

WABCO

WABCO HOLDINGS

Q4 and Full Year 2007 Earnings Release
February 7, 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 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 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. 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, 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. 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. 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".



Q4 2007 Performance Summary

- **Record Quarterly Sales of \$679 Million; Up 31% Reported or 17% in Local Currencies; All Organic Growth**
- **Operating Income Up 21.2% Reported; Up 22.8% Adjusted⁽¹⁾, Margin Expansion of 60bps**
- **EPS Reported \$0.79; EPS Performance⁽²⁾ \$1.02, Up 100%**
- **Free Cash Flow \$45.8 Million, 84% Net Income Conversion**
- **1.8 Million Shares Repurchased During Q4**

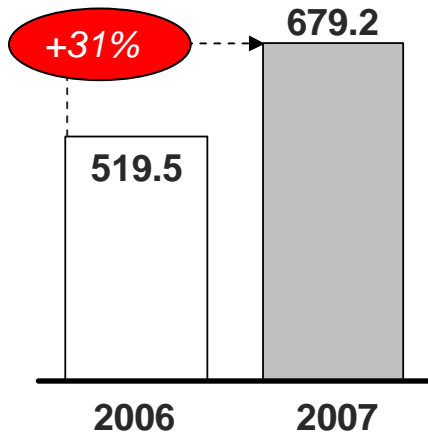
Refer to Slide #15 for Footnotes

All-Time Record High Quarterly Sales and Income

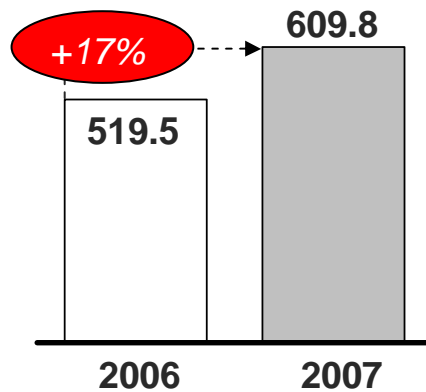
WABCO Sales Performance & Market Trends

Q4 Reported Sales

(\$ Millions)



Q4 Adjusted Sales⁽³⁾



Vehicle Production Trends

- Europe: +16% Continued Strong Demand
- N. America: -44% Decrease as Expected
- S. America: +23% Strong Demand in Brazil
- APAC: +22% Sustained Growth in China

Key Customer Wins / Events

- Nominated by Daimler to Become Exclusive Supplier of ABS and EBS Wheel Speed Sensors for Europe, North America and South America
- Selected by Schmitz Cargobull and Gigant Group to Supply Air Disc Brakes
- Selected by SsangYong to Supply Vacuum Pumps for Euro 5 Diesel Engines
- Extended Contract with Volvo to Supply Compressors and a Variety of Valves Thru 2012
- Received Distinguished Supplier Awards From CNHTC and Yutong in China

Growth By Channel⁽³⁾

- OEM T&B +24%
- Aftermarket +10%
- Sales to JVs -21%

Growth By Region⁽³⁾

- Europe +20%
- N. America -25%
- S. America +27%
- APAC +32%
- China +63%

Refer to Slide #15 for Footnotes

Record Sales, Outperforming Market Growth in All Regions



Q4 Financial Performance

(in Millions)

	2007		2006		Delta Adj.	Performance Drivers
	Reported	Adjusted ⁽¹⁾	Reported	Adjusted ⁽⁴⁾		
Sales	\$679.2	\$609.8	\$519.5	\$519.5	17.4%	<ul style="list-style-type: none"> Strong Global Market Order Book up \$257M (30%) Price: (\$13.0)
Gross Profit	189.2 27.9%	168.8 27.7%	142.5 27.4%	142.7 27.5%	18.3%	<ul style="list-style-type: none"> Volume & Mix: \$27.1 Productivity: \$18.6 Labor Inflation: (\$6.0) Opex Net Investment: (\$9.4) FX Transactional: (\$3.6) or 53 bps
OPEX & Other	114.4 16.8%	90.7 14.9%	80.8 15.6%	79.1 15.2%	14.7%	
Op. Income	74.8 11.0%	78.1 12.8%	61.7 11.9%	63.6 12.2%	22.8%	
Equity Income	2.1	1.9	3.2	3.2		<ul style="list-style-type: none"> North American Market Down
EBIT	\$75.4 11.1%	\$77.5 12.7%	\$62.5 12.0%	\$64.4 12.4%	20.3%	

