

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Third Quarter <u>2017</u>	Third Quarter <u>2016</u>	For the Nine Months <u>2017</u>	For the Nine Months <u>2016</u>
Net sales	\$ 957,931	\$ 675,574	\$ 2,806,218	\$ 2,171,206
Cost of sales	<u>(704,728)</u>	<u>(463,093)</u>	<u>(2,009,345)</u>	<u>(1,466,156)</u>
Gross profit	253,203	212,481	796,873	705,050
<i>Gross profit as a % of Net Sales</i>	26.4%	31.5%	28.4%	32.5%
Selling, general and administrative expenses	(117,838)	(70,757)	(367,753)	(241,118)
Engineering expenses	(24,709)	(16,289)	(71,511)	(52,271)
Amortization expense	<u>(8,645)</u>	<u>(5,339)</u>	<u>(27,039)</u>	<u>(16,100)</u>
Total operating expenses	(151,192)	(92,385)	(466,303)	(309,489)
<i>Operating expenses as a % of Net Sales</i>	15.8%	13.7%	16.6%	14.3%
Income from operations	102,011	120,096	330,570	395,561
<i>Income from operations as a % of Net Sales</i>	10.6%	17.8%	11.8%	18.2%
Interest expense, net	(17,893)	(6,057)	(51,025)	(15,897)
Other (expense) income, net	<u>(2,933)</u>	<u>1,188</u>	<u>(2,166)</u>	<u>113</u>
Income from operations before income taxes	81,185	115,227	277,379	379,777
Income tax expense	<u>(12,746)</u>	<u>(32,799)</u>	<u>(64,776)</u>	<u>(112,701)</u>
<i>Effective tax rate</i>	15.7%	28.5%	23.4%	29.7%
Net Income	68,439	82,428	212,603	267,076
Less: Net (Gain) Loss attributable to noncontrolling interest	<u>(1,040)</u>	<u>-</u>	<u>710</u>	<u>-</u>
Net income attributable to Wabtec shareholders	<u>\$ 67,399</u>	<u>\$ 82,428</u>	<u>\$ 213,313</u>	<u>\$ 267,076</u>
Earnings Per Common Share				
Basic				
Net income attributable to Wabtec shareholders	<u>\$ 0.70</u>	<u>\$ 0.92</u>	<u>\$ 2.23</u>	<u>\$ 2.94</u>
Diluted				
Net income attributable to Wabtec shareholders	<u>\$ 0.70</u>	<u>\$ 0.91</u>	<u>\$ 2.22</u>	<u>\$ 2.92</u>
Weighted average shares outstanding				
Basic	<u>95,709</u>	<u>89,589</u>	<u>95,163</u>	<u>90,546</u>
Diluted	<u>96,316</u>	<u>90,293</u>	<u>95,807</u>	<u>91,316</u>
Segment Information				
Freight Net Sales	\$ 340,185	\$ 361,998	\$ 1,032,959	\$ 1,201,734
Freight Income from Operations	\$ 61,596	\$ 77,999	\$ 196,328	\$ 276,990
Freight Operating Margin	18.1%	21.5%	19.0%	23.0%
Transit Net Sales	\$ 617,746	\$ 313,576	\$ 1,773,259	\$ 969,472
Transit Income from Operations	\$ 47,531	\$ 51,164	\$ 155,901	\$ 148,321
Transit Operating Margin	7.7%	16.3%	8.8%	15.3%
Backlog Information (Note: 12-month is a sub-set of total)				
	<u>September 30, 2017</u>	<u>June 30, 2017</u>		
Freight Total	\$ 610,686	\$ 611,174		
Transit Total	<u>\$ 3,920,280</u>	<u>\$ 3,843,046</u>		
Wabtec Total	<u>\$ 4,530,966</u>	<u>\$ 4,454,220</u>		
Freight 12-Month	\$ 419,659	\$ 413,231		
Transit 12-Month	<u>\$ 1,822,208</u>	<u>\$ 1,729,153</u>		
Wabtec 12-Month	<u>\$ 2,241,867</u>	<u>\$ 2,142,384</u>		

