

NASDAQ: BLDP | TSX: BLDP

Q4 & Full Year 2017 Results

Conference Call
March 1, 2018



BALLARD POWER SYSTEMS

PUTTING FUEL CELLS TO **WORK**

The Power of Fuel Cells, Simply Delivered

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Conference Call Participants

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Randy MacEwen
President & CEO



Tony Guglielmin
CFO

Forward-Looking Statements



This presentation contains forward-looking statements, including: estimated revenue; cash operating costs; gross margins; product cost reductions; adjusted EBITDA; liquidity; market size and growth projections; customer value propositions; and expected sales and product shipments. These forward-looking statements reflect Ballard's current expectations as contemplated under section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Any such forward-looking statements are based on Ballard's assumptions relating to our financial forecasts and expectations regarding our product development efforts, manufacturing capacity, and market demand.

These forward-looking statements involve risks and uncertainties that may cause our actual results to be materially different, including, general economic and regulatory changes, detrimental reliance on third parties, successfully achieving our business plans and achieving and sustaining profitability. For a detailed discussion of these and other risk factors that could affect Ballard's future performance, please refer to our most recent Annual Information Form. Readers should not place undue reliance on Ballard's forward-looking statements and Ballard assumes no obligation to update or release any revisions to these forward looking statements, other than as required under applicable legislation.

All amounts are consolidated to include Ballard Power Systems Europe A/S and Protonex Technology Corporation results and are in U.S. dollars, unless otherwise noted.

Financial Overview



- **Significant progress against 2017 financial performance objectives**
 - Record \$121.3M FY revenue, +42%
 - 34% FY Gross Margin, +6-points
 - \$3.3M FY Adjusted EBITDA
 - Cash reserves of \$60.3M at end-2017
- **\$91.4M of orders in-hand for expected delivery in 2018 together with robust sales pipeline provides solid set-up for the year**

2017 Strategic Progress



- Continued to advance next-generation technology and products
- Progress on localization of Ballard-designed fuel cell stacks and modules in China
- Strengthened engagement with key customers and continued to expand range of FCEV applications

Localization in China



- **Fuel cell stack Joint Venture facility operational**
 - Commissioned in September 2017
 - Current annual capacity of ~6,000 stacks, with maximum capacity of ~20,000 stacks
- **Fuel cell engine assembly facilities**
 - Broad-Ocean subsidiary – Shanghai e-drive – commissioned facility in December 2017



Localization in China (Cont'd)

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- **500 commercial trucks licensed and planned for deployment in 2018**
 - Equipped with Re-Fire engines, powered by Ballard stacks
 - Dongfeng Special Vehicles
 - Deployments planned in Shanghai



China FCEV Enablers

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- **Government subsidies reconfirmed**
 - State reconfirmed 500,000 RMB subsidy for heavy duty & medium duty buses and trucks – softened some requirements
 - Provinces reviewing and confirming FCEV subsidies
- **Expansion of hydrogen fueling stations continues**



Progress in Europe

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- **Shored up platform thru 100% control of “Ballard Europe”**
- **LOI received in February 2018 for 40 engines to power Van Hool buses under JIVE Program**
 - Shipments expected to begin in 2018, to support initial bus deliveries in 2019 in Germany
- **8 engines expected to ship in 2018 for Van Hool tram-buses**
 - Deployment in Pau, France in 2019
- **Landmark \$9M 3-year development program with Siemens AG**
 - 200kW engine to power Mireo commuter train; deployments to begin 2021
- **Initial collaboration with ABB and Royal Caribbean**



Progress in the U.S.

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- **Funding for 20 buses in California**
 - New Flyer buses (10 for AC Transit, 10 for OCTA); engines to begin shipping in 2018
- **5 engines ordered & shipped in 2017 to SunLine Transit Agency**
- **Class 8 drayage truck trial with Kenworth underway at Ports of Los Angeles and Long Beach**
- **Material Handling sales to Plug down in 2017; also expected to be down in 2018**
 - However, progress in positioning Ballard thru Technology Solutions programs



Progress in the U.S. (Cont'd)



- **Protonex Power Manager**
 - Milestone C approval received in 2017
 - Initial \$1.6M order received in January 2018
- **Cost reductions and divestiture of non-core assets implemented at Protonex → \$2.6M annualized cost savings expected**
- **Protonex UAV systems**
 - Successful field trials continuing with Boeing Insitu and Lockheed Martin
 - Next-generation propulsion system, with Ballard MEA, now undergoing extended durability testing in ScanEagle drone



