

WABCO

WABCO HOLDINGS

Q3 Earnings Release

October 24, 2007



Full Disclosure Statement

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 Information Statement included in the Form 10 filing made in connection with WABCO's spinoff from American Standard Companies Inc., 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 Report for the Quarter Ended June 30, 2007. 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. Non-GAAP financial measures in this presentation are generally identified by the terms "adjusted" or "performance". Sales excluding the effects of foreign exchange is a non-GAAP financial measure. Additionally, income and income per diluted share on a "performance basis" are non-GAAP financial measures that exclude operational streamlining expenses, one-time and discrete tax items and separation costs. Lastly, "free cash flow" presents our cash provided by operating activities less capital expenditures. These measures should be considered in addition to, not as a substitute for, GAAP measures. Reconciliations of the non-GAAP financial measures to the most comparable GAAP measures are set forth in the Appendix of this presentation titled "Reconciliation of non-GAAP Measures to GAAP Measures".



Q3 2007 Performance Summary

- **Record Quarterly Sales**
 - Quarterly Sales Reached All-Time High of \$595.5 Million, up 18% as Reported
 - Organic Growth of 10% in Local Currencies, After an Increase of Over 11% in Q3 2006
- **Operating Income Down 0.7% Reported, Up 2.6% Adjusted⁽¹⁾**
 - Reported Operating Margin 9.2%, Down 170bps
 - Adjusted⁽¹⁾ Operating Margin 10.8%, Down 80bps
- **EPS Reported \$0.0, Performance⁽⁴⁾ EPS \$0.65, up 27.5%**
 - Net Income Impacted by \$45.3 Million Separation, Streamlining and One Time & Discrete Tax Items
- **Free Cash Flow of \$29.4 Million**
 - Net \$96 Million Improvement in Cash/Debt Balance
- **Share Repurchase Program Initiated**
 - 785 Thousand Shares Repurchased During Q3 for \$35.6 Million
- **Increasing 2007 Sales Expectation to \$2,390 Million; Confirming FY Performance⁽⁴⁾ EPS Target of \$2.85**

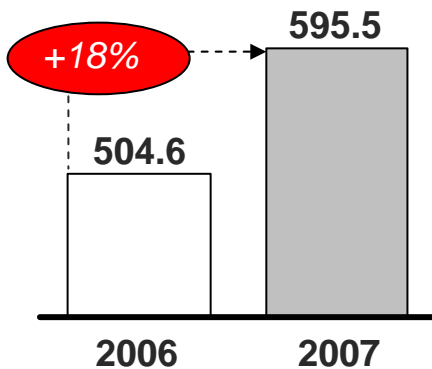
Refer to Slide #13 for Footnotes

Record Quarterly Sales, Confirming Full Year Expectations

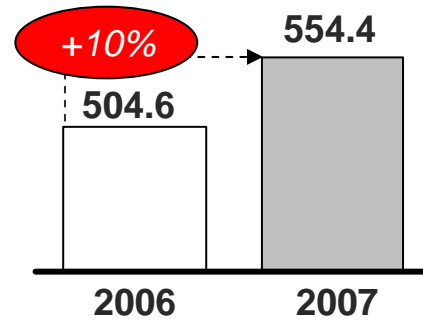
WABCO Sales Performance & Market Trends

Q3 Reported Sales

(\$ Millions)



Q3 Adjusted Sales⁽²⁾



Vehicle Production Trends

- Europe: +13% Strong EE Demand
- N. America: -47% In Line with Expectations
- S. America: +19% Strong Demand in Brazil
- APAC: +22% Strong Growth in China (+38%)

Key Customer Wins / Events

- Nominated by CNHTC as Exclusive Supplier of Braking System Components for Several Truck Platforms
- Selected by DCEC to Supply Air Compressors
- Selected by TagAZ as Exclusive Supplier of Vacuum Pumps for a Diesel SUV Application
- Nominated by IVECO to Supply Hydraulic Anti-Lock Braking System (ABS) on a New SUV
- Introduced New Generation EBS for Trailer Market

Growth By Channel⁽²⁾

- OEM T&B +14%
- Aftermarket +7%
- Sales to JVs -40%

Growth By Region⁽²⁾

- Europe +14%
- N. America -35%
- S. America +24%
- APAC +21%
 - China +118%

Refer to Slide #13 for Footnotes

Outperforming Strong CV Market Growth



Q3 Financial Performance

(in Millions)

