



# Third Quarter 2017 Earnings Call

October 31, 2017

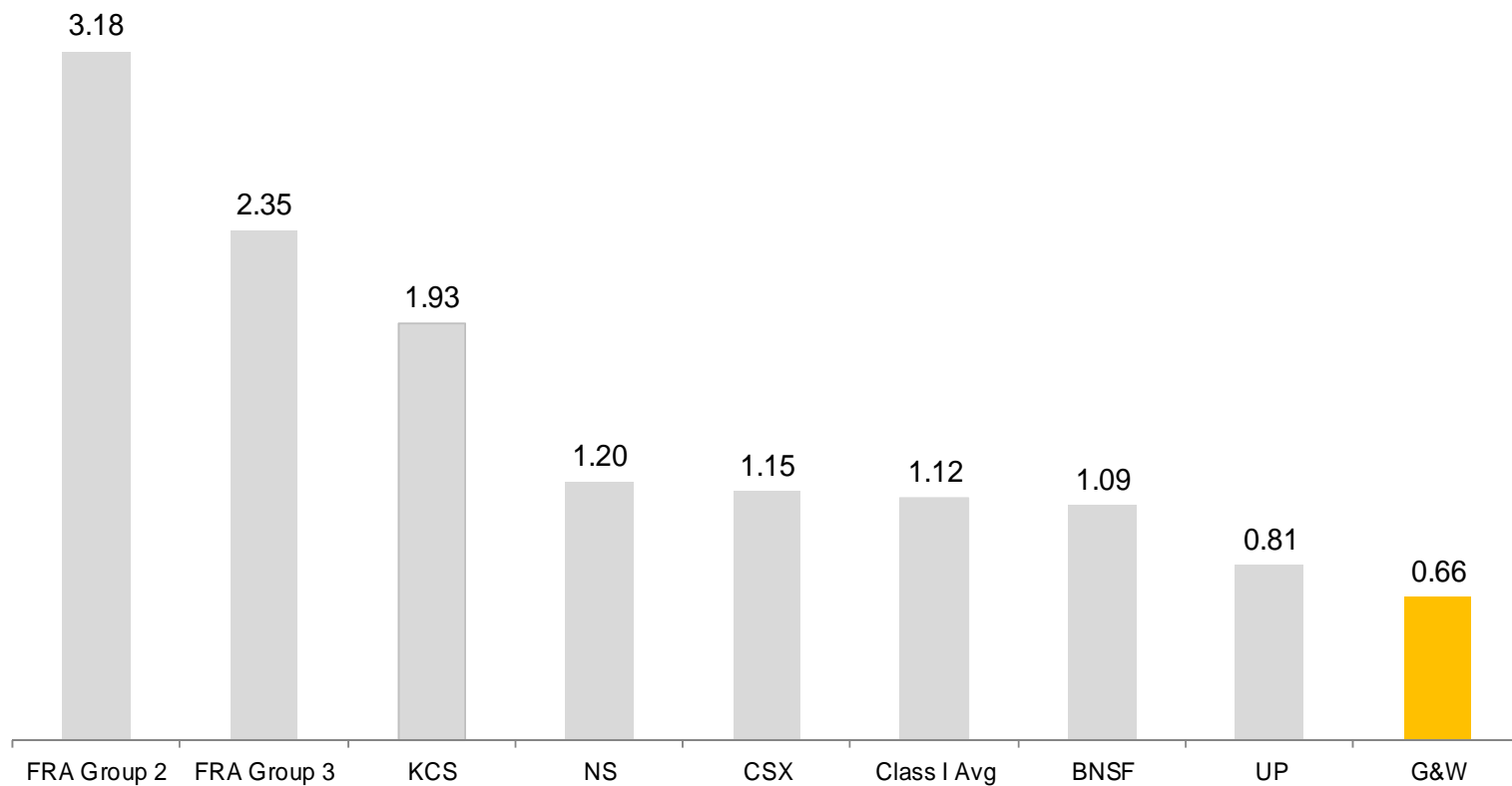


# Forward-Looking Statements

This presentation contains “forward-looking statements” regarding future events and the future performance of Genesee & Wyoming Inc. that involve risks and uncertainties that could cause actual results to differ materially from those expressed or forecasted, including, but not limited to, risks related to the operation of our railroads, severe weather conditions and other natural occurrences, economic, political and market conditions (including employee strikes or work stoppages), the credit risk of customers and counterparties, customer demand, railroad network congestion, derailments, currency fluctuations, changes in commodity prices, increased competition in the relevant market, and others, many of which are beyond our control. The Company refers you to the documents that it files from time to time with the Securities and Exchange Commission, such as the Company’s Forms 10-Q and 10-K, which contain additional important factors that could cause its actual results to differ from its current expectations and from the forward-looking statements discussed during this presentation. Forward-looking statements speak only as of the date of this presentation or the date they were made. Genesee & Wyoming Inc. does not undertake, and expressly disclaims, any duty to update any forward-looking statement contained in this presentation whether as a result of new information, future events or otherwise, except as required by law.

# G&W Safety Performance – 2017

Injury Frequency Rate per 200,000 man-hours  
G&W through September; others through July



# Q3 2017 Results Versus Guidance

(\$ in millions, except per share amounts)	Q3 2017 Actual	Q3 2017 Guidance	Variance to Guidance	Comments
Net Income Attributable to G&W	\$ 50.2	\$ 53.3	\$ (3.1)	
Corporate Development and Related Costs	1.4		1.4	U.K./Europe/North America
Restructuring Costs	2.2		2.2	U.K.
Unrecognized Tax Benefits	(3.3)		(3.3)	North America
Adjusted Net Income Attributable to G&W <sup>(a)</sup>	\$ 50.6	\$ 53.3	\$ (2.7)	
Diluted EPS Attributable to G&W	\$ 0.80	\$ 0.85	\$ (0.05)	
Adjusted Diluted EPS Attributable to G&W <sup>(a)</sup>	\$ 0.81	\$ 0.85	\$ (0.04)	
Variance (\$ per share)	Adjusted Diluted EPS <sup>(a)</sup>	Comments		
North America	\$ (0.04)	South Dakota Drought Impact Greater than Expected (\$0.02), Hurricanes/Washouts (\$0.01), Lower Overall Volumes		
Australia	(0.02)	Industrial action at customer coal mines largely mitigated by take-or-pay contract		
U.K./Europe	-			
Other	0.02	Taxes - Mix of Income		
Variance to Guidance	\$ (0.04)			

(a) Adjusted Net Income Attributable to G&W and Adjusted Diluted Earnings Per Share (EPS) Attributable to G&W are non-GAAP financial measures. Reconciliations of non-GAAP financial measures accompany this presentation.

