

Q1 2015 EARNINGS RELEASE April 23, 2015



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Forward Looking Statements

Comments in this document contain certain forward-looking statements, which are based on management's good faith expectations and beliefs concerning future developments. Actual results may differ materially from these expectations as a result of many factors. These factors include, but are not limited to, the risks and uncertainties described in the "Risk Factors" section and the "Forward Looking Statements" section of WABCO's Form 10-K, as well as in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Information Concerning Forward Looking Statements" section of WABCO's Form 10-K Report. WABCO does not undertake any obligation to update such forward-looking statements. All market and industry data are based on Company estimates.

This presentation contains certain non-GAAP financial measures as that term is defined by the SEC. EBIT and sales excluding the effects of foreign exchange are non-GAAP financial measures. Additionally, gross profit, gross profit margin, operating income, operating income margin, EBIT, EBIT margin, net income attributable to company and net income attributable to company per diluted share on a "performance basis" are non-GAAP financial measures that exclude separation and streamlining items, acquisition related costs, discrete and one-time tax items, and other items that may mask the underlying operating results of the company, as applicable. Free cash flow presents our net cash provided by operating activities less net purchases of property, plant, equipment and computer software. These measures should be considered in addition to, not as a substitute for, GAAP measures. Management believes that presenting these non-GAAP measures is useful to shareholders because it enhances their understanding of how management assesses the operating performance of the Company's business. Certain non-GAAP measures may be used, in part, to determine incentive compensation for current employees. Reconciliations of the non-GAAP financial measures to the most comparable GAAP measures are available in WABCO's quarterly results presentations posted on the company's website.

Q1 Performance Summary

First Quarter 2015

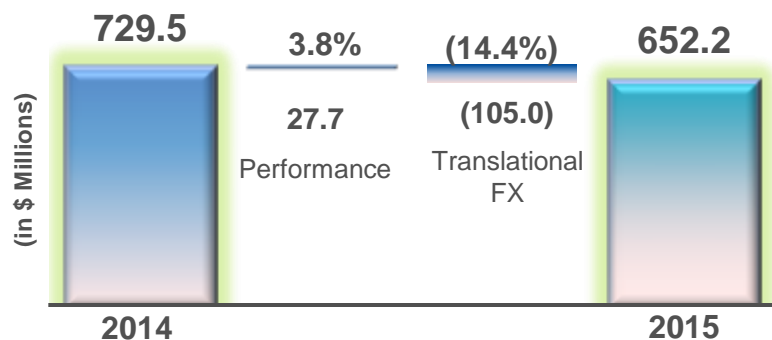
- Sales of \$652.2M; Up 3.8% in local currencies or down 10.6% reported
- Performance gross profit margin⁽¹⁾ at record 33.1% vs 30.3% in Q1'14; Reported gross profit margin of 32.8% vs. 29.9% in Q1'14
- Performance operating income⁽¹⁾ of \$93.5M vs. \$89.8M in Q1'14; Reported operating income of \$85.5M vs. \$84.2M in Q1'14
- Performance EPS⁽²⁾ of \$1.41 vs. \$1.28 in '14; Reported EPS of \$1.22 vs. \$1.12 in '14
- Free Cash Flow⁽³⁾ of \$74.5M, excluding streamlining, separation and acquisition payments in the Quarter
- Returned \$62M cash to shareholders; Repurchased 575k shares
- Invested \$20M in SmartDrive Systems
- Updates full year 2015 guidance

Q1 2015 marks another quarter of solid performance

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Q1 '15 Sales Performance & Market Trends

Q1 '15 Sales Bridge



Q1 '15 YoY Sales Growth ⁽⁴⁾ By Channel

Channel	YoY Sales Growth	Comments
OE	0%	<ul style="list-style-type: none"> OE T&B market down by 9% YoY Increased content per vehicle
Aftermarket	8%	<ul style="list-style-type: none"> Strong growth in APAC, India, MEA Strong Transics performance
Sales to JVs	24%	<ul style="list-style-type: none"> Strong market growth in US Higher T&B and Trailer content per vehicle

