



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 Attributable to G&W (EPS), Adjusted Operating Income, Adjusted Operating Ratio, Free Cash Flow, 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 December 31, 2016	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to G&W	Diluted EPS Attributable to G&W
As reported	\$ 28.7	\$ 19.8	\$ 8.9	\$ 0.15
Add back certain items:				
ERS impairment and related costs	21.5	-	21.5	0.37
U.K. coal railcar leases	10.5	1.9	8.6	0.15
Corporate development and related costs	19.2	3.0	16.2	0.28
Restructuring costs	1.9	0.4	1.4	0.02
Net loss on sale of assets	1.1	0.3	0.8	0.01
Write-off debt issuance costs	2.2	0.7	0.8	0.01
As adjusted	<u>\$ 85.1</u>	<u>\$ 26.1</u>	<u>\$ 58.3</u>	<u>\$ 0.99</u>

Adjusted Net Income and Adjusted Diluted EPS

Twelve Months Ended December 31, 2016	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to G&W	Diluted EPS Attributable to G&W
As reported	\$ 215.5	\$ 74.4	\$ 141.1	\$ 2.42
Add back certain items:				
Corporate development and related costs	26.6	5.2	21.4	0.37
Net loss on sale of assets	0.1	-	-	-
Australia impairment and related costs	21.1	4.4	16.8	0.29
ERS impairment and related costs	21.5	-	21.5	0.37
U.K. coal railcar leases	10.5	1.9	8.6	0.15
Restructuring costs	8.2	1.7	6.5	0.11
Write-off debt issuance costs	2.2	0.7	0.8	0.01
Net loss on sale of assets	0.1	-	-	-
Impact of reduction in U.K. effective tax rate	-	4.3	(4.3)	(0.07)
As adjusted	\$ 305.7	\$ 92.5	\$ 212.4	\$ 3.65
2016 Short line tax credit	-	28.8	(28.8)	(0.50)
As adjusted excluding the 2016 short line tax credit	\$ 305.7	\$ 121.4	\$ 183.6	\$ 3.15

Adjusted Operating Income and Adjusted Operating Ratio – by Segment

Three Months Ended December 31, 2016	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 322.2	\$ 61.4	\$ 133.0	\$ 516.5
Operating expenses	238.8	58.5	165.6	463.0
Operating income/(loss) ^(a)	<u>\$ 83.4</u>	<u>\$ 2.8</u>	<u>\$ (32.6)</u>	<u>\$ 53.6</u>
Operating ratio ^(b)	74.1%	95.4%	124.5%	89.6%
Operating expenses	\$ 238.8	\$ 58.5	\$ 165.6	\$ 463.0
ERS impairment and related costs	-	-	(21.5)	(21.5)
U.K. coal railcar leases	-	-	(10.5)	(10.5)
Corporate development and related costs	(4.0)	(10.7)	(1.3)	(16.0)
Restructuring costs	(0.1)	-	(1.8)	(1.9)
Net loss on sale of assets	(0.6)	(0.3)	(0.1)	(1.1)
Adjusted operating expenses	<u>234.1</u>	<u>47.5</u>	<u>130.5</u>	<u>412.1</u>
Adjusted operating income	<u>\$ 88.1</u>	<u>\$ 13.9</u>	<u>\$ 2.5</u>	<u>\$ 104.5</u>
Adjusted operating ratio	72.7%	77.4%	98.1%	79.8%

(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

Twelve Months Ended December 31, 2016	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 1,236.8	\$ 222.6	\$ 542.2	\$ 2,001.5
Operating expenses	917.2	217.8	576.9	1,711.9
Operating income/(loss) ^(a)	<u>\$ 319.6</u>	<u>\$ 4.8</u>	<u>\$ (34.7)</u>	<u>\$ 289.6</u>
Operating ratio ^(b)	74.2%	97.8%	106.4%	85.5%
Operating expenses	\$ 917.2	\$ 217.8	\$ 576.9	\$ 1,711.9
ERS impairment and related costs	-	-	(21.5)	(21.5)
U.K. coal railcar leases	-	-	(10.5)	(10.5)
Australia impairment and related costs	-	(21.1)	-	(21.1)
Corporate development and related costs	(7.2)	(14.7)	(1.5)	(23.3)
Restructuring costs	(0.9)	(0.8)	(6.5)	(8.2)
Net loss on sale of assets	0.2	(0.3)	0.1	(0.1)
Adjusted operating expenses	<u>909.3</u>	<u>180.8</u>	<u>537.0</u>	<u>1,627.2</u>
Adjusted operating income	<u>\$ 327.4</u>	<u>\$ 41.8</u>	<u>\$ 5.1</u>	<u>\$ 374.3</u>
Adjusted operating ratio	73.5%	81.2%	99.1%	81.3%

