



FOURTH QUARTER 2023

Wabtec Financial Results & Company Highlights

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. All statements, other than historical facts, including statements regarding Wabtec’s plans, objectives, expectations and intentions; Wabtec’s expectations about future sales, earnings and cash conversion; Wabtec’s projected expenses and cost savings associated with its Integration 2.0 initiative; Wabtec’s 5-year outlook (established in March 2022); Wabtec’s expectations for evolving global industry, market and macro-economic conditions and their impact on Wabtec’s business; synergies and other expected benefits from Wabtec’s acquisitions; Wabtec’s expectations for 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) changes in general economic and/or industry specific conditions, including the impacts of tax and tariff programs, inflation, supply chain disruptions, foreign currency exchange, and industry consolidation; (2) changes in the financial condition or operating strategies of Wabtec’s customers; (3) unexpected costs, charges or expenses resulting from acquisitions and potential failure to realize synergies and other anticipated benefits of acquisitions, including as a result of integrating acquired targets into Wabtec; (4) inability to retain and hire key personnel; (5) evolving legal, regulatory and tax regimes; (6) changes in the expected timing of projects; (7) a decrease in freight or passenger rail traffic; (8) an increase in manufacturing costs; (9) actions by third parties, including government agencies; (10) the impacts of epidemics, pandemics, or similar public health crises on the global economy and, in particular, our customers, suppliers and end-markets, (11) potential disruptions, instability, and volatility in global markets as a result of global military action, acts of terrorism or armed conflict, including from the imposition of economic sanctions on Russia resulting from the invasion of Ukraine; (12) cybersecurity and data protection risks and (13) 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, 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 2024 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 net income, adjusted operating margin, adjusted gross 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. Adjusted EBITDA is further adjusted for restructuring costs. 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 of restructuring-related and other charges, including acquisition-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



**RAFAEL
SANTANA**

President &
Chief Executive Officer



**JOHN
OLIN**

Executive Vice President &
Chief Financial Officer



**KRISTINE
KUBACKI**

Vice President,
Investor Relations

4Q 2023 OVERVIEW

SALES	\$2.53B	Up 9.5% YOY
OPERATING MARGIN	12.2% GAAP	17.0% Adjusted ⁽²⁾
EARNINGS PER SHARE	\$1.20 GAAP	\$1.54 Adjusted ⁽²⁾
CASH FLOW FROM OPERATIONS⁽¹⁾	\$686M	
12-MONTH BACKLOG	\$7.46B	

4Q 2023 HIGHLIGHTS

Increased sales were driven by growth across the Freight and Transit segments

Operating margin benefited from sales growth, increased gross margin and lower SG&A/Engineering expenses as a percentage of sales

GAAP EPS up 39.5% YoY ... Adjusted EPS up 18.5% YoY from higher Freight and Transit sales and operating margin expansion

Operating cash flow driven by higher net income and improved working capital YoY

Backlog continues to provide strong visibility ... 12-month up 10.3% and multi-year backlog at \$22.0 billion

STRONG PERFORMANCE ACROSS THE BUSINESS

Note: Adjusted numbers represent non-GAAP financial measures. See Appendix for additional details and reconciliations
 (1) Year-over-year 4th quarter cash flow impact from securitization of accounts receivable was unfavorable \$70 million

2024 MARKET EXPECTATIONS

FREIGHT

FAVORABLE / UNFAVORABLE

NA Carloads + / ↔

Active Locomotive Fleet ↔

International Freight Volumes +

NA Railcar Deliveries -

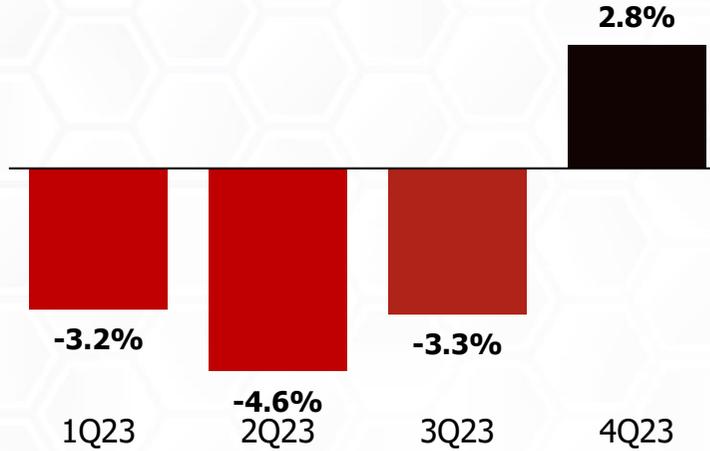
Mining Commodities ↔

TRANSIT

Infrastructure Investment +

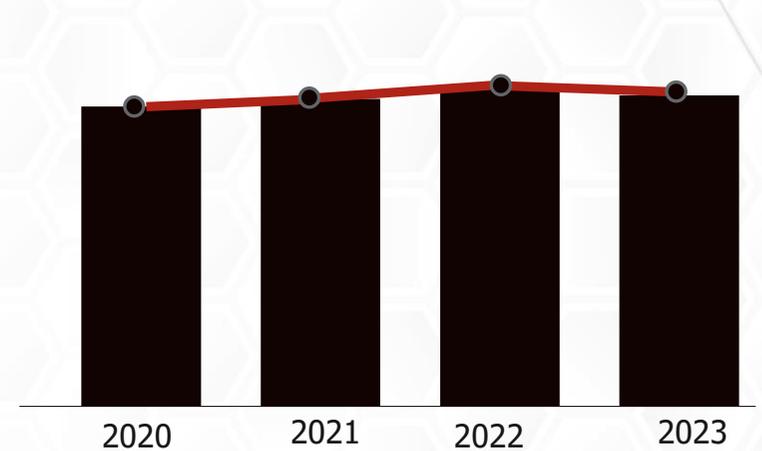
Global Ridership + / ↔

NORTH AMERICAN FREIGHT CARLOADS



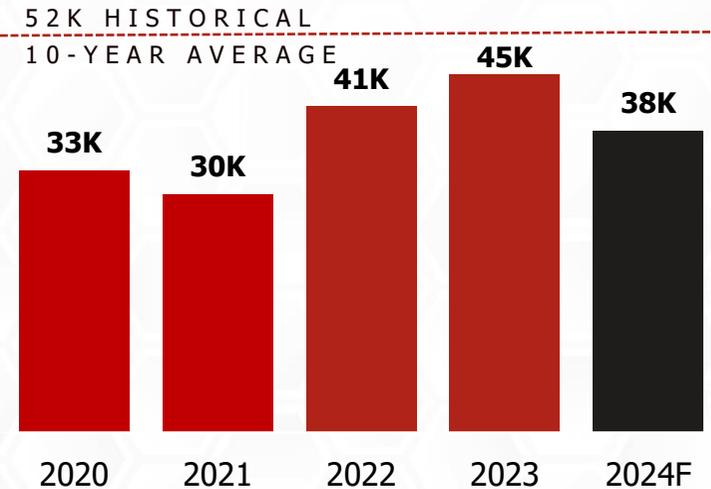
Source: Association of American Railroads

