



Reconciliation of Non-GAAP Financial Measures

Non-GAAP Financial Measures

This presentation contains references to Adjusted Net Income, Adjusted Diluted Earnings Per Common Share (EPS), Adjusted Operating Income, Adjusted Operating Expenses, Adjusted Operating Ratio, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA and Net Debt to Adjusted 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 Diluted EPS

Three Months Ended June 30, 2016	Income Before Income Taxes	Provision for Income Taxes	Net Income	Diluted EPS
As reported	\$ 70.5	\$ 22.1	\$ 48.4	\$ 0.83
Add back certain items:				
Corporate development and related costs	2.6	0.8	1.8	0.03
Restructuring costs	5.0	0.9	\$ 4.0	0.07
Net gain on sale of assets	(0.3)	(0.1)	(0.2)	-
As adjusted	<u>\$ 77.8</u>	<u>\$ 23.7</u>	<u>\$ 54.0</u>	<u>\$ 0.93</u>

Adjusted Operating Income, Adjusted Operating Expenses and Adjusted Operating Ratio – by Segment

Three Months Ended June 30, 2016	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 304.6	\$ 55.3	\$ 141.5	\$ 501.4
Operating expenses	225.6	45.9	142.7	414.2
Operating income/(loss) ^(a)	<u>\$ 79.0</u>	<u>\$ 9.4</u>	<u>\$ (1.2)</u>	<u>\$ 87.2</u>
Operating ratio ^(b)	74.1%	83.0%	100.9%	82.6%
Operating expenses	\$ 225.6	\$ 45.9	\$ 142.7	\$ 414.2
Corporate development and related costs	(1.7)	(0.8)	-	(2.6)
Restructuring costs	(0.3)	-	(4.6)	(5.0)
Net gain on sale of assets	0.2	-	0.1	0.3
Adjusted operating expenses	<u>223.7</u>	<u>45.1</u>	<u>138.2</u>	<u>406.9</u>
Adjusted operating income	<u>\$ 80.8</u>	<u>\$ 10.2</u>	<u>\$ 3.4</u>	<u>\$ 94.4</u>
Adjusted operating ratio	73.5%	81.5%	97.6%	81.2%

(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, Adjusted Operating Expenses and Adjusted Operating Ratio – by Segment (cont.)

Three Months Ended June 30, 2015	North			Total
	American Operations	Australian Operations	U.K./European Operations	
Operating revenues	\$ 311.0	\$ 66.8	\$ 164.4	\$ 542.2
Operating expenses	234.4	51.7	156.7	442.8
Operating income ^(a)	<u>\$ 76.6</u>	<u>\$ 15.1</u>	<u>\$ 7.7</u>	<u>\$ 99.5</u>
Operating ratio ^(b)	75.4%	77.4%	95.3%	81.7%
Operating expenses	\$ 234.4	\$ 51.7	\$ 156.7	\$ 442.8
Corporate development and related costs	(0.9)	0.1	-	(0.8)
Net gain on sale of assets	0.4	-	0.1	0.5
Adjusted operating expenses	<u>\$ 233.8</u>	<u>\$ 51.9</u>	<u>\$ 156.8</u>	<u>\$ 442.5</u>
Adjusted operating income	\$ 77.1	\$ 15.0	\$ 7.7	\$ 99.8
FX ^(c)	(0.1)	(0.6)	(0.5)	(1.2)
Adjusted operating income excluding FX	<u>\$ 77.1</u>	<u>\$ 14.3</u>	<u>\$ 7.1</u>	<u>\$ 98.5</u>
Adjusted operating ratio	75.2%	77.6%	95.3%	81.6%

(a) Operating income/(loss) 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.

Net Debt/Adjusted EBITDA

	Three Months Ended September 30, 2015	Three Months Ended December 31, 2015	Three Months Ended March 31, 2016	Three Months Ended June 30, 2016	Twelve Months Ended June 30, 2016	Combined Company LTM
Net income	\$ 63.4	\$ 84.9	\$ 27.0	\$ 48.4	\$ 223.7	
Add back:						
Provision for/(benefit from) income taxes	36.9	(7.1)	12.8	17.7	60.3	
Interest expense	17.5	18.3	18.0	22.1	75.9	
Depreciation and amortization expense	48.3	50.0	49.3	50.9	198.5	
EBITDA	\$ 166.0	\$ 146.1	\$ 107.1	\$ 139.2	\$ 558.4	\$ 558.4
Add back certain items						
Non-cash compensation cost related to equity awards	\$ 3.3	\$ 4.3	\$ 5.0	\$ 4.4	\$ 16.9	
Australia impairment and related costs	-	-	13.0	-	13.0	
Corporate development and related costs	1.1	2.4	0.3	0.4	4.2	
Restructuring costs	-	-	1.1	5.0	6.1	
Net gain on sale of assets	(1.2)	(0.3)	(0.2)	(0.3)	(2.0)	
Adjusted EBITDA	\$ 169.2	\$ 152.5	\$ 126.3	\$ 148.6	\$ 596.6	\$ 596.6
Total debt						\$ 2,166
Less: Cash						25
Net debt						\$ 2,141
Net debt/adjusted EBITDA ratio						3.6 : 1.0

