



Driving Innovation to Power a Cleaner Tomorrow

January 2022
Corporate Presentation

WestportTM
Fuel Systems

Westport Fuel Systems

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Westport Fuel Systems at a Glance



Tier 1

Automotive Supplier



Manufacturing

7 Global Locations



Renewable

and Alternative Fuels



70

Countries (Sales)



>100

Global Distributors



>1,400

Patents &
Applications

We Design, Engineer and Manufacture Fuel Systems and Components

Fuel Tank Systems



Type 1 CNG Tank System



LPG Tank System



LPG Level Sensor



HPDI LNG Pump



HPDI LNG Tank Module

Valves



CNG
Tank
Valves

CNG
Fill
Valves



Solenoid
Cylinder
Valves

Integrated
Tank Valve
Regulator



H2 Tank
Valves

Regulators



CNG
Pressure
Regulators

LPG
Pressure
Reducers



HPDI
Gas
Conditioning
Module

H2 Pressure
Control
Modules



Injectors



Natural Gas
Injectors



Injector
Rails



HPDI
Injector

Electronics



CNG
Electronic
Control
Modules



Bi-Fuel
Electronic
Control
Modules



Macro Trends Driving Our Growth



Regulation

- European CO₂ (2025/2030)
 - Heavy Duty: -15% / -30%
 - Light Duty: -33% / -50%
- China VI
- India Bharat Stage VI
- US 2027 GHG II



Affordability

- Affordability required to achieve scale
- Population growth and economic development are the fundamental driver of demand for transportation



Fuel Availability

- China: largest existing infrastructure with 6,500 LNG stations ⁽¹⁾
- Europe: 4,102 CNG, 485 LNG, 40k+ LPG stations and growing
- India: 10,000 CNG stations planned within this decade
- US: 1,680 CNG and 144 LNG stations and growing



Renewables

- “Ready now” products that enable up to 100% well-to-wheel net-zero carbon emissions
- Shell building 50 carbon neutral LNG stations in Germany ⁽²⁾
- Green Hydrogen



Product Availability

- Production solutions available NOW
- We don’t have to wait to address demands for clean, affordable transportation

⁽¹⁾ <https://www.ngvglobal.org/ngv-statistics/>

⁽²⁾ <https://www.petroplaza.com/news/26881>

Key Investment Highlights

Massive Total Addressable Market

- \$100 billion global total addressable market fuel systems in on-road transportation⁽¹⁾
- 56 million natural gas/liquid propane gas, biogas and bioLPG vehicles in service, and growing⁽²⁾

Leading Global Supplier

- Decades of experience developing and delivering innovative clean alternative fuel products to leading global OEMs
- Comprehensive product range for transportation and off-road applications
- Sales in 70 countries
- Technologies for low carbon, net zero and zero carbon fuels

Industry Leader in Gaseous Fuels

- HPDI delivers performance fuel efficiency and economic benefits NOW
- HPDI sales expected to increase over the coming years, increasing global OEM engagement
- Provides lower total cost of ownership
- Preserves substantial OEM investments
- Investing in R&D to use hydrogen fuel with HPDI

(1) Source: Power Systems Research, International Organization of Motor Vehicle Manufacturers (OICA) (2) NGV Global <https://www.iangv.org/natural-gas-vehicles/>

Mid-Decade Financial Goals ⁽¹⁾

Additional Vectors for Sales Growth:

- Entry into North American market
- Development of Hydrogen HPDI
- Off-road applications



Sales Growth – \$1 Billion Annual Revenue



Margin Expansion – Gross Margin > 20%



Sustainable Profit – EBIT Margin 10% ⁽²⁾

⁽¹⁾ These goals are for the purpose of providing insight into Westport management's strategic goals and the financial targets established in relation thereto; these targets may not be appropriate for other purposes

⁽²⁾ EBIT Margin is defined as the ratio of EBIT less depreciation and amortization to Total Sales

