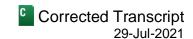


29-Jul-2021

Westinghouse Air Brake Technologies Corp. (WAB)

Q2 2021 Earnings Call





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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the Wabtec's Second Quarter 2021 Earnings Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Kristine Kubacki, Vice President of Investor Relations. Please go ahead.

Kristine Kubacki

Vice President-Investor Relations, Westinghouse Air Brake Technologies Corp.

Thank you, operator. Good morning, everyone, and welcome to Wabtec's second quarter 2021 earnings call. With us today are President and CEO, Rafael Santana; CFO, Pat Dugan; Chief Technology Officer, Eric Gebhardt; and Senior VP of Finance, John Mastalerz.

Today's slide presentation, along with our earnings release, financial disclosures, were posted on our website earlier today, and they can be accessed on our Investor Relations tab on wabteccorp.com. Some statements we're making today are forward-looking and based on our best view of the world and our business today. For more detailed risks, uncertainties and assumptions relating to our forward-looking statements, please see the disclosures in our earnings release and presentations. We will also discuss non-GAAP financial metrics and encourage you to read our disclosures and reconciliation tables carefully as you consider these metrics.

I will now turn the call over to Rafael.

Rafael O. Santana

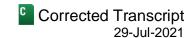
President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Thanks, Kristine, and good morning, everyone. Let's begin on slide 4. We delivered a strong second quarter, as noted by our sales growth, adjusted margin and adjusted earnings per share, each of which were up sequentially and year-over-year. Total sales for the quarter were \$2 billion, driven by growing demand in Freight Services, Components and Transit, but offset by weakness in the North America OE end market.

Adjusted operating margin was 15.2%, driven by ongoing lean initiatives, cost actions and the realization of synergies. Total cash flow from operations was \$223 million. This takes the year-to-date cash from operations to \$515 million versus \$229 million a year ago. It's a solid illustration of how the team is driving good operational performance and focused working capital management. Cash conversion for the year is over 100%.

Our year-to-date book-to-bill continues to be a positive story. We ended the first half of the year greater than 1, and we have a strong order pipeline for international locomotives. Total backlog at the end of the quarter was \$21.5 billion, providing strong visibility into 2021 and beyond.

Finally, we ended second quarter with adjusted EPS of \$1.06, up 22% year-over-year. In the area of synergies, we are on track to achieve our full run rate of \$250 million this year and we are feeling the benefits of our footprint consolidation and aggressive actions on structural cost. So, overall, really strong execution by the team as we continue to deliver on our long-term strategy.



I'm confident that with strong execution, focused cost measures, our teams' drive on productivity and continued improvements in our end markets, we will continue to deliver long-term profitable growth.

Now, let's turn into slide 5, to discuss a few of our recent business highlights, starting with a strategic partnership we recently announced with CSX. CSX will be the first railroad to implement Wabtec's Trip Optimizer Zero-to-Zero solution, which will allow them to start a train from zero miles per hour and stop it automatically using various controls. Zero-to-Zero builds on Trip Optimizer's proven performance and is an important building block to autonomous rail and a critical component of energy management, which Eric will cover shortly.

We're also partnering with them to revitalize their yard fleet through an innovative tier 4 switcher modernization program, where we overhaul switchers to the latest Wabtec Tier 4 platform. Additionally, we're working with them to modernize their locomotive fleet with our FDL Advantage engine upgrade, which delivers another 5% reduction in fuel consumption. Some great examples of partnership and innovation at work.

On the international front, commercial activity is increasing with multiyear orders in equipment, digital electronics and transit. In the second quarter, we closed a significant order for Positive Train Control with Rumo and we're now implementing PTC in three countries outside the US. In addition, we won a key international locomotive deal in South America and a significant Transit contract with [ph] Matra (00:05:59) in North America.

Finally, when it comes to innovation and going after opportunities that can enhance our current portfolio, we announced a strategic partnership with General Motors, where we're exploring the use of battery and hydrogen fuel cell technologies to accelerate the rail industry's path to zero-emission locomotives. This is an exciting space, one where strategic collaboration and investment will accelerate the path to more sustainable rail. Eric will share more on this in a moment.

It's because of this breakthrough advancements and a commitment to innovation that Wabtec was named to Fast Company's Most Innovative Companies in 2021 in recognition of our commitment to solve some of the world's toughest challenges in the transportation sector.

It's also because of our proven commitment to innovation that we were able to further strengthen our financial position in the second quarter with a successful €500 million green bond offering to fund investments that will continue to advance sustainable rail. Looking forward, we are confident Wabtec will drive long-term profitable growth and lead the industry in advancing its position in sustainable rail even further.

With that, I'll turn the call over to Pat, who will review the quarter and segment performance and our overall financial position.

Patrick David Dugan

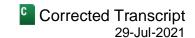
Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.

Thanks, Rafael, and good morning, everyone. We had solid operational and financial performance during the quarter. As markets continue to gradually recover, we demonstrated our ability to deliver on synergies, to generate strong cash flow and to invest in the future and position Wabtec for profitable growth.

Turning to slide 6, I'll review the second quarter in more detail. Sales for the second quarter were \$2 billion, which reflects a 16% increase versus the prior year, driven by a broad-based recovery across our portfolio, offset somewhat by lower North America OE freight markets.

Westinghouse Air Brake Technologies Corp. (WAB)

Q2 2021 Earnings Call



For the quarter, operating income was \$203 million and adjusted operating income was \$306 million, which was up 17% year-over-year. Adjusted operating income excluded pre-tax expenses of \$103 million, of which \$73 million was for non-cash amortization and \$30 million for restructuring, of which the majority was for our UK operations and transaction costs related to the acquisition of Nordco.

Adjusted operating margin was 10 basis points higher than the second quarter last year and up from the first quarter. Versus last year, adjusted operating margin benefited from higher sales and the realization of synergies.

