



## 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, 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, 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 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, 2018	Income Before Income Taxes (Pre-Tax Income)	Benefit from/ (Provision for) Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 80.3	\$ (23.0)	\$ 55.6	\$ 0.94
Adjusted for:				
Restructuring and related costs	2.2	(0.4)	1.7	0.03
Canadian railroad lease return costs	2.1	(0.6)	1.5	0.02
Gain on sale of investment	(1.4)	0.4	(1.0)	(0.02)
Prior period tax adjustments	-	1.4	1.4	0.02
As adjusted	<u>\$ 83.2</u>	<u>\$ (22.2)</u>	<u>\$ 59.1</u>	<u>\$ 1.00</u>
Weighted average shares - diluted				<u>58.9</u>

# Adjusted Net Income and Adjusted Diluted EPS

Three Months Ended September 30, 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

Three Months Ended June 30, 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

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 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

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

Twelve Months Ended December 31, 2018	Income Before Income Taxes (Pre-Tax Income)	(Provision for)/ Benefit From Income Taxes	Net Income Attributable to G&W	Diluted EPS
As reported	\$ 318.9	\$ (64.5)	\$ 244.4	\$ 4.03
Adjusted for:				
Restructuring and related costs	15.1	(2.9)	12.2	0.20
Credit facility refinancing-related costs	2.7	(0.7)	2.0	0.03
Corporate development and related costs	0.8	(0.2)	0.6	0.01
Canadian railroad lease return costs	2.1	(0.6)	1.5	0.02
Loss on sale of business	1.4	-	1.4	0.02
Gain on settlement	(7.3)	2.2	(2.6)	(0.04)
Gain on sale of investment	(1.4)	0.4	(1.0)	(0.02)
2017 Short Line Tax Credit	-	-	(31.6)	(0.52)
Prior period tax adjustment	-	5.1	5.1	0.08
TCJA measurement period adjustment	-	1.6	1.6	0.03
As adjusted	<u>\$ 332.3</u>	<u>\$ (59.6)</u>	<u>\$ 233.6</u>	<u>\$ 3.85</u>
Weighted average shares - diluted				<u>60.6</u>



# Adjusted Net Income and Adjusted Diluted EPS

Twelve 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	\$ 295.5	\$ 261.3	\$ 549.1	\$ 8.79
Adjusted for:				
Corporate development and related costs	11.9	(4.3)	8.1	0.13
Restructuring costs	10.2	(1.0)	9.0	0.14
Australia impairment and related costs	4.9	(1.5)	1.8	0.03
Buyout of Freightliner deferred consideration agreements	(8.9)	-	(8.9)	(0.14)
Gain on sale of investment	(1.6)	0.7	(1.0)	(0.02)
U.K. coal restructuring and related charges	(1.1)	0.2	(0.9)	(0.01)
Impact of TCJA	-	(371.9)	(371.9)	(5.96)
Recognition of unrecognized tax benefits	-	(3.3)	(3.3)	(0.05)
As adjusted	<u>\$ 310.9</u>	<u>\$ (119.8)</u>	<u>\$ 182.0</u>	<u>\$ 2.91</u>
Weighted average shares - diluted				<u>62.5</u>

# Adjusted Operating Income and Adjusted Operating Ratio – by Segment (cont.)

Three Months Ended December 31, 2018	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 338.0	\$ 71.1	\$ 166.5	\$ 575.6
Operating expenses	250.8	53.4	165.7	469.9
Operating income <sup>(a)</sup>	\$ 87.2	\$ 17.7	\$ 0.8	\$ 105.7
Operating ratio <sup>(b)</sup>	74.2%	75.1%	99.5%	81.6%
Operating expenses	\$ 250.8	\$ 53.4	\$ 165.7	\$ 469.9
Restructuring and related costs	-	-	(2.1)	(2.1)
Canadian railroad and related costs	(2.1)	-	-	(2.1)
Adjusted operating expenses	\$ 248.7	\$ 53.4	\$ 163.7	\$ 465.7
Adjusted operating income	\$ 89.3	\$ 17.7	\$ 2.8	\$ 109.9
Adjusted operating ratio	73.6%	75.1%	98.3%	80.9%

(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

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	245.5	58.0	161.6	465.1
Operating income <sup>(a)</sup>	<u>\$ 74.7</u>	<u>\$ 17.6</u>	<u>\$ 14.2</u>	<u>\$ 106.5</u>
Operating ratio <sup>(b)</sup>	76.7%	76.7%	91.9%	81.4%
Operating expenses	\$ 245.5	\$ 58.0	\$ 161.6	\$ 465.1
Australia impairment and related costs	-	(4.9)	-	(4.9)
Restructuring costs	(0.1)	-	(1.3)	(1.4)
Corporate development and related costs	(0.9)	-	(0.3)	(1.1)
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>\$ 244.6</u>	<u>\$ 53.0</u>	<u>\$ 170.0</u>	<u>\$ 467.6</u>
Adjusted operating income	<u>\$ 75.6</u>	<u>\$ 22.5</u>	<u>\$ 5.9</u>	<u>\$ 104.0</u>
FX <sup>(c)</sup>	<u>(0.1)</u>	<u>(1.4)</u>	<u>(0.2)</u>	<u>(1.7)</u>
Adjusted operating income excluding FX	<u>\$ 75.6</u>	<u>\$ 21.1</u>	<u>\$ 5.7</u>	<u>\$ 102.3</u>
Adjusted operating ratio	76.4%	70.2%	96.7%	81.8%

