FORWARD LOOKING STATEMENTS
This presentation and other information provided contains certain “forward looking statements”. These statements relate to future events or future performance and reflect management’s expectations regarding our growth, results of operations, performance, business prospects and opportunities and industry performance and trends. They reflect management’s current internal projections, expectations or beliefs and are based on information currently available to management. Some of the market conditions and factors that have been considered in formulating the assumptions upon which forward looking statements are based include traffic, the Canadian Dollar relative to the US Dollar, fuel costs, construction costs, the state of the local economy, fluctuating financial markets, demographics, tax changes, and the requirements of the Coastal Ferry Services Contract.

Forward looking statements included in this document include statements with respect to: economic conditions, and traffic levels; our short-term and long-range business plans, capital expenditure levels, asset renewal programs for vessels and terminals, and Clean Futures Plan; and our new vessel construction program, Island Class vessels, underwater radiated noise, terminal redevelopment program, information systems investments, efficiency initiatives, and our expectations regarding LNG benefits. In some cases, forward looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, prospective investors should specifically consider various factors including, but not limited to, the risks and uncertainties associated with: vendor non-performance; capital market access; interest rate, foreign currency, fuel price, and traffic volume fluctuations; the implementation of major capital projects; security, safety, and environmental incidents; confidential or sensitive information breaches; changes in laws; vessel repair facility limitations; economic regulatory environment changes; tax changes; and Aboriginal rights and title claims.

Actual results may differ materially from any forward looking statement. Although management believes that the forward looking statements contained in this presentation and other information provided are based upon reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this presentation, and British Columbia Ferry Services Inc. assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

NON-IFRS MEASURES
In addition to providing measures prepared in accordance with International Financial Reporting Standards (IFRS), we present certain financial measures (such as EBITDA) that do not have any standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other companies. These supplemental financial measures are provided to assist readers in determining our ability to generate cash from operations and improve the comparability of our results from one period to another. We believe these measures are useful in assessing operating performance of our ongoing business on an overall basis.
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<tr>
<th>Table of Contents</th>
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<td><strong>Business Update</strong></td>
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<td><strong>Preparing for the Future</strong></td>
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<tr>
<td><strong>Credit Profile</strong></td>
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</table>
Company Snapshot

• Independent company providing essential ferry services on the coast of British Columbia
  - Established as a Crown corporation in 1976 and converted into an independent company in 2003
  - Subject to the provisions of the Coastal Ferry Act and independently regulated by the BC Ferry Commission
  - Provides vehicle and passenger service on 25 regulated routes pursuant to a long-term services contract with the Province

• One of the largest ferry operators in the world
  - Uses a fleet of 35 vessels and operates 47 terminals under long-term lease
  - Carried 22.3 million passengers and 8.9 million vehicles in the year ended March 31, 2019

• Rated A (high) and AA- by DBRS and S&P, respectively
Who are we

President & CEO

Mark F. Collins

- Joined BC Ferries in 2004
- Former positions: VP Strategic Planning & Community Engagement and VP Engineering

Experienced Management Team

Alana Gallagher, Chief Financial Officer
Joanne Carpendale, Treasurer
Corrine Storey, Vice President & Chief Operating Officer
Jason Barabash, Vice President, General Counsel & Corporate Secretary
Brian Anderson, Vice President, Strategy & Community Engagement
Erwin Martinez, Vice President & Chief Information Officer
Janet Carson, Vice President, Marketing & Customer Experience
Captain D.W. James Marshall, Vice President, Business Development & Innovation
John D’Agnolo, Vice President, People
Our Vision
Trusted, valued

Our Mission
We connect communities and customers to people and places important in their lives

South Coast
What we do
Connecting people and communities

22.3M
Passengers Per Year*

8.9M
Vehicles Per Year*

88%
Customer Satisfaction Survey Ranking**

176K
Sailings Per Year*

99.7%
Sailing Reliability Rate*

480+
Average Daily Sailings*

25
Routes*

35
Vessels*

47
Terminals*

*As based on the year ended March 31, 2019.

