

WABCO

WABCO HOLDINGS

Q1 2008 Earnings Release

April 30, 2008



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-Q Quarterly Reports. 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. Sales excluding the effects of foreign exchange are a non-GAAP financial measure. Additionally, operating income, net income and net income per diluted share on a "performance basis" are non-GAAP financial measures that exclude separation costs, operational streamlining expenses, and one-time and discrete tax items, as applicable. Lastly, "free cash flow" presents our net cash provided by operating activities less net cash used in investing activities. 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 set forth in the Appendix of this presentation titled "Reconciliations of non-GAAP Measures to GAAP Measures".



Q1 2008 Performance Summary

- **Record Quarterly Sales of \$705.4 Million; Up 26% Reported or 12% in Local Currencies; All Organic Growth**
- **Operating Income Up 34% Reported; Performance Operating Income⁽¹⁾ Up 27% in Local Currencies, Margin Expansion of 157bps**
- **EPS Reported \$0.91; Performance EPS⁽²⁾ \$1.04, Up 55%**
- **Free Cash Flow⁽³⁾ of \$33 Million**
- **Repurchased 734K Shares During the Quarter**

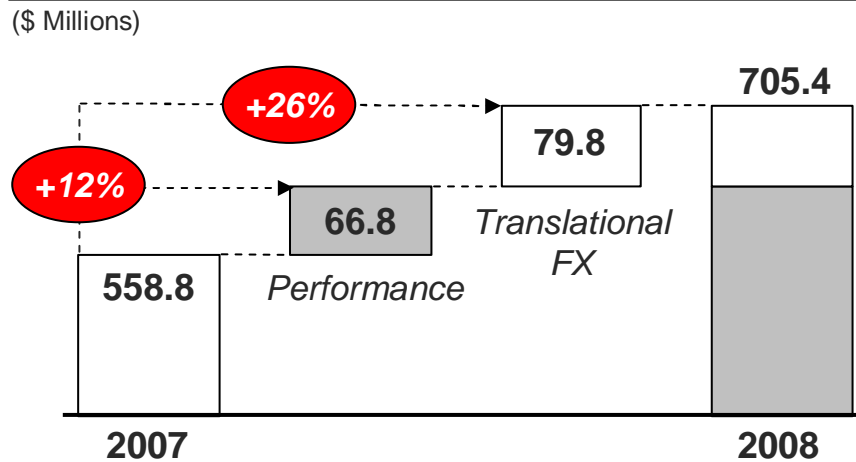
Refer to Slide #12 for Footnotes

Another Quarter of Record Sales and Income

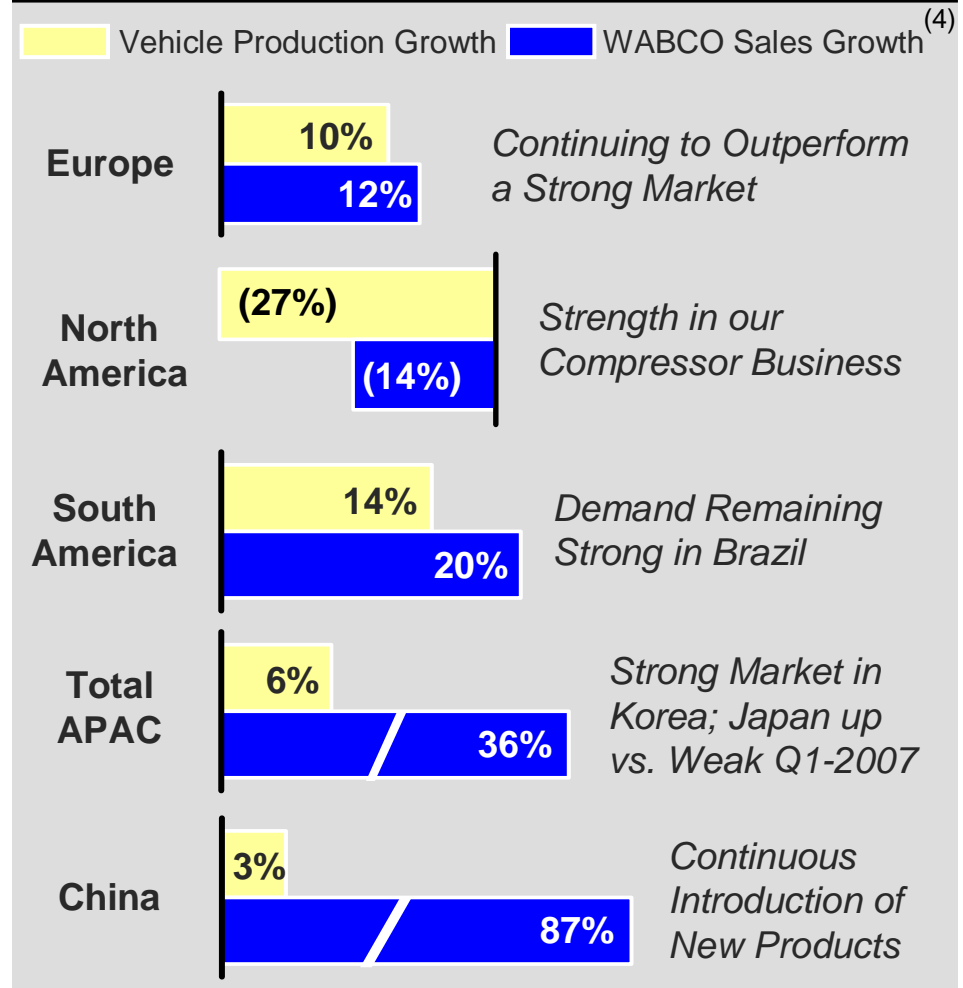


Sales Performance & Market Trends

Q1 Sales Overview



Q1 Growth vs. Vehicle Production



Q1 Growth By Channel

Channel	Growth ⁽⁴⁾	Driver
▪ OEM T&B	+17%	▪ Strong Markets & Added Content per Vehicle
▪ Aftermarket	+6%	▪ Fewer Working Days ▪ OES Inventory Reduction ▪ Independent Aftermarket in Line with Expectations
▪ Sales to JVs	-23%	▪ Impact of the US Market

Refer to Slide #12 for Footnotes

