

# Wabtec 4th Quarter 2021

Financial Results & Company Highlights

February 16, 2022



# Forward looking statements & non-GAAP financial information

This communication contains “forward-looking” statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, including statements regarding the impact of acquisitions by Wabtec, including the acquisition of GE Transportation (the “GE Transportation merger”) and Nordco, statements regarding Wabtec’s expectations about future sales and earnings and statements about the impact of evolving global conditions on Wabtec’s business. All statements, other than historical facts, including statements synergies and other benefits from acquisitions; statements regarding Wabtec’s plans, objectives, expectations and intentions; and statements regarding macro-economic conditions and evolving production and demand conditions; and any assumptions underlying any of the foregoing, are forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words “may,” “will,” “should,” “potential,” “intend,” “expect,” “endeavor,” “seek,” “anticipate,” “estimate,” “overestimate,” “underestimate,” “believe,” “could,” “project,” “predict,” “continue,” “target” or other similar words or expressions. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) unexpected costs, charges or expenses resulting from acquisitions, including the GE Transportation merger; (2) uncertainty of Wabtec’s expected financial performance; (3) failure to realize the anticipated benefits of acquisitions, including as a result of integrating acquired targets into Wabtec; (4) Wabtec’s ability to implement its business strategy; (5) difficulties and delays in achieving revenue and cost synergies; (6) inability to retain and hire key personnel; (7) evolving legal, regulatory and tax regimes; (8) changes in general economic and/or industry specific conditions, including the impacts of tax and tariff programs, supply chain disruptions, industry consolidation and changes in the financial condition or operating strategies of our customers; (9) changes in the expected timing of projects; (10) a decrease in freight or passenger rail traffic; (11) an increase in manufacturing costs; (12) actions by third parties, including government agencies; (13) the severity and duration of the evolving COVID-19 pandemic and the resulting impact on the global economy and, in particular, our customers, suppliers and end-markets; and (14) other risk factors as detailed from time to time in Wabtec’s reports filed with the SEC, including Wabtec’s annual report on Form 10-K, periodic quarterly reports on Form 10-Q, periodic current reports on Form 8-K and other documents filed with the SEC. The foregoing list of important factors is not exclusive. Any forward-looking statements speak only as of the date of this communication. Wabtec does not undertake any obligation to update any forward-looking statements, whether as a result of new information or development, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

This presentation as well as Wabtec’s earnings release and 2022 financial guidance mention certain non-GAAP financial performance measures, including adjusted gross profit, adjusted operating expenses, adjusted income from operations, adjusted interest and other expense, adjusted operating margin, adjusted income tax expense, adjusted effective tax rate, adjusted earnings per diluted share, EBITDA and adjusted EBITDA, net debt and operating cash flow conversion rate. Wabtec defines EBITDA as earnings before interest, taxes, depreciation and amortization. Wabtec defines operating cash flow conversion as net cash provided by operating activities divided by net income plus depreciation and amortization including deferred debt cost amortization. While Wabtec believes these are useful supplemental measures for investors, they are not presented in accordance with GAAP. Investors should not consider non-GAAP measures in isolation or as a substitute for net income, cash flows from operations, or any other items calculated in accordance with GAAP. In addition, the non-GAAP financial measures included in this presentation have inherent material limitations as performance measures because they add back certain expenses incurred by the company to GAAP financial measures, resulting in those expenses not being taken into account in the applicable non-GAAP financial measure. Because not all companies use identical calculations, Wabtec’s presentation of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. Included in this presentation are reconciliation tables that provide details about how adjusted results relate to GAAP results. Wabtec is not presenting a quantitative reconciliation of its forecasted GAAP earnings per diluted share to forecasted adjusted earnings per diluted share as it is unable to predict with reasonable certainty and without unreasonable effort the impact and timing restructuring-related expenses and the outcome of certain regulatory, legal and tax matters; the financial impact of these items is uncertain and is dependent on various factors, including the timing, and could be material to Wabtec’s Consolidated Statement of Earnings.

# Today's participants

## PRESENTERS



**Rafael Santana**

President &  
Chief Executive Officer



**John Olin**

Executive Vice President &  
Chief Financial Officer

## INVESTOR RELATIONS



**Kristine Kubacki**

Vice President,  
Investor Relations

# 4Q 2021 overview

<b>SALES</b>	<b>\$2.07<sub>B</sub></b> Up 2.4% YoY
<b>ADJUSTED OPERATING MARGIN <sup>(2)</sup></b>	<b>16.1%</b> GAAP: 12.7%
<b>ADJUSTED EARNINGS PER SHARE <sup>(2)</sup></b>	<b>\$1.18</b> GAAP: \$1.02
<b>CASH FROM OPERATIONS <sup>(1)</sup></b>	<b>\$314<sub>M</sub></b>
<b>BACKLOG</b>	<b>\$22.17<sub>B</sub></b>

## 4Q 2021 HIGHLIGHTS

- Sales growth driven by Freight Services & Components ... despite ongoing supply chain disruptions
- Delivered 210 bps of adj. margin expansion ... improvement across both segments despite cost headwinds
- Adjusted EPS up 20.4% YoY ... driven by productivity gains, realization of synergies & positive mix
- Robust cash flow from operations ... 99% cash conversion
- Returning capital to shareholders ... executed \$100M share buyback & paid \$23M in dividends
- Strong backlog provides improved visibility ... up \$578M YoY

**SOLID EXECUTION ... SALES GROWTH, MARGIN EXPANSION & STRONG CASH FLOW**

(1) 4<sup>th</sup> quarter cash from operations included a negative impact from securitization of accounts receivable of \$137 million

(2) Adjusted numbers represent non-GAAP financial measures, see Appendix for additional details and reconciliations

