

WABTEC CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2016 AND 2015
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Fourth Quarter <u>2016</u>	Fourth Quarter <u>2015</u>	For the Year Ended <u>2016</u>	For the Year Ended <u>2015</u>
Net sales	\$ 759,982	\$ 832,849	\$ 2,931,188	\$ 3,307,998
Cost of sales	\$ (540,793)	(565,221)	(2,006,949)	(2,260,182)
Gross profit	219,189	267,628	924,239	1,047,816
<i>Gross profit as a % of Net Sales</i>	28.8%	32.1%	31.5%	31.7%
Selling, general and administrative expenses	(130,687)	(91,404)	(371,805)	(347,373)
Engineering expenses	(19,104)	(19,361)	(71,375)	(71,213)
Amortization expense	(6,598)	(5,654)	(22,698)	(21,663)
Total operating expenses	(156,389)	(116,419)	(465,878)	(440,249)
<i>Operating expenses as a % of Net Sales</i>	20.6%	14.0%	15.9%	13.3%
Income from operations	62,800	151,209	458,361	607,567
<i>Income from operations as a % of Net Sales</i>	8.3%	18.2%	15.6%	18.4%
Interest expense, net	(26,664)	(4,190)	(42,561)	(16,888)
Other income(expense), net	(3,076)	2,379	(2,963)	(5,311)
Income from operations before income taxes	33,060	149,398	412,837	585,368
Income tax benefit (expense)	13,268	(47,619)	(99,433)	(186,740)
<i>Effective tax rate</i>	-40.1%	31.9%	24.1%	31.9%
Net Income	46,328	101,779	313,404	398,628
Less: Net income attributable to noncontrolling interest	(8,517)	-	(8,517)	-
Net income attributable to Wabtec shareholders	<u>\$ 37,811</u>	<u>\$ 101,779</u>	<u>\$ 304,887</u>	<u>\$ 398,628</u>
Earnings Per Common Share				
Basic				
Net income attributable to Wabtec shareholders	<u>\$ 0.42</u>	<u>\$ 1.06</u>	<u>\$ 3.37</u>	<u>\$ 4.14</u>
Diluted				
Net income attributable to Wabtec shareholders	<u>\$ 0.42</u>	<u>\$ 1.05</u>	<u>\$ 3.34</u>	<u>\$ 4.10</u>
Weighted average shares outstanding				
Basic	<u>89,445</u>	<u>95,367</u>	<u>90,359</u>	<u>96,074</u>
Diluted	<u>90,228</u>	<u>96,278</u>	<u>91,141</u>	<u>97,006</u>
Net Sales by Segment				
Freight Group	\$ 341,364	\$ 500,981	\$ 1,543,098	\$ 2,054,715
Transit Group	418,618	331,868	1,388,090	1,253,283
Total	<u>\$ 759,982</u>	<u>\$ 832,849</u>	<u>\$ 2,931,188</u>	<u>\$ 3,307,998</u>