



# Third Quarter 2018 Earnings Call

October 30, 2018

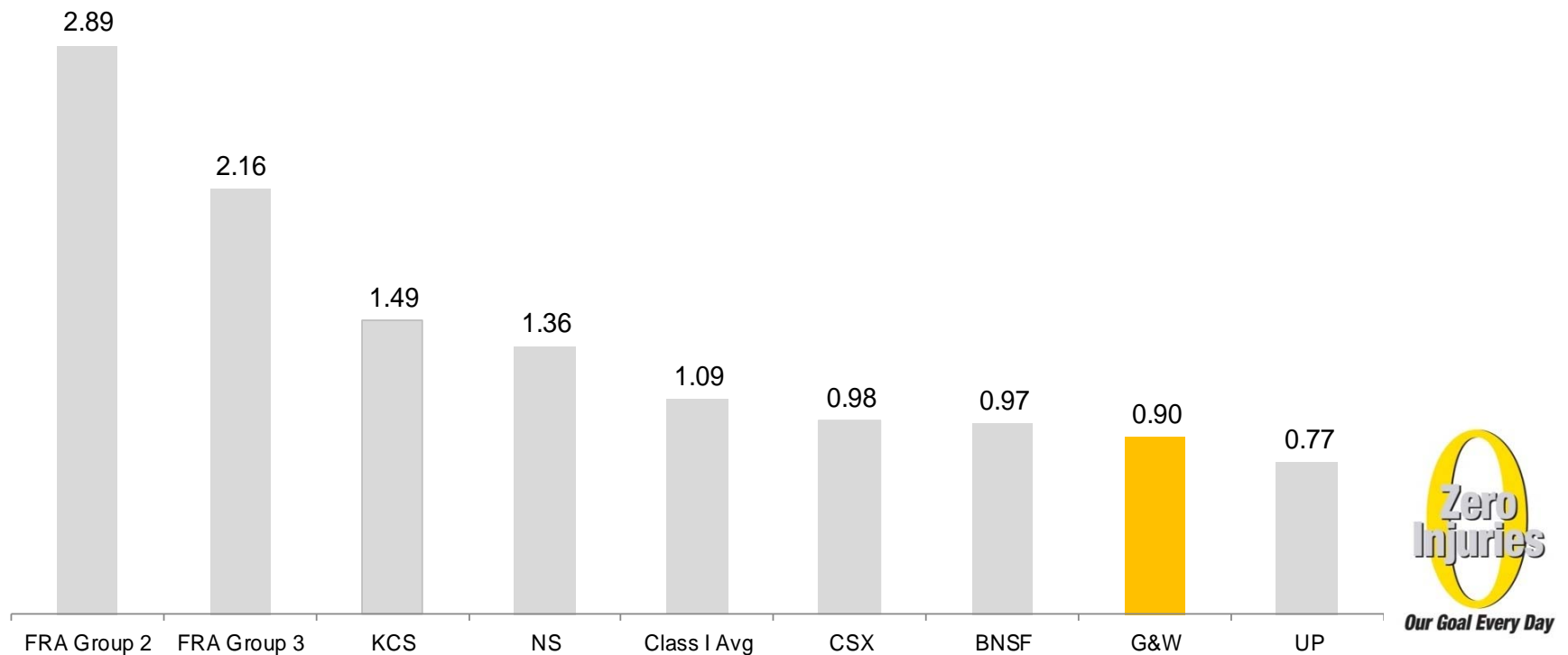


# Forward-Looking Statements

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." Therefore, actual results may differ materially from those expressed or forecasted in any such forward-looking statements. 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 September; others through July



# Q3 2018 Results Versus Guidance

(\$ in millions, except per share amounts)	Q3 2018 Actual	Q3 2018 Guidance mid-point	Variance to Guidance	Comments
Net Income Attributable to G&W	\$ 69.6	\$ 69.3	\$ 0.3	
Restructuring and Related Costs	2.7		2.7	U.K./Europe
Corporate Development and Related Costs	0.3		0.3	North America
Gain on Settlement	(0.3)		(0.3)	Recovery from Arrium Bankruptcy
Tax Reform (Toll Tax on Foreign Earnings)	1.6		1.6	
Adjusted Net Income Attributable to G&W <sup>(a)</sup>	\$ 73.8	\$ 69.3	\$ 4.6	
Diluted EPS Attributable to G&W	\$ 1.16			
Adjusted Diluted EPS Attributable to G&W <sup>(a)</sup>	\$ 1.23	\$ 1.15	\$ 0.08	

Variance (\$ per share)	Adjusted Diluted EPS <sup>(a)</sup>	Comments
North America	\$ 0.13	Strong incremental margins
Australia	(0.01)	Japan typhoon impact on coal supply chain; 3rd-party derailment
U.K./Europe	(0.04)	U.K. port congestion; locomotive driver shortages
Variance to Guidance	\$ 0.08	

(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.