# Market outlook

## 2022 Market Assumptions

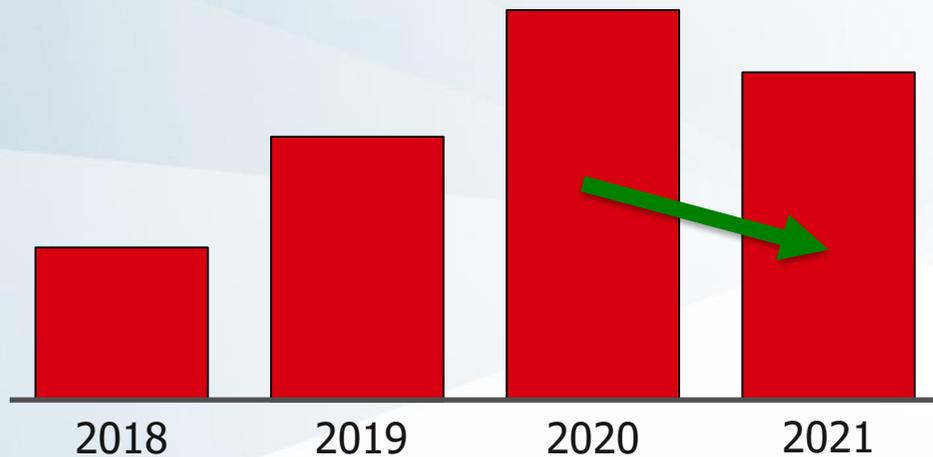
### FREIGHT

NA Carloads	+
Locomotive & Railcar Parkings	+
International Freight Volumes	+
NA Railcar Production	++
Mining Commodities	++

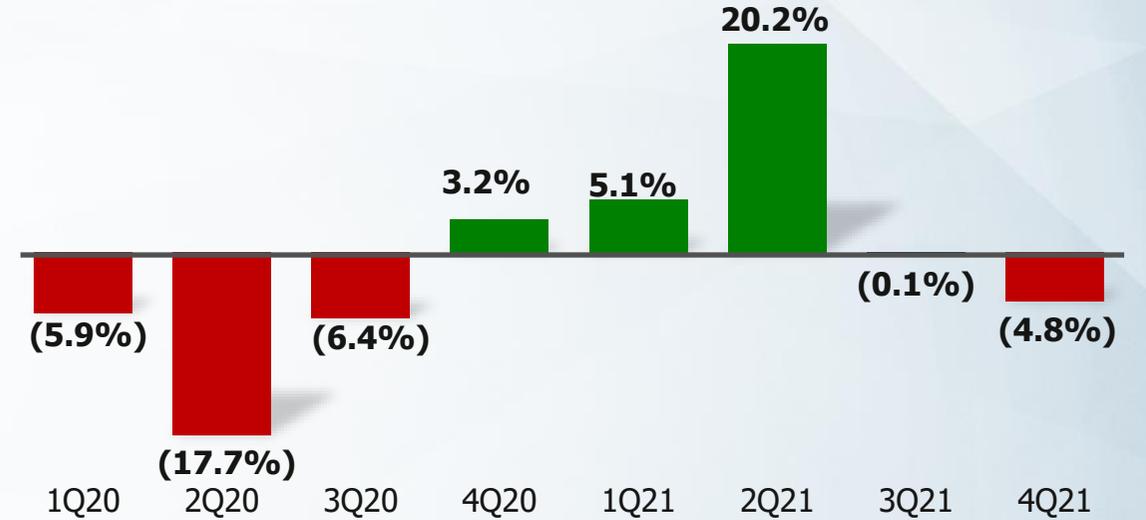
### TRANSIT

Infrastructure Investment	+
Global Ridership	+

## Average North American Parked Locomotives



## YoY North American Rail Carloads



Source: Association of American Railroads (AAR)