Westport's Business Segments

Leading global supplier with broad range of products for diverse end markets

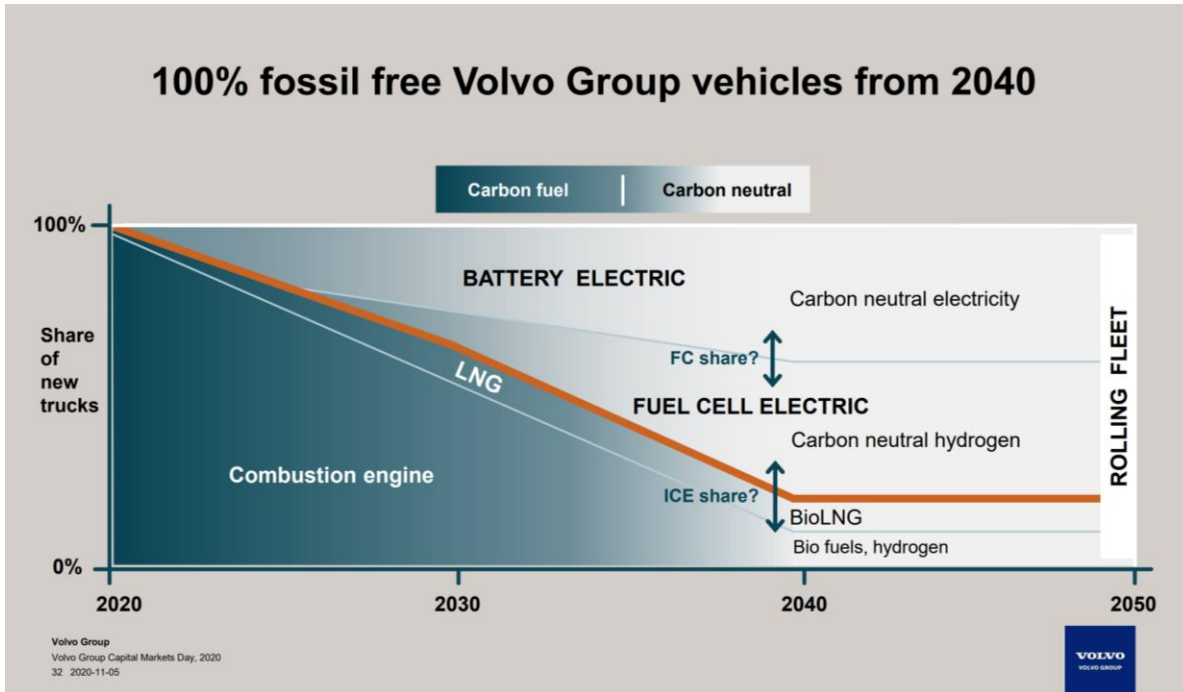
	Original Equipment Manufacturer	Independent Aftermarket
Description	LPG, CNG and LNG components and systems for light-, medium- and heavy-duty vehicles	Products and components to convert vehicles to run on LPG and CNG
Primary Markets	Europe, China, India	Italy, Russia, Turkey, Poland, Algeria and Argentina
Key Product	HPDI 2.0™	Conversion kits
2020A Revenue	\$150 million	\$103 million
2020A Gross Margin <i>(% of Revenue)</i>	\$12 million (8%)	\$27 million (26%)

