

Q3 2016 Conference Call Presentation

November 9, 2016





**NANCY
GOUGARTY**

> Chief Executive Officer

IMMEDIATE PRIORITIES

1. Strategic review of the entire portfolio
2. Align operating expenses with revenues
3. Cash flow positive and profitable on a sustainable basis



**ANDREA
ALGHISI**

> Chief Operating Officer, Automotive and Industrial

ALIGNING COSTS WITH REVENUES

- > Footprint optimization and operational efficiencies
 - Transitioned to one public company
 - Consolidated U.S. automotive operations
 - Restructured corporate and technology group
 - Reduced facilities requirements
- > Direct material cost reductions to improve product competitiveness
 - Exploiting technical and commercial levers
- > Overall efforts since merger have achieved ~\$16 million in annual savings

INTEGRATION AND CASH FLOW

- > Global integration
 - Streamlined supply chain organization
 - Standardized inventory management and reducing cash needed for inventory

- > Combined Automotive and Industrial segments provide net positive contribution



**ASHOKA
ACHUTHAN**

> Chief Financial Officer

STREAMLINING OPERATIONS

Automotive Segment

- > Continue to rationalize worldwide manufacturing footprint, improve inventory management
- > Focus on revenue/expense alignment, over all cost control

(\$ in millions)	Three months ended		Three months ended
	9/30/2016	9/30/2015***	6/30/2016****
Revenues – Westport	\$21.6	\$21.5	\$22.7
Revenues – Fuel Systems	29.3	41.1	12.6
Gross Margin – Westport*	\$1.2	\$0.0	\$4.1
Gross Margin – Fuel Systems**	4.8	8.3	2.9
GM% – Westport	5.6%	0%	18.1%
GM% – Fuel Systems	16.4%	20.2%	23.0%

CONTINUED MARKET STABILITY

Industrial Segment

- > Operational footprint rationalization
- > Focus on working capital

(\$ in millions)	Three months ended		Three months ended
	9/30/2016	9/30/2015**	6/30/2016***
Total Revenues	\$22.7	\$24.4	\$8.2
Gross Margin*	\$5.6	\$6.8	\$2.1
GM%	24.7%	27%	25.6%

NEAR-ZERO NOX LAUNCHED IN Q4 2016

Cummins Westport

- > Near Zero NOx engine now available, seeing transit customer demand
- > 6.7 liter engine launched in 2Q 2016
- > Declining warranty expenses

(\$ in millions)	Three months ended		Three months ended
	9/30/2016	9/30/2015	6/30/2016
Total Revenues	\$67.5	\$82.4	\$73.6
Gross Margin	\$22.5	\$25.7	\$21.0
Gross Margin %	33.3%	31.2%	28.5%
Research & Development	8.1	6.8	10.6
General & Administrative	0.3	0.4	0.2
Sales & Marketing	6.1	5.9	6.4
Net Income before tax	\$8.0	\$12.3	\$3.8
Net Income attributable to the Westport Fuel Systems	2.6	3.5	1.5

COST REDUCTION ACTIONS UNDERWAY

SG&A

- > Rationalizing global footprint, corporate consolidation complete
- > Reducing global overhead costs
- > Continuing to align costs with the business

(\$ in millions)	Three months ended		Three months ended
	9/30/2016	9/30/2015*	6/30/2016**
Automotive - Westport	\$3.4	\$4.0	\$5.5
Automotive – Fuel Systems	3.9	7.4	2.4
Total Automotive	\$7.3	\$11.4	\$7.9
Industrial	2.5	3.0	0.8
Corporate and Technology	9.5	10.0	10.1