Q1 '15 YoY T&B Sales Growth⁽⁴⁾ vs. Estimated Production Growth By Region

Region	WABCO	Estimated Production	Comments
Europe	(1)%	1%	Europe: Affected by dual sourcing on some Euro VI platforms
North America	20%	11%	N.America: Higher content per vehicle from OnGuard™ and AMT
South America	(38)%	(38)%	S.America: Lower working capital at customers; unfavorable vehicle mix
Japan/Thailand/Korea	(5)%	(1)%	Japan & Thailand production up 2%; Korea production down 10.5% due to impact of Euro VI pre-buy and lower exports to Russia
China	0%	(26)%	China: Increased penetration ABS and SOM gain in EBS/ADB
India	49%	35%	India: New product introductions and favorable vehicle mix

Volatile global T&B market declined 9% in Q1

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Financial Performance Q1 2015

(in \$ Millions except per share data)

Profit and Loss Statement Highlights

	Q1 Reported	(1),(2) Q1 Performance	(5) Performance vs 2014 in local curr.	Performance Drivers
Sales	\$652.2	\$652.2	3.8%	<ul style="list-style-type: none"> • 11.5% vs. Q4'14, order book +5% vs. Dec '14 • Price erosion \$(9.1) or (1.2)%
Gross Profit	213.6 32.8%	215.8 33.1%	14.7% 320 bps	<ul style="list-style-type: none"> • Volume, mix and absorption: \$16.3 • Materials productivity: \$9.9 (5.1% gross, 4.0% net)
OPEX & Other	(128.1) (19.6%)	(122.4) (18.7%)	10.3% 109 bps	<ul style="list-style-type: none"> • Conversion productivity: \$7.1 (6.6%) • Labor inflation: \$(8.1) • Net investments in R&D and others \$(4.9)
Operating Income	85.5 13.1%	93.5 14.3%	21.2% 210 bps	<ul style="list-style-type: none"> • Pension \$(3.3) • Opex savings \$3.6 • Transics OPEX \$(5.1) • Transactional FX favorably impacts Op Income \$10.8
Equity Income Non-controlling Int. Exp.	6.6 (2.9)	6.6 (2.9)		<ul style="list-style-type: none"> • Equity Income up from \$5.7 in Q1'14 • Non-controlling Interest up from (2.5) in Q1'14
EBIT	\$91.1 14.0%	\$97.6 15.0%		<ul style="list-style-type: none"> • Streamlining \$(2.3) vs. \$(3.7) in Q1'14 • Separation & other perf. adj. (\$4.3) – flat vs. Q1 '14
Taxes	(18.5)	(13.8)		<ul style="list-style-type: none"> • ~14.4% Performance tax rate for Q1 '15
Net Income*	\$71.9	\$83.1		<ul style="list-style-type: none"> • Performance Net Income up from \$79.3 in Q1'14
EPS	\$1.22	\$1.41		<ul style="list-style-type: none"> • Reported EPS of \$1.12 and Performance EPS of \$1.28 in Q1'14

Refer to Slide #13 for Footnotes

10.2% EPS increase with 3.8% sales growth

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Cash Flow Summary Q1 2015

(in \$ Millions)	Free Cash Flow
Cash Provided by Operating Activities:	
• Net Income including non-controlling interest	74.8
• Depreciation & amortization	22.9
• Working capital	(26.3)
• Changes in other assets & liabilities	15.1
Net Cash Provided by Operating Activities	86.5
Purchases of PP&E, Tooling & Computer Software	(15.9)
Free Cash Flow⁽³⁾ reported	70.6
• <i>Streamlining, separation & acquisition payments</i>	(3.9)
Free Cash Flow⁽³⁾ performance excluding streamlining, separation & acquisition payments	74.5

- Working Capital reflecting higher activity in Q1 offset by improved ratios
- Took an equity position in SmartDrive Systems for \$20M
- Repurchased 575k shares in Q1 at a cost of \$62M

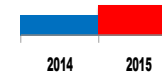
90% Conversion of Performance Net Income into Free Cash Flow


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Market Dynamics


% of WABCO Sales

2015 Global T&B Production




59% 54% **20%** Europe 


- New registrations of heavy trucks up 8% in the first 2 months vs. 2014; expected up 7% for FY
- Q1 T&B production up 1% versus 2014 and down 6% vs. Q4 2014
- **2015 T&B production outlook +3% to +8%: Western Europe starting to recover while further weakness expected from CIS area**