AVG NORTH AMERICAN ACTIVE LOCOMOTIVES



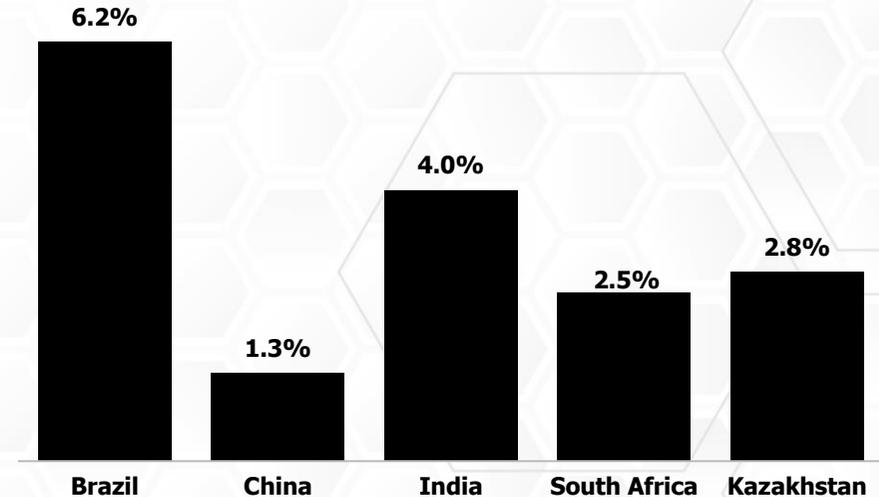
Source: Wabtec

NORTH AMERICAN RAILCAR DELIVERIES



Source: Rail Supply Institute and FTR Associates

2023 INTERNATIONAL FREIGHT VOLUMES



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

EXECUTING ON OUR VALUE CREATION FRAMEWORK

DRIVERS OF PORTFOLIO GROWTH

- » Accelerate innovation of scalable technologies
- » Grow and refresh expansive global installed base
- » Lead decarbonization of rail
- » Expand high-margin recurring revenue streams
- » Drive continuous operational improvement

RECENT WINS

- Won a multi-year order from CSX for >200 mods in North America
- Mining orders \$300+ million ... up double-digit versus prior year
- Awarded \$150+ million brake order in India
- Expanded Digital portfolio with entry into railcar telematics market
- Acquired the remaining 50% of LKZ joint venture in Kazakhstan



RESILIENT PORTFOLIO THROUGH THE CYCLE

FAVORABLE END-MARKETS

28%
Transit



72%
Freight

*based on
2023 sales

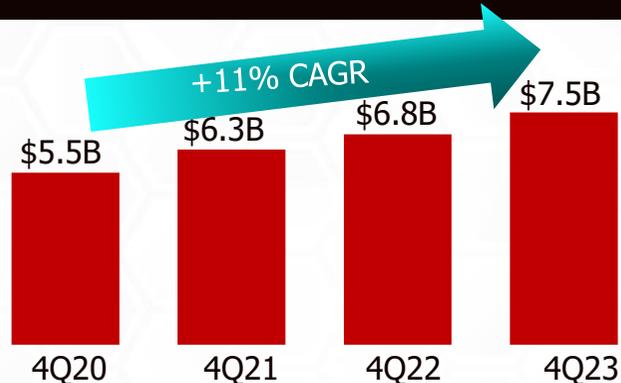
FREIGHT

- + Aged fleet ... accelerating investment in the fleet
- + Strong international order pipeline
- + Growing installed base

TRANSIT

- + Increased global investment in infrastructure
- + Mega trends favor increasing ridership

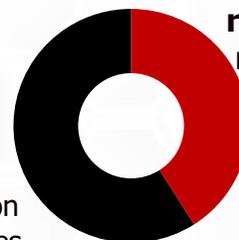
ROBUST BACKLOG & RECURRING REVENUE



- Strong 12-month backlog provides resiliency and visibility despite macro uncertainty

- Significant recurring revenue base drives ~60% of profits

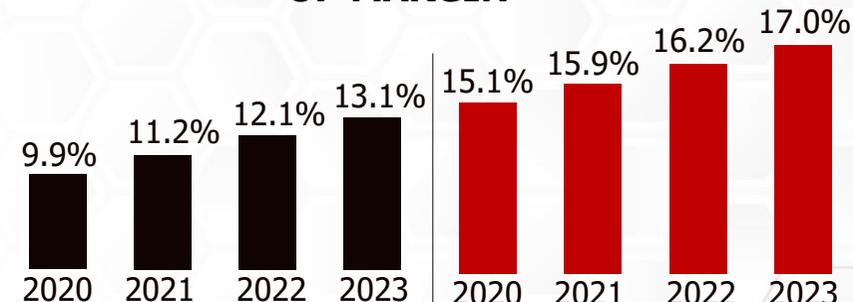
46%*
recurring
revenue



*based on
2023 sales

DEMONSTRATED EXECUTION

OP MARGIN



GAAP

Adjusted

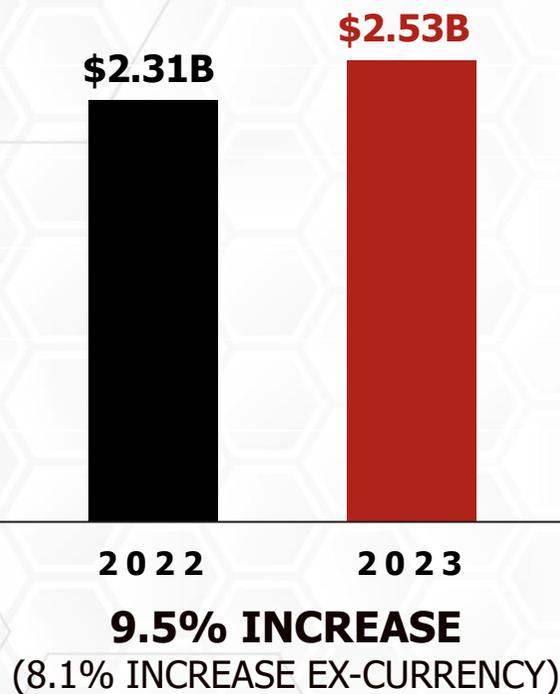
- Expanded margins despite higher input costs, supply chain disruptions and the exit of our business in Russia
- Aggressively managing costs and accelerating lean actions; executing on Integration 2.0
- Average cash conversion of 93% during 2020 to 2023

