



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 Expenses, Adjusted Operating Ratio, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA and Net Adjusted 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. 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 (amounts in millions, except percentages and per share amounts).

Adjusted Net Income and Adjusted Diluted EPS

| Three Months Ended March 31, 2019 | Income Before Income Taxes (Pre-Tax Income) | Benefit from/ (Provision for) Income Taxes | Net Income Attributable to G&W | Diluted EPS |
|---|--|--|--------------------------------------|----------------|
| As reported | \$ 53.1 | \$ (14.3) | \$ 38.7 | \$ 0.68 |
| Adjusted for: | | | | |
| Corporate development and related costs | 0.4 | (0.1) | 0.3 | 0.01 |
| Restructuring and related costs | 7.6 | (1.7) | 5.4 | 0.10 |
| As adjusted | <u>\$ 61.1</u> | <u>\$ (16.0)</u> | <u>\$ 44.4</u> | <u>\$ 0.78</u> |
| Weighted average shares - diluted | | | | <u>57.1</u> |

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 and related 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> |

Adjusted Net Income and Adjusted Diluted EPS^(a)

| 2019 Guidance - April 30, 2019 | Income Before Income Taxes (Pre-Tax Income) | Provision for Income Taxes | Net Income Attributable to G&W | Diluted EPS |
|---|--|-------------------------------|--------------------------------------|------------------------|
| As reported | \$ 348 | \$ (94) | \$ 246 | \$4.20 - \$4.40 |
| Adjusted for: | | | | |
| Corporate development and related costs | 0.4 | (0.1) | 0.3 | 0.01 |
| Restructuring and related costs | 7.6 | (1.7) | 5.4 | 0.10 |
| As adjusted | <u>\$ 356</u> | <u>\$ (96)</u> | <u>\$ 252</u> | <u>\$4.30 - \$4.50</u> |
| Weighted average shares - diluted | | | | <u>57.3</u> |

(a) Assumes the midpoint of 2019 Guidance.

Adjusted Operating Income and Adjusted Operating Ratio – by Segment

| Three Months Ended March 31, 2019 | North American Operations | Australian Operations | U.K./European Operations | Total |
|---|---------------------------|-----------------------|--------------------------|----------------|
| Operating revenues | \$ 332.4 | \$ 65.1 | \$ 160.5 | \$ 558.1 |
| Operating expenses | 263.1 | 52.6 | 162.6 | 478.4 |
| Operating income ^(a) | <u>\$ 69.3</u> | <u>\$ 12.5</u> | <u>\$ (2.1)</u> | <u>\$ 79.7</u> |
| Operating ratio ^(b) | 79.1% | 80.8% | 101.3% | 85.7% |
| Operating expenses | \$ 263.1 | \$ 52.6 | \$ 162.6 | \$ 478.4 |
| Corporate development and related costs | (0.4) | - | - | (0.4) |
| Restructuring and related costs | <u>(0.6)</u> | <u>(1.5)</u> | <u>(5.5)</u> | <u>(7.6)</u> |
| Adjusted operating expenses | \$ 262.2 | \$ 51.0 | \$ 157.1 | \$ 470.3 |
| Adjusted operating income | <u>\$ 70.3</u> | <u>\$ 14.1</u> | <u>\$ 3.4</u> | <u>\$ 87.8</u> |
| Adjusted operating ratio | 78.9% | 78.4% | 97.9% | 84.3% |

(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, 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) | <u>\$ 73.2</u> | <u>\$ 16.0</u> | <u>\$ (2.2)</u> | <u>\$ 86.9</u> |
| 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 and related costs | - | - | (0.2) | (0.3) |
| Adjusted operating expenses | <u>\$ 252.2</u> | <u>\$ 58.8</u> | <u>\$ 176.2</u> | <u>\$ 487.3</u> |
| Adjusted operating income | <u>\$ 73.4</u> | <u>\$ 16.0</u> | <u>\$ (2.0)</u> | <u>\$ 87.4</u> |
| FX ^(c) | - | (1.5) | 0.1 | (1.4) |
| Adjusted operating income excluding FX | <u>\$ 73.3</u> | <u>\$ 14.5</u> | <u>\$ (1.9)</u> | <u>\$ 85.9</u> |
| 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.

