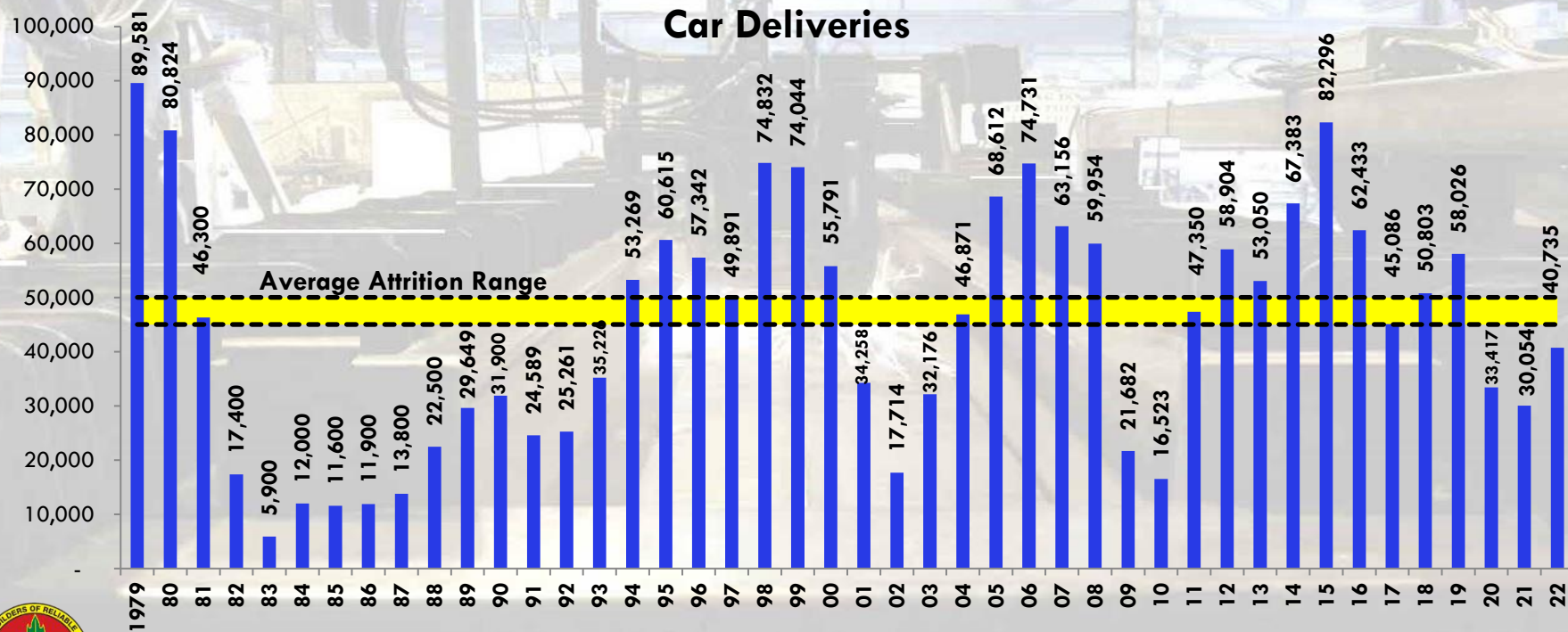


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Source: UMLER 2022



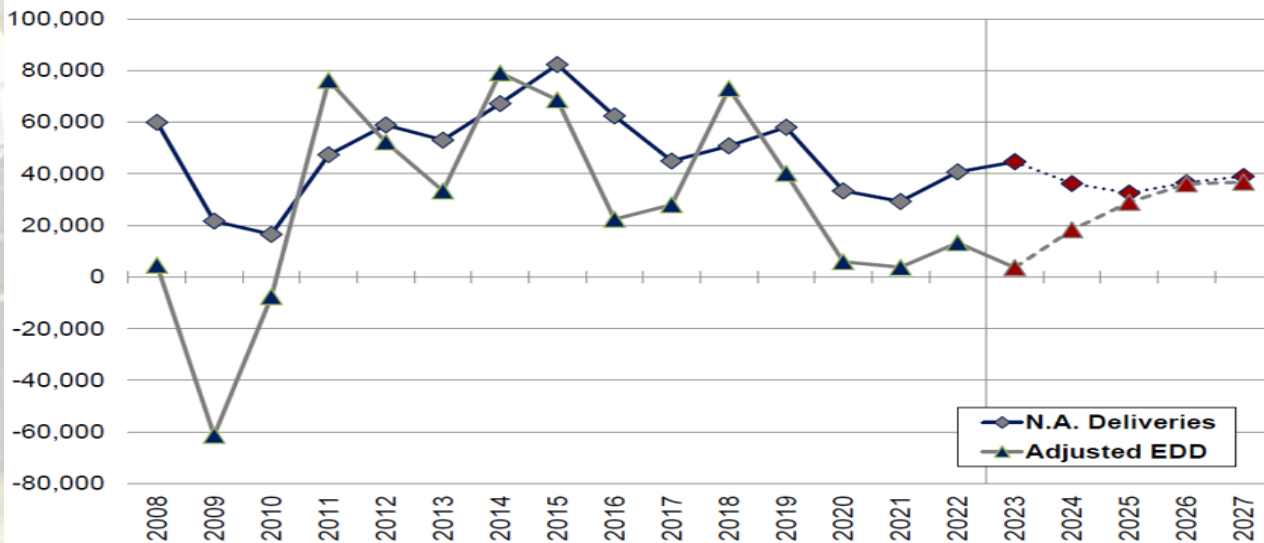
Volatility of Railcars Manufactured/Delivered Market:



