



News Release

Wabtec Reports Strong First Quarter 2023 Results

- **Sales Growth of 13.9% to \$2.19 Billion; Sales Up 16.8% Excluding Impacts of Foreign Currency Exchange**
- **First Quarter Reported GAAP Earnings Per Share of \$0.93; Adjusted Earnings Per Share Up 13.3% to \$1.28**
- **Returned \$209 Million to Shareholders via Dividends and Share Repurchases**
- **Strong Visibility From \$22.3 Billion Multi-Year Backlog**

PITTSBURGH, April 26, 2023 – [Wabtec Corporation](#) (NYSE: WAB) today reported first quarter 2023 GAAP earnings per diluted share of \$0.93, up 16.3% versus the first quarter of 2022. Adjusted earnings per diluted share were \$1.28, up 13.3% versus the same quarter a year ago. First quarter sales were \$2.19 billion driven by strong sales across the portfolio.

“The Wabtec team delivered a strong start to 2023 demonstrating continued momentum across both our Freight and Transit segments supporting a double-digit percentage increase in earnings per share,” said Rafael Santana, Wabtec’s President and CEO. “We remained resilient in the face of considerable macro-economic challenges by focusing on operational excellence as we continued to deliver for our customers and shareholders. The underlying business fundamentals strengthened in the first quarter despite a challenging environment.”

“Looking forward, Wabtec is well-positioned to navigate the current economic environment, and we remain confident in our ability to execute against our strategic growth plans as we deliver for our customers. Our differentiated portfolio of products and technologies, expansive global installed base, and multi-year backlog position us to remain highly resilient and drive long-term profitable growth for our shareholders.”

2023 First Quarter Consolidated Results

Wabtec Corporation Consolidated Financial Results

\$ in millions except earnings per share and percentages; margin change in percentage points (pts)	First Quarter		
	2023	2022	Change
Net Sales	\$2,194	\$1,927	13.9 %
<i>GAAP Gross Margin</i>	30.3 %	30.9 %	(0.6 pts)
<i>Adjusted Gross Margin</i>	30.5 %	31.1 %	(0.6 pts)
<i>GAAP Operating Margin</i>	12.6 %	12.4 %	0.2 pts
<i>Adjusted Operating Margin</i>	16.4 %	16.5 %	(0.1 pts)
GAAP Diluted EPS	\$0.93	\$0.80	16.3 %
Adjusted Diluted EPS	\$1.28	\$1.13	13.3 %
Cash Flow from Operations	\$(25)	\$161	\$(186)
<i>Operating Cash Flow Conversion</i>	(8)%	59 %	

- Sales increased 13.9% compared to the year-ago quarter driven by significantly higher Freight segment sales and increased Transit segment sales. On a constant currency basis, consolidated sales were up 16.8%.
- GAAP operating margin was slightly higher than prior year at 12.6% and adjusted operating margin was slightly lower at 16.4%.
- GAAP EPS and adjusted EPS increased from the year-ago quarter primarily due to higher sales, partially offset by higher interest expense.

2023 First Quarter Freight Segment Results

Wabtec Corporation Freight Segment Financial Results

Net sales \$ in millions; margin change in percentage points (pts)	First Quarter		
	2023	2022	Change
Net Sales	\$1,566	\$1,322	18.5 %
GAAP Gross Margin	30.6 %	32.1 %	(1.5 pts)
Adjusted Gross Margin	30.7 %	32.2 %	(1.5 pts)
GAAP Operating Margin	14.5 %	14.3 %	0.2 pts
Adjusted Operating Margin	19.0 %	19.6 %	(0.6 pts)

- Freight segment sales for the first quarter were up across all product lines, with very strong growth in Equipment, Components and Digital Intelligence. On a constant currency basis, Freight segment sales were up 20.0%.
- Both GAAP and adjusted operating margins benefited from higher sales and operational efficiencies, offset by unfavorable sales mix between business groups and higher next generation product development costs in our Digital Intelligence business.

2023 First Quarter Transit Segment Results

Wabtec Corporation Transit Segment Financial Results

Net sales \$ in millions; margin change in percentage points (pts)	First Quarter		
	2023	2022	Change
Net Sales	\$628	\$605	3.8 %
GAAP Gross Margin	29.5 %	28.2 %	1.3 pts
Adjusted Gross Margin	29.9 %	28.7 %	1.2 pts
GAAP Operating Margin	11.0 %	10.7 %	0.3 pts
Adjusted Operating Margin	13.1 %	12.3 %	0.8 pts

- Transit segment sales for the first quarter were up due to strong aftermarket sales partially offset by unfavorable foreign currency exchange. On a constant currency basis, Transit segment sales were up 9.6%.
- GAAP and adjusted operating margins were up as a result of higher sales and Integration 2.0 savings.