# G&W by Segment

## North America

1. Stable volume except for weather-dependent commodities (agriculture and coal); pricing firm and truck market tightening
2. Consolidated three U.S. regions into two regions in Q3
  - Mountain West railroads split between Central Region and new Western Region (formerly Pacific Region)
  - G&W now has nine regions worldwide (6 U.S.; 1 Canada; 1 U.K./Europe; 1 Australia)
3. Watching U.S. corporate tax reform carefully – including potential for Short Line Tax Credit extension
4. Closed on 50-50 joint venture of CG Railway for rail ferry service to Southeast Mexico in Q3

## G&W by Segment (cont.)

### Australia (51%-owned)

1. Coal volumes down in Q3 due to industrial action at customer mines in the Hunter Valley
  - Lower shipments largely mitigated by take-or-pay contract as well as spot coal moves for new customers
2. Mining customer outlook stable/improving
  - New South Australian copper and iron ore projects recently announced (roughly A\$800 million each)
3. Sale of Arrium completed; renamed Liberty OneSteel and SIMEC Mining for steelmaking and mining businesses, respectively

# G&W by Segment (cont.)

## U.K./Europe

1. Positive turnaround in U.K. financial performance
  - Commercial initiatives (e.g., cross selling of rail/storage/truck)
  - Operational initiatives (e.g., further cost efficiencies)
  - Improving U.K. business conditions, including peak intermodal in Q4 and new customer bids
2. Pentalver performance ahead of plan
  - Expanding container storage capacity at London Gateway port
3. Continental Europe intermodal (ERS) performing as expected as small, profitable franchise

# G&W by Segment (cont.)

## Consolidated

1. Improving Business Conditions
  - Stable outlook for North America, except weather-sensitive coal and agricultural products, amidst solid U.S. economy and tighter trucking market
  - Positive outlook for Australia and the U.K./Europe
2. Strong Cash Flow Generation
  - Free Cash Flow Before New Business Investments remains significantly higher than reported net income
3. Solid Global Safety Culture
4. Active Acquisition and Investment Opportunities Across Global Footprint



# Q3 2017 Results Versus Q3 2016

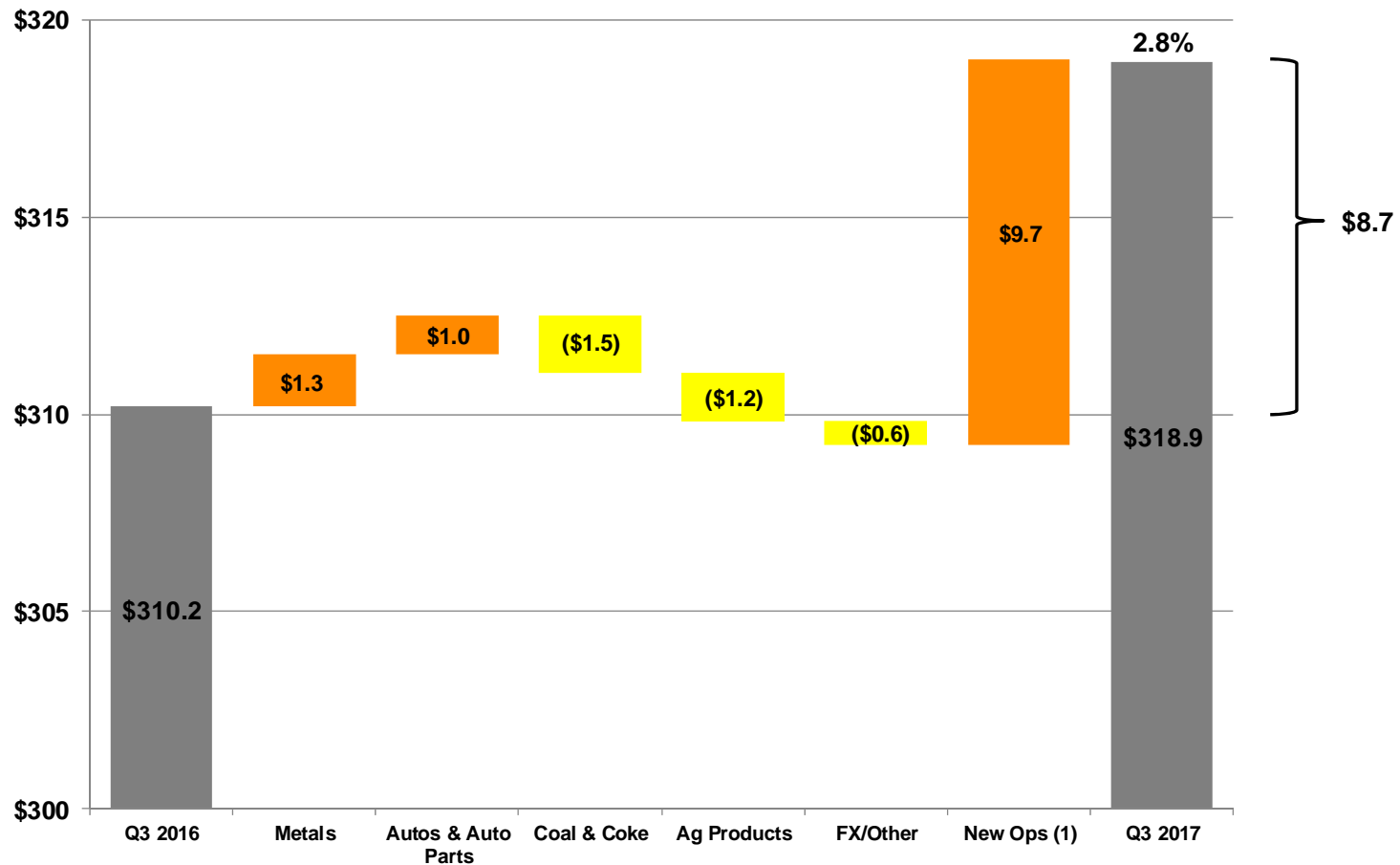
- Adjusted Diluted EPS attributable to G&W<sup>(a)</sup> roughly flat year over year
  - North America: Same railroad volumes down 1.9% (Coal and Agricultural Products)
  - Australia: Mine re-opened; Large grain harvest
  - U.K./Europe: U.K. turnaround and ERS restructured; Pentalver contribution
  - Increase in share count from December 2016 secondary offering of 4 million shares

