



TRAC Intermodal

Earnings Call

Quarter Ended June 30, 2013

August 8, 2013



Forward Looking Statements and Use of Non-GAAP Information

FORWARD LOOKING STATEMENTS

- The Presentation contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, which reflect our current views with respect to, among other things, future events (including, but not limited to, import container growth, chassis supply trends and the shift to the motor carrier model) and financial performance. Readers can identify these forward-looking statements by the use of forward-looking words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of those words or other comparable words. Any forward-looking statements contained in the Presentation are based upon our historical performance and on our current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks, uncertainties and assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from those indicated in these statements. Accordingly, you should not place undue reliance on any forward-looking statements.
- Important factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, the following: the volume of world trade due to economic, political, or other factors; increased operating costs; increased regulatory costs; defaults by our customers; and, the demand for chassis. More information about potential factors that could affect our business and financial results is included in our filings with the SEC, including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.
- The Company undertakes no obligation to update the forward-looking information or any of the information contained in the Presentation.

USE OF NON-GAAP INFORMATION

- There are non-GAAP measures used in this communication, including Adjusted EBITDA, Adjusted net income and free cash flow. The Company believes that such non-GAAP measures are appropriate measures of the operating performance of the Company. Additionally, certain of the Company’s debt covenant calculations use Adjusted EBITDA. The Company’s calculation of these measures may differ from the methodology used by other companies and, accordingly, may not be comparable to other companies. Adjusted EBITDA is defined as income (loss) before income taxes, interest expenses (net of interest income), depreciation and amortization expense, impairment of assets and leasing equipment, other expense (income) mainly related to loss (gain) from sale of equipment, and loss on retirement of debt, remanufacturing expenses, non-cash stock compensation and principal collections on direct finance leases. Adjusted net (loss) income is defined as net (loss) income before non-cash interest expense related to deferred financing fees, non-cash stock compensation, loss on retirement of debt, and terminations, modification, and fair value adjustments of derivative instruments. Free cash flow is defined as Adjusted EBITDA less Cash Interest Accrued. Adjusted EBITDA, Adjusted net (loss) income and free cash flow are not measures recognized under GAAP and are therefore unlikely to be comparable to similar measures presented by other companies and do not have a standardized meaning prescribed by GAAP. Management uses Adjusted EBITDA, Adjusted net (loss) income and free cash flow to provide comparative information about performance. A reconciliation of Adjusted EBITDA, Adjusted net (loss) income and free cash flow to project income is provided on slide15.



Executive Summary – Q2 2013

Financial Performance

- Revenue grew by \$31.2 million, or 33% in Q2 2013 vs.Q2 2012
- Adjusted EBITDA grew by \$3.7 million, or 10% in Q2 2013 vs. Q2 2012
- Leverage ratio steady at 6.8x

Active Fleet

- Average on-hire fleet increased by over 33,300 chassis (16%) from Q2 2012 to Q2 2013
- On-hire fleet to active fleet utilization increased to 92.2% at June 30, 2013 from 89.7% at June 30, 2012

Key Initiatives

- Marine pool revenues billed to motor carriers increased from 25% Q2 2012 to 45% Q2 2013
- Optimization of marine chassis fleet and domestic chassis fleet
- In-sourcing service centers – opened Chicago in June and will open Los Angeles / Long Beach next

Summary of Financial Performance – Q2 2013

- Revenues grew 33% in Q2 2013 vs.Q2 2012
 - Marine Market segment revenues grew \$29 million or 51% in Q2 2013 vs. Q2 2012
 - Domestic Market segment revenues grew \$4 million or 11% in Q2 2013 vs. Q2 2012
- Adjusted EBITDA increased 10% in Q2 2013 vs. Q2 2012
 - Grew our active chassis fleet by 9k chassis in Q2 2013 vs. the prior quarter
 - Purchased 10k chassis in Q2 2013 from steamship lines
 - Operating expenses were up 46% and the average number chassis operating in our Marine and Domestic pools was up 53%

\$ millions	Quarter ending June 30 th			Year-to-date June 30 th		
	2013	B / (W) 2012		2013	B / (W) 2012	
		\$	%		\$	%
Revenue	\$ 127.0	\$ 31.2	33%	\$ 244.9	\$ 55.9	30%
Operating Expenses	87.8	(27.5)	-46%	162.7	(47.7)	-41%
Adjusted EBITDA	39.2	3.7	10%	82.2	8.1	11%
Net Income (Loss)	(1.2)	(1.2)	NM	(1.7)	(3.2)	NM
Adjusted Net Income	3.0	1.4	89%	7.2	3.1	74%