# Comments by Geography

## North America

1. Strong traffic growth in Q3 2018
  - Increases in 12 of 14 commodity groups
  - Expect slower but positive growth in Q4 2018
2. Adverse impact of Hurricane Michael in Q4 2018
  - Wind damage to rail facilities and extensive tree removal
  - Significant damage to customer facilities delaying shipments
  - Insurance deductible to be reached in Q4, with business interruption recovery in 2019
3. Two expiring short line leases in Canada (GEXR and SOR) in Q4 2018
  - Financial impact will be positive—adding approximately US\$6 million of annual operating income due to full amortization of assets
  - Annual carloads to be approximately 27,000 lower without GEXR and SOR
4. U.S. Short Line Tax Credit extension to be pursued in lame duck session of Congress
5. Uncertain impact of Class I Precision Scheduled Railroading
  - Long term benefit of fluid rail network, but may be interchange disruptions to short lines

# Comments by Geography (cont.)

## Australia

1. Coal shipment disruptions in Q3 2018 and coal shipment delays in Q4 2018 will spill into 2019
2. New train set now operating in New South Wales, with another train set delivery scheduled in Q4 2018
3. Strong operating performance creating path to win additional new business

## U.K./Europe

1. Same railroad adjusted operating income<sup>(a)</sup> in Q3 2018 increased US\$2 million, roughly 35% higher than Q3 2017
  - Behind Q3 plan but good improvements
2. Optimization Plan progressing well
  - Management streamlining and consolidation of support functions
  - Technology investments for further cost efficiencies
  - Return of remaining excess equipment now less likely due to strong commercial demand (if redeployed would avoid a charge of ~US\$21 million)
3. Hiring and training of new U.K. locomotive drivers top priority for new and existing business

(a) Adjusted Operating Income is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.

# Comments by Geography (cont.)

## Corporate

1. Evaluating investments in multiple geographies including our own shares
2. Completed \$300 million share repurchase program in October (avg. price of \$76.70)
3. G&W Board approved an additional \$500 million share repurchase plan
4. Opportunistic execution to be based on intrinsic value of shares; other investment opportunities; leverage profile and overall business conditions

# Q3 2018 Results Versus Q3 2017

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

(in thousands, except per share amounts)	Q3 2018 Actual	Q3 2017 Actual	Variance	%
Diluted EPS Attributable to G&W	\$ 1.16	\$ 0.80	\$ 0.36	45%
Adjusted Diluted EPS Attributable to G&W <sup>(a)</sup>	\$ 1.23	\$ 0.81	\$ 0.42	52%
Diluted Shares	60,131	62,477	2,346	

Variance (\$ per share)	Adjusted Diluted EPS <sup>(a)</sup>	Comments
North America	\$ 0.25	Freight revenue growth; strong incremental margins
Australia	(0.01)	Customer mine shutdown Q4 2017; stronger coal
U.K./Europe - Ongoing Operations	0.03	Stronger intermodal pricing; optimization program
ERS (Sold June 2018)	(0.05)	Q3 2017 included large 1x items
Other	0.20	U.S. tax reform (+\$0.16); share repurchase (+\$0.03)
<b>Total</b>	<b>\$ 0.42</b>	

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



# North American Operations

## Carloads: Q3 2018 vs. Q3 2017

Commodity	Change	%	Comment
Agricultural Products	3,401	7.1%	Higher Export Soybean Meal (Argentina drought)
Autos & Auto Parts	(1,004)	(10.3%)	Demand and Class I Car Supply
Chemicals & Plastics	164	0.4%	
Coal & Coke	9,450	15.5%	Weather; Low Stockpiles
Food & Kindred Products	897	6.2%	
Intermodal	1,777	56.5%	Providence and Worcester
Lumber & Forest Products	1,482	4.1%	West Coast Lumber and Logs
Metallic Ores	(12)	(0.3%)	
Metals	9,749	28.7%	Scrap, Finished Steel and Pipe
Minerals & Stone	3,392	5.9%	Aggregates, Cement and Clay
Petroleum Products	1,459	5.9%	NGLs/LPGs
Pulp & Paper	2,159	5.1%	Containerboard (including modal conversions)
Waste	1,529	10.7%	
Other	4,079	26.7%	Empty Car Traffic
<b>Total Carloads</b>	<b>38,522</b>	<b>9.4%</b>	

# North American Operations Freight Revenues

## Average Revenues Per Carload

	Q3 2018	Q3 2017	Change
<b>North American Core Pricing</b>			<b>~3.5%</b>
Changes in Customer Mix <sup>(a)</sup>			(2.2%)
Changes in Commodity Mix <sup>(b)</sup>			(1.0%)
Fuel Surcharge			2.9%
FX (Depreciation of C\$) <sup>(c)</sup>			(0.3%)
Average Revenues Per Carload	\$ 613	\$ 596	2.9%