(\$ millions, except per share amounts)	Q3 2017 Actual	Q3 2016 Actual	Variance	Comment
Diluted EPS Attributable to G&W	\$ 0.80	\$ 0.98	\$ (0.18)	
Adjustments				
Corporate Development and Related Costs	0.02	0.05	(0.03)	3Q 2017: U.K., North America & Australia 3Q 2016: North America and Australia
Restructuring Costs	0.04	-	0.04	U.K.
Tax Related Items	(0.05)	(0.07)	0.02	3Q 2017: North America 3Q 2016: U.K.
Short Line Tax Credit	-	(0.13)	0.13	United States
Adjusted Diluted EPS Attributable to G&W <sup>(a)</sup>	\$ 0.81	\$ 0.82	\$ (0.01)	
Diluted Shares	62,477	58,180	(4,297)	4 million share offering December 2016

(a) Adjusted Diluted EPS Attributable to G&W is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.

# North American Operations Operating Revenues: Q3 2017 vs. Q3 2016

(\$ millions)



<sup>(1)</sup> Providence and Worcester Railroad (acquired November 1, 2016) and Heart of Georgia Railroad (acquired May 31, 2017)

# North American Operations

## Same Railroad Carloads: Q3 2017 vs. Q3 2016

Commodity	Change	%	Comment
Agricultural Products	(6,896)	(12.8%)	Lower Grain (Drought) and Dried Distillers' Grain (DDGs)
Autos & Auto Parts	1,844	26.2%	Midwest Region (auto model conversion); Higher imports in Western Region
Chemicals & Plastics	(120)	(0.3%)	
Coal & Coke	(2,164)	(3.4%)	Utility Coal (Utah)
Food & Kindred Products	(1,454)	(9.3%)	Nut and Vegetable Oils; Tomato Paste
Lumber & Forest Products	(675)	(1.9%)	Lower Export Logs from Pacific Northwest to Asia
Metallic Ores	131	2.9%	
Metals	1,669	5.2%	Higher Finished Steel and Pipe; Lower Scrap Steel and Pig Iron
Minerals & Stone	(606)	(1.1%)	Lower Construction Aggregates; Higher Frac Sand
Petroleum Products	(493)	(2.0%)	Lower LPGs in Western U.S.; Higher Jet Fuel and Fuel Oils in Canada
Pulp & Paper	241	0.6%	
Waste	530	3.9%	
Other and Intermodal	325	2.2%	
Total Carloads	(7,668)	(1.9%)	

# North American Operations Freight Revenues

## Same Railroad Average Revenues Per Carload

	Q3 2017	Q3 2016	Change
North American Core Pricing			~2.5%
Changes in Customer Mix <sup>(a)</sup>			~(0.8%)
Changes in Commodity Mix <sup>(b)</sup>			0.3%
Fuel Surcharge			0.4%
FX (Appreciation of C\$) <sup>(c)</sup>			0.2%
Average Revenues Per Carload	\$ 593	\$ 578	2.6%

- (a) Average Revenues per Carload impacted by changes in customer mix within Coal, Agricultural Products and Minerals & Stone commodity groups
- (b) Changes in Commodity Mix illustrates changes between commodity groups, not within a commodity group
- (c) Foreign Exchange (FX) impact is calculated by comparing the prior period results translated from local currency to U.S. dollars using current period exchange rates to the prior period results in U.S. dollars as reported