## 2021 Global Freight Volumes



Sources: China, Kazakhstan, India Ministry of Railways, Brazil: ANTT

# Recent wins

**ADVANCING THE  
FUTURE OF  
CLEAN RAIL**

**FLXDRIVE DEMAND**



**rumo**

**BHP**

**RioTinto**

**EUROPE RAIL JOINT  
UNDERTAKING  
FOUNDING MEMBER**



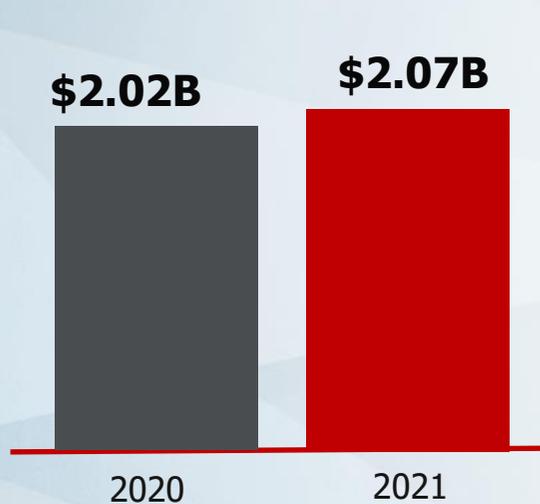
**TRANSIT**



**FREIGHT**

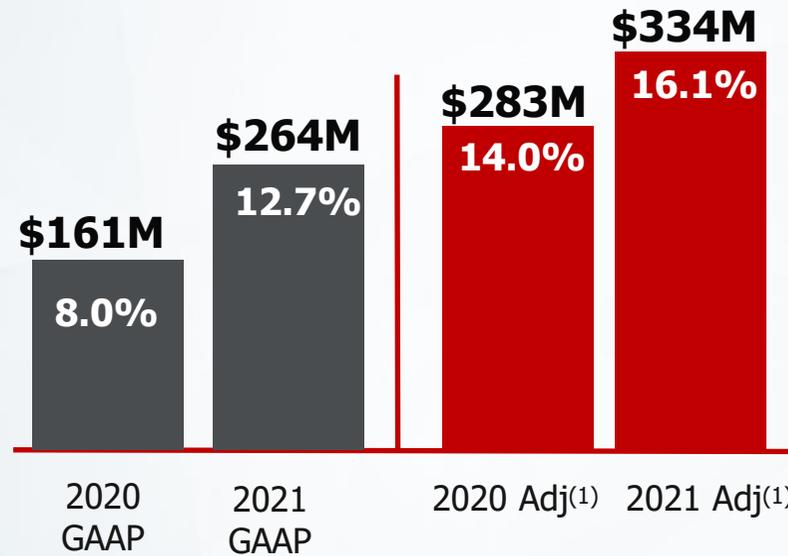
# 4Q 2021 financial summary

## SALES



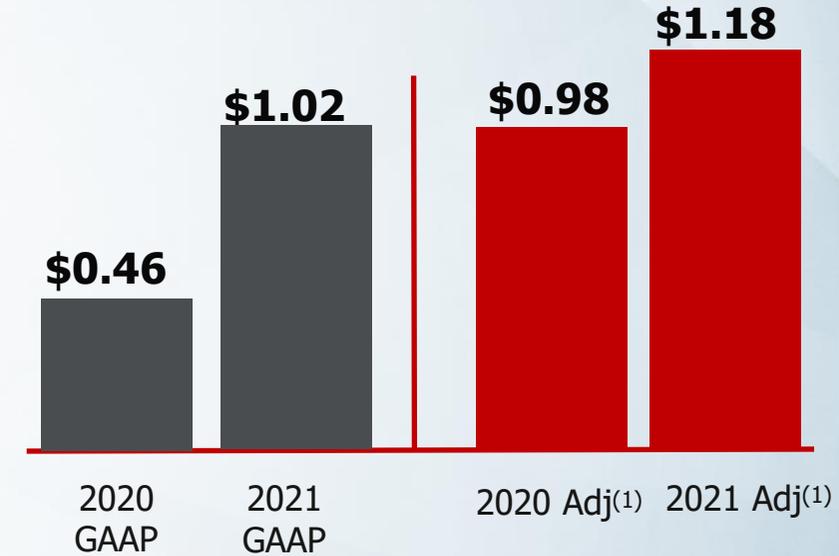
2.4% Increase

## OPERATING INCOME



2.1 pts of Adj Margin Expansion

## EPS



20.4% Adj EPS Increase

**INCREASED SALES, MARGINS AND ADJUSTED EPS DESPITE SUPPLY CHAIN DISRUPTIONS AND INFLATION HEADWINDS**

(1) Adjusted numbers represent non-GAAP financial measures, see Appendix for additional details and reconciliations

# 4Q 2021 sales

<b>PRODUCT LINE</b>	<b>4Q21</b>	<b>YOY</b>	<b>FY21</b>	<b>YOY</b>
Equipment	\$377	(12.9%)	\$1,302	(15.0%)
Components	\$218	11.8%	\$867	5.9%
Services	\$663	21.2%	\$2,430	17.5%
Digital Electronics	\$167	1.8%	\$640	(3.6%)
Freight Segment	\$1,425	6.4%	\$5,239	3.1%
Transit Segment	\$648	(5.4%)	\$2,583	4.4%
<b>TOTAL SALES</b>	<b>\$2,073</b>	<b>2.4%</b>	<b>\$7,822</b>	<b>3.5%</b>

## 4TH QUARTER KEY DRIVERS

<b>EQUIPMENT</b>	Decreased due to lower locomotive deliveries, offset somewhat by higher mining sales
<b>COMPONENTS</b>	Higher due to increased OE railcar build, railcars coming out of storage and improving industrial end-markets
<b>SERVICES</b>	Increased as a result of record MODs deliveries, lower locomotive parkings and the acquisition of Nordco
<b>DIGITAL ELECTRONICS</b>	Improved demand for on-board locomotive products, partially offset by ongoing chip shortages
<b>TRANSIT</b>	Decreased as a result of supply chain issues, COVID-19 related disruptions and unfavorable foreign currency exchange

# 4Q 2021 consolidated adjusted gross profit

	4 Q <sup>(2)</sup>	FY 21 <sup>(3)</sup>
<b>2020 ADJ GROSS PROFIT <sup>(1)</sup></b>	<b>\$527</b>	<b>\$2,182</b>
% of Sales	26.0%	28.9%
Volume	↑	↑
Mix/Pricing	↑↑	↑
Raw Materials	↓↓	↓
Currency	↓	↑
Manufacturing/Synergies/Other	↑	↑
<b>2021 ADJ GROSS PROFIT <sup>(1)</sup></b>	<b>\$657</b>	<b>\$2,422</b>
% of Sales	31.7%	31.0%

## 4TH QUARTER KEY DRIVERS

### MIX / PRICING

Favorable mix between business groups & higher pricing/escalations

### RAW MATERIALS

Costs increased sharply due to higher steel, copper, aluminum and fuel

### CURRENCY

Unfavorable foreign exchange impacted gross profit by \$5M

### MANUFACTURING / SYNERGIES / OTHER

Productivity & realization synergies, partially offset by significantly higher transportation and logistics costs

(1) Adjusted numbers represent non-GAAP financial measures. See Appendix for additional details and reconciliations

(2) 4Q 2020 GAAP gross profit was \$506M (GAAP gross profit margin of 25.0%). 4Q 2021 GAAP gross profit was \$652M (GAAP gross profit margin of 31.5%)

(3) FY 2020 GAAP gross profit was \$2,137M (GAAP gross profit margin of 28.3%). FY 2021 GAAP gross profit was \$2,369M (GAAP gross profit margin of 30.3%)

# 4Q 2021 consolidated adjusted operating income

<b>CONSOLIDATED</b>	<b>4 Q <sup>(2)</sup></b>	<b>FY 21 <sup>(3)</sup></b>
<b>2020 ADJ OP INCOME <sup>(1)</sup></b>	<b>\$283</b>	<b>\$1,143</b>
% of Sales	14.0%	15.1%
Adj Gross Profit	130	240
SG&A	(65)	(128)
Engineering	(14)	(14)
<b>2021 ADJ OP INCOME <sup>(1)</sup></b>	<b>\$334</b>	<b>\$1,241</b>
% of Sales	16.1%	15.9%

**ADJUSTED OPERATING INCOME WAS UP YOY ON HIGHER GROSS MARGIN, PARTIALLY OFFSET BY INCREASED SG&A AND ENGINEERING EXPENSES**

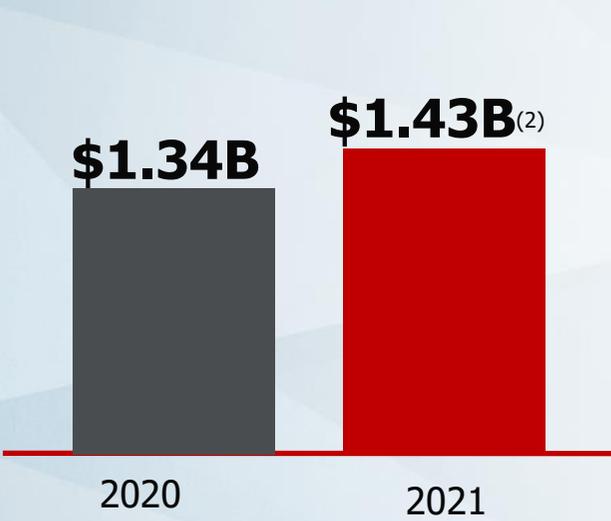
(1) Adjusted numbers represent non-GAAP financial measures. See Appendix for additional details and reconciliations