Technology Solutions Progress



- **Fuel cell rail programs**
 - Siemens AG in Germany; CRRC in China
- **Working with Nisshinbo on Non-Precious Metal Catalyst technology for Material Handling**
- **February 2018 announcement of \$4.2M program with unnamed customer to develop ultra-high durability air-cooled stack**
 - Targeting 20,000 hour life; for use in Class 3 material handling equipment
- **2017 announcement of follow-on contract with leading global auto OEM, focused on advancing MEA development**

2018 Outlook

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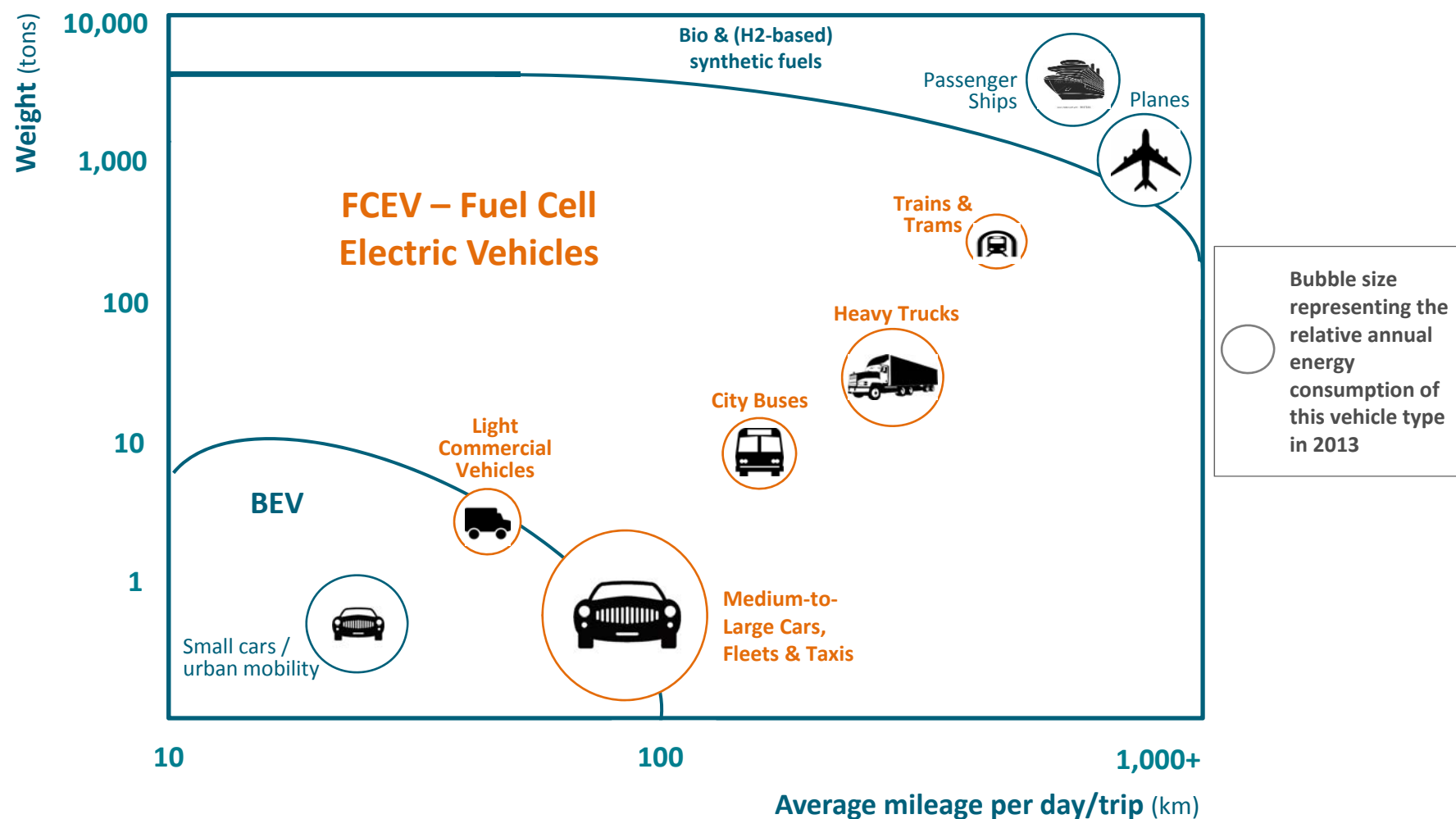
CHINA ↓	EUROPE ↑	U.S. ↑	Technology Solutions ↔
<ul style="list-style-type: none"> Engine shipments & technology transfer revenue not expected to repeat in 2018 Shift in revenue mix to MEA sales + royalties on locally assembled engines 2018 revenue expected to be lower than 2017 	<ul style="list-style-type: none"> Increased market activity in 2018 expected to drive orders for modules 	<ul style="list-style-type: none"> Expect increase in orders in 2018 for modules and Power Manager units 	<ul style="list-style-type: none"> One-time technology transfer projects not expected to repeat in 2018 Expect increases in engineering services activity in multiple sectors 2018 revenue expected to be relatively flat

