DARREN SEED speaking

Vice President, Investor Relations and Communications, Westport

Thank you and good afternoon, everyone. Welcome to our second quarter, ended September 30th, conference call, for fiscal 2011. It is being held to coincide with the disclosure of our financial results, earlier this afternoon. For those who haven't seen the release and financial statements yet, they can be found on Westport's website at www.westport.com.

Speaking on behalf of the company will be Westport's Chief Executive Officer, David Demers, and Westport's Chief Financial Officer Bill Larkin. Attendance at this call is open to the public and to media, but for the sake of brevity we are restricting questions to analysts.

You are reminded that certain statements made in this conference call and our responses to various questions may constitute forward-looking statements within the meaning of U.S. and applicable Canadian securities law, and such forward-looking statements are made based on our current expectations and involve certain risks and uncertainties.
Actual results may differ materially from those projected in the forward-looking statements.

Information contained in this conference call is subject to, and qualified in its entirety, by information contained in the company's public filings, and except as required by applicable securities laws, we do not have any intention or obligation to update forward-looking information after this conference call.

You are cautioned not to place any undue reliance on any forward-looking statements.

Now, I will turn the call over to David Demers.

DAVID DEMERS speaking

Chief Executive Officer, Westport

Thanks, Darren, and good afternoon, everyone.

Continued strong demand from the North American refuse truck market, significant delivery growth in our Heavy Duty business and strength in our global Light-Duty business, including the addition of revenue from our Emer acquisition in July helped grow revenue for the quarter to $80 million, which is a new record for Westport, and an 80% growth year-over-year.

And so as a result, we're going to lift our calendar 2011 guidance slightly, to end up the year at between $240 million and $250 million.

We're seeing strong demand around the world and in all segments, frankly, which positions us well for continued strong growth next year, in 2012. And as I said last quarter, we really believe that 2011 is going to be seen as the tipping point, where natural gas has become globally accepted as our second major transportation fuel.

We told you that we're shifting our management focus from creating market awareness to entering those markets with leading products and reaching market penetration rates of 10% to 20%, which we think is a good start. Our priorities are, first, to sell what we have today and create successful customers. Second, to successfully complete our many product development programs, to expand our reach, both geographically and into new segments. And third, we want to exploit our leadership position, to capture new opportunities at this critical transition to a new energy source.

We've also told you this year about the path to profitability and how management has been mapping out the expected returns on our many years of investment into new products and new markets. Although we're continuing to post consolidated negative EPS numbers, the first milestone we're

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working towards is to manage each of our major businesses and deployment of operating earnings, including their own market and product development expenses.

Now, as you can see, both our CWI and Weichai joint ventures have been consistently profitable. Our Light-Duty and Heavy-Duty businesses are both going through rapid growth and we think the positive progress is quite clear this quarter.

The Light-Duty business, once we work through transition effects from the Emer acquisition, should reach the milestone of positive operating earnings early in 2012.

This quarter, our adjusted EBITDA was negative $5.4 million, but if you further deconstruct that and you pull out the recoverable expenses that will be built under our Volvo program, and the one-time accounting charges to inventory from the Emer acquisition, we would be slightly positive, including all of our investment programs.

Diving into each of the business units, CWI posted a record quarter for revenue and earnings, with sales of almost $50 million and operating income of almost $15 million. CWI's strength in the refuse market is a secret to our success this year, where significant market penetration for natural gas is occurring as a result of the proven economics and performance of natural gas in that application.

Now although we don't consolidate revenue from our Weichai joint venture in China, you should note that the numbers were very strong here, too. Revenue for the quarter was over US$30 million, which is more than 100% growth over last year. LNG infrastructure continues to grow quickly in China. We think that the new HPDI engine is going to be well received in that market.

We're proceeding now into truck integration and road testing over the next few quarters.

The Heavy-Duty business unit continued its anticipated production ramp up of Peterbilt and Kenworth trucks, incorporating our Westport HD systems for end-customers such as Robert, Heckmann, UPS and Vedder. Shipments were up from 19 for the first six months of the year to 85 this quarter.

We expect even more shipments in the fourth quarter, which is a major contributing factor to the increased revenue outlook.

As interest in orders for heavy-duty systems continue to grow we expect 2012 to show strong growth in this unit, particularly with the significant investments in infrastructure coming from our many fueling partners.

Westport HD shows continued investment of about $4.5 million per quarter. This is primarily because volumes are still in early production mode. We're taking very conservative warranty accruals and we're working through supply chain scale-out, all of which increase our costs. However, we've demonstrated that we've reached a price point that works, without incentives, for at least part of the Heavy-Duty market in North America and we believe that we can grow volumes significantly, particularly with the investments by Shell and Chesapeake that were announced this quarter, to deliver LNG infrastructure in the United States.

Our goal is to move this business as quickly as possible to about 300 units per quarter and 20% gross margins, which would see this unit, roughly, break even.

Now you can see what our Volvo programs spending is accelerating, as we move into significant testing, where we cover this quarter's $2.9 million expense at the next engineering milestone, which is scheduled for the fourth quarter this year.

Market demand for both Volvo and the Weichai engine programs is developing well. We continue to see strong potential returns from both programs.

Now the Light-Duty business saw a significant change in growth this quarter, with the acquisition and integration of Emer and the announcement of two new bi-fuel pick-up truck products with Ford, which will be available in the spring.

We're investing in significant new testing facilities in Detroit and, of course, continuing product development with a number of major OEMs.

Just past the end of the quarter, as we announced a few weeks ago, this unit acquired AFV of Sweden, which is a fully-integrated alternative fuel business within Volvo cars. LD overall posted an operating loss of $2.5 million this quarter, but that includes the $2.8 million inventory adjustment with the acquisition.

At the corporate level, we're investing about $3.5 million, which doesn't include the Volvo program expenses, those will be recoverable, of course, plus our normal corporate operating costs.

These investments include the advanced R&D programs, including our high-horsepower engines for rail and mining and, of course, our new initiatives around the world, which are going well.

I'm going to turn the call over to Bill now, to take you through some of the details of the statements.

BILL LARKIN speaking

Chief Financial Officer, Westport

Thanks, David, and good afternoon, everyone.

During this call, I will focus on revenue, operating expenses, net loss and cash flows for our quarter ended September 30th, 2011, and provide more color on the businesses.

All our financial figures are in U.S. dollars, unless otherwise indicated.

As a reminder, we have changed our fiscal year-end from March 31 to December 31 and effective April 1st, 2011, we adopted U.S. GAAP for reporting our consolidated financial statements.

