



Wabtec 4th Quarter 2019

Financial Results & Company Highlights

February 18, 2020



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 acquisition by Wabtec of GE Transportation (the “GE Transportation merger”) and statements regarding Wabtec’s expectations about future sales and earnings. All statements, other than historical facts, including statements regarding the expected benefits of the GE Transportation merger, including anticipated synergy benefits and statements regarding Wabtec’s plans, objectives, expectations and intentions; legal, economic and regulatory 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 the GE Transportation merger; (2) uncertainty of Wabtec’s expected financial performance; (3) failure to realize the anticipated benefits of the GE Transportation merger, including as a result of integrating GE Transportation 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, 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; 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, 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 2020 financial guidance mention certain non-GAAP financial performance measures, including adjusted sales, adjusted operating margin, EBITDA, adjusted EBITDA, adjusted effective tax rate, adjusted income from operations, adjusted interest and other expense and adjusted earnings per diluted share. Wabtec defines EBITDA as income from operations plus depreciation and 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.

Executive summary

1.

Delivered strong financial results for 2019 despite North American freight market headwinds

- FY19 GAAP cash from operations of \$1.0B
- FY GAAP EPS of \$1.84; adjusted EPS of \$4.17
- 4Q GAAP and adjusted sales of \$2.4B
- GAAP income from ops of \$0.2B and adjusted income from ops of \$0.3B
- Ending backlog at \$22.4B, up 2% sequentially

2.

Integration on-track & synergies gaining momentum in 2020

- Achieved ~\$30M synergies in 2019 and affirm \$250M synergies to be achieved before 2022
- Expected to realize \$150M in net synergies in 2020

3.

2020 guidance ... stable revenue, margin expansion, strong cash generation

- Sales flat at ~\$8.7B
- Margin expansion of ~100bps
- Cash from operations at ~\$900M
- Announced \$500M share repurchase authorization

Strong results and outlook despite NA freight market challenges

Segment Dynamics

Freight

- North America carload volume down (7%) in 4Q'19 and (4%) for the FY19 ... expect 2020 to be flat to slightly down
- North America railcar deliveries at ~58K in 2019 ... expected to be ~40K in 2020
- Freight services, international and digital growth offsetting North America freight market softness
- Strong opportunities across international installed base ... Russia/CIS, Asia and India

Transit

- Steady growth in ridership and urbanization driven by shift to green initiatives
- Investment in rail systems across Europe & certain U.S. markets ... presenting unique opportunities for growth
- Increased infrastructure spending across emerging markets
- Firm multi-year backlog contributes to growth

Diversified portfolio yielding ability to manage market headwinds

4Q 2019 performance

	<u>Reported</u>	<u>Adjusted</u>	<u>Adjusted y/y</u>
Sales	\$2,368M	\$2,376M	113%
EBITDA	\$337M	\$424M	
Income from ops	\$226M	\$313M	122%
Profit margin	9.5%	13.2%	0.6 pts
EPS	\$0.71	\$1.04	
Cash from ops	\$448M		
Backlog	\$22.4B		

Freight	<u>Reported</u>	<u>Adjusted⁽¹⁾</u>	<u>Adjusted y/y</u>
Sales	\$1,667M	\$1,675M	297%
Income from ops	\$239M	\$270M	259%
Profit margin %	14.3%	16.1%	(1.7 pts)
Backlog	\$18.9B		