Overall, revenue expected to be relatively flat year-over-year in 2018, coincident with strengthening of the underlying business mix for long-term growth prospects



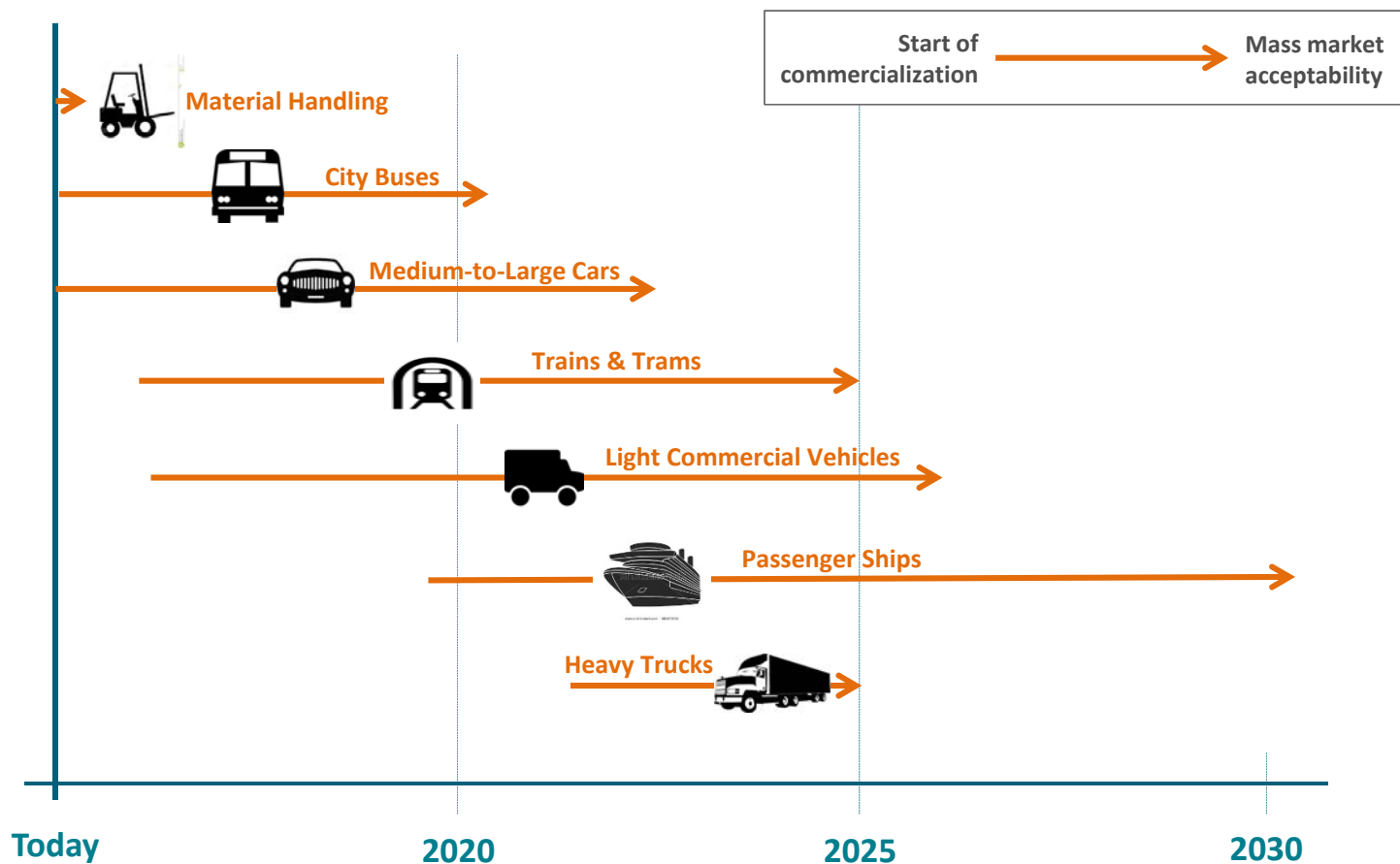
Beyond 2018 A Broadening Array of FCEV Applications

