



3Q21 Financial Results

Tuesday, November 9, 2021



Westport Fuel Systems

Forward-Looking Statements

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Speaking Today...



David M. Johnson
Chief Executive Officer



Richard Oraziotti
Chief Financial Officer

Strong Ongoing Commitment To ESG

Sustainability is at the core of our technology strategy, our product portfolio and our operations



Governance

- Sustainability Working Group established 2018, reporting to CFO and CEO



Solutions with Reduced Emissions

- Reduced GHG intensity by 20.6% year over year



Enabling Energy Transition

- Our products help meet the urgent demand for cleaner transportation solutions



Diversity and Inclusion

- 50/50 gender representation on the Board of Directors
- 35% female representation across global workforce



Health and Safety

- 96% of employees work in facilities with a formal joint management-employee health and safety committee



Committed to Enhancing ESG Disclosures

- ESG disclosure published in 2019, 2020 and 2021 with enhanced disclosure aligned with leading frameworks

Financial Highlights – 3Q21

Revenue

\$74.3 million



14% YoY 3Q20

- Higher sales volumes in light-duty OEM
- Global supply chain challenges dragged on growth rate of HPDI sales
- Growth trajectory of HPDI still strong, expect higher Q4 numbers

OEM Revenue

\$48.0 million



28% YoY 3Q20

- Continued recovery of light-duty OEM business
- \$7.1 million from recently acquired fuel storage business
- Expect continued HPDI growth as production recovers

Adjusted EBITDA

-\$1.4 million

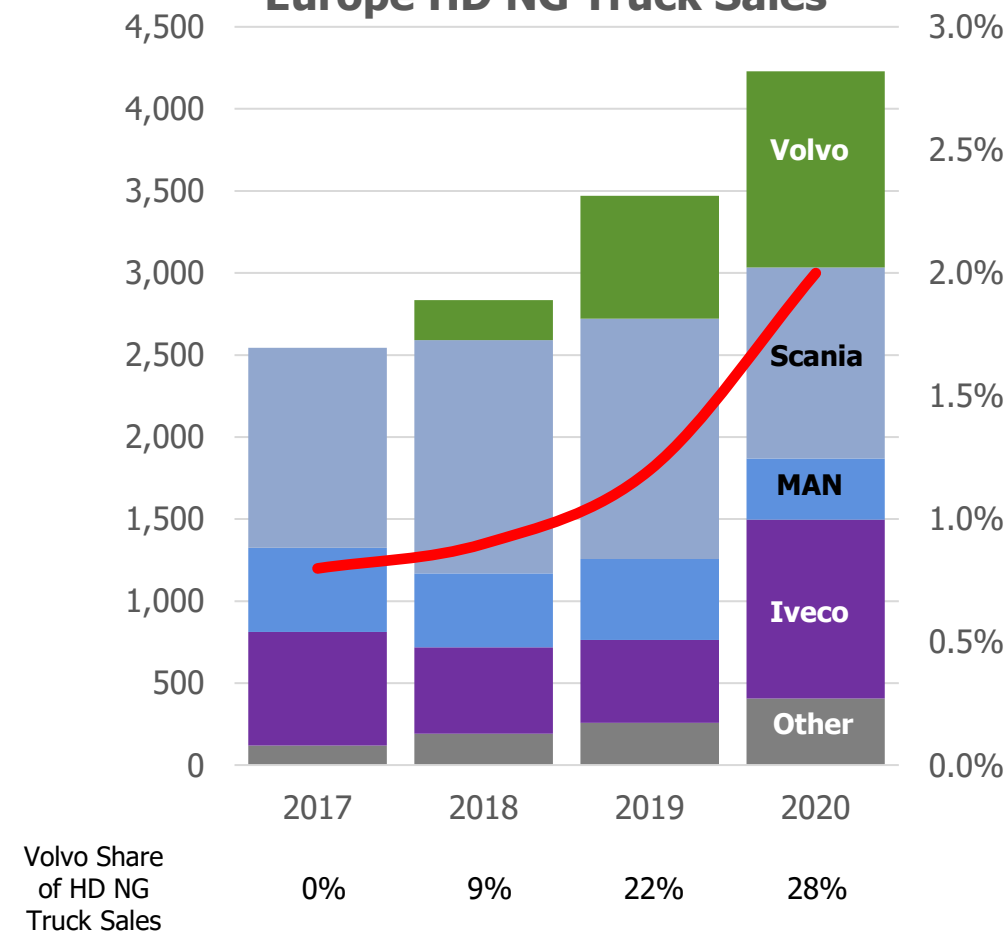


vs. \$4.0 million
in 3Q20

- Increased spending in R&D expenditures for heavy-duty OEM
- Lower foreign exchange gain, increased income tax expense
- Lower government subsidies compared to prior year