Now, looking at some of the detailed line items for the second quarter, adjusted SG&A was \$254 million, which was 12.6% of sales. This was up from last year due to the normalization of certain expenses compared to the temporary cost actions taken during the depth of the pandemic a year ago. Adjusted SG&A excludes \$9 million of restructuring and transaction expenses.

For the full year, we expect adjusted SG&A to be about 12% of sales. We will continue to aggressively manage head count and structural costs. Engineering expense increased from last year. This was largely due to higher volume outlook for the year. Overall, our investment in technology is still expected to be about 6% to 7% of sales.

Amortization expense was \$73 million. For 2021, we expect non-cash amortization expense to be about \$290 million and depreciation expense of about \$205 million. Our adjusted effective tax rate during the quarter was 25.3%, bringing our year-to-date adjusted effective tax rate to be about 26.3%. For the full year, we still expect an effective tax rate of about 26%. In the second quarter, GAAP earnings per diluted share were \$0.66 and adjusted earnings per diluted share were \$1.06.

Now, let's take a look at the segment results on slide 7. Across the Freight segment, total sales increased 11% from last year to \$1.3 billion, primarily driven by strong growth in services and aftermarket and higher demand for components. In terms of product lines, Equipment sales were down 2% year-over-year due to fewer locomotive deliveries in North America.

In line with improving freight traffic, our services sales improved a solid 22% versus last year and were up 11% sequentially. The year-over-year increase was largely driven by strong modernization deliveries, higher aftermarket sales from the unparking of locomotives and the acquisition of Nordco. I'd note the timing of mod deliveries vary from quarter to quarter, but we expect our services sales to improve with the gradual recovery in freight volumes.

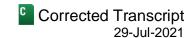
Digital Electronics sales were down 2% year-over-year as orders shifted to the right in North America due to COVID disruption. Yet, we had strong momentum with book-to-bill over 1 for the third quarter in a row. We continue to see a significant pipeline of opportunities in our Digital Electronics product line as customers globally focus on safety and improved productivity.

Components sales were up 15% year-over-year, driven by demand for railcar components and recovery in industrial end markets. This is compared to a 19% lower railcar build year-over-year. Demonstrating the diversification within our Components business, we are encouraged by railcars continuing to come out of storage, higher order rates for new railcars and the broad recovery in industrial end markets.

Freight segment adjusted operating income was \$247 million for an adjusted margin of 18.5%. Versus last year, the benefit of synergies and cost actions were offset by sales mix as well as under-absorption due to lower locomotive deliveries. We will continue to execute on our synergy plans and further improve cost to drive margin improvement.

Westinghouse Air Brake Technologies Corp. (WAB)

Q2 2021 Earnings Call



Turning to slide 8. Across our Transit segment, sales increased 27% year-over-year to \$680 million, driven largely by recovery in OE projects and steady aftermarket sales. OE sales were up 41% year-over-year as the second quarter 2020 was severely impacted by disruptions stemming from the pandemic. OE sales were also up 12% sequentially, reflecting the continued momentum for investments in green infrastructure. Aftermarket sales were up about 17% from last year. We expect aftermarket sales to improve for the full year as economies continue to open and demand for transit services increase globally.

Adjusted segment operating income was \$73 million, which was up 43% year-over-year for an adjusted operating margin of 10.8%, which is slightly down from the first quarter due to a charge for a discrete warranty adjustment of over \$5 million. Across the segment, we continue to drive down cost and improve our project execution. We are committed to drive 100 basis points of margin improvement for the segment in 2021.

Now, turning to slide 9, we wanted to provide a more detailed look at our 12-month and multiyear backlog. We had another solid performance with total orders for the year exceeding \$4 billion, resulting in a book-to-bill for the year above 1. Orders can be lumpy quarter to quarter, but we are encouraged to see a broad-based momentum across the portfolio.

Our Freight segment backlog remained strong at \$17.8 billion with year-to-date book-to-bill above 1, driven by broad-based order activity across the portfolio. Our 12-month backlog of \$4.1 billion is the highest since the third quarter of 2019, a result of improving end markets. We continue to see a robust pipeline of order opportunities, especially in international end markets.

Our Transit segment backlog ended the quarter at \$3.7 billion with a 12-month backlog of \$1.7 billion. We did see some projects push to the right as a result of ongoing disruption due to the pandemic, yet our outlook remains strong as sustainable infrastructure spending increases globally. And finally, at June 30, our multiyear backlog remained strong at \$21.5 billion and continues to provide increasing forward visibility.

Let's turn to our financial position on slide 10. We had another solid quarter of cash generation. We generated \$223 million of operating cash flow during the quarter, bringing year-to-date cash flow generated over \$0.5 billion. Our performance clearly demonstrates the quality of our business portfolio. Cash flow was driven largely by good conversion of net income and focused working capital management.

During the quarter, total CapEx was \$29 million. In 2021, we expect CapEx to be about \$140 million. During the quarter, we successfully completed a €500 million green bond offering and paid down nearly \$200 million in debt during the quarter. As a result, our adjusted net leverage ratio at the end of the second quarter was 2.6 times and our liquidity is robust at about \$1.7 billion.

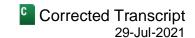
As you can see in these results, our balance sheet remained strong and we are confident we can continue to drive solid cash generation, giving us the liquidity and flexibility to allocate capital towards the highest return opportunities and grow shareholder value.

With that, I will turn the call back over to Rafael.

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Thanks, Pat. And shifting our focus to markets on slide 11, we are continuing to see good signs of recovery. While the trough in the OE North America market remains, we are seeing sequential improvement in freight rail



volumes. Total carloads were up 3% from first quarter and up 20% year-over-year. We're also seeing strong trends in intermodal, along with a pickup in the industrial sector in areas like chemicals and metals.