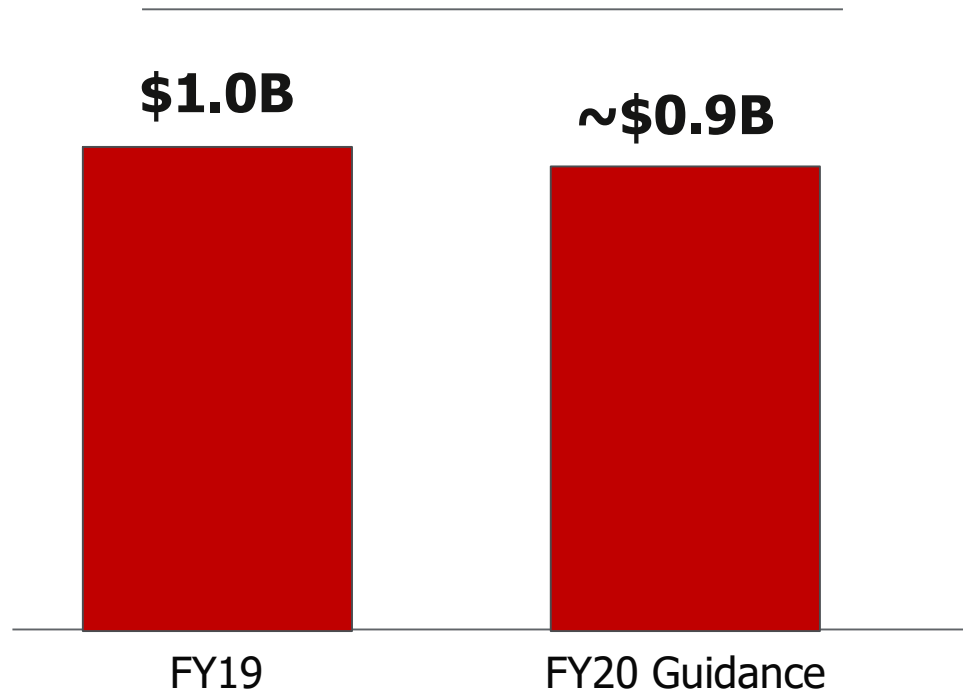
Transit	<u>Reported</u>	<u>Adjusted⁽²⁾</u>	<u>Adjusted y/y</u>
Sales	\$701M	\$701M	1%
Income from ops	\$39M	\$50M	(29%)
Profit margin %	5.6%	7.1%	(2.9 pts)
Backlog	\$3.5B		

(1) Freight Segment sales were adjusted by \$8 million due to policy harmonization; Income from operations was adjusted by \$31 million due to the policy harmonization, merger-related and restructuring expenses noted.

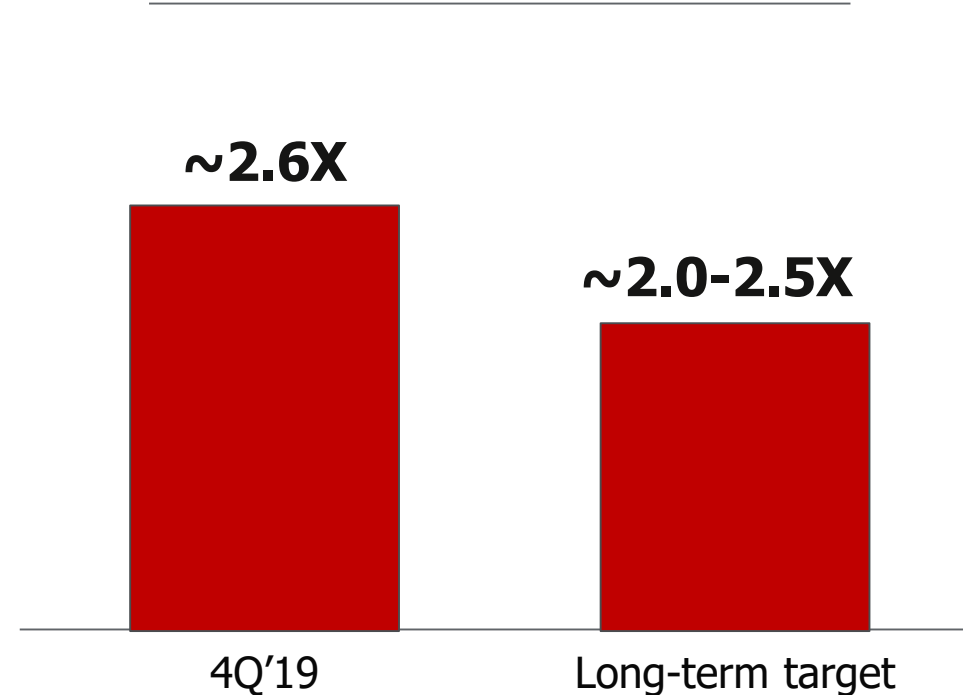
(2) Transit Segment income from operations was adjusted by \$11 million due to restructuring charges.

