

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

	Third Quarter <u>2018</u>	Third Quarter <u>2017</u>	For the Nine Months <u>2018</u>	For the Nine Months <u>2017</u>
Net sales	\$ 1,077,814	\$ 957,931	\$ 3,245,671	\$ 2,806,218
Cost of sales	<u>(775,802)</u>	<u>(704,728)</u>	<u>(2,308,811)</u>	<u>(2,009,345)</u>
Gross profit	302,012	253,203	936,860	796,873
<i>Gross profit as a % of Net Sales</i>	28.0%	26.4%	28.9%	28.4%
Selling, general and administrative expenses	(146,839)	(118,183)	(465,197)	(368,788)
Engineering expenses	(20,132)	(24,709)	(61,569)	(71,511)
Amortization expense	<u>(9,862)</u>	<u>(8,645)</u>	<u>(30,113)</u>	<u>(27,039)</u>
Total operating expenses	(176,833)	(151,537)	(556,879)	(467,338)
<i>Operating expenses as a % of Net Sales</i>	16.4%	15.8%	17.2%	16.7%
Income from operations	125,179	101,666	379,981	329,535
<i>Income from operations as a % of Net Sales</i>	11.6%	10.6%	11.7%	11.7%
Interest expense, net	(23,713)	(20,038)	(75,917)	(57,460)
Other (expense) income, net	<u>1,201</u>	<u>(443)</u>	<u>5,958</u>	<u>5,304</u>
Income from operations before income taxes	102,667	81,185	310,022	277,379
Income tax expense	<u>(16,598)</u>	<u>(12,746)</u>	<u>(53,225)</u>	<u>(64,776)</u>
<i>Effective tax rate</i>	16.2%	15.7%	17.2%	23.4%
Net Income	86,069	68,439	256,797	212,603
Less: Net Loss (Gain) attributable to noncontrolling interest	<u>1,670</u>	<u>(1,040)</u>	<u>3,724</u>	<u>710</u>
Net income attributable to Wabtec shareholders	<u>\$ 87,739</u>	<u>\$ 67,399</u>	<u>\$ 260,521</u>	<u>\$ 213,313</u>
Earnings Per Common Share				
Basic				
Net income attributable to Wabtec shareholders	<u>\$ 0.91</u>	<u>\$ 0.70</u>	<u>\$ 2.71</u>	<u>\$ 2.23</u>
Diluted				
Net income attributable to Wabtec shareholders	<u>\$ 0.91</u>	<u>\$ 0.70</u>	<u>\$ 2.70</u>	<u>\$ 2.22</u>
Weighted average shares outstanding				
Basic	<u>96,208</u>	<u>95,709</u>	<u>95,935</u>	<u>95,163</u>
Diluted	<u>96,637</u>	<u>96,316</u>	<u>96,436</u>	<u>95,808</u>
Segment Information				
Freight Net Sales	\$ 391,577	\$ 340,185	\$ 1,183,389	\$ 1,032,959
Freight Income from Operations	\$ 79,420	\$ 61,424	\$ 233,390	\$ 195,811
Freight Operating Margin	20.3%	18.1%	19.7%	19.0%
Transit Net Sales	\$ 686,237	\$ 617,746	\$ 2,062,282	\$ 1,773,259
Transit Income from Operations	\$ 60,735	\$ 47,358	\$ 186,794	\$ 155,383
Transit Operating Margin	8.9%	7.7%	9.1%	8.8%
Backlog Information (Note: 12-month is a sub-set of total)				
	September 30, 2018	June 30, 2018		
Freight Total	\$ 607,903	\$ 649,268		
Transit Total	<u>3,959,393</u>	<u>4,011,993</u>		
Wabtec Total	<u>\$ 4,567,296</u>	<u>\$ 4,661,261</u>		
Freight 12-Month	\$ 408,527	\$ 464,295		
Transit 12-Month	<u>1,791,922</u>	<u>2,044,437</u>		
Wabtec 12-Month	<u>\$ 2,200,449</u>	<u>\$ 2,508,732</u>		

