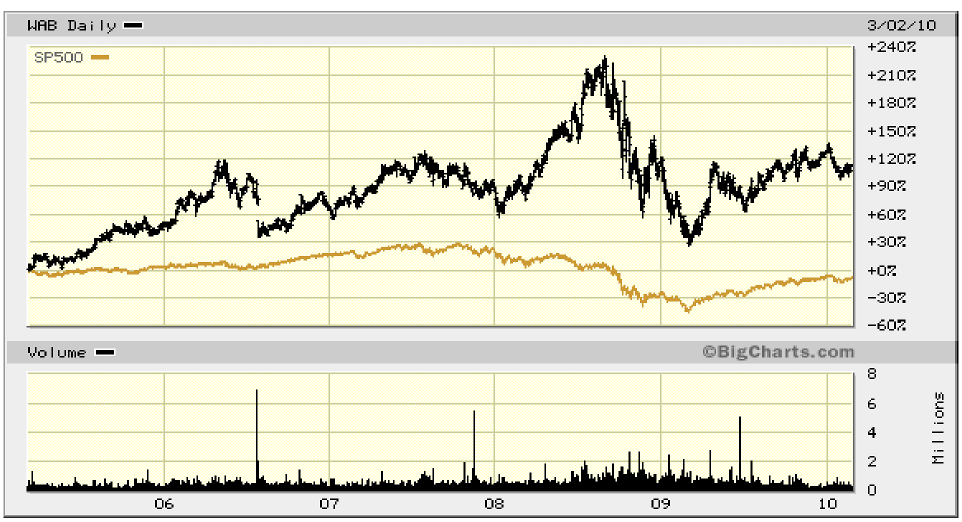
Westinghouse Air Brake Technologies Corporation (WAB) 3/2/10

WAB operates as producer of components for railroad locomotives and freight cars and mass transit trains. It operates in two divisions; the Freight Group with about 65% of revenues and the Transit Group at 35%. Products include brakes, heating and cooling components, undercarriage components, lifts, and others. WAB was founded in 1869 and is headquartered in Wilmerding, Pennsylvania.

Current Price	$39.14
52 Week High	$43.32
52 Week Low	$23.14
One Yr Target	$45.00
Market Cap (in billions)	$1.86
P/E (Trailing)	16.32
P/E(1 Yr Forward)	13.83
P/E/G	1.82
ROA	7.44%
ROE	16.10%
EPS	$2.40
Beta	0.84
Annualized Dividend	$0.04
Dividend Yield	0.10%
Analyst Consensus	2.00
Debt to Equity	1.10



Annual EPS

2006	$1.76	
2007	$2.25	28.02%
2008	$2.72	21.11%
2009	$2.41	-11.46%
ttm	$2.40	-0.60%

Annual Revenue (in millions)

2006	$1,087.62	
2007	$1,360.09	25.05%
2008	$1,574.75	15.78%
2009	$1,401.62	-10.99%

Annual Net Income (in millions)

2006	$84.80	
2007	$109.57	29.21%
2008	$130.55	19.15%
2009	$115.06	-11.87%

Free Cash Flows (in millions)

2006	$130.09	
2007	$122.09	-6.15%
2008	$139.67	14.40%
2009	$142.23	1.83%

Required Rate of Return

9.58%

Dividend Growth Model

Present Value of 2015 Price	$1.10
Holding Period Return (5 years)	-39.29%

Expected Annualized Return Model

Present Value of 2015 Price	$51.38
Holding Period Return (5 years)	4.78%

Residual Income Model

Intrinsic Stock Price	$20.16

Analysis

Positives

Solid financial ratios such as high ROA and ROE and low Debt/Equity

Negatives

PEG ratio is a bit high and low Dividend Yield

All three valuation models show the stock price to be overvalued

Financial Statements

Income Statement shows solid growth but lower than average Margins

Balance Sheet shows a company with great operations and financial decisions

Cash Flows are nice, low Capital Expenditures and good exposure to global markets

Industry Analysis

Railway and Mass Transit industries are large and stable, with WAB having few competitors

WAB has better than average financial ratios for its industry

Summary

WAB is a good company and a solid stock. Its financial ratios are solid enough and should continue to improve. Its financial statements show a company that knows for to make sound financial decisions (see increasing Retained Earnings and Treasury Stock) and operates well. WAB has nice international exposure and should benefit if countries begin to increase infrastructure of railroads and mass transit. In the U.S. WAB should see increased revenue as railroad transporters increase services on movement of more goods and possible higher gas prices. WAB is decently well liked by analysts which means it should have room to garner more buy ratings and see price appreciation. For someone looking for a stable value stock that will continue to make stable and increasing returns WAB is a good buy, but if one is seeking huge immediate gains WAB is not as suitable.