



## 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, the Adjusted Free Cash Flow measures of Adjusted Net Cash Provided by Operating Activities Attributable to G&W, Adjusted Free Cash Flow Attributable to G&W and Adjusted Free Cash Flow Attributable to G&W Before New Business Investments and Grant Funded Projects, 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 or, in the case of the Adjusted Free Cash Flow measures, important financial measures of how well G&W is managing its assets and a useful indicator of cash flow that may be available for discretionary use by G&W. Management also views these non-GAAP financial measures as a way to assess comparability between periods. Key limitations of the Adjusted Free Cash Flow measures include the assumptions that G&W will be able to refinance its existing debt when it matures and meet other cash flow obligations from financing activities, such as principal payments on debt.

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 December 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	\$ 84.7	\$ 343.3	\$ 426.6	\$ 6.81
Adjusted for:				
Buyout of Freightliner deferred consideration agreements	(8.9)	-	(8.9)	(0.14)
Australia impairment and related costs	4.9	(1.5)	1.8	0.03
Corporate development and related costs	1.1	(0.4)	0.7	0.01
Restructuring costs	1.4	(0.2)	1.2	0.02
U.K. coal restructuring and related charges	(1.1)	0.2	(0.9)	(0.01)
Impact of United States Tax Cuts & Jobs Act	-	(371.9)	(371.9)	(5.94)
As adjusted	<u>\$ 82.2</u>	<u>\$ (30.5)</u>	<u>\$ 48.6</u>	<u>\$ 0.77</u>
Weighted average shares - diluted				<u>62.7</u>

# Adjusted Net Income and Adjusted Diluted EPS

Three Months Ended December 31, 2016	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 28.7	\$ (19.8)	\$ 8.9	\$ 0.15
Adjusted for:				
ERS impairment and related charges	21.5	-	21.5	0.37
U.K. coal railcar leases	10.5	(1.9)	8.6	0.15
Corporate development and related costs	19.2	(3.4)	15.9	0.27
Write-off of debt issuance costs	1.3	(0.4)	0.5	0.02
Restructuring costs	1.9	(0.4)	1.4	0.01
Q4 2016 Short Line Tax Credit	-	(7.5)	(7.5)	(0.13)
As adjusted	<u>\$ 83.1</u>	<u>\$ (33.4)</u>	<u>\$ 49.3</u>	<u>\$ 0.84</u>
Weighted average shares - diluted				<u>58.8</u>

# Adjusted Net Income and Adjusted Diluted EPS

Three Months Ended March 31, 2017	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to G&W	Diluted EPS Attributable to G&W
As reported	\$ 49.2	\$ 21.9	\$ 26.2	\$ 0.42
Add back certain items:				
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 December 31, 2017	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 320.2	\$ 75.5	\$ 175.8	\$ 571.6
Operating expenses	245.6	58.0	159.8	463.4
Operating income <sup>(a)</sup>	<u>\$ 74.6</u>	<u>\$ 17.6</u>	<u>\$ 16.0</u>	<u>\$ 108.2</u>
Operating ratio <sup>(b)</sup>	76.7%	76.7%	90.9%	81.1%
Operating expenses	\$ 245.6	\$ 58.0	\$ 159.8	\$ 463.4
Corporate development and related costs	(0.9)	-	(0.3)	(1.1)
Restructuring costs	(0.1)	-	(1.3)	(1.4)
Australia impairment and related costs	-	(4.9)	-	(4.9)
Amendment of Freightliner deferred consideration agreement	-	-	8.9	8.9
U.K. coal restructuring and related charges	-	-	1.1	1.1
Adjusted operating expenses	<u>\$ 244.7</u>	<u>\$ 53.0</u>	<u>\$ 168.2</u>	<u>\$ 465.9</u>
Adjusted operating income	<u>\$ 75.5</u>	<u>\$ 22.5</u>	<u>\$ 7.6</u>	<u>\$ 105.7</u>
Adjusted operating ratio	76.4%	70.2%	95.7%	81.5%