Backlog

Wabtec Corporation Consolidated Backlog Comparison

Backlog \$ in millions	March 31,		
	2023	2022	Change
12-Month Backlog	\$6,925	\$6,631	4.4 %
Total Backlog	\$22,334	\$22,759	(1.9)%

The Company's multi-year backlog continues to provide strong visibility. At March 31, 2023 the 12-month backlog was \$294 million higher than March 31, 2022. At March 31, 2023, the multi-year backlog was \$425 million lower than March 31, 2022 and excluding unfavorable foreign currency exchange, the multi-year backlog decreased \$101 million, down 0.4%.

Cash Flow and Liquidity Summary

- During the first quarter, cash used for operations was \$25 million versus cash provided from operations of \$161 million in the year ago period due primarily to higher working capital.
- At the end of the quarter, the Company had cash, cash equivalents and restricted cash of \$417 million and total debt of \$4.16 billion. At March 31, 2023 the Company's total available liquidity was \$2.01 billion, which includes cash, cash equivalents and restricted cash plus \$1.59 billion available under current credit facilities.
- During the first quarter, the Company repurchased \$178 million of shares and raised the regular quarterly common dividend by 13% to 17 cents per share.

2023 Financial Guidance

- Wabtec's 2023 financial guidance continues with sales expected to be in a range of \$8.7 billion to \$9.0 billion and adjusted earnings per diluted share to be in a range of \$5.15 to \$5.55.
- For full year 2023, Wabtec expects strong cash flow generation with operating cash flow conversion of greater than 90 percent.

Conference Call Information

Wabtec will host a call with analysts and investors at 8:30 a.m., ET, today. To listen via webcast, go to Wabtec's new website at www.WabtecCorp.com and click on "Events & Presentations" in the "Investor Relations" section. Also, an audio replay of the call will be available by calling 1-877-344-7529 or 1-412-317-0088 (access code: 4647602).

About Wabtec

Wabtec Corporation (NYSE: WAB) is revolutionizing the way the world moves for future generations. The company is a leading global provider of equipment, systems, digital solutions and value-added services for the freight and transit rail industries, as well as the mining, marine and industrial markets. Wabtec has been a leader in the rail industry for over 150 years and has a vision to achieve a zero-emission rail system in the U.S. and worldwide. Visit Wabtec's website at www.wabteccorp.com

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

Wabtec's earnings release and 2023 financial guidance mentions certain non-GAAP financial performance measures, including adjusted gross profit, adjusted operating expenses, adjusted operating margin, EBITDA, adjusted EBITDA, adjusted effective tax rate, adjusted income tax expense, adjusted income from operations, adjusted interest and other expense, adjusted earnings per diluted share and operating cash flow conversion. Wabtec is not presenting a quantitative reconciliation of our forecasted GAAP earnings per diluted share to forecasted adjusted earnings per diluted share as we are unable to predict with reasonable certainty and without unreasonable effort the impact and timing of restructuring-related and other charges, including acquisition-related expenses and the outcome of certain regulatory, legal and tax matters. The financial impact of these items is uncertain and is dependent on various factors, including timing, and could be material to our Consolidated Statements of Earnings. Wabtec defines EBITDA as earnings before interest, taxes, depreciation and amortization. Wabtec defines operating cash flow conversion as net cash provided by operating activities divided by net income plus depreciation and amortization including deferred debt cost amortization. While Wabtec believes these are useful supplemental measures for investors, they are not presented in accordance with GAAP. Investors should not consider non-GAAP measures in isolation or as a substitute for net income, cash flows from operations, or any other items calculated in accordance with GAAP. In addition, the non-GAAP financial measures included in this release 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 release are reconciliation tables that provide details about how adjusted results relate to GAAP results.

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 impact of acquisitions by Wabtec, statements regarding Wabtec's expectations about future sales and earnings, and statements about the impact of evolving global conditions on Wabtec's business. All statements, other than historical facts, including statements regarding synergies and other expected benefits from acquisitions; statements regarding Wabtec's plans, objectives, expectations and intentions; and statements regarding macro-economic conditions and evolving production and demand conditions; and any assumptions underlying any of the foregoing, are forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) changes in general economic and/or industry specific conditions, including the impacts of tax and tariff programs, inflation, supply chain disruptions, foreign currency exchange, and industry consolidation; (2) changes in the financial condition or operating strategies of Wabtec's customers; (3) unexpected costs, charges or expenses resulting from acquisitions and potential failure to realize synergies and other anticipated benefits of acquisitions, including as a result of integrating acquired targets into Wabtec; (4) inability to retain and hire key personnel; (5) evolving legal, regulatory and tax regimes; (6) changes in the expected timing of projects; (7) a decrease in freight or passenger rail traffic; (8) an increase in manufacturing costs; (9) actions by third parties, including government agencies; (10) the severity and duration of the evolving COVID-19 pandemic and the resulting impact on the global economy and, in particular, our customers, suppliers and end-markets, (11) potential disruptions, instability, and volatility in global markets from the imposition of economic sanctions on Russia resulting from the invasion of Ukraine; (12) cybersecurity and data protection risks and (13) other risk factors as detailed from time to time in Wabtec's reports filed with the SEC, including Wabtec's annual report on Form 10-K, periodic quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the SEC. The foregoing list of important factors is not exclusive. Any forward-looking statements speak only as of the date of this communication. Wabtec does not undertake any obligation to update any forward-looking statements, whether as a result of new information or development, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