HPDI Growth In European Heavy-Duty Trucking

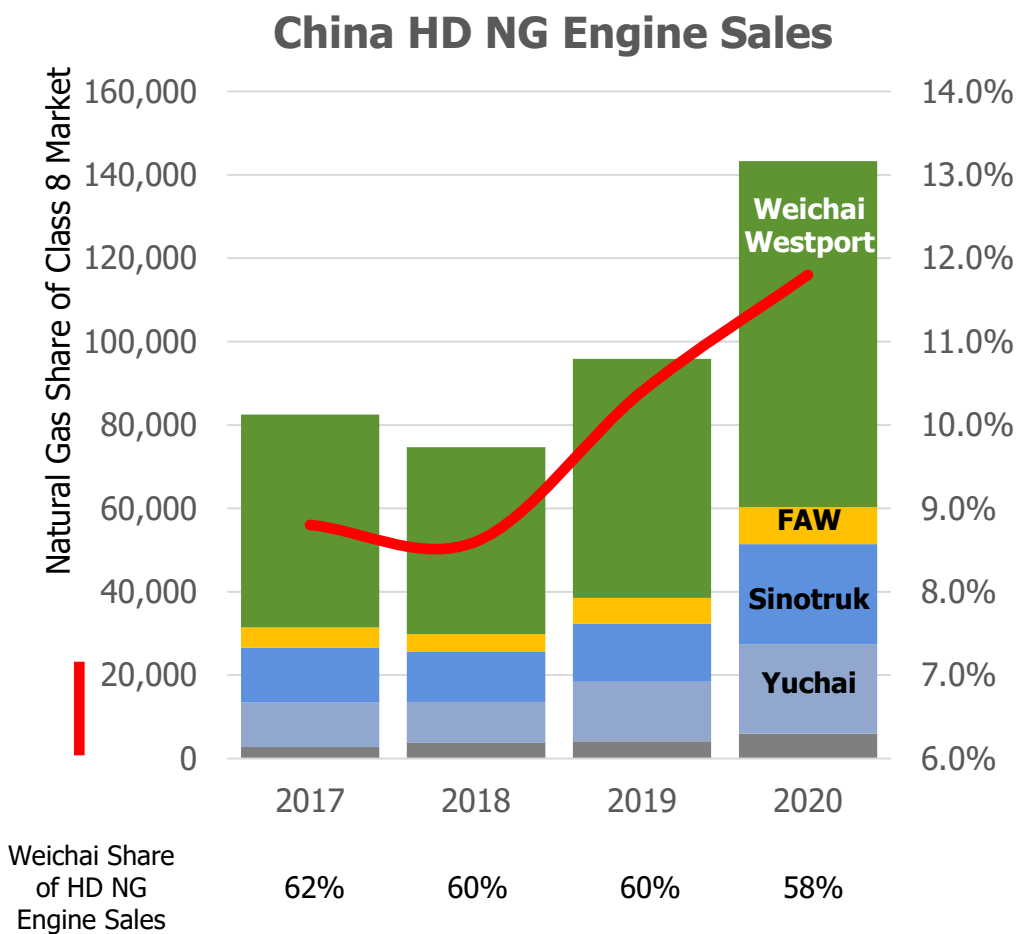
Europe HD NG Truck Sales



Sources: Power Systems Research, ACEA, WFS analysis



China – The Largest Market For Natural Gas Fueled Trucks



NAFTAL Supply Order



Source: NAFTAL www.naftdal.dz

India – A Key Emerging Market