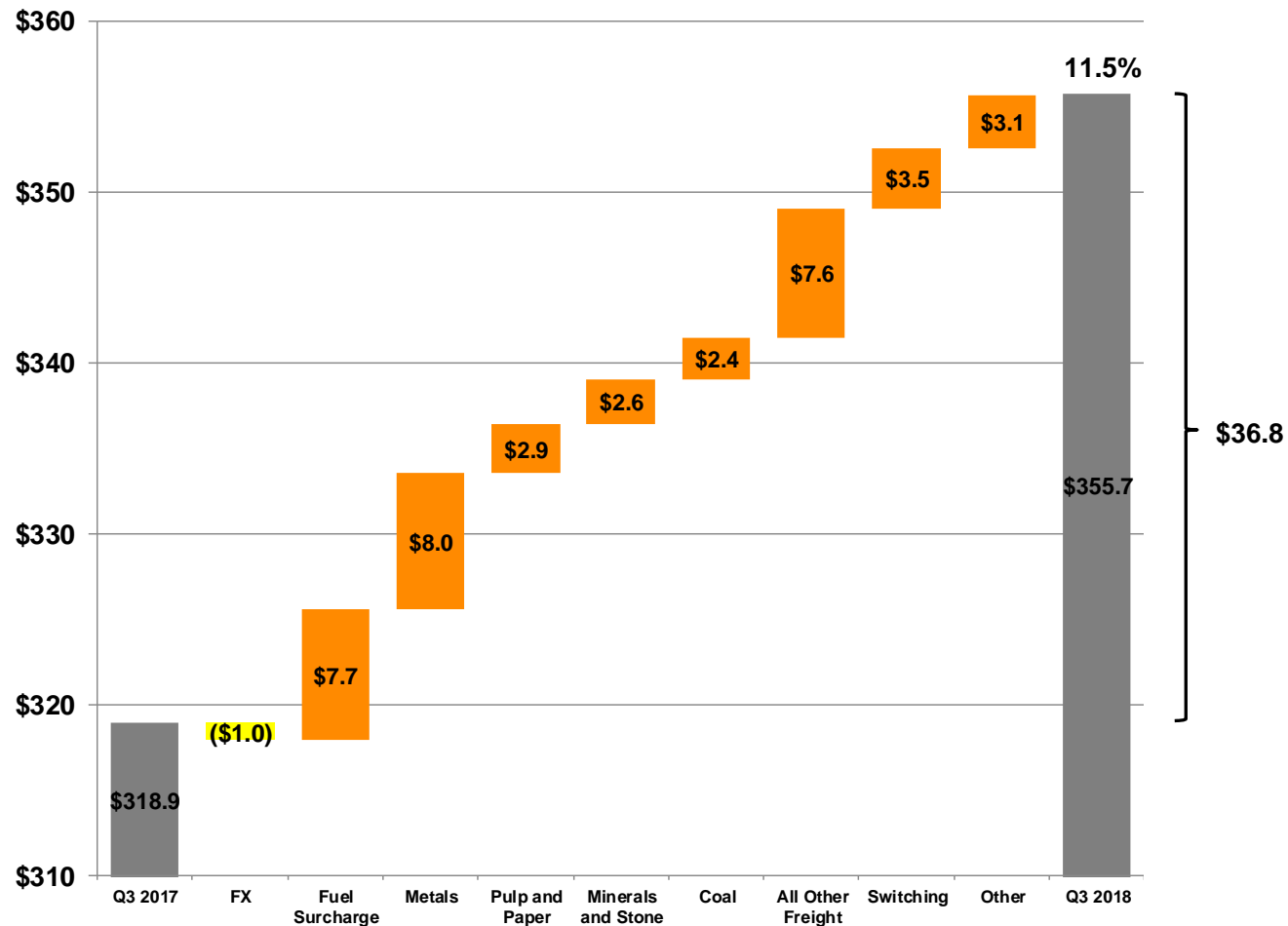
(a) Average Revenues per Carload impacted by changes in customer mix within Coal, Agricultural Products and Autos commodity groups

(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: Q3 2018 vs. Q3 2017

(\$ millions)



