



1Q22 Results Conference Call

May 9, 2022



Westport Fuel Systems

Forward-Looking Statements

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Speaking Today...



David M. Johnson
Chief Executive Officer



Richard Oraziotti
Chief Financial Officer

Financial Highlights 1Q 2022

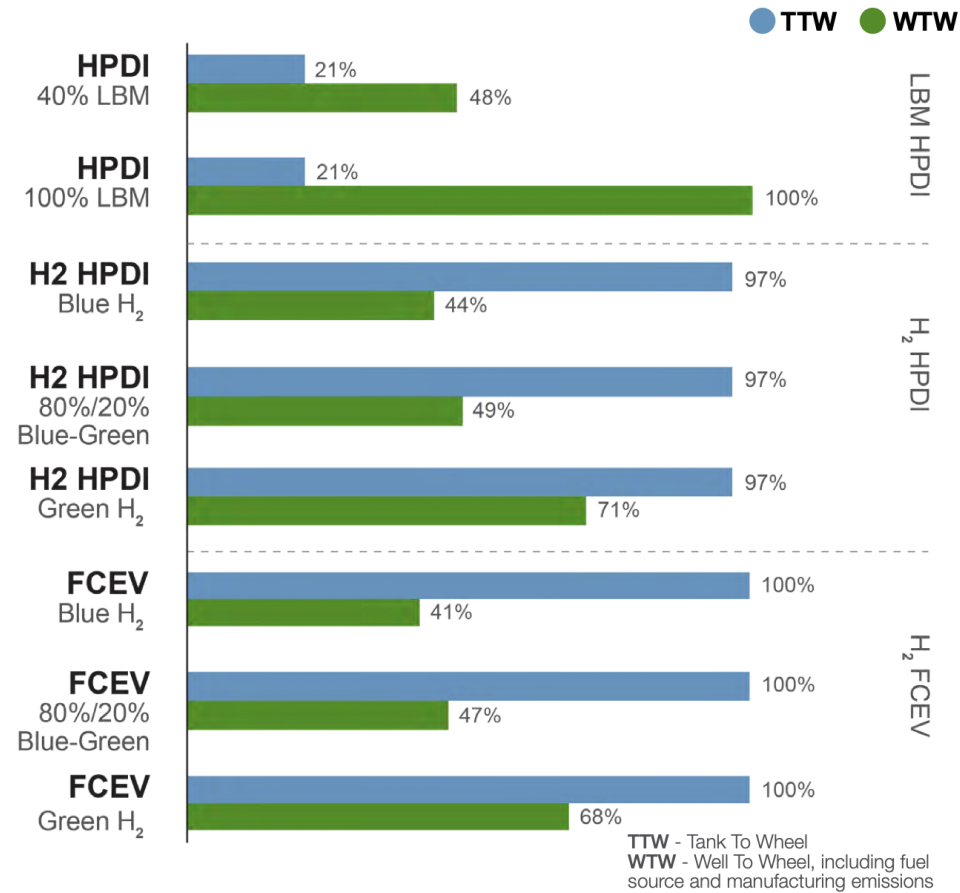
Revenue	OEM Revenue	Adjusted EBITDA
\$76.5 million	\$51.8 million	(\$6.1) million
 Flat vs 1Q21 ^[1]	 21% 1Q21	 vs. \$2.7 million in 1Q22
• Addition of fuel storage business continues to add to performance • Modest growth across key segments despite challenging macroeconomic environment	• Higher volumes in heavy-duty OEM • \$8m from fuel storage business	• Increased spending in R&D expenditures for heavy-duty OEM • Supply chain shortages • Lower than expected sales volumes and vehicle production

1 - Excluding foreign exchange translation, revenues increased by approximately 6% year-over-year

HPDI – Driving Growth

- HPDI offers 25-30% lower fuel consumption
- All the efficiency, power and reliability of a diesel engine
- HPDI is underpinning growth in OEM segment revenue

HPDI technology, with either biomethane or hydrogen, delivers industry leading CO₂ reductions for long haul road freight



How do we get there?

- EU 2025 and 2035 Co2 standards both a tailwind and catalyst
- OEMs facing large penalties for not meeting carbon reductions at these key dates
- H2-HPDI can be the solution for hydrogen and long-haul trucking
- Off-road and high horsepower a perfect fit for HPDI



Russia Ukraine Conflict

The conflict continues to have an adverse affect on our business



Commodities markets are still under significant pressure as a byproduct of the conflict



Despite these pressures, we still strongly believe we can expand and grow market share

Transportation is not a discretionary purchase. Our low cost, reliable and effective solutions can continue to win in this climate.

