

# BALLARD®

power to change the world



## ► BALLARD POWER SYSTEMS

ACCELERATING FUEL CELL MARKET ADOPTION

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APRIL 2008



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# Forward Looking Statements



This presentation contains forward-looking statements that are based on the beliefs and assumptions of Ballard's management and reflect Ballard's current expectations as contemplated under section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Such assumptions relate to our financial forecasts and expectations regarding our product development efforts, manufacturing capacity, and market demand.

These statements involve risks and uncertainties that may cause our actual results to be materially different, including, without limitation, the rate of mass adoption of our products, product development delays, changing environmental regulations, our ability to attract and retain business partners and customers, our access to funding, increased competition, our ability to protect our intellectual property, changes in our customers' requirements, and our ability to provide the capital required for product development, operations and marketing.

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. For a detailed discussion of the risk factors that could affect Ballard's future performance, please refer to our most recent Annual Information Form.



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## Ballard Profile



### ■ CLEAN ENERGY FUEL CELL PRODUCTS...

#### » OUR COMPANY

- About 500 employees
- World-leading R&D & manufacturing facilities
- Locations in Vancouver, Canada (HQ), Lowell, MA & Fujisawa, Japan

#### » OUR BUSINESS

- Design, manufacture, sale & service of hydrogen fuel cell products

#### » OUR CUSTOMERS

- System integrators and OEM's addressing end-user needs

#### » OUR FOUNDATION

- Technology leadership
- Production expertise
- Expanding go-to-market capabilities



## SECTION 2

# Lines of Business

## Fuel Cell Growth Markets

- » Materials Handling
- » Backup Power
- » Residential Cogeneration

## Supporting Business Segments

- » Carbon fiber materials
- » Fuel cell bus programs
- » AFCC\* technical services & contract manufacturing

**FOUNDATION:** → Technology Leadership  
→ Production Expertise  
→ Expanding Go-to-Market Capabilities

\*Private company owned 50.1% by Daimler, 30% by Ford, 19.9% by Ballard

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## Materials Handling

### ■ Market

- ▶ Addressable market estimated at 40-50% of \$1.5B annual spend on lead acid batteries for these applications
- ▶ Fuel cell battery replacement
- ▶ Fuel cell hybrid battery
- ▶ Integrated fuel cell forklift

### ■ Drivers

- ▶ Longer run times & constant power level, relative to batteries
- ▶ Quick refuelling vs. long battery charging
- ▶ Frees up warehouse and factory capacity

### ■ Focus

- ▶ Ramp up sales to existing customers
- ▶ Add Systems Integrator customers & OEM relationships
- ▶ Reduce product cost

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## Backup Power

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### Market

- ▶ Addressable market estimated at 30-40% of \$2B annual spend on batteries & gensets
- ▶ Initial focus on wireless telecom

### Drivers

- ▶ Extended run time at lower cost, relative to batteries
- ▶ Regulatory-driven extended run time
  - Tetra-standards based telecom networks in Europe
  - FCC requirements for U.S. telecom networks

### Focus

- ▶ Ramp up sales to existing customers; add Systems Integrator customers & OEM relationships
- ▶ Develop reformate-based solutions
- ▶ Reduce product cost
- ▶ Extend sales effort to wireline telecoms



## Residential Cogeneration

### ■ Market

- ▶ Electricity and hot water for up to 1.8M Japanese homes per year (multi-billion dollar market)

### ■ Drivers

- ▶ Primary energy consumption reduced by 20-30% (annual savings to homeowner ~\$600)
- ▶ 2005-08 subsidies total \$110M
- ▶ Reduction of CO<sub>2</sub> emissions by 30-40%

### ■ Focus

- ▶ Strengthen relationships with customers
- ▶ Launch V3 product in 2008, leading to start of commercialization phase in 2009
- ▶ Assess new geographic markets
- ▶ Reduce product cost, increase life, improve reliability

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## Supporting Business Segments

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### ■ Fuel Cell Bus Programs

- › Supported by government subsidies
- › New Flyer agreement for midi-size buses



### ■ Carbon Fiber Materials

- › Gas diffusion layer material for fuel cells
- › Friction materials for other applications