# North American Adjusted Operating Income

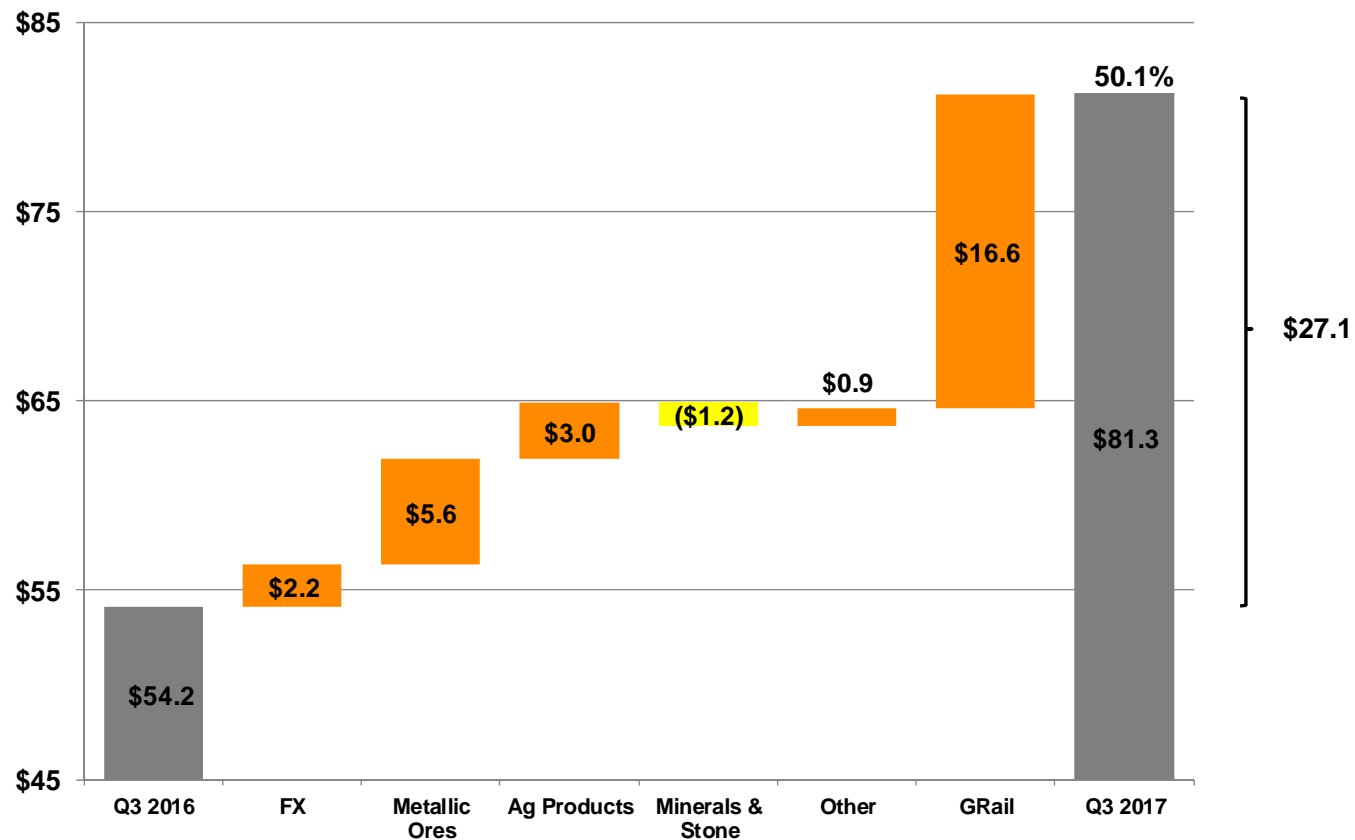
(\$ in millions)	Q3 2017	Q3 2016	Variance	Variance Excluding FX
Operating Revenues	\$ 318.9	\$ 310.2	\$ 8.7	\$ 7.8
Operating Expenses	(236.8)	(223.0)	(13.8)	(12.9)
Operating Income	\$ 82.1	\$ 87.2	\$ (5.0)	\$ (5.1)
Operating Ratio	74.3%	71.9%		
Operating Expenses	\$ (236.8)	\$ (223.0)	\$ (13.8)	
Corporate Development and Related Costs	0.6	1.0	(0.4)	
Restructuring Costs	0.3	0.1	0.2	
Adjusted Operating Expenses	\$ (235.9)	\$ (221.9)	\$ (13.9)	\$ (13.1)
Adjusted Operating Income <sup>(a)</sup>	\$ 83.0	\$ 88.3	\$ (5.2)	\$ (5.3)
Adjusted Operating Ratio <sup>(a)</sup>	74.0%	71.5%		

Key Drivers	Adjusted Operating Income Variance (Ex. FX)	Comments
New Operations	\$ 2.1	P&W and HOG Acquisitions
Same Railroad Operations	\$ (7.4)	Adverse Traffic Mix (\$2.0), Casualties and Insurance (\$2.0), Net Fuel (\$1.0) and Hurricanes and Washouts (\$1.0)

(a) Adjusted Operating Income and Adjusted Operating Ratio are non-GAAP financial measures. Reconciliations of non-GAAP financial measures accompany this presentation.

# Australian Operations (51%-owned) Operating Revenues: Q3 2017 vs. Q3 2016

(\$ millions)



# Australian Adjusted Operating Income (51%-owned)

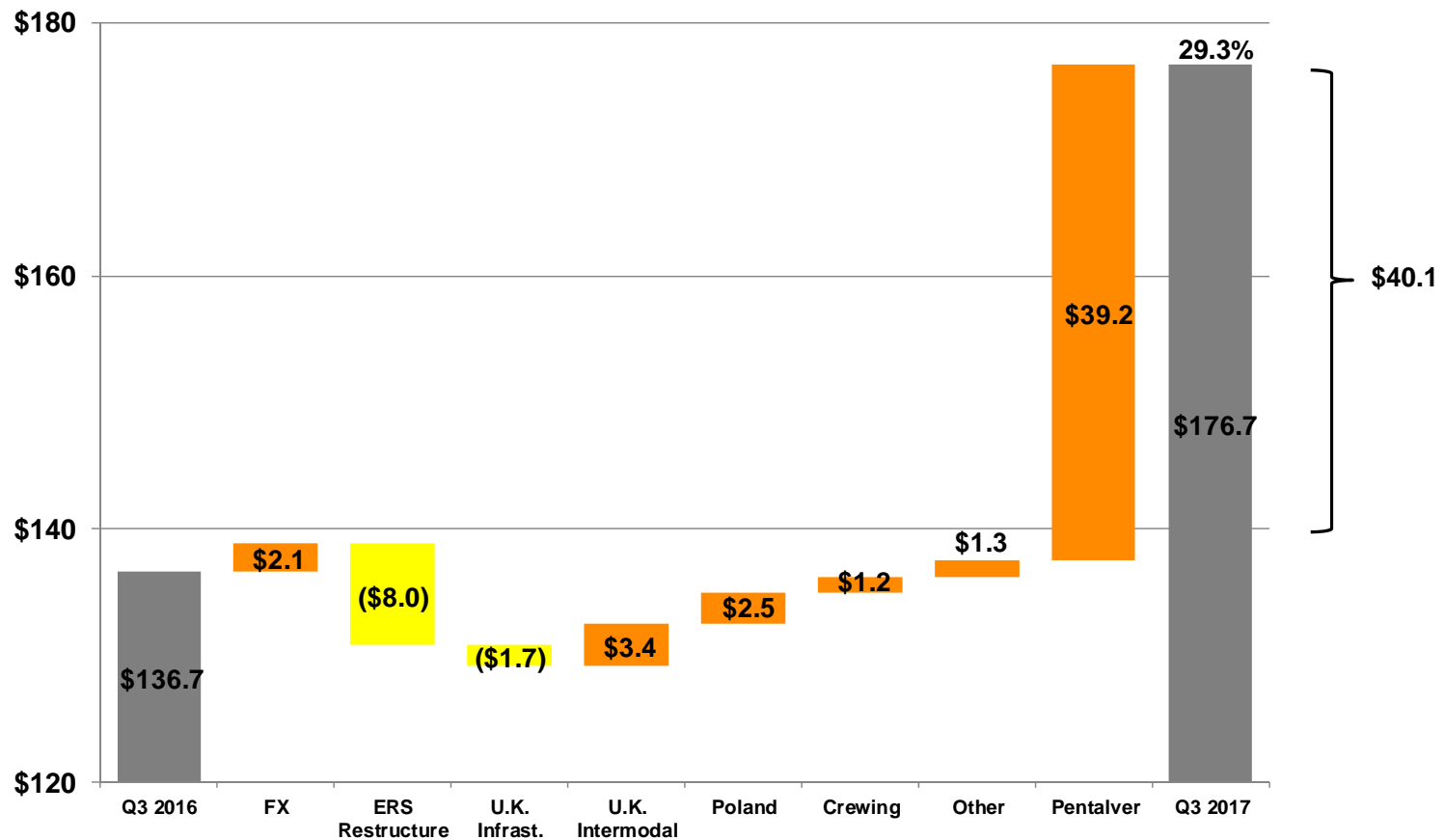
(\$ in millions)	Q3 2017	Q3 2016	Variance	Variance Excluding FX
Operating Revenues	\$ 81.3	\$ 54.2	\$ 27.1	\$ 24.9
Operating Expenses	(59.0)	(49.8)	(9.2)	(7.2)
Operating Income	\$ 22.3	\$ 4.4	\$ 17.9	\$ 17.7
Operating Ratio	72.6%	91.9%		
Operating Expenses	\$ (59.0)	\$ (49.8)	\$ (9.2)	
Corporate Development and Related Costs	(0.5)	2.9	(3.4)	
Restructuring Costs	-	0.1	(0.1)	
Adjusted Operating Expenses	\$ (59.5)	\$ (46.8)	\$ (12.7)	\$ (10.8)
Adjusted Operating Income <sup>(a)</sup>	\$ 21.8	\$ 7.4	\$ 14.4	\$ 14.1
Adjusted Operating Ratio <sup>(a)</sup>	73.2%	86.4%		