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited	December 31, 2016
	September 30, 2017	December 31, 2016
<i>In thousands</i>		
Cash and cash equivalents	\$ 228,080	\$ 398,484
Receivables, net	1,144,339	942,508
Inventories	764,781	658,510
Current assets - other	<u>139,925</u>	<u>868,129</u>
Total current assets	2,277,125	2,867,631
Property, plant and equipment, net	550,367	518,376
Goodwill	2,384,758	2,078,765
Other intangibles, net	1,140,387	1,053,860
Other long term assets	<u>97,013</u>	<u>62,386</u>
Total assets	<u>\$ 6,449,650</u>	<u>\$ 6,581,018</u>
Current liabilities	\$ 1,465,440	\$ 1,446,639
Long-term debt	1,824,156	1,762,967
Long-term liabilities - other	<u>423,685</u>	<u>394,587</u>
Total liabilities	3,713,281	3,604,193
Shareholders' equity	2,717,702	2,205,977
Non-controlling interest	<u>18,667</u>	<u>770,848</u>
Total shareholders' equity	<u>\$ 2,736,369</u>	<u>\$ 2,976,825</u>
Total Liabilities and Shareholders' Equity	<u>\$ 6,449,650</u>	<u>\$ 6,581,018</u>

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited
Nine Months Ended September 30,
2017 **2016**

In thousands

Net cash provided by operating activities	\$ 26,511	\$ 246,893
Net cash used in investing activities	(149,824)	(115,891)
Net cash used in financing activities	(70,049)	(112,336)
Effect of changes in currency exchange rates	22,958	5,525
(Decrease) increase in cash	<u>(170,404)</u>	<u>24,191</u>
Cash, beginning of period	<u>398,484</u>	<u>226,191</u>
Cash, end of period	<u><u>\$ 228,080</u></u>	<u><u>\$ 250,382</u></u>

Set forth below is the calculation of the non-GAAP performance measures included in this press release. We believe that these measures provide useful supplemental information to assess our operating performance and to evaluate period-to-period comparisons. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Wabtec's reported results prepared in accordance with GAAP.

Reconciliation of Reported Results to Adjusted Results								
(in millions)								
	Third Quarter 2017							
	<u>Gross Profit</u>	<u>Operating Expenses</u>	<u>Income from Operations</u>	<u>Interest & Other Exp</u>	<u>Tax</u>	<u>Minority Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
Reported Results	\$ 253.2	\$ (151.2)	\$ 102.0	\$ (20.8)	\$ (12.7)	\$ (1.0)	\$ 67.5	\$ 0.70
Integration & Restructuring costs	-	5.9	5.9	-	(1.6)	-	4.3	\$ 0.04
Contract Adjustments	20.4	-	20.4	-	(7.1)	-	13.3	\$ 0.14
Tax on Opening Balance Sheet Adjustments	-	-	-	-	0.5	-	0.5	\$ 0.01
Adjusted Results	<u>\$ 273.6</u>	<u># \$ (145.3)</u>	<u># \$ 128.3</u>	<u>\$ (20.8)</u>	<u>\$ (20.9)</u>	<u>\$ (1.0)</u>	<u>\$ 85.6</u>	<u>\$ 0.88</u>

Reconciliation of Reported Results to Adjusted Results								
(in millions)								
	Year-to-Date 2017							
	<u>Gross Profit</u>	<u>Operating Expenses</u>	<u>Income from Operations</u>	<u>Interest & Other Exp</u>	<u>Tax</u>	<u>Minority Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
Reported Results	\$ 796.9	# \$ (466.3)	# \$ 330.6	\$ (53.2)	\$ (64.8)	\$ 0.7	\$ 213.3	\$ 2.22
One-Time Costs Related to Inventory Step-up	3.4	-	3.4	-	(0.9)	-	2.5	\$ 0.03
Integration & Restructuring costs	-	20.4	# 20.4	(2.2)	(4.9)	-	13.2	\$ 0.14
Tax on Opening Balance Sheet Adjustments	-	-	-	-	3.0	-	3.0	\$ 0.03
Contract Adjustments	20.4	-	20.4	-	(7.1)	-	13.3	\$ 0.14
Minority Interest Adjustment	-	-	-	-	-	(1.9)	(1.9)	\$ (0.02)
Adjusted Results	<u>\$ 820.7</u>	<u># \$ (445.9)</u>	<u># \$ 374.8</u>	<u>\$ (55.4)</u>	<u>\$ (74.7)</u>	<u>\$ (1.2)</u>	<u>\$ 243.3</u>	<u>\$ 2.52</u>