



Investor Presentation

August 10, 2020



Westport Fuel Systems at a Glance



Tier 1
Automotive Supplier



Manufacturing
7 Global Locations



Renewable
Alternative Fuels



70
Countries (Sales)

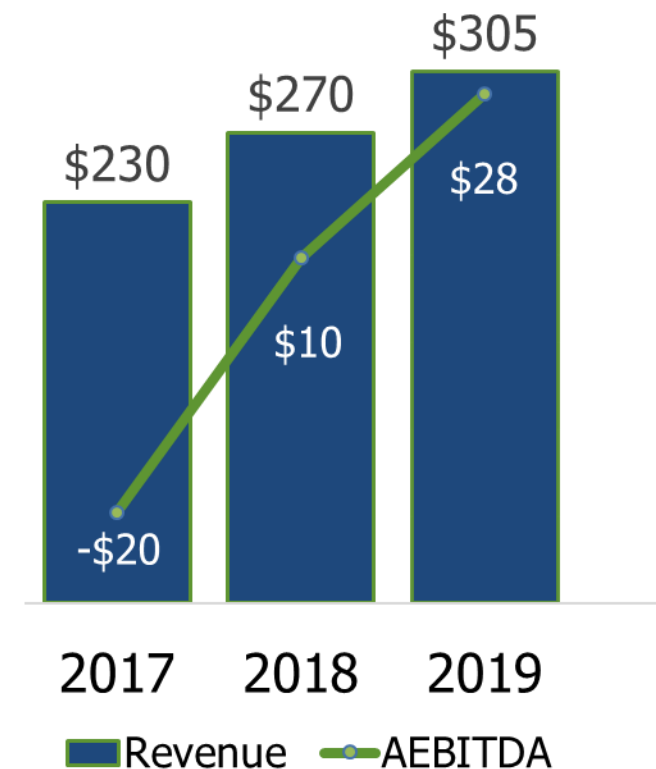


>100
Global Distributors



1,400
Patents &
Applications

Revenue and Adjusted EBITDA
(\$USD Millions)



2019 Highlights: Executing on our Strategy

Deliver Sustained Growth

- Transportation revenue increased to \$305M
- Revenue increased by \$35M: up 13% over 2018 and 33% over 2017
- Growth mainly due to HPDI ramp in Europe and development revenues
- Independent Aftermarket generated an increase of \$5.8M

Accelerate HPDI Commercialization

- Tripled HPDI volume in Europe, increase volumes to achieve economies of scale
- Weichai commercial launch expected 2020
- HPDI 2.0 is the only commercially-available technology that fully and affordably responds to the new European CO₂ regulations for trucks
- Potential for net-zero carbon for heavy-duty trucking with HPDI and renewable gas

Align Cost Structure with Revenue to Improve Cash Flow & Operating Results

- Net income from continuing operations up \$41M over 2018 and \$62M over 2017
- First full year of positive EBITDA of \$24.9M and adjusted EBITDA of \$28.4M
- Seventh consecutive quarter of positive adjusted EBITDA
- Significant YoY improvement in adjusted cash flow from operations of \$14M

2Q20 Headline Financial Results

- Revenue \$36 million, down 56% YoY due to impact of COVID-19
- Net income \$3 million, compared to net loss of \$2.3 in Q2 2019
- \$7.7 million insurance recovery
- Improved liquidity, strengthened balance sheet by over \$50 million:
 - New debt facilities,
 - Deferred principal payments of \$6 million,
 - Refinanced convertible notes with lower conversion price, improved financing terms, and
 - Secured \$3.8 million in wage subsidies and other support programs.



2020 Strategic Objectives

1. The successful commercial launch of Westport HPDI 2.0™ in China.
2. Material and structural cost reductions to improve margins and cash flow.
3. New light-duty and heavy-duty OEMs in key market geographies.
4. Profitable growth of our light-duty product sales through aftermarket and OEM channels.

Macro Trends Driving Rapid Change



Stringent Regulatory Frameworks

- European CO₂
 - HD: -15% / -30%
 - LD: -33% / -50%
- China VI
- India BS VI
- Increased anti-diesel sentiment



Demand for Clean, Affordable Transport

- Population growth and economic development
- Urban air quality concerns
- Affordability required to achieve scale



Refuelling Infrastructure Build-Out

- CNG and LNG refuelling infrastructure expanding across Europe, China and India.



Renewable Gas for Transport at Scale

- The “ready now” alternative fuel
- Shell building 50 carbon neutral LNG stations in Germany
- UPS purchases 170 million DGE of RNG

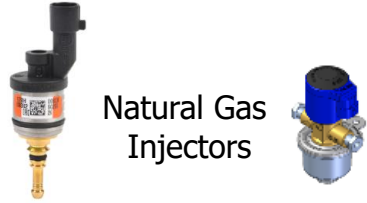
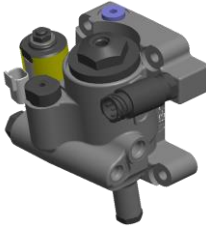


Sustainability Leadership and Differentiation

- Deploy production solutions, not demonstrations
- Fleet and customer demand for lower-carbon fuels
- Well-to-wheel analysis of fuel impacts needed

We Design, Develop and Manufacture Alternative Fuel Components and Systems



	Valves	Regulators	Injectors	Electronics
 Type 1 CNG Tank System	 CNG Tank Valves	 CNG Pressure Regulators	 Natural Gas Injectors	 CNG Electronic Control Modules
 LPG Level Sensor	 CNG Fill Valves	 LPG Pressure Reducers	 Injector Rails	 CNG Electronic Control Modules
 HPDI LNG Pump	 Solenoid Cylinder Valves	 HPDI Gas Conditioning Module	 Injector Rails	 Bi-Fuel Electronic Control Modules
 HPDI LNG Tank Module	 Integrated Tank Valve Regulator	 H2 Pressure Control Modules	 HPDI Injector	 Bi-Fuel Electronic Control Modules
	 H2 Tank Valves			

Alternative Fuel Capabilities

Broad Range of Products that Deliver Emission Reductions

LPG

Liquefied Petroleum Gas / Propane / Autogas



- Components and complete systems
- Light-duty applications – vapor and liquid LPG
- Monofuel, bi-fuel, dual fuel solutions
- The most commonly used alternative fuel in the world

CNG

Compressed Natural Gas



- Components and complete systems
- Light- and medium-duty applications
- Monofuel, bi-fuel, dual fuel solutions

LNG

Liquefied Natural Gas



- Complete systems
- Heavy-duty and high horsepower applications
- Monofuel and dual fuel solutions

H₂

Hydrogen

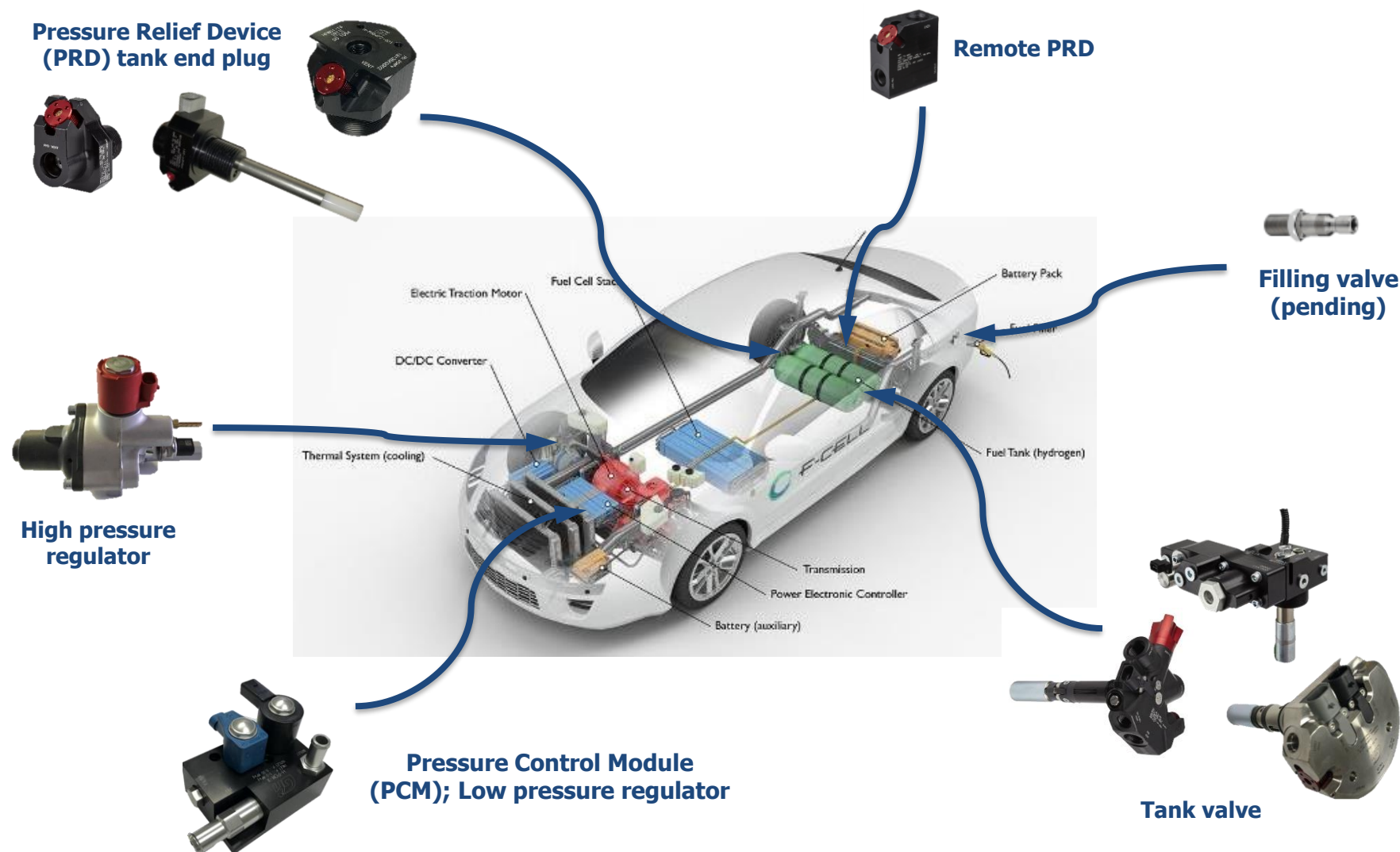


- High and low pressure components
- Light- to heavy-duty and industrial applications
- Hydrogen/CNG blends or pure hydrogen