NM - Not Meaningful



Market Review – Q2 2013

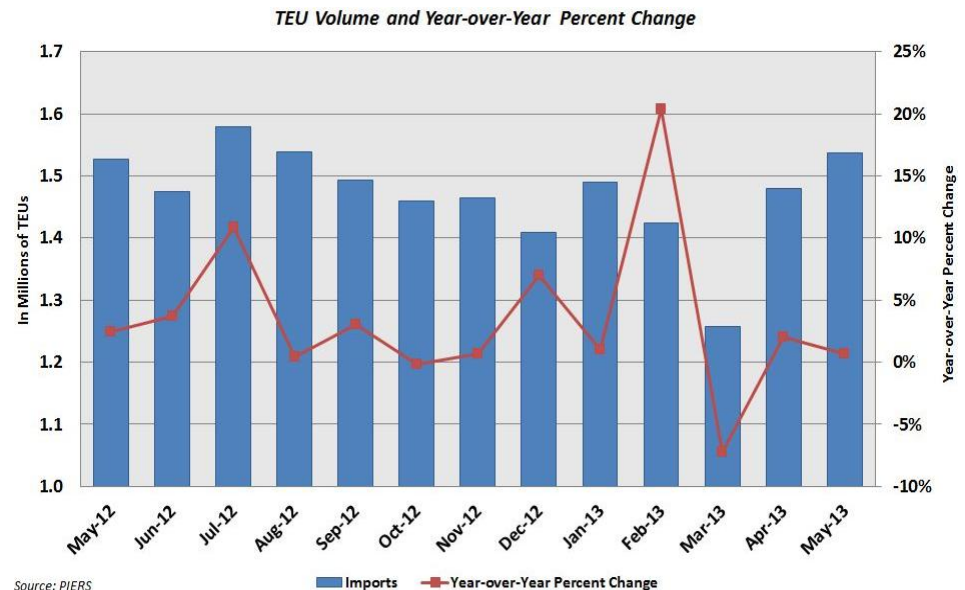
- Total U.S. intermodal volumes grew 3.4% in Q2 2013 - comprised of 0.1% growth in international volumes and 7.1% growth in domestic volumes, according to FTR
- U.S. containerized imports were up 0.7% year-over-year in May, following year-over-year growth of 2% in April, according to advance figures from PIERS
- U.S. international volume growth is expected to be 2.6% in 2013 compared to Domestic volume growth of 8.4% in 2013, according to FTR

U.S. Intermodal Load Growth

	International	Domestic	Total
2013 Q1	3.0%	5.8%	4.3%
2013 Q2	0.1%	7.1%	3.4%
2013 Q3	2.5%	9.6%	5.9%
2013 Q4	4.9%	11.0%	8.0%
2013	2.6%	8.4%	5.4%
2014	1.8%	8.6%	5.2%

Source – FTR (Intermodal volume in loads, July 2013)

U.S. Containerized Imports



Revenue Drivers – Marine and Domestic Market Segments

- Within the Marine and Domestic Market segments the revenue growth is primarily driven by our neutral chassis pools
 - Marine Pool per diem revenue grew by 79% and the Domestic Pool per diem revenue grew by 15%
- Marine chassis customers are shifting from term leases to pools
 - This industry shift is expected to result in incremental transition costs for repositioning, repairs and the establishment of new pools

Key Operating Statistics – Q2 2013

	Quarter Ended June 30,			
	2012	2013	Variance	% Change
Marine Market segment				
<u>Pool Statistics</u>				
Per Diem Revenue ¹	\$ 35,245	\$ 63,077	\$ 27,832	79%
Average Total Fleet ²	62,873	119,283	56,410	90%
Average Daily Revenue per Chassis	\$6.16	\$5.81	-\$0.35	-6%
<u>Term Lease Statistics</u>				
Per Diem Revenue	\$ 18,036	\$ 11,636	\$ (6,400)	-35%
Average Total Fleet	79,567	51,165	(28,402)	-36%
Average Daily Revenue per Chassis	\$2.49	\$2.50	\$0.01	--
Domestic Market segment				
<u>Pool Statistics</u>				
Per Diem Revenue ¹	\$ 28,301	\$ 32,638	\$ 4,337	15%
Average Total Fleet ²	54,599	59,869	5,270	10%
Average Daily Revenue per Chassis	\$5.70	\$5.99	\$0.29	5%
<u>Term Lease Statistics</u>				
Per Diem Revenue	\$ 4,501	\$ 4,615	\$ 114	3%
Average Total Fleet	14,035	14,098	63	1%
Average Daily Revenue per Chassis	\$3.52	\$3.60	\$0.08	2%