All prior year amounts in our consolidated financial statements are presented under U.S. GAAP.

As announced in our press release, we have increased our revenue outlook from our last guidance as a result of strong sales from CWI and shipment expectations in our Westport Heavy-Duty business. We are revising our revenue outlook for calendar year ending December 31st, 2011, and increasing our expected revenue to be between $240 million and $250 million, representing approximately 70% year-over-year growth.

Now, moving on to the quarterly results, our consolidated revenue for the three months ended September 30, 2011, was $81 million, an increase of $36.1 million, or 80.4%, from $44.9 million in the same period last year.

CWI contributed $49.2 million on 1,625 units, compared to $30.9 million on 1,096 units in the prior year period. Westport Light-Duty contributed $25.7 million and Westport Heavy-Duty contributed $5.3 million with 85 HD systems shipped, compared to 1 million in the comparative quarter, with 19 HD systems shipped.

Our development program with Volvo remains on track. During the quarter ended September 30, 2011, we incurred approximately $3.3 million in R&D costs, related to Volvo's development, of which $400,000 was reimbursed and recorded as service revenue during the quarter. The rest of these expenses will be reimbursed on completion of the next milestone, which is currently scheduled during the quarter ended December 31, 2011.

For the three months ended September 30, 2011, operating expenses, which includes research and development, some general and administrative and sales and marketing were $28.5 million, compared to $16.7 million in the prior year period.

This $11.8 million increase is driven primarily by the consolidation of Emer and investments in current and new technologies.

We invested approximately $13.9 million in research and development during the three months ended September 30th, 2011, representing approximately 49% of our operating costs. Our investment in R&D during the quarter represents a $5.5 million increase over the prior year period. This increase is primarily related to our Westport Light-Duty expansion of product offerings to automotive OEMs of $3.3 million, including Emer's R&D of $1.1 million.

Volvo-related development programs of $3.3 million, which are reimbursable, and Weichai development program of $600,000. These increases were offset by lower CWI R&D expenses by $200,000, due to an increase in government funding, lower Westport HD R&D expenses by $400,000 and lower corporate R&D of $700,000.

General and administrative costs for the quarter ended September 30, 2011, increased by $3.3 million compared to the same period last year, mainly due to the consolidation of Emer of $1.9 million, an increased headcount to support natural gas market development and OEM partnerships.

Selling and marketing costs for the quarter ended September 30th, 2011, increased $3 million, primarily driven by policy expense of $1.2 million recorded by CWI, an increase in Westport HD OEM-related market development initiatives of $1.2 million.

For the three months ended September 30th, 2011, we recorded income from our Weichai Westport joint venture of $400,000. The net loss attributed to Westport for the three months ended September 30, 2011 was $13.2 million, or a loss of $0.27 per share, compared to a net loss of $6.2 million, or $0.16 loss per share in the prior year period.

As of September 30, 2011, our cash, cash equivalents and short-term investments balance was $105.6 million, compared to $162.4 million at June 30, 2011. Subsequent to quarter-end, we closed the acquisition of AFV and paid, in cash, $2.1 million, assumed AFV's existing debt of $1.2 million and repaid a $400,000 shareholder loan.

For the three months ended September 30, 2011, our adjusted EBITDA was a loss of $5.4 million. Please see a reconciliation of adjusted EBITDA in our earnings press release dated today.

Now, to sum up our businesses.

We continue to make significant investments in our Westport Light-Duty business with our acquisition of Emer and AFV this year and our newly launched bi-fuel lean power systems for the Ford F-250 and F-350 pick-up trucks, which we expect to start shipping in the second quarter of 2012. The integration of Emer is going well and is on schedule.

Emer contributed $17.7 million in revenue for the quarter ended September 30th, 2011.

We continue to expand our Light-Duty product offerings and invest $4.1 million -- and invested $4.1 million in R&D during the quarter, which includes $1.1 million of Emer's R&D.

Overall, the Light-Duty business's operating loss was $2.5 million, which was negatively impacted by $2.8 million. This is related to an increase in the cost of goods sold from the step-up of Emer's inventory to fair market value at the time of the acquisition. We continue to expect that future cash flows from our Light-Duty business will support its investments.

CWI continues to grow and generate strong cash flow. For the quarter ended September 30th, 2011, CWI's operating margin and operating income were 30.4% and $14.9 million, respectively, and adjusted EBITDA of $10.2 million, which is CWI's operating income less our joint venture partner share of income in the joint venture.

Continued organic growth in the Medium-Duty business, penetration in the Heavy-Duty market with new product offerings and growth in Asia and Europe will drive increases in revenues, profits and cash generation in this business.

Moving on to our HD business, for the quarter ended September 30th, 2011, our Westport Heavy-Duty operating loss was $4.5 million on the delivery of 85 HD systems.

Our gross margin was negatively impacted by extended customer benefits, including extended warranty and our supply chain transition to new lower-cost manufacturers, which the lower component cost is included in our current product pricing. We expect margins on our -- Westport HD systems to improve with new orders and deliveries in 2012 as our warranty experience improves, we start driving down the warranty accrual, lower cost components are procured and installed in our HD systems and reduction of overhead allocation to each HD system as our volumes increase.

We will manage this business to break even at approximately 1,200 HD systems per year if our gross margin improves to 20% and ASP of 60,000.

Our joint venture with Weichai is generating income today and calendar year 2011 revenues are on target to grow in excess of 100% when compared to calendar year 2010.

Our 35% interest in the profits is currently covering our R&D costs and developing an HPDI offering on Weichai's engine platforms.

Time line for having a commercially available product is scheduled for late calendar year 2012 and we expect to start generating revenues from the sale of HPDI components in off-engine systems.

Our corporate costs primarily fall into four responsibilities, with strategic leadership, new business development, managing public company responsibilities and investment into new technology. Our operating loss was corporate, excluding revenue costs associated with our Volvo development efforts, was $7.7 million, which includes $1.5 million stock-based compensation. We will continue to manage our corporate costs.

For further financial disclosure, please see our MD&A and financial statements as filed and posted on the company's website, for more details.

I will now pass the call back to the Operator to open the call for questions.

Operator?

Q&A SESSION

Operator

The first question today comes from Laurence Alexander of Jefferies. Please go ahead.

Laurence Alexander, Jefferies & Company

Good afternoon. First question is can you give an update on the HPDI backlog? And particularly, how much do you expect to ship this year as opposed to next year?

