

Operator

Thank you for standing by. This is the Conference Operator. Welcome to the Westport Fuel Systems 2016 Fourth Quarter Financial Results Conference Call. As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star and zero.

I would now like to turn the conference over to Caroline Sawamoto, Manager of Investor Relations and Communications. Please go ahead.

CAROLINE SAWAMOTO, speaking Manager Investor Relations and Communications, Westport Fuel Systems Inc.

Thank you and good afternoon. Welcome to our Fourth Quarter and Year End Fiscal 2016 Conference Call, which is being held to coincide with the press release containing our unaudited financial results that went out earlier this afternoon. Our audited financial statements are expected to be filed later this week. We will also post the press release and a short presentation specific to this conference call, that our speakers will be referring to, on our website, www.wfsinc.com.

On today's call, speaking on behalf of Westport Fuel Systems is Chief Executive Officer, Nancy Gougarty, Chief Operating Officer of the Automotive and Industrial Segments, Andrea Alghisi, as well as our Chief Financial Officer, Ashoka Achuthan.

Attendance at this call is open to the public and to media, but questions will be restricted to the investment community.

You are reminded that certain statements made in this conference call and our responses to various questions may constitute forward-looking statements within the meaning of U.S. and applicable Canadian securities law, and such forward-looking statements are made based on our current expectations and involve certain risks and uncertainties. Actual results may differ materially from those projected in the forward-looking statements, so you are cautioned not to place undue reliance on these statements. Information contained in this conference call is subject to and qualified in its entirety by information contained in the Company's public filings.

I will now turn the call over to Nancy.

NANCY GOUGARTY speaking Chief Executive Officer, Westport Fuel Systems Inc.

Thank you, Caroline. Good afternoon and thank you for joining us to discuss Westport Fuel Systems' unaudited fourth quarter and year end results.

On the first call following the merger, we provided our vision for the combined Company and also presented some clear near-term goals. We have made good progress on these goals and have had a strong finish to 2016. However, we know there's more work to be done. The team is working with urgency and a level of activity that is unwavering. We recognize that we have been quiet since our Q3 call, but, as we said before, this team wants to set clear expectations and will announce things when they are complete and not put out aspirational targets.

We had a strong end to 2016, and in the fourth quarter our consolidated revenues were up 5.5% from third quarter due to some market improvements, and also some capture of new market share in some regions through leveraging our increased

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scale, customer base and global sales and distribution networks. We also made progress on reducing our operating costs. At the end of 2016, we had achieved annual cost savings of \$19.5 million through a combination of manufacturing footprint optimization, material cost improvements and reduced overheads. We've already achieved almost two-thirds of our stated synergy target of \$30 million in the first seven months since we have closed the merger and we remain on track to meet our targets. I would like to thank all of the employees around the globe for their hard work and efforts throughout this quarter to achieve these results.

Another area of focus is our working capital. On the last call, I told you that Global Purchasing and Supply Chain Group was formed in August. We finished 2016 with net inventory of \$70.6 million. This is down nearly \$30 million from our peak in 2016, and better than our initial projection. We can't control market trends, changes in government policy or oil prices, but we can control how we operate, as evidenced by our operational improvement achieved in 2016.

In the fourth quarter, we also completed our portfolio review. A reminder, this was a comprehensive review, with a Global Task Force looking at each of our products for their growth, future profit potential, competitive positioning and how they fit into Westport Fuel Systems, and the resources they need to succeed in terms of people, money and opportunity costs. The result of this renewed focus is on certain aspects of our business, especially transportation and automotive. Additional divestiture activities are underway, but please remember that the timing is determined by what is best value for us and our shareholders. Andrea and Ashoka will provide more details in their comments.

Today, Westport Fuel Systems is a company with profitable Automotive and Industrial Divisions, and profitable joint ventures. Our SG&A expenses are coming down to align without our revenue, as will our major R&D expenses once HPDI is launched and generates revenue from commercial sales. We are meeting customer milestones for shipment of our first HPDI 2.0 commercial components to our launch partner later this year, and this is a major milestone for the Company. Our commitment to innovation and technology remains. OEMs continue to come to us because we are the global leaders in natural gas technology and development. Through these ongoing relationships, coupled with our proven expertise, we continue to see successful partnerships. However, customer funding in alignment with our core business is a requirement. One example is the work we are doing to develop next-generation, high-efficiency, spark-ignited natural gas engines. These programs, which are funded by OEM partners, will have potential component and technology sales for years to come.

