


The Ballard logo is displayed in white, uppercase letters on a teal rectangular background in the top-left corner of the slide.

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The background of the slide is an aerial photograph of a city skyline at dusk. The sky is a mix of blue and orange, and the city lights are beginning to glow. The buildings are densely packed, and a river or waterway is visible in the foreground.

CONFERENCE CALL
Strategic Collaboration
With
Weichai Power Co., Ltd.

August 29, 2018

Nasdaq & TSX ticker: BLDP

Forward-Looking Statements

This presentation contains forward-looking statements concerning future events or developments, including the closing of the announced transaction, performance of the joint venture, anticipated product development efforts and product performance, customer benefits, market demand for our products and growth projections, estimated revenue, gross margin, cash operating costs, adjusted EBITDA, product cost reductions, liquidity, 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.

Strategic Collaboration With Weichai Power Co., Ltd.



- **Agreement signed August 29, 2018; expected to close in Q4 2018**
 - Subject to completion of definitive agreements, regulatory approvals and other customary closing conditions
- **Deal points –**
 - i. Substantial equity investment by Weichai in Ballard; ~\$163 million for 19.9%
 - ii. Establishment of China joint venture
 - iii. \$90 million technology transfer to JV in relation to next-generation products
 - iv. Weichai commitment to supply 2,000 modules for commercial vehicles in China
 - v. Broad-Ocean maintaining its 9.9% position with ~\$20 million equity investment

Next-Generation Products

- Transaction creates high value platform for China market penetration of Ballard's next-generation motive power products

Next-Generation Motive Power Products



- +33% power density
- >2x planned operating lifetime
- Greater:
 - freeze start capability
 - tolerance to low humidity
 - tolerance to high temp.

LCS Fuel Cell Stack

(image of prototype)



- 40% lower volume
- 30% lower weight
- 50% fewer components
- >2x planned operating lifetime
- Simplified BOP and integration
- **Significant cost reduction, at volume**

Next-Gen Power Modules

(image of prototype)

Weichai Power – Background

- Established 2002; listed on Hong Kong and Shenzhen stock exchanges
- Equipment manufacturer specializing in powertrains, automobiles, intelligent logistics, automotive parts & components
 - Group investments in leading OEMs: Zhongtong Bus; AsiaStar Bus; KION Group (Material Handling)
- **2017:** revenue 151.5B RMB (~US\$22.7B); 617,000+ engines produced; 74,000+ employees



Summary of Key Transaction Elements

STRATEGIC EQUITY PLACEMENTS

1) Weichai Power Co., Ltd. to make equity investment of ~\$163 million at a premium of 15% to 30-day VWAP

- Will become largest Ballard shareholder, with **19.9% ownership** following the transaction
- Gross proceeds generated through subscription and purchase of shares issued from treasury at price per share of \$3.54 based on 15% premium to 30-day VWAP
- 2-year “standstill” and resale provisions
- Weichai to have right to nominate 2 directors to Ballard’s board, as long as ownership position is at least 15%
- Ballard to expand board size from 7 to 9 directors
- In the event of 3rd-party offer to buy Ballard, Weichai will have right to make a superior proposal or must vote shares in accordance with board recommendation
- Efficient transaction → attractive premium, no warrants, no investment banking placement fees

Summary of Key Transaction Elements (Cont'd)

STRATEGIC EQUITY PLACEMENTS (Cont'd)

1) Zhongshan Broad-Ocean Motor Co., Ltd. to invest a further ~\$20 million

- At same price as Weichai, to “top up” and maintain 9.9% ownership position
- Gross proceeds to be generated through subscription and purchase of additional shares issued from treasury

Use of Proceeds: Invest in core fuel cell business and support any M&A transaction(s)

**~\$183 million total equity investments
from Weichai and Broad-Ocean**

Summary of Key Transaction Elements (Cont'd)

STRATEGIC COMMERCIAL COLLABORATION

2) Technology transfer to Joint Venture, as strategic platform for China bus, truck & material handling

- Initial ownership: Weichai 51%, Ballard 49%
- Weichai and Ballard to have 3 & 2 JV board seats, respectively
- Exclusive Weichai platform for fuel cell IPO in China
- Parties to fund JV pro rata
- **\$90 million** payment to Ballard for transfer of LCS stack and LCS-based module technology to JV; JV will have right to manufacture for China buses, trucks & forklifts
- Ballard to be exclusive supplier of MEAs (Membrane Electrode Assemblies) to JV
- Ballard retains exclusive right to technology outside China
- Broad-Ocean to seek 10% interest in JV, with corresponding reduction in Ballard ownership position; currently under discussion

Summary of Key Transaction Elements (Cont'd)

STRATEGIC COMMERCIAL COLLABORATION (Cont'd)

3) Weichai to support minimum 2,000 fuel cell commercial vehicles, by 2021

- Will be largest commercial FCEV program globally
- Specific terms regarding fuel cell power module supply (e.g. scope, product mix, pricing, timing of shipments) currently under discussion between Weichai and Ballard

4) In discussion with existing China partners to ensure continued support for current generation products and transition to next-generation

Transaction Benefits

- 1) Strategic collaboration & joint venture with a strong partner in Weichai, to commercialize next-generation stacks & modules for China buses, trucks and forklifts**
- 2) Unlocks significant value for transfer of next-gen technology → \$90 million**
- 3) Significant ownership in China joint venture**
- 4) Ballard to be exclusive provider of high value MEAs to JV**

- 5) Ballard to have exclusive use of next-generation technology in ROW**
- 6) 2,000 fuel cell commercial vehicles will be the largest planned commercial FCEV deployment to date globally**
- 7) Substantial addition to Ballard cash reserves → ~\$183 million**
 - Validation of China opportunity and Ballard capabilities



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Strategic Collaboration With Weichai Power Co., Ltd.

Q & A

Investment Thesis

1. **Converging megatrends – decarbonization, air quality, EV**
2. **Focus on attractive markets (large, value prop., central refueling)**
3. **Industry leading PEM fuel cell talent and IP**
4. **Vertically integrated MEAs, stacks & modules**
5. **Strong field experience, customers, partnerships, brand**
6. **Leveraging core competencies for multiple shots on goal**
7. **Embedded Optionality in UAVs and automotive markets**