Refer to Slide #15 for Footnotes

Margin Expansion on All Levels

WABCO Supply Chain Constraint Improvement Plan

Operating Lever	Operational Goal	Q3 2007 Margin Challenge	Q4 2007 Achievements
Delayed AM Sales	Return to ~10% AM Growth Rate for FY 2008	0.40%	<p>Completed Ahead of Schedule</p> <ul style="list-style-type: none"> Resolved Backlog Situation Delivered Double Digit Growth vs. Q4-2006
Operational Inefficiencies	Eliminated by End Q2 2008	0.60%	<p>Ahead of Schedule</p> <ul style="list-style-type: none"> Reduced Expedited Freight and Spoilage Overtime and External Labor Running Above Normal
Material Productivity	Return to Annualized Material Productivity Rate ~5.0% by End of Q2 2008	0.30%	<p>Ahead of Schedule</p> <ul style="list-style-type: none"> Captured Short-Term Opportunities On Track for Further Improvements in Q1 and Q2

Ahead of Schedule on Improvement Plan



Q4 Financial Performance (Continued)

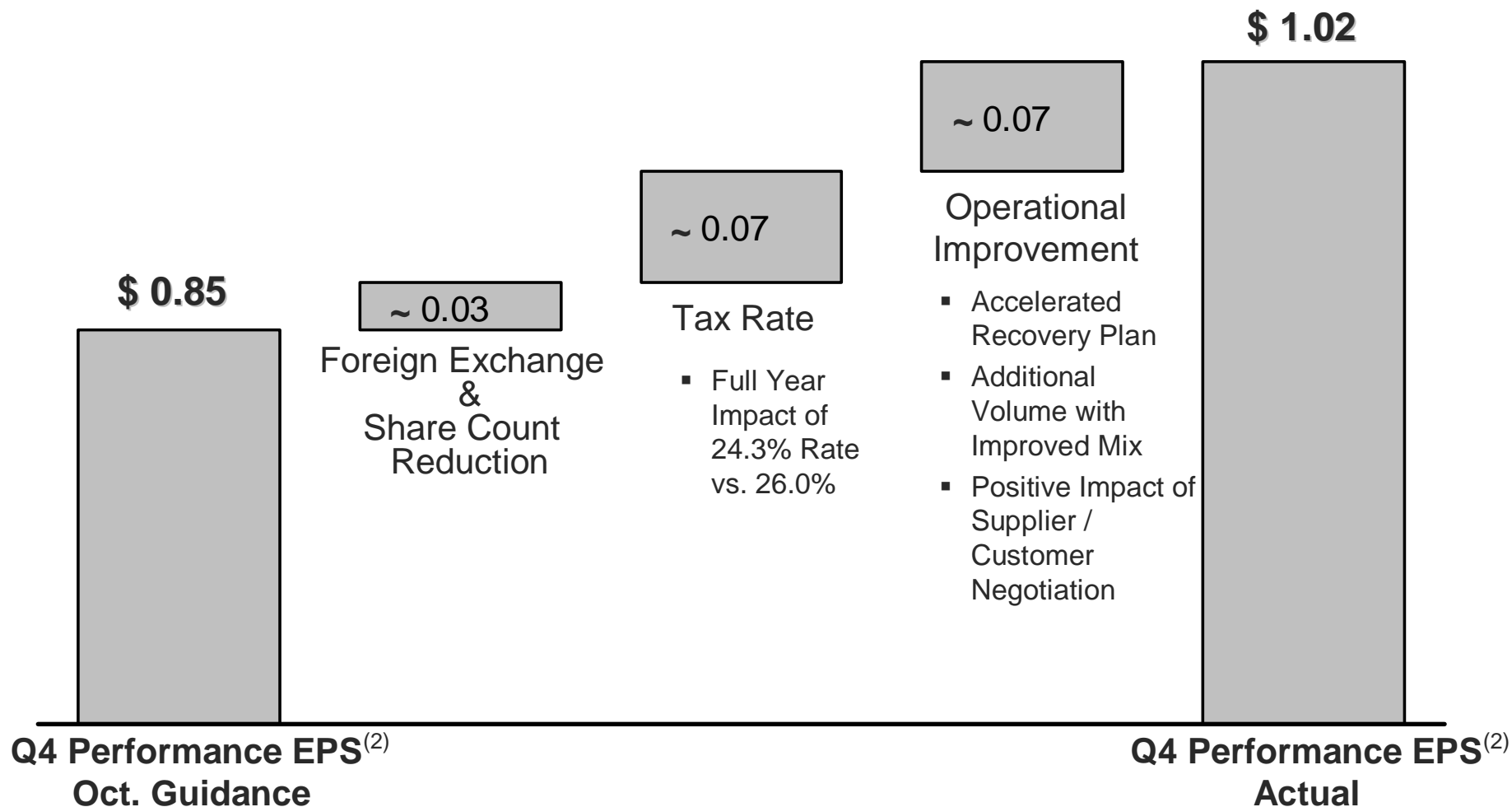
(in Millions, except per share data)