SOLID OUTLOOK SUPPORTED BY RESILIENT AND MORE PREDICTABLE EARNINGS

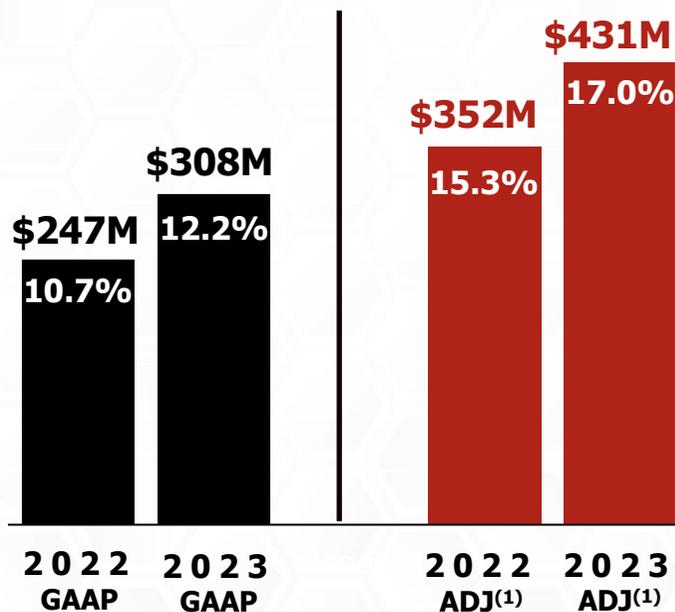
4Q 2023 FINANCIAL SUMMARY

INCREASED SALES, MARGIN EXPANSION AND EPS GROWTH DESPITE MACRO UNCERTAINTY

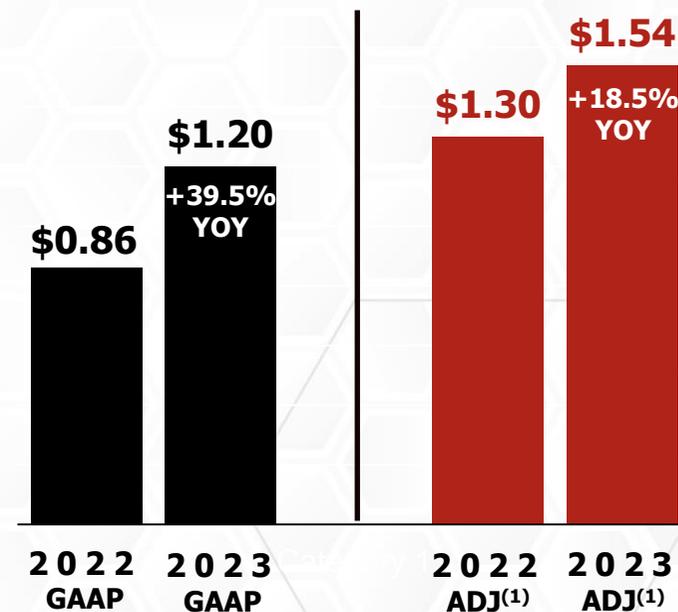
SALES



OP INCOME / OP MARGIN



EPS



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

4Q 2023 SALES

(in millions)

PRODUCT LINE	4Q23	YOY
Equipment	\$347	(19.3%)
Components	\$283	17.4%
Digital Intelligence	\$210	(6.7%)
Services	\$958	23.9%
Freight Segment	\$1,798	7.7%
Transit Segment	\$728	14.3%
TOTAL SALES	\$2,526	9.5%

4Q KEY DRIVERS

EQUIPMENT

Higher mining sales offset by lower locomotive deliveries (2nd half deliveries significantly skewed to 3Q)

COMPONENTS

Increased demand for rail and industrial products, and L&M acquisition (4.1% YoY growth excluding acquisitions)

DIGITAL INTELLIGENCE

Higher demand for international PTC, on-board locomotive hardware, and digital mining products offset by lower sales in NA

SERVICES

Increased sales from significantly higher mods deliveries (2nd half deliveries significantly skewed to 4th quarter) and increased parts sales

TRANSIT

Strong OE and aftermarket sales ... sales up 9.9% on constant currency basis

4Q 2023 CONSOLIDATED GROSS PROFIT



(\$ in millions)

	GAAP	Adjusted
2022 GROSS PROFIT	\$652	\$683
<i>% Gross Profit Margin</i>	<i>28.3%</i>	<i>29.6%</i>
Volume	↑	↑
Mix/Pricing	↑	↑
Raw Materials	↔	↔
Currency	↑	↑
Manufacturing/Other	↑	↑
2023 GROSS PROFIT	\$764	\$777
<i>% Gross Profit Margin</i>	<i>30.3%</i>	<i>30.8%</i>

4Q KEY DRIVERS

VOLUME

Higher Freight and Transit segment sales

MIX/PRICING

Favorable price/mix of products, partially offset by unfavorable mix between segments

RAW MATERIALS

Slightly favorable input costs

CURRENCY

Favorable foreign exchange increased adjusted gross profit \$8M (adjusted operating income favorable by \$5M)

MANUFACTURING/OTHER

Favorable fixed cost absorption and benefits of Integration 2.0

4Q 2023 CONSOLIDATED OPERATING INCOME

(\$ in millions)	GAAP	Adjusted
2022 OP INCOME	\$247	\$352
<i>% Operating Margin</i>	<i>10.7%</i>	<i>15.3%</i>
Gross Profit	112	94
SG&A	(24)	(14)
Engineering	(1)	(1)
Amortization	(26)	-
2023 OP INCOME	\$308	\$431
<i>% Operating Margin</i>	<i>12.2%</i>	<i>17.0%</i>