# North American Adjusted Operating Income

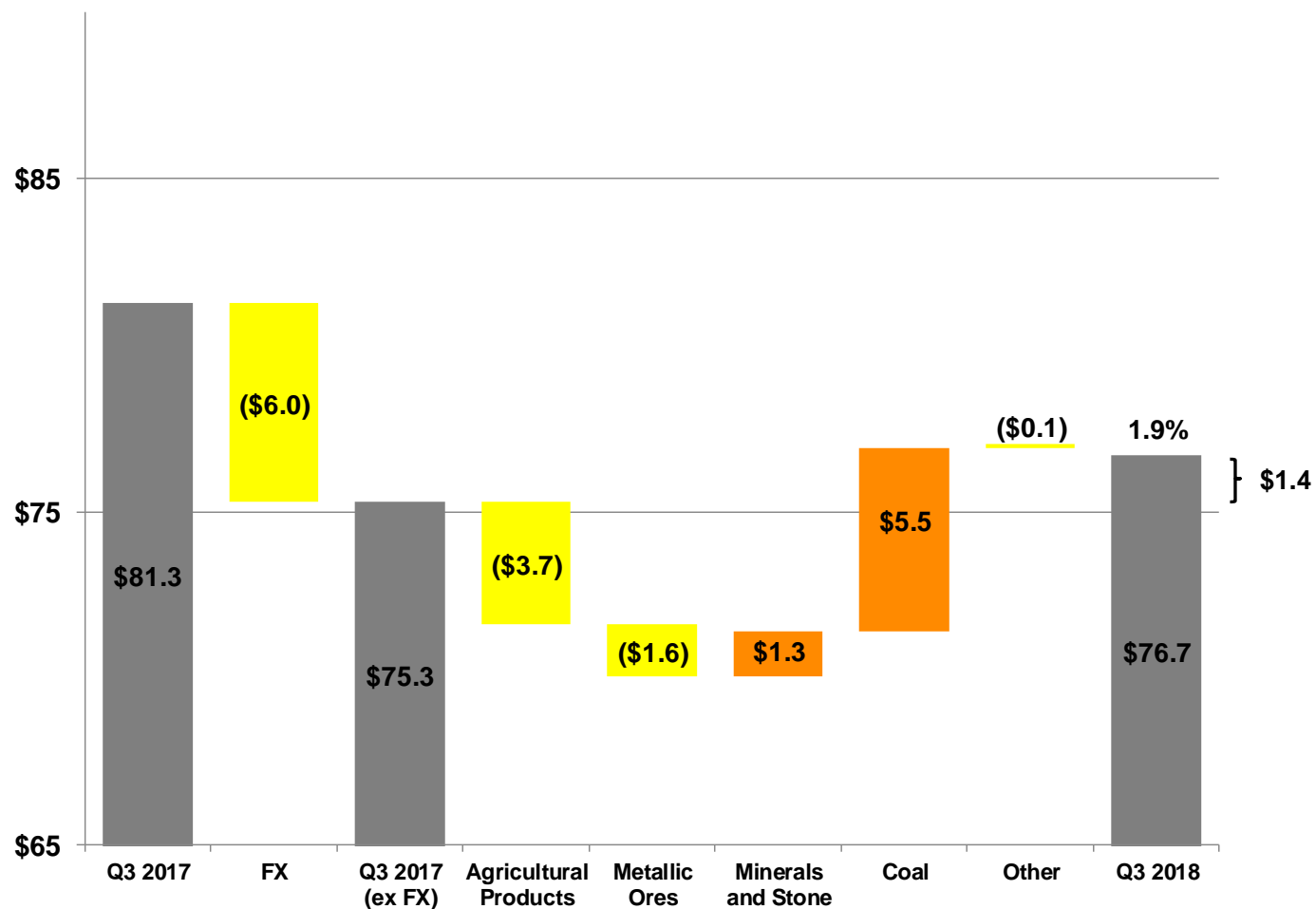
- 11.9% growth in Revenue, excluding FX
- 23.6% growth in Adjusted Operating Income<sup>(a)</sup>, excluding FX
- 65% Incremental Margins; net of higher fuel surcharge revenues

(\$ in millions)	Q3 2018	Q3 2017	Variance	Variance Excluding FX
Operating Revenues	\$ 355.7	\$ 318.9	\$ 36.8	\$ 37.8
Operating Expenses	(253.2)	(236.7)	(16.5)	(17.4)
Operating Income	\$ 102.5	\$ 82.2	\$ 20.3	\$ 20.4
Operating Ratio	71.2%	74.2%		
Operating Expenses	\$ (253.2)	\$ (236.7)	\$ (16.5)	
Corporate Development and Related Costs	0.1	0.6	(0.5)	
Restructuring Costs	-	0.3	(0.3)	
Adjusted Operating Expenses <sup>(a)</sup>	\$ (253.1)	\$ (235.8)	\$ (17.3)	\$ (18.2)
Adjusted Operating Income <sup>(a)</sup>	\$ 102.6	\$ 83.1	\$ 19.5	\$ 19.6
Adjusted Operating Ratio <sup>(a)</sup>	71.2%	73.9%		

(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: Q3 2018 vs. Q3 2017

(US\$ millions)



## Australian Adjusted Operating Income (51%-owned)

- Adjusted Operating Income<sup>(a)</sup>, excluding FX, is flat with higher expense due to training of additional drivers for new business

