



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 ^(a)	<u>\$ 102.5</u>	<u>\$ 20.7</u>	<u>\$ 4.6</u>	<u>\$ 127.8</u>
Operating ratio ^(b)	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	<u>\$ 253.1</u>	<u>\$ 56.9</u>	<u>\$ 162.7</u>	<u>\$ 472.8</u>
Adjusted operating income	<u>\$ 102.6</u>	<u>\$ 19.8</u>	<u>\$ 8.1</u>	<u>\$ 130.5</u>
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 ^(a)	\$ 82.2	\$ 22.3	\$ 5.4	\$ 109.8
Operating ratio ^(b)	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 ^(c)	(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 ^(a)	<u>\$ 5.4</u>	<u>\$ 2.6</u>	<u>\$ 2.8</u>
Operating ratio ^(b)	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 ^(c)	(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 ^(a)	Adjustments ^(b)	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 ^(a)	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