HPDI 2.0™ – Commercially Available and Viable Now

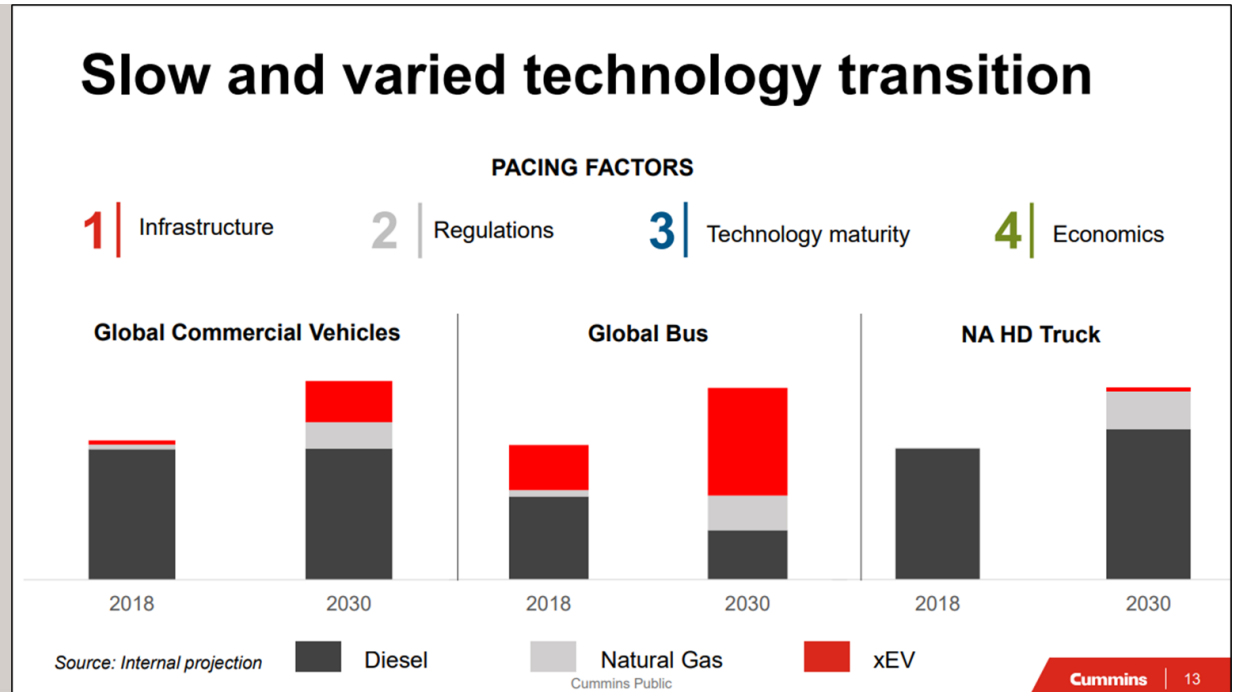
- Total cost of ownership advantages driving sales growth
 - Fuel cost savings of 30-50%
- Same torque and efficiency as diesel engine with reduced CO₂ emissions
- No change to vehicle or engine architecture
- Penalty up to €38,000 per truck for vehicle OEMs in Europe drives motivation to develop alternative fuel systems