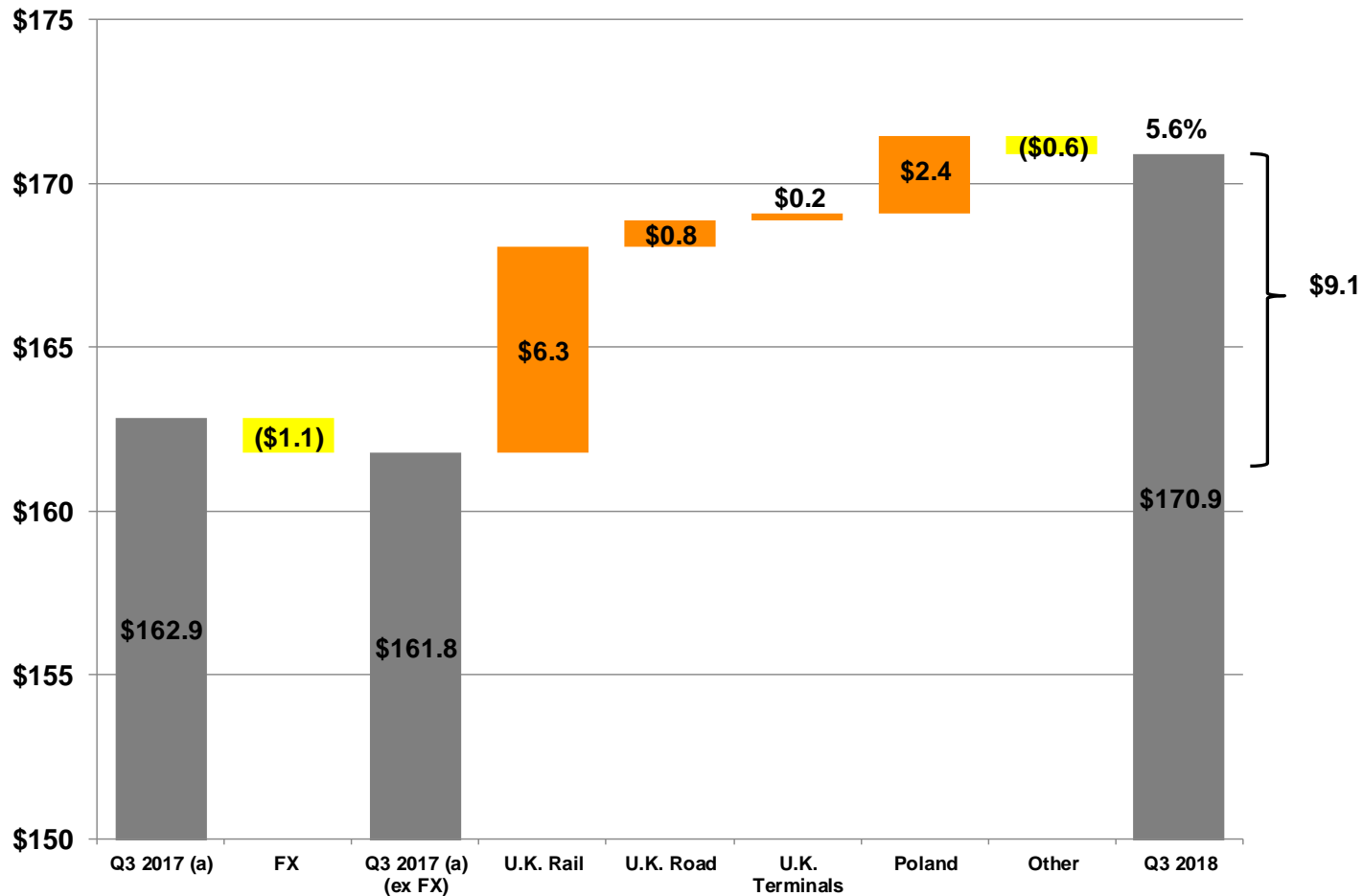
(US\$ in millions)	Q3 2018	Q3 2017	Variance	Variance Excluding FX
Operating Revenues	\$ 76.7	\$ 81.3	\$ (4.6)	\$ 1.4
Operating Expenses	(56.0)	(59.0)	3.0	(1.4)
Operating Income	\$ 20.7	\$ 22.3	\$ (1.6)	\$ -
Operating Ratio	73.0%	72.6%		
Operating Expenses	\$ (56.0)	\$ (59.0)	\$ 3.0	
Corporate Development and Related Costs	-	(0.5)	0.5	
Gain on Settlement	(0.9)	-	(0.9)	
Adjusted Operating Expenses <sup>(a)</sup>	\$ (56.9)	\$ (59.5)	\$ 2.6	\$ (1.8)
Adjusted Operating Income <sup>(a)</sup>	\$ 19.8	\$ 21.8	\$ (2.0)	\$ (0.4)
Adjusted Operating Ratio <sup>(a)</sup>	74.2%	73.2%		

(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

## Ongoing Operating Revenues: Q3 2018 vs. Q3 2017

(US\$ millions)



(a) Excludes \$13.9 million of revenue from ERS in Q3 2017, which was sold in June 2018.