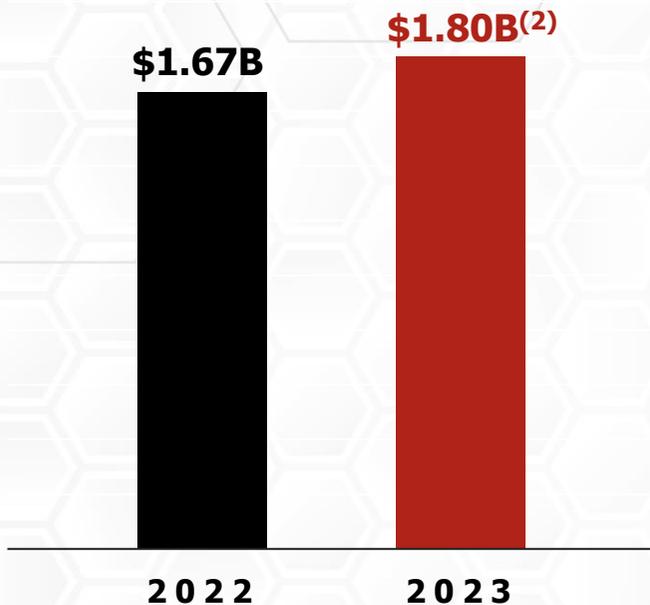


OP MARGIN BENEFITED FROM HIGHER SALES, INCREASED GROSS MARGIN AND LOWER SG&A/ENGINEERING AS PERCENTAGE OF SALES



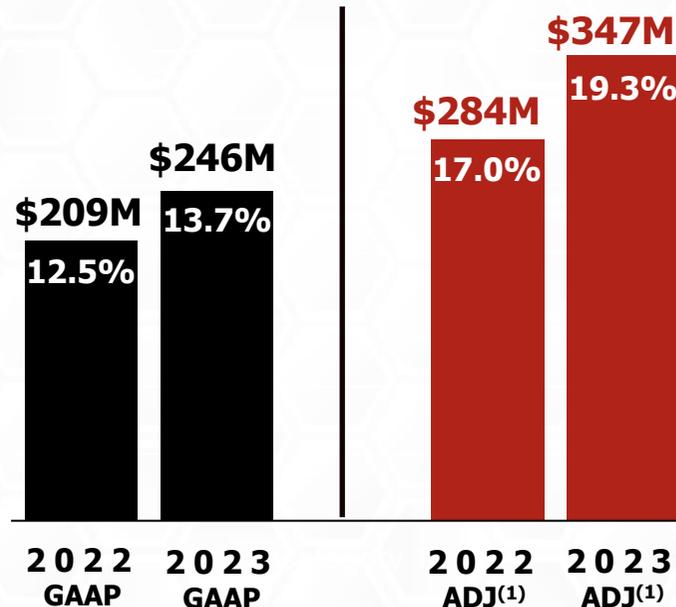
4Q 2023 FREIGHT SEGMENT PERFORMANCE

SALES

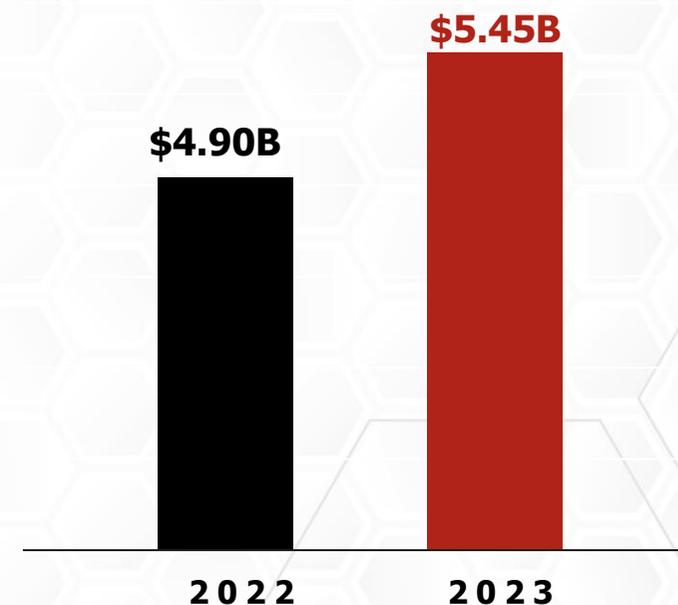


7.7% INCREASE
(7.4% INCREASE EX-CURRENCY)

OP INCOME / OP MARGIN



12-MONTH BACKLOG



11.2% INCREASE YOY

4.3% DECREASE
MULTI-YEAR BACKLOG⁽²⁾ YOY

Note: Adjusted numbers represent non-GAAP financial measures. See Appendix for additional details and reconciliations

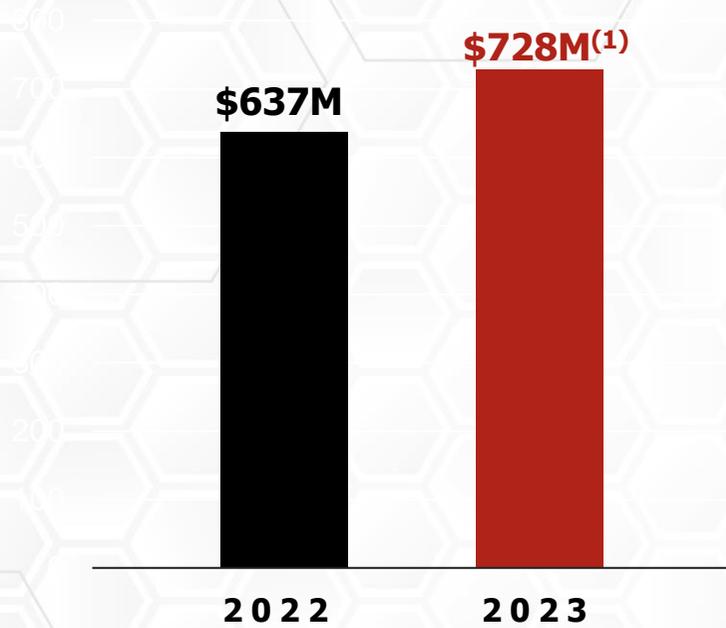
(1) Freight segment operating income was positively impacted by below-market intangible amortization of \$15 million; up \$1 million versus 4th quarter 2022

(2) Foreign exchange positively impacted Freight sales by \$5 million; Foreign exchange rates had a positive \$117 million impact on segment multi-year backlog