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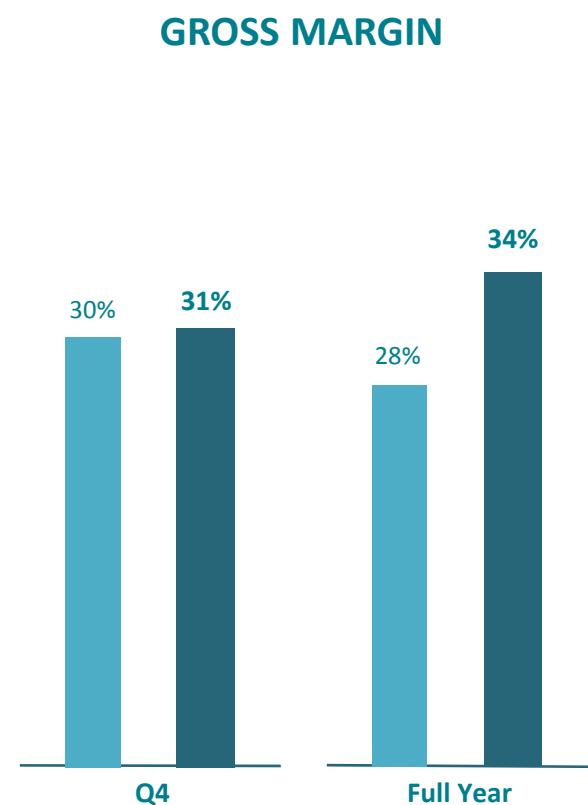
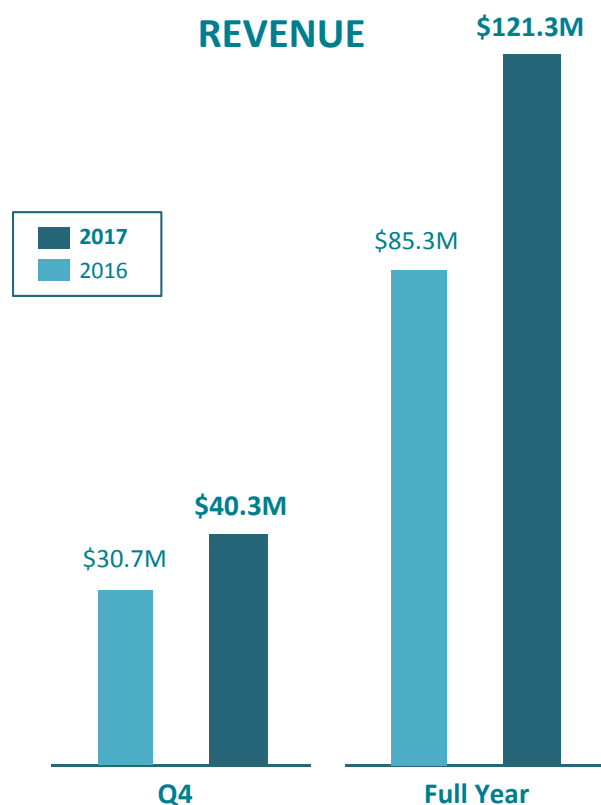
Source: "Hydrogen Scaling Up", Hydrogen Council, November 2017, p. 31

Application Development Timing

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Source: "Hydrogen Scaling Up", Hydrogen Council, November 2017, pp. 26-27