Record Sales, Outperforming Market Performance in All Regions



Q1 Financial Performance

(\$ Millions)

	2008		Performance Growth in Local Currencies ⁽⁵⁾	Performance Drivers
	Reported	Performance ⁽¹⁾		
Sales	\$705.4	\$705.4	12.0%	<ul style="list-style-type: none"> Continued Strong Markets Order Book up \$192M (+19%) Price: (\$13.1)
Gross Profit	196.0 27.8%	196.6 27.9%	13.4% + 34 bps	<ul style="list-style-type: none"> Volume & Mix: \$16.6 Productivity: \$28.1 Labor Inflation: (\$6.2) Opex and Other: (\$0.5) FX Transactional: (\$7.4) or 118 bps Unfavorable Margin Impact
OPEX & Other	(112.3) (15.9%)	(105.1) (14.9%)	3.4% +122 bps	
Op. Income	83.7 11.9%	91.5 13.0%	27.4% + 157 bps	
Equity Income	0.6	0.6		<ul style="list-style-type: none"> Q1 2007 Equity Income: \$4.8 <ul style="list-style-type: none"> – Impact of SCL JV: (\$3.2) – North American Market: (\$0.9)
EBIT	81.7 11.6%	\$89.5 12.7%	23.3% + 117 bps	<ul style="list-style-type: none"> EBIT Margin Expansion of 235 bps Excluding Transactional FX

Refer to Slide #12 for Footnotes

Margin Expansion Far Exceeding Strong Sales Growth



Q1 Financial Performance (Continued)

(\$ Millions, except per share data)

	2008	2007	<i>Growth</i>	Performance Details
EBIT Reported	81.7	63.4	28.9%	<ul style="list-style-type: none"> ▪ Streamlining (\$1.2) ▪ Separation (\$6.6)
Interest Income/(Expense)	0.6	(2.4)		
Income Tax Provision				<ul style="list-style-type: none"> ▪ Performance Tax Rate: 22%
▪ Provision	(19.8)	(15.5)		
▪ Stream., Sep. & Discrete	(1.2)	(5.4)		
Net Income Reported	61.3	40.1	53%	
Stream., Sep. & Discrete – Net of Tax	9.0	6.3		
Performance Net Income⁽²⁾	70.3	46.4	52%	
Diluted Shares	67.5	69.7		<ul style="list-style-type: none"> ▪ Reduction of 2.2 Million Diluted Shares Outstanding
EPS Reported	0.91	0.58		
Performance EPS⁽²⁾	1.04	0.67	55%	