(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 December 31, 2015	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 298.6	\$ 55.2	\$ 161.0	\$ 514.9
Operating expenses	225.4	44.7	150.1	420.2
Operating income ^(a)	<u>\$ 73.2</u>	<u>\$ 10.5</u>	<u>\$ 10.9</u>	<u>\$ 94.6</u>
Operating ratio ^(b)	75.5%	81.0%	93.2%	81.6%
Operating expenses	\$ 225.4	\$ 44.7	\$ 150.1	\$ 420.2
Corporate development and related costs	(1.2)	(0.5)	(0.9)	(2.5)
Net gain on sale of assets	0.3	-	-	0.3
Out of period benefit of final allocation of fair values to Freightliner's assets & liabilities	-	-	2.6	2.6
Adjusted operating expenses	<u>\$ 224.6</u>	<u>\$ 44.2</u>	<u>\$ 151.9</u>	<u>\$ 420.6</u>
Adjusted operating income	<u>\$ 74.1</u>	<u>\$ 11.0</u>	<u>\$ 9.1</u>	<u>\$ 94.2</u>
FX ^(c)	0.1	0.4	(2.0)	(1.5)
Adjusted operating income excluding FX	<u>\$ 74.2</u>	<u>\$ 11.4</u>	<u>\$ 7.2</u>	<u>\$ 92.7</u>
Adjusted operating ratio	75.2%	80.1%	94.3%	81.7%

(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.

Free Cash Flow

Twelve Months Ended December 31,	2017 (Guidance)
Net cash provided by operating activities	\$ 552
Net cash used in investing activities	<u>(252)</u>
Free cash flow	300
Distributions to noncontrolling interest	<u>(22)</u>
Free cash flow attributable to G&W	<u>\$ 278</u>

Free Cash Flow – Australian Operations

Twelve Months Ended December 31,	2017 (Guidance)
Net cash provided by operating activities	\$ 77
Net cash used in investing activities	(31)
Free cash flow	46
Distributions to noncontrolling interest	(22)
Free cash flow attributable to G&W	<u>\$ 24</u>

Net Adjusted Debt/Adjusted EBITDA

Twelve Months Ended December 31, 2016	Less: Australian					Adjusted
	Total G&W	Operations ^(a)	Adjustments ^(b)	Acquisitions ^(c)		
Net income attributable to G&W	\$ 141.1	\$ (10.8)	\$ -		\$ 151.9	
Add back:						
Provision for income taxes	74.4	1.0	-		73.4	
Interest expense	75.6	14.2	1.0		62.5	
Depreciation and amortization expense	205.2	30.9	-		174.3	
EBITDA	\$ 496.4	\$ 35.3	\$ 1.0	\$ 26.2	\$ 488.3	
Add back certain items						
Non-cash compensation cost related to equity awards	17.9	0.6	-		17.2	
Impairment and related costs	53.1	21.1	(2.6)		29.3	
Corporate development and related costs	23.3	14.7	(6.3)		2.3	
Restructuring costs	8.2	0.8	-		7.4	
Net loss/(gain) on sale of assets	0.1	0.3	-		(0.3)	
Adjusted EBITDA					\$ 544.3	
Total debt	\$ 2,359	\$ 659	\$ 5		\$ 1,705	
Less: Cash	32	9	-		23	
Net debt	\$ 2,327	\$ 650	\$ 5		\$ 1,682	
Add back: Deferred financing fees	33	14	-		19	
Net adjusted debt	\$ 2,360	\$ 664	\$ 5		\$ 1,701	
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 1/1/16 - 10/31/16 and GRail for 1/1/16 - 11/30/16.

Net Adjusted Debt/Adjusted EBITDA

Twelve Months Ended December 31, 2017 (Guidance)	Total G&W	Less: Australian Operations ^(a)	Acquisitions/ Adjustments ^(b)	Adjusted
Net income attributable to G&W	\$ 202	\$ 6	\$ -	\$ 196
Add back:				
Provision for income taxes	127	5	-	122
Interest expense	105	55	-	50
Depreciation and amortization expense	249	61	-	188
EBITDA	\$ 683	\$ 127	\$ 38	\$ 594
Add back certain items				
Non-cash compensation cost related to equity awards	18	1	-	17
Adjusted EBITDA				<u>\$ 611</u>
Total debt	\$ 2,184	\$ 674	\$ 5	\$ 1,515
Less: Cash	25	5	-	20
Net debt	\$ 2,159	\$ 669	\$ 5	\$ 1,495
Add back: Deferred financing fees	24	11	-	13
Net adjusted debt	<u>\$ 2,183</u>	<u>\$ 680</u>	<u>\$ 5</u>	<u>\$ 1,508</u>
Net adjusted debt/Adjusted EBITDA ratio				2.5 : 1.0

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

(b) Adjustments based on Credit Facility Agreement.

Net Adjusted Debt/Adjusted EBITDA

Twelve Months Ended December 31, 2017 (Guidance)	Australian Operations
Net income	\$ 10
Add back:	
Provision for income taxes	5
Interest expense	55
Depreciation and amortization expense	61
EBITDA	\$ 131
Add back certain items	
Non-cash compensation cost related to equity awards	1
Adjusted EBITDA	\$ 132
Total debt	\$ 674
Less: Cash	5
Net debt	\$ 669
Less: Shareholder loan	179
Add back: Deferred financing fees	11
Net adjusted debt	\$ 501
Net adjusted debt/Adjusted EBITDA ratio	3.8 : 1.0