All Available as Renewable Fuels
Substitute for fossil-based fuels

Hydrogen Capabilities

- Pioneer in H₂ component supply under GFI brand
- Full portfolio of H₂ components
- 350 bar pressure: > 40% market share for tank valves
- 700 bar pressure: market shifting in this direction
- MD/HD/Bus/Industrial primary segments; automotive in some countries



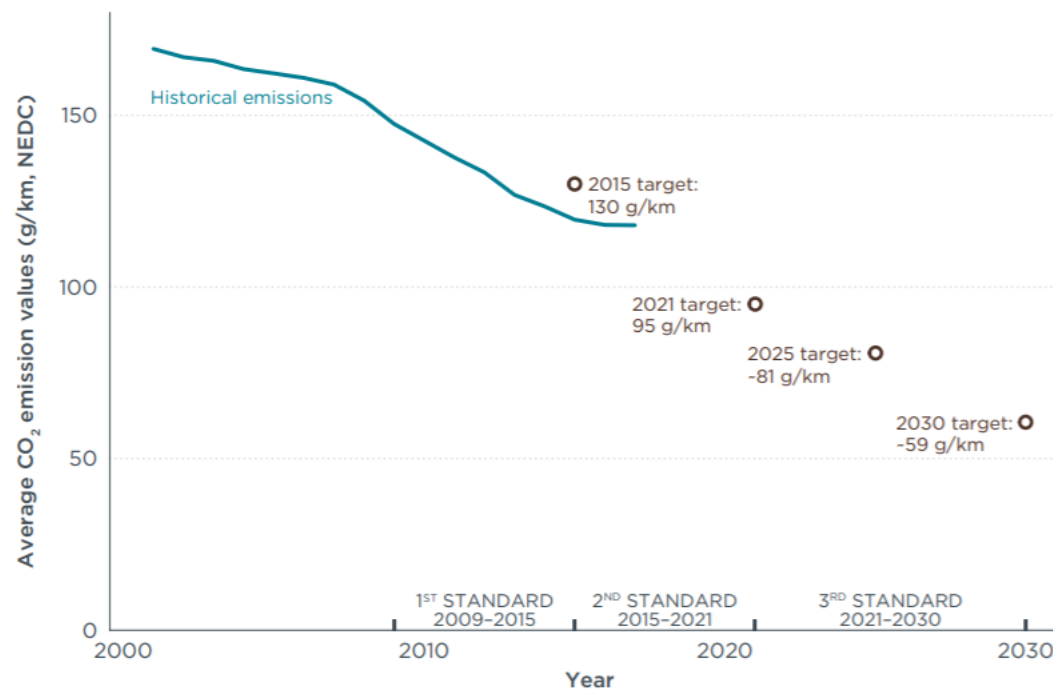


Stringent Regulatory Frameworks Driving a Real-Time Market Response

Natural Gas Offers OEMs a Compliance Pathway for Europe's Light-Duty Emission Standards

- Path to achieve the 2021 target of 95 g/km is disrupted by declining diesel share, the growth of petrol, and the growth of SUVs.

The EU's stringent regulations for passenger cars/vans requires a ~33% reduction in CO₂ emissions in 2025 and ~50% in 2030 compared to 2018.



Penalties are set at €95 for each g/km above the target from 2025.

Collectively, the industry trajectory is 20g/km over the target, which would result in an average penalty of €1,900 per vehicle.

Average historical CO₂ emission value and adopted CO₂ standards for new passenger cars in the EU (2019)

Source: https://www.theicct.org/sites/default/files/publications/EU-LCV-CO2-2030_ICCTupdate_20190123.pdf
and <https://www.eea.europa.eu/highlights/average-co2-emissions-from-new>

HPDI Delivers CO₂ Emission Reductions Now...

Europe (2019 baseline):

- 15% CO₂ required by 2025
- 30% CO₂ required by 2030

United States:

- Up to **25%**** CO₂ reduction from 2017 through 2027



The only commercially viable, cost-competitive HD technology solution available today to meet EU regulations

Fossil LNG

-20%

20% Renewable LNG

-34%*

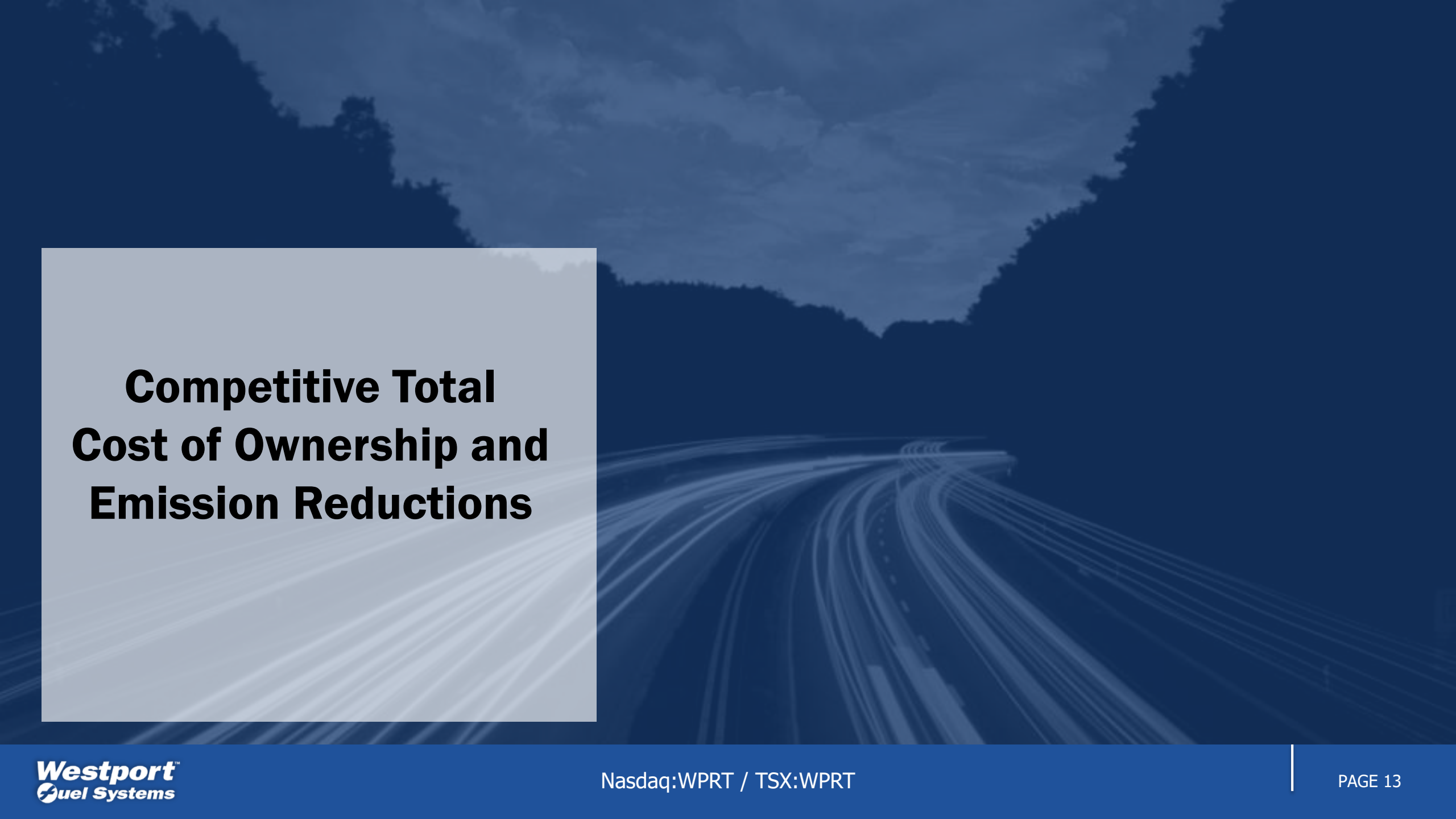


- HPDI 2.0 reduces CO₂ more than
 - *The 2025 EU requirement with Fossil LNG*
 - *The 2030 EU requirement with just 20% RNG*
- Penalty for non-compliance in EU is €4,250 per gram/ton-km starting in 2025
 - *Penalty up to €38,000 per truck*
- Preserves substantial OEM investments

*Assuming recognition of 20% carbon intensity reduction with 20% renewable gas blend and 90% gas energy ratio

** Varies by vehicle class and application

Westport™
HPDI 2.0

The background of the slide is a dark blue image of a winding road at night, with light trails from vehicles creating a sense of motion. The road curves through a landscape with trees and hills under a cloudy sky.

