



## PRESS RELEASE

# Westport Reports First Quarter Financial Results

August 6, 2009

**VANCOUVER, BC** – Westport Innovations Inc. (TSX:WPT/NASDAQ:WPRT), a global leader in alternative fuel, low-emissions transportation technologies, today reported financial results for the first quarter of fiscal 2010 ended June 30, 2009, and provided an update on operations.

“During the quarter the two global leaders in truck production, Daimler and Volvo, each launched new factory-built natural gas trucks into the North American market using CWI engines, both the US House of Representatives and the Senate introduced major long term incentives for heavy-duty natural gas vehicles, and oil prices continued to rise in the quarter at the fastest rate in history. All of these factors suggest continued strong opportunities for Westport and our partners over the coming months,” said David Demers, Westport’s CEO.

“That said, we continue to see dramatic impact of the economic slowdown in our markets around the world, with significant shifts in product mix and order rates. This is due to macro factors such as the overall goods movement activity, access to credit – both cost and timeliness – and the influence of potential stimulus programs and the tendency to wait for potential tax credits. The San Pedro Bay Ports are moving ahead now with 2009 procurements, with a goal of hundreds of trucks with either our CWI engines or the Westport HD 15-litre GX engine. In addition, we are seeing significant interest in large private fleets as a result of the concern raised about oil price volatility, future emissions regulations, and the significant economic benefits of natural gas. We have directed resources to capitalize on the shifting market opportunities and remain confident that we are on track on our path to profitability and leadership of this growing market.”

## First Quarter Financial and Business Highlights

- Reported consolidated revenues of \$24.9 million for the quarter ended June 30<sup>th</sup> compared to \$25.5 million for the same period last year, a decrease of 2.4%. On a U.S. dollar basis, revenue decreased by 13.6% as the Canadian dollar strengthened relative to the U.S. dollar quarter over quarter.
- Reported net loss of \$9.2 million (\$0.29 loss per share) for the period ending June 30, 2009 compared to a net loss of \$3.5 million (\$0.13 loss per share) for the same period last year.
- Reported a cash and short term investments balance as at June 30, 2009 of \$63.5 million compared to \$82.6 million as at March 31, 2009.
- Cummins Westport (CWI) reported an ISL G in-use emissions test performed on an urban transit bus recorded emissions significantly lower than the 2010 EPA and California Air Resources Board (CARB) Heavy Duty emission regulations.
- Cummins Westport appointed Roe Eastas President.
- Daimler Trucks North America announced it will offer the CWI ISL G natural gas engine in the Freightliner Business Class® M2 112 truck in a total of six LNG and CNG tractor/truck configurations.
- Mack Trucks, a division of Volvo, announced that it will offer the CWI ISL G natural gas engine in their North American refuse trucks.
- Westport was named one of Canada’s “50 Most Socially Responsible Corporations” in a joint Jantzi Research-Maclean’s magazine report.

## First Quarter Fiscal Year 2010 Financial Results in Detail

Westport’s consolidated revenue for the three months ended June 30, 2009 was \$24.9 million compared to \$25.5 million for the three months ended June 30, 2008. CWI accounted for \$23.4 million with unit shipments of 608 this quarter, down from 1,077 for the same quarter last year. This reduction in revenue was primarily the result of reduced demand for CWI engines in the Americas for goods movement and refuse truck markets. Non-CWI revenues accounted for \$1.5 million with 14 Westport HD LNG systems shipped in the quarter compared to 1 HD LNG system shipped same period last year.

Westport reported a net loss of \$9.2 million for the three months ended June 30, 2009 (\$0.29 loss per share), compared to a net loss of \$3.5 million (\$0.13 loss per share) in the same period in fiscal 2008. Operating results for the period ended June 30, 2008 included a gain on sale of Clean Energy shares of \$2.8 million, net of taxes. Excluding the net gain on sale in the prior period, the increase in net loss for the current period compared to the prior period was \$2.9 million.

Westport’s 50% share of CWI’s net income decreased \$0.9 million from \$1.6 million in the prior period to \$0.7 million in the current period. The decrease in CWI net income was mainly due to a reduction in CWI’s gross margin of \$2.1 million from \$8.2 million to \$6.1 million as a result of lower sales volume and a decline in gross margin percentage from 33% to 26%. The gross margin declined

primarily due to higher warranty accruals associated mainly with the ISL G engine. Non-CWI operating expenses (research and development, general and administrative and sales and marketing) were up \$1.2 million in Q1 2010 versus Q109 primarily due to higher costs relating to customer support and market activities, an increase in stock based compensation, reduction in program funding and other public company related expenditures. The Company also recorded interest and accretion expense of \$0.7 million on debenture notes issued in July, 2008.