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

OEM Perspectives on the Energy Transition in Transportation

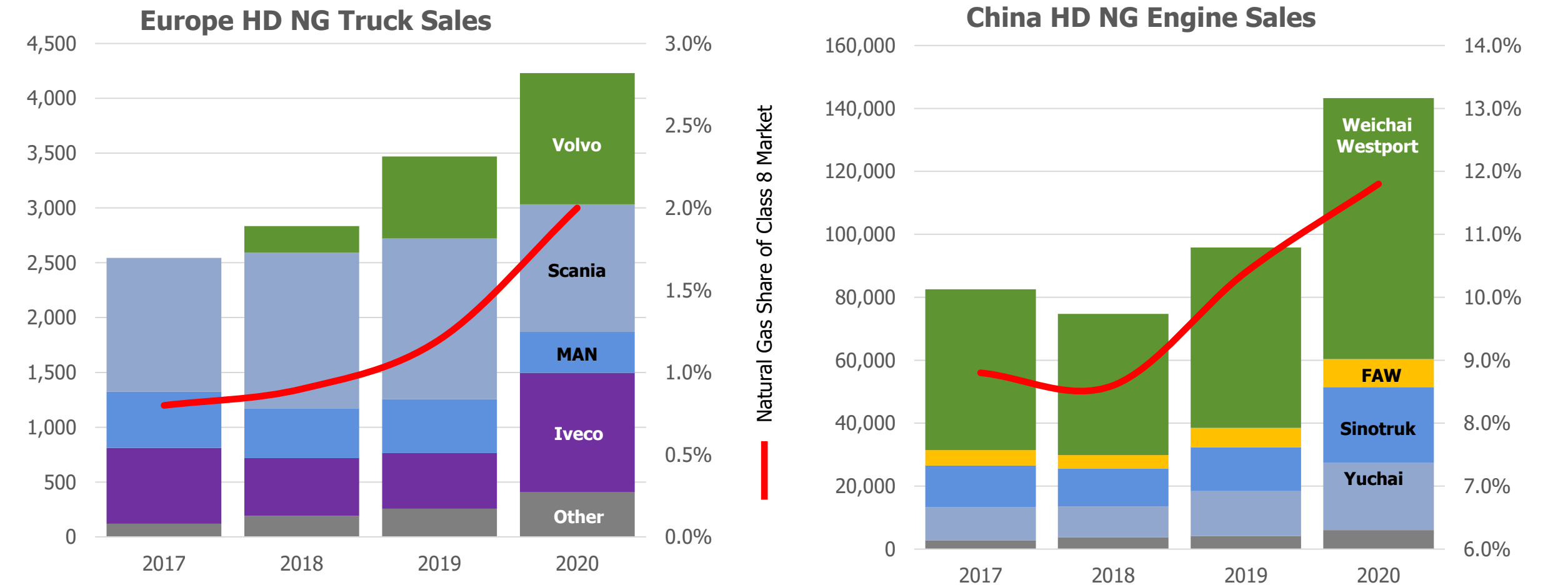


Source:
Volvo Group Capital Markets Day, November 5, 2020
<https://www.volvogroup.com/en-en/investors/reports-and-presentations.html>



Source:
Cummins Analyst Day Presentation, November 21, 2019
<https://investor.cummins.com/events-presentations/presentations>

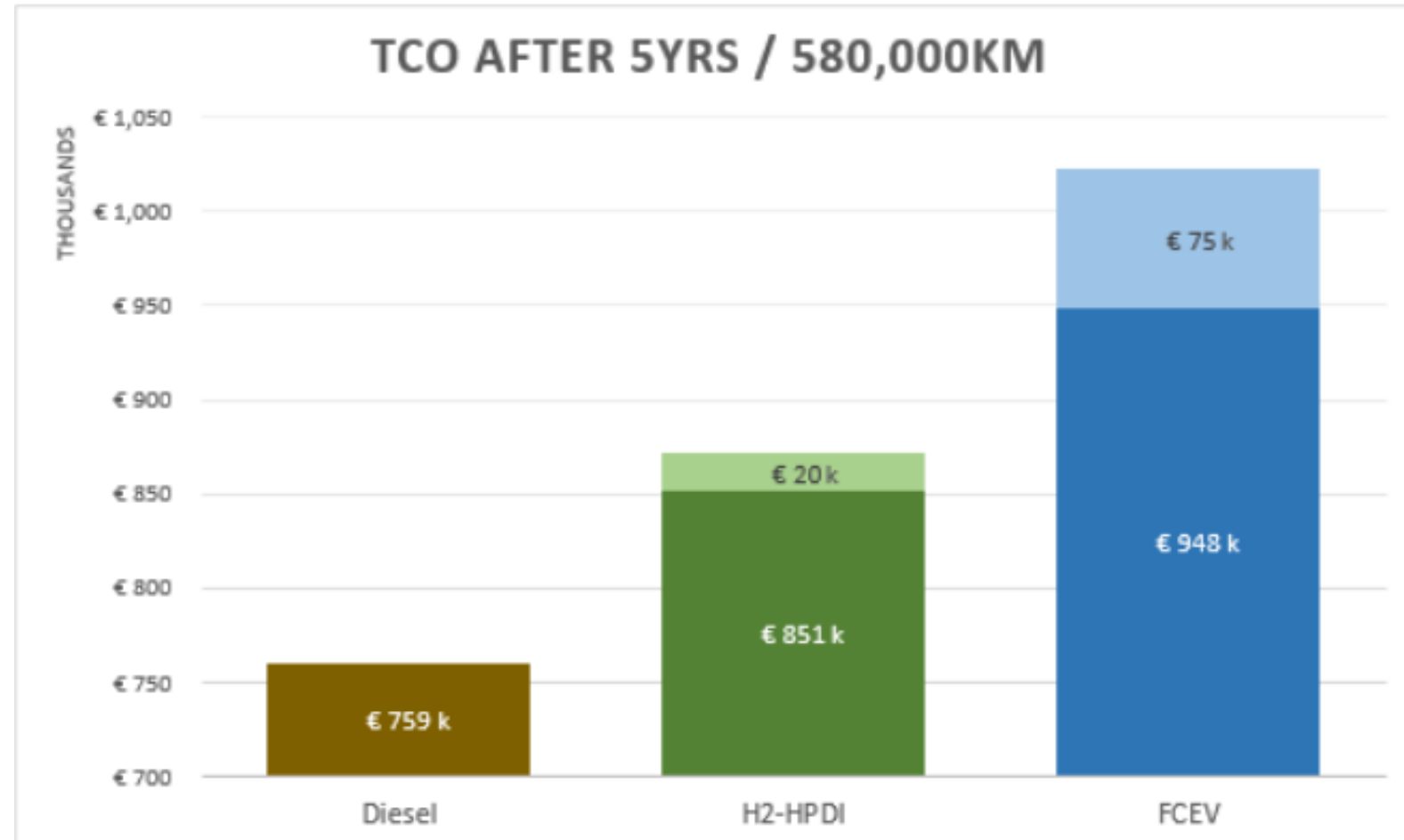
Heavy Duty Natural Gas Market – Europe & China