Competitive Total Cost of Ownership and Emission Reductions

Total Cost of Ownership and Emission Reductions

Passenger Cars				Heavy-Duty Trucks	
	Petrol	LPG	CNG	Diesel	HPDI LNG
Incremental price per vehicle		€1,000	€1,500		€40,000
Fuel cost (€/litre or kg)	€1.50	€0.65	€0.95*	€1.36	€0.95*
Annual distance (km)	20,000	20,000	20,000	120,000	120,000
Fuel consumption (km/l or kg)**	12	11	21	3.3	4.8
Annual fuel cost	€2,500	€1,200	€900	€49,000	€23,900
Annual Fuel Cost Savings		€1,300	€1,600		€25,100
Payback (months)		9	11		19
CO ₂ Emission Reductions (%)***		~20%	~25%		~20%

The actual payback period is dependent upon vehicle transaction prices, annual distance traveled, fuel prices and the impact of taxes and incentives. All of these factors can vary over time and between jurisdictions.
Fuel prices as of 11/19

FOR ILLUSTRATIVE PURPOSES ONLY

* Euro 0.95/kg = 0.684 Euro/m³

** Average European car

*** Emission reductions greater with blends of renewable gas

HPDI 2.0™ – Commercially Available and Viable Now

- Regulation and total cost of ownership will drive growth
- Same torque and efficiency as diesel engine with reduced CO₂ emissions
- No change to engine architecture
- Minimal change to vehicle architecture

Long Haul HD Truck Application	Diesel	Westport HPDI 2.0™	Battery Electric	Hydrogen FCV
Meet EU 2025/2030 requirements?	X	✓	✓	✓
Meet customer requirements? • Range, payload, performance, durability • Operations, refuel/recharge time	✓	✓	X	X
Refueling Infrastructure?	✓	X → ✓	X	X
Commercially available and viable?	✓	✓	X	X
Total Cost of Operation	<u>Baseline</u>	<u>Lower</u>	<u>Higher</u>	<u>Higher</u>

Future Heavy-Duty Transportation Fuel and Technology Mix

Difference Compared to Diesel

Heavy Duty Truck, 400 mile daily range @ current costs and technologies:

Fuel System	Fuel Storage Size <i>(cubic feet)</i>	Fuel + Storage Weight <i>(pounds)</i>	Propulsion System Cost <i>(approximate)</i>	Daily Fueling Time <i>(minutes)</i>	Daily Fuel Cost <i>(US West Coast)</i>
SI CNG	5X	+550	+\$40,000	+5	-\$20
HPDI	3X	+700	+\$50,000	Same	-\$50
H2 Fuel Cell	6X	+950	+\$110,000	+10	+\$100
Battery Electric	15X	+17,500	+\$300,000	+70 (@ 700kW) +470 (@ 120kW)	-\$70

There has been considerable interest and hype around battery electric and fuel cell technologies but for long-haul commercial vehicle applications which require extended range, these technologies are not commercially available, nor economically viable.

Information based on latest estimates from multiple industry sources and may vary

The background of the slide is a dark blue image of a winding road at night, with light trails from vehicles creating a sense of motion. The road curves into the distance, flanked by dark, silhouetted hills or trees.

Clean, Market-Ready, and Sustainable Transportation at Scale

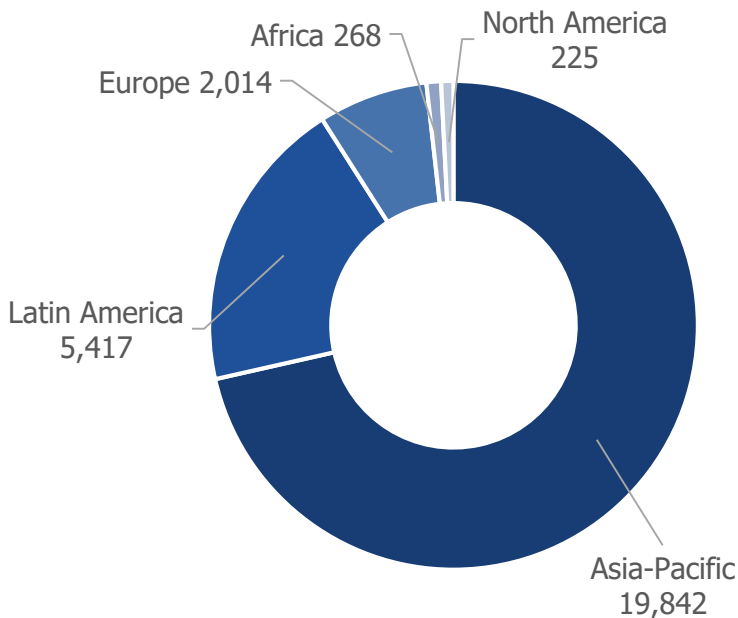
- 55 million natural gas and LPG vehicles are currently in service, with about 1.5 million new vehicles or conversions sold annually



Global Overview of Natural Gas and LPG Vehicles

Natural Gas Vehicles in Service

(in thousands)

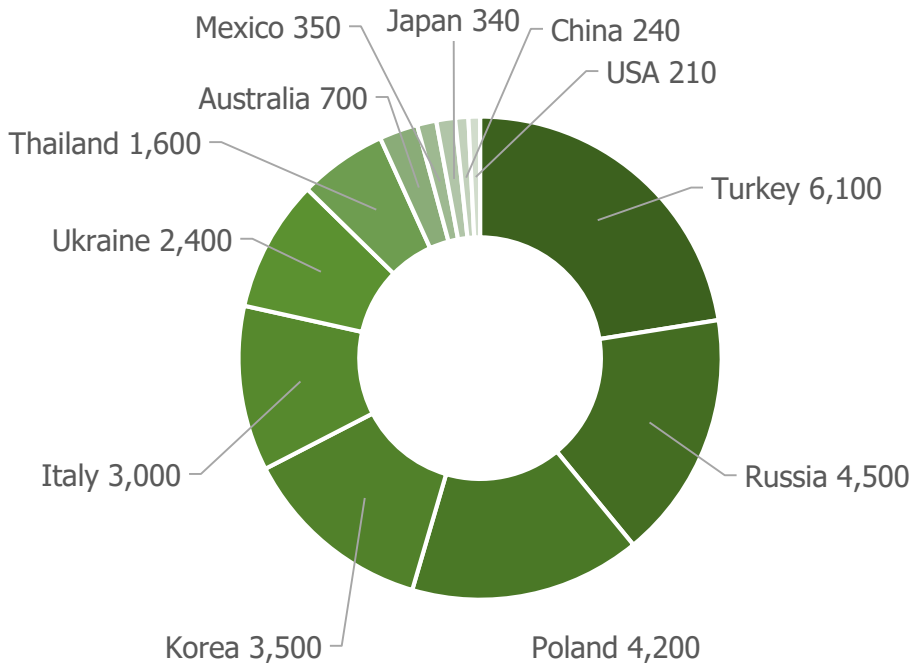


Total: 27.8 million

Source: NGV Global July 2019

LPG Vehicles in Service

(in thousands)



Total: 27.1 million

Source: World LPG Association 2018 Annual Report, WFS analysis

Fuel Availability Drives Scale: Europe Case Study

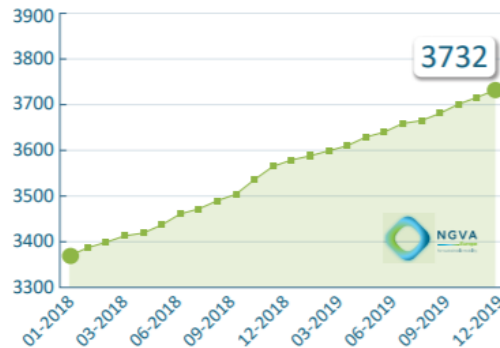
- LNG fueling infrastructure grew 90% over 2017
- 275 LNG stations spanning 18 countries
- CNG fueling infrastructure grew 10% in 2019
- 3,800 CNG stations with ten countries having more than 100 CNG stations

