



# First Quarter 2018 Earnings Call

May 1, 2018

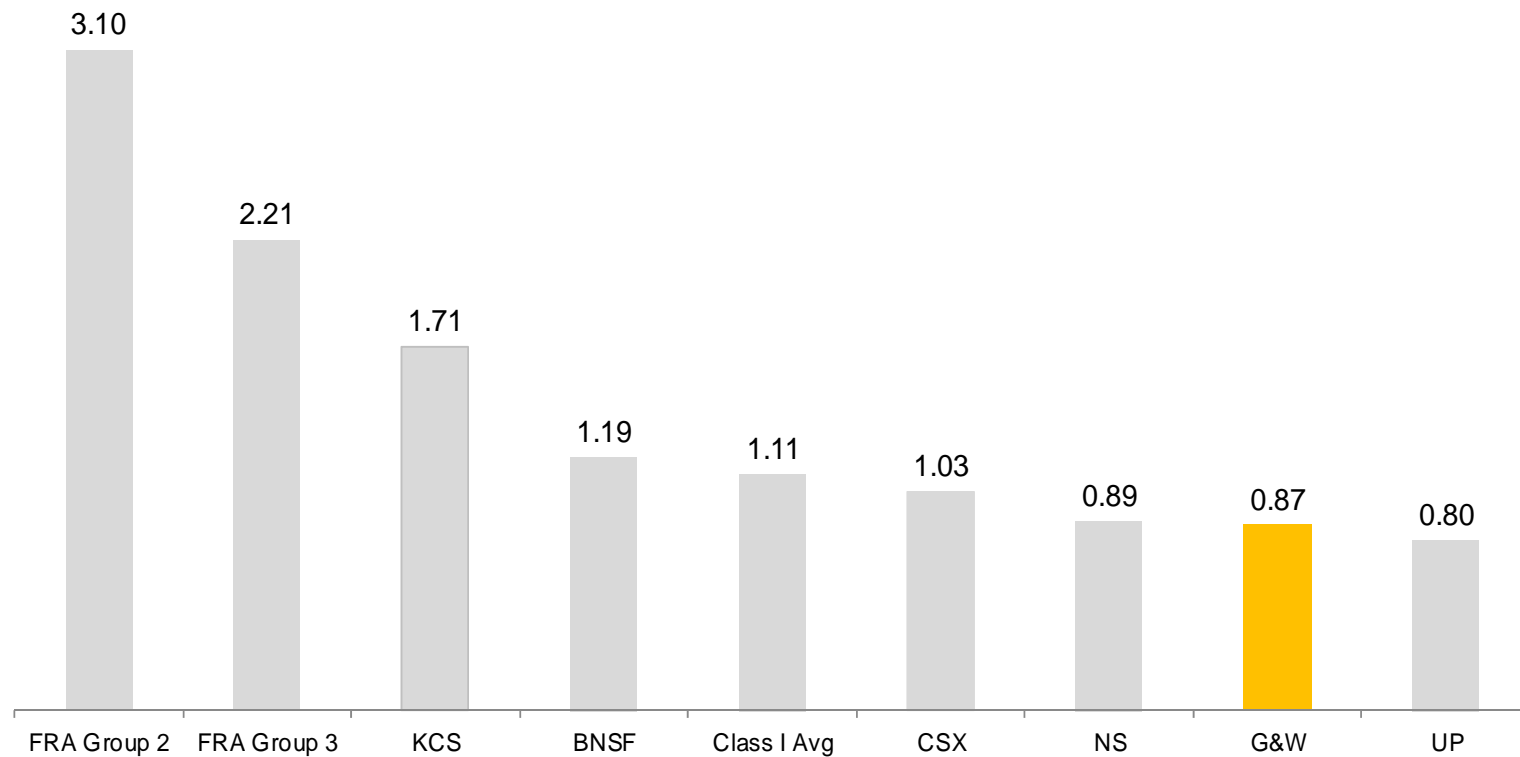


# Forward-Looking Statements

This presentation contains forward-looking statements regarding future events and the future performance of Genesee & Wyoming Inc. (G&W) that are based on current expectations, estimates and projections about our industry, management's beliefs and assumptions made by management. Words such as "anticipates," "intends," "plans," "believes," "could," "should," "seeks," "expects," "will," "estimates," "trends," "outlook," variations of these words and similar expressions are intended to identify these forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to forecast, including the following: risks related to the operation of our railroads; severe weather conditions and other natural occurrences, which could result in shutdowns, derailments, railroad network and port congestion or other substantial disruption of operations; customer demand and changes in our operations or loss of important customers; exposure to the credit risk of customers and counterparties; changes in commodity prices; consummation and integration of acquisitions; economic, political and industry conditions, including employee strikes or work stoppages; retention and contract continuation; legislative and regulatory developments, including changes in environmental and other laws and regulations to which we or our customers are subject; increased competition in relevant markets; funding needs and financing sources, including our ability to obtain government funding for capital projects; international complexities of operations, currency fluctuations, finance, tax and decentralized management; challenges of managing rapid growth, including retention and development of senior leadership; unpredictability of fuel costs; susceptibility to and outcome of various legal claims, lawsuits and arbitrations; increase in, or volatility associated with, expenses related to estimated claims, self-insured retention amounts and insurance coverage limits; consummation of new business opportunities; decrease in revenues and/or increase in costs and expenses; susceptibility to the risks of doing business in foreign countries; uncertainties arising from a referendum in which voters in the United Kingdom (U.K.) approved an exit from the European Union (E.U.), commonly referred to as Brexit; our ability to integrate acquired businesses successfully or to realize the expected synergies associated with acquisitions; risks associated with our substantial indebtedness; failure to maintain satisfactory working relationships with partners in Australia; failure to maintain an effective system of internal control over financial reporting as well as disclosure controls and procedures and other risks including, but not limited to, those noted in our 2017 Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q under "Risk Factors." Forward-looking statements speak only as of the date of this presentation or as of the date they were made. G&W does not undertake, and expressly disclaims, any duty to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