Darren Seed, Westport Innovations Inc., VP IR & Communications

Well, I know, Graham -- excuse me, Laurence, we've stated 200 to 300 was the annual figure. And with today's expected guidance for calendar 2011, that clearly puts us in that figure, somewhere in the neighborhood of the middle sort of range, I guess, of that number based on the expected build slots from Kenworth and Peterbilt.

David Demers, Westport Innovations Inc., CEO

I'll elaborate a bit on that one. It's David, the -- because I realize Darren's being a little bit hazy. So I'll just be blunt. In our Analyst Day, there was a lot of confusion over the backlog versus what we've announced as orders.

We'd announced orders on those 500 trucks. But our announcement policy isn't written, so we certainly don't announce every order. We kind of announce every major order or something that we think is significant or interesting, kind of what mood Darren's in or something, I guess. I'm not sure what the specific disclosure policy is on specific orders. But it's not meant to be comprehensive and it was never meant to be a firm backlog.

We've always said that this is an industry -- this goes back to CWI days. It's an industry where there isn't really a firm backlog. We operate on a build-slot basis with the OEMs and they don't necessarily let us know exactly what their backlog is or what they're doing. And we've got endings that go to the OEMs, basically on a two-week-cancellation basis.

So it's not really fair to say there was a firm backlog. We don't build a backlog we don't treat it like that.

That said, we have had more orders than the ones that we've announced. As Darren said, we are going to see significantly more trucks shipped next quarter than we saw this quarter and this quarter was more than last quarter.

And we certainly don't expect to run out and not have any left in the first quarter. So you should assume that the order flow's going.

I think that the other thing that I can give you is that since the announcement of the Shell co-marketing program we have been very busy co-selling, with Shell. There is a lot of interest in this space and what Shell can do.

Of course we can't deliver trucks until the infrastructure is built, so you should expect to see those volumes really building for the second half of 2012. But we're very comfortable that we're going to continue to see shipments ramp for the next little while and volumes build substantially over 2012.

Laurence Alexander, Jefferies & Company

So maybe if I can come at that from a different angle, if we assume Darren's fits of whimsy are constant over time, and you have 250 vehicles exiting this quarter -- in Q3 and Q4, do you expect to have a significant enough ramp of new vehicle orders based on what you're seeing now? That your backlog, all else being equal, at the end of the year, will be higher than where it was a couple of quarters ago?

And secondly, could you address sort of working capital, and how you think working capital might shift next year as the order patterns ramp up?

David Demers, Westport Innovations Inc., CEO

Why don't we shift it to talk a little bit about funnel management because I think that's probably better.

We get involved at the front-end, where we're talking to fleets, particularly at, as I say, these co-sales with the fuel providers, there's been a lot of collaborative action. Obviously people that are building LNG infrastructure want to know that it's going to be capital well spent, they want to know where the customers are, they're going to locate the LNG infrastructure where the -- where those lead customers are and vice versa. So we've got a pretty good handle on the size of the funnel. And I can assure you that there are far more discussions at the front-end with fleets now than there were at this time last year.

So, so, that gives us comfort that we're moving things along. I think that the sales cycle is shorter than it was, so I think we should -- it should also give us comfort that things will build.

What are we going to end the year with versus what we have this quarter is really just not a number that we think there's any point in talking about. We think we're going to see substantial growth in Heavy-Duty. On the working capital side, a little more complicated. So I'll let Bill dive into that one.

Bill Larkin, Westport Innovations Inc., CFO

Yes. Laurence, as -- with this -- building this business, working capital is definitely going to start increasing, if you look at the sales cycle from ordering our components, we have a lot of long lead-time components, with the back -- I wouldn't say backlog, but production cycle for just a truck, from the OEMs, that helps a little bit. It gives us some idea in terms of what we could potentially come down the pipeline and once we go through and get the components, build the engines, test the engines, ship them and then eventually get paid, we are going to start seeing some increase. However, we will continue to manage that -- it will go up a little bit. However, one of our major initiatives is driving down the cost of our components. So we've made significant improvements over the last couple of years. I think we've brought down the actual component or material costs, by roughly 50%. So that's kind of helped manage our material costs. But we will keep an eye on it. It will increase as we ramp up and eventually, once we get to some steady state in the future, we'll start seeing that taper off.

Laurence Alexander, Jefferies & Company

Okay. Thank you.

Operator

The next question comes from Graham Mattison of Lazard Capital Markets. Please go ahead.

Graham Mattison, Lazard Capital Markets

Hi. Can you guys hear me?

David Demers, Westport Innovations Inc., CEO

Loud and clear.

Graham Mattison, Lazard Capital Markets

All right. This time it works. Thank you. A quick question on the R&D spend. I know it was up a bit sequentially this quarter and includes the $3.3 million for Volvo, which will be reimbursed in the coming quarters. If we pull that out, is this the sort of go-forward run rate for the next few years, of R&D, that's sort of a little over $10 million a quarter? Or should we be seeing, as new programs come in, will that ramp up? Or even meaningfully start to ramp off as the -- or fall down as the -- those programs move into production?

Bill Larkin, Westport Innovations Inc., CFO

No, I think that's a fair assumption, about a $10 million run rate per quarter. In -- if there's going to be any changes to it, we're going to issue a press release, and you're going to know about it. If we're in a -- if we're into a new program, that -- where we're going to incur significant R&D costs, you're going to know about it. So I think it would be safe to use about $10 million run rate today.

Graham Mattison, Lazard Capital Markets

But even if you -- as you do enter into new programs, other programs will be ramping down or moving into -- sort of enter a commercial phase.

Bill Larkin, Westport Innovations Inc., CFO

Yes, we -- and at that point, we can probably provide a little bit more color on what the impact's going to be.

Graham Mattison, Lazard Capital Markets

Got you. And then just a question on the Light-Duty side, if -- so the -- excluding the inventory charges, gross margin in the quarter would have been, I think, 31%?

Bill Larkin, Westport Innovations Inc., CFO

That's correct.

Graham Mattison, Lazard Capital Markets

Is that -- is there any sort of one-time? I mean, is it -- looking forward, as you look at that business on a normalized basis, is that sort of a run rate where you guys see it? Or is there some seasonality or one-time items there?

Bill Larkin, Westport Innovations Inc., CFO

No, I'd say -- you have to look at the overall Light-Duty business. And the margins, once you break down each of the businesses, they're going to vary, but on a combined gross margin basis, we would say mid-20s, maybe a little bit below that. Once we continue to diversify that business.

Graham Mattison, Lazard Capital Markets

Got it. All right. Great. That's very helpful. I'll jump back in queue. Thank you.

