

**Wabtec**

**Acquisition of Nordco**

Supplementary Information

March 23, 2021

# Information about non-GAAP Financial Information and Forward-Looking Statements

This presentation mentions EBITDA, which is a non-GAAP financial performance measure. Wabtec defines EBITDA as earnings before interest, taxes, depreciation and amortization. While Wabtec believes EBITDA is a useful metric for investors, it is not presented in accordance with GAAP. Investors should not consider this non-GAAP measure in isolation or as a substitute for net income. EBITDA has inherent material limitations as a performance measure because it adds back certain expenses incurred by the company to GAAP net income, resulting in those expenses not being taken into account in the applicable non-GAAP financial measure. EBITDA, as used by Wabtec, may not be comparable to other similarly titled measures of other companies.

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# Strategic rationale

- 1. Significant levers to drive profitable growth** ... adjacent MOW & railcar movers markets, international expansion with leading technology portfolio
- 2. Large installed base** ... mission critical products and services ... ~60% aftermarket revenues
- 3. Sizeable cost synergy opportunity** ... >\$10M+ run-rate within 3-years with limited integration risk
- 4. Compelling financial profile** ... immediately accretive to EBITDA % margin, EPS & cash flow

Excellent strategic fit for Wabtec

# Nordco deal highlights

## Transaction Overview

- Signed definitive agreement to acquire 100% of Nordco Corporation for \$400M
- Expected full year 2021 sales of ~\$175M; 2021 EBITDA of ~\$40M
- Leading maintenance of way rail solutions platform providing highly engineered and innovative product portfolio
  - ✓ Adjacent product line with profitable organic growth opportunities in NA & internationally
  - ✓ Significant recurring revenue from large installed base of 5,000+ assets
  - ✓ Strong cash generation
- Reported in Freight Services product line

## Financial Impact

- Expected to be EBITDA margin % accretive to Wabtec
- Double-digit ROIC with continued improvement expected through synergies and organic growth
- Significant cost opportunity of >\$10M in run-rate synergies ... expected within 3 years after close

## Financing

- Acquisition being funded by cash on hand and revolving credit facility
- Committed to maintaining investment grade ratings

**Nordco aligns with Wabtec acquisition criteria**

# Nordco is a leading rail solutions platform

## Roadway Work Equipment

~50%  
of Sales

- Highly engineered equipment for critical rail infrastructure
- Products include spike drivers & pullers, tie exchangers and small tampers
- ~3K+ installed base
- Attractive age to drive replacement



## Mobile Material Handling

~40%  
of Sales

- Railcar movers and lift trucks with differentiated technology
- Only OE with zero emission platform
- Flexible on/off rail capabilities align with PSR
- ~2K+ installed base



## Inspection Technologies

~10%  
of Sales

- Specialized technologies/services to inspect rail defects
- Complementary to Wabtec's inspection portfolio
- Innovative new products



> \$5B

**SIGNIFICANT GLOBAL MARKET OPPORTUNITY**

**Leverage Wabtec platform ...  
global footprint & customer  
relationships ... engineering scale**

**Key market opportunities in  
Europe, LATAM, APAC & Australia**

# Nordco in line with acquisition criteria

## Previously Stated Objectives

Innovative technology, adjacent to Wabtec portfolio that accelerates growth



Strong resilient, recurring revenue base



Significant opportunity to drive long-term profitable growth with multiple levers



Opportunity to drive significant cost synergies within 3 years



Compelling financials to drive shareholder value ... double-digit ROIC expected



## Wabtec Freight Segment

~ **23**<sub>k</sub>

INSTALLED BASE

**50**<sub>+</sub>

COUNTRIES

~ **60**<sub>%</sub>

AFTERMARKET

## Nordco

~ **5**<sub>k</sub>

INSTALLED BASE

**3**

COUNTRIES

~ **60**<sub>%</sub>

AFTERMARKET



***Wabtec***  
CORPORATION