(2) 4Q 2020 GAAP operating income was \$161M (GAAP operating margin of 8.0%). 4Q 2021 GAAP operating income was \$264M (GAAP operating margin of 12.7%)

(3) FY 2020 GAAP operating income was \$745M (GAAP operating margin of 9.9%). FY 2021 GAAP operating income was \$876M (GAAP operating margin of 11.2%)

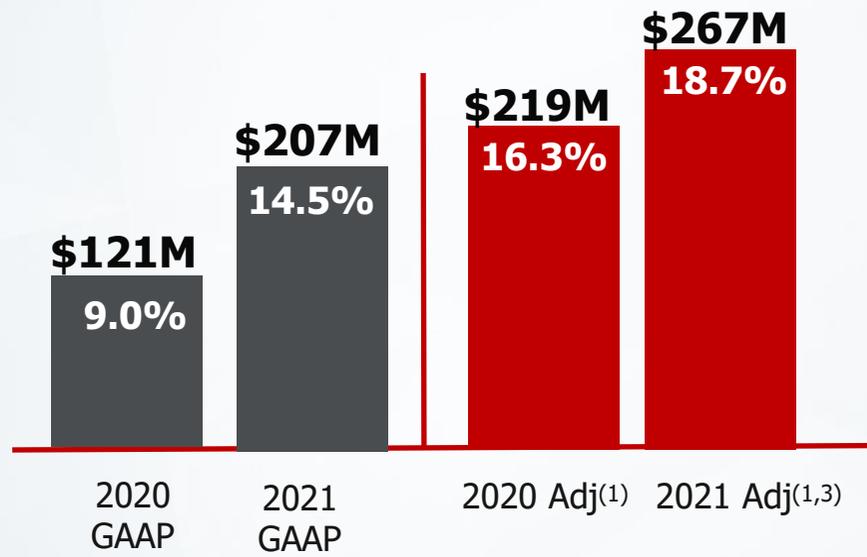
# 4Q 2021 Freight segment performance

## SALES



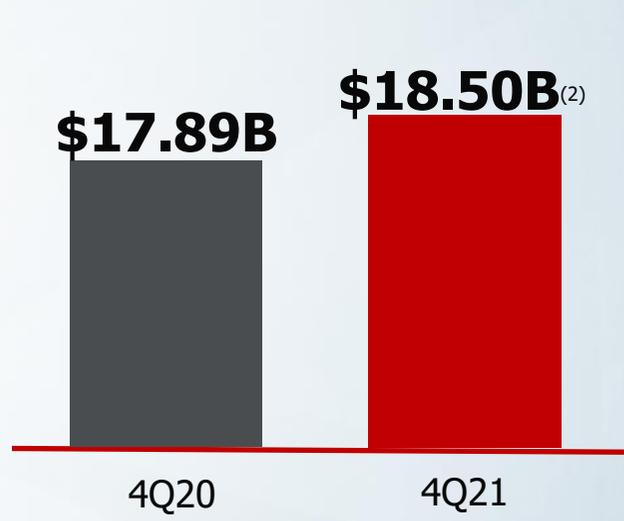
**6.4% Increase**

## OPERATING INCOME



**2.4 pts of Adj Margin Expansion**

## BACKLOG

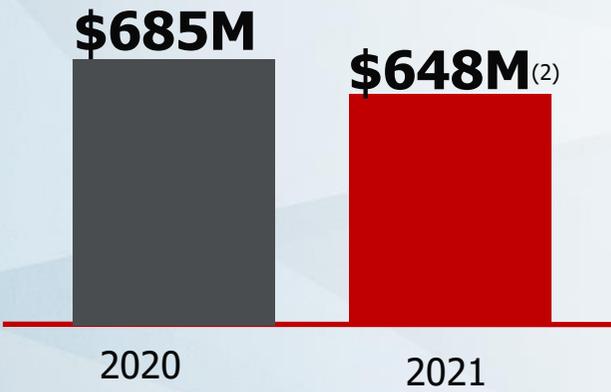


**3.4% Increase**

(1) Adjusted numbers represent non-GAAP financial measures, see Appendix for additional details and reconciliations  
 (2) Foreign exchange rates negatively impacted Freight sales by \$2 million; Foreign exchange rates had a negative \$78 million impact on segment backlog  
 (3) Freight segment operating income was positively impacted by below market intangible amortization of \$14 million, down \$6 million from 4Q 2020