# G&W Safety Performance – 2018

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



# Q1 2018 Results Versus Guidance

(\$ in millions, except per share amounts)	Q1 2018 Actual	Q1 2018 Guidance	Variance to Guidance	Comments
Net Income Attributable to G&W	\$ 75.1	\$ 47.3	\$ 27.8	
Restructuring Costs	0.2		0.2	U.K./Europe
Corporate Development and Related Costs	0.1		0.1	North America and U.K./Europe
2017 Short Line Tax Credit	(31.6)		(31.6)	U.S. retroactive
Adjusted Net Income Attributable to G&W <sup>(a)</sup>	\$ 43.8	\$ 47.3	\$ (3.4)	
Diluted EPS Attributable to G&W	\$ 1.19	\$ 0.75	\$ 0.44	
Adjusted Diluted EPS Attributable to G&W <sup>(a)</sup>	\$ 0.70	\$ 0.75	\$ (0.05)	
Variance (\$ per share)	Adjusted Diluted EPS <sup>(a)</sup>	Comments		
North America Class I Service Issues	\$ (0.03)	Slower system velocity constrained car supply; interchange delays		
North America Utility Coal	(0.02)	Warmer winter weather in Midwest		
Variance to Guidance	\$ (0.05)			

(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.

# Q1 2018 Results Versus Q1 2017

- Increase in Adjusted Diluted EPS Attributable to G&W<sup>(a)</sup> primarily related to U.S. tax reform

(in thousands, except per share amounts)	Q1 2018 Actual	Q1 2017 Actual	Variance
Diluted EPS Attributable to G&W	\$ 1.19	\$ 0.42	\$ 0.77
Adjusted Diluted EPS Attributable to G&W <sup>(a)</sup>	\$ 0.70	\$ 0.53	\$ 0.17
Diluted Shares	62,887	62,353	(534)

Variance (\$ per share)	Adjusted Diluted EPS <sup>(a)</sup>	Comments
North America	\$ 0.06	Higher switching and freight revenues and lower casualty and derailment expense
	(0.03)	Q1 2017 take-or-pay recognition
	(0.03)	Q1 2018 Class I service issues
Australia	(0.02)	Primarily lower agricultural products - weaker harvest (grain and cotton)
U.K./Europe	0.04	Primarily 2017 restructuring & Pentalver
Other	0.15	U.S. tax reform
Total	<u>\$ 0.17</u>	

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

# Highlights of Q1 2018

## Corporate

- Initiated share repurchases under \$300 million authorization
  - As of April 30th, approximately 2.1 million shares repurchased for \$150 million (approximately 800,000 shares, \$57 million through March 31, 2018)
- Concurrent evaluation of acquisitions (primarily North America) and investments (primarily Australia)

## North America

- Q1 adversely impacted by Class I congestion and weaker coal
- Improved outlook for volume in 2018, despite Class I congestion and trade policy uncertainty
- Retroactive benefit of U.S. Short Line Tax Credit in Q1 with strong bipartisan support for longer term extension

## Australia

- Q1 on plan; new wagon set delivery still expected to increase spot coal revenue in 2H 2018
- Placed additional coal wagon order for delivery in late 2018

# Highlights of Q1 2018 (continued)

## U.K./Europe

- Q1 results in-line with plan: seasonal low, change in presentation of pension costs and reduced infrastructure services
- Signed agreement to sell restructured intermodal operations in Continental Europe (ERS) for €10.4 million

## U.K. Optimization/Restructuring Plan

- Accelerating improvement of U.K. operating performance
- U.K. operations reorganized in three service platforms (Rail, Road and Terminals) with single commercial organization selling all platforms
- Three major components of optimization plan
  1. Further rationalization of combined Intermodal and Heavy Haul locomotive and wagon fleets
  2. Streamlined management of all three platforms
  3. Technology investments to enhance productivity of rail and terminals

# U.K. Operations Optimization Financial Impact

- Total restructuring and related costs of approximately \$55 million (~55% recognized in Q2 2018)
- Annualized savings of approximately \$18 million (2H 2018 savings of approximately \$5 million)

(\$ in millions)	Restructuring and Related Costs					Annual Savings	Comments
	Q2 2018	2H 2018	1H 2019	Total			
Rationalization of Locomotive and Wagon Fleets	\$26.0	\$3.0	\$0.0	\$29.0		\$10.0	Removal of equipment from service and recognition of remaining lease payments
Management Restructuring	1.0	6.0	2.0	9.0		3.0	Headcount reductions <sup>(a)</sup> and consolidation of support functions
Technology Investments	3.0	5.0	9.0	17.0		5.0	System upgrades for operational process improvements
<b>Total</b>	<b>\$30.0</b>	<b>\$14.0</b>	<b>\$11.0</b>	<b>\$55.0</b>		<b>\$18.0</b>	

	Timing of Savings		
	2018	2019	2020
Total Savings	\$5.0	\$15.0	\$18.0

(a) Subject to requisite U.K. consultative process.