	2007	2006	<i>Growth</i>	Performance Drivers
EBIT Reported	75.4	62.5	21%	<ul style="list-style-type: none"> ▪ Streamlining (\$1.4) ▪ Separation (\$10.7)
Interest	(0.0)	(7.0)		
Income Tax Provision				<ul style="list-style-type: none"> ▪ Income Offsets Expense ▪ Improved Tax Rate to 24.34% for the Full Year 2007
▪ Provision excl. Sep. & Discrete	(16.8)	(21.3)		
▪ Separation & Discrete	(4.2)	(9.6)		
Net Income Reported	54.4	24.6	121%	
Streamlining. & Sep. – Net of Tax	15.2	10.8		
Performance Net Income ⁽²⁾	69.6	35.4	97%	
Diluted Shares	68.4	69.7		<ul style="list-style-type: none"> ▪ 1.8 Million Shares Repurchased
EPS Reported	0.79	0.35		
Performance EPS ⁽²⁾	1.02	0.51	100%	

Refer to Slide #15 for Footnotes

Performance Net Income & EPS Doubled Versus 2006!

Q4 Performance EPS Bridge



Refer to Slide #15 for Footnotes

Exceeding Guidance... All EPS Levers Contributing



(in Millions)

Q4 Cash Flow

Cash Flow Details

Cash & Equivalents on Oct. 1st	165.1	
Cash Provided by Operating Activities		
Net Income	54.4	
Depreciation & Amortization	23.4	<ul style="list-style-type: none"> ▪ Receivables \$(15.6) ▪ Inventories \$12.6 ▪ Payables \$(4.3)
Working capital	(7.3)	
Other	6.0	
Net Cash Provided by Operating Activities	76.5	
Net Cash Used in Investing Activities	(30.7)	<ul style="list-style-type: none"> ▪ Seasonal High in Q4
Free Cash Flow⁽⁵⁾	45.8	
Share Repurchase Program	93.6	<ul style="list-style-type: none"> ▪ 1.8M Shares Repurchased in Q4
Dividend Payment	4.7	
Cash Returned to Shareholders	98.3	

84% FCF Conversion Despite Strong Growth & Seasonal CAPEX



2007 Full Year Financial Summary

(in Millions, except per share data)

	<u>2007</u>	<u>2006</u>	<u>Growth</u>	<u>Performance Drivers</u>
Sales	\$2,416	\$2,015	20%	<ul style="list-style-type: none"> ▪ 11% Growth in Local Currencies
Performance Op Income ⁽⁶⁾	282 11.7%	231 11.5%	22%	<ul style="list-style-type: none"> ▪ Excluding Transactional FX, Performance Improvement of 60bps
Equity Income	9	23	-61%	<ul style="list-style-type: none"> ▪ Market Drop in North America ▪ Drop in India JV Non-Brakes Business
Performance EBIT ⁽⁶⁾	280 11.6%	245 12.2%	14%	<ul style="list-style-type: none"> ▪ Sustainable Tax Rate of 24.34%
Performance Net Income ⁽²⁾	\$209 8.6%	\$144 7.2%	45%	<ul style="list-style-type: none"> ▪ Impact of Shares Repurchased
Diluted Shares	69.3	69.7		
Performance EPS ⁽²⁾	\$3.01	\$2.07	45%	