(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 December 31, 2016	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 322.2	\$ 61.4	\$ 133.0	\$ 516.5
Operating expenses	238.8	58.5	165.6	463.0
Operating income <sup>(a)</sup>	<u>\$ 83.4</u>	<u>\$ 2.8</u>	<u>\$ (32.6)</u>	<u>\$ 53.6</u>
Operating ratio <sup>(b)</sup>	74.1%	95.4%	124.5%	89.6%
Operating expenses	\$ 238.8	\$ 58.5	\$ 165.6	\$ 463.0
ERS impairment and related costs	-	-	(21.5)	(21.5)
U.K. coal railcar leases	-	-	(10.5)	(10.5)
Corporate development and related costs	(4.0)	(10.7)	(1.3)	(16.0)
Restructuring costs	(0.1)	-	(1.8)	(1.9)
Adjusted operating expenses	<u>\$ 234.8</u>	<u>\$ 47.8</u>	<u>\$ 130.6</u>	<u>\$ 413.1</u>
Adjusted operating income	<u>\$ 87.4</u>	<u>\$ 13.5</u>	<u>\$ 2.4</u>	<u>\$ 103.4</u>
FX <sup>(c)</sup>	0.1	0.4	0.1	0.6
Adjusted operating income excluding FX	<u>\$ 87.6</u>	<u>\$ 14.0</u>	<u>\$ 2.5</u>	<u>\$ 104.0</u>
Adjusted operating ratio	72.9%	77.9%	98.2%	80.0%

(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 – by Segment (cont.)

Twelve Months Ended December 31, 2017	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 1,274.3	\$ 307.5	\$ 626.2	\$ 2,208.0
Operating expenses	970.4	230.3	608.9	1,809.6
Operating income <sup>(a)</sup>	<u>\$ 303.9</u>	<u>\$ 77.3</u>	<u>\$ 17.3</u>	<u>\$ 398.5</u>
Operating ratio <sup>(b)</sup>	76.2%	74.9%	97.2%	82.0%
Operating expenses	\$ 970.4	\$ 230.3	\$ 608.9	\$ 1,809.6
Corporate development and related costs	(8.2)	0.3	(4.0)	(11.9)
Restructuring costs	(0.5)	(0.3)	(9.4)	(10.2)
Australia impairment and related costs	-	(4.9)	-	(4.9)
Buyout of Freightliner deferred consideration agreements	-	-	8.9	8.9
U.K. coal restructuring and related charges	-	-	1.1	1.1
Adjusted operating expenses	<u>\$ 961.7</u>	<u>\$ 225.3</u>	<u>\$ 605.5</u>	<u>\$ 1,792.5</u>
Adjusted operating income	<u>\$ 312.6</u>	<u>\$ 82.2</u>	<u>\$ 20.7</u>	<u>\$ 415.5</u>
Adjusted operating ratio	75.5%	73.3%	96.7%	81.2%

(a) Operating income is calculated as operating revenues less operating expenses.

(b) Operating ratio is calculated as operating expenses divided by operating revenues.



# Adjusted Free Cash Flow Measures

Twelve Months Ended December 31,	2017	2016
Net cash provided by operating activities	\$ 479.2	\$ 407.1
Allocation of adjusted cash flow to noncontrolling interest <sup>(a)</sup>	(27.6)	-
Adjusted net cash provided by operating activities attributable to G&W	451.6	407.1
Purchase of property and equipment, net <sup>(b)</sup>	(201.4)	(165.6)
Adjusted free cash flow attributable to G&W <sup>(b)</sup>	\$ 250.2	\$ 241.5
Net cash paid for new business investments	8.6	26.1
Net cash received for grant funded projects <sup>(b)</sup>	11.0	(1.6)
Adjusted free cash flow attributable to G&W before new business investments and grant funded projects	<u>\$ 269.8</u>	<u>\$ 265.9</u>