# North American Operations

## Same Railroad Carloads: Q1 2018 vs. Q1 2017

Commodity	Change	%	Comment
Agricultural Products	(3,597)	(6.3%)	Grain Market Conditions, Barge Competition and Impact of 2017 Drought
Autos & Auto Parts	(77)	(0.9%)	
Chemicals & Plastics	(2,835)	(6.2%)	Ethanol (barge competition) and Industrial Chemicals
Coal & Coke	(1,333)	(2.1%)	Midwest Utility Coal
Food & Kindred Products	313	2.1%	
Intermodal	1,283	71.2%	Providence and Worcester
Lumber & Forest Products	1,662	5.0%	West Coast Lumber
Metallic Ores	(528)	(10.7%)	Copper Concentrate
Metals	(560)	(1.6%)	Scrap Steel
Minerals & Stone	626	1.3%	Frac Sand
Petroleum Products	522	2.1%	Higher Jet and Fuel Oils in Canada; Lower LPGs in Western U.S.
Pulp & Paper	2,583	6.7%	Containerboard (Plant Outage in Q1 2017)
Waste	1,237	11.5%	Growth in Northeast Region
Other	2,131	14.2%	Class I Overhead Traffic
<b>Total Carloads</b>	<b>1,427</b>	<b>0.4%</b>	

# North American Operations Freight Revenues

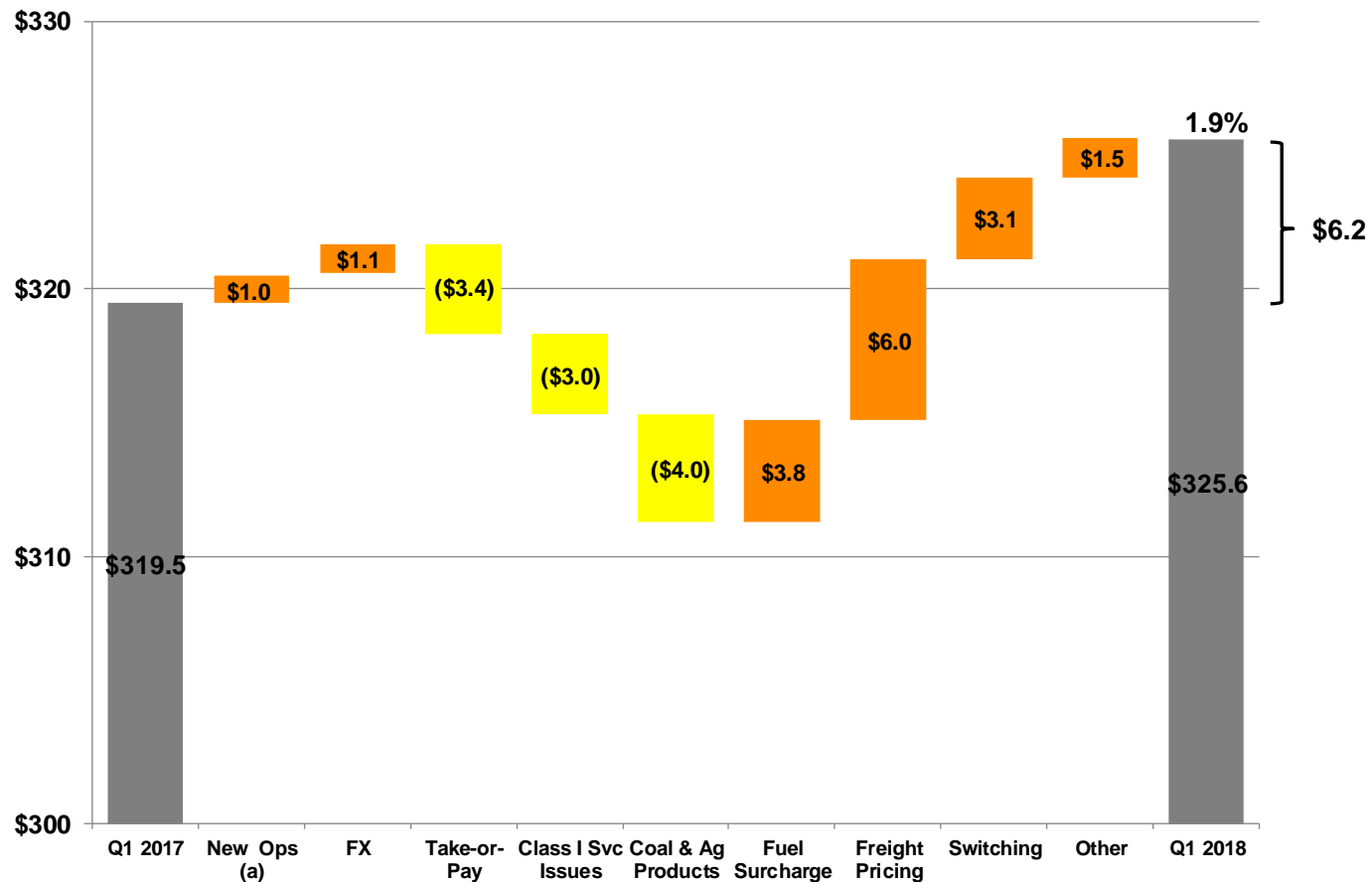
## Same Railroad Average Revenues Per Carload

