Trinity Industries continues to report booming business in equipment sales.

The company booked orders for 14,505 railcars in the first quarter, lifting its backlog to an all-time high of 41,265 units. The dollar value, at $5.1 billion, was also a record, vaulting 38% above the previous peak, which was hit just three months earlier.

A good part of the increased demand is coming from the surge in the North American oil and gas production, which is also fueling more options from the capital goods industry. Altogether, Trinity expects to ship 20,500 to 22,000 railcars in 2013, the midpoint of which would represent a 10% increase over last year’s tally.

The company is moving to expand its leasing and management platform. Extended sales backlogs and production lead times have resulted in higher rental rates, longer lease periods, and nearly full-time demand supports pricing trends. Altogether, we look for operating margins to expand some 200 basis points this year, likely surpassing previous highs.

The strong operating environment has prompted us to boost our 2013 and 2014 share-net estimates by $0.25, to $4.00 and $4.50, respectively. These shares remain a timely selection.