Locomotive parkings continue to improve due to increased freight rail traffic and we expect demand for reliability and productivity to increase, putting our services business in a position of strength. When it comes to North America railcar builds, railcars are coming back into use and about 22% of the North American railcar fleet remains in storage, but this is encouragingly below pre-COVID levels.

As a result, industry orders for new railcars are starting to improve, and we forecast the railcar build for this year to be about 30,000 cars. Internationally, our order pipeline remained strong, and we expect long-term revenue growth in several markets. In mining, market conditions also continue to improve.

Transitioning to the transit sector, ridership remains a bit uneven in some markets. But overall, the long-term market drivers for passenger transport remain strong. Infrastructure spending for green initiatives continue to be a focus, especially as governments globally turn to rail for clean, safe and efficient transport.

Given this market backdrop, our strong performance in the first half and our confidence in our ability to deliver, we are raising our full year revenue and earnings per share guidance. We now expect sales of \$7.9 billion to \$8.2 billion and adjusted EPS to be between \$4.15 to \$4.35. We expect cash flow conversion to remain greater than 90%, resulting in a strong cash generation of about \$1 billion for the full year. So overall, positive signs of recovery, great execution by the team in the first half and a meaningful update to our full year view as we manage through the continued recovery.

With that, I'd like to turn the call over to Eric Gebhardt.

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Eric Gebhardt

Executive Vice President and Chief Technology Officer, Westinghouse Air Brake Technologies Corp.

Thanks, Rafael, and good morning, everyone. I'm Eric Gebhardt, Chief Technology Officer for Wabtec and I'm thrilled to be here with you to share some of the transformative advancements we're driving in the clean energy transportation sector.

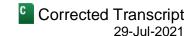
Turning to slide 12. As you may be aware, today, rail represents the cleanest, most energy-efficient and safest mode of moving freight and people on land, moving 40% of freight per tonne mile in the US alone. Current trends indicate that freight and passenger activity will more than double by 2050 as the sector pushes for more sustainable transportation.

At Wabtec, we're innovating to help our customers increase efficiency, reduce costs and cut their overall carbon footprint through the development of low-emitting locomotive technologies, including Tier 4 locomotives running on renewable fuels and battery electric locomotives. We're also pushing the boundaries into alternative fuels such as biodiesel, renewable diesel and hydrogen, which I'll share more on in a moment.

Over the last year, we built and tested in revenue operation with BNSF Railway and the California Air Resources Board, the world's first heavy haul 100% battery electric locomotion called FLXdrive. This locomotive, which operated in a consist between two other locomotives, had a battery capacity of 2.4 megawatt hours and generated most of its energy from regenerative braking.

At the conclusion of this rigorous three-month test that spanned 13,000 miles, the FLXdrive exceeded expectations, delivering more than an 11% average reduction in fuel consumption and greenhouse gas





emissions. That's the equivalent of eliminating 6,200 gallons of diesel fuel and fleshing 69 tons of CO2 emissions. And it's just the beginning. At more than 7-megawatt hours, which is the next version of the FLXdrive we currently have in development and expect to bring to market in 2023, we anticipate further reducing fuel consumption, emissions by up to 30%.

This reduction is tied to a tightly coupled system that Wabtec is driving in the marketplace that includes batteries, Trip Optimizer, power electronics and even our braking systems to capture all the available regenerative braking energy. And by owning the complete system, we can control the consist to optimize fuel burn or emissions, battery life or speed depending on the operator's need on a specific route.

Our second-generation battery electric locomotive will operate independently and leverage General Motors Ultium battery technology that Rafael mentioned earlier. It's a winning combination, where we bring our expertise in energy management and systems optimization for heavy haul locomotives, while taking full advantage of GM's advanced technologies and speed to market.

In addition to these efforts, we're also reimagining the future of rail utilization, safety and logistics optimization. Our vision is to expand the use of freight rail, enable the elimination of over 300 million tons of carbon dioxide annually across the global transportation network, reduce road congestion in our cities and make transportation significantly safer for everyone.

Put us on this path, we've installed positive train control systems and software on more than 24,000 locomotives. This technology has revolutionized rail safety in the US over the last decade and helped make the rail sector more efficient and effective. Our next-generation systems will take efficiency even further, by enabling moving block and virtual coupling instead of a traditional fixed block signaling used today, while still maintaining the most stringent safety standards.

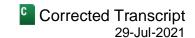
Similarly, our Trip Optimizer solution or smart cruise control system, which is installed on over 11,000 locomotives, has helped save customers more than 400 million gallons of fuel and 4.5 million tons of CO2. Together, with Movement Planner, these digital solutions are revolutionizing locomotive fuel efficiency and real-time network planning. They're also helping move goods more efficiently using the existing rail network, all while reducing energy use, emissions and waste.

Looking to the future on slide 13, we will accelerate the shift to green energy solutions and bring to market a heavy haul zero-emission hydrogen hybrid locomotive. And we have a clear road map to get there, one that derisks across the path with batteries as a focal point across the entire spectrum and one that is already underway with FLXdrive.

Our vision is to leverage battery technology, while burning hydrogen in the internal combustion engine, similar to what we're doing today with natural gas in Florida. This step is a retrofittable approach, we can take 80% to 90% of the energy content and make it hydrogen, driving a dramatic drop in emissions.

In parallel, we will develop a hydrogen fuel cell locomotive and ruggedize the fuel cells so they can operate in a harsh rail environment. GM's hydrogen capabilities give us an advantage here as well. Their HYDROTEC hydrogen fuel cell power cubes are compact and easy to package and can be used in a wide range of applications, including locomotives.

Our vision is clear: to have an operation fully decarbonized trains utilizing battery electric and hydrogen technology. The recent partnerships we announced with Carnegie Mellon University, the nation's leading



university in artificial intelligence and robotics; and Genesee & Wyoming, the nation's largest short line and regional freight railroad, put us on a path to do just that. By working together, we believe the transition to a more utilized, efficient and zero emission rail network is absolutely within reach, and we're committed to helping the industry get there.