	Q1 2018	Q1 2017	Change
North American Core Pricing			~3.5%
Changes in Customer Mix <sup>(a)</sup>			~(2.5%)
Changes in Commodity Mix <sup>(b)</sup>			(0.6%)
Fuel Surcharge			1.6%
FX (Appreciation of C\$) <sup>(c)</sup>			0.4%
Average Revenues Per Carload	\$ 605	\$ 591	2.4%

- (a) Average Revenues per Carload impacted by changes in customer mix within Coal and Agricultural Products 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 Operations Operating Revenues: Q1 2018 vs. Q1 2017

(\$ millions)



(a) Heart of Georgia Railroad (acquired May 31, 2017)

# North American Adjusted Operating Income

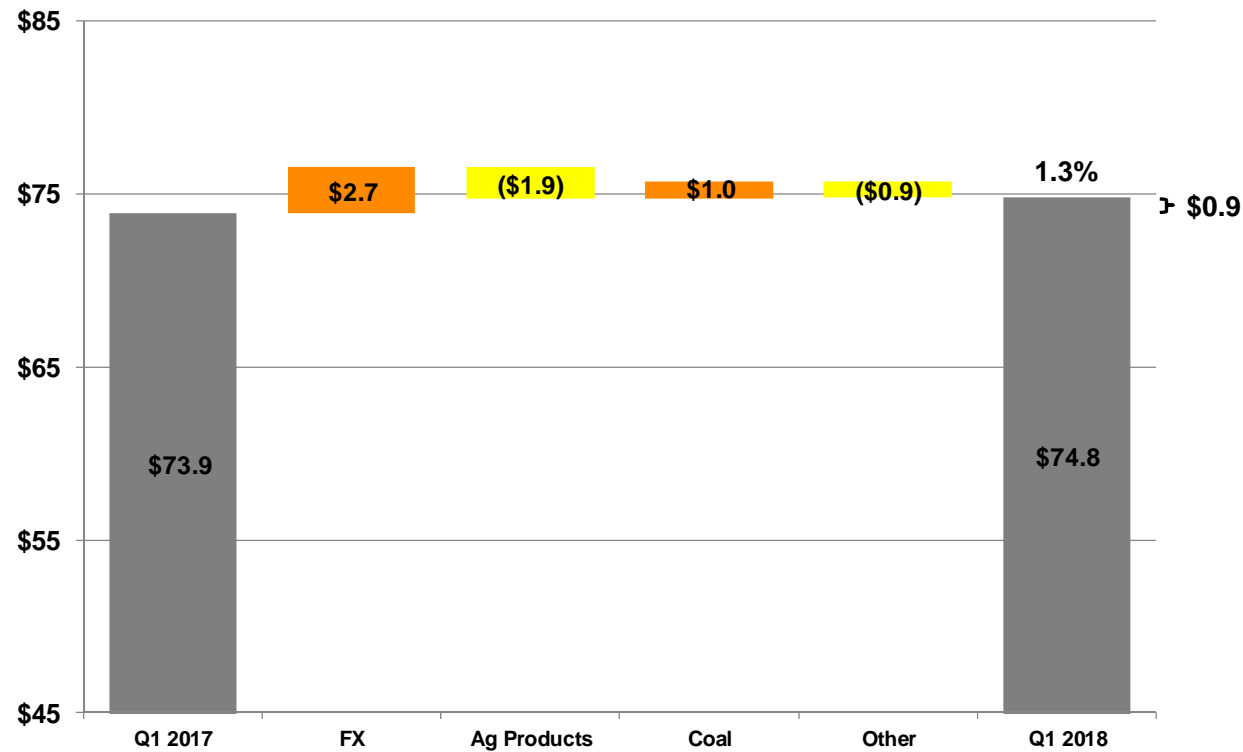
(\$ in millions)	Q1 2018	Q1 2017	Variance	Variance Excluding FX
Operating Revenues	\$ 325.6	\$ 319.5	\$ 6.2	\$ 5.1
Operating Expenses	(252.5)	(251.8)	(0.7)	0.5
Operating Income	\$ 73.2	\$ 67.7	\$ 5.5	\$ 5.5
Operating Ratio	77.5%	78.8%		
Operating Expenses	\$ (252.5)	\$ (251.8)	\$ (0.7)	
Corporate Development and Related Costs	0.2	5.2	(5.0)	
Restructuring Costs	0.0	0.1	(0.0)	
Adjusted Operating Expenses <sup>(a)</sup>	\$ (252.2)	\$ (246.5)	\$ (5.7)	\$ (4.6)
Adjusted Operating Income <sup>(a)</sup>	\$ 73.4	\$ 73.0	\$ 0.4	\$ 0.4
Adjusted Operating Ratio <sup>(a)</sup>	77.5%	77.2%		