Source: Power Systems Research,
ACEA, WFS analysis

Hydrogen HPDI – The Path To Zero Carbon

- H2-HPDI offers compelling TCO for high load applications
- Growing interest in H2-HPDI from OEMs
- H2-HPDI offers a pathway to green hydrogen
- Scania development project underway
- Additional development underway with Tupy and AVL



Source: 2021 AVL/Westport TCO study

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



Reducing 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



Enhancing ESG Disclosures

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

Management and Board of Directors

Executive Leadership Team



David M. Johnson
Chief Executive Officer
And Board Director



Richard Oraziotti
Chief Financial Officer



Lance Follett
Chief Legal Officer and
Executive Vice President



Nicola Cosciani
EVP, Global Operations



Tim Smith
EVP & Chief of Staff

Board of Directors



Daniel M. Hancock
Chair



Michele J. Buchignani



Brenda J. Eprile



Rita Forst



Anthony ("Tony")
Guglielmin



Prof. Dr. Karl Viktor
Schaller



Eileen Wheatman

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
 - Long term credit facility refinanced in December 2021 to a \$20m term loan with maturity date extended to September 15, 2026
 - Credit facility to support funding of HPDI technology commercialization and R&D



Appendix



Non-GAAP Measures – EBITDA and Adjusted EBITDA

In addition to conventional measures prepared in accordance with U.S. GAAP, Westport Fuel Systems and certain investors use EBITDA and Adjusted EBITDA as an indicator of our ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures. Management also uses these non-GAAP measures in its review and evaluation of the financial performance of Westport Fuel Systems. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA multiple" that is based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a company. We believe that these non-GAAP financial measures also provide additional insight to investors and securities analysts as supplemental information to our U.S. GAAP results and as a basis to compare our financial performance period-over-period and to compare our financial performance with that of other companies. We believe that these non-GAAP financial measures facilitate comparisons of our core operating results from period to period and to other companies by, in the case of EBITDA, removing the effects of our capital structure (net interest income on cash deposits, interest expense on outstanding debt and debt facilities), asset base (depreciation and amortization) and tax consequences. Adjusted EBITDA provides this same indicator of Westport Fuel Systems' EBITDA from continuing operations and removing such effects of our capital structure, asset base and tax consequences, but additionally excludes any unrealized foreign exchange gains or losses, stock-based compensation charges and other one-time impairments and costs which are not expected to be repeated in order to provide greater insight into the cash flow being produced from our operating business, without the influence of extraneous events. EBITDA and Adjusted EBITDA are intended to provide additional information to investors and analysts and do not have any standardized definition under U.S. GAAP, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with U.S. GAAP. EBITDA and Adjusted EBITDA exclude the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore are not necessarily indicative of operating profit or cash flow from operations as determined under U.S. GAAP. Other companies may calculate EBITDA and Adjusted EBITDA differently.

