



***Driving Innovation to Power a Cleaner Tomorrow***

**Corporate Presentation**  
**May 2022**

**Westport<sup>™</sup>**  
**Fuel Systems**

# Westport Fuel Systems

## Disclaimer and Forward Looking Statements

This presentation is being issued for informational purposes only, is not intended to provide the basis for any credit or other evaluation and does not form part of any offer or invitation to sell or issue any securities or any solicitation of any offer to purchase or subscribe for any securities. This presentation, in whole or in part, shall not form the basis for any contract or investment decision with respect to Westport Fuel Systems and should not be relied on in connection with any such contract or decision. No reliance should be placed on the accuracy or completeness of the information contained in this presentation. Westport Fuel Systems has not independently verified any data from third party sources referred to in this presentation.

This presentation contains forward-looking statements, including statements regarding revenue and cash usage expectations, future strategic initiatives and future growth, future of our development programs (including those relating to HPDI and Hydrogen), the impact of COVID-19 and ongoing semiconductor shortages on our business, the demand for our products, the future success of our business and technology strategies, intentions of partners and potential customers, the performance and competitiveness of Westport Fuel Systems' products and expansion of product coverage, future market opportunities, speed of adoption of natural gas for transportation and terms and timing of future agreements as well as Westport Fuel Systems management's response to any of the aforementioned factors. These statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties and are based on both the views of management and 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, uncertainties and assumptions include those related to our revenue growth, operating results, industry and products, the general economy, conditions of and access to the capital and debt markets, access to required semiconductors, solvency, governmental policies and regulation, technology innovations, fluctuations in foreign exchange rates, operating expenses, continued reduction in expenses, ability to successfully commercialize new products, the performance of our joint ventures, the availability and price of natural gas, global government stimulus packages and new environmental regulations, the acceptance of and shift to natural gas vehicles, the relaxation or waiver of fuel emission standards, the inability of fleets to access capital or government funding to purchase natural gas vehicles, the development of competing technologies, our ability to adequately develop and deploy our technology, the actions and determinations of our joint venture and development partners, the effects and duration of COVID-19 and the ongoing semiconductor shortage 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 these forward looking statements except as required by National Instrument 51-102. The contents of any website, RSS feed or twitter account referenced in this press release are not incorporated by reference herein..

This communication is not intended to and does not constitute an advertisement, an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote in any jurisdiction where they may not be lawfully offered for sale, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of applicable Canadian securities law and Section 10 of the United States Securities Act of 1933, as amended. Subject to certain exceptions to be approved by the relevant regulators or certain facts to be ascertained, no public offer will be made directly or indirectly, in or into any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or by use of the mail or by any means or instrumentality (including without limitation, facsimile transmission, telephone and the internet) of interstate or foreign commerce, or any facility of a national securities exchange, of any such jurisdiction. No securities commission or similar authority of the United States, Canada, or any other jurisdiction has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offense.

# 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 &  
manufacture  
gaseous fuel  
systems &  
components to  
enable cleaner,  
affordable  
transportation**

# 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

### H<sub>2</sub>

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**

# Macro Trends Driving Our Growth



## Regulation

- European CO<sub>2</sub> (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 <sup>(1)</sup>
- 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 <sup>(2)</sup>
- 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<sup>(1)</sup>
- 56 million natural gas/liquid propane gas, biogas and bioLPG vehicles in service, and growing<sup>(2)</sup>

## 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

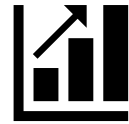
- HPDI delivers performance fuel efficiency and economic benefits NOW
- HPDI sales expected to increase over the coming years, increasing global OEM engagement
- Provides lower total cost of ownership
- Preserves substantial OEM investments
- Investing in R&D to use hydrogen fuel with HPDI

