



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 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 June, 2018	Income Before Income Taxes (Pre-Tax Income)	Benefit from/ (Provision for) Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 75.1	\$ (26.4)	\$ 44.2	\$ 0.73
Adjusted for:				
Corporate development and related costs	0.4	(0.1)	0.3	-
Restructuring costs	9.4	(1.8)	7.6	0.12
Loss on sale of ERS	1.4	-	1.4	0.02
Gain on settlement	(6.3)	1.9	(2.3)	(0.04)
Credit facility refinancing-related costs	2.7	(0.7)	2.0	0.03
Prior period tax adjustment	-	4.1	4.1	0.07
As adjusted	<u>\$ 82.5</u>	<u>\$ (23.0)</u>	<u>\$ 57.2</u>	<u>\$ 0.94</u>
Weighted average shares - diluted				<u>60.9</u>

Adjusted Net Income and Adjusted Diluted EPS (cont.)

Three Months Ended June 30, 2017	Income Before Income Taxes (Pre-Tax Income)	Benefit from/ (Provision for) Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 77.7	\$ (29.6)	\$ 46.0	\$ 0.74
Adjusted for:				
Corporate development and related costs	3.7	(0.9)	2.7	0.04
Restructuring costs	2.4	(0.2)	2.2	0.03
Gain on sale of investment	(1.6)	0.7	(1.0)	(0.02)
As adjusted	<u>\$ 82.1</u>	<u>\$ (30.0)</u>	<u>\$ 49.9</u>	<u>\$ 0.80</u>
Weighted average shares - diluted				<u>62.4</u>

Adjusted Operating Income and Adjusted Operating Ratio – by Segment

Three Months Ended June 30, 2018	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 339.6	\$ 79.0	\$ 176.4	\$ 595.0
Operating expenses	259.3	53.1	179.4	491.9
Operating income/(loss) ^(a)	\$ 80.3	\$ 25.9	\$ (3.0)	\$ 103.1
Operating ratio ^(b)	76.4%	67.2%	101.7%	82.7%
Operating expenses	\$ 259.3	\$ 53.1	\$ 179.4	\$ 491.9
Corporate development and related costs	(0.3)	-	-	(0.4)
Restructuring costs	-	-	(9.4)	(9.4)
Credit facility refinancing-related costs	(0.4)	-	-	(0.4)
Gain on settlement	-	6.3	-	6.3
Adjusted operating expenses	\$ 258.5	\$ 59.4	\$ 170.1	\$ 488.0
Adjusted operating income	\$ 81.0	\$ 19.6	\$ 6.3	\$ 107.0
Adjusted operating ratio	76.1%	75.2%	96.4%	82.0%

(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 June 30, 2017	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 315.7	\$ 76.8	\$ 148.0	\$ 540.4
Operating expenses	236.0	56.6	148.1	440.7
Operating income/(loss) ^(a)	\$ 79.7	\$ 20.3	\$ (0.2)	\$ 99.7
Operating ratio ^(b)	74.8%	73.6%	100.1%	81.5%
Operating expenses	\$ 236.0	\$ 56.6	\$ 148.1	\$ 440.7
Corporate development and related costs	(1.5)	(0.1)	(2.1)	(3.7)
Restructuring costs	-	-	(2.3)	(2.3)
Adjusted operating expenses	\$ 234.5	\$ 56.5	\$ 143.7	\$ 434.7
Adjusted operating income	\$ 81.2	\$ 20.3	\$ 4.2	\$ 105.8
FX ^(c)	0.1	0.2	0.1	0.4
Adjusted operating income excluding FX	\$ 81.3	\$ 20.5	\$ 4.4	\$ 106.1
Adjusted operating ratio	74.3%	73.5%	97.1%	80.4%

(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.

EBITDA – Total G&W

	Three Months Ended September 30, 2017	Three Months Ended December 31, 2017	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Twelve Months Ended June 30, 2018
Net income	\$ 53.4	\$ 428.0	\$ 76.0	\$ 48.6	\$ 606.0
Add back:					
Provision for income taxes	30.5	(343.3)	(15.9)	26.4	\$ (302.2)
Interest expense	28.3	26.9	25.2	28.9	\$ 109.3
Depreciation and amortization expense	64.2	63.9	66.0	65.7	\$ 259.9
EBITDA	<u>\$ 176.4</u>	<u>\$ 175.5</u>	<u>\$ 151.4</u>	<u>\$ 169.7</u>	<u>\$ 673.0</u>