Westport's cash and cash equivalents balance as at June 30, 2009 totalled \$63.5 million compared to \$82.6 million on March 31, 2009. For the three months ended June 30, 2009, cash flows used in operations were \$14.3 million compared to \$5.0 million in the three months ended June 30, 2008 due primarily to the timing of payments. Included in the reported decrease in cash and cash equivalents is an advance to Cummins by CWI of \$2.1 million during the quarter and the Company repaid \$0.3 million on the demand instalment loan. Additionally, Westport incurred foreign exchange losses on U.S. dollar denominated cash as the foreign exchange rate moved by 8% from March 31, 2009 to June 30, 2009 resulting in a negative impact on cash and cash equivalents of approximately \$2.5 million.

## **Organizational Changes**

The current economic conditions, while challenging, represent a strategic window to help position Westport's operations for future growth prospects. Accordingly, Westport's Chief Financial Officer, Elaine Wong, will be changing her role to focus on strategic development activities to accelerate the Company's drive to profitability. Ms. Wong will remain CFO while Westport recruits a new CFO.

## **Cummins Westport Inc. (CWI) Business Unit Highlights**

In response to the growing need for low-emission alternative fuel vehicles, international truck brands are launching natural gas trucks featuring CWI engines. Specifically, Daimler Trucks North America (DTNA) announced it will offer six configurations of the Freightliner brand M2 112 with the Cummins Westport ISL G engine. These will use either LNG or CNG storage.

Furthermore, Mack Trucks, Inc. announced the availability of natural gas-powered engines for refuse applications. The MACK® TerraPro™ Low Entry model is now available for order with heavy-duty natural gas engines supplied by Cummins Westport.

## **Westport Global Heavy Duty Business Unit Highlights**

Revenue for the heavy duty business has increased to \$1.5 million on 14 Westport HD LNG systems shipped, which compares to \$0.4 million in the prior year with 1 LNG system shipped. The Port of Long Beach (POLB) subsequent to quarter end announced the results of its lottery system to award funding towards the purchase of new clean trucks. Funding for 100 trucks was awarded in which 96 out of 100 were natural gas. While the majority of natural gas trucks were based on CWI engines, an additional proposal for the funding of clean trucks at the port is underway and being administered by the Air Quality Management District (AQMD) which may include a greater number of Westport HD-based trucks. The AQMD and Ports have publicly stated their goal to get 500 natural gas trucks on the road before year end.

## **Results Conference Call**

To coincide with the disclosure, Westport has scheduled a conference call for Thursday, August 6, 2009 at 2:00 pm Pacific Time (5:00 pm Eastern Time). The public is invited to listen to the conference call in real time or by replay. To access the conference call by telephone, please dial: 866-226-1792 (North America Toll-Free) or 416-340-2216. To access the replay after the call, please dial 800-408-3053 or 416-695-5800 using the passcode #5548115. The replay will be available until August 20, 2009, however, the webcast will be archived on Westport's website. The webcast of the conference call can be accessed on the Westport website at [www.westport.com](http://www.westport.com) by selecting "Investors" and then "Investor Overview" from the main menu. Replays will be available in streaming audio on the same website after the conclusion of the conference call.

To view Westport's full First Quarter FY2010 financials, please point your browser to the following link:

<http://www.westport.com/investor/financial.php>.

## **About Westport**

Westport, a division of Westport Fuel Systems Inc., engineers the world's most advanced natural gas engines and vehicles. We work with original equipment manufacturers worldwide from design through to production, creating products to meet the growing demand for vehicle technology that will reduce both emissions and fuel costs. To learn more about our business, visit [www.westport.com](http://www.westport.com), subscribe to our RSS feed, or follow us on Twitter [@WestportDotCom](https://twitter.com/WestportDotCom).

## **Cautionary Note Regarding Forward Looking Statements**

*This document contains forward-looking statements, including statements regarding the demand for our products, the future success of our business and technology strategies, investment, cash and capital requirements, intentions of partners and potential customers, the performance and competitiveness of our products and expansion of product coverage, future market opportunities, speed of adoption of natural gas for transportation, growth in demand as a result of new emission standards and terms of future agreements. These statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties and are based on assumptions that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activities, performance or achievements expressed in or implied by these forward looking statements. These risks and assumptions include risks and assumptions related to our revenue growth, operating results, industry and products, the general*

*economy, conditions of and access to the capital and debt markets, governmental policies and regulation, technology innovations, fluctuations in foreign exchange rates, global government stimulus packages, the acceptance of natural gas vehicles in fleet markets, the relaxation or waiver of fuel emission standards, the inability of fleets to access capital or government funding to purchase natural gas vehicles, the sufficiency of bio methane for use in our vehicles, the development of competing technologies as well as other risk factors and assumptions that may affect our actual results, performance or achievements or financial position discussed in our most recent Annual Information Form and other filings with securities regulators. Readers should not place undue reliance on any such forward-looking statements, which speak only as of the date they were made. We disclaim any obligation to publicly update or revise such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward looking statements except as required by National Instrument 51-102.*

## **More Information**

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