With that, Rafael, I turn it back over to you.

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Thanks, Eric, and a great example of how we're driving breakthrough technology investments in scalable and sustainable products that will position Wabtec and the industry for long-term profitable growth.

Let's turn to our final slide. Everything we've outlined today reinforces our strategy to accelerate long-term profitable growth. That strategy is based on our expansive installed base, deep expertise, innovation and breakthrough initiatives and scalable technologies, rigorous operations, continuous improvement culture and disciplined capital allocation. I'm proud of the strong execution by the team in the second quarter despite a still challenging environment.

As we go forward, we will continue to lean into the strong fundamentals of the company to execute on synergies, drive margin expansion, generate strong cash flow and deliver long-term profitable growth.

As we've said before, Wabtec's mission holds a larger purpose to move and improve the world. After demonstrating strong performance in the first half of 2021, I'm confident that the company will continue to deliver and lead the transition to a more sustainable future. We look forward to sharing more on the company, technologies and our long-term vision in the fourth quarter when we plan to host an Investor Day. More information on this will be shared shortly.

With that, I'll turn the call back over to Kristine to begin the Q&A portion of our discussion.

Kristine Kubacki

Vice President-Investor Relations, Westinghouse Air Brake Technologies Corp.

Thank you, Rafael. We will now move on to questions. But before we do, and out of consideration for others on the call, I ask that you limit yourself to one question and follow-up question. If you have additional questions, please rejoin the queue. Operator, we are now ready for our first question.

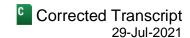
QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] Our first question today comes from Justin Long with Stephens. Justin Long Analyst, Stephens, Inc. Thanks and good morning. **Patrick David Dugan** Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp. Good morning. Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp. Good morning, Justin. Justin Long Analyst, Stephens, Inc. I'll start with one on the guidance. Could you share how much of the guidance raise was a function of the second quarter beating your expectations versus a change in second half expectations? And maybe as you answer that, I got the impression last guarter that in 2Q, we'd have a little bit of a dip in terms of locomotive deliveries and mods and then we'd see a reacceleration in the back half. So, just curious if that's still the right cadence to be thinking about. Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp. Yeah. So, Justin, I'll start with the second quarter. I think the team has been able to really overcome, I think, some of the headwinds that we had referred to in terms of supply chain. And there are some significant challenges in India. So, I think we've executed better than what we had expected, which is good, helps us derisk any elements of the second half of the year. And really, we feel like we're very much on track to continue margin expansion into the second half of the year. So, I think some of guidance change really reflects, I think, an improved environment ahead. I think we've certainly seen that with, I'll call, a number of our end markets, certainly internationally. We're continuing to see unparking of locomotives and freight cars. So, you look at freight cars, the numbers we're looking at it for now and the year are better than what we have guided earlier on. Justin Long Analyst, Stephens, Inc. Okay. And thinking about the international locomotive market, so you've noted orders have picked up here recently. It sounds like the pipeline is strengthening as well. Any way you could give us an update on your expectations for international locomotive deliveries this year, the level of visibility you have into next year, just to help us think through that pickup?

Westinghouse Air Brake Technologies Corp. (WAB)

in mining. So, internationally, that's really, I think, something that's playing out across.

Q2 2021 Earnings Call



Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Sure. So like you said, our pipeline of deals continues to strengthen. You will continue to see the backlog expansion. This is the highest backlog we've had since second quarter. And we have a stronger pipeline that we're working on. We've had a number of significant international equipment deals that are under negotiation and starting to see some of those convert. First one you saw was here in South America, but we've got – some of those really are cutting across. We see it in Asia and specific in Australia, Russia, CIS, to a large extent, I would say, tied to commodity exports that have really strengthened for some of our key customers with growing demand

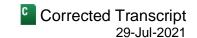
Justin Long Analyst, Stephens, Inc.	Q	
Okay. I'll leave it there. I appreciate the time.		
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A	
Thank you.		
Patrick David Dugan Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.	А	
Thank you.		
Operator: Our next question comes from Saree Boroditsky with Jefferies.		
Saree Boroditsky Analyst, Jefferies LLC	Q	

Hi. Thanks for taking my questions. Could you just talk a little bit about the Freight margin performance? Because you saw a pickup in some of the higher – what I would think is higher margin categories such as services versus locomotives, but then margins declined year-over-year. So, what was the key driver there? And what do you need to show margin improvement? How are you thinking about getting back to 2019 levels? Thank you.

Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Well, first, let me just start with, you're going to see margin expansion into the year across both segments. And I think we've been very specific with regards to Transit, that doesn't change. As you go into the second half of the year, we expect over 50 basis points of margin improvement versus the first half of the year. And with that, I want to highlight, you will continue to see variation in specific quarters. I mean, those are tied to timing of projects. They could be associated with mix. If you look at it year-over-year, certainly, Transit's growing faster than the rest of the portfolio. And within Transit, certainly, OE is growing at a much faster rate. There's also elements of how underabsorption plays along the year. So as we look at it, there's an element of sometimes locomotive deliveries versus what the build plan is for the year. So, overall, committed to really deliver on margin improvement for the year and better than what we guided early in the year.

Saree Boroditsky Analyst, Jefferies LLC



Great. Thanks for that color. And then maybe you could talk a little bit about what you're seeing on the digital side. You talked about some projects on PTC outside the US. Maybe just help us think about what's the global opportunity for PTC generally. And then, when would you expect digital to get back to 2019 levels?

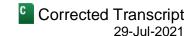
Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Yeah. Well, two things. I'll start with, our customers continue to be focused on efficiency, productivity and safety, which is what digital is all about. We continue to see a strong commitment there. Our book-to-bill was strong in the past three quarters, well above 1. As you mentioned, I think we've seen some significant progress internationally on expanding our penetration. A good example is PTC, as you mentioned. We're now executing it in three different countries outside the US. We've got a number of other countries, where we're discussing the opportunity. I think one of the things I would highlight about the business, this has been largely, as you look in the past, transactional business. So if the locomotive order dropped, you would see really pressure to revenues on our Digital Electronics segment.