Refer to Slide #15 for Footnotes

Outstanding Year... Well Positioned for 2008



FY 2008 Guidance

Guidance vs. 2007

Sales	8% - 11%
Performance EBIT⁽⁶⁾	15% - 20%
Performance Net Income⁽²⁾	15% - 20%
Performance EPS⁽²⁾	20% - 25%
FCF⁽⁵⁾ Conversion	80% - 90%

High End Guidance

- European Production Continues to Grow at High Single to Low Double Digit Rate Full Year, Moderate Recovery in North America
- Benefits of Productivity Programs Accelerated by Volume Growth

Low End Guidance

- Softening of Global Economy Leads to Slow Down in Truck & Bus Production in the Second Half of the Year

Common Assumptions

- 10% Aftermarket Growth
- ~24% Tax Rate
- \$200M Share Repurchase
- Potential Impact of Pending EU Fine Not Included

Refer to Slide #15 for Footnotes

Another Year of Strong Growth and Performance

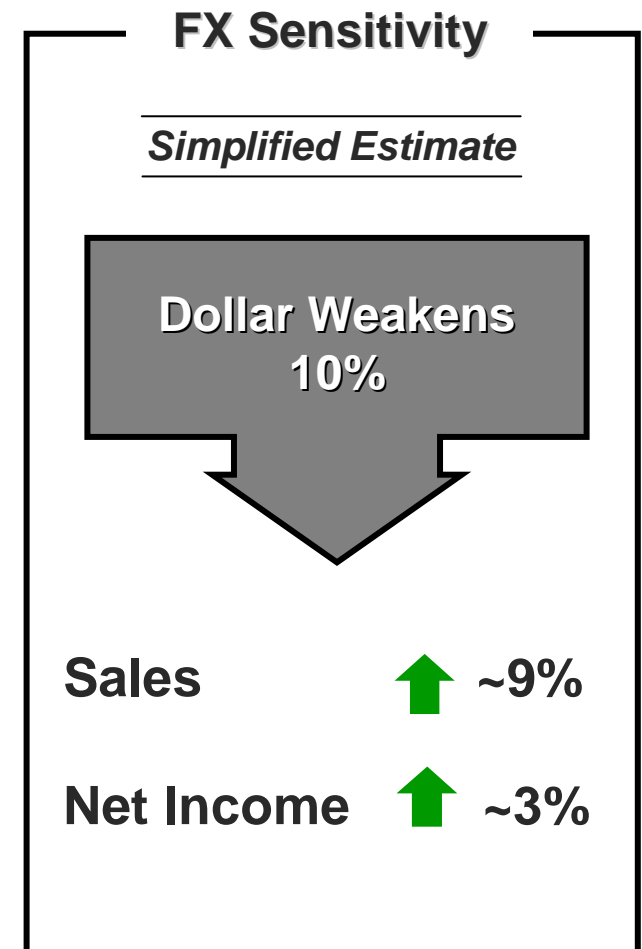
Projections Based on Guidance

Projections Based on Year-End '07 Rates
(1 Euro = 1.47 USD)

(in Millions, except per share data)

	Low End	High End
Sales	\$ 2,775	\$ 2,852
Performance EBIT⁽⁶⁾	336	348
Performance Net Income⁽²⁾	248	258
Performance EPS⁽²⁾	3.73	3.87
FCF⁽⁵⁾	185	215

Refer to Slide #15 for Footnotes



Narrow Projection Range... Partial Natural Net Income Hedge

- **Delivered Record Fourth Quarter; Progress on all Key Measures**
- **WABCO Operating System Driving Accelerated Operational Improvement**
- **Achieved \$1.02 Performance EPS⁽²⁾ for Q4, 100% Above Prior Year**
- **Delivered \$3.01 Full Year Performance EPS⁽²⁾, 45% Above Prior Year**
- **Continuing to Drive Growth & Outperform Growing Commercial Vehicle Market in 2008**
- **2008 Full Year Guidance: 8 - 11% Sales Growth and 20 - 25% Performance EPS⁽²⁾ Growth, at Equal Exchange Rates**

