



Reconciliation of Non-GAAP Financial Measures

# Non-GAAP Financial Measures

This presentation contains references to Adjusted Net Income Attributable to G&W, Adjusted Diluted Earnings Per Common Share (EPS) Attributable to G&W, Adjusted Operating Income, Adjusted Operating Ratio and Net Adjusted Debt to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), which are “non-GAAP financial measures” as this term is defined in Item 10(e) of Regulation S-K under the Securities Act of 1933 and the Securities Exchange Act of 1934 and Regulation G under the Securities Exchange Act of 1934. In accordance with these rules, G&W has reconciled these non-GAAP financial measures to their most directly comparable U.S. GAAP measures.

Management views these non-GAAP financial measures as important measures of G&W’s operating performance. Management also views these non-GAAP financial measures as a way to assess comparability between periods.

These non-GAAP financial measures are not intended to represent, and should not be considered more meaningful than, or as an alternative to, their most directly comparable GAAP measures. These non-GAAP financial measures may be different from similarly-titled non-GAAP financial measures used by other companies.

The following tables set forth reconciliations of each of these non-GAAP financial measures to their most directly comparable GAAP measure (in millions, except percentages and per share amounts).

# Adjusted Net Income and Adjusted Diluted EPS

Three Months Ended March 31, 2017	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to G&W	Diluted EPS Attributable to G&W
As reported	\$ 49.2	\$ 21.9	\$ 26.2	\$ 0.42
Add back certain items:				
Corporate development and related costs	5.4	2.2	3.2	0.05
Restructuring costs	3.8	0.2	3.5	0.06
As adjusted	<u>\$ 58.4</u>	<u>\$ 24.2</u>	<u>\$ 32.9</u>	<u>\$ 0.53</u>

Three Months Ended March 31, 2016	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to G&W	Diluted EPS Attributable to G&W
As reported	\$ 39.8	\$ 12.8	\$ 27.0	\$ 0.47
Add back certain items:				
Australia impairment and related costs	21.1	4.4	16.8	0.29
Corporate development and related costs	0.5	0.2	0.3	-
Restructuring costs	1.1	0.3	0.8	0.01
Q1 2016 Short Line Tax Credit	-	6.3	6.3	(0.11)
As adjusted	<u>\$ 62.6</u>	<u>\$ 24.0</u>	<u>\$ 51.2</u>	<u>\$ 0.67</u>

# Adjusted Operating Income and Adjusted Operating Ratio – by Segment

Three Months Ended March 31, 2017	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 319.5	\$ 73.9	\$ 125.7	\$ 519.1
Operating expenses	251.9	56.7	133.0	441.7
Operating income/(loss) <sup>(a)</sup>	<u>\$ 67.6</u>	<u>\$ 17.2</u>	<u>\$ (7.3)</u>	<u>\$ 77.5</u>
Operating ratio <sup>(b)</sup>	78.8%	76.8%	105.8%	85.1%
Operating expenses	\$ 251.9	\$ 56.7	\$ 133.0	\$ 441.7
Corporate development and related costs	(5.2)	(0.1)	-	(5.4)
Restructuring costs	(0.1)	(0.3)	(3.4)	(3.8)
Adjusted operating expenses	<u>\$ 246.6</u>	<u>\$ 56.3</u>	<u>\$ 129.6</u>	<u>\$ 432.5</u>
Adjusted operating income/(loss)	<u>\$ 72.9</u>	<u>\$ 17.6</u>	<u>\$ (3.9)</u>	<u>\$ 86.6</u>
Adjusted operating ratio	77.2%	76.1%	103.1%	83.3%

(a) Operating income/(loss) is calculated as operating revenues less operating expenses.

(b) Operating ratio is calculated as operating expenses divided by operating revenues.