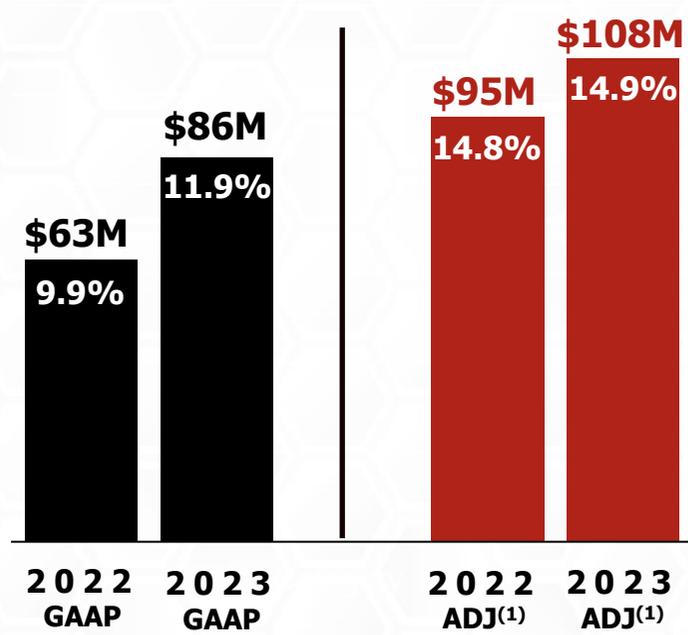
4Q 2023 TRANSIT SEGMENT PERFORMANCE

SALES

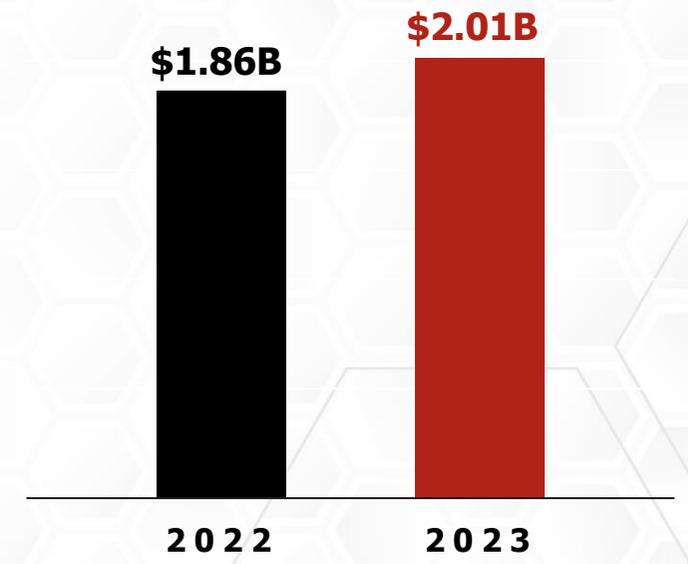


14.3% INCREASE
(9.9% INCREASE EX-CURRENCY)

OP INCOME / OP MARGIN



12-MONTH BACKLOG



8.0% INCREASE YOY

9.7% INCREASE
MULTI-YEAR BACKLOG⁽¹⁾ YOY

Note: Adjusted numbers represent non-GAAP financial measures. See Appendix for additional details and reconciliations

(1) Foreign exchange positively impacted Transit sales by \$28 million; Foreign exchange rates had a positive \$86 million impact on segment multi-year backlog

INTEGRATION 2.0 – UNLOCKING GREATER PROFITABILITY ACROSS THE PORTFOLIO



On track to deliver target run-rate savings by 2025

CONSOLIDATE FOOTPRINT

- 15+ facilities
- Headcount redundancy
- Office/facility rationalization

STREAMLINE MANUFACTURING

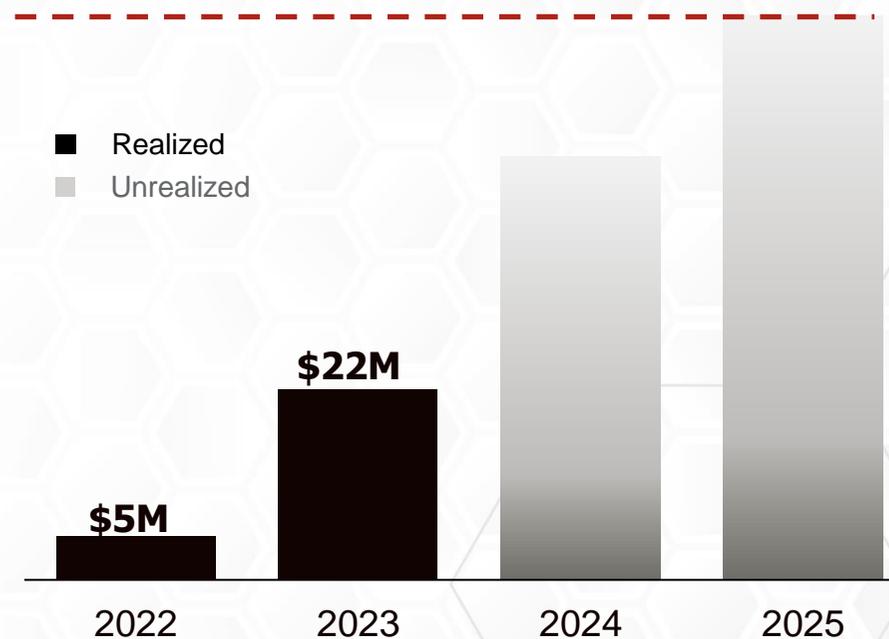
- Restructure NAM distribution
- Remanufacturing localization
- Best-cost-country capacity expansion

SIMPLIFY THROUGH SYSTEMS ENABLEMENT

- Implement indirect source-to-pay
- Data/process simplification

RUN-RATE SAVINGS⁽²⁾

\$75-90M BY 2025



Restructuring charges ⁽¹⁾	\$46M	\$49M	Expected total \$135-165M thru 2024
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(1) Restructuring expense and restructuring related one-time charges
 (2) Savings include Bochum restructuring announced in the 4th quarter 2021 with a \$23 million charge

PORTFOLIO OPTIMIZATION – UNLOCKING GREATER PROFITABILITY ACROSS THE PORTFOLIO

RECENT PORTFOLIO ADDITIONS

Acquired 100% of L&M in 2Q23

- Leading provider of mining truck radiators; expands Wabtec mining and heat transfer portfolios
- Purchase price of \$229M (net of cash received)
- Accretive to 2023 earnings and ROIC

Acquired remaining 50% stake of our LKZ assembly JV in late 4Q23

- LKZ was an unconsolidated assembly JV in Kazakhstan
- Purchase price of \$81M (net of cash received) ... \$35M GAAP non-cash gain on existing 50% stake
- No impact expected to 2024 sales; limited benefit to 2024 earnings

PORTFOLIO PRUNING

Wabtec to exit various low margin product lines

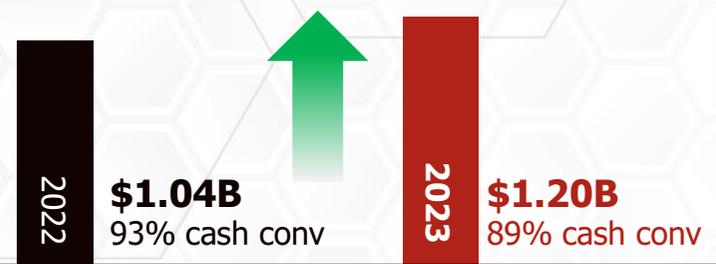
- Pruning will improve focus and profitability while reducing manufacturing complexity
- Divestitures represent approximately \$110M of 2023 low margin revenues
 - Roughly 50/50 split between Freight and Transit segments
- Expect net exit charges of ~\$85M in predominantly non-cash asset write downs
 - \$28M non-cash charge booked in 4Q23 GAAP results