(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 <sup>(1)</sup>

## 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% <sup>(2)</sup>

(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

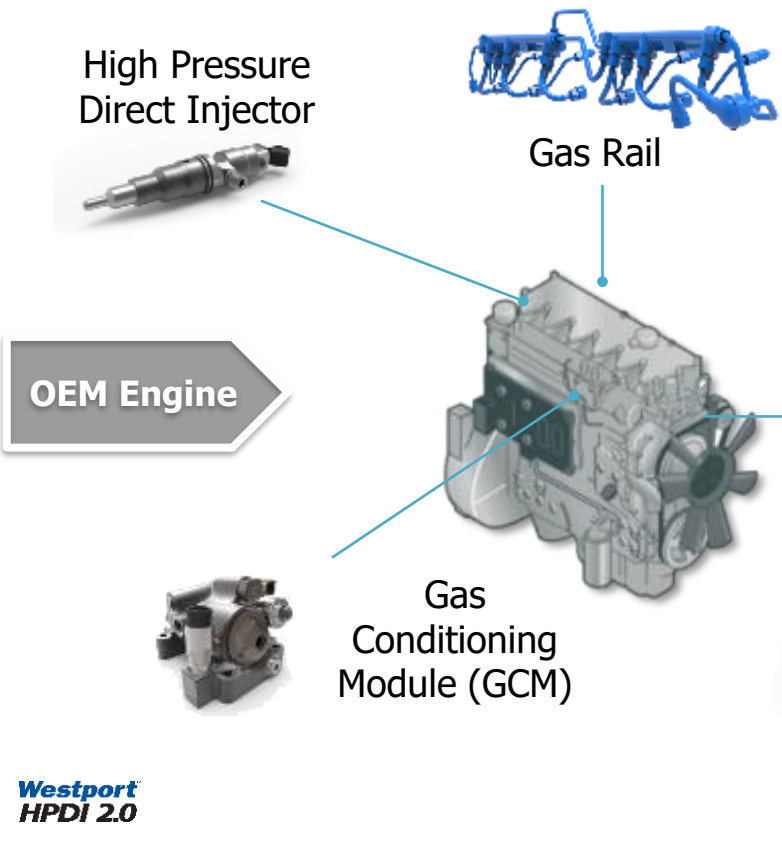
# Westport's Business Segments

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

|                                                    | Original Equipment Manufacturer                                                     | Independent Aftermarket                                           |
|----------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| <b>Description</b>                                 | 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 |
| <b>Primary Markets</b>                             | Europe, China, India                                                                | Europe, Russia, Turkey<br>Africa and South America                |
| <b>Key Product</b>                                 | HPDI 2.0™ - Commercial Vehicles                                                     | Conversion kits – passenger cars                                  |
| <b>2021A Revenue</b>                               | \$196 million                                                                       | \$117 million                                                     |
| <b>2021A Gross Margin</b><br><i>(% of Revenue)</i> | \$20 million (10%)                                                                  | \$28 million (24%)                                                |