Refer to Slide #12 for Footnotes

Strong Net Income & EPS Growth

(\$ Millions)

Cash Flow Details

Cash Provided by Operating Activities

Net Income	61.3		
Depreciation & Amortization	25.1		
Working Capital	(67.0)	←	▪ Receivables (\$38.0) ▪ Inventories (\$22.8) ▪ Payables (\$6.2)
Changes in Other Assets & Liabilities	31.5	←	▪ Includes \$11.2M Separation Related Tax Payment
Net Cash Provided by Operating Activities	50.9		

Net Cash Used in Investing Activities (17.9)

Free Cash Flow⁽³⁾ 33.0

Share Repurchase Program	27.9		▪ 734K Shares Repurchased in Q1
Dividend Payment	4.7		
Cash Returned to Shareholders	32.6		

Refer to Slide #12 for Footnotes

Q1 Impacted by Separation Payments & Payables Timing



(\$ Millions)

Credit Facilities & Liquidity Position

Credit Facilities Overview

Facility	Curr.	Amount	Available*	Purpose
5 Year Synd.	USD	\$800	\$650	General Purposes, Subject to Covenants Metrics
1 Year BTM	EUR	€50	\$75	
1 Year Rabo	EUR	€100	\$150	
1 Year ABN	EUR	€100	\$150	
Asset Securitization	EUR	€150	\$225	Off-Balance Sheet, Outside Covenants Metrics
			\$1,250	

* Estimated at 1.50 USD / Euro

Liquidity Position

<u>Credit Facilities</u>
\$1,250
+
<u>Cash**</u>
\$227
-
<u>Liquidity Reserve</u>
\$100
=
<u>Available Liquidity</u>
\$1,377

** As of March 31st, 2008

Completed Financing Arrangements with Favorable Terms



2008 Full Year Projections

Updated 2008 Projections

(1 EURO = 1.47 USD)

(\$ Millions, except per share data)

	Original	Revised
	Low End – High End	Low End – High End
Sales	\$2,775 - \$2,852 8% - 11%	\$2,800 - \$2,878 9% - 12%
Performance EBIT⁽¹⁾	\$336 - \$348	\$339 - \$351
Performance EPS⁽²⁾	\$3.73 - \$3.87	\$3.91 - \$4.05

Projection Drivers

(1) Markets

- Order Levels Confirming Strong European Markets into Q3; Uncertainty Remains for Q4
- North America Weaker Than Expected, Mild Recovery in Second Part of the Year
- Increasing our Content per Vehicle in Emerging Markets

(2) Other Financial Assumptions

- Performance Tax Rate at ~22%
- 66.6M Average Diluted Shares
- No Impact of Potential EC Fine Assumed

Refer to Slide #12 for Footnotes

Raising Full Year Projections

Summary

- **Delivered Record First Quarter; Progress on All Key Measures**
- **Continuing to Drive Growth and Outperform Growing Commercial Vehicle Market in 2008**
- **WABCO Operating System Delivering Continuous Operational Improvements**
- **Achieved \$1.04 Performance EPS⁽²⁾, 55% Above Prior Year**
- **Performance EPS⁽²⁾ Projection Range for 2008 Raised by \$0.18 to \$3.91 to \$4.05**

Refer to Slide #12 for Footnotes

Delivered Another Great Quarter, Raising Full Year Projections

APPENDIX

RECONCILIATIONS OF NON-GAAP MEASURES
TO GAAP MEASURES



Footnotes, Tables & Definitions

Footnotes

1. Adjusted for streamlining and separation costs
2. Adjusted for streamlining, separation and one-time tax and discrete tax items
3. Net cash provided by operating activities less net cash used in investing activities
4. Adjusted for currency translation
5. Adjusted for currency translation, streamlining and separation 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 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.



WABCO HOLDINGS INC.
Reconciliation of Net Income to Performance Net Income and Performance Net Income per Diluted Share
(Unaudited)

(Amounts in millions, except per share data)

	Three Months Ended March 31,	
	2008	2007
Net Income	\$ 61.3	\$ 40.1
Adjustments:		
Streamlining cost, net of tax	1.1	0.6
Tax items	2.0	5.7
Separation costs, net of tax and separation related taxes	5.9	-
Performance Net Income	\$ 70.3	\$ 46.4
Performance Net Income per Diluted Common Share	\$ 1.04	\$ 0.67
Common Shares Outstanding - Diluted	67.5	
Pro-forma Common Shares Outstanding - Diluted		69.7