	2007		2006		Delta Adj.	Performance Drivers
	Reported	Adjusted ⁽¹⁾	Reported	Adjusted ⁽³⁾		
Sales	\$595.5	\$554.4	\$504.6	\$504.6	9.9%	<ul style="list-style-type: none"> Strong European Market Price Pressure: (\$12.7)
Gross Profit	157.9 26.5%	146.7 26.5%	140.0 27.7%	140.1 27.8%	4.7%	<ul style="list-style-type: none"> Volume & Mix: \$11.3 Productivity: \$12.5 Labor Inflation: (\$4.9) Opex Net Investment: (\$2.1) FX Transactional: (\$2.6) or 45 bps
OPEX & Other	103.3 17.3%	86.8 15.7%	85.0 16.8%	81.6 16.2%	6.4%	
Op. Income	54.6 9.2%	59.9 10.8%	55.0 10.9%	58.4 11.6%	2.6%	
Equity Income	(1.8)	(1.5)	3.5	3.5		<ul style="list-style-type: none"> India JV Equity Income: (\$3.6) (Non-Brake Business)
EBIT	\$51.8 8.7%	\$59.0 10.6%	\$56.5 11.2%	\$59.9 11.9%	(1.5%)	

Refer to Slide #13 for Footnotes

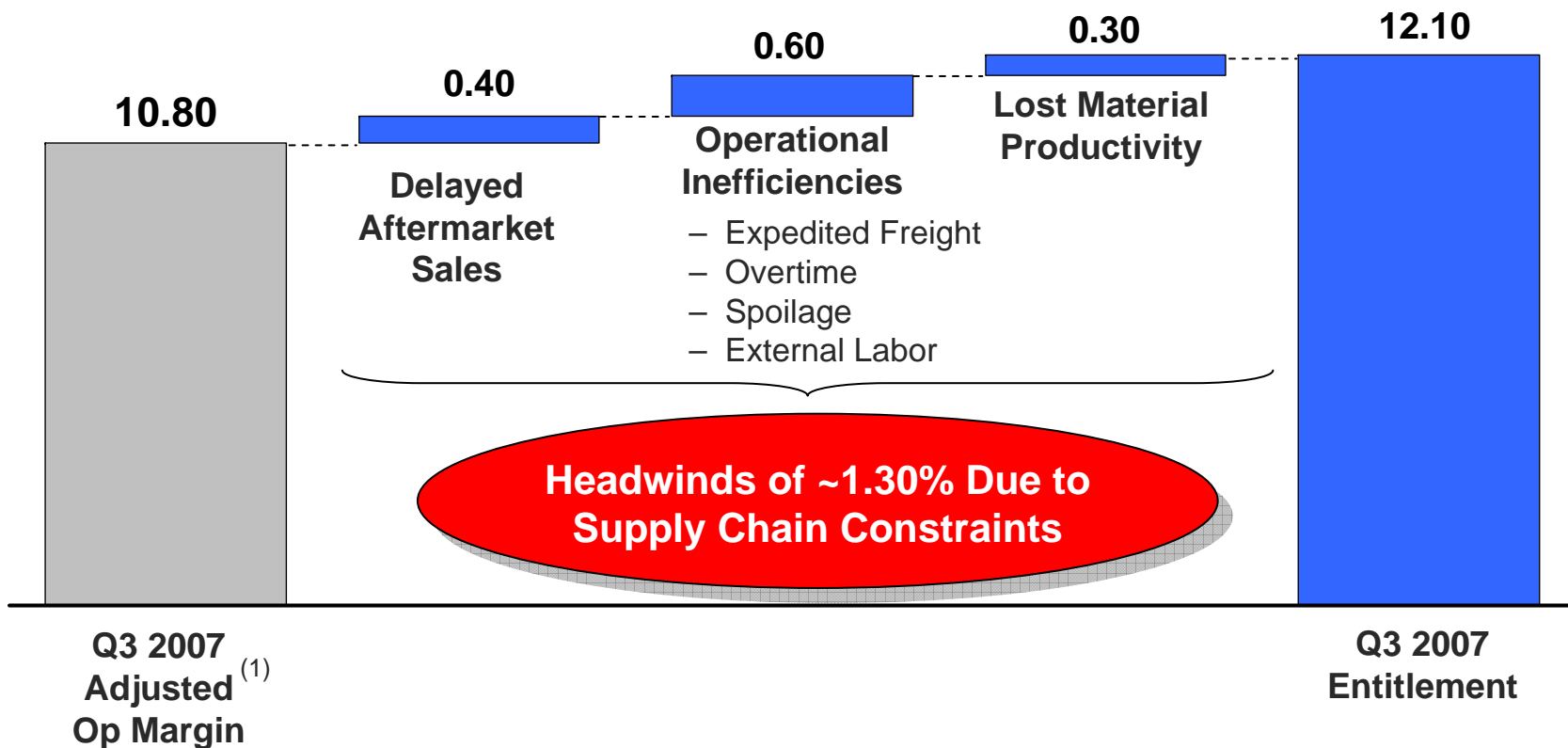
Still Recovering From Significant Capacity Constraint Headwinds