Bill Larkin, Westport Innovations Inc., CFO

OK

Operator

The next question comes from Rob Brown of Craig-Hallum. Please go ahead.

Rob Brown, Craig-Hallum Capital Group

Good afternoon. Kind of pushing into the unit volume numbers, how do you sort of see the CWI business rolling out? That stepped up nicely this quarter. Do you see the refuse market continuing to drive this into next year? And how should we look at kind of the unit ramp rate there?

Bill Larkin, Westport Innovations Inc., CFO

Go ahead.

David Demers, Westport Innovations Inc. CEO

I was going to say, I'll lead off, but Bill's going to have an opinion. So here you go. I think it's consistent with what we've been saying all year. We've really seen a breakthrough in the refuse market. And I think gas is emerging and -- as the leading fuel, in fact, in refuse trucks in North America, for all the reasons that we've talked about.

So I don't think this should be a big surprise. I think as CWI moves into new markets, you -- those are always going to kind of layer on new businesses, where there's strong pockets of support for gas.

So I really don't think that the numbers should be a surprise. That said, I'm going to down play it a bit and say, CWI has always had lumpy quarters and so we said use a 30% CAGR and that's a realistic thing. You're going to have some ups and downs, but the overall direction is up. And we get up because we penetrate new markets and we see a reasonable penetration rate until we launch in a new market and that gives us another plant to own. So, Bill, did you want to comment specifically on the numbers?

Bill Larkin, Westport Innovations Inc., CFO

No, no. I think it's very consistent with what we've been saying historically, is that three-year 30% CAGR.

David Demers, Westport Innovations Inc. CEO

Yes. And all caveats, Rob, you've heard it 16 times before, mix, volume, unit count is a bit misleading. It depends on what's up. It happened to be, this year, a strong refuse quarter, which is good for units and good for revenue.

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

We do have some public RFPs coming in, Rob, next year, in transit as well with Dallas and New York Metro. So there's also some good growth in there for next year too.

Rob Brown, Craig-Hallum Capital Group

Okay. Good. And then, I know you've thought about a new engine platform in that business, maybe more in 2013, but would that accelerate that growth rate or would you consider that part of your growth rate thoughts? The 30% CAGR?

David Demers, Westport Innovations Inc. CEO

Yes. I mean, again, this goes back to a few years that CWI's been visible in the trucking market, generally with an 8.9 liter engine. That's going to constrain the -- at the very bottom end of the Class 8 market or duty cycles that are acceptable with that performance.

So the new engine that you saw when you were here is aimed at taking them further up that market, which is a much bigger potential market than transit buses and refuse trucks. So, yes, of, we would expect that those volumes will be bigger. Until we get to that big penetration in Class 8 trucks.

Rob Brown, Craig-Hallum Capital Group

Okay. Good. And last question, here. You're sort of approaching break even EBITDA for the business, I think excluding sort of the one-time things. Do you see that trend continuing sort of in the next few quarters and starting to get better over time? Or will there be some lumpiness there as well?

David Demers, Westport Innovations Inc. CEO

I think we're building the business and we've talked about this for some time, Rob, but I think -- at least I hope you agree that you're seeing progress here.

We're putting pieces together and moving things around a bit until they fit. So you're going to see some movement in each one of these business units before they hit a mature run rate.

CWI is pretty mature. You're seeing good, solid growth, very good profit leverage. That's a business that is doing quite well.

We have to get the Light-Duty business and the Heavy-Duty business to that same state of completion, but they're coming along quickly. And then we'll be able to ramp, on top of that, the product programs with Volvo and Weichai.

But I think you're going to see some ups and downs with Light-Duty and Heavy-Duty over the next few quarters, as one piece comes into profile, the other one recedes a bit. But overall, I think the trend is very positive and that we are comfortable that both of them are going to do very well. Bill, do you want to weigh in?

Bill Larkin, Westport Innovations Inc., CFO

No, I think you covered it very well.

Rob Brown, Craig-Hallum Capital Group

All right. Thank you.

Operator

Your next question comes from Ann Duignan of JP Morgan. Please go ahead.

Ann Duignan, JP Morgan:

Hi, guys. It's Ann Duignan.

Bill Larkin, Westport Innovations Inc., CFO

Hi, Ann.

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

Hey, Ann.

Ann Duignan, JP Morgan:

I thought my name had changed for a minute. I just wanted to take a step back on two things.

First of all, CWI. We also cover Osh Kosh, they had their earnings call earlier today and they said that they expect a significant slow-down in the refuse market in 2012, because there is a pull-forward of demand because of 100% depreciation.

Have you baked that into your comments? Or is it kind of new news for you and you're going to have to go back and rethink your outlook for 2012?

David Demers, Westport Innovations Inc. CEO

We see -- we talked before, Ann, our penetration rate is still not 100%. I think you're going to see our penetration rates increase next year. We've got a forecast, which we won't share with you, but we're still pretty comfortable with what we think the gas market will be for refuse in the United States.

But as we've said before, CWI has got a lot of market. We expect we can hit the 30% growth that we talked about as the strength or weaknesses in any one or other market can balance it out.

I think in the short term, though, we are seeing real enthusiasm for natural gas because of the cost advantages. That may change some of the vehicle manufacturers' market shares. That would -- that's an interesting phenomena to watch.

Ann Duignan, JP Morgan:

Yes, fair. I can appreciate that side of it.

And just on the Heavy-Duty, I mean, I guess I'm struggling with the notion that you are totally dependent on getting those slots from Peterbilt or Kenworth. Do you have no greater visibility than two weeks out? And if not, then what kind of confidence do you have in being able to hit those full-year targets?

David Demers, Westport Innovations Inc. CEO

Yes, I -- let me clarify this. Two weeks out reference goes back some years. As we've explained, the OEMs typically don't give us a fixed purchase order and they have the right to defer those bill plots and we have no recourse. So really it's not fair to say there's a backlog. You know how this works.

We have a pretty good idea of what the build plans look like and we're always working with them. On the Heavy-Duty, in particular, because the growth rates are so spectacular, it's tough -- it's tough for Peterbilt and Kenworth to even to say how are we going to weave this in?

We've taken volumes up from, I'm trying to think what was it last quarter? It's more than 10 times quarter-over-quarter. So working with the plants is essential, but then, of course, making sure that every essential part for that truck is there on time is another piece that's challenging. So I think we've got a pretty good idea of the available build-slots, but we're always subject to the whims of the plant to do something else or to do anything different.

So can we guarantee the shipments next month? Next quarter? Or next year? No. But I think we've got a pretty good idea and we were planning towards a plan that goes out a couple of quarters. Does that make sense?