¹ Per Diem Revenue in \$ thousands - represents revenues billed under operating leases and excludes amounts billed to lessees for maintenance and repair, positioning and handling, and other ancillary charges

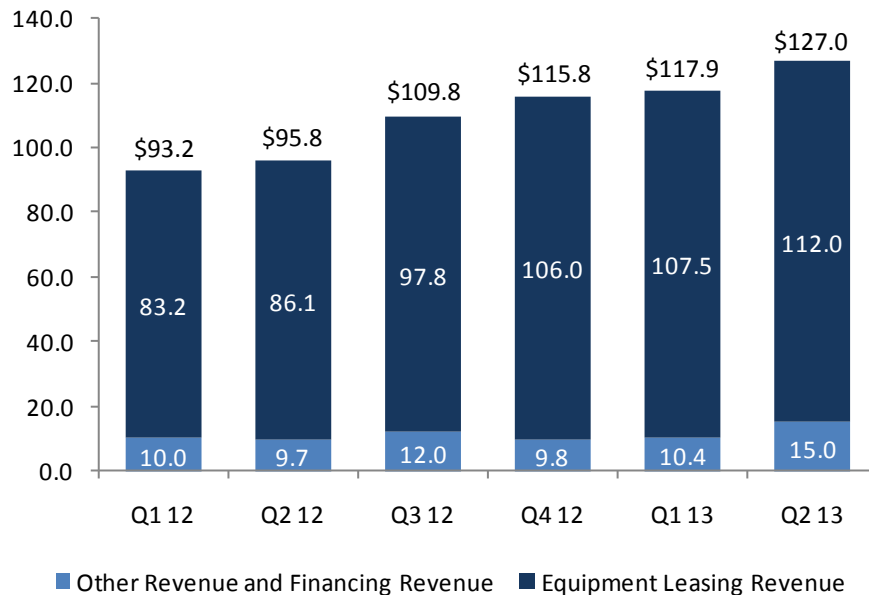
² Average Total Fleet in units - based upon the total fleet at each month end,

Quarterly Revenue and Adjusted EBITDA Trends

- Strong chassis leasing revenue growth driven by both rate and volume contributions in Q2 2013
 - 33% revenue growth in Q2 2013 vs.Q2 2012
 - Other revenue in Q2 2013 includes \$6 million of lease termination fees used for chassis repairs, primarily in Q2
- Adjusted EBITDA for Q2 2013 increased 10% vs. Q2 2012
 - 35% increase in costs driven primarily from higher repairs from increased size of pool fleet

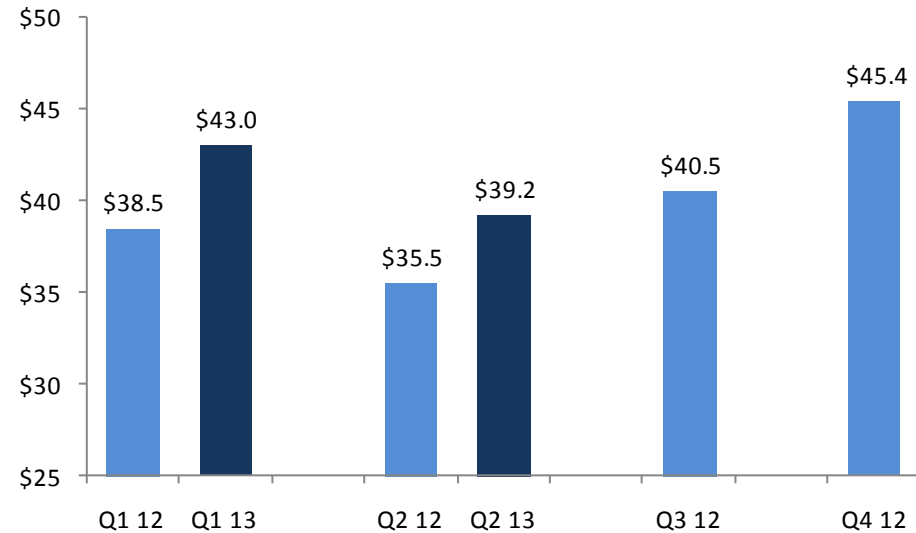
Quarterly Revenue

(\$ millions)