(\$ in millions)	Adjusted Operating Income Variance (Ex. FX)	Comments
Q1 2017 Take-or-Pay	\$ (3.4)	
Class I Service Issues	(2.5)	Car Supply and Interchange delays
Net Increase in Revenues	3.0	50% Margin
Casualty and Derailments	3.9	Fewer incidents
Other	(0.6)	
Variance	\$ 0.4	

(a) Adjusted Operating Expenses, 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: Q1 2018 vs. Q1 2017

(US\$ millions)



# Australian Adjusted Operating Income (51%-owned)

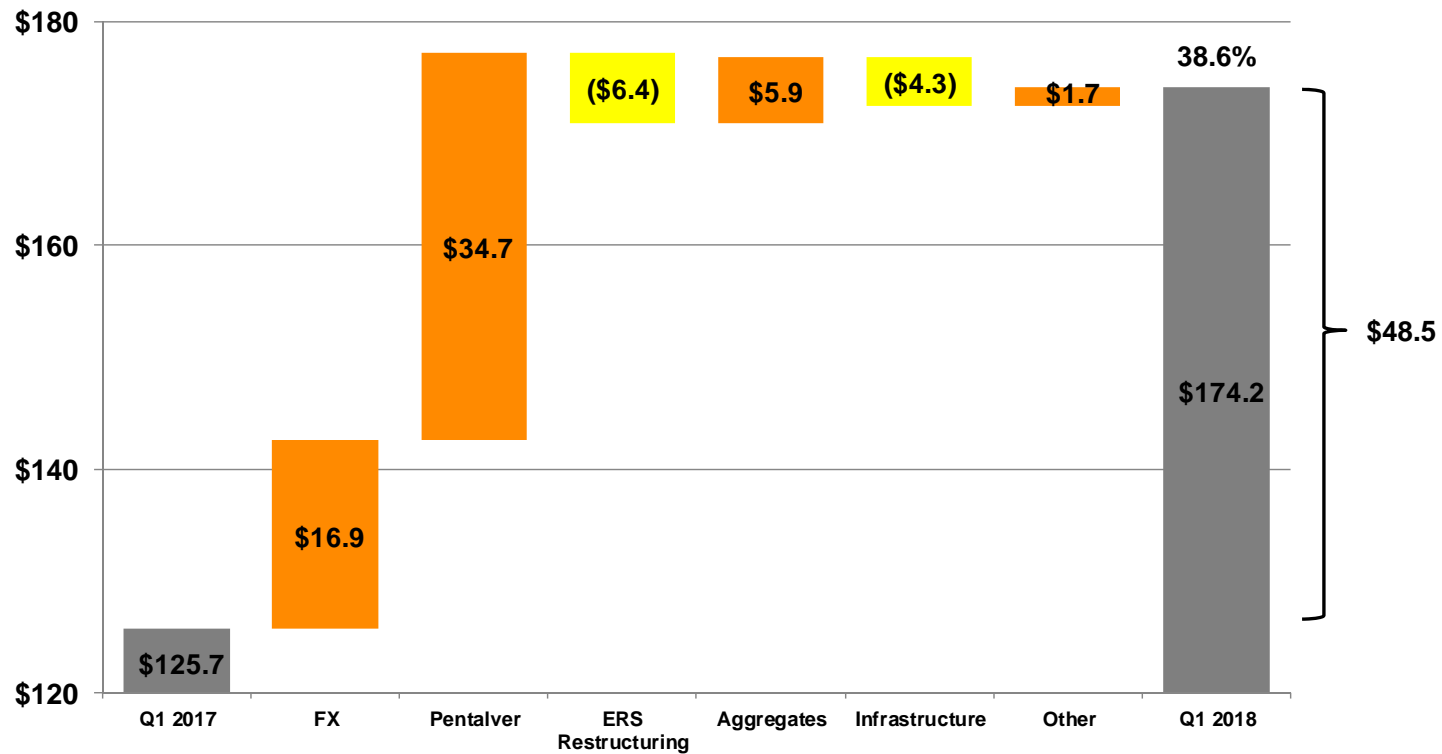
- Lower agricultural products and higher operating expenses to support growth

(US\$ in millions)	Q1 2018	Q1 2017	Variance	Variance Excluding FX
Operating Revenues	\$ 74.8	\$ 73.9	\$ 0.9	\$ (1.8)
Operating Expenses	(58.9)	(56.7)	(2.1)	(0.0)
Operating Income	\$ 16.0	\$ 17.2	\$ (1.2)	\$ (1.8)
Operating Ratio	78.7%	76.8%		
Operating Expenses	\$ (58.9)	\$ (56.7)	\$ (2.1)	
Corporate Development and Related Costs	0.0	0.1	(0.1)	
Restructuring Costs	0.0	0.3	(0.3)	
Adjusted Operating Expenses <sup>(a)</sup>	\$ (58.8)	\$ (56.3)	\$ (2.6)	\$ (0.5)
Adjusted Operating Income <sup>(a)</sup>	\$ 16.0	\$ 17.6	\$ (1.6)	\$ (2.3)
Adjusted Operating Ratio <sup>(a)</sup>	78.6%	76.1%		

(a) Adjusted Operating Expenses, 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: Q1 2018 vs. Q1 2017