Liquidity & leverage

GAAP cash from ops



Net debt / Adj. EBITDA⁽¹⁾



Strong cash flow generation to de-lever the balance sheet ... long-term target leverage ~2-2.5X

1) Wabtec uses a leverage ratio of Net Debt to Adj. EBITDA for purposes of tracking compliance with the covenants in our Credit Agreement, which requires Wabtec to comply with a leverage ratio based on substantially similar performance metrics. Management uses this specific performance metric to measure Wabtec's reduction in debt and other balance sheet liabilities and to assist in the appropriate allocation of capital. Net debt is defined as total debt less unrestricted cash and cash equivalents. See the reconciliations included in the Appendix for this presentation for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure.

2019 pro-forma results⁽¹⁾

(\$ in billions, except per share amounts)

	FY19 GAAP⁽²⁾	FY19 non GAAP	<i>Policy harmonization⁽³⁾</i>	<i>Partial year pro-forma⁽⁴⁾</i>	<i>Recurring PPA⁽⁵⁾</i>	FY19 pro-forma	FY20 adj. guidance
Revenue	\$8.2	\$8.3	<i>\$(0.1)</i>	<i>\$0.5</i>	-	\$8.7	\$8.7
Income from Operations	\$0.7	\$1.2	<i>\$(0.1)</i>	<i>\$(0.1)</i>	<i>\$0.3</i>	\$1.3	\$1.4
EBITDA	\$1.1	\$1.6	<i>\$(0.1)</i>	<i>\$(0.0)</i>	-	\$1.5	\$1.6
Cash from Operations	\$1.0	\$1.1	-	<i>\$(0.3)</i>	-	\$0.8	\$0.9
EPS (177M shares)	\$1.84	\$4.17	<i>\$(0.39)</i>	<i>\$(0.37)</i>	<i>\$1.19</i>	\$4.60	N/A
EPS (192M shares)	\$1.70	\$3.86	<i>\$(0.36)</i>	<i>\$(0.34)</i>	<i>\$1.10</i>	\$4.26	\$4.50-\$4.80

(1) FY 2019 pro forma financial results give effect to the GE Transportation merger as if it had occurred on January 1, 2019. The FY 2019 pro forma financial results are not presented in accordance with Article 11 of Regulation S-X, and are presented here for illustrative purposes only and are not indicative of the results of operations that would have actually occurred had the GE Transportation merger occurred on January 1, 2019.

(2) The GE Transportation merger closed on Feb. 25, 2019. Accordingly, Wabtec's FY 2019 results do not include results attributable to the merger of GE Transportation for January and February of 2019.

(3) Represents the impact of non-cash accounting policy harmonization, which is included in GAAP results; policy harmonization will no longer be treated as a non-GAAP addback in 2020 results.

(4) Represents 2 months of GE Transportation performance, interest expense, additional amortization and PP&E expenses, and impact from intercompany sales

(5) This represents intangible amortization amounts which will be excluded from non-GAAP EPS calculations.



2020 guidance

Sales

GAAP: ~\$8.7B

Income from Operations

GAAP: ~\$1.1B

Adjusted: ~\$1.4B

EBITDA

~\$1.6B

EPS

GAAP: \$3.20 to \$3.50

Adjusted: \$4.50 to \$4.80

Cash from operations

GAAP: ~\$900M

- SG&A ~\$1.1B
- Depreciation ~\$180M
- Amortization ~\$280M
- Interest ~\$50M per quarter
- Tax rate at ~25.5%
- Capex of ~\$200M
- Shares outstanding ~192M
- Adjusted EPS guidance excludes ~\$1.10 after-tax EPS impact from non-cash recurring PPA charges

Well-positioned to deliver through the cycle

Focused strategy, positioned for long-term growth

- Solid 4th quarter performance ... well positioned to deliver on 2020 financial guidance
- Significant installed base across Freight and Transit ... resilient business model
- Cost reductions on track ... making great progress to meet synergy target of \$250M before 2022
- Strong cash generation ... 2020 GAAP cash flow guidance of ~\$900M which includes \$100M of prior year restructuring, transaction and litigation outflows
- Issued GAAP EPS guidance to between \$3.20 to \$3.50 and adjusted EPS guidance to between \$4.50 to \$4.80

Globally diverse business model provides strong foundation for long-term growth



WABTEC
2020 **INVESTOR
CONFERENCE**

SAVE THE DATE

March 10, 2020

**New York Stock Exchange
11 Wall Street, New York**

Questions?