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

(Amounts in millions)

	Three Months Ended Mar 31,	
	2008	2007
Net Cash Provided by Operating Activities	\$ 50.9	\$ 54.1
Deductions or Additions to Reconcile to Free Cash Flow:		
Purchases of property, plant, equipment and computer software	<u>(17.9)</u>	<u>(12.3)</u>
Free Cash Flow	<u>\$ 33.0</u>	<u>\$ 41.8</u>

WABCO HOLDINGS INC.
Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended Mar 31,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
Sales					
Reported	\$ 705.4		\$ 558.8		26.2%
Foreign exchange translation effects	(79.8)		-		
Adjusted Sales	<u>\$ 625.6</u>		<u>\$ 558.8</u>		12.0%
Gross Profit					
Reported	\$ 196.0	27.8%	\$ 152.7	27.3%	28.4%
Streamlining costs	0.3		-		
Separation costs	0.3		-		
Performance Gross Profit	<u>\$ 196.6</u>		<u>\$ 152.7</u>		
Foreign exchange translational effects	(23.5)		-		
Adjusted Gross Profit	<u>\$ 173.1</u>	27.7%	<u>\$ 152.7</u>	27.3%	13.4%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>					
Reported	\$ 112.3	15.9%	\$ 90.0	16.1%	24.8%
Streamlining costs	(0.9)		(0.9)		
Separation costs	(6.3)		-		
Performance Selling, Administrative, Product Engineering Expenses and Other	<u>\$ 105.1</u>		<u>\$ 89.1</u>		
Foreign exchange translational effects	(13.0)		-		
Adjusted Selling, Administrative, Product Engineering Expenses and Other	<u>\$ 92.1</u>	14.7%	<u>\$ 89.1</u>	15.9%	3.4%

WABCO HOLDINGS INC.
Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended Mar 31,				
	2008	% of Sales/ Adj Sales	2007	% of Sales/ Adj Sales	% Chg vs. 2007
<u>Operating Income</u>					
Reported	\$ 83.7	11.9%	\$ 62.7	11.2%	33.5%
Streamlining costs	1.2		0.9		
Separation costs	6.6		-		
Performance Operating Income	\$ 91.5	13.0%	63.6	11.4%	43.9%
Foreign exchange translational effects	(10.5)		-		
Adjusted Operating Income	\$ 81.0	12.9%	\$ 63.6	11.4%	27.4%
<u>Equity in Income of Unconsolidated Joint Ventures</u>					
Reported	0.6		\$ 4.8		
Foreign exchange translational effects	0.1		-		
Adjusted Equity in Income of Unconsolidated Joint	\$ 0.7		\$ 4.8		
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported EBIT	\$ 81.7	11.6%	\$ 63.4	11.3%	28.9%
Streamlining costs	1.2		0.9		
Separation costs	6.6		-		
Performance EBIT (Earnings Before Interest and Taxes)	\$ 89.5		\$ 64.3		
Foreign exchange translational effects	(10.2)		-		
Adjusted EBIT (Earnings Before Interest and Taxes)	\$ 79.3	12.7%	\$ 64.3	11.5%	23.3%

WABCO HOLDINGS INC.
Reconciliation of Projected US GAAP EBIT and EPS to Performance EBIT and EPS
for Full Year 2008 Projections
(Unaudited)

(1 EURO = 1.47 USD)

(Amounts in millions, except per share data)

	Original 2008	Revised 2008
<u>EBIT (Earnings Before Interest and Taxes)</u>		
Projected US GAAP EBIT	\$315.5 - \$327.5	\$318.5 - \$330.5
Streamlining costs	10.0	9.0
Separation costs	10.5	11.5
Performance EBIT (Earnings Before Interest and Taxes)	<u>\$336.0 - \$348.0</u>	<u>\$339.0 - \$351.0</u>
 <u>Net Income</u>		
Projected US GAAP Net Income	\$230.3 - \$240.3	\$237.5 - \$246.8
Streamlining costs, net of tax	6.5	7.2
Tax items	3.3	5.0
Separation costs, net of tax and separation related taxes	8.0	10.7
Performance Net Income	<u>\$248.1 - \$258.1</u>	<u>\$260.4 - \$269.7</u>
 Performance Net Income per Diluted Common Share	 \$3.73 - \$3.87	 \$3.91 - \$4.05
 Projected diluted common shares outstanding	 66.6	 66.6