Q3 Operating Margin Entitlement

All Numbers Are Estimates

(% of Sales)

Impact of Capacity Constraints on Op Margin



Refer to Slide #13 for Footnotes

Significant Margin Improvement Effort Underway

WABCO Supply Chain Constraint Improvement Plan

Operating Lever	Q3 2007 Margin Impact	Resolution Timing			Operational Goal
		Q4-2007	Q1-2008	Q2-2008	
Delayed AM Sales	0.40%	Reduce	Resolved		Return to ~10% AM Growth Rate for FY 2008
Operational Inefficiencies	0.60%	Reduce	Reduce	Resolved	Eliminated by End Q2 2008
Material Productivity	0.30%	Reduce	Reduce	Resolved	Return to Annualized Material Productivity Rate ~5.0% by End of Q2 2008

>130bps Margin Improvement
By Eliminating Supply Chain
Capacity Constraints

Q4 Adjusted Op Margin ~12% Due
to Combination of Reduced Capacity
Constraints & Incremental Volume

Significant Progress in Q4 ... Target Resolution by End of Q2 2008



Q3 EPS Performance 2007 vs. 2006

(in Millions, except per share data)

	<u>2007</u>	<u>2006</u>	<u>% Change</u>	<u>Performance Drivers</u>
EBIT Reported	51.8	56.5		
Interest	(2.1)	(2.6)		<ul style="list-style-type: none"> ▪ July Related-Party Interest: \$1
Income Tax Provision				
▪ Sustainable Rate	(12.9)	(20.7)		<ul style="list-style-type: none"> ▪ Tax Rate of 26% On-Target
▪ Separation & Discrete	(37.1)	4.9		<ul style="list-style-type: none"> ▪ Separation Tax (\$38)
Net Income Reported	(0.3)	38.1	N/A	
Streamlining. & Sep. – Net of Tax	(8.2)	(2.1)		<ul style="list-style-type: none"> ▪ Streamlining (\$2) ▪ Separation (\$6)
Performance Net Income ⁽⁴⁾	45.0	35.3	27.5%	
Diluted Shares	69.5	69.7		
EPS Reported	(0.0)	0.55		
Performance EPS ⁽⁴⁾	0.65	0.51	27.5%	<ul style="list-style-type: none"> ▪ Significant Year over Year Performance Improvement

Refer to Slide #13 for Footnotes

Strong Improvement in Q3 Performance EPS



(in Millions)

Q3 Cash Flow Analysis

Cash Flow Details

Cash & Equivalents on July 1	\$ 54.3	
Cash Provided by Operating Activities		
Net Income	(0.3)	▪ Separation & Tax Impact
Depreciation & Amortization	23.9	
Working Capital	(17.0)	▪ Inventory: \$13.4; Receivables: \$2.8
Other Accrued Liabilities, Taxes & All Other	39.8	▪ Tax Reserves
Net Cash Provided by Operating Activities	46.4	
Capital Expenditures	(17.0)	▪ Free Cash Flow of \$29.4
Financing Activities		
Net Borrowing/Repayments of Debt	14.8	
Stock Purchase & Dividend Payment	(34.1)	▪ 785K Shares Repurchased in September
Proceeds from Exercise of Stock Options	4.4	
Net Change in Balance Due From/To ASD	92.5	
Net Cash Provided by Financing	77.6	▪ \$83 More Cash than Expected from Spin-Off
Effect of Exchange Rate	3.8	
Cash & Equivalents on Sept 30	165.1	
Net Q3 Increase in Cash	\$ 110.8	▪ Significant Increase in Cash Position for Q3