# HPDI 2.0™ for Heavy-Duty Trucks

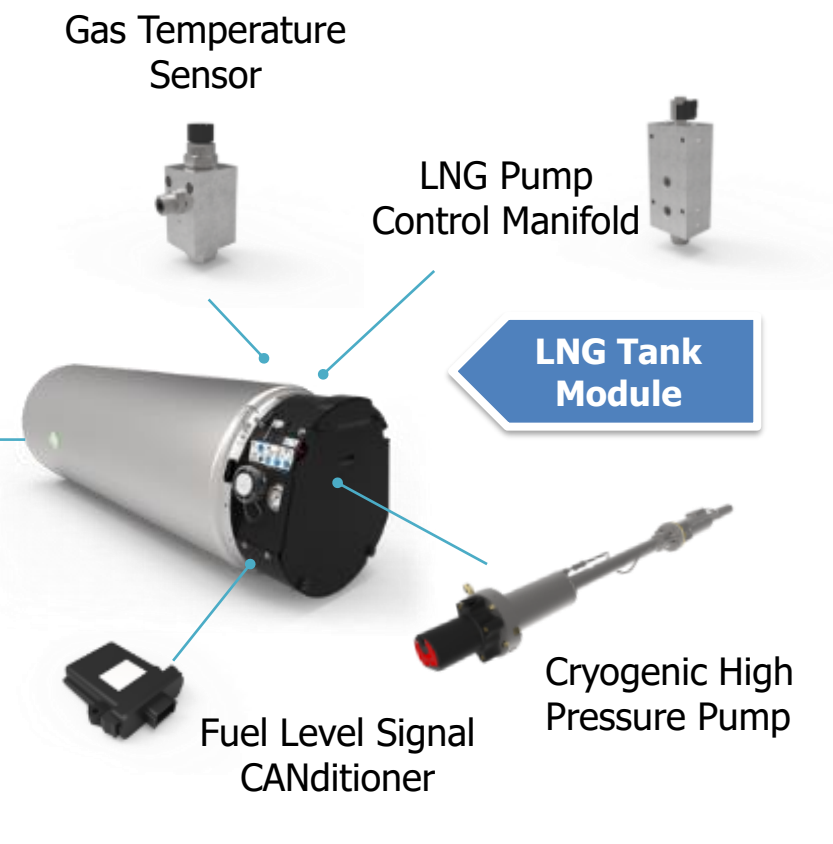
## On Engine



## On Chassis



## On LNG Tank

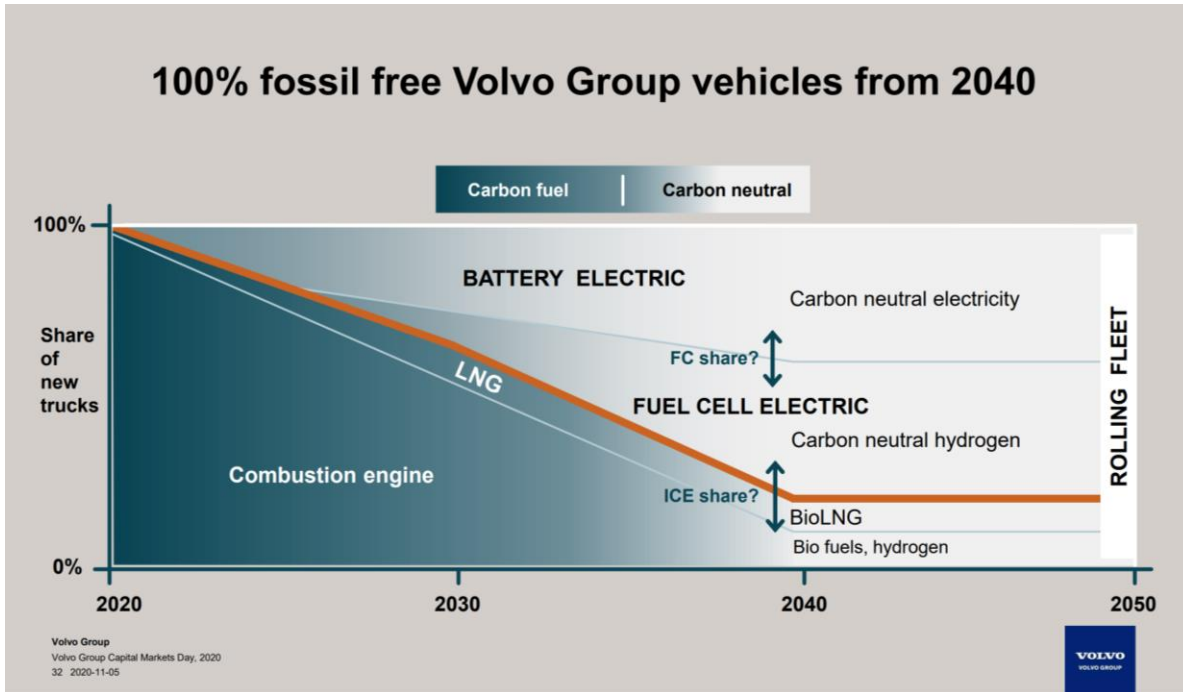


# HPDI 2.0™ – Commercially Available and Viable Now

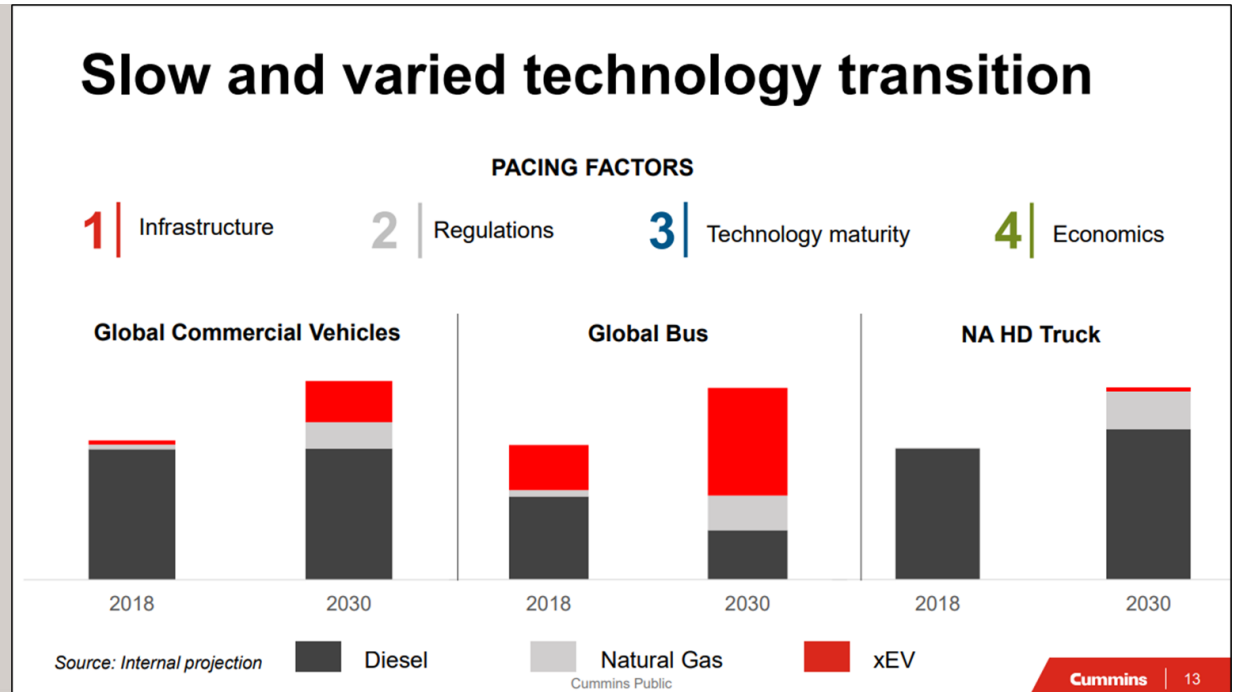
- Same torque and efficiency as diesel engine with reduced CO<sub>2</sub> emissions
- Greater torque & efficiency, with less CO<sub>2</sub> than spark ignited natural gas engines
- Total cost of ownership advantages can drive sales growth
- No change to vehicle or engine architecture
- Penalty up to €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 FCEV        |
|----------------------------------------------------------------------------------------------------------------|------------------------|---------------------|----------------------|----------------------|
| Meet 2025 EU, China, India requirements?                                                                       | <b>X</b>               | ✓                   | ✓                    | ✓                    |
| Meet customer requirements?<br>• Range, payload, performance, durability<br>• Operations, refuel/recharge time | ✓                      | ✓                   | <b>X</b>             | <b>X</b>             |
| Refueling Infrastructure?                                                                                      | ✓                      | ✓                   | <b>X</b>             | <b>X</b>             |
| Commercially available and viable?                                                                             | ✓                      | ✓                   | <b>X</b>             | <b>X</b>             |
| Total Cost of Operation                                                                                        | <b><u>Baseline</u></b> | <b><u>Lower</u></b> | <b><u>Higher</u></b> | <b><u>Higher</u></b> |

