

WABTEC CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Third Quarter <u>2016</u>	Third Quarter <u>2015</u>	For the Nine Months <u>2016</u>	For the Nine Months <u>2015</u>
Net sales	\$ 675,574	\$ 809,527	\$ 2,171,206	\$ 2,475,149
Cost of sales	<u>\$ (463,093)</u>	<u>(552,458)</u>	<u>(1,466,156)</u>	<u>(1,694,961)</u>
Gross profit	212,481	257,069	705,050	780,188
<i>Gross profit as a % of Net Sales</i>	31.5%	31.8%	32.5%	31.5%
Selling, general and administrative expenses	(70,757)	(82,206)	(241,118)	(255,969)
Engineering expenses	(16,289)	(17,239)	(52,271)	(51,852)
Amortization expense	<u>(5,339)</u>	<u>(5,546)</u>	<u>(16,100)</u>	<u>(16,009)</u>
Total operating expenses	(92,385)	(104,991)	(309,489)	(323,830)
<i>Operating expenses as a % of Net Sales</i>	13.7%	13.0%	14.3%	13.1%
Income from operations	120,096	152,078	395,561	456,358
<i>Income from operations as a % of Net Sales</i>	17.8%	18.8%	18.2%	18.4%
Interest expense, net	(6,057)	(4,351)	(15,897)	(12,698)
Other income(expense), net	<u>1,188</u>	<u>(2,937)</u>	<u>113</u>	<u>(7,690)</u>
Income from operations before income taxes	115,227	144,790	379,777	435,970
Income tax expense	<u>(32,799)</u>	<u>(45,609)</u>	<u>(112,701)</u>	<u>(139,121)</u>
<i>Effective tax rate</i>	28.5%	31.5%	29.7%	31.9%
Net income attributable to Wabtec shareholders	<u>\$ 82,428</u>	<u>\$ 99,181</u>	<u>\$ 267,076</u>	<u>\$ 296,849</u>
Earnings Per Common Share				
Basic				
Net income attributable to Wabtec shareholders:	<u>\$ 0.92</u>	<u>\$ 1.03</u>	<u>\$ 2.94</u>	<u>\$ 3.08</u>
Diluted				
Net income attributable to Wabtec shareholders:	<u>\$ 0.91</u>	<u>\$ 1.02</u>	<u>\$ 2.92</u>	<u>\$ 3.05</u>
Weighted average shares outstanding				
Basic	<u>89,589</u>	<u>96,369</u>	<u>90,546</u>	<u>96,135</u>
Diluted	<u>90,293</u>	<u>97,368</u>	<u>91,316</u>	<u>97,162</u>
Net Sales by Segment				
Freight Group	\$ 361,998	\$ 507,173	\$ 1,201,734	\$ 1,553,734
Transit Group	<u>313,576</u>	<u>302,354</u>	<u>969,472</u>	<u>921,415</u>
Total	<u>\$ 675,574</u>	<u>\$ 809,527</u>	<u>\$ 2,171,206</u>	<u>\$ 2,475,149</u>