Our teams continue to take steps to further drive what I'll call recurring revenues in the business. We expect some of these multiyear orders to continue. And I think a big chunk of the focus for this year is to drive convertibility for the business and improve the forecast for the year, but largely committed. It's a significant element of how we're also going to do this energy transition with battery electric. It really comes down to having a strong portfolio that allows you for really strong energy management on the consist. So, very overall positive. I think we're still working on convertibility for the year at this point.

Saree Boroditsky Analyst, Jefferies LLC	Q
Great. Thanks for taking my questions.	
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A
Thank you.	
Patrick David Dugan Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.	A
Thanks.	
Operator: Our next question comes from Rob Wertheimer with Melius Research.	
Rob Wertheimer Analyst, Melius Research LLC	Q
Thanks. Good morning, everybody.	
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A
Good morning, Rob.	
Rob Wertheimer Analyst, Melius Research LLC	Q



So, I had a small one. What was the issue with the restructuring in Transit, \$23 million? I apologize if I missed this in the prepared remarks. I thought you were more or less past some of that. And then my bigger question is, there's a bit of a perception out there that all the efficiencies in rail means locomotives are less needed in the future, and we don't share that, but it's out there. But I love the overview of the efficiencies you're bringing with a variety of technologies to the market. I'm just curious what the reaction or the conversations are like with your rail customers on efficiency driving upgrades to new as opposed to just mods. Thank you.

Rafael O. Santana

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President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Let me start and I'll pass it on to Pat on the specifics of the restructuring. But when we look at where we are in rail, I think the demand for more reliable power continues to be there. We've continued to see improvement in terms of the unparkings. I think those were largely tied to the dynamics you saw over the last couple of years, not just in terms of carloads, but also in terms of PSR, I think that's largely in. So when we look at moving forward, I think the focus on both reliability of the fleet, that's a significant positive for us when you look at our services business.

The other element is the continued focus from customers now on really making sure that you're getting more productivity. And I think that will tie very well with some of the solutions that we have out there that drive fuel savings. We've talked about the FDL Advantage. There's also, I think, significant elements in terms of upgrades that we can continue to drive. You've heard about us implementing the Tier 4 engine with CSX now. This is something that we can apply not only to our platform, but to other platforms out there as well.

And we're really excited about the opportunity here on this energy transition with battery electric. We are currently responding to a number of really questions coming from request for quote and request for information from customers, not just North America, around the world. So, we see battery here as a significant element of how you really, call, renew some of the fleets, driving value for customers and driving value for ourselves. So, I think we're really building off on a positive momentum here ahead of us.

Patrick David Dugan

А

Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.

So to talk about the restructuring, we've talked about this in the past. It's specific to our UK operations, where we're seeing some of larger projects wind down and conclude. And so, we're looking at all of our footprint in the UK and consolidating operations. There is an element of impairment and other severance that comes through in that number. The majority of that restructuring is non-cash. So, there's just a lumpiness here in the second quarter.

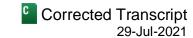
I would tell you that when you look at the full year, we still expect our restructuring to be less than it was a year ago. We also expect that restructuring is going to continue as we drive that margin improvement for our Transit segment. We are consolidating footprints, taking steps to improve our productivity and improve margin overall. So, there'll still be more in the future but down year-over-year.

Rob Wertheimer

Analyst, Melius Research LLC

Okay. Thanks.

Operator: Our next question comes from Scott Group with Wolfe Research.



Scott H. Group

Analyst, Wolfe Research LLC

Q

Hey, thanks. Good morning, guys.

Rafael O. Santana

Δ

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Good morning, Scott.

H

Scott H. Group

Analyst, Wolfe Research LLC

So, I want to just come back to the margin outlook for a second because when we look at the new revenue guidance and earnings guidance, it looks like it implies the margin – the implied margins have come down a little bit from the prior guidance. And just want to get your sense on why that is and maybe why we're not seeing just better leverage on the sales upside. Is it just mix or is there anything else going on? Thank you.

Rafael O. Santana



President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Scott, I'll really go back to what I said. You're going to see margin expansion going through the second half of the year by more than 50 basis points versus the first half. If you look at the original guidance we had given for the year, we're going to be seeing margins expanding better than that original guidance was. I think there's always going to be, again, elements of variation in the quarter, as I had highlighted in terms of timing of projects.

Mix can also be an element here, especially as you think about, well, speed of growth here on the Transit segment versus the Freight segment. But as you look into some of the other elements, even SG&A were consistent with 12% we had guided earlier in the year. So, very much committed and executing for the \$250 million of synergies that we have talked about. We expect to deliver those earlier in the second half of the year than later.

And I think there are positives, we're moving forward into, what I'll call, a second phase of integration 2.0, which a lot of it is really tied to a continuous improvement culture and that will continue to drive productivity. So, we are committed to continue to drive a profitable growth with improved margins going into next year as well.

Scott H. Group

Analyst, Wolfe Research LLC



Okay. And then, you've talked about locos getting unparked. Maybe can you just talk how many locos were unparked in the second quarter? What your outlook is for the back half of the year? And then, what's the revenue opportunity for you from each loco getting unparked?

Rafael O. Santana



President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Scott, I think the best way to answer you there is, as we look into the second half, I think we expect here certainly a continued rebound at a gradual pace. Of course, when you compare the [ph] fleets (00:41:38) year-over-year, they become a little more challenging. I think the good news is when you look at the fleet that's running out there, I mean, you're really looking for reliability and availability. And those locomotives are running harder than they were before. Even though if you look at the overall fleets, you're not necessarily back to pre-COVID levels, I think

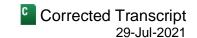


we are positioned well here with the newer fleets, fleet that really provides, I'll call, the best reliability for customers, which is certainly needed right now when you look at improving service levels ahead.

