



BALLARD®



Q2 2018 Results Conference Call

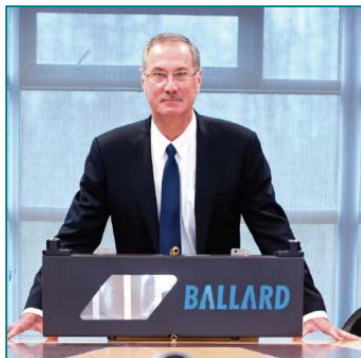
August 2, 2018

Nasdaq & TSX Ticker: BLDP

Conference Call Participants



Randy MacEwen
President & CEO



Tony Guglielmin
CFO

Forward-Looking Statements

This presentation contains forward-looking statements, including: estimated revenue; gross margin; cash operating costs; adjusted EBITDA; product cost reductions; 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.

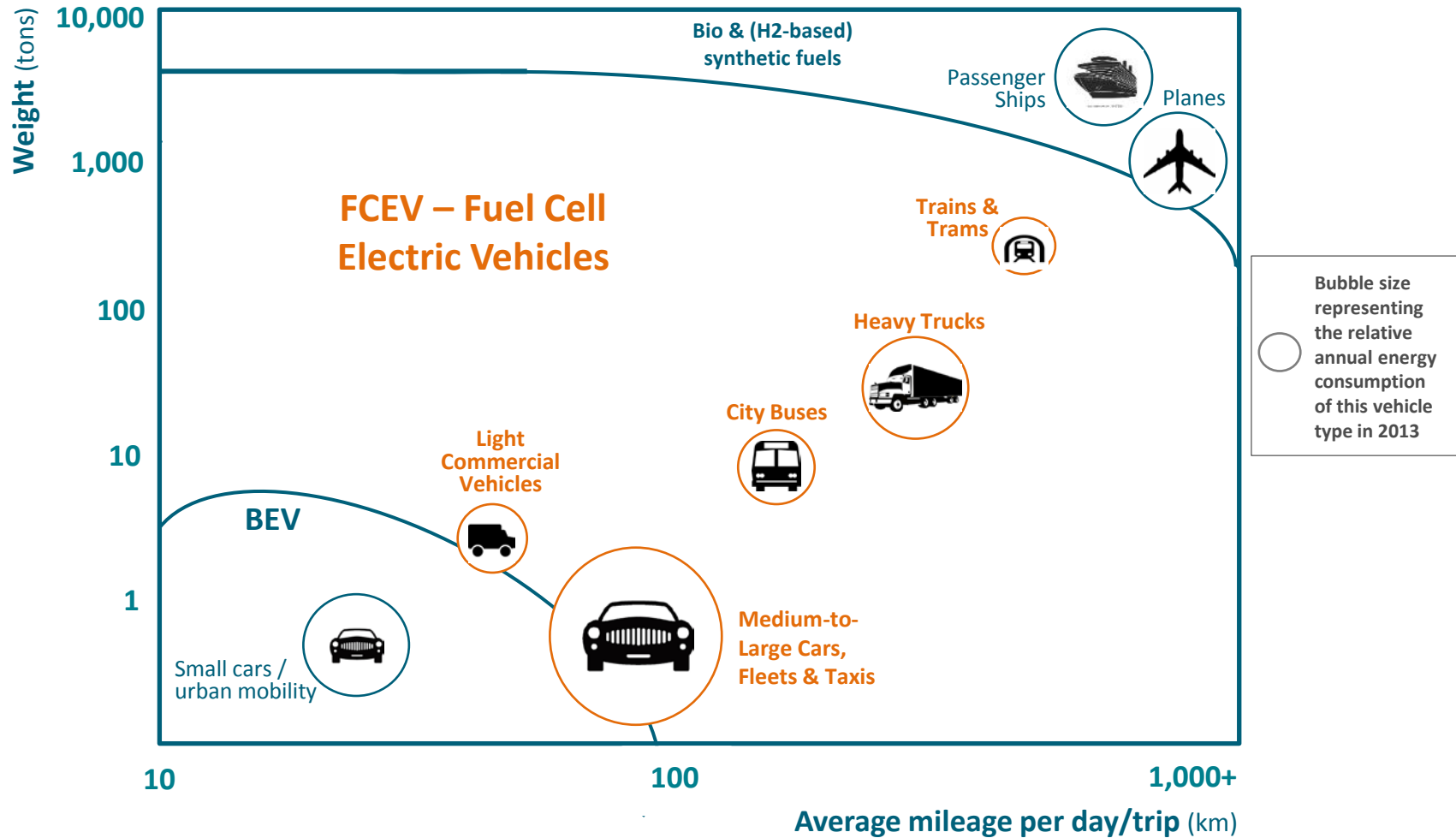
All amounts are consolidated to include Ballard Power Systems Europe A/S and Protonex Technology Corporation results and are in U.S. dollars, unless otherwise noted.