(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 – U.K./Europe

Three Months Ended December 31, 2017	Total Operations	Divested ERS Operations	Ongoing/ (Same Railroad) Operations
Operating revenues	\$ 175.8	\$ 12.2	\$ 163.7
Operating expenses	161.6	11.3	150.3
Operating income <sup>(a)</sup>	<u>\$ 14.2</u>	<u>\$ 0.8</u>	<u>\$ 13.4</u>
Operating ratio <sup>(b)</sup>	91.9%	93.2%	91.8%
Operating expenses	\$ 161.6	\$ 11.3	\$ 150.3
Corporate development and related costs	(0.3)	-	(0.3)
Restructuring costs	(1.3)	(0.5)	(0.9)
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>\$ 170.0</u>	<u>\$ 10.9</u>	<u>\$ 159.1</u>
Adjusted operating income	<u>\$ 5.9</u>	<u>\$ 1.3</u>	<u>\$ 4.6</u>
FX <sup>(c)</sup>	(0.2)	(0.2)	-
Adjusted operating income excluding FX	<u>\$ 5.7</u>	<u>\$ 1.1</u>	<u>\$ 4.6</u>
Adjusted operating ratio	96.7%	89.3%	97.2%

(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 – by Segment (cont.)

Twelve Months Ended December 31, 2018	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 1,358.9	\$ 301.7	\$ 688.0	\$ 2,348.6
Operating expenses	1,015.8	221.4	687.9	1,925.0
Operating income <sup>(a)</sup>	<u>\$ 343.1</u>	<u>\$ 80.3</u>	<u>\$ 0.1</u>	<u>\$ 423.5</u>
Operating ratio <sup>(b)</sup>	74.8%	73.4%	100.0%	82.0%
Operating expenses	\$ 1,015.8	\$ 221.4	\$ 687.9	\$ 1,925.0
Restructuring and related costs	(0.1)	-	(15.0)	(15.1)
Canadian railroad lease return costs	(2.1)	-	-	(2.1)
Corporate development and related costs	(0.7)	(0.1)	(0.1)	(0.8)
Credit facility refinancing-related costs	(0.4)	-	-	(0.4)
Gain on settlement	-	7.3	-	7.3
Adjusted operating expenses	<u>\$ 1,012.5</u>	<u>\$ 228.6</u>	<u>\$ 672.7</u>	<u>\$ 1,913.9</u>
Adjusted operating income	<u>\$ 346.3</u>	<u>\$ 73.1</u>	<u>\$ 15.3</u>	<u>\$ 434.7</u>
Adjusted operating ratio	74.5%	75.8%	97.8%	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 Free Cash Flow Measures

Twelve Months Ended December 31,	2018	2017
Net cash provided by operating activities	\$ 553.1	\$ 479.2
Allocation of adjusted cash flow to noncontrolling interest <sup>(a)</sup>	(21.4)	(27.6)
Adjusted net cash provided by operating activities attributable to G&W	531.7	451.6
Purchase of property and equipment, net <sup>(b)</sup>	(251.1)	(201.4)
Adjusted free cash flow attributable to G&W <sup>(b)</sup>	\$ 280.6	\$ 250.2
Net cash paid for new business investments	44.0	8.6
Net cash received for grant funded projects <sup>(b)</sup>	1.4	11.0
Adjusted free cash flow attributable to G&W before new business investments and grant funded projects	\$ 326.0	\$ 269.8

(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 the total of (i) cash flow provided by operating activities of G&W's Australian Operations, less(ii) 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. During the twelve months ended December 31, 2018, GWA made A\$65.0 million of such distributions of which \$33.2 million (or \$24.6 million at the applicable exchange rates at the time the payments were made) was distributed to G&W and MIRA, respectively, and no such distributions were made for the twelve months ended December 31, 2017. 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, 2018	Core Capital <sup>(1)</sup>	New Business Investments	Grant Funded Projects <sup>(2)</sup>	Total
Purchase of property and equipment	\$ (218.2)	\$ (44.0)	\$ (21.9)	\$ (284.1)
Grant proceeds from outside parties	-	-	20.5	20.5
Insurance proceeds for the replacement of assets	3.0	-	-	3.0
Proceeds from disposition of property and equipment	9.5	-	-	9.5
Purchase of property and equipment, net	<u>\$ (205.7)</u>	<u>\$ (44.0)</u>	<u>\$ (1.4)</u>	<u>\$ (251.1)</u>

December 31, 2017	Core Capital <sup>(1)</sup>	New Business Investments	Grant Funded Projects <sup>(2)</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>

- (1) Core capital expenditures represent purchases of property and equipment as presented on the Consolidated 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 Consolidated Statement of Cash Flows, less new business investments and grant funded projects.
- (2) 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 Consolidated Statement of Cash Flows.

