



# Q4 2019 and Fiscal Year 2019 Results

March 17, 2020



# Westport Fuel Systems

## Forward Looking Statements

This presentation is confidential and 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 Westport Fuel Systems' business, revenue, liquidity and cash usage expectations, future of our development programs, future sales of products and gross margin, the demand for and future availability of our products, the growth rate for various business segments, the costs of various competing technologies, the future success of our business and technology strategies, social and regulatory environments, the performance and competitiveness of Westport Fuel Systems products and expansion of product coverage and future market opportunities. 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 are based on certain assumptions related to our revenue growth, operating results, costs and recoveries of ongoing regulatory investigations, 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 Fuel Systems most recent Annual Information Form and Annual Report on Form 40-F for the year ended December 31, 2018 and other filings made by Westport Fuel Systems 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.

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 pursuant to the proposed transactions or otherwise, 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 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.

# Speaking Today...

---



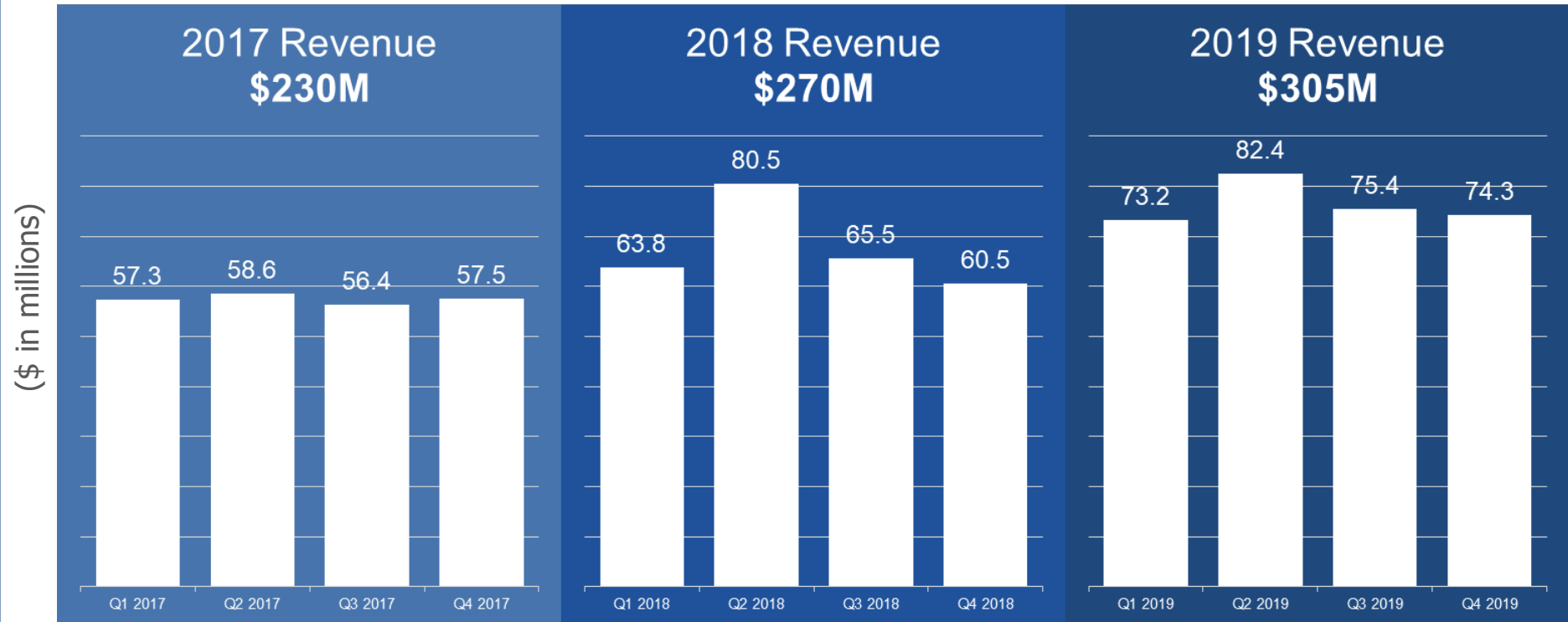
**David M. Johnson**  
Chief Executive Officer