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited	December 31, 2017
	September 30, 2018	December 31, 2017
<i>In thousands</i>		
Cash and cash equivalents	\$ 411,381	\$ 233,401
Restricted cash	1,724,000	-
Receivables, net	1,240,521	1,166,787
Inventories	866,205	742,634
Current assets - other	<u>111,441</u>	<u>122,291</u>
Total current assets	4,353,548	2,265,113
Property, plant and equipment, net	557,423	573,972
Goodwill	2,412,554	2,460,103
Other intangibles, net	1,157,424	1,204,432
Other long term assets	<u>72,277</u>	<u>76,360</u>
Total assets	<u>\$ 8,553,226</u>	<u>\$ 6,579,980</u>
Current liabilities	\$ 1,530,293	\$ 1,573,330
Long-term debt	3,818,061	1,823,303
Long-term liabilities - other	<u>294,520</u>	<u>354,815</u>
Total liabilities	5,642,874	3,751,448
Shareholders' equity	2,895,170	2,808,868
Non-controlling interest	<u>15,182</u>	<u>19,664</u>
Total shareholders' equity	<u>\$ 2,910,352</u>	<u>\$ 2,828,532</u>

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited
Nine Months Ended September 30,
2018 2017

In thousands

Net cash provided by operating activities	\$ 38,038	\$ 26,511
Net cash used for investing activities	(104,160)	(905,872)
Net cash provided by (used for) financing activities	1,995,310	(70,049)
Effect of changes in currency exchange rates	<u>(27,208)</u>	<u>34,258</u>
Increase (decrease) in cash	1,901,980	(915,152)
Cash, cash equivalents, and restricted cash, beginning of period	<u>233,401</u>	<u>1,143,232</u>
Cash, cash equivalents, and restricted cash, end of period	<u><u>\$ 2,135,381</u></u>	<u><u>\$ 228,080</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.

Wabtec Corporation										
Reconciliation of Reported Results to Adjusted Results										
(in millions)										
	Third Quarter 2018 Actual Results									
	<u>Gross Profit</u>	<u>Operating Expenses</u>	<u>Income from Operations</u>	<u>Interest & Other Exp</u>	<u>Tax</u>	<u>Net Income</u>	<u>Minority Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>	
Reported Results	\$ 302.0	\$ (176.8)	\$ 125.2	\$ (22.5)	\$ (16.6)	\$ 86.1	\$ 1.7	\$ 87.7	\$ 0.91	
Restructuring cost add-back	0.5	1.9	2.4	-	(0.5)	1.9	-	1.9	\$ 0.02	
GE transaction costs	-	7.2	7.2	3.2	(2.3)	8.1	-	8.1	\$ 0.08	
India GST costs	-	0.8	0.8	-	(0.2)	0.6	-	0.6	\$ 0.01	
Tax adjustment related to 2017 U.S. tax law change	-	-	-	-	(6.5)	(6.5)	-	(6.5)	\$ (0.07)	
Adjusted Results	\$ 302.5	\$ (166.9)	\$ 135.6	\$ (19.3)	\$ (26.2)	\$ 90.1	\$ 1.7	\$ 91.7	\$ 0.95	
Fully Diluted Shares Outstanding										96.6

Wabtec Corporation										
Reconciliation of Reported Results to Adjusted Results										
(in millions)										
	Year-to-Date 2018 Actual Results									
	<u>Gross Profit</u>	<u>Operating Expenses</u>	<u>Income from Operations</u>	<u>Interest & Other Exp</u>	<u>Tax</u>	<u>Net Income</u>	<u>Minority Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>	
Reported Results	\$ 936.9	\$ (556.9)	\$ 380.0	\$ (70.0)	\$ (53.2)	\$ 256.8	\$ 3.7	\$ 260.5	\$ 2.70	
Restructuring costs add-back	1.7	5.1	6.8	-	(1.6)	5.2	-	5.2	\$ 0.05	
GE transaction costs	-	16.4	16.4	14.8	(7.2)	24.0	-	24.0	\$ 0.25	
India GST costs	-	4.8	4.8	-	(1.1)	3.7	-	3.7	\$ 0.04	
Tax adjustment related to 2017 U.S. tax law change	-	-	-	-	(19.5)	(19.5)	-	(19.5)	\$ (0.20)	
Adjusted Results	\$ 938.6	\$ (530.6)	\$ 408.0	\$ (55.2)	\$ (82.7)	\$ 270.1	\$ 3.7	\$ 273.8	\$ 2.84	
Fully Diluted Shares Outstanding										96.4