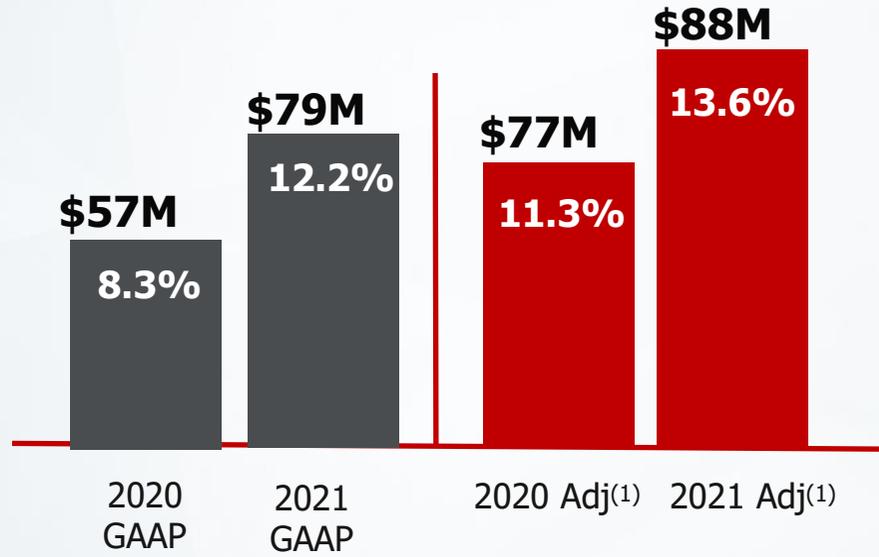
# 4Q 2021 Transit segment performance

## SALES



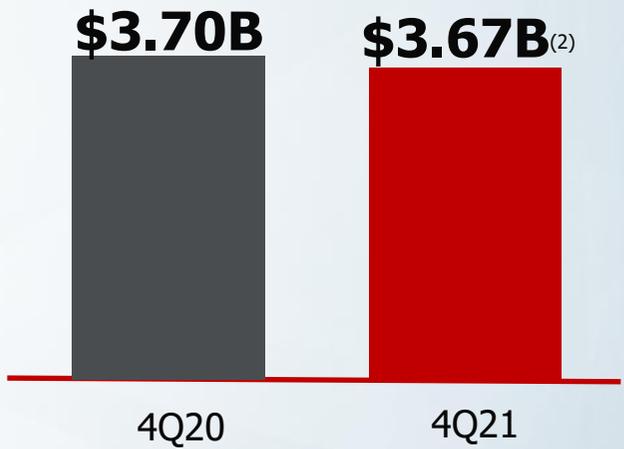
5.4% Decrease

## OPERATING INCOME



2.3 pts of Adj Margin Expansion

## BACKLOG



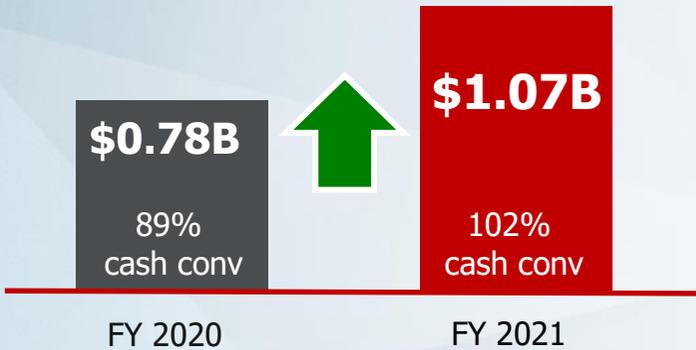
1.0% Decrease

(1) Adjusted numbers represent non-GAAP financial measures, see Appendix for additional details and reconciliations  
 (2) Foreign exchange negatively impacted Transit sales by \$15 million; Foreign exchange rates had a negative \$163 million impact on segment backlog

# Resilient business allows for execution on financial priorities

## FOCUSED ON CASH CONVERSION<sup>(1)</sup>

### Cash from Ops



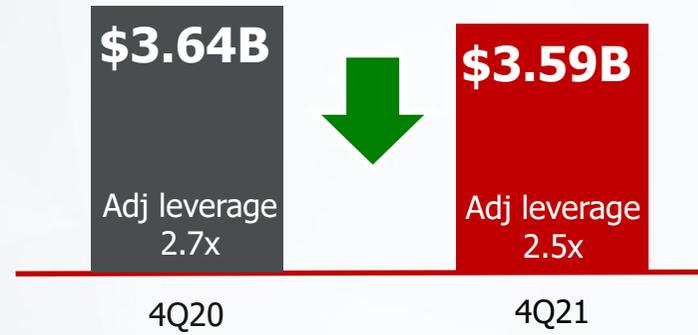
**Record cash generation** ... full-year up 37% YoY

Proactively managing **working capital**

**Capex of \$52M in 4Q** ... \$130M for FY 2021

## STRONG FINANCIAL POSITION

### Net Debt



**Adjusted net leverage<sup>(2)</sup> improved** ... committed to maintaining investment grade ratings

**Strengthening balance sheet...** strong liquidity of \$1.67B

## RETURN CAPITAL TO SHAREHOLDERS



**Deploying capital** to execute on strategic priorities

Returning capital to shareholders ... **announced \$750M share buyback and 25% increase in quarterly dividend**

**ROBUST CASH GENERATION; INVESTING IN HIGH-RETURN OPPORTUNITIES FOR GROWTH**

(1) Cash from Operations conversion % is defined as GAAP Cash from Operations divided by GAAP net income plus depreciation and amortization including deferred debt cost amortization

(2) Net debt is defined as total debt minus cash and cash equivalents; adjusted leverage is defined as net debt divided by adjusted EBITDA

# 2021 overview

<b>SALES</b>	<b>\$7.82B</b> Up 3.5% YoY
<b>ADJUSTED OPERATING MARGIN <sup>(1)</sup></b>	<b>15.9%</b> GAAP: 11.2%
<b>ADJUSTED EARNINGS PER SHARE <sup>(1)</sup></b>	<b>\$4.26</b> GAAP: \$2.96
<b>CASH FROM OPERATIONS</b>	<b>\$1.07B</b>

## FULL YEAR 2021 HIGHLIGHTS

- Full-year sales growth driven by Services, Components & recovery in Transit ... strong growth in Mods, improving railcar deliveries & partial recovery in Transit
- Delivered 80 bps of adjusted margin expansion ... strong improvement across both segments despite cost headwinds
- Adjusted EPS up 12.4% YoY ... driven by productivity gains, early realization of synergies & positive mix
- Record cash flow from operations of \$1.07B ... 102% cash conversion ... completed Nordco & MASU acquisitions

**STRONG EXECUTION FOR THE YEAR ... STRONG FOUNDATION FOR GROWTH IN 2022**

(1) Adjusted numbers represent non-GAAP financial measures, see Appendix for additional details and reconciliations

# 2022 outlook and guidance

**\$8.3B to \$8.6B**

**REVENUES**

**\$4.65 to \$5.05**

**ADJUSTED EPS**

**>90%**

**CASH CONVERSION <sup>(1)</sup>**

(1) Cash from operations conversion % is defined as GAAP cash from operations divided by GAAP net income plus depreciation and amortization including deferred debt cost amortization

## **BROAD-BASED RECOVERY ACROSS PORTFOLIO**

### **EQUIPMENT**

» Significantly higher deliveries of international locos & favorable mining fundamentals

### **COMPONENTS**

» Railcars coming out of storage ... higher railcar build ... improved industrial end-markets

### **SERVICES**

» Increased demand for reliable, efficient power... unparking of locos & higher MODs

### **DIGITAL ELECTRONICS**

» Growth driven by international expansion & product upgrades

### **TRANSIT**

» Increased global infrastructure investment & recovering ridership trends

## **KEY ASSUMPTIONS**

Adjusted operating margin up

- Favorable productivity/absorption, offset by mix & cost inflation
- SG&A as % of sales down
- Engineering as % of sales up

Tax rate ~26%

Capex ~2% of sales

# What you've heard

Advancing our long-term strategies... **leading decarbonization and utilization of rail** ... creating significant value for our customers

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Leveraging **significant installed base** ... resilient business model

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Strong **execution in dynamic cost environment** ... navigating supply chain disruptions