**Richard Oraziotti**  
Chief Financial Officer

# 2019 Corporate Highlights: Revenue

- Transportation revenue grew to \$305M
- Revenue up 13% over 2018 and up 33% over 2017

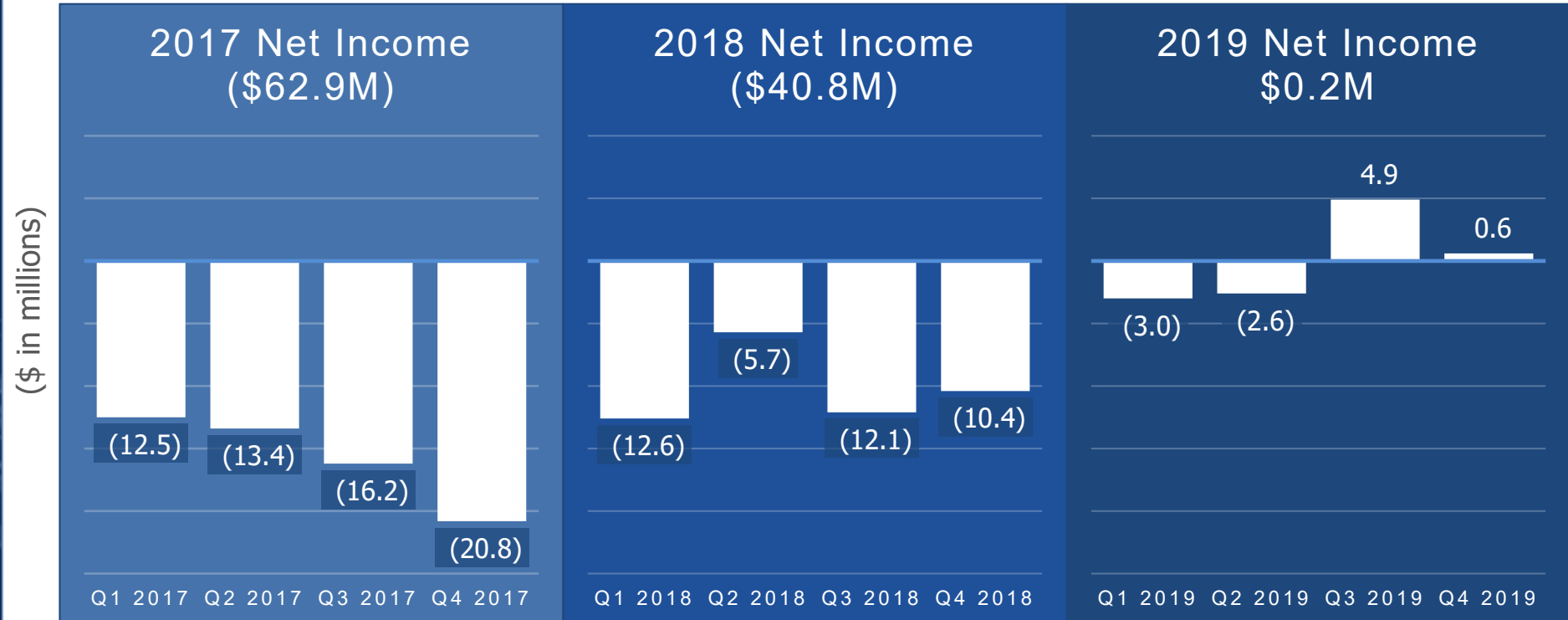


Balanced business with market-ready solutions and customers in 70 countries

# 2019 Corporate Highlights:

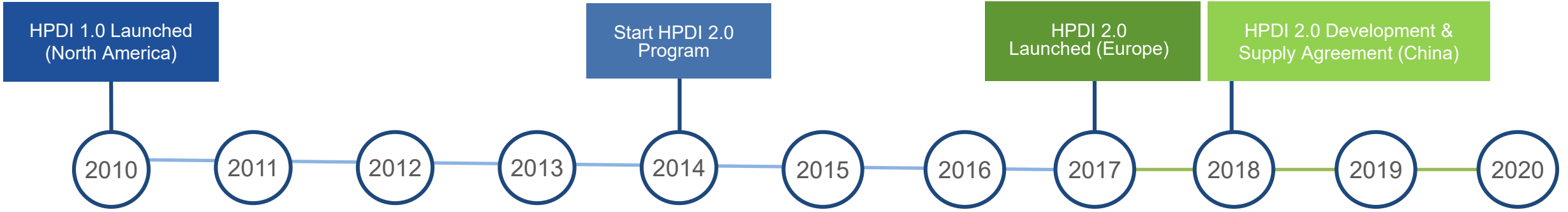
## Net Income From Continuing Operations

- \$41M improvement from 2018 to 2019
- \$62M improvement from 2017
- Two quarters of positive net income from continuing operations