RESILIENT BUSINESS ALLOWS FOR EXECUTION ON FINANCIAL PRIORITIES



FOCUSED ON CASH CONVERSION⁽¹⁾

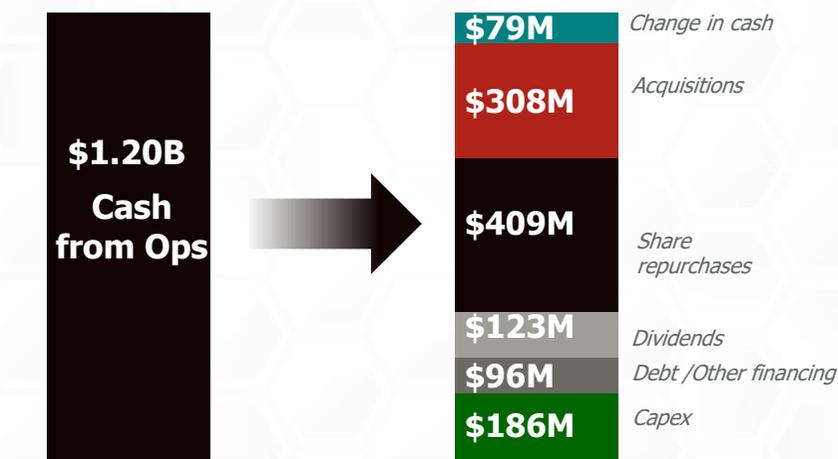
YTD CASH FROM OPS



4th quarter CFOA of \$686M driven by strong growth in net income and improved working capital

Full year 2023 cash conversion impacted by higher working capital investment to support 15.7% FY23 sales growth

DISCIPLINED CAPITAL ALLOCATION



Full year 2023

Strong balance sheet and financial position ... liquidity of \$2.12B

Debt leverage of 1.9x⁽²⁾

Strategic acquisitions of L&M (\$229M) and LKZ (\$81M) net of cash received

Returning capital to shareholders ... **\$532M returned through share repurchases and dividends**

ROIC⁽⁴⁾ improved 1.2 percentage points YoY

STRONG FINANCIAL PERFORMANCE; INVESTING FOR GROWTH AND MAXIMIZING SHAREHOLDER RETURNS

(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) Leverage is defined as net debt divided by trailing 12-month adjusted EBITDA. Net debt is defined as total debt minus cash, restricted cash and cash equivalents
 (3) At December 31, 2023, the Company's total available liquidity was \$2.12 billion, which includes cash and cash equivalents of \$0.62 billion, plus \$1.50 billion available under current credit facilities
 (4) Adjusted numbers represent non-GAAP financial measures. See Appendix for additional details and reconciliations

2023 OVERVIEW

SALES	\$9.68B	Up 15.7% YOY
OPERATING MARGIN	13.1% GAAP	17.0% Adjusted
EARNINGS PER SHARE	\$4.53 GAAP	\$5.92 Adjusted
CASH FLOW FROM OPERATIONS⁽¹⁾	\$1.20B	

2023 HIGHLIGHTS

Increased sales were driven by strong Freight and Transit growth

Operating margin up from higher sales growth and improved productivity ... partially offset by unfavorable mix and manufacturing inefficiencies due to strike in Erie

EPS driven by strong sales and operating margin expansion ... GAAP EPS up 30.9% and adjusted EPS up 21.8% YoY

Strong cash generation enabling investment for future growth and maximizing shareholder returns

STRONG EXECUTION IN VOLATILE ENVIRONMENT

Note: Adjusted numbers represent non-GAAP financial measures. See Appendix for additional details and reconciliations
 (1) Year-over-year annual cash flow impact from securitization of accounts receivable was unfavorable \$120 million

2024 OUTLOOK AND GUIDANCE

REVENUES

\$10.05B to \$10.35B

ADJUSTED EPS

\$6.50 to \$6.90

CASH CONVERSION ⁽¹⁾

>90%

OUTLOOK IN LINE WITH LONG-TERM GROWTH FRAMEWORK

EQUIPMENT

Higher NA and international locomotive deliveries and increased mining sales

COMPONENTS

Stable demand for industrial components and 2023 acquisition of L&M, offset by lower North American railcar build

SERVICES

Continued demand for reliable, efficient power and higher deliveries of MODs ... partially offset by slight reduction in the NA active fleet

DIGITAL INTELLIGENCE

Strong growth in international markets and new products ... with slower growth in the North American market

TRANSIT

Increased global infrastructure investment

KEY ASSUMPTIONS

Adjusted operating margin up

- Favorable productivity/absorption
- Benefits of Integration 2.0/Portfolio Optimization
- Lower SG&A and Engineering expenses as % of sales

Tax rate ~25%

Capex ~2% of sales

(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

KEY TAKEAWAYS

5-YEAR OUTLOOK⁽¹⁾

MSD CORE ORGANIC GROWTH CAGR

+

250 – 300 BPS MARGIN EXPANSION

+

DISCIPLINED CAPITAL DEPLOYMENT

=

DOUBLE-DIGIT EPS GROWTH WITH STRONG OPERATING CASH FLOW CONVERSION (90%+)

01

Strong revenue growth, margin expansion, cash flow and increased earnings in 2023 ... despite macro uncertainty

02

Positive productivity driven by continuous cost improvement combined with realization of Integration 2.0 savings

03

Continued momentum across the portfolio and strong order pipeline internationally and in North America

04

Wabtec is well-positioned to drive higher returns and create significant long-term value for shareholders

(1) Long-term guidance as of March 9, 2022 (on an adjusted earnings basis)

Income statement

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022
(AMOUNTS IN MILLIONS EXCEPT PER SHARE DATA)
(UNAUDITED)