(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.

Adjusted Operating Income and Adjusted Operating Ratio – North America

| Three Months Ended March 31, 2018 | Total Operations | Leased Canadian Railroads | Existing/ (Same Railroad) Operations |
|---|------------------|---------------------------|--------------------------------------|
| Operating revenues | \$ 325.6 | \$ 5.5 | \$ 320.2 |
| Operating expenses | 252.5 | 5.6 | 246.9 |
| Operating income ^(a) | \$ 73.2 | \$ (0.2) | \$ 73.3 |
| Operating ratio ^(b) | 77.5% | 103.0% | 77.1% |
| Operating expenses | \$ 252.5 | \$ 5.6 | \$ 246.9 |
| Corporate development and related costs | (0.2) | - | (0.2) |
| Adjusted operating expenses | \$ 252.2 | \$ 5.6 | \$ 246.6 |
| Adjusted operating income | \$ 73.4 | \$ (0.2) | \$ 73.6 |
| FX ^(c) | (0.1) | - | (0.1) |
| Adjusted operating income excluding FX | \$ 73.3 | \$ (0.2) | \$ 73.5 |
| Adjusted operating ratio | 77.5% | 103.0% | 77.0% |

(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.

Adjusted Operating Income and Adjusted Operating Ratio – U.K./Europe

| Three Months Ended March 31, 2018 | Total Operations | Divested ERS Operations | Ongoing/ (Same Railroad) Operations |
|---|------------------|-------------------------|--|
| Operating revenues | \$ 174.2 | \$ 14.7 | \$ 159.5 |
| Operating expenses | 176.4 | 14.2 | 162.2 |
| Operating income ^(a) | <u>\$ (2.2)</u> | <u>\$ 0.5</u> | <u>\$ (2.7)</u> |
| Operating ratio ^(b) | 101.3% | 96.5% | 101.7% |
| Operating expenses | \$ 176.4 | \$ 14.2 | \$ 162.2 |
| Corporate development and related costs | 0.1 | - | 0.1 |
| Restructuring and related costs | <u>(0.2)</u> | <u>-</u> | <u>(0.2)</u> |
| Adjusted operating expenses | \$ 176.2 | \$ 14.2 | \$ 162.0 |
| Adjusted operating income | <u>\$ (2.0)</u> | <u>\$ 0.6</u> | <u>\$ (2.6)</u> |
| FX ^(c) | 0.1 | 0.2 | (0.0) |
| Adjusted operating income excluding FX | <u>\$ (1.9)</u> | <u>\$ 0.7</u> | <u>\$ (2.6)</u> |
| Adjusted operating ratio | 101.2% | 96.2% | 101.6% |

(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 | | | | Twelve Months Ended |
|---------------------------------------|--------------------|-----------------|-----------------|-----------------|---------------------|
| | June 30, 2018 | Sept 30, 2018 | Dec 31, 2018 | March 31, 2019 | March 31, 2019 |
| Net income | \$ 48.6 | \$ 72.3 | \$ 57.4 | \$ 38.8 | \$ 217.1 |
| Add back: | | | | | |
| Provision for income taxes | 26.4 | 31.0 | 23.0 | 14.3 | 94.7 |
| Interest expense | 28.9 | 26.4 | 27.1 | 27.6 | 110.1 |
| Depreciation and amortization expense | 65.7 | 65.4 | 66.1 | 62.6 | 259.9 |
| EBITDA | <u>\$ 169.7</u> | <u>\$ 195.1</u> | <u>\$ 173.6</u> | <u>\$ 143.3</u> | <u>\$ 681.7</u> |