Quarterly Adjusted EBITDA

(\$ millions)



Capital Expenditures and Free Cash Flow

- Invested \$88.7 million of capital in the first half of 2013
 - Marine chassis purchases from steamship lines for pools
 - Chassis purchases were for specific pool growth
 - Domestic chassis purchases and remanufactured units for growth; the majority of purchases in the first half of 2013 were buyouts of existing operating leases of \$23.6 million
- \$50 million of free cash flow generated in the first half of 2013
 - \$5 million higher than the first half of 2012
 - Fleet maintenance spending is captured in income statement

Capital Expenditures

(\$ millions)

	<u>Q2 '12</u>	<u>Q2 '13</u>	<u>H1 '12</u>	<u>H1 '13</u>
Domestic Chassis	\$ 12.9	\$ 1.8	\$ 14.4	\$28.3
Marine Chassis	1.5	53.4	1.8	60.4
Purchase of Leasing Assets	\$ 14.4	\$ 55.2	\$ 16.2	\$88.7

Free Cash Flow

(\$ millions)

	<u>Q2 '12</u>	<u>Q2 '13</u>	<u>H1 '12</u>	<u>H1 '13</u>
Adjusted EBITDA	\$ 35.5	\$39.2	\$74.0	\$ 82.2
Cash Interest Accrued	(14.3)	(16.2)	(28.9)	(32.2)
Free Cash Flow	\$ 21.2	\$23.0	\$45.1	\$ 50.0

Note - Cash Interest on the \$300 million bond is paid twice a year, Q1 and Q3. In 2012, cash interest was paid evenly throughout the quarters on the previous term loans. Therefore, Cash Interest Accrued is used in calculating Free Cash Flow.



Capital Structure

- Leverage ratio improved to 6.8x at June 30, 2013 from 7.3x as of the August 2012 debt refinance
 - Leverage steady at 6.8x while continuing to purchase chassis for growth

Capital Structure					
(\$ millions)		at Close	12/31/2012	6/30/2013	
Cash		\$ 23.7	\$ 26.6	\$ 6.4	
ABL Facility	<i>Cash Rate</i> <i>Libor + 275</i>	<i>Maturity</i> <i>Aug '17</i>	504.0	609.0	675.0
Capital Leases	5.0%	Various	266.7	199.4	171.2
2nd Lien Notes	11.0%	Aug '19	300.0	300.0	300.0
Total Debt	5.6% ¹		\$1,070.7	\$ 1,108.4	\$ 1,146.2
Member's Interest ²			\$ 542.0	\$ 538.9	\$ 546.0
Total Debt and Equity			\$1,612.7	\$ 1,647.3	\$ 1,692.2
LTM Adjusted EBITDA			146.3	159.9	168.0
Total Debt / LTM Adjusted EBITDA			7.3x	6.9x	6.8x

¹ Weighted cash interest rate at 6/30/2013 – includes swaps cash interest

² Member's interest is the equivalent of shareholder's equity for LLC entities

Note – 'at Close' refers to the date to which the ABL Facility and 2nd Lien Notes closed, both in August of 2012



For More Information

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TRAC Intermodal is the world's largest provider of marine and domestic chassis, measured by total assets, operating throughout the United States, Canada and Mexico. TRAC Intermodal provides long term chassis leasing and short term rentals through extensive chassis pool programs and pool/fleet management through the utilization of its proprietary PoolStat® system. TRAC Intermodal's fleet consists of approximately 300,000 chassis. TRAC Intermodal has a broad operating footprint with 546 marine, 152 domestic and 64 depot locations across North America and is the leader in providing chassis solutions to the intermodal industry.

Contact us to learn how our chassis products can help customers increase supply chain efficiency, control costs, and promote safety.