Key Drivers	Adjusted Operating Income Variance (Ex. FX)	Comments
New Operations	\$ 8.8	GRail Acquisition; Slightly Below Plan Due to Industrial Action at Mines; Partially Mitigated With Take-or-Pay Contract Protection and Spot Coal Moves For New Customers
Same Railroad Operations	\$ 5.3	Mine Reopened & Larger Grain Harvest in 2017

(a) Adjusted Operating Income and Adjusted Operating Ratio are non-GAAP financial measures. Reconciliations of non-GAAP financial measures accompany this presentation.

# U.K./European Operations Operating Revenues: Q3 2017 vs. Q3 2016

(\$ millions)





# U.K./European Adjusted Operating Income

(\$ in millions)	Q3 2017	Q3 2016	Variance	Variance Excluding FX
Operating Revenues	\$ 176.7	\$ 136.7	\$ 40.1	\$ 37.9
Operating Expenses	(169.6)	(136.3)	(33.3)	(31.1)
Operating Income	\$ 7.1	\$ 0.3	\$ 6.8	\$ 6.8
Operating Ratio	96.0%	99.8%		
Operating Expenses	\$ (169.6)	\$ (136.3)	\$ (33.3)	
Corporate Development and Related Costs	1.6	0.3	1.3	
Restructuring Costs	2.3	0.0	2.3	
Adjusted Operating Expenses	\$ (165.7)	\$ (135.9)	\$ (29.7)	\$ (27.6)
Adjusted Operating Income <sup>(a)</sup>	\$ 11.0	\$ 0.7	\$ 10.3	\$ 10.4
Adjusted Operating Ratio <sup>(a)</sup>	93.8%	99.5%		

Key Drivers	Adjusted Operating Income Variance (Ex. FX)	Comments
New Operations	\$ 2.7	Pentalver
Same Railroad Operations	\$ 7.7	U.K. Turnaround and ERS Restructured

(a) Adjusted Operating Income and Adjusted Operating Ratio are non-GAAP financial measures. Reconciliations of non-GAAP financial measures accompany this presentation.

# Guidance – Fourth Quarter 2017

(As of October 31, 2017)

(in millions, except per share and carload amounts)	North America	Australia	U.K./Europe	Consolidated Q4 2017 Guidance
Operating Revenues	\$310 - \$315	\$75 - \$80	\$175 - \$180	\$560 - \$575
Operating Ratio <sup>(a)</sup>	~75%	~71%	~94%	80% - 81%
Operating Income <sup>(a)</sup>	\$75 - \$80	\$21 - \$23	\$10 - \$12	\$110 - \$115
Net Interest Expense				~\$28
Depreciation and Amortization <sup>(b)</sup>	~\$45	~\$16	~\$10	~\$71
Effective Tax Rate				~40%
Net Income Attributable to Noncontrolling Interest				~\$3
Diluted EPS Attributable to G&W <sup>(a)</sup>				~\$0.75
Diluted Shares				62.5
Q4 2017 Total Carload Volumes	385,000 - 395,000	140,000 - 150,000	270,000 - 280,000	
Same RR % Change	(5%) - (4%)	NM	(4%) - 0%	

(a) Does not include any potential integration, severance and restructuring related expenses.

(b) Includes amortization of non-cash equity compensation expense of \$5 million and D&A of \$66 million.

## Updated 2017 Guidance

- August Guidance Q4 2017 ~\$0.80; Updated October Q4 2017 Guidance ~\$0.75

Segment	Impact	Comment
North America	(\$0.03)	Drought in South Dakota; Lower Minerals and Stone; CG Railroad JV Initial Vessel Enhancements
Australia	-	Unchanged
U.K./Europe	-	Unchanged
Higher Effective Tax Rate	(\$0.02)	Estimated Annual Mix of Global Income
Total	(\$0.05)	

# Balance Sheet

- Net Debt<sup>(a)</sup> of \$2.3 billion at September 30, 2017
- 2.9x Net Adjusted Debt/Adjusted EBITDA<sup>(b)(c)</sup> at September 30, 2017
- Leverage metrics reflect G&W Debt and EBITDA from North America and U.K./Europe Only

(\$ in millions)	9/30/2017
Cash & Equivalents	\$ 80
Debt:	
G&W Senior Secured Credit Facility, <i>due March 2020</i>	\$ 1,619
Australian Senior Secured Credit Facility, <i>due December 2021</i> <sup>(d)</sup>	530
Australian Subordinated Shareholder Loan, <i>due December 2026</i> <sup>(d)(e)</sup>	187
Other Debt	77
Less: Deferred Financing Fees	(28)
<b>TOTAL DEBT</b>	<b>\$ 2,385</b>
Total Equity	\$ 3,434
<b>TOTAL CAPITALIZATION</b>	<b>\$ 5,819</b>
Debt/Total Capitalization	41%
Net Debt/Total Capitalization	40%

<sup>(a)</sup> Net Debt is calculated as Total Debt less Cash and Equivalents.