Rapidly growing CNG infrastructure, over 2800 stations

10,000 stations expected by 2030

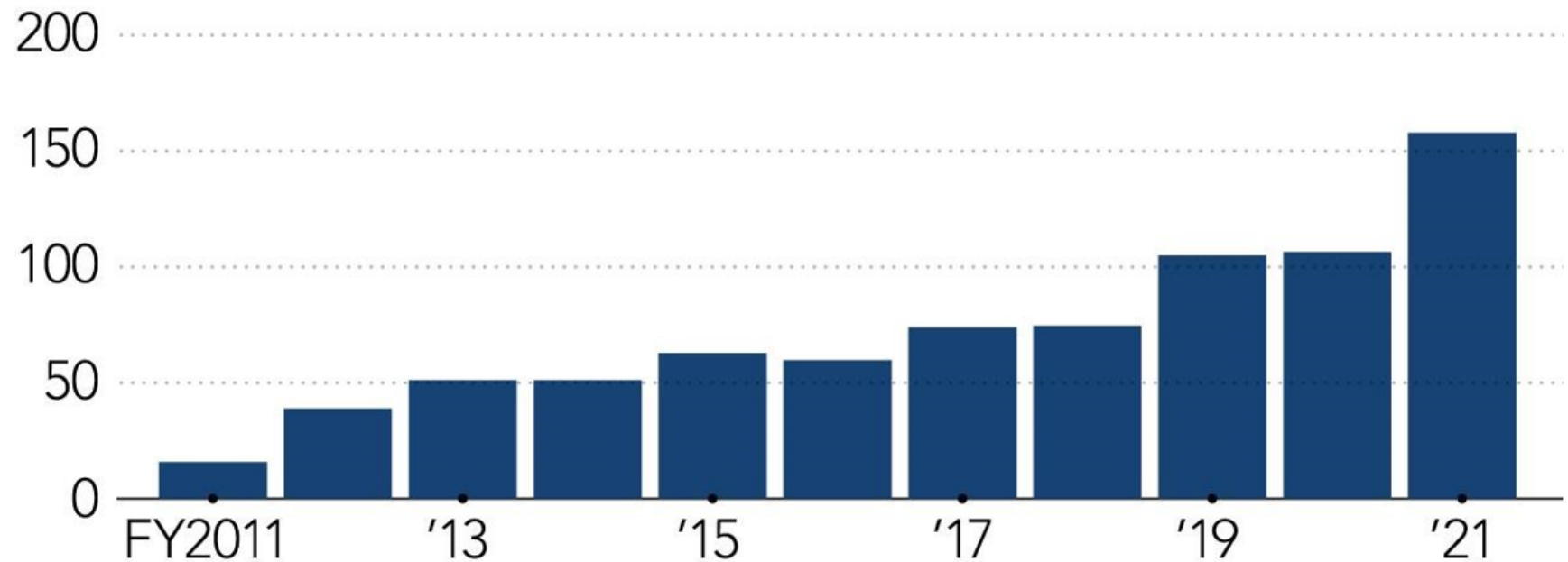
Aggressive Bharat VI standards increasing demand for our products

CNG vehicle growth accelerating, OEMs waning on diesel

Source: Enfuse India www.enfuse.org

Maruti Suzuki's surging CNG vehicle sales

(In thousands of vehicles sold)