Appendix

Income statement

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2019 AND 2018
(AMOUNTS IN MILLIONS EXCEPT PER SHARE DATA)
(UNAUDITED)

Appendix A (1 of 2)

	Fourth Quarter <u>2019</u>	Fourth Quarter <u>2018</u>	For the Twelve Months <u>2019</u>	For the Twelve Months <u>2018</u>
Net sales	\$ 2,368.4	\$ 1,117.8	\$ 8,200.0	\$ 4,363.5
Cost of sales	<u>(1,693.5)</u>	<u>(820.8)</u>	<u>(5,922.0)</u>	<u>(3,129.6)</u>
Gross profit	674.9	297.0	2,278.0	1,233.9
<i>Gross profit as a % of Net Sales</i>	28.5%	26.6%	27.8%	28.3%
Selling, general and administrative expenses	(323.7)	(168.0)	(1,166.6)	(633.2)
Engineering expenses	(59.6)	(25.9)	(209.9)	(87.5)
Amortization expense	<u>(65.5)</u>	<u>(9.7)</u>	<u>(238.4)</u>	<u>(39.8)</u>
Total operating expenses	(448.8)	(203.6)	(1,614.9)	(760.5)
<i>Operating expenses as a % of Net Sales</i>	18.9%	18.2%	19.7%	17.4%
Income from operations	226.1	93.4	663.1	473.4
<i>Income from operations as a % of Net Sales</i>	9.5%	8.4%	8.1%	10.8%
Interest expense, net	(58.3)	(36.3)	(219.1)	(112.2)
Other income (expense), net	6.9	0.4	2.8	6.4
Income from operations before income taxes	<u>174.7</u>	<u>57.5</u>	<u>446.8</u>	<u>367.6</u>
Income tax expense	(37.7)	(22.7)	(120.3)	(75.9)
<i>Effective tax rate</i>	21.6%	39.5%	26.9%	20.6%
Net income	137.0	34.8	326.5	291.7
Less: Net (income) loss attributable to noncontrolling interest	<u>(1.3)</u>	<u>(0.5)</u>	<u>0.2</u>	<u>3.2</u>
Net income attributable to Wabtec shareholders	<u>\$ 135.7</u>	<u>\$ 34.3</u>	<u>\$ 326.7</u>	<u>\$ 294.9</u>
Earnings Per Common Share				
Basic				
Net income attributable to Wabtec shareholders	<u>\$ 0.71</u>	<u>\$ 0.36</u>	<u>\$ 1.91</u>	<u>\$ 3.06</u>
Diluted				
Net income attributable to Wabtec shareholders	<u>\$ 0.71</u>	<u>\$ 0.35</u>	<u>\$ 1.84</u>	<u>\$ 3.05</u>
Basic	<u>191.1</u>	<u>96.3</u>	<u>170.5</u>	<u>96.0</u>
Diluted	<u>191.6</u>	<u>96.7</u>	<u>177.3</u>	<u>96.5</u>

Income statement (cont.)

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2019 AND 2018
(AMOUNTS IN MILLIONS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Fourth Quarter <u>2019</u>	Fourth Quarter <u>2018</u>	For the Twelve Months <u>2019</u>	For the Twelve Months <u>2018</u>
Segment Information				
Freight Net Sales	\$ 1,667.1	\$ 421.6	\$ 5,441.4	\$ 1,766.4
Freight Income from Operations	\$ 239.2	\$ 75.2	\$ 642.9	\$ 334.3
Freight Operating Margin	14.3%	17.8%	11.8%	18.9%
Transit Net Sales	\$ 701.3	\$ 696.2	\$ 2,758.6	\$ 2,597.1
Transit Income from Operations	\$ 39.0	\$ 36.4	\$ 214.4	\$ 192.5
Transit Operating Margin	5.6%	5.2%	7.8%	7.4%
Backlog Information (Note: 12-month is a sub-set of total)				
	<u>December 31, 2019</u>	<u>September 30, 2019</u>		
Freight Total	\$ 18,945.3	\$ 18,571.5		
Transit Total	3,486.4	3,359.0		
Wabtec Total	<u>\$ 22,431.7</u>	<u>\$ 21,930.5</u>		
Freight 12-Month	\$ 3,911.0	\$ 4,133.3		
Transit 12-Month	1,692.8	1,594.0		
Wabtec 12-Month	<u>\$ 5,603.8</u>	<u>\$ 5,727.3</u>		