Overview

- Q2 results in-line with expectations
 - Revenue \$26.4M, flat year-over-year
 - Gross Margin 36%
 - Adjusted EBITDA (\$0.8)M
 - Record Order Backlog at end-Q2

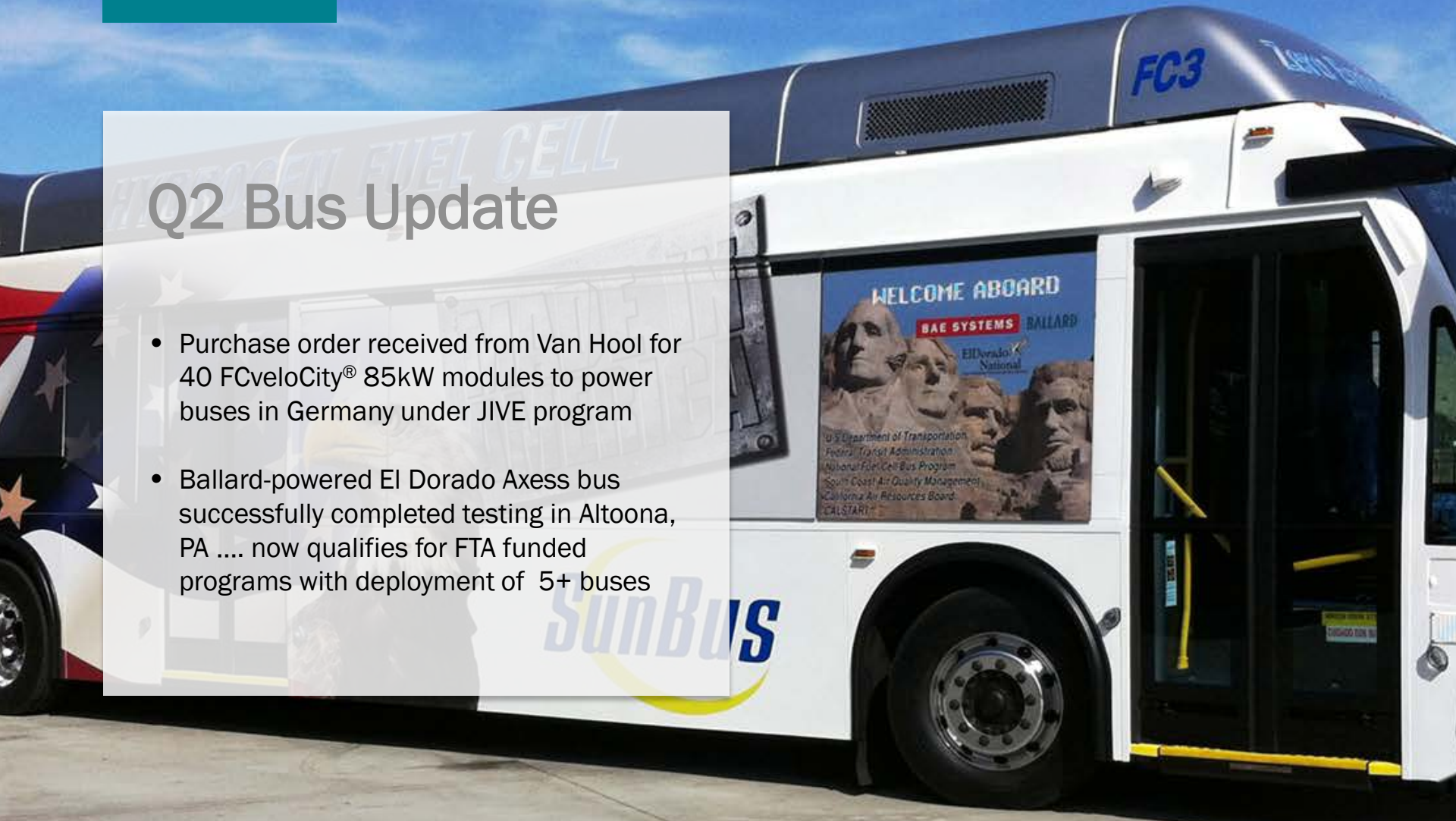
FCEV Addressable Market



Source: McKinsey & Company, "Hydrogen Scaling Up" for Hydrogen Council, November 2017, p. 31

Q2 Bus Update

- Purchase order received from Van Hool for 40 FCveloCity® 85kW modules to power buses in Germany under JIVE program
- Ballard-powered El Dorado Axess bus successfully completed testing in Altoona, PA now qualifies for FTA funded programs with deployment of 5+ buses