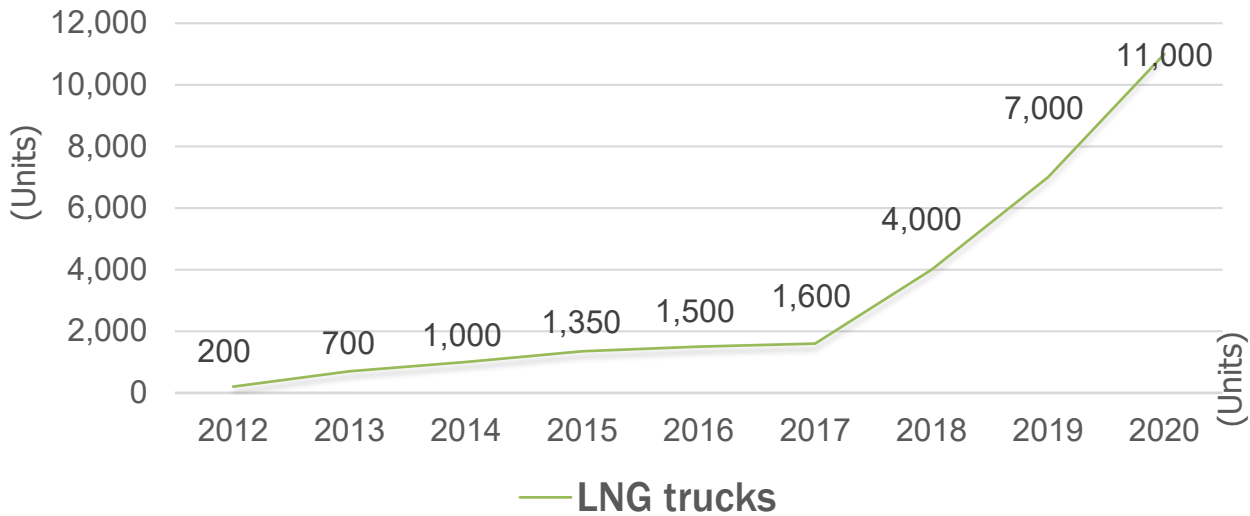


**Full Year of Positive Net Income from Continuing Operations in 2019**

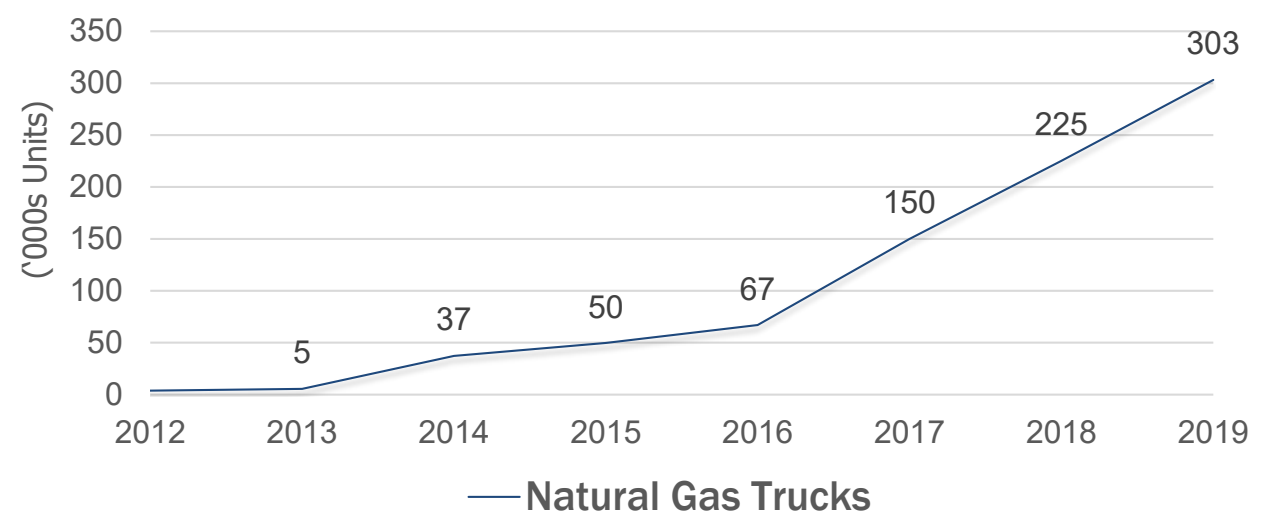
# Natural Gas Gaining Momentum in Heavy-Duty Trucking



### Natural Gas Trucks in Operation in Europe



### Natural Gas Trucks in Operation in China





## 2020 Strategic Objectives

---

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

# Financial Results – FY 2019 vs FY 2018

- Revenue increased \$35.0m, up 13% mainly due to HPDI ramp up
- \$41.0 million YoY improvement in net income from continuing operations
- Positive EBITDA of \$24.9m, up \$38.4m YoY and adjusted EBITDA of \$28.4m, up \$18.8m
- Significant improvement on net cash provided by operating activities
- Increased repayment of debt year over year