**The customer satisfaction survey is conducted by a third party consultant and is published on a calendar year basis. The result is from calendar year 2018.
Balance interests of ferry users, taxpayers and financial sustainability of ferry operator

Conserves independence from government
- Sole voting shareholder of BC Ferries
- Sets compensation limits for BC Ferries directors and executives
- Appoints BC Ferries board of directors
- Oversees strategic direction of BC Ferries in support of the public interest
- 1 voting common share

Governance Structure

Public policy
Coastal Ferry Services Contract:
- Stipulates minimum service levels/route
- Specifies service fee/route
- Social policy programs & funding
- Appoints 4 of 9 BC Ferry Authority directors
- 75,477 non-voting preferred shares

Balance interests of ferry users, taxpayers and financial sustainability of ferry operator
- Regulates tariffs through price caps
- Performance reviews to ensure efficiency
- Reviews major capital expenditures
- Monitors service quality and levels

Ferry Operator
- Incorporated under the BC Business Corporations Act
- 60 year service contract with Province
- Raises debt via bonds and export loans
- All net earnings/cash flow from operations are reinvested in the ferry service
Regulatory and Contractual Performance Term 5 (PT5)

September 28, 2018
- PT5 submission filed

April 1, 2019
- Preliminary price cap order

July 2, 2019
- Contract Amendment with the Province

September 5, 2019
- Supplemental Filing submitted

September 30, 2019
- Final price cap order = +2.3% p.a.

April 1, 2020
- PT5 starts (extends to March 31, 2024)

Affordable, efficient and sustainable

“The Commissioner views the financial sustainability of the ferry operator to be in the public interest to safeguard the continuation of a safe, reliable and affordable coastal ferry system.”

Report on the Final Price Cap Decision for the Fifth Performance Term, BC Ferry Commission, 2019
Order #19-04 (issued September 30, 2019):

- The price cap index will be increased by 2.3% annually

- BC Ferries shall maintain the existing fuel deferral accounts (under terms and conditions contained in Order 15-03A)

- BC Ferries shall implement a process for tracking progress towards achieving the efficiency target equivalent to 1% of annual operating, maintenance and administration costs
Business Update
Business
Safety

<table>
<thead>
<tr>
<th></th>
<th>F2004</th>
<th>F2019</th>
<th>Improvement since 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Passenger injuries per 1M</td>
<td>13.85</td>
<td>9.80</td>
<td>29%</td>
</tr>
<tr>
<td># of Employee injuries per 100 FTE</td>
<td>11.36</td>
<td>4.70</td>
<td>59%</td>
</tr>
<tr>
<td>Average # of days lost per injury</td>
<td>327</td>
<td>136</td>
<td>58%</td>
</tr>
</tbody>
</table>

Award Winning Safety Culture

- 2017 DuPont Safety and Sustainability Awards
- IHS Markit - Safety at Sea Award
- Canadian Safe Boating Council - Rescue of the Year
## Business

### Operational Improvements

<table>
<thead>
<tr>
<th></th>
<th>F2004</th>
<th>F2019</th>
<th>Improvement since 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fleet Reliability</strong> (% of scheduled sailings delivered)</td>
<td>99.14%</td>
<td>99.73%</td>
<td>0.59%</td>
</tr>
<tr>
<td><strong>Fleet On-Time Performance</strong> (% of sailings within 10 minutes of schedule)</td>
<td>85.2%</td>
<td>88.5%</td>
<td>3.3%</td>
</tr>
<tr>
<td><strong>Overall Customer Satisfaction</strong> *  (Rating out of 5 where 5 is very satisfied and 1 is very unsatisfied)</td>
<td>3.99</td>
<td>4.22</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

* The customer satisfaction survey is conducted by a third party consultant and is published on a calendar year basis. The results shown are from calendar years 2004 and 2018.
• Over past 5 years traffic has benefited from the strong provincial economy, weaker Canadian dollar, tourism and fare initiatives
• Fiscal 2019 vs Fiscal 2018: +1.9% vehicles, +1.2% passengers
• Q1 Fiscal 2020 vs Q1 Fiscal 2019: +2.5% vehicles, +2.2% passengers
• July & August vs last year: flat growth vehicles, (-1.4%) passengers

Passenger Traffic (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Vehicles</th>
<th>Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>F2015</td>
<td>19.8</td>
<td>21.0</td>
</tr>
<tr>
<td>F2016</td>
<td>20.7</td>
<td>22.0</td>
</tr>
<tr>
<td>F2017</td>
<td>21.0</td>
<td>22.0</td>
</tr>
<tr>
<td>F2018</td>
<td>22.0</td>
<td>22.0</td>
</tr>
<tr>
<td>F2019</td>
<td>22.3</td>
<td>22.3</td>
</tr>
</tbody>
</table>