EBITDA – Australian Operations

| | Three Months Ended | | | | Twelve Months Ended |
|---------------------------------------|--------------------|----------------|----------------|----------------|---------------------|
| | June 30, 2018 | Sept 30, 2018 | Dec 31, 2018 | March 31, 2019 | March 31, 2019 |
| Net income | \$ 9.1 | \$ 5.6 | \$ 3.7 | \$ 0.2 | \$ 18.6 |
| Add back: | | | | | |
| Provision for income taxes | 3.9 | 2.4 | 1.6 | 0.1 | 8.0 |
| Interest expense | 13.2 | 13.0 | 12.7 | 12.3 | 51.3 |
| Depreciation and amortization expense | 15.3 | 14.9 | 14.5 | 14.4 | 59.2 |
| EBITDA | <u>\$ 41.5</u> | <u>\$ 35.9</u> | <u>\$ 32.5</u> | <u>\$ 27.1</u> | <u>\$ 137.0</u> |

Net Adjusted Debt/Adjusted EBITDA – G&W

| Twelve Months Ended March 31, 2019 | Less: Australian | | | |
|---|------------------|---------------------------|----------------------------|-----------|
| | Total G&W | Operations ^(a) | Adjustments ^(b) | G&W |
| Net income | \$ 217.1 | \$ 18.6 | \$ (2.0) | \$ 200.5 |
| Adjusted for: | | | | |
| Provision for income taxes | 94.7 | 8.0 | - | 86.7 |
| Interest expense | 110.1 | 51.3 | 12.6 | 71.4 |
| Depreciation and amortization expense | 259.9 | 59.2 | - | 200.7 |
| EBITDA | \$ 681.8 | \$ 137.0 | \$ 10.6 | \$ 559.3 |
| Adjusted for certain items: | | | | |
| Non-cash compensation cost | | | 17.3 | 17.3 |
| Restructuring and related costs | | | 20.9 | 20.9 |
| Australia dividends, distributions of cash payments | | | 35.7 | 35.7 |
| Net gain on sale and impairment of assets | | | (3.5) | (3.5) |
| Hedging agreement expense | | | (1.5) | (1.5) |
| Other adjustments | | | 1.8 | 1.8 |
| Adjusted EBITDA | | | | \$ 630.2 |
| Total debt | \$ 2,418 | \$ 622 | \$ 4 | \$ 1,800 |
| Add: Deferred financing fees | 19 | 7 | - | 12 |
| Adjusted debt | 2,437 | 629 | 4 | 1,812 |
| Less: Cash | 70 | 40 | - | 30 |
| Net adjusted debt | \$ 2,367 | \$ 590 | \$ 4 | \$ 1,781 |
| Net adjusted debt/Adjusted EBITDA ratio | | | | 2.8 : 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 – Australian Operations (in A\$)

| | Three Months Ended | | | | Twelve Months Ended March 31, 2019 | Adjustments ^(a) | Adjusted Twelve Months Ended March 31, 2019 |
|---------------------------------------|--------------------|---------------|--------------|----------------|------------------------------------|----------------------------|---|
| | June 30, 2018 | Sept 30, 2018 | Dec 31, 2018 | March 31, 2019 | | | |
| Net income | \$ 12.1 | \$ 7.6 | \$ 5.2 | \$ 0.3 | \$ 25.2 | | |
| Add back: | | | | | | | |
| Provision for income taxes | 5.2 | 3.3 | 2.2 | 0.2 | 10.8 | | |
| Interest expense | 17.4 | 17.4 | 17.7 | 17.3 | 69.9 | | |
| Depreciation and amortization expense | 20.2 | 20.4 | 20.3 | 20.2 | 81.1 | | |
| EBITDA | \$ 54.9 | \$ 48.8 | \$ 45.4 | \$ 38.0 | \$ 187.1 | \$ (7) | \$ 179.9 |
| Total debt | | | | | \$ 876 | \$ (234) | \$ 642 |
| Add: Deferred financing fees | | | | | 10 | - | 10 |
| Adjusted debt | | | | | \$ 886 | \$ (234) | \$ 653 |
| Less: Cash | | | | | 56 | - | 56 |
| Net debt | | | | | \$ 830 | \$ (234) | \$ 597 |
| Net debt/adjusted EBITDA ratio | | | | | | | 3.3 : 1.0 |

(a) Adjustments based on Australia Credit Facility Agreement.