So, I wouldn't speculate in terms of the levels of unparking. This is an active dialogue we have with customers, and it involves not just the elements of unparking, it involves a strategy around modernizations, new locomotives. So, it's a broader equation than just tied to unparking of existing fleets, which will potentially come with sometimes penalties tied to reliability of the overall system.

Scott H. Group Analyst, Wolfe Research LLC	Q
Okay. Thank you, guys. Appreciate it.	
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A
Thank you.	
Patrick David Dugan Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.	A
Thank you.	
Operator: Our next question comes from Jerry Revich with Goldman Sachs.	
Jerry Revich Analyst, Goldman Sachs & Co. LLC	Q
Yes. Hi. Good morning, everyone.	
Patrick David Dugan Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.	А
Good morning.	
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A
Good morning, Jerry.	
Jerry Revich Analyst, Goldman Sachs & Co. LLC	Q
Rafael, can you talk about the mod pipeline and where it stands today? And nice to see the really deliveries in the quarter where you had the tough comp from a year ago. And I'm wondering what's look like. What's the pipeline and level of activity, overall?	_
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A

Jerry, mods was a significant step up this year versus last year. That helped us, I'd say, partially offset even some of the elements of new locomotive deliveries. As we look at moving forward, I think good momentum there. So if



you think about the things that we're bringing to market that allows us to even upgrade some of the existing fleets with better fuel efficiency, some of the elements of automation.

So, we see that as a trend continuing, certainly going to next year. I think there's an element here of just – I mean, the step up in growth we saw year-over-year, I do not expect that necessarily be the same going to next year. But mods does have a significant opportunity for us. And as you look at internationally as well, it's been a significant element of discussions with international customers, too.

Jerry Revich
Analyst, Goldman Sachs & Co. LLC

Very interesting. And on the international locomotive pipeline, can you help us put a finer point on the timing and magnitude of project opportunities? And if you can comment on whether they're from countries where you have existing operations versus areas where you might need to build assembly capacity? Thanks.

Rafael O. Santana
President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Sure. I think that's really a part of, I think, the good dynamics we're seeing. Those are countries that we largely operate in. We have strong relationships with customers, and we see that momentum there picking up. So, I'm not going to speculate here with specifics the elements of when some of those orders converts, but what I'll tell you as I look into the framework for, what I'll call, 2022, 2023 timeframe, that's certainly a positive and there's good momentum. I'm just not going to speculate in the elements of exactly when orders get finalized. But the momentum is there, pipeline is stronger, and we feel positive about growth in the international market moving forward.

Jerry Revich
Analyst, Goldman Sachs & Co. LLC

And Rafael, just to clarify, 2022, 2023 timeframe, is that when you expect to deliver the locomotives or when you expect the firm orders?

Rafael O. Santana

No, we expect the firm orders this year. So, that's more of an element of delivery as you look into the future. So, that's why I don't want to speculate how much it goes into the specifics of next year or 2023, but it's a positive, as I look at it. And those are units that will largely be building in that timeframe.

Jerry Revich
Analyst, Goldman Sachs & Co. LLC

Terrific. Thank you.

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

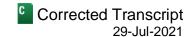
Rafael O. Santana
President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Operator: Our next question comes from Allison Poliniak with Wells Fargo.

Thank you.

Westinghouse Air Brake Technologies Corp. (WAB)

Q2 2021 Earnings Call



Allison Poliniak-Cusic

Analyst, Wells Fargo Securities LLC

Hi. Good morning. I just want to go back to the digital businesses for you. Obviously, it sounds like a lot of momentum is building back sort of post this COVID world. I guess one question you had mentioned, the thought behind building that recurring revenue. How big is that as a percentage of digital today? And I think as you entered this year, you were expecting digital to be flat. Is that still the case with the momentum really impacting next year, more importantly? Any thoughts there.

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Sure, Allison, when you look at the recurring revenue, I go back a couple years ago, this was in the teens. I look at it today, it's above 20%. And I think the team is continuing to work on that regard. So, I think just more recurring revenues as a function of that. I think some of the challenges tied to the year is really getting orders that you can convert in the year. So, I think we still have some challenges in the year in terms of increasing the revenue in any significant manner. But it feels very positive in terms of the multiyear orders we've been able to get for the past three quarters. I mean, our book-to-bill has been well above 1, and I think that translates into growth for the business, going to next year and beyond. I think we've often talked about growing 2 to 3 times faster on that segment, and that's a story that doesn't change.

As you look into also the other comment I made with regards to battery electric, that's such a critical portfolio in terms of how you manage a consist. I think you'll have the opportunity to hear more on it, but I think you will need that portfolio of Trip Optimizer with Zero-to-Zero to ultimately make sure that you're really taking advantage of improved fuel savings moving forward.

Allison Poliniak-Cusic

Analyst, Wells Fargo Securities LLC

Great. That's helpful. And then, just you made a comment about projects being pushed to the right a little bit more, too, in general. We've heard that, I would say, across manufacturing complex. Do you feel like people are getting a better handle on where you're seeing more conversion on time as we enter the back half? Or does this feel like it's going to be an ongoing situation where it could continue to get pushed into maybe next year even?

Rafael O. Santana
President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Again, as we look into the year, we feel confident. Otherwise, we wouldn't have raised the guidance overall. And as we look into the dynamics going to next year, it really points out to a profitable growth year for us. I think the elements of projects, I think we – what if you talk about Transit, what if you talk about Freight.

In Transit, we see largely authorities and governments committed to invest in the transit system, so that continues. We haven't seen again any cancellations or anything like that. If anything, I think there is opportunity for growing momentum there, especially as you look at a number of stimulus packages going across.