Source: ARCI Committee of the
Railway Supply Institute

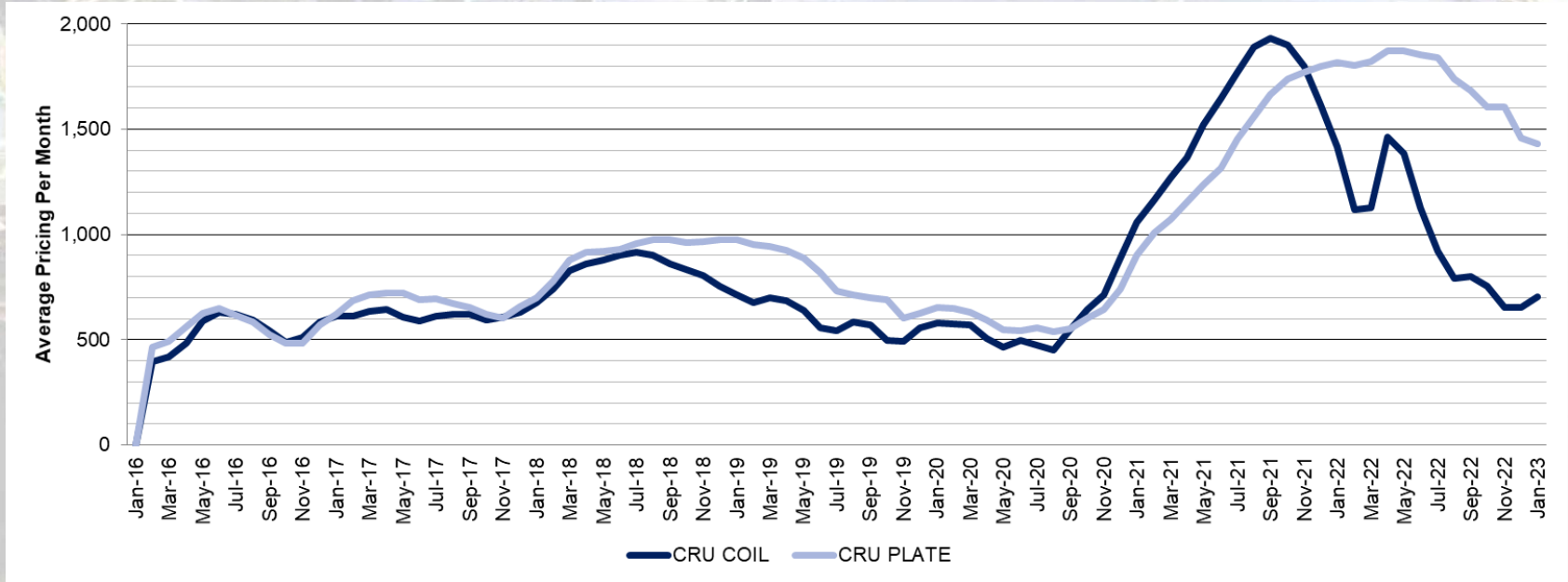
Deliveries versus Demand: Impact of PSR & Spec Builds?