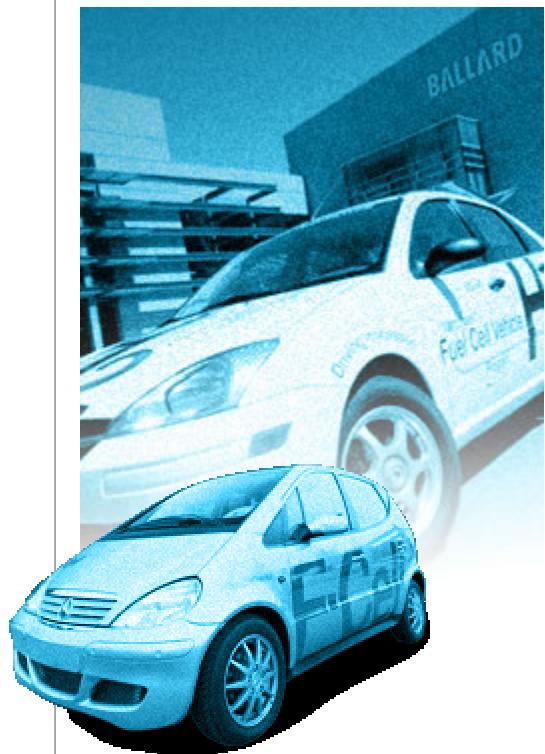
### ■ AFCC Technical Services & Contract Manufacturing



## Automotive Scope

- **Automotive challenge: High cost of development and long time to commercialization**
  - Automotive fuel cell assets sold to Daimler & Ford in January 2008
  - No ongoing funding obligations
- **Ballard's automotive scope today...**
  - Fuel cell technical services & contract manufacturing to AFCC
  - Fuel cell bus programs

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## 2008 Business Focus

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■ Accelerating  
Market  
Adoption

■ Maximizing  
Bottom-Line  
Contribution

Fuel Cell  
Growth  
Markets

Supporting  
Business  
Segments

**FOUNDATION:** → Technology Leadership  
→ Production Expertise  
→ Expanding Go-to-Market Capabilities

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## 2008 Business Focus



### Accelerating Market Adoption *...Deepening Market Traction*

LEVERS	Q1 DEVELOPMENTS
1 Reducing product costs	On-track to achieve at least 20% cost reduction on all fuel cell product platforms in 2008
2 Ramping up sales to existing customers	⑨ Bridgestone Firestone follow-on order ⑨ Increased orders from Dantherm for backup power market
3 Expanding customer base through Systems Integrator channels	⑨ Supply agreement with H2 Logic for materials handling market in Europe ⑨ Supply agreement with IdaTech for backup power market
4 Establishing new OEM relationships	⑨ Joint Development Agreement with Raymond for materials handling market