And on Freight, my comment here sometimes more on the elements of the timing of orders, I mean, it certainly, I'd say, requires more, I think, negotiations than some of the elements of North America, but positive momentum forward.

Corrected Transcript 29-Jul-2021

Allison Poliniak-Cusic

Analyst, Wells Fargo Securities LLC

Perfect. Thanks. I'll pass it along.

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Thank you.

Operator: Our next question comes from Matt Elkott with Cowen.

Matt Elkott

Analyst, Cowen & Co. LLC

Good morning. Thank you. So, on the synergies front, I think most of your synergies have been on the cost side from the deal so far. And that's understandable given that you guys inherited a backlog from GE. But as you take in more new orders, are you finding opportunities on the revenue synergy front?

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Yes, we are. And it's really one that goes into various areas. I'll start with Transit. I think some of the relationships that we've had with the broader company, it is allowing us to grow our share into some markets that traditionally we would not be as present. And I think that's a positive. And we are seeing the opportunity here to be early on, on projects, be spec-ed in and to really work on, what I'll call, a category of products that we are able to supply into Transit.

It's certainly true also for a number of regions. So, what if I think about Eastern Europe, what if I think about Russia and CIS, those are areas that traditionally we've had a very strong footprint, strong relationships with customers. And you see that as a function of opportunities for us to grow Transit faster and more profitably as well.

I think on the Freight side, I think some of those — we've talked about it in the past. There's certainly an opportunity for us to continue to do that. And a piece of that is us also looking at taking advantage of competitors' platforms and being able to implement some of the elements of mods and things like that, which were capabilities that we brought with merger of the company. So, you'll see more of that and opportunities for us to be expanding our solutions into other competitive platforms.

Matt Elkott

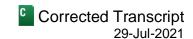
Analyst, Cowen & Co. LLC

Got it. So, Rafael, you do think that Wabtec's legacy content in new locomotive orders should be higher than predeal for new orders?

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

The answer is yes, it should, and especially as you look at like new platforms that we're launching, we're certainly taking advantage of a lot of this, I'll call, core technologies that really ultimately guarantee the value for the customer. So if you think about the core, we call them vital organs, I think that has expanded and those platforms largely will reflect that. So, it's a growing penetration of our products into these future platforms.



Matt Elkott

Analyst, Cowen & Co. LLC

Got it. And just one – my second question on the infrastructure bill. Sorry, if I missed any commentary you made. But as you know, the \$550 billion infrastructure bill took a step forward yesterday. I think there's about \$100 billion for rail and public transit. Can you talk about any potential benefits for you guys from this?

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Well, the sector will benefit from the bill. This is a positive for Wabtec. I think there's a couple opportunities here on both fronts. I think certainly in Transit, I think we'll see some of that reflected in terms of some of the opportunities we have. But also on the Freight side, as we talk about some of the technology development, those are some of the discussions that continue in terms of really government support to accelerate some of the elements of decarbonization and efficiency for our customers. So, we see it largely as positive news and something that will benefit rail and will benefit us.

Matt Elkott

Analyst, Cowen & Co. LLC

Great. Thank you.

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Thank you.

Operator: Our next question comes from Steve Barger with KeyBanc Capital Markets.

Steve Barger

Analyst, KeyBanc Capital Markets, Inc.

Hey, thanks. Rafael, you brought up how things can be lumpy quarter-to-quarter. Should we be thinking 4Q sees the typical step-up in revenue and EPS from 3Q? Or can you just talk about back half cadence?

Rafael O. Santana

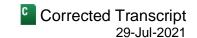
President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

So I'll be thinking about sequential improvement as you go into the second half of the year. There is, of course, an element sometimes of seasonality between third and fourth quarter. Traditionally, you would have seen third quarter, I'm going to call, especially stronger with some of the elements of mix. But I'll call sequential improvement. Pat?

Patrick David Dugan

Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.

Yes, I think if you go back, we're still seeing some disruption a little bit in the normal seasonality because of everybody coming off of COVID. But if you go back to 2019 and even before, you would see third quarter was really usually strong in the freight services side. It kind of ties to our customers' maintenance cycle and when they do things.



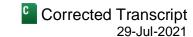
Meanwhile, in the fourth quarter, there's usually some strength in the Transit aftermarket business. So, all of those things kind of play out here in the second half of the year, I think we have a lot of confidence in what the second half will look like. There's – still looking at sequential improvement, but – considering those things might be coming back in more normal situations.

Steve Barger Analyst, KeyBanc Capital Markets, Inc.	Q
So, just so I understand, sequential improvement, meaning 3Q better than 2Q and 4Q better than 3Q this year	
Patrick David Dugan Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.	A
That's our expectation, yeah.	,
Steve Barger Analyst, KeyBanc Capital Markets, Inc.	Q
Okay. Got it.	
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A
From an EPS perspective, yeah.	
Patrick David Dugan Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.	А
Yeah, from an EPS perspective. Correct.	
Steve Barger Analyst, KeyBanc Capital Markets, Inc.	Q
Sure. And if I model out to the midpoint of your guide, I get mid-15% range ope low 20% incremental for the year. Can you tell us what the impact of mix or unof margin impact relative to your original thinking? And just remind us how we smargin going forward in an environment where you can drive high-single-digit of	usual items were this year in terms should think about incremental
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A
So, I'll emphasize the element that we will expand margins this year and we'll o	continue to expand as we go into

next year. I think it would be worth taking some time offline with you, just walking through some of these elements, as mix certainly plays out through, especially the element here of the year, per se, but that's variation on quarter over quarter. I think, again, 50 basis points margin improvement going into the second half of the year. We're going to be better than the 50 basis points and profitable growth ahead. Pat?

Patrick David Dugan Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.

Yeah. I understand your math. I think you just want to factor in the full year impact and that you're going to have some variation quarter to quarter. We don't give quarterly guidance on margin percentages, but really focus on the full year and the impact of all the cost and productivity savings and synergy savings, as well as sales mix and how that would impact us.