Source: Maruti Suzuki

Hydrogen HPDI – The Most Cost-Effective Path

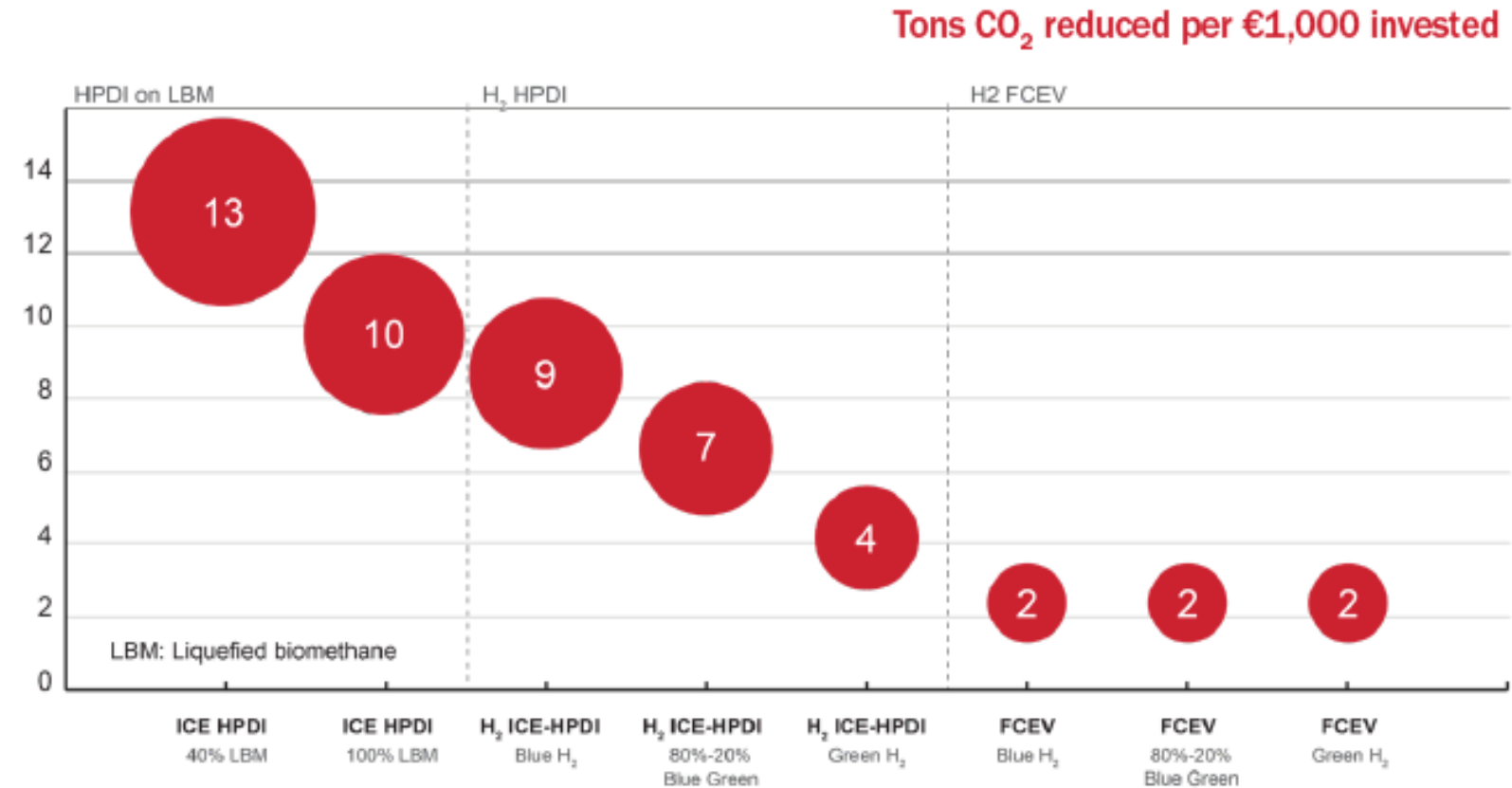
H2-HPDI offers compelling TCO for high load applications

Increasing OEM interest in H2-HPDI

Scania testing results expected 4Q21

Hydrogen infrastructure investment growing globally

Source: World Hydrogen Council
www.hydrogencouncil.com



Source: AVL, Westport TCO study, 2021

Financial Highlights – Third Quarter 2021

Consolidated Financial Data

GAAP (\$ millions, except per share)	3Q21A	2Q21A	3Q20A	O/(U)
Revenues	\$ 74.3	\$ 79.0	\$ 65.4	\$ 8.9
Gross Margin	10.1	15.7	10.0	0.1
Gross Margin %	14%	20%	15%	
Loss from Operations	(8.6)	(3.7)	(3.1)	(5.5)
Equity Income - CWI and Other	4.1	8.1	4.6	(0.5)
Net Income (loss)	(5.8)	17.2	0.8	(6.6)
Net Income (loss) per Share	(0.03)	0.11	0.01	(0.04)
Operating Cash Flow	(14.4)	(8.7)	(4.3)	(10.1)
Cash and Cash Equivalents	141.9	160.7	46.3	95.6