# 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>

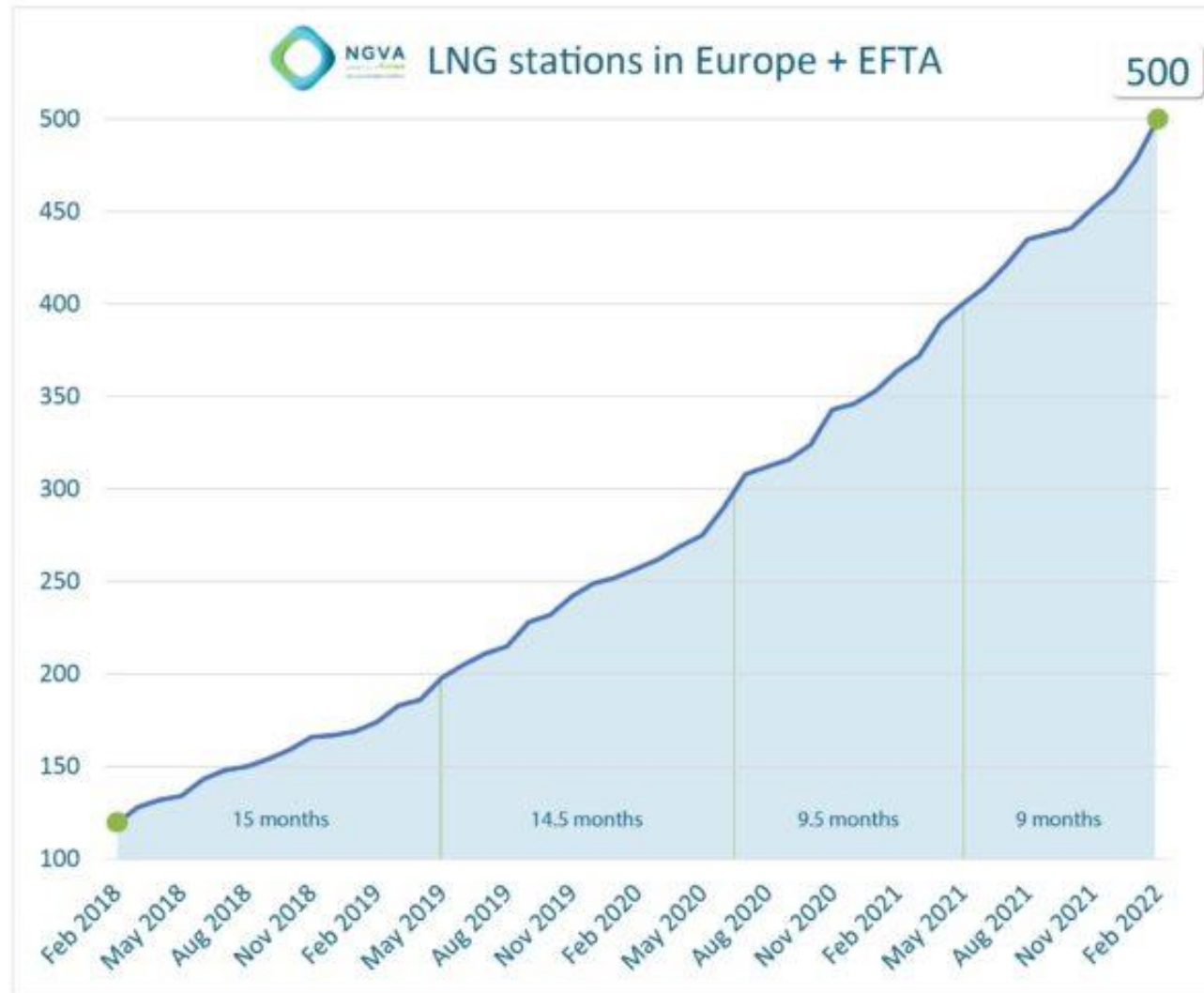


Source:  
Cummins Analyst Day Presentation, November 21, 2019  
<https://investor.cummins.com/events-presentations/presentations>