Vehicle Traffic (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Vehicles</th>
<th>Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>F2015</td>
<td>7.7</td>
<td>8.0</td>
</tr>
<tr>
<td>F2016</td>
<td>8.1</td>
<td>8.3</td>
</tr>
<tr>
<td>F2017</td>
<td>8.3</td>
<td>8.3</td>
</tr>
<tr>
<td>F2018</td>
<td>8.7</td>
<td>8.7</td>
</tr>
<tr>
<td>F2019</td>
<td>8.9</td>
<td>8.9</td>
</tr>
</tbody>
</table>

Passenger traffic
• Increased 12.6% since F2015
• CAGR of 3.0% since F2015

Vehicle traffic
• Increased 15.6% since F2015
• CAGR of 3.7% since F2015
**Revenues**

- Since 2015, revenue has grown at a CAGR of +3.4%
- Fiscal 2019 vs Fiscal 2018: +3.0%, mainly due to increased traffic volumes and the discontinuation of the fuel rebate
- Major routes account for 84% of customer revenues and 66% of total revenues

**Expenses**

- OM&A expenses have grown at a CAGR of 4.3%, mainly due to more sailings and higher operational costs related to increased traffic
- Fiscal 2019 vs Fiscal 2018: Higher depreciation, wages and fuel expenses contributed to a 3.9% increase
- Proactive measures are ongoing to contain and reduce expenses while ensuring safety remains our top priority
Business
Labour (Fiscal 2019)

- "Employer of Choice"
  Recognized as one of BC’s Top Employers in 2017, 2018 and 2019
  17 years of labour stability

- 60% of OM&A
- 5000+ average number of employees
- 45 average age of employees
- 11.7 average years of service
- 5.3% turnover rate
- 29,000 Training days

- 5000+ average number of employees
- 11.7 average years of service
- 5.3% turnover rate
- 29,000 Training days
Fiscal 2016 through fiscal 2020: increased fuel consumption driven by higher traffic and service levels
Fiscal 2019 onward: introduction of LNG expected to reduce the cost impact of higher volumes and result in significant environmental benefits
Fiscal 2020: five ships operating on LNG, accounting for 23% of anticipated total fuel consumption

*Diesel Litre Equivalent (DLE): a measure that compares the energy in 1 gigajoule (GJ) of LNG to 1 GJ of energy in a litre of diesel. 1 GJ LNG = 25.9 L diesel
## Financial Update – As at June 30, 2019

YTD June 30 - Financial Results ($millions) | 2019 | 2018 |
--- | --- | --- |
Revenues | 246.4 | 229.7 |
Operating Expenses | (175.7) | (167.8) |
EBITDA | 70.7 | 61.9 |
Amortization & Financing | (58.5) | (55.9) |
Net Earnings | $12.2 | $6.0 |

### 365 Day Rolling Vehicle Counts

Major Routes

![Graph showing 365 Day Rolling Vehicle Counts]

- **Apr 1 '03 - Apr 1 '14**
- **Apr 1 '14 - Apr 1 '18**
- **Apr 1 '18-Aug 1 '19**
Preparing for the Future
Our Focus

Safe and Reliable Service
Capacity to Meet Demand
Minimize Carbon Footprint
Minimize Underwater Noise

Customer Focused Service
Efficient Service and Operations
Highly Engaged, Skilled People
Sustainable Ferry System
Plan Forward

Continue to ensure a sustainable safe, reliable and efficient service that meets the needs of communities and customers for generations to come.

Key Programs:

• Vessel Replacement Program
• Terminal Redevelopment Program
• Clean Futures Plan
• Underwater Radiated Noise

Continue to Drive Efficiency:

Pursuing $88 million in efficiencies over the next five years through the following initiatives:

• Transitioning to low cost, low carbon alternative fuels
• Rolling out variable pricing, providing customers with discounted fares and travel certainty
• Expanding valued products and ancillary services to our customers
• Diversifying revenue streams by exploring profitable complementary business opportunities
• Focusing on management of controllable costs
$3.9 billion 12 year plan

Capital Investment Activity

Fiscal 2019: actual capital spend
Forecast excludes external funding

Funding forecast:
- 59% cash from operations
- 40% long term borrowing
- 1% Federal Funding programs