Source: NGV Europe (2020) Available at <https://www.ngva.eu/>

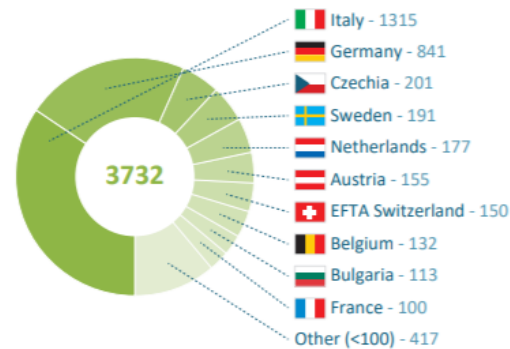


CNG stations

CNG STATION GROWTH EU + EFTA

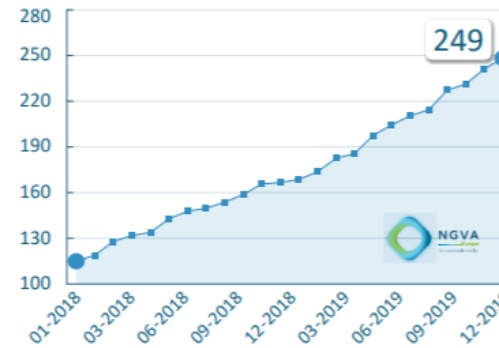


CNG STATION DISTRIBUTION DEC 2019

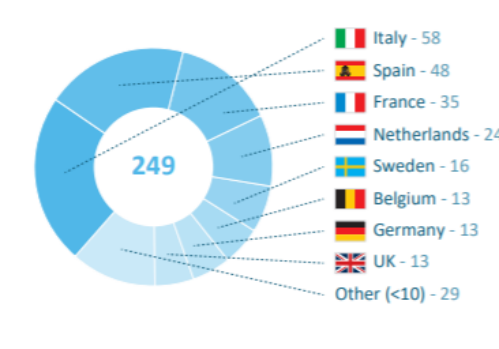


LNG stations

LNG STATION GROWTH EU + EFTA



LNG STATION DISTRIBUTION DEC 2019



Growing uptake of LNG vehicles as refuelling infrastructure increases

28 Apr 2020 by John Snyder

Europe's Green Deal lays the groundwork for an expansion of CNG, LNG and bioLNG as a road transportation fuel



UK: Gasrec refuelling network taps into record demand for CNG and LNG

Shell to expand its network of bio-LNG stations in Germany

The international fuel retailer continues to look at alternative forms of fuel for the transport sector as it seeks to reduce CO2 emissions.

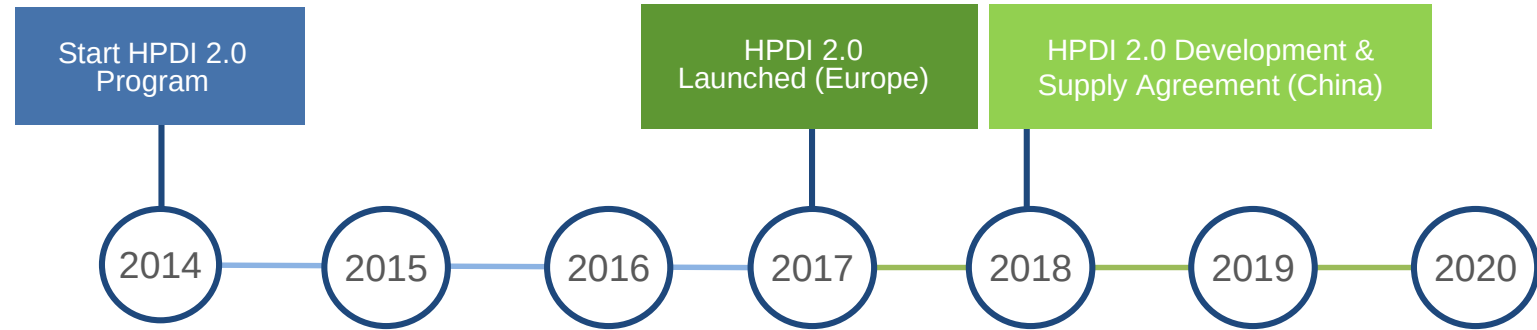
BIOGAS NEWS

May 4, 2020

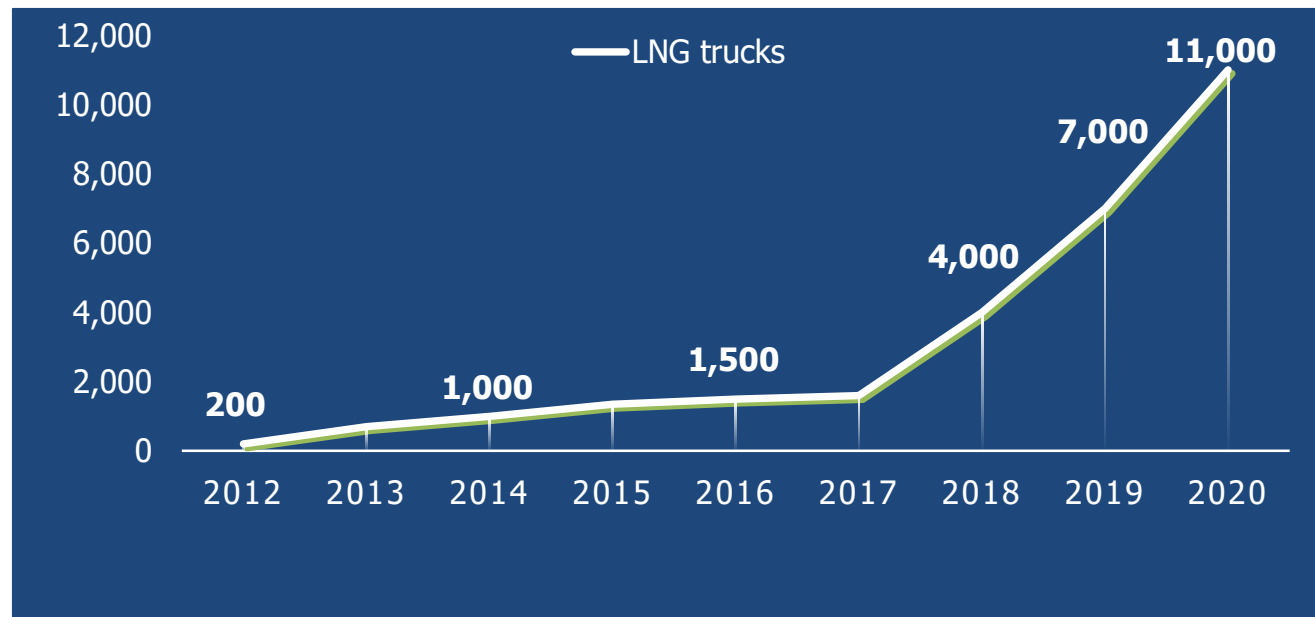
Gasum strengthens LNG and biogas offering with new acquisitions

LNG for Heavy-Duty Trucking Scaling in Europe

- LNG truck registrations increased 175% in 2019
- CNG vehicle registrations increased 40% over 2017