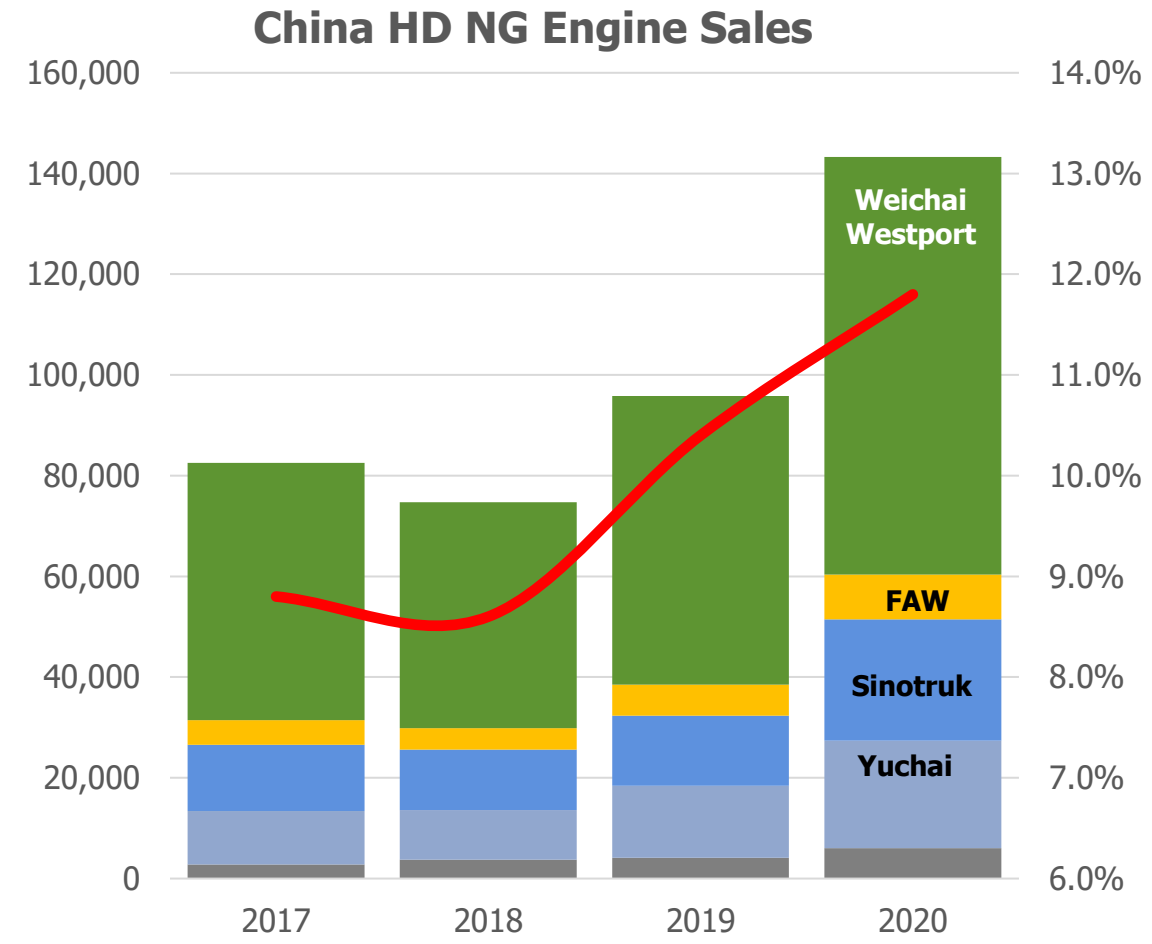
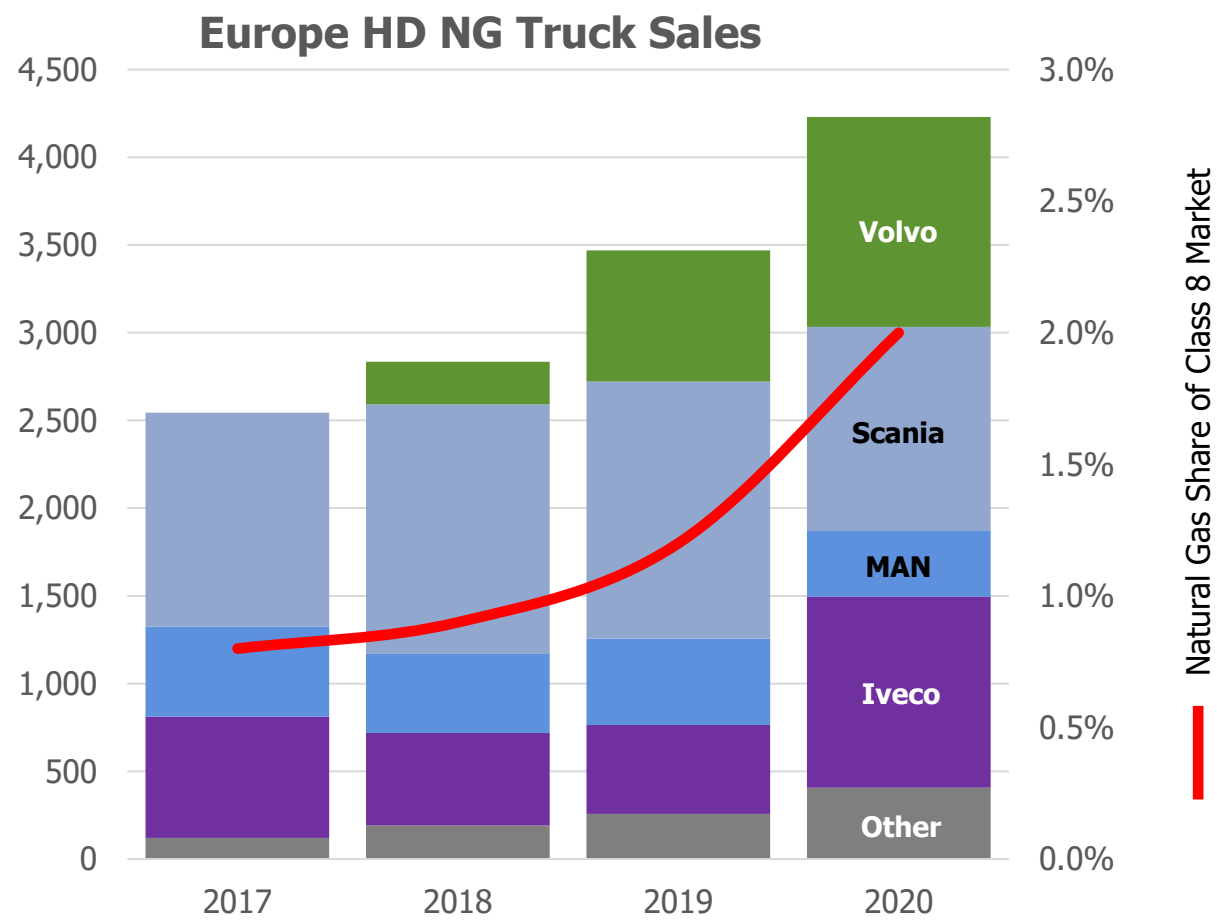
# Growing Recognition of Alternative Gaseous Fuels

- Number of LNG fueling stations in Europe up 2x in the past two years
- In 2021 alternative-fueled trucks had 3.6% market share in Europe – reflects 40% YoY growth
- Natural Gas now part of EU Taxonomy
- OEMs need a portfolio of solutions that respond to regulations
- Fleets need affordable solutions, we can address this