Q4 & FY 2017 Revenue & Gross Margin

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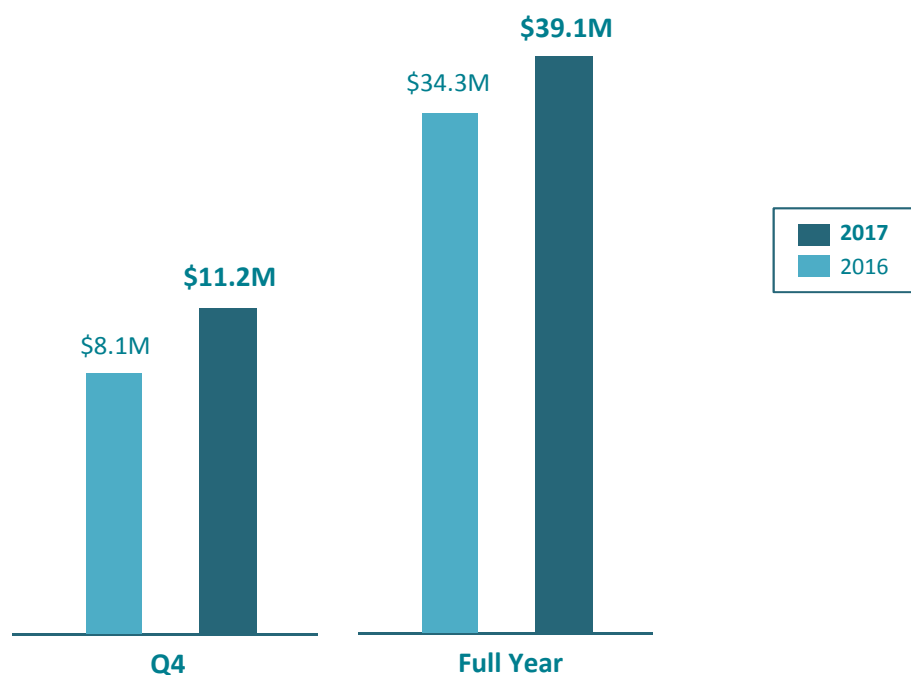
- **Record 2017 Revenue +42%, to \$121.3M**
 - +39% Power Products, to \$77.6M
 - +140% Heavy Duty Motive, to \$63.7M
 - -61% Portable Power, to \$4.5M
 - -42% Material Handling, to \$7.5M
 - -60% Backup Power, to \$1.9M
 - +47% Technology Solutions, to \$43.7M

- **2017 Gross Margin +6-points, to 34%**
 - Ongoing focus on growing revenue from high margin businesses, specifically Heavy Duty Motive and Technology Solutions

Q4 & FY 2017 Cash Operating Cost Base and Operating Leverage

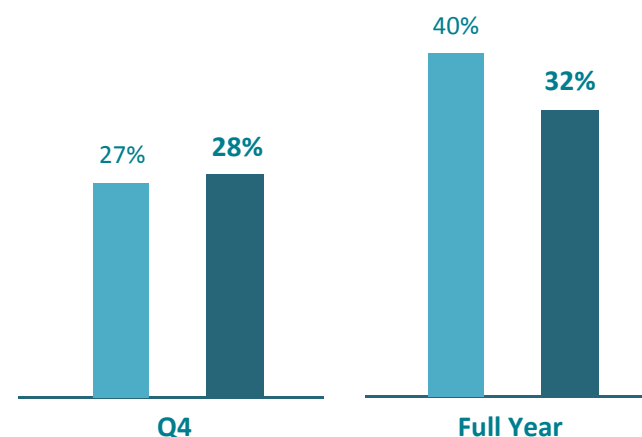
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CASH OPERATING COST BASE *



- **2017 Cash Operating Costs +14%, to \$39.2M**
 - Increased investment in technology and product development as well as increased investment in commercial efforts in China