Heavy-Duty Natural Gas Trucks >400hp in Operation in Europe



Four engines >400 hp from three OEMs commercially available in Europe

Source: NGV Europe (2020) Available at <https://www.ngva.eu/>

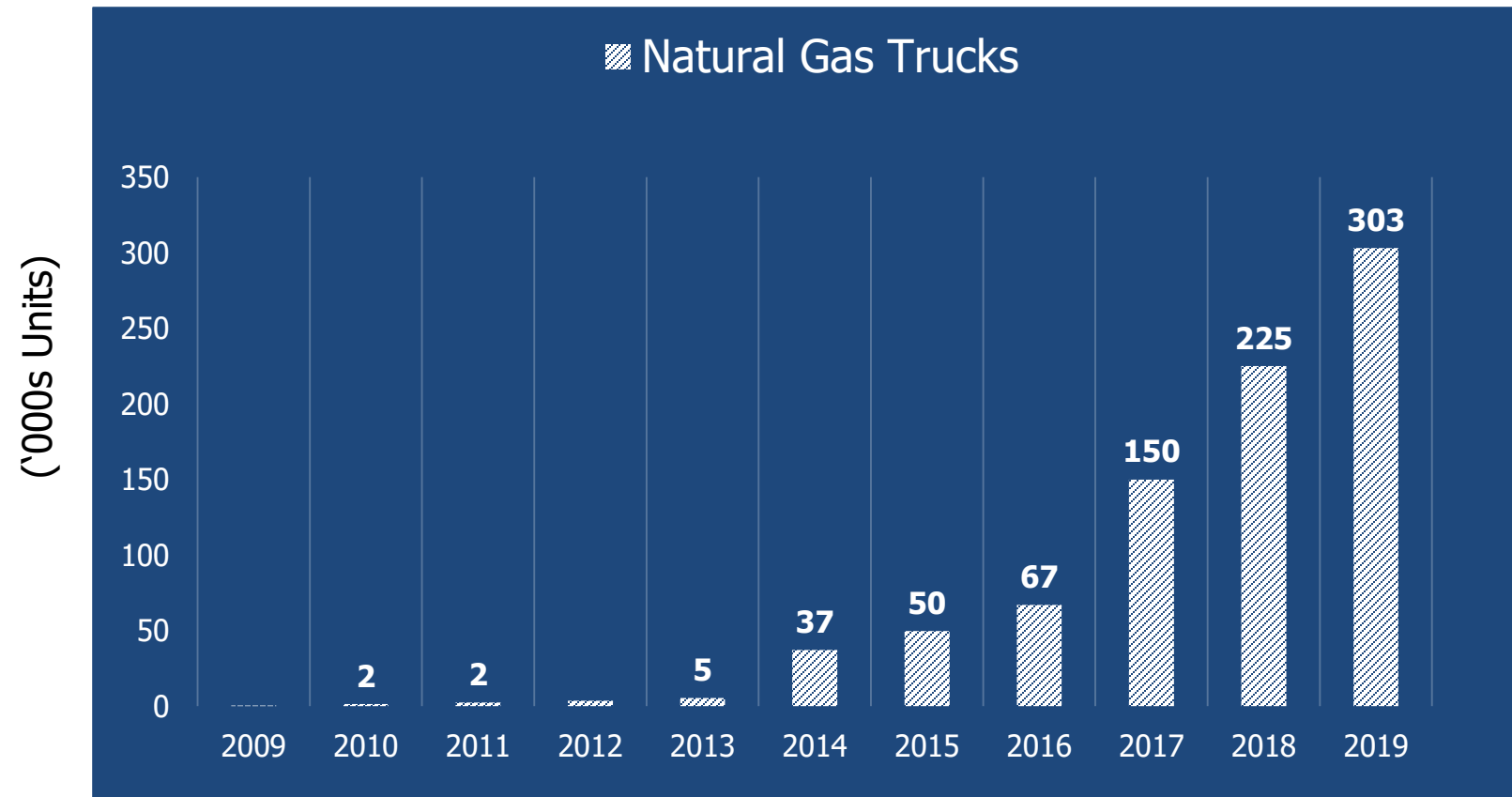
Source: PSR (202) and Analysis by WFS

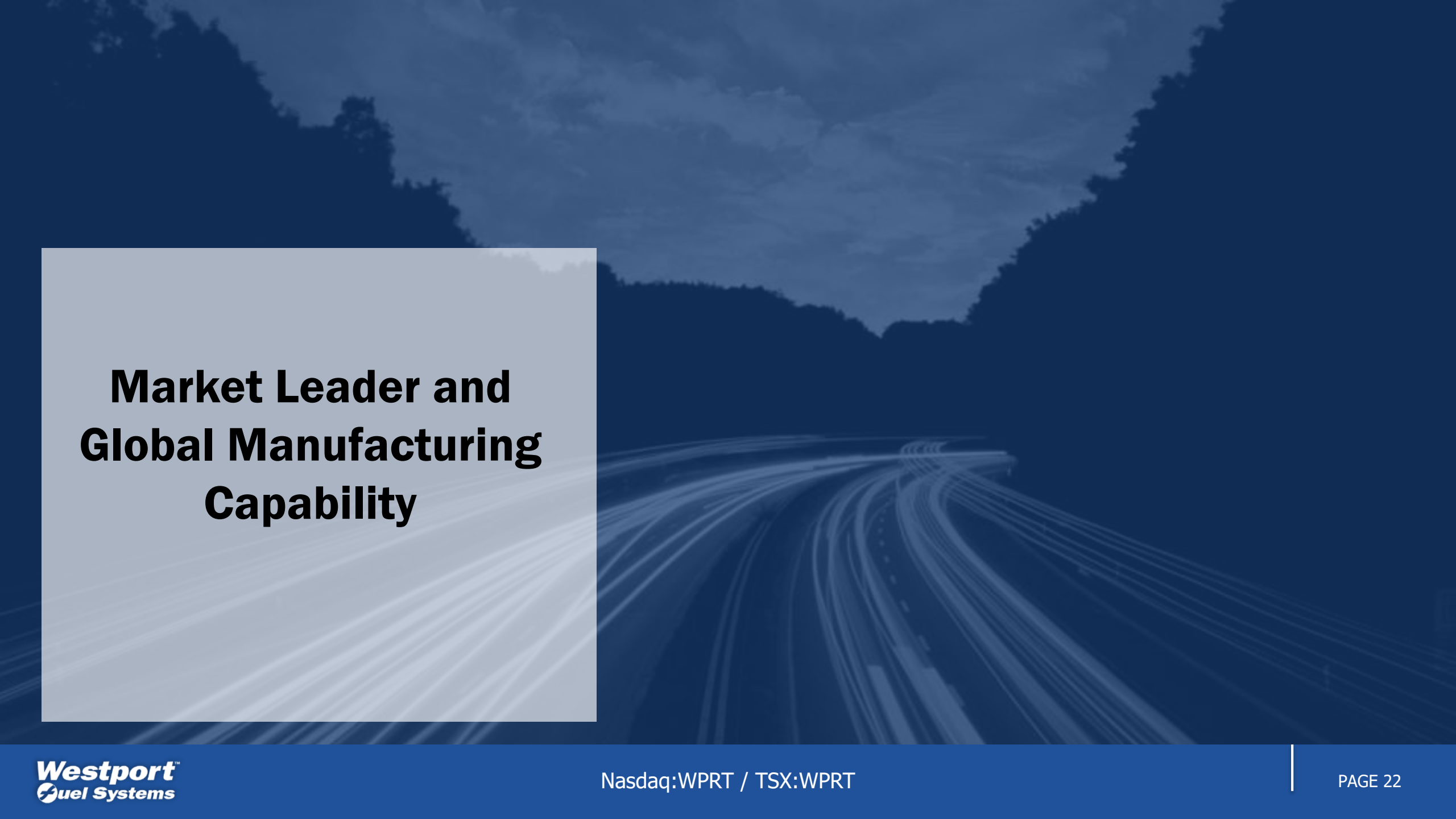
China: The Largest Natural Gas Truck Market in the World

- Class 7 and 8 HD natural gas vehicles offered by 40 OEMs
- The majority of HD natural gas trucks are powered by LNG
- LNG costs ~35 to 55% less than diesel
- 10,500 LNG stations with 12,000 expected by the end of 2020

Source: PSR Database and WFS Analysis (2019)

Natural Gas Trucks in Operation in China (2009 – 2019)



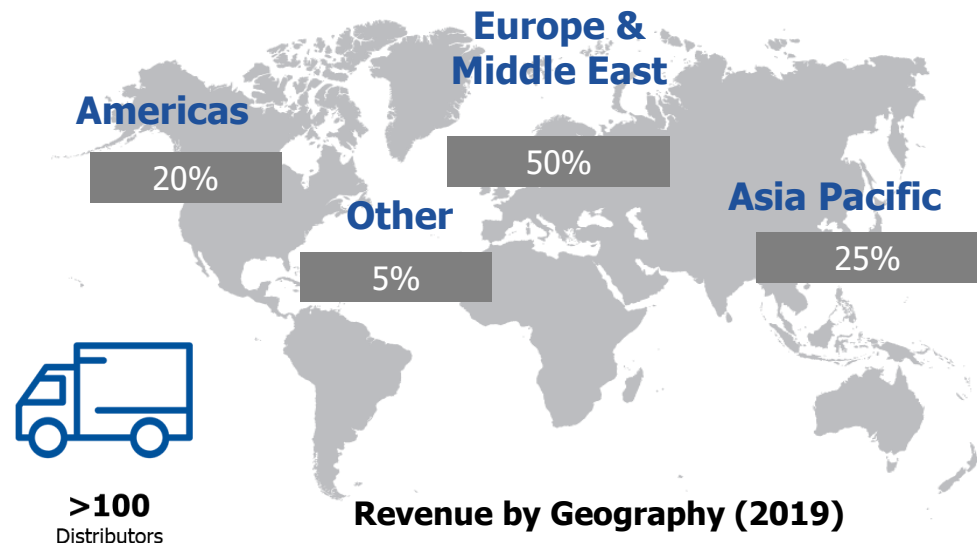


Market Leader and Global Manufacturing Capability

Sales Performance and Market Position: Independent Aftermarket

- Fuel cost savings provide compelling ROI
- 5% growth YoY
- AEBITDA margins of ~15%
- Increase operating cash flows
- Decarbonize current parc and improve urban air quality

- LPG/CNG kits ~1M units/year
- WFS has ~30% global market share, or 300,000 kits annually



Key Market	Share	Fuel
Argentina	50%	CNG
Italy	40%	LPG & CNG
Poland	30%	LPG
Russia	30%	LPG
Turkey	30%	LPG

Sales Performance and Market Position: Delayed OEM Services

- Fuel cost savings provide compelling ROI
- 5% growth YoY
- AEBITDA margins of ~15%
- Increase operating cash flows

- DOEM installations ~35,000 units/year – WFS has ~95% share
- Key markets: Italy, Turkey, U.S.
- Application development, certification, product validation, vehicle conversion, logistics solutions



