Trinity Industries, Inc. (TRN)

Updated August 1st, 2026, by Yiannis Zourmpanos

Key Metrics

Current Price:	$31	**5 Year Annual Expected Total Return:**	18.9%	**Market Cap:**	$2.73 B
Fair Value Price:	$45	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	10/16/26[1]
% Fair Value:	70%	**5 Year Valuation Multiple Estimate:**	7.5%	**Dividend Payment Date:**	10/30/26[2]
Dividend Yield:	4.0%	**5 Year Price Target**	$65	**Years Of Dividend Growth:**	16
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Buy

Overview & Current Events

Trinity Industries (TRN) is a leading provider of rail transportation products and services in North America. The business of the company is classified primarily under two reporting segments: Railcar Leasing, which owns and operates a fleet of railcars and provides third-party fleet leasing, management, and administrative services, and the Rail Products Group, which manufactures and sells railcars and related parts and components and provides railcar maintenance and modification services.

On July 30th, 2026, the company announced results for the second quarter of 2026. Trinity reported Q2 non-GAAP EPS of $1.25, missing analysts' estimates by $0.12, and revenue of $485.1 million, which was down 4.1% year-over-year.

Trinity Industries reported stronger second-quarter 2026 profitability despite the miss, driven by the completion of its railcar partnership transaction, which resulted in a $132 million non-cash pre-tax gain. Operating profit more than doubled year-over-year to $199.8 million, while EBITDA increased to $272.2 million. The company also generated solid cash flow, with year-to-date operating cash flow from continuing operations rising to $172.4 million and cash flow including net gains on lease portfolio sales reaching $202.6 million. Net gains on lease portfolio sales totaled $30 million year-to-date, reflecting continued value creation from its leasing portfolio. Total committed liquidity stood at $1.0 billion at quarter-end, supporting Trinity's capital deployment strategy and investment plans.

Operational performance remained resilient, underpinned by strong demand for its leasing business. Lease fleet utilization ended the quarter at 97.3%, while the Future Lease Rate Differential remained positive at 3.5%, indicating continued lease rate growth in the periods ahead. The company delivered 1,570 railcars and secured orders for 1,560 units, ending the quarter with a backlog valued at $1.6 billion. Trinity also expanded its international presence by acquiring a 32% interest in the Touax Texmaco Railcar Leasing joint venture in India. While Rail Products margins were affected by lower deliveries and temporary production challenges, management maintained its full-year outlook, citing improving customer inquiries, positive freight market indicators, and expectations for higher delivery volumes in the second half of 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.25	$1.41	$0.70	$1.27	$0.34	$0.56	$0.71	$1.27	$1.64	$3.14	***$2.23***	***$3.27***
DPS	$0.44	$0.50	$0.52	$0.64	$0.76	$0.84	$0.92	$1.06	$1.14	$1.21	***$1.24***	***$2.00***
Shares[3]	152.2	150.9	133.3	119.7	111.2	83.3	81.9	83.4	84.2	80.8	***76.8***	***59.4***

Trinity Industries has been adversely affected by the supply chain disruptions and higher costs after the pandemic outbreak over the past two years, along with implementing the Precision Scheduled Railroading model. As a result, the company's net income declined to $0.56 per share in 2021 as production inefficiencies and increased cost pressures weighed on the company's margins. However, the near-term outlook has improved with the re-opening after COVID lockdowns and increased demand reflected by the current book-to-bill ratio of 5 times.

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[1] Estimated ex-dividend date.
[2] Estimated ex-dividend date.
[3] Shares in millions.

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With an improving demand environment for the TRN, we expect the company to post EPS of at least $2.23 in 2026. We maintain our EPS growth forecast of 8% over the next five years, leading to our estimated EPS of $3.27 by 2031. Moreover, the company has a solid record of paying dividends despite operating in a cyclical sector, as Trinity Industries has paid increasing dividends for the past 16 years. We expect the company to maintain its dividend growth and have forecasted a dividend CAGR of 10%, leading to a dividend of $2.00 in 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	6.9	15.1	34.4	16.4	60.0	50.4	38.7	19.6	19.0	9.2	***13.9***	***20.0***
Avg. Yld.	2.8%	2.3%	2.2%	3.1%	3.7%	3.0%	3.4%	4.3%	3.7%	4.3%	***4.0%***	***3.1%***

The railcar manufacturer currently trades at a forward P/E of 13.9, but still considerably lower than the long-term average P/E of 27.0 and the five-year average P/E of 27.4. Even though the declining steel prices and an uptick in demand will benefit the company in the near term, we believe that our P/E target of 20.0 is a fair reflection of its value. Accordingly, with a projected EPS of $3.27 and P/E of 20.0 by 2031, our target price for the stock stands at $65.