Ann Duignan, JPMorgan:

Yes. What -- it does, but I guess I'm still struggling with the fact that the industry's only in the first year of a recovery. We're only at about 250,000 bill units and expectations are that we go to 300,000, plus or minus, in 2012.

David Demers, Westport Innovations Inc., CEO

Yes.

Ann Duignan, JPMorgan:

And if we can't even get 200 built slots this year, how are you going to get 1,200 build slots any year?

David Demers, Westport Innovations Inc. CEO

Let me flip it around. I'd say it's not going to be hard to get 1,200 out of 300,000. It's just getting it all lined up. And elbowing our way, in all the noise, in all those other guys that are jockeying for build slots. It -- it's -- it's a turbulent business, as you know. And plants are busy. And making sure that we get a proper hearing, when we really have a tiny fraction of the people's attention, it's really the issue.

So I think the team has done a pretty good job of ramping up our share of this business, even though it's a relatively small piece of the overall business. And it's a bit of a pain because doing the natural gas truck, doing a few natural gas trucks, disrupts the flow of the production line in both Peterbilt and Kenworth.

So I think everyone's building for the future and no one's doing this for a business that's going to be 100 trucks a month. Everybody believes the future is going to be much bigger.

But that said, it takes a lot of organizing and because we've taken on the responsibility of getting that organized, that means we have to babysit all of those suppliers and make sure that they're organized to deliver on time.

So I'd say it's an exercise that is overly labor intensive today and we want to be able to step back in the future once we get to a reasonable run rate.

So, can we get the build slots we need? I think so, as long as we're seeing customer demand and as long as we continue to demonstrate to the plants that this can be slid into their production plans pretty seamlessly. They're in -- they're not going to have to shut down and restart or otherwise interrupt the business at a time when the market's growing quickly. Okay?

Operator

Your next question comes from Colin Rusch of ThinkEquity. Please go ahead.

Colin Rusch, ThinkEquity

Thanks, guys. Can -- it looks like you had some nice price appreciation on the CWI JV. Can you talk a little bit about the pricing dynamics there? How we should think about that going forward, with some of the big RFPs? And if you can continue to creep prices higher, as we go forward?

Bill Larkin, Westport Innovations Inc., CFO

Yes, I think a lot of that is, David mentioned, we've got a lot of refuse trucks in the third quarter. We're in our second quarter and which shows our primarily ISLG engines, which have an average -- a higher selling price. So it's really the mix.

With the number of engines being more heavily weighted towards the ISLGs, and we already had that fluctuation from quarter-to-quarter from the ASPs and margins, so that's what's truly driving it out this quarter.

Colin Rusch, ThinkEquity

And then, can you comment about any development that you're seeing or activity in South America, in terms of building out additional infrastructure and what we might be able to think about going forward in the next, call it, three to six quarters in terms of activity there?

David Demers, Westport Innovations Inc. CEO

Sorry, was that South America or North America?

Colin Rusch, ThinkEquity

Yes. South America.

David Demers, Westport Innovations Inc. CEO

South America. Actually, South America is actually really growing quickly. And we've talked in the past about the projects in Peru, Brazil, Venezuela.

I think it's the same thing there that we're seeing elsewhere in the world. People are recognizing domestic natural gas availability and dependence on imported oil and oil producer, the ability to sell the oil rather than burn it through domestic economies. So there is a lot of action there. Both buses and light trucks and automotive. So, no, I think it's a worldwide phenomenon.

Colin Rusch, ThinkEquity

Great. Thanks a lot, guys.

Operator

The next question comes from John Quealy of Canaccord Genuity. Please go ahead.

Mark Sigal, Canaccord Genuity:

Hi. Good afternoon. It's Mark Sigal for John. First, just on the Weichai business, given the considerable growth in -- year-over-year growth on the revenue line, can you talk about profitability metrics there? Is it just -- is it just heavy investment ahead of the new product launch? Or where should we see the commensurate pick up in profitability?

Bill Larkin, Westport Innovations Inc., CFO

From Westport's standpoint or from within the joint venture?

Mark Sigal, Canaccord Genuity:

I guess both. First within the joint venture and then to Westport.

Bill Larkin, Westport Innovations Inc., CFO

Sure. Well, let's just talk about the joint venture itself. If you look right now, it's -- their -- they have margins in the mid-teens, therefore, their core business, net margins, mid-single digits, 5% to 7% range. From my understanding, that's fairly consistent for the Chinese market, because it is very, very price sensitive.

So going forward, as we mentioned, that's – when we look at it year-over-year, that business resembles CWI, just a few years ago, back in 2009, we're tracking to revenues in excess of $100 million.

And so, that -- we expect that business to continue to grow. We see the investments in natural gas, more specifically the refueling infrastructure, so there's a lot of investment going into China.

So from that business, we expect that continued growth. But we don't see any meaningful movements in -- whether it's the gross margins or the net margin of that business. So we'll -- our 35% interest will continue to grow.

Once we launch our HPDI technologies on one of their engine platforms then we -- Westport, then we'll start seeing revenues from the sale of those components to the joint venture, which will eventually install those components on the engines. So we'll see revenue from the sales components, plus it's -- some sort of royalty on the sale of these components.

And then once Weichai builds those engines, and actually ships the engine to the truck manufacturer, they've got to have some form of fuel storage, in which we'll provide as well. So we'll see a third revenue stream, which we're -- we will attract revenue and profits through that relationship.

Mark Sigal, Canaccord Genuity:

Okay. And then, just turning to the Light-Duty business, given the Emer acquisition, can you just talk about developments that you're seeing in North America, how that market is beginning to mature a bit, versus some other markets, South America, Europe and Asia? Just what you've seen so far, your first three months with Emer?

David Demers, Westport Innovations Inc. CEO

I think the -- well, I'll start and Bill will finish, I'm sure. The -- the business is going through a pretty tumultuous transition. We've kind of painted this picture for about a year. We've been saying for a while that we think the market's going to develop more OEM engagement and involvement around the world. I think that's very clear. That's the case.

Emer, in particular, a big part of the synergies we saw between Emer and OMVL is the OEM relationship and business really meshes quite nicely. Emer has been almost all OEM supply and relatively small participation in the after-market business. And OMVL has a foot in both camps.

We're seeing OEM interest in spades. I think that's clear. You're going to see a lot more OEM product in the gas business, particularly in Europe, where things are quite advanced. A lot of interest in renewable sources of methane, a lot of interest in the carbon footprint of natural gas vehicles, plus the infrastructure is more mature in the Light-Duty space. So we're seeing a lot of OEMs are serious about broadening their product lines and we think we're well positioned to capture a lot of that business with a systems approach.