Balance sheet

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<i><u>In millions</u></i>		
Cash and cash equivalents	\$ 604.2	\$ 580.9
Restricted cash	-	1,761.4
Receivables, net	1,663.9	1,146.8
Inventories	1,773.1	844.9
Current assets - other	<u>150.9</u>	<u>115.6</u>
Total current assets	4,192.1	4,449.6
Property, plant and equipment, net	1,655.8	563.8
Goodwill	8,360.6	2,396.5
Other intangibles, net	4,104.0	1,129.9
Other long term assets	<u>573.7</u>	<u>109.4</u>
Total assets	<u>\$ 18,886.2</u>	<u>\$ 8,649.2</u>
Current liabilities	\$ 3,258.0	\$ 1,646.6
Long-term debt	4,333.6	3,792.8
Long-term liabilities - other	<u>1,301.0</u>	<u>340.7</u>
Total liabilities	8,892.6	5,780.1
Shareholders' equity	9,956.5	2,865.2
Non-controlling interest	<u>37.1</u>	<u>3.9</u>
Total shareholders' equity	<u>9,993.6</u>	<u>2,869.1</u>
Total Liabilities and Shareholders' Equity	<u>\$ 18,886.2</u>	<u>\$ 8,649.2</u>

Cash flow

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

	Twelve Months Ended December 31,	
	<u>2019</u>	<u>2018</u>
<i><u>In millions</u></i>		
Net cash provided by operating activities	\$ 1,015.5	\$ 314.7
Net cash used for investing activities	(3,177.8)	(147.3)
Net cash provided by financing activities	461.5	1,978.1
Effect of changes in currency exchange rates	<u>(37.3)</u>	<u>(36.6)</u>
(Decrease) increase in cash	(1,738.1)	2,108.9
Cash, cash equivalents, and restricted cash, beginning of period	<u>2,342.3</u>	<u>233.4</u>
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 604.2</u>	<u>\$ 2,342.3</u>

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 2019 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>Minority Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
Reported Results	\$ 2,368.4	\$ 674.9	\$ (448.8)	\$ 226.1	\$ (51.4)	\$ (37.7)	\$ 137.0	\$ (1.3)	\$ 135.7	\$ 0.71
Restructuring, Transaction, & Litigation costs	-	9.9	61.1	71.0	3.5	(18.0)	56.5	-	56.5	\$ 0.29
Policy Harmonization	8.0	6.6	9.0	15.6	-	(3.8)	11.8	-	11.8	\$ 0.06
Tax on Transaction Costs	-	-	-	-	-	(3.5)	(3.5)	-	(3.5)	\$ (0.02)
Adjusted Results	\$ 2,376.4	\$ 691.4	\$ (378.7)	\$ 312.7	\$ (47.9)	\$ (63.0)	\$ 201.8	\$ (1.3)	\$ 200.5	\$ 1.04
Fully Diluted Shares Outstanding										191.6

Wabtec Corporation										
Reconciliation of Reported Results to Adjusted Results										
(in millions)										
Year-to-Date 2019 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>Minority Interest</u>	<u>Wabtec Net Income</u>	<u>EPS</u>
Reported Results	\$ 8,200.0	\$ 2,278.0	\$ (1,614.9)	\$ 663.1	\$ (216.3)	\$ (120.3)	\$ 326.5	\$ 0.2	\$ 326.7	\$ 1.84
Restructuring, Transaction, & Litigation costs	-	38.3	191.5	229.8	25.0	(61.6)	193.2	-	193.2	\$ 1.08
One-time PPA	-	185.0	-	185.0	-	(44.8)	140.2	-	140.2	\$ 0.79
Policy Harmonization	123.0	65.6	26.0	91.6	-	(22.2)	69.4	-	69.4	\$ 0.39
Tax on Transaction Costs	-	-	-	-	-	12.5	12.5	-	12.5	\$ 0.07
Adjusted Results	\$ 8,323.0	\$ 2,566.9	\$ (1,397.4)	\$ 1,169.5	\$ (191.3)	\$ (236.4)	\$ 741.8	\$ 0.2	\$ 742.0	\$ 4.17
Fully Diluted Shares Outstanding										177.3