# U.K./European Adjusted Operating Income

- Successful initiation of U.K. restructuring/optimization plan
- Stronger intermodal pricing and new bulk contracts, partially offset by lower volumes

(US\$ in millions)	Q3 2018	Q3 2017 (As Reported)	Q3 2017 (Ongoing) <sup>(a)</sup>	Variance (Ongoing)	Variance (Ongoing) Ex. FX
Operating Revenues	\$ 170.9	\$ 176.7	\$ 162.9	\$ 8.0	\$ 9.1
Operating Expenses <sup>(b)</sup>	(166.3)	(171.4)	(160.1)	(6.2)	(7.2)
Operating Income <sup>(b)</sup>	\$ 4.6	\$ 5.4	\$ 2.8	\$ 1.9	\$ 1.9
Operating Ratio	97.3%	97.0%	98.3%		
Operating Expenses	\$ (166.3)	\$ (171.4)	\$ (160.1)	\$ (6.2)	
Corporate Development and Related Costs	0.2	1.6	1.6	(1.4)	
Restructuring and Related Costs	3.3	2.3	1.6	1.7	
Adjusted Operating Expenses <sup>(c)</sup>	\$ (162.7)	\$ (167.4)	\$ (156.9)	\$ (5.9)	\$ (6.9)
Adjusted Operating Income <sup>(c)</sup>	\$ 8.1	\$ 9.3	\$ 6.0	\$ 2.1	\$ 2.2
Adjusted Operating Ratio <sup>(c)</sup>	95.2%	94.7%	96.3%		

(a) Excludes \$13.9 million of Operating Revenues, \$11.3 million of Operating Expenses and \$0.7 million of Restructuring and Related Costs from ERS, which was sold in June 2018

(b) The 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 \$2.2 million and \$1.7 million for the periods ending September 30, 2018 and 2017, respectively.

(c) 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 for Q4 2018 (October 30, 2018)

- August Guidance Q4 2018 ~\$1.05 per diluted share
- Updated October Q4 2018 Guidance ~\$0.90 per diluted share

Segment	Diluted EPS Impact	Comment
North America	~(\$0.08)	Primarily costs and lost business due to Hurricane Michael, with approximately \$0.04 recovery expected under business interruption insurance in 2019
Australia	~(\$0.02)	Timing of coal
U.K./Europe	~(\$0.04)	Locomotive driver shortages

## Guidance – Fourth Quarter 2018 (October 30, 2018)

(\$ in millions, except per share amounts)	North America (incl. Hurricane impact)	Australia	U.K./Europe	Consolidated Q4 2018 Guidance
Operating Revenues	\$325 - \$330	\$70 - \$75	\$160 - \$170	\$555 - \$575
Operating Ratio <sup>(a)</sup>	77% - 78%	~74%	~96%	82% - 83%
Operating Income <sup>(a)</sup>	\$70 - \$75	\$18 - \$20	\$5 - \$7	\$97 - \$102
Net Interest Expense/Other (Income), net				~\$25
Depreciation and Amortization <sup>(b)</sup>	~\$47	~\$15	~\$10	~\$72
Effective Tax Rate				~28%
Net Income Attributable to Noncontrolling Interest				~\$2
Diluted EPS Attributable to G&W <sup>(a)</sup>				~\$0.90
Diluted Shares				58.9
Q4 2018 Carload Growth vs Q4 2017 (excluding ERS)	~5%	~10%	Flat	

(a) Does not reflect impact of U.K. restructuring and related costs or potential lease return costs for GEXR and SOR.

(b) Includes amortization of non-cash equity compensation expense of \$5 million and D&A of \$67 million.

FX: A\$1.00 = US\$0.72, C\$1.00 = US\$0.78, €1.00 = US\$1.16, £1.00 = US\$1.30, PLN1.00 = US\$0.26

# Balance Sheet

- Net Debt<sup>(a)</sup> of \$2.3 billion at September 30, 2018
- 2.7x Net Adjusted Debt/Adjusted EBITDA<sup>(b)(c)</sup> at September 30, 2018
- Over \$600 million of available revolver capacity

(\$ in millions)	9/30/2018
Cash & Equivalents	\$ 74
Debt:	
G&W Senior Secured Credit Facility, <i>due May 2023</i>	\$ 1,633
Australian Senior Secured Credit Facility, <i>due December 2021</i> <sup>(d)</sup>	474
Australian Subordinated Shareholder Loan, <i>due December 2026</i> <sup>(e)</sup>	172
Other Debt	68
Less: Deferred Financing Fees	(21)
<b>TOTAL DEBT</b>	<b>\$ 2,326</b>
Total Equity	\$ 3,783
<b>TOTAL CAPITALIZATION</b>	<b>\$ 6,109</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 9/30/2018 of 3.2x.