Cash at Spin Offsets Q3 Separation Tax by Over \$40 Million



Full Year Outlook

(in Millions, except per share data)

	2007 Q1-Q3	2007 Q4 Projections ⁽⁴⁾	Updated FY Guidance ⁽⁵⁾	July Estimate
Sales	\$1,737	\$653	\$2,390	\$2,323
Performance Op Income⁽⁵⁾	194 11.2%	78 11.9%	272 11.4%	272 11.7%
Equity Income	7	3	10	15
Performance EBIT⁽⁵⁾	193	78	271	276
Interest Expense	(5)	--	(5)	(10)
Performance Net Income⁽⁴⁾	\$139	\$58	\$197	\$197
Diluted Shares	69.6	68.5	69.1	69
Performance EPS⁽⁴⁾	\$2.00	\$0.85	\$2.85	\$2.85

Refer to Slide #13 for Footnotes

Projections & Guidance Imply a Range

Confirming July Full Year Estimates for EPS Performance

Summary

- **Spin-off has Been Efficient & Successfully Driven...All Resources are Now Back to Driving Performance**
- **WABCO Continues to Drive Growth & Outperform a Fast-Growing Truck Market**
- **Temporary Capacity Constraints in the Supply Chain Decrease Contribution of Growth to Profitability**
- **Continued Adherence to the WOS is Generating Tangible Results and Will Drive the Rapid Resolution of Capacity Issues**
- **Q4 is Expected to Show Significant Margin Improvement**
- **We Confirm our Full Year Guidance of \$2.85 for Performance EPS**

Setting the Stage for a Strong Performance in 2008

APPENDIX

RECONCILIATION OF NON-GAAP MEASURES
TO GAAP MEASURES



Footnotes, Tables & Definitions

Footnotes

1. Adjusted for currency translation, streamlining and separation costs
2. Adjusted for currency translation
3. Adjusted for streamlining costs
4. Adjusted for streamlining, separation and 1-time tax & discrete tax items
5. Adjusted for streamlining and separation costs

Tables

The tables that follow provide the reconciliations of the non-GAAP financial measures to the most comparable 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 Common Share
(Unaudited)

Dollars in millions
 Except per share data

	Quarter Ended Sept 30,		Nine Months Ended Sept 30,	
	2007	2006	2007	2006
Net Income	\$ (0.3)	\$ 38.1	\$ 71.1	\$ 113.0
Adjustments:				
Streamlining cost, net of tax	2.0	2.1	8.4	3.8
Tax items	(0.9)	(4.9)	2.0	(8.2)
Separation costs, net of tax and separation related taxes	44.2	0.0	57.5	0.0
Performance Net Income	\$ 45.0	\$ 35.3	\$ 139.0	\$ 108.6
Performance Net Income per Diluted Common Share	\$ 0.65	\$ 0.51	\$ 2.00	\$ 1.56

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.

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

Dollars in millions

	Quarter Ended Sept 30,	
	2007	2006
Cash Provided by Operating Activities:		
Net Income	\$ (0.3)	\$ 38.1
Adjustments to reconcile net income to net cash provided by operating activities	\$ 46.7	\$ 21.2
Net Cash Provided by Operating Activities	\$ 46.4	\$ 59.3
Other Deductions or Additions to Reconcile to Free Cash Flow:		
Purchases of property, plant, equipment and computer software	\$ (17.0)	\$ (17.3)
Proceeds from disposals of property	\$ -	\$ -
Free Cash Flow	\$ 29.4	\$ 42.0

Note: The presentation of free cash flow is not in conformity with generally accepted accounting principles (GAAP). This measure may not be comparable to similar measures of other companies as not all companies calculate this measure in the same manner.