Q2 Marine Update

- MOU signed with ABB for development of megawatt (MW) scale PEM fuel cell systems
 - Initial focus on powering cruise ship hotel operations while at port
- Ballard Europe in consortium to design & build *HySeas III* fuel cell passenger and car ferry
 - Ferry to be powered by Ballard
 - To operate off coast of Scotland



Q2 Auto Update

- Long-term HyMotion contract extension signed with Audi AG, member of Volkswagen Group
 - 3½ years, to August 2022
 - Value of \$62-100M
- Validation of Ballard's capabilities from world's largest automotive OEM
- Reflects Volkswagen's commitment to fuel cells as the auto industry undergoes a transformation



Q2 Update – Other Light-Duty Motive

- Providing Hyster-Yale with air-cooled fuel cell stacks for Class 3 forklift trucks
- U.S. Navy order for 13 fuel cell propulsion systems to power UAVs
- Collaborating with Cellula Robotics on long range underwater autonomous vehicle



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Q2 China Update

- Measured progress towards fuel cell commercialization
- Developments on government regulations & subsidies that support fuel cell adoption
- Planned build-out of hydrogen stations

Capacity Expansion

- Acquired certain strategic assets of AFCC, expanding Ballard capacity to meet growth needs over next 5-years
 - Assets are currently co-located at Ballard HQ in Vancouver
- High value & capital efficient transaction, given cost of equivalent new equipment

LCS Product

- Targets for next-gen liquid-cooled fuel cell stack:
 - ~33% greater power density
 - More than 2x planned operating lifetime
 - Improved tolerances to low humidity and higher temperature
 - Improved freeze start capability
- Launch planned for 2019

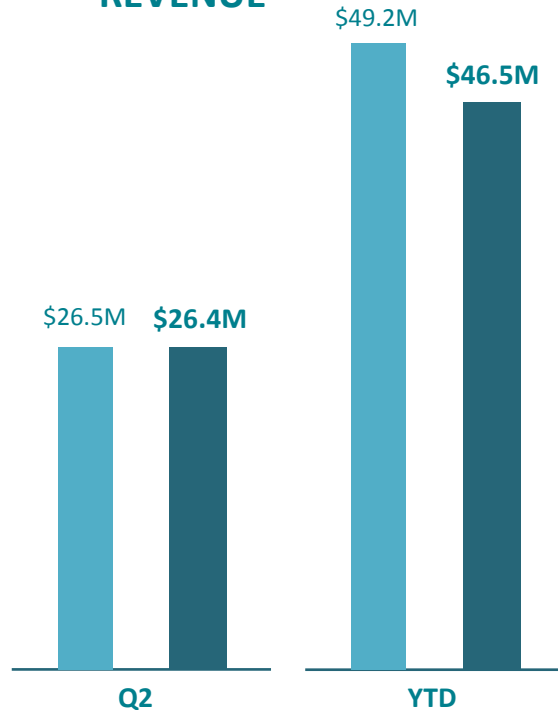
Next-Gen Module

- Targets for 8th generation power module:
 - 40% volume reduction
 - 30% weight reduction
 - 50% fewer components
 - More than 2x planned operating lifetime
 - Improved freeze start capability
- Expected cost reduction of >40%
- Launch planned for 2019