EBITDA – Australian Operations

	Three Months Ended September 30, 2017	Three Months Ended December 31, 2017	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Twelve Months Ended June 30, 2018
Net income/(loss)	\$ 6.4	\$ 2.9	\$ 1.9	\$ 9.1	\$ 20.3
Add back:					
Provision for income taxes	2.0	1.3	0.8	3.9	\$ 8.0
Interest expense	14.0	13.5	13.5	13.2	\$ 54.2
Depreciation and amortization expense	15.8	15.2	16.0	15.3	\$ 62.3
EBITDA	<u>\$ 38.2</u>	<u>\$ 32.9</u>	<u>\$ 32.3</u>	<u>\$ 41.5</u>	<u>\$ 144.8</u>

Net Adjusted Debt/Adjusted EBITDA – G&W

Twelve Months Ended June 30, 2018	Less: Australian			
	Total G&W	Operations ^(a)	Adjustments ^(b)	G&W
Net income	\$ 606.0	\$ 20.3	\$ 4.5	\$ 590.2
Adjusted for:				
Provision for income taxes	(302.2)	8.0	-	(310.3)
Interest expense	109.3	54.2	12.8	67.9
Depreciation and amortization expense	259.9	62.3	-	197.6
EBITDA	\$ 673.0	\$ 144.8	\$ 17.3	\$ 545.5
Adjusted for certain items:				
Non-cash compensation cost			10.5	10.5
Corporate development and related costs			1.4	1.4
Restructuring costs			13.7	13.7
Australia dividends, distributions of cash payments			34.2	34.2
Net gain on sale of assets			(2.5)	(2.5)
Hedging agreement expense			(2.1)	(2.1)
Loss on sale of business			1.4	1.4
U.K. coal railcar leases			0.8	0.8
Adjusted EBITDA				\$ 602.9
Total debt	\$ 2,376	\$ 658	\$ 4	\$ 1,722
Add: Deferred financing fees	23	10	-	13
Adjusted debt	\$ 2,399	\$ 667	\$ 4	\$ 1,736
Less: Cash	70	38	-	32
Net adjusted debt	\$ 2,330	\$ 630	\$ 4	\$ 1,703
Net adjusted debt/Adjusted EBITDA ratio				2.8 : 1.0

(a) Australian 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 September 30, 2017	Three Months Ended December 31, 2017	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Twelve Months Ended June 30, 2018	Adjustments	Adjusted Twelve Months Ended June 30, 2018
Net income	\$ 8.2	\$ 3.8	\$ 2.4	\$ 12.1	\$ 26.4		
Add back:							
Provision for income taxes	2.6	1.7	1.0	5.2	10.5		
Interest expense	17.7	17.6	17.2	17.4	69.9		
Depreciation and amortization expense	20.0	19.8	20.4	20.2	80.3		
EBITDA	\$ 48.4	\$ 42.9	\$ 41.1	\$ 54.9	\$ 187.2	\$ (4.7)	\$ 182.5
Total debt					\$ 889	\$ (238)	\$ 651
Add: Deferred financing fees					13		13
Adjusted debt					\$ 902	\$ (238)	\$ 664
Less: Cash					51		51
Net debt					\$ 852	\$ (238)	\$ 613
Net debt/adjusted EBITDA ratio							3.4 : 1.0

Adjusted Operating Income and Adjusted Operating Ratio

Updated 2018 Guidance - July 2018	Total
Operating revenues	\$2,335 - \$2,365
Operating expenses	\$1,944 - \$1,964
Operating income ^(a)	<u>\$391 - \$401</u>
Operating ratio ^(b)	~82%
Operating expenses	\$1,944 - \$1,964
Corporate development and related costs	(1)
Restructuring costs	(44)
Gain on settlement	6
Adjusted operating expenses	<u>\$1,905 - \$1,925</u>
Adjusted operating income	<u>\$430 - \$440</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

Updated 2018 Guidance - July 2018	Income Before Income Taxes (Pre-Tax Income)	Benefit from/ (Provision for) Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 291	\$ (57)	\$ 226	\$3.65 - \$3.75
Adjusted for:				
Corporate development and related costs	1	-	-	0.01
Restructuring costs	44	(9)	35	0.58
Gain on settlement	(6)	2	(2)	(0.04)
Credit refinancing-related costs	3	(1)	2	0.03
Loss on sale of business	1	-	1	0.02
Prior-period tax adjustment	-	4	4	0.06
2017 Short Line Tax Credit	-	(32)	(32)	(0.51)
As adjusted	<u>\$ 334</u>	<u>\$ (93)</u>	<u>\$ 234</u>	<u>\$3.80 - \$3.90</u>
Weighted average shares - diluted				<u>60.8</u>