What has been interesting has been North America. I think Detroit is late to the party, but coming on strong and the announcement we made with Ford this quarter is an example. Let's not forget there's a -- we announced a technology partnership with GM a quarter before that.

The reason that we're investing in Detroit is because we're seeing a lot of business potential in Detroit. So I think you're going to see a lot of opportunity with the traditional North American OEMs as well.

So, I think overall, I think the business is on a very strong growth path, driven by strong economics and strong environmental performance. But just the fact that the OEMs are waking up and starting to get into the game. Does that answer your question? Or Bill, do you want to --

Mark Sigal, Canaccord Genuity:

Yes. No. Thanks. All set.

Operator

Your next question comes from Eric Stine of Northland Capital Markets. Please go ahead.

Eric Stine, Northland Capital Markets

Hi, everyone, nice quarter.

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

Hi, Eric.

David Demers, Westport Innovations Inc. CEO

Hi, Eric.

Eric Stine, Northland Capital Markets

Hey. Just wondering, just on CWI, just to go back to that. I may have missed it, but did you give a specific number for the refuse segment, similar to what you -- than what you did last quarter?

David Demers, Westport Innovations Inc. CEO

I don't think we've broken it out specifically by segment. We probably don't want to do that. I'm looking at Darren. Darren's nodding.

I can -- I can say that a good chunk of the growth this year has been in refuse. Darren outed us earlier, next year you're going to see some strength in North American transit.

I think you'll see some new growth in the trucking segment. You may see some more international sales. So, so, again it's not something where we want to get micro projecting each little segment. We said, overall, CWI is on a growth path that it can achieve. And let's stick to it.

Eric Stine, Northland Capital Markets

Okay. Fair enough. I just wondered if you could give a little bit more clarity just into the number because 1,625 was a pretty striking number. Just whether that was -- I mean, just volatility? What you always talk about. Or was it relative to specific orders or geographies?

David Demers, Westport Innovations Inc. CEO

Bill, you can take it.

Bill Larkin, Westport Innovations Inc., CFO

Sure.

David Demers, Westport Innovations Inc. CEO

It's the numbers, so it's yours.

Bill Larkin, Westport Innovations Inc., CFO

No, it's just part of -- what we're seeing the growth in the business, refuse was a significant contributor during the quarter. And we definitely see the results of that.

I don't think there is any other anomalies in the quarter, which skewed us to the higher end, when we look at the overall mix of the business.

It does vary from quarter-to-quarter, based on the mix. This quarter was heavily weighted towards ISLG and refuse markets. And as we said before, historically, we could have lumpy quarters and fortunately this is on the upside for us, this quarter.

Eric Stine, Northland Capital Markets

Okay. Based on that guidance range that you gave, though, fair to say that maybe this next quarter, that returns to a little more normalized level?

Bill Larkin, Westport Innovations Inc., CFO

Well, I think you'll see change in the mix of engine sales next quarter and we'll just wait and see. It could change, the next time we have this discussion on what that mix is, from what we're looking at today.

Eric Stine, Northland Capital Markets

Okay. Fair enough. And maybe just turning to China, quick, and Weichai. Just wondering if you can talk about how you see that business going forward, the growth of LNG, just in the context of what we've been hearing about a slowing economic environment?

David Demers, Westport Innovations Inc. CEO

It could be -- I'll pontificate on that and Bill can probably rein it back in.

I wonder a bit about all the reports of a slowing economic environment. I think it's all relative. China's still just an amazing place and we're seeing tremendous growth everywhere we look. So 100% growth in the joint venture might moderate a bit, but it's still going to be pretty crazy growth.

Where we are seeing growth, I will comment a bit, the strength in the joint venture is in trucking, which has surprised us. Even today. There is a rapid build-up of LNG infrastructure, particularly in the Far West, and this is just driven by the economics of the fuel. China, remember, imports even a higher percentage of its oil than the U.S. does. So there is just no escaping the economics.

We've seen Chinese oil companies, oil and gas companies, jumping quickly into the shale revolution, there's a lot of shale resources in China. We're seeing coal bed methane develop. We've seen landfill gas being developed.

I think it's just a pretty widespread belief that they're going to need to develop their domestic energy sources to keep the economy going because it is an economy that's dependent on transport.

That said, it's still a tiny number. There's still a lot of conventional fueled vehicles and so will the economy slowdown? Maybe.

Will the pace of growth of the joint venture slow down? Again, I wouldn't be too sure of that. I think we're seeing a very strong growth in demand and infrastructure build-out that would suggest there's going to be continued growth in natural gas and trucking.

Whether the top line for the total economy goes up or down is somewhat irrelevant to -- when we start from such a small basis, if that makes sense.

Eric Stine, Northland Capital Markets

No, that's helpful. Thanks for that. And just last thing, just if you could provide an update on the stationary engine opportunity. I think you were in the process of trying to find a distributor for that. Just how that's going?

David Demers, Westport Innovations Inc. CEO

You're talking about the Juniper project?

Eric Stine, Northland Capital Markets

Yes.

David Demers, Westport Innovations Inc. CEO

We're shipping. It'll be ramping up, again, it's a supply chain story. We've got people packaging these engines into skids and packages for specific customers. So that'll start ramping up, I'm not sure what the numbers will be next year. But it's underway. It's gone very well.

Eric Stine, Northland Capital Markets

Okay. Thanks a lot.

Operator

Your next question comes from Michael Willemse of CIBC. Please go ahead.

Michael Willemse, CIBC

Great. Thank you. Good afternoon. Just going back to Weichai, could you give the revenue number year-to-date?

David Demers, Westport Innovations Inc. CEO

Oh, revenue year-to-date. I'm looking at Bill. Do we segment that out?

Michael Willemse, CIBC

I know you used to.

David Demers, Westport Innovations Inc. CEO

We probably do. Yes.

Bill Larkin, Westport Innovations Inc., CFO

Yes. It's pretty close to that 70-ish million?

David Demers, Westport Innovations Inc. CEO

Look it up.

Bill Larkin, Westport Innovations Inc., CFO

Yes.

Michael Willemse, CIBC

That's since January 1st?

Bill Larkin, Westport Innovations Inc., CFO

Yes. That'll be -- we'll have to do the math. I don't think we fully disclosed what we've done for the two quarters.

David Demers, Westport Innovations Inc. CEO

Yes, we'll get back to you on that, Michael.