CASH OPERATING COSTS AS % OF REVENUE



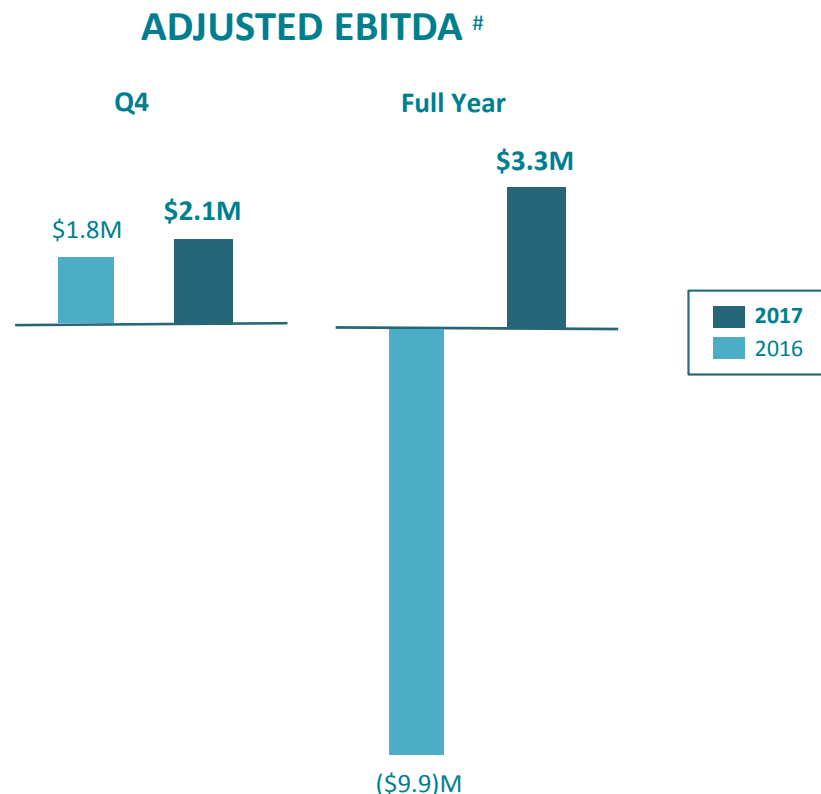
- **2017 Cash Operating Costs 32% of Revenue:**
 - 8-point improvement from 2016
 - Continuing positive trend in operating leverage

* Measures operating expenses excluding stock-based compensation expense, depreciation and amortization, impairment losses or recoveries on trade receivables, restructuring charges, unrealized gains and losses on foreign exchange contracts, acquisition costs and financing charges

Q4 & FY 2017 Adjusted EBITDA

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- **2017 Adjusted EBITDA +134%, to \$3.2M**
 - Net Loss improved 62% to (\$8.0)M
 - EPS improved 66% to (\$0.05)

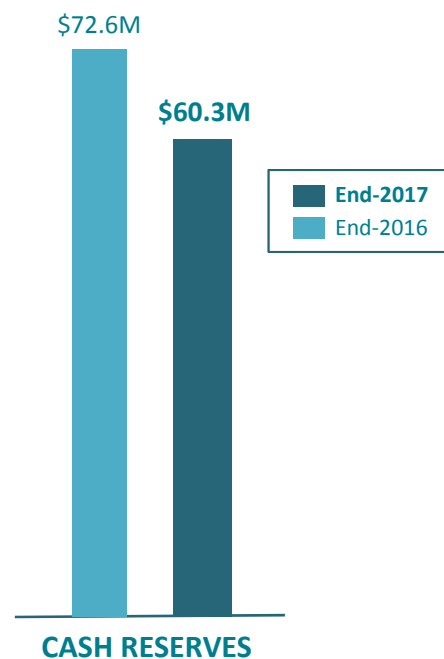
Measures EBITDA adjusted for stock-based compensation expense, transactional gains and losses, asset impairment charges, unrealized gains and losses on foreign exchange contracts, finance and other income and acquisition costs

Liquidity

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- **2017 Cash Used By Operating Activities increased to (\$9.8)M**
 - Consists of cash operating income of \$2.5M offset by working capital changes of (\$12.3)M

- **End-2017 cash reserves of \$60.3M**



Order Backlog



**End-2017: Order Backlog¹ of \$221.4M and
12-Month Order Book² of \$73.4M**

ORDER BACKLOG	Order Backlog At End-Q3 2017	Orders Received in Q4 2017	Orders Delivered in Q4 2017	Order Backlog At End-2017
Total Fuel Cell Products & Services	\$236.8M	\$24.9M	\$40.3M	\$221.4M

**As of February 28th, 2018 committed orders
expected for delivery in 2018 of \$91.4M**

¹ **Order Backlog** = aggregate value of orders received

² **12-Month Order Book** = aggregate value of that portion of Order Backlog expected to be delivered in the subsequent 12-month period

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Q & A

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