

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Second Quarter 2018	Second Quarter 2017	For the Six Months 2018	For the Six Months 2017
Net sales	\$ 1,111,680	\$ 932,253	\$ 2,167,857	\$ 1,848,287
Cost of sales	<u>(787,713)</u>	<u>(658,290)</u>	<u>(1,533,009)</u>	<u>(1,304,617)</u>
Gross profit	323,967	273,963	634,848	543,670
<i>Gross profit as a % of Net Sales</i>	29.1%	29.4%	29.3%	29.4%
Selling, general and administrative expenses	(171,157)	(127,918)	(318,358)	(250,605)
Engineering expenses	(19,388)	(23,338)	(41,437)	(46,802)
Amortization expense	<u>(9,899)</u>	<u>(9,350)</u>	<u>(20,251)</u>	<u>(18,394)</u>
Total operating expenses	(200,444)	(160,606)	(380,046)	(315,801)
<i>Operating expenses as a % of Net Sales</i>	18.0%	17.2%	17.5%	17.1%
Income from operations	123,523	113,357	254,802	227,869
<i>Income from operations as a % of Net Sales</i>	11.1%	12.2%	11.8%	12.3%
Interest expense, net	(31,920)	(17,564)	(52,204)	(37,422)
Other (expense) income, net	<u>2,171</u>	<u>936</u>	<u>4,757</u>	<u>5,747</u>
Income from operations before income taxes	93,774	96,729	207,355	196,194
Income tax expense	<u>(10,503)</u>	<u>(24,569)</u>	<u>(36,627)</u>	<u>(52,030)</u>
<i>Effective tax rate</i>	11.2%	25.4%	17.7%	26.5%
Net Income	83,271	72,160	170,728	144,164
Less: Net Loss (Gain) attributable to noncontrolling interest	<u>1,145</u>	<u>(135)</u>	<u>2,054</u>	<u>1,750</u>
Net income attributable to Wabtec shareholders	<u>\$ 84,416</u>	<u>\$ 72,025</u>	<u>\$ 172,782</u>	<u>\$ 145,914</u>
Earnings Per Common Share				
Basic				
Net income attributable to Wabtec shareholders	<u>\$ 0.88</u>	<u>\$ 0.75</u>	<u>\$ 1.80</u>	<u>\$ 1.52</u>
Diluted				
Net income attributable to Wabtec shareholders	<u>\$ 0.87</u>	<u>\$ 0.75</u>	<u>\$ 1.79</u>	<u>\$ 1.52</u>
Weighted average shares outstanding				
Basic	<u>95,992</u>	<u>95,641</u>	<u>95,867</u>	<u>95,370</u>
Diluted	<u>96,575</u>	<u>96,284</u>	<u>96,471</u>	<u>96,071</u>
Segment Information				
Freight Net Sales	\$ 412,258	\$ 344,828	\$ 791,812	\$ 692,774
Freight Income from Operations	\$ 84,347	\$ 63,165	\$ 153,970	\$ 134,387
Freight Operating Margin	20.5%	18.3%	19.4%	19.4%
Transit Net Sales	\$ 699,422	\$ 587,425	\$ 1,376,045	\$ 1,155,513
Transit Income from Operations	\$ 57,975	\$ 59,050	\$ 126,059	\$ 108,025
Transit Operating Margin	8.3%	10.1%	9.2%	9.3%
Backlog Information (Note: 12-month is a sub-set of total)				
	June 30, 2018	March 31, 2018		
Freight Total	\$ 649,268	\$ 631,558		
Transit Total	<u>4,011,993</u>	<u>4,265,552</u>		
Wabtec Total	<u>\$ 4,661,261</u>	<u>\$ 4,897,110</u>		
Freight 12-Month	\$ 464,295	\$ 501,374		
Transit 12-Month	<u>2,044,437</u>	<u>1,976,307</u>		
Wabtec 12-Month	<u>\$ 2,508,732</u>	<u>\$ 2,477,681</u>		

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited	December 31, 2017
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
<i><u>In thousands</u></i>		
Cash and cash equivalents	\$ 245,574	\$ 233,401
Receivables, net	1,213,234	1,166,787
Inventories	863,793	742,634
Current assets - other	<u>124,286</u>	<u>122,291</u>
Total current assets	2,446,887	2,265,113
Property, plant and equipment, net	555,834	573,972
Goodwill	2,428,591	2,460,103
Other intangibles, net	1,174,400	1,204,432
Other long term assets	<u>71,894</u>	<u>76,360</u>
Total assets	<u>\$ 6,677,606</u>	<u>\$ 6,579,980</u>
Current liabilities	\$ 1,606,468	\$ 1,573,330
Long-term debt	1,857,806	1,823,303
Long-term liabilities - other	<u>338,704</u>	<u>354,815</u>
Total liabilities	3,802,978	3,751,448
Shareholders' equity	2,857,280	2,808,868
Non-controlling interest	<u>17,348</u>	<u>19,664</u>
Total shareholders' equity	<u>\$ 2,874,628</u>	<u>\$ 2,828,532</u>
Total Liabilities and Shareholders' Equity	<u>\$ 6,677,606</u>	<u>\$ 6,579,980</u>

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i><u>In thousands</u></i>	Unaudited	
	Six Months Ended June 30,	
	<u>2018</u>	<u>2017</u>
Net cash provided by (used in) operating activities	\$ 67,904	\$ (13,703)
Net cash used in investing activities	(69,100)	(884,629)
Net cash provided by financing activities	22,764	41,590
Effect of changes in currency exchange rates	(9,395)	42,032
Increase (decrease) in cash	12,173	(814,710)
Cash, beginning of period	233,401	1,143,232
Cash, end of period	<u>\$ 245,574</u>	<u>\$ 328,522</u>