WABCO HOLDINGS INC.
Data Supplement Sheet - Three Months Ended September 30, 2007
(Unaudited)

Dollars in millions

	Quarter Ended Sept 30,				
	2007	% of Sales/ Adj Sales	2006	% of Sales/ Adj Sales	% Chg vs. 2006
<u>Sales</u>					
Reported	\$ 595.5		\$ 504.6		18.0%
Foreign exchange translational effects	\$ (41.1)		\$ -		
Adjusted Sales	554.4		504.6		9.9%
<u>Gross Profit</u>					
Reported	\$ 157.9	26.5%	\$ 140.0	27.7%	12.8%
Streamlining costs	\$ -		\$ 0.1		
Separation costs	\$ 0.3		\$ -		
Foreign exchange translational effects	\$ (11.5)		\$ -		
Adjusted Gross Profit	146.7	26.5%	140.1	27.8%	4.7%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>					
Reported	\$ 103.3	17.3%	\$ 85.0	16.8%	21.5%
Streamlining costs	\$ (2.7)		\$ (3.4)		
Separation costs	\$ (6.8)		\$ -		
Foreign exchange translational effects	\$ (7.0)		\$ -		
Adjusted Selling, Administrative, Product Engineering Expenses and Other	86.8	15.7%	81.6	16.2%	6.4%
<u>Operating Income</u>					
Reported	\$ 54.6	9.2%	\$ 55.0	10.9%	-0.7%
Streamlining costs	\$ 2.7		\$ 3.4		
Separation costs	\$ 7.1		\$ -		
Foreign exchange translational effects	\$ (4.5)		\$ -		
Adjusted Operating Income	59.9	10.8%	58.4	11.6%	2.6%

Note: The presentation of the adjusted 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 measures in the same manner.



WABCO HOLDINGS INC.
Data Supplement Sheet - Three Months Ended September 30, 2007
(Unaudited)

Dollars in millions

	Quarter Ended Sept 30,				
	2007	% of Sales/ Adj Sales	2006	% of Sales/ Adj Sales	% Chg vs. 2006
<u>Equity in Loss/(Income) of Unconsolidated Joint Ventures</u>					
Reported	\$ 1.8		\$ (3.5)		
Foreign exchange translational effects	\$ (0.3)		\$ -		
Adjusted Equity in Loss/(Income) of Unconsolidated Joint Ventures	1.5		(3.5)		
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported net income	(0.3)		38.1		
Reported income taxes	50.0		15.8		
Reported interest expense	2.1		2.6		
Reported EBIT	\$ 51.8	8.7%	\$ 56.5	11.2%	-8.3%
Streamlining costs	\$ 2.7		\$ 3.4		
Separation costs	\$ 7.1		\$ -		
Foreign exchange translational effects	\$ (2.6)		\$ -		
Adjusted EBIT (Earnings Before Interest and Taxes)	59.0	10.6%	59.9	11.9%	-1.5%
<u>Net Interest Expense/(Income) - Related Party & Third Party</u>					
Reported	\$ 2.1		\$ 2.6		-19.2%
Foreign Exchange Translational Effects	\$ (0.1)		\$ -		
Adjusted Net Interest Expense/(Income) - Related Party & Third Party	2.0		2.6		-23.1%

Note: The presentation of the adjusted 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 measures in the same manner.



WABCO HOLDINGS INC.

**Reconciliation of Net Income to Performance Net Income and Performance Net Income per Diluted Common Share
(Unaudited)**

Dollars in millions
Except per share data

	9 Months Ended Sept 30, 2007	Q4 Projected	Full Year Projected
Operating Income - Reported	\$ 167.0	\$ 73.9	\$ 240.9
Streamlining costs	11.3	1.5	12.8
Separation costs	15.3	2.6	17.9
Operating Income - Performance	<u>\$ 193.6</u>	<u>\$ 78.0</u>	<u>\$ 271.6</u>
Earnings Before Interest and Taxes - (EBIT) - Reported	\$ 166.3	\$ 73.9	\$ 240.2
Streamlining costs	11.3	1.5	12.8
Separation costs	15.3	2.6	17.9
Earnings Before Interest and Taxes - Performance	<u>\$ 192.9</u>	<u>\$ 78.0</u>	<u>\$ 270.9</u>
Net income - GAAP	\$ 71.1	\$ 54.2	\$ 125.3
Streamlining costs, net of tax	8.4	1.1	9.5
Tax Items	2.0	0.0	2.0
Separation costs, net of tax and separation related taxes	57.5	2.7	60.2
Net Income - Performance	<u>\$ 139.0</u>	<u>\$ 58.0</u>	<u>\$ 197.0</u>
Reported Diluted Shares	69.6		
Projected Diluted Shares		68.5	69.1
GAAP Net Income per Diluted Share	\$ 1.02	\$ 0.79	\$ 1.81
Performance Net Income per Diluted Common Share	\$ 2.00	\$ 0.85	\$ 2.85

Note: The presentation of 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 measures in the same manner.