Steve Barger

Analyst, KeyBanc Capital Markets, Inc.

Yeah. That's really the motivation of the question, is thinking about annuals on a go-forward basis, which is to say, if we're in an environment where you can drive high-single-digit growth in the future and as you think about your backlog mix, can you do better than a low 20% incremental for a full year?

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

So the short answer is, in terms of incrementals, yes, we expect that.

Patrick David Dugan

Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.

Yeah.

Steve Barger

Analyst, KeyBanc Capital Markets, Inc.

Got it.

Patrick David Dugan

Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.

I think the volumes, I mean – and I think we demonstrated on the variations in the past with increasing revenue and absorption, you get those kind of contribution margins you're talking about.

Steve Barger

Analyst, KeyBanc Capital Markets, Inc.

And I know we're late in the call, can I ask a quick one for Eric? Or if there's someone behind me, I'll just jump out of queue.

Eric Gebhardt

Executive Vice President and Chief Technology Officer, Westinghouse Air Brake Technologies Corp.

Yeah. Happy to take your question.

Rafael O. Santana

President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

Go ahead, please.

Steve Barger

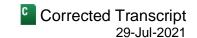
Analyst, KeyBanc Capital Markets, Inc.

Okay. Yeah. Slide 13 is great for showing us the technology progression to carbon zero locomotives. I know you're inventing a lot of this, so it's hard to predict timing, but any best guess on timing for battery electric lead and then hydrogen, are we talking 5 years, 10 years?

Eric Gebhardt

Executive Vice President and Chief Technology Officer, Westinghouse Air Brake Technologies Corp.





Yeah. So when we look at the battery electric, coming off the successful testing that we did out in California, we're already in the process of quoting the battery electric and should be shipping in 2023 is kind of the timeframe we're looking at there. So, that should be getting out there in 2023, and that will come with the lead capability. And what I mean by the lead capability is that it won't have to run in a consist between two diesel electric, you can have multiple battery electric working together at that point. So, we're very proud of moving forward on that.

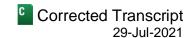
And then, the hydrogen will lag by a couple of years behind that. There is more invention happening in the hydrogen. But when you look at what we're doing with GM right now, that's accelerating us both on the batteries as well as the hydrogen side there.

And then, I think one of the key points also is that we're also developing all the elements around it. It's a system that really works together. So, the battery system working with the power conversion, working with Trip Optimizer to optimize all of that, even the braking; working the braking in there so that you can capture as much energy as possible, and that's how we get to 30% emissions and 30% fuel improvement.

Steve Barger Analyst, KeyBanc Capital Markets, Inc.	Q
So if I'm hearing you right, it sounds like you expect a hydrogen freight lo	ocomotive in this decade?
Eric Gebhardt Executive Vice President and Chief Technology Officer, Westinghouse Air Brake Technologies Corp.	A
Yes, yes, in the next few years.	
Steve Barger Analyst, KeyBanc Capital Markets, Inc.	Q
Great. All right. Thanks.	
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A
Thank you.	
Operator: Our next question comes from Chris Wetherbee with Citigrou	ıp.
James Monigan Analyst, Citigroup Global Markets, Inc.	Q
Hi, guys. James Monigan on for Chris. I think you had talked about 50 back half. I was wondering if you could talk about your expectation for m Freight and then understanding how much of that might be due to mix or else?	argin expansion in the back half for
Rafael O. Santana President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.	A
So when you think about margin expansion, we have not broken that out	t. So on Freight, we haven't guided that

specifically. But for Transit, we have guided to 100 basis points and we continue to be on that track. So, that's part of that guidance that includes continue to expand trends and margins year-over-year by more than 100 basis

points for this year.



And on Freight, we've also, I think, been very clear about margin expansion there, too. So, I think the 50 basis points or more to really make sure we give a framework of how we expect margins to grow into the second half of the year with greater than 50 basis points overall expansion when you look at the segments combined.

James Monigan

Analyst, Citigroup Global Markets, Inc.

Got it. And then there was a stark improvement in services revenue, and I think you've called out the unparking of equipment had a lot to do with that. Just kind of wondering, could you give us an understanding of sort of like what the business is running at in July so far or maybe in June, with the amount of unparking and equipment that's come out of storage so far? And then just maybe sort of understand how – essentially as activity picks up, do you expect sort of the services revenue to accelerate through the back half?

Patrick David Dugan

Executive Vice President-Finance and Chief Financial Officer, Westinghouse Air Brake Technologies Corp.



So, the unparkings - really haven't commented on anything specifically. We see these locomotives coming back into service. I mean – and it very much correlates exactly with the overall freight traffic for the North America, really to not something to comment on and like in July or anything like that, as you asked. But we just see this trend to continue, and it gives us a lot of confidence and a lot of visibility as to the strength of what's going to happen with our freight services business. So...

Rafael O. Santana



President, Chief Executive Officer & Director, Westinghouse Air Brake Technologies Corp.

And maybe just to add on, in terms of rebound, I mean, we expect more of a gradual pace here into the second half of the year. So, the comps are again different. I think one of the things that we're seeing is a stronger demand for reliable power. And the newer locomotives are running and running, I'm going to call, harder, so more megawatt hours. So, that's what, I think, largely drives, I think, a continuation of some of the dynamics you see in services. So, we see stronger services ahead, not necessarily a slowdown going to the second half.

James Monigan

Analyst, Citigroup Global Markets, Inc.



Got it. Thank you.

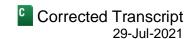
Operator: This will conclude our question-and-answer session. I'd like to turn the call back over to Kristine Kubacki for any closing remarks.

Kristine Kubacki

Vice President-Investor Relations, Westinghouse Air Brake Technologies Corp.

Thank you, Ivy. Thank you to everyone's participation today. We look forward to talking with you and speaking with you through the quarter. Thank you. Have a great day.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.



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