Appendix



Income Statement

Consolidated Income Statement

(\$ thousands)

	Three months ended June 30,			Six months ended June 30,		
	2012	2013	Variance	2012	2013	Variance
Revenues:						
Equipment leasing revenue	\$ 86,082	\$ 111,967	30%	\$ 169,302	\$ 219,514	30%
Finance revenue	1,323	808	-39%	2,698	1,818	-33%
Other revenue	8,413	14,257	69%	17,014	23,599	39%
Total Revenues	\$ 95,818	\$ 127,032	33%	\$ 189,014	\$ 244,931	30%
Expenses:						
Direct operating expense	\$ 50,590	\$ 73,193	-45%	\$ 94,909	\$ 134,196	-41%
Selling, general and administrative expenses	11,847	13,747	-16%	23,044	27,261	-18%
Depreciation expense	16,477	17,689	-7%	33,001	34,963	-6%
Other expense, net	900	1,790	-99%	3,254	5,281	-62%
Interest expense, net	15,814	22,419	-42%	31,942	45,139	-41%
Loss on modification and extinguishment of debt	128	248	NM	149	895	NM
Income (loss) before benefit for income taxes	\$ 62	\$ (2,054)	NM	\$ 2,715	\$ (2,804)	NM
Benefit for income taxes	26	(821)	NM	1,154	(1,136)	NM
Net income (loss)	\$ 36	\$ (1,233)	NM	\$ 1,561	\$ (1,668)	NM
Adjusted EBITDA						
EBITDA	\$ 32,683	\$ 37,541	15%	\$ 69,248	\$ 78,767	14%
Plus: DFL collections	1,941	1,401	-28%	3,885	2,861	-26%
Plus: Non-cash stock compensation	879	252	71%	879	533	39%
Adjusted EBITDA	\$ 35,503	\$ 39,194	10%	\$ 74,012	\$ 82,161	11%
Adjusted Net Income	\$ 1,590	\$ 3,005	89%	\$ 4,140	\$ 7,208	74%

Unaudited – Quarter and six month ended June 30th numbers for 2012 and 2013

Note – see page 15 for a reconciliation of Adjusted EBITDA and Adjusted Net Income

Balance Sheet

Consolidated Balance Sheet

<i>(\$ thousands)</i>	December 31, 2012	June 30, 2013
Assets		
Cash and cash equivalents	\$ 26,556	\$ 6,359
Accounts receivable, net	80,620	106,086
Net investment in direct finance leases	40,729	28,074
Leasing equipment, net	1,325,383	1,382,574
Fair value of derivative instruments	-	4,610
Goodwill	251,907	251,907
Other assets	43,268	45,860
Total assets	\$ 1,768,463	\$ 1,825,470
Liabilities and member's interest		
Accounts payable and accrued expenses	\$ 47,590	\$ 55,330
Deferred income taxes	73,569	77,909
Debt and capital lease obligations:		
Current portion	25,884	38,115
Non-current portion	1,082,513	1,108,128
Total debt and capital lease obligations	1,108,397	1,146,243
Total liabilities	1,229,556	1,279,482
Member's interest		
Member's interest	590,883	589,299
Accumulated other comprehensive loss	(51,976)	(43,311)
Total member's interest	538,907	545,988
Total liabilities and member's interest	\$ 1,768,463	\$ 1,825,470

Unaudited – June 30, 2013

Cash Flow Statement

Cash Flows

(\$ thousands)