(\$ millions, except ratios)	FY 2019	FY 2018	\$ O/(U)
<b>Revenue</b>	305.3	270.3	35.0
<b>Gross Margin</b>	68.2	64.2	4.0
Gross Margin -%	22%	24%	(2%)
<b>Net income (loss) from continuing operations</b>	0.2	(40.8)	41.0
<b>EBITDA<sup>^</sup></b>	24.9	(13.5)	38.4
<b>Adjusted EBITDA<sup>^</sup></b>	28.4	9.6	18.8
<b>CWI contribution to the Company</b>	26.6	22.7	3.9
(\$ millions)	FY 2019	FY 2018	\$ O/(U)
<b>Net cash provided by operating activities</b>	(7.4)	(27.2)	19.8
Add back change in working capital	(8.3)	(0.2)	(8.1)
CWI Dividend	25.0	23.2	1.8
<b>Adjusted operating cash flow</b>	9.3	(4.2)	13.5
<b>Debt Service</b>	(14.8)	(8.1)	(6.7)
<b>Capex</b>	(8.9)	(10.3)	1.4
Other	(0.7)	11.9	(12.6)
<b>Net Cash Flow</b>	(15.1)	(10.7)	(4.4)
<b>Ending Cash Balance</b>	46.0	61.1	(15.1)