N.A. Freight Railcar Deliveries vs. Economically Derived Demand



Source: FTR; Copyright 2023

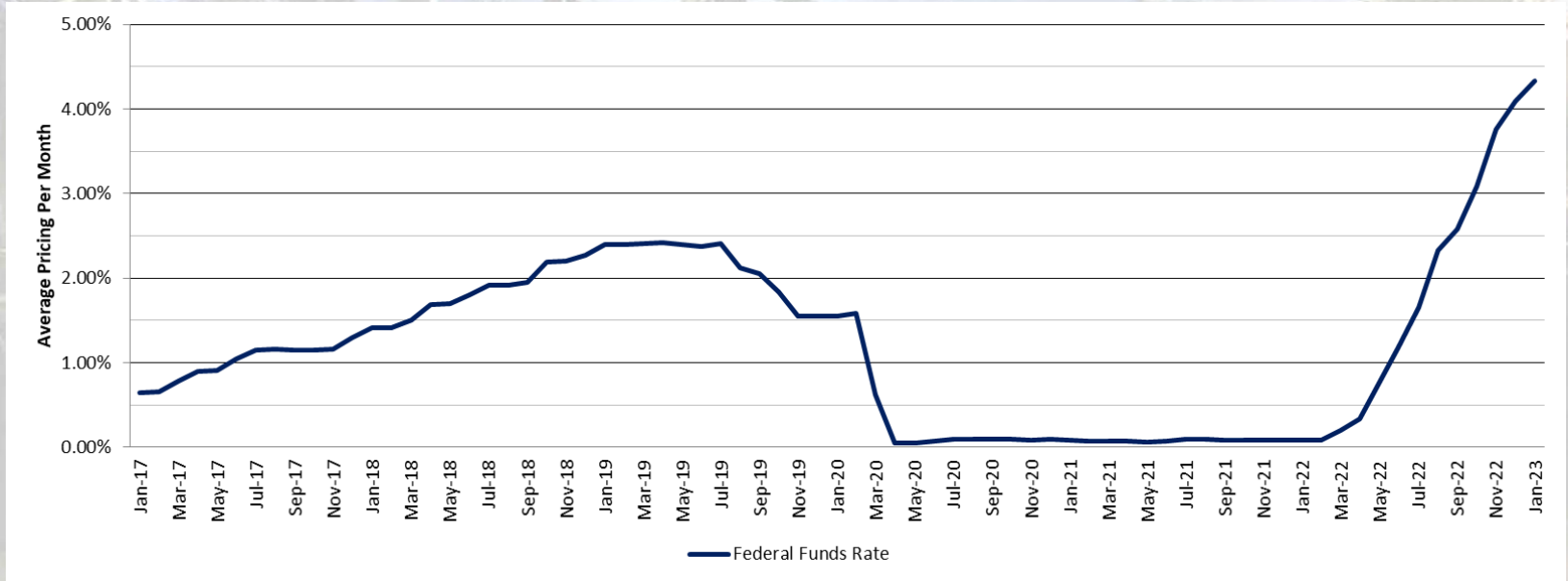
Steel Price Changes



Source: CRU Indices, January 2023



Interest Rate Changes



Source: Board of Governors of the Federal Reserve System (US)

Trends:

BNN
Bloomberg

Feb 6, 2023

US Plans 200% Tariff on Russian Aluminum as Soon as This Week

Jenny Leonard, Bloomberg News

S&P Global

Commodity Insights

New steel capacity, slower construction activity could weigh on 2023 US sheet prices: panel

businesswire
A BERKSHIRE HATHAWAY COMPANY

U. S. Steel Announces Supply Agreement with General Motors for U.S.-Sourced Sustainable verdeX[®] Steel

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RAILWAY AGE

December 14, 2022 | Finance/Leasing

Get Used to Higher Railcar Prices and Lease Rates

Written by Robert H. Cantwell

COWEN

POTENTIAL OPPORTUNITY FROM NEW DOT PROPOSAL (Tank Cars)