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

	Three Months Ended		
	March 31,		
	<u>2023</u>	<u>2022</u>	
Net sales	\$ 2,194	\$ 1,927	
Cost of sales	<u>(1,529)</u>	<u>(1,332)</u>	
Gross profit	665	595	
<i>Gross profit as a % of Net Sales</i>	30.3%	30.9%	
Selling, general and administrative expenses	(263)	(238)	
Engineering expenses	(51)	(45)	
Amortization expense	<u>(75)</u>	<u>(73)</u>	
Total operating expenses	(389)	(356)	
<i>Operating expenses as a % of Net Sales</i>	17.7%	18.4%	
Income from operations	276	239	
<i>Income from operations as a % of Net Sales</i>	12.6%	12.4%	
Interest expense, net	(48)	(43)	
Other income, net	<u>5</u>	<u>4</u>	
Income before income taxes	233	200	
Income tax expense	<u>(60)</u>	<u>(50)</u>	
<i>Effective tax rate</i>	25.5%	25.1%	
Net income	173	150	
Less: Net income attributable to noncontrolling interest	<u>(4)</u>	<u>(1)</u>	
Net income attributable to Wabtec shareholders	<u>\$ 169</u>	<u>\$ 149</u>	
Earnings Per Common Share			
Basic			
Net income attributable to Wabtec shareholders	<u>\$ 0.94</u>	<u>\$ 0.80</u>	
Diluted			
Net income attributable to Wabtec shareholders	<u>\$ 0.93</u>	<u>\$ 0.80</u>	
Basic	<u>179.9</u>	<u>184.5</u>	
Diluted	<u>180.6</u>	<u>185.0</u>	
Segment Information			
Freight Net Sales	\$ 1,566	\$ 1,322	
Freight Income from Operations	\$ 227	\$ 189	
Freight Operating Margin	14.5%	14.3%	
Transit Net Sales	\$ 628	\$ 605	
Transit Income from Operations	\$ 69	\$ 65	
Transit Operating Margin	11.0%	10.7%	
Backlog Information (Note: 12-month is a sub-set of total)			
	March 31, 2023	December 31, 2022	March 31, 2022
Freight Total	\$ 18,362	\$ 18,641	\$ 19,024
Transit Total	<u>3,972</u>	<u>3,800</u>	<u>3,735</u>
Wabtec Total	<u>\$ 22,334</u>	<u>\$ 22,441</u>	<u>\$ 22,759</u>
Freight 12-Month	\$ 4,978	\$ 4,901	\$ 4,812
Transit 12-Month	<u>1,947</u>	<u>1,859</u>	<u>1,819</u>
Wabtec 12-Month	<u>\$ 6,925</u>	<u>\$ 6,760</u>	<u>\$ 6,631</u>

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

Appendix B

<i>In millions</i>	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Cash, cash equivalents and restricted cash	\$ 417	\$ 541
Receivables, net	1,576	1,519
Inventories	2,228	2,034
Other current assets	<u>275</u>	<u>233</u>
Total current assets	4,496	4,327
Property, plant and equipment, net	1,422	1,429
Goodwill	8,540	8,508
Other intangible assets, net	3,333	3,402
Other noncurrent assets	<u>878</u>	<u>850</u>
Total assets	<u>\$ 18,669</u>	<u>\$ 18,516</u>
Current liabilities	\$ 4,165	\$ 3,467
Long-term debt	3,189	3,751
Long-term liabilities - other	<u>1,181</u>	<u>1,151</u>
Total liabilities	8,535	8,369
Shareholders' equity	10,085	10,102
Noncontrolling interest	<u>49</u>	<u>45</u>
Total shareholders' equity	<u>10,134</u>	<u>10,147</u>
Total Liabilities and Shareholders' Equity	<u>\$ 18,669</u>	<u>\$ 18,516</u>

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

Appendix C

<i>In millions</i>	Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
<i>Operating activities</i>		
Net income	\$ 173	\$ 150
Non-cash expense	124	122
Receivables	(51)	93
Inventories	(188)	(137)
Accounts Payable	47	48
Other assets and liabilities	(130)	(115)
Net cash (used for) provided by operating activities	(25)	161
Net cash used for investing activities	(32)	(18)
Net cash used for financing activities	(72)	(133)
Effect of changes in currency exchange rates	5	5
(Decrease) increase in cash	(124)	15
Cash, cash equivalents and restricted cash, beginning of period	541	473
Cash, cash equivalents and restricted cash, end of period	<u>\$ 417</u>	<u>\$ 488</u>

Set forth below is the calculation of the non-GAAP performance measures included in this press release. We believe that these measures provide useful supplemental information to assess our operating performance and to evaluate period-to-period comparisons. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Wabtec's reported results prepared in accordance with GAAP.