<sup>(b)</sup> Net Adjusted Debt and Adjusted EBITDA are non-GAAP financial measures. Reconciliations of non-GAAP financial measures accompany this presentation.

<sup>(c)</sup> Based on G&W credit facility covenant requirements, which includes debt and EBITDA attributable to North American and U.K./European operations only, as well as any cash distributions received from Genesee and Wyoming Australia (GWA).

<sup>(d)</sup> The Australian Operations have a standalone credit agreement non-recourse to G&W and MIRA.

<sup>(e)</sup> Shareholder loan from MIRA used to fund a portion of its initial contribution to GWA. G&W has matching shareholder loan that is eliminated in consolidation.

## 2017 G&W Investor Day

Date: November 9, 2017

Time: 8:00 am – 1:00 pm

Location: New York City, NY

Note: Registration begins at 7:30am



**Zero  
Injuries**

***Our Goal Every Day***

# Supporting Information for Updated 2017 Guidance

(As of October 31, 2017)

(\$ in millions, except pricing and FX)	North America	Australia	U.K./Europe
Revenues	\$1,260 - \$1,270	\$305 - \$310	\$620 - \$630
Adjusted Operating Ratio <sup>(a)</sup>	~75%	~73%	~96%
Adjusted Operating Income <sup>(a)</sup>	\$310 - \$315	\$80 - \$82	\$22 - \$24
Depreciation and Amortization <sup>(b)</sup>	~\$175	~\$62	~\$33
2017 Total Carload Volumes	2%	NM	(1%)
2017 Same Railroad Volumes	(1%)	+8%	n/a
Freight Pricing	+3%	fixed/variable	contract/tariff
FX (Actual Q1 - Q3 + Q4 outlook)	C\$1.00 = US\$0.80	A\$1.00 = US\$ 0.78	£1.00 = US\$1.33 €1.00 = US\$1.17

- a) Adjusted Operating Ratio and Adjusted Operating Income solely reflect the adjustments for the first three quarters of 2017 as otherwise reconciled in the non-GAAP financial measures reconciliations accompanying this presentation.
- b) Includes amortization of non-cash equity compensation expense of \$18 million and D&A of \$252 million.

## G&W U.S. Same Railroad Carloads vs. U.S. Class I Q3 2017 vs. Q3 2016 (excludes intermodal)<sup>(a)</sup>

Commodity	Class I % Change	G&W % Change	Class I Mix	G&W Mix	Commodity Weighted Variance	Notes
Coal	2.8%	(3.6%)	36.4%	16.5%	(1.6%)	Class I Export Coal
Minerals & Stone	6.5%	(1.8%)	14.5%	13.9%	(1.1%)	Class I Frac Sand
Metallic Ores	19.4%	(1.9%)	1.6%	0.8%	(0.3%)	Class I Taconite/Iron Ore
Chemicals & Plastics	0.3%	(0.6%)	11.8%	10.2%	(0.1%)	
Metals	7.1%	6.8%	4.9%	8.5%	0.2%	
Agricultural Products	(12.9%)	(13.1%)	11.5%	12.5%	(0.2%)	
Pulp & Paper	(1.3%)	0.3%	2.2%	10.1%	0.1%	
Autos & Auto Parts	(11.1%)	29.0%	5.9%	2.2%	1.2%	Auto Model Conversion; West Coast Import Traffic
Consumer <sup>(b)</sup>	(4.2%)	(2.6%)	5.5%	16.3%	(0.2%)	
Petroleum Products	(16.3%)	(5.1%)	3.5%	5.2%	0.4%	Class I Crude Oil; G&W LPGs
Other	(9.3%)	4.4%	2.2%	3.9%	0.4%	
<b>Total</b>	<b>(1.1%)</b>	<b>(2.3%)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(1.2%)</b>	

(a) UNP, BNSF, NS and CSX (Source: AAR, G&W)

(b) Consumer includes Food & Kindred Products, Lumber & Forest Products and Waste



# G&W U.S. Same Railroad Carloads vs. U.S. Class I Q3 YTD 2017 vs. Q3 YTD 2016 (excludes intermodal)<sup>(a)</sup>

Commodity	Class I % Change	G&W % Change	Class I Mix	G&W Mix	Commodity Weighted Variance	Notes
Coal	12.0%	8.3%	34.7%	15.5%	(2.7%)	80% of Overall Variance; Class 1 Export Coal
Minerals & Stone	7.8%	1.8%	13.9%	13.5%	(0.8%)	Class I Frac Sand
Metallic Ores	7.5%	(28.4%)	1.5%	0.8%	(0.4%)	Class I Taconite/Iron Ore; G&W Alumina Plant Closure July 2016; Lower Copper Concentrate
Chemicals & Plastics	0.1%	(1.6%)	12.1%	10.5%	(0.2%)	Reduced Acid Shipments to Copper Mine
Metals	5.8%	0.7%	5.0%	8.6%	(0.2%)	
Agricultural Products	(0.1%)	(1.6%)	12.6%	13.9%	(0.2%)	
Pulp & Paper	(1.1%)	(3.2%)	2.2%	9.7%	(0.3%)	Truck Competition; Plant Outages
Autos & Auto Parts	(7.3%)	15.2%	6.5%	2.1%	0.8%	West Coast Imports; Auto Model Conversion
Consumer <sup>(b)</sup>	(1.7%)	0.6%	5.6%	16.1%	0.2%	
Petroleum Products	(14.8%)	(6.4%)	3.7%	5.2%	0.3%	Class I Crude Oil; G&W LPGs
Other	(3.1%)	2.0%	2.3%	4.0%	0.2%	
<b>Total</b>	<b>3.9%</b>	<b>0.6%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(3.4%)</b>	

(a) UNP, BNSF, NS and CSX (Source: AAR, G&W)

(b) Consumer includes Food & Kindred Products, Lumber & Forest Products and Waste



## 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), Adjusted Operating Income, Adjusted Operating Ratio, Free Cash Flow, Free Cash Flow Before New Business Investments 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 or, in the case of Free Cash Flow, an important financial measure of how well G&W is managing its assets and a useful indicator of cash flow that may be available for discretionary use by G&W. Management also views these non-GAAP financial measures as a way to assess comparability between periods. Key limitations of the Free Cash Flow measure include the assumptions that G&W will be able to refinance its existing debt when it matures and meet other cash flow obligations from financing activities, such as principal payments on debt.