Bill Larkin, Westport Innovations Inc., CFO

Yes. Sorry about that.

Michael Willemse, CIBC

Okay. And then I just wanted to go back to the question on backlog at H -- Heavy-Duty engine sales. So just so I'm clear, the announced backlog is not kind of an official backlog in the book. And I guess the real backlog is something that's not disclosed, but I guess the message is that it is sizeably bigger? And the real problem is just getting the build slots? Is that the right way to interpret it?

David Demers, Westport Innovations Inc. CEO

I think that I'd rather say -- let me come out of that in another direction, since we haven't figured it all out apparently. So let me say, when we get the business to maturity, we don't want to have a big pipeline of work-in-progress and inventory and working capital. We said we want to get the business to 300 a quarter. You can figure out what a healthy inventory turn looks like, but it says, we probably don't want to have work-in-progress of more than a few hundred.

So when we had 500 early in the year that was just a fact that we had more orders than we had ability to deliver. And what we want to do is make the deliveries ramp up, so that we don't end up with a big backlog.

It's not -- it's just not a desirable thing to do. We want to be able to deliver on-demand.

Now that's in the context of a trucking industry that's going through a lot of volatility and as we talked about with Ann, elbowing our way in to get attention at a time when plants are busy with bigger things.

So there's going to be some turmoil and volatility over the next few quarters, that we have to manage and have both the right inventory and supply chain processes in place, so that when we do get build slots, we can build, and also so that we're matching up demand so that we don't waste those opportunities to deliver trucks.

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

Michael, it's also -- its Darren. Another factor to consider is also based on the customers and the infrastructure that is in place at that customer's location.

So some of the capacity will get, at Kenworth or Peterbilt, is just added capacity. The actual run rate, in some cases, is dependent on the customer themselves, whether it's Heckmann, UPS, Vedder, the names we've already announced, and -- and Robert. And when the individual transport -- infrastructure is in place.

David Demers, Westport Innovations Inc. CEO

Yes. And so, for example, they may have infrastructure for 50 trucks and they'll take 50. But if the second station is late or they've got capacity problems or something like that, they're going to delay delivery of the trucks. And that's not something that's in our control, nor would we inflict it on a customer. You don't want to be delivering trucks when there's no fuel. So we do have to pace all of these factors and make sure that everything is synchronized.

In the short term, that means there's a lot of hand-holding, as the business develops into a reasonable run rate. Obviously we think that's going to be the exception rather than the rule.

Michael Willemse, CIBC

Okay. So the delivery requirements of the customers are part of the puzzle as well.

David Demers, Westport Innovations Inc. CEO

Yes.

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

Yes.

Michael Willemse, CIBC

I guess to ask the question another way, if I wanted to order 100 engines today, when could I expect to receive them?

David Demers, Westport Innovations Inc. CEO

Yes. I would say it's probably at least six months. Some of that is just the way the trucking industry is working. You might get lucky and we could slide you in in 90 days, but from a practical viewpoint, you're probably not going to have fueling infrastructure in less than six months anyway.

So let's do a soft and say if you were to order today and you had a pretty good line on your fueling, probably four to six months.

Michael Willemse, CIBC

Okay. And then just one last question. At the Investor Day, there was a mention of a pretty large order with Thomas Bluebird for 500 units of CWI. Was that kind of spread out through the year or were a lot of those in this quarter as well?

David Demers, Westport Innovations Inc. CEO

I haven't -- don't think we're shipping those. I think that was a -- it's not something that we've announced.

Michael Willemse, CIBC

Or was that in 2010?

David Demers, Westport Innovations Inc. CEO

Yes. I'm pretty sure that that's --

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

Because the number already posted, it would have been already shipped, Mike.

David Demers, Westport Innovations Inc. CEO

Yes.

Michael Willemse, CIBC

Okay. Okay. Thank -- great. Thank you very much.

David Demers, Westport Innovations Inc. CEO

Thanks.

Operator

Your next question comes from Tom Daniels of Stifel Nicolas. Please go ahead.

Tom Daniels, Stifel Nicolaus

Hi, guys. Thanks for taking my question. I was wondering if you could maybe talk a bit about the HD ASP and the lease program that you guys initiated a couple of years back, just how the uptake's going on that, etcetera.

David Demers, Westport Innovations Inc. CEO

Yes, it's another set of programs that are out there. Remember that we're not leasing it. That would be the leasing company that's doing that.

Really, really, what it was about was not some magic program for gas. It was just making sure that leasing was available to customers that wanted to lease, which means there had to be a schedule of residual values and leasing terms and credit availability and all of this, getting people comfortable with it.

So as far as we're concerned, we see a sale. We sell to the customers directly or we sell to the leasing company and we get paid. So there's really no change in the ASP, whether it's financed or not.

I think the take-up on the leasing offers has been pretty good. I think fleets that want to lease now have that option. Fleets that want to pay cash have always been paying cash. The main advantage to us on the leasing program was servicing some new options on extended service contracts, confirming the residual value of the vehicles, which was a big question, confirming what the cost per mile of full operations would be. Plus, the additional convenience of financing the whole thing in one lump.

So I think, going forward, we'll see more and more of that in the markets. But I'd say today it's been more the clarification of the sales value that's been more important than the actual availability of financing. Does that make sense?

Tom Daniels, Stifel Nicolaus

Okay. Yes, absolutely. Absolutely. I guess one thing that we think about on the 83 trucks sold this quarter, how many were direct sales? No help from local governments versus UPS orders and trying to understand what is the real reasonable ASP run rate on this HD business, long term.

David Demers, Westport Innovations Inc. CEO

I think for the PACCAR North American business, the ASP is what it is. As I said in my comments, I think we found a price point that people are comfortable with. Now they might like it to be lower. I haven't had many people complain that it's too low yet. But it seems to work and we think we've got the economics stable. As long as we've got reasonable stability on natural gas prices, most people are getting long-term contracts at this point, we've seen the contracts as long as nine to 10 years for natural gas.

So I think people are pretty comfortable that the economics work at the current price point. Where this goes in the future of course is something we'll have to wait and see.

Tom Daniels, Stifel Nicolaus

Okay. And then maybe just going on to China and as you guys get the Weichai Heavy-Duty product, you see a lot of people in the industry going to the fit-to-market strategy and I understand the ASPs on trucks are significantly lower in China. Are you guys designing a new product for Weichai? Is this in your thought process? Is this product going to have to be significantly cheaper than the one being sold in North America? Could you just kind of talk about the strategy around that?