In closing, before I turn the call over to Andrea, I just want to reiterate a couple things. We know that there is more work to be done and we have the focus to get it done. We believe that we're meeting the challenges head on, with clear paths to unlock true value of our assets, technology and people, and make Westport Fuel Systems a sustainable profitable company that delivers value for customers, employees and shareholders. Lastly, we remain laser-focused on our goals and objectives as we enter 2017.

With that, I will turn the call over to Andrea.

ANDREA ALGHISI speaking

Chief Operating Officer, Westport Fuel Systems Inc.

Thank you, Nancy. Now, starting on Slide 5, to build on Nancy's comments, you can see the improvement in our Adjusted EBITDA from our operations in 2016. We are seeing the benefits of our actions and look forward to building upon these in 2017.

Turning to the operating segments, seen on Slide No. 6, my comment, we compare the segment performance on a sequential basis. Automotive revenues were up 9.5%, from \$50.9 million in the third quarter to \$55.7 million in the fourth quarter. Gross margins improved from 11.8% in the third quarter to 20.1% in the fourth quarter. The gross margin improvement in the quarter was the result of efficiency efforts and the product competitiveness improvements that had implemented since the merger closed.

The quarter-linked improvement in sales was driven by market share gains in some regions, higher oil prices and expanded product offers. In fact, we saw continued strength in the India market, Turkey, and improved performance in Eastern

Europe, while Western Europe and China remained subdued. The market in Argentina remains weak, due to the sharp increase in natural gas prices and the loss of the ability to compete as an exporter. We have already taken steps to reduce our fixed costs, including combining the two company's footprints in that market, and we will take further actions to reduce our costs, so we are at minimum at breakeven levels, but be in a position to benefit if and when the market recovers.

When thinking about our global automotive business, remember that each market has its own characteristics, fuel price differences, government policies, and fuel infrastructure. Thus far, in 2017, we are encouraged by the continued strength in India, Turkey, and somewhat improving outlook in Europe and Russia, and some South American markets, such as Brazil and Ecuador.

We have also recently launched new products, including the V90 Bi-Fuel, equipped with Westport's advanced natural gas technology. The V90 launched in Sweden and has already expanded into key growth markets. The system combines petrol direct injection and CNG port injection, to deliver a seamless, integrated, flexible and efficient fuel system without compromise to the driver experience.

Turning to the industrial segment, on the bottom of Slide 6, as you can see, sales increased 4% in the quarter, while gross margins were flat at 28%, as in the third quarter of 2016, excluding an inventory adjustment occurred in the third quarter of 2016. We continue to see solid performance here, led by the APU business in North America, fuel system components in India, and the mobile and fleet management businesses in Europe. Our focus remains the operational footprint alignment and working capital improvements.

I will now turn the call over to Ashoka.

ASHOKA ACHUTHAN speaking Chief Financial Officer, Westport Fuel Systems Inc.

Thank you, Andrea. Before I start, I'd like to make sure that everyone is aware that the numbers I'll be talking to are unaudited. The Company will be filing its 2016 audited financial statements later this week, on March 31. The Company and its auditors are continuing to finalize the evaluation of Westport Fuel Systems internal controls of our financial reporting and whether Management's current plans and their implementation can be considered sufficient to alleviate doubts over the Company's ability to carry on as a going concern. The results of such analysis will be included in our 2016 audited financial statements and MD&A.

Overall, we had a strong finish to 2016. We saw significant improvements in our working capital management, we are realizing the synergies from the merger, and we ended the year with cash balance of \$60.9 million, up from \$58.7 million on September 30, 2016. We have seen strong interest from multiple buyers for our non-core assets. We believe we are in the final stages of completing two transactions with different strategic buyers for some of our non-core assets, but I would caution you that no transaction is closed until, of course, it is closed. Together, these sales should provide a significant boost to our liquidity, and, further, we are underway on additional non-core sales opportunities. We are also working with our investment banking advisors regarding our options around upcoming debt maturities.

Moving on to guidance, with the expected non-core asset sales and through this transition period, it does not make sense for us to provide guidance at this time. The goal of reaching Adjusted EBITDA breakeven and then on to full profitability remains the most pressing target and we continue to take actions on every front to achieve this objective. To that end, we will discuss guidance at our first quarter earnings call in May.