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				
2019 Q4 EBITDA Reconciliation				
(in millions)				
	<u>Income from</u> <u>Operations</u>	<u>Depreciation</u>	<u>Amortization</u>	EBITDA (Income from Operations plus Depreciation & Amortization)
Consolidated Q4 Actual As Reported	\$ 226.1	\$ 45.3	\$ 65.5	\$ 336.9
Restructuring, Transaction, & Litigation costs	71.0	-	-	71.0
One-time PPA Charges	-	-	-	-
Policy Harmonization	15.6	-	-	15.6
Adjusted Results	\$ 312.7	\$ 45.3	\$ 65.5	\$ 423.5

Wabtec Corporation				
2019 YTD EBITDA Reconciliation				
(in millions)				
	<u>Income from</u> <u>Operations</u>	<u>Depreciation</u>	<u>Amortization</u>	EBITDA (Income from Operations plus Depreciation & Amortization)
Consolidated YTD Actual As Reported	\$ 663.1	\$ 157.8	\$ 238.4	\$ 1,059.3
Restructuring, Transaction, & Litigation costs	229.8	-	-	229.8
One-time PPA Charges	185.0	-	-	185.0
Policy Harmonization	91.6	-	-	91.6
Adjusted Results	\$ 1,169.5	\$ 157.8	\$ 238.4	\$ 1,565.7

Product Lines

Freight segment

Transit segment



Equipment

Services

Components

Digital & Electronics

Transit

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
NET SALES BY PRODUCT LINE

Appendix F

<i>In millions</i>					
	<u>First Quarter</u>	<u>Second Quarter</u>	2019 <u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Full Year</u>
Freight Segment					
Equipment	\$ 267.1	\$ 531.3	\$ 263.3	\$ 638.0	\$ 1,699.7
Components	295.2	279.5	248.7	250.1	1,073.5
Digital Electronics	121.8	159.0	185.5	210.8	677.1
Services	<u>231.4</u>	<u>556.5</u>	<u>635.0</u>	<u>568.2</u>	<u>1,991.1</u>
<i>Total Freight Segment</i>	915.5	1,526.3	1,332.5	1,667.1	5,441.4
Transit Segment					
Original Equipment Manufacturer	327.3	335.7	309.8	313.8	1,286.6
Aftermarket	<u>350.8</u>	<u>374.3</u>	<u>359.4</u>	<u>387.5</u>	<u>1,472.0</u>
<i>Total Transit Segment</i>	678.1	710.0	669.2	701.3	2,758.6

	<u>First Quarter</u>	<u>Second Quarter</u>	2018 <u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Full Year</u>
Freight Segment					
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Components	294.2	302.1	290.5	282.3	1,169.1
Digital Electronics	110.2	130.3	126.0	107.6	474.1
Services	<u>30.2</u>	<u>30.4</u>	<u>30.9</u>	<u>31.7</u>	<u>123.2</u>
<i>Total Freight Segment</i>	434.6	462.8	447.4	421.6	1,766.4
Transit Segment					
Original Equipment Manufacturer	272.8	298.9	300.0	322.3	1,194.0
Aftermarket	<u>348.8</u>	<u>350.0</u>	<u>330.4</u>	<u>373.9</u>	<u>1,403.1</u>
<i>Total Transit Segment</i>	621.6	648.9	630.4	696.2	2,597.1

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
SEGMENT FINANCIAL INFORMATION

Initiatives to integrate GE Transportation operations into Wabtec including recent restructuring programs announced in late 2019 resulted in changes to the Company's organizational structure and the financial reporting utilized by the Company's chief operating decision maker to assess performance and allocate resources; as a result, certain asset groups were reorganized from Freight to Transit and vice versa. The composition of the Company's reportable segments was changed effective in the fourth quarter of 2019. The changes to the asset groups comprising the Freight and Transit segments have been reflected through retrospective revision of prior period segment information.