DOEM Customers



Sales Performance and Market Position: Light-Duty OEM

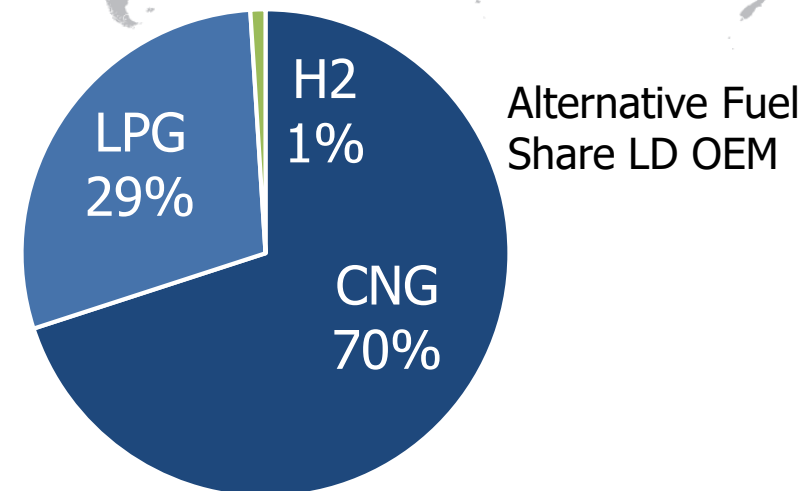
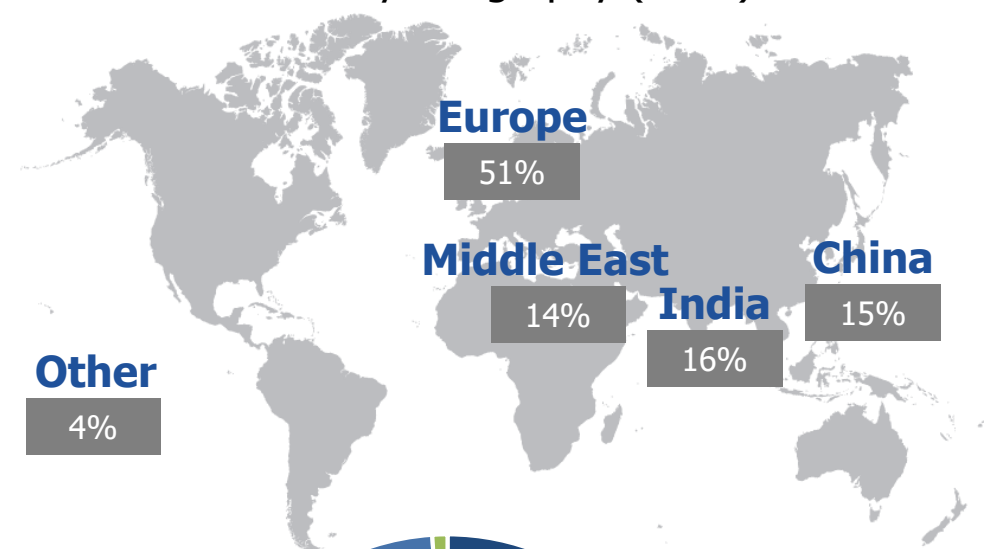
- Fuel cost savings provide compelling ROI
- 10-15% growth YoY
- AEBITDA margins of ~10%
- Profitable growth and cash flow for 2020
- ~30% share of ~500,000 units/year global sales

Global market size and market shares are WFS estimates



- Highly automated
- Poka-Yoke systems
- Complete OEM design validation plan
- Safety reliability
- State-of-the-art technical cleanliness control
- Robust processes, risk prevention, and environmental controls
- IATF 16949:2016 and ISO 14001:2014 certifications

Revenue by Geography (2019)

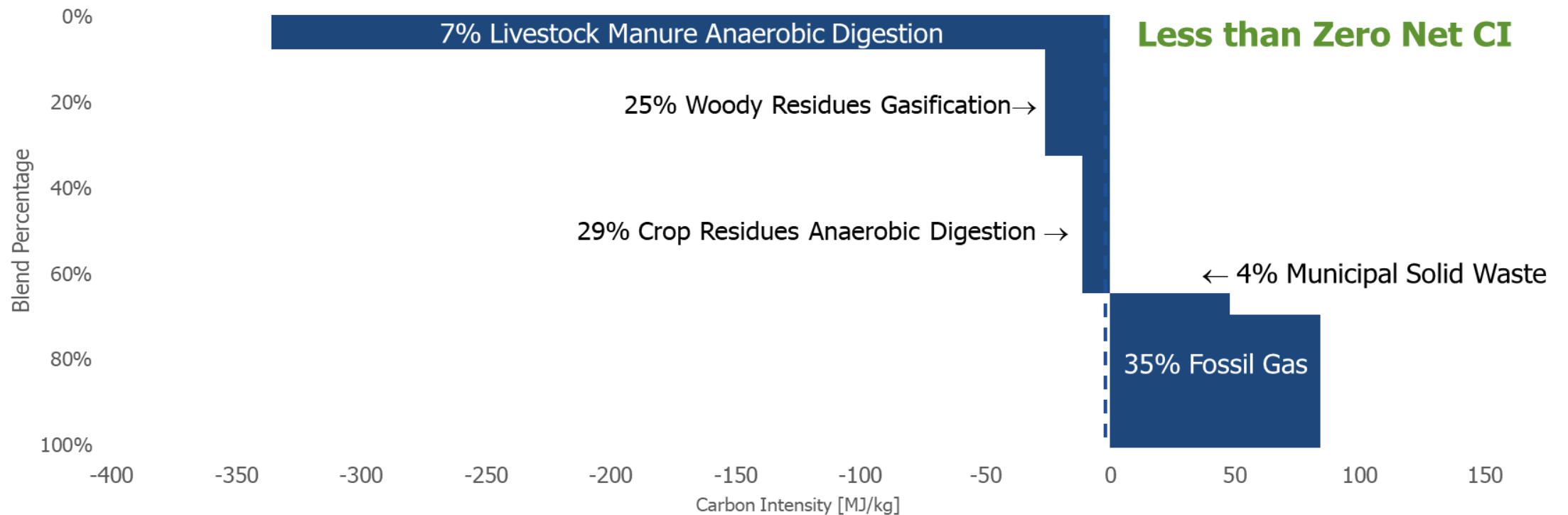


Pathway to Net-Zero Carbon Transport



Can We Make Road Transport Carbon Neutral?

With zero net-carbon biomethane and a fossil gas BLEND, there is enough renewable gas feedstock to power 100% of the EU 28 truck energy demand in 2030



Source: WFS Analysis (2019) presented to SAE International with estimates based on CARB [LCFS](#) averages and [GTI](#) data sources

2Q20 Results

Financial Highlights – 2Q20 v 2Q19

- Revenues impacted by COVID-19, which resulted in the closure of our facilities in Italy and our lead OEM HPDI partner's facility.
- Gross margin benefited from \$7.7M insurance recovery related to the \$10M charge for the PRD program in 1Q20.
- Net income 2Q20 benefited from the government wage subsidy of \$3.8M and \$3.6M unrealized foreign exchange gain.

\$ millions, except earnings (loss) per share	2Q20	2Q19	\$ O/(U)
Revenue	\$ 36.0	\$ 82.4	\$ (46.4)
Cost of revenue	23.8	63.1	(39.3)
Gross Margin	12.2	19.3	(7.1)
Gross Margin - %	33.9%	23.4%	10.5%
Income from equity investments	4.1	5.9	(1.8)
Net income (loss) for the period	3.0	(2.3)	5.3
EBITDA	9.2	4.0	5.2
Adjusted EBITDA	6.2	8.1	(1.9)
Income (loss) per share	0.02	(0.02)	0.04

Segmented Performance – 2Q20 vs 2Q19

- 2Q20 OEM operating income mainly due to the \$7.7M insurance recovery.
- Corporate net income of \$1.8M resulted from \$3.6M unrealized foreign exchange gain, mainly generated from the revaluation of the USD denominated loans in the Canadian entities.
- CWI revenue decreased due to OEM factory shutdowns in response to the COVID-19 pandemic combined with tempered customer demand.

2Q20					
\$ millions	Revenue	Operating Income (loss)	Depreciation & Amortization	Equity Income	
OEM	\$ 19.1	\$ 1.1	\$ 2.1	\$ (0.1)	
IAM	16.9	(1.2)	1.2	-	
Corporate	-	1.8	0.1	4.2	
CWI - 50%	33.2	5.3	0.0	-	
Total Segment	69.2	7.0	3.4	4.1	
Less:CWI - 50%	(33.2)	(5.3)	(0.0)	-	
Total Consolidated	\$ 36.0	\$ 1.7	\$ 3.4	\$ 4.1	

2Q19					
\$ millions	Revenue	Operating Income (loss)	Depreciation & Amortization	Equity Income	
OEM	\$ 44.8	\$ (3.0)	\$ 2.6	\$ 0.0	
IAM	37.6	3.5	1.3	-	
Corporate	-	(6.4)	0.1	5.9	
CWI - 50%	42.0	7.8	(0.1)	-	
Total Segment	124.4	1.9	3.9	5.9	
Less:CWI - 50%	(42.0)	(7.8)	0.1	-	
Total Consolidated	\$ 82.4	\$ (5.9)	\$ 4.0	\$ 5.9	

Liquidity – Operating Cash Flow

- Government wage subsidies of \$3.8M mitigated impact of COVID-19 pandemic
- A build-up of inventory and working capital for growth in HPDI
- Lower CWI dividend received in 2Q20
- During the quarter, we closed a €5m loan with UniCredit, offset by \$5.9M royalty payment

Adjusted Operating Cash Flow (\$ millions)	2Q20	2Q19	\$ O/(U)
Net cash from (used by) operating activities before W/C	\$ 2.8	\$ (2.1)	\$ 4.9
Add back change in working capital	(11.8)	4.6	(16.4)
CWI Dividend	3.4	7.4	(4.0)
Adjusted operating cash flow	(5.6)	9.9	(15.5)
Financing cashflows	(1.9)	(7.9)	6.0
Capex	(1.6)	(1.6)	0.0
Other	(1.1)	(1.0)	(0.1)
Net cash used	<u>\$ (10.2)</u>	<u>\$ (0.6)</u>	<u>\$ (9.6)</u>