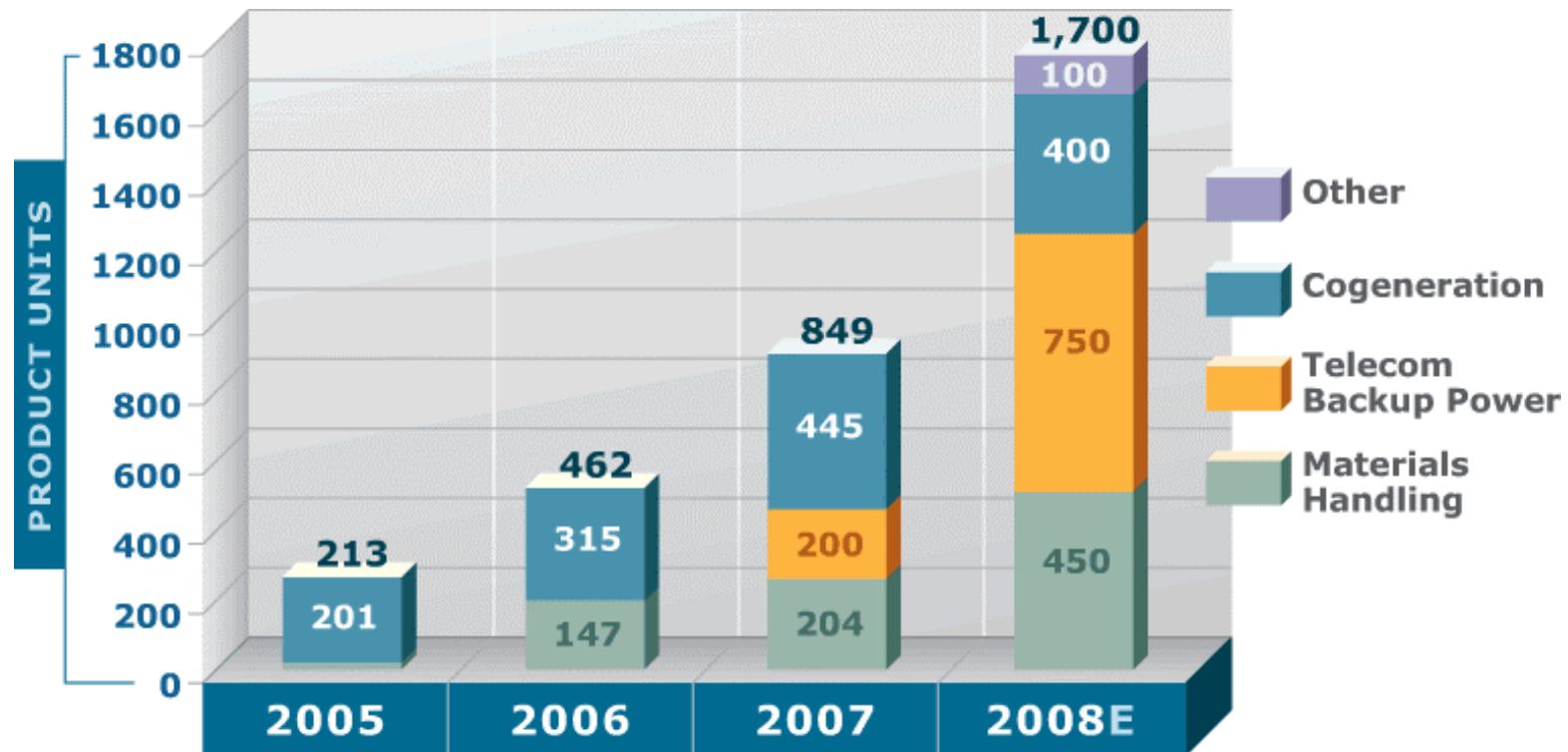
## 2008 Business Focus



### Accelerating Market Adoption *...Expanding Market Focus*

LEVERS	Q1 DEVELOPMENTS
1 Establishing channel capabilities in new geographic markets	Supply agreement with H2 Logic in for materials handling market in Europe
2 Extending product platforms	
A. New customer applications	<ul style="list-style-type: none"><li>⑨ New Flyer midi-size buses</li><li>⑨ IdaTech auxiliary power units</li><li>⑨ Heliocentris industrial niche applications</li></ul>
B. Support for alternative fueling solutions	IdaTech methanol-based iGen product

## Growth Outlook 2008 Product Shipments

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## SECTION 4.B

# Growth Outlook

## Mid-Term Potential (2010)



MARKET (Average Unit Size)	SHIPMENTS (Units)	DIRECTIONAL STACK PRICE*	KEY EXECUTION TRIGGERS
Materials Handling (10 kW)	5,000 – 8,000	\$400 – \$500/kW	<ul style="list-style-type: none"><li>⑨ Additional systems integrator and OEM customers</li><li>⑨ Product cost reduction &gt; 40% (reduced platinum loading and volume component pricing)</li></ul>
Backup Power (2 kW)	6,000 – 12,000	\$1,000 – \$1,500/kW	<ul style="list-style-type: none"><li>⑨ Additional systems integrator and OEM customers</li><li>⑨ New regulatory requirements for telecom backup</li><li>⑨ Product cost reduction &gt; 30% (reduced platinum loading, process automation and volume component pricing)</li></ul>
Residential Cogeneration (1.2 kW)	4,000 – 8,000	\$2,000 – \$3,000/kW	<ul style="list-style-type: none"><li>⑨ Launch of next-generation V3 product in 2008</li><li>⑨ Continued government subsidy support in Japanese market</li><li>⑨ Product cost reduction &gt; 50% (volume component pricing, streamlined testing processes and assembly automation)</li></ul>