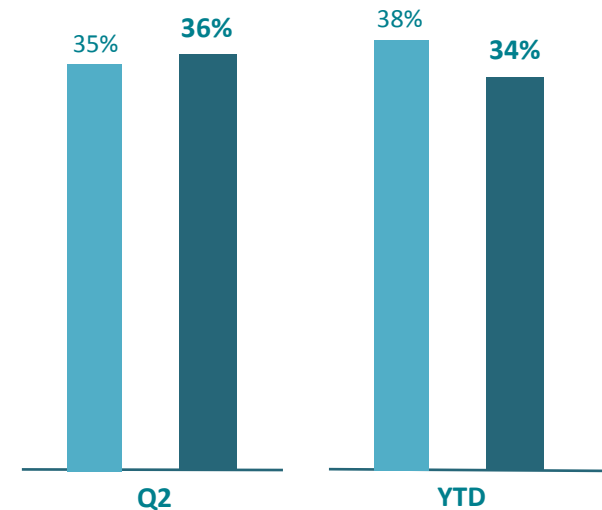


Q2 & YTD Revenue and Gross Margin

REVENUE



GROSS MARGIN

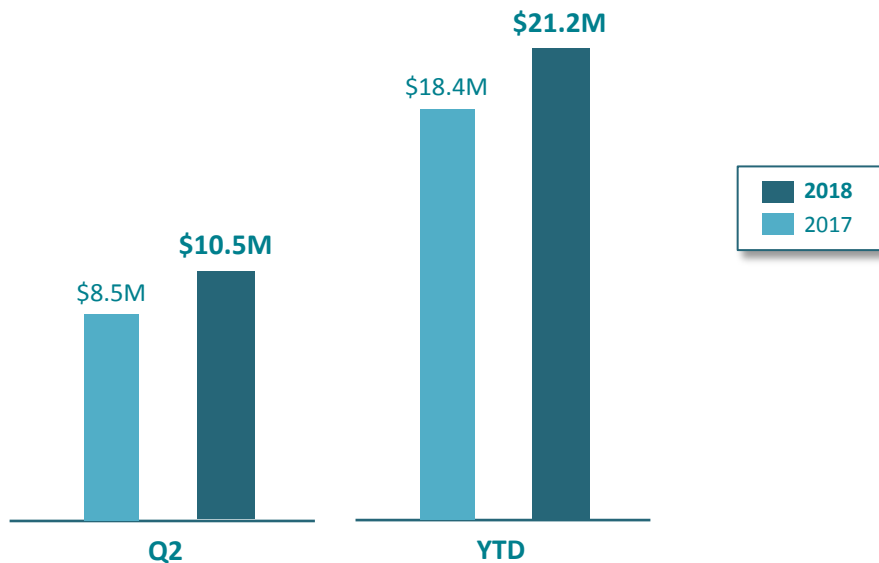


- **Q2 2018 Revenue flat at \$26.4M**
 - +18% Power Products, to \$17.8M
 - +9% Heavy Duty Motive, to \$13.3M
 - +170% Portable Power, to \$2.4M
 - -13% Material Handling, to \$1.7M
 - +248% Backup Power, to \$0.4M
 - -24% Technology Solutions, to \$8.6M

- **Q2 2018 Gross Margin +1-point, to 36%**
 - Improvement reflects revenue mix

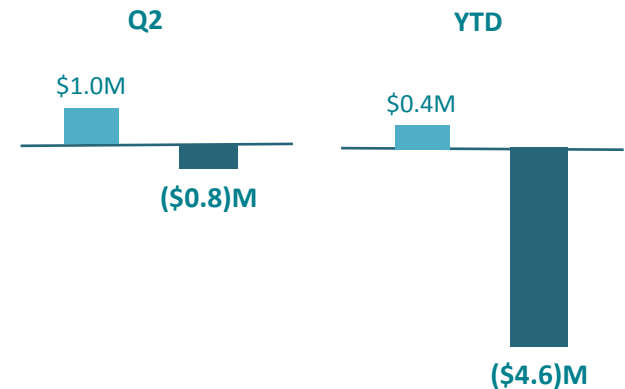
Q2 & YTD Cash Operating Cost Base and Adjusted EBITDA

CASH OPERATING COST BASE *



- **Q2 2018 Cash Operating Costs +24%, to \$10.5M**
 - Due to higher investment in technology and product development, including new LCS fuel cell stack and next-generation power module

ADJUSTED EBITDA



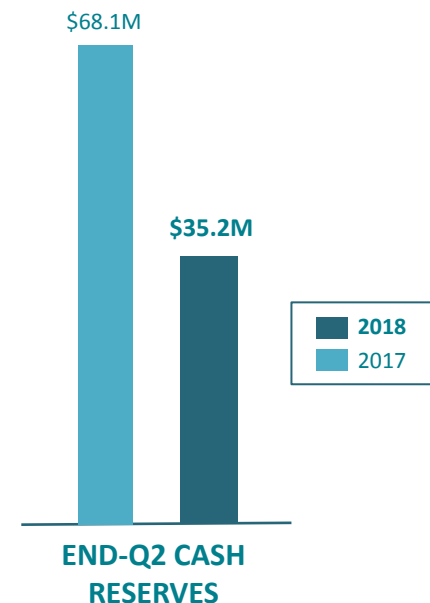
- **Q2 2018:**
 - Adjusted EBITDA (\$0.8)M
 - Net Loss (\$4.3)M
 - EPS (\$0.02)

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

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

- **Q2 2018 Cash Used By Operating Activities increased to (\$16.9)M**
 - Working capital increase reflects higher Accounts Receivable related to timing of revenue, and inventory build-up in anticipation of second half 2018 deliveries

- **End-Q2 2018 cash reserves of \$35.2M, down from \$52.5M in the prior quarter**
 - Primarily the result of increased working capital in the quarter



Order Backlog

End-Q2 2018: Order Backlog¹ of \$283.3M and 12-Month Order Book² of \$96.0M

ORDER BACKLOG	Order Backlog at End-Q1 2018	Orders Received in Q2 2018	Orders Delivered in Q2 2018	Order Backlog at End-Q2 2018
Total Fuel Cell Products & Services	\$222.0M	\$87.7M	\$26.4M	\$283.3M

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

Q & A

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