2Q20 Liquidity Position

- Subsequent to quarter-end, we secured loans to enhance our liquidity and growth plans:
 - €15M UniCredit loan
 - \$10M EDC bridge loan
 - Refinanced convertible debt with Cartesian Group - prepayment of \$7.5M on existing notes & extension of amended notes for remaining \$10M to 2023

\$ Millions

Liquidity		
Cash Position	2Q20	1Q20
Total Cash	\$29	\$39
HSBC Facility (Available)	0.1	1
Total Liquidity	\$29	\$40

Liabilities		
Liabilities	2Q20	1Q20
Cartesian – Convertible	\$17	\$17
EDC – Term Loan	\$13	\$13
UniCredit Loans	\$16	\$11
HSBC AR Facility	\$4	\$6
Others	\$5	\$3
Total Debt	\$55	\$50
<i>Cartesian Royalty</i>	<i>\$14</i>	<i>\$19</i>
Total Liabilities	\$69	\$69

Delivering Clean Transportation Solutions



Cost Competitive and Commercially Available

Developed, validated, in production, for sale and in use around the world

Low incremental costs to access cleaner, more affordable fuels



Financial Discipline and Performance

Strong record of improvement

Sustainable profitability driven by growth, aligning costs with revenues, and fiscal discipline in investment decisions



Gaseous Fuels Industry Leader

Sales in 70 countries
CNG, LNG, RNG, LPG, H₂

All transportation applications

Leading market shares



Environmental Solutions for Climate and Air Quality

Reduced CO₂ emissions

Reduced criteria emissions

Net zero carbon NOW



100% Renewable

Growing bio-methane (RNG) availability means net zero carbon transportation is possible NOW with gaseous fuels



Alternative Fuels at Scale

No performance compromise

Lower total cost of ownership

Enables OEMs to meet regulations at the lowest cost

Westport Fuel Systems

Forward Looking Statements

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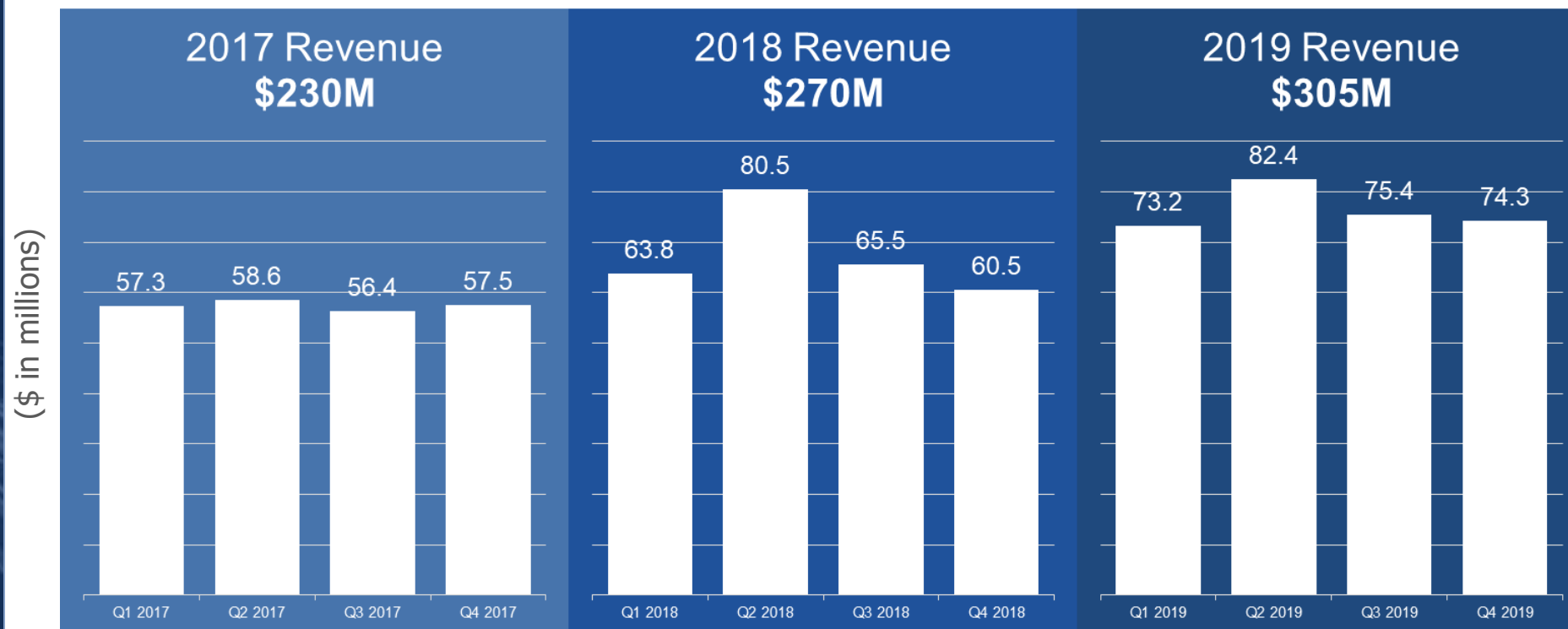


Appendix

2019 Corporate Highlights:

Steady Revenue Growth

- Transportation revenue grew to \$305M
- Up 13% over 2018
- Up 33% over 2017
- Revenue growth due to HPDI volume ramp and increased OEM services

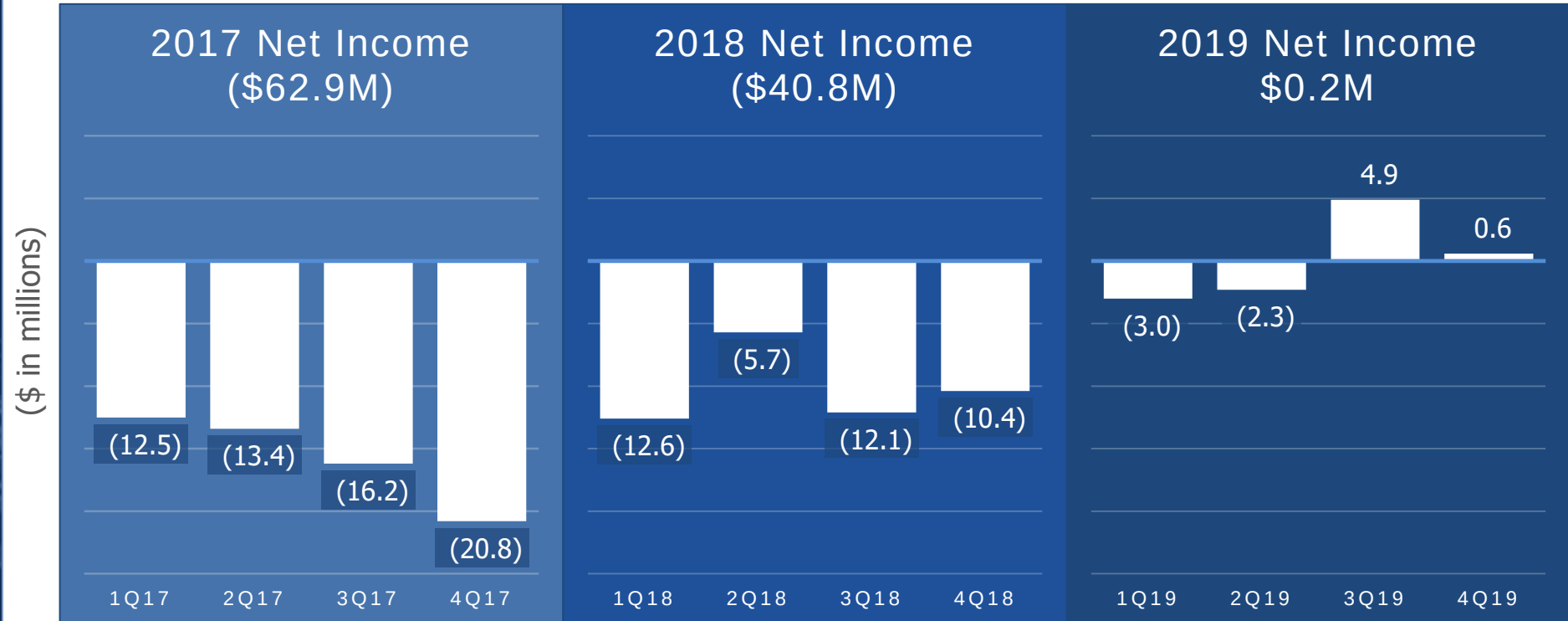


Balanced business with market-ready solutions and customers in 70 countries

2019 Corporate Highlights:

Positive Net Income From Continuing Operations

- \$41M improvement from 2018
- \$62M improvement from 2017
- Two quarters of positive net income from continuing operations