Appendix A (1 of 2)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net sales	\$ 2,526	\$ 2,306	\$ 9,677	\$ 8,362
Cost of sales	(1,762)	(1,654)	(6,733)	(5,822)
Gross profit	764	652	2,944	2,540
<i>Gross profit as a % of Net Sales</i>	30.3%	28.3%	30.4%	30.4%
Selling, general and administrative expenses	(296)	(272)	(1,139)	(1,029)
Engineering expenses	(61)	(60)	(218)	(209)
Amortization expense	(99)	(73)	(321)	(291)
Total operating expenses	(456)	(405)	(1,678)	(1,529)
<i>Operating expenses as a % of Net Sales</i>	18.1%	17.5%	17.3%	18.3%
Income from operations	308	247	1,266	1,011
<i>Income from operations as a % of Net Sales</i>	12.2%	10.7%	13.1%	12.1%
Interest expense, net	(55)	(51)	(218)	(186)
Other (expense) income, net	27	14	44	29
Income before income taxes	280	210	1,092	854
Income tax expense	(63)	(51)	(267)	(213)
<i>Effective tax rate</i>	22.6%	24.3%	24.5%	25.0%
Net income	217	159	825	641
Less: Net income attributable to noncontrolling interest	(2)	(1)	(10)	(8)
Net income attributable to Wabtec shareholders	<u>\$ 215</u>	<u>\$ 158</u>	<u>\$ 815</u>	<u>\$ 633</u>
Earnings Per Common Share				
Basic				
Net income attributable to Wabtec shareholders	<u>\$ 1.20</u>	<u>\$ 0.87</u>	<u>\$ 4.54</u>	<u>\$ 3.46</u>
Diluted				
Net income attributable to Wabtec shareholders	<u>\$ 1.20</u>	<u>\$ 0.86</u>	<u>\$ 4.53</u>	<u>\$ 3.46</u>
Basic	<u>178.0</u>	<u>181.0</u>	<u>178.8</u>	<u>182.2</u>
Diluted	<u>178.8</u>	<u>181.7</u>	<u>179.5</u>	<u>182.8</u>

Income statement (cont.)

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022
(AMOUNTS IN MILLIONS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Segment Information				
Freight Net Sales	\$ 1,798	\$ 1,669	\$ 6,962	\$ 6,012
Freight Income from Operations	\$ 246	\$ 209	\$ 1,071	\$ 864
Freight Operating Margin	13.7%	12.5%	15.4%	14.4%
Transit Net Sales	\$ 728	\$ 637	\$ 2,715	\$ 2,350
Transit Income from Operations	\$ 86	\$ 63	\$ 289	\$ 231
Transit Operating Margin	11.9%	9.9%	10.7%	9.8%
Backlog Information (Note: 12-month is a sub-set of total)				
	December 31, 2023	September 30, 2023	December 31, 2022	
Freight Total	\$ 17,831	\$ 17,614	\$ 18,641	
Transit Total	4,168	3,869	3,800	
Wabtec Total	<u>\$ 21,999</u>	<u>\$ 21,483</u>	<u>\$ 22,441</u>	
Freight 12-Month	\$ 5,450	\$ 5,282	\$ 4,901	
Transit 12-Month	2,007	1,809	1,859	
Wabtec 12-Month	<u>\$ 7,457</u>	<u>\$ 7,091</u>	<u>\$ 6,760</u>	

Balance sheet

Appendix B

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<i><u>In millions</u></i>		
Cash, cash equivalents and restricted cash	\$ 620	\$ 541
Receivables, net	1,684	1,519
Inventories, net	2,284	2,034
Other current assets	267	233
Total current assets	4,855	4,327
Property, plant and equipment, net	1,485	1,429
Goodwill	8,780	8,508
Other intangible assets, net	3,205	3,402
Other noncurrent assets	663	850
Total assets	\$ 18,988	\$ 18,516
Current liabilities	\$ 4,056	\$ 3,467
Long-term debt	3,288	3,751
Long-term liabilities - other	1,120	1,151
Total liabilities	8,464	8,369
Shareholders' equity	10,487	10,102
Noncontrolling interest	37	45
Total shareholders' equity	10,524	10,147
Total Liabilities and Shareholders' Equity	\$ 18,988	\$ 18,516

Cash flow

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

	Twelve Months Ended December 31,	
<i><u>In millions</u></i>	<u>2023</u>	<u>2022</u>
<i>Operating activities</i>		
Net income	\$ 825	\$ 641
Non-cash expense	473	506
Receivables	(195)	(52)
Inventories	(58)	(368)
Accounts Payable	(58)	306
Other assets and liabilities	214	5
Net cash provided by operating activities	1,201	1,038
Net cash used for investing activities	(492)	(235)
Net cash used for financing activities	(633)	(708)
Effect of changes in currency exchange rates	3	(27)
Increase in cash	79	68
Cash, cash equivalents and restricted cash, beginning of period	541	473
Cash, cash equivalents and restricted cash, end of period	\$ 620	\$ 541

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 2023 Actual Results										
	<u>Net Sales</u>	<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>Noncontrolling Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
Reported Results	\$ 2,526	\$ 764	\$ (456)	\$ 308	\$ (28)	\$ (63)	\$ 217	\$ (2)	\$ 215	\$ 1.20
Restructuring and Portfolio Optimization costs	-	13	34	47	-	(9)	38	-	38	\$ 0.21
Gain on LKZ Investment	-	-	-	-	(35)	-	(35)	-	(35)	\$ (0.19)
Non-cash Amortization expense	-	-	76	76	-	(18)	58	-	58	\$ 0.32
Adjusted Results	\$ 2,526	\$ 777	\$ (346)	\$ 431	\$ (63)	\$ (90)	\$ 278	\$ (2)	\$ 276	\$ 1.54
Fully Diluted Shares Outstanding										178.8

Wabtec Corporation Reconciliation of Reported Results to Adjusted Results (in millions)										
Fourth Quarter Year-to-Date 2023 Actual Results										
	<u>Net Sales</u>	<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>Noncontrolling Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
Reported Results	\$ 9,677	\$ 2,944	\$ (1,678)	\$ 1,266	\$ (174)	\$ (267)	\$ 825	\$ (10)	\$ 815	\$ 4.53
Restructuring and Portfolio Optimization costs	-	38	41	79	-	(17)	62	-	62	\$ 0.34
Gain on LKZ Investment	-	-	-	-	(35)	-	(35)	-	(35)	\$ (0.19)
Non-cash Amortization expense	-	-	298	298	-	(74)	224	-	224	\$ 1.24
Adjusted Results	\$ 9,677	\$ 2,982	\$ (1,339)	\$ 1,643	\$ (209)	\$ (358)	\$ 1,076	\$ (10)	\$ 1,066	\$ 5.92
Fully Diluted Shares Outstanding										179.5

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 2022 Actual Results									
	<u>Net Sales</u>	<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>Noncontrolling Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
Reported Results	\$ 2,306	\$ 652	\$ (405)	\$ 247	\$ (37)	\$ (51)	\$ 159	\$ (1)	\$ 158	\$ 0.86
Restructuring costs	-	31	1	32	-	(8)	24	-	24	\$ 0.14
Non-cash Amortization expense	-	-	73	73	-	(19)	54	-	54	\$ 0.30
Adjusted Results	\$ 2,306	\$ 683	\$ (331)	\$ 352	\$ (37)	\$ (78)	\$ 237	\$ (1)	\$ 236	\$ 1.30
Fully Diluted Shares Outstanding										<u>181.7</u>