Source:  
[www.ngvaeurope.com](http://www.ngvaeurope.com)



# Heavy Duty Natural Gas Market – Europe & China

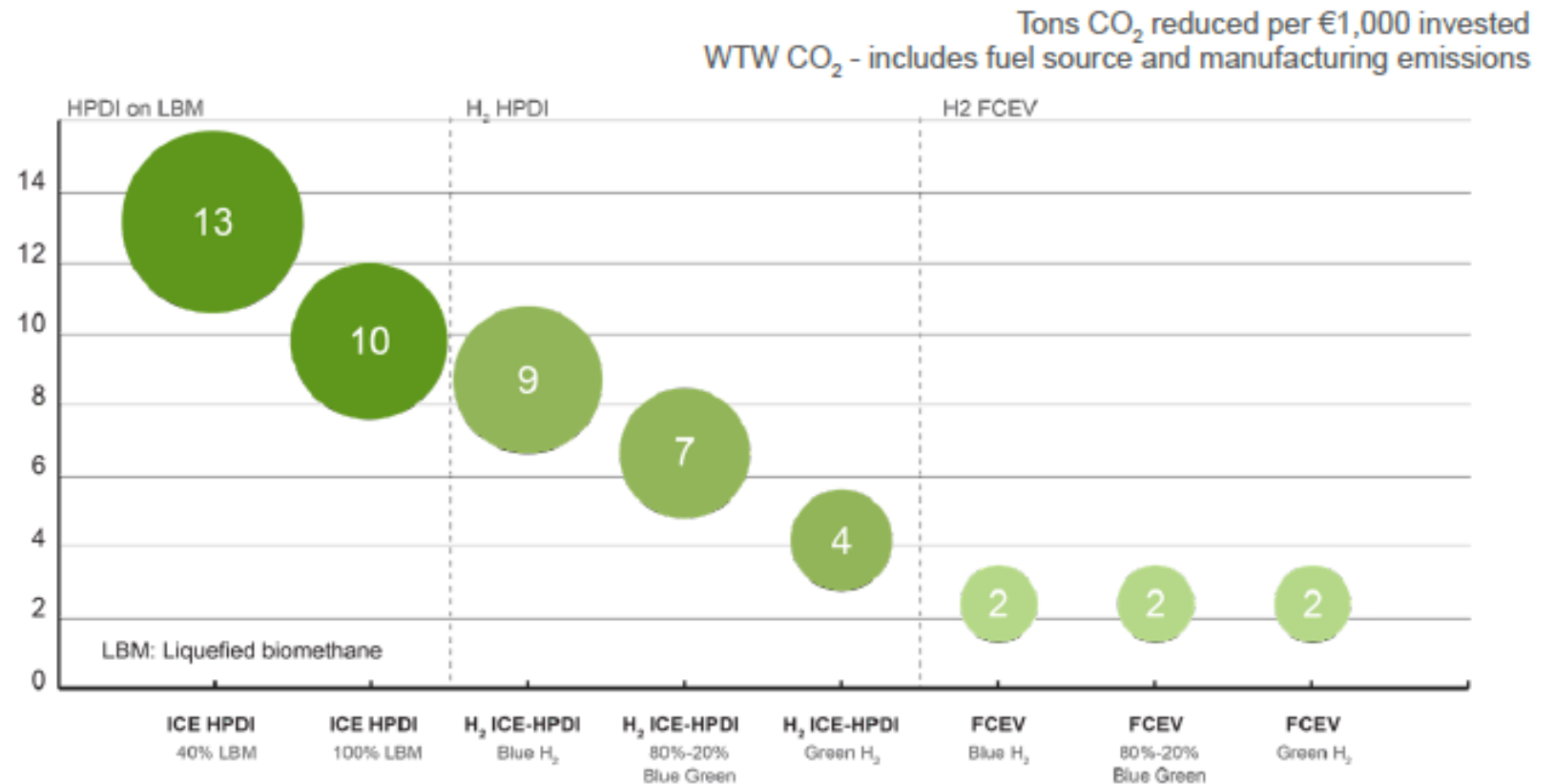


Source: Power Systems Research, ACEA, WFS analysis

# 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

## HPDI solutions are more cost effective than fuel cells for CO<sub>2</sub> abatement



Source: AVL/Westport  
TCO study, 2021

# 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

## Board of Directors



Daniel M. Hancock  
Chair



Michele J. Buchignani



Brenda J. Eprile



Rita Forst



Anthony ("Tony")  
Guglielmin



Philip Hodge



Prof. Dr. Karl Viktor  
Schaller



Eileen Wheatman

## 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

# 2021 Financial Highlights

| Revenue                                                                                                     | OEM Revenue                                                                                                | Adjusted EBITDA                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <b>\$312 million</b>                                                                                        | <b>\$195 million</b>                                                                                       | <b>\$17.5 million</b>                                                                                                                      |
| <br>24% YoY                | <br>31% YoY              | <br>vs. \$14.7 million<br>in FY20                       |
| <ul style="list-style-type: none"><li>• Continued recovery, despite global supply-chain headwinds</li></ul> | <ul style="list-style-type: none"><li>• Growing sales of HPDI</li><li>• Recovery of LD OEM sales</li></ul> | <ul style="list-style-type: none"><li>• Increased Gross Margin</li><li>• Gain on Stako acquisition</li><li>• Income tax recovery</li></ul> |

Stronger Balance Sheet resulting from June equity raise and December EDC term loan refinancing

# Financial Highlights – FY 2021

| GAAP (\$ millions, except per share) | 2021A    | 2020A    | O/(U)   |
|--------------------------------------|----------|----------|---------|
| Revenues                             | \$ 312.4 | \$ 252.5 | \$ 59.9 |
| Gross Margin                         | 48.2     | 39.5     | 8.7     |
| Gross Margin %                       | 15%      | 16%      |         |
| Loss from Operations                 | (30.5)   | (22.0)   | (8.5)   |
| Equity Income - CWI and Other        | 33.7     | 24.0     | 9.7     |
| Net Income (loss)                    | 13.7     | (7.4)    | 21.1    |
| Net Income (loss) per Share          | 0.09     | (0.05)   | 0.14    |
| Operating Cash Flow                  | (43.8)   | (35.1)   | (8.7)   |
| Cash and Cash Equivalents            | 124.9    | 64.3     | 60.6    |