13% 17% **19%** North America 

- Production up 11% in Q1 vs. 2014 and down 3% vs. Q4
- **2015 T&B production outlook up +5 to +10% of which class 8 is expected to grow double digit; incorporates lowered GDP outlook**

8% 9% **35%** China 

- Q1'15 production down 26% YoY and down 11% vs. Q4'14
- **2015 T&B production outlook: -10% to -20% due to further economic slowdown**

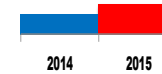
4% 6% **11%** India 

- Q1'15 T&B production up 35% YoY and up 34% vs. Q4 '14 thanks to pickup in infrastructure projects and industrial activity
- **2015 T&B production outlook: +15% to +20% taking into account improved GDP outlook**

Market Dynamics

% of WABCO Sales

2015 Global T&B Production



Japan & Korea

6% 6% 10%



- Q1'15 T&B production down -1% YoY and down 13% vs. Q4'14
- Korea down -10.5% in Q1 '15 due to lower exports to Russia and impact of Euro VI pre-buy
- **2015 T&B production outlook (incl. Thailand): flat to down -5%**

Brazil

7% 4% 5%



- Q1'15 T&B production down -38% YoY and down -3% vs. Q4 '14 impacted by continued weak economic environment
- Economical and political situation worsening
- **2015 T&B production outlook: down -15 to -25%**

Aftermarket

26% 26%



- Q1'15 sales up 8% vs. Q1 2014
- Transics growth expected again above business plan
- **2015 outlook: up ~ 8%**

Trailer

10% 10%



- Q1'15 Global production up 6% YoY and up 6% vs. Q4 '14; driven by NAFTA up 17% and Brazil down -52%
- **2015 global production outlook: flat to +5% with major positive impact from North America and negative impact from Brazil and Eastern Europe**

Uncertainty in markets prevails

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Focusing on Core Strategies

Globalization

- **Record \$1.1 Billion in New Business in Past Four Quarters, Up 10% Year on Year, Despite Significant Strengthening of U.S. Dollar Versus a Year Ago:** Separate from replacement and renewal of existing contracts, new business includes \$810 million from 2015 through 2019.
- **Investment in World-Class Manufacturing Site in Charleston, South Carolina:** New factory for air disc brakes, air compressors and other systems to be operational by Q1 2016.
- **More Engineering Capability in North America:** New vehicle development and testing facility in Rochester Hills, Michigan to aid customers for next-generation safety and efficiency technologies.

New Technologies & Products

- **Long-Term Supply Agreement with Hendrickson for Advanced Air Disc Brakes (ADB) for North America:** MAXX22T™ enables region's most optimized ADB system for trailer applications
- **\$20 Million Investment in SmartDrive Systems, a Leader in Driving Performance Solutions in North America:** Partnership to jointly develop next-generation, video-based analytics solutions for commercial vehicle fleets worldwide to enhance operating safety and lower fuel consumption.
- **Latest Safety Systems OnGuardACTIVE™ and OnLane™ Adopted by 3 Major Vehicle Makers in China:** Foton, Yutong Bus and BYD to equip their next-generation trucks and buses for export to Europe with WABCO's advanced emergency braking and lane-departure warning systems.

Execution

- **Yutong Bus Grants 'Excellent Supplier Award' for Superlative 2014 Performance:** World's largest maker of buses ranks WABCO China at top among more than 500 suppliers
- **WABCO Operating System Continues to Deliver Strong Results in Q1 2015:**
 - Delivered productivity gain of \$17.0 million, yet another significant quarterly result
 - Generated gross materials productivity of 5.1%, a continued robust gain
 - Generated conversion productivity of 6.6%, another robust result