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Generating **strong cash flow** with **disciplined capital allocation** ... improving ROIC and shareholder returns

**STRONG FOUNDATION FOR GROWTH AND INCREASED SHAREHOLDER VALUE**

Save the date

WABTEC  
2022 **INVESTOR  
CONFERENCE**

March 9, 2022 . 8:00 AM ET . Virtual Webcast

# Appendix

# Income statement

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020  
(AMOUNTS IN MILLIONS EXCEPT PER SHARE DATA)  
(UNAUDITED)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Net sales	\$ 2,073	\$ 2,024	\$ 7,822	\$ 7,556
Cost of sales	(1,421)	(1,518)	(5,453)	(5,419)
Gross profit	652	506	2,369	2,137
<i>Gross profit as a % of Net Sales</i>	31.5%	25.0%	30.3%	28.3%
Selling, general and administrative expenses	(264)	(236)	(1,030)	(948)
Engineering expenses	(52)	(38)	(176)	(162)
Amortization expense	(72)	(71)	(287)	(282)
Total operating expenses	(388)	(345)	(1,493)	(1,392)
<i>Operating expenses as a % of Net Sales</i>	18.7%	17.0%	19.1%	18.4%
Income from operations	264	161	876	745
<i>Income from operations as a % of Net Sales</i>	12.7%	8.0%	11.2%	9.9%
Interest expense, net	(42)	(49)	(177)	(199)
Other income (expense), net	13	6	38	11
Income before income taxes	235	118	737	557
Income tax expense	(42)	(31)	(172)	(145)
<i>Effective tax rate</i>	17.4%	26.6%	23.2%	26.0%
Net income	193	87	565	412
Less: Net (income) loss attributable to noncontrolling interest	(3)	1	(7)	2
Net income attributable to Wabtec shareholders	190	88	558	414
<b>Earnings Per Common Share</b>				
<b>Basic</b>				
Net income attributable to Wabtec shareholders	\$ 1.02	\$ 0.46	\$ 2.96	\$ 2.18
<b>Diluted</b>				
Net income attributable to Wabtec shareholders	\$ 1.02	\$ 0.46	\$ 2.96	\$ 2.17
Basic	<u>186.0</u>	<u>189.2</u>	<u>187.7</u>	<u>189.9</u>
Diluted	<u>186.5</u>	<u>189.7</u>	<u>188.1</u>	<u>190.4</u>

# Income statement (cont.)

**WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020**  
**(AMOUNTS IN MILLIONS EXCEPT PER SHARE DATA)**  
**(UNAUDITED)**

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
<b>Segment Information</b>				
Freight Net Sales	\$ 1,425	\$ 1,339	\$ 5,239	\$ 5,082
Freight Income from Operations	\$ 207	\$ 121	\$ 717	\$ 584
Freight Operating Margin	14.5%	9.0%	13.7%	11.5%
Transit Net Sales	\$ 648	\$ 685	\$ 2,583	\$ 2,474
Transit Income from Operations	\$ 79	\$ 57	\$ 238	\$ 230
Transit Operating Margin	12.2%	8.3%	9.2%	9.3%
<b>Backlog Information (Note: 12-month is a sub-set of total)</b>				
	<b><u>December 31, 2021</u></b>	<b><u>September 30, 2021</u></b>		
Freight Total	\$ 18,502	\$ 18,211		
Transit Total	3,667	3,633		
Wabtec Total	<u>\$ 22,169</u>	<u>\$ 21,844</u>		
Freight 12-Month	\$ 4,520	\$ 4,060		
Transit 12-Month	1,748	1,648		
Wabtec 12-Month	<u>\$ 6,268</u>	<u>\$ 5,708</u>		

# Balance sheet

**WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

<i><u>In millions</u></i>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash and cash equivalents	\$ 473	\$ 599
Receivables, net	1,477	1,412
Inventories	1,689	1,642
Other current assets	<u>193</u>	<u>227</u>
<b>Total current assets</b>	3,832	3,880
Property, plant and equipment, net	1,497	1,601
Goodwill	8,587	8,485
Other intangible assets, net	3,705	3,869
Other noncurrent assets	<u>833</u>	<u>619</u>
<b>Total assets</b>	<u>\$ 18,454</u>	<u>\$ 18,454</u>
Current liabilities	\$ 2,910	\$ 3,226
Long-term debt	4,056	3,792
Long-term liabilities - other	<u>1,249</u>	<u>1,283</u>
<b>Total liabilities</b>	8,215	8,301
Shareholders' equity	10,201	10,123
Noncontrolling interest	<u>38</u>	<u>30</u>
<b>Total shareholders' equity</b>	<u>10,239</u>	<u>10,153</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 18,454</u>	<u>\$ 18,454</u>

# Cash flow

**WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)**

	<b>Twelve Months Ended December 31,</b>	
<i><u>In millions</u></i>	<b><u>2021</u></b>	<b><u>2020</u></b>
<i>Operating activities</i>		
Net income	565	412
Non-cash expense	571	444
Receivables	(76)	315
Inventories	(41)	181
Accounts Payable	109	(269)
Other assets and liabilities	(55)	(299)
<b>Net cash provided by operating activities</b>	<b>1,073</b>	<b>784</b>
<b>Net cash used for investing activities</b>	<b>(540)</b>	<b>(155)</b>
<b>Net cash used for financing activities</b>	<b>(653)</b>	<b>(619)</b>
Effect of changes in currency exchange rates	(6)	(15)
Decrease in cash	(126)	(5)
Cash and cash equivalents, beginning of period	599	604
Cash and cash equivalents, end of period	473	599

# EPS and non-GAAP Reconciliation

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)										
	Fourth Quarter 2021 Actual Results									
	<u>Net Sales</u>	<u>Gross Profit</u>	<u>Operating Expenses</u>	<u>Income from Operations</u>	<u>Interest &amp; Other Exp</u>	<u>Tax</u>	<u>Net Income</u>	<u>Noncontrolling Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
<b>Reported Results</b>	\$ 2,073	\$ 652	\$ (388)	\$ 264	\$ (29)	\$ (42)	\$ 193	\$ (3)	\$ 190	\$ 1.02
Restructuring & Transaction costs	-	5	(7)	(2)	-	5	3	-	3	\$ 0.01
Non-cash Amortization expense	-	-	72	72	-	(18)	54	-	54	\$ 0.29
Foreign Exchange Gain	-	-	-	-	(1)	-	(1)	-	(1)	\$ (0.01)
Amended Return, net	-	-	-	-	-	(25)	(25)	-	(25)	\$ (0.13)
<b>Adjusted Results</b>	<b>\$ 2,073</b>	<b>\$ 657</b>	<b>\$ (323)</b>	<b>\$ 334</b>	<b>\$ (30)</b>	<b>\$ (80)</b>	<b>\$ 224</b>	<b>\$ (3)</b>	<b>\$ 221</b>	<b>\$ 1.18</b>
<b>Fully Diluted Shares Outstanding</b>										<b>186.5</b>