Refer to Slide #15 for Footnotes

Stage is Set for Another Year of Strong Performance

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 streamlining, separation and 1-time tax & discrete tax items
3. Adjusted for currency translation
4. Adjusted for streamlining costs
5. Net cash provided by operating activities less net cash used in investing activities
6. 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)

(Amounts in millions, except per share data)

	Three Months Ended Dec 31,		Twelve Months Ended Dec 31,	
	2007	2006	2007	2006
Net Income	\$ 54.4	\$ 24.6	\$ 125.4	\$ 137.8
Adjustments:				
Streamlining costs, net of tax	-	1.2	8.4	4.9
Tax items	(0.8)	9.6	1.2	1.4
Separation costs, net of tax and separation related taxes	16.0	-	73.5	-
Performance Net Income	<u>\$ 69.6</u>	<u>\$ 35.4</u>	<u>\$ 208.5</u>	<u>\$ 144.1</u>
Performance Net Income per Diluted Common Share	\$ 1.02	\$ 0.51	\$ 3.01	\$ 2.07
Common shares outstanding - diluted	68.4		69.3	
Pro-forma common shares outstanding - diluted		69.7		69.7

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)

(Amounts in millions)

	Three Months Ended Dec 31,	
	2007	2006
Net Cash Provided by Operating Activities	\$ 76.5	\$ 35.6
Deductions or Additions to Reconcile to Free Cash Flow:		
Purchases of property, plant, equipment and computer software	(32.6)	(30.9)
Proceeds from disposals of property	1.9	-
Free Cash Flow	\$ 45.8	\$ 4.7

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 several measures used to determine incentive compensation for certain employees.



WABCO HOLDINGS INC.
Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended Dec 31,				
	2007	% of Sales/ Adj Sales	2006	% of Sales/ Adj Sales	% Chg vs. 2006
<u>Sales</u>					
Reported	\$ 679.2		\$ 519.5		30.7%
Foreign exchange translational effects	(69.4)		-		
Performance Sales	\$ 609.8		\$ 519.5		17.4%
<u>Gross Profit</u>					
Reported	\$ 189.2	27.9%	\$ 142.5	27.4%	32.8%
Streamlining costs	-		0.2		
Separation costs	0.4		-		
Foreign exchange translational effects	(20.8)		-		
Performance Gross Profit	\$ 168.8	27.7%	\$ 142.7	27.5%	18.3%
<u>Selling, Administrative, Product Engineering Expenses and Other</u>					
Reported	\$ 114.4	16.8%	\$ 80.8	15.6%	41.6%
Streamlining costs	(1.4)		(1.7)		
Separation costs	(11.3)		-		
Foreign exchange translational effects	(11.0)		-		
Performance Selling, Administrative, Product Engineering Expenses and Other	\$ 90.7	14.9%	\$ 79.1	15.2%	14.7%
<u>Operating Income</u>					
Reported	\$ 74.8	11.0%	\$ 61.7	11.9%	21.2%
Streamlining costs	1.4		1.9		
Separation costs	11.7		-		
Foreign exchange translational effects	(9.8)		-		
Performance Operating Income	\$ 78.1	12.8%	\$ 63.6	12.2%	22.8%

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 measures in the same manner.

WABCO HOLDINGS INC.
Data Supplement Sheet
(Unaudited)

(Amounts in millions)	Quarter Ended Dec 31,				
	<u>2007</u>	<u>% of Sales/ Adj Sales</u>	<u>2006</u>	<u>% of Sales/ Adj Sales</u>	<u>% Chg vs. 2006</u>
<u>Equity in Income of Unconsolidated Joint Ventures</u>					
Reported	\$ 2.1		\$ 3.2		
Foreign exchange translational effects	(0.2)		-		
Adjusted Equity in Income of Unconsolidated Joint Ventures	<u>\$ 1.9</u>		<u>\$ 3.2</u>		
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported EBIT	\$ 75.4	11.1%	\$ 62.5	12.0%	20.6%
Streamlining costs	1.4		1.9		
Separation costs	10.7		-		
Foreign exchange translational effects	(10.0)		-		
Performance EBIT (Earnings Before Interest and Taxes)	<u>\$ 77.5</u>	12.7%	<u>\$ 64.4</u>	12.4%	20.3%

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 measures in the same manner.

