
Section 1: 8-K (FORM 8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 9, 2020

FREIGHTCAR AMERICA, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation)

000-51237
(Commission File Number)

25-1837219
(I.R.S. Employer Identification No.)

125 S. Wacker Drive, Suite 1500
Chicago, Illinois 60606
(Address of Principal Executive Offices) (Zip Code)

(800) 458-2235
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	RAIL	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 - Financial Information

Item 2.05. Costs Associated with Exit or Disposal Activities.

On September 10, 2020, FreightCar America, Inc. (the "Company") announced its plan to permanently close its manufacturing facility in Cherokee, Alabama (the "Shoals Facility") in order to reduce costs and align its manufacturing capacity with the current reality of rail car market. The Company intends to cease production at the facility by approximately the end of 2020, with full closure to be completed by the end of the first quarter of 2021. The Company is engaged in negotiations with the Retirement Systems of Alabama ("RSA"), which owns the Shoals Facility and leases it to the Company.

As a result of the plan, the Company expects to incur pre-tax cash charges of between \$6 and \$8 million, which consist of employee-related costs and other cash shutdown costs. The Company anticipates that the majority of these costs will be incurred by the end of the first quarter of 2021. The Company expects annual fixed cost savings of approximately \$20.0 million reflecting reduced rent, taxes and other fixed overhead.

At this time, the Company is unable to provide a good faith estimate of an amount or range of amounts of lease cancellation charges in addition to certain non-cash charges that it may incur in connection with the Shoals Facility closure. At such time as the Company is able to determine an estimate or range of estimates of any such charges, the Company will amend this current report on Form 8-K to report the estimate or range of estimates as required pursuant to Item 2.05 and Item 2.06 of Form 8-K.

The charges the Company expects to incur in connection with this plan are subject to a number of assumptions and risks, including risks associated with the COVID crisis, which cannot be predicted, and actual results may differ materially. The Company may also incur other material charges not currently contemplated due to events that may occur as a result of, or in connection with, these actions.

Item 2.06. Material Impairments.

The information provided in Item 2.05 of this Current Report on Form 8-K is incorporated by reference into this Item 2.06.

Section 8 - Other Events

Item 8.01. Other Events.

On September 10, 2020, the Company issued a press release announcing the intended closure of the Cherokee, Alabama facility. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Forward Looking Statements.

This Current Report on Form 8-K contains certain forward-looking statements including, in particular, statements about our plans, strategies and prospects. We have used the words "may," "will," "expect," "anticipate," "believe," "estimate," "plan," "likely," "unlikely," "intend" and similar expressions in this report to identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. However, forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. These risks and uncertainties relate to, among other things, risks relating to the potential financial and operational impacts of the COVID-19 pandemic; the cyclical nature of our business, the competitive nature of our industry, 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, fluctuating costs of raw materials, including steel and aluminum, and delays in the delivery of raw materials, the risk of lack of acceptance of our new railcar offerings by our customers, risks relating to our relationship with our unionized employees and their unions and other competitive factors. The factors listed above are not exhaustive. New factors emerge from time to time and it is not possible for management to predict the impact of all of these factors on our business, financial condition or results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, in order to reflect changes in circumstances or expectations or the occurrence of unanticipated events except to the extent required by applicable securities laws.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[Exhibit 99.1](#)

[Press release of FreightCar America, Inc., dated September 10, 2020.](#)

Exhibit 104

Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FREIGHTCAR AMERICA, INC.

Date: September 10, 2020

By: /s/ Christopher J. Eppel
Christopher J. Eppel
Vice President, Finance, Chief Financial Officer and Treasurer

[\(Back To Top\)](#)

Section 2: EX-99.1 (PRESS RELEASE)

EXHIBIT 99.1

FreightCar America, Inc. Announces Additional Steps in Manufacturing and Operational Realignment

Company in discussions to acquire its partner's 50% interest in the Castaños, Mexico joint venture

Production expected to be fully consolidated at new Castaños, Mexico plant starting in January

CHICAGO, Sept. 10, 2020 (GLOBE NEWSWIRE) -- FreightCar America, Inc. (NASDAQ: RAIL) ("FreightCar America" or the "Company") today announced additional steps in its manufacturing and operational realignment as it plans to acquire its partner's 50% interest in the joint venture in Castaños, Mexico and consolidate all of its production there by January. As part of this decision, the Company has started the process to permanently close its manufacturing facility in Cherokee, Alabama ("Shoals").

Highlights:

- Aggressive footprint consolidation will establish a much more flexible business structure, allowing the Company to realign costs to the near-term demand environment.
- Company has initiated the process to permanently close the Shoals manufacturing facility with production to cease by approximately year-end.
- The state-of-the-art Castaños, Mexico facility is scalable over time and will be able to accommodate significantly greater volume when industry conditions improve.
- When completed, the Company expects to save more than \$20 million in annual fixed costs, and further lower its production breakeven to less than 2,000 cars per annum.
- The Company has signed a letter of intent and is engaged in negotiations to acquire the remaining 50% ownership in the Castaños, Mexico joint venture, and intends to complete the transaction later this year.