Non-GAAP Reconciliation

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Net Income (Loss) from Continuing Operations	(\$1.9)	(\$1.4)	\$5.7	(\$0.3)	(\$16.0)	\$4.6	\$0.2	\$5.3	(\$2.8)	\$9.1	(\$5.4)
Interest Expense, net	\$1.8	\$1.4	\$1.8	\$1.5	\$1.5	\$1.2	\$1.3	\$4.0	\$1.2	\$1.1	\$0.9
EBIT	(\$0.1)	\$0	\$7.5	\$1.2	(\$14.5)	\$5.8	\$1.5	\$9.3	(\$1.6)	\$10.2	(\$4.5)
Depreciation and Amortization	\$4.3	\$4.0	\$4.2	\$3.8	\$3.4	\$3.4	\$3.4	\$3.8	\$3.5	\$3.7	\$3.3
EBITDA	\$4.2	\$4.0	\$11.7	\$5.0	(\$11.1)	\$9.2	\$4.9	\$13.1	\$1.9	\$13.9	(\$1.2)
Stock Based Comp	\$0.4	\$0.3	\$0.3	\$0.5	\$0.6	\$0.6	\$0.9	\$0.3	\$0.1	\$0.5	\$0.7
Unrealized Foreign Exchange (Gain) Loss	\$0.1	(\$0.7)	\$0.7	(\$2.6)	\$6.9	(\$3.6)	(\$2.3)	(\$5.3)	\$0.7	(\$2.3)	(\$0.9)
Bargain purchase gain	-	-	-	-	-	-	-	-	-	(\$5.9)	-
Intangible Impairment	-	-	-	\$0.7	-	-	-	-	-	-	-
Asset Impairment	-	-	-	-	-	-	\$0.5	-	-	-	-
Restructuring, Termination and Other Exist Costs	\$0.8	-	-	-	-	-	-	-	-	-	-
Costs Associated with SEC Investigation	\$1.8	\$4.5	-	-	-	-	-	-	-	-	-
Other	-	-	(\$3.3)	-	-	-	-	-	-	-	-
Adjusted EBITDA	\$7.3	\$8.1	\$9.4	\$3.6	(\$3.6)	\$6.2	\$4.0	\$8.1	\$2.7	\$6.2	(\$1.4)

Non-GAAP Reconciliation

	2017	2018	2019	2020
Net Income (Loss) from Continuing Operations	(\$67.1)	(\$38.7)	\$2.1	(\$5.9)
Interest Expense, net	\$13.1	\$8.7	\$6.5	\$8.0
Depreciation and Amortization	\$14.8	\$16.5	\$16.3	\$14.0
EBITDA	(\$39.2)	(\$13.5)	\$24.9	\$16.1
Stock Based Comp	\$7.0	\$2.9	\$1.5	\$2.4
Unrealized Foreign Exchange (Gain) Loss	\$0.6	\$9.0	(\$2.5)	(\$4.3)
Intangible Impairment	-	-	\$0.7	-
Asset Impairment	\$0.6	\$0.6	-	\$0.5
Restructuring, Termination and Other Exist Costs	\$1.7	\$0.8	\$0.8	-
Costs Associated with SEC Investigation	\$1.8	\$10.0	\$6.3	-
Other	\$1.1	(\$0.2)	(\$3.3)	-
Adjusted EBITDA	(\$19.7)	\$9.6	\$28.4	\$14.7

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