<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 Q3 YTD 2018 vs. Q3 YTD 2017 (excludes intermodal)<sup>(a)</sup>

Commodity	Class I %	G&W %	Class I Mix	G&W Mix	Commodity Weighted Variance	Notes
	Change	Change				
Coal	(1.1%)	12.4%	33.7%	16.2%	2.3%	Weather, New Business
Minerals & Stone	2.5%	5.2%	13.9%	14.0%	0.4%	Class I Frac Sand
Metallic Ores	5.6%	(0.9%)	1.5%	0.7%	(0.1%)	
Chemicals & Plastics	4.4%	(1.5%)	12.4%	10.0%	(0.7%)	
Metals	5.4%	13.7%	5.2%	9.2%	0.9%	G&W Finished Steel, Scrap Steel and Pipe
Agricultural Products	4.3%	(1.4%)	12.8%	12.8%	(0.7%)	West Coast Export Soybean Meal (Argentina Drought)
Pulp & Paper	2.2%	6.1%	2.2%	9.6%	0.5%	Conversion from truck; strong economy
Autos & Auto Parts	(0.7%)	(6.6%)	6.3%	2.0%	(0.1%)	
Consumer <sup>(b)</sup>	0.2%	5.5%	5.5%	16.1%	0.9%	G&W West Coast Lumber and Northeast Waste
Petroleum Products	14.7%	(3.1%)	4.2%	4.8%	(0.7%)	G&W LPGs
Other	2.1%	18.0%	2.3%	4.5%	0.7%	G&W Empty Car Traffic
Total	2.0%	5.3%	100.0%	100.0%	3.3%	

(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 September, 2018	Income Before Income Taxes (Pre-Tax Income)	Benefit from/ (Provision for) Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 103.3	\$ (31.0)	\$ 69.6	\$ 1.16
Adjusted for:				
Corporate development and related costs	0.3	(0.1)	0.3	-
Restructuring and related costs	3.3	(0.6)	2.7	0.04
Gain on settlement	(0.9)	0.3	(0.3)	(0.01)
TCJA measurement period adjustment	-	1.6	1.6	0.03
As adjusted	<u>\$ 106.0</u>	<u>\$ (29.8)</u>	<u>\$ 73.8</u>	<u>\$ 1.23</u>
Weighted average shares - diluted				<u>60.1</u>



## Adjusted Net Income and Adjusted Diluted EPS (cont.)

Three Months Ended September 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	\$ 83.9	\$ (30.5)	\$ 50.2	\$ 0.80
Adjusted for:				
Corporate development and related costs	1.7	(0.8)	1.4	0.02
Restructuring costs	2.6	(0.4)	2.2	0.04
Recognition of unrecognized tax benefits	-	(3.3)	(3.3)	(0.05)
As adjusted	<u>\$ 88.3</u>	<u>\$ (35.0)</u>	<u>\$ 50.6</u>	<u>\$ 0.81</u>
Weighted average shares - diluted				<u>62.5</u>

# Adjusted Operating Income and Adjusted Operating Ratio – by Segment

Three Months Ended September 30, 2018	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 355.7	\$ 76.7	\$ 170.9	\$ 603.3
Operating expenses	253.2	56.0	166.3	475.5
Operating income <sup>(a)</sup>	\$ 102.5	\$ 20.7	\$ 4.6	\$ 127.8
Operating ratio <sup>(b)</sup>	71.2%	73.0%	97.3%	78.8%
Operating expenses	\$ 253.2	\$ 56.0	\$ 166.3	\$ 475.5
Corporate development and related costs	(0.1)	-	(0.2)	(0.3)
Restructuring and related costs	-	-	(3.3)	(3.3)
Gain on settlement	-	0.9	-	0.9
Adjusted operating expenses	\$ 253.1	\$ 56.9	\$ 162.7	\$ 472.8
Adjusted operating income	\$ 102.6	\$ 19.8	\$ 8.1	\$ 130.5
Adjusted operating ratio	71.2%	74.2%	95.2%	78.4%

(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 September 30, 2017	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 318.9	\$ 81.3	\$ 176.7	\$ 576.9
Operating expenses	236.7	59.0	171.4	467.1
Operating income <sup>(a)</sup>	\$ 82.2	\$ 22.3	\$ 5.4	\$ 109.8
Operating ratio <sup>(b)</sup>	74.2%	72.6%	97.0%	81.0%
Operating expenses	\$ 236.7	\$ 59.0	\$ 171.4	\$ 467.1
Corporate development and related costs	(0.6)	0.5	(1.6)	(1.7)
Restructuring costs	(0.3)	-	(2.3)	(2.6)
Adjusted operating expenses	\$ 235.8	\$ 59.5	\$ 167.4	\$ 462.7
Adjusted operating income	\$ 83.1	\$ 21.8	\$ 9.3	\$ 114.2
FX <sup>(c)</sup>	(0.2)	(1.6)	(0.1)	(1.8)
Adjusted operating income excluding FX	\$ 83.0	\$ 20.2	\$ 9.2	\$ 112.4
Adjusted operating ratio	73.9%	73.2%	94.7%	80.2%