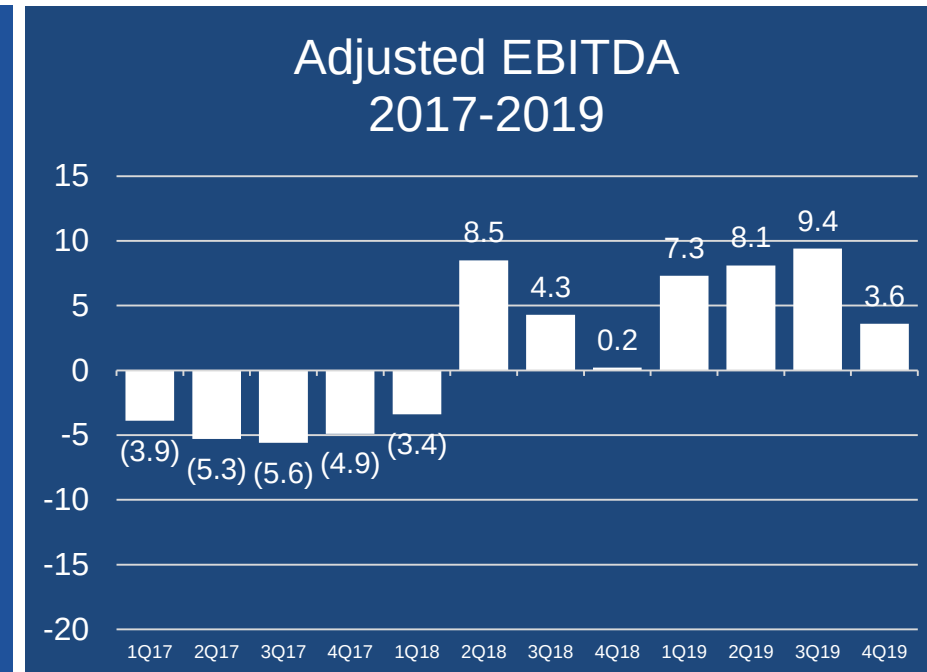
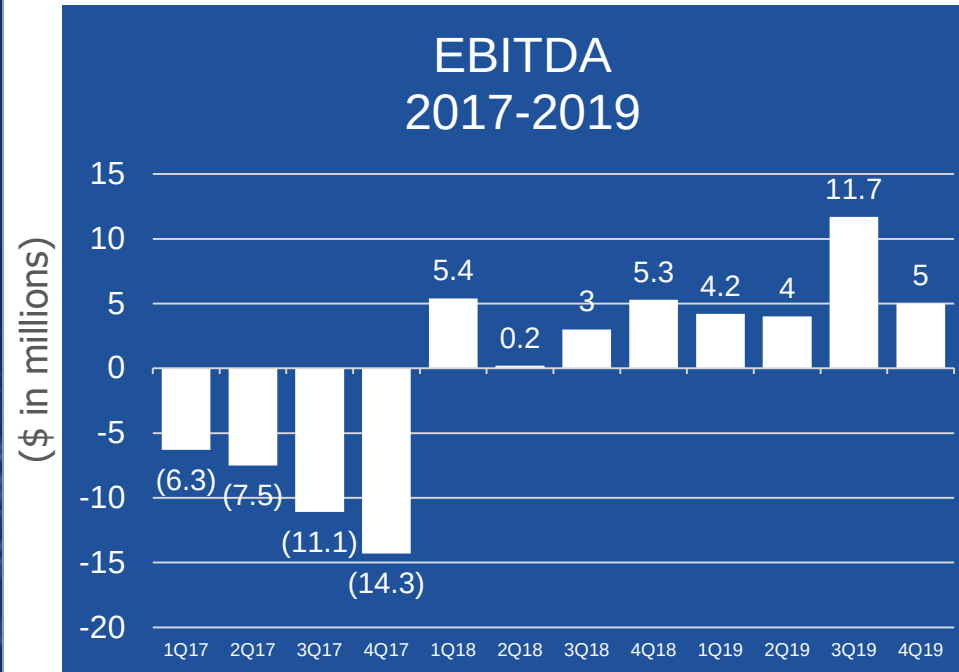


Full year of positive net income from continuing operations in 2019

2019 Corporate Highlights:

Positive EBITDA and Adjusted EBITDA

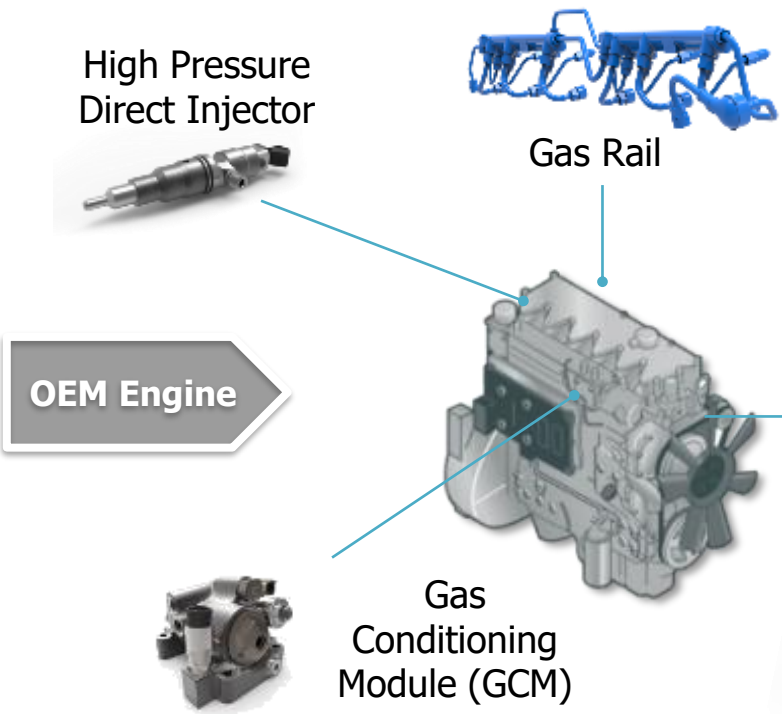
- First full year of positive EBITDA
- Seventh consecutive quarter of positive adjusted EBITDA
- Positive EBITDA of \$24.9m, up \$38.4m YoY and adjusted EBITDA of \$28.4m, up \$18.8m



Continued ramp in HPDI and fiscal discipline to improve financial performance

Fully Integrated Westport HPDO 2.0™ HD Truck Solution

On Engine

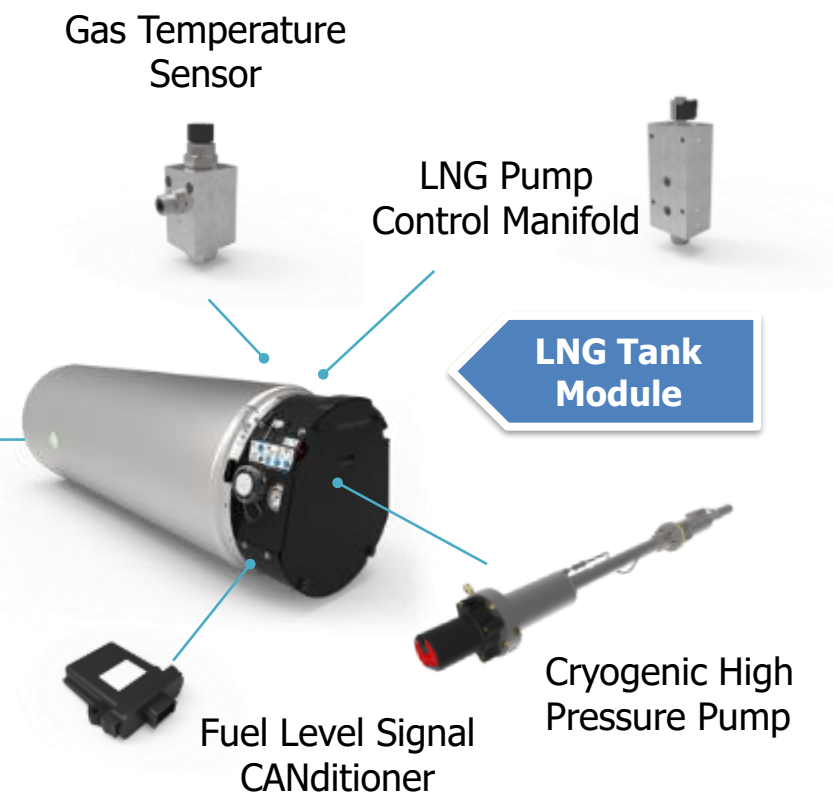


Westport
HPDI 2.0

On Chassis



On LNG Tank



Navigating COVID-19 - Financial Commentary

Gathering and Protecting Liquidity

We are taking measures to gather and protect liquidity to weather the storm and ensure we have sufficient working capital to fund operations, service our debts, and emerge strongly after the crisis.

- Secured agreement from EDC to defer 2020 payments and extended loan maturity
- Seeking government funding in all locations for wage-subsidy programs
- Defined and executed temporary salary reductions and operating plans for all sites
- Deferred annual bonus payments at Corporate
- Leadership voluntary compensation deferrals – 100% deferral by CEO, CFO and Board
- Cutting and deferring discretionary expenditures and keeping a close eye on our cash conversion cycle to manage our working capital
- Working with our existing and new lenders to seek government-backed financing in Canada and Italy to support short term liquidity and longer term operational and investment plans