(US\$ millions)



# U.K./European Adjusted Operating Income

- Benefit from 2017 restructuring and Pentalver acquisition, partially offset by pension results

(US\$ in millions)	Q1 2018	Q1 2017	Variance	Variance Excluding FX
Operating Revenues	\$ 174.2	\$ 125.7	\$ 48.5	\$ 31.5
Operating Expenses <sup>(a)</sup>	(176.4)	(134.6)	(41.8)	(23.4)
Operating Income <sup>(a)</sup>	\$ (2.2)	\$ (8.9)	\$ 6.7	\$ 8.1
Operating Ratio	101.3%	107.1%		
Operating Expenses	\$ (176.4)	\$ (134.6)	\$ (41.8)	
Corporate Development and Related Costs	(0.1)	0.0	(0.1)	
Restructuring Costs	0.2	3.4	(3.1)	
Adjusted Operating Expenses <sup>(b)</sup>	\$ (176.2)	\$ (131.3)	\$ (45.0)	\$ (27.1)
Adjusted Operating Income <sup>(b)</sup>	\$ (2.0)	\$ (5.5)	\$ 3.5	\$ 4.4
Adjusted Operating Ratio <sup>(b)</sup>	101.2%	104.4%		

(a) The recent change in U.S. GAAP accounting to reclassify pension returns and interest costs from operating to non-operating income had the impact of increasing U.K./Europe's operating expenses and reducing U.K./Europe's operating income by \$2.3 million and \$1.6 million for the periods ending March 31 2018 and 2017, respectively.

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



# Updated 2018 Guidance

## Key Impacts

- Updated business outlook
  - North America: Full year carloads expected to more than offset weaker Q1 results
  - Australia: Slightly weaker Australian dollar
  - U.K./Europe: Timing of infrastructure services revenues expected to be offset by optimization program 2H 2018
- Assumes completion of \$300 million share repurchase program (approximately \$150 million/2.1 million shares completed as of April 30, 2018)

(\$ in millions)	Guidance as of May 2018 <sup>(a)</sup>	Guidance as of February 2018
Operating Revenues	\$2,360 - \$2,390 million	\$2,360 - \$2,420 million
Adjusted Operating Ratio	81% - 82%	81% - 82%
Net Interest Expense/Other (Income), net	~\$110 million	~\$101 million
Depreciation and Amortization (including Equity Comp. Amortization)	~\$290 million	~\$294 million
Tax Rate	27%	27%
Net Income Attributable to Noncontrolling Interest (Australia)	~\$10 million	~\$10 million
Adjusted Diluted EPS Attributable to G&W	\$3.80 - \$3.95	\$3.70 - \$3.90
Diluted Shares	60.3 million	63.2 million

(a) Does not reflect impact of U.K. restructuring and related costs of approximately \$44 million. Adjusted Operating Ratio and Adjusted Diluted EPS are non-GAAP financial measures. Reconciliations of non-GAAP financial measures accompany this presentation.

## Guidance – Second Quarter 2018 (May 1, 2018)

(\$ in millions, except per share amounts)	North America	Australia	U.K./Europe	Consolidated Q2 2018 Guidance
Operating Revenues	\$320 - \$330	\$75 - \$80	\$185 - \$190	\$580 - \$600
Operating Ratio <sup>(a)</sup>	74% - 75%	75% - 76%	96% - 98%	82% - 83%
Operating Income <sup>(a)</sup>	\$80 - \$85	\$18 - \$20	\$3 - \$5	\$100 - \$110
Net Interest Expense/Other (Income), net				~\$26
Depreciation and Amortization <sup>(b)</sup>	~\$46	~\$15	~\$10	~\$71
Effective Tax Rate				~26%
Net Income Attributable to Noncontrolling Interest				~\$3
Diluted EPS Attributable to G&W <sup>(a)</sup>				\$0.85 - \$0.95
Diluted Shares				61.0
Q2 2018 Total Carload Volumes %	~3%	~5%	~7%	

(a) Does not reflect impact of U.K. restructuring and related costs of approximately \$30 million.

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

FX: A\$1.00 = US\$0.77, C\$1.00 = US\$0.78, €1.00 = US\$1.23, £1.00 = US\$1.40, PLN1.00 = US\$0.29

# Balance Sheet

- Net Debt<sup>(a)</sup> of \$2.3 billion at March 31, 2018
- 2.9x Net Adjusted Debt/Adjusted EBITDA<sup>(b)(c)</sup> at March 31, 2018
- Leverage metrics reflect G&W Debt and EBITDA from North America and U.K./Europe only

(\$ in millions)	3/31/2018
Cash & Equivalents	\$ 121
Debt:	
G&W Senior Secured Credit Facility, <i>due March 2020</i>	\$ 1,643
Australian Senior Secured Credit Facility, <i>due December 2021</i> <sup>(d)</sup>	512
Australian Subordinated Shareholder Loan, <i>due December 2026</i> <sup>(e)</sup>	183
Other Debt	78
Less: Deferred Financing Fees	(23)
<b>TOTAL DEBT</b>	<b>\$ 2,393</b>
Total Equity	\$ 3,923
<b>TOTAL CAPITALIZATION</b>	<b>\$ 6,316</b>
Debt/Total Capitalization	38%
Net Debt/Total Capitalization	37%

<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. Leverage at 3/31/2018 of 3.1x.