India Update

- India's natural gas vehicle market is growing substantially
- Regulations driving the shift towards alternative fuels
- A key growth market for our company

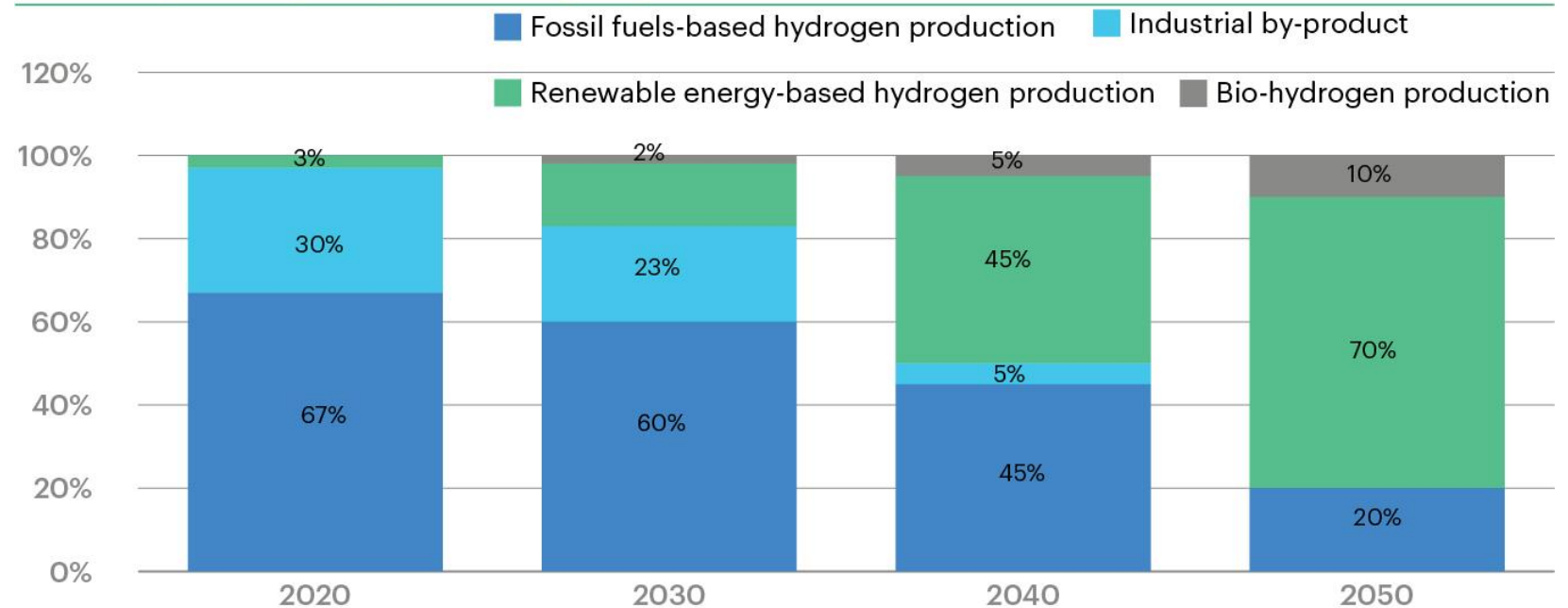


Source Economic Times www.economictimes.co.uk

China and Hydrogen: A Large Market Opportunity

- China investing \$74T in carbon neutrality over next 30 years, with Hydrogen playing a large role in this
- We can help China meet its tight emissions goals

China's green hydrogen to surge up to 2050



Source: China Hydrogen Alliance

Source: China Hydrogen Alliance

We Remain Positive About our Long-Term Outlook



Financial Highlights – First Quarter 2022

GAAP (\$ millions, except per share)	1Q22	1Q21	O/(U)
Revenues	\$ 76.5	\$ 76.4	\$ 0.1
Gross Margin	9.9	13.0	(3.1)
Gross Margin %	13%	17%	(4%)
Loss from Operations	(10.8)	(8.2)	(2.6)
Equity Income - CWI and Other	0.3	6.6	(6.3)
Net Income (loss)	7.7	(3.1)	10.8
Net Income (loss) per Share	0.05	(0.02)	0.07
Operating Cash Flow	(17.0)	(2.6)	(14.4)
Cash and Cash Equivalents	127.6	59.7	67.9
Non-GAAP (\$ millions)	1Q22	1Q21	O/(U)
EBIT	\$ 8.6	\$ (1.6)	\$ 10.2
EBITDA	11.7	1.9	9.8
Adjusted EBITDA	13.0	2.7	10.3

Highlights

- Revenues flat despite headwinds from the Russia-Ukraine conflict, uncertain and volatile gaseous fuel prices and continued supply chain challenges
 - 21% growth in our OEM revenues mainly from acquired fuel storage business and sales volume growth in India and HPDI product sales
 - Russia-Ukraine conflict rapidly restricting sales of IAM and LD OEM products
 - Negative FX impact - USD appreciated 7% against Euro; Excluding FX impact, revenues up 6% YoY
- Gross margin lower due to:
 - Lower sales volumes in IAM
 - Lower margin sales mix due to higher material cost from high inflation and supply chain shortages
 - Contractual price reduction in HD OEM
 - Partially offset by the addition of fuel storage business
- Net income \$7.7m due to gain of \$19.1m on sale of CWI