|                                      |          |          |         |
| Non-GAAP (\$ millions)               | 2021A    | 2020A    | O/(U)   |
| EBIT                                 | \$ 9.0   | \$ 2.1   | \$ 6.9  |
| EBITDA                               | 23.0     | 16.1     | 6.9     |
| Adjusted EBITDA                      | 17.5     | 14.7     | 2.8     |

## 2021 v 2020

- **Revenue of \$312.4m increased YoY 23.7%**
  - Higher sales volume from HD OEM (+21%), rapid growth of LD OEM volumes in India & recovery in sales volumes in IAM
  - additional revenue from fuel storage business
  - growth in electronic business
- **Gross margin increased 22% YoY to \$48.2m**
  - Driven by higher sales volumes and fuel storage business,
  - Partially offset by contractual HPDI price reductions and higher material costs
  - FY 2020 included large COVID-19 related wage subsidies offset by \$2.4m field campaign charge
- **Net income of \$13.7m driven by:**
  - \$9.7m higher income from CWI
  - \$8.9m tax recovery related to an Italian Government COVID-19 tax relief program
  - \$5.9m bargain purchase gain on Stako acquisition
  - Partially offset by lower government subsidies

# 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           |
| <b>Total Liquidity</b>        | <b>\$140</b> | <b>\$67</b> |

| 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           |
| <b>Total Debt</b>         | <b>\$62</b> | <b>\$62</b> |
| Cartesian Royalty Payable | 10          | 16          |
| <b>Total Liabilities</b>  | <b>\$72</b> | <b>\$78</b> |

## Highlights

- Liquidity improved significantly in 2021 mainly due to equity raised in 2021 and refinancing debt
- Refinancing over 2020-21 has better matched organic cash flow growth profile from HD OEM at better borrowing rates to secure near-term liquidity
  - Cartesian convertible debt fully converted in 2021
  - Refinancing of \$20m EDC Term Loan completed in December 2021
- Cash used in operating activities of \$16.9m due to loss from operations and a build up of inventory and other working capital
- In February 2022, received proceeds of \$31.4m from sale of CWI to Cummins Inc.
  - \$20m for the sale of our interest in the intellectual property held in CWI
  - \$22m for the sale of 100% of our shares in CWI, net of a \$10.8m holdback receivable
- Capital expenditures of \$2.8m
- Debt repayment of \$7.9m

# Factors Impacting 2022 Outlook

## Headwinds

- Industry wide semiconductor chip supply constraints
- Global spiking of commodity prices
- Volatile global fuel prices
- Ongoing Russia & Ukraine conflict

## Tailwinds

- Rising demand for clean, affordable fuel solutions
- Prioritization of lower cost solutions
- Growing market shares and product recognition



## Appendix



# We Design, Engineer and Manufacture Fuel Systems and Components

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