**WABCO HOLDINGS INC.
Data Supplement Sheet
(Unaudited)**

(Amounts in millions)	Twelve Months Ended Dec 31,				% Chg vs. 2006
	2007	% of Sales	2006	% of Sales	
<u>Sales</u>					
Reported	\$ 2,415.9		\$ 2,015.2		19.9%
Foreign exchange translational effects	(189.0)		0.0		
Adjusted Sales	\$ 2,226.9		\$ 2,015.2		10.5%
<u>Operating Income</u>					
Reported	\$ 241.8		\$ 222.9		
Streamlining costs	12.7		8.2		
Separation costs	27.0		-		
Performance Operating Income	\$ 281.5	11.7%	\$ 231.1	11.5%	21.8%
<u>EBIT (Earnings Before Interest and Taxes)</u>					
Reported EBIT	\$ 241.2		\$ 237.0		1.8%
Streamlining costs	12.7		8.2		
Separation costs	26.1		-		
Performance EBIT (Earnings Before Interest and Taxes)	\$ 280.0	11.6%	\$ 245.2	12.2%	14.2%

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 measures in the same manner.



WABCO HOLDINGS INC.
Full Year 2008 Projections Based on Guidance (Exchange Rates Not Constant)
(Unaudited)

(Amounts in millions, except per share data)	<u>2008</u>
<u>EBIT (Earnings Before Interest and Taxes)</u>	
Reported EBIT	\$315.5 - \$327.5
Streamlining costs	10.0
Separation costs	10.5
Performance EBIT (Earnings Before Interest and Taxes)	<u>\$336.0 - \$348.0</u>
<u>Net Income</u>	
Reported Net Income	\$230.3 - \$240.2
Streamlining costs, net of tax	6.5
Tax items	3.3
Separation costs, net of tax and separation related taxes	8.0
Performance Net Income	<u>\$248.1 - \$258.1</u>
Performance Net Income per Diluted Common Share	\$3.73 - \$3.87
Projected diluted common shares outstanding	66.6
<u>Free Cash Flow</u>	
Net Cash Provided by Operating Activities	\$282.0 - \$307.0
Deductions or Additions to Reconcile to Free Cash Flow:	
Purchases of property, plant, equipment and computer software	92.0 - 97.0
Proceeds from disposals of property	-
Free Cash Flow	<u>\$185.0 - \$215.0</u>

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 measures in the same manner.

WABCO HOLDINGS INC.
Full Year 2008 Projections Based on Guidance (at Constant Exchange Rates)
(Unaudited)

(Amounts in millions, except per share data)	Twelve Months Ended Dec. 31,	2008	2007	% Chg vs.
	2008	2007	2007	
<u>EBIT (Earnings Before Interest and Taxes)</u>				
Reported EBIT	\$302.3 - \$316.3	\$	241.2	
Streamlining costs	9.6		12.7	
Separation costs	10.1		26.1	
Performance EBIT (Earnings Before Interest and Taxes)	<u>\$322 - \$336</u>	\$	<u>280.0</u>	15% - 20%
<u>Net Income</u>				
Reported Net Income	\$223.7 - \$232.7	\$	125.4	
Streamlining costs, net of tax	6.3		8.4	
Tax items	3.2		1.2	
Separation costs, net of tax and separation related taxes	7.8		73.5	
Performance Net Income	<u>\$241 - \$250</u>	\$	<u>208.5</u>	15% - 20%
Performance Net Income per Diluted Common Share	<u>\$3.62 - \$3.75</u>	\$	<u>3.01</u>	20% - 25%
Projected diluted common shares outstanding	66.6		69.3	

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 measures in the same manner.