Moving on to Adjusted EBITDA for the fourth quarter of 2016, it was negative \$9.1 million, which is slightly weaker than the Adjusted EBITDA in the third quarter, due mainly to an accounting policy change related to warranty accruals at our at our Cummins Westport joint venture and the receipt of an HPDI milestone payment that we booked in the third quarter.

Please turn to Slide 9, which highlights our Cummins Westport joint venture performance. Revenue and units shipped were up from the third quarter, but were down from the fourth quarter of 2015, because of weakness in the international

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markets and ongoing headwinds from lower diesel prices and a weak truck market in the U.S. Gross margins for Q4 were lower than that in Q3 due to an accounting policy change related to warranty accruals. The transit bus market, however, remains strong, particularly in California, and we are also seeing an uptick in natural gas school bus demand from our recently launched 6.7 litre engine.

The biggest event in the fourth quarter was the commercial launch of the Cummins Westport ISL G Near Zero NOx engine. We are seeing strong interest from many customers for this engine, which is the first mid-range engine to receive to CARB low NOx certification, which is 90% below current EPA limits. We think that this engine has the potential to be a game-changer, and according to a CARB study, when fueled by renewal natural gas, a transit bus using this engine has total emissions equivalent to a battery electric bus powered by electricity generated by a natural gas power plant.

Moving on to Slide 10, which shows our consolidated SG&A and R&D expenses, as Nancy and Andrea noted, we are continuing to reduce our SG&A and R&D costs as we take steps to align our costs with our revenues. R&D spending in our corporate and technology segment remained elevated, much in line with our comments on prior calls, with the bulk of this spending continuing to be related to our HPDI 2.0 program. This program remains on track for commercial launch of components to our OEM launch partner in 2017, which, as Nancy mentioned, will be a significant milestone for Westport Fuel Systems.

Looking forward, we expect to see similar R&D spending levels in the next few quarters, but then dropping off considerably after we reach commercial launch. We do not see R&D costs, or capital expenditures related to these costs, ramp up again as new development programs kick off, as these will be fully funded by our OEM customers, as well as government agencies and other industry advancement groups. Moreover, if necessary, and if we are not seeing the expected achievement of HPDI adoption milestones, we have plans to reduce these R&D expenditures accordingly.

Turning to the next slide, which shows a walk of our cash from the third quarter to the fourth quarter, starting with the cash as of September 30, on the left, we received \$5.4 million from asset sales, \$3.6 million was from the sale of a portion of our interest in our Chinese joint venture that we talked about at the last call, and the remainder was various smaller asset sales from closed factories and other non-core items. Joint venture dividends contributed \$2.6 million and our net borrowings were up \$1.1 million. On the outflow side, we spent \$2.4 million in cash restructuring costs and \$3.6 million in capital expenditures, mainly related to the HPDI 2.0 program. Our cash used in operations was \$13.5 million, significantly offset by changes in working capital, which contributed \$12.6 million, and we closed the year with cash of \$60.9 million.

In closing, I'm pleased to report that we have signed the refinancing of our \$10.5 million senior revolver for five years at similar terms. Closing is expected later this week. We are in discussions with our existing debt holders and also working on other options with our financial advisors for the \$40.5 million subordinated debentures that are due to mature on September 15. We hope to complete two non-core asset sales that should meaningfully boost our liquidity position. We are in the final development stages of the launch of commercial components of HPDI 2.0, and we expect 2017 to be a transformative year for the Company. We are excited about the operational achievements that Andrea spoke about and the associated Adjusted EBITDA improvements in the second half of 2016, and look forward to building upon them.

With that, Operator, I'll now open the call to questions.

Operator

Yes sir. We will now begin the question and answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

The first question is from Eric Stine with Craig-Hallum. Please go ahead.

Eric Stine - Craig-Hallum

Hi, everyone. So, I just wanted to start with HPDI. You mentioned the spending, once commercialized, that that should take a step down. I mean, any way you can quantify the magnitude of that step-down; and just to confirm, that would be in addition to the \$30 million that you've already called out, where you've done \$20 million of it; is that correct?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

Well, let clarify the end of it and I'll let Ashoka talk about HPDI, but you're right, Eric. The synergies that we were talking about there—just to go back and remind everybody, when we did the merger, we talked about \$30 million of post-merger synergies; \$15 million was from the merger itself and another \$15 million which was activities already underway at Fuel Systems to rebuild their business and do some restructuring. So, the \$19.5 million that we referred to in terms of the capture of synergies is not that that we're talking about here for HPDI.

Eric Stine - Craig-Hallum

Okay, good. Any way to quantify what the magnitude of the R&D step-down will be once HPDI is commercialized with Volvo?