Continued success in executing core strategies

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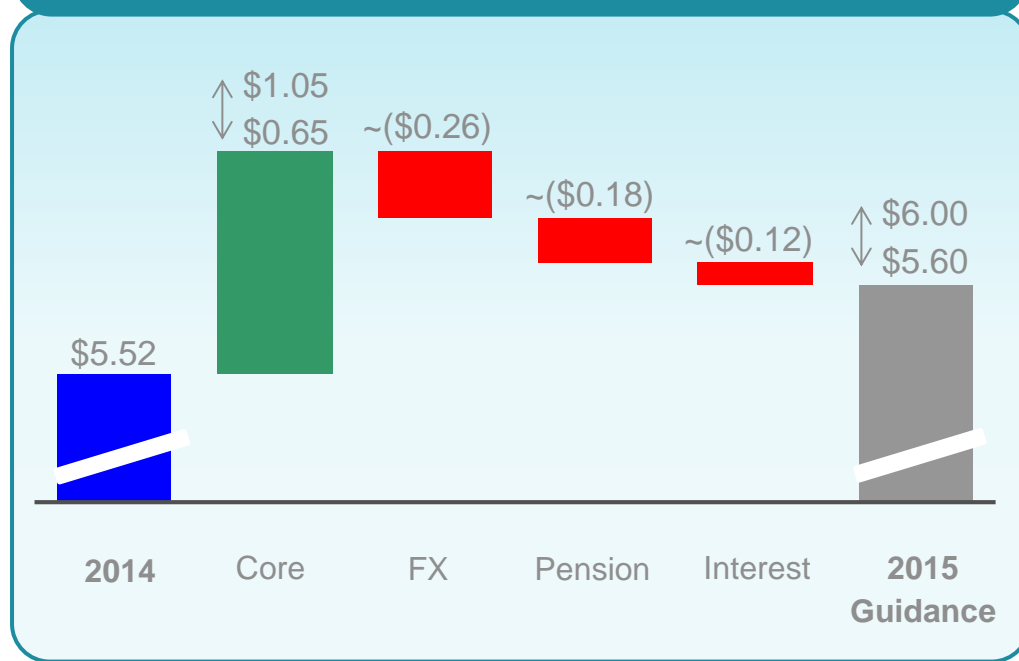
FY 2015 Guidance

(\$ Millions, except per share data)

Guidance as of April 23, 2015

	Prior	Updated
Sales Growth (4)	6% - 11% (in local currencies)	5% - 10% (in local currencies)
Reported Sales	\$2,720 - \$2,860 1 Euro = 1.156 USD	\$2,560 - \$2,700 1 Euro = 1.08 USD
Performance Op Margin (1)	14.2% - 15.1%	14.2% - 15.1%
Performance EPS (2)	\$5.80 - \$6.30	\$5.60 - \$6.00
Free Cash Flow Conversion (3)	80% - 90% (excl. Stream., Separ. and acquisition items)	80% - 90% (excl. Stream., Separ. and acquisition items)

2015 Performance EPS⁽²⁾ Guidance Range



- Annual price erosion: 1.3% to 1.5%
- Raw material inflation: ~1.0% of material costs
- Productivity levels in line with past performance

- Transactional FX vs. 2014 rates positively affecting profits by \$40 to \$45M YoY
- Performance tax rate ~14.5%
- Average diluted shares ~58M

Operating system delivers amid non-operating headwinds

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Summary

- During Q1'15, delivered continued outperformance and strong incremental margin in a declining global market
- WABCO Operating System continues to propel productivity gains
- Generated \$74.5M of Free Cash Flow ⁽³⁾ excluding streamlining, separation and acquisition payments representing 90% conversion
- Updated Full Year 2015 Guidance to reflect strengthening USD and increasingly volatile markets
- Share buy-back program continues to return value to shareholders

APPENDIX

RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP MEASURES

Footnotes, Tables & Definitions

Footnotes

1. Adjusted for streamlining and separation costs, acquisition and indirect tax related costs
2. Adjusted for streamlining, separation, one-time tax & discrete tax items, acquisition and indirect tax related costs
3. Net cash provided by operating activities less net purchases of property, plant, equipment and computer software
4. Adjusted for currency translation
5. Adjusted for currency translation, streamlining and separation costs, acquisition and indirect tax related costs
6. Adjusted for currency translation, transactional FX and streamlining, separation costs and acquisition related costs

Tables

The tables that follow provide the reconciliations of the non-GAAP financial measures to the most comparable US GAAP measures.