Business Segments – OEM

(\$ millions except Gross Margin %)	1Q22	4Q21	1Q21	O/(U)
Revenues	\$ 51.8	\$ 57.4	\$ 42.7	\$ 9.1
Gross Margin	5.0	5.1	4.9	0.1
Gross Margin %	10%	9%	11%	
Operating Loss	(6.5)	(5.0)	(6.5)	0.0
Depreciation	2.1	2.1	2.1	0.0

Highlights

- Revenue increased YoY by 21%
 - +\$8m from acquired fuel storage business
 - +16% higher volumes YoY of HPDI 2.0 fuel systems partially offset by contractual price reduction; Higher relative LNG prices at the pump are a headwind to sales volumes near term
 - LD OEM - Rapid growth of Indian sales volumes showing the India opportunity for gaseous fuel systems; partially offset by softness in Western European demand – fuel price volatility and Russia-Ukraine
- Gross margin comparable YoY
 - +\$1.3m from acquired fuel storage business
 - Offset partially by
 - HPDI price reduction
 - LD OEM sales mix shifting to lower margin markets
 - Lower Russian sales volumes
 - Higher manufacturing costs and inputs from inflation and supply chain

Business Segments – Independent Aftermarket

(\$ millions except Gross Margin %)	1Q22	4Q21	1Q21	O/(U)
Revenues	\$ 24.7	\$ 25.3	\$ 33.7	\$ (9.0)
Gross Margin	4.9	4.2	8.1	(3.2)
Gross Margin %	20%	17%	24%	
Operating Income	(0.3)	(1.3)	1.6	(1.9)
Depreciation	0.9	1.4	1.3	(0.4)

Highlights

- Revenue down 27% YoY
 - Lower sales volumes to Russia resulting from sanctions
 - Sales volumes were also impacted by fuel price volatility; LPG prices have returned to a positive range and providing a tailwind
 - FX impact – USD appreciation to Euro
 - 1Q21 include large fueling infrastructure project in Tanzania
- Gross margin and operating income decreased YoY
 - Lower sales volumes
 - Change in sales mix towards lower margin markets (Lower sales to the Eastern Europe and increased sales to lower CM areas such as Africa)
 - Higher costs driven by fuel price (utilities/transportation costs) and additional costs in electronics components

Liquidity

Cash & Liquidity	1Q22	1Q21
Cash balance	\$128	\$60
HSBC AR Facility/EDC Revolver	12	7
Total Liquidity	\$140	\$67

Debt	1Q22	1Q21
Convertible debt	\$0	\$2
EDC Term Loan	18	12
EDC COVID-19 Bridge Loan	0	6
HSBC AR Facility	8	2
UniCredit Loans	26	29
Deutsche Bank	7	8
Other Banks	3	3
Total Debt	\$62	\$62
Cartesian Royalty Payable	10	16
Total Liabilities	\$72	\$78

Highlights

- **Cash at quarter-end of \$128m; +3m from year-end**
- Cash used in operating activities of \$16.9m due to loss from operations and a build up of inventory and other working capital
- Liquidity supported by \$32m in proceeds from sale of CWI interest and monetization of IP
- Capital expenditures of \$2.8m
- Debt repayment of \$7.9m



Questions?

Westport[™]
Fuel Systems

Selected Quarterly Financial Data

	1Q20	2Q20	3Q20	4Q20	FY 2020	1Q21	2Q21	3Q21	4Q21	FY 2021	1Q22
Revenue	\$ 67.2	\$ 36.0	\$ 65.4	\$ 83.9	\$ 252.5	\$ 76.4	\$ 79.0	\$ 74.3	\$ 82.7	\$ 312.4	\$ 76.5
OEM	34.2	19.1	37.4	58.8	149.5	42.7	47.4	48.0	57.4	195.5	51.8
IAM	33.0	16.9	28.0	25.1	103.0	33.7	31.6	26.3	25.3	116.9	24.7
Gross margin	\$ 4.3	\$ 12.2	\$ 10.0	\$ 13.0	\$ 39.5	\$ 13.0	\$ 15.7	\$ 10.1	\$ 9.3	\$ 48.1	\$ 9.9
OEM	(6.1)	9.2	2.6	6.6	12.3	4.9	7.2	3.1	5.1	20.3	5.0
IAM	10.4	3.0	7.4	6.4	27.2	8.1	8.5	7.0	4.2	27.8	4.9
Gross margin %	6%	34%	15%	15%	16%	17%	20%	14%	11%	15%	13%
OEM	(18%)	48%	7%	11%	8%	11%	15%	6%	9%	10%	10%
IAM	32%	18%	26%	25%	26%	24%	27%	27%	17%	24%	20%
EBITDA	\$ (11.1)	\$ 9.2	\$ 4.9	\$ 13.1	\$ 16.1	\$ 1.9	\$ 13.9	\$ (1.2)	\$ 8.4	\$ 23.0	\$ 11.7
Adjusted EBITDA	\$ (3.6)	\$ 6.2	\$ 4.0	\$ 8.1	\$ 14.7	\$ 2.7	\$ 6.2	\$ (1.4)	\$ 10.0	\$ 17.5	\$ (6.1)