



WABCO'S RECENT ACQUISITIONS

SEPTEMBER 22, 2017



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FORWARD LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES

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 EBITDA are non-GAAP financial measures. Additionally, EBIT, EBITDA, tax rate and net income attributable to company per diluted share ("EPS") on a "performance basis" are non-GAAP financial measures that exclude items for separation, streamlining, acquisitions, discrete and one-time tax items, and other items that management believes may mask the underlying operating results of the company, as applicable. Reconciliations of the forward looking non-GAAP financial measures presented herein to the most comparable GAAP measures are not available prior to completion of the customary purchase price allocations for the related acquisitions. 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.

All of the non-GAAP financial measures presented herein should be considered in addition to, not as a substitute for, GAAP measures. These measures may not be comparable to similar measures of other companies as not all companies calculate these measures in the same manner.



THE BUSINESS RATIONALE

Operating structure prior to this week's announcements

WABCO

- AMT control systems
- Air Disc Brakes
- Aerodynamics
- Off-highway control systems



MERITOR WABCO

- Braking control systems
- Stability control systems
- Collision mitigation systems
- Electronically controlled air suspension
- Air charging and processing
- Trailer control systems

WABCO Compressor Manufacturing (JV)

WABCO 70% / Cummins 30%

Manufacturing of compressors



Complexity in serving the market through three distinct businesses with strong brands

WITH THE RECENTLY ANNOUNCED ACQUISITIONS



WABCO

Offering Global and North America customers 'single-point' access to our fully-integrated portfolio of advanced technology and control systems

- Braking and stability control
- AMT control systems
- Wheel-end solutions (ADB)
- Air charging and processing
- Aerodynamics
- Trailer control systems
- Off-highway control systems
- Steering control systems



MERITOR WABCO



WABCO Compressor Manufacturing (JV)

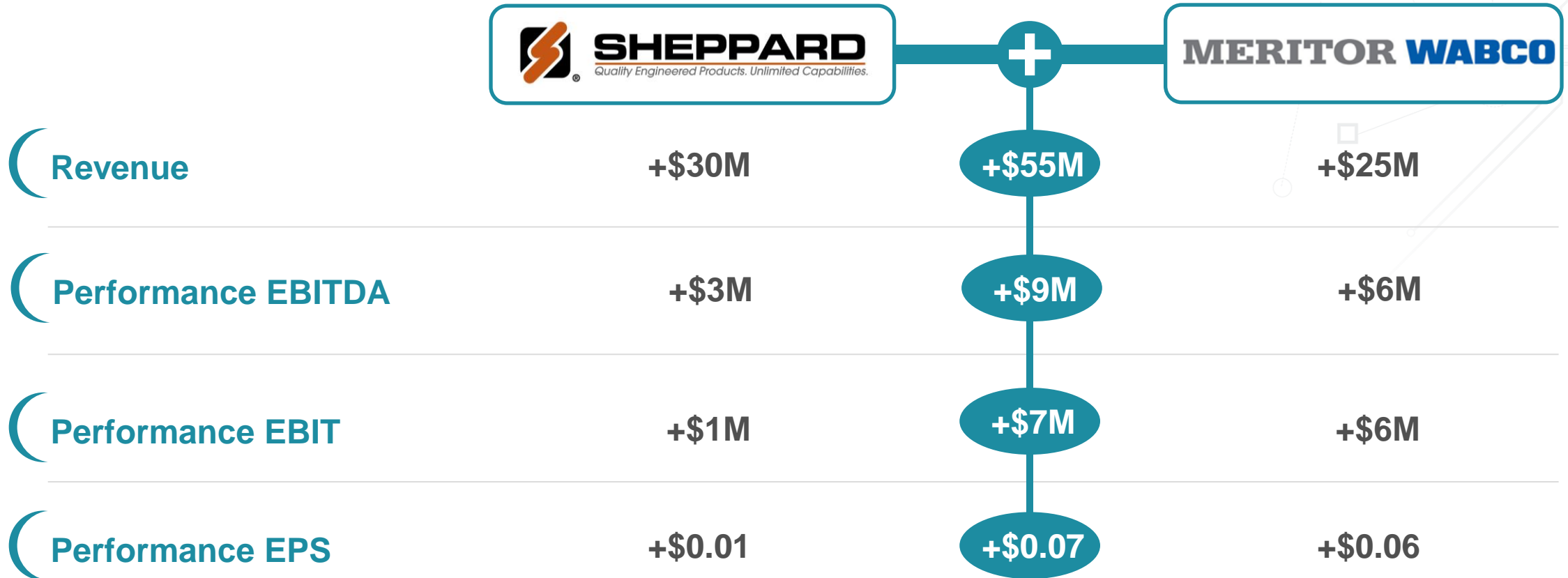
WABCO 70% / Cummins 30%

Manufacturing of compressors

TRANSACTIONS DETAILS

			
Acquisition Price	\$145M	Joint Venture <i>(Meritor share)</i>	Aftermarket distribution rights
Closing date	Sept 18, 2017	\$250M	Put/Call options at \$225M to \$265M
EBITDA multiple (TTM)	Low teens	Oct 1, 2017	10 year agreement Options to terminate within first 3.5 years
		High singles	n/a

ACQUISITIONS BRING INCREMENTAL VALUE – Q4



**Incremental sales relate to sales the JV would have made to end-customer minus sales WABCO would have made to the JV
Reconciliations to the most comparable USGAAP figures are not available prior to completion of customary purchase price allocations for these acquisitions*

EFFECT ON TAX RATE

Transaction

Profits in high tax rate jurisdiction

Cash tax deduction from amortization of goodwill and intangibles

Impact to WABCO cash tax rate

Despite growth in high tax rate jurisdiction, our cash tax rate remains unchanged

2018 and beyond : Mid to high teens

Impact to WABCO reported and performance tax rate

Expected increase in 2018 reported & performance tax rate between 100-200 bps

2018 and beyond : Low twenties

SUMMARY

Strategic acquisitions supporting the path to autonomous driving and market leadership in **North America**

“Returning” **\$515M** cash to shareholders in **2017** through **buy back** and **2 accretive acquisitions**

Buy back on hold to rebuild our **net cash position**

Acquisitions immediately accretive with a clear growth path in subsequent years

THANK YOU



a **WORLD** of
DIFFERENCE

Safety • Efficiency • Connectivity