<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.



**Zero  
Injuries**

***Our Goal Every Day***

## G&W U.S. Same Railroad Carloads vs. U.S. Class I Q1 2018 vs. Q1 2017 (excludes intermodal)<sup>(a)</sup>

Commodity	Class I % Change	G&W % Change	Class I Mix	G&W Mix	Commodity Weighted Variance	Notes
Coal	(1.3%)	(1.9%)	34.4%	16.6%	0.1%	
Minerals & Stone	1.7%	1.1%	12.7%	12.4%	(0.1%)	
Metallic Ores	26.7%	(11.7%)	1.5%	0.7%	(0.4%)	Class I Taconite/Iron Ore; G&W Copper Concentrate
Chemicals & Plastics	3.0%	(6.1%)	12.7%	10.3%	(1.0%)	G&W Ethanol (Midwest Barge Competition) and Industrial Chemicals
Metals	0.7%	(1.0%)	5.2%	8.6%	(0.1%)	
Agricultural Products	(2.5%)	(6.9%)	12.9%	13.5%	(0.7%)	G&W Grain (Drought, Global Market Conditions, Modal Competition)
Pulp & Paper	(0.6%)	6.9%	2.2%	9.8%	0.6%	G&W Plant Outage in Q1 2017
Autos & Auto Parts	(6.2%)	(3.4%)	6.5%	2.1%	0.4%	
Consumer <sup>(b)</sup>	(3.1%)	6.4%	5.5%	16.2%	1.1%	G&W West Coast Lumber and Northeast Waste
Petroleum Products	3.3%	(6.2%)	4.1%	5.2%	(0.5%)	G&W LPGs
Other	0.7%	12.9%	2.4%	4.4%	0.5%	G&W Overhead Traffic
Total	(0.3%)	(0.3%)	100.0%	100.0%	(0.1%)	

(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 Expenses, 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, 2018	Income Before Income Taxes (Pre-Tax Income)	Benefit from/ (Provision for) Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 60.1	\$ 15.9	\$ 75.1	\$ 1.19
Adjusted for:				
Corporate development and related costs	0.2	-	0.1	-
Restructuring costs	0.3	-	0.2	-
2017 Short Line Tax Credit	-	(31.6)	(31.6)	(0.50)
As adjusted	<u>\$ 60.6</u>	<u>\$ (15.8)</u>	<u>\$ 43.8</u>	<u>\$ 0.70</u>
Weighted average shares - diluted				<u>62.9</u>

Three Months Ended March 31, 2017	Income Before Income Taxes (Pre-Tax Income)	Benefit from/ (Provision for) Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 49.2	\$ (21.9)	\$ 26.2	\$ 0.42
Adjusted for:				
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>
Weighted average shares - diluted				<u>62.4</u>



# Adjusted Operating Income and Adjusted Operating Ratio – by Segment

Three Months Ended March 31, 2018	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 325.6	\$ 74.8	\$ 174.2	\$ 574.7
Operating expenses	252.5	58.9	176.4	487.7
Operating income <sup>(a)</sup>	\$ 73.2	\$ 16.0	\$ (2.2)	\$ 86.9
Operating ratio <sup>(b)</sup>	77.5%	78.7%	101.3%	84.9%
Operating expenses	\$ 252.5	\$ 58.9	\$ 176.4	\$ 487.7
Corporate development and related costs	(0.2)	-	0.1	(0.2)
Restructuring costs	-	-	(0.2)	(0.3)
Adjusted operating expenses	\$ 252.2	\$ 58.8	\$ 176.2	\$ 487.3
Adjusted operating income	\$ 73.4	\$ 16.0	\$ (2.0)	\$ 87.4
Adjusted operating ratio	77.5%	78.6%	101.2%	84.8%

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

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	251.8	56.7	134.6	443.2
Operating income <sup>(a)</sup>	<u>\$ 67.7</u>	<u>\$ 17.2</u>	<u>\$ (8.9)</u>	<u>\$ 75.9</u>
Operating ratio <sup>(b)</sup>	78.8%	76.8%	107.1%	85.4%
Operating expenses	\$ 251.8	\$ 56.7	\$ 134.6	\$ 443.2
Corporate development and related costs	(5.2)	(0.1)	(0.0)	(5.4)
Restructuring costs	(0.1)	(0.3)	(3.4)	(3.8)
Adjusted operating expenses	<u>\$ 246.5</u>	<u>\$ 56.3</u>	<u>\$ 131.3</u>	<u>\$ 434.1</u>
Adjusted operating income	<u>\$ 73.0</u>	<u>\$ 17.6</u>	<u>\$ (5.5)</u>	<u>\$ 85.1</u>
FX <sup>(c)</sup>	(0.0)	0.6	(0.9)	(0.3)
Adjusted operating income excluding FX	<u>\$ 72.9</u>	<u>\$ 18.3</u>	<u>\$ (6.5)</u>	<u>\$ 84.8</u>
Adjusted operating ratio	77.2%	76.1%	104.4%	83.6%

(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.