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 September 30, 2017	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 83.9	\$ 30.5	\$ 50.2	\$ 0.80
Add back certain items:				
Corporate development and related costs	1.7	0.8	1.4	0.02
Restructuring costs	2.6	0.4	2.2	0.04
Recognition of unrecognized tax benefits	-	3.3	(3.3)	(0.05)
As adjusted	<u>\$ 88.3</u>	<u>\$ 35.0</u>	<u>\$ 50.6</u>	<u>\$ 0.81</u>
Weighted average shares - diluted				<u>62.5</u>

Three Months Ended September 30, 2016	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 76.4	\$ 19.6	\$ 56.8	\$ 0.98
Add back certain items:				
Corporate development and related costs	4.3	1.2	3.1	0.05
Restructuring costs	0.2	0.1	0.2	-
Impact of reduction in U.K. tax rate	-	4.3	(4.3)	(0.07)
Q3 2016 Short Line Tax Credit	-	7.8	(7.8)	(0.13)
As adjusted	<u>\$ 80.9</u>	<u>\$ 33.0</u>	<u>\$ 47.9</u>	<u>\$ 0.82</u>
Weighted average shares - diluted				<u>58.2</u>

## Adjusted Operating Income – by Segment

Three Months Ended September 30, 2017	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 318.9	\$ 81.3	\$ 176.7	\$ 576.9
Operating expenses	236.8	59.0	169.6	465.4
Operating income <sup>(a)</sup>	<u>\$ 82.1</u>	<u>\$ 22.3</u>	<u>\$ 7.1</u>	<u>\$ 111.5</u>
Operating ratio <sup>(b)</sup>	74.3%	72.6%	96.0%	80.7%
Operating expenses	\$ 236.8	\$ 59.0	\$ 169.6	\$ 465.4
Corporate development and related costs	(0.6)	0.5	(1.6)	(1.7)
Restructuring costs	<u>(0.3)</u>	<u>-</u>	<u>(2.3)</u>	<u>(2.6)</u>
Adjusted operating expenses	<u>\$ 235.9</u>	<u>\$ 59.5</u>	<u>\$ 165.7</u>	<u>\$ 461.1</u>
Adjusted operating income	<u>\$ 83.0</u>	<u>\$ 21.8</u>	<u>\$ 11.0</u>	<u>\$ 115.9</u>
Adjusted operating ratio	74.0%	73.2%	93.8%	79.9%

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

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

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

Three Months Ended September 30, 2016	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 310.2	\$ 54.2	\$ 136.7	\$ 501.0
Operating expenses	223.0	49.8	136.3	409.2
Operating income <sup>(a)</sup>	<u>\$ 87.2</u>	<u>\$ 4.4</u>	<u>\$ 0.3</u>	<u>\$ 91.9</u>
Operating ratio <sup>(b)</sup>	71.9%	91.9%	99.8%	81.7%
Operating expenses	\$ 223.0	\$ 49.8	\$ 136.3	\$ 409.2
Corporate development and related costs	(1.0)	(2.9)	(0.3)	(4.3)
Restructuring costs	(0.1)	(0.1)	-	(0.2)
Adjusted operating expenses	<u>\$ 221.9</u>	<u>\$ 46.8</u>	<u>\$ 135.9</u>	<u>\$ 404.7</u>
Adjusted operating income	<u>\$ 88.3</u>	<u>\$ 7.4</u>	<u>\$ 0.7</u>	<u>\$ 96.4</u>
FX <sup>(c)</sup>	0.1	0.3	-	0.4
Adjusted operating income excluding FX	<u>\$ 88.4</u>	<u>\$ 7.7</u>	<u>\$ 0.7</u>	<u>\$ 96.8</u>
Adjusted operating ratio	71.5%	86.4%	99.5%	80.8%

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

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

(c) Foreign Exchange (FX) impact is calculated by comparing the prior period results translated from local currency to U.S. dollars using current period exchange rates to the prior period results in U.S. dollars as reported.

# Same Railroad Adjusted Operating Income – North American Operations

Three Months Ended September 30, 2017	Total	New Operations	Same Railroad
Operating revenues	\$ 318.9	\$ 9.7	\$ 309.2
Operating expenses	236.8	8.0	228.8
Operating income <sup>(a)</sup>	<u>\$ 82.1</u>	<u>\$ 1.7</u>	<u>\$ 80.4</u>
Operating expenses	\$ 236.8	\$ 8.0	\$ 228.8
Corporate development and related costs	(0.6)	(0.4)	(0.3)
Restructuring costs	(0.3)	-	(0.3)
Adjusted operating expenses	<u>\$ 235.9</u>	<u>\$ 7.7</u>	<u>\$ 228.2</u>
Adjusted operating income	<u>\$ 83.0</u>	<u>\$ 2.1</u>	<u>\$ 81.0</u>

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

# Same Railroad Adjusted Operating Income – Australian Operations

Three Months Ended September 30, 2017	Total	New Operations	Same Railroad
Operating revenues	\$ 81.3	\$ 17.7	\$ 63.6
Operating expenses	59.0	8.7	50.3
Operating income <sup>(a)</sup>	<u>\$ 22.3</u>	<u>\$ 9.0</u>	<u>\$ 13.3</u>
Operating expenses	\$ 59.0	\$ 8.7	\$ 50.3
Corporate development and related costs	0.5	0.2	0.3
Adjusted operating expenses	<u>\$ 59.5</u>	<u>\$ 8.9</u>	<u>\$ 50.6</u>
Adjusted operating income	<u>\$ 21.8</u>	<u>\$ 8.8</u>	<u>\$ 13.0</u>