\* Dependent on power level & volume commitment



SECTION 5.A

## Financial Position Quarterly Summary



USD Millions	Q1 2008	Q1 2007	Q1 2008 vs. Q1 2007
<b>Revenue</b>	<b>\$16.0</b>	<b>\$13.6</b>	<b>+18%</b>
<b>Operating Cash Consumption</b>	<b>\$9.2</b>	<b>\$16.1</b>	<b>-43%</b>
<b>Shipments (Units)</b>	<b>284</b>	<b>126</b>	<b>+125%</b>

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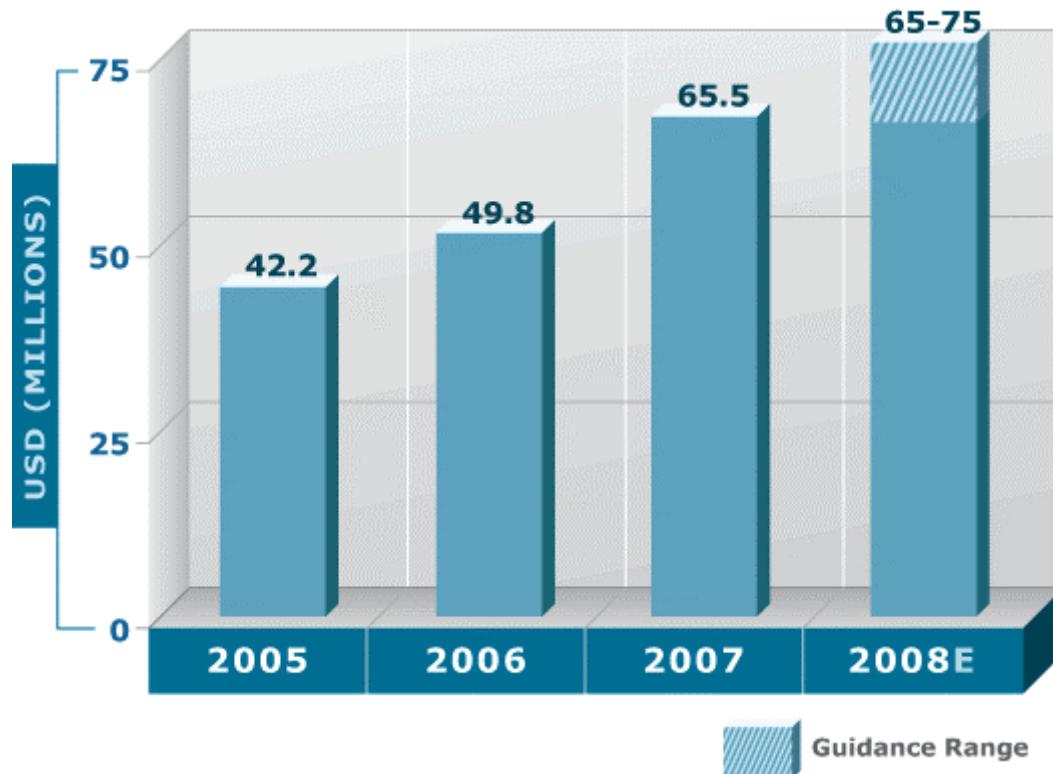
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## Financial Position