Definitions

- **Separation costs** include all the incremental costs to establish WABCO as a stand-alone separate independent company. It also includes the costs associated with certain liabilities, including contingent liabilities, that have been assumed by WABCO from Trane, formerly American Standard, in the separation but are not related to the Vehicle Controls Business. These costs would include the (i) periodic adjustments to the carrying values of the liability, (ii) interest on certain liabilities and (iii) costs to defend certain of these assumed liabilities.
- **Streamlining costs** are those costs that help adjust the company's workforce and other resources to changing market requirements.
- **Acquisition related costs** cover costs related to acquiring a business and non-cash expenses associated with purchase accounting including amortization of identifiable intangible assets.
- **Indirect tax related costs** pertain to costs unrelated to the company's current business operations.

WABCO HOLDINGS INC. AND SUBSIDIARIES
Three months ended March 31, 2015 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	Three Months Ended March 31					
	2015	% of Sales/ Adj Sales	2014	% of Sales/ Adj Sales	Chg vs. 2014	% Chg vs. 2014
Sales						
Reported	\$ 652.2		\$ 729.5		\$ (77.3)	-10.6%
Foreign exchange translational effects	105.0		-		105.0	
Adjusted Sales	\$ 757.2		\$ 729.5		\$ 27.7	3.8%
Gross Profit						
Reported	\$ 213.6	32.8%	\$ 217.9	29.9%	\$ (4.3)	-2.0%
Streamlining costs	2.0		3.1		(1.1)	
Separation costs	0.2		0.1		0.1	
Performance Gross Profit	\$ 215.8	33.1%	\$ 221.1	30.3%	\$ (5.3)	-2.4%
Foreign exchange translational effects	37.8		-		37.8	
Adjusted Gross Profit	\$ 253.6	33.5%	\$ 221.1	30.3%	\$ 32.5	14.7%
Selling, Administrative, Product Engineering Expenses and Other						
Reported	\$ 128.1	19.6%	\$ 133.7	18.3%	\$ (5.6)	-4.2%
Streamlining costs	(0.3)		(0.6)		0.3	
Separation costs	(0.7)		(0.8)		0.1	
Indirect tax related costs	(2.2)		-		(2.2)	
Acquisition related costs	(2.6)		(1.0)		(1.6)	
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 122.3	18.8%	\$ 131.3	18.0%	\$ (9.0)	-6.9%
Foreign exchange translational effects	22.5		-		22.5	
Adjusted Selling, Administrative, Product Engineering Expenses and Other	\$ 144.8	19.1%	\$ 131.3	18.0%	\$ 13.5	10.3%
Operating Income						
Reported	\$ 85.5	13.1%	\$ 84.2	11.5%	\$ 1.3	1.5%
Streamlining costs	2.3		3.7		(1.4)	
Separation costs	0.9		0.9		-	
Indirect tax related costs	2.2		-		2.2	
Acquisition related costs	2.6		1.0		1.6	
Performance Operating Income	\$ 93.5	14.3%	\$ 89.8	12.3%	\$ 3.7	4.1%
Foreign exchange translational effects	15.3		-		15.3	
Adjusted Operating Income	\$ 108.8	14.4%	\$ 89.8	12.3%	\$ 19.0	21.2%

WABCO HOLDINGS INC. AND SUBSIDIARIES
Three months ended March 31, 2015 Data Supplement Sheet (Unaudited)

(Amounts in millions, except per share data)

	Three Months Ended March 31					
	2015	% of Sales/ Adj Sales	2014	% of Sales/ Adj Sales	Chg vs. 2014	% Chg vs. 2014
<u>EBIT (Earnings Before Interest and Taxes)</u>						
Reported Net Income Attributable to Company	\$ 71.9		\$ 69.4		\$ 2.5	
Income tax expense	18.5		15.8		2.7	
Interest income, net	(0.7)		0.1		(0.8)	
EBIT	\$ 91.1	14.0%	\$ 85.1	11.7%	\$ 6.0	7.1%
Streamlining costs	2.3		3.7		(1.4)	
Separation income	(0.6)		3.2		(3.8)	
Indirect tax related costs	2.2		-		2.2	
Acquisition related costs	2.6		1.1		1.5	
Performance EBIT (Earnings Before Interest and Taxes)	\$ 97.6	15.0%	\$ 93.1	12.8%	\$ 4.5	4.8%
<u>Pre-Tax Income</u>						
EBIT	\$ 91.1		\$ 85.1		\$ 6.0	
Interest income, net	(0.7)		0.1		(0.8)	
Pre-Tax Income	\$ 90.4		\$ 85.2		\$ 5.2	
Streamlining costs	2.3		3.7		(1.4)	
Separation income	(0.6)		3.2		(3.8)	
Indirect tax related costs	2.2		-		2.2	
Acquisition related costs	2.6		1.1		1.5	
Performance Pre-Tax Income	\$ 96.9		\$ 93.2		\$ 3.7	
Tax rate on a performance basis	14.2%		14.9%			
<u>Net Income Attributable to Company</u>						
Reported Net Income Attributable to Company	\$ 71.9		\$ 69.4		\$ 2.5	
Streamlining costs, net of tax	1.6		2.5		(0.9)	
Separation income, net of tax	(0.8)		2.7		(3.5)	
Indirect tax related costs, net of tax	1.5		-		1.5	
Acquisition related costs, net of tax	1.7		0.7		1.0	
Tax items	7.2		4.0		3.2	
Performance Net Income Attributable to Company	\$ 83.1		\$ 79.3		\$ 3.8	
Performance Net Income Attributable to Company per Diluted Common Share	\$ 1.41		\$ 1.28			
Common Shares Outstanding - Diluted	58.8		62.0			