Wabtec Corporation Reconciliation of Reported Results to Adjusted Results (in millions)										
	Fourth Quarter Year-to-Date 2021 Actual Results									
	<u>Net Sales</u>	<u>Gross Profit</u>	<u>Operating Expenses</u>	<u>Income from Operations</u>	<u>Interest &amp; Other Exp</u>	<u>Tax</u>	<u>Net Income</u>	<u>Noncontrolling Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
<b>Reported Results</b>	\$ 7,822	\$ 2,369	\$ (1,493)	\$ 876	\$ (139)	\$ (172)	\$ 565	\$ (7)	\$ 558	\$ 2.96
Restructuring & Transaction costs	-	53	25	78	-	(15)	63	-	63	\$ 0.33
Non-cash Amortization expense	-	-	287	287	-	(74)	213	-	213	\$ 1.13
Foreign Exchange Gain	-	-	-	-	(8)	2	(6)	-	(6)	\$ (0.03)
Amended Return, net	-	-	-	-	-	(25)	(25)	-	(25)	\$ (0.13)
<b>Adjusted Results</b>	<b>\$ 7,822</b>	<b>\$ 2,422</b>	<b>\$ (1,181)</b>	<b>\$ 1,241</b>	<b>\$ (147)</b>	<b>\$ (284)</b>	<b>\$ 810</b>	<b>\$ (7)</b>	<b>\$ 803</b>	<b>\$ 4.26</b>
<b>Fully Diluted Shares Outstanding</b>										<b>188.1</b>

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.

# EPS

## and non-GAAP Reconciliation

Wabtec Corporation Reconciliation of Reported Results to Adjusted Results (in millions)										
	Fourth Quarter 2020 Actual Results									
	<u>Net Sales</u>	<u>Gross Profit</u>	<u>Operating Expenses</u>	<u>Income from Operations</u>	<u>Interest &amp; Other Exp</u>	<u>Tax</u>	<u>Net Income</u>	<u>Noncontrolling Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
<b>Reported Results</b>	\$ 2,024	\$ 506	\$ (345)	\$ 161	\$ (43)	\$ (31)	\$ 87	\$ 1	\$ 88	\$ 0.46
Restructuring & Transaction costs	-	21	30	51	-	(12)	39	-	39	\$ 0.20
Non-cash Amortization expense	-	-	71	71	-	(16)	55	-	55	\$ 0.29
Foreign Exchange Loss	-	-	-	-	1	(1)	-	-	-	\$ -
Tax on Transaction Costs	-	-	-	-	-	6	6	-	6	\$ 0.03
<b>Adjusted Results</b>	<b>\$ 2,024</b>	<b>\$ 527</b>	<b>\$ (244)</b>	<b>\$ 283</b>	<b>\$ (42)</b>	<b>\$ (54)</b>	<b>\$ 187</b>	<b>\$ 1</b>	<b>\$ 188</b>	<b>\$ 0.98</b>
<b>Fully Diluted Shares Outstanding</b>										<b>189.7</b>

Wabtec Corporation Reconciliation of Reported Results to Adjusted Results (in millions)										
	Fourth Quarter Year-to-Date 2020 Actual Results									
	<u>Net Sales</u>	<u>Gross Profit</u>	<u>Operating Expenses</u>	<u>Income from Operations</u>	<u>Interest &amp; Other Exp</u>	<u>Tax</u>	<u>Net Income</u>	<u>Noncontrolling Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
<b>Reported Results</b>	\$ 7,556	\$ 2,137	\$ (1,392)	\$ 745	\$ (188)	\$ (145)	\$ 412	\$ 2	\$ 414	\$ 2.17
Restructuring & Transaction costs	-	45	71	116	-	(29)	87	-	87	\$ 0.45
Non-cash Amortization expense	-	-	282	282	-	(71)	211	-	211	\$ 1.11
Foreign Exchange Loss	-	-	-	-	9	(2)	7	-	7	\$ 0.03
Tax on Transaction Costs	-	-	-	-	-	6	6	-	6	\$ 0.03
<b>Adjusted Results</b>	<b>\$ 7,556</b>	<b>\$ 2,182</b>	<b>\$ (1,039)</b>	<b>\$ 1,143</b>	<b>\$ (179)</b>	<b>\$ (241)</b>	<b>\$ 723</b>	<b>\$ 2</b>	<b>\$ 725</b>	<b>\$ 3.79</b>
<b>Fully Diluted Shares Outstanding</b>										<b>190.4</b>

# EBITDA reconciliation

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 2021 Q4 EBITDA Reconciliation (in millions)										
	<u>Reported Income from Operations</u>	+	<u>Other Income (Expense)</u>	+	<u>Depreciation &amp; Amortization</u>	= <u>EBITDA</u>	+	<u>Restructuring &amp; Transaction Costs</u>	=	<u>Adjusted EBITDA</u>
Consolidated Results	\$264		\$13		\$121	\$398		(\$2)		\$396

Wabtec Corporation 2021 Q4 YTD EBITDA Reconciliation (in millions)										
	<u>Reported Income from Operations</u>	+	<u>Other Income (Expense)</u>	+	<u>Depreciation &amp; Amortization</u>	= <u>EBITDA</u>	+	<u>Restructuring &amp; Transaction Costs</u>	=	<u>Adjusted EBITDA</u>
Consolidated Results	\$876		\$38		\$485	\$1,399		\$78		\$1,477

Wabtec Corporation 2020 Q4 EBITDA Reconciliation (in millions)										
	<u>Reported Income from Operations</u>	+	<u>Other Income (Expense)</u>	+	<u>Depreciation &amp; Amortization</u>	= <u>EBITDA</u>	+	<u>Restructuring &amp; Transaction Costs</u>	=	<u>Adjusted EBITDA</u>
Consolidated Results	\$161		\$6		\$118	\$285		\$51		\$336