	Three months ended June 30,		Six months ended June 30,	
	2012	2013	2012	2013
Cash flows from operating activities				
Net Loss	\$ 36	\$ (1,233)	\$ 1,561	\$ (1,668)
Depreciation and amortization	16,596	17,745	33,229	35,084
Other adjustments to reconcile net loss to net cash provided by operating activities	4,561	8,330	8,613	19,742
Changes in assets and liabilities	3,982	(982)	(4,032)	(24,883)
Net cash provided by (used in) operating activities	\$ 25,175	\$ 23,860	\$ 39,371	\$ 28,275
Cash flows from investing activities				
Collections on net investment in direct finance leases, net of interest earned	\$ 1,941	\$ 1,401	\$ 3,885	\$ 2,861
Purchase of leasing equipment	(14,381)	(55,248)	(16,209)	(88,726)
Other investing activities	485	2,645	1,108	2,697
Net cash used in investing activities	\$ (11,955)	\$ (51,202)	\$ (11,216)	\$ (83,168)
Cash flows from financing activities				
Proceeds from long-term debt	\$ 8,967	\$ 30,000	\$ 10,765	\$ 86,000
Repayments of long-term debt	(22,721)	(16,916)	(42,237)	(48,824)
Cash paid for debt issuance fees	(160)	(1,020)	(261)	(1,769)
Other financing activities	(277)	-	(277)	(470)
Net cash (used in) provided by financing activities	\$ (14,191)	\$ 12,064	\$ (32,010)	\$ 34,937
Effects of changes in exchange rates on cash and cash equivalents	(114)	(110)	(6)	(241)
Net decrease in cash and cash equivalents	\$ (1,085)	\$ (15,388)	\$ (3,861)	\$ (20,197)
Cash and cash equivalents, beginning of period	\$ 26,229	\$ 21,747	\$ 29,005	\$ 26,556
Cash and cash equivalents, end of period	\$ 25,144	\$ 6,359	\$ 25,144	\$ 6,359

Unaudited – Quarter and six month ended June 30th numbers for 2012 and 2013



Reconciliation of Non GAAP Measures

Adjusted EBITDA and Adjusted Net Income and Free Cash Flow Reconciliation

(\$ thousands)	<u>Q1 2012</u>	<u>Q2 2012</u>	<u>Q3 2012</u>	<u>Q4 2012</u>	<u>Q1 2013</u>	<u>Q2 2013</u>
Net income (loss)	\$ 1,525	\$ 36	\$ (4,671)	\$ 20	\$ (435)	\$ (1,233)
Income tax (benefit) expense	1,128	26	(3,201)	(128)	(315)	(821)
Interest expense	16,143	15,820	20,304	22,835	22,722	22,688
Depreciation expense	16,524	16,477	16,418	16,633	17,274	17,689
Impairment of leasing equipment	1,375	617	3,081	1,433	2,133	431
Loss on retirement of debt	21	128	6,294	2,407	647	248
Other income, net	(136)	(415)	(89)	(169)	(798)	(1,192)
Interest income	(15)	(6)	(87)	(35)	(2)	(269)
Non-cash stock compensation	-	879	432	454	281	252
Principle collections on direct finance leases, net of interest earned	1,944	1,941	2,012	1,939	1,460	1,401
Adjusted EBITDA	\$ 38,509	\$ 35,503	\$ 40,493	\$ 45,389	\$ 42,967	\$ 39,194
Cash interest accrued	(14,563)	(14,343)	(15,285)	(15,765)	(15,986)	(16,181)
Free cash flows	\$ 23,946	\$ 21,160	\$ 25,208	\$ 29,624	\$ 26,981	\$ 23,013
Net income (loss)	\$ 1,525	\$ 36	\$ (4,671)	\$ 20	\$ (435)	\$ (1,233)
Non-cash interest expense, net of tax	503	499	781	904	951	943
Non-cash stock compensation, net of tax	-	527	260	272	169	151
Loss on modification and extinguishment of debt, net of tax	522	528	6,067	4,836	3,518	3,144
Adjusted Net Income	\$ 2,550	\$ 1,590	\$ 2,437	\$ 6,032	\$ 4,203	\$ 3,005

Unaudited – Quarter ending numbers

Note - Adjusted EBITDA and Adjusted Net Income are not U.S. GAAP measures, see note on page 2



Fleet Composition

Total Fleet by Lease Type

At June 30, 2013

Total fleet by lease type	Units		NBV of owned fleet		Avg age	% of on-hire fleet
	# of units	% of total	\$ millions	% of total		
Term lease	60,293	20%	\$ 316	23%	12.5yrs	24%
Direct finance lease	6,906	2%	28	2%	11.5 yrs	3%
Marine neutral chassis pool	128,580	42%	497	35%	13.8 yrs	50%
Domestic neutral chassis pool	59,727	20%	401	28%	6.8 yrs	23%
On-hire fleet	255,506	84%	1,242	88%	12.2 yrs	100%
Available fleet	21,611	7%	93	7%	15.4 yrs	
Active fleet	277,117	91%	1,335	95%	12.2 yrs	
Units available for remac	28,892	9%	76	5%		
Total fleet	306,009	100%	\$ 1,411	100%		