(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 September 30, 2017	Total Operations	Divested ERS Operations	Ongoing Operations
Operating revenues	\$ 176.7	\$ 13.9	\$ 162.9
Operating expenses	171.4	11.3	160.1
Operating income <sup>(a)</sup>	<u>\$ 5.4</u>	<u>\$ 2.6</u>	<u>\$ 2.8</u>
Operating ratio <sup>(b)</sup>	97.0%	81.3%	98.3%
Operating expenses	\$ 171.4	\$ 11.3	\$ 160.1
Corporate development and related costs	(1.6)	-	(1.6)
Restructuring costs	(2.3)	(0.7)	(1.6)
Adjusted operating expenses	<u>\$ 167.4</u>	<u>\$ 10.6</u>	<u>\$ 156.9</u>
Adjusted operating income	<u>\$ 9.3</u>	<u>\$ 3.3</u>	<u>\$ 6.0</u>
FX <sup>(c)</sup>	(0.1)	-	(0.1)
Adjusted operating income excluding FX	<u>\$ 9.2</u>	<u>\$ 3.3</u>	<u>\$ 5.9</u>
Adjusted operating ratio	94.7%	76.3%	96.3%

(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 December 31, 2017	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 30, 2018	Twelve Months Ended September 30, 2018
Net income	\$ 428.0	\$ 76.0	\$ 48.6	\$ 72.3	\$ 624.9
Add back:					
(Benefit from)/Provision for income taxes	(343.3)	(15.9)	26.4	31.0	(301.7)
Interest expense	26.9	25.2	28.9	26.4	107.5
Depreciation and amortization expense	63.9	66.0	65.7	65.4	261.1
EBITDA	<u>\$ 175.5</u>	<u>\$ 151.4</u>	<u>\$ 169.7</u>	<u>\$ 195.1</u>	<u>\$ 691.7</u>

# EBITDA – Australian Operations

	Three Months Ended December 31, 2017	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 30, 2018	Twelve Months Ended September 30, 2018
Net income	\$ 2.9	\$ 1.9	\$ 9.1	\$ 5.6	\$ 19.4
Add back:					
Provision for income taxes	1.3	0.8	3.9	2.4	8.4
Interest expense	13.5	13.5	13.2	13.0	53.2
Depreciation and amortization expense	15.2	16.0	15.3	14.9	61.5
EBITDA	<u>\$ 32.9</u>	<u>\$ 32.3</u>	<u>\$ 41.5</u>	<u>\$ 35.9</u>	<u>\$ 142.5</u>

# Net Adjusted Debt/Adjusted EBITDA – G&W

Twelve Months Ended September 30, 2018	Less: Australian			
	Total G&W	Operations <sup>(a)</sup>	Adjustments <sup>(b)</sup>	G&W
Net income	\$ 624.9	\$ 19.4	\$ 2.5	\$ 608.0
Adjusted for:				
(Benefit from)/Provision for income taxes	(301.7)	8.4	-	(310.1)
Interest expense	107.5	53.2	12.9	67.1
Depreciation and amortization expense	261.1	61.5	-	199.6
EBITDA	\$ 691.7	\$ 142.5	\$ 15.4	\$ 564.6
Adjusted for certain items:				
Non-cash compensation cost			10.5	10.5
Restructuring costs			14.3	14.3
Australia dividends, distributions of cash payments			26.8	26.8
Net gain on sale and impairment of assets			(2.9)	(2.9)
Hedging agreement expense			(2.4)	(2.4)
Loss on sale of business			1.4	1.4
U.K. coal railcar leases			0.6	0.6
Adjusted EBITDA				\$ 613.1
Total debt	\$ 2,326	\$ 640	\$ 2	\$ 1,688
Add: Deferred financing fees	21	9	-	12
Adjusted debt	\$ 2,347	\$ 649	\$ 2	\$ 1,700
Less: Cash	74	53	-	21
Net adjusted debt	\$ 2,273	\$ 596	\$ 2	\$ 1,679
Net adjusted debt/Adjusted EBITDA ratio				2.7 : 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 December 31, 2017	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 30, 2018	Twelve Months Ended September 30, 2018	Adjustments <sup>(a)</sup>	Adjusted Twelve Months Ended September 30, 2018
Net income	\$ 3.8	\$ 2.4	\$ 12.1	\$ 7.6	\$ 25.9		
Add back:							
Provision for income taxes	1.7	1.0	5.2	3.3	11.2		
Interest expense	17.6	17.2	17.4	17.4	69.7		
Depreciation and amortization expense	19.8	20.4	20.2	20.4	80.8		
EBITDA	\$ 42.9	\$ 41.1	\$ 54.9	\$ 48.8	\$ 187.6	\$ (5)	\$ 182.6
Total debt					\$ 885	\$ (239)	\$ 646
Add: Deferred financing fees					12	\$ -	12
Adjusted debt					\$ 897	\$ (239)	\$ 659
Less: Cash					73	-	73
Net debt					\$ 824	\$ (239)	\$ 586
Net debt/adjusted EBITDA ratio							3.2 : 1.0

(a) Adjustments based on Credit Facility Agreement



