

WABTEC CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Second Quarter <u>2017</u>	Second Quarter <u>2016</u>	For the Six Months <u>2017</u>	For the Six Months <u>2016</u>
Net sales	\$ 932,253	\$ 723,601	\$ 1,848,287	\$ 1,495,632
Cost of sales	<u>(658,290)</u>	<u>(486,212)</u>	<u>(1,304,617)</u>	<u>(1,003,063)</u>
Gross profit	273,963	237,389	543,670	492,569
<i>Gross profit as a % of Net Sales</i>	29.4%	32.8%	29.4%	32.9%
Selling, general and administrative expenses	(127,574)	(80,610)	(249,915)	(170,361)
Engineering expenses	(23,338)	(18,029)	(46,802)	(35,982)
Amortization expense	<u>(9,350)</u>	<u>(5,466)</u>	<u>(18,394)</u>	<u>(10,761)</u>
Total operating expenses	(160,262)	(104,105)	(315,111)	(217,104)
<i>Operating expenses as a % of Net Sales</i>	17.2%	14.4%	17.0%	14.5%
Income from operations	113,701	133,284	228,559	275,465
<i>Income from operations as a % of Net Sales</i>	12.2%	18.4%	12.4%	18.4%
Interest expense, net	(15,420)	(4,969)	(33,132)	(9,840)
Other income (expense), net	<u>(1,552)</u>	<u>(1,229)</u>	<u>767</u>	<u>(1,075)</u>
Income from operations before income taxes	96,729	127,086	196,194	264,550
Income tax expense	<u>(24,569)</u>	<u>(36,601)</u>	<u>(52,030)</u>	<u>(79,902)</u>
<i>Effective tax rate</i>	25.4%	28.8%	26.5%	30.2%
Net Income	72,160	90,485	144,164	184,648
Less: Net (gain) loss attributable to noncontrolling interest	<u>(135)</u>	<u>-</u>	<u>1,750</u>	<u>-</u>
Net income attributable to Wabtec shareholders	<u>\$ 72,025</u>	<u>\$ 90,485</u>	<u>\$ 145,914</u>	<u>\$ 184,648</u>
Earnings Per Common Share				
Basic				
Net income attributable to Wabtec shareholders	<u>\$ 0.75</u>	<u>\$ 1.00</u>	<u>\$ 1.52</u>	<u>\$ 2.03</u>
Diluted				
Net income attributable to Wabtec shareholders	<u>\$ 0.75</u>	<u>\$ 1.00</u>	<u>\$ 1.52</u>	<u>\$ 2.02</u>
Weighted average shares outstanding				
Basic	<u>95,641</u>	<u>89,846</u>	<u>95,370</u>	<u>90,832</u>
Diluted	<u>96,284</u>	<u>90,559</u>	<u>96,071</u>	<u>91,628</u>
Net Sales by Segment				
Freight Group	\$ 344,828	\$ 397,067	\$ 692,774	\$ 839,736
Transit Group	<u>587,425</u>	<u>326,534</u>	<u>1,155,513</u>	<u>655,896</u>
Total	<u>\$ 932,253</u>	<u>\$ 723,601</u>	<u>\$ 1,848,287</u>	<u>\$ 1,495,632</u>