# Adjusted Free Cash Flow Measures (cont.)

Twelve Months Ended December 31,	2019 Guidance
Net cash provided by operating activities	\$ 590
Allocation of adjusted cash flow to noncontrolling interest <sup>(a)</sup>	(10)
Adjusted net cash provided by operating activities attributable to G&W	580
Purchase of property and equipment, net	(280)
Adjusted free cash flow attributable to G&W	300
Net cash paid for new business investments	35
Net cash received for grant funded projects	30
Adjusted free cash flow attributable to G&W before new business investments and grant funded projects	<u>\$ 365</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. 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, 2018	Less: Australian			G&W
	Total G&W	Operations <sup>(a)</sup>	Adjustments <sup>(b)</sup>	
Net income	\$ 254.3	\$ 20.3	\$ (3.0)	\$ 237.1
Adjusted for:				
Provision for income taxes	64.5	8.7	-	55.8
Interest expense	107.7	52.5	12.8	68.1
Depreciation and amortization expense	263.2	60.8	-	202.5
EBITDA	\$ 689.8	\$ 142.2	\$ 9.8	\$ 563.4
Adjusted for certain items:				
Non-cash compensation cost			17.5	17.5
Corporate development and related costs			(0.2)	(0.2)
Restructuring costs			15.1	15.1
Australia dividends, distributions of cash payments			35.7	35.7
Net gain on sale and impairment of assets			(3.0)	(3.0)
Hedging agreement expense			(1.5)	(1.5)
Gain on sale of investments			(1.4)	(1.4)
Loss on sale of business			1.4	1.4
U.K. coal railcar leases			1.8	1.8
Adjusted EBITDA				\$ 628.8
Total debt	\$ 2,454	\$ 620	\$ 3	\$ 1,836
Add: Deferred financing fees	20	8	-	12
Adjusted debt	\$ 2,474	\$ 628	\$ 3	\$ 1,848
Less: Cash	90	27	-	63
Net adjusted debt	\$ 2,383	\$ 601	\$ 3	\$ 1,784
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\$)

Twelve Months Ended December 31, 2018	Australian Operations	Adjustments <sup>(a)</sup>	Adjusted
Net income	\$ 27.3	\$ (11.2)	\$ 16.1
Adjusted for:			
Provision for income taxes	11.7		11.7
Interest expense	70.2		70.2
Depreciation and amortization expense	81.3		81.3
EBITDA	\$ 190.5	\$ (11.2)	\$ 179.2
Total debt	\$ 881	\$ (237)	\$ 644
Add: Deferred financing fees	11	-	11
Adjusted debt	\$ 892	\$ (237)	\$ 655
Less: Cash	38	-	38
Net adjusted debt	\$ 854	\$ (237)	\$ 617
Net adjusted debt/Adjusted EBITDA ratio			3.4 : 1.0

(a) Adjustments based on Credit Facility Agreement

# Net Adjusted Debt/Adjusted EBITDA

Twelve Months Ended December 31, 2019 (Guidance)	Total G&W	Less: Australian Operations <sup>(a)</sup>	Adjustments <sup>(b)</sup>	Adjusted
Net income	\$ 261	\$ 19	\$ -	\$ 242
Add back:				
Provision for income taxes	97	6	-	91
Interest expense	110	47	-	63
Depreciation and amortization expense	256	58	-	198
EBITDA	\$ 724	\$ 130	\$ 9	\$ 603
Add back certain items				
Non-cash compensation cost related to equity awards			19	19
Adjusted EBITDA				<u>\$ 622</u>
Total debt	\$ 2,230	\$ 626	\$ -	\$ 1,604
Less: Cash	59	21	-	38
Net debt	\$ 2,171	\$ 605	\$ -	\$ 1,566
Add back: Deferred financing fees	15	6	-	9
Net adjusted debt	<u>\$ 2,186</u>	<u>\$ 611</u>	<u>\$ -</u>	<u>\$ 1,575</u>
Net adjusted debt/Adjusted EBITDA ratio				2.5 : 1.0

(a) Australia Operations are excluded from G&W's Senior Secured Syndicated Credit Facility Agreement.

(b) Adjustments based on Credit Facility Agreement.

# 2019 Adjusted EBITDA

Twelve Months Ended December 31, 2019 (Guidance) <sup>(a)</sup>				
	North America	Australia	U.K./Europe	Total G&W
Net income	\$ 236	\$ 19	\$ 6	\$ 261
Add back:				
Provision for income taxes	86	6	5	97
Interest expense, net	49	47	14	110
Depreciation and amortization expense	158	58	40	256
EBITDA	\$ 529	\$ 130	\$ 65	\$ 724
Adjustments:				
Amortization of non-cash equity compensation expense	17	-	2	19
Other income, net	(1)	-	(8)	(9)
Adjusted EBITDA	<u>\$ 545</u>	<u>\$ 130</u>	<u>\$ 59</u>	<u>\$ 734</u>

(a) Assumes the midpoint of 2019 Guidance.