Wabtec Corporation Reconciliation of Reported Results to Adjusted Results (in millions)	Fourth Quarter Year-to-Date 2022 Actual Results									
	<u>Net Sales</u>	<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>Noncontrolling Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
Reported Results	\$ 8,362	\$ 2,540	\$ (1,529)	\$ 1,011	\$ (157)	\$ (213)	\$ 641	\$ (8)	\$ 633	\$ 3.46
Restructuring costs	-	43	9	52	-	(13)	39	-	39	\$ 0.21
Non-cash Amortization expense	-	-	291	291	-	(73)	218	-	218	\$ 1.19
Adjusted Results	\$ 8,362	\$ 2,583	\$ (1,229)	\$ 1,354	\$ (157)	\$ (299)	\$ 898	\$ (8)	\$ 890	\$ 4.86
Fully Diluted Shares Outstanding										<u>182.8</u>

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 2023 Q4 EBITDA Reconciliation (in millions)										
	<u>Reported Income from Operations</u>	+	<u>Other Income (Expense)</u>	+	<u>Depreciation & Amortization</u>	= <u>EBITDA</u>	+	<u>Restructuring Costs</u>	=	<u>Adjusted EBITDA</u>
Consolidated Results	\$308		\$27		\$159	\$494		(\$18)		\$476

Wabtec Corporation 2023 Q4 YTD EBITDA Reconciliation (in millions)										
	<u>Reported Income from Operations</u>	+	<u>Other Income (Expense)</u>	+	<u>Depreciation & Amortization</u>	= <u>EBITDA</u>	+	<u>Restructuring Costs</u>	=	<u>Adjusted EBITDA</u>
Consolidated Results	\$1,266		\$44		\$526	\$1,836		\$6		\$1,842

Wabtec Corporation 2022 Q4 EBITDA Reconciliation (in millions)										
	<u>Reported Income from Operations</u>	+	<u>Other Income (Expense)</u>	+	<u>Depreciation & Amortization</u>	= <u>EBITDA</u>	+	<u>Restructuring Costs</u>	=	<u>Adjusted EBITDA</u>
Consolidated Results	\$247		\$14		\$119	\$380		\$29		\$409

Wabtec Corporation 2022 Q4 YTD EBITDA Reconciliation (in millions)										
	<u>Reported Income from Operations</u>	+	<u>Other Income (Expense)</u>	+	<u>Depreciation & Amortization</u>	= <u>EBITDA</u>	+	<u>Restructuring Costs</u>	=	<u>Adjusted EBITDA</u>
Consolidated Results	\$1,011		\$29		\$473	\$1,513		\$49		\$1,562

Sales by product line

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

<i><u>In millions</u></i>	Three Months Ended December 31,	
	<u>2023</u>	<u>2022</u>
Freight Segment		
Equipment	\$ 347	\$ 430
Components	283	241
Digital Intelligence	210	225
Services	958	773
Total Freight Segment	<u>\$ 1,798</u>	<u>\$ 1,669</u>
Transit Segment		
Original Equipment Manufacturer	\$ 326	\$ 280
Aftermarket	402	357
Total Transit Segment	<u>\$ 728</u>	<u>\$ 637</u>
<i><u>In millions</u></i>	Twelve Months Ended December 31,	
	<u>2023</u>	<u>2022</u>
Freight Segment		
Equipment	\$ 1,770	\$ 1,528
Components	1,157	936
Digital Intelligence	773	729
Services	3,262	2,819
Total Freight Segment	<u>\$ 6,962</u>	<u>\$ 6,012</u>
Transit Segment		
Original Equipment Manufacturer	\$ 1,235	\$ 1,095
Aftermarket	1,480	1,255
Total Transit Segment	<u>\$ 2,715</u>	<u>\$ 2,350</u>

Segment gross margin & operating margin reconciliation

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

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2023		2022		2023		2022	
<i>In millions</i>	Gross Profit	Income from Operations	Gross Profit	Income from Operations	Gross Profit	Income from Operations	Gross Profit	Income from Operations
Freight Segment Reported Results	\$ 558	\$ 246	\$ 482	\$ 209	\$ 2,190	\$ 1,071	\$ 1,896	\$ 864
<i>Freight Segment Reported Margin</i>	31.0%	13.7%	28.9%	12.5%	31.5%	15.4%	31.5%	14.4%
Restructuring and Portfolio Optimization costs	5	30	8	7	13	41	15	15
Non-cash Amortization expense	-	71	-	68	-	277	-	272
Freight Segment Adjusted Results	\$ 563	\$ 347	\$ 490	\$ 284	\$ 2,203	\$ 1,389	\$ 1,911	\$ 1,151
<i>Freight Segment Adjusted Margin</i>	31.3%	19.3%	29.4%	17.0%	31.6%	19.9%	31.8%	19.1%
Transit Segment Reported Results	\$ 206	\$ 86	\$ 170	\$ 63	\$ 754	\$ 289	\$ 644	\$ 231
<i>Transit Segment Reported Margin</i>	28.4%	11.9%	26.7%	9.9%	27.8%	10.7%	27.3%	9.8%
Restructuring costs	8	17	23	27	25	38	28	37
Non-cash Amortization expense	-	5	-	5	-	21	-	19
Transit Segment Adjusted Results	\$ 214	\$ 108	\$ 193	\$ 95	\$ 779	\$ 348	\$ 672	\$ 287
<i>Transit Segment Adjusted Margin</i>	29.4%	14.9%	30.3%	14.8%	28.7%	12.8%	28.6%	12.2%

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 2023 Q4 Cash Conversion Calculation (in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation & Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	\$686		\$217	\$160	182%

Wabtec Corporation 2023 Q4 YTD Cash Conversion Calculation (in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation & Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	\$1,201		\$825	\$531	89%

Wabtec Corporation 2022 Q4 Cash Conversion Calculation (in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation & Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	\$410		\$159	\$120	147%

Wabtec Corporation 2022 Q4 YTD Cash Conversion Calculation (in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation & Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	\$1,038		\$641	\$479	93%

Return on invested capital 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)				
		<u>2021</u>	<u>2022</u>	<u>2023</u>
<i>In millions</i>				
Income from operations	\$	876	\$ 1,011	\$ 1,266
Annual effective tax rate		23.2%	25.0%	24.5%
Net operating profit after tax	\$	<u>673</u>	\$ <u>758</u>	\$ <u>956</u>
Total debt		4,058	4,002	4,069
Operating lease liability		318	334	313
Wabtec equity		10,201	10,102	10,487
Noncontrolling interest		38	45	37
Allowance for doubtful accounts		32	28	31
Net pension liabilities		<u>48</u>	<u>33</u>	<u>40</u>
Total Invested Capital	\$	<u>14,695</u>	\$ <u>14,544</u>	\$ <u>14,977</u>
Return on Invested Capital		4.6%	5.2%	6.4%