(a) Allocation of adjusted cash flow to noncontrolling interest (MIRA's 48.9% equity ownership of GWA since December 1, 2016) is calculated as 48.9% of cash flow provided by operating activities of G&W's Australian Operations, less net purchases of property and equipment of G&W's Australian Operations. The timing and amount of actual distributions, if any, from GWA to G&W and MIRA made in any given period will vary and could differ materially from the amounts presented. There were no such distributions made for both the twelve months ended December 31, 2017 and 2016. G&W expressly disclaims any direct correlation between the allocation of adjusted cash flow to noncontrolling interest and actual distributions made in any given period.

(b) See break out on next slide.

# Adjusted Free Cash Flow Measures (cont.)

December 31, 2017	Core Capital <sup>(a)</sup>	New Business Investments	Grant Funded Projects <sup>(b)</sup>	Total
Purchase of property and equipment	\$ (188.6)	\$ (8.7)	\$ (31.2)	\$ (228.5)
Grant proceeds from outside parties	-	0.1	20.2	20.2
Insurance proceeds for the replacement of assets	1.6	-	-	1.6
Proceeds from disposition of property and equipment	5.2	-	-	5.2
Purchase of property and equipment, net	<u>\$ (181.8)</u>	<u>\$ (8.6)</u>	<u>\$ (11.0)</u>	<u>\$ (201.4)</u>

December 31, 2016	Core Capital <sup>(a)</sup>	New Business Investments	Grant Funded Projects <sup>(b)</sup>	Total
Purchase of property and equipment	\$ (159.0)	\$ (26.1)	\$ (34.5)	\$ (219.5)
Grant proceeds from outside parties	-	-	36.1	36.1
Insurance proceeds for the replacement of assets	15.2	-	-	15.2
Proceeds from disposition of property and equipment	2.7	-	-	2.7
Purchase of property and equipment, net	<u>\$ (141.1)</u>	<u>\$ (26.1)</u>	<u>\$ 1.6</u>	<u>\$ (165.6)</u>

- (a) Core capital expenditures represents purchases of property and equipment as presented on the Statement of Cash Flows less grant proceeds from outside parties, insurance proceeds for the replacement of assets and proceeds from disposition of property and equipment, each of which as presented on the Statement of Cash Flows, less new business investments
- (b) Grant funded projects represents purchases of property and equipment for projects partially or entirely funded by outside parties, net of grant proceeds from outside parties as presented on the Statement of Cash Flows.

## Adjusted Free Cash Flow Measures (cont.)

Twelve Months Ended December 31,	2018 Guidance
Net cash provided by operating activities	\$ 590
Allocation of adjusted cash flow to noncontrolling interest <sup>(a)</sup>	(20)
Adjusted net cash provided by operating activities attributable to G&W	570
Purchase of property and equipment, net	(200)
Adjusted free cash flow attributable to G&W	370
Net cash paid for new business investments	(40)
Net cash received for grant funded projects	(15)
Adjusted free cash flow attributable to G&W before new business investments and grant funded projects	<u>\$ 315</u>

- (a) Allocation of adjusted cash flow to noncontrolling interest (MIRA's 48.9% equity ownership of GWA since December 1, 2016) is calculated as 48.9% of cash flow provided by operating activities of G&W's Australian Operations, less net purchases of property and equipment of G&W's Australian Operations. The timing and amount of actual distributions, if any, from GWA to G&W and MIRA made in any given period will vary and could differ materially from the amounts presented. There were no such distributions made for both the twelve months ended December 31, 2017 and 2016. G&W expressly disclaims any direct correlation between the allocation of adjusted cash flow to noncontrolling interest and actual distributions made in any given period.