<u><i>In millions</i></u>	2019 - Freight Segment				
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Full Year</u>
Net sales	\$ 915.5	\$ 1,526.3	\$ 1,332.5	\$ 1,667.1	\$ 5,441.4
Cost of sales	<u>(700.5)</u>	<u>(1,101.4)</u>	<u>(905.2)</u>	<u>(1,152.9)</u>	<u>(3,860.0)</u>
Gross profit (\$)	215.0	424.9	427.3	514.2	1,581.4
Gross profit (%)	23.5%	27.8%	32.1%	30.8%	29.1%
Operating expense	<u>(134.1)</u>	<u>(257.4)</u>	<u>(272.0)</u>	<u>(275.0)</u>	<u>(938.5)</u>
Income from operations (\$)	80.9	167.5	155.3	239.2	642.9
Income from operations (%)	8.8%	11.0%	11.7%	14.3%	11.8%

	2018 - Freight Segment				
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Full Year</u>
Net sales	\$ 434.6	\$ 462.8	\$ 447.4	\$ 421.6	\$ 1,766.4
Cost of sales	<u>(294.6)</u>	<u>(313.6)</u>	<u>(303.1)</u>	<u>(288.5)</u>	<u>(1,199.8)</u>
Gross profit (\$)	140.0	149.2	144.3	133.1	566.6
Gross profit (%)	32.2%	32.2%	32.3%	31.6%	32.1%
Operating expense	<u>(58.6)</u>	<u>(57.9)</u>	<u>(57.9)</u>	<u>(57.9)</u>	<u>(232.3)</u>
Income from operations (\$)	81.4	91.3	86.4	75.2	334.3
Income from operations (%)	18.7%	19.7%	19.3%	17.8%	18.9%

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
SEGMENT FINANCIAL INFORMATION

Initiatives to integrate GE Transportation operations into Wabtec including recent restructuring programs announced in late 2019 resulted in changes to the Company's organizational structure and the financial reporting utilized by the Company's chief operating decision maker to assess performance and allocate resources; as a result, certain asset groups were reorganized from Freight to Transit and vice versa. The composition of the Company's reportable segments was changed effective in the fourth quarter of 2019. The changes to the asset groups comprising the Freight and Transit segments have been reflected through retrospective revision of prior period segment information.

<i>In millions</i>	2019 - Transit Segment				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net sales	\$ 678.1	\$ 710.0	\$ 669.2	\$ 701.3	\$ 2,758.6
Cost of sales	<u>(504.1)</u>	<u>(520.2)</u>	<u>(497.1)</u>	<u>(540.6)</u>	<u>(2,062.0)</u>
Gross profit (\$)	174.0	189.8	172.1	160.7	696.6
Gross profit (%)	25.7%	26.7%	25.7%	22.9%	25.3%
Operating expense	<u>(114.1)</u>	<u>(127.2)</u>	<u>(119.2)</u>	<u>(121.7)</u>	<u>(482.2)</u>
Income from operations (\$)	59.9	62.6	52.9	39.0	214.4
Income from operations (%)	8.8%	8.8%	7.9%	5.6%	7.8%

	2018 - Transit Segment				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net sales	\$ 621.6	\$ 648.9	\$ 630.4	\$ 696.2	\$ 2,597.1
Cost of sales	<u>(450.7)</u>	<u>(474.1)</u>	<u>(472.7)</u>	<u>(532.3)</u>	<u>(1,929.8)</u>
Gross profit (\$)	170.9	174.8	157.7	163.9	667.3
Gross profit (%)	27.5%	26.9%	25.0%	23.5%	25.7%
Operating expense	<u>(112.4)</u>	<u>(126.8)</u>	<u>(108.1)</u>	<u>(127.5)</u>	<u>(474.8)</u>
Income from operations (\$)	58.5	48.0	49.6	36.4	192.5
Income from operations (%)	9.4%	7.4%	7.9%	5.2%	7.4%