Wabtec Corporation 2020 Q4 YTD EBITDA Reconciliation (in millions)										
	<u>Reported Income from Operations</u>	+	<u>Other Income (Expense)</u>	+	<u>Depreciation &amp; Amortization</u>	= <u>EBITDA</u>	+	<u>Restructuring &amp; Transaction Costs</u>	=	<u>Adjusted EBITDA</u>
Consolidated Results	\$745		\$11		\$466	\$1,222		\$116		\$1,338

# Sales by product line

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION  
SALES BY PRODUCT LINE  
(UNAUDITED)

<i><u>In millions</u></i>	<b>Three Months Ended December 31,</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
Freight Segment		
Equipment	\$ 377	\$ 433
Components	218	195
Digital Electronics	167	164
Services	663	547
Total Freight Segment	<u>1,425</u>	<u>1,339</u>
Transit Segment		
Original Equipment Manufacturer	\$ 299	\$ 322
Aftermarket	349	363
Total Transit Segment	<u>648</u>	<u>685</u>
<i><u>In millions</u></i>	<b>Twelve Months Ended December 31,</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
Freight Segment		
Equipment	\$ 1,302	\$ 1,531
Components	867	819
Digital Electronics	640	664
Services	2,430	2,068
Total Freight Segment	<u>5,239</u>	<u>5,082</u>
Transit Segment		
Original Equipment Manufacturer	\$ 1,193	\$ 1,139
Aftermarket	1,390	1,335
Total Transit Segment	<u>2,583</u>	<u>2,474</u>

# Segment gross margin reconciliation

**WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION**  
**RECONCILIATION OF REPORTED RESULTS TO ADJUSTED RESULTS - BY SEGMENT**  
**(UNAUDITED)**

<i>In millions</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Freight Segment Reported Gross Profit</b>	\$ 454	\$ 339	\$ 1,667	\$ 1,488
<i>Freight Segment Reported Gross Margin</i>	31.9%	25.3%	31.8%	29.3%
Restructuring & Transaction costs	3	14	8	30
<b>Freight Segment Adjusted Gross Profit</b>	<u>\$ 457</u>	<u>\$ 353</u>	<u>\$ 1,675</u>	<u>\$ 1,518</u>
<i>Freight Segment Adjusted Gross Margin</i>	32.1%	26.4%	32.0%	29.9%
<b>Transit Segment Reported Gross Profit</b>	\$ 198	\$ 167	\$ 702	\$ 649
<i>Transit Segment Reported Gross Margin</i>	30.6%	24.4%	27.2%	26.2%
Restructuring & Transaction costs	2	6	45	14
<b>Transit Segment Adjusted Gross Profit</b>	<u>\$ 200</u>	<u>\$ 173</u>	<u>\$ 747</u>	<u>\$ 663</u>
<i>Transit Segment Adjusted Gross Margin</i>	30.9%	25.3%	28.9%	26.8%

# Segment operating margin reconciliation

**WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION**  
**RECONCILIATION OF REPORTED RESULTS TO ADJUSTED RESULTS - BY SEGMENT**  
**(UNAUDITED)**

<i>In millions</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Freight Segment Reported Income from Operations</b>	<b>\$ 207</b>	<b>\$ 121</b>	<b>\$ 717</b>	<b>\$ 584</b>
<i>Freight Segment Reported Margin</i>	14.5%	9.0%	13.7%	11.5%
Restructuring & Transaction costs	(7)	32	9	76
Non-cash Amortization expense	67	66	267	262
<b>Freight Segment Adjusted Income from Operations</b>	<b>\$ 267</b>	<b>\$ 219</b>	<b>\$ 993</b>	<b>\$ 922</b>
<i>Freight Segment Adjusted Margin</i>	18.7%	16.3%	19.0%	18.1%
<b>Transit Segment Reported Income from Operations</b>	<b>\$ 79</b>	<b>\$ 57</b>	<b>\$ 238</b>	<b>\$ 230</b>
<i>Transit Segment Reported Margin</i>	12.2%	8.3%	9.2%	9.3%
Restructuring & Transaction costs	4	15	59	27
Non-cash Amortization expense	5	5	20	20
<b>Transit Segment Adjusted Income from Operations</b>	<b>\$ 88</b>	<b>\$ 77</b>	<b>\$ 317</b>	<b>\$ 277</b>
<i>Transit Segment Adjusted Margin</i>	13.6%	11.3%	12.3%	11.2%

# Segment sales reconciliation

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION  
RECONCILIATION OF CHANGES IN NET SALES - BY SEGMENT  
(UNAUDITED)

<i>In millions</i>	Three Months Ended December 31,		
	<u>Freight</u>	<u>Transit</u>	<u>Consolidated</u>
<b>2020 Net Sales</b>	\$ 1,339	\$ 685	\$ 2,024
Acquisitions	61	-	61
Foreign Exchange	(2)	(15)	(17)
Organic	27	(22)	5
<b>2021 Net Sales</b>	<u>\$ 1,425</u>	<u>\$ 648</u>	<u>\$ 2,073</u>
<i>Change (\$)</i>	86	(37)	49
<i>Change (%)</i>	6.4%	-5.4%	2.4%
	Twelve Months Ended December 31,		
	<u>Freight</u>	<u>Transit</u>	<u>Consolidated</u>
<b>2020 Net Sales</b>	\$ 5,082	\$ 2,474	\$ 7,556
Acquisitions	138	-	138
Foreign Exchange	23	111	134
Organic	(4)	(2)	(6)
<b>2021 Net Sales</b>	<u>\$ 5,239</u>	<u>\$ 2,583</u>	<u>\$ 7,822</u>
<i>Change (\$)</i>	157	109	266
<i>Change (%)</i>	3.1%	4.4%	3.5%

# Cash conversion reconciliation

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 2021 Q4 Cash Conversion Calculation (in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation &amp; Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	\$314		\$193	\$123	99%

Wabtec Corporation 2021 Q4 YTD Cash Conversion Calculation (in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation &amp; Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	\$1,073		\$565	\$491	102%

Wabtec Corporation 2020 Q4 Cash Conversion Calculation (in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation &amp; Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	\$326		\$87	\$119	158%

Wabtec Corporation 2020 Q4 YTD Cash Conversion Calculation (in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation &amp; Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	\$784		\$412	\$473	89%