February 22, 2023

BNN
Bloomberg

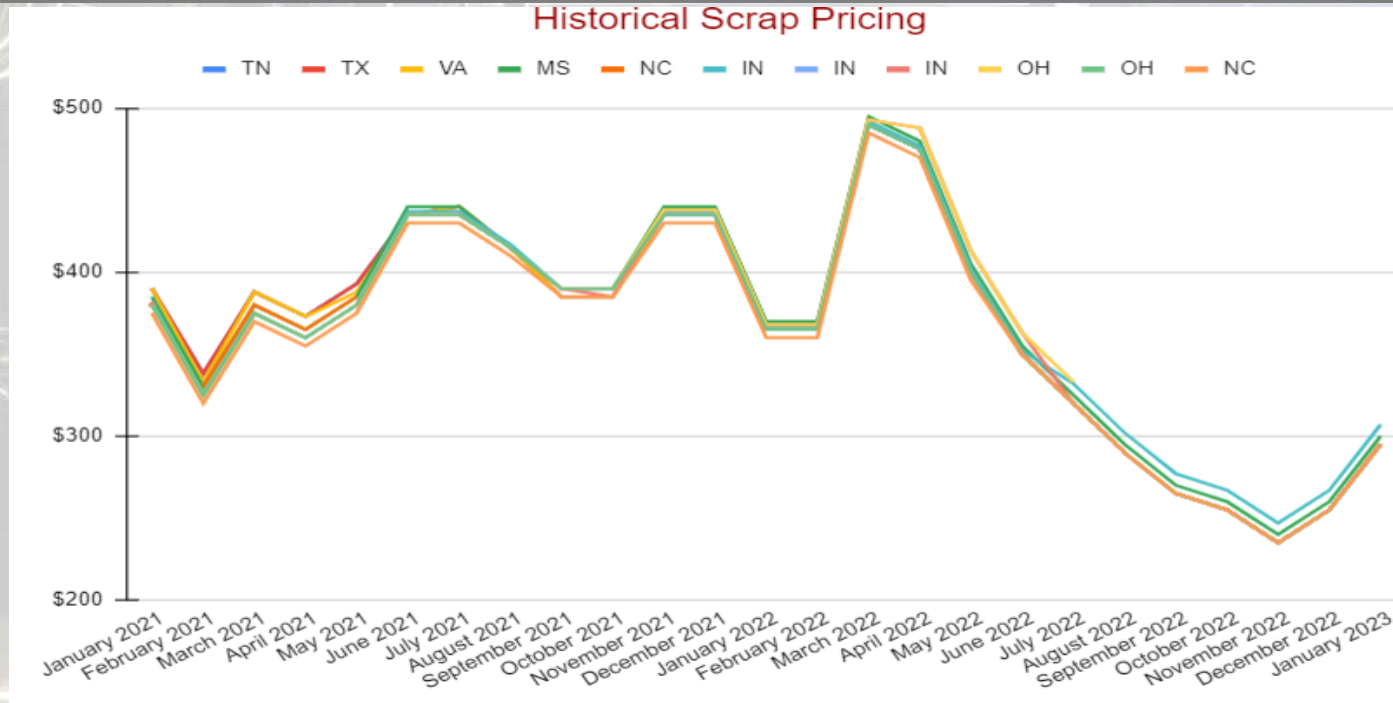
Mexico Industrial Park Occupancy Hits Record on Nearshoring Boom

Feb 15, 2023

Carolina Gonzalez, Bloomberg News



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Source: PFL Petroleum Services LTD



Snapshot of 2023 North American New Railcar Manufacturing Landscape:

- Backlog of 60,000 Railcars
- Industry Forecasts to Build 42,000-45,000 Cars in 2023
- Cars in Demand: Plastic Pellet, Gondola, Coil, Grain, Intermodal and Box
- Limited Number of Component Suppliers
- Steel and Material Price Increases
- Interest Rates
- Covid, Labor and Supply Chain Challenges
- Estimated that over 70% of New Railcars Manufactured in Mexico



High Demand New Railcars



Factors Affecting New Railcar Manufacturing in 2023

- Labor – shortages in manufacturing of new railcars, refurbishments & repair shops; note tank car impact; “216 (C) certification; ethanol mandate
- Supply Chain – labor shortages as well; limited suppliers can disrupt ability to manufacture final railcar
- Interest Rates – increases unseen in decades; purchase vs. lease



Factors Affecting New Railcar Manufacturing in 2023 (continued)

- World Economy – War, Inflation, Climate Protocols, Supply Chain
- Economy Uncertainty and Impact from China
- Railroad Service/Carloadings
- Cars in Storage 286,000; 18% of Fleet

New Railcars Impact on Logistics' Strategy

- Increased Payload Per Car; 286,000 lb. Gross Rail Load, Lighter Tare Weight (most revenue commodity per car); and Shorter Foot Print (shorter cars w/ higher commodity load)
- Result: Increased Payload Per Train; Increased Cars Per Train; fewer crews required
- Lower Carbon Foot Print Per Ton Moved (empty cars)
- Complements Precision Scheduled Railroading (PSR)
- RailPulse Technologies





Thank You