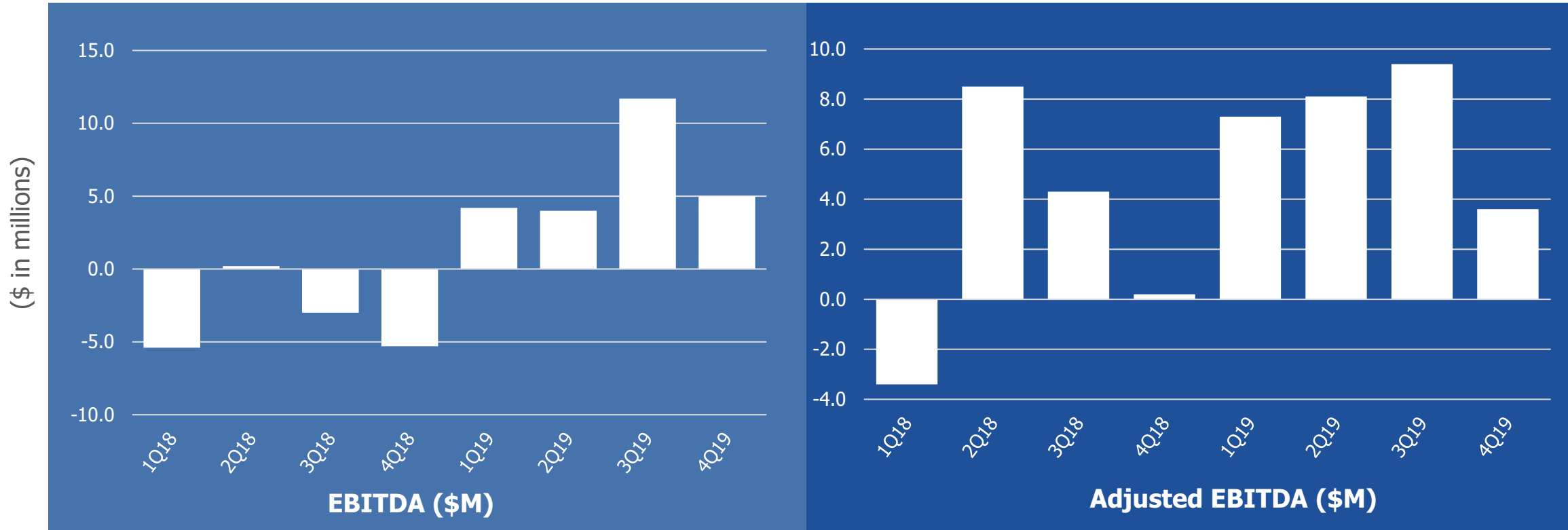


# Financial Results – Q4 2019 vs Q4 2018

- Revenue increased by \$13.8m, up 23%, due to strong demand for AM and DOEM products as and YoY ramp in HPDI sales
- Net income and EBITDA improved over prior year quarter due to higher gross margin, lower operating expenses, and improved CWI earnings
- Improvement in cash flow from operating activities driven by changes in working capital partially offset by lower equity earnings from CWI
- Increased financing during quarter

(\$ millions, except ratios)	4Q 2019	4Q 2018	\$ O/(U)
<b>Revenue</b>	74.3	60.5	13.8
<b>Gross Margin</b>	13.8	12.2	1.6
Gross Margin -%	19%	20%	(1%)
<b>Net income (loss) from continuing operations</b>	0.6	(10.4)	11.0
<b>EBITDA<sup>^</sup></b>	5.0	(5.3)	10.3
<b>Adjusted EBITDA<sup>^</sup></b>	3.6	0.2	3.4
<b>CWI contribution to the Company</b>	6.7	5.7	1.0
<hr/>			
(\$ millions)	4Q 2019	4Q 2018	\$ O/(U)
<b>Net cash provided by operating activities</b>	(4.5)	(4.6)	0.1
Add back change in working capital	4.8	1.8	3.0
CWI Dividend	7.2	8.2	(1.0)
<b>Adjusted operating cash flow</b>	7.5	5.4	2.1
<b>Debt Service</b>	3.2	1.7	1.5
<b>Capex</b>	(3.6)	(3.0)	(0.6)
Other	1.5	2.8	(1.6)
<b>Net Cash Flow</b>	8.6	6.9	1.7

# Quarterly EBITDA and Adjusted EBITDA



Continued ramp in HPDI and fiscal discipline to improve financial performance



Questions...