Safety, Quality, Competitive Advantage, & Recession Resiliency

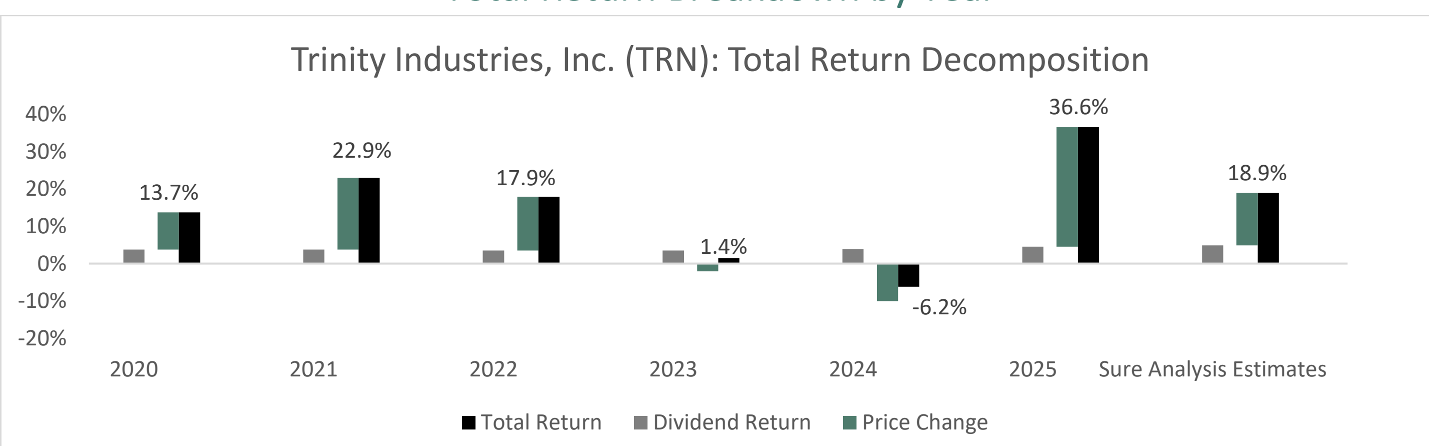
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	20%	35%	74%	50%	224%	150%	130%	83%	70%	40%	***56%***	***61%***

The company has paid a consistent dividend to its shareholders and has a 10-year payout ratio averaging 88%, though the payout ratio has been above 100% in certain years. We expect the company to maintain and increase its dividend in the future. The demand for the company's product has recovered in recent quarters, and we expect the company to be in a much better position in the future than it is today. In addition, the leasing margins continue to improve in a rising rate environment, and the fleet's utilization ought to be high, driven by solid railcar demand. Nevertheless, a recession could adversely affect its performance. Trinity returned $71.3 million to shareholders during the first half of 2026 through share repurchases and dividends, reflecting its continued commitment to capital returns while maintaining a strong liquidity position.

Final Thoughts & Recommendation

While Trinity Industries runs a capital-intensive cyclical business, increased bookings and reduced cost pressures will be a positive catalyst for EPS growth. Indeed, Trinity Industries' growth prospects could remain strong throughout the cycle. Hence, our buy rating is premised upon 18.9% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 8.0%, the 4.0% dividend yield, a valuation tailwind, and a moderate dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	3,090	2,397	2,509	2,752	1,750	1,516	1,977	2,983	3,079	2,157
Gross Profit	778	622	570	574	422	355	368	527	668	576
Gross Margin	25.2%	26.0%	22.7%	20.9%	24.1%	23.4%	18.6%	17.7%	21.7%	26.7%
SG&A Exp.	314	339	297	217	341	179	185	202	236	214
D&A Exp.	217	230	252	277	259	266	276	293	294	305
Operating Profit	464	283	274	357	81	176	182	325	433	361
Op. Margin	15.0%	11.8%	10.9%	13.0%	4.6%	11.6%	9.2%	10.9%	14.1%	16.7%
Net Profit	344	703	159	138	(147)	182	60	106	138	285
Net Margin	11.1%	29.3%	6.3%	5.0%	-8.4%	12.0%	3.0%	3.6%	4.5%	12.2%
Free Cash Flow	242	131	(607)	(817)	(46)	41	(980)	(415)	(22)	(435)
Income Tax	107	(415)	43	59	(274)	16	28	9	50	91

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	9,125	9,543	7,989	8,701	8,702	8,236	8,723	8,906	8,832	8,424
Cash & Equivalents	563	779	179	166	132	167	80	106	228	324
Accounts Rec	379	204	277	260	164	228	324	364	379	389
Inventories	666	403	525	433	285	433	629	684	476	469
Goodwill & Int.	754	209	209	209	147	154	196	222	222	332
Total Liabilities	4,814	4,685	5,427	6,323	6,686	6,939	7,455	7,631	7,525	7,279
Accounts Payable	156	120	212	204	146	206	288	305	252	270
Long-Term Debt	3,025	3,214	4,029	4,882	5,017	5,171	5,608	5,754	5,691	5,549
Total Equity	3,919	4,501	2,211	2,030	1,739	1,030	1,012	1,037	1,059	1,077
LTD/E Ratio	0.77	0.71	1.82	2.40	2.89	5.02	5.53	5.55	5.37	5.15

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.8%	7.5%	1.8%	1.6%	-1.7%	2.1%	0.71%	1.2%	1.6%	3.3%
Return on Equity	9.1%	16.7%	4.7%	6.5%	-7.8%	13.1%	5.9%	8.3%	10.7%	23.2%
ROIC	4.7%	9.1%	2.2%	2.0%	-2.1%	2.7%	0.90%	1.5%	2.0%	4.1%
Shares Out.	152.2	150.9	133.3	119.7	111.2	83.3	84.20	8340	84.2	82.9
Revenue/Share	20.79	15.77	17.14	21.62	15.10	14.61	23.48	35.77	36.57	26.02
FCF/Share	1.63	0.86	(4.14)	(6.41)	(0.40)	0.40	(11.63)	(4.97)	(0.26)	(5.25)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.