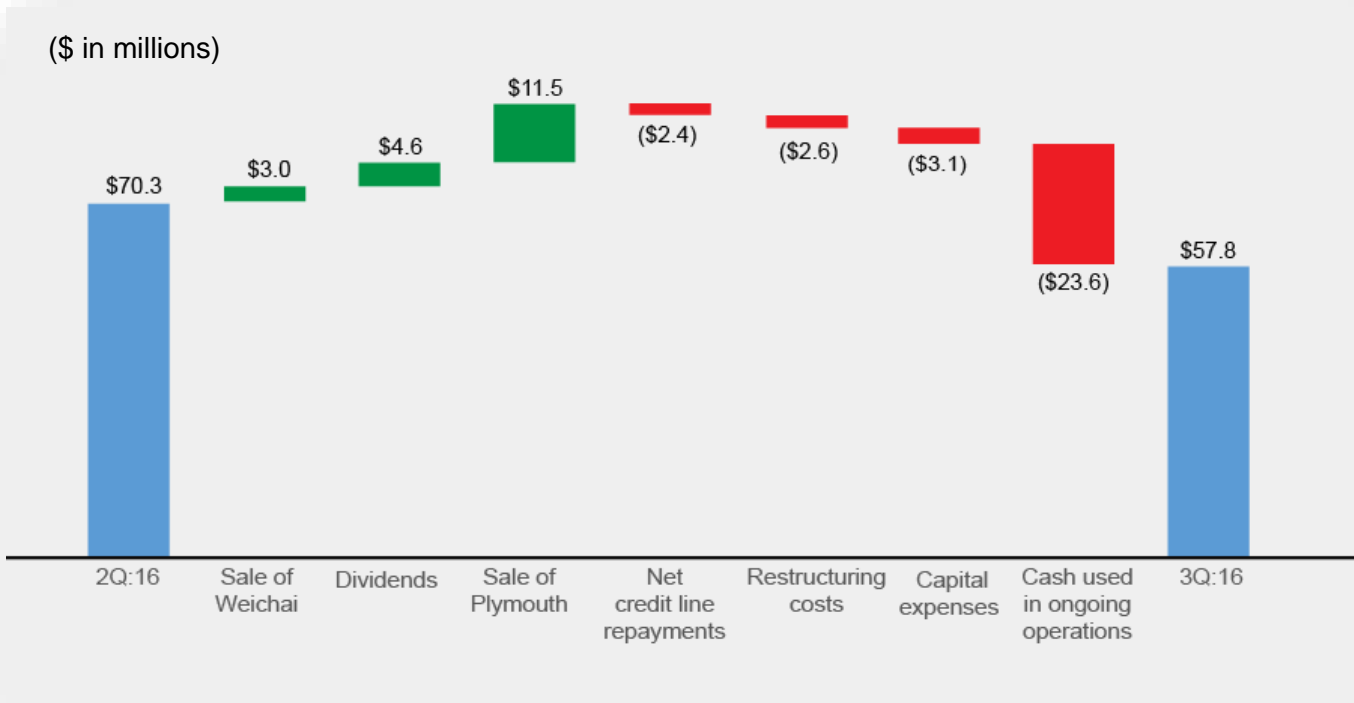
DISCIPLINED APPROACH

R&D

- > A more focused product portfolio
- > Cost to decline with HPDI commercial launch

(\$ in millions)	Three months ended		Three months ended
	9/30/2016	9/30/2015*	6/30/2016**
Automotive – Westport	\$2.1	\$3.6	\$3.1
Automotive – Fuel Systems	2.4	3.4	1.5
Total Automotive	\$4.5	\$7.0	\$4.6
Industrial	1.9	1.9	0.5
Corporate and Technology	9.4	9.1	10.3

QUARTERLY CASH WALK





Q&A

CAUTIONARY NOTE

Forward Looking Statements

- > This presentation contains forward-looking statements, including statements regarding the result, timing and financial metrics associated with Westport's and Fuel Systems' combined operating business units and consolidated business, revenue and cash usage expectations, the effect of the proposed reorganization and restructuring of our business, continued research and development investment, future of our development programs, timing for launch, delivery and completion of milestones related to the products referenced herein and to the integration of Westport's and Fuel Systems' businesses, future sales of assets and the benefits therefrom, the demand for our products, the future success of our business and technology strategies, investment in new product and technology development and otherwise, cash and capital requirements, intentions of partners and potential customers, the performance and competitiveness of Westport's 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 the combined company's 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 and uncertainties 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, regulation and approvals, technology innovations, fluctuations in foreign exchange rates, operating expenses, the availability and price of natural gas, global government stimulus packages, 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, as well as other risk factors and assumptions that may affect our actual results, performance or achievements or financial position discussed in Westport's most recent Annual Report on Form 40-F for the year ended December 31, 2015, as amended and Fuel System's Annual Report on Form 10-K for the year ended December 31, 2015, and other filings made by the companies 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 presentation are not incorporated by reference herein.
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