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



# Same Railroad Adjusted Operating Income – U.K./European Operations

Three Months Ended September 30, 2017	Total	New Operations	Same Railroad
Operating revenues	\$ 176.7	\$ 39.2	\$ 137.5
Operating expenses	169.6	38.0	131.7
Operating income <sup>(a)</sup>	<u>\$ 7.1</u>	<u>\$ 1.3</u>	<u>\$ 5.9</u>
Operating expenses	\$ 169.6	\$ 38.0	\$ 131.7
Corporate development and related costs	(1.6)	(1.5)	(0.2)
Restructuring costs	(2.3)	-	(2.3)
Adjusted operating expenses	<u>\$ 165.7</u>	<u>\$ 36.5</u>	<u>\$ 129.2</u>
Adjusted operating income	<u>\$ 11.0</u>	<u>\$ 2.7</u>	<u>\$ 8.3</u>

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

# Free Cash Flow

Nine Months Ended September 30,	2017	2016
Net cash provided by operating activities	\$ 350.4	\$ 303.6
Net cash used in investing activities	(232.9)	(117.2)
Net cash used for acquisitions/divestitures	113.0	1.3
Free cash flow and Free cash flow attributable to G&W	230.4	187.6
New business investments, net of grants from outside parties	3.0	8.6
Free cash flow before new business investments	<u>\$ 233.4</u>	<u>\$ 196.2</u>

# Free Cash Flow – Australian Operations

Nine Months Ended September 30,	2017
Net cash provided by operating activities	\$ 54.3
Net cash used in investing activities	(6.7)
Net cash received from working capital acquisition adjustment	(2.9)
Free cash flow	<u>\$ 44.7</u>

## EBITDA – Total G&W

	Three Months Ended December 31, 2016	Three Months Ended March 31, 2017	Three Months Ended June 30, 2017	Three Months Ended September 30, 2017	Twelve Months Ended September 30, 2017
Net income	\$ 8.9	\$ 27.3	\$ 48.1	\$ 53.4	\$ 137.7
Add back:					
Provision for income taxes	19.8	21.9	29.6	30.5	101.9
Interest expense	22.6	26.4	25.8	28.3	103.0
Depreciation and amortization expense	54.1	60.8	61.5	64.2	240.6
EBITDA	<u>\$ 105.4</u>	<u>\$ 136.4</u>	<u>\$ 165.0</u>	<u>\$ 176.4</u>	<u>\$ 583.2</u>

# EBITDA – Australian Operations

	Three Months Ended December 31, 2016	Three Months Ended March 31, 2017	Three Months Ended June 30, 2017	Three Months Ended September 30, 2017	Twelve Months Ended September 30, 2017
Net income/(loss)	\$ (4.8)	\$ 2.1	\$ 4.3	\$ 6.4	\$ 8.1
Add back:					
Provision for income taxes	0.5	0.9	1.9	2.0	5.3
Interest expense	7.0	14.1	14.0	14.0	49.1
Depreciation and amortization expense	9.8	15.2	15.0	15.8	55.8
EBITDA	<u>\$ 12.5</u>	<u>\$ 32.3</u>	<u>\$ 35.2</u>	<u>\$ 38.2</u>	<u>\$ 118.2</u>

# Net Adjusted Debt/Adjusted EBITDA – G&W

Twelve Months Ended September 30, 2017	Total G&W	Less: Australian Operations <sup>(a)</sup>	Adjustments <sup>(b)</sup>	Acquisitions <sup>(c)</sup>	G&W
Net income	\$ 137.7	\$ 8.1	\$ -		\$ 129.6
Add back:					
Provision for income taxes	101.9	5.3	-		96.6
Interest expense	103.0	49.1	10.8		64.7
Depreciation and amortization expense	240.6	55.8	-		184.8
EBITDA	\$ 583.2	\$ 118.2	\$ 10.8	\$ 17.2	\$ 492.9
Add back certain items					
Non-cash compensation cost related to equity awards			17.3		17.3
Impairment and related costs			19.4		19.4
Corporate development and related costs			8.9		8.9
Restructuring costs			10.3		10.3
Australia dividends, distributions of cash payments			7.4		7.4
Net gain on sale of assets			(0.3)		(0.3)
Hedging agreement expense			4.5		4.5
U.K. coal railcar leases			8.0		8.0
Adjusted EBITDA					\$ 568.3
Total debt	\$ 2,385	\$ 707	\$ 4		\$ 1,682
Add back: Deferred financing fees	28	13	-		15
Adjusted debt	\$ 2,412	\$ 720	\$ 4		\$ 1,697
Less: Cash	80	48	(5)		27.6
Net adjusted debt	\$ 2,332	\$ 672	\$ 9		\$ 1,669
Net adjusted debt/Adjusted EBITDA ratio					2.9 : 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 10/1/16 - 10/31/16, GRail for 10/1/16 - 11/30/16, Pentalver for 10/1/16 - 4/30/17 and HOG for 10/1/16-5/30/17.

# Adjusted Operating Income and Adjusted Operating Ratio – Full Year Guidance

Twelve Months Ended December 31, 2017 - Guidance	North American Operations	Australian Operations	U.K./European Operations
Operating revenues	\$1,260 - \$1,270	\$310 - \$315	\$620 - \$630
Operating expenses	\$958 - \$963	\$228 - \$231	\$610 - \$618
Operating income <sup>(a)</sup>	\$302 - \$307	\$82 - \$84	\$10 - \$12
Operating ratio <sup>(b)</sup>	~76%	~73%	~98%
Operating expenses	\$958 - \$963	\$228 - \$231	\$610 - \$618
Corporate development and related costs	(8)	-	(4)
Restructuring costs	-	-	(8)
Adjusted operating expenses	\$950 - \$955	\$228 - \$231	\$598 - \$606
Adjusted operating income	\$310 - \$315	\$82 - \$84	\$22 - \$24
Adjusted operating ratio	~75%	~73%	~96%

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

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

## Free Cash Flow - Guidance

Twelve Months Ended December 31, 2017	Guidance (February 2017)	Guidance (October 2017)
Net cash provided by operating activities	\$ 552	\$ 499
Net cash used in investing activities	(252)	(214)
Free cash flow	300	285
Distributions to noncontrolling interest	(22)	(28)
Free cash flow attributable to G&W	\$ 278	\$ 257