Ashoka Achuthan - Westport Fuel Systems Inc. - Chief Financial Officer

Eric, what I can tell you, as I showed in our schedule, most of the corporate and technology R&D, that you saw on Slide 10, had to do with the HPDI 2.0 program, and once we reach commercialization of components later in the year, you can expect a very significant drop-off in that spend.

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

I think that, Eric, the other thing to mention is that, as we have done across our technology now, is customer funding is a big piece of it, so that is also—so, if we do have spending, we would expect it to be offset by revenues that would be brought in by a customer.

Eric Stine - Craig-Hallum

Got it. Maybe, now that your launch partner has come out and said that they plan late 2017, I'm just curious what you're seeing—I mean, that's been a long time coming—what you're seeing from other, either existing OEMs or potential OEMs, as

far as HPDI, and can you just remind us the number that you have right now in hand that you've disclosed and then the number that you have not disclosed?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

Okay. I would tell you, at this point in time, that we still have a significant amount of interest around the world relative to HPDI. I think that, as you know, with the Paris Accord, there's a tremendous amount of focus on greenhouse gas and CO2, and as you know, these relate to fuel economy and a variety of other, I'll say, ownership attributes that the fleets and those kinds of things are looking for. So, yes, we are having quite a bit of interest and we continue to talk to people. I would also mention that we are also getting interest relative to our high-efficiency, spark-ignited engines. I think that, again, as Andrea says, each market has different characteristics and we're trying to lever all the different markets that we have and being able to build a portfolio to allow natural gas to be used, and each of the markets have a different demand and different desire.

Eric Stine - Craig-Hallum

Got it. Any chance you can update kind of what you've disclosed—customers you've disclosed and ones that you have in hand that you have not been able to disclose, because the OEM will not let you?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

I would say—I'm going to leave you a little bit dissatisfied, I'm not really going to answer you there, Eric. I think that I can tell you that our interest is still lively. Like I said, we're working with a variety of interested parties around the globe. From that perspective, I'll leave it at that.

Eric Stine - Craig-Hallum

Okay. Hey, it was worth a shot. Just to clarify, so the—Ashoka, you mentioned that you plan to guide in May. I mean, I assume we should take that as that you expect to have your portfolio review wrapped up by then. Is that fair?

Ashoka Achuthan - Westport Fuel Systems Inc. - Chief Financial Officer

That's reasonable, Eric.

Eric Stine - Craig-Hallum

Okay. Thank you.

Ashoka Achuthan - Westport Fuel Systems Inc. - Chief Financial Officer

We have a lot of things in play and we expect that some of them will have crystalized by then.

Eric Stine - Craig-Hallum

Perfect. Thanks.

Operator

The next question is from Rob Brown with Lake Street Capital Markets. Please go ahead.

Rob Brown - Lake Street Capital Markets

Good afternoon. You talked about some growth from market share gains in different geographies. Could you give us a sense of sort of what those gains are and what areas you're seeing gains?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

I will turn that over to Andrea. I think that, Andrea, you can give him a good sense of that.

Andrea Alghisi - Westport Fuel Systems Inc. - Chief Operating Officer, Automotive and Industrial

Yes. Well, let's say that we have gained market share in some of our important aftermarkets in some areas and countries. Let say some examples being Italy, for example, with all the brands that are, let's say, acting on the market. Another market where we see important market share improvement is Turkey, for example, Turkey in what we call the EMEA region, so Europe, Middle East and Africa, is one of the biggest markets in terms of conversion, car conversion, vehicle conversion, the aftermarket business, and there, also, we have seen some important market share improvement. Also, let's say, Eastern Europe, we have seen some, let's say, good market share improvement, even though in some markets, I have to say that Eastern Europe is more difficult to manage, it's more a bottom-up measure of our sales force, because not in all the countries, as you know, in Eastern Europe they are officially.

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Rob Brown - Lake Street Capital Markets

Okay, good. Then, under the HPDI launch, could you give us the sense of how the timeline rolled out there and sort of cadence of how you see revenue as product gets into trucks and trucks get sold?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

Okay, Rob, let me tell you this. All the launch timing, our focus has really been on the component timing. We're leaving all the launch, I'll say, activity to our OEM launch partner, so we're not going to comment on that. I would tell you, from our perspective, we do see that we will be launching the components and providing them to the OEM here in calendar year '17, and how they are built and distributed and released to the market, we'll have to wait for the OEM to provide that information.