Shoals Facility Closure

The closure of the Shoals manufacturing facility will further align costs and manufacturing capacity with the current realities of depressed railcar demand, which have been magnified by the ongoing COVID-19 pandemic. Additionally, the closure of Shoals will accelerate the Company's goal to achieve profitability on significantly lower railcar volumes. The Company will continue to produce railcars at Shoals through approximately the end of 2020, with the full closure expected by the end of the first quarter of 2021.

Jim Meyer, President and Chief Executive Officer of FreightCar America said, "Today we have announced the difficult, but necessary, decision to exit our Shoals manufacturing facility by early 2021. As part of our 'Back-to-Basics' multi-year plan, we have taken significant cost out of our business, while making significant investments in our products, people and processes. The efforts of our Shoals' team helped us to reduce our breakeven production levels by roughly one-third since the start of the plan. However, the ongoing impact of the industry downturn has been further intensified by the COVID-19 pandemic and required an additional and significant response to both protect our franchise and reposition the business for immediate success post-downturn."

Castaños, Mexico Joint Venture

In September 2019, the Company announced the formation of a 50-50 joint venture with Fabricaciones y Servicios de México, S.A. de C.V. ("Fasemex"), to manufacture new railcars and convert existing railcars at a new facility in Castaños, Mexico. This facility recently started production of its first order and is working to achieve AAR certification this fall. A second production line is expected to be operational by year-end and additional lines will be added as market conditions improve. Each production line has capacity of approximately 1,000 railcars per year. The Company is now engaged in negotiations to acquire Fasemex's interest in the joint venture under a letter of intent and expects to complete the acquisition later this year.

Meyer commented, “The Castaños plant is the newest purpose-built railcar manufacturing facility in Mexico and we have the ability to increase its scale as market demand rebounds. It is roughly one-fifth the size of Shoals and will lower our fixed costs by approximately \$20 million per year. The consolidation will significantly reduce our breakeven production levels, from 6,000 railcars before our ‘Back-to-Basics’ plan was started, to under 2,000 railcars per year once the new plant is fully operational. To date, we have hired a very experienced workforce at Castaños, have started production on the first line and are preparing for certification.”

Balance Sheet, Capital Considerations & Liquidity

- FreightCar America maintains a strong balance sheet, with cash and cash equivalents including restricted cash and certificates of deposit of \$52.4 million as of the end of the second fiscal quarter.
- As a result of the footprint consolidation, the Company expects to incur pre-tax cash charges of approximately \$6.0-to-\$8.0 million by the end of the first quarter of 2021, consisting of employee-related costs and other cash shutdown costs.
- FreightCar America is negotiating its exit with the Shoals facility owner and landlord, the Retirement Systems of Alabama (RSA).
- The Company owns significant and valuable assets at the Shoals facility, some of which it expects to sell.
- The Company expects annual fixed cost savings of approximately \$20 million on a go-forward basis when the plan is complete, consisting of reduced rent, taxes, and other fixed overhead.

Meyer concluded, “Today’s news is both a sad end and a new beginning for FreightCar America. We owe our Shoals’ team a great deal of gratitude and thank them for everything they have done for the Company. We will provide transition assistance for them as part of the planned shutdown. As we look forward, we do so with an eye to become the lowest cost and highest quality producer in our industry. We will operate from a new position of strength and our portfolio will not only be more competitive, it will be broader in scope and capability given our improved cost structure. We remain committed to completing the work against the 750-to-1,000 delivery goal we set for the second half of 2020. Our customers have been very consistent on the importance of the Company as an alternative supplier, and we believe they will be highly supportive of these decisions as today’s announcement makes us a much stronger partner moving forward. Lastly, we ended the second quarter with over \$52 million in cash and cash equivalents and will continue to prioritize our balance sheet, while we invest prudently in our future through today’s strategic announcement.”

About FreightCar America

FreightCar America, Inc. is a diversified manufacturer of railroad freight cars, that also supplies railcar parts and leases freight cars through its FreightCar America Leasing Company subsidiaries. FreightCar America designs and builds high-quality railcars, including open top hopper cars, covered hopper cars, intermodal and non-intermodal flat cars, mill gondola cars, coil steel cars, boxcars, coal cars, and also specializes in the conversion of railcars for repurposed use. It is headquartered in Chicago, Illinois and has facilities in the following locations: Cherokee, Alabama; Castaños, Mexico; Johnstown, Pennsylvania; and Shanghai, People’s Republic of China. More information about FreightCar America is available on its website at www.freightcaramerica.com.

Forward-Looking Statements

This press release 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 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.

Investor/Media Contact

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[\(Back To Top\)](#)