### Revenue

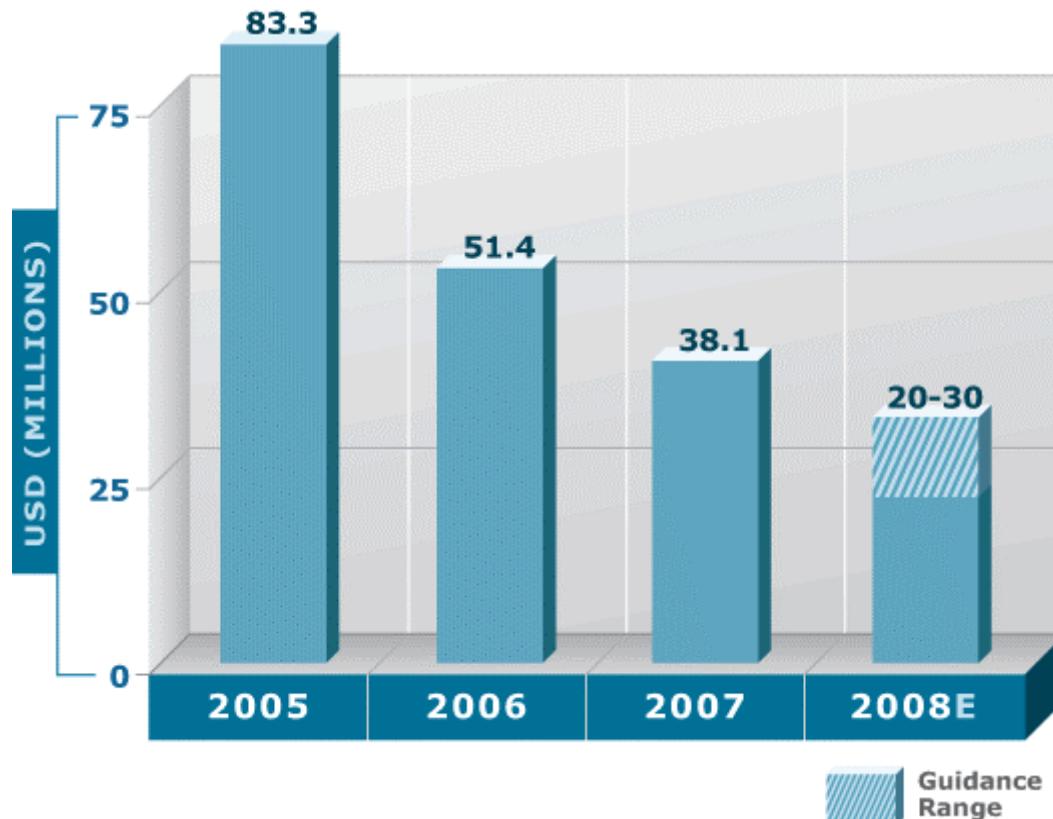


- ▶ Growth across the business in 2008 will offset reduction in automotive engineering development revenue of \$15.8M in 2007



## Financial Position

### Operating Cash Consumption

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- Cash reserves were \$75.4M at end of Q1

**Note:** Management believes current cash reserves of \$75.4M are sufficient to meet planned operations until the end of 2010, without monetizing the company's investment in AFCC.



## Summary



- **Solid foundation**
- **Profitable supporting business segments**
- **Focus on fuel cell growth markets**
  - Materials handling
  - Backup power
  - Residential cogeneration
- **Accelerating market adoption**
  - Deepening market traction
  - Expanding market focus



## Reference Information...

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### ■ **Stock tickers:**

- **TSX – BLD; NASDAQ – BLDP**

### ■ **Ballard headquarters:**

- **Address:** 9000 Glenlyon Parkway,  
Burnaby, BC V5J 5J8 Canada

### ■ **Management:**

- **John Sheridan**  
President & Chief Executive Officer
- **Bill Foulds**  
VP, Sales
- **Dr. Christopher Guzy**  
VP, Operations & Chief Technology Officer
- **Glenn Kumoi**  
VP, Human Resources & Chief Legal Officer
- **Noordin Nanji**  
VP & Chief Customer Officer
- **David Smith**  
VP & Chief Financial Officer

### ■ **Board of Directors:**

- **Ian Bourne**, Chair of the Board of Directors, *Ballard Power Systems Inc.*
- **Ed Kilroy**, CEO, *Symcor Inc.*
- **Dr. C.S. Park**, Corporate Director
- **John Sheridan**, President & CEO, *Ballard Power Systems Inc.*
- **Dr. Gerri Sinclair**, Executive Director, *World Center for Digital Media*
- **David J. Smith**, Member, *British Columbia Securities Commission*
- **David Sutcliffe**, Corporate Director
- **Mark Suwyn**, Chair & CEO, *NewPage Corporation*
- **Douglas Whitehead**, President & CEO, *Finning International Inc.*

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