# EBITDA – Total G&W

	Three Months Ended June 30, 2017	Three Months Ended September 30, 2017	Three Months Ended December 31, 2017	Three Months Ended March 31, 2018	Twelve Months Ended March 31, 2018
Net income	\$ 48.1	\$ 53.4	\$ 428.0	\$ 76.0	\$ 605.5
Add back:					
Provision for income taxes	29.6	30.5	(343.3)	(15.9)	(299.1)
Interest expense	25.8	28.3	26.9	25.2	106.2
Depreciation and amortization expense	61.5	64.2	63.9	66.0	255.7
EBITDA	<u>\$ 165.0</u>	<u>\$ 176.4</u>	<u>\$ 175.5</u>	<u>\$ 151.4</u>	<u>\$ 668.3</u>

# EBITDA – Australian Operations

	Three Months Ended June 30, 2017	Three Months Ended September 30, 2017	Three Months Ended December 31, 2017	Three Months Ended March 31, 2018	Twelve Months Ended March 31, 2018
Net income/(loss)	\$ 4.3	\$ 6.4	\$ 2.9	\$ 1.9	\$ 15.5
Add back:					
Provision for income taxes	1.9	2.0	1.3	0.8	6.1
Interest expense	14.0	14.0	13.5	13.5	55.0
Depreciation and amortization expense	15.0	15.8	15.2	16.0	62.0
EBITDA	<u>\$ 35.2</u>	<u>\$ 38.2</u>	<u>\$ 32.9</u>	<u>\$ 32.3</u>	<u>\$ 138.6</u>

# Net Adjusted Debt/Adjusted EBITDA – G&W

Twelve Months Ended March 31, 2018	Less: Australian					G&W
	Total G&W	Operations <sup>(a)</sup>	Adjustments <sup>(b)</sup>	Acquisitions <sup>(c)</sup>		
Net income	\$ 605.5	\$ 15.5	\$ 1.6			\$ 591.6
Adjusted for:						
Provision for income taxes	(299.1)	6.1	-			(305.1)
Interest expense	106.2	55.0	12.9			64.1
Depreciation and amortization expense	255.7	62.0	-			193.7
EBITDA	\$ 668.3	\$ 138.6	\$ 14.5	\$ 1.9		\$ 546.1
Adjusted for certain items:						
Non-cash compensation cost related to equity awards			10.7			10.7
Corporate development and related costs			4.2			4.2
Restructuring costs			6.7			6.7
Australia dividends, distributions of cash payments			13.5			13.5
Net gain on sale of assets			(2.1)			(2.1)
Hedging agreement expense			0.3			0.3
U.K. coal railcar leases			(4.2)			(4.2)
Adjusted EBITDA						\$ 575.2
Total debt	\$ 2,393	\$ 687	\$ 4			\$ 1,709
Add: Deferred financing fees	23	11	-			12
Adjusted debt	\$ 2,415	\$ 698	\$ 4			\$ 1,721
Less: Cash	121	68	(4)			50
Net adjusted debt	\$ 2,294	\$ 630	\$ 7			\$ 1,672
Net adjusted debt/Adjusted EBITDA ratio						2.9 : 1.0

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

(b) Adjustments based on Credit Facility Agreement.

(c) Pentalver for 4/1/17 - 4/30/17 and HOG for 4/1/17 - 5/30/17.

# Net Adjusted Debt/Adjusted EBITDA – Australian Operations

Twelve Months Ended March 31, 2018	Australian Operations	Adjustments	Adjusted
Net income	\$ 16	\$ 3	\$ 19
Adjusted for:			
Provision for income taxes	6		6
Interest expense	55		55
Depreciation and amortization expense	62		62
EBITDA	\$ 139	\$ 3	\$ 142
Total debt	\$ 687		\$ 687
Less: Cash	68		68
Net debt	\$ 619		\$ 619
Less: Shareholder loan		(183)	(183)
Add back: Deferred financing fees	11		11
Net adjusted debt	\$ 630	\$ (183)	\$ 447
Net adjusted debt/Adjusted EBITDA ratio			3.1 : 1.0

# Adjusted Operating Income and Adjusted Operating Ratio

Updated 2018 Guidance - May 2018	Total
Operating revenues	\$2,360 - \$2,390
Operating expenses	\$1,967 - \$1,984
Operating income <sup>(a)</sup>	<u>\$393 - \$406</u>
Operating ratio <sup>(b)</sup>	~83%
Operating expenses	\$1,967 - \$1,984
Restructuring costs	(44)
Adjusted operating expenses	<u>\$1,923 - \$1,940</u>
Adjusted operating income	<u>\$437 - \$450</u>
Adjusted operating ratio	81% - 82%

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

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

# Adjusted Net Income and Adjusted Diluted EPS

	Income Before Income Taxes (Pre-Tax Income)	Benefit from/ (Provision for) Income Taxes	Net Income Attributable to G&W	Diluted EPS
Updated 2018 Guidance - May 2018				
As reported	\$ 296	\$ (51)	\$ 234	\$3.73 - \$3.88
Adjusted for:				
Restructuring and related costs	44	(9)	35	0.59
2017 Short Line Tax Credit	-	(32)	(32)	(0.52)
As adjusted	<u>\$ 340</u>	<u>\$ (92)</u>	<u>\$ 238</u>	<u>\$3.80 - \$3.95</u>
Weighted average shares - diluted				<u>60.3</u>