# Adjusted Operating Income and Adjusted Operating Ratio – by Segment (cont.)

Three Months Ended March 31, 2016	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 299.8	\$ 51.8	\$ 131.0	\$ 482.6
Operating expenses	229.8	63.5	132.3	425.6
Operating income/(loss) <sup>(a)</sup>	<u>\$ 70.0</u>	<u>\$ (11.8)</u>	<u>\$ (1.2)</u>	<u>\$ 57.0</u>
Operating ratio <sup>(b)</sup>	76.7%	122.7%	100.9%	88.2%
Operating expenses	\$ 229.8	\$ 63.5	\$ 132.3	\$ 425.6
Australia impairment and related costs	-	(21.1)	-	(21.1)
Corporate development and related costs	(0.5)	(0.2)	0.2	(0.5)
Restructuring costs	<u>(0.4)</u>	<u>(0.7)</u>	<u>(0.1)</u>	<u>(1.1)</u>
Adjusted operating expenses	<u>\$ 228.9</u>	<u>\$ 41.5</u>	<u>\$ 132.4</u>	<u>\$ 402.9</u>
Adjusted operating income/(loss)	<u>\$ 70.9</u>	<u>\$ 10.3</u>	<u>\$ (1.3)</u>	<u>\$ 79.8</u>
Adjusted operating ratio	76.4%	80.2%	101.0%	83.5%

(a) Operating income/(loss) is calculated as operating revenues less operating expenses.

(b) Operating ratio is calculated as operating expenses divided by operating revenues.

# EBITDA – Total G&W

	Three Months Ended June 30, 2016	Three Months Ended September 30, 2016	Three Months Ended December 31, 2016	Three Months Ended March 31, 2017	Twelve Months Ended March 31, 2017
Net income	\$ 48.4	\$ 56.8	\$ 8.9	\$ 27.3	\$ 141.4
Add back:					
Provision for income taxes	22.1	19.6	19.8	21.9	83.5
Interest expense	17.7	17.3	22.6	26.4	84.0
Depreciation and amortization expense	50.9	50.8	54.1	60.8	216.6
EBITDA	<u>\$ 139.2</u>	<u>\$ 144.6</u>	<u>\$ 105.4</u>	<u>\$ 136.4</u>	<u>\$ 525.5</u>

# EBITDA – Australian Operations

	Three Months Ended June 30, 2016	Three Months Ended September 30, 2016	Three Months Ended December 31, 2016	Three Months Ended March 31, 2017	Twelve Months Ended March 31, 2017
Net income/(loss)	\$ 4.5	\$ 0.8	\$ (4.8)	\$ 2.1	\$ 2.6
Add back:					
Provision for income taxes	2.2	0.8	0.5	0.9	4.4
Interest expense	2.4	2.3	7.0	14.1	25.9
Depreciation and amortization expense	7.2	7.1	9.8	15.2	39.4
EBITDA	<u>\$ 16.4</u>	<u>\$ 11.0</u>	<u>\$ 12.5</u>	<u>\$ 32.3</u>	<u>\$ 72.3</u>

# Net Adjusted Debt/Adjusted EBITDA – G&W

Twelve Months Ended March 31, 2017	Total G&W	Less: Australian		Acquisitions <sup>(c)</sup>	G&W
		Operations <sup>(a)</sup>	Adjustments <sup>(b)</sup>		
Net income	\$ 141.4	\$ 2.6	\$ -		\$ 138.8
Add back:					
Provision for income taxes	83.5	4.4	-		79.1
Interest expense	84.0	25.9	4.4		62.5
Depreciation and amortization expense	216.6	39.4	-		177.2
EBITDA	\$ 525.5	\$ 72.3	\$ 4.4	\$ 19.2	\$ 476.8
Add back certain items					
Non-cash compensation cost related to equity awards			16.6		16.6
Impairment and related costs			19.4		19.4
Corporate development and related costs			4.6		4.6
Restructuring costs			10.4		10.4
Net gain on sale of assets			(0.5)		(0.5)
Hedging agreement expense			3.0		3.0
U.K. coal railcar leases			9.3		9.3
Adjusted EBITDA					\$ 539.5
Total debt	\$ 2,355	\$ 694	\$ 5		\$ 1,666
Less: Cash	38	22	(4)		12
Net debt	\$ 2,316	\$ 672	\$ 9		\$ 1,653
Add back: Deferred financing fees	32	14	-		18
Net adjusted debt	\$ 2,348	\$ 687	\$ 9		\$ 1,671
Net adjusted debt/Adjusted EBITDA ratio					3.1 : 1.0

(a) Australia Operations are excluded from G&W's Senior Secured Syndicated Credit Facility Agreement.

(b) Adjustments based on Credit Facility Agreement.

(c) Includes P&W for 4/1/16 - 10/31/16 and GRail for 4/1/16 - 11/30/16.