# Net Adjusted Debt/Adjusted EBITDA – G&W

Twelve Months Ended December 31, 2017	Less: Australian		Adjustments <sup>(b)</sup>	Acquisitions <sup>(c)</sup>	G&W
	Total G&W	Operations <sup>(a)</sup>			
Net income	\$ 556.8	\$ 15.8	\$ -		\$ 540.9
Adjusted for:					
Provision for income taxes	(261.3)	6.1	-		(267)
Interest expense	107.3	55.5	12.9		65
Depreciation and amortization expense	250.5	61.1	-		189
EBITDA	\$ 653.3	\$ 138.6	\$ 12.9	\$ 7.0	\$ 534.5
Adjusted for certain items:					
Non-cash compensation cost related to equity awards			17.3		17.3
Change in deferred considerations during 2017			(6.5)		(6.5)
Corporate development and related costs			7.0		7.0
Restructuring costs			9.8		9.8
Australia dividends, distributions of cash payments			13.5		13.5
Net gain on sale of assets			(1.5)		(1.5)
Hedging agreement expense			2.5		2.5
U.K. coal railcar leases			(3.9)		(3.9)
Adjusted EBITDA					\$ 572.6
Total debt	\$ 2,331	\$ 702	\$ 5		\$ 1,634
Add: Deferred financing fees	25	12	-		13
Adjusted debt	\$ 2,356	\$ 714	\$ 5		\$ 1,648
Less: Cash	80	52	(4)		24
Net adjusted debt	\$ 2,276	\$ 661	\$ 8		\$ 1,623
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.

(c) Pentalver for 1/1/17 - 4/30/17 and HOG for 1/1/17-5/30/17.

# Net Adjusted Debt/Adjusted EBITDA

Twelve Months Ended December 31, 2018 (Guidance)	Total G&W	Less: Australian Operations <sup>(a)</sup>	Acquisitions/ Adjustments <sup>(b)</sup>	Adjusted
Net income attributable to G&W	\$ 240	\$ 19	\$ -	\$ 221
Add back:				
Provision for income taxes	92	8	-	84
Interest expense	110	56	-	54
Depreciation and amortization expense	275	65	-	210
EBITDA	\$ 717	\$ 148	\$ 16	\$ 585
Add back certain items				
Non-cash compensation cost related to equity awards	19	-	-	19
Adjusted EBITDA				\$ 604
Total debt	\$ 2,087	\$ 705	\$ 5	\$ 1,387
Less: Cash	117	81	-	36
Net debt	\$ 1,970	\$ 624	\$ 5	\$ 1,351
Add back: Deferred financing fees	16	9	-	7
Net adjusted debt	\$ 1,986	\$ 633	\$ 5	\$ 1,358
Net adjusted debt/Adjusted EBITDA ratio				2.2 : 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

Twelve Months Ended December 31, 2017	Australian Operations	Adjustments	Adjusted
Net income	\$ 16	\$ 9	\$ 24
Adjusted for:			
Provision for income taxes	6		6
Interest expense	56		56
Depreciation and amortization expense	61		61
EBITDA	\$ 139	\$ 9	\$ 147
Total debt	\$ 702		\$ 702
Less: Cash	52		52
Net debt	\$ 649		\$ 649
Less: Shareholder loan		(186)	(186)
Add back: Deferred financing fees	12		12
Net adjusted debt	\$ 661	\$ (186)	\$ 475
Net adjusted debt/Adjusted EBITDA ratio			3.2 : 1.0

# Net Adjusted Debt/Adjusted EBITDA - Australian Operations

Twelve Months Ended December 31, 2018 (Guidance)	Australian Operations	Adjustments	Adjusted
Net income	\$ 19		\$ 19
Adjusted for:			
Provision for income taxes	8		8
Interest expense	56		56
Depreciation and amortization expense	65		65
EBITDA	\$ 148	\$ 5	\$ 153
Total debt	\$ 705		\$ 705
Less: Cash	81		81
Net debt	\$ 624		\$ 624
Less: Shareholder loan		(186)	(186)
Add: Deferred financing fees	9		9
Net adjusted debt	\$ 633	\$ (186)	\$ 447
Net adjusted debt/Adjusted EBITDA ratio			2.9 : 1.0