<u>Incremental Gross Profit and Operating Income Margin</u>	Gross Profit	Operating Income
Increase in adjusted sales from '14	27.7	27.7
Increase in adjusted income from '14	32.5	19.0
Incremental Income as a % of Sales	117.3%	68.6%
YoY Transactional Foreign Exchange (FX) Impact		(10.8)
Increase in adjusted income from '14 excluding transactional FX impact		8.2
Incremental income excluding transactional FX as a % of Sales		29.6%

Note: The presentation of the performance measures above are not in conformity with generally accepted accounting principles (GAAP). These measures may not be comparable to similar measures of other companies as not all companies calculate these measure

WABCO HOLDINGS INC. AND SUBSIDIARIES
Reconciliation of Net Cash Provided
By Operating Activities to Free Cash Flow
(Unaudited)

<i>(Amounts in millions)</i>	Three Months Ended	
	March 31,	
	<u>2015</u>	<u>2014</u>
Net Cash Provided by Operating Activities	\$ 86.5	\$ 45.9
Deductions or Additions to Reconcile to Free Cash Flow:		
Net purchases of property, plant, equipment and computer software	<u>(15.9)</u>	<u>(23.2)</u>
Free Cash Flow	<u>\$ 70.6</u>	<u>\$ 22.7</u>
Less: Streamlining & separation payments	(3.8)	(4.7)
Less: Acquisition related payments	<u>(0.1)</u>	<u>(0.5)</u>
Free Cash Flow excluding streamlining, separation & acquisition related payments	<u>\$ 74.5</u>	<u>\$ 27.9</u>

Note: This statement reconciles net cash provided by operating activities to free cash flow. Management uses free cash flow, which is not defined by US GAAP, to measure the Company's operating performance. Free cash flow is also one of the several measures used to determine incentive compensation for certain employees.

WABCO HOLDINGS INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Financial Measures for Full Year 2015 Guidance
(Unaudited)

(Amounts in millions, except per share data)

	Full Year 2015 Guidance
<u>Operating Income</u>	
Reported Operating Income Margin	13.0% - 13.9%
Streamlining cost, impact to margin	0.7%
Separation costs, impact to margin	0.1%
Indirect tax related costs, impact to margin	0.3%
Acquisition related items, impact to margin	0.1%
Performance Operating Income Margin	14.2% - 15.1%
Net Income Attributable to Company	
Reported Net Income Attributable to Company	\$282.1 - \$305.3
Streamlining cost, net of tax	18.8
Separation costs, net of tax	12.4
Indirect tax related costs, net of tax	1.5
Acquisition related items, net of tax	6.7
Tax items	3.4
Performance Net Income Attributable to Company	\$325.0 - \$348.0
Reported Net Income Attributable to Company per Diluted Common Share	\$4.86 - \$5.26
Performance Net Income Attributable to Company per Diluted Common Share	\$5.60 - \$6.00
Diluted common shares outstanding	~ 58

Note: The presentation of performance net income and performance net income per diluted common share is not in conformity with generally accepted accounting principles (GAAP). These measures may not be comparable to similar measures of other companies as not all companies calculate these measures in the same manner.



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