Rob Brown - Lake Street Capital Markets

Okay, good. Thank you. I'll turn it over.

Operator

The next question is from Amit Dayal with Rodman & Renshaw. Please go ahead.

Amit Dayal - Rodman & Renshaw

Thank you, and good afternoon, everyone. In regards to this \$30 million cost saving target that we have, should we expect all of it to be realized by the end of 2017?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

Well, I guess this is what I could tell you on that. I mean, I can speak to what we did in calendar year '16. I think, from my perspective, as we set out to get this done, bringing two companies together, I have been quite impressed where the Company has been able—what we have been able to deliver in such short term. As you know, as you get into the cost savings, there are some things that you're able to capture quite quickly; however, some other things take quite a bit of time. I think it would be—our intent is to capture it as quickly as we possibly can, but that said, some activities, because of the fact that it has impact on footprint, material savings, or even design changes, all have their own timing, so I think it would be our—we're hoping that we can capture it as soon as soon possible, but to suggest that we'll have it all complete in '17, I

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would tell you our plans are definitely, looking positive, but beyond that, I really can't suggest that 100% of it would be fully achieved in '17. Again, I just want to make sure that you understand that, in most cases, this is run rate, these are annual savings amounts, okay?

Amit Dayal - Rodman & Renshaw

Right, understood. In regards to these non-core asset sales, it looks like you have two deals that may be closer than maybe others. Could you give us the scope, I guess, in terms of, you know, the size potentially, or any other relevant metric, or even from some segmentation point of view that you guys are focusing on, just an update on that front in terms of what it is that we are letting go and what it is that we are keeping?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

I would say that—what we'll tell you is that, again, against the portfolio, we have deemed these assets to be non-core. I think that that's the first category that we would call them. We intend to keep our focus on transportation and automotive. We believe that they're significant in size. I'm not sure at this point in time—sticking with my philosophy of not talking before they're done, I'm going to hold off and, as they get completed, come back to you and give you all the details.

Amit Dayal - Rodman & Renshaw

Maybe one question for Ashoka. How much more room beyond, you know, the initial targets that you have set for cost savings, et cetera, are there—I know all of it will probably not materialize in 2017, if you're working towards that goal, but over the longer term, is there room for further improvements in working capital, et cetera? With these non-core asset sales potentially materializing in 2017, how would that change for you in terms of being in just a stronger working capital position?

Ashoka Achuthan - Westport Fuel Systems Inc. - Chief Financial Officer

Amit, as you know, in our business, managing costs and looking for productivity improvements is not a one-time event. I mean, this is a business where we need to continually address our cost position, particularly in view of the OEM expectations that we sell to, and what we have established within the organization is a program management process that I think will continue to deliver and develop cost savings out into the future.

Amit Dayal - Rodman & Renshaw

All right, that's all I have. Thank you so much.

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Ashoka Achuthan - Westport Fuel Systems Inc. - Chief Financial Officer

Sure.

Operator

Once again, if you have a question, please press star, then one. The next question comes from Jeff Osborne with Cowen and Company. Please go ahead.

Jeff Osborne - Cowen and Company

Hey, good afternoon, a couple questions from my end. Ashoka, I was wondering if you could just touch on the CWI gross margins and the warranty issues? Was that on the 8.9 litre or 12 litre? What was going on there?

Ashoka Achuthan - Westport Fuel Systems Inc. - Chief Financial Officer

No, all it is, Jeff, it's a change in accounting policy. What CWI did was align their warranty liability calculation methodology and the policy to be in line with their parent Cummins, with Cummins, one of their parents, I guess. So, what that entailed was they needed to adjust for the margin, in part, that was included in the warranty accrual. So, net net, there is no difference. All it did was it adjusted the warranty accrual down in certain years and adjusted it up in other years. The ending warranty as of the end of December 2017 is still a good number and the correct number, and there is no economic impact.

Jeff Osborne - Cowen and Company

Got it. Then, is that kind of the current run—I know you're not giving guidance until the next call, but the current run rate, is that something that you would expect to consider a meaningful or a reasonable assumption on our part for 2017, just given the subdued pressure in the market that you talked about?

Ashoka Achuthan - Westport Fuel Systems Inc. - Chief Financial Officer

Well, May is not that far off, Jeff, so we will discuss this in May, during our first quarter call.