Wabtec Corporation											
2023 Q1 EBITDA Reconciliation											
(in millions)											
	<u>Reported Income</u>	+	<u>Other Income</u>	+	<u>Depreciation &</u>	=	<u>EBITDA</u>	+	<u>Restructuring</u>	=	<u>Adjusted</u>
	<u>from Operations</u>		<u>(Expense)</u>		<u>Amortization</u>				<u>Costs</u>		<u>EBITDA</u>
Consolidated Results	\$276		\$5		\$121		\$402		\$6		\$408

Wabtec Corporation											
2022 Q1 EBITDA Reconciliation											
(in millions)											
	<u>Reported Income</u>	+	<u>Other Income</u>	+	<u>Depreciation &</u>	=	<u>EBITDA</u>	+	<u>Restructuring</u>	=	<u>Adjusted</u>
	<u>from Operations</u>		<u>(Expense)</u>		<u>Amortization</u>				<u>Costs</u>		<u>EBITDA</u>
Consolidated Results	\$239		\$4		\$121		\$364		\$7		\$371

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

Appendix F

<u><i>In millions</i></u>	Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Freight Segment		
Equipment	\$ 393	\$ 274
Components	279	229
Digital Intelligence	187	153
Services	707	666
Total Freight Segment	<u>\$ 1,566</u>	<u>\$ 1,322</u>
Transit Segment		
Original Equipment Manufacturer	\$ 282	\$ 292
Aftermarket	346	313
Total Transit Segment	<u>\$ 628</u>	<u>\$ 605</u>

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

Appendix G

Three Months Ended March 31,

<i>In millions</i>	2023		2022	
	<u>Gross Profit</u>	<u>Income from Operations</u>	<u>Gross Profit</u>	<u>Income from Operations</u>
Freight Segment Reported Results	\$ 480	\$ 227	\$ 424	\$ 189
<i>Freight Segment Reported Margin</i>	30.6%	14.5%	32.1%	14.3%
Restructuring costs	1	2	2	2
Non-cash Amortization expense	-	68	-	68
Freight Segment Adjusted Results	\$ 481	\$ 297	\$ 426	\$ 259
<i>Freight Segment Adjusted Margin</i>	30.7%	19.0%	32.2%	19.6%
Transit Segment Reported Results	\$ 185	\$ 69	\$ 171	\$ 65
<i>Transit Segment Reported Margin</i>	29.5%	11.0%	28.2%	10.7%
Restructuring costs	3	7	3	4
Non-cash Amortization expense	-	7	-	5
Transit Segment Adjusted Results	\$ 188	\$ 83	\$ 174	\$ 74
<i>Transit Segment Adjusted Margin</i>	29.9%	13.1%	28.7%	12.3%

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
 RECONCILIATION OF CHANGES IN NET SALES - BY SEGMENT
 (UNAUDITED)

Appendix H

	Three Months Ended March 31,		
	<u>Freight</u>	<u>Transit</u>	<u>Consolidated</u>
2022 Net Sales	\$ 1,322	\$ 605	\$ 1,927
Acquisitions	21	-	21
Foreign Exchange	(21)	(35)	(56)
Organic	244	58	302
2023 Net Sales	<u>\$ 1,566</u>	<u>\$ 628</u>	<u>\$ 2,194</u>
<i>Change (\$)</i>	244	23	267
<i>Change (%)</i>	18.5%	3.8%	13.9%

Set forth below is the calculation of the non-GAAP performance measures included in this press release. We believe that these measures provide useful supplemental information to assess our operating performance and to evaluate period-to-period comparisons. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Wabtec's reported results prepared in accordance with GAAP.

Wabtec Corporation					
2023 Q1 Cash Conversion Calculation					
(in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation & Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	(\$25)		\$173	\$123	(8%)

Wabtec Corporation					
2022 Q1 Cash Conversion Calculation					
(in millions)					
	<u>Reported Cash from Operations</u>	÷	<u>(Net Income</u>	+ <u>Depreciation & Amortization)</u>	= <u>Cash Conversion</u>
Consolidated Results	\$161		\$150	\$122	59%