David Demers, Westport Innovations Inc. CEO

Oh, boy. We've only got a couple of minutes left. The short answer is it's the same technology. But we are sourcing all of our components for a global market. So the benefit of our costs for the deliveries in China will benefit our deliveries in North America and Europe as well.

That said, pricing could be different and the terms are going to be different in each of those markets, based on the actual truck that's being delivered. So a truck with a Weichai engine in it, even with Westport technology, is a very different market and a different customer than someone who's going to buy a brand new Volvo or a brand new Peterbilt. So the price of the truck may be significantly different.

What we expect is that we'll be able to see the same sorts of net margins out of all three markets, but certainly we want to source a lot of key components using the scale that China has given us. That's why we've been building LNG tanks in China for some time and that's -- that is going to be the core of building the global supply chain. And more than that, I think we're probably going to get into big trouble. So let's just do a wait and see on that.

Tom Daniels, Stifel Nicolaus

Great. Thanks, guys. That's it for me.

Operator

Your next question comes from Matt Gowing of Mackie Research Capital. Please go ahead.

David Demers, Westport Innovations Inc. CEO

Matt?

Matt Gowing, Mackie Research Capital

Oh. Sorry about that. Good afternoon, everyone.

David Demers, Westport Innovations Inc. CEO

Hi, Matt.

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

Hi, Matt.

Matt Gowing, Mackie Research Capital

You spoke a little bit, David, earlier on in the conference call, about infrastructure build-out being an important driver of the HD business, the HD revenue growth going forward. Can you talk a little bit about the agreement with Shell? And in terms of timing, how you see Shell investing in the distribution centers and maybe quantify, over the next year or so, number of new distribution centers with that capability in North America?

David Demers, Westport Innovations Inc. CEO

The -- I can't give you details. That's proprietary, obviously. Shell has gone public that they're investing in Alberta, with a large LNG supply center and I don't think that there's been much more than that. Although, I think you should assume that they're not going to be hauling LNG from Alberta to Florida. So there must be some stations getting built in that part of the world.

Shell was pretty blunt that they would be building infrastructure wherever there's a commercial need, which I think covers a lot of territory. I guess I'm going to have to say wait and see on that.

The scale of investment that Chesapeake and Clean Energy are making has been quite public. They've announced that they're putting $300 million into LNG refueling infrastructure at truck stops. Let's just say that, plus what's going on in Shell, is going to keep us really busy for some time to come. That's a lot of infrastructure, a lot of fuel and there's going to have to be a lot of trucks to use up that much fuel. So I think that's all we can really say for now.

I think it's also fair to say we're seeing demand all over North America. There's no secure pocket. It's not being driven in any particular market application. So I think you will see the infrastructure getting built.

I'd also suggest that it's going to go where those lead customers are. So where those customers jump in, like Heckmann for example, in the shale play in Haynesville was the first bit. You're going to see infrastructure go where those first customers are and the infrastructure is likely going to follow-up and be biased to those leading customers, too.

But in terms of overall demand and where we'll be in five years, I think it's going to be pretty uniformly spread across the continent.

Matt Gowing, Mackie Research Capital

Great. Thanks. And could we get your estimate on where we're at now in terms of the penetration ratio in that refuse market, in terms of the amount of engines and refuse markets serviced by the -- or run on natural gas? And the -- and perhaps where you see that number going over the next, say, two to three years?

David Demers, Westport Innovations Inc. CEO

Yes. We're about 20 to 25. I haven't seen good numbers. There's typically a year lag or so before you see those numbers.

The best estimate I've seen is where a customer between 20% to 25% of the refuse trucks going on the road are gas.

This year, the percentage of the new trucks that were built for natural gas is much higher than that. Waste Management, I think, came out and said that 80% of their new trucks are -- it's not a -- it's not just a big fleet phenomena. We're seeing quite a few small fleets this year as well. So I wouldn't be surprised if we're at 50% this year for gas. But we haven't seen definitive numbers yet.

Matt Gowing, Mackie Research Capital

Great. Thanks. And just a last question for me. Out of the Weichai business, how do you foresee the revenue growth changing in 2012 on the back of the HPDI engine being rolled out? Could the revenue growth accelerate even higher than the 100% growth that we're seeing this year? How does that change?

David Demers, Westport Innovations Inc. CEO

I think the revenue next year, let's just stick with 2012, we haven't really pegged the date for launch of HPDI. We're going to be testing. It'll be small volumes to hit customers next year. So you're going to see the -- a traditional introduction and ramp up.

So I think the impact, next year, on the joint venture, is going to be relatively modest. The 100% growth is going to come from existing products and existing markets. The next few years, of course, HPDI would -- we certainly hope is going to be a part of future growth.

In terms of impact on us, though, we are going to see significant revenue per unit in that market. And we think we'll see good volumes developing in China for HPDI. So that's going to have a significant impact in a couple of years out.

Matt Gowing, Mackie Research Capital

Okay. Is there -- and just to clarify, is there a portion of that revenue stream that you'll actually consolidate on your P&L?

David Demers, Westport Innovations Inc. CEO

Oh, yes. The parts that we sell to Weichai, and the components that we sell to truck manufacturers, will be revenue. So the ASP might not be $60,000 per truck, but there will be some significant ASP going for every truck in China. And then the profit from the actual engine, in the joint venture, also gets shared out in the end.

But for the HPDI products, we will be seeing components that we sell to the joint venture and components -- the off-engine components that we sell to a tech manufacturer will be consolidated to revenue for Westport.

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

The way we disclosed it, Matt, is that our net margin is somewhere in the neighborhood of less than $5,000 per unit, and that's to be consistent with what we've disclosed in the past. That's still more likely the case. But what we haven't disclosed yet, of course, is the top-line mix of off-engine and on-engine systems.

Matt Gowing, Mackie Research Capital

Okay. And will we basically just have to wait and find out when that -- the numbers are reported? Or is there some sort of guidance you could provide on that?

David Demers, Westport Innovations Inc. CEO

We'd have to keep you paying attention. We've got to keep a few secrets.

Matt Gowing, Mackie Research Capital

I look forward to it. Thanks, guys.

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

Okay.

Operator

This concludes all the time we have for questions today. I will now turn the call back over to Darren Seed for closing remarks.

Darren Seed, Westport Innovations Inc.; VP. Investor Relations and Communication

Thank you very much, everyone, for joining our conference call. We expect our next conference call to be the third quarter and nine months ended and year-end December 31st, reported some time in, perhaps, early March.

Operator

Ladies and gentlemen, this conference has now concluded and you may disconnect your telephones.

Thank you for joining and have a pleasant day.