Jeff Osborne - Cowen and Company

Okay. I was assuming, I guess, CWI wasn't a non-core, so I thought you'd be more forthcoming about that particular business unit, but perhaps not. Maybe switching gears, can you talk about the HPDI 2.0? A lot of folks have tried to get quantitative and partner comments, but just maybe qualitatively, can you just talk about, Nancy, what the actual punch list items are that need to be done over the next six to nine months for your partners to be able to effectively launch a vehicle? In particular, is all the validation testing completed? Is your partner Delphi and others able to make this in terms of manufacturing? What are the actual obstacles that you need to overcome to launch the product?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

Well, I think that we're on our way. The good news is that we're going through both the customer gates, as well as Westport gates, and I think that those are all the gating events that are going on. So, from that sense, I think we're on track. As you get into these launches, obviously, supplier readiness, getting the suppliers ready and getting—in our particular case, our ability to deliver goods, and those kinds of things, are all the activities that are underway, so we're very much now moving into an operational phase, in addition to tidying up all the final validation and certification requirements that we have, in order to move our components to our launch partner. Now, we have quite a bit of activity going on in Andrea's group, as well as in our supply base, getting ready for them to start their production and to get parts and goods ready for the customer.

Jeff Osborne - Cowen and Company

Got it, that's helpful. Maybe, Ashoka, back to you. Any thoughts on some items that you can control, like CapEx, how should we be thinking about that for 2017?

Ashoka Achuthan - Westport Fuel Systems Inc. - Chief Financial Officer

Yes, we do have some CapEx spend related to our injector manufacturing using our proprietary technology, in 2017. Of course, that is related to the HPDI 2.0 program. So, once that is behind us, we can expect a significant drop in our capital expenditure spending, much along the lines of the significant drop that we can expect on HPDI development spending.

Jeff Osborne - Cowen and Company

Is there a way to bracket that? Is that \$4 million, \$5 million, \$10 million just between now and the launch?

Ashoka Achuthan - Westport Fuel Systems Inc. - Chief Financial Officer

It's more than \$10 million between now and the launch, Jeff.

Jeff Osborne - Cowen and Company

Okay, that's helpful, and then, maybe, on inventory, is there any more work that can be done there or is this kind of the red line in terms of inventory depletion?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

Well, I would tell you that we have undertaken—and I think we talked about this in our quarter three, that we have undertaken some focus on this, and what we have is what we call a plan for every part, and what we're finding out through this methodology, that this is serving us quite well. We're going to continue to use that methodology, because we think it will have continued applicability in our operations and will continue to give us the focus we need to have the right amount of inventory at the right place at the right time. So, I still contend that this is going to be the right tool for us to use in '17, in order for us to continue to build on what we were able to deliver in '16.

Jeff Osborne - Cowen and Company

Very good, and the last question I had for you, Nancy, was just—you know, I think, relative to maybe six, 12 months ago, some of the transactions that you've highlighted here, these two maybe were slower to evolve, so just maybe looking rearward, I guess, what have been some of the challenges in nailing down deals? Is it price, is it partner due diligence, lack of comfort with the market, all of the above? Is there anything qualitatively, I guess, that you can reflect on over the past 2016, as to the challenges in getting the deals done, and then, I guess what gives you the confidence that these two will be done in the relatively near term?

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

Well, there are a couple of things. First of all, because we wanted to make sure that we had extracted good shareholder value, we went through—in most cases, it was a process by which we ended up having multiple bidders, and then we ended up narrowing it down, and then, as we have narrowed it down, obviously, we have—the due diligence process is really what is taking time. We are working with each of the strategic buyers at this point in time to close out those elements that are due to due diligence, but as you can imagine, going from a process against these assets as we—we're not even a year into this yet, and getting assets out to the market, going through a selection process, and then getting the due diligence done, and those kind of things, we think that we have moved these through on a pretty quick basis, but we need to wait until the deals are done in order for us to declare them a victory at the moment, so bear with us.

Jeff Osborne - Cowen and Company

Makes sense. Thanks so much. Good luck.

Nancy Gougarty - Westport Fuel Systems Inc. - Chief Executive Officer

Thank you.

Operator

This concludes the question and answer session. I would like to turn the conference back over to Caroline Sawamoto for any closing remarks.

Caroline Sawamoto - Westport Fuel Systems Inc. - Manager Investor Relations and Communications

Thank you, everyone, for joining us today. If you have any follow-up questions, feel free to reach out to the Investor Relations Team. Thanks again for your interest in Westport Fuel Systems. Have a good day.

Operator

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.