Non-GAAP (\$ millions)	3Q21A	2Q21A	3Q20A	O/(U)
EBIT	\$ (4.5)	\$ 10.2	\$ 1.5	\$ (6.0)
EBITDA	(1.2)	13.9	4.9	(6.1)
Adjusted EBITDA	(1.4)	6.2	4.0	(5.4)
Adjusted Operating Cash Flow	(7.2)	(2.3)	0.3	(7.5)

Commentary

- Revenues higher by 14% YoY driven by:
 - Sales volume growth with the light-duty OEM business
 - \$7.1m revenue from our recently acquired fuel storage business
 - partially offset by the decrease in IAM and DOEM sales volumes affected by the semiconductor shortage
- Increase in gross margin from the addition of fuel storage business was partially offset by margin pressure from IAM, DOEM, heavy-duty OEM and light-duty OEM.
- Income from CWI decreased YoY due to higher extended warranty coverage.
- Net loss of \$5.8m compared to net income of \$0.8m in 3Q20 due to increased operating expenses, lower government wage-subsidy and support programs, and lower foreign exchange gain.
- Adjusted EBITDA decreased by \$5.4m YoY.

Business Segments – Operational Performance

OEM

(\$ millions except Gross Margin %)	3Q21A	2Q21A	3Q20A	O/(U)
Revenues	\$ 48.0	\$ 47.4	\$ 37.4	\$ 10.6
Gross Margin	3.1	7.2	2.6	0.5
Gross Margin %	6%	15%	7%	
Operating Loss	(7.4)	(3.4)	(4.9)	(2.5)
Depreciation	2.4	2.0	2.1	0.3

Independent After Market

(\$ millions except Gross Margin %)	3Q21A	2Q21A	3Q20A	O/(U)
Revenues	\$ 26.3	\$ 31.6	\$ 28.0	\$ (1.7)
Gross Margin	7.0	8.5	7.4	(0.4)
Gross Margin %	27%	27%	26%	
Operating Income	0.7	1.1	1.7	(1.0)
Depreciation	0.8	1.7	1.3	(0.5)

Commentary

- Revenue increased YoY by 28% driven by:
 - Higher sales volumes in light-duty OEM business to pre-COVID-19 levels
 - \$7.1m revenue from the fuel storage business
- Gross margin increased by \$0.5m due the addition of fuel storage business
- Margin pressure from DOEM, HD OEM and LD OEM contributed to the decrease in gross margin % reflective of sales mix changes and lower sales volumes
- Continued supply chain issues from main launch partner reflect negative impact to growth trajectory, expect to improve 4Q21

Commentary

- Revenue decreased by 6% YoY due to lower sales from the disruption in the global supply chain
- Gross margin and operating income decreased YoY by 5% due to global supply chain challenges
- Semiconductor shortage could continue to impact the IAM business in the near term.

Liquidity

Cash & Liquidity	3Q21	4Q20	3Q20
Cash balance	\$142	\$64	\$46
HSBC AR Facility/EDC Revolver	\$15	\$6	\$3
Total Liquidity	\$157	\$70	\$49

Liabilities	3Q21	4Q20	3Q20
Convertible debt	\$0	\$4	\$9
EDC term loan + Bridge loan	\$18	\$20	\$18
HSBC AR Facility	\$5	\$18	\$7
UniCredit Loans	\$30	\$31	\$31
Deutsche Bank	\$8	\$8	\$8
Other Banks	\$3	\$4	\$3
Total Debt	\$64	\$85	\$76
Cartesian Royalty Payable	\$10	\$16	\$14
Total Liabilities	\$74	\$101	\$90

Commentary

Debt Financing:

- Cartesian convertible debt repaid and converted into our common shares in full as of 30 September 2021.
- EDC Term Loan and COVID-19 Bridge Loan
 - In final closing step to refinance these loans into a long-term credit facility
 - Credit facility to support funding of HPDI technology commercialization and R&D
 - Waivers received from EDC to defer \$4m principal payment on Term Loan due 15 September 2021
 - We will extend \$6m principal repayment of COVID-19 Bridge Loan to 15 December 2021



Questions?

WestportTM
Fuel Systems

Appendix: EBITDA and Adjusted EBITDA