- Vessels: $2.3
- Terminals: $1.1
- IT & Other: $0.5
Vessel Replacement Program

Over half the fleet will reach end of life over next 14 years

Reducing the Average Age of Fleet
Current = 31 years old
By 2030 = 20 years old

Capacity and Service Profile to meet service needs

Investing $1 Billion in New Vessels
6 new Island Class (47 car)
1 New Salish (145 car)
4 new Major Vessels (option for 5th)

Clean and Quiet
Underwater radiated noise levels
Conversion to dual fuel (LNG/Diesel)
Electric Hybrid battery power

Efficiency
Fuel cost – using LNG, expect to save $11M this year
Standardized and Interoperable Fleet
Continue to enhance ancillary revenue opportunities
Terminal Redevelopment Program

$1.1 billion in planned terminal investments

• Over 120 marine structure and upland improvement projects

Swartz Bay – Starting in 2022

Langdale – Starting in 2020

Horseshoe Bay - Starting in 2023
Information Systems Investments

$290 million in planned Information Systems investments

- Customer Focused Service
- Includes rollout of new website, e-commerce engine, and updated point of sale for improved revenue management
Credit Ratings, Debt Portfolio and Key Ratios

S&P: AA-     DBRS: A (high)

### Bonds Outstanding

<table>
<thead>
<tr>
<th>(C$MM)</th>
<th>Maturity Date</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>250</td>
<td>October 13, 2034</td>
<td>6.250%</td>
</tr>
<tr>
<td>250</td>
<td>March 20, 2037</td>
<td>5.021%</td>
</tr>
<tr>
<td>200</td>
<td>January 11, 2038</td>
<td>5.581%</td>
</tr>
<tr>
<td>200</td>
<td>October 23, 2043</td>
<td>4.702%</td>
</tr>
<tr>
<td>200</td>
<td>April 28, 2044</td>
<td>4.289%</td>
</tr>
</tbody>
</table>

### Bank Debt

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount (C$MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Facility Limit</td>
<td>155</td>
</tr>
<tr>
<td>Drawn balance of $0 as of June 30, 2019.</td>
<td></td>
</tr>
<tr>
<td>KfW Loans Outstanding</td>
<td>185</td>
</tr>
<tr>
<td>Amortizes over a 12-year period. Two loans mature in 2020.</td>
<td></td>
</tr>
</tbody>
</table>

### Historical Debt Service Coverage Ratio

- DSCR

**12 months ending June 30, 2019:** 2.9X

### Debt To Capitalization Ratio

- Debt to Capitalization Ratio

**June 30, 2019:** 69.9%
Debt Funding Platform

- BC Ferries issues debt in the capital markets pursuant to a Master Trust Indenture dated May 19, 2004
- Strong investor protection afforded by robust covenant package

**Key terms of prior bond offerings:**

<table>
<thead>
<tr>
<th>Rank:</th>
<th>Senior obligation ranking pari passu with all other senior indebtedness</th>
</tr>
</thead>
</table>
| Security: |  - First mortgage and charge over all leased or owned terminals (unregistered) & vessels (registered)  
  - PPSA charge over all present and future personal property  
  - Floating charge over all other property interests  
  - Guarantees by all designated subsidiaries |
| Key Covenants: |  - Additional indebtedness test (debt service coverage ratio ("DSCR") ≥ 1.5x; leverage ≤ 85%)  
  - Restriction on distributions (DSCR ≥ 1.3x; leverage ≤ 85%)  
  - Limitation on asset sales, sale/leasebacks, lease/leasebacks, liens, guarantees and investments  
  - Restrictions on capital lease obligations, capitalized operating lease obligations and purchase money obligations relating to vessels |
| Debt Service Reserve Fund: | 6 months debt service reserve (cash and/or LC funded) expanded to 9 months if the DSCR <1.75x and 12 months if DSCR <1.50 |
| Acknowledgement Agreement: | The Province of BC consents to the assignment of the Coastal Ferry Services Contract and Ferry Terminal Leases, granting the Trustee certain cure rights and providing that, upon acceleration of the Bonds, the Trustee may exercise the rights of BC Ferries under the Coastal Ferry Services Contract and the Ferry Terminal Leases |
| Provincial Purchase Option: | The Province of BC has the right at any time to purchase all, but not less than all, of the Bonds outstanding under the Trust Indenture at their applicable redemption price |
Credit Highlights

Robust financial performance and strong credit profile:

- Experienced and Proven Management Team
- Proven Regulatory and Business Model
- Solid Traffic Base
- Respected Employer with Extended Labour Stability
- Productive and Strategic Capital Investment
Thank You