



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 ^(a)	\$ 73.2	\$ 16.0	\$ (2.2)	\$ 86.9
Operating ratio ^(b)	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 ^(a)	<u>\$ 67.7</u>	<u>\$ 17.2</u>	<u>\$ (8.9)</u>	<u>\$ 75.9</u>
Operating ratio ^(b)	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 ^(c)	(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 ^(a)	Adjustments ^(b)	Acquisitions ^(c)		
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 ^(a)	<u>\$393 - \$406</u>
Operating ratio ^(b)	~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>

